FletcherBuilding

Building Products

Investor Presentation
October 2009
Chris Ellis – Chief Executive Building Products

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 analysts presentations, including those relating to the August 2009 full year results announcement, 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.

Building Products Division

“Building Performance and Sustainability”

Fletcher Building Products Division

- Thermal
- Acoustic
- Warmth and Comfort

A group of building products positioned for growth in home performance retrofit and “Green Build” practices

Building Products divisional structure

The Building Products Division comprises three clusters:

- Plasterboard Group
- Insulation Group
- Roof Tiles Group

…and two complementary businesses:

- Tasman Sinkware
- Fletcher Aluminium

Building Products Division

Plasterboard Group	Insulation Group	Roof Tiles Group	Complementary Businesses
• Winstone Wallboards • Cemac (Hong Kong)	• Fletcher Insulation • Tasman Insulation NZ • Baron Insulation • Forman Group • Tasman Access Floors • Home&dry • DVS • PinkFit	• AHI Roofing • Decra Roofing Systems	• Tasman Sinkware • Fletcher Aluminium

Plasterboard group

- Winstone Wallboards
  - No. 1 in New Zealand
  - Sole New Zealand plasterboard manufacturer
  - Leading market share
  - Significant proportion of sales from value added performance board

Insulation group

Insulation Group

- Fletcher Insulation (Aust)
- Tasman Insulation (NZ)
  - No.1 in Australasia
  - Australia 55% glasswool share
  - New Zealand sole manufacturer, 70% glasswool share
- Baron Insulation

- Forman Group
- Tasman Access Floors
  - NZ's No. 1 distributor and installer of commercial insulation, ceiling and wall systems
  - No. 1 in Australasian raised access floors, with 70% market share on Australian east coast

- Home&dry
- DVS
- PinkFit
  - Vision to be New Zealand's preferred one-stop portal for energy efficient and sustainable home solutions
  - B2C focused
  - Partnering with EECA for EnergyWise home insulation retrofit subsidies

Roof Tiles Group

GERARD ROOFS

DECRA ROOFING SYSTEMS

AHI Roofing

Decra Roofing Systems (USA)

- World's largest manufacturer of stone chip coated metal roof tiles
- New Zealand 75% share
- New Hungarian plant came on stream April 2009



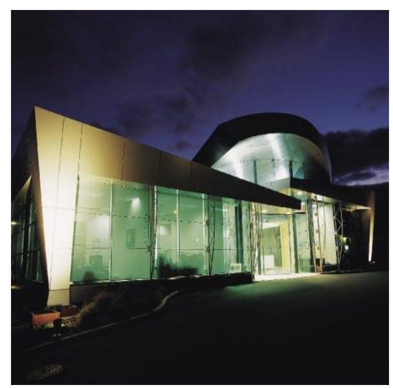
Complementary businesses

Tasman Sinkware

- No. 1 in Australian market
- Australia's only world class sink manufacturer
- Strong brands in premium and mid-range products

Fletcher Aluminium

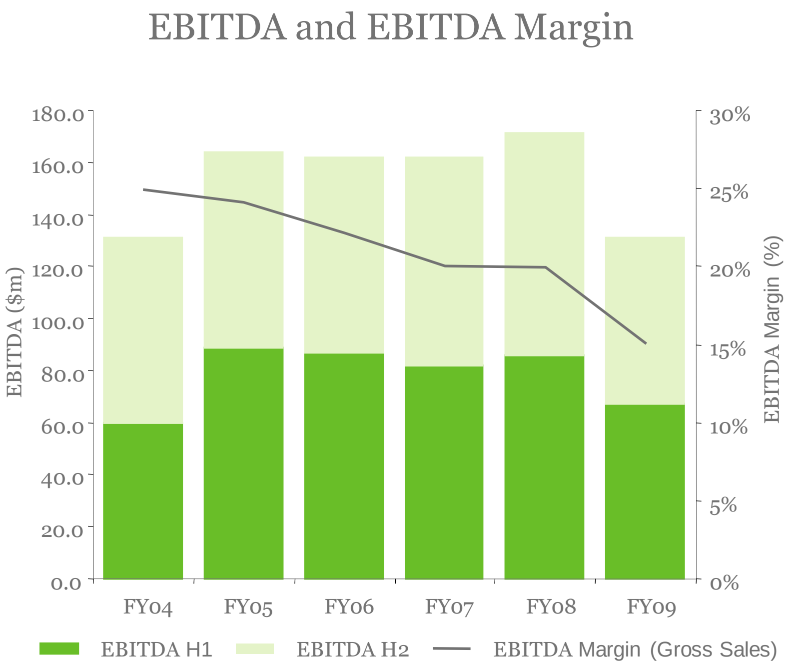
- No. 2 in New Zealand market
- Innovative product range



Key residential products and brands

Key commercial products and brands

Financial results



NZ$m	FY09	FY08	%
Net Sales	771.0	739.0	*4*
EBITDA (excl unusuals)	131.0	171.0	*-23*
EBIT (excl unusuals)	106.0	148.0	*-28*
Funds Employed	644.0	631.0	*2*
EBITDA/sales %	17.0	23.0	*-26*
EBIT/sales %	14.0	20.0	*-30*
ROFE %	16.5	23.5	*-30*

Volumes down but prices improved

Gross Sales NZ$m	Jun 09	Jun 08	%	Volume	Price	EBITDA
New Zealand						
Plasterboard	202	218	*-7*	↓	↑	↓
Insulation [a]	156	158	*-1*	↓	↓	↓
Roof Tiles [b]	198	157	*26*	↓	↑	↑
Aluminium	58	69	*-16*	↓	↑	↑
Australia						
Insulation	216	192	*13*	↑	↑	↑
Sinkware	33	41	*-20*	↓	↑	↓

Notes: *a) Includes Australian based Tasman Access Floors (which now reports into Forman Group)*
b) Includes US based Decra business

Key Strategies

Business restructuring as volumes fall	• Plant closures • Manufacturing plant efficiencies • Logistics review • Lean manufacturing and waste reduction • Shift and overhead reductions
Growth in roof tiles and home performance retrofit	• Hungarian roof tile plant commissioned • USA oven fire behind us with strong volumes achieved • Home&dry business launched • Government stimulus packages
Consolidation and integration	• Integration of Fletcher Insulation and Tasman Insulation NZ • Integration of AHI and Decra • Home&dry Group formed with DVS and PinkFit • Door manufacturing plant closed

Key Growth Drivers

Plasterboard	• Product differentiation and innovation • Increasing average house size
Insulation	• Government stimulus packages • Energy efficiency and sustainability • Regulatory changes
Roof Tiles	• Japan / Europe / Africa penetration • US distribution growth

Plasterboard Group

Winstone Wallboards

Plasterboard: progress

- Energy reduction projects
- Shift reductions
- Holding share and margins in weak market
- Product innovation

Insulation Group

Fletcher Insulation, Tasman Insulation NZ, Baron Insulation, Forman Group, Tasman Access Floors, Home&dry, DVS, PinkFit

Insulation businesses
Progress

Insulation manufacturing consolidated across Australasia

- Auckland manufacturing batts for Australian market
- Unitising equipment installed in Auckland allowing packaging for Australian markets
- Foils and building papers relocated from Duroid (Auckland) to Homebush plant
- Foil and building paper range rationalised
- Manufacturing specifications standardised

Baron Insulation well ahead of acquisition parameters

- Future opportunities include transfer of fabrication from Dandenong, geographic expansion to NSW and Queensland, development of Baron IP in ductboard systems

Potential Knauf market entry in Australia

- Knauf entry uncertain at this stage
- Notwithstanding, we are implementing a strong competitive response strategy

Fletcher Insulation

Pink Batts WARM·DRY·QUIET

BARON INSULATION

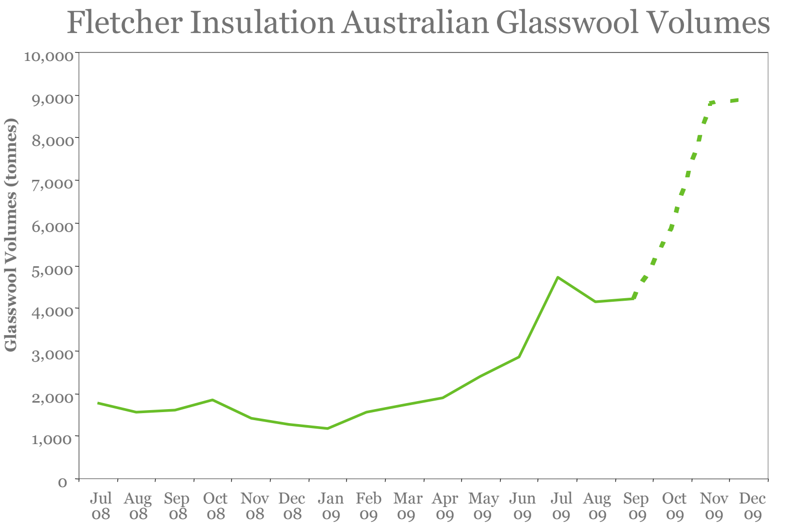
Insulation businesses
Government Stimulus Packages

	Australia	New Zealand
Timing	Two and a half year programme July 2009 – December 2011 Likely to terminate earlier at current dramatic uptake rates	Four year programme October 2009-August 2013 May terminate earlier with growth in industry capacity
Scale	A$3.9b allocated Targeting insulation for 2.7m homes	$323m allocated Targeting insulation for 180k homes
Eligibility	Existing houses with "negligible" ceiling insulation	Houses built before 2000, insulation does not meet EECA requirements
Structure	Free ceiling insulation up to A$1,600	Both ceiling and underfloor insulation must be installed 33% subsidy up to $1,300 60% of total cost for low income Clean heat subsidy up to $500 also available ($1,200 for low income)

Insulation businesses
Government stimulus packages – uptake

Dramatic uptake of government stimulus packages, particularly in Australia, driving strong sales and high production efficiencies

- All four plants at capacity
- Consistent product imported from Owens Corning USA and China
- Toll manufacturing agreement with CSR's new Brendale plant will lift capacity
- Dandenong capacity upgrade underway, due to come onstream March 2010



Strategic approach being taken to GSP demand management, with a view to building post GSP business

Other Insulation group businesses:
Progress

- Home&dry Group established, Group GM appointed
- Vision to be New Zealand's preferred one-stop portal for energy efficient and sustainable home solutions
- Partnering with EECA for EnergyWise home insulation retrofit subsidies

- Margins generally held
- Market share in ceiling tiles retained
- New product pipeline
- Commercial permits remain solid

Roof Tiles Group

AHI Roofing
Decra Roofing Systems

Roof Tiles:
Progress

Várpalota, Hungary plant fully operational	• Improved service to European customers • Increased penetration in high margin markets • Supply current EU volumes and provide for growth • Lower EU volumes in spring – have run out old stocks and closed warehouses
Products tailored to individual markets	• Expanded concealed fastener range in US • Increased penetration of US distribution • New profiles to meet market needs in Japan, Europe • African sales growth
Nilai plant improvement	• Accessory oven built in Malaysia
Consolidation and integration	• Global group GM appointed • Overhead cost taken out
NZD steel prices, exchange rates important value drivers	• Steel prices lower • NZD volatile

Key Facts

Key Facts: Plasterboard

Products

- Plasterboard
- Compounds/Accessories
- Systems
- Rondo residential products

Comments

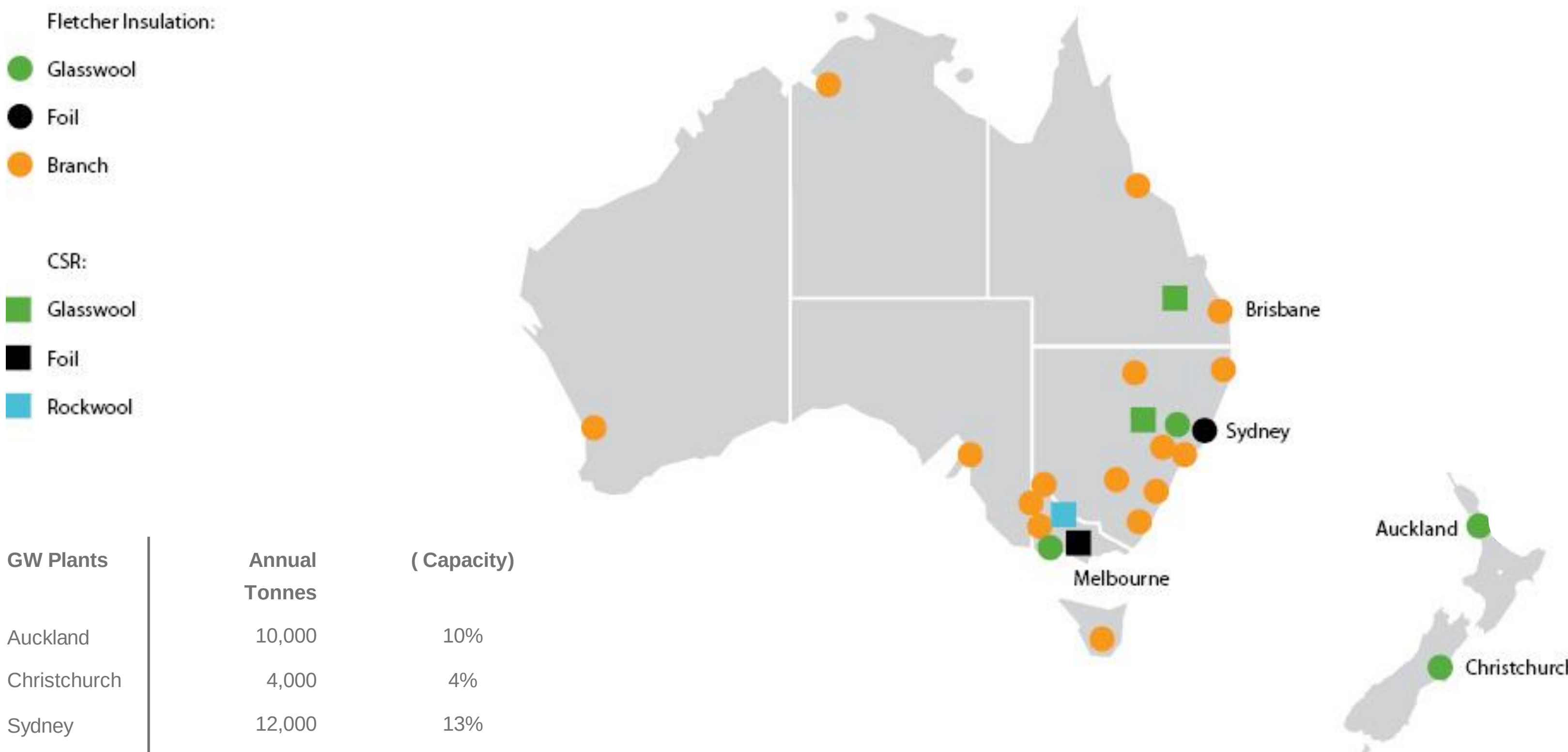
- Sole manufacturer of plasterboard in New Zealand, leading market share
- Two manufacturing plants (Auckland and Christchurch)
- Distributes through merchants, including all major groups
- 260 employees

Key Facts: Insulation

- Insulation has superior competitive infrastructure, technology and brands including:
  - Manufacturing facilities: four of the six glasswool plants in Australasia, plus laminated foil plant
  - An exclusive license agreement with Owens Corning, the world's leading glasswool manufacturer
  - Strong brands: Pink Batts®, Sisalation® and Fat Batts®
  - Sole New Zealand glasswool manufacturer
  - 590 employees

Key Facts: Insulation

- Insulation has a strong footprint:
  - Four of six glasswool plants and a comprehensive branch structure



GW Plants	Annual Tonnes	(Capacity)
Auckland	10,000	10%
Christchurch	4,000	4%
Sydney	12,000	13%
Melbourne	30,000	31%
CSR	40,000	42%

Key Facts: Roof Tiles

Key Facts: Roof Tiles