

# Analysts Briefing October 2005



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# 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.

# Results Record

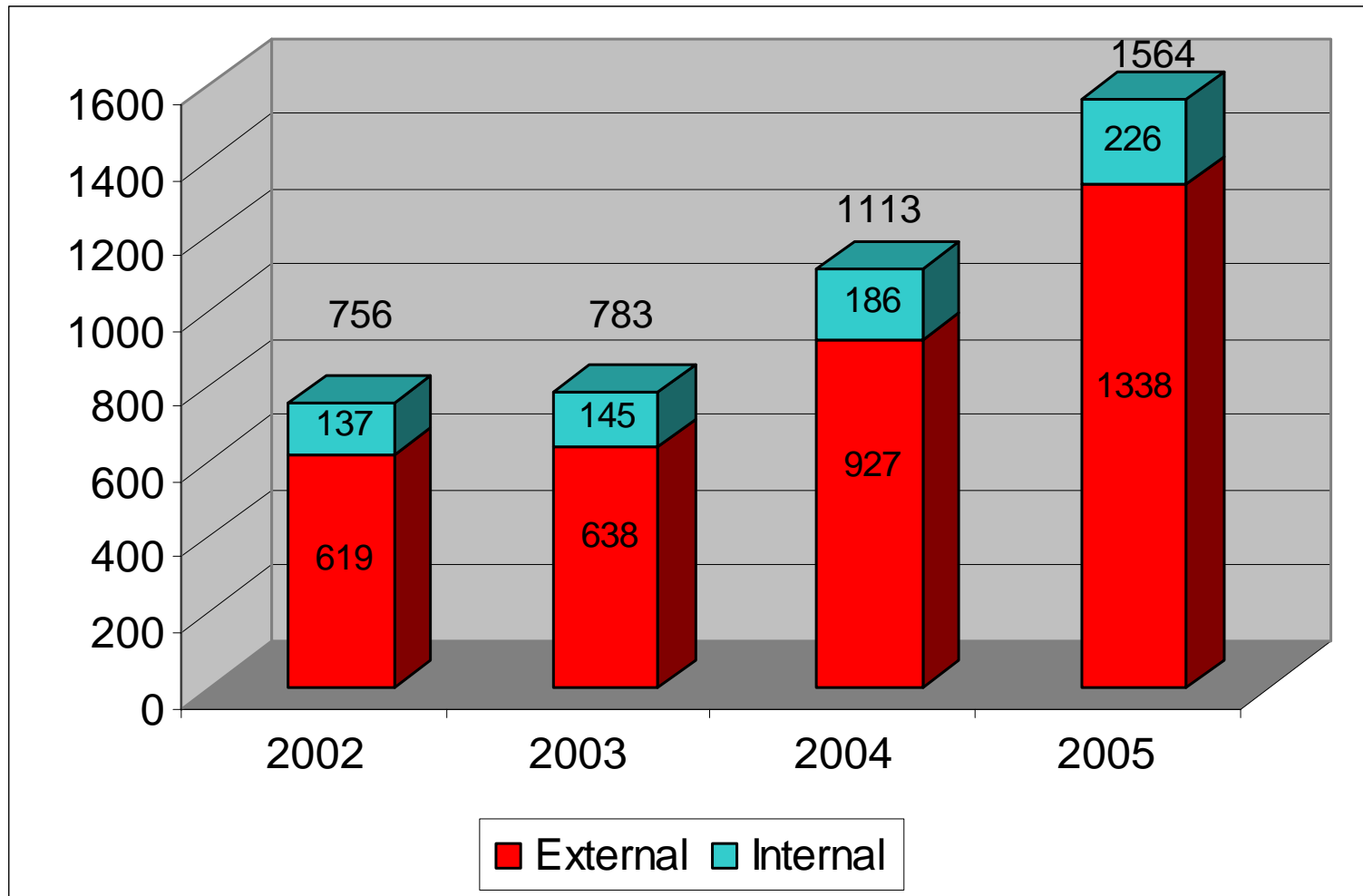
	June* 2001 Pro-forma	June* 2002	June* 2003	June 2004	June 2005
\$m's					
Operating Revenue**	642	619	638	927	1338
EBIT	50	77	102	164	222
Margin	8%	12%	16%	18%	17%
Total Funds Employed	333	322	296	560	878
EBIT/Funds	15%	24%	34%	29%	27% ***

\* restated to transfer FWP & SPH to Laminates and Panels

\*\* excludes inter-company revenue

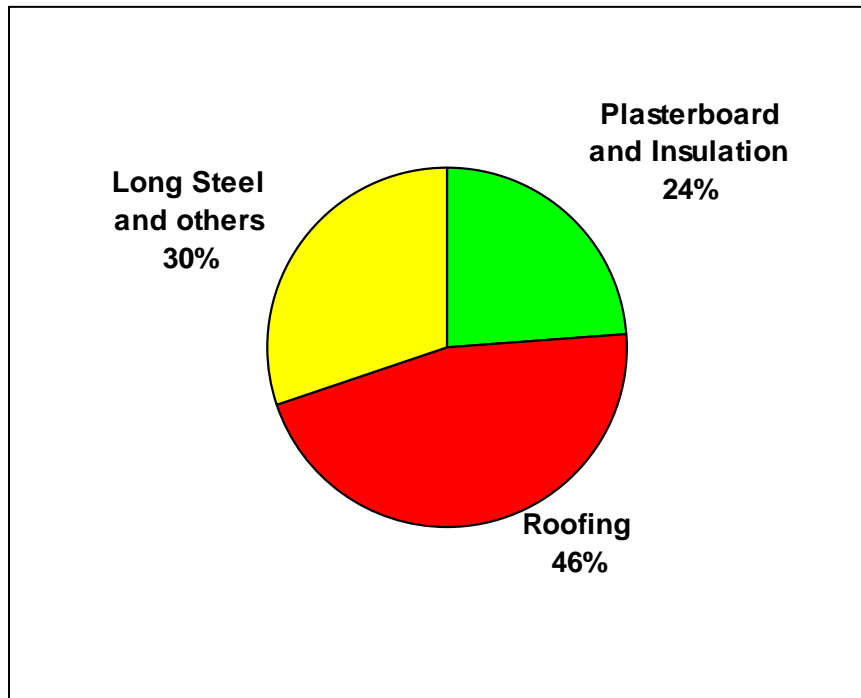
\*\*\* Proforma return based on 12 months of Amatek businesses in Building Products

# Revenue

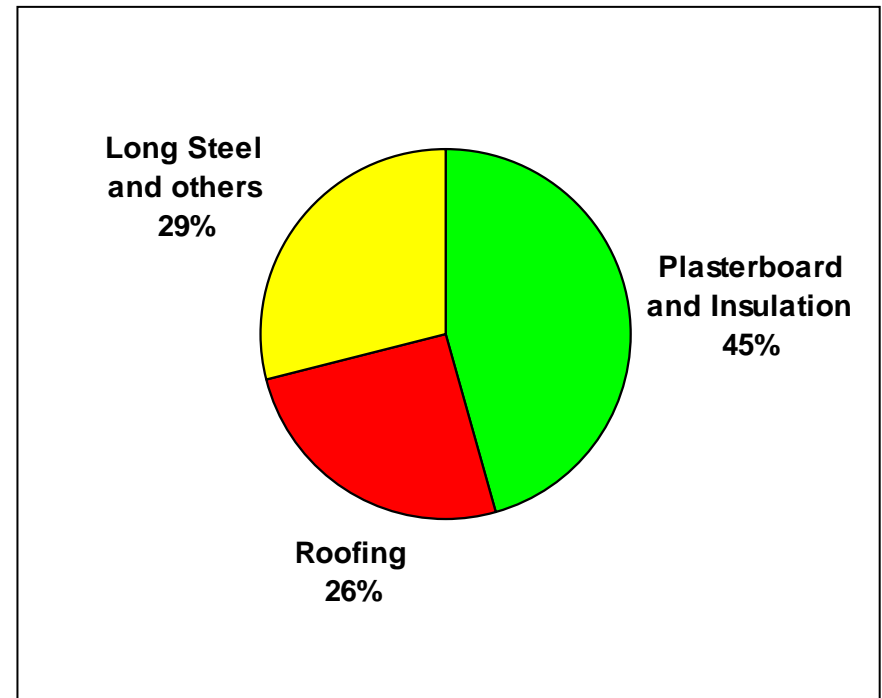


# 2005 Revenue And EBIT By Segment

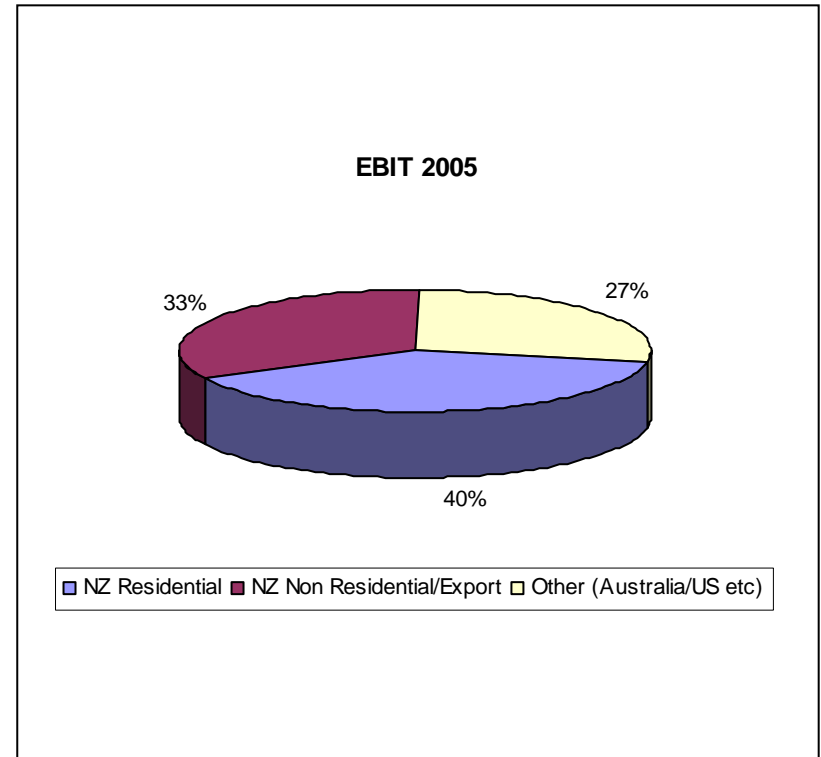
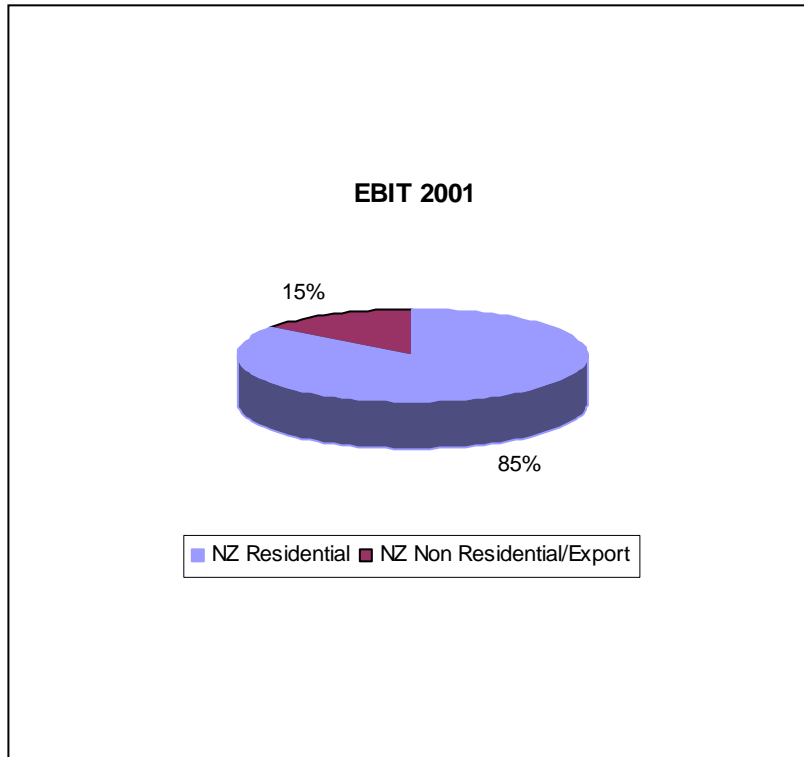
## REVENUE (Pro-forma)



## EBITDA (Pro-forma)



# Reduced Exposure To NZ Residential Cycle



# Growth In The Underlying Businesses

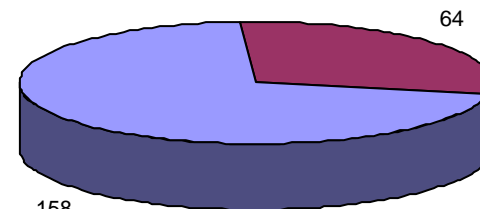
EBIT 2001



50

■ Underlying Businesses

EBIT 2005



158

64

■ Underlying Businesses ■ Acquisition

# Growth

- ❑ Organic growth
  - Competent management
  - Focus on performance (KPI's i.e OEE, IFOTIS)
  - EBIT, Funds, Cash
  - Strong market and market share growth



# Growth

## ❑ Major Acquisitions

- Tasman Building Products (Oct 03)
- Amatek (Mar 05)
  - Stramit (steel roofing and purlins)
  - Insulation Solutions (glasswool and foil insulation)

# Building Products Group-

## Management Structure

□ Was

Winstone  
Wallboards

Fletcher  
Aluminium

Easysteel

Dimond

Pacific  
Coilcoaters

Pacific  
Steel

Pacific  
Wire

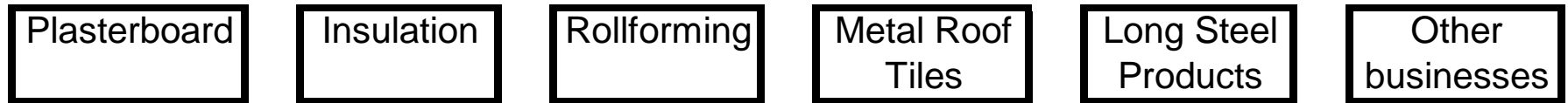
Fletcher  
Reinforcing

CSP  
Galvanising

Sims  
JV

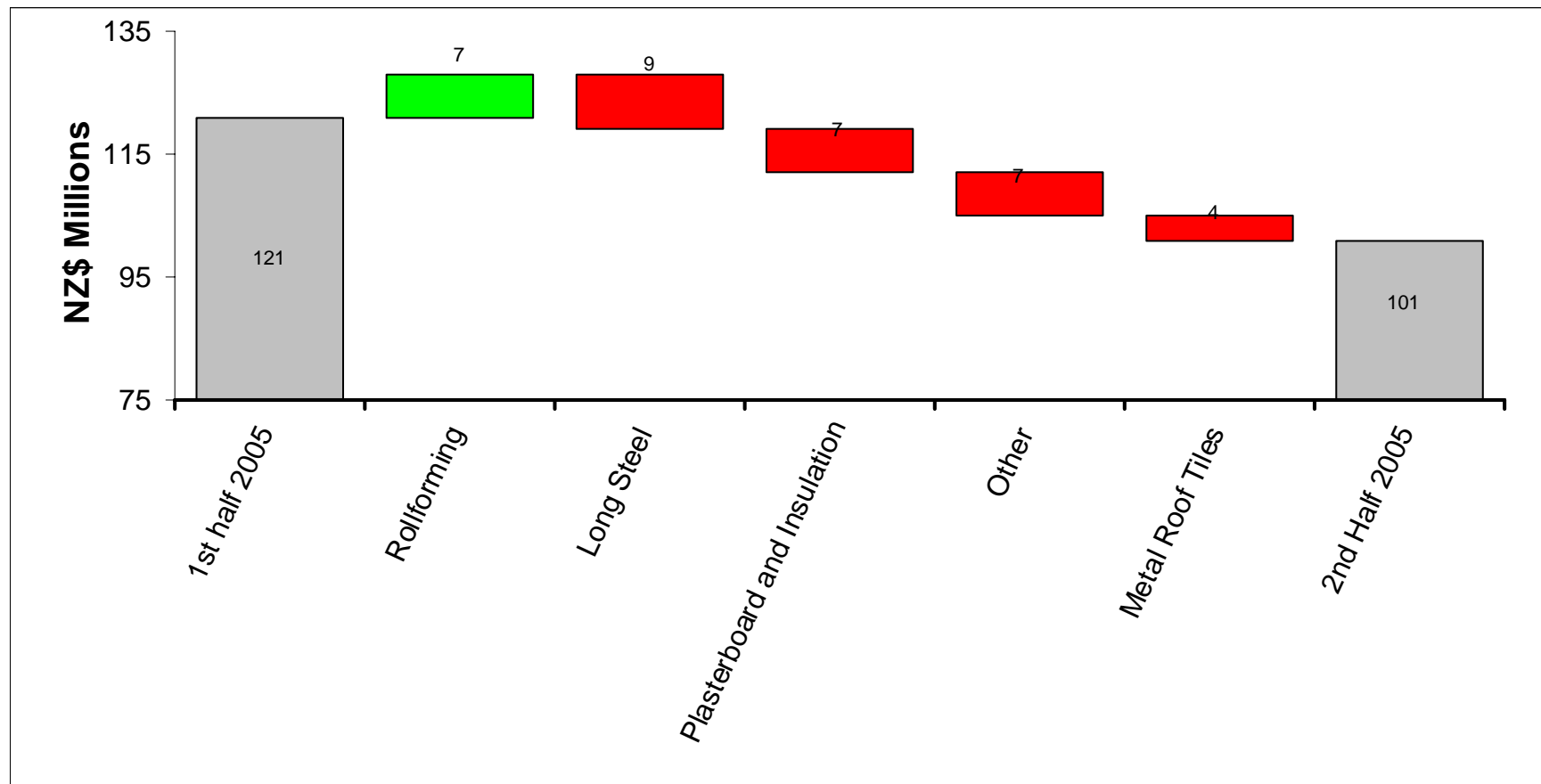
# Building Products Group-

## □ Now

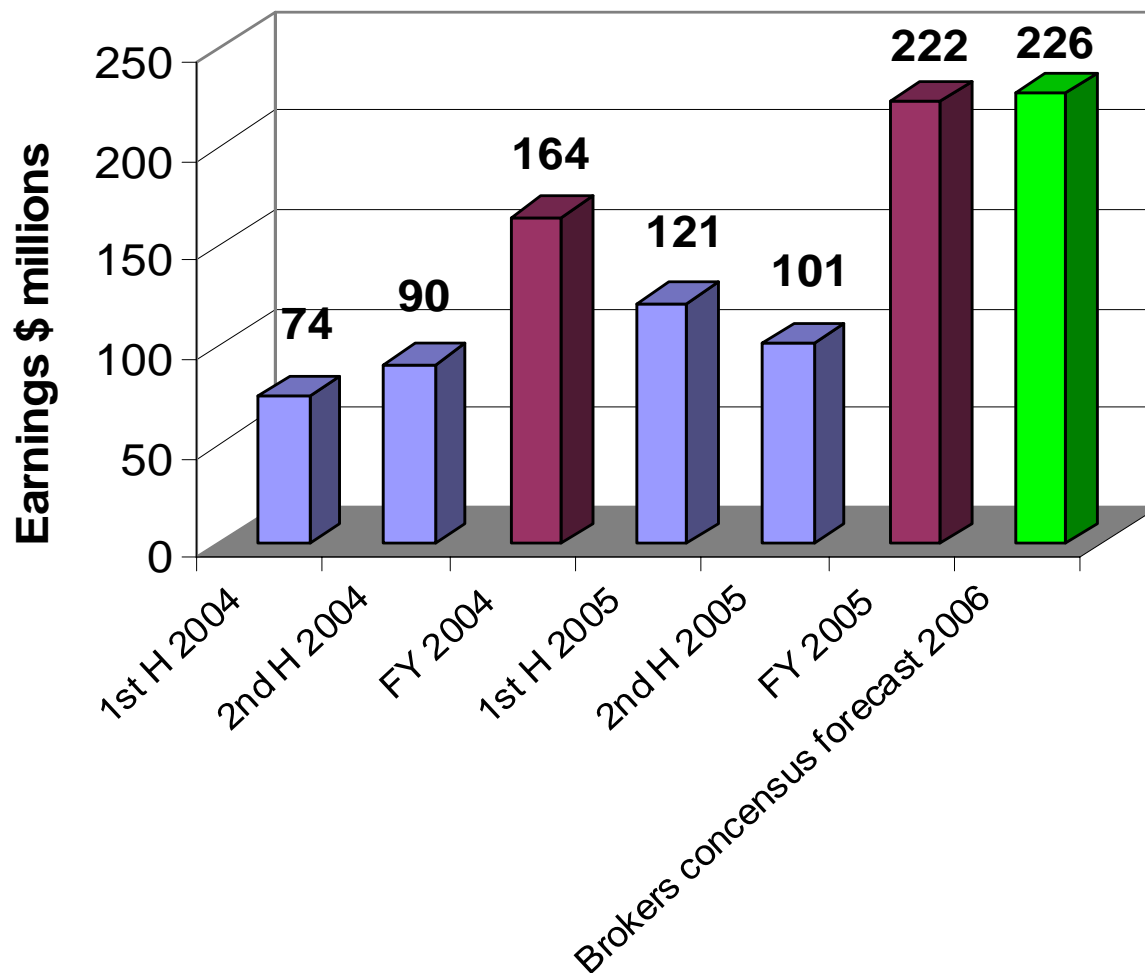


- Combination of acquisitions and organic
  - Created Insulation, Rollforming and Metal Roof Tiles
  - Long Steel formed as a value chain

# 2005 Performance 1<sup>st</sup> Half vs 2<sup>nd</sup> Half



# 2004 -2006 Earnings



**Brokers range**  
**\$216m to \$245m**  
**Consensus \$226m**

# Key Issues Going Forward

- ❑ Sustainable growth in earnings – long term
- ❑ Issue of
  - Geographies
  - Activities
- ❑ Generally
  - Broad activities in New Zealand and Australia
  - Narrow “Product Champions” outside Australasia – e.g. Metal Roof Tiles

# Key Strategies

- ❑ Be operationally excellent in support of business unit market strategies
  - IFOTIS levels
  - OEE, Utilisation rates
  - Change over times
  - Lead times
  - In market, high-service, flexible manufacturing operations
  - Organisation alignment behind BU strategies

# Key Strategies

- Acquire operations whose product ranges and activities complement those already offered

## Tasman Building Products

## Amatek

	Insulation NZ	Insulation Australia	AHI Roofing	Decra Roofing	Stramit	Insulation Solutions
Infill opportunity	✓		✓		✓	✓
Industry rationalisation		✓			✓	✓
Technology		✓				
Product champion			✓	✓		



# Key Strategies

- ❑ Realise offshore potential of product champions

## Metal Roof Tiles

- Value proposition defined by market
  - Lightweight
    - Re-roof costs, construction flexibility, faster to install
  - Strength
    - earthquake, hail
  - Product performance
    - Fade resistance, weather tightness
  - Aesthetics
  - Colour, profiles

# Product Champions

## New Zealand



## Japan Housing



- Huge untapped market – tile penetration rate in NZ approx. 25% of new residential
- Japan/USA/Europe < 5%

# Product Champions

## ❑ Fiberock

- Paperless wood fibre reinforced Gypsum board
- 50/50 JV with USG called Powerscape established to commercialise this technology in Asia, Australia and New Zealand
- Seed market to test whether will support a plant build

# Key Strategies

- ❑ Invest and develop in technologies in our existing businesses so that we can exploit technology or associated products internationally
  - Scale – likely to be small
  - Harnessing business innovation
- ❑ Some examples
  - Galvanising technology
  - Fluxcell units
  - Nickel
  - Heat exchange
  - Acid recycle
  - Intech electric smelters

# New Technologies

## □ EMW

- Electro Magnetic Wiping is a process of controlling the zinc coat weight on wire



Gas Gravel controlled zinc application



EMW controlled zinc application

The characteristics of EMW has lead to savings of up to 25% in zinc usage

Sales to USA, Korea and Japan (10 units so far)

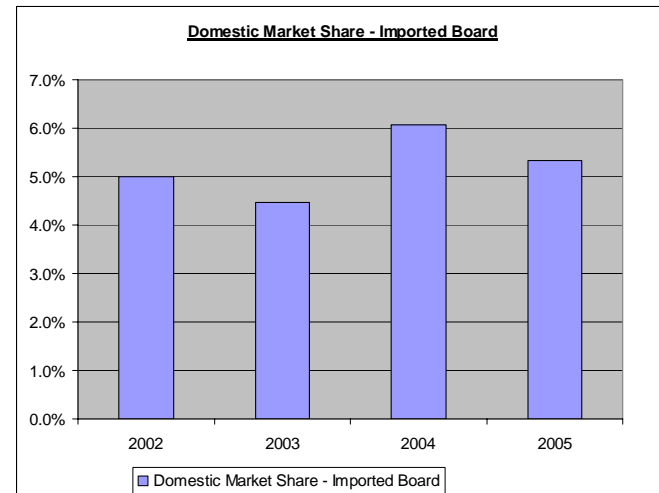
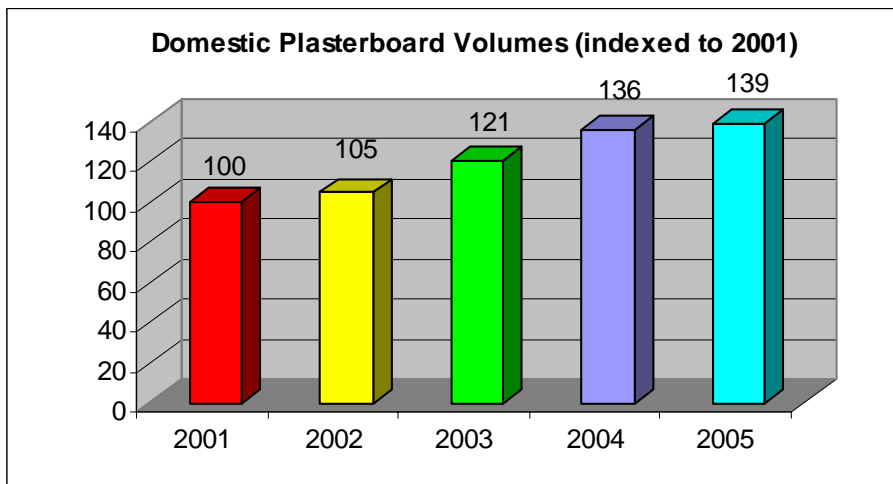
# Plasterboard



Winstone Wallboards Ltd



- New Zealand's sole manufacturer of Plasterboard with 95% market share. Two manufacturing plants (Auckland and Christchurch)
- Highest annual volume of board and plaster ever manufactured or sold in NZ driven by very high building activity
- Expanding our customer service levels by increased delivery to site in major metro areas
- Product differentiation and high service (performance boards >45%), direct to site, countervailing position

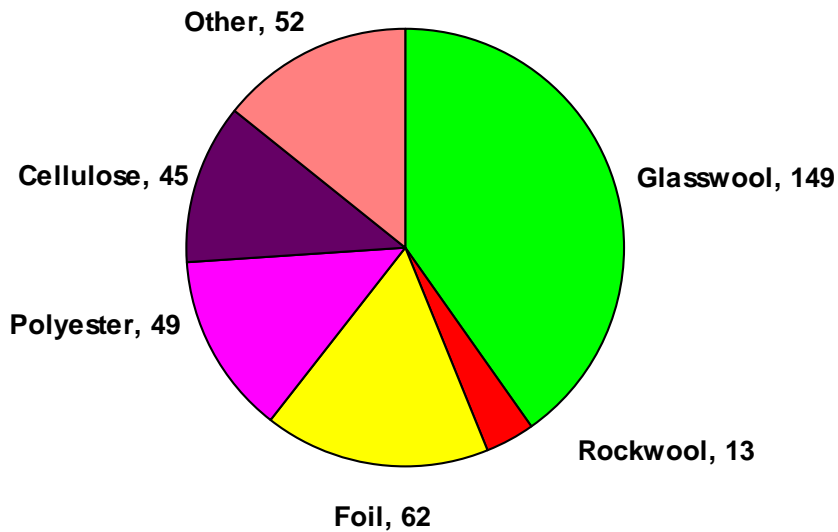


# Insulation

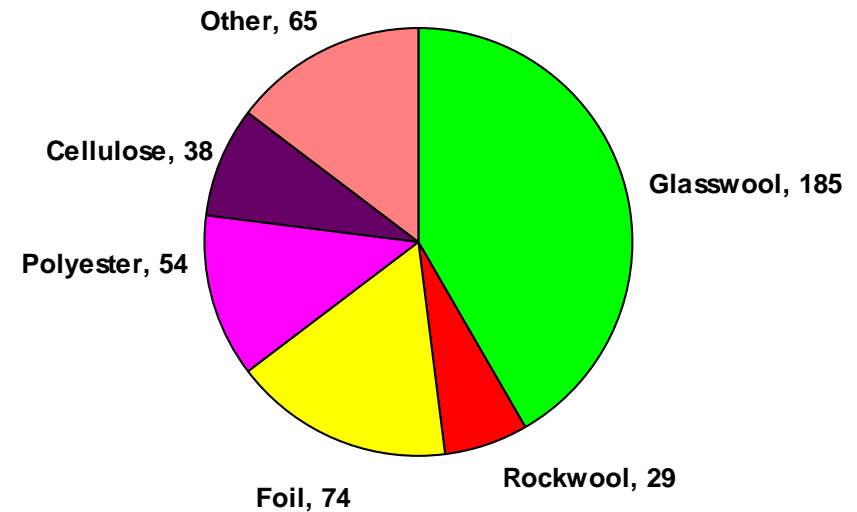
- ❑ Tasman Insulation Australia (Insulco)
- ❑ Insulation Solutions
- ❑ Tasman Insulation New Zealand
  - From zero to 67-70% of Australasian market in 3 years
  - Glasswool plants in Sydney, Melbourne, Auckland and Christchurch
  - Foil plants in Sydney (2) and Auckland
  - Polyester plant in Sydney

# The Growth Of Insulation In Australia

2001 – Market size A\$370m



2005 – Market size A\$445m



Source: Management estimates



# Insulation



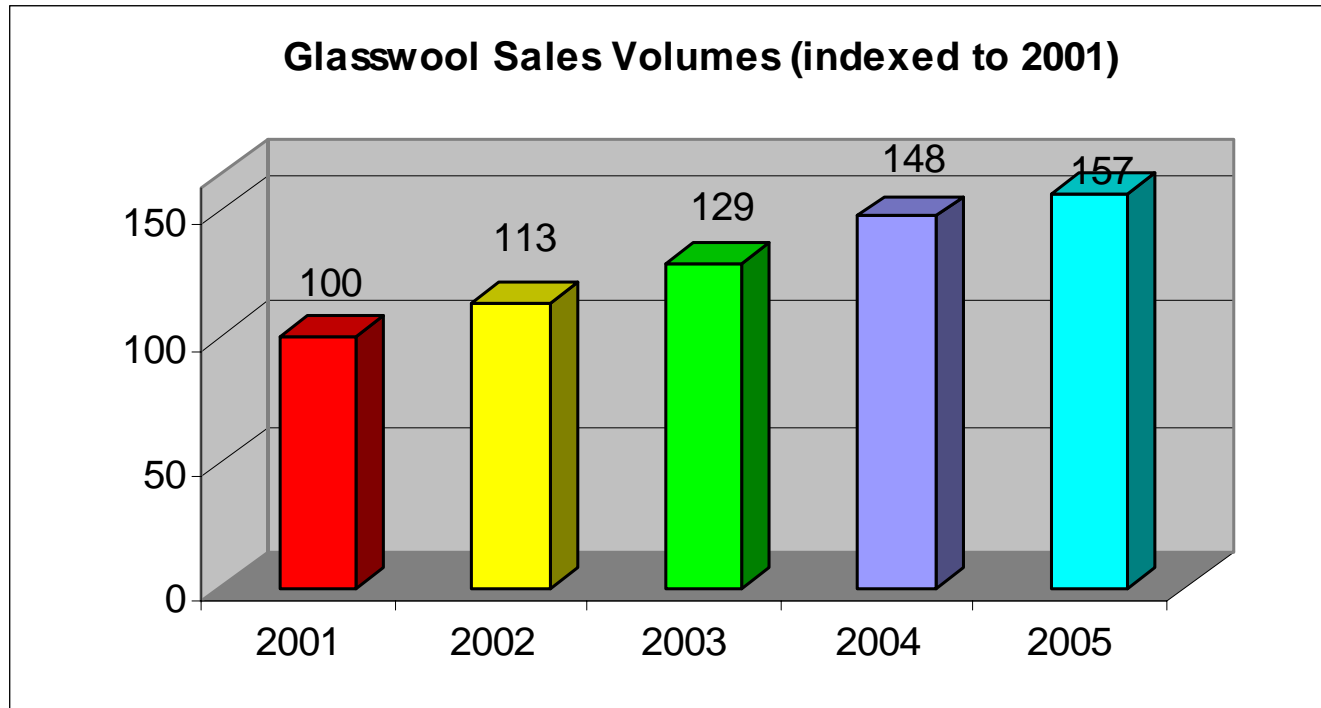
## Australia

- The purchase of Insulation Solutions, has consolidated the Australian glasswool market from 3 to 2 players
- Merger of the two Australian businesses will realise significant synergies
- Only Australian company to manufacture the three main insulation products (glasswool, polyester and reflective foil)
- Continued State acceptance of Federal BCA recommendations increasing the use of insulation in both housing and light commercial applications
- Consolidating foil operations to one site in Sydney

## New Zealand

- Leading New Zealand manufacturer of glasswool insulation, foil laminates and building papers, with plants in Auckland and Christchurch
- Record sales and production levels achieved in 2005 financial year

# Insulation Sales Volumes - Australasia



Note: Tasman Insulation (Australia and NZ) was acquired October 03 and Insulation Solutions was acquired March 05

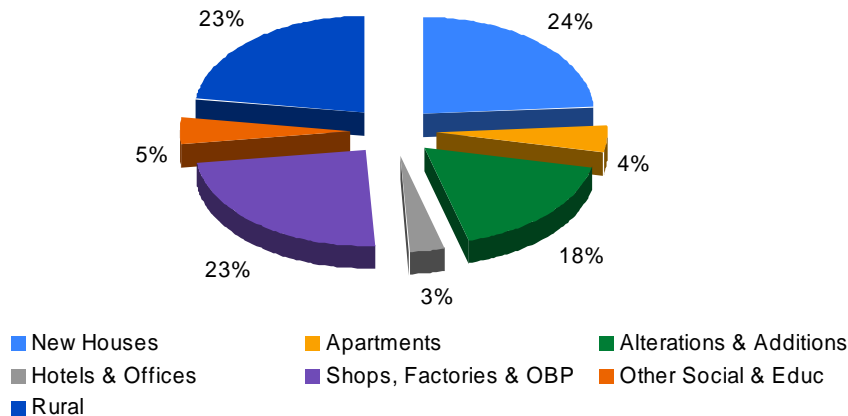
# Rollforming and Steel Painting

- ❑ Stramit Building Products
- ❑ Dimond
- ❑ Pacific Coilcoaters
  - Largest Australasian Rollformer, second largest coil painting operation

# Australia



- Acquired as part of Amatek acquisition in March 05
- Stramit Building Products is a leading Australian manufacturer of steel building products, including roofing, walling, gutters and fascias, frames and trusses, purlins, flooring and structural formwork, with turnover in excess of A\$500m
- Have successfully implemented a new computer system in 3 regions with the last region planned for early 2006
- Diversified customer base across a range of sectors within Australia



Source: Management Estimates

# New Zealand

# Dimond

- The leading NZ supplier of metal purlins, roofing, cladding and composite flooring systems with 12 sales centres throughout NZ
- Optimised matrix business structure around Regional Supply and Functional Excellence to better meet Customers needs. Big drive on product system innovation.
- Launched Dimondek 630, on-site roll-forming system with NZ record (200m) for longest roof ever manufactured in NZ



# New Zealand

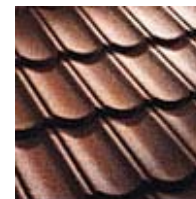
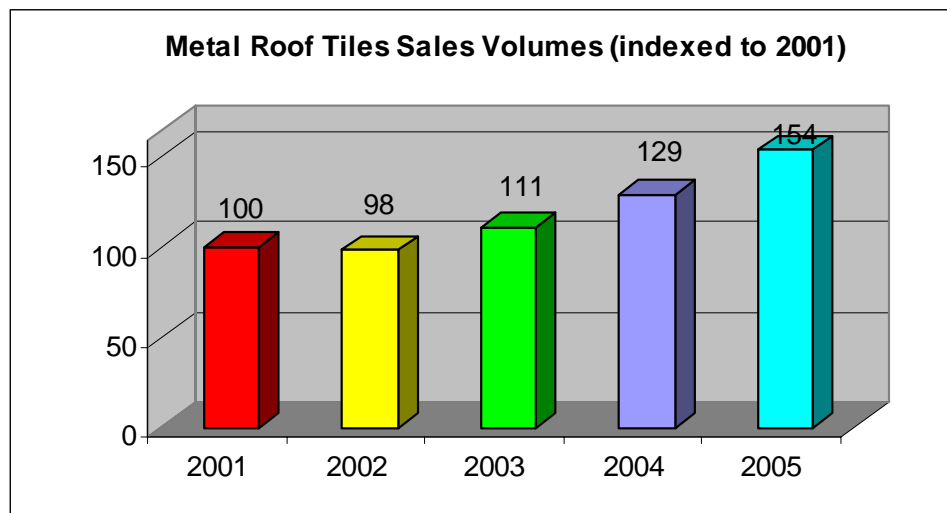


- Leading New Zealand manufacturer of pre-painted metal products used in the manufacture of both residential and commercial roofing, cladding, and rainwater systems
- Exports significant quantities to Australia, North America and the Pacific Islands
- Focused on flexible small run manufacturing offering minimum of a house-lot of a single colour. Offers largest colour range in New Zealand domestic market
- A new R&D facility to develop new products for new market niches has been constructed and was commissioned in August 2005

# Metal Roof Tiles



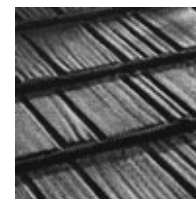
- Largest manufacturer of steel roof tiles world wide, with plants in Auckland, Malaysia and California, licensees in Europe, Chile and Indonesia and sales offices in Europe, Japan, China and the Middle East
- Capacity expansions at all plants have been undertaken in the last six months
- Looking at further opportunities in Europe
- Growth of metal tile sales has been significant



Decra



Gerard



Shake



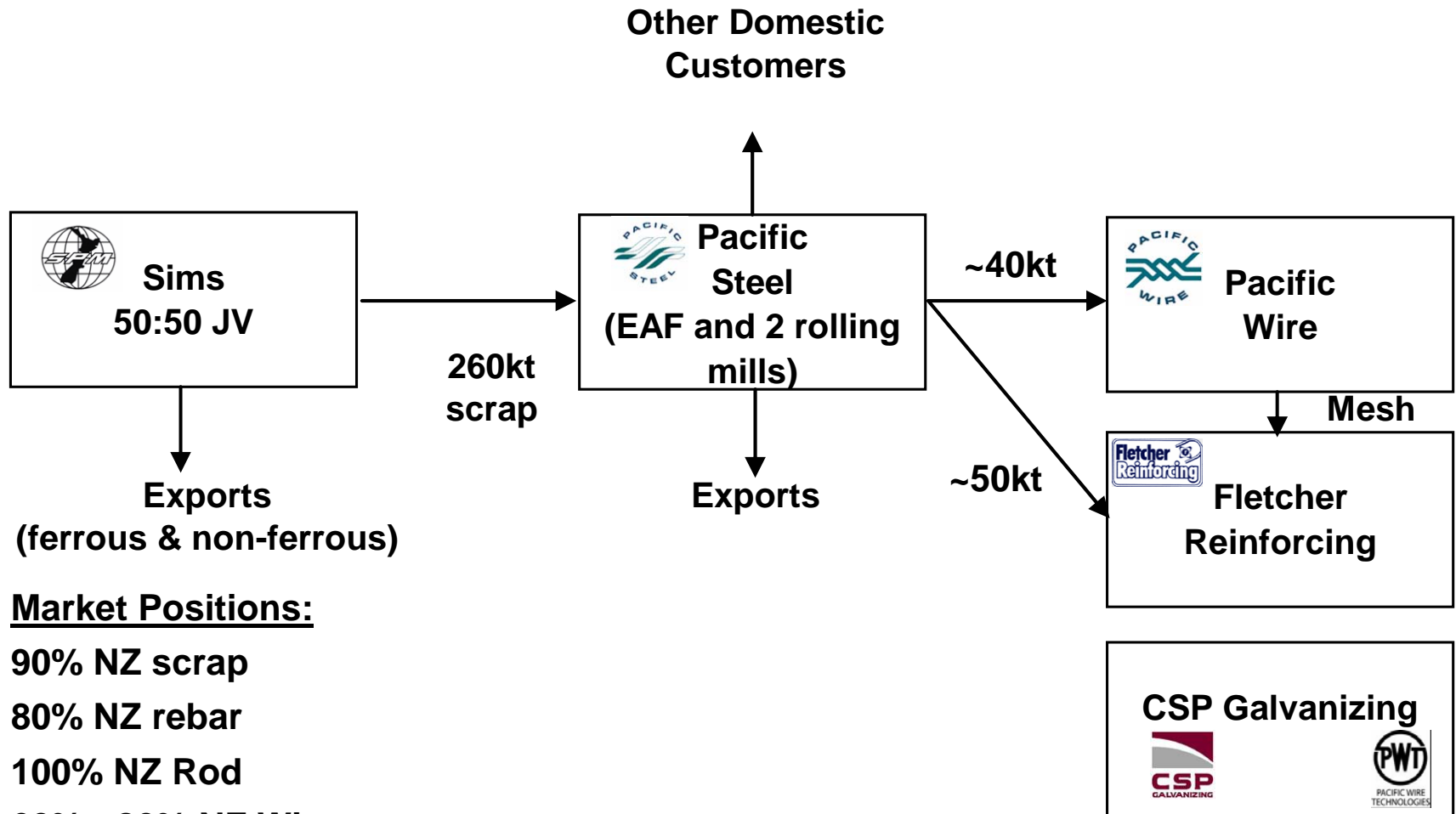
Shingle

# Global Operations





# The Pacific Steel Group value chain



## Market Positions:

90% NZ scrap

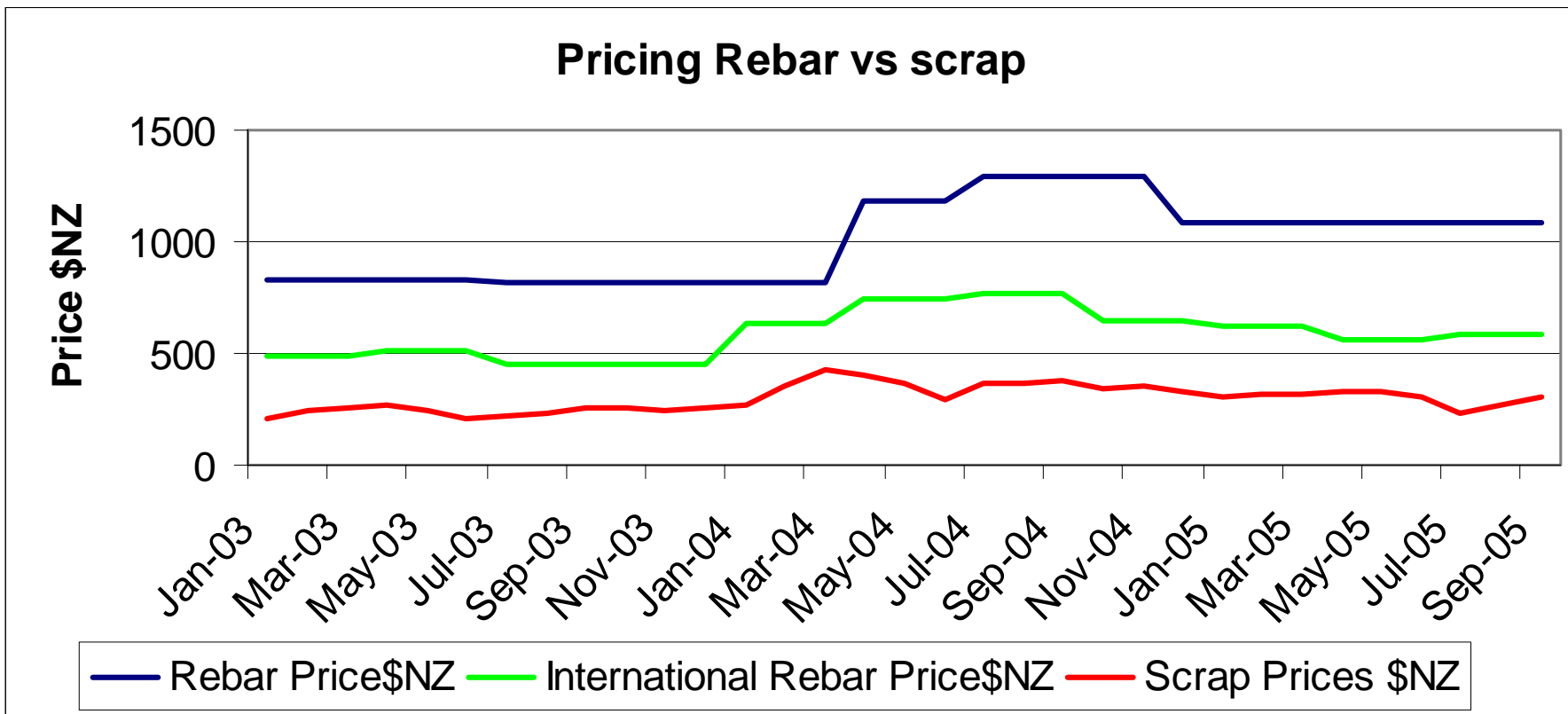
80% NZ rebar

100% NZ Rod

60% - 80% NZ Wire

Source: Management Estimates

# Pacific Steel Group



**Critical – maintaining spread**

# Pacific Steel Group

## Innovation

- Electro-Magnetic wiping
- Zinc Aluminium wire
- Coloured wire
- Reid Bar
- Galvanised Rebar
- Bar marking

# Other Building Products Businesses

- Easysteel
- Fletcher Aluminium
- Tasman Sinkware
- Tasman Access Floors

# Other Businesses



- Easysteel is a leading stockist and distributor of long and flat sheet products across 13 nationwide locations, servicing 10,000 customers across the whole NZ economy
- Revenue up 18% on last year, earnings up 46%, which was up 16% and 46% respectively the previous year before that
- New facilities planned for a number of branches to improve distribution footprint
- The regional distribution centre established in Auckland in 2003 has improved warehousing and freight costs per tonne
- A similar distribution facility in Christchurch is to be commissioned in early 2006

# Other Businesses



FLETCHER  
ALUMINIUM

- Designer and manufacturer of premium architectural window and door systems and other aluminium products to both domestic and international customers.
- Franchisee distribution network. Single site extrusion and finishing facilities
- Launched a number of innovative product solutions including patented bi-fold door systems and trackless sliding doors



Flush folding bi-fold doors

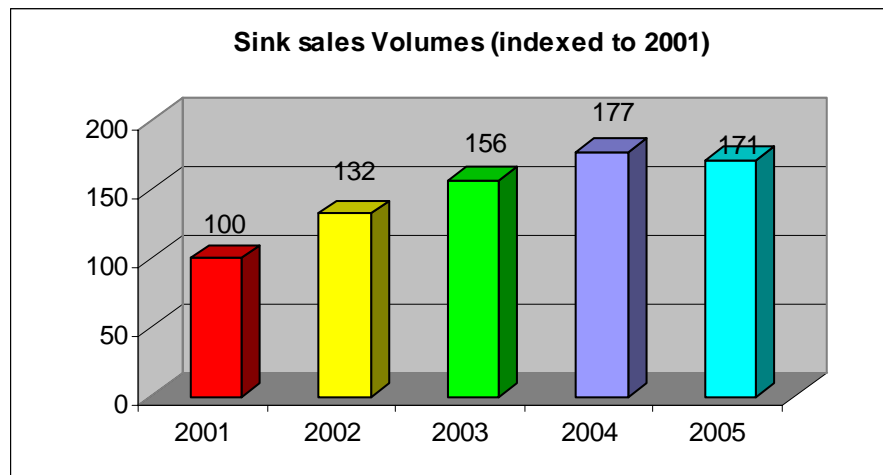


Trackless sliding doors

# Other Businesses



- Leading manufacturer of stainless steel sinkware in Australia.
- Modern manufacturing facility in Adelaide, South Australia
- Record exports in 2005, particularly to the USA.
- A number of new designs are under development in 2005/2006.



# Other Businesses

- Tasman Access Floors Pty Limited is recognised as Australia's market leader of raised access floors; with over 20 years of experience in design, manufacture, supply and installation of access floor systems
- The sole manufacturer of raised access floors in Australia with over 1.2 million square metres of installed base
- Under floor air provides further opportunity for raised access floors





**Fletcher**Building