



2003 Annual Meeting of Shareholders

2.00pm Tuesday 11 November 2003
Eden Park Function Centre, Mt Eden

Address by:
Dr Roderick Deane
Chairman
Fletcher Building Limited

**FLETCHER BUILDING LIMITED
ANNUAL SHAREHOLDERS' MEETING 2003**

**SPEECH NOTES FOR DR RODERICK DEANE
CHAIRMAN**

Good afternoon and welcome to the third annual shareholders' meeting of Fletcher Building Limited.

I advise that a quorum is present and the meeting is duly constituted. We will review the year in detail a little later. Before we do so, let me briefly introduce my fellow board members and then outline the meeting process.

Paul Baines has extensive experience in financial and strategic management and has several directorships including Telecom New Zealand and the Reserve Bank of New Zealand.

Hugh Fletcher is also a director of the Reserve Bank of New Zealand, and of several other NZ companies, including Ports of Auckland and Rubicon, and is a member of a number of academic and government advisory committees.

Geoff McGrath retired earlier in the year as Managing Director of GWA International an Australia-based manufacturer of building products.

Ralph Norris is the Chief Executive of Air New Zealand. Before that he was the CEO of the ASB Bank and held a senior role in the Commonwealth Bank of Australia.

Sir Dryden Spring has several directorships of New Zealand and Australian companies, including the National Bank of New Zealand and Fletcher Challenge Forests, and is well known to New Zealanders for his roles in the dairy industry and in trade forums.

Kerrin Vautier is a research economist, a university lecturer, and an external monetary policy advisor to the Reserve Bank. She also has other company directorships in New Zealand and was formerly a member of the Commerce Commission.

Ralph Waters is our Managing Director and is also a director of Fisher & Paykel Appliances Holdings.

And Martin Farrell is our Company Secretary and General Counsel.

This afternoon Ralph Waters and I will make presentations on the operations of the company. Hopefully we will cover most matters that are important to you, but

if not there will be an opportunity for you to put questions and discuss matters of general interest to the company.

After this we will move to the formal part of the meeting with the consideration of the four resolutions outlined in the notice of meeting.

When we get to question time, it would be preferable if you could move to one of the standing microphones distributed around the room. If this is difficult for any reason, please feel free to raise your hand and we will bring a roaming microphone to you.

I should mention at this time two changes to the manner in which we will conduct the business of this meeting compared with previous years.

First, we will deal with any questions before voting on the resolutions. This will give all shareholders the opportunity to discuss any matters before they have to vote.

Secondly, this year the resolutions will be decided by a show of hands. This will enable us to get through the formal business more efficiently. Although a large number of our shareholders are not present today, those who have lodged postal votes are deemed to be here for the purposes of a vote on a show of hands. I will comment further on the procedures before we ask you to vote.

The 2003 year was one of exceptional progress for Fletcher Building.

The profit after tax of \$168 million was 91% up on the prior year's pre-unusual after-tax profit.

The company completed a major acquisition - Laminex, in Australia -approved by shareholders at this meeting last year. There has been a seamless integration with Fletcher Building, and a pleasing operating performance in line with the top end acquisition proposal expectations.

There were further sales of assets not germane to Fletcher Building's strategic direction, in Bolivia, Australia and India.

The company was substantially refinanced, with a strongly priced equity raising by way of a placement, a new series of capital notes and new banking facilities.

All-in-all the progress made has been such that the company's results are often favourably commented upon by investors and commentators. While the company has experienced a particularly favourable business environment in Australia and New Zealand, it has at the same time developed and implemented new strategic initiatives, and maintained a tight operational focus.

Further, since balance date, Tasman Building Products, an Australasian building products business, has been acquired - part funded by a further successful equity placement. Directors are aware that some shareholders would like to have participated in this equity raising through a rights offering. Unfortunately given the time constraints around the Tasman Building Products acquisition, the amount required to be raised, and the substantial work and cost required to provide an offering document to all shareholders that complies with the legal requirements of their home jurisdiction, this was not practical. With the Distribution division's strategic direction being concentrated on the trade rather than the retail market, the Building Depot and Hire A Hubby businesses have each been sold.

With so much corporate activity in the company over the year it is a credit to management that operational earnings were also pleasing. Earnings before interest and tax, the usual measure for operational earnings, were \$331 million, up from \$94 million in 2001 and \$205 million in 2002. While there was assistance from a very strong housing market, these earnings, after adjusting out any contribution from Laminex, were around \$100 million higher than when the company was last at the peak of the building cycle. Moreover, the returns on investment now are demonstrably better than at that time. These are the better measures of the progress the company has made over the past two years.

It is not surprising, therefore, that shareholders have been rewarded for that progress with total shareholder return of 43% for the June 2003 year - that is, share price appreciation plus the gross dividends including the value of tax credits. That is on top of 24% in the previous year. Dividends totalling 19 cents for the 2003 year were up substantially, from 14 cents in the previous year on an expanded capital base.

Growth

The company has invested around \$1 billion since the last shareholders meeting on acquiring Laminex and Tasman Building Products. Our stated strategy since early 2002 has been to make a meaningful acquisition or acquisitions in Australia, assessed against a set of demanding criteria that would enhance Fletcher Building's earnings, provide less dependence on the New Zealand market and its cycle, and also provide new growth paths.

Laminex has met all these requirements to date. We continue to benefit from the continuity in the Laminex senior management team, which has remained committed to building the new Laminates and Panels business. Synergies are already running at a rate of around \$10 million per annum - nearly double those advised at last year's annual meeting of \$5 million per annum from 2004 onwards. The major gains have been in trans-Tasman freight savings, margin improvements in New Zealand and a sizeable organisational reduction in New

Zealand. Fortuitously, this is compensating for lower export margins resulting from the stronger Australian dollar against the US dollar.

Tasman Building Products is a smaller but equally appropriate acquisition. It was on our list of preferred acquisition targets, should it become available, even before Laminex... but the proposed Initial Public Offering of Laminex last year necessitated that we address that opportunity first. When Tasman was offered for sale this year, we were fortunate to have the resources to be able again to respond to the vendor's timetable and secure the opportunity.

Tasman is the Australasian market leader in fibreglass insulation, metal roofing tiles and access flooring systems, and is number two in stainless steel sinks. For many of you it will be better known through its Pink Batts insulation products. The Tasman business was in years past a unit of Carter Holt Harvey, and our acquisition brings ownership of the business home to New Zealand. The Tasman staff are very pleased to again be part of a New Zealand publicly listed company, and we could not have found a better cultural fit. The business is excellently managed, it has a highly reliable earnings record and it is on the brink of some real growth opportunities.

Some finance writers, analysts and even some shareholders have expressed reservations about these acquisitions, based on the patchy New Zealand record of cross border acquisitions. While we are at the early stages, I can confidently say that given the thoroughness of the pre-acquisition due diligence, the compelling strategic logic and, most importantly, the way the post-acquisition integration process has been handled in each of these transactions, we expect these acquisitions will continue to be successful and create value for shareholders.

Board

As noted at this meeting last year, the Board decided that, given the level of investment in Australia, it was appropriate for an Australia-based director to be added to the Board. I am pleased to say that, following an extensive search, a short list of appropriate potential directors was interviewed, and Geoff McGrath was appointed after meeting individually with all Fletcher Building directors. Geoff was, for more than 10 years, Chief Executive of GWA International - a Brisbane-based, Australian Stock Exchange listed, building products company with an enviable record of profit growth over a very long period. He knows our industry and the players in it very well indeed. Geoff will, of course, be standing for re-election at this meeting. It is pleasing to see from the postal votes already received the high level of support for his continued involvement with the company.

In the past few years, corporate governance has been a major focus for many people interested in achieving better value outcomes for corporates, including

minimising the chances of corporate failures. There is an array of provisions and procedures in place that affect the company, arising from the exchanges on which we are listed and from regulatory regimes in the jurisdictions in which we operate. There is, however, no substitute for directors and management of the company being highly knowledgeable in what they do and acting with integrity, enthusiasm and commitment to the goals of the organisation. Your directors accept their role in ensuring that Fletcher Building has these attributes as the foundation for its future prospects.

We have traversed in some detail the corporate governance practices in place in the company in the annual report, so I will not repeat them here. Directors do believe that we have the appropriate procedures and, more importantly, the right people in the company to achieve high standards of corporate governance.

It is appropriate on that note to pass over to your Chief Executive, Ralph Waters, to speak on the operating results. I will comment on the outlook after that.

Outlook

I would now like to provide an update on current trading.

Although we noted in our full year results announcement and our annual report that we expected some slowdown in activity and demand this year, that has not yet been evident in either the New Zealand or Australian markets. On the contrary, strong trading has continued for the first quarter and all divisions are ahead of both their own plans and last year. The only real negative to trading has been the effect of the stronger New Zealand and Australian currencies on export margins.

From 1 October 2003 the company will also benefit from the earnings of Tasman Building Products, whose results are well ahead of last year and ahead of the projections on which our acquisition was based. As was the case last year, our present business mix results in a stronger first half than second half, but that will be moderated by the inclusion of the full six months of Tasman Building Products earnings in that second half.

If there is to be a slowing in activity levels, it is now unlikely, in our view, to be in time to have a material impact on this year's earnings... so we expect that this will be another good year for Fletcher Building and its shareholders.

Thank you.



2003 Annual Meeting of Shareholders

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Address by:
Ralph Waters
Chief Executive Officer & Managing Director
Fletcher Building Limited

**FLETCHER BUILDING LIMITED
ANNUAL SHAREHOLDERS' MEETING 2003**

**SPEECH NOTES FOR MR RALPH WATERS
CHIEF EXECUTIVE OFFICER**

Thank you Mr Chairman, and good afternoon ladies and gentlemen.

Before commenting on divisional performance, let me first remind you of what Fletcher Building now looks like in terms of businesses and organisational structure. There are many businesses and brands, and there has been a good deal of corporate activity, so a recap is probably worthwhile.

I will start from this point last year and then show how and where Laminex and Tasman fit in. At this time last year, we had four divisions - namely Construction, Concrete, Building Products and Distribution.

The Construction division still comprises Commercial Building, Engineering, South Pacific and Residential.

In the Concrete division there were Golden Bay Cement, Winstone Aggregates, Firth ready mixed concrete and Humes and Stresscrete concrete products. The South American businesses, in Bolivia and Peru, were also in this division, as was our investment in India. Since then the Bolivian and Indian investments have been sold.

The Distribution division included PlaceMakers, Building Depot and Hire A Hubby, but following the sale of the Building Depot and Hire A Hubby in September this year, the division is now solely the PlaceMakers network of stores.

The Building Products division had Upstream Steel (which includes scrap metal and steel rod, bar and wire manufacturing), Downstream Steel (which included Fletcher Reinforcing, Dimond roofing and structural products, EasySteel, a general steel distributor, Pacific Coilcoaters and CSP Galvanising), Winstone Wallboards (makers of GIB products), Fletcher Aluminium, Fletcher Wood Panels and Scott Panel & Hardware. Since July 2003, Fletcher Wood Panels and Scott Panel & Hardware have become part of the Laminates and Panels division.

The recently-acquired Tasman Building Products is now part of the Building Products division, and includes fibreglass insulation businesses in Australia and New Zealand, metal roofing tiles in New Zealand and California, access flooring systems in Australia and stainless steel sink manufacturing in Australia.

The Laminates and Panels division was formed from the Laminex acquisition and Fletcher Building's complementary Wood Panels and Scott Panel &

Hardware businesses. This is now a \$1 billion revenue Australasian business.

Restating the 2003 annual turnover of each division after adjusting for these transfers to the Laminates and Panels division and the acquisition of Tasman Building Products and Laminex on a full year basis, the resulting divisional position is shown on the slide. Why this combination of businesses?

This next slide depicts Fletcher Building as a whole and helps explain that. We are primarily a building products and building materials manufacturer that controls the greater part of the distribution of those products. It is a highly vertically integrated business, and that is partly why our returns on investment are so high.

Against that background... turning now to the results of the divisions for the last year.

Construction had a solid year in 2003, largely completing two of its major projects - Manukau Waste Water and Auckland Hospital - while making great progress on the Grafton Gully Freeway and associated work on the main Auckland motorway. There was an exceptional performance from the residential business, where we built and sold more than 500 homes with excellent margins, and we continue to have negligible warranty issues on our homes. Operating earnings for the Construction division were \$34 million, up 13% from \$30 million in 2002. There is as yet no sign of any downturn in the residential construction sector and with good infrastructure contracts such as Auckland's Central Motorway Junction being recently obtained, the division is well placed to produce another good year.

Concrete had good profit improvements in every business unit. Operating earnings were up 38% to \$83 million, from \$60 million in 2002. Golden Bay Cement and Firth produced record volumes. Winstone Aggregates' Hunua quarry, which replaced the depleted Mt Wellington quarry, is now performing well and that underwrote the Aggregates improvement. Humes and Stresscrete both had big improvements on the prior year. A capital expenditure programme is under way to increase capacity at Golden Bay Cement's plant in Whangarei, necessary to meet the current and projected higher levels of demand.

Building Products, which included Fletcher Wood Panels and Scott Panel and Hardware in the 2003 year, lifted earnings 32% to \$112 million, from \$85 million in 2002. There were exceptional performances from Winstone Wallboards and Pacific Coilcoaters, but all business units other than steel making and wood panels had good improvements on the prior year. Steel and Wood Panels were affected by power pricing and the appreciating local currency, but have returned to acceptable profitability since the power pricing returned to normal levels.

In the 2003 year the Laminates and Panel division is simply the Laminex result, which was attributable to Fletcher Building for just over seven months

and contributed \$44 million operating earnings. Laminex's full year result was above the \$95 million before interest, tax, depreciation and amortisation, or EBITDA, which was the basis of the purchase price. There was, you may recall from last year's meeting, an "earn-out" formula whereby Fletcher Building would pay the vendor an additional sum, up to a maximum of \$20 million, based on the earnings above \$95 million for the full year. On 31 October we paid a further 16 million Australian dollars to meet that obligation, resulting in a total acquisition cost of 685 million Australian dollars.

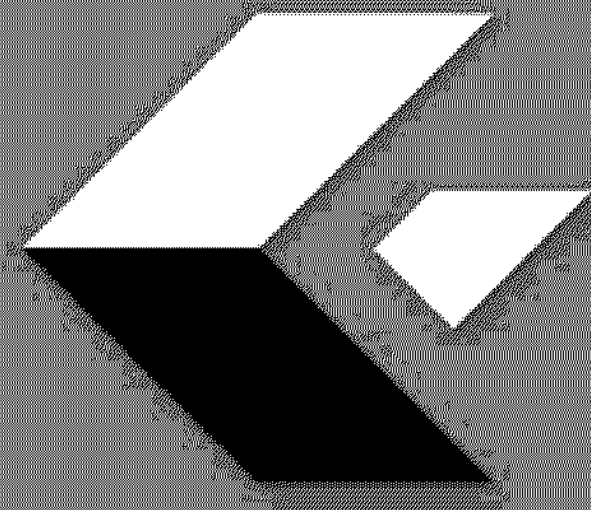
As the Chairman has already mentioned, the synergy benefits being attained from the merging of the Laminex and Fletcher Building panel businesses are most encouraging and are well exceeding our pre-acquisition expectations. We expect this focus on rationalisation of the existing businesses, including distribution facilities, to continue in 2004.

Distribution enjoyed a very favourable market and had an excellent result. The consolidated operating earnings were \$55 million, up from \$34 million in 2002, and I might add up from \$18 million in 2001. We are unique in the industry with our joint venture model for most PlaceMakers stores, whereby the operator has a major equity investment in the store. Building Depot and Hire A Hubby were wholly owned businesses that were not key outlets for Fletcher Building products and were not trade focused as is PlaceMakers, and that is why they were sold.

During the year we invested \$88 million on new plant and equipment. There is, as I have already noted, a major upgrade of the cement plant in Whangarei under way, which over the next four years will involve more than \$50 million of investment. This will improve capacity and efficiency, and lower CO2 production, as will be required to get suitable outcomes from the Kyoto Protocol requirements legislated during the year. Winstone Wallboards had a \$5 million plant improvement and, as normal, we spent many millions on a range of investments such as maintaining our large fleet of trucks in Firth and Winstone Aggregates, new equipment including a new tower crane for construction, and maintaining or improving the diverse information technology network. All capital expenditure over \$500,000 is subject to independent internal peer review and many savings and/or improvements flow from this process.

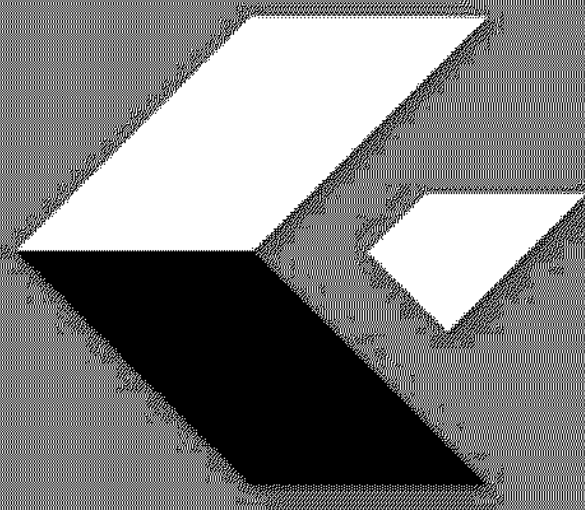
If there are keys to our success over the past two years, the most important is a capable management and support group, with significant operational autonomy, yet with real accountability. Fletcher Building has a clarity of strategic direction, which we have espoused on previous occasions. It is to reach and maintain high performance in building materials manufacturing with strong channels to market for those products. Maintaining high financial performance is more difficult if the company remains captive to the New Zealand business cycle. Thus we have implemented further growth and diversification of earnings in Australasian markets, and will continue to do so when opportunities arise, so achieving stronger across-the-cycle earnings. This clear statement of strategic intent is an important guide for our staff as well as a comfort to all of our investors. We remain focussed on ensuring

greater reliability of earnings through the cycle than was the case in the past, and on availing ourselves of more value adding growth opportunities.



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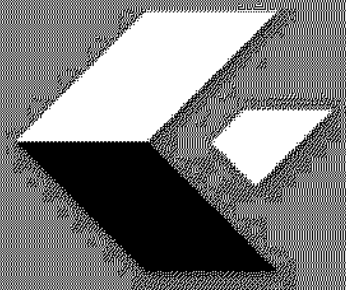
Annual Shareholders' Meeting 2003

Roderick Deane
Chairman

Directors

- Dr Roderick Deane (Chairman)
- Paul Baines
- Hugh Fletcher
- Geoffrey McGrath
- Ralph Norris
- Sir Dryden Spring
- Kerrin Vautier
- Ralph Waters (Managing Director)

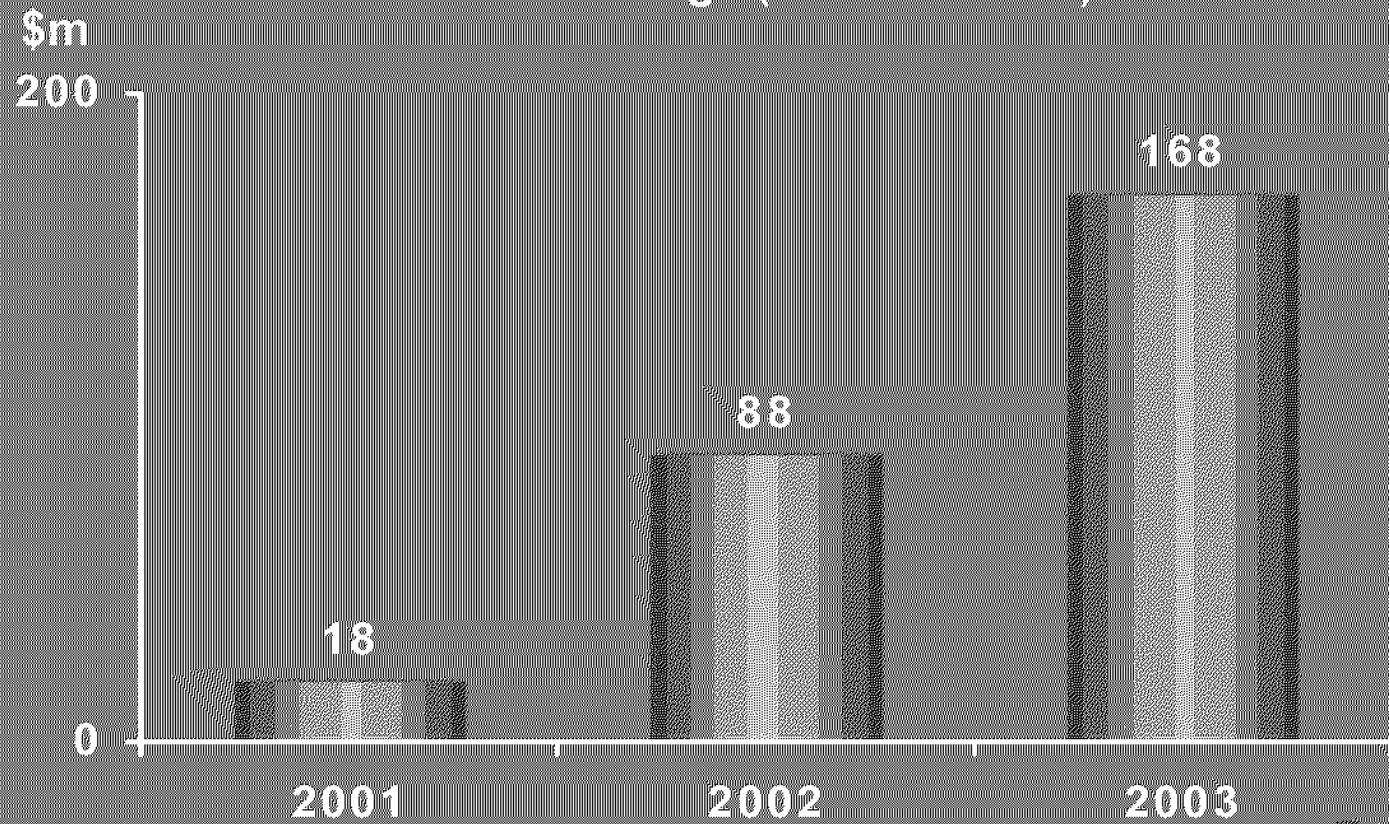




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Earnings

After Tax Earnings (Pre-Unusuals)



Laminex Acquisition

- Completed in November 2002
- Integrated successfully
- High level of performance
- Earnout finalised with total acquisition price of A\$685m



Sales of Non-Strategic Assets

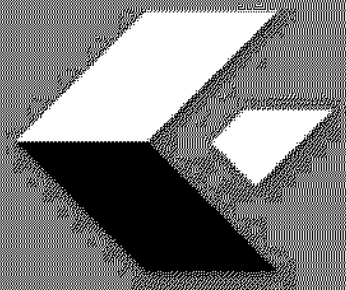
- Bolivia – concrete
- Australia – aluminium distribution
- India – concrete



Refinancing

- 44 million shares placed above market price raising \$129m
(Sept 02)
- Further equity raising at market price raising \$26m
(Nov 02)
- \$150m capital notes issue
(Nov 02)
- New syndicated bank facility of \$800m
(Dec 02)





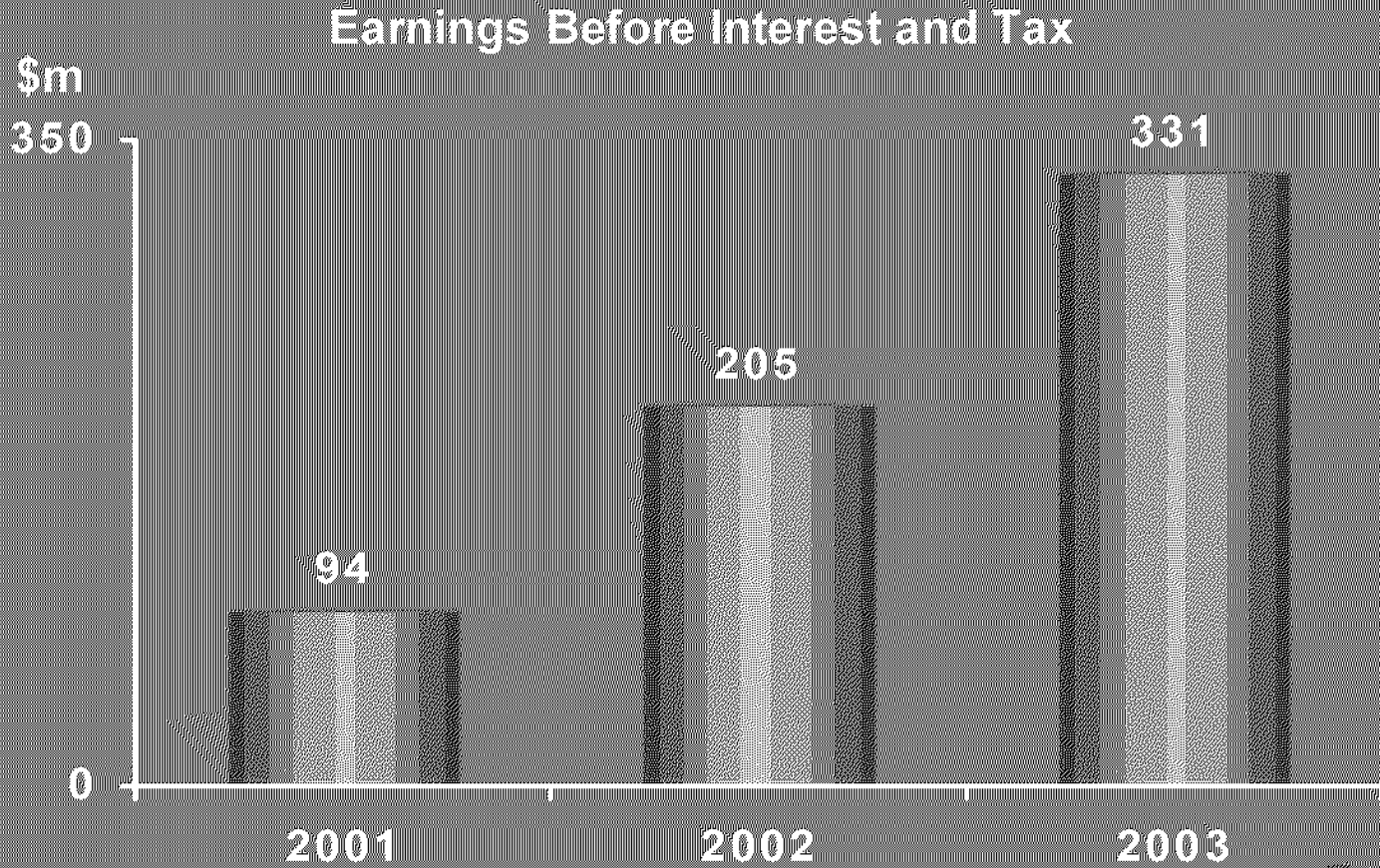
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Post 30 June 2003

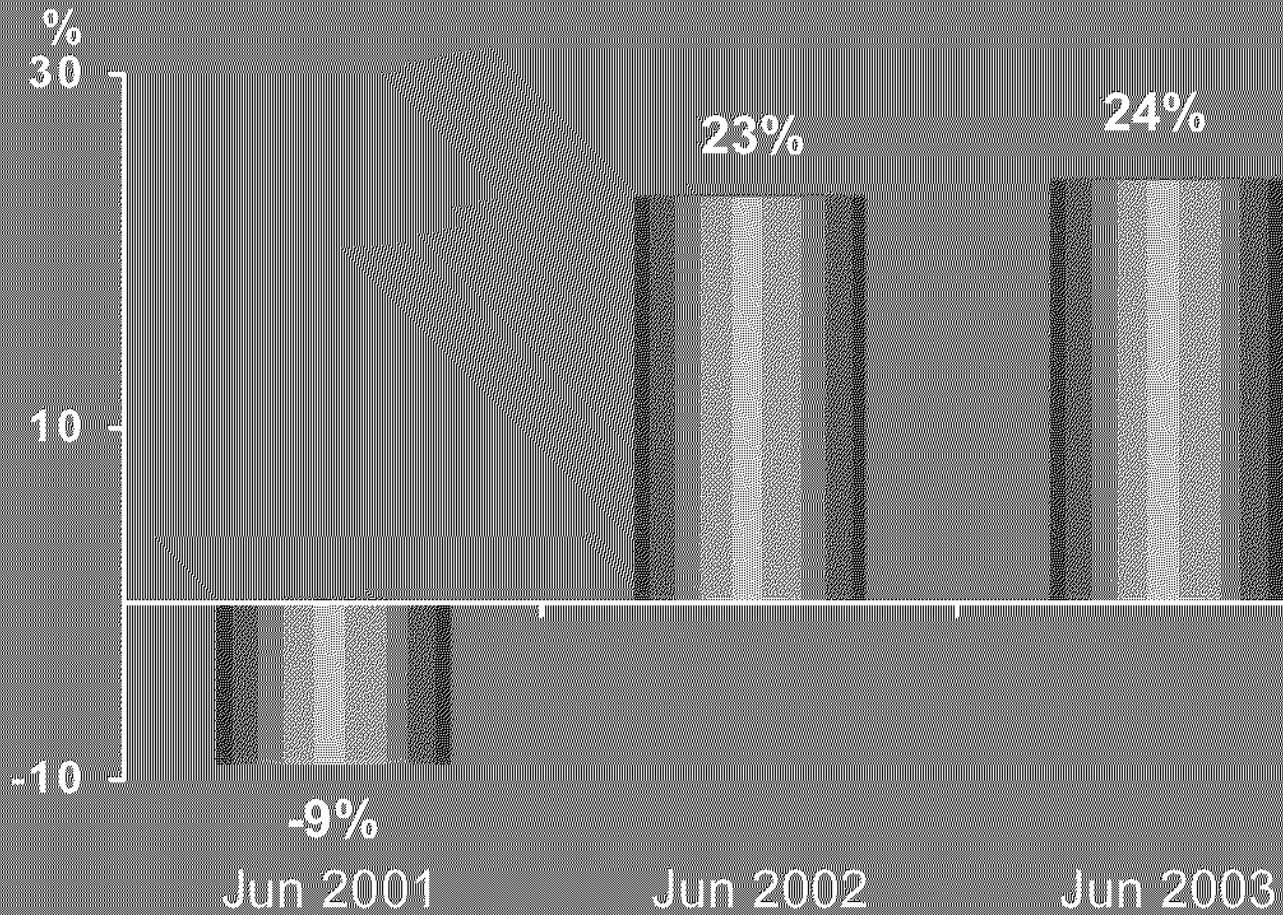
- Purchase of Tasman Building Products
- Sale of Building Depot
- Sale of Hire A Hubby
- 25 million shares placed at small discount to market price raising just over \$100m
(Sept 03)



Operating Earnings



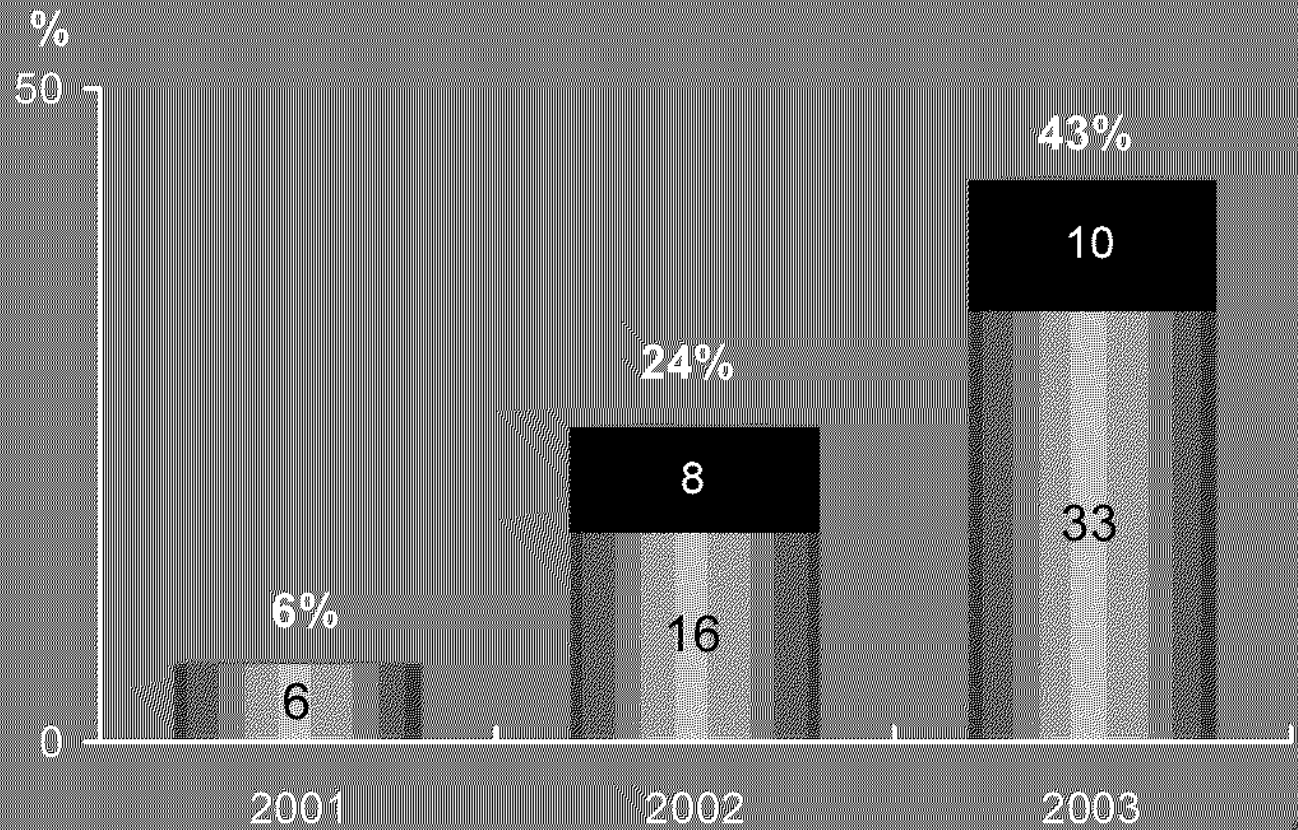
Return on Average Funds*



* $EBIT / (\text{Average net debt} + \text{equity} + \text{capital notes}) - \text{deferred tax asset}$

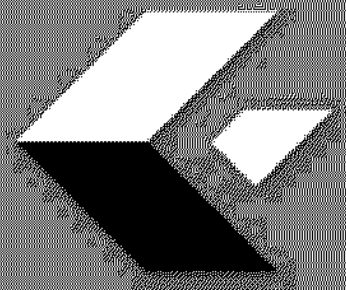


Total Shareholder Return



■ Share Price ■ Dividends



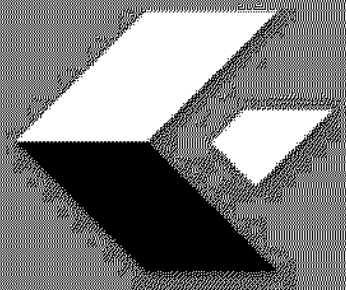


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The Laminex Group

- Committed management team
- Synergies now forecast to be \$10m p.a.
 - Freight
 - Margins
 - Organisation structure



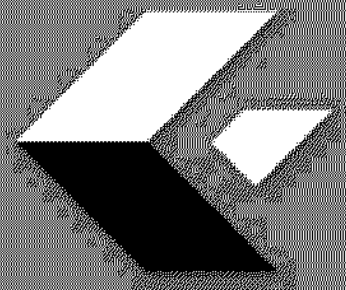


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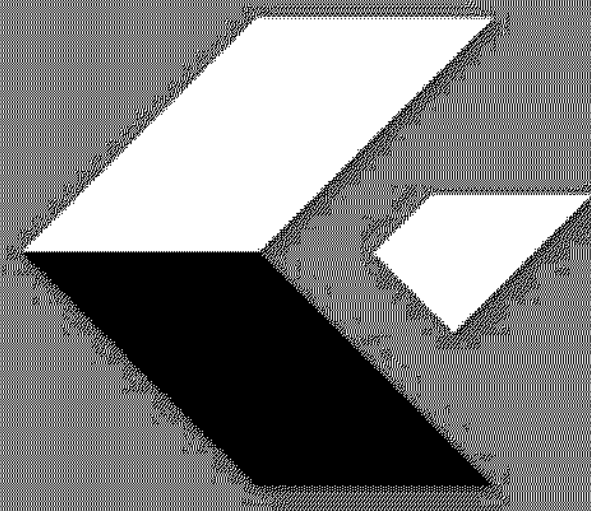
Tasman Building Products

- Fibreglass insulation
(No.1 in Australasia)
- Metal roofing tiles
(No.1 in Australasia)
- Access flooring
(No.1 in Australasia)
- Stainless steel sinks
(No.2 in Australasia)





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Annual Shareholders' Meeting 2003

Ralph Waters

Managing Director & Chief Executive Officer

Construction

Commercial Building

Engineering

South Pacific

Fletcher Residential



Concrete

Golden Bay Cement

Winstone Aggregates

Firth

Humes

Stresscrete

Peru

Bolivia

SOLD

India

SOLD



Distribution

PlaceMakers

The Building Depot

SOLD

Hire A Hubby

SOLD



Building Products

Upstream Steel

Downstream Steel

Winstone Wallboards

Fletcher Aluminium

Fletcher Wood Panels

MOVED

Scott Panel & Hardware

MOVED

Tasman Building Products

ACQUIRED



Laminates and Panels

FORMED 1 JULY 03

The Laminex Group

Laminex Australia

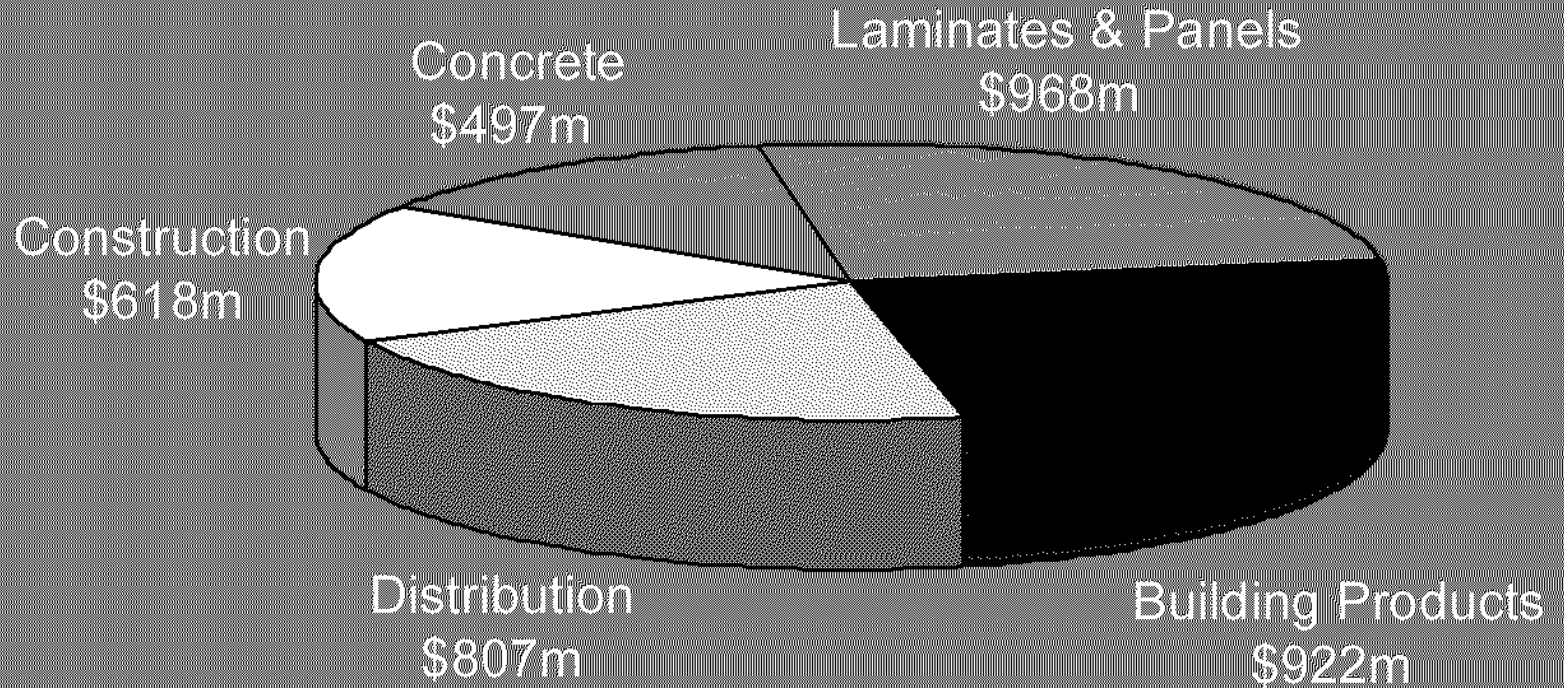
Laminex New Zealand

Fletcher Wood Panels

Scott Panel & Hardware



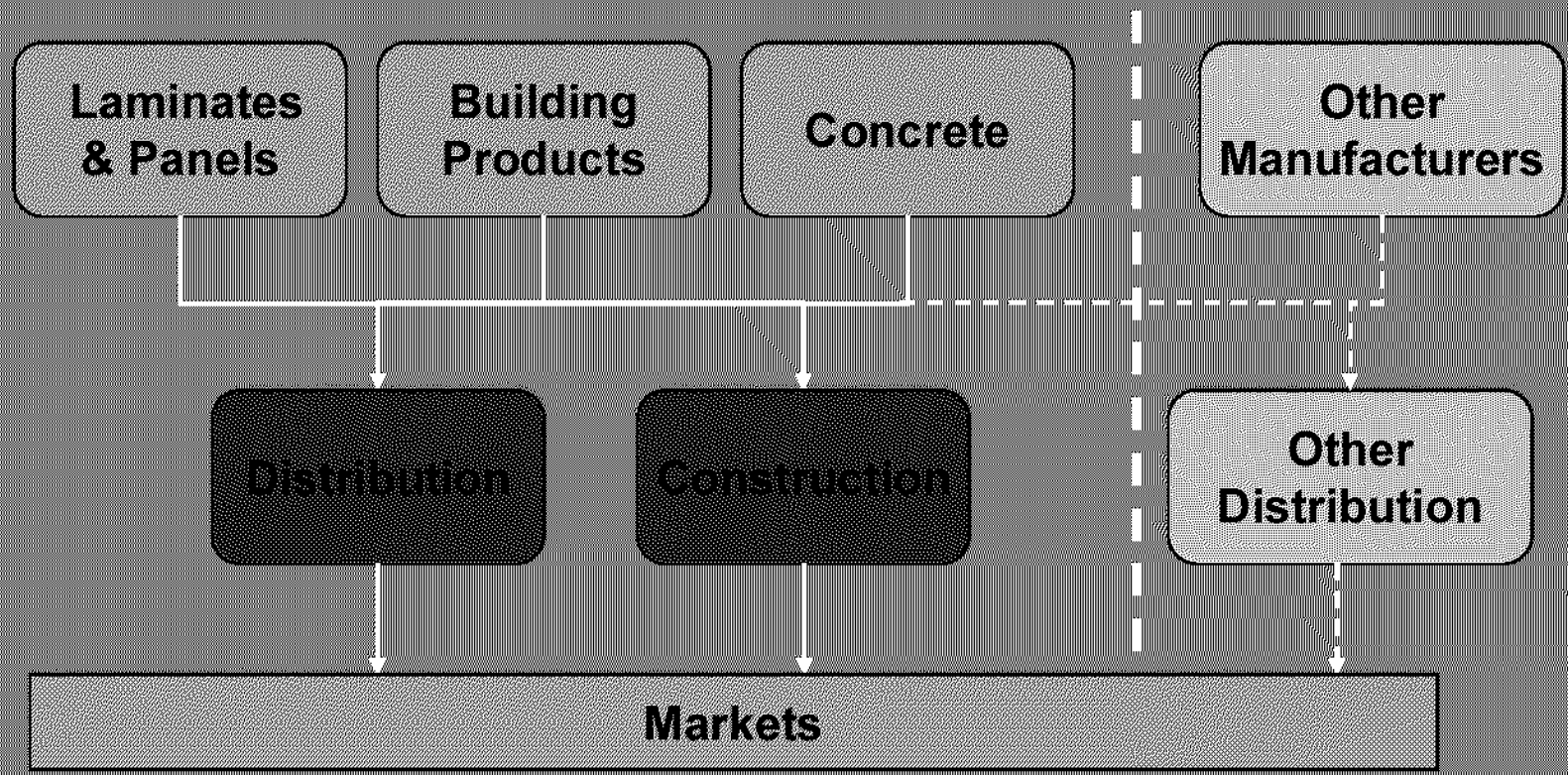
Restated 2003 Turnover per Division*



* Proforma for the full year



Fletcher Building Model



Construction

- Operating earnings \$34m – up 13%
- Exceptional performance from Residential
- New infrastructure projects obtained
 - Grafton Gully
 - Central Motorway Junction



Concrete

- Operating earnings \$83m – up 38%
- Profit well up in every business
- Golden Bay Cement expansion
 - Indirect Coal Fire
 - Cooler



Building Products

- Operating earnings \$112m – up 32%
- Exceptional performance from Winstone Wallboards and Pacific Coilcoaters
- Steel making and wood panels affected by power prices and strong NZ\$



Laminates and Panels

- Laminex's operating earnings of \$44m attributable to Fletcher Building
- Annual operating earnings up 26%
- Continuing focus on merger benefits



Distribution

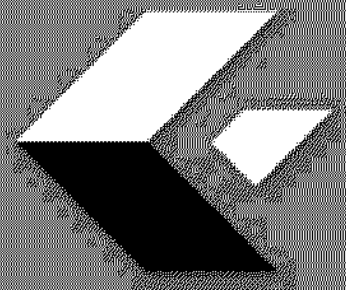
- Operating earnings \$55m – up 62%
- Sales of Building Depot and Hire A Hubby tighten focus on Fletcher Building products



Capital Expenditure

- \$88m on new plant and equipment
 - Golden Bay Cement plant upgrade - \$50m over four years
 - Winstone Wallboards plant upgrade
 - Various equipment and maintenance
 - Rigorous internal review process





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Outlook

- Strong trading continues
- All divisions ahead of budget and last year
- Tasman earnings included from Oct 2003
- Good results expected for both the half and full year

