



FletcherBuilding

Annual Results Analyst Presentation

14 August 2002

This Annual Results Presentation dated 14 August 2002 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



\$m	June* 2002 12 Mths	June** 2001 12 Mths	% YOY Change
Revenue	2847	2740	+4%
EBITDA	294	196	+50%
EBIT Before Unusuals	205	106	+93%
Net Earnings Before Unusual Items	88	18	+389%
Net Earnings Including Unusual Items	93	-288	N/A
EPS Before Unusuals (cents)	25.5	5.2	+390%
EPS After Unusuals (cents)	27.0	-83.7	N/A

* Incorporates changes in accounting treatment

** Proforma accounts to 30 June 2001

Accounting Policy Changes



The accounts incorporate two changes in accounting treatment:

Capital Notes Interest

- Capital Notes interest is now included as an interest charge, where historically it was treated as a distribution
- Whilst the accounting standards restrict us from changing comparative data in our published accounts we have adjusted the results in this presentation to reflect this change so as to facilitate better comparisons

Accounting Policy Changes



PlaceMakers Consolidation

- PlaceMakers Joint Venture branches are now consolidated whereas previously they were equity accounted
- Historically, the Joint Ventures operated on a March balance date, now changed to a June balance date

Accounting Policy Changes



PlaceMakers Consolidation (Cont.)

- The net effect is to report 15 months income this year.
- First 3 months income being April 2001 to June 2001 has been included as an unusual item, and the remaining 12 months being July 2001 to June 2002 as normal trading income
- The comparative numbers in this presentation have also been restated for both the increase in shareholding and the change in accounting periods

Segmental EBIT



\$m	June 2002 12 Mths	June 2001 12 Mths	% YOY Change
Building Products and Steel	85	58	+47%
Distribution	34	18	+89%
Concrete	60	31	+94%
Construction	30	5	+500%
Corporate/Unallocated	-4	-6	+33%
EBIT Pre Unusuals	205	106	+93%
Restatement		-12	
EBIT Pre Unusuals as per Accounts	205	94	+118%

Building Products and Steel Results



\$m	June 2002 12 Mths	June 2001 12 Mths	% YOY Change
Revenue	820	840	-2%
EBIT	85	58	+47%
Margin	10.4%	6.9%	+51%
Funds	433	450	-4%
Return on Funds	19.6%	12.9%	+52%



Winstone Wallboards

- Volume improved in line with market
- Price and mix better
- Profit well up +17%

Fletcher Aluminium

- Disappointing result overall
- New GM from February 2002
- Disposed of non-core distribution assets
- New window suite now settled and IFOTIS improving
- Improvement in earnings in last quarter



Fletcher Wood Panels

- Revenue up 7% - both volume and price
- EBIT steady but still unsatisfactory
- Prices firming internationally
- New products yet to make a significant contribution

Scott Panel & Hardware

- Volume and profit maintained at good levels



Manufacturing

- record steel production >200,000 tonnes
- growth in volume and price of exports
- improvement in manufacturing processes
- strong turnaround in earnings
- Sims performance excellent



Processing and Distribution

- Volumes down in EasySteel and Dimond but improving in last quarter
- Results below potential
- Latest profit trends better
- Pacific Coilcoaters excellent result driven by strong domestic and export demand

Distribution Results



\$m	June* 2002 12 Mths	June* 2001 12 Mths	% YOY Change
Gross Revenue	686	638	+8%
EBIT	34	18	+89%
Margin	5.0%	2.8%	+79%
Funds	101	92	+10%
Return on Funds	33.7%	19.6%	+72%

* Restated to incorporate changes to accounting treatment

Distribution



- Sales levels increased with improving market conditions, and better trading in wholly owned stores
- Margins have improved across stores as a result of initiatives underway
- Return on Funds now at over 33%

Concrete Results



\$m	June 2002 12 Mths	June 2001 12 Mths	% YOY Change
Revenue	470	454	+4%
EBIT	60	31	+94%
Margin	12.8%	6.8%	+88%
Funds	416	485	-14%
Return on Funds	14.4%	6.4%	+125%



Golden Bay (Cement)

- Volumes up
- Prices up
- Operating costs increased as a result of clinker imports
- Distribution costs increased to meet local demand
- Profit steady



Firth (Readymix Concrete)

- Volumes up through market and market share gains
- Prices up
- Strong profit improvement

Winstone Aggregates

- Higher volumes
- Still an unfavourable mix
- Roading spend down significantly
- Good profit improvement on pcp giving satisfactory result

Humes (Concrete Pipes)

- Low levels of subdivision and roading although good pick up in second half
- Streamlining of operations generating cost savings
- Much improved profit result

Stresscrete (Pre-cast Beams etc)

- Much improved operating performance

Construction Results



\$m	June 2002 12 Mths	June 2001 12 Mths	% YOY Change
Revenue*	871	808	+8%
EBIT	30	5	+500%
Funds	-95	-59	-61%

* Includes full Australian income for 2002



Construction – Commercial and Engineering

- Manapouri Tunnel completed and handed over
- Public sector in NZ providing the major opportunities e.g. hospital, education
- Australian Construction and Co-generation business sold
- Earnings from the Australia and US contributed around \$13 million non recurring EBIT.
- Backlog levels at around \$400 million represent a healthy 11 months workload for New Zealand Construction



Construction – Residential

- Strong performance with the number of sales and margins well ahead of last year and budget
- Further restructuring was undertaken during the period, reducing overheads
- A stand out result

Profit After Tax



\$m	June 2002 12 Mths	June 2002 6 Mths	Dec 2001 6 Mths	June 2001 12 Mths
EBIT before Unusuals	205	127	78	94
Interest	-29	-14	-15	-36
Interest - Capital Notes	-22	-11	-11	-24
Tax	-54	-34	-20	-15
Minority Interests	-12	-9	-3	-1
NPAT Pre Unusuals	88	59	29	18
Adjustments Net of Tax	5	1	4	-306
Profit After Tax	93	60	33	-288
Restate Capital Notes Interest After Tax	-	-8	8	16
Profit After Tax as per Accounts	93	52	41	-272

Adjustments



\$m	June 2002 12 Mths	June 2002 6 Mths	Dec 2001 6 Mths	June 2001 12 Mths
i. Unusual Items				
Permanent Impairment	-11*	-11*		-101
Other Losses/Gains	16**	10	6	-37
Restructuring and Separation Costs				-43
	5	-1	6	-181
ii. Taxation		2	-2	-125
Total Adjustments	5	1	4	-306

* This relates to the valuation of assets in Peru and Bolivia,

** These are the proceeds on sale of Lunn Ave quarry +\$6m, Varnsdorf +\$14m, Placemakers extra income+\$4m, less costs related to the closure of Australian Construction -\$8m.

Simplified Balance Sheet



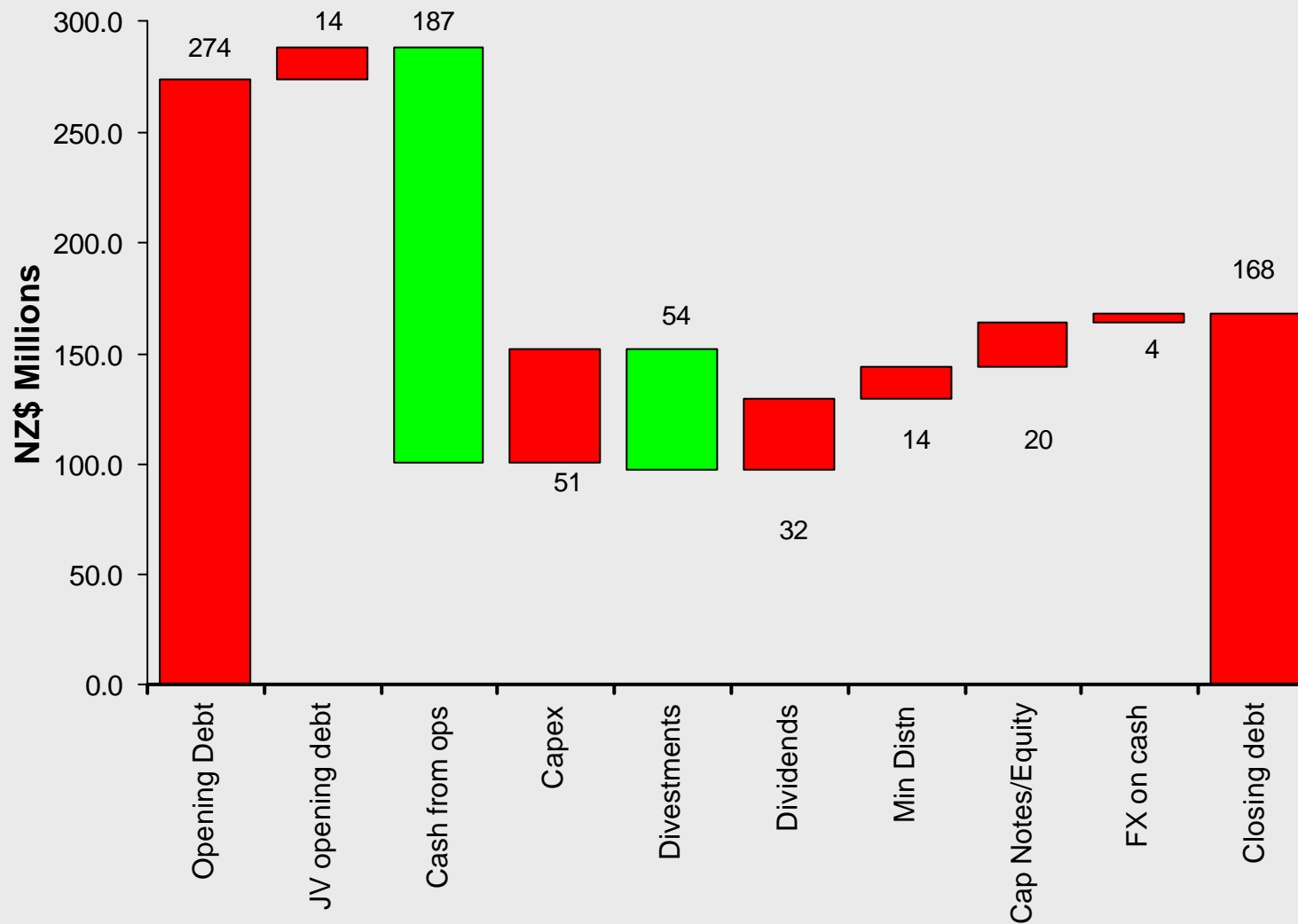
	June 2002 NZ\$m	Dec 2001 NZ\$m	June 2001 NZ\$m
Assets			
Current Assets	642	682	639
Fixed Assets	669	736	759
Provision for Taxation	108	128	137
Investments	72	69	90
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Total Fletcher Building Assets	<u>1491</u>	<u>1,615</u>	<u>1,625</u>
Liabilities			
Current Liabilities	502	508	561
Net Debt	168	293	274
Capital Notes	230	230	250
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Total Fletcher Building Liabilities	900	1,031	1,085
Equity			
Equity	564	556	538
Minority Equity	27	28	2
	<hr/>	<hr/>	<hr/>
Total Fletcher Building Liabilities and Equity	<u>1491</u>	<u>1,615</u>	<u>1,625</u>

Ratios



\$m	June 2002 12 Mths	June 2001 12 Mths
Net Debt / Total Capitalisation	17%	26%
Net Debt & Capital Notes / Total Capitalisation	40%	49%
EBITDA / Interest on Net Debt	10.1	5.1
Net Debt / EBITDA	0.6	1.5
Dividend	14 cps	12 cps
Payout Ratio	55%	240%

Net Debt Movement



Building Materials Relative Valuations



		BLD	CSR	JHX	FBU
Price (\$)		\$3.85	\$6.00	\$5.81	\$2.28
Market Capitalisation (\$m)		2,201	5,622	2,652	790
Year End		June	March	March	June
ROA (%)	2003F	10.6	11.8	18.7	13.5
	2002A/F	8	11.3	8.4	12.6
Enterprise Value Multiples (x)	2003F	5.0	5.5	10.7	3.9
(based on EBITDA)	2002A/F	6.0	5.9	12.7	4.2

Source: Company data, DBAG estimates

5 August 2002



FletcherBuilding

Operational & Strategic Update

Operational Initiatives



- New products – Fibrerock, Fibreplastics, MDF derivatives
- Freight rationalisation
- Joint venture construction contracts
- Securing key residential land in Auckland
- Distribution overhaul
- Major capital projects at Golden Bay and Winstone Wallboards
- Kyoto/NGA's

Strategic Issues



- **Grow in New Zealand**
 - support core businesses and grow where opportunities arise
- **Achieve Australian Expansion**
 - decrease volatility in earnings and provide path for future growth
- **Portfolio Management**
 - concentration to fewer higher return businesses
- **Management development**
 - succession planning



Sold This Year

- Lunn Avenue quarry
- Cyclone
- Aluminium distribution in New Zealand and Australia
- Fletcher Construction Australia
- Varnsdorf co-generation plants in Australia
- All Bolivian businesses (post balance date) under contract

Closed This Year

- Backbone



- Fletcher Building normally has a second half bias
- Should be more balanced this year as
 - First half should remain strong
 - Second half is forecast to slow
- Expect another satisfactory result