

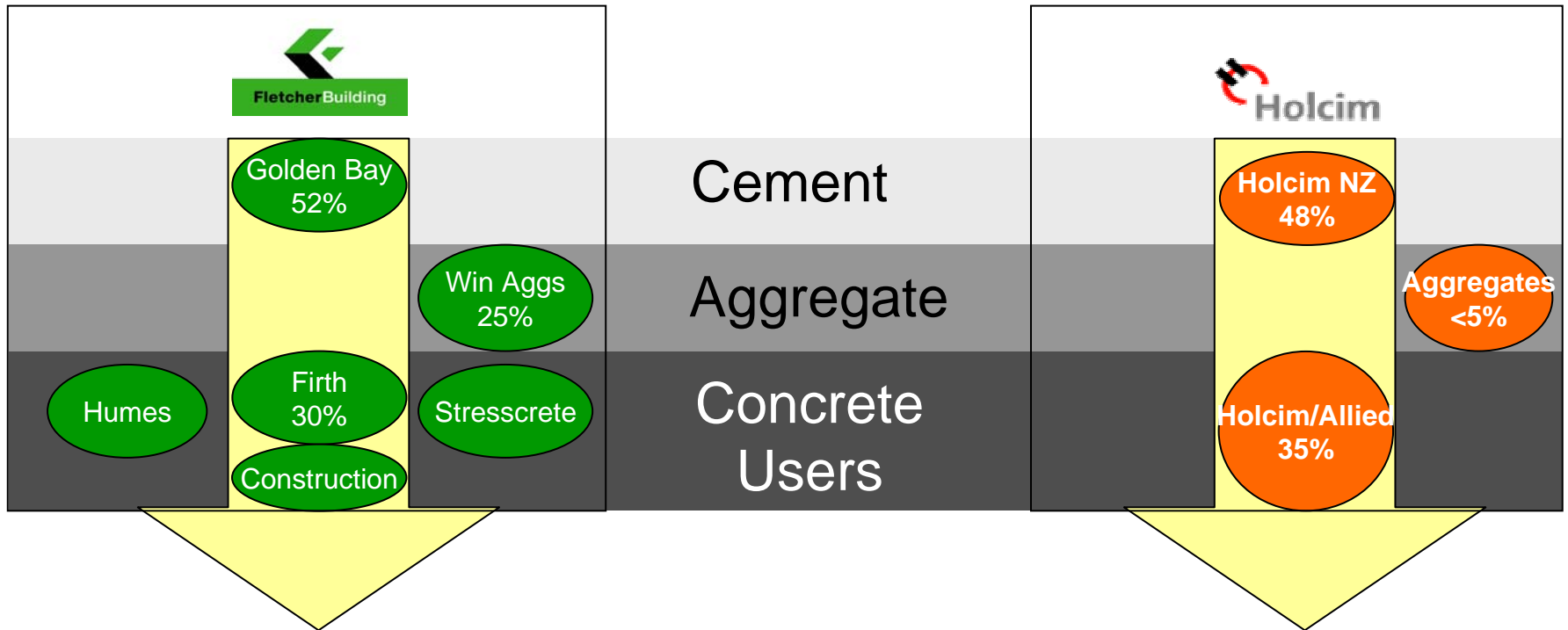
# Analysts Briefing September 2004

Mark Binns  
Chief Executive, Concrete





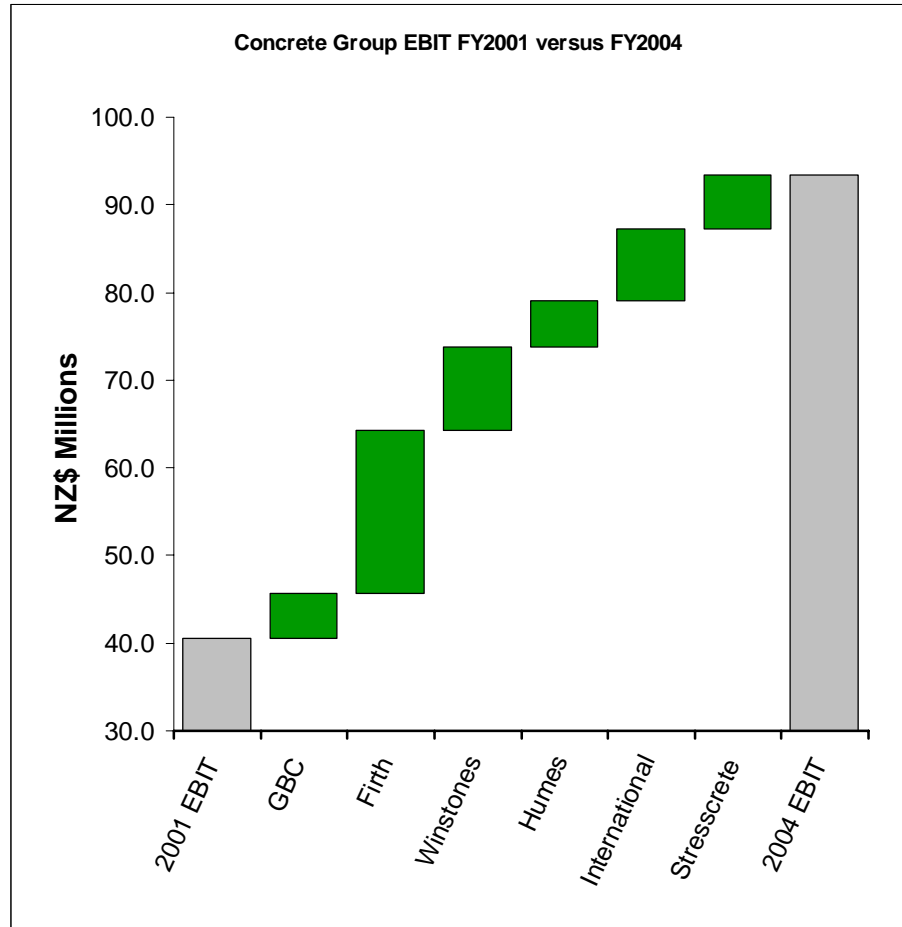
# Current Concrete Industry Structure



Figures are estimates of NZ market shares of the business.

# Performance since FY2001

- **Increased:** revenues,  
cash margins  
EBIT  
ROF  
**every year since FY2001**
- All NZ businesses exceeded budget in FY2004.
- Golden Bay's results hit by capacity constraints in manufacturing and distribution.



# Golden Bay Cement



- Maintained 52% market share
- Achieved price increase
- **Running at full capacity**
  - Needed to import 180K tonnes of clinker
  - Transported 175K tonnes of cement by road
  - Implemented capital upgrade at working plant

# Firth



- Milestone volume achieved in FY2004.  
**1,000,000 m<sup>3</sup>** of Ready Mixed Concrete.

- Market exposure



- Assessed share

▪ Holcim/Associates	35%
▪ <b>Firth</b>	<b>30%</b>
▪ Tonnes Group	8%
▪ Stevensons	5%
▪ Other	22%

# Winstone Aggregates



- **Strong Auckland position** – 30% market share
- 80% of EBIT from north of Bombay Hills
- **Spread:** 17 sites/plants
- **Security:** 40% of sales to Firth
- **Process improvements:** more to come!

# Humes



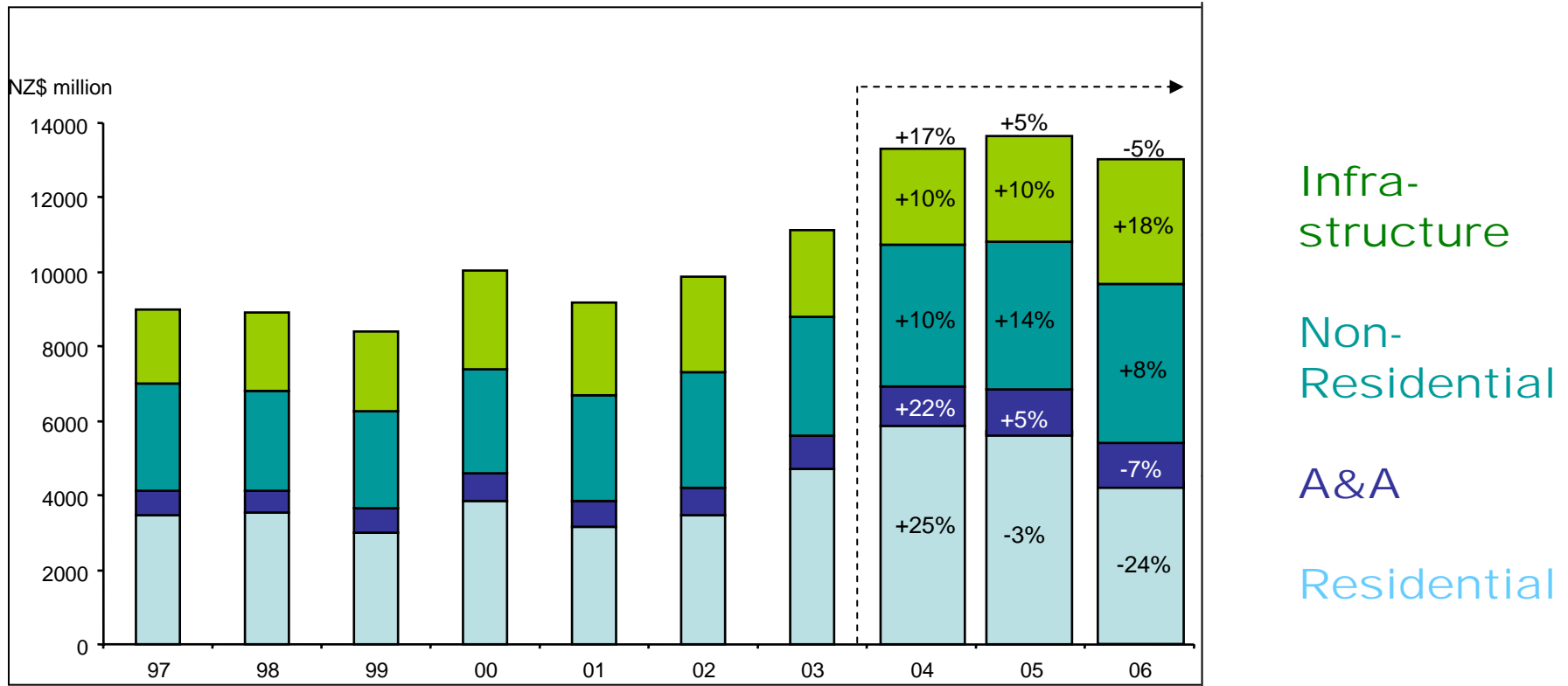
- **Price:** Price leadership lifted average concrete pipe price by 12% on FY03
- **Market share:** Reduced market share in some areas (due to higher price).
- **Plastic** comprised 26% of FY04 sales.



- A broad **solutions** approach v **product** focus.
- EBIT doubled due to operational improvements.
- Backlog = 50% of budgeted turnover
- New products developed

# Outlook

## VALUE OF WORK DONE



Source: INFOMETRICS

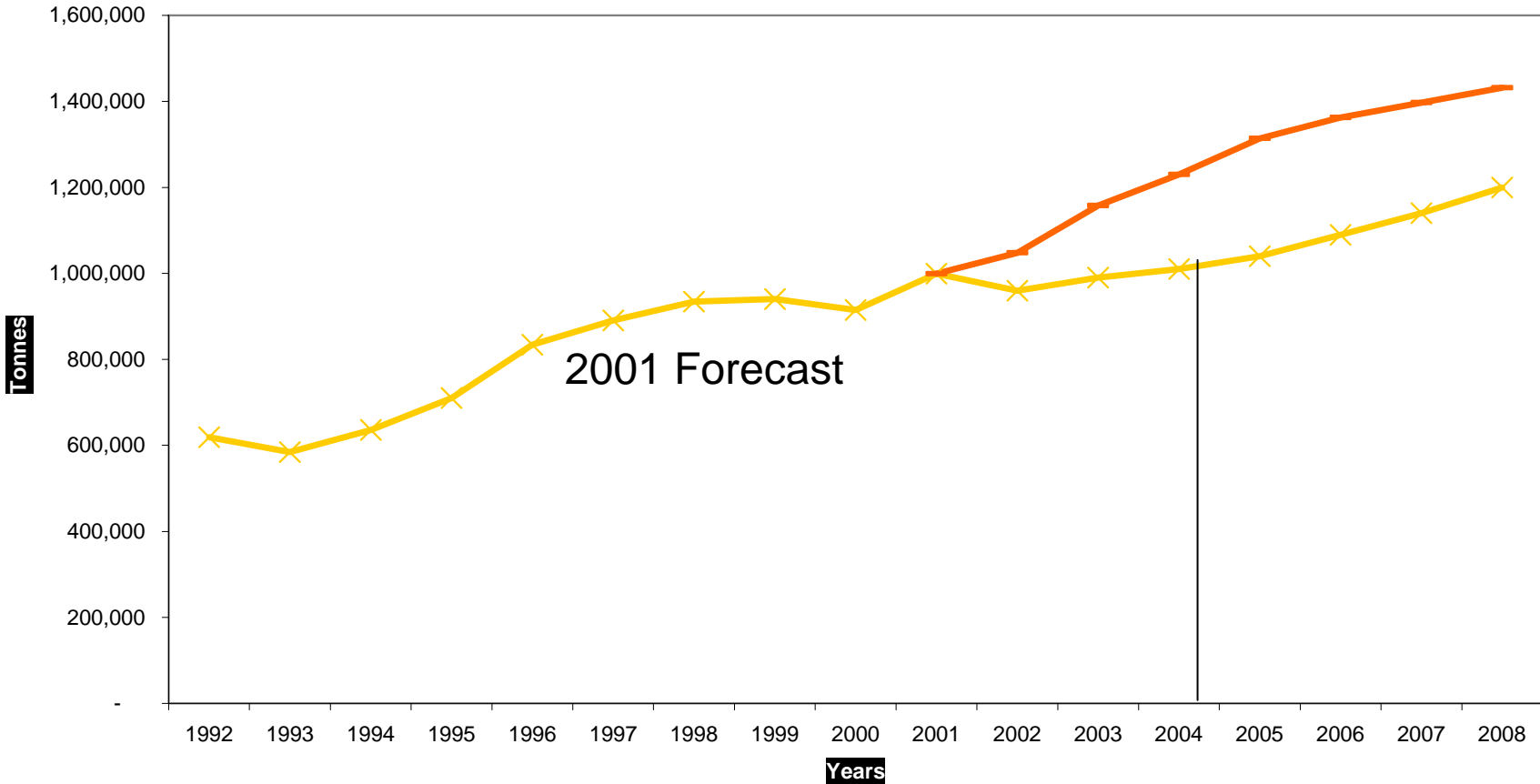
# Strategic issues overview

- Meeting increased cement demand
- Growing overall concrete demand and share
- Positioning for growth in the Auckland aggregate markets
- Concrete pipe market-share; positioning in plastics
- Growing pre-stress / pre-cast business in Auckland

# Satisfying cement demand



**NZ Cement Demand**

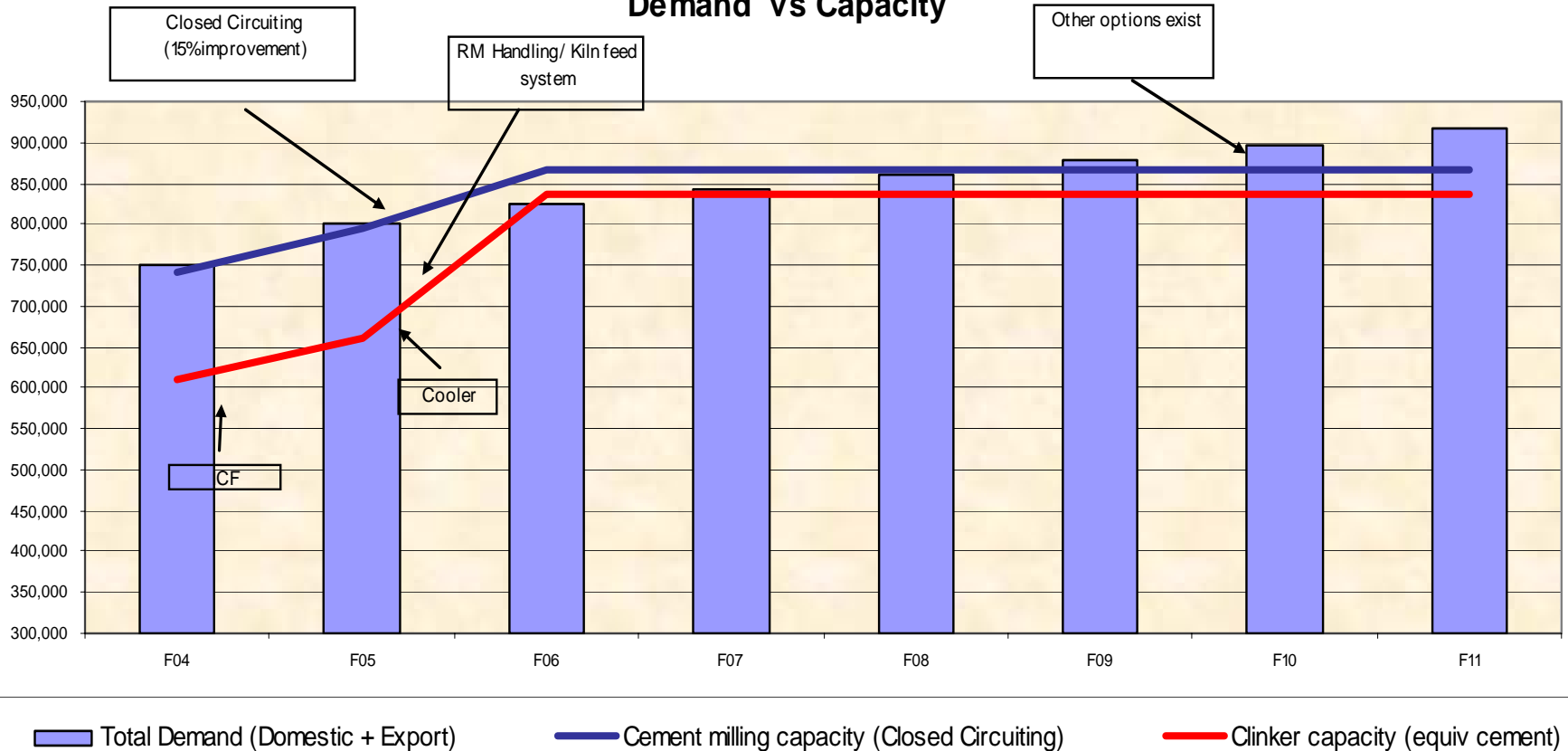


Source: Golden Bay Cement estimates

Forecast 2001 Forecast 2004

# Production constraints

Demand vs Capacity



Source: Golden Bay Cement estimates

# The decision to upgrade the plant

- It is cheaper for Golden Bay to produce clinker & cement than to import – if it has capacity.
- Increasing supply enables economies of scale to be captured.
- An import strategy exposes GBC to volatility of international clinker/cement prices and freight rates.
  - +  
GBC would lose control of both quality and security of supply.

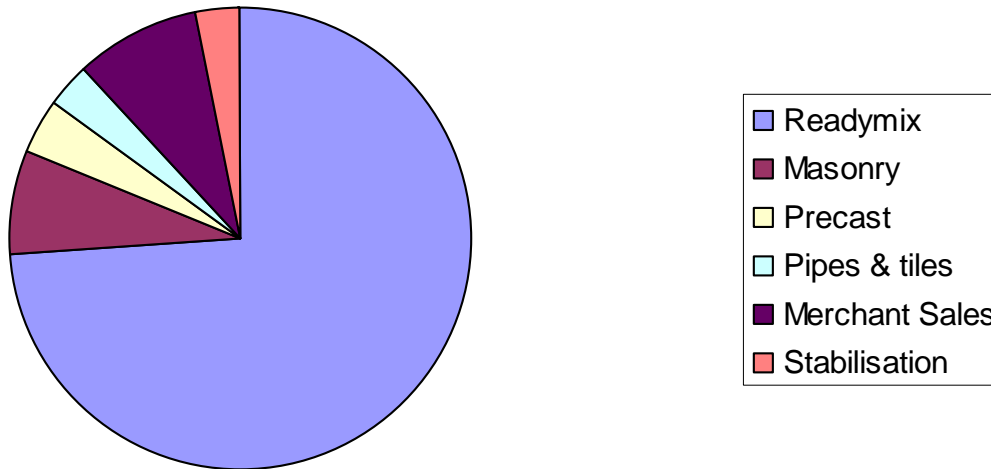
# Growing the market - and market share



## Key Market Share Determininant

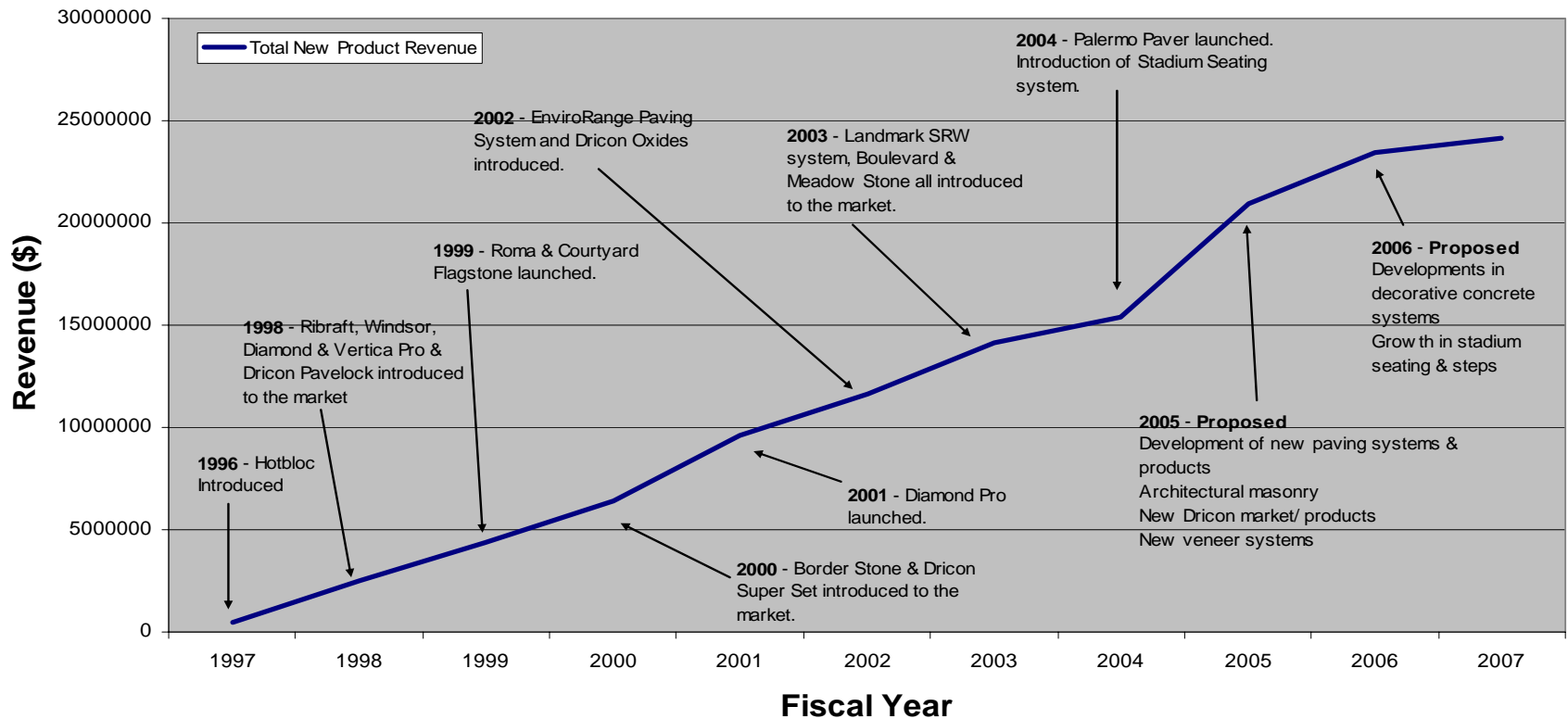
Ready mixed concrete accounts for 74% of the NZ market's cement: ie growing our share has strategic significance

**Cement Usage Breakdown**



# Product development must continue

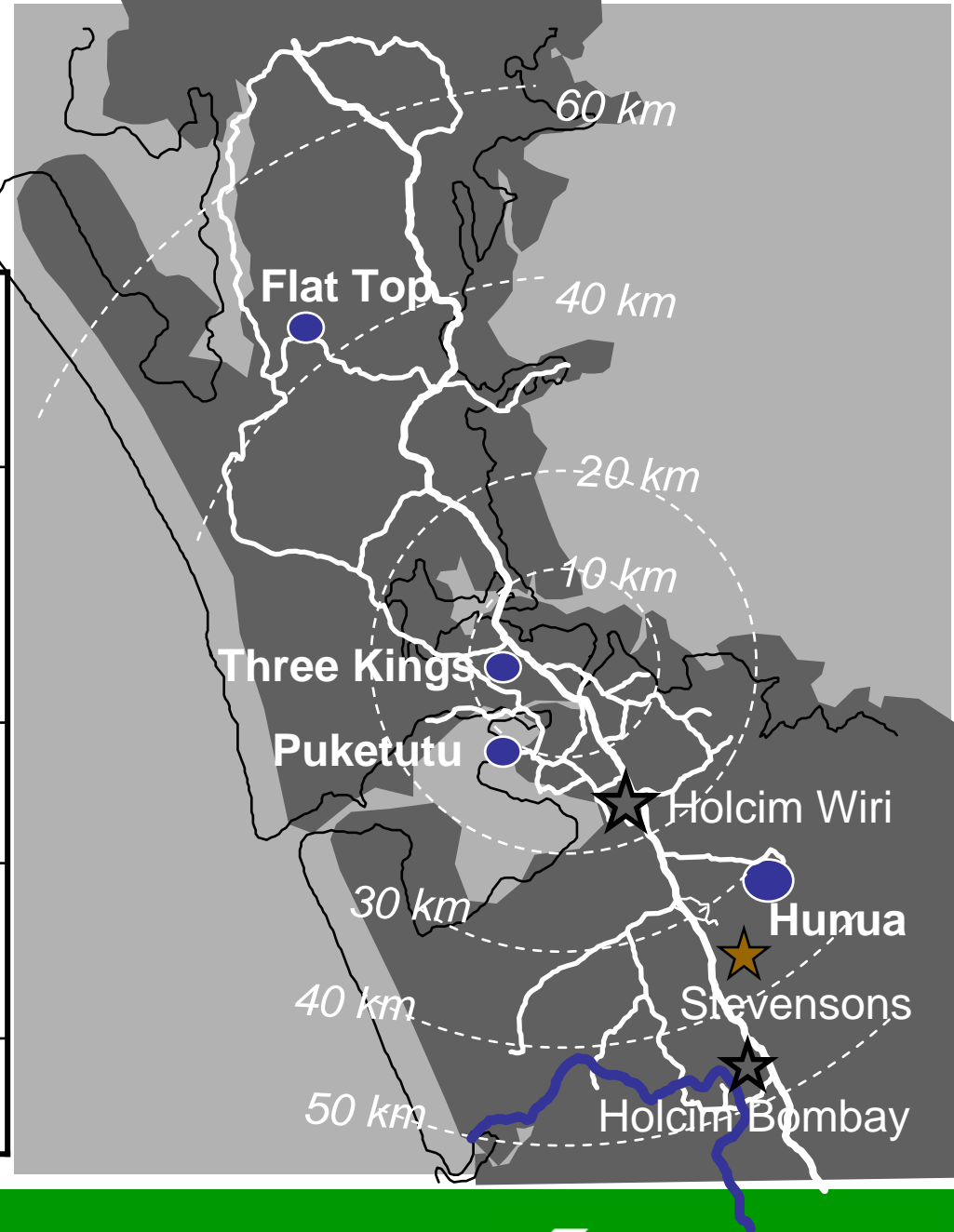
## Total Revenue - Firth Industries New Products Fy 1997 - 2007





# Winstones

Quarry	Sales tonnes
<b>Winstone</b>	
Hunua	1.8m
Flat Top	0.5m
Puketutu	0.3-0.45m
Three Kings (scoria)	0.15m
Stevenson Drury	1.2m
Holcim Wiri (Closing 04/05)	0.7m
Holcim Bombay	0.4m



Source: Winstone Aggregates estimates.

# Winstones continues to improve!

- Higher selling prices
- Optimising resources
- Centralised fleet management – driving lower operating costs

# South America

- The Peruvian business has generated cash and positive EBIT for the last three years. The outlook is for this to continue.
- Offer for business will be recovered this year!
- The Bolivian operation was sold. \$US10 million repatriated to NZ.

# Outlook to FY2007

Volumes



Prices



Costs



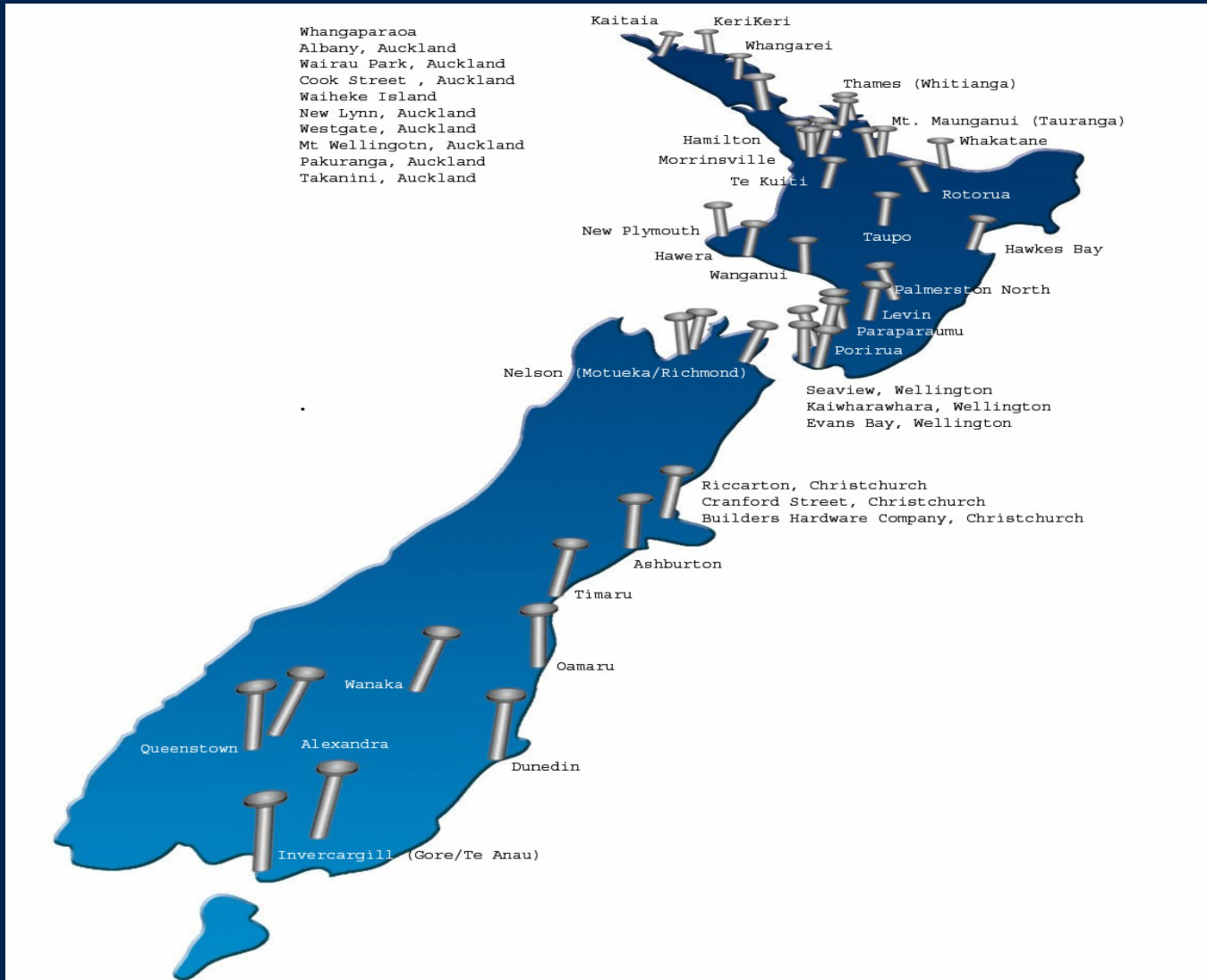
Return on Funds Employed



# **ANALYSTS PRESENTATION**

**FLETCHER DISTRIBUTION  
LIMITED**

# NATIONAL COVERAGE

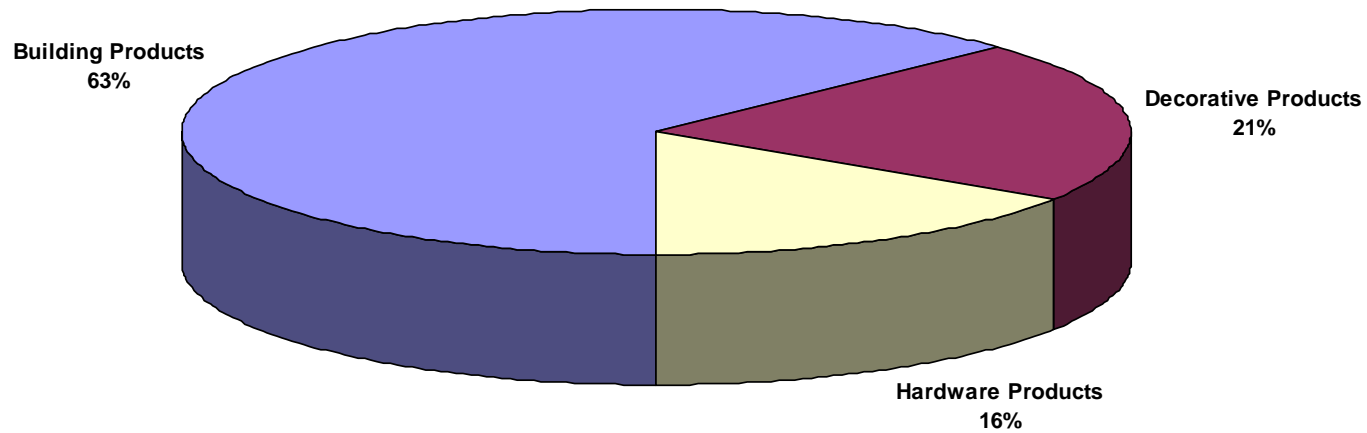


# PLACEMAKERS VISION

*To be the World Class supplier of choice for builders and DIY project customers*

# KEY CATEGORIES

Percentage of Revenue by Product Group Jul 03 - Jun 04



■ Building Products ■ Decorative Products ■ Hardware Products



# CATEGORY DEVELOPMENT

- Grow Existing Categories. Initiatives include:

Kitchens  
Bathrooms  
Flooring  
Paint

- New Categories & Services including:

Outdoor/Landscape  
Doors  
Lighting

# STORE NETWORK DEVELOPMENT

## UNDER CONSTRUCTION

- Riccarton
- Mt. Wellington
- Queenstown

# STORE NETWORK DEVELOPMENT

## OTHER NEW STORES (REPLACEMENTS)

- Whitianga
- Invercargill
- Porirua
- Richmond
- Takanini

## REFURBISHMENTS

- 8 stores to be refurbished by June 2006.

# PRODUCTIVITY GAINS

- SmartStart
- Supply Chain
- Sales/Order Process
- Frame & Truss
- Staff Training

# FRAME & TRUSS MANUFACTURING

A national/regional approach:

- Economies of scale
- Process efficiencies
- Flexibility
- Legislative, health and safety compliance

# ACQUISITIONS

## Builders Hardware Company Joint Venture

	YTD June 04
Revenue	\$18m
ROF	40%

# MARKETING

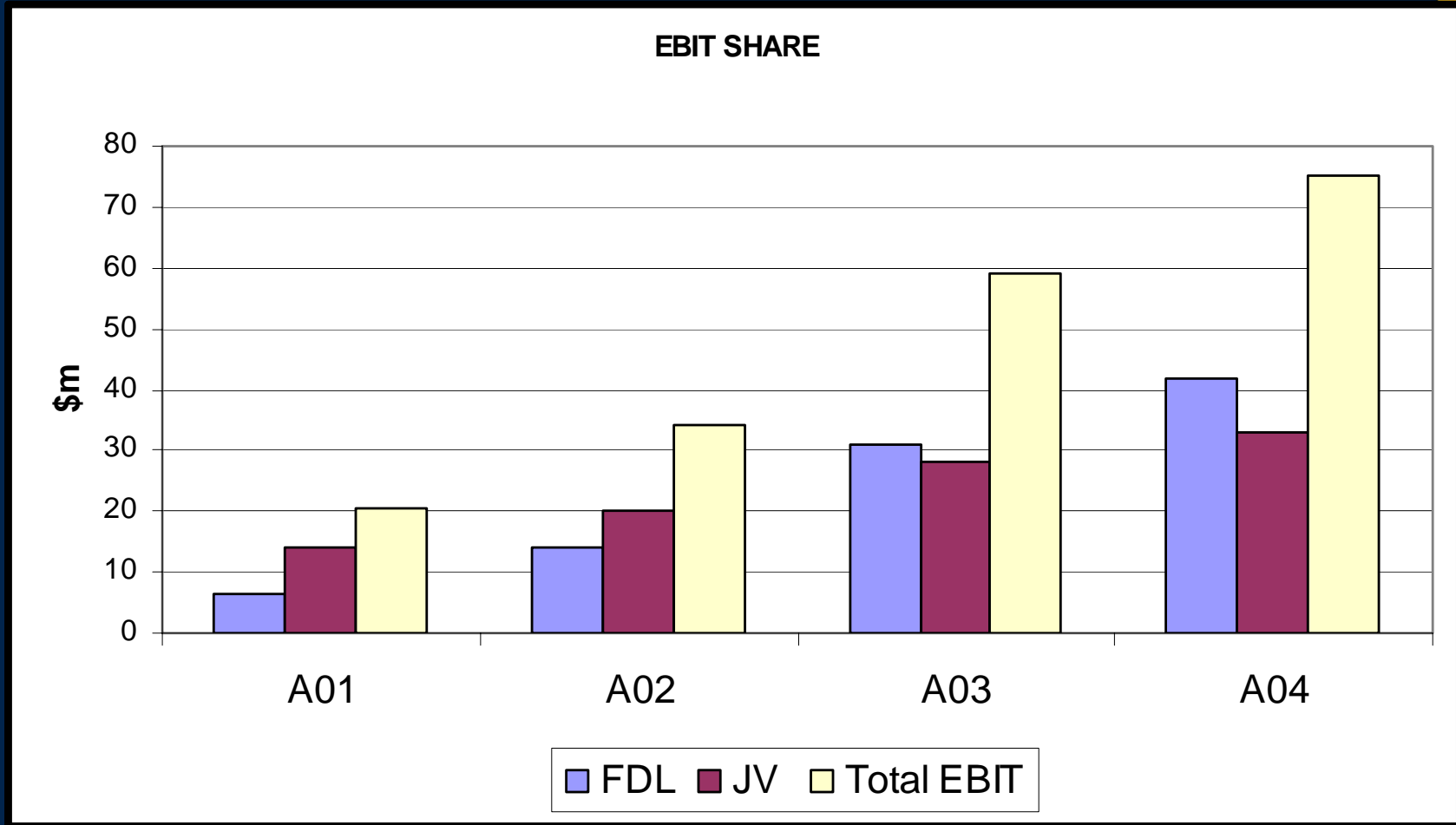
- New trade and retail programs
- New brand activity

# SPONSORSHIP

- Registered Master Builders' Association - House of the Year
- PlaceMakers V8 International



# FINANCIALS



# DISCLAIMER

This presentation contains not only a review of operations, but also some forward looking statements about Fletcher Building and the environment in which the company operates. Because these statements are forward looking, Fletcher Building's actual results could differ materially. Media releases, management commentary and analysts presentations, including those relating to the 2004 annual results, are all available on the company's website and contain additional information about matters which could cause Fletcher Building's performance to differ from any forward looking statements in this presentation. Please read this presentation in the wider context of material previously published by Fletcher Building.