

NORTH AMERICA OVERVIEW STRATEGIC PILLARS

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SEPTEMBER 2016

AGENDA

- **STRATEGIC PILLARS**
- **PEOPLE**
- **BRAND PROMISE**
- **MARKET POSITION**
- **NON-FIBER CEMENT**

STRATEGIC PILLARS



PEOPLE

Continue to invest in the safety, development and promotion of our people



BRAND PROMISE

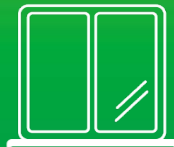
Build on industry leadership through unrivalled commitment to manufacturing, R&D, technology and capacity planning

**DRIVING
PROFITABLE
GROWTH
DELIVERING
SUPERIOR
RETURNS**



MARKET POSITION

Grow fiber cement market share in all geographies we operate in



NON-FIBER CEMENT

Develop other streams of growth beyond fiber cement

PEOPLE – INCREASING ORGANIZATIONAL CAPABILITY



PEOPLE

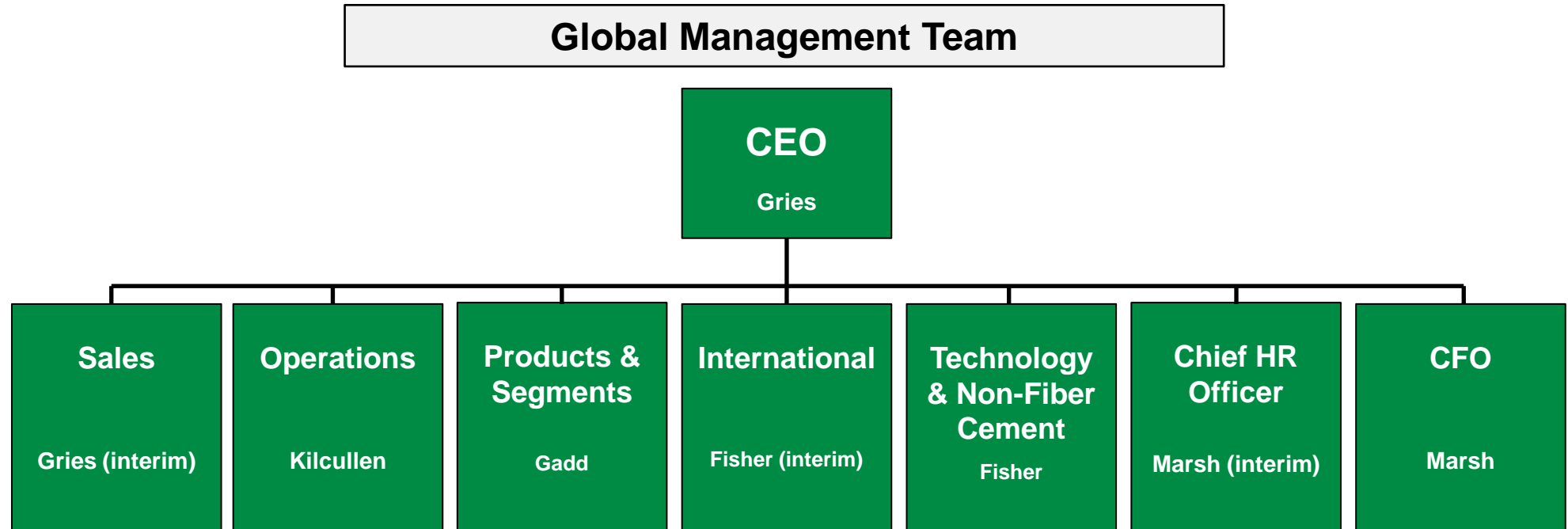
Continue to invest in the development and promotion of our people

We will refocus on optimizing our organizational capability by:

- Ensuring a safe work environment
- Developing and promoting our employees
- Attracting top external talent
- Creating a culture of engagement with our employees
- Delivering a better employee retention outcome

Smart, Driven, Respectful and Real

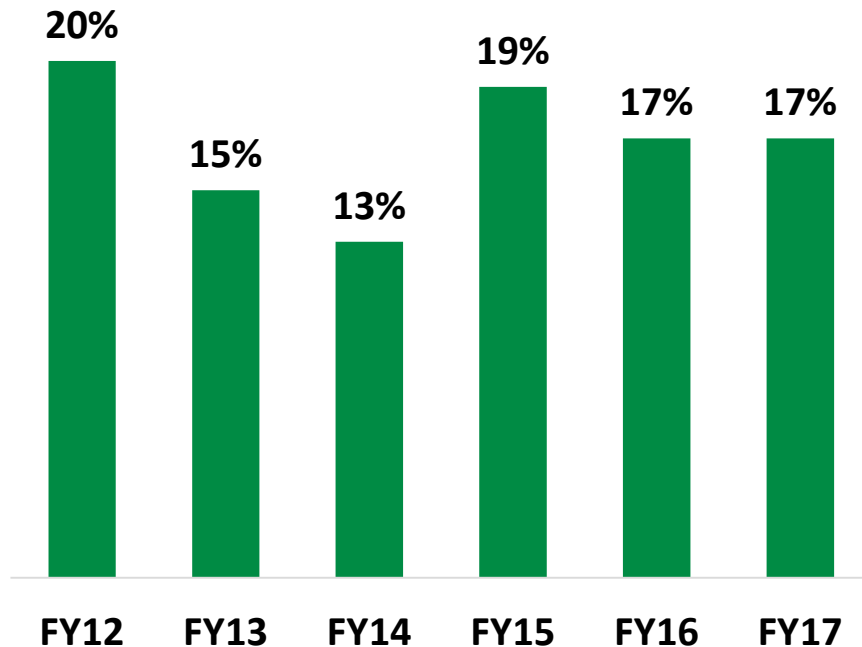
PEOPLE – GLOBAL MANAGEMENT TEAM



- Focus on expanding the breadth and depth of managerial talent
- External talent to be recruited to fill interim positions
- CEO tenure to be determined by the readiness of the business to transition

PEOPLE – FY17 ORGANIZATIONAL PRIORITIES AND METRICS

Attrition Rate



- Seamless transition to global organization structure
- Move to longer time in role for critical jobs to build talent depth
- Target reduction in overall turnover with emphasis on voluntary turnover
- Key areas of focus – Sales and Manufacturing

PEOPLE – “BLUE LINE” DEVELOPMENT PROGRAM

**Formal
Training**

Mentoring

**Individual
Development**

**Peer
Networking**

| OBJECTIVES | METRIC |
|---|--|
| Build pipeline of talent for critical roles by increasing awareness of talent across the organization | Promotions/Transfers at above average rate |
| Accelerate the development of high potential employees | Expanded development plans and incremental development opportunities |
| Ensure engagement and retention meets or exceeds peers | Engagement scores and turnover metrics |

PEOPLE – FY17 SAFETY PRIORITIES AND METRICS

JH US Manufacturing Historical Safety Performance



- Step change approach regarding Company's approach to safety
- HardieSafe vision initiated with goal of achieving sustainable world-class safety performance globally across every area of the business
- Primary focus on 5 key areas:
 - Organizational Culture
 - Work Environment
 - Engineering and Process Capability
 - Training and Development
 - Optimized Feedback Loop
- Safety incorporated into all aspects of business planning

BRAND PROMISE – DIFFERENTIATED BY DESIGN



BRAND PROMISE

Build on industry leadership through unrivalled commitment to manufacturing, R&D, technology and capacity planning

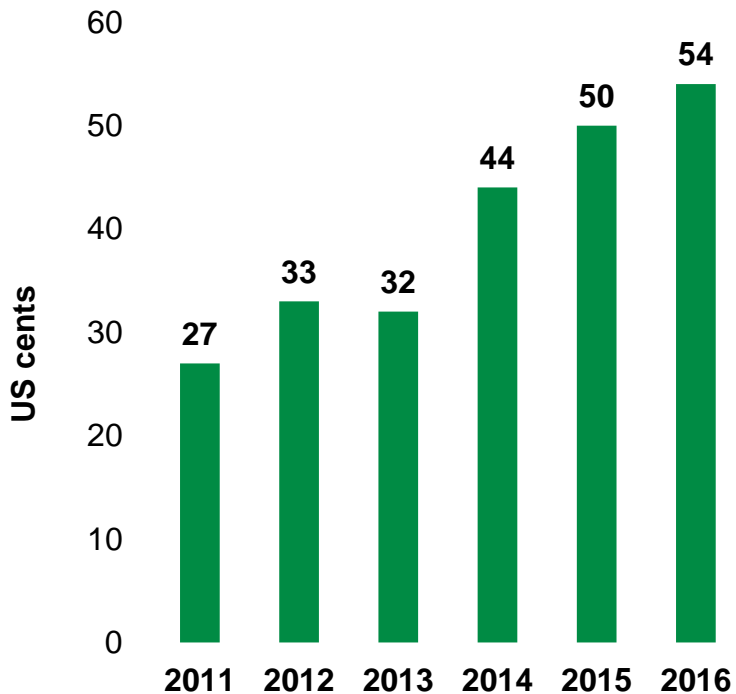
We aim to deliver differentiated products and services by:

- An unrivalled commitment to research and development
- Maintaining our manufacturing cost advantage
- Delivering industry leading quality and service levels
- Investing in future manufacturing capability and capacity
- Utilizing technology to better improve our customers experiences with us
- Ensuring we meet our financial returns objectives

Operational Excellence and Continuous Innovation

BRAND PROMISE – FY17 PRIORITIES AND METRICS

Adjusted Diluted Earnings Per Share



- FY17 guidance for full year for Adjusted Net Operating Profit to be between US\$260 million and US\$290 million
- FY17 EBIT margins to be at the higher end of 20% to 25% targeted range¹
- Lifting service levels to targeted standard
- Successful commissioning of capacity projects:
 - Plant City #4 2Q FY17
 - Cleburne #3 3Q FY17
 - Plant City #3 4Q FY17
 - Summerville 1Q FY18

¹ This expectation is based upon the Company continuing to achieve strong operating performance in its plants, consistent with recent quarters, and stable exchange rates and input costs

MARKET POSITION – POSITIONED FOR GROWTH



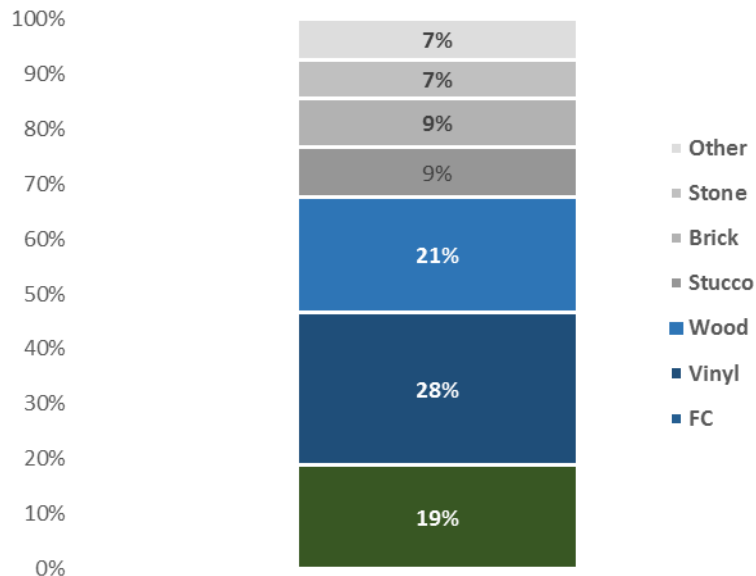
We aim to grow our businesses by:

- Growing fiber cement by substituting for wood and vinyl siding and trim in the new construction, repair and remodel and multifamily segments (35%)
- Maintaining our fiber cement category position by delivering differentiated value from the supply chain through to the home owner (90%)
- Driving our share of the rigid backer board market to 50%, while extending our presence in the underlayment market to non-fiber cement categories and adjacent accessories
- Utilizing a segmented approach to brand positioning and strategic pricing

Growing Market Share in all our Businesses and Geographies

MARKET POSITION – FY17 PRIORITIES AND METRICS

North America Siding Market Share



Source: Internal estimates based on NAHB product usage data adjusted for regional market intelligence

- Lift rolling four-quarter primary demand growth (“PDG”) to 8%
- Continue to invest in sales programs that drive increased market demand
- Recruit new Executive Vice President of Sales
- Realize return on incremental FY15-17 SG&A spend
- Fine-tune tactical pricing practices

NON-FIBER CEMENT – DEVELOPING NEW STREAMS OF GROWTH



NON-FIBER CEMENT

Develop other streams
of growth beyond
fiber cement

We will continue to explore opportunities for growth beyond our existing fiber cement business by:

- Continuing to invest in fiberglass protrusion technology and our existing fiberglass window frame business
- Identifying other non-fiber cement businesses within the North American building materials sector
- Prioritising early stage technology where our existing core competencies around product innovation, process improvement and market development can add value
- Giving consideration to fiber cement opportunities beyond existing geographies

Building the Foundations for Future Growth



QUESTIONS