



MARKET POSITION

SEAN GADD

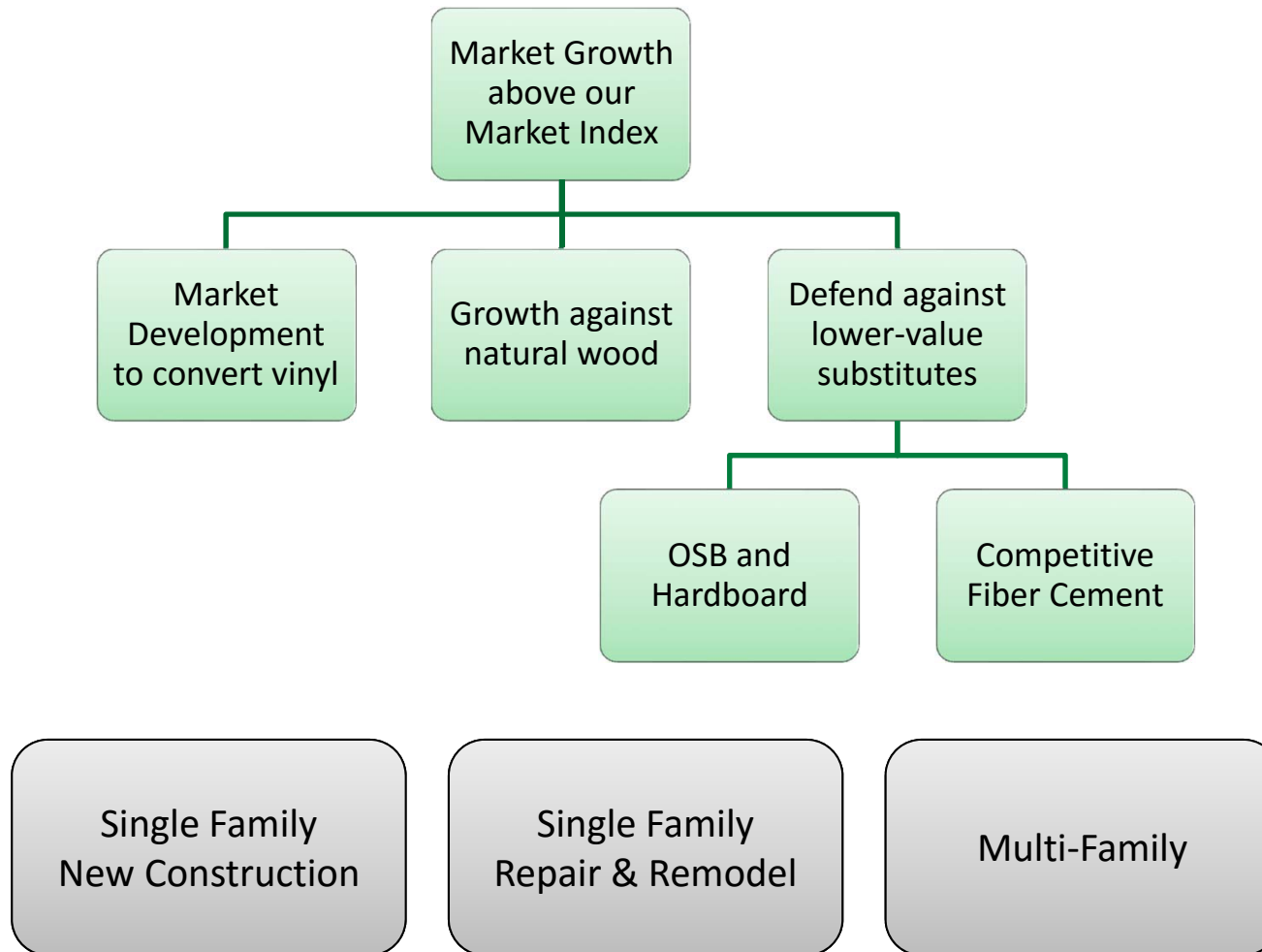
EXECUTIVE VICE PRESIDENT, MARKETS AND SEGMENTS

SEPTEMBER 2017

Agenda

- Growth against the market index
- James Hardie segment approach
- Product thinking

Growth Above the Market Index



Become the Market Standard in the Wood-Look Market

Gain share against Vinyl and Wood while defending against lower value substitutes

Competitive Fiber
Cement, wood
and hardboard



Vinyl

Vinyl & Lower
Value
Substitutes

**Source: NAHB & JH internal analysis*

Market Development Against Vinyl

- Value Proposition
 - Curb, front porch and deck appeal
 - Fire and abuse
 - Low maintenance
 - Affordable
- New construction segmentation, targeting and positioning (STP)
 - Geography
 - Category of home
 - Builder profile - Better home, Better builder, Better development
 - Risk profile
- Repair and remodel STP
 - Geography
 - Neighborhood
 - Value proposition directly to the homeowner
- Colorplus® enabled by the preferred target customer channel

Sales Approach Against OSB and Hardboard

- Value Proposition
 - James Hardie company support
 - The full exterior
 - Low maintenance
 - Fire, rot, warp, termites
 - Core colors
- Building company partnerships with all key stakeholders along the value chain

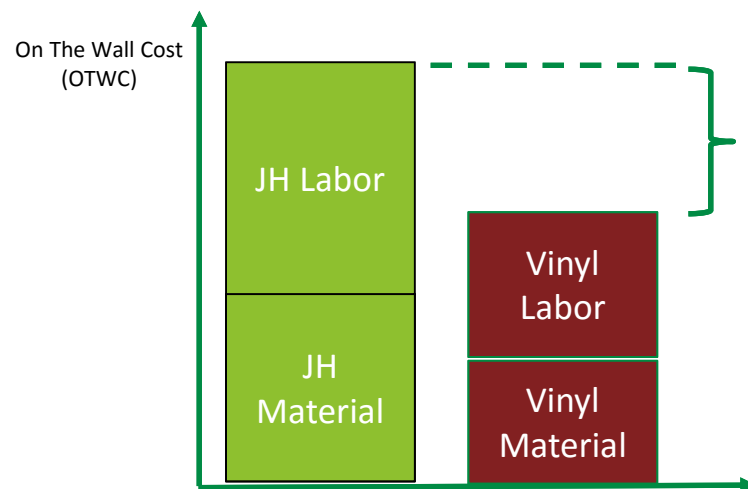
Sales Approach Against Competitive Fiber Cement

- Value Proposition
 - James Hardie invented fiber cement
 - #1 brand
 - Engineered for Climate[®] positioning
 - Superior technology around durability, density, coatings
 - Manufacturing scale and platform advantage
 - Diversified segment participation
 - Representation and support
- Maintaining our category share by delivering value through the supply chain to the homeowner

Segments

Primary demand growth - PDG

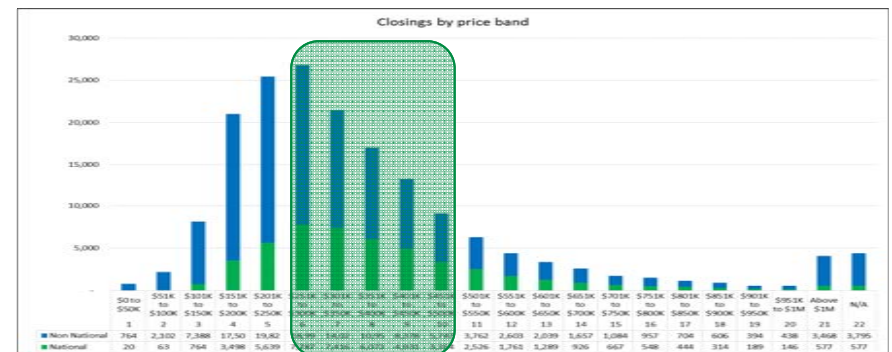
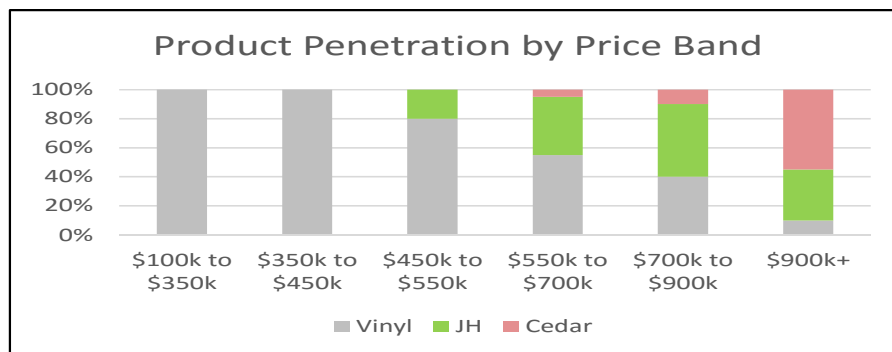
- Taking share against vinyl with ColorPlus® technology
- Market Development
 - Significant cost difference
 - Required to sell value
 - Switching costs / barriers → risks



- New Dealer
- New Installer
- Different takeoffs/elevations
- Different phasing of trades
- New selling tools

New Construction Market Development

1. Establish position at top of the market → aspirational product
2. Delivered to the right builder
3. “Shift left” to the next highest price band
4. Drive adoption
 - Highly effective sales organization
 - Full stakeholder engagement
 - Comprehensive marketing strategy
5. Drive affordability through an efficient supply chain with ColorPlus® Technology



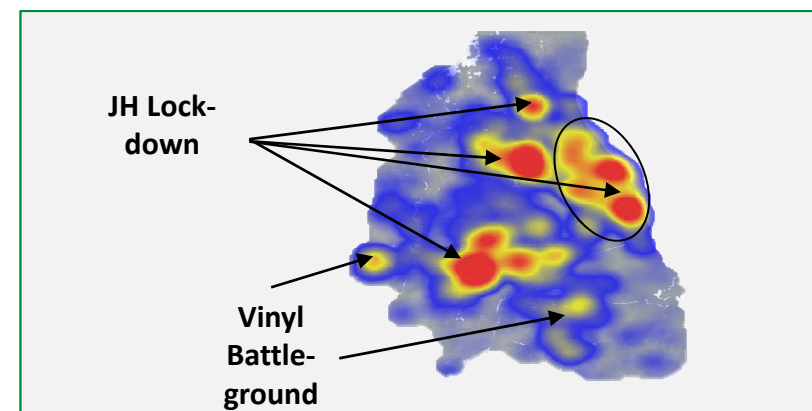
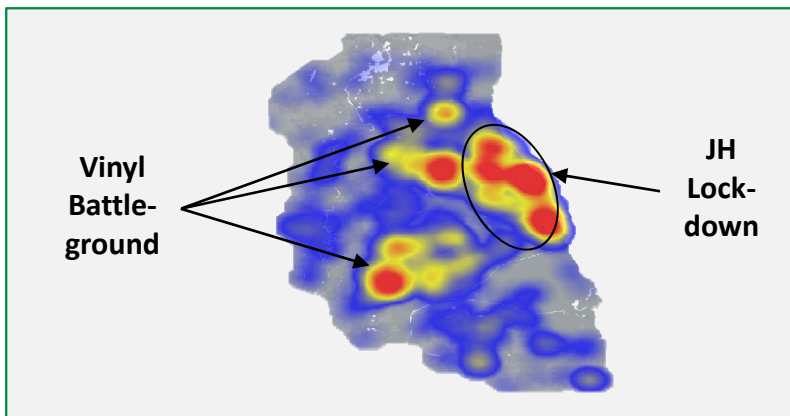
Must Win

Must Win Faster

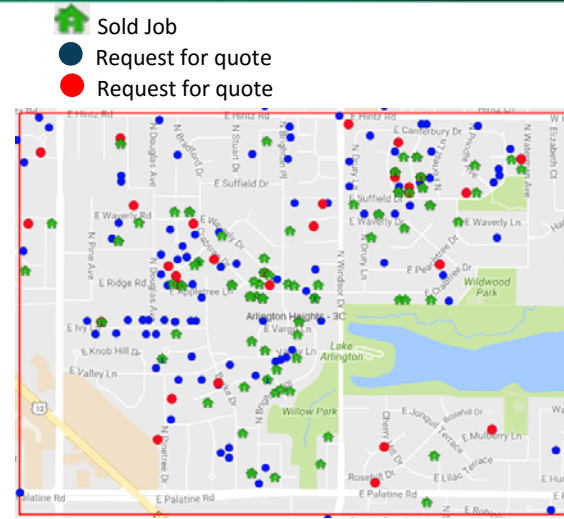
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Repair and Remodel - Vinyl Standard Markets

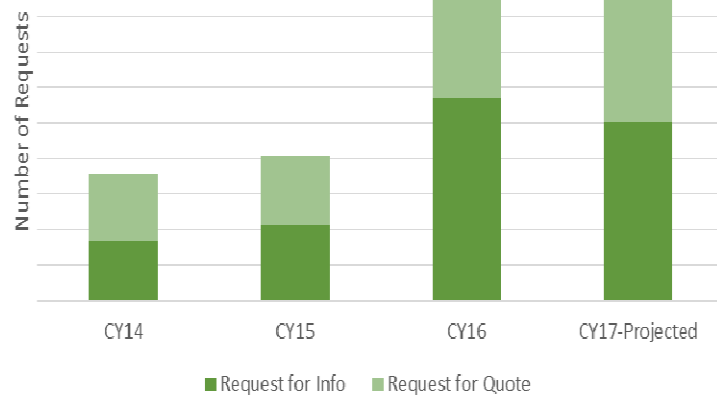
- Drive awareness and preference for James Hardie products with ColorPlus® technology in vinyl “battleground neighborhoods”
- Convert battlegrounds into “lock downs”
- Enable contractor growth in these key neighborhoods
- Reach homeowners through multiple touch points
- “Boat and Wake”



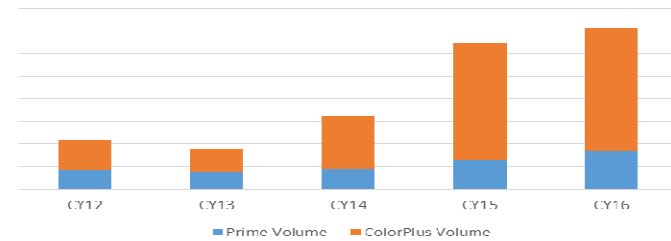
Enhancing the “Wake”



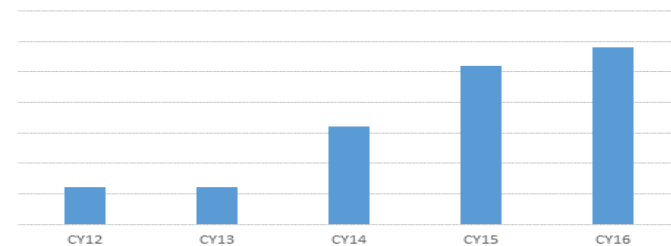
Consumer Lead Generation



Market A - Volume Growth

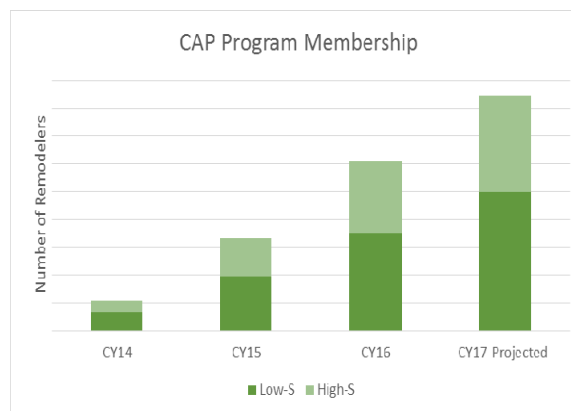
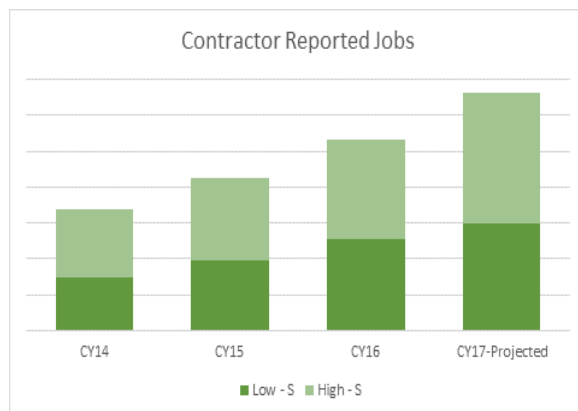


Market A - CAP Member Growth



Partnering - Contractor Alliance Program

- First-time user acquisition
- Account development (YoY business growth)
- Enhanced value to promote loyalty



CONTRACTOR ACHIEVEMENTS



100% Hardie Badge

This company installs America's #1 brand of siding and the only trim with the character to stand beside it. For a home that looks beautiful longer, choose a contractor that chooses 100% HARDIE siding and trim.



Commitment to Excellence Badge

This company is committed to excellence, they've completed the annual training program offered by James Hardie, pertaining to general installation requirements, critical to quality requirements, and a review of current best practices.



Design Excellence Badge

This company excels at installing a wide range of James Hardie product profiles, providing you differentiated design options when planning your James Hardie reside.



Homeowner Recommended Badge

This company earned the highest level of homeowner recommendations based on customer satisfaction data from GuildQuality, the industry leader in third party surveying.



Superior Finish Badge

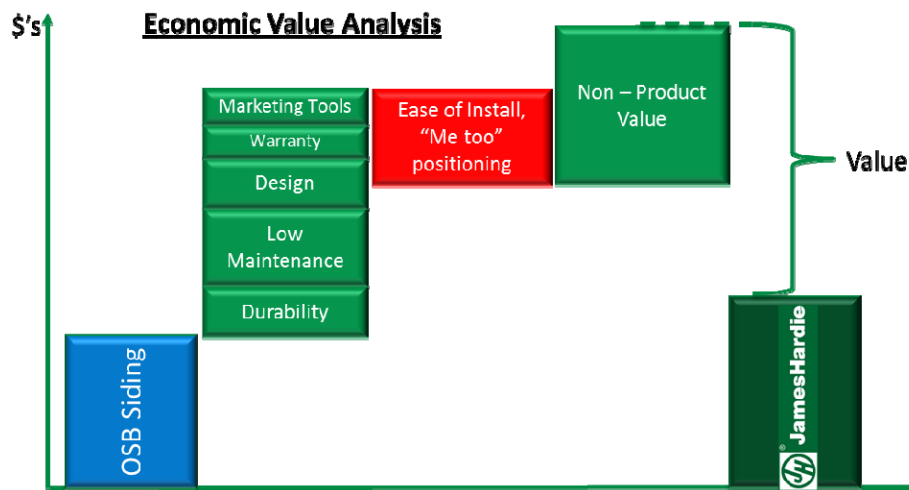
This company excels at installing a wide range of James Hardie color profiles, providing you superior performance over time.



Years in Program Badge

Stability and dependability is important to our customers. This badge signifies the number of years this company has been in partnership with us.

Defend against OSB Siding

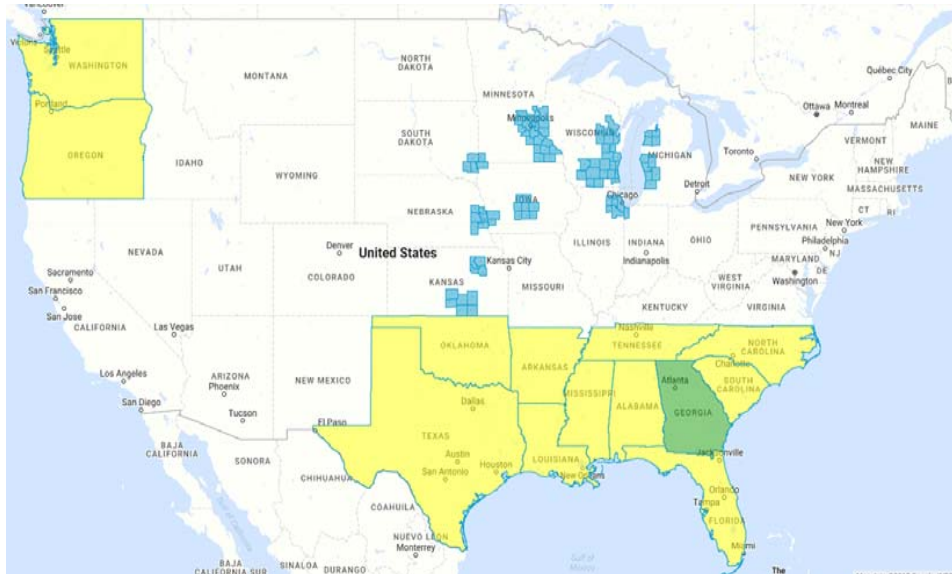


Sales development approach

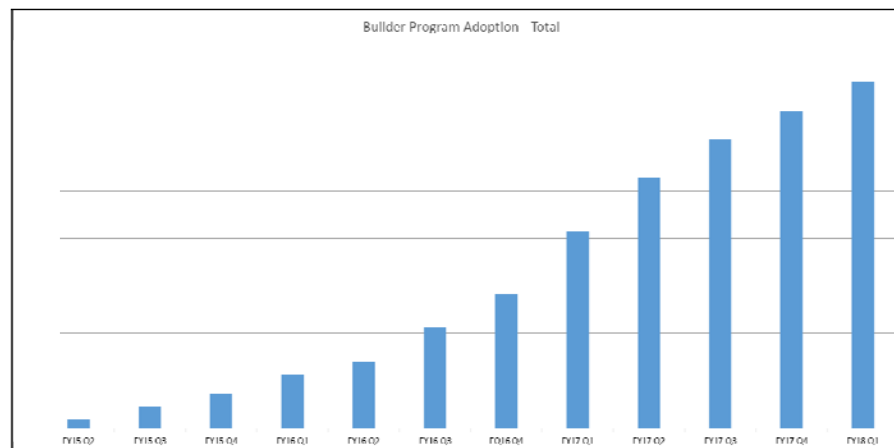
- Win in all segments / all geographies
- Win with core colors
- Add non-product value programs
- Value chain engagement & alignment

100% Hardie™

CHOOSE 100% HARDIE

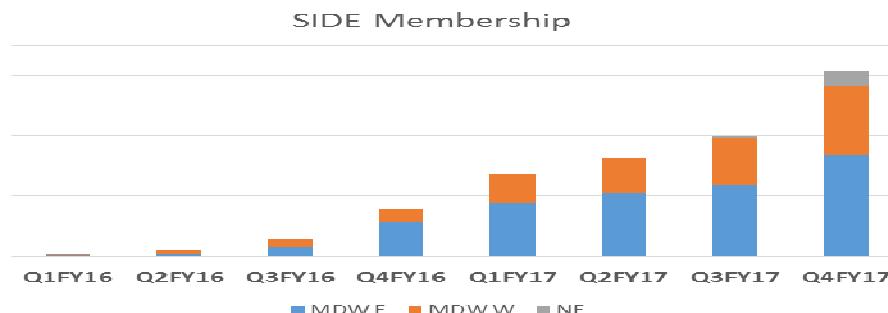
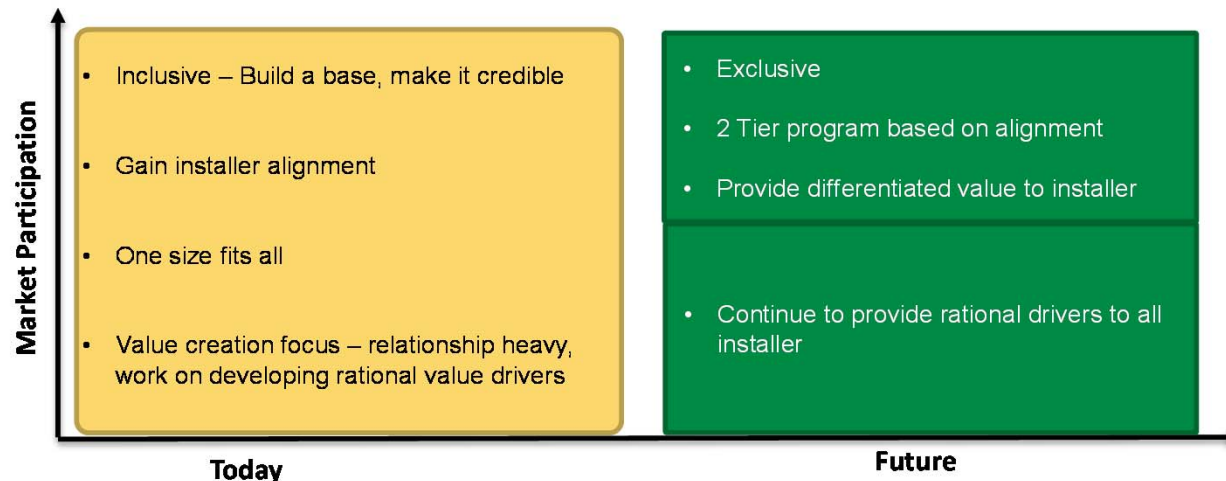


- Position the value of full wrap
- Engineered for Climate® positioning
- Service guarantee



SIDE Master – Installer Affiliation Program

- An affiliation platform launched in the Midwest in 2015 and now expanding
- Target installer → SIDE Event → Engagement → Alignment
- Adjust SIDE based on needs by market



Networking

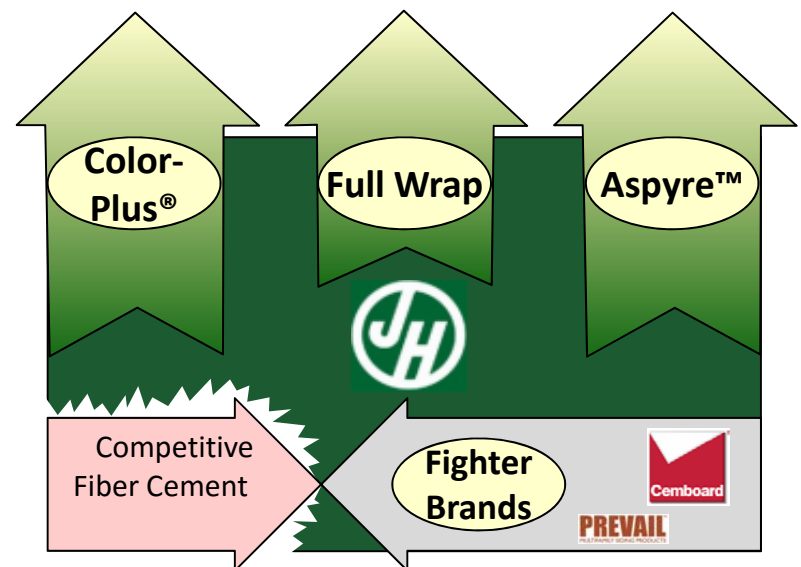
Business Building Bootcamp

Key Topic Breakout Sessions

Research & Development Tour

Defend against Competitive Fiber Cement

- Competitive fiber cement manufacturers take a 'me-too' approach and compete on lower price against James Hardie products
- Leverage our advantages to prevent commoditization of the category
 - #1 brand
 - Differentiated products
 - Manufacturing scale
 - Diversified segment participation
 - Representation and support
- For cost conscious buyers in targeted segments, fighter brands backed by James Hardie protect our category share

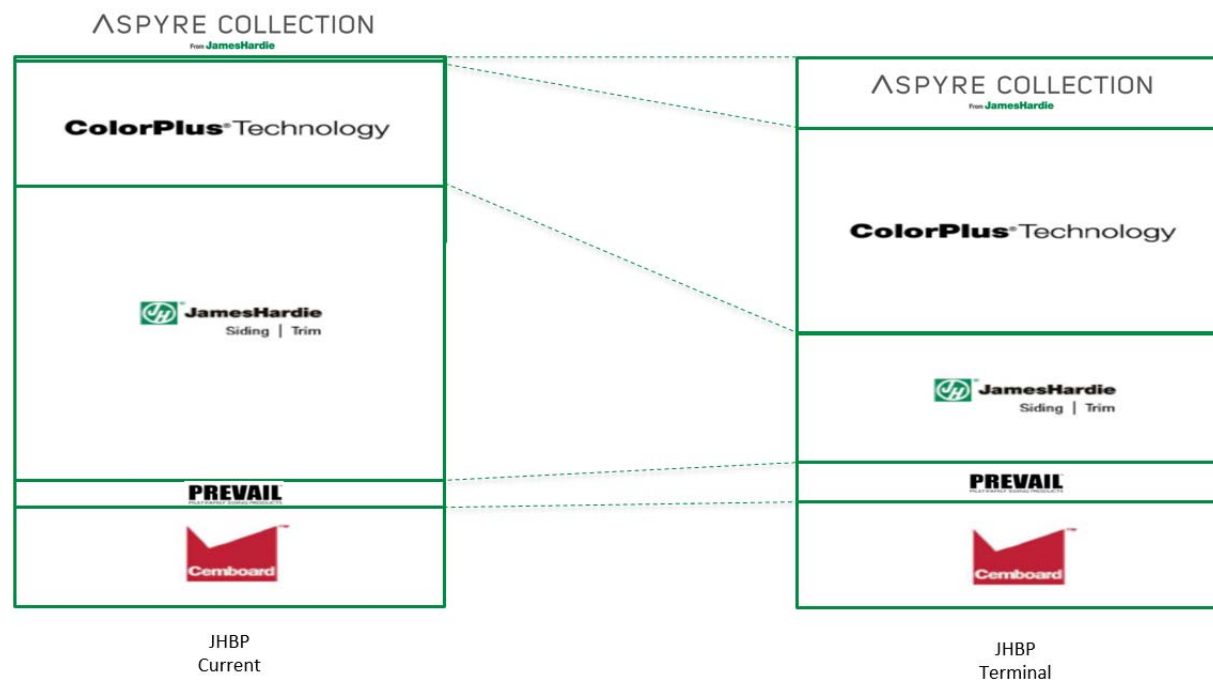




Products

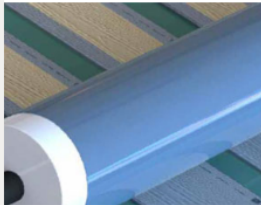
Product Strategy

Take a 3C, 4P approach - Deliver the optimal product, price, placement and promotion for each segment in all geographies to deliver the long term market position for James Hardie

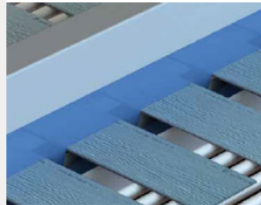


ColorPlus® Technology

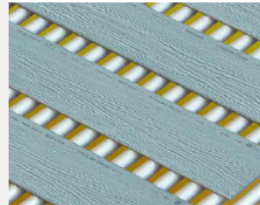
- Delivers a high quality, factory-controlled coating designed for our substrate
- Delivers a single-source, low-maintenance solution at reduced total cost
- Drives growth against vinyl
- Builds fences against close alternatives

1 DURABLE FINISH


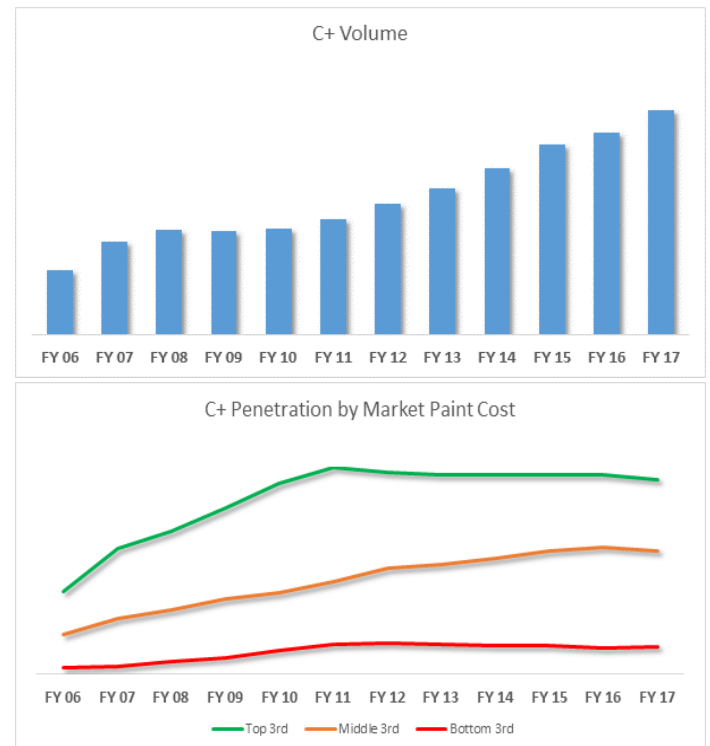
We apply multiple coats (50 percent more than your average house painter uses) of our proprietary finish to every surface and edge of our siding and trim, leaving no spot uncovered.

2 BAKED-ON BOND


Between coats, we cure the finish in a controlled environment for an even stronger bond that resists chipping, peeling and cracking.

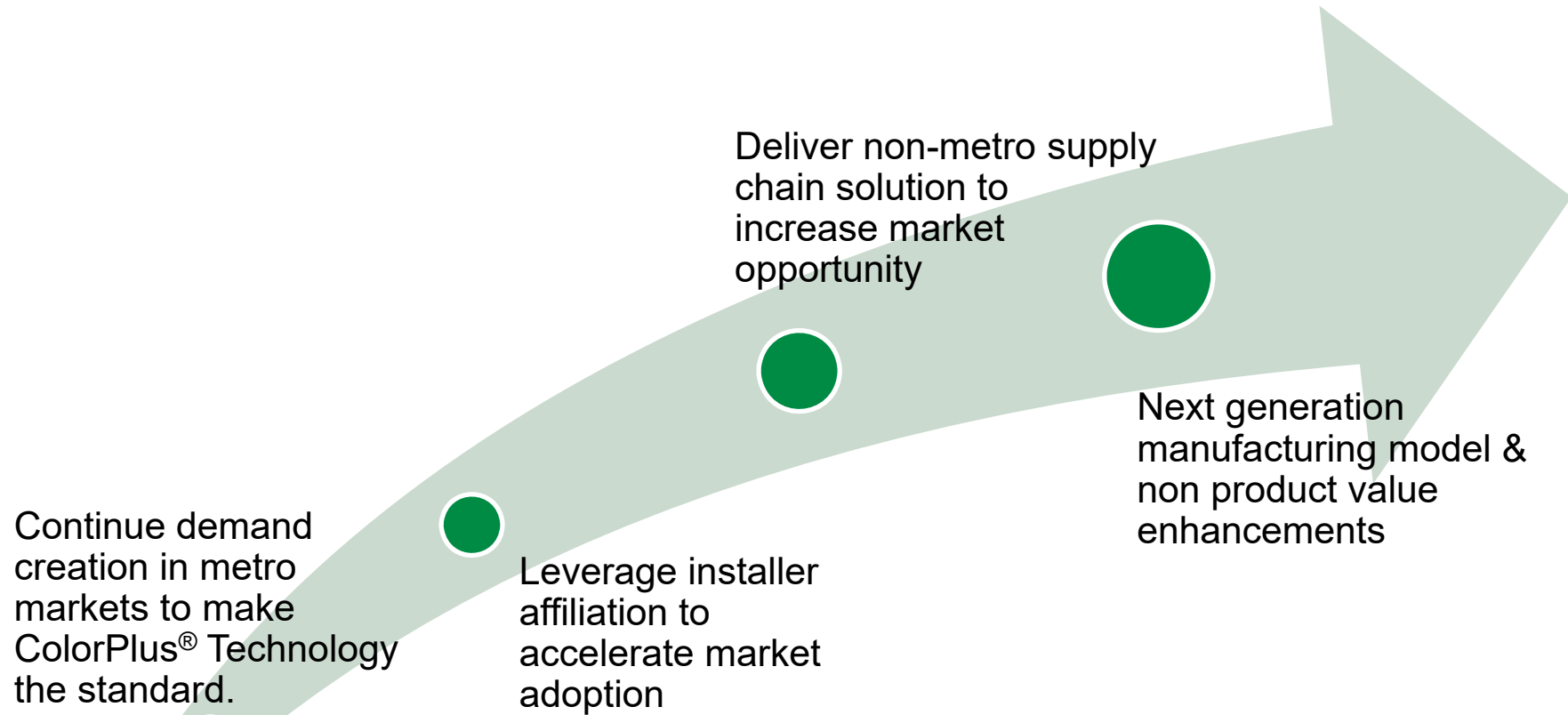
3 UV-RAY RESISTANCE


Vinyl siding and paint both fade in the sun. ColorPlus® Technology resists fading and looks good for longer.



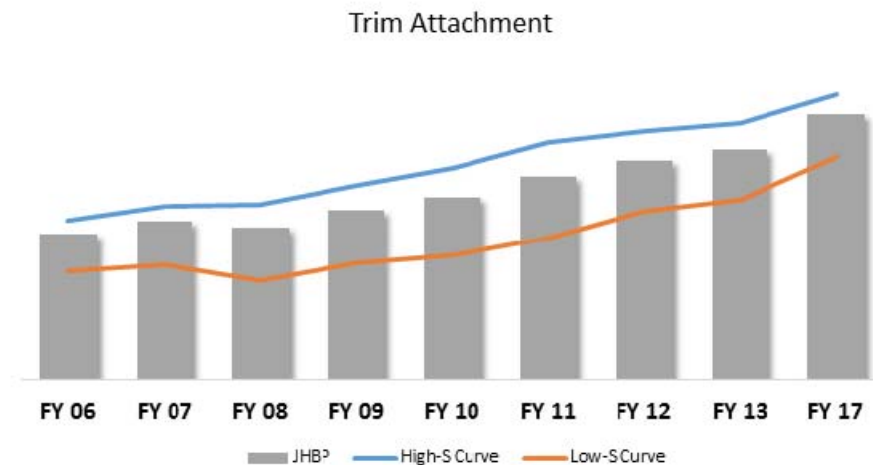
ColorPlus® Technology

Key initiatives to drive growth



HardieTrim®

- Continue to sell and promote a complete exterior solution as the ultimate low maintenance solution
- Continued growth through product line extensions, installer affiliation programs and non-product value-add programs



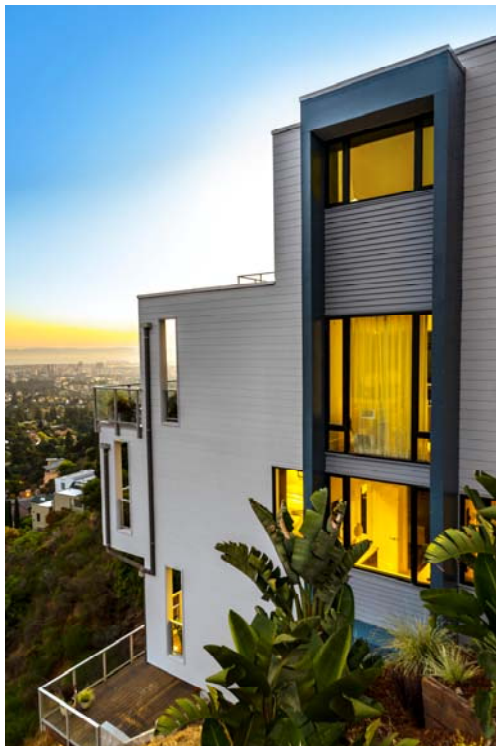
Cemplank®

- Cemplank® serves as a fighter brand offering a low-cost solution to cost-conscious buyers in target segments and aids category share
- Maintain James Hardie brand vs. fighter brand position through marketing mix and differentiation with our channel partners

	Cemplank®	Hardie Brand
Design	Low: <ul style="list-style-type: none"> • Limited core siding SKUs • No accessories 	High: <ul style="list-style-type: none"> • Full range of siding and accessories with differentiated design options • Low-repeat; authentic texture • Continuous product innovation
Low Maintenance	Medium: <ul style="list-style-type: none"> • Basic FC value prop • Better than wood 	High: <ul style="list-style-type: none"> • Superior paint adhesion (primer) • Full wrap exterior on same paint cycle • Full wrap with C+ = Very High
Durability	Medium/high: <ul style="list-style-type: none"> • Not the same formu-lation as Hardie brand • Not manufactured with fly ash • 25/10 warranty 	High: <ul style="list-style-type: none"> • Over \$200m invested in the development of this fiber cement technology <ul style="list-style-type: none"> – E.g. Engineered for Climate® / FC generations – The category's first non-prorated warranty



The ASPYRE Collection from James Hardie



LUXURY

IN ALL ITS FORMS

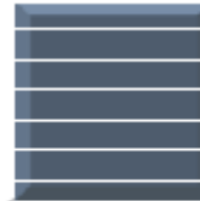
The Aspyre Collection from James Hardie™ brings together the Reveal® Panel System and Artisan® siding. Each product is distinctively thick and brings a new level of creative freedom across the single-family architectural continuum – from ultra-modern to traditional.



Reveal panels create bold, engaging geometry influenced by industrial design.



Reveal panels mixed with Artisan siding effect the dramatic integration of contrasting elements.



Artisan siding elevates the aesthetic of authentic milled cedar profiles.



The Aspyre Collection from James Hardie™

What is the Top of Market segment?

- Top 10% of homes by price band
- 400-500mmsf total opportunity, 250-300mmsf wood-look
- Wood-Look opportunity dominated by cedar



Why enter the Top of the Market segment?

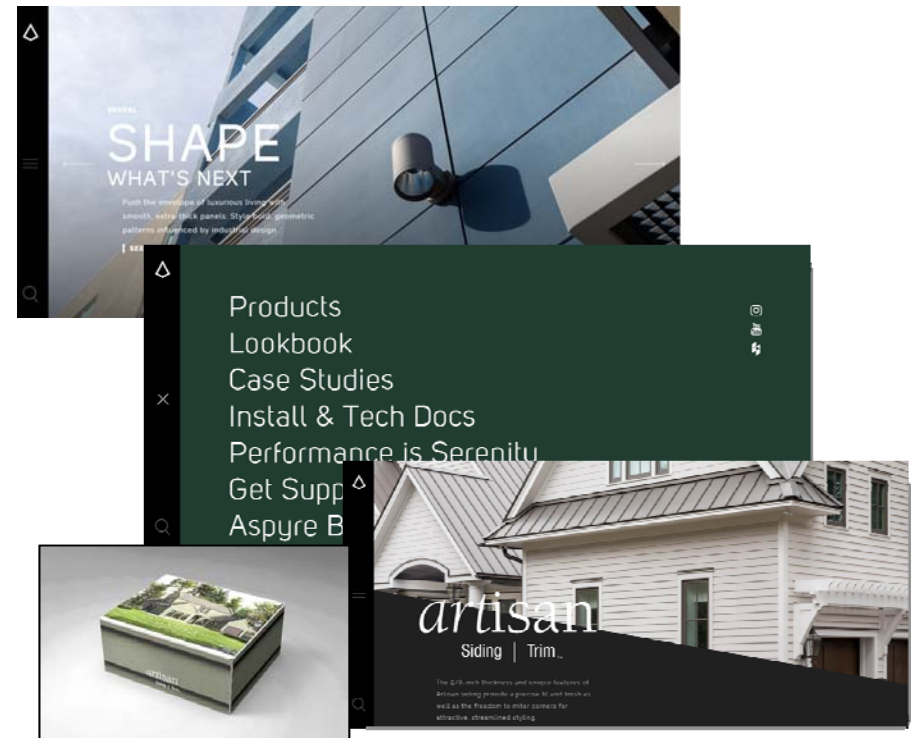
- Extend the fiber cement S-curve – pull up the middle of the market
- Growth opportunity vs. wood
- Accretive price and profitability
- Competitive defense against new entrants
- Commitment to product leadership strategy



The Aspyre™ Collection from James Hardie™

How will we win the Top of the Market?

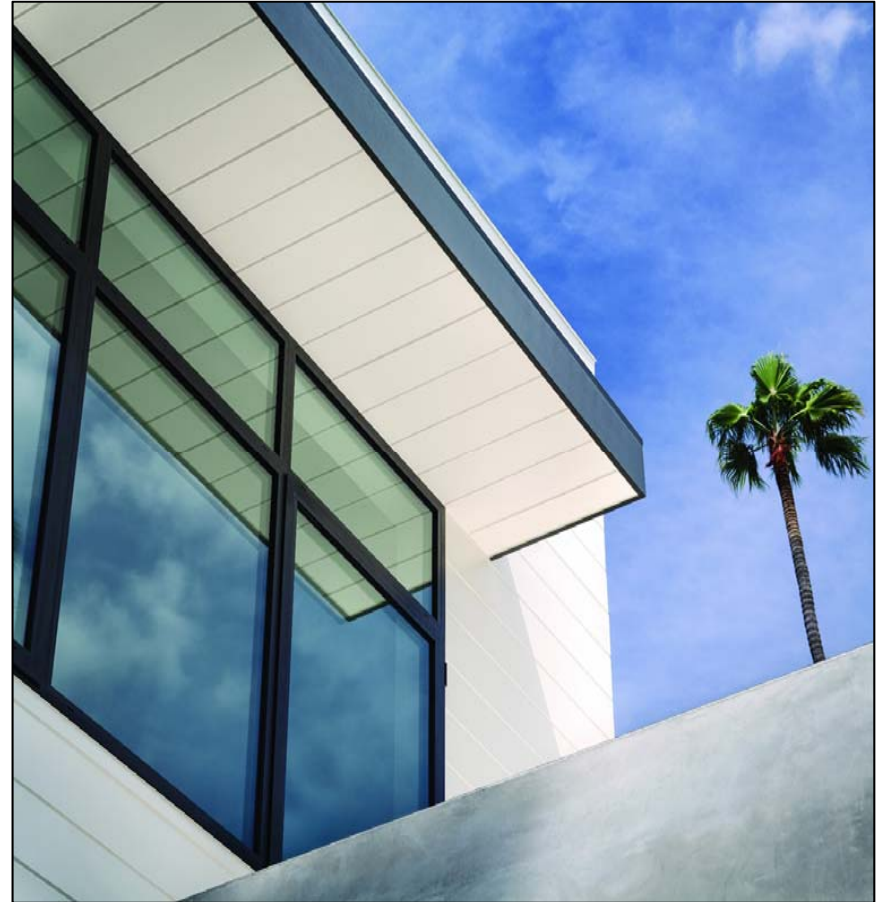
- Commitment to continuous product innovation
- Embracing the architect as key influencer
- Selling tools fit for the customer
- Investing in centralized marketing to combat fragmentation
 - Aspyredesign.com
 - Earned vs. Paid media
 - Focus on digital & social content marketing
 - Centrally run sales model



The Aspyre Collection from James Hardie™

What's next?

- Launched on the West Coast in July 2017
- Capital investment made to support national launch in FY19
- Generation 2 product design efforts underway



Key Messages

- Become the market standard in the wood-look market
- Drive PDG through the right sales approach, right products and right market programs
- Penetrate the Top of Market leveraging The Aspyre Collection from James Hardie™