



Annual Results to 30 June 2013

Mark Adamson - Chief Executive Officer

Nick Olson - Chief Financial Officer

21 August 2013

Disclaimer

This Annual results presentation dated 21 August 2013 provides additional comment on the media release of the same date. As such, it should be read in conjunction with, and subject to, the explanations and views of future outlook on market conditions, earnings and activities given in that release.



Agenda

Results Overview

Divisional Performances

Financial Results

Business Transformation Programme

Outlook



Results Overview



OCLYTETM
COLUMNS
GSP
DANGER
LIVE WIRE

CSP Pacific streetlight columns, Auckland



Results Overview

Net earnings of \$326 million

Operating earnings of \$569 million

In line with guidance provided at the half-year result

Cashflow from operations \$559 million

Up 25% on prior year

Driven by strong results in Building Products, Distribution and Construction divisions

Revenues down 4% to \$8,517 million

Due mainly to divestment of businesses during the year

Final dividend 17.0 cents per share:

Fully imputed for New Zealand tax purposes

Dividend Reinvestment Plan will be operative for this dividend

Total dividend for the year 34 cents per share



Strong improvement in New Zealand residential consents, but Australia flat

Building Consents	June 2011 12 months	June 2012 12 months	June 2013 12 months	13/12 % Mvmt
New Zealand				
Residential Consents	13,539	15,414	18,731	+22
Non Res WPIP (\$m)*	4,798	4,452	5,010	+13
Infrastructure WPIP (\$m)*	5,999	6,447	6,817	+6
Australia <i>Source: Statistics NZ, Infometrics</i>				
Residential Consents - Standalone houses	102,410	91,186	93,224	+2
- Other dwelling types	65,761	58,691	64,308	+10
- Total	168,171	149,877	157,532	+5
Non Res WPIP (A\$Bn)*	34.8	33.8	33.8	-
Infrastructure WPIP (A\$Bn)*	86.8	76.7	86.8	+13
US <i>Source: ABS, BIS Shrapnel</i>				
Residential Consents (US\$Bn)**	237.5	259.9	290.5	+12
Non Res WPIP (US\$Bn)**	333.2	347.1	360.3	+4
Infrastructure WPIP (US\$Bn)**	207.9	210.0	212.1	+1

* FY13 data includes estimate for month of June 2013

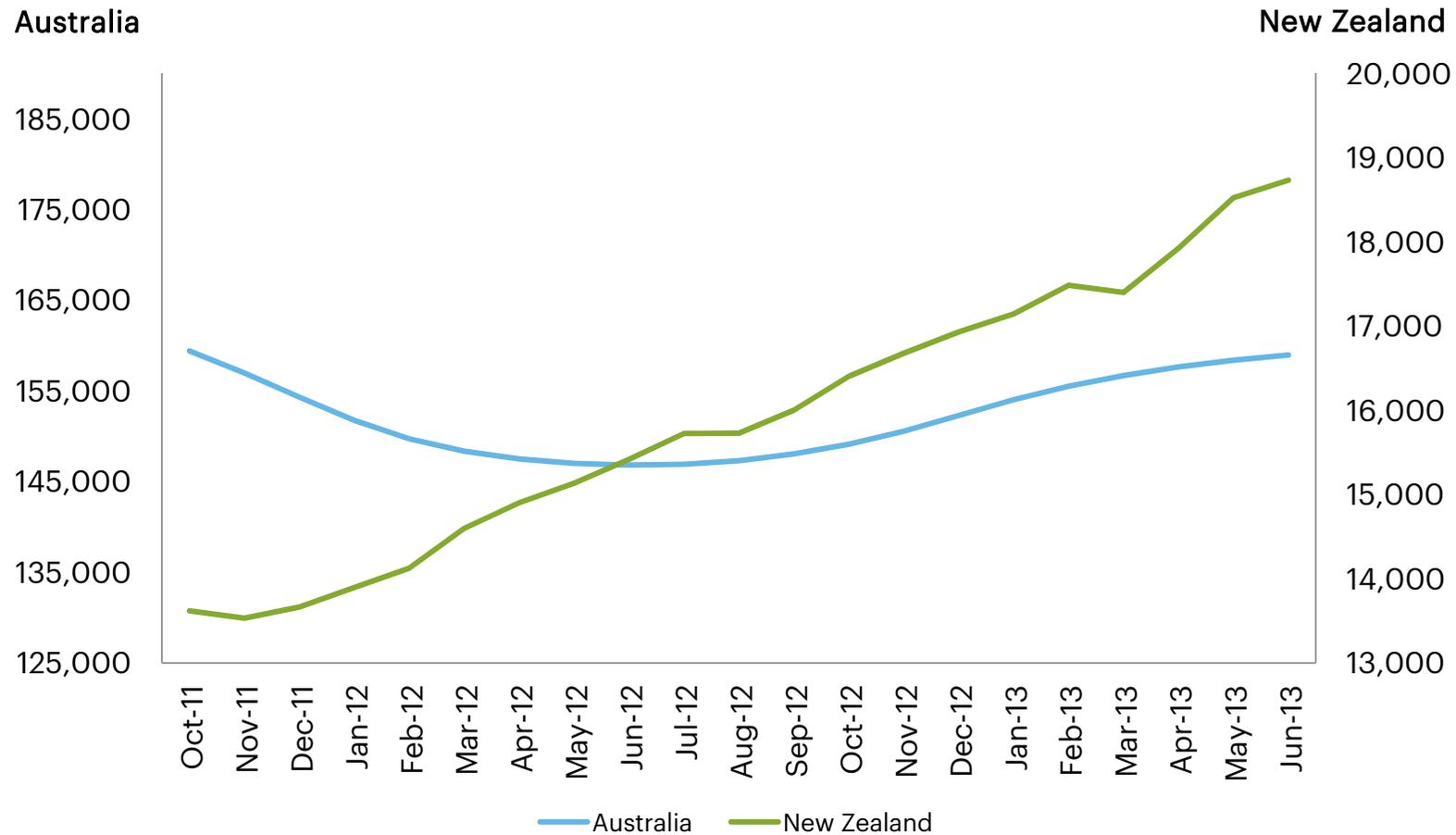
** Information presented for calendar years. 2013 represents forecast position

Source: HIS Global Insight



Continued upward trend in New Zealand residential consents throughout the past year

Total residential consents 12 month rolling – New Zealand and Australia



Strong growth in volumes in New Zealand offset by weaker markets elsewhere

NZ\$m	June 2012 12 months	June 2013 12 months	% Δ
Sales	8,839	8,517	-4
EBITDA ¹	786	789	-
EBIT ¹	556	569	+2
Net earnings ¹	317	326	+3
Significant items after tax	(132)	0	
Net earnings	185	326	+76
EPS - cps ¹	46.5	47.6	+2
Dividend - cps	34.0	34.0	-

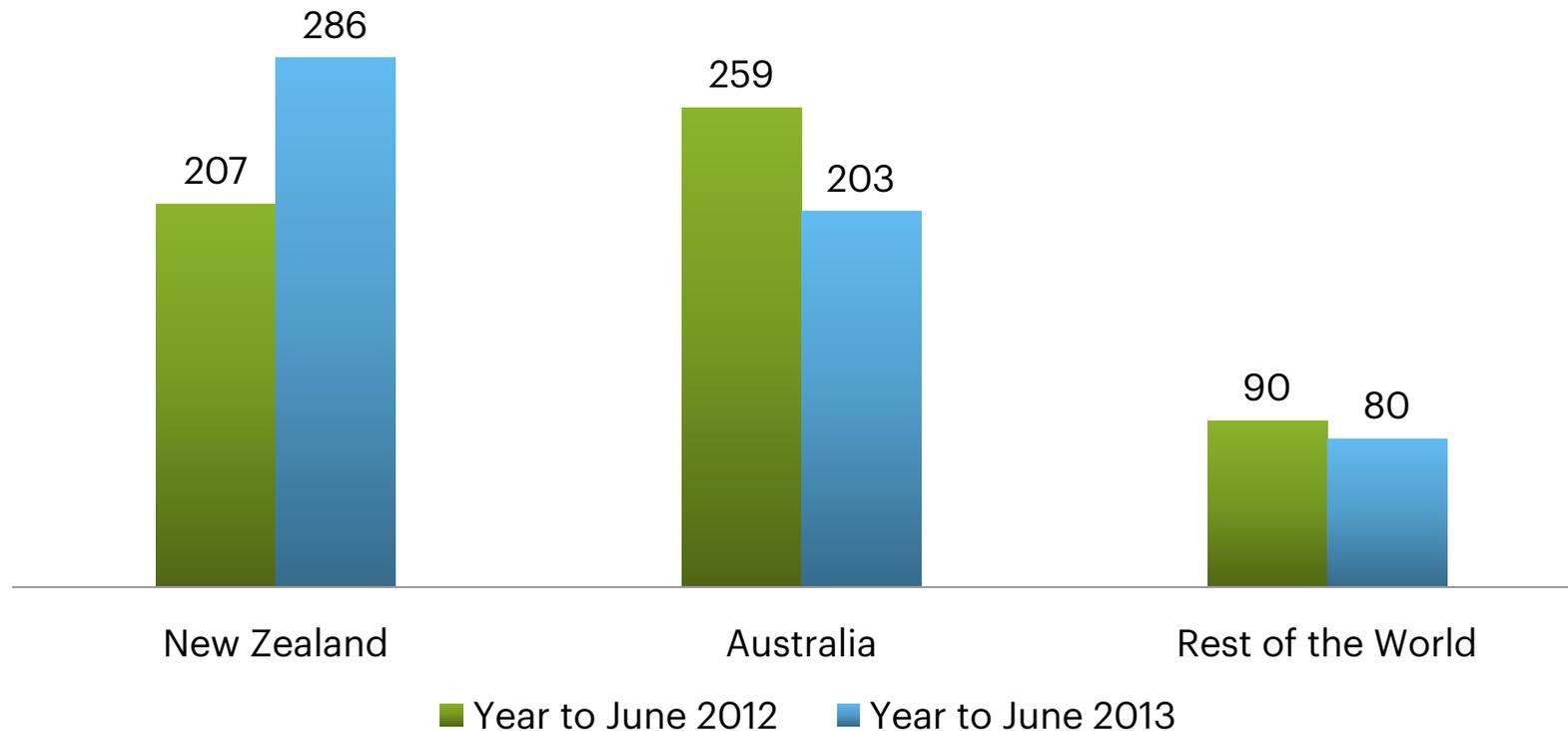
1. EBITDA, EBIT, Net Earnings and EPS all before significant items



New Zealand operating earnings up strongly with volume growth, while most other markets were down

EBIT¹

NZ\$million

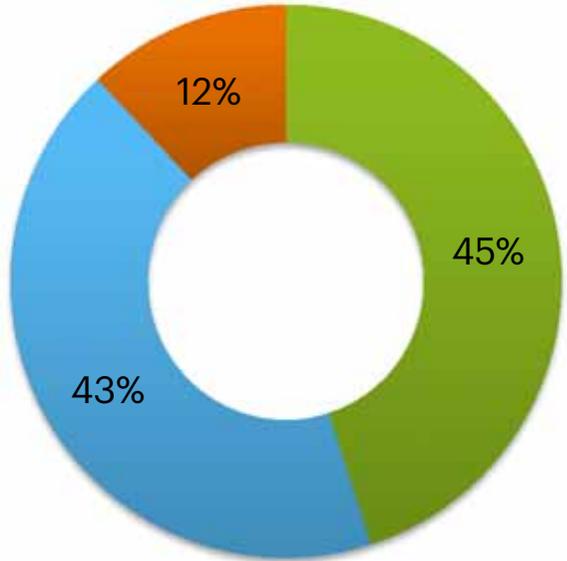


1. EBIT before significant items



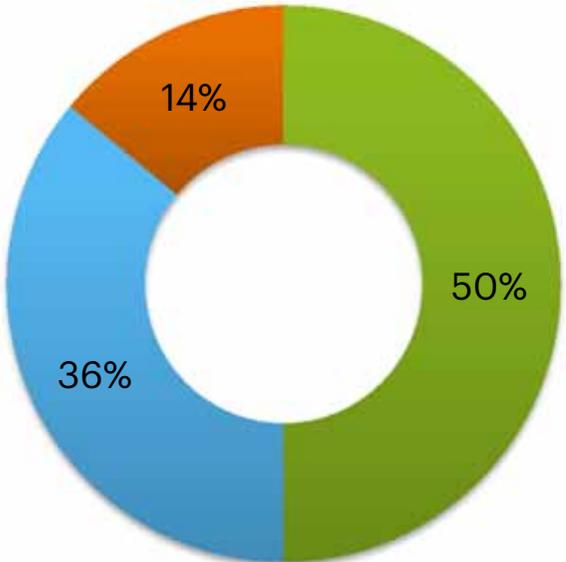
FY13 earnings split evenly between NZ and Rest of World

Revenues
(Year to 30 June 2013)



■ New Zealand ■ Australia ■ Rest of World

EBIT
(Year to 30 June 2013)



■ New Zealand ■ Australia ■ Rest of World



Earnings commentary

New Zealand operating earnings¹ up 38%, driven by increased house-building activity and repairs and rebuilding work in Canterbury

Deterioration in Australian volumes evident early in the year, and the market remained soft throughout FY13

Improvement in North America, but Europe worsened and Asia was mixed

Revenues down due to sale of businesses:

- Cory's Electrical (December 2012)
- Mico Metals and Austral Wright (June 2012)

Operating cashflow up 25% with increased contributions from Building Products, Distribution and Construction Divisions

New organisation structure now based around 5 Divisions

All restructuring charges taken 'above the line' offset by gains on sale of businesses and property disposals

1. Excluding significant items



Divisional Performances

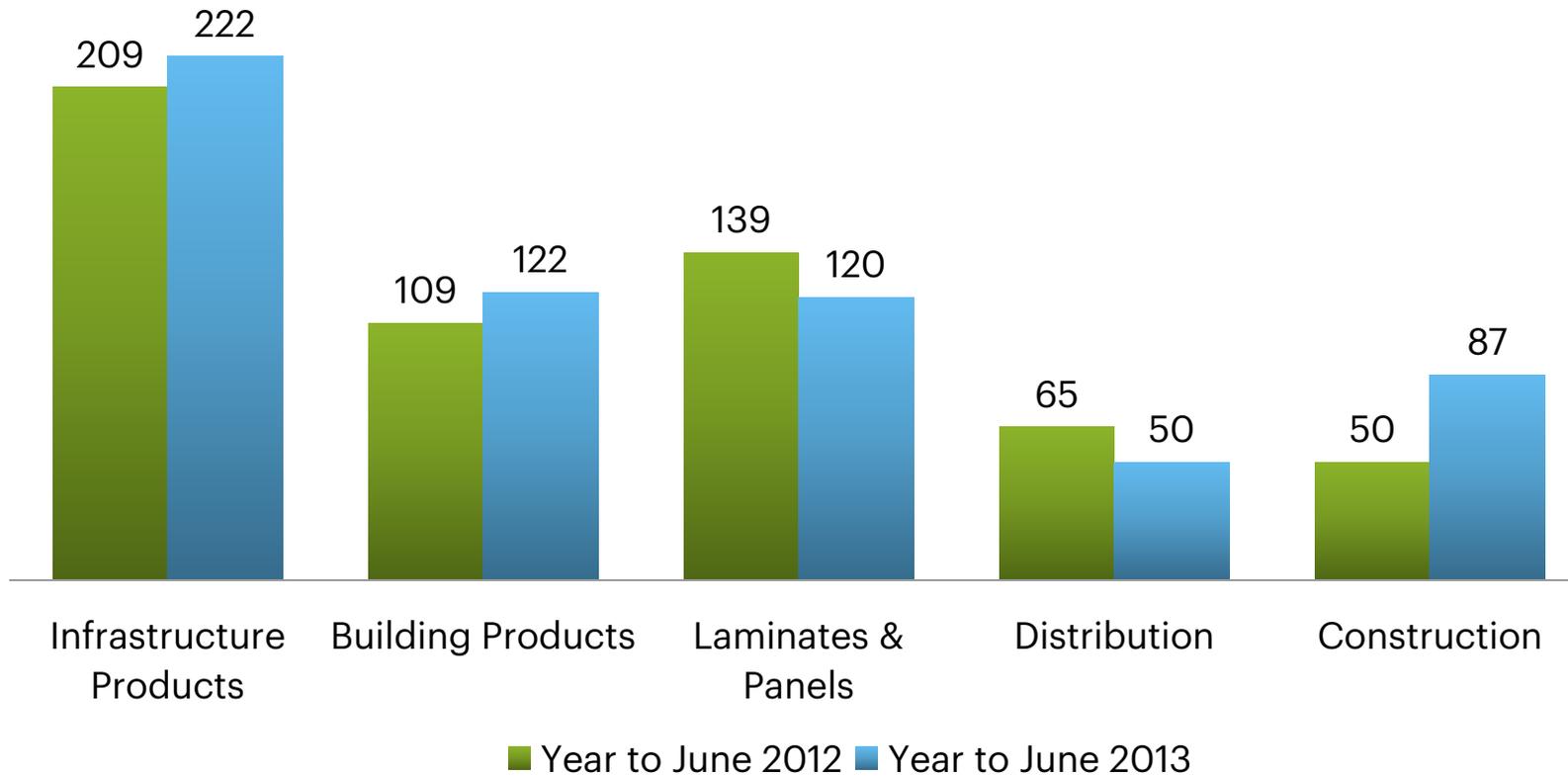


Fletcher Residential, Auckland



Divisional operating earnings overview

EBIT¹
NZ\$million



1. EBIT before significant items



Infrastructure Products Result

NZ\$M	June 2012 12 months	June 2013 12 months	% Δ
Sales	2,299	2,095	-9
EBITDA	302	312	+3
EBIT	209	222	+6
Cement, Concrete + Aggs	69	73	+6
Pipes + Products	61	67	+10
Iplex/ CCT	68	54	-21
Steel	11	28	+255
Funds Employed	1,974	1,841	-7
EBITDA/sales %	13.1	14.9	
EBIT/sales %	9.1	10.6	
ROFE %	10.6	12.1	

Cement, concrete & aggregates

New Zealand volumes improved:

- Cement volumes up 4%
- Aggregates volumes up 6%
- Readymix volumes up 19%

Australian quarry volumes decreased by 15% in soft market.

Concrete pipes and products

Volumes down 9% in Australia and up 9% in New Zealand.

Iplex

- Australian volumes down 4%, but underpinned by CSG contracts
- New Zealand volumes up

Steel

Long steel volumes up 6% on improved New Zealand demand. Distribution earnings up due to business improvement initiatives



Building Products Result

NZ\$M	June 2012 12 months	June 2013 12 months	% Δ
Sales	1,390	1,350	-3
EBITDA ¹	146	159	+9
EBIT ¹	109	122	+12
Funds Employed	788	770	-2
EBITDA/sales %	10.5	11.8	
EBIT/sales %	7.8	9.0	
ROFE %	13.8	15.8	

1. Before significant items

Plasterboard

Volumes and earnings up in strong New Zealand residential market.

Insulation

Operating earnings down 23% due to continued competitive pressures in Australia and New Zealand.

Coated Steel

Australian rollforming volumes down year on year, New Zealand volumes & earnings improved.

Restructuring initiatives reduced Stramit's cost base.

Roof Tile volumes up 10% with growth in New Zealand, Europe and Africa.



Laminates & Panels Result

NZ\$M	June 2012 12 months	June 2013 12 months	% Δ
Sales	1,849	1,738	-6
EBITDA ¹	205	180	-12
EBIT ¹			
- Laminex ¹	68	62	-9
- Formica ¹	71	58	-18
Total EBIT	139	120	-14
Funds Employed	1,799	1,788	-1
EBITDA/sales %	11.1	10.4	
EBIT/sales %	7.5	6.9	
ROFE %	7.7	6.7	

1. Before significant items

Formica

Operating earnings reduced by 18% due to declines in Europe and further Bilbao closure costs.

Volumes in North America up slightly. Operating earnings growth driven by improved margins and efficiency gains.

South-East Asia volumes up but China and Taiwan subdued.

European volumes down 5% with continuing weak demand.

Laminex

Operating earnings 9% lower, with Australia down but New Zealand up strongly.

Revenues down 9% in Australia due to pressure on prices and margins.



Formica: decline in earnings due to additional costs of Bilbao plant closure and lower volumes in Europe

EBIT NZ\$m¹	June 2012 12 months	June 2013 12 months	% Δ
Asia	38	37	-3
North America	34	41	+21
Europe	13	(5)	-
Corporate	(14)	(15)	-
Total EBIT	71	58	(18)

1. Excluding significant items



Distribution Result

NZ\$M	June 2012 12 months	June 2013 12 months	% Δ
Sales:			
PlaceMakers	779	850	+9
Tradelink/Mico	1,482	1,291	-13
EBITDA	87	71	-18
EBIT:	65	50	
PlaceMakers	27	36	+33
Tradelink/Mico	38	14	-63
Funds Employed:			
PlaceMakers	141	136	
Tradelink/Mico	675	567	
EBIT/sales %			
PlaceMakers	3.5	4.2	
Tradelink/Mico	2.6	1.1	
ROFE %			
PlaceMakers	19.1	26.5	
Tradelink/Mico	5.6	2.5	

PlaceMakers

Strong revenue growth due to recovery in residential homebuilding.

Earnings growth assisted by cost reduction and efficiency measures.

Tradelink

Revenue down in difficult trading conditions

Branch improvement programme underway & early results encouraging



Construction Result

NZ\$M	June 2012 12 months	June 2013 12 months	% Δ
Sales	1,040	1,193	+15
EBITDA	61	95	+56
EBIT	50	87	+74
Funds Employed	109	69	-37
EBITDA/sales %	5.9	8.0	
EBIT/sales %	4.8	7.3	
ROFE %	45.9	126.1	

Residential earnings up 55% due to strong house sales in Auckland.

Continued momentum in Canterbury with residential house repairs and earthquake recovery work.

Construction backlog of \$1,022m as at 30 June 2013.

- Preferred contractor/solution provider on \$640m of other projects.

Further land procured for new residential housing in Auckland.



Canterbury update

Considerable progress on repairs

42,000 full scope repairs completed: half-way point now passed

\$1.3 billion of work completed

Repairs to the final Earthquake Commission referred property are now expected to be completed in December 2014

NZ Govt and Christchurch City Council ('CCC') to share cost of Central Christchurch rebuild and horizontal infrastructure:

Anchor projects in CBD costing \$1.9Bn: NZ Govt \$1.1Bn, CCC \$0.778Bn

- Includes Convention Centre, Performing Arts Precinct, Stadium

Horizontal Infrastructure to cost \$2.9Bn: NZ Govt \$1.8Bn, CCC \$1.1Bn

Total cost of Canterbury rebuild estimated at \$40Bn:*

Residential: \$18Bn

Commercial & Social: \$15Bn

Infrastructure: \$5Bn

* Source: NZ Govt/Treasury Budget Estimates



Financial Results

Stramit Building Products, Sydney



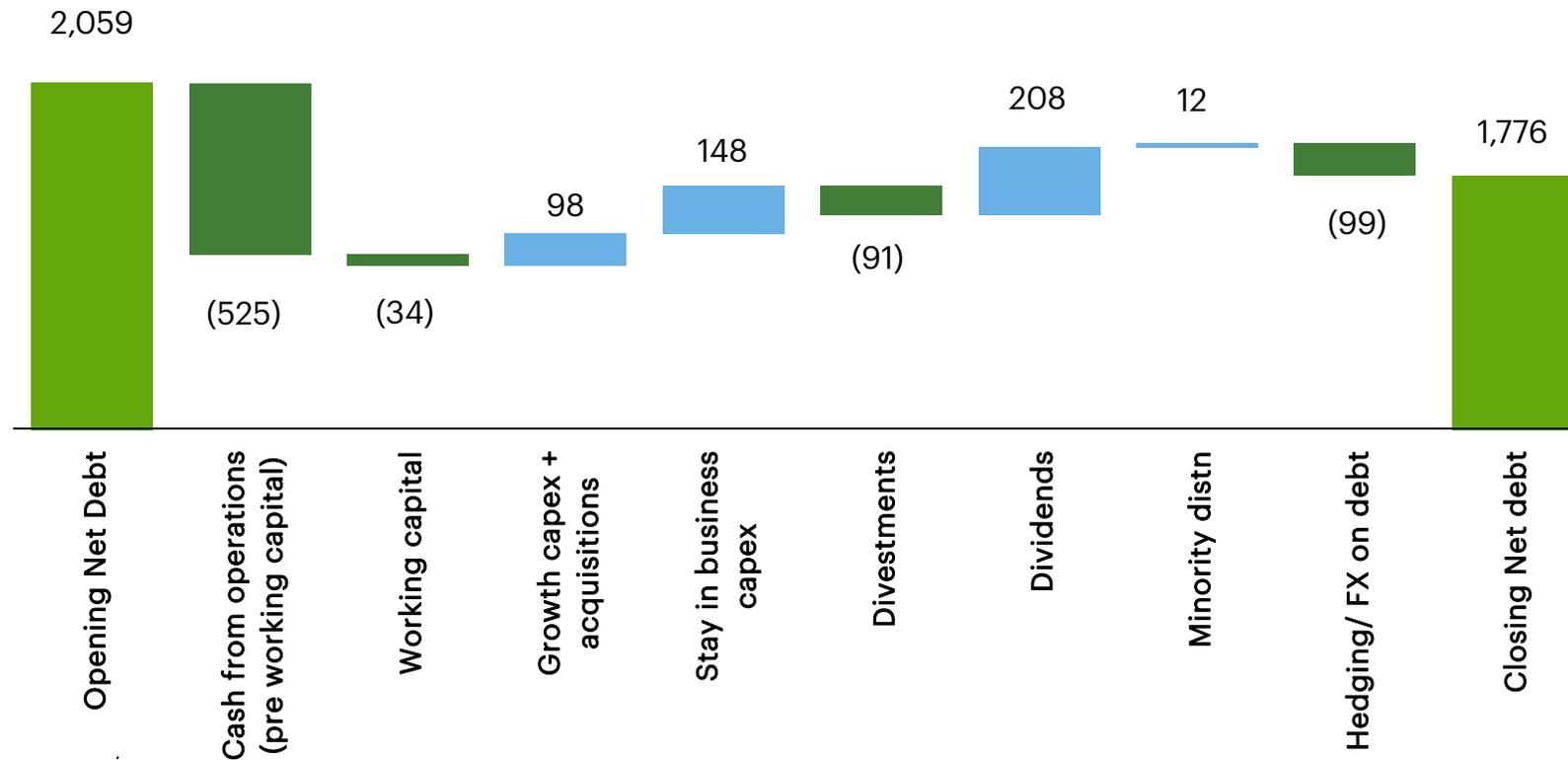
Cashflow from operations increased by 25%

	June 2012 12 months	June 2013 12 months	% Δ
EBITDA	633	789	25
Funding costs	(152)	(146)	-4
Cash tax paid	(123)	(60)	-50
Non cash unusual impact	122	0	-
Provisions movement/other	(23)	(58)	248
Working capital movements:			
Debtors	15	34	
Creditors	(115)	(6)	
Stock	71	12	
Other	20	(6)	
	(9)	34	
Cashflow from operations	448	559	+25



Reduction in net debt due to proceeds from divestments and operating cashflows

NZ\$million



Capital expenditure to increase modestly in FY14 – includes investment in FBUnite projects



	June 2012 12 months	June 2013 12 months	% Δ
Stay-in-business	207	148	-29
Growth	60	85	+42
Acquisitions	86	13	-86
Total	353	246	-30
Depreciation	230	220	-4

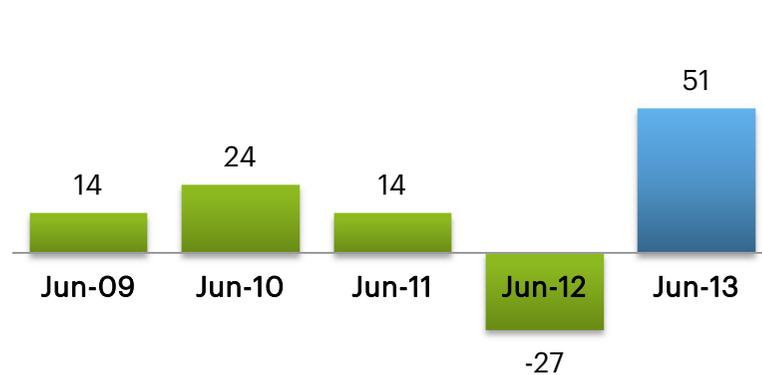
For FY14, capital expenditure is expected to be in the range of \$250m-\$300m

Some project deferral from FY13

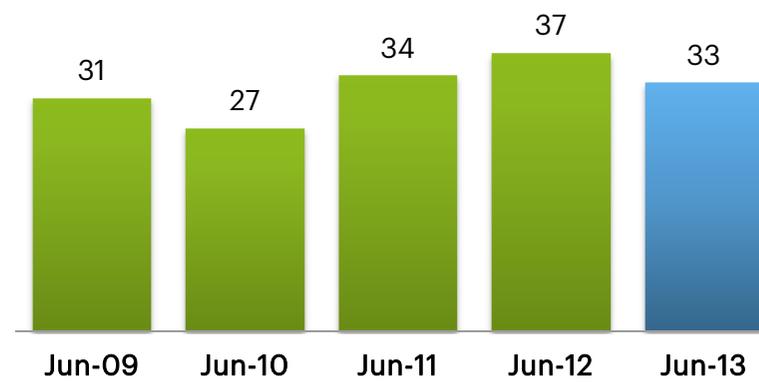


Key Ratios

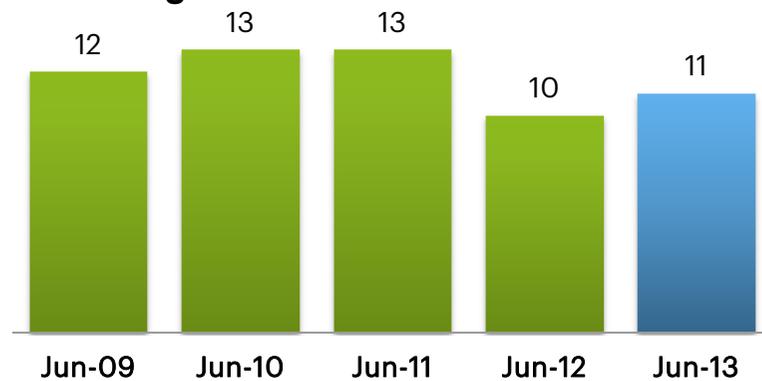
**Total Shareholder Return (TSR)
Percentage**



**Debt/Debt Plus Equity
Percentage**



**Return on Average Funds
Percentage¹**

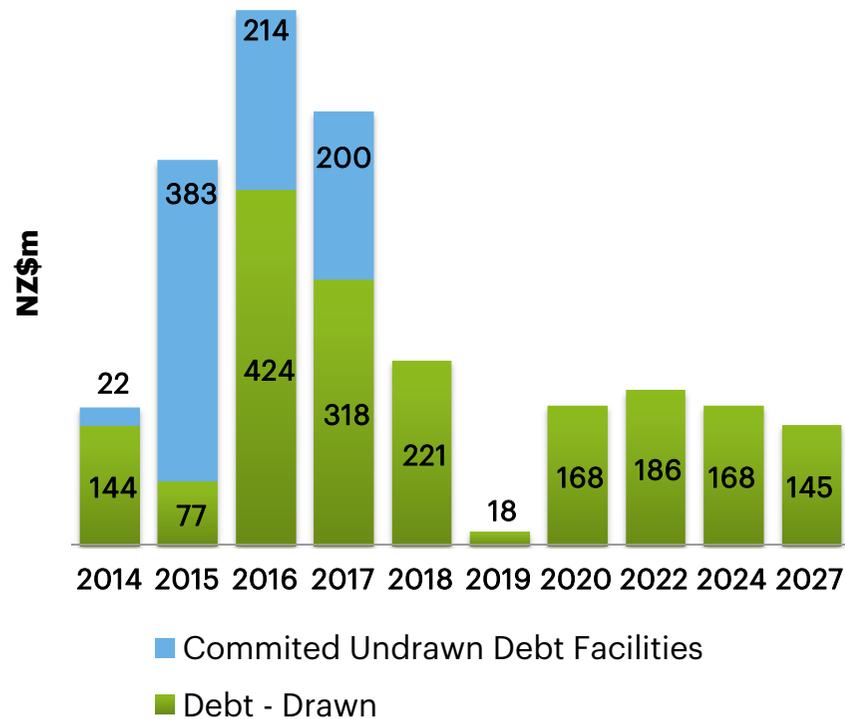


1. Earnings before interest, tax and significant items / average funds



Debt maturity profile

Funding and Maturity Profile



Undrawn credit lines and cash on hand of \$943 million.

Average maturity of debt is 5 years.

Approximately 74% of all borrowings have fixed interest rates.

Average interest rate on debt is 6.7%.



Business Transformation

Fletcher Reinforcing, Auckland



FBUnite transformation programme

All workstreams established with senior leadership teams in place

Specific Workstream updates:

- Shared Services Centre being established in Auckland
- Group Procurement teams in place and a number of categories already completed
- Property review underway
- Manufacturing excellence programme launched
- Digital strategy now focussed on project prioritisation

Total benefits arising from FBUnite expected to be in the range of \$75m-\$100m p.a.

- Benefits should become evident in FY15
- Capital and operating expenditure will be incurred in FY14 which will offset early benefits



Outlook



Formica DecoMetal® laminate, Heathrow Airport



Outlook FY2014

New Zealand

- New residential construction expected to be strong
- Canterbury repairs and construction activity will boost activity levels
- Steady improvement expected in civil infrastructure and commercial construction

Australia

- Outlook remains uncertain with negative implications from slow-down in mining and resources investment
- No significant improvement in new housing starts expected, and mix of stand alone versus multi-residential an important factor

Asia: South-East Asia should remain strong but uncertain outlook for China and Taiwan

North America: Momentum in residential expected to continue, but commercial activity levels remain subdued

Europe: No material improvement foreseen in FY2014



Financial outlook FY2014

Earnings growth expected to be driven by:

- Sustained improvement in activity levels in New Zealand
- Operational efficiency gains

No significant volume growth forecast in Australia

Further update will be provided at Annual Shareholders Meeting on 16 October 2013



Supplementary Information

Dimond cladding, Auckland



Infrastructure Products

Increased NZ activity drove volume growth

Gross Sales NZ\$m	June 2012 12 months	June 2013 12 months	% Δ	Volume Δ	Price Δ	EBITDA Δ
Cement, concrete & aggregates¹	619	669	+8			
Cement				▲	▼	▼
Readymix				▲	-	▲
Aggregates:						
- New Zealand				▲	-	-
- Australia				▼	▲	▲
Concrete pipes & products²	495	500	+1			
New Zealand				▲	-	▲
Australia				▼	▲	-
Long Steel	269	262	-3	▲	-	▲
Steel Distribution³	239	220	-8		-	▲
Plastic Pipes	791	755	-5			
New Zealand				▲	▼	▲
Australia				▼	▼	▼

1. Includes Firth, Golden Bay Cement, Winstone Aggregates and Rocla Quarry Products.

2. Includes Humes Pipelines and Rocla Pipeline Products.

3. Figures restated to exclude CSP Galvanising



Building Products

Earnings ahead due to improvement in NZ market

Gross Sales NZ\$m	June 2012 12 months	June 2013 12 months	% Δ	Volume Δ	Price Δ	EBITDA Δ
Building Products	600	584	-3			
Plasterboard				▲	-	▲
Insulation ¹				▼	▼	▼
Coated Steel Products	954	940	-1			
Roof Tile Group ²				▲	-	▲
Coated Steel NZ ³				▲	-	▲
Coated Steel Australia				▼	-	▼

1. Includes Forman and Home & Dry

2. Includes NZ, Europe, Asia, Africa, USA

3. Includes Dimond and Pacific Coilcoaters



Laminates & Panels

Volumes up in North America, down elsewhere

Gross Sales NZ\$m	June 2012 12 months	June 2013 12 months	% Δ	Volume Δ	Price Δ	EBITDA Δ
Laminex						
Australia	901	816	-9	▼	-	▼
New Zealand ¹	133	117	-12	▼	-	▲
Formica						
Asia	213	205	-4	-	-	-
Europe	294	247	-16	▼	-	▼
North America	336	339	+1	▲	-	▲

1. O'Briens countertop business sold in November 2012





Annual Results to 30 June 2013

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