

Fletcher Building Limited Analysts Presentation



THE **laminex** GROUP

25th March, 2009

Cautionary Statement

This confidential 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 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.

The logo for The Laminex Group is displayed on a horizontal bar with a green-to-blue gradient and a grid pattern. The text "THE laminex GROUP" is written in white, with "laminex" in a larger, lowercase font and "THE" and "GROUP" in smaller, uppercase fonts.

THE laminex GROUP

The Laminates and Panels Division of Fletcher Building Limited is comprised of The Laminex Group and Formica Corporation.

The Laminex Group was acquired by Fletcher Building Limited in November 2002 and subsequently integrated with the existing Scott Panel and Hardware and Fletcher Wood Panels operations.

The Formica Corporation was acquired by Fletcher Building Limited in July 2007.

The Laminex Group and Formica Corporation are operated and managed as separate business units, but jointly responsible for the implementation of Formica acquisition synergies.



Vision

Group Vision

The Laminex Group will be the **innovative market leader** for **decorative surfaces** and related products in our core geographies of Australia and New Zealand.



Safety Vision

Zero Harm

Vision

- Innovative
- Market Leader
- Decorative Focus
- Powerful Integrated Product Offer
- Australia and New Zealand Geography
- Globally Competitive
- Zero Harm

THE laminex GROUP

Leading Brands

THE laminex GROUP

Laminex[®]
Inspire your space

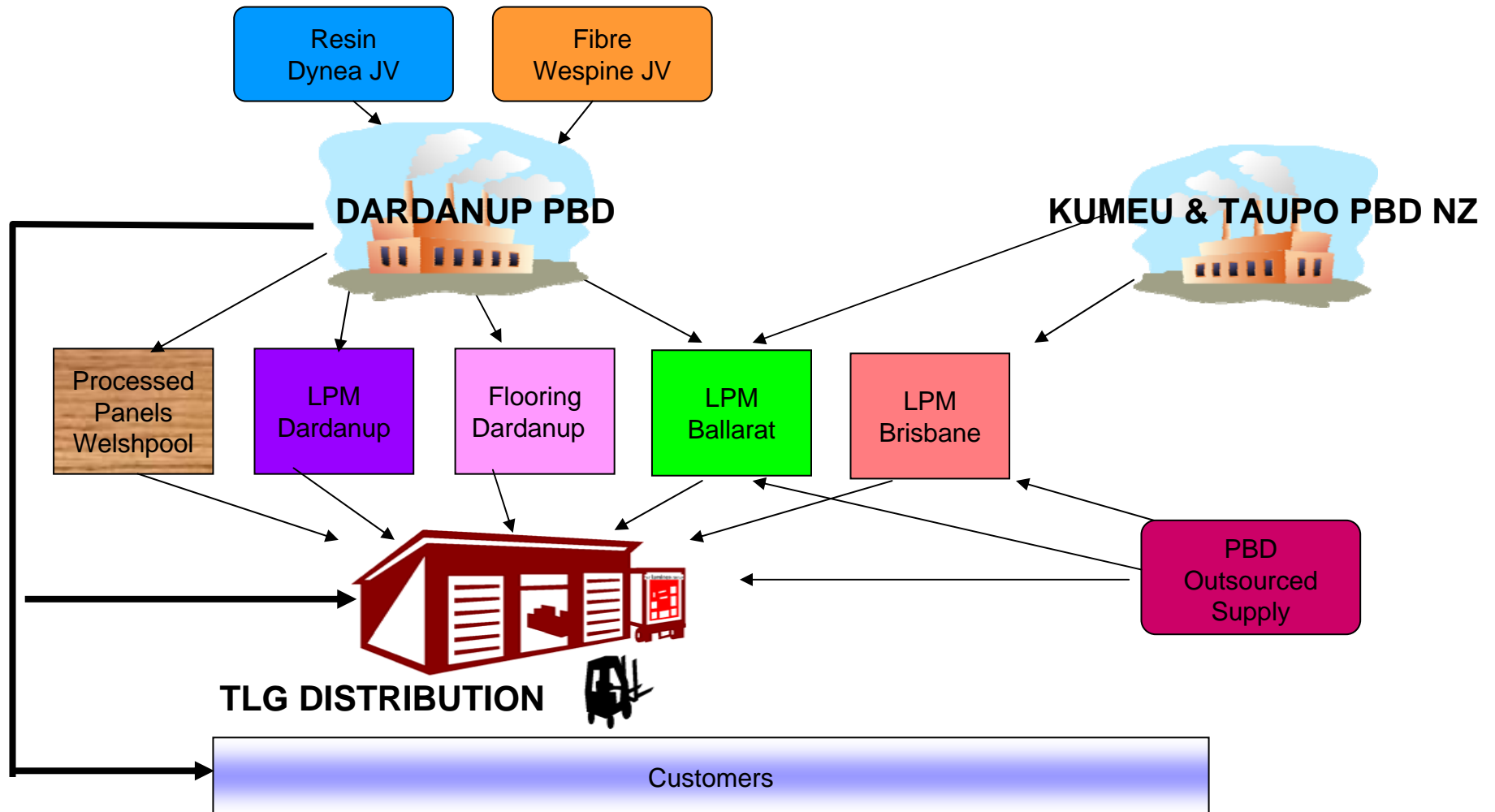


GREEN*first*[™]

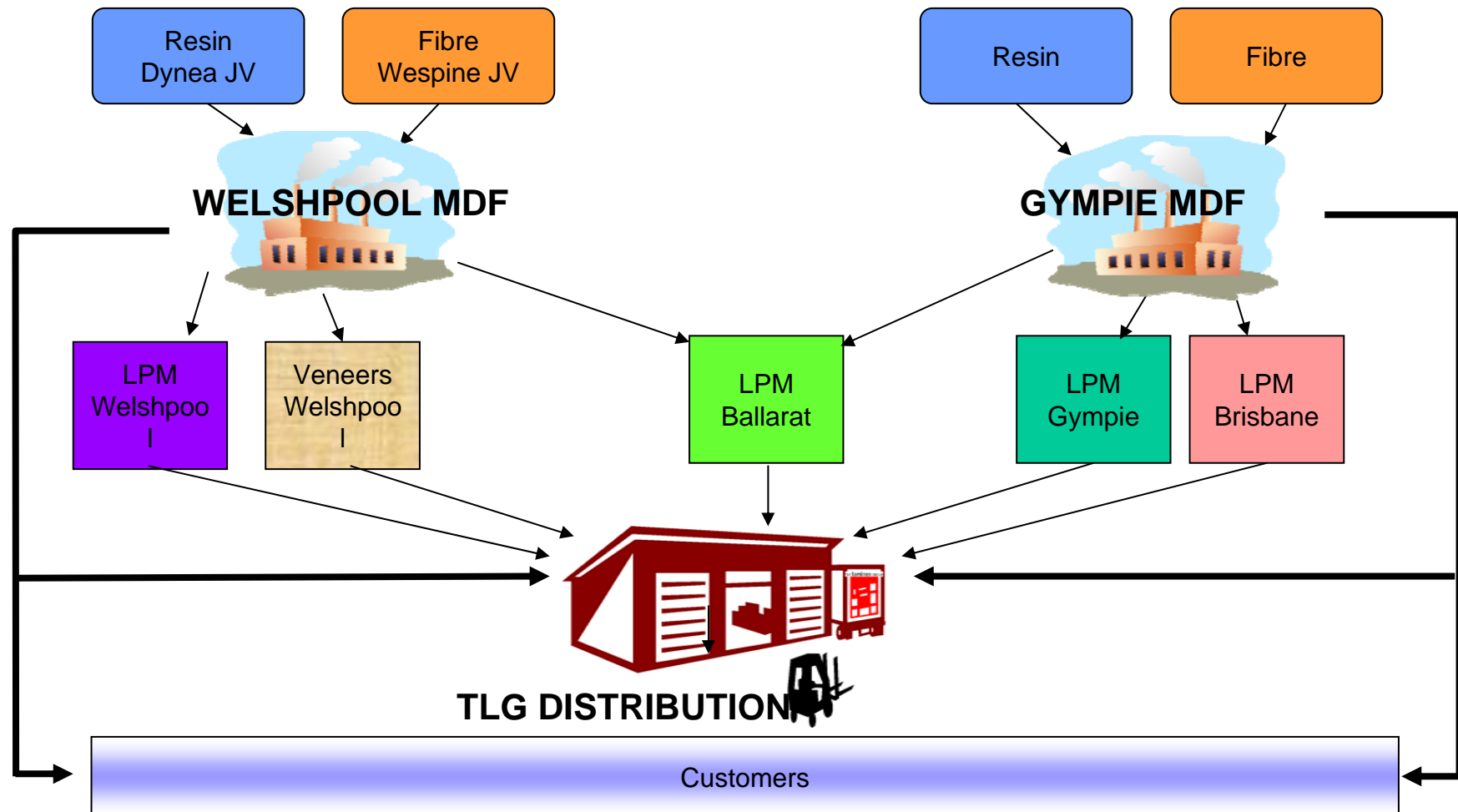
Leading Products



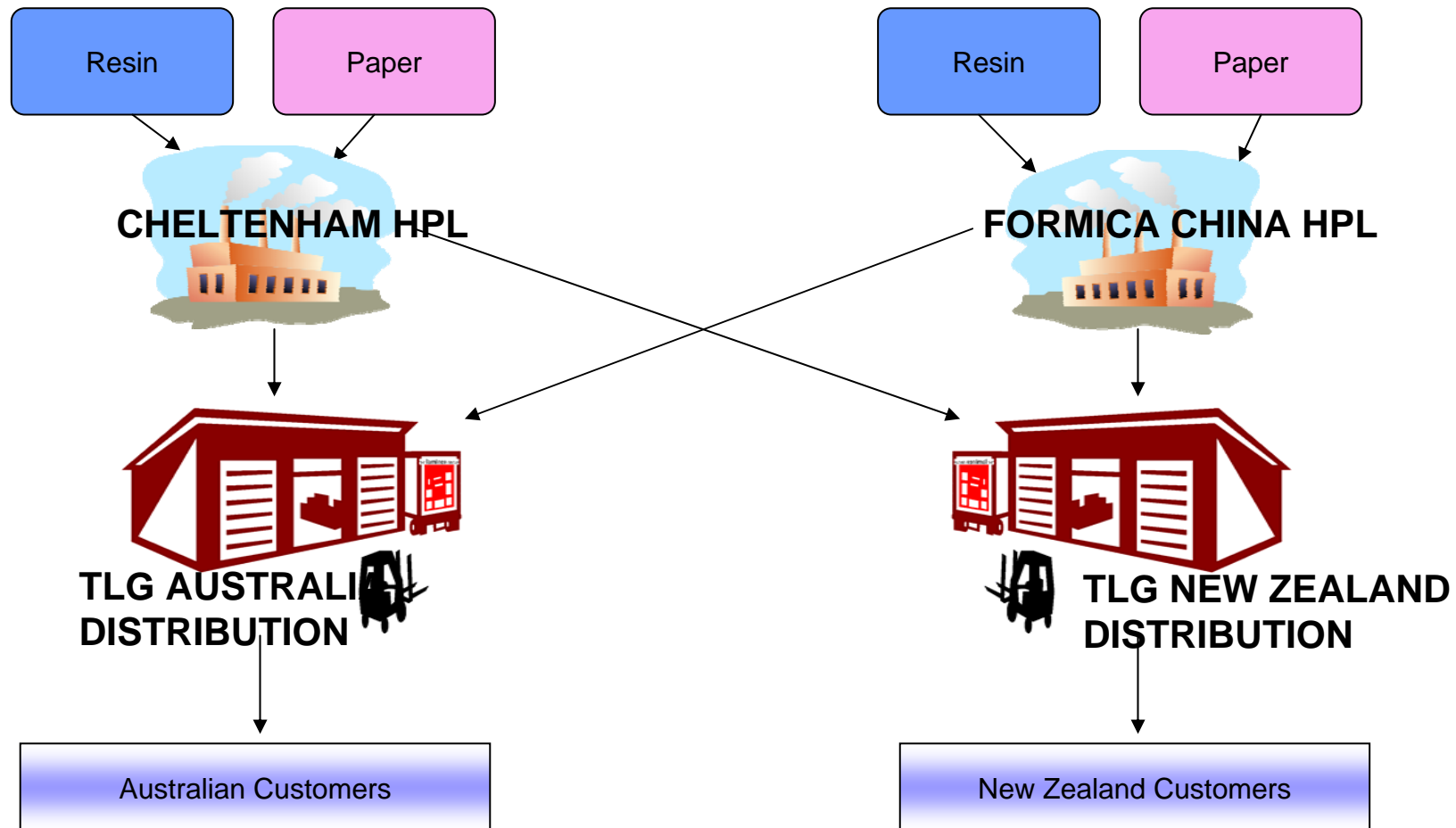
TLG PBD Australia



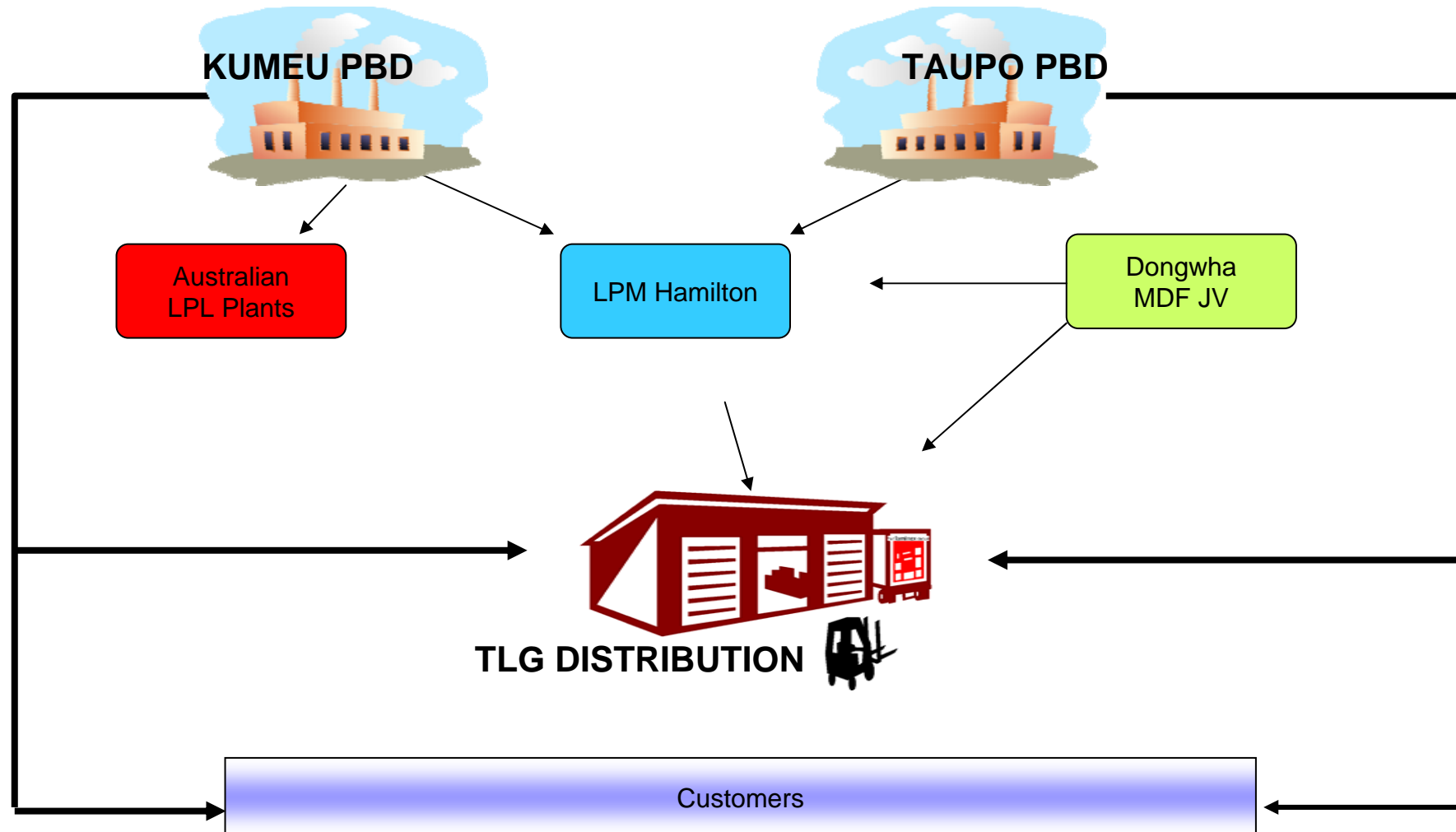
TLG MDF Australia



TLG HPL Australia & New Zealand



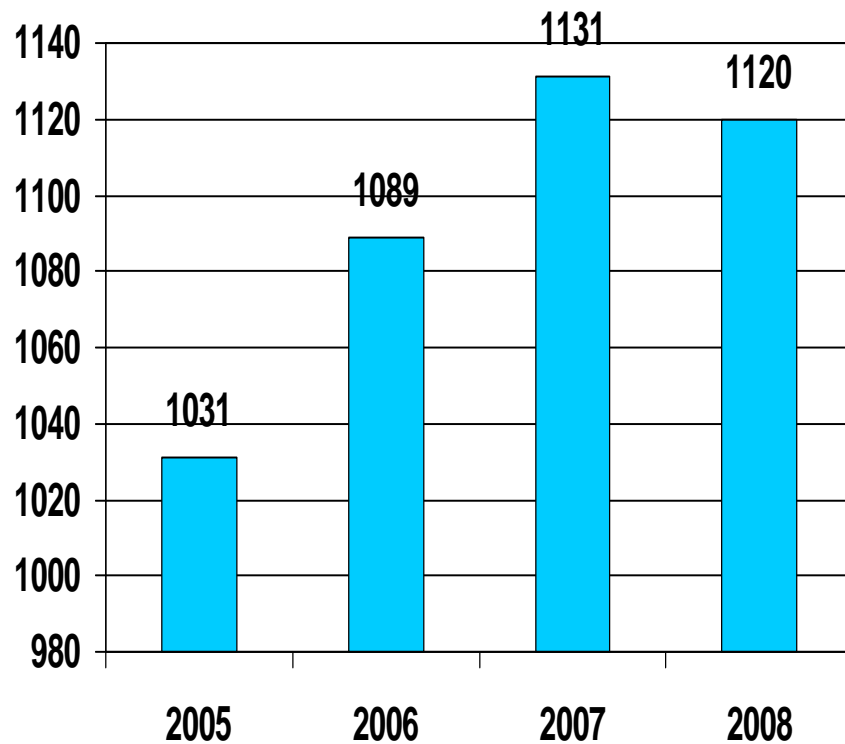
TLG PBD & MDF New Zealand



Strategic Objectives

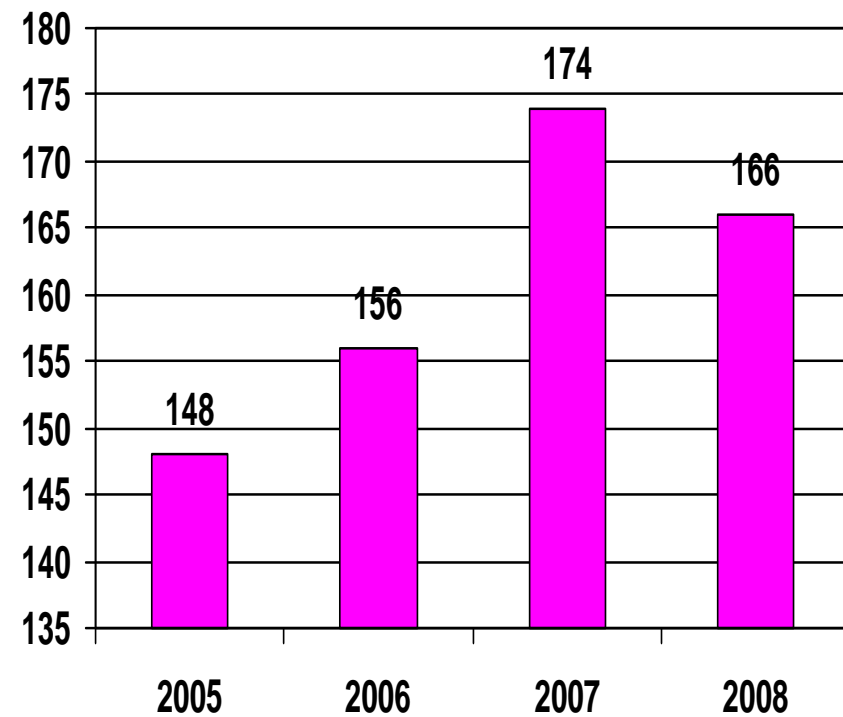
- Market Share
- Manufacturing Capacity Rationalisation
- Distribution Optimisation
 - Value to customer, cost to serve, working capital
- Margin Improvement
 - Pricing policies, SKU/customer rationalisation
- New Product / Segment Development
- Zero Harm

Revenue and EBITDA - NZ\$M



■ 2005 ■ 2006 ■ 2007 ■ 2008

REVENUE

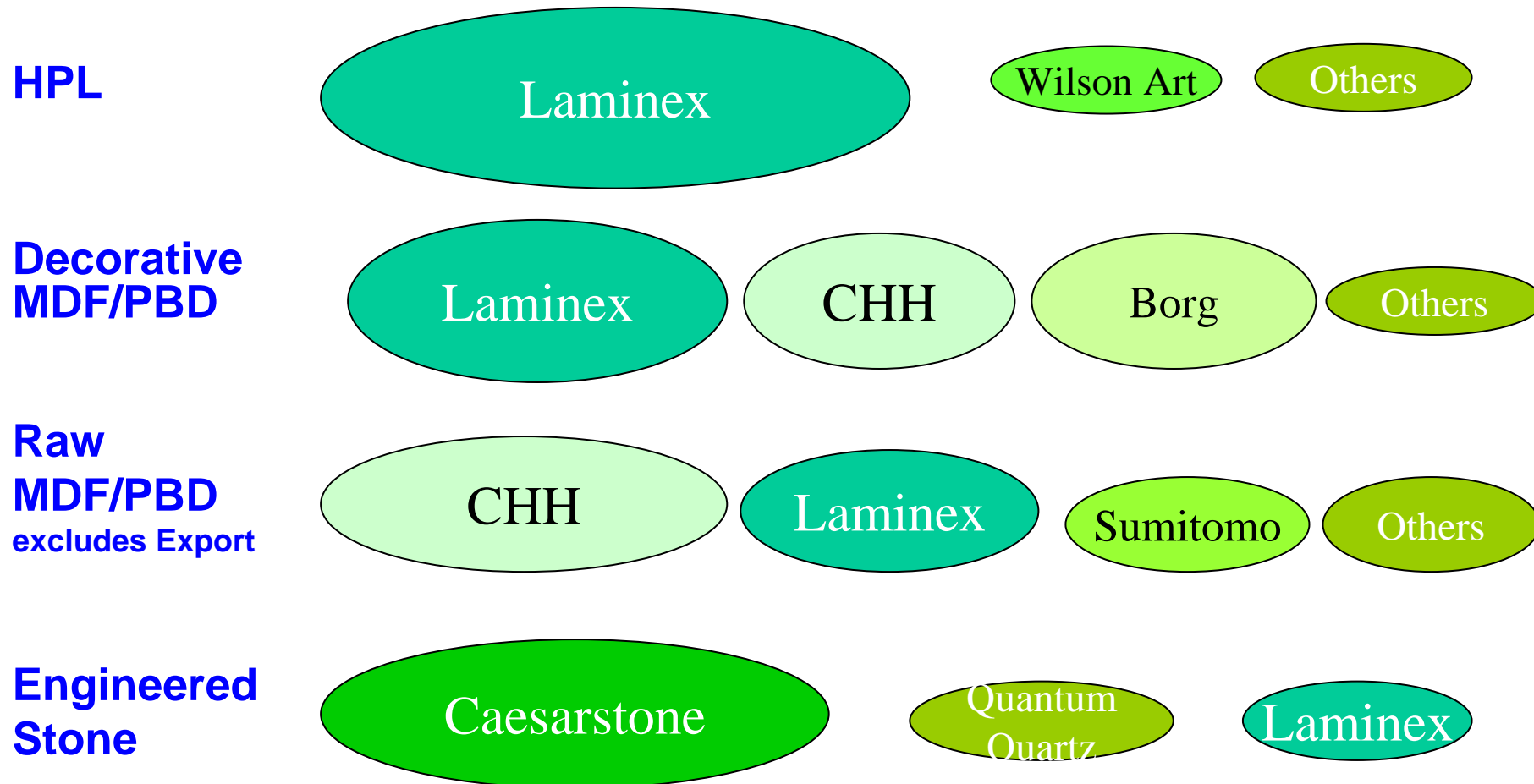


■ 2005 ■ 2006 ■ 2007 ■ 2008

EBITDA

Industry Structure

Laminex relative market position by major product group



Competitive Advantages

- No.1 or No.2 market positions in key product categories
- Integrated decorative product range
- Brand recognition
- Extensive distribution branch network
- Vertically integrated manufacturing facilities
- Joint ventures in some key suppliers
- Long term supply agreements for key raw materials
- Access to Formica Corporation product range and low cost Asian manufacture

Manufacturing



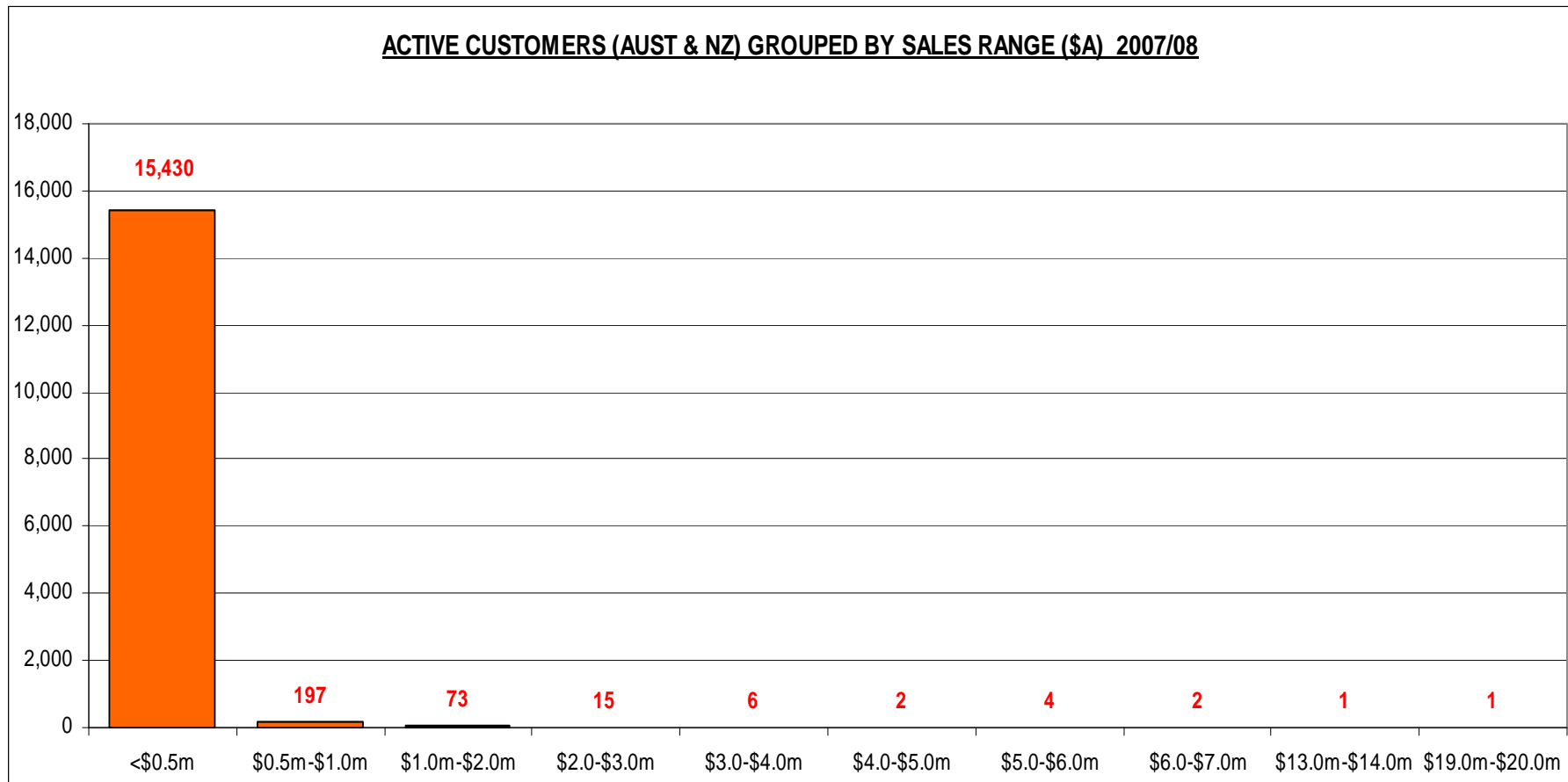
Distribution



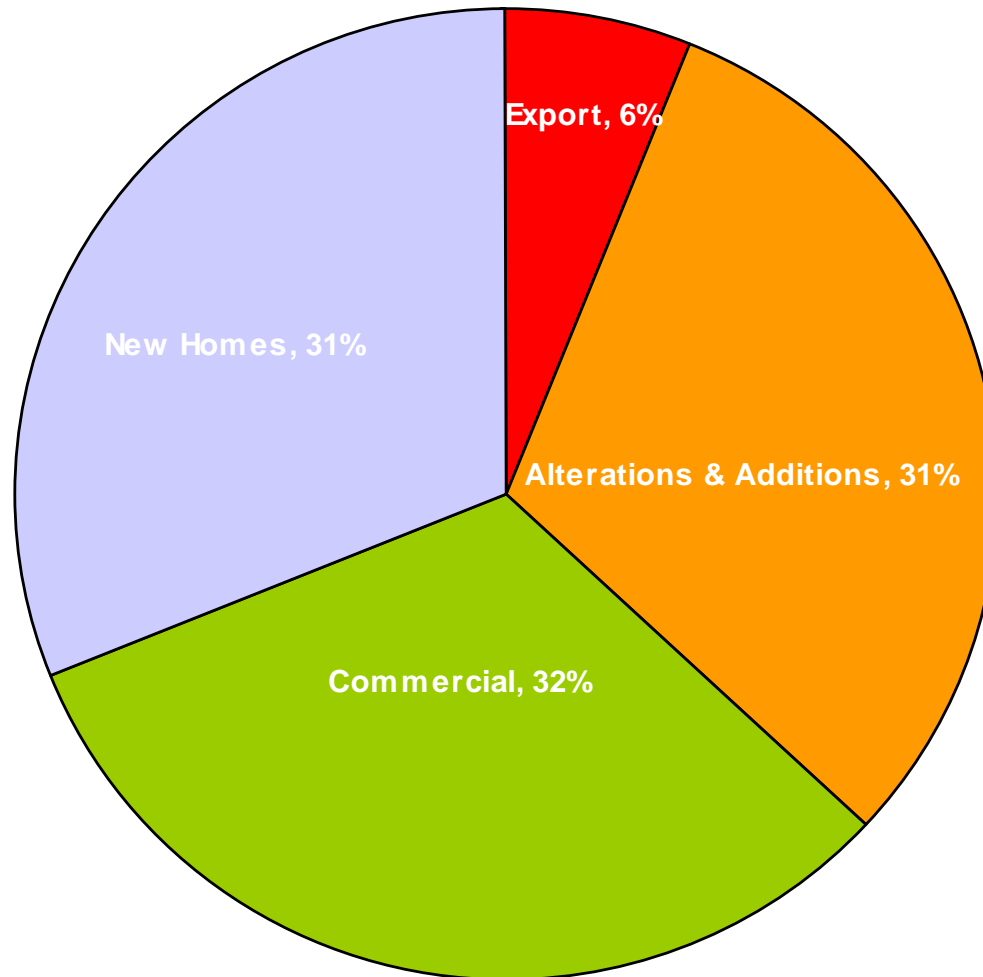
Changing Market Conditions

- Economic downturn
- Declining market
- A large fragmented customer base - some consolidation
- Competitive industry
 - Increasing LPM capacity and competition
 - Large retailers growing their presence with imports
 - Low cost Asian kitchen and furniture
 - New products (Engineered Stone)
- Growing requirement for environmentally sensitive products

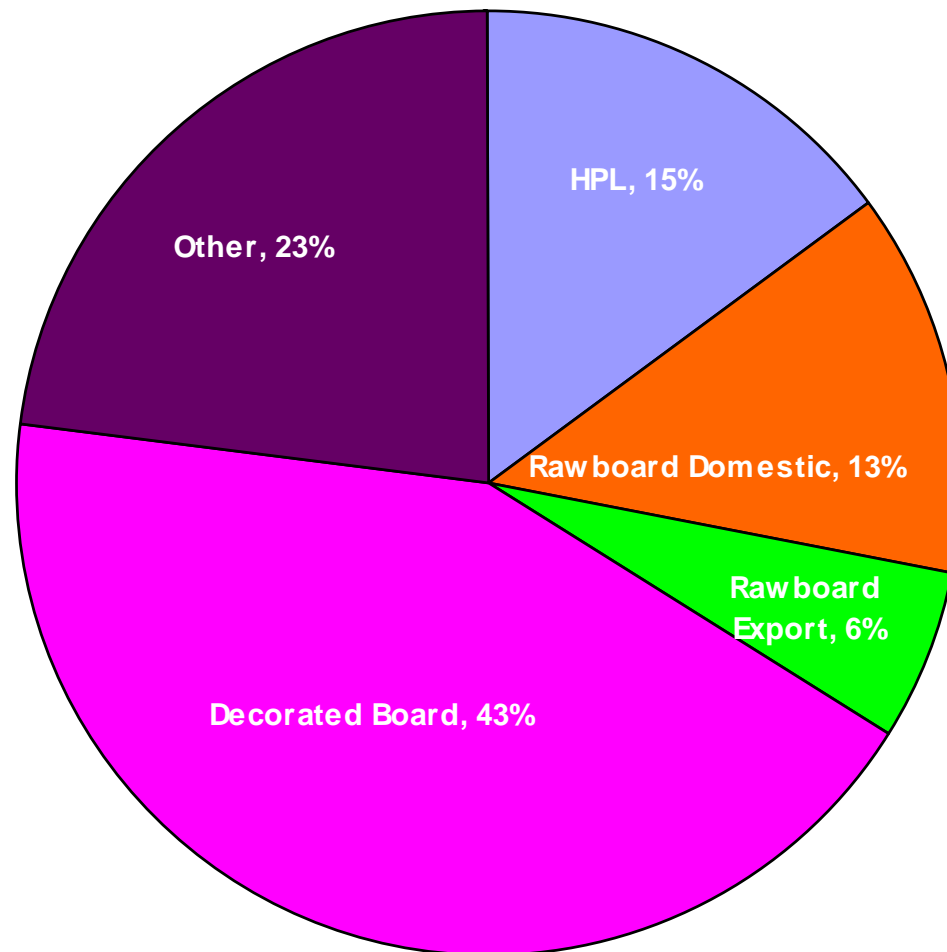
Customer Size



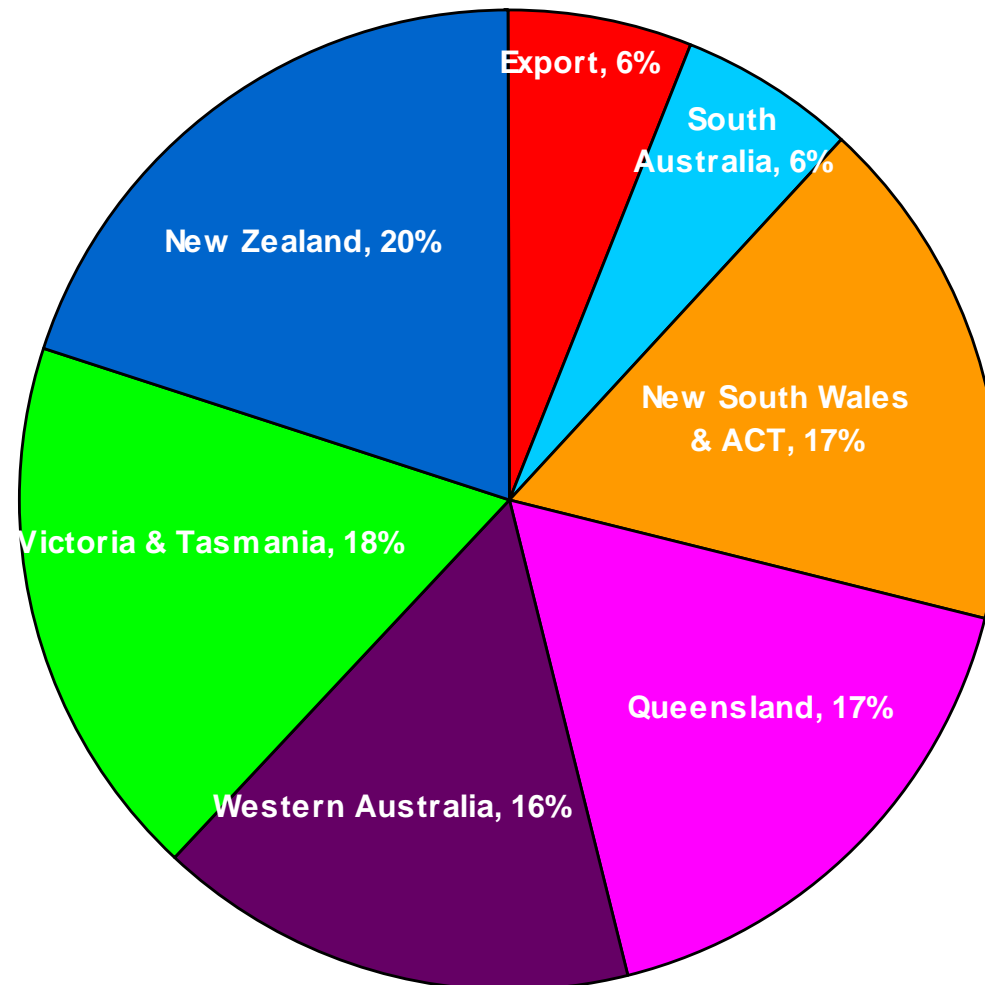
Revenue by Segment 2007/08



Revenue by Product 2007/08

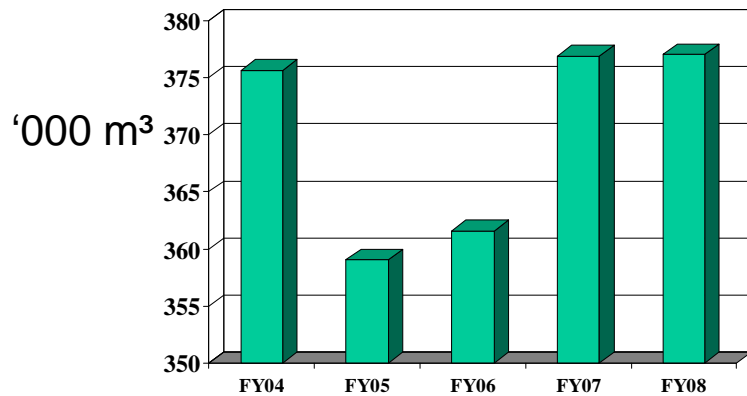


Revenue by Major Region 2007/08



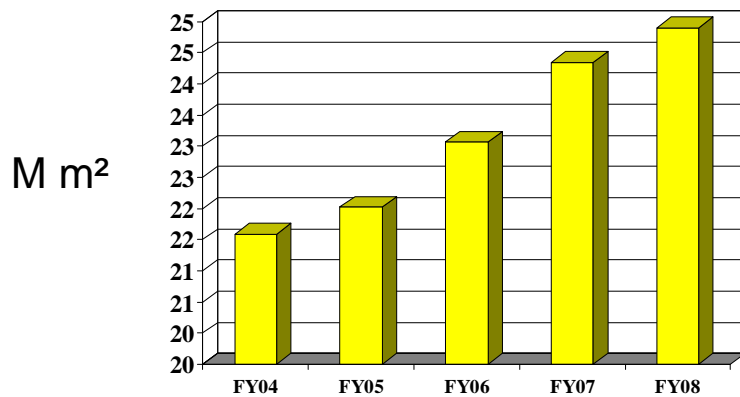
Manufacturing Performance

Medium Density Fibreboard

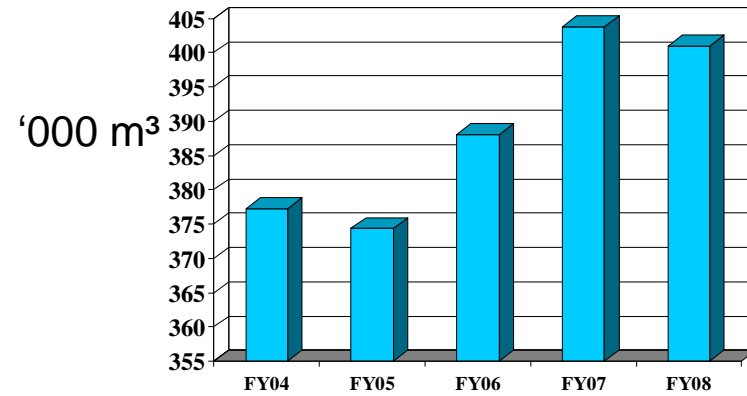


MDF - Excludes Taupo MDF facility

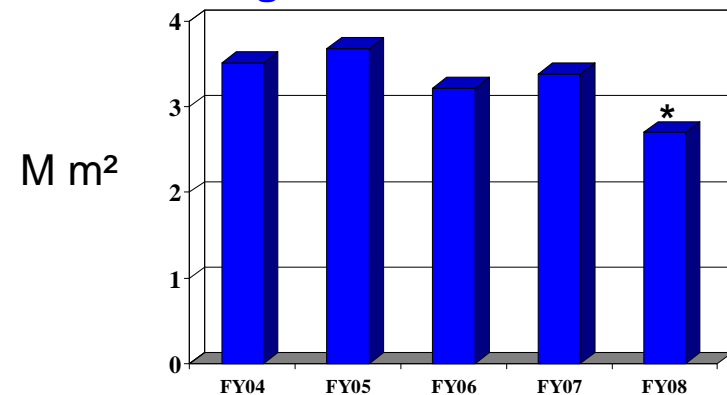
Low Pressure Laminate



Particleboard

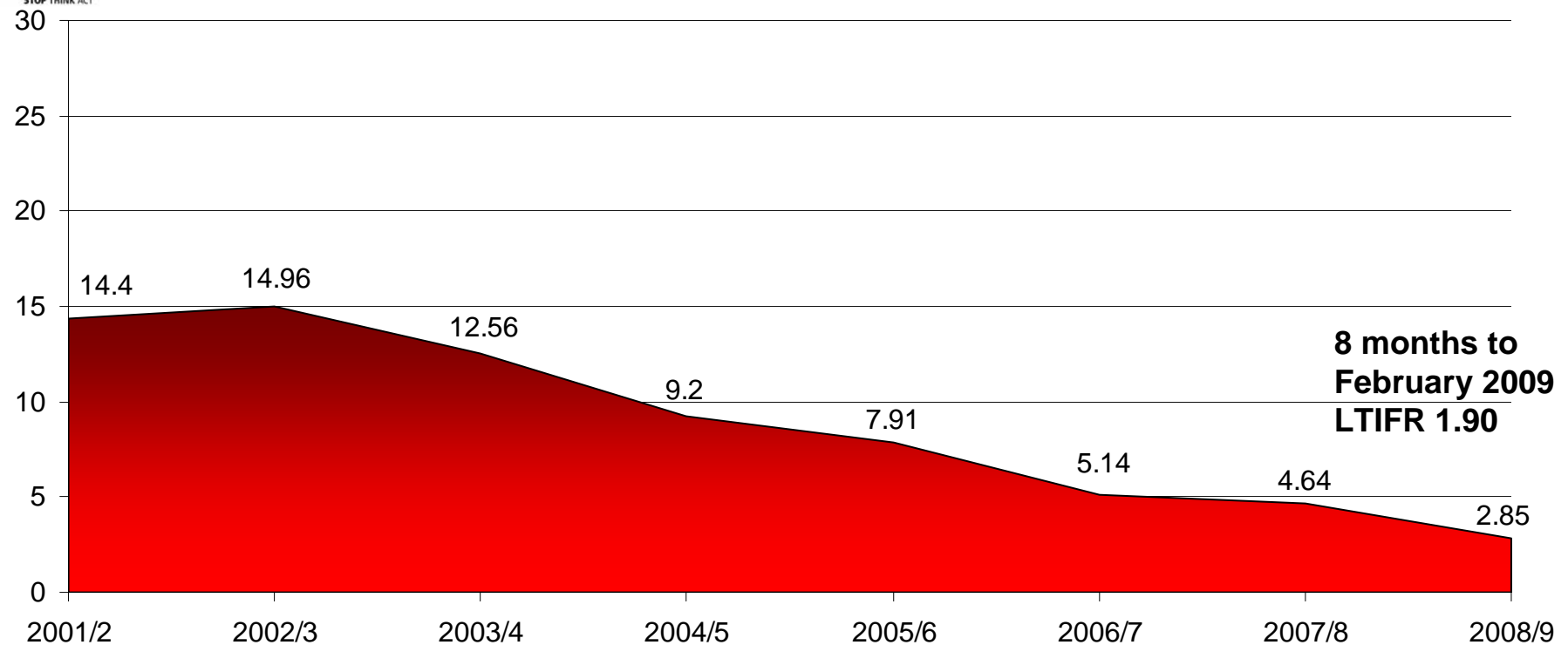


High Pressure Laminate



* HPL exit from Papakura NZ manufacture and source from Formica China

TLG LTIFR 2001/02 - 28th February 2009 (Rolling)



- Zero Harm Philosophy - continuous improvement
- Safety Management System based on ASNZS4801

Capacity Flexibility Economic Downturn

Operational Changes

- PBD - Kumeu 7 to 4 day
- MDF - Welshpool 7 to 4 day
- LPM - Ballarat 7 to 5 day
- HPL - Cheltenham 5 to 4 day
- Benchtops - O'Brien's NZ site rationalisation

Staffing Levels

11% Reduction

- Manufacturing capacity
- Administration rationalisation
- Warehousing efficiencies
- Operational efficiencies

Growth

Significant Formica Related Synergies

HPL Import and Facility Rationalisation

- HPL Formica China imports successfully transitioned
- Key synergy identified at the time of the Formica acquisition
- Papakura (NZ HPL site) closed June 2008
- Cheltenham HPL facility re-structured in January 2008
- Procurement synergies identified
- Opportunities for Formica product range introduction to Laminex

Laminex & Formica Range Rejuvenation

- High pressure and low pressure ranges updated
- Formica July 2008
 - HPL sourced from Formica China
- Laminex September 2008
 - Colour and finish update
 - Capex \$3.5m texture press plates much improved manufacturing process



For **Making it Happen**



Major Investments

Western Australia Branch Upgrades

- Investing A\$4m upgrading the Western Australian branch network
- New consolidated WA Metro DC completed June 2008
- Adjacent to the Welshpool MDF facility, will incorporate WA sales, distribution and administration.
- Continue distribution for product from WA manufacturing to the east coast
- A new sales and distribution branch in Bunbury, July 2008

Major Investments

Gympie Heat Energy Plant (HEP)

- Investing A\$15m in a new HEP and cyclone
- Commissioned in May 2008
- Eliminates significant business interruption risk
- Allows for future capacity expansion



Major Investments

Dardanup - Wood Processing

- Capex \$2.6m
- Reduced fibre cost
- Improves plantation saw log yields and benefits Wespine JV

Dardanup - Drier

- Capex \$16m
- Significant improvement achieved in environmental and production performance
- 64% reduction in energy costs

Major Investments

Ballarat Doors /Componentry

- Relocation / rationalise production
- Capex \$8m
 - Powder Coated Doors and Panels - new products
 - Laminated Doors - improved product
 - Upgraded manufacturing equipment - efficiencies
- To be commissioned March / April 2009
- Growth opportunities in doors and componentry product ranges in which we have low market share



UV Oven

Major Investments

Gympie Operational Sustainability

- Capex \$5.3m
- Major improvements / replacements to sustain ongoing operations
- Support ability to increase MDF capacity by 6% with capex @ A\$6m



Drier cyclones form a prominent part of the Gympie skyline.

Growth Product Opportunities

- Chemical Resistant Laminate
- Engineered Stone : Essa Stone
- Solid Surface Benchttop Material
- Gloss LPM range
- Splashbacks
- Greenfirst product range
- Kitchen Doors and Componentry Panels
- Plywood
- Veneers



THE **laminex** GROUP

Thank you