

FletcherBuilding

Half Year Results Presentation

12 February 2003

This Interim Results Presentation dated 12 February 2003 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.

Highlights



- **Net profit up 151% to \$83 million**
- **Operating Earnings up 105% to \$160 million**
- **Acquisition of Laminex**
- **Major refinancing initiatives**
- **Sale of Bolivian operations**

Summary of Results



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\$m	Dec 2002 6 Mths	Dec* 2001 6 Mths	Jun 2002 12 Mths
Revenue	1483	1455	2966
EBITDA	203	123	294
EBITA	162	82	212
EBIT Before Unusuals	160	78	205
Net Earnings Before Unusuals	83	29	88
Net Earnings Including Unusuals	83	33	93
EPS After Unusuals (cents)	22.4	9.6	27.0
Dividend cps	9.0	6.0	14.0

Capital Notes Interest

- From the June 2002 accounts, Capital Notes interest is included as an interest charge
- Accounting standards restrict us from changing comparative data in our published accounts. We have adjusted the results in this presentation to reflect this change so as to facilitate better comparisons



PlaceMakers Change in Period End

- The year end for the PlaceMakers Joint Venture branches was changed from 31 March 2002 to 30 June 2002
- The December 2001 segmental results for Distribution have been changed to show the July to December earnings

Segmental EBIT



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\$m	Dec 2002 6 Mths	Dec 2001 6 Mths	Jun 2002 12 Mths
Building Products	66	36	85
Distribution	25	14	34
Concrete	44	24	60
Construction	16	13	30
Laminex*	8		
Corporate/Unallocated	1	-4	-4
EBIT Before Unusuals	160	83	205
Less Restatement		-5	
EBIT Before Unusuals	160	78	205

Building Products Results



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\$m	Dec 2002 6 Mths	Dec 2001 6 Mths	Jun 2002 12 Mths
Revenue	447	405	820
EBIT	66	36	85
Funds	430	453	433
Return on Funds (<i>annualised</i>)	30.7%	15.9%	19.6%



The focus on working capital and operational efficiencies has yielded significant benefits

Winstone Wallboards

Strong earnings reflect:

- Volumes up with buoyant market conditions
- Improved product mix, prices steady

Fletcher Aluminium

- Substantial turnaround in profitability
- New management in place
- Restructuring and manufacturing efficiencies continuing



Fletcher Wood Panels

- Revenues up substantially on previous period
- Profitability improving
- New products starting to make a significant contribution
- Aggressively pursuing synergies with Laminex
- Rising NZ\$ will impact exports and future earnings

Scott Panel & Hardware

- Volume and profit reflect current market conditions



Steel Manufacturing

- Record steel production >212,000 tonnes in 2002 calendar year
- Continued growth in volume of exports
- Improvement in manufacturing processes
- Current and future earnings impacted by current strength of NZ\$
- Rising scrap prices (in real terms) whilst good for the Sims Pacific Joint Venture, will have negative impact on Pacific Steel earnings



Steel Processing and Distribution

- Improving earnings in EasySteel and Dimond with further improvements expected
- EasySteel supply costs significantly reduced through Auckland distribution consolidation and upgrade
- Pacific Coilcoaters excellent result largely driven by strong domestic and export demand

Distribution Results



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\$m	Dec 2002 6 Mths	Dec 2001 6 Mths	Jun 2002 12 Mths
Gross Revenue	389	336	686
EBIT	25	14	34
Funds	105	101	101
Return on Funds (<i>annualised</i>)	47.6%	27.7%	33.7%



- Sales levels continued to increase with strong market conditions and improved performances in wholly owned PlaceMakers stores
- Margins have been maintained despite higher volume of trade sales
- PlaceMakers outstanding but Building Depot not in same league

Concrete Results



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\$m	Dec 2002 6 Mths	Dec 2001 6 Mths	Jun 2002 12 Mths
Revenue	255	232	470
EBIT	44	24	60
Funds	401	458	416
Return on Funds (<i>annualised</i>)	21.9%	10%	14.4%



Golden Bay (Cement)

- Volumes up
- Prices up
- Production costs per tonne down
- Distribution costs increased due to a greater requirement for road transportation to meet demand
- Profit significantly ahead of last year



Firth (Readymix Concrete)

- Volumes up through market and market share gains
- Ready mix concrete volumes for the six months were the highest on record
- Prices up
- Substantial profit improvement



Winstone Aggregates

- Higher volumes
- Still an unfavourable mix
- Production costs lower
- Profit more than double pcp



Humes (Concrete Pipes)

- Activity levels up
- Margins down
- Steady result

Stresscrete (Pre-cast Beams etc)

- Market conditions strong
- Further improvement in operating performance



International

- Bolivia sale completed
- Peru profitability approaching cost of capital
- Indian assets subject to a conditional sale agreement

Construction Results



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\$m	Dec 2002 6 Mths	Dec 2001 6 Mths	Jun 2002 12 Mths
Revenue	310	496	871
EBIT	16	13	30
Funds	-80	-44	-95



Construction

- Revenue down as a result of Australian exit
- Strong performance in all divisions, although South Pacific market still slow
- Current backlog in excess of \$500m
- Significant number of larger projects due for tender suggests activity levels will remain high over the next couple of years.



Residential

- Continuing strong performance with sales comparable to last year but at improved margins
- Result achieved on a lower funds base resulting in excellent EBIT/Funds results

Laminex Results



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\$m	Dec 2002
Revenue	81
EBIT	8
Funds	727
Return on Funds (<i>annualised</i>)	9.5%

* Acquired on 13 November 2002



- Continued strong domestic demand at least to June
- Increased commercial demand over last year
- Export volumes down on last year due to increased domestic demand
- Margins have improved. The result of price and mix
- Efficiencies achieved through warehouse consolidation in Victoria and integration of computer systems

Profit After Tax



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\$m	Dec 2002 6 Mths	Dec 2001 6 Mths	Jun 2002 12 Mths
EBIT before Unusuals	160	78	205
Interest	-23	-27	-51
Tax	-45	-19	-54
Minority Interests	-9	-3	-12
NPAT before Unusuals	83	29	88
Adjustments Net of Tax		4	5
Profit After Tax	83	33	93
Restate Capital Notes Interest After Tax		8	
Profit After Tax as per Accounts	83	41	93

Adjustments



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\$m	Dec 2002 6 Mths	Dec 2001 6 Mths	Jun 2002 12 Mths
i. Unusual Items			
Permanent Impairment			-11
Other Losses/Gains		6	16
		<hr/>	<hr/>
		6	5
ii. Taxation		<hr/>	<hr/>
		-2	
Total Adjustments	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	Nil	4	5

Simplified Balance Sheet



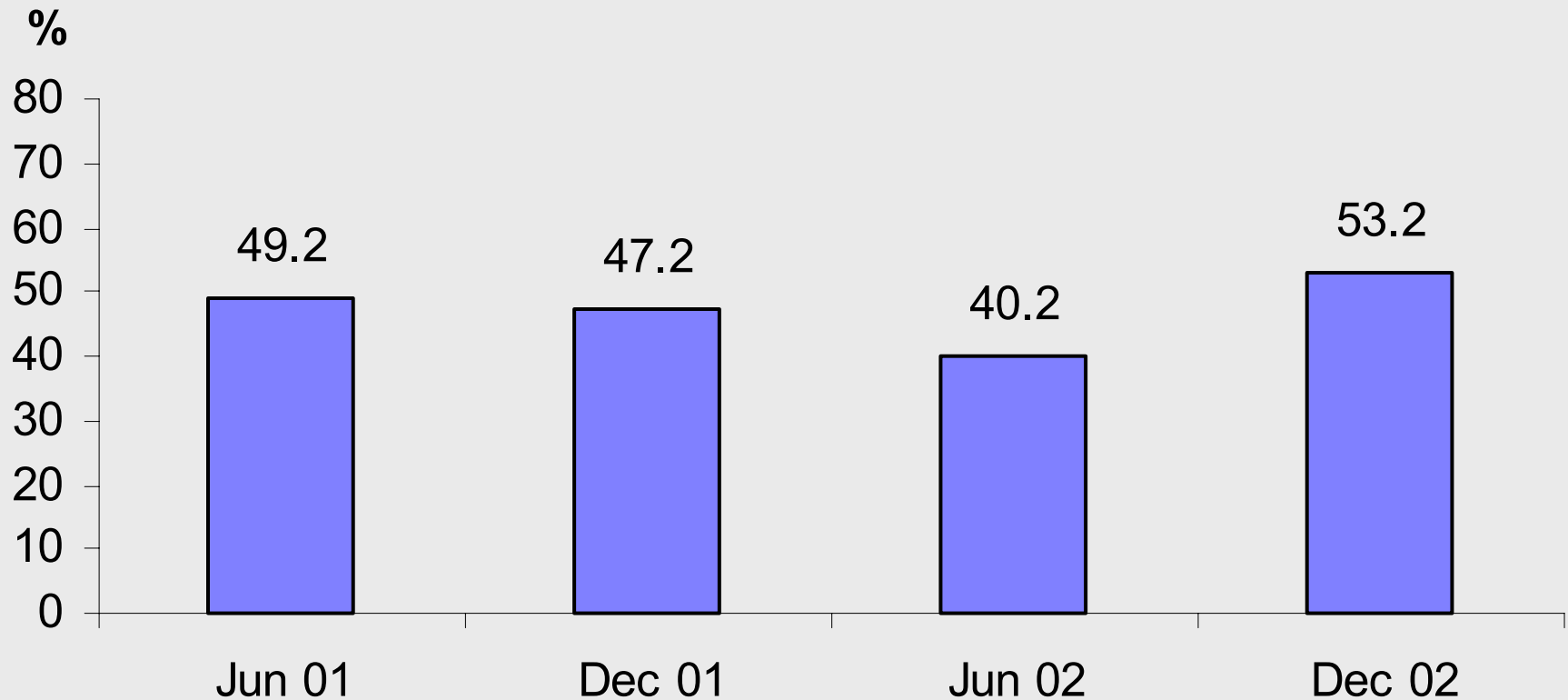
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	Dec 2002 NZ\$m	June 2002 NZ\$m
Assets		
Current Assets	869	637
Fixed Assets	984	666
Intangibles & Goodwill	200	8
Provision for Deferred Taxation	97	96
Investments	120	72
Total Fletcher Building Assets	2,270	1,479
Liabilities		
Current Liabilities	587	490
Net Debt	530	168
Capital Notes	366	230
Total Fletcher Building Liabilities	1,483	888
Equity		
Equity & Minority Interests	787	591
Total Fletcher Building Liabilities and Equity	2,270	1,479

Key Ratios



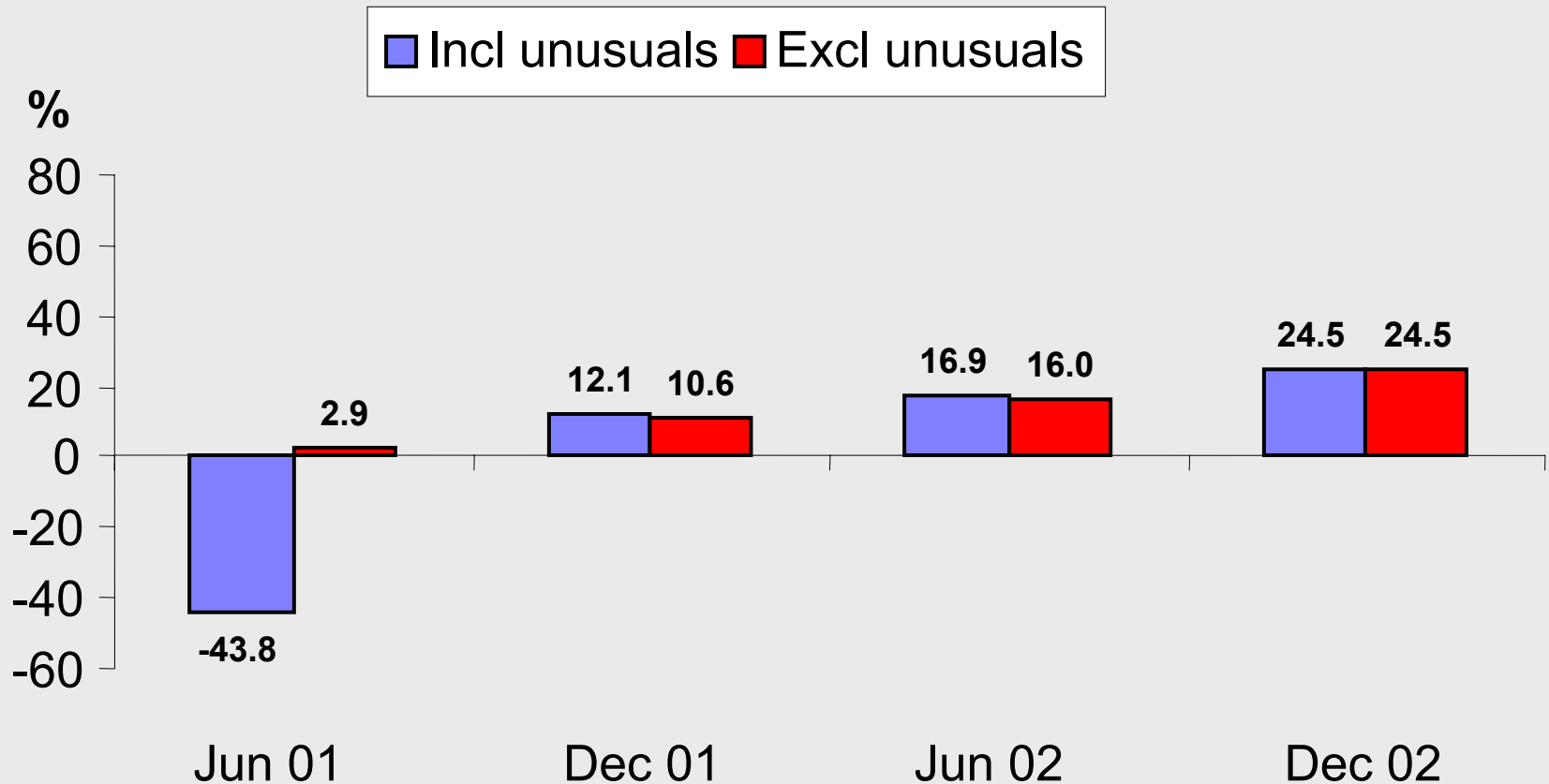
Debt /Debt plus Equity



Key Ratios



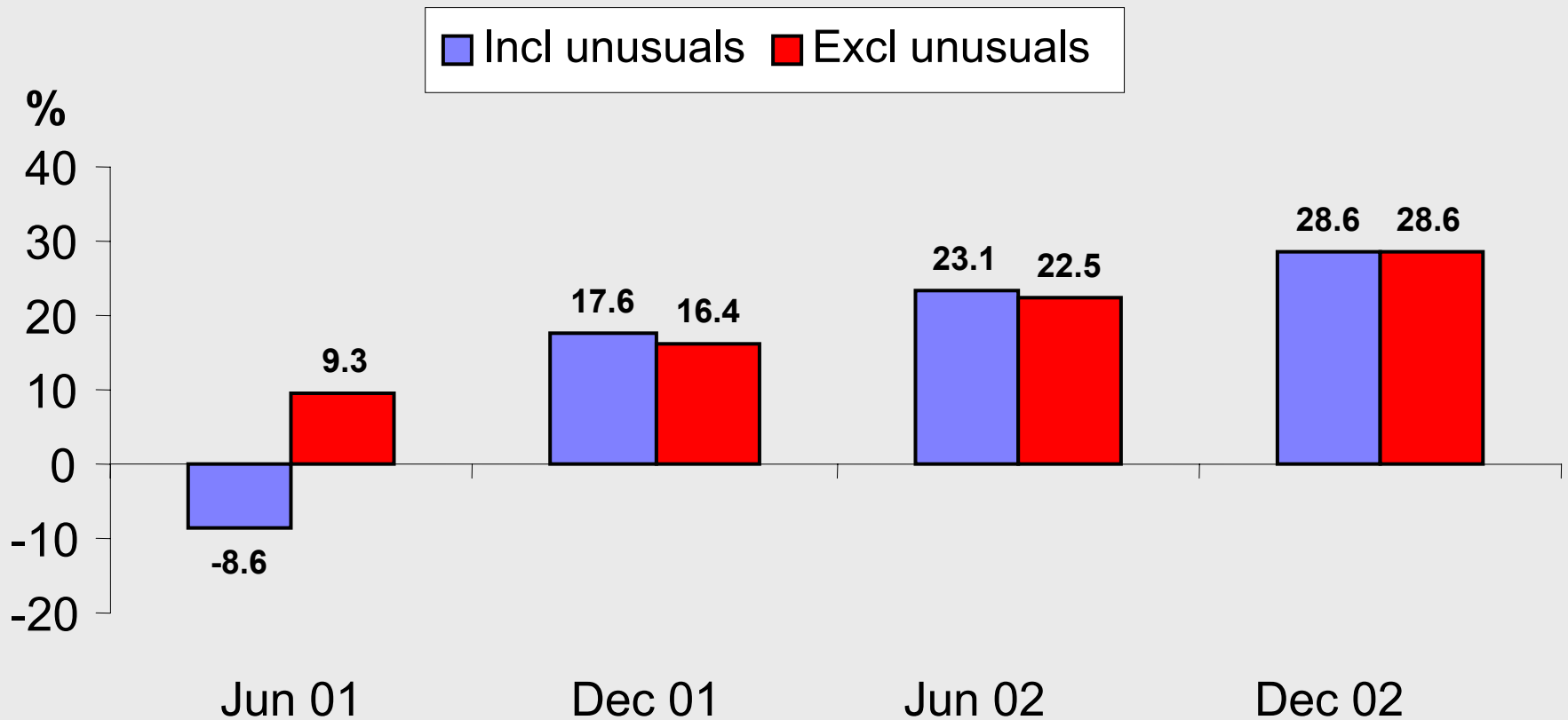
Return on Average Equity*



Key Ratios



Return on Average Funds*

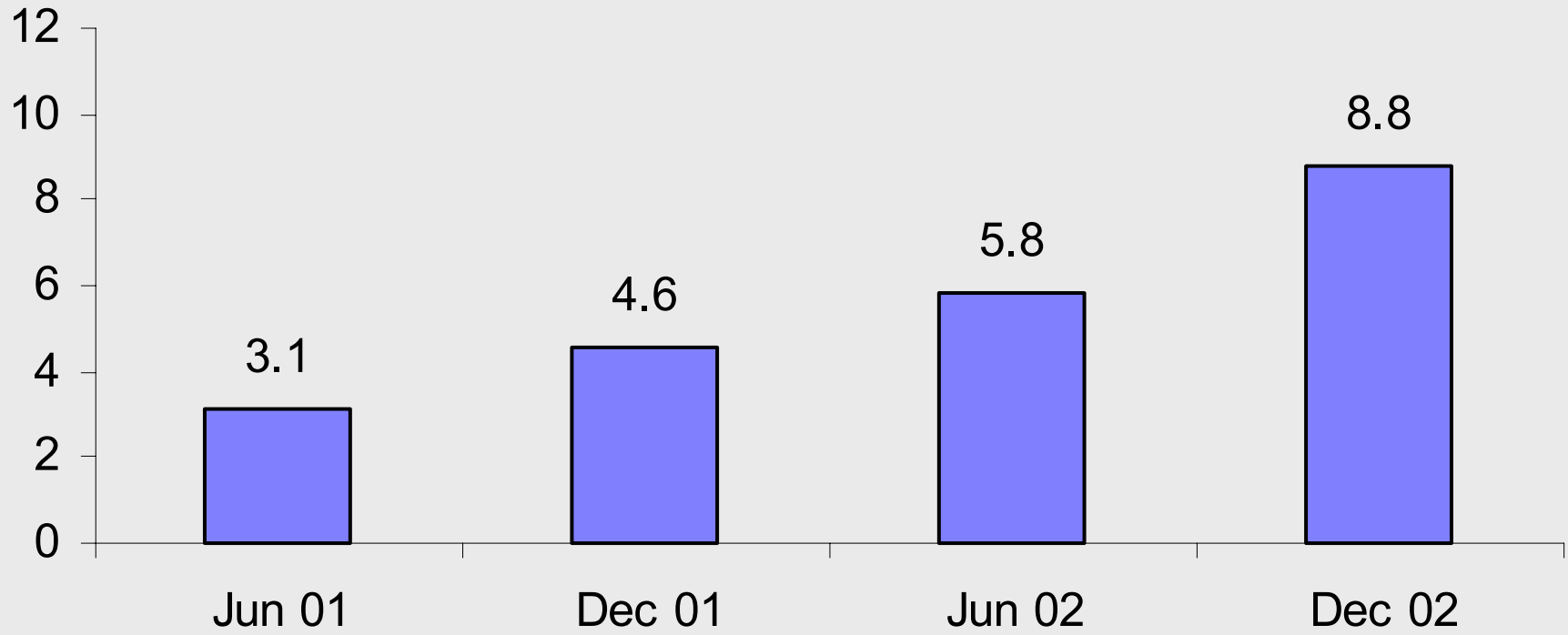


Key Ratios



Interest cover*

(times)

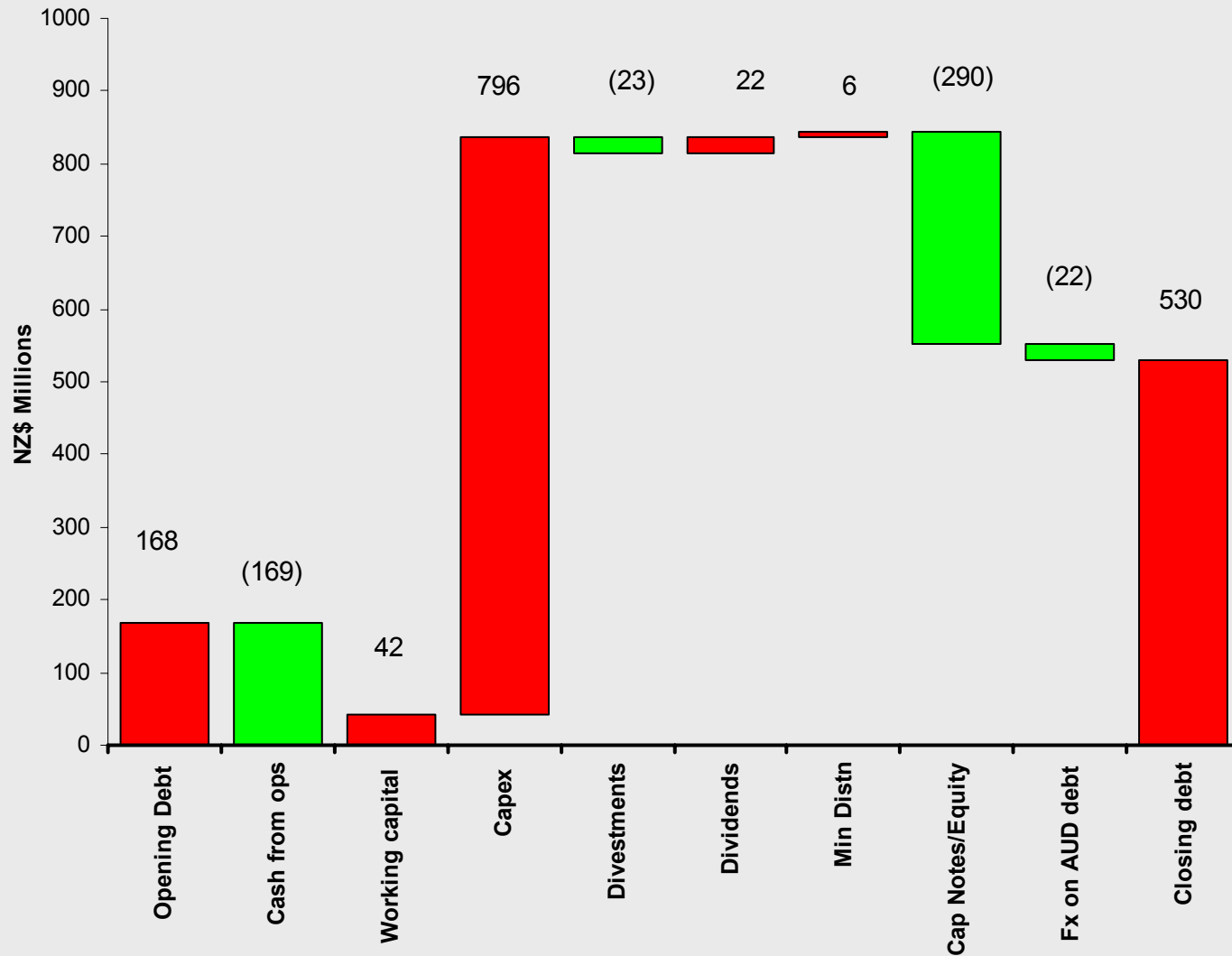


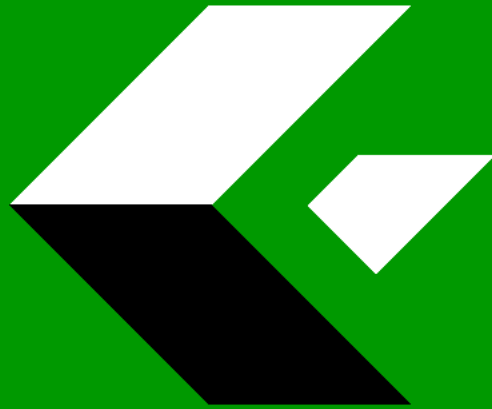
* EBITDA/Interest

Net Debt Movement



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Operational & Strategic Update

Operational Initiatives



- Synergies between Laminex and FB Panels businesses
- Electro-magnetic wiping technology in wire mill
- New PlaceMakers stores
- Two key Construction JVs



- Fletcher Wood Panels & Scott Panel & Hardware has become part of Laminex Division from February 2003
- Results for 02/03 still reported separately
- Results for 03/04 will be for enlarged Panel/Laminates Division



- Organic growth through new products / markets
- Evaluate opportunities that meet our strict acquisition criteria
- Resolve a Negotiated Greenhouse Agreement

- Exchange rate will impact earnings
- Power costs / supply again an issue
- Demand may peak this quarter
- On balance another satisfactory half