

Other Fibre Cement

Chile Fibre Cement

Our business

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

Our strategy

Our strategy is to increase market penetration for our products and develop and introduce new value-added products that differentiate us from competitors.

We will continue to develop and strengthen relationships with key builders and distributors, and maintain our focus on improving operating efficiency to reduce costs.

Trading conditions

Economic instability in the neighbouring countries of Argentina and Brazil continued to have a negative effect on the Chilean economy and market conditions remained weak.

Competitors continued aggressive pricing strategies as they continued to try to maintain market positions.

Market position & opportunity

We have already achieved a 23% share of the flat sheet market and are currently operating at EBIT break-even.

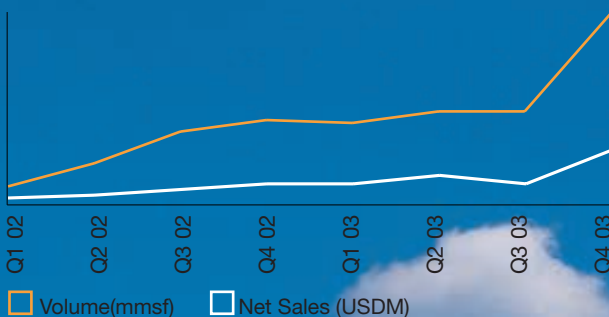
Major achievements

- Growth in sales to small hardware stores. We have expanded our sales force and increased our participation in this segment.
- Sales growth in the retail channel. We developed good in-store marketing and merchandising programs and increased sales per store.
- Installation of a sand grinding plant to reduce our raw material costs and increase our quality control of this material.
- Plant certified to ship to the USA by passing quality audits to comply with National Evaluation Report 405.
- Launch and growth of value-added products such as backer, textured panel and siding.

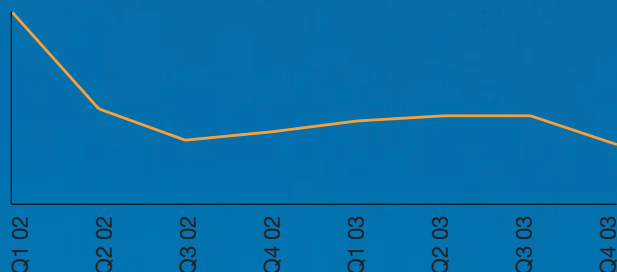
SALES MORE THAN DOUBLED IN CHILE, AND FOR THE HARDIE® PIPE BUSINESS IN THE



Volume and Net Sales



Cost of Goods Sold (cost/msf)



USA Hardie® Pipe

Our business

We manufacture large diameter fibre reinforced concrete pipes at a custom-built facility in Plant City, Florida. Our pipes are used for drainage in civil and commercial construction and in the development of residential sub-divisions.

Our strategy

Our strategy is to aggressively grow the market for our pipes by positioning our product as a superior alternative to plastic and steel reinforced concrete pipe in storm water drainage applications.

We will continue to position Hardie® Pipe as a lower-installed-cost alternative to plastic and steel reinforced concrete pipes and will target the US civil engineering and construction products market, which is benefiting from the government's transport infrastructure program.

Trading conditions

The heavy building materials industry continued to be affected by depressed commercial construction, as well as decreased road construction as a result of declining road transport spending in many states.

Market position & opportunity

We have already captured 15% of the Florida storm drainage pipe market and plan to grow sales in Florida and neighbouring states.

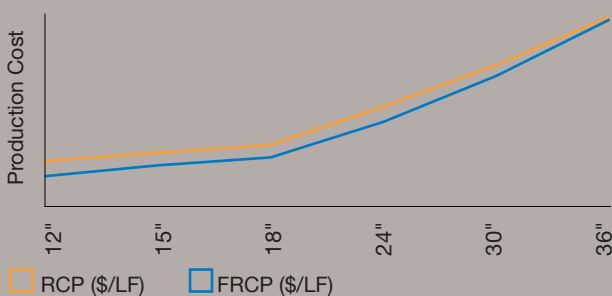
Major achievements

- Significant improvements in our production efficiencies across our product mix and increased production throughputs.
- Expanded our product mix to include 30" and 36" diameter pipes.
- We obtained regulatory approval in about 85% of counties in the state of Florida.
- Sales more than doubled, reflecting the growing acceptance of our products as superior to traditional products.

UNITED STATES



Manufacturing Cost (Cost/Lineal foot)



Hardie® Pipe has a cost advantage up to 36" diameter

Installed Cost of Hardie® Pipe (Cost/Lineal foot)

