2002

HALF YEAR REVIEW

REPORT FOR THE SIX MONTHS PERIOD
ENDED 31 DECEMBER 2002

FletcherBuilding

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HALF YEAR REVIEW

FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE

Directors are pleased to present the financial results for the six months to 31 December 2002. Net profit after tax and minority interests was $83 million compared with $37 million before unusual items and $41 million after unusual items in the previous December half. There were no unusual items in the latest result.

Revenue rose from $1.455 billion to $1.483 billion. After adjusting for the disposals of Australian Construction and Co-generation businesses, and for the acquisition of Laminex, revenue in like businesses was up about 7%. All divisions increased their operating earnings substantially, benefiting from improved operational performance and strong market growth. Operating earnings (i.e. earnings before interest and taxation) were $160 million.

The latest result continues a trend of strong earnings growth over the past two years, driven by internal improvement programmes and buoyant market conditions. Operating earnings before unusual items had been $78 million in the 6 months to 31 December 2001, and $127 million in the six months to 30 June 2002.

The result has enabled the company to further increase dividends. The interim dividend will be 9 cents per share, with full tax credits, compared with 6 cents per share for the interim period one year earlier and 8 cents per share for the subsequent final dividend.

On an annualised basis, the latest half year result represents a 24.5 percent return on equity and a 28.6 percent return on funds employed, compared with 16.9 percent and 22.5 percent respectively in the June 2002 year.

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BUILDING PRODUCTS

Earnings were significantly higher, reflecting favourable domestic trading conditions and operational improvements. All businesses in the division improved performance over the previous corresponding period.

Winstone Wallboards, Fletcher Wood Panels and Scott Panel and Hardware all recorded significantly higher earnings through increased production and sales. Fletcher Aluminium also improved its earnings significantly, largely through operational improvements.

Pacific Coilcoaters, Easysteel and Dimond all achieved good increases in earnings, reflecting improvements made in the operations and the buoyant trading conditions. Pacific Steel, Pacific Wire and Sims Metals also lifted their earnings, with Pacific Steel setting a new production record of 212,000 tonnes for the 2002 calendar year while further developing its export business.

CONCRETE

Results from Concrete were again significantly ahead of those for the previous corresponding period. Demand in the ready mixed concrete market remained very strong, and Firth's volumes for the six months were the highest on record. Golden Bay Cement, Winstone Aggregates and Firth all recorded strong revenue increases. In addition to buoyant demand, Golden Bay benefited from reduced manufacturing costs due to increased operating efficiencies. A major plant upgrade has been approved and further investment is under consideration.

Improved results were achieved by the operations in Peru, and in Bolivia which enabled the sale of the Bolivian operations in November 2002.

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CONSTRUCTION

Results were ahead of those for the previous corresponding period, largely as a result of exceptionally strong earnings from Fletcher Residential. All continuing business units recorded improved earnings.

The construction backlog remains strong at more than $500 million. Medium-term prospects in both commercial building and engineering remain positive, with a number of significant projects, principally in the public sector, likely to come to fruition in the next 12 months.

DISTRIBUTION

Sales continued to increase through the half, reflecting the buoyant market conditions. PlaceMakers, which accounts for the majority of revenue and profit, achieved record sales and retained its strong market share. Plans to integrate The Building Depot central office functions with those of PlaceMakers were achieved. The Hire A Hubby franchise extended its network, and work was undertaken to further develop the concept of this franchise operation to address opportunities in new market segments.

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LAMINEX

Earnings for the period under Fletcher Building's management were in line with expectations. The company increased its operating margins over those for the previous December half year as a result of improved prices and product mix. Efficiencies were achieved through warehouse consolidation in the state of Victoria and the integration of computer systems.

Demand in the Australian markets remained strong, with housing starts running at a similar rate to those in the 2002 financial year and increased demand from the commercial sectors. Export volumes were down on those for the previous period due to the increase in total domestic demand.

STRATEGY

The company's major strategic priorities have been to improve earnings, ensure the reliability of earnings through the economic cycle, and to achieve value-creating growth. The acquisition of the Laminex group, Australia's leading manufacturer and marketer of decorative laminates and decorated woodpanels for use in commercial and residential applications, was an important plank in this strategy.

The Laminex acquisition reduces Fletcher Building's reliance on the New Zealand economic cycle, provides growth and creates synergies with existing operations. Post-acquisition, Fletcher Building will derive about 67 percent of its revenues from New Zealand, 25 percent from Australia, and 8 percent from Asia and the Pacific Rim.

The strategic focus of the company continues to be on performance improvement and growth where suitable opportunities meet the strict acquisition criteria.

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OUTLOOK

The increase in the New Zealand dollar against the Australian and other currencies, if sustained, will affect earnings from exports and from translation of earnings by Laminex into New Zealand dollars. Also, there have been recent sharp increases in New Zealand power costs. However, demand in Australia and New Zealand should continue to be strong through to June 2003.

Taking all these influences into account, the Board is confident that earnings will remain at a satisfactory level during the June half year.

Roderick Deane
Chairman of Directors

Ralph Waters
Managing Director

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STATEMENT OF FINANCIAL PERFORMANCE

FOR THE SIX MONTHS ENDED 31 DECEMBER 2002 (UNAUDITED)

	SIX MONTHS DEC 2002 NZ$M	YEAR ENDED JUNE 2002 NZ$M	SIX MONTHS DEC 2001 NZ$M
Operating revenue	**1,483**	2,966	1,455
Operating expenses	**(1,323)**	(2,756)	(1,371)
Operating earnings	**160**	210	84
Funding costs	**(23)**	(51)	(15)
Earnings before taxation	**137**	159	69
Taxation expense	**(45)**	(54)	(25)
Earnings after taxation	**92**	105	44
Minority interest	**(9)**	(12)	(3)
Net earnings	**83**	93	41

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STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2002 (UNAUDITED)

	DEC 2002 NZ$M	JUNE 2002 NZ$M	DEC 2001 NZ$M
Assets			
Current assets:			
Cash and liquid deposits	**47**	59	104
Stocks	**438**	318	337
Debtors	**510**	405	423
Contracts	**(79)**	(86)	(84)
Total current assets	**916**	696	780
Non current assets:			
Fixed assets	**984**	666	730
Goodwill	**62**	3	6
Intangibles	**138**	5	6
Investments	**120**	72	69
Provision for deferred taxation	**97**	96	130
Total non current assets	**1,401**	842	941
Total assets	**2,317**	1,538	1,721

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STATEMENT OF FINANCIAL POSITION (CONTINUED)

	DEC 2002 NZ$M	JUNE 2002 NZ$M	DEC 2001 NZ$M
Liabilities			
Current liabilities:			
Short-term loans	**1**	3	4
Accruals and provisions	**122**	101	92
Creditors	**445**	401	416
Provision for current taxation	**20**	(12)	2
Current portion capital notes	**42**	53	
Current portion term debt	**136**		
Total current liabilities	**766**	546	514
Non current liabilities:			
Capital notes	**324**	177	
Term debt	**440**	224	393
Total non current liabilities	**764**	401	393
Total liabilities	**1,530**	947	907
Equity			
Shareholders' funds	**753**	564	556
Capital notes			230
Minority equity	**34**	27	28
Total equity	**787**	591	814
Total liabilities and equity	**2,317**	1,538	1,721

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STATEMENT OF CASHFLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2002 (UNAUDITED)

	SIX MONTHS DEC 2002 NZ$M	YEAR ENDED JUNE 2002 NZ$M	SIX MONTHS DEC 2001 NZ$M
Cashflow from operating activities			
Total received	**1,513**	2,986	1,452
Total applied	**(1,386)**	(2,799)	(1,396)
Net cash from operating activities	**127**	187	56
Cashflow from investing activities			
Sale of fixed assets and investments	**23**	54	12
Purchase of fixed assets and investments	**(37)**	(51)	(20)
Purchase of subsidiaries	**(759)**		
Net debt in subsidiaries acquired		(14)	
Net cash from investing activities	**(773)**	(11)	(8)

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STATEMENT OF CASHFLOWS (CONTINUED)

	SIX MONTHS DEC 2002 NZ$M	YEAR ENDED JUNE 2002 NZ$M	SIX MONTHS DEC 2001 NZ$M
Cashflow from financing activities			
Net debt drawdowns/(settlements)	**372**	(179)	(23)
Issue of shares	**154**		
Issue of capital notes	**150**		
Repurchase of capital notes	**(14)**	(20)	(20)
Distribution to minority shareholders	**(6)**	(14)	
Dividends and distributions paid to stakeholders	**(22)**	(32)	(33)
Net cash from financing activities	**634**	(245)	(76)
Net movement in cash held	**(12)**	(69)	(28)
Add opening cash and liquid deposits	**59**	132	132
Effect of exchange rate changes on net cash		(4)	
Closing cash and liquid deposits	**47**	59	104

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STATEMENT OF MOVEMENTS IN EQUITY

FOR THE SIX MONTHS ENDED 31 DECEMBER 2002 (UNAUDITED)

	SIX MONTHS DEC 2002 NZ$M	YEAR ENDED JUNE 2002 NZ$M	SIX MONTHS DEC 2001 NZ$M
Total equity at the beginning of the period	**591**	790	790
Net earnings – parent interest	**83**	93	41
Net earnings – minority interest	**9**	12	3
Revaluation of fixed assets		(16)	8
Movement in currency translation reserve	**(26)**	(19)	(2)
Total recognised revenues and expenses for the period	**66**	70	50
Movement in minority equity	**(2)**	13	23
Movement in reported capital	**163**	6	3
Movement in capital notes		(20)	(20)
Restatement of capital notes as debt		(230)	
Dividends and distributions	**(31)**	(38)	(32)
Total equity at the end of the period	**787**	591	814

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FINANCIAL REVIEW

The company's balance sheet changed substantially during the period, through the issue of new equity and capital notes, the refinancing of bank debt, increased cashflow from operations, the sale of the operations in Bolivia and the acquisition of the Laminex group.

The proposal to acquire Laminex was announced in September 2002, along with funding arrangements that included the issue of 44 million ordinary shares at $2.95 each, a premium of 5 percent on the pre-announcement closing price. The placement raised $129 million. A further $34 million of equity was raised in November 2002.

The purchase of Laminex was completed in November, for $759 million, based on the NZD/AUD exchange rate on the date of settlement. It is likely that an additional payment of up to A$20 million, based on Laminex's performance post-acquisition, will be made.

The sale of the Bolivian operations was completed in November, realising $18 million.

In November and December, the company's existing bank borrowings were replaced by a new $800 million syndicated term facility to allow for the increased requirements arising from the Laminex acquisition.

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In December, the offer of capital notes by Fletcher Building Finance was closed after accepting the maximum $150 million of subscriptions allowed under its trust deed.

Cashflow from operations during the December half-year totalled $127 million. This cashflow was after an increase of $42 million in working capital as a result of timing of cashflows on large construction contracts, the normal seasonal build due to increased activity levels and the Christmas shutdown at many of our manufacturing sites.

Net debt at 31 December 2002 was $896 million, compared with $398 million at 30 June 2002, reflecting the Laminex acquisition offset by the various financing initiatives. The ratio of debt to total capitalisation (debt including capital notes plus equity at book value) was 53 percent, compared to 40 percent at 30 June 2002. Interest cover (EBITDA/Interest) was 8.8 times, compared with 5.8 times at 30 June 2002.

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FINANCIAL HIGHLIGHTS
(UNAUDITED)

	SIX MONTHS DEC 2002 NZ$M	YEAR ENDED JUNE 2002 NZ$M	SIX MONTHS DEC 2001 NZ$M
Return on average capital employed (%)[1,3]	**28.6**	22.5	16.4
Return on average equity (%)[2,3]	**24.5**	16.9	12.1
Earnings per share (cents)	**22.4**	27.0	9.6
Dividends per share (cents)	**9.0**	14.0	6.0
Gearing (%)	**53.2**	40.2	47.2
Interest cover (times)	**8.8**	5.8	4.6

[1] Operating earnings excluding unusual items divided by the average of net debt including capital notes plus equity less the deferred tax asset.

[2] Net earnings after capital notes interest divided by average shareholders' funds.

[3] Annualised.

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BREAKDOWN OF FINANCIAL PERFORMANCE

(UNAUDITED)

	SIX MONTHS DEC 2002 NZ$M	YEAR ENDED JUNE 2002 NZ$M	SIX MONTHS DEC 2001 NZ$M
RESULTS FOR HALF YEAR PERFORMANCE			
Operating revenue	**1,483**	2,966	1,455
Operating earnings before unusual items	**160**	205	78
Operating earnings	**160**	210	84
Cashflow from operations	**127**	187	56
Net earnings before unusual items	**83**	88	37
Net earnings	**83**	93	41

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BREAKDOWN OF FINANCIAL PEFORMANCE UNAUDITED (CONTINUED)

	SIX MONTHS DEC 2002 NZ$M	YEAR ENDED JUNE 2002 NZ$M	SIX MONTHS DEC 2001 NZ$M
OPERATING REVENUE			
Building Products	**447**	820	405
Concrete	**255**	470	232
Construction	**310**	871	496
Distribution	**389**	686	336
Laminex	**81**		
Corporate	**1**		
Less restatement		119[2]	(14)[1]
Total	**1,483**	2,966	1,455

[1] The Distribution comparative balances for operating revenue and operating earnings before unusual items have been restated on a calendar year basis.

[2] Additional three months operating revenue recognised in June 2002 from the change of balance date for PlaceMakers joint ventures.

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BREAKDOWN OF FINANCIAL PEFORMANCE UNAUDITED (CONTINUED)

	SIX MONTHS DEC 2002 NZ$M	YEAR ENDED JUNE 2002 NZ$M	SIX MONTHS DEC 2001 NZ$M
OPERATING EARNINGS BEFORE UNUSUAL ITEMS			
Building Products	**66**	85	36
Concrete	**44**	60	24
Construction	**16**	30	13
Distribution	**25**	34	14
Laminex	**8**		
Corporate	**1**	(4)	(4)
Less restatement			(5)[1]
Total	**160**	205	78

[1] The Distribution comparative balances for operating revenue and operating earnings before unusual items have been restated on a calendar year basis.

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BREAKDOWN OF FINANCIAL PEFORMANCE UNAUDITED (CONTINUED)

	SIX MONTHS DEC 2002 NZ$M	YEAR ENDED JUNE 2002 NZ$M	SIX MONTHS DEC 2001 NZ$M
TOTAL ASSETS			
Building Products	**546**	571	586
Concrete	**468**	479	531
Construction	**80**	123	221
Distribution	**208**	180	188
Laminex	**811**		
Other	**204**	185	195
Total	**2,317**	1,538	1,721

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NOTES TO THE FINANCIAL STATEMENTS

1 BASIS OF PRESENTATION

The interim financial statements presented are those of Fletcher Building Limited (the "Company") and its subsidiaries (the "Group"). Fletcher Building Limited is a company domiciled in New Zealand, is registered under the Companies Act 1993, and is an issuer in terms of the Securities Act 1978 and the Financial Reporting Act 1993. The interim financial statements have been prepared in accordance with Financial Reporting Standard (FRS) 24, Interim Financial Statements.

2 CHANGES IN ACCOUNTING POLICIES

There have been no changes in accounting policy in the six months ended 31 December 2002, however, certain comparatives were restated to conform with the current periods presentation. The following changes were made in the year ended 30 June 2002.

(a) Recently issued standards

Financial Reporting Standard (FRS) 36, Accounting for Acquisitions Resulting in Combinations of Entities or Operations, FRS 37, Consolidating Investments in Subsidiaries, and FRS 38, Accounting for Investments in Associates, were issued with a mandatory implementation date for accounting periods ending on or after 31 December 2002. The Directors elected to comply with the requirements of FRS 37 prior to its mandatory implementation date as disclosed in the 31 December 2001 half year review. In June 2002, the Directors elected to comply with the requirements of FRS 36 and 38 prior to their mandatory implementation date. There was no material impact on the financial statements in complying with FRS 36 and 38.

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(b) Capital notes

Capital notes are long-term, fixed rate, unsecured subordinated notes. At each election date the coupon and term to the next election date of that series of notes is reset. Holders may then choose either to keep their capital notes on the new terms or to convert the notes to shares. Fletcher Building may, at its option, purchase or redeem the capital notes for cash. Capital notes were accounted for as a component of equity. The Directors reviewed this accounting treatment and concluded that the capital notes were more fairly reflected if accounted for as debt. This change was made for the year ended 30 June 2002.

As a result of this reclassification, interest on the capital notes is recorded as funding costs within the Statement of Financial Performance and as cashflow from operations within the Statement of Cashflows, rather than as a distribution from equity.

In accordance with the requirements of FRS 2, Presentation of Financial Reports, the comparative balances have not been restated.

(c) Share options

The company changed how it accounts for share options. It now accounts for the fair value of the options at their grant date, and recognises this as an expense over the restricted period provided by the scheme. A corresponding amount is recognised in shareholders' funds. For the year ended 30 June 2002 an amount of $256,000 was expensed. There was no material impact on the Statement of Financial Position or the Statement of Cashflows.

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3 CONTINGENCIES AND COMMITMENTS

Provision has been made in the ordinary course of business for all known and probable future claims but not for such claims as cannot presently be reliably measured. There have been no material movements in capital expenditure, lease commitments or contingent liabilities to that disclosed in the 2002 annual report, except as disclosed in note 4 below.

4 ACQUISITION OF LAMINEX

The Laminex Group was acquired on 13 November 2002 for NZ$759 million (A$668 million). In addition, if Laminex's earnings before interest, tax, depreciation and amortisation (EBITDA) for the 2003 financial year equals or exceeds A$95 million, Fletcher Building will pay the vendor a further A$6 million. If Laminex's EBITDA for the 2003 financial year equals or exceeds A$98 million, Fletcher Building will also pay the vendor A$2.00 for every dollar of EBITDA above the A$98 million threshold, but only up to a maximum amount of A$14 million. Accordingly, full payment of a maximum additional A$20 million will be made only if Laminex's EBITDA equals or exceeds A$105 million in the 2003 financial year. The interim financial statements assume that Fletcher Building will have to pay the maximum amount of A$20 million. In addition, an estimated final payment for working capital at acquisition of A$3 million is outstanding.

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A formal fair value exercise is in progress at the date of these interim financial statements. The fair values will therefore be updated more accurately in the financial statements for the year ended 30 June 2003, following the receipt of independent valuations and the determination of the contingent portion of the acquisition price. The following are the estimated values recognised in the interim financial statements:

	NZ$M
Working capital	170
Brands and intangibles	207
Fixed assets	357
Investments	51
	785
Less contingent consideration	(23)
Less estimated final working capital payment	(3)
Cash consideration	759

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5 RECONCILIATION OF NET EARNINGS TO NET CASH FROM OPERATING ACTIVITIES

	SIX MONTHS DEC 2002 NZ$M	YEAR ENDED JUNE 2002 NZ$M	SIX MONTHS DEC 2001 NZ$M
Cash was received from:			
Net earnings	83	93	41
Adjustment for items not involving cash:			
Depreciation, depletions, amortisation and provisions	42	93	42
Taxation	38	31	23
Minority interest in earnings of subsidiaries	9	12	3
Non cash adjustments	89	136	68
Cashflow from operations	172	229	109
Less gain on disposal of affiliates and fixed assets	(3)	(16)	(4)
Cashflow from operations before net working capital movements	169	213	105
Net working capital movements	(42)	(26)	(49)
Net cash from operating activities	127	187	56

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INVESTOR INFORMATION

ENQUIRIES

Shareholders or holders of capital notes issued by the company, or its subsidiary Fletcher Building Finance Limited with enquiries about share or capital note transactions, changes of address, direct crediting of dividend and interest payments, or the payment of any dividend or interest should contact the share registry in the country that their shares or capital notes are registered.

New Zealand
Computershare Investor Services Limited
Private Bag 92 119
Auckland 1020
Level 2, 159 Hurstmere Rd
Takapuna, North Shore City
New Zealand
Telephone: 64-9-488 8777
Facsimile: 64-9-488-8787

Australia
Computershare Investor Services Pty Limited
GPO Box 7045
Sydney, NSW 1115, Australia
Level 3, 60 Carrington St
Sydney, NSW 2000, Australia
Telephone: 1300 855 080 (within Australia)
Telephone: 61-3-9615 5970 (outside Australia)
Facsimile: 61-2-8234 5050

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OTHER INVESTOR ENQUIRIES

Details on Fletcher Building and its operations can be viewed at the Fletcher Building website, at www.fletcherbuilding.com. This website contains all news releases to stock exchanges and other financial presentations made by the company.

Further information may be available on request at:

Fletcher Building Limited
Private Bag 92 114
Auckland, New Zealand
Telephone: 64-9-525 9000
Facsimile: 64-9-525 9032
Email: moreinfo@fb.co.nz

DIVIDEND REINVESTMENT PLAN

Fletcher Building shareholders (excluding those in jurisdictions where the issue of shares is not permitted by law) can participate in a Dividend Reinvestment Plan, under which they have the opportunity to reinvest their dividends in additional shares. To participate, please contact the share registry.

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INTERIM DIVIDEND SUMMARY

NZ CENTS PER SHARE	NZ RESIDENTS	NON-RESIDENTS
Dividend declared	9.0000	9.0000
Tax credits	4.4328	
Dividend withholding payment refund		4.4328
Gross dividend	13.4328	13.4328
NZ tax (33%)	(4.4328)	
Non-resident withholding tax (15%)		(2.0149)
Net cash dividend to shareholders	9.0000	11.4179
Record date	21 March 2003	21 March 2003
Payment date	9 April 2003	9 April 2003

As individual shareholders circumstances may differ, the above New Zealand tax and non-resident withholding tax calculations are a guide only.

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