



FletcherBuilding

Fletcher Building Limited Half Year Results 2007

14 February 2007



FletcherBuilding

Disclaimer

This half year results presentation dated 14 February 2007 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

Net Earnings
\$193 million

EPS 41.1 cps

Geographic and product diversification continues to deliver improved earnings despite softer markets

Increased Returns
To Shareholders

Interim dividend increased to 22cps – the 10th consecutive dividend increase
TSR of 24% for the six months

Progress With
Growth Projects

Capital Expenditure of \$150m+ committed and in progress

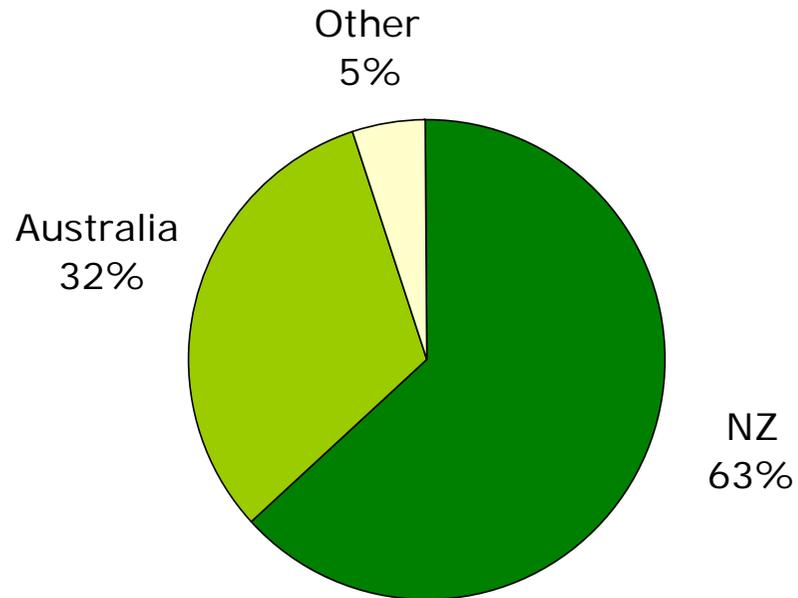
Summary of Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	2980	2764	5520
EBITDA	418	406	819
EBIT	340	335	675
Net Earnings	193	190	379
EPS (cents)	41.1	40.9	81.3
Dividend cps	22.0	19.0	40.0

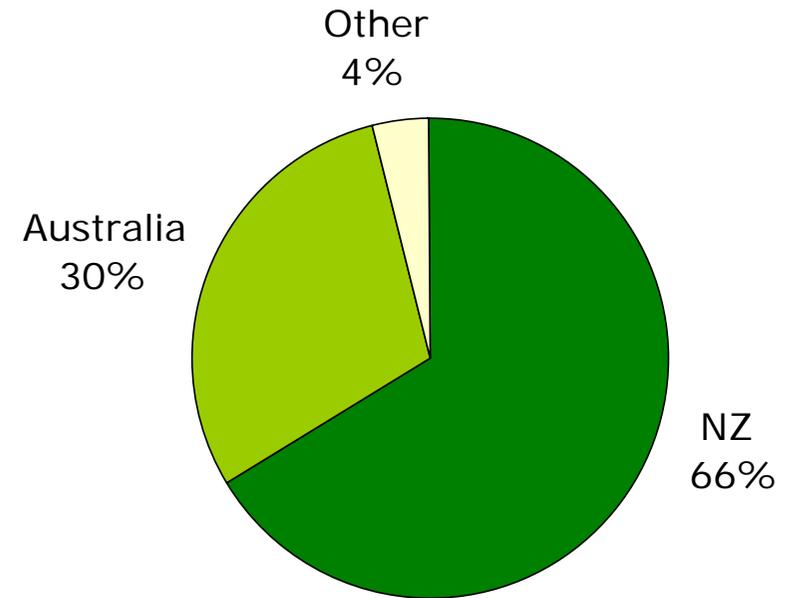
Geographic Diversity

Operating Earnings \$NZ

6 Months Dec 06



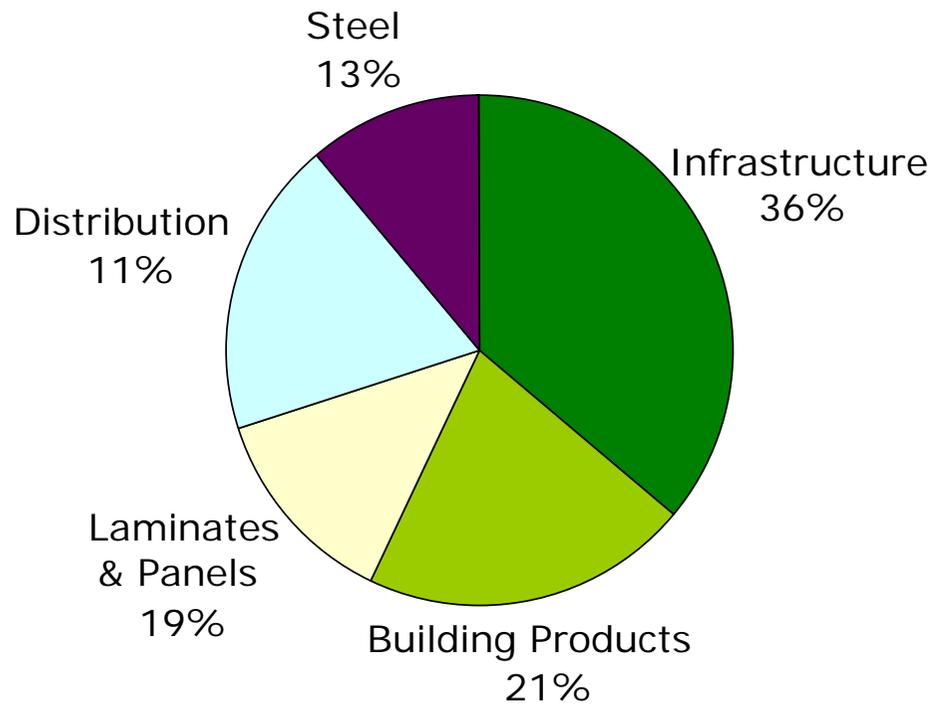
6 Months Dec 05



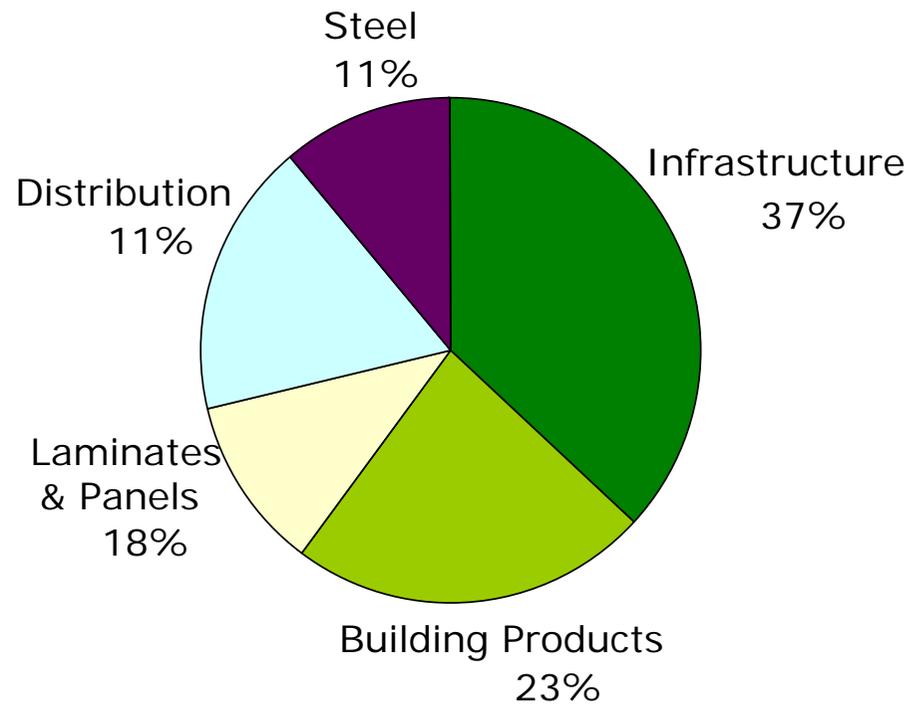
Market Diversity

Operating Earnings \$NZ

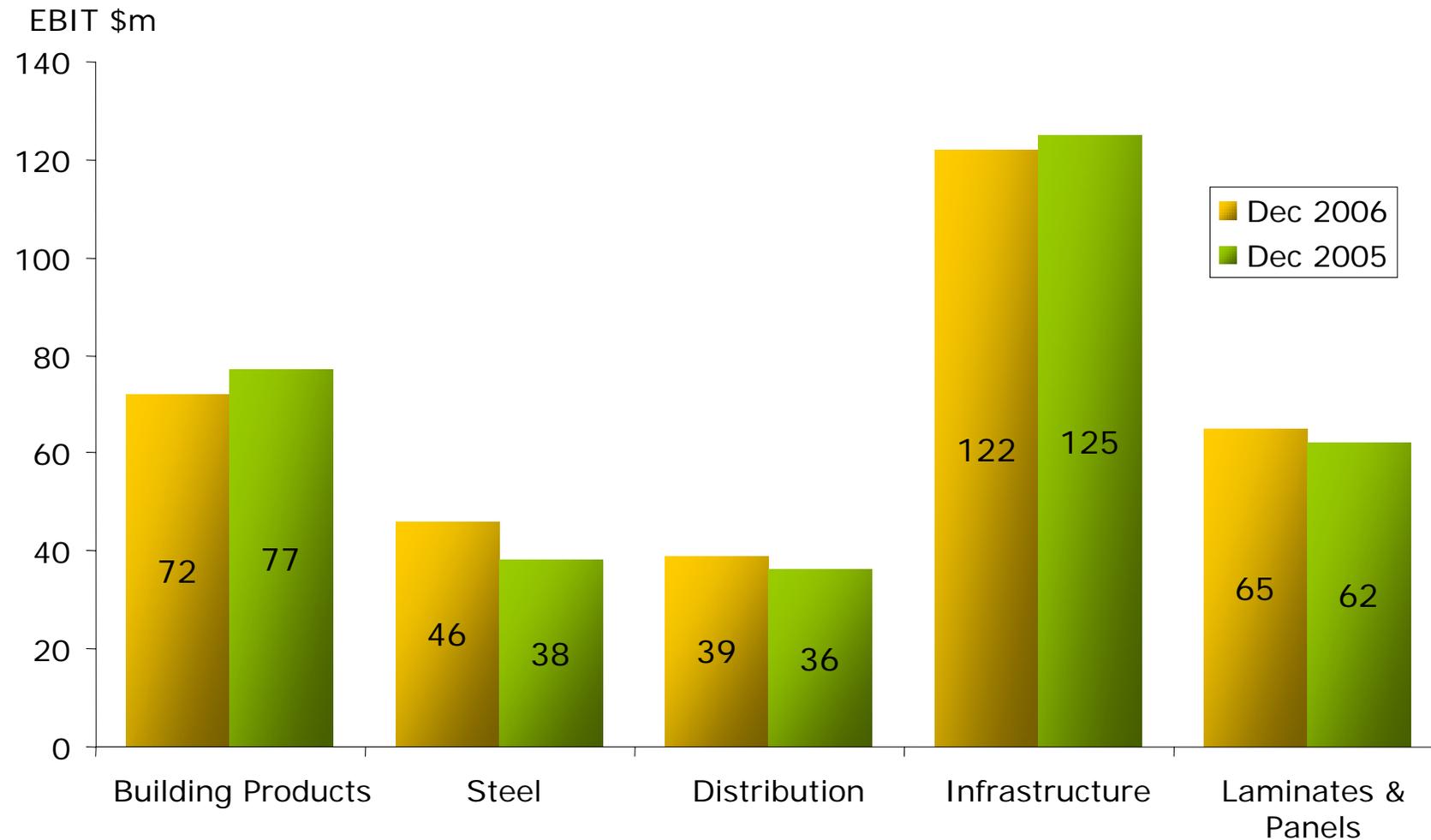
6 Months Dec 06



6 Months Dec 05



Strong Earnings In All Divisions





Building Products

Building Products Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	344	326	629
EBIT	72	77	142
Margin %	20.9	23.6	22.6
Funds	557	477	511
Return on Funds %	27.8 ¹	32.3	27.8

1. Proforma returns based on 6 months of acquisitions

Building Products

Plasterboard

- ❑ Volumes down slightly.
- ❑ Margin pressure with high NZ\$ and slowdown in NZ residential markets.
- ❑ Performance boards increased to 48% of sales.
- ❑ Market share maintained at 94%.

Building Products

Insulation

- ❑ Volumes down in Australia and New Zealand.
- ❑ Margin pressure from imports.
- ❑ Market share loss in Australia during industry rationalisation.
- ❑ Good progress being made in Australia on recovering performance post the integration of the two businesses.
- ❑ Furnace replacement and capacity upgrade in Victorian plant completed.

Building Products

Metal Roof Tiles

- Sales ahead of last year
 - NZ domestic sales equivalent to pcp
 - Export up 24% with strong European demand
 - US sales also ahead of pcp.

- Despite strong NZ\$, with 60% of sales exported, the financial results are ahead of last year.

Building Products

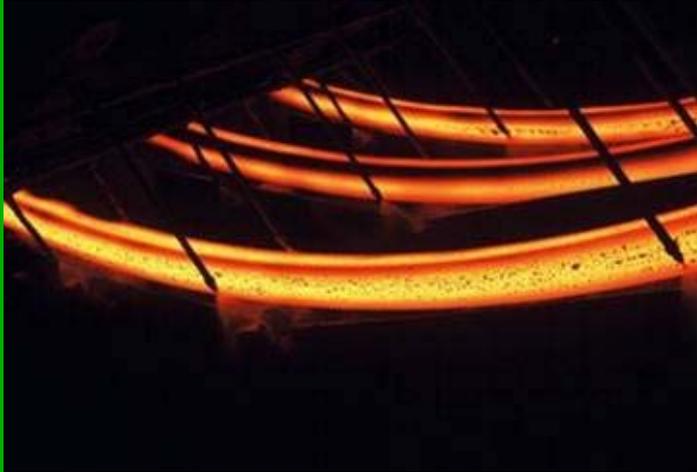
Forman

- ❑ Distribution and installation of ceiling and wall systems and industrial insulation.
- ❑ Acquired on 1 December.
- ❑ Integration progressing well.

Building Products

Other Businesses

- ❑ FAL had good sales volumes but disappointing financial results from strong currency and increases in LME pricing for aluminium billet.
- ❑ Tasman Sinkware had an excellent six months. Despite soft Australian residential market, performance is ahead of pcp on the strength of its export sales.
- ❑ Tasman Access Floors has a good workload and performance is up on pcp.



Steel

Steel Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	602	550	1082
EBIT	46	38	93
Margin %	7.6	6.9	8.6
Funds	474	439	461
Return on Funds %	19.4	17.3	20.2

Steel

Rollforming

- ❑ Stramit, Dimond and Pacific Coilcoaters benefited from strong demand with both Stramit and Pacific Coilcoaters ahead of pcp.
- ❑ Stramit's new IT platform now fully implemented.

Steel

Long Steel Products

- ❑ Financial results reflect more favourable pricing environment, although results varied across the product range, with competition in 'cut and bend' quite intense and wire products still under price pressure from imports.
- ❑ Transformer at Pacific Steel Mill failed in October. A temporary transformer was obtained and installed, with a new transformer being commissioned this month.

Steel

Other Businesses

- ❑ EasySteel – the steel distribution business, performed well and delivered improved financial results.
- ❑ CSP Galvanising performed consistently.



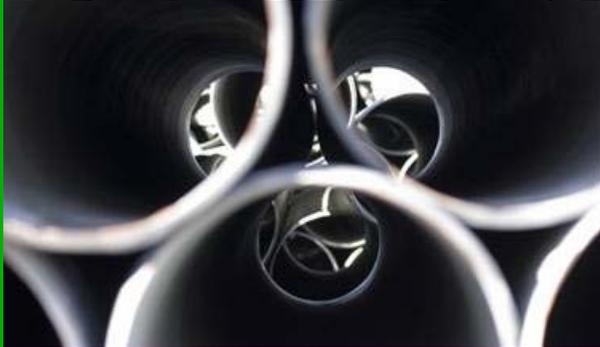
Distribution

Distribution Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	518	493	956
EBIT	39	36	75
Margin %	7.5	7.3	7.8
Funds	149	128	132
Return on Funds %	52.3	56.3	56.8

Distribution

- ❑ Strong sales up 5% on pcp in a softer residential market.
- ❑ Again some share gains, but also impact of price increases.
- ❑ Margin and cost pressures continue, but excellent earnings improvement.
- ❑ Funds increase due to branch refurbishments, acquisition of Maddrens and some working capital increases.



Infrastructure

Infrastructure Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	962	889	1823
EBIT	122	125	255
Margin %	12.7	14.1	14.0
Funds	769	704	766
Return on Funds %	31.7	35.5	33.3

Infrastructure

Golden Bay Cement

- ❑ Good results on domestic sales which were down on pcp.
- ❑ Kiln upgrade now completed and kiln throughput up to 2500 tpd.
- ❑ Upgrade was delayed by a month, which together with commissioning issues, had a detrimental impact on production volumes and earnings.

Infrastructure

Firth

- ❑ Readymix volumes similar to last year despite softer market.
- ❑ Masonry and paving sales continue to be below last year's levels.
- ❑ Earnings same as pcp.

Infrastructure

Winstone Aggregates

- ❑ Volumes impacted by delays in major roading projects but improved volumes on North Shore Busway project offset the majority of this.
- ❑ Better quarry management and cost control held results at same level as pcp.

Infrastructure

Humes

- ❑ Strong margin management held earnings at pcp level.
- ❑ Good prospects for second half.

Stresscrete

- ❑ Disappointing performance due to project management issues resulting in \$3m reduction in earnings on pcp.
- ❑ Good backlog of work.

Infrastructure

Rocla Quarries & Pipeline Products

- ❑ Excellent results despite soft NSW housing starts and demand for sand.
- ❑ Quarries acquired in Cowra with JV partner.
- ❑ Pipeline benefited from increased subdivisional work and bridge sales. Sleeper sales were up 20% on pcp.
- ❑ Results ahead of pcp.

Infrastructure

International

Fiji

- ❑ Small operation and down on pcp as a result of the political uncertainty.

Peru

- ❑ Small contribution, but down 40% on pcp.

Exit strategy for both operations progressing.

Infrastructure

Construction

- ❑ Excellent results in a good market
 - Construction ahead of pcp through workload
 - Residential behind pcp due to timing of house completions

- ❑ Major projects underway at 30 June
 - Auckland University Business School
 - North Shore Busway
 - Wellington Hospital
 - Stamford Plaza Upgrade
 - Tauranga Hospital
 - BNZ Centrepoint

- ❑ Current backlog \$690m



Laminates & Panels

Laminates & Panels Results

\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
Sales	553	505	1027
EBIT	65	62	116
Margin %	11.8	12.3	11.3
Funds	869	835	920
Return on Funds %	15.0	14.9	12.6

Laminates & Panels

- ❑ Maintained volumes in softer markets.
- ❑ Export prices improving however volumes down as result of Taupo fire.
- ❑ Good contributions from JVs (Wespine & Dynea) although down on pcp.
- ❑ Overall earnings improvement on pcp despite input cost increases.
- ❑ Recently acquired O'Brien's performed in line with expectations.

Net Earnings

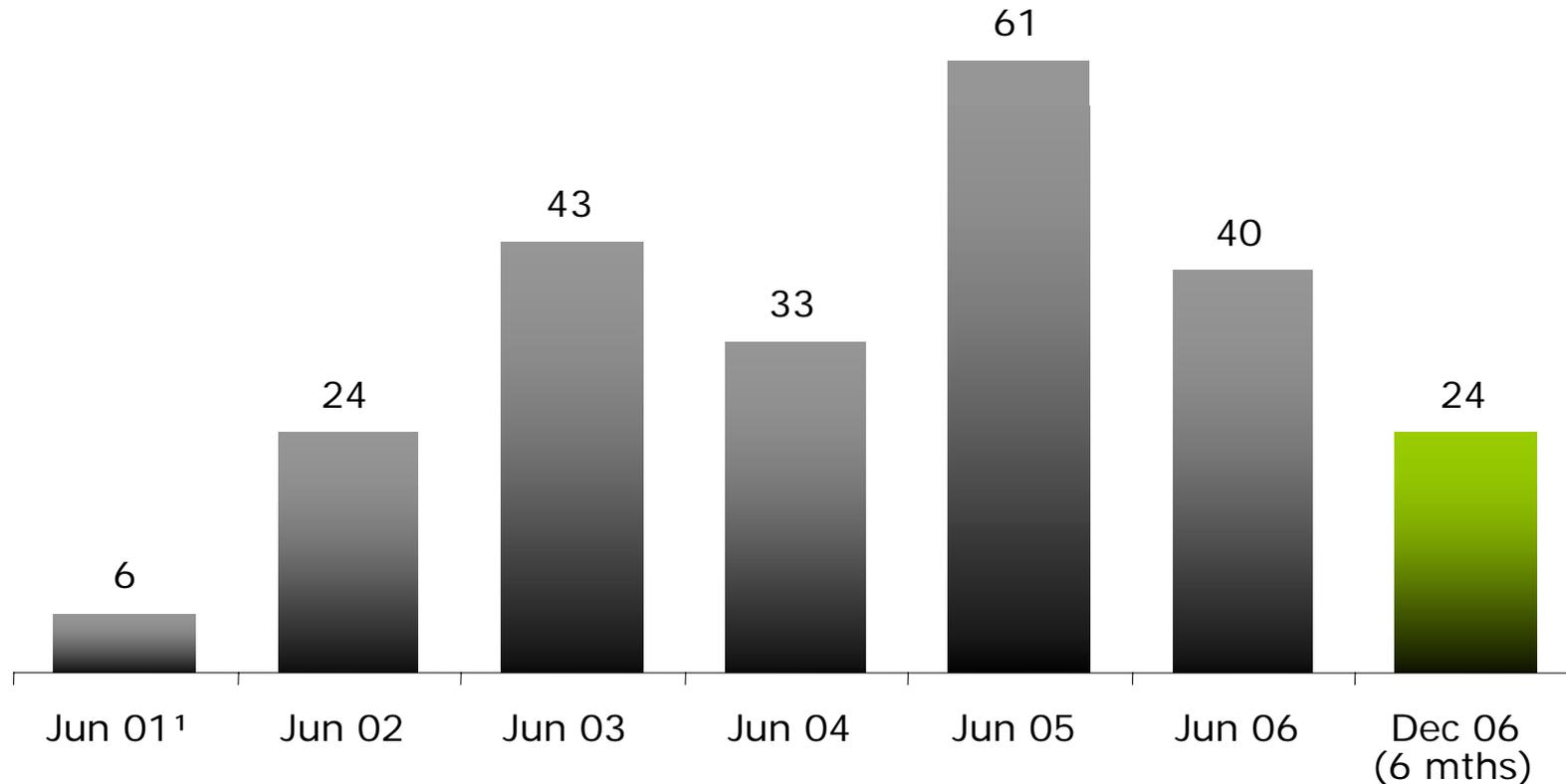
\$m	Dec 2006 6 Mths	Dec 2005 6 Mths	Jun 2006 12 Mths
EBIT	340	335	675
Interest	45	45	88
Tax	92	90	189
Minority Interests	10	10	19
Net Earnings	193	190	379

Simplified Balance Sheet

	Dec 2006 NZ\$m	Jun 2006 NZ\$m
Assets		
Current Assets	1668	1616
Fixed Assets	1534	1569
Intangibles & Goodwill	624	597
Provision for Deferred Taxation	-3	29
Investments	135	129
Total Fletcher Building Assets	3958	3940
Liabilities		
Current Liabilities	1075	1079
Net Debt	1070	1061
Total Fletcher Building Liabilities	2145	2140
Equity		
Equity & Minority Interests	1813	1800
Total Fletcher Building Liabilities and Equity	3958	3940

Key Ratios

Total Shareholder Return (TSR)² Percentage

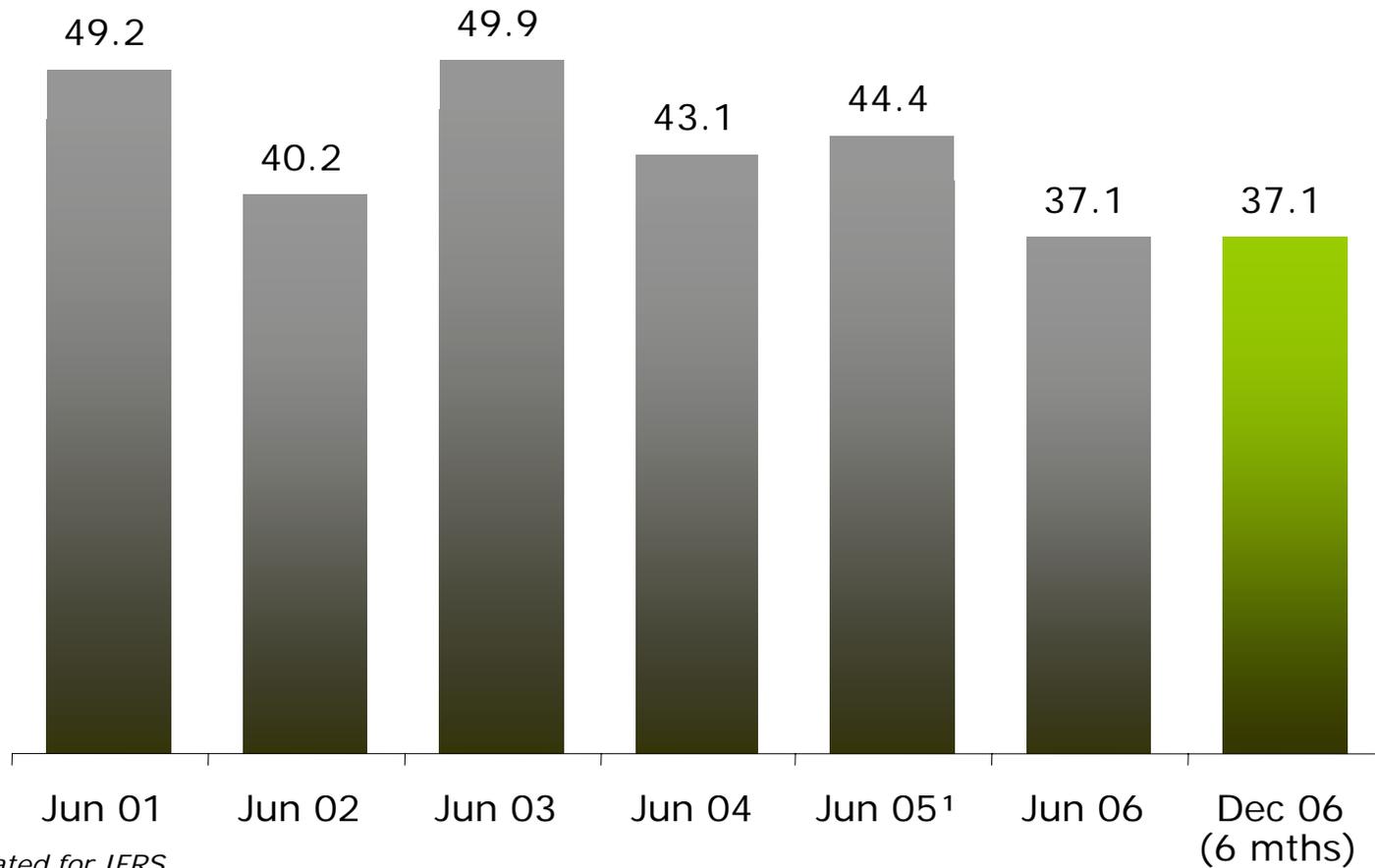


1. June 01 is the return for the 3 months from separation date

2. TSR calculated ((Gross Dividend Paid + Movement in Share Price)/Opening Share Price)

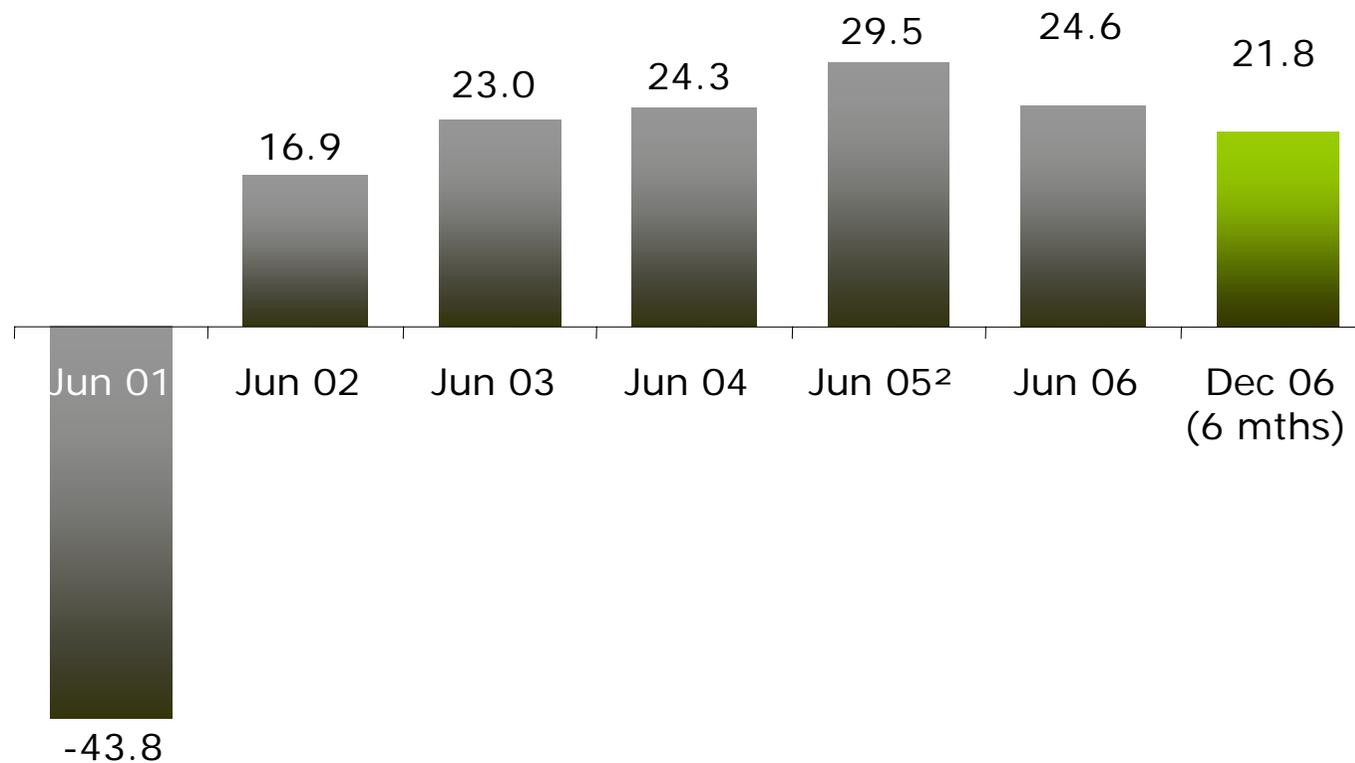
Key Ratios

Debt/Debt Plus Equity Percentage



Key Ratios

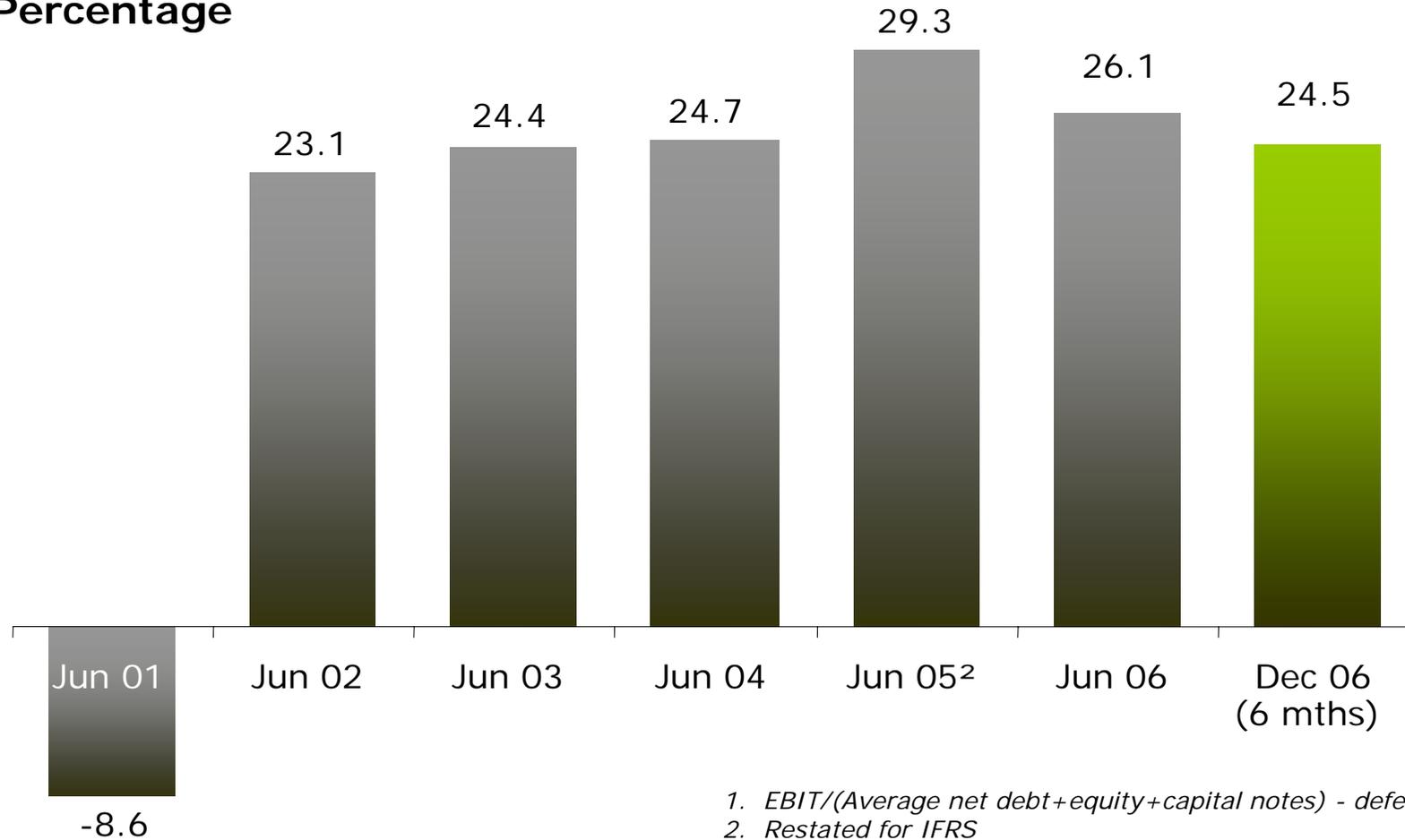
Return on Average Equity¹ Percentage



1. Net earnings after capital notes interest/shareholders funds
2. Restated for IFRS

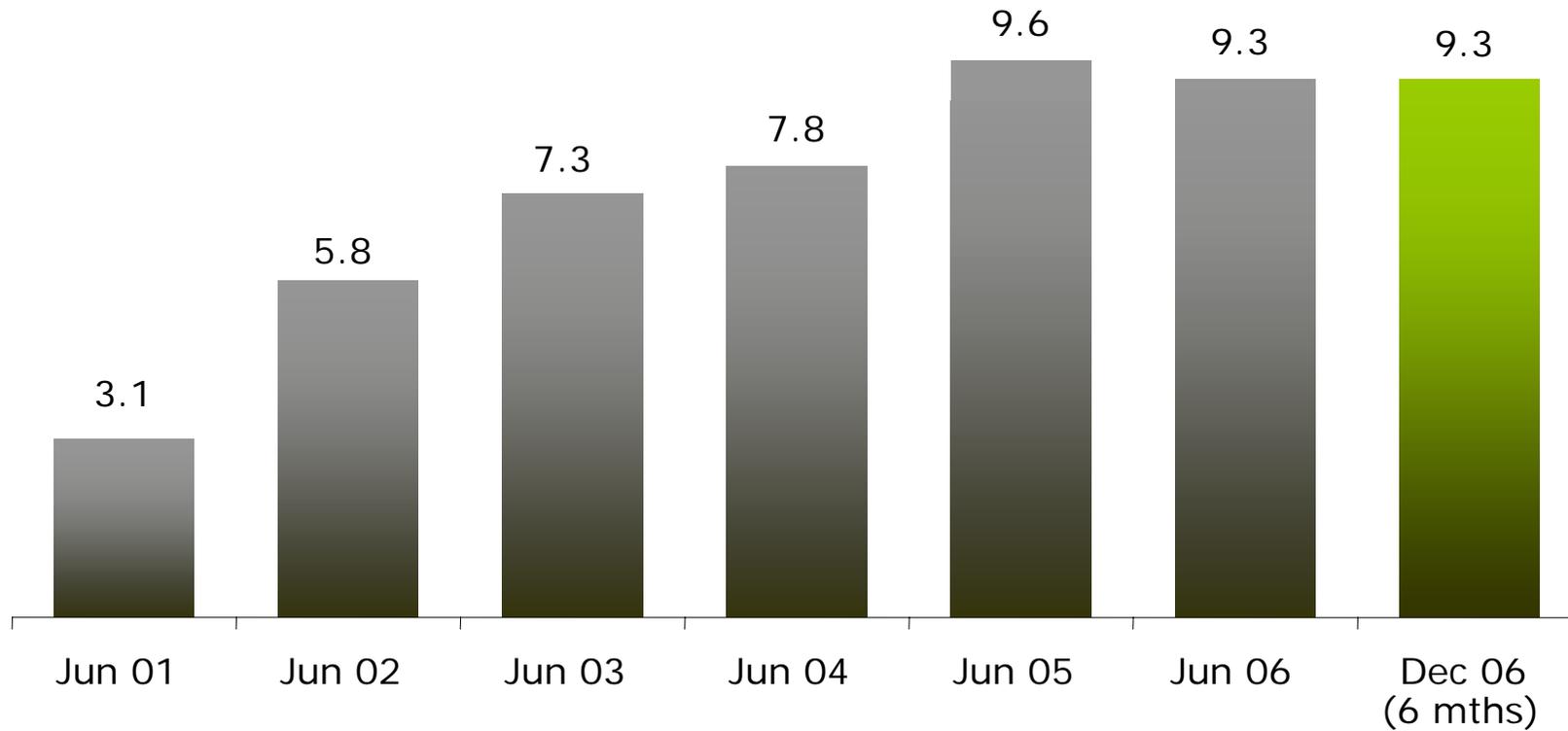
Key Ratios

Return on Average Funds¹ Percentage



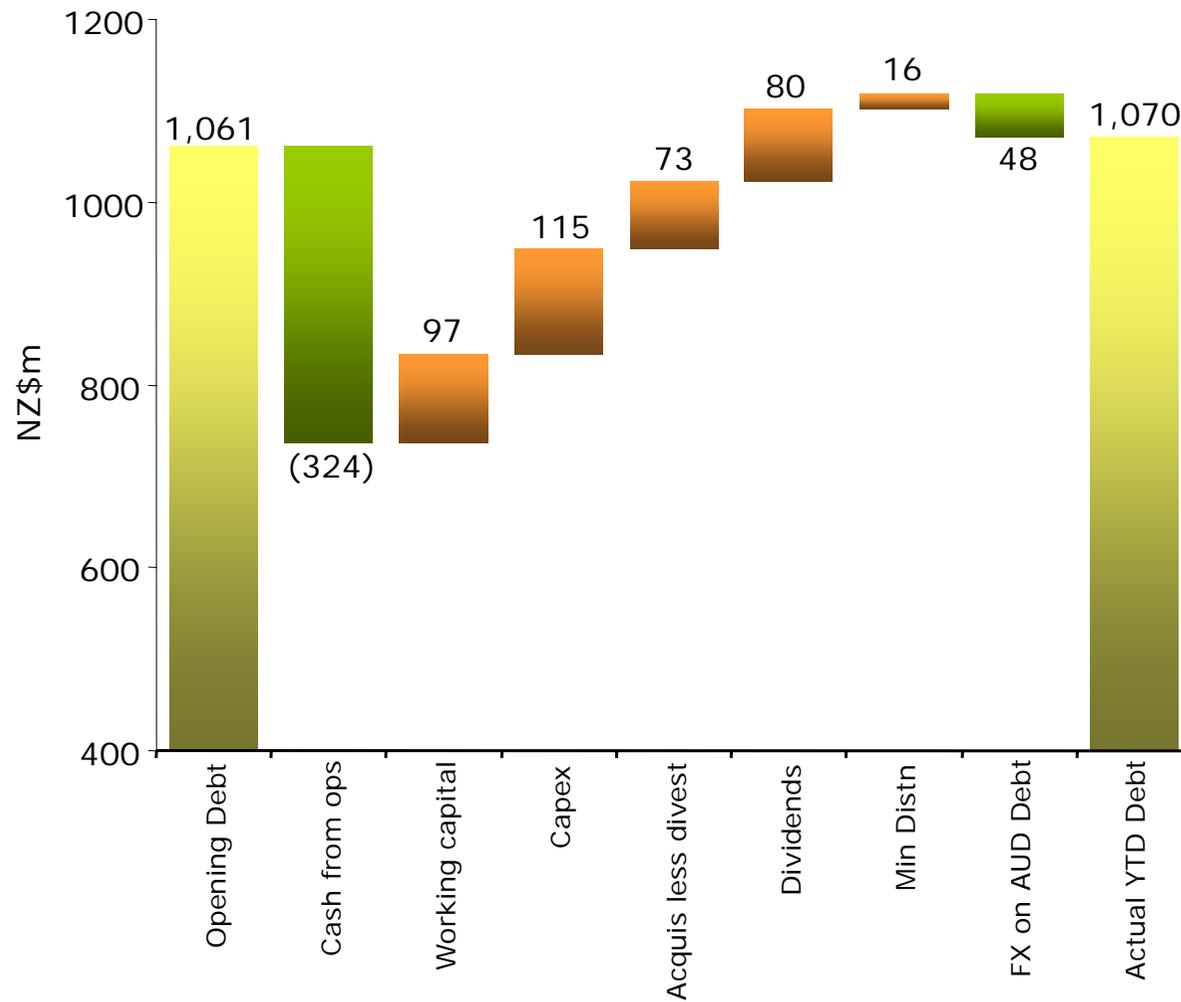
Key Ratios

Interest Cover¹ Times



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

Net Debt Movement





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Strategic Update

Strategic Agenda

Earnings Reliability

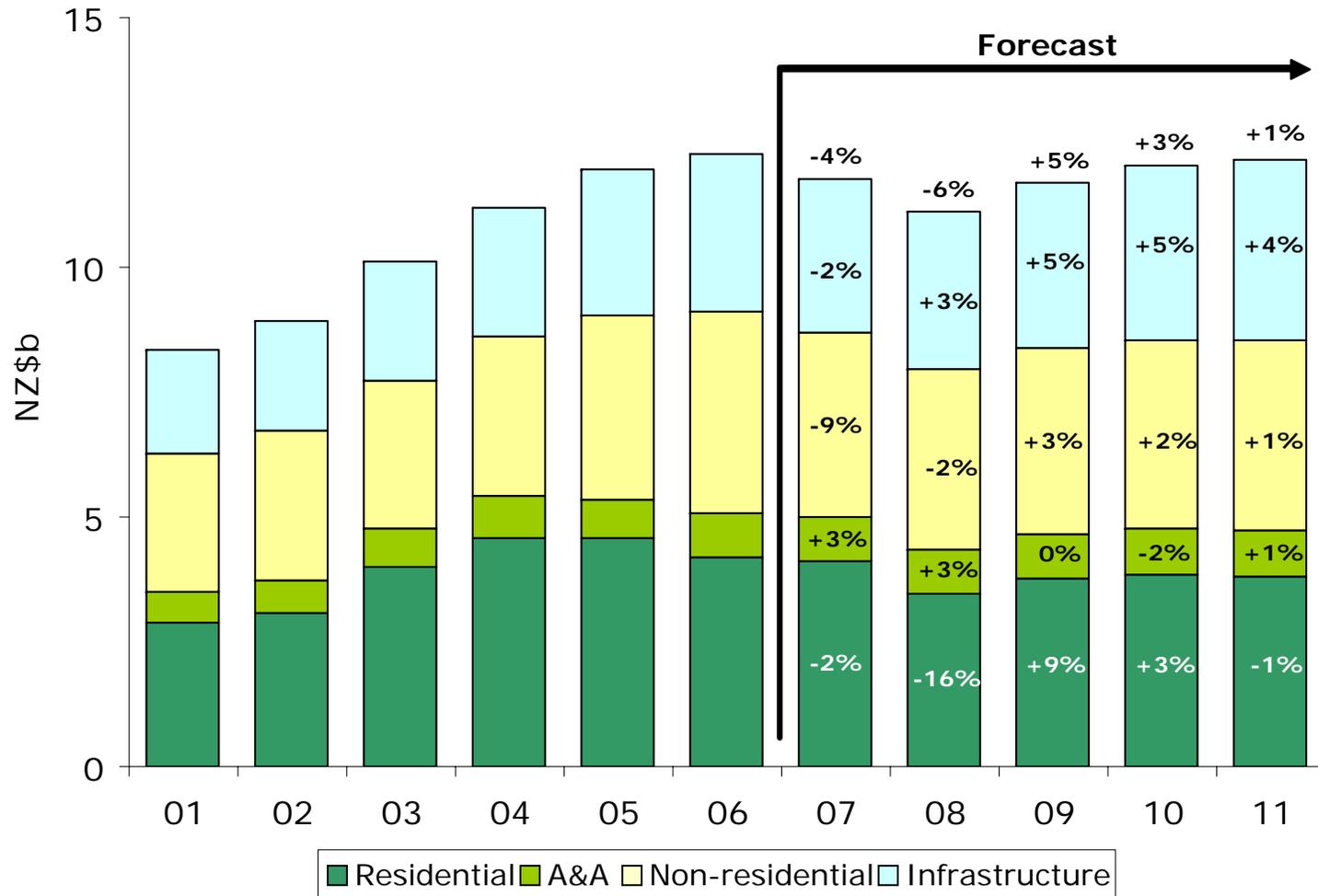
Internal Growth

External Growth

Earnings Reliability

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

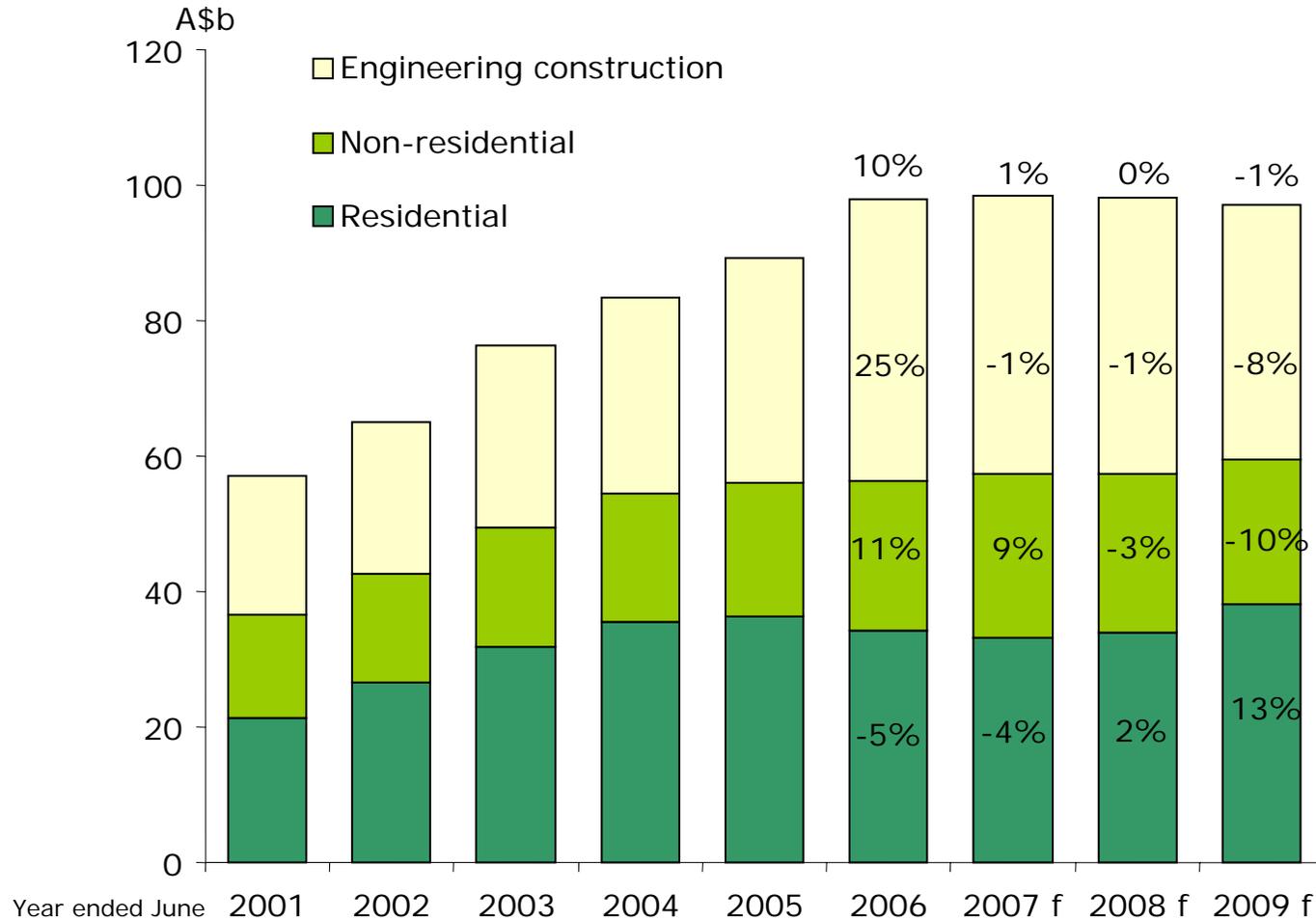
New Zealand Volume of Work Commenced



Source : Infometrics in constant 1995/96 prices

Australia

Volume of Work Commenced

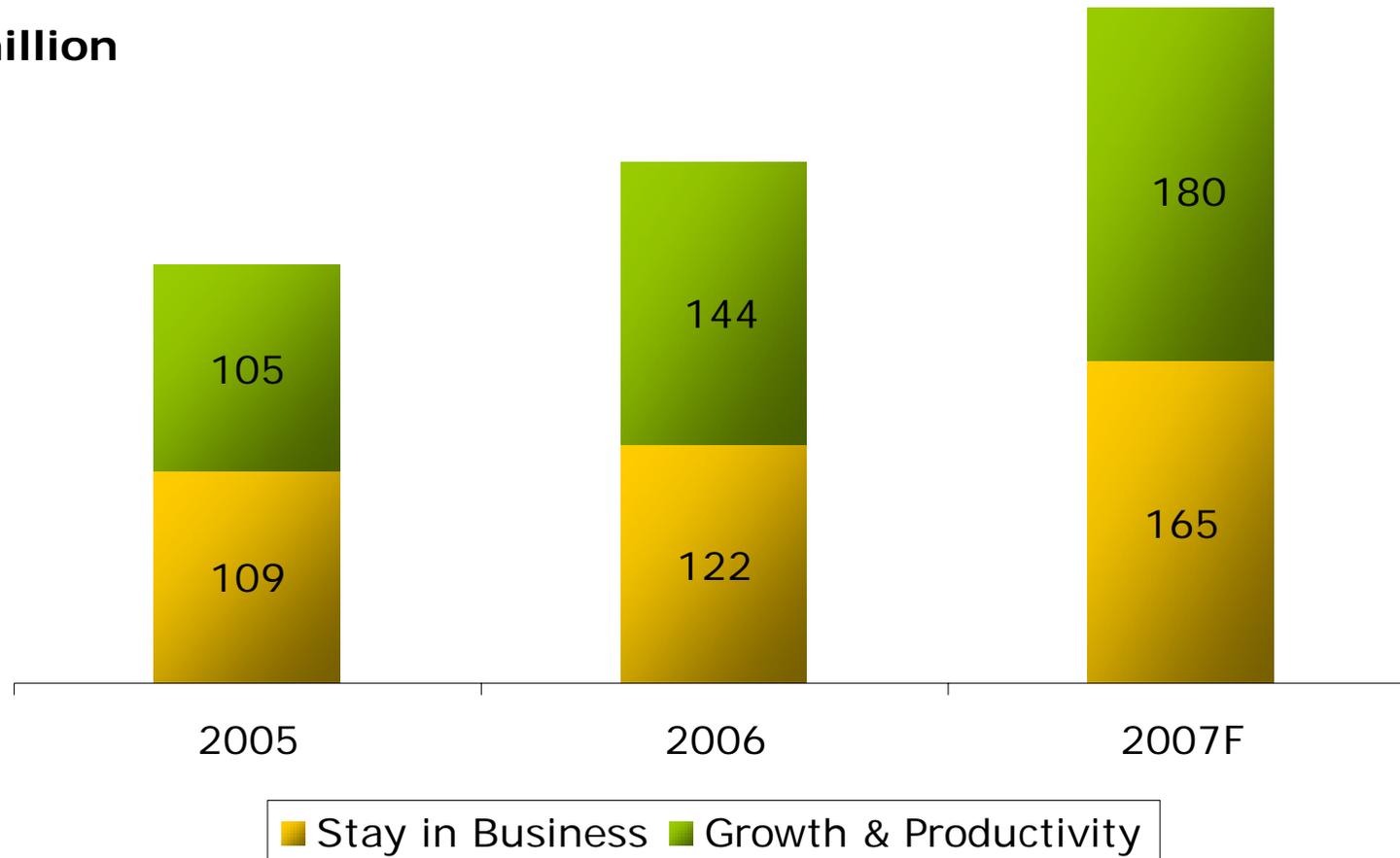


Source : BIS Shrapnel Building in Australia Update in constant 2004/05 prices

Internal Growth

Significant capex to continue in 2007 – up to \$180m more than depreciation

\$million



Internal Growth Opportunities

- ❑ Significant capex spend continues.
- ❑ Projects include:
 - Completion of cement capacity upgrade
 - Particle board capacity upgrade in NZ and Australia
 - Resin JV
 - Kitchen componentry
 - Australian quarry expansion
 - Wespine capacity upgrade
 - Steel mill transformer and capacity upgrade
 - Insulation new furnace and capacity upgrade
 - New Laminex Distribution Centre in WA

External Growth Opportunities

- ❑ Acquisitions within the building sector, with the objective of strengthening our existing operations, expanding our product portfolio and improving our geographic diversity.

- ❑ Recent acquisitions:
 - Forman Group – ceiling and wall systems, insulation
 - Maddrens – hardware
 - O'Brien's Group – benchtops

Outlook

- ❑ Residential markets in Australia and New Zealand continue to soften.
- ❑ Growth in non-residential and infrastructure markets.
- ❑ Still comfortable with the analysts' November consensus net earnings forecast of approximately \$388 million excluding resolution of Taupo MDF Mill and Pacific Steel insurance claims.



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