

Annual Shareholders' Meeting - 2014

2014 review – a good year

- **Financially**

- **Revenue of US\$396m ↑ US\$32m**

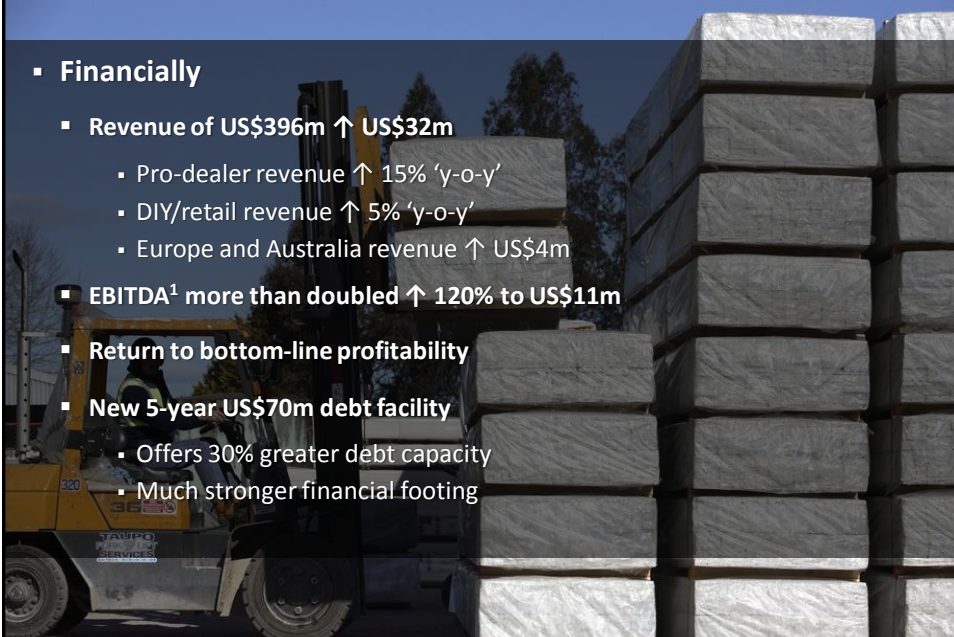
- Pro-dealer revenue ↑ 15% 'y-o-y'
 - DIY/retail revenue ↑ 5% 'y-o-y'
 - Europe and Australia revenue ↑ US\$4m

- **EBITDA¹ more than doubled ↑ 120% to US\$11m**

- **Return to bottom-line profitability**

- **New 5-year US\$70m debt facility**

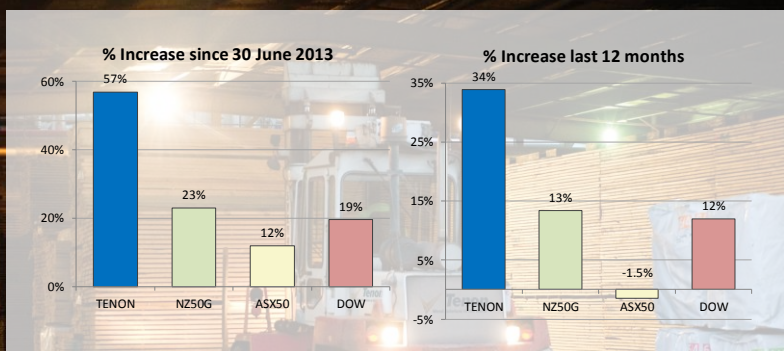
- Offers 30% greater debt capacity
 - Much stronger financial footing



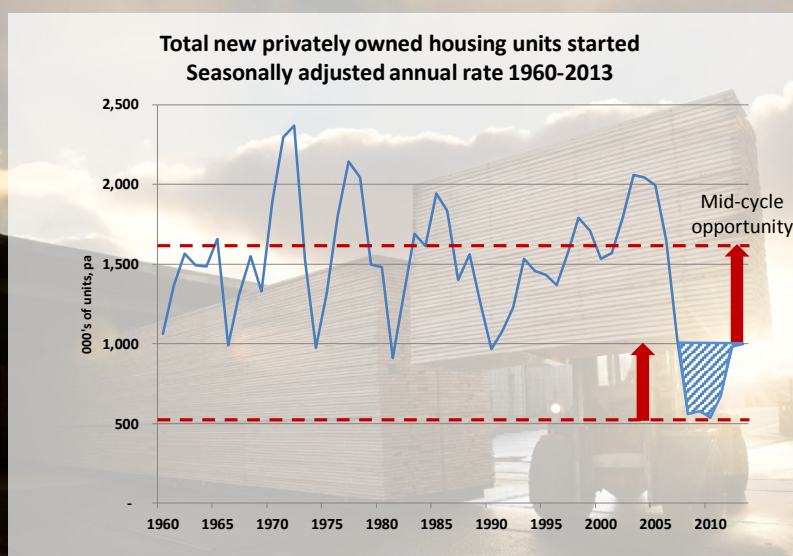
2014 review – a good year

- **Strategically**
 - **Entered into new arrangement with Masters in Australia**
 - JV between Woolworths and Lowe's
 - Currently 50 stores - grow 10-15 stores pa
 - Apply our 'best-in-class' North America service model
 - Product supply from Taupo and Victoria plants
 - **Taupo capital expenditure**
 - Sawmill optimisation upgrade – US\$5m
 - Grade scanner and optimising cross-cut saw – US\$2m
 - Add US\$3-3.5m pa in EBITDA once operational²
 - **Review of North American activities**
 - Identify new opportunities for growth
 - Improve profitability and service
 - Value 'prize' for Tenon

2014 review – a good year ... reflected in share price



US housing cycle recovery



Shows new housing only – Tenon has similar exposure to DIY/retail

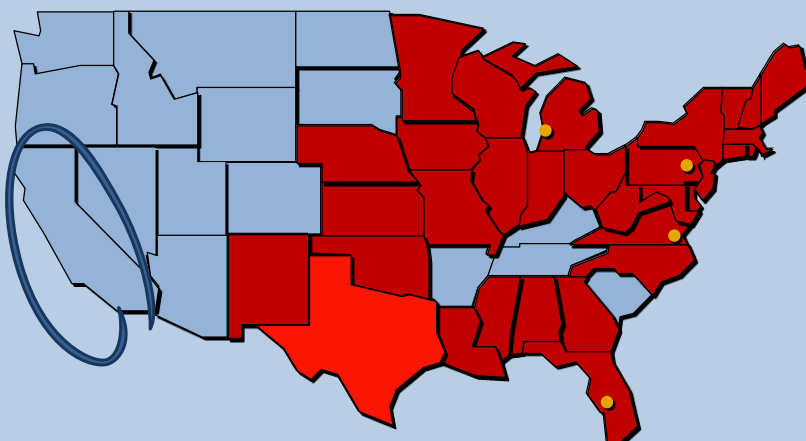
Mid-cycle EBITDA upgraded

- Cyclical recovery alone to drive strong earnings growth
- Organic growth is additive
 - Market share growth
 - Product range expansion
 - Improved manufactured product mix
 - Operational efficiency gains
 - Enhanced exposure to pro-dealer segment



Repeat our upgraded mid-cycle EBITDA¹ guidance of US\$45m per annum³
 2014 result is less than 25% of our mid-cycle potential
 Acquisitions/M&A remains firmly on the agenda – Tenon well positioned
 2014 was a good start – much more to come!

Presence in key new house building states

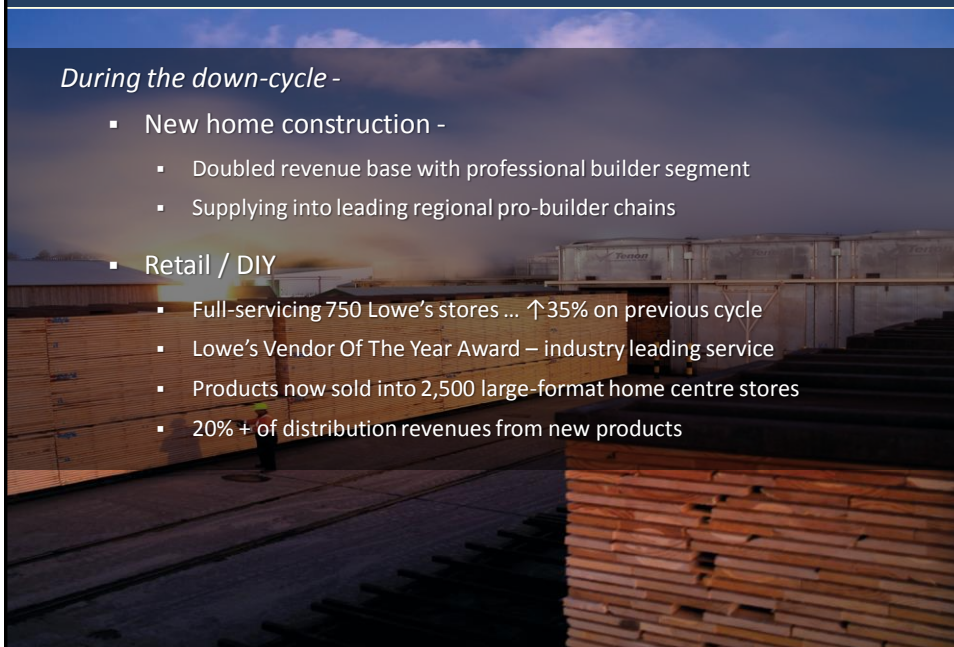


- Red states = Tenon coverage \approx 60% of all US housing permits this year
- Core Texas market for Tenon
 - Houston and Dallas alone permitted more new homes than all of California
 - 162,000 new home permits in Texas over past 12 months
 - Approx 7x the # of permits issued in NZ
- Tenon is well positioned for recovery

Establishing strong in-market position

During the down-cycle -

- New home construction -
 - Doubled revenue base with professional builder segment
 - Supplying into leading regional pro-builder chains
- Retail / DIY
 - Full-servicing 750 Lowe's stores ... \uparrow 35% on previous cycle
 - Lowe's Vendor Of The Year Award – industry leading service
 - Products now sold into 2,500 large-format home centre stores
 - 20% + of distribution revenues from new products



Strategic positioning – high market shares

| An enviable market position | | Category | Market position |
|---------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------|-----------------|
| Wholesale Manufacturing & Distribution |  | Imported clears (includes FJ) Imported solid appearance | Top five #1 |
| Full Service Distribution |  | Interior mouldings Lowe's mouldings | Top three #1 |
| |  | 2-Step distribution (Texas) Stair parts (Texas) | Top three #1 |
| Specialty Manufacturing & Customised Distribution |  | Hardwood mouldings Big Box decorative mouldings | Top five |

Notes

Footnotes

- 1 We used EBITDA when discussing financial performance. EBITDA (i.e. Earnings before interest, taxation, depreciation and amortisation) is a non-GAAP financial measure that is not recognised within IFRS. As it is not uniformly defined or utilized this measure may not be comparable with similarly titled measures used by other companies. Non-GAAP financial measures should not be viewed in isolation or considered as a substitute for measures reported in accordance with IFRS. Management believes that EBITDA provides useful information, as it is used internally to evaluate performance, and it is also a measure that equity analysts focus on for comparable company performance purposes, as the measure removes distortions caused by differences in asset ages, depreciation policies, and debt:equity structures. EBITDA can be derived from our Consolidated Income Statement (Refer our 2014 Annual Report) by taking Net Profit / Loss after Taxation of US\$2 million (2013, US\$-3m), and adding back Income Tax Expense of US\$1 million (2013, US\$ nil), Financing Costs of US\$4 million (2013, US\$4m), and depreciation & amortisations of US\$4 million (2013, US\$4m) = US\$11 million (2013, US\$5m).
- 2 Assumes operating to equipment manufacturer's stated efficiencies, full sales of additional volumes, a NZD:USD < 80 cents, and the current product mix.
- 3 Assumes NZ\$:US\$ cross rate of 70 cents, housing starts of 1.65 million, retail unit comps of 5% pa, and historic operating margins.
- 4 There are forward-looking statements included in this document. As forward-looking statements are predictive in nature, they are subject to a number of risks and uncertainties relating to Tenon, its operations, the markets in which it competes and other factors (some of which are beyond the control of Tenon). As a result of the foregoing, actual results and conditions may differ materially from those expressed or implied by such statements. In particular Tenon's operations and results are significantly influenced by the level of activity in the various sectors of the economies in which it competes, particularly in North America. Fluctuations in industrial output, commercial and residential construction activity, capital availability, housing turnover and pricing, levels of repairs, remodeling and additions to existing homes, new housing starts, relative exchange rates, interest rates, and profitability of customers, can each have a substantial impact on Tenon's results of operations and financial condition. Other risks include competitor product development and demand and pricing and customer concentration risk. As a result of the foregoing, actual results and conclusions may differ materially from those expressed or implied by such statements.