

The background image shows a large-scale quarrying operation. On the left, a steep, rocky cliff face is visible. In the center, two workers wearing orange safety gear and hard hats are standing on a pile of crushed rock, engaged in conversation. On the right, the massive rear section of a white haul truck is partially visible, showing its large, treaded tires. The overall scene is industrial and rugged.

# INVESTOR PRESENTATION

October 2012

**Bill Roest**  
*Chief Financial Officer*

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## Disclaimer

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**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 2012 Annual 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.**



Investor Presentation

# RESULTS OVERVIEW

*ASB Wynyard Quarter, Auckland*



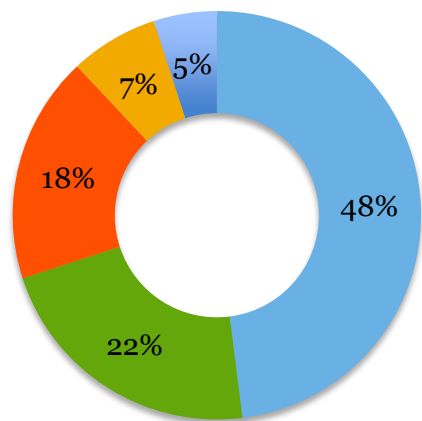
# Fletcher Building at a glance

**Revenue – year to 30 June 2012:** **NZ\$8.8 billion**

**Market Capitalisation:** **NZ\$4.8 billion**

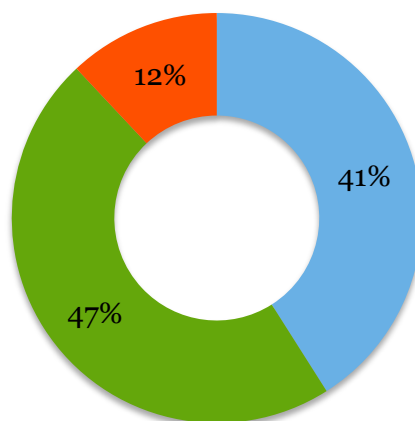
**Employees:** **20,000**

**Shareholders:**  
(as at 30 June 2012)



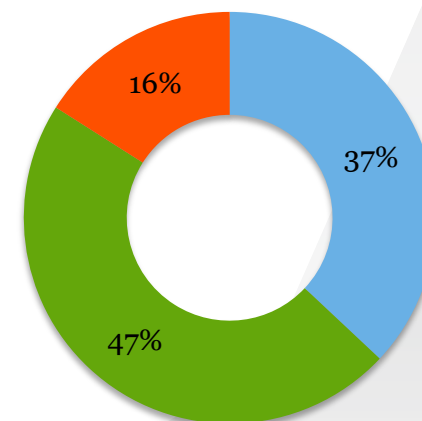
■ New Zealand ■ Australia  
 ■ North America ■ Europe  
 ■ Asia

**Revenue:**  
(for year ended 30 June 2012)



■ New Zealand  
 ■ Australia  
 ■ Rest of World

**EBIT**  
(for year ended 30 June 2012)\*



■ New Zealand  
 ■ Australia  
 ■ Rest of World

\* Excluding restructuring and impairment charges



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## Fletcher Building – key listing information

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Listed on the New Zealand and Australian stock exchanges

### **New Zealand**

Largest listed company by market capitalisation on the NZX

### **Australia**

Ranked #59 on the ASX

Fletcher Building gained inclusion in the S&P/ASX 200 index in March 2011

### **US**

Level I sponsored American Depository Receipt (ADR) programme launched December 2010

Citi act as depository bank

Ticker: FCREY CUSIP: 339305302



# Market leading businesses



Building Products

Concrete

Construction

Crane

Distribution

Laminates & Panels

Steel

Plasterboard  
Insulation  
Roof Tiles  
Single Businesses:

- Aluminium
- Sinkware

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

Construction

- General Construction
- Infrastructure Projects
- Residential house development

Pipelines –  
Manufacture &  
Distribution

Trade  
Distribution  
Australia and NZ

Copper Tube –  
Manufacture &  
Distribution

Building  
Materials  
Distribution

- 59 PlaceMakers stores

Laminex

- MDF
- Particleboard
- LPM
- HPL

Formica

- HPL

Coated Steel

Long Steel:

- Reinforcing bar, mesh and wire
- Scrap

Distribution



# Residential consents in NZ and US improved whilst Australia continued to slow

Building Consents	June 2012 12 months	June 2011 12 months	June 2010 12 months	12/11 %Mvmt
<b>New Zealand</b>				
Residential Consents	15,414	13,539	16,167	+14
Non Res WPIP (\$m)*	4,481	4,798	4,618	-7
Infrastructure WPIP (\$m)*	6,823	6,599	5,919	+3
<b>Australia</b>				
<i>Source: Statistics NZ, Infometrics</i>				
Residential Consents	145,057	164,251	171,429	-12
Non Res WPIP (A\$Bn)*	31.8	34.8	34.9	-9
Infrastructure WPIP (A\$Bn)*	117.6	86.8	76.7	+35
<b>US</b>				
<i>Source: ABS, BIS Shrapnel</i>				
Residential (US\$Bn)**	259.9	237.5	239.5	+9
Non Res (US\$Bn)**	347.1	333.2	339.0	+4
Infrastructure (US\$Bn)**	210.0	207.9	214.9	+1
<i>Source: IHS Global Insight</i>				

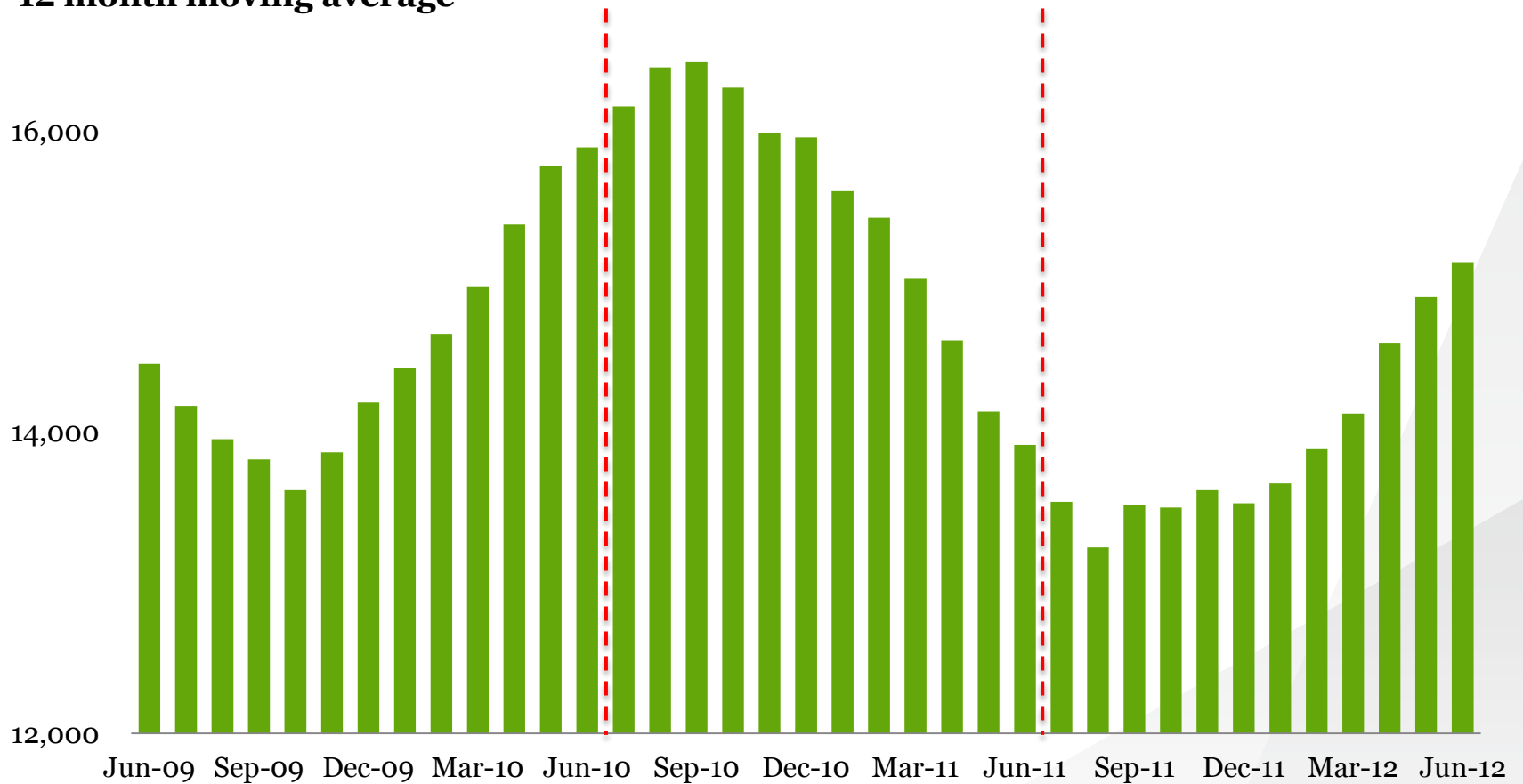
\* FY12 data includes estimate for month of June 2012

\*\* Information presented for calendar years. 2012 represents forecast position



# NZ housing consents – record low levels in the first half of FY12, modest improvement in second half

## Residential Consents 12 month moving average



Source: Statistics NZ





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# STRATEGY

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*Crane pipelines (Iplex), Victoria*



# Strategy

**Improved earnings reliability through geographic and end-market diversification**

**Decentralised business model**

**Portfolio approach that creates value through application of proven operating model**

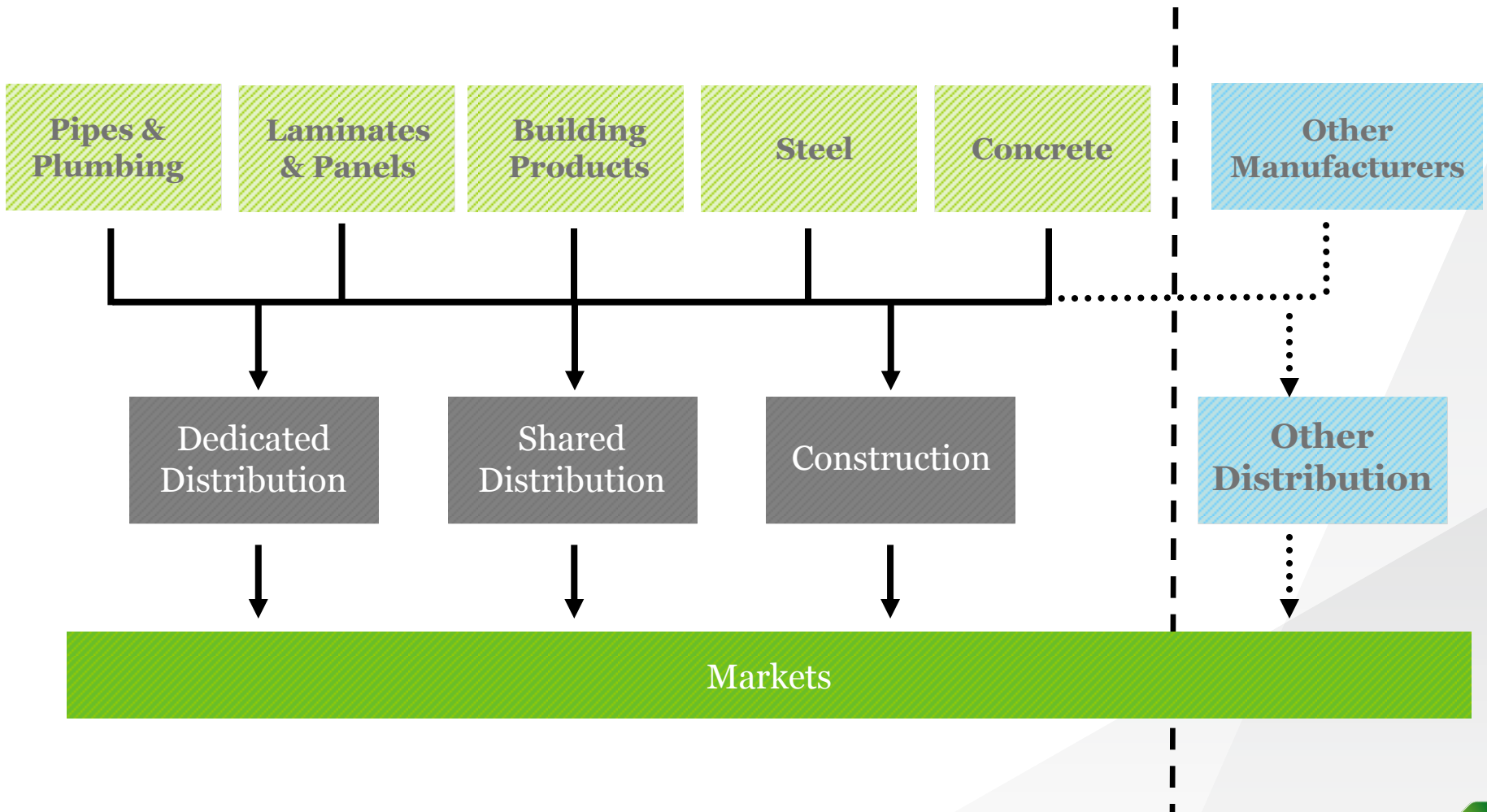
**Target attractive industry positions in Australia and NZ**

**Medium term aim is to grow earnings from existing portfolio of businesses irrespective of the economic cycle**

**Further opportunities to invest in Australia and NZ will be pursued, along with Formica growth in Asia**



# Fletcher Building has a vertically integrated value chain



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# 2012 FINANCIAL RESULTS

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*Golden Bay Cement, Whangarei (NZ)*



## Weak NZ and Australian construction markets adversely impacted earnings

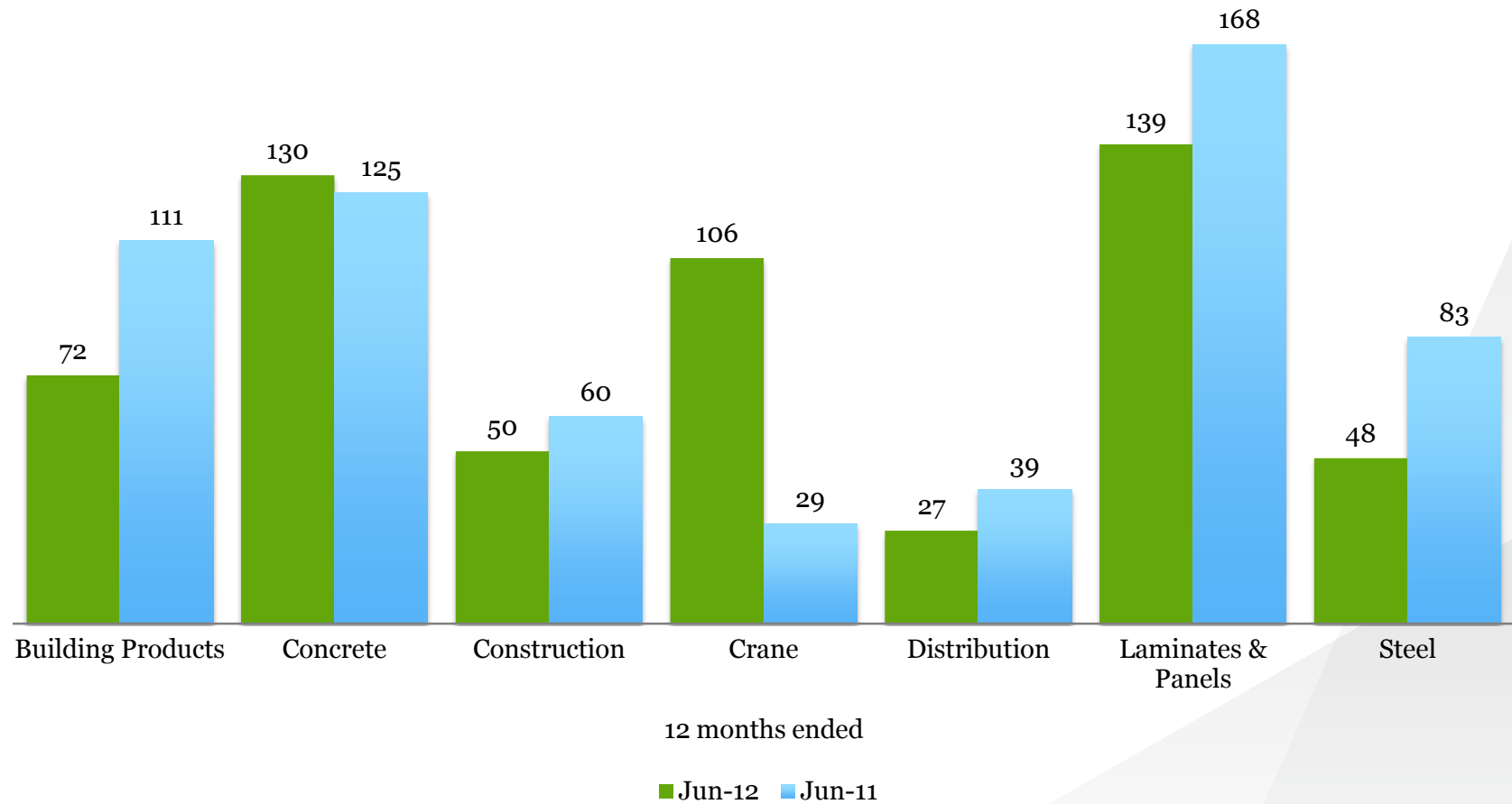
NZ\$m	June 2012 12 months	June 2011 12 months	% Change
Sales	8,873	7,416	+20
EBITDA <sup>1</sup>	786	801	-2
EBIT <sup>1</sup>	556	596	-7
Net earnings <sup>1</sup>	317	359	-12
Restructuring and impairment charges after tax	(132)	(76)	
Net earnings	185	283	-35
EPS – cps <sup>1</sup>	46.5	57.1	-19
Dividend - cps	34.0	33.0	+3

1. EBITDA, EBIT, Net Earnings and EPS all before restructuring and impairment charges



## Strong full year contribution from Crane, earnings up in Concrete, other divisions down on lower volumes and/or margins

EBIT NZ\$million<sup>1</sup>



1. Earnings before interest, tax, restructuring and impairment charges



## Operating earnings before restructuring and impairment charges – 1<sup>st</sup> Half compared with 2<sup>nd</sup> Half

NZ\$M	6 months June 2012 (2 <sup>nd</sup> half)		6 months Dec 2011 (1 <sup>st</sup> half)	
	Revenue	EBIT	Revenue	EBIT
Building Products	315	29	355	43
Concrete	490	70	468	60
Construction	520	25	520	25
Crane	1,164	53	1,229	53
Distribution	411	12	402	15
Laminates & Panels	910	76	939	63
Steel	554	24	596	24
Corporate		(10)		(6)
<b>Total</b>	<b>4,364</b>	<b>279</b>	<b>4,509</b>	<b>277</b>



## Cashflow from operations up 11%

	June 2012 12 months	June 2011 12 months	% Change
<b>EBITDA</b>	<b>633</b>	<b>697</b>	<b>-9</b>
Funding costs	(152)	(122)	+25
Cash tax paid	(123)	(86)	+43
Non cash restructuring/impairment charges impact	122	89	+37
Provisions movement/other	(23)	(28)	-18
<b>Working capital movements:</b>			
- Debtors	15	(42)	-136
- Creditors	(115)	(50)	+130
- Stock	71	(52)	-237
- Other	20	(4)	-600
	(9)	(148)	
<b>Cashflow from operations</b>	<b>448</b>	<b>402</b>	<b>+11</b>

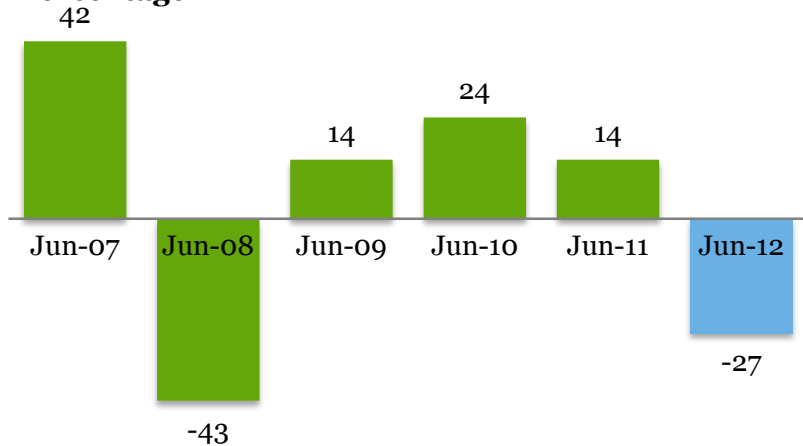




# Key ratios

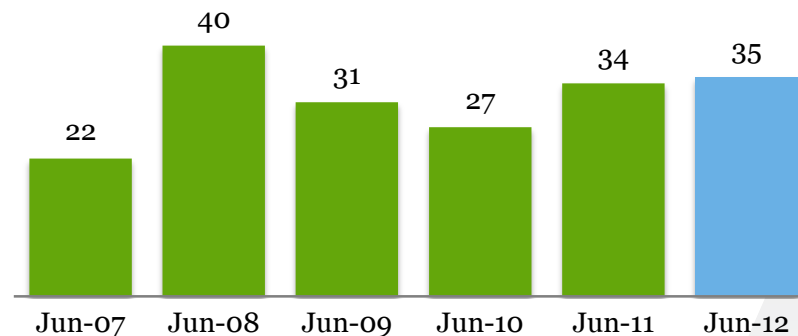
## Total Shareholder Return (TSR)

Percentage



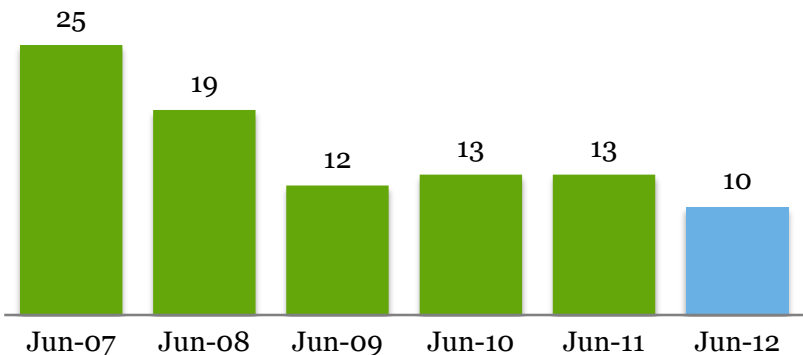
## Debt/Debt Plus Equity

Percentage



## Return on Average Funds

Percentage<sup>1</sup>

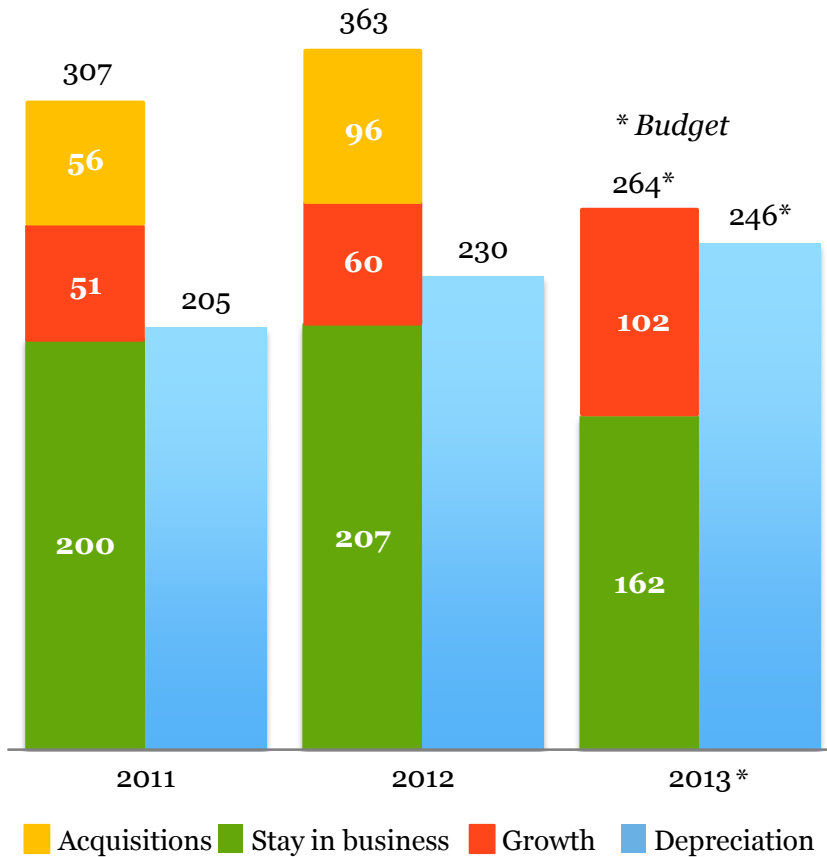


1. Earnings before interest, tax, restructuring and impairment charges / average funds



# Budgeted capital expenditure to reduce in FY 13

## Capital Expenditure



	June 12 12 mths	June 11 12 mths	% Δ	FY13 Budget
Stay-in-business	207	200	+4	162
Growth <sup>1</sup>	60	51	+18	102
Acquisitions <sup>2</sup>	96	56	+71	0
<b>Total</b>	<b>363</b>	<b>307</b>	<b>+18</b>	<b>264</b>
<b>Depreciation</b>	<b>230</b>	<b>205</b>	<b>+12</b>	<b>246</b>

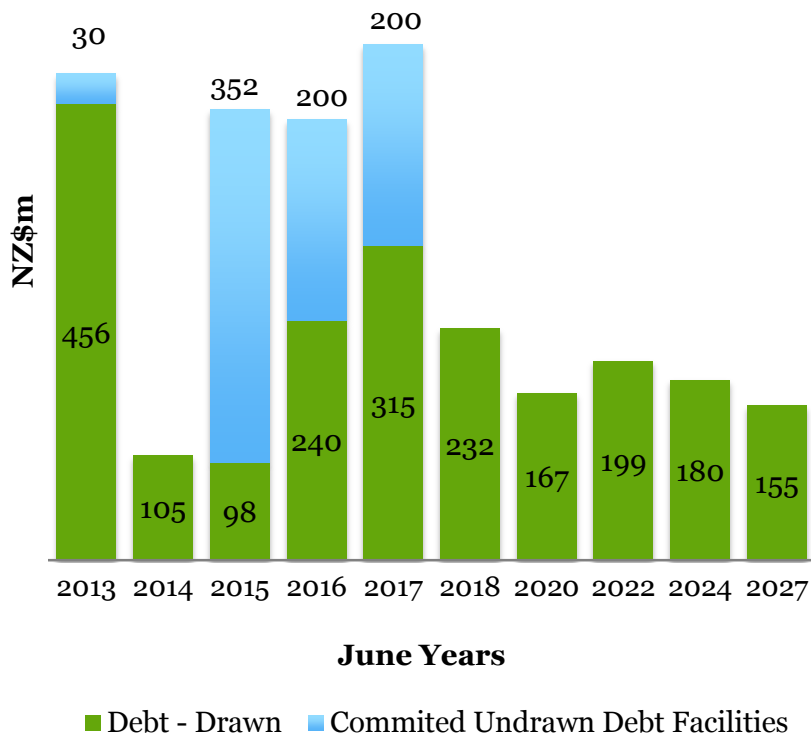
1. Excludes acquisition of shares in Crane Group Ltd

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



## Debt maturity profile

**Funding and Maturity Profile  
June 2012**



Undrawn credit lines of \$782 million and cash on hand of \$168 million.

Average maturity of debt is 5 years.

Average interest rate on debt is 6.7%.

67% of borrowings are at fixed rates.

Long term debt issuance during FY12:

- US\$300m private placement to US investors (10 and 12 year terms)
- A\$120 private placement to Japanese investors (15 year term)



## Canterbury update

### **Residential repairs for Earthquake Commission:**

21 hubs established to carry out repairs

Over 20,000 home repairs completed to date

In addition, 45,000 emergency repairs and 16,400 winter heat installations completed

Target is to have last of the 100,00 repairs completed by end of 2015

### **Infrastructure repairs:**

Fletcher Construction one of 5 contractors in the alliance to repair Christchurch infrastructure

Activity levels have been low due to planning work required, but momentum is now building

### **Rebuilding Christchurch City Centre:**

Development plan for the new Christchurch central city area now finalised

70% to 80% of CBD buildings will be demolished



## Restructuring and impairment charges

Year to 30 June 2012 NZ\$ Million	Restructuring and impairments charges		
	Before tax	Tax	After tax
Laminex restructuring – Australia and New Zealand	54	(16)	38
Formica – Bilbao plant closure	20	0	20
Insulation – adjustment to business asset carrying values	79	(5)	74
<b>Total</b>	<b>153</b>	<b>(21)</b>	<b>132</b>



## Strong contribution from Crane in first full year of ownership

**Operating earnings \$106 million, up 15% on 2011 result**

### **Pipelines:**

Operating earnings up 28% to \$59 million

Gross revenues up 17%

Increased revenues from two coal seam gas contracts

Demand from resources, civil and rural sectors offset decline in building activity

### **Trade Distribution:**

Operating earnings down 31% to \$38 million

Gross revenues down 6% in Australia, flat in NZ

Performance impacted by decline in residential and commercial building

### **Industrial Products:**

Operating earnings slightly higher at \$8 million

Gross revenues down 16%

Austral Wright Metals and Mico Metals sold at year end, anticipated proceeds of NZ\$70m



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# OUTLOOK

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*Formica, Topshop London*



## Outlook FY2013

### **New Zealand:**

Continued modest improvement in new house building

- Assisted by low interest rates and increased activity in Canterbury

Commercial and infrastructure activity not expected to improve materially in FY13

FY14 should benefit from several large infrastructure projects

### **Australia:**

Trend in residential activity unclear, risk of further decline

Commercial construction likely to remain subdued

Infrastructure expected to remain steady

**Trading conditions in North America expected to remain flat to slightly positive**

**No recovery expected in Europe, but Germany and Scandinavia should remain relatively strong**

**China, SE Asia and Taiwan: continued growth expected**





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# APPENDIX

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*Crane Copper Tube, Adelaide*



# Building Products

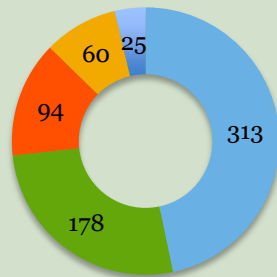
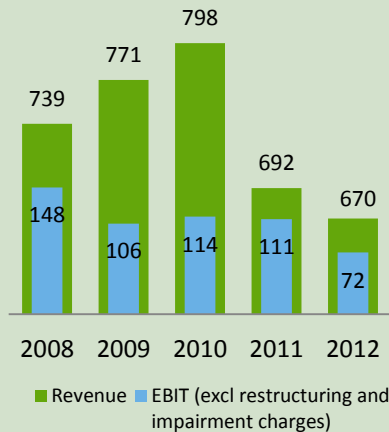


## Division Overview

The Building Products division manufactures a broad range of building products. The divisions' core plasterboard, insulation and metal roof tile businesses have market leading positions and respected brands.

## Summary Financials (NZ\$M)

Revenue source FY12



■ Insulation ■ Roof Tiles  
■ Plasterboard ■ Aluminium  
■ Sinkware

## Business Description

### Insulation

Fletcher Insulation in Australia manufactures a wide range of insulation and acoustic products. Tasman Insulation is New Zealand's only domestic manufacturer of glasswool insulation.

### Plasterboard

Winstone Wallboards is New Zealand's sole manufacturer and leading supplier of plasterboard.

### Roof Tiles

Global manufacturer of metal roof tiles with plants in New Zealand, Malaysia, Hungary, and the USA.

### Aluminium

Designs and manufactures aluminium windows and door systems in New Zealand.

### Sinkware

Australia's only manufacturer of sinkware and accessories.

## Key Brands



## Building Products result

NZ\$m	June 12 12 Mths	June 11 12 Mths	% Δ
Sales	670	692	-3
EBITDA <sup>1</sup>	97	138	-30
EBIT <sup>1</sup>	72	111	-35
Restructuring and impairment charges	(79)	(80)	
EBIT	(7)	31	
Funds Employed	481	583	
EBITDA <sup>1</sup> /sales %	14.5	19.9	
EBIT <sup>1</sup> /sales %	10.7	16.0	
ROFE <sup>1</sup> %	15.0	19.0	

**Plasterboard** operating earnings down 10% due to lower volumes.

**Insulation** continued industry over-supply in Australia and NZ\$ and A\$ strength adversely impacted earnings.

**Roof Tiles** volume growth in Africa and USA, flat volumes in Asia and down in NZ and Europe.

1. Excluding restructuring and impairment charges



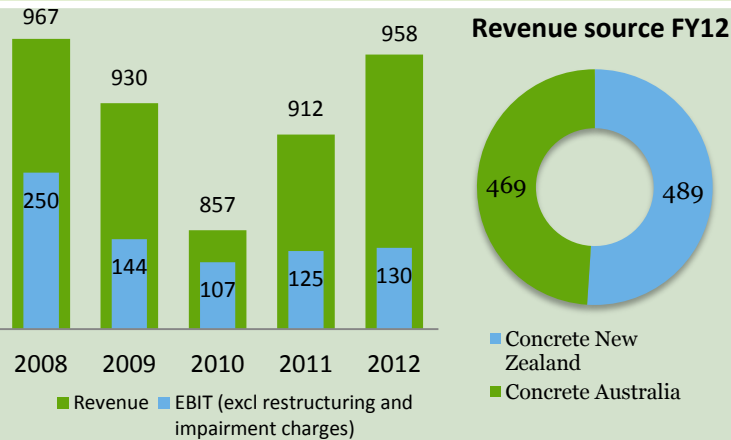
# Concrete



## Division Overview

The Concrete division consists of a vertically integrated concrete business in New Zealand and concrete products businesses in Australia.

## Summary Financials (NZ\$M)



## Key Brands



## Business Description

<b>Firth (NZ)</b>	NZ's leading national concrete company supplying readymix and masonry products throughout the country.
<b>Winstone Aggregates (NZ)</b>	NZ's largest cement manufacturer and distributor of aggregates and sand to roading, readymix concrete and concrete product industries, and other building and civil engineering customers.
<b>Humes (NZ)</b>	NZ's leading supplier of manufactured concrete infrastructure products to civil contractors, developers, local governments and other authorities.
<b>Golden Bay Cement (NZ)</b>	NZ's largest cement manufacturer for readymix producers, concrete product manufacturers, building materials distributors, paving and construction contractors, and other major users
<b>Rocla Pipelines (AUS)</b>	Leading Australian supplier of manufactured concrete infrastructure products to civil contractors, developers, local governments and other authorities.
<b>Rocla Quarry (AUS)</b>	Construction sands manufacturer supplying sands to the building & construction industries throughout Australia.



## Concrete result

NZ\$m	June 12 12 mths	June 11 12 mths	% Δ
Sales	958	912	+5
EBITDA			
Concrete NZ	101	102	-1
Concrete Aust.	91	85	+7
Total EBITDA	192	187	+3
EBIT	130	125	+4
Funds Employed	1,071	1,016	+5
EBITDA/sales %	20.0	20.5	
EBIT/sales %	13.6	13.7	
ROFE %	12.1	12.3	

### NZ Concrete

- Revenues 3% higher with most product volumes similar or slightly up on prior year;
- Cement and masonry volumes lower, cement export margins also lower;
- Market shares for all core products was stable.

### Australia Concrete

- Earnings contributions from Australian Construction Products and Atlantic Civil Products acquisitions;
- Pipeline products: pricing initiatives and operational enhancements increased earnings;
- Quarry earnings benefited from favourable sales mix and improved margins.



# Construction

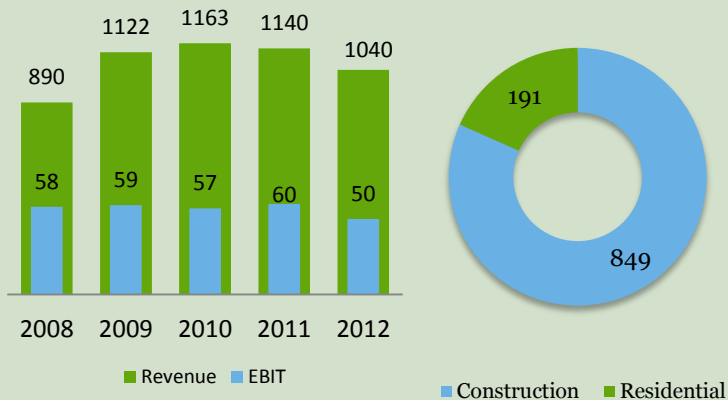


## Division Overview

The Construction division comprises one of New Zealand's largest general construction contractors Fletcher Construction, and Fletcher Residential, a residential home building business in New Zealand. Also in the division is Fletcher EQR, which is project managing residential earthquake repairs in Canterbury for the Earthquake Commission.

## Summary Financials (NZ\$M)

Revenue source FY12



## Business Description

### Building + Interiors

A leading general constructor of commercial, retail, health, hospitality, education and government buildings. Work undertaken includes both main structures and commercial fitouts.

### Earthquake Recovery

Earthquake Recovery is a project-specific division established to manage the \$3+ billion repair process of residential homes that the Earthquake Commission is responsible for following the Canterbury earthquakes.

### Infrastructure

A leading general contractor operating in transport, energy, water and wastewater, with specialist business units focused on foundations, general infrastructure projects, piles and pipeline rehabilitation.

### South Pacific

Undertakes a wide range of projects for local and foreign governments, aid agencies, religious organisations and commercial entities in the South Pacific

### Residential

Land subdivision and home builder.

## Key Brands



## Construction result

NZ\$m	June 12 12 mths	June 11 12 mths	% Δ
Sales	1,040	1,140	-9
EBITDA	61	70	-13
Total EBIT	50	60	-17
Funds Employed	109	118	-8
EBITDA/sales %	5.9	6.1	
EBIT/sales %	4.8	5.3	
ROFE %	45.9	50.8	

Tighter construction margins in subdued market

Construction backlog increased to \$1,094m at end of June

Additional \$300m contract for new mens prison concluded in September 2012

In addition, preferred contractor on two projects worth \$537m: would positively impact FY14 earnings if they proceed

Residential earnings up 35% due to increased house sales, particularly in Stonefields subdivision in Auckland



# Crane

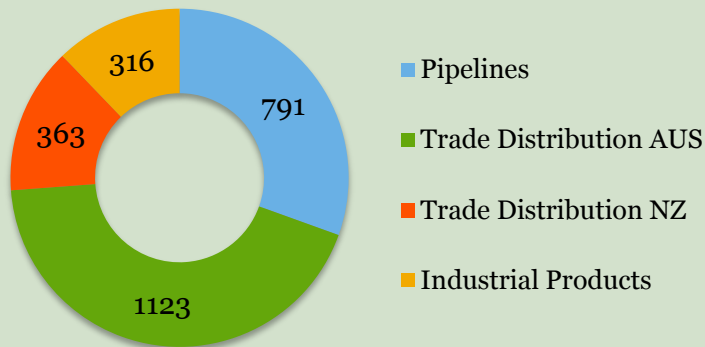


## Division Overview

Crane is the Australian leader in the manufacturing and distribution of plastic pipelines systems, plumbing in Australia and New Zealand. Previously a listed public company, the business was acquired by Fletcher Building in March 2011.

## Summary Financials (NZ\$M)

Revenue source FY12:\*



\* Gross of \$200m intercompany sales

## Business Description

<b>Iplex</b>	A leading manufacturer and supplier of plastic pipeline systems in Australia & New Zealand
<b>Crane Distribution Australia</b>	Includes Tradelink, a leading Australian business in plumbing supplies and bathroom solutions, and Hudson Building Supplies with a strong footprint in timber and building materials and branches across NSW & South East Queensland
<b>Crane Distribution NZ</b>	Mico, New Zealand's leading supplier of plumbing and bathroom products and solutions.
<b>Industrial Products</b>	Manufacturer of a wide range of copper plumbing tubes.

## Key Brands





## Crane – full year earnings overview

	FY12 Sales NZ\$M	FY11 Sales NZ\$M <sup>1</sup>	FY12 EBIT NZ\$M	FY11 EBIT <sup>2</sup> NZ\$M <sup>1</sup>	% Δ
Pipelines	791	674	59	46	+28
Tradelink	1,123	1,205	38	55	-31
Trade Distribution - NZ	363	371	(1)	3	
Industrial Products	316	378	8	7	+14
Intersegment/Unallocated	(200)	(190)	1	(17)	
<b>Total</b>	<b>2,393</b>	<b>2,437</b>	<b>106</b>	<b>92</b>	<b>+15</b>

1. For comparative purposes only. Fletcher Building acquired Crane in March 2011, and its financial results for FY11 included 3 months trading contribution from Crane
2. Before restructuring and impairment charges



# Distribution



## Division Overview

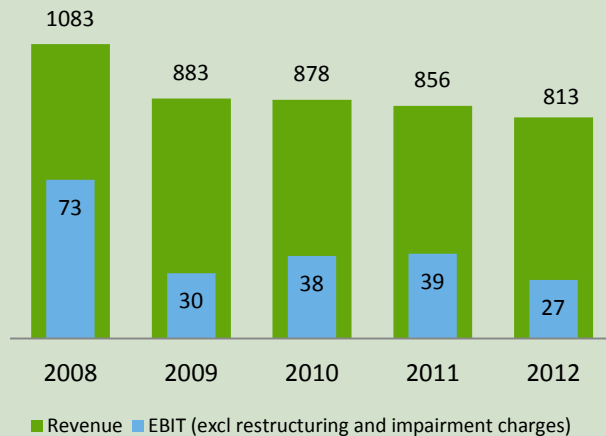
The Distribution division consists of the PlaceMakers business in New Zealand and supplies building materials to New Zealand's commercial and residential construction markets. PlaceMakers represents an important distribution network for Fletcher Building Group products.

## Business Description

### PlaceMakers

Is a nationwide supplier of building materials to New Zealand's commercial and residential markets. It operates 59 stores and 12 frame and truss manufacturing sites. The majority of stores are operated in a joint venture partnership with local owners/operators.

## Summary Financials (NZ\$M)



## Key Brands



## Distribution result

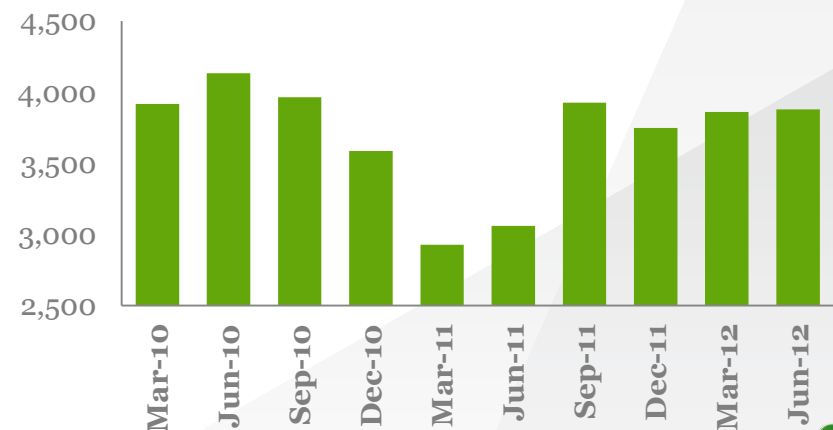
NZ\$m	June 12 12 Mths	June 11 12 Mths	% Δ
Sales	813	856	-5
EBITDA	35	48	-27
EBIT	27	39	-31
Funds Employed	141	142	-1
EBITDA/sales %	4.3	5.6	
EBIT/sales %	3.3	4.6	
ROFE %	19.1	27.5	

Revenues down 5%, impacted by continued low levels of residential house building

Increased competitor activity impacted margins in the second half

Operating costs reduced by 2% and inventory levels down by 8%

### NZ Quarterly housing starts



Source: Statistics NZ



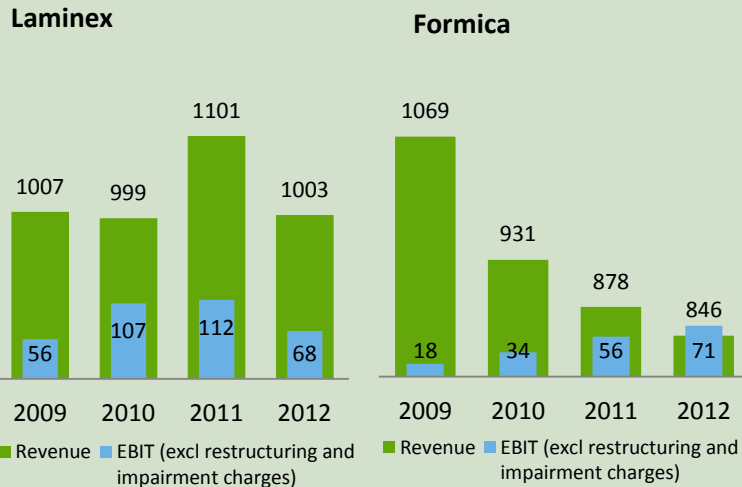
# Laminates & Panels



## Division Overview

The Laminates & Panels division comprises of the Australasian based woodpanels manufacturer and distributor Laminex, and a global high pressure laminates manufacturer, Formica.

## Summary Financials



## Business Description

### The Laminex Group

Is the leading Australian and New Zealand manufacturer and distributor of decorative wood panels, particleboard, medium density fibreboard and other durable surfaces for use in residential and commercial applications. Laminex also distributes high pressure laminate and operates a high pressure laminate plant in Australia

### Formica

Formica manufactures and distributes high pressure decorative surface laminates with plants in North America, Europe and Asia. Formica's products are used in both residential and commercial applications. The Formica brand is well recognised and highly respected globally. In markets where it has manufacturing facilities it either leads the market or holds the second largest share.

## Key Brands



## Laminates & Panels result

NZ\$m	June 12 12 mths	June 11 12 mths	% Δ
Sales	1,849	1,979	-7
EBITDA <sup>1</sup>			
Laminex <sup>1</sup>	105	149	-30
Formica <sup>1</sup>	100	83	+20
Total EBITDA <sup>1</sup>	205	232	-12
EBIT <sup>1</sup>	139	168	-17
Restructuring and impairment charges	(74)	(9)	
EBIT	65	159	-59
Funds Employed	1,799	1,745	
EBITDA <sup>1</sup> /sales %	11.1	11.7	
EBIT <sup>1</sup> /sales %	7.5	8.5	
ROFE <sup>1</sup> %	7.7	9.6	

1. Excluding restructuring and impairment charges

### Laminex

- Australian revenues down 9% due to slowdown in residential and commercial markets
- Cost increases not fully offset by compensating price changes
- Staff levels reduced by 285

### Formica

- Operating earnings pre-restructuring and impairments charges up 27%
- Result due to increased revenue in North America and Asia, and continued operational improvements
- \$4m EBIT contribution from Homapal acquisition



## Formica: strong growth in operating earnings before restructuring and impairment charges, driven by Asia and North America

EBIT NZ\$m	FY12	FY11	% Change
Asia	38	34	+12
North America	34	28	+21
Europe <sup>1</sup>	13	9	+33
Corporate	(14)	(15)	-7
<b>EBIT before restructuring and impairments charges</b>	<b>71</b>	<b>56</b>	<b>+27</b>
Bilbao closure costs	(20)	0	
<b>EBIT</b>	<b>51</b>	<b>56</b>	<b>-9</b>

1. Includes \$4m contribution from Homapal in FY12 (nil in FY11)



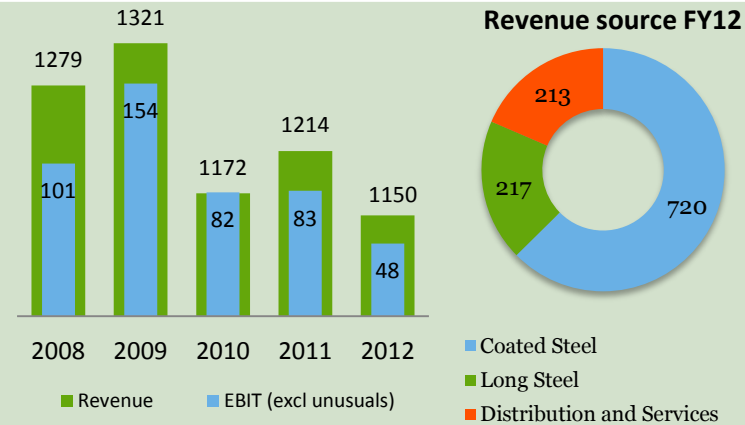
# Steel



## Division Overview

The Steel division operates a diversified portfolio of steel businesses across three business lines, primarily in Australia and New Zealand. Each business has a leading market position and widely recognised brands.

## Summary Financials (NZ\$M)



## Key Brands



## Business Description

### Coated Steel

- Stramit Building Products: a leading Australian manufacturer of steel building products, including roofing, walling, gutters and fascia's, purlins, flooring structural formwork and roller doors.
- CSP Coatings Systems provides metal coating systems to customers throughout New Zealand.
- Dimond: New Zealand's largest manufacturer of steel roofing, cladding, structural and rainwater products.
- Pacific Coilcoaters pioneered pre-painted metals products in New Zealand

### Long Steel

- Pacific Steel Group; New Zealand's only manufacturer of wire rod, galvanised wire and reinforcing bar and coil products.
- Sims Pacific Metals: NZ's largest metal recyclers, a 50/50 joint venture between Sims Metal Industries.

### Distribution

- Fletcher Easysteel, a major New Zealand processor and distributor of steel and related products.
- Fletcher Reinforcing: supplies reinforcing steel and mesh for concrete foundations and structures.



## Steel result

NZ\$m	June 12 12 Mths	June 11 12 mths	% Δ
Sales	1,150	1,214	-5
EBITDA	73	106	-31
EBIT	48	83	-42
Funds Employed	540	577	-6
EBITDA/sales %	6.3	8.7	
EBIT/sales %	4.2	6.8	
ROFE %	8.9	14.4	

Lower rollforming volumes in Australia, margins impacted by increased competition

Long steel margins impacted by strong NZ\$ and A\$; NZ volumes up 20%, but export returns lower

Low volumes and increased competition impacted Distribution margins





The background image shows a large-scale quarry operation. On the left, a steep, rocky cliff face is visible. In the center, two workers wearing orange safety gear and hard hats are standing on a pile of crushed rock, engaged in conversation. On the right, the massive rear wheel and part of the body of a large white haul truck are visible. The overall scene is industrial and rugged.

# INVESTOR PRESENTATION

October 2012

**Bill Roest**  
*Chief Financial Officer*