



# Forsyth Barr Investor Presentation

## 07 April 2011

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Chief Executive Officer



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## 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.

## Fletcher Building at a glance

	2001	2010	2011 – Post Crane
Revenue (NZ\$billion)	2.3	6.8	9.8*
Operating Profit (EBIT NZ\$million)	94	521	616*
Market Capitalisation (NZ\$billion)	0.78	5.1	6.2
Employees	7,000	16,000	>20,000

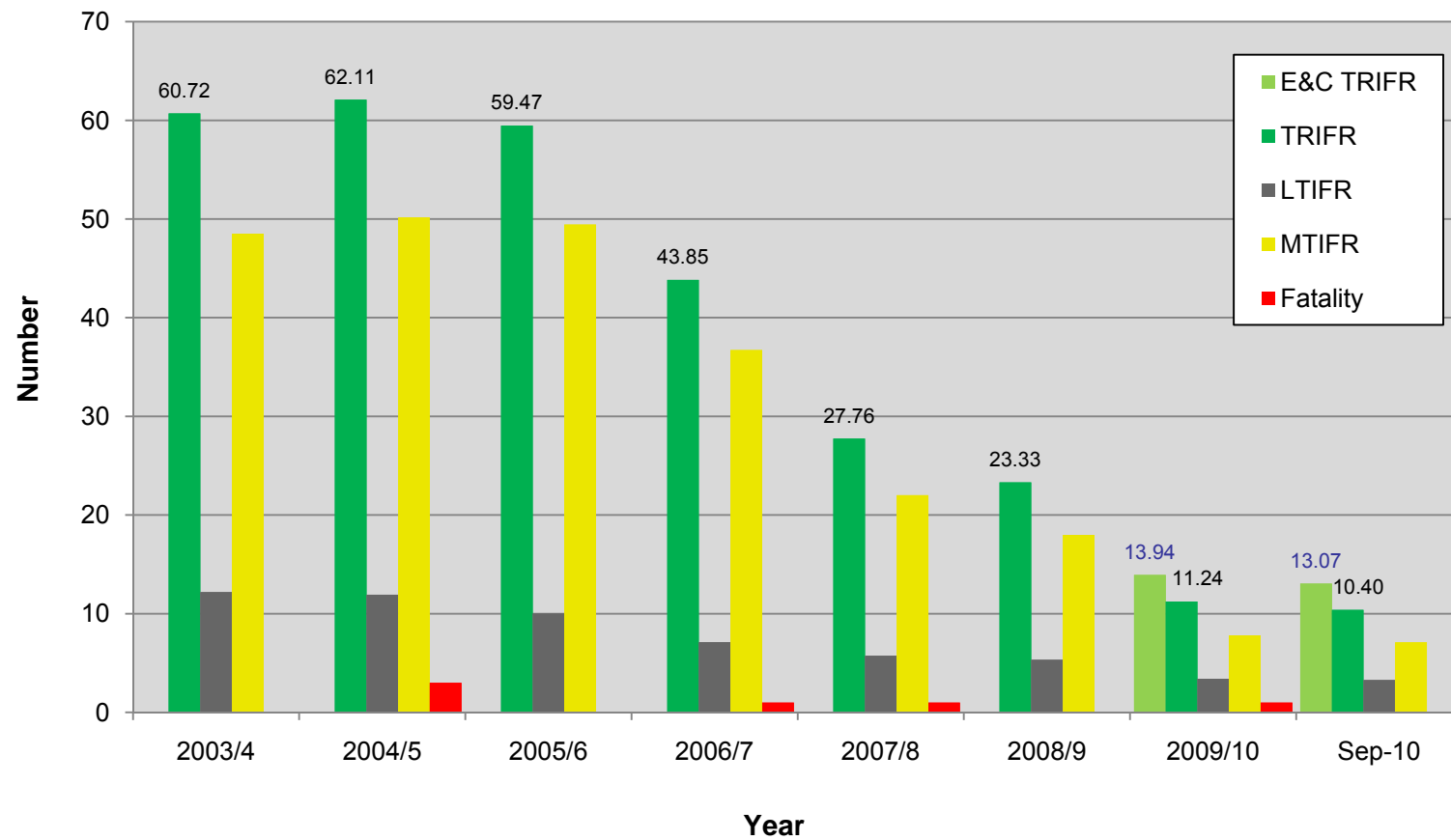
*\* Based on Pro-forma accounts in Bidders Statement dated 10 January 2011.*

## Fletcher Building at a glance

	2001	2010	2011 – Post Crane
Market Ranking:			
-NZX	17	1	1
-ASX		60	54
Share Price	\$2.26	\$7.85	\$9.37
Total Shareholder Return			435%*

*\* Based on Pro-forma accounts in Bidders Statement dated 10 January 2011, for the period from 26 March 2001 to 14 December 2010.*

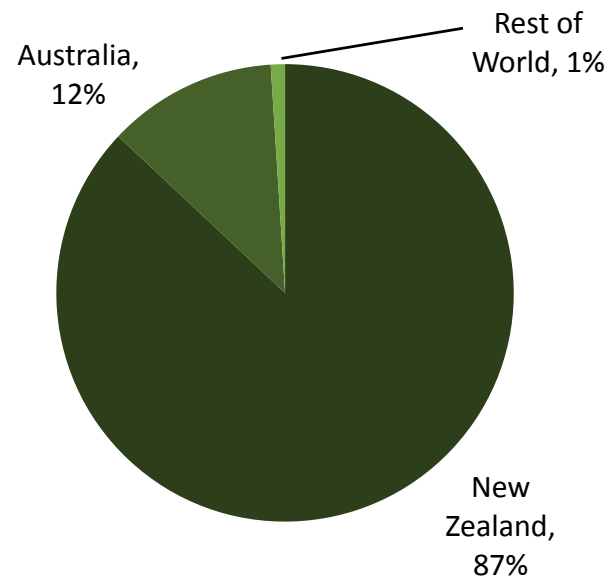
## Safety Performance



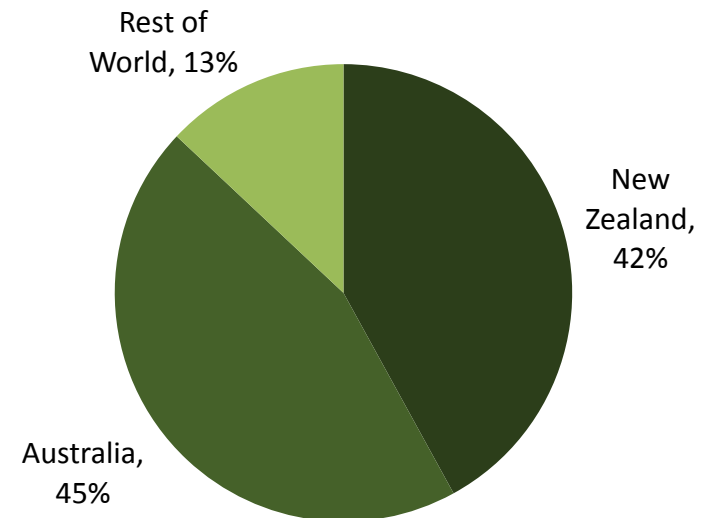
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## Fletcher Building Then and Now

Revenue 2001:



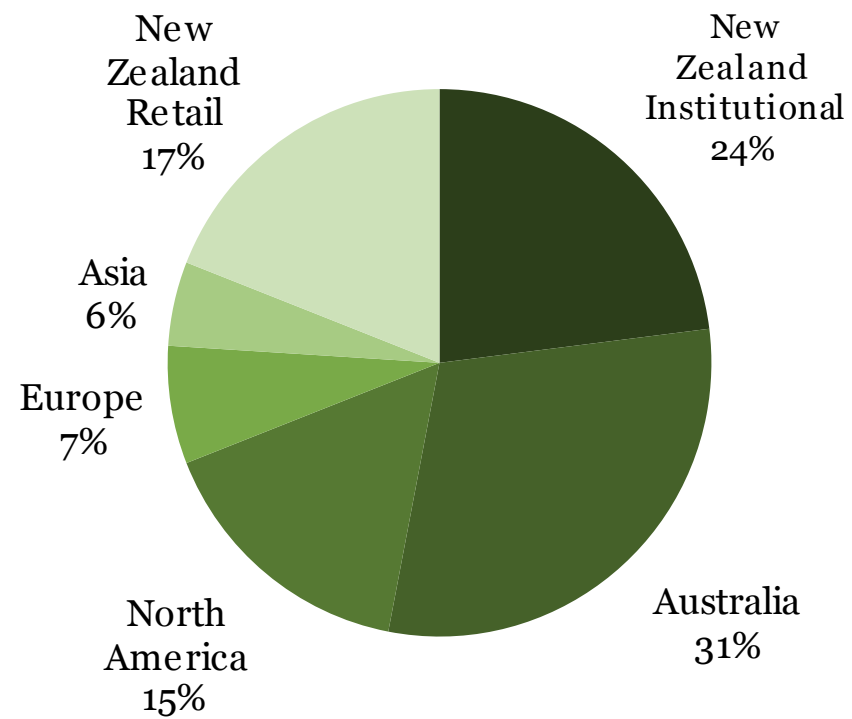
Revenue 2011:\*



*\* Pro-forma combined Fletcher Building and Crane Group*

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## Fletcher Building Shareholder Base



*As at 31 December 2010*

## Market leading businesses



Building  
Products

**Plasterboard  
Insulation  
Roof Tiles  
Single Businesses:**

- Aluminium
- Sinkware



Distribution

**Building Materials  
Distribution**

- 62 PlaceMakers stores



Infrastructure

**Construction**

**Concrete:**

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



Laminates  
& Panels

**The Laminex  
Group**

- MDF
- Particleboard
- LPM
- HPL

**Formica**

- HPL



Steel

**Coated Steel**

**Long Steel:**

- Reinforcing bar, mesh and wire
- Scrap

**Distribution**



**Crane Group**

Crane

**Pipelines –  
Manufacture &  
Distribution**

**Trade Distribution  
Australia and NZ**

**Copper Tube –  
Manufacture &  
Distribution**

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## Strategic Objectives

- Grow our Australian and New Zealand building products and construction materials positions
- Develop Laminex and Formica into the World's leading laminates and panels business
- Maintain our strong market positions in New Zealand
- Pursue opportunities to transform our businesses

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## The Fletcher Building Way

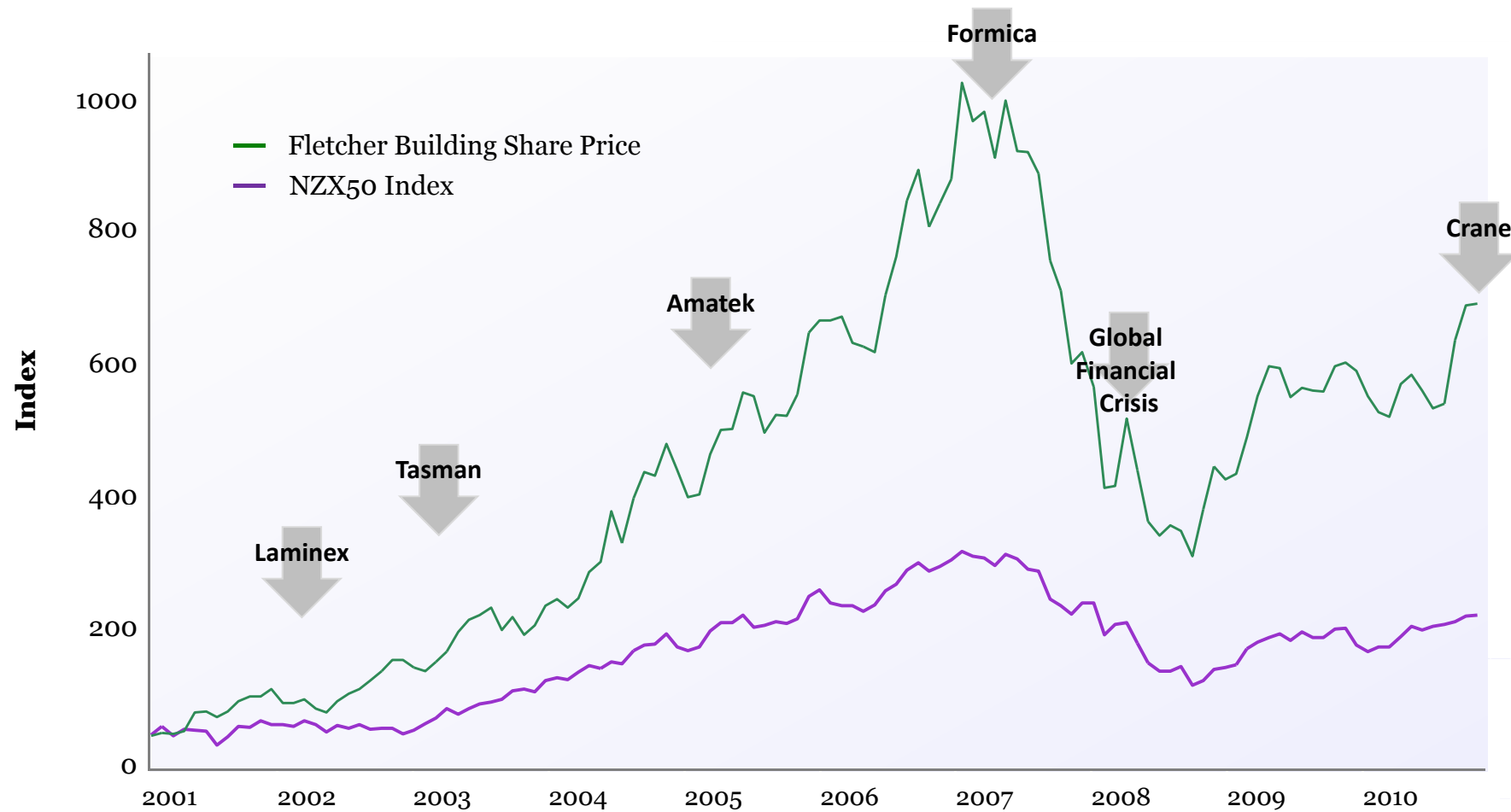
- Decentralised organisation structure. Maximum autonomy and accountability with Business Unit General Manager.
- Small corporate office.
- Improve or eliminate underperforming businesses
- Have the right people in the right roles at the right time.
- A bias to action and do what you say you will do.

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## Fletcher Building acquisition criteria

- No. 1 or 2 market position
- Attractive industry structure
- Capable management available
- Attractive financial returns

## Successful diversification has driven out-performance



## Overview of Crane's businesses

Crane Division (FY10 in A\$m, to nearest million)	Aust.	NZ	Key Brands
<p><b>Pipelines</b></p> <p>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</p> <p>Building applications include: civil works, houses and commercial buildings, on farm irrigation, telecommunications, and mining and industrial projects</p>	✓	✓	    
<p><b>Trade Distribution – Australia</b></p> <p>More than 240 stores under the Tradelink, Hudson Building Supplies, Northern's, Mico, Bathroom Basement and H&amp;L brands</p> <p><b>Tradelink</b> – Plastic pipe and plumbing products distribution through a network of 220+ branches</p> <p><b>Hudson</b> – Hardware and timber supplies</p>	✓		  
<p><b>Trade Distribution – New Zealand</b></p> <p>Nationwide network of 100+ branches primarily targeting trade</p> <p><b>MasterTrade</b> – Plumbing, bathroom, and electrical supplies</p> <p><b>Mico</b> – Pipelines, plumbing, and bathroom supplies</p> <p><b>Corys</b> – Electrical products</p>		✓	  
<p><b>Industrial Products</b></p> <p><b>Metals Distribution</b> – Distribution of non-ferrous metal products in Australia and New Zealand</p> <p><b>Crane Copper Tube</b> – Manufacturer of copper tube</p>	✓	✓	  

Source: Crane FY10 Annual Report and Crane Group

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## 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 refocused on emergency repairs
  - Short term disruption to business trading with minor damage sustained; net earnings for FY11 to be \$14m - \$24m lower
  - \$5m donated by Fletcher Building to Christchurch for rebuilding and housing projects.

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## 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

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## Outlook 2011

Outlook for 2011 financial year continues to be mixed as to the pace of economic recovery, and the impact of the Canterbury earthquakes

### 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 beyond 2011.

### Australia:

- Residential building activity may weaken from 2010 levels.
- Commercial likely to remain subdued; infrastructure expected to continue at current levels.

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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