

**Forsyth Barr
Retail Investors
Presentation**

March 2005



FletcherBuilding

**Ralph Waters
Chief Executive Officer**

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 December 2004 half year results, 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

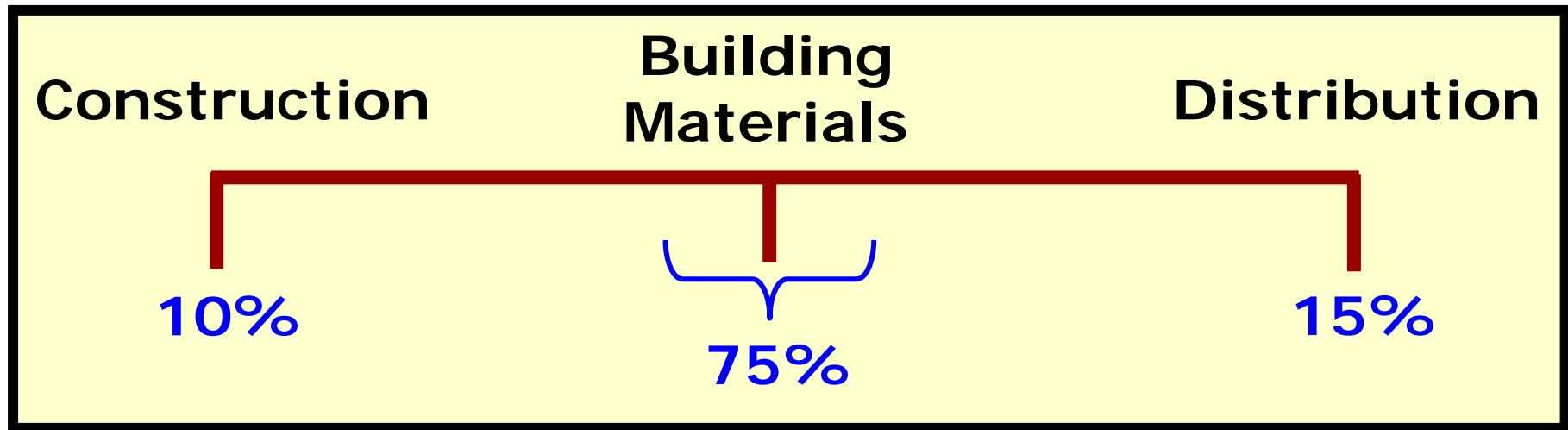
- ❑ One of New Zealand's top industrial companies with a history going back to the early 1900's
- ❑ The leader in the NZ building industry
- ❑ FBU is listed on NZX and ASX
- ❑ Strong market shares in all its building sectors
- ❑ Full information on www.fletcherbuilding.co.nz

Company Dimensions

Revenue:	NZ\$5.0 billion (including Amatek)	
Market cap:	>NZ\$3.2 billion	No.3 on NZX
Employees:	Over 14,000 (including Amatek)	
Shares:	462 million Daily average turnover \approx 1,500,000	
Shareholders:	NZ	47%
	Aust	30%
	USA	13%
	Other	10%

What is Fletcher Building?

Earnings Make Up

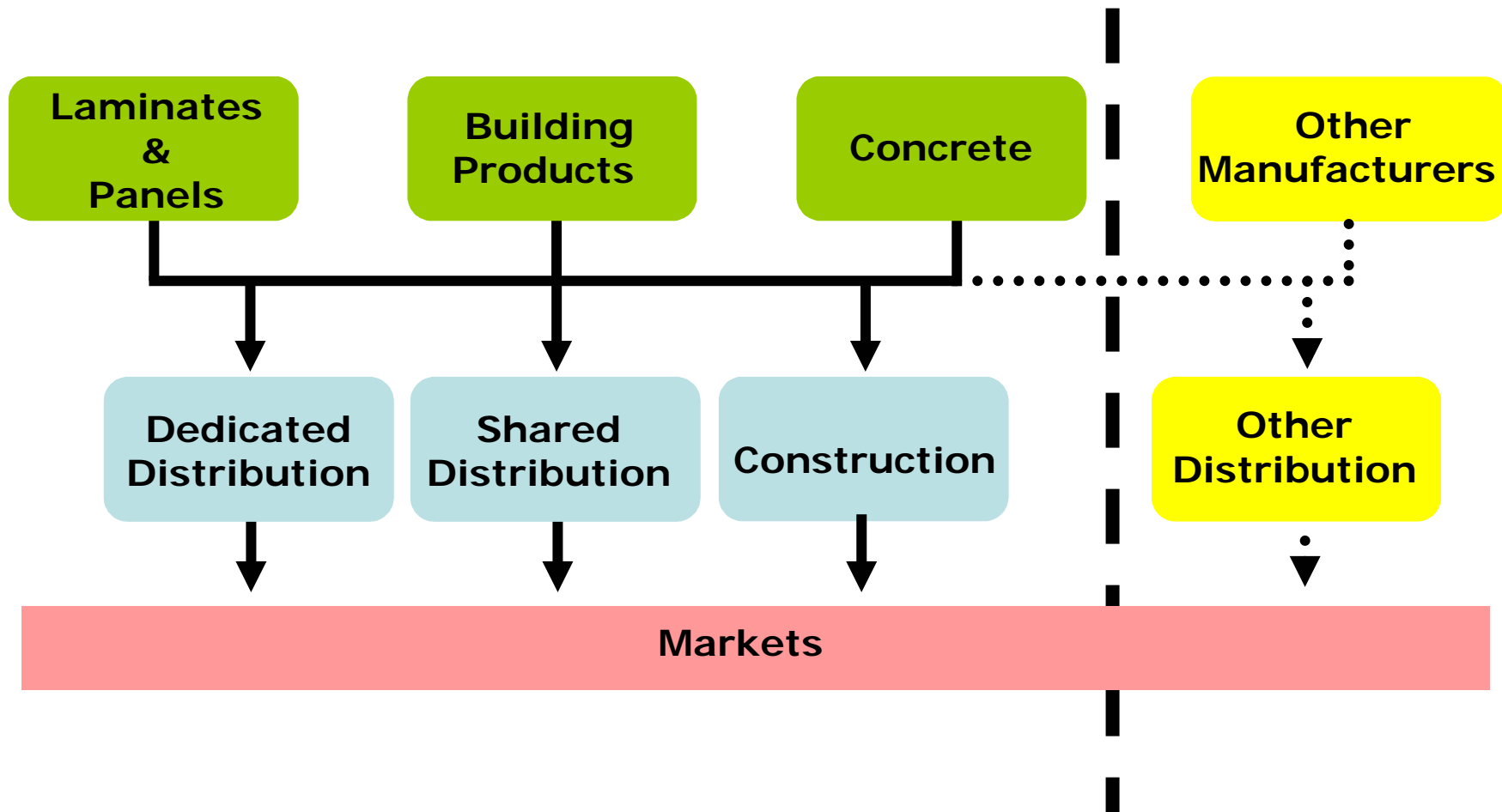


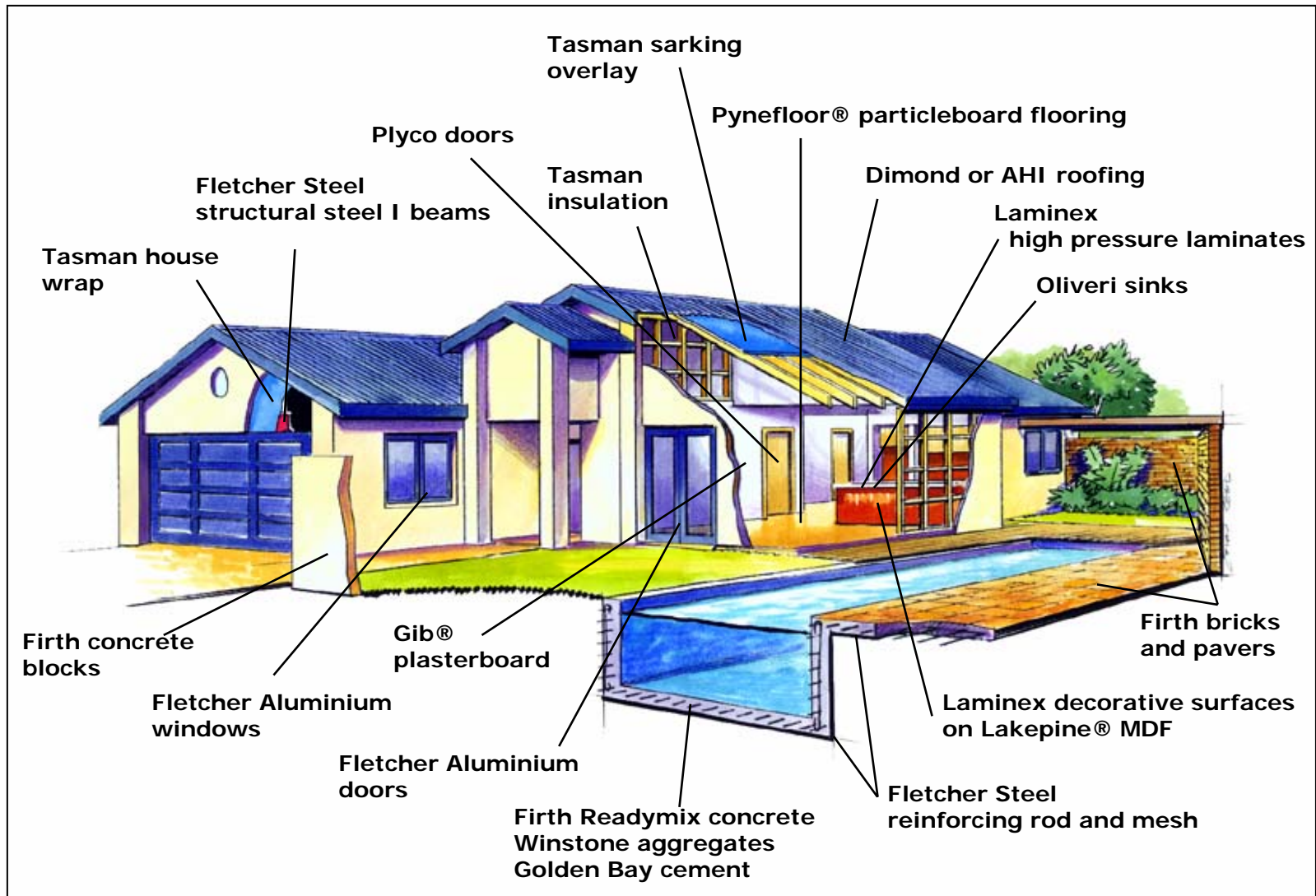
- Not a construction company
- Not a distribution business
- A building materials manufacturer with two special channels to market

Why Like This?

- ❑ No other similar companies that combine construction / manufacturing / distribution
- ❑ NZ market size too small for normal distribution methods and thus PlaceMakers – a composite distributor for FB and others
- ❑ Construction an important channel that also
 - provides high returns
 - maximises FB share of materials
 - is defensive against imported materials

The Fletcher Building Value Chain Delivers High Returns





Infrastructure - Concrete



50% of NZ cement market



33% of NZ RMC market



25% of NZ aggregates market



60% of NZ + 35% of Australia concrete pipe market



60% of NZ pre cast market



30% NSW and 80% of WA sand market

Infrastructure - Construction

New Zealand's leading construction company

Commercial (Buildings)



Engineering (Infrastructure)



South Pacific (General)

Residential (NZ largest home builder)



March 2005



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Building Products



Winstone Wallboards Ltd

94% of NZ market



FLETCHER
ALUMINIUM

No.2 in NZ



No.1 in Australasia with 60%
Australia, 80% NZ glass wool market



No.1 in Australasia (also facility in California)



No.2 in Australasia



No.1 in Australasia

Building Products - Steel



50% of Sims (scrap metal)



Sole producer of long products in NZ



250,000 EAF steel mill
(rod, bar & wire)



General steel distribution



30% Australia & NZ rollforming market



50% of flat steel painting in NZ

Laminates & Panels



Over 50 owned distribution outlets across Australasia

HPL (2 mills)
No.1 Australasia

Decorated Board
No.1 Australasia

MDF (3 mills)
No.2 in Australasia

Particle Board (2 mills)
No.2 in Australasia

Hardboard (1 mill)
No.2 in Australasia

Distribution



No.1 in segment

54 PlaceMakers
stores in NZ

35% of building
materials market

Joint Venture rather
than franchise

Trade focus – 80%
of sales

Strategic Agenda

Earnings Reliability

Internal Growth

External Growth

Acquisition Criteria

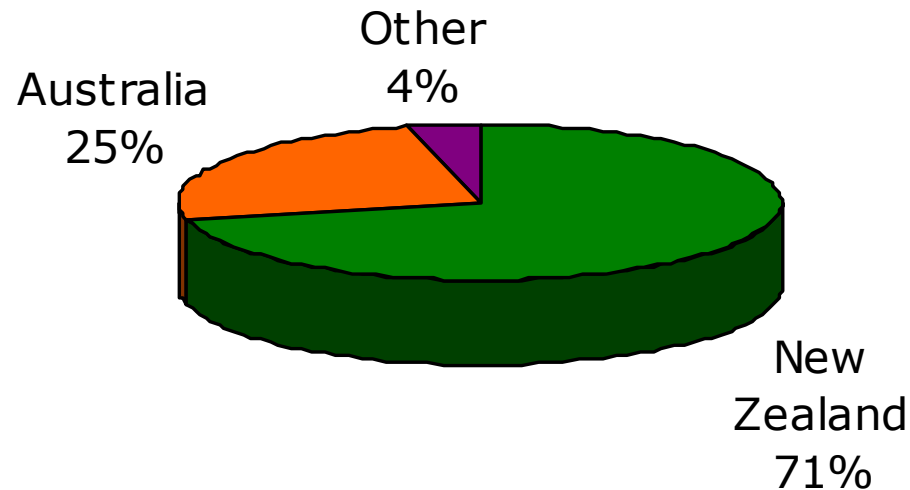
- No. 1 or No. 2 in industry
- Good industry structure
- No damaging competitive response
- Good management in place and staying on
- EVA positive within two years

Acquisitions

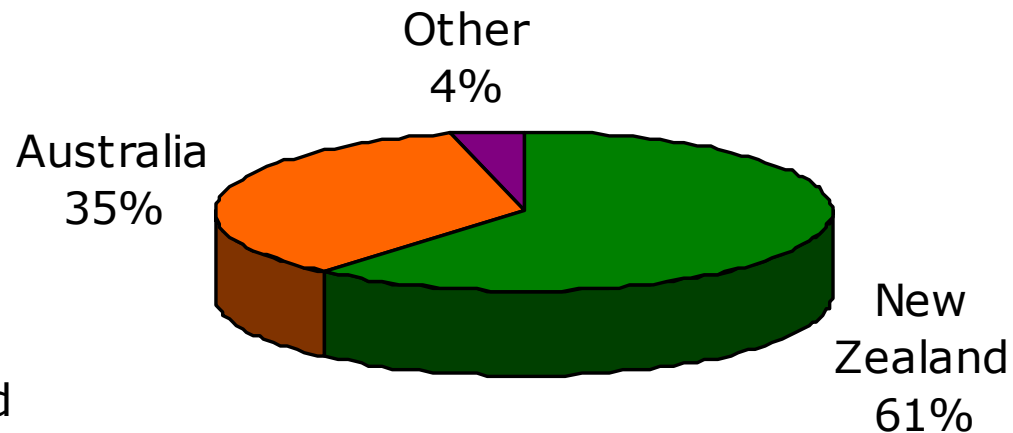
2002	Laminex	NZ\$780 million
2003	Tasman	NZ\$260 million
2005	Amatek	NZ\$590 million

A Broader Revenue Base

2004 Year Annualised



Adjusted for 12 months Amatek



Laminex – (complementary)

Laminex

MDF	Gympie, Perth
PB	Dardenup
HPL	Melbourne
HPL	Papakura
Dist.	National

Fletcher Building

MDF	Taupo
PB	Kumeu, Taupo
Dist.	Scott Panel

Tasman – (new)

Fibre glass insulation

Sydney, Auckland &
Christchurch

Metal roof tiles

Auckland & Los Angeles

Stainless steel sinks

Adelaide

Access floors

Australia

Amatek – (complementary)

Building Products

Existing FBU Brands

Amatek Brands

Dimond

Stramit

Pink Batts
NEW ZEALAND'S
FAVOURITE INSULATION

PINK BATTS
AUSTRALIA'S FAVOURITE INSULATION



Infrastructure

Existing FBU Brands

Amatek Brands

WINSTONE
AGGREGATES

Rocla
Quarry Products

HUMES

Rocla
Pipeline Products

stresscrete

Strong track record of earnings growth expected to continue

Amatek Years ended 30 June

A\$m	2003 ¹	2004 ¹	2005(E) ²
External sales	659	743	808
EBITDA ³	60	77	86
EBITA	41	59	64

Notes:

1. Combined normalised results for Rocla Pipeline Products, Rocla Quarry Products, Stramit and Insulation Solutions as provided by Amatek
2. Fletcher Building estimates, based on actuals to end of January plus estimates to June 2005
3. After deducting Amatek corporate overhead (approximately A\$7-8m per annum). Fletcher Building estimates this would reduce by A\$4m per annum on an ongoing basis

Source: Normalised Amatek management accounts and Fletcher Building estimates

Estimated synergies and growth opportunities

Synergies

- ❑ **Total synergies estimated at A\$10m p.a.**
 - A\$4m p.a. immediately from corporate cost savings
 - Further A\$6m p.a. expected to be realised from year 2
- ❑ **Key areas include:**
 - Immediate corporate cost saving
 - Insulation freight savings by manufacturing closer to customer
 - Optimising glasswool manufacturing
 - Ownership change effects
- ❑ **Furthermore, A\$15-20m of capex for existing FBU insulation capacity increase deferred for 2-3 years**

Identified growth opportunities

- ❑ **Rocla Pipeline Products**
 - New products under development
 - Concrete sleeper demand through railroad upgrades
- ❑ **Rocla Quarry Products**
 - Expansion of existing quarries
 - New quarries/reserves under negotiation
- ❑ **Stramit**
 - Increasing steel roofing penetration
 - Growth in sheds market through rural recovery
- ❑ **Insulation Solutions**
 - Regulation driving greater penetration and greater use per dwelling

Attractive Acquisition Valuation Metrics

A\$m	2005 Estimate	2005 Adjusted ¹
Purchase Price ²	530	470
Amatek EBITDA ³	86	86
EV / EBITDA multiple (pre synergies)	6.2x	5.5x
EV / EBITDA multiple (post synergies) ⁴	5.5x	4.9x

Notes:

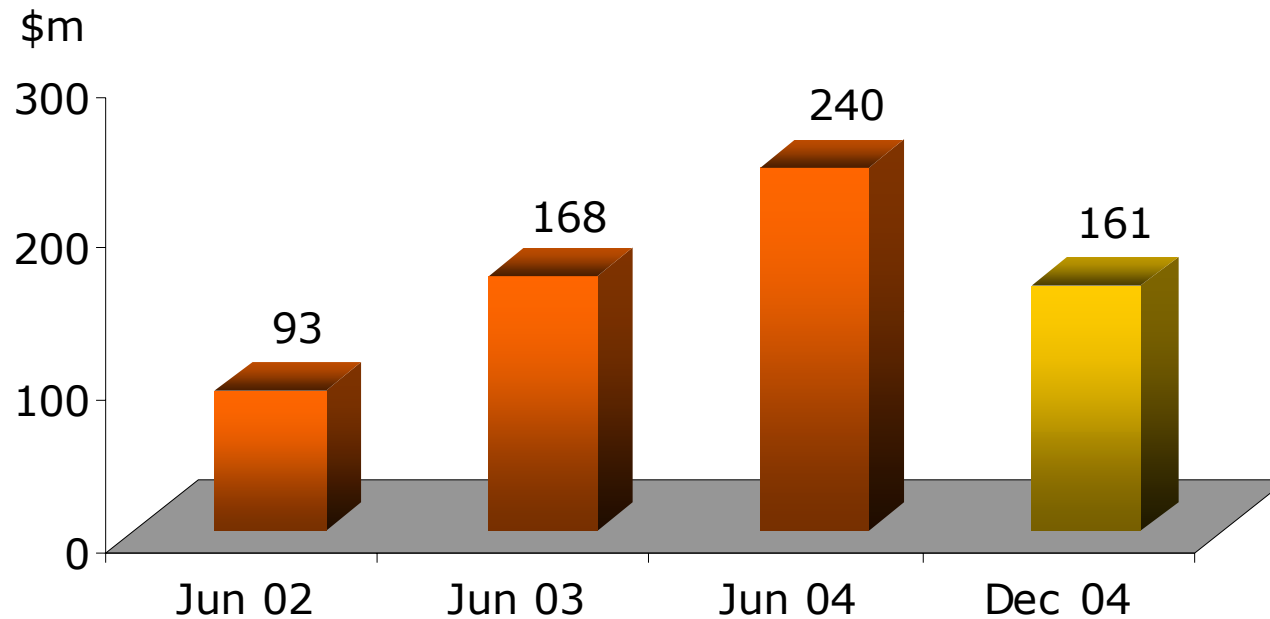
1. Adjusted to exclude future tax benefits acquired (at the estimated discounted cash value) that do not contribute to EBITDA
2. Excludes transaction costs (stamp duty, fees and expenses)
3. Estimate based on 7-months actual plus 5-months estimate
4. Annualised synergies estimated to be A\$10 million

Internal Growth Opportunities

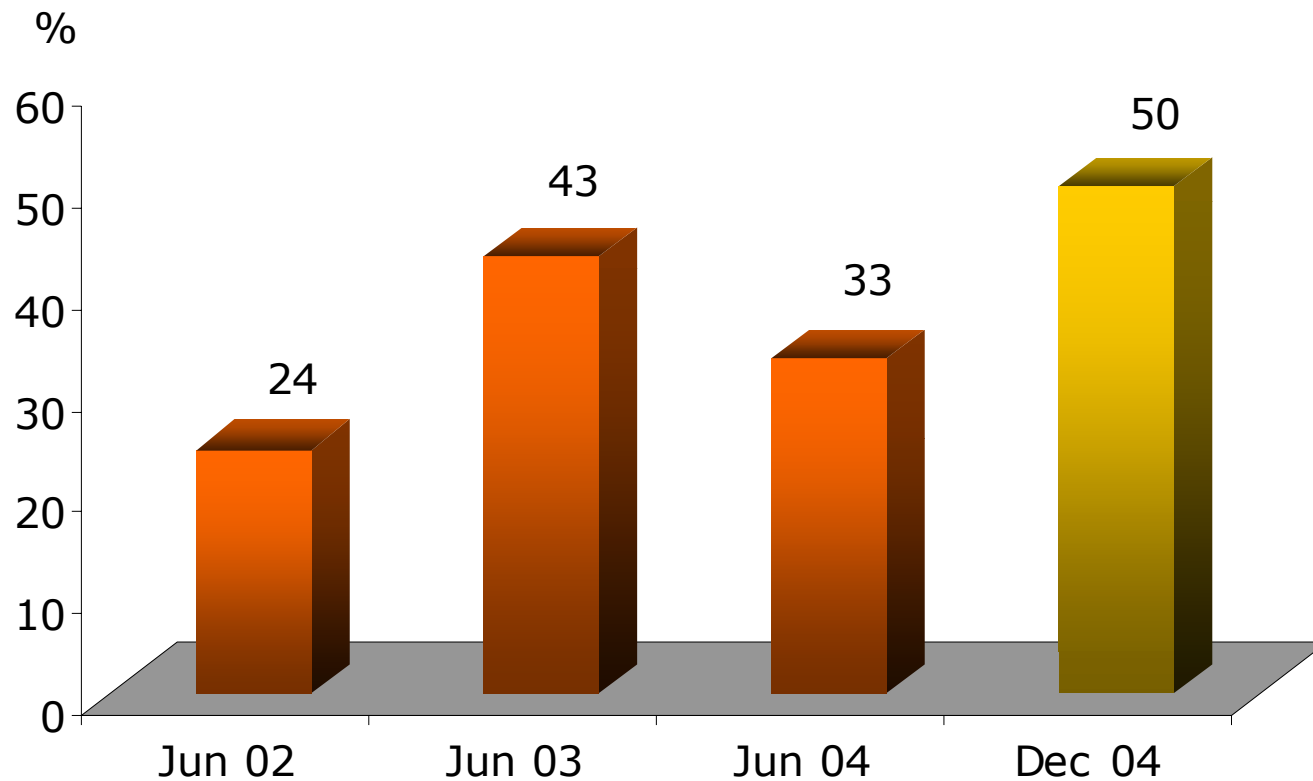
- ❑ Lifting capacity in a number of business units
 - Cement
 - R.M.C.
 - Aggregates
 - Roof Tiles
 - Insulation
 - Steel
 - Particle Board & MDF

Earnings

Net Earnings



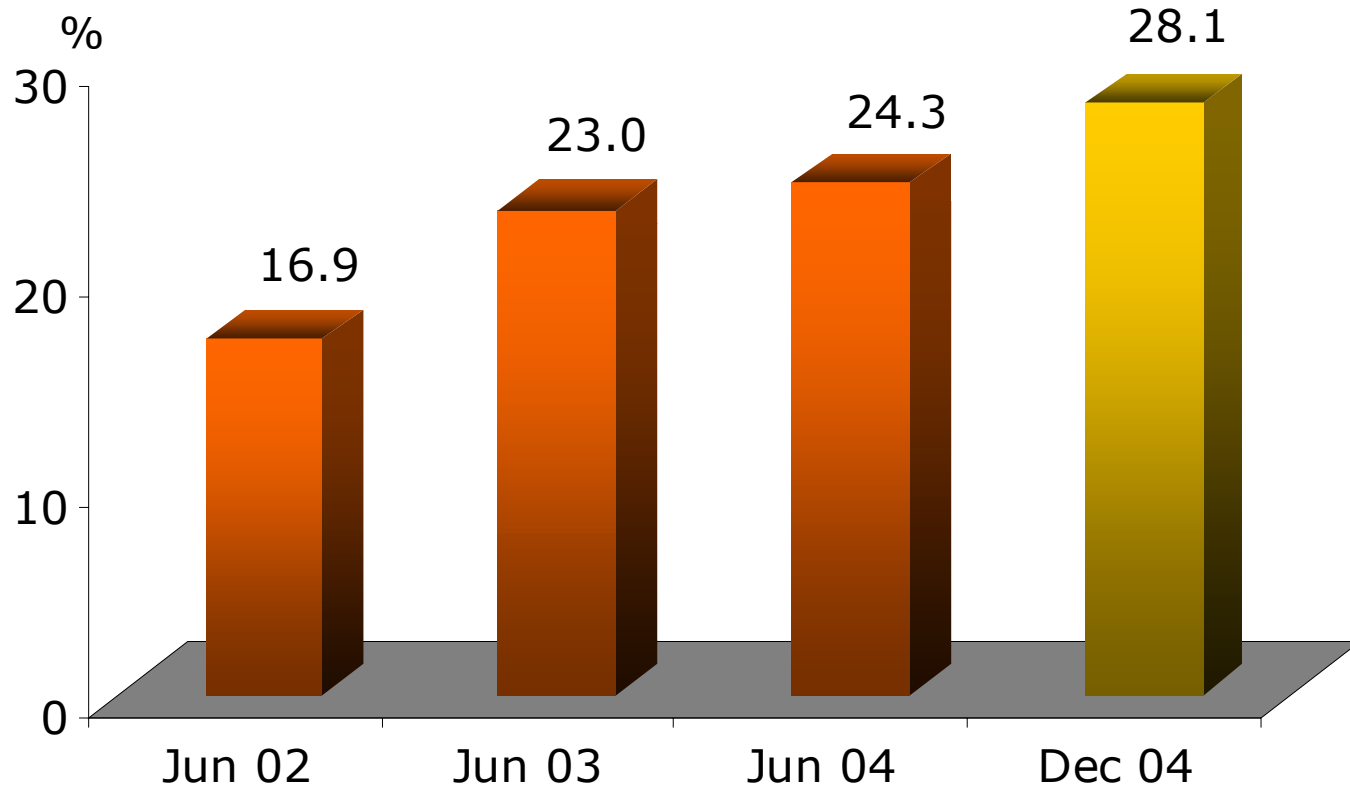
Total Shareholder Return*



* TSR calculated $((\text{Gross Dividend Paid} + \text{Movement in Share Price}) / \text{Opening Share Price})$

Performance Measurement

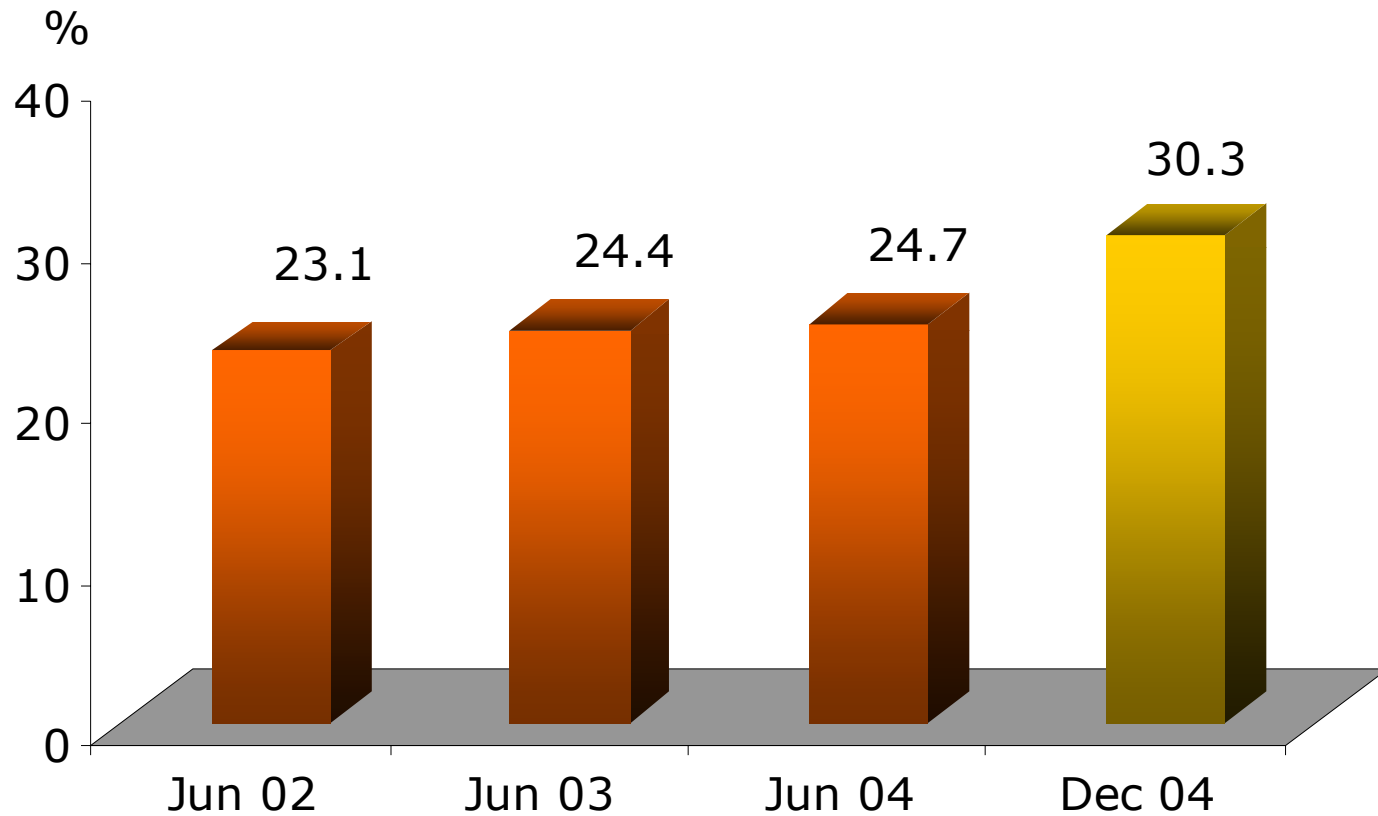
Return on Average Equity*



* Net earnings/shareholders funds

Performance Measurement

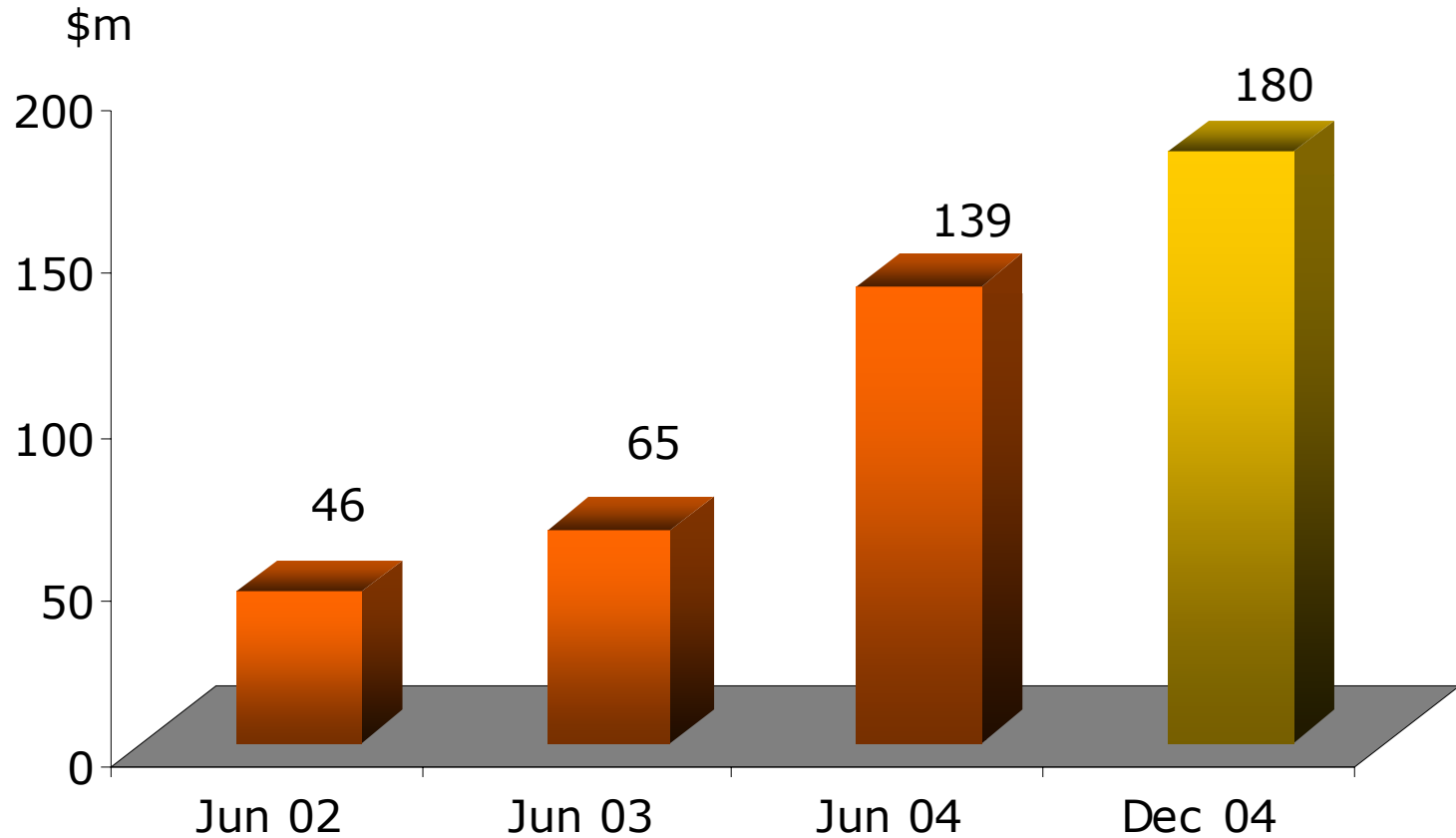
Return on Average Funds*



* $EBIT / (\text{Average net debt} + \text{equity} + \text{capital notes}) - \text{deferred tax asset}$

Performance Measurement

Economic Value Added



Dividends

2002

14c

2003

19c

2004

25c

2005
(1st half)

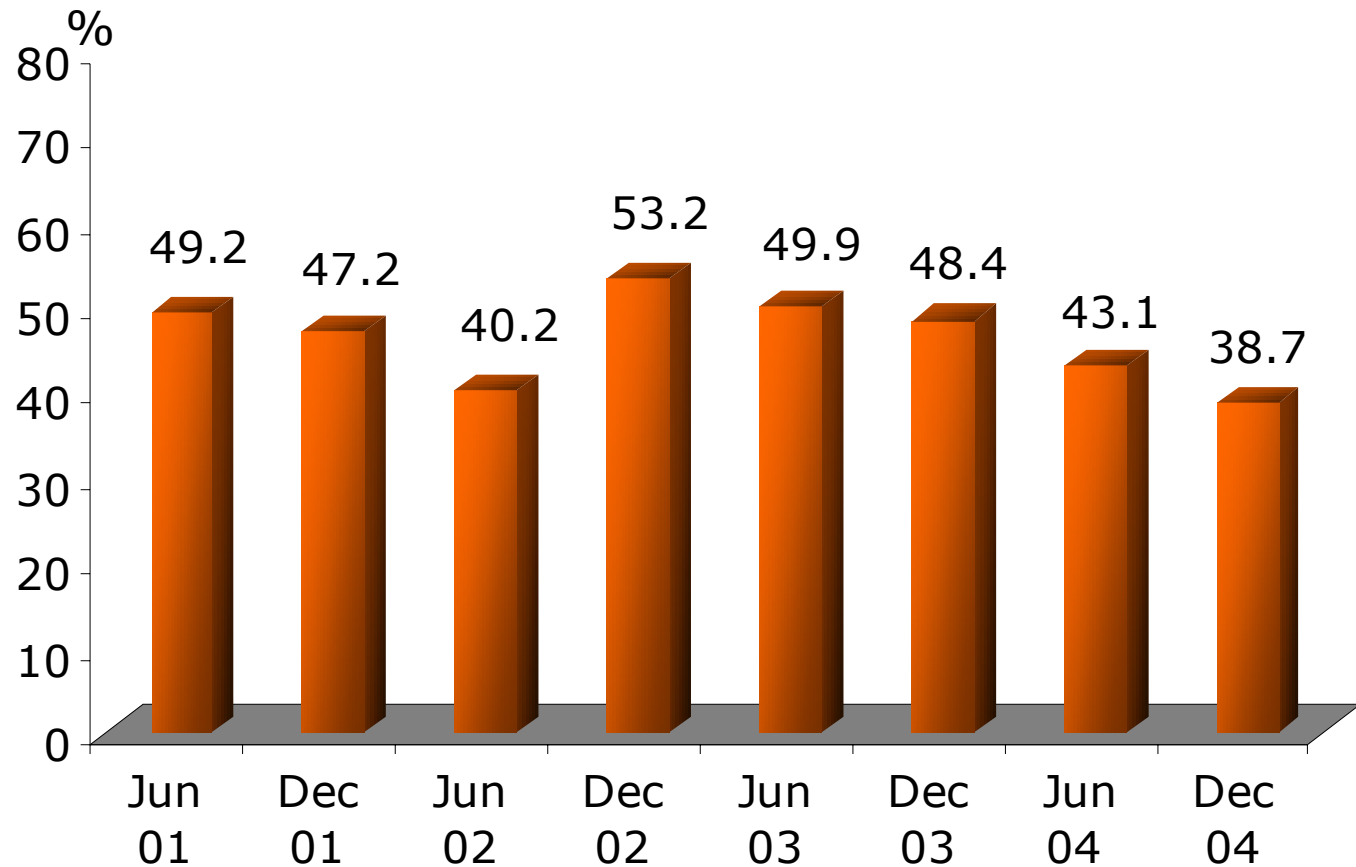
15c

Simplified Balance Sheet

	Dec 2004 NZ\$m	Jun 2004 NZ\$m
Assets		
Current Assets	1182	1022
Fixed Assets	1048	1023
Intangibles & Goodwill	334	342
Provision for Deferred Taxation	83	86
Investments	163	159
	<hr/>	<hr/>
Total Fletcher Building Assets	2810	2632
Liabilities		
Current Liabilities	810	666
Net Debt	374	448
Capital Notes	400	400
	<hr/>	<hr/>
Total Fletcher Building Liabilities	1584	1514
Equity		
Equity & Minority Interests	1226	1118
	<hr/>	<hr/>
Total Fletcher Building Liabilities and Equity	2810	2632

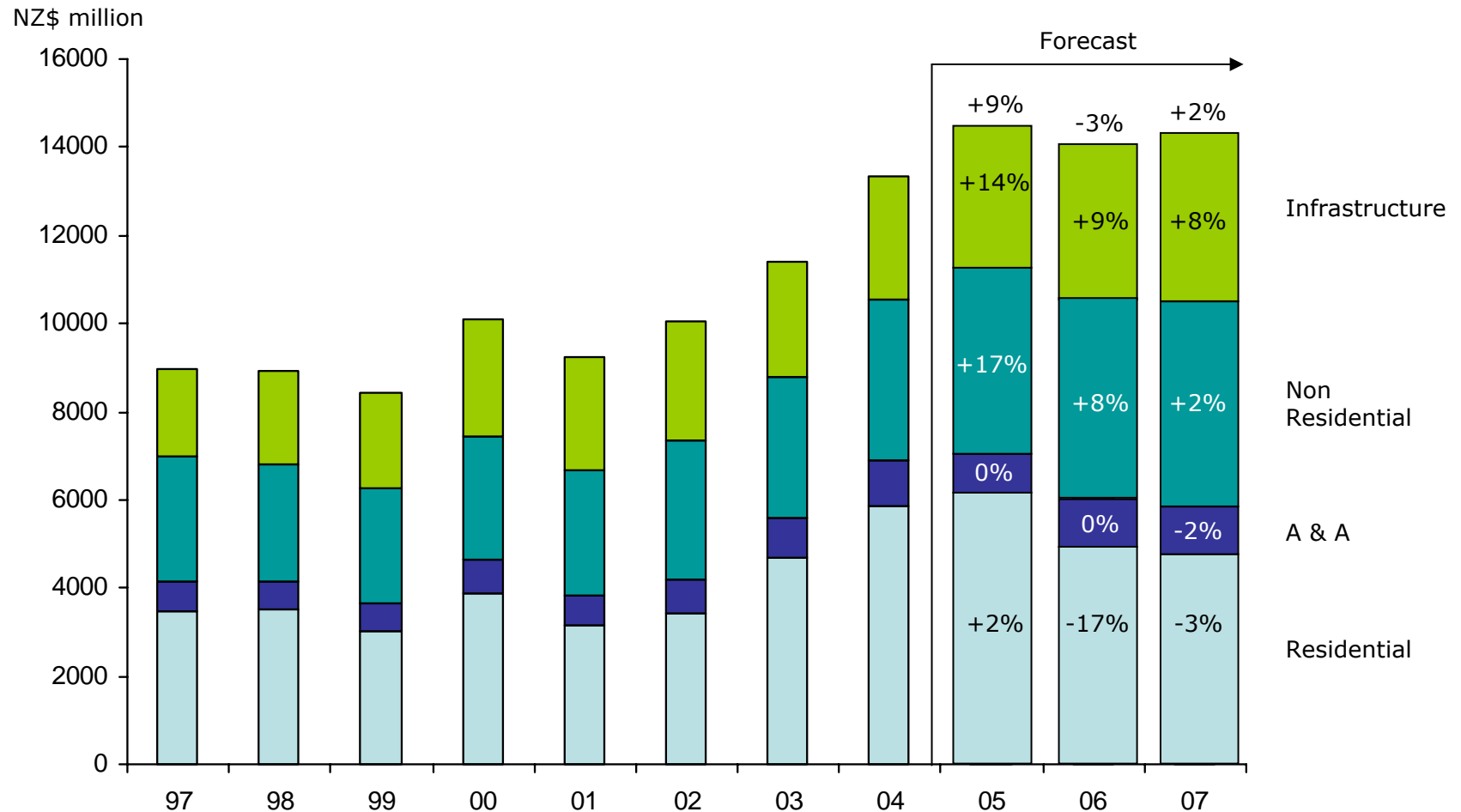
Key Ratios

Debt/Debt Plus Equity



What does the future hold?

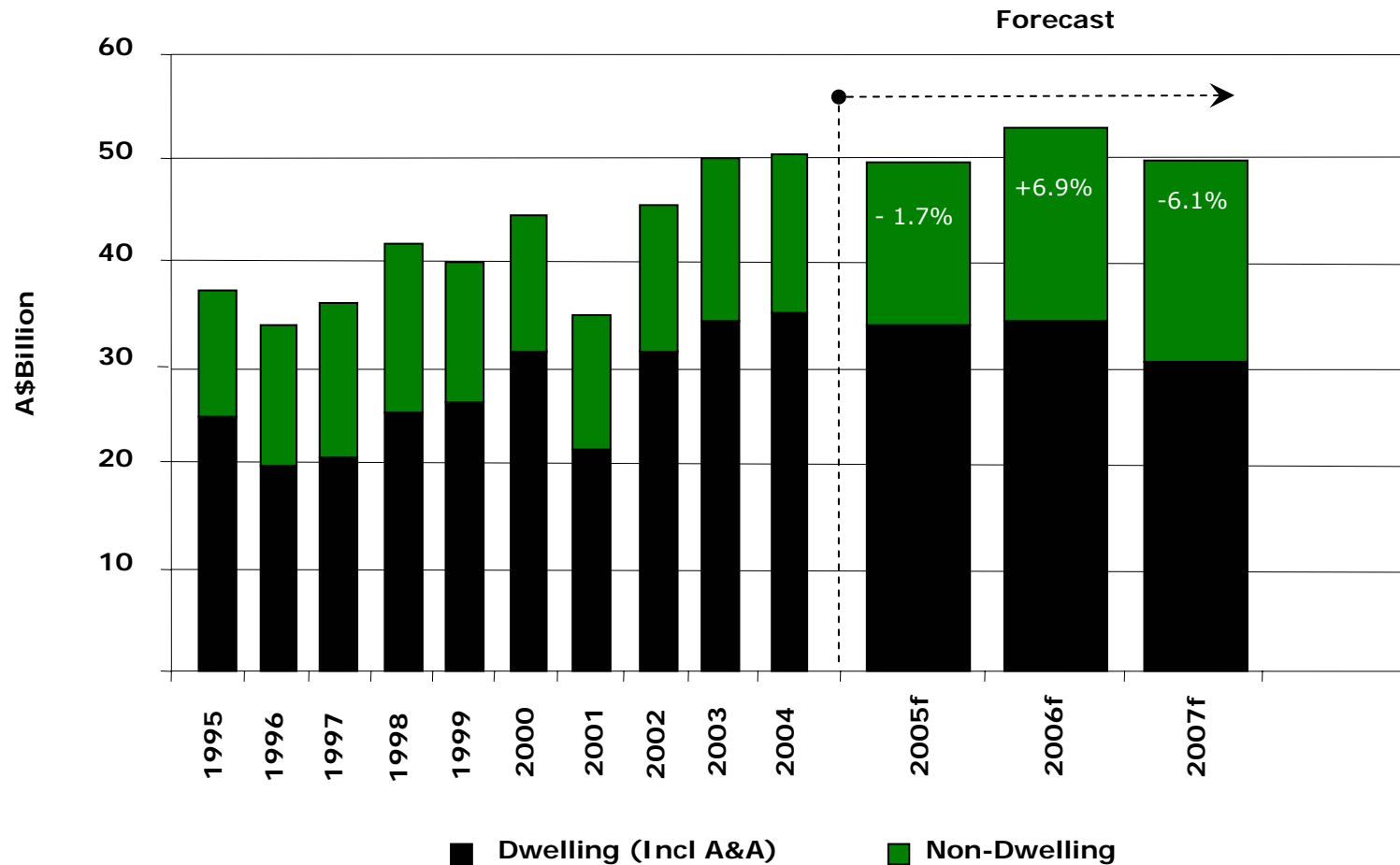
New Zealand Value of Work Commenced



Source : Infometrics

Australia

Value of Work Commenced



Source : BIS Shrapnel Building in Australia December 2004 Update

- ❑ Exceptional management team supporting CEO
- ❑ Good internal capacity upgrades
- ❑ No problem businesses to be dealt with
- ❑ Large cash generation

**That is why Fletcher Building
is fast becoming
Australasia's first choice
building materials investment**



FletcherBuilding