



Half Year Results to 31 December 2014

Mark Adamson - Chief Executive Officer

Gerry Bollman - Chief Financial Officer

18 February 2015

Disclaimer

This half year results presentation dated 18 February 2015 provides additional comment on the management commentary 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 commentary.



Agenda

Results Overview

Geographic & Sectoral Analysis

Divisional Performances

Financial Results

Strategy Update

Outlook

Appendix



Results Overview



Firth EnviroPave, Beachlands



Results Overview

Snapshot

\$114 million
NET EARNINGS

\$224 million
OPERATING EARNINGS

\$4,327 million
REVENUE

18c
DIVIDEND PER SHARE

16.6c
EARNINGS PER SHARE



Results Summary

NZ\$m	Dec 2013 6 months	Dec 2014 6 months	% Δ
Revenue	4,273	4,327	+1
EBITDA	385	327	-15
EBIT	281	224	-20
Net earnings	154	114	-26
EPS - cps	22.4	16.6	-26
Dividend - cps	18.0	18.0	0
EBIT before significant items	281	290	+3
Significant items	-	(66)	



Half Year Highlights

NZ Volumes Growth:

Cement	+13%
Aggregates	+7%
Concrete	+17%
Concrete Products	+10%
Plasterboard	+8%
Steel Reinforcing	+32%
Doors & Windows	+8%

Australian Volume Growth:

Insulation	+12%
Laminex	+5%

Residential:

- Strong growth in earnings +18%
- Increased number and range of homes in the market
- Increased land purchases

Canterbury:

Over 65,000 permanent repairs completed

Further FBUnite Progress:

- \$14m additional cost savings delivered in first half
- On track incremental benefits to deliver \$25m in FY15



Results Overview

Revenue

\$4,327 million

REVENUE up 1%

- **Reported revenue \$54m higher than HY14**

Revenue growth rates

Geographic segments in local currency

New Zealand	+6%
-------------	-----

Australia	-3%
-----------	-----

Rest of World	+8%
---------------	-----

- **Underlying revenue growth of 3% when adjusted for sale of Pacific Steel and Hudson Building Supplies**



Results Overview

Operating Earnings

\$224 million
OPERATING EARNINGS down 20%

\$290 million
OPERATING EARNINGS before
significant items up 3%

- **Operating earnings excluding significant items up 3%**

Significant items

Significant items relate to site closure costs and impairment of goodwill

Site closure costs	\$34m
Forman goodwill impairment	\$32m
Total	\$66m



Results Overview

Net earnings

\$114 million

NET EARNINGS down 26%

\$171 million

NET EARNINGS before significant items up 11%

- **Net earnings before significant items were up 11% to \$171m**

Earnings per share

Earnings per share	16.6 cents	-26%
--------------------	------------	------

Earnings per share <i>(before significant items)</i>	24.9 cents	+11%
---	------------	------



Results Overview

Dividend & Cash flow

\$146 million

CASH FLOW FROM OPERATIONS down 18%

18c

DIVIDEND PER SHARE

- **Cash flow from operations before working capital movements up 6% to \$282m**
- **Cash flow from operating activities down 18% due to:**
 - Residential land purchases \$57m
 - Purchase of head office complex \$43m
- **Interim dividend of 18 cents per share**
- **Dividend not franked for Australian tax purposes**
- **Dividend Reinvestment Plan will be operative for this dividend**



Geographic & Sectoral Analysis



Winstone Wallboards, Opawa, Christchurch



Sectoral exposure

Exposures based on revenues

Geographical Exposure by Sector¹	Residential (New/A&A)*	Commercial	Infrastructure	Other
New Zealand	47%	30%	18%	5%
Australia	49%	27%	12%	12%
Rest of World	44%	51%	0%	5%
Total Manufacturing	47%	32%	13%	8%
New Zealand	87%	13%	0%	0%
Australia	41%	59%	0%	0%
Total Distribution	67%	33%	0%	0%
New Zealand	17%	48%	35%	0%
Rest of World	0%	50%	50%	0%
Total Construction	15%	48%	37%	0%

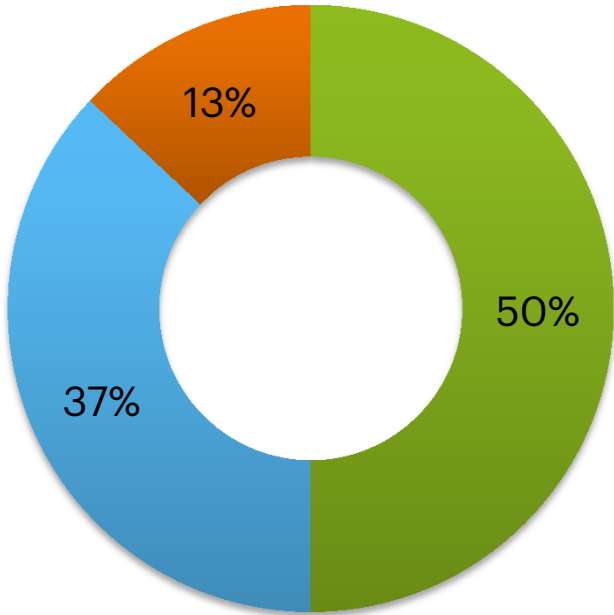
1. Excludes NZ and Australian Distribution businesses

* A&A – Additions and Alterations

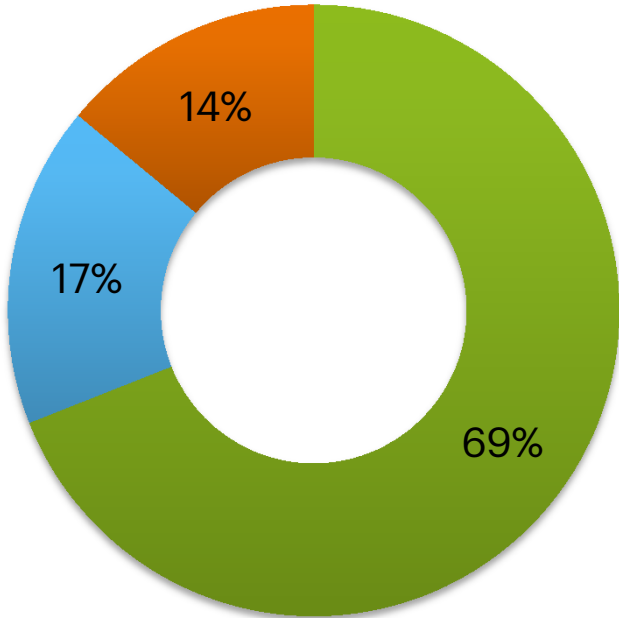


Geographic earnings mix

Revenues
(6 months to Dec 2014)



EBIT¹
(6 months to Dec 2014)



■ New Zealand ■ Australia ■ Rest of World

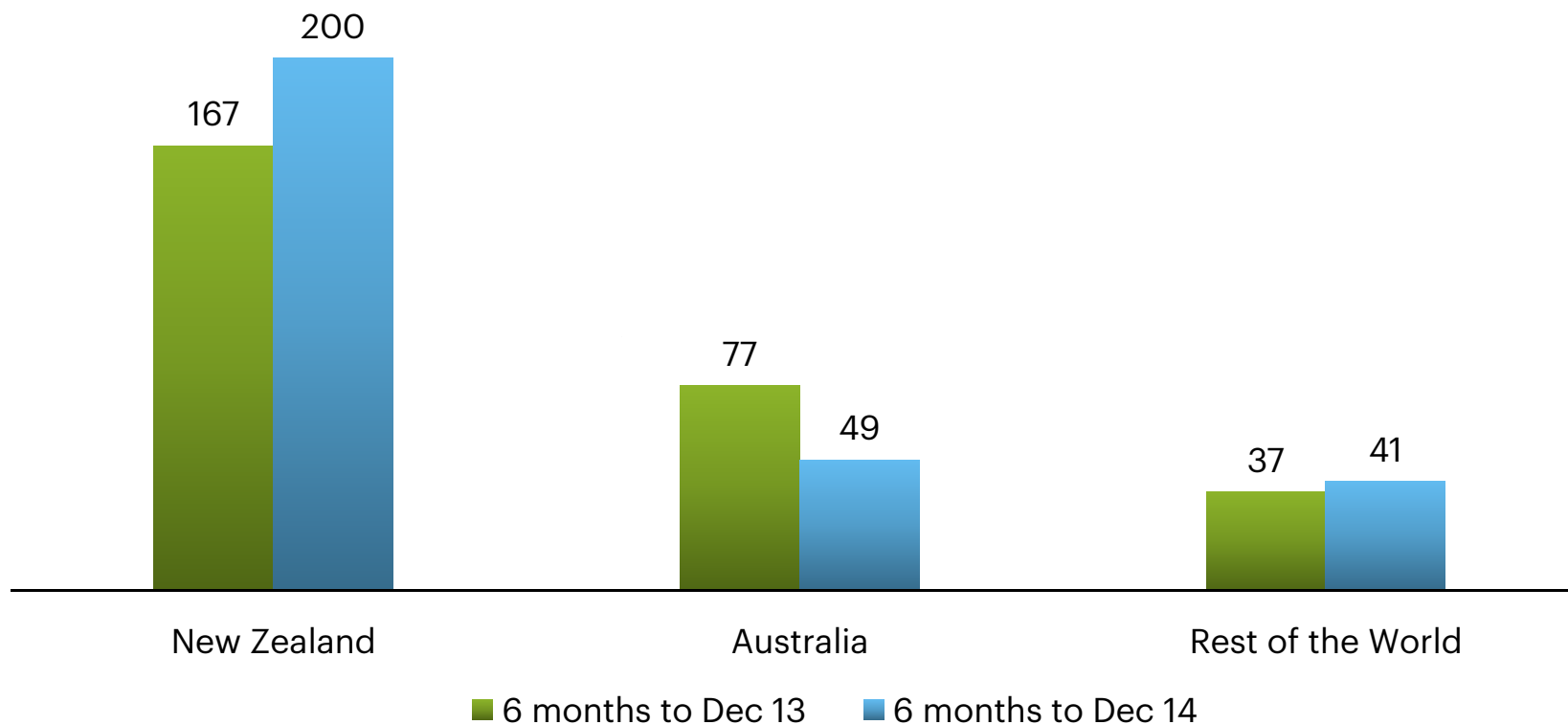
■ New Zealand ■ Australia ■ Rest of World

1. Before significant items



New Zealand operating earnings up strongly, Australia impacted by difficult market conditions

EBIT¹
NZ\$m

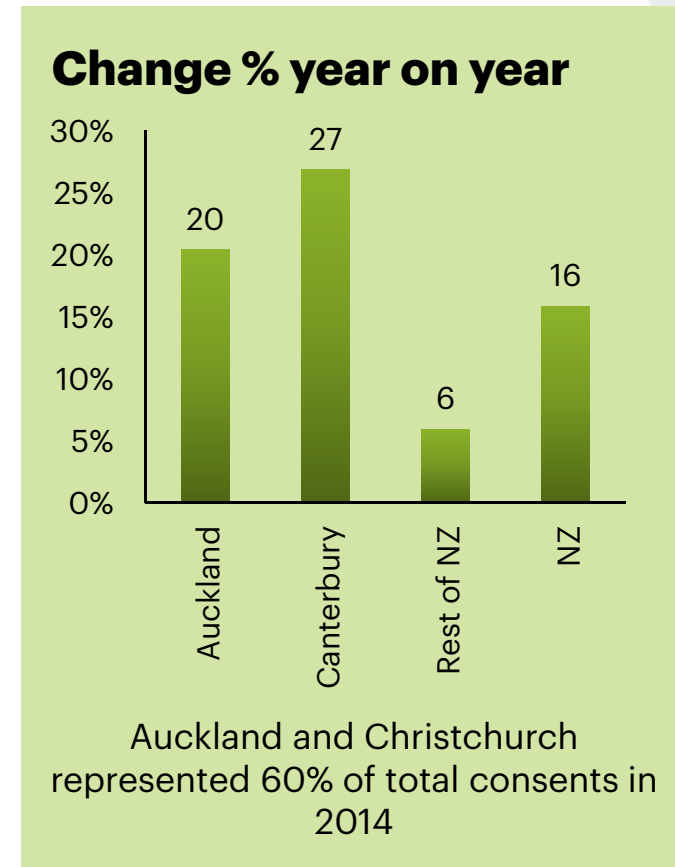
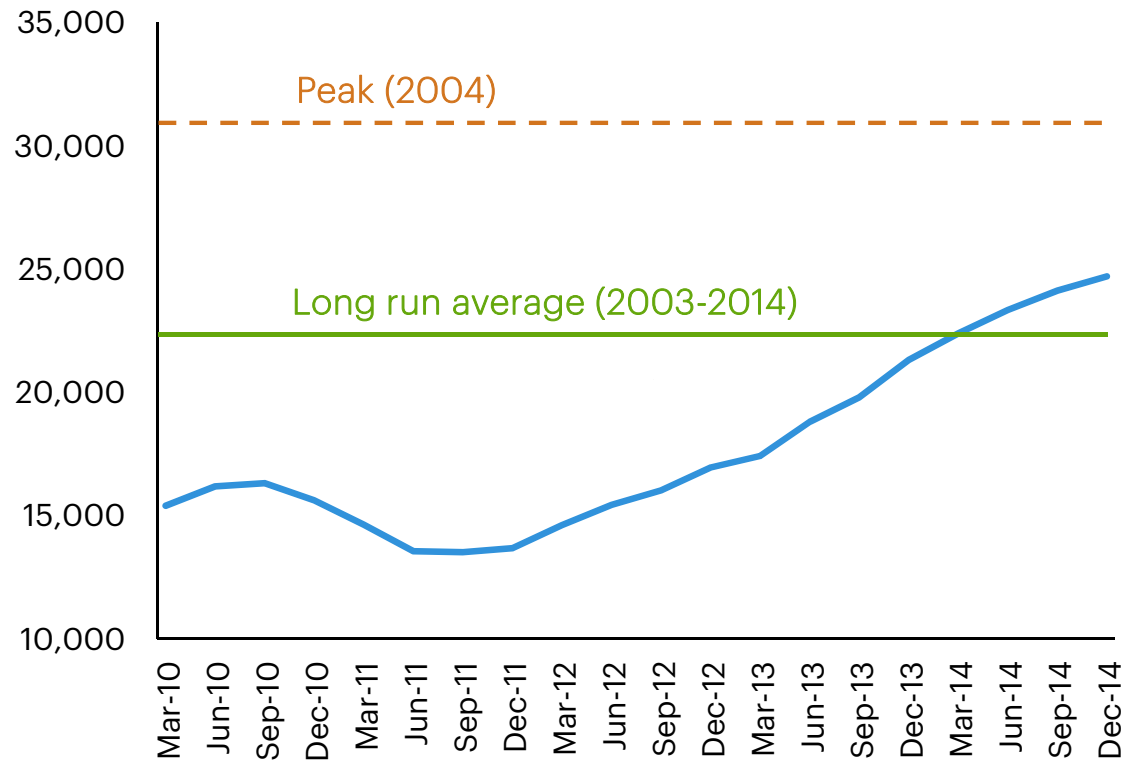


1. Before significant items



New Zealand residential consents up 16% to 24,680

Total residential consents 12 month rolling – New Zealand

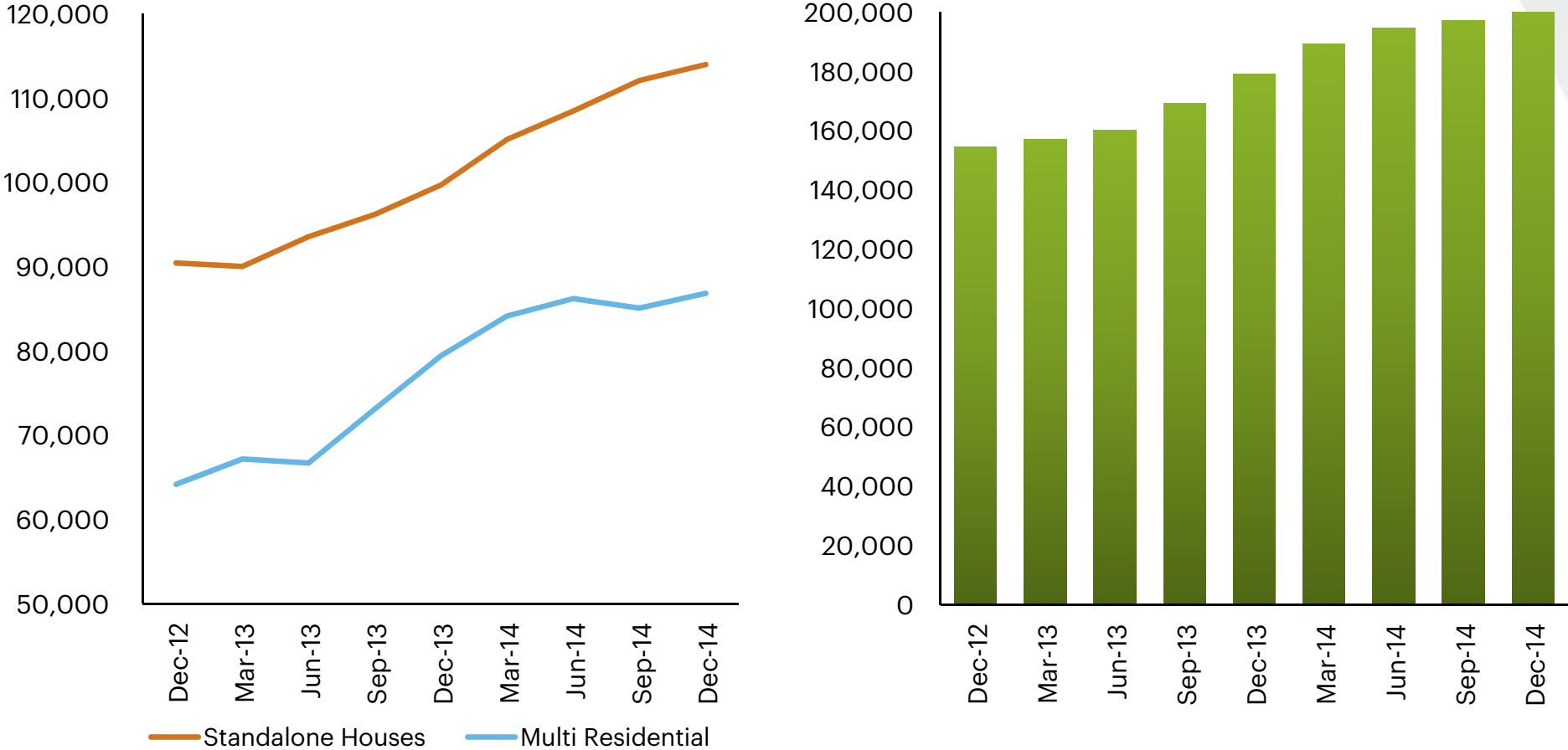


Source: Statistics NZ, Infometrics



Australian residential consents up 12% with strong recovery in stand-alone housing

Total residential consents 12 month rolling – Australia



Source: Australian Bureau of Statistics, BIS Shrapnel



Divisional Performances

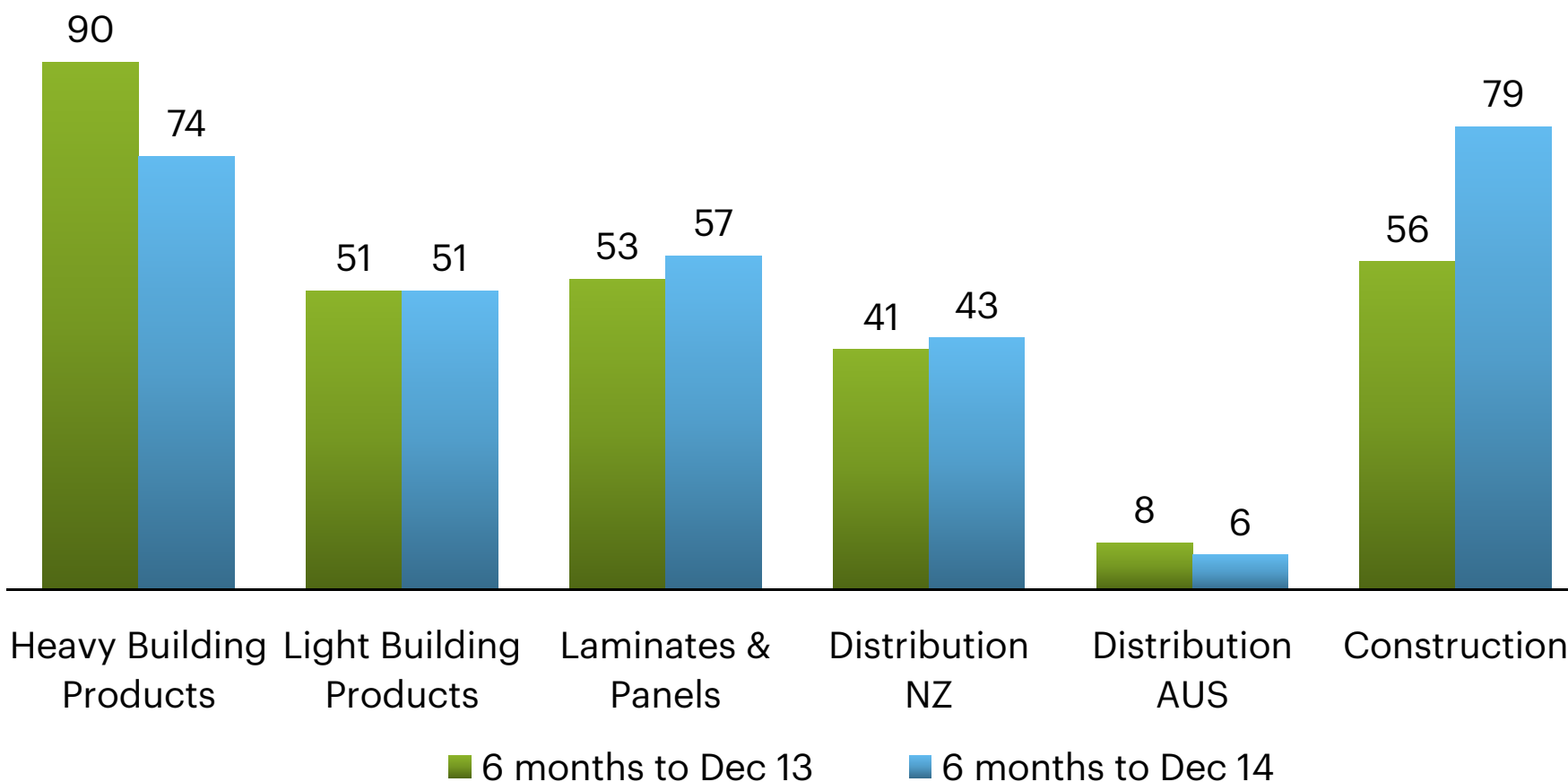


Decra Roofing Systems, Kenya



Divisional operating earnings overview

**EBIT'
NZ\$m**



1. Before significant items



Heavy Building Products Result

NZ\$M	Dec 2013 6 months	Dec 2014 6 months	% Δ
Sales	950	863	-9
EBITDA ¹	132	116	-12
EBIT ¹	90	74	-18
NZ Concrete Products	16	26	+63
NZ Cement + Quarry Products	20	31	+55
Aus Concrete Products	14	4	-71
Aus Quarry Products	10	8	-20
Plastic Pipes	21	(3)	
Steel and other	9	8	-11
Funds Employed	1,719	1,676	-3
EBITDA/sales % ¹	13.9	13.4	
EBIT/sales % ¹	9.5	8.6	
ROFE % ¹ (annualised)	10.5	8.8	

1. Before significant items

Total revenue down due to sale of Pacific Steel in prior year

NZ Concrete Products

- Ready-mix concrete volumes +17%
- Concrete products volumes +10%

NZ Cement & Quarry Products

- Cement volumes +13%
- Aggregates volumes +7%

Australian Concrete Products

Volumes down, particularly in infrastructure and mining sectors

Australian Quarry Products

Volumes stable but earnings negatively impacted by product mix

Plastic Pipes

Australian business impacted by increased competition & decline in coal seam gas pipe demand



Light Building Products Result

NZ\$M	Dec 2013 6 months	Dec 2014 6 months	% Δ
Sales	597	601	+1
EBITDA ¹	66	67	+2
EBIT ¹	51	51	-
NZ Building Materials	37	39	+5
Aus Building Materials	5	8	+60
Roof Tile Group	9	4	-56
Funds Employed	647	614	-5
EBITDA/sales % ¹	11.1	11.1	
EBIT/sales % ¹	8.5	8.5	
ROFE % ¹ (annualised)	15.8	16.6	

1. Before significant items

NZ Building Materials

Earnings up in line with construction activity:

- Plasterboard volumes increased and prices were stable
- Insulation recorded higher sales of foil and laminate products
- Windows and doors volumes up 8%

Aus Building Materials

Glasswool volumes up 12% due to improved activity & market share increases

Roll-forming volumes ahead but margins down due to higher operating costs

Roof Tile Group

Volumes declined in North America & Europe, while Asian & African markets grew by 9%



Laminates & Panels Result

NZ\$M	Dec 2013 6 months	Dec 2014 6 months	% Δ
Sales	866	904	+4
EBITDA	83	85	+2
EBIT	53	57	+8
Laminex	27	37	+37
Formica	26	20	-23
Funds Employed	1,746	1,785	+2
EBITDA/sales %	9.6	9.4	
EBIT/sales %	6.1	6.3	
ROFE % (annualised)	6.1	6.4	

Laminex

- Earnings up 37%
- Increased activity in Australia residential & commercial sectors

Formica

- Revenue up in domestic currencies across all major jurisdictions
- Earnings growth in the USA driven by improved margins and further operational and efficiency gains
- Asia revenue up but earnings down, adversely impacted by tougher China market
- European activity varied, with improvement in Spain & Scandinavia, but declines in Central & Eastern Europe



Formica: continued growth in North America, Asia impacted by more competitive China market

EBIT NZ\$M	Dec 2013 6 months	Dec 2014 6 months	% Δ
Asia	18	11	-39
North America	17	20	+18
Europe	(1)	(2)	-
Corporate	(8)	(9)	+13
Total EBIT	26	20	-23



Distribution New Zealand Result

NZ\$M	Dec 2013 6 months	Dec 2014 6 months	% Δ
Sales	725	780	+8
EBITDA ¹	48	50	+4
EBIT ¹	41	43	+5
Building Supplies	26	29	+12
Steel Distribution	15	14	-7
Funds Employed	318	309	-3
EBITDA/sales % ¹	6.6	6.4	
EBIT/sales % ¹	5.7	5.5	
ROFE % ¹ (annualised)	25.8	27.8	

Building Supplies

- Revenues up 8% with positive trading conditions in PlaceMakers and Mico
- Operating earnings up 12% - volume increases and operational efficiencies offset margin pressure
- 4 Mico and PlaceMakers branches now co-located: enhanced customer offering and cost savings

Steel Distribution

- Revenue up 7% driven by strong customer demand
- Strong performance in EasySteel and Reinforcing offset by manufacturing issues at Pacific Coilcoaters

1. Before significant items



Distribution Australia Result

NZ\$M	Dec 2013 6 months	Dec 2014 6 months	% Δ
Sales	476	446	-6
EBITDA	12	10	-17
EBIT	8	6	-25
Funds Employed	421	395	-6
EBITDA/sales %	2.5	2.2	
EBIT/sales %	1.7	1.3	
ROFE % (annualised)	3.8	3.0	

Revenue and operating earnings down due to sale of Hudson Building Supplies business during the period
4% increase in Tradelink revenue in domestic currency terms

Refocus and alignment of resources has delivered an improved customer proposition, including improved products, better stock availability and service

The initiatives led to improved sales, higher gross margins and increased customer satisfaction

On track for improved result for the full year



Construction Result

NZ\$M	Dec 2013 6 months	Dec 2014 6 months	% Δ
Sales	659	733	+11
EBITDA ¹	60	83	+38
EBIT ¹	56	79	+41
Construction	28	46	+64
Housing	28	33	+18
Funds Employed	134	190	+42
EBITDA/sales % ¹	9.1	11.3	
EBIT/sales % ¹	8.5	10.8	
ROFE % ¹ (annualised)	83.6	83.2	

Earnings growth driven by strong performance across NZ and South Pacific

Significant infrastructure projects ongoing include several large projects reached 20% completion

Construction backlog of \$2 billion as at December 2014

Continued growth in volume and value of residential homes sold with a greater range of locations and price points introduced

Canterbury Home Repair Programme:

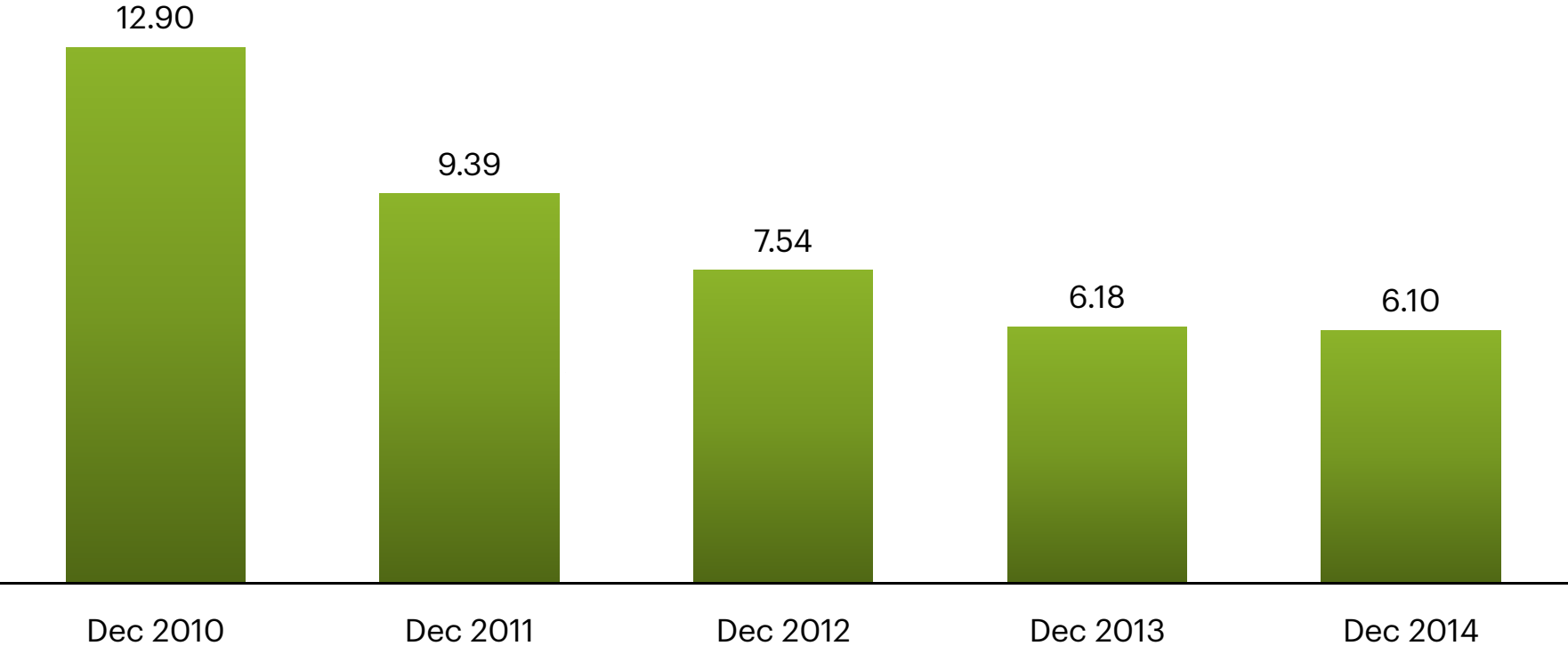
- Over 65,000 home repairs completed;
- Further repairs for delayed claims to be completed post April 2015

1. Before significant items



Health and safety performance

Total recordable injury frequency rate*



* Total injuries per million employee and contractor hours. Note prior period data can change due to reclassification of injuries and updates of estimated hours.



Financial Results



Fletcher Construction, Christchurch

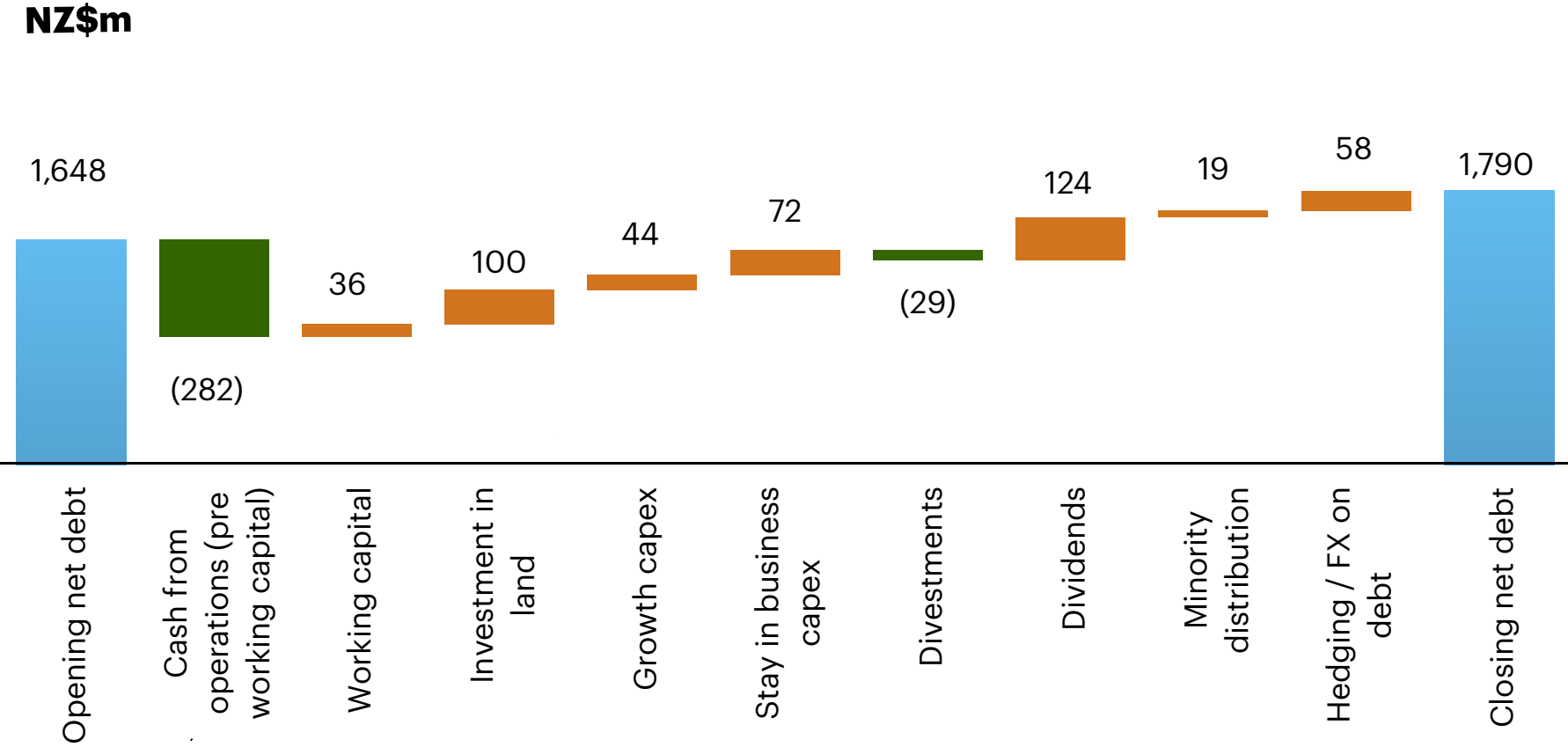


Operating cash flow

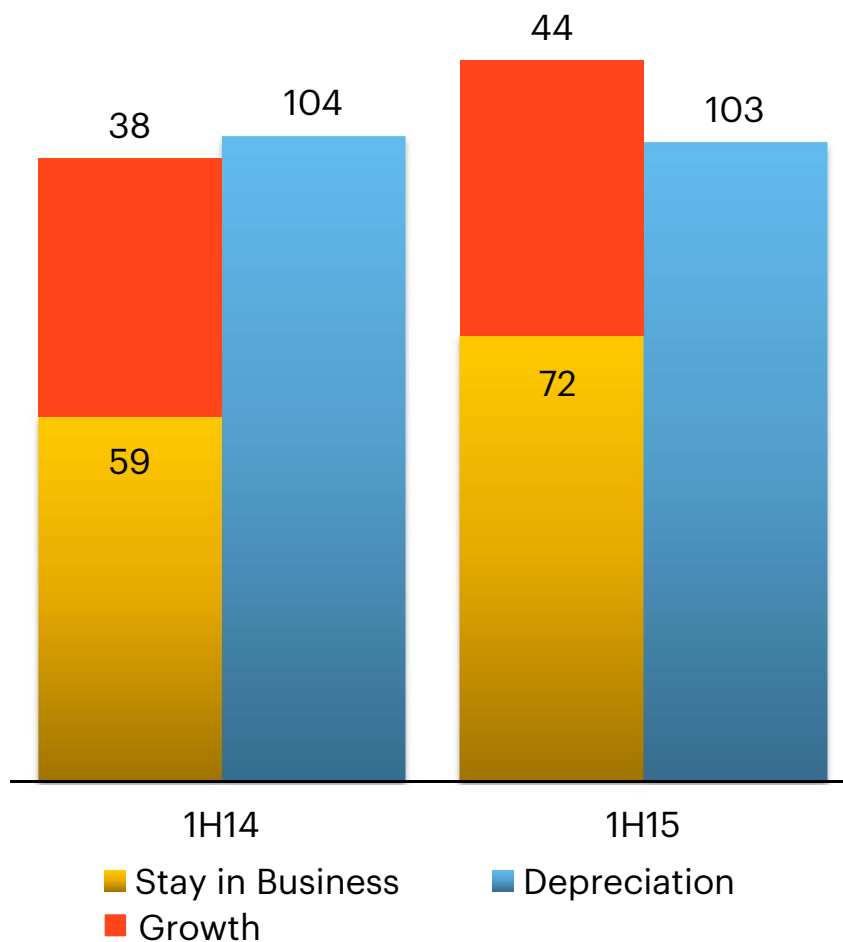
NZ\$m	Dec 2013 6 months	Dec 2014 6 months
Operating earnings before significant items	281	290
Depreciation and amortisation	104	103
Less cash tax paid	(32)	(29)
Less interest paid	(66)	(63)
Other non-cash adjustments	(20)	(19)
Results from operations before working capital adjustments	267	282
Land inventory purchases	(4)	(100)
Other working capital movements	(84)	(36)
Cash flows from operating activities	179	146



Net debt higher due to investment in land and currency translation impacts



Capital expenditure expected to be at bottom end of guidance range (\$275m to \$325m)

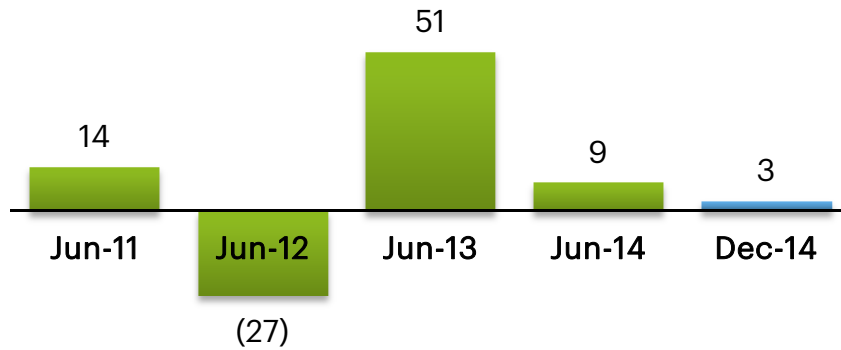


NZ\$m	Dec 2013 6 months	Dec 2014 6 months	% Δ
Stay-in-business	59	72	+22
Growth	38	44	+16
Total Capex	97	116	+20
Acquisitions	4	0	
Depreciation	104	103	-1

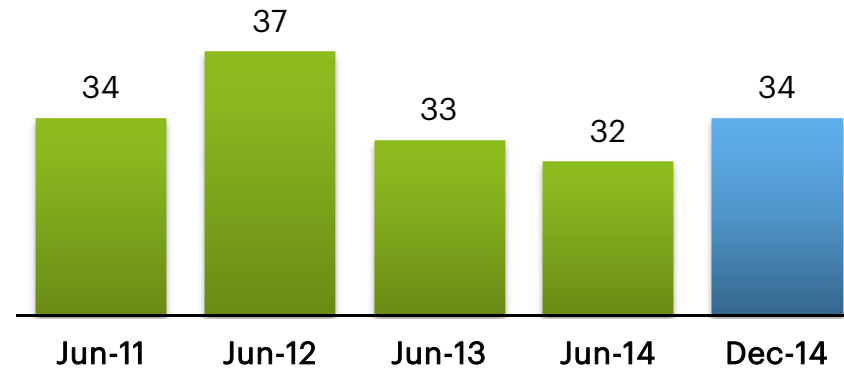


Key ratios

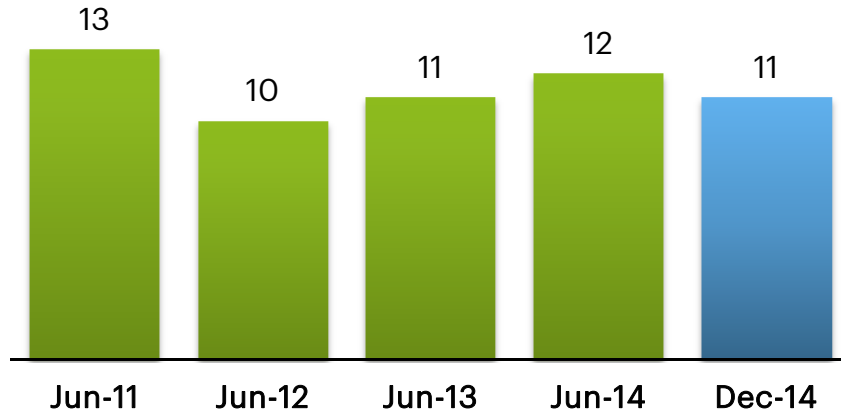
**Total Shareholder Return (TSR)
Percentage**



**Debt/Debt Plus Equity
Percentage**



**Return on Average Funds
Percentage¹**

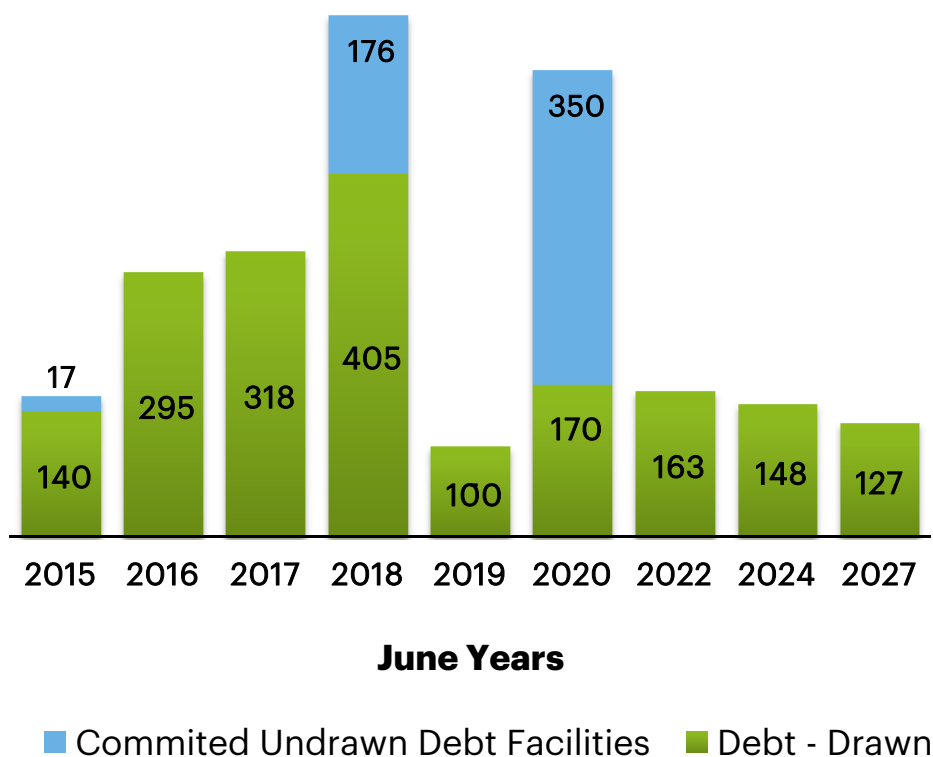


1. Earnings before interest, tax and significant items / average funds



Debt profile

Funding and Maturity Profile NZ\$m



Undrawn credit lines of \$543m and cash of \$124m

Average maturity of debt is 4 years

Approximately 51% of all borrowings have fixed interest rates

Average interest rate on debt is 6.02%

Mix of currency (hedged)

- NZ\$ 37%
- AU\$ 44%
- US\$ 11%
- Other 8%



Capital management settings

Fletcher Building will continue to target strong 'BBB' credit characteristics

Gearing

- Target of Net Debt to Net Debt + Equity (including Capital Notes) of 30-40%
- As at 31 December 2014: 34%

Leverage

- Target Net Debt to EBITDA of 2.0 to 2.5 times
- As at 31 December 2014: 2.28 times¹

It is intended that the group will not be materially outside target Gearing and Leverage ranges on a long run basis

Target dividend pay-out ratio is 50% to 75% of net earnings before significant items

1. Based on annualised 6 month EBITDA before significant items



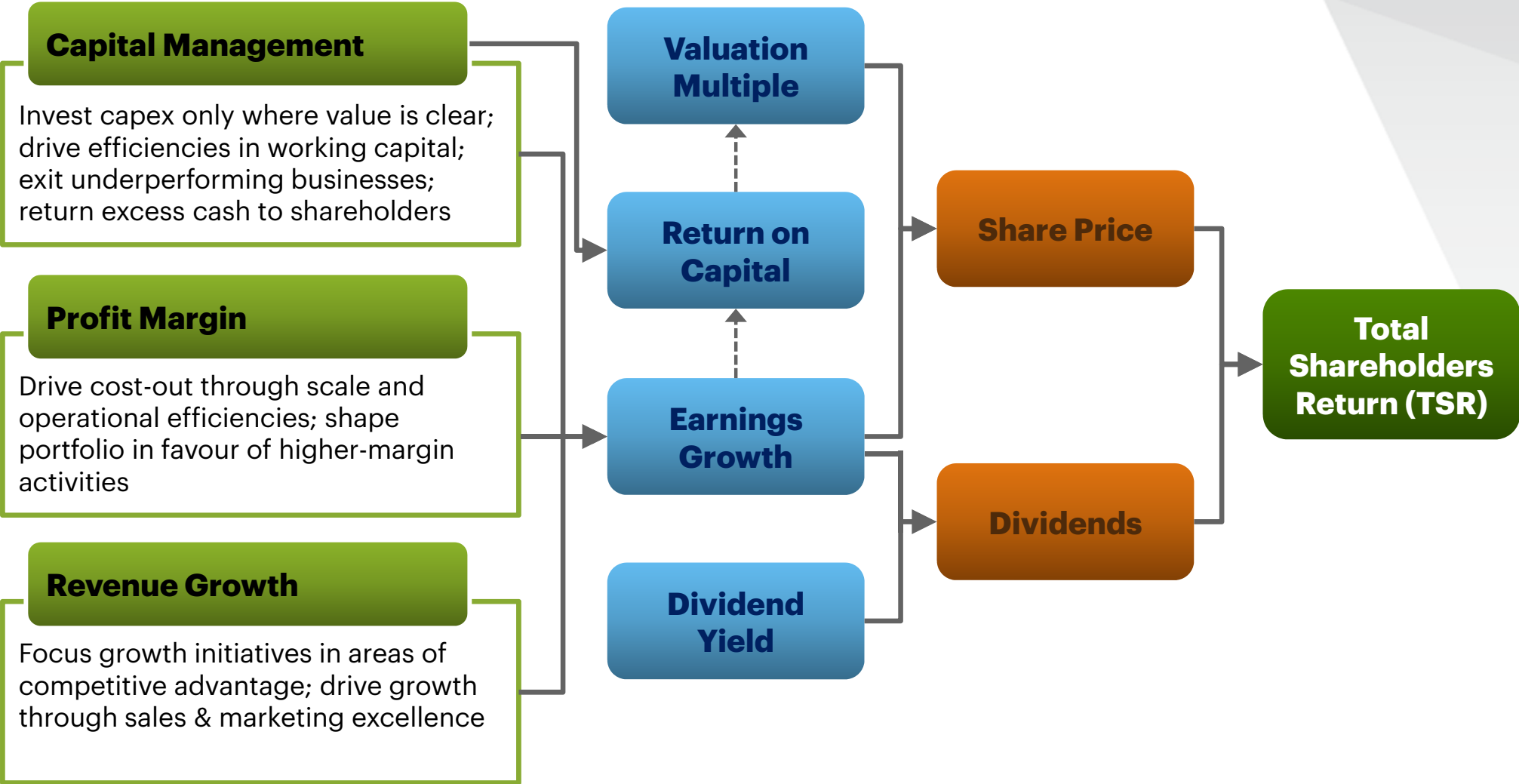
Strategy Update



**Penrose Campus Redevelopment,
Auckland**



Our aspiration: to deliver top-quartile shareholder value creation through driving core operational levers



Strategy is focused on 6 Key areas

Manufacture & Supply

Raw Material
Extraction &
Processing

Primary
Processing

Secondary
Processing

Supply to End-
Users &
Installation

Merchant Distribution

Construction

Concrete: Ready-
Mix, Masonry, Dri.

Rocla Quarries

Winstone
Aggregates

Golden Bay
Cement

Concrete: NZ + AU

Firth

Humes

Rocla Pipes

Concrete Pipes &
Products

Humes

Plastic Pipes

**Plastic Pipes:
NZ + AU**

Iplex AU

Iplex NZ

Tradelink

Mico + Humes

Reinforcing &
Special Steel

Fletcher Reinforcing

EasySteel

EasySteel

- Fletcher Living

Coated Steel

**Light-End Steel:
NZ + AU + RTG Global Niche**

Pacific Coil Coate

Light-End Steels

Roof Tile Group

**Merchant
Distribution:
NZ + AU**

Tradelink

Place
Makers

**Construction:
NZ + Pacific**

- Building + Interiors
- South Pacific

Aluminium

Fletcher Aluminium

Plasterboard

Winstone W/boards

Insulation

**Plasterboard +
Insulation NZ**

TINZ

Fl. Insu

Tradelink

Sinkware

Tas. Sinkware

Laminates &
Panels

Laminex AU

Laminex NZ

Formica

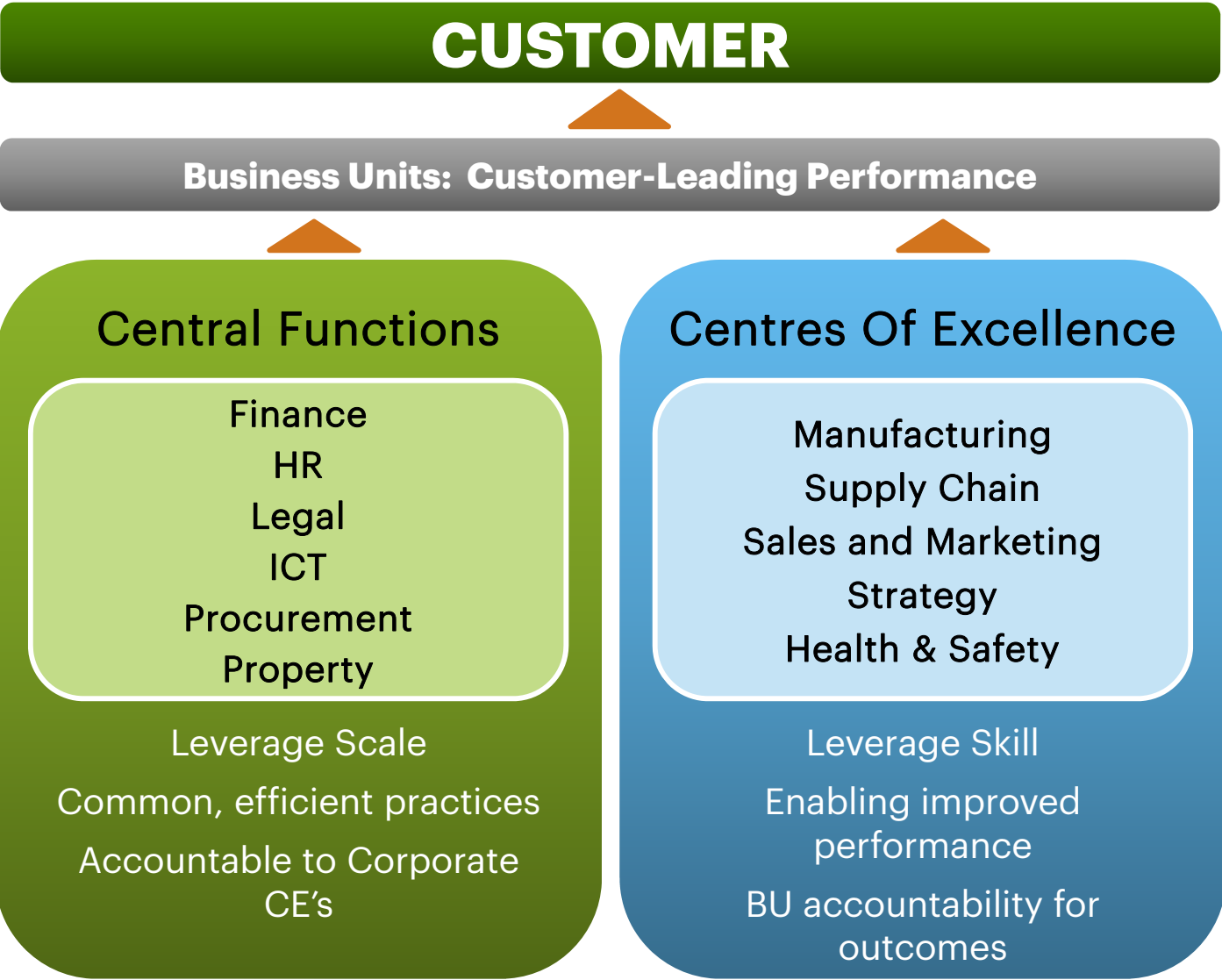
L&P: Global

Laminex AU

Laminex NZ



FBUnite business transformation programmes are now fully integrated into the FBU business model



To achieve our aspirations, we have a clear set of strategic priorities

Objectives: What does success mean?

Our aspiration is to be....

In the top quartile of Australasian companies for shareholder value creation

....which means delivering...

Sustained earnings growth, via higher margins & share gains

and

more efficient use of capital

Strategic Priorities: How do we make it happen?

People

Create a great place to work

- Safety
- Leadership
- Capability
- Culture: High performance, High-engagement

Customers

Deliver what they value

- Digital leadership
- Sales & marketing excellence

Efficiency

Work smarter together

- IT solutions
- Manufacturing excellence
- Procurement
- Property
- Shared services

Profitable Growth

Invest where we can win

- Targeted growth initiatives
- Disciplined capital expenditure
- Portfolio Management

↑
Supply chain excellence
↓



Outlook



Laminex, Australia



Outlook FY15

New Zealand

- Residential consents continuing at levels above long run trend
- Encouraging outlook for commercial construction
- Civil infrastructure driven by ongoing government investment

Australia

- Residential construction expected to remain strong
- Non-residential outlook challenging:
 - Declining mining and resources investment
 - Uncertainty over government infrastructure spending intentions

North America

- Expected to track higher

Europe

- Conditions mixed, with a weak economic outlook

Asia

- Further volume growth in South East Asia, but China highly competitive



Outlook FY15

FY15 performance will be impacted by businesses sold in FY14, and substantial completion of the Canterbury Home Repair Programme

Earnings from Fletcher Living residential development business now forecast to be up year-on-year

Further cost savings from FBUnite of \$25m in FY15

Operating earnings before significant items expected to be at lower end of guidance range of \$650m to \$690m





Half Year Results to 31 December 2014

Mark Adamson - Chief Executive Officer

Gerry Bollman - Chief Financial Officer

18 February 2015

Appendix 1: Building consent data

Building Consents	Dec 2012 6 months	Dec 2013 6 months	Dec 2014 6 months	14/13 % Mvmt
New Zealand				
Residential Consents	16,929	21,300	24,680	+16
Non Res WPIP (\$m)	4,734	4,890	5,889	+20
Infrastructure WPIP (\$m)	6,517	7,494	7,449	-1
Australia				
<i>Source: Statistics NZ, Infometrics</i>				
Residential Consents - Standalone houses	90,442	99,693	113,991	+14
- Other dwelling types	64,162	79,414	86,823	+9
- Total	154,604	179,112	200,814	+12
Non Res WPIP (A\$Bn)	33.8	34.7	36.7	+6
Infrastructure WPIP (A\$Bn)*	131.7	128.8	117.3	-9
US (Billions of 2010 US\$)				
<i>Source: ABS, BIS Shrapnel</i>				
Residential Consents (US\$Bn)**	288.1	358.0	361.3	+1
Non Res WPIP (US\$Bn)**	367.5	365.8	377.2	+3
Infrastructure WPIP (US\$Bn)**	222.6	226.5	237.3	+5

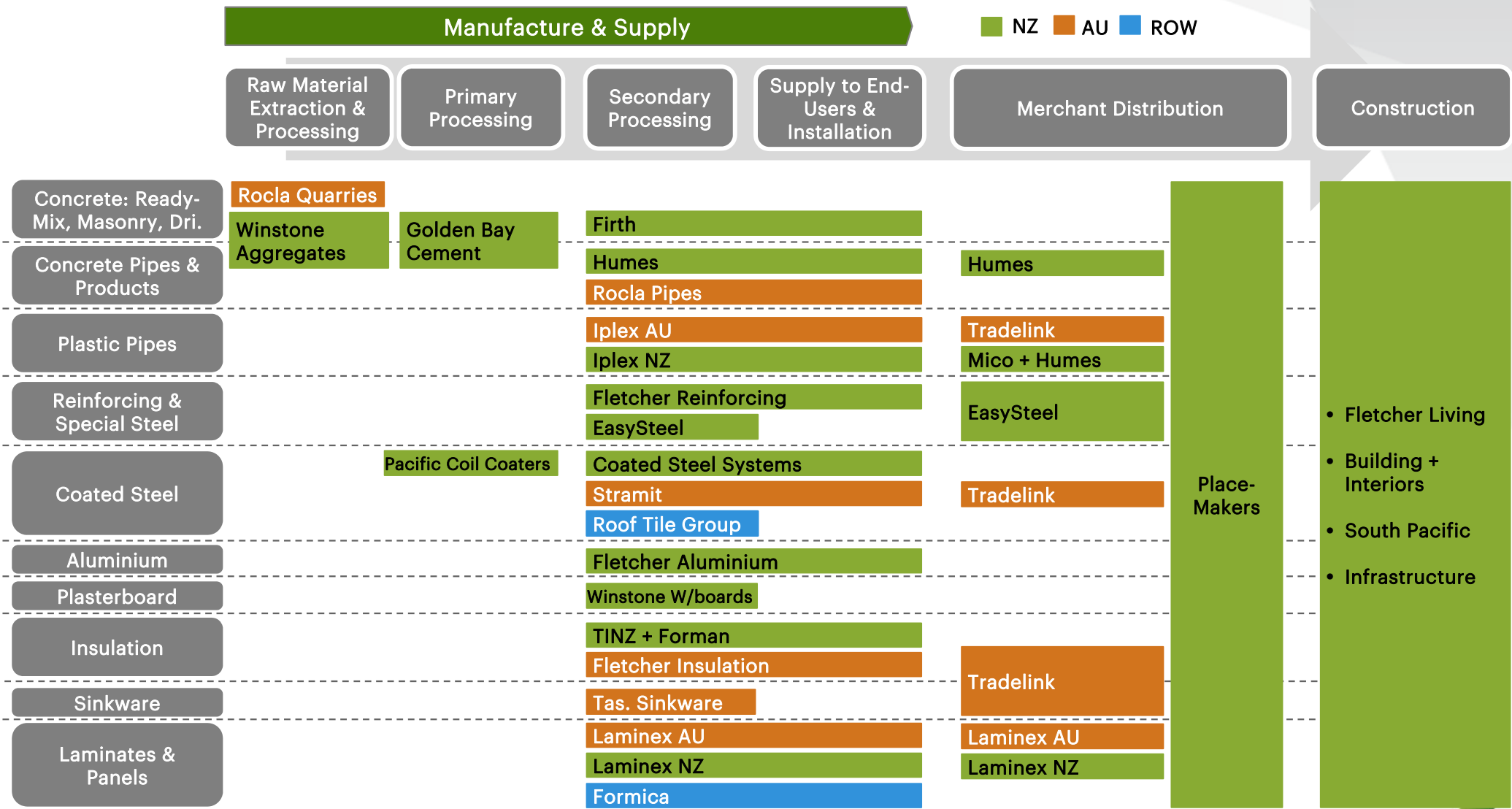
* FY14 data includes estimate for month of December 2014

** Excludes Infrastructure

Source: IHS Global Insight



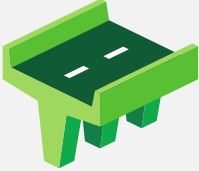


Appendix 2: Business Unit Roadmap



NB: RTG supplies direct to customers in Japan, but sells predominantly via merchant distributors



Appendix 3: Divisional and Business Unit Overview

Heavy Building Products: <i>Vacant</i>	Light Building Products: Francisco Irazusta
 <ul style="list-style-type: none"> • Firth + Humes • Golden Bay Cement + Aggregates • Rocla Products • Rocla Quarries • Iplex Australia • Iplex New Zealand 	 <ul style="list-style-type: none"> • Winstone Wallboards + Tasman Insulation • Stramit • Coated Steel • Roof Tile Group • Aluminium • Insulation Australia • Sinkware
Distribution Australia: Tim Hickey	Distribution NZ: Dean Fradgley
 <ul style="list-style-type: none"> • Tradelink 	 <ul style="list-style-type: none"> • Placemakers + Forman Distribution • Mico • Steel Distribution + Pacific Coilcoaters
Laminates & Panels: Paul Zuckerman	Construction: Graham Darlow
 <ul style="list-style-type: none"> • Laminex Australia • Laminex NZ • Formica Asia • Formica North America • Formica Europe • Homapal 	 <ul style="list-style-type: none"> • Building & Interiors + Forman Contracting • Infrastructure • South Pacific • Housing • Fletcher Living • EQR

■ Consolidated within Division ■ Transferred into new Division

