



FletcherBuilding

**Half Year Results
to December 2007**

13 February 2008



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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

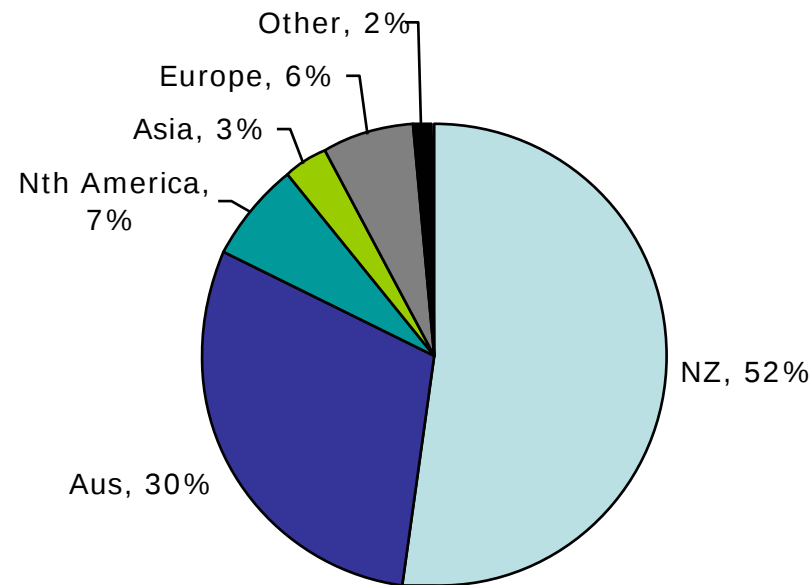
Summary of Results

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

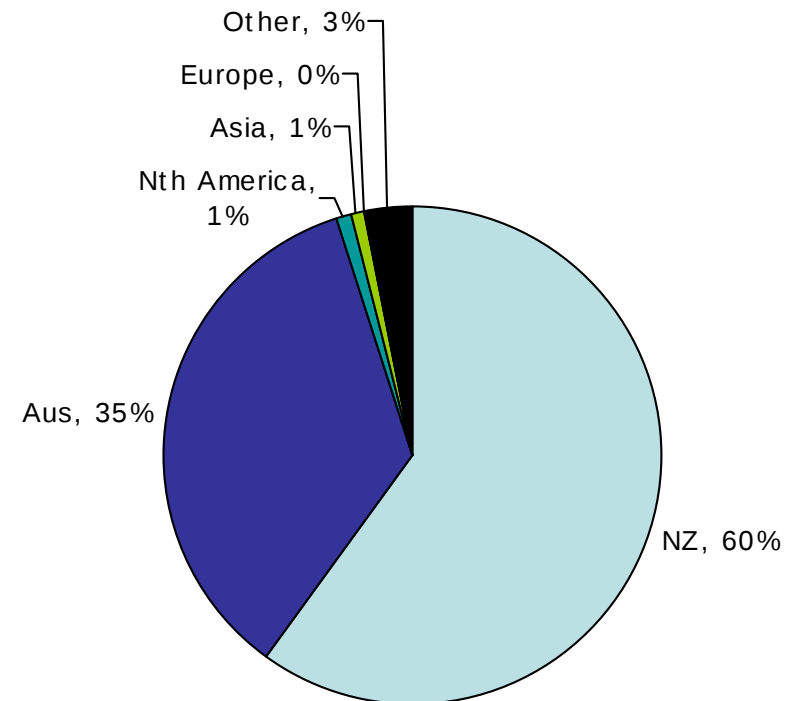
Geographic Diversity

Revenue \$NZm

6 Months Dec 07



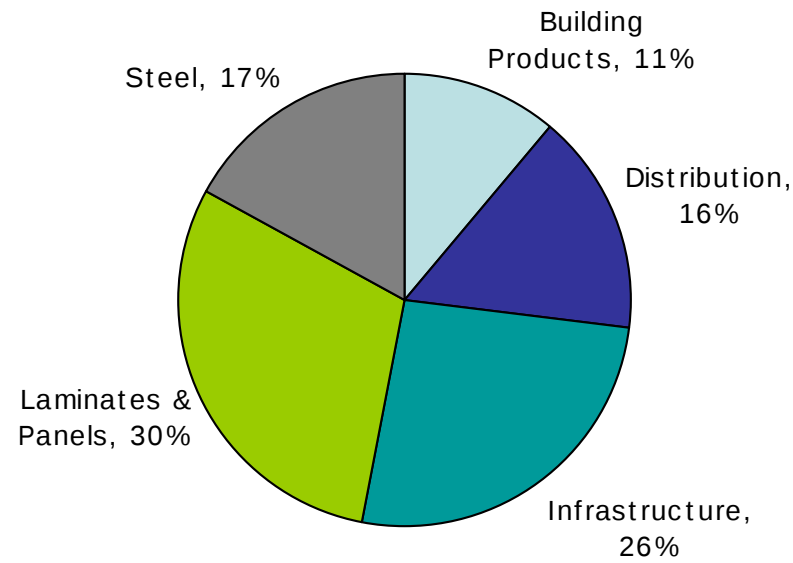
6 Months Dec 06



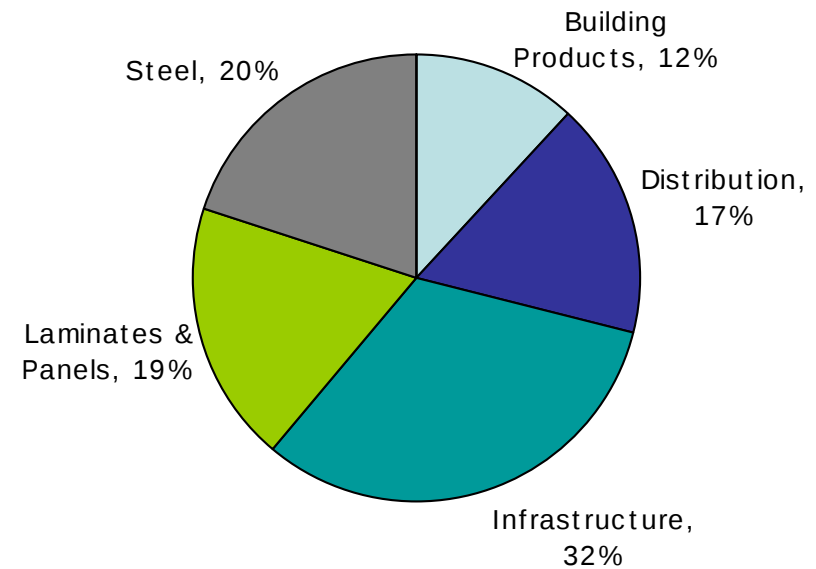
Market Diversity

Revenue \$NZm

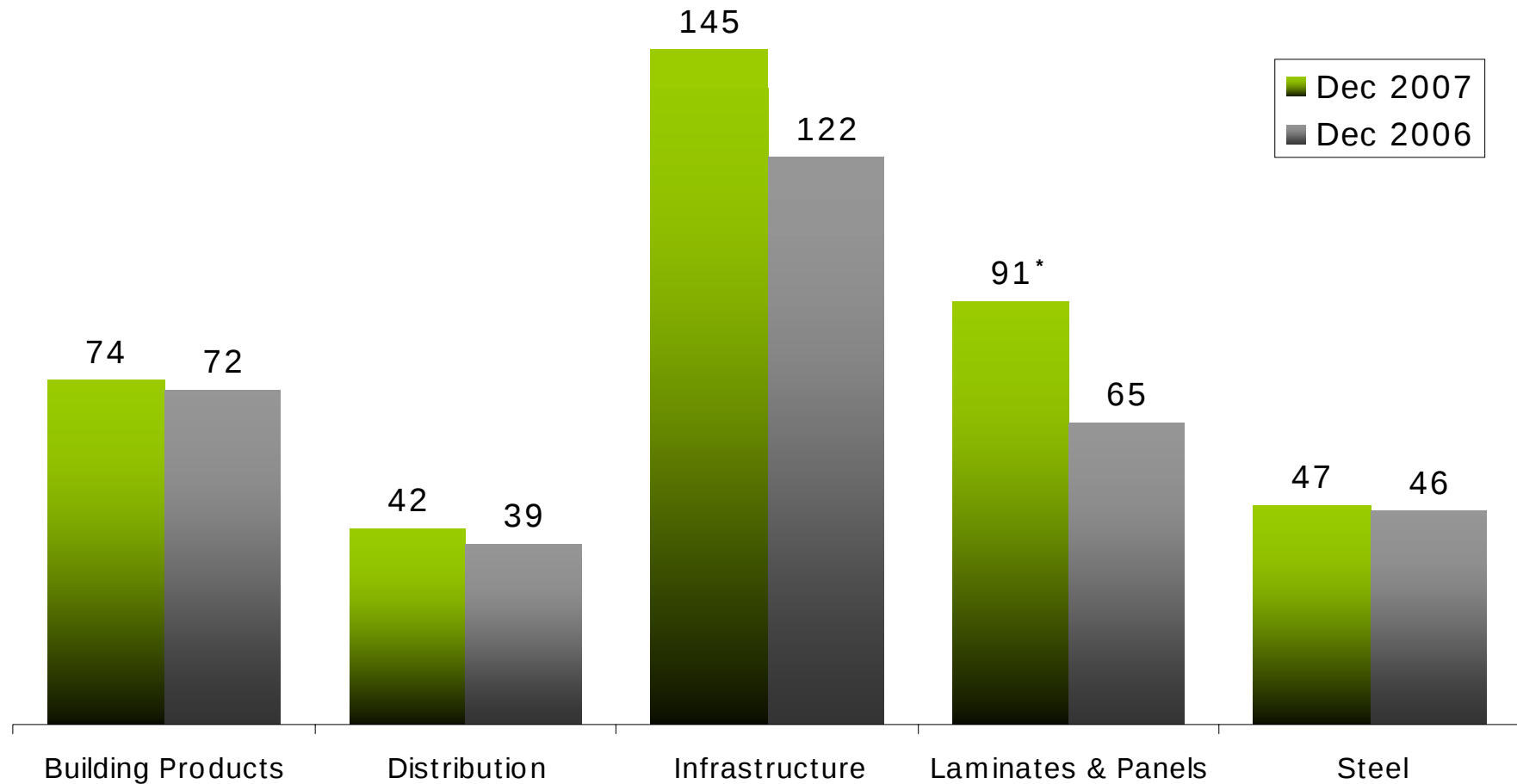
6 Months Dec 07



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
EBIT	74	72	141 ²
Margin %	19.7	20.9	20.0
Funds	572	557	565
Return on Funds %	25.9	27.8 ¹	25.8 ¹

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
EBIT	42	39	80
Margin %	7.4	7.5	7.5
Funds	167	149	163
Return on Funds %	50.3	52.3	49.1

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
EBIT	145	122	271
Margin %	15.7	12.7	13.9
Funds	879	769	767
Return on Funds %	33.0	31.7	35.3

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
EBIT	91	65	131 ¹
Margin %	8.5	11.8	12.4
Funds	1884	869	814
Return on Funds %	9.7	15.0	16.1

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 pcg.

Further investment planned in componentry.

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

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:

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



Steel

Steel Results

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

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.



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Financials

Net Earnings

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

1. Includes unusual gain of \$5m

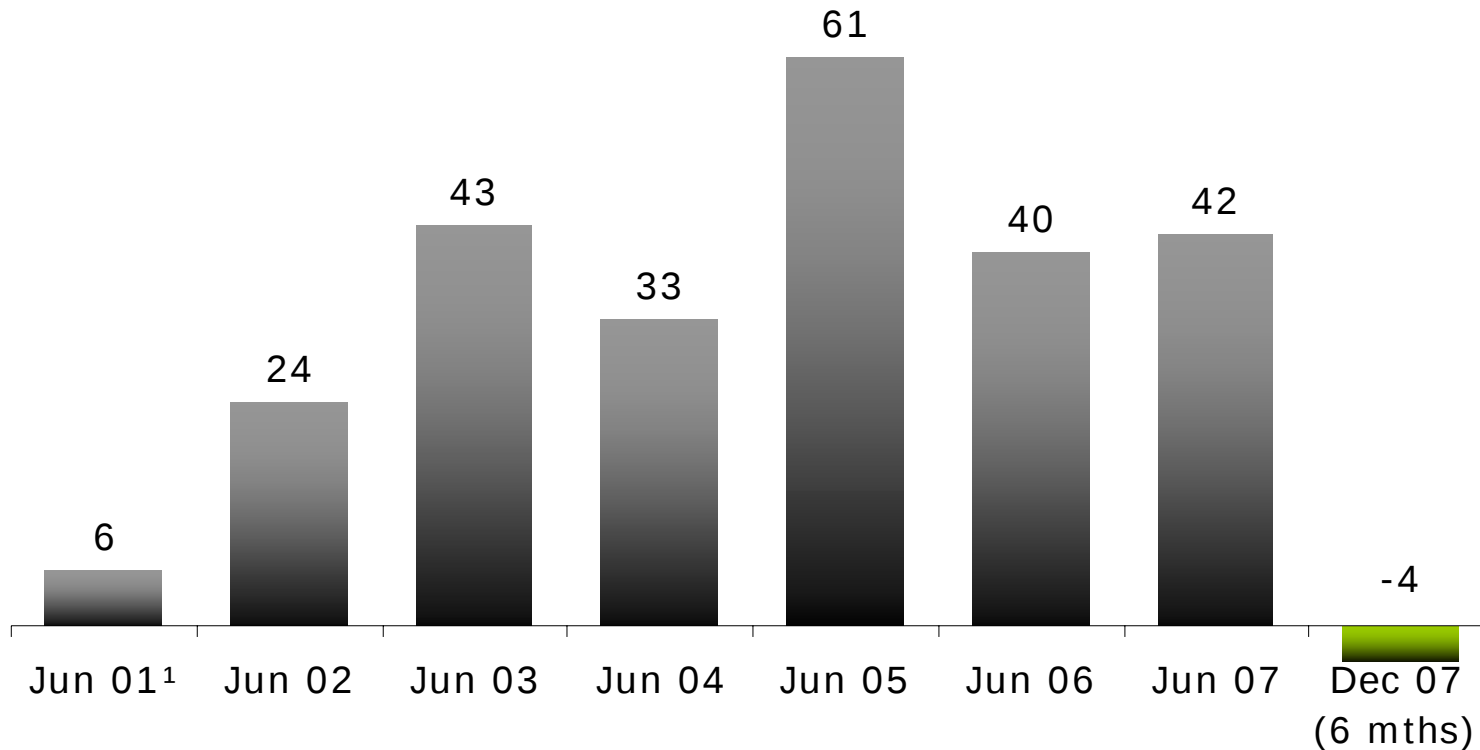
2. Includes one-off tax benefit of \$80m

Simplified Balance Sheet

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

Key Ratios

Total Shareholder Return (TSR) Percentage

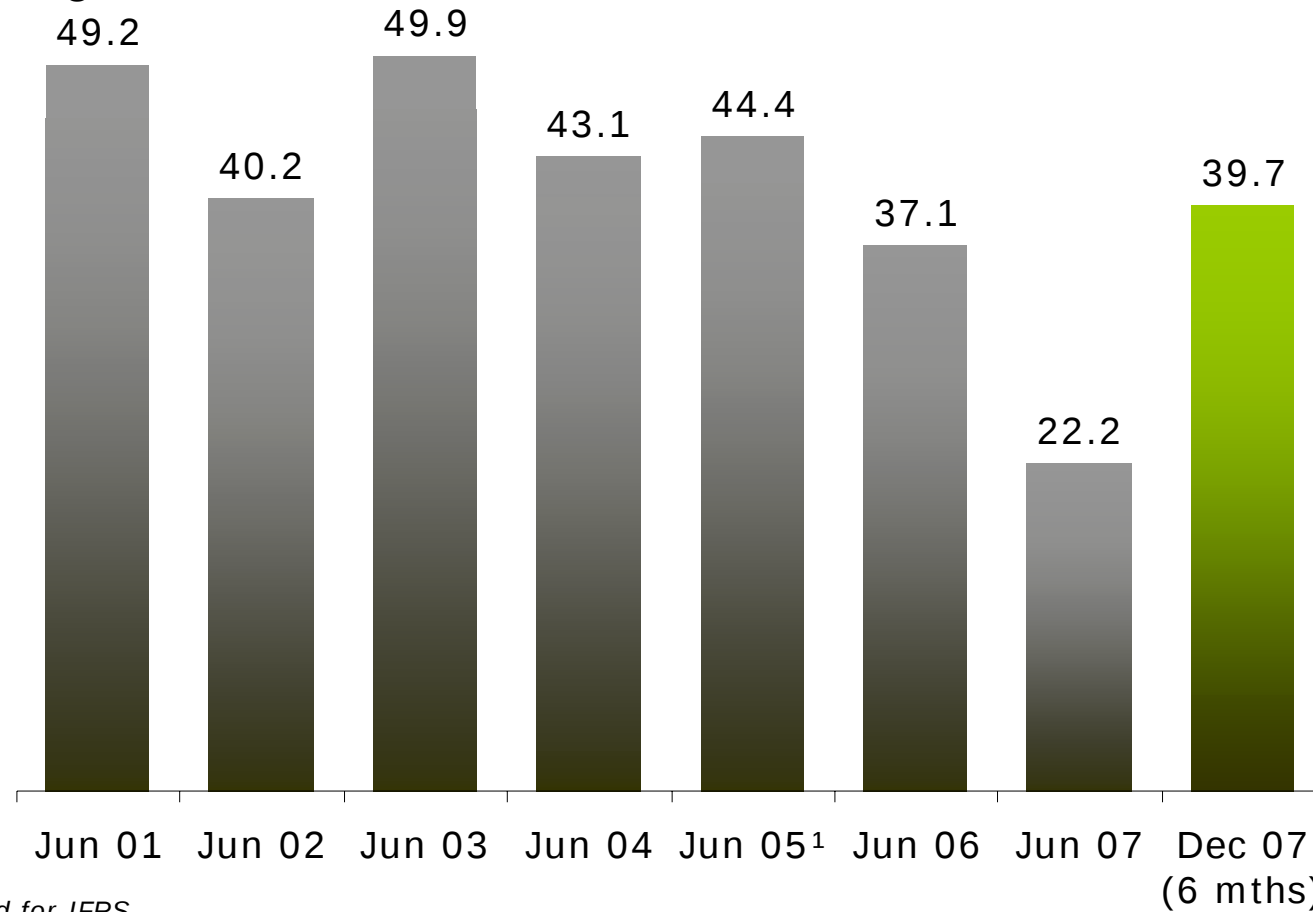


1. June 01 is the return for the 3 months from separation date

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

Key Ratios

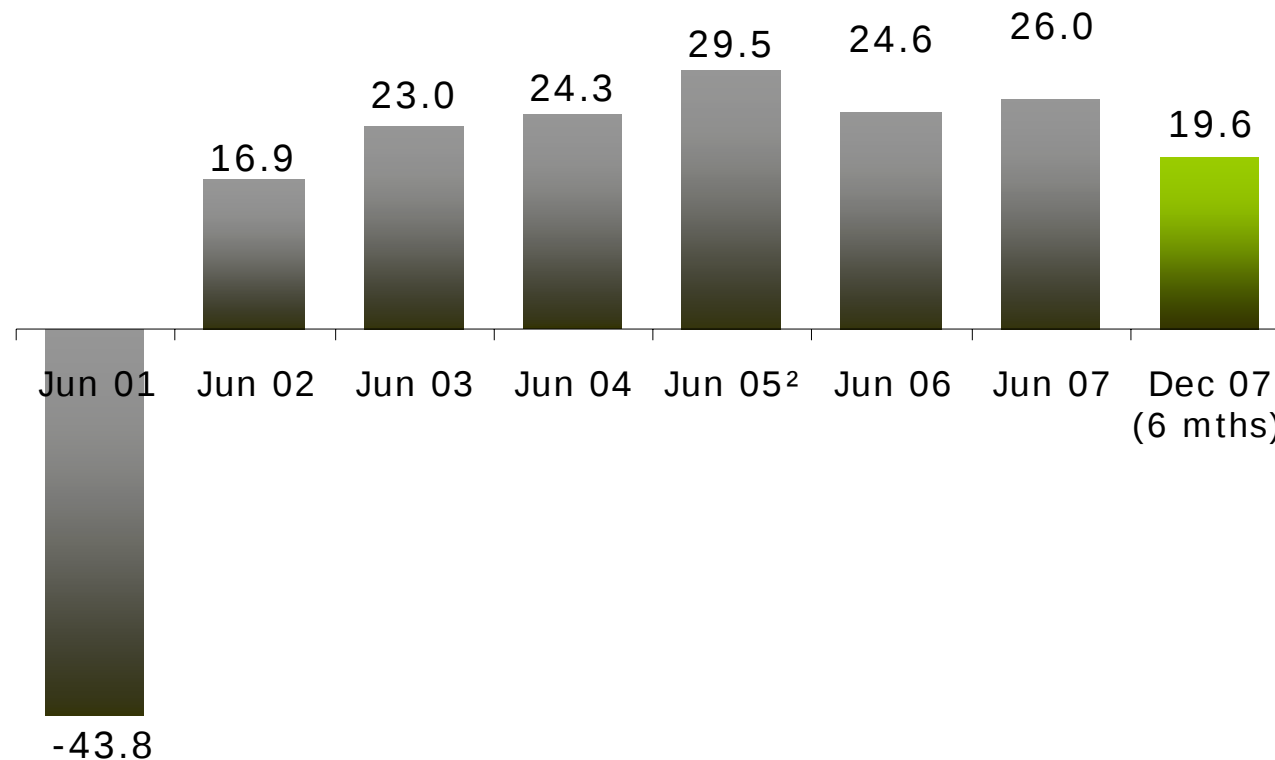
Debt / Debt Plus Equity Percentage



1. Restated for IFRS

Key Ratios

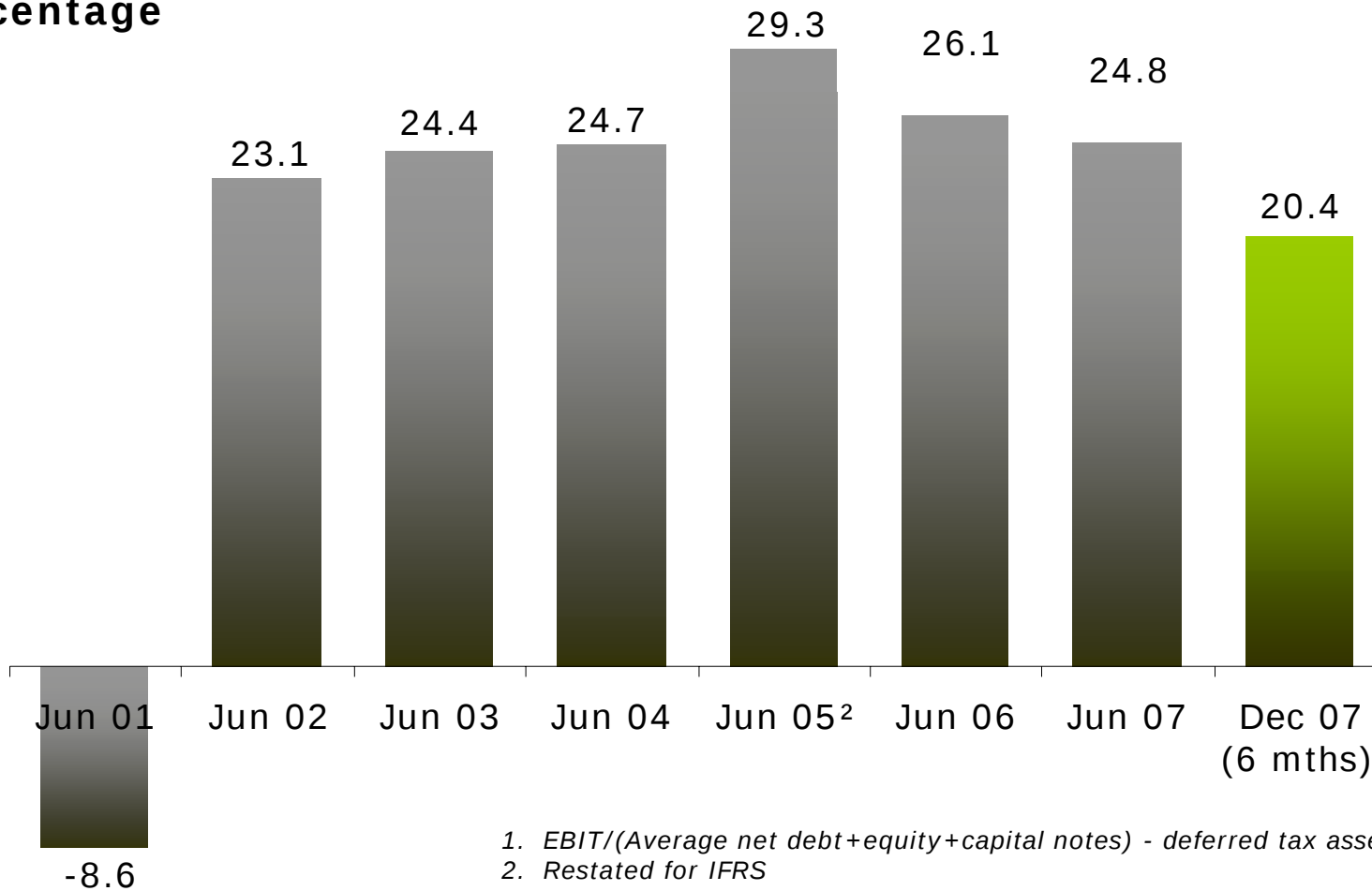
Return on Average Equity¹ Percentage



1. Net earnings after capital notes interest/shareholders funds
2. Restated for IFRS

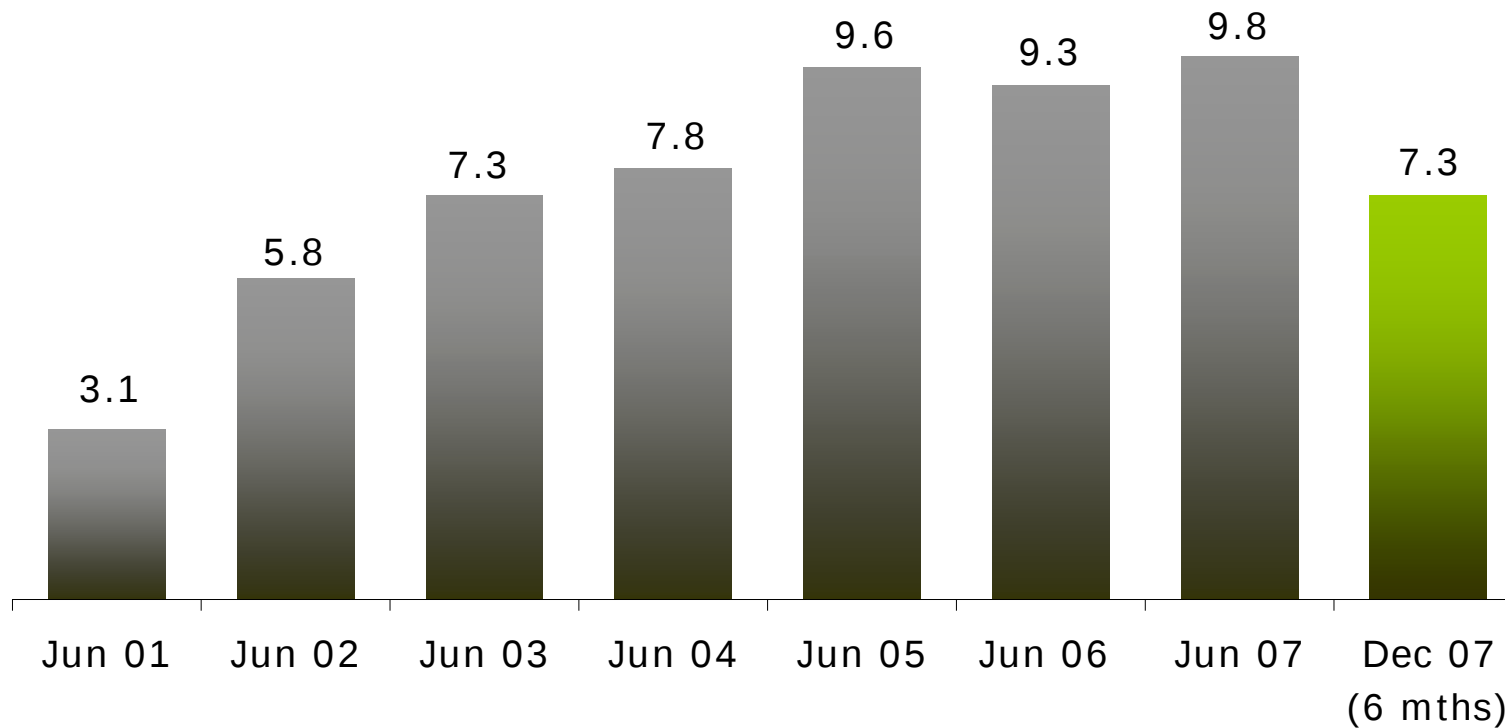
Key Ratios

Return on Average Funds¹ Percentage



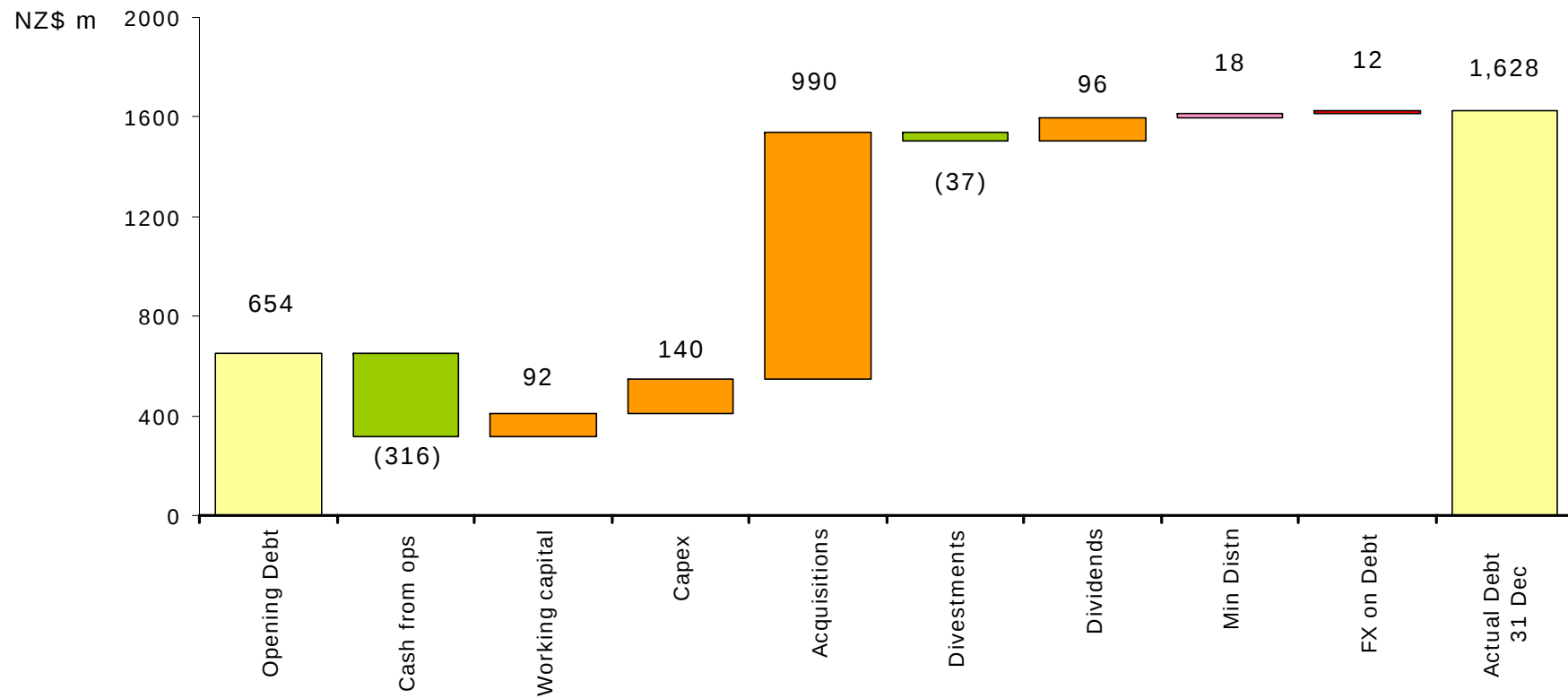
Key Ratios

Interest Cover¹ 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

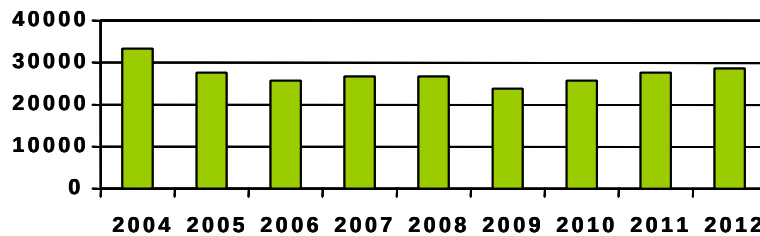
External Growth

Earnings Reliability

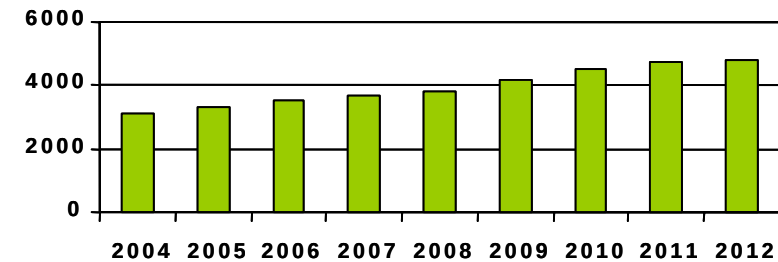
- ❑ Company outlook should be cognisant of both product and geographic diversity.
- ❑ For New Zealand – Infometrics Nov 07 estimate of total volume of work commenced.
- ❑ For Australia – BIS Dec 07 estimate of total volume of work commenced.

New Zealand Volume of Work Commenced

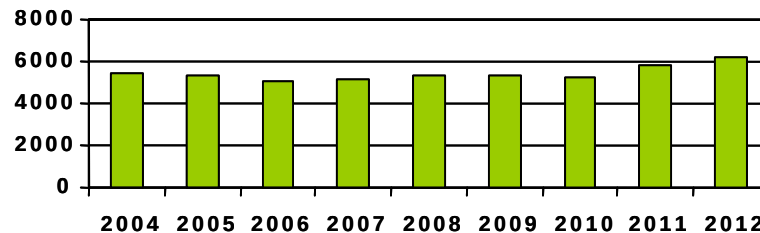
Residential Consents



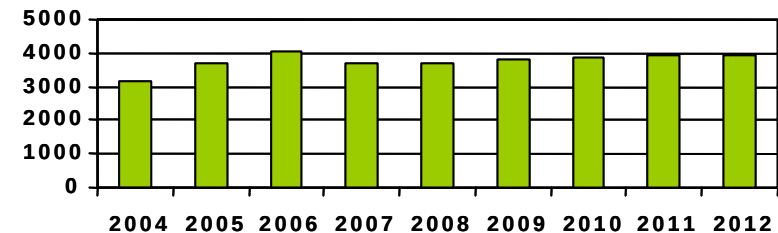
\$m 1995/96 prices Infrastructure WPIP



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



\$m 1995/96 prices Non Residential WPIP



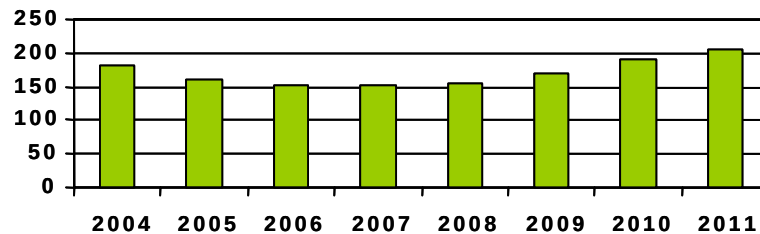
Source : Infometrics February 2008 data = June Years

Australia

Volume of Work Commenced

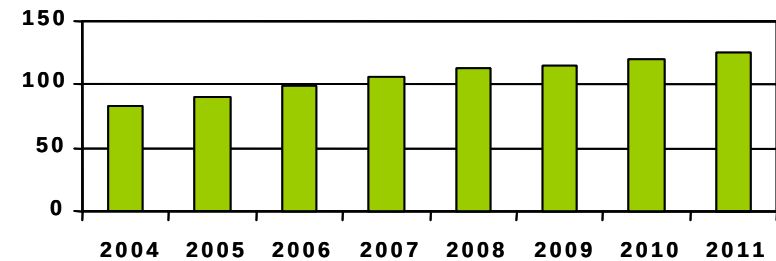
Residential Approvals

'000s



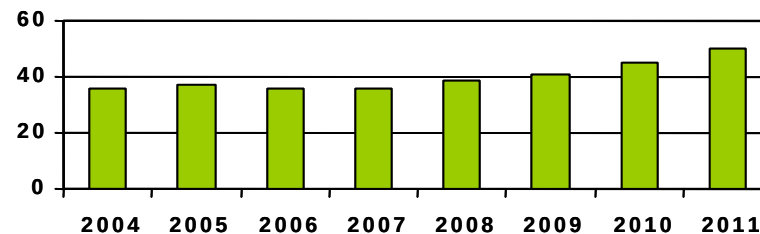
\$bn 2004/05
prices

Infrastructure WPIP



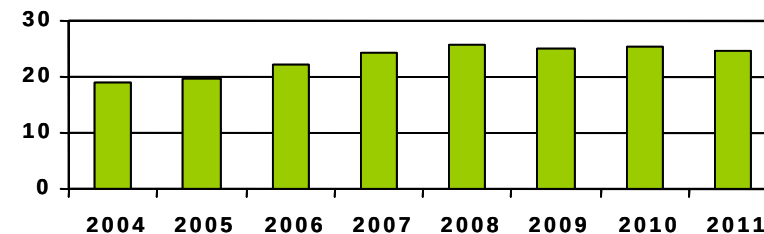
Residential incl A&A WPIP

\$bn 2004/05
prices



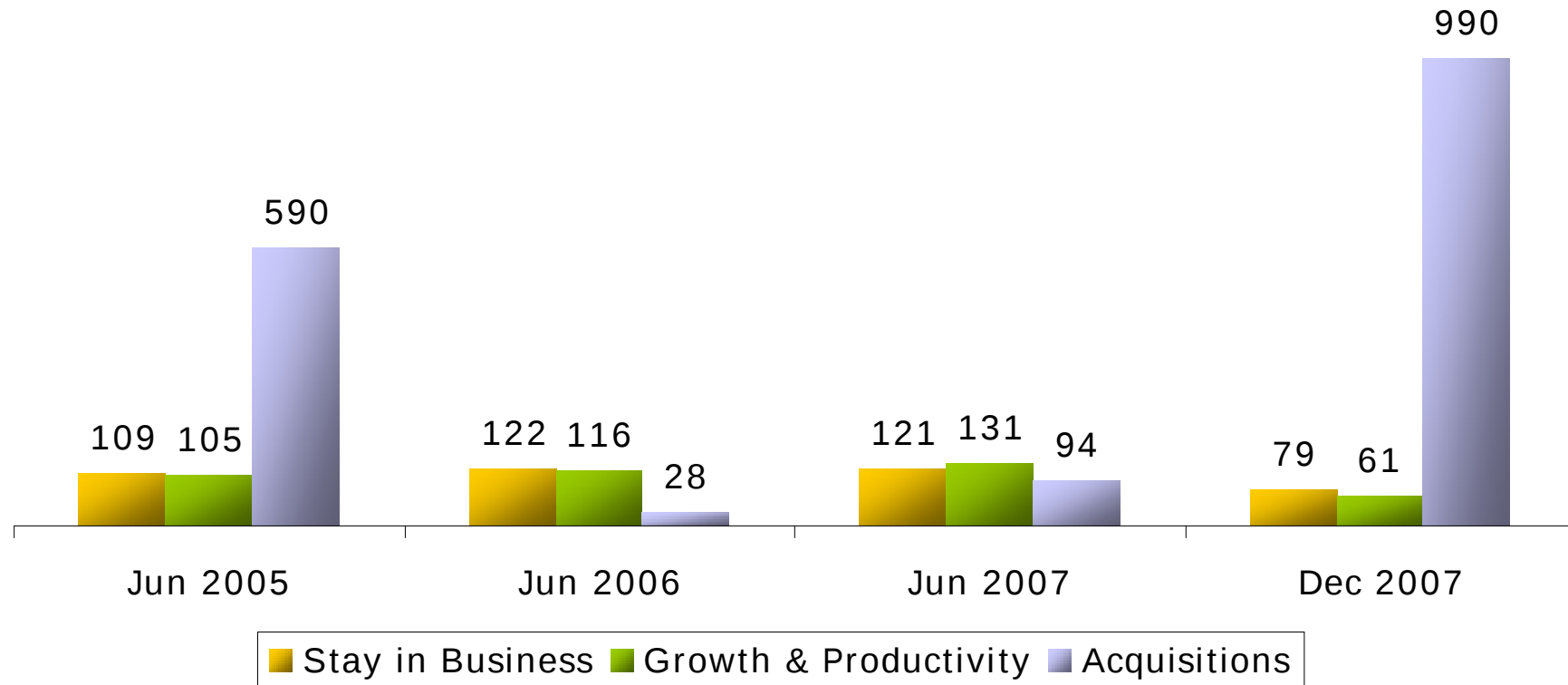
\$bn 2004/05
prices

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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