Fletcher Building Limited
Analysts Presentation

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 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
Leading Brands
Leading Products
TLG PBD Australia

- Resin Dynea JV
- Fibre Wespine JV

DARDANUP PBD

- Processed Panels Welshpool
- LPM Dardanup
- Flooring Dardanup
- LPM Ballarat

KUMEU & TAUPO PBD NZ

- LPM Brisbane

TLG DISTRIBUTION

- PBD Outsourced Supply

Customers
Resin Dynea JV
Fibre Wespine JV

WELSHPOOL MDF
LPM Welshpool I
Veneers Welshpool I
LPM Ballarat

GYMPIE MDF
LPM Gympie
LPM Brisbane

TLG DISTRIBUTION
Customers
TLG PBD & MDF New Zealand

KUMEU PBD

Australian LPL Plants

LPM Hamilton

Dongwha MDF JV

TAUPO PBD

TLG DISTRIBUTION

Customers
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

Revenue

- 2005: 1031
- 2006: 1089
- 2007: 1131
- 2008: 1120

EBITDA

- 2005: 148
- 2006: 156
- 2007: 174
- 2008: 166
Industry Structure
Laminex relative market position by major product group

- **HPL**
  - Laminex
  - Wilson Art
  - Others

- **Decorative MDF/PBD**
  - Laminex
  - CHH
  - Borg
  - Others

- **Raw MDF/PBD**
  - CHH
  - Laminex
  - Sumitomo
  - Others

- **Engineered Stone**
  - Caesarstone
  - Quantum Quartz
  - Laminex

Source: Management estimates based on volumes
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
Major Manufacturing Facilities

Joint Ventures

Gympie MDF

Brisbane LPM

Welshpool MDF

Dynea Resin JV

Ballarat Doors / Componentry

Kumeu PBD

Ballarat LPM

Hamilton LPM

Dunedin Benchtops

Cheltenham HPL

Dongwha MDF JV

Dardanup PBD

Wespine Sawmill JV

Taupo PBD
Distribution

Widespread geographic coverage

Perth
Adelaide
Melbourne
Brisbane
Sydney
Auckland
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

ACTIVE CUSTOMERS (AUST & NZ) GROUPED BY SALES RANGE ($A) 2007/08

- $<0.5m: 197
- $0.5m-$1.0m: 73
- $1.0m-$2.0m: 15
- $2.0-$3.0m: 6
- $3.0-$4.0m: 2
- $4.0-$5.0m: 4
- $5.0-$6.0m: 2
- $6.0-$7.0m: 1
- $13.0m-$14.0m: 1
- $19.0m-$20.0m: 1

Total: 15,430
Revenue by Segment 2007/08

- Commercial, 32%
- New Homes, 31%
- Alterations & Additions, 31%
- Export, 6%
Revenue by Product 2007/08

- Decorated Board, 43%
- Rawboard Domestic, 13%
- Rawboard Export, 6%
- HPL, 15%
- Other, 23%
Revenue by Major Region 2007/08

- Victoria & Tasmania, 18%
- Western Australia, 16%
- Queensland, 17%
- New South Wales & ACT, 17%
- South Australia, 6%
- New Zealand, 20%
- Export, 6%
Manufacturing Performance

**Medium Density Fibreboard**

- ‘000 m³
- FY04: 380
- FY05: 375
- FY06: 365
- FY07: 370
- FY08: 385

*MDF - Excludes Taupo MDF facility*

**Low Pressure Laminate**

- M m²
- FY04: 20
- FY05: 21
- FY06: 22
- FY07: 23
- FY08: 24

**Particleboard**

- ‘000 m³
- FY04: 355
- FY05: 360
- FY06: 365
- FY07: 370
- FY08: 380

**High Pressure Laminate**

- M m²
- FY04: 3.6
- FY05: 3.1
- FY06: 3.3
- FY07: 3.0
- FY08: 2.5

* HPL exit from Papakura NZ manufacture and source from Formica China
• 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
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
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 Benchtop Material
- Gloss LPM range
- Splashbacks
- Greenfirst product range
- Kitchen Doors and Componentry Panels
- Plywood
- Veneers
Thank you