

# **Construction Group Investor Strategy Presentation**

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## 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 2013 half year results announcement, 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.**



# Construction Group Position

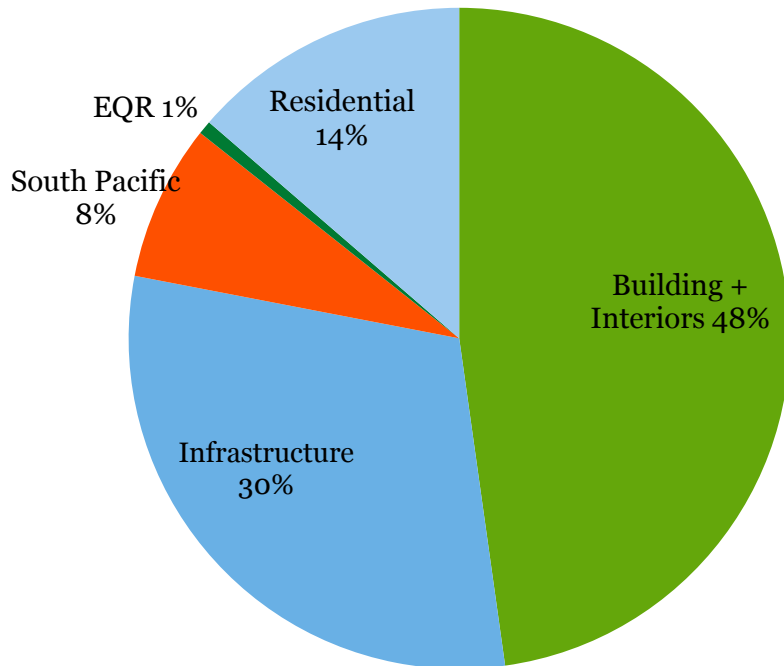


Construction Group  
FOCUS

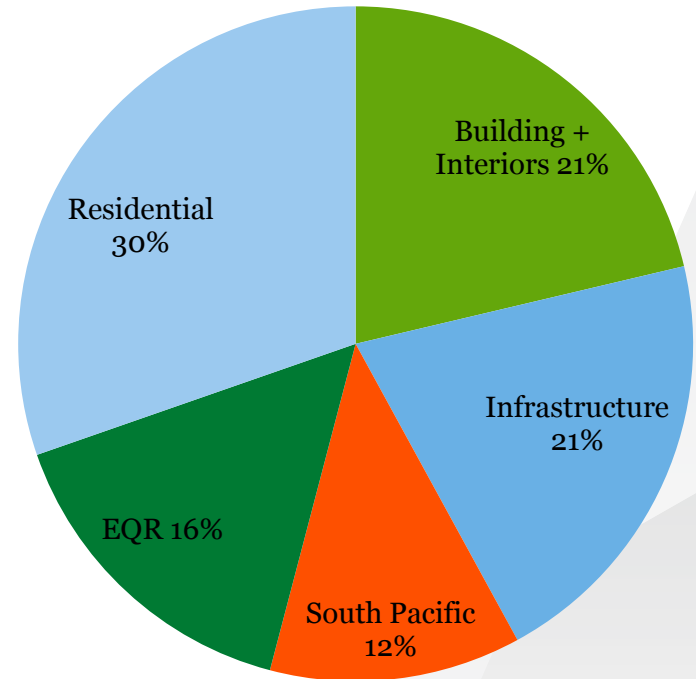


# Revenue/Earnings – last five years

### Revenue Last 5 Years



### Earnings Last 5 Years



## Building + Interiors

**Principal contractor on major and minor vertical construction**

**Primarily a 'risk taking managing contractor' with some self perform capability**

**Extensive network of suppliers and contractors**

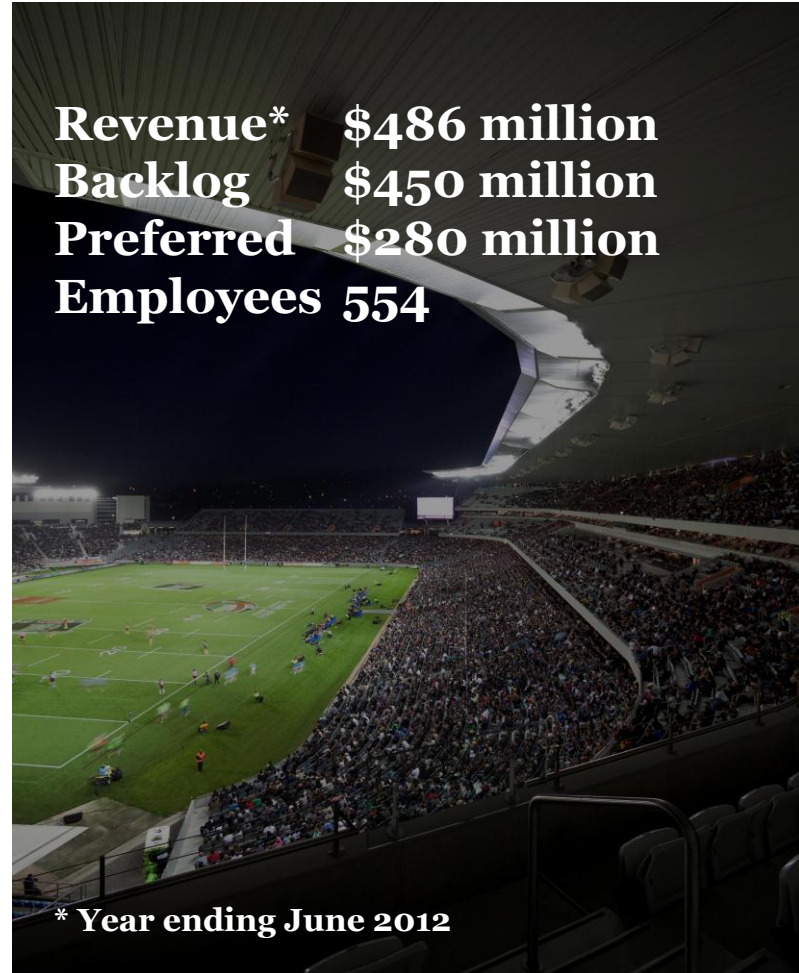
**Over 85% contracts are for Government**

**Undertake most of the large and iconic buildings in New Zealand**

**'Design and Construct' contractor on Wiri Prison Public Private Partnership project**



## Building + Interiors



**Revenue\*** \$486 million  
**Backlog** \$450 million  
**Preferred** \$280 million  
**Employees** 554

\* Year ending June 2012



# Predictable Building Performance



## Wiri Prison – PPP opportunity

A Design and Build Role	Full design and build risk Fletcher Construction contract value estimated \$300 million
Bid Costs	Fletcher Construction's share of bid costs \$4 million to preferred bidder Cost from Preferred Bidder to Financial Close approx \$5 million
Equity Contribution	None, confirmed
Performance Bond	Upon demand letter of credit
Parent Company Guarantees	Parent Guarantee offered
Damages	Financiers would not bank the project unless the contractor takes virtually all risks for prolongation (other than insurable force majeure risks) Total liquidated damages up to \$1.2 million/week





## Infrastructure

**Principal contractor on major and minor infrastructure projects**

**Mostly undertakes “Design and Construct”, early contract involvement and alliance projects**

**Generally “self performs” to manage risks and enhance margin**

**Includes a range of specialist subcontractor brands**

**Holds a 32% share of Auckland’s \$1.2 billion Waterview Tunnel roading project**

**Currently bidding the \$0.9 billion Transmission Gully roading project PPP with John Laing and Fulton Hogan**

**Participant in the Christchurch Infrastructure Alliance - SCIRT**



# Infrastructure



**Revenue\*** \$283 million  
**Backlog** \$575 million  
**Preferred** \$440 million  
**Employees** 691

\* Year ending June 2012



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## **SCIRT – Stronger Christchurch Infrastructure Rebuild Team**

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**Alliance to repair horizontal infrastructure in Christchurch**

**Work includes water, wastewater, storm water, roads, bridges, etc.**

**Total programme - \$2.5 billion until 2017**

**Completed - \$0.5 billion**

**Fletcher Construction has a 20% share with four other companies**



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## South Pacific

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**Operates as a general contractor and first principles builder**

**Currently active in all English speaking countries in the South Pacific**

**Mobile, flexible self performing workforce**

**Performing well in Papua New Guinea**

**Seeks projects with complexity and challenge**



# South Pacific



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## Fletcher EQR

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**Contracted as the managing agent for Earthquake Commission**

**Earns a flat fee on turnover**

**80,000+ homes in programme**

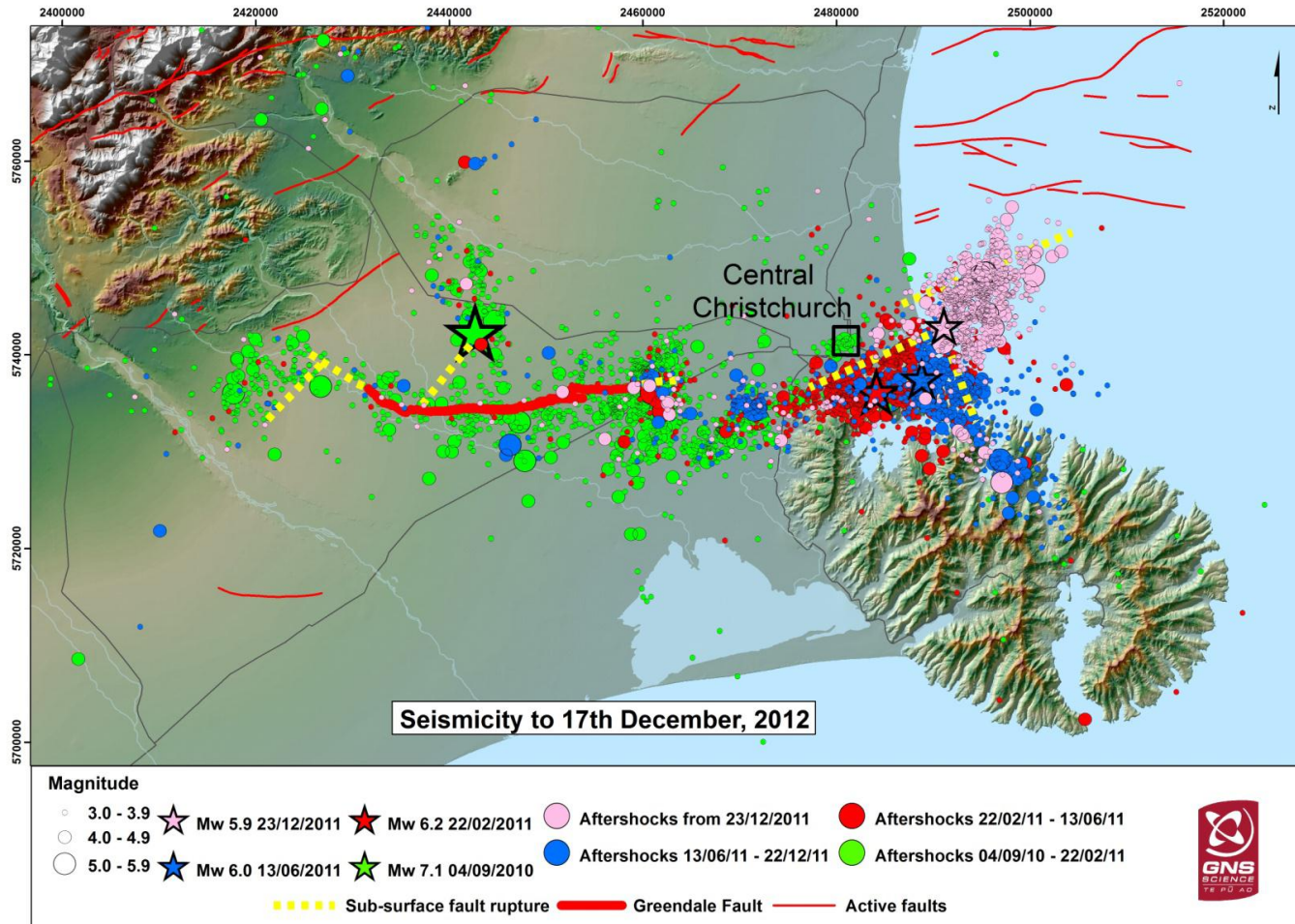
**Full establishment after September 2010 earthquake**

**Highly responsive to aftershocks and reconfigured after February 2011**

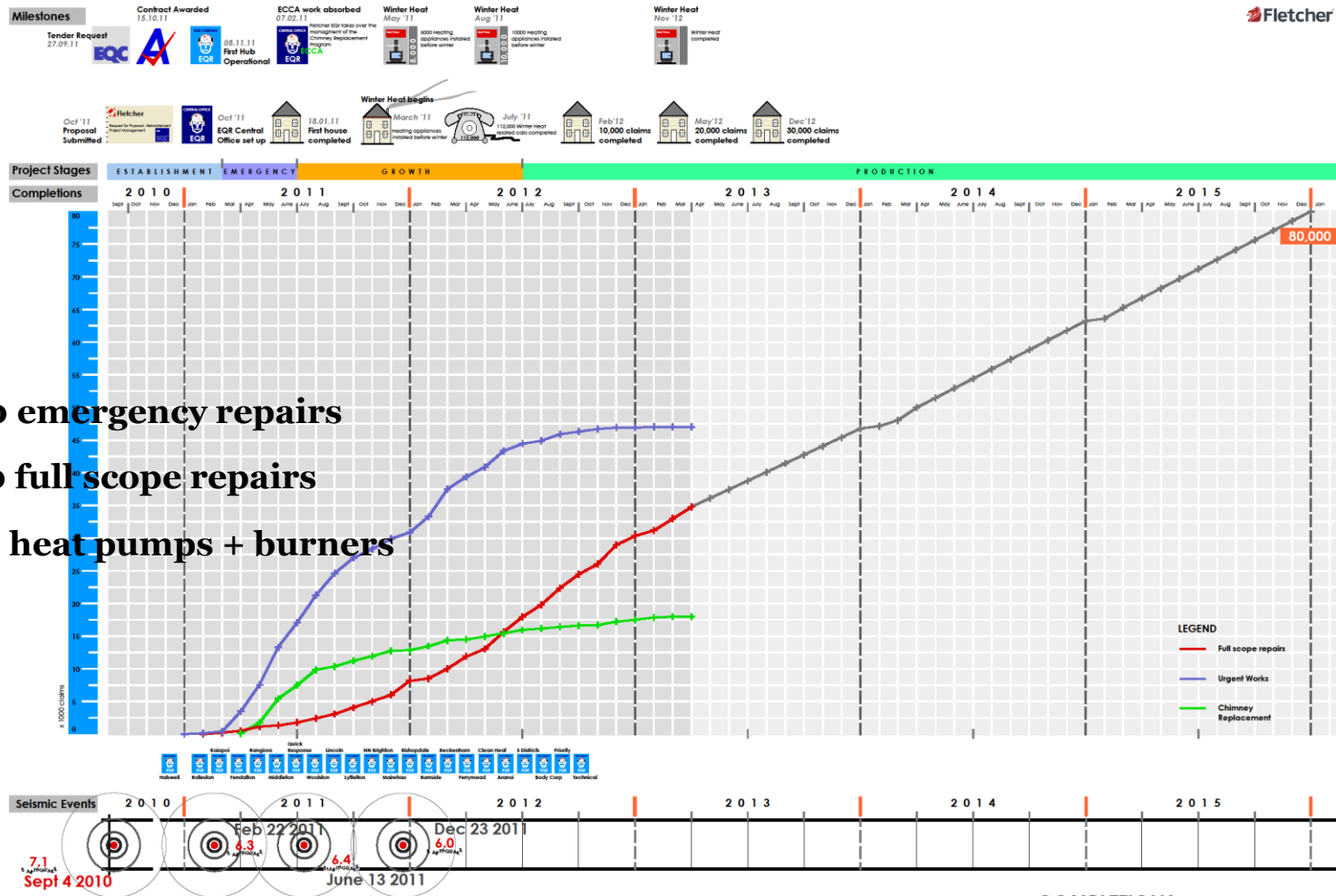


# Fletcher EQR

## Earthquakes in Canterbury – in excess of 11,000 shocks



# Fletcher EQR Run Rate



**35,000 emergency repairs**  
**37,000 full scope repairs**  
**18,700 heat pumps + burners**





## Fletcher EQR – approaching the half way mark

Hubs established	21 hubs
Fletcher staff	700 direct employees
Contracting firms	1,126 accredited to date (580 active)
People	18,373 contractors, trades people and others inducted to date
Emergency repairs	47,395 completed
Winter heat	18,740 completed 10,372 heat pumps and 8,368 solid fuel burners
Full scope repairs	37,000 completed (45%)
Payments	Currently paying \$700 million p.a. (annualised) \$1,160 million paid to contractors



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## Fletcher Residential

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**Building homes since 1909**

**Builds a range of homes including apartments, terrace homes and villas**

**Secures strategic land positions and builds high quality with scale**

**All construction work is subcontracted**

**Considerable value added through urban design and architecture**

**Key relationships with land developers and property owners**



## Residential

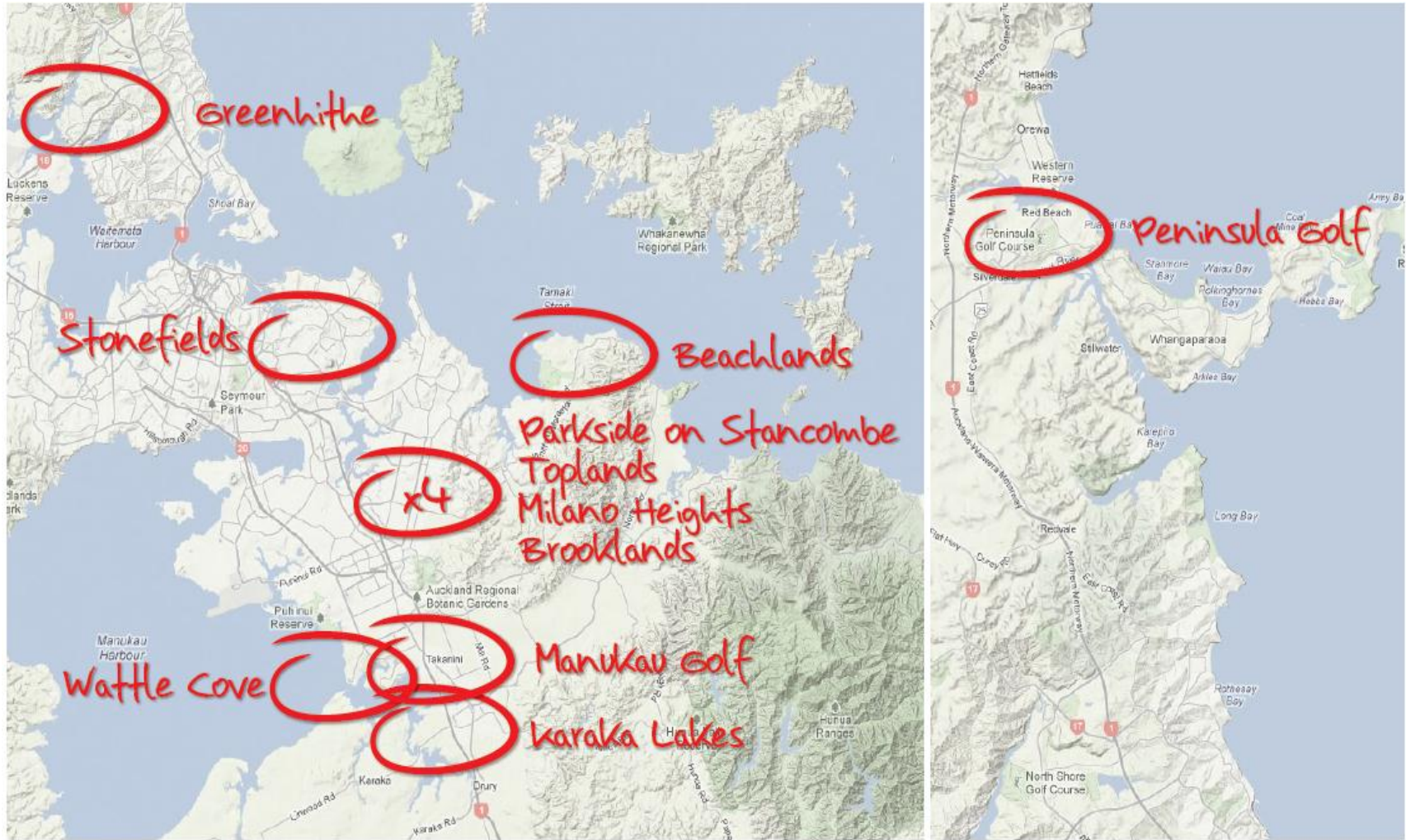


**Revenue\*** \$191 million  
**Dwellings** 300 p.a.  
**Employees** 50

**\*Year ending 2012**



# Residential – future locations



## Prospects

	Project Size	Expected Start
South Pacific Games Facilities – PNG	\$156 million	2013
Sky City – NZ International Conference Centre	\$310 million	2013
Christchurch Hospital	\$650 million	2014
Mayfield Irrigation	\$90 million	2014
Transmission Gully PPP	\$900 million	2014
Mangere Treatment Plant Upgrade	\$130 million	2014
Domestic Terminal – Auckland Airport	\$100 million	2014
Engineering Faculty – Auckland University	\$160 million	2014
Christchurch Convention Centre	\$300 million	2014
Auckland City Rail Loop	\$900 million	2015
Christchurch Justice Precinct	\$300 million	2015
Christchurch Commercial Precinct	\$400 million	2015



## Order Book - Projects

	Project Size	Fletcher Share
Wiri Prison PPP	\$870 million	\$300 million
Waterview Tunnel	\$1,300 million	\$425 million
ASB Head Office	\$105 million	\$105 million
Rangiriri Bypass	\$75 million	\$75 million
Ngaruawahia Bypass	\$101 million	\$101 million
Mackays to Peka Peka (preferred contractor status)	\$630 million	\$441 million
Auckland University (preferred contractor status)	\$200 million	\$200 million
Fonterra Headquarters (preferred contractor status)	\$80 million	\$80 million



## Trends

**Large projects are getting bigger**

**Introduction to PPPs**

**Greater interest from international firms**

**Christchurch doing well**

**Christchurch anchor projects important**

**High focus on housing affordability**

**Strong push for more homes in Christchurch and Auckland**

**Auckland Unitary Plan – Auckland Housing Accord**

**Transport and water projects strong**



## Areas for Growth

**More homes – higher density**

**Partnership with Government**

**Leveraging experience from Canterbury Home Repair Programme**

**Seismic retrofitting**

**Operations and maintenance contracting**

**Energy and mining in South Pacific**

