

**FLETCHER BUILDING LIMITED
HALF YEAR RESULTS ANNOUNCEMENT**

Auckland, 12 February 2003

SUMMARY

Fletcher Building achieved operating earnings (i.e. earnings before interest and taxation) of \$160 million in the six months to 31 December 2002. The result included an \$8 million contribution from the Laminex group, acquired on 13 November 2002.

The latest result continues a trend of strong earnings growth over the past two years, driven by internal improvement programmes and buoyant market conditions. Operating earnings before unusual items had been \$78 million in the 6 months to 31 December 2001, and \$127 million in the six months to 30 June 2002.

Net earnings (i.e. after taxation and minority interests, and after unusual items) were \$83 million in the latest six months, compared with \$41 million in the December 2001 period and \$93 million for the full 2002 year.

The result has enabled the company to further increase dividends. The interim dividend will be 9 cents per share, with full tax credits, compared with 6 cents per share for the interim period one year earlier and 8 cents per share for the subsequent final dividend.

The Chief Executive Officer, Mr Ralph Waters, said all divisions of the company had lifted earnings in the December half-year. "Market conditions in both New Zealand and Australia remained strong, and our operations were positioned well to take advantage of this following improvements in operational efficiency, overheads and prices during the past two years."

"From a strategic point of view, the highlight of the period was clearly the acquisition of the Laminex group in Australia, which diversified the company's revenue and earnings base. The sale of the company's operations in Bolivia was also a significant development. These changes were accompanied by a series of initiatives to provide acquisition funding and refinance the company's existing borrowings."

Mr Waters said the operational performance of the company remained strong. It was possible that economic growth in both New Zealand and Australia could begin to level off within the second half of the current financial year, and that earnings will be affected by the strength of the New Zealand dollar against the Australian and other currencies. Overall, however, another satisfactory full year result is anticipated.

KEY POINTS

- Operating earnings up 105% to \$160 million
- Net profit after tax and minority interests up 102% to \$83 million
- Operational cash flow up from \$56 million to \$127 million (including \$16 million from Laminex)
- Annualised return on average equity of 24.5%
- Annualised earnings per share of 44.8 cents
- Acquisition of the Laminex group

- The sale of the operations in Bolivia
- Major refinancing completed
- Interest cover improved from 5.8 times at 30 June 2002 to 8.8 times

DIVIDEND

- Interim dividend of 9 cents per share, with full tax credits

OUTLOOK

- Operational performance remains strong
- Possibility of slower market growth beginning during the current half year
- Some negative impact from the increase in the New Zealand dollar
- Another satisfactory full year result is anticipated

Full details on the company's trading results are attached. For further information, please contact:

Ralph Waters
Chief Executive Officer
Telephone + 64 9 525 9169
Fax + 64 9 525 9032

Bill Roest
Chief Financial Officer
Telephone + 64 9 525 9165
Fax + 64 9 525 9032

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FLETCHER BUILDING LIMITED

FINANCIAL RESULTS FOR THE HALF YEAR ENDED 31 DECEMBER 2002

Directors today announced the financial results for the six months to 31 December 2002. Net profit after tax and minority interests was \$83 million compared with \$37 million before unusual items and \$41 million after unusual items in the previous December half. There were no unusual items in the latest result.

Revenue rose from \$1.455 billion to \$1.483 billion. After adjusting for disposal of the Australian Construction and Co-generation businesses, and for the acquisition of Laminex, revenue in like businesses was up about 7%. All divisions increased their operating earnings substantially, benefiting from improved operational performance and strong market growth. Operating earnings (i.e. earnings before interest and taxation) were \$160 million.

The latest result continues a trend of strong earnings growth over the past two years, driven by internal improvement programmes and buoyant market conditions. Operating earnings before unusual items had been \$78 million in the 6 months to 31 December 2001, and \$127 million in the six months to 30 June 2002.

The result has enabled the company to further increase dividends. The interim dividend will be 9 cents per share, with full tax credits, compared with 6 cents per share for the interim period one year earlier and 8 cents per share for the subsequent final dividend.

On an annualised basis, the latest half-year result represents a 24.5 percent return on equity and a 28.6 percent return on funds employed, compared with 16.9 percent and 22.5 percent respectively in the June 2002 year.

Period Ended NZ\$million	Revenue		Earnings	
	6 Months to Dec 2002	6 Months to Dec 2001	6 Months to Dec 2002	6 Months to Dec 2001
Building Products	447	405	66	36
Laminex	81	n/a	8	n/a
Concrete	255	232	44	24
Construction	310	496	16	13
Distribution	389	336 ²	25	14 ²
Corporate	1		1	(4)
Restatement PlaceMakers JVs		(14) ²		(5) ²
Total Before Unusuals	1,483	1,455	160	78
Unusuals				6
Operating Earnings After Unusuals			160	84
Funding Costs			(23)	(15)
Earnings before Taxation			137	69
Taxation			(45)	(25)
Earnings After Taxation			92	44
Minority Interests			(9)	(3)
Net Earnings			83	41 ¹
Notes:				
¹	Does not include capital note interest costs. On a similar basis December 2001 net earnings were \$33 million			
²	Restates PlaceMakers results onto a comparable basis following the change in accounting period for the Joint Ventures			

OPERATIONAL REVIEW

Building Products

Earnings were significantly higher, reflecting favourable domestic trading conditions and operational improvements. All businesses in the division improved performance over the previous corresponding period.

Winstone Wallboards, Fletcher Wood Panels and Scott Panel and Hardware all recorded significantly higher earnings through increased production and sales. Fletcher Aluminium also improved its earnings significantly, largely through operational improvements.

Pacific Coilcoaters, Easysteel and Dimond all achieved good increases in earnings, reflecting improvements made in the operations and the buoyant trading conditions. Pacific Steel, Pacific Wire and Sims Metals also lifted their earnings, with Pacific Steel setting a new production record of 212,000 tonnes for the 2002 calendar year while further developing its export business.

Concrete

Results from Concrete were again significantly ahead of those for the previous corresponding period. Demand in the ready mixed concrete market remained very strong, and Firth's volumes for the six months were the highest on record. Golden Bay Cement, Winstone Aggregates and Firth all recorded particularly strong revenue increases. In addition to buoyant demand, Golden Bay benefited from reduced manufacturing costs due to increased operating efficiencies. A major plant upgrade has been approved and further investment is under consideration.

Improved results were achieved by the operations in Peru, and in Bolivia which enabled the sale of the Bolivian operations in November 2002.

Construction

Results were ahead of those for the previous corresponding period, largely as a result of exceptionally strong earnings from Fletcher Residential. All continuing business units recorded improved earnings.

The construction backlog remains strong at more than \$500 million. Medium-term prospects in both commercial building and engineering remain positive, with a number of significant projects, principally in the public sector, likely to come to fruition in the next 12 months.

Distribution

Sales continued to increase through the half, reflecting the buoyant market conditions. PlaceMakers, which accounts for the majority of revenue and profit, achieved record sales and retained its strong market share. Plans to integrate the Building Depot central office functions with those of PlaceMakers were achieved. The Hire a Hubby franchise extended its network, and work was undertaken to further develop the concept of this franchise operation to address opportunities in new market segments.

Laminex

Earnings for the period under Fletcher Building's management were in line with expectations. The company increased its operating margins over those for the previous December half year as a result of improved prices and product mix. Efficiencies were achieved through warehouse consolidation in the state of Victoria and the integration of computer systems.

Demand in the Australian markets remained strong, with housing starts running at a similar rate to those in the 2002 financial year and increased demand from the commercial sectors. Export volumes were down on those for the previous period due to the increase in total domestic demand.

BALANCE SHEET

The company's balance sheet changed substantially during the period, through the issue of new equity and capital notes, the refinancing of bank debt, increased cash flow from operations, the sale of the operations in Bolivia and the acquisition of the Laminex group.

The proposal to acquire Laminex was announced in September 2002, along with funding arrangements that included the issue of 44 million ordinary shares at \$2.95 each, a premium of 5 percent on the pre-announcement closing price. The placement raised \$129 million. A further \$34 million of equity was raised in November 2002.

The purchase of Laminex was completed in November, for \$759 million, based on the NZD/AUD exchange rate on the date of settlement. It is likely that an additional payment of up to A\$20 million, based on Laminex's performance post-acquisition, will be made.

In December, the offer of capital notes by Fletcher Building Finance was closed after accepting the maximum \$150 million of subscriptions allowed under its trust deed.

Cash flow from operations during the December half year totalled \$127 million.

Net debt at 31 December 2002 was \$896 million, compared with \$398 million at 30 June 2002, reflecting the Laminex acquisition offset by the various financing initiatives. The ratio of debt to total capitalisation (debt including capital notes plus equity at book value) was 53 percent, compared to 40 percent at 30 June 2002. Interest cover (EBITDA/Interest) was 8.8 times, compared with 5.8 times at 30 June 2002.

DIVIDEND

Directors declared an interim dividend of 9 cents per share payable on 9 April 2003. The dividend will carry full tax credits. Details are provided in the summary attached.

STRATEGY

The company's major strategic priorities have been to improve earnings, ensure the reliability of earnings through the economic cycle, and to achieve value-creating growth. The acquisition of the Laminex group, Australia's leading manufacturer and marketer of decorative laminates and decorated woodpanels for use in commercial and residential applications, was an important plank in this strategy.

The Laminex acquisition reduces Fletcher Building's reliance on the New Zealand economic cycle, provides growth and creates synergies with existing operations. Post-acquisition, Fletcher Building will derive about 67 percent of its revenues from New Zealand, 25 percent from Australia, and 8 percent from Asia and the Pacific Rim.

The strategic focus of the company continues to be on performance improvement and growth where suitable opportunities meet the strict acquisition criteria.

OUTLOOK

The increase in the New Zealand dollar against the Australian and other currencies, if sustained, will affect earnings from exports and from translation of earnings by Laminex into New Zealand dollars. Also, there have been recent sharp increases in New Zealand power costs. However, demand in Australia and New Zealand should continue to be strong through to June 2003.

Taking all these influences into account, the Board is confident that earnings will remain at a satisfactory level during the June half year.

DIVIDEND SUMMARY

Dividends paid by the company have Dividend Withholding Payment (DWP) credits attached, so that both New Zealand and non-resident shareholders can benefit from the value of New Zealand's dividend imputation tax credit regime.

As with previous dividend payments, Fletcher Building pays the refund of the DWP tax credit to non-resident shareholders at the same time as the dividend is paid, and then recovers this from the Inland Revenue Department. New Zealand resident shareholders holding shares on behalf of, or as agents for, non-residents will need to advise the share registry, if they have not already done so, to ensure that the DWP tax credit refund is made.

NZ cents per share	NZ Residents	Non-residents
Dividend declared	9.0000	9.0000
Tax credits	4.4328	
Tax credit refund		4.4328
Gross dividend	13.4328	13.4328
NZ tax (33%)	(4.4328)	
Non-resident withholding tax (15%)		(2.0149)
Net cash dividend to shareholders	9.0000	11.4179
Record date	21 March 2003	21 March 2003
Payment date	9 April 2003	9 April 2003

The dividend reinvestment plan will be operative for this dividend payment. Documentation for participation in the plan for eligible shareholders is available from the share registry.

The price used to determine entitlements under the dividend reinvestment plan is the weighted average share price of the company's shares sold on the New Zealand Stock Exchange in the five business days following the record date of 21 March 2003. The new shares will be allocated on the dividend date of 9 April 2003.