



## Growth Opportunities

The market potential for fibre cement products is much larger than our current net sales.





We expect to increase our share of the current worldwide market for fibre cement products and, at the same time, expand the size of that market.

#### **Competitive advantages**

We have competitive advantages that will allow us to achieve that goal, including proprietary products and process technology, and expertise in the manufacture and marketing of fibre cement products.

We also have leading market positions and one of the strongest brands in building materials.

We believe that our competitive advantages mean:

- we have the widest and most differentiated product range of any fibre cement manufacturer;
- our products look and perform better than our competitors' products;
- we have the lowest operating costs of any fibre cement manufacturer.

Economies of scale provide us with benefits in purchasing, manufacturing, distribution, sales, marketing and research and development.

We believe that we can make and sell our differentiated products at significantly lower costs, and generate higher returns than our competitors.

Since 1992, we have been able to reduce the capital cost for each unit of production capacity in new plants. Today, we build new plants significantly faster and at a lower cost than our competitors.

#### **Substitution for other products**

James Hardie pioneered the development of fibre cement technology in the late 1970s and early 1980s and our goal is to win a large share of markets in which fibre cement can offer advantages over traditional materials.

Product innovation has enabled us to defend our market share from erosion by competitors and to expand the market for fibre cement as we find new ways for our products to replace traditional materials.

Our rapid growth in the United States over the last ten years, for example, is the result of our ability to develop products for a large market in which fibre cement has become a superior alternative to traditional materials.

#### **Lightweight and composite construction**

We also expect to achieve growth due to the trend away from traditional building systems, such as masonry, and towards lightweight framed construction or designs that feature composite construction.

Framed construction consists of a light steel or timber frame, clad with products such as fibre cement sheets or planks. Issues such as speed and cost of construction, quality of finish and the availability of skilled labour at competitive rates, have all contributed to the growth in this form of construction.

The benefits of framed construction have seen commercial construction projects converting to lightweight, framed, walling systems. The use of framed construction is also increasing in residential construction.

Composite construction involves using a variety of different building materials on a single project to enhance designs and add aesthetic and visual interest. Our wide range of lightweight, cost-effective products and finishes are well-suited to this approach.