



Presentation to Citi Australasian Investment Conference

Jonathan Ling - Chief Executive Officer
26 October 2010



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 August 2010 full year results announcement, are all available on the company's website and contain additional information about matters which could cause Fletcher Building's performance to differ from any forward looking statements in this presentation. Please read this presentation in the wider context of material previously published by Fletcher Building.



Agenda

- Company and Market Overview
- Strategy
- Financial Results
- New Zealand Market Update
- Outlook
- Appendix:
 - additional information

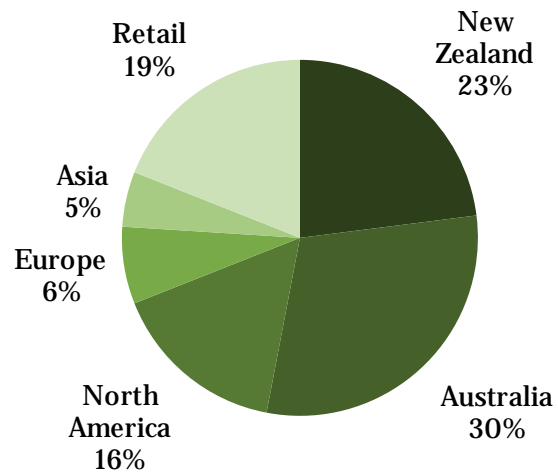


Company and Market Overview



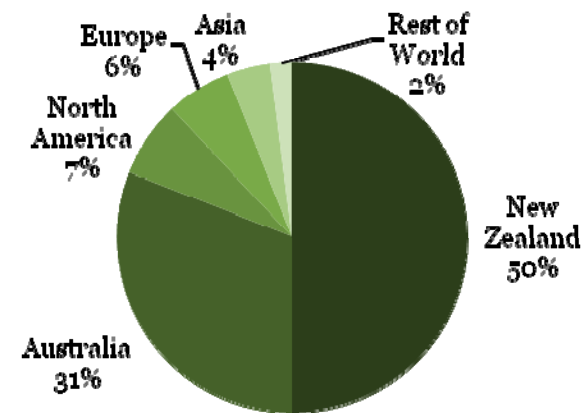
Fletcher Building at a glance

- Revenue - year to 30 June 2010: NZ\$6,799 million
- Market Capitalisation NZ\$5.1 billion
Ranked # 1 on NZX
62 on ASX
- Employees: 16,000
- Listed on NZ and Australian Stock Exchanges
- Shareholders:



AS at 30 June 2010

Revenues:



** Year ended 30 June 2010*



Market leading businesses



Building
Products

**Plasterboard
Insulation
Roof Tiles
Single Businesses:**

- Aluminium
- Sinkware

Revenue-12%



Distribution

**Building Materials
Distribution**

- 62 PlaceMakers stores

Revenue-13%



Infrastructure

Construction

Concrete:

- Cement
- Readymix
- Aggregates
- Concrete Products
- Concrete Pipes and Quarries

Revenue-30%



Laminates
& Panels

The Laminex Group

- MDF
- Particleboard
- LPM
- HPL

Formica

- HPL

Revenue-28%



Steel

Coated Steel

Long Steel:

- Reinforcing bar, mesh and wire
- Scrap

Distribution

Revenue-17%

* Revenue contribution for 12 months ended 30 June 2010



Geographic exposure to end markets

Summary	Residential	Commercial	Infrastructure	Total
New Zealand	51%	25%	24%	100%
Australia	57%	30%	13%	100%
Rest of World	49%	51%	0	100%
Total Group	53%	29%	18%	100%

Based on 2010 EBIT



Strategy



Strategy

Longer term strategy continues to be:

- improve earnings reliability
- maintain and improve internal capabilities
 - increased focus on growth oriented capex
 - business transformation initiatives
- pursue acquisition opportunities where these meet key investment criteria, with a focus on extending current lines of business.

Our aspirations by geography:

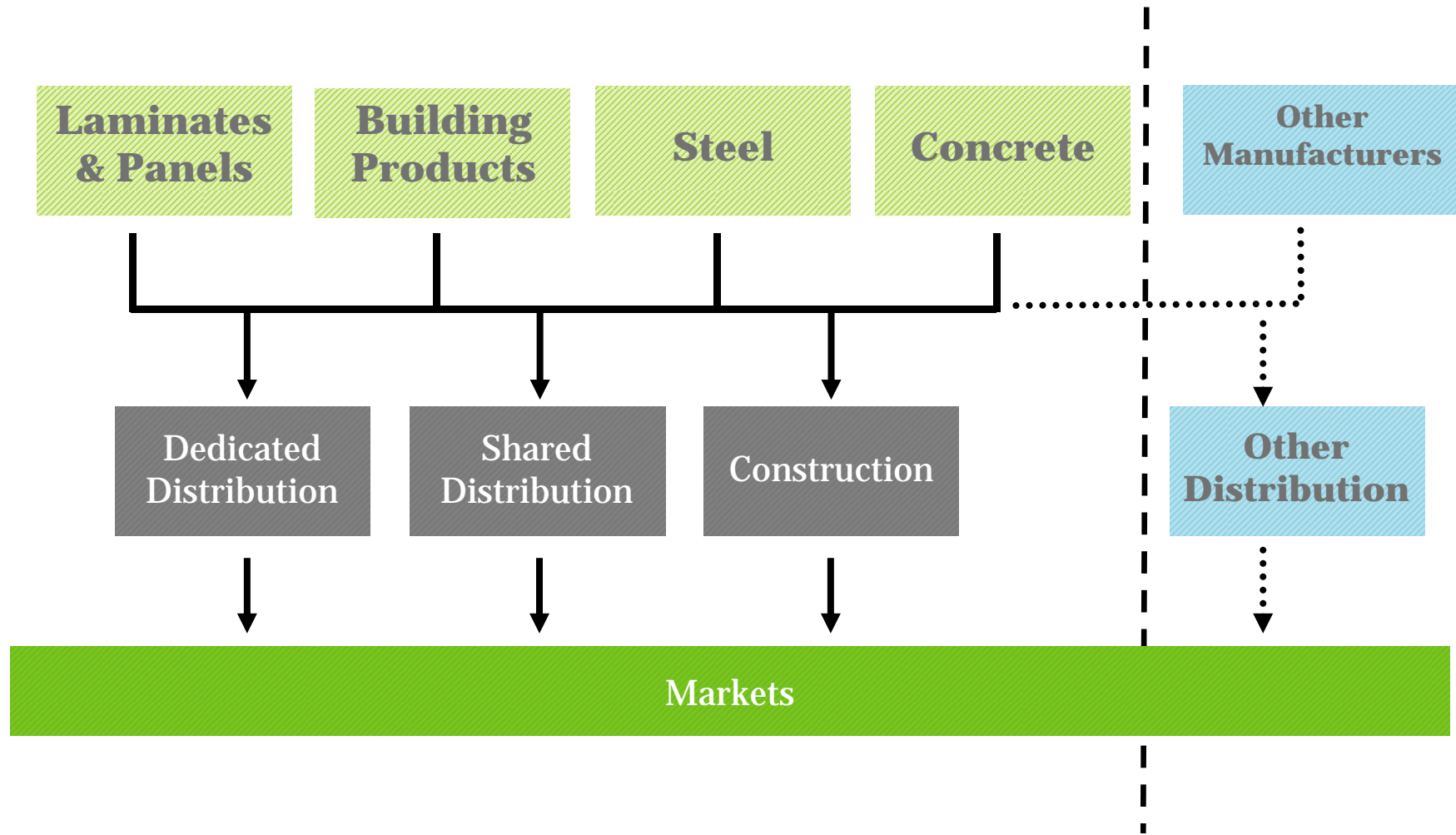
New Zealand Maintain and extend domestic businesses, strengthen channels to market.

Australia Create the leading Australasian building products and construction materials business by establishing strong market positions.

International Develop existing operations into the world's leading laminates and panels business.



Fletcher Building has a vertically integrated value chain



Financial Results



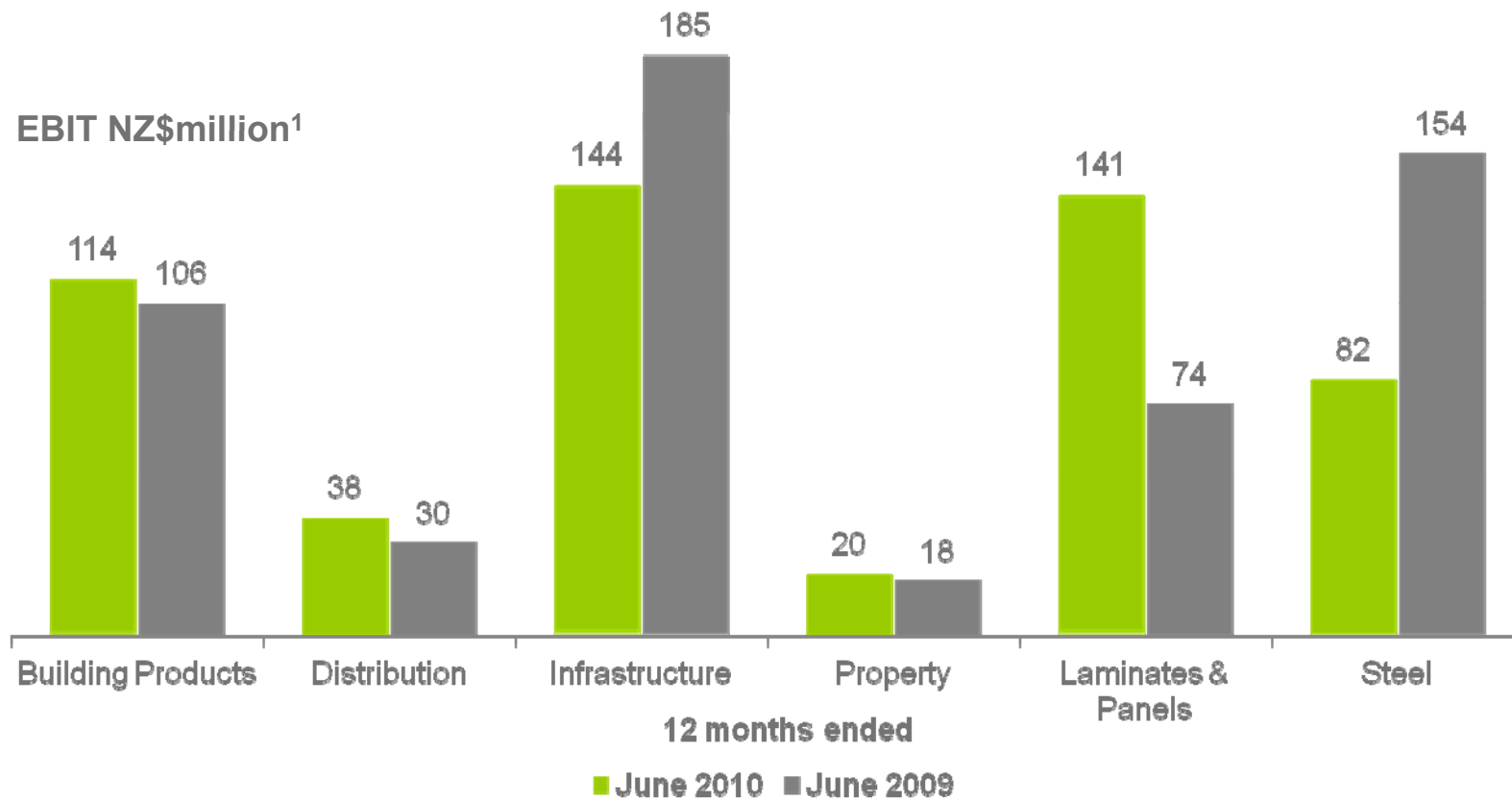
2010 annual results summary

NZ\$m	June 2010 12 months	June 2009 12 months	% Change
Sales	6,799	7,103	-4
EBITDA ¹	727	769	-5
EBIT ¹	521	558	-7
Net earnings ¹	301	314	-4
Unusual items after tax	-29	-360	
Net earnings	272	-46	
EPS – cps ¹	49.7	59.7	-17
Dividend - cps	29	38	-24

1. *EBITDA, EBIT, Net Earnings and EPS all before Unusual Items*



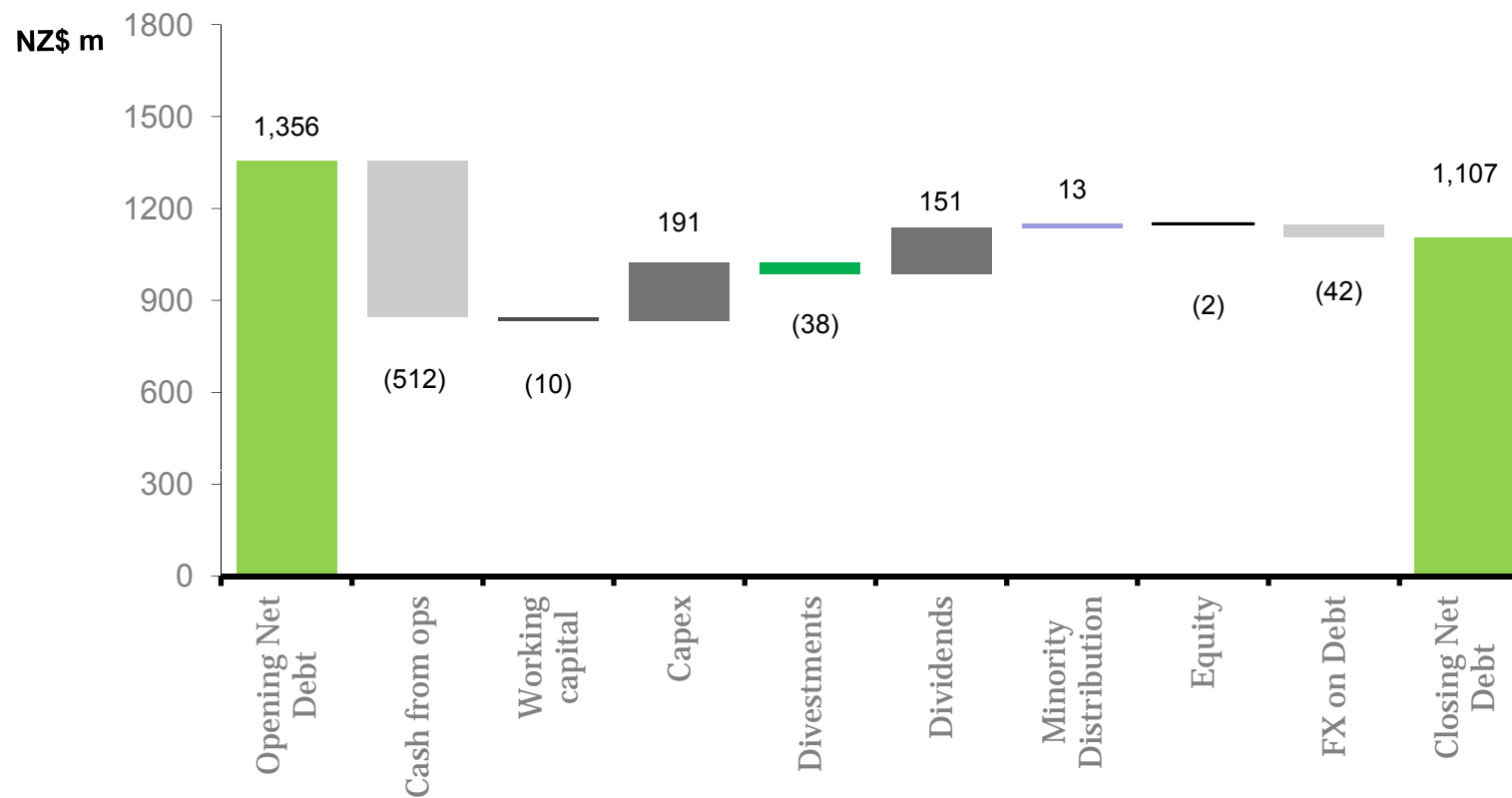
Strong earnings recovery in Laminates & Panels, lower volumes in Infrastructure and Steel impacted earnings



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

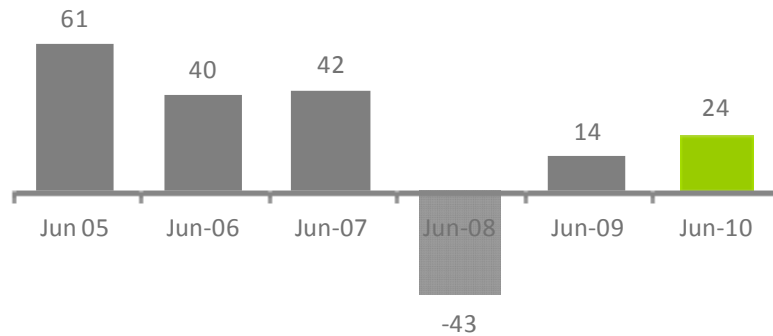


Net debt levels reduced in FY2010

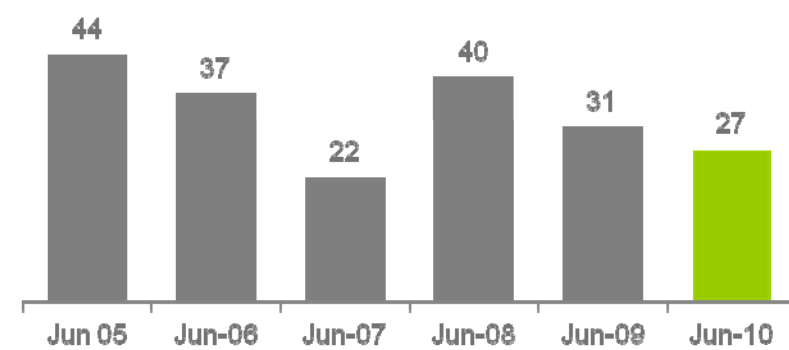


Key Ratios

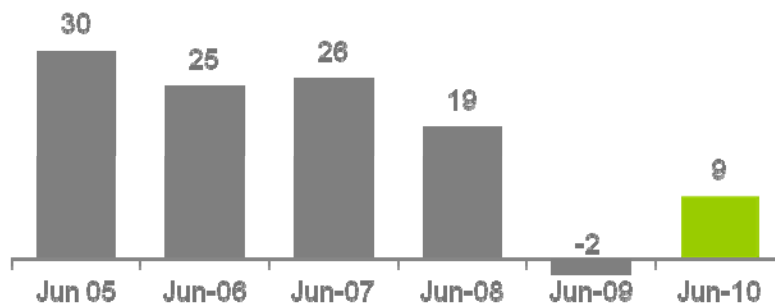
Total Shareholder Return (TSR) Percentage



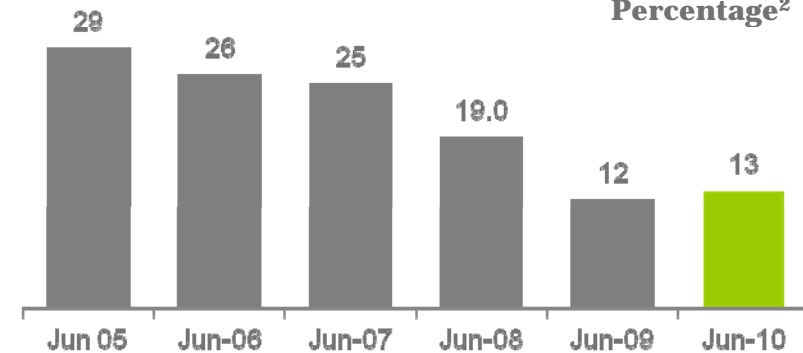
Debt/Debt Plus Equity Percentage



Return on Average Equity Percentage¹



Return on Average Funds Percentage²

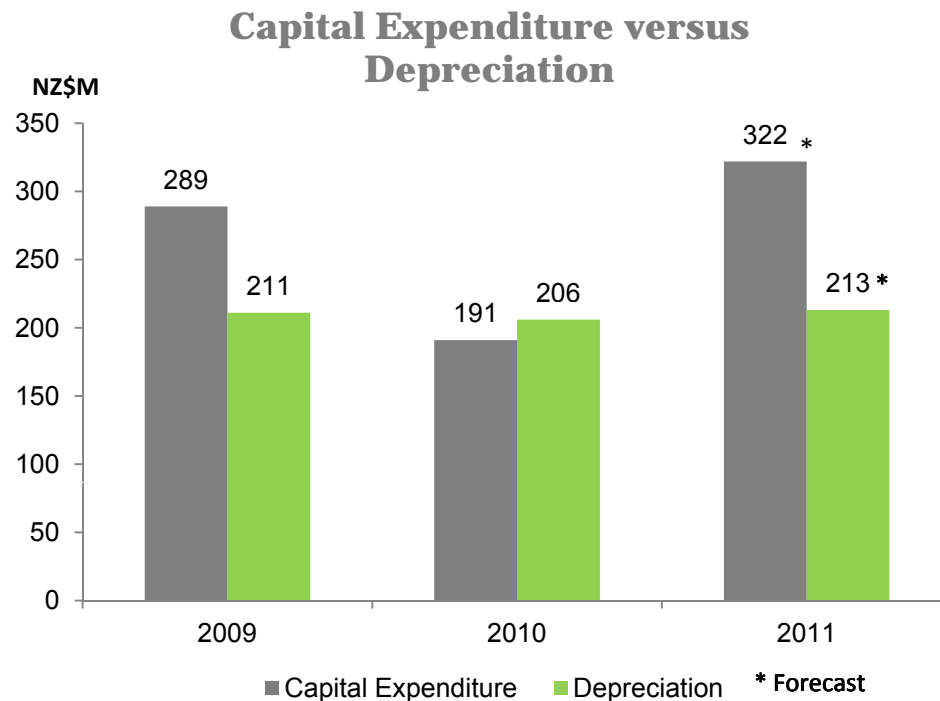


1. Net earnings / average equity

2. Earnings before interest, tax, and unusual items / average funds



Capital expenditure – focus shifting to growth-orientated initiatives



- Stay-in-business capex approx 60% of depreciation.
- Growth capex includes acquisitions:
 - ACP acquisition already completed
- Other growth capex:
 - Laminex MDF plant upgrade
 - New construction materials recycling plant
 - PlaceMakers store expansion



NZ Update: Residential market

- Approvals currently running at approx. 16,000 per annum vs. 15 year average of 23,700
 - Apartment consents are running at 15 year lows, down 45%
 - Single dwelling consents are up 28%*
- Alterations and additions are up 2.8% after 2 years of decline*
 - “Leaky home” remediation expected to positively impact this trend
- House prices to disposable income 4.9x versus 3.2x long run average
- Debt serviceability is unchanged in real terms since 1990 due to:
 - Lower mortgage interest rates
 - Real wage earnings growth

* 12 months to 31 August 2010



NZ Update: Impact of Christchurch earthquake

- All FBU Christchurch based businesses are back up and running
- Trading in Christchurch has been quiet while repairs are assessed and insurance claims are lodged
- No significant impact on trading result is expected in the first half of FY2011
- Residential rebuilding activity expected to accelerate in second half of FY2011
- Fletcher Construction selected to manage the Earthquake Commission's project management office.
- Commercial and infrastructure repairs expected to be undertaken over a longer time frame



NZ Update: Watertightness – fixing “leaky homes”

- PWC report to government of March 2010 estimated 22,000 to 89,000 dwellings affected
- Consensus forecast is 42,000 dwellings require repair, at a total cost of \$11.3 billion
 - 10 years for complete remediation
- New scheme proposed from first quarter of 2011:
 - Government to pay 25% cost of repair
 - Local council to pay 25% cost of repair
 - Home owner to pay remaining 50%, but supported by government guarantee of associated bank borrowing



NZ Update: Commercial Activity

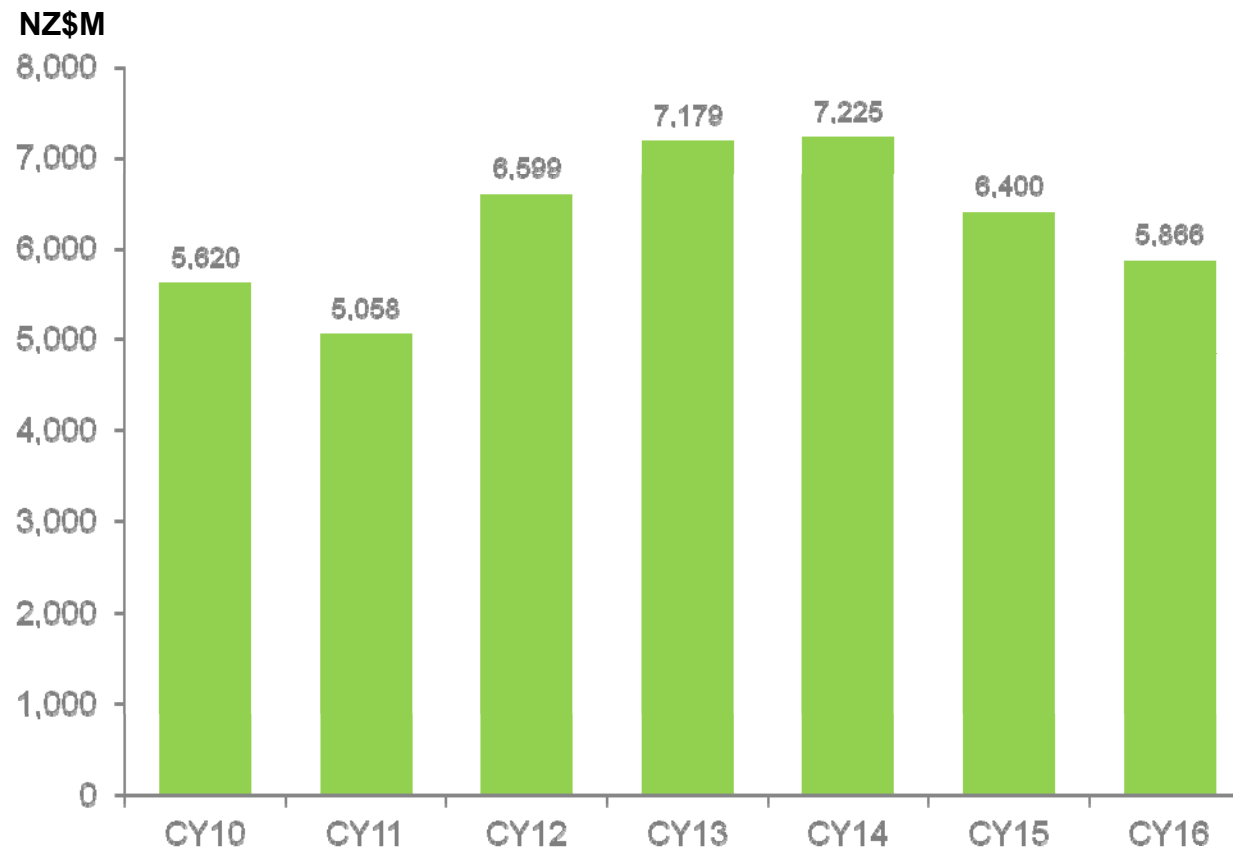
- Activity levels in the non-residential sector are at their lowest levels since early 2004*
- Value of non-residential consents to August 2010 \$3.97 billion, down 21.8% on prior year
- Shortage of development finance is hampering sector recovery
- Biggest falls have been in office buildings, storage and warehouses
- Continued growth in government-funded work – health, cultural and education facilities
- Government funded infrastructure pipeline remains robust

* Source: Dept of Building and Housing



NZ Update: Infrastructure Outlook

National Infrastructure Plan: CY10 to CY16



Source: National Infrastructure Plan March 2010



Outlook



Outlook 2011

Caution required in formulating outlook for 2011:

New Zealand:

- Slow and gradual continuing recovery in residential building activity.
- Commercial construction activity expected to remain at very low levels.
- Infrastructure spending likely to dip in 2011 before growing in 2012.

Australia:

- Residential building activity expected to be sustained.
- Commercial likely to remain subdued; infrastructure has had momentum but outlook less certain.

North America and Europe: gradual improvement likely, but timeframes uncertain.

Asia: most markets have reasonable growth prospects.



Appendix: Additional Information



Summary of activity data

Building Consents	June 2010 12 months	June 2009 12 months	June 2008 12 months	10/09 %Mvmt
New Zealand				
- Residential Consents	16,022	14,175	23,261	+13
- Non Res WPIP (\$m)	4,587	5,314	5,067	-14
- Infrastructure WPIP (\$m)	6,303	6,224	5,620	+1
Australia				
<i>Source: Infometrics</i>				
- Residential Consents	166,029	132,968	162,732	+25
- Non Res WPIP (A\$Bn)	35.6	32.9	31.8	+8
- Infrastructure WPIP (A\$Bn)	80.4	75.4	61.1	+7
US				
<i>Source: BIS Shrapnel</i>				
- Residential Construction*	508,700	430,400	721,900	+18
- Commercial & Industrial (US\$Bn)*	48.9	77.8	124.6	-37
- Institutional (US\$Bn)*	110.7	131.9	126.1	-16

* FY10 data includes estimates for April - June

Source: McGraw Hill



New Zealand emissions trading scheme

- New Zealand's emissions trading scheme (ETS) extended coverage to industrial and transport emissions on 1 July, 2010.
- Most of our operations that emit CO₂ from fossil fuel combustion do not directly participate in the ETS, but are subject to higher energy costs, passed on by energy suppliers.
- Our cement and steel manufacturing operations are direct participants in the ETS because of process emissions and emissions from imported coal .
 - These operations also meet the threshold tests for emissions-intensive, trade-exposed industries.
 - Both will receive a free allocation of emission units, to partly offset their increased costs.
- Overall the ETS will impose a small additional cost on NZ operations. Reducing emissions and improving energy efficiency will reduce these costs further.



Building Products



Plasterboard

Winstone Wallboards

- New Zealand's sole manufacturer and leading supplier of gypsum plasterboard

Insulation

Fletcher Insulation/Tasman Insulation NZ/Forman Group/Home&Dry

- No.1 in Australasia with approx 35% of bulk glasswool insulation market

Roof Tiles

AHI Roofing/Decra Roofing Systems

- Major global supplier of metal roof tiles

Single Businesses

- Fletcher Aluminium
- Tasman Sinkware



Building Products result

NZ\$m	June 10 12 Mths	June 09 12 mths	% Δ
Sales	798	771	+4
EBITDA ¹	140	131	+7
EBIT ¹	114	106	+8
Funds Employed	667	644	+4
EBITDA ¹ /sales %	17.5	17.0	
EBIT ¹ /sales %	14.3	13.7	
ROFE ¹ %	17.1	16.5	

1. *Excluding unusual items*

- **Plasterboard** benefited from improved NZ housing starts in second half and from cost-out initiatives
- **Insulation** earnings impacted by \$18m charge due to Australian government's withdrawal of stimulus package.
 - NZ performed strongly
- **Roof Tiles**
Earnings up due to growth in volumes in Africa and NZ, and favourable steel prices.



Distribution



PlaceMakers

The premier suppliers of building materials to New Zealand's commercial and residential construction markets

- 62 outlets across New Zealand trading as PlaceMakers
- 34% market share of the core building materials sectors
- No.1 in key building materials
- Trade focus: 85% of sales
- Most outlets operated as joint ventures



Distribution result

NZ\$m	June 10 12 Mths	June 09 12 mths	% Δ
Sales	878	883	-1
EBITDA ¹	47	40	+18
EBIT ¹	38	30	+27
Funds Employed	139	144	-25
EBITDA ¹ /sales %	5.4	4.5	
EBIT ¹ /sales %	4.3	3.4	
ROFE ¹ %	27.3	20.8	

- Sales stable year over year with a pick-up in activity seen in second half from increase in residential house building.
- Forward indicators for commercial building activity weak.
- 27% growth in operating earnings driven by cost reductions.

1. *Excluding unusual items*



Infrastructure



Concrete New Zealand

Firth/Humes Pipeline Systems/Golden Bay Cement/Winstone Aggregates

- 15% of NZ aggregates markets
- 55% of NZ cement market
- 34% of NZ readymix concrete market
- 50% of NZ pre-cast and concrete pipe market

Concrete Australia

Rocla Quarry Products/Rocla Pipeline Products

- 35% of Australian concrete pipe market

Construction

Fletcher Construction

- New Zealand's leading construction company
- Commercial (buildings) and Engineering (infrastructure)
- South Pacific (general)

Property

Fletcher Residential

- New Zealand's largest home builder



Infrastructure result

NZ\$m	June 10 12 mths	June 09 12 mths	% Δ
Sales	2,020	2,052	-2
EBITDA			
- Concrete NZ	98	125	-22
- Concrete Aust.	69	78	-12
- Construction	47	52	-10
- Property	20	18	+11
Total EBITDA	234	273	-14
EBIT	164	203	-19
Funds Employed	1,022	1,042	-2
EBITDA/sales %	11.6	13.3	
EBIT/sales %	8.1	9.9	
ROFE %	16.1	19.5	

NZ Concrete

- Lower volumes in cement, aggregates, readymix and concrete pipe.
- Continued softness in commercial construction activity only partly offset by increase in residential construction.

Australia Concrete

- Weaker demand for most pipeline products.
- Quarry volumes down year on year.

Construction

- Infrastructure work levels remained high, driven by government funded work.



Laminates & Panels

Laminex

- Leading high pressure laminate & decorative surfaces
- Estimated Australasian market shares
 - Decorated board – No.1
 - Medium density fibreboard – No.1
 - Particleboard – No.2
- Over 50 distribution outlets owned across Australasia



Formica

- Global player, strongest brand internationally for high pressure laminate
- No. 2 in the US, No. 1 in Canada
- Market share leader in HPL in UK and Spain
- In Asia, focus is mainly on commercial applications



Laminates & Panels result

NZ\$m	June 10 12 mths	June 09 12 mths	% Δ
Sales	1,930	2,076	-7
EBITDA			
- Laminex	148	99	+49
- Formica	69	59	+17
Total EBITDA ¹	217	158	+37
EBIT ¹	141	74	+91
Funds Employed	1,695	1,832	-7%
EBITDA ¹ /sales %	11.0	7.6	
EBIT ¹ /sales %	7.3	3.6	
ROFE ¹ %	8.3	4.0	

1. Excluding unusual items

Laminex

- Australian domestic volumes higher due to improved residential, export volumes declined with plant closure.
- NZ volumes down due to slowdown in commercial sector.

Formica

- North America volumes down 5%.
- Europe: has stabilised with some improvement in Northern Europe.
- Asia: volumes up 8% year on year



Steel

Rollforming and Coated Steel

Pacific CoilCoaters/Stramit Building Products/Dimond

- Approx. 24% of Australian market (Stramit)
- Major player in New Zealand roofing market (Dimond)



Long Steel

Pacific Steel Group/Sims Pacific Metals (50%)

- No.1 in New Zealand market
- 50% shareholding in Sims Pacific Metals
- NZ's sole electric arc furnace

Distribution

Fletcher Easysteel/CSP Coating Systems/Fletcher Reinforcing

- Reinforcing bar, flats, rod and wire



Steel result

NZ\$m	June 10 12 Mths	June 09 12 mths	% Δ
Sales	1,172	1,321	-11
EBITDA ¹	107	175	-39
EBIT ¹	82	154	-47
Funds Employed	535	562	-5
EBITDA ¹ /sales %	9.1	13.3	
EBIT ¹ /sales %	7.0	11.7	
ROFE ¹ %	15.3	27.4	

- Volatile operating environment with uncertain demand and declining prices.
- Long steel prices down 30% but volumes 5% higher driven by exports.
- Lower rollforming and coated steel volumes in Australia and NZ impacted by lower commercial activity.

1. *Excluding unusual items*





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