



## AUSTRALIA

### Strategy

- Improve returns.
- Reduce costs to compete effectively against lower-priced competing products.
- Achieve growth by introducing new and differentiated products that allow us to compete in market segments in which fibre cement is not currently or widely used.

### Results

- Sales revenue decreased 9% to US\$100.7 million
- Sales volumes remained nearly unchanged at 219.5 million square feet
- Selling price decreased 2%
- EBIT<sup>1</sup> decreased 14% to US\$18.4 million
- EBIT margin<sup>1</sup> decreased 1.0 percentage point to 18.3%

### Trading conditions

- There was a recovery in demand for materials for residential housing renovations due to low interest rates and the Government's First Home Owner's Scheme.
- Increased competition from domestically produced and imported products.

### Highlights

- A number of new and improved products were launched to grow demand for fibre cement. These included:
  - > The launch of the CMX™ Walling System in New South Wales, substantially increasing the potential market for this system. The system is already available in Queensland, Victoria and South Australia.
  - > The launch of two new internal lining products, HardiGlaze® Tile Sheet, a fibre cement sheet embossed with a square tile pattern finished with a high gloss white coating, and HardiGroove™ Lining, a fibre cement sheet finished with v-shaped grooves for the appearance of traditional timber tongue and groove panelling.
  - > Improved fibre cement sheets and accessories for the D3-1000™ and D3-ComTex™ Facade Systems to make them easier and faster to fix, and more attractive once installed.

- > A new air extraction system was developed for the use of FRC pipes in multi-storey residential construction.
- The Perth fibre cement plant was closed to enable the lower-cost plants in Sydney and Brisbane to supply products for all customers nationwide. Sales and distribution operations have been retained in Perth to sustain high levels of customer service.

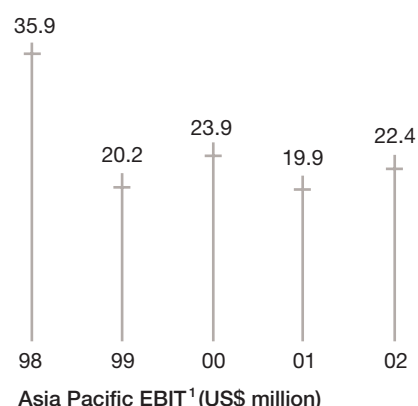
“With new, differentiated products and the increase in lightweight construction, we are well-placed to improve returns.”

ROD VAUTIER, GENERAL MANAGER SALES AND MARKETING

### Outlook

- Australian housing starts forecast to be flat.
- The current high level of residential building activity could be affected by increased interest rates and the lowering of the Government's First Home Owner's Scheme.
- Increased sales and profitability expected from the introduction of new, differentiated products and manufacturing and supply chain efficiencies.

<sup>1</sup> Before restructuring and other operating expenses.



Images left to right – Our fibre cement panels are increasingly used for facades on commercial buildings in Australia. HardiGroove™ Lining is one of two new internal lining products launched in Australia this year. James Hardie leads the world in the manufacture of fibre reinforced concrete pipes.