



FletcherBuilding

Jonathan Ling
Chief Executive Officer

**Presentation
to**

**ABN Amro NZ Day
(Sydney)**

**Citigroup Australia/NZ
Investment Conference
(London)**

**Goldman Sachs JBWere
Australasian Investment
Forum
(New York)**

March 2007



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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 2006 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.



FletcherBuilding

What is 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\$6.0 billion

Market cap: >NZ\$5.4 billion No.2 on NZX

Employees: Over 16,000

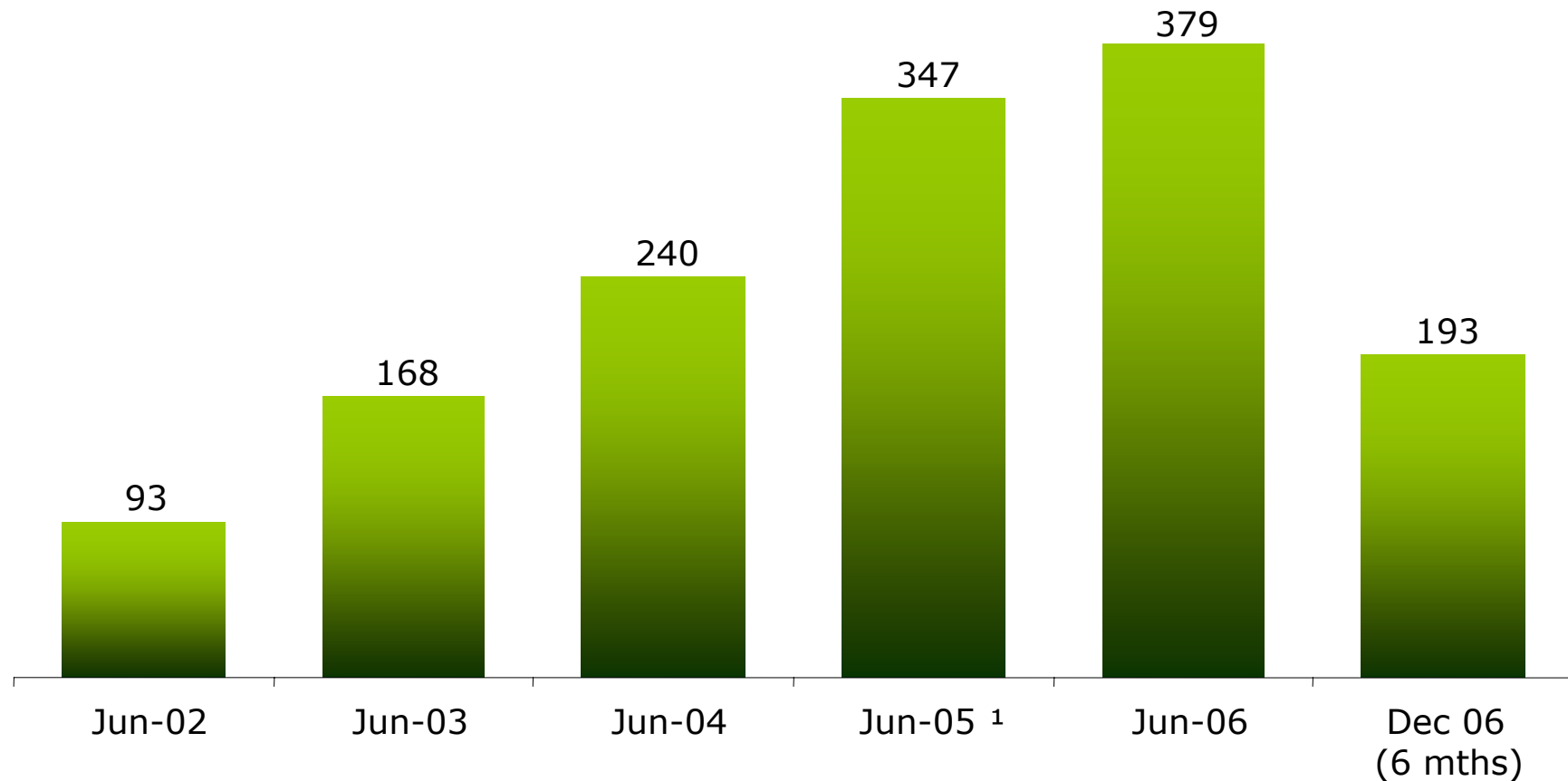
Shares: 472 million
Daily average turnover \approx 1 million shares

Shareholders:

NZ	43%
Aust	33%
USA	13%
Other	11%

Net Earnings

\$million

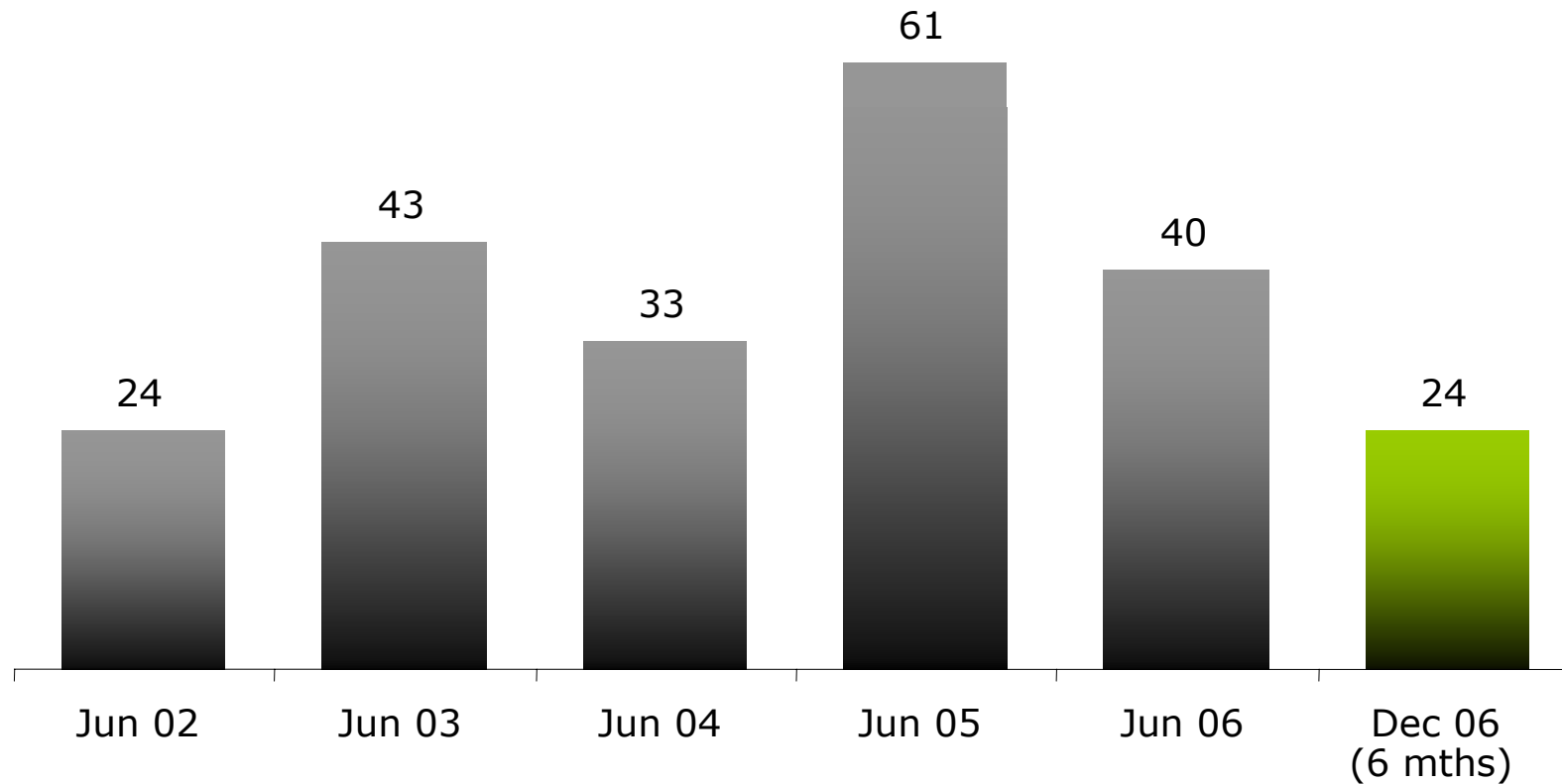


1. Restated for IFRS

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Key Ratios

Total Shareholder Return (TSR)¹ Percentage

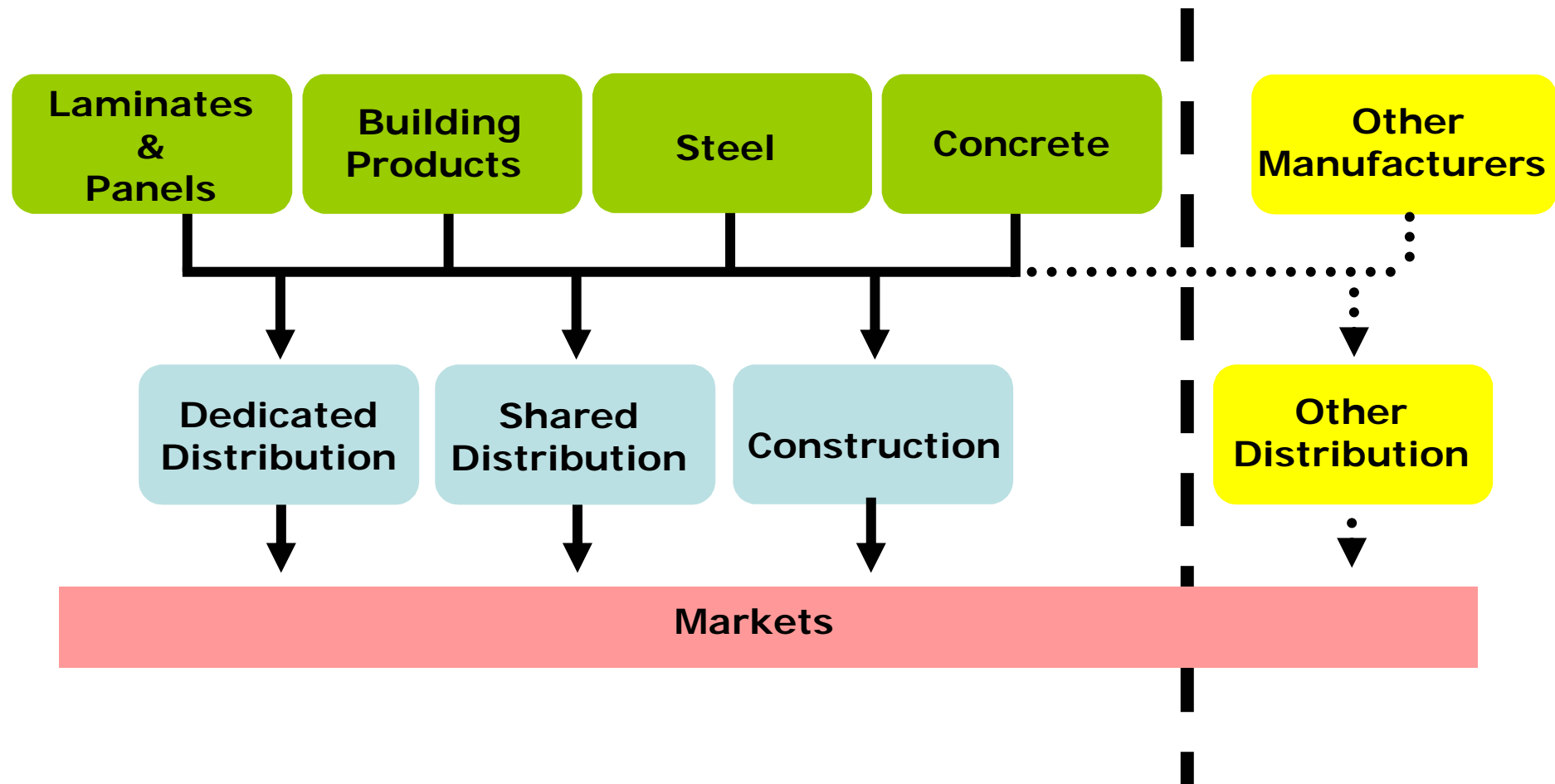


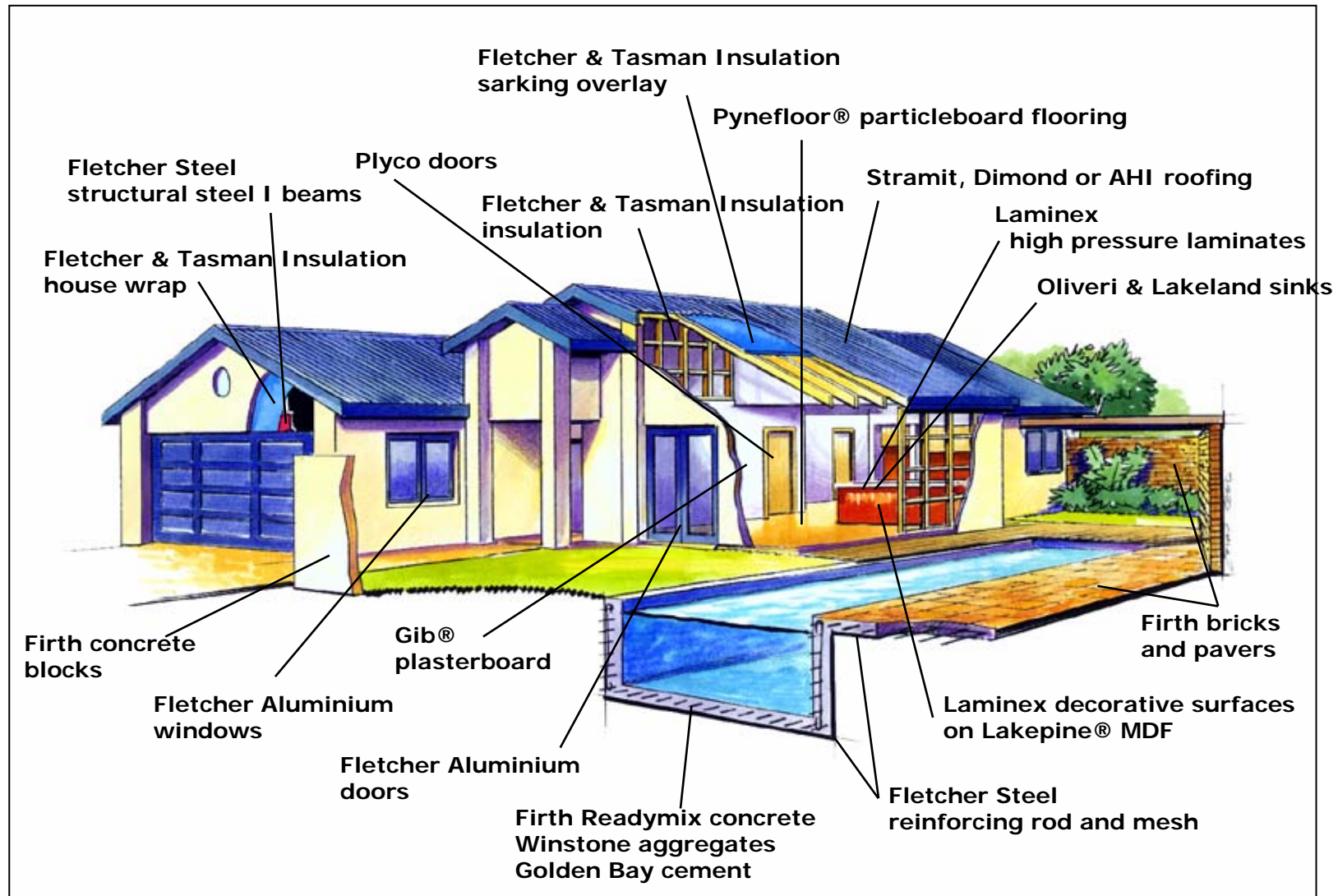
1. TSR calculated $((\text{Gross Dividend Paid} + \text{Movement in Share Price}) / \text{Opening Share Price})$

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The Fletcher Building Value Chain Delivers High Returns

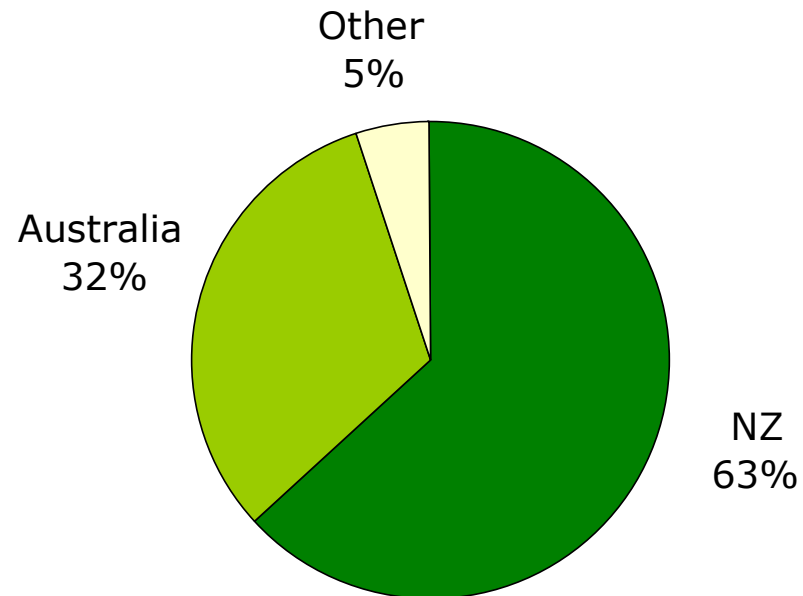




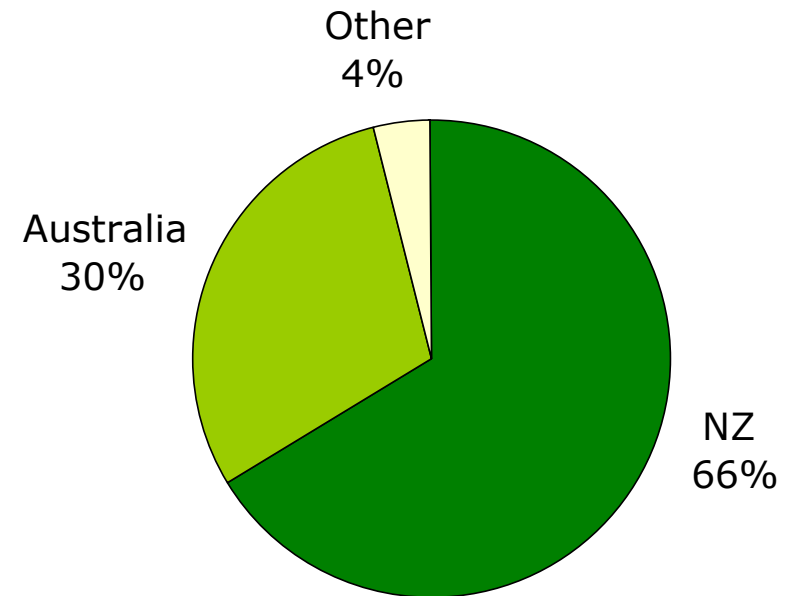
Geographic Diversity

Operating Earnings

6 Months Dec 06



6 Months Dec 05

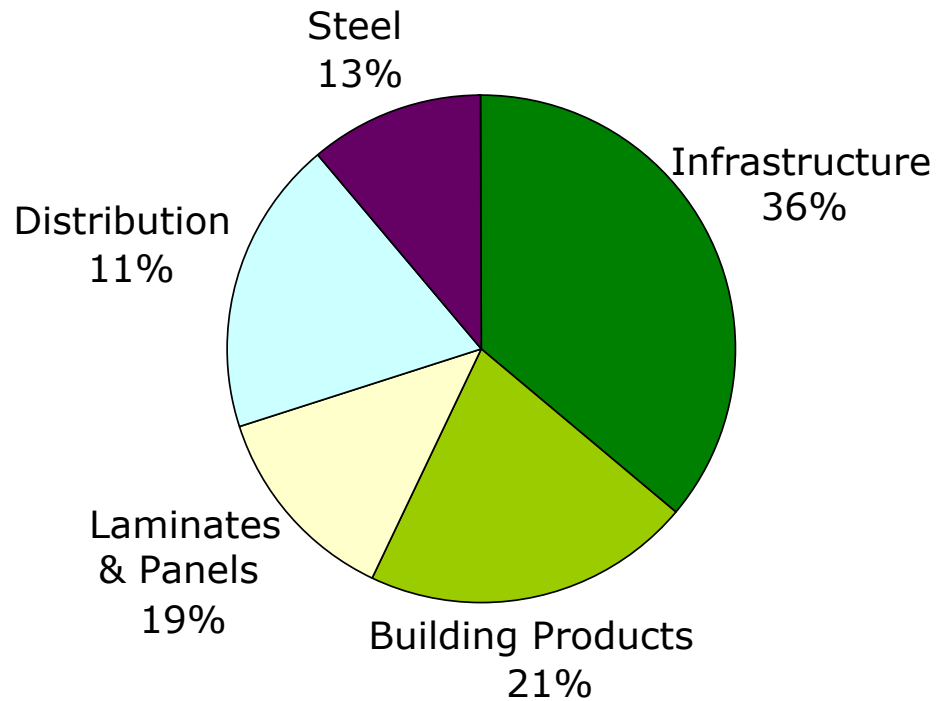


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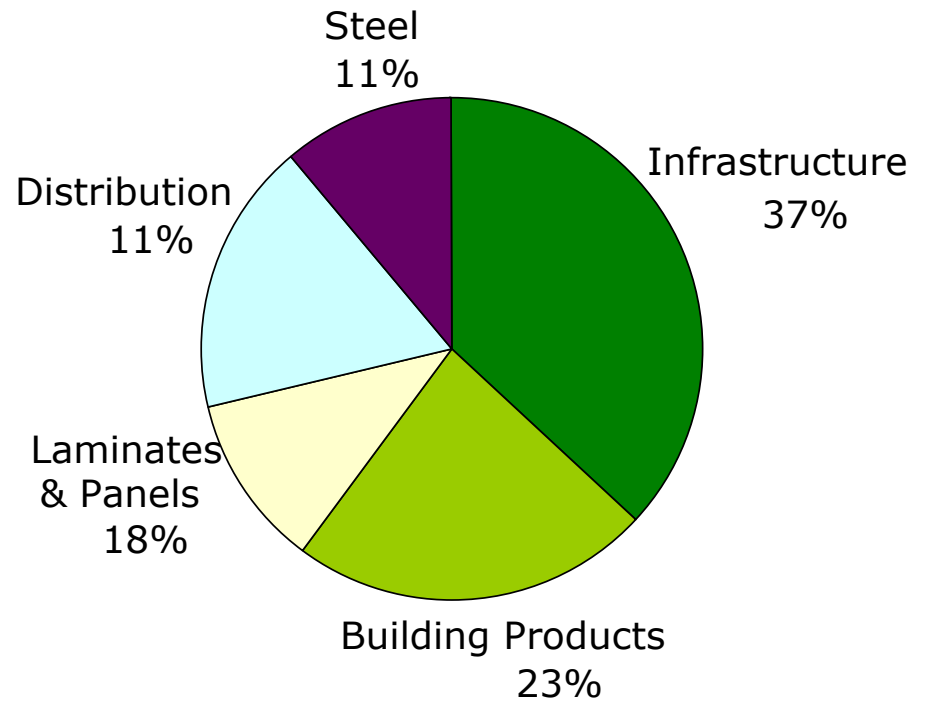
Market Diversity

Operating Earnings

6 Months Dec 06



6 Months Dec 05



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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

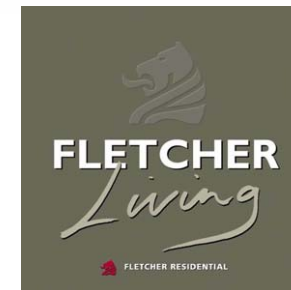


30% NSW and 80% of WA sand market

Infrastructure - Construction

New Zealand's leading construction company

- Commercial (Buildings)
- Engineering (Infrastructure)
- South Pacific (General)
- Residential (NZ largest home builder)



Building Products



Winstone Wallboards Ltd

94% of NZ market



**FLETCHER
ALUMINIUM**
PREMIUM SYSTEMS
INNOVATIVE SOLUTIONS

No.2 in NZ



Fletcher™
Insulation

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



FORMAN
Since 1913

No.1 in NZ commercial insulation



DECRA
ROOFING SYSTEMS

No.1 in Australasia (also facility in California)



No.2 in Australasia

TASMAN.
ACCESS FLOORS

No.1 in Australasia

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Steel

Long Steel



50% of Sims (scrap metal)



Sole producer of long products in NZ



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

Steel

Roll Forming



30% Australia & NZ rollforming market



50% of flat steel painting in NZ



General steel distribution

Laminates & Panels



Over 50 owned distribution outlets across Australasia

HPL (2 mills)
No.1 in Australasia

Decorated Board
No.1 Australasia

MDF (2 mills)
No.2 in Australasia

Particle Board (2 mills)
No.2 in Australasia

Hardboard (1 mill)
No.2 in Australasia

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Distribution



59 operating sites

36% of building materials market

Joint Venture rather than franchise

Trade focus – 80% of sales

No.1 in segment



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Results

For the Six Months to 31 Dec 2006

Highlights

Net Earnings
\$193 million

EPS 41.1 cps

Geographic and product diversification continues to deliver improved earnings despite softer markets

Increased Returns
To Shareholders

Interim dividend increased to 22cps – the 10th consecutive dividend increase
TSR of 24% for the six months

Progress With
Growth Projects

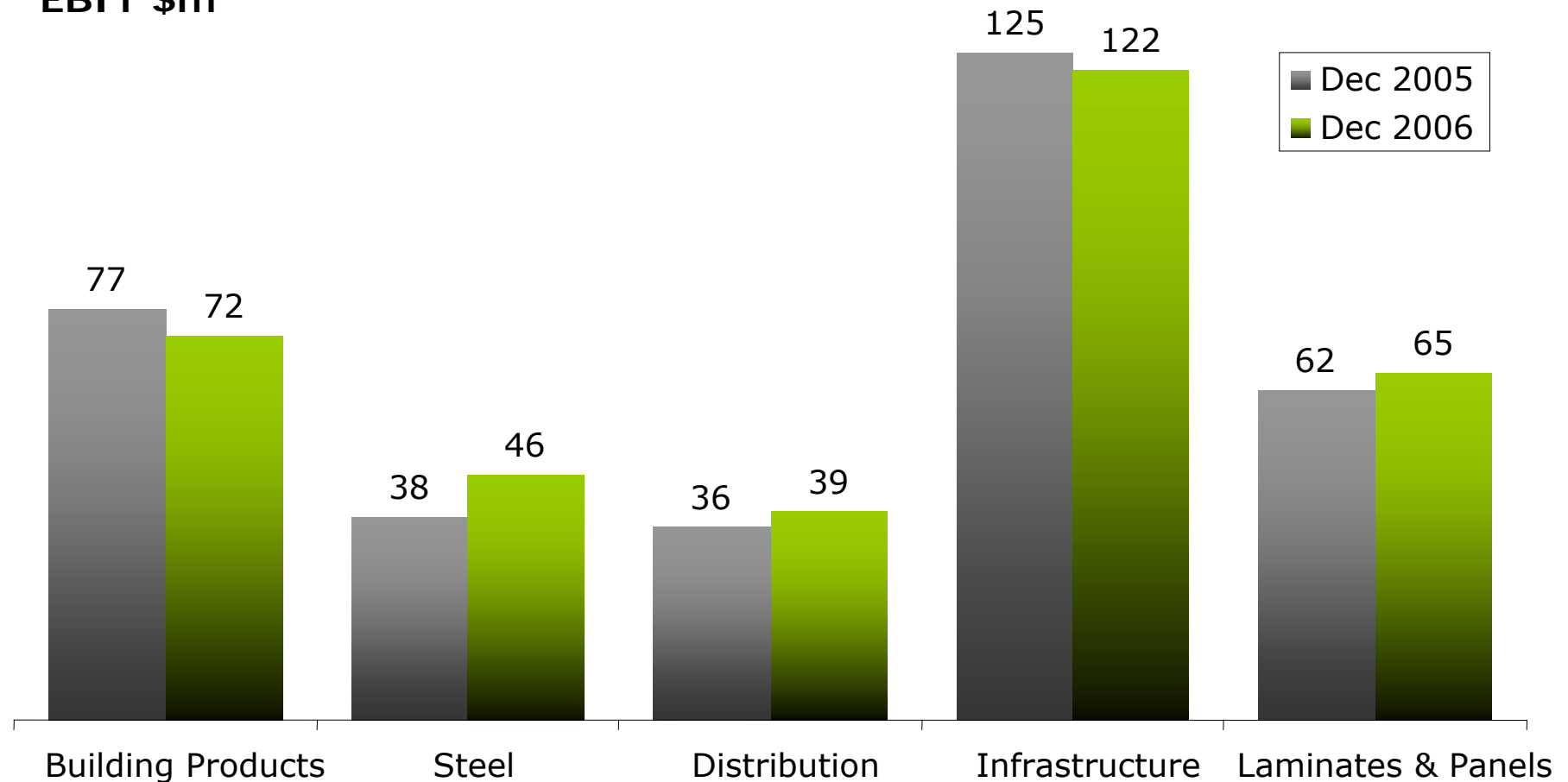
Capital Expenditure of \$150m+ committed and in progress

Summary of Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	2980	2764	5520
EBITDA	418	406	819
EBIT	340	335	675
Net Earnings	193	190	379
EPS (cents)	41.1	40.9	81.3
Dividend cps	22.0	19.0	40.0

Strong Earnings In All Divisions

EBIT \$m



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Building Products Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	344	326	629
EBIT	72	77	142
Margin %	20.9	23.6	22.6
Funds	557	477	511
Return on Funds %	27.8 ¹	32.3	27.8

1. Proforma returns based on 6 months of acquisitions

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Steel Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	602	550	1082
EBIT	46	38	93
Margin %	7.6	6.9	8.6
Funds	474	439	461
Return on Funds %	19.4	17.3	20.2

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Distribution Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	518	493	956
EBIT	39	36	75
Margin %	7.5	7.3	7.8
Funds	149	128	132
Return on Funds %	52.3	56.3	56.8

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Infrastructure Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	962	889	1823
EBIT	122	125	255
Margin %	12.7	14.1	14.0
Funds	769	704	766
Return on Funds %	31.7	35.5	33.3

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Laminates & Panels Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	553	505	1027
EBIT	65	62	116
Margin %	11.8	12.3	11.3
Funds	869	835	920
Return on Funds %	15.0	14.9	12.6

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Net Earnings

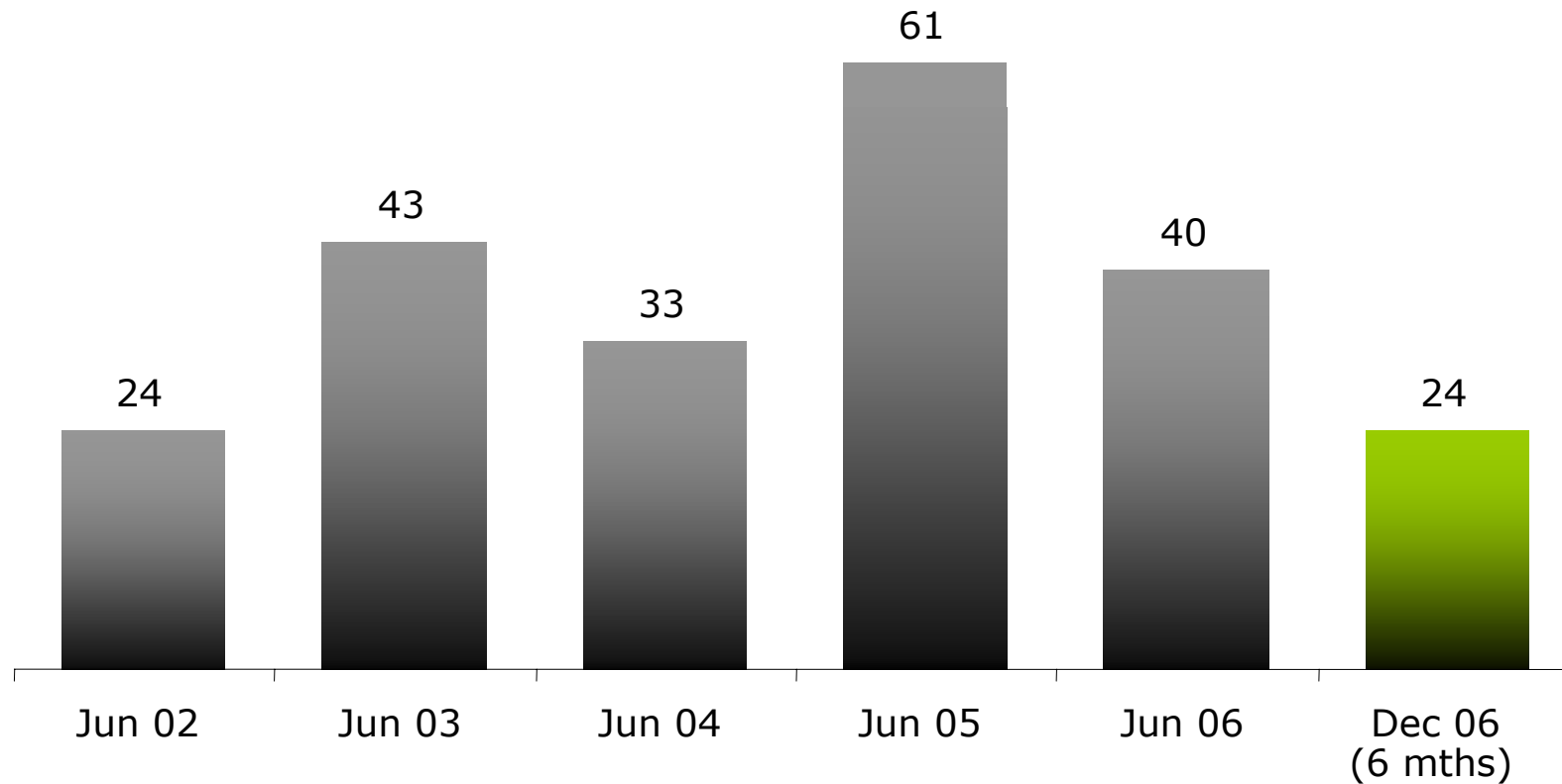
\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
EBIT	340	335	675
Interest	45	45	88
Tax	92	90	189
Minority Interests	10	10	19
Net Earnings	193	190	379

Simplified Balance Sheet

	Dec 2006 NZ\$m	Jun 2006 NZ\$m
Assets		
Current Assets	1668	1616
Fixed Assets	1534	1569
Intangibles & Goodwill	624	597
Provision for Deferred Taxation	-3	29
Investments	135	129
Total Fletcher Building Assets	3958	3940
Liabilities		
Current Liabilities	1075	1079
Net Debt	1070	1061
Total Fletcher Building Liabilities	2145	2140
Equity		
Equity & Minority Interests	1813	1800
Total Fletcher Building Liabilities and Equity	3958	3940

Key Ratios

Total Shareholder Return (TSR)¹ Percentage



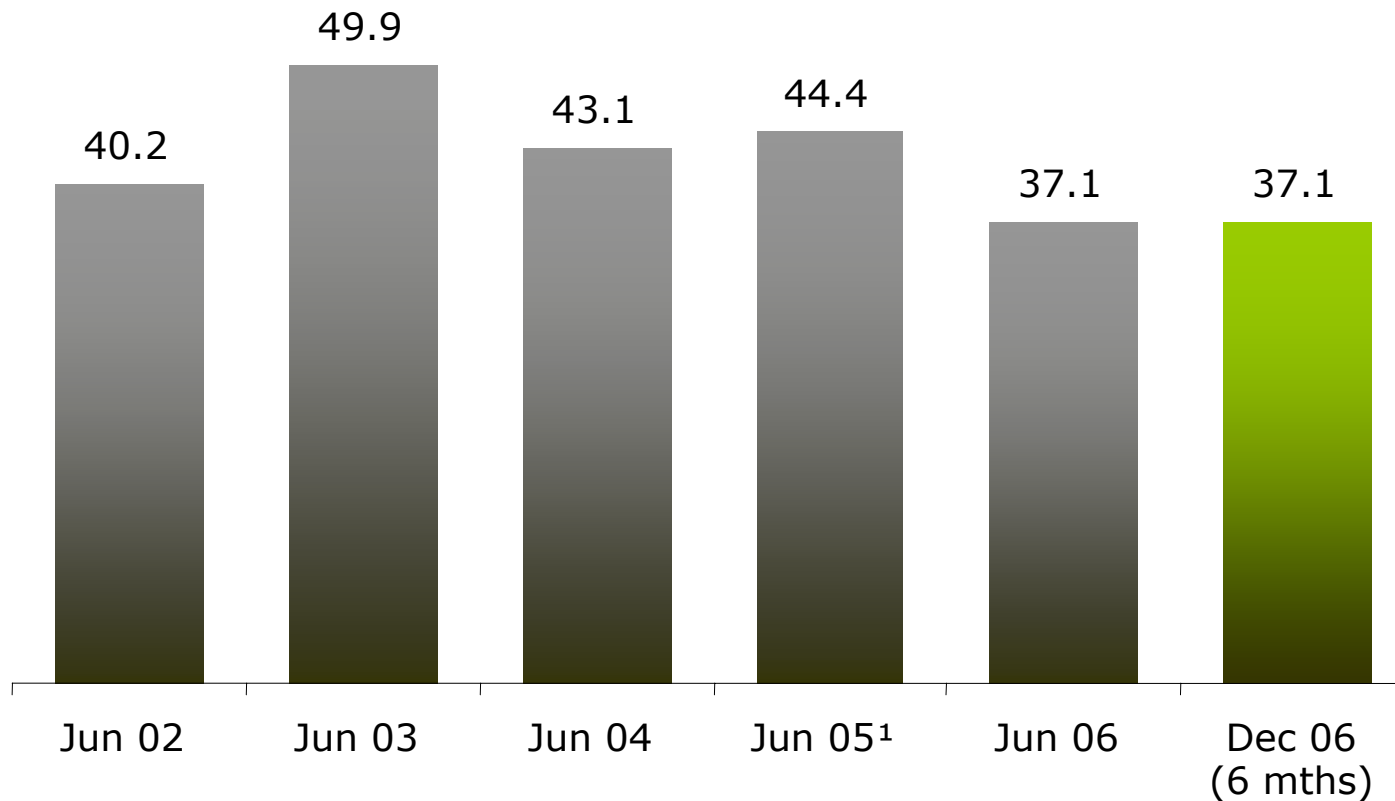
1. TSR calculated $((\text{Gross Dividend Paid} + \text{Movement in Share Price}) / \text{Opening Share Price})$

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Key Ratios

Debt/Debt Plus Equity Percentage

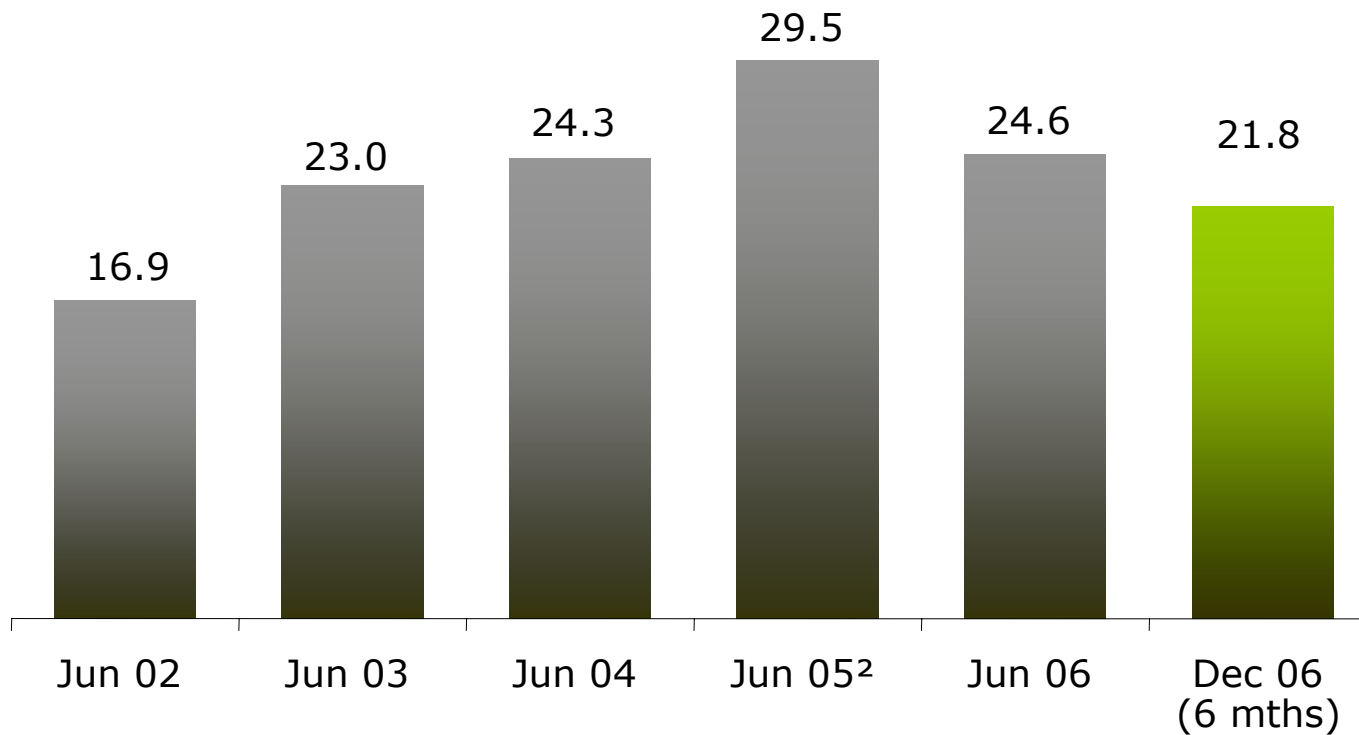


1. Restated for IFRS

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Key Ratios

Return on Average Equity¹ Percentage



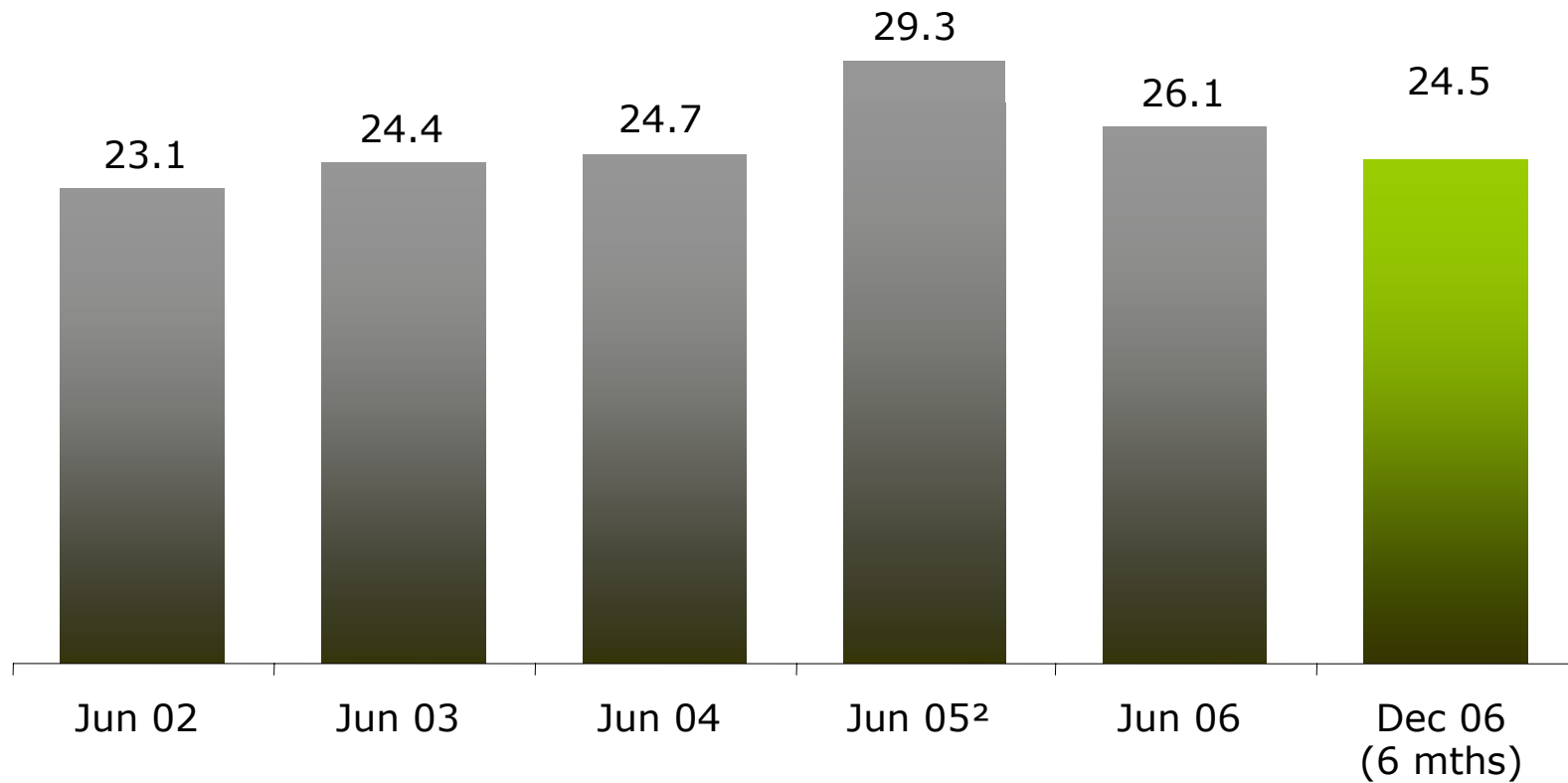
1. Net earnings/shareholders funds

2. Restated for IFRS

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Key Ratios

Return on Average Funds¹ Percentage



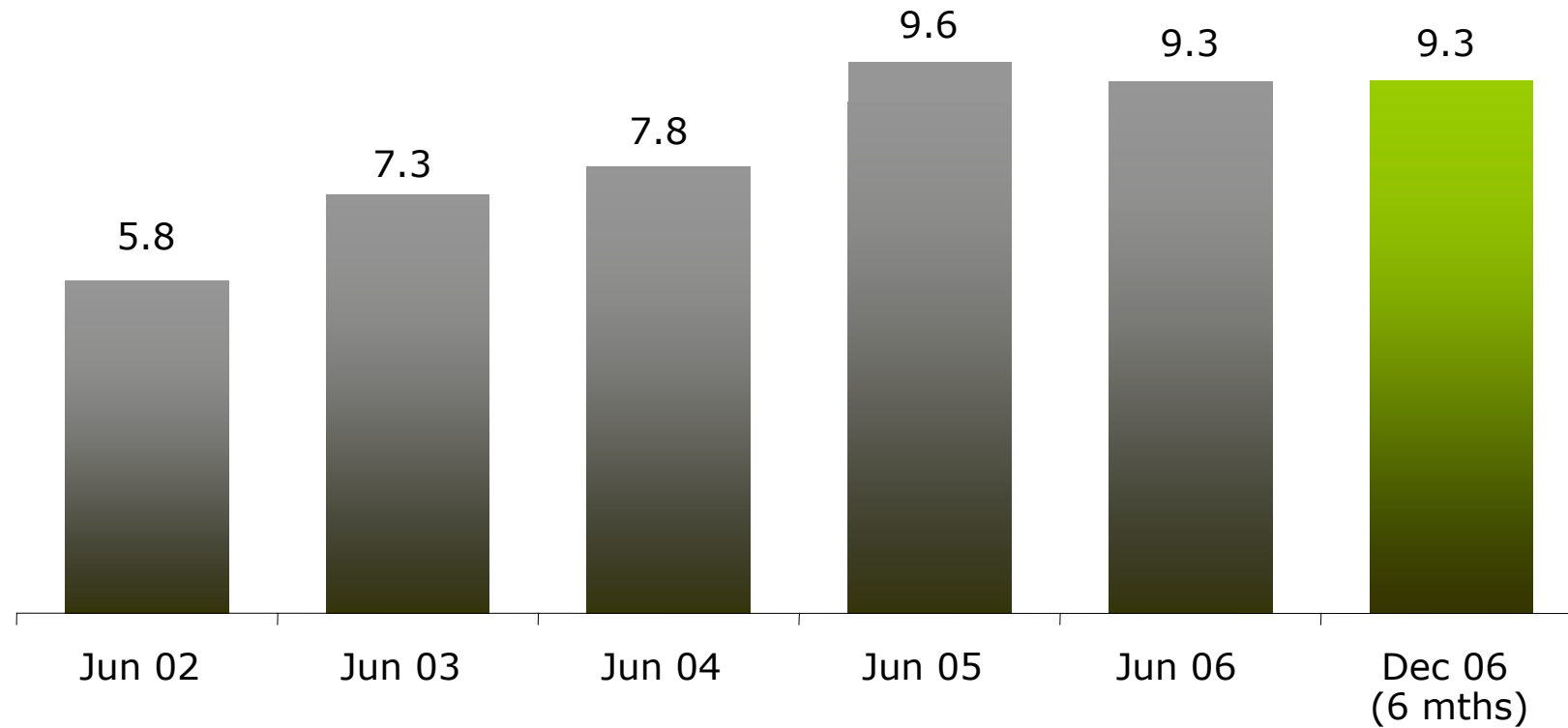
1. $EBIT / (\text{Average net debt} + \text{equity} + \text{capital notes}) - \text{deferred tax asset}$

2. Restated for IFRS

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Key Ratios

Interest Cover¹ Times



1. EBITDA pre unusualls/interest paid including capital note interest

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Strategic Update

Strategic Agenda

Earnings Reliability

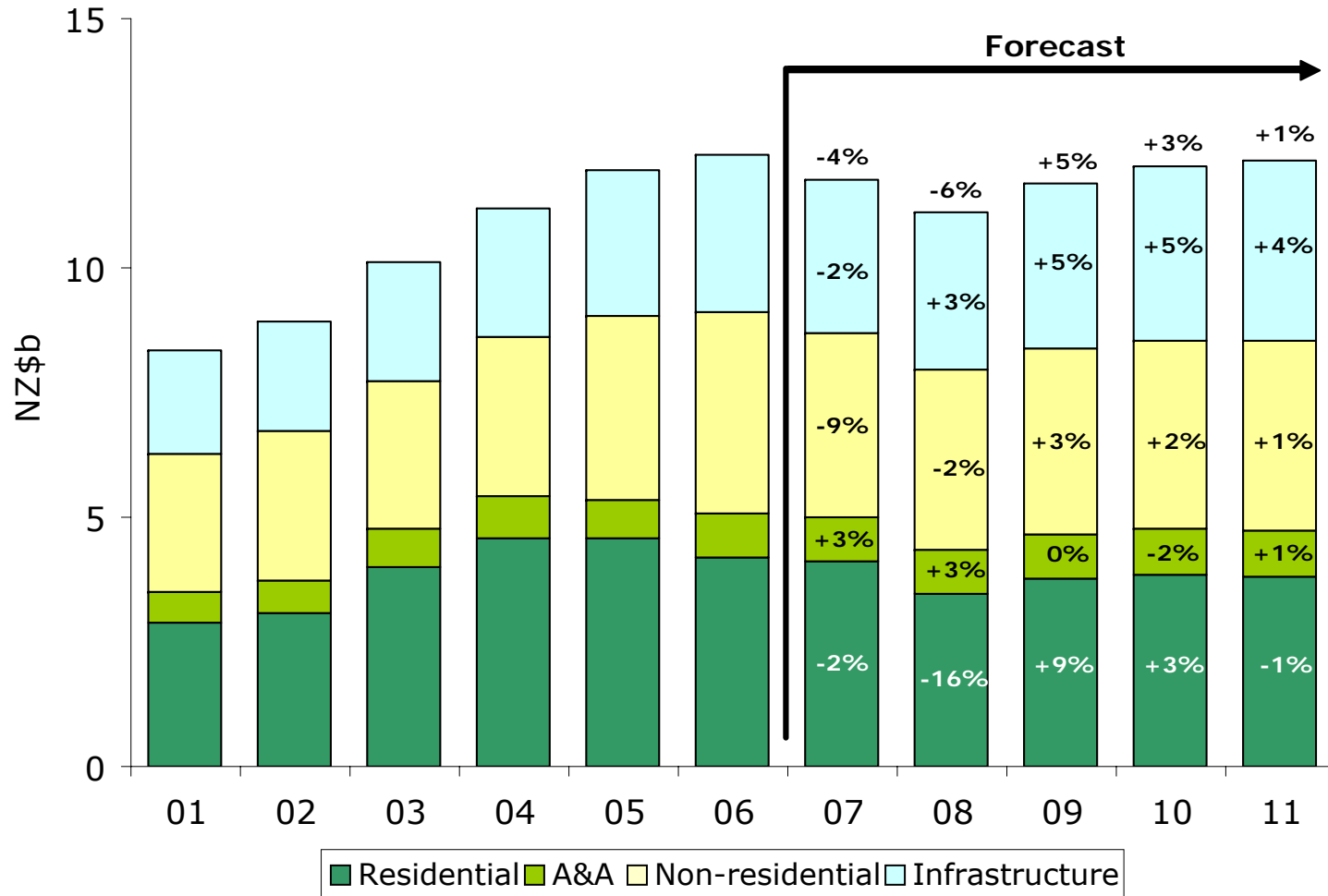
Internal Growth

External Growth

Earnings Reliability

- ❑ Company outlook should be cognisant of both product and geographic diversity.
- ❑ For New Zealand – Infometrics November estimate of total volume of work commenced.
- ❑ For Australia – BIS December estimate of total volume of work commenced.

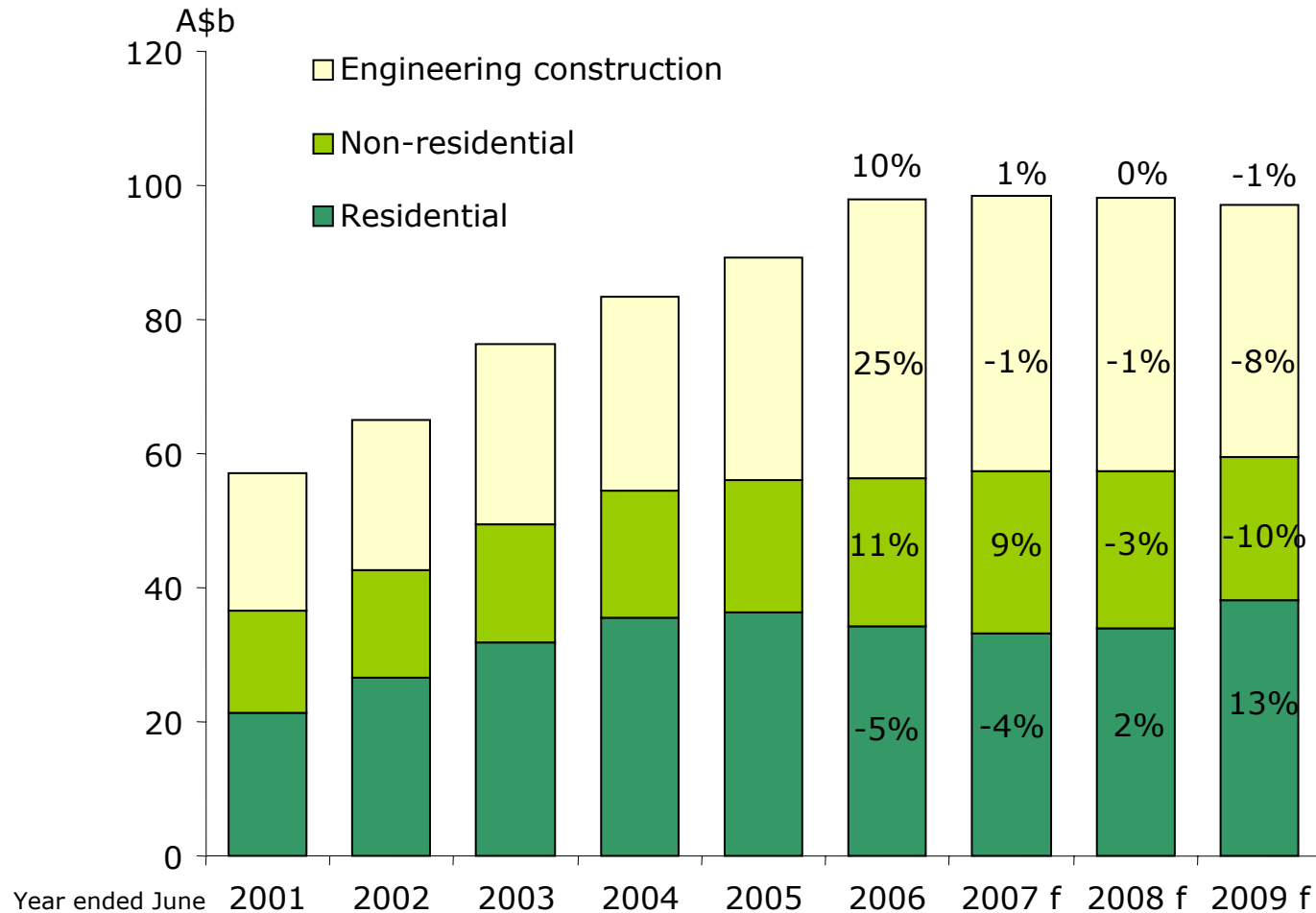
New Zealand Volume of Work Commenced



Source : Infometrics in constant 1995/96 prices

Australia

Volume of Work Commenced



Source : BIS Shrapnel Building in Australia Update in constant 2004/05 prices

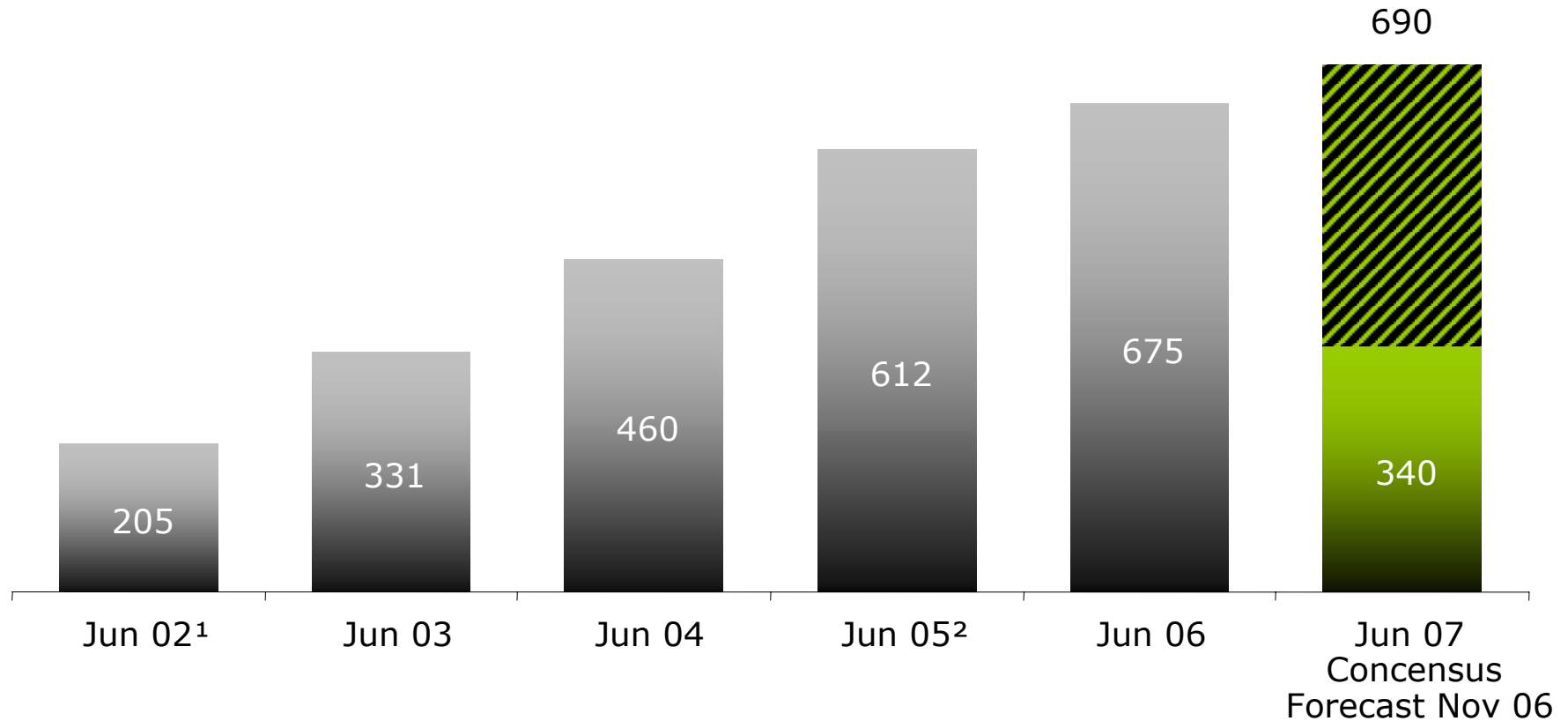
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Outlook

- ❑ Residential markets in Australia and New Zealand continue to soften.
- ❑ Growth in non-residential and infrastructure markets.
- ❑ Still comfortable with the analysts' November consensus net earnings forecast of approximately \$388 million excluding resolution of Taupo MDF Mill and Pacific Steel insurance claims.

Earnings Forecast

Operating Earnings NZ\$m



1. Pre Unusuals
2. Restated for IFRS

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