21 February 2005

Company Announcements Platform
Australian Stock Exchange Limited

Open Briefing – CEO on H1 05 Result

Please find attached open briefing interview with CEO, Les Wozniczka, on the Company's half year result for the six month period ended 31 December 2004.

Michael Sadlon
Company Secretary

Level 6, 27 Currie Street, Adelaide, SA 5000 GPO Box 551 Adelaide SA 5001 Telephone: (08) 8425 4999 Facsimile: (08) 8410 1597

Futuris Corporation Limited A.B.N. 34 004 336 636

Attention ASX Company Announcements Platform
Lodgement of Open Briefing

FUTURIS CORPORATION LIMITED

open briefing

corporatefile.com.au

Futuris Corporation Ltd
Level 6, 27 Currie Street
Adelaide, SA 5000

Date of lodgement: 21-Feb-2005

Title: Open Briefing. Futuris. CEO on H1 05 Result

Record of interview:

corporatefile.com.au
Futuris Corporation Limited reported net profit of $66.6 million for the first half ended December 2004, up from a loss of $17.6 million in the previous corresponding period. Underlying profit, excluding non-recurring items, was $28.3 million up from $21.4 million. What were the key drivers of the underlying earnings growth?

CEO Les Wozniczka
Earnings rose right across the business, with the exception of Property operations, which reflected project timing. Elders, Integrated Tree Cropping (ITC) and Air International all generated higher underlying EBIT and Australian Agricultural Company's (AACo) half-year earnings also grew strongly. The financial growth within the Company is broadly based and not dependent on any one part of the business.

corporatefile.com.au
Futuris' earnings are typically weighted towards the second half and you've reaffirmed your guidance that full-year earnings would be within market expectations, i.e. $73 million to $82 million, implying full-year growth of between 8 percent and 27 percent. What are the risks to this forecast and what factors might cause variability within the range?

CEO Les Wozniczka
Our businesses are tracking to our expectations, however we are obviously some months away from completing our year. In the case of Elders, our most active period is still to come. We plan on a normal season but upgrades or downgrades for Elders are possible depending on the seasonal conditions that eventuate.

The results of our 44.5 percent associate AACo are affected by a SGARA valuation made at balance date.

In accordance with our past practice, we will issue guidance in late May.

corporatefile.com.au
The Elders rural services business reported total underlying EBIT of $25.5 million in the first half, up 22 percent. Excluding equity accounted income of $0.5 million from AACo and BWK joint ventures, EBIT was $25.0 million, up 14 percent on sales growth of 19 percent to $935.1 million. Sales of merchandise, which account for over 50 percent of revenue, were up 17 percent. What's the outlook for merchandise going forward, particularly in light of increasing competition in the sector?

CEO Les Wozniczka
Elders' performance in the farm merchandise market over the last six months demonstrates its capacity to compete and win business in a tightening market. Elders has been able to increase market share and the financial contribution it generates from merchandise. This shows the effectiveness of the integrated, full service model Elders offers.

The major merchandise retailers have been increasing their market share over recent years and we expect tightening market conditions will support the continuation of that trend.

Despite our strong gains, Elders still has a lower market share in fertiliser than other cropping related products. Hence, this sector is the focus of the initiative we launched with Hi-Fert in December.

We are aiming for a more competitive supply structure that will enable reform of the inefficiencies that presently exist in the fertiliser supply chain in Eastern Australia. This will add to the competitiveness of our merchandise operations and benefit fertiliser buyers.

corporatefile.com.au
In the first half, you restructured the wool operations within Elders, investing additional funds of about $28 million into your associate BWK, whose operations have been reduced to a European base. How will the restructure expedite the achievement of economic returns from the previously loss-making BWK business?

CEO Les Wozniczka
The restructuring enables a number of benefits.

First, BWK's debt and interest rate burden have been substantially reduced through concessions made by its banks. Second, BWK will be recapitalised through the injection of funds. These two events will enable BWK to complete the commissioning of its plant re-build, which will reduce operating costs.

Finally, through the focus that comes from a concentration of ownership, we will be able to restructure BWK around a global approach in keeping with trends in the world textile industry.

corporatefile.com.au
In the first half Air International booked underlying EBIT of $12.5 million, up 28 percent on sales growth of 4 percent to $382.6 million. Earnings have continued to improve from their bottom in the previous first half. Is Air International's business recovery program on track and when do you expect to realise the full earnings benefits of the program?

CEO Les Wozniczka
We are pleased with the progress the business has shown in the first half. The recovery program is on track, but there is the need and opportunity for further improvement.

We will be targeting these opportunities over the remainder of the current program of initiatives, which is due for completion by June 30. Our customers and shareholders expect continual improvement and so management is charged with achieving improvement on an ongoing basis.

corporatefile.com.au
Air International has retained the Interior Systems business and its Rail and Bus operations. What's the rationale for retaining these businesses and what's your short to medium-term strategy for them?

CEO Les Wozniczka
These businesses, particularly the Interior Systems operations, are at an earlier stage of development than Global Thermal Systems. In the case of the latter, we were able to achieve global transaction multiples and increased value for shareholders because we had built the business into a global operation with contracts that provided strong medium-term growth. We think this provides a template for the Interior Systems and Rail and Bus operations.

It is early days yet, but we have made some progress in the period just completed with the improvement in the performance of Interior Systems and the establishment of a facility for rail and bus in Changzhou, China.

corporatefile.com.au
The Forestry business delivered EBIT of $7.4 million in the first half, up from $2.2 million previously. What was the contribution of Neville Smith Group, which was acquired in September, to the result and what's the earnings outlook for the full year?

CEO Les Wozniczka
Neville Smith was acquired on September 10 and contributed EBIT of $2.1 million and revenue of $16 million in the 15 weeks to December. Neville Smith's major market is in building and construction, so its results will reflect activity levels in that sector. While there has been a downturn in building approvals, we are expecting a stronger contribution in the second half with a full period's contribution.

corporatefile.com.au
Futuris' Property business made underlying EBIT of $3.0 million, down from $5.7 million previously, reflecting the non-availability of residential land for sale. What's the outlook for Property earnings over the remainder of the year?

CEO Les Wozniczka
Sales from our new residential project, Byford in Perth, are due to commence in the second half. New income will also flow from the commencement of a premium commercial tower in Adelaide under contracts signed late last year. These projects, together with ongoing retirement village projects, are expected to see underlying earnings in the second half rise above that achieved in the first six months of the year.

corporatefile.com.au
Futuris had net cash out-flow from operations of $193.7 million in the first half, compared with $151.2 million in the previous corresponding period. Capital expenditure and acquisitions, including equity acquisitions, totalled $169.5 million in the half and the financing outflow, principally for dividends, totalled $6.6 million. As a result, cash on hand fell to $271.0 million from $354.6 million six months earlier and net debt rose to $354.6 million from $6.1 million. What's the outlook for net debt at June 2005?

CEO Les Wozniczka
The principal driver of our operating cash flow and net debt position is the strong seasonal cash flows that arise in our rural services and forestry businesses.

Working capital demands typically see a large cash outflow in the period to December, which is usually reversed in the six months to June through the inflows resulting from expenditure on winter cropping inputs by Elders' clients and ITC's sales of managed investment scheme product.

In the most recent period we also used our strong balance sheet to fund investments to build our businesses and maintain growth momentum.

In respect of the year end position, it is relevant that we have received cash of $180 million after balance date through settlement of the Global Thermal transaction. We expect to see positive net operating cash flow over the balance of the year.

corporatefile.com.au
One feature of Futuris' first half was the relatively large amount invested in acquiring Neville Smith Timber Industries, in taking a 19.9 percent stake in Forest Enterprises Australia, and in acquiring a 33.3 percent stake in Hi-Fert. To what extent is Futuris' current business portfolio adequate to sustain your goal of long-term value creation? Do you foresee the need to further expand the portfolio by acquisition?

CEO Les Wozniczka
Our policy is to support growth where the relevant managers deliver results. Our first-half results show this is occurring within Futuris. During the period

we managed to combine strong earnings growth with high levels of corporate activity as we invested to build our businesses.

The value that has been added to the Company has been recognised by the stock market. All our businesses have strong growth momentum, the capacity to increase earnings and opportunities for further development. We expect to continue our emphasis on reinvestment to build our businesses and their capacity to generate profit.

corporatefile.com.au
Thank you Les.

For more information about Futuris, please visit www.futuris.com.au or call Don Murchland on (+61 8) 8425 4617

For previous Open Briefings by Futuris, or to receive future Open Briefings by e-mail, please visit www.corporatefile.com.au