

MARKET POSITION

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September 2016

AGENDA

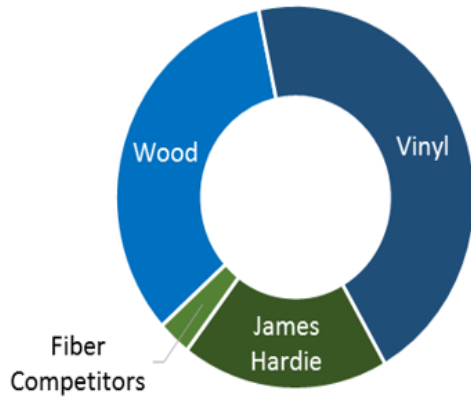
- **35/90 AND WHERE IT COMES FROM**
- **SINGLE FAMILY NEW CONSTRUCTION AGAINST VINYL**
- **SINGLE FAMILY REPAIR AND REMODEL AGAINST VINYL**
- **WINNING AGAINST OSB SIDING**
- **TOP OF MARKET STRATEGY**

JAMES HARDIE US STRATEGY

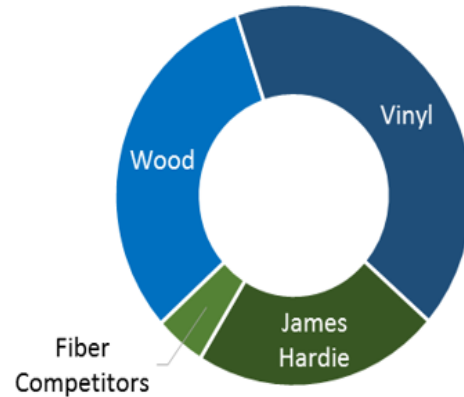
- To grow organically through a differentiated position in the building products industry.
- Grow Fiber Cement by substituting for both wood and vinyl based sidings and trim in the new construction, repair & remodel market and multifamily segments (35)
- Maintain our Fiber Cement category position by delivering differentiated value to supply chain participants, right through to the home owner (90)

JAMES HARDIE VS COMPETITIVE WOOD-LOOK CLADDING

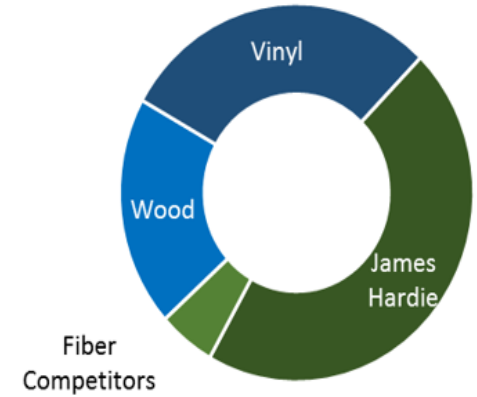
Past



Present



Future



Objective

Growth vs Wood

Growth vs Vinyl

Defend vs Competitive
Fiber Cement

Value
Proposition

Sell Superior Durability
and Low Maintenance

Design – Authentic Look
of Wood

Channel Alignment and
Company

GROWTH – TERMINAL SEGMENT COMPOSITION



Multifamily

35%++



Repair and Remodel

>35%



Single Family

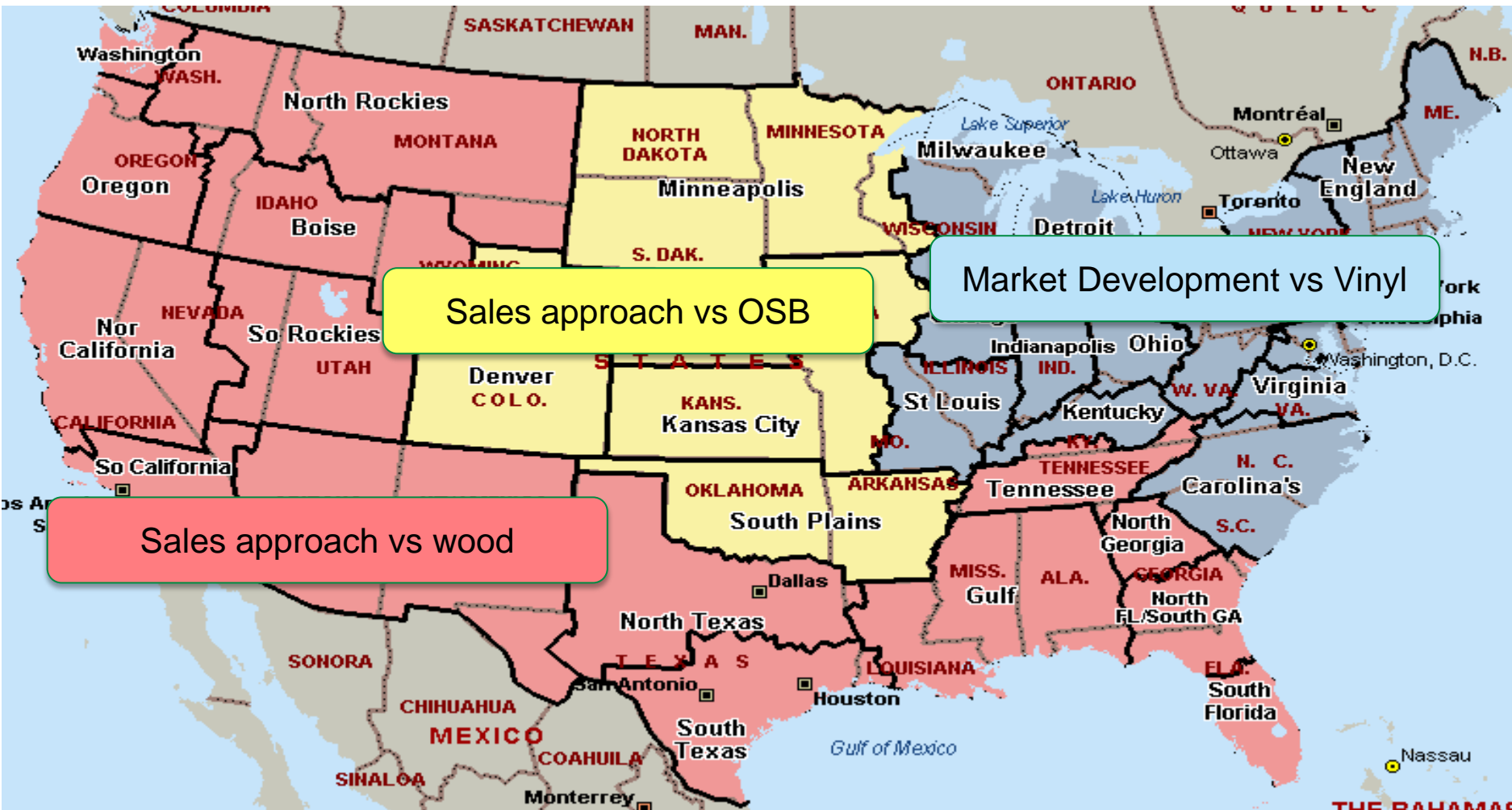
<35%

Market opportunity & growth will come from both metro and non-metro markets



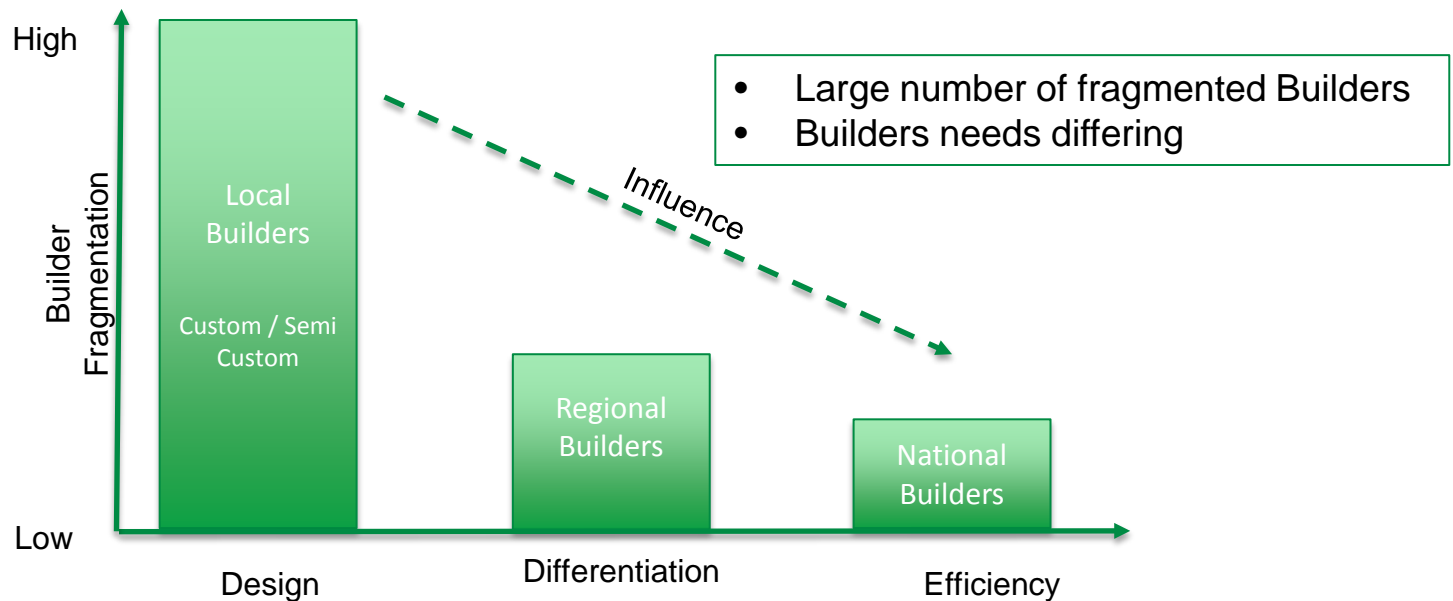
SINGLE FAMILY NEW CONSTRUCTION - VINYL

PRIMARY COMPETITOR BY REGION



MARKET DEVELOPMENT AGAINST VINYL

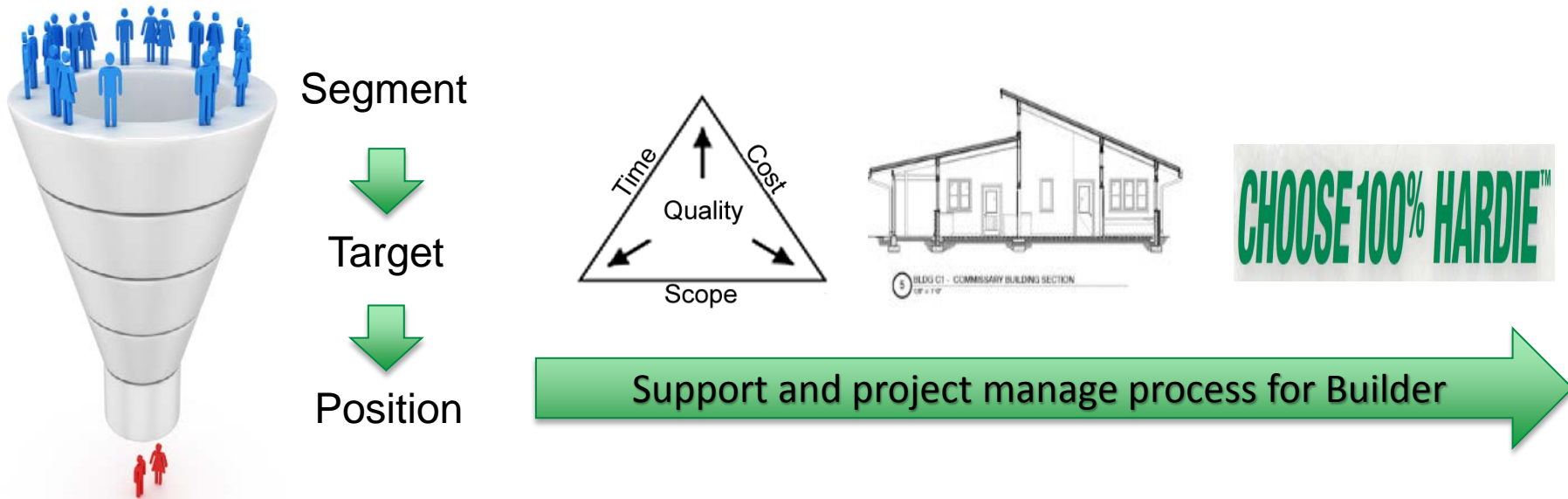
1. Significant price increase
 2. Requires articulation of the value
 3. Switching costs or barriers
- Market Development Approach



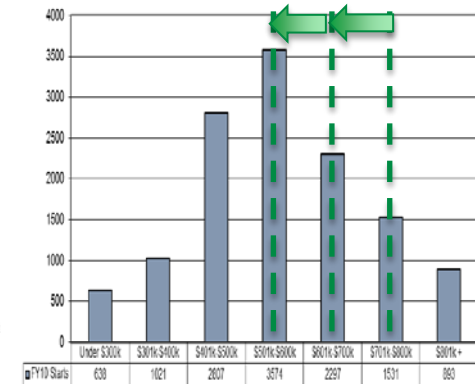
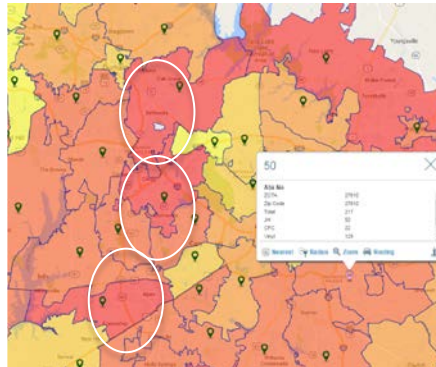
MARKET DEVELOPMENT – TARGETED APPROACH

Market Development Approach

Targeting the quality builder, in the right geography at the right price point that is looking to build a quality home with authentic design and the look of real wood



ACCELERATING THE APPROACH



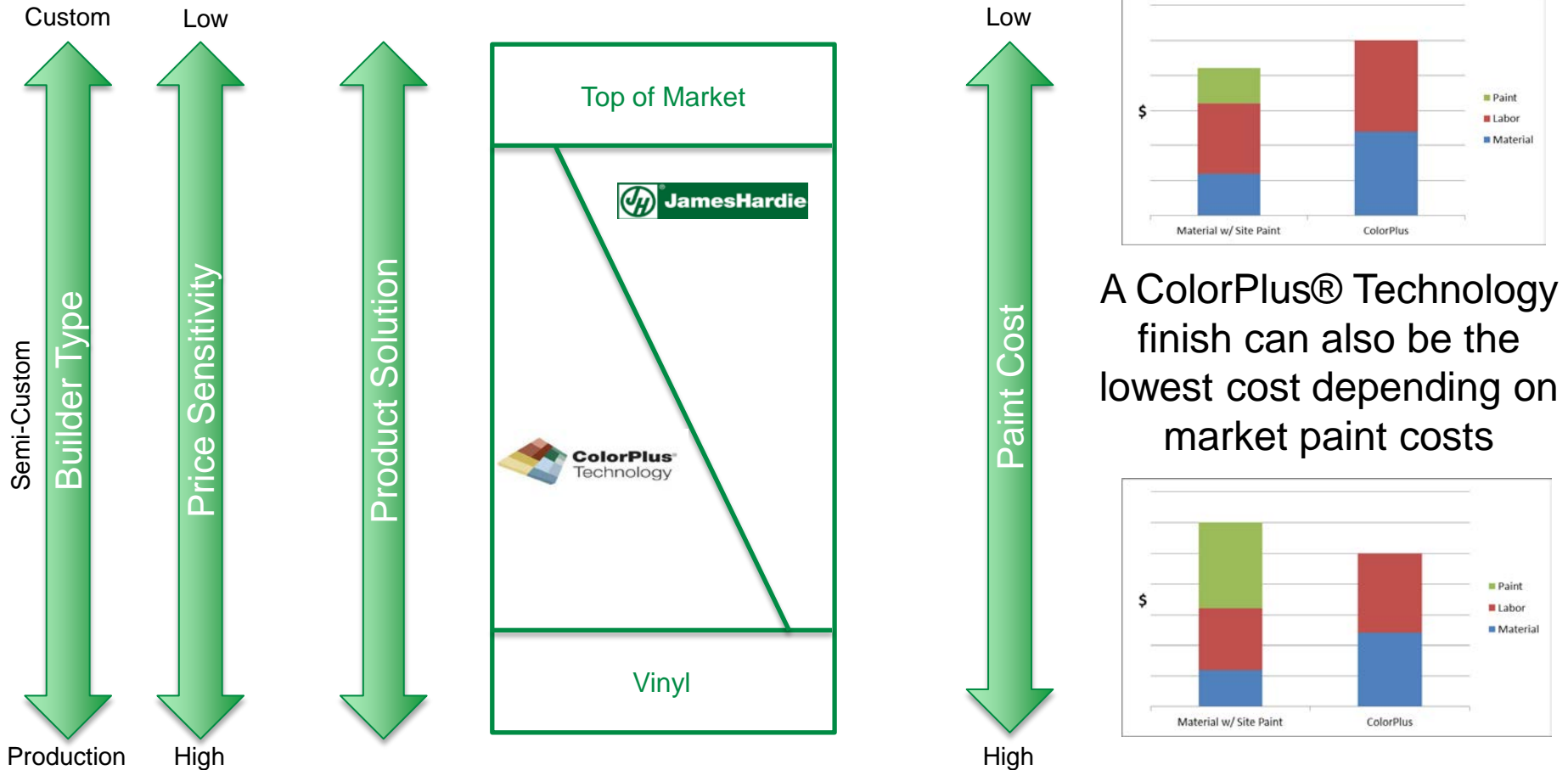
Increasing James Hardie resources and developing their capability

Operating in multiple geographies and price points

Leveraging the wins and making it “loud” by marketing with key builders

Shift price point
Left – creating
competitive
pressure for
builders on the
lower price points

VINYL STANDARD MARKET – PRODUCT MIX



A ColorPlus® Technology finish can also be the lowest cost depending on market paint costs



SINGLE FAMILY REPAIR AND REMODEL

SINGLE FAMILY REPAIR AND REMODEL

Key Decision Maker

Homeowner

Decision Maker Key Considerations

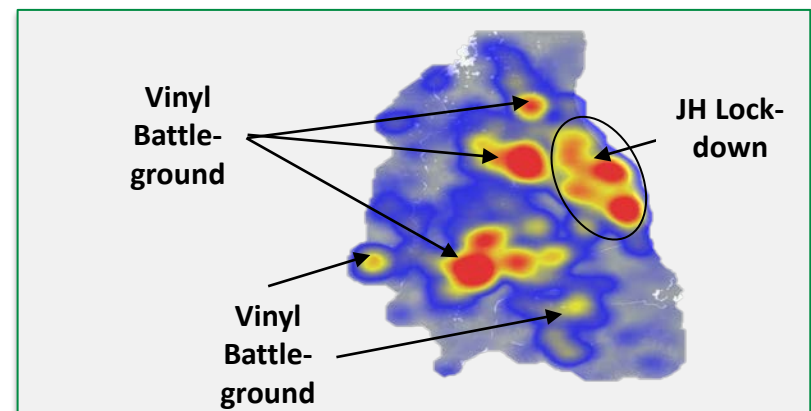
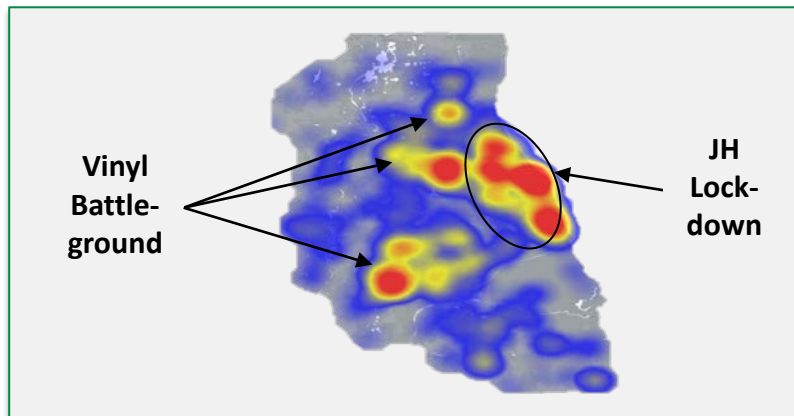
- Return On Investment
- A Trusting Contractor
- Renewing Homeowner's Dream Home
- Durability, Low Maintenance, Design and Time Proven Product

Go to Market Strategy

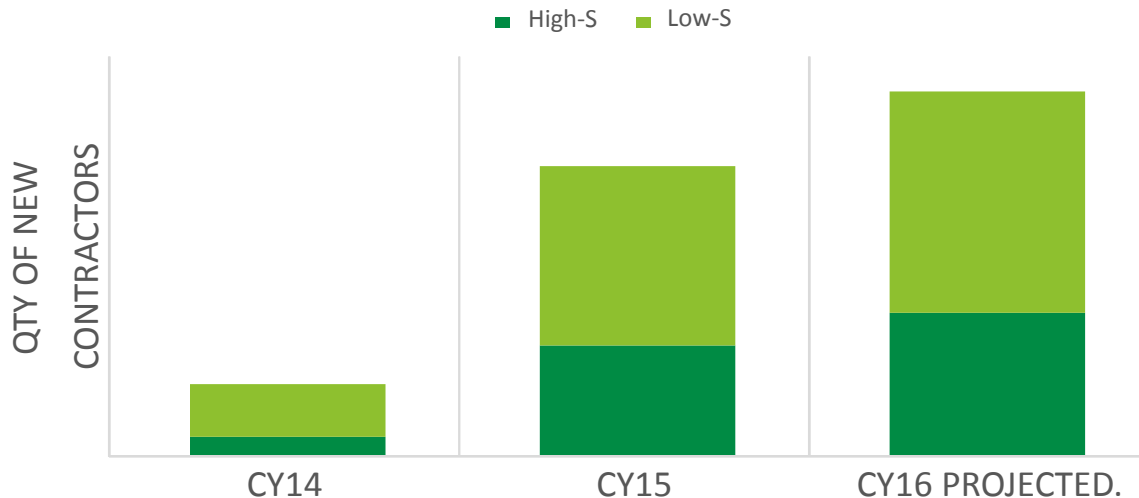
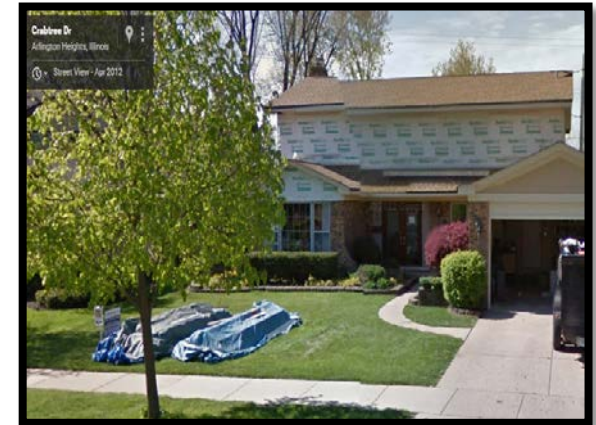
- Raise Awareness with The Homeowner
- Develop an Aligned Group of Contractors
- Help the Contractor Sell in the Home
- Brand ONLY

VINYL STANDARD, METRO MARKETS

- Drive awareness and preference for James Hardie products in vinyl battleground neighborhoods via the Contractor
- Convert battlegrounds into lockdowns
- Reach Homeowners through multiple touch points
- Enabling Contractor growth in these key neighborhoods



"2 TO 10" ACTIVITY AND LEAD NURTURING

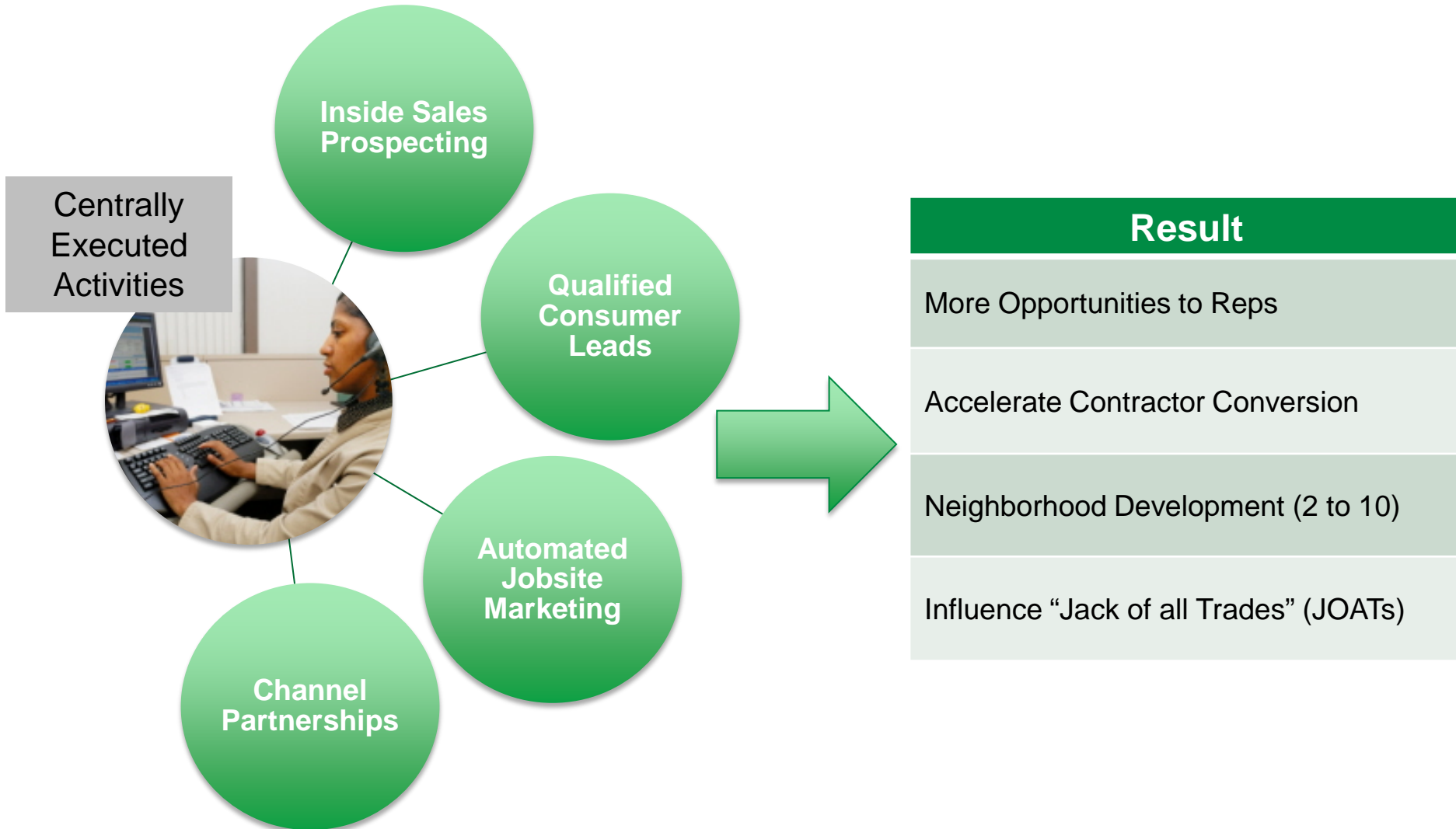


NON-METRO MARKETS

- Invest in non-metro markets – 50%+ of the opportunity
- Invest in the “boat” to help create the “wake”
- Generalist sales model
- Optimize rep selling time in field by doing more work centrally



CENTRALIZED APPROACH TO DELIVER RESULTS

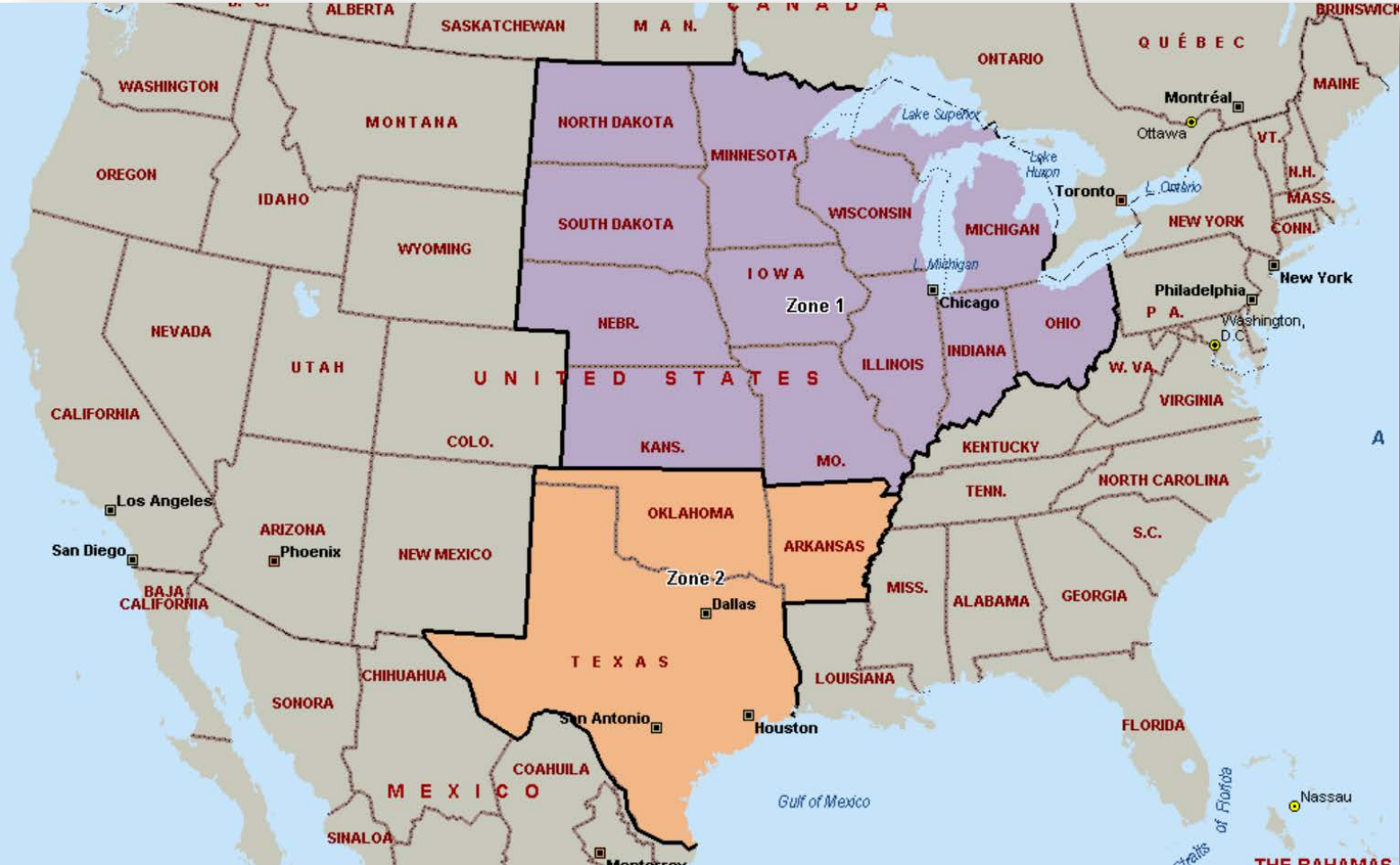




WINNING AGAINST OSB SIDING

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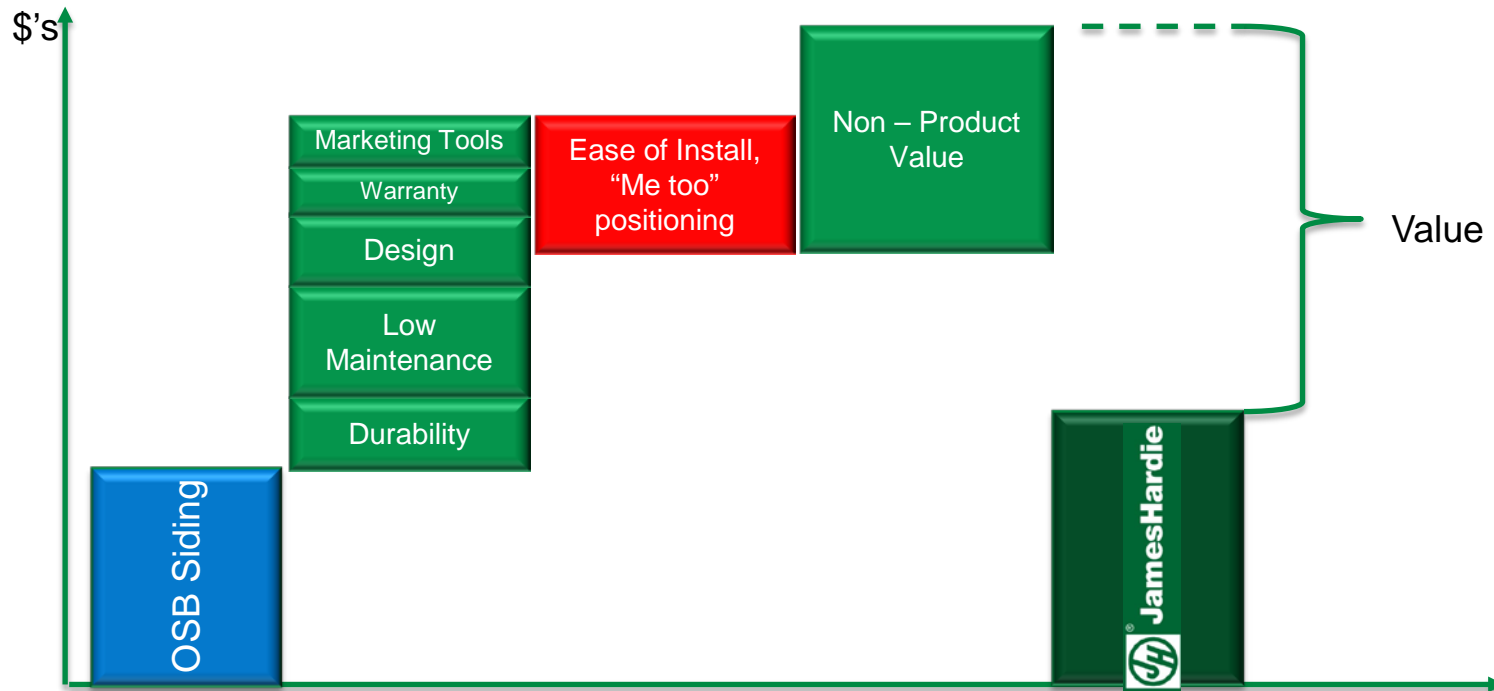
WIN IN KEY REGIONS



WINNING AGAINST OSB SIDING

Company versus company (non-product value)

Economic Value Analysis



WINNING AGAINST OSB SIDING IN ZONE 1

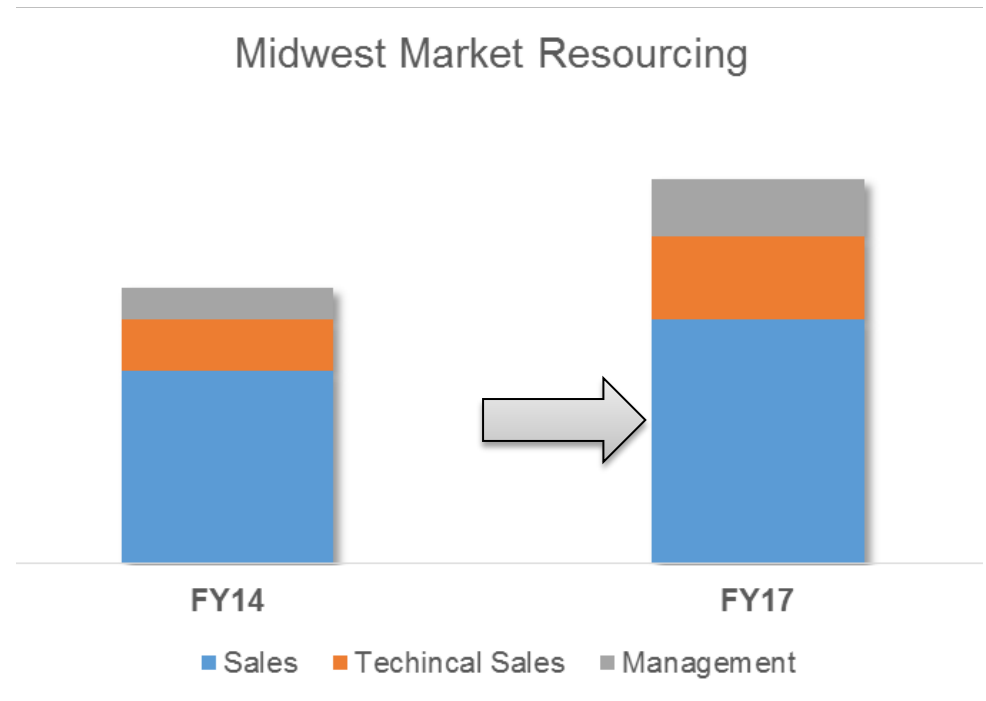
To win against OSB siding products, James Hardie game plan was developed around key pillars:

- Resourcing
- Product portfolio changes
- Non-Product value programs
- Value chain engagement



RESOURCING INVESTMENTS

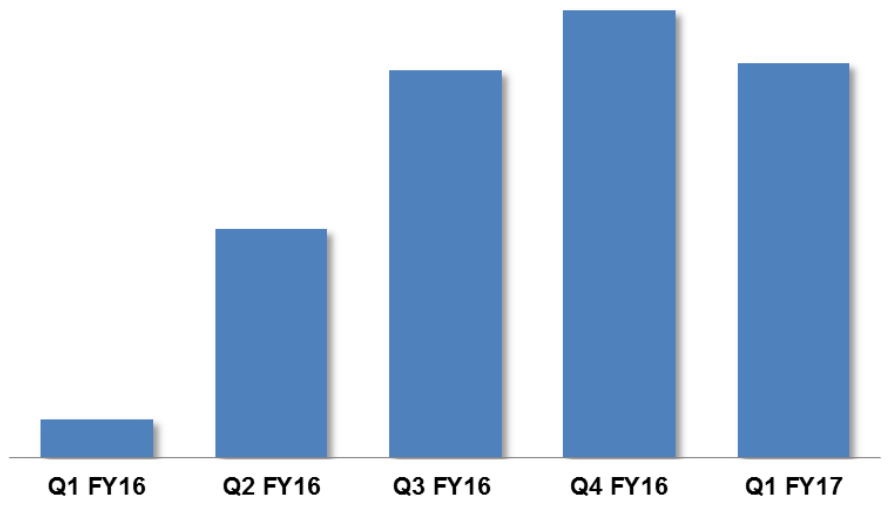
- Increased market presence in additional metros and non-metros
- Resourced market programs for success
- Increased management effectiveness



PRODUCT PORTFOLIO – CUSTOM COLOR

Since the launch of Custom Color sales volume has grown consistently as James Hardie capabilities continue to improve

Custom Color Volume



INTRODUCING: JAMES HARDIE CUSTOM COLORS WITH COLORPLUS® TECHNOLOGY

Custom colors are now available on James Hardie® siding products. Our proprietary ColorPlus® Technology finishes, along with the versatility of custom colors, offer the unmatched durability of James Hardie siding, now with limitless design options.



**REQUEST A
SAMPLE ONLINE**
JHCUSTOMCOLOR.COM



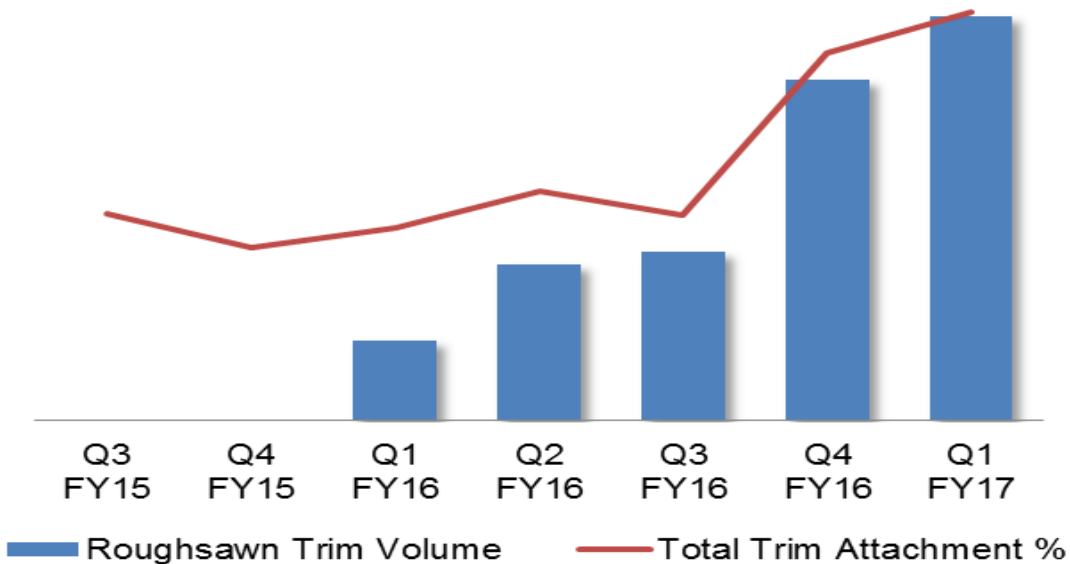
**REQUEST A
SAMPLE BY PHONE**
877-901-0683

The process of getting custom color samples is easy and quick!
See details listed on the opposite side on how to get started.

James Hardie Building Products is matching a specified color only and makes no representations or warranties that its custom color products will match other appearance elements (e.g., sheen or gloss) of any other products, components or otherwise on the exterior of any structure, nor will JBP be responsible for any differences in appearance or performance between its custom color or product and any other products and/or components with weathering or other environmental factors (e.g., differences in fade rate).

PRODUCT PORTFOLIO – ROUGHSAWN TRIM

HardieTrim is now attached to more Hardie homes following the launch of Roughsawn trim



5/4 NT3® SMOOTH

Arctic White

Thickness	1 in.					
Width	3.5 in.	4.5 in.	5.5 in.	7.25 in.	9.25 in.	11.25 in.
ColorPlus	✓	✓	✓	✓	✓	✓
Primed	✓	✓	✓	✓	✓	✓



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NEW

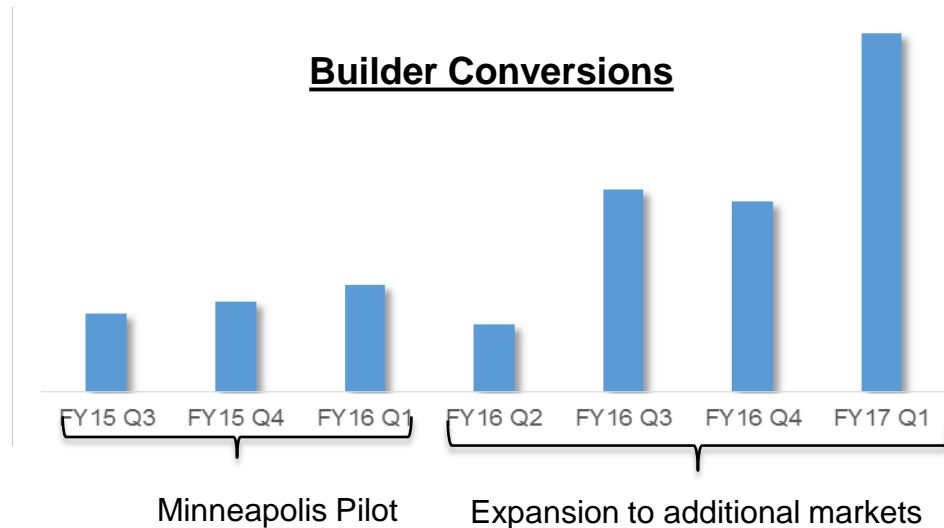


NON PRODUCT VALUE – 100% HARDIE

- Single family new construction program
- 100% Hardie program continues to enhance the James Hardie value proposition
- Designed to inspire confidence that is marketable at the builder level



A program that:
...inspires confidence
...stands above the rest
...delivers results

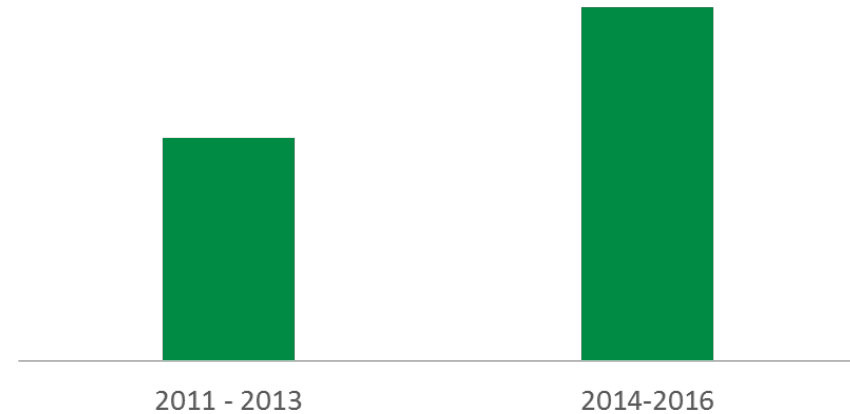


NON-PRODUCT VALUE - AMBASSADOR PROGRAM

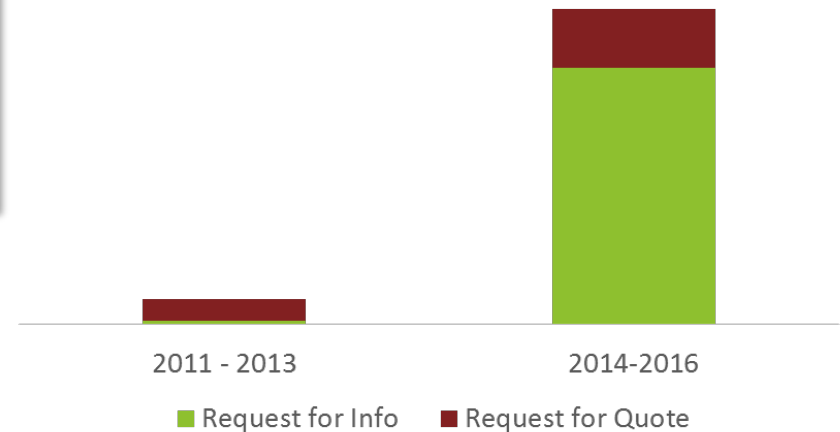
- Repair and Remodel program
- Expanded the Ambassador Program to additional markets



Contractor Reported Jobs

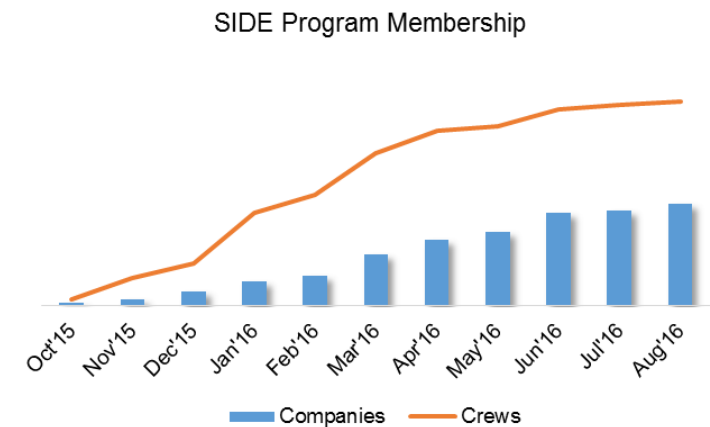
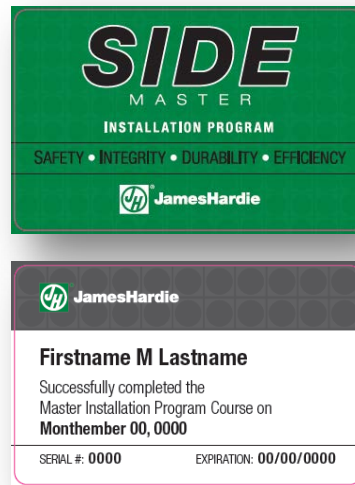


Consumer Lead Generation



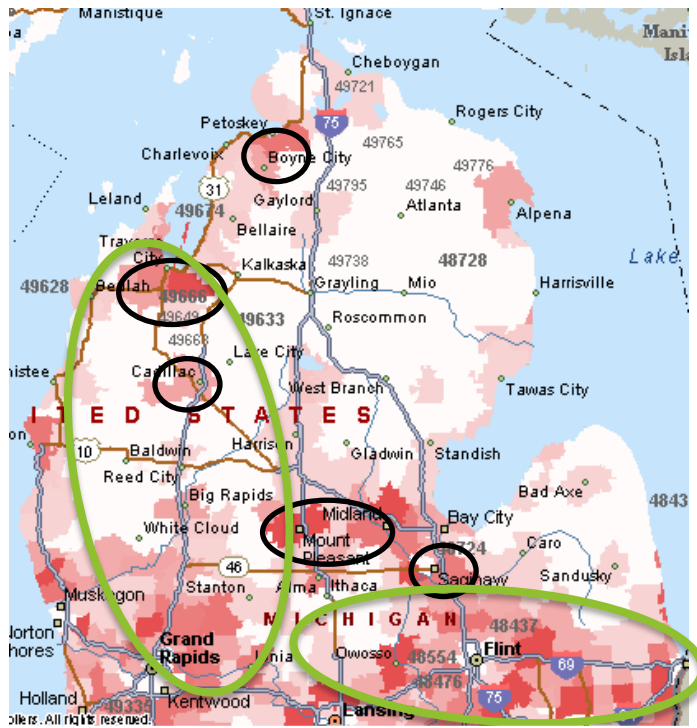
VALUE CHAIN ENGAGEMENT – SIDEMASTER

- SIDE Master is an Installer affiliation program
- Enhances James Hardie partnership with installers through education, tools and services.
- Continue to work on creating value for the installer



VALUE CHAIN ENGAGEMENT – ASKHARDIE™

Additional resources for dealers in select non-metro markets providing expedited response times through dedicated single source experts



JH Rep Coverage
askHardie™ Coverage



Products

Get immediate answers to your product-related questions, including the availability of profiles and sizes for your market and specific questions about accessories, colors and warranties.



Installation

Get customized support for your James Hardie® product and accessory installation questions. You can also arrange installation training events.



Marketing Materials

Get quick, easy access to a wide range of marketing materials such as brochures, samples and displays.



Ordering

Get expedited access to your product inquiries and order status.



One-on-one Support

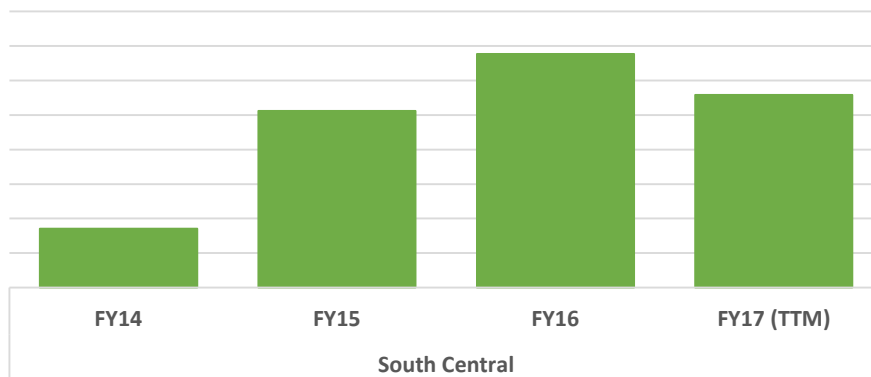
Address any needs or questions you may have with one-on-one support from your representative.

WINNING AGAINST OSB SIDING IN ZONE 2

To win against OSB siding in Zone 2, James Hardie game plan was developed around key pillars:

- Winning large builders
- Building stronger relationships with our channel partners
- Winning trim

LP conversions - Zone 2



TOP OF MARKET

TOP OF MARKET

- The goal in Top of Market is to establish a design leadership position for James Hardie on luxury and custom homes.
- Product development investments will deliver a suite of products designed to appeal to traditional, contemporary, or modern design preferences.



TOP OF MARKET – JAMES HARDIE

James Hardie is uniquely advantaged to win in the Top of Market...

- Trusted and respected brand with proven durability
- Product Leadership: Technologies to deliver improved product development capabilities
- Leverage process advantages
- Work through current aligned channel partners for quick entry
- Wood–replacement strategy against cedar

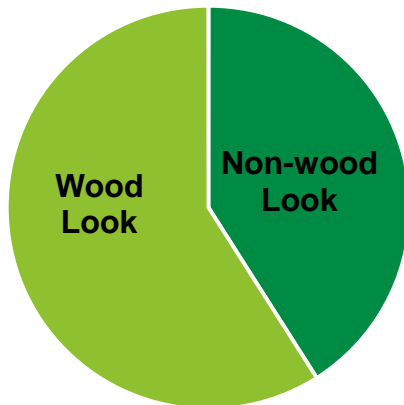
Top of Market is aligned to the James Hardie strategy

- Delivers against the 35 and better defends the 90
- Provides value that this customer group is looking for

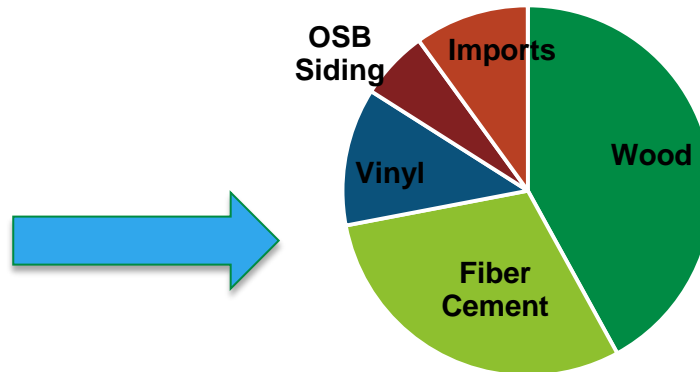
TOP OF MARKET - COMPETITOR

- The wood and panel look portion of the Top of Market has traditionally been split between cedar, wood and some high-end imports
- Several exterior cladding manufacturers have recently introduced products

Total Top of Market



Wood-look Market Share,
Top of Market



TOM OF MARKET - CUSTOMER

The Top of Market is influenced heavily by the small, custom home builder and the architect they partner with

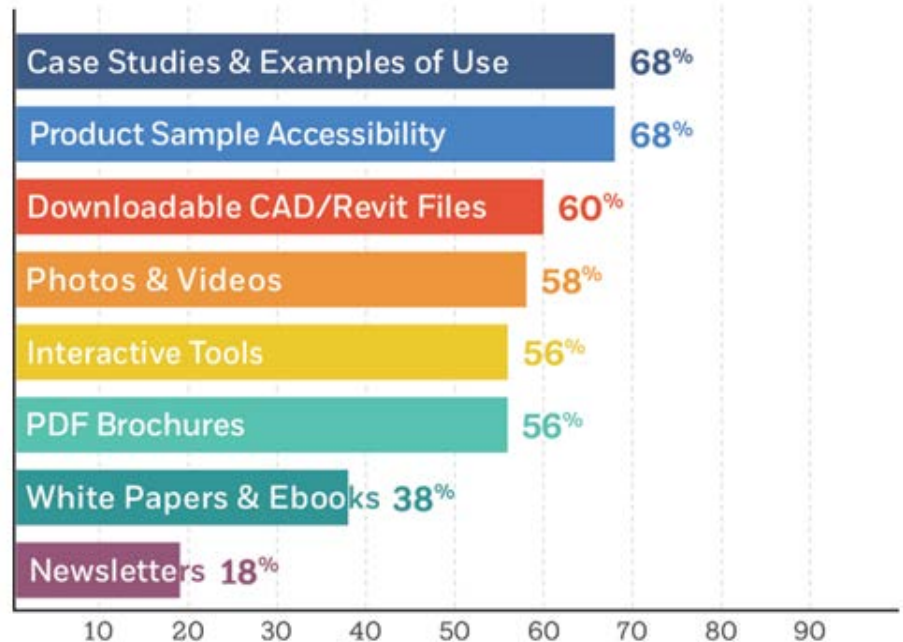
Custom Builder Segmentation

Segmentation	Profile
Small Independent and Custom Builders	<ul style="list-style-type: none">• Primarily local builders• High fragmented universe• 5 to 7 employees• Spec and semi custom• Buy through independent lumber yard, use as trusted advisor• Limited influence from architect
High-end Luxury Custom Builders	<ul style="list-style-type: none">• Fully Custom• Average 4-6 employees• 3 to 5 homes per year• Buy's through lumber yard but make final brand decision• Strong influence from architects• Client financed

Source: Hanley Wood

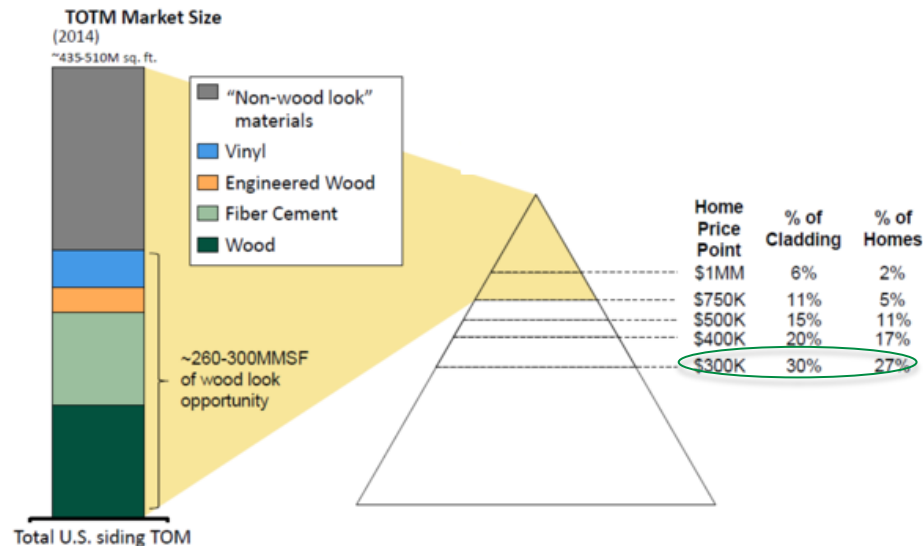
Architect Needs from Manufacturer

Source: Venveo



TOP OF MARKET - OPPORTUNITY

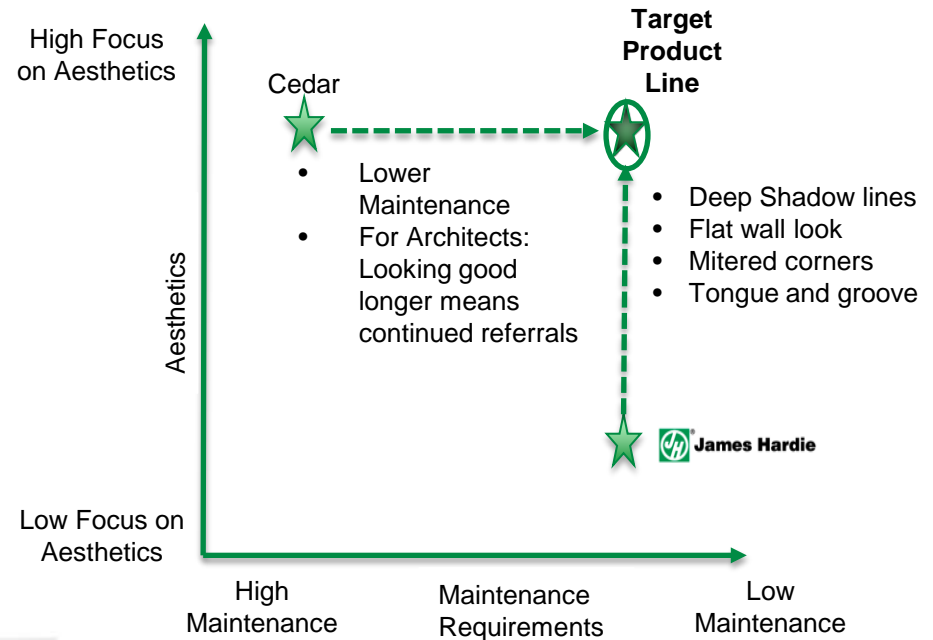
- Approx. 35% of wood look material has already been displaced by HardiePlank
- Over time Top of Market products should extend downward and address homes in lower tiers
- Including all homes above \$300K would add another 19% of US cladding



Source: LEK

TOP OF MARKET – VALUE PROPOSITION

- Brand you can trust
- Low maintenance
- Design, specifically hidden nails
- Affordable



TOP OF MARKET - PRODUCT DEVELOPMENT

Our product development programs leverage advances and investments in:

- Thick Products
- Low Density
- Machining
- Pressing
- Sanding
- Embossing



TOP OF MARKET – SALES AND MARKETING

- High fragmentation of Top of Market customers drives the marketing mix to win the segment more heavily weighted to centralized investments vs field resources.
- Will supplement with field resources to partner with key builders, architects and independent lumber yards

**Architect
Outreach
Programs**

**BIM &
Technical
Resources**

**Content
Marketing**

**Central Lead
Generation
and
Management**

**Website &
Digital**

QUESTIONS