




**James Hardie**

**2006 Analyst/Investor Tour**

**Nigel Rigby**

**North ColorPlus**

**12-13 December 2006**



## Strategy Recap

### **Reduce siding on the wall cost - closing the gap between Hardie and Vinyl – increasing available market opportunity**

- Increasing the value proposition to the builder, lower Hardie on the wall cost by \$0.40 – 0.60sf through eliminating the site painter and re-engineering the supply chain
- Durability, maintenance and the look of wood value proposition to the consumer

### **Higher value strategy increasing revenue per home by 90%**

(\$1450 / 2500 sf home primed vs. \$ 2770 C+ and XLD)

### **Market will demand a majority pre-finished “ColorPlus” product**

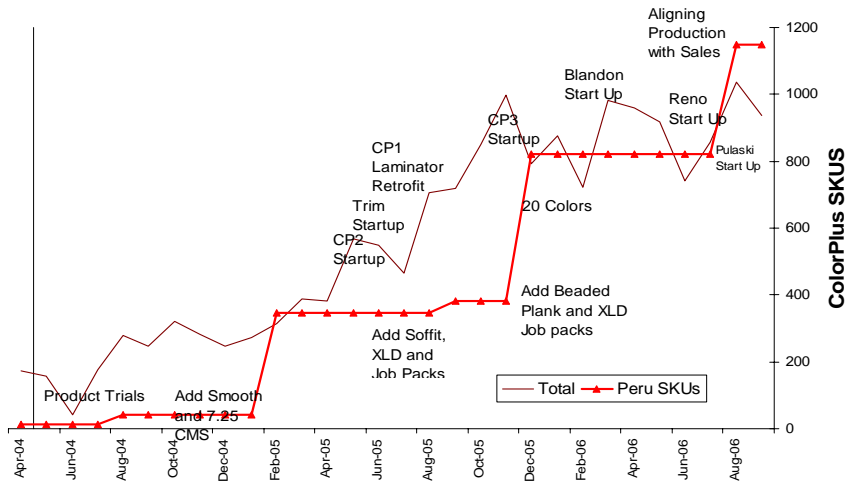


## Strategy continued

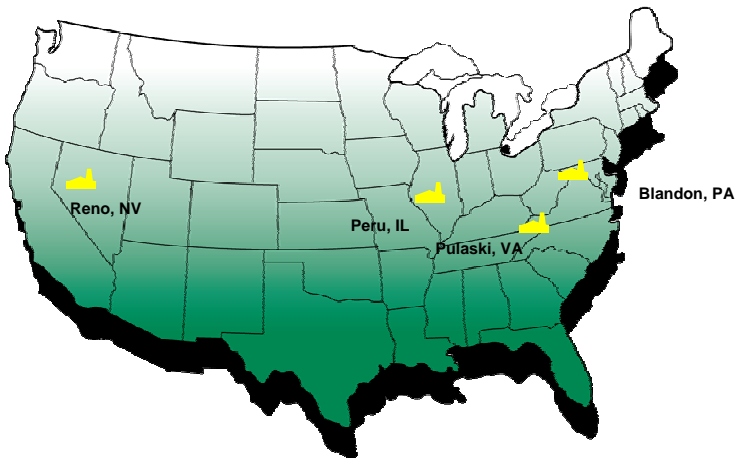
- **Value proposition to the builder**
- **Re-engineer the Supply Chain**
- **Manufacturing - technology**
- **Speed of Execution**

# Manufacturing 20 X 20 Model

## ColorPlus Production Ramp-up



# ColorPlus Capacity

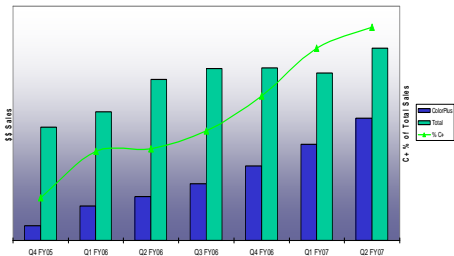


\* Does not include ColorPlus Trim capacity

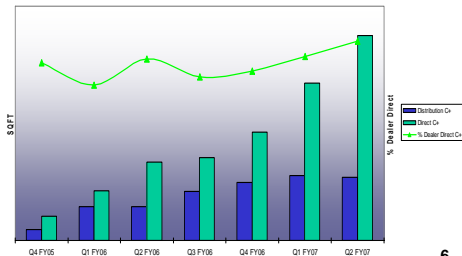
# Channel Strategy

- Reset the channel around the Color model November 2005
- 40% of ColorPlus is currently shipped direct to dealers
- Mid and Mini penetration is 5% this quarter
- Established a Base Demand sales team to drive primed to color


Chicago Total and C+ Net Sales



Chicago Shipments



# Enabling Color Logistics


**James Hardie Siding Products**

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### Pallet Configuration

[View instructions for this page](#)
Postal Code is 60606 - Market Profile is 27 B 12

The Pallet Configuration Tool helps to determine the optimal mix of pallet sizes you need for a specific job site.

Units of Measurement:  Qty:  Coating Type:  Board Type:  Texture:  Size:  Color:

Factor In Waste?  Yes  No Waste %: 
 

 MY TRUCK

Quantity Requested: 2500 Square Feet of Material [Add to My Truck](#)

You need 1 Full pallet(s) of part number 470131, for 1732.5 Square Feet of Material.  
 You need 1 Mid pallet(s) of part number 470132, for 742.5 Square Feet of Material.  
 You need 1 Mini pallet(s) of part number 470133, for 247.5 Square Feet of Material.

Pallet total of 2722.5 Square Feet of Material. Number of Pieces 330. These quantities do not factor in extra material for waste.

Suggested Accessories:

470B01 ACC CP Paint, Touch-up AT-12, Autumn Tan  
 470B21 ACC CP CAULK, 10.2 OZ- AT-12, Autumn Tan

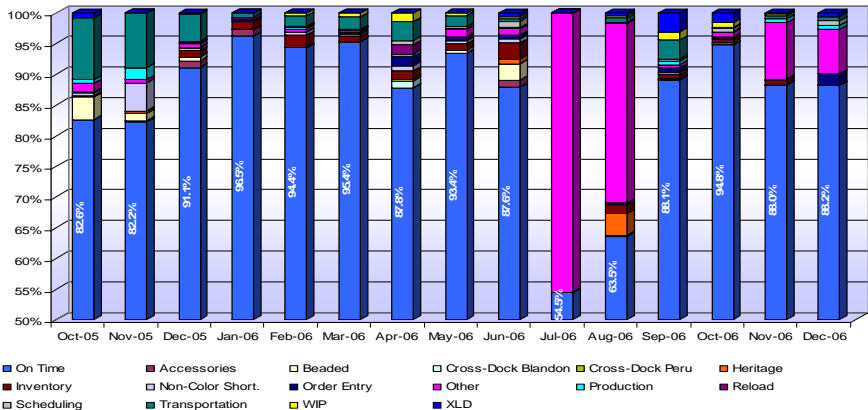
Accessories:  
 Quantity:  [Add to My Truck](#)

	SF of Material	Piece Count	My Cost / SF	My Cost / Piece	Margin %	Margin Dollars	My Price / SF	My Price / Piece
Full	1,732.5	210	\$0.950	\$7.013	20.0%	\$360.16	\$1.063	\$0.766
Mid	742.5	90	\$0.900	\$7.425	20.0%	\$167.06	\$1.125	\$9.281
Mini	247.5	30	\$0.900	\$7.425	20.0%	\$55.69	\$1.125	\$9.281
<b>Total</b>	<b>2,722.5</b>	<b>330</b>	<b>\$0.960</b>	<b>\$7.163</b>	<b>20.0%</b>	<b>\$590.91</b>	<b>\$1.095</b>	<b>\$9.953</b>

# Service

**Service internal standards are currently higher than the market commitment as we move through the learning curve**

C+ Service By Month





# Color Visualizer



## James Hardie Design Center

Featuring ColorPlus® Technology

CHANGE ZIP CODE

CHOOSE A HOUSE

DESIGN YOUR HOUSE

FINISH

### Choose a House



Cambridge



Stranton Mill



Lexington



Normandy



Hillcrest



Henderson Point



# Color Visualizer



## James Hardie Design Center

Featuring ColorPlus® Technology

SIDING TRIM

Select a siding zone

Select a siding type

Select a siding style

Select Cedarmill

6.25"

7.25"

8.25"

Select a color  **i** Color Info: on | off



**i** Countrylane Red

Need help choosing a color?

ASK THE COLOR EXPERT

COMING SOON

CHANGE ZIP CODE

CHOOSE A HOUSE

DESIGN YOUR HOUSE

FINISH



ZOOM

SAVE

PREVIOUS

NEXT

# Color Visualizer



## James Hardie Design Center

Featuring ColorPlus® Technology

[CHANGE ZIP CODE](#)
[CHOOSE A HOUSE](#)
[DESIGN YOUR HOUSE](#)
[FINISH](#)

YOUR SAVED HOUSES

mix2



House Style: Cambridge  
Created: 10/27/2006 - 08:53:28  
Saved As: mix2



House Style: Cambridge  
Creation Date: 10/27/2006  
Creation Time: 08:53:28  
Zip Code: 02134  
Saved As: mix2

COMING SOON: [EDIT](#)

COMING SOON: [PRINT](#)

COMING SOON: [EMAIL](#)

[DELETE](#)



House Style: Stranton Mill  
Created: 10/27/2006 - 08:28:09  
Saved As: mix

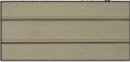
Siding Details

HardieShingle™ Siding



Description: Shingle Staggered Edge  
48" STAG  
Color: JH30-10

HardiePlank™ Siding



Description: Plank Beaded Smooth  
8.25 (7" exposure) (8.25" X 12" X  
5/16")  
Color: JH40-20

Trim Details

HardieTrim™ Boards



Description: Trim XLD Smooth 4" (4"  
X 10" X 5/4")  
Color: JH10-20

HardieTrim™ Boards



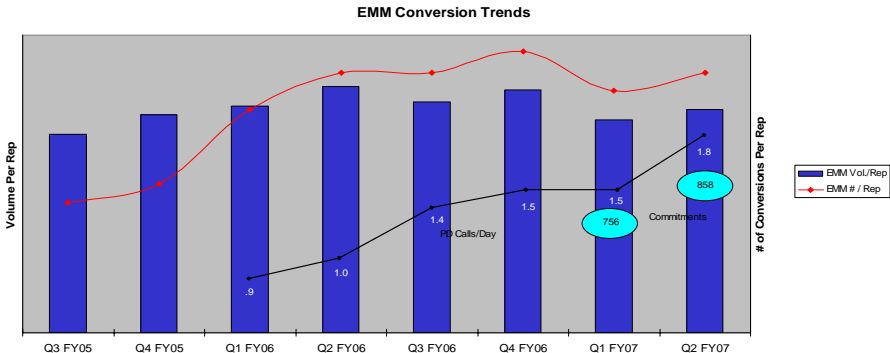
Description: Trim XLD Smooth 4" (4"  
X 10" X 5/4")  
Color: undefined

# Sales Productivity – Vinyl Substitution

Continued drive on Sales performance around our market development

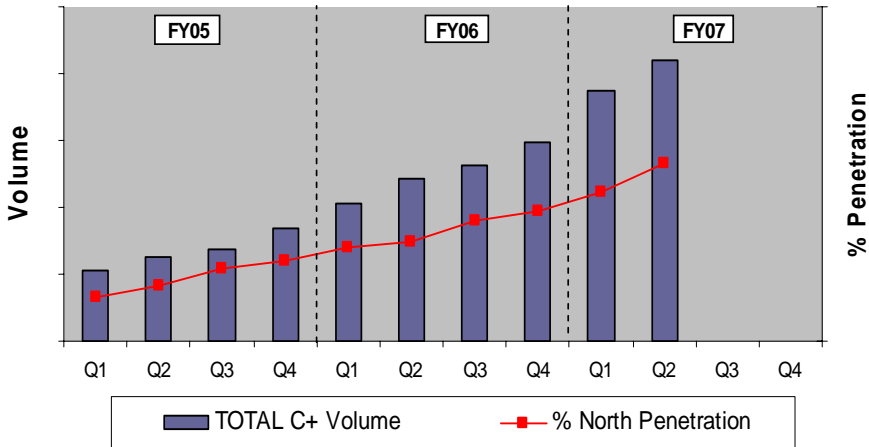
STP Model

Effectiveness and efficiency step change is our company goal



# ColorPlus Sales Performance


## ColorPlus





## Issues and Challenges


- Balance of demand and capacity with a model that has zero buffer inventory in the channel
- Achieve service rates which enable the model
- New channel model is a significant shift and the adjustment will take time to complete and achieve our goals
- Internal capability to efficiently run the Color supply chain and the color network
- Color model complexity for both internal and external stakeholders
- Color design capability with builders utilizing the Hardie 20 X 20 products and Colors



## Summary

### **Mechanics of the Color Model are in place**

- Color plant network
- 20 products and 20 colors by market
- Channel is reset and is developing
- Base level Hardie logistics capability
- Value priced Color Plus in July 2006



## Summary

## Go Forward

- Drive the operational efficiency now we have the Color network in place
- Continue to step change the Color technology
- Enable Color design / selection and position the Hardie Color value proposition to the builder
- Target West and Southern markets with the color model



# Disclaimer

*This Management Presentation contains forward-looking statements. We may from time to time make forward-looking statements in our periodic reports filed with or furnished to the United States Securities and Exchange Commission on Forms 20-F and 6-K, in our annual reports to shareholders, in offering circulars and prospectuses, in media releases and other written materials and in oral statements made by our officers, directors or employees to analysts, institutional investors, representatives of the media and others. Examples of forward-looking statements include:*

*expectations that the conditions precedent to the Final Funding Agreement will be satisfied;*  
*expectations about payments to a special purpose fund for the compensation of proven asbestos-related personal injury and death claims;*  
*expectations concerning the Australian Tax Office amended assessment;*  
*expectations that our credit facilities will be extended or renewed;*  
*projections of our operating results or financial condition;*  
*statements regarding our plans, objectives or goals, including those relating to competition, acquisitions, dispositions and our products;*  
*statements about our future performance; and*  
*statements about product or environmental liabilities.*

*Words such as “believe,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “should,” “aim” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements.*

*Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, some of which are discussed under “Risk Factors” beginning on page 5 of our Form 20-F filed on 29 September 2006 with the Securities and Exchange Commission, include but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former James Hardie subsidiaries; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which we operate; the consequences of product failures or defects; exposure to environmental, asbestos or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; the success of our research and development efforts; our reliance on a small number of product distributors; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; foreign exchange risks; the successful implementation of new software systems; and the successful implementation of the internal control over financial reporting requirements of Section 404 of the Sarbanes-Oxley Act of 2002, as codified by Item 308 of regulation S-K. We caution you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those in forward-looking statements. Forward-looking statements speak only as of the date they are made.*