FLETCHER BUILDING

INVESTOR STRATEGY DAY

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Fletcher Building

Disclaimer

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 2013 half 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.

Outline

Why did I join Fletcher Building?

6 weeks in: opportunities and challenges

Priorities:

- Short term
- Long term

Capital structure and distribution policy

Funding Policy

Who am I?

Joined Fletcher Building on 8 April 2013

Bachelor of Engineering (1st Class Honours) from the University of Auckland.

Previously chief financial officer at Telecom New Zealand Limited

Other roles during 11 years at Telecom NZ included Group Controller, and management of the treasury function, with responsibility for all external financing and hedging, financial strategy, and mergers and acquisitions

Prior to joining Telecom NZ, 13 years of investment banking experience in New Zealand, New York and Hong Kong.

6 weeks in: opportunities and challenges

Opportunities:

FBUnite: the Active Centre

Operating expenditure – line by line cost reduction

Cash Management:

- Working capital
- Capital expenditure

Challenges:

Managing timing of FBUnite costs and investment relative to expected returns

Strong NZ$ and A$ impacts on local manufacturing competitiveness

Weakening Australian economy

Priorities

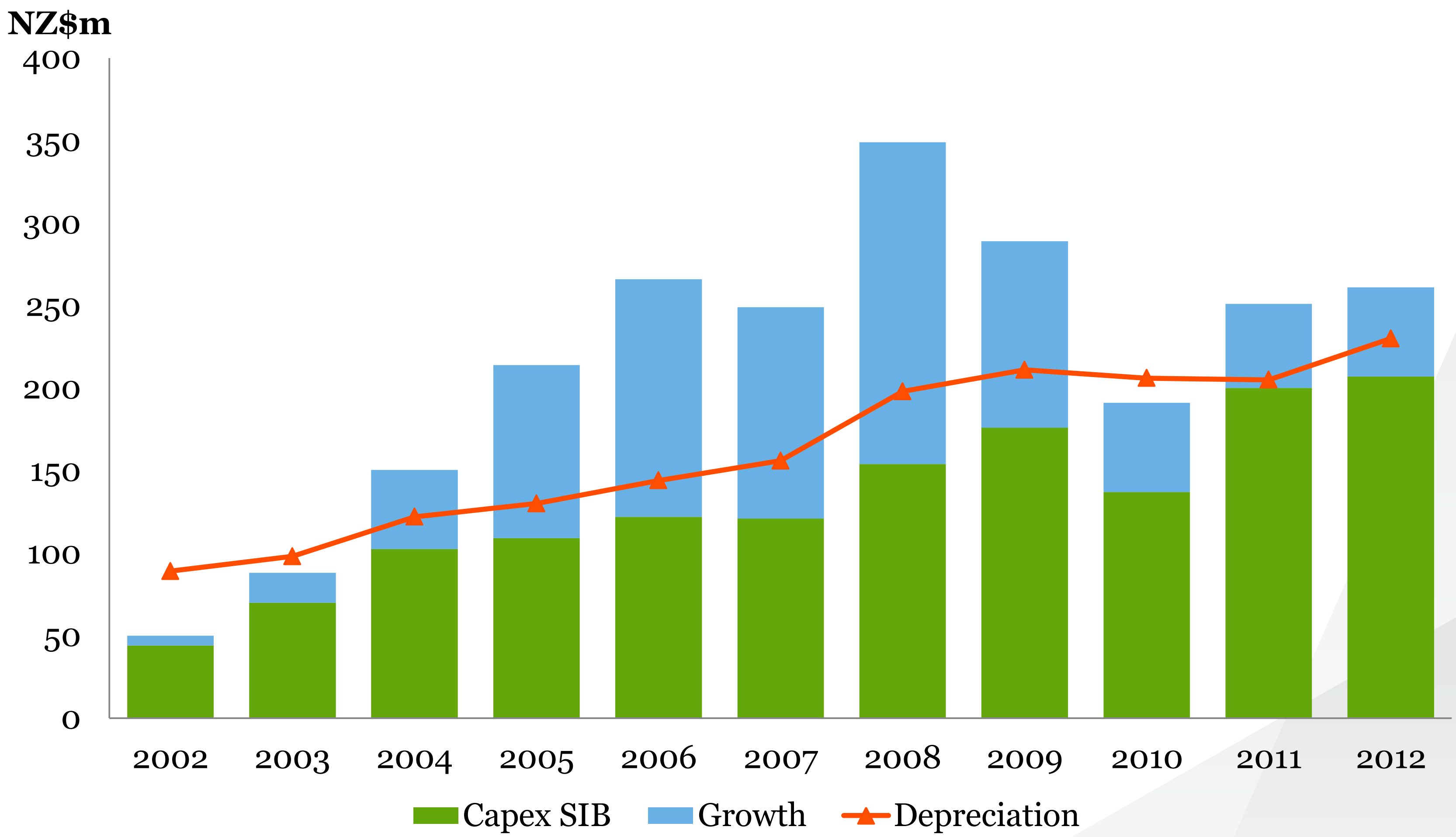
Short term:

- Connect with all Divisional CE's & Finance professionals
- Deep understanding of what drives value in the business
- Expand Group level performance management capability
- Communicate how we add shareholder value to Fletcher Building as a whole
- Focus on Group wide opex
- Materially improve capex prioritisation and forecasting
- Improve control environment (capex, M&A, procurement etc.) via the 'Active Centre'

Medium term:

- Best in class Performance Management & Business Intelligence
- Margin Improvement (improve operating leverage)
- Clear policy on use of free cash flow
- Build a FB-wide finance community (leverage capability)
- Streamline all finance processes

Capex versus depreciation

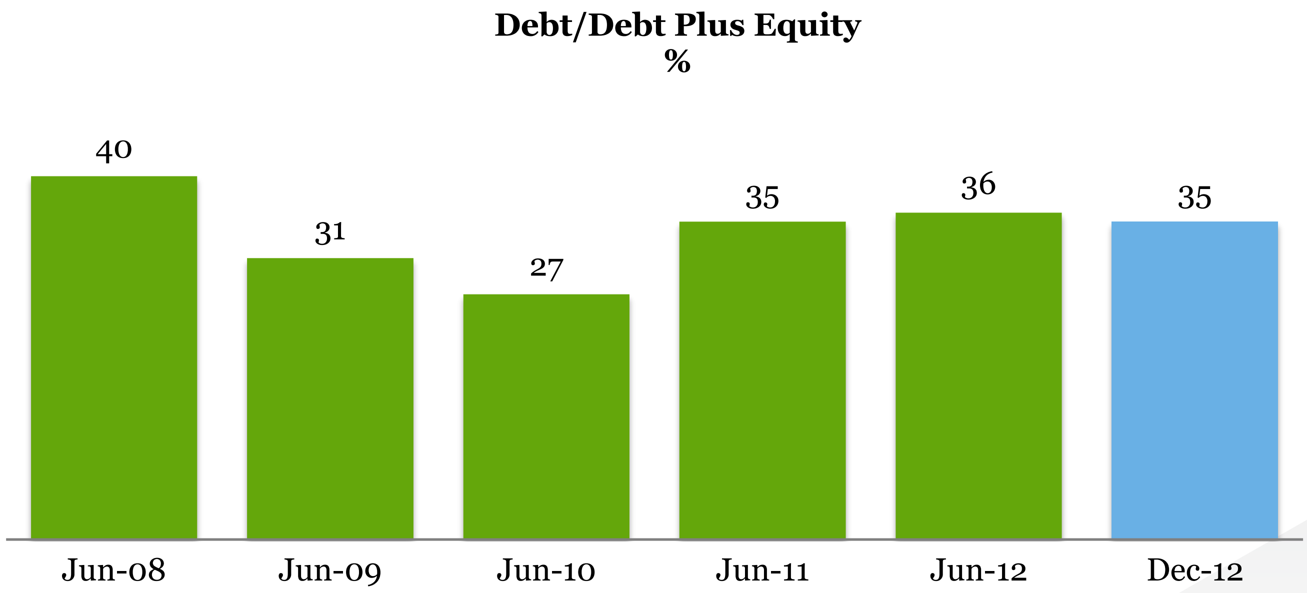


Note: excludes acquisitions

Capital structure

Fletcher Building's current credit metric targets are:

1. Debt/Debt + Equity (book) between 30 to 40%
2. Credit metrics broadly consistent with its BBB+ to BBB investment grade peer group



Maintaining key credit ratios consistent with other investment grade rated entities

Key Credit / Bank Ratios NZ$M	BBB/Baa	Bank Covenants	FY12 Actual
Net Debt/Net Debt + Equity	30-45%		35%
EBIT/Interest	7.00-4.01X	1.75X	3.7X
EBIT/Interest (excl. Capital Notes)		2.75X	4.9X
Net Debt/EBITDA	2.50-3.50X		2.5
Net Debt (excl. Capital Notes)/EBITDA		3.5X	1.9X

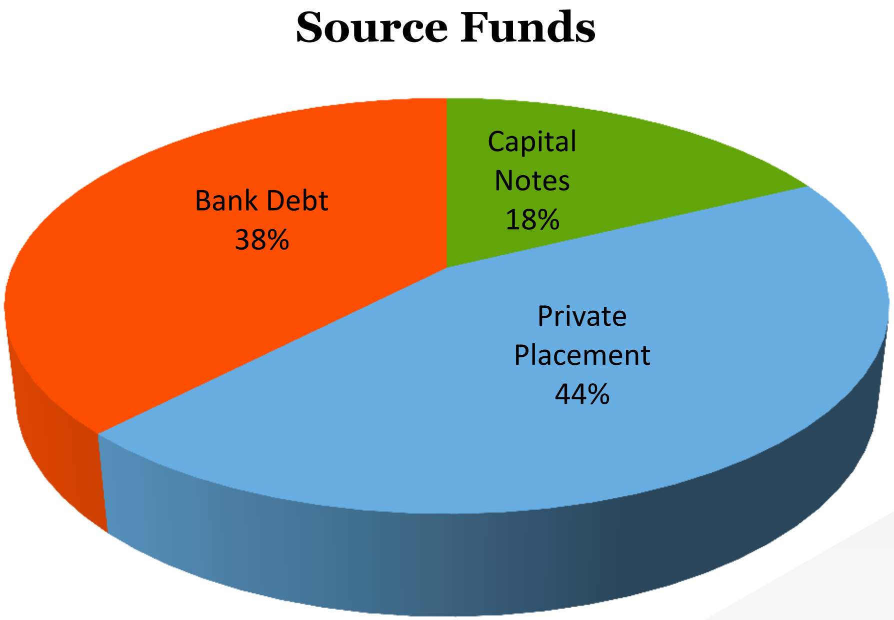
Funding sources

Debt funding is provided through:

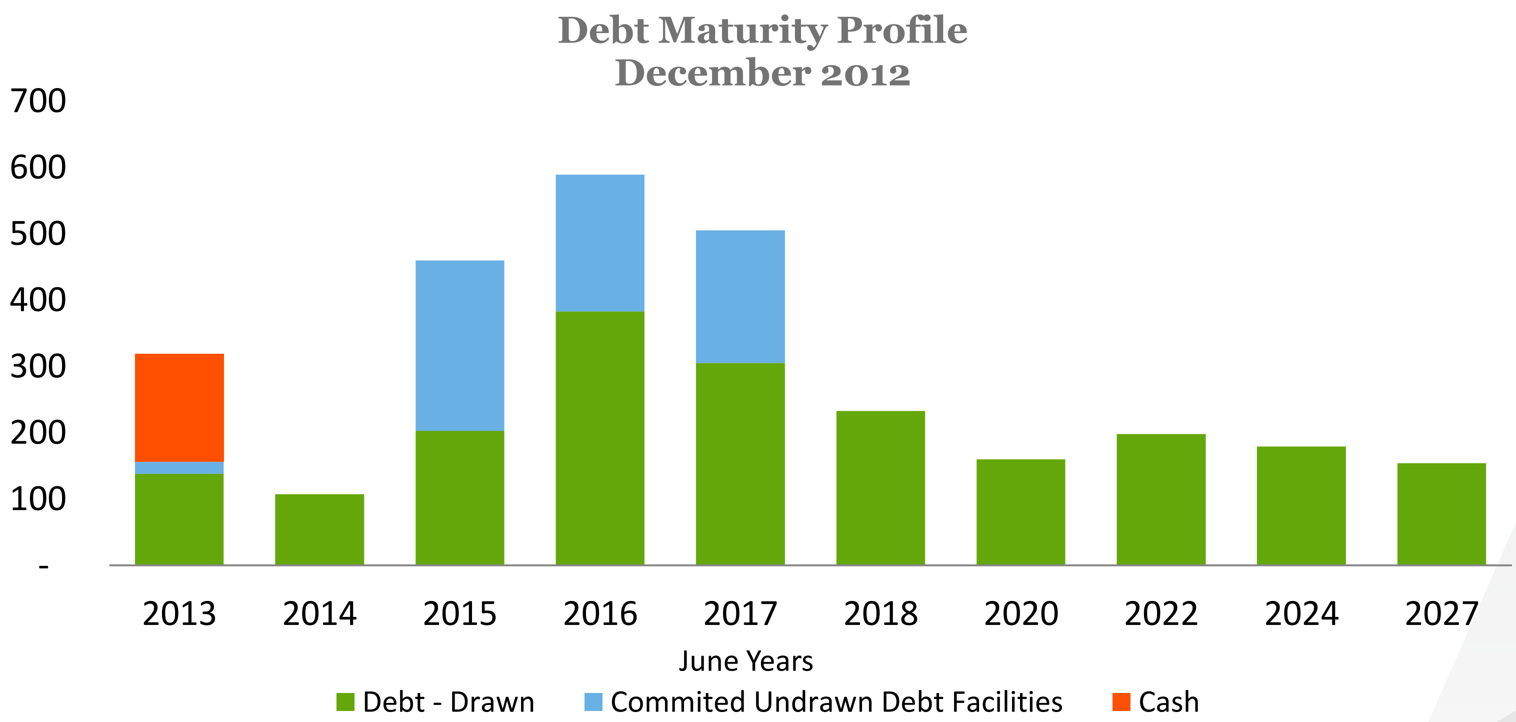
Banking syndicate

Private Placements (US and Japan)

Capital Notes: issued in New Zealand, primarily to retail investors



Current debt profile



Broad spread of maturities minimises refinancing risks; most of the 2013 maturities have been rolled or repaid

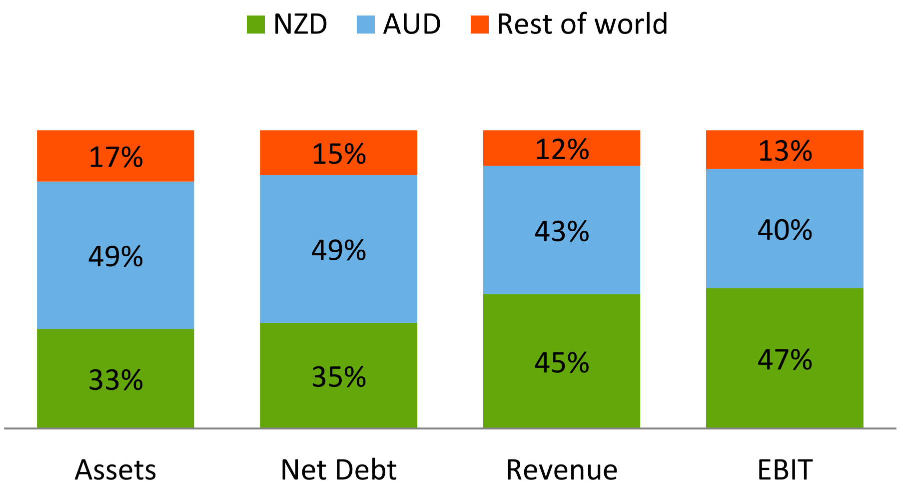
Undrawn credit facility headroom as at 31 December 2012 was $681 million with an additional $163 million of cash on hand

Debt Profile

Currency exposure:

Balance sheet is hedged by borrowing in the same currency mix as the asset base, in proportion to ratio of long term Debt / Debt + Equity

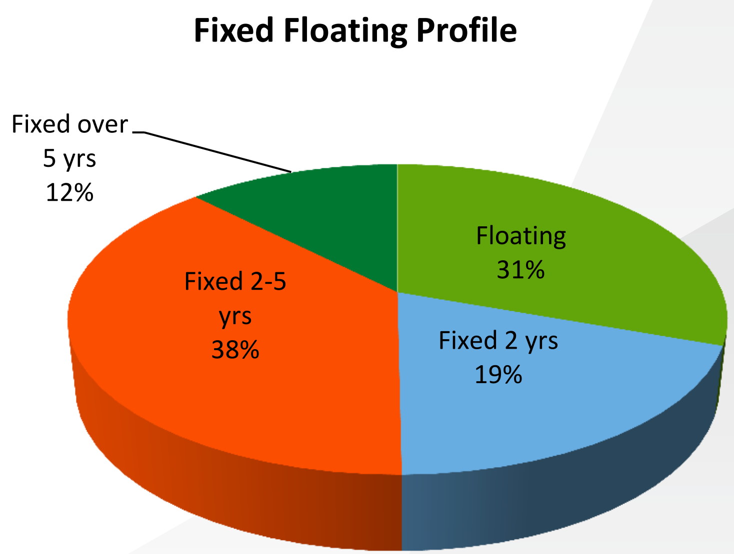
Materially balanced on a long term view by currency



Interest rate exposure:

Approximately 70% of borrowings are fixed with a duration of 3 years

The average interest rates including margins but not fees is 6.7%



Distribution policy

Current dividend guidelines:

Goal is to at least maintain the dividend each year, with the aim that dividends will rise over time commensurate with further earnings growth.

For the next several years anticipated dividend growth rate will be slower than earnings growth in order that the dividend pay-out ratio can return to between 50% to 60% of net earnings.

Beyond dividends, our analysis suggests that the any excess cash generated over time could be utilised for either:

Further debt reduction, and/or

Capital management initiatives, (e.g. on market share buy back)