



James Hardie

Unique Technology Driving High Growth

USA

September 2002



Agenda

- > **Welcome**
- > **Introduction**
- > **Logistics**
- > **Agenda**

Focussed on Fibre Cement

Attractive Investment Attributes

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





A High Growth Investment

Sustainable Competitive Advantage

- > Unique plant engineering and proprietary process technology and product formulations
- > Unique differentiated products, widest range and strongest brand
- > Superior capital cost efficiency – plant capital cost 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

Long Term Financial Targets

High Growth and Attractive Returns Targeted

Revenue growth	> 15% p.a.
EBIT Margins	> 15%
ROA	> 15%





Research and Development

R&D is a Key Driver of Growth

- > Capabilities and resources
 - 120 scientists, engineers and technicians
 - 30% increase in spend to US\$21 million in FY03 – 3% of sales
- > Core projects
 - new proprietary engineered raw materials
 - new proprietary product formulations
 - new engineering and proprietary process technologies
 - lightweight and durable products for all climates



Vision and Strategy

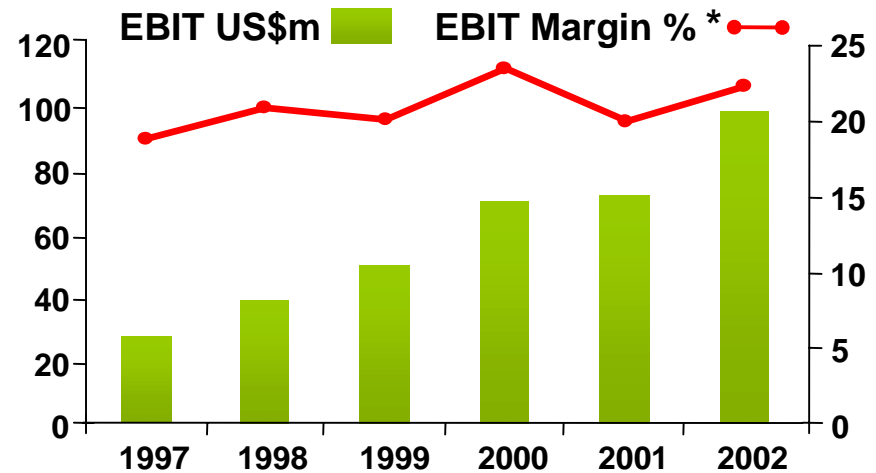
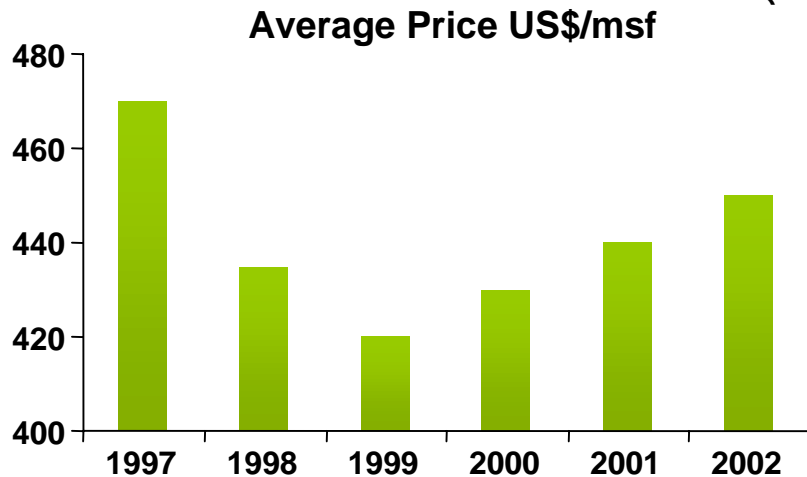
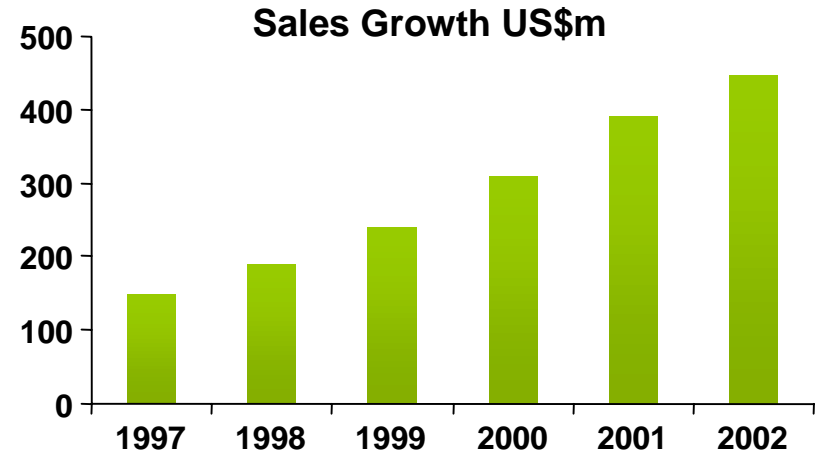
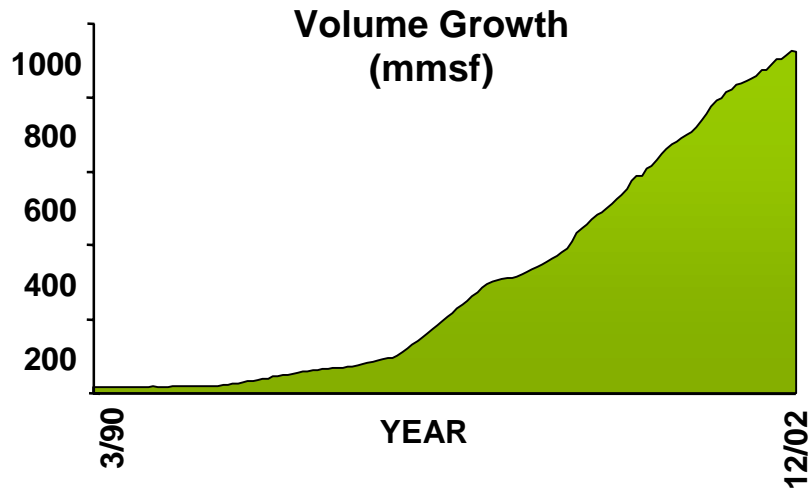
Our Goal is Global Leadership in Fibre Cement

- > Aggressively grow the market
- > Secure differentiated positions by leveraging:
 - technology
 - products
 - scale
 - cost
 - market position
 - brand recognition
- > Targets - high volume, rapid growth, largest share
- > Sustain attractive margins



USA Fibre Cement

Strong Performance

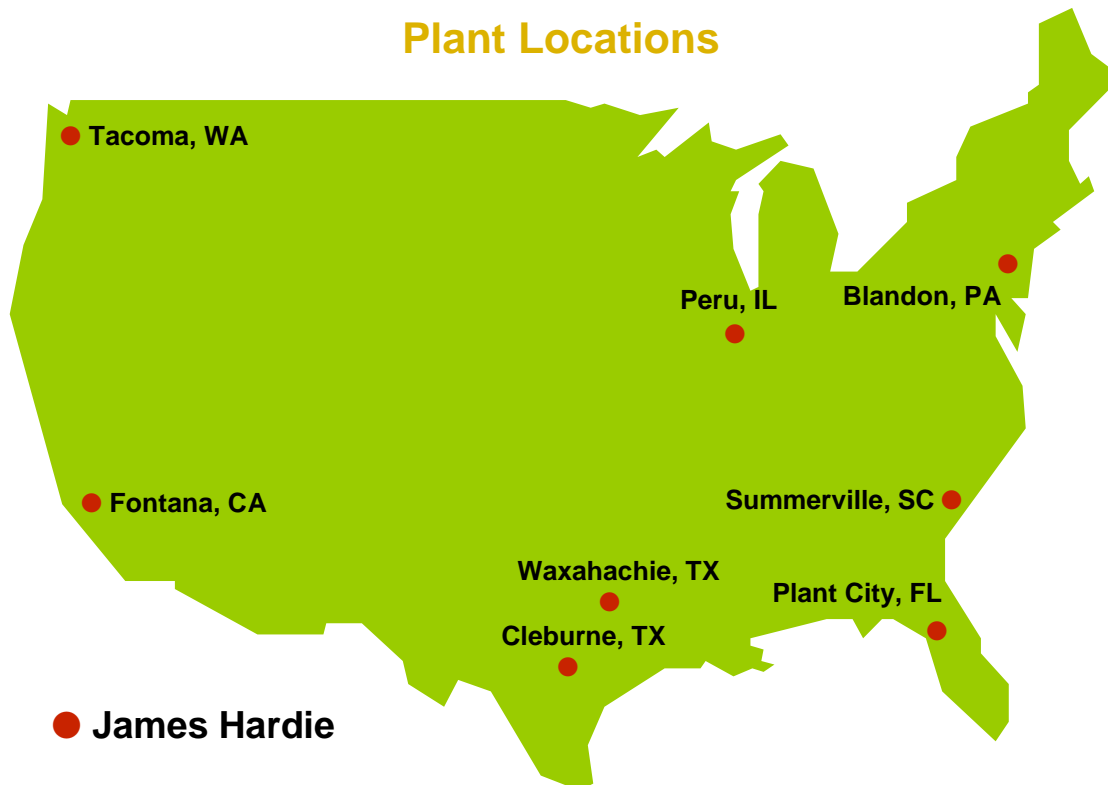


* Before restructuring and other operating expenses

Largest and Lowest Cost

James Hardie is uniquely advantaged in North America – the largest framed construction market in the world

Plant Locations



Plant Capacity

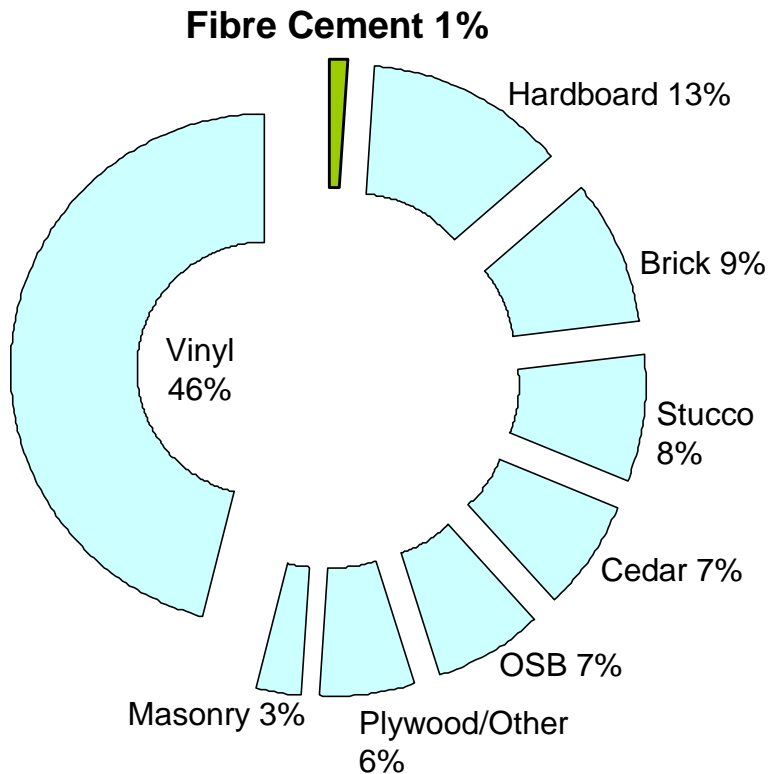
Flat Sheet Plants	Capacity (mmsf)
Fontana, California	180
Plant City, Florida	300
Cleburne, Texas	500
Tacoma, Washington	200
Peru, Illinois	400
Waxahachie, Texas	360 *
Blandon, Pennsylvania	120
Summerville, South Carolina	190
Flat Sheet Total	2,250
FRC Pipe Plant	
Plant City, Florida	100,000 tons

* Upgrade in progress – includes capacity being added

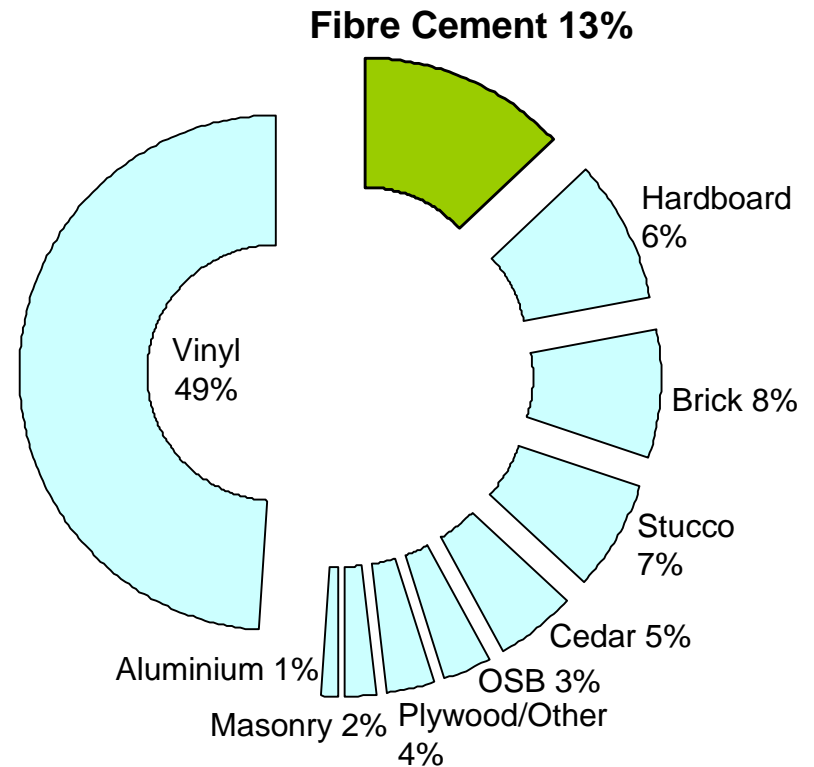
High Category Share – Low Market Share

Total Siding Market Share

1994



2002





Low Shares of Large Markets

Product Category **Market Size
(bsf)**

New Construction

- Siding, Fascia & Soffits 3.5
- Trim 1.3

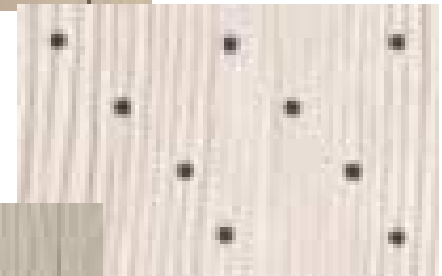
Total New 4.8

Repair & Remodel

- Siding, Fascia & Soffits 3.9
- Trim 1.6

Total R&R 5.4

Grand Total **10.2 bsf**



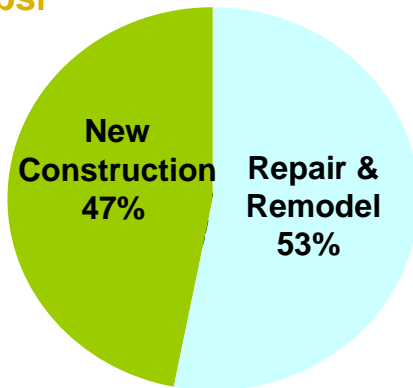
bsf = JH standard feet in billion square feet



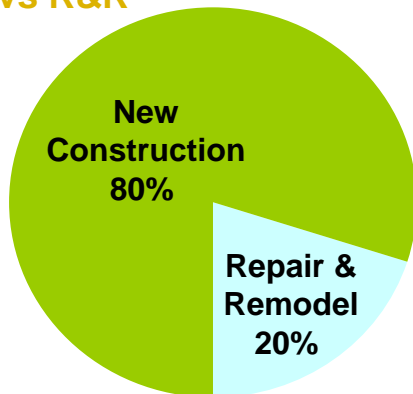
8% Market Growth - R&R Growing Faster

2002

USA Exterior Products Market
10.2 bsf

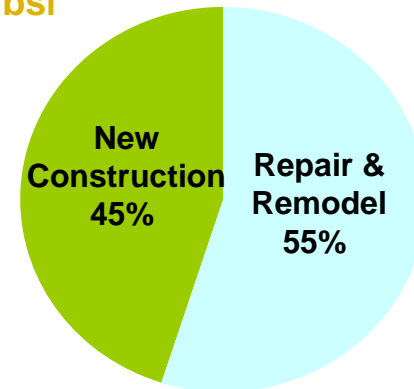


James Hardie – Sales Mix
New vs R&R

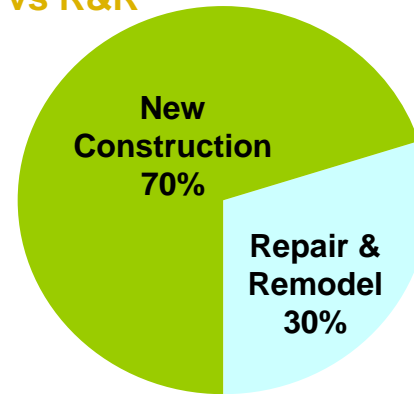


2007

USA Exterior Products Market
11.0 bsf

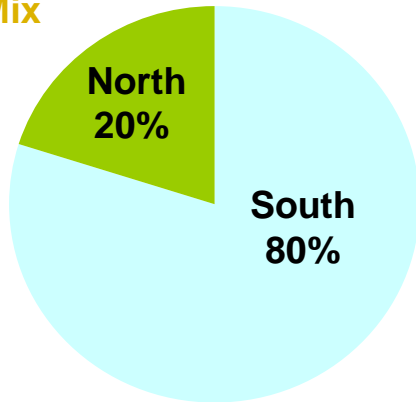


James Hardie – Sales Mix
New vs R&R

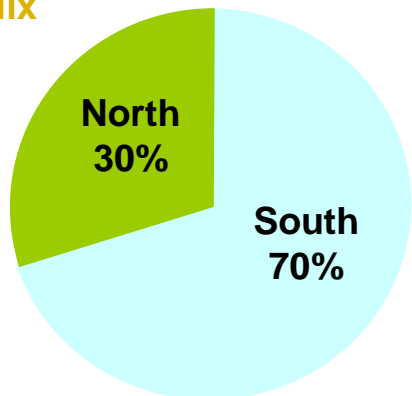


North Growing Faster

Exterior Products 2002
James Hardie North/South
Sales Mix



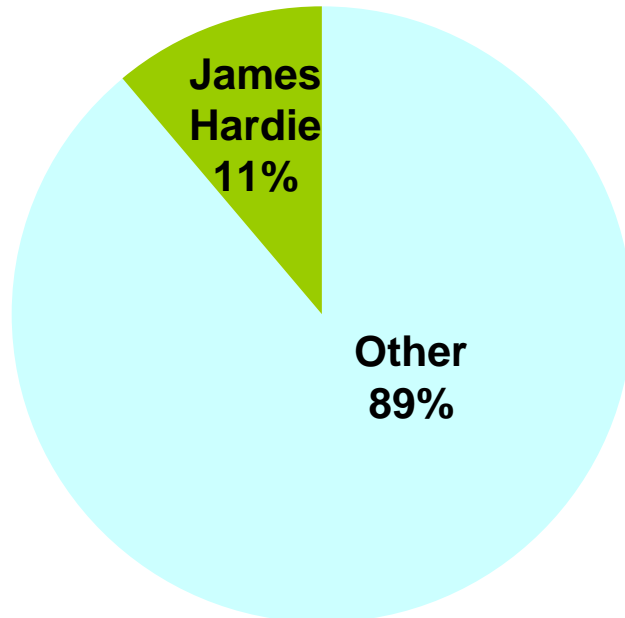
Exterior Products 2007
James Hardie North/South
Sales Mix



Overall Share Could Double in 5 Years

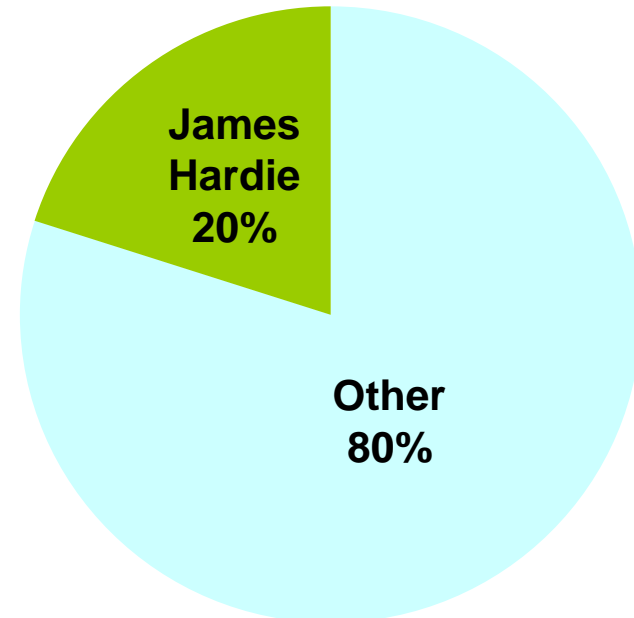
2002

**James Hardie Share
USA Exterior Products Market
10.2 bsf**



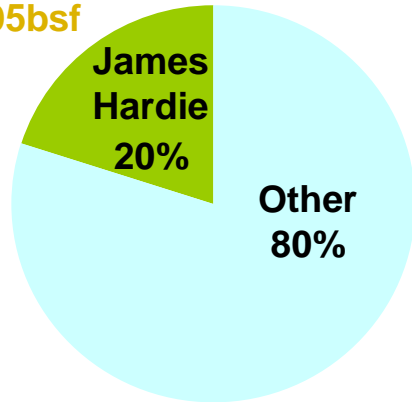
2007

**James Hardie Share
USA Exterior Products Market
11.0 bsf**

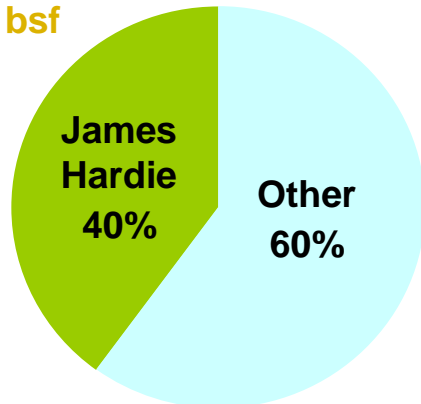


Backer Could Grow Even Faster

2002
USA Interior Cement Board Market
0.95bsf



2007
USA Interior Cement Board Market
1.1bsf



New Growth Horizons

Pipes

- > USA manufacturing plant commissioned 2001
- > Product advantaged vs reinforced steel concrete pipes
- > Lower cost to make and install
- > Long term targets
 - national business
 - 4-5 manufacturing plants
 - large share of US\$2 billion market





New Growth Horizons

Roofing

- > USA market entry planned
- > Development of fibre cement roofing technology
- > US roofing market 11 bsf (US siding market 10.2 bsf)
- > Initial target market 1.5 bsf
 - to compete with wood shake
 - superior durability and fire performance





Questions?



Disclaimer

This presentation contains forward-looking statements. Words such as “will”, “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 periodic reports filed with 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.



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