



Formica Group

Analysts Presentation

September 19, 2011

Cincinnati, OH



Analysts Meeting Agenda

September 19, 2011

Welcome & Introduction	Mark Adamson
Formica Performance	Mark Adamson
Laminate 101	Dave Pallas
Innovation and Design	Renee Hytry
Formica Global Overview Sustainability	Gavin Todd
Formica Asia	Fred Wang
Formica Europe	Richard Pollington
Formica North America	Mitch Quint

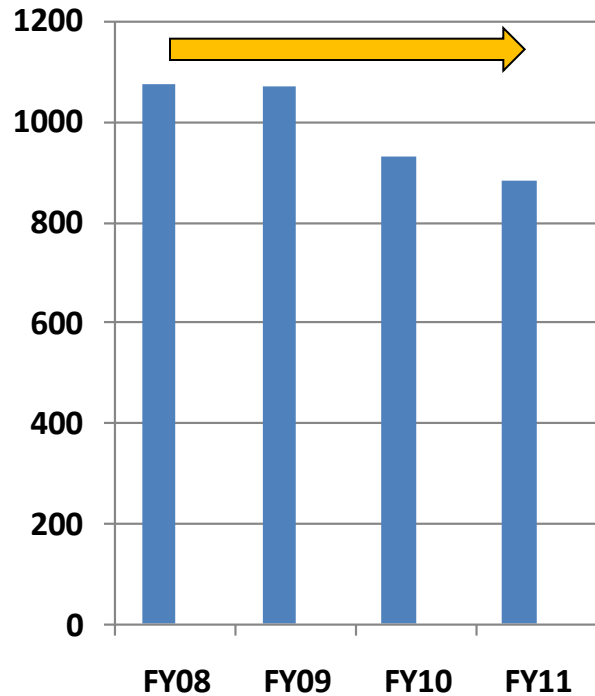
Performance

Mark Adamson

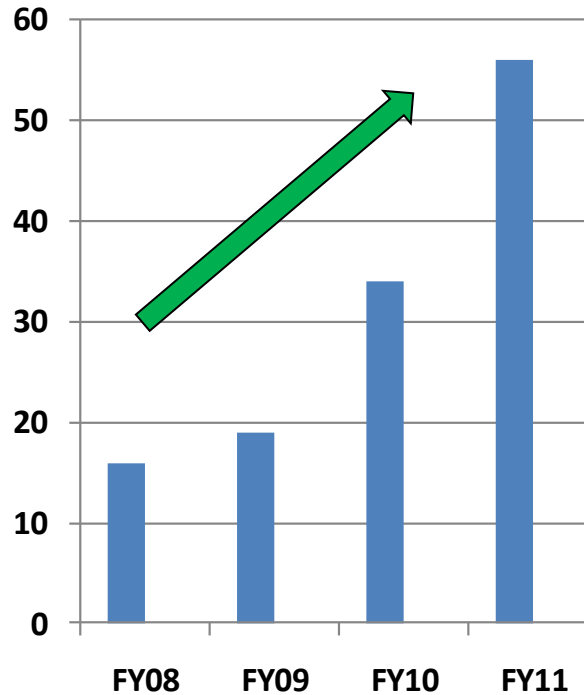


Despite significant headwinds that have curtailed top line growth, Formica has recently posted significant improvement in earnings

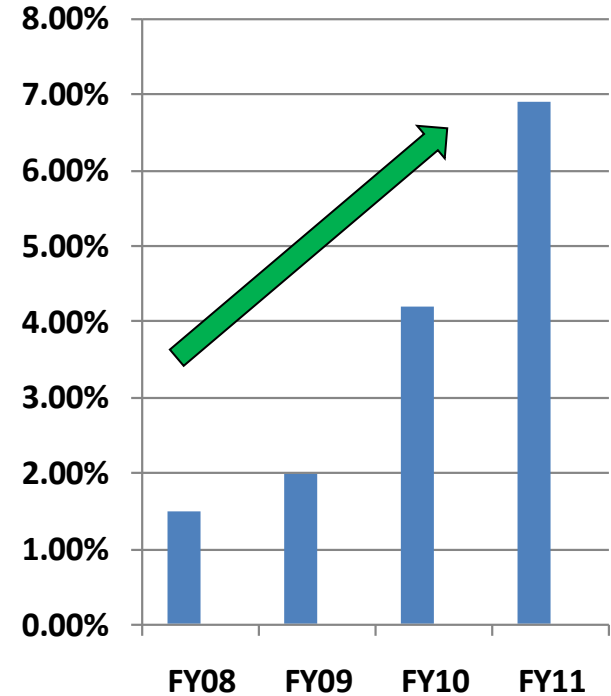
Revenue



EBIT

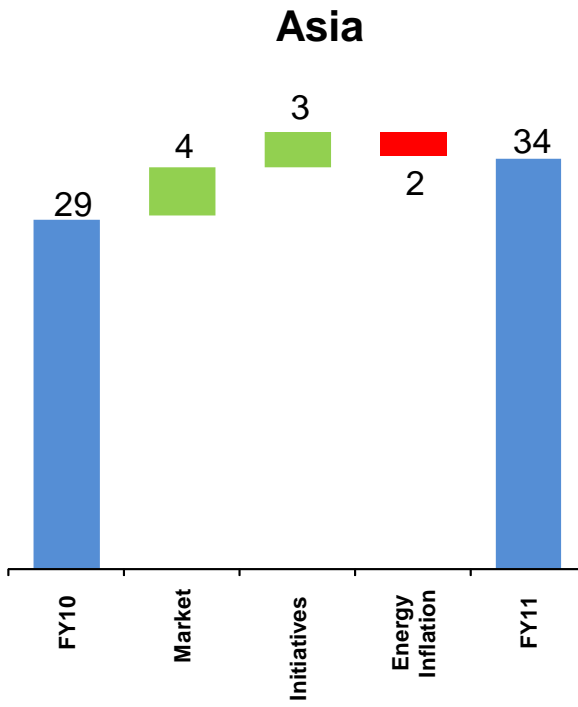


ROFE

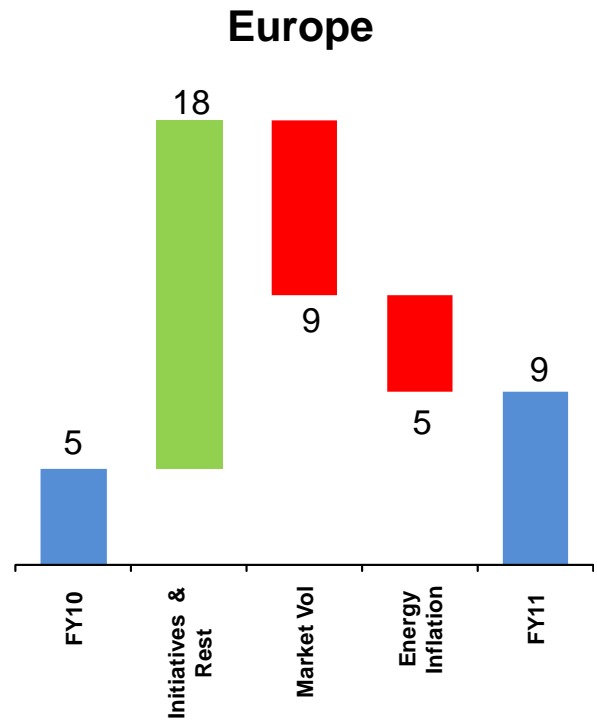


EBIT has recovered from FY 08 due to initiatives and continuing efficiencies that have been largely cost base related.

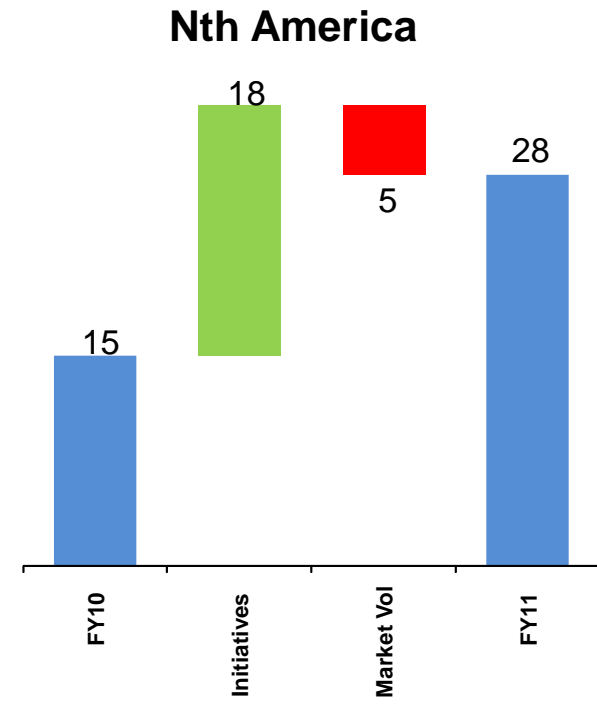
Positive results achieved in 2011 with Revenue growth in Asia, and continued initiatives in NA and Europe helping offset volume shortfalls in both Europe and North America.



Asia continues to benefit from volume growth although increasing energy costs are now being experienced



Volumes in Europe were down 6% over last year, and large energy costs increases also occurred in the second half.



Volumes were down 3% on last year although price remained firm and the EBIT growth was largely further initiatives

Outlook is some what uncertain with recent economic events, although near term conditions are expected to remain difficult in Europe and North America, while Asia is expected to remain firm.

Europe and North America.

- Residential and commercial markets continues to exhibit little or no growth,
- Volumes are not expected to vary significantly from last year as a result of activity levels
- Cost Reductions programs will continue, but opportunities for improvement are diminishing.

Asia

- Activity levels and demand in Asia, particularly China and Asean continue to be promising

Currency

Strength of the NZD has the potential to impact domestic EBIT performances through translation

FY 12 looks to be another challenging year and the focus across all regions will be on all elements of the business to drive improvement.

REVENUE GROWTH

- Share gain,
- Opportunistic or one off Deals,
- New Products
- Price Increases (ensure costs are recovered)

EFFICIENCY INITIATIVES

- Operations
- Logistics , warehousing
- Material usage scrap

COST REDUCTIONS

- Continued restructuring and reorganisation
- Materials and energy Pricing
- Procurement Initiatives

RISK MITIGATION

- Avoid Projects/ initiatives with high risk of failure
- Vigilant inventory management
- Plan and execute tactical projects well

COST AVOIDANCE

- Postpone defer spend where possible
- Management of Maintenance shuts
- Question the need to incur discretionary costs

FINANCIAL PRUDENCE

- Capex Management
- Working capital focus.
- Obsolescence management

Delivery of growth on FY 11 under the current economic climate will require a continuation of previous years initiatives and programs.

FY 12 Focus also needs to be on cash generation as well as EBIT

WORKING CAPITAL MANAGEMENT AND FOCUS

- Continue with rigorous management of Finished Goods inventory and disposal of remaining obsolete and excess
- Ensure Procurement achieves best price but not simply through volume purchasing which could lead to an excess of raw material inventory, while the economic climate remains uncertain.
- Creditors and Debtors management

CAPITAL SPENDING:

- Target to work within depreciation and, focus on projects with good payback.

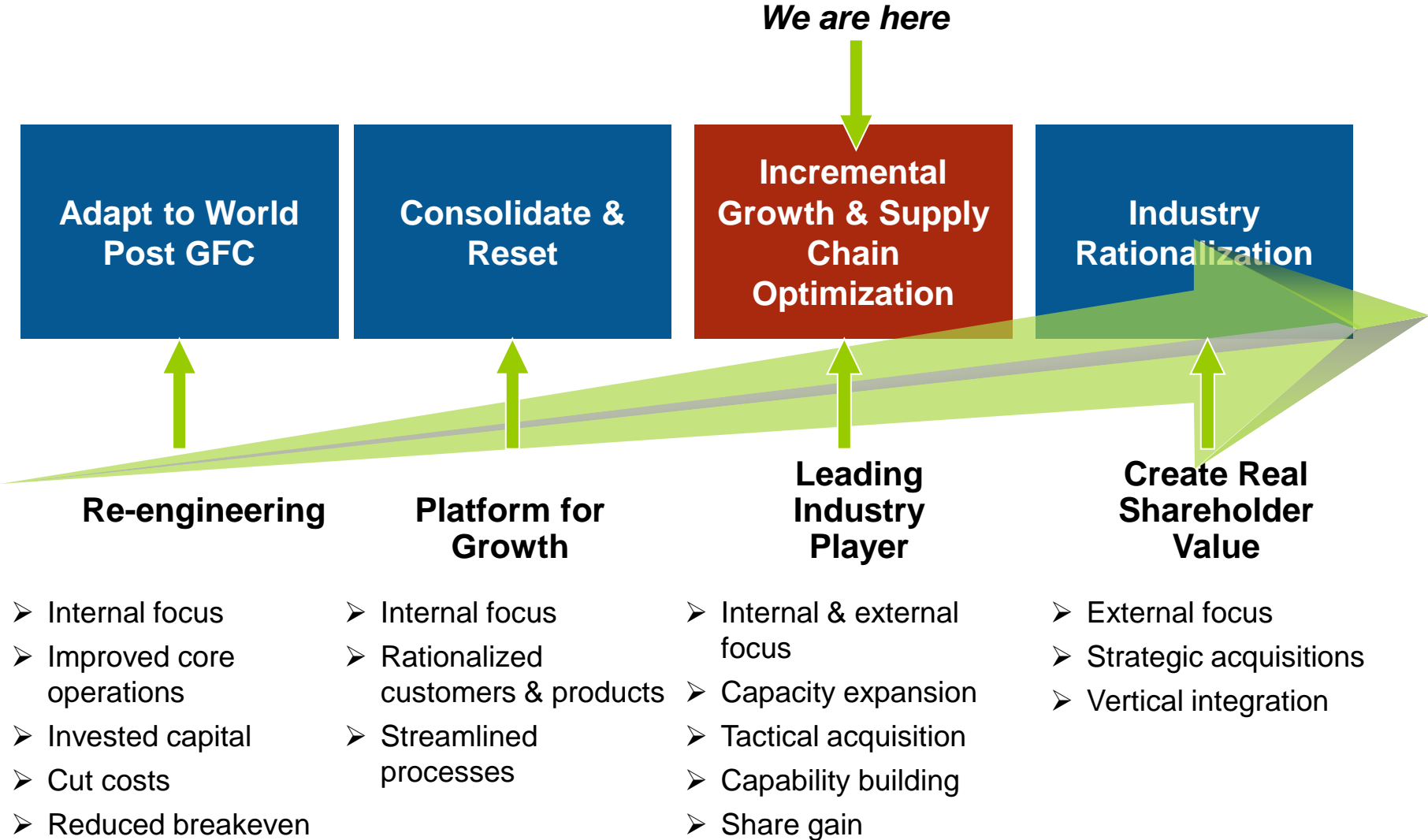
Maximizing cash generation and working capital will assist in funding growth strategies from within.

Beyond the current year Formica is pursuing \$NZ100m EBIT target and without favourable economics and currencies a number of strategies are being pursued.

- 1. Asia** has an aggressive target to grow revenue in double digits, and does have economic conditions and outlook more favourable than the other 2 regions.
- 2. Europe** has a series of individual tactical plans in the face of little or no favourable economic growth and focus will be on ensuring all or as many as possible go to plan.
- 3. North America** is also targeting a number of tactical plans, around service, distribution optimization and new products and like Europe the near term market conditions are not expected to be helpful.
- 4. Corporate** is targeting to maintain cost at or below current levels.

Improvements in market conditions will be helpful, as will a return to more historic relationships between the USD, Euro, Pound with the NZD

Formica is on a journey from recovery to sustainable growth, and although we have “turned the corner” there is still a long way to go



As we pivoted from Reset to a Growth orientation, each region identified key areas of focus and investment to support growth...

Group

- Human Capital
- Organization Capabilities
 - Deal negotiation
 - Business integration
- R&D/Product Development
- Information System Upgrades
- Strategic Material Sourcing

Asia

- Grow Share
- HPL Capacity
- LPL Entry
- Geographic Expansion
- Human Capital
- Organizational Restructuring

Europe

- Grow Share
- Rationalize Capacity
- Geographic Expansion

North America

- Grow Share
- Distribution Optimization
- Forward Integration

Note: Items in Blue potentially require some investment

A truly effective business strategy requires 4 key elements

1. a **SYSTEM** of...
2. genuinely **DIFFERENTIATED CAPABILITIES** that create...
3. ...demonstrable **COMPETITIVE ADVANTAGE** that is...
4. ...**SUSTAINABLE** over a meaningful period of time

The resulting **SYSTEM** is not one thing...rather it is an interconnected set of people, processes, systems, and tools that allows Formica to out-execute its competitors over time and gain incremental volume or charge higher prices

A truly effective Business Strategy will ensure that we have Differentiated Capabilities that can be leveraged to improve performance



Laminate 101

David Pallas



What is HPL?

- High Pressure Laminate (HPL) is made out of layers of paper coated in “resin” (uncured liquid plastic)
- Surface papers treated with Melamine resin, and core kraft papers treated with phenolic resin
- Which are pressed under high temperature ~140 degrees C and pressure typically over 1300 psi to become a thermoset plastic sheet

Building Blocks of Laminate

Two Key HPL Components

Décor Surface paper:

- Solid or Print with translucent overlay
- Gives Color and design pattern to laminate
- Treated with Melamine Resin to provide protective scratch and mar resistant properties with good clarity and color stability.

Kraft Core paper:

- Multiple types: Common filler, Release ARC, Stress Kraft
- The Core paper gives thickness to the laminate
- Treated with phenolic resin with gives toughness, water resistance, and strength characteristics to the laminate.
- Release agent (red) on one sheet of kraft

Building Blocks of Laminate

Two Types of Treating

Melamine Treating:

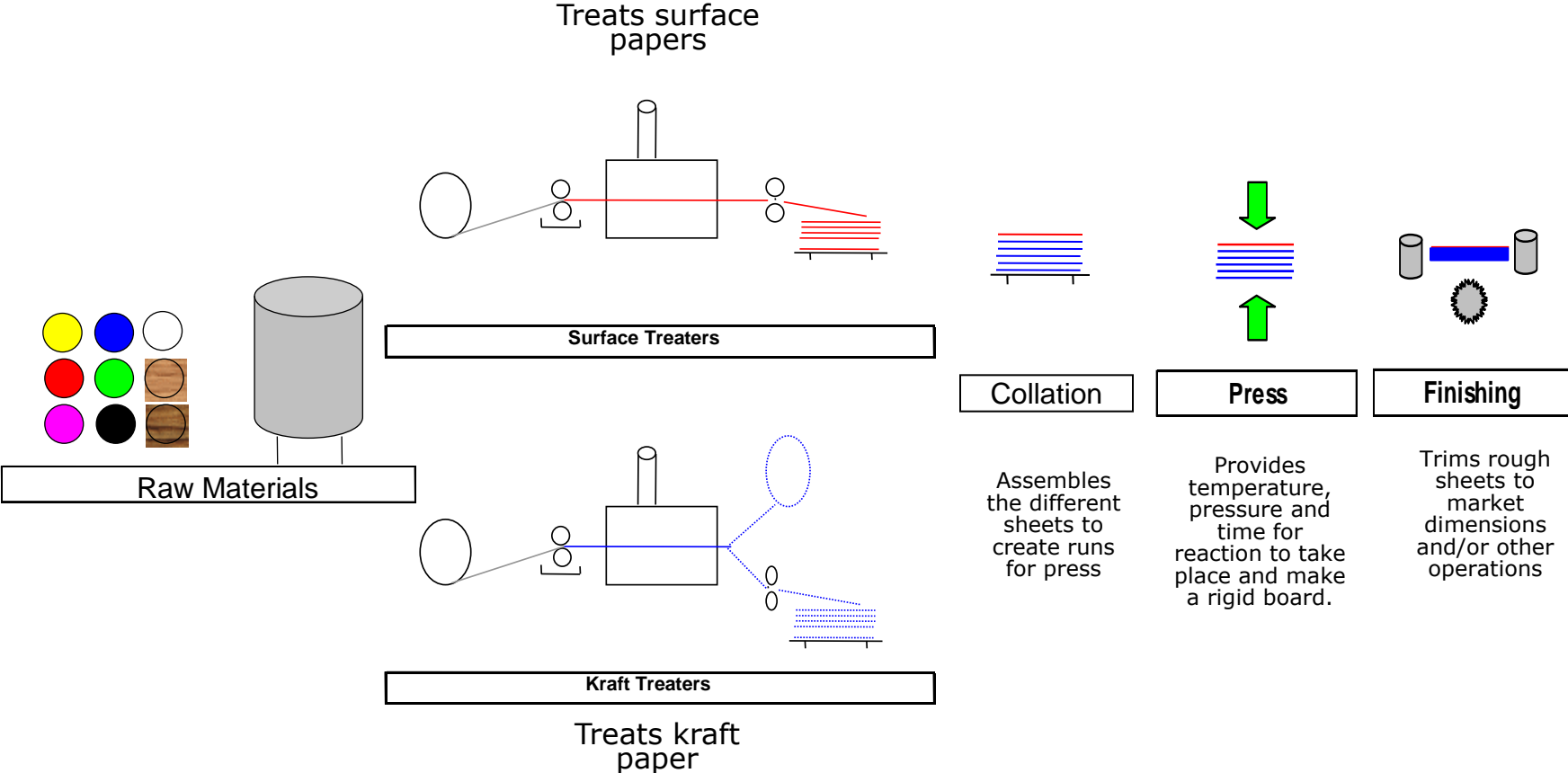
- Coat decorative or light overlay papers
- Provides the surface scratch & mar resistance
- Reacts to Temperature and Humidity (areas environmentally controlled)

Phenolic Treating

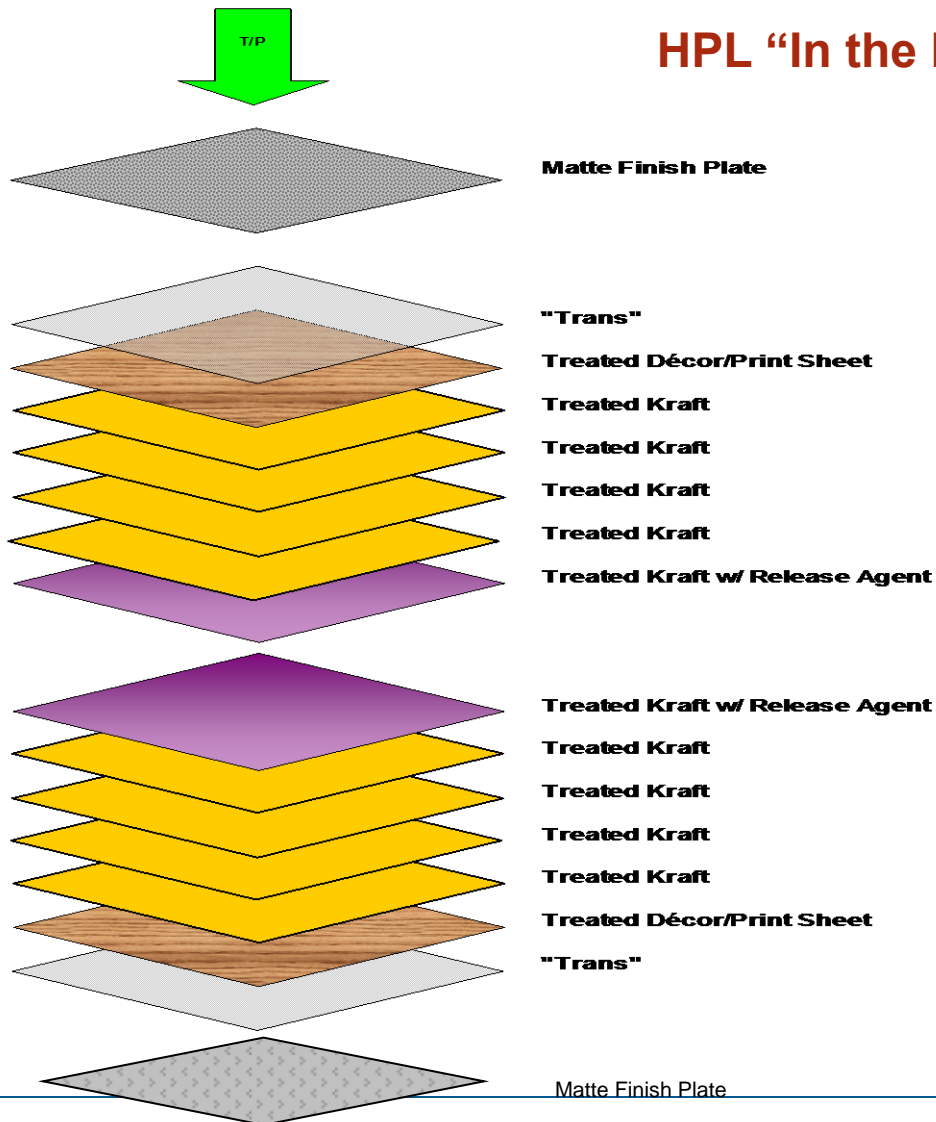
- Coat grades of saturating kraft
- Creates the strength behind the laminate sheet so it can be handled and manufactured in shops
- Grades of laminate are determined by the number of kraft sheets in the construction

HPL Manufacturing Process

HPL Manufacturing Process



High Pressure Laminate Build



- HPL is pressed in sets called "doubles".
- Each double has a surface facing each plate and ARC sheets in the middle so that after pressing, they can be separated into 2 laminates
- The surface texture of the laminate is formed from the surface of the plate.

High Pressure Laminate Pressing Process

Laminate is made when 1300 psi is applied to the treated sheets at approximately 134-147 °C for approximately 1 hour

Top Temperature and **Time** are controlled to develop the laminate properties.

- Curing the melamine resin makes the surface hard providing scratch and damage resistance.
- Curing the phenolic resin bonds the kraft layers together and develops water resistance.
- The press cycle time is designed to cure the laminates within the pack as uniformly as possible, so they all perform the same.
- The longer pressed, more cured, the less flexible the laminate

What a Customer wants in a HPLaminate

Enormous Flexibility in Appearance

Color (Surface Décor)

Solid (color throughout surface paper)

Print (printed on color paper)

Finish (Surface Texture)

Determined by plate type
pressed against

Finish-Description

42 Sparkle	LX Luxe
43 Artisan	MC Microdot
46 Etchings	NT Naturelle
58 Matte	RD Radiance
77 Honed	SP Sculpted
90 Polish	

What a Customer wants in a HPLaminate

Sheets Optimized to End Use Application

➤ Grade (Thickness)

Grade 10 = 1.2 mm (*horizontal grade*)

Grade 12 = 1.0 mm (*post-forming grade*)

Grade 20 = 0.7 mm (*vertical grade*)

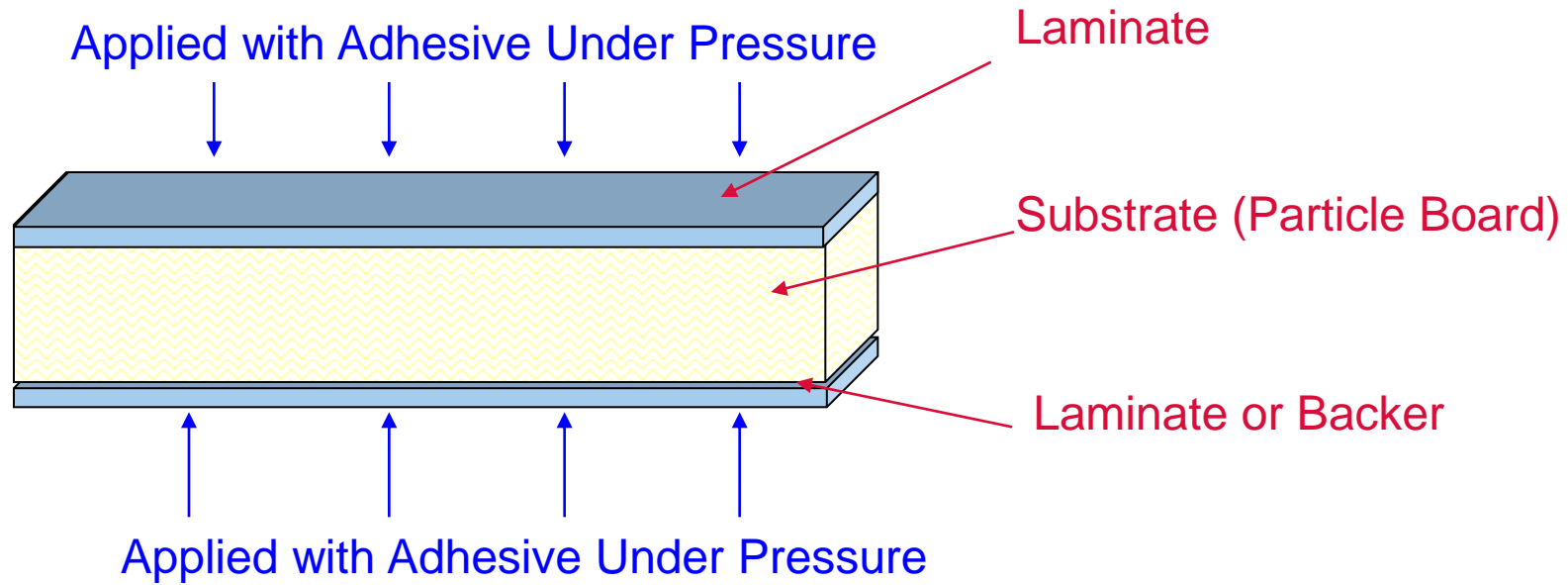
➤ Size (Width & Length)

3'x7'	3'x8'	3'x10'	3'x12'
	4'x8'	4'x10'	4'x12'
	5'x8'	5'x10'	5'x12'

What Customer does with Formica Laminate

Panel Assembly: Laminates are bonded to particle board, or other substrates like MDF to make flat panels, cabinets, commercial fixtures or other similar items

Cross Section View of Laminated Panel



What Customer does with Formica Laminate

Post Forming Countertop or Doors: The laminate is again bonded to suitable substrates, then heated, and formed to shape

Cross Section View of Postformed Top

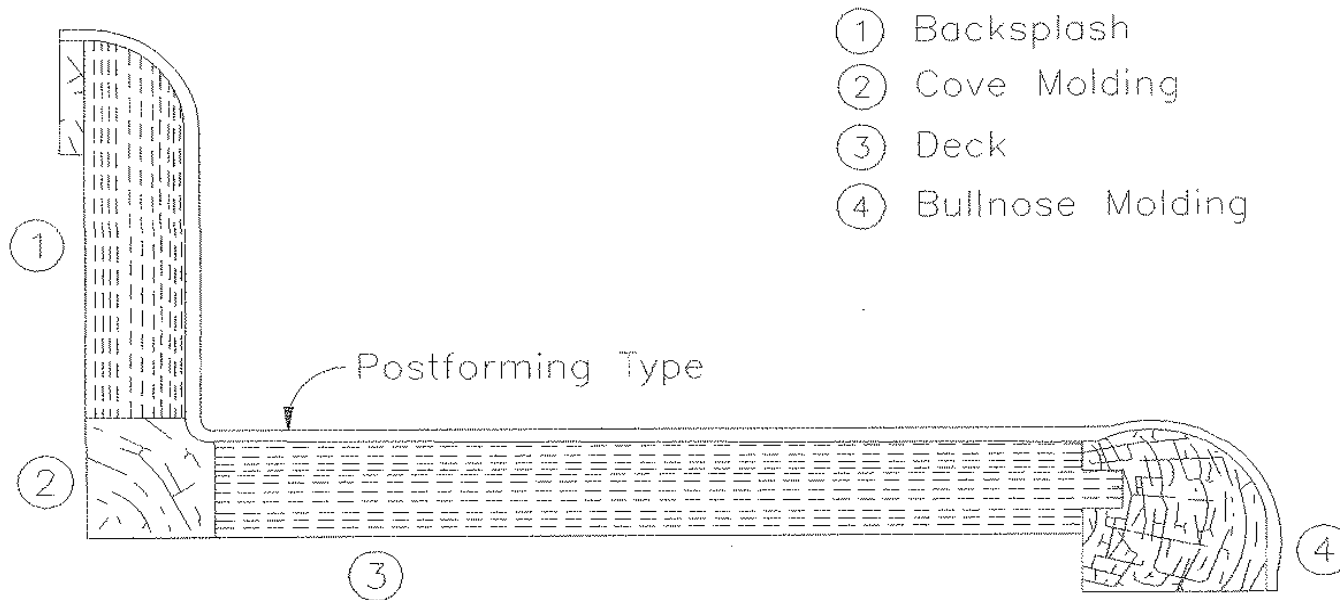
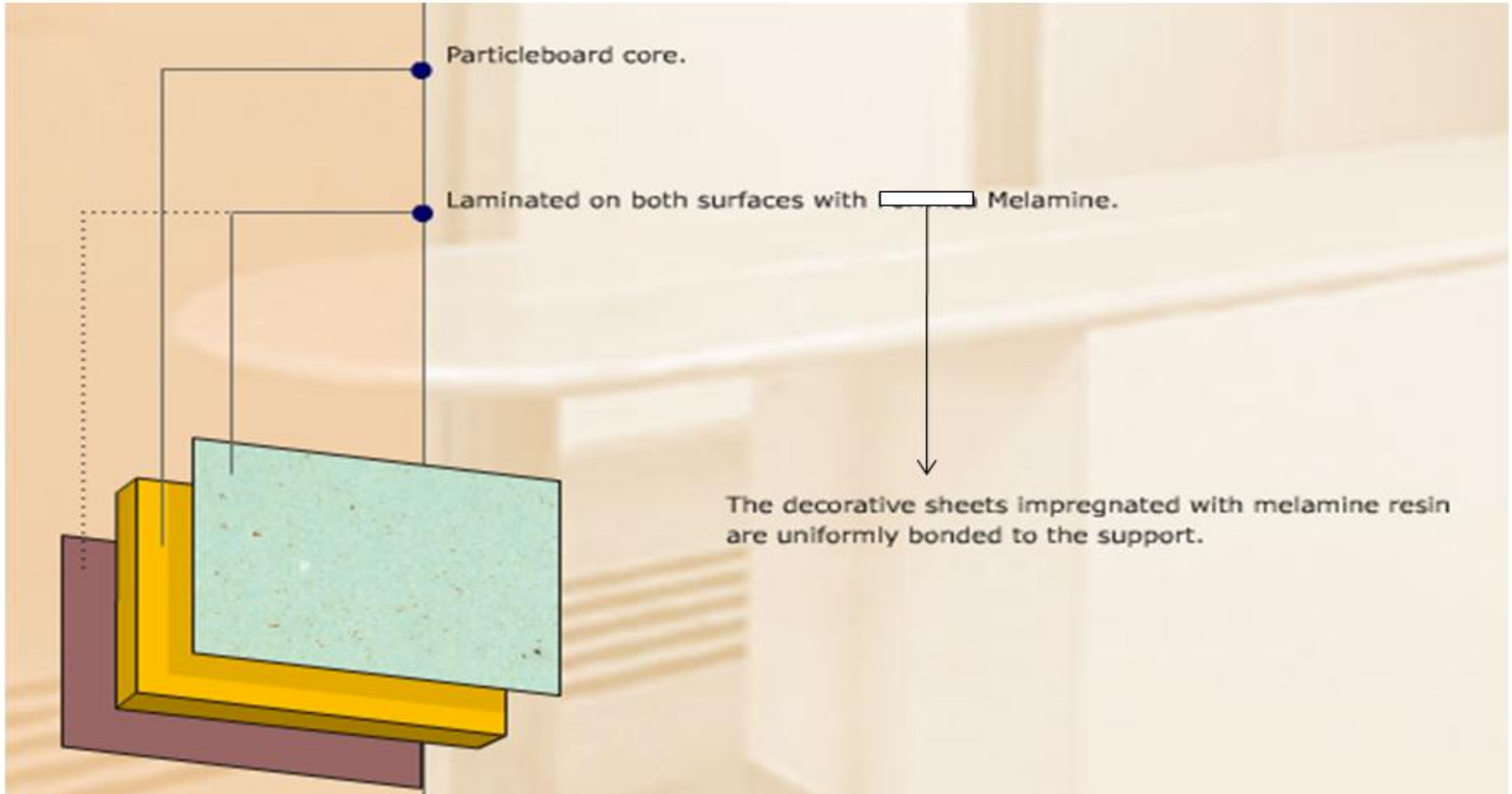


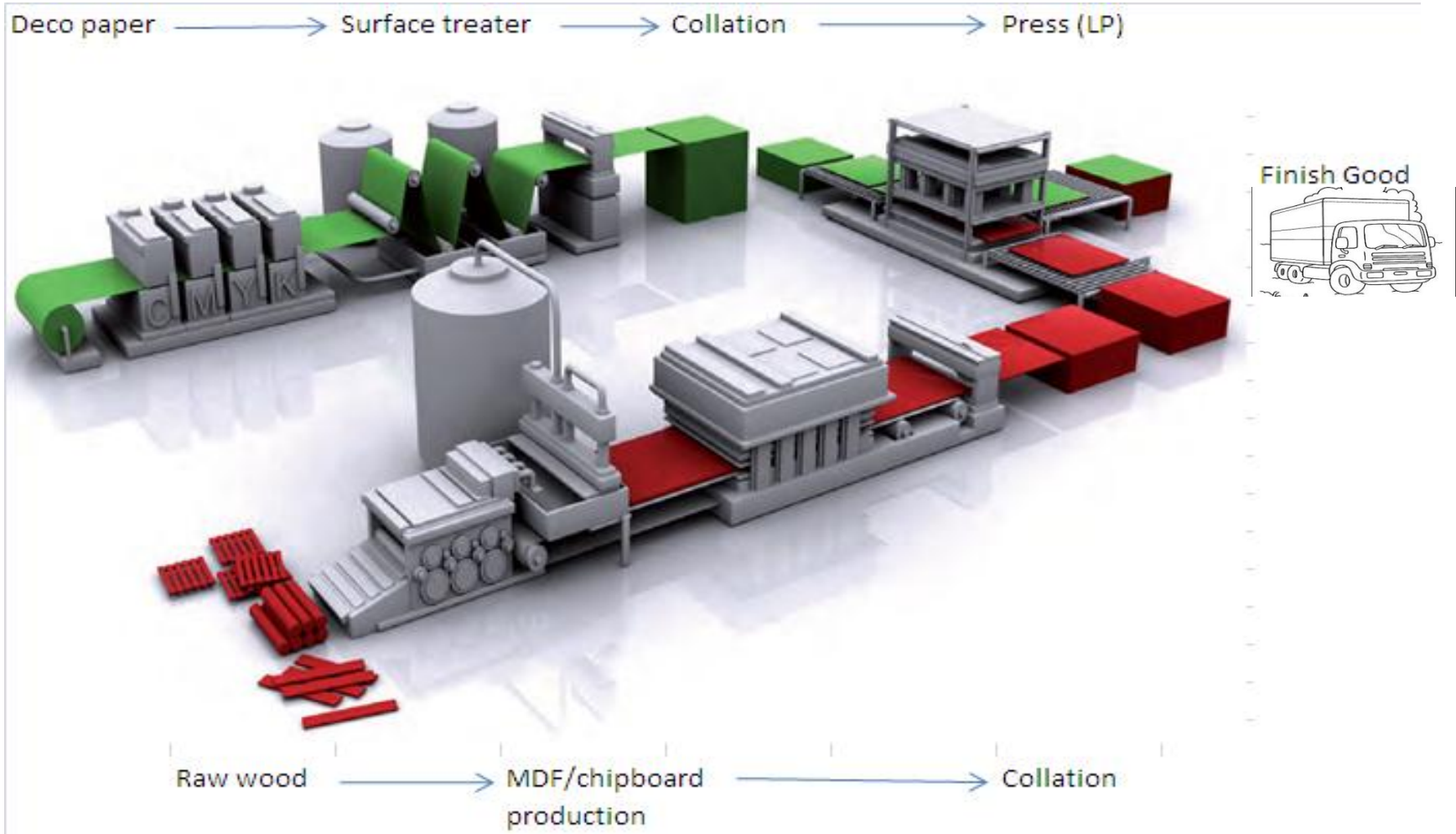
Figure A-7
TYPICAL POSTFORMED TOP

LP composition (Called Melamine boards)

➤ Substrate included in the production



LP production lay-out



Formica Group Procurement

Jeff Coe

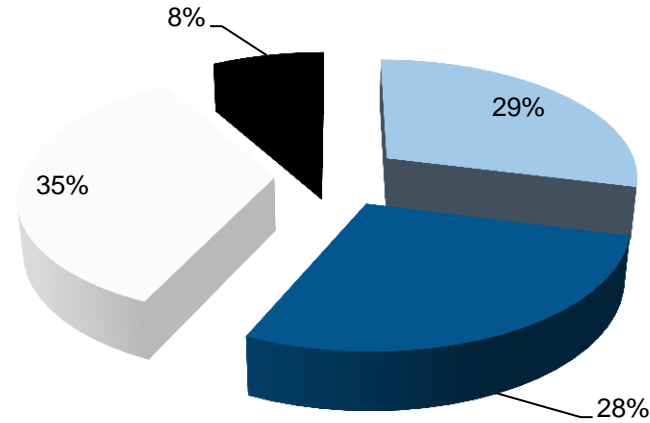


Formica Group Procurement Agenda

- Overview of key laminate raw material spend categories
- Review of underlying cost driver trends
- Formica's approach to managing volatility and inflation

High Pressure Laminate Raw Material Cost Breakdown

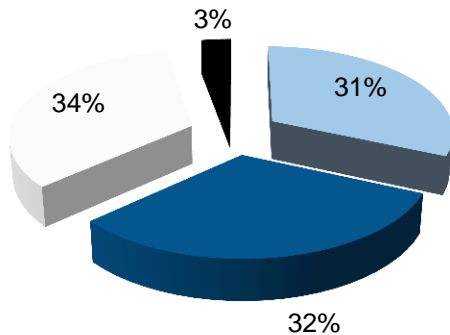
Other Category Includes:
 Chipboard
 Films
 Foils
 Resin additives



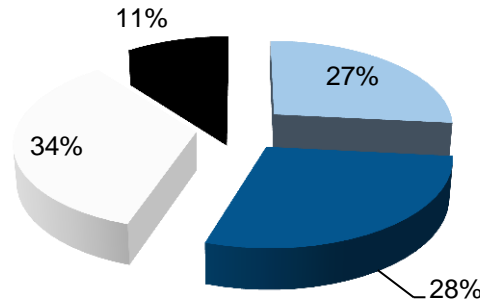
Total Formica Group

■ Kraft ■ Décor Paper ■ Resins ■ Other

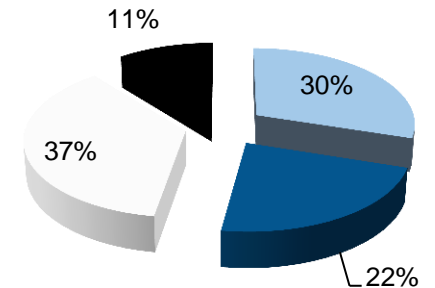
North America



Europe



Asia



Laminate Bill of Material & Underlying Cost Drivers

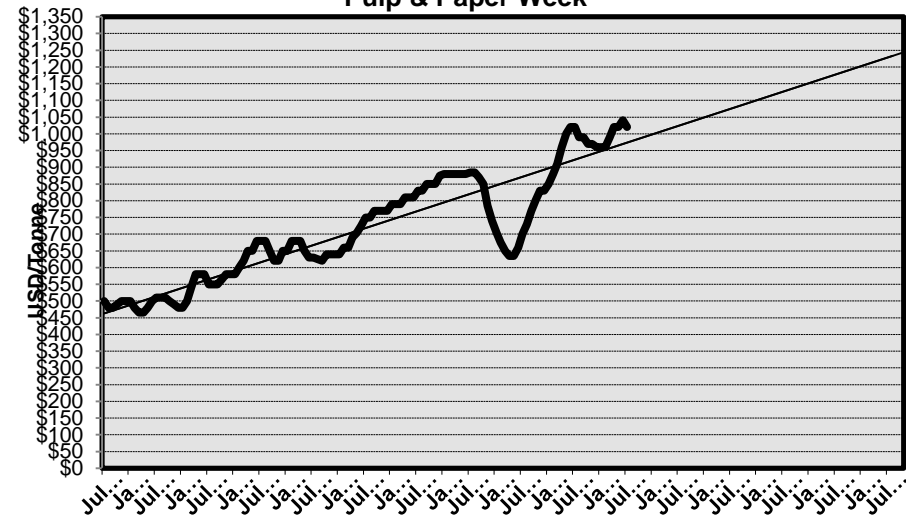
		Category	% of Product Cost - HPL	Key Cost Drivers	Current Trend
Bill of Material	1	Decorative Paper	2.1 to 18.4 %	NBSK TiO2	↓ ↑
	2	Kraft Paper	17.3 to 32.2%	Linerboard OCC	→ Stable
	3	Phenolic Resin	11.5 to 28.2%	Oil Phenol	Variable
		Overlay	0.5 to 3.4%	NBSK	↓
		Melamine Resin	1.2 to 10.4%	Melamine Crystal	↓
		Energy	6.9 to 8.2%	Natural Gas Fuel Oil	→ Stable

4x8 Sheet, Thickness range from .7mm vertical grade to 19mm Compact

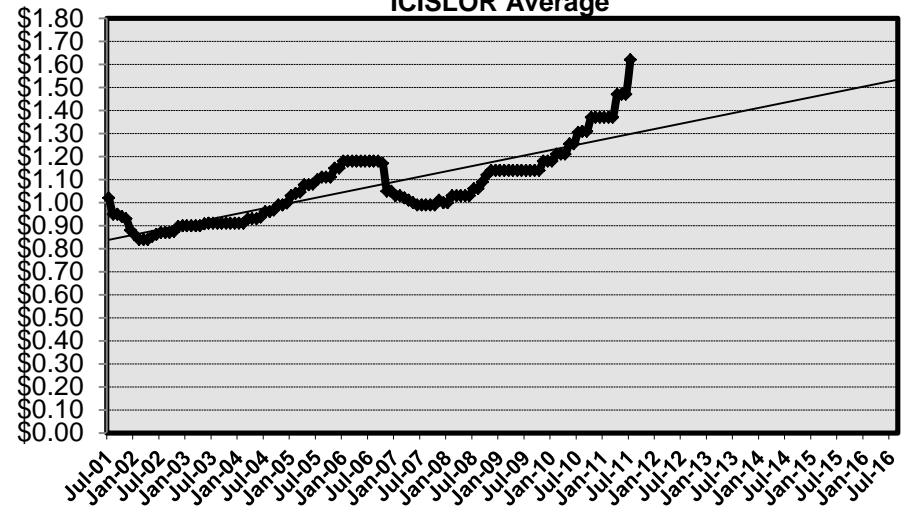
Decorative Papers – Pulp and Titanium Dioxide

1

Northern Bleached Softwood Kraft
Pulp & Paper Week



Titanium Dioxide
ICISLOR Average



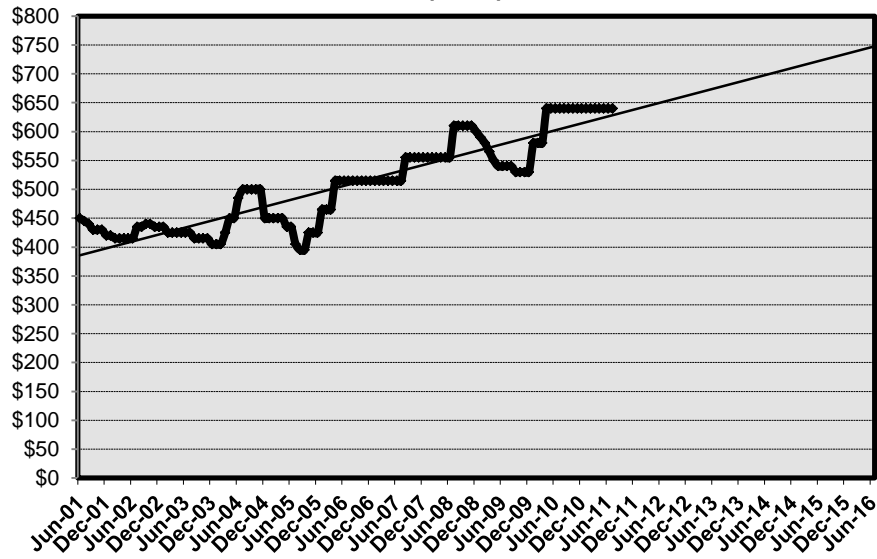
- Global economic crisis caused prices to fall initially.
- Excess capacity was taken out of the market.
- A major earth quake in Chile shut down 7% of global supply.
- Demand ticked up and shot prices to all time high

- TiO₂ is a white pigment that creates opacity and brightness
- Slow global economy forced the closure of several plants around the world.
- More than 400,000mt of capacity was removed, about 8%
- Explosion at a plant in Europe caused disruption and prices escalated.
- No new capacity due on line until 2013.

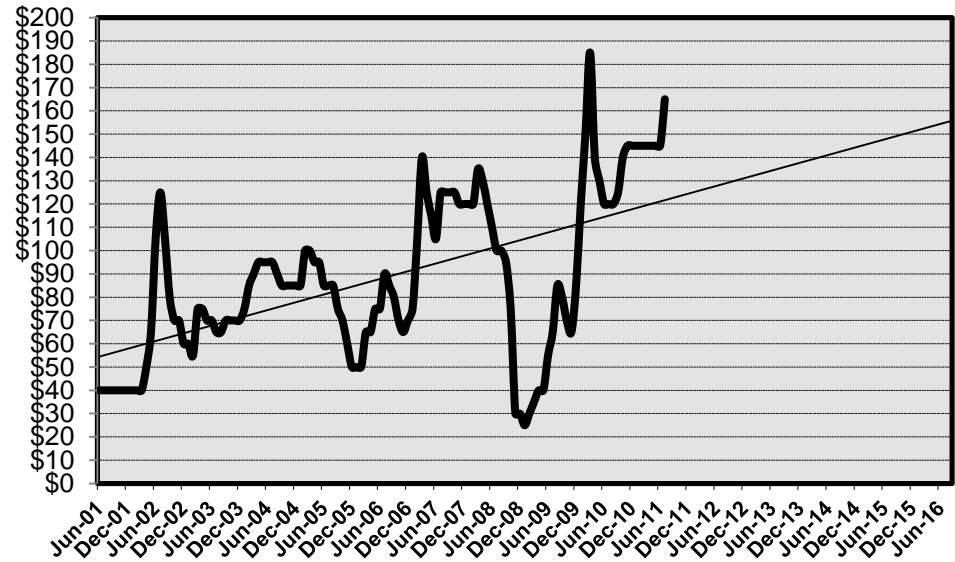
Kraft Papers- Linerboard and Old Corrugated Containers

2

Linerboard
Pulp & Paper Week



Old Corrugated Containers
Pulp & Paper Week

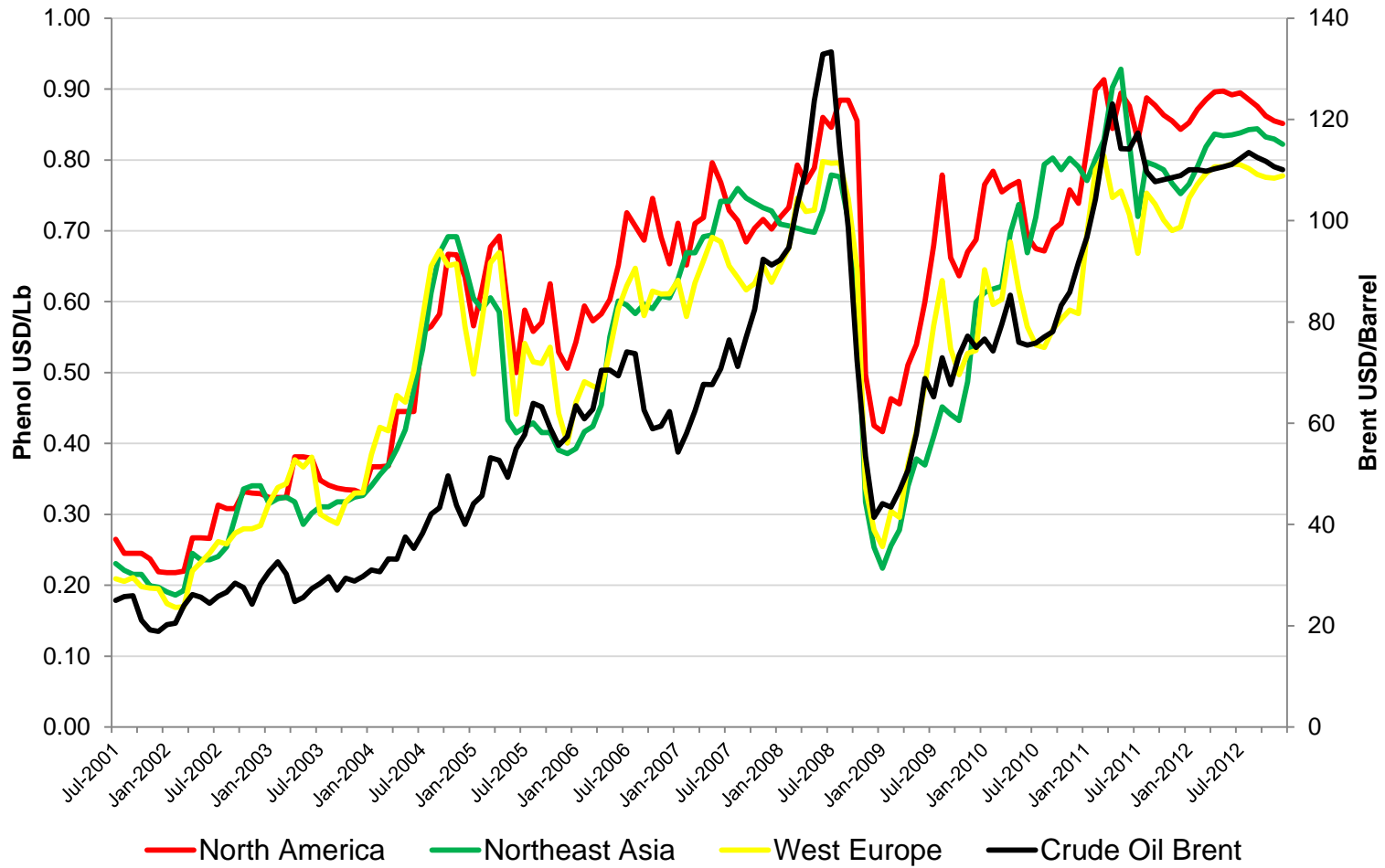


- Linerboard is what boxes and packaging materials are made of.
- 2 main saturating kraft suppliers primary business is linerboard.
- Producers maintain a margin above linerboard for saturating kraft
- Prices have been stable for the past 18 months.

- Recycled fiber markets are much more variable.
- Can be more expensive than virgin kraft
- Many new machines in China, but lack domestic collection and import from Europe/North America.
- Contaminates in the paper cause problems in HPL (hot melts, silica)

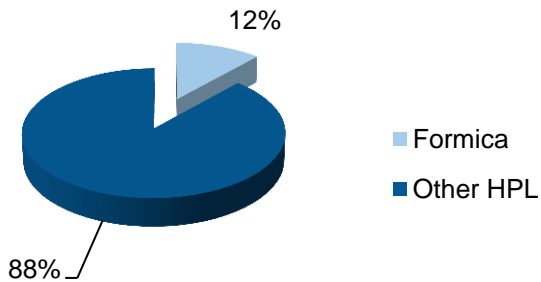
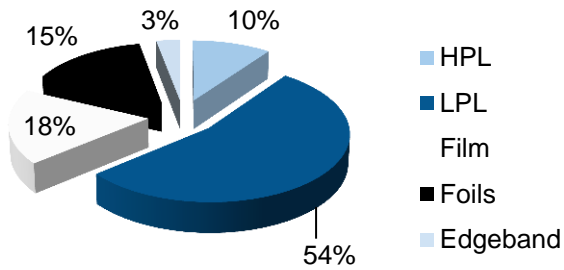
Phenolic Resin - Phenol & Brent Crude Oil

3



Varying degrees of influence in our materials markets

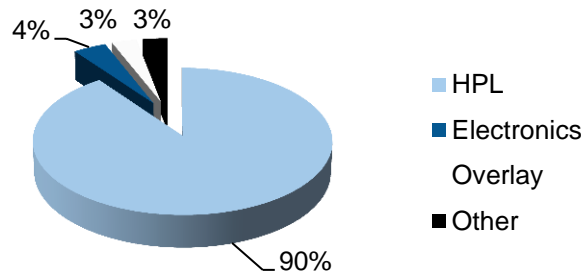
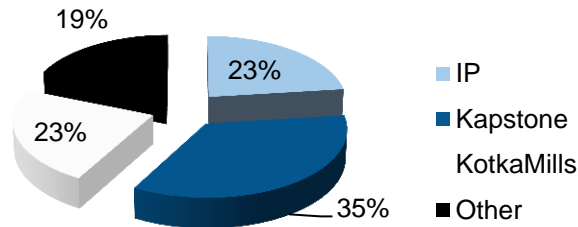
Decorative Papers



•HPL accounts for only 10% of the decorative papers market

•To gain leverage, Formica focuses its volume into 5 'preferred' suppliers

Kraft Papers



•Few saturating kraft suppliers, relatively small number of customers

•No other real outlet for saturating kraft

•Machines would convert to linerboard

Phenolic Resin

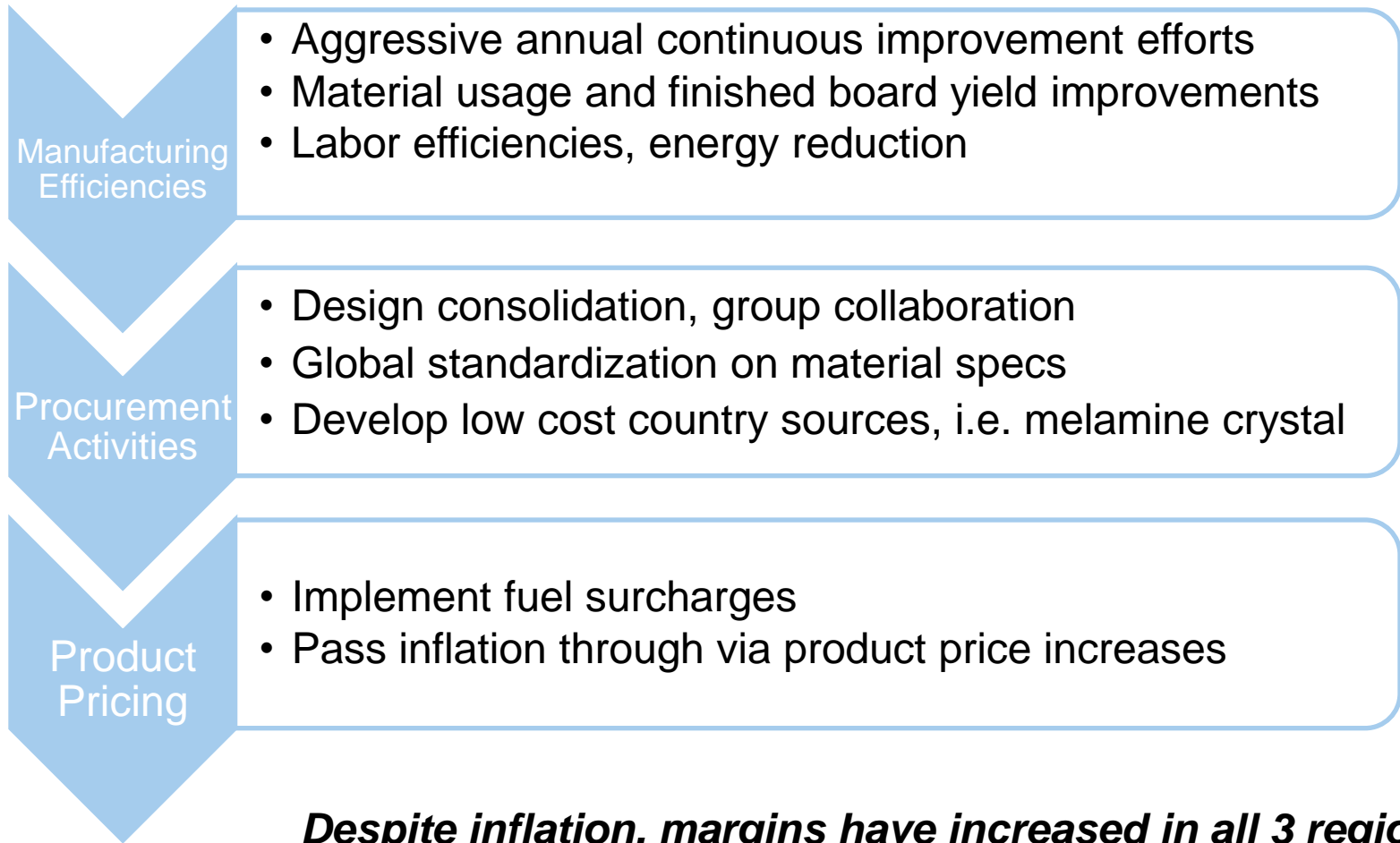


- Oil goes into over 6,000 different products.
- Phenol is part of the aromatics chain.
- Phenol is in everything from embalming fluid to aspirin.
- Condensation with formaldehyde produces phenolic resins



- Phenolic resins are used in hundreds of products, from laminates to circuit boards to snooker balls
- Pure commodity, our resin price mirrors the market price

How does Formica Group manage commodity, volatility, and inflation?



Despite inflation, margins have increased in all 3 regions over the past 2 years

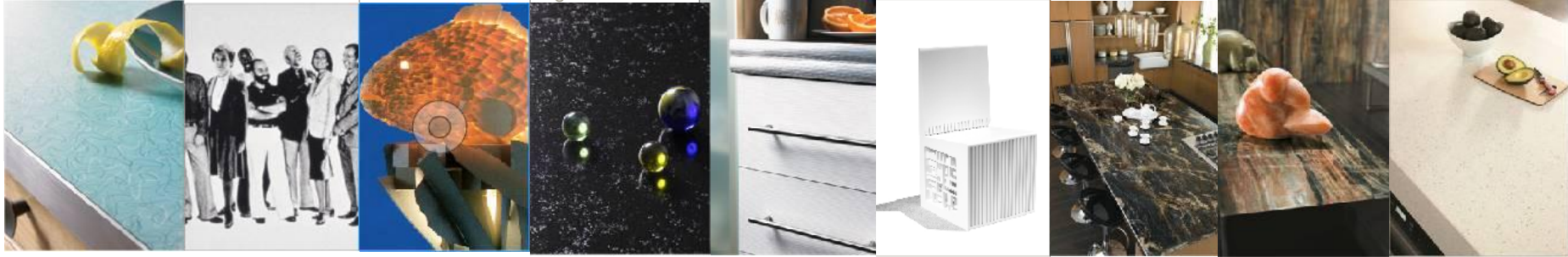
Formica Innovation and Design

Renee Hytry



Founded in 1913, Formica is a leader in the design and manufacture of innovative surfacing products today.

1950s	1970s	1980s	EARLY 2000s	2008	2008	2009	2010	2011
<p>Raymond Loewy, Brooks Stevens, industrial designers, help shape Formica® laminate range</p> <p>Iconic Boomerang™ pattern is introduced</p> <p>VirrVarr designed by Swedish S. Bernadotte becomes Perstorp classic</p>	<p>First Design Advisory Board</p> <p>17 top designers consulted with Formica Corporation on color texture + design</p> <p>Design Concepts Collection is produced in France, shipped internationally</p>	<p>ColorCore invented by Formica Corporation</p> <p>Eliminates the brown line</p> <p>Design competition to showcase the innovative uses of this product</p>	<p>Formica Group revolutionizes laminate with new finish textures</p> <p>Product enhancement with added realism</p> <p>2003–Etchings™ 2004–Honed™ 2005–MicroDot™ 2005–Naturelle™</p> <p>Formica Group wins M Technology Award for AR+ High Gloss finish</p>	<p>Innovation continues with additional finishes for commercial woods and solid colors</p> <p>Sculpted™ Radiance® Rigato Linea Wirebrush Lustre</p>	<p>Form: Contemporary Architects at Play: 10 architects with ties to Cincinnati design limited edition chairs made of Formica brand materials</p> <p>Un_Natural Furniture Exhibition in Beijing by Chinese architects</p>	<p>180fx®</p> <p>Formica Group raises the bar once again for the laminate industry</p> <p>Patterns have real scale repeat of 5' x 4.5'</p>	<p>180fx®</p> <p>7 new and dramatic additions</p> <p>Commercial Stone/Granite additions</p>	<p>Formica® Solid Surfacing – e Series introduction</p> <p>15% Recycled Content</p> <p>First major manufacturer to offer pre-consumer and post-consumer Solid Surfacing</p> <p>Formica® DecoMetal®</p> <p>Large scale concept</p>



Prior to 1913, the mineral MICA as used as an insulating material. The founders developed a new plastic that was a substitution for Mica. HENCE THE NAME "SUBSTITUTE" --- ForMICA ---



1920s



1930s



1940s



1950s



1960s



1970s-1980s



1990s-2011

The vision of innovation continues today with multi disciplinary processes used to capture evolving customer style tastes in three continents through trend forecasting, research and prototype development



CONCEPT MARKET RESEARCH

QUALITATIVE MARKET RESEARCH

Every 2-4 years
 Innovative designers
 Identify future trends for qualitative research
 Voice of the customer

ROUNDTABLE DISCUSSIONS BY MARKET

HEALTHCARE

Align suppliers with the same goal
 Understanding the HC Market
 How to serve it better

RESIDENTIAL

Residential trend experts
 Discussion on future trends
 Present product trends
 Edinburgh, May 2010
 Cincinnati, OH February 2010
 Las Vegas, NV May 2011

COMMERCIAL

China, Thailand, Taiwan
 Singapore, Hong Kong, Fall 2011

QUANTITATIVE RESEARCH

EVERY PRODUCT LAUNCH AND REFRESH
500+ SURVEYS Globally when rolling out internationally
 150+ Regionally

OBSERVE TRENDS

COLOR MARKETING GROUP

International organization
 Focus on color + design
 Work 2-3 years in advance

GLOBAL TRADE SHOWS

NeoCon, Greenbuild, Hospitality Design,
 IMM Cologne, Milan Furniture Fair, ZOW,
 KBIS, Euroshop and 100% Design to name a few

CUSTOMER FACE TO FACE

DESIGN PRESENTATIONS

DESIGN FOCUS GROUPS AND ROUND TABLE DISCUSSIONS

FORMICA® A&D REPS

Formica® Design team meets regularly with a select group of A&D reps to hear the "voice of the customer"

Formica surfaces are produced in various colors, patterns & wood looks enhanced with textures to offer the architect, designer & consumer many style options.



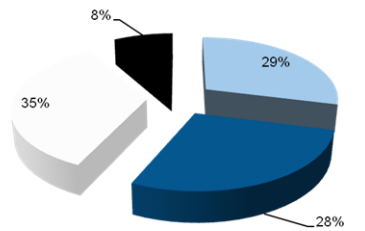
HIGH PRESSURE LAMINATE

COMPACT LAMINATE

VIVIX™ ARCHITECTURAL PANELS

COLORCORE2™

CHEMTOP2™



■ Kraft ■ Décor Paper ■ Resins ■ Other

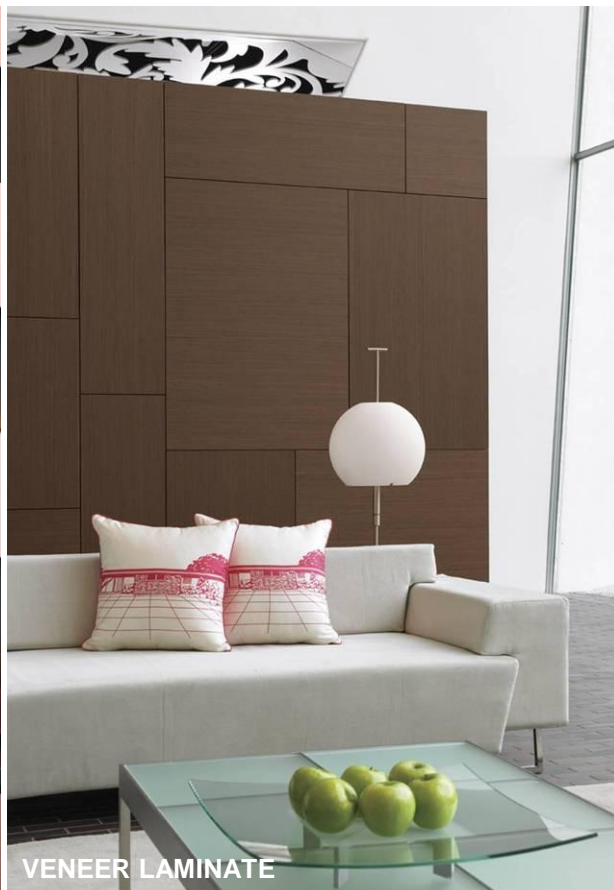
INNOVATION WITH EXTERNAL SUPPLIERS; EXCLUSIVITY ACHIEVED DUE TO WORLD WIDE VOLUMES

The Design and Procurement groups work with external international suppliers to innovate & differentiate the décor sheets through color, pattern and scale. Formica Group negotiates global exclusivity for printed decors sold internationally.

Formica Group has sold Metal and Veneer laminates since the early 1980s for the premium surfacing category. These products produced by Homapal use a similar manufacturing process to HPL; substituting a 'real' material for a printed décor paper.



DECOMETAL® LAMINATE

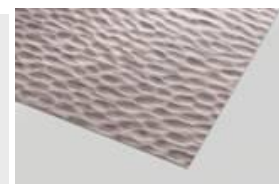


VENEER LAMINATE

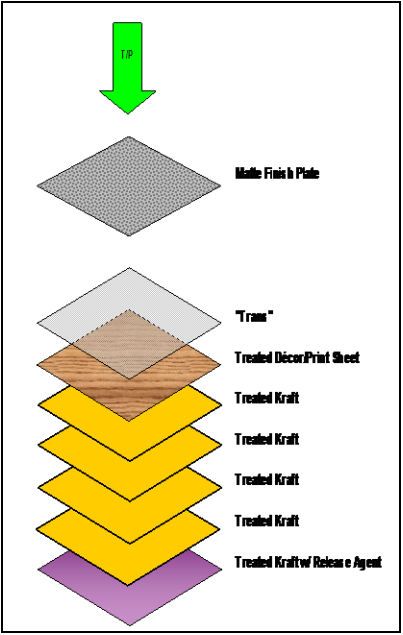
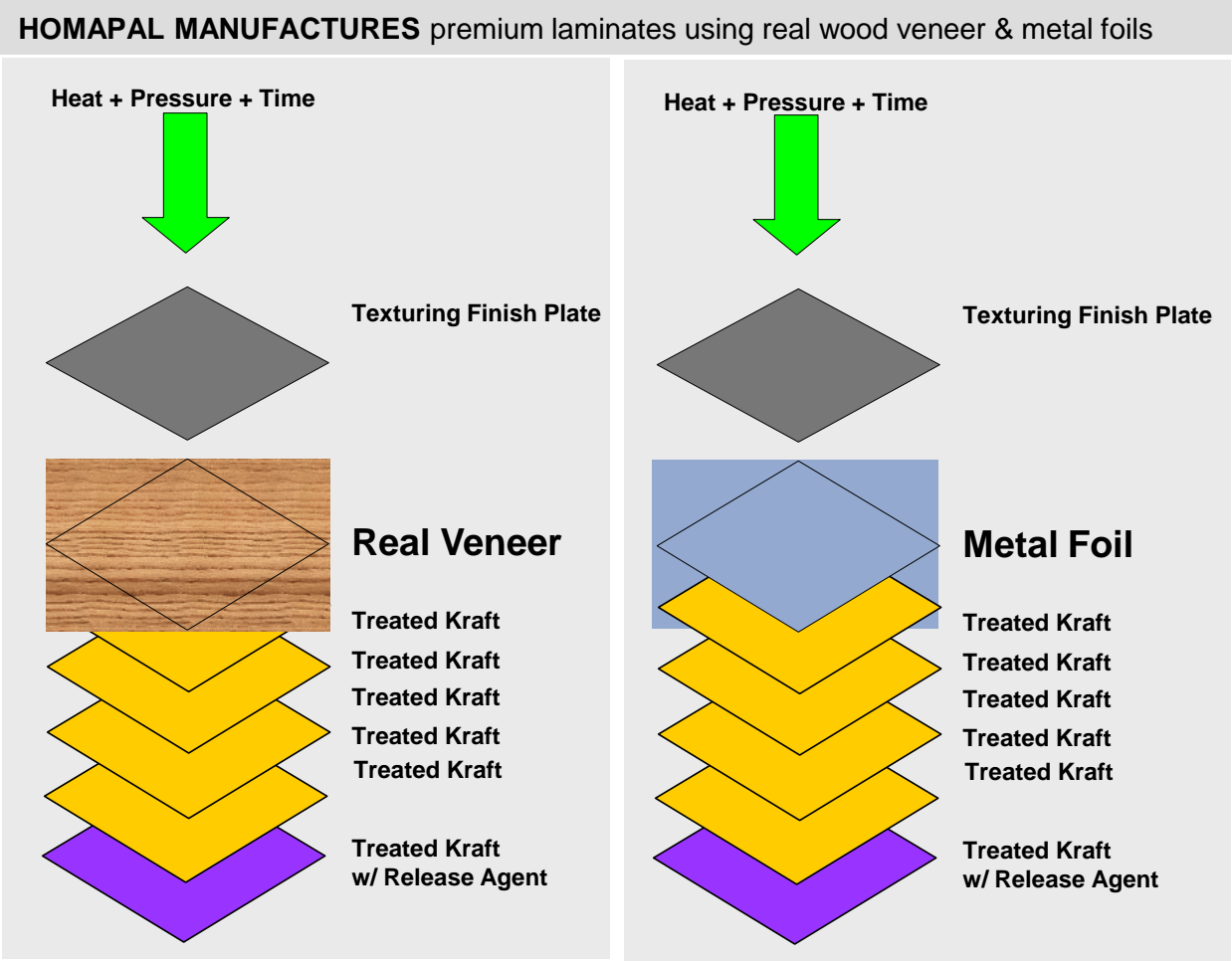
A STRONG RELATIONSHIP between Formica and Homapal; since 1983 Formica has owned a 50% share in the business



HOMAPAL located in Herzberg, Germany manufactures and supplies our Premium Surfacing



Décor sheets, veneers and metal foils are manufactured in a similar process to decorate the kraft core. All three types of laminates use texturing Press Plates that give a finish texture, realism and innovation to otherwise flat surfaces



Formica Group is the only laminator in the world with an in-house Plate Manufacturing facility; allowing innovation in textures



1964

Formica France develops the 1st Steel plate and starts prototyping for research

1966

Stand alone plant set up for production of 'Marketa Wood Finish' that was exported to all Formica global plants (ex USA)

1973-74

Steel plates developed to replace standard 'Velours' release paper

Plant expanded to ship plates to Formica & 3rd parties globally

1978

Design Concepts Collection inspired by geometric textures is used to enhance Plain Colors. Laminate is shipped around the world; recognized as an international innovation

1982-1983

All Formica international plants are using steel texture plates

North America converts from release paper to Matt steel plates

1984

New plant is built to produce enough Matte plates for the NA market

Over 4500 Velour/Matte plates shipped from 1985-88

Market moves to commodity pricing and less creativity

199-2000

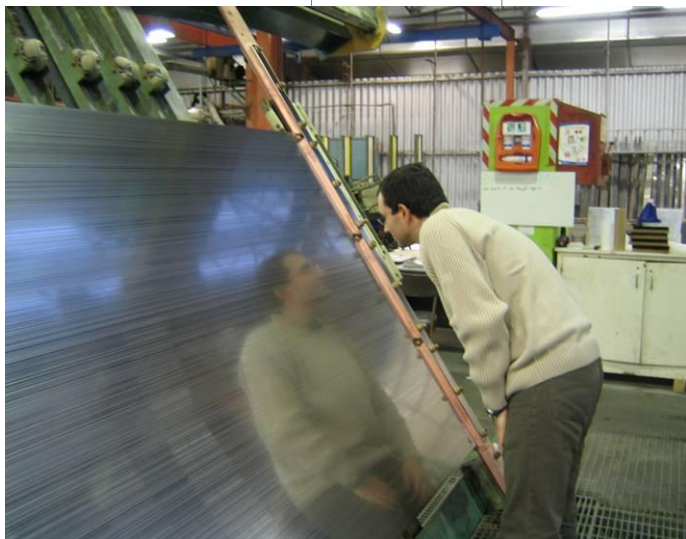
Formica brand in Australia/NZ purchased Pearl and Velvet plates for installation in Papakura plant.

2003-today

Formica® takes innovate role again and introduces Specialty finishes for increased margins

Market & customers responds positively; competitors follow

Formica ceases 3rd party sales to focus on in-house innovation

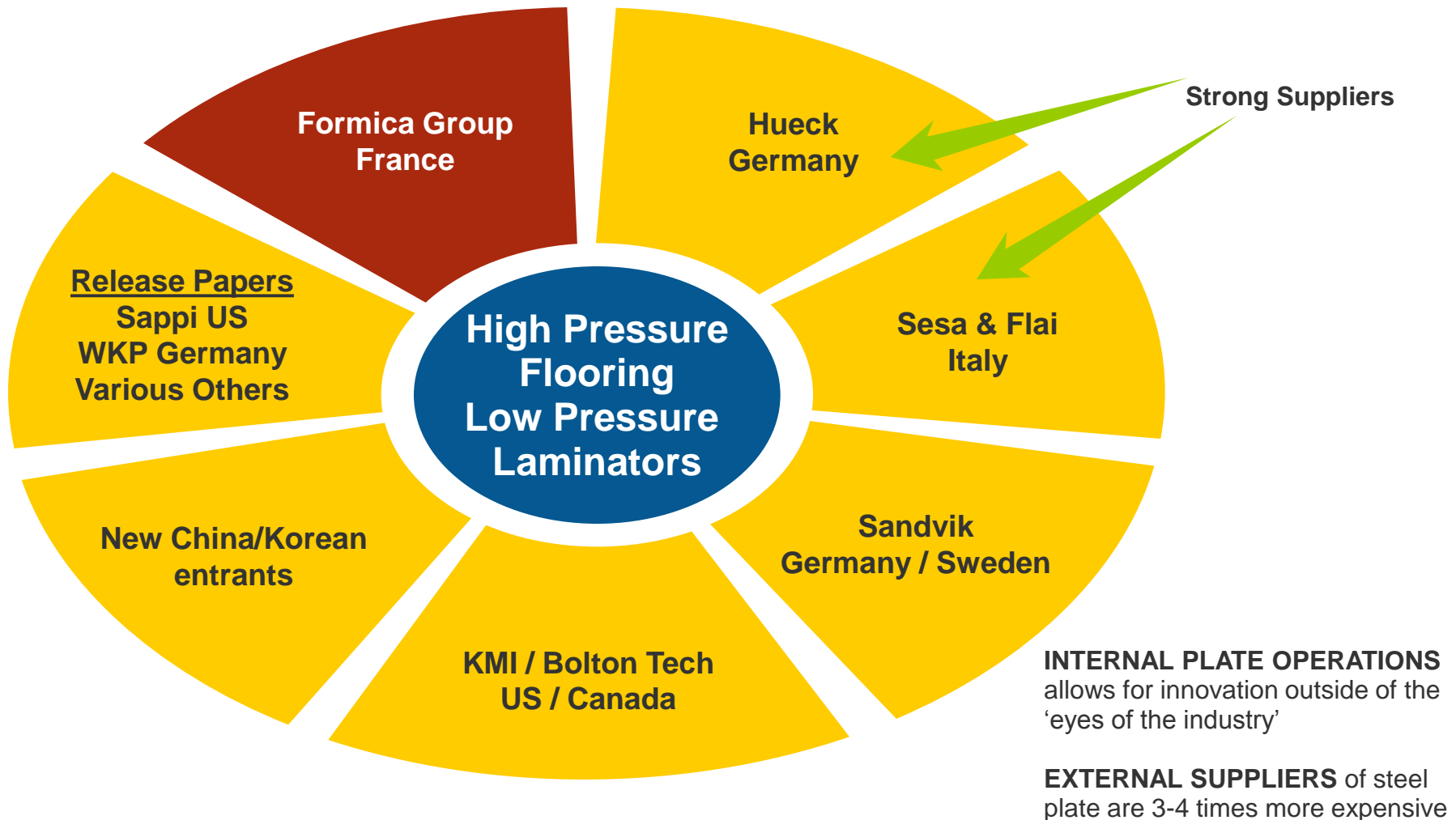


OLD PROCESS USED LIMITED USAGE PLATES Previous to 1966, the laminates industry used release papers & kraft plates, with either one-or limited time usage

FORMICA INVENTED NEW TEXTURE PROCESS Formica France located in Quillan innovated in 1964 with a new texturing process, to use Steel plates for a limitless life. Previous methods were inconsistent, expensive and a wasteful solution

NEW INDUSTRY FORMED FOLLOWING FORMICA Commercial Plate Manufacturers in existence today followed Formica's lead in the 70s to create a new supply industry and standard laminate manufacturing strategy

International Plate Supply base is small, selling to the same base of customers; Europeans most experienced with new entrants showing up in Asia



An example of printed paper innovation; to create 180fx®, the Formica Design team identified consumer trends, hand selected luxury granite slabs, used advance printing technology to capture every detail to achieve unmatched realism

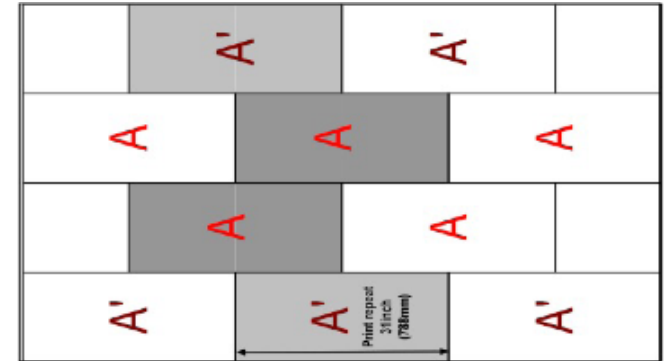
CHANGING KITCHEN DESIGNS & CONSUMER PREFERENCES The kitchen island became the center of the home & demanded more dramatic looks. Real granite became more daring in layout and color
Consumers wanted more realistic looks

TRADITIONAL LAMINATE DESIGN DEVELOPMENT HPL decors are designed to “fit the chip”

FOCUSED DESIGN DEVELOPMENT Formica Group conducted trend research with industry experts. New image technology allows for larger scans/repeats

LARGE SCALE GRANITE DEVELOPMENT Real luxury granite slab used as artwork scans

A ROBUST MICROSITE Matches the profile of new target markets; an innovative way to merchandise



The 180fx® collection started in North America, 2nd round is being released in Europe and Australia/NZ in 2011 and Asia is testing concept for architectural wall panels for a 2012 introduction



Homapal has a highly flexible manufacturing base and skilled staff; maintains the latest technology and incorporates hand finishing which gives it the capability to develop unique visuals and to respond quickly to specialist orders

INNOVATIVE CULTURE AT HOMAPAL

DESIGN DEVELOPMENT CYCLE:
 Separate and unique development cycles for both Homapal distribution ranges and Formica Group distribution

DESIGN DEVELOPMENT OPTIONS	HOMAPAL SPECIALTY OPERATIONS		TRADITIONAL HPL OPERATIONS
	Premium Value Products	Commodity Value Products	General Purpose Products
Décor Raw Materials	Various metal foils: aluminum, copper, brass; real veneers, papers for magnetic markerboard, etc	Value aluminum foils	Printed and solid décor papers only
Texturing Plates	Steel, release papers, hand carved, specialty kraft plates	Basic	Steel only
Extra Finishing Processes	Oxidization, hand decoration, combination of pressing, painting, sanding techniques	None	None
Prototyping Ability	Flexible laboratory		Limited

HOMAPAL LABORATORY

Even years

Homapal prepares for Interzum range updates

Odd years

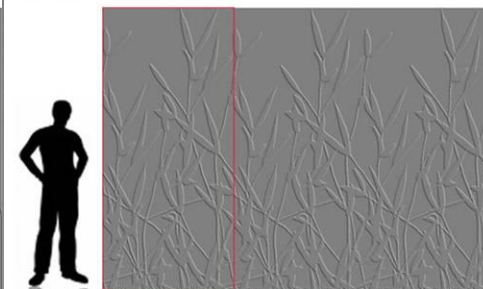
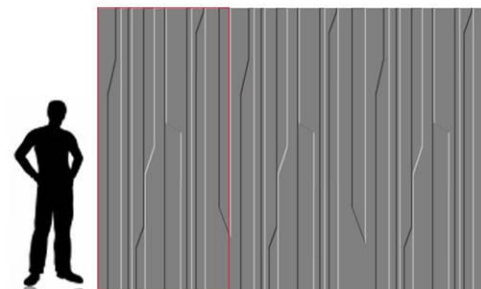
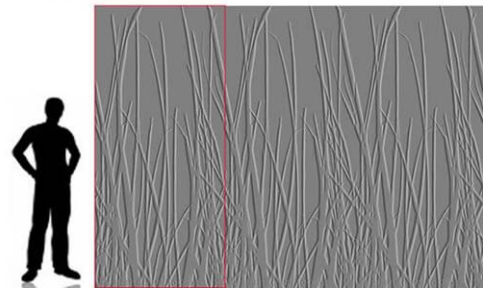
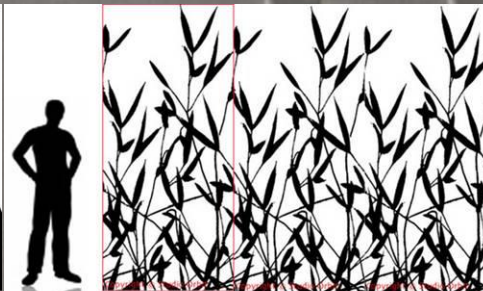
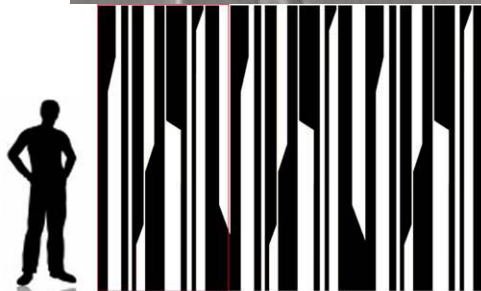
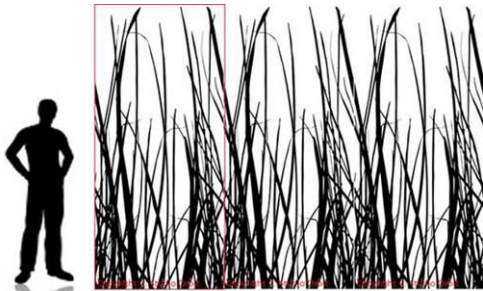
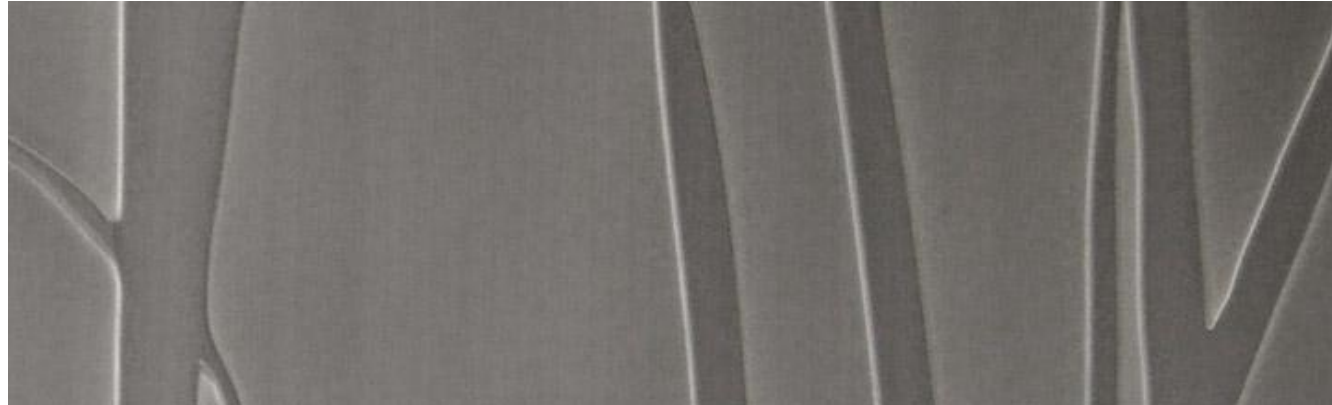
Formica develops exclusive visuals for Group wide distribution



An innovation strategy for 2011-12 will be to release large scale Iconic DecoMetal designs to target vertical Feature Wall applications and further enhance premium positioning

HOMAPAL RESOURCES

Are able to develop unique press plates for premium looks. With Homapal's flexibility, we are able to capture the trend with lower risk before transitioning to the traditional HPL category



MEADOW

SEQUENCE

BAMBOO

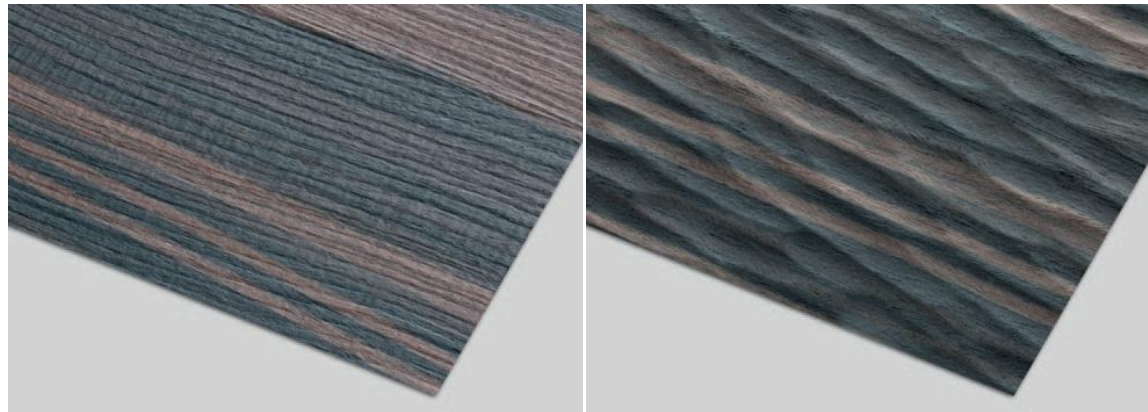
Homapal has the capability to use 'deep texture' plate technology for innovation with woods, not possible in high pressure laminates

HOMAPAL HOLZ LAMINATES consist of reconstituted veneers. All used timber comes from lasting controlled areas of cultivable land.

For the production of reconstituted veneers, peeled veneers from poplar-, koto- and ayous wood are partly dyed, rejoined together in layers and pressed to a block from which the reconstituted veneers are sliced.

By putting together differently dyed veneers and using special methods of pressing the most popular, even exotic species of timber can be reproduced.

The surface is textured, lacquered or melamine coated, inspected and covered with a protective film. It is a natural product with all the typical characteristics of wood.



Formica Group will celebrate its 100-year anniversary in 2013.

100 YEAR ANNIVERSARY

GLOBAL CELEBRATION

ANNIVERSARY PATTERNS COLLECTION

EMPLOYEES AND CUSTOMER EVENTS

GLOBAL AND REGIONAL TRADE SHOWS

ROBUST SOCIAL MEDIA PLAN

A corporate milestone presents an opportunity to align our internal resources/efforts to share & celebrate with our employees, customers, stakeholders & the general public; the founding of an international industry



Formica – Global Overview Sustainability

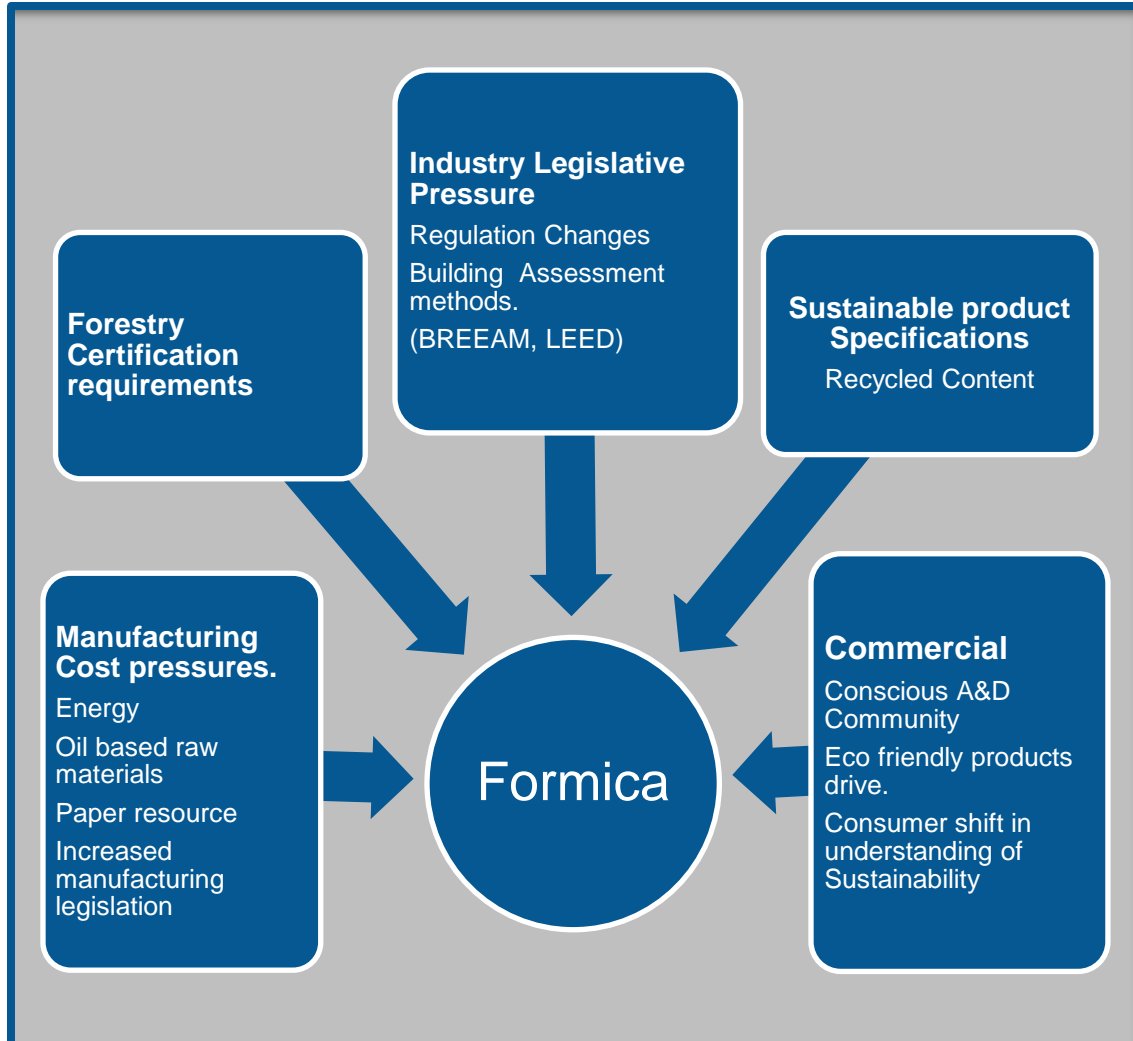
Gavin Todd



Sustainability Agenda

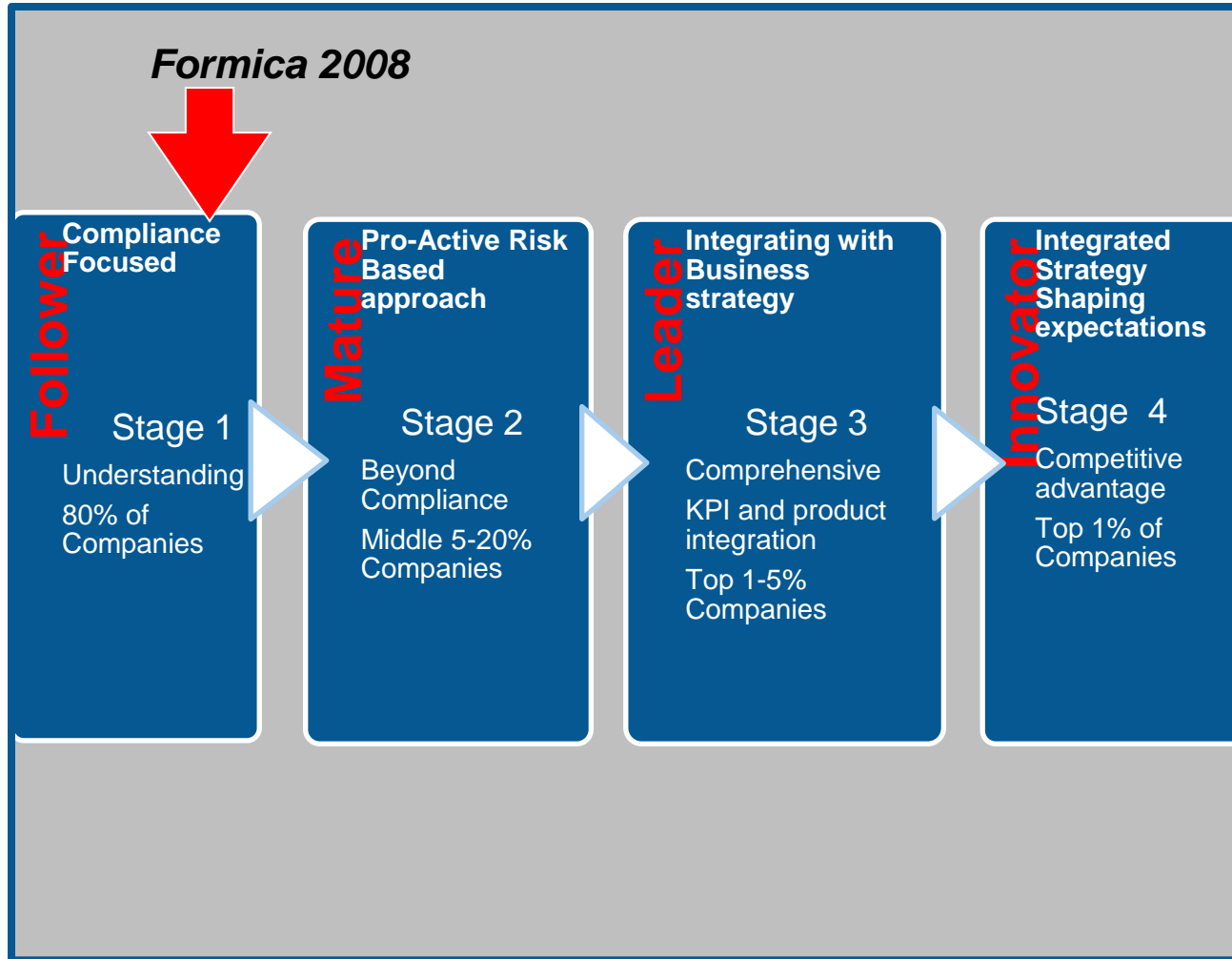
- Initial Sustainability Inputs
- Initial Sustainability assessment
- Developed Strategies
- Detail of LCA
- Situation Assessment
- Communication/ Messaging
- Energy / Carbon status
- Latest Sustainability Assessment

The key inputs that started to shape Formica Group Sustainability strategies



- 1 Formica has always maintained high standards of Environmental compliance
- 2 Challenge: to evaluate the key Sustainable inputs that effected our market sector, and fully understand our products Environmental footprint and impact
- 3 Develop programmes that would formulate a cohesive Sustainability Strategy, that fits with Formica Group's business needs and market expectations

Formica positioned in compliance mode, as we began to develop our Sustainability approach.



1 Stage 1 & 2 Initiatives: maintain current business, “keeps you in the game”

2 Stages 3&4 Initiatives: develop incremental business incorporating leadership and design

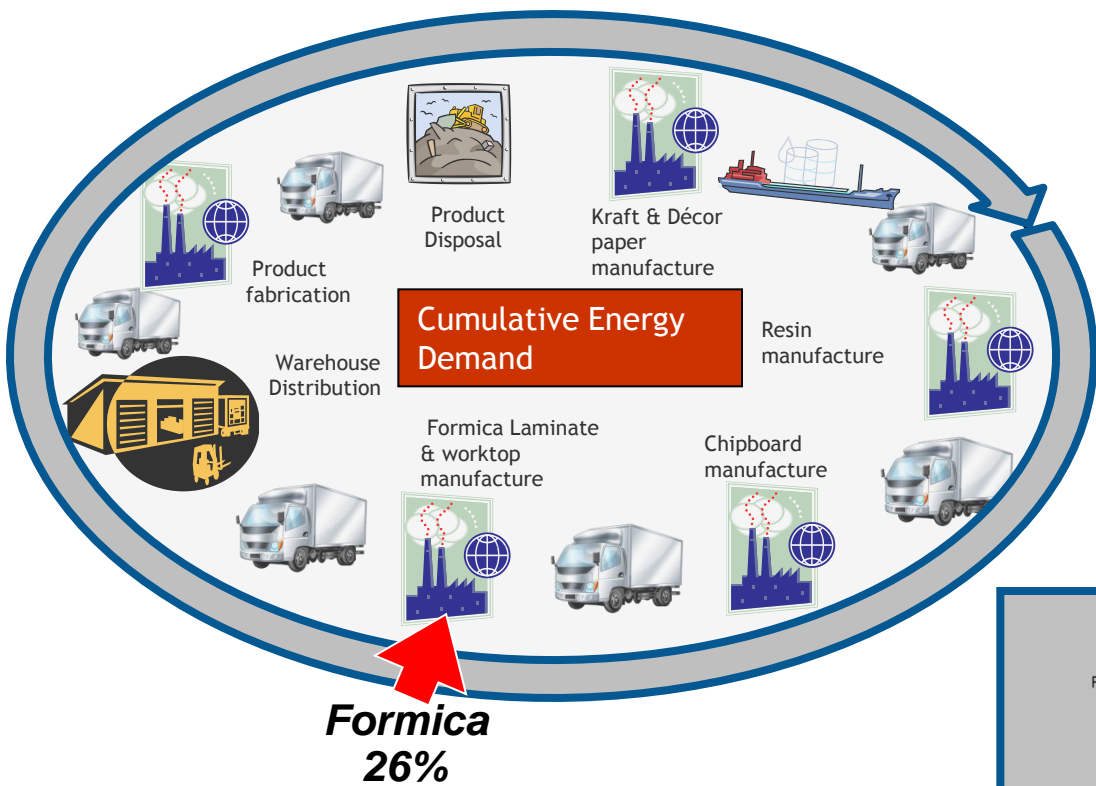
Prioritized activities that address the Sustainability challenges within Formica group and the market requirements.

- 1 Initial focus to ensure inclusion of all Formica Operations and Facilities within the Group to establish a common Sustainability Voice
- 2 Integrate and compliment Fletcher Building Sustainability strategy and programmes.
- 3 Develop Sustainability initiatives that would deliver against original Internal needs and market requirements
- 4 Three distinct areas within the pillar strategies:
 - Commercial, direct value
 - PR related activities
 - Documentation, Systems

Formica Group Sustainability Strategies

Leadership	Certification	Life Cycle Analysis	Carbon Reduction	Communication, Messaging
<ul style="list-style-type: none"> ▪ Corporate Policy ▪ Governance ▪ Regulatory ▪ Vision ▪ Integration with FB Initiatives ▪ Competitor Analysis ▪ Sustainable Products 	<ul style="list-style-type: none"> ▪ FSC ▪ GREENGUARD ▪ Recycled Content ▪ Carbon reduction Label ▪ ISO Standards 	<ul style="list-style-type: none"> ▪ Understand the full Environmental impacts of Formica products through Cradle to Grave. ▪ Energy ▪ Carbon emissions ▪ Waste ▪ GHG 	<ul style="list-style-type: none"> ▪ Energy ▪ Waste ▪ Water ▪ Green House Gasses (GHG) 	<ul style="list-style-type: none"> ▪ Internal Formica Group. ▪ External ▪ Supply Chain ▪ Customer ▪ Onward Chain

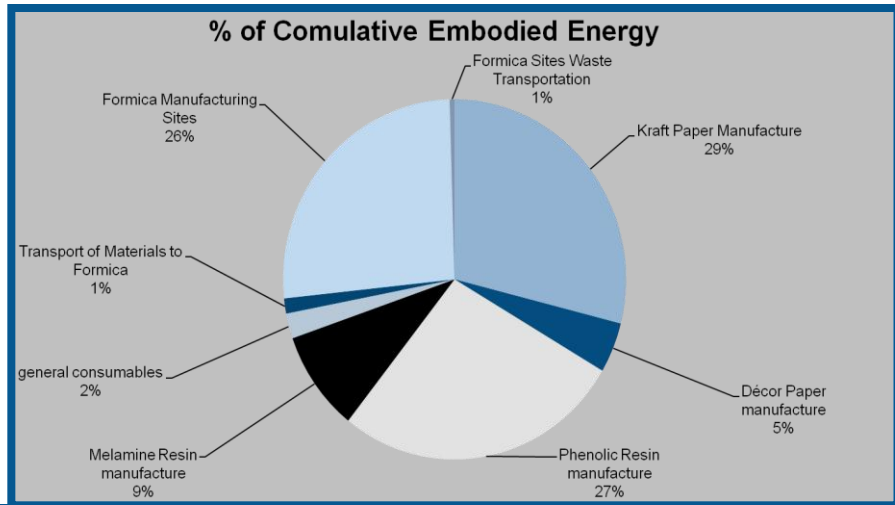
Life Cycle Analysis identifies the Cumulative Embodied Energy for 1x M2 High pressure laminate. Three key areas of consumption:




- 1 Set a Life Cycle bench mark for our products capturing the total Environmental Impact Cradle to Grave. Providing accurate data that we communicate to our customers
- 2 Understand the full tangible internal Environmental impacts, provide foundation to develop programmes to mitigate and reduce them
- 3 Understand the Environmental Impacts of both our supply chain partners and upstream Activities.

Additional analysis from LCA for :

- Carbon emissions
- Building Establishment assessments (LEED etc)
- Waste
- Water



Formica identified the critical certifications requirements from the wood pulp, product emissions and carbon reduction, sectors


Sustainability Activities Certification				
Divisions	Homapal	NA	EU	ASIA
FSC Chain of Custody	Complete	Complete	Complete	In progress due Feb 2012
FSC Product Claims CW	Complete	Complete	Estimated early 2012	Not available until COC achieved
FSC Claims Mixed credit		Working with supply chain Due Sep 2011	Estimated early 2012	Not available until COC achieved
GREENGUARD	Complete	Complete	Complete	Complete
Recycled Content		Complete	In progress due Oct 2011	Need further validation with Local suppliers
Carbon Trust	 Certification achieved, strategies to develop use of label on products			


 Formica Group is the first laminate manufacturer to receive the Carbon Trust accreditation.

The eligibility to achieve this standard confirms that the organization has completed Life Cycle Analysis of its products

Committed to reducing its carbon emission

Sustainability Initiatives that have been identified as strategic toward business retention or growth.

Divisions	Sustainability Activities		
	NA	EU	ASIA
5 year Sustainability Road map 	Three regional Sustainability Road maps Complete Group and regional activities are currently being structured.		
Business Unit Sustainability Plans	Complete	Complete	Complete
Carbon Reduction	Pilot survey Complete	Pilot Survey (Evenco) NS Aug 2011	Use results from NA & EU.
Sustainability Websites	Complete	September 2011	September 2011
Sustainable supply	Developing structured Supplier assessment documentation, due Sep 2011		
Group Sustainability report	Group report due Dec 2011		

 The 5 year Sustainability road maps were performed by third party organizations in each of our three regions to analyze the Sustainability landscape, with the objective of identifying impact and opportunities for the Formica group.

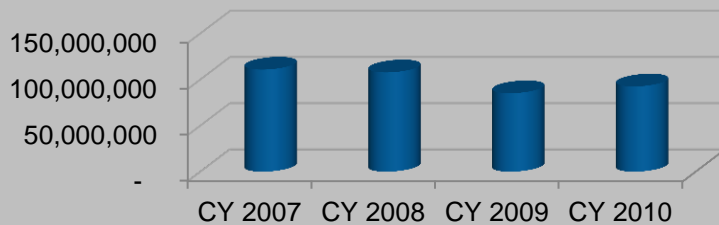
- Regulatory
- Certification
- Internal/ External Assessment

During the second half of 2011, we are releasing six significant Sustainability announcements, regarding Formica Group, Sustainability achievements.

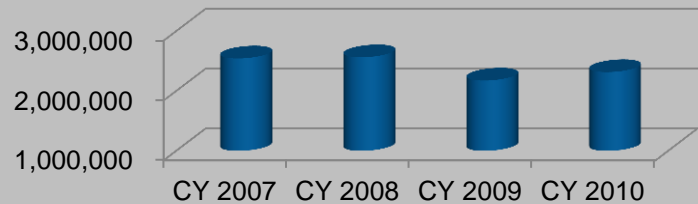
Region	Subject	Press Communication
NA EU Asia	FSC	Press release June 2011 “Formica Corporation can now offer HPL products with full FSC certification”
NA EU Asia	Sustainability Website	Press release June 2011 announcing new Sustainability websites
NA EU Asia	FSC	Press release July 2011 “Formica Europe achieves chain of custody certification for all European manufacturing sites and distribution centres”
NA EU Asia	GREENGUARD	Press release Sep 2011 “Formica Europe achieves GREENGUARD certification. Formica Group, now has all its ten manufacturing sites accredited to the GREENGUARD standards”
NA EU Asia	Carbon Trust	Press release Sep 2011 “Formica Group, achieves the Carbon Trust certification, this accreditation has been gained by completing a Life Cycle Analysis, and setting targets to reduce its carbon emissions by initiating programs of energy reduction”
NA EU Asia	Sustainability Website	Press release Sep 2011, in Europe and Asia . detailing new Sustainability websites, unified group Sustainability web based information.

Gross energy use has reduced by 9%, however lower volumes have challenged the Energy consumption per unit production. (2007 compared to 2010)

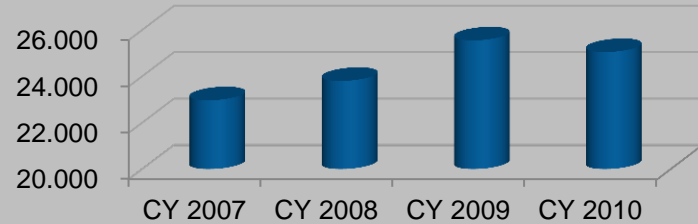
Gross Volume EM2



Gross Energy/ GJ



Energy Intensity GJ/EM2



Comments

1

Current Status

- i. Volume reduction 14%
- ii. Gross energy reduced by 9%
- iii. Energy intensity per unit Increased 7%

2

Action Plans

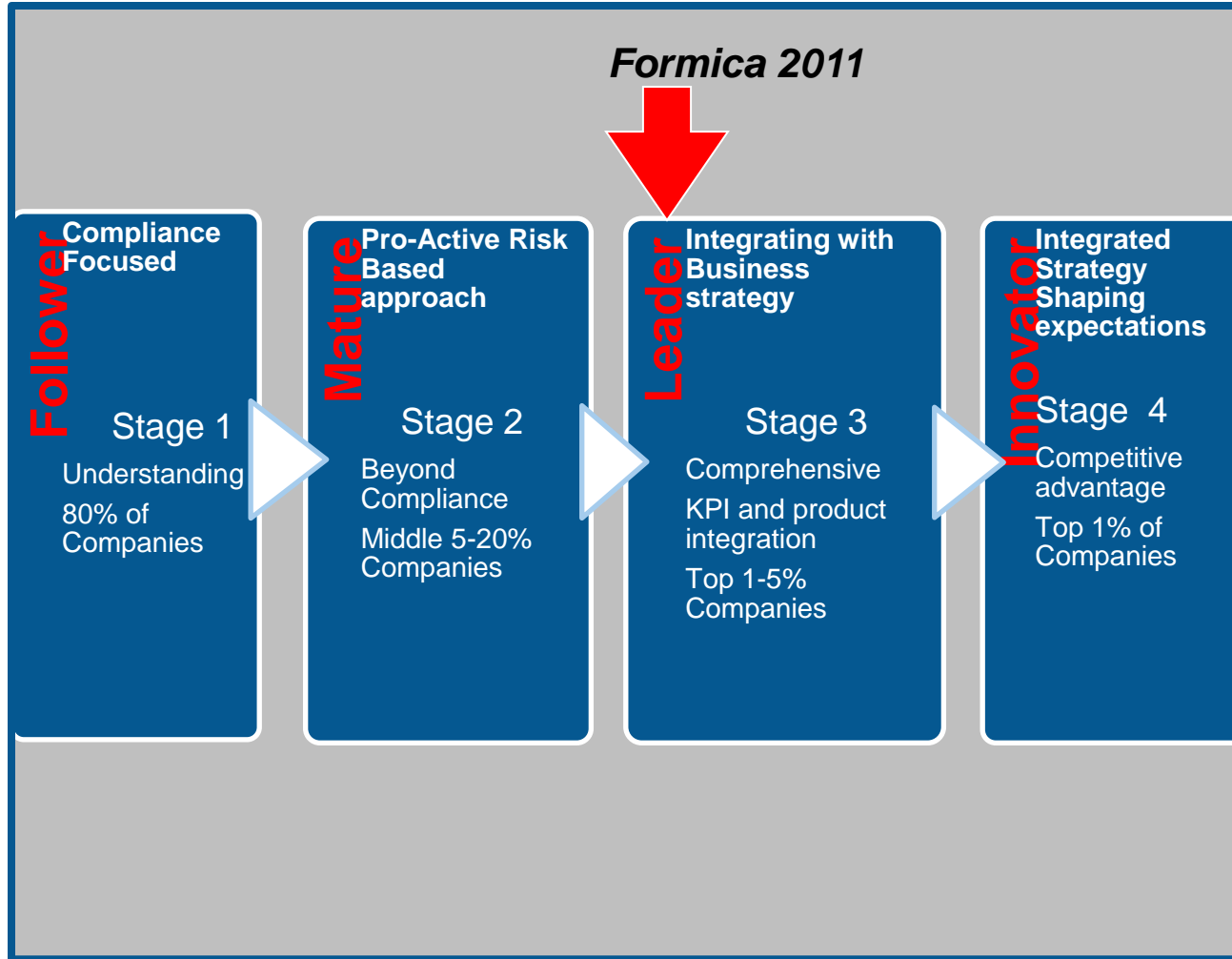
- I. All Formica Group facilities have utility reduction programs included within their annual budget submission.
- II. Extensive Energy Surveys to be carried out in each facility (Pilot UK & NA) focus (gas, lighting, compressed air, hydraulic systems)
- III. Investigation into the use of renewable energy. (Solar, Wind, Biomass)

3

Desired Results

- I. Each facility to achieve a 5% reduction Energy Intensity ratio.
- II. Each facility to achieve a 5% carbon Emission reduction.
- III. Introduce a Renewable energy source within at least one facility.

Globally, Formica is moving from a compliance focused company into the area of sustainability leader.



1 Stage 1 & 2 Initiatives: maintain current business, “keeps you in the game”

2 Stages 3&4 Initiatives: develop incremental business incorporating leadership and design

Formica Asia

Fred Wang



- Overview of the Formica Asia Business
- Strategic Priorities
- Market Outlook

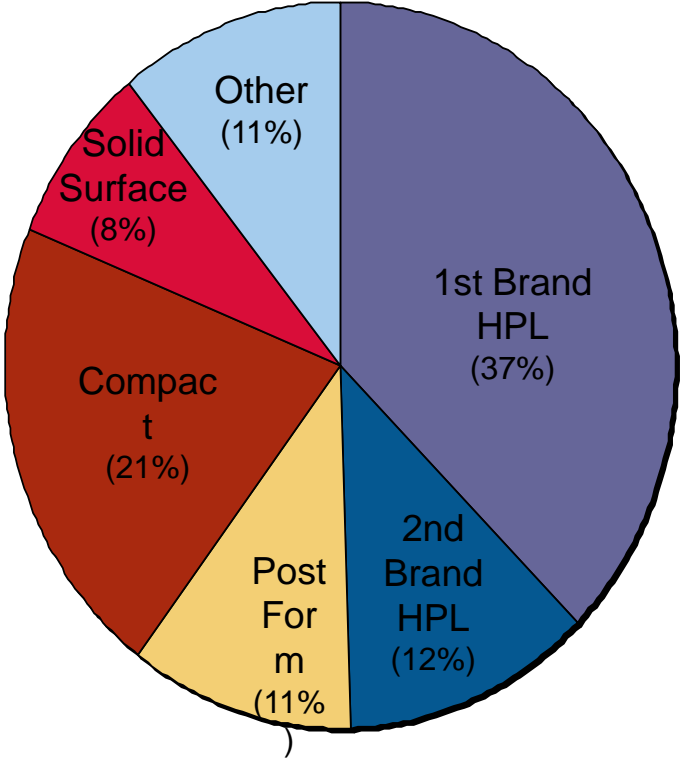
Formica Asia manufactures at three plants and operates in over twenty markets across the region, built around current bases in Thailand, Taiwan and China



Operations Profile	Factories	Production (M.S.F.)	Distribution Ctr.	Sales Office	Employees
Taiwan					
Taiwan (inc. Phil)	1	137		3	259
Japan					1
Korea				1	7
.....					
China					
China	1	117	5	16	458
Hong Kong			1	2	47
.....					
ASEAN					
Thai (inc. Viet)	1	69		2	282
SIN (inc. IND)			1	2	35
MAL				1	12

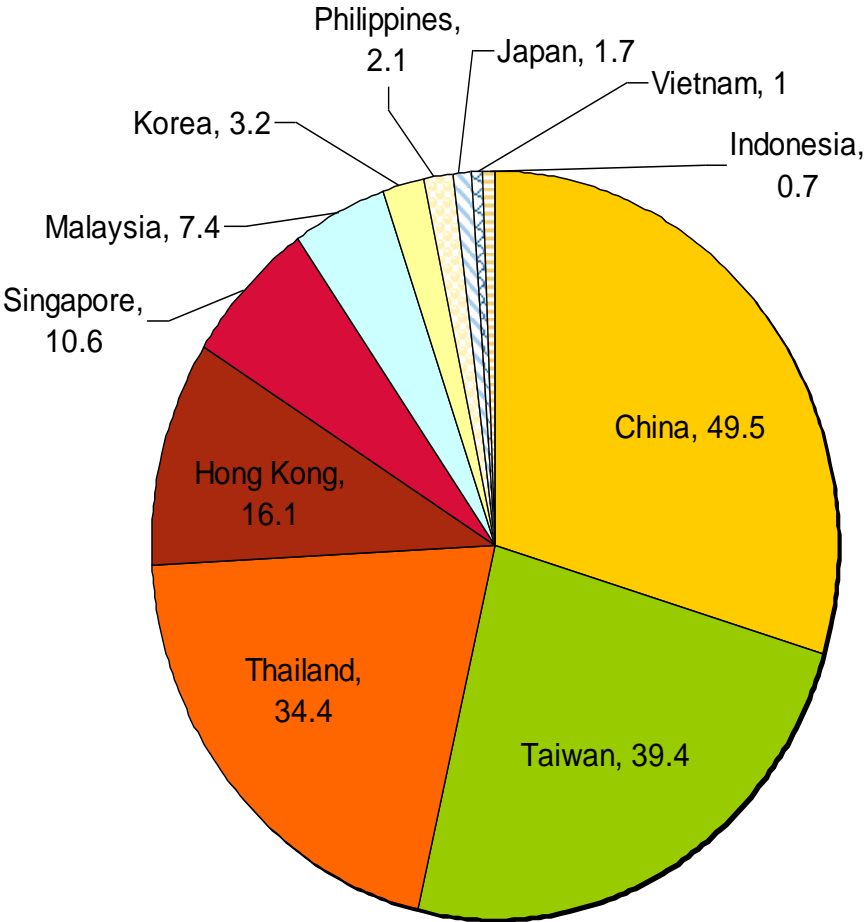
The region's sales are concentrated in HPL, including Compact, and concentrated near our factories, as well as in Hong Kong, Singapore and Malaysia

Revenue by Product



NOTE: "Other" includes Backer, Colorcore, Digital Print, Flooring and misc. items.

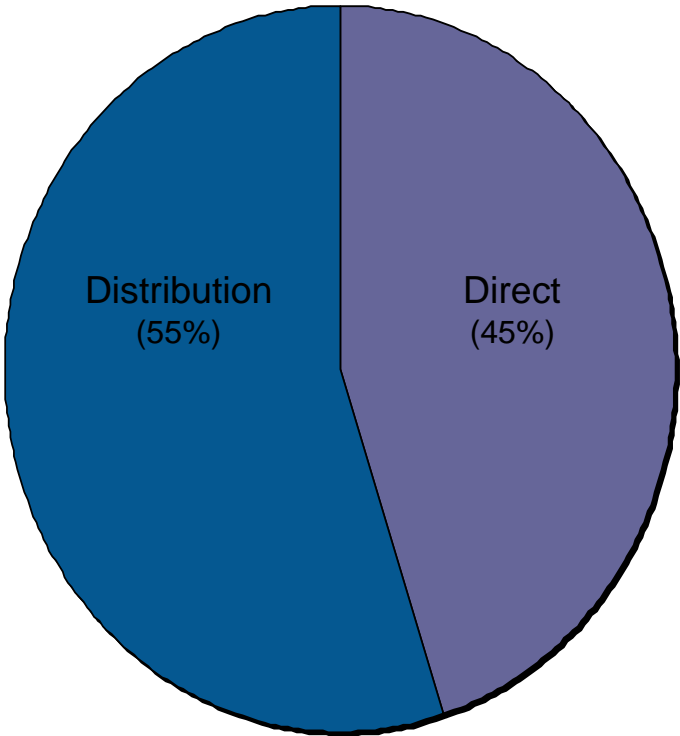
Revenue by Country



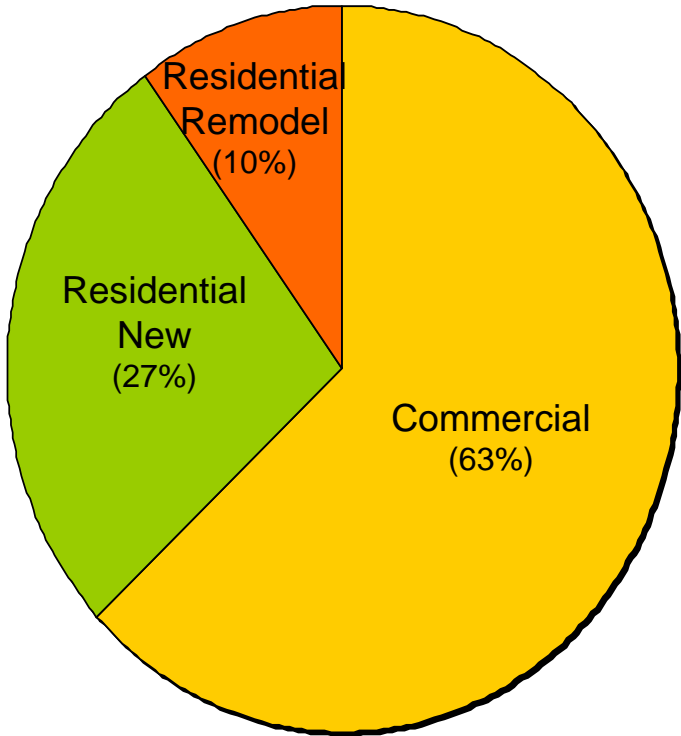
NOTE: Sales Revenue includes HPL-GP, HPL-PF, HPL-2nd and 3rd Brand and Compact.

Product moves both Directly and through Distribution, and is sold primarily into the commercial specification sector— new housing is about 27% of the business

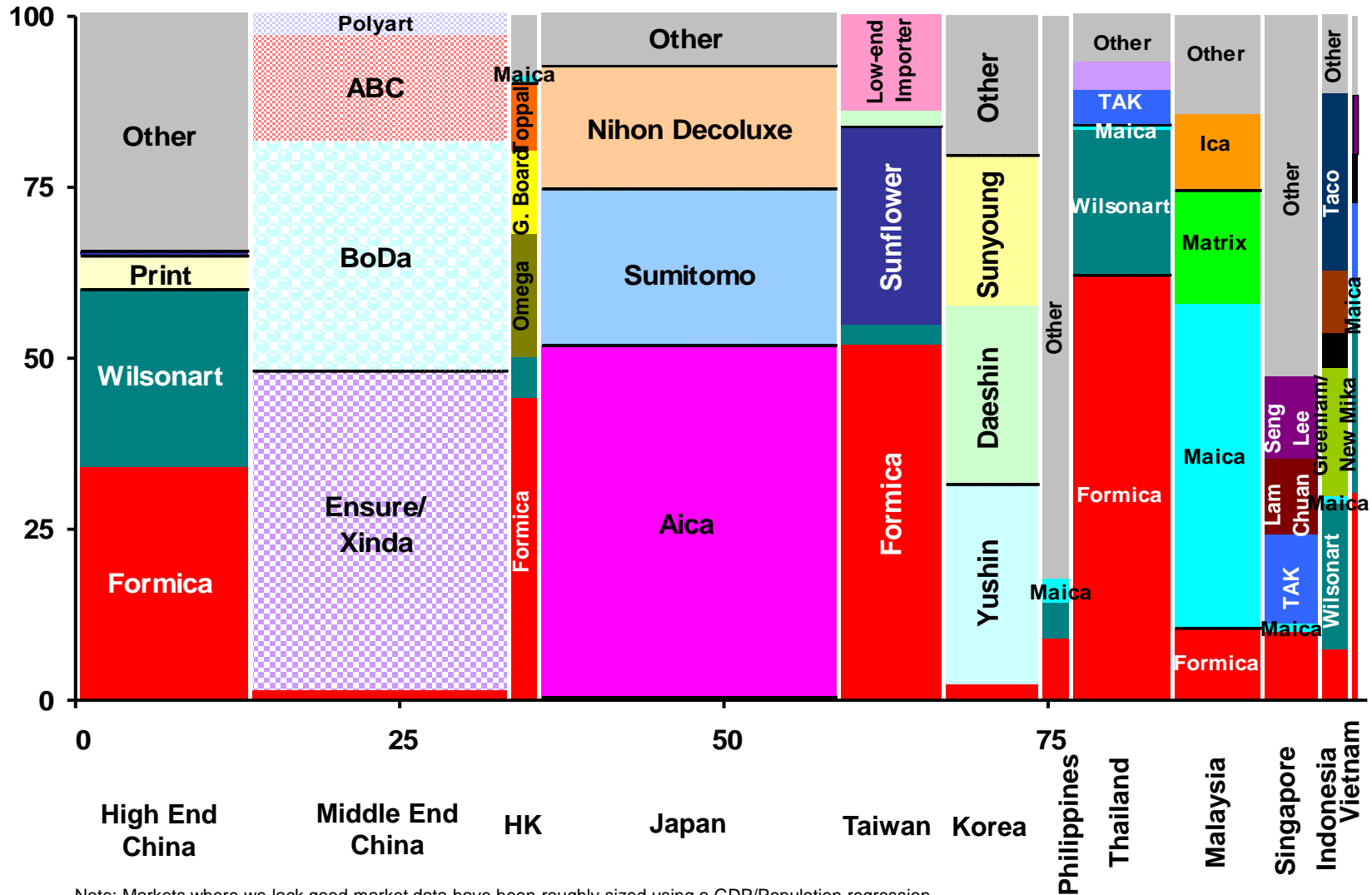
Sales by Channel



Sales by Sector



In many markets the industry is highly fragmented—given our market share there are lots of opportunities to grow, but no one acquisition is a game changer



Note: Markets where we lack good market data have been roughly sized using a GDP/Population regression

Asia Agenda

➤ Overview of the Formica Asia Business

➤ Strategic Priorities

➤ Market Outlook

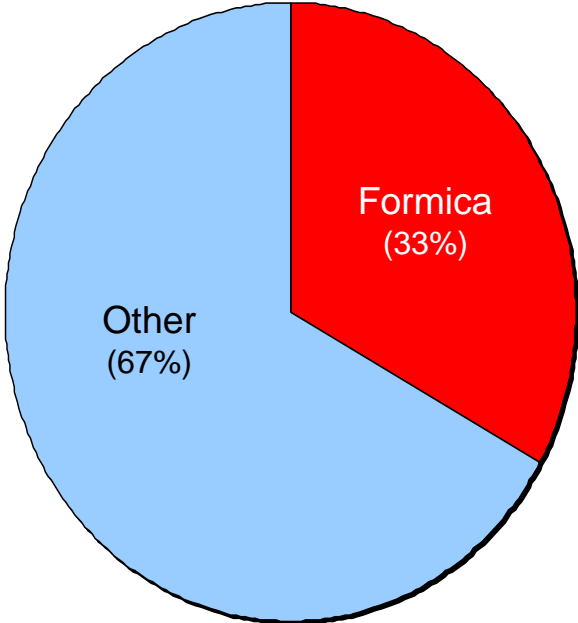
Asian Overview of Key Strategic Priorities

- **Ensuring capacity to meet future growth**
 - **ASEAN**
 - **China**

- **Building Specification Sales and Expanding Distribution**

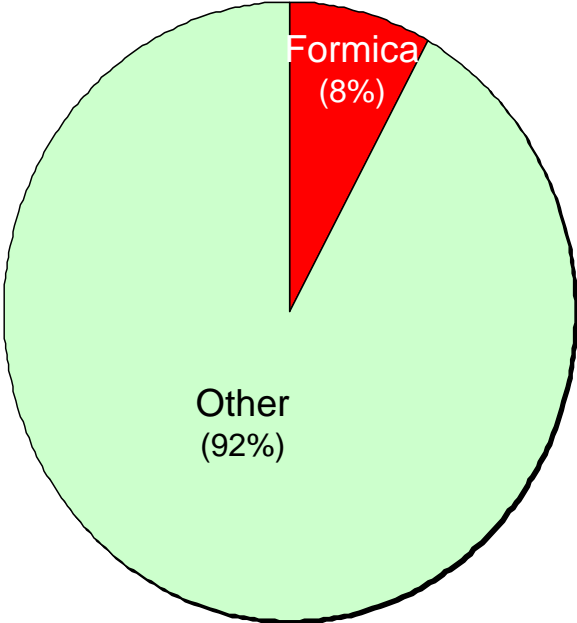
Formica Share in China HPL Market

High end



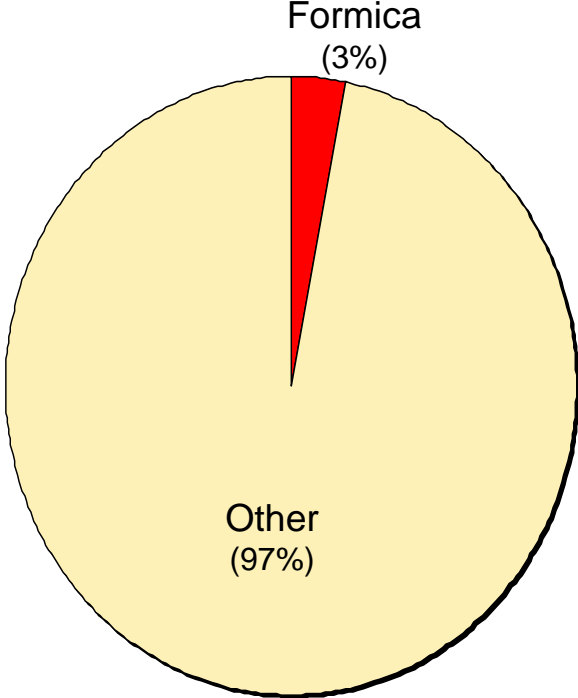
Estimates = 396.1 MSQF

Mid tier



Estimated = 533.6 MSQF

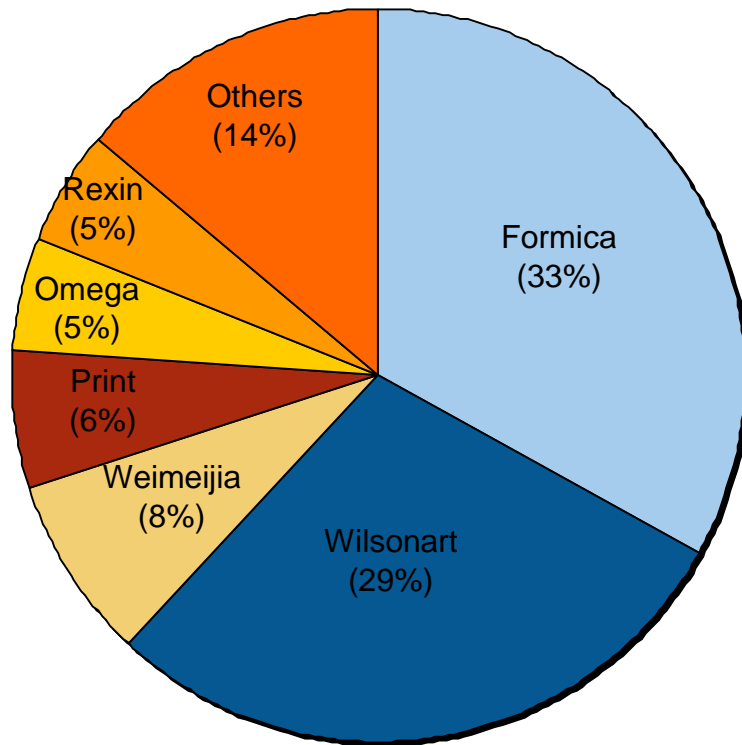
Low end



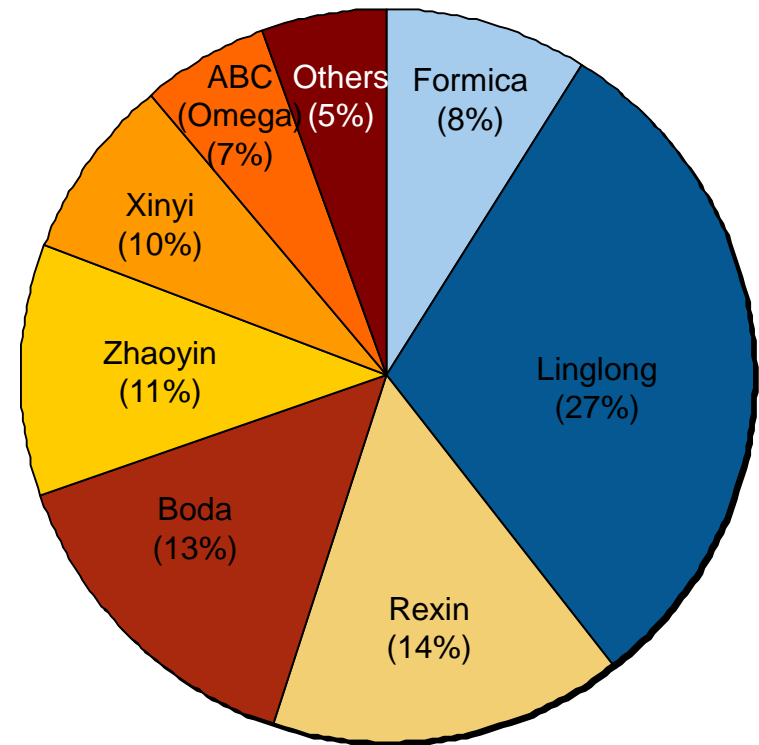
Estimates = 772.8 MSQF

Competition—Formica holds a leading position in the High End and is focused on expanding its share in the Mid-Tier

High End Share



Mid Tier Share

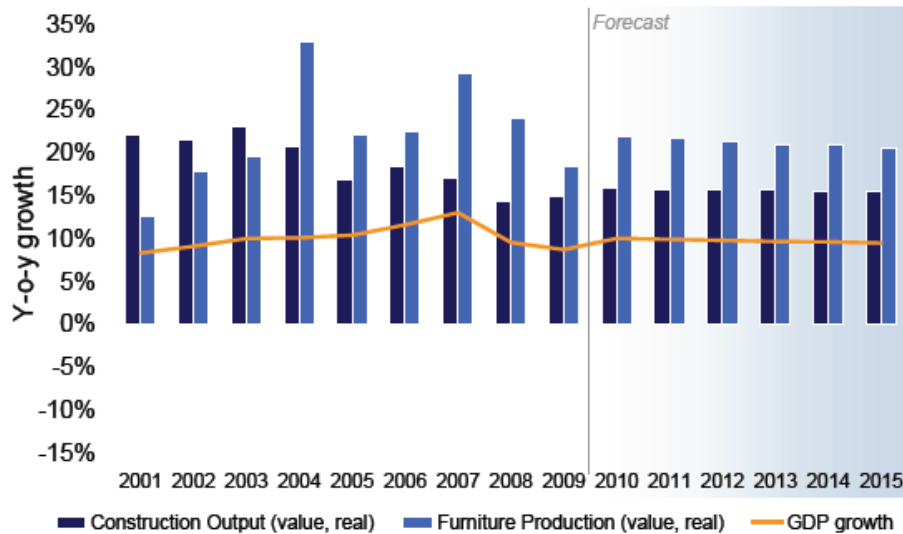


Market Growth- Growth in the surfacing market is attributable to rapid urbanization at the core, strong economic growth, and rising consumer buying power adding to demand- particularly in the high end

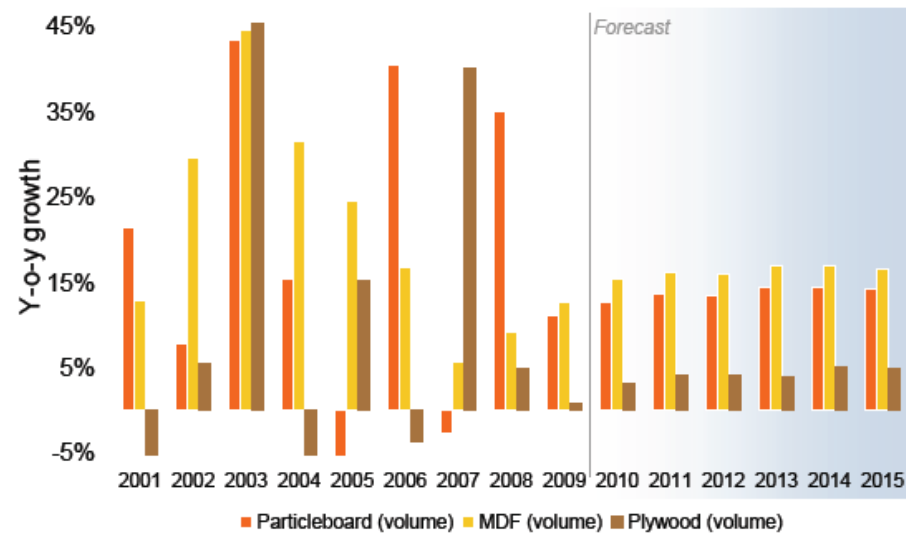
Drivers of Demand

- Growth in the surfacing market can be seen to follow growth in underlying demand drivers—GDP, Construction and Furniture production
- This demand, in turn, is driven by the government's efforts at rapid urbanization, with its concurrent investment in real estate

Demand drivers

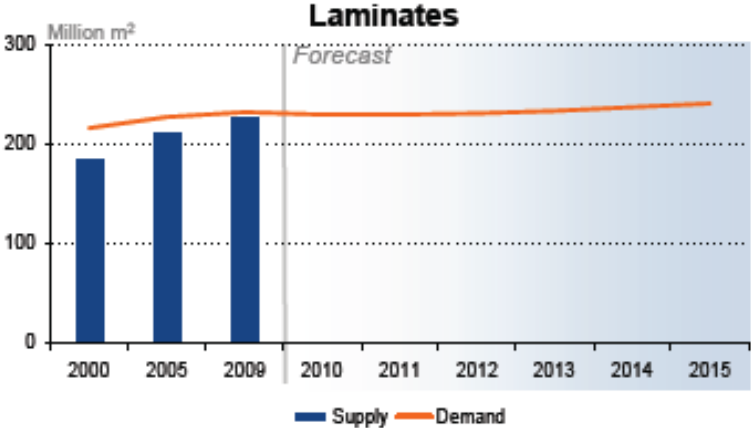


Wood-based panel demand

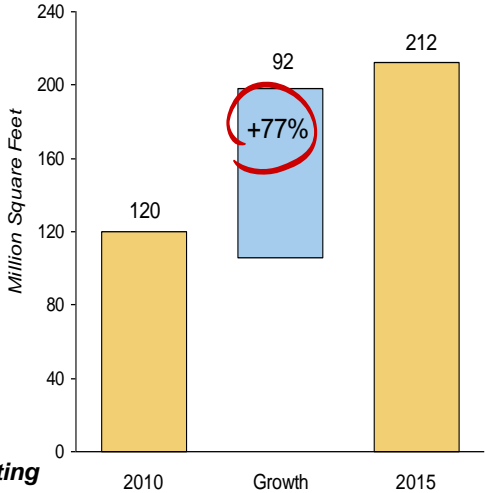


Source: Poyry Consulting

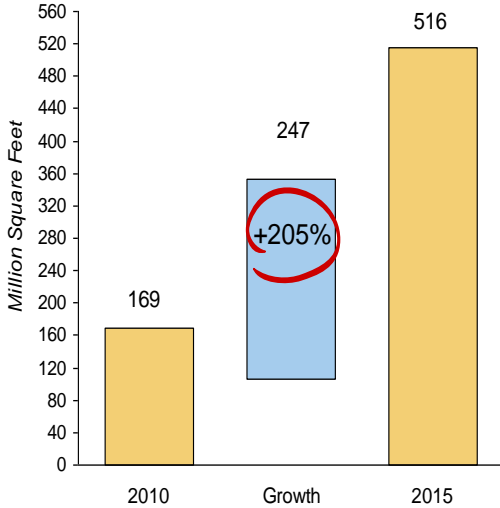
Market Growth—Overall the Laminate market in China is expected to grow modestly, but that masks what is expected to be significant growth in the High and Mid-Tier



China High End HPL Market: 2010-2015

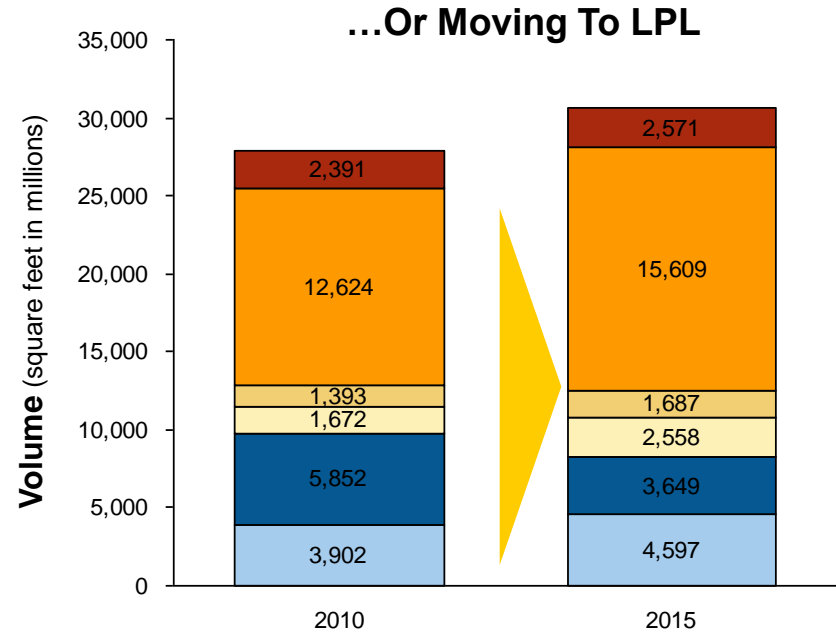
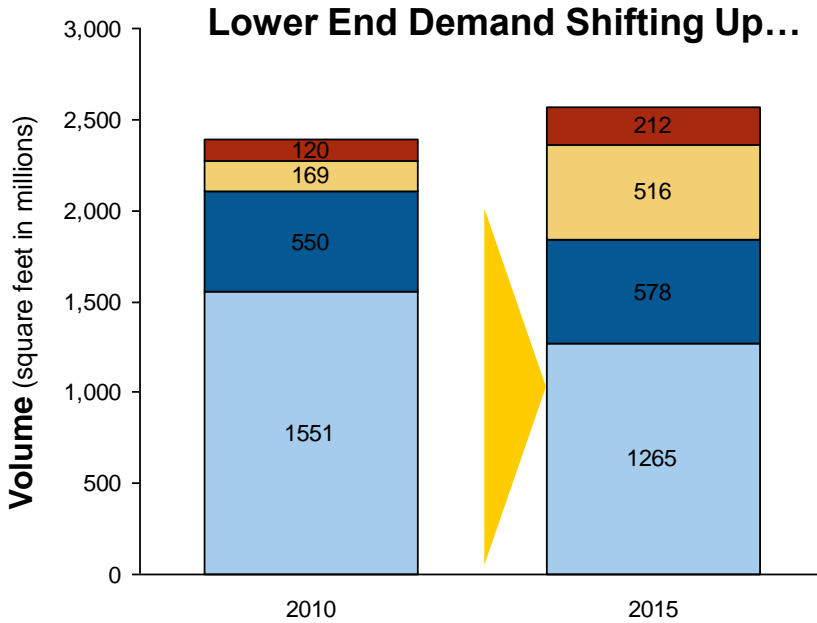


China Mid End HPL Market: 2010-2015

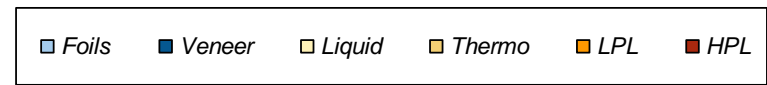


Source: Poyry Consulting

China Market Growth—This is because existing Commodity and Low End demand is shifting up to higher value HPL or moving to lower cost LPL



Source: Poyry Consulting



Comments

- Growth in higher end demand partially driven by rising incomes and desire for higher quality...
- As well as by competitors who can't afford to compete in the low end given rising costs of doing business (including input costs) and need for promotion as the market develops
- Other low end demand moving to lower cost, fit for purpose LPL

China Market Sector Strategy—As a result, Formica’s strategy is to focus on growing share in the High and Mid-Tier sectors

Market Sector Strategy Overview

➤ **These sectors are the most attractive**

- Attractive profit margins...
- With the highest projected growth over the next 5 years, driven by growing consumer buying power and the migration of lower tier competitors to the high end to survive and/or pursue higher margins

➤ **These sectors best match Formica’s strengths and value proposition**

- Markets most value Brand, Product and Quality
- Formica’s strength in Specification sales and national Distribution provide competitive advantage

➤ **Commodity and Low-End sectors projected to decline over time**

- As market matures, business models under severe pressure (government regulation and environmental requirements; need for investment in equipment and promotion)
- Volumes (particularly in Commodity sector) expected to shift to LPL

Target Growth Strategies—We will continue to drive this value proposition into the market, through targeted strategies aimed at key market segments

➤ **Build Distribution Capability**

to capture incremental share of the commercial market

➤ **Drive Specification Sales**

to support first brand positioning and capture incremental share of the Commercial market

➤ **Drive Direct Sales**

to capture incremental growth in existing customers and profitable new business in OEM (Postformers /Furniture) and government directed segments

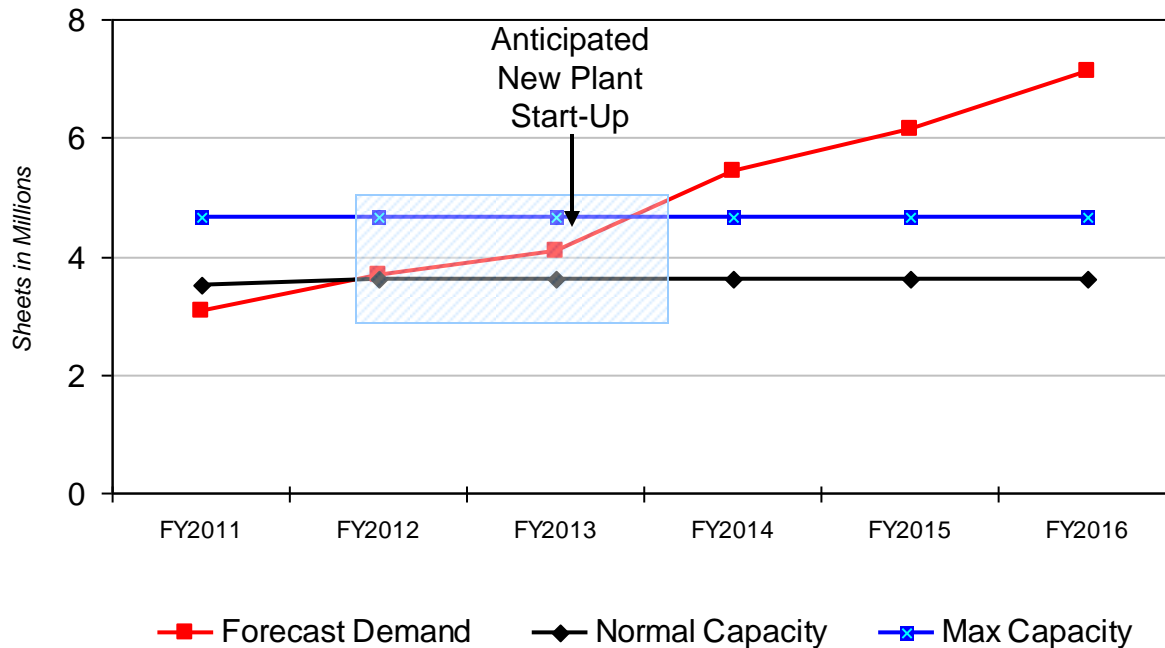
➤ **Execute a Mid Tier Strategy**

to drive incremental share gain in the sector and provide viable defense against mid market competitors trading up

Capacity Utilization—In light of increased volumes driven by market growth and share gain, current press capacity is projected to be fully utilized by FY13

Press Capacity Utilization

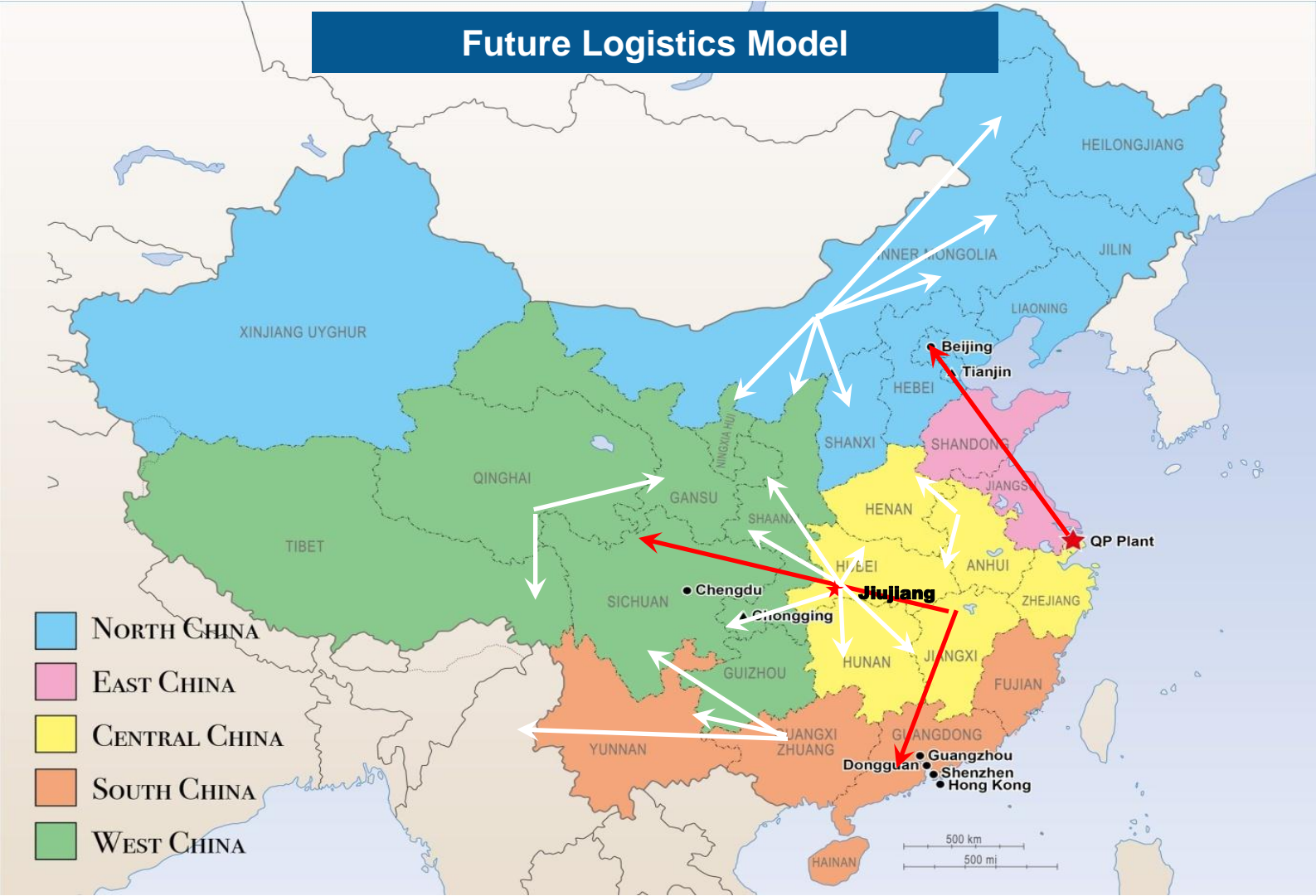
China Production Demand vs. Press Capacity



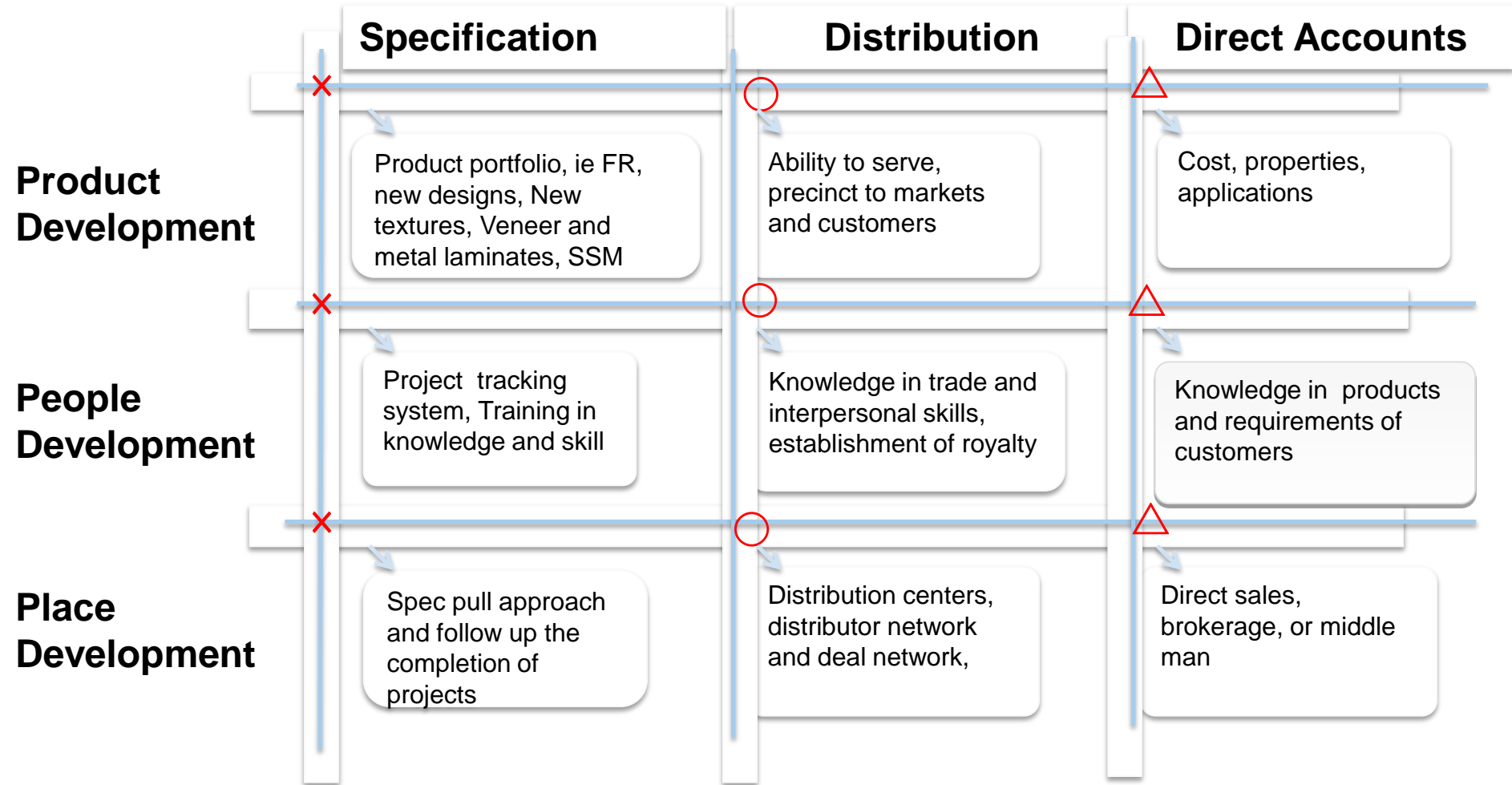
- Demand on the current China factory will exceed normal operating capacity in the first half of FY 2012
 - Additional capacity is available by expanding shifts
 - Begins to incur cost premiums
- Full capacity utilization expected to be reached by the end of FY 2013
- On the current timeline, construction would commence in Q2 of FY 2012, with trials underway by Q2 FY 2013
 - Commercial production to start by Q3 2013
 - Provides a cushion of about one quarter

Formica will build a new plant for China which will more than double current capacity

The Site – The proposed plant in Jiujiang will more economically service South China, where robust growth is demonstrated. It will improve market access to the growing Central region. 15-20% lower logistic costs are expected over Shanghai.



Formica Asia Strategic Development



Asia Agenda

- Overview of the Formica North American Business
- Strategic Priorities
- Market Outlook

Formica Asia Economic Outlook:

Outlook for Asia is expected to remain firm.

China – GDP forecast to continue to grow strongly, Commercial markets continues to grow

Hong Kong – Government promoting new housing policy but general economy is relatively flat and stable.

Taiwan – Activity levels flat currently little growth.

Thailand – Outlook remains positive after new elections .

Singapore – The economy is relatively good, although property market is slowing down due to the government policy.

Indonesia – GDP growing at 6 % and political environment is stable. Business outlook is prosperous.

Malaysia – The economy is stable but showing some growth ahead of the upcoming elections

Formica Europe

Richard Pollington

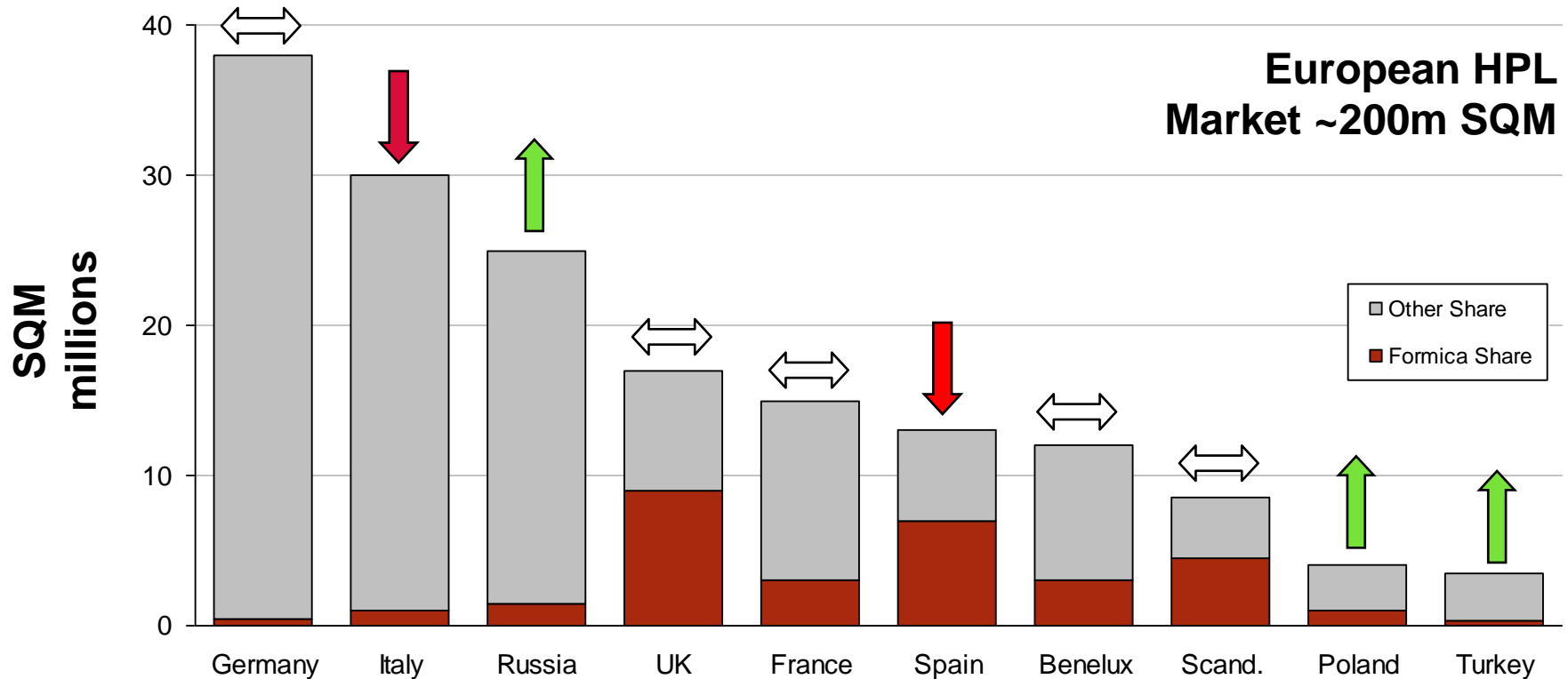


Europe Agenda

- **Overview of the Formica European Business**
- **Strategic Priorities**
- **Market Outlook**

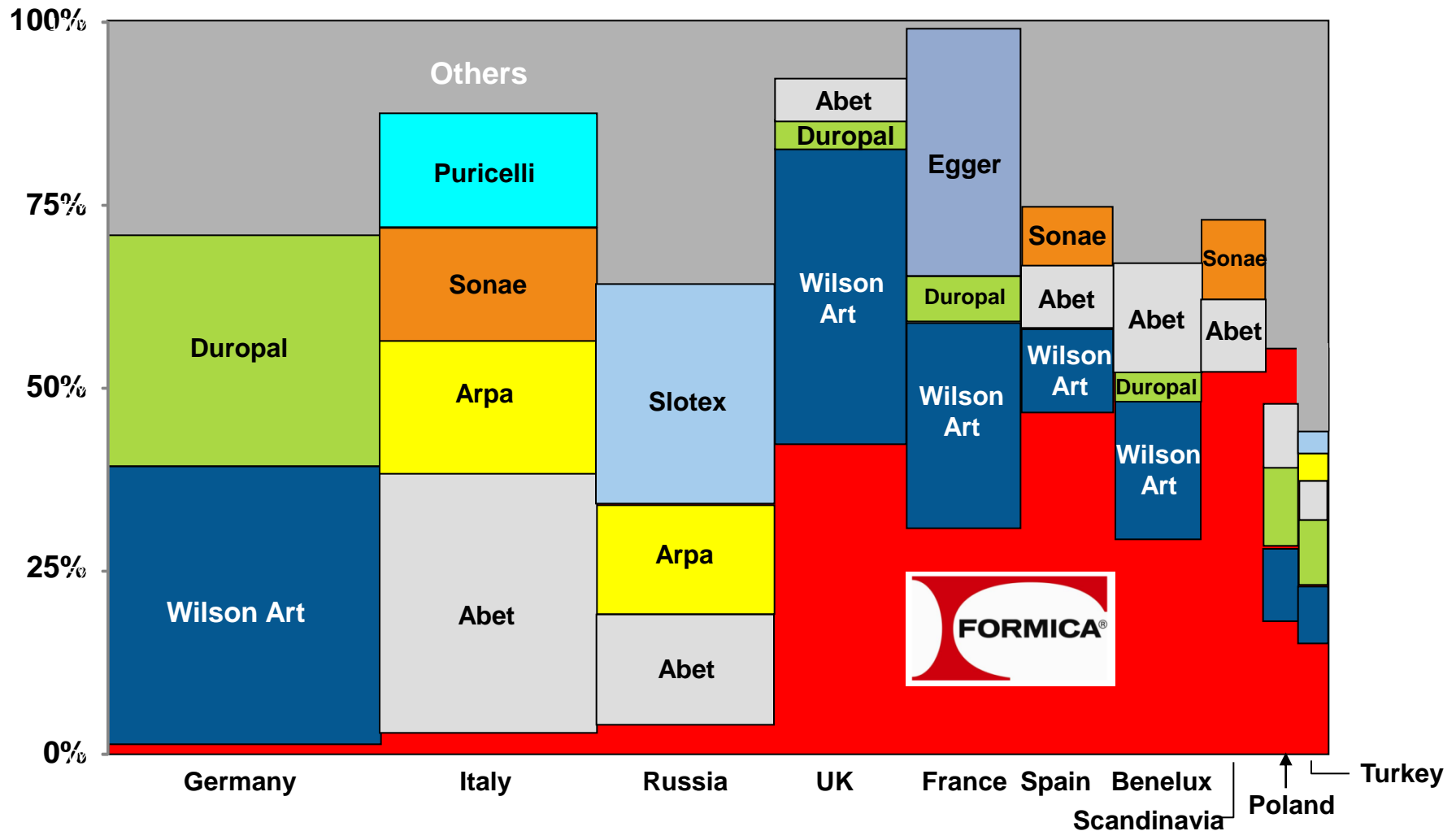
The European High Pressure Laminate Market Structure

European Market Sizes and Formica Shares



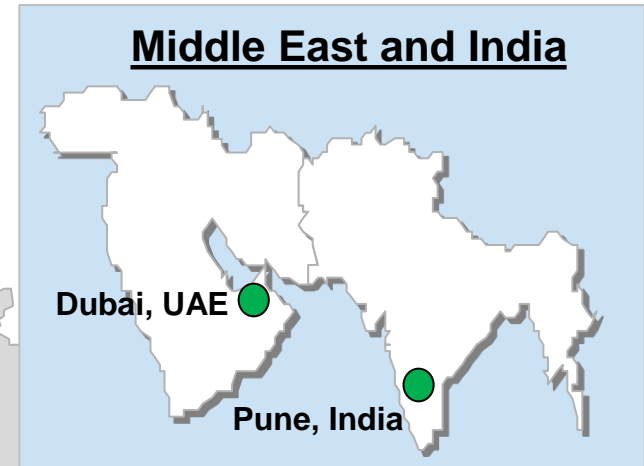
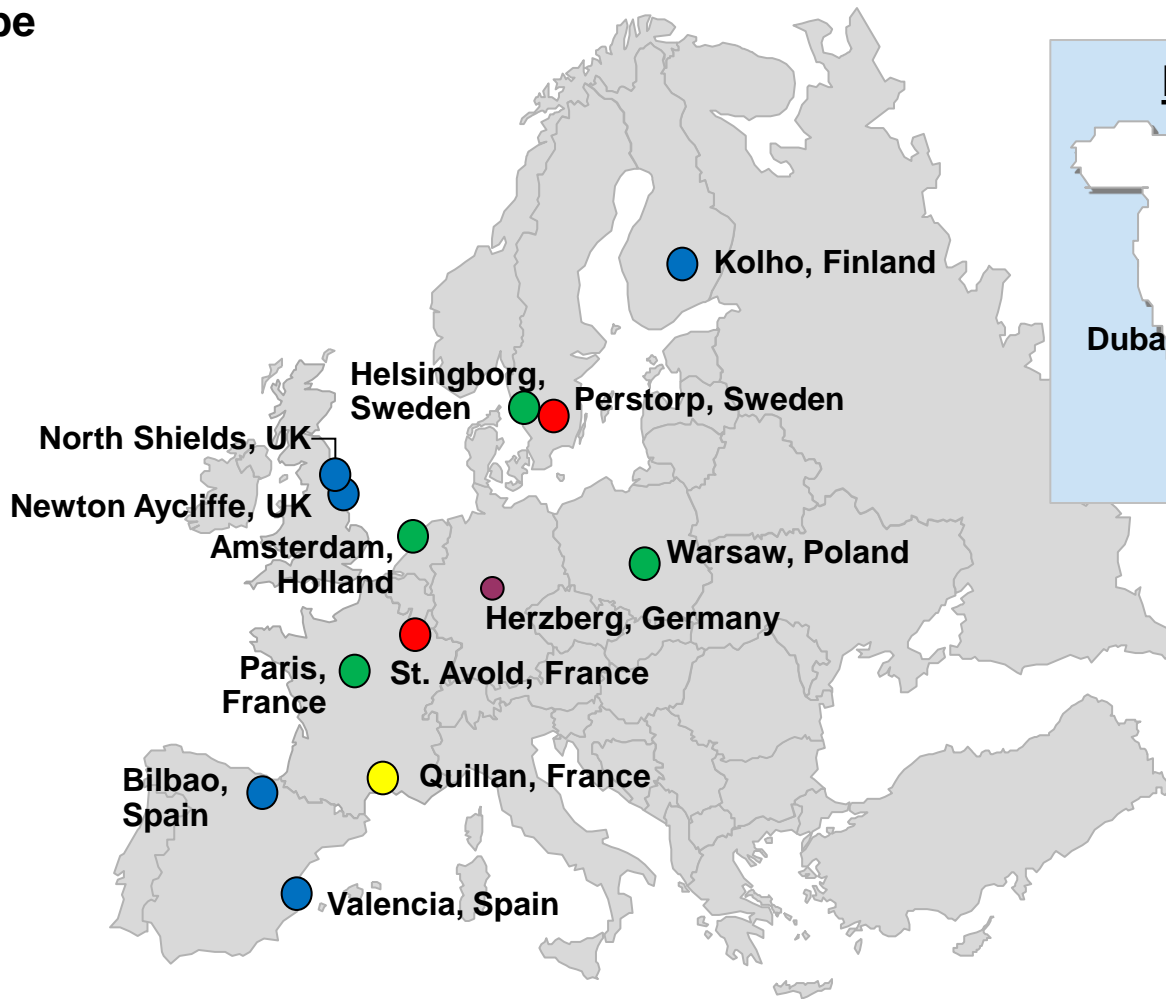
Note: Arrows indicate market size trend

The European HPL market is highly fragmented with a number of producers spread across the continent giving rise to high levels of competition



Formica Europe operates 5 HPL manufacturing facilities and operates across Europe, India & the Middle East

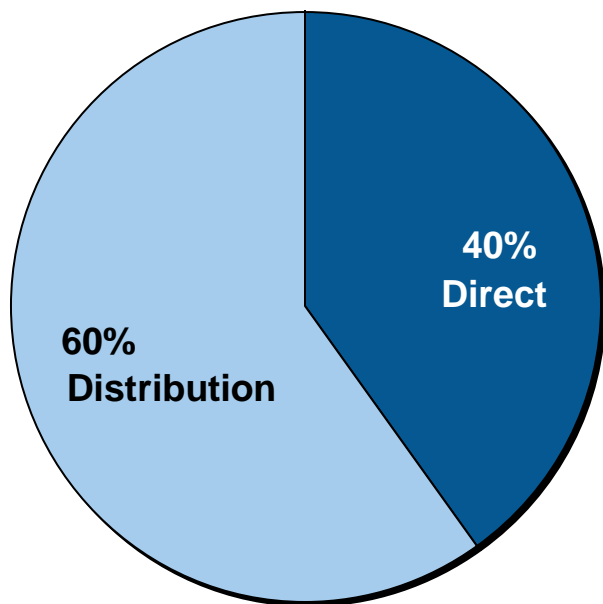
Europe



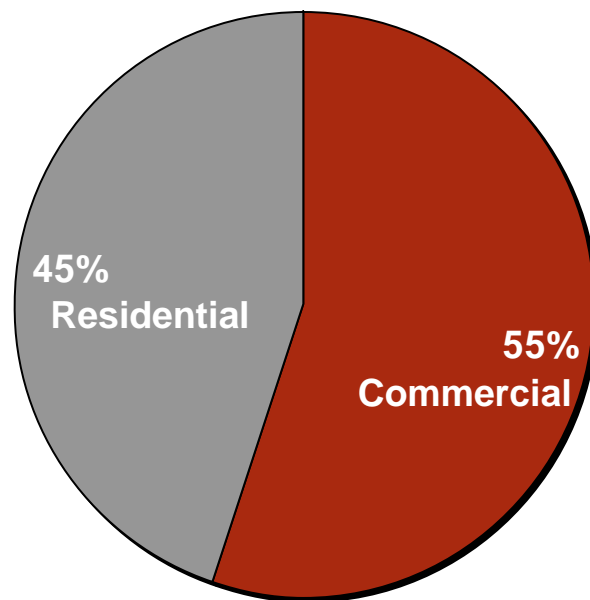
Source: Formica operations data, Formica Financials

There is a reasonably balanced spread between channel, end use and sector across the region

Revenue % by Channel



Revenue % by Sector



Distributor Profile	Direct/OEM Profile
<ul style="list-style-type: none"> Third party, multi-product (board, laminate, adhesives, hardware) building products distributors 	<ul style="list-style-type: none"> DIY chain Post-formers Office Furniture

Residential	Commercial
<ul style="list-style-type: none"> Apartments Homes DIY chains K&B Retail 	<ul style="list-style-type: none"> Healthcare Hospitality Retail Education

Europe Agenda

➤ **Overview of the Formica European Business**

➤ **Strategic Priorities**

➤ **Market Outlook**

Formica EU Strategic Priorities

Internal Cost/Efficiencies

- A. Warehouse Efficiency & Downsizing Opportunities
- B. Bonded Manufacturing Consolidation
- C. Back Office Centralisation & Efficiency (customer service & logistics)
- D. Further Width, Finish & Décor Rationalisation
- E. Manufacturing Efficiencies

Product

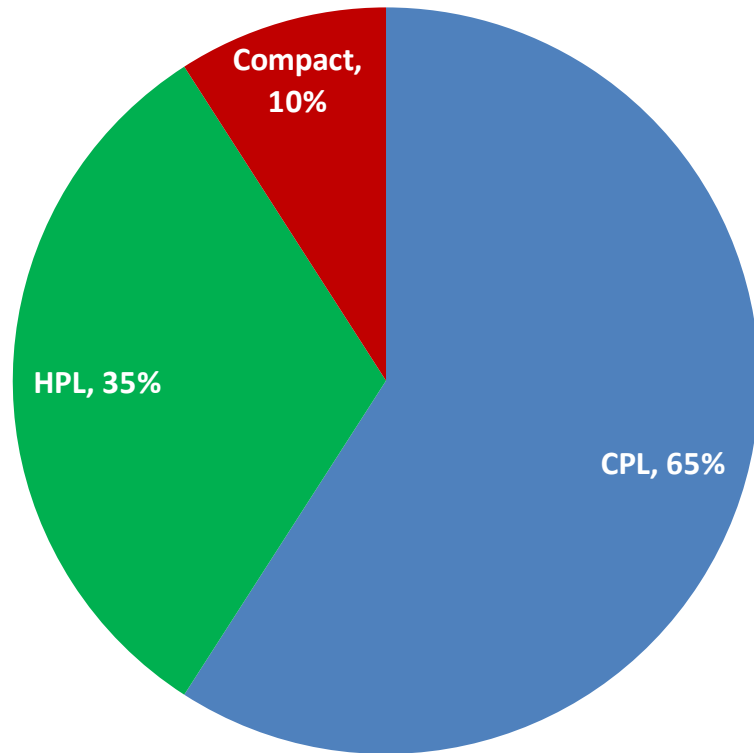
- A. Bonded Opportunities
- B. Premium Products – Exterior Compact, Chemtop, Veneers & ColorCore
- C. Environmental Opportunities

Growth Markets

- A. Russia
- B. Africa
- C. Germany
- D. India

A Russian Market: Russia is an attractive market due to its size and forecast growth rates over the next 5 years

Russian Market Fundamentals



Total = 25m SQM

Background

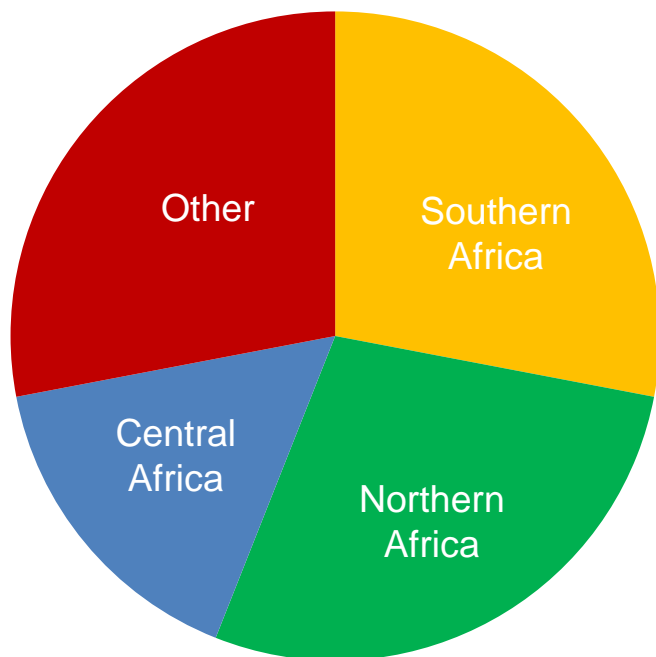
- Russian population around 140 million
- Economy growing around 4% pa
- Over 60% of economic growth centered in Moscow & St. Petersburg
- Formica business up 51% in FY11
- HPL market to grow to 40m SQM by 2020

Formica Initiatives in Russia

- Increase distributor presence, including entry into the Compact market
- Increased focus on A&D channels to grow commercial sales
- Expand brand awareness using PR, web site & exhibitions
- FY12 forecast is for strong growth

B African Markets: The African market provides a good opportunity given its size and growth potential

African Market Fundamentals



Total = 25m SQM

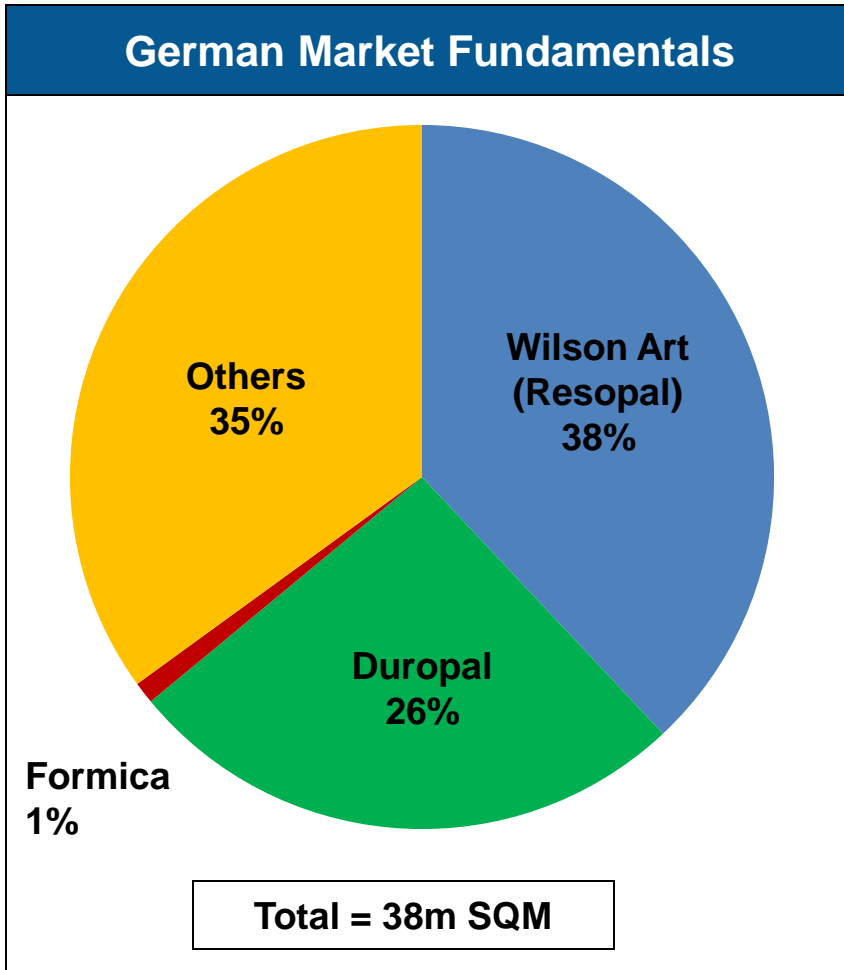
Africa Background

- Population 1bn
- 54 countries
- GDP Growth in 2010 of 5% and forecast 5% in 2011

Formica Initiatives in Africa

- Working with a local partner to supply products into Central & Southern markets
- Looking at expansion of the product offer to premium products e.g. ColorCore, AR+, Exterior Compact etc
- Distributor roll our plan across other countries, following market study

C Germany Market: We will expand our presence in Germany during FY12 through in country stock & an expanded sales force via our partner Homatrade

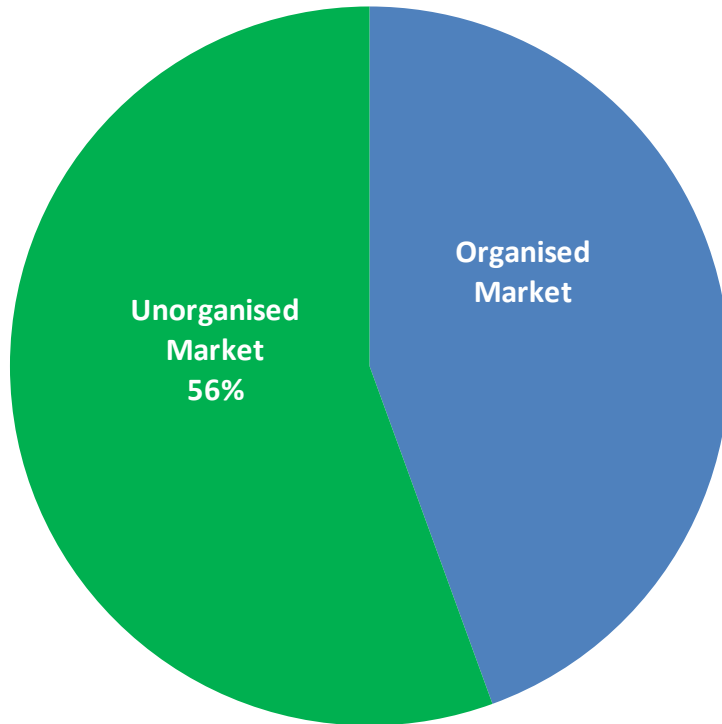


- ### Background
- Population of over 80 million
 - Economy is the strongest in Western Europe growing at 2% (Q1 2011)
 - Formica market penetration low
 - Formica up above target in FY11

- ### Formica Initiatives in Germany
- New single distributor set up in the market, Homatrade (premium laminate portfolio)
 - Stock located in Germany, improved lead times and service levels
 - Increased sales force presence with a focus on specification
 - We target an increase in FY12

D Indian Market: The Indian laminate market is the 2nd biggest global market behind China and forecast to double in the next 10 years

Indian Market Fundamentals



Total = 225m SQM

Background

- Indian market split between organised players (15-20) and unorganised (+100)
- Organised market – good design, quality, higher prices &
- Unorganised market – low price & quality

Formica Initiatives in India

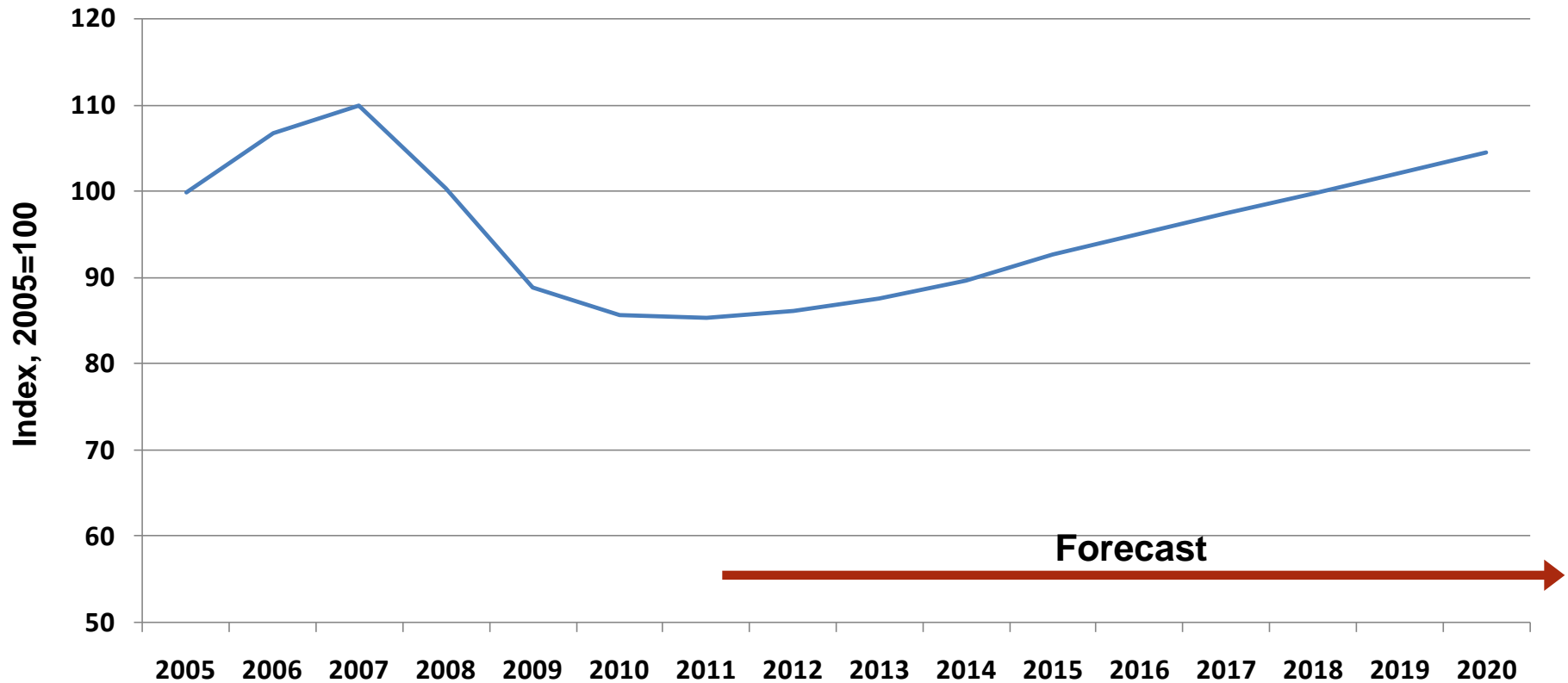
- Supply established through a 3rd party supplier
- Introduction of Premium Western products
- Roll out from initial tier, 2nd level distribution
- Evaluation of manufacturing presence in process

Europe Agenda

- **Overview of the Formica European Business**
- **Strategic Priorities**
- **Market Outlook**

If Formica Europe's revenue is forecast from a mix of construction & residential growth rates, pro rated by country, the outcome is a slow recovery

Economic Effect on Formica Europe



Current Outlook on EU HPL Markets

- **Given the state of the European economies there is great uncertainty around market recovery:**
 - Unemployment in the EC is forecast to grow into FY13 with public sector spending reduced
 - Issues persist around Southern European sovereign debt & the continuing discussion around the future of the Euro
- **The HPL market will recover....but slowly with limited economic recovery in 2012 and 2013**
 - In addition market shares stable in mature markets with some growth due to new product launches
- **However, there is optimism for growth in some key markets**
 - India represents a significant long term opportunity for Formica
 - A new distribution platform in Russia, along with a growing market will drive expansion
 - Both Germany & Africa present great opportunities

Formica North America

Mitch Quint

North America Agenda

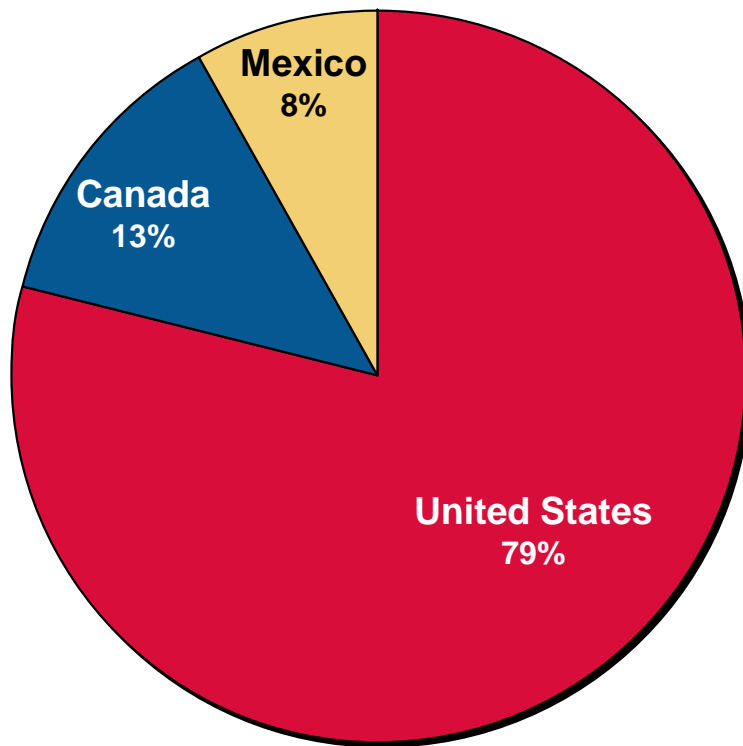
Overview of the Formica North American Business

Strategic Priorities

Market Outlook

The North American High Pressure Laminate Market Structure

FY 2010 Industry Volume by Country

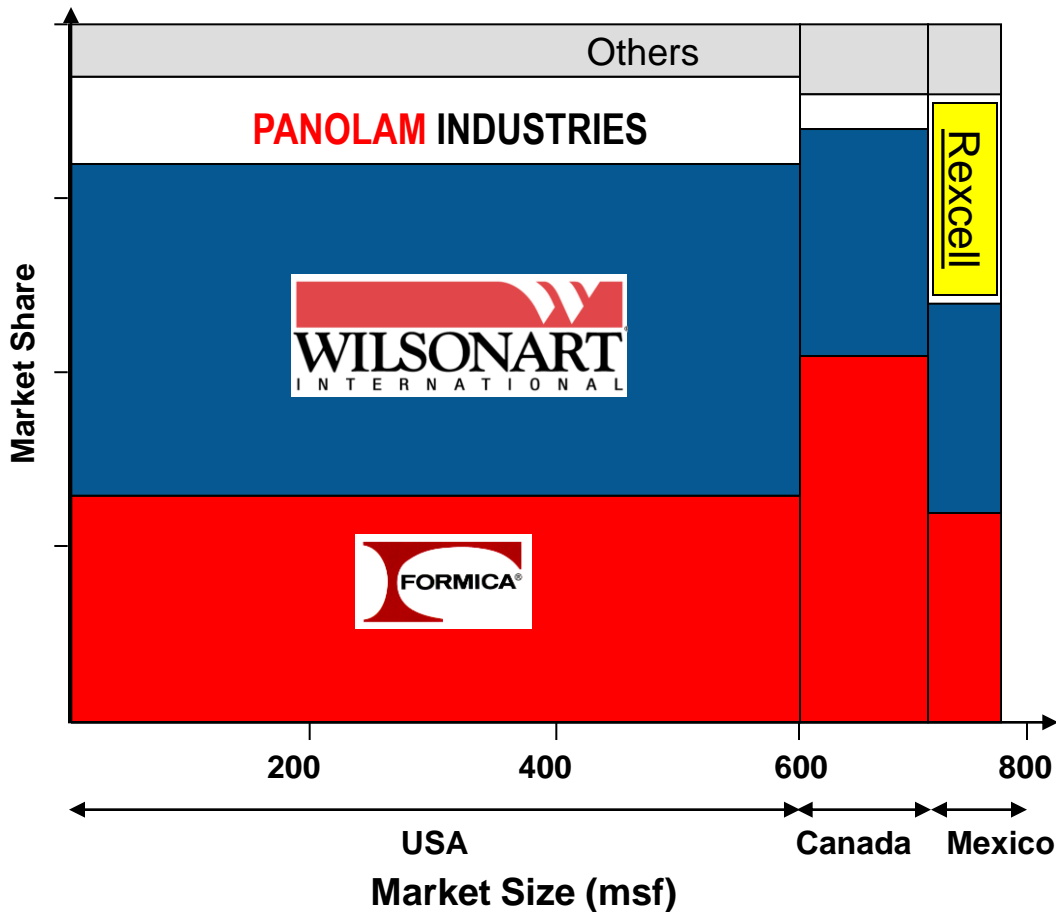


Total = 760 m.s.f.

Metrics	USA	Canada	Mexico
GDP per person (US\$)	\$46,400	\$38,600	\$13,600
Laminate Volume (msf)	600	100	60
Population (million)	307	33	111
HPL Sq Ft per Person	2.0	3.0	0.5

The NA market is well structured and rational, with significantly fewer competitors than Europe/Asia

N.A. FY 2011 Share by Manufacturer



Market Player	Strengths
Formica	<ul style="list-style-type: none"> Canada market Brand recognition Design innovation
Wilsonart	<ul style="list-style-type: none"> USA market MTO Service model Scale
Panolam	<ul style="list-style-type: none"> Niche products and segments in USA market Complementary TFM board offering

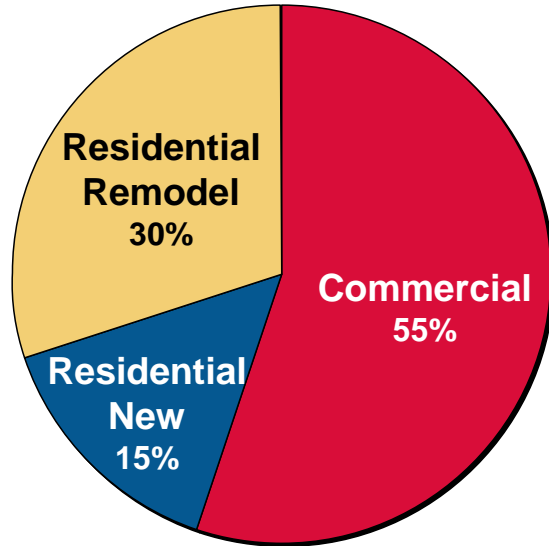
Formica North America operates 2 HPL manufacturing facilities and 8 internal warehouses

North America Manufacturing and Warehouse Footprint

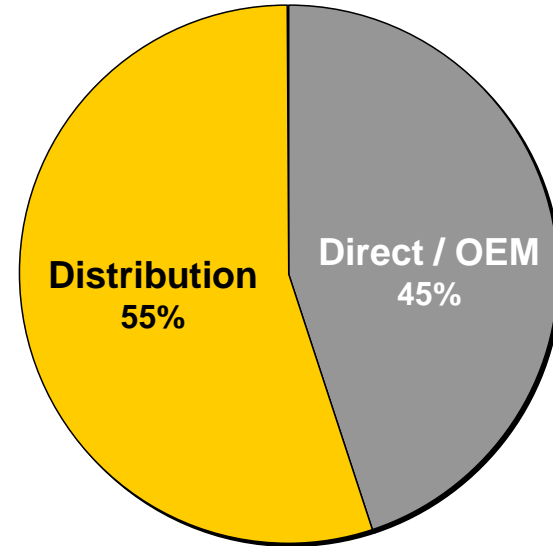


The business is well balanced between Commercial and Residential markets, as well as Direct and Distributor customers

End Market Segmentation



Channel Segmentation

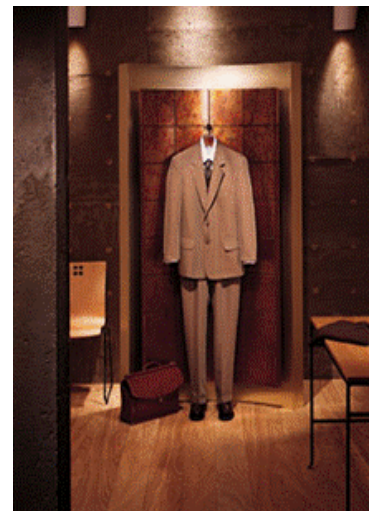
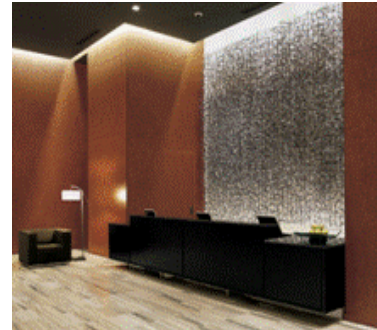


Residential	Commercial
<ul style="list-style-type: none"> ▪ Single Family ▪ Apartments ▪ Home Centers ▪ K&B Retail 	<ul style="list-style-type: none"> ▪ Healthcare ▪ Hospitality ▪ Retail ▪ Education

Distributor Profile	Direct/OEM Profile
<ul style="list-style-type: none"> ▪ Third party, multi-product (board, laminate, adhesives, hardware) building products distributors 	<ul style="list-style-type: none"> ▪ Home Centers ▪ Post-formers ▪ Office Furniture ▪ Casework ▪ Manufactured Housing

Product Applications - Commercial

- Commercial Furniture
 - Laboratory Tops
 - Game Tables
 - Buffet Countertops
 - Workstations
 - Bartops
 - Salad Bars
 - Cabinets
- Commercial Construction
 - Doors
 - Walls
 - Desk / Serving Tops
 - Millwork
 - Countertops
- Store Fixtures
 - Store Fixtures and Displays
 - Flame -retardant Interiors
 - Dressing Room Partitions
- Specialty Products
 - Bowling Lane Floors
 - Mobile Home Interiors
 - Doors
 - Access Flooring Tiles
 - Moldings
 - Closets
 - Slot Machines
 - Window Sills



Product Application – Residential

- Kitchen & Bath
 - Countertops
 - Cabinets
 - Backsplashes
 - Shower / Tub Surround
- Residential Furniture
 - Tabletops
 - Bedroom Suites
 - Entertainment Centers
 - Home Office Furniture
 - Night Stands



North America Agenda

Overview of the Formica North American Business

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Formica NA Strategic Priorities

Channel to Market/Market Segment

Direct

Distribution

Residential

Commercial

Commercial

Residential

Strategic Priorities

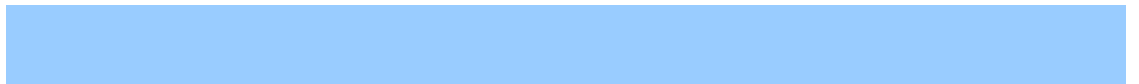
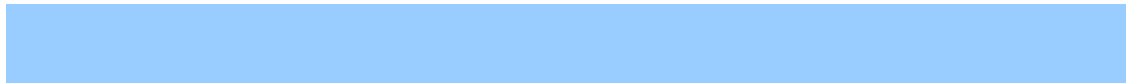
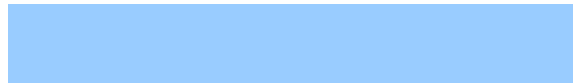
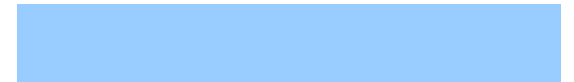
Core Market Share Gain

Distribution Optimization

Service Alignment

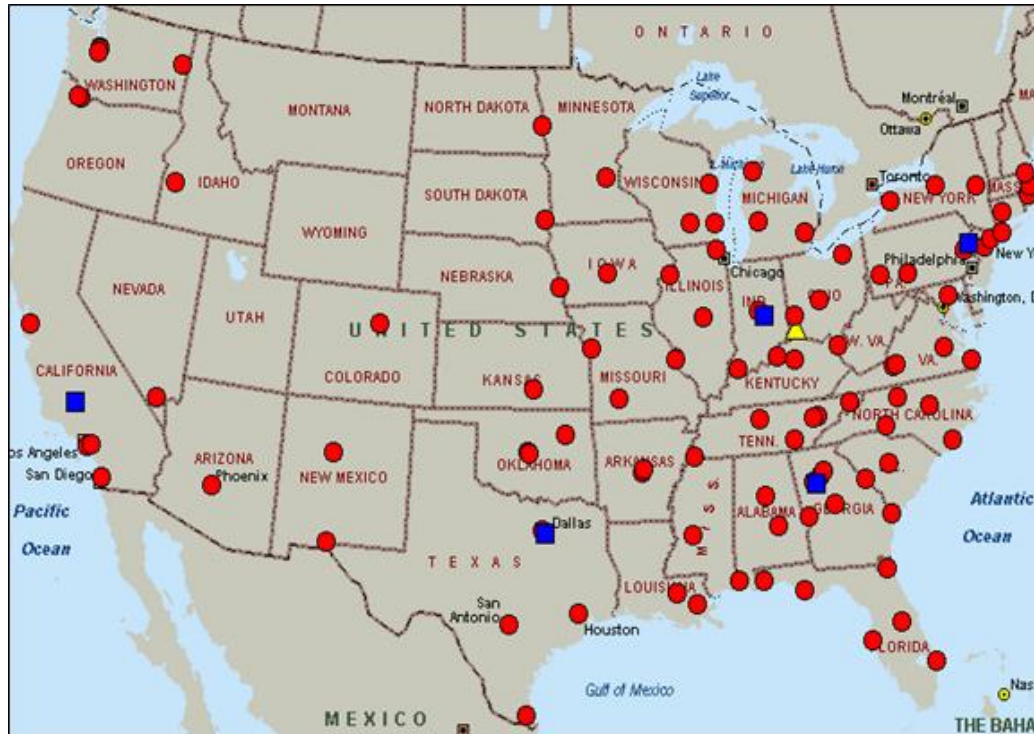
Product Innovation

Mexico Market Focus



Distribution Optimization: Over 50% of Formica NA's volume flows through 3rd party distribution – targeting smaller, extremely-regional end-users

Network of 100+ Locations across North America

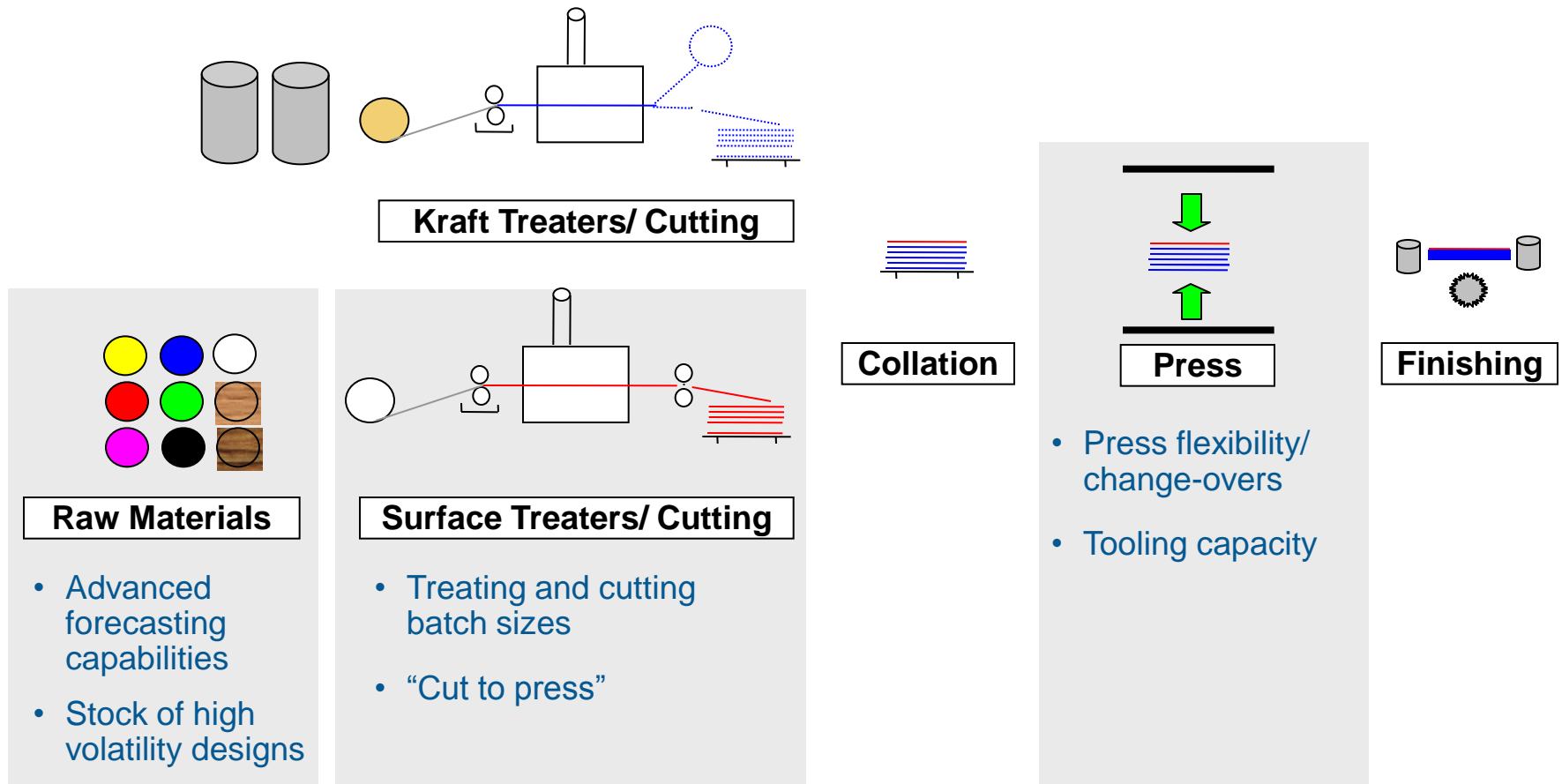


Formica NA Distribution

- 100+ locations across US, Canada, Mexico, a mix of:
 - Independent single market players
 - Mid size (multiple locations)
 - Larger geographic coverage players
- Distribution Optimization Program aligns Formica and distributor resources to jointly drive incremental business:
 - Sales resources
 - Specification efforts
 - Inventory investments

Service Alignment: Lean manufacturing methodologies have increased flexibility in manufacturing processes

Manufacturing Process Flow (Key Flexibility Work Centers Highlighted)



Service Alignment: Formica is committed to further enhancing service capabilities aligned to the variability and time demands of end customers

Make to Stock

*Stocked items:
Available on “next truck”*

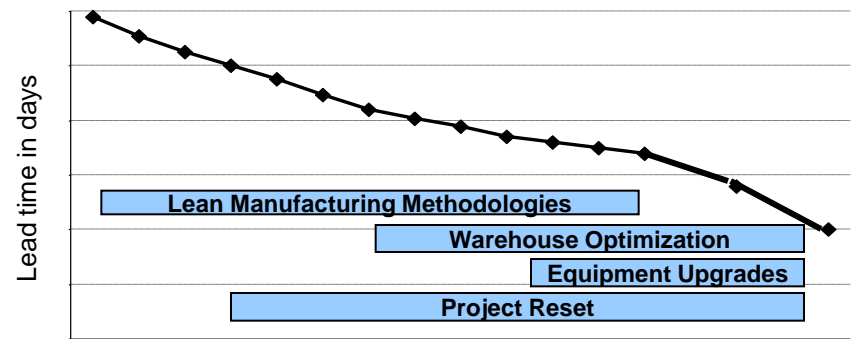
- Standard items sold off wallboard (Residential and Commercial)
- Requires highly developed forecasting and inventory planning capabilities
- Supported by recent optimization of warehouse network

Make to Order

*Unique Color/Grade/Size/Finish Combos:
Lead time: “faster”*

- Emergent demand driven by Architects and designers (primarily Commercial applications)

Lead Time Improvement Timeline



Product Innovation: Formica 'Recent' Innovation Timeline



2001

2003

2004

2007/8

2009

2010

2011

- Popular residential laminates: small speckle designs, flat finishes
- Formica introduces popular Butterum Granite series

- Formica introduces Etchings finish
- Adds more realism / depth to gloss granite patterns



- Formica introduces Honed finish
- Adds realism to low sheen slates / travertine



- Formica introduces Radiance – creating 3D effect on laminate



- Formica introduces 180fx
- New concept in laminate granite decors that raises the bar for the industry
- Large scale layouts to mimic real large scale exotic granites

- VIVIX – brought Formica design leadership to Exterior laminate applications



- Formica – solid surface E-Series. First SS with post-consumer recycled material

180fx round #2 and round #3

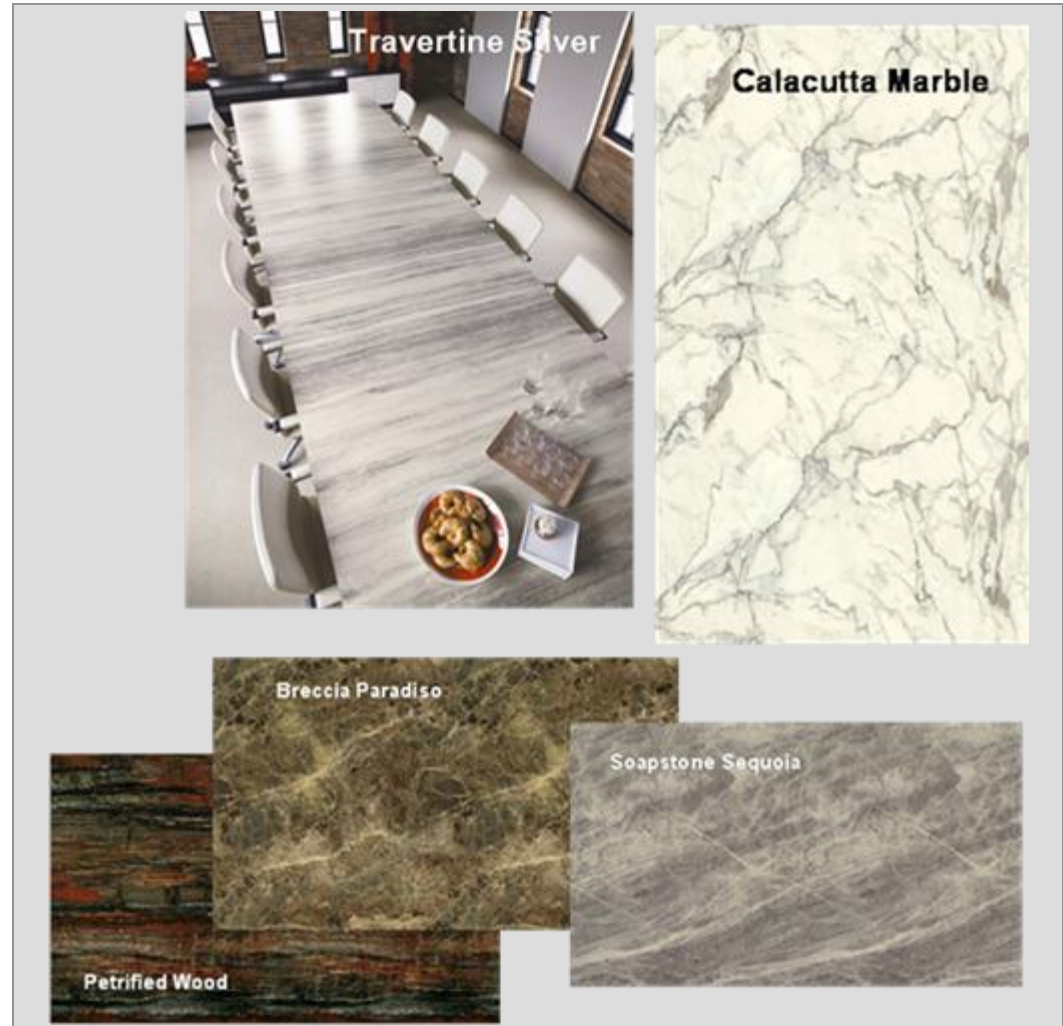
Product Innovation: In FY2012, Formica NA will continue to enhance its product portfolio

FY2012 New Product Summary

- **180FX Refresh**
 - Continue design leadership in large scale format
 - Promote at 2012 trade shows
- **VIVIX**
 - Additional roll out to new customers and geographies
 - Extending offering to new colors and designs
- **Metal Launch**
 - ‘Iconic’ panel designs – extends large scale concept to metal segment
 - Target A&D community
- **FSS E-series**
 - First “post consumer” recycled solid surfacing content product
 - Innovative paper sampling

Product Innovation: The recent 180fx launch introduces new designs and expands the category to the Commercial sector

- Formica has led the HPL industry with innovative designs and sampling of large scale patterns
- Formica will continue to leverage this product with the 2011 launch:
 - Commercial – marbles and travertine
 - Residential – additional granites
- In the future, designs are not limited to stone—anything naturally occurring in large scale is an opportunity



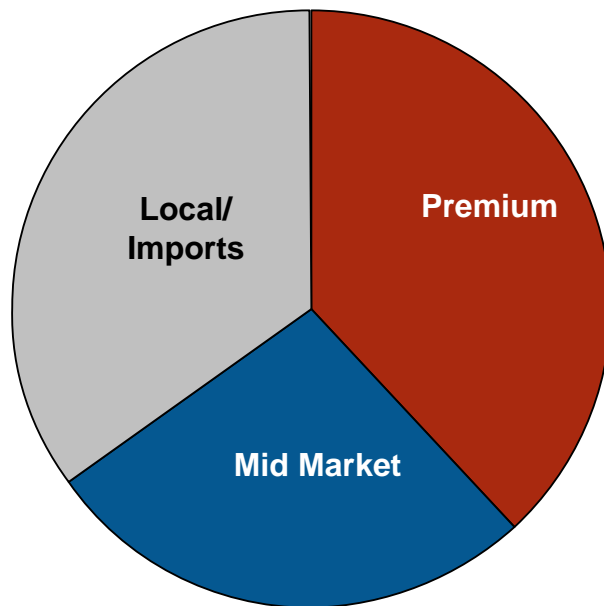
Product Innovation: VIVIX – Exterior Compact extends the scope of laminate applications to a growing high volume, high value market

- Exterior compact technology allows laminate product to be applied to outdoor conditions
- Brings wide-ranging design flexibility inherent in laminate products to architects
- Competes against existing alternatives (Aluminum panels, Concrete....)
- Formica has only NA-based production capability, a key competitive differentiator (cost, lead time)



Mexico Market Focus: Mexico is an attractive market due to its inherent demographic and economic fundamentals

Mexico Market Fundamentals



Background

- Mexico has 110 million people
- Economy is growing at 5% per annum
- HPL penetration is still relatively low (40% of US)

Formica Initiatives in Mexico

- Investment in new Mexico City warehouse to improve service
- Upgraded inventory position
- New IT system for forecasting/ planning capabilities

North America Agenda

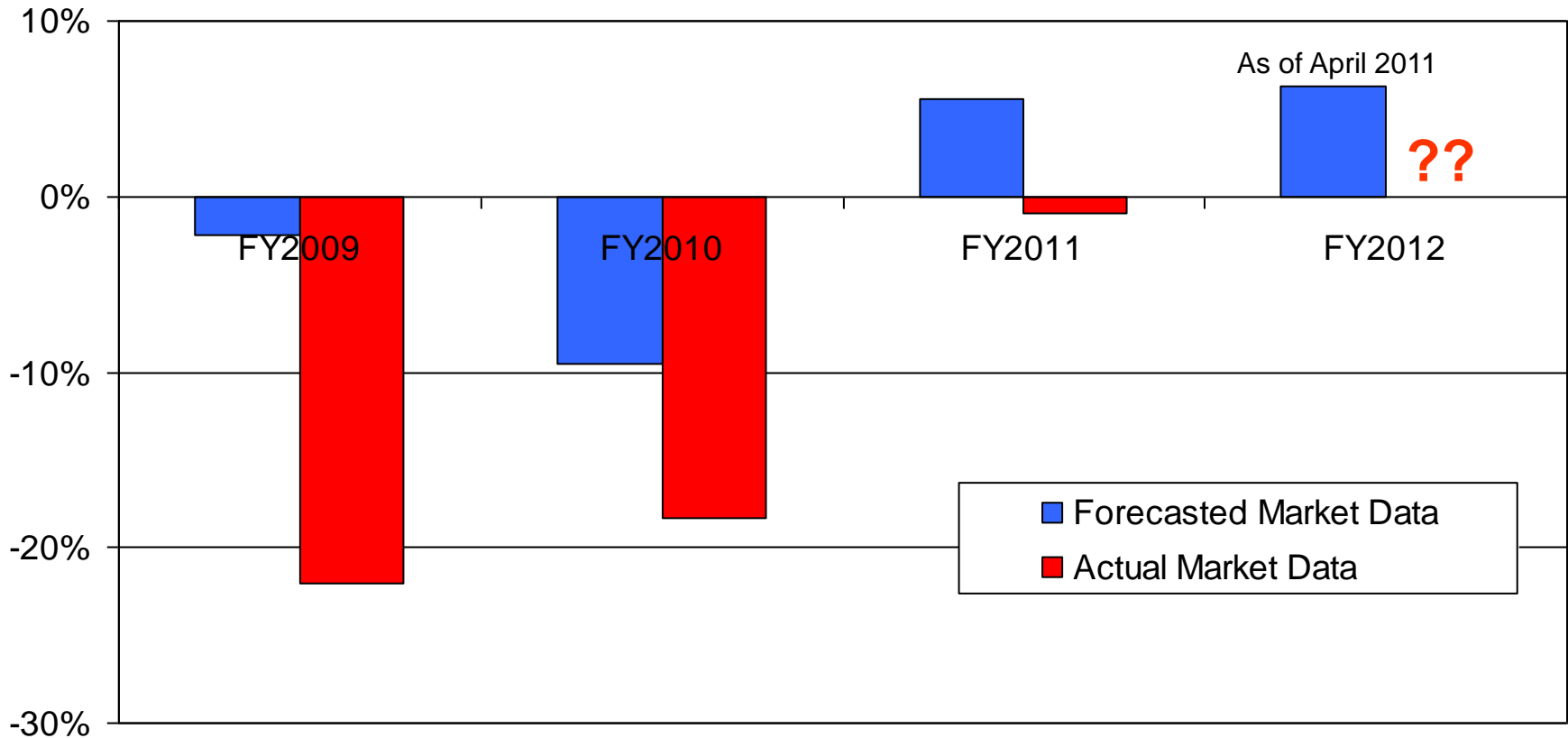
Overview of the Formica North American Business

Strategic Priorities

Market Outlook

As of April 2011, forecasts of the NA HPL market predicted growth of 6% in FY2012, however, the input data has been systematically “biased” in recent years

HPL Market Forecasted Growth vs. Actual FY2009-FY2012



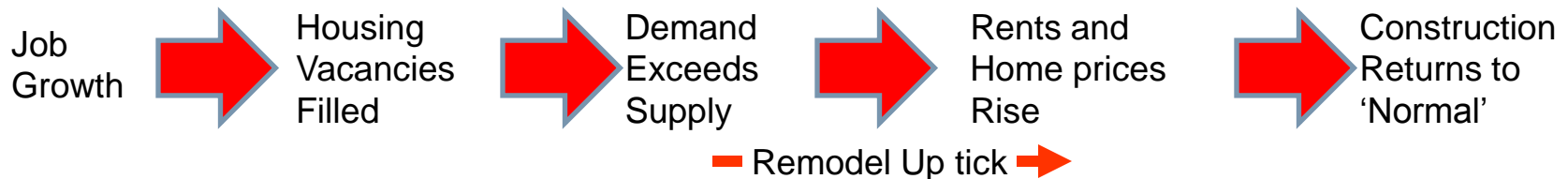
Both Forecast and Actual Market Data for HPL Market based on inputs from third-party forecasting/data collection agencies (McGraw Hill, AIA, etc.) for the US, Canada and Mexico with appropriate weighting by country and segment.

Current State of Markets

Residential Market:

- **Long term demand:** Census Bureau says population will grow by 3.2 million per year and they will need to live somewhere; however, recovery will require:

Recovery Timeline



- **Full Residential Recovery Will Take Multiple Years:** Some progress on jobs and home price stabilization, but it will take years to reach 1.7 million+ construction starts

Commercial Market:

- **Current state:** New commercial construction starting to come back, remodel activity a relative strength in market (completion of long overdue facility updates)
- **Architectural Activity:** varies by region within U.S., but higher than prior year. Current activity driven by education. Health Care market continues to be long-term driver.

NA HPL Market Outlook

- The HPL category will return to nearly 1 billion sq ft market in time
- Cautious regarding 6-12 month outlook
 - Economic optimism seen in March-May has tempered (similar pattern 2 years in a row)
 - Current feedback from customers - Large degree of uncertainty
 - September and October (historically large construction activity months) will be key indicators
- Optimism for growth, albeit modest, trajectory in 12 to 24 month time frame
 - Driven by U.S.A.
 - Mexico continued growth