

Asia Pacific Fibre Cement

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(Millions of US dollars)	2003	2002	2001	2000	1999
Net sales	194.4	156.9	166.6	203.3	181.4
EBIT ¹	30.1	22.4	19.9	23.9	20.2
EBIT	30.1	22.4	4.4	19.8	16.7
Total assets	154.6	147.6	139.9	179.1	216.6
Volumes (mmsf) ²	368.3	320.7	318.9	333.8	314.0
Average Selling Price (per msf) ³	A\$ 843	A\$ 861	A\$ 857	A\$ 879	A\$ 836
EBIT margin % ¹	15.5	14.3	11.9	11.8	11.1
EBIT margin %	15.5	14.3	2.6	9.7	9.2
Employees	996	1,041	1,179	1,302	1,511

¹ Before restructuring and other operating income (expenses)

² Million square feet

³ Thousand square feet

Our business

We manufacture fibre cement products in Australia, New Zealand and the Philippines and sell these throughout the Asia Pacific region. Our products are used for external cladding and internal lining in residential and commercial construction.

In Australia, we also manufacture fibre reinforced concrete pipes for industrial and commercial use, and fibre cement columns for structural and decorative use in both residential and commercial construction.

Our strategy

Our strategy is to grow the market for fibre cement and secure our position as the market leader, while defending our existing share.

We will leverage our superior technology to offer differentiated products and systems that offer our customers superior value.

We will deliver exceptional value by recruiting, retaining and developing the right people in a performance-driven culture.

WE ALSO SEE SIGNIFICANT GROWTH OPPORTUNITIES IN AUSTRALIA AND IN NEW ZEALAND



Trading conditions

In Australia, demand for new residential housing remained at high levels, buoyed by a relatively strong economy and low interest rates. Despite new housing approvals slowing in the second half of the fiscal year, robust residential renovation activity helped to maintain strong demand.

In New Zealand, new housing construction was at high levels, but there was some weakening of the non-residential building market.

In the Philippines, both domestic and export demand were affected by economic uncertainty.

Market position & opportunity

We are well-positioned for growth in Australia, New Zealand and the Philippines.

Fibre cement has a small share of a large building materials market in Australia and New Zealand, and we plan a number of strategies to increase this share.

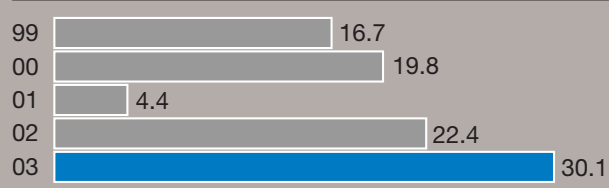
We have 25% of the Philippines domestic market for our types of products, and we plan to grow this further.

Major achievements

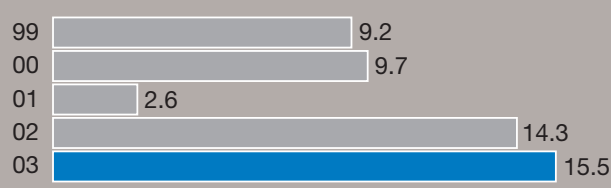
- In Australia, we launched two new internal lining products, HardiRock™ Lining and Ezi-Grid™ Tilebacker, securing valuable market share.
- We successfully implemented the SAP and business warehouse programs in Australia and New Zealand, improving the amount and quality of information on which we base decisions.
- Sales of Linea® Weatherboards grew strongly in New Zealand, at almost double the rate originally projected.
- We moved the Australian corrugate sheet line from Perth to Brisbane and started manufacturing product.
- We launched our first plank product, HardiPlank™ Select Cedarmill Weatherboards, in the Philippines.
- We achieved continued success in penetrating the Philippines domestic building board market, taking market share from the main competing product, plywood; we now have 25% of the building boards market.

- HardiFlex™ was named the Philippines Top Building Board for 2002 by the National Consumer Affairs Foundation.
- We increased FRC Pipes' sales volumes by 25% over the previous year and achieved cost savings in FRC Pipes manufacture by improving the product formulation.
- We supplied our FRC Pipes' Sanishute products to new customers in Singapore and Vietnam.

Asia Pacific EBIT (Millions of US dollars)



Asia Pacific EBIT Margin (%)



Asia Pacific EBIT¹ (Millions of US dollars)



Asia Pacific EBIT² Margin (%)



¹ Before restructuring and other operating income (expenses)

² Before restructuring and other operating income (expenses)