



FletcherBuilding

Fletcher Building Limited Annual Results 2006

9 August 2006



FletcherBuilding

Disclaimer

This annual results presentation dated 9 August 2006 provides additional comment on the media release of the same date. As such, it should be read in conjunction with, and subject to, the explanations and views of future outlook on market conditions, earnings and activities given in that release.

Highlights

NPAT
\$379 million

EPS 81.3 cps

Geographic and product market diversification continue to deliver improved earnings despite softer markets

Increased Returns
To Shareholders

Total dividend increased 25% to 40 cps. TSR of 40% for the 12 months

Progress With
Growth Projects

\$100m+ committed and in progress

Summary of Results

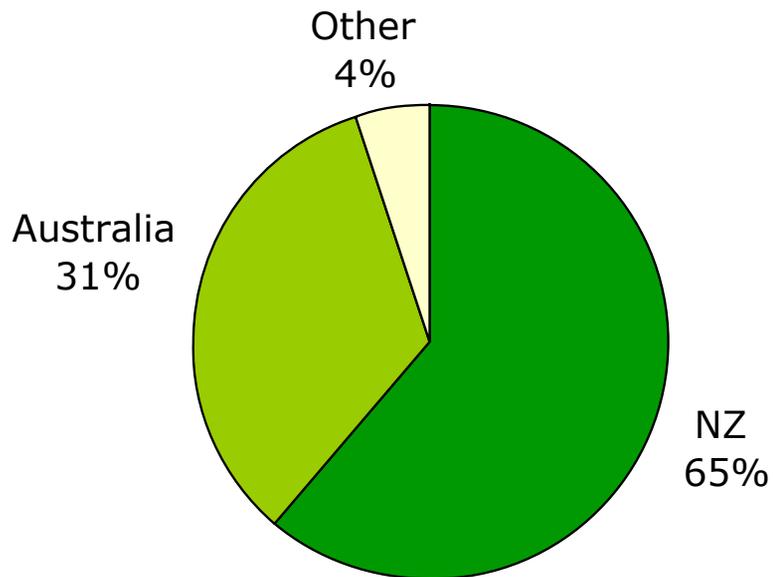
\$m	June 2006 12 Mths	June 2005 12 Mths	% YOY Change
Revenue	5520	4636	+19
EBITDA	819	742	+10
EBIT	675	612	+10¹
Net Earnings	379	347	+9
EPS (cents)	81.3	77.6	+5
Dividend cps	40.0	32.0	+25

¹ If EBIT was adjusted for full year of Amatek in 2005, the YOY change becomes +3%

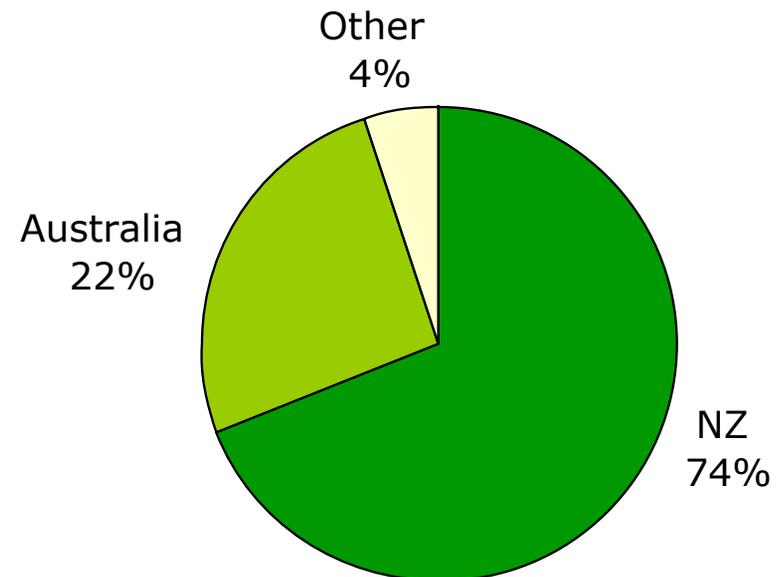
Geographic Diversity

Operating Earnings

12 Months June 06



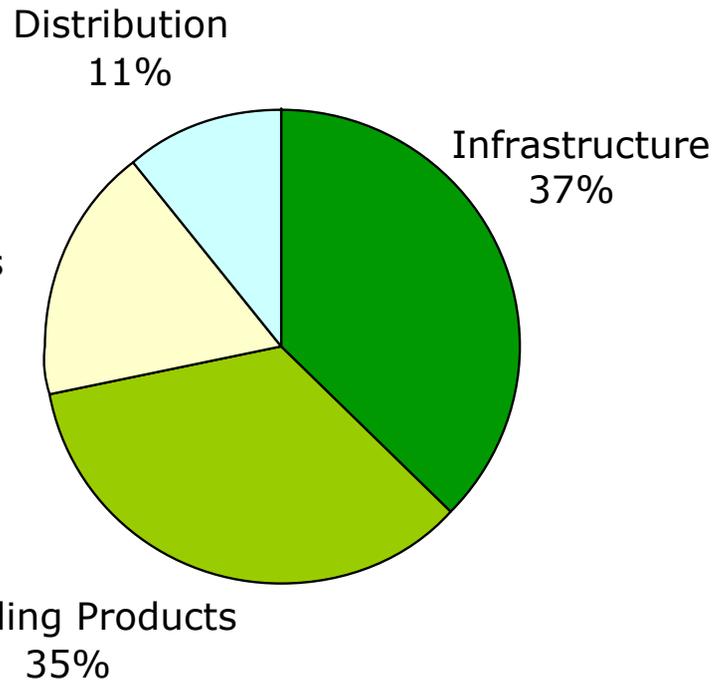
12 Months June 05



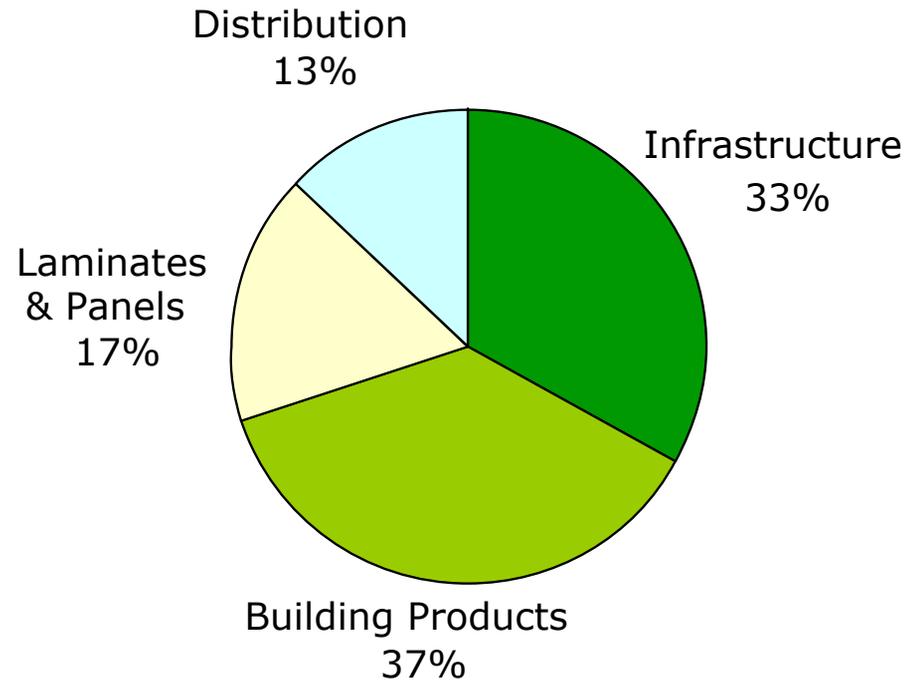
Market Diversity

Operating Earnings

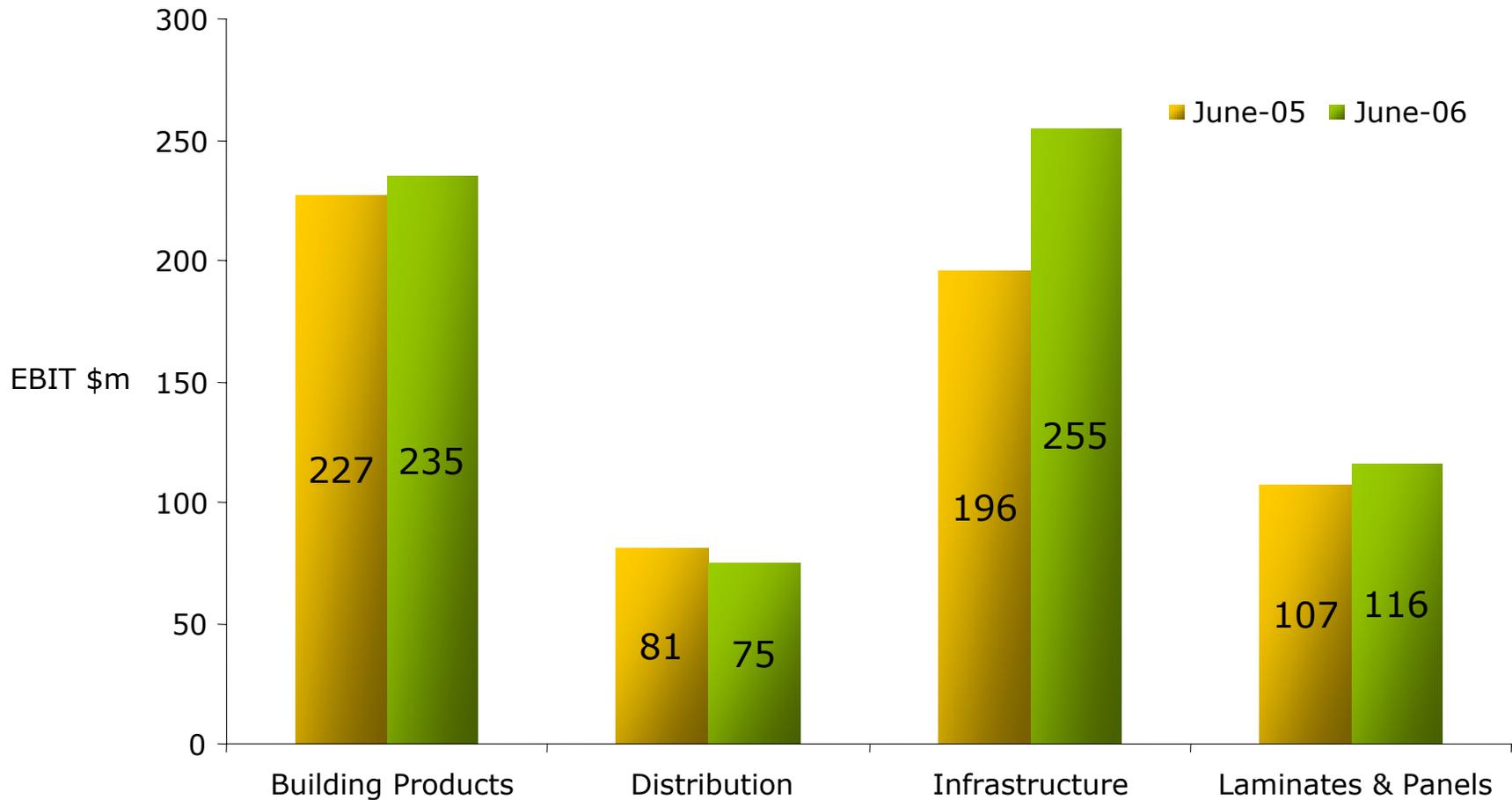
12 Months June 06



12 Months June 05



Strong Earnings In All Divisions





Building Products

Building Products Results

\$m	June 2006 12 Mths	June ¹ 2005 12 Mths	% YOY Change
Revenue	1711	1324	+29
EBIT	235	227	+4
Margin	13.7%	17.1%	-20
Funds	972	883	+10
Return on Funds	24.2%	27.7% ²	-13

¹ Includes 4 months of Amatek

² Proforma returns based on 12 months of Amatek

Building Products

Plasterboard

- ❑ Volumes down 5% on pcp due to New Zealand residential slowdown but EBIT maintained at 97% of pcp.
- ❑ Market share maintained and performance boards held at 46% of volume.
- ❑ New \$10 million distribution centre in Auckland with planning underway for a similar centre in Christchurch.

Building Products

Insulation

- ❑ Demand has held up well in Australia and New Zealand.
- ❑ Initially some market share loss in Australia as a result of merger, but now being regained.
- ❑ Synergies being realised ahead of original plan.
- ❑ New Zealand earnings ahead of pcp.

Building Products

Rollforming

- ❑ A very pleasing result with Stramit, Dimond and Pacific Coil Coaters all well up on pcp.
- ❑ Stramit IT implementation completed successfully.

Building Products

Metal Roof Tiles

- ❑ Good demand in export markets with New Zealand earnings up on pcp.
- ❑ US earnings down NZ\$5m on pcp as last year had exceptional 'hailstorms related' upside.
- ❑ Good strong export demand.
- ❑ Malaysian plant operating well.

Building Products

Long Steel Products

- ❑ Good volumes in all markets.
- ❑ Still subject to price volatility.
- ❑ Production impacted by installation of Tempcore and electricity outage.
- ❑ Results down \$12m on pcp but earnings still above WACC.

Building Products

Other Businesses

- ❑ Steel distribution, Fletcher Aluminium, Tasman Sinkware and Access Floors all performed well in tighter markets and collectively were 90% of pcp.
- ❑ Standout performance from Sinkware which was ahead of pcp in a very tough Australian residential market.



Distribution



Distribution Results

\$m	June 2006 12 Mths	June 2005 12 Mths	% YOY Change
Gross Revenue	956	920	+4
EBIT	75	81	-7
Margin	7.8%	8.8%	-11
Funds	132	116	+14
Return on Funds	56.8%	69.8%	-19

Distribution

- ❑ Very pleasing result with earnings only 7% behind exceptional pcp in a very competitive New Zealand residential market.
- ❑ Market share gain offset margin and cost pressures.
- ❑ New stores opened / In progress
 - Seaview (refit)
 - Kerikeri
 - Invercargill
 - Te Rapa
 - Papakura (Jul)
 - Wanaka (Aug)
 - Nelson (Sep)

Infrastructure



Infrastructure Results

\$m	June 2006 12 Mths	June ¹ 2005 12 Mths	% YOY Change
Revenue	1823	1441	+27
EBIT	255	196	+30
Margin	14.0%	13.6%	+3
Funds	766	660	+16
Return on Funds	33.3%	34.2% ²	-3

¹ Includes 4 months of Amatek

² Proforma returns based on 12 months of Amatek

Infrastructure

Golden Bay Cement

- ❑ Strong domestic demand with EBIT up 11% on pcp despite disruption from expansion project.
- ❑ Cement kiln upgrade programme to be completed in September 2006.
- ❑ On completion, total cost circa \$100m with EBITDA benefits of \$25m+ pa.
- ❑ Final stage Gas Train Modifications will lift output from 2200 tpd to 2500 tpd.

Infrastructure

Firth

- ❑ Ready mix volumes similar to last year despite residential slowdown.
- ❑ Paving and masonry volumes were down.
- ❑ Earnings 94% of pcp due to reduced demand in masonry.

Infrastructure

Winstone Aggregates

- ❑ Record volumes on back of strong roading market.
- ❑ Improved results from better quarry management and price increase.
- ❑ Upgrades completed at Hunua, Whitehall and Helensville.

Infrastructure

Humes

- ❑ Strong margin management led to substantial lift over pcp.
- ❑ Good prospects remain.

Stresscrete

- ❑ Disappointing performance during period.
- ❑ Solid backlog of work.

Infrastructure

Rocla Quarries & Pipeline Products

- ❑ Overall, pleasing results ahead of pcp in a softer Australian market.
- ❑ Quarry expansions in NSW.
- ❑ Growth in non-pipeline products and A\$116 million railway sleeper contract obtained.

Infrastructure

International

Fiji

- ❑ Small operation well up on pcp.

Peru

- ❑ A good performance on the back of a strong mining sector and well up on pcp.

Exit is the preferred course for both of these operations

Infrastructure

Construction

- ❑ Excellent results in a strong market.
- ❑ Results benefited from the close out of some major projects.
- ❑ Major projects underway at 30 June:
 - Auckland University Business School
 - Central Motorway Junction
 - North Shore Busway
 - Wellington Hospital
 - Stamford Plaza Upgrade

Infrastructure

Construction (cont.)

- ❑ Backlog \$800m+ at June 2006.
- ❑ UK land sales contributed \$10m EBIT during the period.

Infrastructure

Residential

- ❑ House sales similar to last year but earnings up 14% on pcp.
- ❑ Demand still holding.
- ❑ Commenced building on Lunn Avenue, Auckland and Queenstown.
- ❑ Good land positions key to future earnings.



Laminates & Panels

Laminates & Panels Results

\$m	June 2006 12 Mths	June 2005 12 Mths	% YOY Change
Revenue	1027	948	+8
EBIT	116	107	+8
Margin	11.3%	11.3%	
Funds	920	789	+17
Return on Funds	12.6%	13.6%	-7

Laminates & Panels

- ❑ Strong performance despite generally difficult market conditions.
- ❑ Overall improved earnings despite many input cost increases in both Australia and New Zealand.
- ❑ Acquired O'Briens in May 2006.
- ❑ New products introduced throughout the year.
- ❑ New wood fibre agreement concluded for Queensland plant.

Laminates & Panels

- ❑ Sawmilling and resin manufacturing joint ventures performed well and in line with pcp.

- ❑ Growth projects underway include:
 - Particle board capacity expansion
 - Componentry
 - Resin manufacture
 - Wespine sawmill capacity expansion.

Earnings After Tax

\$m	June 2006 12 Mths	December 2005 6 Mths	June ¹ 2005 12 Mths
EBIT	675	335	612
Interest	-88	-45	-77
Tax	-189	-90	-166
Minority Interests	-19	-10	-22
Profit After Tax	379	190	347

1. Restated for IFRS

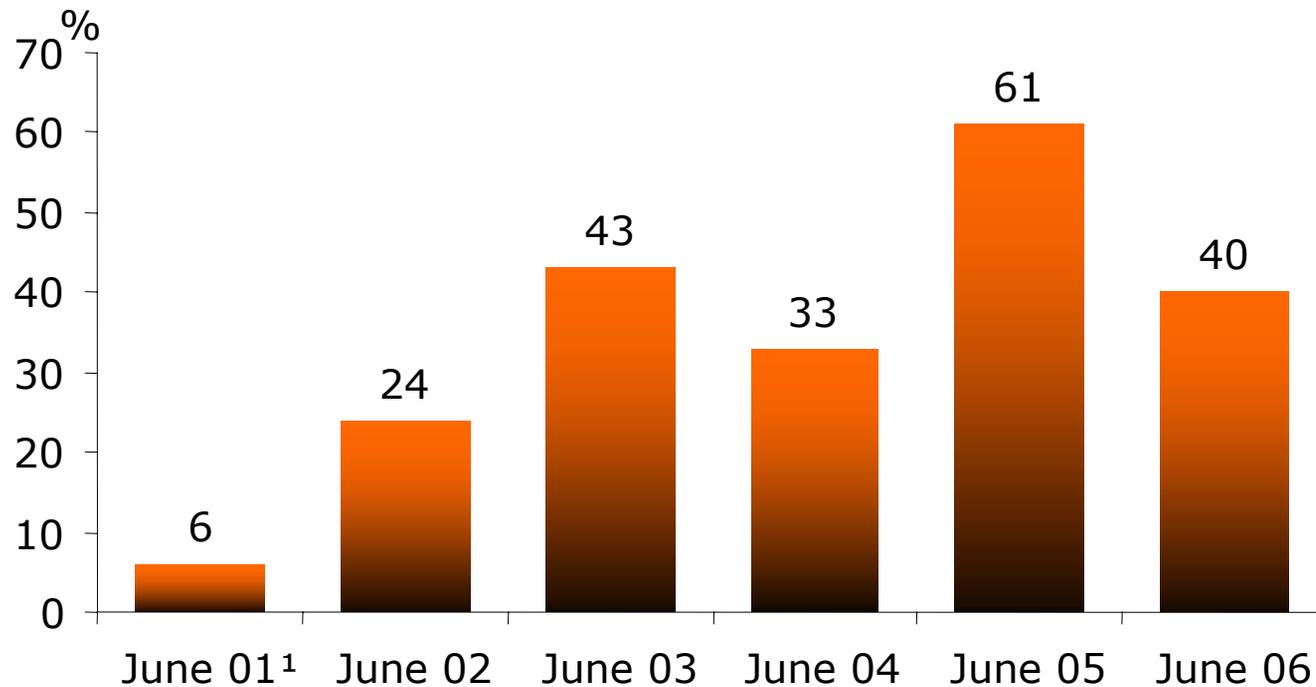
Simplified Balance Sheet

	June 2006 NZ\$m	June ¹ 2005 NZ\$m
Assets		
Current Assets	1650	1433
Fixed Assets	1569	1392
Intangibles & Goodwill	597	514
Provision for Deferred Taxation	29	86
Investments	129	119
	<hr/>	<hr/>
Total Fletcher Building Assets	3974	3544
Liabilities		
Current Liabilities	1113	977
Net Debt	1061	1140
Total Fletcher Building Liabilities	2174	2117
Equity		
Equity & Minority Interests	1800	1427
	<hr/>	<hr/>
Total Fletcher Building Liabilities and Equity	3974	3544

1. Restated for IFRS

Key Ratios

Total Shareholder Return (TSR)²

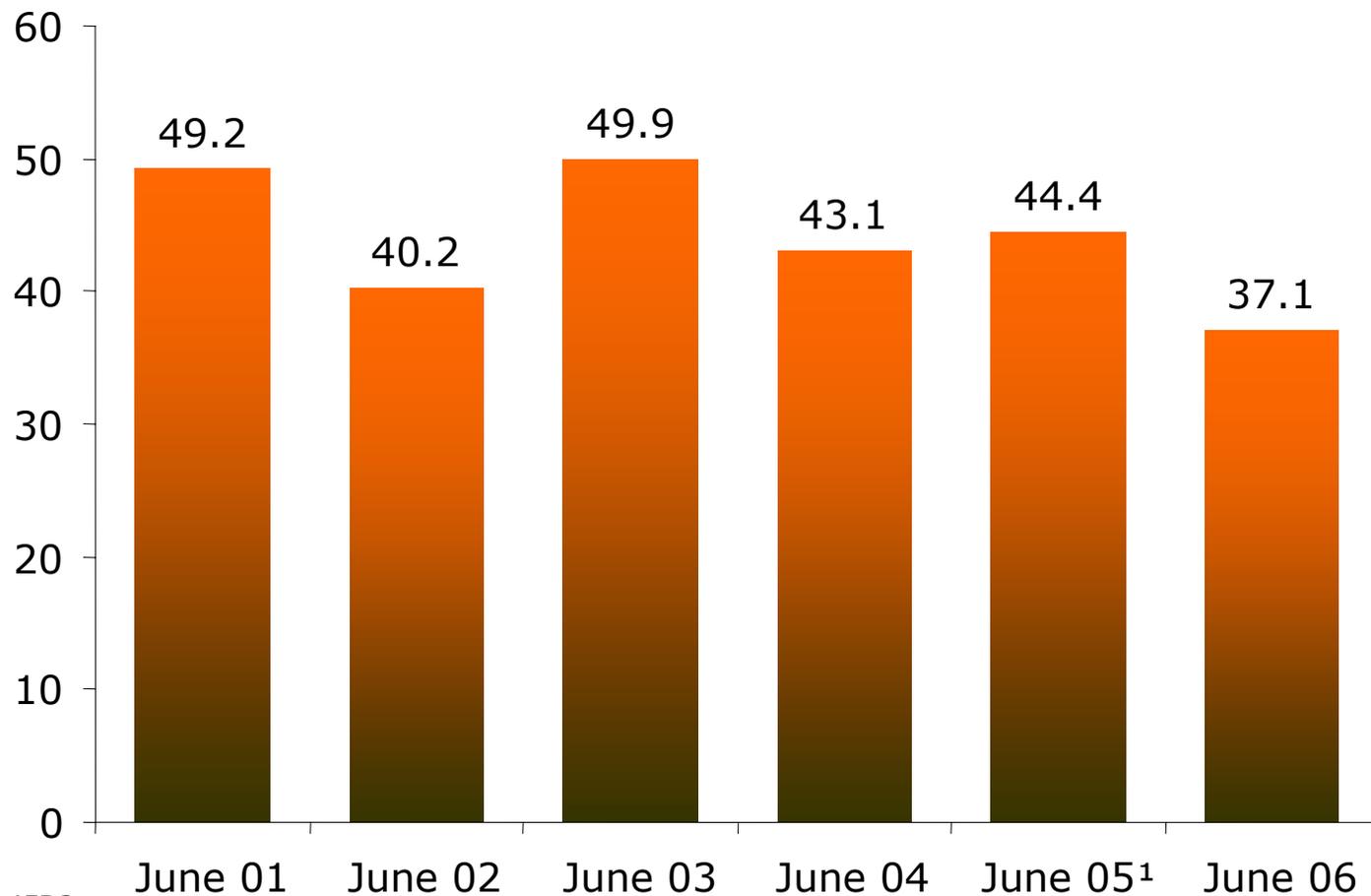


1. June 01 is the return for the 3 months from separation date

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

Key Ratios

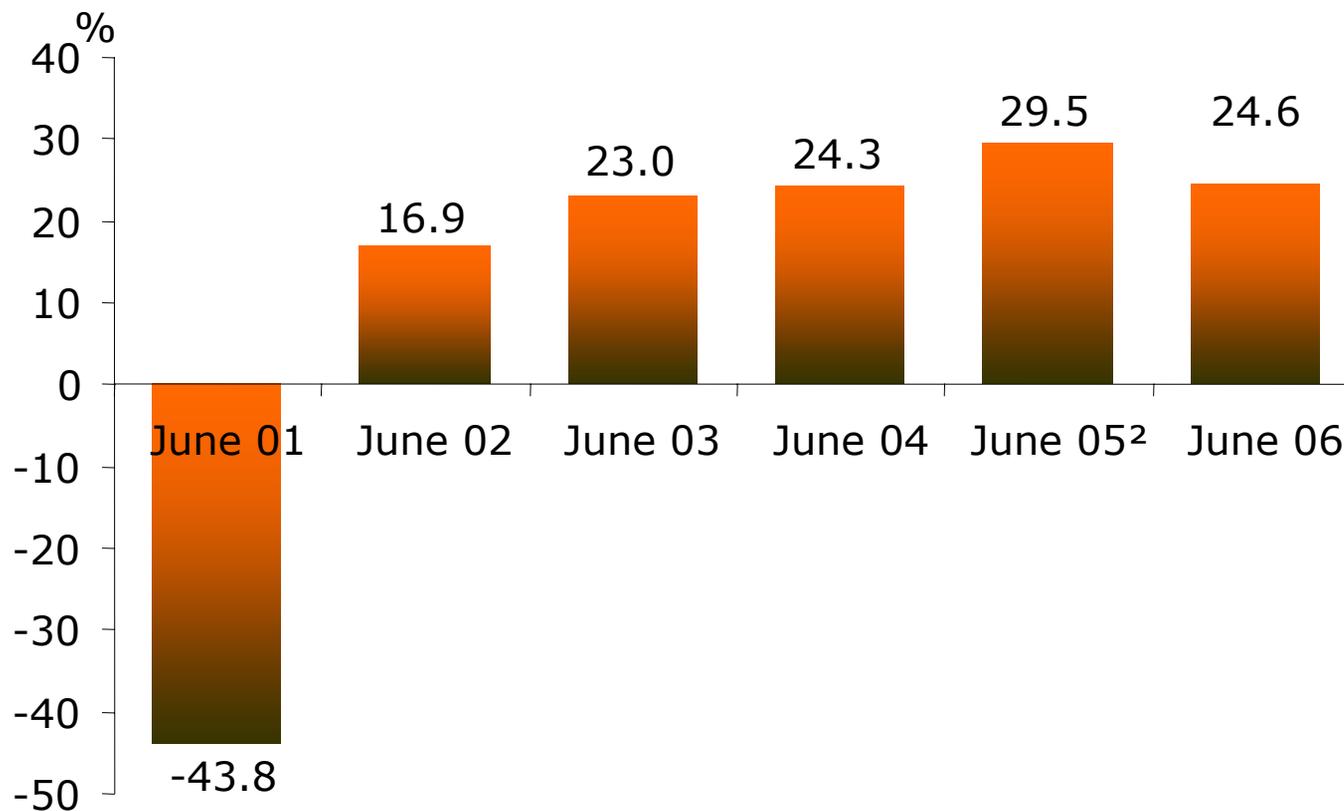
Debt/Debt Plus Equity



1. Restated for IFRS

Key Ratios

Return on Average Equity¹

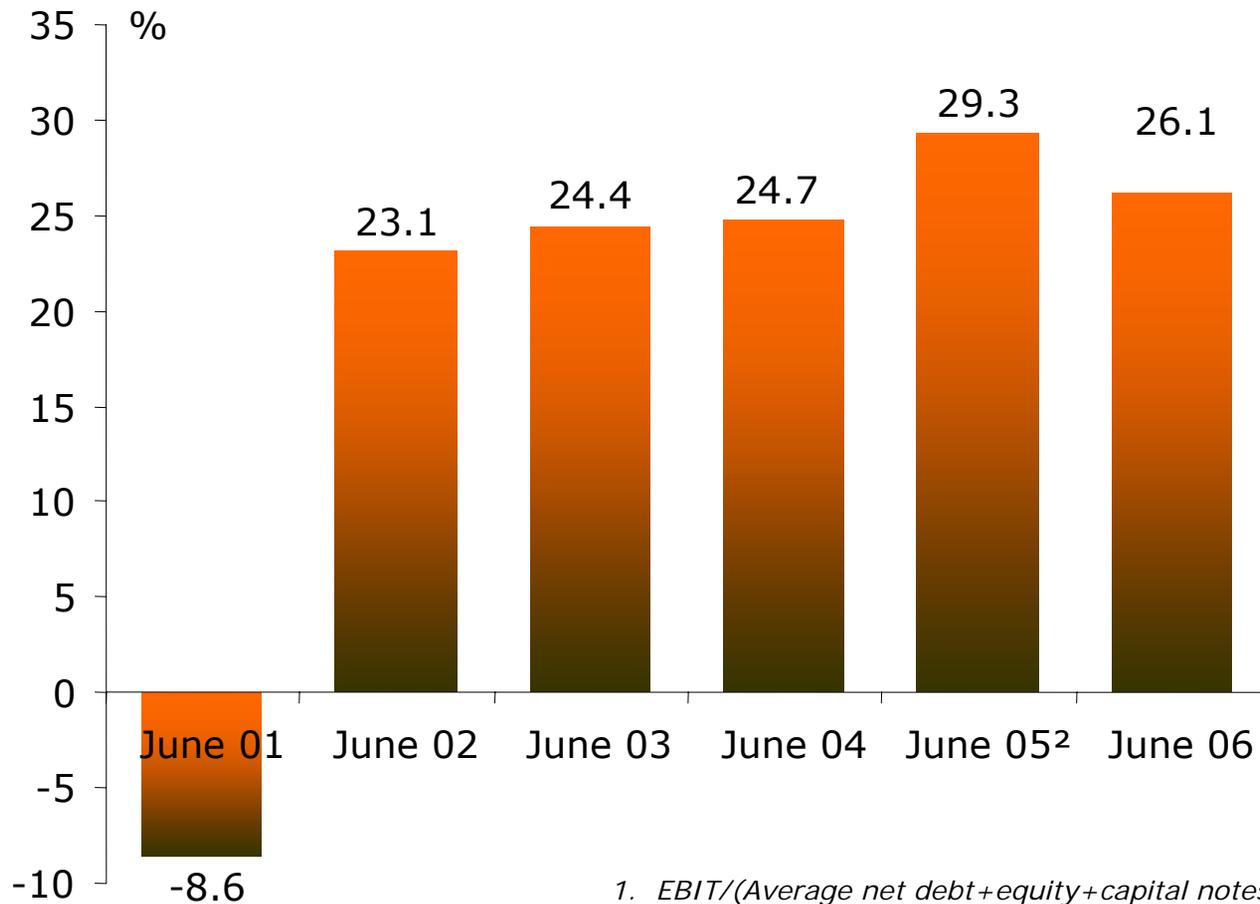


1. Net earnings after capital notes interest/shareholders funds

2. Restated for IFRS

Key Ratios

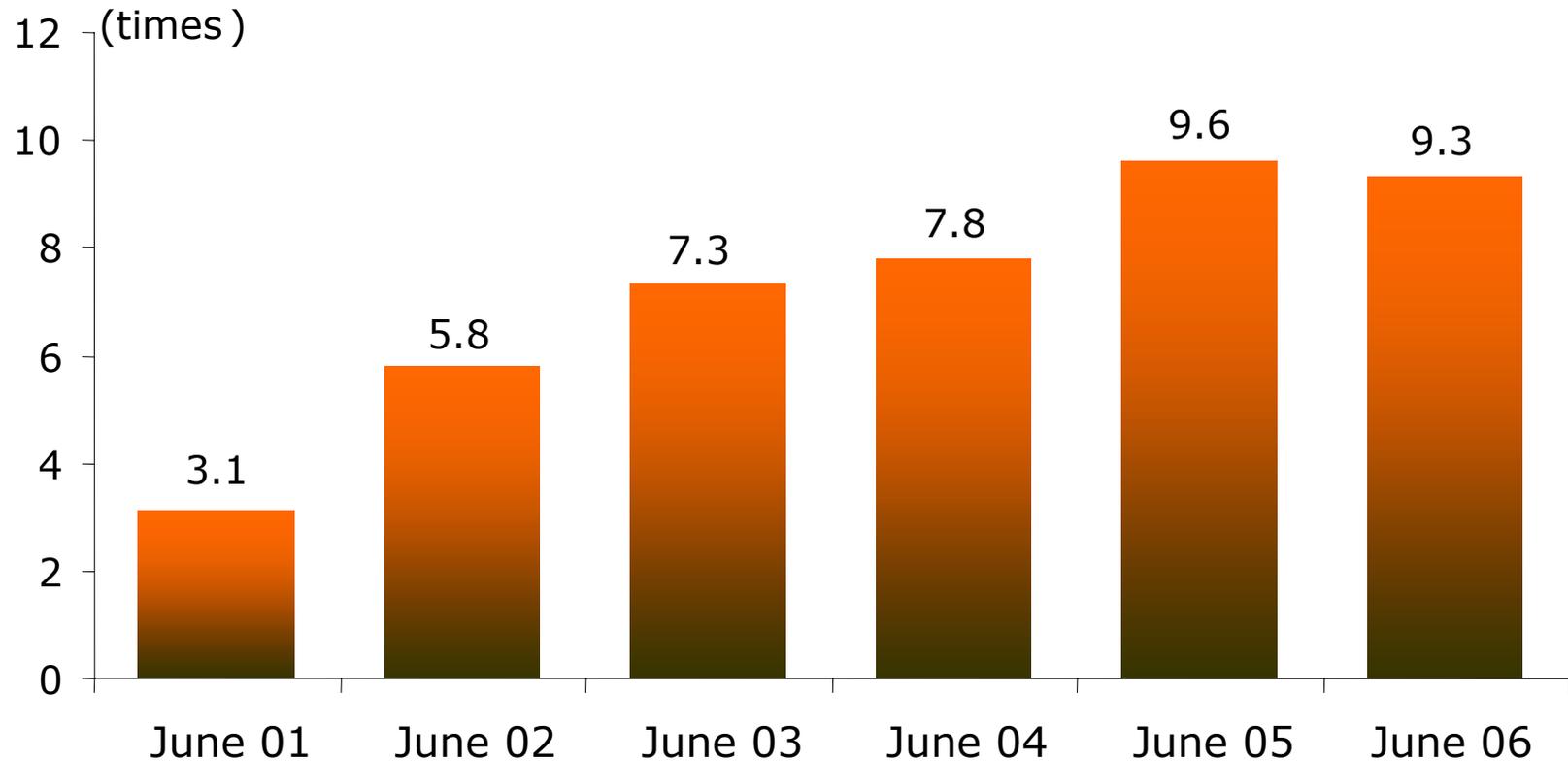
Return on Average Funds¹



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

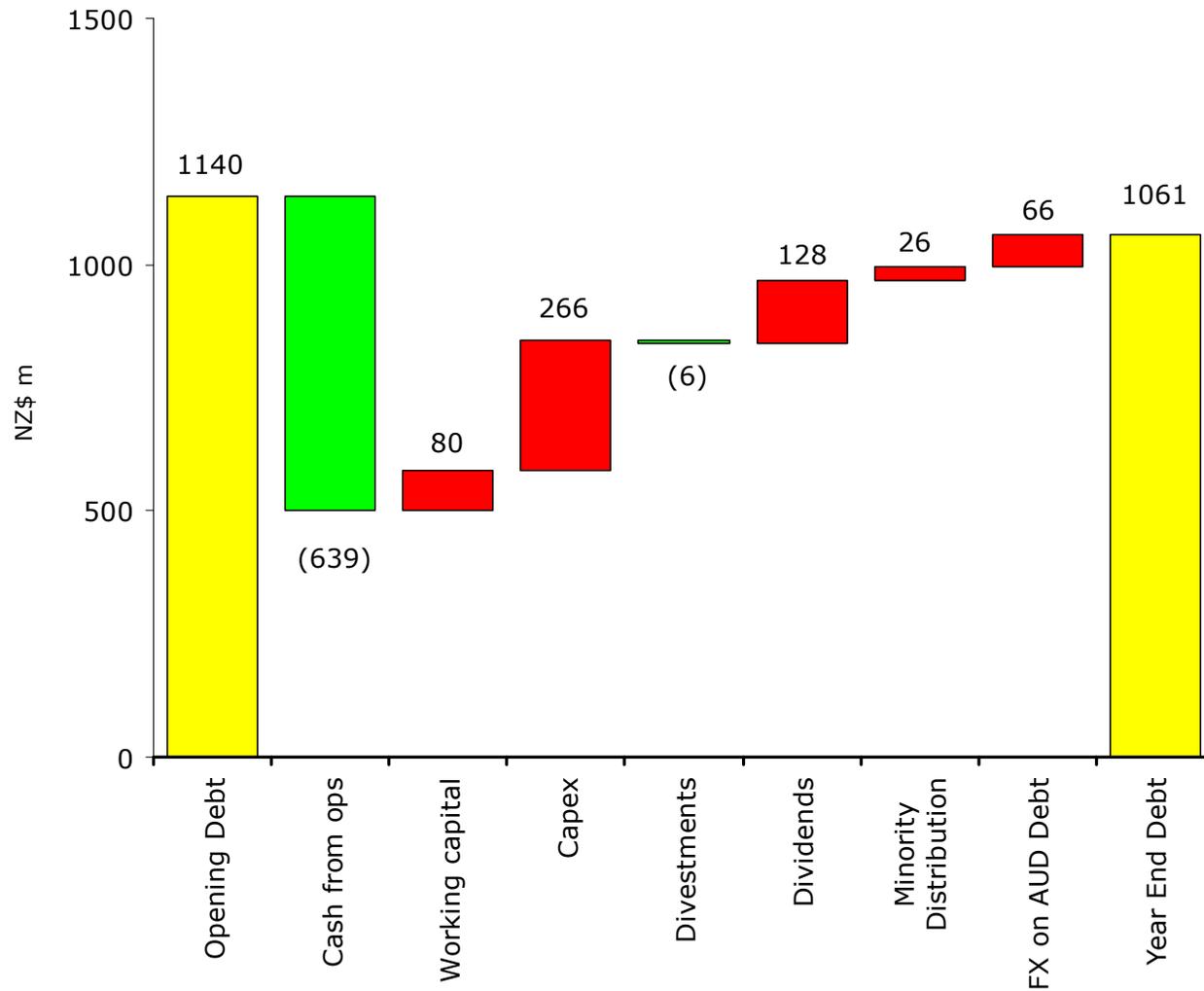
Key Ratios

Interest Cover¹



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

Net Debt Movement





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Operational & Strategic Update

Strategic Agenda

Earnings Reliability

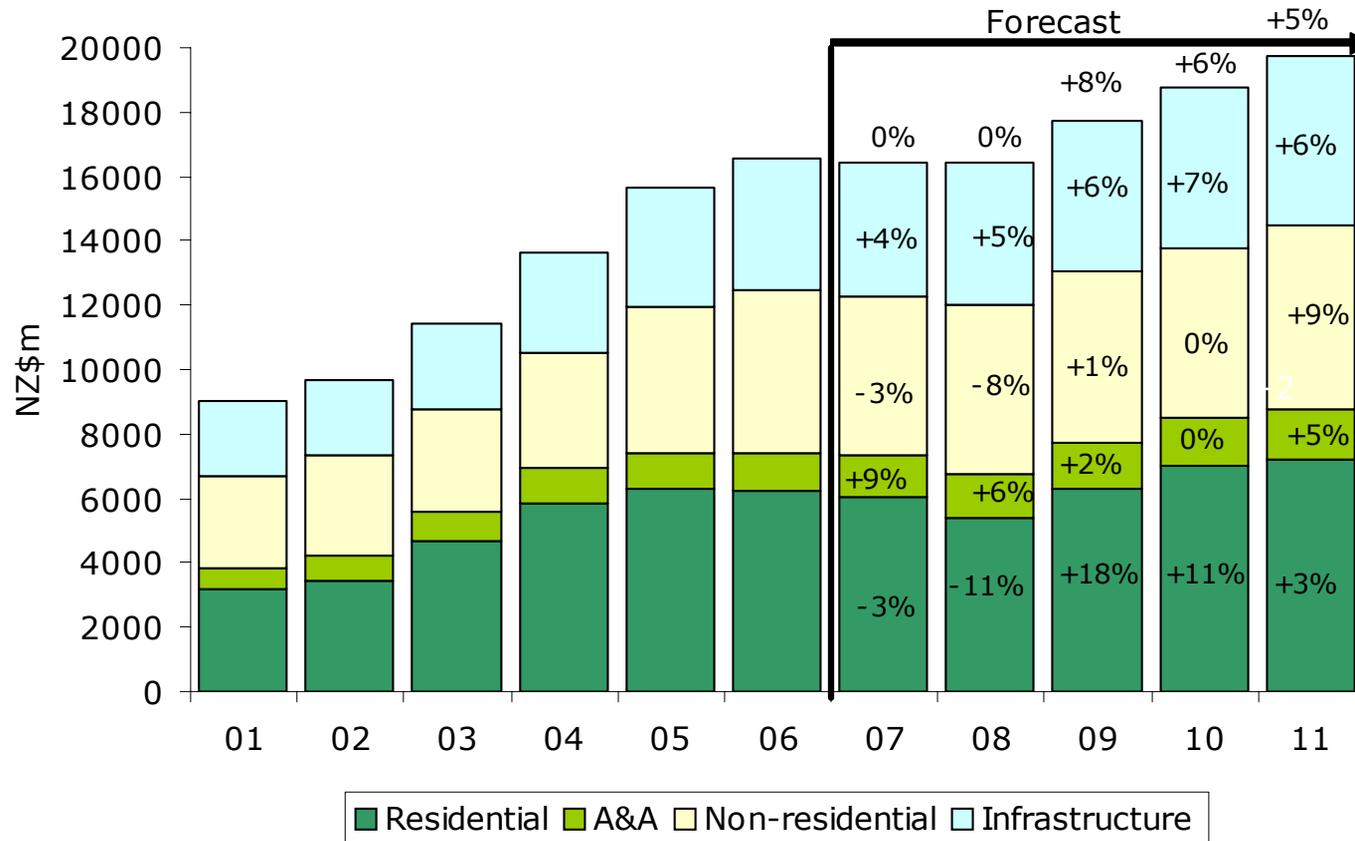
Internal Growth

External Growth

Earnings Reliability

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

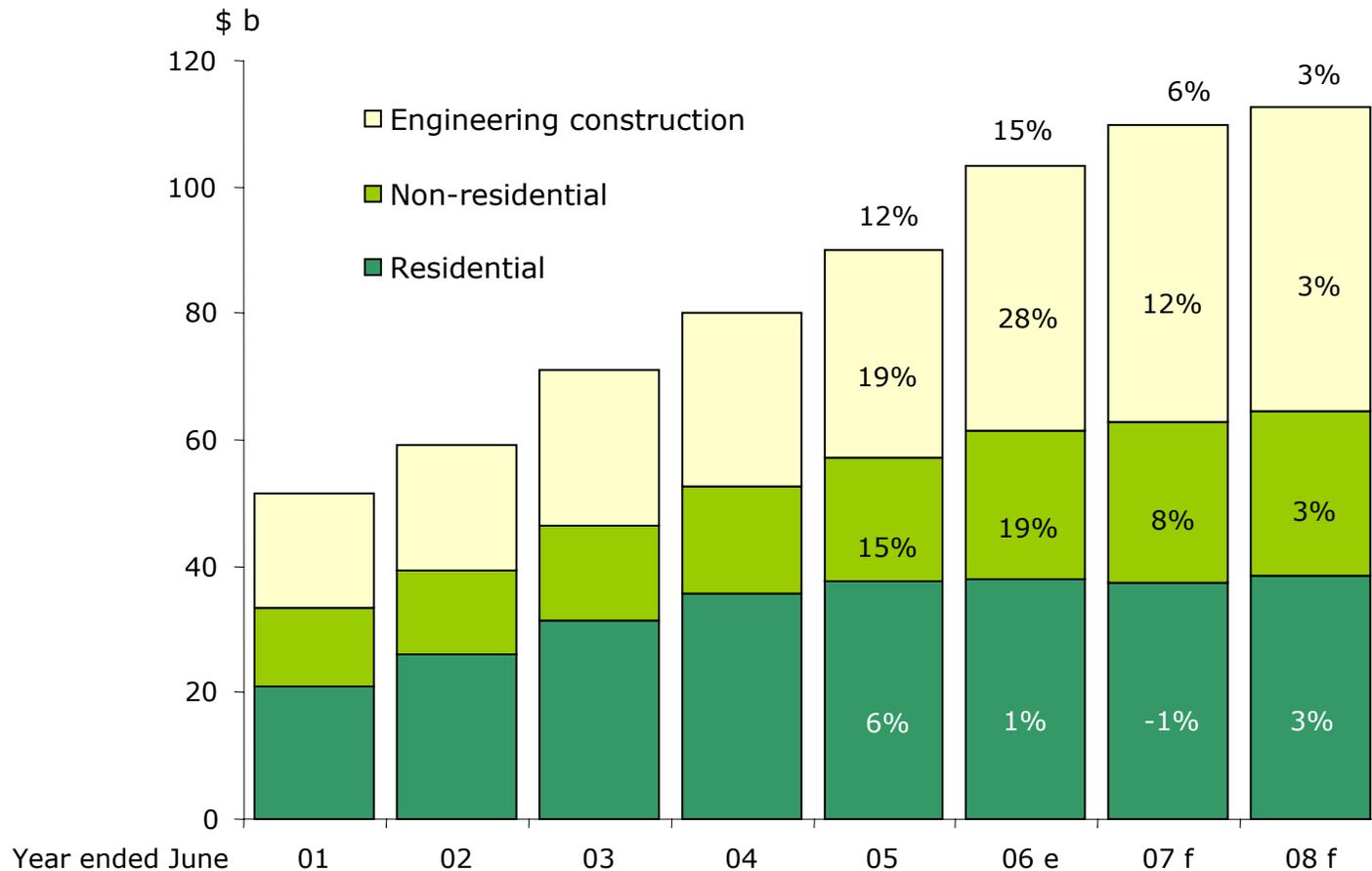
New Zealand Value of Work Commenced



Source : Infometrics

Australia

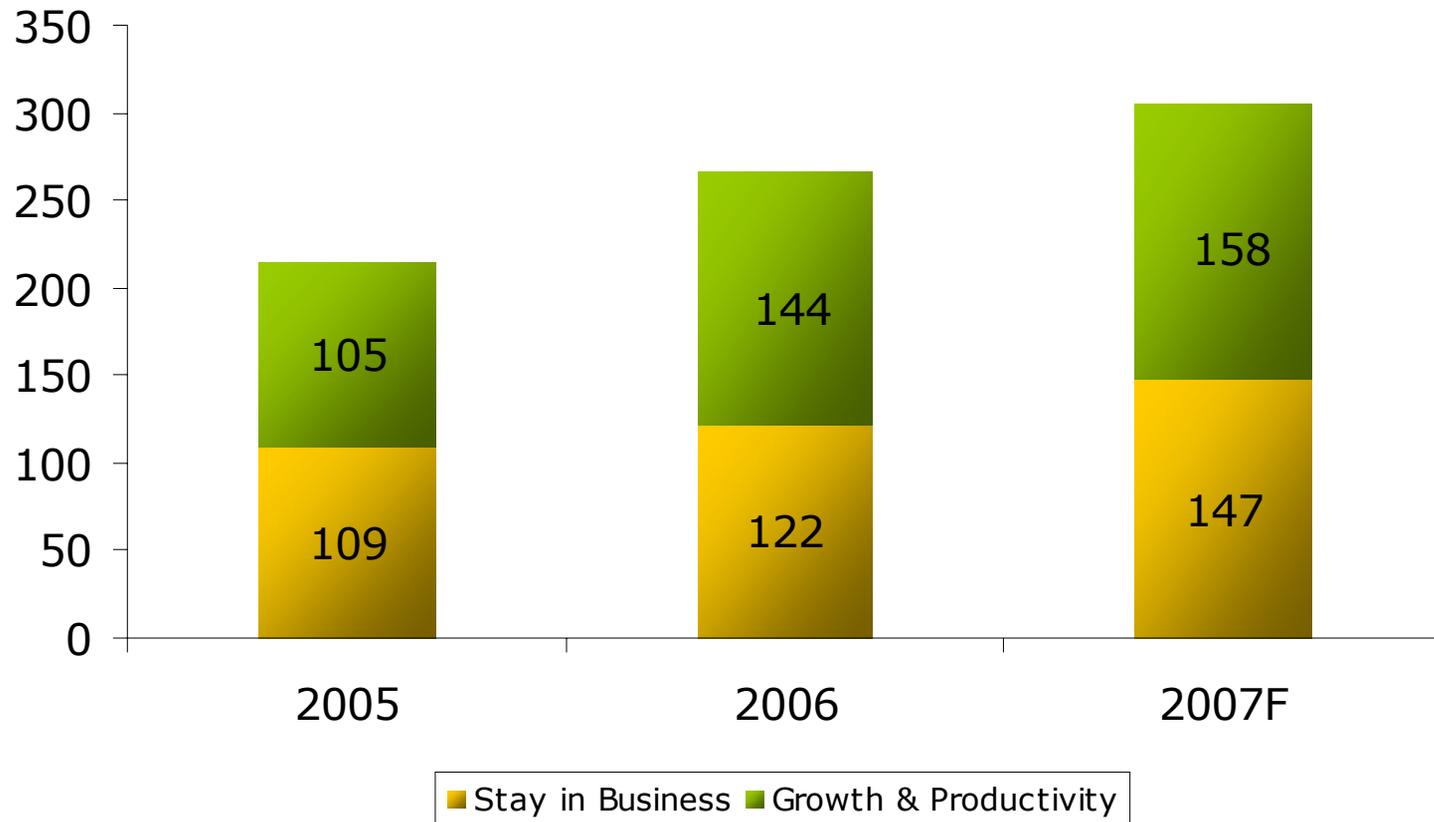
Value of Work Commenced



Source : BIS Shrapnel Building in Australia Update

Internal Growth

Significant capex to continue in 2007 – up to \$150m more than depreciation



Internal Growth Opportunities

- ❑ Whilst there has been no major acquisitions this year, we have continued to invest significantly in existing operations.
- ❑ Significant capex spend continues into 2006/07.
- ❑ Projects include:
 - Completion of cement upgrade
 - Particle board upgrades at Kumeu & Dardanup
 - Resin JV
 - Componentry
 - Australian quarry expansion
 - Wespine capacity upgrade

External Growth Opportunities

- ❑ We are still keen to grow through acquisition of companies within the building materials sector, with the objective of strengthening our existing operations, expanding our product portfolio and improving our geographic diversity.
- ❑ We are continually evaluating opportunities and it is pleasing to note that there seems to be more opportunities today than at any time in the past five years, although some of these are relatively small.

Outlook

- ❑ New Zealand residential and non residential markets are forecast to soften over the next two years, offset in part by additions and alterations and infrastructure activity.
- ❑ The surprise for New Zealand will be the strength of the A&A market as a result of increased spend on 'weather tightness' issues.
- ❑ Australia is forecast to soften in residential in 2007, but this being offset by growth in non-residential and infrastructure.

Outlook

- ❑ Both Queensland and Western Australia are forecasting strong overall activity going forward.
- ❑ Infrastructure spend will also be strong for at least the next three years, particularly in New Zealand where we are strongest.
- ❑ Expect on balance to have another satisfactory full year result in 2007.



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