

# Infrastructure Division

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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.



# Building on a solid core: FY05 - FY06 comparison New Zealand

## AGGREGATES



Revenue +7%

EBIT +21%

Market share  
(Auckland) 40%

## CEMENT



Revenue +6%

EBIT +11%

Market share 52%

## CONCRETE & PRODUCTS



Revenue +2%

EBIT - 4%

Market share  
(RMC) 30%

## CONSTRUCTION



Revenue +22%

EBIT +26%

Homes sold 321

Source: Fletcher Building business units

Growing Infrastructure





# Building on a solid core: FY05 – FY06 comparison Australia

## ROCLA PIPES



Revenue	+8%
EBIT	+12%
Market share	35%
EVA positive	
Infrastructure outlook positive	

## ROCLA QUARRIES



Revenue	+7%
EBIT	-10%
Sydney market soft	
Other states strong	
EVA positive	

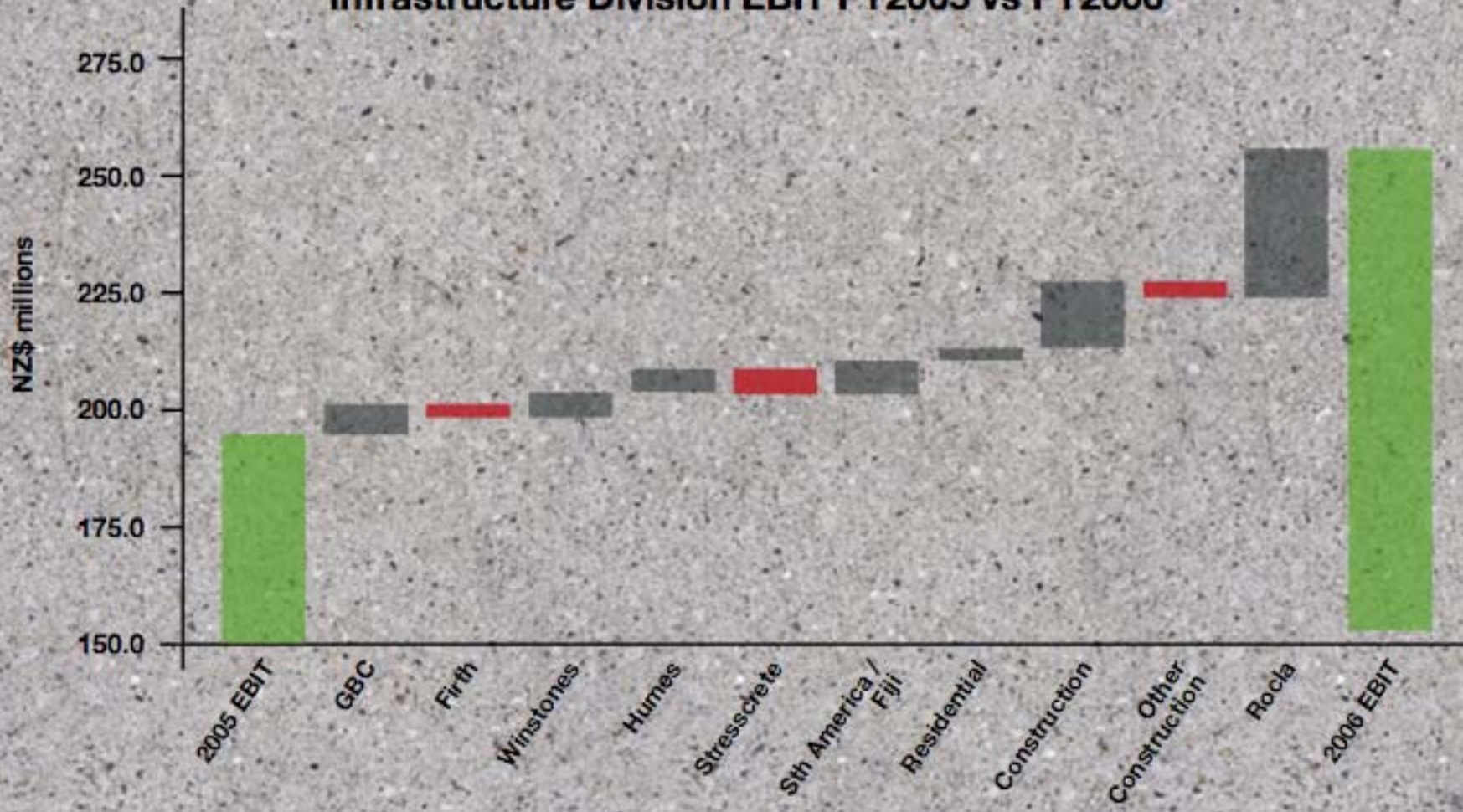
Source: Rocla Pipeline Products, Rocla Quarry Products

Growing Infrastructure



# Continuing strong financial performance

Infrastructure Division EBIT FY2005 vs FY2006

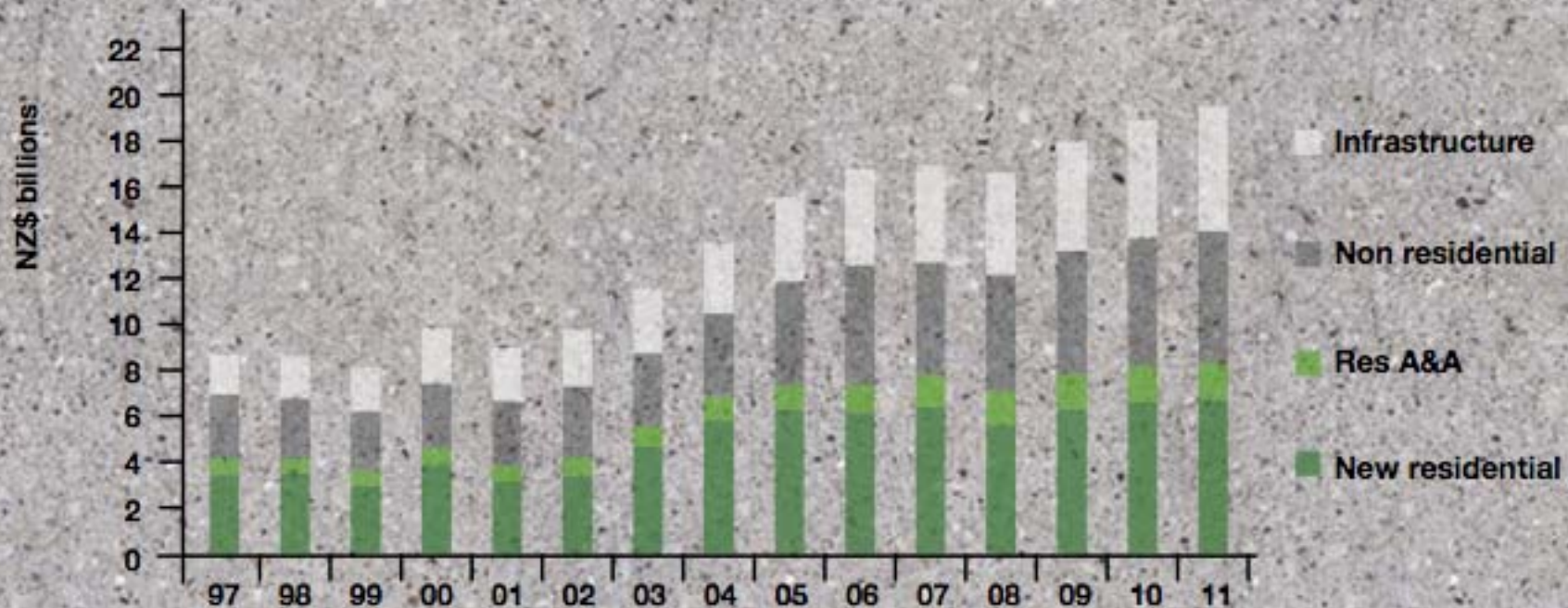


Growing Infrastructure



# NZ Construction market forecast

Total Construction: NZ\$b June years 1995/96 prices



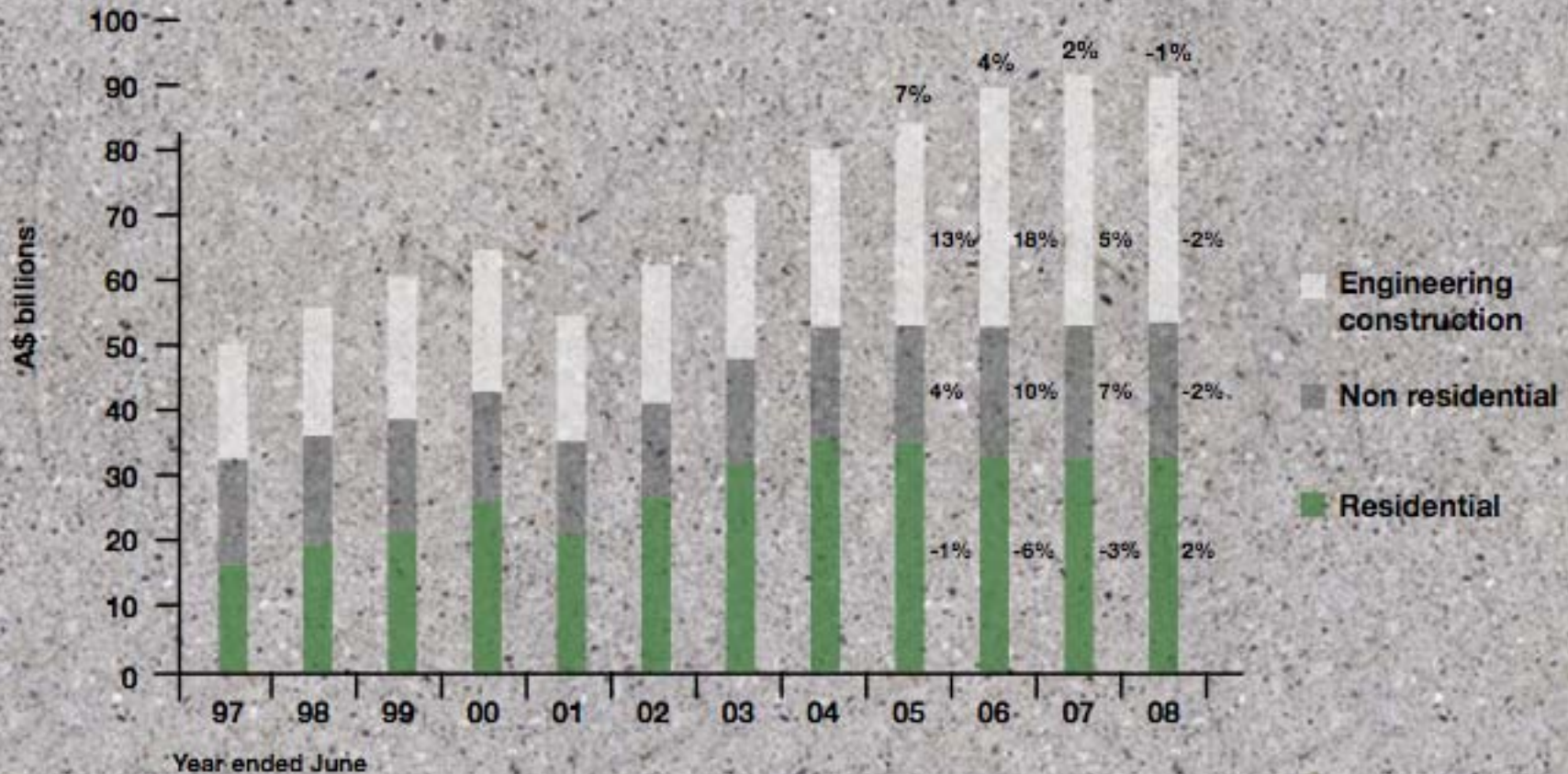
Source: Infometrics Nov 06

Growing Infrastructure



# Australian Construction market forecast

Total Construction: A\$b 1993/94 prices



Source: BIS Shrapnel September 06

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# FBL Construction materials volumes

## Sales Volumes (000's)

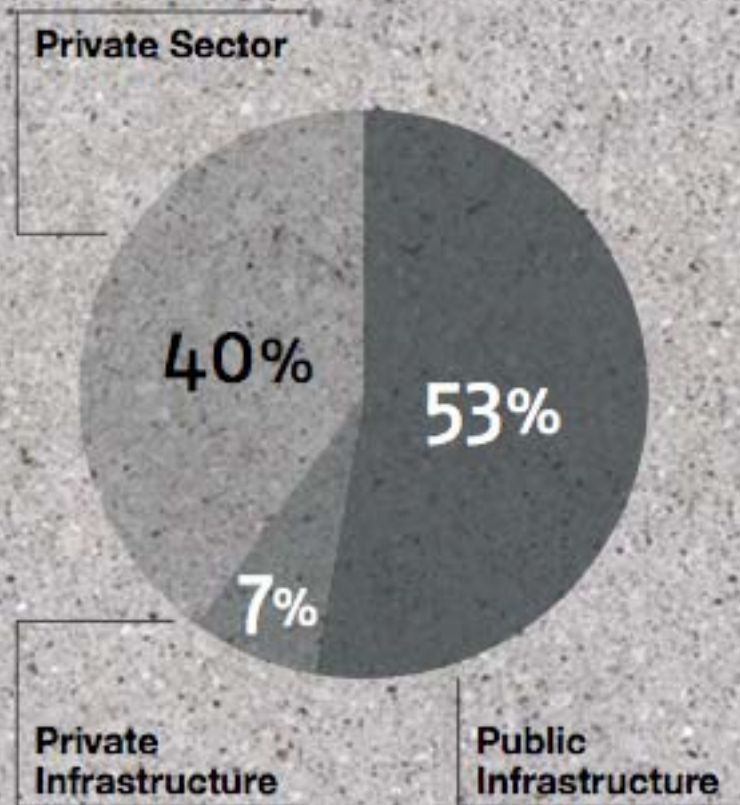
		2002	2003	2004	2005	2006
NZ Concrete	m3	863	930	999	1063	1082
NZ Aggregates	m3	3834	4109	3984	4285	4408
NZ Concrete Pipe	tonnes	74	83	82	88	82
NZ Pipeline, Precast	tonnes	35	36	33	32	32
AUS Pipeline, Precast	tonnes	358	389	437	433	468
AUS Quarries - sand	tonnes	6104	6710	7794	6821	8046

Source: Fletcher Building business units



# Infrastructure: a positive environment

Construction Backlog \$650m  
at Oct 06



Source: Fletcher Construction backlog

Growing Infrastructure



# Infrastructure: major projects in progress

Auckland University Business School	\$150m
Wellington Hospital	\$147m
Northern Busway	\$190m
Stamford Plaza	\$115m



Wellington Hospital



*North Shore Busway - Parnapepa (South view)*

Northern Busway

Stamford Plaza extension

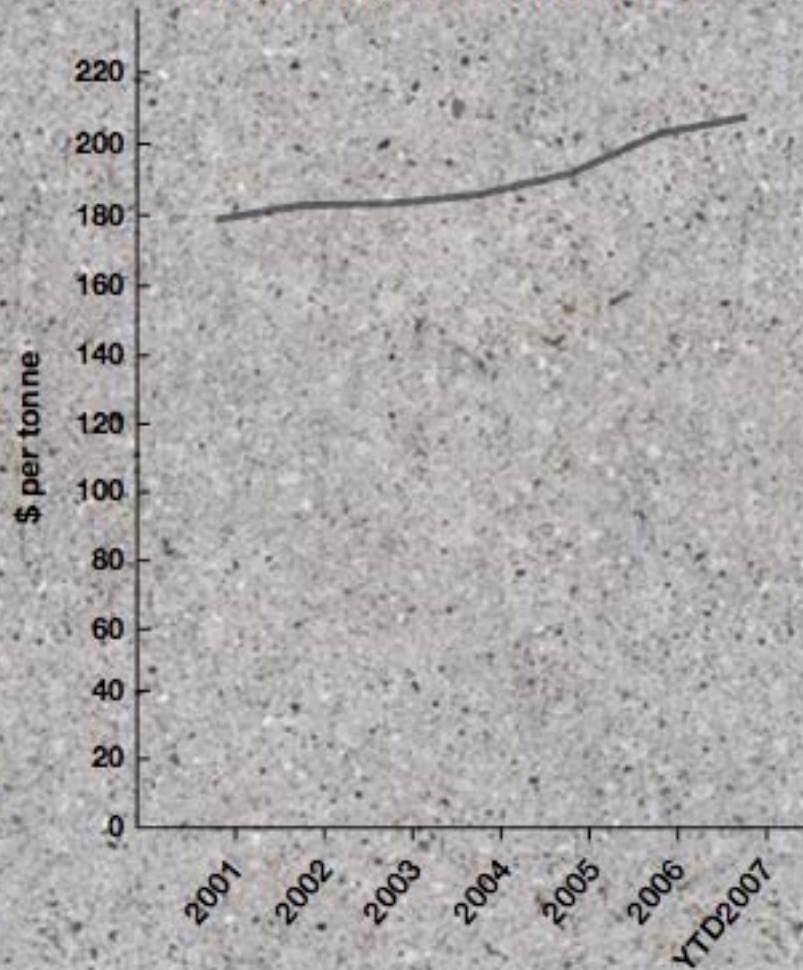


Source: Fletcher Construction



# Strategic focus: maximising margin

Domestic Cement Prices



## Cement

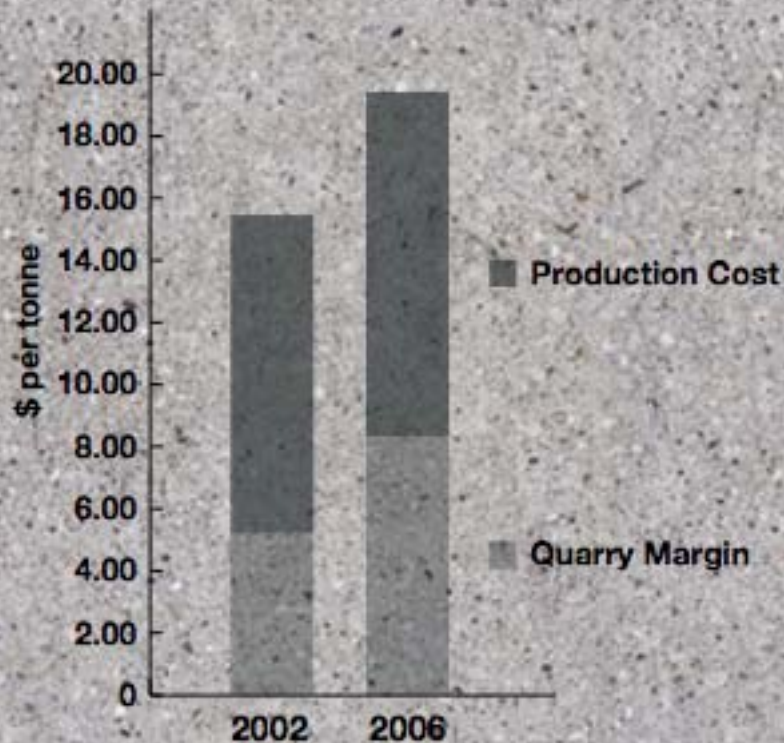
- Price increases restrained by import parity.
- Price increase of \$7.60 per tonne announced, effective 1 February 2007.
- Manufacturing cost benefits will be maximised with completion of the upgrade.

Source: Golden Bay Cement



# Strategic focus: maximising margin

**Winstone Aggregates**  
Average Selling Price



Source: Winstone Aggregates

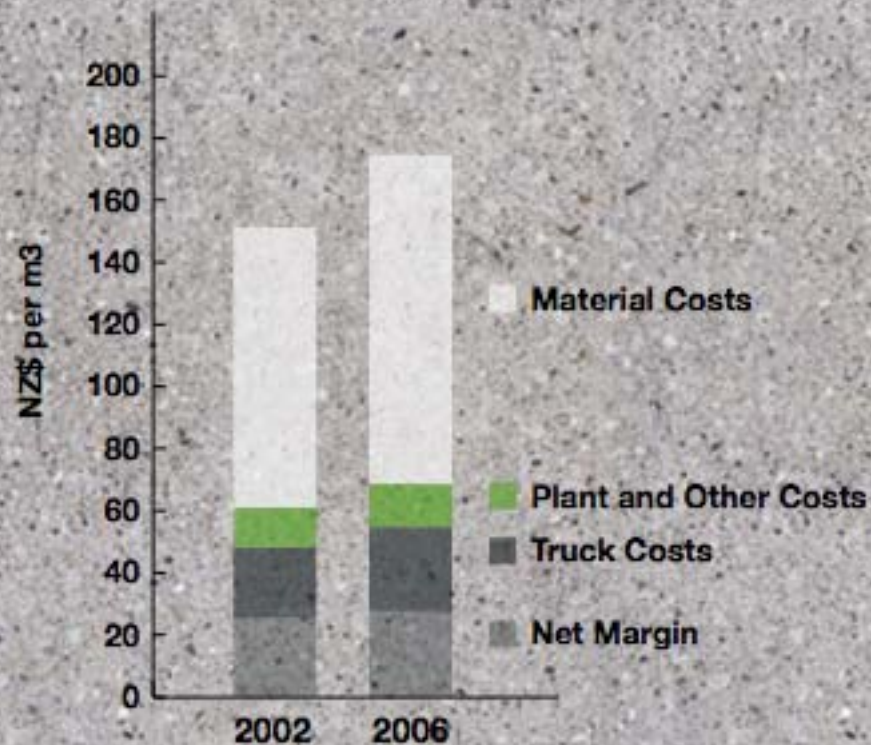
## Aggregates

- Prices increased on manufactured product.
- Operational improvements are reducing costs further this year.



# Strategic focus: maximising margin

**Firth RMC**  
Average Selling Price



Source: Firth

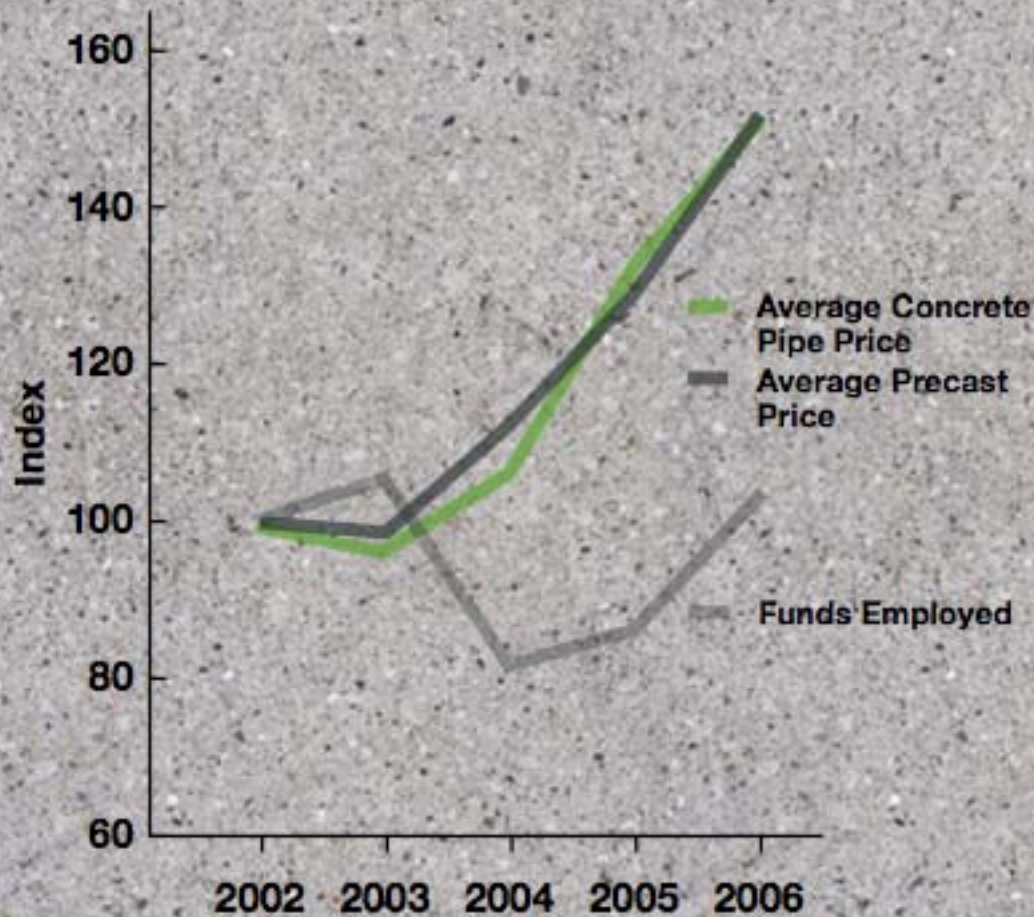
## Ready mix concrete

- Price leadership.
- Demand conditions might lead to softer prices.
- Increased material and distribution costs have successfully been passed on.



# Strategic focus: maximising margin

Humes Pipe Pricing & Capital Efficiency



## Concrete pipe

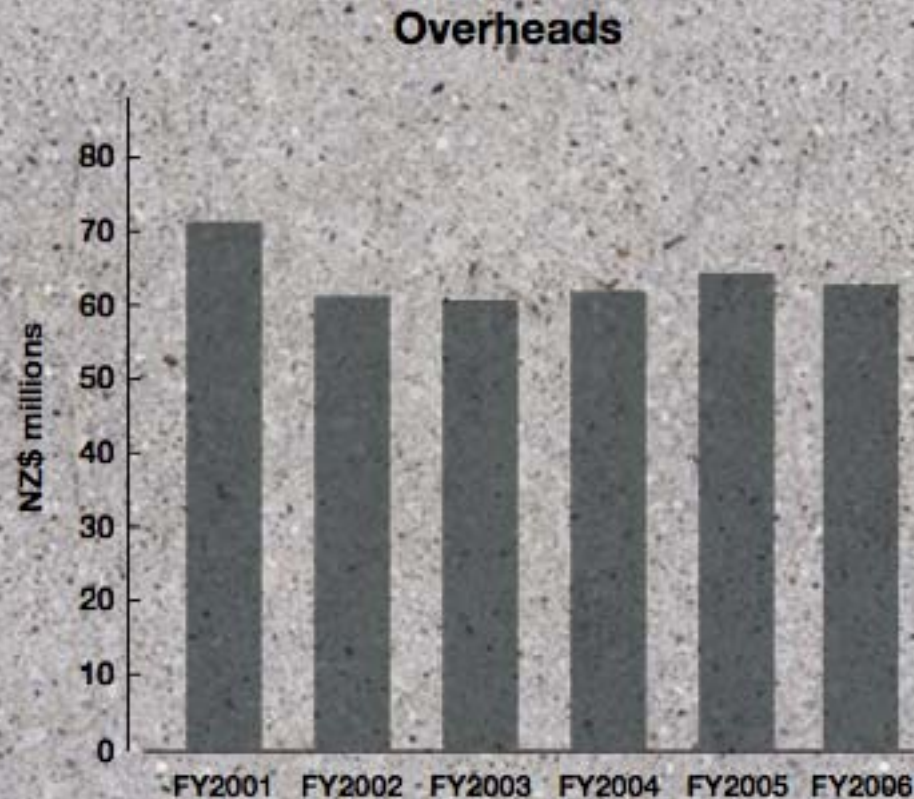
- Price increases more subdued.
- Significant EBIT growth.
- Developing a plastics position.

Source: Humes Pipeline Systems



# Strategic focus: minimising costs

## NZ concrete operations



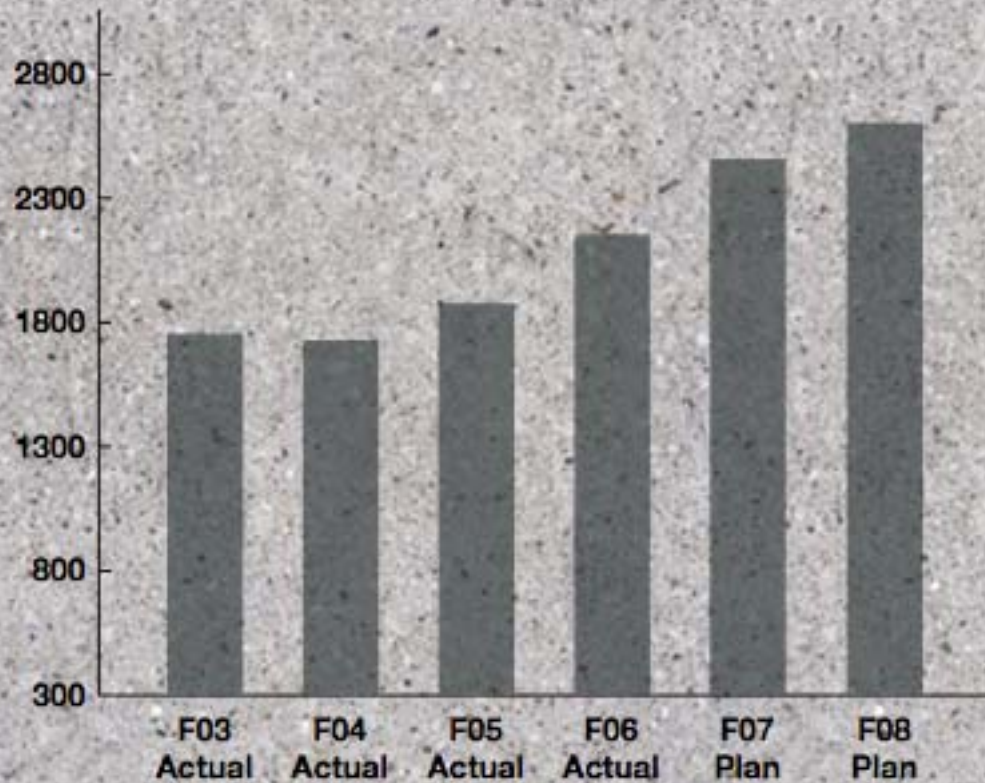
- Large cost-out in FY2002.
- Subsequent increases below inflation.
- Limited pressure on overhead going forward.

Source: Infrastructure Div management



# Strategic focus: positioning for organic growth

Portland Clinker Production (tpd)



- Targeted volumes met on commissioning

Source: Golden Bay Cement



# Strategic focus: positioning for organic growth



Whangaripo

- Capacity: 450k tpa
- JV with Fulton Hogan
- Sales to commence Jan 07



Kaipara

- Increased sand volumes consented.
- Barge operational.



Hunua

- Volumes remain strong.
- Symonds Hill consent process on schedule.



# Strategic focus: positioning for organic growth



## Growth in NZ concrete business

- 1 x concrete business acquired.
- 7 x greenfield concrete plants committed this year.
- 2 x further RMC opportunities being considered.



# Strategic focus: core construction competency



## People & plant

- CAPEX

06	07 forecast
\$16m	\$11m

- Employee growth (NZ based)

Increase from 976 – 1172  
over the last financial year

Source: Fletcher Construction



# Strategic focus: secure key land assets



Jacks Point – Queenstown  
200 sections.

Subdivision opened October 2006,  
with 6 house & land packages sold.

Total residential land-bank: 1642 lots – with 321 sold in FY06



LAQ – Auckland

800 sections.

Supply period Jan 07-2011  
(+ option on balance of resid. lots)



# Strategic focus: positioning for organic growth



- Large investment in sleeper plants by Rocla Pipes
- New pebble quarry acquired
- Two new quarries under consideration



# Outlook Infrastructure Division FY07 – FY09

Volumes	marginally down
Margins	still strong but some pressure
Overheads	contained
Return on Funds	strong





# Questions