Gunns LIMITED
ABN 29 009 478 148

27 February 2009

Company Announcements Platform
Australian Securities Exchange

ANALYST BRIEFING NOTES
- RESULTS FOR THE HALF YEAR ENDED
31 DECEMBER 2008

Please find attached revised analyst presentation inclusive of two minor amendments:-

1. Correction to Page 4 headings to reflect First Half 2009 and First Half 2008

2. Correction on Page 28; 3rd dot point reads "Total Assets $2,535 million" as indicated on Page 29

Yours faithfully

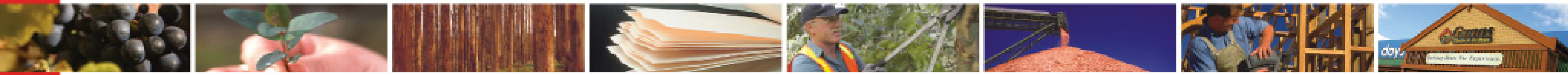
Wayne Chapman
Company Secretary

ABN 29 009 478 148

RESULT FOR THE HALF YEAR ENDED 31 DECEMBER 2008

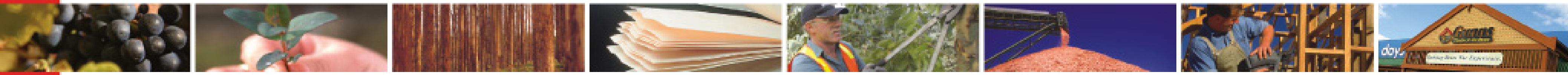
Wayne Chapman
Company Secretary / Chief Financial Officer

27 February 2009

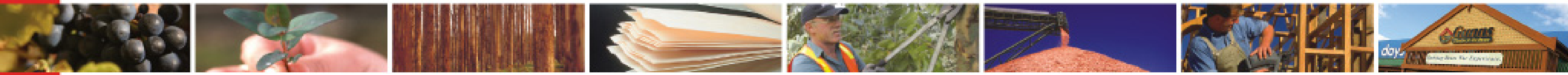


AGENDA

- Performance highlights
- Operational review
- Financials
- Business Strategy



Performance Highlights

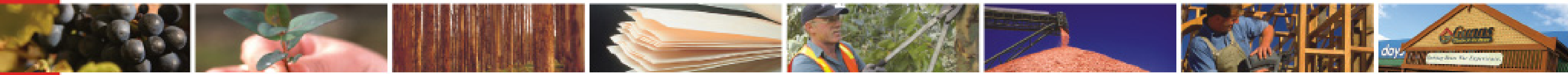


PERFORMANCE HIGHLIGHTS
- Summary

	First Half 2009	First Half 2008	% change
Revenue	$427.6 m	$368.5 m	Up 16%
EBIT	$69.3 m	$44.2 m	Up 57%
Underlying EBIT	$60.8 m	$53.2 m	Up 14%
NPAT	$33.6 m	$17.2 m	Up 95%
EPS (cents)	6.2 ¢	3.4 ¢	Up 82%
NTA per share #	$1.82	$2.01	Down 9%

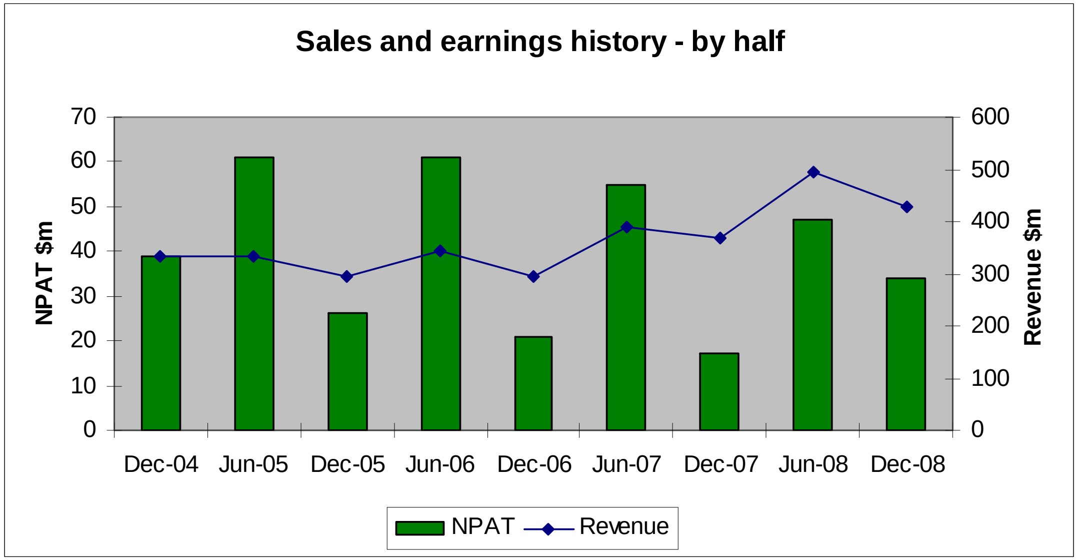
Interim dividend of 2 ¢ payable on 20 April 2009. Dividend reinvestment plan not active.

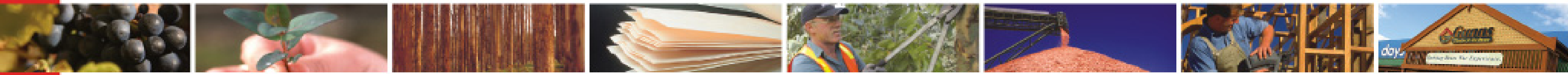
NTA comparison 2 June 2008 financials.



PERFORMANCE HIGHLIGHTS
– Sales and Earnings

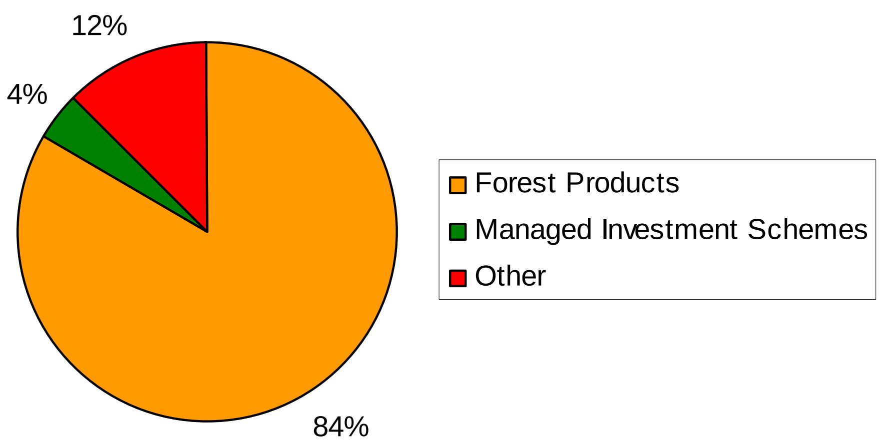
- Forest products EBIT supported by:-
  - Cost management
  - Auspine business contribution for full six month period
- Tasmanian economy continued to perform well
- Mainland sawn timber and wine export markets softened



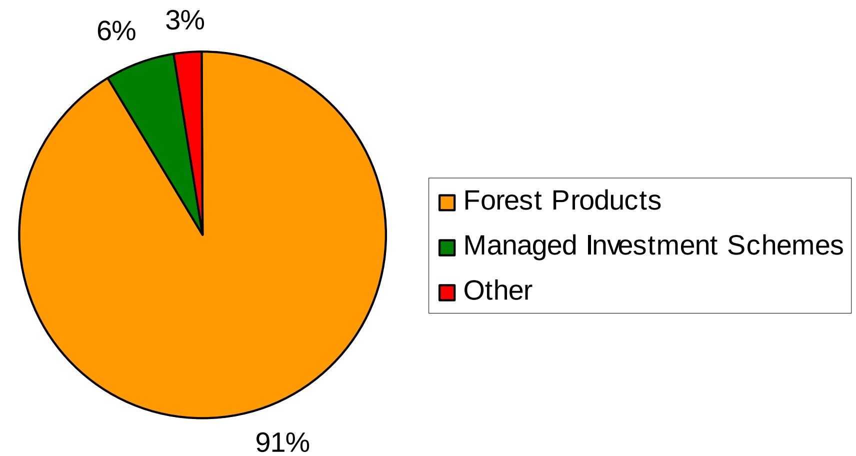


PERFORMANCE HIGHLIGHTS
– Sales and Earnings

Revenue - July to December 2008



EBIT - July to December 2008



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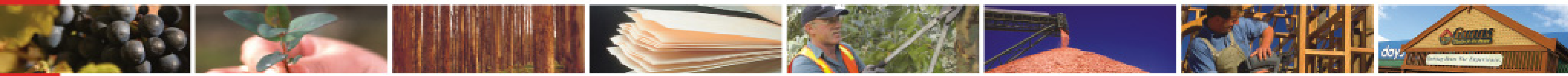
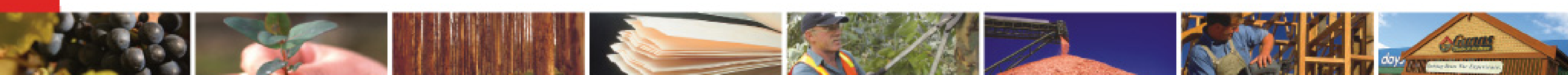


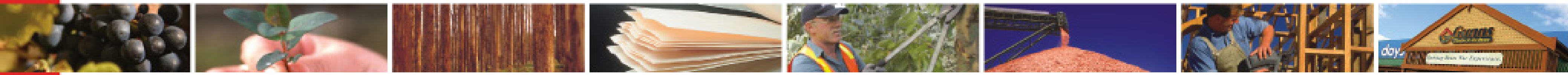
STRENGTHENING THE BALANCE SHEET – Debt Reduction

- Raised $336 million of equity to repay debt
- Sale of 33,000 hectares of softwood plantation for $173 million used to repay debt
- Reducing stock across the Company to repay debt
  - Target 30 June 2009 inventory of $150 million (down $20 million from 31 December 2008)
- Bank senior debt reduction for the period reduced from $790 million to $400 million
- Gearing at 38% 31 December 2008 (net debt/debt plus equity)
  - Approximately 32% following tree sale transaction



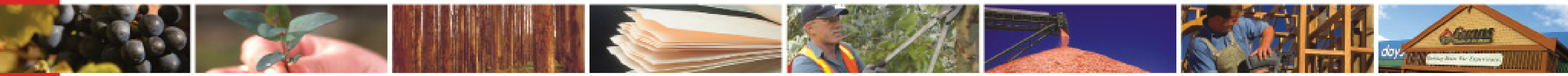
OPERATING CASH FLOW 2009

- Net cash outflow from operating activities $4.5 million
- Excludes net proceeds of MIS loan securitisation $19.1 million (PYCP $6.2 million)
- H2 cash flow improvement
  - Inventory reduction
  - Borrowing costs reduced
  - Operating cost reductions



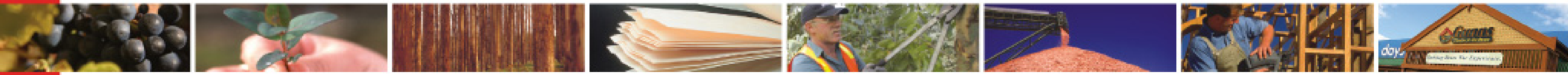
SUSTAINABILITY

- Ongoing business review to ensure best practice sustainability
- Appointment of independent advisor to provide strategic advice to Gunns Board on ongoing sustainability of Gunns operations
- Commissioned independent review of Gunns operations to ensure continuous improvement in sustainability
- Managing a carbon bank of over 275,000 hectares which should ensure at least a carbon neutral position for the Group
- Focus on increased stakeholder communication detailing the Company's sustainability

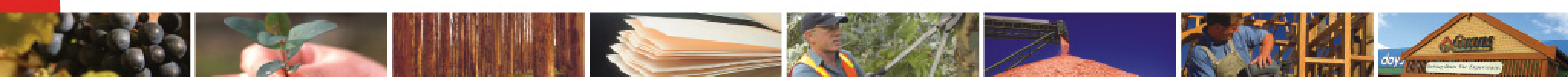


BUSINESS PRIORITIES

- Management focus on cost control
- Ensuring underlying asset base strong and well positioned to take advantage of opportunities
- Bell Bay Mill Project in ready status – “care and maintenance” and not requiring significant management time

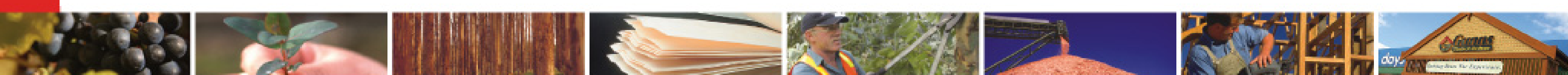


Operational Review



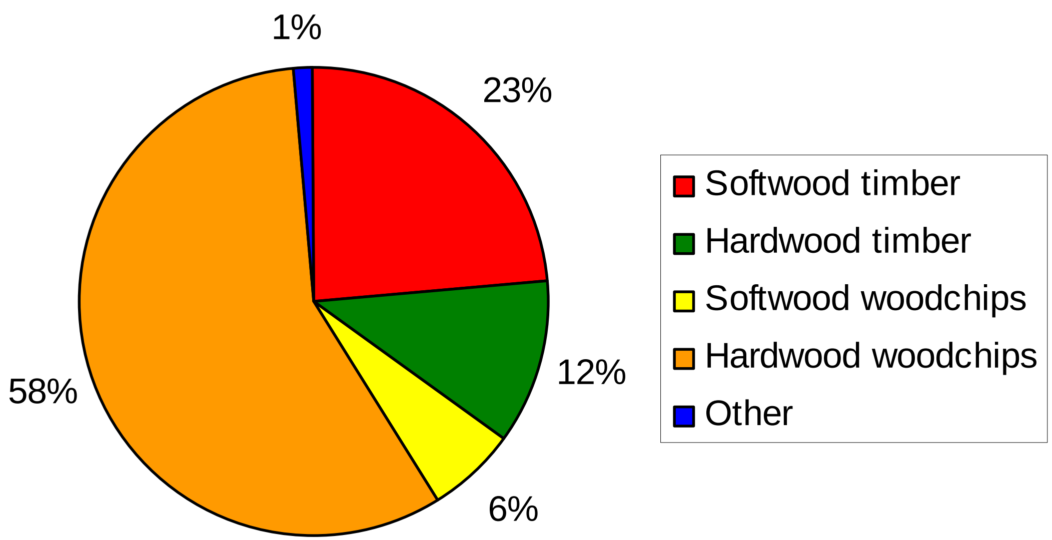
FOREST PRODUCTS

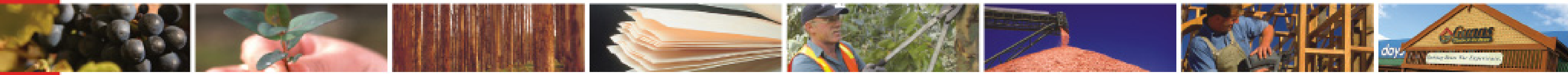
- Hardwood chip volume stable in first half
- Margin improvement on prior half achieved through cost reductions and selling price increase
- Operating cost reductions through the period largely driven by:-
  - Overhead cost control
  - Fuel price
- Forest revaluation for the period $19.8 million. Value of wood harvested $23.5 million (prior year period comparatives $17.5 million revaluation and $17.8 million harvest)
- Sawn timber market has remained relatively stable through the half



FOREST PRODUCTS

Forest Products Revenue - December 2008





AUSPINE PURCHASE AND INTEGRATION

- Auspine integration substantially progressed. To be completed by 30 June 2009
- Full integration will deliver annual cost savings of $7.5 million per annum to the Group:-
  - Seamless administration network for all timber products saving 50 full time equivalent positions
  - Single timber distribution unit, with a reduction in operating sites in mainland Australia
  - Rationalisation of production facilities
  - Integration of plantation, nursery and resource management operations
  - Increased contracted wood supply in South Australia
- Secured additional resource to keep one mill at Scottsdale Tasmania in operation, with potential for further expansion in Tasmania under review
- Ongoing evaluation of further business growth opportunities in the Green Triangle region

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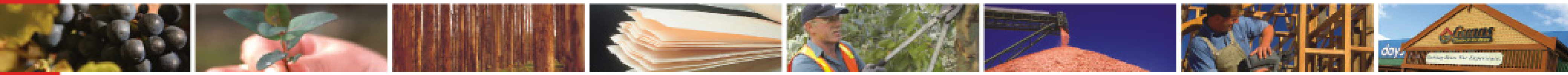

FOREST PRODUCTS
- Outlook

- Hardwood price 2009 under negotiation with current position expected to be maintained or improved
- Customer inventory reductions commenced in December 2008. Expect stabilisation of existing woodchip markets from the end of the first quarter
- Access to new woodchip markets assisted by falling A$ and favourable freight comparison to major competitors
- Stimulus for new housing development providing an improved outlook for timber products

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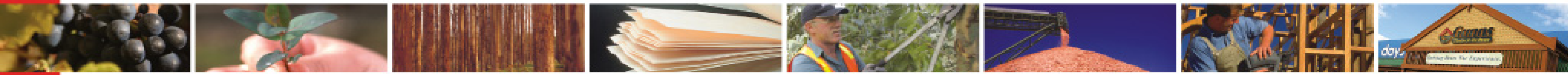

MANAGED INVESTMENT SCHEMES

- Strategic objective of MIS achieved with sustainable long term target of over 200,000 hectares of plantations under management
- Development under MIS will be continued as a component of our resource establishment program
- Wood and Walnut projects on offer for 2009. Targeted sales of $75 million (Woodlots $60 million and Walnuts $15 million)
- A reduction in competition within the sector expected in 2009
- Margins in period affected by increased development costs

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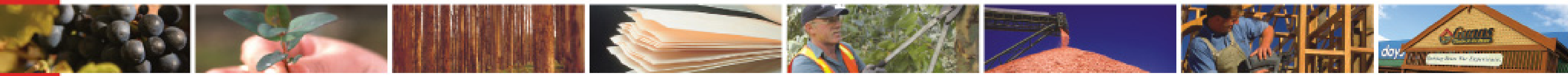

MERCHANDISING AND CONSTRUCTION

- Tasmanian economy currently stable with some softening expected during 2009
- Business profits maintained in current environment
- Construction holding a strong forward order book
  - Federal stimulus package expected to have a direct positive impact
- Completion of Launceston store redevelopment by end June 2009
  - Increased focus on trade centre expected to increase turnover
  - Lower operating cost structure
  - Improved retail customer facilities

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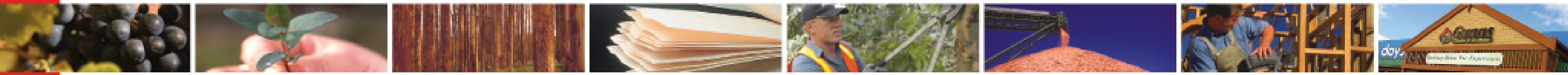
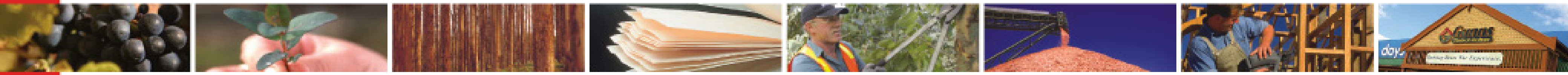


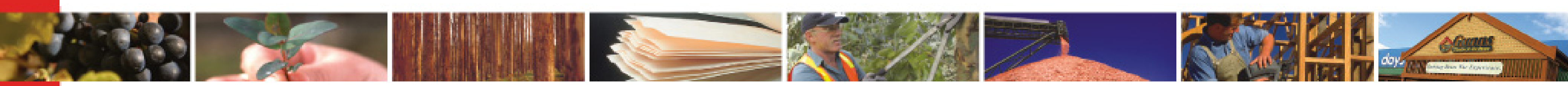
WINE

- Business is focused on the cool climate product segment
- Business continues to be profitable
- Australian market still strong for cool climate wines:-
  - Award winning Sauvignon Blanc in 2008 London Wine Show
  - Major international airline supply contract renewed
- 2009 vintage reduced yield with high quality
- Export market growth limited in current economic conditions (North America and Europe)
- Limited capital expenditure required to increase volume and revenue



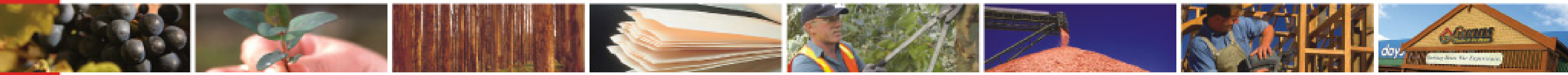
PULP MILL SUMMARY

- Pulp Mill project is developed to a project ready status
- The project is now in a “care and maintenance” phase, with $200k per month required to keep project in a fully ready state (environmental monitoring and engineering)
- Minor management focus required to keep project in ready status
- On target to select a Joint Venture partner by April 2009. Benefits of joint venture approach:-
  - Introduce construction and operational experience
  - Provide marketing support and expertise
- Leading European bank appointed to arrange debt finance for the project
- Full construction related approvals achieved with operational conditions of Federal and State permits to be finalised progressively



COMPANY WIDE COST REDUCTION PROGRAM

- Operating cost review process initiated September 2008 to maintain margins in current trading environment
- Integration of corporate and administration functions (Gunns and Auspine)
- Sale of surplus assets:-
  - Land and buildings
  - Machinery
  - Closure of duplicate sites and offices across the Group
- Review of operational overheads
- Stock reductions



2009 GUIDANCE UPDATE

- Previous 2009 EBIT guidance of $200 million unlikely to be achieved
- Main factors influencing 2009 outlook are:-
  - Pricing for hardwood woodchips
    - Under negotiation with current position expected to be maintained or improved
  - Sales volume of hardwood chips for 2H09 expected to reduce by 15% compared to 1H09. Expect progressive volume recovery through 2009 calendar year
  - MIS sales and development still in line with expectations and dependant on market conditions
  - Maintaining activity levels in sawn timber business will be assisted by the Federal stimulus package

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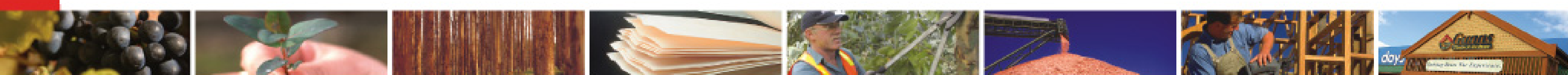
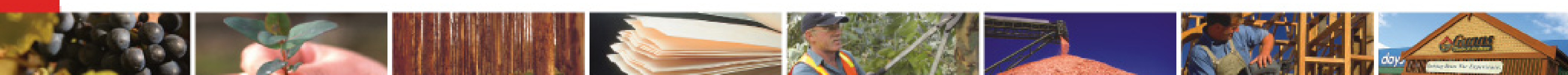


Financials



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FINANCE EXPENSE

- Interest rate trending down
- 94% of debt unhedged
- Impact of reduction in principle outstanding

$ million	H2 2009 Forecast	H1 2009 Actual	H2 2008 Actual	H1 2008 Actual	H2 2007 Actual	H1 2007 Actual
INTEREST EXPENSE (Exc. MIS)	19	34	43	29	22	17
MIS INTEREST REVENUE	12	12	9	10	4	4
MIS INTEREST EXPENSE	5	5	4	3	2	2

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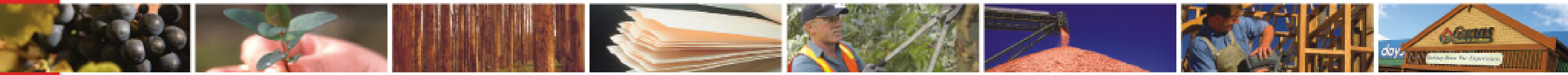
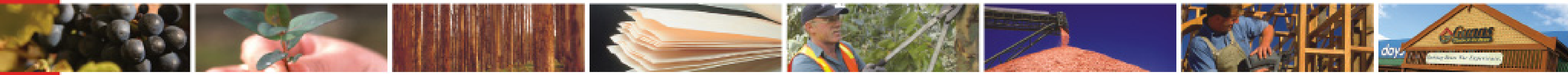


BORROWINGS

BANK DEBT	$M
- Senior Debt (no refinancing required until 2012)	400
- Working Capital (ongoing)	50
BANK DEBT TOTAL	450
MIS LOAN SECURITISATION	100
LEASED ASSETS	80



GEARING

- Current gearing level of 38%
- Gearing post Auspine plantation sale at approximately 32%
- Dividend Reinvestment Plan not active
- FORESTS securities:-
  - Cash cost is 90 day bill rate + 5% margin after tax
  - Conversion sub-optimal in current market
  - Redemption or repurchase to be reviewed once markets improve

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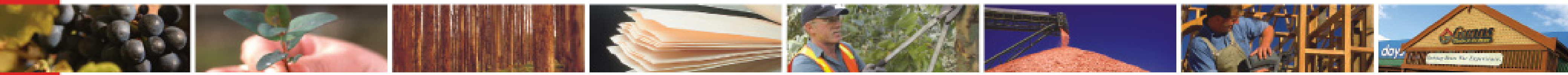
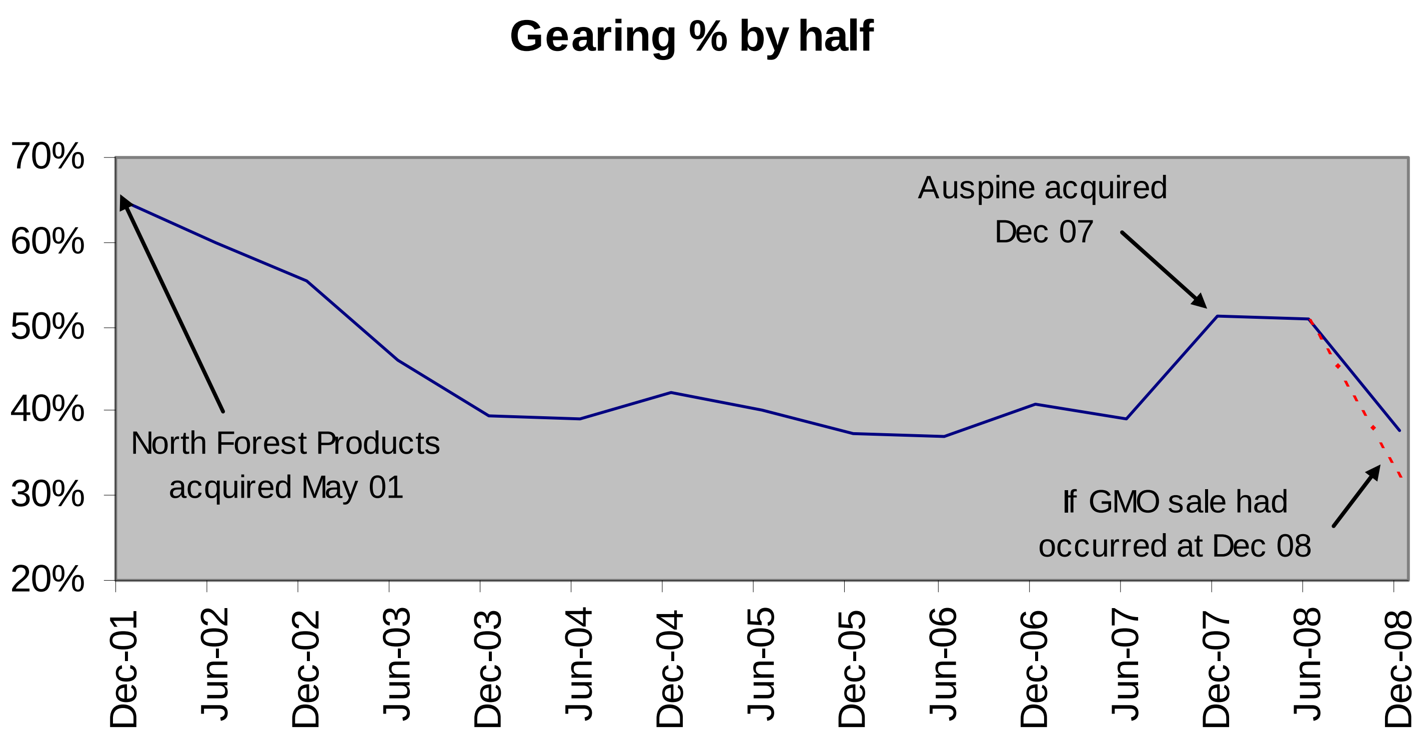
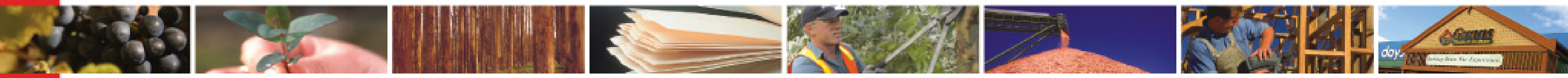


GEARING


Gearing % by half
70%
60%
50%
40%
30%
20%
Dec-01
Jun-02
Dec-02
Jun-03
Dec-03
Jun-04
Dec-04
Jun-05
Dec-05
Jun-06
Dec-06
Jun-07
Dec-07
Jun-08
Dec-08
North Forest Products acquired May 01
Auspine acquired Dec 07
If GMO sale had occurred at Dec 08

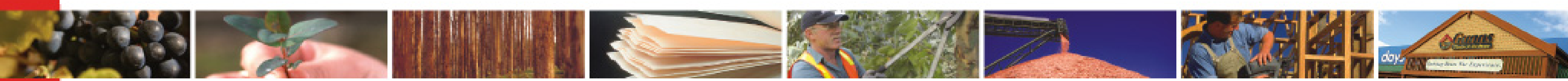


GUNNS BORROWING COVENANTS

- Single suite of financial covenants:-
  - Interest cover (EBITDA / net interest expense)
  - Total debt to EBITDA
  - Gearing
- Carve outs for MIS and lease financing facilities
- No market capitalisation based covenants
- Senior debt facility matures January 2012
- Significant covenant headroom

GUNNS ASSETS

- Over 275,000 hectares of land valued on the books at an average of $3,000 per hectare
- Plantation valued at over $250 million
- Total assets $2,535 million
- Asset backing $1.82 per share



BALANCE SHEET
- Summary of Assets

	CURRENT $M	NON-CURRENT $M
RECEIVABLES		
Trade and Sundry	97	
Loans	55	201
Future wood sale proceeds		128
INVENTORY	158	14
STANDING TIMBER	38	465
HORTICULTURAL		35
LAND		
Forest		805
Commercial		50
Agricultural		17
BUILDINGS (WDV)		78
ROADS (WDV)		73
PLANT (WDV)		
Woodchip mills		40
Sawmills		68
Other		67
PULP MILL DEVELOPMENT		126
INVESTMENTS		20
TOTAL	**348**	**2,187**

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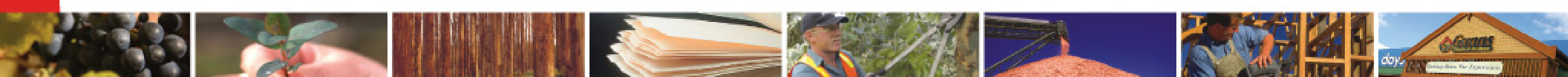
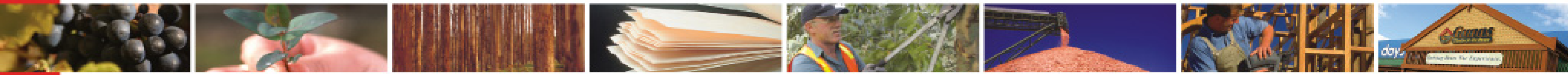
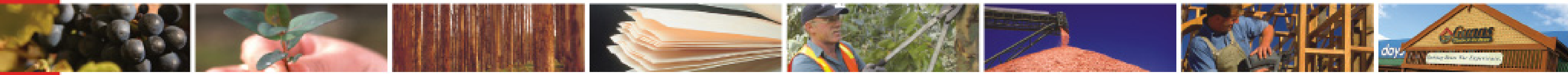


Business Strategy



GUNNS COMPETITIVE POSITION

- Global demand for wood based products continues to grow
  - Asia is the highest growth region
- Reduction in resource availability from traditional local sources
  - Sustainability and regulatory requirements
- Proximity to Asian market
- Gunns forest operations are efficient on a world scale
- Quality of fibre in Tasmania
- Integrated business yields highest value return



GUNNS VERTICAL INTEGRATION STRATEGY

- Business strategy based on capturing full value from managed forest resource from “seed to store”
- Business built on a quality resource achieved by ownership or management:-
  - Ensuring resource grown for highest value product
  - Efficiencies in forest management
  - Manage quality in product chain through detailed understanding of markets
- Access to quality resource is the single most important limiting factor for growth in the global market

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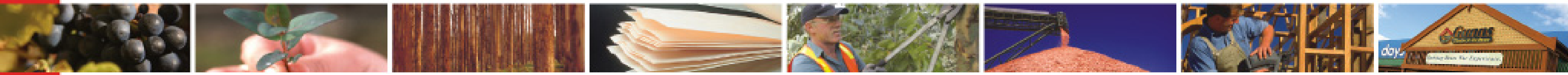

SUMMARY

- Continuing focus on managing operational business:-
  - Operating costs
  - Cash flow
- Maintaining a strong asset base
- Achieved debt reduction targets
- Delivered a cost reduction program to maximise profitability
- Well positioned to take advantage of industry opportunities

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