



Infrastructure Division

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Sydney 2005

Photograph: Central Motorway Junction Stage 1, Auckland

Cautionary Statement

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 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.

Building on a solid core: FY04 – FY05 comparison

AGGREGATE



Revenue +15%

EBIT +60%

Market share 40%
share (Auckland)

CEMENT



Revenue + 17%

EBIT +24%

Market share 53%
share

CONCRETE & PRODUCTS



Revenue +14%

EBIT +35%

Market share 30%
share (RMC)

CONSTRUCTION



Revenue +14%

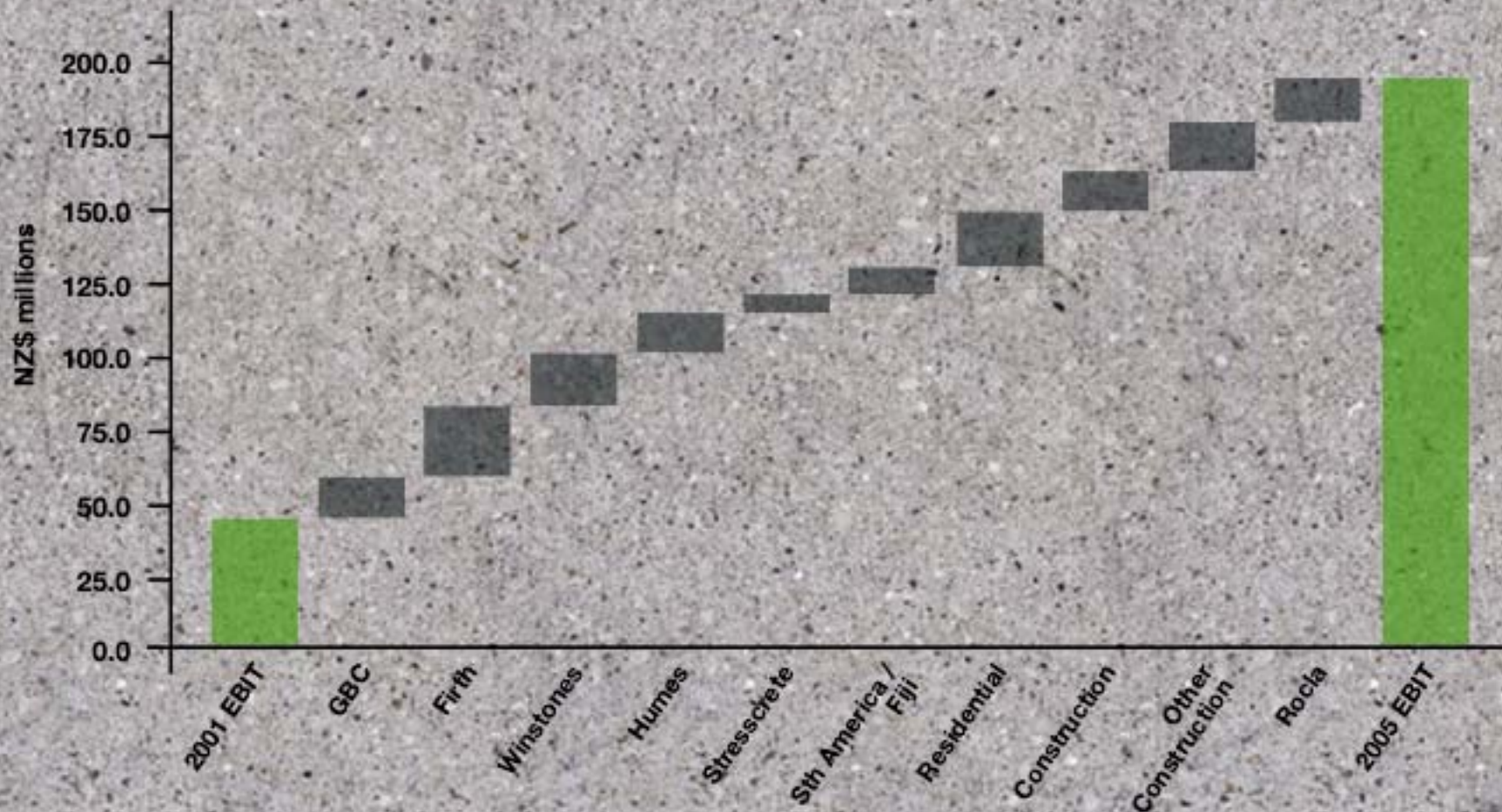
EBIT +24%

Homes sold 318

Note: Excluding Rocla

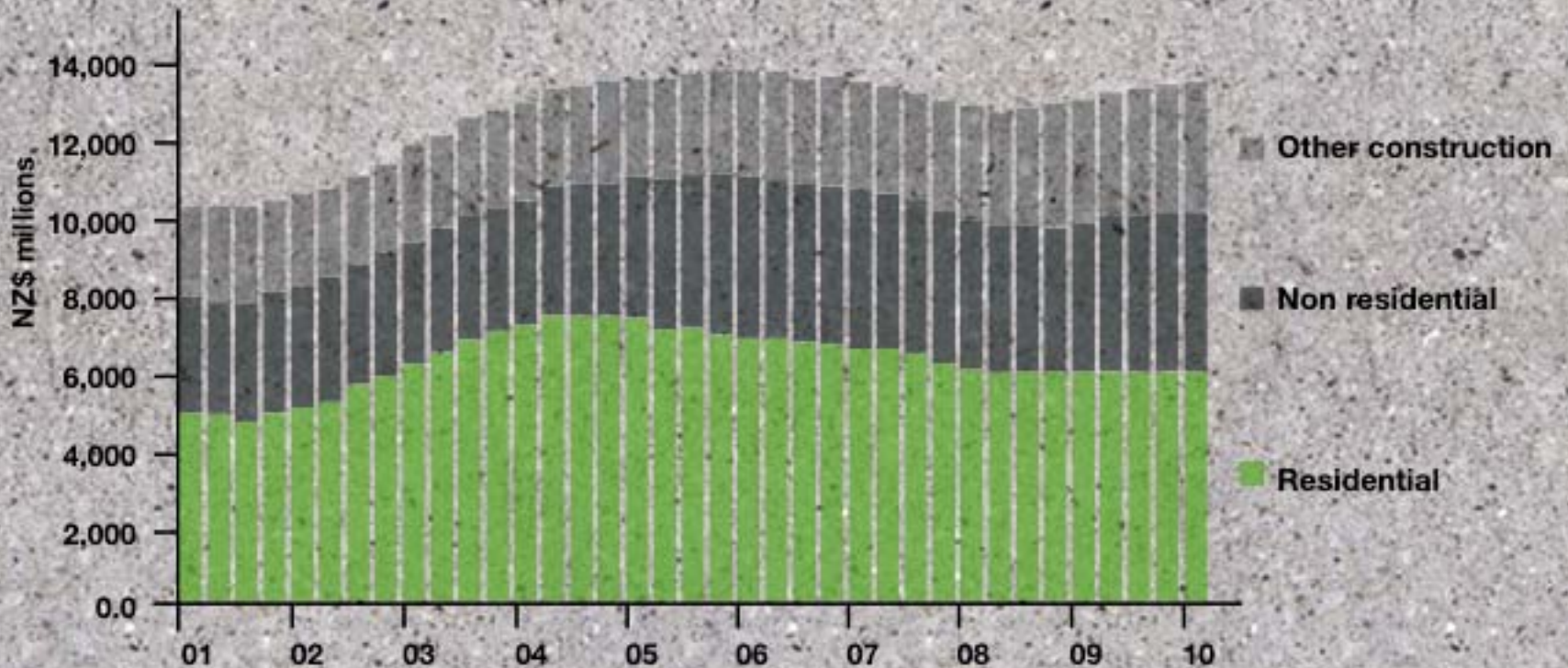
Continuing strong financial performance

Infrastructure Division EBIT FY2001 vs FY2005



NZ Construction market forecast

Total construction
Year end (1995/96 \$m)



Source: Infometrics July 05

FBL Construction materials volumes

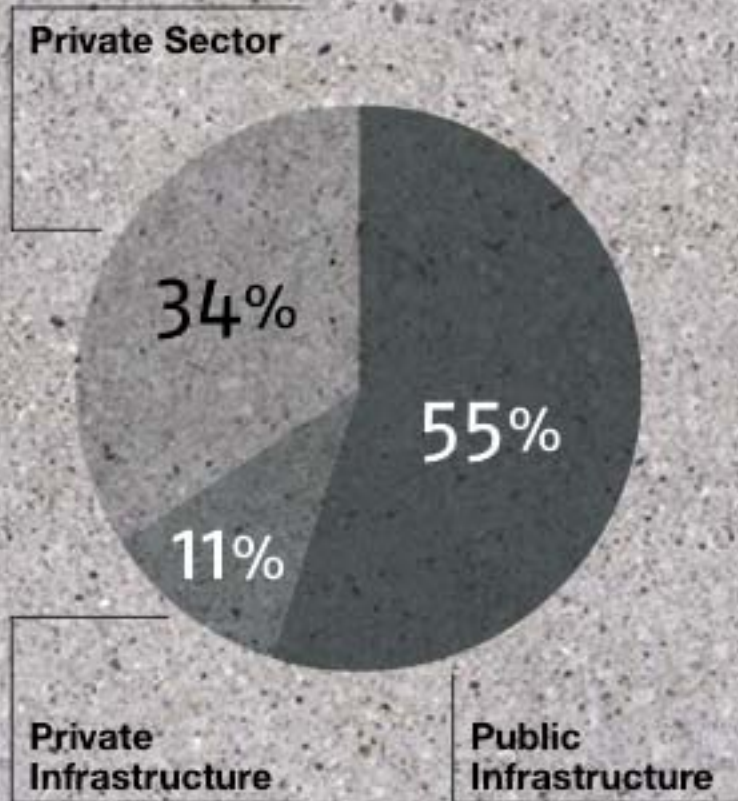
NZ - Sales Volumes (000's)

		2001	2002	2003	2004	2005
Concrete	m3	828	863	930	999	1063
Aggregates	m3	3681	3834	4109	3984	4285
Concrete Pipe	Tonnes	73	74	83	82	88
Pipeline Precast	Tonnes	34	35	36	33	32

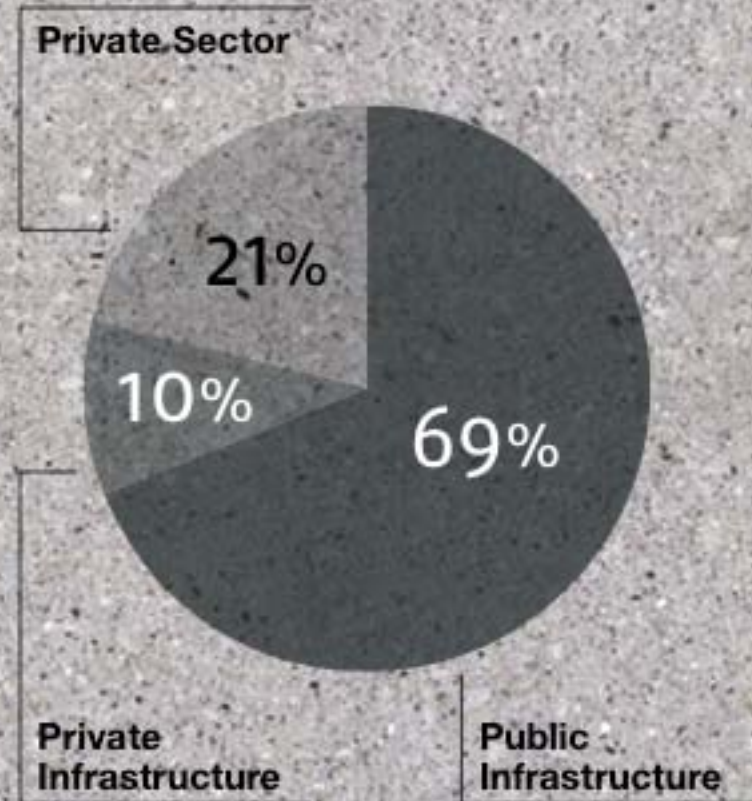
Source: Fletcher Building business units

Infrastructure: a positive environment

Building & Engineering NZ Backlog at Sept 05
\$817m



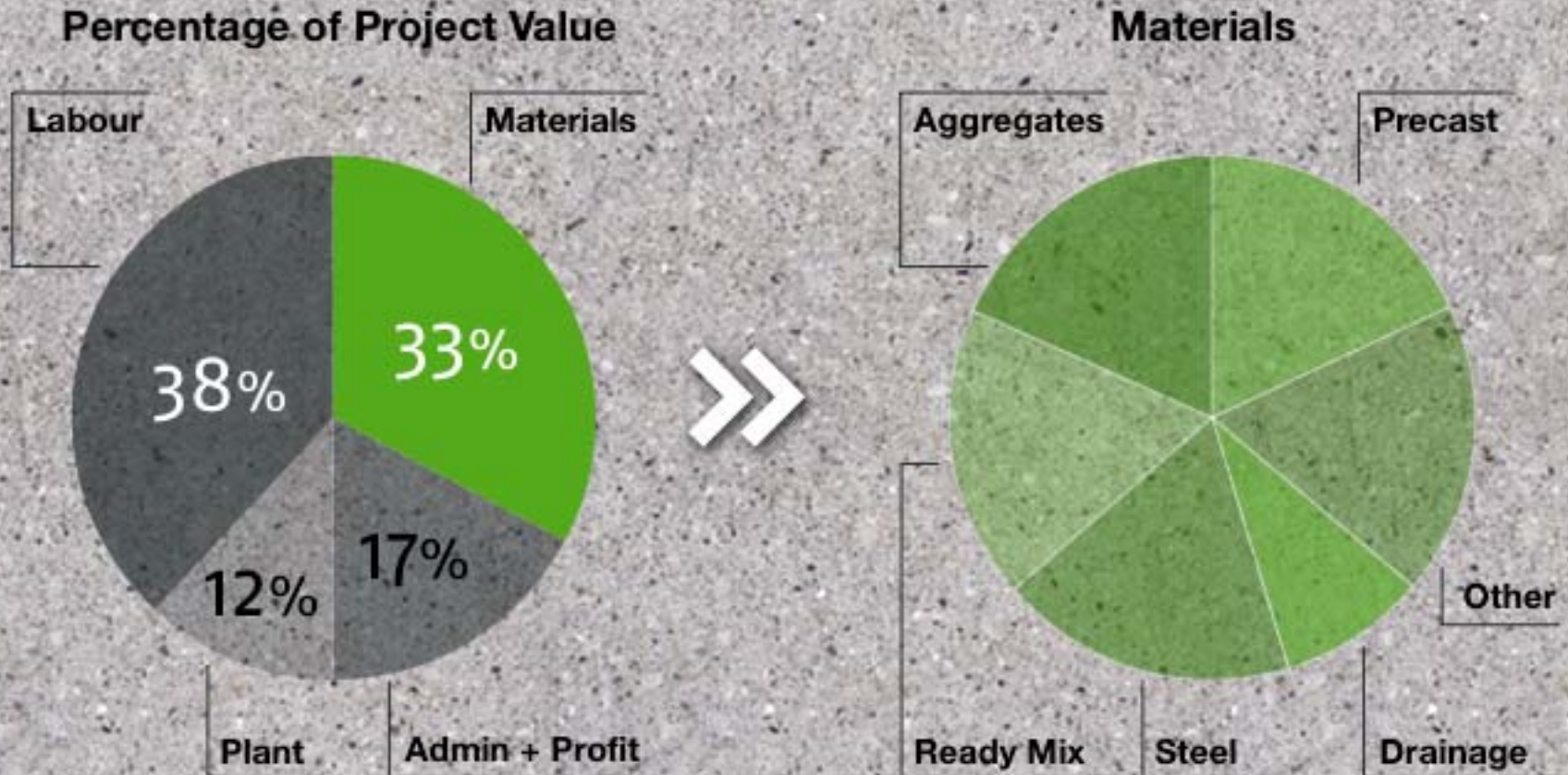
Building & Engineering NZ Prospects



Source: Fletcher Construction backlog and marketing prospects

Infrastructure: materials pull-through

Indicative materials used on a major Auckland roading project



Infrastructure: major projects in progress

Auckland University Business School

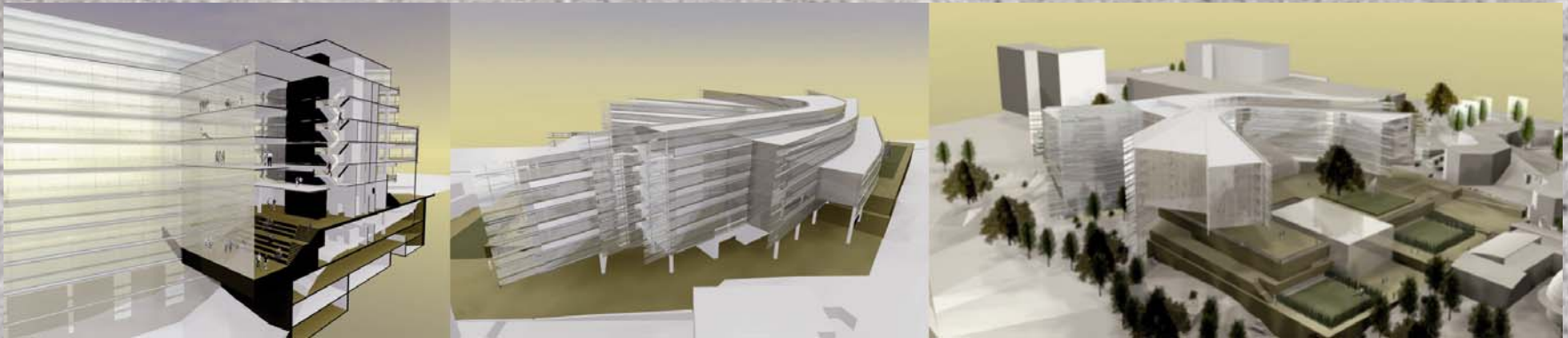
Tauranga Hospital

Central Motorway Junction

Northern Busway

Pohokura gas treatment plant

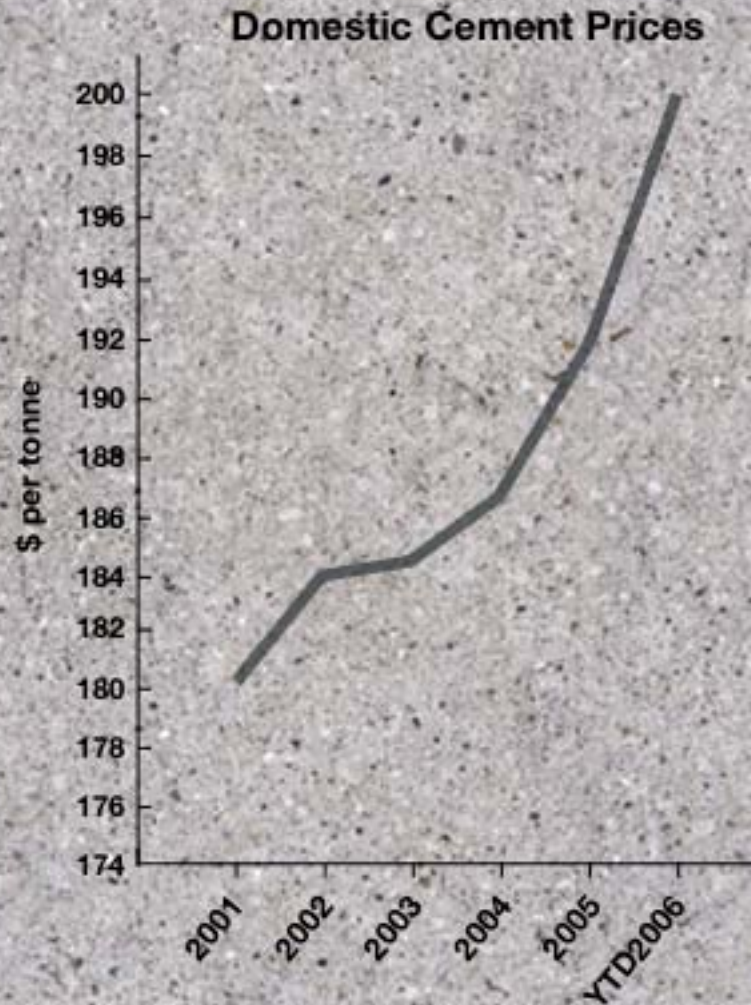
\$600m+



Auckland University Business School

Source: Fletcher Construction

Strategic focus: maximising margin



Cement

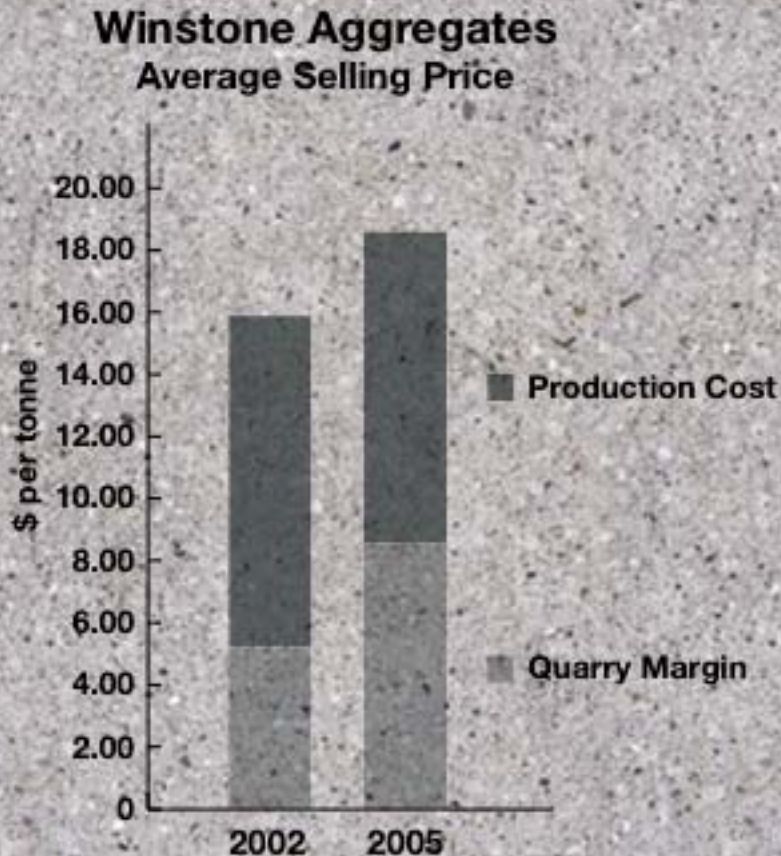
- **Price increases restrained by import parity.**
- **Distribution costs reduced with introduction of barge.**
- **Manufacturing cost benefits have started - and will maximise in FY2007.**

Source: Golden Bay Cement

Strategic focus: maximising margin

Aggregates

- **Prices increased on manufactured product.**
- **Operational improvements are keeping costs down.**

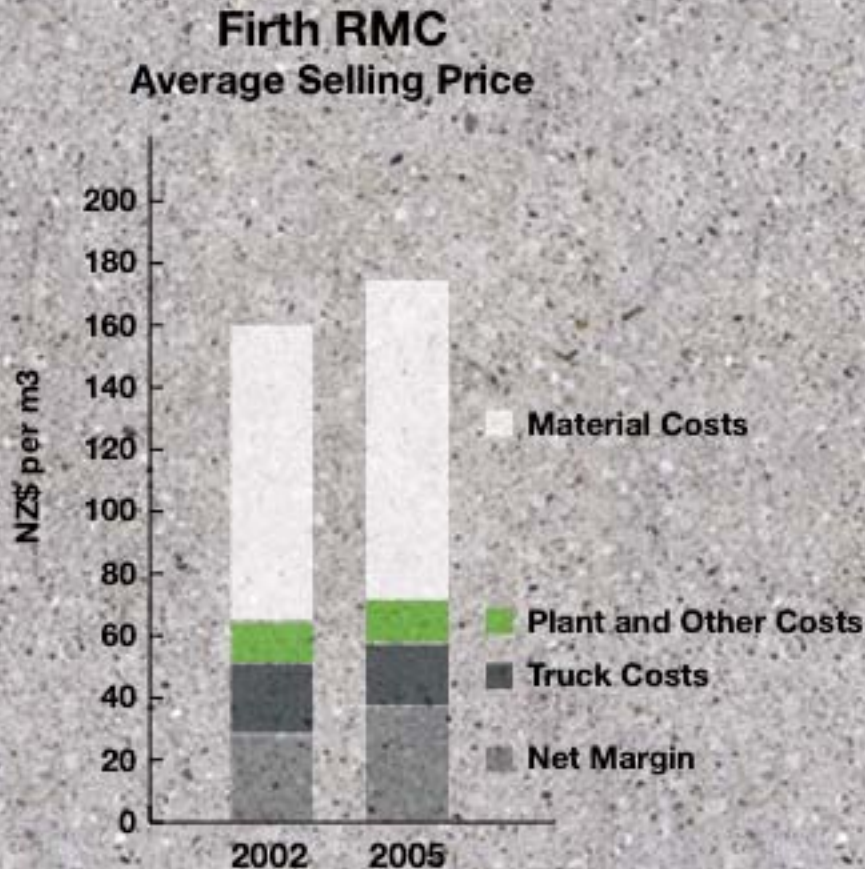


Source: Winstone Aggregates

Strategic focus: maximising margin

Ready mix concrete

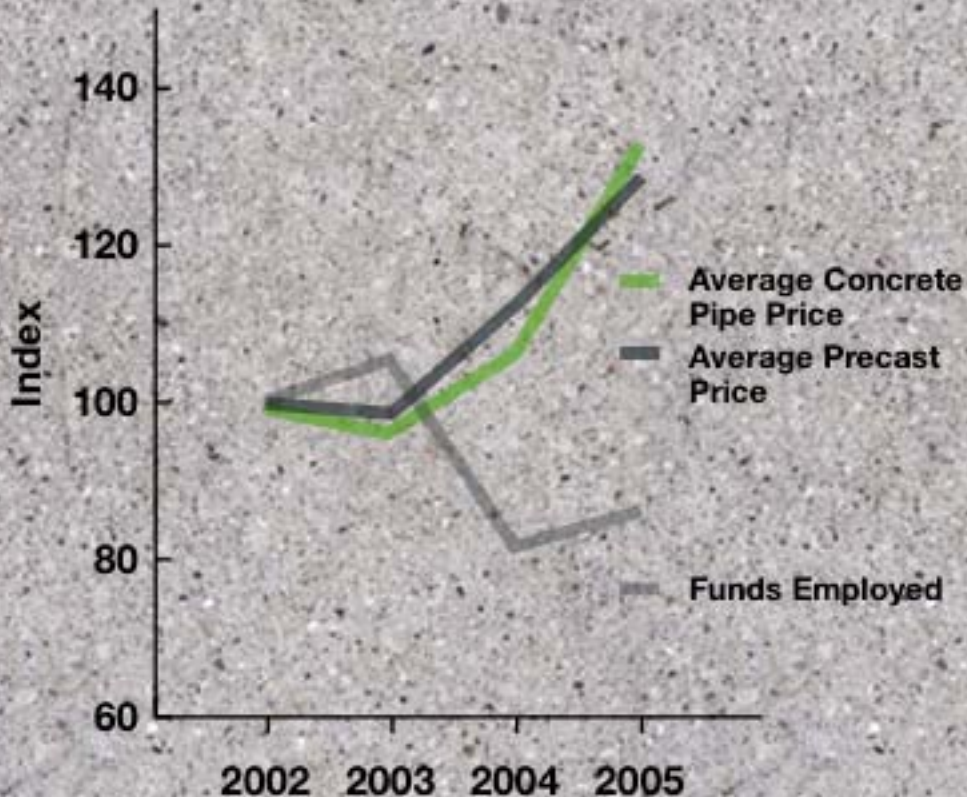
- **Price leadership.**
- **Increased material and distribution costs have successfully been passed on.**



Source: Firth

Strategic focus: maximising margin

Humes Pipe Pricing & Capital Efficiency



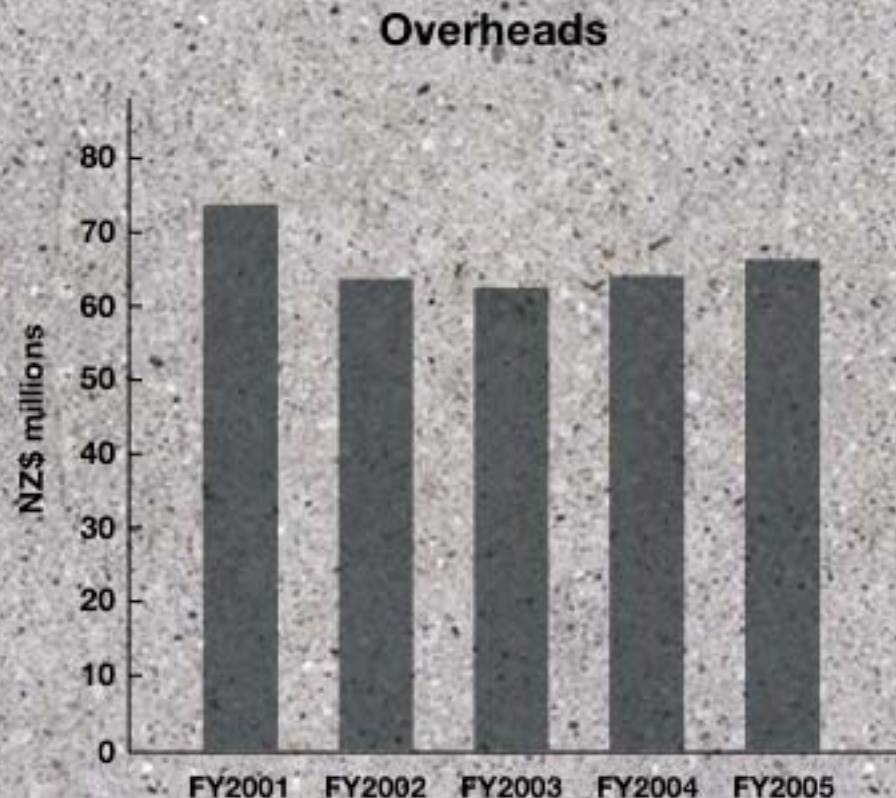
Source: Humes Pipeline Systems

Concrete pipe

- **Strategic pricing focus.**
- **Funds reduced through improved planning.**
- **EBIT doubled last year.**

Strategic focus: minimising costs

Concrete operations



- **Large cost-out in FY2002.**
- **Subsequent increases below inflation.**
- **Limited pressure on overhead going forward.**

Source: Infrastructure Div management reports

Note: Excludes Rocla

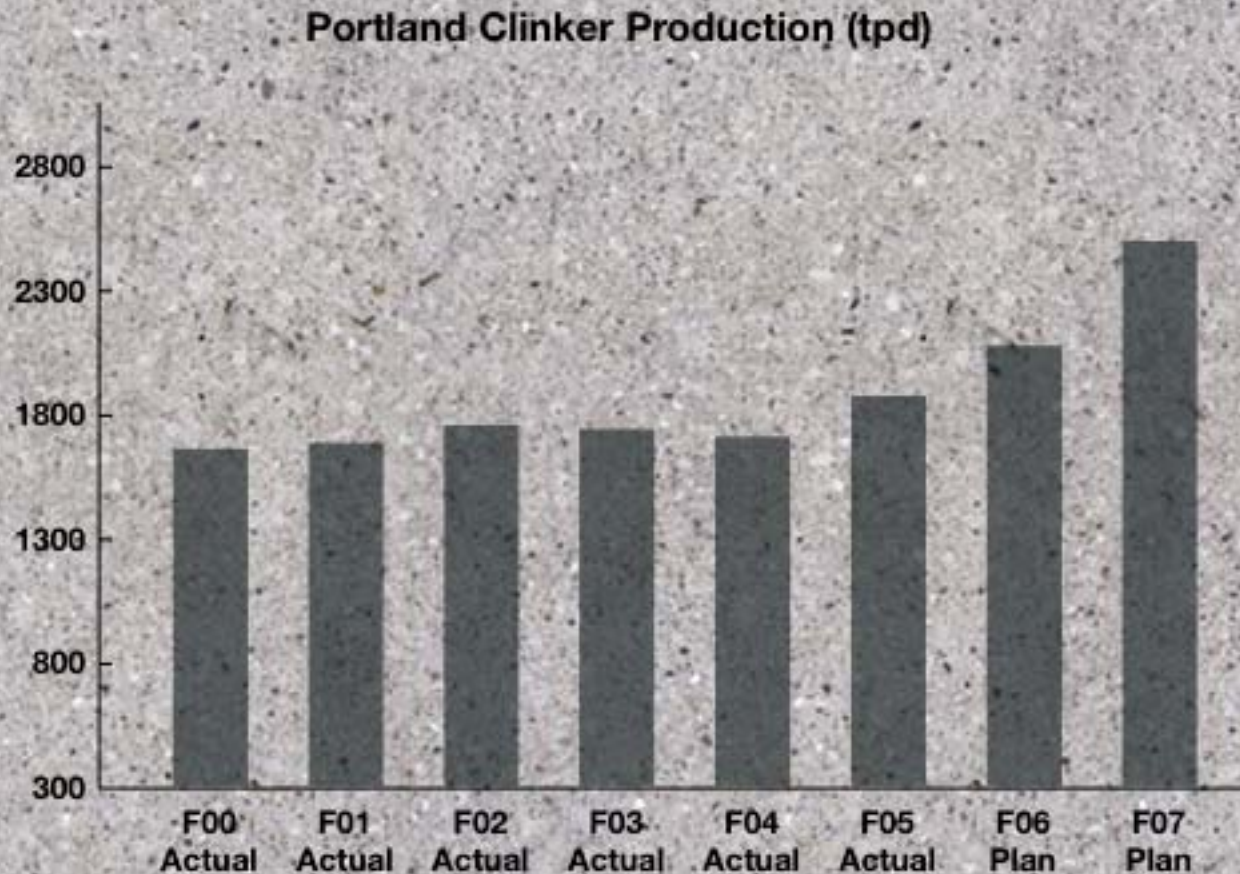
Strategic focus: positioning for organic growth



Golden Bay. Portland site

- **Cement production capacity → 840 KT pa**
- **Milling capacity → 940 KT pa**
- **Investment of \$90m**
- **Benefits – up to \$25m pa EBITDA.**
- **Completion June 2006**

Strategic focus: positioning for organic growth



Source: Golden Bay Cement

Strategic focus: positioning for organic growth



Whangaripo

- Projected opening Oct. 2006
- Capacity: 450k tpa
- JV with Fulton Hogan



Kaipara

- Increased sand volumes being consented



Hunua

- Volumes up 60% over 3 years.
- Symonds Hill consenting process underway

Strategic focus: positioning for organic growth



Bosspipe –
joint venture with Hynds



Plastic Pipe

- **The plastic pipe market is dominated by two large manufacturers.**
- **We need to participate in this sector of the pipe market.**
- **JV formed March 2005**

Strategic focus: core construction competency



People & plant

- **CAPEX**

05

06 forecast

\$12m

\$16m

- **Employee growth
[Engineering division]**

419

519

Source: Fletcher Construction

Strategic focus: secure key land assets



Jacks Point – Queenstown

200 sections.

Supply period Feb 06- 2010



LAQ – Auckland

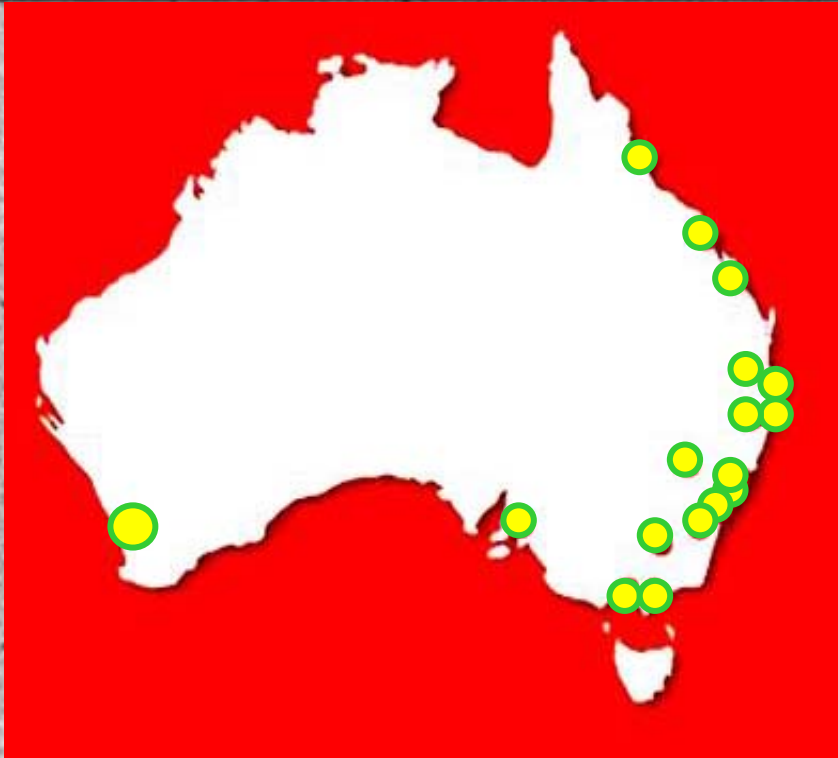
800 sections.

Supply period Jan 07-2011

(+ option on balance of resid. lots)

Total residential land-bank: 1965 lots – with 318 sold in FY05

Strategic focus: external growth – Rocla pipes



- **Revenues 05** **\$A170m**
- **Sales (tonnes)**
 - **Pipe / drainage** **376k**
 - **Poles** **30k**
 - **Sleepers** **40k**
- **Concrete pipe Australian market share 35%**
- **Strong management**
- **EVA positive**
- **Market conditions exceed expectations.**

Source: Rocla Pipeline Systems

Strategic focus: external growth – Rocla quarries



Kurnell plant, NSW



Bate Bay

- **Revenues 05** **\$A56m**
- **15 quarries**
- **Market shares**
 - **Sydney** **25%**
 - **Melbourne** **5%**
 - **Adelaide** **40%**
 - **Perth** **80%**

[Source: Rocla Quarry Products]

- **Strong management**
- **EVA positive**
- **Positive growth options.**

Outlook for Infrastructure Division FY06 – FY08

Volumes

robust

Margins

further improvement

Overheads

contained

Return on Funds

growing

Questions

