FLETCHER BUILDING

HALF YEAR RESULTS TO 31 DECEMBER 2011

22 February 2012

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Disclaimer

This half year results presentation dated 22 February 2012 provides additional comment on the media release of the same date. As such, it should be read in conjunction with, and subject to, the explanations and views of future outlook on market conditions, earnings and activities given in that release.

Agenda

Results Overview

Divisional Performance

Financial Results

Outlook

Half Year Results

RESULTS OVERVIEW

Results overview

Net earnings $144 million

Operating earnings of $256 million

Unusual items of $15 million after tax

Net earnings, before unusual items $159 million

Cashflow from operations $129 million

Revenues up 30% to $4,509 million

Revenues down 5% on a like-for-like basis excluding Crane

Final dividend 17.0 cents per share:

Fully franked for Australian tax purposes

Dividend Reinvestment Plan will be operative for the interim dividend

Record lows for new residential consents in New Zealand, and significant residential slowdown in Australia

Building Consents	Dec 2011 12 months	Dec 2010 12 months	Dec 2009 12 months	11/10 %Mvmt
New Zealand				
Residential Consents	13,662	15,602	14,425	-12
Non Res WPIP ($m)	4,521	4,817	4,895	-6
Infrastructure WPIP ($m)	7,744	6,664	6,308	+16

Source: Statistics NZ, Infometrics

Australia				
Residential Consents	149,076	176,564	146,492	-16
Non Res WPIP (A$Bn)	32.7	37.7	32.0	-13
Infrastructure WPIP (A$Bn)	101	77.6	77.2	+30

Source: ABS, BIS Shrapnel

US				
Residential Construction Starts	609,000	600,000	570,000	+2
Commercial & Industrial (US$Bn)	60.4	51.1	56.9	+18
Institutional (US$Bn)	97.1	110.8	112.2	-12

Source: McGraw Hill

Weak residential construction markets in New Zealand and Australia impacted earnings

NZ$m	Dec 2011 6 months	Dec 2010 6 months	% Change
Sales	4,509	3,468	+30
EBIT	256	285	-10
EBITDA before unusual items	393	381	+3
EBIT before unusual items	277	285	-3
Net earnings before unusual items	159	166	-4
Unusual items after tax	15	0	
Net earnings	144	166	-13
EPS before unusual items - cps	23.4	27.3	-14
Dividend - cps	17.0	16.0	+6

Earnings Commentary

First half performance a creditable outcome given tough trading conditions and low volumes in most markets

Businesses exposed to NZ residential building consents were impacted by record low consent levels in the period from January to June 2011

Australia has trended downward in new residential building
- Laminex, steel rollforming and Crane distribution businesses all impacted by reduction in activity levels
- Restructuring charge of $21 million before tax in Laminex

Solid performances from businesses exposed to infrastructure sector

Continued seismic activity has delayed reconstruction efforts in Canterbury, albeit smaller repairs are continuing to gain momentum

Continued growth in Formica EBIT but strength of NZ$ moderated impact

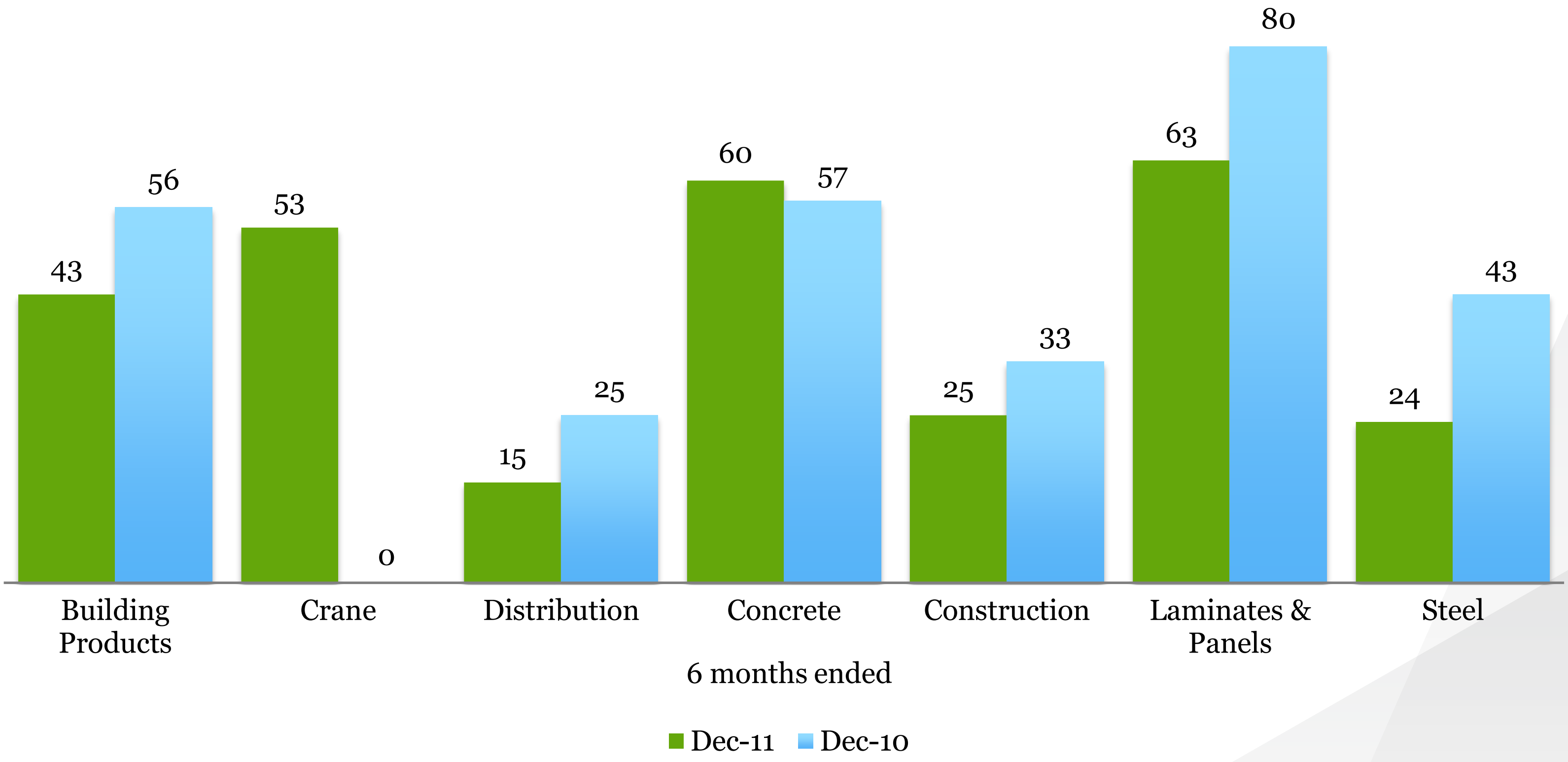
Strategic review of insulation business in Australia and NZ given change in market dynamics

Half Year Results

DIVISIONAL PERFORMANCE

Weaker market conditions impacted all divisions

EBIT before unusuals NZ$million[1]



1. *Earnings before interest, tax and unusual items*

Building Products result

NZ$m	Dec 11 6 mths	Dec 10 6 mths	% Δ
Sales	355	371	-4
EBITDA	56	69	-19
EBIT	43	56	-23
Funds Employed	578	674	-14
EBITDA/sales %	15.8	18.6	
EBIT/sales %	12.1	15.1	
ROFE %	14.9	16.6	

Plasterboard earnings lower due to weaker NZ residential market, but market share maintained.

Insulation earnings down 25% due to weaker demand in Australia and NZ and strong import competition.

– Strategic review of Insulation business
– Gain of $4m from sale of Tasman Access Floors.

Roof Tiles volumes up in the America's, Africa and Asia, but down in New Zealand and Europe.

Building Products: lower volumes driven by depressed residential activity in NZ and Australia

Gross Sales NZ$m	Dec 11 6 mths	Dec 10 6 mths	% Δ	Volume Δ	Price Δ	EBITDA Δ
New Zealand						
- Plasterboard	71	77	-8	↓	-	↓
- Insulation[1]	93	91	+2	↓	↓	↓
- Aluminium	31	36	-14	↓	↓	↓
Australia						
- Insulation	104	106	-2	↓	↓	↓
- Sinkware	15	18	-17	↓	↑	↓
Roof Tiles[2]	93	93	-	-	↑	↓

1. *Includes Forman*
2. *Includes NZ, Europe, Japan, Africa, USA*

Concrete result

NZ$m	Dec 11 6 mths	Dec 10 6 mths	% Δ
Sales	468	442	+6
EBITDA	91	87	+5
EBIT	60	57	+5
Funds Employed	1,052	1,026	+3
EBITDA/sales %	19.4	19.7	
EBIT/sales %	12.8	12.9	
ROFE %	11.4	11.1	

NZ Concrete

- Softer demand for aggregates and masonry products.
- Readymix concrete and concrete pipe product volumes stable.
- Cement volumes lower in both domestic and export markets, negatively impacted margins.

Australia Concrete

- Quarry revenues constant but earnings up on margin and product mix.
- Volumes in the pipelines business up 5%.

Concrete: softer demand in New Zealand, but steady or improved volumes in Australia

Gross Sales NZ$m	Dec 11 6 mths	Dec 10 6 mths	% Δ	Volume Δ	Price Δ	EBITDA Δ
New Zealand	331	326	+2			
Cement				↓	↑	↓
Readymix				-	↓	↑
Aggregates				↓	↓	↓
Australia Concrete	222	199	+12			
Quarries				↓	↑	↑
Concrete Products				↑	↑	↑

Construction result

NZ$m	Dec 11 6 mths	Dec 10 6 mths	% ∆
Sales	520	592	-12
EBITDA	30	38	-21
Total EBIT	25	33	-24
Funds Employed	145	116	+25
EBITDA/sales %	5.8	6.4	
EBIT/sales %	4.8	5.6	
ROFE %	34.5	56.9	

Several large projects completed during the period.

Tighter project margins due to subdued market.

Construction backlog of $1,204m with several large contracts won in the period.

Residential earnings up 33% due to strong sales in Stonefields subdivision in Auckland.

Funds employed increased due to residential land purchases.

Canterbury update

Strong progress on repairs

- 35,000 emergency repairs completed
- 9,200 full scope repairs completed, 30,000 underway or in progress
- 1,000 + firms contracted, 11,000 contractors inducted
- $335m paid to contractors to end of January

Targets for repairs to 100,000 homes agreed with Earthquake Commission:

- 80% of homes in managed repair programme completed by 2014
- Houses with $50,000+ of damage: aim to have repairs completed by mid-2013

Reserve Bank of NZ estimates:

- Gradual lift in activity over calendar 2012 – housing repairs & demolition
- Reconstruction activities to get underway in earnest in 2013
- Working assumption prior to Dec 2011 earthquakes: c. $20 billion of damaged property will be rebuilt.

Crane result

NZ$m	Dec 11 6 mths	Dec 10[1] 6 mths	% Δ
EBIT:			
Pipelines	28		
Distribution - Australia - New Zealand	 21 (1)		
Industrial Products	2		
Unallocated	3		
Total EBIT:	53	50	+6

Increased pipeline sales to gas and mining offset weaker residential demand.

Distribution volumes down due to lower residential and commercial activity in Australia and New Zealand.

NZ distribution restructuring completed – 2 separate brands: Mico for plumbing, and Corys for electrical.

1. *Dec 2010 figures are for comparative purposes only; Fletcher Building acquired Crane in March 2011*

Distribution result

NZ$m	Dec 11 6 mths	Dec 10 6 mths	% Δ
Sales	402	446	-10
EBITDA	19	29	-34
EBIT	15	25	-40
Funds Employed	137	138	-1
EBITDA/sales %	4.7	6.5	
EBIT/sales %	3.7	5.6	
ROFE %	21.9	36.2	

Sales decline of 10% due to subdued activity levels and continued disruption to Christchurch stores – consistent with consent data.

Gross margin maintained despite increased competition in DIY and retail segments.

Trade segment mixed with decline in new building activity.

Focus on cost control and distribution network footprint.

Laminates & Panels result

NZ$m	Dec 11 6 mths	Dec 10 6 mths	% Δ
Sales	939	1,001	-6
EBITDA[1]			
- Laminex[1]	56	77	-27
- Formica	41	36	+14
Total EBITDA[1]	97	113	-14
EBIT[1]	63	80	-21
Funds Employed	1,830	1,721	+6
EBITDA/sales %	10.3	11.3	
EBIT/sales %	6.7	8.0	
ROFE %	6.8	9.3	

Laminex

- Australian volumes of higher margin decorated board down due to fall in new housing starts and additions and alterations decline.
- NZ volumes down 12% year on year.
- $21 m pre-tax unusual items incurred to date for restructuring costs

Formica

- 9% volume growth in Asia but earnings impacted by flooding in Thailand.
- North America revenues up 3% in local currency terms.
- Conditions in Europe remained weak.

1. *Before unusual items*

Laminates & Panels: volumes declined in Australia, New Zealand and Europe, with continued growth in Asia and NA

Gross Sales NZ$m	Dec 11 6 mths	Dec 10 6 mths	% Δ	Volume Δ	Price Δ	EBITDA Δ
Australia						
- Laminex[1]	472	501	-6	↓	-	↓
New Zealand						
- Laminex	71	76	-7	↓	-	↓
Formica						
- Asia	112	111	+1	↑	-	-
- Europe	142	156	-9	↓	↑	-
- Nth America	159	171	-7	↑	-	↑

1. *Domestic volumes, excluding export volumes*

Formica: continued improvement in earnings due to volume growth in Asia and cost reduction measures

EBIT NZ$m	1H12	1H11	% Change
Asia	18	19	-5
North America	12	11	+9
Europe	2	1	+100
Corporate	(6)	(8)	-25
EBIT $NZ	26	23	+13

Steel result

NZ$m	Dec 11 6 Mths	Dec 10 6 Mths	% Δ
Sales	596	616	-3
EBITDA	36	54	-33
EBIT	24	43	-44
Funds Employed	578	568	+2
EBITDA/sales %	6.0	8.8	
EBIT/sales %	4.0	7.0	
ROFE %	8.3	15.1	

Long steel earnings impacted by reduced margins, as a result of global pricing pressures, particularly in Australia.

Rollforming and coated steel volumes fell 6% due to lower residential activity in NZ and Australia.

Steel distribution and services earnings down 60% due to soft volumes and margin pressure.

Steel: lower volumes and margins in most businesses

Gross Sales NZ$m	Dec 11 6 mths	Dec 10 6 mths	% Δ	Volume Δ	Price Δ	EBITDA Δ
New Zealand						
- Long Steel	136	124	+10	↑	↓	↓
- Coated Steel	80	89	-10	↓	↓	↓
- Distribution & Services	125	130	-4	↓	↓	↓
Australia						
- Rollforming	327	340	-4	↓	-	↓

Half Year Results

FINANCIAL RESULTS

Net earnings

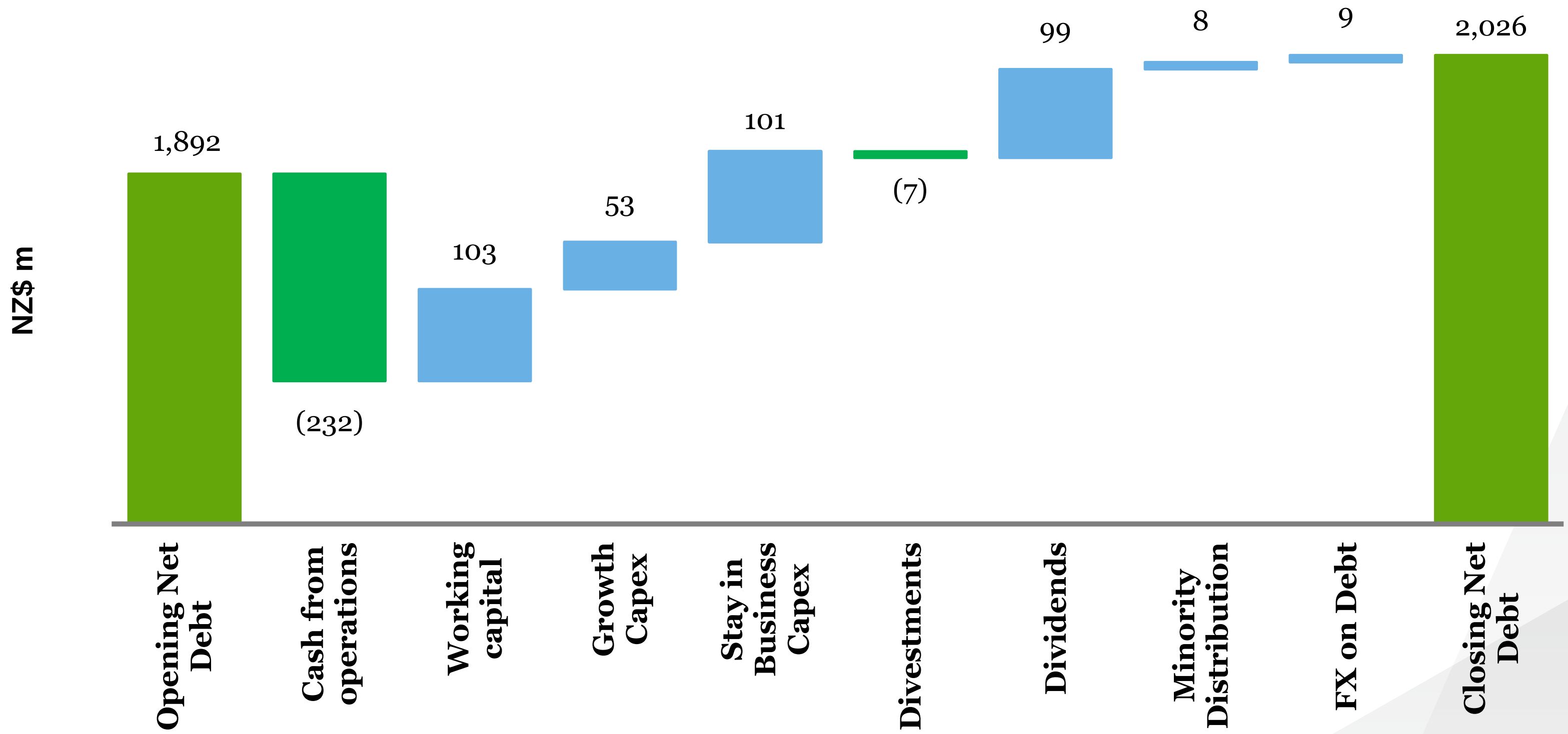
NZ $m	Dec 2011 6 months	Dec 2010 6 months	% Change
Divisional EBIT[1]	279	294	-5
- Corporate costs	(6)	(9)	-33
- Asset sales	4	0	
- Unusual items	(21)	0	
Operating Earnings	256	285	-10
Interest	73	51	+43
Tax	35	63	-44
Minority Interests	4	5	-20
Net Earnings	144	166	-13

1. *Earnings before interest, tax and unusual items*

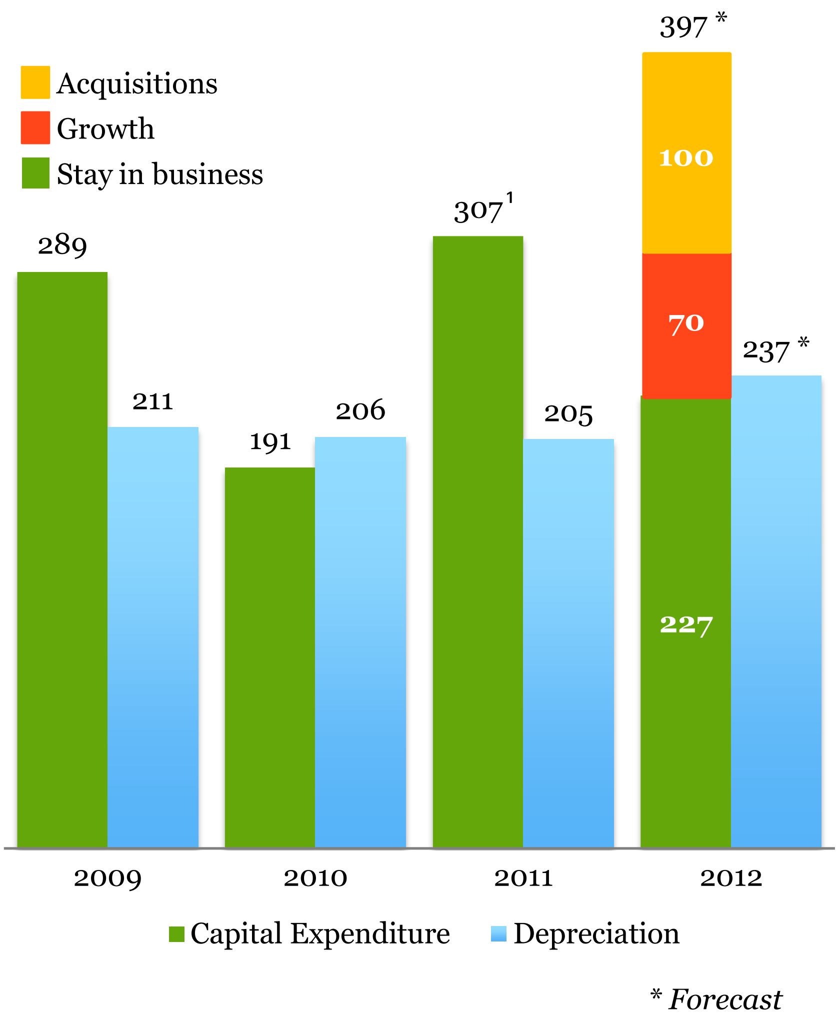
Cashflow from operations impacted by working capital movements, higher funding costs and cash tax payments

	Dec 2011 6 months	Dec 2010 6 months	% Change
EBITDA	**372**	**381**	**-2**
Funding costs	(73)	(51)	+43
Cash tax paid	(51)	(33)	+55
Non cash unusual impact	12		
Provisions movement/other	(28)	(17)	+65
Working capital movements:			
- Debtors	127	71	+79
- Creditors	(174)	(114)	+53
- Stock	(41)	(27)	+52
- Other	(15)	(8)	+88
	(103)	(78)	+32
Cashflow from operations	**129**	**202**	**-36**

Increase in net debt due to capital expenditure and working capital requirements



Forecast capital expenditure includes $100m in acquisitions



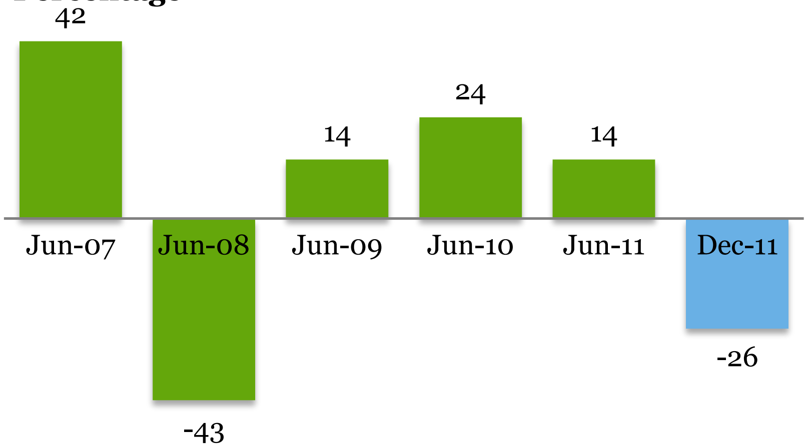
1. *Excludes acquisition of shares in Crane Group Ltd*

	Dec 11 6 mths	Dec 10 6 mths	% Δ	FY12 Forecast
Stay-in-business	101	74	+36	227
Growth[1]	22	24	-8	70
Acquisitions[2]	31	52	-40	100
Total	**154**	**150**	**+3**	**397**
Depreciation	**116**	**96**	**+21**	**239**

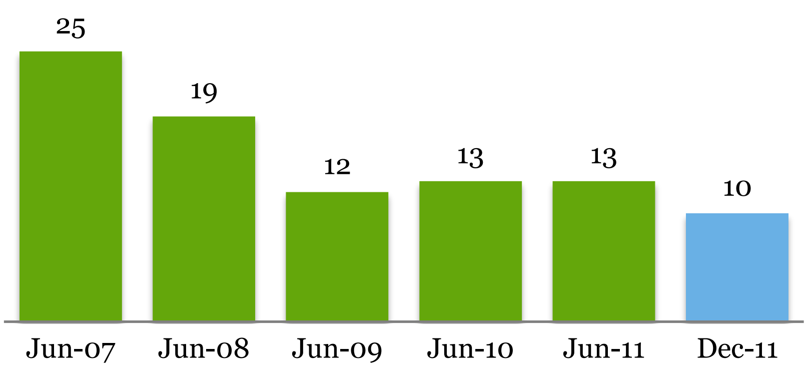
1. *Forecast includes investment in Homapal & new Formica plant in China*
2. *Excludes Crane in 1H11*

Key Ratios

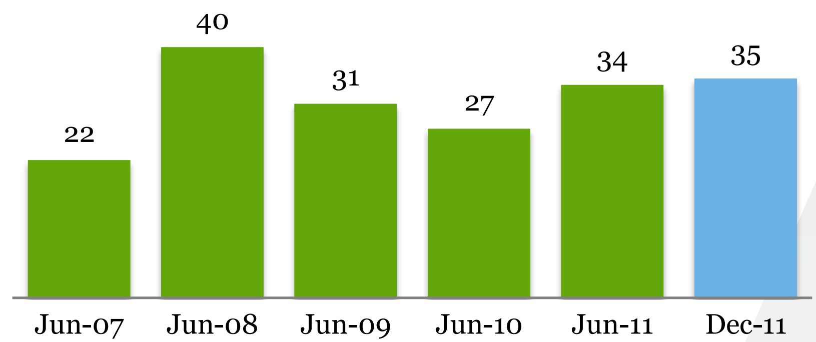
Total Shareholder Return (TSR)
Percentage



Return on Average Funds
Percentage²

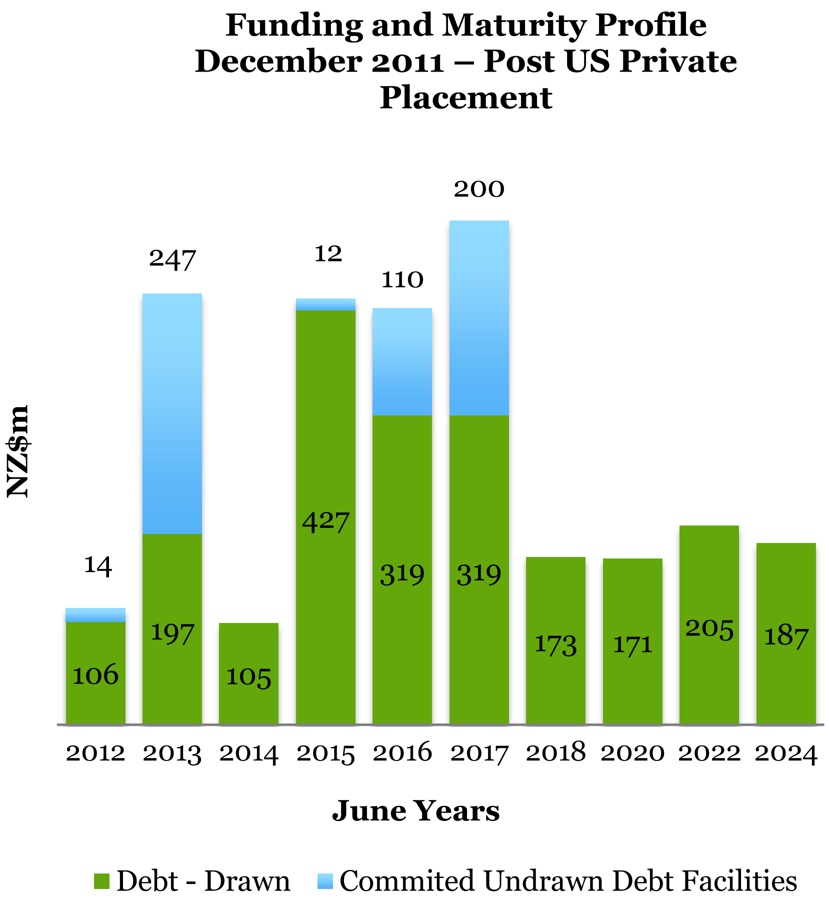


Debt/Debt Plus Equity
Percentage



1. *Net earnings / average equity*
2. *Earnings before interest, tax, and unusual items / average funds*

Debt maturity profile



US$300m private placement to US investors completed post 31 December 2011.

Key credit statistics following US private placement:

- Undrawn credit lines of $583 million and $182 million cash on hand
- Average maturity of debt is 5 years
- Average interest rate on debt is 6.7%.
- 67% of borrowings are at fixed rates.

Half Year Results

OUTLOOK

Outlook FY2012

New Zealand

- Conditions expected to remain challenging
- Modest uplift in housing consents in first half should lift activity in second half, but from low base
- Infrastructure spending lower due to timing of key projects
- Canterbury rebuild – gradual lift in activity forecast over calendar 2012, following set back of December 23rd earthquake.

Australia

- Downturn in residential and weak commercial construction activity likely to be prevail in second half
- Infrastructure sector expected to remain strong

Asia: Continued volume growth expected

North America: slight improvement in conditions

Europe: depressed conditions will continue to impact volumes

Financial outlook FY2012

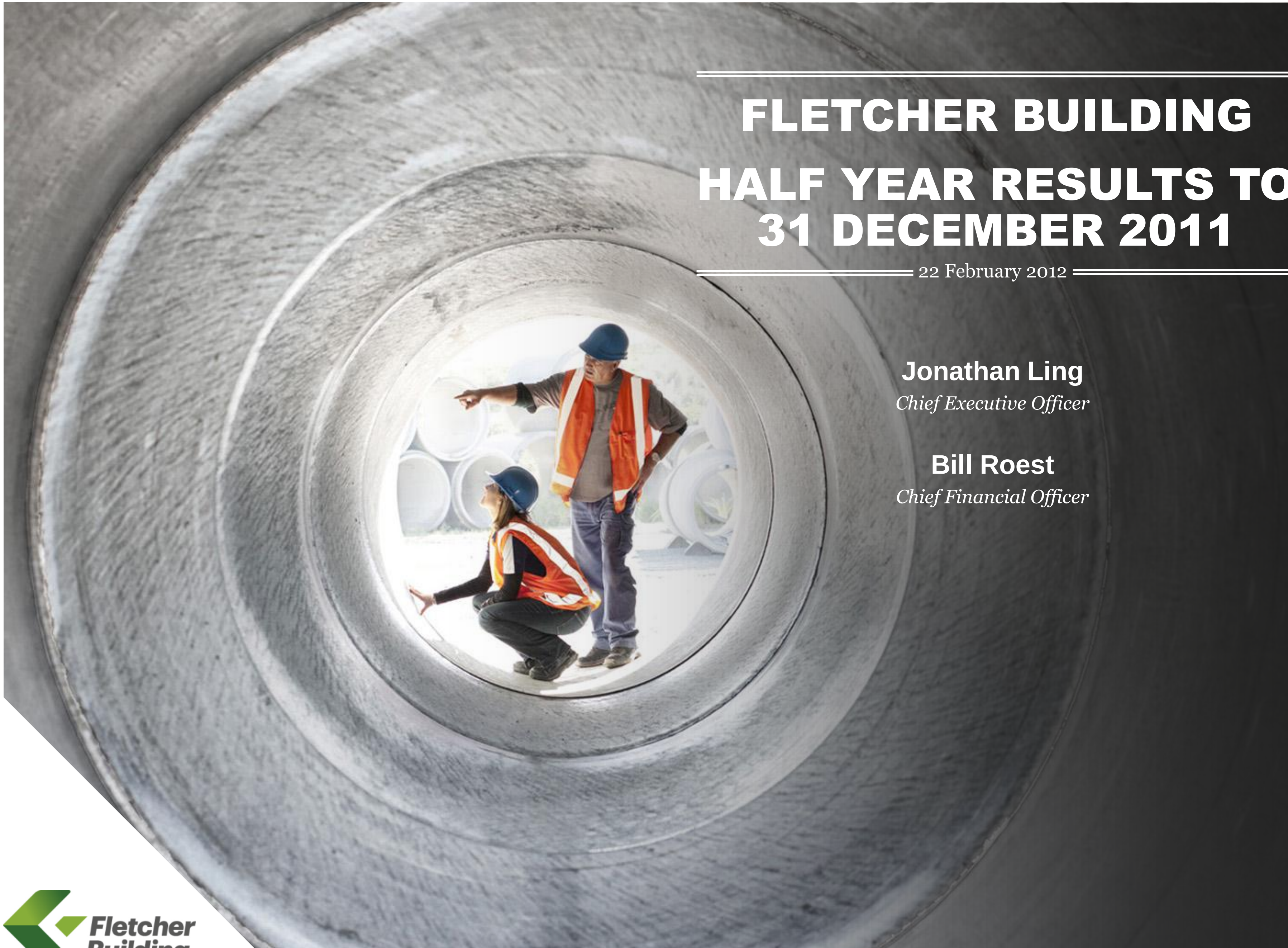
Based on:

- Current assessment of market conditions
- Unaudited half year results

Net earnings before unusuals for the 2012 financial year are expected to be in the range of $310 million to $340 million

Performance will depend on macro-economic conditions and construction activity levels

Further restructuring charges of $40 to $50 million likely to be incurred in Laminex



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