



**Asia Pacific EBIT**  
(Millions of US dollars)



**Asia Pacific EBIT Margin**  
(%)

## Asia Pacific Fibre Cement



**7%**  
increase in net sales  
from US\$219.8 million  
to US\$236.1 million



**Asia Pacific Fibre Cement**

(Millions of US dollars)	2005	2004	2003	2002	2001
Net sales	<b>236.1</b>	219.8	174.3	141.7	152.0
EBIT	<b>46.8</b>	37.6	27.3	20.9	3.6
Total identifiable assets	<b>181.4</b>	175.9	147.9	141.4	135.0
Volumes (mmsf) <sup>1</sup>	<b>376.9</b>	362.1	349.9	320.7	318.9
Average sales price (per msf) <sup>1</sup>	<b>A\$ 846</b>	A\$ 862	A\$ 887	A\$ 861	A\$ 857
EBIT margin %	<b>19.8</b>	17.1	15.7	14.7	2.4
Employees	<b>892</b>	955	931	977	1,109

**Our business**

We manufacture fibre cement products in Australia, New Zealand and the Philippines and sell these products 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 civil and commercial use, and fibre cement columns for decorative use.

**Our strategy**

Our strategy in Asia Pacific is consistent with our strategy for the USA Fibre Cement business:

- Grow primary demand for fibre cement;
- Vigorously protect and grow category share in existing market segments; and
- Leverage our superior technology to offer differentiated products and systems with superior value to those of our competitors.

**Trading conditions**

In Australia, new residential housing activity improved early in the period, led by buoyant activity in Queensland, and the renovation and commercial segments also remained strong early. However, both new residential housing and renovations activity softened over the year.

The business was subject to negative customer sentiment associated with the NSW Government Special Commission of Inquiry into the Medical Research and Compensation Foundation and negative publicity arising from the release of the report of the Inquiry.

In New Zealand, new residential housing activity was robust in the first half year, but softened slightly during the second half.

Construction activity in the Philippines improved in the first quarter, then remained stable.

**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 are developing strategies to increase demand for our products. We are continuing to increase our share of the Philippines' building boards market, and we are working to build our position in the region.

**Major achievements**

- We launched Eclipsa™ Eaves Lining, a new pre-painted eave product, across Australia. Eclipsa™ Eaves Lining offers builders cost benefits and construction advantages over non-painted eaves products.
- We launched a new magazine-style website for consumers in Australia, and a technical information site for builders and specifiers.
- In New Zealand, sales of our Linea® weatherboards continued to grow strongly.

**Outlook**

In our Australian business, no improvement to the current soft levels of new housing and renovations activity is expected in the short-term. The progressive lifting of product bans and boycotts in Australia is expected to continue throughout the year. In New Zealand, housing construction activity is expected to continue at previously solid levels.

In the Philippines, building and construction activity is forecast to be softer, but another solid EBIT performance is expected.

<sup>1</sup> See **Endnotes** on page 58

