Management Prepared Remarks
November 18th, 2025

Aaron Erter, CEO

Before we get into the second quarter results, I wanted to provide an update on some important developments for the Company.

Today, we announced the appointment of Nigel Stein as Chair of the James Hardie Board of Directors. Nigel's extensive Board experience, understanding of James Hardie and leadership come at a transformative time as we focus on execution and long-term value creation for our shareholders.

Our Board also announced the creation of an Integration and Performance Committee to support the successful integration of AZEK and the performance of the combined businesses. The Committee will be chaired by Jesse Singh and will include Board members Howard Heckes, Persio Lisboa and myself.

I look forward to working with Nigel and the entire Board to advance our strategy and continue strengthening the Company for the future.

As you may have seen in our press release, Rachel Wilson will be leaving James Hardie to pursue other opportunities. Rachel has been a valued partner and an important part of our team during her tenure at James Hardie. I want to thank Rachel for her many contributions over the last two years.

Finally, I'm very pleased to announce that Ryan Lada will join us as our new Chief Financial Officer. Ryan comes to us from Watts Water, where he recently served as CFO. Many of you know him from his prior role as CFO at AZEK. Ryan is a proven leader who brings strong operational and financial experience and a deep knowledge of the building products industry. He's the right person to partner with me in leading James Hardie in this next phase of growth. We have every confidence in a smooth CFO transition.

We released our second quarter results yesterday, which were consistent with what we shared in our pre-release in early October. While we continue to navigate a dynamic market environment, we are actively focused on driving improved performance in our results.

We have identified several opportunities to enhance how we operate today while positioning James Hardie to take full advantage of the favorable long-term fundamentals of the U.S. housing market. Our strategy remains grounded in profitable growth, disciplined execution, and ongoing material conversion across our businesses from wood and inferior materials to composite alternatives and fiber cement.

Before getting into the details of these initiatives, I wanted to address the changes we've made to our outlook since we lowered our full-year guidance in August. At the time, what we were hearing from our customers, and what was evident in their ordering rates, was more cautious positioning and the possibility of additional inventory tightening in the channel. The magnitude of the August guidance reduction was deliberate and based on the information we had at the time. Since then, we've seen conditions stabilize with recent customer conversations and data shared by customers showing a more stable market and normalized inventory levels. And based on that, we're modestly raising our full-year guidance. We still expect the broader market to be challenging in the near term, and that view is embedded in our guidance range.

The variability in our guidance this year has highlighted the need for greater consistency and discipline in our financial forecasting process. We know we can do better, and we've taken decisive action to strengthen execution, improve predictability, and drive consistency in our results. We have been working with our customers and are now receiving more frequent, granular data from them, giving us a clearer view of inventory and market demand. These improvements, among others, will help us deliver more predictable results going forward.

Our two largest segments – Siding & Trim and Deck, Rail, & Accessories – position the Company with 80% of our net sales from North America, with a strong record of structural growth and substantial material conversion runway across both segments of the business. The balance of our net sales are generated in Australia & New Zealand, where we run a highly profitable fiber cement business, and in Europe, with an improving financial profile and an attractive fiber gypsum business.

In North America, our partnership with large one step dealers and our success converting homebuilders from vinyl to fiber cement have driven new construction to approximately 40% of our North America revenue, inclusive of AZEK, with repair & remodel at approximately 60% of sales. Over time, we expect repair & remodel to grow faster given favorable structural fundamentals and deliberate focus to accelerate fiber cement penetration in that end market.

In Siding & Trim, current conditions remain mixed, reflecting the category's higher exposure to new construction and the southern states. From a channel inventory perspective, customers are appropriately positioned for this time of year relative to forward demand expectations.

And while the new home market is still uncertain, demand trends have improved relative to our expectations in August. We now expect mid-single-digit organic net sales declines for the full year. We are focused on returning our Siding & Trim segment to growth in the future.

A few examples of our growth plan in the segment include:

- On-the-wall cost reduction pilots in Detroit, Pittsburgh, Indianapolis and the Ohio area are delivering early wins. In some cases, we've cut the relative cost gap versus vinyl by about 50%, thanks to improved material availability and new installation methods.
- Statement Essentials with Boise Cascade simplifies our ColorPlus lineup — about a 90% SKU reduction versus the full Statement Collection — with products reliably stocked at dealers in pilot regions. This improves availability and reduces project delays, which directly helps contractors win more jobs.
- Intuitive Edge training & productivity programs are expanding. We're teaching contractors the Trim-Over Method which can improve productivity by about 50%. That means less time measuring, cutting, and caulking — and about $500 saved per project on caulk alone.

These steps make it simpler and more affordable for contractors to install our products and help attract new users to fiber cement. We plan to scale these efforts across major Midwest, Northeast and Mid-Atlantic markets in early calendar year 2026, in close partnership with Boise Cascade. Based on the early results, we see meaningful expansion potential in those regions.

Beyond installation, we believe ColorPlus is a differentiated product with large opportunities in repair and remodel - especially in the Northeast and Midwest, where aging housing stock supports conversion from vinyl. We continue to invest in contractor conversion, and we're seeing strong performance in ColorPlus versus primed products, with growing momentum among our sales team and dealer partners.

Organic net sales in the legacy James Hardie North America fiber cement business declined (3%) in the second quarter, driven mainly by lower volumes, partly offset by higher average sales price. Single-family exteriors volumes were down mid-single digits, with interiors down low double digits and multi-family up mid-single digits. On a pro forma organic basis, AZEK Exteriors grew revenue up +5% in the quarter and up +7% in the first half.

In Siding and Trim, which reflects both our core James Hardie fiber cement business and AZEK Exteriors, Adjusted EBITDA was $224 million in the second quarter, with Adjusted EBITDA margin of 29.2%, down year-over-year, primarily due to approximately 400 basis points of margin decline in our North American Fiber Cement business, largely reflecting underutilization in our plants. We're not satisfied with our performance in the quarter, and we are taking action to improve future performance, including accelerating identified cost synergies from the AZEK combination, reducing variable costs in our plants, and optimizing our manufacturing network to improve utilization. These steps are already underway and will drive meaningful margin improvement. Going forward, we expect utilization to improve and margin expansion as we move into fiscal 2027.

For the full year, we now expect total raw material inflation in the organic business to run mid-single digits, better than the high single digits we expected earlier. Pricing is expected to offset cost inflation, while HOS, or the Hardie Operating System, will help dampen the impacts of underutilization.

Now let's turn to Deck, Rail & Accessories.

In Deck, Rail & Accessories, performance remains strong, with mid-single-digit sell-through growth in a market that is down in the low-single digits. TimberTech continues to outperform through our proven playbook focused on wood conversion, new product development, channel expansion, and strong downstream execution. This business continues to demonstrate that we can deliver above-market growth and profitability through customer-focused execution.

Demand in this segment remains solid, supported by a higher mix of repair and remodel work and a larger presence in the North and Midwest regions. We delivered mid-single-digit sell-through growth in the quarter, again outperforming the broader market by several hundred basis points.

TimberTech continues to drive conversion by doing what it's always done well - consistent downstream execution, focusing on material conversion, deeper engagement with TimberTech pros, expanding our channel presence with dealers and distributors, and new product development. Over the last twelve months, TimberTech's brand awareness has increased by 7 points to its highest level since we began tracking this measure five years ago. New products are also adding momentum. The recently announced TimberTech Advantage Rail is a great example of how we continue to innovate and strengthen our position in outdoor living by launching products that provide the highest levels of quality, style and design while improving contractor productivity.

Our quarterly survey of TimberTech pros shows a stable market. Our contractors continue to report approximately seven weeks of project backlog, consistent with both prior quarters and the same period last year. They also expect future market conditions to remain relatively stable, in line with recent quarters and the prior year's outlook.

Based on this and other data points, we expect both DR&A sell-through and net sales to grow low-to mid-single digits on a full-year basis in FY26 for the post-close period, July 1st through March 31st, compared to the same pre-acquisition period.

We expect sequential growth from the December to March quarter, boosted by new product launches and expanded distribution ahead of the spring season. And we are anticipating our partners to carry a seasonally normal level of inventory through the balance of our fiscal year.

The integration with AZEK remains on track. We've already aligned key functions like marketing and operations under single leadership. Most recently, we appointed Sam Toole as Chief Marketing Officer of James Hardie. Sam has done an outstanding job leading AZEK's marketing organization for the past four years. Under her leadership, we'll strengthen our marketing capabilities, deepen customer engagement, and expand our reach across North America.

On cost synergies, we've moved quickly on G&A opportunities, while being deliberate in how we integrate manufacturing and commercial operations. With six months left in FY26, we've already surpassed our first-year cost synergy goal, and we're pushing hard toward our $125 million total cost synergy target.

Dealer feedback has been very positive. Several key partners have already chosen to make AZEK their exclusive PVC trim brand, drawn by the combination with James Hardie, and the strong loyalty contractors have to our combined portfolio. Our sales teams are leaning in, turning these opportunities into revenue and setting us up for faster growth ahead.

Distributor feedback has also been positive. Last month, we announced a multi-year expansion with Boise Cascade in select markets. This agreement expands our strategic Statement Essentials offering and adds the TimberTech and AZEK Exteriors brands into our longstanding relationship with Boise.

The strong feedback we are hearing across every level of the channel reinforces our confidence in delivering over $500 million of revenue synergies over the next five years from the AZEK combination. And it's important to note that this isn't coming from one group or one region — it's broad-based across our dealer network and the contractors and builders who use our leading brands every day.

Through countless meetings over the past few months, we are seeing firsthand how the combined portfolio is resonating, how our teams are executing together in the field, and how we can bring to bear the relative strengths of the two companies. Those early signals give us conviction in the value creation opportunity ahead.

I will now turn it over to Joe to run through the financials.

Joe Ahlersmeyer, CFA, VP, Investor Relations

Starting with consolidated results for the second quarter.

Total net sales grew +34% to $1.3 billion, including $345 million of acquired AZEK sales. Organic sales declined (1%).

Adjusted EBITDA was $330 million, with a 25.5% adjusted EBITDA margin.

Adjusted general corporate and unallocated R&D costs totalled $39 million in the quarter, benefitting from favorable stock-based compensation expense. During the second half, we anticipate around $50 million per quarter of general corporate and unallocated R&D costs. Corporate expense is where the majority of our $24 million P&L benefit from cost synergies resides for FY26.

Adjusted effective tax rate was 16.9%, reflecting our updated expectation for FY26 of approximately ~20%.

Adjusted net interest was $68 million and weighted average diluted share count used for adjusted diluted EPS was approximately 582 million. We anticipate these items will remain consistent throughout the third and fourth quarter.

Adjusted net income was $154 million; and adjusted diluted earnings per share was $0.26.

Year-to-date free cash flow was $58 million, reflecting transaction and integration costs, partially offsetting strong cash generation and reduced capital spending.

Turning to our Siding & Trim segment which combines our North America Fiber Cement business with AZEK Exteriors, net sales were up +10%, including $89 million from a full quarter of AZEK.

AZEK Exteriors grew net sales +5% for the quarter, and +7% for the first half on a pro-forma basis.

Siding & Trim organic net sales declined (3%) in the quarter as lower volumes were partially offset by a +2% rise in ASP, with solid single-family realization.

Adjusted EBITDA was $224 million, with adjusted EBITDA margin of 29.2%, down 530 bps year-over-year including over 100bps of impact from $8 million of R&D costs previously expensed within corporate, and now allocated to the segment. Excluding the impact of this allocation, Adjusted EBITDA margin would have been approximately 30.2%, a decrease of around 430 basis points. The key drivers of the comparable change in margins were lower volumes, unfavorable absorption, and raw material inflation.

In the quarter, we experienced a ~$25 million underutilization impact, partly offset by $10 million in efficiency gains from the Hardie Operating System.

We're addressing the margin decline aggressively through network optimization, cost synergies, and structural efficiency improvements. These actions will position the business for margin recovery and stronger performance going forward.

For Deck, Rail & Accessories, which includes AZEK's residential decking, railing, and pergola lines led by TimberTech, net sales increased +6% on a proforma basis, and sell-through was up mid-single digits, consistent with performance in the first quarter.

Adjusted EBITDA was $79 million, resulting in a 30.7% adjusted EBITDA margin.

The Deck, Rail & Accessories margin outlook remains strong — with upside from recycling initiatives, improved absorption at our Boise manufacturing location, and the application of the Hardie Operating System across the manufacturing base.

Our fiscal third quarter has historically been the smallest seasonal period for our Deck, Rail & Accessories business, and we anticipate a sequential step down in margins consistent with these historical patterns.

Turning to Australia & New Zealand, formerly Asia Pacific Fiber Cement.

Including the impact of winding down operations in the Philippines, net sales declined (10%) or (8%) in Australian Dollars, due to a (20%) decline in volumes, partly offset by a +14% rise in ASP.

Adjusted EBITDA was down (19%) to $44 million, with adjusted EBITDA margin down (380 bps) to 32.7%.

Excluding the impact of the Philippines, Australia & New Zealand net sales declined low-single digits in Australian Dollars, with a low single-digit volume decline partially offset by modest ASP growth. Lower margins reflect softer volumes, R&D allocations, and higher SG&A expense, including lease exit costs and added growth investments.

And in Europe, net sales were up +18% or +11% in Euros, driven by strong fiber gypsum volume and average net sales price consistent with the prior year.

Adjusted EBITDA Margin was up +80 bps to 15.3%, helped by volume leverage, lower freight and paper costs, and solid manufacturing efficiency.

We’re continuing to invest in sales and marketing in Europe to support higher-value product growth and drive long-term margin expansion.

Aaron Erter, CEO

Turning to our full-year outlook.

For Siding & Trim, we expect continued challenges in our end-markets to result in mid-single-digit organic sales declines in the second half, with Q3 net sales dollars below Q4 due to normal seasonality and the timing of our annual price increase.

Based on updated planning assumptions, we are raising our Siding & Trim net sales guidance to $2.925 to $2.995 billion.

And today we are issuing Siding & Trim adjusted EBITDA guidance of $920 to $955 million.

At the midpoints, this implies a full-year organic net sales decline of approximately (6%) and an adjusted EBITDA margin of just over 31.5%.

For Deck, Rail & Accessories, we are modestly increasing the low end of our net sales guidance to $780 million, with the high end remaining at $800 million for the post-close period of FY26. This assumes sell-through up low- to mid-single digits, consistent with recent quarters and above prior expectations, reflecting outdoor living tailwinds and continued material conversion. Based on these demand expectations, we expect Deck, Rail & Accessories Adjusted EBITDA of $215 to $225 million.

For the Total Company, we now expect FY26 Adjusted EBITDA of $1.20 to $1.25 billion.

We're confident in our long-term cash generation. We expect it to accelerate as integration costs wind down and interest expense declines with debt paydown.

Our capital expenditures outlook remains unchanged at approximately $400 million for FY26, including $75 million for AZEK investments.

Over the long term, we expect capex across our North American businesses to run 6 to 7% of combined North America sales.

We still expect to generate at least $200 million in free cash flow for the year.

Net debt ended the quarter at $4.5 billion. Pro forma for the AZEK acquisition and the midpoint of our updated guidance, FY26 net leverage stands at approximately 3.2 times.

We remain committed to getting our leverage under 2.0 turns within two years post-close as we grow EBITDA, generate cash and pay down the debt.

So to wrap things up, looking ahead, our priorities are clear — continue driving material conversion from wood and inferior materials to composite alternatives and fiber cement, sharpening execution across the business, and delivering on synergy and de-leveraging commitments.

Only four and half months post-closing, we are more optimistic than ever on the opportunity in front of us and remain confident that our strategy, our team, and our leading brands put us in a strong position to deliver consistent, long-term value for our shareholders.

Cautionary Note and Use of Non-GAAP Measures

These Prepared Remarks include financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States (GAAP), such as Adjusted Net Income, Adjusted Operating Income, Adjusted EBITDA, Adjusted Diluted EPS and Free Cash Flow. These non-GAAP financial measures should not be considered to be more meaningful than the equivalent GAAP measure. Management has included such measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and excludes the impact of certain legacy items, such as asbestos adjustments, or significant non-recurring items, such as asset impairments, restructuring expenses, acquisition and pre-close financing related costs, as well as adjustments to tax expense. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. A reconciliation of these adjustments to the most directly comparable GAAP measure is included in the Company's Earnings Presentation.

The Company is unable to forecast the comparable US GAAP financial measure for future periods due to, amongst other factors, uncertainty regarding the impact of actuarial estimates on asbestos-related assets and liabilities in future periods.

These Prepared Remarks contains forward-looking statements and information that are subject to risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of James Hardie to be materially different from those expressed or implied in this release, including, among others, the risks and uncertainties set forth in Section 3 "Risk Factors" in James Hardie's Annual Report on Form 20-F for the fiscal year ended March 31, 2025; changes in general economic, political, governmental and business conditions globally and in the countries in which James Hardie does business; changes in interest rates; changes in inflation rates; changes in exchange rates; the level of construction generally; changes in cement demand and prices; changes in raw material and energy prices; changes in business strategy; the AZEK acquisition and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. James Hardie assumes no obligation to update or correct the information contained in this Earnings Release except as required by law.

These Prepared Remarks form part of a package of information about the Company's results and should be read in conjunction with the Earnings Presentation.