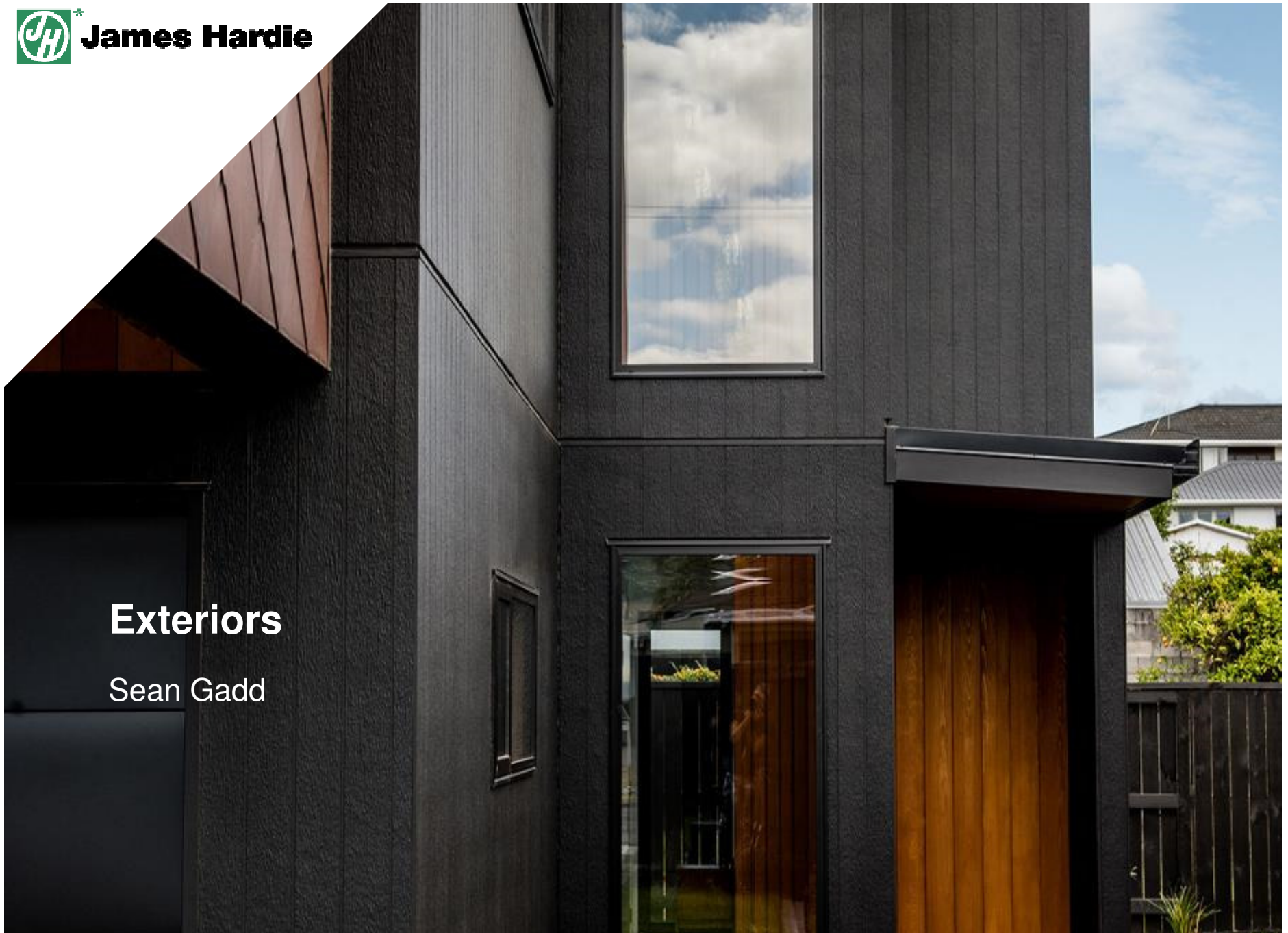




James Hardie

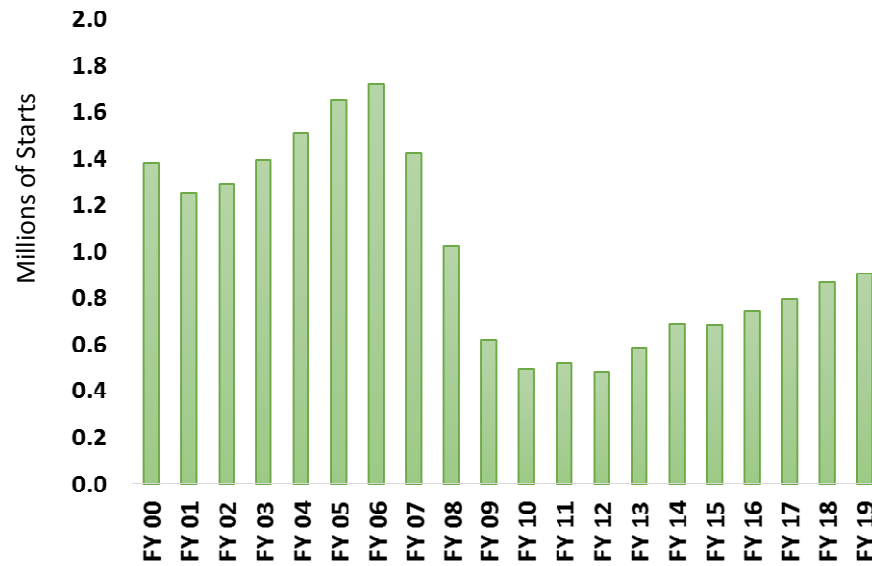
Exteriors

Sean Gadd



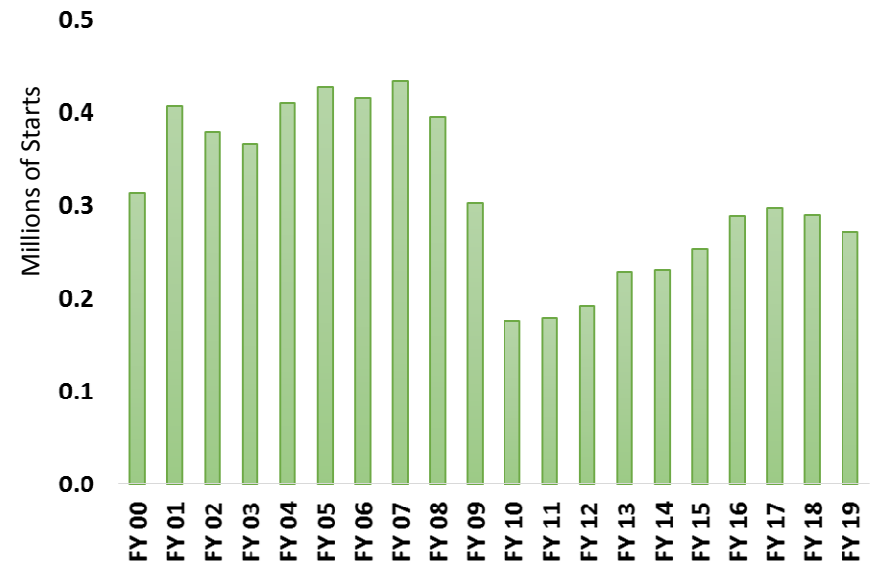
HOUSING STARTS

Single Family Starts



Source: Dodge Data & Analytics

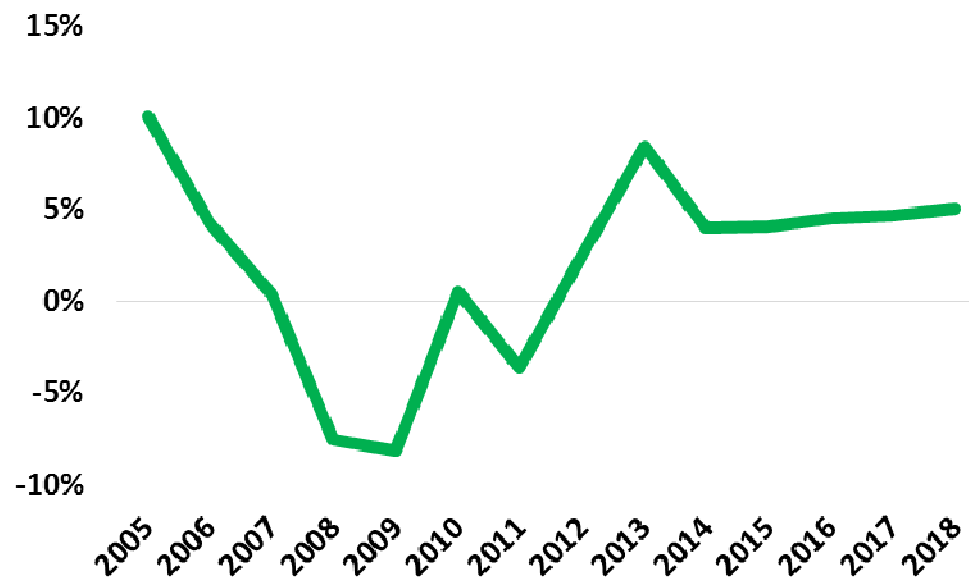
Addressable Multi-Family Starts



Single-family growth stable. Multi-family growth moderating.

REPAIR & REMODEL

Repair & Remodel Project Growth



Source: Hanley Wood

Repair & remodel projects continue to grow at ~5% annually

KEY TAKEAWAYS

- Market is growing at a moderate rate, which is good for James Hardie
- It provides the right environment to grow market share
- Builders and contractors are confident and looking to differentiate

AGENDA

- Strategy = 35/90
- How it works
 - Penetration vs. vinyl and wood
 - Defend against lower value alternatives
- Key enablers of the strategy
 - ColorPlus® Technology
 - Non-metro markets
 - Aspyre

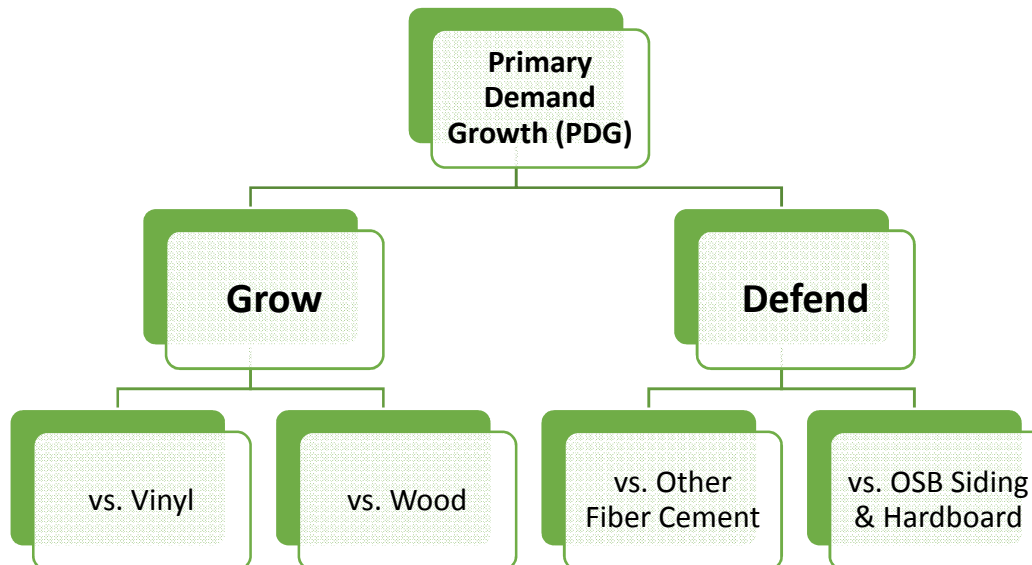


35/90 – Exteriors Growth Strategy



35/90 – EXTERIORS GROWTH STRATEGY

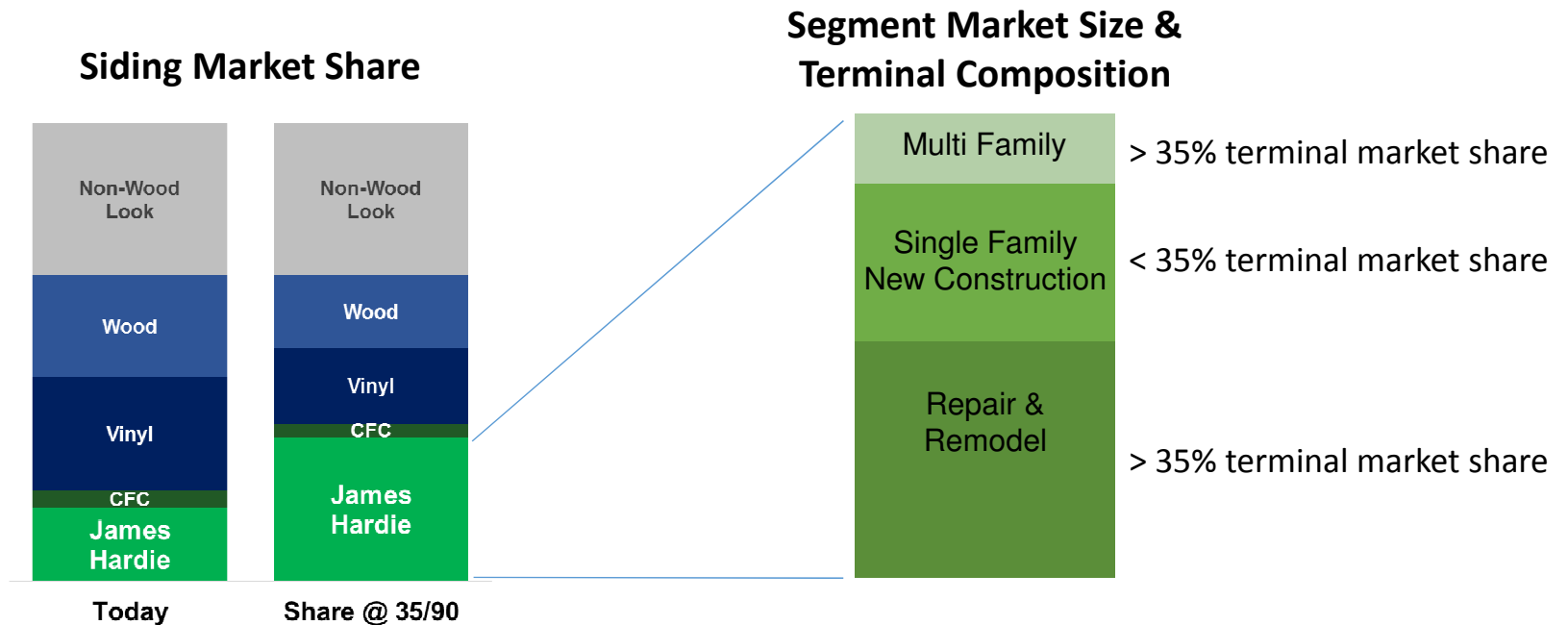
- Exteriors growth strategy remains 35/90
- Organic growth strategy measured by our growth above our market index (primary demand growth)
- Primary demand growth is delivered by:
 - Winning share from vinyl and wood
 - Defending against lower value alternatives



35/90 – EXTERIORS GROWTH STRATEGY

Market segmentation ... JH positioned for growth in all segments

- Single family ~85%, multi-family ~15%
- ~40% new construction, ~60% repair and remodel



Source: NAHB + Internal Management Estimates

35/90 requires participation in all geographies and segments

35/90 – VALUE PROPOSITION VS. COMPETITION

Vinyl

- Exterior appeal
 - curb, porch and deck
- Durability
 - Resistance to fire & abuse
- Low maintenance with a refresh solution
- Based on the value, James Hardie fiber cement is affordable

Wood & Wood Alternatives

- Product Durability
- Low maintenance
- Full product range for all types of homes and segments
- Full exterior & core color offering
- JH company support & representation

Competitive Fiber Cement

- Trusted brand
- Engineered for Climate®
- Technology
- Manufacturing scale
- Representation & support
- Diversified segments

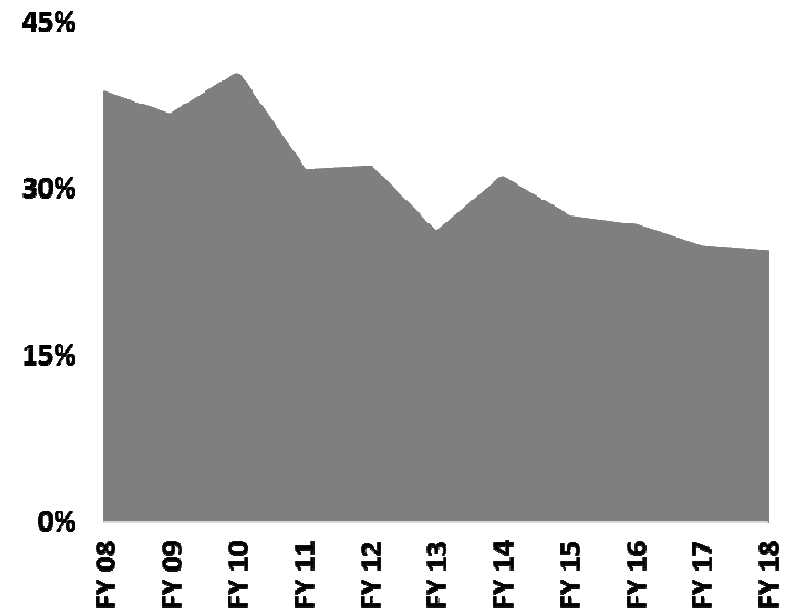


Grow Against Vinyl



JAMES HARDIE VERSUS VINYL

Historic Vinyl Share

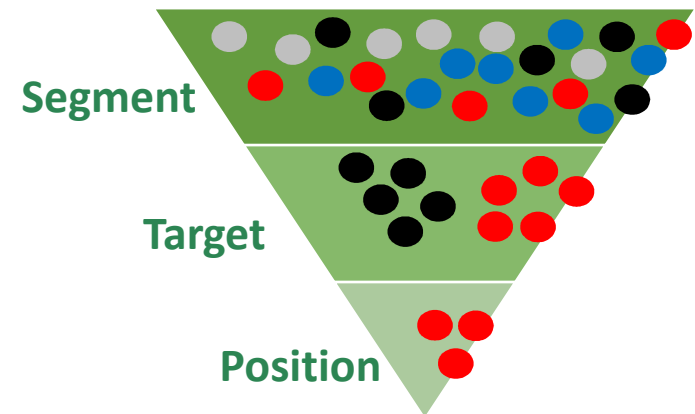


Source: NAHB + Internal Management Estimates

Positioned to accelerate our market share against vinyl with color by leveraging our superior value proposition, sales force and market development approach

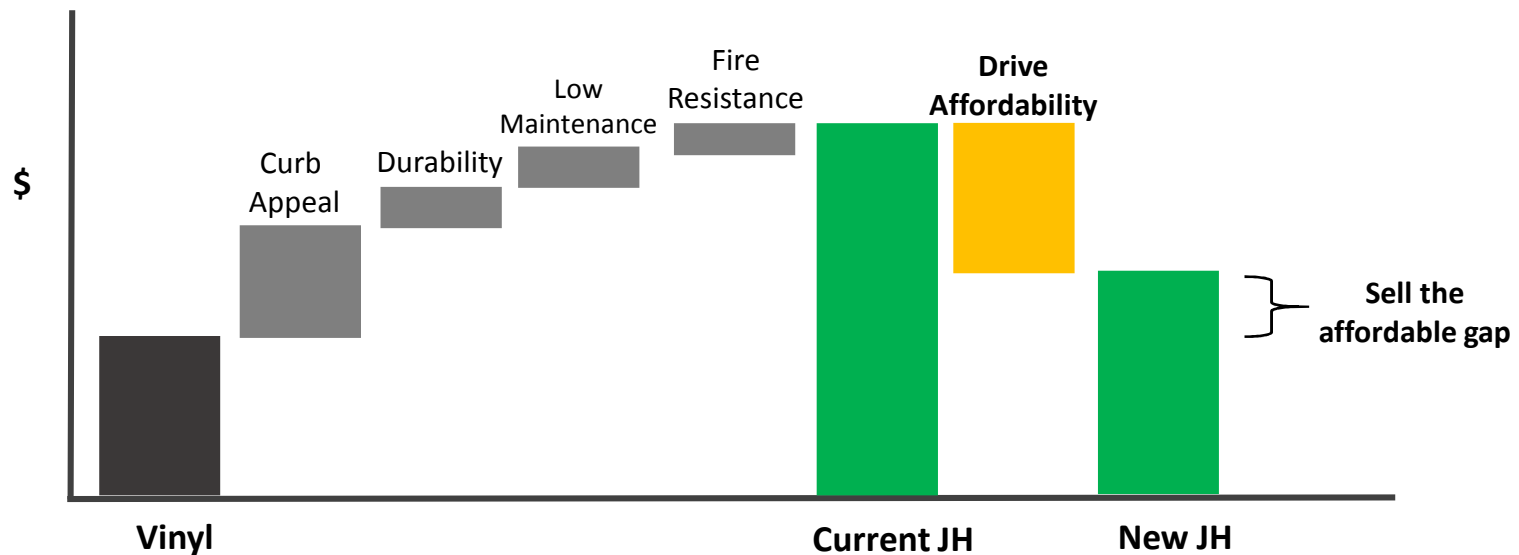
MARKET DEVELOPMENT VS. VINYL – NEW CONSTRUCTION

- Market development approach → Segment, Target, Position → “Money Ball”
- For the target builder looking to differentiate
- Providing a better looking home
 - Sell their homes at a higher price
 - Sell their homes faster
- Supporting through transition
- Leveraging the win



TOTAL COST VERSUS PERCEIVED VALUE

Fiber Cement has a compelling value proposition against vinyl



Source: Internal Management Estimates



Curb Appeal

+



Durability

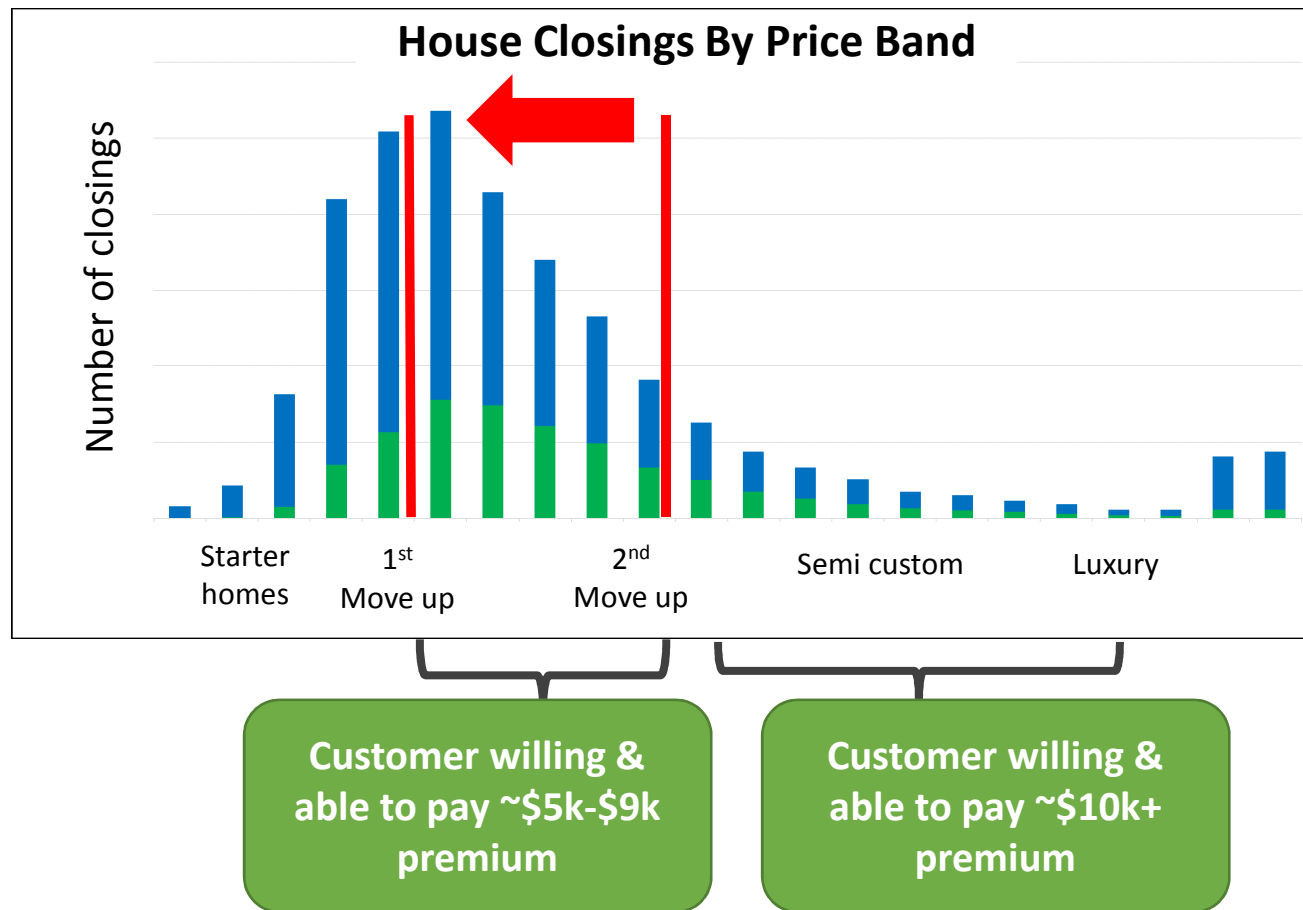
+



Fire Resistance

ACCELERATING GROWTH AGAINST VINYL

In the single-family new construction segment, driving affordability for the builder will significantly increase the available market size for James Hardie



4 KEY LEVERAGE POINTS FOR AFFORDABILITY

Channel

- Enable most efficient supply chain

Install

- Increase available capacity
- Drive site & process efficiency
- Deliver optimized systems

Product

- ColorPlus® Technology eliminates field paint costs
- Product enhancements to drive efficiencies

Sales Execution

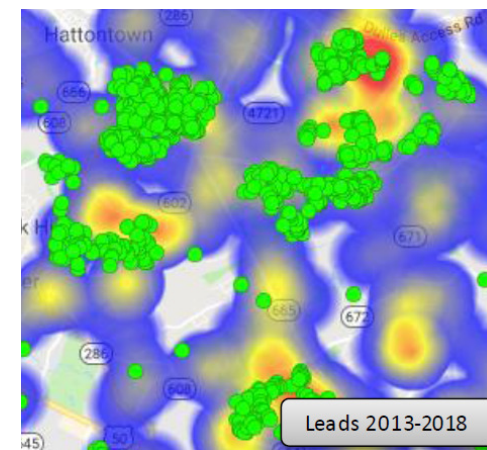
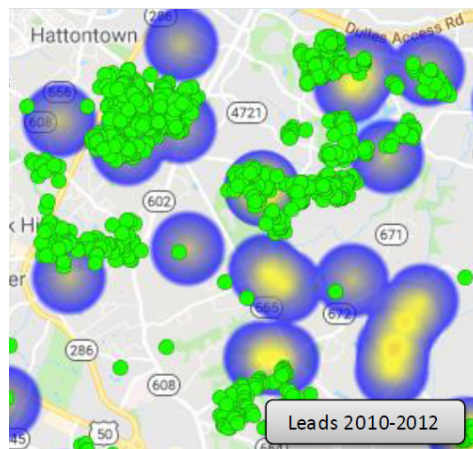
- Value articulation
- Non-product value-add services
- Tactical pricing for influential customers

ACCELERATE ADOPTION



MARKET DEVELOPMENT VS. VINYL – REPAIR AND REMODEL

- Market development approach → Segment, Target, Position
- Target homeowner looking for a re-side
- In the right neighborhood
 - James Hardie “Lockdown”
 - Vinyl battleground



VALUE FOR CONTRACTORS

Via an aligned contractor

- Looking to partner and grow
- Position James Hardie fiber cement products in the home
- At the right price

Take advantage of everything the James Hardie Contractor Alliance Program has to offer:



GET RECOGNIZED AND DIFFERENTIATE YOUR BUSINESS ▼



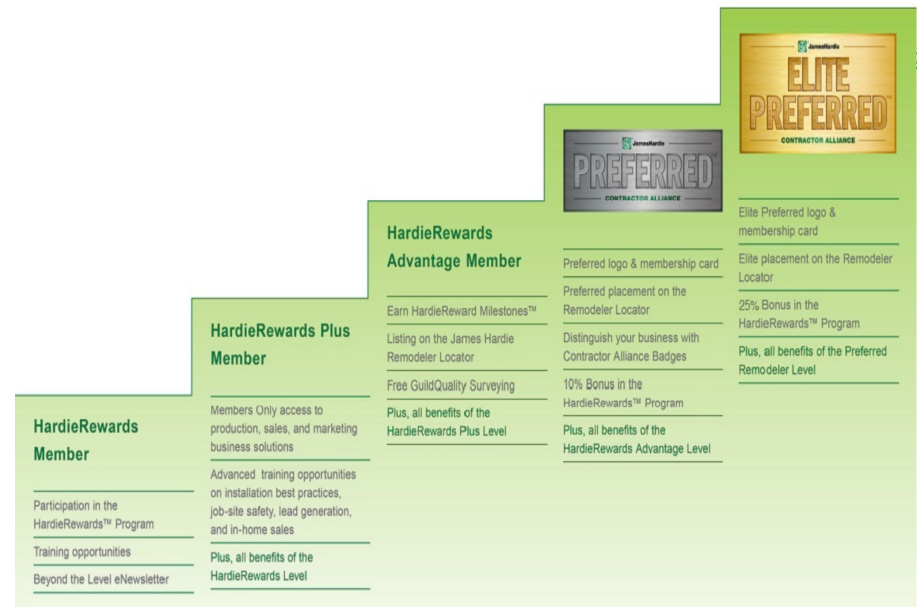
ACQUIRE NEW TOOLS AND SKILLS TO INCREASE PROFITABILITY ▼



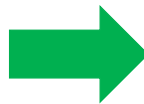
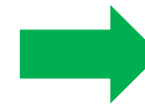
EARN HARDIEREWARD™ POINTS AND OTHER BENEFITS ▼



ALIGN WITH THE #1 BRAND OF SIDING ▼



RE-SIDE LEADS FOR PARTNER CONTRACTORS

A screenshot of the James Hardie website's "REQUEST A QUOTE" form. The form is titled "REQUEST A QUOTE" and includes a brief introduction: "Fill in the form below and James Hardie will connect you with up to three local siding installers who will prepare an estimate for your project. Required fields are marked with *". Below this, there are input fields for "First Name*", "Last Name*", "Email Address*", "Phone Number*", and "Address*".

A screenshot of the James Hardie website showing search results for contractors near ZIP code 60515. The heading reads "WE FOUND 6 CONTRACTORS NEAR ZIP CODE 60515". Below this, there are two contractor profiles. The first profile is for "OPAL ENTERPRISES, INC." with a "96% Recommendation Rate" and a "SINE PREFERR" badge. The second profile is for "SMARDBUILD CONSTRUCTION INC." with a "100% Recommendation Rate" and a "PREFERRED" badge. Each profile includes a "View Profile" link and a "Get a Quote" button.

Over 15,000 home owner leads generated in 2017

REPAIR AND REMODEL

- Drive awareness and preference for James Hardie with ColorPlus® technology in vinyl battleground neighborhoods
- Sell value proposition directly to the home owner via an aligned contractor
- Leverage that home in the desired neighborhood
- Move the battleground neighborhood to a fiber cement standard ... then move to an adjacent neighborhood that references this new standard
- Create the “Wake”

ENHANCING THE WAKE





Defend Against Lower Value Alternatives



WIN AGAINST LOWER VALUE ALTERNATIVES

- As we pull a market off a vinyl standard, builders we don't touch move to hard siding
- Lower value alternatives can pick up some of this business
 - “Me too” positioning
 - Utility product benefit, particularly trim
 - Ease of install

WIN AGAINST LOWER VALUE ALTERNATIVES

- Targeted geographic approach
- Sell the superior advantages of James Hardie fiber cement exterior to the homeowner via our builders and aligned contractors
- Tactically deliver competitive packages to the builder
 1. ColorPlus® Technology
 2. Full-wrap
 3. 100% Hardie™
- Build stronger partnerships and value with installers and trades
- Deliver a winning strategy in non-metro markets

POSITION FIBER CEMENT AGAINST WOOD



James Hardie siding products are designed to combat the shortcomings of wood and wood alternatives to provide a **longer-lasting, lower-maintenance, weather resistant** exterior

“No Wood Is Good”

Don't be fooled. When it comes to long-term on-the-wall performance, engineered wood siding still performs like wood.

STRATEGIC GAME PLAN

- Product superiority – cement vs. wood
- Company vs. Company – primary demand / value creation
- Full product portfolio
 - Move to ColorPlus® Technology as the primary solution
 - Sell full wrap (primed siding and trim)
 - Fulfill design needs with the Aspyre collection from James Hardie™
- Create barriers throughout our value chain to maintain market position as we drive adoption of fiber cement
- Focus on the affordability gap driving conversions
- Leverage our sales resources and execute fast – single focus

VALUE ADD PARTNER PROGRAMS

SIDE™
MASTER

SAFETY • INTEGRITY • DURABILITY • EFFICIENCY



JamesHardie



GO-FORWARD

- Central US market focus
- “No Wood is Good” marketing strategy
- Maintain direct sales, primary demand model
- Continue to develop account management competency
- Accelerate growth in non-metro markets
- Improved non-product value creation to JH partners



ColorPlus® Technology



WIN WITH COLOR

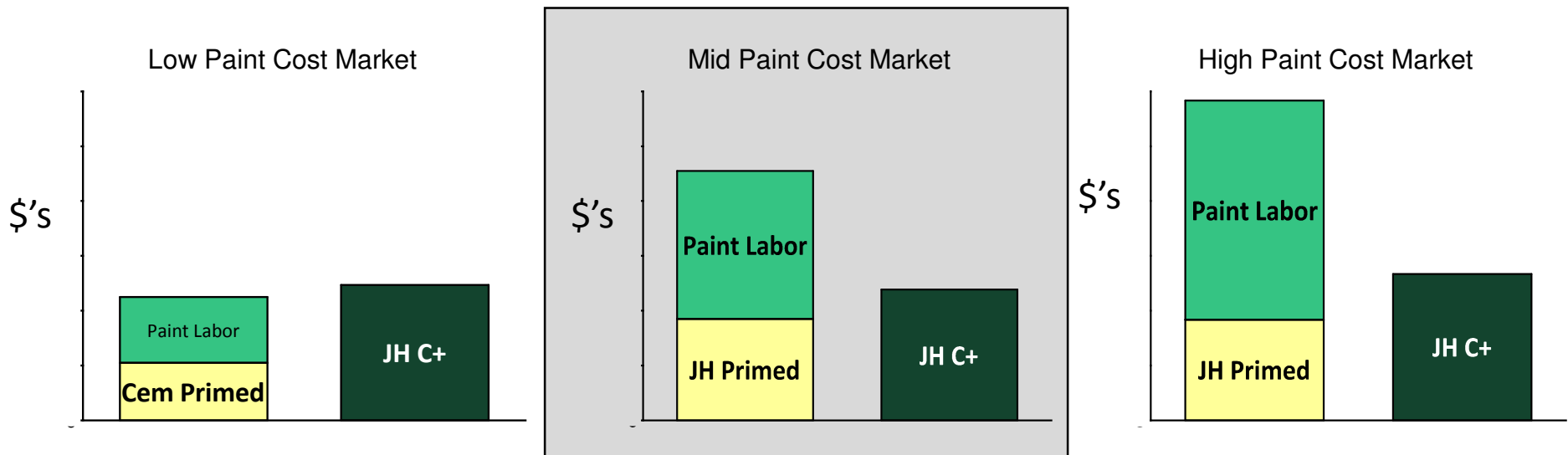
- ColorPlus® Technology remains a key enabler for future growth against vinyl and lower value alternatives
- James Hardie has significant scale advantage with ColorPlus® Technology
- ColorPlus® Technology penetration flattened as we moved away from building an efficient supply chain design
- ColorPlus® Technology is at the forefront of our go-to-market strategy

COLORPLUS® TECHNOLOGY VALUE PROPOSITION

ColorPlus® Technology can create more value for customers:

- KEEP: Delivers a factory applied finish – better than field paint
- REINFORCE: Able to provide benefit of a lower total cost solution in many markets ... particularly “mid paint cost markets”


Cost of Primed Hardie & Field Paint vs. ColorPlus® Technology (Before Cost of Install)



Source: Internal Management Estimates

COLORPLUS® TECHNOLOGY STRATEGIC IMPORTANCE

In addition to competitive installed cost, ColorPlus® offers other important benefits:



Competitive Advantage

- Hardie's scale enables more efficient manufacturing and distribution of prefinished product
- Hardie's pull strategy enables channel members to get acceptable inventory turns on stocked colors
- A prefinished market builds moats due to complexity of execution for close alternatives



JH Returns

- ColorPlus® Technology delivers strong contribution to company returns

COLORPLUS® TECHNOLOGY PENETRATION: BLOCKERS

Blocking Challenges: “Medium Paint Cost Markets”

Product

- Not clearly delivering affordability
- Promoting more accessories & color choices than most want to pay for

Install

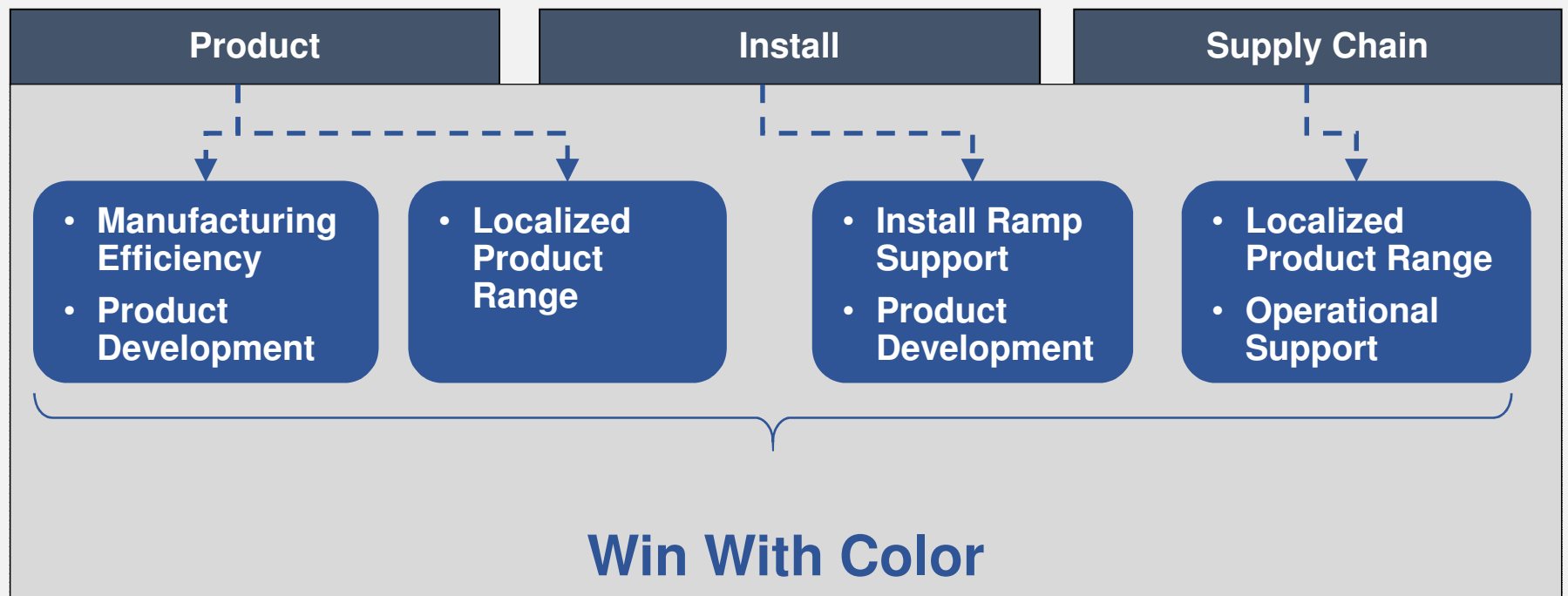
- Pool of capable C+ labor is lacking in many markets
- Installers unfamiliar with C+, learning curve inefficiency can lead to higher install costs

Supply Chain

- Complexity of product offering can lead to increased investment in inventory
- Lack of local availability of product range hinders builder adoption
- No clear direction from JH to help coordinate supply chain

COLORPLUS® TECHNOLOGY PENETRATION: SOLUTIONS

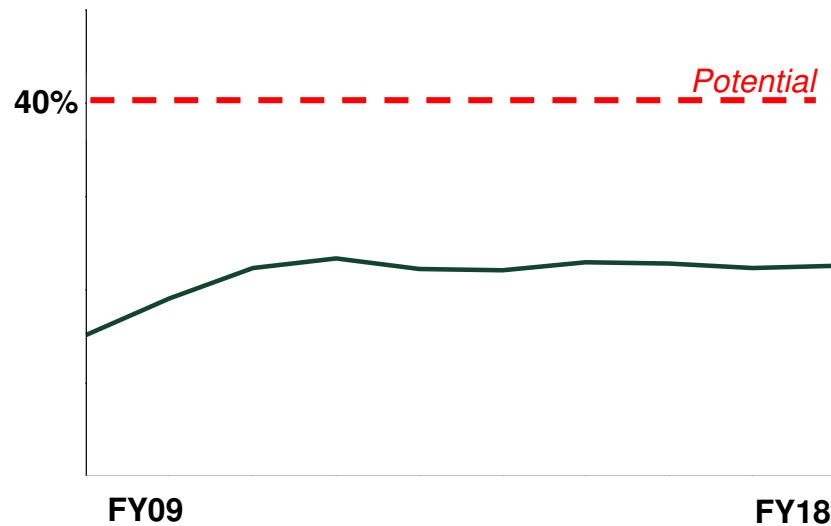
Blocking Challenges: “Medium Paint-Cost Markets”



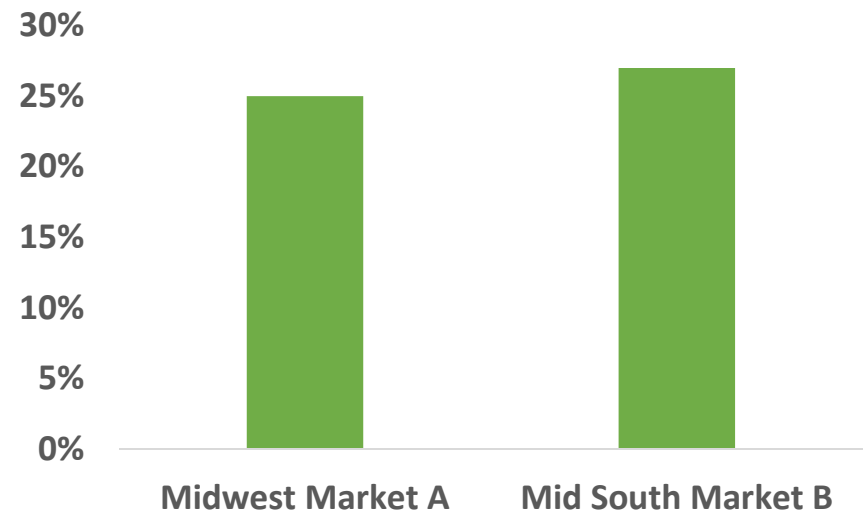
PILOT MARKETS SHOW POTENTIAL OF ‘WIN WITH COLOR’

As we activate our “**Win With Color**” strategy in pilot markets, we see good indicators for future markets

NA Color Penetration



“Win With Color” Pilot Markets



Target for C+ to comprise ~40% of our product mix

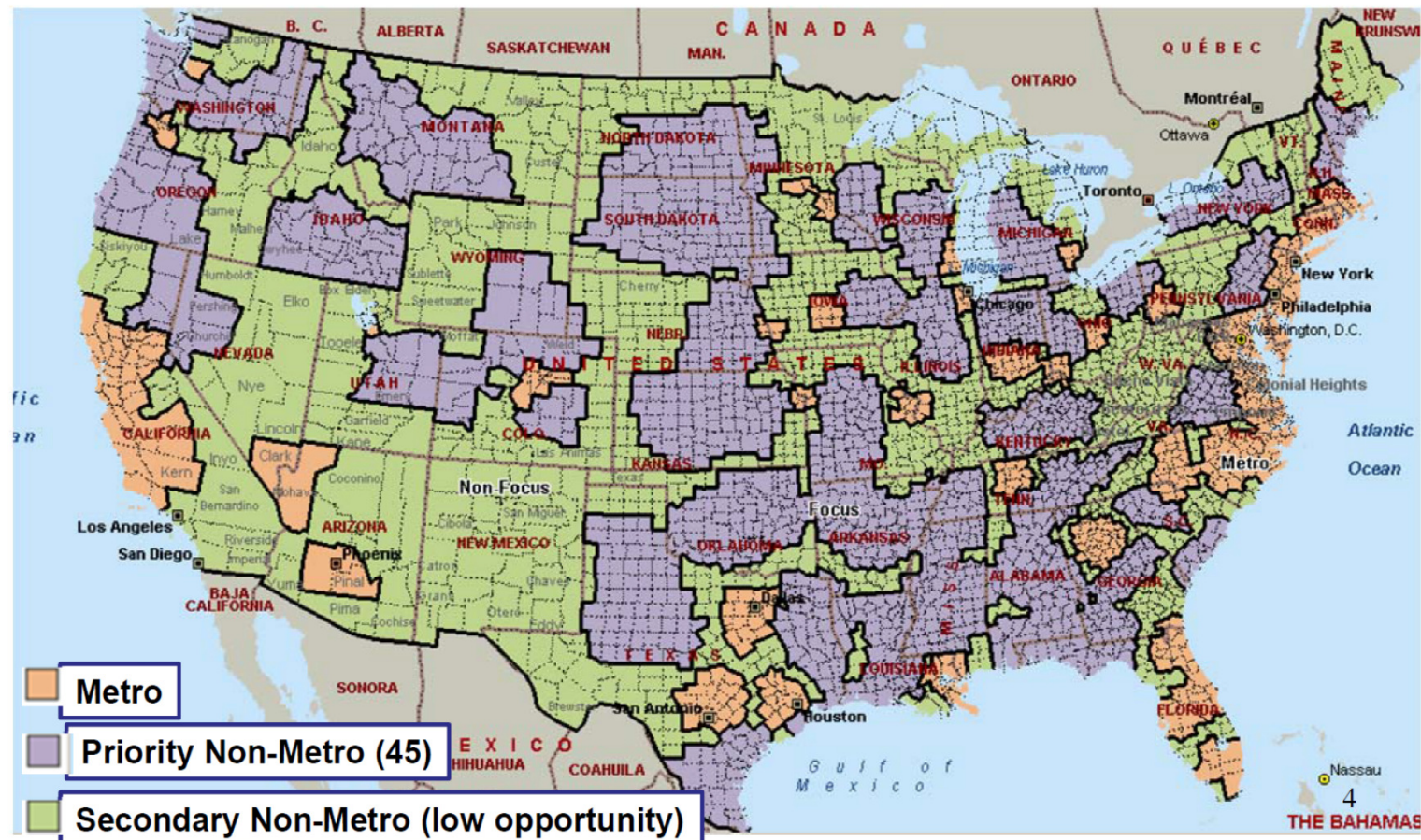


Non-Metro



NON-METRO MARKETS

- Winning in non-metro markets remains key deliverable to achieve 35/90



NON-METRO MARKET ASSUMPTIONS

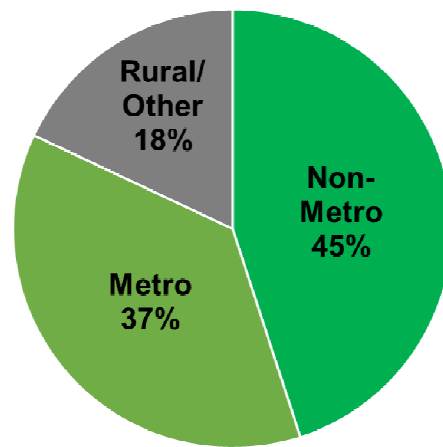
- Lower population density → *more difficult to cover with direct sales*
- Lower average income & home values → *less willingness to pay*
- Large geographic spread & lower volumes → *more expensive distribution*
- Fragmented installer base → *harder to train on new products*
- Relationship-driven culture → *more influence by local dealers*

Result: Lower cost, easier to install lower value alternatives have disproportionate share

IMPORTANCE OF NON-METROS

Non-metro markets are in the aggregate a larger market than metros ... we cannot achieve 35/90 without a stronger presence in these markets

US Housing Starts – Addressable



We believe we need
~20% penetration of non-
metros to achieve 35/90

Source: Dodge Analytics & Internal Management Definitions

As a result, we are developing strategies for more effective non-metro performance and will allocate increasing resources to this segment

NON-METRO – HOW IT WORKS

- James Hardie's job is to change the market standard
- Find or create natural aggregation points
- Improve efficiency/cost
- Integrate non-metro installers and dealers into the James Hardie network



STRATEGIC OBJECTIVE AND GO-FORWARD GAME PLAN

- Introduce non-metro segment team to accelerate market adoption
- Aligning partners & eliminating market barriers
- Create a repeatable approach to plan, target & accelerate growth
- Focus on the affordability to drive conversion from vinyl and wood based alternatives
- Right dealer, right installer ... delivering color in an easy way

KEY TAKEAWAYS

- We cannot deliver 35/90 without growth in non-metros
- Implementation of a James Hardie market acceleration team
- Network of in market partners delivering the value proposition of fiber cement to builders and homeowners
- Affordability throughout the supply chain remains key
- Unique programs to ensure long term retention of conversions following market development activities



Aspyre Collection from James Hardie™



ASPYRE ENABLES GROWTH AGAINST WOOD...

To achieve 35/90, we must capture market share against wood

The Aspyre collection is a product line designed to target 300 mmsqft of high-end wood

Aspyre allows us to defend against low-value alternatives and new entrants, while extending the fiber cement S-curve as traditional James Hardie users graduate to higher-end aesthetics

Aspyre extends the reputation of James Hardie as a product leader



BY TARGETING THE TOP-OF-MARKET SEGMENT...



Applications

- Vertical and Horizontal Siding
- Reveal accents and Columns
- Ship porch ceiling and outdoor living space

Aspyre Products

- Shiplap: ~3500 Sqft
- Reveal: ~2000 Sqft

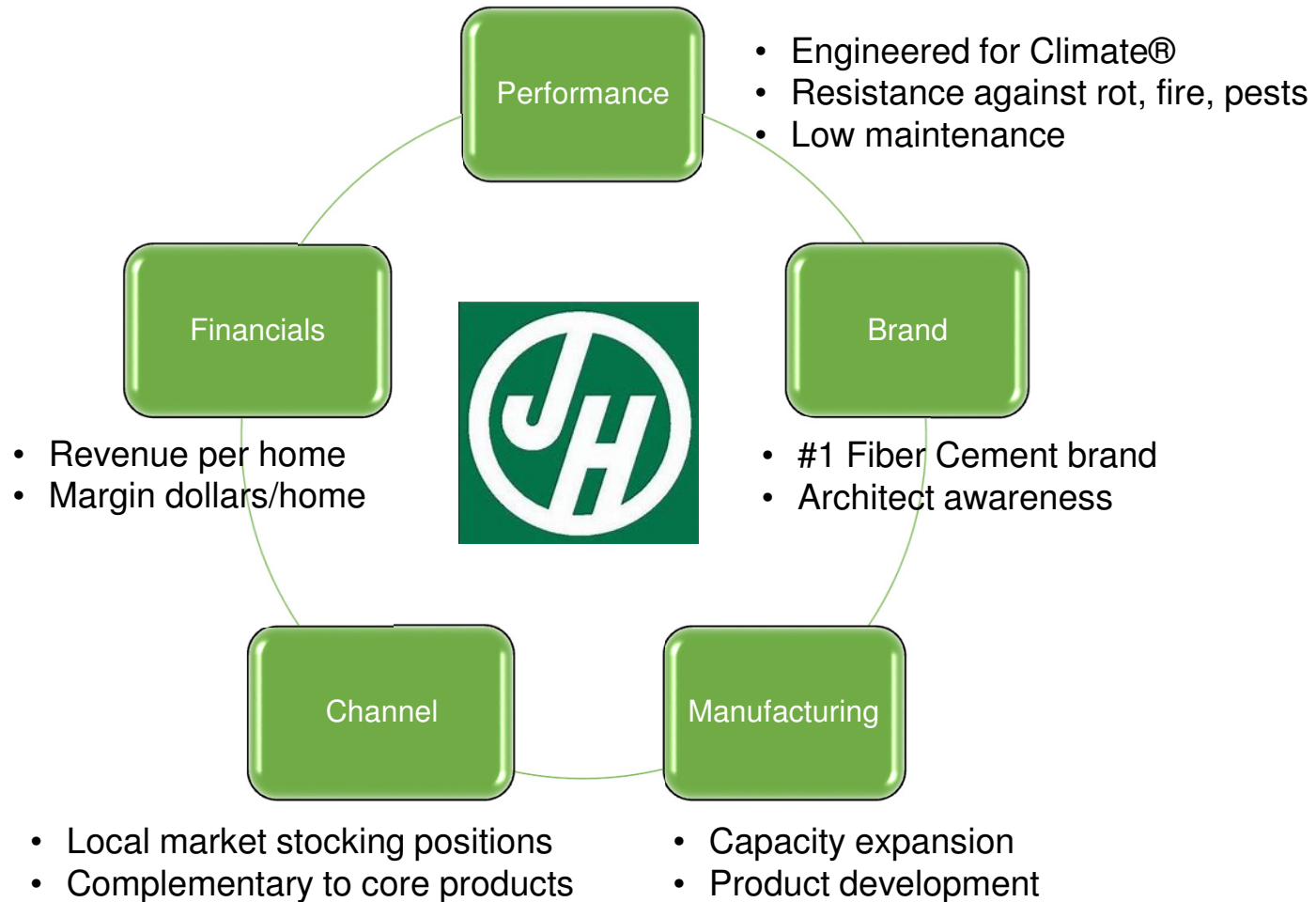
ENABLING VERSATILE DESIGN OPTIONS...



- Lock-joints enable hidden fasteners and easy install
- Thick planks enable mitered corners delivering desired contemporary design
- Machined profiles enable high-end wood profiles and design

BUILDING ON CORE JH ADVANTAGES

James Hardie Advantage





Key Takeaways



KEY TAKEAWAYS

- Housing market remains relatively strong
- Hardie is set to accelerate share growth through market development against vinyl and through a sales approach against low value alternatives and wood
- Hardie has the scale advantage to use color as a key enabler
- Hardie has an innovative approach for small markets that will enable us to grow there
- The Aspyre Collection from James Hardie™ rounds out our product offering, protecting our brand and allowing us to grow against wood



Q&A

