James Hardie

High Growth From Unique Technology

May 2003

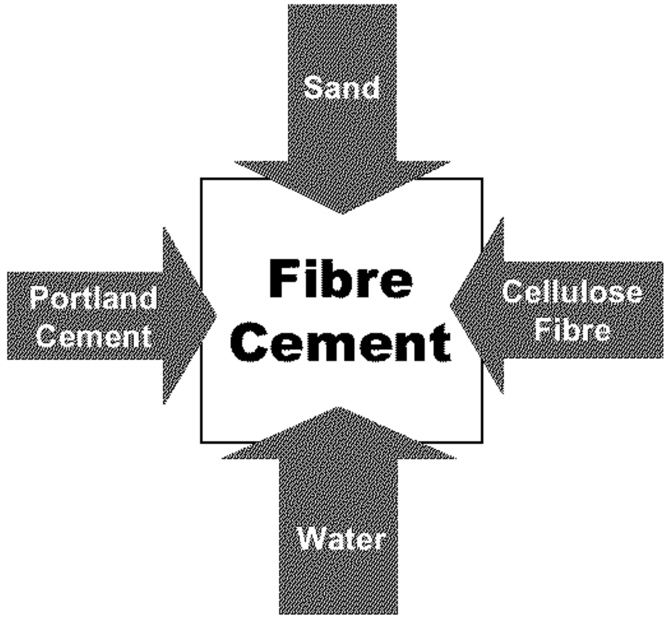
Focussed on Fibre Cement

Attractive Investment Attributes

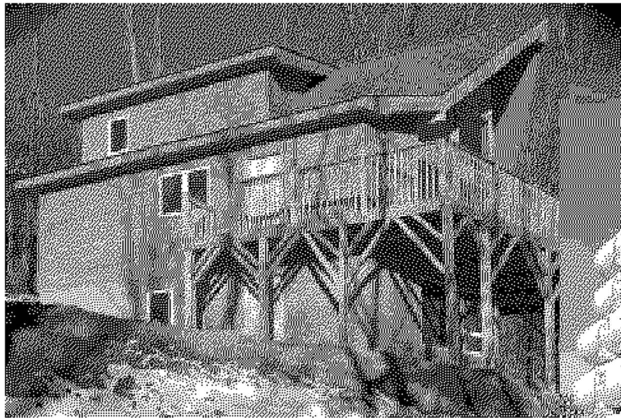
- High growth
- Unique proprietary technology
- Sustainable competitive advantage
- Strong cashflows and balance sheet
- Low cyclical risk
- Relentless will to win

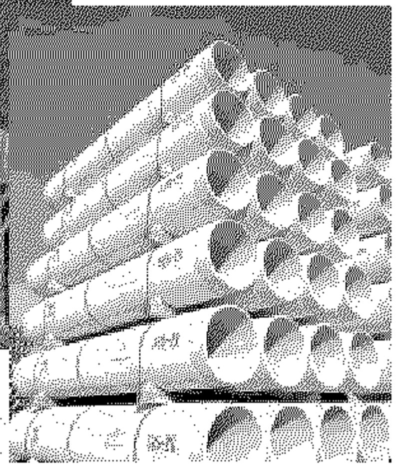
First to Develop Fibre Cement

James Hardie pioneered the development of fibre cement technology in the 1980s

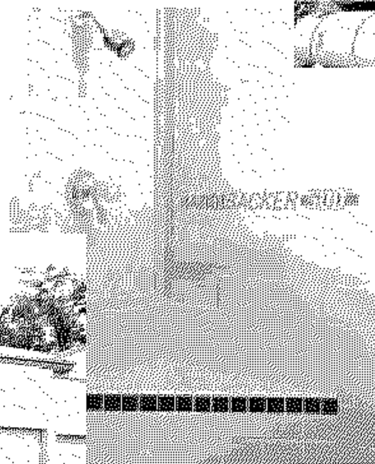


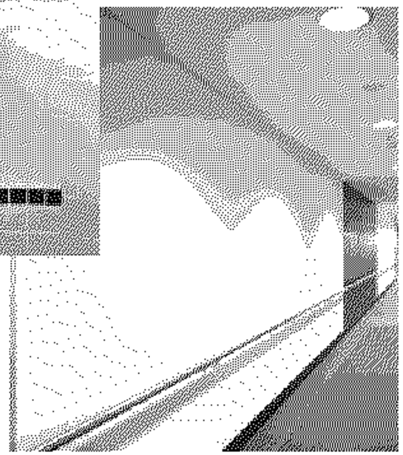
Many Product Applications





- External siding/soffit lining
- Internal wall/floor wet area lining
- Trim and fascia
- Ceiling lining and flooring
- External/internal wall systems
- Partitioning
- Commercial facades
- Decorative columns
- Fencing
- Drainage pipes





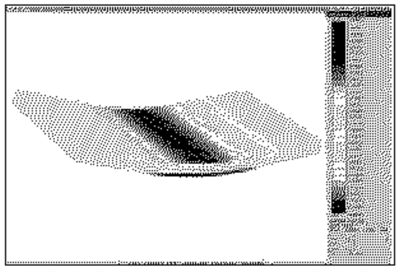
Unique Technology and Scale

Sustainable Competitive Advantage

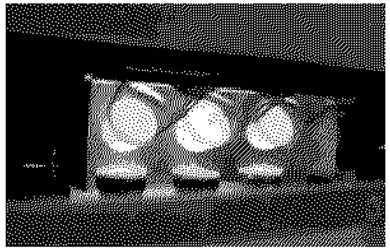
- Unique plant engineering and proprietary process technology and product formulations
- Superior capital cost efficiency – plant capital cost ½ that of competitors
- Largest, lowest cost manufacturer – plant operating cost 20-30% lower than competitors
- Only national producer in each market
- Superior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

Creating the Future

R&D is a Key Driver of Growth



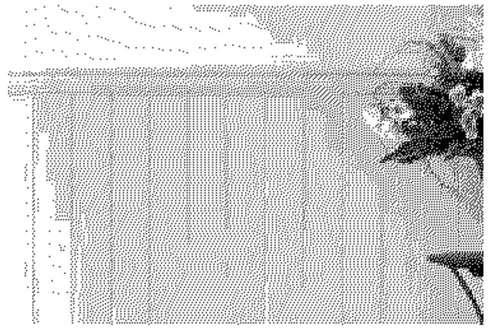
- Capabilities and resources
  - 120 scientists, engineers and technicians
  - 30% increase in spend to US$21 million in FY03 – 3% of sales
- Core projects
  - new proprietary engineered raw materials
  - new proprietary product formulations
  - new engineering and proprietary process technologies
 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

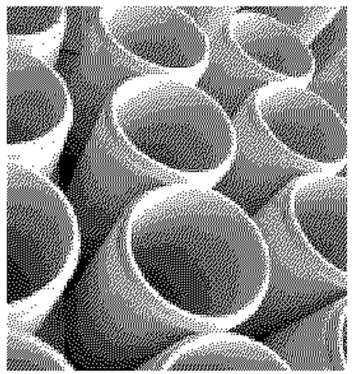


Vision and Strategy

Industry Leadership and Profitable Growth

- Aggressively grow the market for fibre cement
- Secure differentiated positions by leveraging:
  - technology
  - products
  - scale
  - cost
  - market position
  - brand recognition
- Strong top line growth
- High shares of large market segments
- Attractive margins





Balanced Growth Portfolio

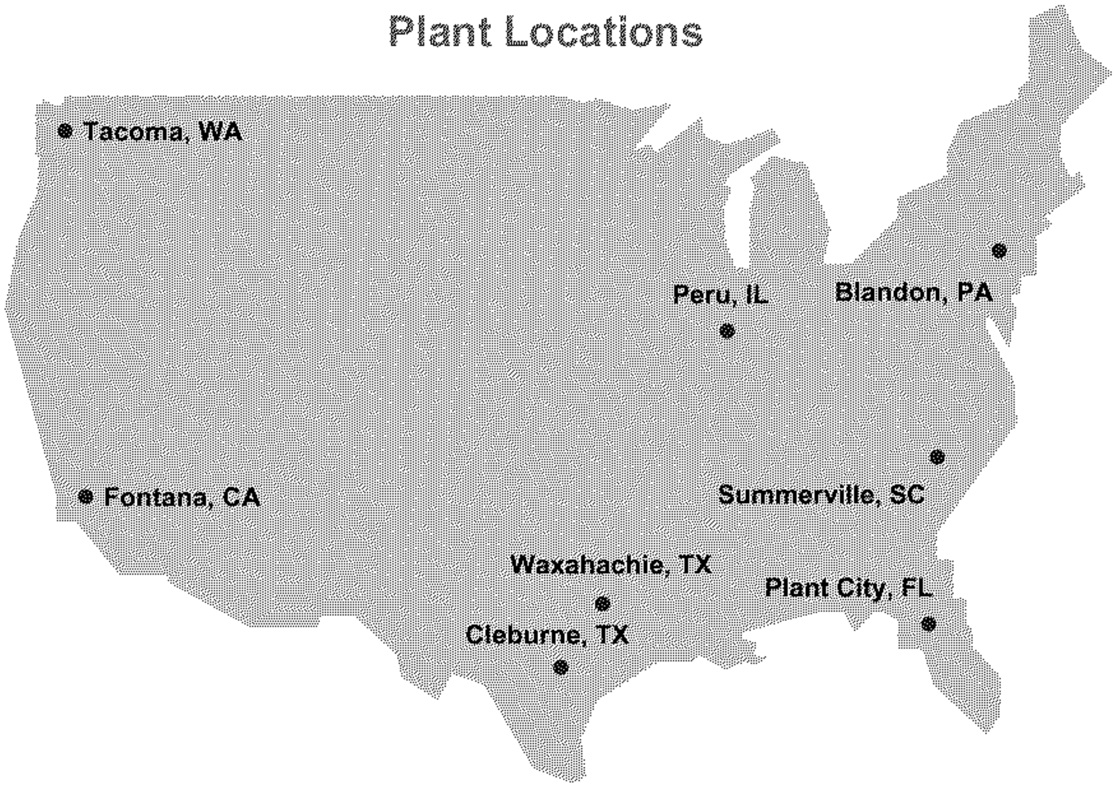
James Hardie Business Portfolio – FY 03

	GCE	Sales	EBIT
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%

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	400
Waxahachie, Texas	360 *
Blandon, Pennsylvania	200 *
Summerville, South Carolina	190
Flat Sheet Total	**2,330**
FRC Pipe Plant	
Plant City, Florida	100,000 tons

*Upgrade in progress – includes capacity being added

USA Fibre Cement

- 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

Superior Product Performance

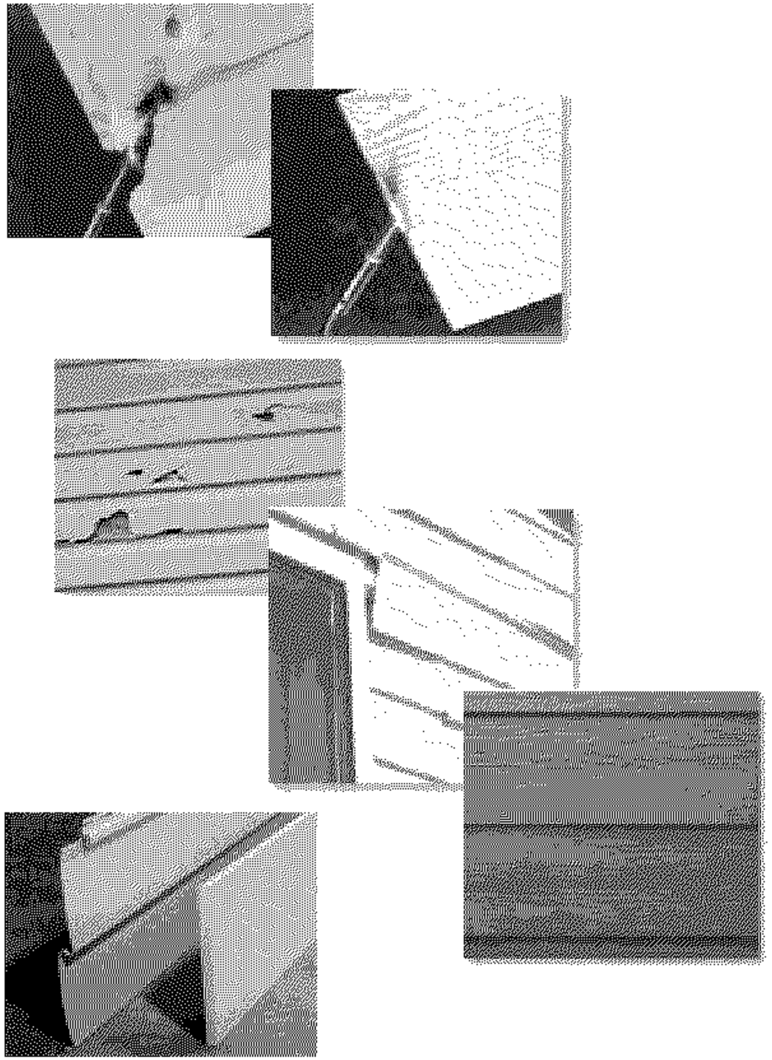
Fibre Cement is more durable than wood and engineered wood

Fibre Cement | **Superior Durability** | **Engineered Wood**

Fibre Cement	Superior Durability	Engineered Wood
✓	Moisture Resistant	?
✓	Fire Resistant	?
✓	Weather Resistant	?
✓	Termite Proof	?
✓	Won't Warp	?
✓	Won't Crack	?
✓	Won't Rot	?
✓	Holds Paint Longer	?
✓	Won't Delaminate	?

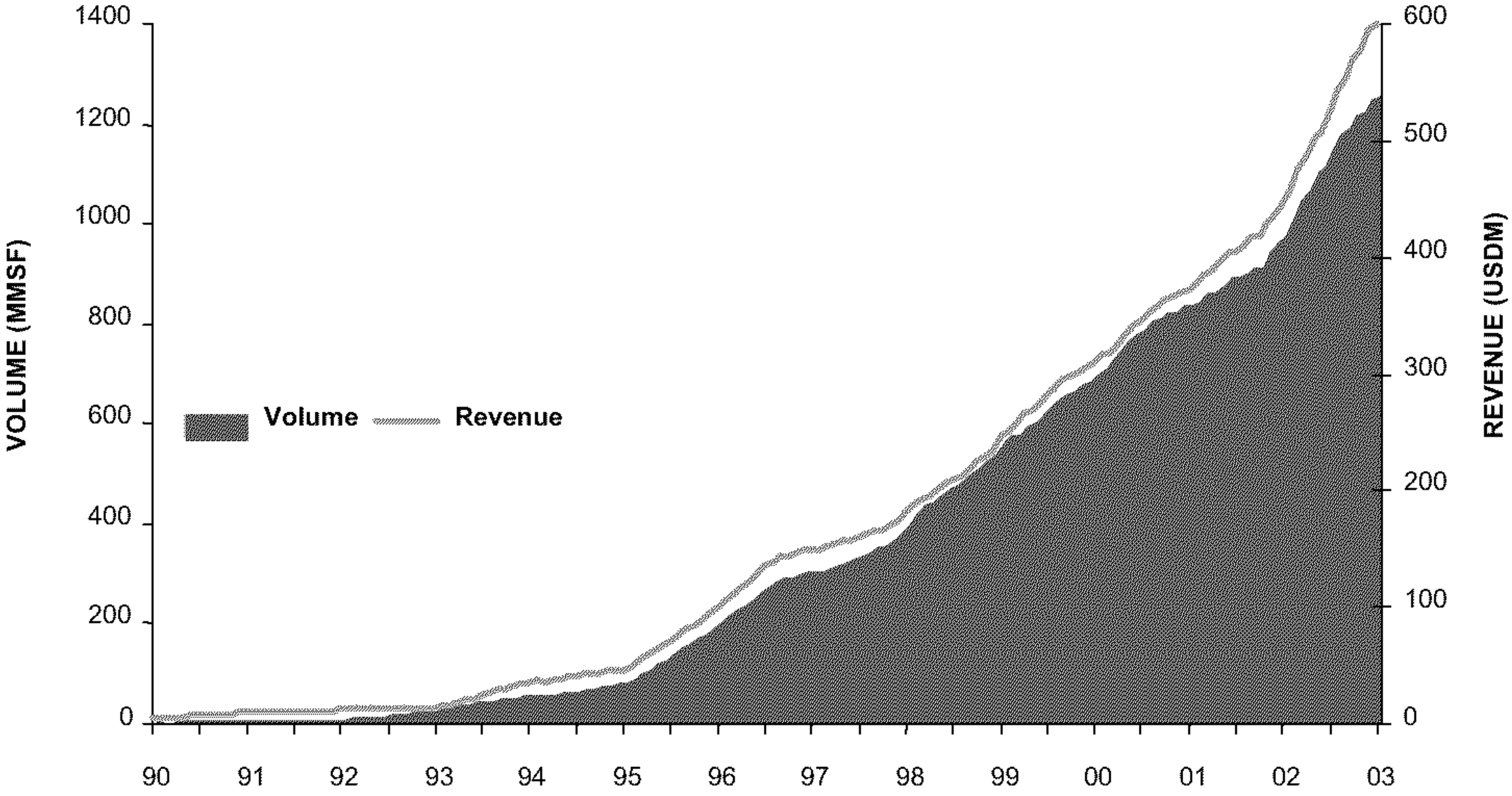
Superior Product Performance

Fibre Cement looks and performs better than vinyl

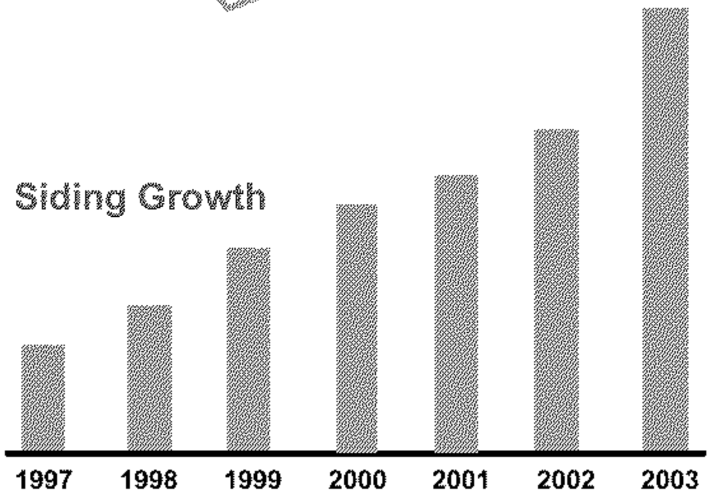


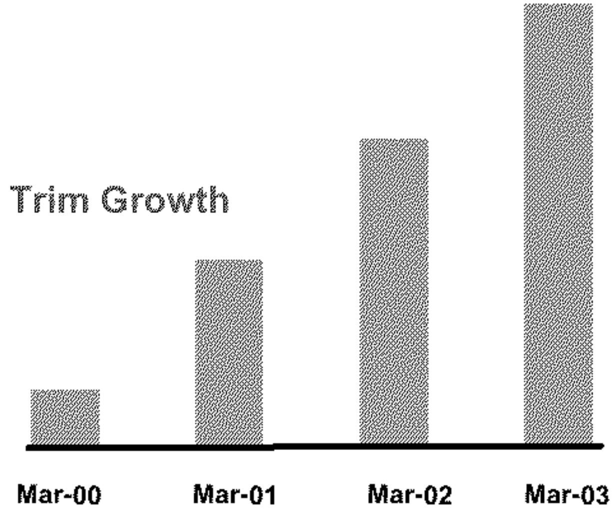
Fibre Cement		Vinyl
✓	Fire Resistant	?
✓	Hail Resistant	?
✓	Wind Resistant	?
✓	Won't Warp	?
✓	Won't Buckle	?
✓	Colour Lasts Longer	?
✓	Strong and Rigid	?
✓	Expands/Contracts	?
✓	Withstands Impact	?
✓	Dimensional Stability	?
✓	Won't Blister	?
✓	Won't Crack	?

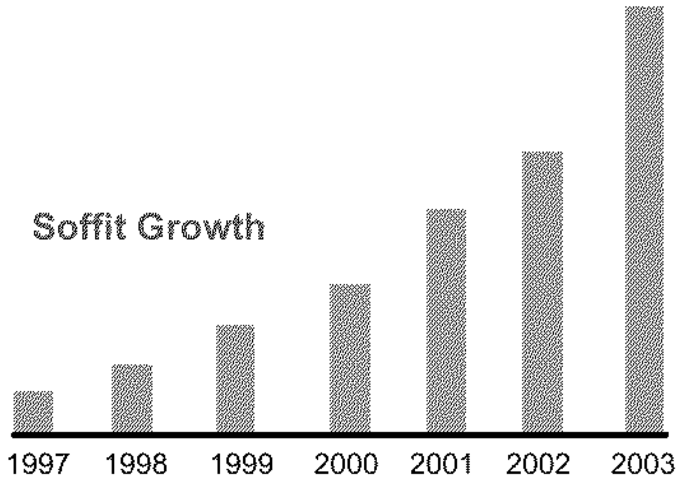
Strong Top Line Growth

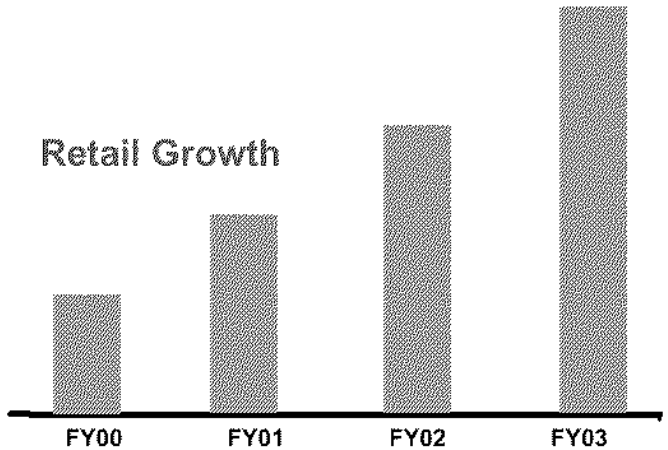


Numerous Growth Dimensions



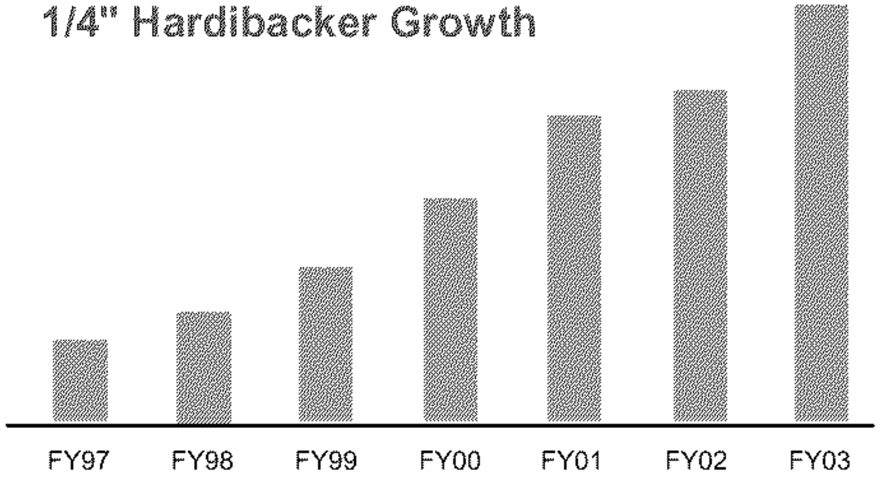




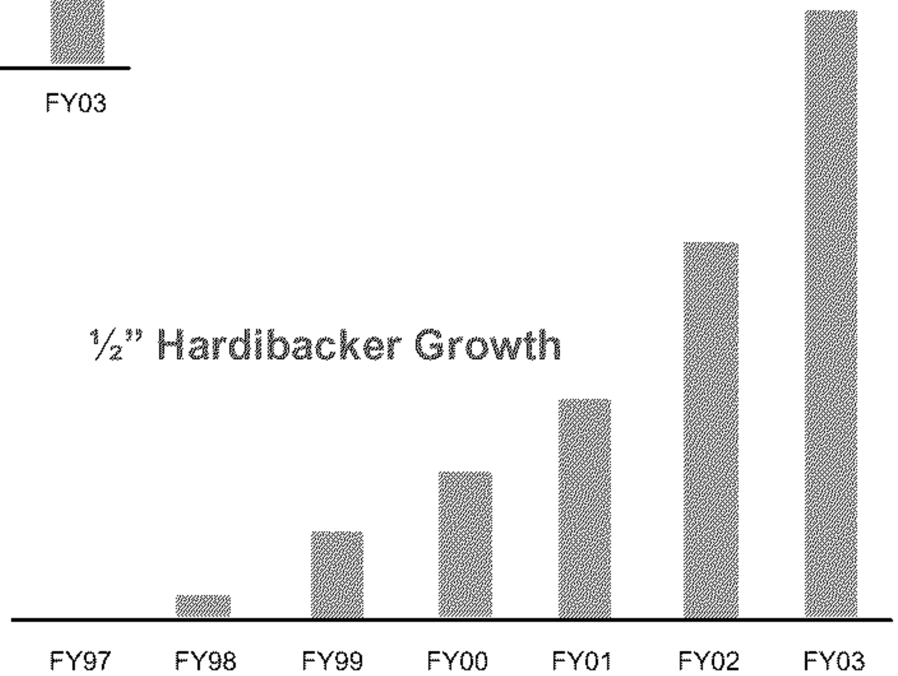


Numerous Growth Dimensions

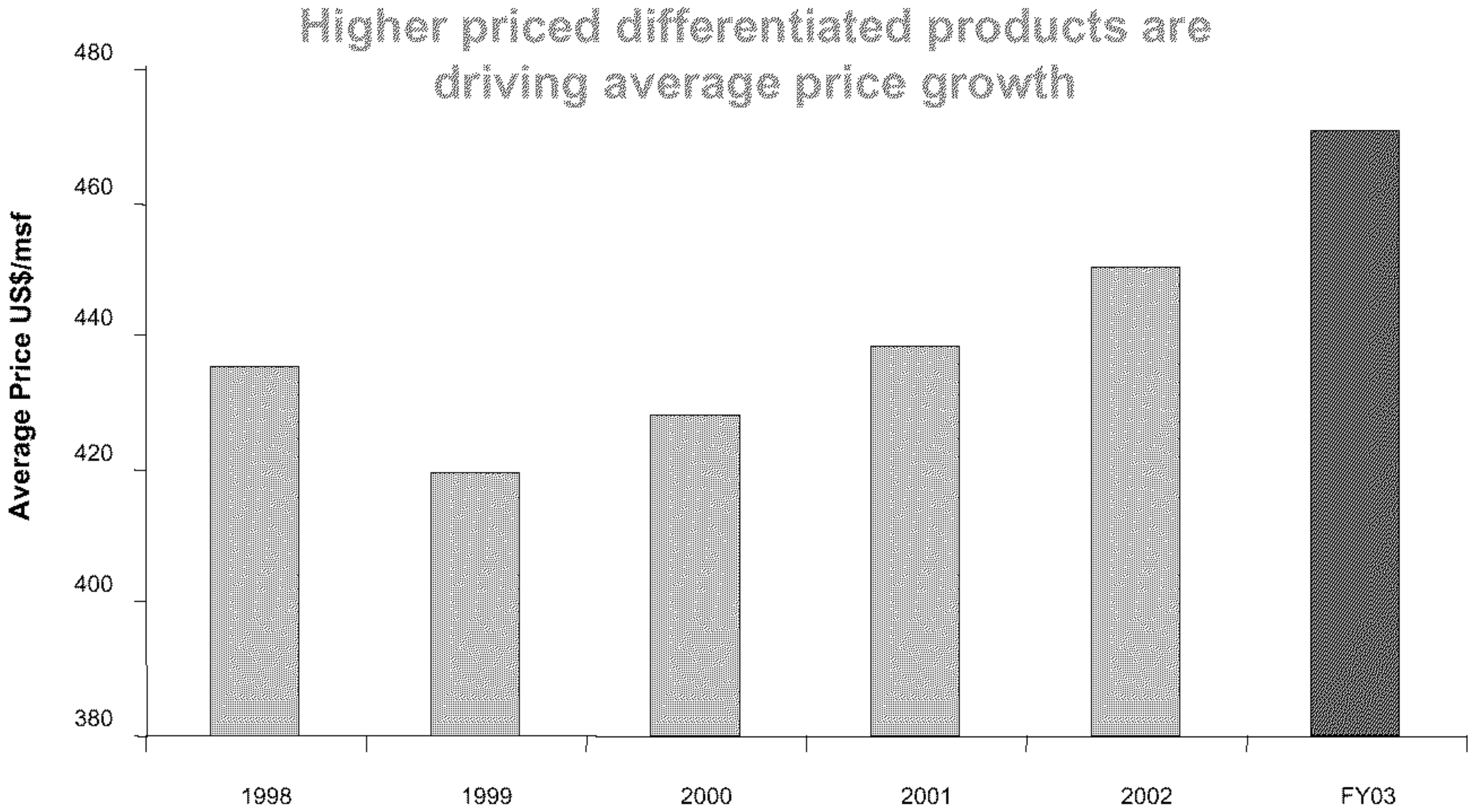
1/4" Hardibacker Growth



½" Hardibacker Growth



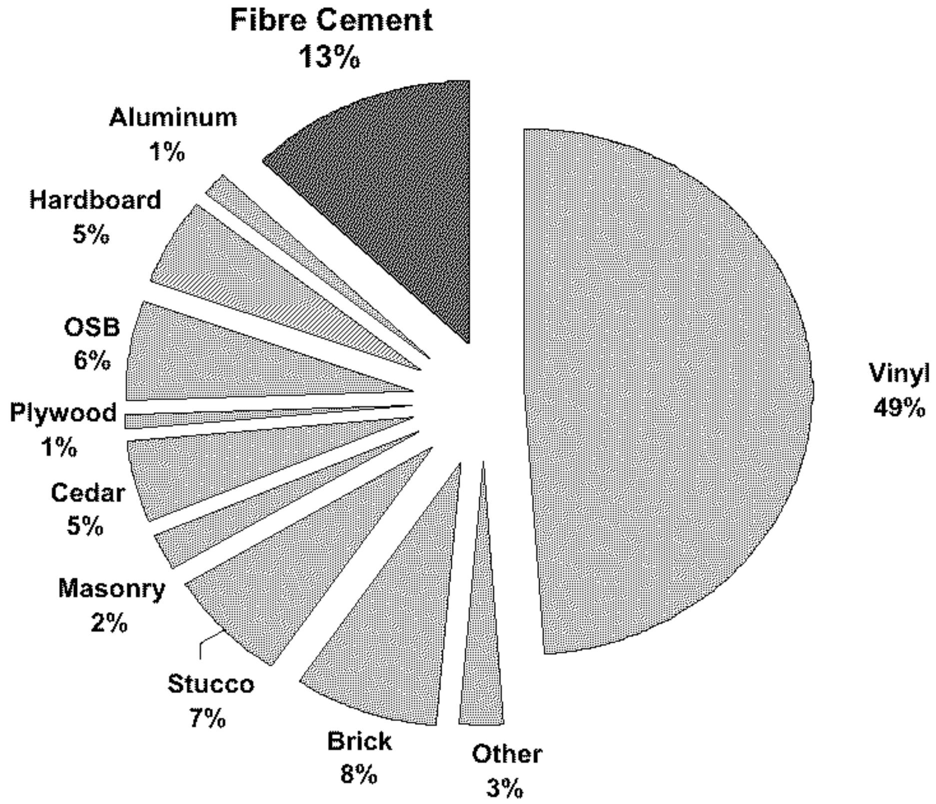
Mix Is Driving Price



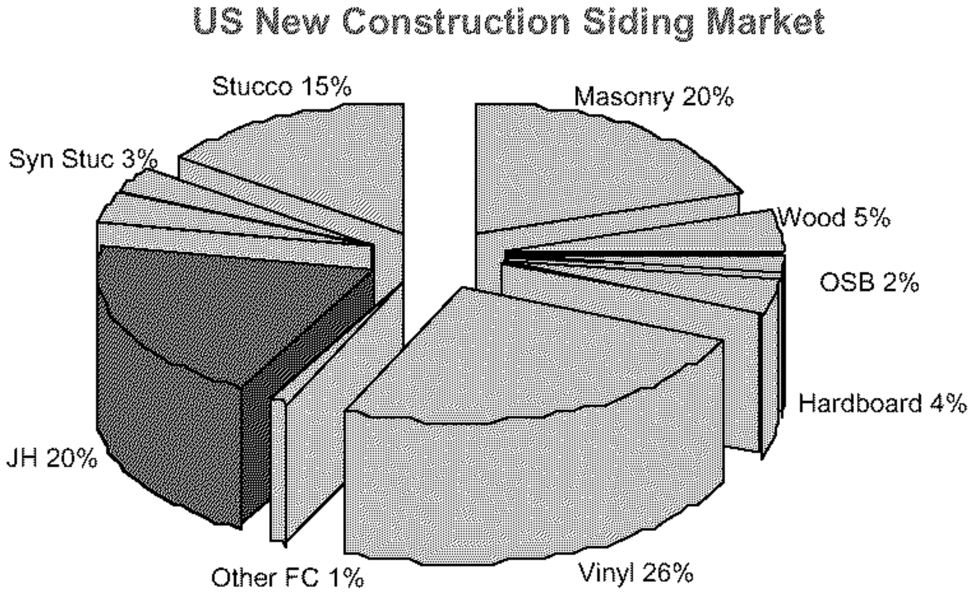
* Before restructuring and other operating expenses

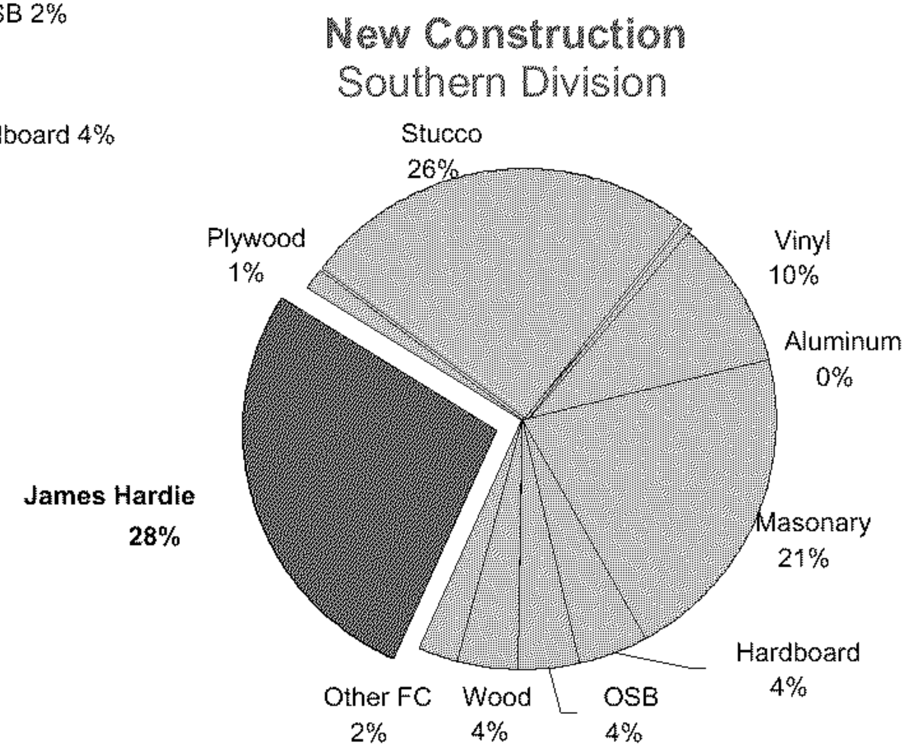
Growing Share - Siding

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

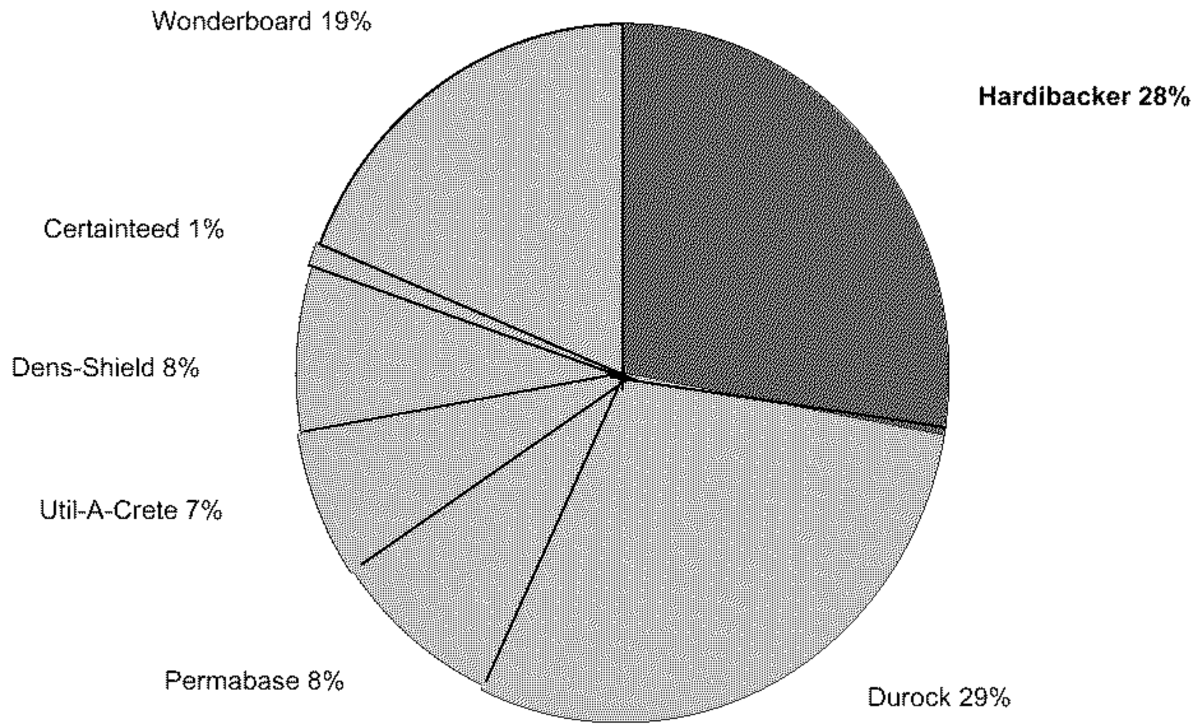


Growing Share - Siding



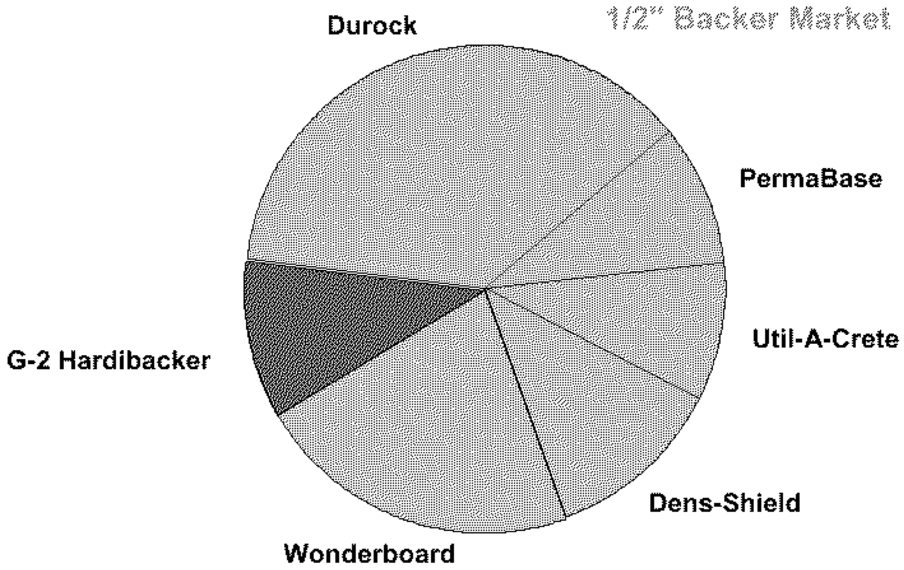


Growing Share - Backer

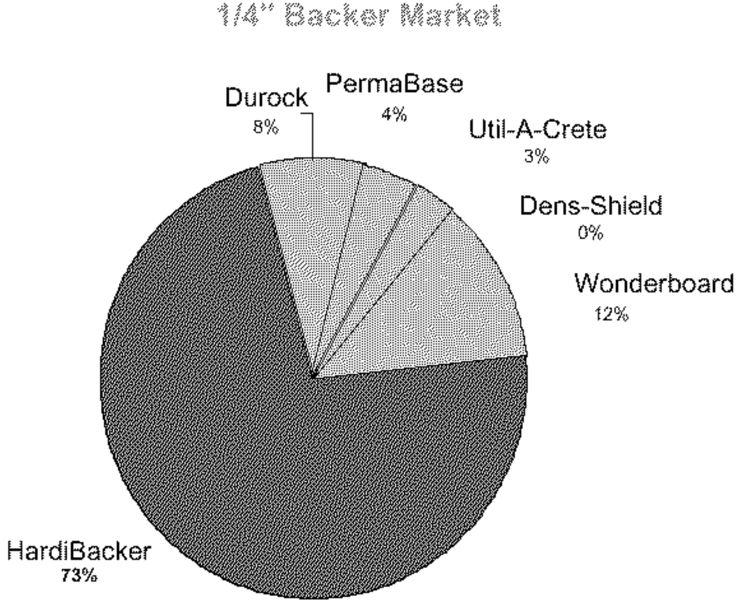


Growing Share - Backer

10% of ½" segment – target > 40 %

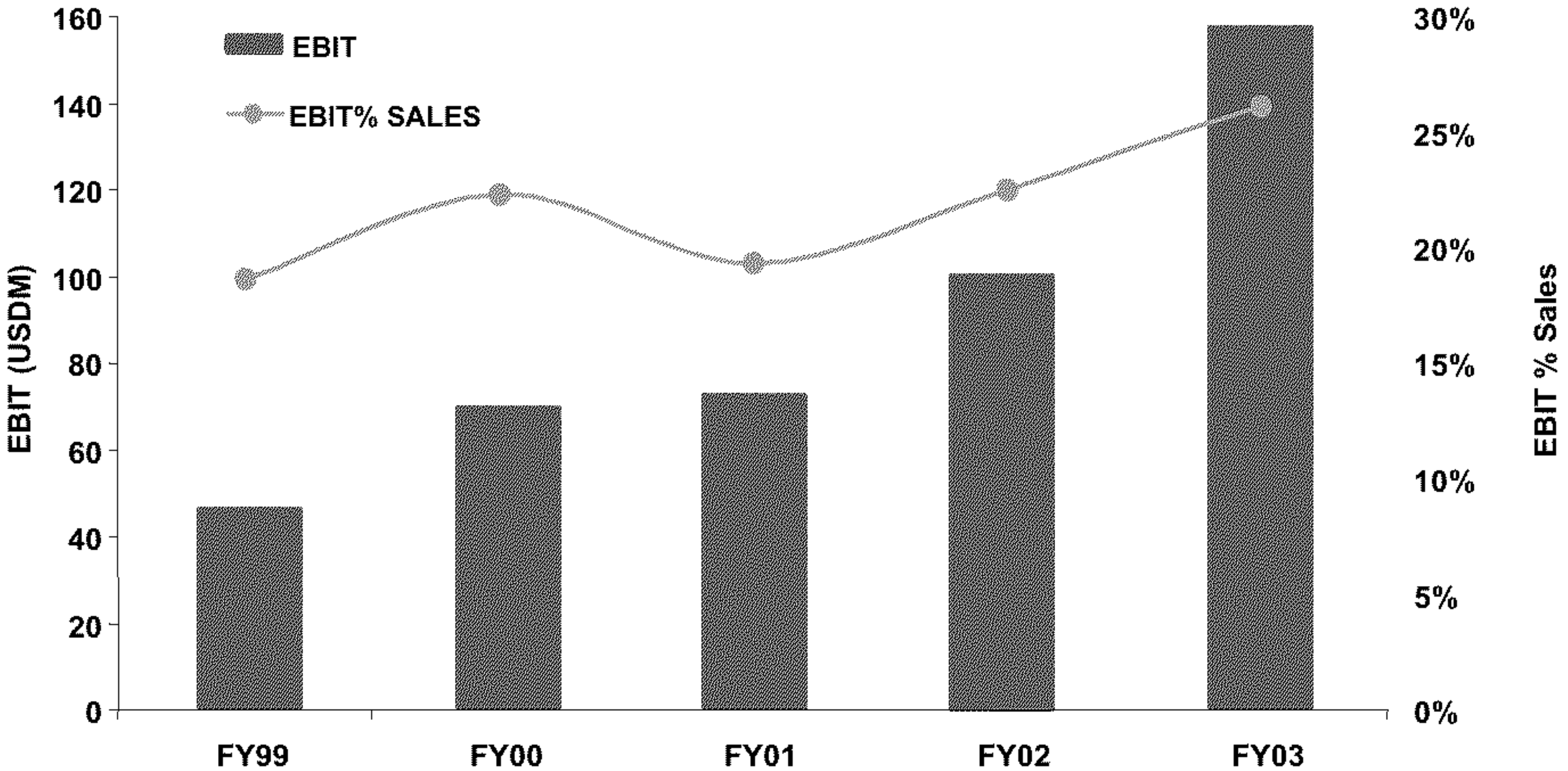


Very strong in ¼" segment



Growth is Profitable

EBIT and Margins – Last 5 years – CAGR 33%



Long Term Growth

Targets

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

Superior Product Performance

Chestnut Brown

Oak Brown

Pewter Gray

Natural Cedar

Sandstone

ColorPlus™ pre-painted siding

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

Seclusion

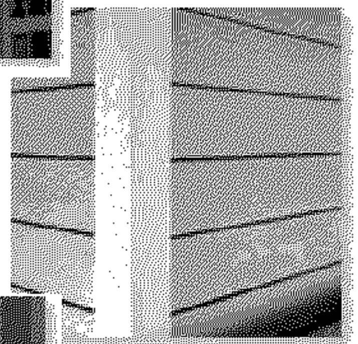
Monterey Gray

Khaki Brown

Sky Gray

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**

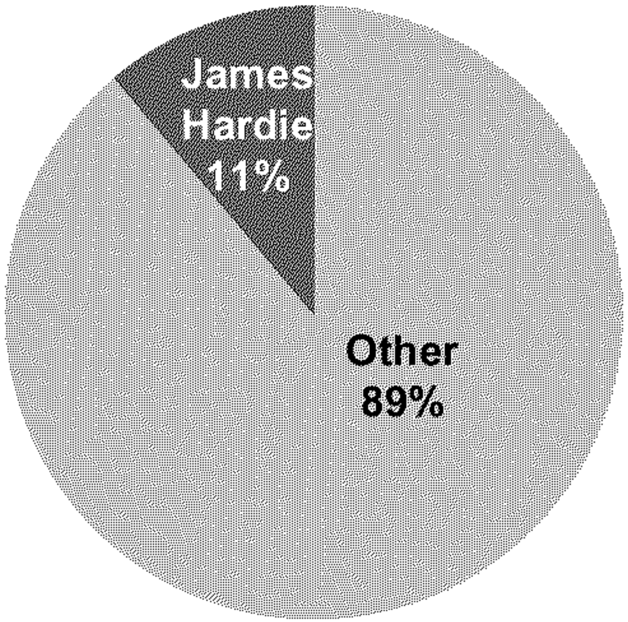


bsf = JH standard feet in billion square feet

Overall Share Could Double in 5 Years

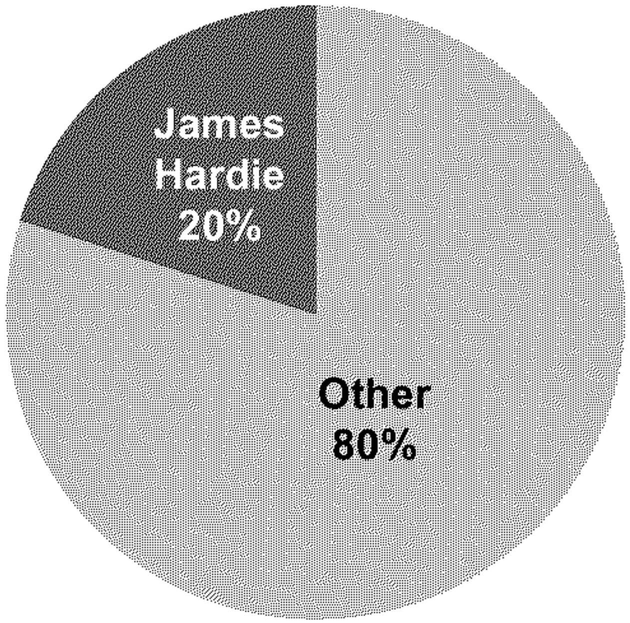
2002

James Hardie Share
USA Exterior Products Market
10.2 bsf

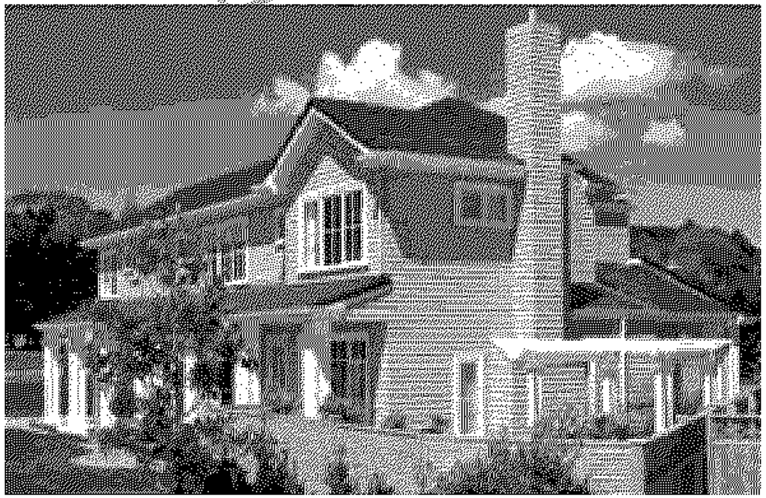


2007

James Hardie Share
USA Exterior Products Market
11.0 bsf



Australia/New Zealand



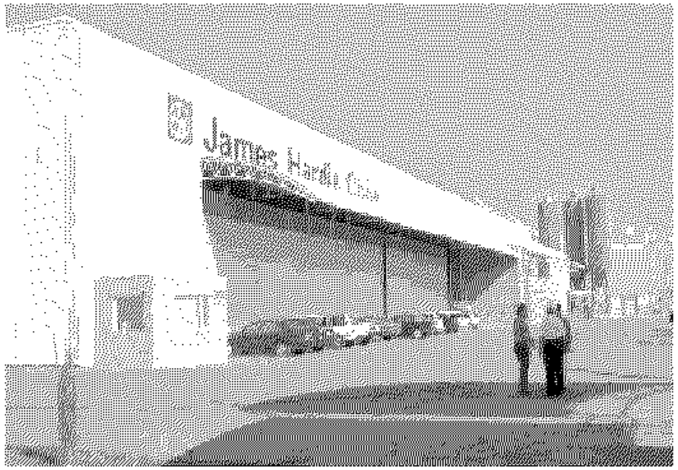
- Grow the market
- Increase category share
- Higher value differentiated products
- Flatten the structure
- Simplify the business
- Lower delivered cost
- Lower SG&A
- Emphasise step change
- High performance culture
- Increase revenue and margins

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.

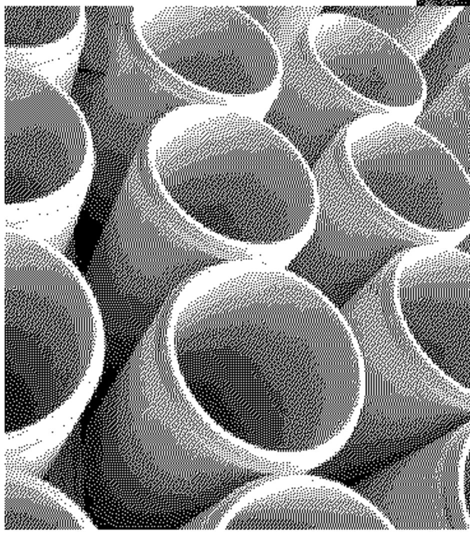
Chile and South America

- 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



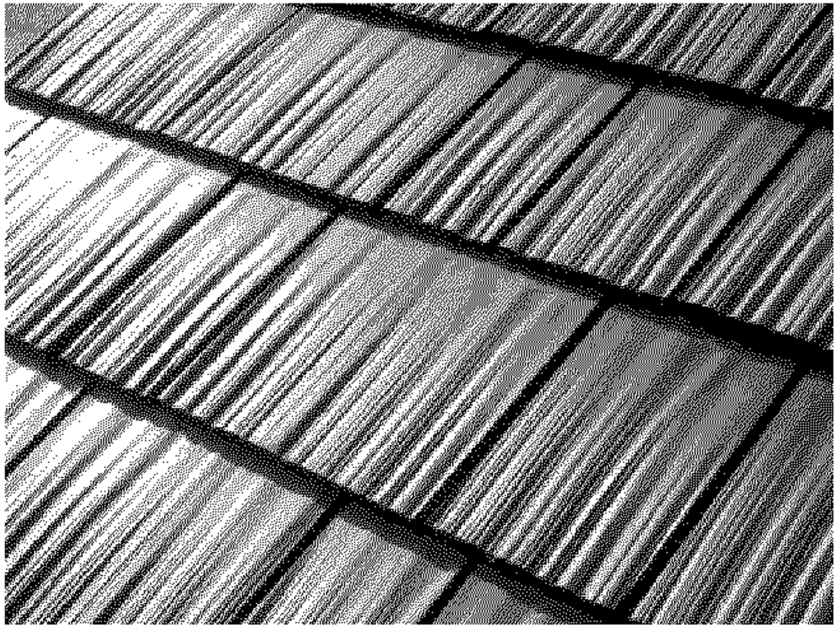
Pipes

- 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

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

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.

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