

US Fibre Cement



Our business

We manufacture fibre cement products at eight plants in the United States. Our products are primarily used in residential construction as exterior cladding and internal linings.

We are the lowest cost and most profitable producer of fibre cement in the USA and the largest single producer of siding products in the country.

Strategy

- Grow the markets for fibre cement products.
- Grow our overall market position while defending our share in existing market segments.
- Offer differentiated products with superior value that customers prefer to alternatives so that we can achieve high returns and sustain our competitive advantage.
- Optimise the earnings from our desired rate of market penetration.

Results

- Sales revenue increased 19% to US\$444.8 million
- Sales volumes increased 16% to 988.5 million square feet
- Selling price increased 3% to US\$450 per thousand square feet
- EBIT¹ increased 34% to US\$98.4 million
- EBIT margin¹ increased 2.4 percentage points to 22.1%

Trading conditions

- Continuing strong growth was achieved despite a temporary softening of market conditions post the September 11 terrorist attacks.
- Housing starts for the 2001 calendar year were 1.6 million.

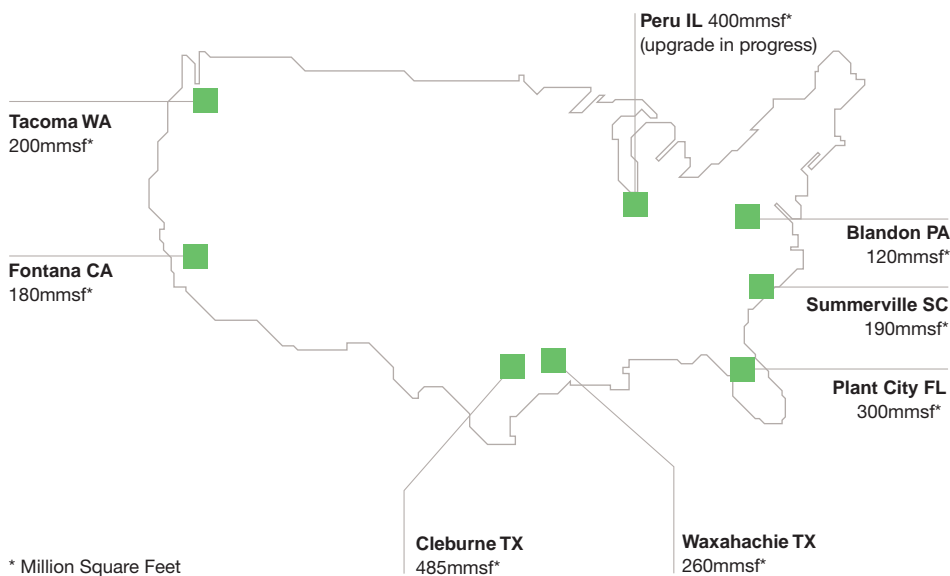


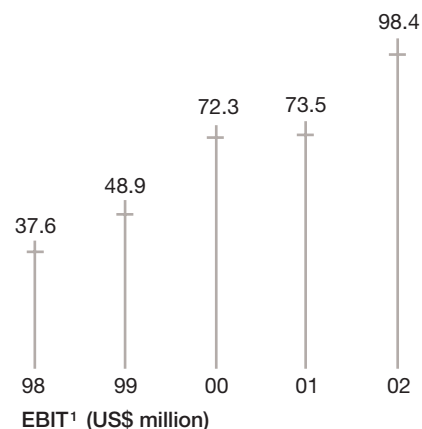
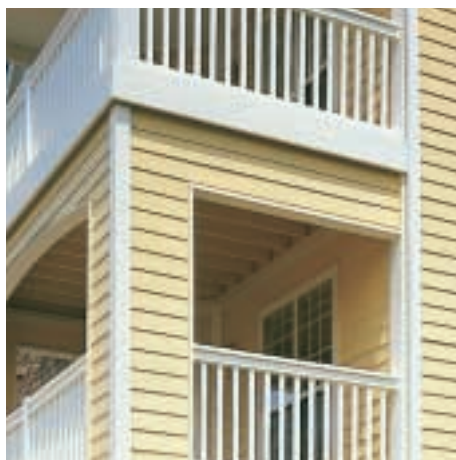
“We are committed to growing demand for our products.”

LOUIS GRIES, EXECUTIVE VICE PRESIDENT

Plant Locations and Annual Production Capacities

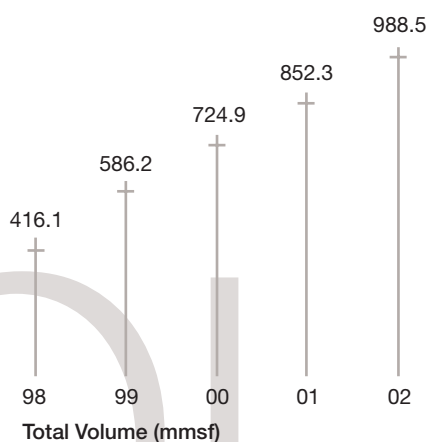
Total Annual Production Capacity 2.1 Billion Square Feet



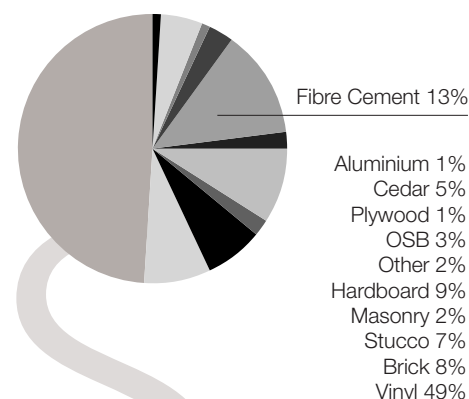


Highlights

- Acquired Cemplank's two fibre cement plants in Pennsylvania and South Carolina.
- Completed a major upgrade to the plant at Waxahachie, Texas, adding a high-speed production line which increased capacity to 260 million square feet a year.
- Generated strong sales for Hardibacker 500™, our new, thicker, lightweight half-inch backer board which was created using our proprietary second generation (G2) technology.
- Achieved strong growth in sales of differentiated, premium-priced products such as Harditrim® and vented soffits.
- Rolled out EZ Line™ planks which allow for easier and faster installation.
- Launched the ColorPlus™ Collection, a lap siding range that is pre-finished in colours that don't require painting after being installed.
- The ColorPlus™ Collection won a prestigious HOME Magazine American Building Products Award for its "breakthrough technology, progressive design and practical approach to home construction and renovation".



USA Siding Market Share



Outlook

- Housing market expected to remain healthy with housing starts forecast to settle into sustainable patterns of around 1.6 million for calendar year 2002.
- Increased price and growth in demand expected to be achieved through the introduction of new, differentiated products.
- Specific growth strategies planned for the repair and remodel and vinyl siding markets.
- Further cost efficiencies planned in manufacturing.

US Fibre Cement (US\$ million)

	1998	1999	2000	2001	2002
Sales Revenue	181.1	245.6	310.5	373.0	444.8
EBIT ¹	37.6	48.9	72.3	73.5	98.4
EBIT	37.6	48.9	72.3	73.5	85.8
Assets	188.9	231.7	263.6	336.8	420.3
Volumes (mmsf) ²	416.1	586.2	724.9	852.3	988.5
Average Selling Price (per msf) ³	US\$ 435	US\$ 419	US\$ 428	US\$ 438	US\$ 450
EBIT Margin ¹ %	20.8	19.9	23.3	19.7	22.1
EBIT Margin %	20.8	19.9	23.3	19.7	19.3
Employees	540	826	858	1,140	1,177

¹ Before restructuring and other operating expenses

² Million square feet

³ Thousand square feet

Images left to right – Our products are durable in all climates.

Hardibacker® sheets now have a 22% share of the US market for tile backer boards used in kitchens, bathrooms and laundries. The new and improved Harditrim® exterior trim has the look and character of natural wood without the maintenance problems.