

Fletcher Building Limited

Acquisition of Laminex Industries

18 September 2002



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Agenda

- Transaction Overview
- Strategic Rationale
- Laminex Overview
- Funding Approach
- Financial Impact of Acquisition
- Summary

Transaction Overview

- Fletcher Building ("FBU") has agreed to acquire Laminex Industries, the Australasian market leader in decorative laminates and wood panels
- Purchase price is A\$645m (NZ\$750m), with additional contingent payment up to A\$20m, based on Laminex FY03 EBITDA performance
- Transaction is conditional on regulatory and FBU shareholder approval
 - Settlement is expected in mid-November 2002
- Financing will comprise an equity placement and additional debt facilities
 - Equity placement of 43.7 million shares to raise approximately NZ\$113 million
 - Debt expected to include NZ\$150 million of Capital Notes
- Acquisition provides a scale entry to Australia, in a favourable industry structure
- Acquisition is expected to be eps positive (pre-goodwill) from day one

Background to Acquisition

- FBU has considered a number of Australian acquisition opportunities complementary to its core NZ building materials operations
- FBU has clearly defined acquisition criteria
 - No adverse industry competitive response expected
 - Leading market position (No. 1 or No. 2 in sector)
 - Good industry structure and sustainable market position
 - Capable local management
 - Attractive financial parameters and strong cash flow generation
- Laminex Industries fully satisfies these acquisition criteria

Laminex Provides

- Quality assets with good industry structure
- Leading market position with strong “icon” brands
- Existing management team led by John Nolan remaining in place
- Synergies from integration with existing FBU panels manufacturing & distribution, and fixed cost efficiencies
- Larger and diversified earnings base

Key Terms of Transaction

Purchase Price

A\$645 million payable on completion, +/- working capital adjustments on completion date

Contingent Purchase Adjustment

Up to A\$20 million:

- A\$6 million if FY03 EBITDA reaches A\$95 million
- A\$2 million for each additional A\$1m million EBITDA above A\$98 million
- Total capped at A\$20m if EBITDA A\$105m or above

Deposit

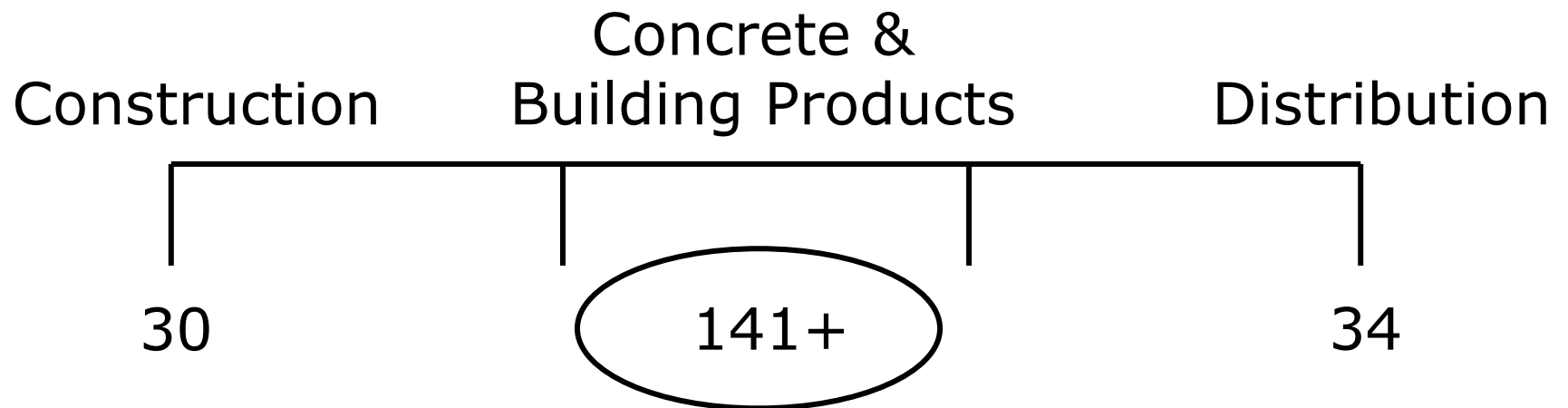
Non-refundable deposit of A\$10 million

Conditions

FB shareholder approval (ordinary resolution), Australian FIRB approval

Overview of Fletcher Building

June 2002 Operating Earnings (EBIT) NZ\$M



A building materials manufacturer with two special channels to market

Overview of Fletcher Building – June 2002

NZ\$M	Operating Revenue	Operating Earnings	Funds
Building Products	820	85	433
Distribution	686	34	101
Concrete	470	60	416
Construction	871	30	(95)
Other		(4)	134
	<hr/>	<hr/>	<hr/>
	2847	205	989
	<hr/>	<hr/>	<hr/>
Equity including minority (book value)			591
Capital Notes			230
Net Debt			168
			<hr/>
Total Capitalisation			989
			<hr/>

Overview of Fletcher Building – June 2002

	June 2002
EPS after unusual items (cps)	27.0
Dividend (fully tax credited) (cps)	14
Payout Ratio	52%
Net Debt + Capital Notes / Total Capitalisation	40%
EBITDA / Interest on Net Debt	5.4
Net Debt / EBITDA	1.4

Fletcher Wood Panels / Scott Panel & Hardware

FWP – Annual revenue c \$200m

FWP
Kumeu
Particleboard mfg
Particleboard flooring
mfg

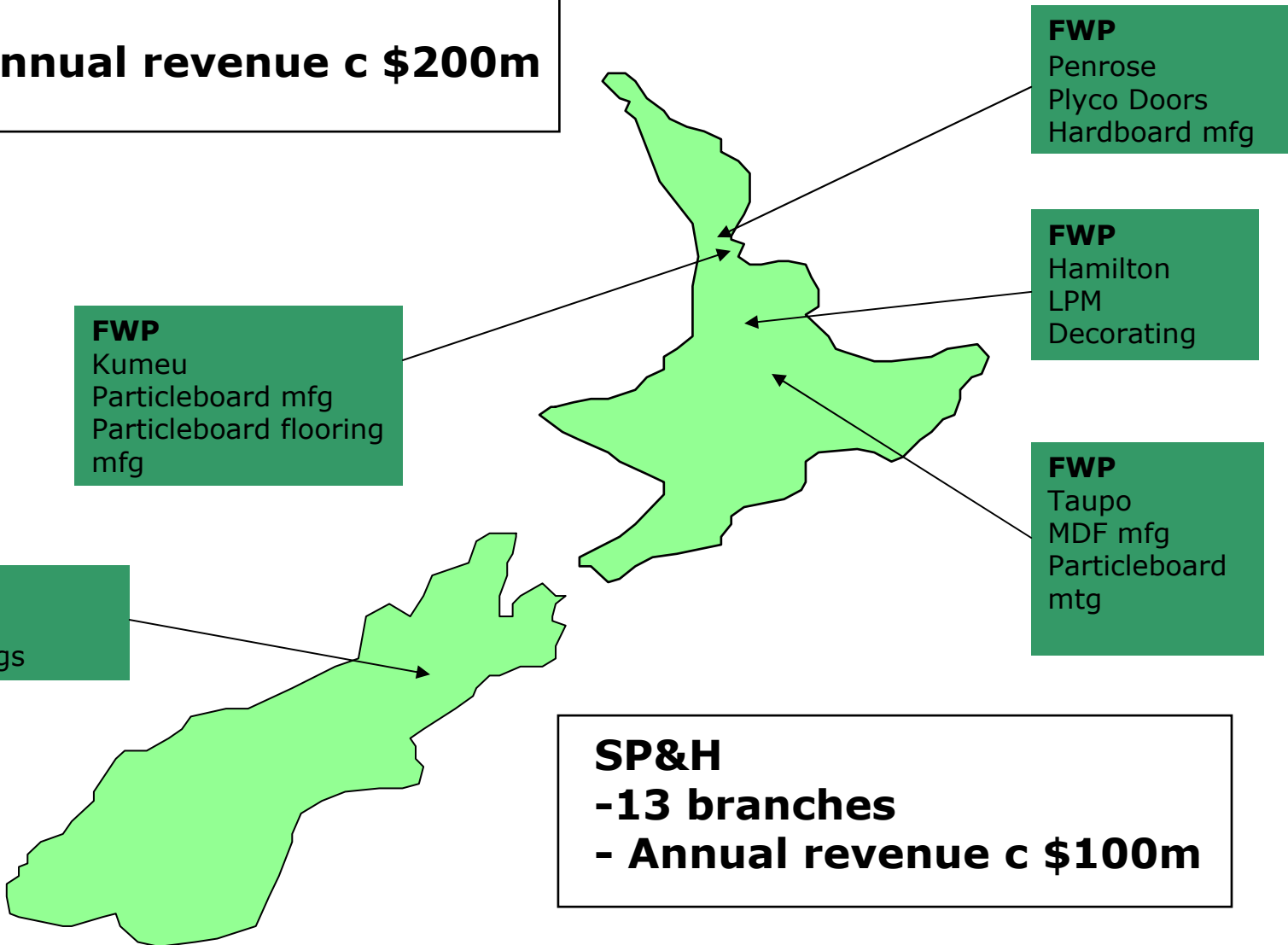
FWP
Christchurch
MDF Mouldings

FWP
Penrose
Plyco Doors
Hardboard mfg

FWP
Hamilton
LPM
Decorating

FWP
Taupo
MDF mfg
Particleboard
mtg

SP&H
-13 branches
- Annual revenue c \$100m



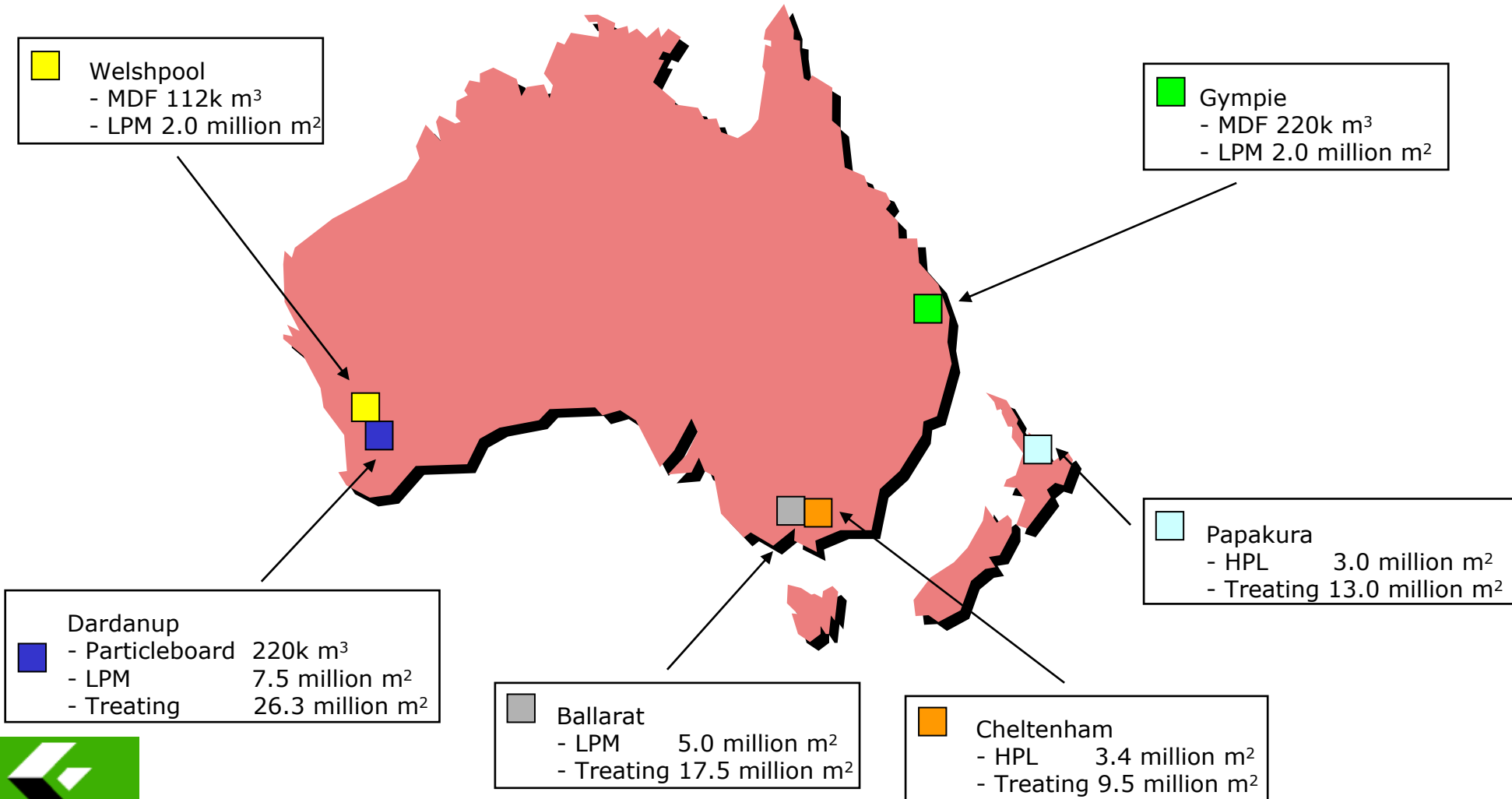
Overview of Laminex

- Laminex is the leading marketer, distributor and producer of premium decorated boards in Australia and New Zealand
- Leading market position in “value-added” boards
 - high recognition of key “Laminex”, “Formica” and “Formex” brands
 - estimated 65% share of HPL segment in Australia/NZ
 - high shares of decorated MDF and particleboard
- Laminex also produces raw woodpanels (MDF and particleboard) as substrates for decorated boards, for trade sales and export to Asia
- Laminex has led the consolidation of the Australasian woodpanel industry
- Strategic focus is to maintain market leadership in the Australian domestic market, with growth from new products and exports

Overview of Laminex

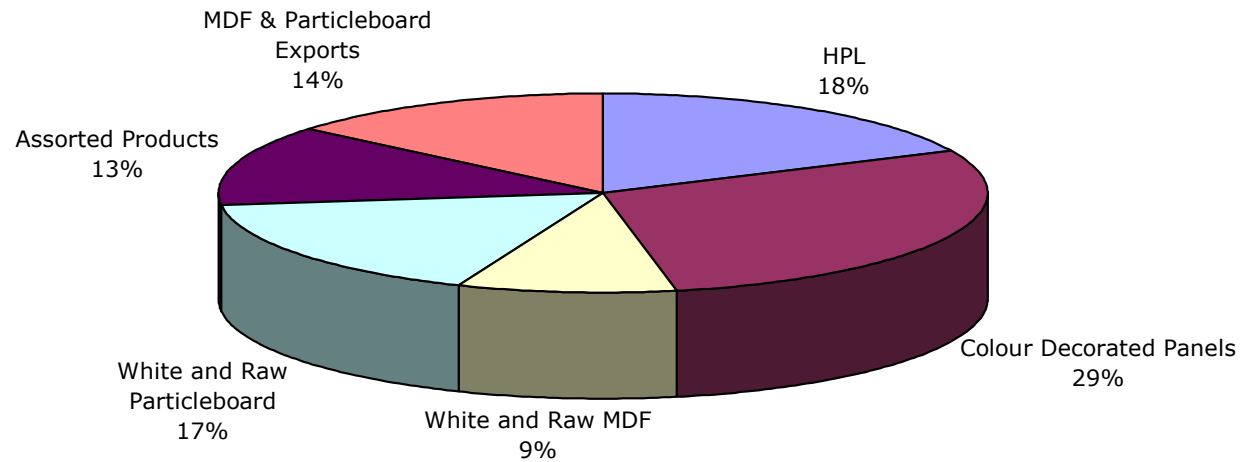
- Dedicated distribution network strengthens competitive position
 - Extensive Australian distribution network with 30 Service Centres and 13 other distribution points
 - FBU's "Scott Panel & Hardware" chain is New Zealand's exclusive distributor of Laminex and one of the major distributors of Formica
- 6 production facilities providing operational efficiency and flexibility
 - HPL: Victoria and Auckland (NZ)
 - LPM: West Australia, Victoria, Queensland
 - Particleboard: West Australia
- 50% interest in 2 joint ventures in West Australia
 - Wespine (sawmill), DIWA (resin manufacture)

Laminex - Key Facilities



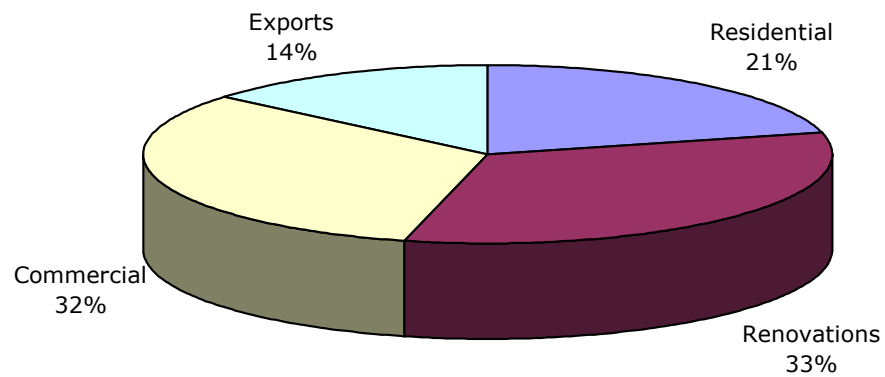
Laminex - Sales Mix

Laminex Group FY02 Sales Mix by Product



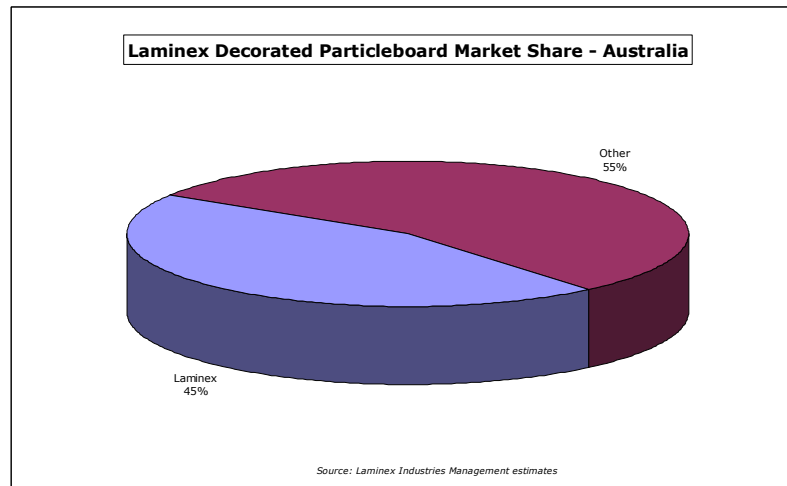
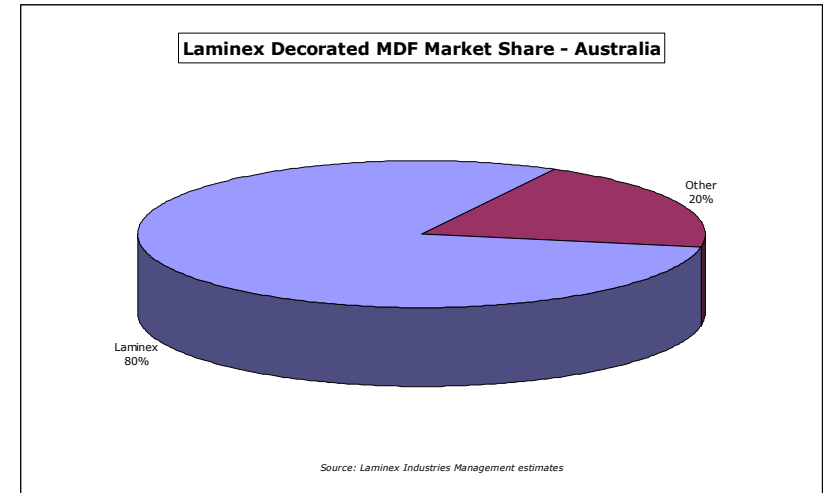
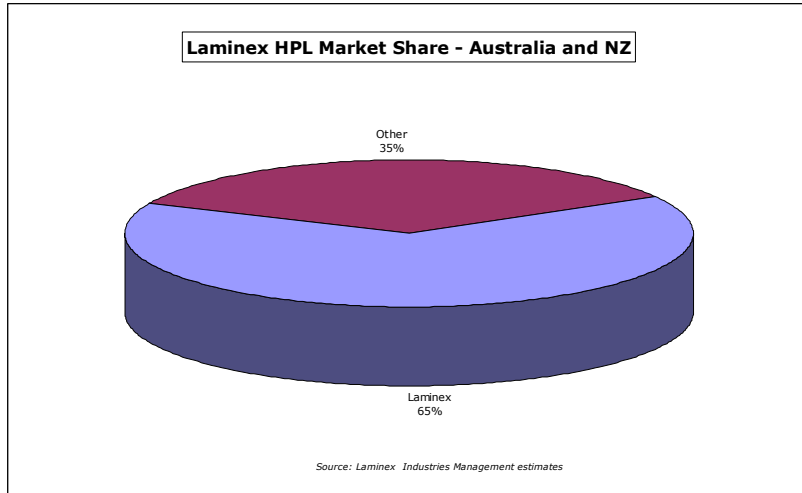
Laminex - End Uses

Laminex Group FY02 Sales Mix by Sector



Source: Laminex Industries management estimates

Laminex - HPL & Decorated Board Market Shares



Laminex Earnings

Years ended 30 June

A\$million	2000(A)	2001(A)	2002(A)
Sales	380.1	438.0	608.1
EBITDA (before unusuals)	67.7	64.1	88.1
EBIT (before unusuals)	50.3	40.3	57.6
Capex	17.0	10.0	21.0

Notes:

1. Wesfi acquired by Laminex in February 2001 for A\$193 million
2. FY01 result adversely impacted by lower activity following Sydney Olympics and introduction of GST
3. FY02 includes part year benefits of synergies and December price rise

Market Assumptions for June 2003

	Laminex Source of Revenue	Market Growth Assumption
Commercial	32%	+9%
Residential	21%	-13%
Renovation	33%	+10%
Export	14%	-
	<hr/> <u>100%</u> <hr/>	

Laminex Earnings

Laminex FY03 EBITDA expected to benefit from

- 12 months of last year's progressively achieved Wesfi synergies
- additional Wesfi integration benefits
- drag through of last December's price increase
- this November's already advised price increase

Indicative Financial Impact

	June 2002 A\$M	Target Earnings in Purchase Agreement A\$M
A\$		
Laminex EBITDA	88*	105
Purchase Price	645	665
EV/EBITDA	7.3X	6.3X

* Pre-unusuals

Indicative Financial Impact

- Additional leverage supported by strong cash flow generation
 - EBITDA/Interest* expected to trough at about 4.6x, still robust
 - Debt*/Capitalisation expected to peak at about 52%
- FBU expects to achieve synergies between Laminex and Fletcher Wood Panels, but none allowed for in financial justification
- FBU expects export prices for MDF to firm but have not allowed for this in financial justification

* includes Capital Notes

Acquisition - Additional Details

• Assets acquired*	A\$m
Fixed assets & investments	290
Brands	123
Existing Goodwill	58

* excluding working capital and assuming \$20 million purchase adjustment

- Incremental goodwill on acquisition approximately A\$60 million
 - Total goodwill to be amortised over 20 years

Acquisition Financing

NZ\$million

Equity Placement*	113
Bank Financing	487
Capital Notes#	150
Total	750

* Base price underwritten

Proposed issue after mid November 2002 settlement

- Plus up to A\$20 million contingent
- The acquisition does not require the raising of additional ordinary equity

Laminex – Acquisition Summary

- Scale entry to Australia with favourable industry dynamics
- Leading market position and recognised brands
- Quality assets and management
- Attractive acquisition parameters
- Focus on cash flow generation to create shareholder value
- Comprehensive Fletcher Building evaluation, comparative analysis and due diligence since April

Indicative Equity Placement Timetable

Wednesday 18 September 2002, New Zealand time

9.00am	FBU trading suspended on NZSE & ASX
9.30am	Transaction announced to NZSE & ASX
1.00pm	Presentation by Fletcher Building CEO, Ralph Waters
2.00pm	Bookbuild commences
8.00pm	Books close for NZ & Australian institutions

Thursday 19 September 2002

7.00am	Final close
8.00am	Allocations finalised and confirmed
9.00am	Fletcher Building shares recommence trading on NZSE

Thursday 26 September 2002

Not later than 5.00pm	Settlement
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Appendix

History of Laminex

October 1998

Laminex Industries closed its Wagga Wagga MDF manufacturing plant.

August 1999

Laminex industries acquired the Formica decorative laminates business of CSR and entered into a long term particleboard supply contract with CSR.

September 1999

Laminex Industries closed its Ballarat particleboard manufacturing plant.

December 1999

Laminex Industries re-commissioned its second MDF line at Gympie.

February 2001

Laminex Industries acquired Wesfi Limited (Formex laminates operation).

18 September 2002

FBU announces acquisition of Laminex

Production Facilities

Plant	Location	Capacity(000)
Particleboard	Dardanup	220m3
MDF	Gympie	220m3
	Welshpool	112m3
HPL	Cheltenham	3,400m2
	Papakura	3,000m2
LPM	Ballarat	5,000m2
	Gympie	2,000m2
	Dardanup	7,500m2
	Welshpool	2,000m2
Treating	Cheltenham	9,500m2
	Papakura	13,000m2
	Dardanup	26,300m2
	Ballarat	17,500m2

Laminex - Business Mix

PRODUCT SEGMENT	PREMIUM DECORATIVE SURFACES		TRADE WOODPANELS		ASSORTED PRODUCTS	EXPORTS
PRODUCTS	high pressure laminates (HPL)	coloured decorated woodpanels	white and raw MDF	white and raw particleboard	natural timber veneer panels, cabinet doors, vanity units and componentry	MDF and particleboard
FY02 SALES	18%	29%	9%	17%	13%	14%
USES	kitchen and commercial benchtops, vertical cabinet linings, marine panels	kitchen and bathroom cupboards, commercial furniture, commercial office and shop fittings	cupboards, benches and furniture, substrate for decorative surfaces	furniture, shelving, flooring, cabinetry, substrate for decorative surfaces	residential and commercial applications	furniture, fan blades, partitioning, and other uses