

FLETCHER BUILDING 2012 ANNUAL RESULTS PRESENTATION

22 August 2012

Jonathan Ling
Chief Executive Officer

Bill Roest
Chief Financial Officer

Mark Adamson
Chief Executive – Laminates & Panels

Disclaimer

This annual results presentation dated 22 August 2012 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.



Agenda

Results Overview

Divisional Performance

Financial Results

Strategy & Outlook



Annual Results

RESULTS OVERVIEW

ASB Wynyard Quarter, Auckland



Results overview

Revenues up 20% to \$8,873 million

Includes full year contribution from Crane (3 months in FY11)

Operating earnings \$403 million, down 18%

Operating earnings before restructuring and impairment charges: \$556 million, down 7%

Restructuring and impairment charges after tax of \$132 million

Net earnings \$185 million, down from \$283 million in FY11

Net earnings before restructuring and impairment charges: \$317 million, down 12%

Cashflow from operations \$448 million, up 11%

Final dividend for the year 17.0 cents per share:

Fully imputed for NZ tax purposes

Dividend Reinvestment Plan will be operative for the dividend

Total for the year 34.0 cents



Residential consents in NZ improved whilst Australia continued to slow

Building Consents	June 2012 12 months	June 2011 12 months	June 2010 12 months	12/11 %Mvmt
New Zealand				
Residential Consents	15,414	13,539	16,167	+14
Non Res WPIP (\$m)*	4,481	4,798	4,618	-7
Infrastructure WPIP (\$m)*	6,823	6,599	5,919	+3
Australia				
	<i>Source: Statistics NZ, Infometrics</i>			
Residential Consents	145,057	164,251	171,429	-12
Non Res WPIP (A\$Bn)*	31.8	34.8	34.9	-9
Infrastructure WPIP (A\$Bn)*	117.6	86.8	76.7	+35
US				
	<i>Source: ABS, BIS Shrapnel</i>			
Residential (US\$Bn)**	259.9	237.5	239.5	+9
Non Res (US\$Bn)**	347.1	333.2	339.0	+4
Infrastructure (US\$Bn)**	210.0	207.9	214.9	+1
	<i>Source: IHS Global Insight</i>			

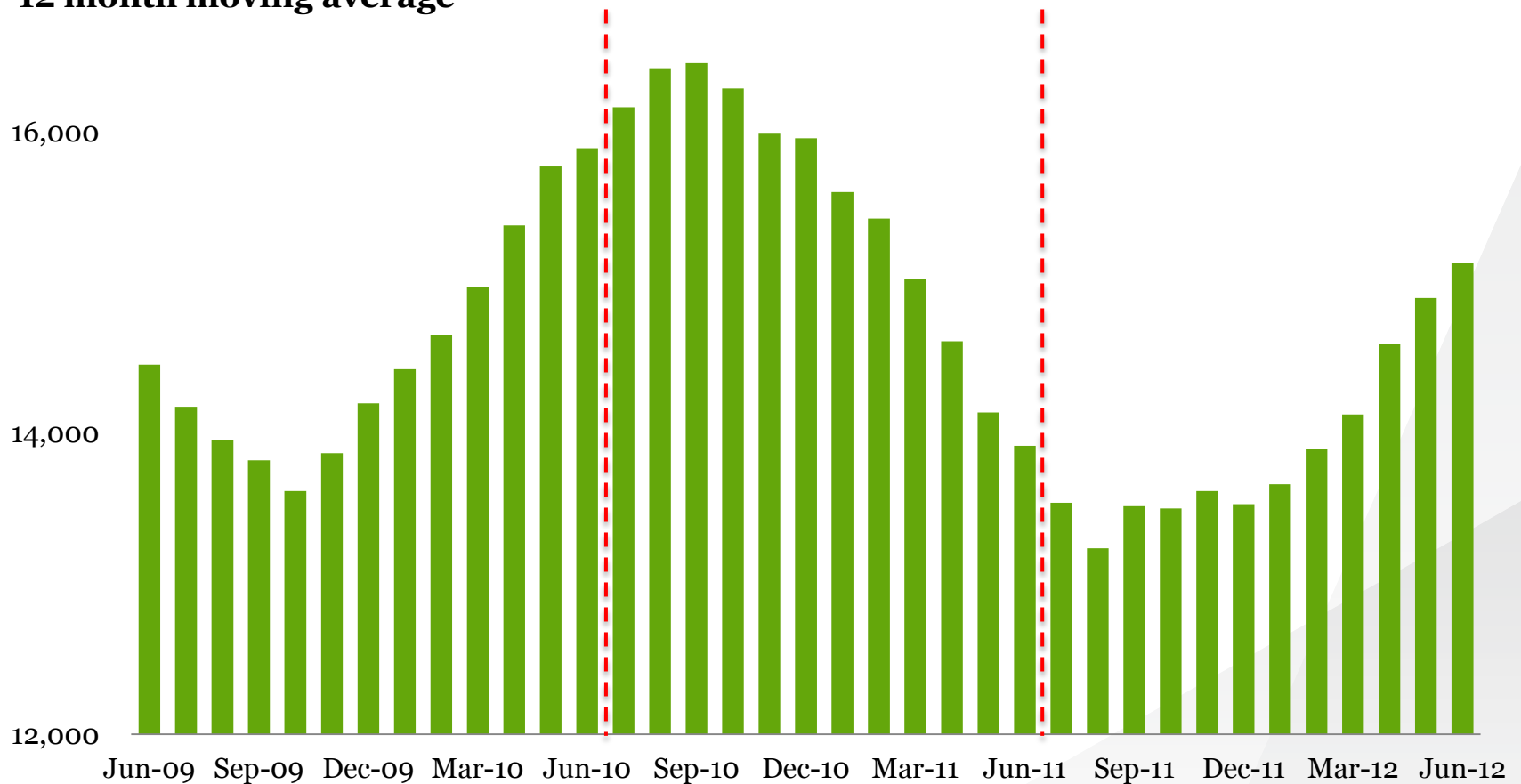
* FY12 data includes estimate for month of June 2012

** Information presented for calendar years. 2012 represents forecast position



NZ housing consents – record low levels in the first half of FY12, modest improvement in second half

Residential Consents 12 month moving average



Source: Statistics NZ



Weak NZ and Australian construction markets adversely impacted earnings

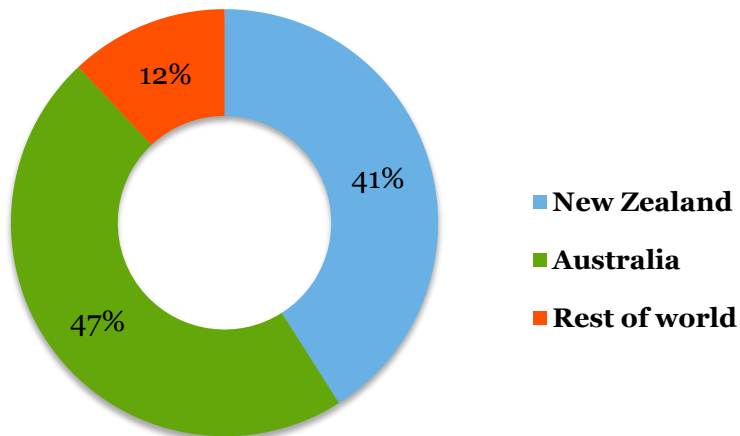
NZ\$m	June 2012 12 months	June 2011 12 months	% Change
Sales	8,873	7,416	+20
EBITDA ¹	786	801	-2
EBIT ¹	556	596	-7
Net earnings ¹	317	359	-12
Restructuring and impairment charges after tax	(132)	(76)	
Net earnings	185	283	-35
EPS – cps ¹	46.5	57.1	-19
Dividend - cps	34.0	33.0	+3

1. EBITDA, EBIT, Net Earnings and EPS all before restructuring and impairment charges

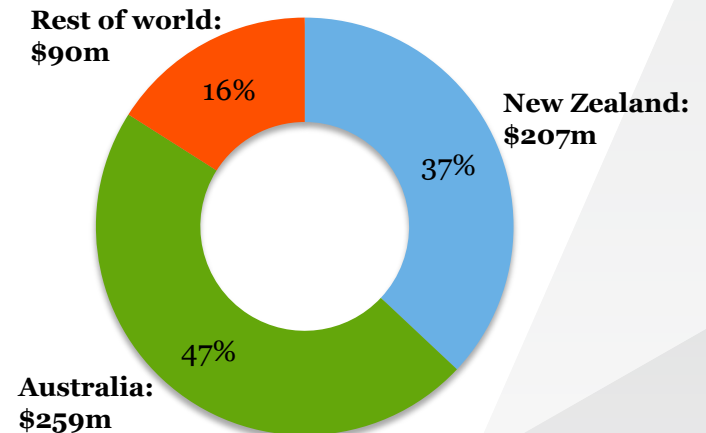


Geographic diversification has provided earnings stability despite cyclical downturn

Revenue – FY12



EBIT¹ – FY12



1. Earnings before interest and tax, excluding restructuring and impairment charges



Restructuring and impairment charges

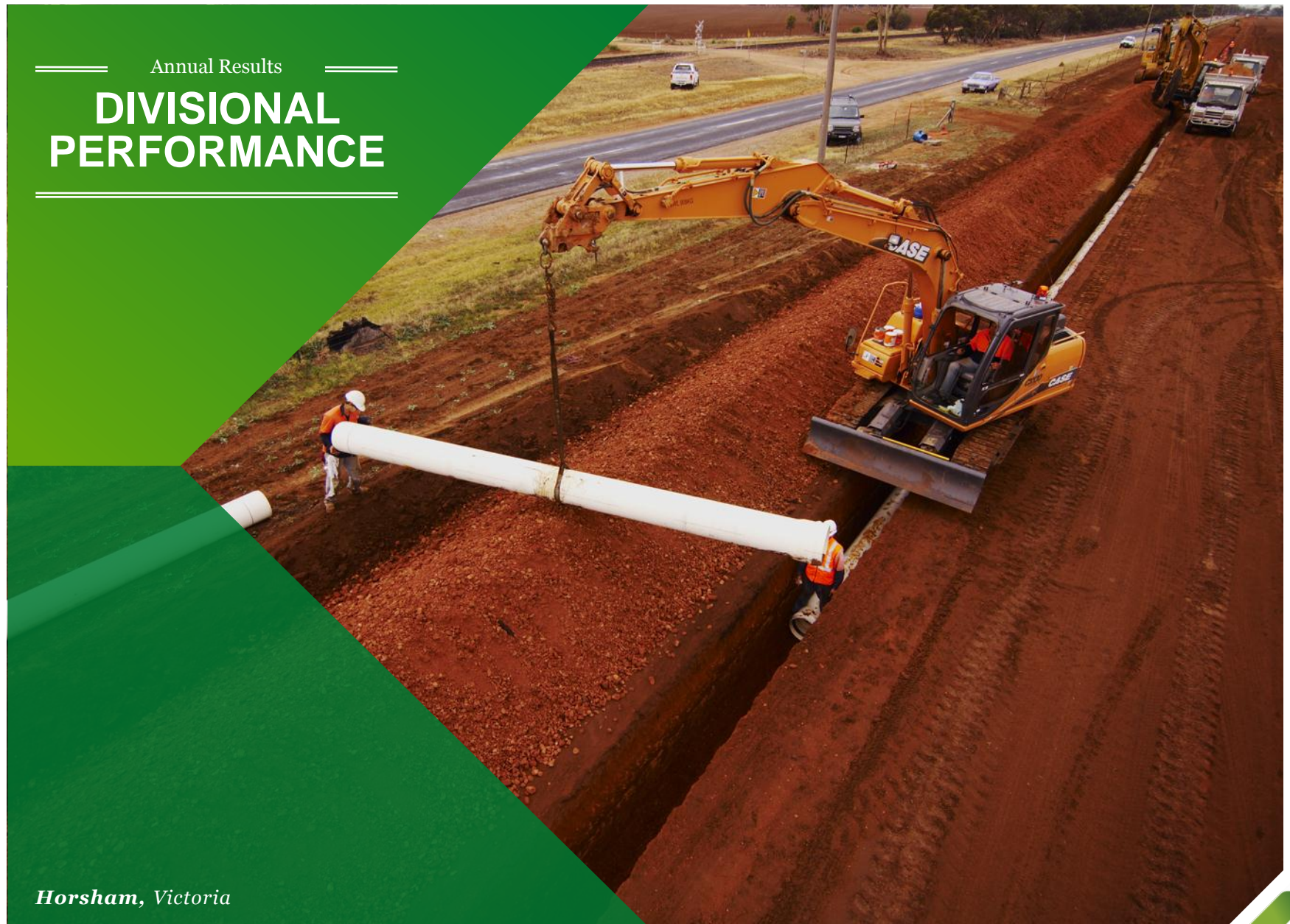
Year to 30 June 2012 NZ\$ Million	Restructuring and impairments charges		
	Before tax	Tax	After tax
Laminex restructuring – Australia and New Zealand	54	(16)	38
Formica – Bilbao plant closure	20	0	20
Insulation – adjustment to business asset carrying values	79	(5)	74
Total	153	(21)	132



Annual Results

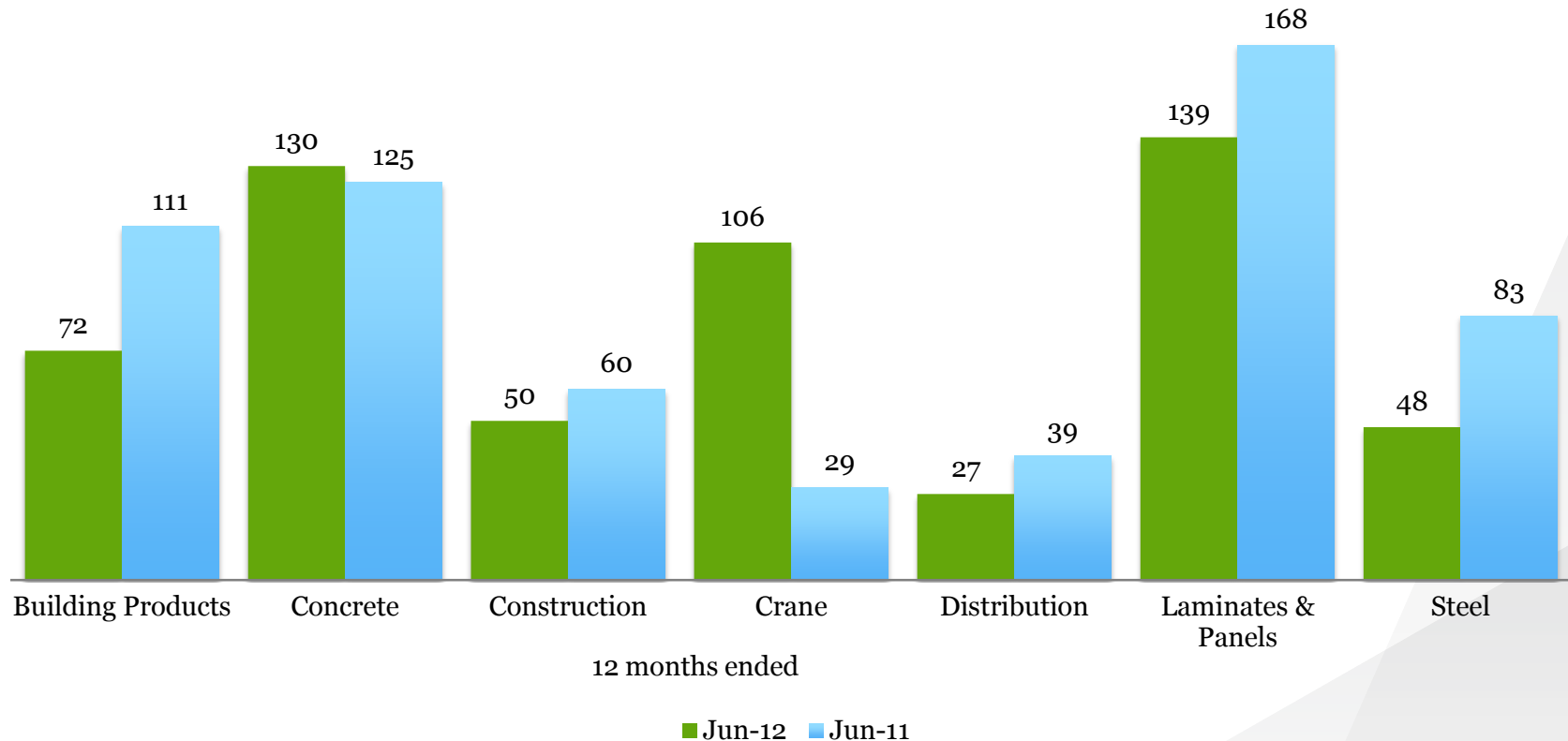
DIVISIONAL PERFORMANCE

Horsham, Victoria



Strong full year contribution from Crane, earnings up in Concrete, other divisions down on lower volumes and/or margins

EBIT NZ\$million¹



1. Earnings before interest, tax, restructuring and impairment charges



Building Products result

NZ\$m	June 12 12 Mths	June 11 12 Mths	% Δ
Sales	670	692	-3
EBITDA ¹	97	138	-30
EBIT ¹	72	111	-35
Restructuring and impairment charges	(79)	(80)	
EBIT	(7)	31	
Funds Employed	481	583	
EBITDA ¹ /sales %	14.5	19.9	
EBIT ¹ /sales %	10.7	16.0	
ROFE ¹ %	15.0	19.0	

Plasterboard operating earnings down 10% due to lower volumes.

Insulation continued industry over-supply in Australia and NZ\$ and A\$ strength adversely impacted earnings.

Roof Tiles volume growth in Africa and USA, flat volumes in Asia and down in NZ and Europe.

1. Excluding restructuring and impairment charges



Building Products: decline in insulation and plasterboard volumes impacted earnings

Gross Sales NZ\$m	June 12 12 mths	June 11 12 mths	% Δ	Volume Δ	Price Δ	EBITDA Δ
New Zealand						
Plasterboard	140	145	-3	↓	↑	↓
Insulation ¹	168	178	-6	↓	↓	↓
Australia						
Insulation	205	205	-	↓	↓	↓
Roof Tiles²	179	175	+2	↑	↑	↓

1. Includes Forman & Tasman Access Floors

2. Includes NZ, Europe, Japan, Africa, USA



Concrete result

NZ\$m	June 12 12 mths	June 11 12 mths	% Δ
Sales	958	912	+5
EBITDA			
Concrete NZ	101	102	-1
Concrete Aust.	91	85	+7
Total EBITDA	192	187	+3
EBIT	130	125	+4
Funds Employed	1,071	1,016	+5
EBITDA/sales %	20.0	20.5	
EBIT/sales %	13.6	13.7	
ROFE %	12.1	12.3	

NZ Concrete

- Revenues 3% higher with most product volumes similar or slightly up on prior year;
- Cement and masonry volumes lower, cement export margins also lower;
- Market shares for all core products was stable.

Australia Concrete

- Earnings contributions from Australian Construction Products and Atlantic Civil Products acquisitions;
- Pipeline products: pricing initiatives and operational enhancements increased earnings;
- Quarry earnings benefited from favourable sales mix and improved margins.



Concrete: operational efficiencies lifted earnings

Gross Sales NZ\$m	June 12 12 mths	June 11 12 mths	% Δ	Volume Δ	Price Δ	EBITDA Δ
New Zealand Concrete:	645	639	+1			
Cement				↓	-	↓
Readymix				-	↓	↑
Aggregates				-	↓	↑
Concrete Pipe				-	-	↑
Australia Concrete:	471	440	+7			
Concrete Products				-	↑	↑
Quarry Products				↓	↑	↑



Construction result

NZ\$m	June 12 12 mths	June 11 12 mths	% Δ
Sales	1,040	1,140	-9
EBITDA	61	70	-13
Total EBIT	50	60	-17
Funds Employed	109	118	-8
EBITDA/sales %	5.9	6.1	
EBIT/sales %	4.8	5.3	
ROFE %	45.9	50.8	

Tighter construction margins in subdued market

Construction backlog increased to \$1,094m at end of June

In addition, preferred contractor on two projects worth \$837m: would positively impact FY14 earnings if they proceed

Residential earnings up 35% due to increased house sales, particularly in Stonefields subdivision in Auckland



Canterbury update

Residential repairs for Earthquake Commission:

21 hubs established to carry out repairs

Over 20,000 home repairs completed to date

In addition, 45,000 emergency repairs and 16,400 winter heat installations completed

Target is to have last of the 100,00 repairs completed by end of 2015

Infrastructure repairs:

Fletcher Construction one of 5 contractors in the alliance to repair Christchurch infrastructure

Activity levels have been low due to planning work required, but momentum is now building

Rebuilding Christchurch City Centre:

Development plan for the new Christchurch central city area now finalised

70% to 80% of CBD buildings will be demolished



Crane – full year earnings overview

	FY12 Sales NZ\$M	FY11 Sales NZ\$M ¹	FY12 EBIT NZ\$M	FY11 EBIT ² NZ\$M ¹	% Δ
Pipelines	791	674	59	46	+28
Tradelink	1,123	1,205	38	55	-31
Trade Distribution - NZ	363	371	(1)	3	
Industrial Products	316	378	8	7	+14
Intersegment/Unallocated	(200)	(190)	1	(17)	
Total	2,393	2,437	106	92	+15

1. For comparative purposes only. Fletcher Building acquired Crane in March 2011, and its financial results for FY11 included 3 months trading contribution from Crane
2. Before restructuring and impairment charges



Strong contribution from Crane in first full year of ownership

Operating earnings \$106 million, up 15% on 2011 result

Pipelines:

Operating earnings up 28% to \$59 million

Gross revenues up 17%

Increased revenues from two coal seam gas contracts

Demand from resources, civil and rural sectors offset decline in building activity

Trade Distribution:

Operating earnings down 31% to \$38 million

Gross revenues down 6% in Australia, flat in NZ

Performance impacted by decline in residential and commercial building

Industrial Products:

Operating earnings slightly higher at \$8 million

Gross revenues down 16%

Austral Wright Metals and Mico Metals sold at year end, anticipated proceeds of NZ\$70m



Distribution result

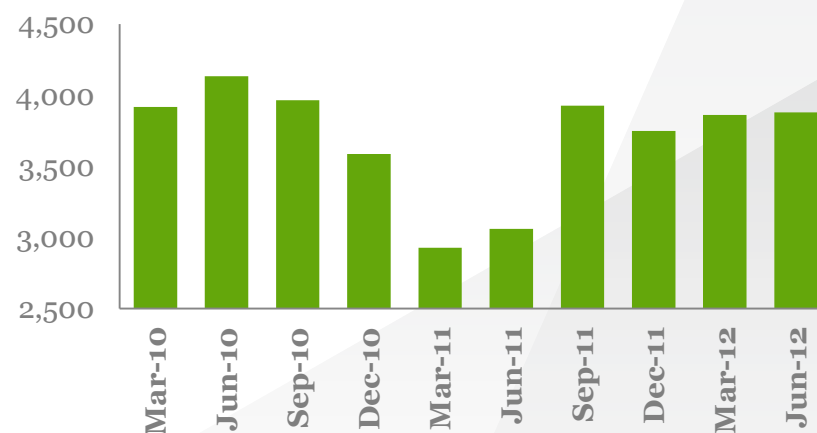
NZ\$m	June 12 12 Mths	June 11 12 Mths	% Δ
Sales	813	856	-5
EBITDA	35	48	-27
EBIT	27	39	-31
Funds Employed	141	142	-1
EBITDA/sales %	4.3	5.6	
EBIT/sales %	3.3	4.6	
ROFE %	19.1	27.5	

Revenues down 5%, impacted by continued low levels of residential house building

Increased competitor activity impacted margins in the second half

Operating costs reduced by 2% and inventory levels down by 8%

NZ Quarterly housing starts



Source: Statistics NZ



Laminates & Panels result

NZ\$m	June 12 12 mths	June 11 12 mths	% Δ
Sales	1,849	1,979	-7
EBITDA ¹			
Laminex ¹	105	149	-30
Formica ¹	100	83	+20
Total EBITDA ¹	205	232	-12
EBIT ¹	139	168	-17
Restructuring and impairment charges	(74)	(9)	
EBIT	65	159	-59
Funds Employed	1,799	1,745	
EBITDA ¹ /sales %	11.1	11.7	
EBIT ¹ /sales %	7.5	8.5	
ROFE ¹ %	7.7	9.6	

1. Excluding restructuring and impairment charges

Laminex

- Australian revenues down 9% due to slowdown in residential and commercial markets
- Cost increases not fully offset by compensating price changes
- Staff levels reduced by 285

Formica

- Operating earnings pre-restructuring and impairments charges up 27%
- Result due to increased revenue in North America and Asia, and continued operational improvements
- \$4m EBIT contribution from Homapal acquisition



Laminates & Panels: volume declines in Australia and NZ, but growth in Asia and North America

Gross Sales NZ\$m	June 12 12 mths	June 11 12 mths	% Δ	Volume Δ	Price Δ	EBITDA Δ
New Zealand						
Laminex	133	143	-7	↓	↑	↓
Australia						
Laminex ¹	901	979	-8	↓	-	↓
Formica						
Asia	213	207	+3	↑	↑	↑
Europe	294	332	-11	↓	-	↓
Nth America	336	346	-3	↑	-	↑

1. Domestic volumes, excluding export volumes



Formica: strong growth in operating earnings before restructuring and impairment charges, driven by Asia and North America

EBIT NZ\$m	FY12	FY11	% Change
Asia	38	34	+12
North America	34	28	+21
Europe ¹	13	9	+33
Corporate	(14)	(15)	-7
EBIT before restructuring and impairments charges	71	56	+27
Bilbao closure costs	(20)	0	
EBIT	51	56	-9

1. Includes \$4m contribution from Homapal in FY12 (nil in FY11)



Steel result

NZ\$m	June 12 12 Mths	June 11 12 mths	% Δ
Sales	1,150	1,214	-5
EBITDA	73	106	-31
EBIT	48	83	-42
Funds Employed	540	577	-6
EBITDA/sales %	6.3	8.7	
EBIT/sales %	4.2	6.8	
ROFE %	8.9	14.4	

Lower rollforming volumes in Australia, margins impacted by increased competition

Long steel margins impacted by strong NZ\$ and A\$; NZ volumes up 20%, but export returns lower

Low volumes and increased competition impacted Distribution margins



Steel: margin pressure across the division

Gross Sales NZ\$m	June 12 12 mths	June 11 12 mths	% Δ	Volume Δ	Price Δ	EBITDA Δ
New Zealand						
Long Steel	269	247	+9	↑	↓	↓
Coated Steel	166	176	-6	↓	-	↓
Distribution & Services	249	258	-3	↓	-	↓
Australia						
Coated Steel	608	662	-8	↓	↓	↓



Annual Results

FINANCIAL RESULTS

Whangarei Golden Bay Cement, Portland



Net earnings

NZ \$m	June 2012 12 months	June 2011 12 months	% Δ
EBIT ¹	556	596	-7
Interest ¹	152	118	+29
Tax ¹	79	111	-29
Minority Interests	8	8	-
Net Earnings before restructuring and impairment charges	317	359	-12
Restructuring and impairment charges after tax	(132)	(76)	
Net Earnings	185	283	-35

1. Before restructuring and impairment charges



Operating earnings before restructuring and impairment charges – 1st Half compared with 2nd Half

NZ\$M	6 months June 2012 (2 nd half)		6 months Dec 2011 (1 st half)	
	Revenue	EBIT	Revenue	EBIT
Building Products	315	29	355	43
Concrete	490	70	468	60
Construction	520	25	520	25
Crane	1,164	53	1,229	53
Distribution	411	12	402	15
Laminates & Panels	910	76	939	63
Steel	554	24	596	24
Corporate		(10)		(6)
Total	4,364	279	4,509	277

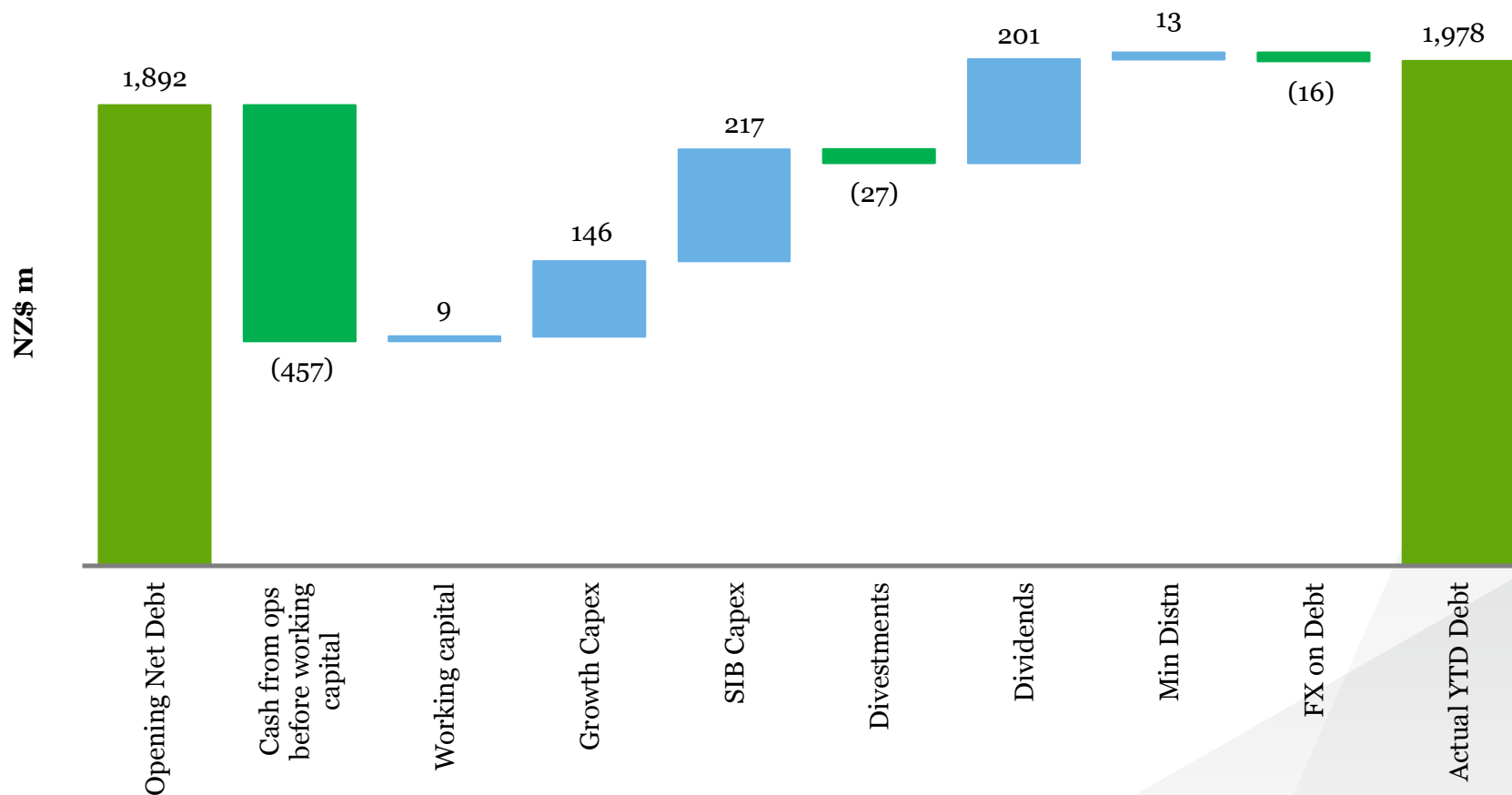


Cashflow from operations up 11%

	June 2012 12 months	June 2011 12 months	% Change
EBITDA	633	697	-9
Funding costs	(152)	(122)	+25
Cash tax paid	(123)	(86)	+43
Non cash restructuring/impairment charges impact	122	89	+37
Provisions movement/other	(23)	(28)	-18
Working capital movements:			
- Debtors	15	(42)	-136
- Creditors	(115)	(50)	+130
- Stock	71	(52)	-237
- Other	20	(4)	-600
	(9)	(148)	
Cashflow from operations	448	402	+11

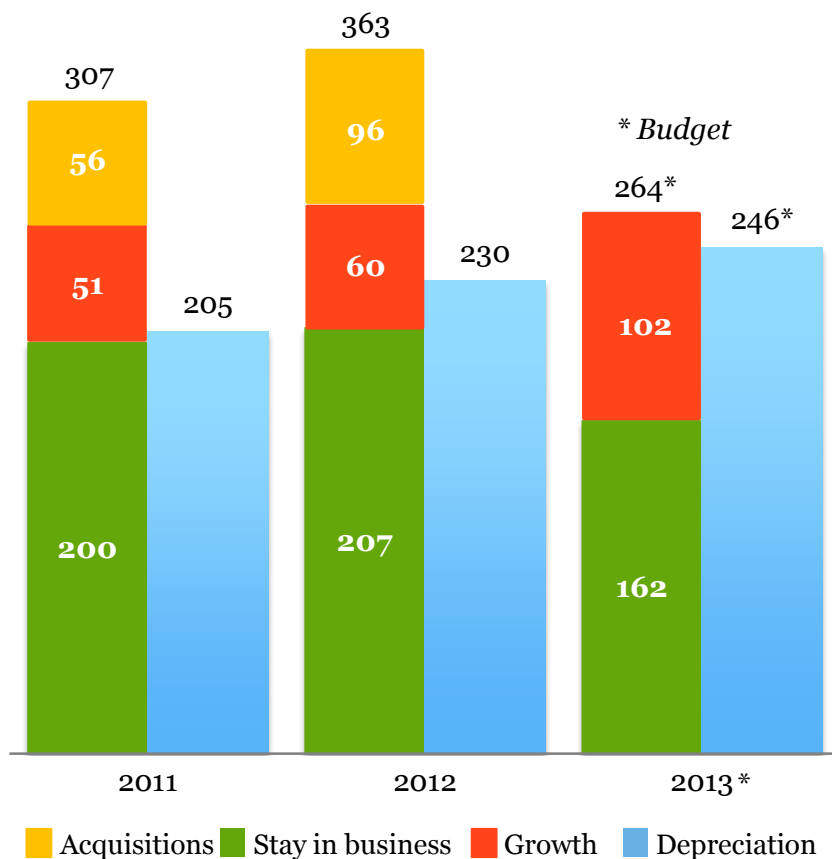


Increase in net debt due to increased capex in FY12



Budgeted capital expenditure to reduce in FY 13

Capital Expenditure



1. Excludes acquisition of shares in Crane Group Ltd

	June 12 12 mths	June 11 12 mths	% Δ	FY13 Budget
Stay-in-business	207	200	+4	162
Growth ¹	60	51	+18	102
Acquisitions ²	96	56	+71	0
Total	363	307	+18	264
Depreciation	230	205	+12	246

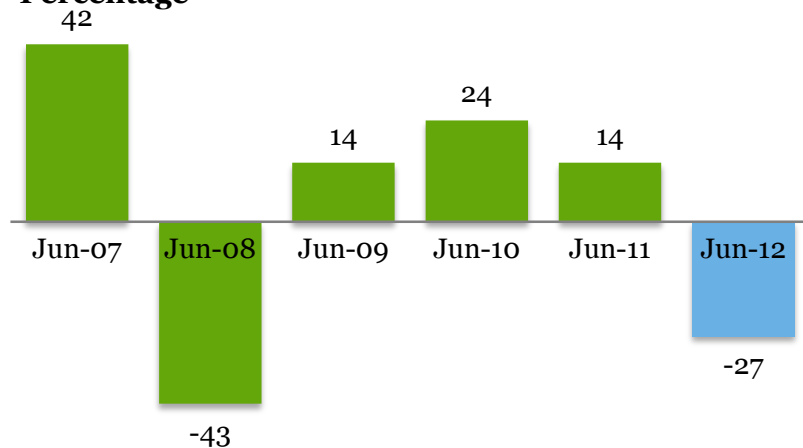
1. Forecast includes investment in new Formica plant in China

2. Excludes Crane in 1H11

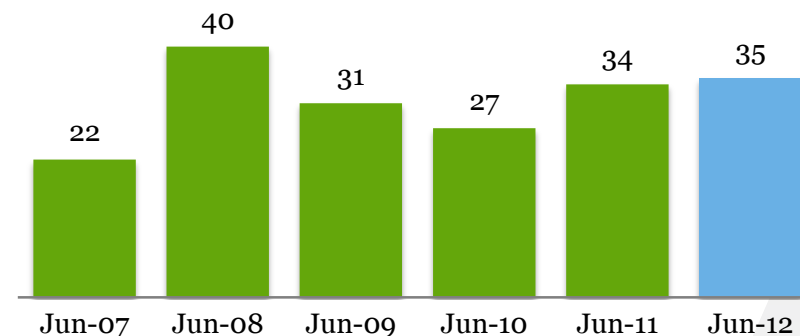


Key ratios

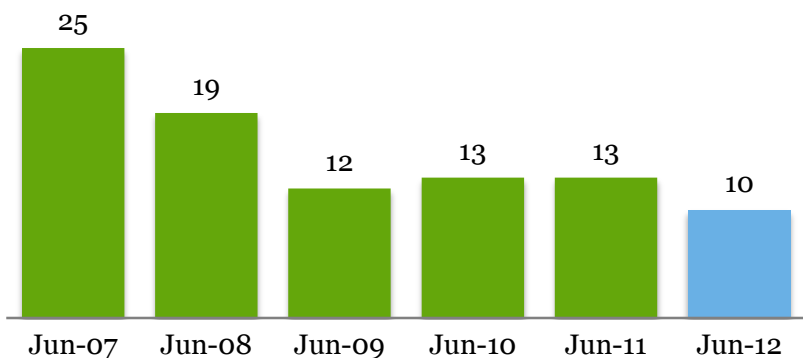
**Total Shareholder Return (TSR)
Percentage**



**Debt/Debt Plus Equity
Percentage**



**Return on Average Funds
Percentage¹**

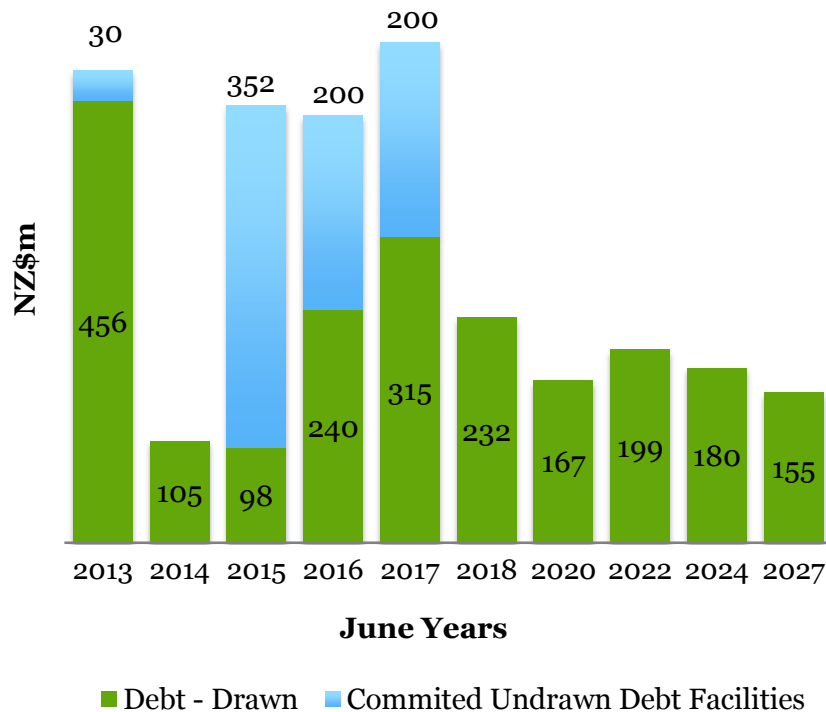


1. Earnings before interest, tax, restructuring and impairment charges / average funds



Debt maturity profile

**Funding and Maturity Profile
June 2012**



Undrawn credit lines of \$782 million and cash on hand of \$168 million.

Average maturity of debt is 5 years.

Average interest rate on debt is 6.7%.

67% of borrowings are at fixed rates.

Long term debt issuance during FY12:

- US\$300m private placement to US investors (10 and 12 year terms)
- A\$120 private placement to Japanese investors (15 year term)



Annual Results

STRATEGY & OUTLOOK

INFORMATION

Formica, Topshop London



Strategy

Improved earnings reliability through geographic and end-market diversification

Decentralised business model

Portfolio approach that creates value through application of proven operating model

Target attractive industry positions in Australia and NZ

Medium term aim is to grow earnings from existing portfolio of businesses irrespective of the economic cycle

Further opportunities to invest in Australia and NZ will be pursued, along with Formica growth in Asia



Outlook FY2013

New Zealand:

Continued modest improvement in new house building

- Assisted by low interest rates and increased activity in Canterbury

Commercial and infrastructure activity not expected to improve materially in FY13

FY14 should benefit from several large infrastructure projects

Australia:

Trend in residential activity unclear, risk of further decline

Commercial construction likely to remain subdued


Infrastructure expected to remain steady

Trading conditions in North America expected to remain flat to slightly positive

No recovery expected in Europe, but Germany and Scandinavia should remain relatively strong

China, SE Asia and Taiwan: continued growth expected





FLETCHER BUILDING 2012 ANNUAL RESULTS PRESENTATION

22 August 2012

Jonathan Ling
Chief Executive Officer

Bill Roest
Chief Financial Officer

Mark Adamson
Chief Executive – Laminates & Panels