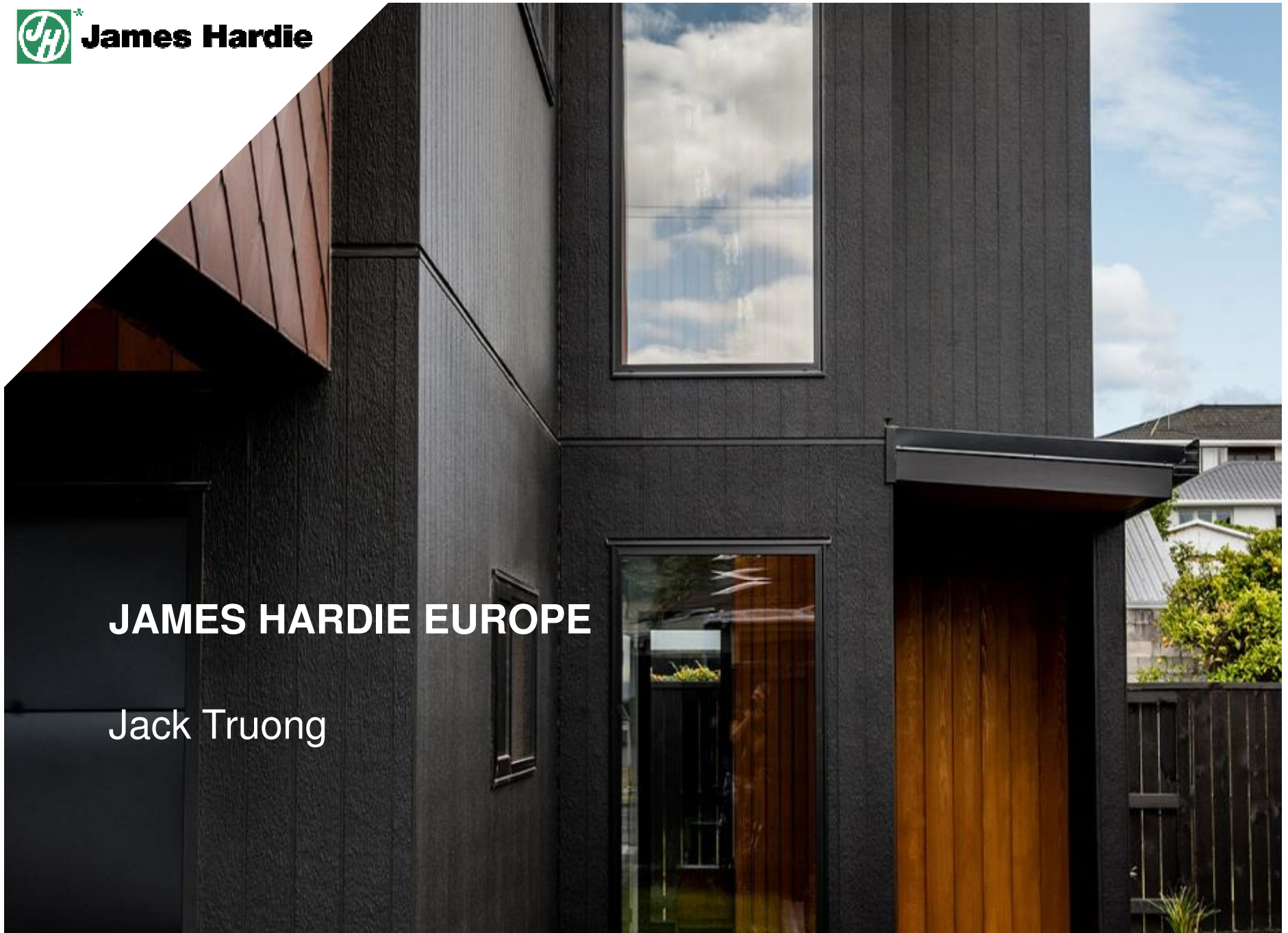




James Hardie

JAMES HARDIE EUROPE

Jack Truong



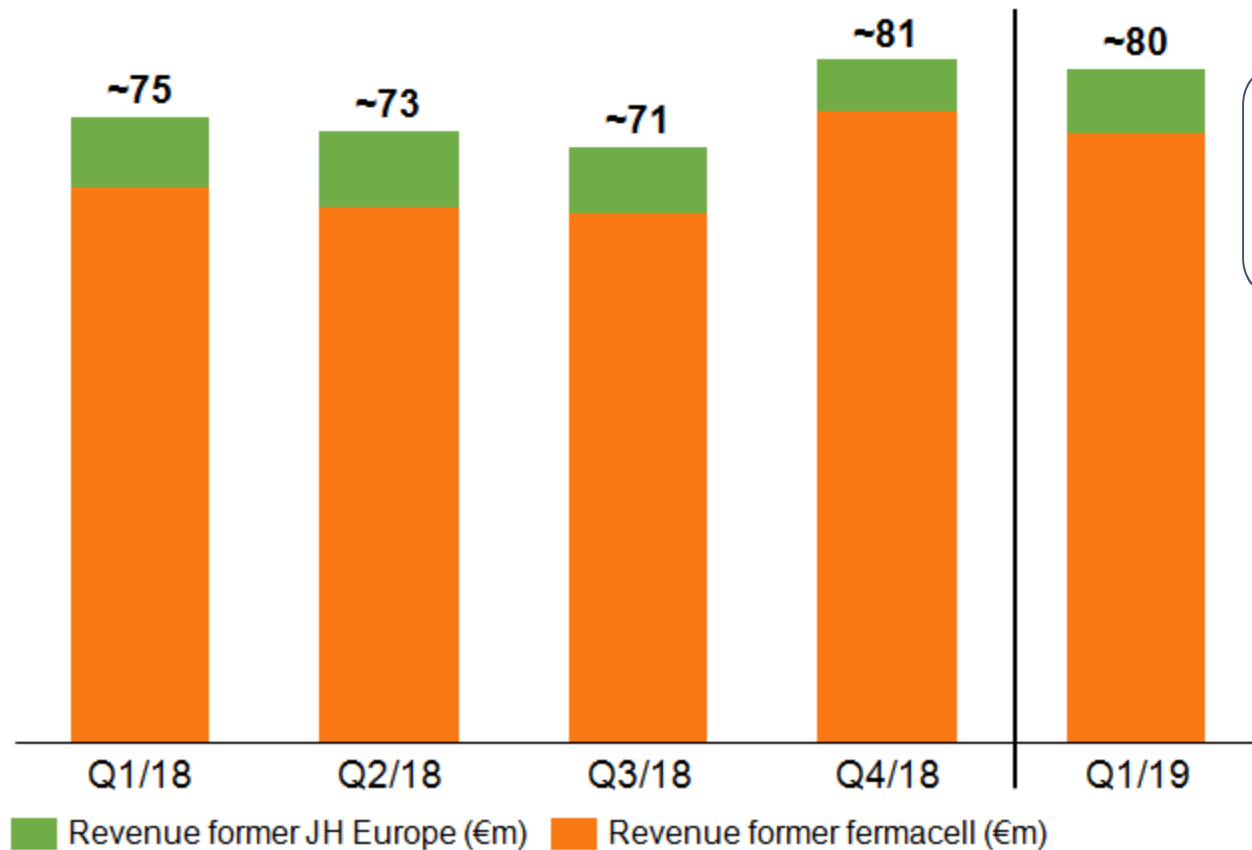
JAMES HARDIE EUROPE: PROFITABLE GROWTH

- Fiber Gypsum business has **very good upside growth potential**
- Leverage **fermacell** market access and customer intimacy to deliver initial phase of Fiber Cement growth
- Focus on **strategic innovation** based on European building preferences to deliver **transformational Fiber Cement growth**

FERMACELL HAS CONSISTENT TRACK RECORD OF GROWTH

Pre-Acquisition: (pro-forma fermacell + former JH Europe)
Revenue (€m) FY

Post-Acquisition



Q1 FY 2019:
+8% revenue growth in €
vs. pcg

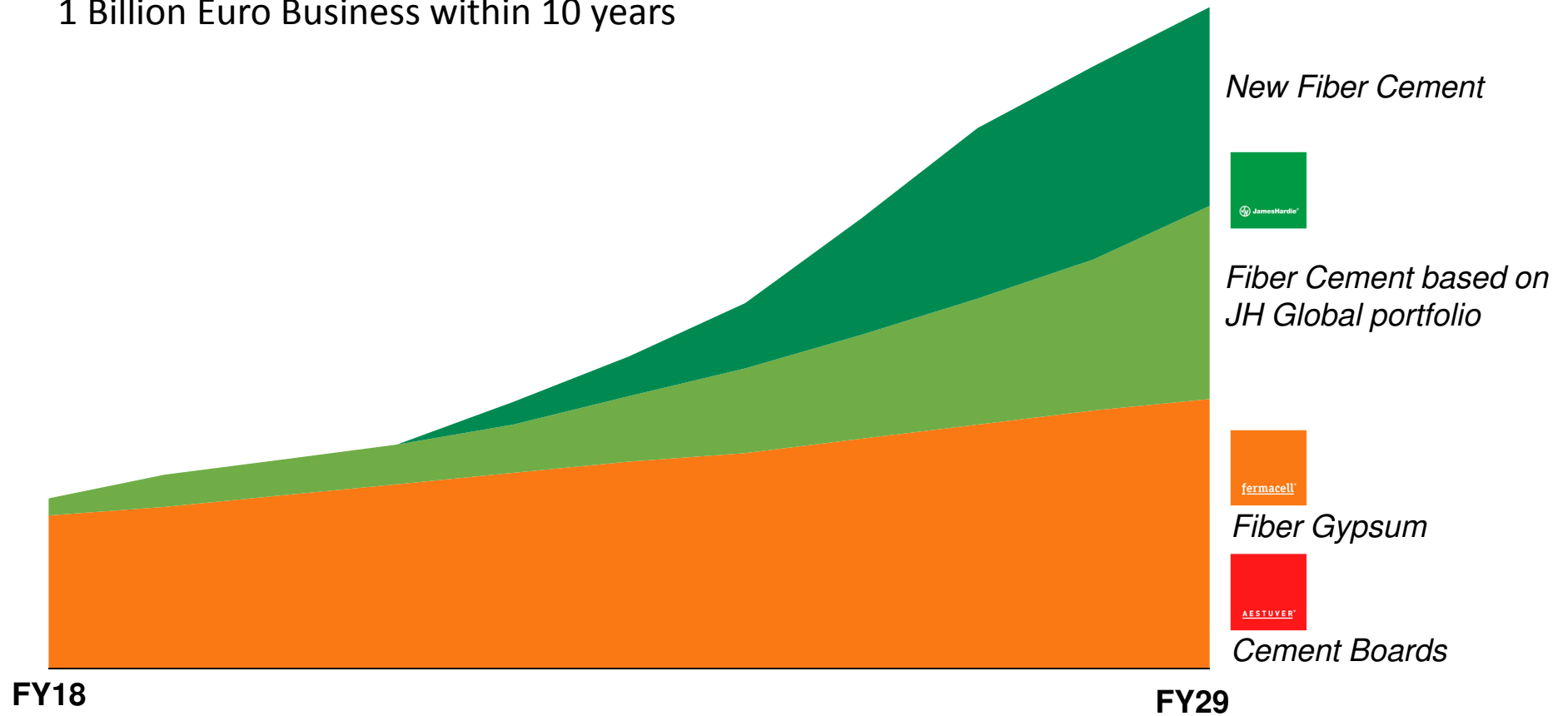
11.9% Adj EBIT Margin

Source: JH internal

STEP-CHANGE, PROFITABLE GROWTH

Growth Ambition:

1 Billion Euro Business within 10 years



Source: JH internal

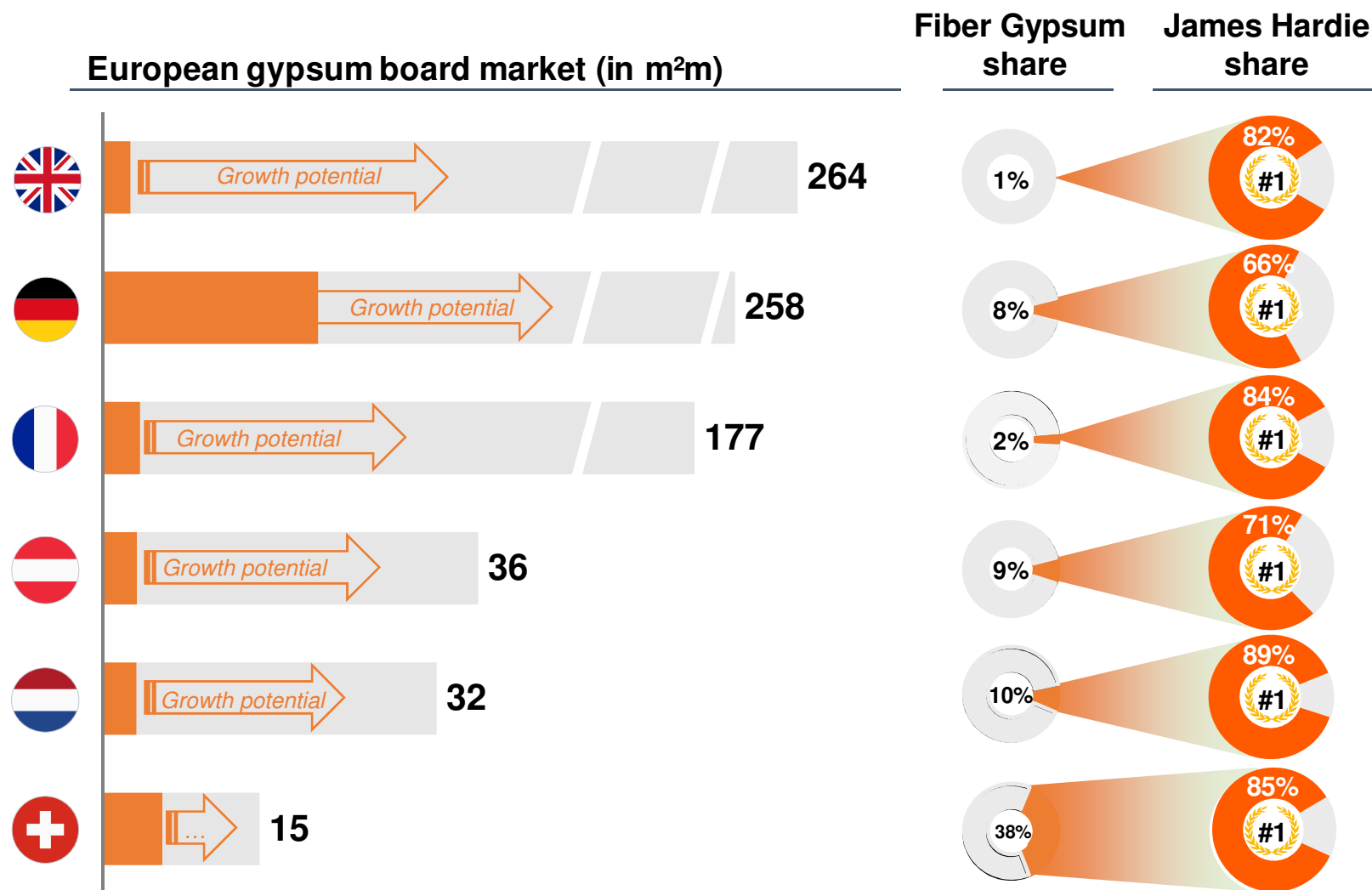
GROWTH OF FIBER GYPSUM BUSINESS



SIGNIFICANT GROWTH POTENTIAL FOR FIBER GYPSUM

fermacell

AESTUVER



Source: B+L Market research, Management estimation as of 2016

■ Gypsum plaster boards

■ Fiber Gypsum boards

GROWTH IN RESIDENTIAL, TIMBER FRAME HOMES

fermacell

AESTUVER

Where to play?

Strong position: Germany, Switzerland, Austria

Growth opportunities: UK, Nordics, Germany

Key trends:

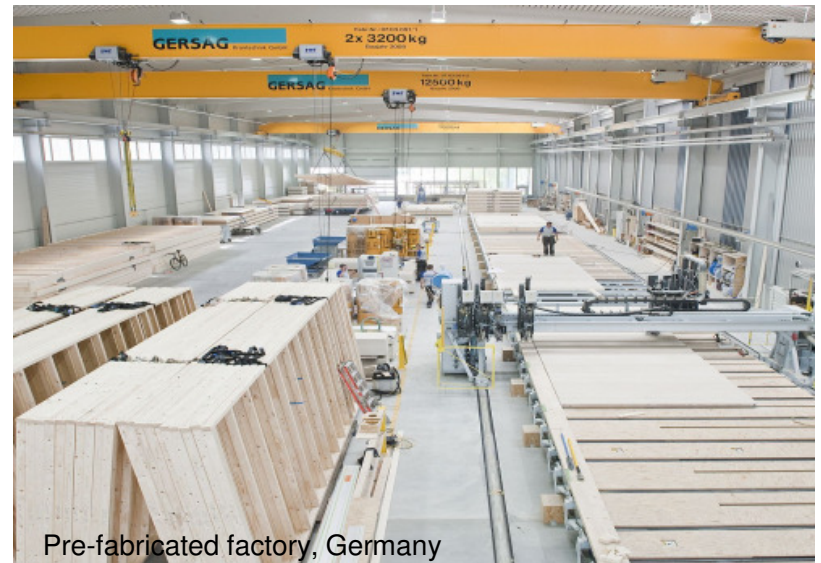
- Increased share of pre-fabricated homes
- Increased multi-story family homes
- Lightweight construction

How to win?

- Technical presale: Timber frame and pre-fab companies
- From two layers (gypsum, OSB) to one layer (fiber gypsum)
- Key value propositions: fire protection and acoustic reduction



New timber frame home in Hameln, Germany



Pre-fabricated factory, Germany

GROWTH IN COMMERCIAL BUILDINGS

fermacell

AESTUVER

Where to play?

Strong position: Germany, Denmark

Growth opportunities: UK, France, Sweden, Italy, Spain

Key trends:

- Increased technical requirements (esp. fire protection)



School, Aarhus, Denmark

How to win?

- Technical presale to architects, general contractors, and installers
- From two layers to one layer
- Key value propositions: more floor space, labor cost, fire protection, acoustic reduction



University Campus, Ipswich, UK

CASE STUDY: HOTEL PROJECTS

fermacell

AESTUVER

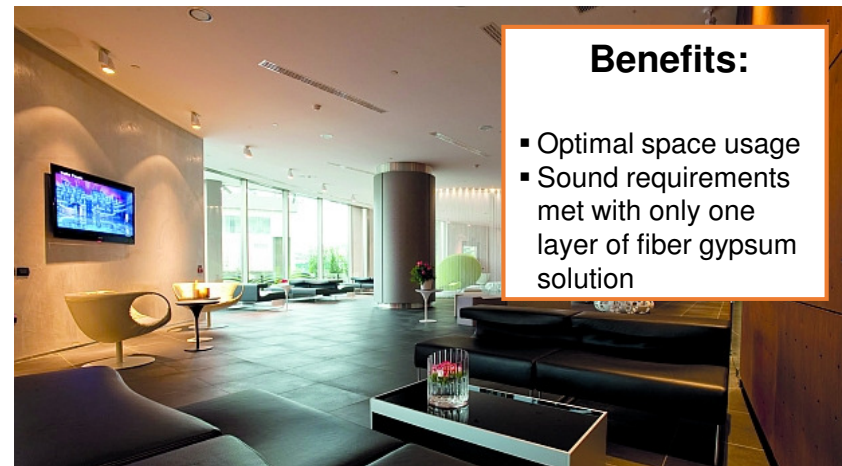
Fiber gypsum meets **acoustic reduction and impact resistance requirements** while increasing usable space



Benefits:

- +32 rooms vs. plan
- All regulations met with one layer of fiber gypsum solution

Cabin Metro, Copenhagen, Denmark



Benefits:

- Optimal space usage
- Sound requirements met with only one layer of fiber gypsum solution

The Hub Hotel, Milan, Italy



Benefits:

- More rooms added to concept
- Fire & sound requirements met with thinnest wall solution in the market

Hotel, Copenhagen, Denmark

REPAIR AND REMODEL GROWTH THROUGH DEALER COVERAGE



Where to play?

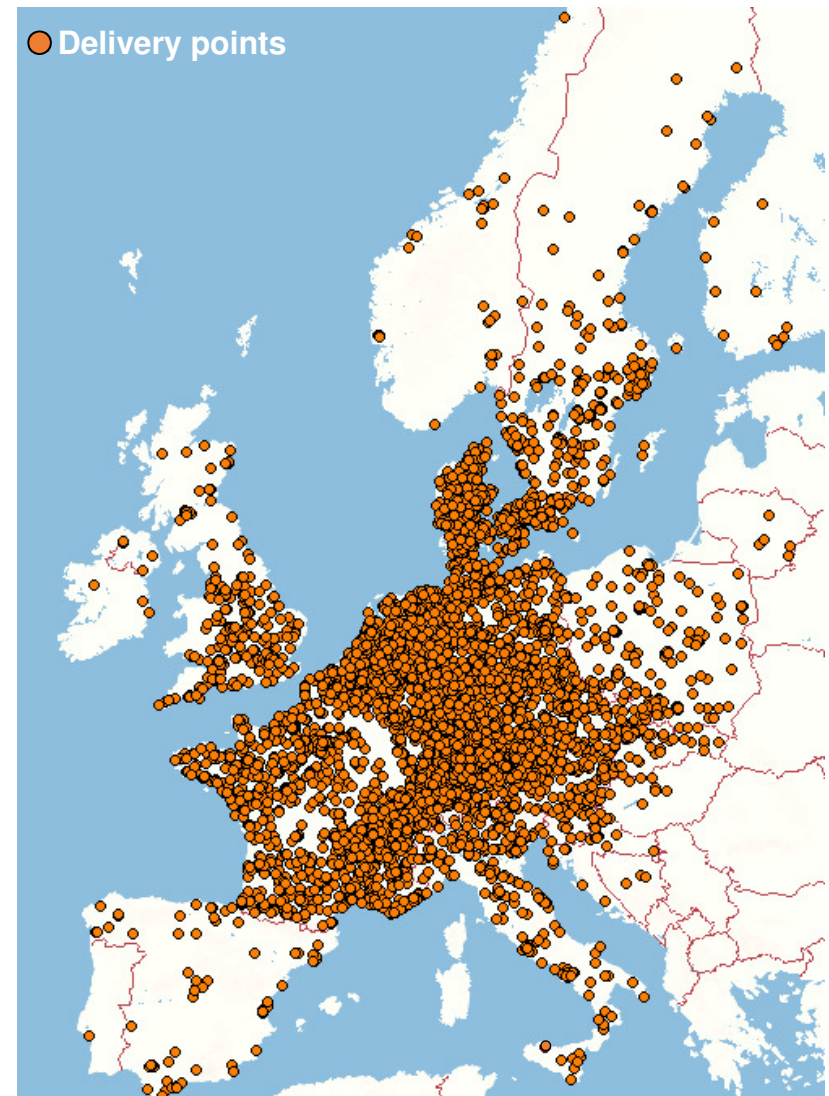
Strong position: Very high dealer coverage in key markets

Key trends:

- Do it for me instead of DIY
- Growing cities

How to win?

- Leverage on strong **fermacell** brand
- Digital marketing (one-to-many communication)



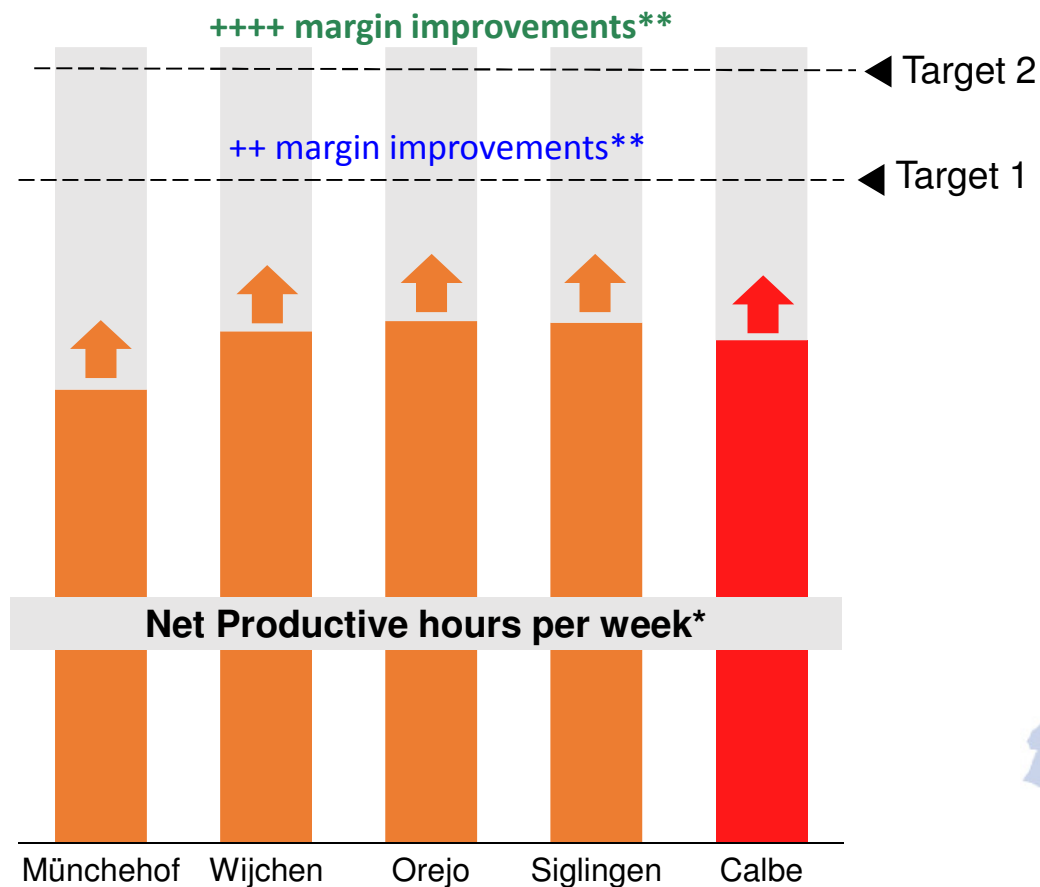
Source: JH internal, addresses delivered from July 2017 until August 2018

UNLOCKING CURRENT FIBER GYPSUM PLANT CAPACITY

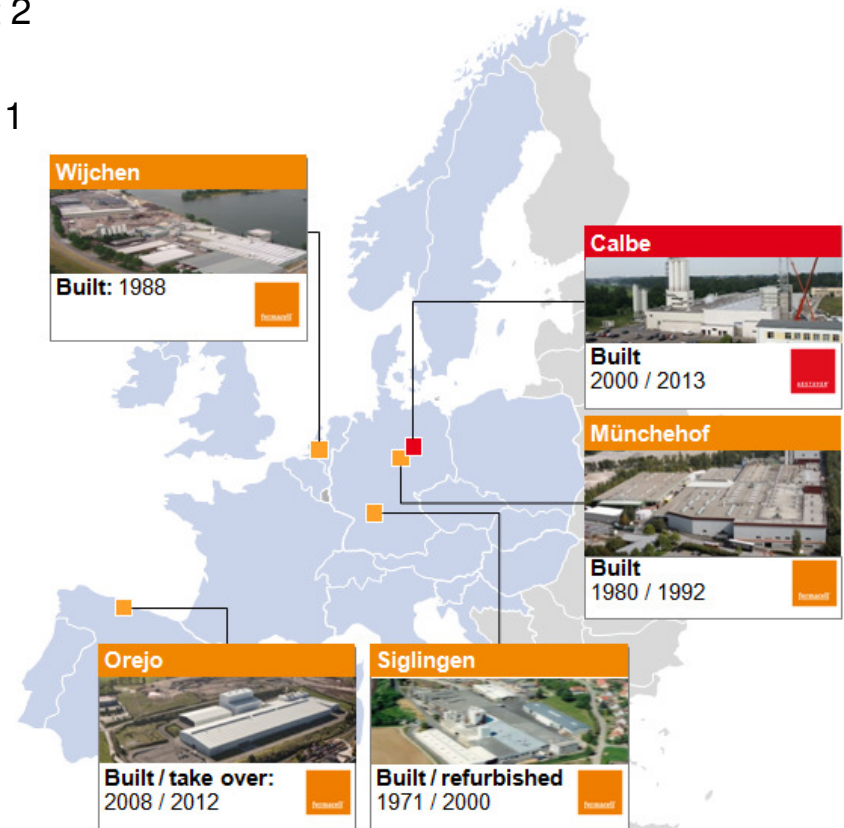
fermacell

AESTUVER

- * Opportunity to leverage on James Hardie manufacturing know-how to unlock additional capacity
- * Potential to improve fiber gypsum margins in 2-3 years



Operations footprint



Source: JH internal, *Illustrative, productive hours as of June to August 2018

**For fiber gypsum boards only, excluding trading goods and accessories. High-level indicative scenario calculation for long-term EBIT margin impact based on key assumptions around development of production volumes, availability, sales volumes, sales prices, share of fixed vs variable costs and efficiencies

GROWTH OF FIBER CEMENT BUSINESS



STEP CHANGE GROWTH IN FIBER CEMENT

JamesHardie

Two growth levers

1 Grow in timber frame markets

- Renovation and remodel: residential and commercial
- New home construction



2 Grow in masonry markets

- Primary demand model coupled with **new** products
- New homes, multi-family and commercial



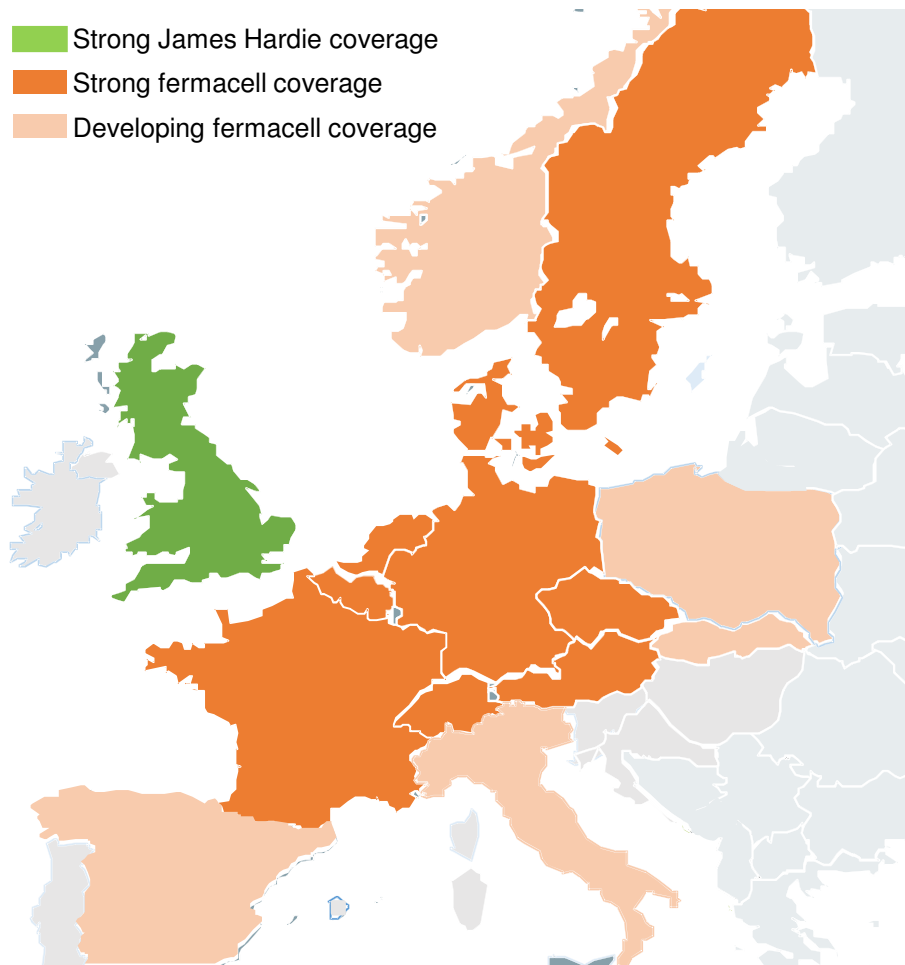
JH Europe competitive advantage

- Access timber frame and R&R channel market through **fermacell**
- Leverage initial solutions from James Hardie's APAC & NA portfolio
- Modify to meet local needs and preferences

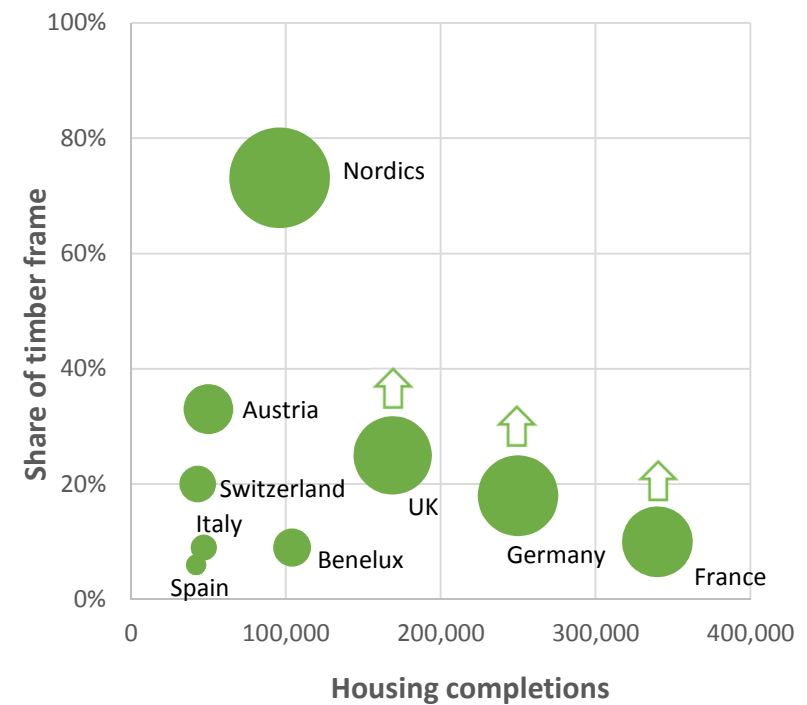
- Access commercial channel and specification market through **fermacell**
- Expand portfolio developed locally for the European market

COVERAGE IN KEY MARKETS

Market coverage ...



... enables Fiber Cement penetration in timber frame segment



● Bubble size equals # housing completions times timber frame share

Source: Freedonia, Holzbau Deutschland, James Hardie market assessment

GROWTH IN TIMBER FRAME SEGMENT IN NORTHERN EUROPE

- Northern Europe construction has high percentage of timber frame construction and cladding
- Consistent construction approach across segments – R&R, single-family, multi-family
- ‘Designed for climate’ needs – construction and long-term performance in all weather conditions

Sweden market case studies



James Hardie solutions



HardiePlank[®]



Axon[™]

GROWTH IN TIMBER FRAME SEGMENT IN CENTRAL EUROPE

- Timber frame segment is strong in Central Europe – southern Germany, Switzerland, Austria, and eastern France
- Scalable technology transfer as platform for growth
- Broad base solutions – facades, functional linings, floors

Austria and Swiss market case studies



James Hardie solutions



GROWTH IN MASONRY MARKETS ACROSS EUROPE

- Masonry is strong in many geographies – UK, northern Germany, western France, Benelux
- Finish on masonry - 40% render/stucco, 40% brick/concrete, 20% lightweight
- Market development focus
 - Single-family – Second story new and renovation
 - Multi-family – Modern design panel clad and balcony in-fill
 - Commercial – Panel and render solutions

UK and France market case studies



James Hardie solutions



LEVERAGING FERMACELL MARKET ACCESS AND CUSTOMER INTIMACY TO GROW JAMES HARDIE FIBER CEMENT BUSINESS

- ✓ Market access, regional building preferences
- ✓ Strong **fermacell** brand and logistics network
- ✓ Synergies in new construction channel and R&R
- ✓ Joint sales: fiber cement and fiber gypsum products
- ✓ Local insight: People and regulatory needs



Joint delivery of fermacell and James Hardie products to dealers in Denmark



Joint fermacell (interior) and James Hardie (exterior) project "Bunn Leisure, White Horse Building" in UK

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PRESIDENT AND COO



GLOBAL STRATEGY REMAINS UNCHANGED

We are an Organic Growth Company

- **North America:** 35/90
 - Exteriors volume growth above market with 20-25% EBIT margin
- **Europe:** Create a €1 billion business with Hardie like returns within the next 10 years
- **APAC:** Deliver organic growth above the market with strong returns

STRENGTHEN THE CORE.....AND GROW SOME MORE

CURRENTLY

Strong leadership team
Talented employees, globally

Manufacturing plants with high
throughput and lowest unit cost

Good strategy against Vinyl and Close
Alternatives in NA toward 35/90

OPPORTUNITIES

Build organizational capabilities, depth
of talent and leadership
Best practice sharing

A network of high throughput
manufacturing plants that deliver lowest,
total delivered costs consistently and reliably

Strengthen our execution capabilities in sales
and market development
Digital marketing to enhance conversion
Innovation in products and solutions

SHORT TERM FOCUS

- Employee engagement
- Management system to improve predictability and reduce variability in our business and operations
- Integrated, global strategic plan



Q&A

