

**FORM 6-K**

**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Report of Foreign Private Issuer**

**Pursuant to Rule 13a-16 or 15d-16  
of the Securities Exchange Act of 1934**

December 8, 2003

**JAMES HARDIE INDUSTRIES N.V.**

(Exact name of Registrant as specified in its charter)

4<sup>th</sup> Level, Atrium, unit 04-07  
Strawinskylaan 3077  
1077 ZX Amsterdam, The Netherlands  
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): Not Applicable

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): Not Applicable

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not Applicable

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**Safe Harbor Statement**

The exhibit attached to this Form 6-K contains forward-looking statements. Words such as “believe,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “should,” “aim” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Forward-looking statements involve inherent risks and uncertainties. We caution you that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors, which are further discussed in our reports submitted to the Securities and Exchange Commission on Forms 20-F and 6-K and in our other filings, include but are not limited to: competition and product pricing in the markets in which we operate; general economic and market conditions; compliance with, and possible changes in, environmental and health and safety laws; dependence on cyclical construction markets; the supply and cost of raw materials; our reliance on a small number of product distributors; the consequences of product failures or defects; exposure to environmental or other legal proceedings; and risks of conducting business internationally. We caution you that the foregoing list of factors is not exclusive and that other risks and uncertainties may cause actual results to differ materially from those contained in forward-looking statements. Forward-looking statements speak only as of the date they are made.

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
99.1	James Hardie USA Analyst Tour 2003 Presentations – Lodged with ASX on December 4, 2003

4

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: December 8, 2003

**James Hardie Industries N.V.**

By:           /s/ Folkert Zwinkels          

Folkert Zwinkels  
Managing Director

**EXHIBIT INDEX**

<b>Exhibit No.</b>	<b>Description</b>
99.1	James Hardie USA Analyst Tour 2003 Presentations – Lodged with ASX on December 4, 2003



**Unique Technology Driving High Growth  
December 2003**

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# Agenda

- Welcome
- Introduction
- Logistics
- Agenda

## Focussed on Fibre Cement Attractive Investment Attributes



- High growth
- Unique proprietary technology
- Sustainable competitive advantage
- Strong cashflows and balance sheet
- Low cyclical risk
- Relentless will to win

## **Vision**

**To relentlessly pursue profitable fibre cement growth in a repositioned, differentiated fibre cement industry**

- The decisions we make will be driven by three fundamental principles:
  - World's Best Manufacturing
  - Profitable Growth
  - Winners
  
- All principles must work together to produce focus and drive

# Fundamental Principles

## World's Best Manufacturers

- We are the best in world at making fibre cement
- We build plants faster at a lower cost
- We achieve higher throughputs
- We are the cost and quality leader
- We invest in product innovation and production technology

### In short

- We make fibre cement better than competitors
  - bigger, faster, stronger
  - lowest cost
- We make fibre cement products competitors can't

# Fundamental Principles

## Profitable Growth

- We deliver consistent growth (volume/revenue)
- Growth is delivered through:
  - market penetration
  - geographic expansion
  - product innovation

## In short

- We are top line growth driven

# Fundamental Principles

## Winners

- We are passionate about winning with fibre cement
- Our drive is to beat the competition in:
  - manufacturing
  - product offering
  - sales efforts
  - all other fields we decide to pursue

## In short

- We do everything we can to beat the competition

## Values

- A high performance meritocracy
- High performance hurdles
- Continuous step changes required
- Our people need to
  - Relish competition and love winning
  - Be willing to learn and innovate
  - Challenge themselves and each other
- Rewards are material if value is created

# Strategy

## Industry Leadership and Profitable Growth

- Aggressively grow the market
- Secure differentiated position
- Generate strong top line growth
- Win high shares of large segments
- Sustain attractive margins





## High Growth from Unique Technology

### Unique technology – drives growth

- Existing products enhanced and more differentiated against competition
- New products to access new markets
- New production processes commercialised
- Intellectual property protection enhanced

Continuing to extend our lead in fibre cement technology

## High Growth from Unique Technology

- Business portfolio balanced to achieve short and long term growth
  - USA on track to double between 2002 - 2007
  - Growth and attractive returns from ANZ
  - Numerous opportunities for growth > 5 years
  - Asset mix reflects this

## High Growth from Unique Technology

### James Hardie Business Portfolio – FY 03

	<u>GCE</u>	<u>Sales</u>	<u>EBIT<sup>1</sup></u>
<b>USA</b>			
– Established high growth/high return	70%	75%	89%
<b>Asia Pacific</b>			
– Established high return	21%	24%	17%
<b>Other</b>			
– Emerging opportunities (Pipes, Roofing, Europe, Chile)	9%	1%	(6%)
<b>Total</b>	100%	100%	100%

## **High Growth from Unique Technology Performance**

- FY04 YTD – strong growth in revenues and earnings
- Strong cash generation and returns to shareholders
- Strategic position enhanced
- Strong competitive position in all markets
- Technology advances and products in the pipeline

# Long Term Financial Targets

## High Growth and Attractive Returns Targeted

	Target	Actual FY03	Actual HY04
Revenue Growth	> 15% p.a.	32%	24%
EBIT Margins <sup>1</sup>	> 15%	16%	19%
ROA	> 15%	21%	22%



## **Unique Technology and Scale**

### **Sustainable Competitive Advantage**

- Unique plant engineering and proprietary process technology and product formulations
- Superior capital cost efficiency – plant capital cost less than ½ that of competitors
- Largest, lowest cost manufacturer – plant operating cost 20-30% lower than competitors
- Only national producer in each market
- Superior economies of scale – plants 2-3 times larger than competitors
- Unique differentiated products, widest range and strongest brand

**QUESTIONS?**

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## Notes

- 1. EBIT is defined as operating income. EBIT margin is defined as EBIT as a percentage of our net sales. We believe EBIT and EBIT margin to be relevant and useful information as these are the primary measures used by our management to measure the operating profit or loss of our business. EBIT is one of several metrics used by our management to measure the cash generated from our operations, excluding the operating cash requirement of our interest and income taxes. Additionally, EBIT is believed to be a primary measure and terminology used by our Australian investors. EBIT and EBIT margin should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with accounting principles generally accepted in the United States of America. EBIT and EBIT margin, as we have defined them, may not be comparable to similarly titled measures reported by other companies.*

*The use of EBIT and EBIT margins in this document are equivalent to the US GAAP measures of operating income and operating income margin.*



**Unique Technology Driving High Growth  
December 2003**

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USA Fibre Cement  
December 2003

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## **A Quick History: 1991 - 1995**

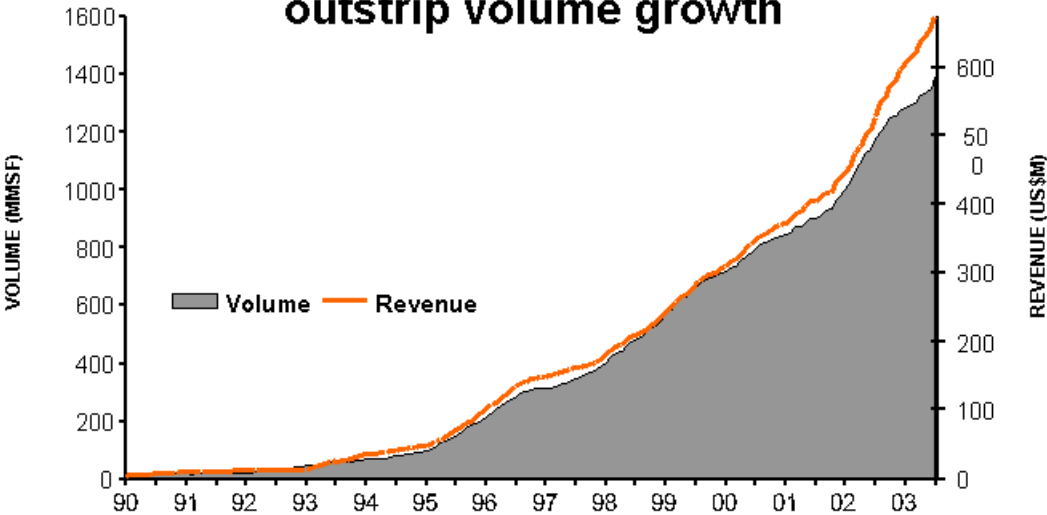
- Commenced operations in 1990, with primary focus on roofing
- A one plant, one line business in 1991
- Shifted our focus from Roofing to Siding in 1992
- Moved to a high throughput, low unit cost manufacturing
- Strictly a sell and make approach
- Revenue growth led to investments in new capacity

## A Quick History: 1995 - 2000

- Direct competition entered the market ...
  - Etex (Cemplank) - 1989
  - ABTco - 1997
  - Temple Inland - 1998
  - CertainTeed - 2000
- After realizing significant gains in process technology, we began to make advancements in product technology
- Selected "Product Leadership" as our go-forward strategic driver
- Started building significant marketing and product development capabilities onto our strong manufacturing and sales base capabilities

# A Quick History: Growth

## Revenue growth continuing to outstrip volume growth



## Organization: Approach

- Alignment around aggressive business goals
- Emphasis on growth
  - Constantly changing game
  - Step change vs. incremental improvements
- Capability (and cost) ahead of revenue
- Key leadership positions
  - Marketing and Segment managers
  - Regional Sales Managers
  - Plant Managers
  - Project Managers

## Organization: Development

- Initially built superior organizational capabilities in manufacturing and sales
- Then focused on building similar capabilities in marketing and R&D
- Recruit from a wide range of related industries
- Recruit at all levels of the organization
- Regularly fast-track high potential people
- Multi-tiered management development program in place
- Scaling-up sales and manufacturing capability for future growth



## Overview: Strategy

- Aggressively grow the market for Fibre Cement
- Secure our desired overall market position while defending our share in existing market segments
- Leverage our superior technology to offer differentiated products and systems of superior value to those of competitors, to reduce direct price competition

## Overview: Top-Line Growth

- **Primary Demand**
  - Create awareness at the consumer level
  - Target the builder and contractor (decision maker)
  - Access the market thru traditional channels
  
- **Category Share**
  - Brand program
  - Differentiated product offering
  - Long term price positioning
  
- **Performance Indicators (Measurements)**
  - Revenue Growth
  - EBIT Margin
  - Manufacturing Capabilities

## Overview: Products/Segments

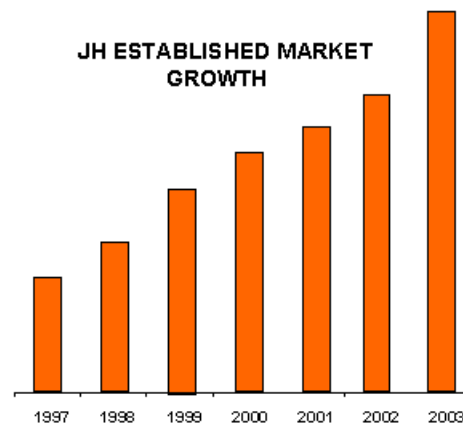
- Exterior product portfolio now includes:
  - A full wrap exterior bundle
    - Siding, Trim and Soffits
  - Repair & Remodel
    - Big Boxes
    - One Steppers
  - Manufactured Housing
    - Hardboard substitute
    - Vinyl upgrade
- Interior product portfolio now includes:
  - ¼" grid backer - Floors
  - Proprietary G2 (1/2") - Walls





## Current State: Established Markets

- FC accounts for 1/3 of siding sales in established markets
- EM account for over 75% of our exterior products sales
  - High share position in most markets
    - Major builders and dealers
  - High awareness of the JH brand
    - Trade and consumers
  - Continued growth
    - Smaller builders
    - More products per house
    - Rural markets



## Go Forward: Established Markets

- Terminal share of 35 – 40%
- 7% - 15% targeted growth band
  - Hardboard and brick substitution in new construction
  - Wood substitution as vinyl alternative in R&R
  - Rural market growth
  - New Product Launches
  - Protect Category Share

## Current State: Emerging Markets

- FC currently has a low but rapidly growing market share
- Emerging market opportunity:
  - Vinyl belt
  - High population
  - 37% of housing starts\*
  - Over 4.5 billion sq. feet siding market\*
  - Accounts for over 40% of existing housing stock\*

\* Including Canada

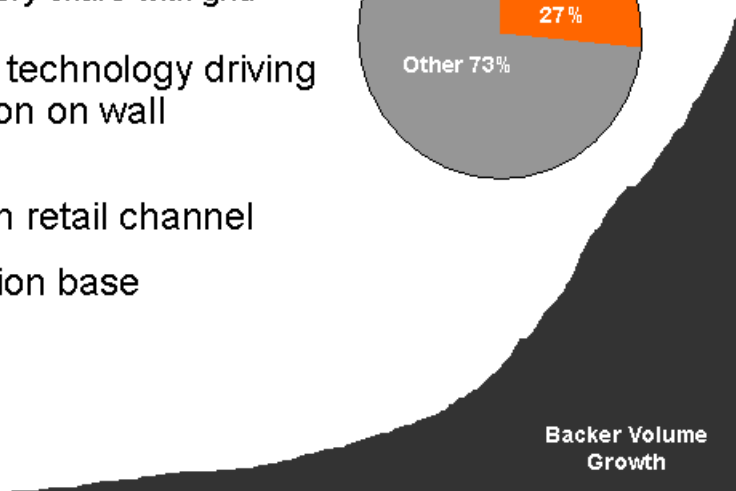
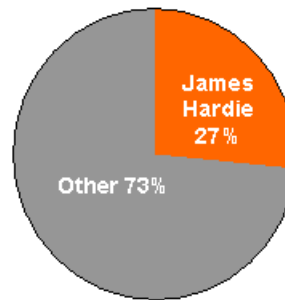
## Go Forward: Emerging Markets

- Terminal market share of 35-40% in emerging markets
- Target growth band of 35-50%
- Vinyl/Cedar substitution with a pre-finished product portfolio
  - Segment and target move-up and luxury homes
  - Accelerate awareness at the consumer level (marketing)
    - Align channel: actively manage “on the wall” cost (field sales)
    - Leverage the early conversions thru co-branding programs



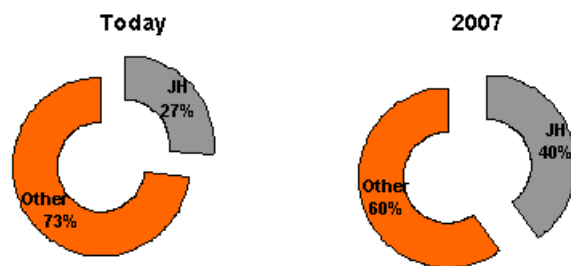
## Current State: Interiors

- Leading position in the ¼" (Floor applications) backer market
  - Protect category share with grid
- Proprietary G2 technology driving rapid penetration on wall applications
- Rapid growth in retail channel
- Broad distribution base
  - Pro-tile
  - Lumber
  - Dry-wall



## Go Forward: Interiors

- Long-term – a high terminal share of US backer board market
  - Penetrate against glass mesh and other cement boards on ceramic tile underlayment applications
  - Substitute against green board in new construction
  - Protect position in retail channel



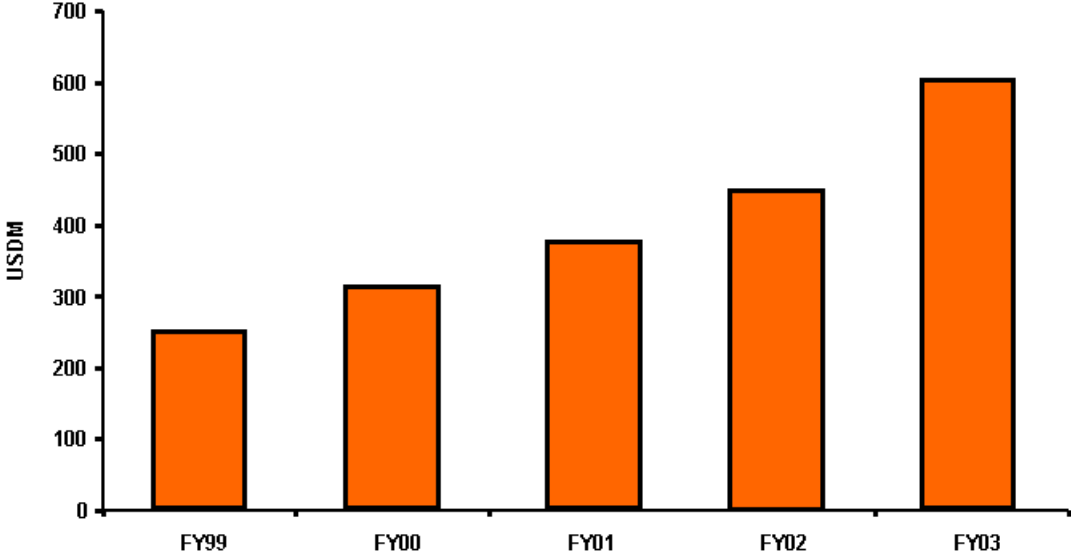
# Business Update

## Key Targets:

- 20% Revenue Growth
- 20% EBIT/Revenue Ratio

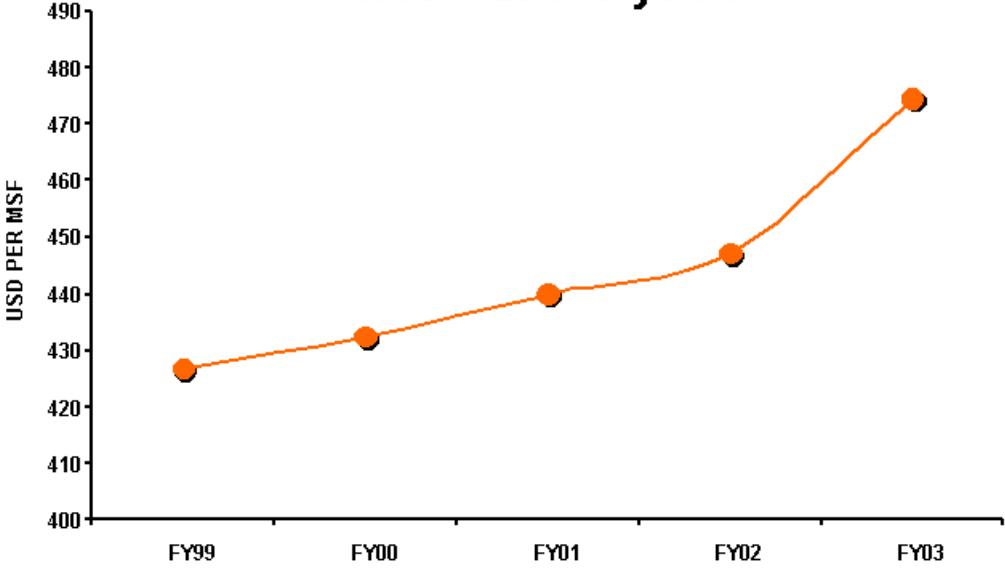
# Business Overview

Revenue – 25% CAGR in Last 5 years



# Business Overview

## Price – Last 5 years

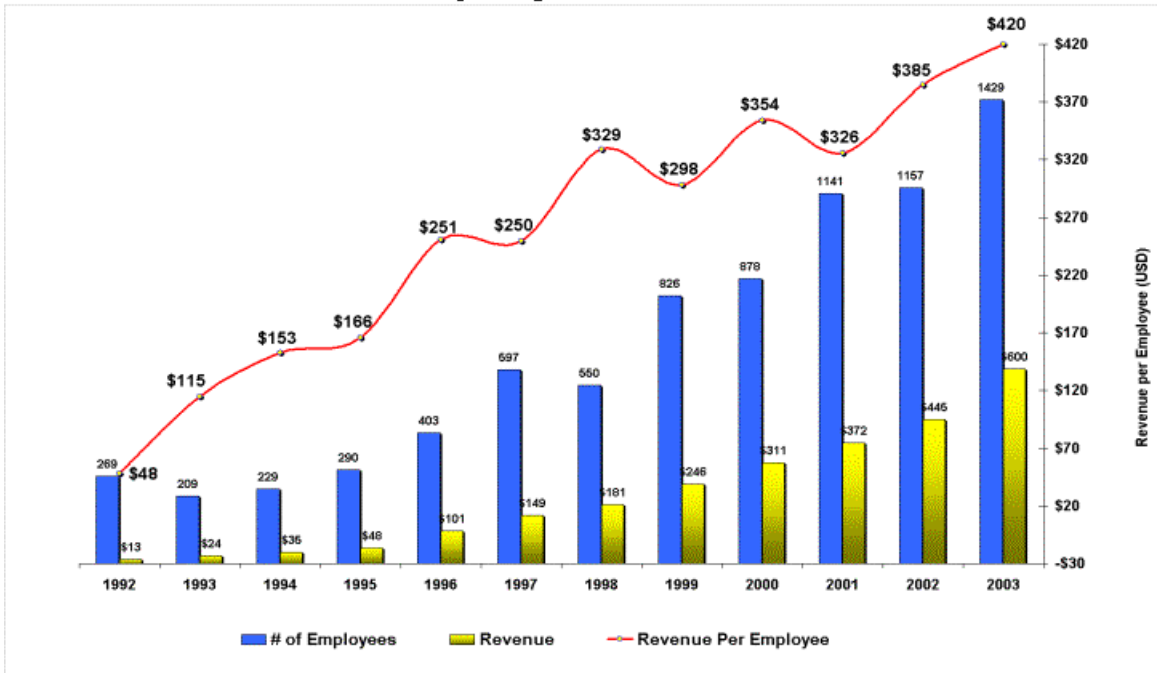


## Business Overview

### Cost:

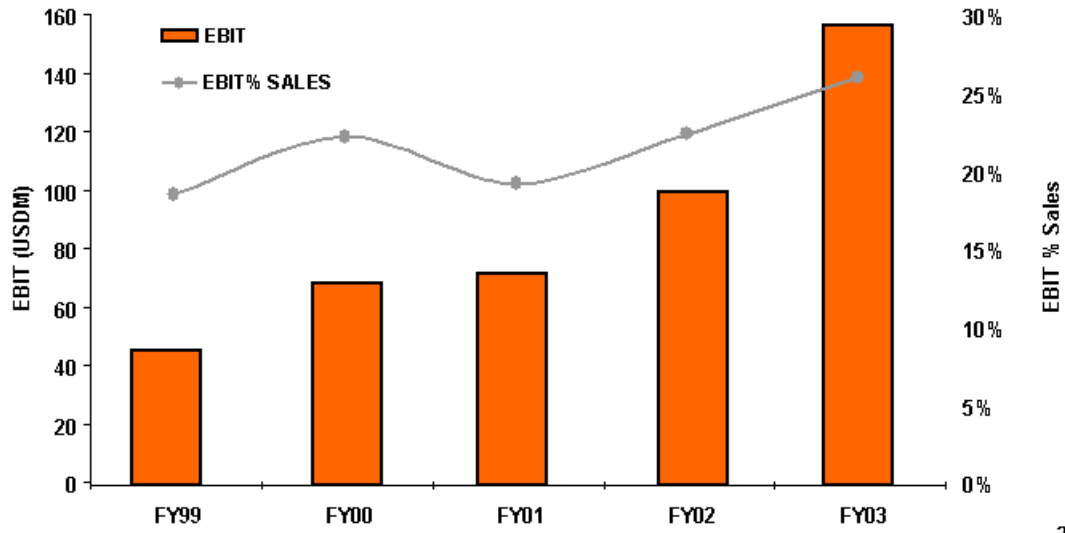
- Normalised like for like factory costs continue to decline
- Brought on new capacity
  - Waxahachie, Cleburne XLD, Summerville and Peru
- Funding several key growth initiatives
  - Market Development – R&R, Retail etc
  - Product Development – Roofing, Fencing, Harditex, etc

# Revenue Per Employee



# Business Overview

Margins – Last 5 years EBIT – CAGR 33%





## Going Forward

- Continue to substitute FC for existing materials in exterior & interior construction applications
- Use our superior FC technology & manufacturing capability to develop new products in a high throughput/low unit cost environment
- Increase and upgrade our manufacturing capability
- Manage distribution to have efficient access to all customer segments
- Continue to reduce our delivered cost to market

## Sustainable Growth Model

Based on:

- Large market opportunity
- Superior value proposition for target customers
- Proprietary and/or protected technology
- Current R&D investments point to large upsides
- Significant organisational advantages
- Focused strategy and organisational effort
- Installed capacity and market position

**QUESTIONS?**

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USA Fibre Cement  
December 2003

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**Research and Development  
Technology Review**

**December 2003**

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## **JH State of Technology**

- Industry leading investment in fibre cement technology continues to widen the gap from competition
- Product development pipeline is full
- Next generation platforms are beginning to be commercialized

# Technology Organization

- **Research and Development**
  - **Two centers located in our biggest markets, US and ANZ, focused on:**
    - Core Research - providing sustainable, leading edge technologies
    - Product Development - delivering products and systems that support each BU's objectives
  
- **Engineering Group**
  - **Next Generation Process**
  - **Process Development**
  - **Construction**

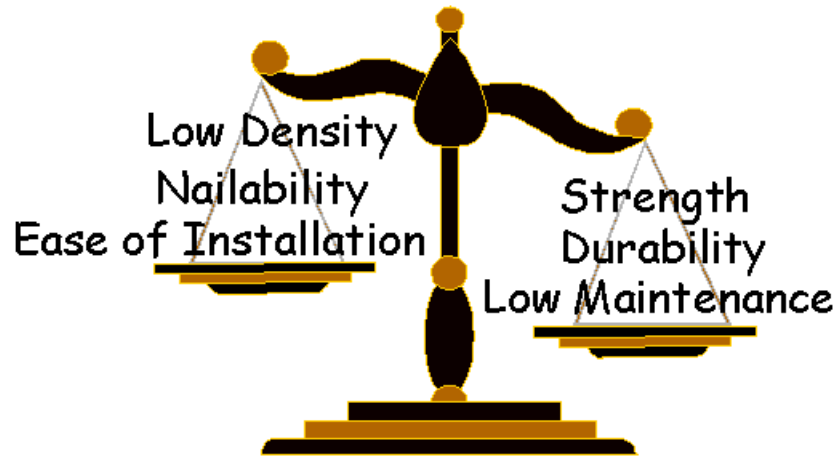


# Performance Requirements

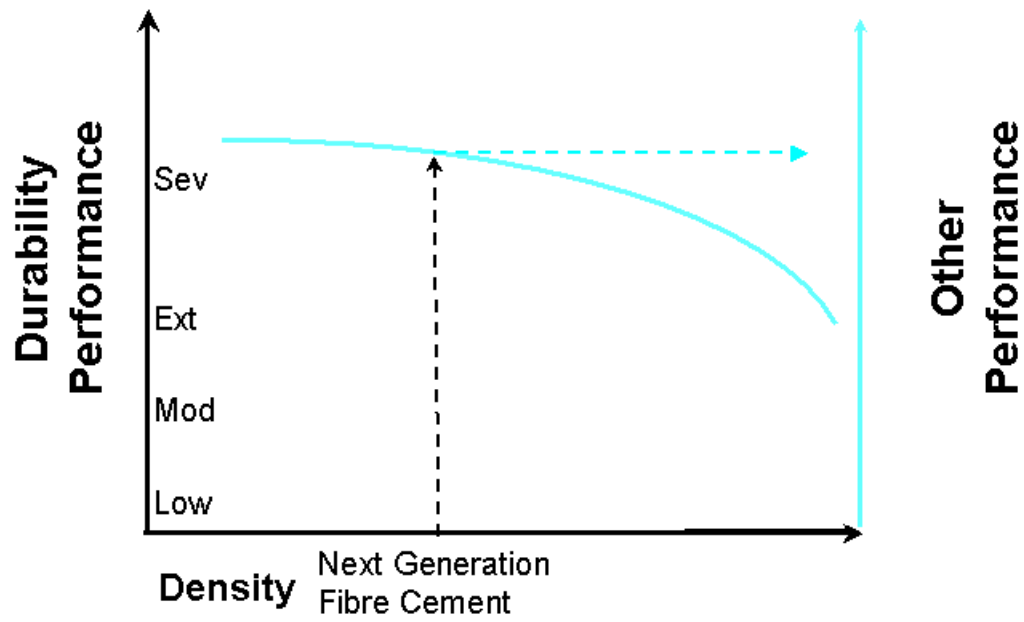


## Performance Characteristics

Balancing key attributes within classes,  
is like walking a tightrope



# Performance Characteristics



## Vision

- **Increased performance at lower densities**
  - Durability
  - Ease of use

## Resources - People

- Diverse workforce of over 100 technologists
  - mixture of science and engineering
  - 45% with greater than 5yrs service
  - +50% with advanced degrees
- Focused on analytical and computational approaches to process development and product prototyping

## Capabilities

The JH approach is “hands on”, including the development of many proprietary processes, methods and procedures

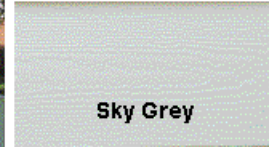
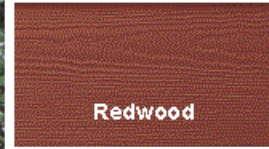
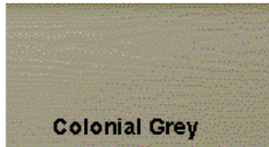
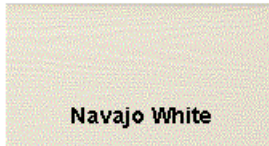


# Product Development

- Formulation
  - Fit for use
- Design
  - Shape
  - Texture
- Finish
  - Sealer
  - Primer
  - Topcoat
- Installation
  - Systems
  - Components
  - Tools
- Risk Assessment
  - Durability
- Process Design

# Product Innovation

## Color Plus





# Product Innovation

## HardiBacker with G2 Technology



# Product Innovation

## EZ Grid

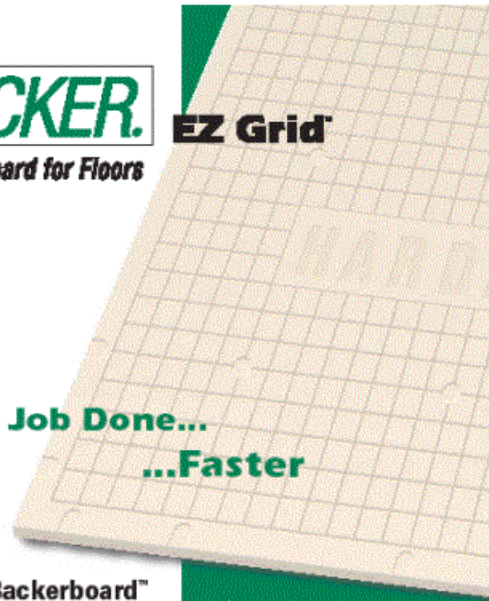
**HARDIBACKER.**

*1/4" Ceramic Tile Backerboard for Floors*

- **EZ to Layout**
- **EZ to Score**
- **EZ to Fasten**
- **EZ to Get the Job Done...**

**...Faster**

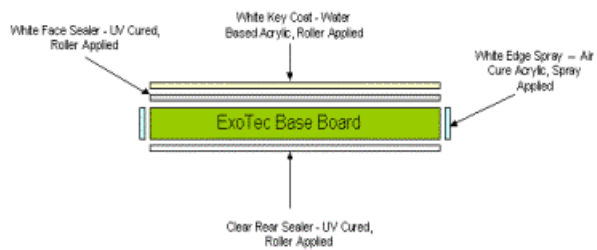
The Ultimate Cement Backerboard™



# Product Innovation

## ExoTec Facade Panel

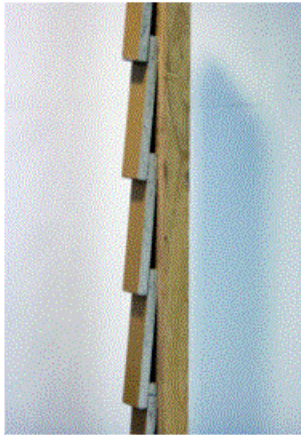
- > **Six Sided Sealed**
  - Enhanced performance
  - Improved stability for a wide range of finishes
  - Improved moisture resistance
- > **Higher Impact Resistance**
- > **Faster Installation**



## Product Innovation

### Linea Weatherboards with CLD Technology

- 16 mm thickness – deep shadowline
- Fire rating, low thermal movement, tongue & groove joins
- JH proprietary Ceramic Low Density technology



## Product Innovation



**"The new lighter columns are fantastic. They are easier to move around, saving time on site."**

*Jamie Holden  
Construction Manager, Denmay  
Homes NSW*



## Artista™ Columns

### ✓ Lighter Weight (20-30%) allows for:

- Easier Handling
- Improved Safety
- Saves Time on Site

### ✓ Achieve Design Freedom

- Variety of Finishes – smooth, texture, tiled
- Range of Accessories – ornate, quad, bell

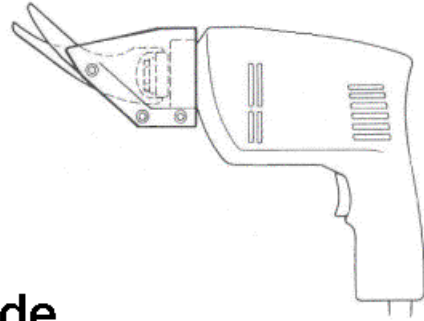
### ✓ Durability like no other

- High Impact and scratch resistance
- Load Bearing Capacity

## Tools

### HardiShear®

- Developed in co-operation with power tool industry partners



### HardiBlade

- Up to 5x longer cutting life than other carbide tipped blades

## Core Research

### Focused on:

- New raw materials
  - light and durable
- New formulation development
  - away from Hatschek norm
- New process development
  - other fibre cement technologies
- Understanding durability in all climates

# Technology Innovations

## HardiTrim w/XLD

- Thickness and shape
- JH proprietary low density technology
- Advantaged fiber cement process





# Technology Innovations

## Roofing

- Durability and performance
- Proprietary process, formula and materials



# Intellectual Property Strategy and Integration

**Value = ER<sup>2</sup>P**

## Strategy:

- Ensure O2P and O2E for all JH innovations
- Maximize value/\$ for James Hardie's IP portfolio

# Intellectual Property IP Advantage - Update

- Key technology and product patents have been granted.
  - We are now in a position to enforce patent claims.
  - We are monitoring competitor products and publications for infringement.

## **FY04 Results to Date**

17 New Provisional Applications  
52 Pending Patent Applications  
8 New Patents Granted/Allowed

## **FY04 Goals**

10 New Provisional Applications  
55 Pending Patent Applications  
6 New Patents Granted (Total = 16)

Based on US filings

**QUESTIONS?**

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**Research and Development  
Technology Review**

**December 2003**

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**Global Manufacturing  
December 2003**

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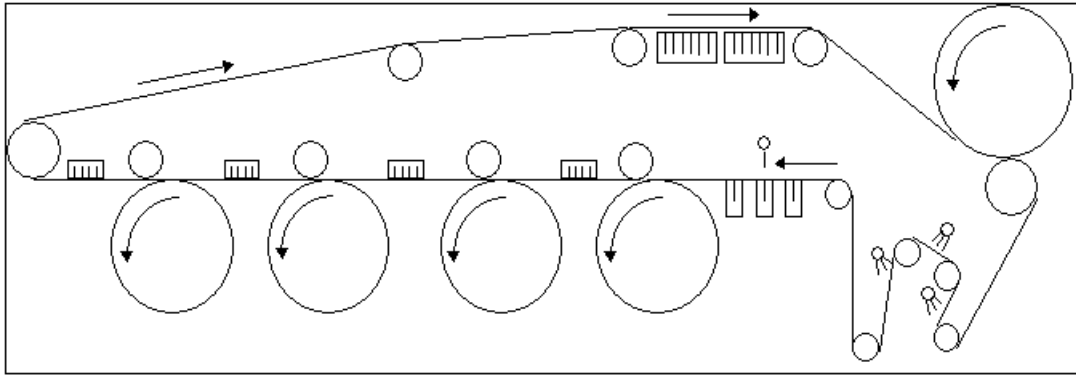
# Global Manufacturing Manufacturing Advantage

- Capital Efficiency(\$/sf)
- Manning(sf/man)
- Unit cost of production(\$/sf)
- Ability to deliver differentiated products
  - Aligned
  - Patterned
  - Thick
- Scale to build purpose built machines
- Culture focused on operational and engineering step change



# Global Manufacturing

## Hatschek Forming Machine



## **Global Manufacturing**

**James Hardie's Manufacturing Vision is driven by:**

- Unique proprietary technology
- Manufacturing excellence
- Engineering innovation
- Capacity construction

# **Global Manufacturing**

## **Manufacturing Excellence**

- Safety
- Quality
- People
- Costs
- Output

# Manufacturing Excellence

## Safety

- Striving for accident free culture
- YEM 06 goal of 2.0 incident rate
  - Foundation programs in place
  - Achievable with current effort
- Program on track to achieve goal

# Manufacturing Excellence

## Quality

- Traditionally, JH quality programs focused on product integrity
- In 2000, JH redesigned the US quality system to achieve world class results in not only product integrity, but also aesthetics
- Step change results achieved due to program
- Program rolled out in all Asia Pacific plants in April 03. Significant improvements already realized

# Manufacturing Excellence

## People

- Continue to build a true performance based culture in US Operations
  - Performance driven
  - Results Oriented
  - Lean
- Emphasis in Operations is given to four HR elements
  - Recruiting
  - Training
  - Development
  - Performance Management
- Program under way to create performance based culture in Asia Pacific Operations

# Manufacturing Excellence

## Costs

- Operations run cost programs consisting of:
  - Product inefficiency
  - Process inefficiency
  - Zero-based manning
  - Overtime management spending
  - Yield
  - Maintenance
  - Compressible
  
- Cost programs supported by global purchasing manager

# Manufacturing Excellence

## Output

- Actively managing to compress gap between plant rated designs and actual output created by process inefficiencies and product inefficiencies
- Program goal to eliminate all gaps in ramped up plants by September 06
- New plants to close all gaps within 24 months of startup
- Gap in ramped up plants reduced by 25% in last 12 months.



## **Global Manufacturing Engineering Innovations**

- Created centralized process engineering to support:
  - New product development and launch
  - Efficiency gap closure
  - Design change projects
  - Implement next generation ideas into the business units
  
- Created next generation engineering to work on step-change forming platforms and operational philosophies
  
- JH has gone from 1 to 3 major forming platforms over the last 3 years.

## **Global Manufacturing Capacity Construction**

- US growth requires addition of at least one major forming line a year
- Business scale allows for specialty forming lines as appropriate
- Began ramp up of three major capital projects Q1 of this year
  - Waxahachie II
  - Blandon Upgrade
  - Color Plus Coating Line
- Two major capital projects in progress
  - Sacramento California Plant
  - Peru XLD Trim Line

**QUESTIONS?**

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**Global Manufacturing  
December 2003**

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artisan  

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ROOFING PRODUCTS

**Artisan Roofing**

**December 2003**

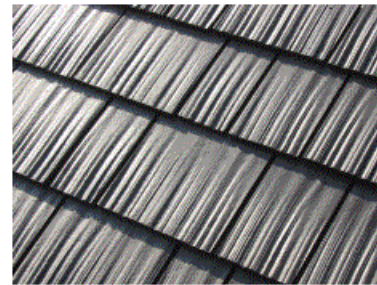
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- \$15M CER approved in 02
- Prove scalability of roofing technology
  - Manufacturing
  - Durability

- Product – Artisan Shake
  - 5/16" to 5/8" taper shake



## Market Strategy

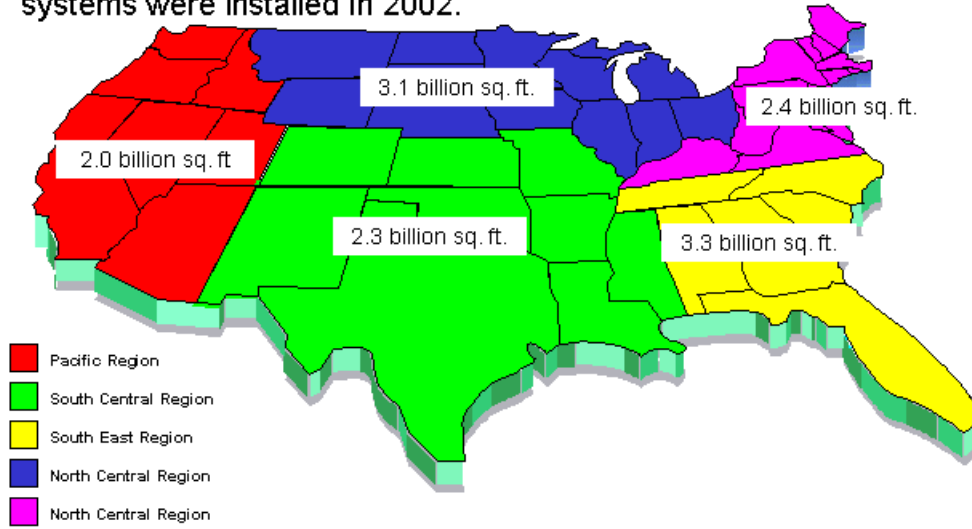




- Positioning
  - Wood shake and natural slate substitute
  - 25 year warranty
- Price
  - Equivalent to fire treated wood shake / FC competitors
- Distribution
  - One step roofing distribution
  - Southern California only

## Market Opportunity

- Over 13 billion square feet of residential roofing systems were installed in 2002.



Source: NAHB 1 004, 00, 01, 02

- Target wood shake and products that compete for wood shake re-roof market share
- 2.1 billion sq. ft. of opportunity (coverage)
- Key attributes
  - Natural wood shake aesthetics
  - Lightweight
  - Durable
  - Fire resistant
  - Nailable
  - Walkable

- Commissioning began in March
- Production trials began in April
- Field installation trials began in July
- Sales initiated in November

**QUESTIONS?**

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artisan  
ROOFING PRODUCTS

**Artisan Roofing**

**December 2003**

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# Hardie<sup>®</sup> Pipe

December 2003

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## **Brief History: 2000 - 2003**

- FRC pipes manufactured in Australia for over 70 years
- Entered US market in 2000 in Florida, with capacity at Plant City
- 100,000 tons machine to service the SE region

## The Opportunity

- Develop a national FRC pipes business in the US
- Focus on the 12" - 48" storm drainage segment.
  - US market opportunity is estimated at \$2.0 billion
  - A\$160 million Australian industry

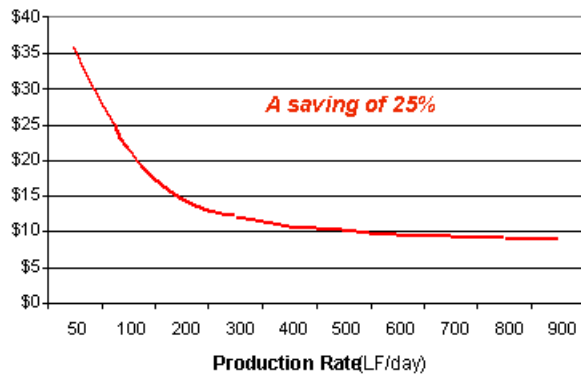
## **Business Case**

- Position as an RCP equivalent in mid-diameter range between plastic & RCP
- Installation time and cost savings
- High throughput/high yield manufacturing
- Target markets nationally

# Cost Advantaged vs. RCP

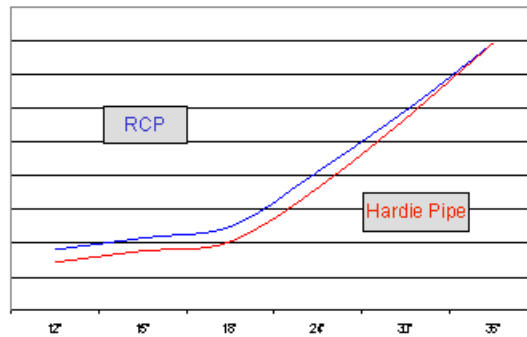
## Installed Cost

- Longer lengths allow higher production rates
- Average increase is from 200 lf/day to 400 lf/day



## Manufacturing Cost

- Hardie Pipe is advantaged to 36"

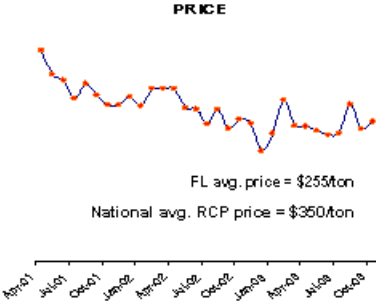
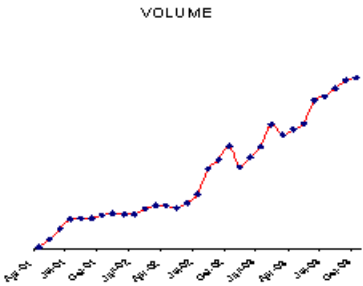


## **Current State: Market**

- The market recognizes FRCP value in mid-diameters
- Full range of 12" to 36" diameters now available
- Florida penetration curve consistent with our forecasts

# Current State: Market

- JH share growth has resulted in market price decreases
  - Current market prices are not sustainable for the industry



## Go Forward: Market

- Continue market development activities in Florida
- Expand class range
- Investigate markets outside Florida

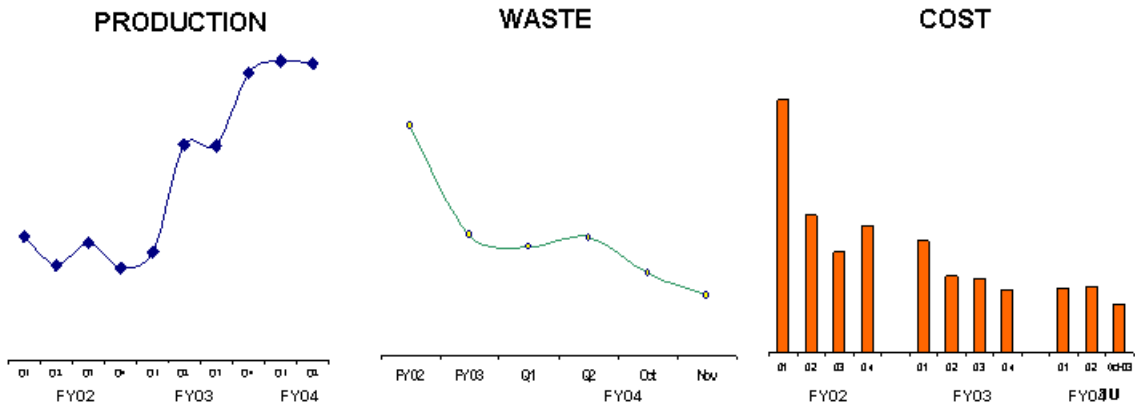
## Regulatory Approvals

- DOT approval obtained in Florida
- ASTM C 1450 – Recent revisions aimed at improving quality standards approved
- AASHTO - Preparing standard proposal that recognizes FRCP's superior in-ground strength and performance over RCP & HDPE



## Current State: Operations

- Production throughputs continue to improve
- Plant waste is declining
- Unit manufacturing cost is declining



**QUESTIONS?**

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**James Hardie**

**Hardie<sup>®</sup> Pipe**

**December 2003**

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**USA – Exterior Products  
December 2003**

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## Overview: Strategy

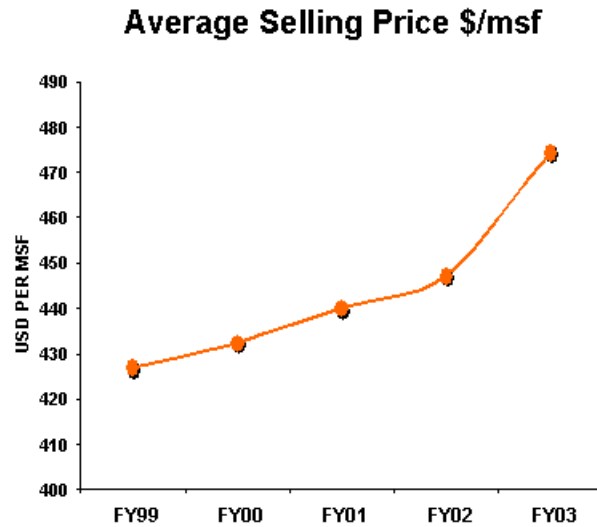
- Aggressively grow the market for Fibre Cement
- Secure our desired overall market position while defending our share in existing market segments
- Leverage our superior technology to offer differentiated products and systems of superior value to those of competitors, to reduce direct price competition

## Overview: Top-Line Growth

- Primary Demand
  - Create awareness at the consumer level
  - Target the Key Decision Maker (e.g. Builder/Contractor/Dealer)
  - Access the market thru traditional channels - Hybrid
- Category Share
  - Brand program
  - Differentiated product offering
  - Long term price positioning
- Performance Indicators (Measurements)
  - Revenue Growth
  - EBIT / Sales Ratio

## Overview: Selling Price

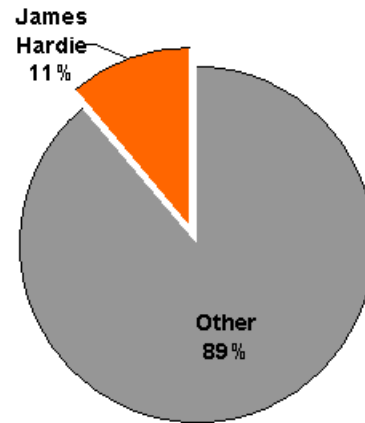
- Managed average selling price up 11% in past five years
- Expanded our product lines
  - Direct competition can't match
- Value price new products
  - Not influenced by direct competition
- Price "base products" to hit target share
  - Manage the price gap





## Overview: US Exterior Products Market\*

- 11% of US exterior products market vs. long term target of 35-40%
- **Significant growth opportunity in vinyl category**
  - Taking share from vinyl
  - Stucco and masonry remain static
  - Wood-based products continues to decline



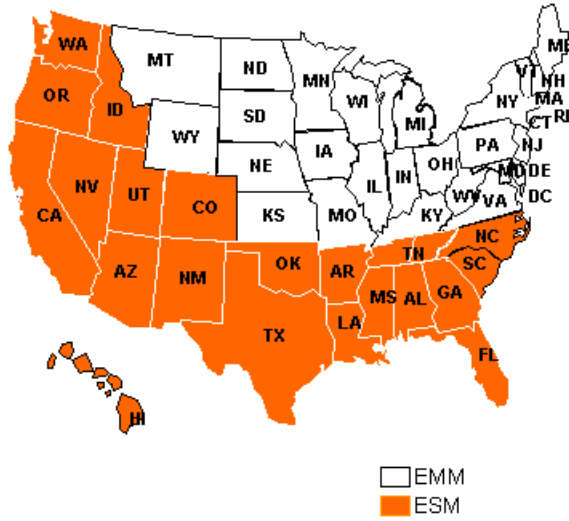
\* Includes siding, Trim, Soffit & Facia

## Overview: Products/ Segments

- Continue to focus on new construction / planks
- Our exterior product portfolio now includes:
  - A full wrap exterior bundle
    - Siding, Trim and Soffits
  - Repair & Remodel
    - Big Boxes
    - Professional Remodelers
    - Traditional Channel
  - Manufactured Housing
    - Hardboard substitute
    - Vinyl upgrade

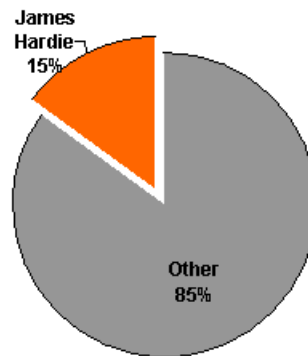
# Overview: Markets

- Established Markets: South
  - Rural Market Growth
  - Repair and Remodel
- Emerging Markets: North
  - Vinyl Substitution
  - Cedar Substitution



## Segments: New Construction

- We continue to increase our penetration in the new construction exterior products segment\*.
- We expect our share in this segment to continue to grow rapidly over the next 3 years

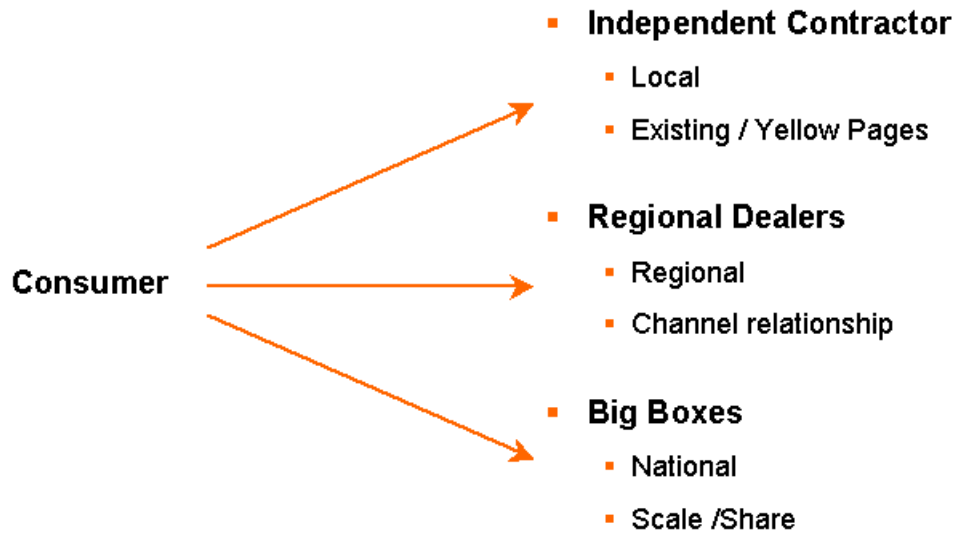


\* Includes siding, Trim, Soffit & Fascia

## Segments: Repair & Remodel

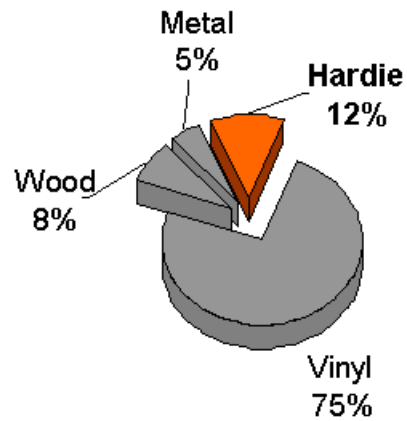
- Significant opportunity for growth in the R&R segment
- Our penetration in this segment is increasing but is still quite low
- Market drivers shifting
- Requires shift in strategy
- Be wherever the DIFM consumer looks for siding

## Segments: Repair & Remodel



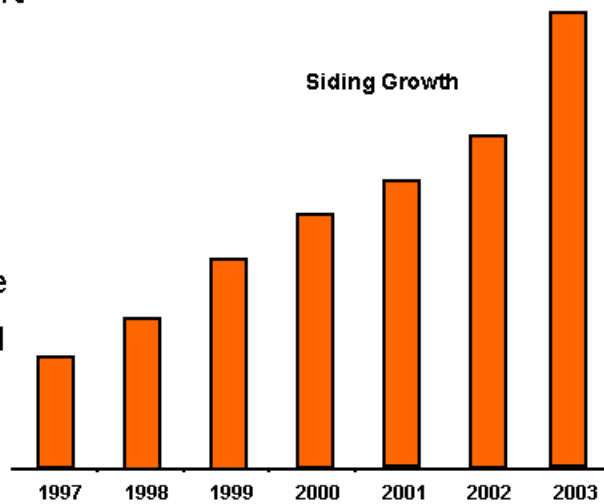
## Segments: Factory Built

- Factory built homes account for 7% of new construction starts
- Positioning
  - Wood substitute
  - Vinyl Upgrade
- Approach
  - Dedicated sales/marketing
  - Program sell
- Continued growth despite depressed MH market



## Exterior Products - Siding

- Siding is the largest part of our business
- Our siding products continue to grow in all markets
  - Expanding product range
  - Penetration against Vinyl
  - Repair and remodelling segment

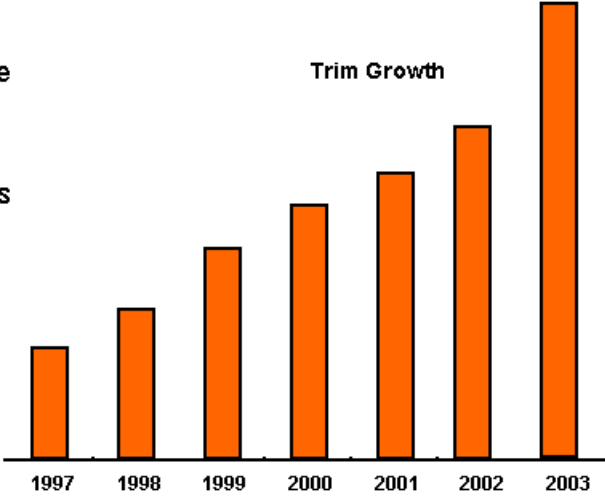




# Exterior Products: Harditrim

- Launched Harditrim in Nov 98
  - Positioning
    - Durability and wood-like appearance
    - Priced at a premium to other manufactured trims

- Launched XLD
  - Allows increased thickness
  - IP protection in place
  - Demand increasing
  - Additional capacity in FY05

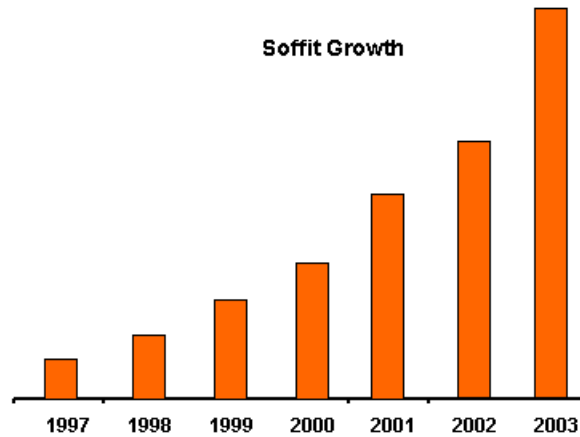


## Exterior Products: Colorplus

- Launched Colorplus in Jan '02
  - Helps to take share from vinyl
  - Lifts Selling Prices
  - Lifts Margins
  
- Internal Color Capability being developed
  - Ramp up ongoing – Peru Plant
  - Sales outpacing manufacturing
  - 6-Month outsource contract to cover capacity

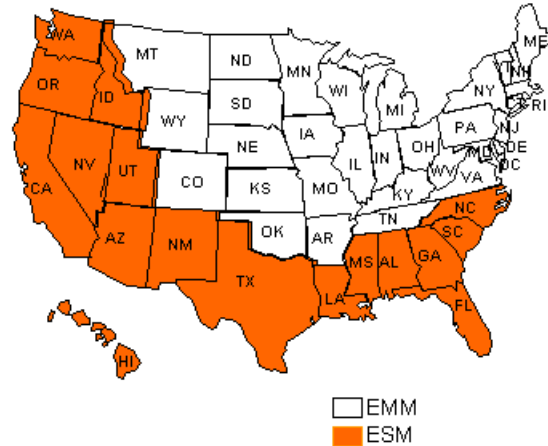
## Exterior Products: Soffits

- Includes soffit panels, planks and premium vented soffit
- Launched vented soffit in 1999
- Key markets:
  - Pacific Northwest
  - Texas
  - Southeast
- High throughput JH automated manufacturing capacity now in place



## Current State: Established Markets

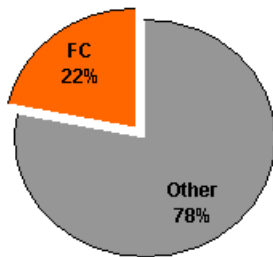
- High share position in most markets
  - Major builders and dealers
- High awareness of the JH brand
  - Trade and consumers
- Continued growth
  - Smaller builders
  - More products per house
  - Rural markets
  - Repair and Remodel



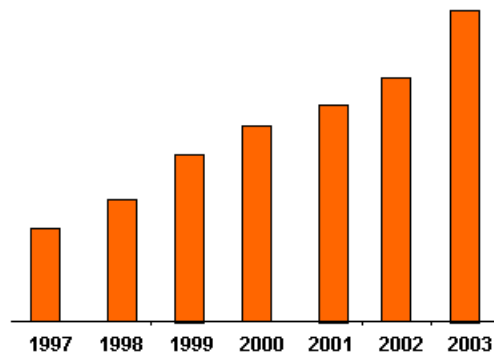
## Current State: Established Markets

- FC accounts for 1/3 of siding sales and over 22% of exterior products\* sales in the sunbelt
- Established markets account for 75% of our exterior products sales
- We are targeting a 7% - 15% growth band in ESM

New Construction Exterior Products Segment  
ESM



ESM Growth

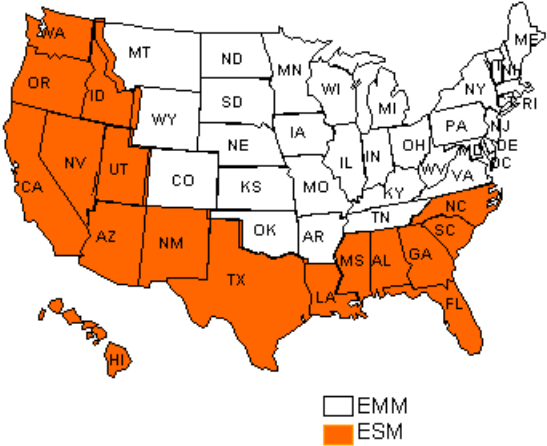


\* Includes siding, Trim, Soffit & Fasia

# Current State: Emerging Markets

Emerging market opportunity

- Vinyl belt
- High population
- Strong Growth in new const.
- Aging housing stock



## Current State: Emerging Markets

### Strategy:

- Segment the single family construction based on house value
- Target move-up and luxury homes
- Position Hardiplank as a viable upgrade to vinyl

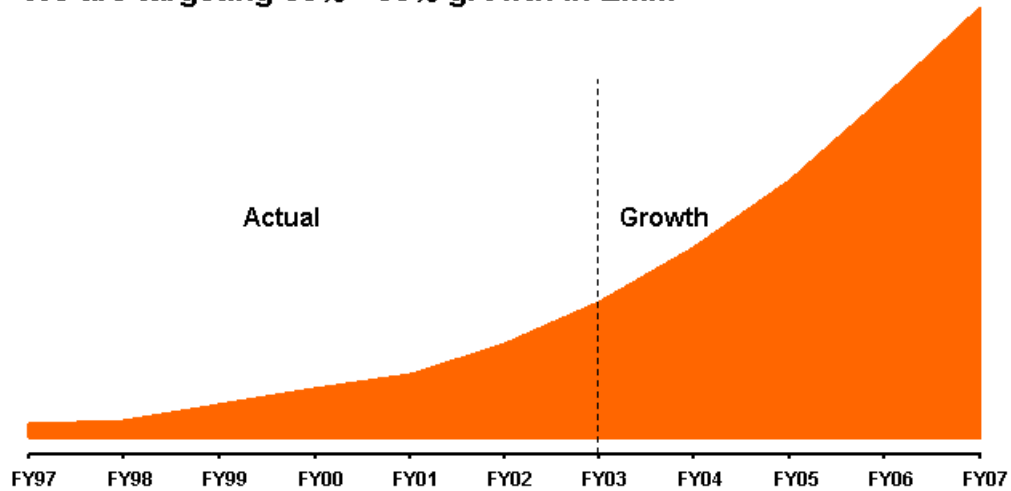
### Tactics:

- Accelerate awareness at the consumer level (marketing)
- Align channel: actively manage “on the wall” cost (field sales)
- Leverage the early conversions thru co-branding programs with the builders (sales/marketing)

## Current State: Emerging Markets

Results to Date... *moving along the S - Curve*

- We are targeting 35% - 50% growth in EMM





## Channels: Traditional Lumber

- Primarily Pro-dealers
  - Retail outlet for builders, contractors and remodelers
  - Specialise on medium to large tract builders
  - Also provide service to small custom builders
- We use this channel as an extension of our field sales to reach tract builders, contractors, and remodelers

# Channels: One Steppers

## Traditionally a Vinyl Channel

- Buys directly from manufacturer and sells directly to end users
  - The largest piece of the vinyl pie
  - JH is in early stages of a roll out with both national and regional participants
  - Critical to our success in the emerging markets

## Going Forward

- Continue to substitute FC for existing materials in exterior applications.
- Utilise our range of products to obtain a greater portion of the exterior cladding.
- Increase penetration into Repair and Remodel Segment

**QUESTIONS?**

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**USA – Exterior Products  
December 2003**

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**USA Branding  
December 2003**

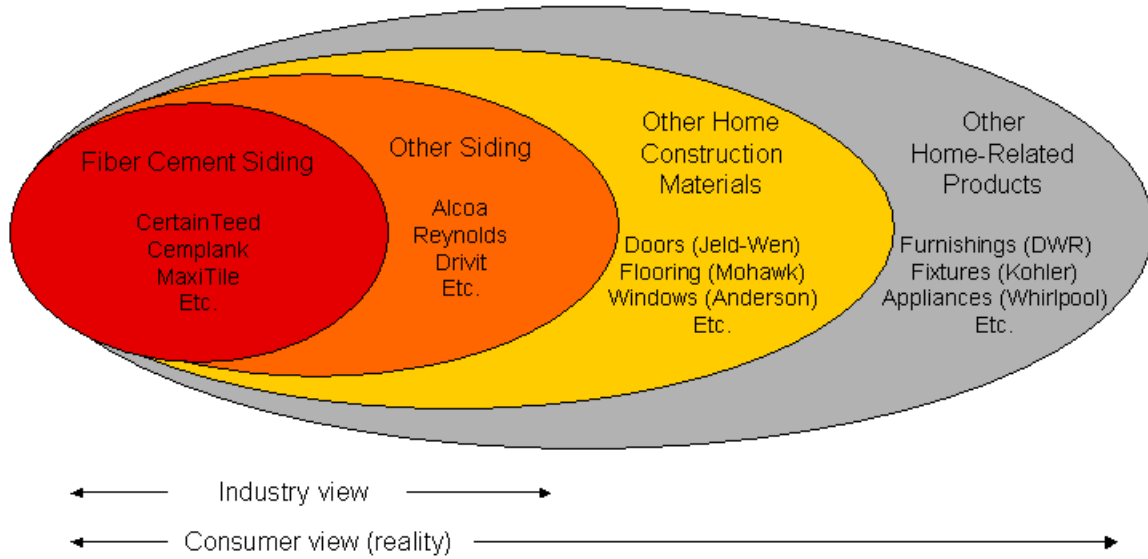
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# Brand Strategy

- Position James Hardie as character plus durability
  - Brand promise:  
The James Hardie brand means I can get the look I dream of without compromising the characteristics I think are important
  - Brand positioning:  
James Hardie siding products best fulfill homeowners' emotional needs for safety, security and character maintenance where other lap siding materials cannot



# Brand Strategy

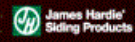




E-MAIL HAS REPLACED LETTERS.  
TV HAS REPLACED CONVERSATION.  
BUT THERE WILL NEVER BE A REPLACEMENT FOR HOME.

Your home is the most important place on earth. So don't let anything compromise it. Ask for James Hardie® siding. Unlike vinyl siding, it gets a home the character and beauty of wood, with a

guarantee against rotting and cracking for 50 years. To learn more, visit our web site at [www.jameshardie.com](http://www.jameshardie.com) or call 1-800-4-HARDIE.





**AT LAST, THE SIDING COMPROMISE IS OVER.**

You no longer have to settle for vinyl siding when building or remodeling a home. Now you can choose James Hardie fiber-cement siding. It's thick and solid like wood yet free of the maintenance problems associated with wood. Over three million U.S. homeowners are already enjoying it on their homes. And now building and remodeling professionals in your area are making the strength, security and unmatched beauty of James Hardie siding available to you.

*Why settle for vinyl?*



Vinyl will melt or burn when exposed to a significant source of heat or flame.



James Hardie siding is noncombustible.



Moisture causes wood to shrink and swell, which causes joints to crack and fall off.



Because of heavy brackling and swelling, James Hardie siding holds nails 3 to 4 times longer than wood.

**ONLY JAMES HARDIE SIDING GIVES YOU ALL THESE BENEFITS IN AN EXTERIOR:**

Charm and character of wood • Solid, thick and strong • Non-combustible  
Won't rot or crack • Resists damage from hail and flying debris  
30-year limited warranty • Available pre-finished with a 15-year paint warranty

You need to see James Hardie siding to appreciate how special it really is.  
For a free sample, call 1-866-4HARDIE or visit us at [www.jameshardie.com](http://www.jameshardie.com).



© 2004 James Hardie Siding Products, Inc.

# Brand Strategy



## Brand Strategy

- Merchandize the brand and our program to the trade
  - In doing so, we create pressure on the trade (builders, remodelers, dealers) to use and feature James Hardie
  - Our goal is for the trade to feel they want and need James Hardie as a key selling feature to be competitive

## **Vinyl Market Strategy**

- Key growth markets in Northeast and Midwest have been heavily entrenched in using vinyl
- A strategy grounded in market research was developed specifically for vinyl-dominant markets

## Vinyl Market Strategy

- Key components of the strategy
  - Develop effective positioning against vinyl
  - Initiate a “discovery phase” designed to shake the market out of their complacency with vinyl
  - Over invest in early adopters and market leaders who will in turn create pressure on other builders and remodelers to convert

## Vinyl Market Strategy

- Consumer position
  - Unlike vinyl, there's no compromise with James Hardie. James Hardie provides the best of what wood and vinyl have to offer – low maintenance much like vinyl with the look, thickness and character of wood



## Vinyl Market Strategy

- Trade position
  - James Hardie siding products provides builders and remodelers with a distinct cost-effective point of differentiation over their competitors in vinyl dominant markets

# Vinyl Market Strategy



# Vinyl Market Strategy

- Evidence it is working





**VISIT LENOX VILLAGE TO FIND HOMES CAREFULLY CRAFTED WITH JAMES HARDIE® SIDING.**

For more information, please call 615-831-2754 or visit [www.lenoxvillage.com](http://www.lenoxvillage.com)

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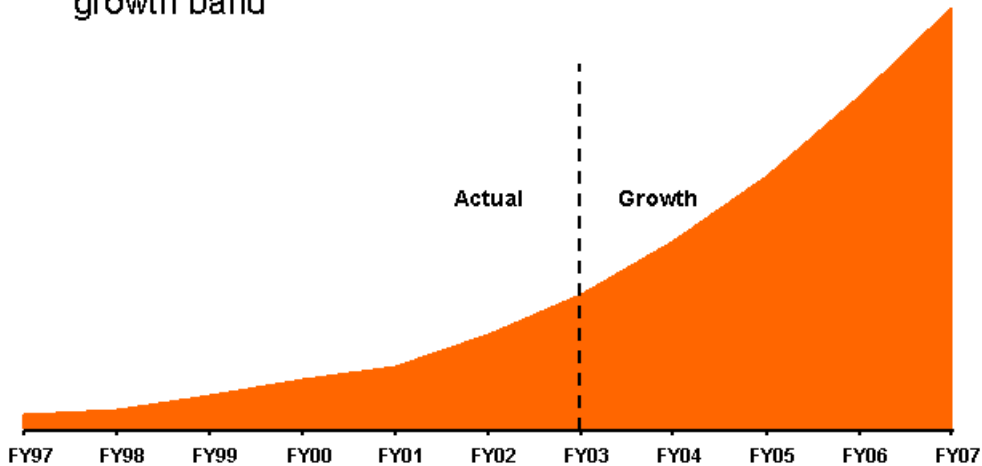
**James Hardie® Siding Products**  
Why settle for vinyl?

## Vinyl Market Strategy

- *Evidence it is working – builder video*

# Vinyl Market Strategy

- Evidence it is working – vinyl-dominant market results
  - We're moving along the S-curve, targeting a high growth band



## Brand Performance

- The product has performed exceptionally well under extreme conditions, delivering on the brand's core promise and strengthening the brand's equity in the marketplace
  - Hail storms in Southeast
  - Hurricanes on East Coast
  - Wildfires in Southern California

## Brand Performance

- *Product performance video*

## Brand Performance

- James Hardie continues to be sought after as the preferred siding of choice on idea homes and featured on national broadcast programs



Lou Manfredini discussing James Hardie on NBC's Today Show

**6.6 million estimated viewers**

ABC Extreme Home Makeovers  
HGTV Dream Home Special

Coastal Living	House Beautiful
Cooking Light	Midwest Living
Country Living	Southern Accents
Golf Magazine	Southern Living
Home	Sunset

**Impressions from print editorial:  
approx. 275 million / year**



# Brand Performance

- James Hardie is featured by the nation's top home improvement retailer as the #1 brand of siding

**Did you know  
Home Depot installs**

**James Hardie®  
Siding Products**

The most popular brand of siding in the world is **NOW AVAILABLE** exclusively on an installed basis through At-Home Services.

CALL FOR A FREE IN-HOME CONSULTATION  
**1-800-79-DEPOT**

James Hardie® Siding Products | At-Home Services

The best value in the industry from the professionals you can trust.

**THE EXCLUSIVE LOOK OF HARDE SIDING**

Our goal is to provide you with all the siding options you'll ever need. In keeping with that goal, The Home Depot At-Home Services offers James Hardie Siding in select areas. Hardie siding boasts an exclusive, elegant look, yet offers low maintenance and tremendous value. With the beauty and character of wood, Hardie siding won't rot or crack, and it is weather and fire resistant.

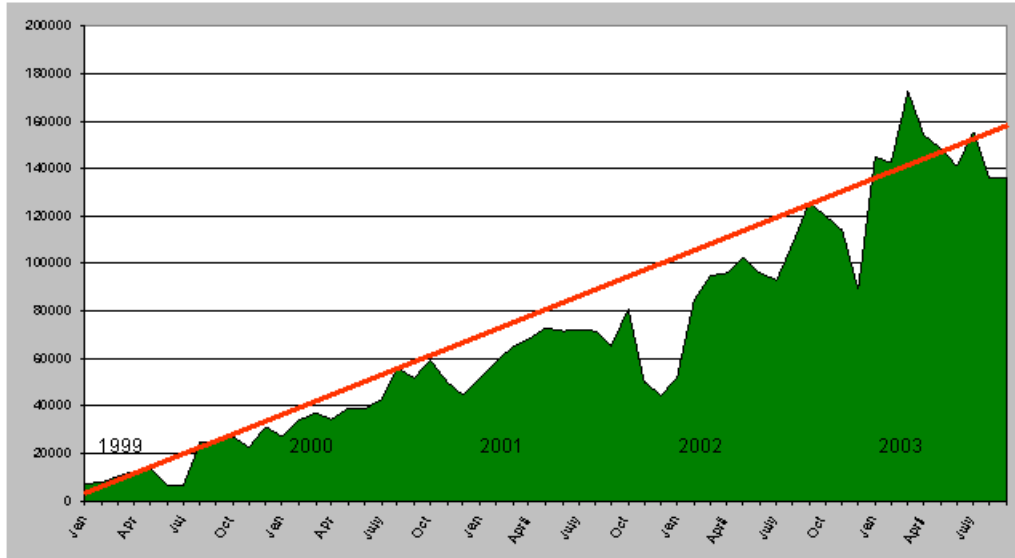
**James Hardie®  
Siding Products** | **At-Home Services** Installation and Maintenance You Can Trust.

Voted One of 20 Most Innovative Products Introduced in the Last Two Decades by Builder Magazine, Hardie Siding is already protecting more than three million homes in North America. Great for home additions, or for complete re-siding projects, Hardie may be the right choice for your home siding project. Ask your At-Home Services representative for more information on Hardie Siding and its availability in your area.



# Brand Performance

- Website user sessions



# Brand Performance

- James Hardie outperforms competitive siding products in perceived quality and brand usage among builders

## Product Quality

- James Hardie**
- Alcoa
- CertainTeed
- Wolverine
- Mastic

Q: How do you rate the quality of each brand you are familiar with?

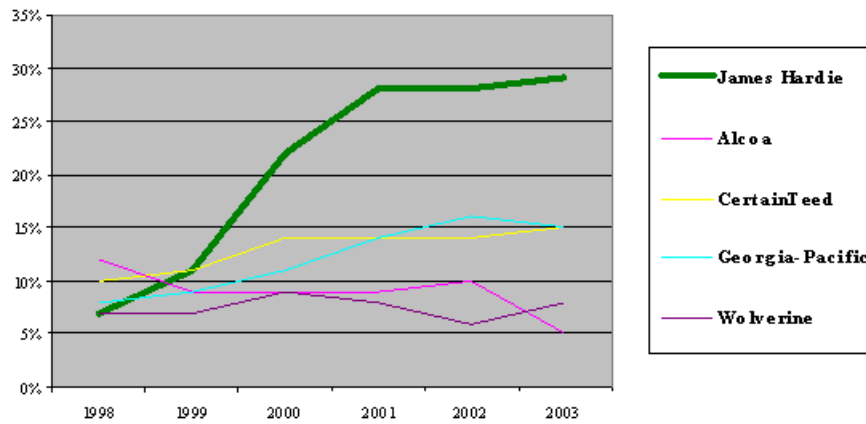
## Brand Most Used

- James Hardie**
- Georgia-Pacific
- CertainTeed
- Alcoa
- Wolverine

Q: Which brand(s) does your firm use the most?

## Brand Performance

- Brand preference among builders continues to outperform the competition



Builder magazine 1998 - 2003 Brand Use Studies

## **Brand Expansion**

- James Hardie will continue building its brand around siding and accessories, while extending the brand into new areas

## Brand Expansion

- Keys to success:
  - All new product introductions must deliver on James Hardie's core promise of character plus durability
  - Expanding horizontally (across different product categories) while stretching vertically (product upgrades) will sustain and strengthen brand equity over time

## Brand Expansion

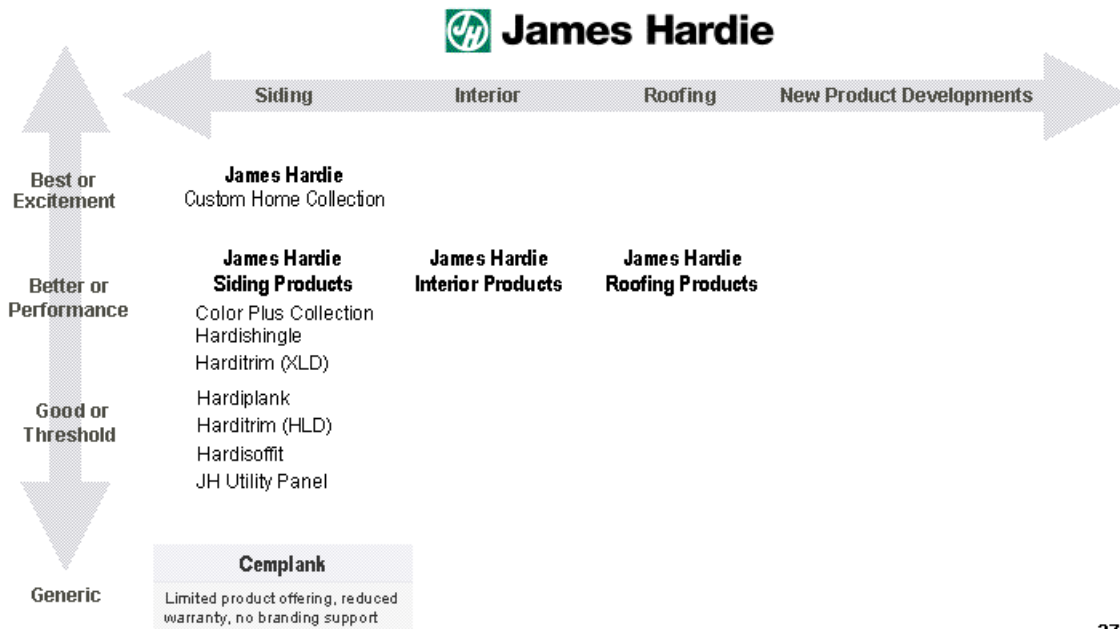
- “Using existing brands to launch new products makes economies of scale possible. This answers an economic necessity.

... Brand extensions are inevitable. Yet because brand dilution can lead to commoditization, the brand must be upgraded even as it is extended. Horizontal extension. Vertical upgrading. Having a vision enables you to combine these two movements.”

Source: Jean-Marie Dru, Disruption



# Brand Expansion



**QUESTIONS?**

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**USA Branding  
December 2003**

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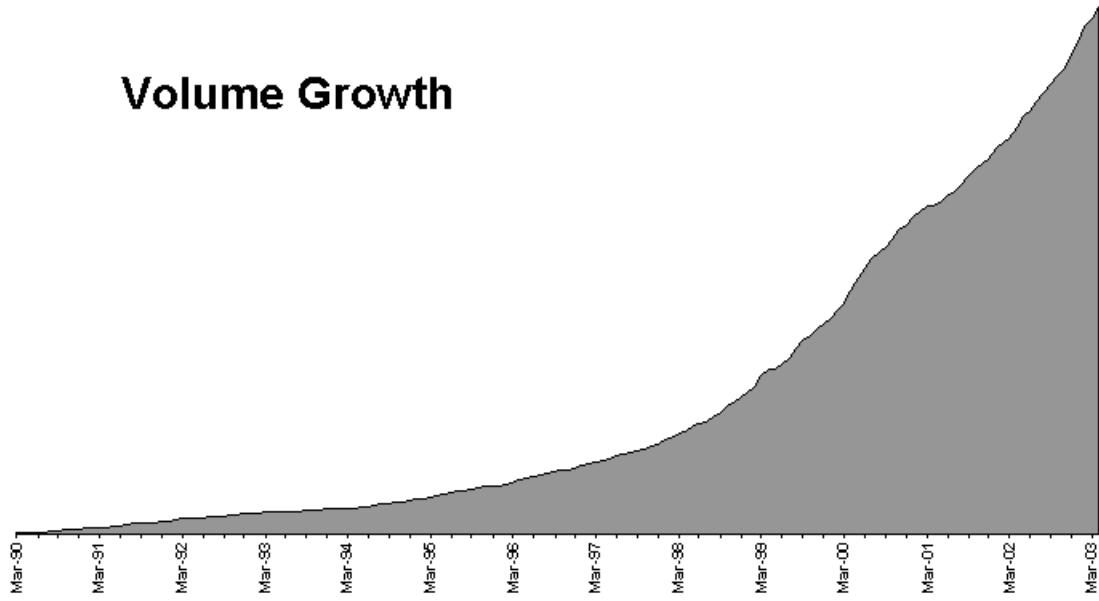


**USA Interior Products  
December 2003**

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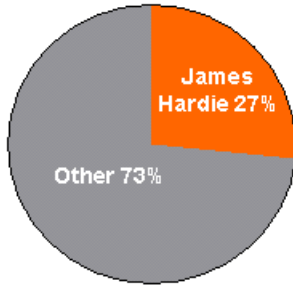
# Interior Products: Hardibacker®

## Volume Growth

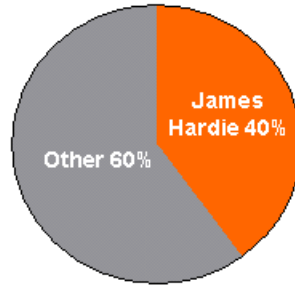


# US Backerboard Market

**Updated Estimate  
USA Interior Cement  
Board  
Market 0.97bsf**



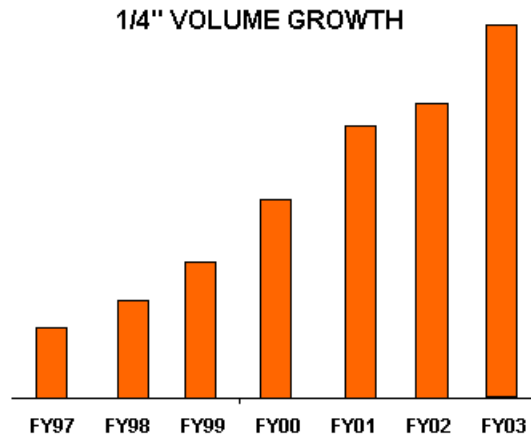
**2007  
USA Interior Cement  
Board  
Market 1.1bsf**



Note – This information is based on the latest market survey data collected and analysed by James Hardie and is based on source material from the NAHB, NAHB Builder Practices Survey and Consumer Practices Survey, Ducker Research Company Inc. 2002 Analysis of Exterior Wall systems, Ciprus Research Exterior Residential Cladding Report, combined with James Hardie estimates based on its own surveys and management estimates.

## Existing Growth – Hardibacker® ¼”

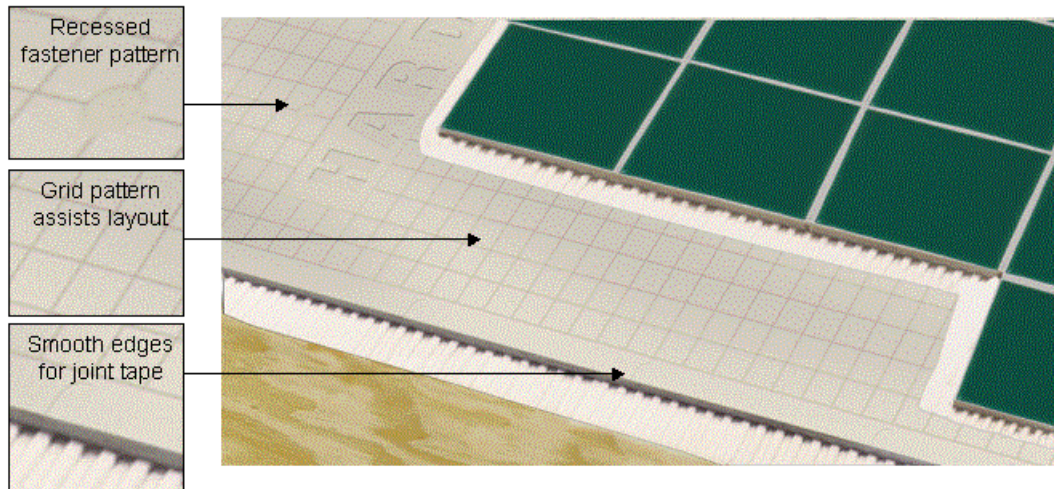
- Existing Hardibacker launched 1990
- Used as substrate for ceramic tiles
- Mostly used on floors (i.e. bathrooms, kitchens, entries)
- Limited use on wall applications
- Initially strong in R&R applications, established in new construction also





## Future Growth – Hardibacker® EZ Grid™

- Launched in March 2003
- Raises the bar
- Adds value for both Pro-tile and DIY



# Hardibacker® EZ Grid™ - Advertising

- Trade magazines
- Direct mail
- Paid editorials
- Targets contractor

88% of tile contractors call it "EASY TO SCORE AND SNAP"

70% of tile contractors call it "QUICKER TO INSTALL"

85% of tile contractors call it "A GREAT IMPROVEMENT"

We just call it "HARDIBACKER® EZ GRID™"

**HARDIBACKER** EZ Grid  
The Ultimate Cement Board Underlayment

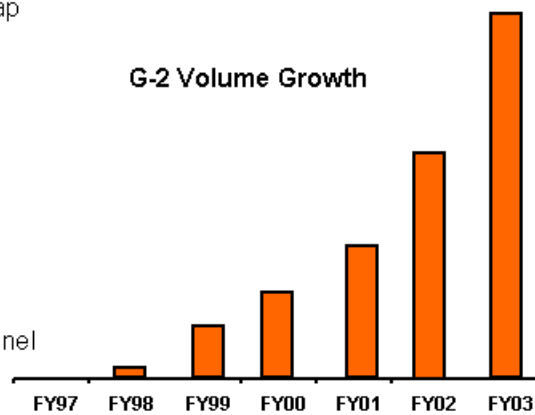
**James Hardie** Building Products  
Work smarter. Not harder. It's EZ. Hardibacker® EZ Grid™  
1-888-668-6666, 1-888-662-7443 or [www.jameshardie.com](http://www.jameshardie.com)  
Hardibacker® EZ Grid™ is made in the USA.

The advertisement features three small images: a hand using a utility knife to score a grid on a surface, a hand touching the grid, and a man in a green shirt pointing at a wall. The EZ Grid logo is a green square with a white circle containing the text 'EZ GRID' and 'Underlayment' below it.

## Continued Growth – Hardibacker 500® w/G2 Technology


### “G2” technology is:

- 35% easier to cut using score and snap
- 35% easier to nail
- 15% lighter
- Easier to handle/work with
- Ideal for walls
- 3'x5' is doing well
- New 4'x8' opens up the Gypsum channel
- Roll out is going well
- Exclusive to JH



# Hardibacker 500® - Advertising

- Trade magazines
- Direct mail
- Paid editorials
- Targets contractor, builder, and homeowner



The tile contractor saved \$28  
by using gypsum-based backerboard.

But the call back cost \$1000.

You do the math.

**HARDIBACKER.**  
The Ultimate Cement Board™

**James Hardie®**  
Building Products  
Do as our best thinking in the shower.  
1-800-4-A-BOARD (426-2422) • www.jameshardie.com

Hardibacker® The Ultimate Cement Board™ provides superior bond strength and moisture resistance, so the looks beautiful and stays that way.

## Channels: Big Boxes

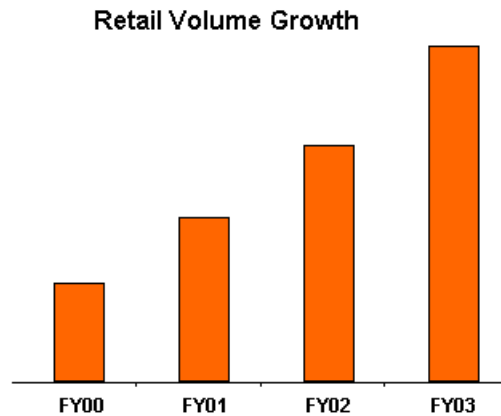
- We continue to grow rapidly in the retail channel
  - Backer - 2350/2350 Stores – 100%
  - Siding - 1273/2350 Stores – 54%



- Backer – 100% of 1500 Stores
- Siding - 48% or 720/1500 Stores



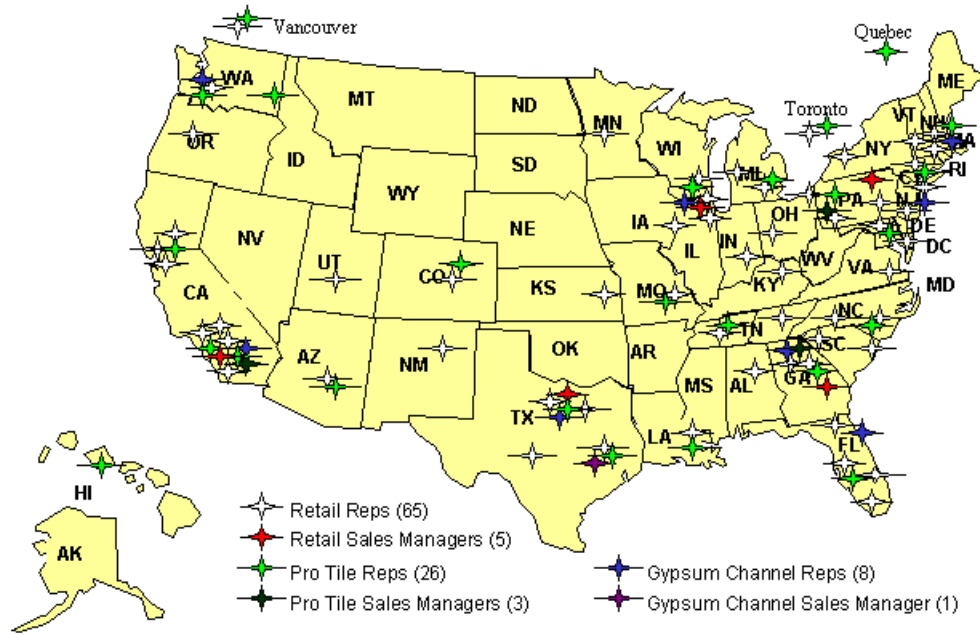
- Backer - 100% of 850 Stores
- Siding – 65% or 553/850 Stores



## Channels: Other

- Pro-tile Channel
  - Manufacturer/distributors
  - Import/distributors
  - Dealers
  
- Lumber Channel
  - National/regional building materials chains
  - Independent yards
  
- Gypsum Channel
  - Drywall distributors

# Hardibacker® Sales Reps



## **Sustainable Growth Model**

- Based on:
  - Large market opportunity
  - Superior value proposition for target customers
  - Proprietary and/or protected technology
  - Focused strategy and organizational effort



**QUESTIONS?**

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**USA Interior Products  
December 2003**

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**James Hardie**

**Factory-Built Construction  
December 2003**

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## **Factory – Built Construction Sub-Segments**

- HUD Construction
  - Single & Multi-Unit Homes built to Government Standards
  - Price point: \$18,000 - \$150,000
  
- Residential Modular
  - Factory-built Homes constructed to Site-built codes
  - Price point: \$80,000 - \$400,000
  
- Commercial Modular
  - Temporary space for Construction, Schools, Medical Facilities, etc.
  - \$10,000 - \$1,000,000 +

## **Benefits of Building in a Plant**

- No Weather Delays
- Stable Workforce
- Plant Efficiencies
- Lead time – Home built and delivered in a matter of weeks versus 3 to 6 months
- Improved Quality Control
- Products stored in closed, dry environment

## **FY04' Update**

- Focused primarily on HUD Code Homes
  - 400-500 mmsf opportunity at industry capacity
- Hardboard Siding Replacement in the West (Panel)
- Vinyl Siding Replacement in the East (Plank)
- Growth FY04': 139% LY
- Vinyl Siding holds bulk of share
- Industry Trend
  - Shifting from street dealer to developers
  - Developments targeted at first time buyers, and retirees

## Western United States

**Segment:** manufactured housing builders

**Target:** hardboard siding users (multi-section units) – full wrap application

**Position:** premium alternative / wood replacement panel – market Leader

**Value-Proposition:** reduced homeowner call-backs, product differentiation



## Eastern United States

**Segment:** manufactured housing, residential modular builders

**Target:** vinyl siding users (multi-section units) – sidewall application

**Position:** JH positioned as a premium “up-sell” alternative to vinyl

**Value-proposition:** aesthetic value/qualities

# HUD Construction



Champion Homes – Phoenix, AZ

Skyline Homes – Portland, OR



# Residential Modular Construction



Neo-classical neighborhood in Cincinnati, Ohio

Two-story homes, wrap around porches, sidewalks and garages.



## Industry

- MH represents 7.2% of '03 housing starts

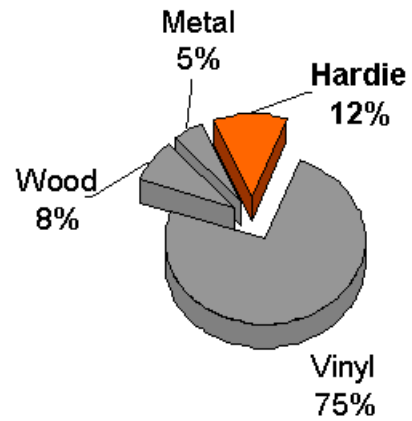
### **Key Industry Drivers (current):**

- Wholesale & Retail Financing – Credit
- Repossession Inventories
- Renters taking advantage of record low rates and zero-down financing in site-built

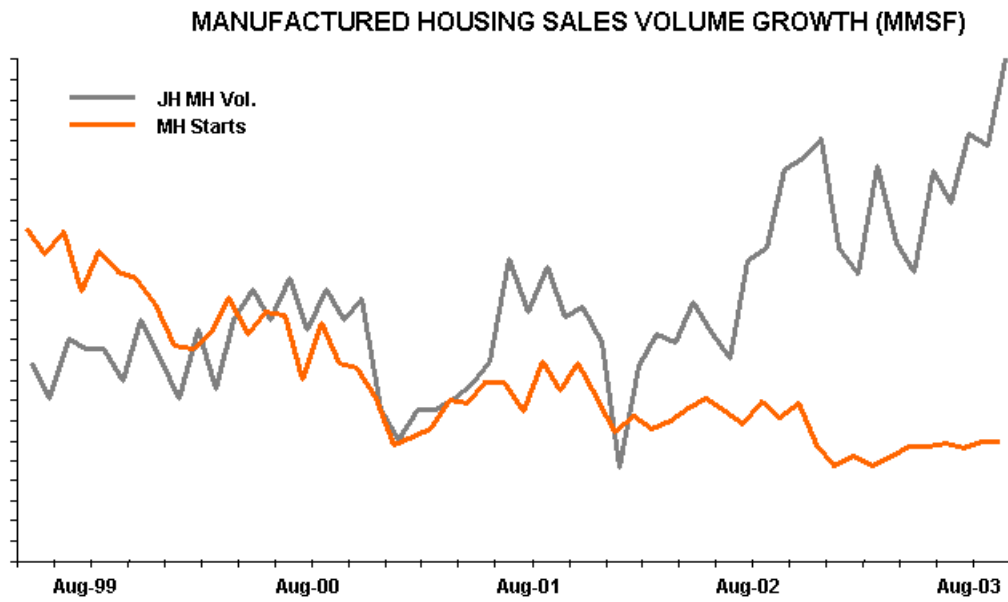
## Market Share

### JH Share

- FY04 YTD: 139% above last year
- September 03' record month
- Market Share: 12%



# JH Volume Growth vs. MH Unit Production



## **Value-Added Products & Programs**

**Segment specific programs give Hardie a competitive advantage and act as “barriers to entry” for our competition**

- CTS – Cut-to-Size Panel & Soffit Program
- SureCut Tool Program – Cutting Solutions
- Factory Support Specialists – Devoted to MH Segment
- Dealer Support – Product Knowledge, Marketing Support
- Industrial Engineering Support – Installation Efficiency
- In-Plant Quality Audit Programs – Evaluation conformance to performance standards
- Aftermarket Availability – The Home Depot, Lowe’s

## **Manufacturing Plants**

- 240 MH plants nationally
- JH has 50% penetration
- Current opportunity is 310mmsf



## Competition

- **West, Texas:** Hardboard, OSB Siding - \$365 - \$400msf
- **Midwest & Northeast:** Vinyl Siding- \$250 - \$360msf
- **Southeast:** Vinyl Siding - \$250msf

# Industry Trend

## **Builder/Developer**

- Land-Home
- Land-Lease

## **Dealer**

- Sells into Land-Home, Land-Lease
- Land/Home is the trend and the future of the industry
- End-Loaded Homes
- Garages
- Residential look, Community Feel

# End-Loaded Units with Garages



## Focus

- Execute Strategy in Vinyl Siding Markets
- Grow Primary Demand
- Target Developers, Communities (SMP's)
- Develop and Implement Corporate Strategy
- Add Distribution
- People Development
- Increase Plant Performance
  - Engineering Efficiencies, Ergonomics

**QUESTIONS?**

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