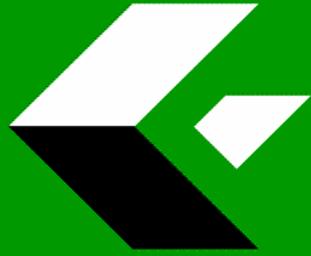




**FletcherBuilding**

**Half Year Results  
to December 2007**

**13 February 2008**



**FletcherBuilding**

## **Disclaimer**

This half year results presentation dated 13 February 2008 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 Earnings  
\$235 million

EPS 47.0 cps

Record operating earnings. Geographic and market diversification continues to deliver improved earnings despite softer markets

Progress With  
Growth Projects

- Capital Expenditure of \$165m+ committed and in progress
- Formica acquisition completed 2 July 2007

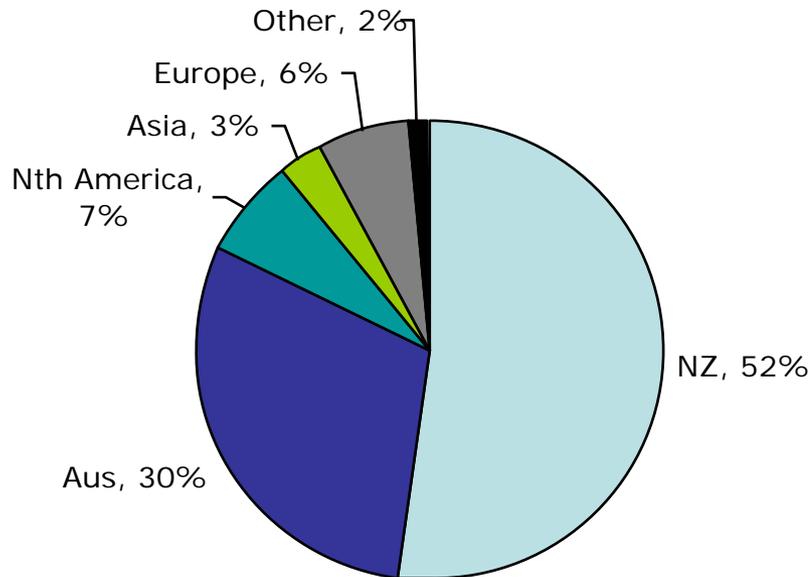
# Summary of Results

\$m	Dec 2007 6 Mths	Dec 2006 6 Mths	Jun 2007 12 Mths
Sales	3547	2980	5926
EBITDA	490	418	859
<b>EBIT</b>	<b>394</b>	<b>340</b>	<b>703</b>
<b>Net Earnings</b>	<b>235</b>	<b>193</b>	<b>484</b>
EPS (cents)	47.0	41.1	101.9
Dividend cps	24.0	22.0	45.0

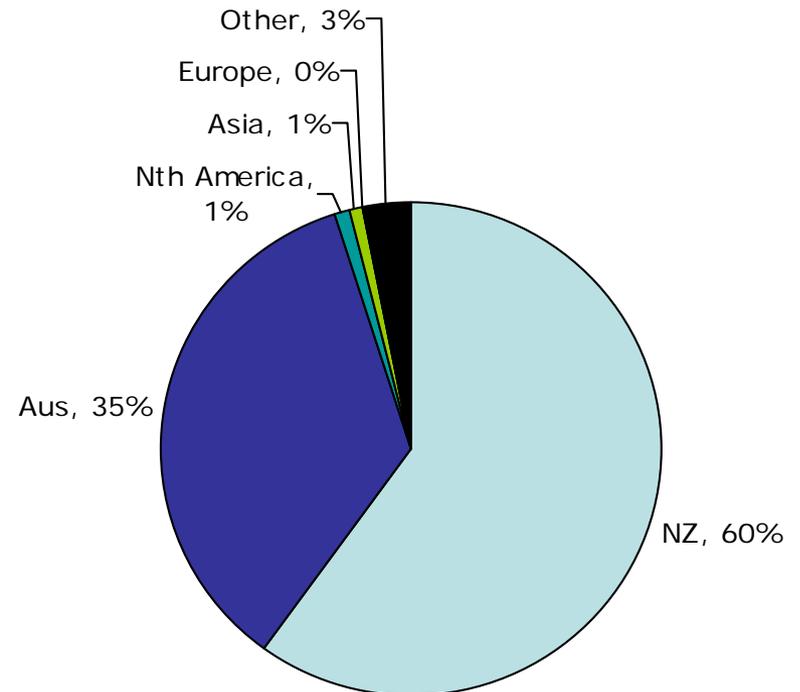
# Geographic Diversity

Revenue \$NZm

6 Months Dec 07



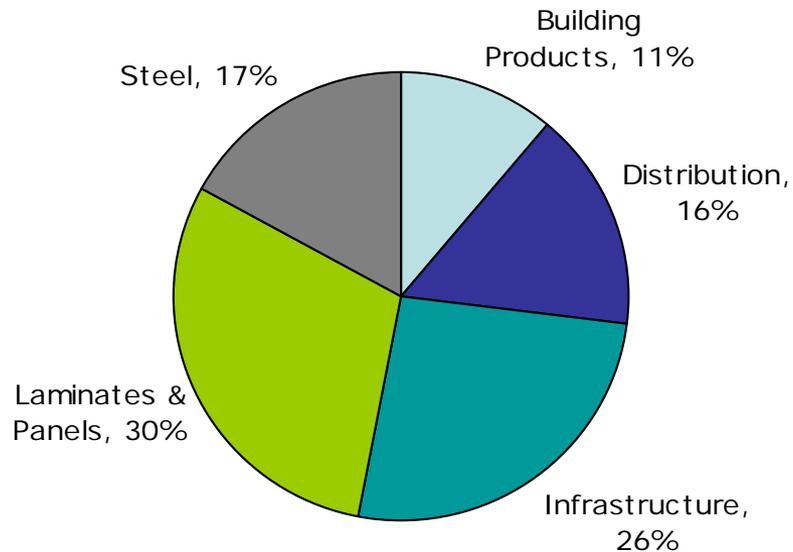
6 Months Dec 06



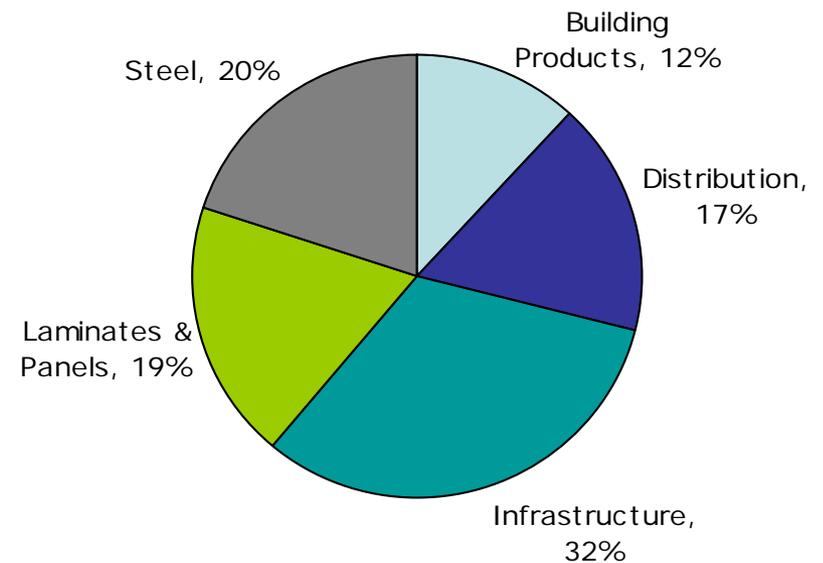
# Market Diversity

Revenue \$NZm

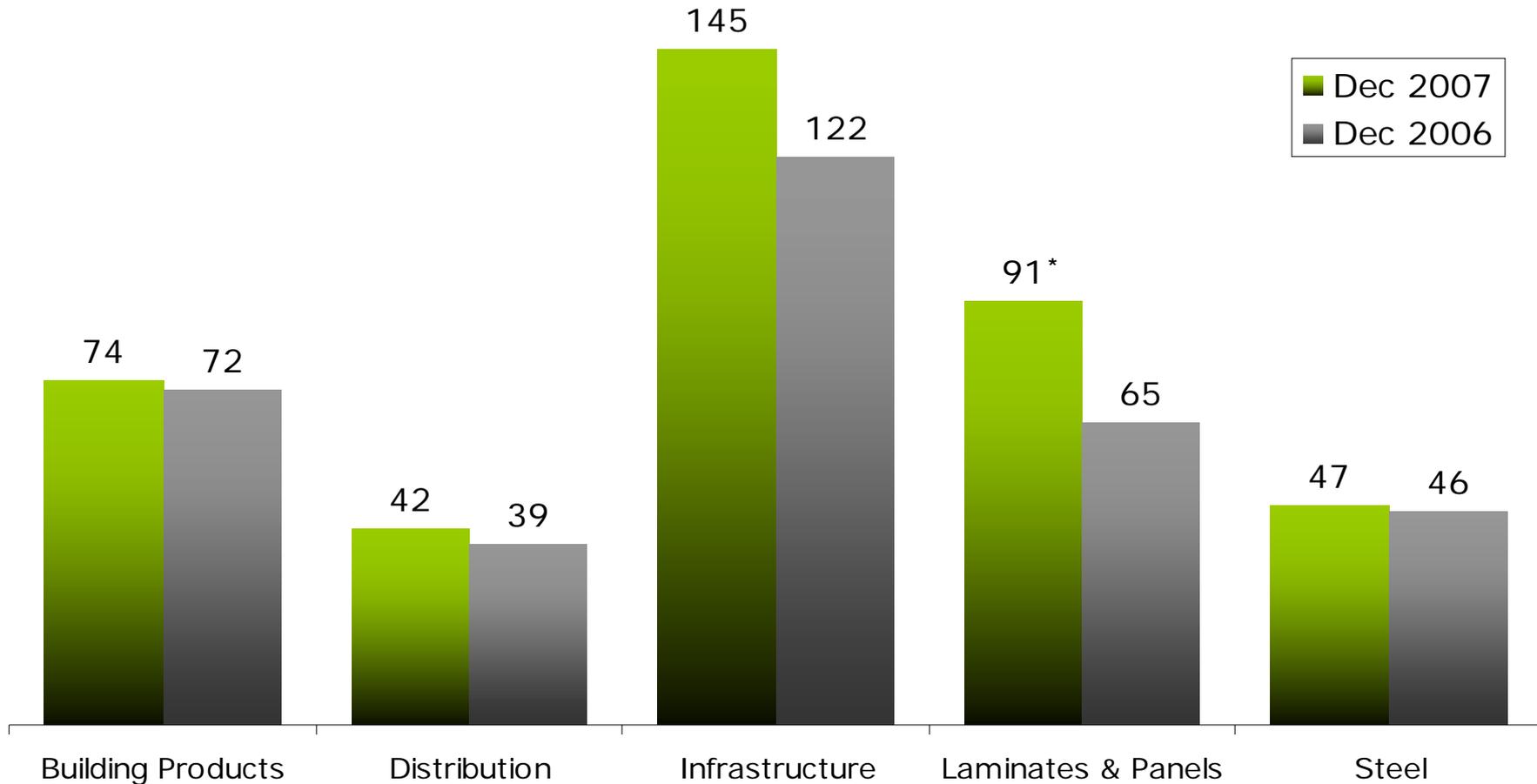
6 Months Dec 07



6 Months Dec 06



# Earnings by Division



\* Includes Formica acquired 2 July 2007



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**Divisional Performance**



# Building Products

# Building Products Results

\$m	Dec 2007 6 Mths	Dec 2006 6 Mths	Jun 2007 12 Mths
Sales	376	344	697
<b>EBIT</b>	<b>74</b>	<b>72</b>	<b>141</b> <sup>2</sup>
Margin %	19.7	20.9	20.0
Funds	572	557	565
<b>Return on Funds %</b>	<b>25.9</b>	<b>27.8</b> <sup>1</sup>	<b>25.8</b> <sup>1</sup>

1. Proforma returns based on 6 months of acquisitions

2. Excludes unusual write-offs of \$6 million

# Building Products

**Plasterboard:** Volumes and earnings similar to pcp. Market share held. New Christchurch distribution centre underway.

**Insulation:** Australian volumes similar to last year but market remains weak in NSW. New Zealand demand similar to pcp. Furnace rebuild underway at Auckland glasswool plant.

**Metal Roof Tiles:** Excellent volumes but FX impacted returns given high export content. Hungary plant underway for completion 2009.

**Forman:** Steady returns from this business. Owners retiring in March 08.

**Other:**

- Tasman Sinkware, Fletcher Aluminium and Access Floors performed consistently.
- Mouldings business divested.



# Distribution



# Distribution Results

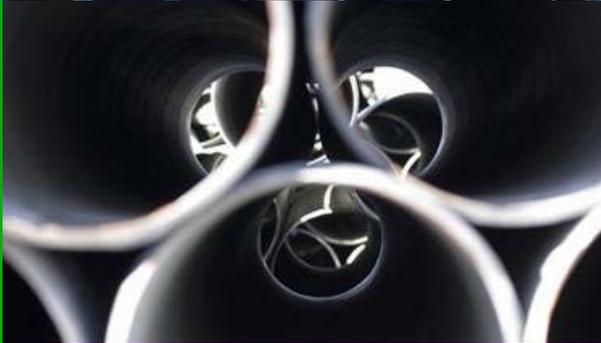
\$m	Dec 2007 6 Mths	Dec 2006 6 Mths	Jun 2007 12 Mths
Sales	565	518	1064
<b>EBIT</b>	<b>42</b>	<b>39</b>	<b>80</b>
Margin %	7.4	7.5	7.5
Funds	167	149	163
<b>Return on Funds %</b>	<b>50.3</b>	<b>52.3</b>	<b>49.1</b>

# Distribution

**Earnings:** Sales up 9% on pcp in a competitive market. Margins were under some competitive pressure, but overall operational earnings up 8% on pcp.

**Branch Upgrade Programme:** Continues with upgrades in Cromwell, Taranaki, Ohakune, Thames and Christchurch Frames & Truss. A site was also acquired in Warkworth.

**Capital:** Major IT project underway.



# Infrastructure

# Infrastructure Results

\$m	Dec 2007 6 Mths	Dec 2006 6 Mths	Jun 2007 12 Mths
Sales	921	962	1944
<b>EBIT</b>	<b>145</b>	<b>122</b>	<b>271</b>
Margin %	15.7	12.7	13.9
Funds	879	769	767
<b>Return on Funds %</b>	<b>33.0</b>	<b>31.7</b>	<b>35.3</b>

# Infrastructure

**Golden Bay Cement:** Volumes similar to pcp with earnings improved as new plant performance increases. Price increase of 2.5% announced for February 2008.

**Firth:** Key Readymix and Masonry volumes down 2.3% on pcp. Earnings followed a similar track.

**Winstone Aggregates:** Volumes down 4% versus pcp as a result of some slow starts on major projects. Earnings down as a result. Cameron's Quarry acquired in Bay of Plenty.

**Humes:** Sales volumes behind last year but strong backlog.

**Stresscrete:** Business divested during period and profit of \$16m – mainly land appreciation.

# Infrastructure

**Rocla Quarries & Pipeline Products:** Excellent results with earnings 25%+ over pcp. Good demand for all products in RPP, but particularly poles and sleepers. NSW sand sales slow with market. Copa Water, Calga Sand and Maslin Beach acquired.

**Construction:** Good result with earnings ahead of pcp. Major contracts included Northern Busway, Tauranga Harbour Link, New Lynn Rail Trench, Manukau Harbour Crossing, Wellington Hospital, Stamford Plaza, BNZ Centrepont. Backlog over \$1 billion.

In addition, we are preferred supplier for Eden Park, AMI Stadium and Mt Eden Prison

**Residential:** Volumes down 5% pcp, but margins stronger. Queenstown sales slow.



# Laminates & Panels (including Formica)

# Laminates & Panels Results

\$m	Dec 2007 6 Mths	Dec 2006 6 Mths	Jun 2007 12 Mths
Sales	1074	553	1058
<b>EBIT</b>	<b>91</b>	<b>65</b>	<b>131</b> <sup>1</sup>
Margin %	8.5	11.8	12.4
Funds	1884	869	814
<b>Return on Funds %</b>	<b>9.7</b>	<b>15.0</b>	<b>16.1</b>

1. Excludes unusual gain of \$20 million

# Laminates & Panels

**Australia:** Good sales growth (all states increased revenue) in Australia, but margins competitive. Exports steady and earnings ahead of pcp.

Further investment planned in componentry.

**New Zealand:** Strong sales but loss of Taupo impacted on export sales. Earnings up on pcp.

20% investment in Dongwha to secure MDF supply.

Penrose Hardboard Plant closed.

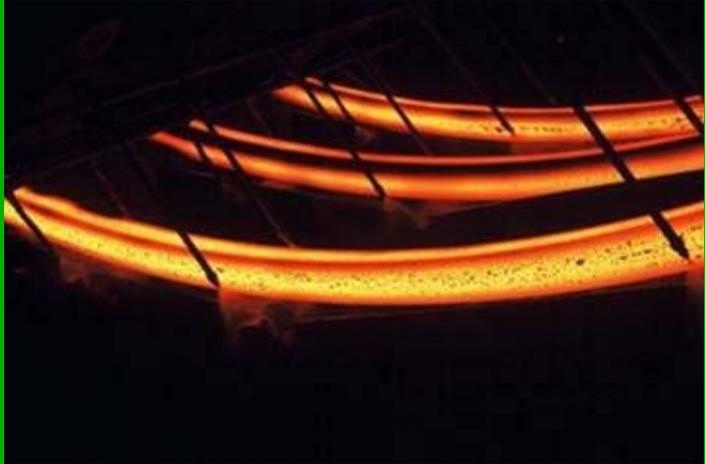
# Formica

- ❑ Profit improvement projects are underway, however, in most cases they are running behind on time, but management are confident that they will deliver their full value albeit later than expected.
- ❑ **Evendale Restructuring:** Sierra press closed and volumes transferred to Evendale. Evendale not yet achieving the production efficiencies expected, resulting in restructuring costs of US\$11.3m being incurred during the period.
- ❑ **Australian HPL Sourcing:** Australia is now sourcing HPL product from Asia and this will result in reduced manufacturing costs across Australasia.
- ❑ **Other Synergies:** There are numerous synergy projects underway or completed during the period and it is expected that this will continue for the next 12 months.

# Formica

- Formica's contribution to the Laminates & Panels earnings:

	<b>US\$</b>
Normalised EBITDA	40.8
Less Depreciation	12.5
Normalised EBIT	<b>28.3</b>
Less increased manufacturing and one-off costs	12.3
	<b>US\$ 16.0</b>
	<b>NZ\$ 21.0</b>



# Steel

# Steel Results

\$m	Dec 2007 6 Mths	Dec 2006 6 Mths	Jun 2007 12 Mths
Sales	611	602	1161
<b>EBIT</b>	<b>47</b>	<b>46</b>	<b>80</b> <sup>1</sup>
Margin %	7.7	7.6	7.0
Funds	542	474	496
<b>Return on Funds %</b>	<b>17.3</b>	<b>19.4</b>	<b>16.1</b>

1. Excludes unusual write-offs of \$9 million

# Steel

**Rollforming:** Stramit, Dimond and Pacific Coilcoaters improved earnings on pcp in a competitive environment. Fair Dinkum Homes and Sheds acquired to extend distribution into 'sheds'.

**Long Steel Products:** Whilst earnings were down slightly on pcp due to price volatility, they were a significant improvement on the previous six month period.

**Other:** EasySteel performed well in a difficult market with earnings similar to pcp.



**FletcherBuilding**

**Financials**

# Net Earnings

\$m	Dec 2007 6 Mths	Dec 2006 6 Mths	Jun 2007 12 Mths
EBIT	394	340	703 <sup>1</sup>
Interest	67	45	87
Tax	83	92	113 <sup>2</sup>
Minority Interests	9	10	19
<b>Net Earnings</b>	<b>235</b>	<b>193</b>	<b>484</b>

1. Includes unusual gain of \$5m

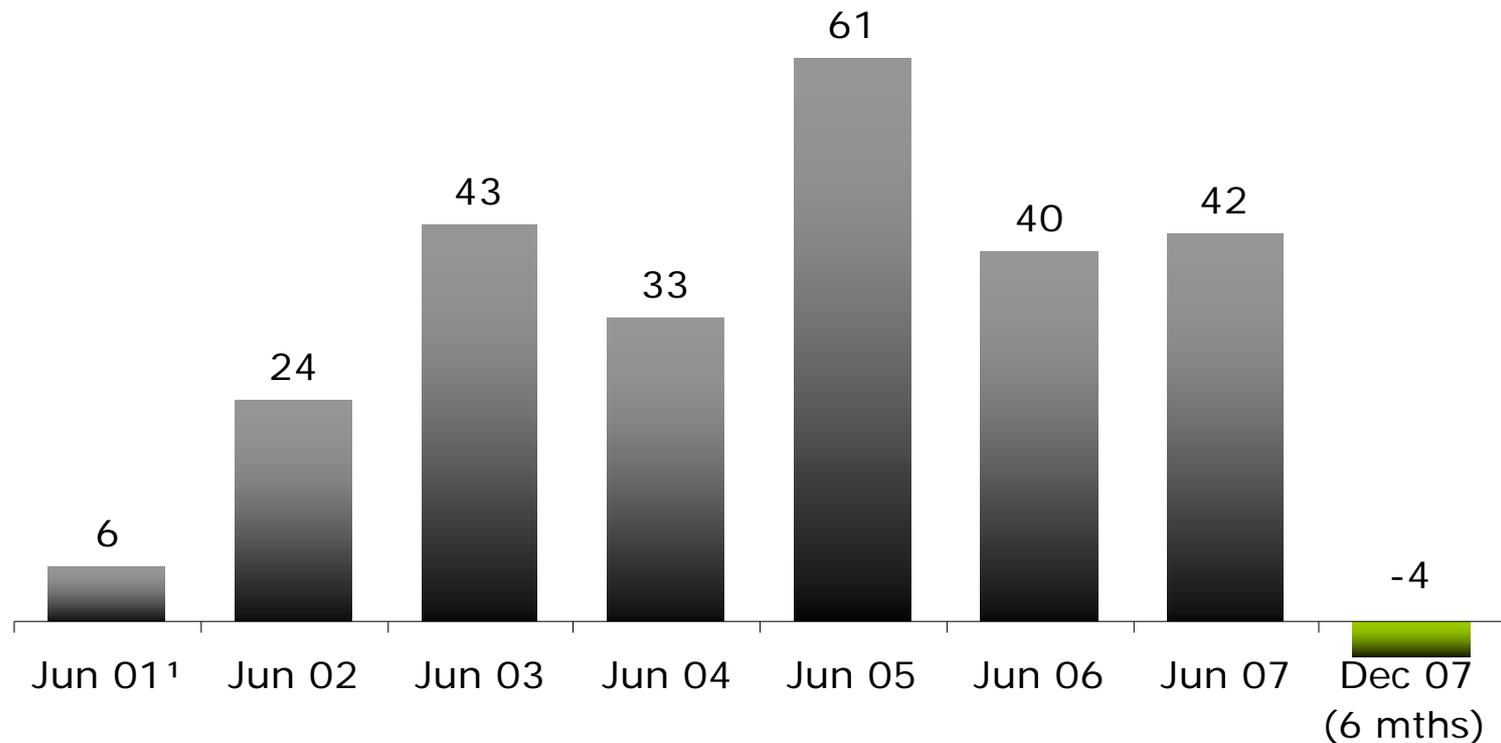
2. Includes one-off tax benefit of \$80m

# Simplified Balance Sheet

	Dec 2007 NZ\$m	Jun 2007 NZ\$m
<b>Assets</b>		
Current Assets	2119	1742
Fixed Assets	1922	1515
Intangibles & Goodwill	1141	629
Provision for Deferred Taxation	-34	3
Investments	208	141
<b>Total Fletcher Building Assets</b>	<b>5356</b>	<b>4030</b>
<b>Liabilities</b>		
Current Liabilities	1192	1080
Other Liabilities	66	
Net Debt	1628	654
<b>Total Fletcher Building Liabilities</b>	<b>2886</b>	<b>1734</b>
<b>Equity</b>		
Equity & Minority Interests	2470	2296
<b>Total Fletcher Building Liabilities and Equity</b>	<b>5356</b>	<b>4030</b>

# Key Ratios

## Total Shareholder Return (TSR) Percentage

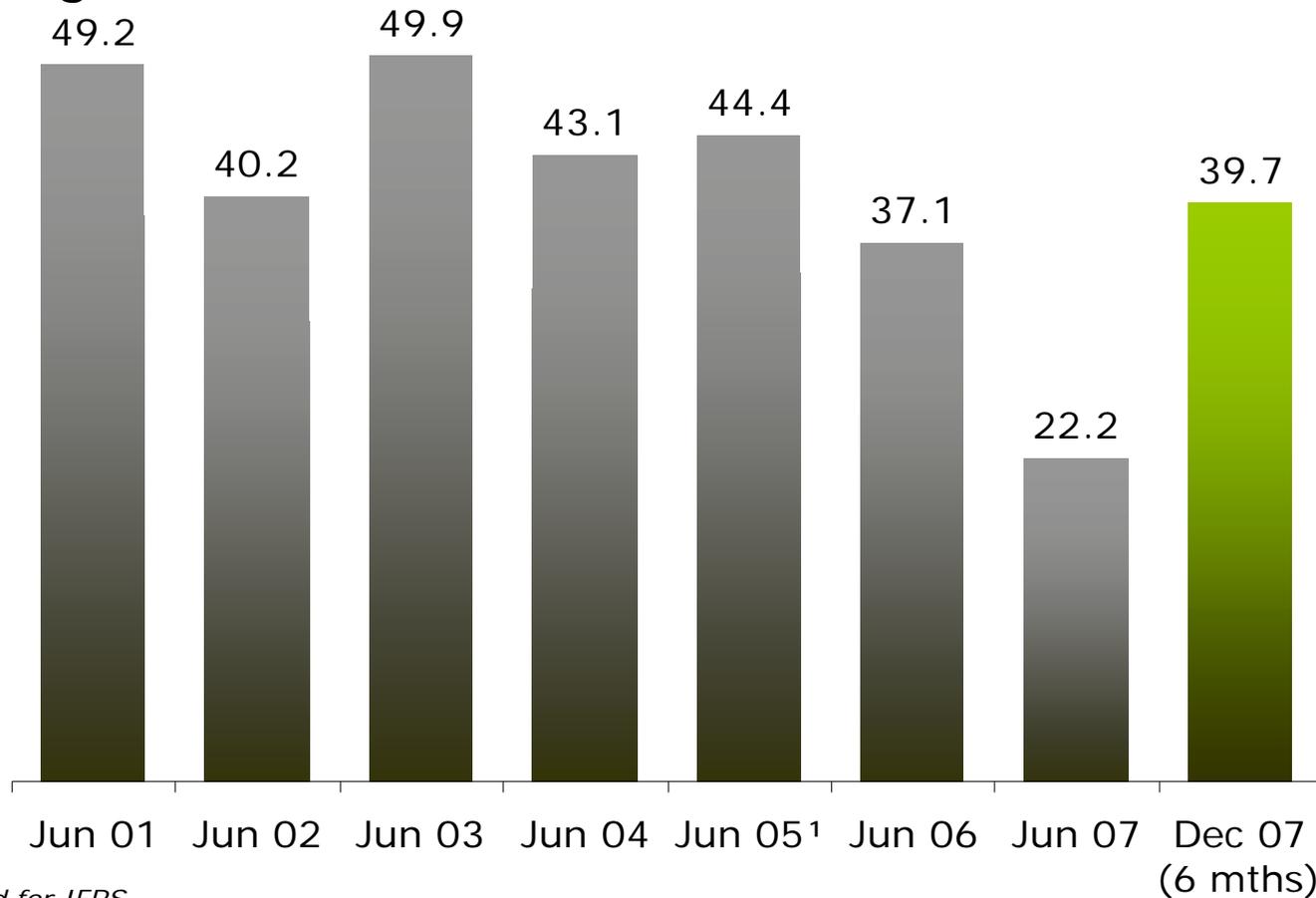


1. June 01 is the return for the 3 months from separation date

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

# Key Ratios

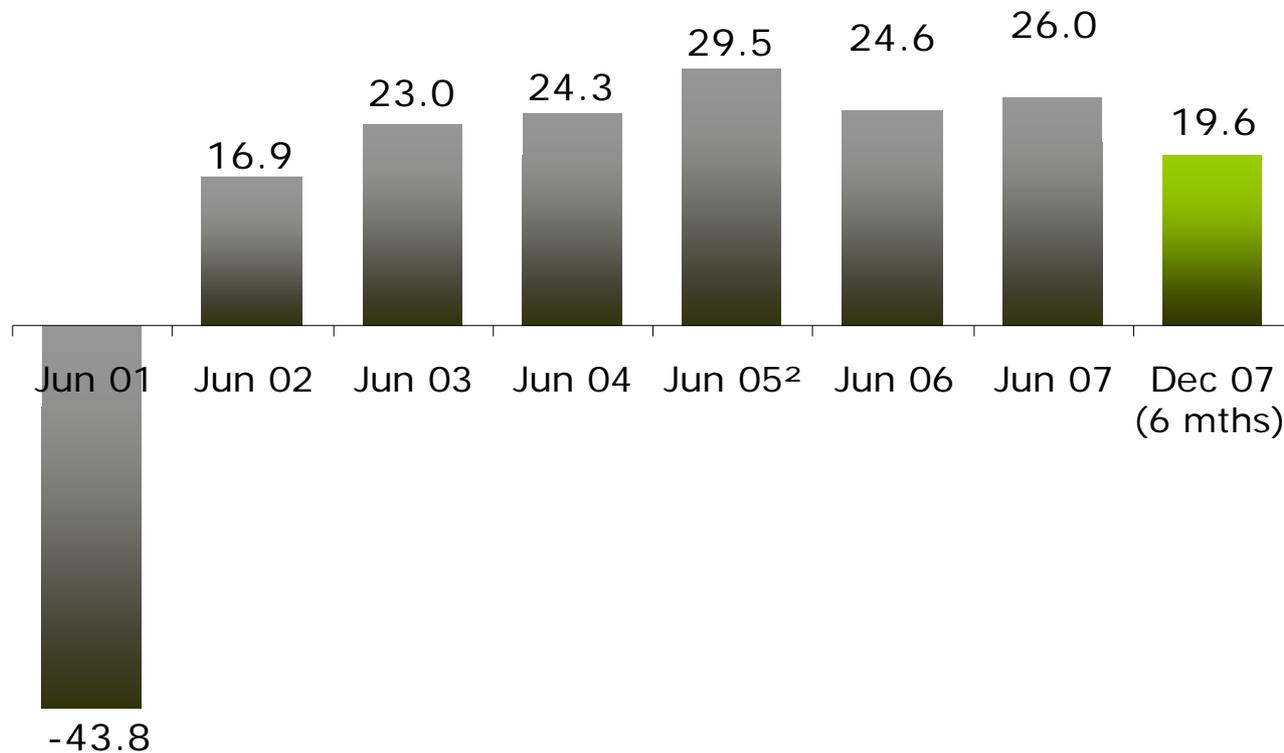
## Debt/Debt Plus Equity Percentage



1. Restated for IFRS

# Key Ratios

## Return on Average Equity<sup>1</sup> Percentage

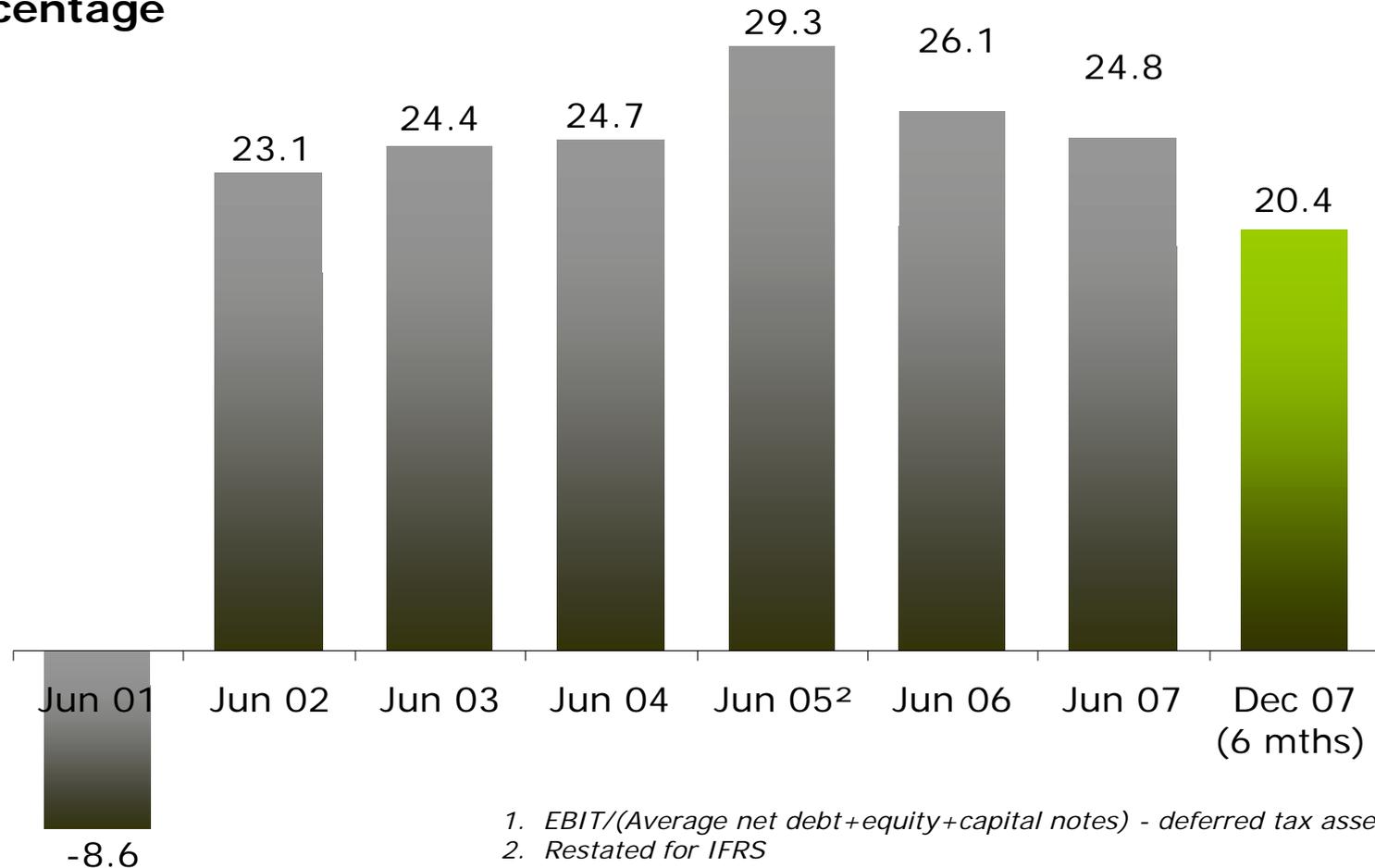


1. Net earnings after capital notes interest/shareholders funds

2. Restated for IFRS

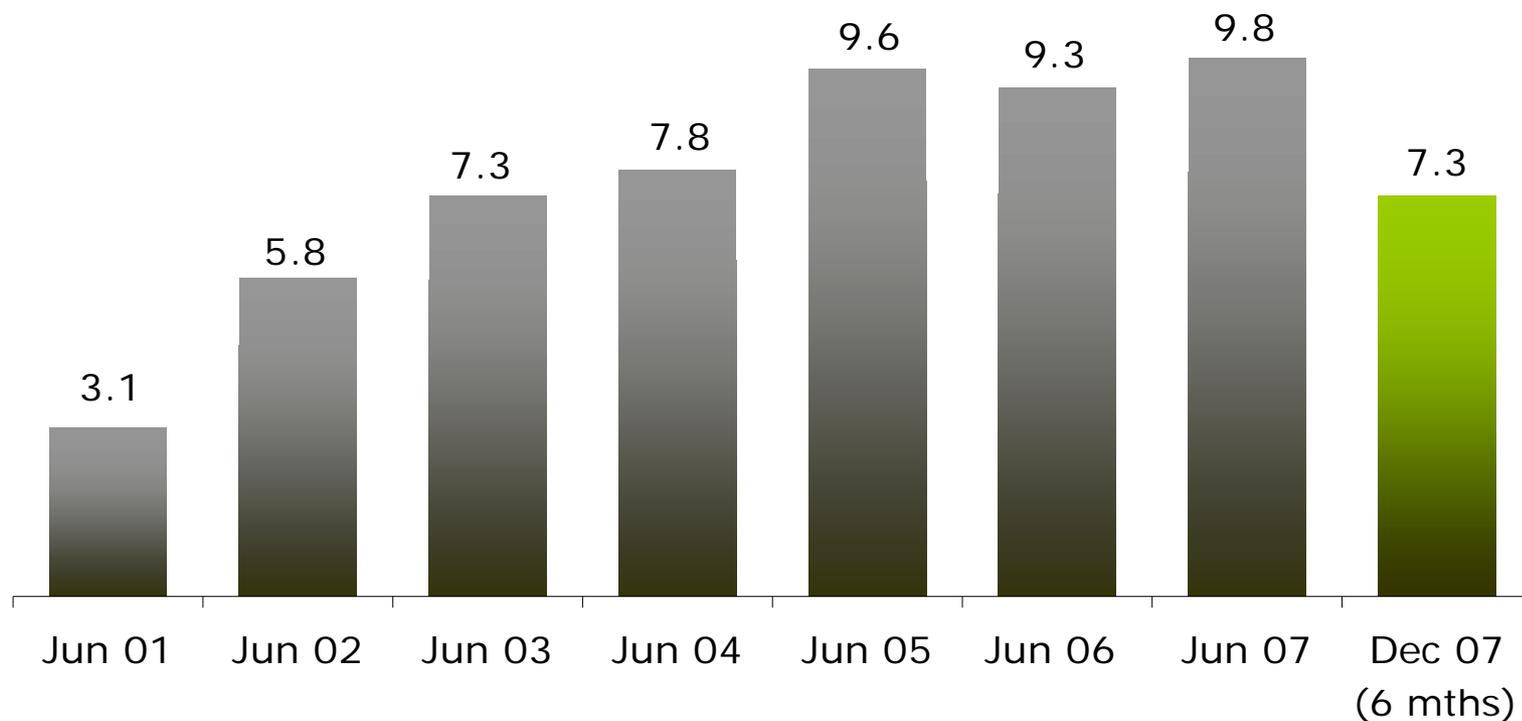
# Key Ratios

## Return on Average Funds<sup>1</sup> Percentage



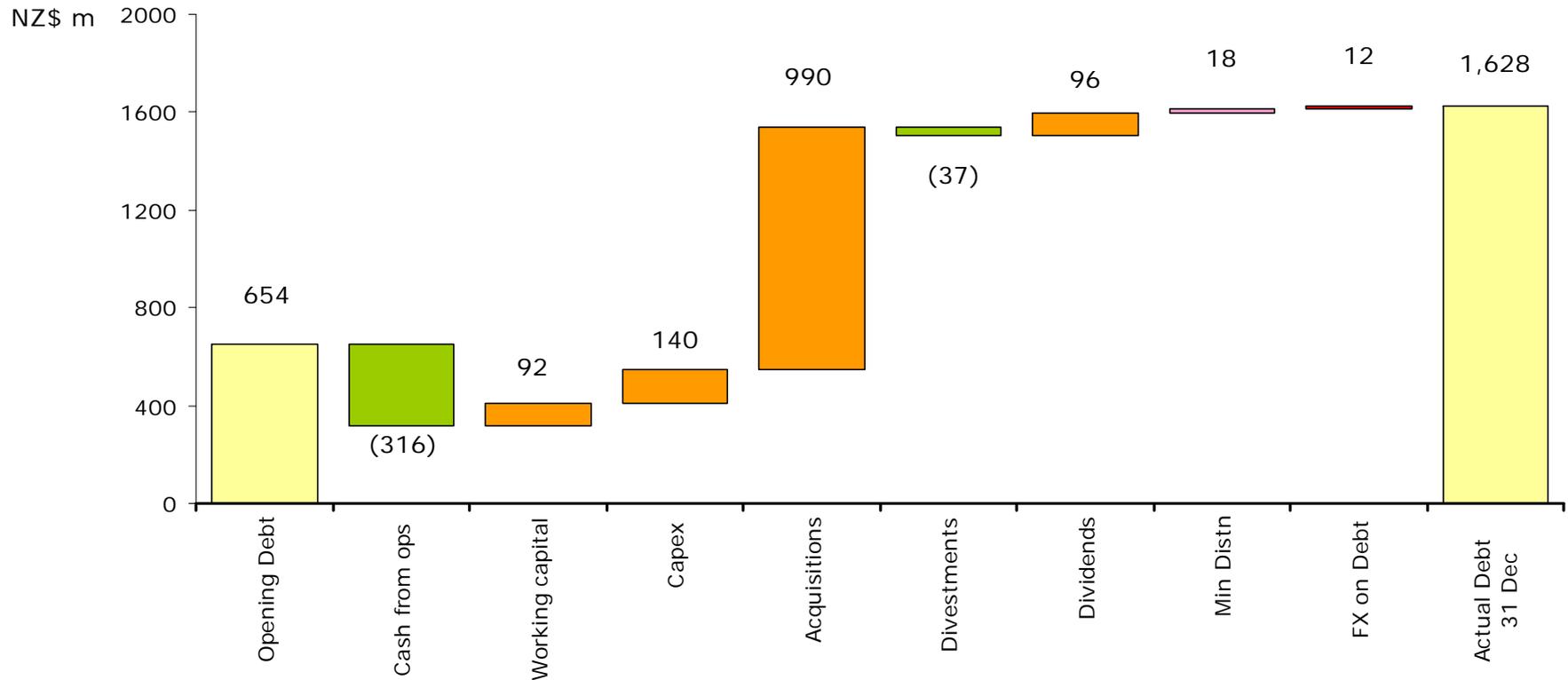
# Key Ratios

## Interest Cover<sup>1</sup> Times



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

# Net Debt Movement





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**Strategic Update**

# Strategic Agenda

Earnings Reliability

Internal Growth

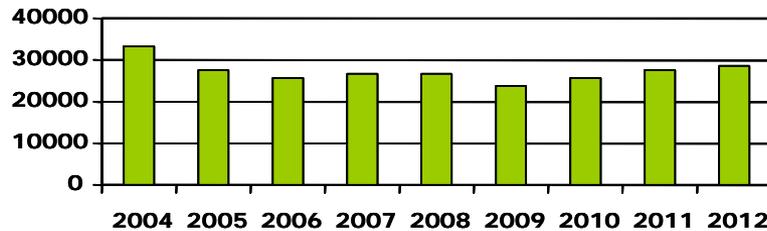
External Growth

# Earnings Reliability

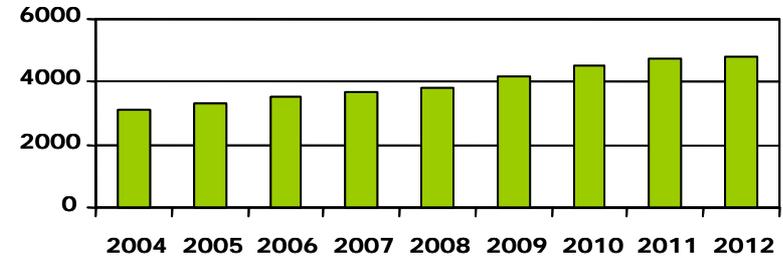
- ❑ Company outlook should be cognisant of both product and geographic diversity.
- ❑ For New Zealand – Infometrics Nov 07 estimate of total volume of work commenced.
- ❑ For Australia – BIS Dec 07 estimate of total volume of work commenced.

# New Zealand Volume of Work Commenced

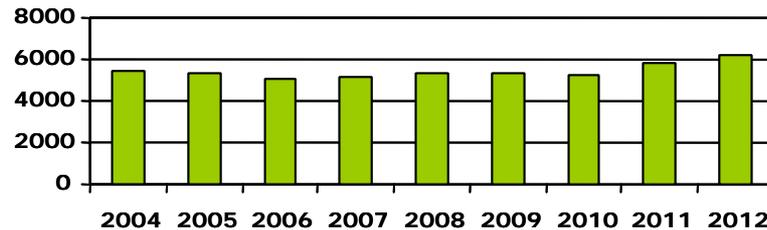
## Residential Consents



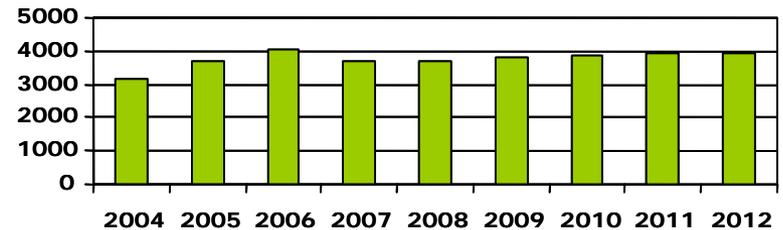
## \$m 1995/96 prices Infrastructure WPIP



## \$m 1995/96 prices Residential incl A&A WPIP



## \$m 1995/96 prices Non Residential WPIP

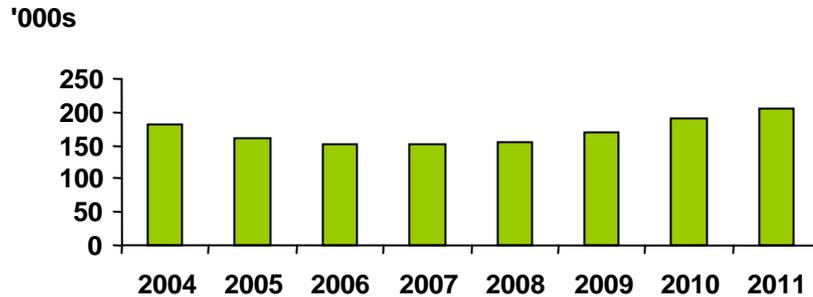


Source : Infometrics February 2008 data = June Years

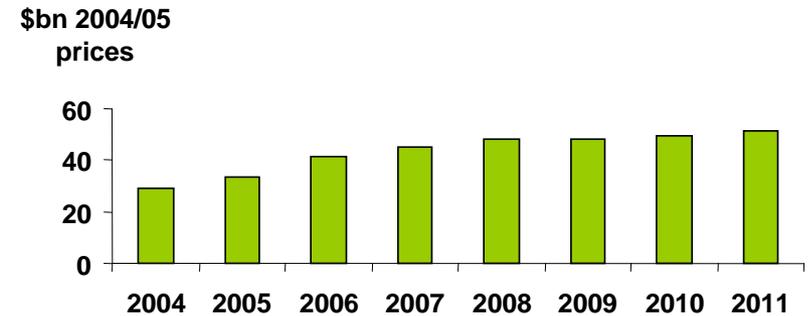
# Australia

## Volume of Work Commenced

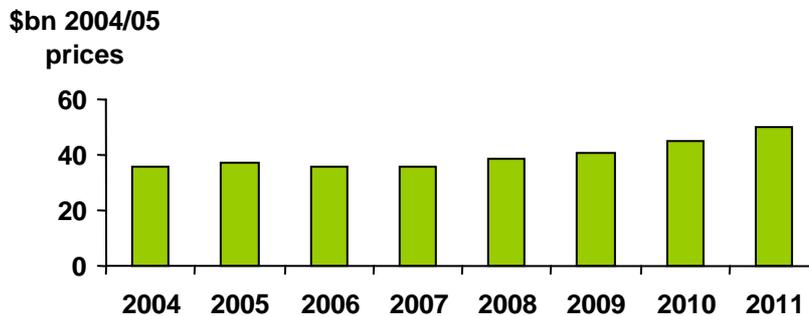
### Residential approvals



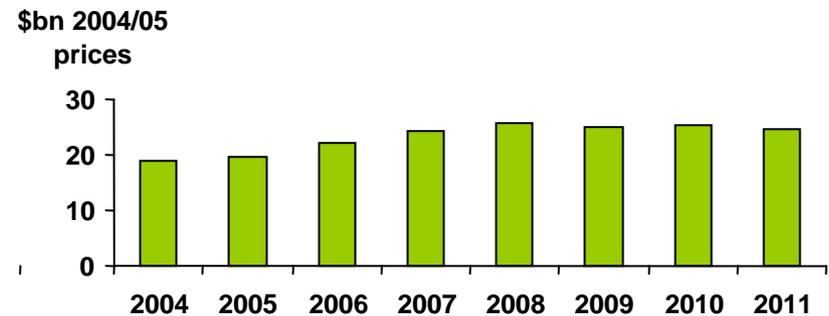
### Infrastructure WPIP



### Residential incl A&A WPIP

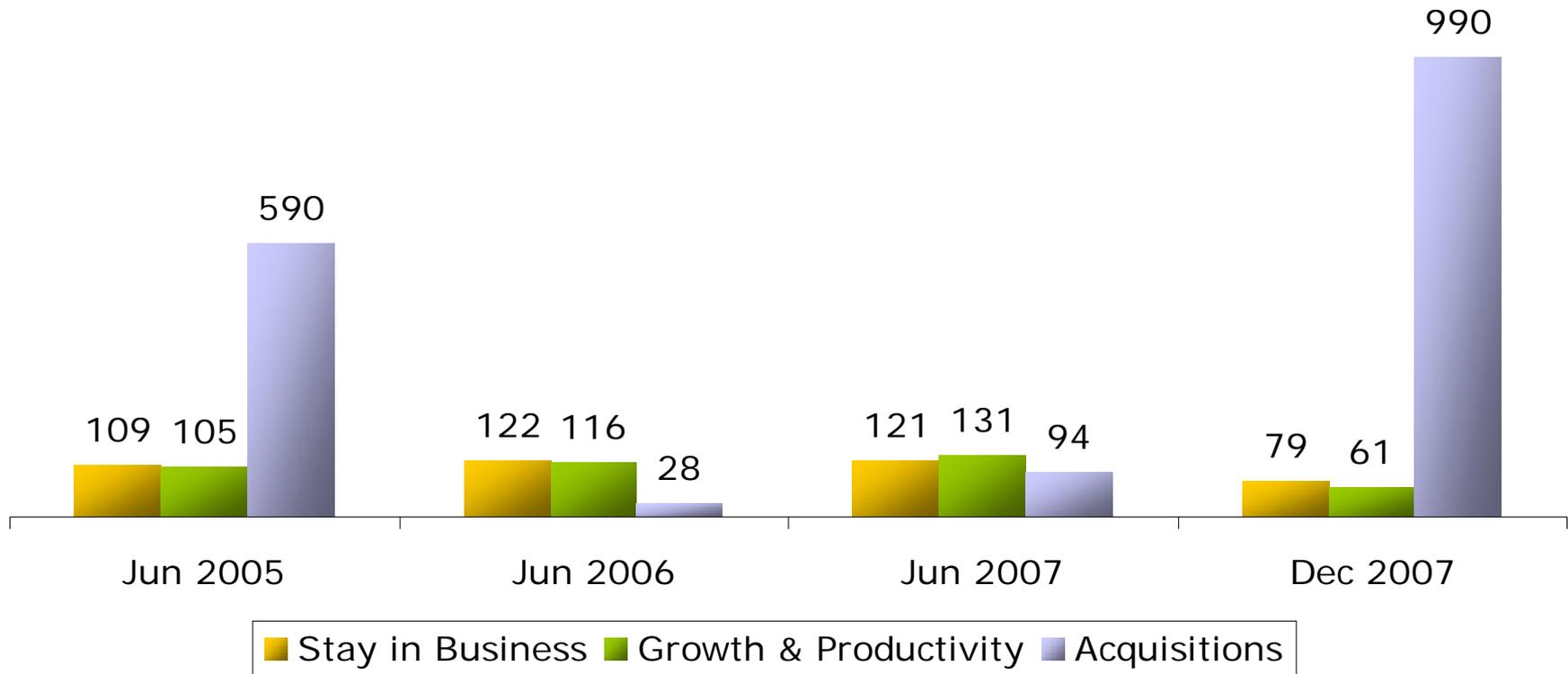


### Non Residential WPIP



Source : BIS Shrapnel December 2007 data = June Years

# Internal Growth



# Internal Growth Opportunities

- ❑ Significant capex spend continues
- ❑ Projects include:
  - Australian Quarry Expansion
  - Particleboard Upgrade in Australia
  - Cement Terminal, Auckland
  - Distribution ERP System
  - European Roof Tile Plant
  - Insulation Furnace Upgrade, New Zealand
  - Kitchen Componentry
  - China HPL Press

# External Growth Opportunities

- We continue to review external growth opportunities.



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**Outlook**

# Outlook 2008/2009

**New Zealand:** Strong infrastructure market, supported by steady non-residential, offsetting declining residential markets.

**Australia:** Residential markets forecast to remain steady, offsetting softness in non-residential and infrastructure activity.

**U.S.:** Significant decline in US housing forecast to impact on non-residential activity, although some offset by government spending on health and education.

**Europe:** Forecast declines in major residential markets of Spain and UK, offset in part by growth in Eastern Europe.

**Asia:** Continued market growth in a competitive environment.

# Outlook 2008/2009

- ❑ Overhanging these market related forecasts are:
  - continued uncertainty in the international credit markets.
  - possibility of US recession and flow on effects.
  - intervention through interest rate action in major economies – US, UK, EUR, Aus and NZ – to dampen inflationary pressures or to stimulate economic activity
  
- ❑ We are unable to predict the outcomes from these financial market uncertainties, but based on our view of our markets today, we maintain our current forecasts.



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