

ANALYSTS PRESENTATION: MARCH 2008



**Interior of Christchurch Frame
& Truss Manufacturing Plant
Opened January 2008**

CAUTIONARY STATEMENT

This presentation contains not only a review of operations, but also some forward looking statements about Fletcher Building and the environment in which the company operates. Because these statements are forward looking, Fletcher Building's actual results could differ materially. Media releases, management commentary and analyst presentations are all available on the company's website and contain additional information about matters which could cause Fletcher Building's performance to differ from any forward looking statements in this presentation. Please read this presentation in the wider context of material previously published by Fletcher Building.

STRATEGIC INTENT

OUR BUSINESS FOCUS

To be a customer centric business with an underlying commitment to operational excellence.

PLACEMAKERS VISION

To be the supplier of choice for builders and DIY project customers

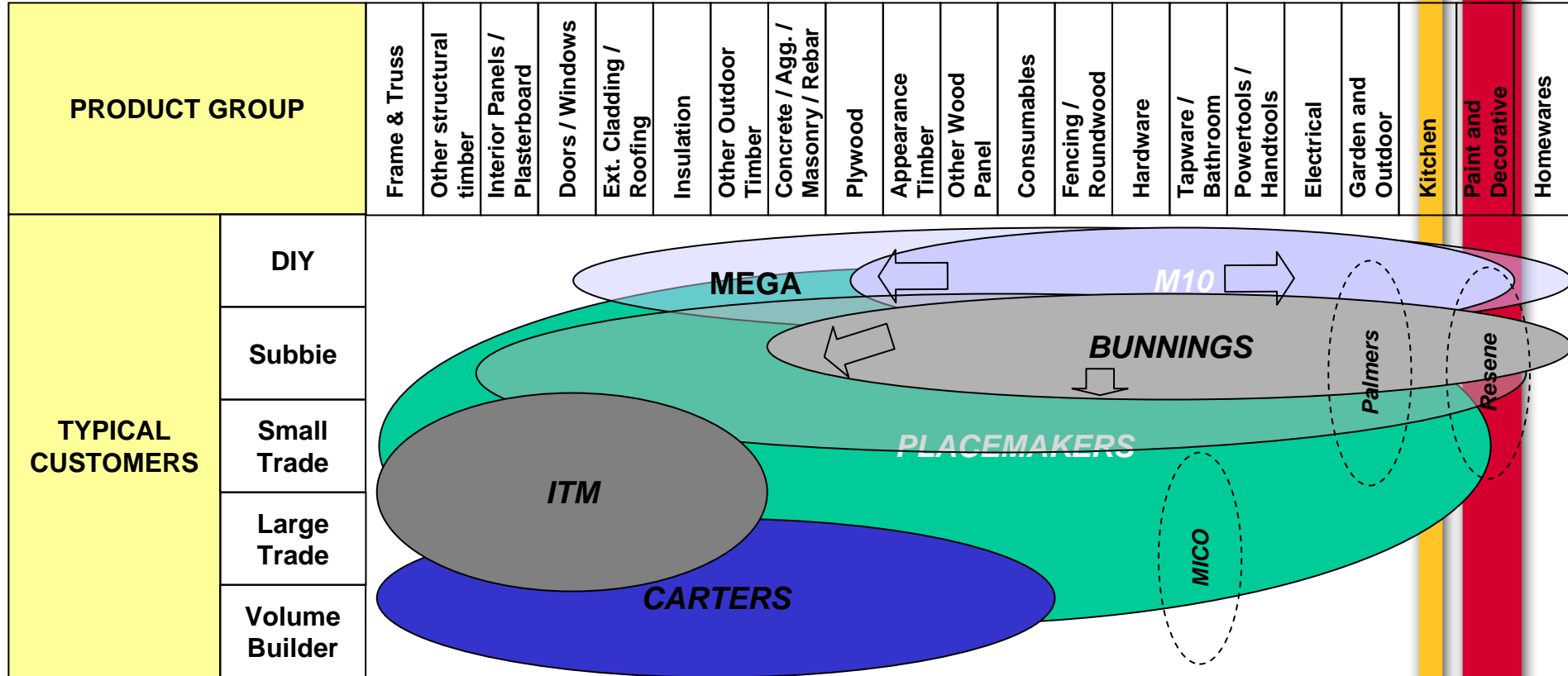
- ❑ To be No. 1 in the trade and DIY project markets.
- ❑ Create demand and facilitate exceptional supply of products and services to our target markets.

MARKET LEADERSHIP

PlaceMakers Competitive Advantage

1. PlaceMaker's brand power
 - Range of products/services
 - Know How Can Do
 - Geographic reach
 - Service trade and retail
2. Joint Venture Operator Model
 - Model attracts and incentivises the right people
 - Owner (JVO) to Owner (Customer) relationships

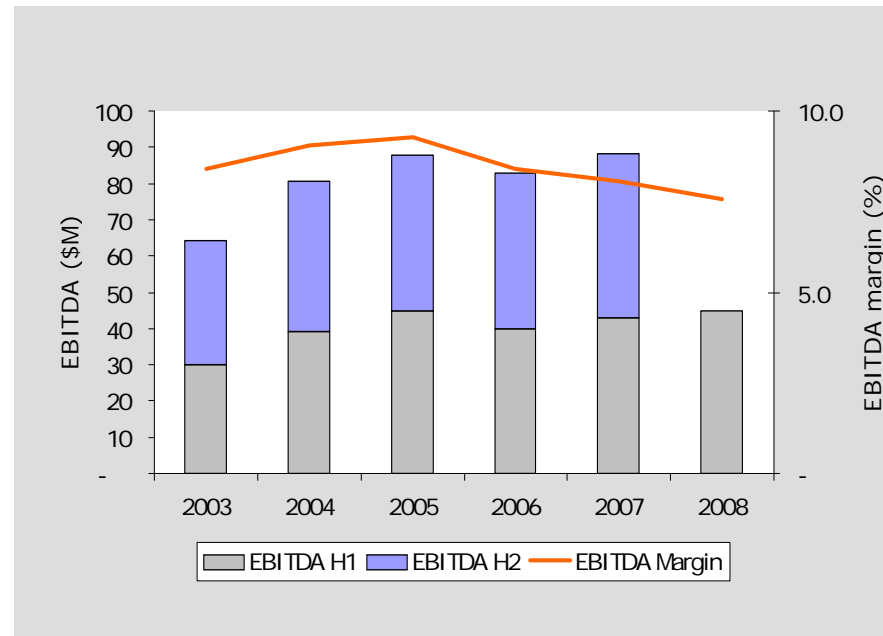
MARKET POSITION



MARKET POSITION

- 62 outlets across New Zealand
- 34% market share trade of core building materials
- No.1 in key building materials
- Trade focus – 80+% of sales

Historical earnings



HALF YEARLY REVIEW

Market Activity

- Competitive period for market

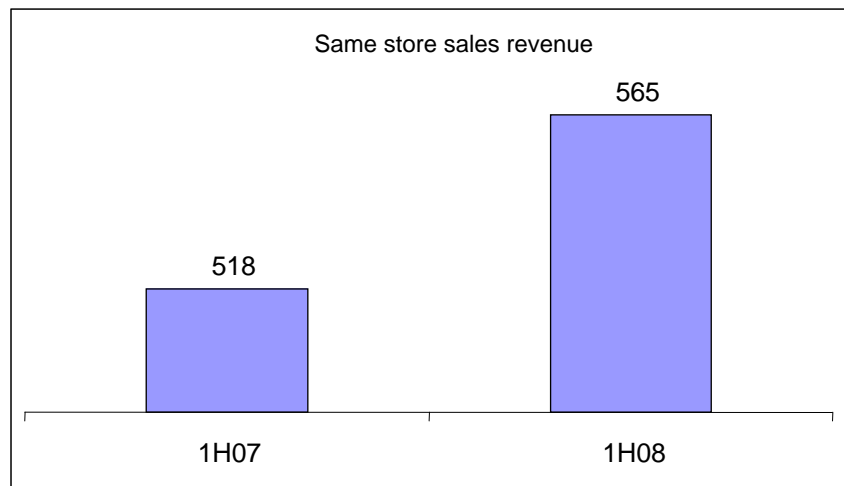
Market Share

- Remained stable despite pressure

Earnings

- Sales up 9%, margins held up well

\$m	%	1H08	1H07
Sales	↑ 9.1	565	518
EBIT	↑ 7.7	42	39
Margin %	↓ 1.3	7.4	7.5
Funds	↑ 12.1	167	149
Return on Funds %	↓ 3.8	50.3	52.3



GROWTH DRIVERS

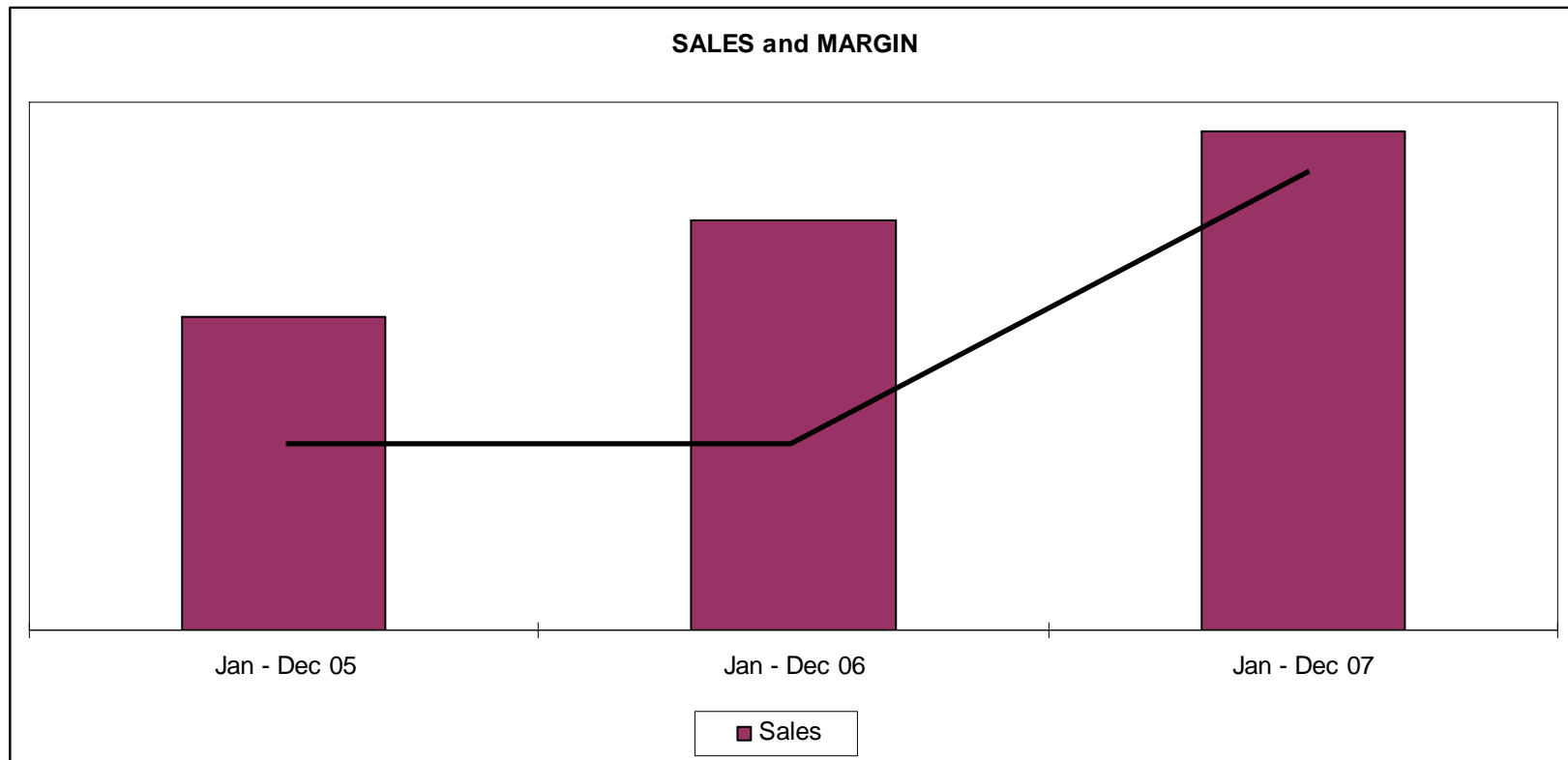
- ❑ Joint Venture partner model
- ❑ Acquisition of independents
- ❑ New store locations
- ❑ Store upgrade / enhancement
- ❑ Product / Services extensions
e.g. Installed Solutions

KEY INDICATORS OF BUSINESS IMPROVEMENT

- ❑ Customer growth
- ❑ Transaction value
- ❑ Terms of trade
- ❑ Labour productivity
- ❑ Working capital

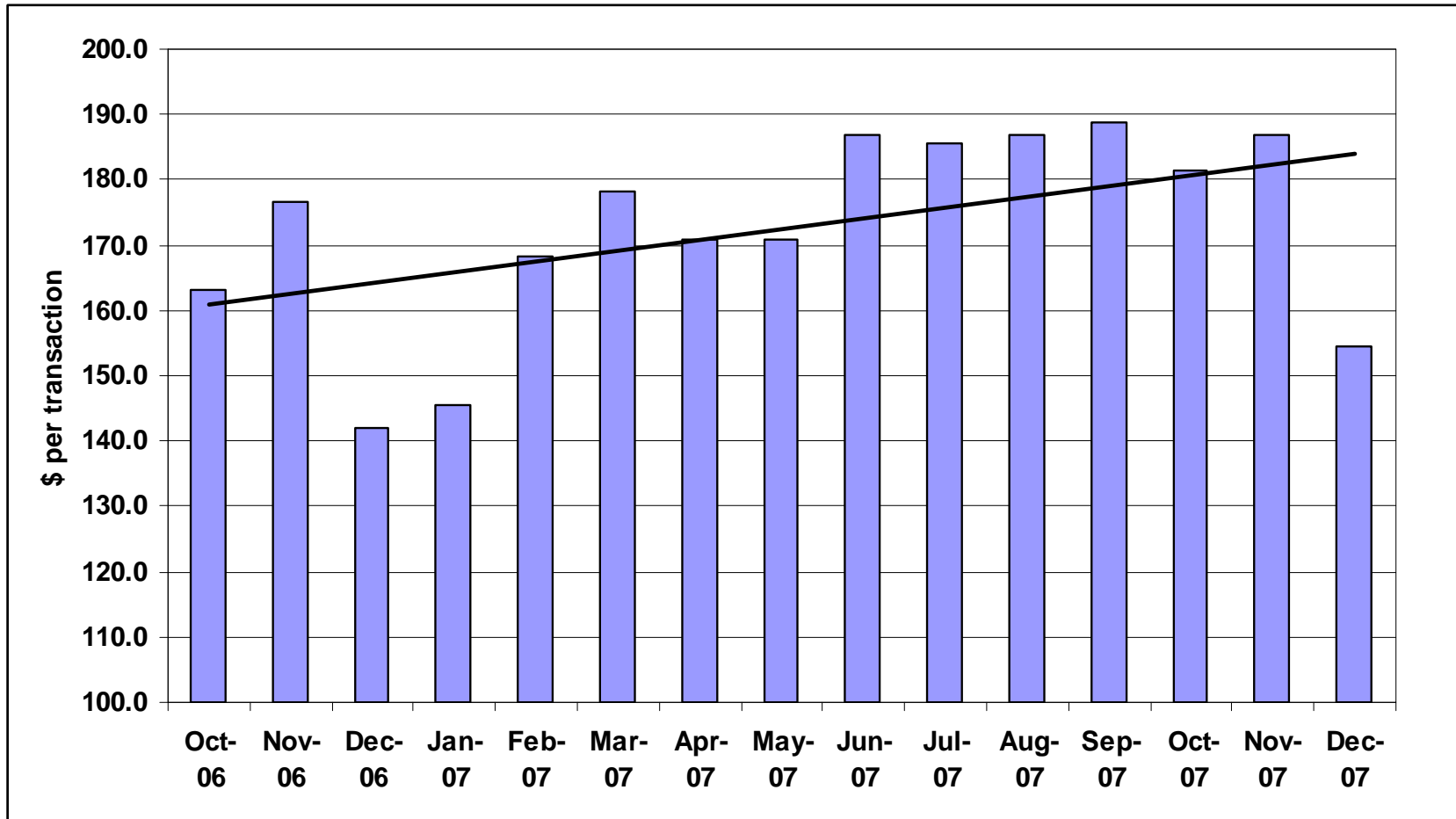
TARGETED CUSTOMER GROWTH

STRONG GROWTH IN VOLUME BUILDERS



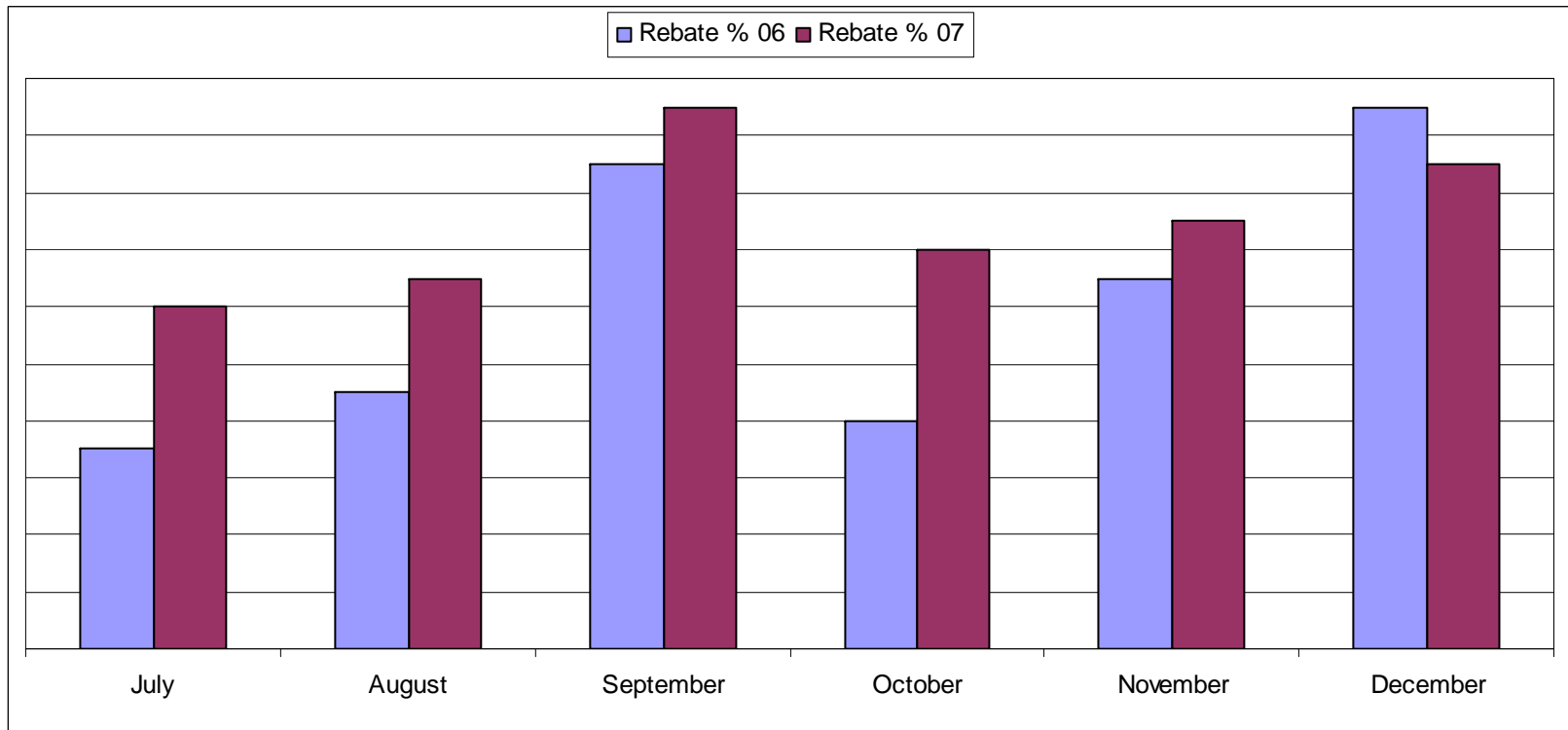
TRANSACTION VALUE INCREASING

Dec 07 up 9% on Dec 06



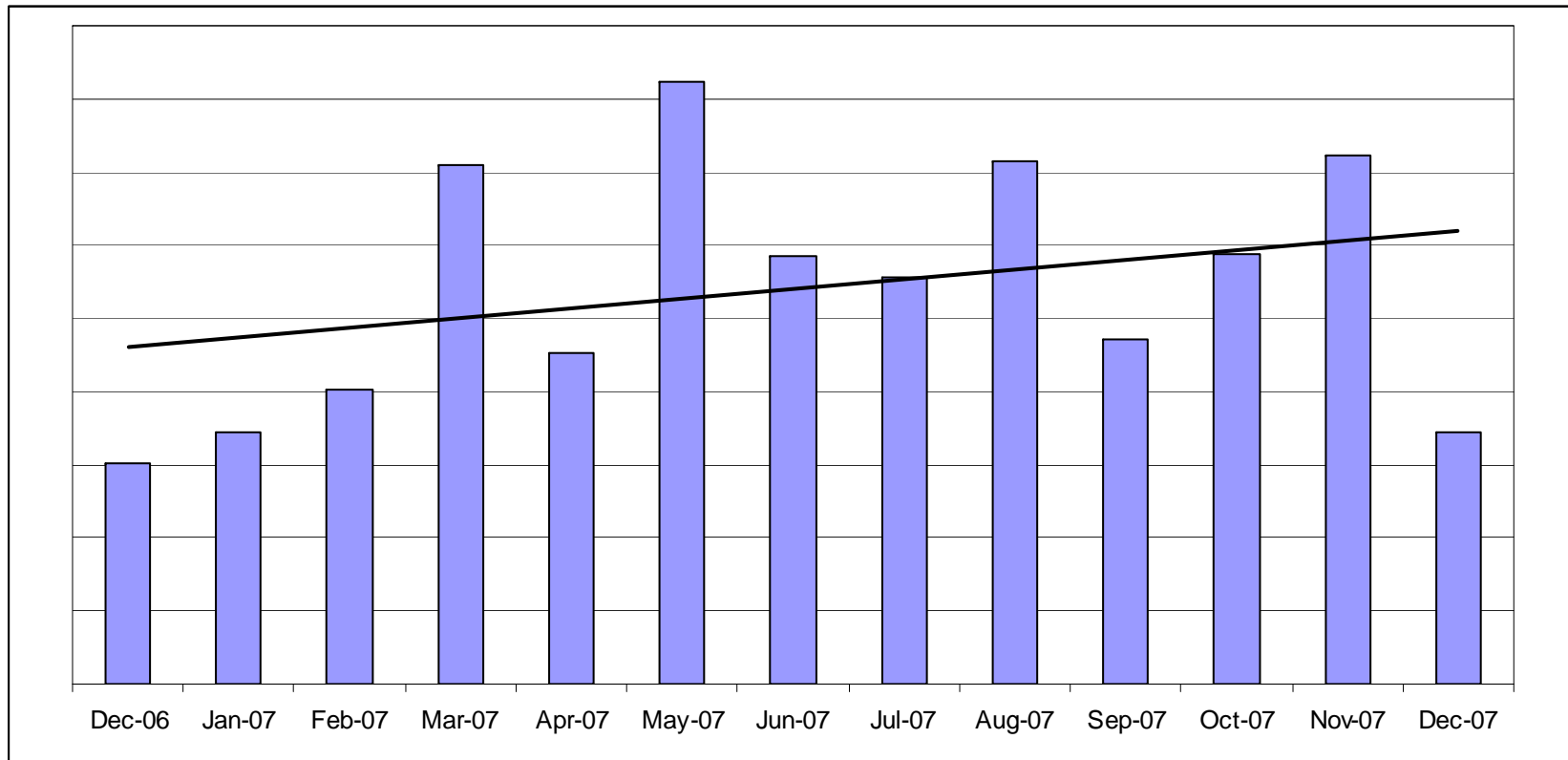
TERMS OF TRADE

REBATES GROWING FASTER THAN PURCHASES



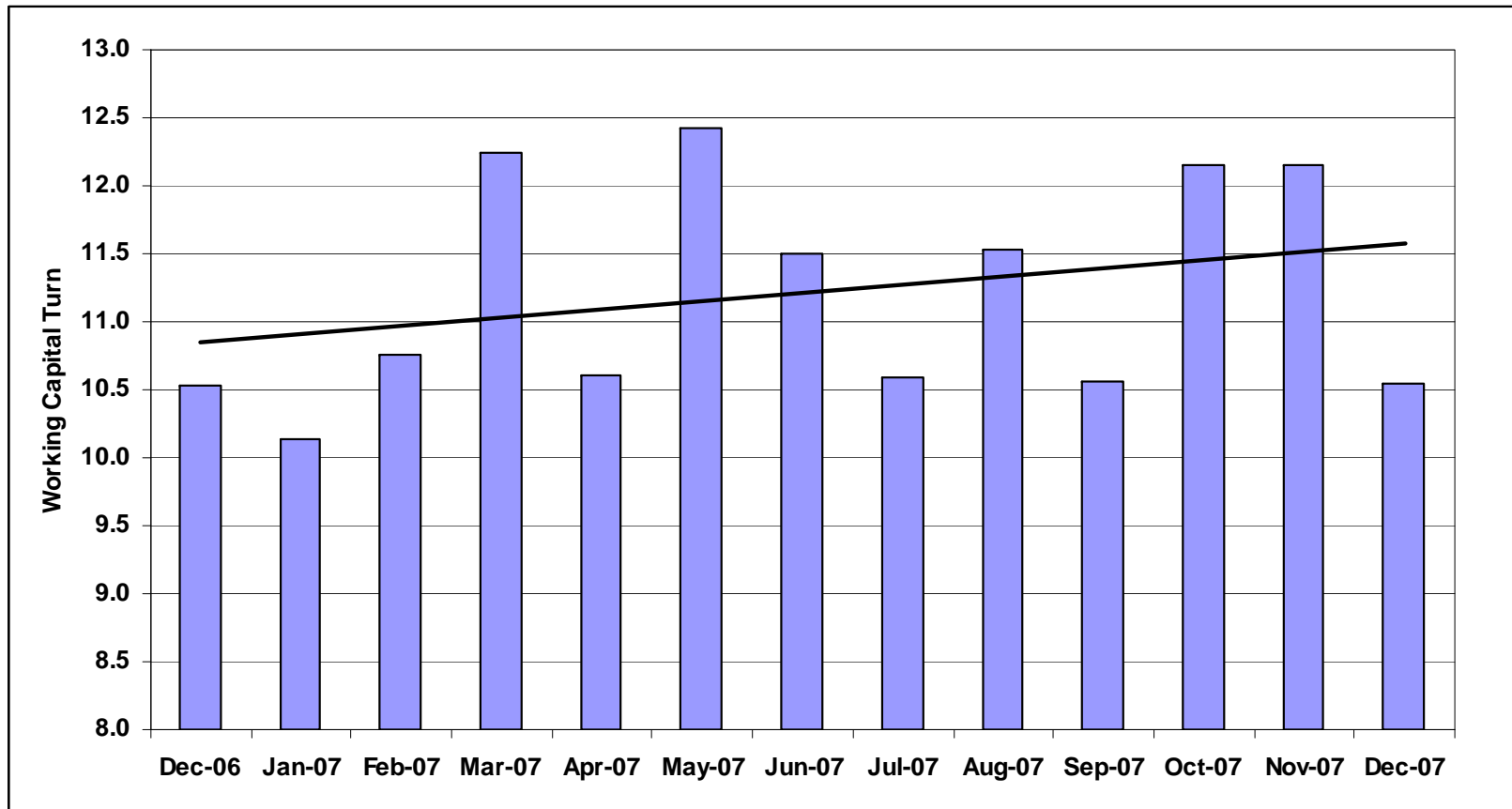
LABOUR PRODUCTIVITY

MONTHLY SALES PER FTE IS IMPROVING



WORKING CAPITAL TURN TO SALES

GM Stockturn up 15% Dec 06 – Dec 07



NETWORK DEVELOPMENT COMPLETED

Three branches relocated to new sites:-

- ❑ Whitianga Feb 07
- ❑ Palmerston North Mar 07
- ❑ Thames Dec 07

Two Manufacturing facilities developed:-

- ❑ Christchurch Jan 08
- ❑ Timaru Feb 08

Total investment of \$7m.

NETWORK DEVELOPMENT APPROVED

Two branches in development:-

- ❑ Warkworth
- ❑ New Plymouth

Two Manufacturing in re-development:-

- ❑ New Plymouth
- ❑ Hawkes Bay

EXAMPLES OF DEVELOPMENTS



Christchurch Frame and Truss is complete with the latest technology

The Thames unit is appropriately sized and trade focused



ACQUISITIONS

Two successful acquisitions will deliver \$10m of revenue.

- ❑ Cromwell ITM
- ❑ Stratford Hammer Hardware

Three investigations concluded and declined due to:-

- ❑ Price to value equation
- ❑ Operational fit

KEY STRATEGIC OBJECTIVES

To grow the business by increasing revenue, lowering costs, protecting margins, improving safety and developing people.

- ❑ Grow sales revenue and EBIT by 10% per annum.
- ❑ Defend and grow the FDL network.
- ❑ Use the new ERP system as a catalyst for business change processes.
- ❑ Focus on improving OH&S.
- ❑ Focus on developing future leaders

KEY STRATEGIC INITIATIVES

- ❑ Improve gross margins via a competitive pricing policy to address competition prices and customers' price perceptions.
- ❑ Improve net margins via disciplined/consistent customer discount policies rewarding size/strategic importance.
- ❑ Network/facility development via acquisitions, greenfields and store redevelopments.
- ❑ Complete the ERP system build ready for implementation in 08.

KEY STRATEGIC INITIATIVES

- ❑ Terms of Trade - institutionalise processes to capture optimal negotiated returns based on scale and purchasing power.
- ❑ Total Customer Management - retain existing customers, target share of wallet gains and increase average retail transactional value.
- ❑ Marketing effectiveness - evaluate loyalty programs and trade/retail marketing programs.

CHALLENGE REMAINS

Residential consents expected to decline.

Other economic indicators are variable, however PlaceMakers has:-

- ❑ Regional strength and ability to pick up on niche markets e.g. dairy and farm sheds
- ❑ Business owner to Business owner relationship

OUT PERFORMING MARKET TRENDS

New Dwell Consents Value (Including Apartments) vs PlaceMakers sales

