
FLETCHER BUILDING

AUSTRALIAN STEEL

CONVENTION 2011

13 September 2011

Jonathan Ling
Chief Executive Officer

Fletcher Building at a glance

| | 2001 | 2011 |
|--|-------|---------|
| Revenue (NZ\$billion) | 2.3 | 7.4 |
| Operating Profit (EBIT NZ\$million) | 94 | 596 |
| Market Capitalisation (NZ\$billion) | 0.78 | 5.1 |
| Employees | 7,000 | >20,000 |



Fletcher Building at a glance

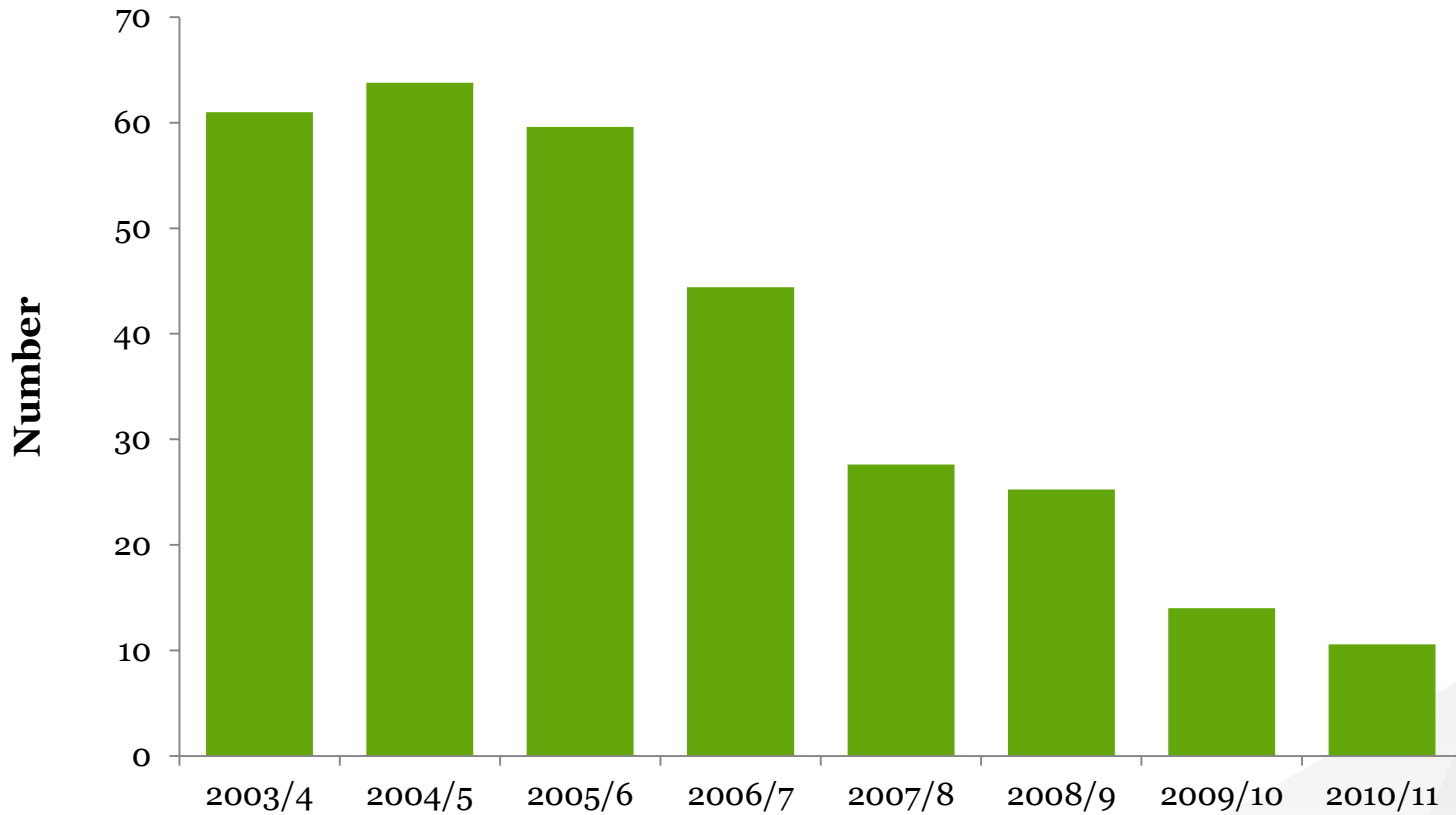
| | 2001 | 2011 |
|--------------------------|--------|--------|
| Market Ranking: | | |
| -NZX | 17 | 1 |
| -ASX | | 54 |
| Share Price | \$2.26 | \$7.73 |
| Total Shareholder Return | | 484%* |

* Based on period from 26 March 2011 to 30 June 2011



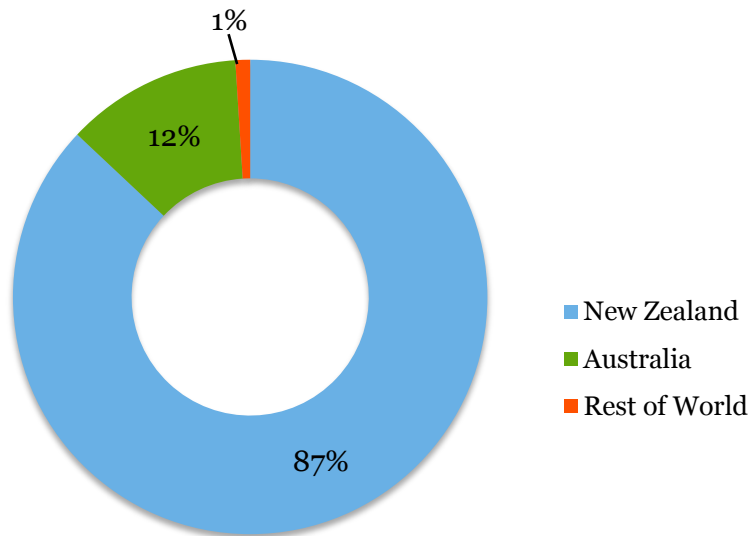
Safety performance

TRIFR

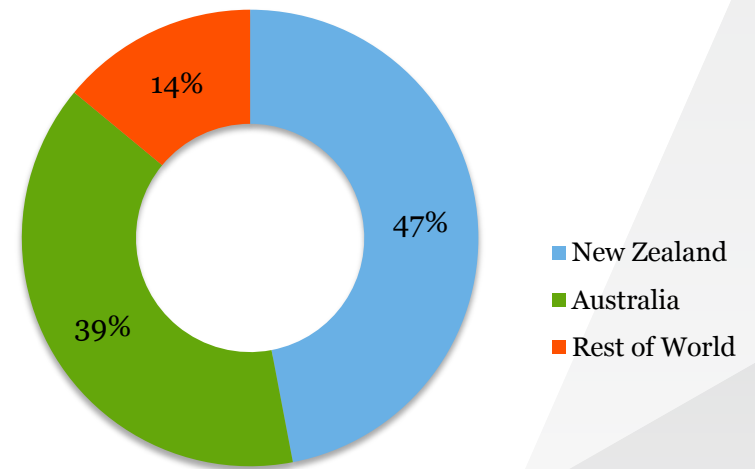


Fletcher Building Then and Now

Revenue 2001:



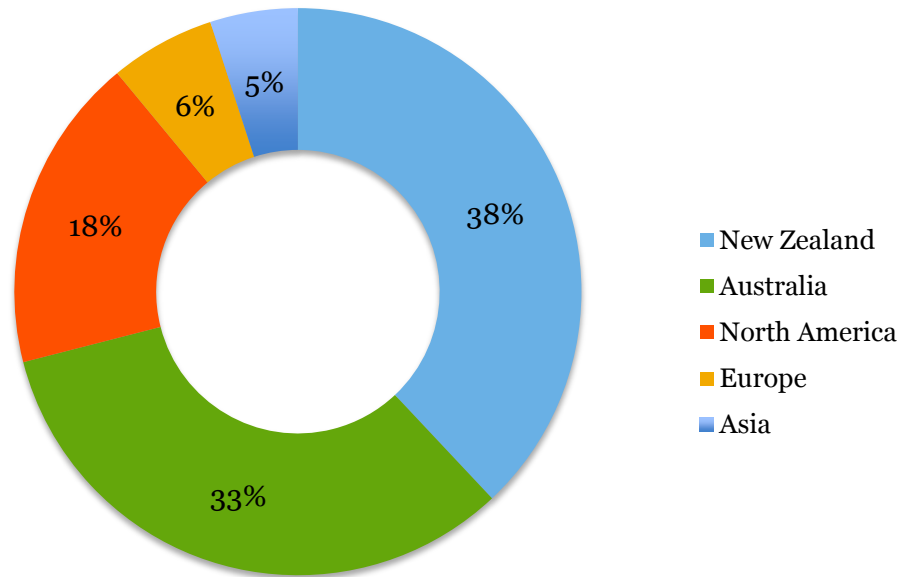
Revenue 2011:*



* Pro-forma combined Fletcher Building and Crane Group



Fletcher Building Shareholder Base



Market leading businesses



Building Products

Distribution

Infrastructure

Laminates & Panels

Steel

Crane

Plasterboard
Insulation
Roof Tiles
Single Businesses:

- Aluminium
- Sinkware

Building Materials Distribution

- 62 PlaceMakers stores

Construction

Concrete:

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

The Laminex Group

- MDF
- Particleboard
- LPM
- HPL

Formica

- HPL

Coated Steel

Long Steel:

- Reinforcing bar, mesh and wire
- Scrap

Distribution

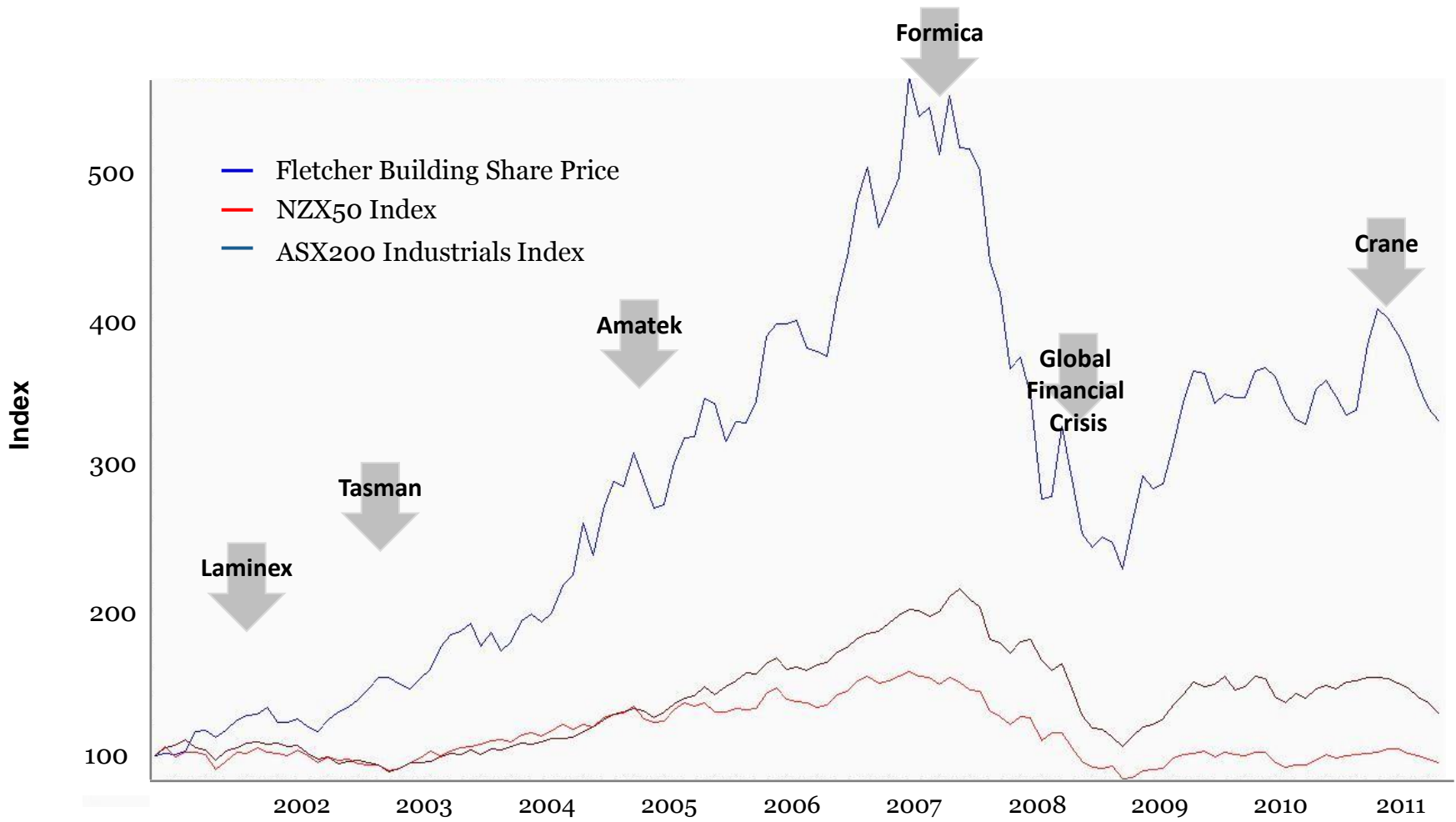
Pipelines –
Manufacture &
Distribution

Trade Distribution
Australia and NZ

Copper Tube –
Manufacture &
Distribution



Successful diversification has driven out-performance



==== Australian Steel Convention ====

THE CANTERBURY REBUILD

====



Fletcher EQR



- Appointed in October 2010 to act as agent for EQC
- Project management role
- Brief covers residential repair claims: between \$10,000 and \$100,000 plus gst
- Geographical scope: Christchurch, Selwyn, Waimakariri, Hurunui, Ashburton and Timaru
- Remuneration: project cost + 3.5% margin on direct repair costs



Quantum and Timing



- **Project Size**

- Not yet quantified but best estimate currently approximately \$NZ 2.5B
- Caution needs to be applied in placing reliance on estimates



- **Project Programme**

- A number of factors will determine programme
 - Average size of each job
 - After shocks
 - Resources
 - Productivity rate
 - EQC settlement rules

Materials Supply



- Materials comprise est. 35-50% of total value
 - Effects of multiple events still to be determined
- No favoured position for Fletcher Building subsidiaries
 - Supply is fully contestable
 - Contractors maintain their own links to supply base



Current Status



Scorecard – to Friday 6 September

| | |
|-----------------------|---|
| Hubs established | 18 (consistent with original planning) 1 more in process of establishment |
| Contracting firms | 851 accredited – well ahead of plan |
| People | 6806 contractors, trades people and others inducted |
| Emergency repairs | Over 24,879 completed / 2,025 in progress |
| Winter heat programme | 11,048 completed – 7,571 heat pumps and 3,477 solid fuel burners and repairs |
| Full-scope repairs | 13,918 completed or in progress |
| Payments | Over \$156m paid to contractors Currently paying \$500M pa (annualised) |

Going Forward



- Competition for skilled labour once all construction sectors commence
- Accommodation
- Inflationary pressure
- Start / stop implications of after shocks



Infrastructure Alliance

Stronger
Christchurch
Infrastructure Rebuild Team

- To be established between Fletcher Construction, CityCare, MacDow, Fulton Hogan and Downer, with each having a 20% share.
- Christchurch City Council and CERA are also full participants in the Alliance
- The estimated value is between \$2b and \$3b with a 5 year build period (subject to after shock implications)

Infrastructure Alliance

Stronger
Christchurch
Infrastructure Rebuild Team

The Alliance concept emerged after the 22 Feb 11 earthquake when stakeholders wanted a procurement model for the infrastructure rebuild that:

- is faster;
- delivers better value for money;
- manages standards and resources across the city; and
- provides resilience for future quakes.



Infrastructure Alliance

**Stronger
Christchurch**
Infrastructure Rebuild Team

Scope

- Over 200km roads to rebuild
- Over 800km of pipes to rebuild
- Manholes and pumping stations
- Bridges, retaining walls, river banks
- Curbs, footpaths and berms
- Traffic islands, traffic lights, barriers and lightstands
- Parks, reserves and outdoor amenities



Infrastructure

Other opportunities in Engineering

- Port of Lyttelton - >\$300m
- Re-levelling buildings & houses
- Piling new buildings
- Ground remediation – liquefaction; stone columns
- Other councils – Selwyn, Waimakariri



Including:



PipeWorks



Commercial Building



- First phase: Demolition
Grand Chancellor is the first of many hundreds, perhaps even 1000 demolitions
- Construction phase to follow resolution of:
 - Geotechnical issues
 - Resolution of new Code
 - Planning input, debate and resolution
 - Insurance claims
 - Economic feasibility assessment
 - Specific design

Commercial Building



CBD and Suburbs

- Outside CBD
 - Progress less constrained
- Overall commercial rebuild expected to have a longer tail than other sectors

==== Australian Steel Convention ====

NZ EMISSIONS TRADING SCHEME

====



NZ Emissions Trading Scheme

Introduced 1 July 2011 for energy, fuels and industry

Base year 2009

Fix price of \$25 per tonne until 31 December 2012

Discount of pay 1 of 2 until 31 December 2012

Emissions Intensive Trade Exposed Industries provided free allocation of either 90% or 60% of emissions

Phase out of free allocation commences 1 January 2013

Independent review process: first review 2011 (May result in changes to transitional arrangements)



NZ Emissions Trading Scheme

Fletcher Building has liability for approximately 1.5 million tonnes CO2

Initiated substantial greenhouse gas reduction program

Substituted wood waste for black coal in cement making

New transformer in Steel mill electric arc furnace

New electric induction furnaces and higher recycle content in glass insulation

New heat plant in MDF mill

Target is to neutralise any cost impact



FLETCHER BUILDING

AUSTRALIAN STEEL

CONVENTION 2011

13 September 2011

Jonathan Ling
Chief Executive Officer