



James Hardie

Results Recap and Strategic Overview

Results – Q1

US\$ Million	<u>Q1 '04</u>	<u>Q1 '03</u>	<u>% Change</u>
Net Sales	241.5	194.6	24
Gross Profit	89.3	68.5	30
SG&A	(36.2)	(30.1)	20
Research & Development	(4.8)	(3.3)	45
EBIT	48.3	35.1	38
Net Interest Expense	(2.3)	(2.9)	(21)
Other Income, Net	-	0.3	-
Income Tax Expense	(13.1)	(10.1)	30
Operating Profit ⁶	32.9	22.4	47

Continuing businesses only

USA Fibre Cement – Q1

Net Sales	up	22% to US\$186.8 million
Sales Volume	up	14% to 387.5 mmsf
Average Price	up	7% to US\$482 per msf
EBIT	up	39% to US\$54.1 million
EBIT Margin	up	3.6 pts to 29.0%

Asia Pacific Fibre Cement – Q1

Net Sales	up	23% to US\$50.1 million
Sales Volume	up	12% to 98.2 mmsf
EBIT	up	15% to US\$8.6 million
EBIT Margin	down	1.2 pts to 17.2%

Other Fibre Cement – Q1

- Chile – breakeven, growing share
- Pipes – volumes trebled, prices low
- Europe – positive start
- Roofing – trials commenced

EBITDA – Q1

	Q1'04	Q1'03	% Change
EBIT³			
USA Fibre Cement	54.1	38.8	39
Asia Pacific Fibre Cement	8.6	7.5	15
Other Fibre Cement	(3.7)	(2.7)	(37)
R & D	(3.3)	(2.5)	(32)
Corporate	(7.4)	(6.0)	(23)
Depreciation and Amortization			
USA Fibre Cement	4.9	4.8	2
Asia Pacific Fibre Cement	2.3	2.1	10
Other Fibre Cement	0.1	0.0	-
Total (EBITDA)	55.6	42.0	32

Continuing businesses only
See Note 4

Interest and Tax Expense

Net Interest Expense

US\$ Million	<u>Q1'04</u>	<u>Q1'03</u>	<u>% Change</u>
Net Interest Expense	(2.3)	(2.9)	(21)

Income Tax Expense

US\$ Million	<u>Q1'04</u>	<u>Q1'03</u>	<u>% Change</u>
Income Tax Expense	(13.1)	(10.1)	30
Rate	28.5%	31.1%	-

Capital Expenditure – Q1

	Capital Expenditure		Depreciation	
US\$ Million	<u>Q1 '04</u>	<u>Q1 '03</u>	<u>Q1 '04</u>	<u>Q1 '03</u>
USA Fibre Cement	18.5	6.6	4.9	4.8
Asia Pacific Fibre Cement	1.2	0.9	2.3	2.1
Other Fibre Cement	1.1	0.2	0.1	-
Total Segments	20.8	7.7	7.3	6.9

Continuing businesses only

Key Ratios

	<u>Q1 '04</u>	<u>FY '03</u>	<u>FY '02</u>	<u>FY '01</u>	
EPS (Basic) ¹	7.2c	18.7c	6.4c	7.3c	
Return on Shareholders Funds ²	29.6%	42.3%	8.9%	14.7%	
Return on Capital Employed ^{1,2}	29.7%	21.2%	8.6%	8.6%	
EBIT/Sales ¹	20.0%	16.4%	8.0%	7.6%	
Gearing	$\frac{\text{Net debt}}{\text{Net debt \& Equity}}$	18.2%	21.4%	44.7%	56.1%
Net Interest Cover ¹	21.0x	6.6x	3.0x	3.1x	

¹Continuing businesses only

²EBIT for Q1'04 annualised

Strong Cash Returns

Since December 2001*

Dividends	US	10c
Capital Returns*	US	40c
Total	US	50c
Cash Yield		7%

*paid or announced

USA Fibre Cement

Outlook

- Continued strong demand for fibre cement
- Housing construction to remain buoyant over short to medium term
 - Low interest rates, house prices strong, new economic stimulus bill, improved consumer confidence
 - Approvals up, low inventories, large order backlogs
- Further market share gains in the north, south and across product range
- Continued growth in differentiated, higher price products
- Good growth and EBIT performance expected to continue

Total Company

Outlook

- Strong results in Q1 continuing into Q2
- Prospects for good growth over the full year are encouraging



James Hardie

Strategic Overview

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

- World's best manufacturers
 - Bigger, faster, lowest cost
- Profitable Growth
 - Market penetration
 - Geographic expansion
 - Product innovation
- Winning Culture
 - Disruptive win/lose approach

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

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

Portfolio To Sustain Growth

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

Balanced Portfolio

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

Unique Technology

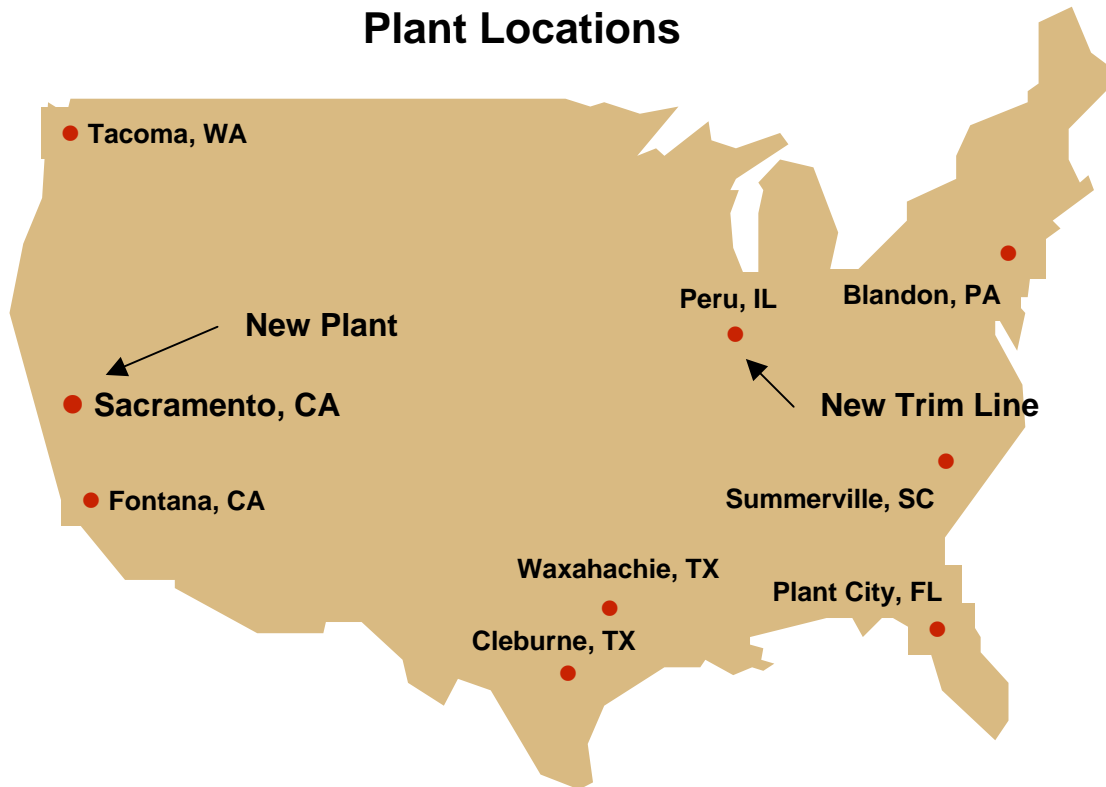
Sustainable Competitive Advantage

- Unique plant engineering and proprietary process technology and product formulations
- Superior capital cost efficiency – plant capital cost < ½ that of competitors
- Largest, lowest cost manufacturer – plant operating cost 20-30% lower than competitors
- Superior economies of scale – plants 2-3 times larger than competitors
- Unique differentiated products, widest range and strongest brand
- Intellectual property protection

USA Fibre Cement

James Hardie is the largest lowest cost producer of fibre cement in the USA

Plant Locations



Plant Capacity

Flat Sheet Plants	Capacity (mmsf)
Fontana, California	180
Plant City, Florida	300
Cleburne, Texas	500
Tacoma, Washington	200
Peru, Illinois	560*
Waxahachie, Texas	360
Blandon, Pennsylvania	200
Summerville, South Carolina	190
Sacramento, California	300*
Flat Sheet Total	2,790
FRC Pipe Plant	
Plant City, Florida	100,000 tons

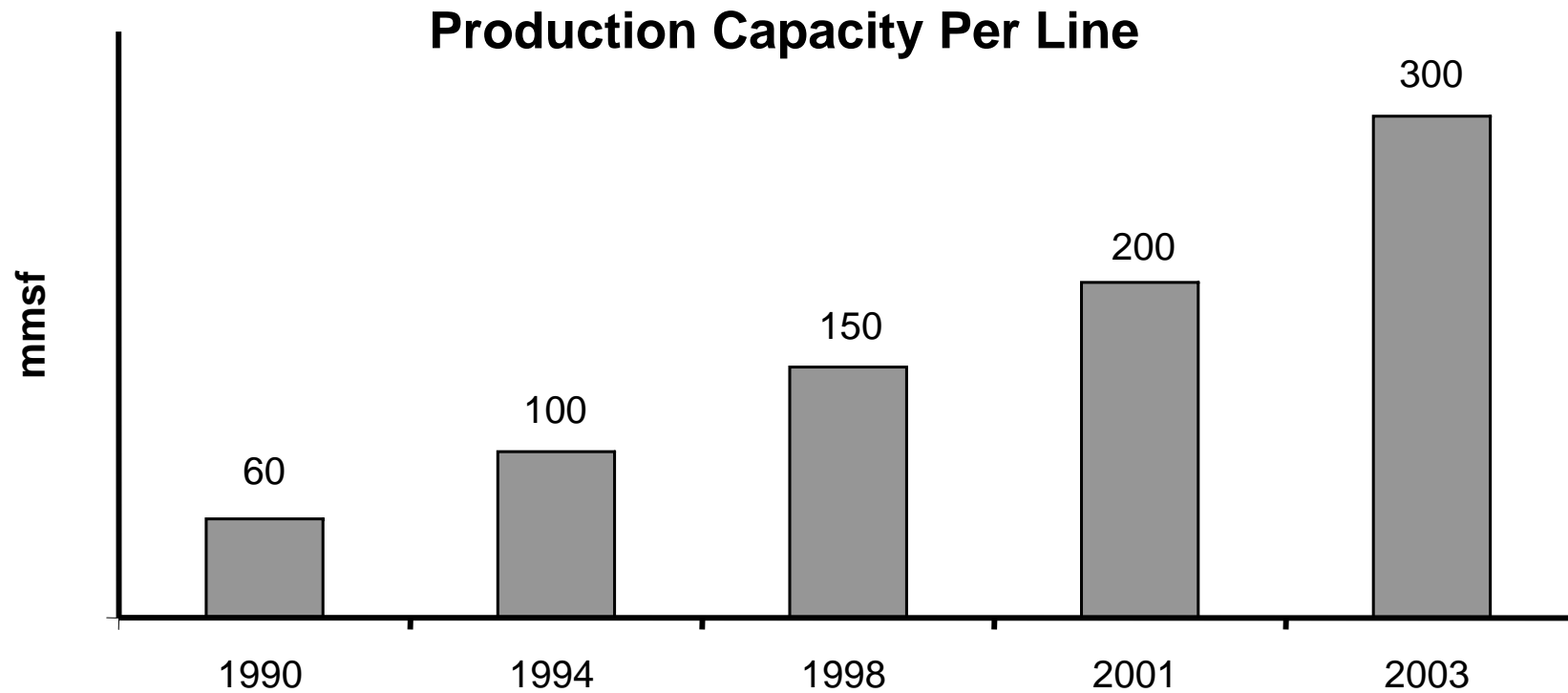
*Upgrade in progress – includes capacity being added

USA Fibre Cement - Capacity Expansion

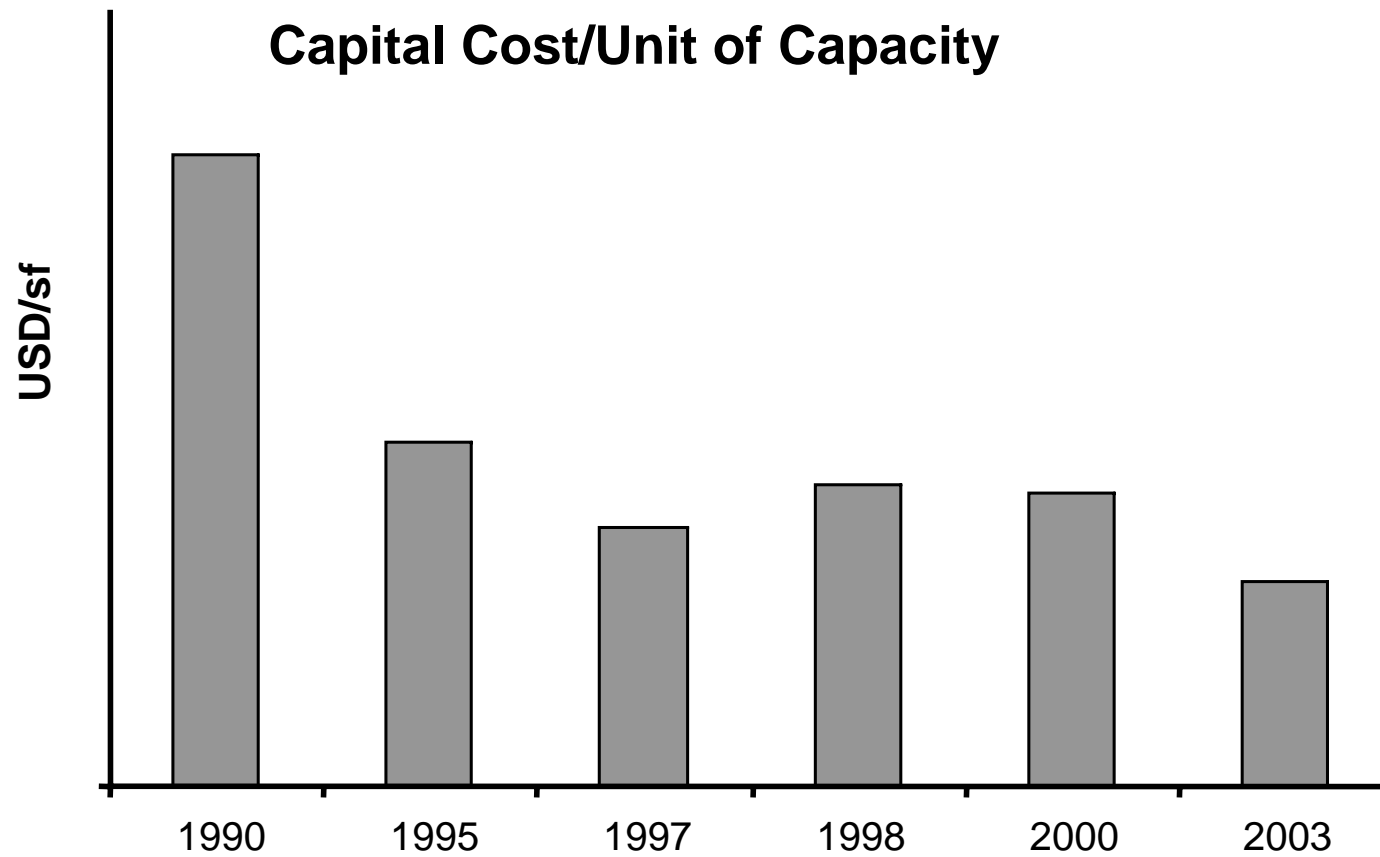
New Flat Sheet Plant - Sacramento, California

- 300 mmsf design capacity to meet rapidly growing demand
- US\$47.5 million cost
- 50% more capacity
- One third lower capital cost/unit
- Plank, panel and backer products
- Expected completion – mid 2004

Increased Scale



Lower Capital Cost



USA Fibre Cement - Capacity Expansion

New Trim Line – Peru, Illinois

- 160 mmsf design capacity
- Required to meet demand in mid-west and northeast
- US\$49.9 million cost
- Next generation of low density technology
- Expected completion – mid 2004

Superior Product Performance

Fibre Cement is more durable than wood and engineered wood

Fibre Cement



Superior Durability

- ✓ Moisture Resistant
- ✓ Fire Resistant
- ✓ Weather Resistant
- ✓ Termite Proof
- ✓ Won't Warp
- ✓ Won't Crack
- ✓ Won't Rot
- ✓ Holds Paint Longer
- ✓ Won't Delaminate

Engineered Wood



Superior Product Performance

Fibre Cement looks and performs better than vinyl



Fibre Cement

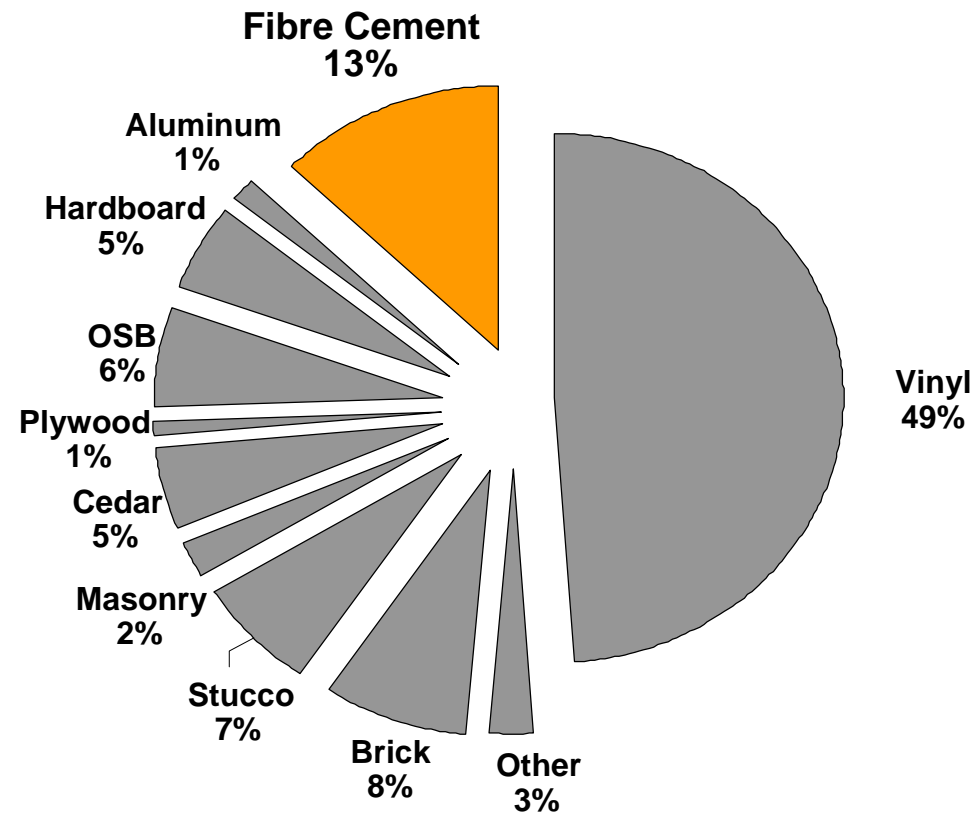
- ✓ Fire Resistant
- ✓ Hail Resistant
- ✓ Wind Resistant
- ✓ Won't Warp
- ✓ Won't Buckle
- ✓ Colour Lasts Longer
- ✓ Strong and Rigid
- ✓ Expands/Contracts
- ✓ Withstands Impact
- ✓ Dimensional Stability
- ✓ Won't Blister
- ✓ Won't Crack

Vinyl

- ?
- ?
- ?
- ?
- ?
- ?
- ?
- ?
- ?
- ?
- ?
- ?

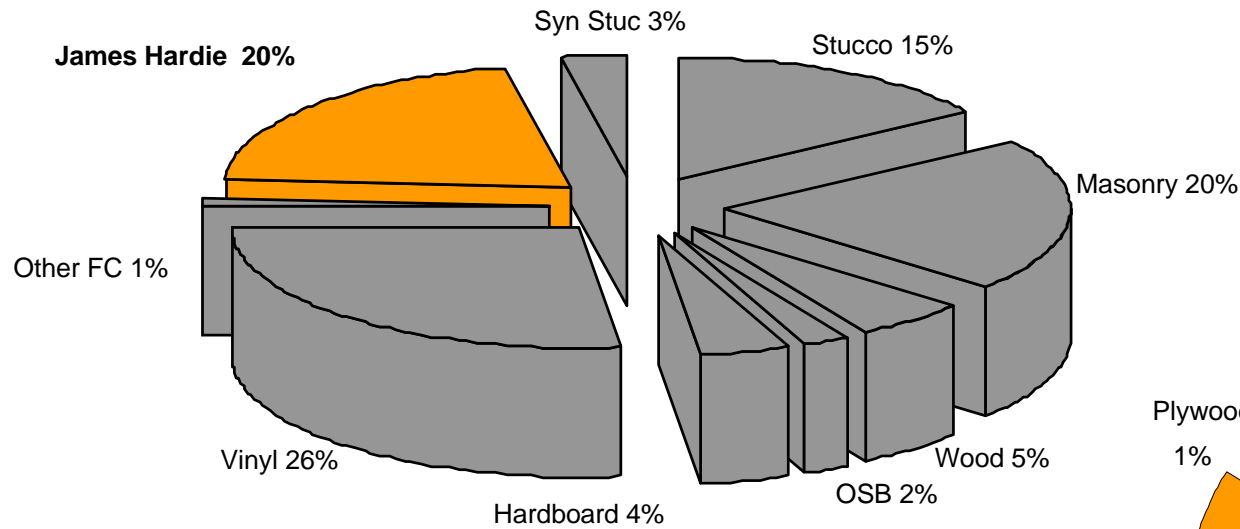
Growing Share - Siding

13% of siding market vs long term target of 35-40%

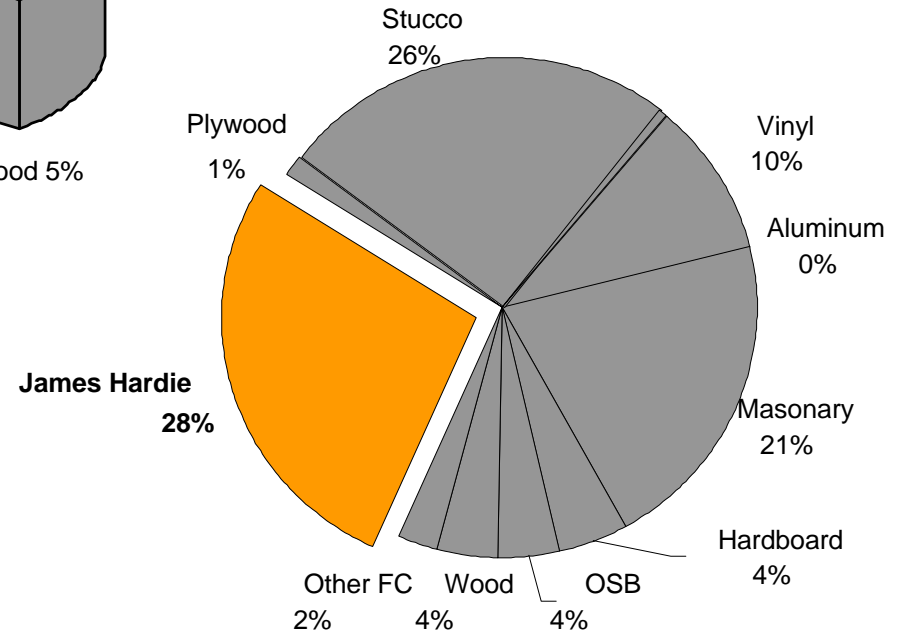


Growing Share - Siding

US New Construction Siding Market



**New Construction
Southern Division**



Growing Share - Siding

Chestnut Brown

Oak Brown

Pewter Gray

Natural Cedar

Sandstone



Seclusion

Navajo White

Monterey Gray

Khaki Brown

Sky Gray

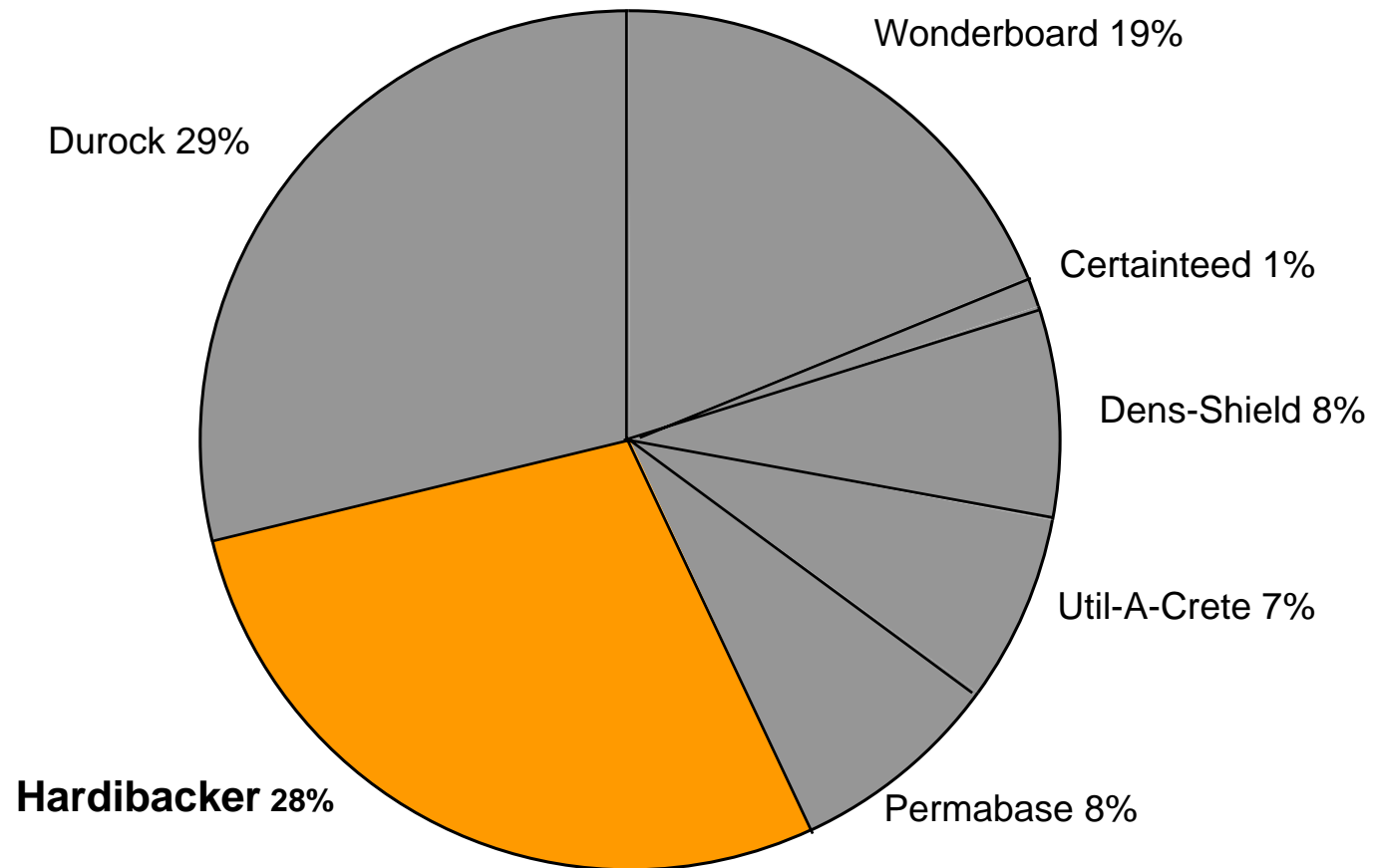
ColorPlus™ pre-painted siding

- Helps take share from vinyl
- Lifts selling prices
- Lifts margins

Growing Share - Trim

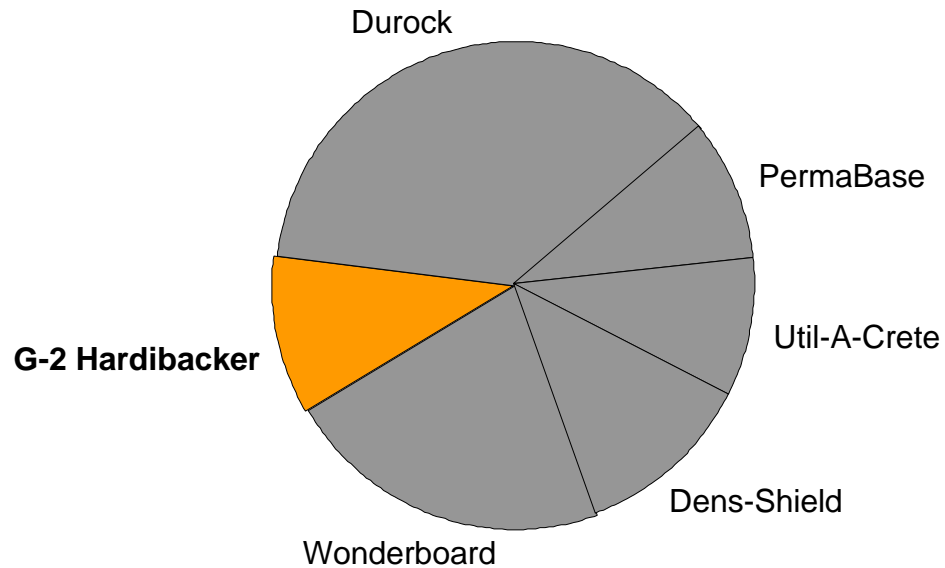


Growing Share - Backer



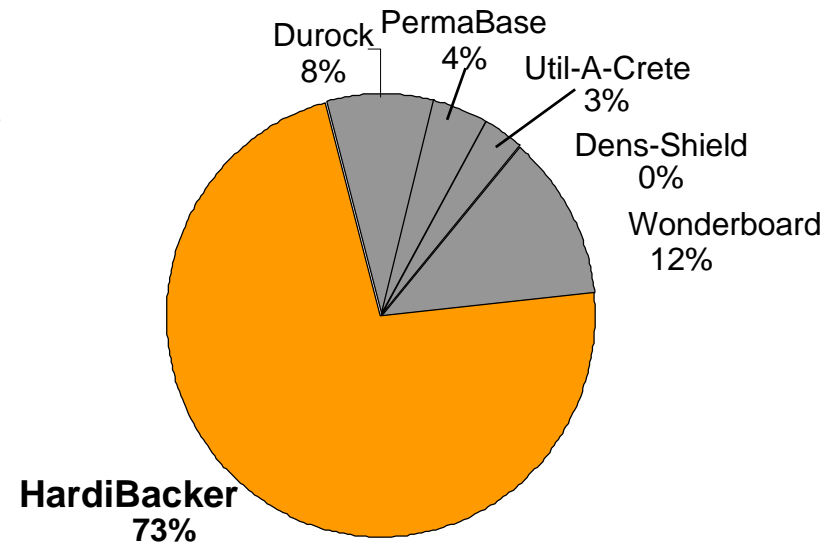
Growing Share - Backer

10% of 1/2" segment – target > 40 %

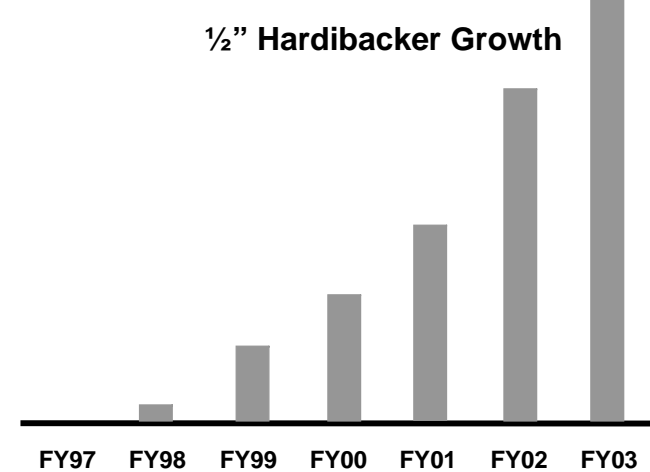
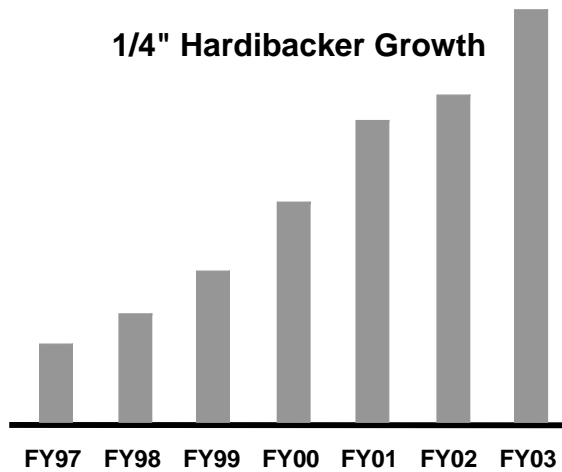
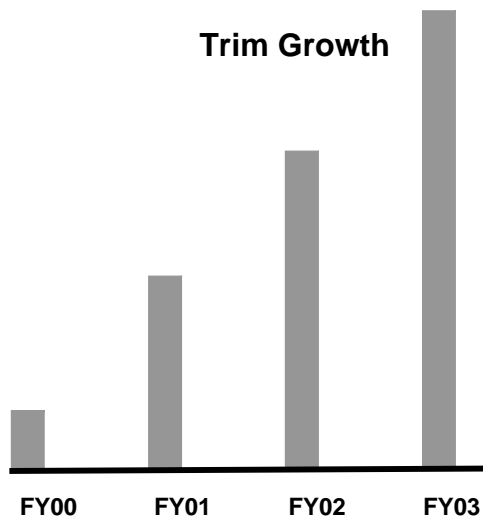
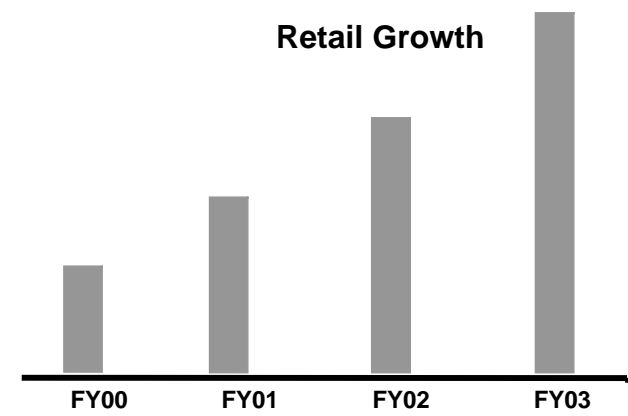
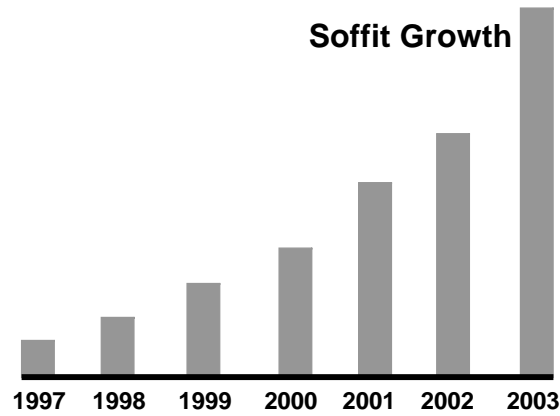
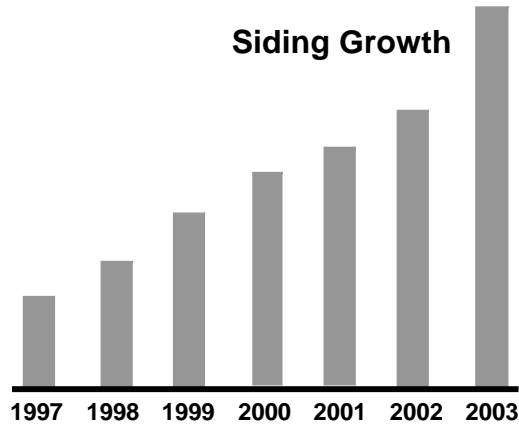


Very strong in 1/4" segment

1/4" Backer Market

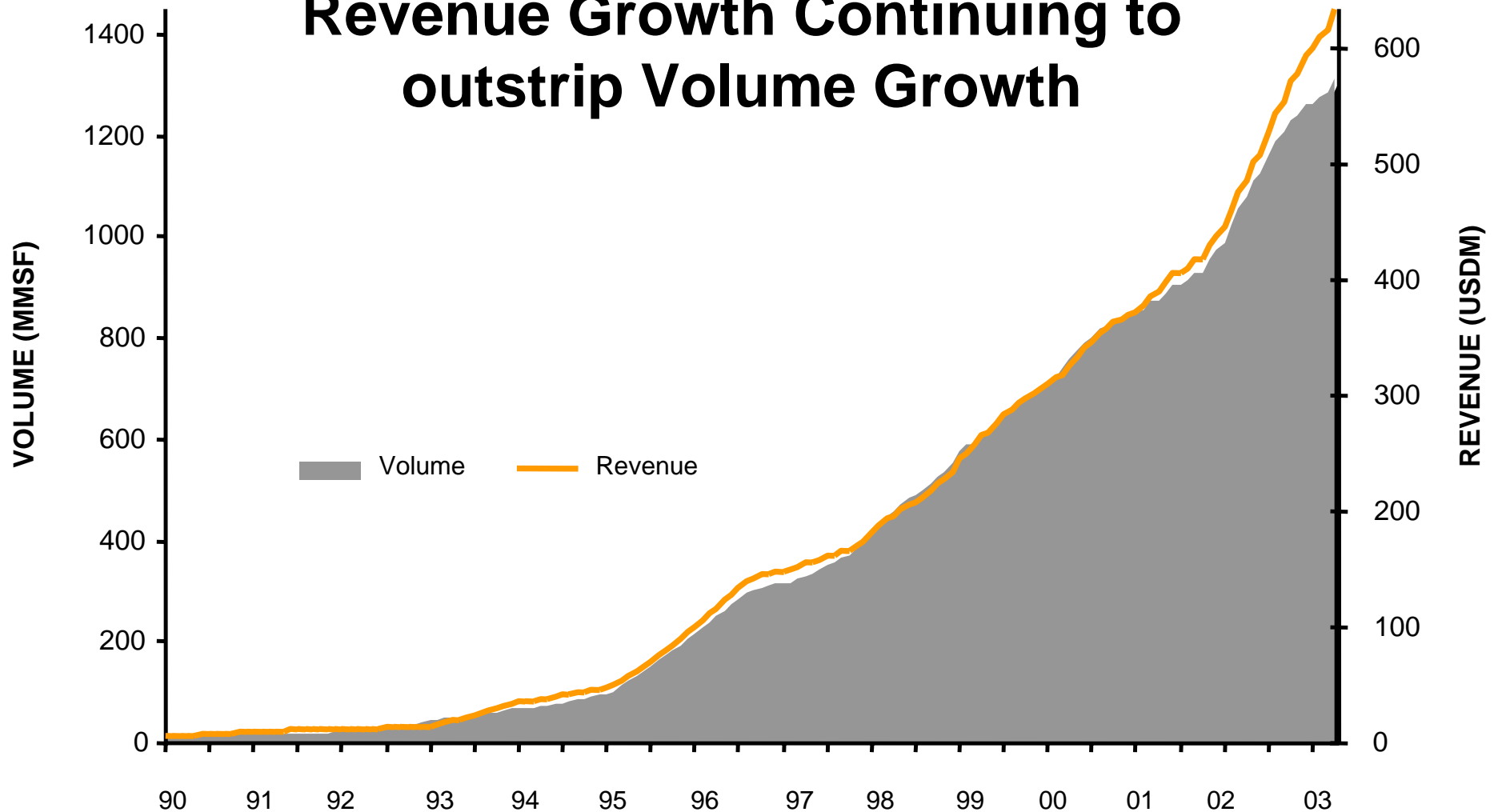


Numerous Growth Dimensions



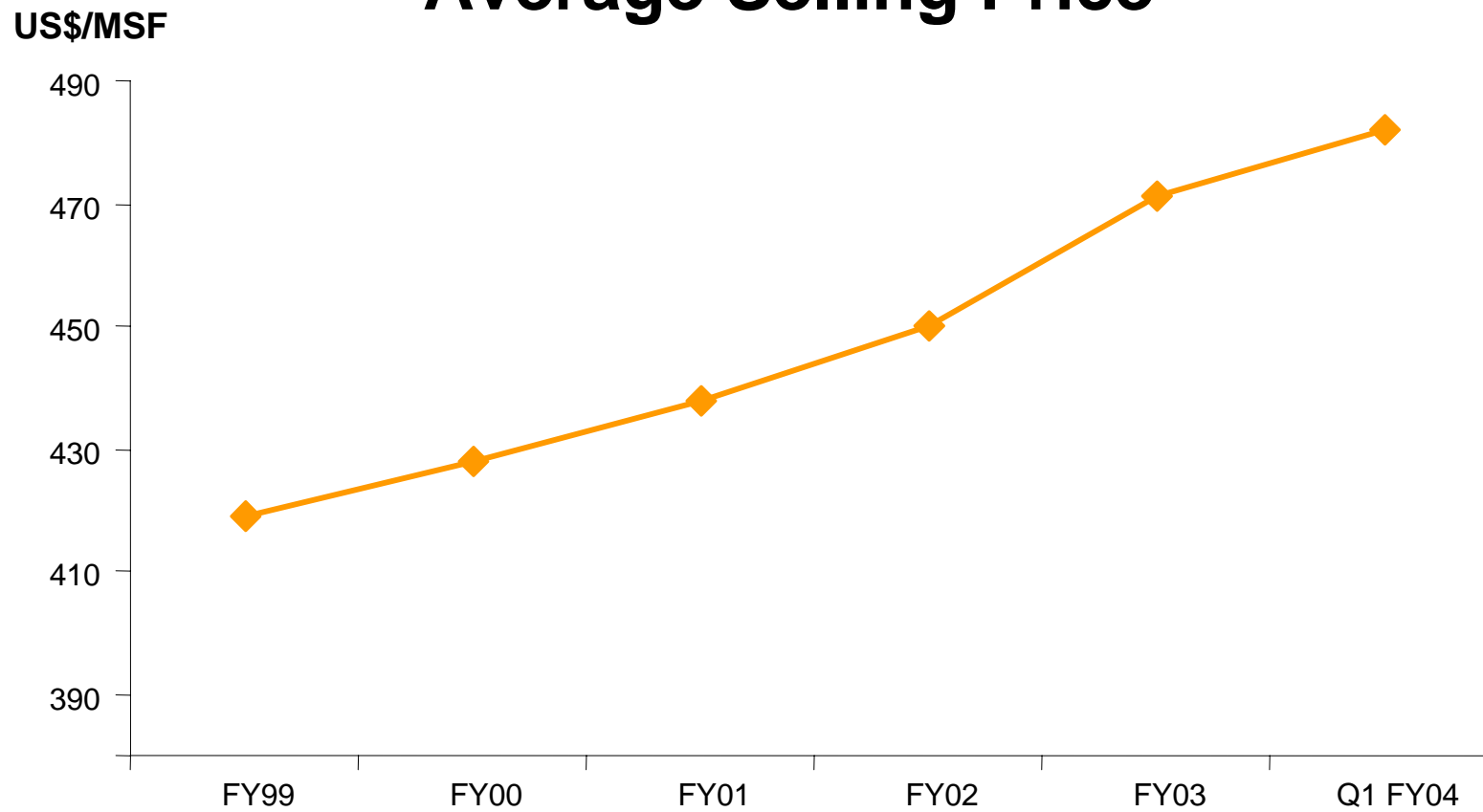
USA Fibre Cement

Revenue Growth Continuing to outstrip Volume Growth



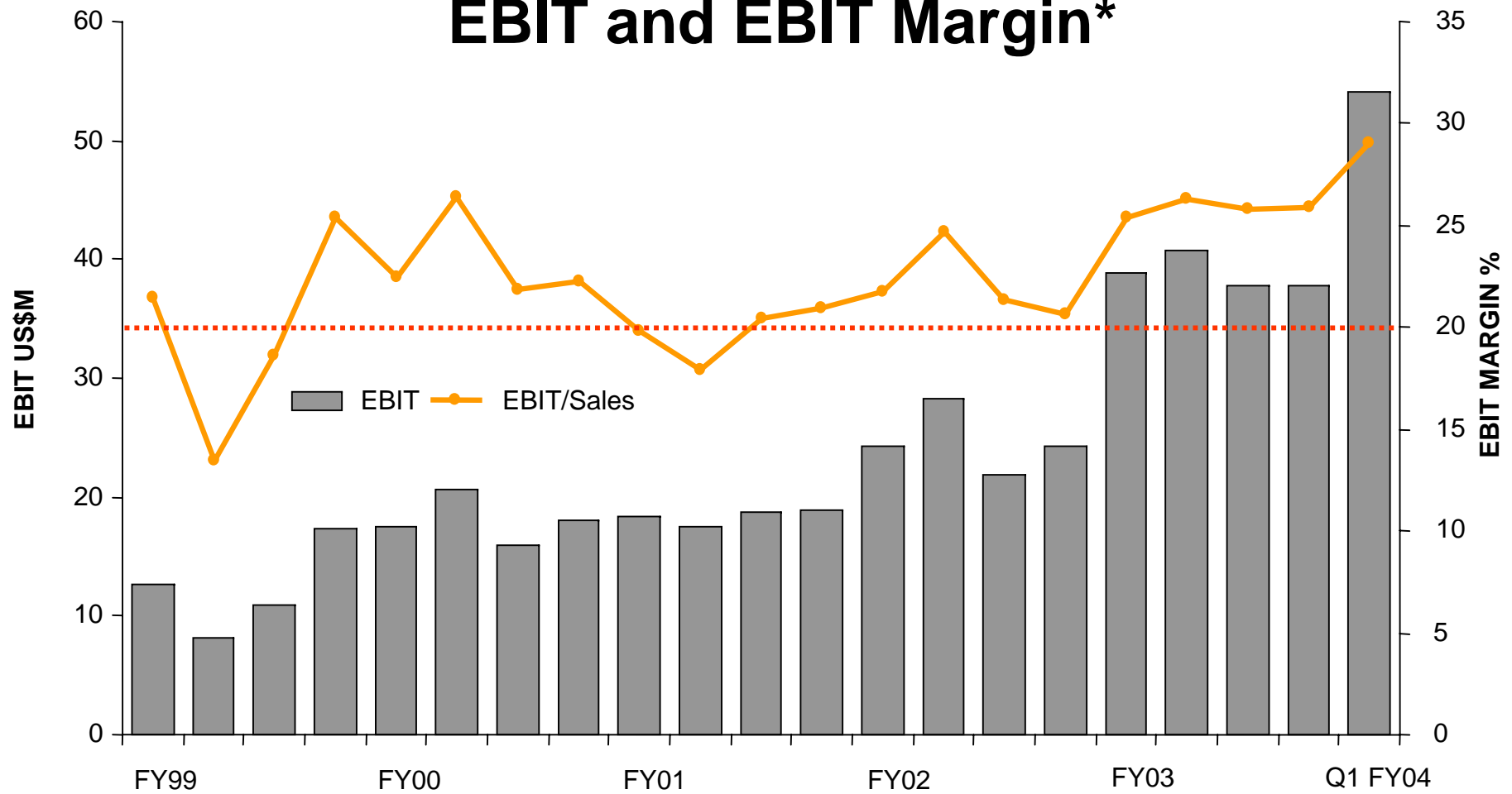
USA Fibre Cement

Average Selling Price



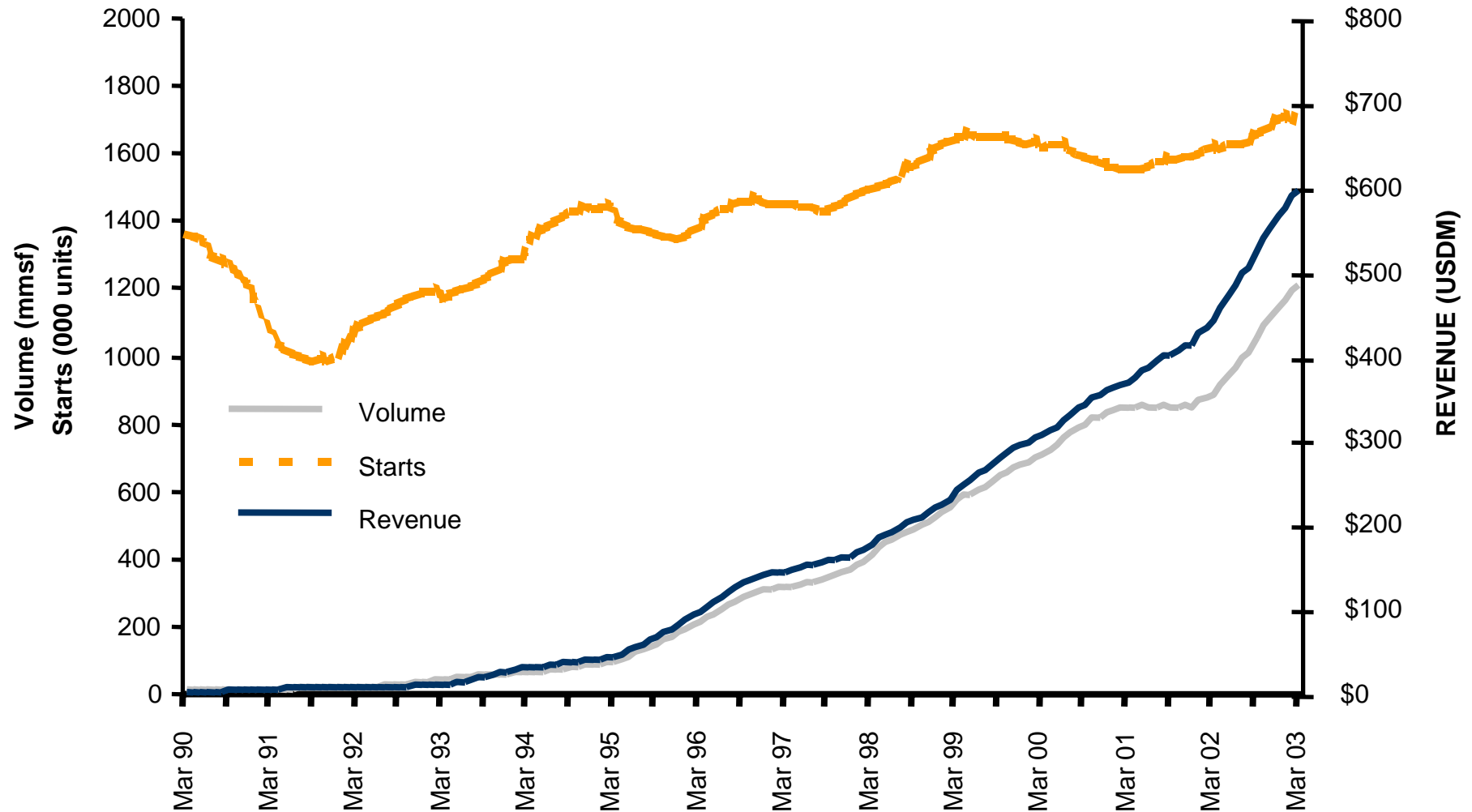
USA Fibre Cement

EBIT and EBIT Margin*



*Excludes restructuring and other operating expenses
See Note 5

USA Fibre Cement vs USA Housing Starts



Long Term Growth

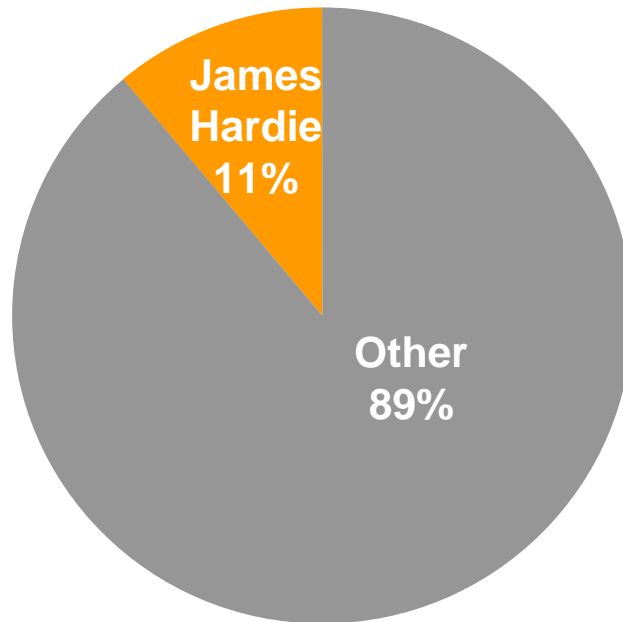
USA Fibre Cement Targets

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

Exterior Products Share Could Double

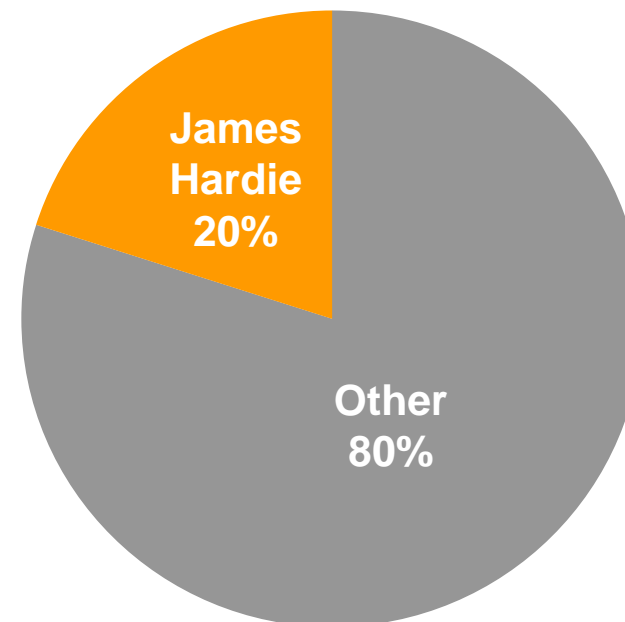
2002

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



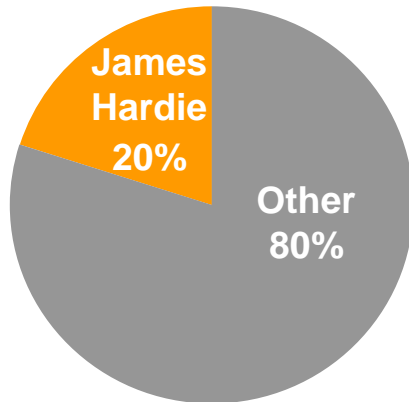
2007

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

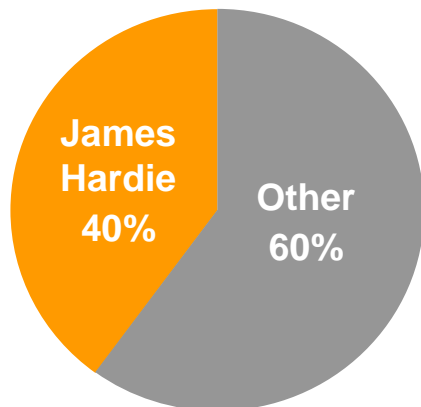


Backer Could Grow Even Faster

2002
USA Interior Cement Board Market
0.95bsf



2007
USA Interior Cement Board Market
1.1bsf



Australia/New Zealand



- Grow the market
- Increase category share
- Higher value differentiated products
- Flatten the structure
- Simplify the business
- Lower delivered cost
- Lower SG&A
- Emphasise step change
- High performance culture
- Increase revenue and margins

Philippines and Asia

- Manufacturing plant commissioned 1999
- FY03 sales US\$18 million, EBIT slightly positive
- Fibre cement as substitute for plywood
- 25% market share domestically
- Established low cost regional manufacturing hub
- Low GDP per capita is an obstacle for developing a differentiated JH business model



Chile and South America

- Manufacturing plant commissioned 2001
- Low cost manufacturing, rapid market penetration
- 23% share of flat sheet market already achieved
- Currently operating at EBIT breakeven
- Plant has been certified to import US products



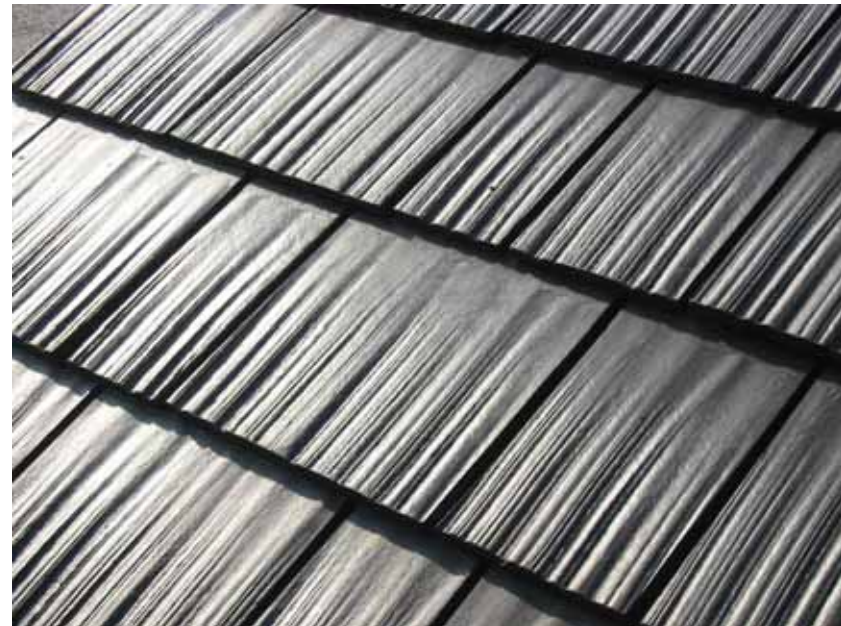
Pipes

- USA manufacturing plant commissioned 2001
- Product has advantages over 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



Roofing

- USA market entry
- Development of fibre cement roofing technology
- US roofing market 13 bsf (US siding market 10.2 bsf)
- Initial target market 2.1 bsf
 - to compete with wood shake
 - superior durability and fire performance
- US\$12m pilot plant being commissioned



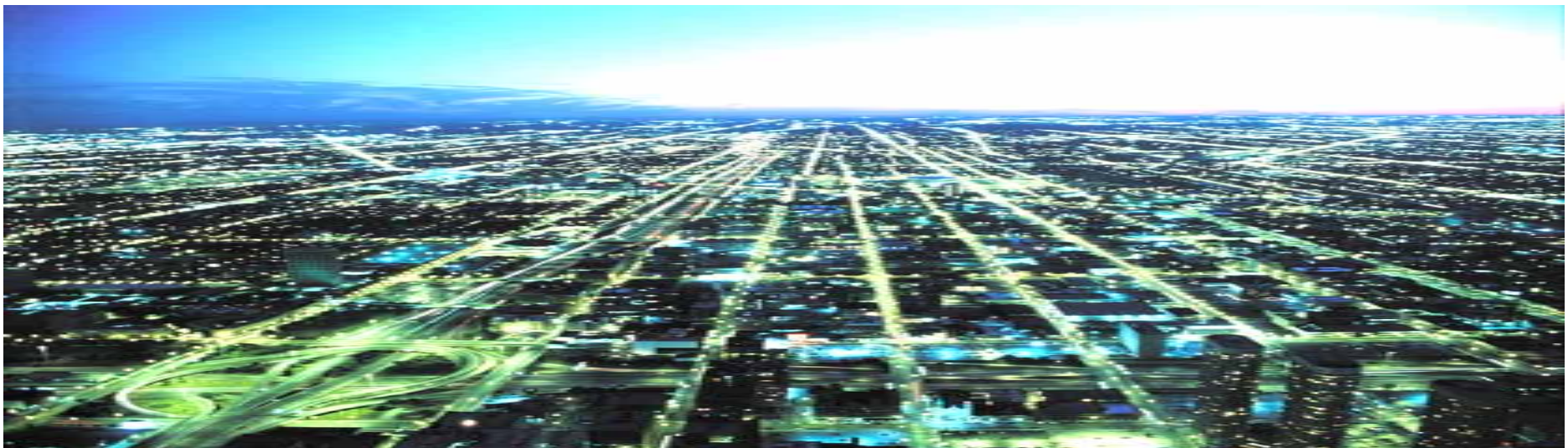
Europe

- Initially pursuing a low cost, low risk strategy
- Differentiated products imported from US
 - G2 Backer
 - XLD Trim
 - ColorPlus Siding
- Focussed market development UK and France
- JH business model differentiated from current industry approach

Long Term Financial Targets

High Growth and Attractive Returns Targeted

	Target	Actual FY03
Revenue growth	> 15% p.a.	32
EBIT Margins	> 15%	16
ROA	> 15%	21



Disclaimer

This presentation 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.

Notes

- 1. Unless otherwise stated, results are for continuing operations only and comparisons are of the 1st quarter of the current fiscal year versus the 1st quarter of the prior fiscal year.*
- 2. The 'Results Recap' section of this Management Presentation forms part of a package of information about the company's results. It should be read in conjunction with the other parts of this package, including Management's Discussion and Analysis (MD&A), a Media Release, a Financial Report and Results at a Glance document.*
- 3. 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.

Notes cont...

4. *EBITDA is not a measure of financial performance under US GAAP and should not be considered as an alternative to, or more meaningful than, income from operations, net income or cash flows as defined by US GAAP or as a measure of our profitability or liquidity. All companies do not calculate EBITDA in the same manner and, accordingly, EBITDA may not be comparable with other companies. We have included information concerning EBITDA because we believe that EBITDA is commonly used by investors to evaluate the ability of a company's earnings from its core business operations to satisfy its debt, capital expenditure and working capital requirements.*
5. *Presentation of EBIT and EBIT Margin before restructuring and other operating (expense) income are not measures of financial performance under US GAAP and should not be considered to be more meaningful than EBIT and EBIT Margin. The Company has included these financial measures to provide investors with an alternative method for assessing the Company's operating results in a manner that is focused on the performance of the Company's ongoing operations. The Company's management uses these non-GAAP measures for the same purposes.*
6. *Operating profit from continuing operations is equivalent to the US GAAP measure of income from existing operations.*
7. *Net operating profit including discontinued operations is equivalent to the US GAAP measure of net income.*



James Hardie