

# **Fletcher Building Limited**

Acquisition of

Tasman Building Products Pty Limited

19 August 2003



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# Agenda

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- Transaction Overview
- Fletcher Building Products Overview
- Tasman Overview
- Financial Impact of Acquisition
- Acquisition Financing
- Summary

# Transaction Overview

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- Fletcher Building ("FBU") has agreed to acquire Tasman Building Products Pty Limited ("Tasman"), which comprises insulation, roofing, sinkware and flooring businesses owned by private interests
- Purchase price is A\$230m (~NZ\$260m) +/- working capital adjustments
- Transaction is conditional on FIRB approval
  - Settlement is expected 30 September 2003
- Financing will comprise a combination of bank debt and a placement of 20 - 25 million shares to institutional investors
  - Placement of 20 million shares underwritten by JB Were (NZ) Limited
- Acquisition is complementary to FBU's existing New Zealand building products business and adds further mass to its Australian platform

# Consistent with FBU's Acquisition Criteria

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**Logical extension of FBU building envelope**



**Leading market positions and recognised brands**



**Quality assets and management**



**Larger and diversified earnings base**



**Attractive acquisition parameters and positive financial impact**

# Fletcher Building Products Group

## Building Products Group Businesses

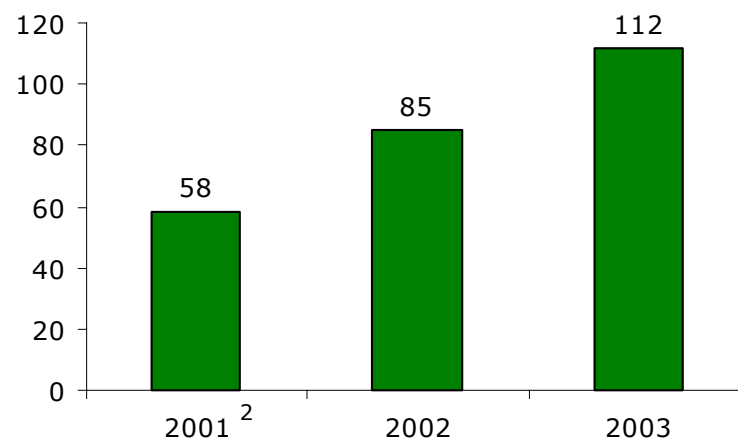
### Existing

- Winstone Wallboards
- Aluminium
- Easysteel
- Dimond
- Pacific Coilcoaters
- Reinforcing
- CSP Galvanising
- Pacific Steel
- Pacific Wire
- Sims Pacific (JV)
- Fletcher Wood Panels <sup>1</sup>
- Scott Panel & Hardware <sup>1</sup>

### Tasman

- AHI roofing
- Insulation New Zealand
- Insulation Australia
- Roofing USA
- Access Flooring
- Sinkware

## Building Products Group EBIT



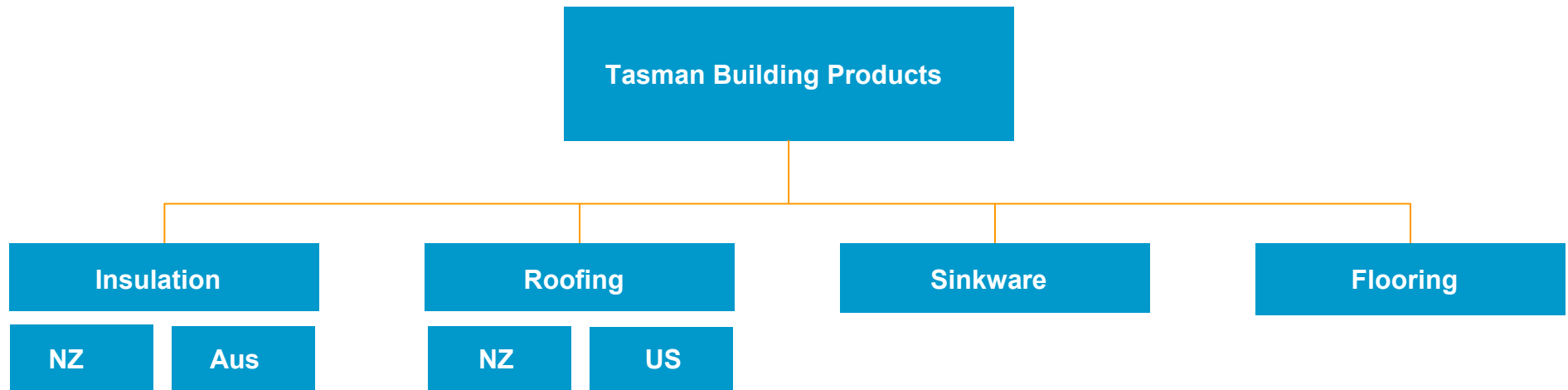
|                        |       |       |       |
|------------------------|-------|-------|-------|
| <b>Revenue</b>         | 840   | 820   | 865   |
| <b>EBIT margin</b>     | 6.9%  | 10.4% | 12.9% |
| <b>Return on funds</b> | 12.9% | 19.6% | 27.9% |

1. From FY2004, Fletcher Wood Panels and Scott form part of the Laminates and Panels Group
2. 2001 data is 12 months pro forma



# Overview of Tasman

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- **New Zealand and Australia.** No.1 in insulation products in Australasia under the “Pink Batts”, “Fatt Batts” and “Insulco” brands

- **New Zealand.** No.1 in metal tiles
- **USA.** Niche position manufacturing shingle and shake metal tiles
- **Exports.** Exports to over 70 countries. The world’s largest producer of steel roof tiles, shake and shingle products

- **Australia.** No.2 in stainless sinks under “Oliveri” and “Lakeland” brands

- **Australia and New Zealand.** No.1 in access flooring systems

# Logical Extension of FBU Building Envelope

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## ■ Insulation

- Tasman's New Zealand insulation and FBU's existing plasterboard business already have supply and marketing relationships
- Placemakers is the largest New Zealand distributor of Pink® Batts®

## ■ Roofing

- Tasman's New Zealand roofing business extends FBU's existing steel roofing product range
- Increases FBU's market position in metal tiles from being a niche player to being no.1

## ■ Sinkware

- An attractive increment to FBU's Australian building products business
- Significant US export growth potential
- Opportunity to expand New Zealand sales

# Recognised Brands

## Insulation



New Zealand's  
Favourite Insulation



## Roofing



## Sinkware

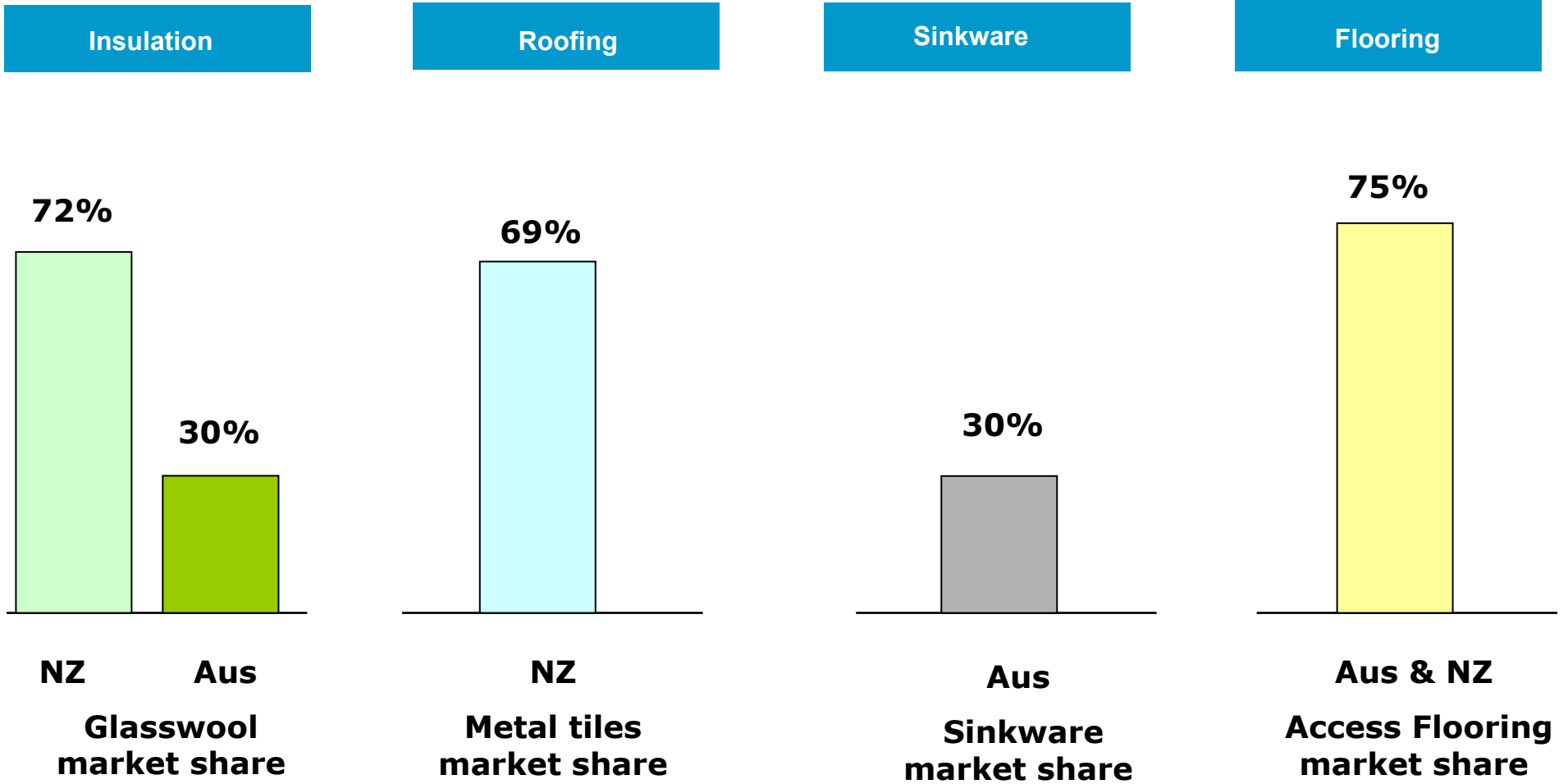


## Flooring

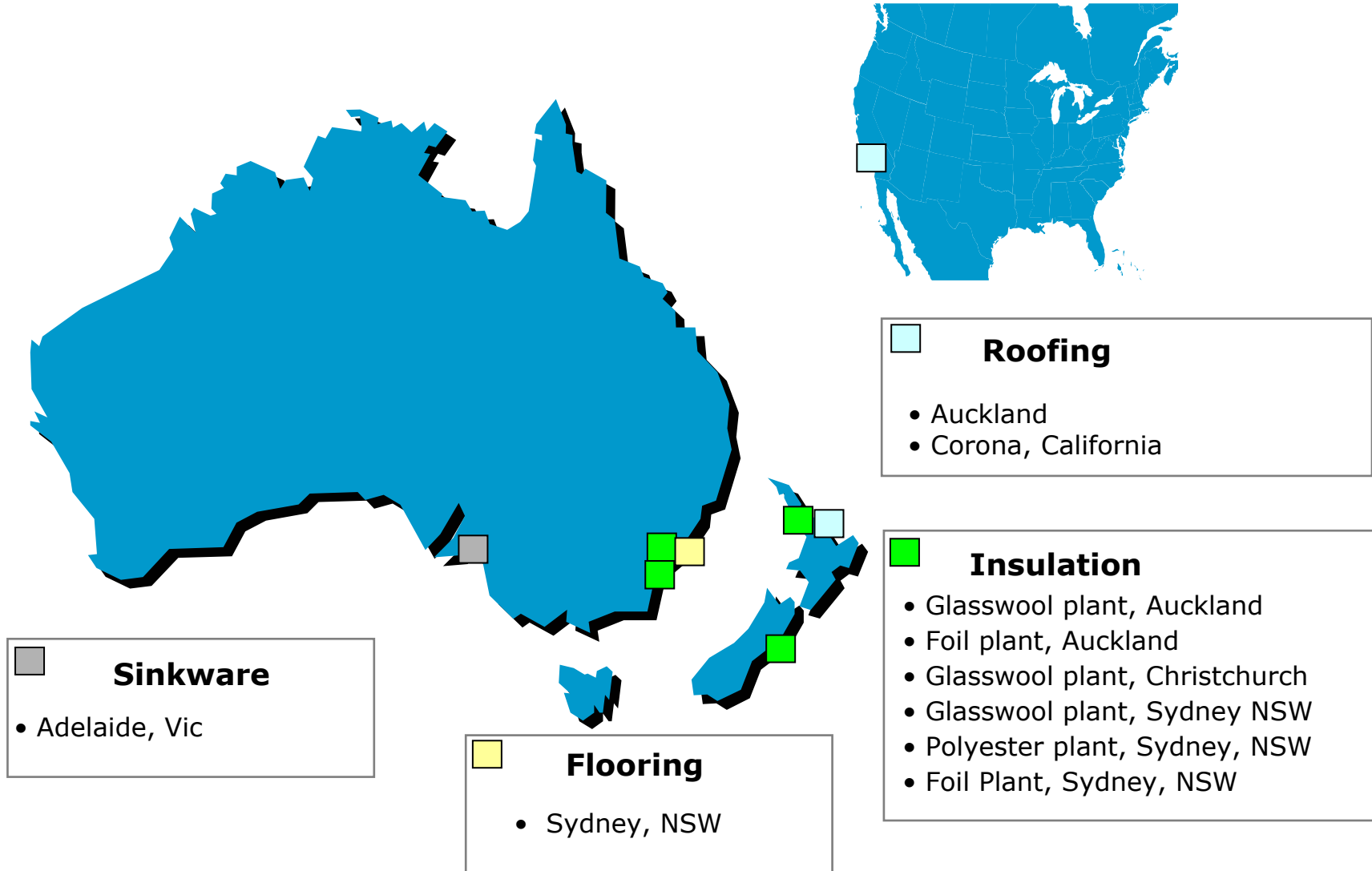




# Strong Market Positions



# Quality Assets

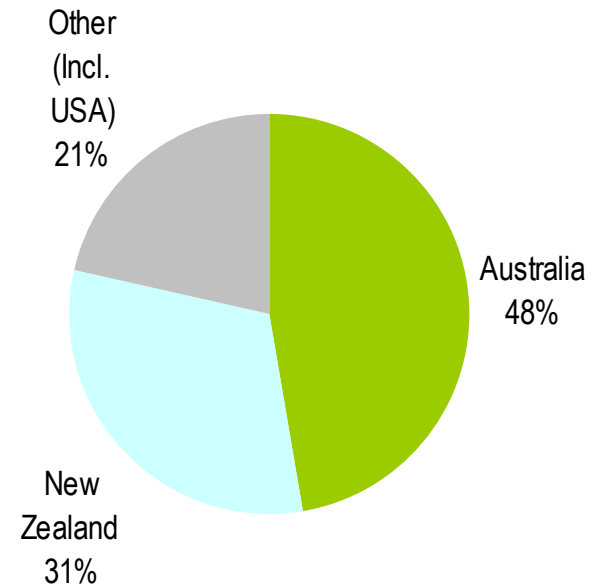
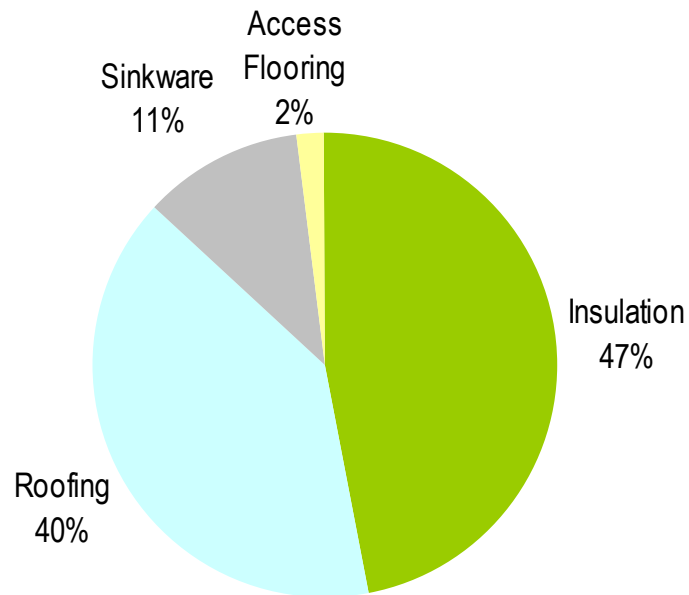


# Diversified Business and Geographic Mix

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## Tasman - FY2003 Revenue

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# Experienced Management Team

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## Insulation

- **Tasman Insulation Australia**  
General Manager  
Tony Dragicevich  
11 years\*
- **Tasman Insulation New Zealand**  
General Manager  
Bill Smith  
27 years\*

## Roofing

- **AHI Roofing (NZ)**  
General Manager  
Peter Stichbury  
24 years\*
- **Tasman Roofing Inc. USA**  
President  
Bo Hudson  
3 years\*

## Sinkware

- **Tasman Sinkware**  
General Manager  
Bryant Walters  
16 years\*

## Flooring

- **Tasman Access Floors**  
General Manager  
Ron Rigby  
17 years\*

\* with Tasman or predecessors



# Stable Earnings Track Record

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Years ended 30 June

| <b>A\$m</b>   | <b>2001(A)</b> | <b>2002(A)</b> | <b>2003*</b> |
|---------------|----------------|----------------|--------------|
| <b>Sales</b>  | 210            | 217            | 243          |
| <b>EBITDA</b> | 32             | 34             | 40           |
| <b>EBIT</b>   | 22             | 24             | 30           |

\* Preliminary – subject to final audit



# Attractive Acquisition Parameters

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**A\$m**

Purchase Price<sup>1</sup>

Tasman 2003 EBITDA estimate

EV/EBITDA multiple

2003 Est

230

40

5.8x

1. Estimated goodwill on acquisition is A\$116m, including existing goodwill of A\$38m. Estimated brand valuation is A\$20m. Excludes transaction costs

# Identified Synergies and Growth Opportunities

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## Synergies

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- Synergies estimated at approximately NZ\$5m p.a., from year 2
- Key areas include:
  - Elimination of corporate head office costs
  - Combined procurement
  - FBU distribution channel synergies
  - Plant optimisation in NZ roofing

## Growth opportunities

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- Growth opportunities include:
  - Insulation. Gains expected from adoption of new energy efficiency standards in Australia and New Zealand
  - Roofing. Export growth from the New Zealand business and growth from the new shingle product in the US
  - Sinkware. Export growth to New Zealand and US

# Positive Financial Impact

| NZ\$m                      | 2003  |                           | % increase |
|----------------------------|-------|---------------------------|------------|
|                            | FBU   | Pro forma<br>FBU + Tasman |            |
| <b>EBITDA</b>              | 429   | 475                       | 10.7%      |
| <b>EPS (pre goodwill)</b>  | 45.2c | 47.4c                     | 4.9%       |
| <b>EPS (post goodwill)</b> | 43.4c | 43.5c                     | 0.2%       |

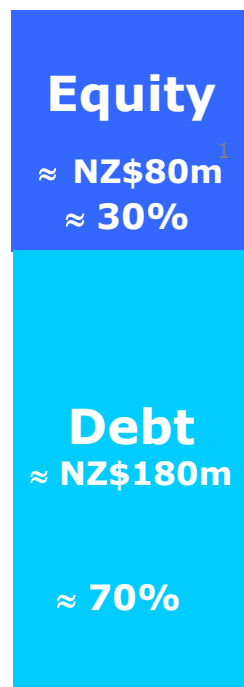
Notes: Assumes underwritten placement of 20 million shares  
Includes transaction costs.  
Excludes any synergies





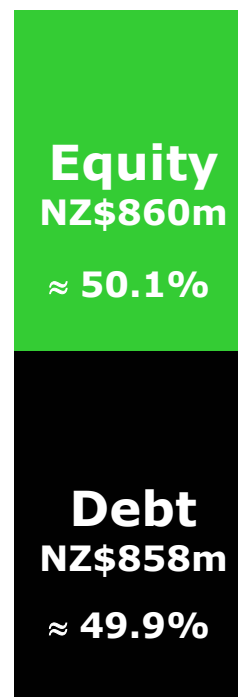
# Appropriate Funding Mix

## Tasman Funding

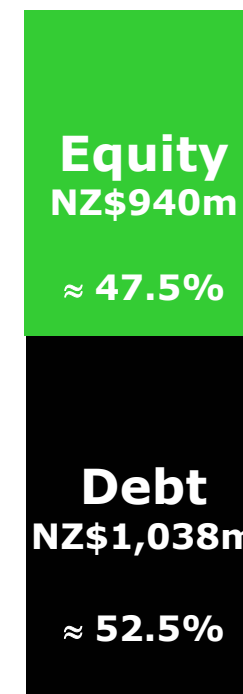


**Acquisition NZ\$260m**  
(A\$230m)

## Effect on FBU Funding



**Pre transaction**  
(FBU 30 June 2003)



**Post transaction**  
(FBU + Tasman  
Pro Forma 30  
June 2003)

1. Assumes underwritten placement of 20 million shares. This may be increased to 25 million.
2. Debt includes capital notes

# Equity Capital Raising Indicative Timetable

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- Tuesday 19 August
  - 9am announcement of placement
  - 10am FBU suspended on NZX and ASX
  - 2pm bookbuild commences
  - 8pm books close for NZ and Australian institutions
  
- Wednesday 20 August
  - 7:30am final book close
  - 9:45am allocations finalised
  - 10am FBU re-commences trading
  - by 4pm return of placement acceptance advice and CARD Form (settlement details)
  
- Wednesday 27 August
  - by 3pm DvP settlement in NZ\$ funds via Austraclear

# Summary

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**Logical extension of FBU building envelope**



**Leading market positions and recognised brands**



**Quality assets and management**



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**Attractive acquisition parameters and positive financial impact**

# Appendix

# Overview of Tasman

| Insulation |             | Roofing     |    | Sinkware | Access Floors |
|------------|-------------|-------------|----|----------|---------------|
| Australia  | New Zealand | New Zealand | US |          |               |

## Products

- |   |  |   |  |
|---|--|---|--|
| <ul style="list-style-type: none"> <li>• Glasswool, polyester, building membranes and foil laminates</li> </ul> | <ul style="list-style-type: none"> <li>• Steel based roofing tiles, shakes and shingles</li> <li>• Licences technology in several countries</li> </ul> | <ul style="list-style-type: none"> <li>• Steel sinks</li> </ul> | <ul style="list-style-type: none"> <li>• Access (raised) flooring systems and underfloor air conditioning</li> </ul> |
|---|--|---|--|

## Sites

- |  |  |  |  |   |   |
|--|--|--|--|---|---|
| <ul style="list-style-type: none"> <li>• 2 plants in Sydney</li> <li>• 15 distribution centres throughout Australia</li> </ul> | <ul style="list-style-type: none"> <li>• Auckland</li> <li>• Christchurch</li> <li>• Sales offices: Auckland, Wellington, Christchurch, Chile &amp; Singapore</li> </ul> | <ul style="list-style-type: none"> <li>• 5 distribution centres throughout NZ</li> <li>• Sales offices: Argentina, Australia, China, Dubai, Japan, Slovenia, Switzerland &amp; UK</li> </ul> | <ul style="list-style-type: none"> <li>• Corona, Southern California</li> <li>• 14 sales outlets in North America, including 4 warehouse facilities</li> </ul> | <ul style="list-style-type: none"> <li>• Adelaide: manufacturing plant</li> <li>• 4 sales / distribution branches (incl 1 in the US)</li> </ul> | <ul style="list-style-type: none"> <li>• Sydney: manufacturing plant</li> <li>• Melbourne sales office</li> </ul> |
|--|--|--|--|---|---|

## Brands

- |   |  |  |   |   |   |
|---|--|--|---|---|---|
| <ul style="list-style-type: none"> <li>• Insulco®</li> <li>• Fat Batts®</li> <li>• Vapachek®</li> </ul> | <ul style="list-style-type: none"> <li>• Pink® Batts®</li> <li>• Flamestop®</li> <li>• Pinkfit®</li> </ul> | <ul style="list-style-type: none"> <li>• Gerard</li> </ul> | <ul style="list-style-type: none"> <li>• Decra</li> </ul> | <ul style="list-style-type: none"> <li>• Oliveri</li> <li>• Lakeland</li> </ul> | <ul style="list-style-type: none"> <li>• Tascor</li> <li>• Tasteel</li> <li>• Unifix</li> </ul> |
|---|--|--|---|---|---|



# Overview of Tasman

|                  | Insulation   |  | Roofing   |   | Sinkware  | Access Floors  |
|------------------|--|--|---|---|---|--|
|                  | Australia  | New Zealand  | New Zealand   | USA   |   |  |
| Key customers    | <ul style="list-style-type: none"> <li>• Hardware</li> <li>• Roofing contractors</li> </ul>                                      | <ul style="list-style-type: none"> <li>• Large merchant chains</li> <li>• Commercial</li> <li>• Roofing companies</li> </ul> | <ul style="list-style-type: none"> <li>• Independent distributors</li> <li>• Group house builders</li> </ul>  | <ul style="list-style-type: none"> <li>• Merchant wholesalers (new channel)</li> <li>• Roofing contractors</li> </ul> | <ul style="list-style-type: none"> <li>• Plumbing merchants</li> <li>• Hardware retail</li> <li>• Cabinet makers</li> </ul> | <ul style="list-style-type: none"> <li>• Commercial construction projects</li> </ul>                                       |
| Market structure | <ul style="list-style-type: none"> <li>• 3 player glasswool market</li> <li>- Tasman</li> <li>- Amatek</li> <li>- CSR</li> </ul> | <ul style="list-style-type: none"> <li>• 2 player glasswool market</li> <li>- Tasman</li> <li>- CSR</li> </ul>               | <ul style="list-style-type: none"> <li>• Largest player in metal tiles</li> <li>• Other players include Dimond and Ross roofing</li> <li>• Metal tiles competes with concrete and long-run steel</li> </ul> | <ul style="list-style-type: none"> <li>• Niche player</li> <li>• Metal tiles penetration increasing</li> </ul>        | <ul style="list-style-type: none"> <li>• 3 player market</li> <li>- Tasman</li> <li>- GWA</li> <li>- Imports</li> </ul>     | <ul style="list-style-type: none"> <li>• Estimated 75% share</li> <li>• Other competitors include Asian imports</li> </ul> |
| Employees        | 250  | 139  | 149   | 102   | 89  | 26   |



# Plant Facilities

|            | Plant site  | Approximate Capacity p.a.  |
|------------|---|--|
| Insulation | <ul style="list-style-type: none"> <li>• Rooty Hill, Glasswool plant</li> <li>• Rooty Hill, Foil</li> <li>• Minto, Polyester plant</li> <li>• Auckland, Glasswool plant</li> <li>• Christchurch, Glasswool plant</li> <li>• Auckland, Foil plant</li> </ul> | <p>12,000 tonne</p> <p>30 million m<sup>2</sup></p> <p>4,500 tonne</p> <p>9,000 tonne</p> <p>5,000 tonne</p> <p>15 million m<sup>2</sup></p> |
| Roofing    | <ul style="list-style-type: none"> <li>• Auckland tile plant</li> <li>• USA tile plant</li> </ul>   | 12 million tiles   |
| Sinkware   | <ul style="list-style-type: none"> <li>• Regency Park plant</li> </ul>  | 150,000 sinks  |
| Floors     | <ul style="list-style-type: none"> <li>• Sydney plant</li> </ul>  | n/a  |

# History of Tasman

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**1960's**

LJ Fisher & Company ("LJF") operated a successful roofing and aluminium business in Auckland

**1969 -1970**

Alex Harvey Industries ("Alex Harvey") acquired LJF to complement Alex Harvey's other building products activities including glasswool

**1980's**

Alex Harvey and Carter Holt Harvey merged to become Carter Holt Harvey ("CHH")

**April 1998**

Tasman established as a stand alone privately owned business

**September 2003**

Fletcher Building acquires Tasman



# FBU 2003 Results Summary

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| <b>\$m</b>                   | <b>Jun<br/>2003<br/>12 Mths</b> | <b>Jun<br/>2002<br/>12 Mths</b> | <b>YOY<br/>Change</b> |
|------------------------------|---------------------------------|---------------------------------|-----------------------|
| Revenue                      | 3221                            | 2966                            | +9%                   |
| EBITDA                       | 429                             | 294                             | +46%                  |
| EBITA                        | 338                             | 212                             | +59%                  |
| EBIT Before Unusuals         | 331                             | 205                             | +61%                  |
| Net Earnings Before Unusuals | 168                             | 88                              | +91%                  |
| Net Earnings                 | 168                             | 93                              | +81%                  |
| EPS Before Unusuals (cents)  | 43.4                            | 25.5                            | +70%                  |
| EPS After Unusuals (cents)   | 43.4                            | 27.0                            | +61%                  |
| Dividend cps                 | 19.0                            | 14.0                            | +36%                  |

# FBU Segmental EBIT

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| <b>\$m</b>                        | <b>Jun<br/>2003<br/>12 Mths</b> | <b>Jun<br/>2002<br/>12 Mths</b> | <b>YOY<br/>Change</b> |
|-----------------------------------|---------------------------------|---------------------------------|-----------------------|
| Building Products                 | 112                             | 85                              | +32%                  |
| Distribution                      | 55                              | 34                              | +62%                  |
| Concrete                          | 83                              | 60                              | +38%                  |
| Construction                      | 34                              | 30                              | +13%                  |
| Laminex                           | 44                              |                                 | N/A                   |
| Corporate/Unallocated             | 3                               | -4                              | N/A                   |
| EBIT Pre Unusuals as per Accounts | <b>331</b>                      | <b>205</b>                      | <b>+61%</b>           |

# FBU Simplified Balance Sheet

|   | Jun<br>2003<br>NZ\$m | Jun<br>2002<br>NZ\$m |
|---|----------------------|----------------------|
| <b>Assets</b>   |                      |                      |
| Current Assets  | 919                  | 637                  |
| Fixed Assets  | 969                  | 666                  |
| Intangibles & Goodwill                                | 198                  | 8                    |
| Provision for Taxation                                | 104                  | 108                  |
| Investments   | 155                  | 72                   |
| <b>Total Fletcher Building Assets</b>                 | <b>2345</b>          | <b>1491</b>          |
| <b>Liabilities</b>                                    |                      |                      |
| Current Liabilities                                   | 627                  | 502                  |
| Net Term Debt   | 502                  | 168                  |
| Capital Notes   | 356                  | 230                  |
| Total Fletcher Building Liabilities                   | 1485                 | 900                  |
| <b>Equity</b>   |                      |                      |
| Equity & Minority Interests                           | 860                  | 591                  |
| <b>Total Fletcher Building Liabilities and Equity</b> | <b>2345</b>          | <b>1491</b>          |

