Distribution
Investor Strategy
Presentation

John Beveridge
Chief Executive Distribution
Disclaimer

The presentation contains not only a review of operations, but also some forward looking statement 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 February 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.
PlaceMakers…
Together we’re building New Zealand

WE ARE HERE

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<tbody>
<tr>
<td>Restructure and Right-Size</td>
<td>Strategic Refresh</td>
<td>Outperform Market</td>
<td>Industry Rationalisation</td>
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- **Restructure and Right-Size**
  - Rapid Re-organisation
  - Headcount Reduction
  - Focus on Cost
  - Significant CAPEX Cuts

- **Strategic Refresh**
  - Brand Reposition
  - Operations Excellence
  - Safety and Talent Development
  - Digital Refresh

- **Outperform Market**
  - Next Gen Digital
  - Leverage Scale
  - Growth

- **Industry Rationalisation**
  - Extended Share Drive
PlaceMakers strategic refresh focused on four themes…

**Strategic Themes**

- **PEOPLE:** Grow value through our high-performing people
- **NETWORK:** Grow value through our high-performing network
- **CUSTOMERS:** Be the trade merchant of choice for customers
- **SUPPLIERS:** Be NZ’s best channel to the trade market

**Key Strategies**

1. Be New Zealand’s top trade merchant team
2. Go home safe every day
3. Operate our network efficiently and effectively
4. Optimise network reach
5. Run the network through a resilient and dynamic owner operator model
6. Make it easy for customers to do business with us
7. Help customers to succeed
8. Grow share of building products
9. Acquire new customers
10. Transition retail to new business model
11. Leverage trade distribution capability
12. Provide the gateway for new & innovative products & services

**Outcomes**

- Grow sales faster than consents
- Grow EBIT faster than sales
- Exceed minimum 20% ROFE
We offer our customers value in many different ways

<table>
<thead>
<tr>
<th>HOW WE CREATE VALUE</th>
<th>Standards Management</th>
<th>Design Management</th>
<th>Purchasing</th>
<th>Sales and Marketing</th>
<th>Operations / Franchise Management</th>
<th>Distribution and Logistics</th>
<th>Customer Service and Billing</th>
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<tbody>
<tr>
<td>Influencing industry standards</td>
<td>QS services</td>
<td>Scale procurement</td>
<td>Brand development</td>
<td>Franchise systems management</td>
<td>Fit for purpose supply chain</td>
<td>In-branch customer service</td>
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<tr>
<td>Bill of materials</td>
<td>Strategic sourcing</td>
<td>Category management and bundling</td>
<td>Trade branch operations</td>
<td>Delivery chain optimisation</td>
<td>Billing and payments</td>
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<tr>
<td>Value engineering</td>
<td>Regulatory compliance</td>
<td>Loyalty program</td>
<td>Trade support</td>
<td>Order make-up / dispatch</td>
<td>Customer feedback</td>
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<tr>
<td>Visual modelling</td>
<td>Risk management</td>
<td>Customer relationship management</td>
<td>Omni-channel</td>
<td>DIFOTIS outcomes</td>
<td>Warranty activation / production certification</td>
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<tr>
<td>Information management</td>
<td>Job pricing</td>
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Design Management: Scale procurement, Strategic sourcing, Regulatory compliance.

Purchasing: Brand development, Category management and bundling, Loyalty program, Customer relationship management, Job pricing.

Sales and Marketing: Franchise systems management, Trade branch operations, Trade support, Omni-channel.

Operations / Franchise Management: Fit for purpose supply chain, Delivery chain optimisation, Order make-up / dispatch, DIFOTIS outcomes.

Distribution and Logistics: In-branch customer service, Billing and payments, Customer feedback.

Customer Service and Billing: Warranty activation / production certification.
Different customer segments have differing needs

<table>
<thead>
<tr>
<th>CUSTOMER</th>
<th>GROUP HOME</th>
<th>COMMERCIAL</th>
<th>RESIDENTIAL</th>
<th>OTHER TRADE</th>
<th>CASH / RETAIL</th>
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<tbody>
<tr>
<td>SALES MIX</td>
<td>19%</td>
<td>13%</td>
<td>35%</td>
<td>19%</td>
<td>14%</td>
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<tr>
<td>VALUE ADD</td>
<td></td>
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<tr>
<td>DIFOT</td>
<td></td>
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<tr>
<td>RANGE / QUALITY</td>
<td></td>
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<tr>
<td>KNOW HOW</td>
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<tr>
<td>SERVICE / PARTNERSHIP</td>
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<tr>
<td>BACK OF HOUSE</td>
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- Value Add: Loyalty, Rewards, Social Events, End User Client Management (technology – guided collaboration tool), installed solutions i.e. roofing
- Range/ Quality: Extensive relevant product choice / knowledge
- Service/ Partnership: Lead generation, Business Services and Support (petrol, phone), Account Management, Credible provider for Partnership (Leadership i.e. education)
- Back of House Process: Back office Efficiencies, Remote Debtors, Administration, Technological Efficiencies – Business Integration

High
High - Med
Med
Med - Low
Low

High
High - Med
Med
Med - Low
Low
PlaceMakers are well placed to extend its offer relative to other merchants…

<table>
<thead>
<tr>
<th>KEY ATTRIBUTES</th>
<th>IMPORTANCE</th>
<th>PLACEMAKERS</th>
<th>NZ TRADE MARKET</th>
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<tbody>
<tr>
<td>Value Add Services</td>
<td>Med - High</td>
<td>Focus on performance, differentiation and strong loyalty offer</td>
<td>Mixed capability and focus</td>
</tr>
<tr>
<td>DIFOT</td>
<td>High</td>
<td>Efficiency in logistics</td>
<td>Fragmented retail / trade crossover</td>
</tr>
<tr>
<td>Product Quality and Range</td>
<td>Med - High</td>
<td>Leading trade brands, + ‘special orders’</td>
<td>Quality brands / wide offers / sourcing capability</td>
</tr>
<tr>
<td>Know How</td>
<td>High</td>
<td>Trade credibility</td>
<td>Merchants have trade know how</td>
</tr>
<tr>
<td>Service/Partnership</td>
<td>High</td>
<td>Strong local relationship within national franchise disciplines</td>
<td>Wide range of outcomes</td>
</tr>
<tr>
<td>Digital enablement</td>
<td>High</td>
<td>Rapidly evolving digital platform</td>
<td>Slow industry development</td>
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Legend:
- **Strong customer proposition**
- **Mixed customer proposition**
- **Poor customer proposition**
And those customer needs are changing over time

<table>
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<tr>
<th>INSIGHTS FROM LAST TWELVE MONTHS</th>
<th>EXPECTATIONS FOR NEXT FIVE YEARS</th>
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<tr>
<td><strong>Customers</strong></td>
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<tr>
<td>• Group builders seek efficient supply chains</td>
<td>• Growth will be slow, unpredictable and concentrated in main centres</td>
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<tr>
<td>• SME builders face increasingly complex regulatory hurdle</td>
<td>• Builders will be forced to evolve skills and want assistance in risk mitigation</td>
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<tr>
<td>• Skill shortages</td>
<td>• SME builders in particular in franchisor type services from merchants</td>
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<tr>
<td>• Forward housing demand is still weak outside of Auckland and Christchurch</td>
<td>• Specialist trades represent a growing segment</td>
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<tr>
<td>• Retail customers continue to migrate away from PlaceMakers</td>
<td>• Omni-channel demand to increase</td>
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<tr>
<td>• Demographic shift will drive move from DIY shift to DIFM</td>
<td>• Customers will be delocalised from branch</td>
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<tr>
<td>• Growing proportion of buying groups, notably Group builders</td>
<td>• Commercial and residential sectors increasingly blurred - driven by multi unit housing, industry regulation and need for affordable housing</td>
</tr>
<tr>
<td>• Increased Asian supply chain segments driven by intensity of Christchurch and Auckland market</td>
<td>• Customer ‘retail / trade straddle’ not sustainable, but retail merchant practices evolve in trade merchants</td>
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Branch Network Overview

Key:

• CURRENT STORES
Current Frame and Truss Plants

Key:

- FRAME & TRUSS PLANTS
Frame & Truss assembly is a critical part of the trade merchant offer

**KEY NUMBERS – FY12**
- Annual sales $50M+
- Plant Numbers 13
- People Employed 200+

**BUSINESS SUMMARY**
- Significant growth FY13 over FY12
- Custom jobbing shop
- Driven by builder, not specifier led
- Significant touch point in building process
- Highly competitive, fragmented market
- Unique point of difference in the PlaceMakers offer
Estimations underpins PlaceMakers Trade Platform Strategy

• Convert customer idea into detailed design
• Factor in local requirements or product specifications

• Warranty phase for materials or workmanship quality / defects
• Occupier/owner maintain building
• Building additions/alterations scoped and cycle restarts

• Start of information value chain
• Creates a schedule of materials need to physically build the design
• Optimised for build process – makes the plan design ‘workable’
• Sets up material supply chains

• Data from the “Take Off” drives the information value chain
• Provides platform for PlaceMakers to serve trade and homeowner / DIY customers multi-channel
• Building products supply chain integration creates optimisation opportunities across Fletcher Building and other materials suppliers
• Centralised capability acquired in January 2013. Being rolled out alongside the “BuildIT” pricing and quoting platform 2HFY13 / 1HFY14. Currently providing services to Dimond
Driving the information value chain with the “Take Off”

UPSTREAM (PRE-BUILD)

PlaceMakers
- Demand signals to drive capacity for efficiency and service
- Demand aggregation for volumetric purchasing
- Share of wallet growth

Supplier
- Demand signals to drive capacity
- Provide sales leads
- Share of wallet growth
- Cutting lists for project-specific detail – lower cost to serve

JOB MANAGEMENT (DURING BUILD)

Builder / Sub-trade
- Materials ordering
- Sub-trades management
- Back costing

PlaceMakers
- Share of wallet growth
- Order and delivery management
- Invoicing and debt management
- Variation management

Suppliers
- Supply scheduling

Regulators / Bank
- Status of build
- Materials supplied

DOWNSTREAM (POST-BUILD)

Homeowner
- Warranty, installation details (e.g. paint)
- Renovation confidence

Supplier
- Warranty, installation details (e.g. paint, producer statements)

PlaceMakers
- Whole of life relationship

Regulators
- Building information
Integrate and leverage scale across Fletcher Building Supply Chain

- Component details (pods, steel, block)
- Concrete volume
- Placement details
- Demand scheduling
- Estimating and quoting
- Pre-bend instructions
- Placement details
- Steel beam options
- Demand scheduling
- Estimating and quoting
- Materials and Cutting lists
- Demand scheduling
- Estimating and quoting
- Complete materials list
- Demand scheduling
- Estimating and quoting
- Materials and fabrication lists
- Demand scheduling
- Estimating and quoting
- Plant cutting lists
- Demand scheduling
- Estimating and quoting
- Demand scheduling
- Demand and capacity scheduling
- Demand and capacity scheduling
- Demand and capacity scheduling
Residential Long Run Roofing Supply Chain

**TRADITIONAL SUPPLY CHAIN**
- Roofer
- Builder
- Merchant
- Client

- Competition based on price
- Duplication of effort
- Low productivity
- Limited loyalty
- High cost to serve

**INTEGRATED SUPPLY CHAIN**
- Roofer
- Builder
- Client

- Dimond focus on scale manufacture, product innovation and efficient supply
- PlaceMakers leverage scale and reach of sales and distribution
- Cost to serve sits with PlaceMakers - removes duplication
- Extending to garage doors and continuous spouting / rainwater from July 2012 – easy to extend to adjacent categories

**Other Opportunities**
- Mico Plumbing – front of wall, back of wall, store within a store
- Concrete Slabs – Firth and Fletcher Reinforcing installed solution
- Roof Tiles Group – extension of Dimond model
- Fletcher Aluminium – doors and windows
- Healthy Home Group – installed home climate systems
- Fletcher Building House – HomeStar, Best Homes
PlaceMakers Technology Overview

ERP System
(Multiple Installations)

- SUPPORT SYSTEMS
  (Help Desk, HR, Online Training)
- INTRANET
- MANUFACTURING SYSTEMS
- TRADE PLATFORM
- ORACLE FINANCIALS
- REPORTING SYSTEMS
The Key Parts of the Trade Platform

ORDER VIA
MANAGED ACCOUNTS
TELEPHONE
ONLINE
MOBILE
IN STORE

SALES SUPPORT
ESTIMATIONS / QUOTATIONS

FULFIL VIA
PICK-UP
BRANCH DELIVERED
SUPPLIER DELIVERED
PriceIT – Online Quotes and Ordering for PlaceMakers Trade Customers
Next Generation Digital will revolutionise the building process

1. Today, we have good ‘point’ solutions related to ordering, deliver and internal process management

2. Next generation digital solutions will provide end to end integration (consent to end of building life)
Next Generation Digital will revolutionise the building process
PlaceMakers strategic refresh focused on four themes…

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