

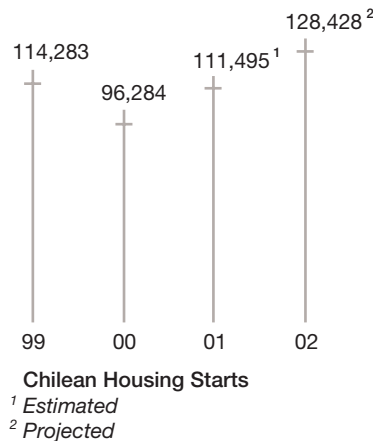
Chile



“Our goal is to become the market leader in Chile and then expand into other South American countries with the aim of creating a large regional business and achieving industry leadership.”

STEPHEN BRAGUE, REGIONAL DIRECTOR

	US\$ Billions	Million People
	GDP	Population
Argentina	295	37.5
Brazil	659	168.3
Chile	68	15.4
Mexico	567	98.6



Our business

We manufacture fibre cement products for interior and exterior wall applications in houses and multi-family housing developments. Our core products are EconoBoard™, a flat sheet targeted to builders of small-scale homes and additions, and DuraBoard™, a premium flat sheet targeted to larger scale builders working mainly in the social housing sector.

Strategy

- Increase the market penetration of James Hardie fibre cement products.
- Develop and introduce new value-added products that differentiate James Hardie from competitors.
- Develop and strengthen relationships with key builders and distributors.
- Continue to focus on improving operating efficiency to reduce costs.

Results

- Sales revenue grew each quarter, in line with the expected growth of the business from start-up in its first full year.

Trading conditions

- Chile's economy was adversely affected by Argentina's poor economic situation.
- Average selling prices were affected by competitive market conditions, including discounting by competitors in response to our market entry.

Highlights

- Following the start-up of the plant in early 2001, production capacity is being ramped-up, heading towards an annual capacity of 35 million square feet.
- We began production and recorded strong sales of EconoBoard™.
- The subsequent introduction of DuraBoard™ also generated strong sales in its first year.
- We secured access to important distribution channels through agreements with large distributors, Ceramica Santiago and Homestore.
- Sales and marketing infrastructure was added to support planned growth.

Outlook

- Expected growth in sales volumes as the business builds brand awareness and develops its distribution channels.

Images left to right – In just 12 months, James Hardie has set new standards for product range, performance and service in the competitive Chilean market.
Contractors in Florida are recognising the savings in installation costs they can achieve using Hardie's FRC pipes. Hardie's FRC pipe is light, long and strong.