



EXTERNAL ENVIRONMENT & BUSINESS FUNDAMENTALS

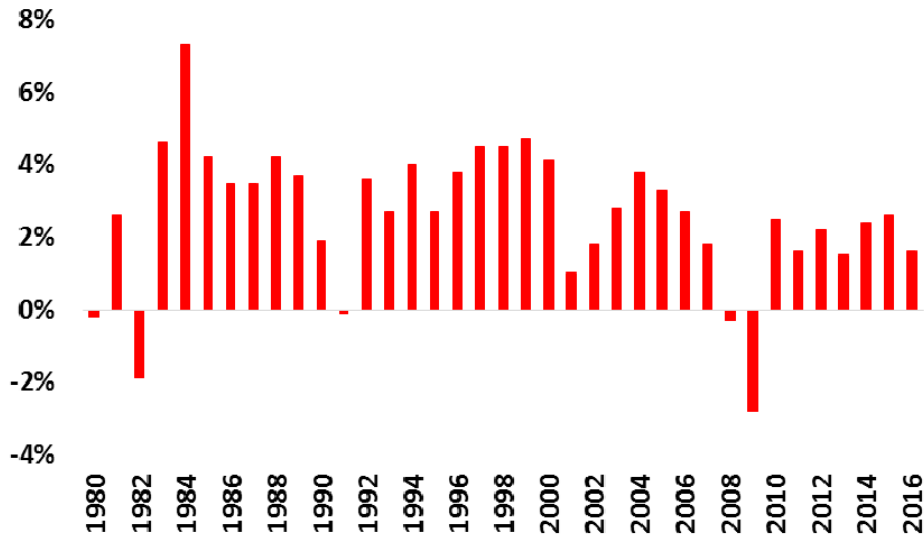
Matthew Marsh, EVP & CFO

AGENDA

- U.S. Economic Conditions
- Housing Environment
- North America Capacity

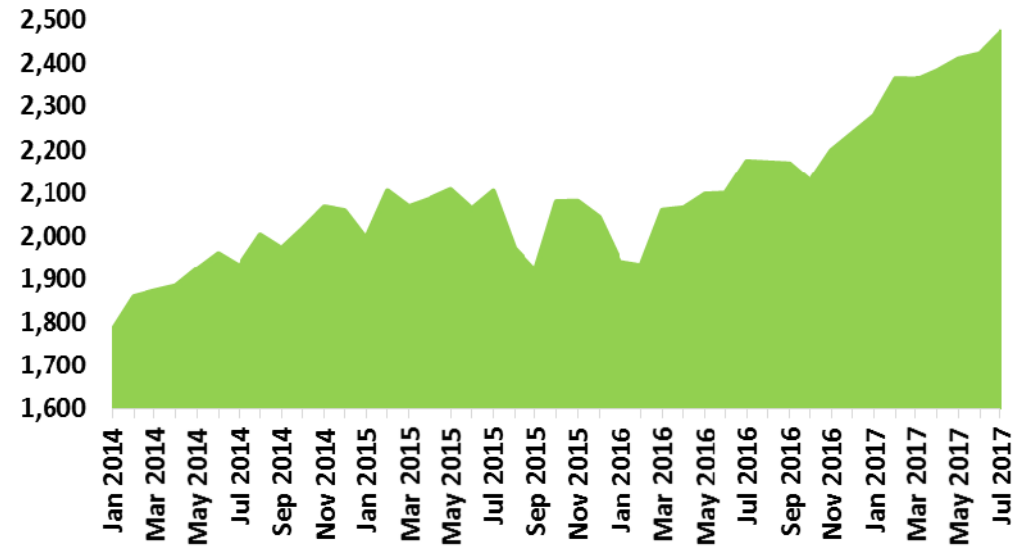
KEY ECONOMIC INDICATORS STABLE

GDP Growth



Source: Bureau of Economic Analysis

S&P Index

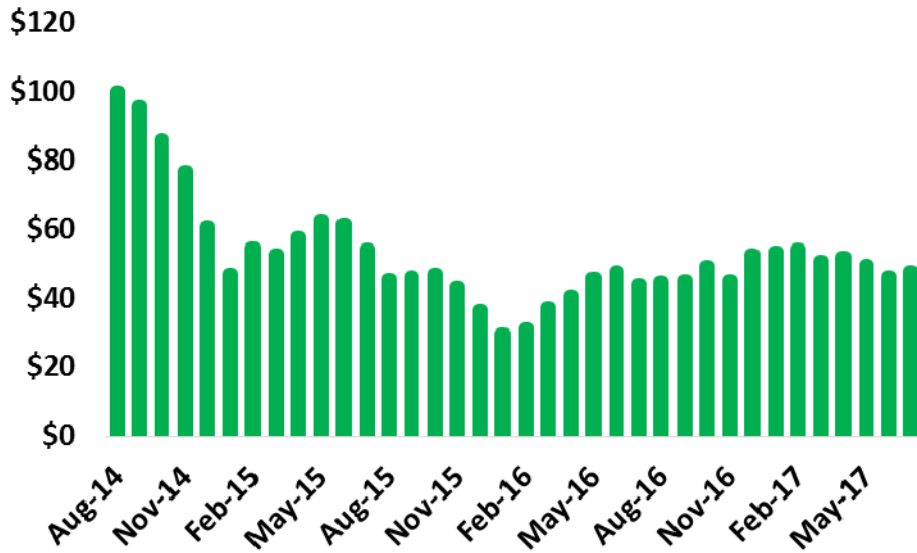


Source: Yahoo! Finance

GDP remains 2-3%. Market strong.

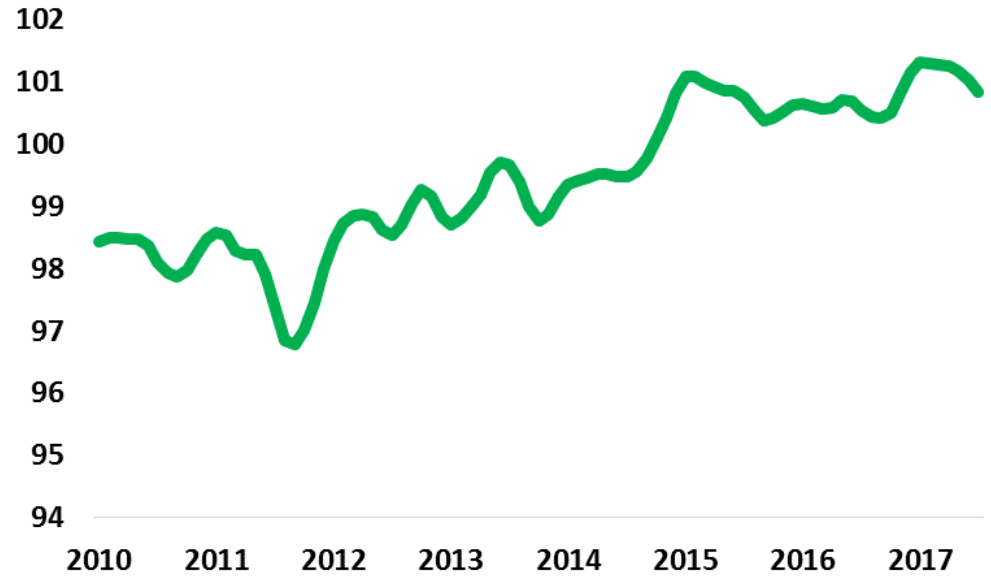
KEY ECONOMIC INDICATORS STABLE

**Crude Oil
USD\$/Barrel**



Source: World Bank

Consumer Confidence Index

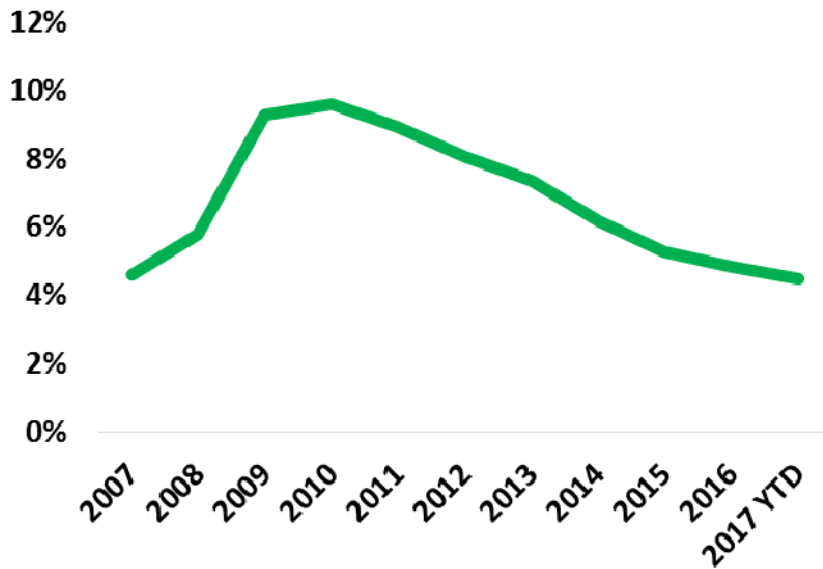


Source: OECD

Oil prices stable. Continued strength in consumer confidence.

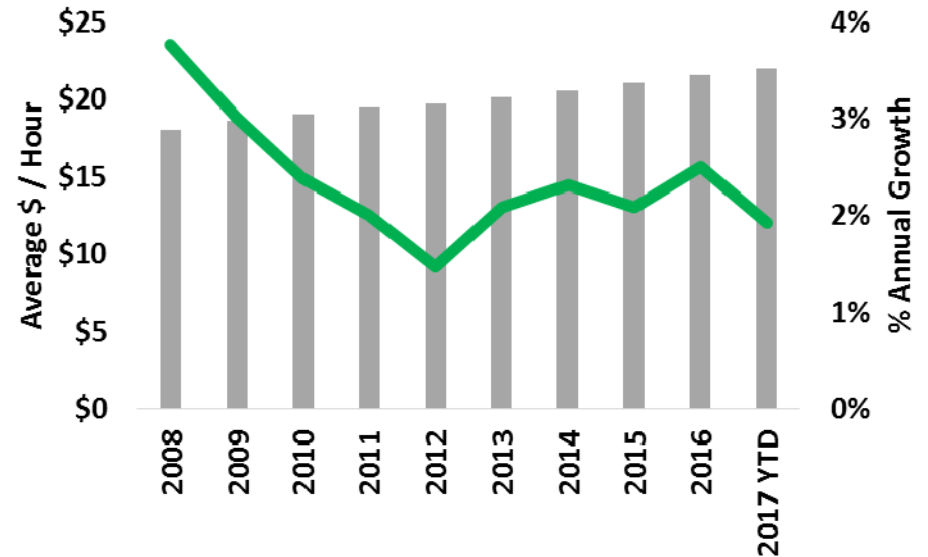
KEY ECONOMIC INDICATORS STABLE

U.S. Unemployment Rate



Source: Bureau of Labor Statistics

Average Hourly Wage



Source: Bureau of Labor Statistics

U.S. returned to near full employment. Wage growth in line with inflation.

POLITICAL ENVIRONMENT

- (+) Corporate Tax Reform**
- ↔ Infrastructure Bill**
- ↔ NAFTA**
- ↔ Mortgage Interest Deduction**
- ↔ Healthcare**
- (-) Immigration Policy / DACA**

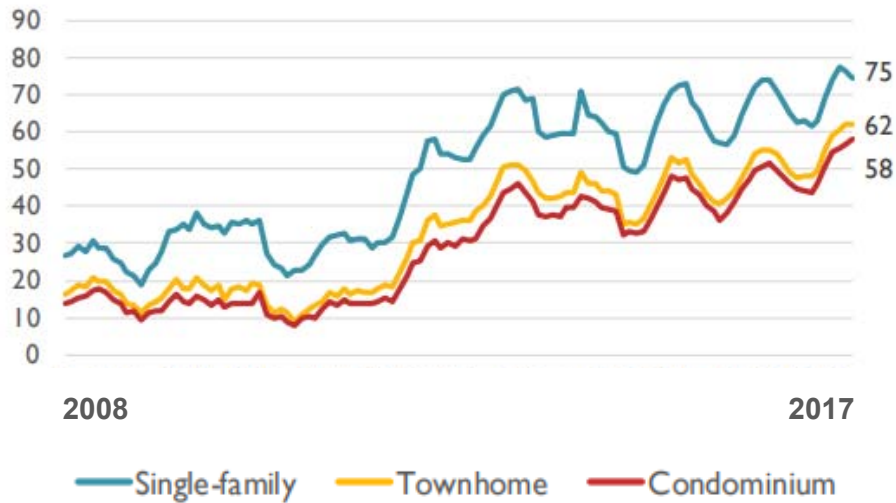
U.S. NATURAL DISASTERS



- Hurricanes Harvey and Irma marked the first time two Atlantic Category 4 hurricanes have made U.S. landfall in the same year.
- Comparatively, Sandy ('12) and Katrina ('05) made landfall as Category 3s.
- Hurricane impacted area represents ~15% of JH NA volume.
- Plant City manufacturing operations were halted in anticipation of Hurricane Irma.

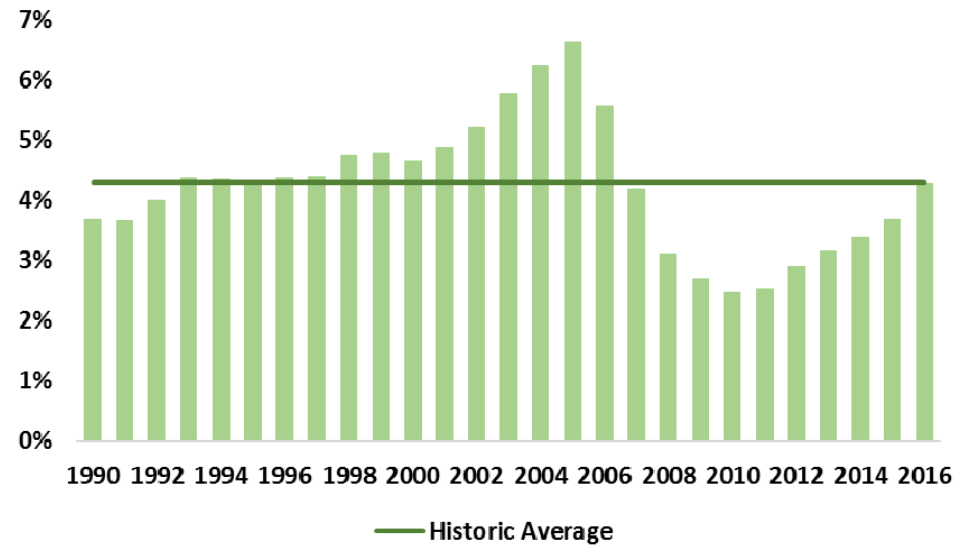
SOLID CONFIDENCE & INVESTMENT IN HOUSING

Real Estate Confidence Index



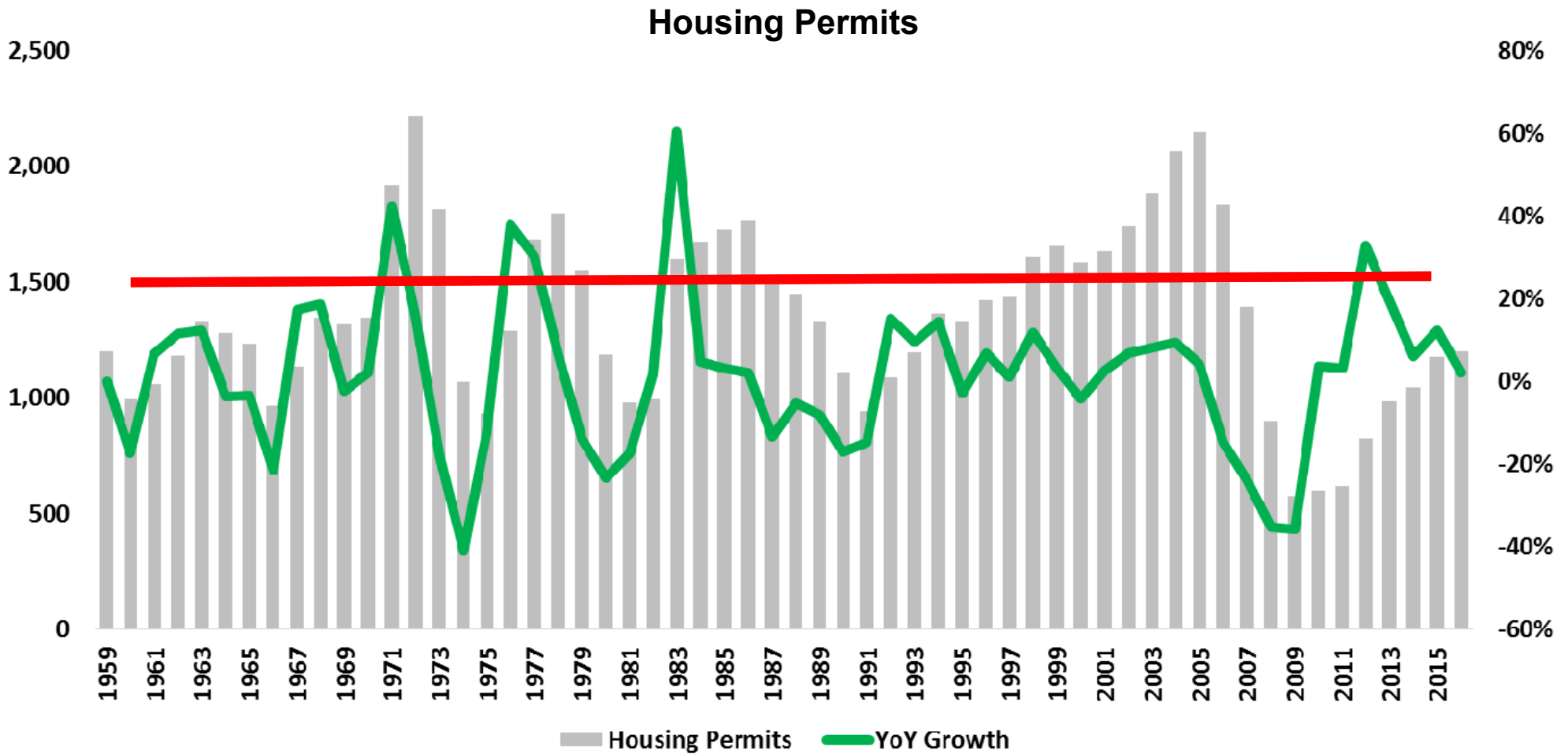
Source: National Association of Realtors, Realtors Confidence Survey, June 2017

Residential Fixed Investment as % of GDP



Source: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis

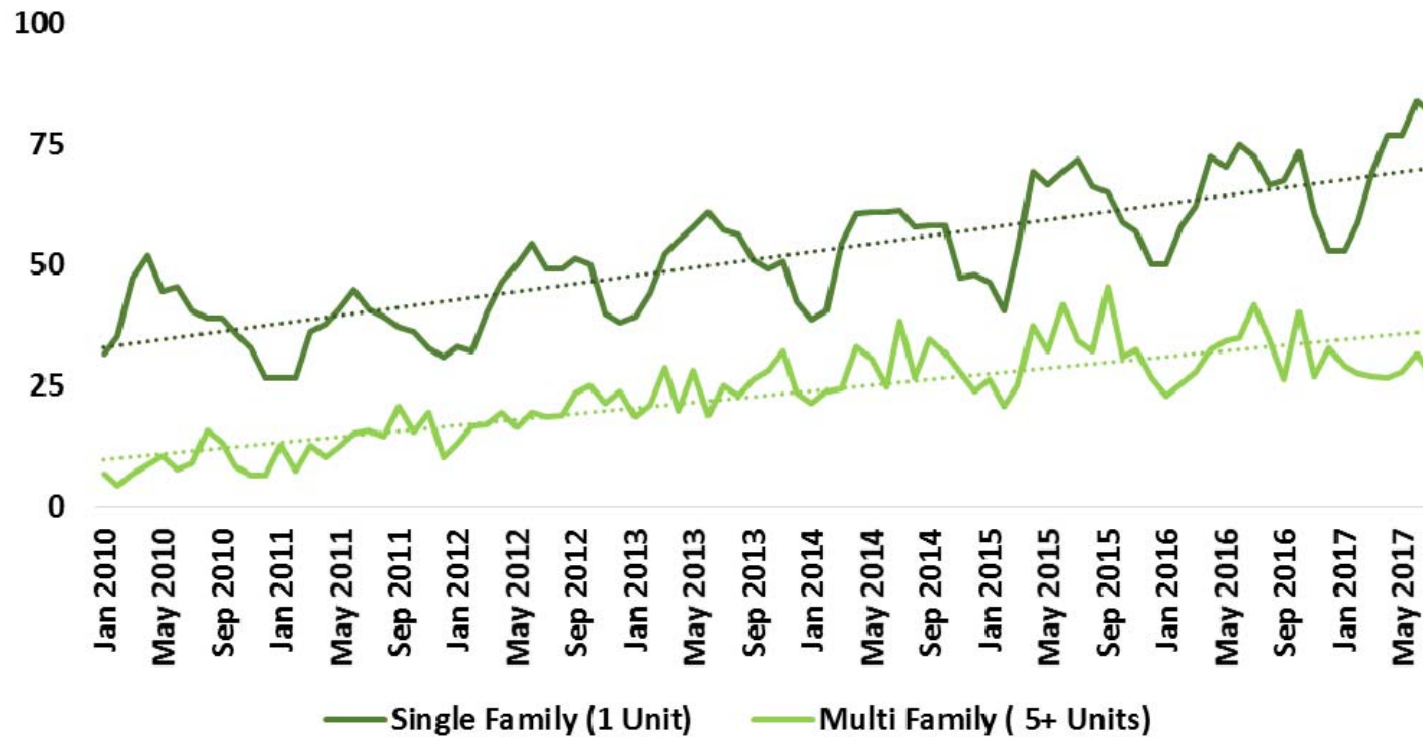
GROWTH OF NEW HOUSING CONTINUES



Source: U.S. Census Bureau

GROWTH ACROSS NEW CONSTRUCTION SEGMENTS

Housing Starts by Segment
Thousands of Starts

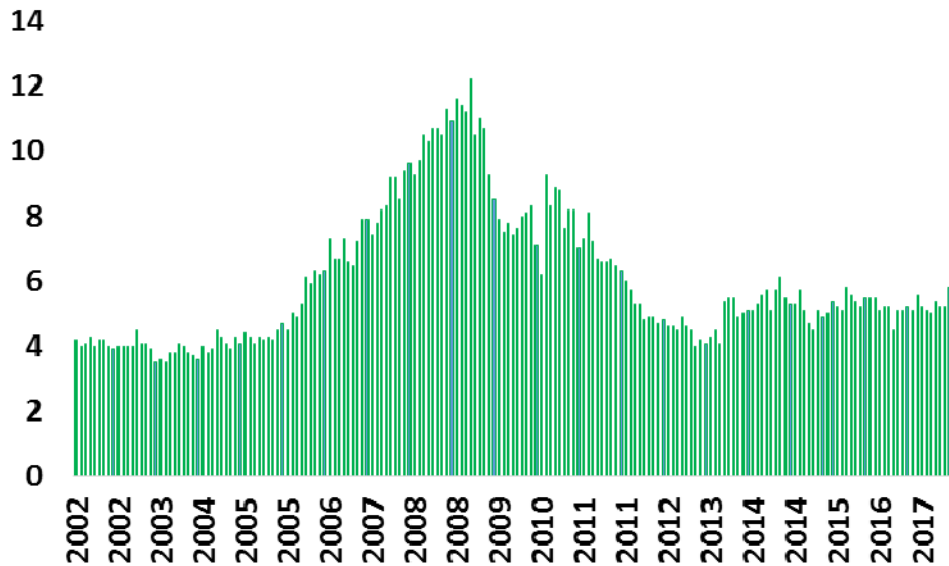


Source: U.S. Census Bureau

Positive growth in all segments. Single-family continues to outpace multi-family.

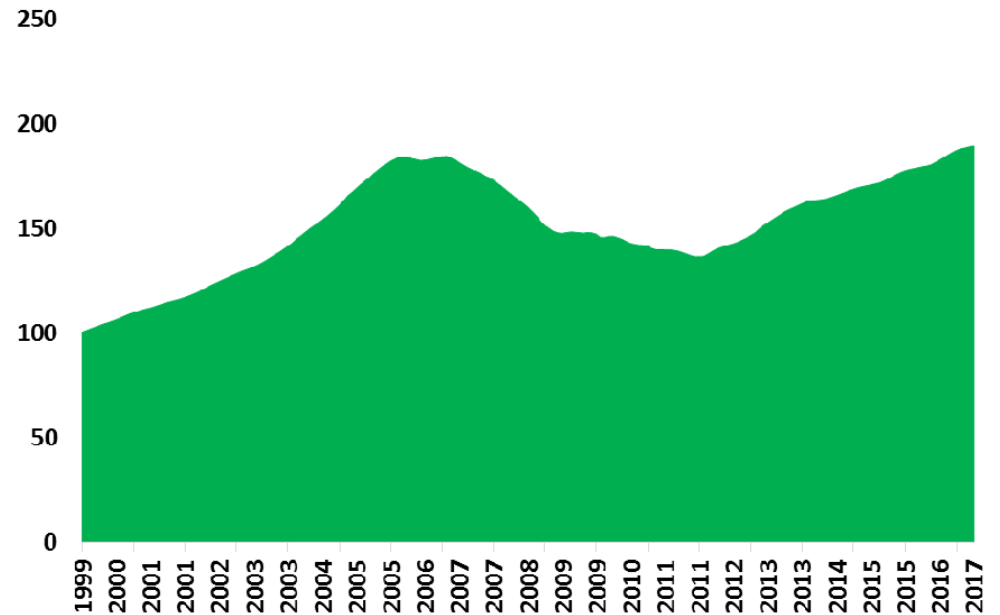
DEMAND EXCEEDING SUPPLY

U.S. Housing Supply # Months Supply



Source: Federal Reserve Economic Data,
Federal Reserve Bank of St. Louis

Case-Shiller Home Price Index

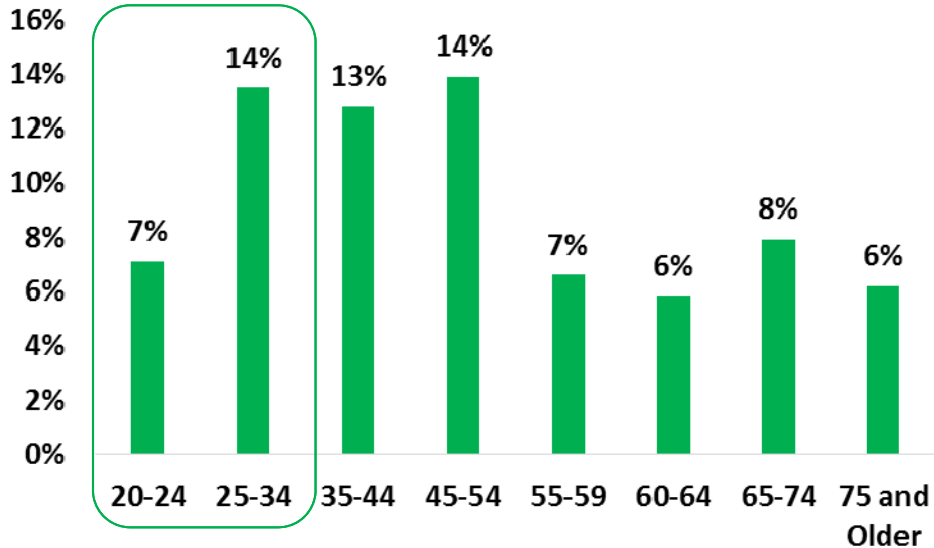


Source: Core Logic Case-Schiller
Home Price Index

Supply remains tight. Prices continue to escalate.

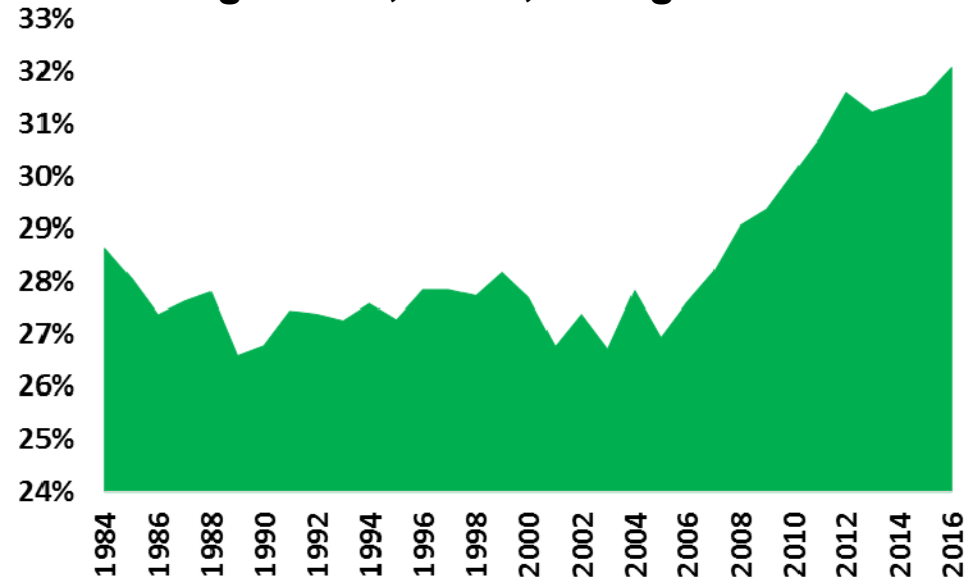
NEW OCCUPANT POPULATION EXISTS

U.S. Population by



Source: U.S. Census, American Community Survey

Young Adults, 18-34, Living at Home

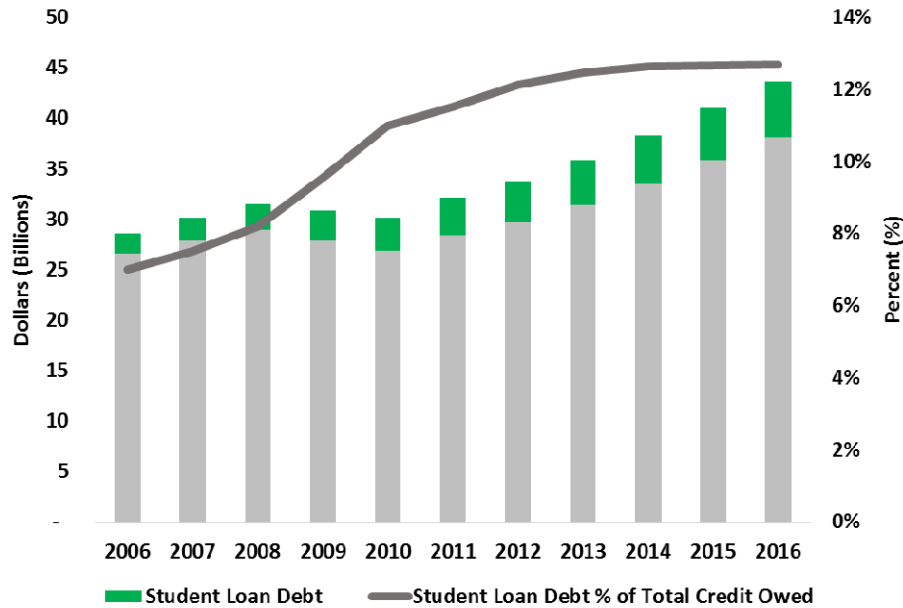


Source: U.S. Census

New residence eligible population living at home

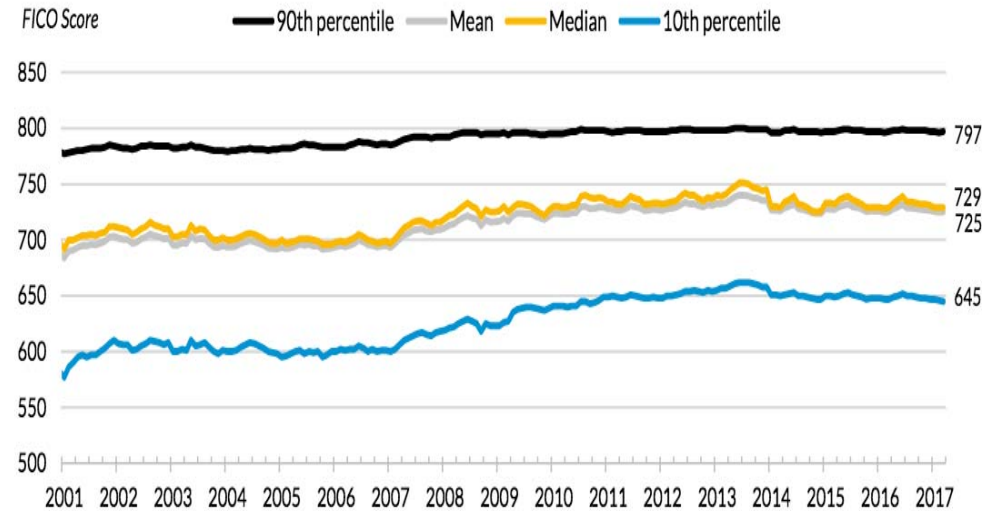
AFFORDABILITY REMAINS SIGNIFICANT HEADWIND

Outstanding Credit & Student Loan Debt



Source: Federal Reserve Economic Data

Borrower FICO Score at Origination

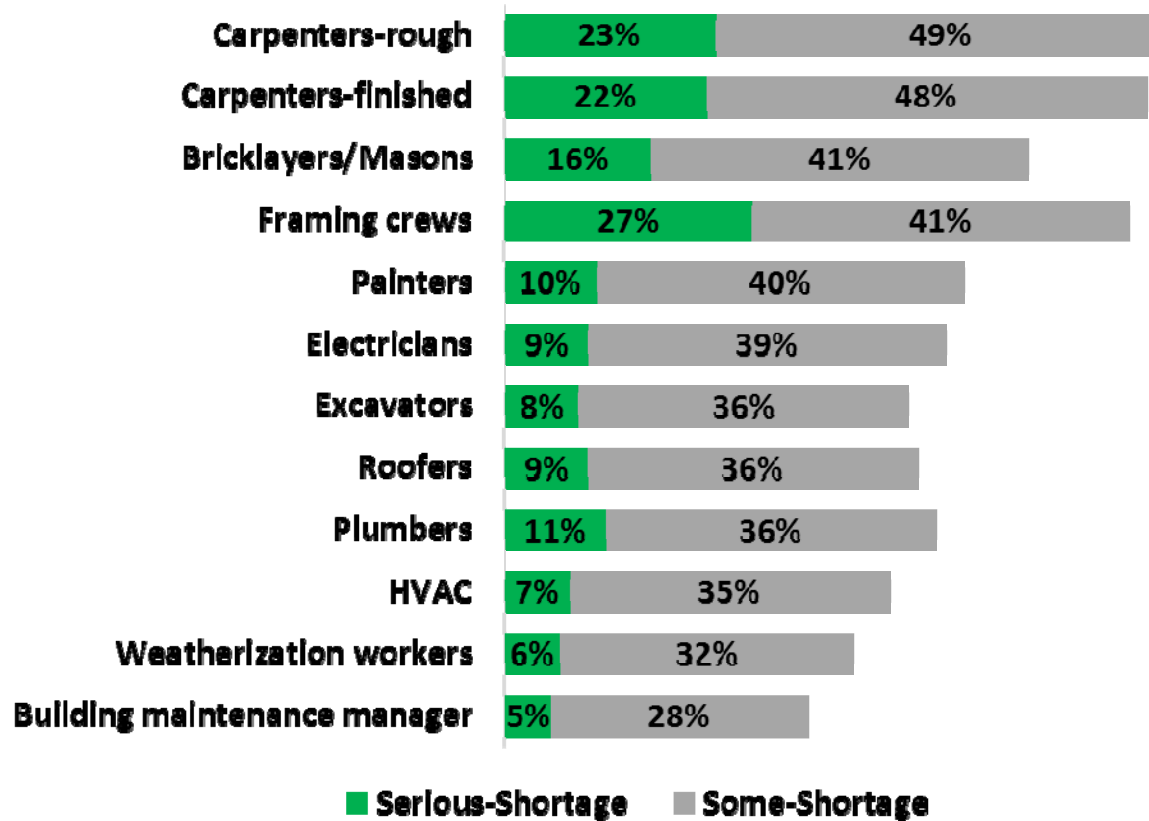


Source: Urban Institute, CoreLogic, eMBS, HMDA, SIFMA

Student debt continues to rise. Financing eligibility remains elevated.

AVAILABILITY OF LABOR CONTINUED CONCERN

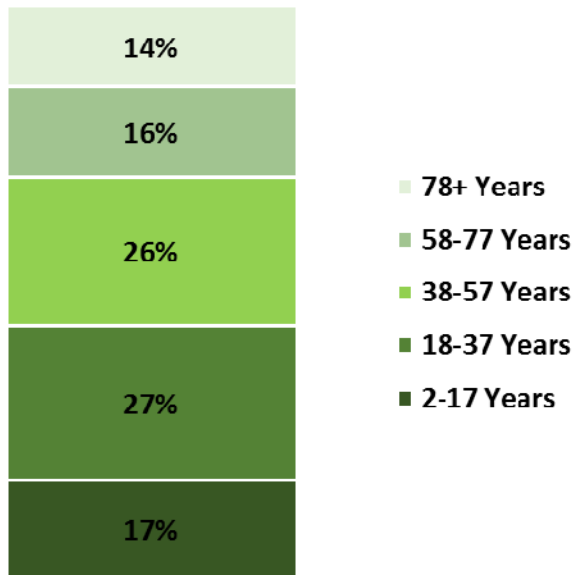
% Builders Reporting Labor Shortages 2016



Source: NAHB

REPAIR & REMODEL REMAINS STABLE GROWTH SEGMENT

Age of Housing Stock



Source: U.S. Census Bureau, American Housing Survey

Average Age = 41 Years

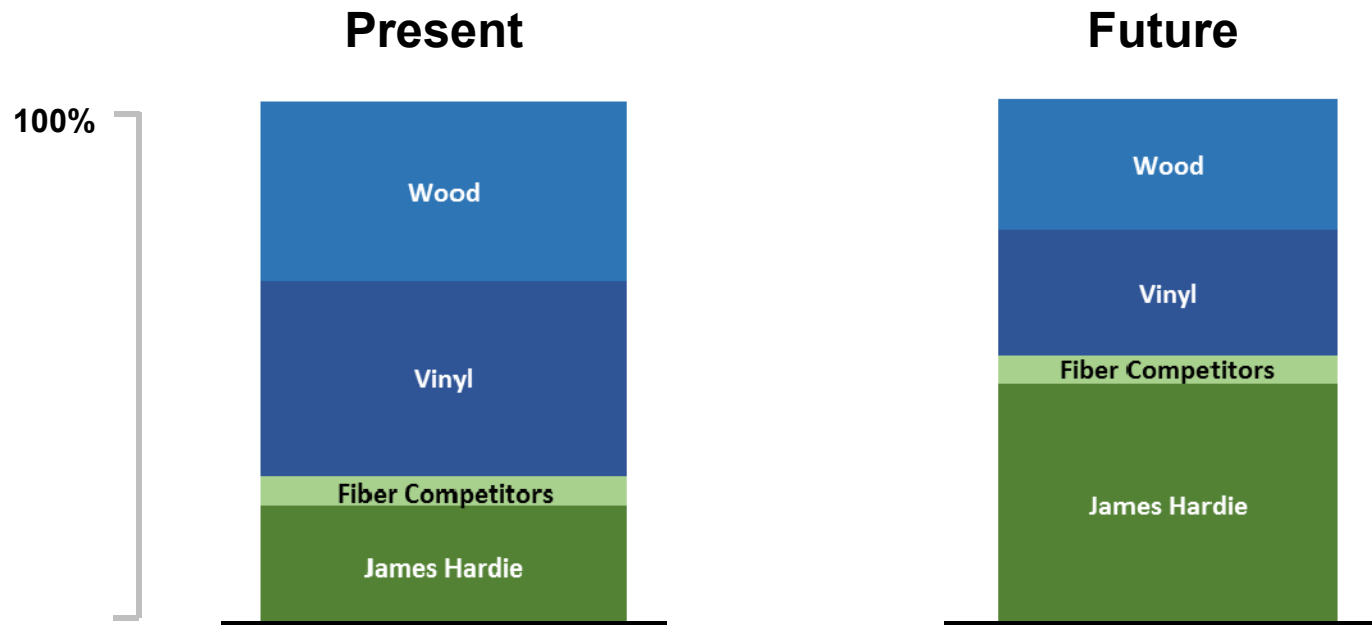
Repair & Remodel Project Growth



Source: Hanley Wood

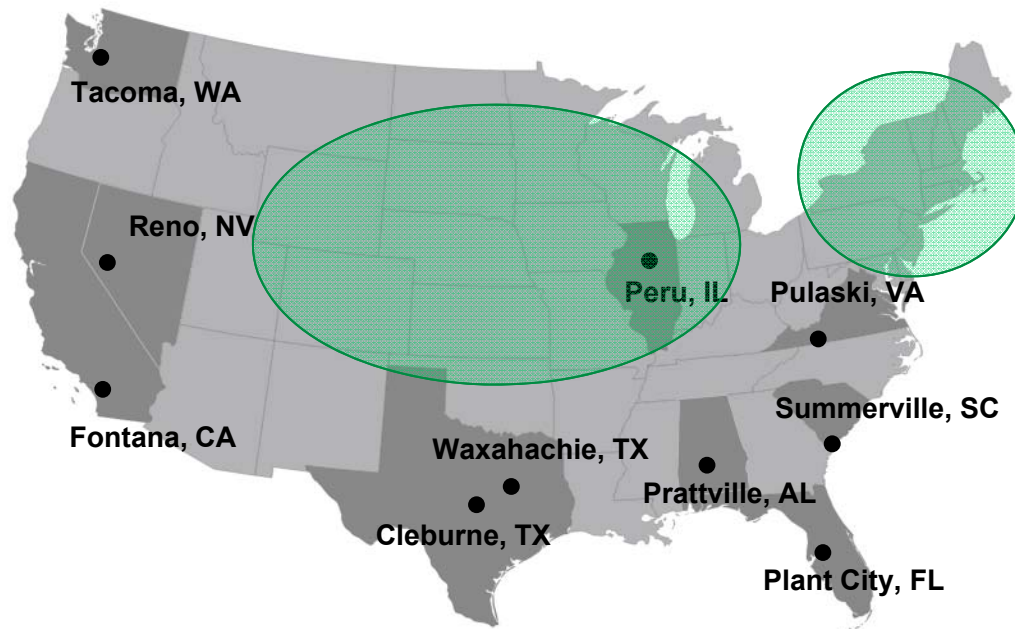
Repair & remodel projects continue to grow at ~5% annually

HISTORIC MARKET SHARE



JH wins against wood-look alternatives

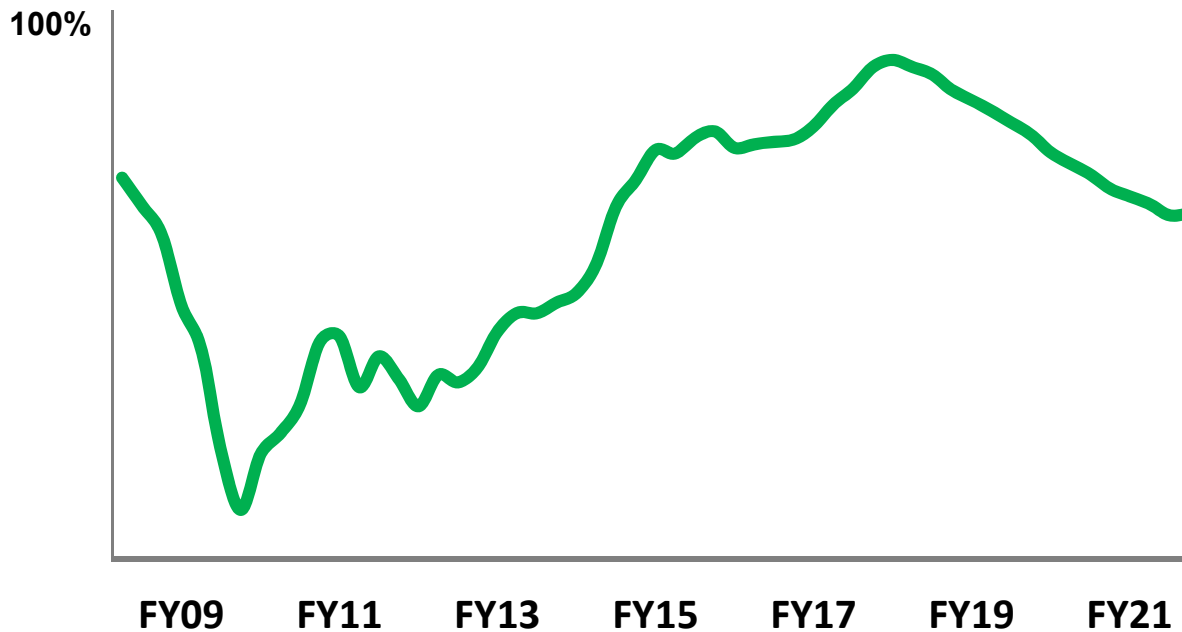
DEMAND TO DETERMINE FUTURE CAPACITY



Future capacity decisions based on:

- **Geographic demand**
 - Location
 - Product mix
- **Optimal delivered unit cost**
 - Materials sourcing
 - Efficient freight
- **Skilled labor availability**

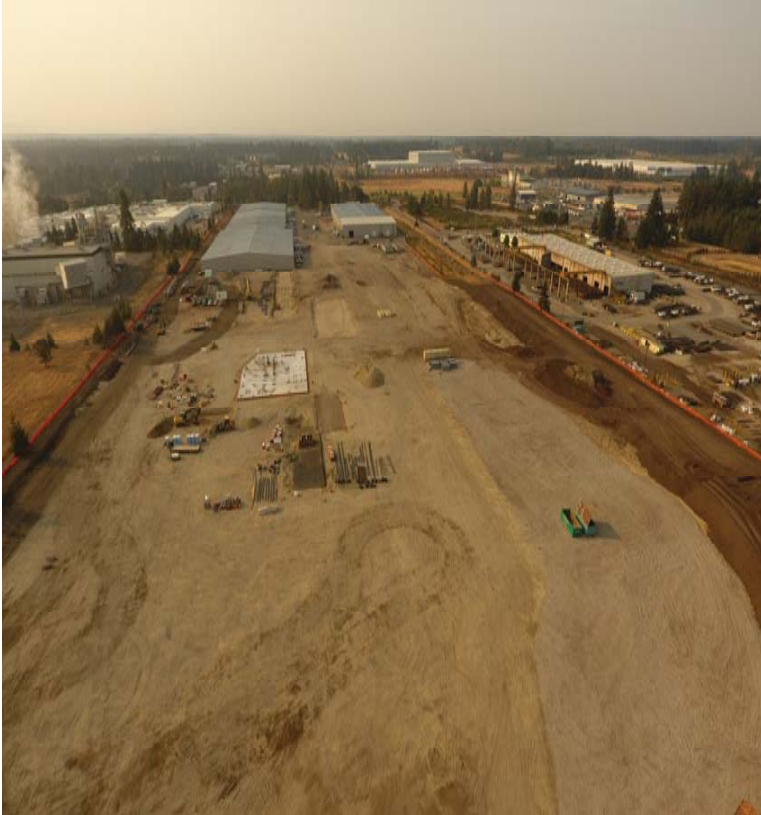
HISTORIC & FUTURE CAPACITY UTILIZATION



- Protect 20% growth
- 85% utilization trigger
- Capacity adds to keep supply ahead of demand

Current gross hours utilization ~94%

TACOMA, WASHINGTON



- Currently under construction
- Expected commissioning Q1 FY19
- Nameplate capacity - 300 mmsqft/year
- Plank, Backer, Heritage, ColorPlus® Technology
- ~130 employees at full production
- Site benefits
 - Low input cost
 - Proximity to growing markets

PRATTVILLE, ALABAMA GREENFIELD



- Anticipate ground breaking Q3 FY18
- Expected commissioning Q1 FY20
- Minimum nameplate capacity – 600 mmsqft/year
- Plan for diverse product capability
 - Plank, Trim, Backer, Heritage, ColorPlus® Technology
- ~200 – 275 employees at full production
- Site benefits
 - Low input cost
 - Skilled manufacturing workforce
 - Proximity to growing markets
 - Rail accessibility

KEY MESSAGES

- U.S. economy strong
- Housing recovery slow but steady
- Capacity in place to support growth