



Formica Laminates & Panels

Investor Presentation

October 2009

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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.

Formica has a global network of manufacturing sites and sales offices

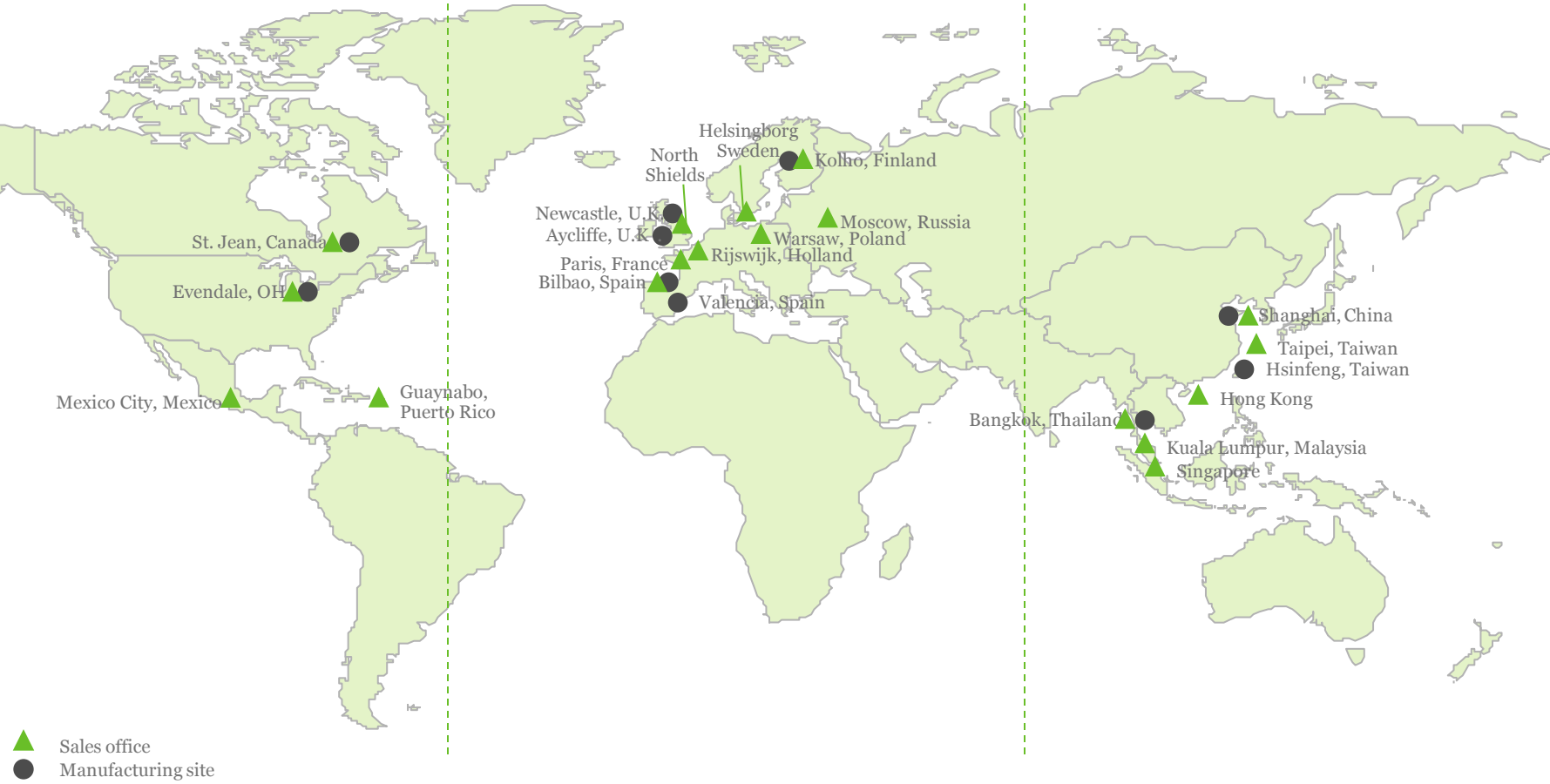
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Formica manufacturing sites and sales offices by region

North America

Europe

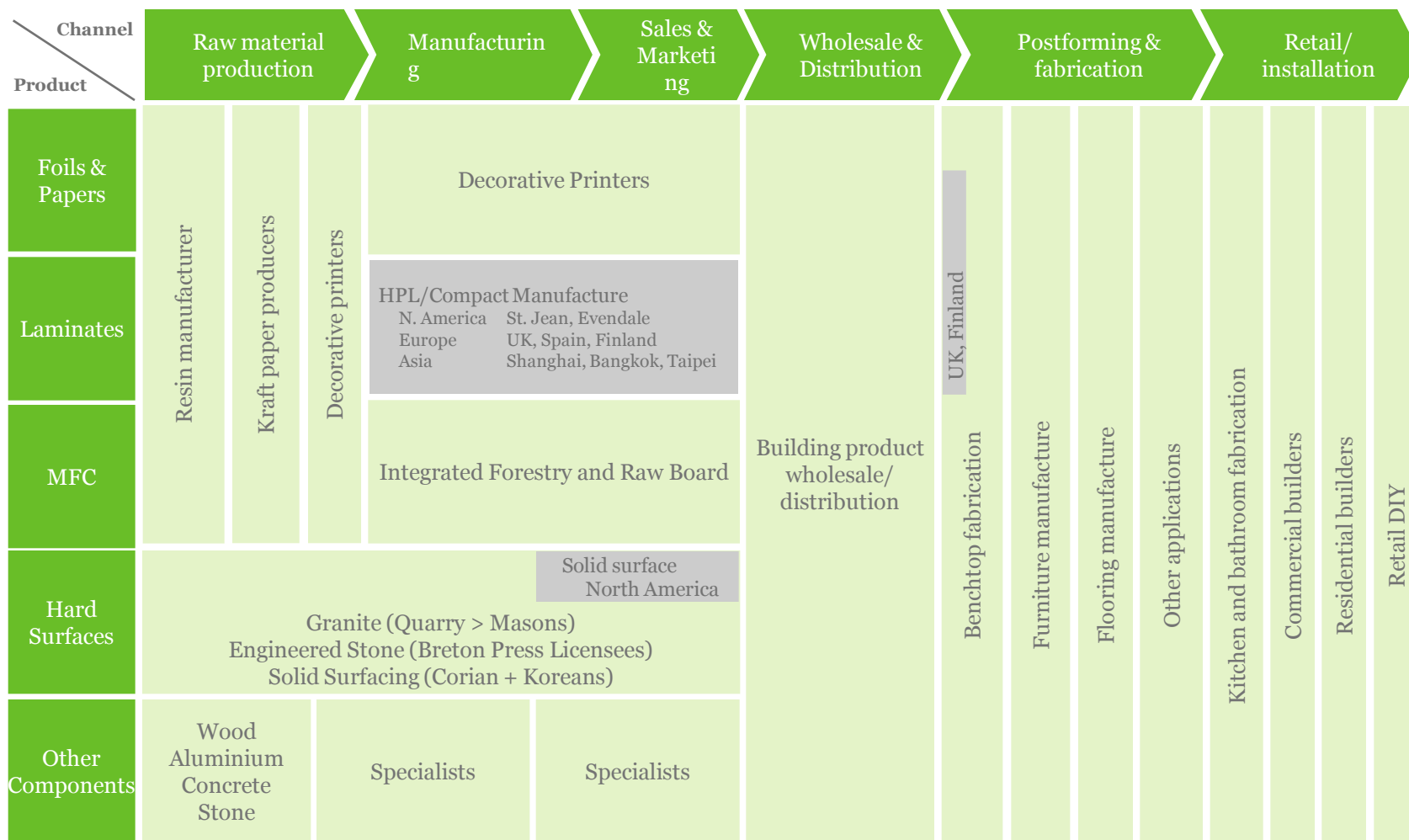
Asia



Our core business is HPL manufacturing, sales & marketing

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Limited vertical or horizontal integration



Core across all regions

Regional activities

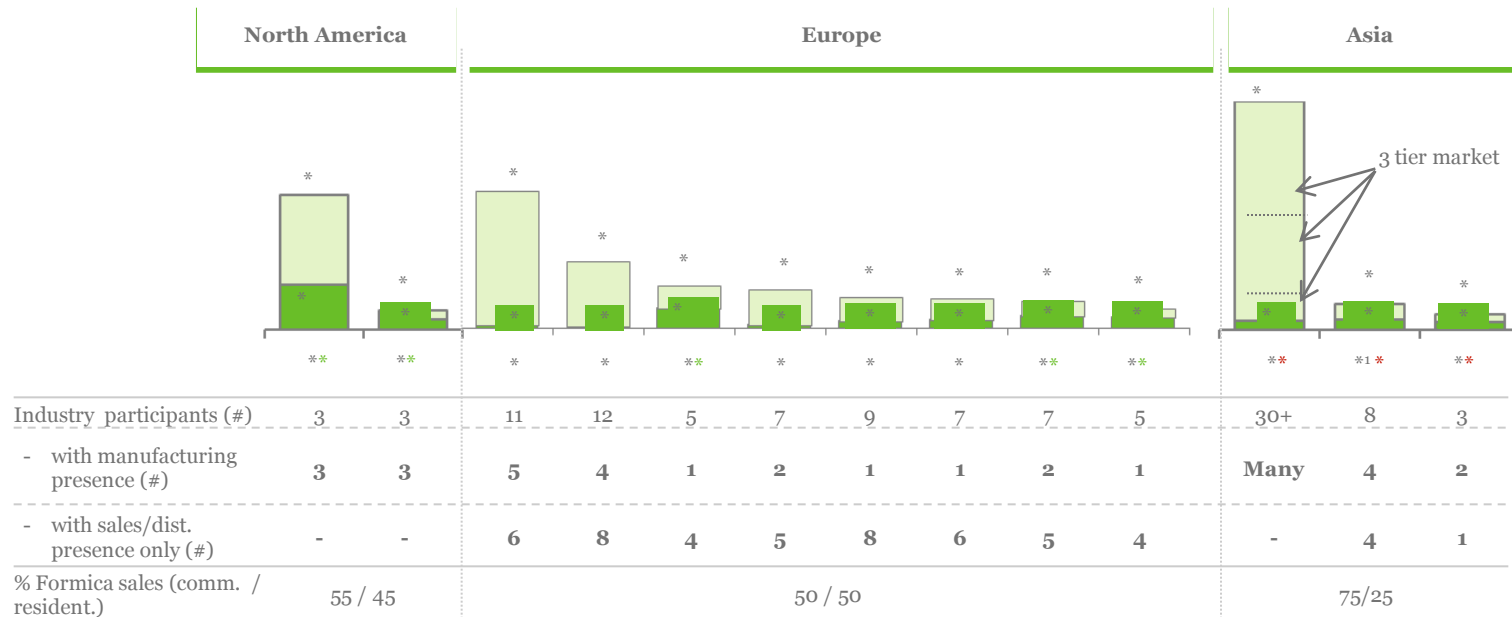
No Presence



Market size and growth, share and competition vary by country

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Overview of HPL market and Formica share by region



- Mature market with flat to low growth in HPL
- Consolidated industry with two main players

- Mature market with flat-to-low growth in HPL
- Fragmented industry within countries and across the region
- Many entrenched local players who aggressively defend market share
 - some are family-owned businesses with low return requirements

- Growth varies by market maturity and level of economic development
 - eg, Taiwan is flat-to-low growth; China is high growth
- Highly fragmented industry in China, however relatively consolidated in other markets



Industry dynamics support players with a local manufacturing presence

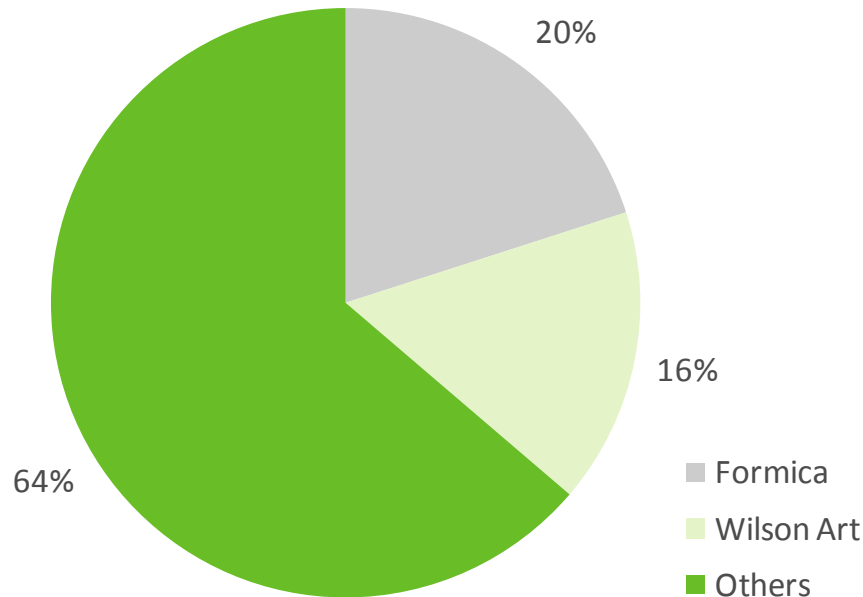


Formica is the largest global laminates company

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Excluding ITW and FB the HPL market is fragmented and dominated by local players

Overview of HPL market share by competitor



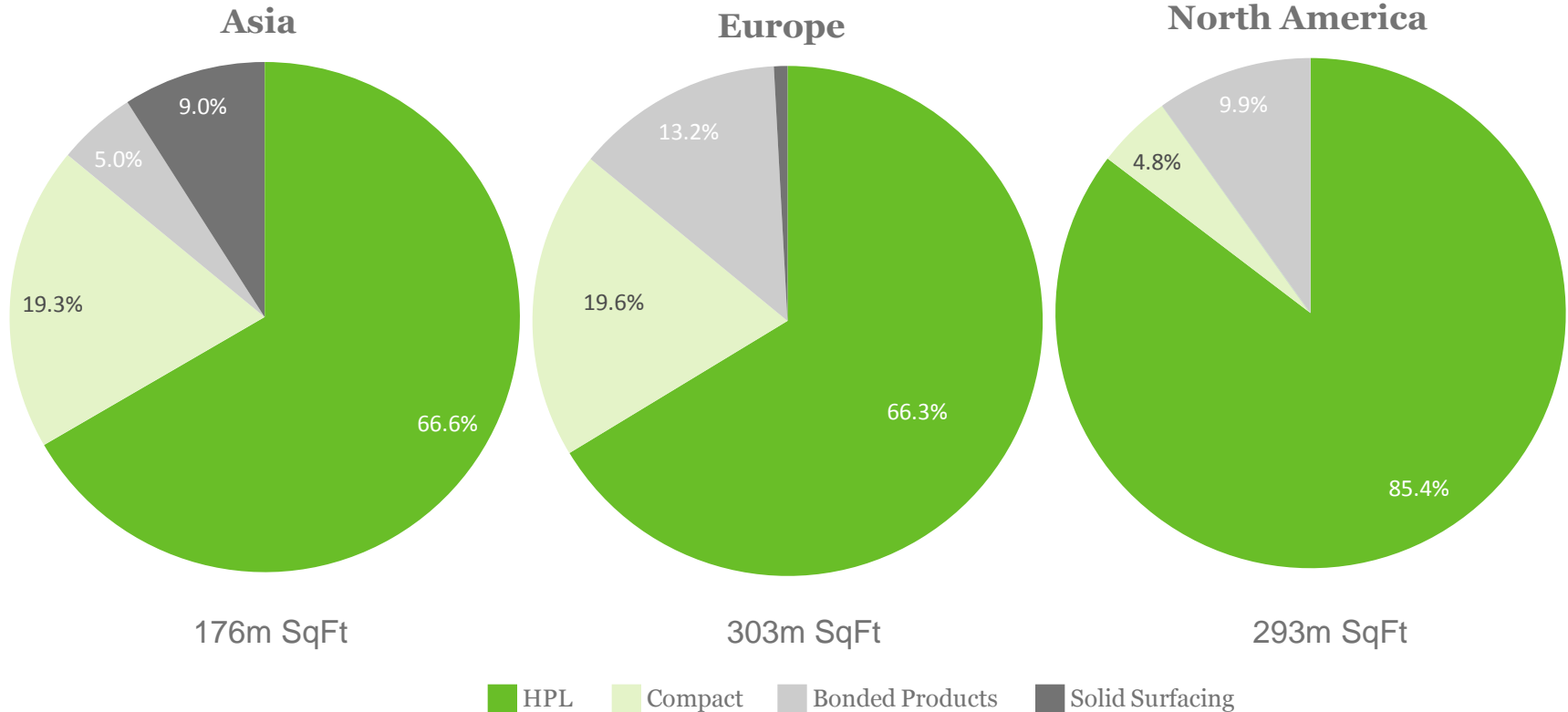
- Formica has the largest market share
- Wilsonart have a sizeable share in the US, Canada and Germany, with smaller export driven presence in other markets
- There are estimated to be over 300 laminate presses in the world of which Formica and Wilsonart have 26 and 17 respectively
- Markets are dominated by indigenous players who complete to utilise capacities
- Large emerging markets are evolving into 3 tiers
 - Formica operates in tier one (high end)
 - Formica has a small presence in tier two (mid range market)
 - Formica has no presence in tier three (low end commodity)



Formica enjoys a broad geographic spread of revenue

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HPL remains the dominant product category



- HPL Dominates revenue and profitability
- 90% of HPL sales are of premium branded laminate
- Compact (thick laminate) represents a growth opportunity in the US
- Potential exists to further expand downstream into bonded components (eg worktops)

Note: percentage of revenue FY09

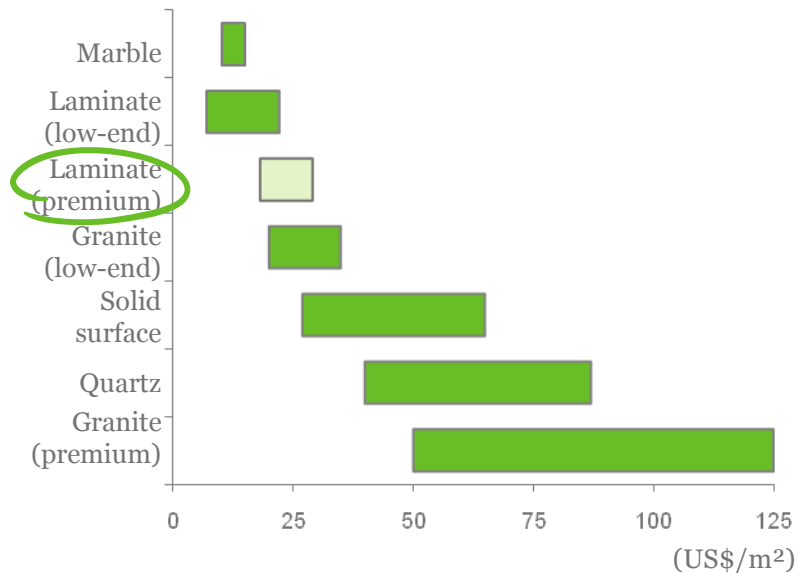


Substitute products exist at price points above and below HPL

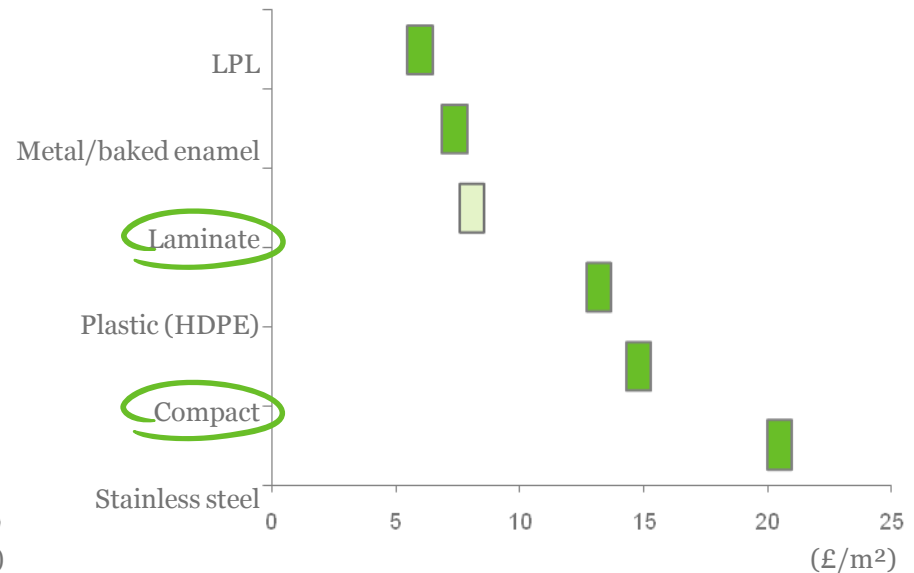
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There is massive substitution in the sectors in which Laminate competes

Estimated installed cost of residential benchtops by material (USA)



Estimated installed cost of commercial toilet cubicle by material (UK)



Key observations

- Multiple options for customers at price points above and below premium laminate
- Declining cost of premium materials (eg. granite, solid surface) placing pressure on premium laminate share and pricing
- Introduction of EB cured PLP for countertops a threat

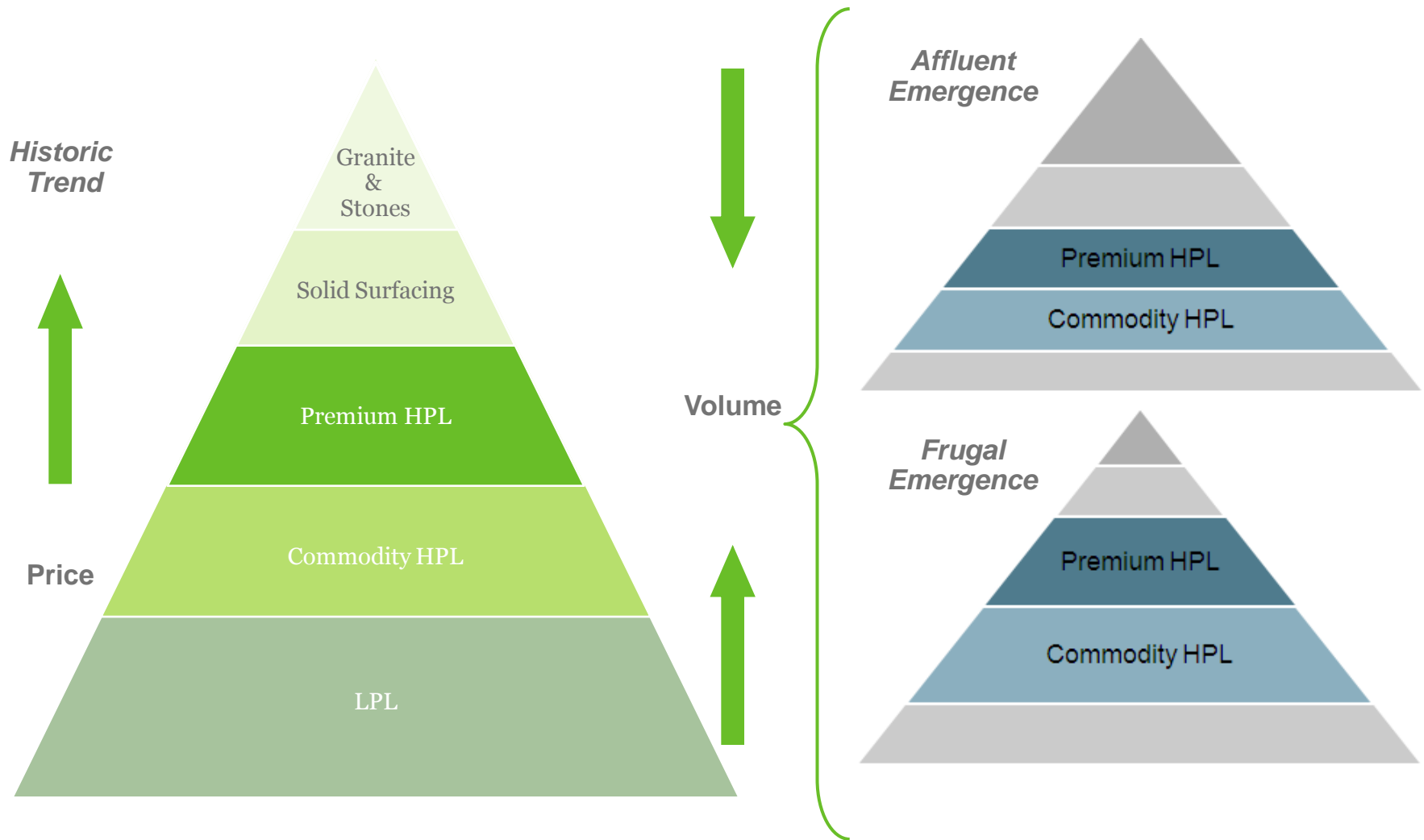
However there are still some potentially attractive products and markets for expansion



HPL occupies a specific price/value niche in surfacing products

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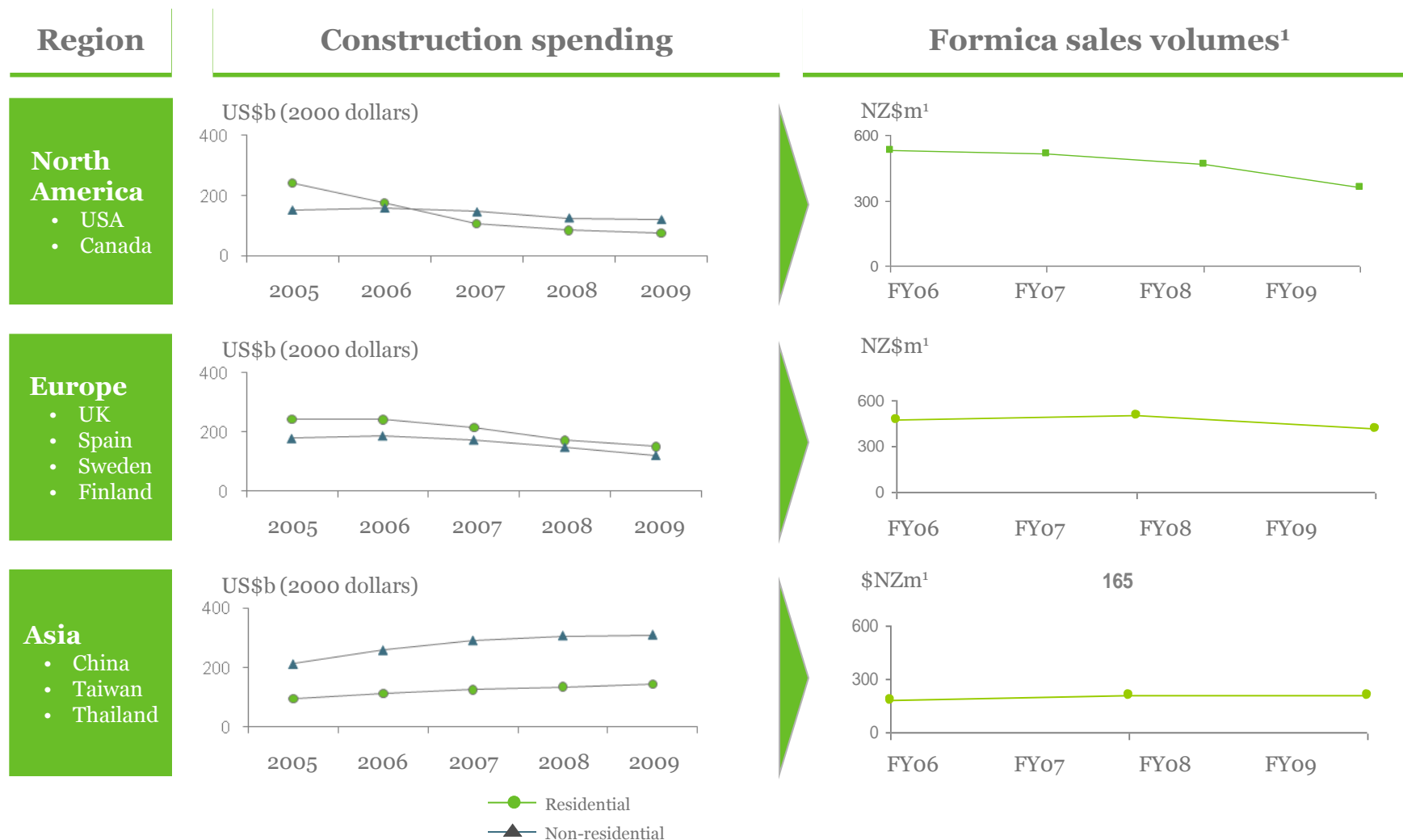
How the relationships of these categories emerge from recession is unknown



The economic crisis has led to a significant fall in demand

Impact most pronounced in developed countries

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1. Held at constant March 09 rates; adjusted revenue net of cumulative price increases
 Source: McGraw-Hill; Global Insight, management accounts



Residential demand

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The macro economic indicators affecting housing are improving but more is needed for the housing market to turn the corner

Economic Indicator		Trend
GDP		Worst appears over, return to modest growth predicted in 2010
Employment		Continued increase in unemployment in all major markets
Confidence		Fear factor subsiding, worst felt to be over, planning for the future
Savings		Savings levels at highest for some time. Large personal debt overhang suppressing spending
Access to Credit		Banks stabilised, improved access to credit at low rates but only with significant collateral

For real improvement in revenue we would need:

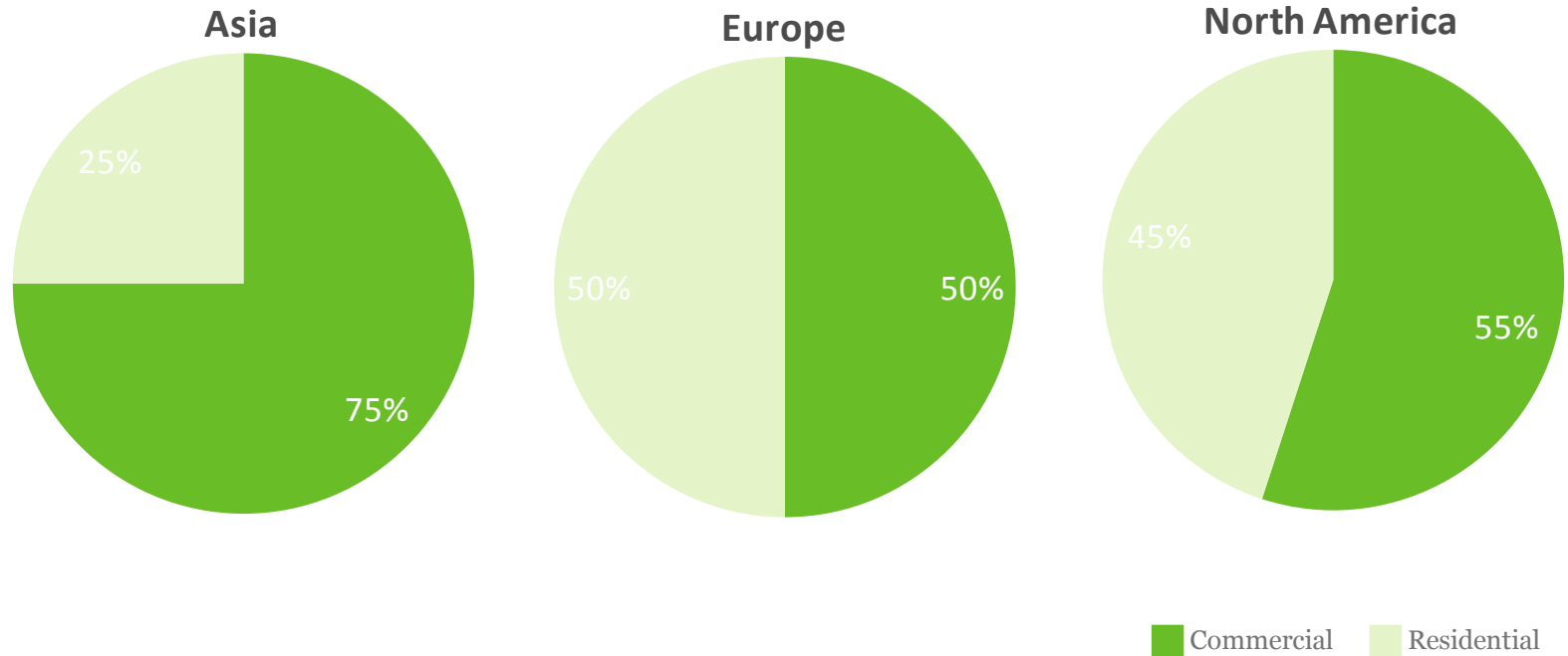
- GDP to return to real positive growth
- Unemployment to peak and begin to decline
- Banks to loosen lending criteria
- Foreclosures and housing stocks to decline



Formica's mix of revenue differs by region

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Residential traditionally leads the cycle with commercial lagging by 18 months



- Economic drivers of residential and commercial sectors are different
- Residential and Commercial cycles are traditionally counter cyclical for Formica
- This recession has seen a compression in the traditionally cyclical

Key Economic Indicators

Residential

- Unemployment
- Housing starts
- Foreclosures

Commercial

- Architect activity
- Interest rates
- Government spending



Economic data suggest that conditions are tougher than expected. Signs of mild recovery in, commercial decline worsens in 2009

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Market Outlook

- Shared Consensus from MGH and NBMDBA
- Positive signs of 2010 recovery led by single family
- Multi-family from historic 2009 low begins turnaround in 2010
- Commercial lags and declines more substantially in 2010
- Healthcare and Manufacturing building are relative highlights
- Residential remodeling shows shift to small jobs
- NBMDBA business cycle illustrates building category status

US Year over Year Projected Growth

	2008	2009	2010	2011	2012
COMMERCIAL					
Office/Bank	-23.0	-43.3	-6.5	37.9	45.8
Hotel/Motel	-3.0	-49.4	-12.5	11.4	28.2
Healthcare	8.0	-28.8	-1.3	10.3	12.8
Education	1.0	-17.9	-1.6	8.3	14.9
Retail	-33.0	-48.1	-4.6	35.9	46.4
Total	-16.6	-35.9	-4.0	20.1	29.5
RESIDENTIAL					
New Housing:					
Single Family	-33.0	-27.6	37.1	45.3	40.6
MultiFamily	-33.0	-48.6	13.8	39.5	46.9
Total	-40.3	-32.6	32.8	44.4	41.5
Total Construction	-34.3	-33.7	21.0	38.2	38.9

Source: McGraw-Hill Construction Forecast Sneak Peek (August)
Percentage change based on square feet of construction starts.

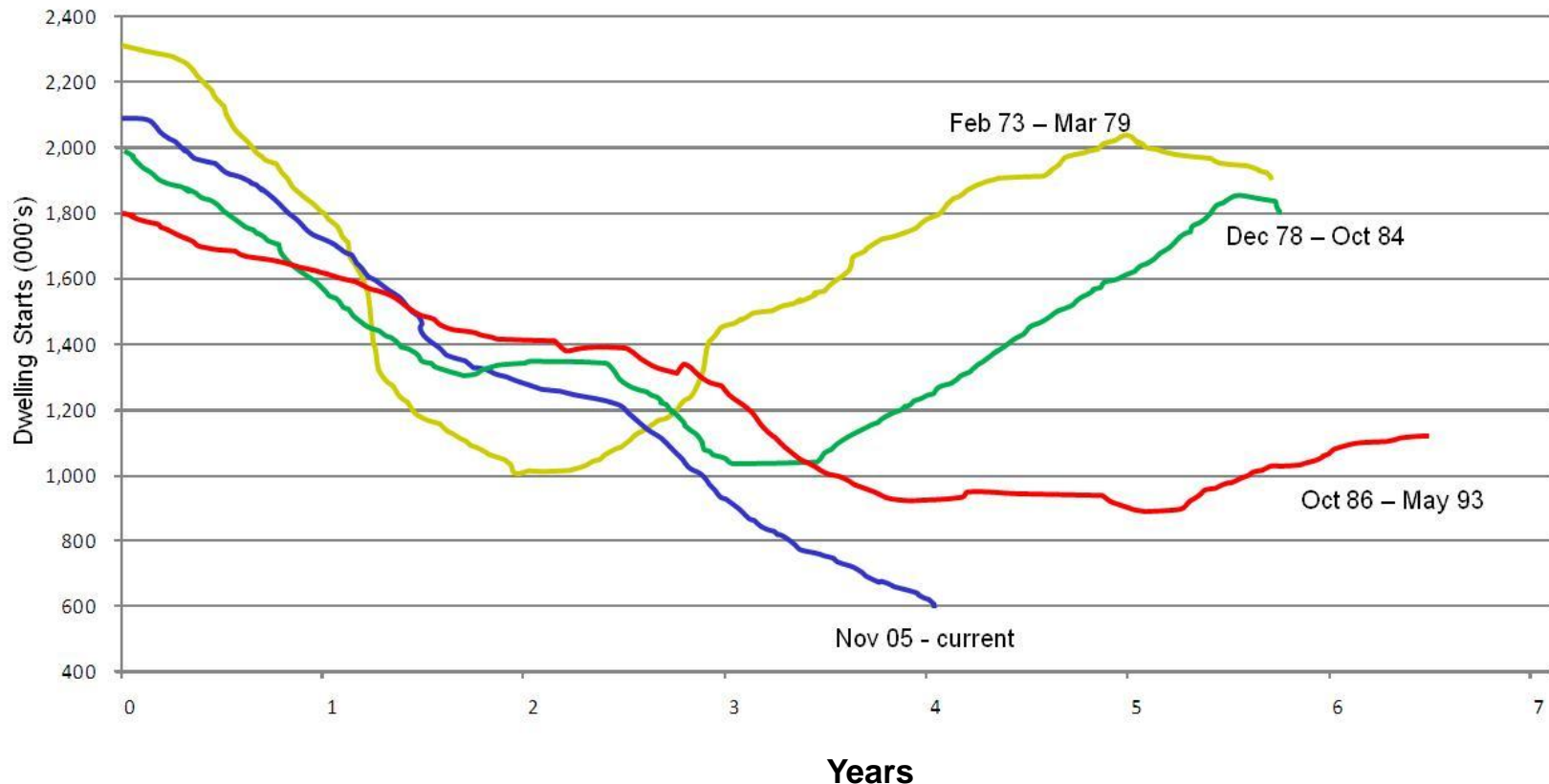


US Housing starts data a key indicator of residential demand 14

USA Dwelling Starts Cycles Peak to Peak

(Seasonally adjusted, moving annual total, thousands)

Each successive recession since the 70's has been longer, deeper and slower to recover

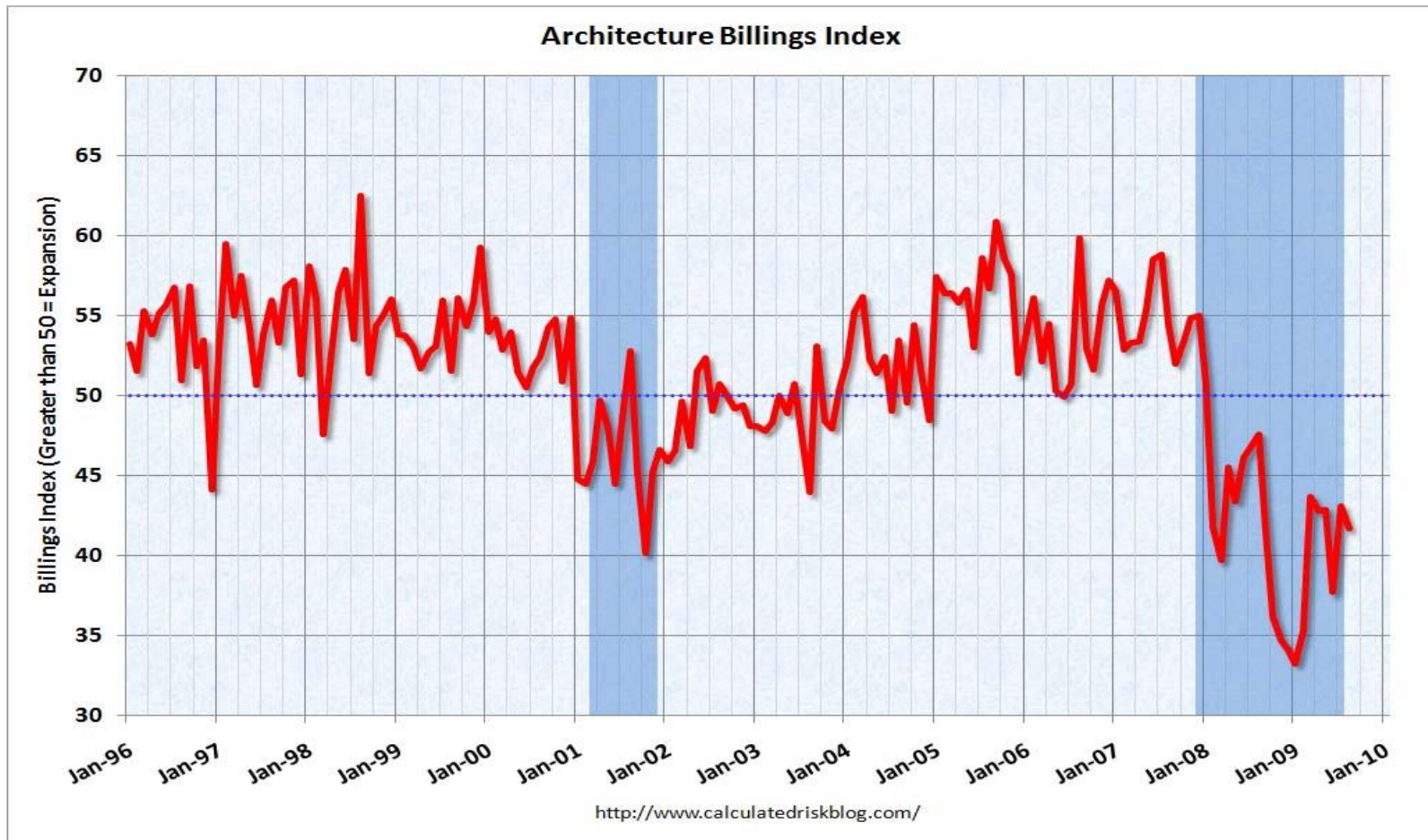


Source: US Census Bureau



Architectural drawings are a key lead indicator for the commercial sector

US activity is at an historic low with a similar picture in major European markets



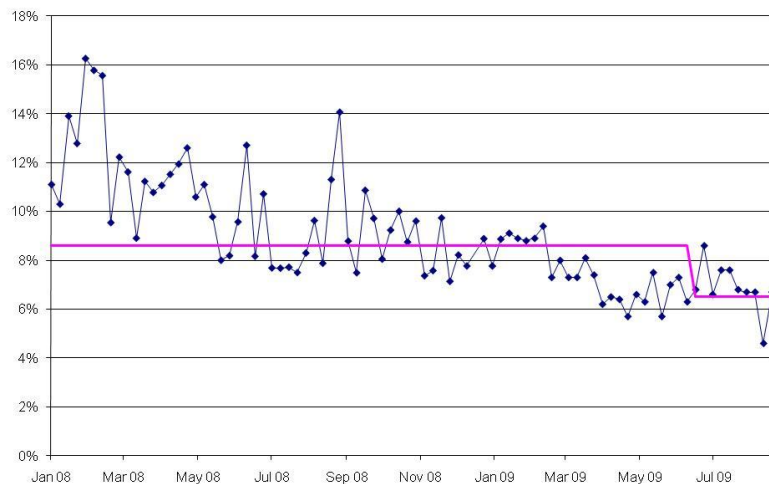
Source: [calculatedriskblog.com](http://www.calculatedriskblog.com)



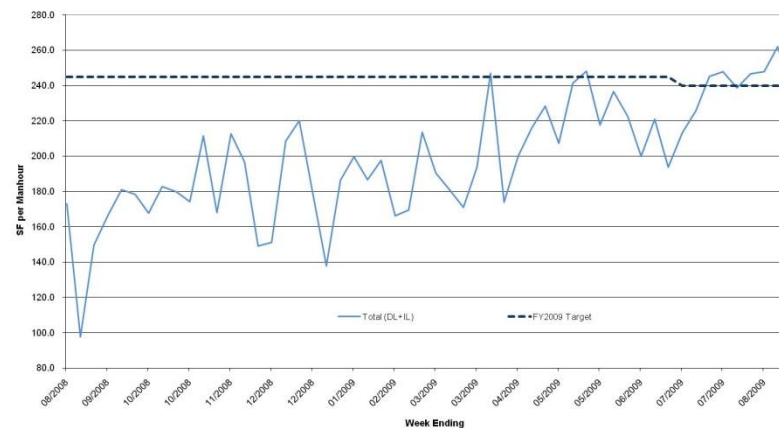
The recovery of Evendale had a massive impact on FY09 performance. All elements of performance improved dramatically including productivity, yield, overheads and service

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Finished Board Scrap

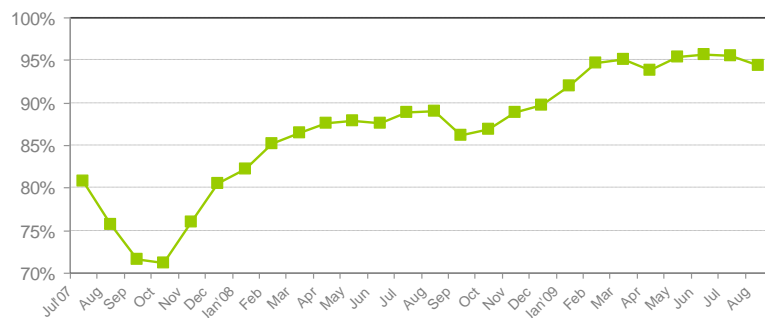


Labour Productivity



Service

Ship Line Fill Rate (all Products)



Phenolic Press- OEE



Project Reset

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Five key work streams have been identified which will deliver significant future value

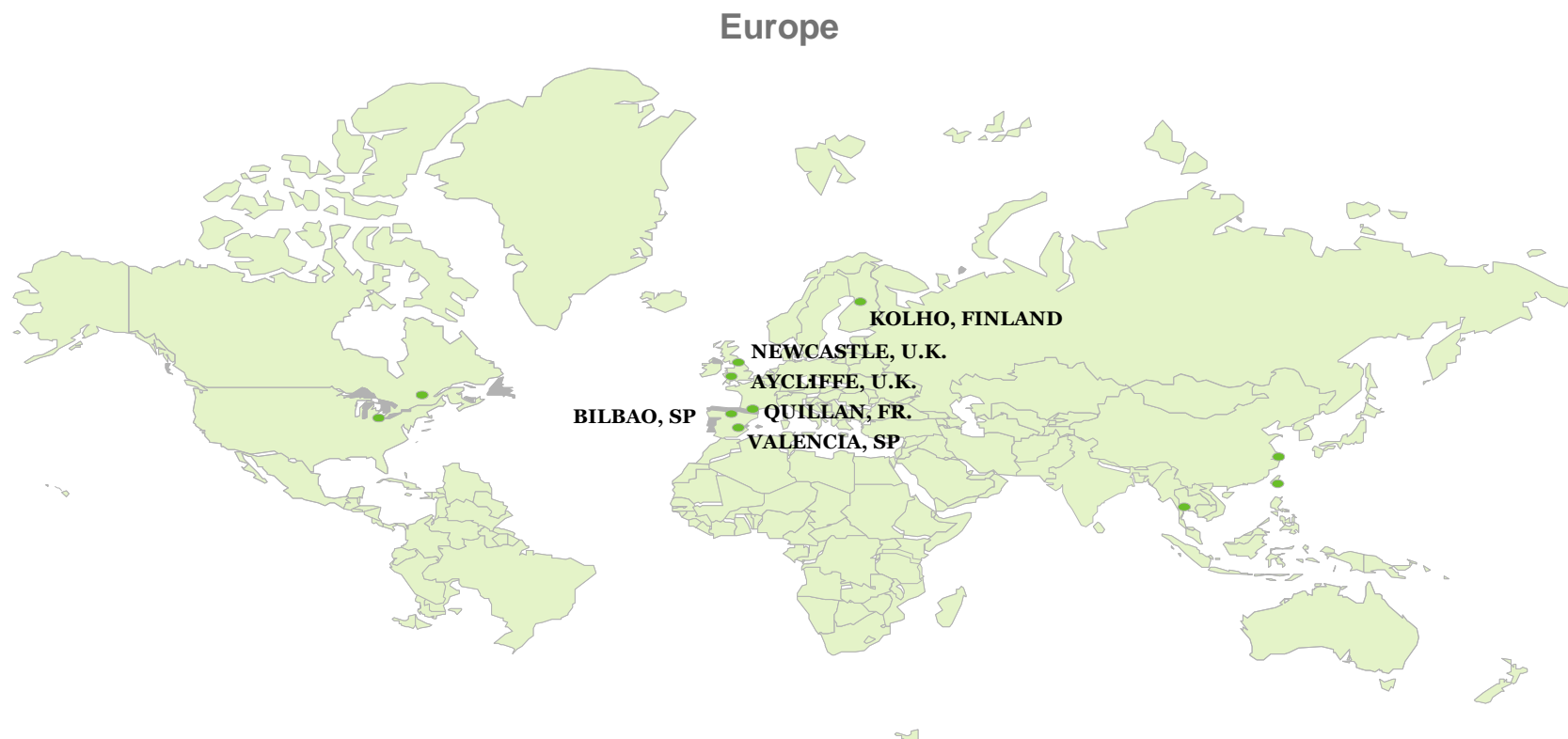
Reset Programme					
	Direct Procurement	Indirect Procurement	Customer Profitability	Product Profitability	Manufacturing
	<ul style="list-style-type: none"> • Implement global décor pool • Procure globally • Schedule vendors regionally 	<ul style="list-style-type: none"> • Historic Deloitte experience suggests savings possible in logistics, MRO, travel, marketing, stationary. 	<ul style="list-style-type: none"> • Optimise customer profitability through an understanding of price and all variable costs to serve • Implementation of long term CtS model within Formica 	<ul style="list-style-type: none"> • Evaluation of product profitability understanding impact of all cost drivers • Review profitability of bought in products • Rationalise sizes, grades, thickness and texture 	<ul style="list-style-type: none"> • Re balance European plant capacity • Execute a phased downsizing of Bilbao
Status	<ul style="list-style-type: none"> • VP Global Procurement appointed • Global pool determined • Meetings scheduled with suppliers • Regional scheduling responsibility confirmed 	<ul style="list-style-type: none"> • New procurement structure agreed and roles filled • Tender documents prepared for NA and EU logistics and negotiations commenced with suppliers 	<ul style="list-style-type: none"> • CtS models completed • Customer templates complete • Training Sessions completed • Implementation underway with tangible results achieved 	<ul style="list-style-type: none"> • A number of bought in product lines already deleted • Price increases on key unprofitable products effective Sept 1 • Thickness, size and grade review completed 	<ul style="list-style-type: none"> • Downsizing announced and union negotiations commenced • Product transfer underway and due for completion in September



Long term excess capacity exists in the European footprint

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Plans are in place to balance the capacity

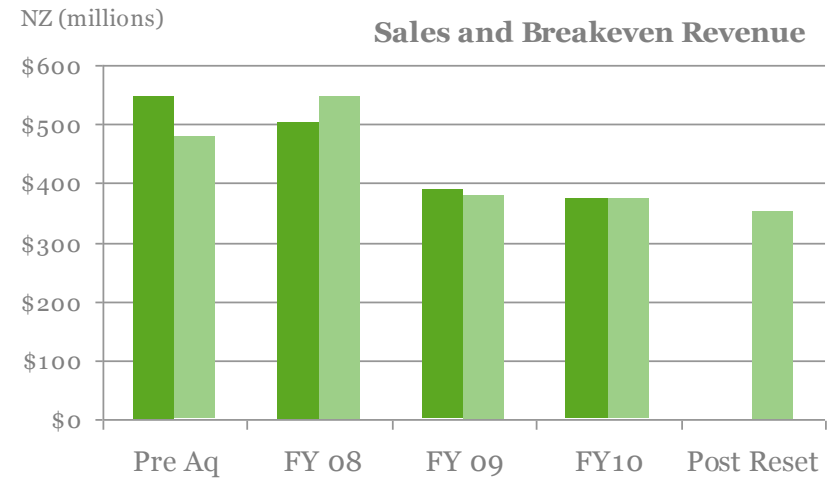
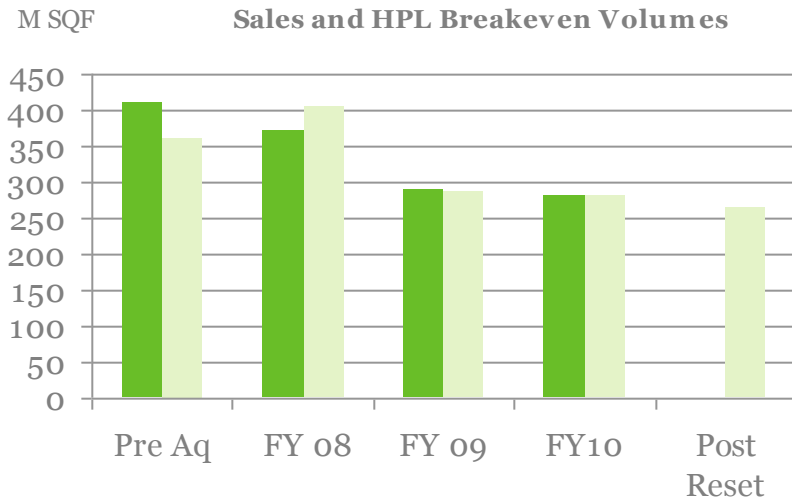


	2009	2010	2011	2012	2013
Europe					
Excess Capacity (HPL)	28%	15%	12%	10%	8%
Excess Capacity (CPL)	37%	0%	0%	0%	0%



North American breakeven improvements since acquisition

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- Breakeven volumes reduced by 26% from pre acquisition levels
- USD revenue converted to NZ\$ at constant exchange rate of 1.55
- Revenue includes non HPL products such as solid surface
- Current volumes tracking below FY o9



- Complete restructuring
- US service improvement and share gain
- EU manufacturing footprint rationalisation
- Asian second brand strategy
- Downstream integration into bonded components
- Align resources for economic recovery