



“Improvements in our operations and the launch of new products put us in a strong position for further growth in the Philippines and in our export markets.”

JOHN BALASS, PRESIDENT, PHILIPPINES

## PHILIPPINES

### Strategy

- Aggressively grow the market for fibre cement.
- Provide products and systems that substitute for plywood in new housing, for repairs and renovations, and for shopping malls.
- Promote fibre cement as the best replacement for asbestos-containing products.
- Develop the market for fibre cement siding products for new housing.
- Use manufacturing capacity to supply growing export markets in Asia Pacific.
- Pursue further manufacturing and operating efficiencies.

### Results

- Sales revenue increased 3% to US\$18.2 million
- Sales volumes increased 3% to 64.8 million square feet
- Selling price increased 11%
- EBIT loss of the previous year reduced by US\$4.3 million to US\$1.2 million

### Trading conditions

- Domestic demand was soft due to weak consumer confidence associated with general economic and political uncertainty.

### Highlights

- Improvements in overall production efficiency, purchasing and logistics helped to drive costs down.
- Export sales increased.
- Cashflow positive for the full year.
- EBIT positive in the 4th quarter.
- Increased market penetration for HardiFlex® with HardiFlex® Thick and HardiFlex® PRO launched for distribution to hardware stores.
- Launch of HardiFlex® lite, a thinner, lighter sheet specifically designed for the Philippines ceiling market.

### Outlook

- Stronger markets expected for building and construction.
- Continued growth in demand for HardiFlex® lite is expected to help fibre cement take further market share from plywood.

### Asia Pacific Fibre Cement

(US\$ million)	1998	1999	2000	2001	2002
Sales	226.0	181.4	203.3	166.6	156.9
EBIT <sup>1</sup>	35.9	20.2	23.9	19.9	22.4
EBIT	30.8	16.7	19.8	4.4	22.4
Assets	205.2	216.6	179.1	139.9	147.6
Volumes (mmsf) <sup>2</sup>	330.1	314.0	333.8	318.9	320.7
Average Selling Price (per msf) <sup>3</sup>	A\$ 862	A\$ 836	A\$ 879	A\$ 857	A\$ 861
EBIT Margin <sup>1</sup> %	15.9	11.1	11.8	11.9	14.3
EBIT Margin %	13.6	9.2	9.7	2.6	14.3
Employees	1,527	1,511	1,302	1,179	1,041

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

<sup>2</sup> Million square feet

<sup>3</sup> Thousand square feet

Images left to right – Monotek® is a new fibre cement cladding system that is allowing New Zealand's builders to introduce more innovative design.

HardiFlex® lite, a new 3.5mm board for internal ceiling applications, is rapidly replacing plywood in the Philippines.

HardiFlex® has strong brand awareness in the Philippines as a result of high profile marketing campaigns.