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News Release

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Auckland, 11 August 2004

2004 ANNUAL RESULTS SUMMARY

Directors today announced record results for the year ended 30 June 2004. Net profit after tax and minority interests was $240 million, compared to $168 million in the previous year. There were no unusual items in the latest result.

Fletcher Building achieved earnings before interest, tax and unusual items of $460 million – up 39 percent on the 2003 year. The result reflected strong demand throughout the year, along with the benefits of acquisitions and ongoing productivity improvements.

The lift in earnings enabled a substantial increase in dividends – from a total 19 cents per share in the previous year to 25 cents per share. Total shareholder return was 33 percent for the 12 months.

All divisions lifted their operating earnings for the third successive year. Building Products' earnings before interest and tax were $164 million (previously $102 million), including an excellent contribution from Tasman Building Products, which was acquired during the year. Concrete earned $94 million (previously $81 million), Construction $42 million (previously $34 million), Distribution $73 million (previously $59 million) and Laminates and Panels $95 million (previously $54 million).

The Chief Executive Officer, Mr Ralph Waters, said the results highlighted the continuing progress made by the company since it listed in March 2001. The return for shareholders since that time exceeds 135 percent.

Mr Waters said the outlook for the current year was that any softening in the New Zealand and Australian residential building markets was expected to be largely offset by stronger non-residential construction. Along with the broad spread of the company – both in activity and geography – this should ensure another good year, with earnings being maintained at around the record levels achieved this year.

Results highlights

- Operating earnings up 39 percent to $460 million.
- Group net earnings up 43 percent to $240 million.
- Total dividend for the year of 25 cents per share.
- Cashflow from operations up from $276 million to $424 million.
- Interest cover up from 7.3 times to 7.8 times.
- Basic earnings per share increased from 43.4 cents to 55.7 cents.
- Economic value added of $139 million.

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FLETCHER BUILDING LIMITED

FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2004

Directors today announced the financial results for the year ended 30 June 2004. Net profit after tax and minority interests was a record $240 million, a 43% increase on the $168 million in the previous year. Earnings before interest and tax (EBIT) were $460 million compared to $331 million in the previous year.

Revenue was $3.958 billion, up from $3.221 billion in the previous year. This growth was supported by a full year's trading from Laminex, acquired part-way through the previous year, and Tasman Building Products, owned from October 2003. After adjusting for these acquisitions, comparable sales were 11% ahead of the previous year.

All divisions again reported improved earnings reflecting strong demand, further operational improvements and synergies from acquisitions. At the operational level, Building Products was 61%, Concrete 16%, Construction 24% and Distribution 24% ahead of last year. Laminates & Panels was 76% ahead of last year, reflecting a full year's ownership of Laminex. Laminex and Tasman each exceeded the earnings forecasts on which their purchase decisions were made.

Directors have again increased the dividend. The final dividend will be 14 cents per share, up from the interim dividend of 11 cents and last year's final dividend of 10 cents. This will result in a full year dividend of 25 cents compared to 19 cents for the previous full year. The dividend is payable on 11 November 2004, and will carry full New Zealand taxation credits and 50% Australian franking credits. Full details are provided in the summary attached.

The result represents a 24.3% return on average equity and a 24.7% return on average funds employed. Total Shareholder Return (TSR) – that is, the increase in share price plus dividends – was 33% for the year. This follows TSR of 43% and 24% in the two previous years.

Results	**Operating Revenue**		**EBIT**	
12 months ended NZ$million	**June 2004**	June 2003	**June 2004**	June 2003
Building Products	**927**	638	**164**	102
Concrete	**518**	487	**94**	81
Construction	**643**	618	**42**	34
Distribution	**863**	744	**73**	59
Laminates & Panels	**994**	659	**95**	54
Corporate	**13**	75	**(8)**	1
Total	**3958**	3221	**460**	331
Funding Costs			**(75)**	(59)
Earnings Before Taxation			**385**	272
Taxation			**(124)**	(85)
Earnings After Taxation			**261**	187
Minority Interests			**(21)**	(19)
Net Earnings per Published Accounts			**240**	168

OPERATIONAL REVIEW

Building Products

The outstanding growth in EBIT – up 61% from $102 million to $164 million – resulted from the successful acquisition and integration of the Tasman Building Products businesses which contributed $31 million and further division-wide operational improvements together with a strong domestic market. All businesses were ahead of their previous year's earnings. Export volumes were strong despite the high New Zealand dollar – particularly in markets served by the metal roof tiles operations. Although Australian residential construction has softened, there has not been any weakening in our business performance there.

The Tasman Building Products businesses were acquired on 30 September 2003. Both the Australian and New Zealand insulation operations performed well, achieving record sales volumes. AHI Roofing and the US-based Decra Roofing performed ahead of expectations, with record volumes. Adelaide-based Tasman Sinkware achieved record export growth and also performed strongly in the Australian market.

Winstone Wallboards and Fletcher Aluminium both benefited from strong domestic demand and earnings improved accordingly. Fletcher Aluminium's earnings were also lifted significantly by manufacturing productivity improvements achieved during the year.

Despite the unusually high cost of power at the beginning of the year and scrap metal prices soaring to unprecedented heights from mid-year, both Pacific Steel and Pacific Wire improved their financial performance significantly. The improvement was underpinned by productivity gains that resulted in record production levels in the steel plant, the rolling mill and the wire mill. The Pacific Steel operations also benefited from a steep rise in world prices for reinforcing bar and wire rod.

All the downstream steel businesses had improved earnings, with Easysteel and Pacific Coilcoaters in particular achieving outstanding results.

Concrete

Revenues increased by 6% from $487 million to $518 million, and EBIT rose to $94 million from the previous record level of $81 million earned last year. Stronger demand, higher prices and lower costs drove the improvement in earnings. All New Zealand operations were ahead of last year. Free cashflow was $6 million higher than last year despite a $17 million increase in capital expenditure.

The Golden Bay cement business enjoyed the highest ever domestic demand for cement. Despite a small price increase in the second half, margin per tonne was lower than the previous year due to reduced clinker production and an increase in clinker imports, higher distribution costs and reduced margins on export sales. The first stage of Golden Bay's capital upgrade was commissioned successfully in July 2004 and the remaining stages should be completed by July 2005. The upgrade is expected to increase clinker production capacity by 40%.

Winstone Aggregates' quarry volumes were slightly lower than last year's 10-year high as a result of plant rationalisation. Margins were higher due to an improved sales mix, some price increases and a broad range of productivity improvements which resulted in lower production costs. The business has a range of further plant rationalisation and development initiatives under way, and these are expected to enhance returns over the next few years.

Firth recorded a strong increase in earnings due to excellent demand and continued margin growth. Sales volumes for most product groups were at record highs, with the readymix business achieving sales volume in excess of 1 million cubic metres for the first time.

Stresscrete recorded a substantial increase in earnings, largely due to stronger market conditions and improved productivity. Humes' Pipeline Systems recorded improved earnings primarily due to the implementation of a range of pricing and margin improvement initiatives.

The operations in Peru and Fiji also recorded positive results for the year, and are expected to perform similarly in the coming year.

Construction

Demand reached unprecedented levels during the year, such that resource constraints became evident throughout the industry. The strength of demand enabled Construction's earnings to improve by 24% on the previous year.

Fletcher Residential recorded strong profit growth for the third successive year, with earnings 54% ahead. This was due to very strong growth in margin per house, whilst the number of houses sold fell due to lack of available land. The acquisition of strategic landholdings is an area of significant focus.

All New Zealand markets remained very strong for commercial building and engineering projects. The Auckland Hospital and Grafton Gully motorway contracts were completed successfully during the year. The company commenced several other major contracts, including the Central Motorway Junction in a joint venture with Leighton Contractors, and the Fergusson Wharf reclamation.

While the residential market has shown signs of easing, prospective commercial and infrastructure projects give Fletcher Construction confidence that overall activity levels will remain high for the medium term. As a result, a key focus for Construction in the medium term is ensuring it has the resources needed to fulfil opportunities. Fletcher Construction's strong market position leaves it well placed to secure resources in New Zealand, but it has supplemented this by recruiting actively in the United Kingdom for the past three years. It is now also recruiting from further afield in an endeavour to meet future demand.

Fletcher Construction had a backlog of $470 million at 30 June 2004. In addition, it has been named preferred contractor for the $130 million Auckland University Business School project, which will commence later this year.

Distribution

A strong revenue gain from a buoyant building industry has been the main driver of a 24% increase in trading profit. While variable costs increased in order to increase service levels, total costs as a percentage of sales were again lower, further strengthening the profit result.

PlaceMakers' Joint Venture business model continues to give the organisation a competitive edge, and market share in core building materials lifted slightly in the latest year. The Joint Venture model is the platform for PlaceMakers to achieve its vision to be the world class supplier of choice to builders and DIY project customers.

A variety of key initiatives were undertaken during the year to further enhance this competitive position. These include the opening of a new New Lynn branch and advancing construction on new stores replacing outdated facilities at Riccarton, Mt

Wellington and Queenstown. All of these are scheduled for opening later in 2004. Several new marketing programmes have been advanced, with the number of builders on PlaceMakers LIFT loyalty programme increasing by 46%.

Two subsidiary operations, Hire A Hubby and The Building Depot, were divested and a new and very successful joint venture was formed with Builders Hardware Company in Christchurch.

Laminates and Panels

The Laminex Group exceeded performance expectations in its first full year under Fletcher Building ownership. The key drivers of this performance were buoyant markets in Australasia, the successful integration of the New Zealand operations and continuing operational cost reductions.

The market sectors in which the business operates – residential construction, renovations and commercial construction – were all buoyant during the year. Sales were up on the prior year by 8.3% in New Zealand and 4.3% in Australia. These increases offset the substantial decline in export revenue, which was down by more than 20% on the prior year as a result of the high Australian and New Zealand currency exchange rates.

The integration of the New Zealand operations has been successful, resulting in significant reductions in overhead and operating costs. Products that were previously manufactured in New Zealand by Fletcher Wood Panels and shipped to Australia are now manufactured at the Australian operations, resulting in substantial freight and logistics savings. Similar savings are being achieved by rationalising export despatches across the two countries.

The consolidation of three independent warehouses in Sydney into one new distribution centre was successfully completed. A similar warehousing consolidation was undertaken in Adelaide. Construction also began on a new distribution centre in Brisbane which will enable a similar consolidation in 2005. The integration of customer service centres in Australia and New Zealand has been completed, providing customers with one point of contact for all their dealings with Laminex in each area.

The performance of the two joint ventures was ahead of the prior year. Wespine, the major pine sawmill in Western Australia, reported a record performance and Dynea, the supplier of resin to Laminex's Western Australia manufacturing operations, also performed strongly.

FINANCIAL REVIEW

Cashflow

Cashflow from operations, at $424 million, was $148 million up on the previous 12 months due to the inclusion of a full year of Laminex, the acquisition of Tasman, and higher activity levels. Good working capital management resulted in an overall reduction of $13 million in working capital during the year.

Capital expenditure excluding acquisitions and divestments totalled $137 million, of which 27% was growth related. This compared with depreciation of $111 million for the year.

Balance Sheet

With strong earnings and operating cashflow, and with gearing (net debt to net debt plus equity) reducing to 43%, Fletcher Building remains in a very sound financial position. Gearing has reduced from 49.9% at June 2003, and is well within all relevant debt covenants. Interest cover (EBITDA to total interest paid) was 7.8 times, up from 7.3 times in June 2003.

Net debt was $848 million at June 2004, with the recent acquisition of Tasman Building Products being offset by a decrease in working capital and strong cashflow from higher activity levels. This compared with net debt of $858 million at June 2003.

The purchase of Tasman building Products in October 2003 was financed by the issue of 25 million shares at $4.10 each, against a pre-announcement closing price of $4.27, and cash from existing facilities.

STRATEGY

The company's major strategic priorities have been to improve earnings, improve the reliability of earnings through the economic cycle and achieve value adding growth.

In the 2005 financial year, the investment priorities will be internal. While the company will continue to assess acquisition opportunities, increasing capacity in those businesses that are capacity constrained will be the first priority. Where there is presently unsatisfied demand – for example, in cement and insulation – the investment can have a quick payback and the outlay will typically be lower, in terms of a prospective earnings multiple, than acquiring existing businesses.

The continued upgrade of the PlaceMakers facilities will also be a capital priority. Investments expected to be approved across existing business units will total up to $100 million more than depreciation, although that will be spent progressively over this and subsequent years as the projects are completed. With increasing exports to Asia from a number of businesses, there may also be small opportunities to strengthen our distribution there.

OUTLOOK

While the company had been expecting a slowdown in activity in the latter part of this financial year, this has not yet eventuated. Residential consents have slowed in New Zealand and Australia, and with net migration also slowing in New Zealand we expect residential housing demand to ease in 2005. Countering this trend, non-residential construction demand is strengthening. When coupled with the company's now broader spread of activities, this leads the board to expect another good year for the company with earnings maintained at around the record levels achieved this year.

DIVIDEND INFORMATION

DIVIDEND SUMMARY TABLE [1]

NZ cents per share	NZ RESIDENTS	AUSTRALIAN RESIDENTS	OTHER NON RESIDENTS
Dividend declared	14.0000	14.0000	14.0000
NZ tax credits [2]	6.8955		
NZ tax credit refund		6.8955	6.8955
Australian franking tax credits [2]		3.0000	
Gross dividend for tax purposes	**20.8955**	**23.8955**	**20.8955**
NZ tax (33%)	(6.8955)		
NZ non-resident withholding tax (15%) [3]		(3.1343)	(3.1343)
Net cash received after NZ tax	**14.0000**	**17.7612**	**17.7612**
Australian tax (15%) [4]		(3.5843)	
Reduced by credit for NZ non-resident withholding tax		3.1343	
Less Australian franking credit offset [5]		3.0000	
Net cash dividend to shareholders	**14.0000**	**20.3112**	**17.7612**

NOTES:

(1) This summary is of a general nature and the tax rates used and the calculations are intended for guidance only. As individual circumstances will vary, shareholders are advised to seek independent tax advice.

(2) These amounts are not received in cash but are relevant in determining the gross dividend received for tax purposes.

(3) NZ non-resident withholding tax is imposed at the rate of 15% on the sum of the dividend declared and the NZ tax credit refund. It is not imposed on the Australian franking credits component of the gross dividend.

(4) This summary uses the 15% income tax rate applicable in Australia to complying superannuation funds, approved deposit funds and pooled superannuation trusts. Different tax rates will apply to other Australian shareholders, including individuals, depending on their circumstances.

(5) Surplus franking credits are refundable to Australian resident shareholders on issue of their Australian tax assessment.

Dividend Reinvestment Plan

A dividend reinvestment plan will operate for dividends paid by Fletcher Building, including this dividend. The pricing period for shares issued under the dividend reinvestment plan is the five business days ending on 1 November 2004. Documentation for participation in the plan is available from the share registry.

The new shares will be allocated on the dividend payment date of 11 November 2004. The final date for participation in the dividend reinvestment plan with respect to this dividend is the record date of 22 October 2004.

Key Dividend Dates

Dividend entitlement date	22 October 2004
Dividend payment date	11 November 2004

The shares will be quoted on a ex dividend basis from 11 October 2004 on the ASX and 26 October 2004 on the NZX.