FletcherBuilding

Investor Presentation
March 2011

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Chief Executive Officer

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 February 2011 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.

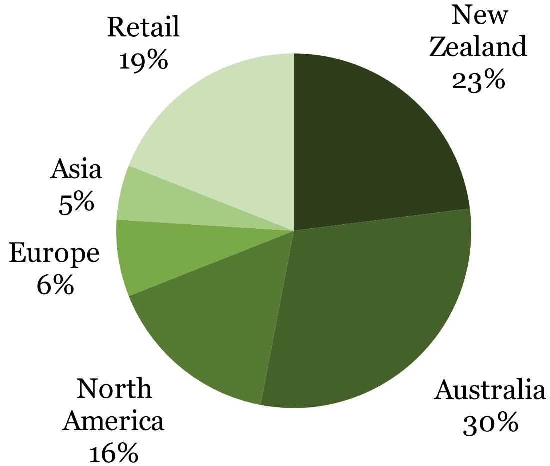
Agenda

- Company and Market Overview
- Strategy
- Financial Results
- Update on Key Developments
- Divisional Performance
- Outlook

Company and Market Overview

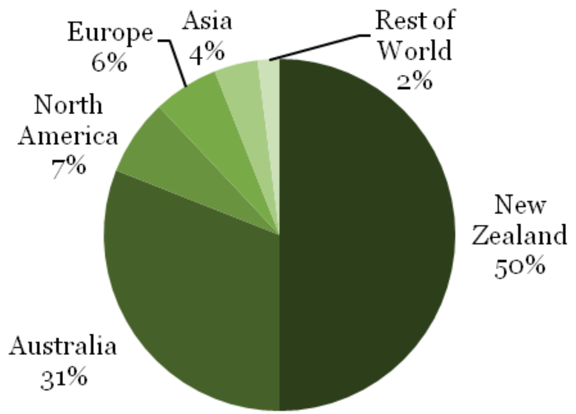
Fletcher Building at a glance

- Revenue - year to 30 June 2010: NZ$6,799 million
- Market Capitalisation NZ$5.22 billion
  Ranked # 1 on NZX
  # 62 on ASX
- Employees: 16,000
- Listed on NZ and Australian Stock Exchanges
  – Level I sponsored American Depositary Receipts (ADR's) program launched December 2010
- Shareholders:



* As at 30 June 2010

Revenues:



* Year ended 30 June 2010

Market leading businesses

Building Products	Distribution	Infrastructure	Laminates & Panels	Steel
Plasterboard **Insulation** **Roof Tiles** **Single Businesses:** ▪ **Aluminium** ▪ **Sinkware**	**Building Materials Distribution** ▪ 62 PlaceMakers stores	**Construction** **Concrete:** ▪ **Cement** ▪ **Readymix** ▪ **Aggregates** ▪ **Concrete Products** ▪ **Concrete Pipes and Quarries**	**The Laminex Group** ▪ MDF ▪ Particleboard ▪ LPM ▪ HPL **Formica** ▪ HPL	**Coated Steel** **Long Steel:** ▪ **Reinforcing bar, mesh and wire** ▪ **Scrap** **Distribution**
Revenue-12%	Revenue-13%	**Revenue-30%**	Revenue-28%	**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

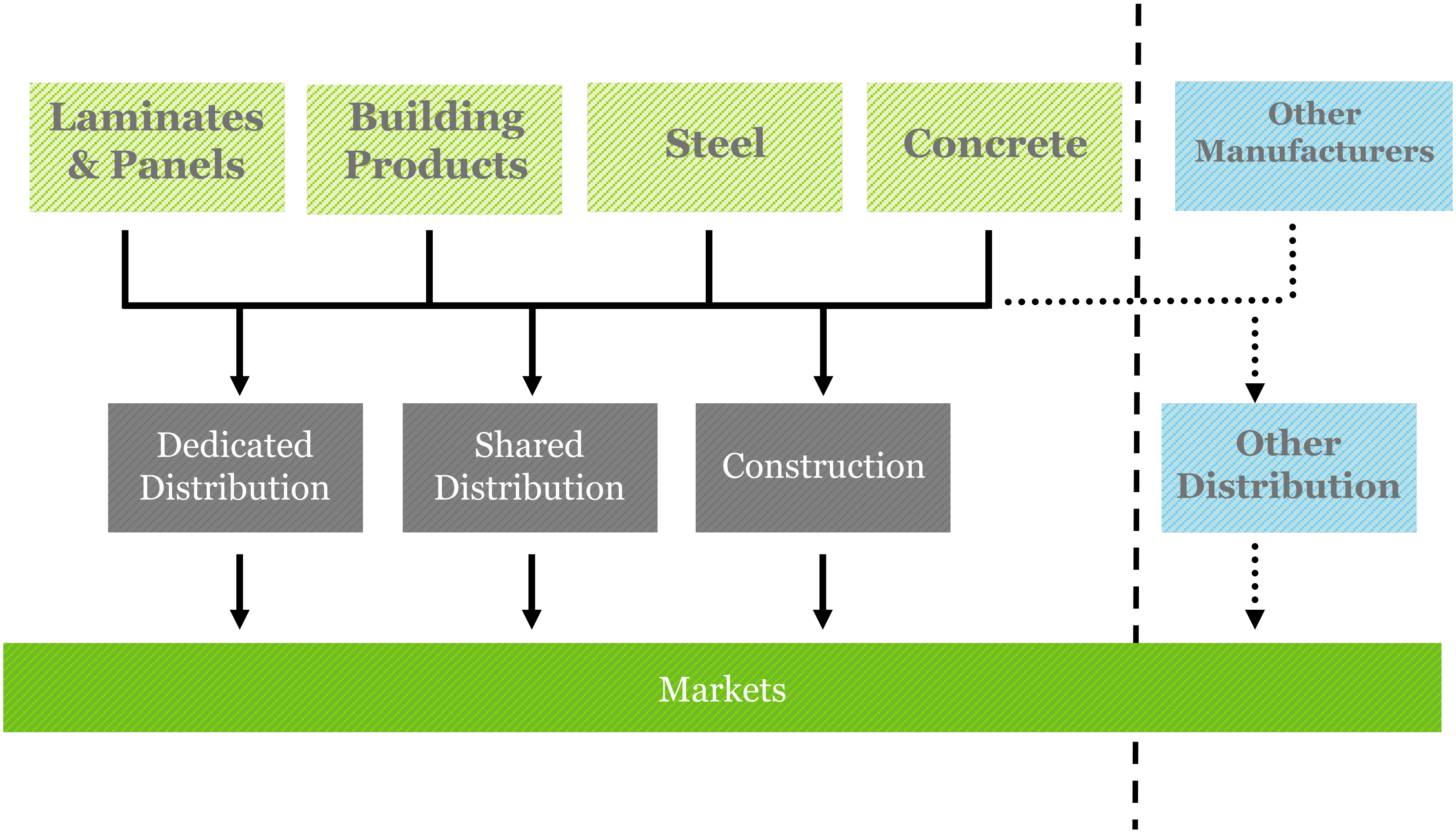
Longer term strategy continues to be:

- 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



NZ's economic fundamentals are sound

- Key drivers of the economy remain robust – agriculture and tourism
- Government stimulus measures have been modest – longer term burden on fiscal and monetary policy settings will not be significant
- Banking system has weathered GFC well
- Consumer deleveraging is impacting domestic demand for manufactured goods and new housing
- Severity of the Canterbury earthquakes will negatively impact short term GDP growth
- Tax changes introduced with effect from 1 October 2010:
  - Top marginal income tax rate reduced to 33%
  - GST (consumption tax) rose from 12.5% to 15%
  - Corporate tax rate to reduce to 28% from 1 July 2011

Residential recovery has stalled, while commercial markets have bottomed out

Building Consents	Dec 2010 12 months	Dec 2009 12 months	Dec 2008 12 months	10/09 %Mvmt
New Zealand				
- Residential Consents	15,602	14,425	18,456	+8
- Non Res WPIP ($m)	4,728	4,896	5,220	-3
- Infrastructure WPIP ($m)	6,412	6,269	5,759	+2
				Source: Infometrics
Australia				
- Residential Consents	172,422	146,496	148,155	+18
- Non Res WPIP (A$Bn)	36.3	32.0	33.9	+13
- Infrastructure WPIP (A$Bn)	77.2	76.1	70.8	+1
				Source: BIS Shrapnel
US				
- Residential Construction Starts	590,000	567,000	855,000	+4
- Commercial & Industrial (US$Bn)	48.4	56.5	111.6	-14
- Institutional (US$Bn)	106.9	111.5	130.6	-5

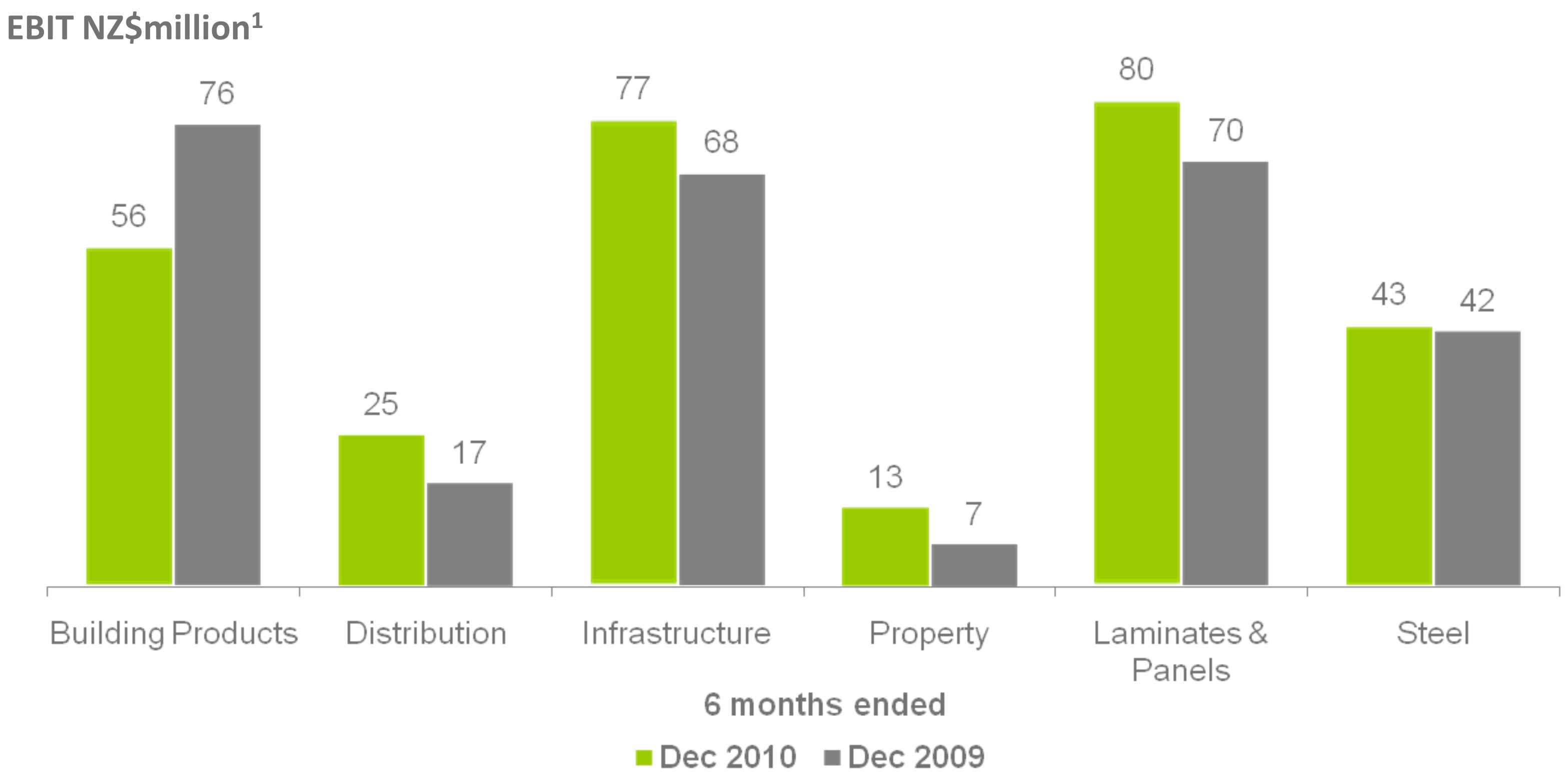
Source: McGraw Hill

Financial Results

Earnings growth driven by modest revenue growth and margin expansion

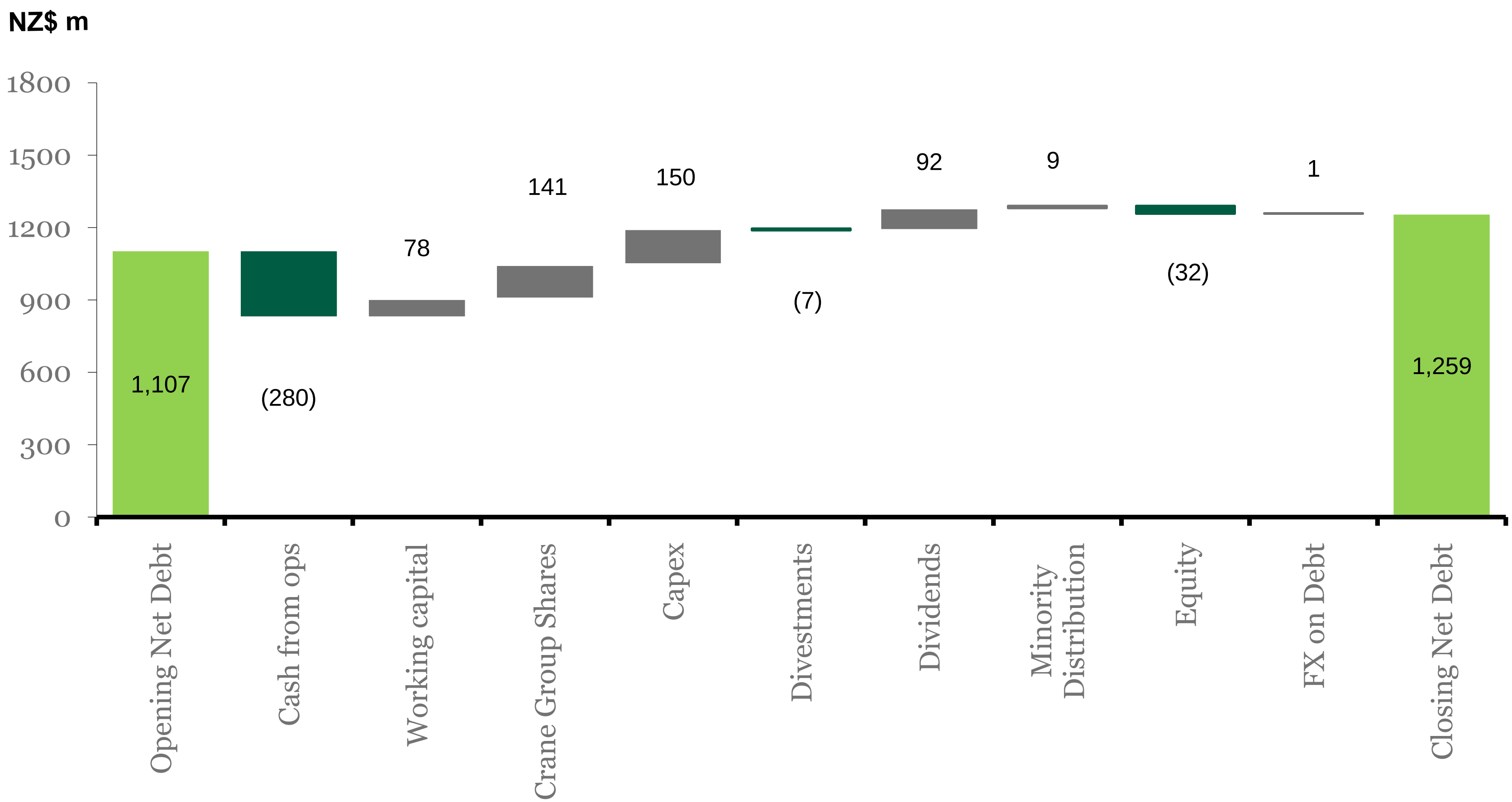
NZ$m	Dec 2010 6 months	Dec 2009 6 months	% Change
Sales	3,468	3,393	+2
EBITDA	381	372	+2
EBIT	285	271	+5
Net earnings	166	154	+8
EPS – cps	27.3	25.5	+7
Dividend - cps	16	14	+14

Earnings ahead in all divisions except Building Products



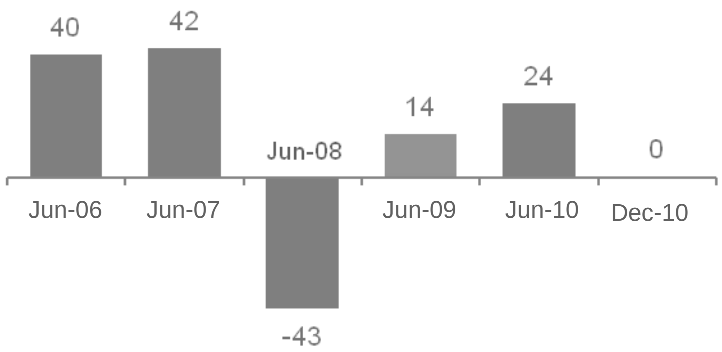
1. *Earnings before interest and tax*

Net debt levels increased with investment in Crane Group

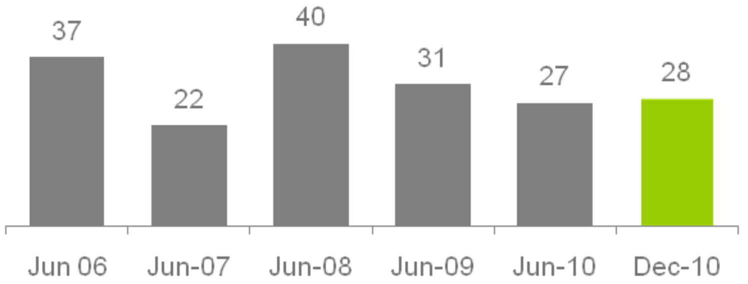


Key Ratios

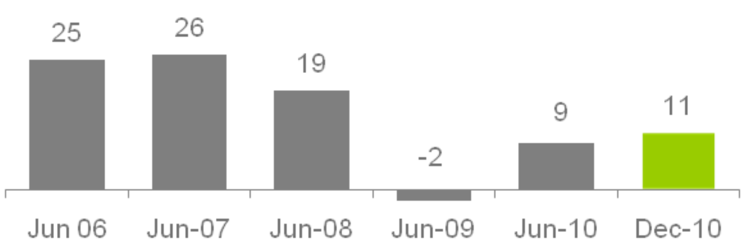
Total Shareholder Return (TSR) Percentage



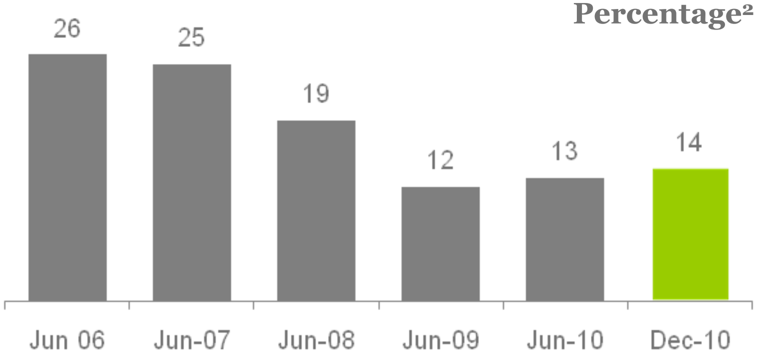
Debt/Debt Plus Equity Percentage



Return on Average Equity Percentage[1]

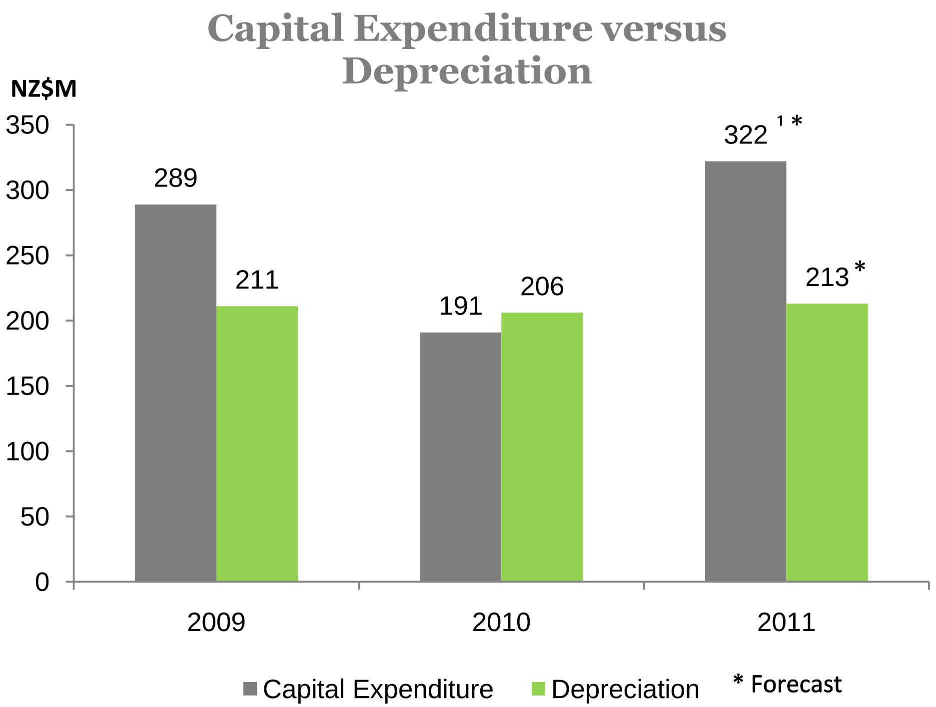


Return on Average Funds Percentage[2]



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 completed in September 2010
- Other growth capex:
  - Laminex MDF plant upgrade
  - New construction materials recycling plant
  - PlaceMakers store expansion

1. *Excludes acquisition of shares in Crane Group Ltd*

Update on Key Developments

Overview of Crane's businesses

Crane Division (FY10 in A$m, to nearest million)	Aust.	NZ	Revenue	EBIT[1]	Key Brands
Pipelines *Manufacturer and distributor of pipes and fittings from 15mm to 2,000mm in diameter with 20 manufacturing and distribution facilities across Australia and New Zealand* *Building applications include: civil works, houses and commercial buildings, on farm irrigation, telecommunications, and mining and industrial projects*	✓	✓	505	37[2]	
Trade Distribution – Australia *More than 240 stores under the Tradelink, Hudson Building Supplies, Northern's, Mico, Bathroom Basement and H&L brands* ***Tradelink** – Plastic pipe and plumbing products distribution through a network of 220+ branches* ***Hudson** – Hardware and timber supplies*	✓		902	41	
Trade Distribution – New Zealand *Nationwide network of 100+ branches primarily targeting trade* ***MasterTrade** – Plumbing, bathroom, and electrical supplies* ***Mico** – Pipelines, plumbing, and bathroom supplies* ***Corys** – Electrical products*		✓	301	1	
Industrial Products ***Metals Distribution** – Distribution of non-ferrous metal products in Australia and New Zealand* ***Crane Copper Tube** – Manufacturer of copper tube*	✓	✓	300	8	
Inter-segment revenue eliminations / unallocated EBIT			(144)	(17)	
TOTAL			1,863	70[2]	

1. *Excluding significant items*
2. *Includes A$6m share of NPAT from Mitchell Water JV*

Source: Crane FY10 Annual Report and Crane Group

Divisional structure of the Combined Group

Crane will form a new division within the Combined Group, with its complementary businesses representing strategic extensions of existing Fletcher Building operations

COMBINED GROUP

Corporate leadership and functions

Building Products

Plasterboard

Insulation

Roof Tiles

Single businesses

- Aluminium
- Sinkware

Infrastructure

Rocla Pipeline Products

Humes

Construction materials

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

Construction

Crane

iPLEX Pipelines

Key Plastics

Gatic-Milnes

Tradelink

MASTERTRADE

Mico

Corys

Austral Wright Metals

Crane Copper Tube

Distribution

Building Materials Distribution

PlaceMakers Know how. Can do.

Steel

Coated Steel

- Rollforming
- Steel coating

Long Steel

- Reinforcing bar, mesh and wire

Distribution

Stramit Building Products

easysteel

Laminates & Panels

The Laminex Group

- MDF
- Particleboard
- LPM
- HPL

Formica

- HPL

Note: Dashed lines indicate primary areas of complementary Fletcher Building and Crane businesses

Summary of the Revised Offer for Crane Group Limited

Revised Terms	• Revised Offer comprising A$3.50 cash and one Fletcher Building share for each Crane ordinary share • Crane's fully franked special dividend from accumulated profits of A$0.50 per share and interim dividend of A$0.22 per share to be paid on 22 February 2011 will not reduce the cash consideration of the Revised Offer[1] • The total implied value to be received by Crane shareholders including the special dividend equates to **A$10.07** for each Crane share[2] *The implied value of the Revised Offer will vary as the market price of the Fletcher Building shares on the ASX changes from time to time.*
Unanimous Board Recommendation to ACCEPT	• Crane's Directors unanimously recommend Crane shareholders **ACCEPT** the Revised Offer, in the absence of a superior proposal • Each of Crane's Directors **INTEND TO ACCEPT** in respect of their own shares, in the absence of a superior proposal • Total implied value to be received by Crane shareholders of A$10.07 is within the valuation range provided by the Independent Expert
Key Conditions	• The Revised Offer remains subject to various conditions including obtaining regulatory approvals and a relevant interest in Crane of at least 90%[3]

1. *Crane shareholders accepting the offer should note that as they are receiving the Crane interim dividend they will not be eligible to receive the corresponding Fletcher Building dividend of up to NZ$0.16 per share (which at the exchange rate of A$1 = NZ$1.30 at 25 January 2011 translates to approximately A$0.12)*
2. *Total implied value based on A$3.50 in cash plus one Fletcher Building share at the closing share price on the ASX of A$6.07 on 25 January 2011 and on the basis that Crane pays a A$0.50 fully franked special dividend. The implied value of the Revised Offer will vary as the market price of the Fletcher Building shares on the ASX changes from time to time.*
3. *Fletcher Building has agreed to waive the Index Out condition contained in section 12.8(a)(xii) of the Bidder's Statement as well as permit certain other activities of Crane as not causing a breach of a condition.*

Summary of transaction metrics

- Total implied value to be received by Crane shareholders of A$10.07[1] represents an enterprise value for Crane of A$939m (NZ$1,221m[2])
- When Fletcher Building's 14.9% stake is included at A$9.35 less Crane's A$0.22 interim dividend the total equity value on this basis is reduced to A$786m
- Gearing increases from 26.8% to approximately 34% (pro forma FY10)[3]
- FY10 Pro Forma EPS before significant items (before synergies and transaction costs) increases from 39.6 A¢ to 40.0 A¢

Metrics	**A$**
Total Implied Value per share	*$10.07*
Total Shares on Issue (m)	*79.1*
Equity Value	*$797m*
Net Debt	*$160m*
Other	*$1m*
less: Associates at Book Value	*($37m)*
add: Interim dividend payable	*$17m*
Enterprise Value	*$939m*
EBIT ex-associates (FY11)[4]	*$74.4m*
NPAT (FY11)[2]	*$38.7m*
EV / EBIT ex-associates (FY11)	*12.6x*
P/E (FY11)	*20.6x*

1. *Total implied value based on A$3.50 in cash plus one Fletcher Building share at the closing share price on the ASX of A$6.07 on 25 January 2011 and on the basis that Crane pays a A$0.50 fully franked special dividend*
2. *Based on estimated exchange rate of A$1.00 = NZ$1.30 at 28 January 2011*
3. *Interest bearing debt (including capital notes) to interest bearing debt (including capital notes) and equity*
4. *Based on earnings implied by Crane's guidance: FY11 NPAT before significant items of A$38.7m (5% increase on A$36.8m in FY10), FY11 EBIT before significant items and excluding income from associated of A$74.4 (15% increase on A$64.7m in FY10)*

Acquisition of Crane Group Ltd is financially attractive to Fletcher Building

- Crane's 1H11 result demonstrated solid performance for the 6 months ended 31 December with EBIT[1] and NPAT[1] ahead of broker consensus[2] expectations
  - Strong cash generation resulted in net debt of A$160m (up from A$154m) despite the acquisition of Hudson Building Supplies for A$31.5m
  - EBIT[1] ahead of broker consensus[2] expectations for Tradelink and Pipelines
- Fletcher Building's average acquisition price for Crane shares will be lower than the total implied value to be received by Crane shareholders of A$10.07[3]
  - Acquisition of 14.9% shareholding for A$9.35 cash on 14 December 2010
  - Fletcher Building will receive Crane's A$0.22 interim dividend and the A$0.50 special dividend in respect of this shareholding

1. *Before significant items*
2. *Based on research reports from Goldman Sachs, Credit Suisse, JPMorgan, Deutsche, and RBS dated 21 January 2011*
3. *Total implied value based on A$3.50 in cash plus one Fletcher Building share at the closing share price on the ASX of A$6.07 on 25 January 2011 and on the basis that Crane pays a A$0.50 fully franked special dividend*

Canterbury earthquake update

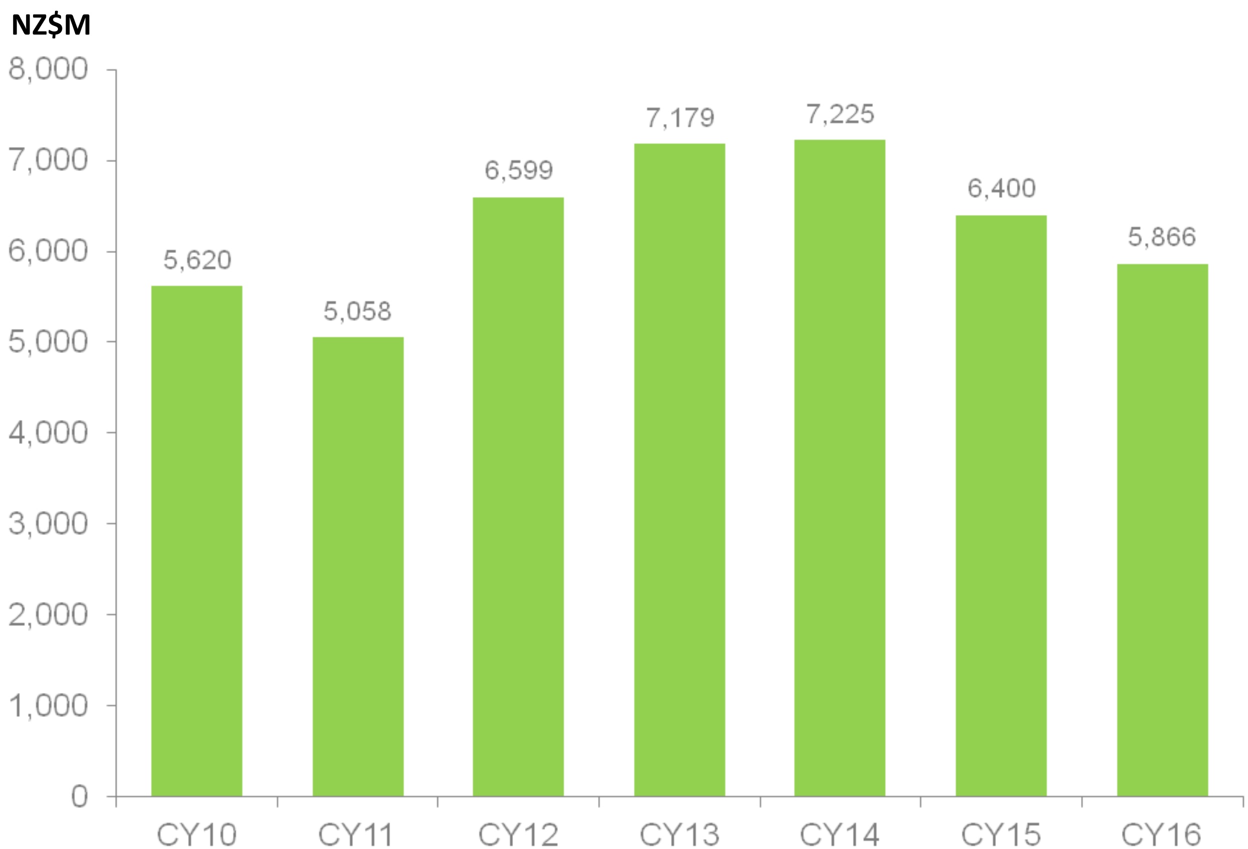
- Following first significant earthquake on 4 September 2010:
  - Fletcher Construction was selected to undertake project management of repairs for the Earthquake Commission (approximately 60,000)
    - 12 regional project management hubs established
  - Contracting with the Christchurch City Council on $190 million of infrastructure repairs (joint venture with McConnell Dowell)
  - Opportunity for participation in land remediation work
- As a result of the earthquake on 22 February 2011:
  - Residential repair programme on hold
  - Short term disruption to business trading with minor damage sustained by FBU operations in Canterbury

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 second half 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 Infrastructure Outlook

National Infrastructure Plan: CY10 to CY16



Source: National Infrastructure Plan March 2010

Fletcher Building Tax Crediting Policy on Dividends

- Fletcher Building announced on 9 February 2011 a new tax crediting policy for its dividends whereby:
  - all interim dividends will be fully franked with Australian tax credits, or franked to the maximum extent possible; and
  - all final dividends will be fully imputed with New Zealand tax credits, or imputed to the maximum extent possible

- Any surplus Australian or New Zealand tax credits available after applying this policy will also be distributed to shareholders as circumstances permit.

- The new policy improves the tax effectiveness of the company's dividend and will help to minimise the wastage of tax credits for Australian shareholders

- Based on current tax projections, Fletcher Building has fully franked the interim dividend announced on 16 February 2011 and expects to fully impute the final dividend to be announced in August 2011. It is also expected to fully frank and impute its 2012 interim and final dividends in the same way

- The new policy should deliver an after tax return for Australian shareholders which is at least equal to 91% of the after tax return of equivalent fully franked annual dividends of an Australian company

Divisional Performance

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

- Mayor global supplier of metal roof tiles

Single Businesses

- Fletcher Aluminium
- Tasman Sinkware

Building Products result

NZ$m	Dec 10 6 Mths	Dec 09 6 mths	% Δ
Sales	371	436	-15
EBITDA	69	89	-22
EBIT	56	76	-26
Funds Employed	674	641	+5
EBITDA/sales %	18.6	20.4	
EBIT/sales %	15.1	17.4	
ROFE %	16.6	23.7	

- **Insulation** earnings down 51% due to impact of stimulus package withdrawal in Australia.
- **Plasterboard** earnings down due to flat demand and new product investment.
- **Roof Tiles**
  Volumes up in Africa, Europe and Asia, flat in New Zealand and down in United States.

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	Dec 10 6 Mths	Dec 09 6 mths	% Δ
Sales	446	435	+3
EBITDA	29	22	+32
EBIT	25	17	+47
Funds Employed	138	141	-2
EBITDA/sales %	6.5	5.1	
EBIT/sales %	5.6	3.9	
ROFE %	36.2	24.1	

- Sales ahead due to prior year improvement in new housing construction activity
- Continued focus on cost reduction and branch profitability
- Canterbury earthquakes have caused significant business disruption
- DIY activity subdued but sales aided by loyalty programme relaunch

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	Dec 10 6 mths	Dec 09 6 mths	% Δ
Sales	1,034	974	+6
EBITDA			
- Concrete NZ	50	44	+14
- Concrete Aust.	36	37	-3
- Construction	26	22	+18
- Property	13	7	+86
Total EBITDA	125	110	+14
EBIT	90	75	+20
Funds Employed	1,142	1,047	+9
EBITDA/sales %	12.1	11.3	
EBIT/sales %	8.7	7.7	
ROFE %	15.8	14.3	

NZ Concrete

- Cement volumes steady
- Softer demand for readymix and masonry products
- Aggregate and pipe volumes up, driven by infrastructure & roading projects

Australia Concrete

- Quarry volumes up year on year, particularly in Western Australia
- Pipeline demand softer but growth in other products

Construction

- Infrastructure work load supported by government funded activity
- Current backlog $885m, additional $440m of work where FCL preferred contractor

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	Dec 10 6 mths	Dec 09 6 mths	% Δ
Sales	1,001	965	+4
EBITDA			
- Laminex	77	79	-3
- Formica	36	27	+33
Total EBITDA	113	106	+7
EBIT	80	70	+14
Funds Employed	1,721	1,695	+2
EBITDA/sales %	11.3	11.0	
EBIT/sales %	8.0	7.3	
ROFE %	9.3	8.3	

Laminex

- Australian volumes higher on new house completions and government-funded schools programme.
- NZ volumes flat year on year.

Formica

- Strong volume growth in Asia up 15% year on year.
- North America volumes down 3%, Europe down 8%.
- Strong earnings growth from cost reduction initiatives.

Formica: continued improvement in earnings, due to Asia growth and cost reduction programme

EBIT US$m	1H11	1H10
Asia	14	12
North America	8	3
Europe	1	-3
Corporate	-6	-5
EBIT $US	17	7
EBIT (NZ$)	23	10

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	Dec 10 6 Mths	Dec 09 6 mths	% Δ
Sales	616	583	+6
EBITDA	54	54	-
EBIT	43	42	+2
Funds Employed	568	522	+9
EBITDA/sales %	8.8	9.3	
EBIT/sales %	7.0	7.2	
ROFE %	15.1	16.1	

- Long steel earnings impacted by competitive pricing pressures and higher scrap (input) costs.
- Rollforming and coated steel volumes flat due to lower commercial activity but earnings up 26%.
- Strong growth in steel distribution operating earnings, volumes up 16%.

Outlook

Outlook 2011

Outlook for 2011 financial year continues to be mixed as to the pace of economic recovery, and impacts of Queensland floods and the Canterbury earthquake

New Zealand:

- Residential building activity not expected to improve in the second half.
- Commercial construction activity appears to have bottomed out.
- Infrastructure spending to dip in 2011 before growing in 2012.
- Canterbury earthquake repair work will be significant.

Australia:

- Residential building activity may weaken from 2010 levels.
- Commercial likely to remain subdued; infrastructure expected to continue at current levels.
- Potential short term negative impact of Queensland and Victorian floods and cyclone, some positive contribution likely in 2012.

Asia: continued growth expected in China and South East Asia.

North America and Europe: US expected to recover sooner, Western Europe likely to remain difficult.

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March 2011

Jonathan Ling

Chief Executive Officer