



FletcherBuilding

**Fletcher Building Limited
Half Year Results 2006**

15 February 2006



FletcherBuilding

Disclaimer

This Half Year Results presentation dated 15 February 2006 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

NPAT
\$190 million

EPS 40.9 cps

Geographic and product diversification delivers improved earnings despite softer markets

Increased Returns
To Shareholders

Interim dividend increased to 19 cps
TSR of 13% for the six months

Progress With
Growth Projects

\$200m committed and in progress

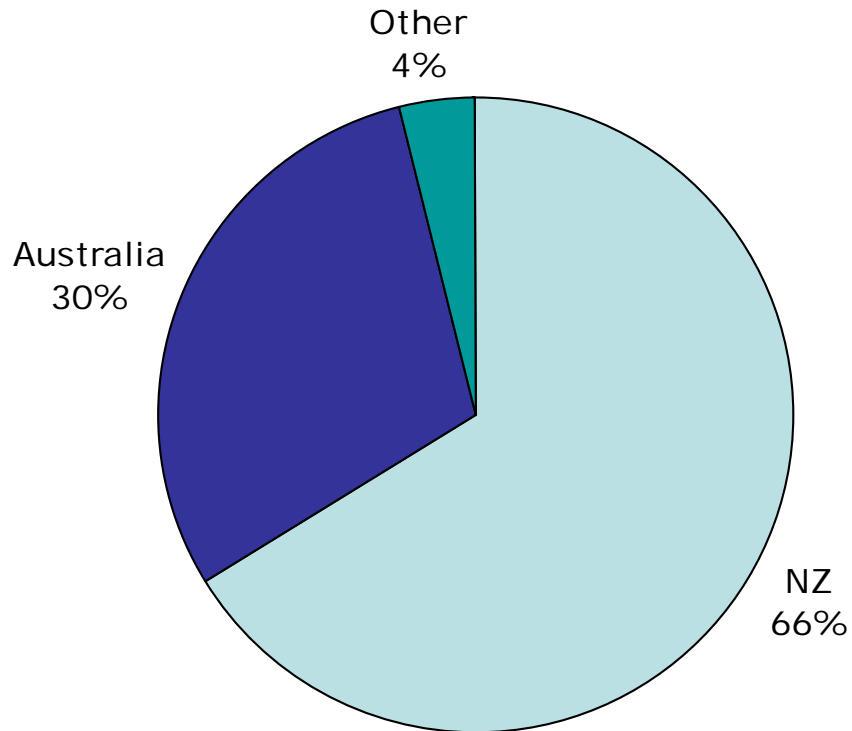
Summary of Results

\$m	Dec 2005 6 Mths	Dec 2004 6 Mths	Jun 2005 12 Mths
Sales	2764	2159	4636
EBITDA	406	354	742
EBITA	335	299	614
EBIT	335	299	612
Net Earnings	190	172	347
EPS (cents)	40.9	39.2	77.6
Dividend cps	19.0	15.0	32.0

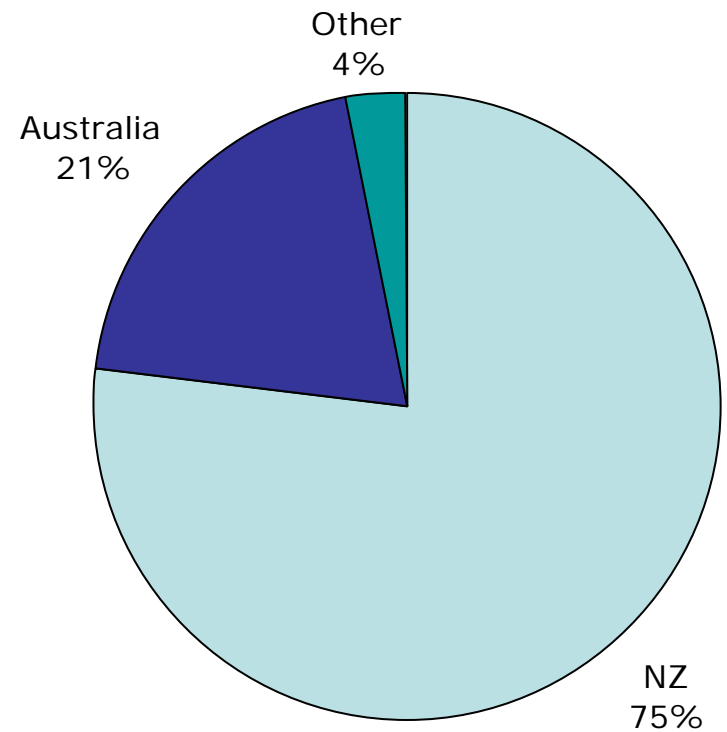
Geographic Diversity

Operating Earnings \$NZ

6 Months Dec 05



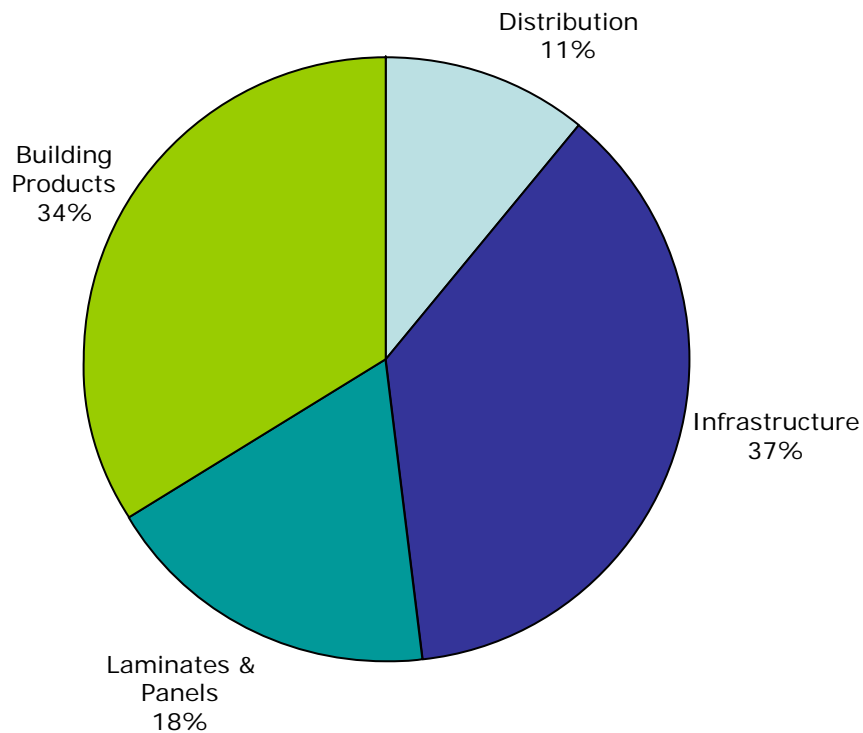
6 Months Dec 04



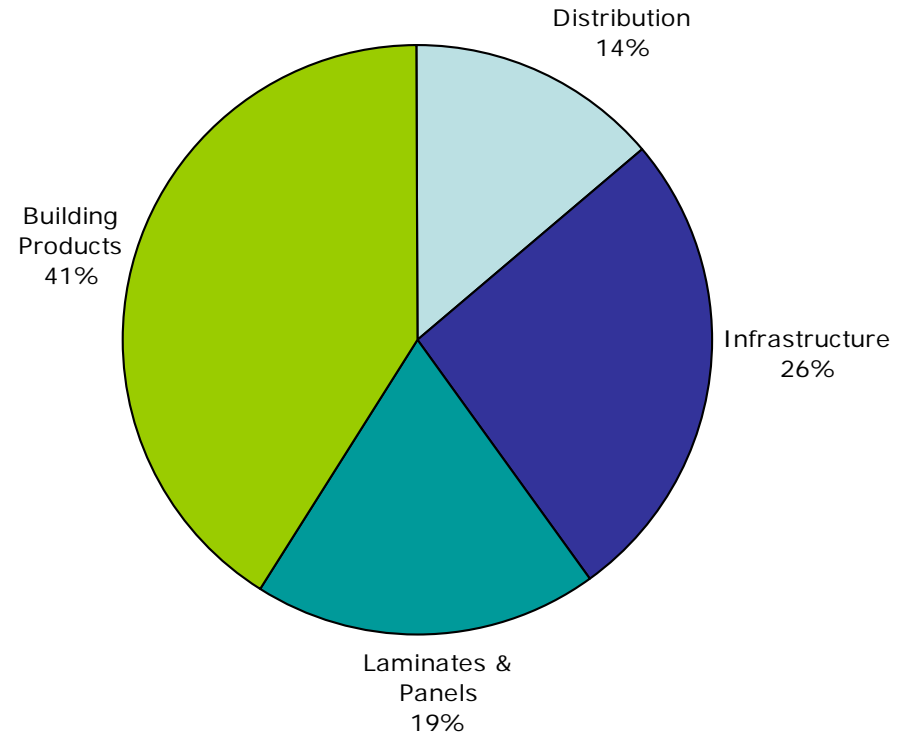
Market Diversity

Operating Earnings \$NZ

6 Months Dec 05



6 Months Dec 04



Segmental EBIT

\$m	Dec 2005 6 Mths	Dec 2004 6 Mths	Jun 2005 12 Mths
Building Products	115	125	227
Distribution	36	42	81
Infrastructure	125	77	196
Laminates & Panels	62	58	107
Corporate/Unallocated	-3	-3	1
EBIT	335	299	612



Building Products

Building Products Results

\$m	Dec ³ 2005 6 Mths	Dec 2004 6 Mths	Jun ¹ 2005 12 Mths
Sales	876	575	1324
EBIT	115	125	227
Margin	13.1%	21.7%	17.1%
Funds	916	601	905
Return on Funds (annualised)	25.1%	41.6%	27.1% ²

¹ Includes 4 months of Amatek

² Proforma returns based on 12 months of Amatek

³ Includes 6 months of Amatek

Building Products

Plasterboard

- ❑ Market share maintained
- ❑ Volumes down on pcp due to slowdown in residential but EBIT maintained at 98% of pcp
- ❑ Performance boards now 46% of volume
- ❑ New distribution centre supporting site delivery in Auckland

Building Products

Insulation

- ❑ Demand has held up well in Australia and New Zealand
- ❑ Initially some market share loss in Australia as a result of the merger, but now being regained
- ❑ Lost Rooty Hill plant for four weeks – required product to be shipped from Victoria and New Zealand
- ❑ Some synergies delayed but still expected to exceed original estimates
- ❑ New Zealand earnings same as pcp

Building Products

Rollforming

- ❑ All business units – Stramit, Dimond and Pacific Coilcoaters benefited from strong markets with Stramit and Dimond ahead of pcp
- ❑ New BlueScope and New Zealand Steel supply agreements completed
- ❑ Stramit IT implementation proceeding to plan with minimal business disruption. Only one more region to complete

Building Products

Metal Roof Tiles

- ❑ Good demand in all markets
- ❑ Malaysian and U.S. plants upgraded
- ❑ New Zealand earnings impacted by strong NZ\$ as 60% of sales are exported
- ❑ U.S. earnings down NZ\$4 million on pcp as last year had exceptional 'hailstorm related' upside

Building Products

Long Steel Products

- ❑ Good volumes in most markets
- ❑ Prices volatile but trending downward which impacted earnings – down NZ\$16 million on pcp
- ❑ Wire products still under pressure from low rural demand and import price pressure
- ❑ Rolling mill inoperative for one month while “Tempcore” process installed

Building Products

Other Businesses

- ❑ Steel Distribution, Fletcher Aluminium, Tasman Sinkware and Access Flooring all performed well albeit in a subdued market
- ❑ Steel Distribution earnings impacted by effect of steel price decline on stock holdings
- ❑ Sinkware volumes aided by strong growth in exports



Distribution



Distribution Results

\$m	Dec 2005 6 Mths	Dec 2004 6 Mths	Jun 2005 12 Mths
Sales	493	472	920
EBIT	36	42	81
Margin	7.3%	8.9%	8.8%
Funds	128	109	116
Return on Funds (annualised)	56.3%	77.1%	69.8%

Distribution

- ❑ Strong sales up 4% on pcp in a more subdued residential market
- ❑ Some market share gain, but more from price increases
- ❑ Some margin pressure due to increased competition
- ❑ Cost pressure on labour, facilities and other fixed costs
- ❑ Excellent returns achieved despite competitive pressure and slowing market

Infrastructure



Infrastructure Results

\$m	Dec ³ 2005 6 Mths	Dec 2004 6 Mths	Jun ¹ 2005 12 Mths
Sales	889	617	1441
EBIT	125	77	196
Margin	14.1%	12.5%	13.6%
Funds	704	425	666
Return on Funds (annualised)	35.5%	36.2%	33.9% ²

¹ Includes 4 months of Amatek

² Proforma returns based on 12 months of Amatek

³ Includes 6 months of Amatek

Infrastructure

Golden Bay Cement

- ❑ Strong domestic demand
- ❑ Cement kiln upgraded to 2300 tpd - next increase to 2500 tpd still on track for July
- ❑ On completion, total cost circa \$100 million and total EBITDA benefit up to +\$25 million pa

Infrastructure

Firth

- ❑ Readymix volumes similar to last year despite residential decline
- ❑ Paving and masonry volumes down 10%
- ❑ Earnings at 93% of pcp as a result of reduced demand in masonry products

Infrastructure

Winstone Aggregates

- ❑ Record volumes on the back of strong roading market
- ❑ Improved margins from better operational performance and some price movement
- ❑ Hunua and Whitehall upgrades completed

Infrastructure

Humes

- ❑ Strong demand and margin improvement over pcp led to substantial earnings lift
- ❑ Market prospects for next year remain strong

Stresscrete

- ❑ Steady performance on the back of strong construction demand
- ❑ Good backlog of work

Infrastructure

Rocla Quarries & Pipeline Products

- ❑ Good results despite the softer Australian market
- ❑ Quarry expansions in NSW and WA
- ❑ Growth in non-pipeline products (e.g. railway sleepers and lighting poles) is expected

Infrastructure

International

❑ Fiji

- Small operation tracking well up on pcp

❑ Peru

- Another small operation trading well up on pcp

Exit of both these operations is the preferred course
If opportunity arises

Infrastructure

Construction

- ❑ Exceptionally strong market
- ❑ Favourable billing period for contracts
- ❑ Major projects underway include
 - Auckland University Business School
 - Pohukura Gas Treatment Plant
 - Central Motorway Junction
 - Northern Busway
 - Wellington Hospital
- ❑ Backlog \$840 million at 31 January 2006

Infrastructure

Residential

- ❑ House sales up slightly on last year and earnings 20% up on pcp
- ❑ Demand still holding
- ❑ Good land positions key to future earnings
- ❑ Building will commence at Lunn Avenue, Auckland and Jack's Point, Queenstown in Q2 2006



Laminates & Panels

Laminates & Panels Results

\$m	Dec 2005 6 Mths	Dec 2004 6 Mths	Jun 2005 12 Mths
Sales	505	494	948
EBIT	62	58	107
Margin	12.3%	11.7%	11.3%
Funds	835	842	826
Return on Funds (annualised)	14.9%	13.8%	12.9%

Laminates & Panels

- ❑ Strong performance despite adverse currency for exports
- ❑ Improved earnings in Australia through operational improvements and margin management
- ❑ New Zealand results in line with pcp
- ❑ A number of new product initiatives

Laminates & Panels

- ❑ Joint ventures – Wespine and Dynea performed in line with pcp

- ❑ Growth projects underway in
 - Particleboard capacity expansion
 - Componentry
 - Resin
 - Wespine sawmill capacity expansion

Earnings After Tax

\$m	Dec 2005 6 Mths	Dec 2004 6 Mths	Jun ¹ 2005 12 Mths
EBIT	335	299	612
Interest	-45	-33	-77
Tax	-90	-82	-166
Minority Interests	-10	-12	-22
Net Earnings	190	172	347

1. Restated for IFRS

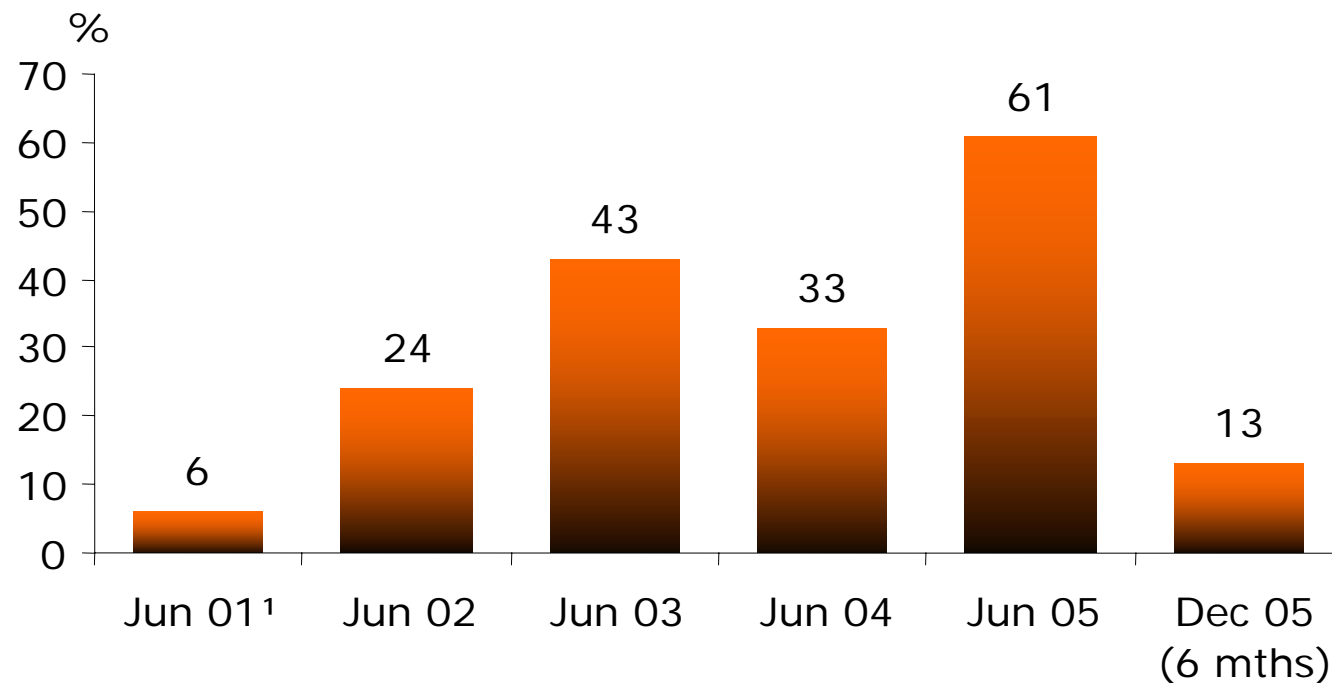
Simplified Balance Sheet

	Dec 2005 NZ\$m	Jun ¹ 2005 NZ\$m
Assets		
Current Assets	1445	1433
Fixed Assets	1417	1392
Intangibles & Goodwill	520	514
Provision for Deferred Taxation	45	86
Investments	126	119
Total Fletcher Building Assets	3553	3544
Liabilities		
Current Liabilities & Provisions	939	977
Net Debt	686	793
Capital Notes	384	347
Total Fletcher Building Liabilities	2009	2117
Equity		
Equity & Minority Interests	1544	1427
Total Fletcher Building Liabilities and Equity	3553	3544

1. Restated for IFRS

Key Ratios

Total Shareholder Return (TSR)²

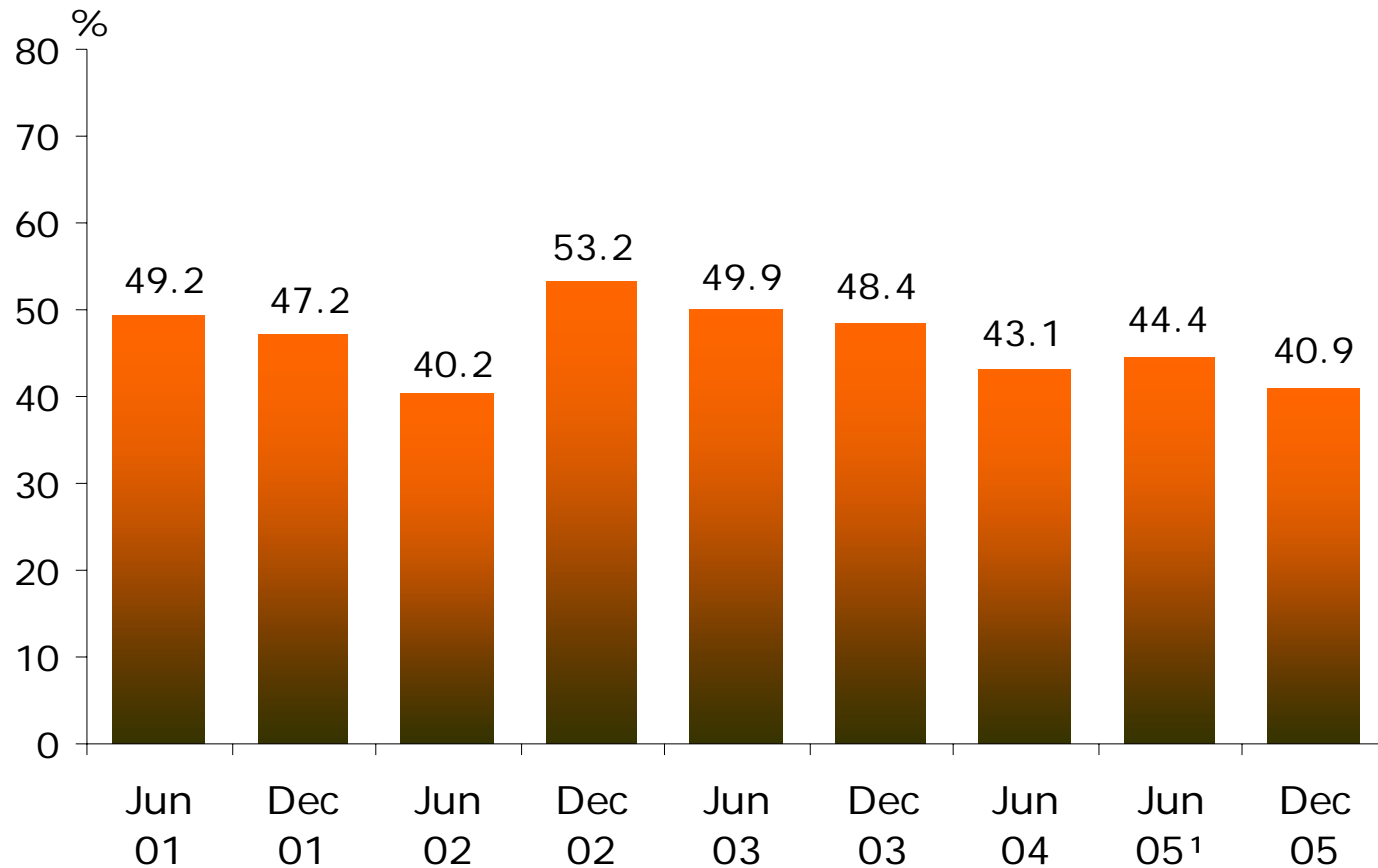


1. June 01 is the return for the 3 months from separation date

2. TSR calculated $((\text{Gross Dividend Paid} + \text{Movement in Share Price}) / \text{Opening Share Price})$

Key Ratios

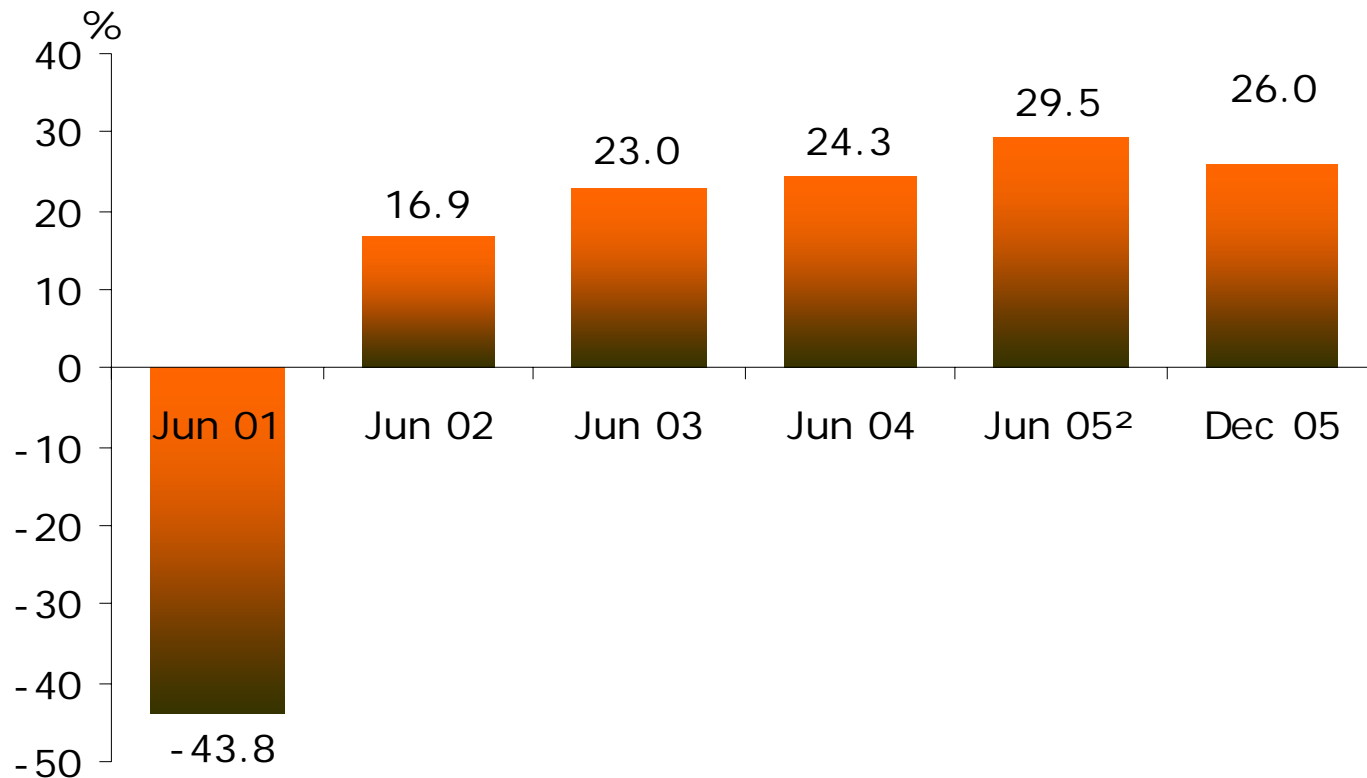
Debt/Debt Plus Equity



1. Restated for IFRS

Key Ratios

Return on Average Equity¹

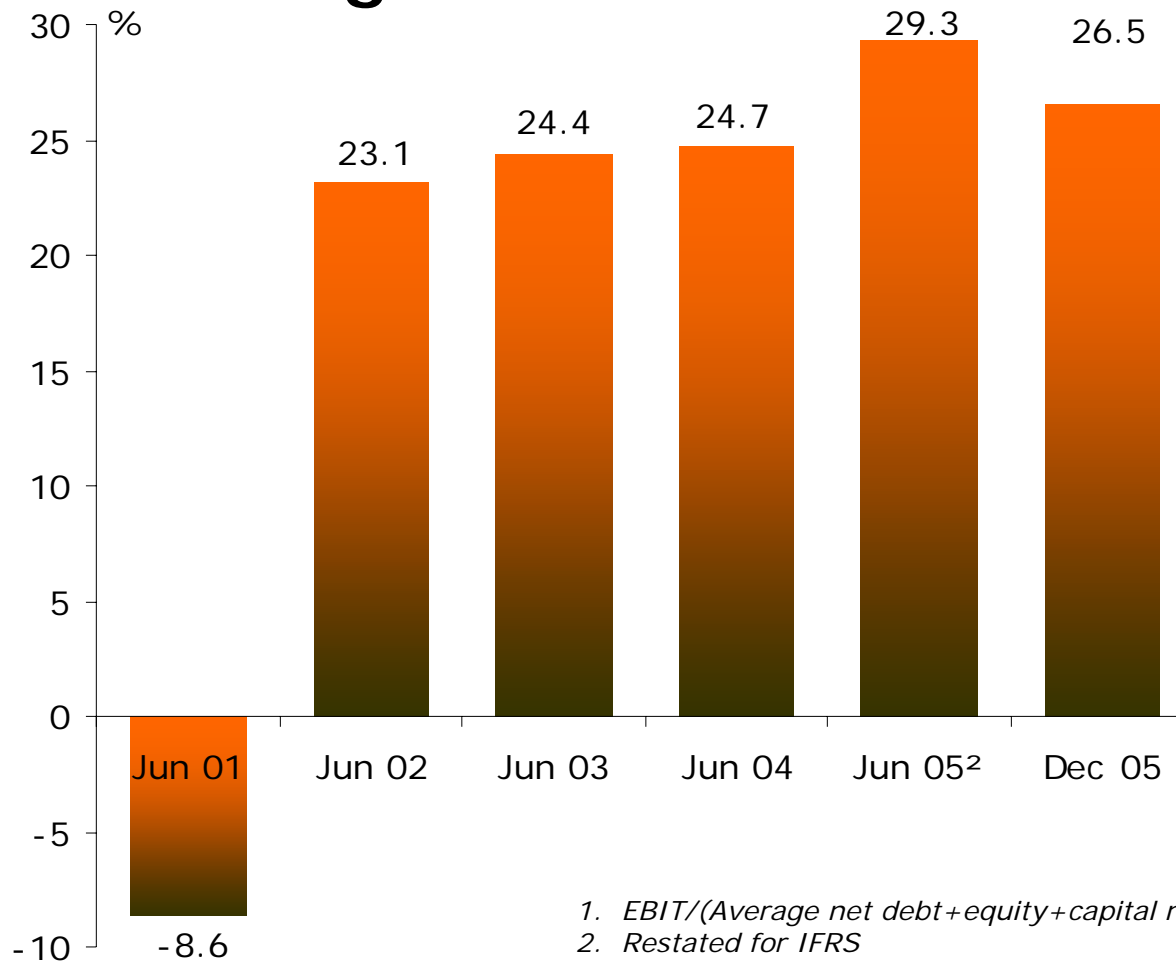


1. Net earnings after capital notes interest/shareholders funds

2. Restated for IFRS

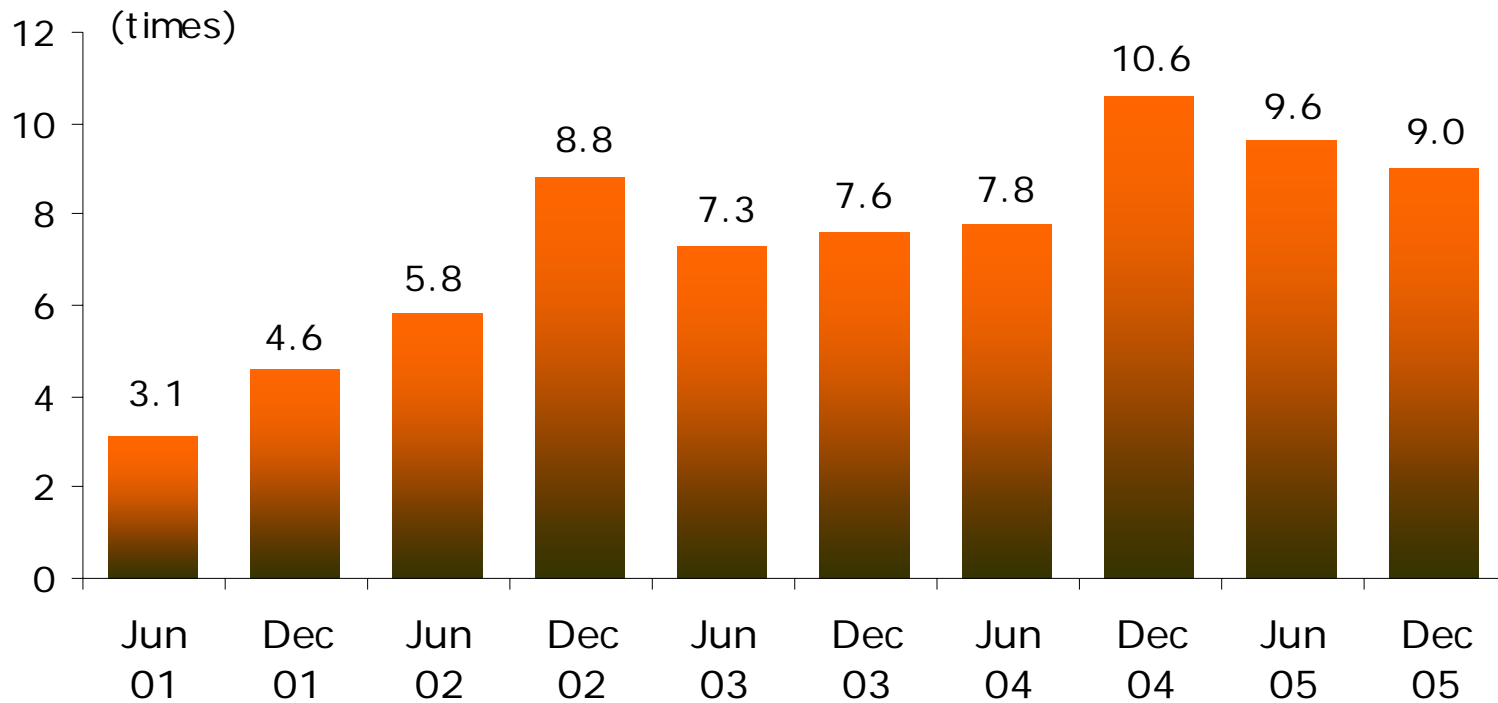
Key Ratios

Return on Average Funds¹



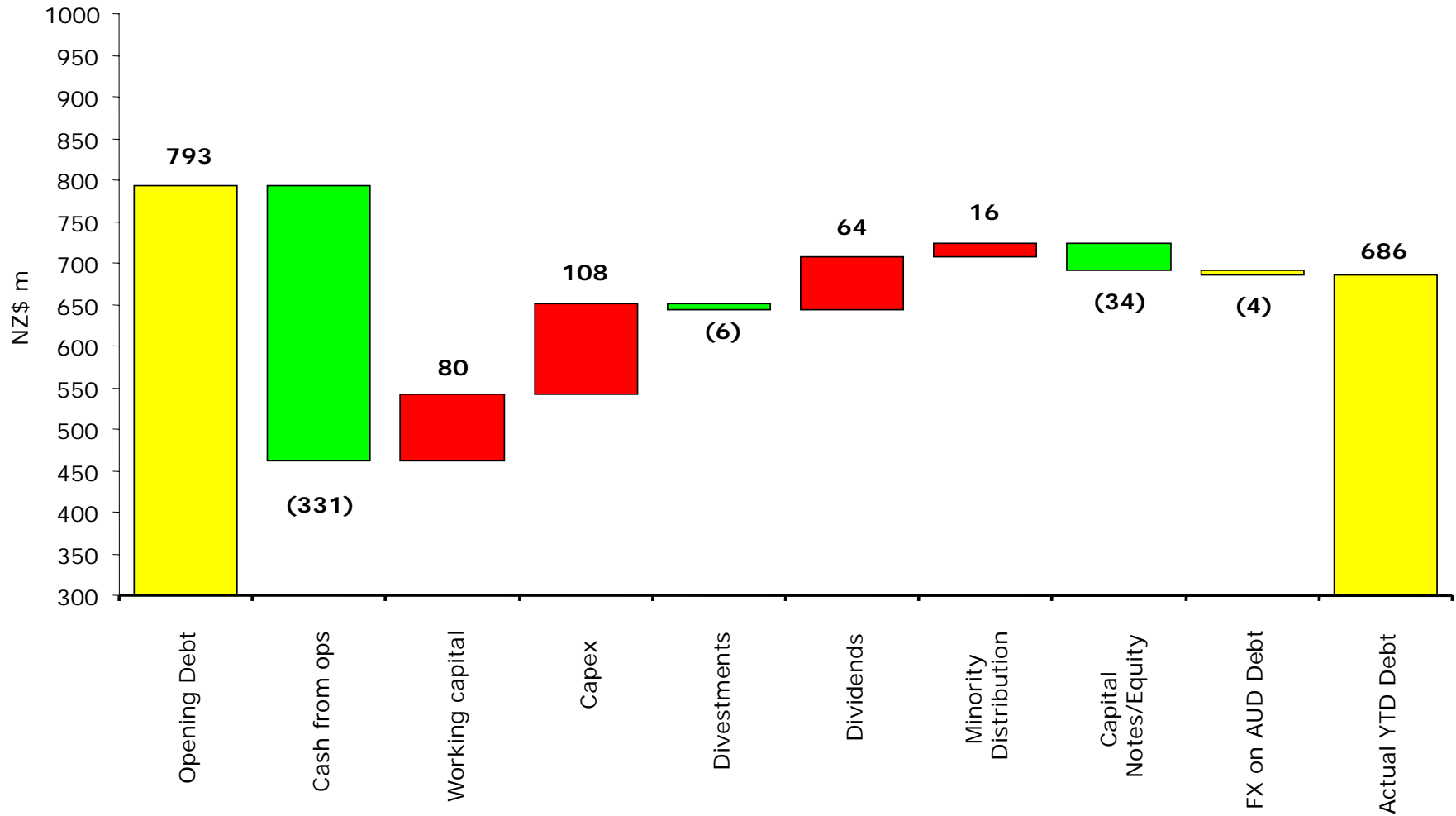
Key Ratios

Interest Cover¹



1. EBITDA pre unusualls/interest paid including capital note interest

Net Term Debt Movement





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Operational & Strategic Update

Strategic Agenda

Earnings Reliability

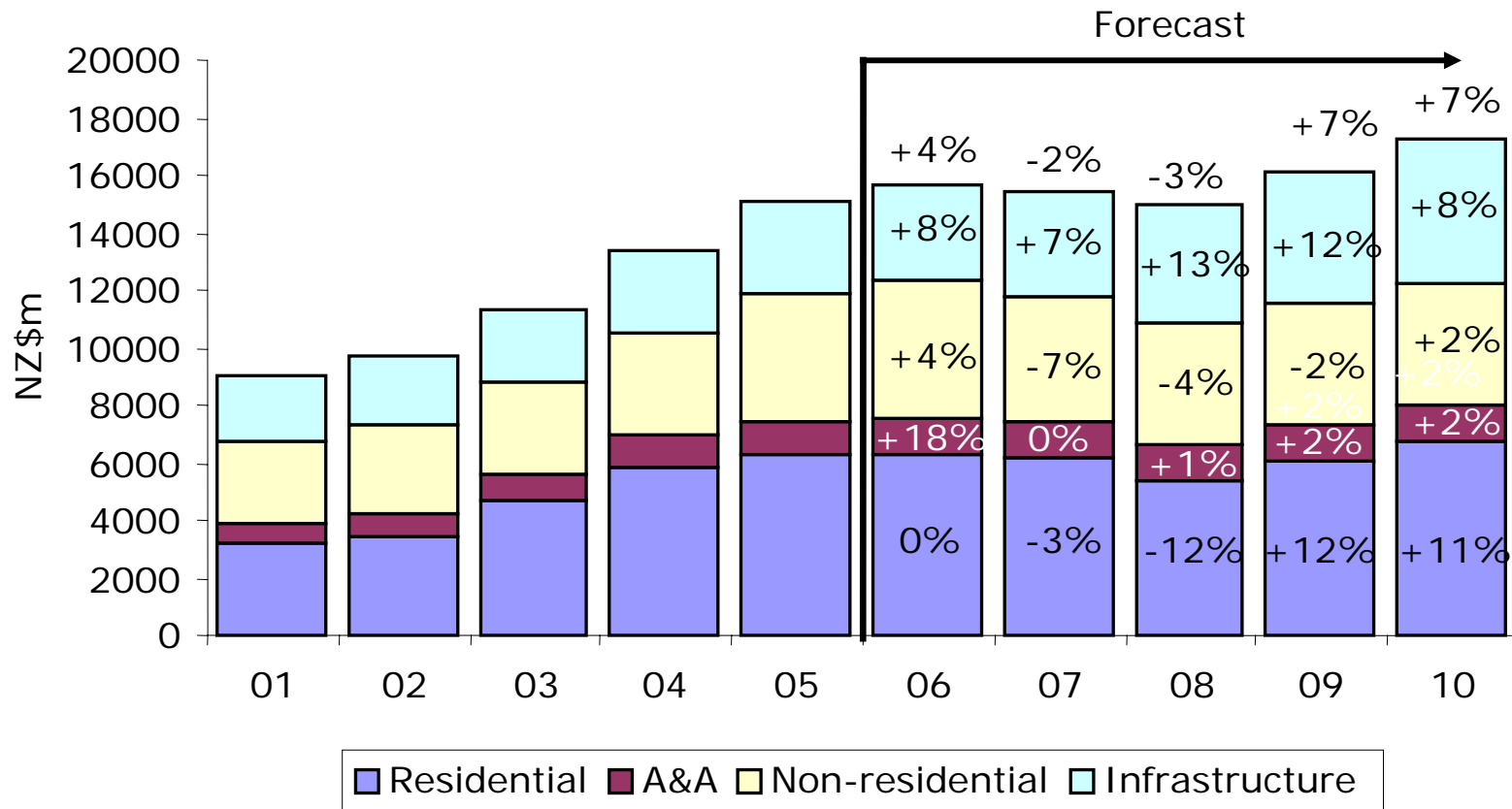
Internal Growth

External Growth

Earnings Reliability

- ❑ Our earnings reliability strategy has passed a major test in the period
- ❑ Company outlook should be cognizant of both the product and geographic diversity
- ❑ For New Zealand - Infometrics estimate of total work commenced
- ❑ For Australia – BIS estimate of total market

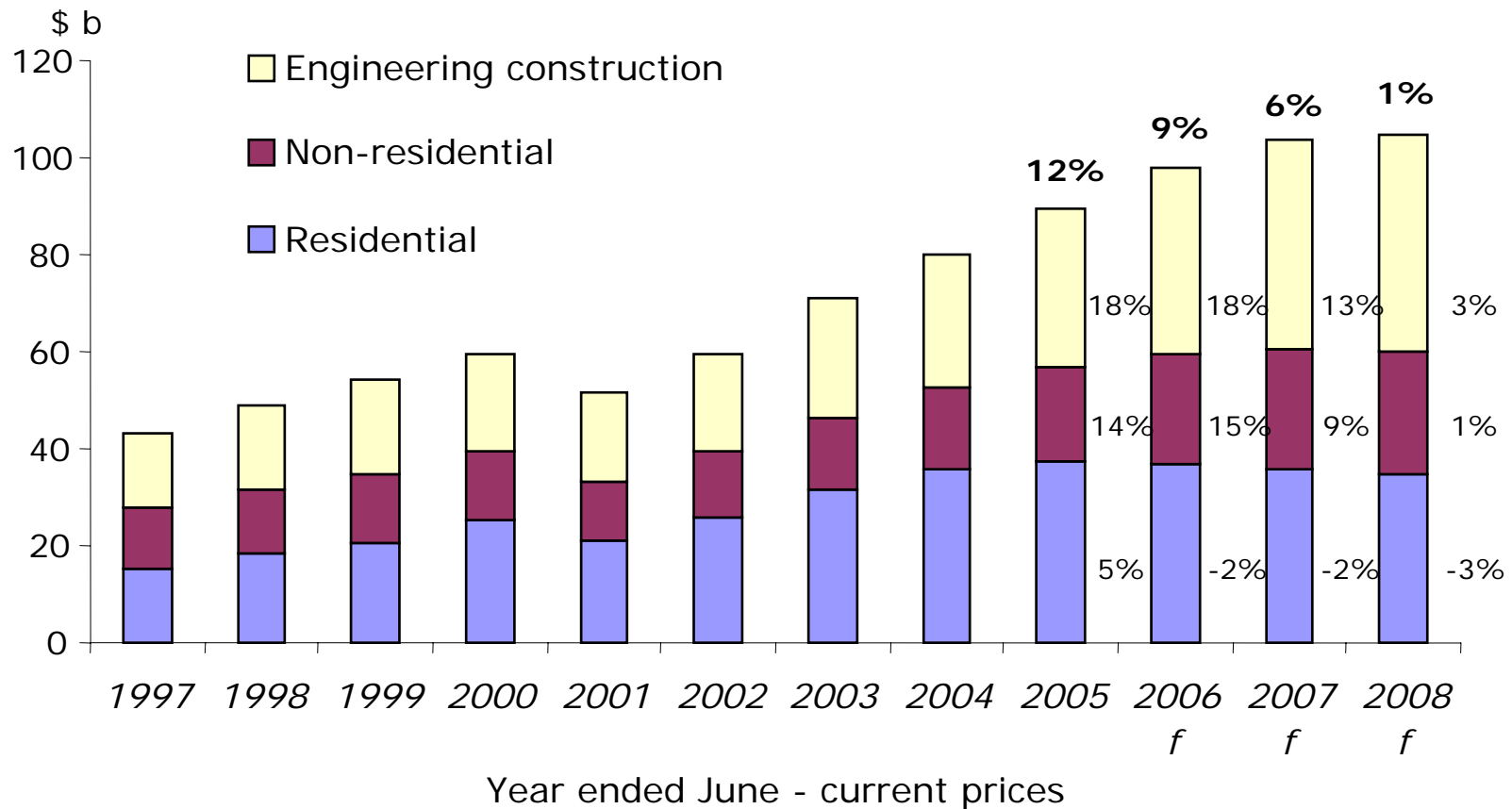
New Zealand Value of Work Commenced



Source : Infometrics

Australia

Value of Work Commenced



Source : BIS Shrapnel Building in Australia Update

Internal Growth Opportunities

- ❑ Significant capex spend to continue into 2006/7 – up to \$100m more than depreciation

- ❑ Many smaller growth opportunities underway or for consideration
 - Cement upgrade (2300-2500 tpd)
 - Particle board upgrades – Kumeu & Dardanup
 - Resin JV
 - Componentry
 - HPL
 - Metal roof tile capacity upgrade
 - Hunua expansion
 - Australian quarry expansions
 - Boss plastic pipe JV
 - Wespine

External Growth Opportunities

- ❑ We have the financial capacity
- ❑ Limited opportunities in total
- ❑ Our acquisition criteria narrows that further
- ❑ We continue to seek and evaluate options

Outlook

As previously forecast

- ❑ Residential in New Zealand and Australia will soften further
- ❑ Non-residential outlook is strong for next one to two years
- ❑ Infrastructure spend will also be strong for at least the next three years, particularly in New Zealand where we are stronger
- ❑ EBIT of \$630-650m >5% up on last year