

**ABN Amro  
New Zealand Day**

**Sydney  
1 March 2006**



**FletcherBuilding**

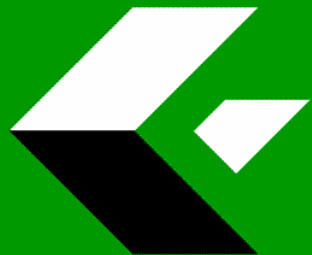
**Ralph Waters  
Chief Executive Officer**



**FletcherBuilding**

## 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 2005 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?**

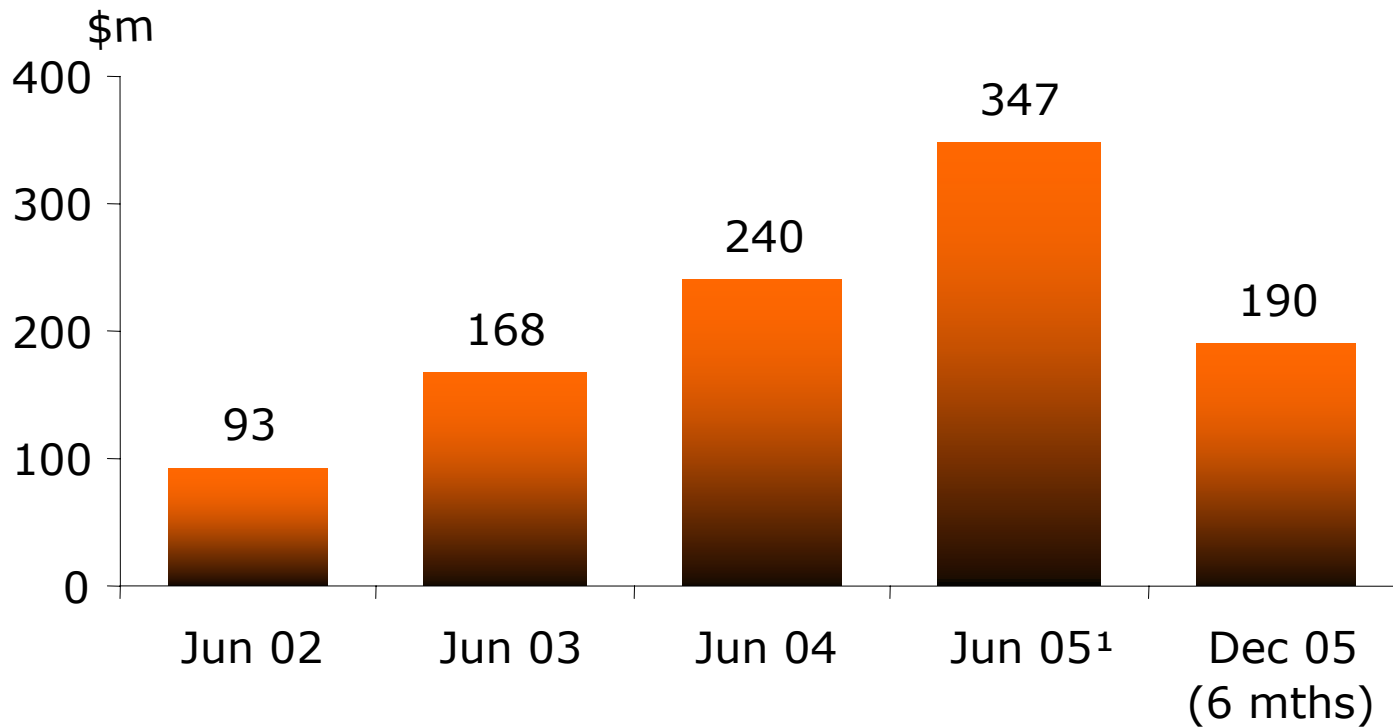
# Fletcher Building

- ❑ 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](http://www.fletcherbuilding.co.nz)

# Company Dimensions

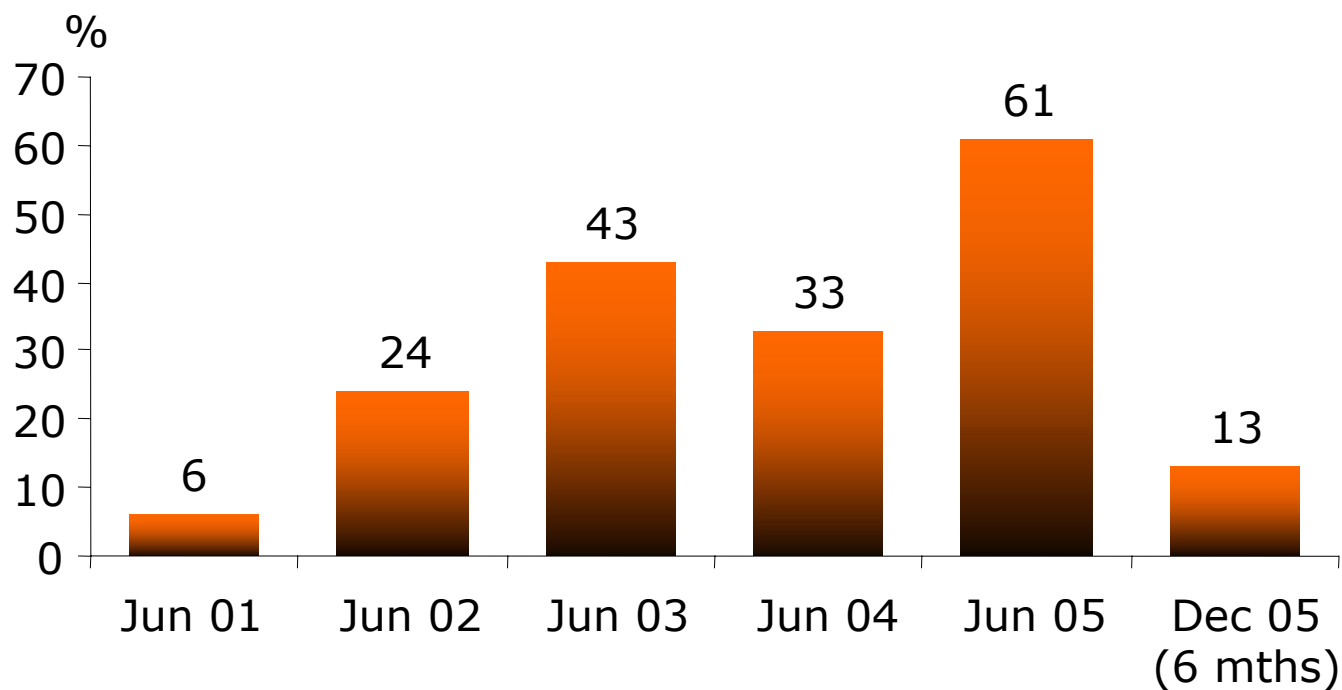
<b>Revenue:</b>	NZ\$5.5 billion	
<b>Market cap:</b>	>NZ\$3.5 billion	No.3 on NZX
<b>Employees:</b>	Over 14,000	
<b>Shares:</b>	466 million Daily average turnover $\approx$ 1 million shares	
<b>Shareholders:</b>	NZ	41%
	Aust	36%
	USA	11%
	Other	12%

# Net Earnings



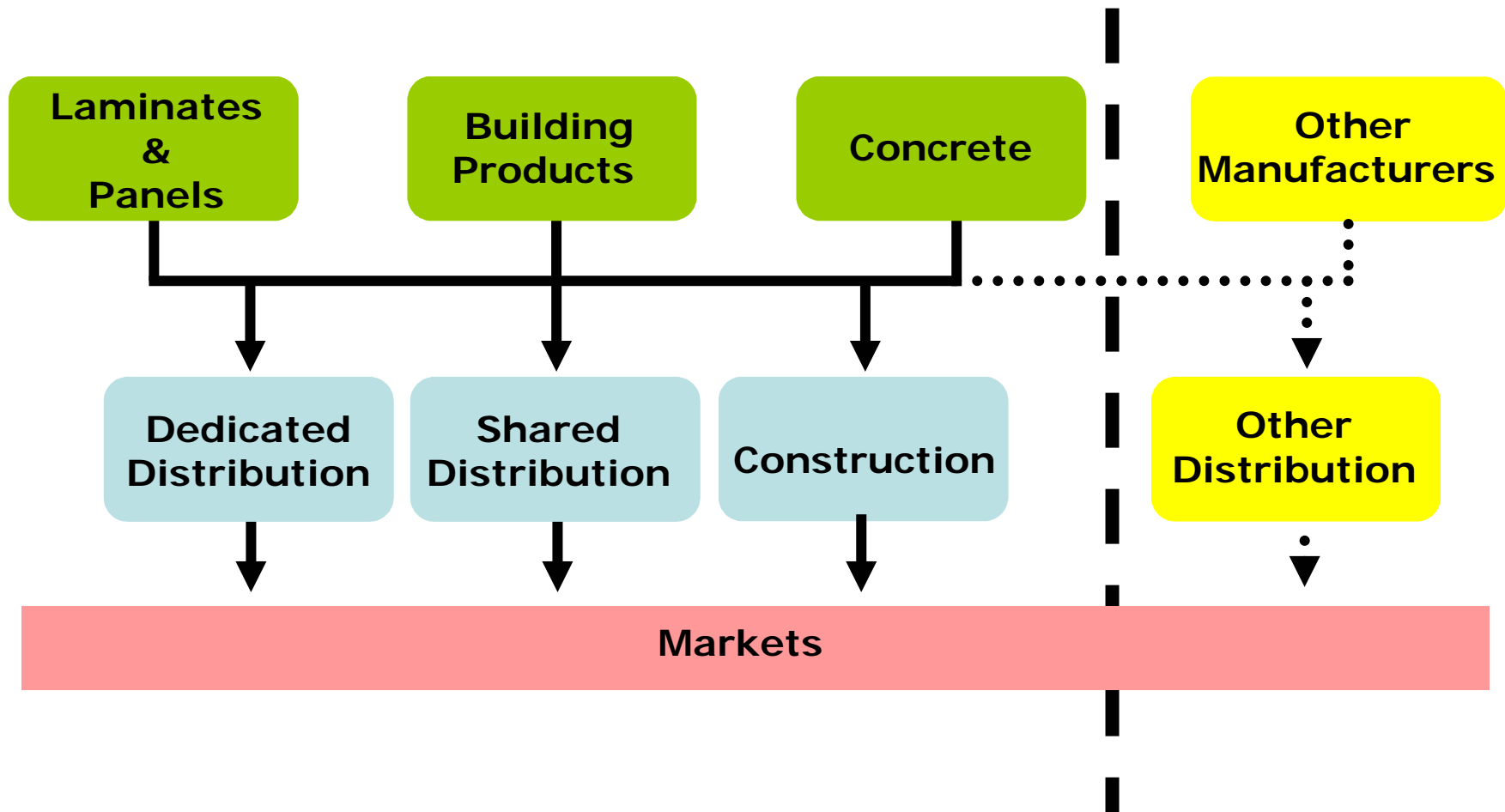
1. Restated for IFRS

# Total Shareholder Return<sup>1</sup>

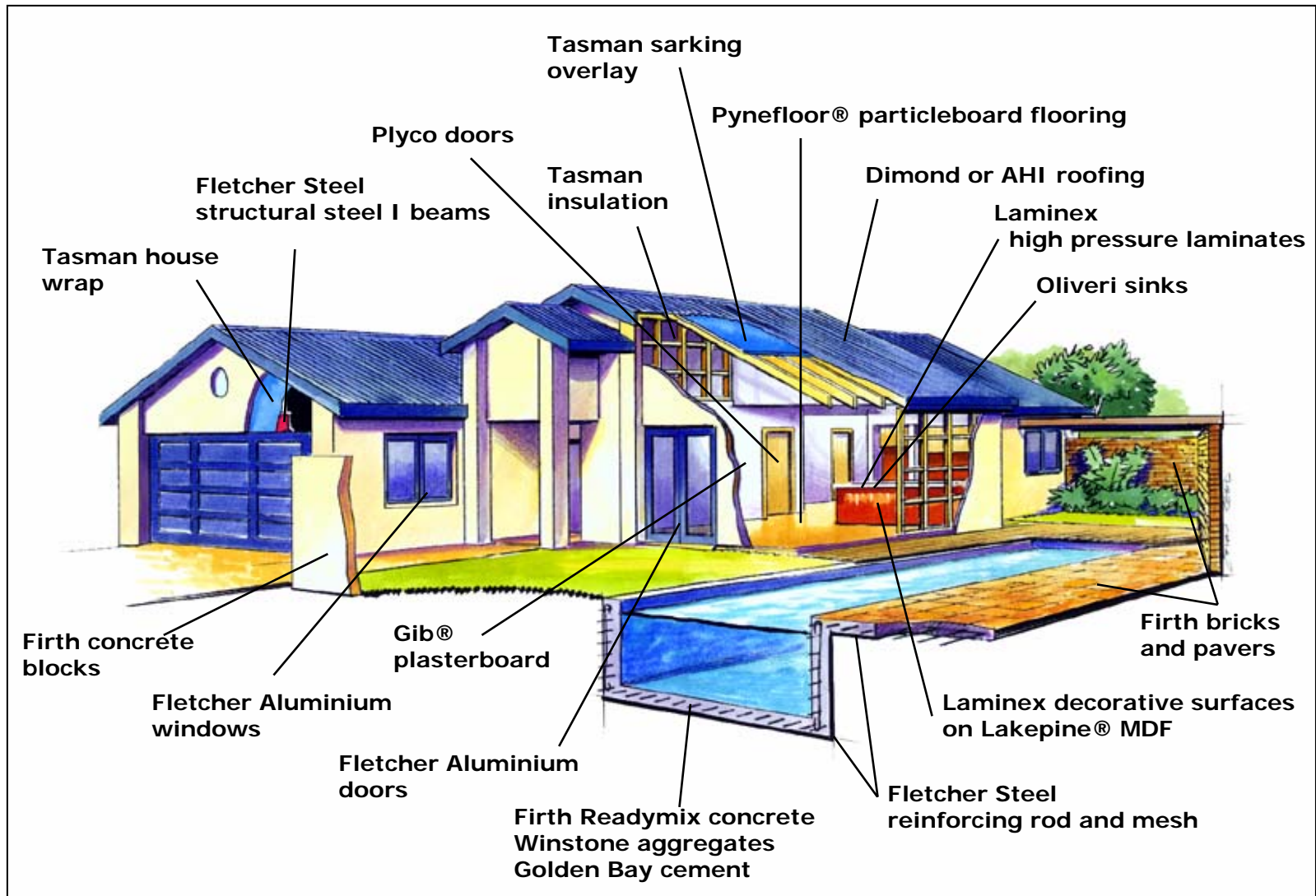


1. TSR calculated  $((\text{Gross Dividend Paid} + \text{Movement in Share Price}) / \text{Opening Share Price})$

# The Fletcher Building Value Chain Delivers High Returns



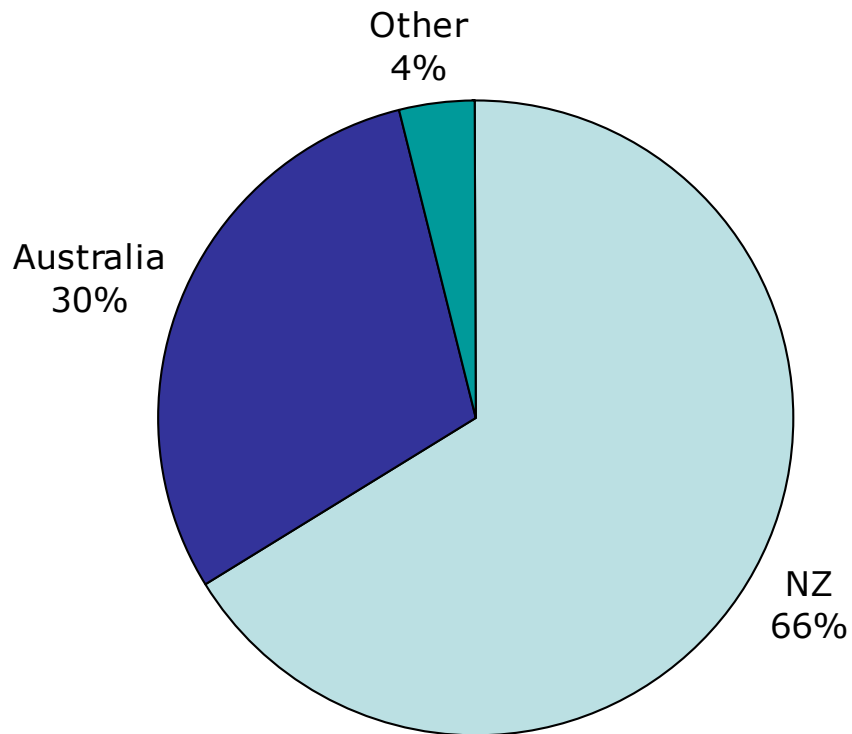




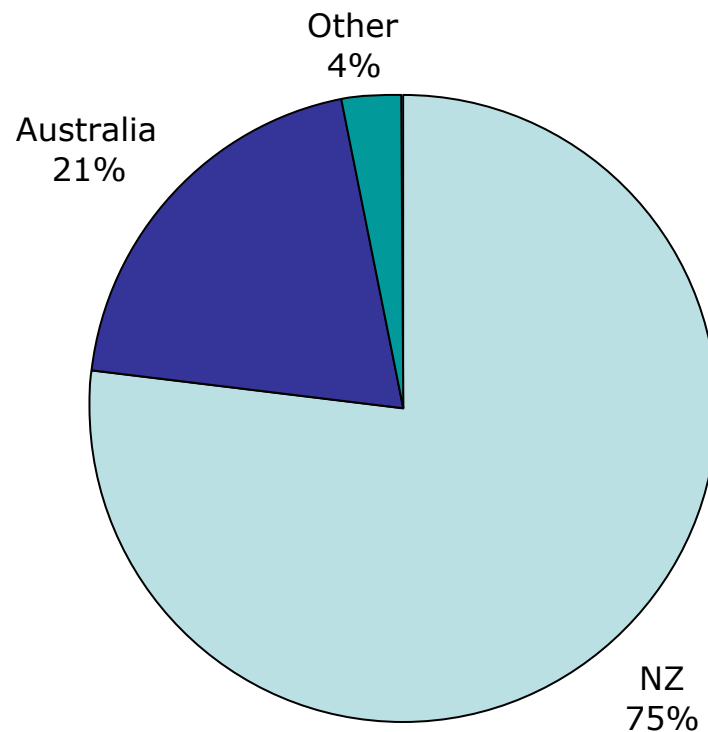
# Geographic Diversity

## Operating Earnings \$NZ

6 Months Dec 05



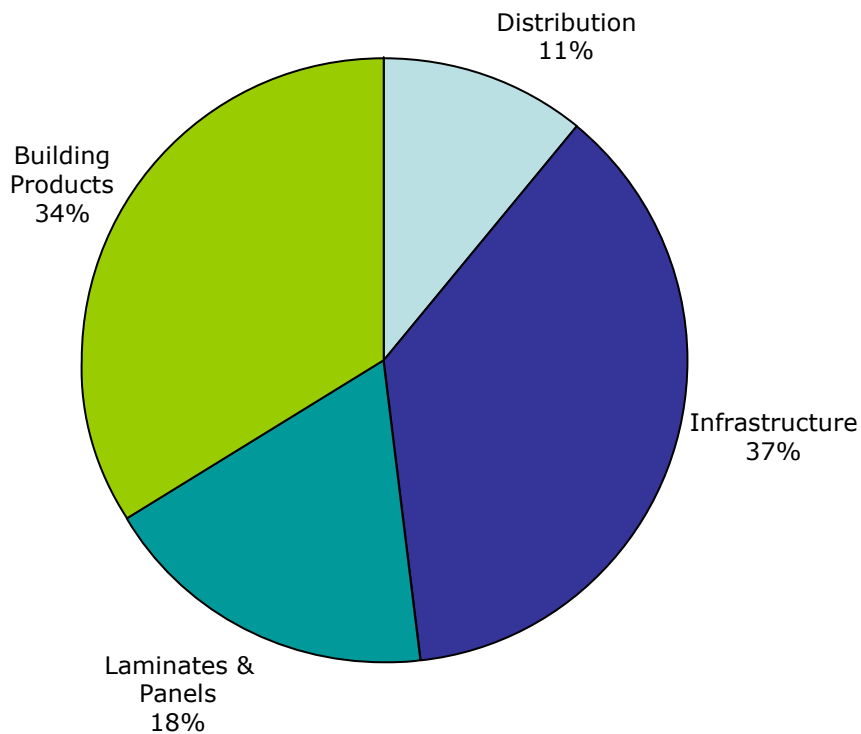
6 Months Dec 04



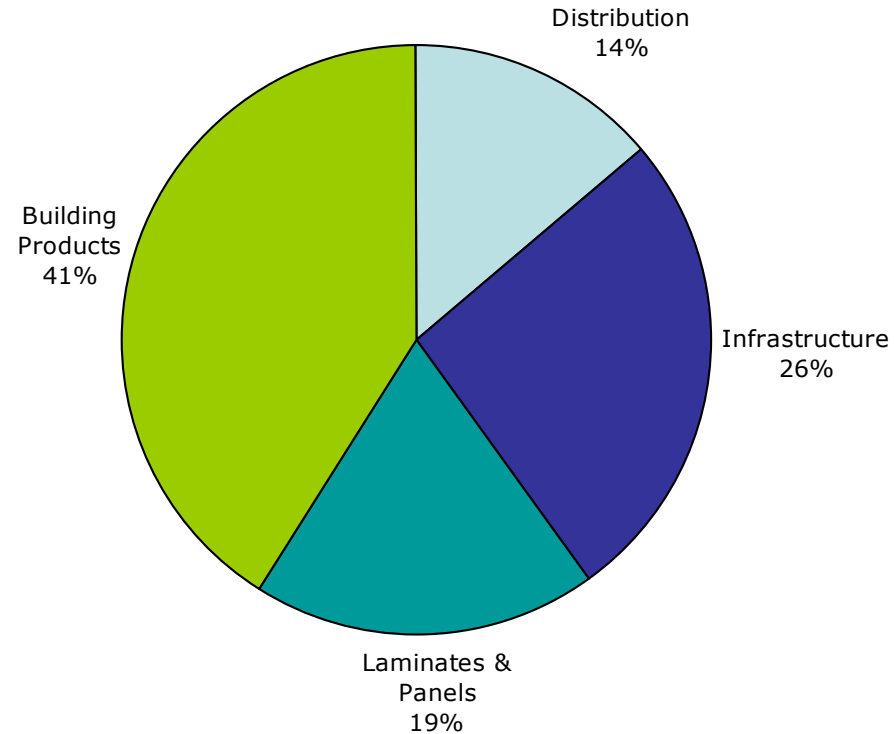
# Market Diversity

## Operating Earnings \$NZ

### 6 Months Dec 05



### 6 Months Dec 04



# 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 precast 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<sup>™</sup>  
Insulation

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



**DECRA<sup>®</sup>**  
ROOFING SYSTEMS

No.1 in Australasia (also facility in California)



No.2 in Australasia

**TASMAN.**  
ACCESS FLOORS

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



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## **Results**

**For the Six Months to 31 Dec 2005**

# Highlights

NPAT  
\$190 million

EPS 40.9 cps

Geographic and product diversification delivers improved earnings despite softer markets

Increased Returns  
To Shareholders

Interim dividend increased to 19 cps  
TSR of 13% for the six months

Progress With  
Growth Projects

\$200m committed and in progress

# Summary of Results

\$m	Dec 2005 6 Mths	Dec 2004 6 Mths	Jun 2005 12 Mths
Sales	2764	2159	4636
EBITDA	406	354	742
EBITA	335	299	614
<b>EBIT</b>	<b>335</b>	<b>299</b>	<b>612</b>
Net Earnings	190	172	347
<b>EPS (cents)</b>	<b>40.9</b>	<b>39.2</b>	<b>77.6</b>
Dividend cps	19.0	15.0	32.0

# Segmental EBIT

\$m	Dec 2005 6 Mths	Dec 2004 6 Mths	Jun 2005 12 Mths
Building Products	115	125	227
Distribution	36	42	81
Infrastructure	125	77	196
Laminates & Panels	62	58	107
Corporate/Unallocated	-3	-3	1
<b>EBIT</b>	<b>335</b>	<b>299</b>	<b>612</b>

# Building Products Results

\$m	Dec <sup>3</sup> 2005 6 Mths	Dec 2004 6 Mths	Jun <sup>1</sup> 2005 12 Mths
Sales	876	575	1324
EBIT	115	125	227
<b>Margin</b>	<b>13.1%</b>	<b>21.7%</b>	<b>17.1%</b>
Funds	916	601	905
<b>Return on Funds (annualised)</b>	<b>25.1%</b>	<b>41.6%</b>	<b>27.1%</b> <sup>2</sup>

<sup>1</sup> Includes 4 months of Amatek

<sup>2</sup> Proforma returns based on 12 months of Amatek

<sup>3</sup> Includes 6 months of Amatek

# Distribution Results

<b>\$m</b>	<b>Dec 2005 6 Mths</b>	<b>Dec 2004 6 Mths</b>	<b>Jun 2005 12 Mths</b>
Sales	493	472	920
EBIT	36	42	81
<b>Margin</b>	<b>7.3%</b>	<b>8.9%</b>	<b>8.8%</b>
Funds	128	109	116
<b>Return on Funds (annualised)</b>	<b>56.3%</b>	<b>77.1%</b>	<b>69.8%</b>

# Infrastructure Results

<b>\$m</b>	<b>Dec<sup>3</sup> 2005 6 Mths</b>	<b>Dec 2004 6 Mths</b>	<b>Jun<sup>1</sup> 2005 12 Mths</b>
Sales	889	617	1441
EBIT	125	77	196
<b>Margin</b>	<b>14.1%</b>	<b>12.5%</b>	<b>13.6%</b>
Funds	704	425	666
<b>Return on Funds (annualised)</b>	<b>35.5%</b>	<b>36.2%</b>	<b>33.9%<sup>2</sup></b>

1 Includes 4 months of Amatek

2 Proforma returns based on 12 months of Amatek

3. Includes 6 months of Amatek



# Laminates & Panels Results

\$m	Dec 2005 6 Mths	Dec 2004 6 Mths	Jun 2005 12 Mths
Sales	505	494	948
EBIT	62	58	107
<b>Margin</b>	<b>12.3%</b>	<b>11.7%</b>	<b>11.3%</b>
Funds	835	842	826
<b>Return on Funds (annualised)</b>	<b>14.9%</b>	<b>13.8%</b>	<b>12.9%</b>

# Earnings After Tax

\$m	Dec 2005 6 Mths	Dec 2004 6 Mths	Jun <sup>1</sup> 2005 12 Mths
EBIT	335	299	612
Interest	-45	-33	-77
Tax	-90	-82	-166
Minority Interests	-10	-12	-22
Net Earnings	190	172	347

1. Restated for IFRS

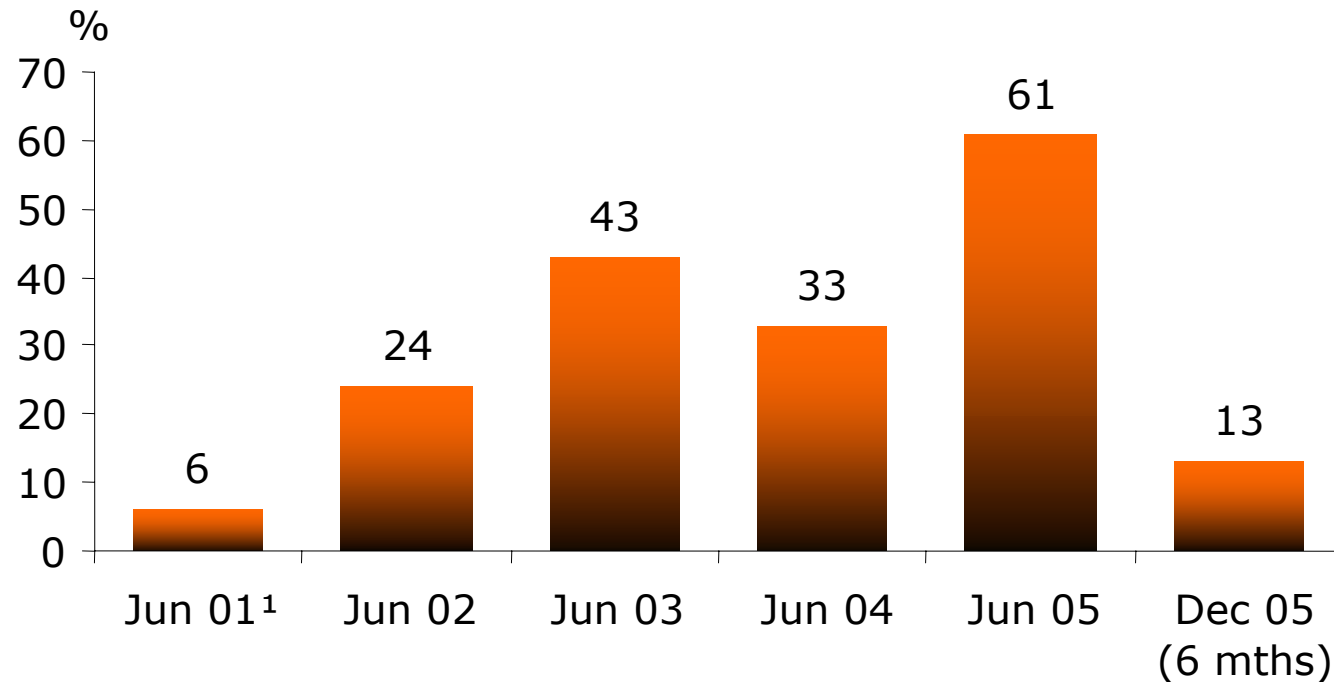
# Simplified Balance Sheet

	Dec 2005 NZ\$m	Jun <sup>1</sup> 2005 NZ\$m
<b>Assets</b>		
Current Assets	1445	1433
Fixed Assets	1417	1392
Intangibles & Goodwill	520	514
Provision for Deferred Taxation	45	86
Investments	126	119
<b>Total Fletcher Building Assets</b>	<b>3553</b>	<b>3544</b>
<b>Liabilities</b>		
Current Liabilities & Provisions	939	977
Net Debt	686	793
Capital Notes	384	347
Total Fletcher Building Liabilities	2009	2117
<b>Equity</b>		
Equity & Minority Interests	1544	1427
<b>Total Fletcher Building Liabilities and Equity</b>	<b>3553</b>	<b>3544</b>

1. Restated for IFRS

# Key Ratios

## Total Shareholder Return (TSR)<sup>2</sup>

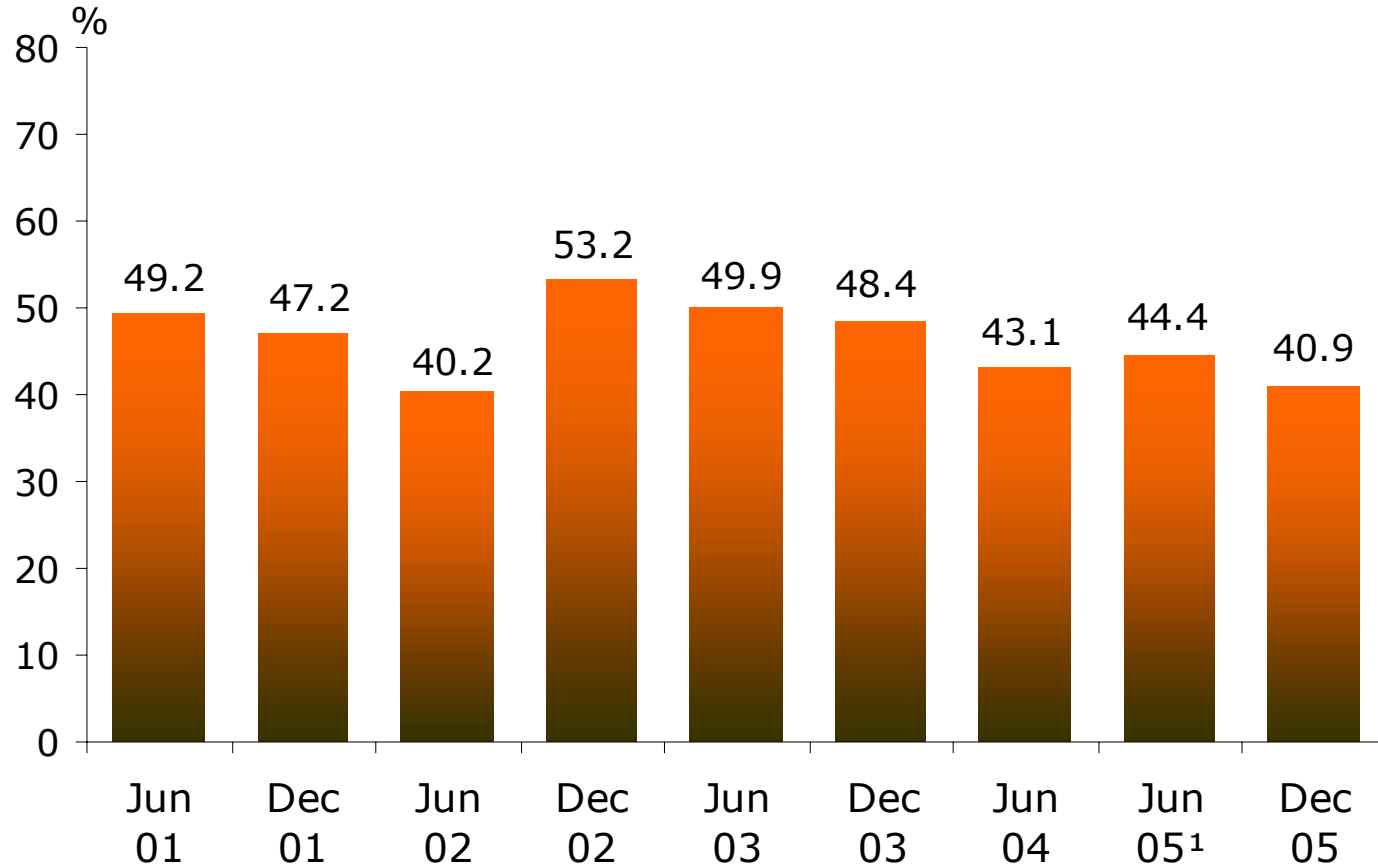


1. June 01 is the return for the 3 months from separation date

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

# Key Ratios

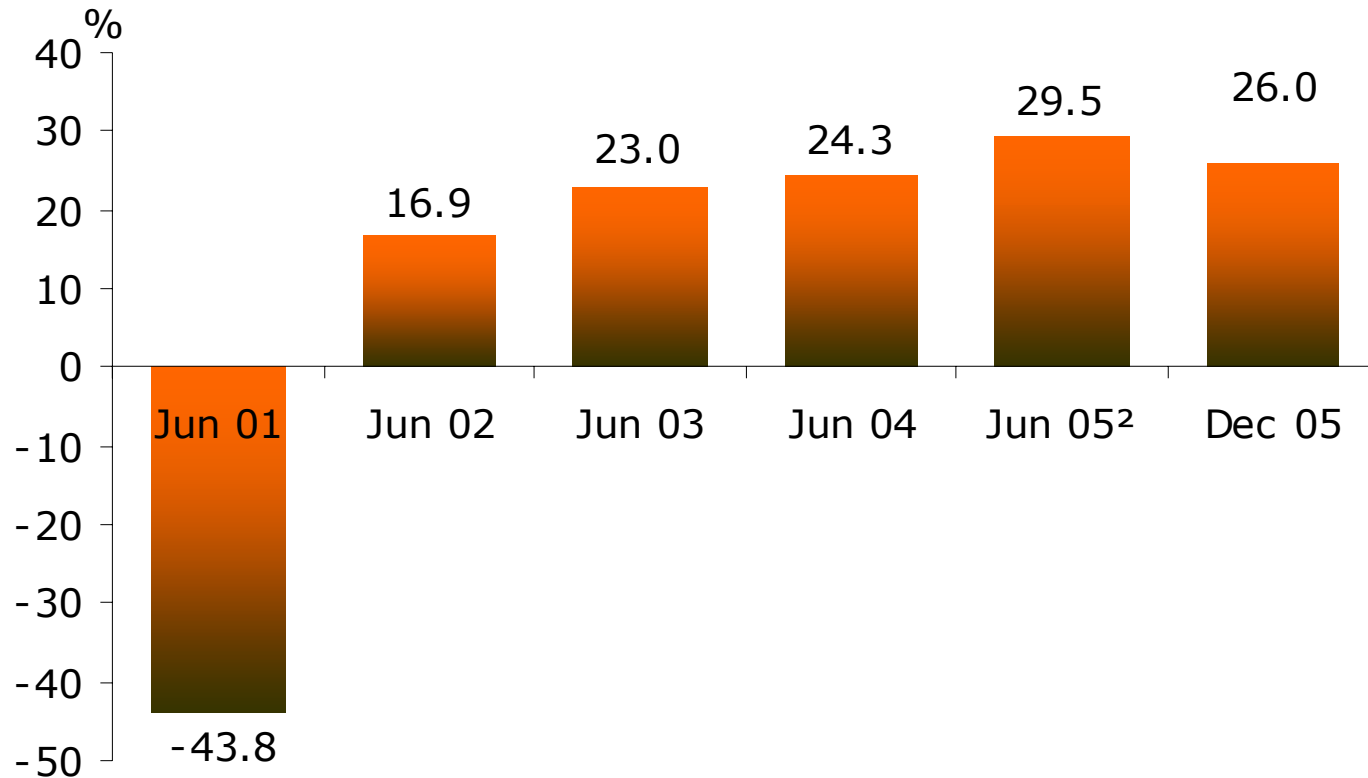
## Debt/Debt Plus Equity



1. Restated for IFRS

# Key Ratios

## Return on Average Equity<sup>1</sup>

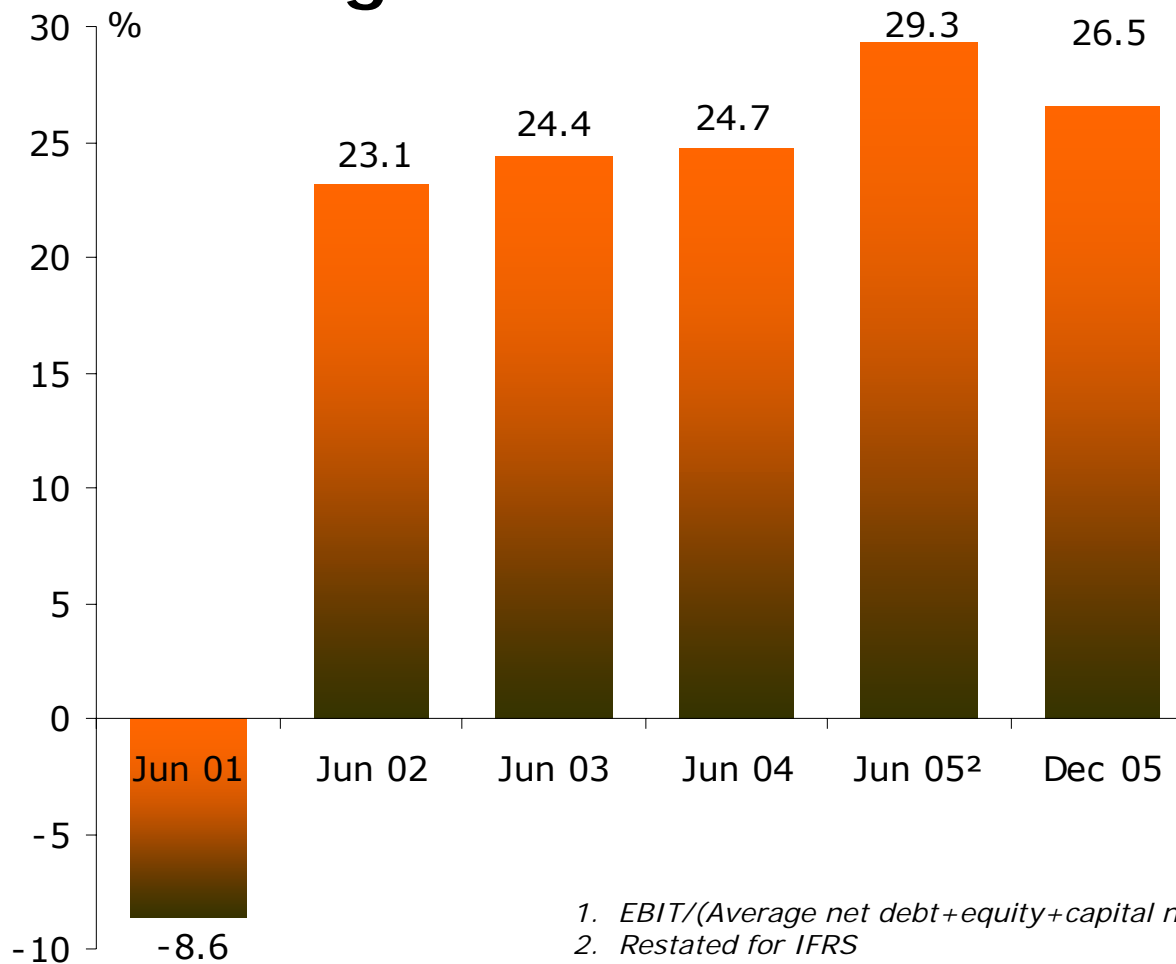


1. Net earnings after capital notes interest/shareholders funds

2. Restated for IFRS

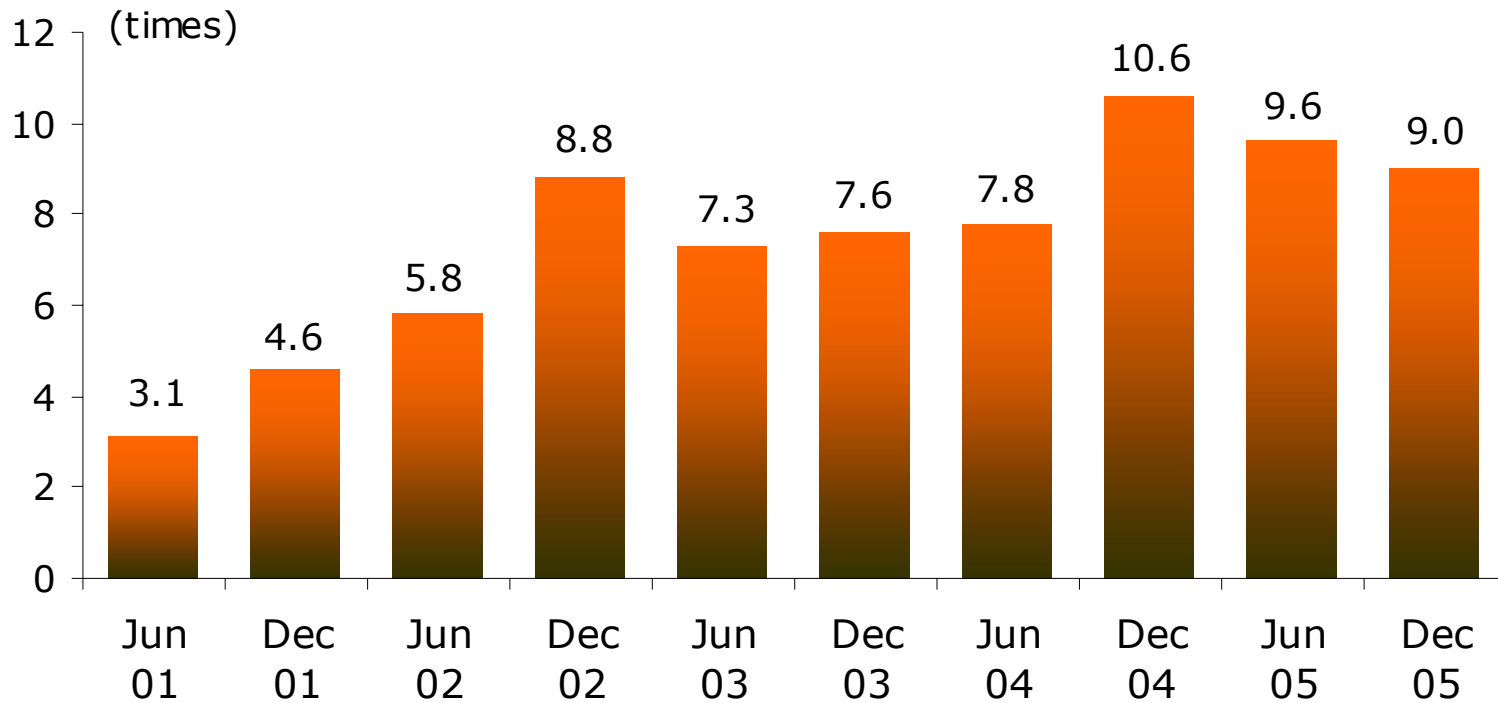
# Key Ratios

## Return on Average Funds<sup>1</sup>



# Key Ratios

## Interest Cover<sup>1</sup>



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





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# **Operational & Strategic Update**

# Strategic Agenda

Earnings Reliability

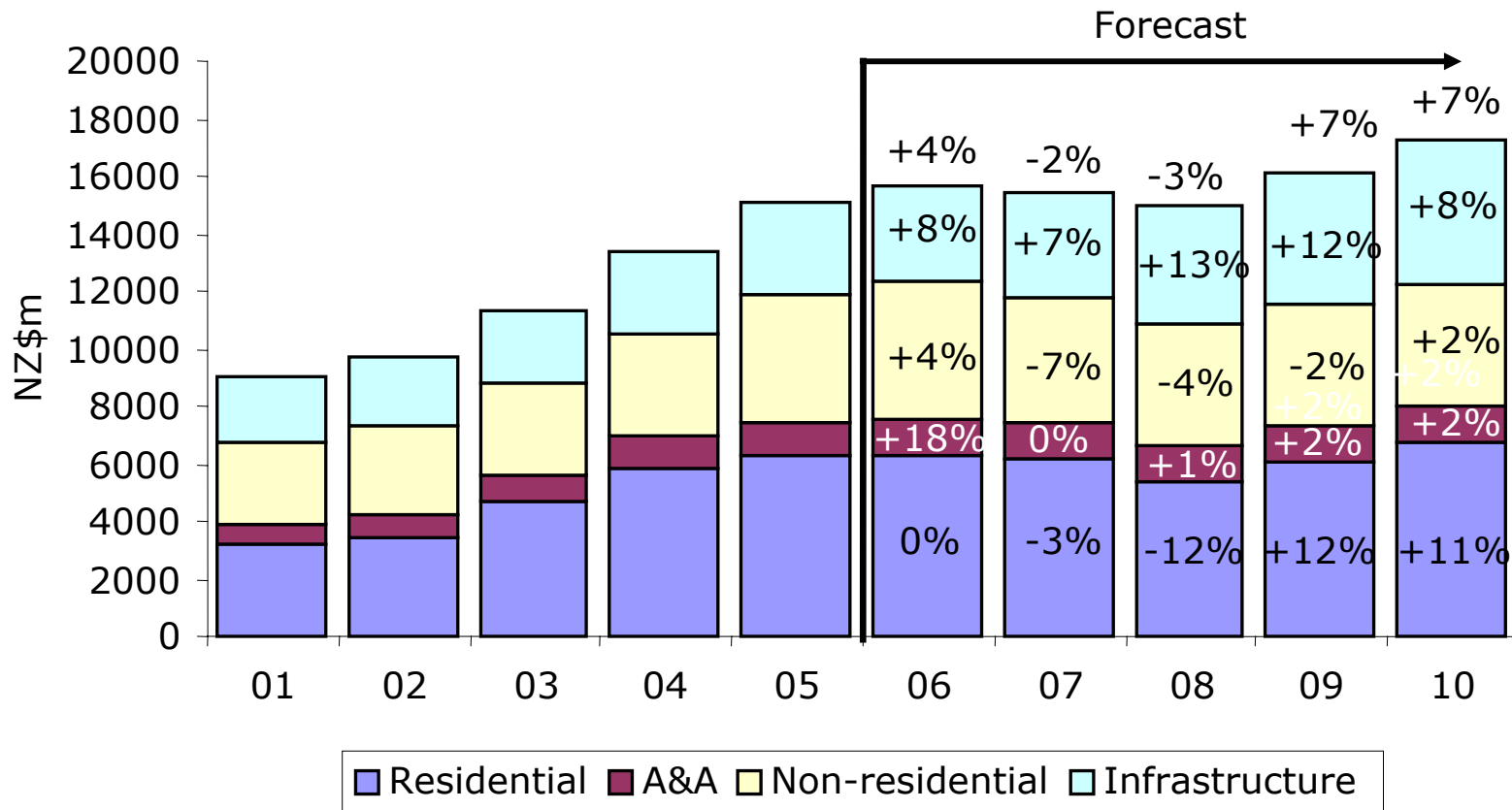
Internal Growth

External Growth

# Earnings Reliability

- ❑ Our earnings reliability strategy has passed a major test in the period
- ❑ Company outlook should be cognizant of both the product and geographic diversity
- ❑ For New Zealand - Infometrics estimate of total work commenced
- ❑ For Australia – BIS estimate of total market

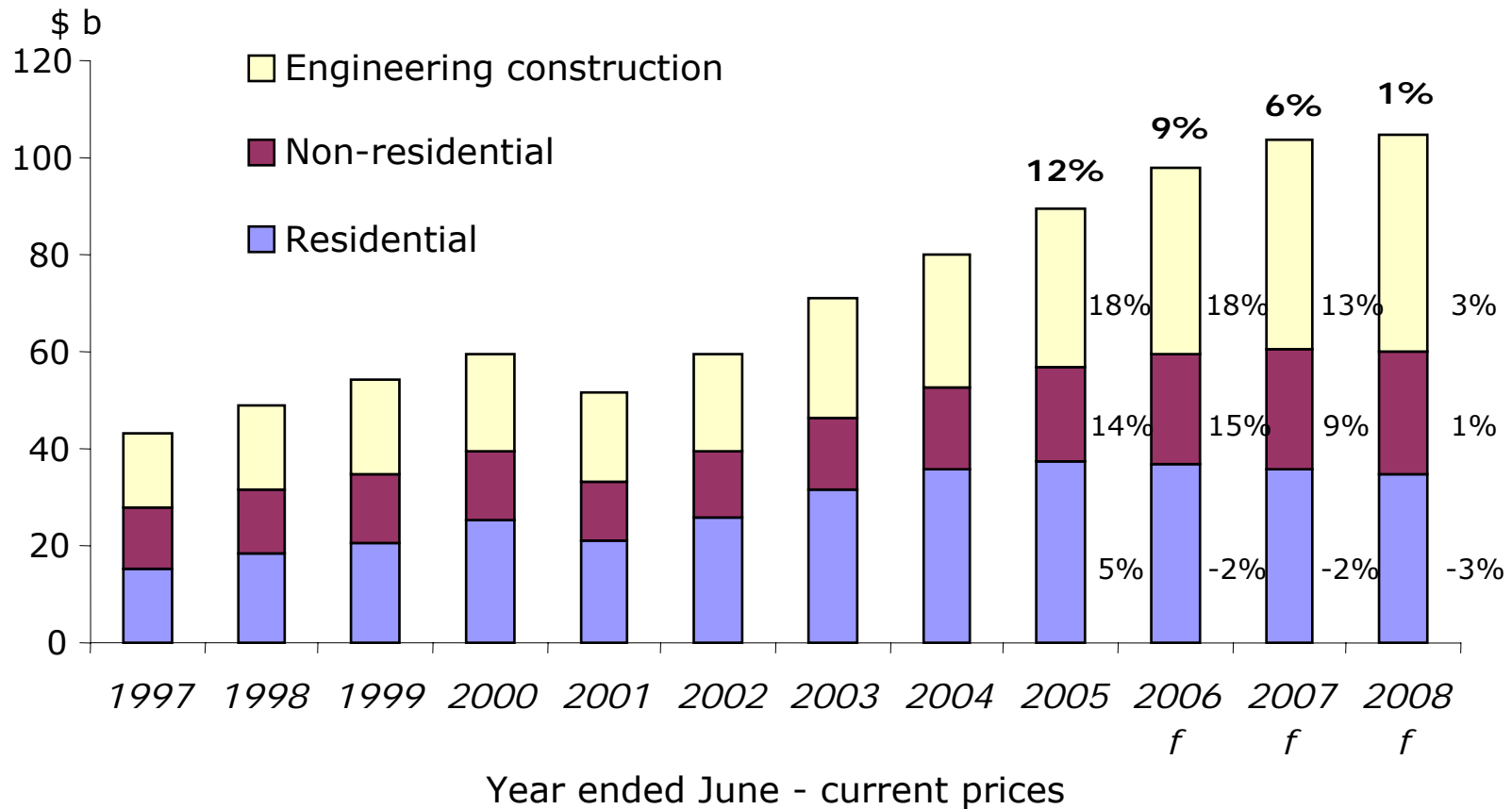
# New Zealand Value of Work Commenced



Source : Infometrics

# Australia

## Value of Work Commenced



Source : BIS Shrapnel Building in Australia Update

# Internal Growth Opportunities

## Building Products

- ❑ Tempcore upgrade 1Q 2006
- ❑ Stramit branch upgrades + 2 new branches
- ❑ Tasman Sinkware – new product range for U.S - mid Mar 2006
- ❑ EasySteel southern distribution centre – Jul 2006

# Internal Growth Opportunities

## Building Products (cont.)

- ❑ Metal technology investment – EMW, Galvanising – Jan 2006
- ❑ Insulation furnace upgrades - Jan 2007
- ❑ South Island distribution centre for WWB to support onsite delivery – Jan 2007
- ❑ Metal roof tile capacity expansion possibility

# Internal Growth Opportunities

## Distribution

### □ New outlets

- Kerikeri opening Mar 2006
- Te Rapa opening Feb 2006
- Whitianga opening Aug 2006
- Wanaka opening Aug 2006
- Takanini opening Jul 2006
- Richmond opening Sep 2006

### □ Acquisition

- Several discussions in progress for infill opportunities



# Internal Growth Opportunities

## Infrastructure

- ❑ Cement upgrade: Final upgrade to 2500 tpd due for completion in Jul 2006
- ❑ Firth plant upgrades and additions in East Tamaki, Christchurch, Queenstown
- ❑ Hunua expansion on stream 2Q 2006
- ❑ Belmont capacity upgrade Jul 2006

# Internal Growth Opportunities

## Infrastructure (cont.)

- ❑ Whitehall expansion on stream 2Q 2006
- ❑ Helensville barge upgrade Mar 2006
- ❑ Christchurch sleeper factory Jul 2006
- ❑ Rocla quarry expansion
  - Calga Mar 2006
  - Western Australia Feb 2006
- ❑ Boss plastic pipe JV Jul 2006

# Internal Growth Opportunities

## Laminates & Panels

- ❑ Particle board upgrade
  - Kumeu - 76,000m<sup>3</sup> to 88,000m<sup>3</sup>  
complete first half 2006/07
  - Dardanup - 250,000m<sup>3</sup> to 300,000m<sup>3</sup>  
complete 2007/08
  
- ❑ Resin JV  
New plant on Gympie MDF site operational  
2007/08

# Internal Growth Opportunities

## Laminates & Panels (cont.)

- ❑ Componentry  
Ballarat components plant now at full capacity with significant growth opportunities
- ❑ HPL  
Restructuring local operations and looking to Asian sourcing capabilities and investment
- ❑ Wespine sawmill upgrade  
390,000m<sup>3</sup> of sawlog intake to 430,000m<sup>3</sup> by 2007/08

# External Growth Opportunities

- ❑ We have the financial capacity
- ❑ Limited opportunities in total
- ❑ Our acquisition criteria narrows that further
- ❑ We continue to seek and evaluate options

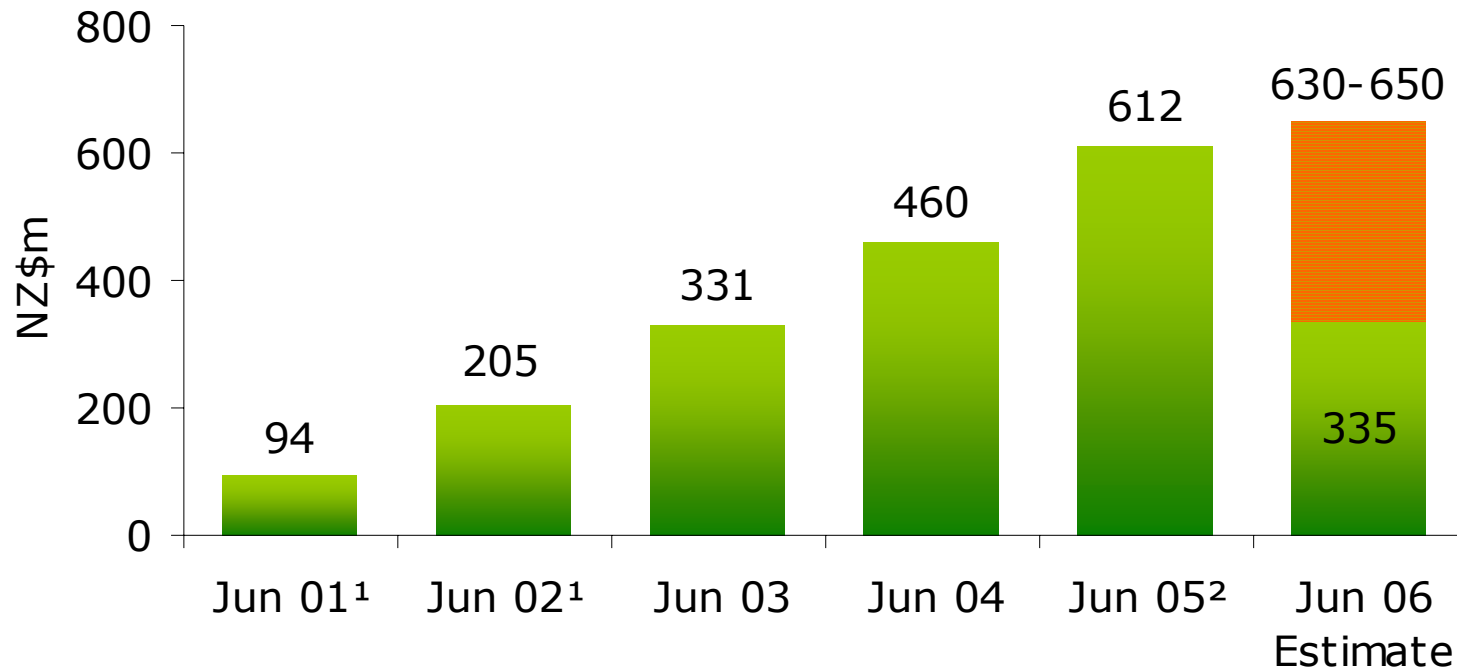
# Outlook

As previously forecast

- ❑ Residential in New Zealand and Australia will soften further
- ❑ Non-residential outlook is strong for next one to two years
- ❑ Infrastructure spend will also be strong for at least the next three years, particularly in New Zealand where we are stronger
- ❑ June 2006 EBIT forecast of \$630-650m >5% up on last year

# Earnings Forecast

## Operating Earnings



1. Pre Unusuals

2. Restated for IFRS



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