



# **Fletcher**Building

## **Interim Results Presentation**

**13 February 2002**

**This Interim Results Presentation dated 13 February 2002 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.**

# Summary of Results



<b>\$m</b>	<b>Dec 2001 6 Mths</b>	<b>Dec<sup>*</sup> 2000 6 Mths</b>	<b>Jun<sup>*</sup> 2001 12 Mths</b>
Revenue	1455	1093	2273
EBITDA	123	80	184
EBIT Before Unusuals	78	37	94
NPAT Before Unusuals	37	8	34
EPS After Unusuals (cents)	19.2 <sup>**</sup>	-28 <sup>**</sup>	-83.7

\* *Published Information*

\*\* *Annualised*

# Segmental EBIT



\$m	Dec 2001 6 Mths	Dec 2000 6 Mths	Jun 2001 12 Mths
Building Products and Steel	36	35	58
Distribution	9	6	20
Concrete	24	8	31
Construction	13	-5	5
Corporate/Unallocated	-4	-2	-6
EBIT Before Unusuals	78	42	108
Less Restatement	0	-5	-14
EBIT as per Accounts	78	37	94

# Building Products and Steel Results



\$m	Dec 2001 6 Mths	Dec 2000 6 Mths	Jun 2001 12 Mths
Revenue	405	447	840
EBIT	36	35	58
Funds	453	517	450
Return on Funds ( <i>annualised</i> )	15.9%	13.5%	12.9%



## Winstone Wallboards

- Volume flat
- Price and mix better
- Profit well up

## Fletcher Aluminium

- Disappointing result
- New GM from February 2002
- 30-40 people reduction
- New window suite now settled
- Improvement expected



## Fletcher Wood Panels

- Revenue up 4% - volume not price
- Input costs up >4% - resin and transport
- EBIT unsatisfactory

## Scott Panel & Hardware

- Volume and profit maintained at good levels

## Manufacturing

- Volume slightly up
- Prices improved
- Controllable costs down
- Profit well up despite power costs
- Sims performance excellent



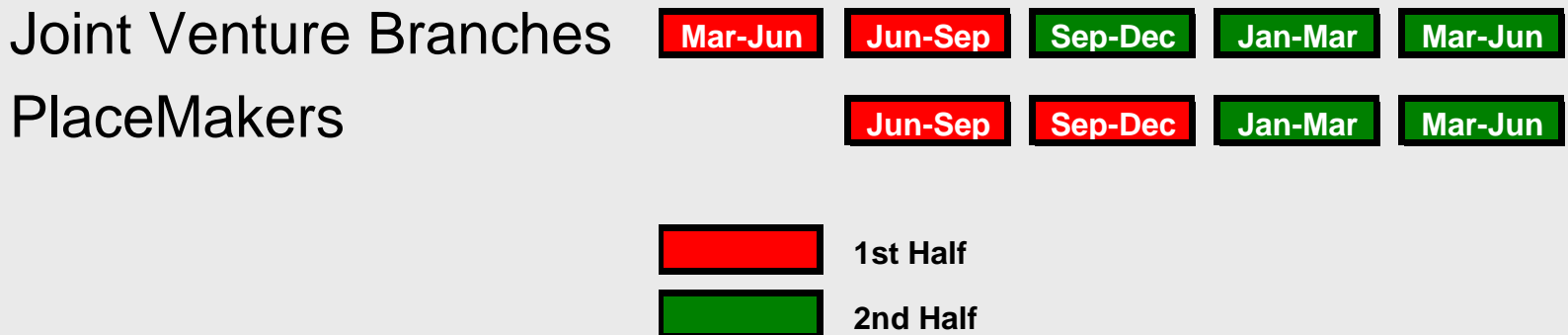
## Processing and Distribution

- Volumes down in EasySteel and Dimond
- Sacrificed share to hold margin
- Results disappointing
- Latest profit trends better
- Pacific Coilcoaters excellent result

# Distribution Earnings



The PlaceMaker Joint Venture branches currently have a 31 March accounting year end compared to 30 June for the Fletcher Building Group. Once we have completed the consolidation, we will have taken to account 15 months earnings and 15 months minority interest for the Joint Venture branches. The earnings will fall as follows:



# Distribution Results



<b>\$m</b>	<b>Dec 2001 6 Mths</b>	<b>Dec 2000 6 Mths</b>	<b>Jun 2001 12 Mths</b>
Gross Revenue	322	304	622
EBIT	9	6	20
Funds	101	110	92
Return on Funds ( <i>annualised</i> )	17.8%	10.9%	21.7%



- Sales levels at 105% of previous year with improving market conditions, improving cash sales and stronger results in wholly owned stores (up 10%)
- Margins have improved across stores as a result of initiatives underway
- 10% improvement in funds usage compared to December last year

# Concrete Results



<b>\$m</b>	<b>Dec 2001 6 Mths</b>	<b>Dec 2000 6 Mths</b>	<b>Jun 2001 12 Mths</b>
Revenue	232	216	454
EBIT Before Unusuals	24	8	31
Funds	458	492	484
Return on Funds ( <i>annualised</i> )	10%	3%	6%

## Golden Bay (Cement)

- Volumes up
- Prices up
- Input costs up - power, transport and clinker
- Profit Steady

## Firth (Readymix Concrete)

- Volumes flat
- Prices up
- Input costs up
- Overheads well down
- Strong profit improvement

## Winstone Aggregates

- Higher volumes
- Unfavourable mix
- Roading spend down significantly
- Profit improvement on pcp but disappointing result



## Humes (Concrete Pipes)

- Low levels of subdivision and roading
- Overhead/other cost savings
- Improved profit result

## Stresscrete (Pre-cast Beams etc)

- Much improved operating performance
- More to come

## South America

- Despite weaker market conditions, better operational performance lead to a significant improvement in results
- Losses in the order of \$1 million were recorded compared to \$8 million pcp and \$16 million for the full year to 30 June 2001
- Both countries recorded positive cash flow
- Longer term options are being reviewed

# Construction / Residential / Property Results



<b>\$m</b>	<b>Dec 2001 6 Mths</b>	<b>Dec 2000 6 Mths</b>	<b>Jun 2001 12 Mths</b>
Revenue	496	346	808
EBIT	13	-5	5
Funds	-44	2	-58

## Construction

- Billings for the period were ahead of last year and expectations
- Backlog levels at \$702 million represent a healthy 11 months workload
- Earnings from the Australian Co-generation assets and US contract completions contributed \$6 million EBIT
- Public sector in NZ providing the major opportunities e.g. hospital, education



## Property

- Sale of the Lunn Avenue property at a profit of \$6 million (our share) was settled in December

## Residential

- Strong performance with the number of sales and margins well ahead of last year and budget
- Further restructuring was undertaken during the period, reducing overheads

# Profit After Tax



\$m	Dec 2001 6 Mths	Dec 2000 6 Mths	Jun 2001 12 Mths
EBIT before Unusuals	78	37	94
Interest	-15	-19	-36
Tax	-23	-10	-23
Minority Interests	-3	0	-1
NPAT before Unusuals	37	8	34
Adjustments Net of Tax	4	-49	-306
Profit After Tax	41	-41	-272

# Adjustments



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\$m	Dec 2001 6 Mths	Dec 2000 6 Mths	Jun 2001 12 Mths
<b>i. Unusual Items</b>			
Permanent Impairment		0	-101
Other Losses/Gains	6	-44	-37
Restructuring and Separation Costs		-12	-43
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	6	-56	-181
<b>ii. Taxation</b>	<hr/>	<hr/>	<hr/>
	-2	7	-125
<b>Total Adjustments</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	4	-49	-306

# Simplified Balance Sheet



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	Dec 2001 NZ\$m	June 2001 NZ\$m
<b>Assets</b>		
Current Assets	682	639
Fixed Assets	736	759
Provision for Deferred Taxation	130	136
Investments	69	90
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Total Fletcher Building Assets	1,617	1,624
<b>Liabilities</b>		
Current Liabilities	510	560
Net Debt	293	274
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Total Fletcher Building Liabilities	803	834
<b>Equity</b>		
Equity	556	538
Capital Notes	230	250
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Fletcher Building Equity and Capital Funds	786	788
Minority Equity	28	2
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<b>Total Fletcher Building Liabilities and Equity</b>	<b>1,617</b>	<b>1,624</b>

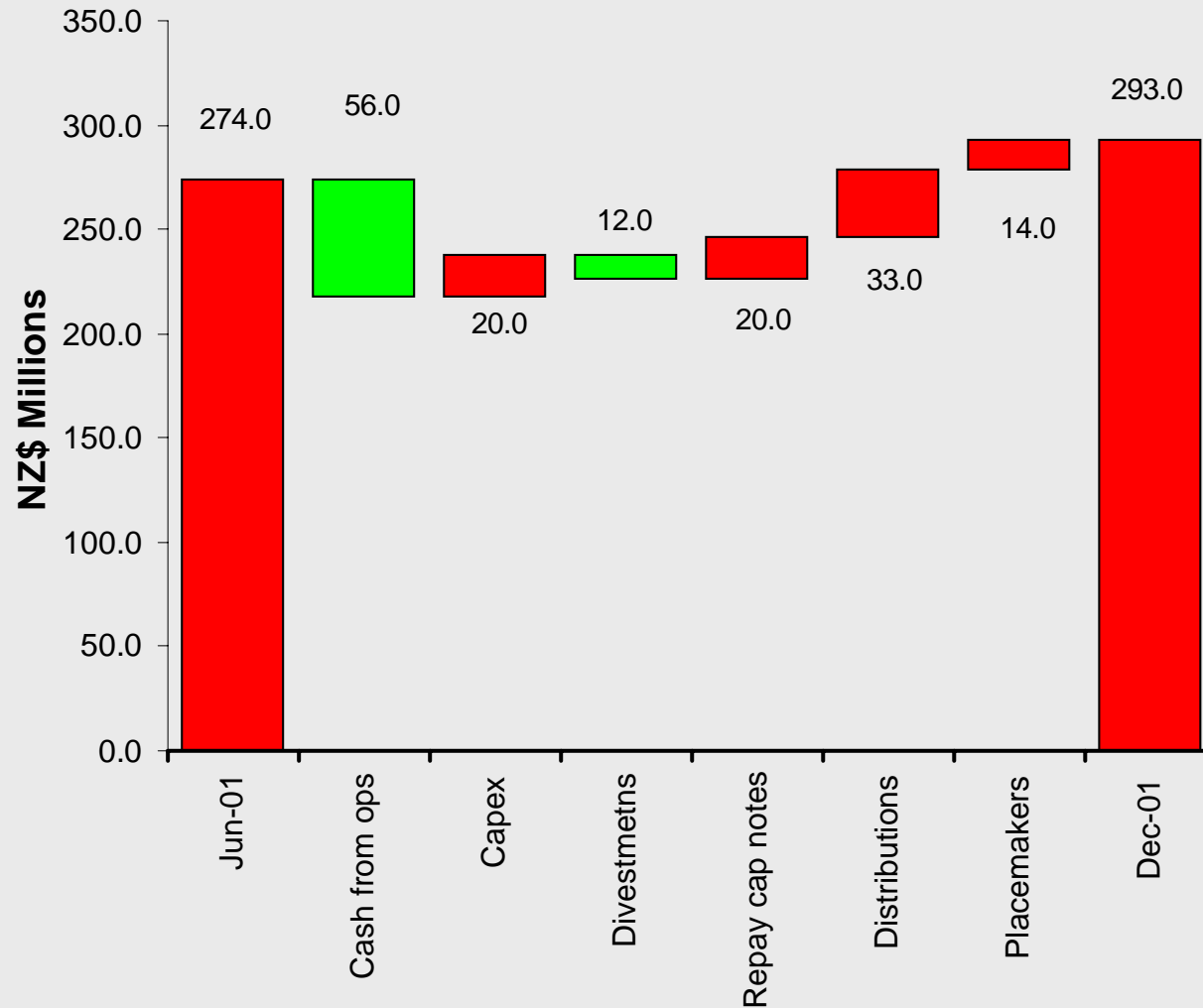


# Ratios



<b>\$m</b>	<b>Dec 2001 6 Mths</b>	<b>Dec 2000 6 Mths</b>	<b>Jun 2001 12 Mths</b>
Net Debt / Equity	35%	36%	35%
EBITDA / Interest	8.2	4.2	5.1
Dividend	6 cps	6 cps	12 cps
Payout Ratio	63%	N/A	240%

# Net Debt Movement





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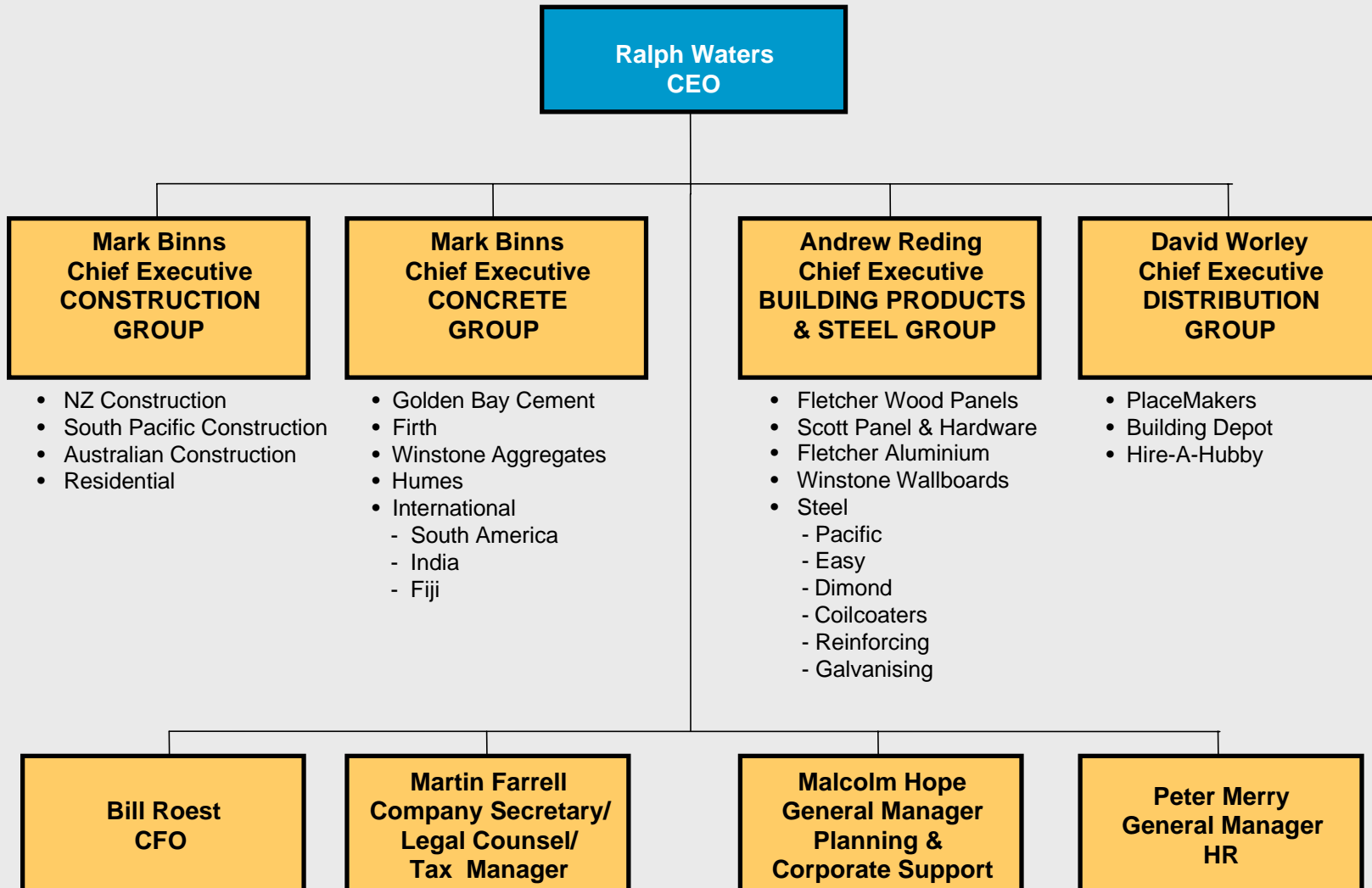
**Operational & Strategic Update**

# Operational Initiatives



- **Management**
- **Remuneration**
- **Costs**
- **New Technologies**
  - Wallboards
  - Cement
  - Wood Panels

# Organisation



# Operational Initiatives



- **Management**
- **Remuneration**
- **Costs**
- **New Technologies**
  - Wallboards
  - Cement
  - Wood Panels



- **Roading Funding**
- **Quarry Consents**
- **Kyoto Protocol**
- **Power Costs**

# Strategic Issues



- **Portfolio Adjustment**
- **New Markets**
- **Growth**





## **Sold:**

- Aluminium Distribution
- Cyclone
- Lunn Avenue Quarry

## **Being Progressed:**

- South American assets among others

Expect to see progress in the second half



- Expect H2 NZ demand to be similar to H1
- South American and Northern Hemisphere export markets difficult
- Improvement potential in aggregates and steel downstream
- H2 earnings outlook quite satisfactory