**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

# FORM 6-K

**Report of Foreign Private Issuer Pursuant to Rule 13a-16 or 15d-16**
**under the Securities Exchange Act of 1934**

For the Month of February 2019

1-15240
(Commission File Number)

**JAMES HARDIE INDUSTRIES plc**
(Translation of registrant's name into English)

Europa House, Second Floor
Harcourt Centre
Harcourt Street, Dublin 2, Ireland
(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..X.... 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

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## *Forward-Looking Statements*

This Form 6-K contains forward-looking statements. James Hardie Industries plc (the “company”) may from time to time make forward-looking statements in its periodic reports filed with or furnished to the Securities and Exchange Commission, on Forms 20-F and 6-K, in its annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by the company’s officers, directors or employees to analysts, institutional investors, existing and potential lenders, representatives of the media and others. Statements that are not historical facts are forward-looking statements and such forward-looking statements are statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include:

- statements about the company’s future performance;
- projections of the company’s results of operations or financial condition;
- statements regarding the company’s plans, objectives or goals, including those relating to strategies, initiatives, competition, acquisitions, dispositions and/or its products;
- expectations concerning the costs associated with the suspension or closure of operations at any of the company’s plants and future plans with respect to any such plants;
- expectations concerning the costs associated with the significant capital expenditure projects at any of the company’s plants and future plans with respect to any such projects;
- expectations regarding the extension or renewal of the company’s credit facilities including changes to terms, covenants or ratios;
- expectations concerning dividend payments and share buy-backs;
- statements concerning the company’s corporate and tax domiciles and structures and potential changes to them, including potential tax charges;
- statements regarding tax liabilities and related audits, reviews and proceedings;
- statements regarding the possible consequences and/or potential outcome of legal proceedings brought against us and the potential liabilities, if any, associated with such proceedings;
- expectations about the timing and amount of contributions to AICF, a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- expectations concerning the adequacy of the company’s warranty provisions and estimates for future warranty-related costs;
- statements regarding the company’s ability to manage legal and regulatory matters (including but not limited to product liability, environmental, intellectual property and competition law matters) and to resolve any such pending legal and regulatory matters within current estimates and in anticipation of certain third-party recoveries; and
- statements about economic conditions, such as changes in the US economic or housing market conditions or changes in the market conditions in the Asia Pacific region, the levels of new home construction and home renovations, unemployment levels, changes in consumer income, changes or stability in housing values, the availability of mortgages and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates, and builder and consumer confidence.

Words such as “believe,” “anticipate,” “plan,” “expect,” “intend,” “target,” “estimate,” “project,” “predict,” “forecast,” “guideline,” “aim,” “will,” “should,” “likely,” “continue,” “may,” “objective,” “outlook” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on the Company’s current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the Company’s control. Such known and unknown risks, uncertainties and other factors may cause actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under “Risk Factors” in Section 3 of the Form 20-F filed with the Securities and Exchange Commission on 22 May 2018, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former Company subsidiaries; required contributions to AICF, any shortfall in AICF and the effect of currency exchange rate movements on the amount recorded in the Company’s financial statements as an asbestos liability; the continuation or termination of the governmental loan facility to AICF; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the Company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the Company’s products; reliance on a small number of customers; a customer’s inability to pay; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; currency exchange risks; dependence on customer preference and the concentration of the Company’s customer base on large format retail customers, distributors and dealers; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; possible inability to renew credit facilities on terms favorable to the Company, or at all; acquisition or sale of businesses and business segments; changes in the Company’s key management personnel; inherent limitations on internal controls; use of accounting estimates; the integration of Fermacell into our business; and all other risks identified in the Company’s reports filed with Australian, Irish and US securities regulatory agencies and exchanges (as appropriate). The Company cautions you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those referenced in the Company’s forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of the Company’s current expectations concerning future results, events and conditions. The Company assumes no obligation to update any forward-looking statements or information except as required by law.

## EXHIBIT INDEX

| Exhibit No. | Description |
|---|---|
| 99.1 | ASX Cover 31 December 2018 |
| 99.2 | Media Release Q3 FY19 |
| 99.3 | Management's Analysis of Results Q3 FY19 |
| 99.4 | Management Presentation Q3 FY19 |
| 99.5 | Condensed Consolidated Financial Statements Q3 FY19 |

## 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.

| | |
|---|---|
| | **James Hardie Industries plc** |
| Date: 5 February 2019 | By: /s/ Natasha Mercer |
| | Natasha Mercer<br>Company Secretary |

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**Exhibit 99.1**

# Results for Announcement to the Market

## James Hardie Industries plc

ARBN 097 829 895

| Nine Months Ended 31 December 2018 | | | | |
|---|---|---|---|---|
| Key Information | Nine Months Ended 31 December 2018 | | | |
| | FY 2019 US$M | FY 2018 US$M | Movement | |
| Net Sales From Ordinary Activities | 1,881.8 | 1,528.6 | Up | 23% |
| Profit From Ordinary Activities After Tax Attributable to Shareholders | 228.0 | 203.7 | Up | 12% |
| Net Profit Attributable to Shareholders | 228.0 | 203.7 | Up | 12% |
| Net Tangible Assets (Liabilities) per Ordinary Share | US$1.33 | US$(0.39) | Up | 441% |

### Dividend Information

- A FY2019 first half ordinary dividend (“**FY2019 first half dividend”**) of US10.0 cents per security is payable to CUFS holders on 22 February 2019.
- The record date to determine entitlements to the FY2019 first half dividend was 12 December 2018 (on the basis of proper instruments of transfer received by the Company’s registrar, Computershare Investor Services Pty Ltd, Level 4, 60 Carrington Street, Sydney NSW 2000, Australia, by 5:00pm if securities are not CHESS approved, or security holding balances established by 5:00pm or such later time permitted by ASTC Operating Rules if securities are CHESS approved).
- The FY2019 first half dividend and future dividends will be unfranked for Australian taxation purposes.
- The company will be required to deduct Irish DWT (currently 20% of the gross dividend amount) from this dividend and future dividends, unless the beneficial owner has completed and returned a non-resident declaration form (DWT Form).
- The Australian currency equivalent amount of the FY2019 first half dividend paid to CUFS holders is 13.8650 Australian cents. The amount payable to shareholders who have elected to receive their dividend in NZ dollars or British pounds will also be announced on the same date.
- No dividend reinvestment plan is currently in operation for the FY2019 first half dividend.
- The FY2018 second half ordinary dividend (“**FY2018 second half dividend”**) of US30.0 cents per security was paid to CUFS holders on 3 August 2018.

### Movements in Controlled Entities during the Nine Months Ended 31 December 2018

The following entities were created or acquired:

XI (DL) Holdings GmbH (3 April 2018), Fermacell GmbH (3 April 2018), SNC Parc 3 (3 April 2018), Fermacell B.V (3 April 2018), Fermacell Spain S.L.U. (3 April 2018), Fermacell Schraplau GmbH (3 April 2018), FELS Recycling GmbH (3 April 2018), Fermacell SAS (3 April 2018)

### Review

The results and information included within this report have been prepared using US GAAP and have been subject to an independent review by external auditors.

### Results for the 3rd Quarter and Nine Months Ended 31 December 2018

**Contents**



James Hardie Industries plc is incorporated under the laws of Ireland with its corporate seat in Dublin, Ireland. The liability of members is limited. The information contained in the above documents should be read in conjunction with the James Hardie 2018 Annual Report which can be found on the company website at www.jameshardie.com.

Exhibit 99.2

# James Hardie Announces Adjusted Net Operating Profit of US$65.9 million for Q3 Fiscal Year 2019 and US$226.7 million for the nine months ended 31 December 2018

James Hardie today announced results for the third quarter of fiscal year 2019 and the nine months ended 31 December 2018:

- Group Adjusted net operating profit of US$65.9 million for the quarter and US$226.7 million for the nine months, a decrease of 10% and an increase of 8%, respectively, compared to the prior corresponding periods ("pcp");
- Group Adjusted EBIT of US$90.6 million for the quarter and US$304.6 million for the nine months, a decrease of 10% and an increase of 3%, respectively, compared to pcp;
- Group net sales of US$586.2 million for the quarter and US$1,881.8 million for the nine months, an increase of 18% and 23%, respectively, compared to pcp;
- North America Fiber Cement Segment volume increased 1% for the quarter and 4% for the nine months, compared to pcp;
- North America Fiber Cement Segment EBIT margin excluding product line discontinuation expenses of 22.3% for the quarter and 23.3% for the nine months;
- Asia Pacific Fiber Cement Segment EBIT margin of 21.3% for the quarter and 23.0% for the nine months;
- Europe Building Products Segment Adjusted EBIT margin excluding costs associated with the acquisition of 9.2% for the quarter and 10.3% for the nine months; and
- The Fermacell acquisition closed on 3 April 2018 and is included in the financial results for the nine months of fiscal year 2019.

## CEO Commentary

James Hardie CEO Jack Truong said, "Our North America Fiber Cement Segment delivered modest top line growth of 2% for the quarter and 7% for the nine months. The North America housing market demand was soft across most geographies and customer segments. Our exteriors business continues to improve and grow slightly above our addressable market, but below our expectations. Our management team is transforming our commercial strategy and implementing Lean manufacturing as our operating approach in North America plants. We are confident these transformations will lead to an improvement in our execution and results."

He continued, "Within our Asia Pacific Fiber Cement Segment, our Australian and Philippines businesses continued to deliver excellent top line growth of 12% and 13% in local currency for the quarter and nine months, respectively."

Dr Truong added, "Our Europe Building Products Segment delivered strong net sales compared to the prior corresponding periods, on a pro-forma basis up 8% in local currency for the quarter, and an Adjusted EBIT margin excluding costs associated with the acquisition of 9.2% for the quarter and 10.3% for the nine months. We continue to be encouraged by the early indicators from our European business."

He concluded, "Our consolidated group results reflected steady financial performance in an inflationary raw materials, freight, and foreign exchange environment, and soft underlying housing market demand in our primary markets."

## Outlook

We expect to see modest growth in the US housing market to continue through the remainder of fiscal year 2019. The single family new construction market and repair and remodel market growth rates in fiscal year 2019 are expected to grow, albeit at a growth rate lower than that in fiscal year 2018. The Company expects new construction starts between approximately 1.2 million and 1.3 million.

We expect our North America Fiber Cement segment EBIT margin to be in the middle of our stated target range of 20% to 25% for fiscal year 2019. This expectation is based upon the Company continuing to improve operating performance in its plants, continuing to experience current inflationary trends for input costs, and a strong US dollar.

Net sales from the Australian business are expected to continue to trend above the average growth of the domestic repair and remodel and single family detached housing markets in the eastern states of Australia.

## Full Year Earnings Guidance

Management notes the range of analysts' forecasts for net operating profit excluding asbestos for the year ending 31 March 2019 is between US$297 million and US$311 million. Management expects full year Adjusted net operating profit to be between US$295 million and US$315 million assuming, among other things, housing conditions in the United States continue to improve in line with our assumed forecast of new construction starts, input prices remain consistent and an average USD/AUD exchange rate that is at, or near current levels for the remainder of the year. Management cautions that although US housing activity has been improving, market conditions remain somewhat uncertain and some input costs remain volatile.

The comparable Adjusted net operating profit for fiscal year 2018 was US$291.3 million. The Company is unable to forecast the comparable US GAAP financial measure due to uncertainty regarding the impact of actuarial estimates on asbestos-related assets and liabilities in future periods.

## Further Information

Readers are referred to the Company's Condensed Consolidated Financial Statements and Management's Analysis of Results for the third quarter and nine months ended 31 December 2018 for additional information regarding the Company's results, including information regarding income taxes, the asbestos liability and contingent liabilities.

As of 30 June 2018, the Company changed its reportable operating segments. Previously, the Company reported on four operating segments: (i) North America Fiber Cement, (ii) International Fiber Cement, (iii) Other Businesses, and (iv) Research and Development. As of 30 June 2018, the Company began reporting on five operating segments: (i) North America Fiber Cement, (ii) Asia Pacific Fiber Cement, (iii) Europe Building Products, (iv) Other Businesses, and (v) Research and Development. The significant changes to how certain businesses are reported in the new segment structure are as follows: Our European Fiber Cement business as well as the newly acquired Fermacell business are now reported as the Europe Building Products segment, and the remaining businesses that were historically reported in the International Fiber Cement segment are now reported in the Asia Pacific Fiber Cement segment. The Company has revised its historical segment information at 31 March 2018 and for the third quarter and nine months ended 31 December 2018 to be consistent with the new reportable segment structure. The change in reportable segments had no effect on the Company's financial position, results of operations or cash flows for the periods presented. Readers are referred to Note 15 of our condensed consolidated financial statements for further information on our segments.

## Use of Non-GAAP Financial Information; Australian Equivalent Terminology

This Media Release includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States (GAAP), such as Adjusted net operating profit and Adjusted EBIT. These non-GAAP financial measures should not be considered to be more meaningful than the equivalent GAAP measure. Management has included such measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and excludes the impact of certain legacy items, such as asbestos adjustments. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with US GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. For additional information regarding the non-GAAP financial measures presented in this Media Release, including a reconciliation of each non-GAAP financial measure to the equivalent US GAAP measure, see the section titled "Non-US GAAP Financial Measures" included in the Company's Management's Analysis of Results for the third quarter and nine months ended 31 December 2018.

In addition, this Media Release includes financial measures and descriptions that are considered to not be in accordance with US GAAP, but which are consistent with financial measures reported by Australian companies, such as operating profit, EBIT and EBIT margin. Since the Company prepares its Consolidated Financial Statements in accordance with US GAAP, the Company provides investors with a table and definitions presenting cross-references between each US GAAP financial measure used in the Company's Consolidated Financial Statements to the equivalent non-US GAAP financial measure used in this press release. See the sections titled "Non-US GAAP Financial Measures" included in the Company's Management's Analysis of Results for the third quarter and nine months ended 31 December 2018.

## Forward-Looking Statements

This Media Release contains forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of James Hardie to be materially different from those expressed or implied in this release, including, among others, the risks and uncertainties set forth in Section 3 "Risk Factors" in James Hardie's Annual Report on Form 20-F for the year ended 31 March 2018; changes in general economic, political, governmental and business conditions globally and in the countries in which James Hardie does business; changes in interest rates; changes in inflation rates; changes in exchange rates; the level of construction generally; changes in cement demand and prices; changes in raw material and energy prices; changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. James Hardie assumes no obligation to update or correct the information contained in this Media Release except as required by law.

END

**Media/Analyst Enquiries:**
Jason Miele
Vice President, Investor and Media Relations

| | |
|---|---|
| **Telephone:** | +61 2 8845 3352 |
| **Email:** | media@jameshardie.com.au |

**Exhibit 99.3**

# Management's Analysis of Results

This Management's Analysis of Results forms part of a package of information about James Hardie Industries plc's results. It should be read in conjunction with the other parts of this package, including the Media Release, the Management Presentation and the condensed consolidated financial statements. Except as otherwise indicated in this Management's Analysis of Results, James Hardie Industries plc is referred to as "JHI plc." JHI plc, together with its direct and indirect wholly-owned subsidiaries, are collectively referred to as "James Hardie," the "Company," "we," "our," or "us." Definitions for certain capitalized terms used in this Management's Analysis of Results can be found in the section titled "Non-GAAP Financial Measures."

This Management's Analysis of Results includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States ("US GAAP"). These non-GAAP financial measures should not be considered to be more meaningful than the equivalent US GAAP measures. Management has included such measures to provide investors with an alternative method for assessing its financial condition and operating results in a manner that is focused on the performance of its ongoing operations. These measures exclude the impact of certain legacy items, such as asbestos adjustments, or significant non-recurring items, such as debt restructuring and acquisition costs, asset impairments, as well as adjustments to tax expense. In addition, management provides an adjusted effective tax rate, which excludes the tax impact of the pre-tax special items (items listed above) and tax special items. Management believes that this non-GAAP tax measure provides an ongoing effective rate which investors may find useful for historical comparisons and for forecasting and is an alternative method of assessing the economic impact of taxes on the Company, as it more closely approximates payments to taxing authorities. Management uses such non-GAAP financial measures for the same purposes. These non-GAAP measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with US GAAP. These non-GAAP financial measures are not prepared in accordance with US GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. For additional information regarding the non-GAAP financial measures presented in this Management's Analysis of Results, including a reconciliation of each non-GAAP financial measure to the equivalent US GAAP measure, see the section titled "Non-US GAAP Financial Measures." In addition, this Management's Analysis of Results includes financial measures and descriptions that are considered to not be in accordance with US GAAP, but which are consistent with financial measures reported by Australian companies. Since James Hardie prepares its condensed consolidated financial statements in accordance with US GAAP, the Company provides investors with a table and definitions presenting cross-references between each US GAAP financial measure used in the Company's condensed consolidated financial statements to the equivalent non-US GAAP financial measure used in this Management's Analysis of Results. See the section titled "Non-US GAAP Financial Measures."

These documents, along with an audio webcast of the Management Presentation on 5 February 2019, are available from the Investor Relations area of our website at *http://www.ir.jameshardie.com.au*

*NOTE TO THE READER:*

As of 30 June 2018, the Company changed its reportable operating segments. Previously, the Company reported on four operating segments: (i) North America Fiber Cement, (ii) International Fiber Cement, (iii) Other Businesses, and (iv) Research and Development. As of 30 June 2018, the Company began reporting on five operating segments: (i) North America Fiber Cement, (ii) Asia Pacific Fiber Cement, (iii) Europe Building Products, (iv) Other Businesses, and (v) Research and Development. The significant changes to how certain businesses are reported in the new segment structure are as follows: (i) our European Fiber Cement business, as well as the newly acquired Fermacell business, are now reported as the Europe Building Products segment, and the remaining businesses that were historically reported in the International Fiber Cement segment are now reported in the Asia Pacific Fiber Cement segment. The Company has revised its historical segment information for the third quarter and nine months ended 31 December 2018 to be consistent with the new reportable segment structure. The change in reportable segments had no effect on the Company's financial position, results of operations or cash flows for the periods presented. Readers are referred to Note 15 of our condensed consolidated financial statements for further information on our segments.

**Media/Analyst Enquiries:**
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**James Hardie Industries plc**
**Results for the 3rd Quarter and Nine Months Ended 31 December**

| US$ Millions | Three Months and Nine Months Ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | Change % | 9 Months FY19 | 9 Months FY18 | Change % |
| **Net sales** | **$ 586.2** | **$ 495.1** | **18** | **$ 1,881.8** | **$ 1,528.6** | **23** |
| Cost of goods sold | (394.0) | (312.2) | (26) | (1,261.4) | (989.5) | (27) |
| **Gross profit** | **192.2** | **182.9** | **5** | **620.4** | **539.1** | **15** |
| | | | | | | |
| Selling, general and administrative expenses | (97.5) | (77.7) | (25) | (301.3) | (226.2) | (33) |
| Research and development expenses | (9.3) | (8.3) | (12) | (28.5) | (24.4) | (17) |
| Asset impairments | — | — | | (13.1) | — | |
| Asbestos adjustments | 12.1 | 47.0 | (74) | 51.4 | 36.5 | 41 |
| **EBIT** | **97.5** | **143.9** | **(32)** | **328.9** | **325.0** | **1** |
| | | | | | | |
| Net interest expense | (13.7) | (8.3) | (65) | (36.8) | (21.6) | (70) |
| Loss on early debt extinguishment[1] | (1.0) | (26.1) | 96 | (1.0) | (26.1) | 96 |
| Other (expense) income | (0.2) | 0.6 | | 0.1 | 0.2 | (50) |
| Operating profit before income taxes | 82.6 | 110.1 | (25) | 291.2 | 277.5 | 5 |
| Income tax expense | (14.7) | (30.2) | 51 | (63.2) | (73.8) | 14 |
| **Net operating profit** | **$ 67.9** | **$ 79.9** | **(15)** | **$ 228.0** | **$ 203.7** | **12** |
| | | | | | | |
| Earnings per share - basic (US cents) | 15 | 18 | | 52 | 46 | |
| Earnings per share - diluted (US cents) | 15 | 18 | | 51 | 46 | |
| | | | | | | |
| Volume (mmsf) | 861.1 | 660.6 | 30 | 2,727.8 | 2,051.8 | 33 |

[1]Readers are referred to Note 8 of our 31 December 2018 condensed consolidated financial statements for further information related to long-term debt.

**Net sales** for the quarter and nine months increased 18% and 23%, respectively, from the prior corresponding periods to US$586.2 million and US$1,881.8 million, respectively. For both periods, net sales were favorably impacted by the acquisition of Fermacell in Europe and higher net sales in the North America Fiber Cement and Asia Pacific Fiber Cement segments.

**Gross profit** of US$192.2 million for the quarter and US$620.4 million for the nine months increased 5% and 15%, respectively, when compared to the prior corresponding periods. Gross profit margin of 32.8% for the quarter and 33.0% for the nine months decreased 4.1 percentage points and 2.3 percentage points, respectively, when compared with the prior corresponding periods.

**Selling, general and administrative (“SG&A”) expenses** for the quarter and nine months increased 25% and 33%, respectively, when compared to the prior corresponding periods. The increase is primarily driven by the SG&A costs in the European Building Products segment, due to the acquisition of Fermacell on 3 April 2018 and the corresponding transaction and integration costs, as well as, higher labor and discretionary costs in the North America Fiber Cement segment.

**Asbestos adjustments** primarily reflects the non-cash foreign exchange re-measurement impact on asbestos related balance sheet items, driven by the change in AUD/USD spot exchange rate.

**Asset Impairments** for the nine months reflects asset impairment charges of US$10.1 million and US$3.0 million, related to our decision to discontinue our Windows business and our Multiple Contour Trim ("MCT") product line, respectively.

**Income tax expense** for the quarter decreased compared to the prior corresponding period, primarily due to the decrease in the US corporate income tax rate and favorable movement of asbestos adjustment. Income tax expense for the nine months decreased compared to the prior corresponding period, primarily due to decrease in US corporate income tax rate, partially offset by a change in the accounting treatment of intangible assets which did not apply in the prior corresponding period.

**Net operating profit** decreased for the quarter, primarily driven by the unfavorable movement in asbestos adjustments and higher SG&A expenses, partially offset by a lower loss on early debt extinguishment. Net operating profit for the nine months increased, primarily driven by the favorable underlying performance of the operating business units and a lower loss on early debt extinguishment, partially offset by higher SG&A expenses.

## North America Fiber Cement Segment

Operating results for the North America Fiber Cement segment were as follows:

| US$ Millions | Three Months and Nine Months Ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | Change | 9 Months FY19 | 9 Months FY18 | Change |
| Volume (mmsf) | 532.1 | 528.9 | 1% | 1,714.8 | 1,652.0 | 4% |
| Average net sales price per unit (per msf) | US$715 | US$705 | 1% | US$723 | US$700 | 3% |
| | | | | | | |
| Fiber cement net sales | 385.5 | 376.8 | 2% | 1,254.9 | 1,168.0 | 7% |
| Gross profit | | | (7%) | | | 6% |
| Gross margin (%) | | | (3.5 pts) | | | (0.3 pts) |
| EBIT | 86.1 | 101.3 | (15%) | 287.4 | 278.5 | 3% |
| EBIT margin (%) | 22.3 | 26.9 | (4.6 pts) | 22.9 | 23.8 | (0.9 pts) |
| EBIT excluding product line discontinuation[1] | 86.1 | 101.3 | (15%) | 292.8 | 278.5 | 5% |
| EBIT margin excluding product line discontinuation[1](%) | 22.3 | 26.9 | (4.6 pts) | 23.3 | 23.8 | (0.5 pts) |

[1] Excludes product line discontinuation expenses of nil for the quarter and US$5.4 million for the nine months FY19. These expenses include asset impairments of US$3.0 million, and a one time charge of US$2.4 million to cost of goods sold associated with our decision to discontinue our MCT product line, as well as certain excess and obsolete ColorPlus color palettes

Net sales for the quarter and nine months were favorably impacted by higher sales volumes and a higher average net sales price compared to prior corresponding periods. The increase in volume includes growth in exteriors for the quarter and nine months of 1% and 5%, respectively, compared to the prior corresponding periods, reflecting slight growth above the market index over the nine months. This increase was partially offset by a decrease in interiors volume for the quarter and nine months of 3% and 2%, respectively. The increase in average net sales price of 1% for the quarter primarily reflects the annual change in our strategic pricing effective April 2018, partially offset by tactical pricing. For the nine months, the increase in average net sales price of 3% primarily reflects the annual change in our strategic pricing effective April 2018.

While we have provided US Census Bureau data in the prior periods, December 2018 data was not available as at the filing date of this document. However, according to the US Census Bureau, single family housing starts for the two months ended 30 November 2018 were 135,200, or 7% below the prior corresponding period. For the eight months ended 30 November 2018, single family housing starts were 630,100, or 3% above the prior corresponding period. We note that the US Census Bureau's data can be different from other indices we use to measure US housing market growth, namely the McGraw-Hill Construction Residential Starts Data (also known as Dodge), the National Association of Home Builders and Fannie Mae.

***Results Including Product Line Discontinuation Expenses***

The change in gross margin for the quarter and nine months can be attributed to the following components:

| **For the Three Months Ended 31 December 2018:** | |
|---|---|
| Higher average net sales price | 1.1 pts |
| Higher start up costs | (0.3 pts) |
| Higher production and other costs | (4.3 pts) |
| Total percentage point change in gross margin | (3.5 pts) |

| For the Nine Months Ended 31 December 2018: | |
|---|---|
| Higher average net sales price | 2.2 pts |
| Higher start up costs | (0.1 pts) |
| Higher production and other costs | (2.4 pts) |
| Total percentage point change in gross margin | (0.3 pts) |

Gross margin for the quarter decreased 3.5 percentage points compared to the prior corresponding period, primarily driven by higher production costs, partially offset by a higher average net sales price. Higher production costs were driven by higher input costs, primarily due to pulp and unfavorable plant performance.

Gross margin for the nine months decreased 0.3 percentage points compared to the prior corresponding period. This decrease was primarily due to higher production costs, partially offset by a higher average net sales price. Higher production costs were driven by higher input costs, primarily due to pulp and freight costs. In addition, gross margin decreased as a result of the one time charge of US$2.4 million from our decision to discontinue the MCT product line and certain excess and obsolete ColorPlus color palettes.

We continue to experience significant inflationary pressure across our key input costs, especially in pulp, other raw materials and labor. In addition, the freight market in fiscal year 2019 has been in very tight supply, and as a result, market rates for freight are exhibiting significant inflationary pressure.

SG&A expenses for the quarter and nine months were higher compared to the prior corresponding periods, driven primarily by higher labor related costs and higher discretionary spend. As a percentage of sales, SG&A expenses increased 1.1 percentage points for the quarter and 0.4 percentage points for the nine months, when compared to the prior corresponding periods.

EBIT for the quarter decreased 15% compared to the prior corresponding period, primarily driven by a 7% decrease in gross profit and higher SG&A expenses. EBIT for the nine months increased 3% compared to the prior corresponding period, primarily driven by a 6% increase in gross profit, partially offset by higher SG&A expenses and product line discontinuation expenses of US$5.4 million.

EBIT margin for the quarter and nine months decreased 4.6 percentage points and 0.9 percentage points to 22.3% and 22.9%, respectively, when compared to the prior corresponding periods, driven primarily by the decrease in gross margin and higher SG&A expenses as described above. EBIT margin for the nine months was additionally impacted by product line discontinuation expenses.

***Results Excluding Product Line Discontinuation Expenses***

Gross margin for the nine months, excluding product line discontinuation expenses, decreased compared to the prior corresponding period, primarily driven by higher production costs, partially offset by a higher average net sales price. Higher production costs were primarily due to higher input and freight costs.

EBIT for the nine months, excluding product line discontinuation expenses, increased 5%, compared to the prior corresponding period, driven by an increase in gross profit, partially offset by higher SG&A expenses.

EBIT margin for the nine months decreased 0.5 percentage points to 23.3% when compared to the prior corresponding period, primarily driven by the decrease in gross margin and higher SG&A expenses.

## Asia Pacific Fiber Cement Segment

The Asia Pacific Fiber Cement segment is comprised of the following businesses: (i) Australia Fiber Cement, (ii) New Zealand Fiber Cement, and (iii) Philippines Fiber Cement.

Operating results for the Asia Pacific Fiber Cement segment in US dollars were as follows:

| US$ Millions | Three Months and Nine Months Ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | Change | 9 Months FY19 | 9 Months FY18 | Change |
| Volume (mmsf) | 136.1 | 123.0 | 11% | 416.2 | 373.1 | 12% |
| Average net sales price per unit (per msf) | US$713 | US$760 | (6%) | US$731 | US$761 | (4%) |
| | | | | | | |
| Fiber cement net sales | 110.1 | 105.3 | 5% | 344.5 | 320.3 | 8% |
| Gross profit | | | (8%) | | | (3%) |
| Gross margin (%) | | | (4.4 pts) | | | (3.6 pts) |
| EBIT | 23.5 | 24.9 | (6%) | 79.3 | 81.8 | (3%) |
| EBIT margin (%) | 21.3 | 23.6 | (2.3 pts) | 23.0 | 25.5 | (2.5 pts) |

The Asia Pacific Fiber Cement segment results in US dollars were unfavorably impacted for the quarter and nine months by a 7% and 5% change in the average AUD/USD foreign exchange rate, respectively, when compared to the prior corresponding periods. The impact of the unfavorable foreign exchange rate movements are detailed in the table below:

| | Q3 FY19 | | | 9 Months FY19 | | |
|---|---|---|---|---|---|---|
| | Results in AUD | Results in USD | Impact of FX | Results in AUD | Results in USD | Impact of FX |
| Average net sales price per unit (per msf) | +1% | -6% | -7% | +1% | -4% | -5% |
| Net Sales | +12% | +5% | -7% | +13% | +8% | -5% |
| Gross Profit | -1% | -8% | -7% | +2% | -3% | -5% |
| EBIT | +1% | -6% | -7% | +1% | -3% | -4% |

Operating results for the Asia Pacific Fiber Cement segment in Australian dollars were as follows:

| A$ Millions | Three Months and Nine Months Ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | Change | 9 Months FY19 | 9 Months FY18 | Change |
| Volume (mmsf) | 136.1 | 123.0 | 11% | 416.2 | 373.1 | 12% |
| Average net sales price per unit (per msf) | A$995 | A$989 | 1% | A$995 | A$989 | 1% |
| | | | | | | |
| Fiber cement net sales | 153.4 | 136.9 | 12% | 468.6 | 415.9 | 13% |
| Gross profit | | | (1%) | | | 2% |
| Gross margin (%) | | | (4.1 pts) | | | (3.6 pts) |
| EBIT | 32.7 | 32.5 | 1% | 107.8 | 106.3 | 1% |
| EBIT margin (%) | 21.3 | 23.7 | (2.4 pts) | 23.0 | 25.6 | (2.6 pts) |

Volume for the quarter and nine months increased 11% and 12%, respectively, compared to the prior corresponding periods, primarily driven by our Australian and Philippines businesses achieving volume growth above their underlying market growth. In Australia, volume growth was driven by market penetration and category share gains. In the Philippines, volume growth was a result of strategic distributor programs implemented in the region.

Fiber cement net sales in Australian dollars for the quarter and nine months increased 12% and 13%, respectively, compared to the prior corresponding periods, primarily driven by higher volume across all regions.

Gross profit in Australian dollars decreased 1% for the quarter and increased 2% for the nine months compared to the prior corresponding periods. The decrease for the quarter was primarily driven by higher input costs, partially offset by higher net sales. The increase for the nine months was due to higher net sales, partially offset by higher production costs driven by higher pulp and freight costs, unfavorable plant performance in New Zealand and a one time inventory adjustment in the Philippines.

In Australian dollars, the change in gross margin for the quarter and nine months can be attributed to the following components:

| **For the Three Months Ended 31 December 2018:** | |
|---|---|
| Higher average net sales price | 0.4 pts |
| Higher production costs | (4.5 pts) |
| Total percentage point change in gross margin | (4.1 pts) |

| **For the Nine Months Ended 31 December 2018:** | |
|---|---|
| Higher average net sales price | 0.4 pts |
| Higher production costs | (4.0 pts) |
| Total percentage point change in gross margin | ) (3.6 pts |

EBIT in Australian dollars increased 1% for the quarter and nine months when compared to the prior corresponding periods to A$32.7 million and A$107.8 million, respectively. As a percentage of sales, SG&A expense in Australian dollars decreased 1.8 percentage points for the quarter and 1.1 percentage points for the nine months when compared to the prior corresponding periods.

*Country Analysis*

Australia Fiber Cement

Net sales in local currency for the quarter and nine months increased 6% and 13%, respectively, from the prior corresponding periods, primarily due to an increase in volume and the favorable impact of our price increase. The key driver of volume growth was market penetration, as we gained market share compared to the prior corresponding periods. The market share gains were driven by the addition of several large customers, including one large customer in the first half of fiscal year 2018, and another large customer in the first quarter of fiscal year 2019. The volume growth during the quarter and nine months was most prominent in the East Coast regions, and was realized in both the new construction and additions and alterations markets.

EBIT in local currency for the quarter and nine months decreased 1% and increased 8%, respectively, when compared to the prior corresponding periods. The decrease in EBIT for the quarter was primarily due to higher pulp and freight costs, partially offset by higher net sales. The increase in EBIT for the nine months was primarily driven by higher net sales and favorable plant performance, partially offset by higher pulp, freight costs, and employment costs.

While we have provided Australian Bureau of Statistics data in prior periods, we note that December 2018 data was not available at the filing date of this document. However, for the two months ended 30 November 2018, according to Australian Bureau of Statistics data, approval for detached houses, which are a key driver of Australian business' sales volume, decreased 4% compared to the prior corresponding period. For the eight months ended 30 November 2018, approval for detached houses decreased 1% compared to the prior corresponding period. The other key driver of our sales volume is the alterations and additions market, which decreased 3% for the two months ended 30 November 2018 and increased 4% for the eight months ended 30 November 2018, when compared to the prior corresponding periods.

New Zealand Fiber Cement

Net sales in local currency for the quarter and nine months increased 18% and 10%, respectively, from the prior corresponding periods, primarily driven by higher volume. EBIT in local currency was flat for the quarter and decreased during the nine months, compared to the prior corresponding periods. The decrease in EBIT for the nine months was primarily due to higher input costs and unfavorable plant performance.

Philippines Fiber Cement

Volume for the quarter and nine months increased 23% and 16%, respectively, when compared to the prior corresponding periods, primarily as a result of market share gained during the current fiscal year. EBIT in local currency for the quarter decreased compared to the prior corresponding period, due to higher pulp costs. EBIT in local currency for the nine months decreased compared to the prior corresponding period, driven by a one time inventory adjustment, as well as higher pulp costs and start-up costs associated with our capacity expansion.

## Europe Building Products Segment

The Europe Building Products segment is comprised of: (i) Europe Fiber Cement; and (ii) Fiber Gypsum. Operating results for the Europe Building Products segment in US dollars were as follows:

| US$ Millions | Three Months and Nine Months Ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | Change | 9 Months FY19 | 9 Months FY18 | Change |
| Volume (mmsf) | 192.9 | 8.7 | | 596.8 | 26.7 | |
| Average net sales price per unit (per msf) | US$357 | US$943 | (62%) | US$357 | US$966 | (63%) |
| | | | | | | |
| Fiber cement net sales | 8.2 | 9.2 | (11%) | 27.0 | 28.9 | (7%) |
| Fiber gypsum net sales[1] | 78.6 | — | | 242.6 | — | |
| Net sales | 86.8 | 9.2 | | 269.6 | 28.9 | |
| Gross profit[2] | | | NM | | | NM |
| Gross margin (%)[2] | | | NM | | | NM |
| EBIT[3] | 4.1 | 0.5 | | 2.9 | 0.6 | |
| EBIT margin (%)[3] | 4.7 | 5.4 | (0.7 pts) | 1.1 | 2.1 | (1.0 pts) |

[1] Also includes cement bonded board net sales

[2] The change in gross profit and gross margin is not presented due to the impact from the acquisition of Fermacell during the first quarter of fiscal year 2019

[3] Includes Fermacell transaction and integration costs of US$3.9 million for the third quarter and US$17.7 million for the nine months, as well as, a US$7.3 million inventory fair value adjustment during the nine months resulting from acquisition accounting adjustments in Q1FY19

Net sales for the quarter and nine months increased compared to the prior corresponding period, driven by the increase in volume due to the Fermacell acquisition on 3 April 2018. Average net sales price in US dollars for the quarter and nine months decreased compared to prior corresponding periods, primarily due to product mix, as most of the volume in the current period was from fiber gypsum products, which have a lower average net sales price than fiber cement.

EBIT for the quarter increased US$3.6 million, compared to the prior corresponding period, primarily due to additional earnings provided by Fermacell, partially offset by US$3.9 million of Fermacell integration costs.

EBIT for the nine months increased US$2.3 million to US$2.9 million, compared to the prior corresponding period, primarily due to additional earnings provided by Fermacell, partially offset by transaction and integration costs incurred by the Fermacell acquisition, as well as the one-time inventory fair value adjustment of US$7.3 million. As part of the acquisition of Fermacell, we incurred US$ 7.2 million of transaction costs and US$10.5 million of integration costs for the nine months.

Below, we have included Non-US GAAP measures, Europe Building Products segment Adjusted EBIT and Adjusted EBIT margin excluding costs associated with the acquisition. Note that the below reconciling items have not been excluded from Adjusted EBIT and Adjusted net operating profit as presented on pages 13 and 15, respectively.

| **US$ Millions** | **Three Months and Nine Months Ended 31 December** | |
|---|---|---|
| | **Q3 FY19** | **9 Months FY19** |
| Europe Building Products segment EBIT | 4.1 | 2.9 |
| | | |
| Inventory fair value adjustment [1] | — | 7.3 |
| Transaction costs[2] | — | 7.2 |
| Integration costs[3] | 3.9 | 10.5 |
| | | |
| Europe Building Products segment Adjusted EBIT excluding costs associated with the acquisition | 8.0 | 27.9 |
| | | |
| Europe Building Products segment Adjusted EBIT margin excluding costs associated with the acquisition | 9.2 % | 10.3 % |

[1] Under US GAAP, we are required to value the inventory acquired at fair market value, resulting in a preliminary total inventory fair value adjustment of US$7.3 million. As this inventory was sold during the first quarter of FY19, the entire adjustment was recognized into cost of goods sold during that quarter

[2] Transaction costs include certain non-recurring fees incurred in conjunction with the acquisition of Fermacell

[3] Integration costs relate to professional, legal and other fees incurred in conjunction with the integration of Fermacell

Net sales in the Europe Building Products segment for the quarter and nine months of US$86.8 million and US$269.6 million, respectively, increased 5% and 8%, respectively, from pro-forma net sales from the prior corresponding periods of US$82.9 million and US$249.3 million, respectively. In local currency, pro-forma net sales for the quarter and nine months increased 8% and 6%, respectively.

## Other Businesses Segment

| **US$ Millions** | **Three Months and Nine Months Ended 31 December** | | | | | |
|---|---|---|---|---|---|---|
| | **Q3 FY19** | **Q3 FY18** | **Change** | **9 Months FY19** | **9 Months FY18** | **Change** |
| Net sales | 3.8 | 3.8 | —% | 12.8 | 11.4 | 12% |
| Gross profit | | | NM | | | NM |
| Gross profit margin (%) | | | NM | | | NM |
| EBIT | (7.4) | (1.9) | | (26.5) | (5.8) | |
| | | | | | | |
| Product line discontinuation | (4.8) | — | | (20.6) | — | |

EBIT loss for the quarter and nine months increased to a loss of US$ 7.4 million and US$ 26.5 million, respectively, when compared to the prior corresponding periods. The increase in EBIT loss for the quarter was driven by US$4.8 million of product line discontinuation costs, and a US$2.6 million EBIT loss from operations during the quarter. As announced on 8 November 2018, we are in the process of exiting our Windows business. Our Windows business is made up of two operations, (i) a fiberglass pultrusion facility in Wisconsin which makes fiberglass components that are utilized in our windows, as well as fiberglass components sold externally, and (ii) a fiberglass windows assembly facility in Wisconsin that assembles the windows sold by our Windows business.

In December 2018, we made the decision to shut down the fiberglass windows assembly facility in Wisconsin and recorded any remaining product line discontinuation costs associated with that component of the Windows business. Those costs totaling US$4.8 million and US$14.6 million are reflected in our results for the quarter and nine months ended 31 December 2018, respectively.

The fiberglass pultrusion portion of the business continues to operate as we explore strategic alternatives to exit that component of the business. For the nine months ended 31 December 2018, we have recorded US$6.0 million in product line discontinuation costs associated with this portion of the Windows business, and anticipate we will conclude our exit strategy by April 2019 with any additional product line discontinuation costs expected to be recorded in the fourth quarter of fiscal year 2019.

## Research and Development Segment

We record R&D expenses depending on whether they are core R&D projects that are designed to benefit all business units, which are recorded in our R&D segment, or commercialization projects for the benefit of a particular business unit, which are recorded in the individual business unit's segment results. The table below details the expenses of our R&D segment:

| **US$ Millions** | **Three Months and Nine Months Ended 31 December** | | | | | |
|---|---|---|---|---|---|---|
| | **Q3 FY19** | **Q3 FY18** | **Change %** | **9 Months FY19** | **9 Months FY18** | **Change %** |
| Segment R&D expenses | $ (6.9) | $ (6.4) | (8) | $ (20.6) | $ (18.6) | (11) |
| Segment R&D SG&A expenses | (0.5) | (0.8) | 38 | (1.3) | (1.9) | 32 |
| Total R&D EBIT | $ (7.4) | $ (7.2) | (3) | $ (21.9) | $ (20.5) | (7) |

The change in segment R&D expenses for the quarter and nine months was due to normal variation among our research and development projects. The expense will fluctuate period to period depending on the nature and number of core R&D projects being worked on and the AUD/USD exchange rates during the period.

Other R&D expenses associated with commercialization projects in business units are recorded in the results of the respective business unit segment. Other R&D expenses associated with commercialization projects were US$2.4 million for the quarter and US$7.9 million for the nine months, compared to US$1.9 million and US$5.8 million, respectively, for the prior corresponding periods. The increase was primarily driven by additional projects undertaken by the R&D team in our European Building Products segment.

## General Corporate

Results for General Corporate were as follows:

| US$ Millions | Three Months and Nine Months Ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | Change % | 9 Months FY19 | 9 Months FY18 | Change % |
| General Corporate SG&A expenses | $ (13.1) | $ (17.2) | 24 | $ (42.6) | $ (40.1) | (6) |
| Fermacell acquisition costs[1] | — | (3.0) | | — | (4.7) | |
| Asbestos: | | | | | | |
| Asbestos adjustments | 12.1 | 47.0 | (74) | 51.4 | 36.5 | 41 |
| AICF SG&A expenses[2] | (0.4) | (0.5) | 20 | (1.1) | (1.3) | 15 |
| General Corporate EBIT | $ (1.4) | $ 26.3 | | $ 7.7 | $ (9.6) | |

[1]Relates to professional, legal and other fees incurred in FY2018 prior to the close of the Fermacell acquisition

[2]Relates to non-claims related operating costs incurred by AICF, which we consolidate into our financial results due to our pecuniary and contractual interests in AICF

For the quarter, General Corporate SG&A expenses decreased US$4.1 million, compared to the prior corresponding period, primarily due to lower stock compensation expenses, partially offset by New Zealand weathertightness claims of US$2.8 million.

For the nine months, General Corporate SG&A expenses increased US$2.5 million, compared to the prior corresponding period, primarily due to New Zealand weathertightness claims of US$4.4 million and a non-recurring US$3.4 million gain in the prior year from the sale of a storage building located near our Fontana facility, partially offset by lower stock compensation expenses.

Asbestos adjustments for both periods primarily reflect the non-cash foreign exchange re-measurement impact on asbestos related balance sheet items, driven by the change in the AUD/USD spot exchange rate from the beginning balance sheet date to the ending balance sheet date, for each respective period.

The AUD/USD spot exchange rates are shown in the table below:

| Q3 FY19 | | Q3 FY18 | | 9 Months FY19 | | 9 Months FY18 | |
|---|---|---|---|---|---|---|---|
| 30 September 2018 | 0.7212 | 30 September 2017 | 0.7840 | 31 March 2018 | 0.7681 | 31 March 2017 | 0.7644 |
| 31 December 2018 | 0.7058 | 31 December 2017 | 0.7804 | 31 December 2018 | 0.7058 | 31 December 2017 | 0.7804 |
| Change ($) | (0.0154) | Change ($) | (0.0036) | Change ($) | (0.0623) | Change ($) | 0.0160 |
| Change (%) | (2) | Change (%) | — | Change (%) | (8) | Change (%) | 2 |

Readers are referred to Note 9 of our 31 December 2018 condensed consolidated financial statements for further information on asbestos adjustments.

## EBIT

The table below summarizes EBIT results as discussed above:

| US$ Millions | Three Months and Nine Months Ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | Change % | 9 Months FY19 | 9 Months FY18 | Change % |
| North America Fiber Cement [1] | $ 86.1 | $ 101.3 | (15) | $ 292.8 | $ 278.5 | 5 |
| Asia Pacific Fiber Cement | 23.5 | 24.9 | (6) | 79.3 | 81.8 | (3) |
| Europe Building Products | 4.1 | 0.5 | | 2.9 | 0.6 | |
| Other Businesses [2] | (2.6) | (1.9) | (37) | (5.9) | (5.8) | (2) |
| Research and Development | (7.4) | (7.2) | (3) | (21.9) | (20.5) | (7) |
| General Corporate [3] | (13.1) | (17.2) | 24 | (42.6) | (40.1) | (6) |
| **Adjusted EBIT** | **90.6** | **100.4** | **(10)** | **304.6** | **294.5** | **3** |
| Asbestos: | | | | | | |
| Asbestos adjustments | 12.1 | 47.0 | (74) | 51.4 | 36.5 | 41 |
| AICF SG&A expenses | (0.4) | (0.5) | 20 | (1.1) | (1.3) | 15 |
| Fermacell acquisition costs [4] | — | (3.0) | | — | (4.7) | |
| Product line discontinuation [5] | (4.8) | — | | (26.0) | — | |
| **EBIT** | **$ 97.5** | **$ 143.9** | **(32)** | **$ 328.9** | **$ 325.0** | **1** |

[1] Excludes product line discontinuation expenses of US$5.4 million for the nine months fiscal year 2019, as a result of our decision to discontinue our MCT product line, as well as, certain excess and obsolete ColorPlus color palettes

[2] Excludes product line discontinuation expenses of US$4.8 million for the third quarter and US$20.6 million for the nine months fiscal year 2019, as a result of our decision to discontinue our fiberglass windows assembly business

[3] Excludes Asbestos-related expenses and adjustments, and acquisition cost incurred prior to the close of Fermacell

[4] Relates to professional, legal and other fees incurred in FY2018 prior to the close of the Fermacell acquisition

[5] Product line discontinuation expenses include asset impairments and other charges as a result of our decision to discontinue product lines in both our North America Fiber Cement segment and our Other Businesses segment

## Net Interest Expense

| US$ Millions | Three Months and Nine Months Ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | Change % | 9 Months FY19 | 9 Months FY18 | Change % |
| Gross interest expense | $ (16.1) | $ (10.3) | (56) | $ (43.4) | $ (26.5) | (64) |
| Capitalized interest | 1.2 | 1.3 | (8) | 3.7 | 3.1 | 19 |
| Interest income | 0.5 | 0.4 | 25 | 1.4 | 0.8 | 75 |
| Net AICF interest income | 0.7 | 0.3 | | 1.5 | 1.0 | 50 |
| **Net interest expense** | **$ (13.7)** | **$ (8.3)** | **(65)** | **$ (36.8)** | **$ (21.6)** | **(70)** |

Gross interest expense for the quarter and nine months increased US$5.8 million and US$16.9 million, respectively, when compared to the prior corresponding periods, primarily due to the higher outstanding balance of our senior unsecured notes, which includes the financing of Fermacell acquisition.

## Other (Expense) Income

During the quarter, other income decreased from a US$0.6 million gain in the prior corresponding period to a US$0.2 million loss. For the nine months, other income decreased from a US$0.2 million gain in the prior corresponding period to a US$0.1 million gain. The movement in other income is primarily driven by the valuation of our interest rate swaps.

## Income Tax

| | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | 9 Months FY19 | 9 Months FY18 |
| Income tax expense (US$ Millions) | (14.7) | (30.2) | (63.2) | (73.8) |
| Effective tax rate (%) | 17.8 | 27.4 | 21.7 | 26.6 |
| | | | | |
| Adjusted income tax expense[1] (US$ Millions) | (10.1) | (19.5) | (39.7) | (61.9) |
| Adjusted effective tax rate[1] (%) | 13.3 | 21.1 | 14.9 | 22.7 |

[1] Includes tax adjustments related to Asbestos, the amortization benefit of certain US intangible assets and other tax adjustments

Total income tax expense for the quarter decreased US$15.5 million, when compared to the prior corresponding period. The decrease in income tax expense was primarily due to the decrease in the US corporate income tax rate and favorable movement of asbestos adjustments.

Total income tax for the nine months decreased US$10.6 million, when compared to the prior corresponding period. The decrease was primarily due to the decrease in the US corporate income tax rate, partially offset by the change in the accounting treatment of the amortization of intangible assets which did not apply in the prior corresponding period.

Total Adjusted income tax expense for the quarter and nine months decreased US$9.4 million and US$22.2 million compared to the prior corresponding periods. The decrease in Adjusted income tax expense was driven by adjustments from the ongoing accounting treatment of amortization of intangible assets, and a reduction in the US statutory corporate tax rate.

Readers are referred to Note 12 of our 31 December 2018 condensed consolidated financial statements for further information related to income tax.

## Net Operating Profit

| US$ Millions | Three Months and Nine Months Ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | Change % | 9 Months FY19 | 9 Months FY18 | Change % |
| **EBIT** | **$ 97.5** | **$ 143.9** | (32) | **$ 328.9** | **$ 325.0** | 1 |
| | | | | | | |
| Net interest expense | (13.7) | (8.3) | (65) | (36.8) | (21.6) | (70) |
| Loss on early debt extinguishment[1] | (1.0) | (26.1) | 96 | (1.0) | (26.1) | 96 |
| Other (expense) income | (0.2) | 0.6 | | 0.1 | 0.2 | (50) |
| Income tax expense | (14.7) | (30.2) | 51 | (63.2) | (73.8) | 14 |
| **Net operating profit** | **67.9** | **79.9** | **(15)** | **228.0** | **203.7** | **12** |
| | | | | | | |
| **Excluding:** | | | | | | |
| Asbestos: | | | | | | |
| Asbestos adjustments | (12.1) | (47.0) | 74 | (51.4) | (36.5) | (41) |
| AICF SG&A expenses | 0.4 | 0.5 | (20) | 1.1 | 1.3 | (15) |
| AICF interest income, net | (0.7) | (0.3) | | (1.5) | (1.0) | (50) |
| Fermacell acquisition costs[2] | — | 3.0 | | — | 4.7 | |
| Product line discontinuation[3] | 4.8 | — | | 26.0 | — | |
| Loss on early debt extinguishment[1] | 1.0 | 26.1 | | 1.0 | 26.1 | |
| Tax adjustments[4] | 4.6 | 10.7 | (57) | 23.5 | 11.9 | 97 |
| **Adjusted net operating profit** | **65.9** | **72.9** | **(10)** | **226.7** | **210.2** | **8** |
| | | | | | | |
| Adjusted diluted earnings per share (US cents) | 15 | 16 | | 51 | 48 | |

[1] In December 2017, we redeemed our 5.875% senior notes due 2023 and recorded a loss on early debt extinguishment in connection with this redemption of US$26.1 million, including call redemption premiums and unamortized financing costs. In October 2018, we repaid our outstanding 364-day term loan facility and incurred a loss of US$1.0 million, associated with unamortized financing costs. Readers are referred to Note 8 of our 31 December 2018 condensed consolidated financial statements for further information related to long-term debt.

[2] Relates to professional, legal and other fees incurred in FY2018 in conjunction with the acquisition of Fermacell

[3] Product line discontinuation expenses include asset impairments and other charges as a result of our decision to discontinue product lines in both our North America Fiber Cement segment and our Other Businesses segment

[4] Includes tax adjustments related to Asbestos, the amortization benefit of certain US intangible assets and other tax adjustments

Adjusted net operating profit of US$65.9 million for the quarter decreased US$7 million, or 10%, compared to the prior corresponding period, primarily due to a US$9.8 million decrease in Adjusted EBIT and a higher net interest expense of US$ 5.4 million, partially offset by lower Adjusted income tax expense of US$9.4 million. The decrease in Adjusted EBIT was driven by the underlying performance of the operating business units, primarily due to the US$15.2 million decrease in Adjusted EBIT in the North America Fiber Cement segment.

Adjusted net operating profit of US$226.7 million for the nine months increased US$16.5 million, or 8%, compared to the prior corresponding period, primarily due to lower Adjusted income tax expense of US$22.2 million and a US$10.1 million increase in Adjusted EBIT. The increase in Adjusted EBIT was primarily driven by the underlying performance of the operating business units, primarily due to the US$14.3 million increase in Adjusted EBIT in the North America Fiber Cement segment. This increase was partially offset by higher net interest expense of US$15.2 million.

## Cash Flow

*Operating Activities*

Cash provided by operating activities increased US$31.2 million to US$302.8 million. The increase in cash provided by operating activities was primarily driven by a US$50.0 million increase in net income adjusted for non-cash items and a favorable change in working capital of US$49.7 million, partially offset by unfavorable changes in other operating assets and liabilities of US$68.5 million. The favorable change in working capital was primarily due to the rebuilding of inventories in the North America Fiber Cement segment in the prior year, related to our then capacity constraint, and the timing of collections in accounts receivable between periods. The primary driver of the change in other operating assets and liabilities was an increase in payments of asbestos related claims, changes in income taxes payable and accrued product warranties.

*Investing Activities*

Cash used in investing activities increased US$583.6 million to US$805.6 million. The increase in cash used in investing activities was primarily due to the US$558.7 million acquisition of Fermacell, as well as an increase in purchases in property, plant and equipment of US$ 75.9 million. The increase in capital expenditures was primarily related to the greenfield expansion project in Prattville and Tacoma. This was partially offset by lower net purchases of AICF's short-term investments of US$59.5 million.

*Financing Activities*

Cash provided by financing activities increased US$319.2 million to US$327.8 million. The increase in cash provided by financing activities was driven by the proceeds from our senior unsecured notes due 2026 of US$458.8 million, and AICF's repayment of its NSW loan in the prior year of US$51.9 million, compared to nil in the current year. This increase was partially offset by net proceeds from credit facilities and senior notes of US$225.0 million in the prior year, as well as call redemption premiums paid to note holders of US$19.5 million.

## Capacity Expansion

We continually evaluate the capacity required to service the housing markets in which we operate to ensure we meet demand and achieve our market penetration objectives. During the current quarter:

In North America we:

- Continued the start-up of our Tacoma greenfield expansion project, which is expected to be completed in the first quarter of fiscal year 2020;
- Continued the construction of a greenfield expansion project in Prattville, Alabama, which is expected to be commissioned in the second half of fiscal year 2020 at an estimated total cost of US$240.0 million; and
- Continued the expansion project within our ColorPlus product line including equipment, land, and building at an estimated cost of US$20.6 million. This includes projects at our Peru and Pulaski facilities, and a greenfield project in Massachusetts.

In Asia Pacific we:

- Continued the start-up of the additional capacity expansion in the Philippines, which is expected to be completed in the fourth quarter of fiscal year 2019; and
- Continued the planning and design of a brownfield expansion project at our existing Carole Park facility in Australia with an estimated total cost of A$28.5 million. The brownfield expansion project is expected to be commissioned by the first quarter of fiscal year 2021.

## Liquidity and Capital Allocation

Our cash position decreased from US$281.6 million at 31 March 2018 to US$ 118.5 million at 31 December 2018.

At 31 December 2018, we held two forms of debt: an unsecured revolving credit facility and senior unsecured notes. The effective weighted average interest rate on our total debt was 4.4% and 4.7% at 31 December 2018 and 31 March 2018, respectively. The weighted average term of all debt, including undrawn facilities, was 6.6 years and 6.9 years at 31 December 2018 and 31 March 2018, respectively.

At 31 December 2018, we had US$500.0 million available in an unsecured revolving credit facility. At 31 December 2018, a total of US$70.0 million was drawn from the unsecured revolving facility, compared to US$100.0 million at 31 March 2018. The unsecured revolving credit facility's expiration date is December 2022 and the size of the facility may be increased by up to US$250.0 million.

On 3 April 2018, we drew €400.0 million ( US$492.4 million based on the exchange rate at 3 April 2018) from the 364-day term loan facility, and used these funds to complete the Fermacell acquisition. In October 2018, we completed the sale of €400.0 million (US$457.2 million, based on the exchange rate at 31 December 2018) aggregate principal amount of 3.625% senior unsecured notes due 2026. The proceeds from the offering were primarily used to repay our outstanding 364-day term loan facility.

Based on our existing cash balances, together with anticipated operating cash flows arising during the year and unutilized committed credit facilities, we anticipate that we will have sufficient funds to meet our planned working capital and other expected cash requirements for the next twelve months.

We have historically met our working capital needs and capital expenditure requirements from a combination of cash flows from operations and credit facilities. Seasonal fluctuations in working capital generally have not had a significant impact on our short or long term liquidity.

## Capital Management and Dividends

The following table summarizes the dividends declared or paid in respect of fiscal years 2019, 2018 and 2017:

| US$ Millions | US Cents/ Security | US$ Total Amount | Announcement Date | Record Date | Payment Date |
|---|---|---|---|---|---|
| FY 2019 first half dividend[1] | 0.10 | 44.2 | 8 November 2018 | 12 December 2018 | 22 February 2019 |
| FY 2018 second half dividend | 0.30 | 128.5 | 22 May 2018 | 7 June 2018 | 3 August 2018 |
| FY 2018 first half dividend | 0.10 | 46.2 | 9 November 2017 | 13 December 2017 | 23 February 2018 |
| FY 2017 second half dividend | 0.28 | 131.3 | 18 May 2017 | 8 June 2017 | 4 August 2017 |
| FY 2017 first half dividend | 0.10 | 46.6 | 17 November 2016 | 21 December 2016 | 24 February 2017 |
| FY 2016 second half dividend | 0.29 | 130.2 | 19 May 2016 | 9 June 2016 | 5 August 2016 |

[1]The FY 2019 first half dividend total amount of US$44.2 million represents the value of the dividend declared. Any difference between the amount declared and the amount payable per our condensed consolidated balance sheets is due to unrealized exchange gains or losses associated with the change in the dividend liability between the record date and the balance sheet date.

We periodically review our capital structure and capital allocation objectives and expect the following prioritization to remain:

- invest in R&D and capacity expansion to support organic growth;
- provide ordinary dividend payments within the payout ratio of 50-70% of net operating profit, excluding asbestos;
- maintain flexibility for accretive and strategic inorganic growth and/or flexibility to manage through market cycles; and
- consider other shareholder returns when appropriate.

## Other Asbestos Information

*Claims Data*

| | Three Months and Nine Months Ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | Change % | 9 Months FY19 | 9 Months FY18 | Change % |
| Claims received | 154 | 131 | (18) | 435 | 433 | — |
| Actuarial estimate for the period | 144 | 144 | — | 432 | 432 | — |
| Difference in claims received to actuarial estimate | (10) | 13 | | (3) | (1) | |
| | | | | | | |
| Average claim settlement[1] (A$) | 279,000 | 254,000 | (10) | 275,000 | 261,000 | (5) |
| Actuarial estimate for the period[2] | 290,000 | 283,000 | (2) | 290,000 | 283,000 | (2) |
| Difference in claims paid to actuarial estimate | 11,000 | 29,000 | | 15,000 | 22,000 | |

[1] Average claim settlement is derived as the total amount paid divided by the number of non-nil claim settlements

[2] This actuarial estimate is a function of the assumed experience by disease type and the relative mix of settlements assumed by disease type. Any variances in the assumed mix of settlements by disease type will have an impact on the average claim settlement experience

For the period ended 31 December 2018, we noted the following related to asbestos-related claims:

- Claims received during the quarter were 7% above actuarial estimates and 18% higher than the prior corresponding period;
- Claims received during the nine months were 1% above actuarial estimates and flat compared to the prior corresponding period;
- Mesothelioma claims reported for the nine months were in line with actuarial expectations and 3% lower than the prior corresponding period;
- The average claim settlement for the quarter and nine months was 4% and 5% below actuarial expectations, respectively;
- Average claim settlement sizes for mesothelioma were above actuarial expectations for half of the age groups, however, other disease types were generally favorable compared to actuarial expectations for the nine months; and
- The decrease in the average claim settlement for the nine months versus actuarial estimates was largely attributable to lower average claim settlement for non-mesothelioma claims.

*AICF Funding*

On 2 July 2018, we made a payment of A$138.4 million (US$103.0 million) to AICF, representing 35% of our free cash flow for fiscal year 2018. Free cash flow, as defined in the AFFA, was equivalent to our fiscal year 2018 operating cash flow of US$295.0 million less an adjustment of US$0.8 million, resulting in free cash flow of US$294.2 million for fiscal year 2018, as defined by the AFFA.

From the time AICF was established in February 2007 through 2 July 2018, we have contributed approximately A$1,193.4 million to the fund.

Readers are referred to Note 9 of our 31 December 2018 condensed consolidated financial statements for further information on asbestos.

### Financial Measures - US GAAP equivalents

This document contains financial statement line item descriptions that are considered to be non-US GAAP, but are consistent with those used by Australian companies. Because we prepare our condensed consolidated financial statements under US GAAP, the following table cross-references each non-US GAAP line item description, as used in Management's Analysis of Results and Media Release, to the equivalent US GAAP financial statement line item description used in our condensed consolidated financial statements:

| Management's Analysis of Results and Media Release | Consolidated Statements of Operations and Other Comprehensive Income (Loss) (US GAAP) |
|---|---|
| Net sales | Net sales |
| Cost of goods sold | Cost of goods sold |
| Gross profit | Gross profit |
| | |
| Selling, general and administrative expenses | Selling, general and administrative expenses |
| Research and development expenses | Research and development expenses |
| Asbestos adjustments | Asbestos adjustments |
| EBIT* | Operating income (loss) |
| | |
| Net interest income (expense)* | Sum of interest expense and interest income |
| Other income (expense) | Other income (expense) |
| Operating profit (loss) before income taxes* | Income (loss) before income taxes |
| | |
| Income tax (expense) benefit | Income tax (expense) benefit |
| | |
| Net operating profit (loss)* | Net income (loss) |

*- Represents non-US GAAP descriptions used by Australian companies.

**EBIT** – Earnings before interest and tax.

**EBIT margin** – EBIT margin is defined as EBIT as a percentage of net sales.

**Sales Volume**

*mmsf* – million square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

*msf* – thousand square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

# NON-US GAAP FINANCIAL TERMS

This Management's Analysis of Results includes certain financial information to supplement the Company's condensed consolidated financial statements which are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). These financial measures are designed to provide investors with an alternative method for assessing our performance from on-going operations, capital efficiency and profit generation. Management uses these financial measure for the same purposes. These financial measures include:

- Adjusted EBIT;
- North America Fiber Cement Segment Adjusted EBIT excluding product line discontinuation;
- Europe Building Products Segment Adjusted EBIT excluding costs associated with the acquisition;
- Adjusted EBIT margin;
- North America Fiber Cement Segment Adjusted EBIT margin excluding product line discontinuation;
- Europe Building Products Segment Adjusted EBIT margin excluding costs associated with the acquisition;
- Adjusted net operating profit;
- Adjusted diluted earnings per share;
- Adjusted operating profit before income taxes;
- Adjusted income tax expense;
- Adjusted effective tax rate;
- Adjusted EBITDA;
- Adjusted EBITDA excluding Asbestos; and
- Adjusted selling, general and administrative expenses ("Adjusted SG&A").

These financial measures are or may be non-US GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission and may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with US GAAP. These financial measures are not meant to be considered in isolation or as a substitute for comparable US GAAP financial measures and should be read only in conjunction with the Company's condensed consolidated financial statements prepared in accordance with US GAAP. In evaluating these financial measures, investors should note that other companies reporting or describing similarly titled financial measures may calculate them differently and investors should exercise caution in comparing the Company's financial measures to similar titled measures by other companies.

## Non-financial Terms

**AFFA** – Amended and Restated Final Funding Agreement

**AICF** – Asbestos Injuries Compensation Fund Ltd

**Legacy New Zealand weathertightness claims ("New Zealand weathertightness")** – Expenses arising from defending and resolving claims in New Zealand that allege poor building design, inadequate certification of plans, inadequate construction review and compliance certification and deficient work by sub-contractors

**New South Wales loan facility ("NSW Loan")** – AICF has access to a secured loan facility made available by the New South Wales Government, which can be used by AICF to fund the payment of asbestos claims and certain operating and legal costs

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## Financial Measures - US GAAP equivalents

### Adjusted EBIT

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | 9 Months FY19 | 9 Months FY18 |
| **EBIT** | **$ 97.5** | **$ 143.9** | **$ 328.9** | **$ 325.0** |
| Asbestos: | | | | |
| Asbestos adjustments | (12.1) | (47.0) | (51.4) | (36.5) |
| AICF SG&A expenses | 0.4 | 0.5 | 1.1 | 1.3 |
| Fermacell acquisition costs | — | 3.0 | — | 4.7 |
| Product line discontinuation | 4.8 | — | 26.0 | — |
| **Adjusted EBIT** | **$ 90.6** | **$ 100.4** | **$ 304.6** | **$ 294.5** |
| Net sales | 586.2 | 495.1 | 1,881.8 | 1,528.6 |
| **Adjusted EBIT margin** | **15.5%** | **20.3%** | **16.2%** | **19.3%** |

### North America Fiber Cement Segment Adjusted EBIT excluding product line discontinuation

| US$ Millions | Three Months and Nine Months Ended 31 December | |
|---|---|---|
| | Q3 FY19 | 9 Months FY19 |
| **North America Fiber Cement Segment EBIT** | **$ 86.1** | **$ 287.4** |
| Product line discontinuation | — | 5.4 |
| **North America Fiber Cement Segment Adjusted EBIT excluding product line discontinuation** | **$ 86.1** | **$ 292.8** |
| North America Fiber Cement segment net sales | 385.5 | 1,254.9 |
| **North America Fiber Cement Segment Adjusted EBIT margin excluding product line discontinuation** | **22.3%** | **23.3%** |

### Europe Building Products Segment Adjusted EBIT excluding costs associated with the acquisition

| US$ Millions | Three Months and Nine Months Ended 31 December | |
|---|---|---|
| | Q3 FY19 | 9 Months FY19 |
| **Europe Building Products Segment EBIT** | **$ 4.1** | **$ 2.9** |
| Inventory fair value adjustment | — | 7.3 |
| Transaction costs | — | 7.2 |
| Integration costs | 3.9 | 10.5 |
| **Europe Building Products Segment Adjusted EBIT excluding costs associated with the acquisition** | **$ 8.0** | **$ 27.9** |
| European Building Products segment net sales | 86.8 | 269.6 |
| **Europe Building Products Segment Adjusted EBIT margin excluding costs associated with the acquisition** | **9.2%** | **10.3%** |

## Adjusted Net Operating Profit

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | 9 Months FY19 | 9 Months FY18 |
| **Net operating profit** | **$ 67.9** | **$ 79.9** | **$ 228.0** | **$ 203.7** |
| Asbestos: | | | | |
| Asbestos adjustments | (12.1) | (47.0) | (51.4) | (36.5) |
| AICF SG&A expenses | 0.4 | 0.5 | 1.1 | 1.3 |
| AICF interest income, net | (0.7) | (0.3) | (1.5) | (1.0) |
| Loss on early debt extinguishment | 1.0 | 26.1 | 1.0 | 26.1 |
| Fermacell acquisition costs | — | 3.0 | — | 4.7 |
| Product line discontinuation | 4.8 | — | 26.0 | — |
| Tax adjustments[1] | 4.6 | 10.7 | 23.5 | 11.9 |
| **Adjusted net operating profit** | **$ 65.9** | **$ 72.9** | **$ 226.7** | **$ 210.2** |

[1] Includes tax adjustments related to Asbestos, amortization benefit of certain US intangible assets and other tax adjustments.

## Adjusted diluted earnings per share

| | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | 9 Months FY19 | 9 Months FY18 |
| **Adjusted net operating profit (US$ millions)** | **$ 65.9** | **$ 72.9** | **$ 226.7** | **$ 210.2** |
| Weighted average common shares outstanding - Diluted (millions) | 443.1 | 442.0 | 442.9 | 441.7 |
| **Adjusted diluted earnings per share (US cents)** | **15** | **16** | **51** | **48** |

## Adjusted effective tax rate

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | 9 Months FY19 | 9 Months FY18 |
| **Operating profit before income taxes** | **$ 82.6** | **$ 110.1** | **$ 291.2** | **$ 277.5** |
| Asbestos: | | | | |
| Asbestos adjustments | (12.1) | (47.0) | (51.4) | (36.5) |
| AICF SG&A expenses | 0.4 | 0.5 | 1.1 | 1.3 |
| AICF interest income, net | (0.7) | (0.3) | (1.5) | (1.0) |
| Fermacell acquisition costs | — | 3.0 | — | 4.7 |
| Product line discontinuation | 4.8 | — | 26.0 | — |
| Loss on early debt extinguishment | 1.0 | 26.1 | 1.0 | 26.1 |
| **Adjusted operating profit before income taxes** | **$ 76.0** | **$ 92.4** | **$ 266.4** | **$ 272.1** |
| | | | | |
| Income tax expense | (14.7) | (30.2) | (63.2) | (73.8) |
| Tax adjustments[1] | 4.6 | 10.7 | 23.5 | 11.9 |
| **Adjusted income tax expense** | **$ (10.1)** | **$ (19.5)** | **$ (39.7)** | **$ (61.9)** |
| Effective tax rate | 17.8% | 27.4% | 21.7% | 26.6% |
| **Adjusted effective tax rate** | **13.3%** | **21.1%** | **14.9%** | **22.7%** |

[1] Includes tax adjustments related to Asbestos, the amortization benefit of certain US intangible assets and other tax adjustments

**Adjusted EBITDA excluding Asbestos**

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | 9 Months FY19 | 9 Months FY18 |
| **EBIT** | **$ 97.5** | **143.9** | **$ 328.9** | **$ 325.0** |
| Depreciation and amortization | 29.8 | 23.4 | 88.7 | 68.6 |
| **Adjusted EBITDA** | **$ 127.3** | **$ 167.3** | **$ 417.6** | **$ 393.6** |
| Asbestos: | | | | |
| Asbestos adjustments | (12.1) | (47.0) | (51.4) | (36.5) |
| AICF SG&A expenses | 0.4 | 0.5 | 1.1 | 1.3 |
| **Adjusted EBITDA excluding Asbestos** | **$ 115.6** | **$ 120.8** | **$ 367.3** | **$ 358.4** |

**Adjusted selling, general and administrative expenses (“Adjusted SG&A”)**

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3 FY19 | Q3 FY18 | 9 Months FY19 | 9 Months FY18 |
| **SG&A expenses** | **$ 97.5** | **$ 77.7** | **$ 301.3** | **$ 226.2** |
| Excluding: | | | | |
| AICF SG&A expenses | (0.4) | (0.5) | (1.1) | (1.3) |
| Fermacell acquisition costs | — | (3.0) | — | (4.7) |
| Product line discontinuation | (1.4) | — | (1.4) | — |
| **Adjusted SG&A expenses** | **$ 95.7** | **$ 74.2** | **$ 298.8** | **$ 220.2** |
| Net sales | $ 586.2 | $ 495.1 | $ 1,881.8 | $ 1,528.6 |
| SG&A expenses as a percentage of net sales | 16.6% | 15.7% | 16.0% | 14.8% |
| **Adjusted SG&A expenses as a percentage of net sales** | **16.3%** | **15.0%** | **15.9%** | **14.4%** |

As set forth in Note 9 of the condensed consolidated financial statements, the net AFFA liability, while recurring, is based on periodic actuarial determinations, claims experience and currency fluctuations. The Company's management measures its financial position, operating performance and year-over-year changes in operating results with and without the effect of the net AFFA liability.

Further, the Company's annual payment to AICF is determined by reference to the free cash flow as defined in the AFFA, which was entered into on 21 November 2006. Free cash flow for these purposes is defined as the Company's operating cash flow, based on US GAAP at the time the AFFA was entered into. As there have been changes to US GAAP since the AFFA was entered into, the annual payment is no longer based upon the current US GAAP operating cash flow statement.

Accordingly, management believes that the following non-GAAP information is useful to it and investors in evaluating the company's financial position and ongoing operating financial performance, as well as estimating the annual payment due to AICF. The following non-GAAP tables should be read in conjunction with the condensed consolidated financial statements and related notes contained therein.

**James Hardie Industries plc**
**Supplementary Financial Information**
**31 December 2018**
**(Unaudited)**

| US$ Millions | Total Excluding Asbestos Compensation | Asbestos Compensation | As Reported (US GAAP) |
|---|---|---|---|
| Restricted cash and cash equivalents – Asbestos | $ — | $ 25.6 | **$ 25.6** |
| Restricted short term investments – Asbestos | — | 52.9 | **52.9** |
| Insurance receivable – Asbestos[1] | — | 49.2 | **49.2** |
| Workers compensation asset – Asbestos[1] | — | 28.5 | **28.5** |
| Deferred income taxes – Asbestos | — | 332.8 | **332.8** |
| Asbestos liability[1] | — | 1,032.3 | **1,032.3** |
| Workers compensation liability – Asbestos[1] | — | 28.5 | **28.5** |
| Income taxes payable[1] | 60.9 | (19.0) | **41.9** |
| Asbestos adjustments | — | 51.4 | **51.4** |
| Selling, general and administrative expenses | (300.2) | (1.1) | **(301.3)** |
| Net interest (expense) income | (38.3) | 1.5 | **(36.8)** |
| Income tax expense | (63.1) | (0.1) | **(63.2)** |

[1] The amounts shown on these lines are a summation of both the current and non-current portion of the respective asset or liability as presented on our condensed consolidated balance sheets.

**James Hardie Industries plc**
**Supplementary Statements of Cash Flows**
**For the Nine Months Ended**
**31 December 2018**
**(Unaudited)**

| US$ Millions | US GAAP as of 21 November 2006 | Reconciling Items to Current US GAAP | As Reported |
|---|---|---|---|
| **Cash Flows From Operating Activities** | | | |
| Net income | $ 227.9 | $ 0.1 | $ 228.0 |
| Adjustments to reconcile net income to net cash provided by operating activities | | | |
| Depreciation and amortization | 88.7 | — | 88.7 |
| Deferred income taxes | 16.4 | — | 16.4 |
| Stock-based compensation | 7.7 | — | 7.7 |
| Asbestos adjustments | (51.4 ) | — | (51.4 ) |
| Excess tax benefits from share-based awards | (0.1 ) | — | (0.1 ) |
| Loss on early debt extinguishment | 1.0 | — | 1.0 |
| Asset Impairments | 13.1 | — | 13.1 |
| Other, net | 12.4 | — | 12.4 |
| Changes in operating assets and liabilities: | | | |
| Restricted cash and cash equivalents - Asbestos | 82.3 | (82.3 ) | — |
| Payment to AICF | (103.0 ) | 103.0 | — |
| Accounts and other receivables | 65.6 | — | 65.6 |
| Inventories | (26.1 ) | — | (26.1 ) |
| Prepaid expenses and other assets | (6.0 ) | — | (6.0 ) |
| Insurance receivable - Asbestos | 4.2 | — | 4.2 |
| Accounts payable and accrued liabilities | 20.2 | — | 20.2 |
| Asbestos liability | (87.8 ) | 87.8 | — |
| Claims and handling costs paid - Asbestos | — | (87.8 ) | (87.8 ) |
| Income taxes payable | 12.2 | — | 12.2 |
| Other accrued liabilities | 4.7 | — | 4.7 |
| **Net cash provided by operating activities** | $ 282.0 | $ 20.8 | $ 302.8 |
| **Cash Flows From Investing Activities** | | | |
| Purchases of property, plant and equipment | $ (224.7 ) | $ — | $ (224.7 ) |
| Capitalized interest | (3.7 ) | — | (3.7 ) |
| Acquisition of business, net of cash acquired | (558.7 ) | — | (558.7 ) |
| Purchase of restricted short-term investments - Asbestos | — | (89.1 ) | (89.1 ) |
| Sale of restricted short-term investments - Asbestos | — | 70.6 | 70.6 |
| **Net cash used in investing activities** | $ (787.1 ) | $ (18.5 ) | $ (805.6 ) |
| **Cash Flows From Financing Activities** | | | |
| Proceeds from credit facilities | $ 150.0 | $ — | $ 150.0 |
| Repayments of credit facilities | (180.0 ) | — | (180.0 ) |
| Proceeds from 364-day term loan facility | 492.4 | — | 492.4 |
| Repayment of 364-day term loan facility | (458.8 ) | — | (458.8 ) |
| Proceeds from senior unsecured notes | 458.8 | — | 458.8 |
| Debt issuance costs | (6.1 ) | — | (6.1 ) |
| Excess tax benefit from share-based awards | 0.1 | (0.1 ) | — |
| Dividends paid | (128.5 ) | — | (128.5 ) |
| **Net cash provided by financing activities** | $ 327.9 | $ (0.1 ) | $ 327.8 |
| Net decrease in cash and cash equivalents, restricted cash and restricted cash - Asbestos | $ (163.1 ) | $ 0.9 | $ (164.0 ) |

This Management's Analysis of Results contains forward-looking statements. James Hardie Industries plc (the "Company") may from time to time make forward-looking statements in its periodic reports filed with or furnished to the Securities and Exchange Commission, on Forms 20-F and 6-K, in its annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by the Company's officers, directors or employees to analysts, institutional investors, existing and potential lenders, representatives of the media and others. Statements that are not historical facts are forward-looking statements and such forward-looking statements are statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include:

- statements about the Company's future performance;
- projections of the Company's results of operations or financial condition;
- statements regarding the Company's plans, objectives or goals, including those relating to strategies, initiatives, competition, acquisitions, dispositions and/or its products;
- expectations concerning the costs associated with the suspension or closure of operations at any of the Company's plants and future plans with respect to any such plants;
- expectations concerning the costs associated with the significant capital expenditure projects at any of the Company's plants and future plans with respect to any such projects;
- expectations regarding the extension or renewal of the Company's credit facilities including changes to terms, covenants or ratios;
- expectations concerning dividend payments and share buy-backs;
- statements concerning the Company's corporate and tax domiciles and structures and potential changes to them, including potential tax charges;
- statements regarding tax liabilities and related audits, reviews and proceedings;
- statements regarding the possible consequences and/or potential outcome of legal proceedings brought against us and the potential liabilities, if any, associated with such proceedings;
- expectations about the timing and amount of contributions to AICF, a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- expectations concerning the adequacy of the Company's warranty provisions and estimates for future warranty-related costs;
- statements regarding the Company's ability to manage legal and regulatory matters (including but not limited to product liability, environmental, intellectual property and competition law matters) and to resolve any such pending legal and regulatory matters within current estimates and in anticipation of certain third-party recoveries; and
- statements about economic conditions, such as changes in the US economic or housing market conditions or changes in the market conditions in the Asia Pacific region, the levels of new home construction and home renovations, unemployment levels, changes in consumer income, changes or stability in housing values, the availability of mortgages and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates, and builder and consumer confidence.

Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "aim," "will," "should," "likely," "continue," "may," "objective," "outlook" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on the Company's current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the Company's control. Such known and unknown risks, uncertainties and other factors may cause actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under "Risk Factors" in Section 3 of the Form 20-F filed with the Securities and Exchange Commission on 22 May 2018, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former Company subsidiaries; required contributions to AICF, any shortfall in AICF and the effect of currency exchange rate movements on the amount recorded in the Company's financial statements as an asbestos liability; the continuation or termination of the governmental loan facility to AICF; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the Company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the Company's products; reliance on a small number of customers; a customer's inability to pay; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; currency exchange risks; dependence on customer preference and the concentration of the Company's customer base on large format retail customers, distributors and dealers; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; possible inability to renew credit facilities on terms favorable to the Company, or at all; acquisition or sale of businesses and business segments; changes in the Company's key management personnel; inherent limitations on internal controls; use of accounting estimates; the integration of Fermacell into our business; and all other risks identified in the Company's reports filed with Australian, Irish and US securities regulatory agencies and exchanges (as appropriate). The Company cautions you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those referenced in the Company's forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of the Company's current expectations concerning future results, events and conditions. The Company assumes no obligation to update any forward-looking statements or information except as required by law.

Exhibit 99.4

# Q3 FY19 MANAGEMENT PRESENTATION

## 05 February 2019

JamesHardie

# CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This Management Presentation contains forward-looking statements. James Hardie Industries plc (the "Company") may from time to time make forward-looking statements in its periodic reports filed with or furnished to the Securities and Exchange Commission, on Forms 20-F and 6-K, in its annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by the Company's officers, directors or employees to analysts, institutional investors, existing and potential lenders, representatives of the media and others. Statements that are not historical facts are forward-looking statements and such forward-looking statements are statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include:

- statements about the Company's future performance;
- projections of the Company's results of operations or financial condition;
- statements regarding the Company's plans, objectives or goals, including those relating to strategies, initiatives, competition, acquisitions, dispositions and/or its products;
- expectations concerning the costs associated with the suspension or closure of operations at any of the Company's plants and future plans with respect to any such plants;
- expectations concerning the costs associated with the significant capital expenditure projects at any of the Company's plants and future plans with respect to any such projects;
- expectations regarding the extension or renewal of the Company's credit facilities including changes to terms, covenants or ratios;
- expectations concerning dividend payments and share buy-backs;
- statements concerning the Company's corporate and tax domiciles and structures and potential changes to them, including potential tax charges;
- statements regarding tax liabilities and related audits, reviews and proceedings;
- statements regarding the possible consequences and/or potential outcome of legal proceedings brought against us and the potential liabilities, if any, associated with such proceedings;
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# CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS (continued)

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Forward-looking statements are based on the Company's current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the Company's control. Such known and unknown risks, uncertainties and other factors may cause actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under "Risk Factors" in Section 3 of the Form 20-F filed with the Securities and Exchange Commission on 22 May 2018, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former Company subsidiaries; required contributions to AICF, any shortfall in AICF and the effect of currency exchange rate movements on the amount recorded in the Company's financial statements as an asbestos liability; the continuation or termination of the governmental loan facility to AICF; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the Company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the Company's products; reliance on a small number of customers; a customer's inability to pay; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; currency exchange risks; dependence on customer preference and the concentration of the Company's customer base on large format retail customers, distributors and dealers; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; possible inability to renew credit facilities on terms favorable to the Company, or at all; acquisition or sale of businesses and business segments; changes in the Company's key management personnel; inherent limitations on internal controls; use of accounting estimates; the integration of Fermacell into our business; and all other risks identified in the Company's reports filed with Australian, Irish and US securities regulatory agencies and exchanges (as appropriate). The Company cautions you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those referenced in the Company's forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of the Company's current expectations concerning future results, events and conditions. The Company assumes no obligation to update any forward-looking statements or information except as required by law.

# NOTE TO THE READER

As of 30 June 2018, the Company changed its reportable operating segments. Previously, the Company reported on four operating segments: (i) North America Fiber Cement, (ii) International Fiber Cement, (iii) Other Businesses, and (iv) Research and Development. As of 30 June 2018, the Company began reporting on five operating segments: (i) North America Fiber Cement, (ii) Asia Pacific Fiber Cement, (iii) Europe Building Products, (iv) Other Businesses, and (v) Research and Development. The significant changes to how certain businesses are reported in the new segment structure are as follows: (i) our European Fiber Cement business, as well as the newly acquired Fermacell business, are now reported as the Europe Building Products segment, and the remaining businesses that were historically reported in the International Fiber Cement segment are now reported in the Asia Pacific Fiber Cement segment. The Company has revised its historical segment information for the third quarter and nine months ended 31 December 2017 to be consistent with the new reportable segment structure. The change in reportable segments had no effect on the Company's financial position, results of operations or cash flows for the periods presented. Readers are referred to Note 15 of our condensed consolidated financial statements for further information on our segments.

# USE OF NON-GAAP FINANCIAL INFORMATION; AUSTRALIAN EQUIVALENT TERMINOLOGY

This Management Presentation includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States (US GAAP). These financial measures are designed to provide investors with an alternative method for assessing our performance from on-going operations, capital efficiency and profit generation. Management uses these financial measures for the same purposes. These financial measures include:

- Adjusted EBIT;
- North America Fiber Cement Segment Adjusted EBIT excluding product line discontinuation;
- Europe Building Products Segment Adjusted EBIT excluding costs associated with the acquisition;
- Adjusted EBIT margin;
- North America Fiber Cement Segment Adjusted EBIT margin excluding product line discontinuation;
- Europe Building Products Segment Adjusted EBIT margin excluding costs associated with the acquisition;
- Adjusted net operating profit;
- Adjusted diluted earnings per share;
- Adjusted operating profit before income taxes;
- Adjusted income tax expense;
- Adjusted effective tax rate;
- Adjusted EBITDA;
- Adjusted EBITDA excluding Asbestos; and
- Adjusted selling, general and administrative expenses ("Adjusted SG&A").

These financial measures are or may be non-US GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission and may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with US GAAP. These non-GAAP financial measures should not be considered to be more meaningful than the equivalent US GAAP measure. Management has included such measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and excludes the impact of certain legacy items, such as asbestos adjustments. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with US GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. For additional information regarding the non-GAAP financial measures presented in this Management Presentation, including a reconciliation of each non-GAAP financial measure to the equivalent US GAAP measure, see the slide titled "Non-US GAAP Financial Measures" included in the Appendix to this Management Presentation.

In addition, this Management Presentation includes financial measures and descriptions that are considered to not be in accordance with US GAAP, but which are consistent with financial measures reported by Australian companies, such as operating profit, EBIT and EBIT margin. Since the Company prepares its Consolidated Financial Statements in accordance with US GAAP, the Company provides investors with a table and definitions presenting cross-references between each US GAAP financial measure used in the Company's Condensed Consolidated Financial Statements to the equivalent non-US GAAP financial measure used in this Management Presentation. See the section titled "Non-US GAAP Financial Measures" included in the Appendix to this Management Presentation.

# AGENDA

- **Strategy**

  Dr Jack Truong, CEO

- **Group Operating Review**

  Dr Jack Truong, CEO

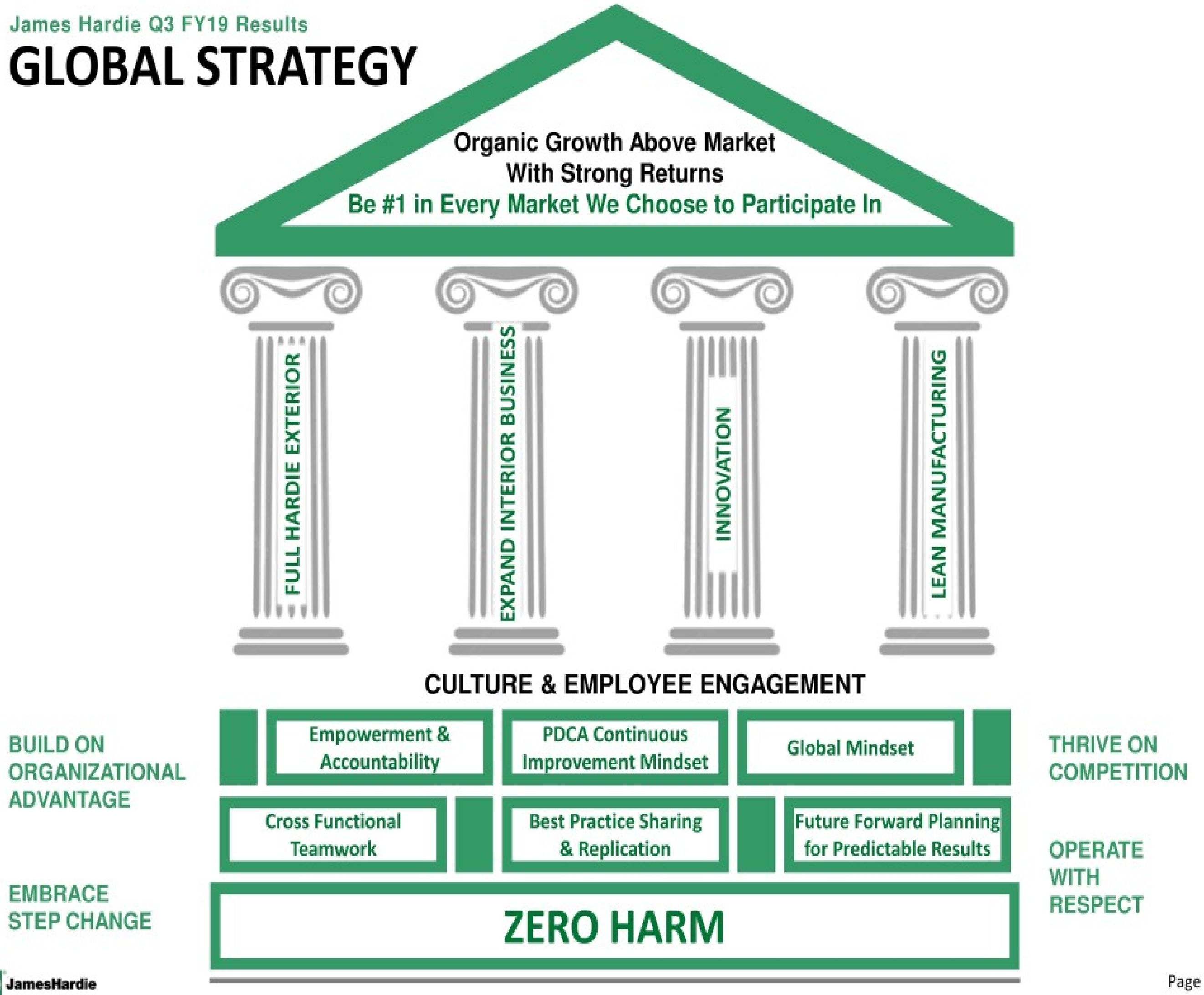
- **Financial Review**

  Matt Marsh, EVP and CFO

- **Questions and Answers**

# STRATEGY – DR JACK TRUONG, CEO

# GLOBAL STRATEGY



# LONG TERM VALUE CREATION

## North America

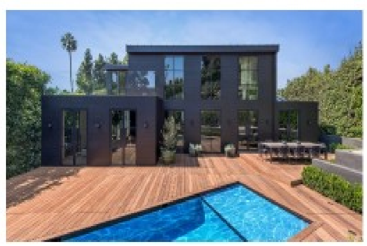
- 35/90 with strong returns (20-25% EBIT margin)

## Europe

- €1 billion business with 20+% EBIT margin

## APAC

- Deliver growth above market with strong returns (20-25% EBIT margin)



# NORTH AMERICA : FY20 – FY22

## Strategic Priorities

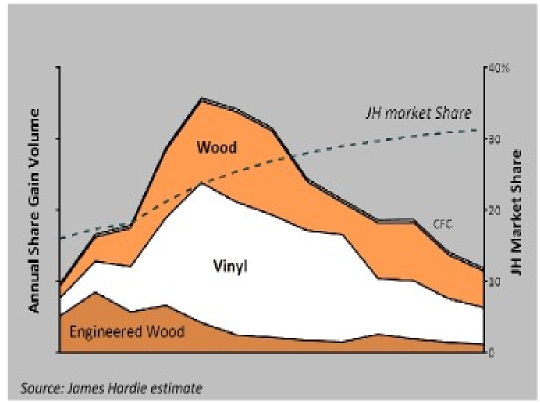
1. Accelerate Exteriors Growth
2. Drive Lean Transformation
3. Re-establish Interiors as a Growth Driver

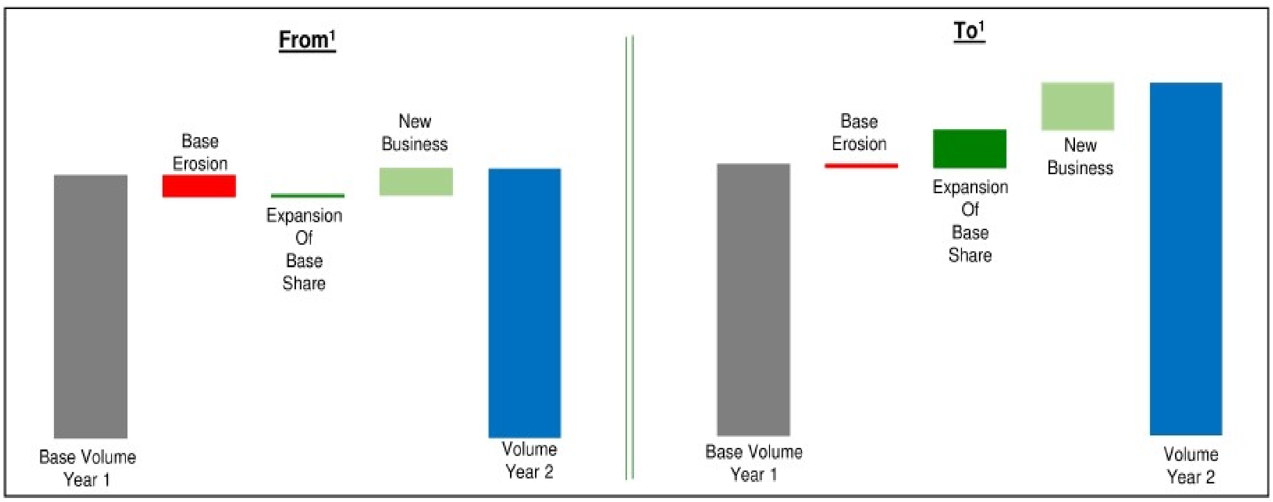
## Value Creation

- FY20 PDG of 3-5%
- Return to 6% PDG
- EBIT Margin in Top Half of Range
- Lean Cost Out of ~US$100 million over three year period
- New, Innovative Products

# NORTH AMERICA : ACCELERATE EXTERIORS GROWTH

- New Approach to Execution
- Beat Engineered Wood
  - Win With Color
  - Full Wrap
- Take Share From Vinyl
  - Win With Color
- Replace Wood
  - Aspyre






1 Diagram is illustrative, does not utilize actual historical data or future projected data, and is not to scale

# NORTH AMERICA : LEAN TRANSFORMATION

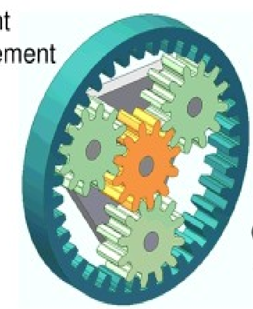
- FROM: World Leader in Fiber Cement Manufacturing TO: World Class Manufacturer

- Replicate APAC know-how
  - Reduction of variability and increased predictability
  - Continuous improvement
  - Waste reduction (Roll Throughput Yield)
  - Increase throughput per hour

- Build Organizational Capability to Enable, Transform, and Sustain
  - Lean manufacturing
  - Six Sigma
  - Process engineering

- Execute North America Roadmap

~US$100 Million in Cost Out Savings Over Three Years FY20 – FY22




Plan-Do-Check-Adjust Mindset

# NA : RE-ESTABLISH INTERIORS AS A GROWTH DRIVER

- New Approach to Execution
- Innovation
- Leverage Global Know-How


## Innovation Example

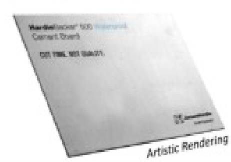
Waterproof Backer Board launched January 2019

### Product Description

→ Markets **first** waterproof[1] cement backer board (waterproof through entire board)

→ Competes as a **cost effective solution** to current waterproofing practices in the market

→ Maintains **market leading** performance of existing HardieBacker 500




### Why Waterproof Backer Board?

→ Waterproofing is **#1 Trend** in shower installations

→ Significant **addressable market** opportunity (~200 mmsf)

→ Offers significant value to consumer (**reduces on the wall cost** of existing installs)

→ Margin **accretive** to existing JH product portfolio

→ Potential for transferable **technology as a platform** for other JH products

*1 Passes ANSI 118.10 test for waterproofness*

# EUROPE : FY20 – FY22

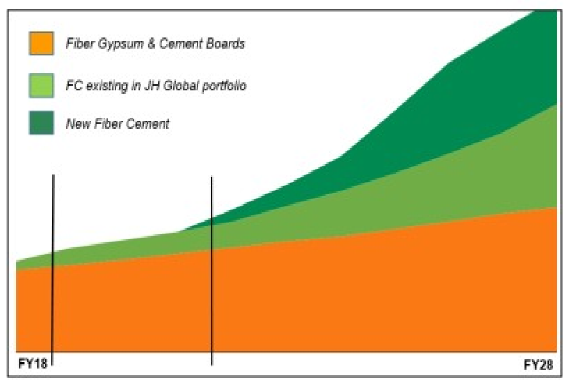
## Strategic Priorities

1. Consistent top line growth of Fermacell and Aestuver brand products
2. Identify market opportunities for JH Global portfolio FC products and begin sales execution
3. Identify opportunities for new FC applications, execute product development and prepare for market launch
4. Unlock existing manufacturing capacity

## Value Creation

- Revenue CAGR[1] of 8-12%
- Annual EBIT Margin Accretion[2]
- Exit EBIT Margin[3] of 14+%

*1 CAGR for revenue for the 3 year period FY20 – FY22*
*2 Achieve higher EBIT margin each fiscal year from FY20 – FY22*
*3 FY22 EBIT margin of 14.0% or higher*



# ASIA PACIFIC : FY20 – FY22

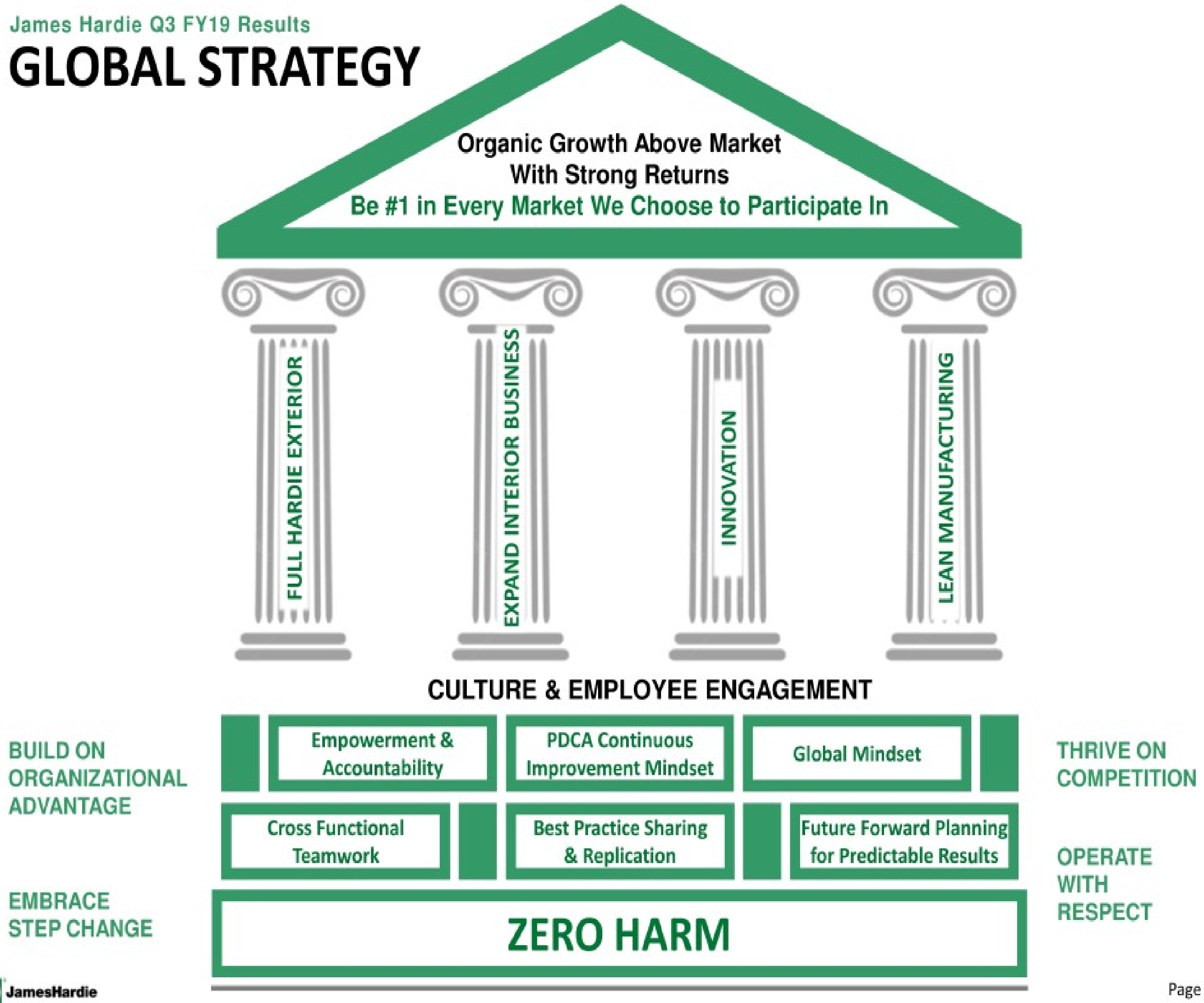
## Strategic Priorities

1. Solidify growth above market in APAC
2. Continue to drive Lean across region

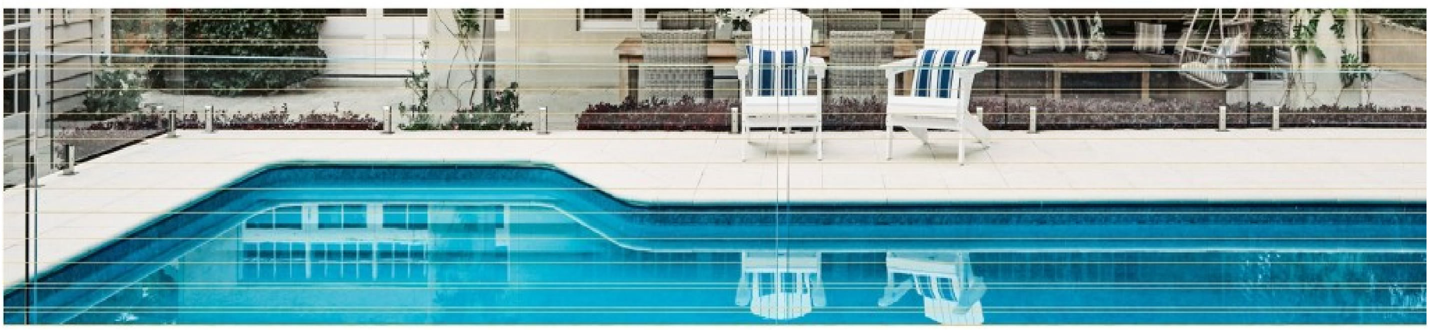
## Value Creation

- Growth Above Market of 3-5%
- EBIT Margin in Top Half of Range

# GLOBAL STRATEGY



# GROUP OPERATING REVIEW – DR JACK TRUONG, CEO



# Q3 FY19 GROUP RESULTS OVERVIEW

| | |
|---|---|
| VOLUME | |
| 861.1mmsf | +30% |
| REVENUE | |
| US$586.2M | +18% |
| ADJUSTED EBIT[1] | |
| US$90.6M | -10% |
| ADJUSTED NOPAT[2] | |
| US$65.9M | -10% |
| OPERATING CASH FLOW[3] | |
| US$302.8M | +11% |

- North America delivered improved PDG, but below our expectations
- Australia and Philippines continue to deliver strong growth above market
- European segment continues to deliver at our expectations
- Input costs remain high, and we are focused on improving plant performance
- Windows business shut-down is on track
- Continued strong operating cash flow performance

[1] *Excludes Asbestos related expenses and adjustments, acquisition costs incurred prior to the close of Fermacell and product line discontinuation expenses*
[2] *Excludes Asbestos related expenses and adjustments, tax adjustments, acquisition costs incurred prior to the close of Fermacell, product line discontinuation expenses and loss on early debt extinguishment*
[2] *Operating Cash Flow for the nine months ended 31 December 2018.*

# Q3 FY19 NORTH AMERICA SUMMARY

| | |
|---|---|
| VOLUME | |
| 532.1mmsf | +1% |
| REVENUE | |
| US$385.5M | +2% |
| EBIT | |
| US$86.1M | -15% |
| EBIT Margin | |
| 22.3% | -4.6pts |

- Housing market demand was soft in the quarter
- Continued improvement in exteriors business but PDG remains below our expectations
- Middle of range EBIT margin despite continued input cost headwinds
- ColorPlus product line expansion on-track as we prepare for nation-wide launch of "Win With Color"

# Q3 FY19 APAC SUMMARY

| | |
|---|---|
| VOLUME | |
| 136.1mmsf | +11% |
| REVENUE | |
| A$153.4M | +12% |
| EBIT | |
| A$32.7M | +1% |
| EBIT Margin | |
| 21.3% | -2.3pts |

- Continue to deliver strong top line results in a softening market
- Continue to enable the way Australia builds
- Category and market share gains
- EBIT and EBIT Margin compressed due to input cost headwinds




# Q3 FY19 EUROPE SUMMARY

Net Sales

**US$86.8M** **+5%**[1]

EBIT Excluding [2]

**US$8.0M** **+95%**[1]

EBIT Margin Excluding [2]

**9.2%**

- Good top line growth; up 8% in local currency
- Integration continues to go well and to exceed expectations
- EBIT Margin Excluding[2] in line with expectations, 9.2% for the quarter and 10.3% for the nine months

*[1] The unaudited pro forma information presents the results of operations of the Company as if the Fermacell Acquisition and related financing was completed on 1 April 2017*

*[2] Excludes transaction & integration costs and inventory fair value adjustment*

## FINANCIAL REVIEW – MATT MARSH, EVP AND CFO

# RESULTS – 3rd QUARTER FY19

| Three Months Ended 31 December | | | |
|---|---|---|---|
| **US$ Millions** | **Q3'19** | **Q3'18** | **% Change** |
| Net sales | 586.2 | 495.1 | 18 |
| Gross profit | 192.2 | 182.9 | 5 |
| EBIT | 97.5 | 143.9 | (32) |
| Net operating profit | 67.9 | 79.9 | (15) |
| | | | |
| Adjusted EBIT [1] | 90.6 | 100.4 | (10) |
| Adjusted net operating profit [2] | 65.9 | 72.9 | (10) |

*[1] Excludes Asbestos related expenses and adjustments, acquisition costs incurred prior to the close of Fermacell, and product line discontinuation expenses*

*[2] Excludes Asbestos related expenses and adjustments, tax adjustments, acquisition costs incurred prior to the close of Fermacell, product line discontinuation expenses, and loss on early debt extinguishment*

**Net sales increased 18%, US$91.1 million**

- The acquired Fermacell business in Europe contributed net sales of US$78.6 million
- Higher average net sales price and volumes in the North America Fiber Cement segment
- Higher volumes in the Asia Pacific Fiber Cement segment

**Gross profit increased 5%, gross margin % down 410bps**

**Adjusted net operating profit decreased 10%**

- North America Fiber Cement and Asia Pacific Fiber Cement segments EBIT decreased 15% and 6%, respectively, compared to pcp

# RESULTS – NINE MONTHS FY19

| Nine Months Ended 31 December | | | |
|---|---|---|---|
| US$ Millions | 9 Months FY19 | 9 Months FY18 | % Change |
| Net sales | 1,881.8 | 1,528.6 | 23 |
| Gross profit | 620.4 | 539.1 | 15 |
| EBIT | 328.9 | 325.0 | 1 |
| Net operating profit | 228.0 | 203.7 | 12 |
| | | | |
| Adjusted EBIT [1] | 304.6 | 294.5 | 3 |
| Adjusted net operating profit [2] | 226.7 | 210.2 | 8 |

[1] *Excludes Asbestos related expenses and adjustments, acquisition costs incurred prior to the close of Fermacell, and product line discontinuation expenses*
[2] *Excludes Asbestos related expenses and adjustments, tax adjustments, acquisition costs incurred prior to the close of Fermacell, and product line discontinuation expenses*
[3] *Excludes product line discontinuation expenses*

### Net sales increased 23%, US$353.2 million

- The acquired Fermacell business in Europe contributed net sales of US$242.6 million
- Higher average net sales price and volumes in North America Fiber Cement segment
- Higher volumes in Asia Pacific Fiber Cement segment

### Gross profit increased 15%, gross margin % down 230bps

### Adjusted net operating profit increased 8%

- North America Fiber Cement EBIT excluding[3] increased 5% versus pcp

# NORTH AMERICA FIBER CEMENT SUMMARY

| | Q3'19 | 9 Months FY19 |
|---|---|---|
| Net Sales | **US$385.5**M ↑ 2% | **US$1,254.9**M ↑ 7% |
| Sales Volume | **532.1** mmsf ↑ 1% | **1,714.8** mmsf ↑ 4% |
| Average Price | **US$715** per msf ↑ 1% | **US$723** per msf ↑ 3% |
| EBIT | **US$86.1**M ↓ 15% | **US$287.4**M ↑ 3% |
| EBIT Excluding[1] | **US$86.1**M ↓ 15% | **US$292.8**M ↑ 5% |

[1] *Excludes product line discontinuation expenses of US$5.4 million for the nine months FY19*

## Volume

- Slightly positive PDG in exteriors, but below our expectations
- Decline in interiors

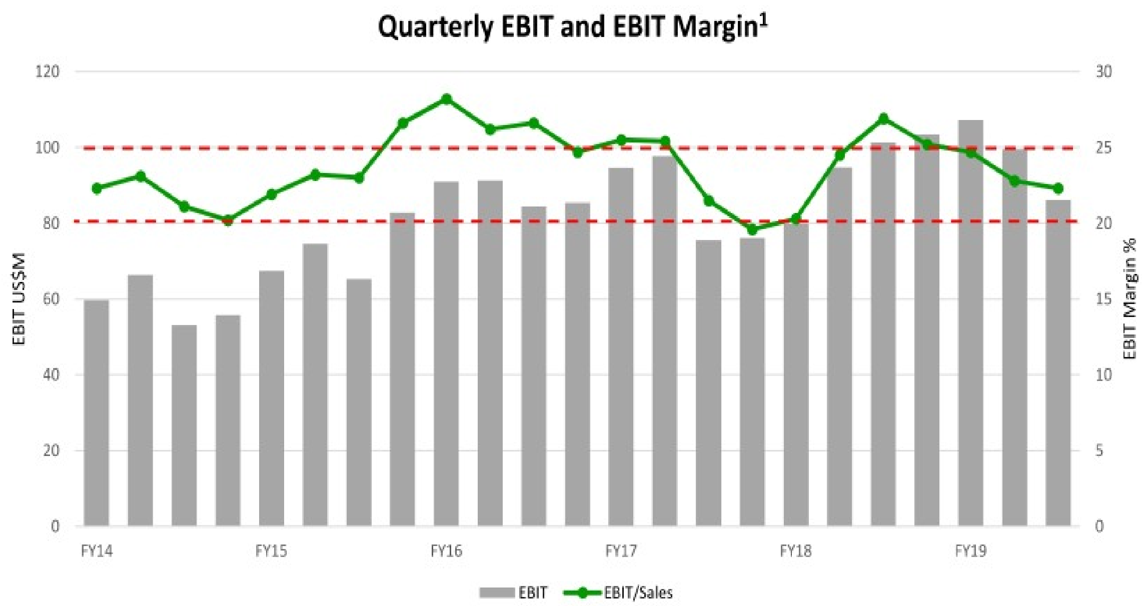
## Price

- Favorably impacted by annual change in strategic pricing
- Partially offset by tactical pricing

## EBIT Excluding[1]

- Q3 FY19 decrease driven by:
  - Higher input costs and unfavorable plant performance
  - Partially offset by a higher average net sales price
- Nine months increase driven by:
  - Higher volume and average net sales price
  - Partially offset by higher input costs, higher freight costs and higher SG&A expenses

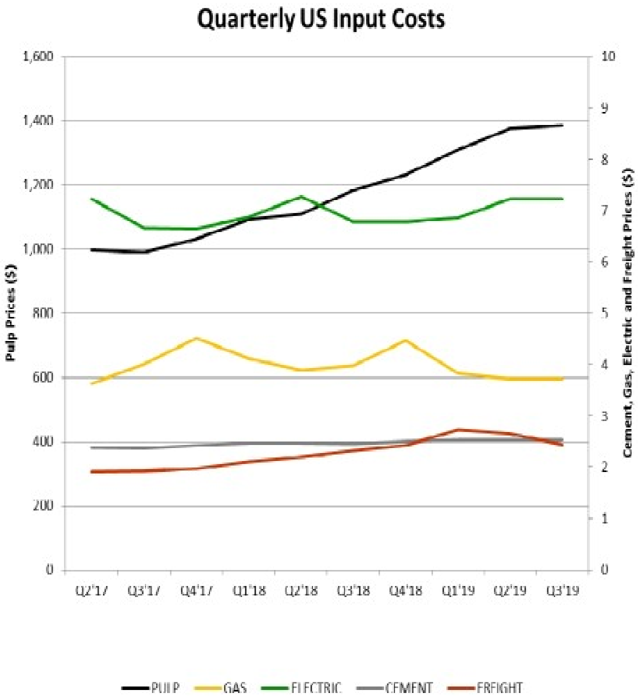
# NORTH AMERICA FIBER CEMENT




YTD EBIT Margin excluding[1] % remains within our target range, but down 50 bps to 23.3% compared to pcp

[1] *Excludes product line discontinuation expenses of US$5.4 million in Q2 FY19*

# NORTH AMERICA INPUT COSTS




- The price of NBSK pulp ***up*** 17% compared to pcp
- Electric prices ***up*** 6% compared to pcp
- Freight market prices ***up*** 5% compared to pcp
- Cement prices ***up*** 3% compared to pcp
- Gas prices ***down*** 7% compared to pcp

***The information underlying the table above is sourced as follows:***

- *Pulp – Cost per ton – from RISI*
- *Gas – Cost per thousand cubic feet for industrial users – from US Energy Information Administration*
- *Electric – Cost per thousand kilowatt hour for industrial users – from US Energy Information Administration*
- *Cement – Relative index from the Bureau of Labor Statistics*
- *Freight – Cost per mile – from Dial-a-Truck Solutions*
- *Gas and Electric prices for current quarter are based on prior quarter actuals*

# ASIA PACIFIC FIBER CEMENT SUMMARY

| | Q3'19 | 9 Months FY19 |
|---|---|---|
| Net Sales | **A$153.4**M ↑ 12% | **A$468.6**M ↑ 13% |
| Sales Volume | **136.1** mmsf ↑ 11% | **416.2** mmsf ↑ 12% |
| Average Price | **A$995** per msf ↑ 1% | **A$995** per msf ↑ 1% |
| US$ EBIT | **US$23.5**M ↓ 6% | **US$79.3**M ↓ 3% |
| A$ EBIT | **A$32.7**M ↑ 1% | **A$107.8**M ↑ 1% |

**Volume**

- Strong performance in Australia, New Zealand and Philippines
- Gains in category share and further market penetration

**Foreign Exchange**

- Segment results in US dollars impacted by unfavorable foreign exchange rate movements

**EBIT**

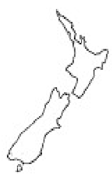
- Higher net sales and strong volume performance
- Higher input costs and unfavorable FX

# ASIA PACIFIC FIBER CEMENT (LOCAL CURRENCY)

| Q3'19 | | | 9 Months FY19 | | |
|---|---|---|---|---|---|
| Australia | | | Australia | | |
| Volume | Net Sales | EBIT | Volume | Net Sales | EBIT |
| ↑ | ↑ | ↓ | ↑ | ↑ | ↑ |

## Australia

- Market penetration and strong growth
- EBIT favorably impacted by higher net sales and favorable plant performance, partially offset by higher pulp and freight costs



| Q3'19 | | | 9 Months FY19 | | |
|---|---|---|---|---|---|
| New Zealand | | | New Zealand | | |
| Volume | Net Sales | EBIT | Volume | Net Sales | EBIT |
| ↑ | ↑ | FLAT | ↑ | ↑ | ↓ |

## New Zealand

- Favorably impacted by higher sales volume
- EBIT for the nine months compressed by higher input costs and unfavorable plant performance

| Q3'19 | | | 9 Months FY19 | | |
|---|---|---|---|---|---|
| Philippines | | | Philippines | | |
| Volume | Net Sales | EBIT | Volume | Net Sales | EBIT |
| ↑ | ↑ | ↓ | ↑ | ↑ | ↓ |

## Philippines

- Volume increase driven by market share gains
- EBIT unfavorably impacted by higher pulp costs, and start-up costs for our capacity expansion

# EUROPE BUILDING PRODUCTS SUMMARY[1]

| | Q3'19 | 9 Months FY19 |
|---|---|---|
| Net Sales | US$86.8M ↑ | US$269.6M ↑ |
| Sales Volume | 192.9 mmsf ↑ | 596.8 mmsf ↑ |
| Average Price | US$357 per msf ↓ | US$357 per msf ↓ |
| EBIT | US$4.1M ↑ | US$2.9M ↑ |
| EBIT Excluding[2] | US$8.0M ↑ | US$27.9M ↑ |
| EBIT Margin Excluding[2] | 9.2% ↑ | 10.3% ↑ |

*[1] Includes European Fiber Cement business, as well as the newly acquired Fermacell business*
*[2] Excludes transaction & integration costs and inventory fair value adjustment*

## Volume

- Increase driven by acquisition of Fermacell

## Price

- Decrease due to product mix
- Fiber Gypsum has a lower average net sales price compared to Fiber Cement

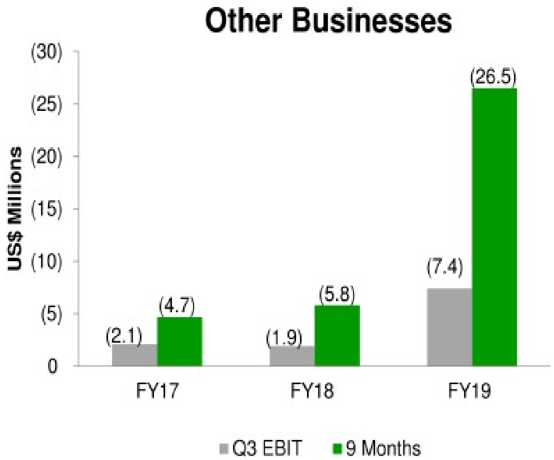
## Net Sales

- On a pro-forma basis, net sales increased 5% and 8% for quarter and nine months, respectively

## EBIT

- EBIT includes:
  - US$3.9 million and US$17.7 million of transaction and integration costs for the quarter and nine months, respectively
  - US$7.3 million inventory fair value adjustment in the nine months FY19
- EBIT Margin excluding[2] of 9.2% and 10.3% for the quarter and nine months, respectively

# OTHER BUSINESSES SEGMENT EBIT




- Decision made to exit Windows business
  - Shutdown fiberglass windows assembly facility
  - Exploring strategic alternatives for fiberglass pultrusion business
- Product line discontinuation expenses totaling US$4.8 million and US$20.6 million for the quarter and nine months, respectively

# PRODUCT LINE DISCONTINUATION EXPENSES[1]

| US$ Millions | Q1'19 | Q2'19 | Q3'19 | 9 Months FY19 |
|---|---|---|---|---|
| **North America Fiber Cement segment** | | | | |
| Discontinuation of MCT | - | 3.6 | - | 3.6 |
| Discontinuation of certain ColorPlus color palettes | - | 1.8 | - | 1.8 |
| **Other Businesses segment** | | | | |
| Discontinuation of Windows Business | - | 15.8 | 4.8 | 20.6 |
| **Product Line Discontinuation Expenses** | **-** | **21.2** | **4.8** | **26.0** |

## North America Segment

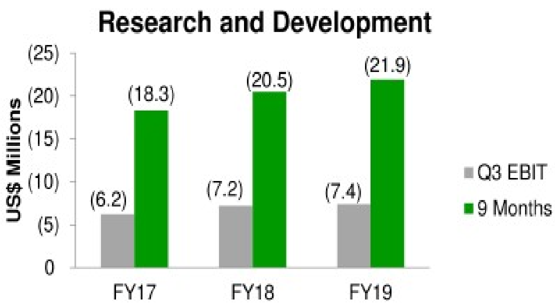
- In Q2'FY19 we made the decision to discontinue our MCT product line and certain ColorPlus color palettes

## Other Businesses Segment

- In Q2'FY19 we decided to exit entire Windows business
  - Fiberglass pultrusion business; and
  - Fiberglass windows assembly business
- In Q3'FY19 we shutdown fiberglass windows assembly business; production ceased
- Exploring strategic alternatives for fiberglass pultrusion business

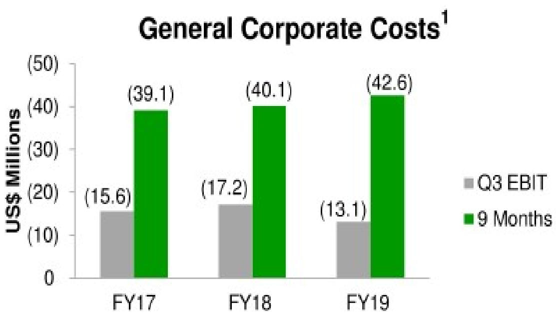
[1] *Excluded from Adjusted EBIT and Adjusted net operating profit*

# SEGMENT EBIT – 3rd QUARTER FY19




## R&D

- On strategy to invest ~2-3% of net sales




[1] *Excludes Asbestos related expenses and adjustments, and acquisition costs incurred prior to the close of Fermacell*

## General Corporate Costs

- Quarter decrease driven by lower stock compensation expenses, partially offset by New Zealand weathertightness claims
- Nine months increase driven by:
  - New Zealand weathertightness claims of US$4.4 million
  - Non-recurring gain of US$3.4 million in the prior year from the sale of a storage building near our Fontana facility
  - Partially offset by lower stock compensation expenses

# INCOME TAX

| Three Months and Nine Months Ended 31 December | | | | |
|---|---|---|---|---|
| **US$ Millions** | **Q3'19** | **Q3'18** | **9 Months FY19** | **9 Months FY18** |
| Operating profit before taxes | 82.6 | 110.1 | 291.2 | 277.5 |
| Asbestos adjustments[1] | (12.4) | (46.8) | (51.8) | (36.2) |
| Fermacell acquisition costs | - | 3.0 | - | 4.7 |
| Product line discontinuation | 4.8 | - | 26.0 | - |
| Loss on early debt extinguishment | 1.0 | 26.1 | 1.0 | 26.1 |
| **Adjusted operating profit before income taxes** | **76.0** | **92.4** | **266.4** | **272.1** |
| Adjusted income tax expense[2] | (10.1) | (19.5) | (39.7) | (61.9) |
| **Adjusted effective tax rate** | **13.3%** | **21.1%** | **14.9%** | **22.7%** |
| Income tax expense | (14.7) | (30.2) | (63.2) | (73.8) |
| Income taxes paid | | | 16.6 | 33.7 |
| Income taxes payable[3] | | | 41.9 | 31.0 |

**14.9% estimated adjusted effective tax rate for the year**

- Decrease in adjusted income tax expense driven by adjustments related to the ongoing accounting treatment of amortization of intangible assets, and a reduction in the US statutory corporate tax rate
- Income taxes are not currently paid or payable in Australia due to tax losses. Australian tax losses primarily result from deductions relating to contributions to AICF

[1] *Includes Asbestos adjustments, AICF SG&A expenses and net AICF interest income*
[2] *Includes tax adjustments related to Asbestos, the amortization benefit of certain US intangible assets and other tax adjustments*
[3] *Includes non-current US income taxes payable of US$25.2 million at Q3 FY19 related to the deemed repatriation promulgated by the US Tax Cuts and Jobs Act and will be paid in annual installments through FY25*

# CASH FLOWS[1]

| US$ Millions | 9 Months FY19 | 9 Months FY18 | Change (%) |
|---|---|---|---|
| **Net Income** | **228.0** | **203.7** | **12** |
| Adjustment for non-cash items | 87.8 | 62.1 | 41 |
| Annual AICF contribution | (103.0) | (102.2) | (1) |
| Operating working capital[2] | 59.7 | 10.0 | |
| Other net operating activities | 10.9 | 68.3 | (84) |
| AICF cash flow, net | (1.3) | (2.5) | 48 |
| **Cash Flow from Operations** | **282.1** | **239.4** | **18** |
| Purchases of property, plant and equipment[3] | (228.4) | (151.9) | (50) |
| Proceeds from sale of property, plant and equipment | - | 7.9 | |
| Acquisition of business, net of cash acquired | (558.7) | - | |
| **Free Cash Flow[4]** | **(505.0)** | **95.4** | |
| Dividends paid | (128.5) | (131.3) | 2 |
| Net repayments to credit facilities | (30.0) | (175.0) | 83 |
| Proceeds from 364-day term loan facility | 492.4 | - | |
| Repayment on 364-day term loan facility | (458.8) | - | |
| Proceeds from unsecured notes, net | 452.7 | 386.1 | 17 |
| Repayment of NSW loan - Asbestos | - | (51.9) | |
| Other financing activities | - | (19.3) | |
| **Free Cash Flow after Financing Activities** | **(177.2)** | **104.0** | |

*1 Derived from supplementary statement of cash flow*
*2 Excludes AP related to capital expenditures*
*3 Includes capitalized interest*
*4 Distinct from the term defined by the AFFA for purposes of calculating our annual contribution to AICF*

## Increase in net operating cash flow

- Increase in net income adjusted for non-cash items
- Favorable movements in working capital

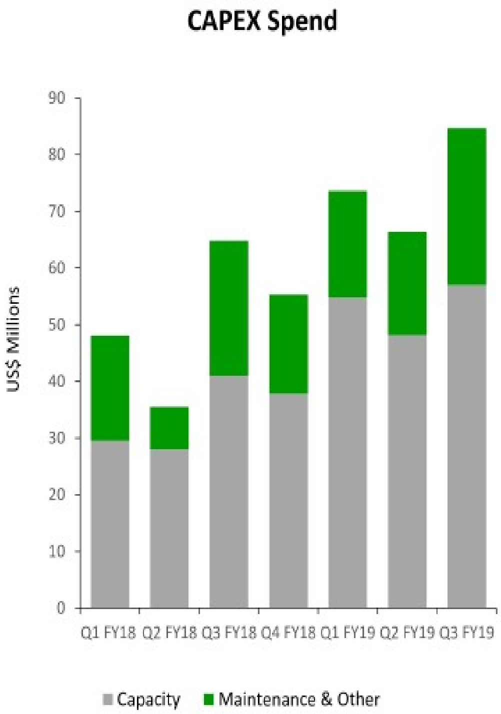
## Higher investing activities

- Acquisition of Fermacell in Europe
- Increase in capacity expansion related capital expenditures

## Cash provided by financing activities

- Driven by higher proceeds from unsecured notes
- No NSW loan repayment in the current year
- Lower net repayments of our credit facilities

# CAPITAL EXPENDITURES




**YTD CAPEX spend of US$224.7 million increased US$75.9 million compared to pcp**

- **North America capacity projects**
  - Continued start-up of Tacoma greenfield expansion
  - Continued construction of our Prattville facility
  - Continued expansion within our ColorPlus product line
- **Asia Pacific capacity projects**
  - Continued start-up of additional Philippines capacity
  - Continued Carole Park brownfield expansion project

# FINANCIAL MANAGEMENT FRAMEWORK

## Strong Financial Management

- Strong margins and operating cash flows
- Strong governance and transparency
- Investment-grade financial management

| Moody's | S&P | Fitch |
|---|---|---|
| Ba1<br>affirmed Sept'18<br>outlook stable | BB<br>affirmed Sept'18<br>outlook stable | BBB-<br>affirmed Sept'18<br>outlook stable |

## Disciplined Capital Allocation

- Invest in R&D and capacity expansion to support organic growth
- Maintain ordinary dividends within the defined payout ratio
- Flexibility for:
  - Cyclical market volatility
  - Accretive and strategic inorganic opportunities
  - Further shareholder returns when appropriate

## Liquidity and Funding

- Conservative leveraging of balance sheet at a target within 1-2 times Adjusted EBITDA excluding asbestos.
  - US$500 million unsecured revolving credit facility;
  - US$800m senior unsecured notes at Q3 FY19;
  - €400m (US$457.2m) senior unsecured notes at Q3 FY19;
  - At Q3 FY19, total debt had a weighted average maturity of 6.6 years and weighted average rate of 4.4%

Financial management consistent with investment grade credit
Ability to withstand market cycles and other unanticipated events

# LIQUIDITY PROFILE AT 31 DECEMBER 2018


[1] *Incremental liquidity of up to US$250 million may be accessed via an accordion feature, which is provided for under the terms of the syndicated revolving credit facility agreement, but not credit approved*

[2] *Based on exchange rate as of 31 December 2018*

[3] *Includes debt issuance costs (US$19.9 million)*

## Strong balance sheet

- US$118.5 million cash
- US$1,188.8 million net debt [3]
- US$420.5 million available on revolving credit facility

## Corporate debt structure

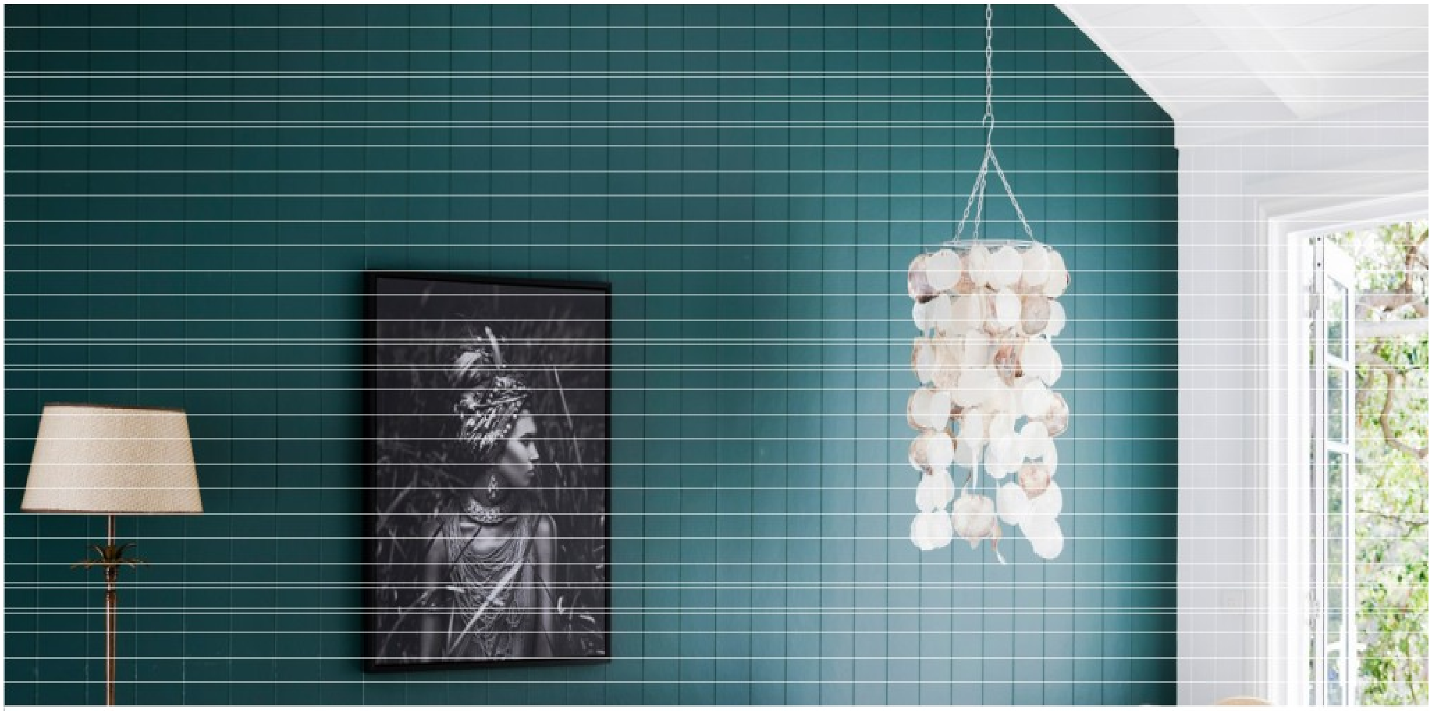
- **US$400 million** 4.75% senior unsecured notes **maturing 2025**
- **US$400 million** 5.00% senior unsecured notes **maturing 2028**
- **€400 million** (US$457.2)[2] 3.625 % senior unsecured notes, **maturing 2026**
- **US$500 million** unsecured revolving credit facility, **maturing 2022**

## Leverage strategy

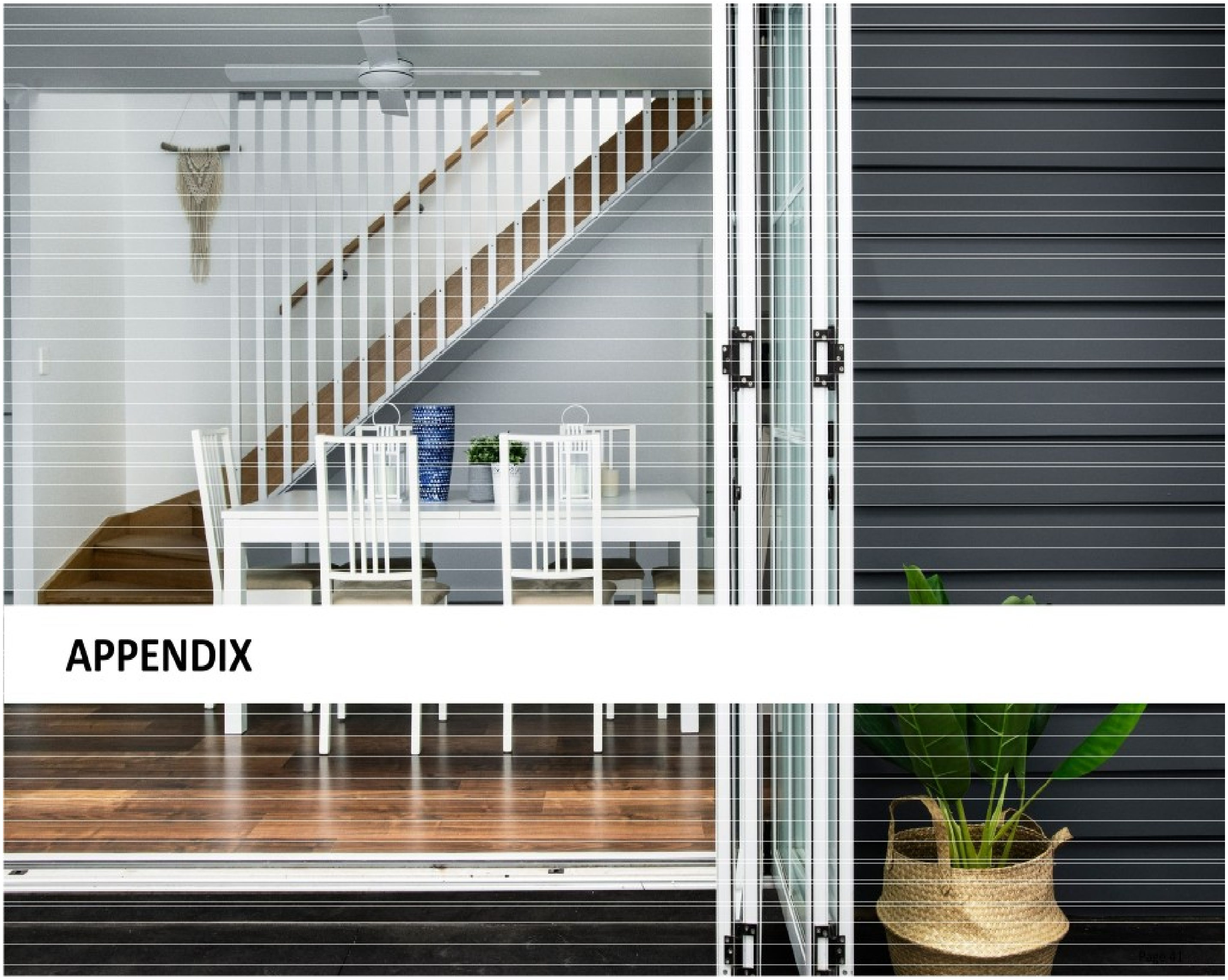
- ~2.2x net debt to Adjusted EBITDA excluding asbestos; temporarily outside of the 1-2x leverage target range

# FY2019 GUIDANCE

- Management notes the range of analysts' forecasts for net operating profit excluding asbestos for the year ending 31 March 2019 is between US$297 million and US$311 million
- Management expects full year Adjusted net operating profit to be between **US$295 million** and **US$315 million** assuming, among other things, housing conditions in the United States continue to improve in line with our assumed forecast of new construction starts between approximately 1.2 and 1.3 million, an average USD/AUD exchange rate that is at or near current levels for the remainder of the year and consistent input costs
- Management is unable to forecast the comparable US GAAP financial measure due to uncertainty regarding the impact of actuarial estimates on asbestos-related assets and liabilities in future periods



# QUESTIONS



# APPENDIX

# NORTH AMERICA FIBER CEMENT VOLUME

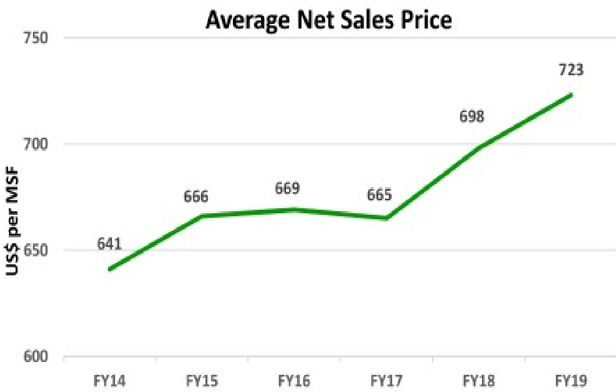

**Exteriors**

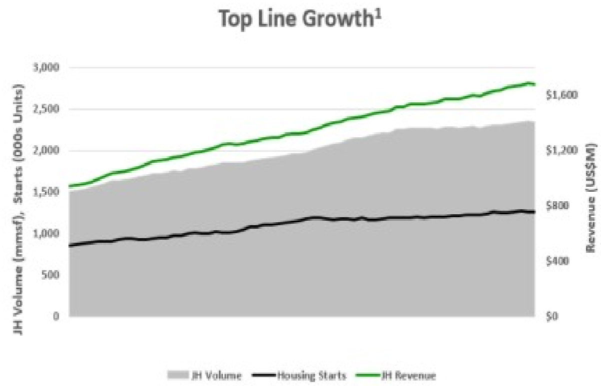
- Volume increased 1% and 5% for the quarter and nine months, respectively, compared to pcp
- Focus is on transforming our commercial strategy and delivering higher PDG

**Interiors**

- Volume decreased 3% and 2% for the quarter and nine months, respectively, compared to pcp

# NORTH AMERICA FIBER CEMENT




- FY19 strategic price increase effective April 2018
- Overall, satisfied with price positioning

- Softer market conditions remain across most geographies and customer segments

[1] *Rolling 12 month average of seasonally adjusted estimate of housing starts by US Census Bureau*

# TRANSLATION IMPACT ON CONSOLIDATED RESULTS


| | As Reported | | Excluding Translation Impact [1] | |
|---|---|---|---|---|
| % Change | Q3 FY19 | 9 Months FY19 | Q3 FY19 | 9 Months FY19 |
| Net Sales | ▲ 18% | ▲ 23% | ▲ 20% | ▲ 24% |
| Gross Profit | ▲ 5% | ▲ 15% | ▲ 6% | ▲ 16% |
| Adjusted EBIT | ▼ 10% | ▲ 3% | ▼ 10% | ▲ 4% |
| Adjusted net operating profit | ▼ 10% | ▲ 8% | ▼ 10% | ▲ 8% |

| Translation Impact [2] | |
|---|---|
| Q3 FY19 | 9 Months FY19 |
| ▼ 2% | ▼ 1% |
| ▼ 1% | ▼ 1% |
| - | ▼ 1% |
| - | - |

[1] *As reported Q3 FY19 and nine months FY19 figures converted using Q3 FY18 and nine months FY18 average exchange rates, respectively*

[2] *Reflects the difference between Q3 FY19 As Reported and Q3 FY19 using Q3 FY18 average exchange rates, as well as the difference between nine months FY19 As Reported and nine months FY19 using nine months FY18 average exchange rates*

# ASIA PACIFIC FIBER CEMENT RESULTS AUD vs USD

| Three Months and Nine Months Ended 31 December | | | | | | |
|---|---|---|---|---|---|---|
| | Q3'19 | | | 9 Months FY19 | | |
| | Results in AUD | Results in USD | Impact of FX | Results in AUD | Results in USD | Impact of FX |
| Averge net sales price per unit (per msf) | +1% | -6% | -7% | +1% | -4% | -5% |
| Net sales | +12% | +5% | -7% | +13% | +8% | -5% |
| Gross profit | -1% | -8% | -7% | +2% | -3% | -5% |
| EBIT | +1% | -6% | -7% | +1% | -3% | -4% |

# EUROPE BUILDING PRODUCTS PRO FORMA[1]

| | Q3'19 | 9 Months FY19 |
|---|---|---|
| Net Sales | **US$86.8**M<br>↑ 5% | **US$269.6**M<br>↑ 8% |
| Operating profit before income taxes | **US$8.0**M<br>↑ 95% | **US$27.9**M<br>↑ 45% |
| EBIT margin excluding[2] | **9.2%** | **10.3%** |

**Net sales increased 5% and 8% for the quarter and nine months, respectively, on a pro-forma basis compared to pcp**

[1] *The unaudited pro forma information presents the results of operations of the Company as if the Fermacell Acquisition and related financing was completed on 1 April 2017. The unaudited pro forma excludes transaction and integration costs of US$3.9 million and US$17.7 million for the quarter and nine months, respectively, and the US$7.3 million inventory fair value adjustment in nine months FY19*

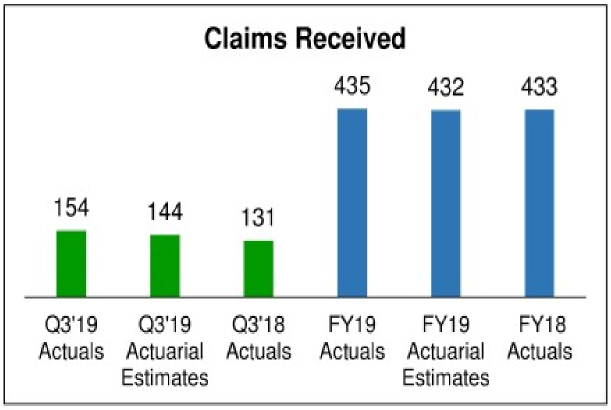
[2] *Excludes transaction and integration costs and inventory fair value adjustment*

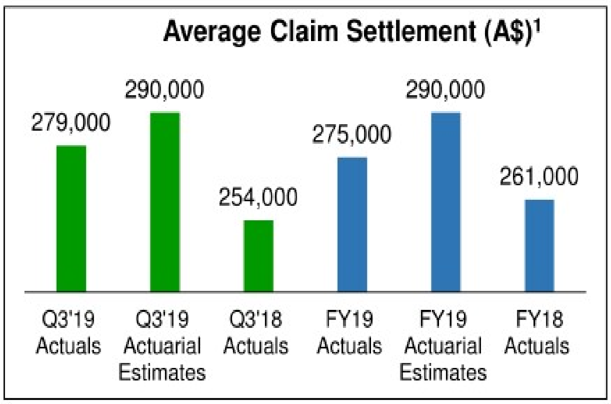
# FINANCIAL SUMMARY

| US$ Millions | Q3'19 | Q3'18 | % Change | 9 Months FY19 | 9 Months FY18 | % Change |
|---|---|---|---|---|---|---|
| | Three Months and Nine Months Ended 31 December | | | | | |
| **Net Sales** | | | | | | |
| North America Fiber Cement | $ 385.5 | $ 376.8 | 2 | $ 1,254.9 | $ 1,168.0 | 7 |
| Asia Pacific Fiber Cement | 110.1 | 105.3 | 5 | 344.5 | 320.3 | 8 |
| Europe Building Products | 86.8 | 9.2 | | 269.6 | 28.9 | |
| Other Businesses | 3.8 | 3.8 | - | 12.8 | 11.4 | 12 |
| **Total Net Sales** | **$ 586.2** | **$ 495.1** | **18** | **$ 1,881.8** | **$ 1,528.6** | **23** |
| **EBIT** | | | | | | |
| North America Fiber Cement[1] | $ 86.1 | $ 101.3 | (15) | $ 292.8 | $ 278.5 | 5 |
| Asia Pacific Fiber Cement | 23.5 | 24.9 | (6) | 79.3 | 81.8 | (3) |
| Europe Building Products[2] | 4.1 | 0.5 | | 2.9 | 0.6 | |
| Other Businesses[1] | (2.6) | (1.9) | (37) | (5.9) | (5.8) | (2) |
| Research & Development | (7.4) | (7.2) | (3) | (21.9) | (20.5) | (7) |
| General Corporate[3] | (13.1) | (17.2) | 24 | (42.6) | (40.1) | (6) |
| **Adjusted EBIT** | **$ 90.6** | **$ 100.4** | **(10)** | **$ 304.6** | **$ 294.5** | **3** |
| Net interest expense[4] | $ (14.4) | $ (8.6) | (67) | $ (38.3) | $ (22.6) | (69) |
| Other income (expense) | (0.2) | 0.6 | | 0.1 | 0.2 | |
| Adjusted income tax expense | (10.1) | (19.5) | 48 | (39.7) | (61.9) | 36 |
| **Adjusted net operating profit** | **$ 65.9** | **$ 72.9** | **(10)** | **$ 226.7** | **$ 210.2** | **8** |

[1] Excludes product line discontinuation expenses
[2] Includes Europe transaction and integration costs and inventory fair value adjustment
[3] Excludes Asbestos related expenses and adjustments, and acquisition costs incurred prior to the close of Fermacell
[4] Excludes AICF interest income

# ASBESTOS CLAIMS DATA




- Quarter and nine months claims received were 7% and 1% above actuarial estimates, respectively
- Quarter and nine months claims received were 18% higher and flat, respectively, compared to pcp
- Claims reporting during the nine months for mesothelioma:
  - In line with actuarial estimates
  - 3% lower than pcp
- Average claim settlement for the nine months was 5% below actuarial estimates:
  - Average claim settlement sizes for mesothelioma were above actuarial expectations for half of the age groups
  - Generally favorable average claim settlement sizes across all other disease types

[1] *Average claim settlement is derived as the total amount paid divided by the number of non-nil claims*

# DEPRECIATION AND AMORTIZATION

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3'19 | Q3'18 | 9 Months FY19 | 9 Months FY18 |
| **Depreciation and amortization** | | | | |
| North America Fiber Cement | $ 20.9 | $ 18.8 | $ 58.5 | $ 54.1 |
| Asia Pacific Fiber Cement | 3.4 | 3.1 | 9.8 | 9.4 |
| Europe Building Products | 3.8 | - | 14.2 | 0.1 |
| Other Businesses | 0.5 | 0.5 | 1.7 | 1.6 |
| Research and Development | 0.2 | 0.3 | 0.8 | 2.3 |
| General Corporate | 1.0 | 0.7 | 3.7 | 1.1 |
| **Total depreciation and amortization** | **$ 29.8** | **$ 23.4** | **$ 88.7** | **$ 68.6** |

# INCOME TAXES

- **How ETR is calculated under US GAAP changed in nine months FY19**
  - Recorded a net deferred tax asset of US$1,160.3 million arising from all previous intragroup transfers, including an internal restructuring which took place in Q4 FY18 to align certain intangible assets with our US business
  - Effective 1 April 2018, amortization of these intangible assets reduces the deferred tax asset instead of reducing income tax expense

- **Economic (cash taxes paid) impact of tax expected to remain constant or improve**
  - Future Adjusted ETR may be more volatile because of:
    - New US GAAP standards
    - Ongoing impacts of US Tax Reform

# NON-US GAAP FINANCIAL MEASURES AND TERMS

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 the Management's Analysis of Results, Media Release and Consolidated Financial Statements

**Definitions**

**EBIT** – Earnings before interest and taxes

**EBIT margin** – EBIT margin is defined as EBIT as a percentage of net sales

**Sales Volumes**

**mmsf** – million square feet, where a square foot is defined as a standard square foot of 5/16" thickness

**msf** – thousand square feet, where a square foot is defined as a standard square foot of 5/16" thickness

**Non-financial Terms**

**AFFA** – Amended and Restated Final Funding Agreement

**AICF** – Asbestos Injuries Compensation Fund Ltd

**Legacy New Zealand weathertightness claims ("New Zealand weathertightness")** – Expenses arising from defending and resolving claims in New Zealand that allege poor building design, inadequate certification of plans, inadequate construction review and compliance certification and deficient work by sub-contractors

**New South Wales loan facility ("NSW Loan")** – AICF has access to a secured loan facility made available by the New South Wales Government, which can be used by AICF to fund the payment of asbestos claims and certain operating and legal costs

# NON-US GAAP FINANCIAL MEASURES

**Financial Measures – US GAAP equivalents**

This document contains financial statement line item descriptions that are considered to be non-US GAAP, but are consistent with those used by Australian companies. Because the company prepares its Consolidated Financial Statements under US GAAP, the following table cross-references each non-US GAAP line item description, as used in Management's Analysis of Results and Media Release, to the equivalent US GAAP financial statement line item description used in the company's Consolidated Financial Statements:

| **Management's Analysis of Results and Media Release** | **Consolidated Statements of Operations and Other Comprehensive Income (Loss) (US GAAP)** |
|---|---|
| Net sales | Net sales |
| Cost of goods sold | Cost of goods sold |
| Gross profit | Gross profit |
| Selling, general and administrative expenses | Selling, general and administrative expenses |
| Research and development expenses | Research and development expenses |
| Asbestos adjustments | Asbestos adjustments |
| EBIT* | Operating income (loss) |
| Net interest income (expense)* | Sum of interest expense and interest income |
| Other income (expense) | Other income (expense) |
| Operating profit (loss) before income taxes* | Income (loss) before income taxes |
| Income tax (expense) benefit | Income tax (expense) benefit |
| Net operating profit (loss)* | Net income (loss) |

*- Represents non-US GAAP descriptions used by Australian companies.

# NON-US GAAP FINANCIAL MEASURES

## Financial Measures – US GAAP equivalents

### Adjusted EBIT

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3'19 | Q3'18 | 9 Months FY19 | 9 Months FY18 |
| **EBIT** | $ 97.5 | $ 143.9 | $ 328.9 | $ 325.0 |
| Asbestos: | | | | |
| Asbestos adjustments | (12.1) | (47.0) | (51.4) | (36.5) |
| AICF SG&A expenses | 0.4 | 0.5 | 1.1 | 1.3 |
| Fermacell acquisition costs | - | 3.0 | - | 4.7 |
| Product line discontinuation | 4.8 | - | 26.0 | - |
| **Adjusted EBIT** | $ 90.6 | $ 100.4 | $ 304.6 | $ 294.5 |
| Net sales | $ 586.2 | $ 495.1 | $ 1,881.8 | $ 1,528.6 |
| **Adjusted EBIT margin** | 15.5% | 20.3% | 16.2% | 19.3% |

### Adjusted net operating profit

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3'19 | Q3'18 | 9 Months FY19 | 9 Months FY18 |
| **Net operating profit** | $ 67.9 | $ 79.9 | $ 228.0 | $ 203.7 |
| Asbestos: | | | | |
| Asbestos adjustments | (12.1) | (47.0) | (51.4) | (36.5) |
| AICF SG&A expenses | 0.4 | 0.5 | 1.1 | 1.3 |
| AICF interest income, net | (0.7) | (0.3) | (1.5) | (1.0) |
| Loss on early debt extinguishment | 1.0 | 26.1 | 1.0 | 26.1 |
| Fermacell acquisition costs | - | 3.0 | - | 4.7 |
| Product line discontinuation | 4.8 | - | 26.0 | - |
| Tax adjustments[1] | 4.6 | 10.7 | 23.5 | 11.9 |
| **Adjusted net operating profit** | $ 65.9 | $ 72.9 | $ 226.7 | $ 210.2 |

[1] *Includes tax adjustments related to Asbestos, the amortization benefit of certain US intangible assets and other tax adjustments*

# NON-US GAAP FINANCIAL MEASURES

**North America Fiber Cement Segment Adjusted EBIT excluding product line discontinuation expenses**

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | | Q3'19 | | 9 Months FY19 |
| **EBIT** | **$** | **86.1** | **$** | **287.4** |
| Product line discontinuation expenses | | - | | 5.4 |
| **North America Fiber Cement Segment Adjusted EBIT excluding product line discontinuation expenses** | **$** | **86.1** | **$** | **292.8** |
| North America Fiber Cement Segment net sales | $ | 385.5 | $ | 1,254.9 |
| **North America Fiber Cement Segment Adjusted EBIT margin excluding product line discontinuation expenses** | | **22.3%** | | **23.3%** |

**Europe Building Products Segment Adjusted EBIT excluding costs associated with the acquisition**

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | | Q3'19 | | 9 Months FY19 |
| **EBIT** | **$** | **4.1** | **$** | **2.9** |
| Inventory fair value adjustment | | - | | 7.3 |
| Transaction costs | | - | | 7.2 |
| Integration costs | | 3.9 | | 10.5 |
| **Europe Building Products Segment Adjusted EBIT excluding costs associated with the acquisition** | **$** | **8.0** | **$** | **27.9** |
| Europe Building Products Segment net sales | $ | 86.8 | $ | 269.6 |
| **Europe Building Products Segment Adjusted EBIT margin excluding costs associated with the acquisition** | | **9.2%** | | **10.3%** |

# NON-US GAAP FINANCIAL MEASURES

### Adjusted diluted earnings per share

| | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3'19 | Q3'18 | 9 Months FY19 | 9 Months FY18 |
| **Adjusted net operating profit (US$ Millions)** | **$ 65.9** | **$ 72.9** | **$ 226.7** | **$ 210.2** |
| Weighted average common shares outstanding - Diluted (millions) | 443.1 | 442.0 | 442.9 | 441.7 |
| **Adjusted diluted earnings per share (US cents)** | **15** | **16** | **51** | **48** |

### Adjusted effective tax rate

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3'19 | Q3'18 | 9 Months FY19 | 9 Months FY18 |
| **Operating profit before income taxes** | **$ 82.6** | **$ 110.1** | **$ 291.2** | **$ 277.5** |
| Asbestos: | | | | |
| Asbestos adjustments | (12.1) | (47.0) | (51.4) | (36.5) |
| AICF SG&A expenses | 0.4 | 0.5 | 1.1 | 1.3 |
| AICF interest income, net | (0.7) | (0.3) | (1.5) | (1.0) |
| Fermacell acquisition costs | - | 3.0 | - | 4.7 |
| Product line discontinuation | 4.8 | - | 26.0 | - |
| Loss on early debt extinguishment | 1.0 | 26.1 | 1.0 | 26.1 |
| **Adjusted operating profit before income taxes** | **$ 76.0** | **$ 92.4** | **$ 266.4** | **$ 272.1** |
| | | | | |
| Income tax expense | (14.7) | (30.2) | (63.2) | (73.8) |
| Tax adjustments[1] | 4.6 | 10.7 | 23.5 | 11.9 |
| **Adjusted income tax expense** | **$ (10.1)** | **$ (19.5)** | **$ (39.7)** | **$ (61.9)** |
| Effective tax rate | 17.8% | 27.4% | 21.7% | 26.6% |
| **Adjusted effective tax rate** | **13.3%** | **21.1%** | **14.9%** | **22.7%** |

[1] *Includes tax adjustments related to Asbestos, the amortization benefit of certain US intangible assets and other tax adjustments*

# NON-US GAAP FINANCIAL MEASURES

### Adjusted EBITDA excluding Asbestos

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3'19 | Q3'18 | 9 Months FY19 | 9 Months FY18 |
| **EBIT** | $ 97.5 | $ 143.9 | $ 328.9 | $ 325.0 |
| Depreciation and amortization | 29.8 | 23.4 | 88.7 | 68.6 |
| **Adjusted EBITDA** | $ 127.3 | $ 167.3 | $ 417.6 | $ 393.6 |
| Asbestos: | | | | |
| Asbestos adjustments | (12.1) | (47.0) | (51.4) | (36.5) |
| AICF SG&A expenses | 0.4 | 0.5 | 1.1 | 1.3 |
| **Adjusted EBITDA excluding Asbestos** | $ 115.6 | $ 120.8 | $ 367.3 | $ 358.4 |

### Adjusted selling, general and administrative expenses ("Adjusted SG&A")

| US$ Millions | Three Months and Nine Months Ended 31 December | | | |
|---|---|---|---|---|
| | Q3'19 | Q3'18 | 9 Months FY19 | 9 Months FY18 |
| **SG&A expenses** | $ 97.5 | $ 77.7 | $ 301.3 | $ 226.2 |
| Excluding: | | | | |
| AICF SG&A expenses | (0.4) | (0.5) | (1.1) | (1.3) |
| Fermacell acquisition costs | - | (3.0) | - | (4.7) |
| Product line discontinuation | (1.4) | - | (1.4) | - |
| **Adjusted SG&A expenses** | $ 95.7 | $ 74.2 | $ 298.8 | $ 220.2 |
| Net sales | 586.2 | 495.1 | 1,881.8 | 1,528.6 |
| SG&A expenses as a percentage of net sales | 16.6% | 15.7% | 16.0% | 14.8% |
| **Adjusted SG&A expenses as a percentage of net sales** | 16.3% | 15.0% | 15.9% | 14.4% |

# Q3 FY19 MANAGEMENT PRESENTATION

## 05 February 2019

JamesHardie

# James Hardie Industries plc

## Condensed Consolidated Financial Statements as of and for the Period Ended 31 December 2018

# James Hardie Industries plc
## Index

**Item 1. Condensed Consolidated Financial Statements (Unaudited)** **Page**

# James Hardie Industries plc
## Condensed Consolidated Balance Sheets

| (Millions of US dollars) | (Unaudited) 31 December 2018 | 31 March 2018 |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | **$ 118.5** | $ 281.6 |
| Restricted cash | **5.1** | 5.0 |
| Restricted cash - Asbestos | **25.6** | 26.6 |
| Restricted short-term investments - Asbestos | **52.9** | 38.4 |
| Accounts and other receivables, net of provision for doubtful trade debts of US$1.8 million and US$1.3 million as of 31 December 2018 and 31 March 2018 | **171.6** | 202.7 |
| Inventories | **315.4** | 255.7 |
| Prepaid expenses and other current assets | **29.3** | 25.4 |
| Insurance receivable - Asbestos | **4.7** | 5.1 |
| Workers' compensation - Asbestos | **2.0** | 2.1 |
| Total current assets | **725.1** | 842.6 |
| Property, plant and equipment, net | **1,338.6** | 992.1 |
| Goodwill | **202.4** | 4.9 |
| Intangible assets, net | **178.8** | 12.3 |
| Insurance receivable - Asbestos | **44.5** | 52.8 |
| Workers' compensation - Asbestos | **26.5** | 28.8 |
| Deferred income taxes | **1,110.0** | 29.9 |
| Deferred income taxes - Asbestos | **332.8** | 382.9 |
| Other assets | **2.7** | 4.7 |
| Total assets | **$ 3,961.4** | $ 2,351.0 |
| **Liabilities and Shareholders' Equity (Deficit)** | | |
| Current liabilities: | | |
| Accounts payable and accrued liabilities | **$ 274.9** | $ 193.3 |
| Dividends payable | **43.3** | — |
| Accrued payroll and employee benefits | **76.0** | 61.8 |
| Accrued product warranties | **6.9** | 7.3 |
| Income taxes payable | **16.7** | 3.2 |
| Asbestos liability | **104.9** | 114.1 |
| Workers' compensation - Asbestos | **2.0** | 2.1 |
| Other liabilities | **13.8** | 12.8 |
| Total current liabilities | **538.5** | 394.6 |
| Long-term debt | **1,307.3** | 884.4 |
| Deferred income taxes | **80.8** | 66.4 |
| Accrued product warranties | **41.6** | 45.5 |
| Income taxes payable | **25.2** | 25.9 |
| Asbestos liability | **927.4** | 1,101.0 |
| Workers' compensation - Asbestos | **26.5** | 28.8 |
| Other liabilities | **44.4** | 25.9 |
| Total liabilities | **2,991.7** | 2,572.5 |
| Commitments and contingencies (Note 11) | | |
| Shareholders' equity (deficit): | | |
| Common stock, Euro 0.59 par value, 2.0 billion shares authorized; 442,263,913 shares issued and outstanding at 31 December 2018 and 441,524,118 shares issued and outstanding at 31 March 2018 | **230.0** | 229.5 |
| Additional paid-in capital | **192.8** | 185.6 |
| Accumulated shareholders' equity (deficit) | **576.3** | (635.3) |
| Accumulated other comprehensive loss | **(29.4)** | (1.3) |
| Total shareholders' equity (deficit) | **969.7** | (221.5) |
| Total liabilities and shareholders' equity (deficit) | **$ 3,961.4** | $ 2,351.0 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

# James Hardie Industries plc
## Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

| (Millions of US dollars, except per share data) | Three Months Ended 31 December 2018 | Three Months Ended 31 December 2017 | Nine Months Ended 31 December 2018 | Nine Months Ended 31 December 2017 |
|---|---|---|---|---|
| Net sales | **$ 586.2** | $ 495.1 | **$ 1,881.8** | $ 1,528.6 |
| Cost of goods sold | **(394.0)** | (312.2) | **(1,261.4)** | (989.5) |
| Gross profit | **192.2** | 182.9 | **620.4** | 539.1 |
| Selling, general and administrative expenses | **(97.5)** | (77.7) | **(301.3)** | (226.2) |
| Research and development expenses | **(9.3)** | (8.3) | **(28.5)** | (24.4) |
| Asset impairments | **—** | — | **(13.1)** | — |
| Asbestos adjustments | **12.1** | 47.0 | **51.4** | 36.5 |
| Operating income | **97.5** | 143.9 | **328.9** | 325.0 |
| Interest expense, net of capitalized interest | **(14.9)** | (9.0) | **(39.6)** | (23.4) |
| Interest income | **1.2** | 0.7 | **2.8** | 1.8 |
| Loss on early debt extinguishment | **(1.0)** | (26.1) | **(1.0)** | (26.1) |
| Other (expense) income | **(0.2)** | 0.6 | **0.1** | 0.2 |
| Income before income taxes | **82.6** | 110.1 | **291.2** | 277.5 |
| Income tax expense | **(14.7)** | (30.2) | **(63.2)** | (73.8) |
| Net income | **$ 67.9** | $ 79.9 | **$ 228.0** | $ 203.7 |
| Income per share: | | | | |
| Basic | **$ 0.15** | $ 0.18 | **$ 0.52** | $ 0.46 |
| Diluted | **$ 0.15** | $ 0.18 | **$ 0.51** | $ 0.46 |
| Weighted average common shares outstanding (Millions): | | | | |
| Basic | **442.1** | 441.3 | **441.7** | 441.0 |
| Diluted | **443.1** | 442.0 | **442.9** | 441.7 |
| Comprehensive income, net of tax: | | | | |
| Net income | **$ 67.9** | $ 79.9 | **$ 228.0** | $ 203.7 |
| Cash flow hedges | **—** | — | **(0.1)** | — |
| Currency translation adjustments | **(4.4)** | 0.2 | **(28.0)** | 6.9 |
| Comprehensive income | **$ 63.5** | $ 80.1 | **$ 199.9** | $ 210.6 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

# James Hardie Industries plc
## Condensed Consolidated Statements of Cash Flows
(Unaudited)

| (Millions of US dollars) | Nine Months Ended 31 December 2018 | Nine Months Ended 31 December 2017 |
|---|---|---|
| **Cash Flows From Operating Activities** | | |
| Net income | **$ 228.0** | $ 203.7 |
| Adjustments to reconcile net income to net cash provided by operating activities | | |
| Depreciation and amortization | **88.7** | 68.6 |
| Deferred income taxes | **16.4** | (11.8) |
| Stock-based compensation | **7.7** | 8.0 |
| Asbestos adjustments | **(51.4)** | (36.5) |
| Excess tax benefits from share-based awards | **(0.1)** | (0.8) |
| Loss on early debt extinguishment | **1.0** | 26.1 |
| Asset impairments | **13.1** | — |
| Other, net | **12.4** | 8.5 |
| Changes in operating assets and liabilities: | | |
| Accounts and other receivables | **65.6** | 44.3 |
| Inventories | **(26.1)** | (47.7) |
| Prepaid expenses and other assets | **(6.0)** | 1.8 |
| Insurance receivable - Asbestos | **4.2** | 6.2 |
| Accounts payable and accrued liabilities | **20.2** | 13.4 |
| Claims and handling costs paid - Asbestos | **(87.8)** | (78.7) |
| Income taxes payable | **12.2** | 29.2 |
| Other accrued liabilities | **4.7** | 37.3 |
| **Net cash provided by operating activities** | **$ 302.8** | $ 271.6 |
| **Cash Flows From Investing Activities** | | |
| Purchases of property, plant and equipment | **$ (224.7)** | $ (148.8) |
| Proceeds from sale of property, plant and equipment | **—** | 7.9 |
| Capitalized interest | **(3.7)** | (3.1) |
| Acquisition of business, net of cash acquired | **(558.7)** | — |
| Purchase of restricted short-term investments - Asbestos | **(89.1)** | (78.0) |
| Sale of restricted short-term investments - Asbestos | **70.6** | — |
| **Net cash used in investing activities** | **$ (805.6)** | $ (222.0) |
| **Cash Flows From Financing Activities** | | |
| Proceeds from credit facilities | **$ 150.0** | $ 280.0 |
| Repayments of credit facilities | **(180.0)** | (455.0) |
| Proceeds from 364-day term loan facility | **492.4** | — |
| Repayment of 364-day term loan facility | **(458.8)** | — |
| Proceeds from senior unsecured notes | **458.8** | 800.0 |
| Repayment of senior unsecured notes | **—** | (400.0) |
| Debt issuance costs | **(6.1)** | (13.9) |
| Call redemption premium paid to note holders | **—** | (19.5) |
| Proceeds from issuance of shares | **—** | 0.2 |
| Repayment of NSW loan - Asbestos | **—** | (51.9) |
| Dividends paid | **(128.5)** | (131.3) |
| **Net cash provided by financing activities** | **$ 327.8** | $ 8.6 |
| Effects of exchange rate changes on cash and cash equivalents, restricted cash and restricted cash - Asbestos | **$ 11.0** | $ (1.7) |
| Net decrease in cash and cash equivalents, restricted cash and restricted cash - Asbestos | **(164.0)** | 56.5 |
| Cash and cash equivalents, restricted cash and restricted cash - Asbestos at beginning of period | **313.2** | 192.8 |
| **Cash and cash equivalents, restricted cash and restricted cash - Asbestos at end of period** | **$ 149.2** | $ 249.3 |
| **Supplemental Disclosure of Cash Flows Activities** | | |
| Cash paid to AICF | **$ 103.0** | $ 102.2 |

The accompanying notes are an integral part of these condensed consolidated financial statements.

## 1. Background and Basis of Presentation

### Nature of Operations

James Hardie Industries plc manufactures and sells fiber cement, fiber gypsum and cement-bonded building products for interior and exterior building construction applications, primarily in the United States, Australia, Canada, New Zealand, the Philippines and Europe. On 3 April 2018, James Hardie Industries plc completed the acquisition of German-based XI (DL) Holdings GmbH (n/k/a James Hardie Europe Holdings 2) and its subsidiaries (including, but not limited to, Fermacell GmbH (n/k/a James Hardie Europe GmbH)) (collectively, "Fermacell"). Fermacell manufactures and sells fiber gypsum and cement-bonded building products primarily in continental Europe.

### Basis of Presentation

The condensed consolidated financial statements represent the financial position, results of operations and cash flows of James Hardie Industries plc and its wholly-owned subsidiaries and variable interest entities. Except as otherwise indicated, James Hardie Industries plc is referred to as “JHI plc.” JHI plc, together with its direct and indirect subsidiaries, are collectively referred to as “James Hardie” or the “Company.” These interim condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto, included in the Company’s Annual Report on Form 20-F for the fiscal year ended 31 March 2018, which was filed with the United States Securities and Exchange Commission (“SEC”) on 22 May 2018.

The condensed consolidated financial statements included herein are unaudited; however, they contain all adjustments (all of which are normal and recurring) which, in the opinion of the Company’s management, are necessary to state fairly the condensed consolidated balance sheet of the Company at 31 December 2018, the condensed consolidated statements of operations and comprehensive income for the three and nine months ended 31 December 2018 and 2017 and the condensed consolidated statements cash flows for the nine months ended 31 December 2018 and 2017.

The Company has recorded on its balance sheet certain foreign assets and liabilities, including asbestos-related assets and liabilities under the terms of the Amended and Restated Final Funding Agreement (“AFFA”), that are denominated in foreign currencies and subject to translation (foreign entities) or remeasurement (Asbestos Injuries Compensation Fund (“AICF”) entity and Euro denominated debt) into US dollars at each reporting date. Unless otherwise noted, the Company converts foreign currency denominated assets and liabilities into US dollars at the current spot rate at the end of the reporting period; while revenues and expenses are converted using an average exchange rate for the period. Gains or losses resulting from transactions denominated in foreign currencies are included in selling, general and administrative expenses in the condensed consolidated statements of operations and comprehensive income, and may be offset by other transactions. The Company recorded a foreign exchange gain relating to its Euro denominated term loan which was economically offset by a foreign exchange loss on loans between subsidiaries, resulting in a net translation gain of US$0.6 million and US$2.5 million for the three and nine months ended 31 December 2018, respectively, which was recorded in *Selling, general and administrative expenses* in the condensed consolidated statements of operations and comprehensive income.

The results of operations for the three and nine months ended 31 December 2018 are not necessarily indicative of the results to be expected for the full year. The balance sheet at 31 March 2018 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by accounting principles generally accepted in the United States of America (“US GAAP”) for complete financial statements in this interim financial report.

### Business combinations

The Company accounts for acquired businesses using the acquisition method of accounting. This method requires that the purchase price be allocated to the identifiable assets acquired and liabilities assumed at their estimated fair values. The excess of the purchase price over the identifiable assets acquired and liabilities assumed is recorded as goodwill.

The fair values are determined by management, taking into consideration information supplied by management of the acquired entities, and other relevant information. Such information typically includes valuations obtained from independent appraisal experts, which management reviews and considers in its estimates of fair values. The valuations are generally based upon future cash flow projections for the acquired assets, discounted to present value. The determination of fair values requires significant judgment by management, particularly with respect to the value of identifiable intangible assets. This judgment could result in either a higher or lower value assigned to amortizable or depreciable assets. The impact could result in either higher or lower amortization and/or depreciation expense. Management's estimates of fair value are based upon assumptions believed to be reasonable, but due to the inherent uncertainty during the measurement period, which may be up to one year from the acquisition date, the Company records adjustments to the assets acquired and liabilities assumed, with the corresponding offset to goodwill. The purchase price allocation for the Fermacell acquisition is based upon a preliminary valuation and the estimates and assumptions are subject to change within the measurement period as additional information is obtained.

**Goodwill and Other Intangible Assets**
Goodwill is the excess of purchase price over the fair value of tangible and identifiable intangible net assets acquired in various business combinations. Goodwill is not amortized but is tested at the reporting unit level for impairment annually, or more often if indicators of impairment exist. A goodwill impairment charge is recorded for the amount by which the carrying value of the reporting unit exceeds the fair value of the reporting unit. During the three and nine months ended 31 December 2018, the Company recorded a Goodwill impairment charge of nil and US$4.6 million, respectively, in the Other Businesses segment due to the Company's decision to exit the Windows business in the second quarter of fiscal year 2019. The Company did not record any goodwill impairment charges for the three and nine months ended 31 December 2017.

Intangible assets from acquired businesses are recognized at their estimated fair values at the date of acquisition and consist of trademarks, customer relationships and other intangible assets. Finite-lived intangibles are amortized to expense over the applicable useful lives, ranging from 2 to 13 years, based on the nature of the asset and the underlying pattern of economic benefit as reflected by future net cash inflows. The Company performs an impairment test of intangibles annually, or whenever events or changes in circumstances indicate their carrying value may be impaired. During the three and nine months ended 31 December 2018, the Company recorded an intangible asset impairment charge in the Other Businesses segment of nil and US$2.2 million, respectively, due to the Company's decision to exit the Windows business in the second quarter of fiscal year 2019. Further, during second quarter of fiscal year 2019, the Company made the decision to exit its Multiple Contour Trim ("MCT") product line, and as a result, the Company recorded an impairment charge in the North America Fiber Cement segment of nil and US$0.4 million for the three and nine months ended 31 December 2018, respectively, on the intangible assets associated with this product line. The Company did not record any intangible asset impairment charges for the three and nine months ended 31 December 2017.

**Impairment of Long-Lived Assets**
Long-lived assets, such as property, plant and equipment, are evaluated each quarter for events or changes in circumstances that indicate that an asset might be impaired because the carrying amount of the asset may not be recoverable. During the three and nine months ended 31 December 2018, the Company recorded total impairment charges on property, plant and equipment of nil and US$5.9 million, respectively. The total impairment charges for the nine months ended 31 December 2018 consist of an impairment charge of US$3.3 million in the Other Businesses segment, and an impairment charge of US$2.6 million in the North America Fiber Cement segment.

**Reclassifications**
The Company adopted Accounting Standards Update ("ASU") No. 2016-18 starting with the fiscal year beginning 1 April 2018, which required *Restricted Cash* and *Restricted Cash - Asbestos* to be included in the starting and ending cash balances on the condensed consolidated statements of cash flows. See Note 2 for further details on this accounting standard update, including all reclassifications made to the condensed consolidated statements of cash flows for the nine months ended 31 December 2017.

Within the *Total Assets* section of the condensed consolidated balance sheet as of 31 March 2018, the Company reclassified the *Intangible Assets, Net* and *Goodwill* balance of US$12.3 million and US$4.9 million, respectively, which was previously included in *Other Assets* to conform to current year presentation.

**Reporting Segments**
During the first quarter of fiscal year 2019, the Company changed its reportable operating segments in conjunction with how information is evaluated by the Chief Operating Decision Maker (CODM) for the purpose of assessing segment performance and allocation of resources. The Company has revised its historical segment information at 31 March 2018 and for the three and nine months ended 31 December 2017 to be consistent with the current reportable segment

structure. The change in reportable segments had no effect on the Company's financial position, results of operations or cash flows for the periods presented. See Note 15 for further details on segment reporting.

**2. Recent Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU No. 2014-09, which provides guidance requiring companies to recognize revenue depicting the transfer of goods or services to customers in amounts that reflect the payment to which a company expects to be entitled in exchange for those goods or services. ASU No. 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. ASU No. 2014-09 was effective for annual reporting periods beginning after 15 December 2017, and interim periods within those years, with early adoption permitted for annual reporting periods beginning after 15 December 2016. Companies may use either a full retrospective or a modified retrospective approach to adopt ASU No. 2014-09. The Company adopted ASU No. 2014-09 (and related clarifying guidance issued by the FASB) starting with the fiscal year beginning 1 April 2018 using a modified retrospective approach. As a result of adopting ASU No. 2014-09, the Company recorded no adjustment to the opening retained earnings as of 1 April 2018. The impact to revenues and related deferred revenue balances as a result of applying ASU No. 2014-09 was not material as of and for the three and nine months ended 31 December 2018. See Note 4 for further details.

In February 2016, the FASB issued ASU No. 2016-02, which provides guidance on the amount, timing, and uncertainty of cash flows arising from leases. The standard requires lessees to recognize lease assets and lease liabilities on the balance sheet and requires expanded disclosures about leasing arrangements. Lessor accounting will remain largely unchanged from current guidance, however ASU No. 2016-02 will provide improvements that are intended to align lessor accounting with the lessee model and with updated revenue recognition guidance. The amendments in ASU No. 2016-02 shall be applied on a modified retrospective basis, and are effective for fiscal years and interim periods within those years, beginning after 15 December 2018, with early adoption permitted. In July 2018, the FASB issued ASU No. 2018-11, which provided a second accepted transition method, which would allow companies to adopt the new lease standard as a cumulative-effect adjustment to the opening balance of retained earnings as of the beginning of the period of adoption, rather than at the beginning of the earliest period presented. The Company has begun its process for implementing this guidance, including obtaining copies of all active leases, extracting and documenting key components of each lease, educating key stakeholders on this new accounting guidance and performing steps to ensure the population of leases is complete. The Company will adopt ASU No. 2016-02 starting with the fiscal year beginning 1 April 2019, using the second modified retrospective transition method outlined in ASU No. 2018-11, and is currently evaluating the impact of the guidance on its consolidated financial statements.

In October 2016, the FASB issued ASU No. 2016-16, which requires entities to recognize the income tax consequences of intra-entity transfers of assets other than inventory when the transfer occurs. The amendments in ASU No. 2016-16 were effective for fiscal years and interim periods within those years, beginning after 15 December 2017, with early adoption permitted. The amendments in ASU No. 2016-16 shall be applied on a modified retrospective basis, wherein the beginning retained earnings in the period in which the guidance is adopted should include a cumulative-effect adjustment to reflect the effects of applying the new guidance. The Company adopted ASU No. 2016-16 starting with the fiscal year beginning 1 April 2018, and recorded an increase in gross deferred income tax assets of US$1,313.0 million, a valuation allowance of US$148.2 million, a decrease in other assets of US$4.5 million and a corresponding cumulative retained earnings adjustment of US$1,160.3 million, resulting from all internal restructuring transactions undertaken in prior years, including the internal restructuring transaction implemented during the year ended 31 March 2018 relating to the alignment of certain intangible assets with its US business.

In November 2016, the FASB issued ASU No. 2016-18, which requires the statement of cash flows to explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. The amendments in ASU No. 2016-18 were effective for fiscal years and interim periods within those years, beginning after 15 December 2017, with early adoption permitted. The Company adopted ASU No. 2016-18 starting with the fiscal year beginning 1 April 2018 and the amendments in ASU No. 2016-18 were applied on a retrospective basis for each period presented. In accordance with disclosure requirements of this new accounting standard, the impact of adoption on the condensed consolidated statements of cash flows was as follows:

| | 31 March 2018 | | |
|---|---|---|---|
| (Millions of US dollars) | As reported | ASU 2016-18 Adjustment | As adjusted |
| Cash and cash equivalents | $ 281.6 | $ 31.6 | $ 313.2 |

| | Nine months ended 31 December 2017 | | |
|---|---|---|---|
| (Millions of US dollars) | As reported | ASU 2016-18 Adjustment | As adjusted |
| Cash and cash equivalents at the beginning of the period | $ 78.9 | $ 113.9 | $ 192.8 |
| Cash and cash equivalents at the end of the period | 231.3 | 18.0 | 249.3 |
| | | | |
| Restricted cash - Asbestos | 70.0 | (70.0) | — |
| Payment to AICF | (102.2) | 102.2 | — |
| Asbestos liability | (78.7) | 78.7 | — |
| Asbestos claims paid | — | (78.7) | (78.7) |
| Net cash provided by operating activities | 239.4 | 32.2 | 271.6 |
| Purchase of investments - Asbestos | — | (78.0) | (78.0) |
| Net cash used in investing activities | (144.0) | (78.0) | (222.0) |
| Repayments of NSW Loan - Asbestos | — | (51.9) | (51.9) |
| Net cash provided in financing activities | 60.5 | (51.9) | 8.6 |
| | | | |
| Effects of exchange rate changes on cash | (3.5) | 1.8 | (1.7) |

In January 2017, the FASB issued ASU No. 2017-01, which clarifies the definition of a business to assist entities with evaluating whether transactions should be accounted for as acquisitions or disposals of either assets or of businesses. The amendments in ASU No. 2017-01 were effective for fiscal years and interim periods within those years, beginning after 15 December 2017, on a prospective basis. Early adoption of the amendments in ASU No. 2017-01 is allowable for transactions in which the acquisition date, the date of the deconsolidation of a subsidiary or the date a group of assets is derecognized occurs before the report issuance date. The Company adopted ASU No. 2017-01 starting with the fiscal year beginning 1 April 2018 and the adoption of this standard did not have a material impact on the consolidated financial statements.

In January 2017, the FASB issued ASU No. 2017-04, which removes step 2 from the goodwill impairment test. Under the new guidance, if a reporting unit's carrying amount exceeds it fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. The amendments in ASU No. 2017-04 are effective for fiscal years and interim periods within those years, beginning after 15 December 2019, with early adoption permitted. The Company adopted ASU No. 2017-04 prospectively on 1 April 2018, and the adoption of this standard did not have a material impact on the consolidated financial statements.

In March 2018, the FASB issued ASU No. 2018-05, which provides the SEC Staff's guidance when preparing the initial accounting for the income tax effects of the US Tax Cuts and Jobs Act ("TCJ Act"), which was enacted on 22 December 2017. The staff guidance addresses the specific situation in which the initial accounting for certain income tax effects of the TCJ Act will not be complete at the time that financial statements are issued. ASU No. 2018-05 is effective for financial statements that include the reporting period in which the TCJ Act was enacted. Therefore, the Company implemented the guidance in ASU No. 2018-05 in its financial statements for the fiscal year ending 31 March 2018. For fiscal year 2018 and the first six months of fiscal year 2019, the Company recorded provisional amounts for certain enactment-date effects of the Act by applying the guidance in Staff Accounting Bulletin 118 because the Company had not yet completed the enactment-date accounting for these effects. The Company finalized the accounting for the effects of the TCJ Act during the quarter ended 31 December 2018, and recognized a discrete tax benefit of US$1.8 million as a result of additional guidance provided by the Internal Revenue Service in respect to the application of Internal Revenue Code Section 162 (m). The Company also recognized insignificant tax effects due to the finalization of the one-time transition tax, the re-measurement of deferred tax assets and liabilities, and other impacts of the TCJ Act. The Company is electing to account for Global Intangible Low Tax Income in the year the tax is incurred.

In July 2018, the FASB issued ASU No. 2018-09, which clarifies, corrects errors in, and makes minor improvements to a wide variety of topics in the Accounting Standards Codification ("ASC"). The transition and effective date of this guidance is based on the facts and circumstances of each amendment. Some of the amendments in ASU No. 2018-09 do not require transition guidance and were effective upon issuance of ASU No. 2018-09. The Company adopted these specific amendments during the three months ended 30 June 2018 and noted no material impact on its consolidated financial statements. However, many of the amendments do have transition guidance with effective dates for annual periods beginning after 15 December 2018. For these specific amendments, the Company will follow the specific transition guidance for each relevant amendment, and does not expect the adoption of these amendments to have a material impact on its consolidated financial statements.

In August 2018, the FASB issued ASU No. 2018-15, which clarifies the accounting treatment for implementation costs incurred in a cloud computing arrangement that is a service contract. ASU No. 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal-use software license). The guidance provides criteria for determining which implementation costs to capitalize as an asset related to the service contract and which costs to expense. The amendments in ASU No. 2018-15 should be applied either retrospectively or prospectively to all implementation costs incurred after the date of adoption, and are effective for fiscal years and interim periods within those years, beginning after 15 December 2019, with early adoption permitted. The Company adopted ASU No. 2018-15 during the quarter ended 30 September 2018 based on the prospective transition method, and does not expect the adoption of this amendments to have a material impact on its consolidated financial statements .

### 3. Earnings Per Share

The Company discloses basic and diluted earnings per share ("EPS"). Basic EPS is calculated using net income divided by the weighted average number of common shares outstanding during the period. Diluted EPS is similar to basic EPS except that the weighted average number of common shares outstanding is increased to include the number of additional common shares calculated using the Treasury Method that would have been outstanding if the dilutive potential common shares, such as stock options and restricted stock units ("RSUs"), had been issued.

Basic and diluted common shares outstanding used in determining net income per share are as follows:

| | Three Months Ended 31 December | | Nine Months Ended 31 December | |
|---|---|---|---|---|
| (Millions of shares) | **2018** | 2017 | **2018** | 2017 |
| Basic common shares outstanding | **442.1** | 441.3 | **441.7** | 441.0 |
| Dilutive effect of stock awards | **1.0** | 0.7 | **1.2** | 0.7 |
| Diluted common shares outstanding | **443.1** | 442.0 | **442.9** | 441.7 |

| (US dollars) | **2018** | **2017** | **2018** | 2017 |
|---|---|---|---|---|
| Net income per share - basic | **$ 0.15** | $ 0.18 | **$ 0.52** | $ 0.46 |
| Net income per share - diluted | **$ 0.15** | $ 0.18 | **$ 0.51** | $ 0.46 |

There were no potential common shares which would be considered anti-dilutive for the three and nine months ended 31 December 2018 and 2017.

Unless they are anti-dilutive, RSU's which vest solely based on continued employment are considered to be outstanding as of their issuance date for purposes of computing diluted EPS and are included in the calculation of diluted EPS using the Treasury Method. Once these RSU's vest, they are included in the basic EPS calculation on a weighted-average basis.

RSU's which vest based on performance or market conditions are considered contingent shares. At each reporting date prior to the end of the contingency period, the Company determines the number of contingently issuable shares to include in the diluted EPS calculation, as the number of shares that would be issuable under the terms of the RSU arrangement, if the end of the reporting period were the end of the contingency period. Once these RSU's vest, they are included in the basic EPS calculation on a weighted-average basis.

Potential common shares of 2.4 million and 2.2 million for the three and nine months ended 31 December 2018, respectively, and 2.5 million and 2.3 million for the three and nine months ended 31 December 2017, respectively, have been excluded from the calculation of diluted common shares outstanding as they are considered contingent shares which are not expected to vest.

**4. Revenues**

The following represents the Company's disaggregated revenues for the three months ended 31 December 2018 and 2017:

| | Three Months Ended 31 December 2018 | | | | |
|---|---|---|---|---|---|
| (Millions of US dollars) | North America Fiber Cement | Asia Pacific Fiber Cement | Europe Building Products | Other Businesses | Consolidated |
| Fiber cement revenues | $ 385.5 | $ 110.1 | $ 8.2 | $ — | $ 503.8 |
| Fiber gypsum revenues | — | — | 78.6 | — | 78.6 |
| Other revenues | — | — | — | 3.8 | 3.8 |
| Total revenues | $ 385.5 | $ 110.1 | $ 86.8 | $ 3.8 | $ 586.2 |

| | Three Months Ended 31 December 2017 | | | | |
|---|---|---|---|---|---|
| (Millions of US dollars) | North America Fiber Cement | Asia Pacific Fiber Cement | Europe Building Products | Other Businesses | Consolidated |
| Fiber cement revenues | $ 376.8 | $ 105.3 | $ 9.2 | $ — | $ 491.3 |
| Fiber gypsum revenues | — | — | — | — | — |
| Other revenues | — | — | — | 3.8 | 3.8 |
| Total revenues | $ 376.8 | $ 105.3 | $ 9.2 | $ 3.8 | $ 495.1 |

The following represents the Company's disaggregated revenues for the nine months ended 31 December 2018 and 2017:

| | Nine Months Ended 31 December 2018 | | | | |
|---|---|---|---|---|---|
| (Millions of US dollars) | North America Fiber Cement | Asia Pacific Fiber Cement | Europe Building Products | Other Businesses | Consolidated |
| Fiber cement revenues | $ 1,254.9 | $ 344.5 | $ 27.0 | $ — | $ 1,626.4 |
| Fiber gypsum revenues | — | — | 242.6 | — | 242.6 |
| Other revenues | — | — | — | 12.8 | 12.8 |
| Total revenues | $ 1,254.9 | $ 344.5 | $ 269.6 | $ 12.8 | $ 1,881.8 |

| | Nine Months Ended 31 December 2017 | | | | |
|---|---|---|---|---|---|
| (Millions of US dollars) | North America Fiber Cement | Asia Pacific Fiber Cement | Europe Building Products | Other Businesses | Consolidated |
| Fiber cement revenues | $ 1,168.0 | $ 320.3 | $ 28.9 | $ — | $ 1,517.2 |
| Fiber gypsum revenues | — | — | — | — | — |
| Other revenues | — | — | — | 11.4 | 11.4 |
| Total revenues | $ 1,168.0 | $ 320.3 | $ 28.9 | $ 11.4 | $ 1,528.6 |

The process by which the Company recognizes revenues is similar across each of the Company's reportable segments and is described in further detail below. Fiber cement and fiber gypsum revenues are primarily generated from the sale of siding and various boards used in internal and external applications, as well as accessories. Fiber gypsum revenues also includes the sale of cement-bonded boards in the Europe Building Products segment. Other revenues in the Other Businesses segment are generated from the sale of fiberglass products and windows in North America.

The Company recognizes revenues when the requisite performance obligation has been met, that is, when the Company transfers control of its products to customers, which depending on the terms of the underlying contract, is generally upon delivery. The Company considers shipping and handling activities that it performs as activities to fulfill the sales of its products, with amounts billed for such costs included in net sales and the associated costs incurred for such services recorded in cost of sales, in accordance with the practical expedient provided by ASC 606.

Certain of the Company's customers receive discounts and rebates as sales incentives, amounts which are recorded as a reduction to revenue at the time the revenue is recognized. These amounts are an estimate recorded by the Company based on historical experience and contractual obligations, the underlying assumptions of which are periodically reviewed and adjusted by the Company as necessary.

The Company’s contracts are generally short-term in nature, generally not exceeding twelve months, with payment terms varying by the type and location of products or services offered; however, the period of time between invoicing and when payment is due is not significant.

### 5. Cash and Cash Equivalents, Restricted Cash and Restricted Cash - Asbestos

The following table provides a reconciliation of *Cash and cash equivalents, Restricted cash and Restricted cash - Asbestos* reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows:

| (Millions of US dollars) | **31 December 2018** | 31 March 2018 |
|---|---|---|
| Cash and cash equivalents | **$ 118.5** | $ 281.6 |
| Restricted cash | **5.1** | 5.0 |
| Restricted cash - Asbestos | **25.6** | 26.6 |
| Total cash and cash equivalents, restricted cash and restricted cash - Asbestos | **$ 149.2** | $ 313.2 |

Included in *Restricted cash* is US$5.1 million and US$5.0 million related to an insurance policy at 31 December 2018 and 31 March 2018, respectively, which restricts the cash from general corporate purposes.

Included in *Restricted cash - Asbestos* is US$25.6 million and US$26.6 million at 31 December 2018 and 31 March 2018, respectively. The use of these assets is restricted to the settlement of asbestos claims and for the payment of the operating costs of AICF.

**6. Inventories**

*Inventories* consist of the following components:

| (Millions of US dollars) | **31 December 2018** | 31 March 2018 |
|---|---|---|
| Finished goods | **$ 236.2** | $ 190.3 |
| Work-in-process | **5.9** | 8.1 |
| Raw materials and supplies | **87.8** | 65.3 |
| Provision for excess and obsolete finished goods and raw materials | **(14.5)** | (8.0) |
| Total inventories | **$ 315.4** | $ 255.7 |

As of 31 December 2018 and 31 March 2018, US$31.6 million and US$30.2 million, respectively, of the Company's finished goods inventory balance was held at vendor managed inventory locations.

**7. Goodwill and Other Intangible Assets**

Intangible assets from acquired businesses are recognized at their estimated fair values at the date of acquisition and consist of trademarks, customer relationships and other intangible assets. Finite-lived intangibles are amortized to expense over the applicable useful lives, ranging from 2 to 13 years, based on the nature of the asset and the underlying pattern of economic benefit as reflected by future net cash inflows. The Company performs an impairment test of intangibles annually, or whenever events or changes in circumstances indicate their carrying value may be impaired.

Indefinite-Lived Intangible Assets

The following are the changes in the carrying value of indefinite-lived intangible assets for the nine months ended 31 December 2018:

| (Millions of US dollars) | Goodwill[1] | Trade names[2] | Other[3] |
|---|---|---|---|
| Balance - 31 March 2018 | $ 4.9 | $ — | $ 7.4 |
| Acquired during the period | 217.6 | 126.8 | — |
| Impairment | (4.6) | — | — |
| Foreign exchange impact | (15.5) | (9.0) | — |
| Balance - 31 December 2018 | $ 202.4 | $ 117.8 | $ 7.4 |

1 At 31 December 2018, Goodwill of US$202.1 million and US$0.3 million was included in the Europe Building Products segment and Asia Pacific Fiber Cement segment, respectively. At 31 March 2018, Goodwill of US$4.6 million and US$0.3 million was included in the Other Businesses segment and the Asia Pacific Fiber Cement segment, respectively. During the three and nine months ended 31 December 2018, the Company recorded a Goodwill impairment charge of nil and US$4.6 million, respectively, in the Other Businesses segment due to the Company's decision to exit the Windows business.

2 Trade names are included in the Europe Building Products segment at 31 December 2018.

3 Other indefinite-lived intangible assets are included in the North America Fiber Cement segment at 31 December 2018 and 31 March 2018.

Amortizable Intangible Assets

The following are the changes in the carrying value of amortizable intangible assets primarily held in the Europe Building Products segment for the nine months ended 31 December 2018:

| (Millions of US dollars) | Gross Carrying Amount | Accumulated Amortization | Net Carrying Amount |
|---|---|---|---|
| ***Customer relationships:*** | | | |
| Balance - 31 March 2018 | $ — | $ — | $ — |
| Acquired during the period | 57.8 | — | 57.8 |
| Amortization | — | (3.6 ) | (3.6 ) |
| Foreign exchange impact | (4.4 ) | 0.3 | (4.1 ) |
| Balance - 31 December 2018 | $ 53.4 | $ (3.3 ) | $ 50.1 |

| (Millions of US dollars) | Gross Carrying Amount | Accumulated Amortization and Impairment | Net Carrying Amount |
|---|---|---|---|
| ***Other intangibles:*** | | | |
| Balance - 31 March 2018 | $ 9.7 | $ (4.8 ) | $ 4.9 |
| Acquired during the period | 2.4 | — | 2.4 |
| Amortization | — | (1.1 ) | (1.1 ) |
| Impairment | — | (2.6 ) | (2.6 ) |
| Foreign exchange impact | (0.2 ) | 0.1 | (0.1 ) |
| Balance - 31 December 2018 | $ 11.9 | $ (8.4 ) | $ 3.5 |

The amortization of intangible assets was US$ 1.5 million and US$ 0.2 million for the three months ended 31 December 2018 and 2017, respectively. The amortization of intangible assets was US$4.7 million and US$ 0.7 million for the nine months ended 31 December 2018 and 2017, respectively.

During the three and nine months ended 31 December 2018, the Company recorded total impairment charges on amortizable intangible assets of nil and US$2.6 million, respectively. The total impairment charges for the nine months ended 31 December 2018 consist of an impairment charge of US$2.2 million in the Other Businesses segment due to the Company's decision to exit the Windows business, and an impairment charge of US$0.4 million in the North America Fiber Cement segment due to the Company's decision to discontinue the MCT product line.

At 31 December 2018 and 31 March 2018, the weighted-average remaining useful life of the Company's amortizable intangible assets is as follows:

| (In Years) | **31 December 2018** | 31 March 2018 |
|---|---|---|
| Customer Relationships | **12.3** | — |
| Other Intangibles | **7.4** | 6.1 |
| Total | **12.0** | 6.1 |

At 31 December 2018, the estimated future amortization of intangible assets is as follows:

| Years ended 31 March (Millions of US dollars): | | |
|---|---|---|
| 2019 | $ | 1.5 |
| 2020 | | 3.2 |
| 2021 | | 2.9 |
| 2022 | | 3.6 |
| 2023 | | 4.4 |

**8. Long-Term Debt**

At 31 December 2018, the Company had two forms of debt: an unsecured revolving credit facility; and senior notes due 2025, 2026 and 2028. At 31 March 2018, the Company had three forms of debt: an unsecured revolving credit facility; a 364-day term loan facility (the "Term Loan Facility"); and senior notes due 2025 and 2028. The effective weighted average interest rate on the Company's total debt was 4.4% and 4.7% at 31 December 2018 and 31 March 2018, respectively. The weighted average term of all debt, including undrawn facilities, was 6.6 years and 6.9 years at 31 December 2018 and 31 March 2018, respectively.

Unsecured Revolving Credit Facility

In December 2015, James Hardie International Finance Designated Activity Company ("JHIF") and James Hardie Building Products Inc. ("JHBP"), each a wholly-owned subsidiary of JHI plc, entered into a US$500.0 million unsecured revolving credit facility (the "Revolving Credit Facility") with certain commercial banks and HSBC Bank USA, National
Association, as administrative agent. The Revolving Credit Facility's original expiration date was December 2020 and the size of the facility may be increased by up to US$250.0 million. In December 2017, JHIF amended the Revolving Credit Facility to among other things, extend the maturity date to December 2022.

Debt issuance costs in connection with the Revolving Credit Facility are recorded as an offset to *Long-Term Debt* in the Company's condensed consolidated balance sheets and are being amortized as interest expense using the effective interest method over the stated term of 5 years. At 31 December 2018 and 31 March 2018, the Company's total debt issuance costs have an unamortized balance of US$2.8 million and US$3.3 million, respectively.

The amount drawn under the Revolving Credit Facility was US$70.0 million and US$100.0 million at 31 December 2018 and 31 March 2018, respectively.

The effective weighted average interest rate on the Company's total outstanding Revolving Credit Facility was 4.4% and 3.2% at 31 December 2018 and 31 March 2018, respectively.

Borrowings under the Revolving Credit Facility bear interest at per annum rates equal to, at the borrower's option, either: (i) the London Interbank Offered Rate ("LIBOR") plus an applicable margin for LIBOR loans; or (ii) a base rate plus an applicable margin for base rate loans. The base rate is calculated as the highest of (x) the rate that the administrative agent announces from time to time as its prime lending rate, as in effect from time to time, (y) 1/2 of 1% in excess of the overnight Federal Funds Rate, and (z) LIBOR for an interest period of one month plus 1.00%. The applicable margin is calculated based on a pricing grid that in each case is linked to our consolidated net leverage ratio. For LIBOR Loans, the applicable margin ranges from 1.25% to 2.00%, and for base rate loans it ranges from 0.25% to 1.00%. The Company also pays a commitment fee of between 0.20% and 0.35% on the actual daily amount of the unutilized revolving loans. The applicable commitment fee percentage is based on a pricing grid linked to the Company's consolidated net leverage ratio.

The Revolving Credit Facility is guaranteed by each of James Hardie International Group Limited's ("JHIGL") and James Hardie Technology Limited ("JHTL"), each of which are wholly-owned subsidiaries of JHI plc.

The Revolving Credit Facility agreement contains certain covenants that, among other things, restrict JHIGL and its restricted subsidiaries' ability to incur indebtedness and grant liens other than certain types of permitted indebtedness and permitted liens, make certain restricted payments, and undertake certain types of mergers or consolidations actions. In addition, the Company: (i) must not exceed a maximum ratio of net debt to earnings before interest, tax, depreciation and amortization, excluding all asbestos-related liabilities, assets, income, gains, losses and charges other than AICF payments, all AICF selling, general and administrative ("SG&A") expenses, all Australian Securities and Investment Commission ("ASIC")-related expenses, all recoveries and asset impairments, and all New Zealand product liability expenses and (ii) must meet or exceed a minimum ratio of earnings before interest, tax, depreciation and amortization to interest charges, excluding all income, expense and other income statement impacts of asbestos income, gains, losses and charges, all AICF SG&A expenses, all ASIC-related expenses, all recoveries and asset impairments, and all New Zealand product liability expenses. At 31 December 2018, the Company was in compliance with all covenants contained in the Revolving Credit Facility agreement.

Term Loan Facility

In December 2017, JHIF and JHBP entered into the Term Loan Facility with certain commercial banks and HSBC Bank USA, National Association, as administrative agent. On 3 April 2018, the Company drew €400.0 million (US$492.4 million based on the exchange rate on 3 April 2018) on this Term Loan Facility, and used these funds to complete the Fermacell acquisition. On 3 October 2018, JHIF repaid all €400.0 million aggregate principal amount and accrued interest of its Term Loan Facility following the completion of the sale of €400.0 million (US$458.8 million, based on the exchange rate at 3 October 2018) aggregate principal amount of 3.625% senior unsecured notes due 2026. In connection with this repayment, the Company recorded a loss on early debt extinguishment of US$1.0 million during the three months ended 31 December 2018 associated with the unamortized portion of the deferred financing fees.

2025 and 2028 Senior Notes

In December 2017, JHIF completed the sale of US$800.0 million aggregate principal amount of senior unsecured notes. The sale of the senior notes were issued at par with US$400.0 million due 15 January 2025 (the "2025 Notes") and the remaining US$400.0 million due 15 January 2028 (the "2028 Notes").

Debt issuance costs in connection with the 2025 and 2028 Notes are recorded as an offset to *Long-Term Debt* on the Company's condensed consolidated balance sheets.

Debt issuance costs in connection with the 2025 Notes have an unamortized balance of US$5.4 million and US$6.1 million at 31 December 2018 and 31 March 2018, respectively. The debt issuance costs are being amortized as interest expense using the effective interest method over the stated term of 7 years. Interest is payable semi-annually in arrears on 15 January and 15 July of each year at a rate of 4.75% with first payment on 15 July 2018.

Debt issuance costs in connection with the 2028 Notes have an unamortized balance of US$5.8 million and US$6.2 million at 31 December 2018 and 31 March 2018, respectively. The debt issuance costs are being amortized as interest expense using the effective interest method over the stated term of 10 years. Interest is payable semi-annually in arrears on 15 January and 15 July of each year at a rate of 5.00% with first payment on 15 July 2018.

The 2025 and 2028 Notes are guaranteed by JHIGL, JHBP and JHTL, each of which are wholly-owned subsidiaries of JHI plc.

The indenture governing the 2025 and 2028 Notes contains covenants that, among other things, limit the ability of the guarantors and their restricted subsidiaries to incur liens on assets, make certain restricted payments, engage in certain sale and leaseback transactions and merge or consolidate with or into other companies. These covenants are subject to certain exceptions and qualifications as described in the indenture. At 31 December 2018, the Company was in compliance with all of its requirements under the indenture related to the 2025 and 2028 Notes.

The Company's 2025 and 2028 Notes have an estimated fair value of US$718.0 million and US$787.5 million at 31 December 2018 and 31 March 2018, respectively, based on the trading price observed in the market at or near the balance sheet date and are categorized as Level 1 within the fair value hierarchy.

2026 Senior Notes

In October 2018, JHIF completed the sale of €400.0 million (US$457.2 million, based on the exchange rate at 31 December 2018) aggregate principal amount of 3.625% senior unsecured notes due 1 October 2026 (the “2026 Notes”). The 2026 Notes were issued at par and the proceeds from the offering were used to repay the outstanding borrowings under the Term Loan Facility, and to pay related transaction fees and expenses.

Debt issuance costs in connection with the 2026 Notes are recorded as an offset to *Long-Term Debt* on the Company’s condensed consolidated balance sheets.

Debt issuance costs in connection with the 2026 Notes have an unamortized balance of US$5.9 million at 31 December 2018. The debt issuance costs are being amortized as interest expense using the effective interest method over the stated term of 8 years. Interest is payable semi-annually in arrears on 1 October and 1 April of each year at a rate of 3.625% with first payment due on 1 April 2019.

The 2026 Notes are guaranteed by JHIGL, JHBP and JHTL, each of which are wholly-owned subsidiaries of JHI plc.

The indenture governing the 2026 Notes contains covenants that, among other things, limit the ability of the guarantors and their restricted subsidiaries to incur liens on assets, make certain restricted payments, engage in certain sale and leaseback transactions and merge or consolidate with or into other companies. These covenants are subject to certain exceptions and qualifications as described in the indenture. At 31 December 2018, the Company was in compliance with all of its requirements under the indenture related to the 2026 Notes.

The Company’s 2026 Notes have an estimated fair value of US$444.9 million (based on EUR/USD exchange rate at 31 December 2018) based on the trading price observed in the market at or near the balance sheet date and are categorized as Level 1 within the fair value hierarchy.

2023 Senior Notes

In December 2017, JHIF redeemed all US$400.0 million aggregate principal amount of its 5.875% senior notes due 2023. In connection with this redemption, the Company recorded a loss on early debt extinguishment of US$26.1 million, which included US$19.5 million of call redemption premiums and US$6.6 million of unamortized financing costs associated with these notes.

Off Balance Sheet Arrangements

As of 31 December 2018, the Company had a total borrowing base capacity under the Revolving Credit Facility of US$500.0 million with outstanding borrowings of US$70.0 million, and US$9.5 million of drawn letters of credit and bank guarantees. These letters of credit and bank guarantees relate to various operational matters including insurance, performance bonds and other items, leaving the Company with US$420.5 million of available borrowing capacity under the Revolving Credit Facilities.

**9. Asbestos**

In February 2007, the Company’s shareholders approved the AFFA, an agreement pursuant to which the Company provides long-term funding to the AICF.

Asbestos Adjustments

Asbestos-related assets and liabilities are denominated in Australian dollars. The reported values of these asbestos-related assets and liabilities in the Company’s condensed consolidated balance sheets in US dollars are subject to adjustment depending on the closing exchange rate between the two currencies at the balance sheet dates, the effect of which is included in *Asbestos adjustments* in the condensed consolidated statements of operations and comprehensive income.

Adjustments in insurance receivables are due to changes in the Company's assessment of recoverability and are reflected as *Asbestos adjustments* on the condensed consolidated statements of operations and comprehensive income during the period in which the adjustments occur.

The following table sets forth the *Asbestos adjustments* included in the condensed consolidated statements of operations and comprehensive income for the three and nine months ended 31 December 2018 and 2017:

| | Three Months Ended 31 December | | Nine Months Ended 31 December | |
|---|---|---|---|---|
| (Millions of US dollars) | **2018** | 2017 | **2018** | 2017 |
| Effect of foreign exchange on other Asbestos net liabilities | **$ 12.1** | $ 2.7 | **$ 52.5** | $ (12.6) |
| Change in asbestos liability | **—** | 44.3 | **—** | 44.3 |
| Adjustments in insurance receivables | **—** | — | **(0.3)** | 4.5 |
| (Loss) Gain on foreign currency forward contracts | **—** | — | **(0.8)** | 1.4 |
| Asbestos research education fund | **—** | — | **—** | (1.1) |
| **Asbestos adjustments** | **$ 12.1** | $ 47.0 | **$ 51.4** | $ 36.5 |

Claims Data

The following table shows the activity related to the numbers of open claims, new claims and closed claims during each of the past five years and the average settlement per settled claim and case closed:

| | **Nine Months Ended** | For the Years Ended 31 March | | | | |
|---|---|---|---|---|---|---|
| | **31 December 2018** | 2018 | 2017 | 2016 | 2015 | 2014 |
| Number of open claims at beginning of period | **336** | 352 | 426 | 494 | 466 | 462 |
| Number of new claims | **435** | 562 | 557 | 577 | 665 | 608 |
| Number of closed claims | **444** | 578 | 631 | 645 | 637 | 604 |
| Number of open claims at end of period | **327** | 336 | 352 | 426 | 494 | 466 |
| Average settlement amount per settled claim | **A$274,615** | A$253,431 | A$223,535 | A$248,138 | A$254,209 | A$253,185 |
| Average settlement amount per case closed | **A$244,927** | A$217,038 | A$167,563 | A$218,900 | A$217,495 | A$212,944 |
| Average settlement amount per settled claim | **US$201,923** | US$196,093 | US$168,300 | US$182,763 | US$222,619 | US$236,268 |
| Average settlement amount per case closed | **US$180,093** | US$167,934 | US$126,158 | US$161,229 | US$190,468 | US$198,716 |

Under the terms of the AFFA, the Company has rights of access to actuarial information produced for AICF by the actuary appointed by AICF, which is currently KPMG Actuarial. The Company's disclosures with respect to claims statistics are subject to it obtaining such information, however, the AFFA does not provide the Company an express right to audit or otherwise require independent verification of such information or the methodologies to be adopted by the approved actuary. As such, the Company relies on the accuracy and completeness of the information provided by AICF to the approved actuary and the resulting information and analysis of the approved actuary when making disclosures with respect to claims statistics.

Asbestos-Related Assets and Liabilities

The Company has included on its condensed consolidated balance sheets the asbestos-related assets and liabilities of AICF under the terms of the AFFA. These amounts are detailed in the table below, and the net total of these asbestos-related assets and liabilities is referred to by the Company as the "Net AFFA Liability."

| (Millions of US dollars) | 31 December 2018 | 31 March 2018 |
|---|---|---|
| Asbestos liability – current | $ (104.9) | $ (114.1) |
| Asbestos liability – non-current | (927.4) | (1,101.0) |
| Asbestos liability – Total | (1,032.3) | (1,215.1) |
| Insurance receivable – current | 4.7 | 5.1 |
| Insurance receivable – non-current | 44.5 | 52.8 |
| Insurance receivable – Total | 49.2 | 57.9 |
| Workers' compensation asset – current | 2.0 | 2.1 |
| Workers' compensation asset – non-current | 26.5 | 28.8 |
| Workers' compensation liability – current | (2.0) | (2.1) |
| Workers' compensation liability – non-current | (26.5) | (28.8) |
| Workers' compensation – Total | — | — |
| Other net liabilities | (3.2) | (2.2) |
| Restricted cash - Asbestos | 25.6 | 26.6 |
| Restricted short-term investments - Asbestos | 52.9 | 38.4 |
| **Net Unfunded AFFA liability** | $ (907.8) | $ (1,094.4) |
| Deferred income taxes – non-current | 332.8 | 382.9 |
| Income tax payable | 19.0 | 21.1 |
| **Net Unfunded AFFA liability, net of tax** | $ (556.0) | $ (690.4) |

The following is a detailed rollforward of the Net Unfunded AFFA liability, net of tax, for the year ended 31 December 2018:

| (Millions of US dollars) | Asbestos Liability | Insurance Receivables | Restricted Cash and Investments | Other Assets and Liabilities | Net Unfunded AFFA Liability | Deferred Tax Assets | Income Tax Payable | Net Unfunded AFFA Liability, net of tax |
|---|---|---|---|---|---|---|---|---|
| Balance - 31 March 2018 | $ (1,215.1) | $ 57.9 | $ 65.0 | $ (2.2) | $ (1,094.4) | $ 382.9 | $ 21.1 | $ (690.4) |
| Asbestos claims paid[1] | 87.0 | — | (87.0) | — | — | — | — | — |
| Payment received in accordance with AFFA | — | — | 103.0 | — | 103.0 | — | — | 103.0 |
| AICF claims-handling costs incurred (paid) | 0.8 | — | (0.8) | — | — | — | — | — |
| AICF operating costs paid - non claims-handling | — | — | (1.1) | — | (1.1) | — | — | (1.1) |
| Insurance recoveries | — | (4.2) | 4.2 | — | — | — | — | — |
| Movement in income tax payable | — | — | — | — | — | (19.6) | (1.1) | (20.7) |
| Other movements | — | — | 2.3 | (1.1) | 1.2 | (0.2) | (0.3) | 0.7 |
| Effect of foreign exchange | 95.0 | (4.5) | (7.1) | 0.1 | 83.5 | (30.3) | (0.7) | 52.5 |
| **Balance - 31 December 2018** | **$ (1,032.3)** | **$ 49.2** | **$ 78.5** | **$ (3.2)** | **$ (907.8)** | **$ 332.8** | **$ 19.0** | **$ (556.0)** |

1 Claims paid of US$87.0 million reflects A$118.3 million converted at the average exchange rate for the period based on the assumption that these transactions occurred evenly throughout the period.

AICF Funding

On 2 July 2018, the Company made a payment of A$138.4 million (US$103.0 million translated at the exchange rate set five days before the day of payment) to AICF. This amount represents 35% of its free cash flow for fiscal year 2018 which is equivalent to the operating cash flows of US$295.0 million less an adjustment of US$0.8 million, resulting in free cash flow of US$294.2 million for fiscal year 2018, as defined by the AFFA. For the three and nine months ended 31 December 2018, the Company did not provide financial or other support to AICF that it was not previously contractually required to provide.

Free cash flow as defined in the AFFA, for purposes of the 35% funding, for the nine months ended 31 December 2018 is US$ 282.0 million.

Restricted Short-Term Investments

In July 2017, AICF invested A$100.0 million of its excess cash in time deposits. In fiscal year 2018, A$50.0 million of these time deposits matured, with the remaining A$50.0 million outstanding as of 31 March 2018. During the nine months ended 31 December 2018, the remaining A$50.0 million of time deposits matured and were reclassified to *Restricted cash - Asbestos* on the condensed consolidated balance sheets.

In July 2018, AICF invested A$120.0 million (US$84.7 million, based on the exchange rate at 31 December 2018) of its excess cash in time deposits. During the three months ended 31 December 2018, A$45.0 million of these time deposits matured and were reclassified in *Restricted cash - Asbestos* on the condensed consolidated balance sheet. The remaining time deposits bear a fixed interest rate and have a maturity as follows:

| Maturity Date | Interest Rate | A$ Millions Total Amount |
|---|---|---|
| 31 January 2019 | 2.61% | 15.0 |
| 31 May 2019 | 2.50% | 60.0 |

These time deposits are reflected within *Restricted short-term investments - Asbestos* on the condensed consolidated balance sheet as of 31 December 2018 and have been classified as available-for-sale. At 31 December 2018, AICF's short-term investments were revalued resulting in a mark-to-market fair value adjustment of nil.

AICF – New South Wales Government Secured Loan Facility

AICF may borrow, subject to certain conditions, up to an aggregate amount of A$320.0 million (US$ 225.9 million, based on the exchange rate at 31 December 2018). The AICF Loan Facility is available to be drawn for the payment of claims through 1 November 2030, at which point, all outstanding borrowings must be repaid. Borrowings made under the AICF Loan Facility are classified as current, as AICF intends to repay the debt within one year.

Interest accrues daily on amounts outstanding, is calculated based on a 365-day year and is payable monthly. AICF may, at its discretion, elect to accrue interest payable on amounts outstanding under the AICF Loan Facility on the date interest becomes due and payable.

At 31 December 2018 and 31 March 2018, AICF had an outstanding balance under the AICF Loan Facility of nil.

**10. Derivative Instruments**

The Company uses derivatives for risk management purposes and does not engage in speculative activity. A risk management objective for the Company is to mitigate interest rate risk associated with the Company's external credit facilities and foreign currency risk primarily with respect to forecasted transactions denominated in foreign currencies. The determination of whether the Company enters into a derivative transaction to achieve these risk management objectives depends on a number of factors, including an evaluation of the extent to which derivative instruments will achieve such risk management objectives of the Company.

The Company may from time to time enter into interest rate swap contracts to protect against upward movements in US Dollar LIBOR and the associated interest the Company pays on its external credit facilities. Interest rate swaps are recorded in the financial statements at fair value. Changes in fair value are recorded in the condensed consolidated statements of operations and comprehensive income in *Other (expense) income.*

Interest Rate Swaps

The fair value of interest rate swap contracts is calculated based on the fixed rate, notional principal, settlement date and present value of the future cash inflows and outflows based on the terms of the agreement and the future floating interest rates as determined by a future interest rate yield curve. The model used to value the interest rate swap contracts is based upon well recognized financial principles, and interest rate yield curves can be validated through readily observable data by external sources. Although readily observable data is used in the valuations, different valuation methodologies could have an effect on the estimated fair value. Accordingly, the interest rate swap contracts are categorized as Level 2.

For interest rate swap contracts, the Company has agreed to pay fixed interest rates while receiving a floating interest rate. These contracts have a fair value of US$0.5 million and US$0.4 million at 31 December 2018 and at 31 March 2018, respectively, which are included in *Accounts and other receivables.*

At 31 December 2018, the weighted average fixed interest rate of these contracts is 2.2% and the weighted average remaining life is 1.0 years.

For the three months ended 31 December 2018, the Company included in *Other (expense) income* an unrealized loss of US$0.3 million and a realized gain of US$0.1 million on interest rate swap contracts. For the nine months ended 31 December 2018, the Company included in *Other (expense) income* an unrealized gain of nil and a realized gain of US$0.1 million on interest rate swap contracts.

For the three months ended 31 December 2017, the Company included in *Other (expense) income* an unrealized gain of US$0.8 million and a realized loss US$0.2 million on interest rate swap contracts. For the nine months ended 31 December 2017, the Company included in *Other (expense) income* an unrealized gain of US$0.8 million and a realized loss US$0.6 million on interest rate swap contracts.

Foreign Currency Forward Contracts

The Company's foreign currency forward contracts are valued using models that maximize the use of market observable inputs including interest rate curves and both forward and spot prices for currencies and are categorized as Level 2 within the fair value hierarchy.

Changes in the fair value of forward contracts that are not designated as hedges are recorded in earnings within *Other (expense) income* at each measurement date. As discussed above, these derivatives are typically entered into as economic hedges of changes in currency exchange rates.

At 31 December 2018 and 2017, the Company did not have any forward currency contracts.

The following table sets forth the total outstanding notional amount and the fair value of the Company's derivative instruments:

| (Millions of US dollars) | Notional Amount | | Fair Value as of 31 December 2018 | | Fair Value as of 31 March 2018 | |
|---|---|---|---|---|---|---|
| | 31 December 2018 | 31 March 2018 | Assets | Liabilities | Assets | Liabilities |
| **Derivatives not accounted for as hedges** | | | | | | |
| Interest rate swap contracts | $ 75.0 | $ 100.0 | $ 0.5 | $ — | $ 0.4 | $ — |
| Foreign currency forward contracts | — | 0.8 | — | — | — | — |
| **Total** | **$ 75.0** | **$ 100.8** | **$ 0.5** | **$ —** | **$ 0.4** | **$ —** |

### 11. Commitments and Contingencies

The Company is involved from time to time in various legal proceedings and administrative actions related to the normal conduct of its business, including general liability claims, putative class action lawsuits and litigation concerning its products.

Although it is impossible to predict the outcome of any pending legal proceeding, management believes that such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on the Company's condensed consolidated financial position, results of operations or cash flows, except as they relate to asbestos as described in these condensed consolidated financial statements.

Environmental and Legal

The operations of the Company, like those of other companies engaged in similar businesses, are subject to a number of laws and regulations on air and water quality, waste handling and disposal. The Company's policy is to accrue for environmental costs when it is determined that it is probable that an obligation exists and the amount can be reasonably estimated.

## 12. Income Taxes

*Income taxes payable* represents taxes currently payable which are computed at statutory income tax rates applicable to taxable income derived in each jurisdiction in which the Company conducts business. During the nine months ended 31 December 2018, the Company paid tax, net of any refunds received, of US$16.6 million.

*Income tax expense* differs from the statutory rate primarily due to the Company's mix of pre-tax income by jurisdiction, foreign taxes on domestic income, the impact of tax law changes on the remeasurement of US-based deferred tax assets and foreign exchange on asbestos.

Deferred tax balances consist of the following components:

| (Millions of US dollars) | **31 December 2018** | 31 March 2018 |
|---|---|---|
| Deferred tax assets: | | |
| Intangible assets | **$ 1,237.0** | $ — |
| Asbestos liability | **332.8** | 382.9 |
| Other provisions and accruals | **42.6** | 37.7 |
| Net operating loss carryforwards | **71.8** | 25.5 |
| Foreign tax credit carryforwards | **116.7** | 126.1 |
| Total deferred tax assets | **1,800.9** | 572.2 |
| Valuation allowance | **(268.6)** | (129.6) |
| Total deferred tax assets net of valuation allowance | **1,532.3** | 442.6 |
| Deferred tax liabilities: | | |
| Depreciable and amortizable assets | **(127.7)** | (81.6) |
| Other | **(42.6)** | (14.6) |
| Total deferred tax liabilities | **(170.3)** | (96.2) |
| Total deferred taxes, net | **$ 1,362.0** | $ 346.4 |

The Company adopted ASU No. 2016-16 starting with the fiscal year beginning 1 April 2018, and recorded an increase in gross deferred income tax assets of US$1,313.0 million, a valuation allowance of US$148.2 million and a decrease in other assets of US$4.5 million. The deferred income tax asset is a result of all internal restructuring transactions involving intangible assets undertaken in prior years, including the internal restructuring transaction implemented during the year ended 31 March 2018 relating to the alignment of certain intangible assets with its US business. Intangible assets have an amortizable life of 15 years for US federal tax purposes.

*Deferred income taxes* include European, Australian and US net operating loss carry-forwards. At 31 December 2018, the Company had European tax loss carry-forwards of approximately US$9.2 million, Australian tax loss carry-forwards of approximately US$21.7 million and US tax loss carry-forwards of approximately US$40.9 million that are available to offset future taxable income in the respective jurisdiction.

At 31 December 2018, the Company had a valuation allowance against a portion of the European tax loss carry-forwards in respect of which realization is not more likely than not.

The Australian tax loss carry-forwards primarily result from current and prior year tax deductions for contributions to AICF. James Hardie 117 Pty Limited, the performing subsidiary under the AFFA, is able to claim a tax deduction for its contributions to AICF over a five-year period commencing in the year the contribution is incurred. At 31 December 2018, the Company recognized a tax deduction of US$65.7 million (A$89.3 million) for the current year relating to total contributions to AICF of US$472.1 million (A$595.3 million) incurred in fiscal years 2015 through 2019.

Due to the size and nature of its business, the Company is subject to ongoing reviews by taxing jurisdictions on various tax matters. The Company accrues for tax contingencies based upon its best estimate of the taxes ultimately expected to be paid, which it updates over time as more information becomes available. Such amounts are included in taxes payable or other non-current liabilities, as appropriate. If the Company ultimately determines that payment of these amounts is unnecessary, the Company reverses the liability and recognizes a tax benefit during the period in which the Company determines that the liability is no longer necessary. The Company records additional tax expense in the period in which it determines that the recorded tax liability is less than the ultimate assessment it expects.

Taxing authorities from various jurisdictions in which the Company operates are in the process of reviewing and auditing the Company's respective jurisdictional tax returns for various ranges of years. The Company accrues tax liabilities in connection with ongoing audits and reviews based on knowledge of all relevant facts and circumstances, taking into account existing tax laws, its experience with previous audits and settlements, the status of current tax examinations and how the tax authorities view certain issues.

Unrecognized Tax Benefits

At 31 December 2018 and 31 March 2018, the total amount of unrecognized tax benefits accrued by the Company related to unrecognized tax benefits that, if recognized, would affect the tax expense is US$0.6 million and US$0.7 million, respectively.

The Company recognizes penalties and interest accrued related to unrecognized tax benefits in *Income tax expense*. During the three and nine months ended 31 December 2018, the total amount of interest and penalties recognized in *Income tax expense* was US$0.1 million. The liabilities associated with uncertain tax benefits are included in *Other liabilities* on the Company's condensed consolidated balance sheets.

### 13. Stock-Based Compensation

Total stock-based compensation expense consists of the following:

| | Three Months Ended 31 December | | Nine Months Ended 31 December | |
|---|---|---|---|---|
| (Millions of US dollars) | **2018** | 2017 | **2018** | 2017 |
| Liability Awards Expense | **$ (1.1)** | $ 3.4 | **$ (0.7)** | $ 3.8 |
| Equity Awards Expense | **1.5** | 3.7 | **7.7** | 8.0 |
| **Total stock-based compensation expense** | **$ 0.4** | $ 7.1 | **$ 7.0** | $ 11.8 |

As of 31 December 2018, the unrecorded future stock-based compensation expense related to outstanding equity awards was US$19.7 million and will be recognized over an estimated weighted average amortization period of 2.3 years.

### 14. Capital Management and Dividends

The following table summarizes the dividends declared or paid during the fiscal years 2019, 2018 and 2017:

| (Millions of US dollars) | US Cents/Security | US$ Millions Total Amount | Announcement Date | Record Date | Payment Date |
|---|---|---|---|---|---|
| FY 2019 first half dividend[1] | 0.10 | 44.2 | 8 November 2018 | 12 December 2018 | 22 February 2019 |
| FY 2018 second half dividend | 0.30 | 128.5 | 22 May 2018 | 7 June 2018 | 3 August 2018 |
| FY 2018 first half dividend | 0.10 | 46.2 | 9 November 2017 | 13 December 2017 | 23 February 2018 |
| FY 2017 second half dividend | 0.28 | 131.3 | 18 May 2017 | 8 June 2017 | 4 August 2017 |
| FY 2017 first half dividend | 0.10 | 46.6 | 17 November 2016 | 21 December 2016 | 24 February 2017 |
| FY 2016 second half dividend | 0.29 | 130.2 | 19 May 2016 | 9 June 2016 | 5 August 2016 |

1 The FY 2019 first half dividend total amount of US$ 44.2 million represents the value of the dividend declared. Any difference between the amount declared and the amount payable per the Company's condensed consolidated balance sheets is due to unrealized exchange gains or losses associated with the change in the dividend liability between the record date and the balance sheet date.

### 15. Operating Segment Information and Concentrations of Risk

During the first quarter of fiscal year 2019, the Company changed its reportable operating segments. Previously, the Company maintained four operating segments: (i) North America Fiber Cement; (ii) International Fiber Cement; (iii) Other Businesses; and (iv) Research and Development. Beginning in the first quarter of fiscal year 2019, the Company replaced the International Fiber Cement segment with two new segments: (i) Asia Pacific Fiber Cement; and (ii) Europe Building Products. There were no changes to the North America Fiber Cement; Other Businesses; and Research and Development segments. The Company has revised its historical segment information at 31 March 2018 and for the three and nine months ended 31 December 2017 to be consistent with the current reportable segment structure. The change in reportable segments had no effect on the Company’s financial position, results of operations or cash flows for the periods presented.

The North America Fiber Cement segment manufactures fiber cement interior linings, exterior siding products and related accessories in the United States; these products are sold in the United States and Canada. The Asia Pacific Fiber Cement segment includes all fiber cement products manufactured in Australia, New Zealand and the Philippines, and sold in Australia, New Zealand, Asia, the Middle East and various Pacific Islands. The Europe Building Products segment includes the newly acquired Fermacell business and fiber cement product manufactured in the United States that is sold in Europe. The Other Businesses segment includes certain non-fiber cement manufacturing and sales activities in North America, including fiberglass windows. The Research and Development segment represents the cost incurred by the research and development centers. General Corporate costs primarily consist of *Asbestos adjustments*, officer and employee compensation and related benefits, professional and legal fees, administrative costs and rental expense, net of rental income, on the Company’s corporate offices.

### Operating Segments

The following is the Company's operating segment information:

| (Millions of US dollars) | Net Sales to Customers Three Months Ended 31 December 2018 | 2017 | Net Sales to Customers Nine Months Ended 31 December 2018 | 2017 |
|---|---|---|---|---|
| North America Fiber Cement | **$ 385.5** | $ 376.8 | **$ 1,254.9** | $ 1,168.0 |
| Asia Pacific Fiber Cement | **110.1** | 105.3 | **344.5** | 320.3 |
| Europe Building Products | **86.8** | 9.2 | **269.6** | 28.9 |
| Other Businesses | **3.8** | 3.8 | **12.8** | 11.4 |
| Worldwide total | **$ 586.2** | $ 495.1 | **$ 1,881.8** | $ 1,528.6 |

| (Millions of US dollars) | Income Before Income Taxes Three Months Ended 31 December 2018 | 2017 | Income Before Income Taxes Nine Months Ended 31 December 2018 | 2017 |
|---|---|---|---|---|
| North America Fiber Cement[1,9] | **$ 86.1** | $ 101.3 | **$ 287.4** | $ 278.5 |
| Asia Pacific Fiber Cement[1] | **23.5** | 24.9 | **79.3** | 81.8 |
| Europe Building Products[1,7] | **4.1** | 0.5 | **2.9** | 0.6 |
| Other Businesses[9] | **(7.4)** | (1.9) | **(26.5)** | (5.8) |
| Research and Development[1] | **(7.4)** | (7.2) | **(21.9)** | (20.5) |
| Segments total | **98.9** | 117.6 | **321.2** | 334.6 |
| General Corporate[2,6] | **(1.4)** | 26.3 | **7.7** | (9.6) |
| Total operating income | **97.5** | 143.9 | **328.9** | 325.0 |
| Net interest expense[3] | **(13.7)** | (8.3) | **(36.8)** | (21.6) |
| Loss on early debt extinguishment | **(1.0)** | (26.1) | **(1.0)** | (26.1) |
| Other (expense) income | **(0.2)** | 0.6 | **0.1** | 0.2 |
| Worldwide total | **$ 82.6** | $ 110.1 | **$ 291.2** | $ 277.5 |

| (Millions of US dollars) | Total Identifiable Assets 31 December 2018 | 31 March 2018 |
|---|---|---|
| North America Fiber Cement | **$ 1,220.5** | $ 1,070.7 |
| Asia Pacific Fiber Cement | **308.0** | 328.8 |
| Europe Building Products | **706.2** | 22.8 |
| Other Businesses | **14.6** | 30.1 |
| Research and Development | **8.0** | 7.5 |
| Segments total | **2,257.3** | 1,459.9 |
| General Corporate [4,5] | **1,704.1** | 891.1 |
| Worldwide total | **$ 3,961.4** | $ 2,351.0 |

The following is the Company's geographical information:

| | Net Sales to Customers Three Months Ended 31 December | | Net Sales to Customers Nine Months Ended 31 December | |
|---|---|---|---|---|
| (Millions of US dollars) | **2018** | 2017 | **2018** | 2017 |
| North America | **$ 389.4** | $ 380.5 | **$ 1,267.7** | $ 1,179.4 |
| Australia | **75.7** | 75.3 | **244.1** | 226.4 |
| Germany | **31.7** | 0.5 | **100.0** | 1.8 |
| New Zealand | **21.3** | 18.9 | **61.8** | 59.0 |
| Other Countries[8] | **68.1** | 19.9 | **208.2** | 62.0 |
| Worldwide total | **$ 586.2** | $ 495.1 | **$ 1,881.8** | $ 1,528.6 |

| | Total Identifiable Assets | |
|---|---|---|
| | **31 December** | 31 March |
| (Millions of US dollars) | **2018** | 2018 |
| North America | **$ 1,238.8** | $ 1,103.6 |
| Australia | **222.0** | 242.6 |
| Germany | **501.8** | 0.5 |
| New Zealand | **34.5** | 34.8 |
| Other Countries[8] | **260.2** | 78.4 |
| Segments total | **2,257.3** | 1,459.9 |
| General Corporate[4,5] | **1,704.1** | 891.1 |
| Worldwide total | **$ 3,961.4** | $ 2,351.0 |

1 The following table summarizes research and development costs by segment:

| | Three Months Ended 31 December | | Nine Months Ended 31 December | |
|---|---|---|---|---|
| (Millions of US dollars) | **2018** | 2017 | **2018** | 2017 |
| North America Fiber Cement | **$ 1.3** | $ 1.4 | **$ 4.4** | $ 4.5 |
| Asia Pacific Fiber Cement | **0.5** | 0.5 | **1.6** | 1.3 |
| Europe Building Products | **0.6** | — | **1.9** | — |
| Research and Development[a] | **6.9** | 6.4 | **20.6** | 18.6 |
| | **$ 9.3** | $ 8.3 | **$ 28.5** | $ 24.4 |

[a] For the three months ended 31 December 2018 and 2017, the Research and Development segment also included *Selling, general and administrative expenses* of US$0.5 million and US$0.8 million, respectively. For the nine months ended 31 December 2018 and 2017, the Research and Development segment also included *Selling, general and administrative expenses* of US$1.3 million and US$1.9 million, respectively.

2 Included in General Corporate costs are the following:

| | Three Months Ended 31 December | | Nine Months Ended 31 December | |
|---|---|---|---|---|
| (Millions of US dollars) | **2018** | 2017 | **2018** | 2017 |
| Asbestos adjustments | **$ 12.1** | $ 47.0 | **$ 51.4** | $ 36.5 |
| AICF SG&A expenses | **(0.4)** | (0.5) | **(1.1)** | (1.3) |
| Gain on sale of Fontana building | **—** | — | **—** | 3.4 |
| Fermacell acquisition costs | **—** | (3.0) | **—** | (4.7) |

3 The Company does not report net interest expense for each operating segment as operating segments are not held directly accountable for interest expense. All net interest expense is included in General Corporate costs. Included in net interest expense is AICF net interest income of US$0.7 million and US$0.3 million for the three months ended 31 December 2018 and 2017, respectively. Included in net interest expense is AICF net interest income of US$ 1.5 million and US$1.0 million for the nine months ended 31 December 2018 and 2017, respectively. See note 9 for more information.

4 The Company does not report deferred tax assets and liabilities for each operating segment as operating segments are not held directly accountable for deferred income taxes. All deferred income taxes are included in General Corporate costs.

5 Asbestos-related assets at 31 December 2018 and 31 March 2018 are US$489.8 million and US$537.7 million, respectively, and are included in General Corporate costs.

6 Included in General Corporate costs are New Zealand weathertightness legal costs of US$2.8 million and US$4.4 million for the three and nine months ended 31 December 2018, respectively.

7 Included in the Europe Building Products segment are Fermacell transaction and integration costs of US$3.9 million and US$17.7 million for the three and nine months ended 31 December 2018, respectively. Also, included in the Europe Building Products segment is the amortization of the inventory fair value adjustment of nil and US$7.3 million for the three and nine months ended 31 December 2018, respectively. As this inventory was sold during the first quarter of fiscal year 2019, the entire adjustment was recognized into cost of goods sold during the same period.

8 Included are all other countries that account for less than 5% of net sales and total identifiable assets individually, primarily in the Philippines, Switzerland and other European countries.

9 The following table summarizes asset impairment costs by segment:

| | Three Months Ended 31 December | | Nine Months Ended 31 December | |
|---|---|---|---|---|
| (Millions of US dollars) | **2018** | 2017 | **2018** | 2017 |
| North America Fiber Cement[a] | **$ —** | $ — | **$ 3.0** | $ — |
| Other Businesses[b] | **—** | — | **10.1** | — |
| | **$ —** | $ — | **$ 13.1** | $ — |

[a] For the three months ended 31 December 2018, the Company did not record any impairment charges in the North America Fiber Cement segment. For the nine months ended 31 December 2018, the Company recorded impairment charges of US$2.6 million and US$0.4 million to *Property, plant and equipment, net* and *Intangible assets, net,* respectively, related to the discontinuance of its MCT product line.

[b] For the three months ended 31 December 2018, the Company did not record any impairment charges in the Other Businesses segment. For the nine months ended 31 December 2018, the Company recorded impairment charges of US$4.6 million, US$3.3 million and US$2.2 million to the *Goodwill, Property, Plant and equipment, net* and *Intangible assets, net*, respectively, due to the Company's decision to exit the Windows business in the second quarter of fiscal year 2019.

## 16. Accumulated Other Comprehensive Loss

During the nine months ended 31 December 2018 there were the following reclassifications out of *Accumulated other comprehensive loss:*

| (Millions of US dollars) | Cash Flow Hedges | Foreign Currency Translation Adjustments | Total |
|---|---|---|---|
| Balance at 31 March 2018 | $ 0.3 | $ (1.6) | $ (1.3) |
| Other comprehensive loss | (0.1) | (28.0) | (28.1) |
| **Balance at 31 December 2018** | **$ 0.2** | **$ (29.6)** | **$ (29.4)** |

## 17. Business Combinations

### Fermacell Acquisition

On 3 April 2018, the Company completed its acquisition of the Fermacell business with Xella International S.A. for a purchase price of €516.4 million (US$635.6 based on the exchange rate at 3 April 2018). The acquisition was pursuant to the Sales and Purchase Agreement dated 7 November 2017, and was structured as a stock purchase, resulting in 100% ownership of Fermacell. The Company financed the acquisition through a combination of cash on hand and borrowings of €400.0 million (US$492.4 million based on the exchange rate at 3 April 2018) from the Term Loan Facility. See note 8 for more information.

Headquartered in Dusseldorf, Germany, Fermacell operates six manufacturing plants across Germany, the Netherlands and Spain, with a sales force in 13 countries and revenues generated primarily from countries in Western Europe. Fermacell is a provider of innovative building solutions, producing and distributing high quality fiber gypsum boards and cement-bonded boards, which are two complementary products in the high performance board space. Management believes this acquisition will generate significant value by providing the Company with a significant European presence and a differentiated platform to position the Company for meaningful long-term growth in Europe.

In connection with this acquisition, the Company incurred related transaction and integration costs of approximately US$3.9 million and US$17.7 million for the three and nine months ended 31 December 2018, which have been recorded in the condensed consolidated statements of operations and comprehensive income in *Selling, general and administrative expenses* .

The following is the purchase price allocation for Fermacell:

| (Millions of US dollars) | | |
|---|---|---|
| Cash and cash equivalents | $ | 76.9 |
| Accounts and other receivables | | 43.7 |
| Inventories | | 39.7 |
| Other assets | | 4.1 |
| Property, plant and equipment | | 231.5 |
| Intangible assets | | 187.0 |
| Accounts payable | | (40.5 ) |
| Other liabilities | | (40.0 ) |
| Deferred tax liabilities | | (84.4 ) |
| Net assets acquired | $ | 418.0 |
| Goodwill | | 217.6 |
| Total consideration | $ | 635.6 |

The purchase price allocation set forth above reflects preliminary fair value estimates based on preliminary work and analyses performed and is subject to change as additional information to assist in determining the fair value of the net assets acquired at the closing date is obtained during the post-closing measurement period of up to one year.

The following table summarizes the estimated fair value of acquired identifiable intangible assets:

| (Millions of US dollars) | Estimated remaining useful life (years) | | Fair Value |
|---|---|---|---|
| Trade name | Indefinite | $ | 126.8 |
| Customer relationships | 13 | | 57.8 |
| Other intangible assets | 2 - 13 | | 2.4 |
| Total | | $ | 187.0 |

Intangible assets will be evaluated for impairment annually or more frequently if an event occurs or circumstances change that indicate it may be impaired, by comparing its fair value to its carrying amount to determine if a write-down to fair value is required.

Goodwill is attributable primarily to the benefits from the increased scale of the Company as a result of the Fermacell acquisition. Goodwill arising from the Fermacell acquisition is not deductible for income tax purposes.

Supplemental Pro Forma Results of Operations

The following unaudited supplemental pro forma information presents the results of operations of the Company, after giving effect to the Fermacell acquisition, as if the Company had completed the Fermacell acquisition and related financing (as described in Note 8) on 1 April 2017, but using the preliminary estimates of the fair values of the assets acquired and liabilities assumed as of the closing dates of the acquisition. These unaudited pro forma results are presented for informational purposes only and are not necessarily indicative of what the actual results of operations of the Company would have been if the Fermacell acquisition and related financing had occurred on the date assumed, nor are they indicative of future results of operations.

*James Hardie Industries Consolidated Pro Forma*

| | Three Months Ended 31 December | | Nine Months Ended 31 December | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| (Millions of US dollars) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| Net sales | **$ 586.2** | $ 568.8 | **$ 1,881.8** | $ 1,749.0 |
| Income before income taxes | **86.5** | 114.4 | **316.2** | 293.9 |

*Europe Building Products Pro Forma*

| | Three Months Ended 31 December | | Nine Months Ended 31 December | |
|---|---|---|---|---|
| | **2018** | 2017 | **2018** | 2017 |
| (Millions of US dollars) | **(Unaudited)** | (Unaudited) | **(Unaudited)** | (Unaudited) |
| Net sales | **$ 86.8** | $ 82.9 | **$ 269.6** | 249.3 |
| Income before income taxes | **8.0** | 4.1 | **27.9** | 19.2 |

The unaudited pro forma results include the depreciation and amortization of the fair value of the acquired property, plant and equipment, customer relationships and other intangible assets and interest expense on the 364-day term loan used to acquire Fermacell. The unaudited pro forma results exclude the impact of the transaction and integration costs of US$3.9 million and US$17.7 million for three and nine months ended 31 December 2018, respectively. The unaudited pro forma results also excludes the impact of the inventory fair value adjustment of US$7.3 million for the nine months ended 31 December 2018.