



FletcherBuilding

Annual Results Presentation

22 August 2001

This Annual Results Presentation dated 22 August 2001 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.

Summary of Results



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\$m	2001 3 Mths	2001 12 Mths	2000 12 Mths
Revenue	696	2273	2380
EBITDA	66	184	254
EBIT Before Unusuals	42	94	170
NPAT Before Unusuals	22	34	106
EPS Before Unusuals (cents)	18.2*	5.2	27.5

* Annualised

Segmental EBIT



\$m	2001 3 Mths	2001 12 Mths	2000 12 Mths
Building Products and Steel	16	58	87
Distribution	4	6	8
Concrete	15	31	56
Construction/Residential/ Property	9	5	18
Corporate/Unallocated	-2	-6	1
EBIT Before Unusuals	42	94	170

Building Products and Steel Results



\$m	2001 3 Mths	2001 12 Mths	2000 12 Mths
Revenue	232	840	852
EBIT	16	58	87
Funds	439	439	510
Return on Funds	13.5%	13.2%	17.1%



Winstone Wallboards

- Domestic sales volumes decreased by 12%, market share held
- Sales revenue declined 3%
- Performance board mix increased
- EBIT down but less than 10%



Fletcher Wood Panels

- Sales revenue increased by 4%
- EBIT sharply down (halved)
- High resin costs, increased transport costs and falling MDF prices main contributors



Fletcher Aluminium

- Sales revenue declined by 8% and EBIT in loss
- New door and window suite launched in October 2000
- Hamilton plant sold and production shifted to one site
- Fletcher Aluminium Centres sold in July 2001



Scott Panel and Hardware

- Revenue and EBIT maintained
- Growth in Auckland

Steel Manufacturing

- Sales volumes increased by 11% to 179,000 tonnes at Pacific Steel, with export volumes at 31% of total
- Domestic prices remained weak
- Power costs a real issue
- Falling profitability through lower margins
- Sims performance excellent



Steel Processing and Distribution

- Sales volumes from EasySteel increased 4%
- Sales revenues down in all other business units, particularly Pacific Coilcoaters due to export sales 30% less than previous year
- EBIT for processing and distribution significantly lower than previous year
- Substantial working capital reductions achieved

Distribution Results



\$m	2001 3 Mths	2001 12 Mths	2000 12 Mths
Gross Revenue (includes Joint Ventures)	175	636	666
FBL Revenue	45	171	223
EBIT	4	6	8
Funds	56	56	70
Return on Funds	26.5%	10.7%	11.4%



- Sales levels at 95% of previous year in difficult residential market
- Margins have improved across stores as a result of initiatives underway
- Stronger results in last quarter of the year
- Significant cash generated from reduction in funds

Concrete Results



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\$m	2001 3 Mths	2001 12 Mths	2000 12 Mths
Revenue	142	454	438
EBIT Before Unusuals	15	31	56
Funds	403	403	480
Return on Funds	14%	8%	12%

Golden Bay

- Record domestic cement sales volumes despite weaker demand in Auckland
- EBIT maintained

Winstone Aggregates

- EBIT improved significantly in the second half. Lower cash costs of production since March

Firth

- Firth product volumes were constant but higher transport and marketing costs were incurred
- EBIT halved

Stresscrete

- Stresscrete results were unsatisfactory but they have made significant progress in improving operating performance

Humes

- A decline of 20-30% in infrastructure and pipeline activity in the North Island adversely impacted Humes earnings by 50%

South America

- Weak market conditions in Peru and Bolivia impacted the South American result
- Losses in the order of \$16 million cf \$11 million pcp
- Carrying value written down

Construction / Residential / Property Results



\$m	2001 3 Mths	2001 12 Mths	2000 12 Mths
Revenue	277	808	858
EBIT	9	5	18
Funds	-62	-62	29



Construction

- Construction recorded positive earnings. New Zealand operations remained strong.
- The Victorian Co-generation dispute was settled. The plant is performing ahead of expectations
- Post 30 June the Manapouri claim was settled, in line with expectations

Property

- Surplus property sales generated \$18 million of cashflow during the year

Residential

- Fletcher Residential's sales volume and margins contracted with the residential housing sector in New Zealand. Funds employed were reduced by \$14 million to \$30 million
- Despite market decline, residential sales and margins improved in last quarter

Profit After Tax



\$m	2001 3 Mths	2001 12 Mths	2000 12 Mths
EBIT before Unusuals	42	94	170
Interest	-9	-36	-34
Tax	-10	-23	-31
Minority Interests	-1	-1	1
NPAT before Unusuals	22	34	106
Adjustments Net of Tax	-3	-306	-43
Profit After Tax	19	-272	63

Adjustments



\$m	2001 3 Mths	2001 12 Mths	2000 12 Mths
i. Unusual Items			
Permanent Impairment	-1	-101	-10
Other Losses		-37	-30
Restructuring and Separation Costs	-4	-43	-3
	<hr/>	<hr/>	<hr/>
	-5	-181	-43
ii. Taxation	<hr/>	<hr/>	<hr/>
	-2	-125	
Total Adjustments	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	-3	-306	-43

Simplified Balance Sheet



	June 2001 NZ\$m	Pro Forma June 2000 NZ\$m
Assets		
Current Assets	639	750
Fixed Assets	759	712
Provision for Deferred Taxation	136	359
Investments	90	86
Total Fletcher Building Assets	1,624	1,907
Liabilities		
Current Liabilities	560	453
Net Debt	274	485
Total Fletcher Building Liabilities	834	938
Equity		
Equity	538	777
Capital Notes	250	191
Fletcher Building Equity and Capital Funds	788	968
Minority Equity	2	1
Total Fletcher Building Liabilities and Equity	1,624	1,907

Revaluation



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Revaluation Increases:	\$m
Land	10
Buildings	8
Plant and Machinery	<u>73</u>
	91
Less Deferred Taxation Liability	18
Increase in Equity	<u><u>73</u></u>

Ratios



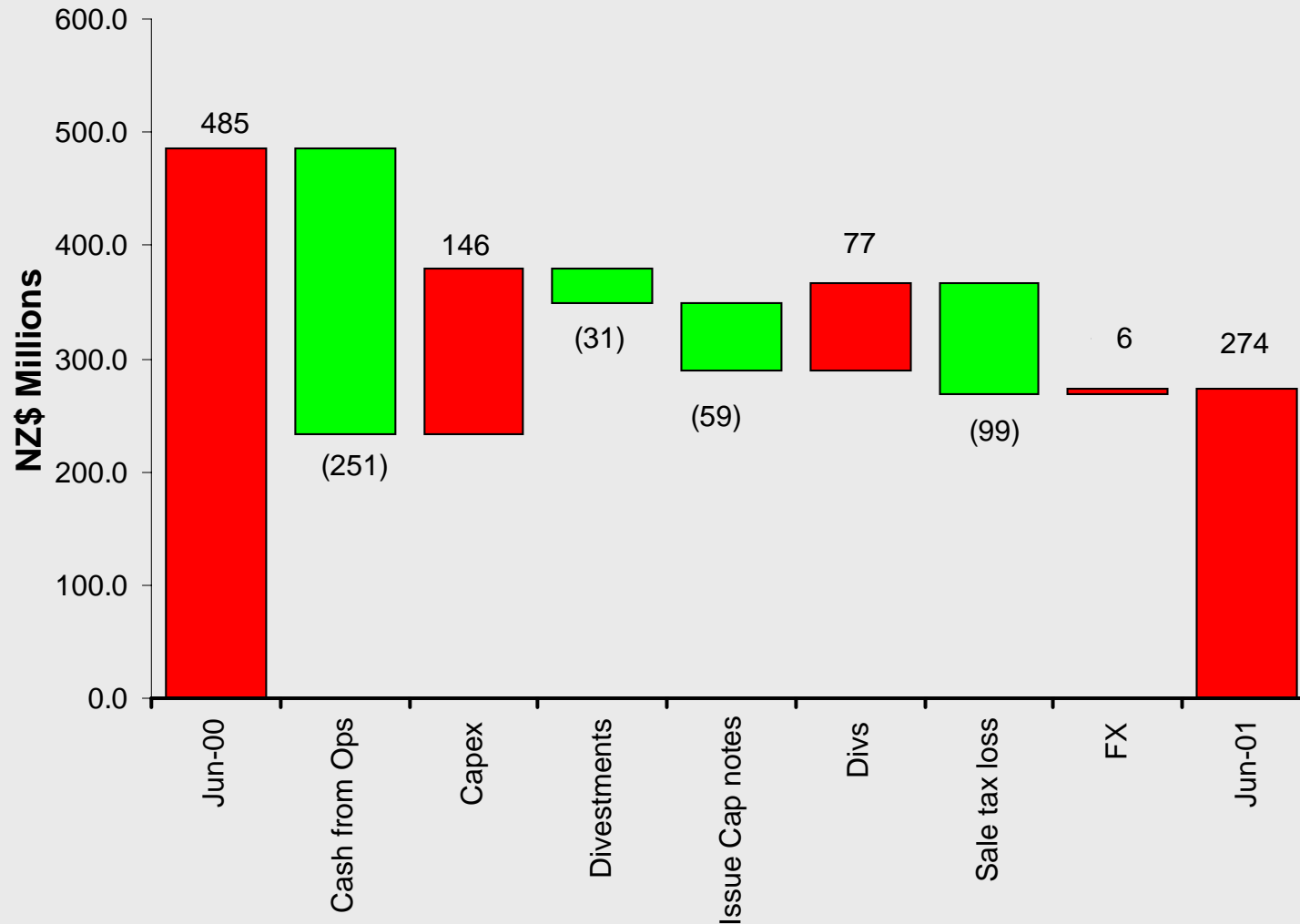
	2001 3 Mths	2001 12 Mths	2000 12 Mths
Net Debt / Equity	35%	35%	50%
EBITDA / Interest	7.4	5.1	7.4
Dividend	12 cps	12 cps	16 cps
Payout Ratio	66%*	240%	58%

* Annualised

Net Debt Movement



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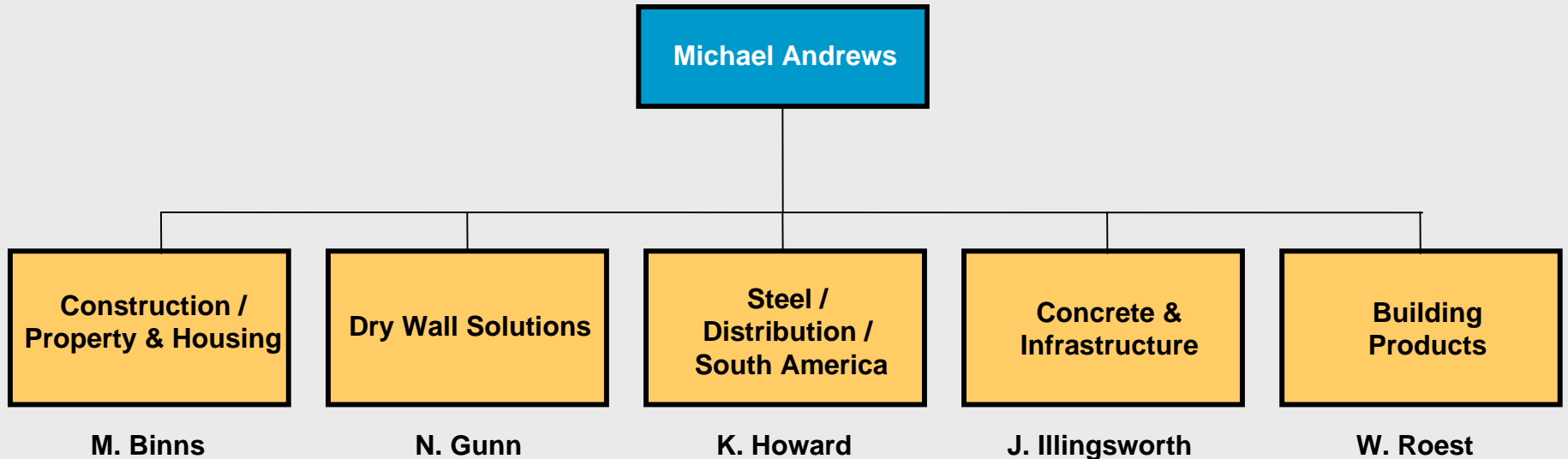




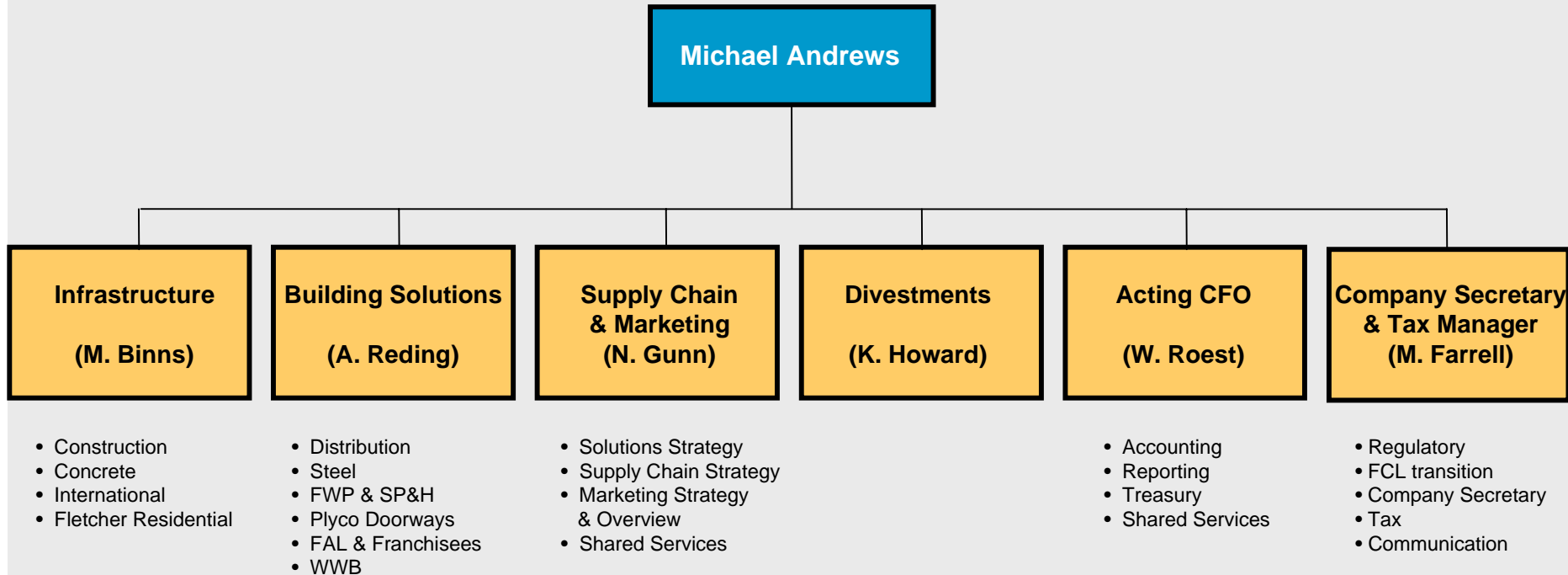
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Operational & Strategic Update

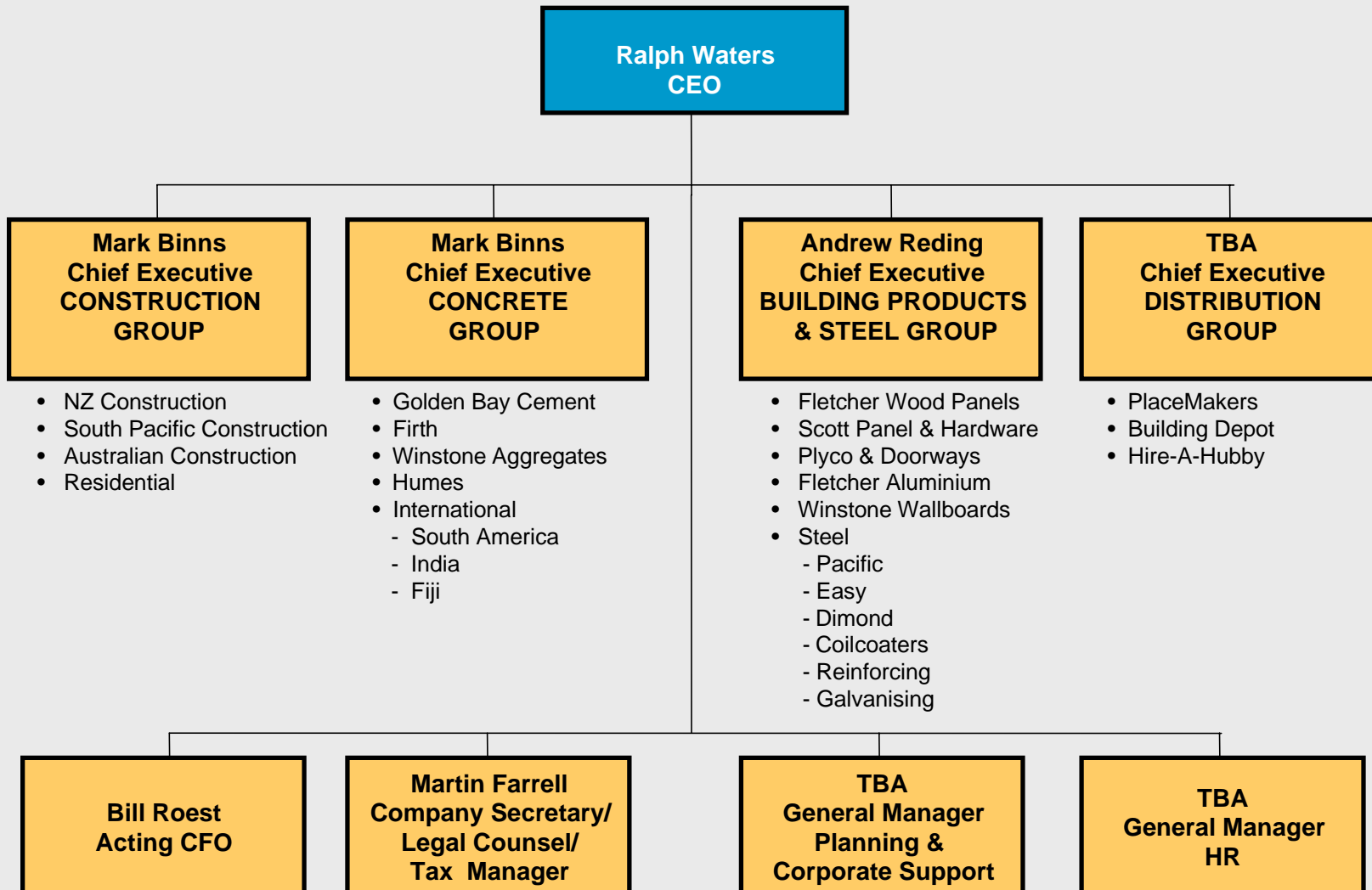
Organisation (pre 23 March 2001)



Organisation (Interim post 23 March 2001)



Organisation (Going Forward)



Core Businesses Review



Core

**PlaceMakers
Building Depot**

**Winstone Wallboards
Fletcher Wood Panels
Scott Panel & Hardware**

**EasySteel
Pacific Coilcoaters
Dimond
CSP Galvanising**

**Golden Bay Cement
Winstone Aggregates
Firth Industries
Stresscrete**

Non-Core?????*

Hire-A-Hubby

**Plyco Doors
Fletcher Aluminium**

**Steel Manufacturing/Processing
Cyclone
Reinforcing
Pacific Wire
Backbone
Fiji**

**Fiji
Peru
India
Bolivia
Humes**

Core Businesses Review (Cont.)



Core

New Zealand Construction
South Pacific Construction

Non-Core????*

Australian Construction
Residential
Co-Generation

All excess property
Penrose Head Office

*** Note: Non-Core???? are businesses that may not be relevant to Fletcher Building because of size, industry structure, performance or long term growth plans**

Operational Initiatives



- Performance Improvement Project in PlaceMakers
- Major capital investment in Golden Bay Cement
 - improved running costs
 - lower carbon emissions
- Best ever backlog in New Zealand Construction and Australian Construction trading profitability
- New electricity hedge contracts will assist Steel and Aluminium. Wood Panels 100% hedged



- Operational performance the highest priority
- Steel Manufacturing and South America are the restructuring priorities
- Introduce strategic planning process through which new initiatives will be evaluated
- EBITDA for H1 should be comfortably ahead of pcp