

Management's Analysis of Results

This Management's Analysis of Results forms part of a package of information about James Hardie Industries plc's results. It should be read in conjunction with the other parts of this package, including the Media Release, the Management Presentation and the condensed consolidated financial statements. Except as otherwise indicated in this Management's Analysis of Results, James Hardie Industries plc is referred to as "JHI plc." JHI plc, together with its direct and indirect wholly-owned subsidiaries, are collectively referred to as "James Hardie," the "Company," "we," "our," or "us." Definitions for certain capitalized terms used in this Management's Analysis of Results can be found in the section titled "Non-GAAP Financial Measures."

This Management's Analysis of Results includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States ("US GAAP"). These non-GAAP financial measures should not be considered to be more meaningful than the equivalent US GAAP measures. 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. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with US 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. For additional information regarding the non-GAAP financial measures presented in this Management's Analysis of Results, including a reconciliation of each non-GAAP financial measure to the equivalent US GAAP measure, see the section titled "Non-US GAAP Financial Measures." In addition, this Management's Analysis of Results includes financial measures and descriptions that are considered to not be in accordance with US GAAP, but which are consistent with financial measures reported by Australian companies. Since James Hardie prepares its consolidated financial statements in accordance with US GAAP, the Company provides investors with a table and definitions presenting cross-references between each US GAAP financial measure used in the Company's consolidated financial statements to the equivalent non-US GAAP financial measure used in this Management's Analysis of Results. See the section titled "Non-US GAAP Financial Measures."

These documents, along with an audio webcast of the Management Presentation on 08 August 2017, are available from the Investor Relations area of our website at <http://www.ir.jameshardie.com.au>

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James Hardie Industries plc
Results for the 1st Quarter Ended 30 June

US\$ Millions	Three Months Ended 30 June		
	FY18	FY17	Change %
Net sales	\$ 507.7	\$ 477.7	6
Cost of goods sold	(338.7)	(300.9)	(13)
Gross profit	169.0	176.8	(4)
Selling, general and administrative expenses	(73.5)	(72.0)	(2)
Research and development expenses	(7.6)	(7.6)	—
Asbestos adjustments	(3.9)	20.6	
EBIT	84.0	117.8	(29)
Net interest expense	(6.5)	(6.1)	(7)
Other expense	(0.4)	(0.7)	43
Operating profit before income taxes	77.1	111.0	(31)
Income tax expense	(19.7)	(23.9)	18
Net operating profit	\$ 57.4	\$ 87.1	(34)
Earnings per share - basic (US cents)	13	20	
Earnings per share - diluted (US cents)	13	19	
Volume (mmsf)	690.2	672.9	3

Net sales for the quarter increased 6% from the prior corresponding period to US\$507.7 million. Net sales were favorably impacted by higher sales volumes and a higher average net sales price in both the North America Fiber Cement segment and the International Fiber Cement segment.

Gross profit of US\$169.0 million for the quarter decreased 4% when compared to the prior corresponding period. Gross profit margin of 33.3% for the quarter decreased 3.7 percentage points when compared with the prior corresponding period.

Selling, general and administrative (“SG&A”) of US\$73.5 million for the quarter increased 2% when compared to the prior corresponding period, primarily driven by increased labor costs.

Research and development (“R&D”) expenses for the quarter were flat when compared to the prior corresponding period.

Asbestos adjustments primarily reflect the non-cash foreign exchange re-measurement impact on asbestos related balance sheet items, driven by the change in the AUD/USD spot exchange rate.

Other expense for the quarter reflects the gains and losses on interest rate swaps.

Net operating profit for the quarter decreased compared to the prior corresponding period, primarily due to the unfavorable movement of asbestos adjustments and the unfavorable underlying performance of the operating business units, partially offset by a decrease in tax expense.

North America Fiber Cement Segment

Operating results for the North America Fiber Cement segment were as follows:

US\$ Millions	Three Months Ended 30 June		
	FY18	FY17	Change
Volume (mmsf)	561.5	548.4	2 %
Average net sales price per unit (per msf)	US\$693	US\$665	4 %
Net sales	393.1	370.3	6 %
Gross profit			(9)%
Gross margin (%)			(5.2 pts)
EBIT	79.8	94.6	(16)%
EBIT margin (%)	20.3	25.5	(5.2 pts)

Net sales for the quarter were favorably impacted by a higher average net sales price and slightly higher volumes. The increase in average net sales price reflects a change in our strategic pricing effective April 2017. Additionally, the marginal growth in volume, compared to prior corresponding period, was due to dampened demand driven by our capacity constraints in the prior fiscal year.

We note that there are a number of data sources that measure US housing market growth. At the time of filing our results for the quarter ended 30 June 2017, only US Census Bureau data was available. According to the US Census Bureau, single family housing starts for the quarter were 237,300, or 9% above the prior corresponding period.

While we have provided US Census Bureau data above, we note that this data can be different than other indices we use to measure US housing market growth, namely the McGraw-Hill Construction Residential Starts Data (also known as Dodge), the National Association of Home Builders and Fannie Mae.

The change in gross margin for the quarter can be attributed to the following components:

For the Three Months Ended 30 June 2017:

Higher average net sales price	4.6 pts
Higher start up costs	(0.8 pts)
Higher production costs	(9.0 pts)
Total percentage point change in gross margin	<u>(5.2 pts)</u>

Gross margin for the quarter decreased 5.2 percentage points compared to the prior corresponding period, primarily as a result of higher production costs, partially offset by a higher average net sales price. The higher production costs were driven by elevated spending in freight, labor and maintenance, as well as, production inefficiencies across the manufacturing network. Freight costs were higher due to shipping inefficiencies that arose as a result of our constrained inventory network.

Additionally, SG&A expense increased 7.0% compared to the prior corresponding period, primarily driven by an increase in labor related costs. The increase for the quarter was in line with the Company's growth, as SG&A as a percentage of sales increased by 0.1 percentage points for the quarter, when compared to the prior corresponding period.

EBIT for the quarter decreased 16%, driven by a 9% decrease in gross profit and a 7% increase in SG&A.

EBIT margin for the quarter decreased 5.2 percentage points to 20.3% when compared to the prior corresponding period, driven primarily by the increase in production costs and SG&A expense, as described above.

International Fiber Cement Segment

The International Fiber Cement Segment is comprised of the following businesses: (i) Australia Fiber Cement, (ii) New Zealand Fiber Cement, (iii) Philippines Fiber Cement, and (iv) Europe Fiber Cement.

Operating results for the International Fiber Cement segment in US dollars were as follows:

US\$ Millions	Three Months Ended 30 June		
	FY18	FY17	Change %
Volume (mmsf)	128.7	124.5	3 %
Average net sales price per unit (per msf)	US\$766	US\$754	2 %
Net sales	110.8	102.9	8 %
Gross profit			12 %
Gross margin (%)			1.5 pts
EBIT	26.2	23.9	10 %
EBIT margin (%)	23.6	23.2	0.4 pts

Volume for the quarter increased 3%, primarily driven by volume growth in our Australian, New Zealand, and Philippines businesses, partially offset by a decrease in volume in Europe.

Net sales for the quarter increased 8% compared to the prior corresponding period, primarily due to higher volume and higher average net sales price. The higher average net sales price in US dollars was primarily driven by favorable product and geographic mix, and the effects of our annual price increase across the businesses.

Gross profit for the quarter increased 12%, primarily driven by growth in our Australian and New Zealand businesses, partially offset by lower net sales in the Philippines and Europe.

The change in gross margin for the quarter can be attributed to the following components:

For the Three Months Ended 30 June 2017:

Higher average net sales price	1.4 pts
Lower production costs	0.1 pts
Total percentage point change in gross margin	1.5 pts

EBIT for the quarter increased 10%, when compared to the prior corresponding period, to US\$26.2 million due to the increase in gross profit described above, partially offset by higher SG&A expenses. The increase in SG&A expense for the quarter paced in line with the segment's growth during the quarter, compared to prior corresponding period.

Country Analysis

Australia Fiber Cement

Net sales for the quarter increased primarily due to higher average net sales price and increased volume. The key drivers of net sales growth were stable conditions in our addressable markets and market penetration, combined with the favorable impact of our price increase and favorable product mix.

EBIT for the quarter increased by 31% when compared to the prior corresponding period, driven by improved gross profit, partially offset by higher SG&A expenses related to employee costs.

According to Australian Bureau of Statistics data, approval for detached houses, which are a key driver of the Australian business' sales volume, were 29,076 for the quarter, a decrease of 6% compared to the prior corresponding period. The other key driver of our sales volume is the alterations and additions market, which decreased 3% for the quarter when compared to the prior corresponding period.

New Zealand Fiber Cement

Net sales for the quarter increased from the prior corresponding period, primarily due to a higher average net sales price and higher sales volumes from addressable markets. EBIT for the quarter increased compared to the prior corresponding period, driven by improved net sales.

Philippines Fiber Cement

Volume for the quarter increased 5% when compared to the prior corresponding period. While recent periods have shown an increase in volume, the change in the overall competitive landscape for our addressable market is expected to remain for the short to medium-term. EBIT for the quarter was lower compared to the prior corresponding period, driven by a lower average net sales price due to tactical pricing strategies, higher raw material costs and higher freight expenses.

Europe Fiber Cement

Net sales and EBIT decreased, compared to the prior corresponding period, primarily driven by lower volume in certain regions and increased product costs.

Other Businesses Segment

US\$ Millions	Three Months Ended 30 June		
	FY18	FY17	Change
Net sales	3.8	4.5	(16)%
Gross profit			NM
Gross profit margin (%)			(8.8 pts)
EBIT	(1.8)	(1.4)	(29)%

We continue to invest in business development opportunities aligned with our long term strategy and continue to incur losses in our Other Businesses segment. EBIT loss for the quarter increased to a loss of US\$1.8 million, when compared to the prior corresponding period.

Research and Development Segment

We record R&D expenses depending on whether they are core R&D projects that are designed to benefit all business units, which are recorded in our R&D segment; or commercialization projects for the benefit of a particular business unit, which are recorded in the individual business unit's segment results. The table below details the expenses of our R&D segment:

US\$ Millions	Three Months Ended 30 June		
	FY18	FY17	Change %
Segment R&D expenses	\$ (5.6)	\$ (5.6)	—
Segment R&D SG&A expenses	(0.5)	(0.5)	—
Total R&D EBIT	\$ (6.1)	\$ (6.1)	—

Segment R&D expenses are a result of the number of core R&D projects being undertaken by the R&D team. The expense will fluctuate period to period depending on the nature and number of core R&D projects being worked on and the AUD/USD exchange rates during the period.

Other R&D expenses associated with commercialization projects in business units are recorded in the results of the respective business unit segment. Other R&D expenses associated with commercialization projects were US\$2.0 million for the quarter and the prior corresponding period.

General Corporate

Results for General Corporate were as follows:

US\$ Millions	Three Months Ended 30 June		
	FY18	FY17	Change %
General Corporate SG&A expenses	\$ (9.8)	\$ (13.4)	27
Asbestos:			
Asbestos adjustments	(3.9)	20.6	
AICF SG&A expenses ¹	(0.4)	(0.4)	—
General Corporate EBIT	\$ (14.1)	\$ 6.8	

¹ Relates to non-claims related operating costs incurred by AICF, which we consolidate into our financial results due to our pecuniary and contractual interests in AICF. Readers are referred to Note 7 of our 30 June 2017 condensed consolidated financial statements for further information on the Asbestos adjustments.

For the quarter, General Corporate SG&A expenses decreased US\$3.6 million, primarily due to a US\$3.4 million gain on the sale of a storage building located near our Fontana facility.

Asbestos adjustments for both periods reflect the non-cash foreign exchange re-measurement impact on asbestos related balance sheet items, driven by the change in the AUD/USD spot exchange rate from the beginning balance sheet date to the ending balance sheet date, for each respective period.

The AUD/USD spot exchange rates are shown in the table below:

Q1 FY18		Q1 FY17	
31 March 2017	0.7644	31 March 2016	0.7657
30 June 2017	0.7697	30 June 2016	0.7436
Change (\$)	0.0053	Change (\$)	(0.0221)
Change (%)	1	Change (%)	(3)

Readers are referred to Note 7 of our 30 June 2017 condensed consolidated financial statements for further information on asbestos adjustments.

EBIT

The table below summarizes EBIT results as discussed above:

US\$ Millions	Three Months Ended 30 June		
	FY18	FY17	Change %
North America Fiber Cement	\$ 79.8	\$ 94.6	(16)
International Fiber Cement	26.2	23.9	10
Other Businesses	(1.8)	(1.4)	(29)
Research and Development	(6.1)	(6.1)	—
General Corporate ¹	(9.8)	(13.4)	27
Adjusted EBIT	88.3	97.6	(10)
Asbestos:			
Asbestos adjustments	(3.9)	20.6	
AICF SG&A expenses	(0.4)	(0.4)	—
EBIT	\$ 84.0	\$ 117.8	(29)

¹ Excludes Asbestos-related expenses and adjustments

Net Interest Expense

US\$ Millions	Three Months Ended 30 June		
	FY18	FY17	Change %
Gross interest expense	\$ (7.6)	\$ (6.1)	(25)
Capitalized Interest	0.9	0.6	50
Interest income	0.1	0.1	—
Net AICF interest income (expense)	0.1	(0.7)	
Net interest expense	\$ (6.5)	\$ (6.1)	(7)

Gross interest expense for the quarter increased US\$1.5 million when compared to the prior corresponding period, primarily due to the higher outstanding balance of our senior unsecured notes. Net AICF interest income increased US\$0.8 million when compared to the prior corresponding period, due to a decrease in the balance of AICF's borrowing under its loan facility with New South Wales Government.

Other Expense

Other expense for the quarter decreased to US\$0.4 million compared to US\$0.7 million in the prior corresponding period, due to a favorable movement on our interest rate swaps.

Income Tax

	Three Months Ended 30 June	
	FY18	FY17
Income tax expense (US\$ Millions)	(19.7)	(23.9)
Effective tax rate (%)	25.6	21.5
Adjusted income tax expense ¹ (US\$ Millions)	(19.6)	(24.8)
Adjusted effective tax rate ¹ (%)	24.1	27.1

¹Adjusted income tax expense represents income tax on net operating profit excluding asbestos adjustments and other tax adjustments

Total income tax expense for the quarter decreased US\$4.2 million when compared to the prior corresponding period. The decrease was primarily driven by a decrease in operating profit before income taxes, partially offset by an increase in the effective tax rate. The increase in the effective tax rate was driven by a US\$24.5 million unfavorable movement of asbestos adjustments compared to the prior corresponding period.

Total Adjusted income tax expense for the quarter decreased US\$5.2 million when compared to the prior corresponding period. The decrease in the quarter was primarily due to a decrease in the adjusted effective tax rate due to a lower proportion of taxable earnings in jurisdictions with higher tax rates, in particular the USA, and a decrease in Adjusted operating profit before income taxes.

Readers are referred to Note 10 of our 30 June 2017 condensed consolidated financial statements for further information related to income tax.

Net Operating Profit

US\$ Millions	Three Months Ended 30 June		
	FY18	FY17	Change %
EBIT	\$ 84.0	\$ 117.8	(29)
Net interest expense	(6.5)	(6.1)	(7)
Other expense	(0.4)	(0.7)	43
Income tax expense	(19.7)	(23.9)	18
Net operating profit	57.4	87.1	(34)
Excluding:			
Asbestos:			
Asbestos adjustments	3.9	(20.6)	
AICF SG&A expenses	0.4	0.4	—
AICF interest (income) expense, net	(0.1)	0.7	
Asbestos and other tax adjustments	0.1	(0.9)	
Adjusted net operating profit	61.7	66.7	(7)
Adjusted diluted earnings per share (US cents)	14	15	

Adjusted net operating profit of US\$61.7 million for the quarter decreased US\$5.0 million, or 7%, compared to the prior corresponding period, primarily due to the underlying performance of the operating business units, as reflected in the US\$9.3 million decrease in Adjusted EBIT, partially offset by a decrease in Adjusted income tax expense of US\$5.2 million.

Cash Flow

Operating Activities

Cash provided by operating activities decreased US\$12.2 million to US\$102.9 million for the quarter ended 30 June 2017. The decrease in cash provided by operating activities was primarily driven by an unfavorable change in working capital of US\$19.0 million and a US\$3.3 million decrease in net income adjusted for non-cash items, partially offset by a favorable change in other operating assets and liabilities of US\$10.1 million. The unfavorable change in working capital was primarily due to a rebuild of inventory levels and normal variations in accounts payable and accounts receivable as the result of the timing of collections and payments between periods. The favorable change in other operating assets and liabilities was primarily due to lower cash payments made to management on FY17 bonuses compared to FY16 bonuses and other normal variations in current net asset accounts.

Investing Activities

Cash used in investing activities increased US\$22.7 million to US\$41.1 million for the quarter ended 30 June 2017. The change in net cash used in investing activities was primarily driven by the increase in the purchase of property, plant and equipment of US\$30.3 million compared to the prior corresponding period, partially offset by US\$7.9 million in proceeds from the sale of a storage building near our Fontana facility.

Financing Activities

Cash used in financing activities decreased US\$85.1 million to US\$24.8 million for the quarter ended 30 June 2017. The decrease in cash used in financing activities was primarily driven by a US\$85.0 million decrease in the net repayments of borrowings.

Capacity Expansion

We continually evaluate the capacity required to service the North American housing market, and as a result, to ensure we meet demand and achieve our market penetration objectives, we have announced two new greenfield capacity projects for our North American network. During the current quarter we:

- Completed the start-up of the 3rd sheet machine at our Plant City facility and recommissioned a 4th sheet machine at that facility which continues to start-up as planned;
- Commissioned our Summerville facility which continues to start-up as planned;
- Started the construction of a greenfield expansion project on land adjacent to our existing Tacoma facility, which is expected to be commissioned in the first quarter of fiscal year 2019; and
- Began the planning of our Prattville, Alabama facility, which is expected to be commissioned in the second half of fiscal year 2019.

In our International Fiber Cement segment, we are adding additional capacity in the Philippines with an estimated total cost of PHP550 million (equivalent to US\$10.9 million utilizing the exchange rate 30 June 2017), which is expected to be completed in the second half of fiscal year 2018.

Liquidity and Capital Allocation

Our cash position increased from US\$78.9 million at 31 March 2017 to US\$112.3 million at 30 June 2017.

At 30 June 2017, the Company held two forms of debt; an unsecured revolving credit facility and senior unsecured notes. The effective weighted average interest rate on the Company's total debt was 5.0% and 4.8% at 30 June 2017 and 31 March 2017, respectively. The weighted average term of all debt, including undrawn facilities, was 4.4 years and 4.7 years at 30 June 2017 and 31 March 2017, respectively.

At 30 June 2017, the Company had US\$500.0 million available in an unsecured revolving credit facility. At 30 June 2017, a total of US\$150.0 million was drawn from the unsecured revolving facility, compared to US\$175.0 million at 31 March 2017. The unsecured revolving facility expires in December 2020 and the size of the facility may be increased by up to US\$250.0 million.

Based on our existing cash balances, together with anticipated operating cash flows arising during the year and unutilized committed credit facilities, we anticipate that we will have sufficient funds to meet our planned working capital and other expected cash requirements for the next twelve months.

We have historically met our working capital needs and capital expenditure requirements from a combination of cash flow from operations and credit facilities. Seasonal fluctuations in working capital generally have not had a significant impact on our short or long term liquidity.

Capital Management and Dividends

The following table summarizes the dividends declared or paid in respect of fiscal years 2018, 2017 and 2016:

US\$ Millions	US Cents/ Security	US\$ Total Amount	Announcement Date	Record Date	Payment Date
FY 2017 second half dividend	0.28	123.4	18 May 2017	8 June 2017	4 August 2017
FY 2017 first half dividend	0.10	46.6	17 November 2016	21 December 2016	24 February 2017
FY 2016 second half dividend	0.29	130.2	19 May 2016	9 June 2016	5 August 2016
FY 2016 first half dividend	0.09	39.7	19 November 2015	23 December 2015	26 February 2016
FY 2015 special dividend	0.22	92.8	21 May 2015	11 June 2015	7 August 2015
FY 2015 second half dividend	0.27	114.0	21 May 2015	11 June 2015	7 August 2015

We will continue to review our capital structure and capital allocation objectives and expect the following prioritization to remain:

- invest in R&D and capacity expansion to support organic growth;
- provide ordinary dividend payments within the payout ratio of 50-70% of net operating profit, excluding asbestos;
- maintain flexibility for accretive and strategic inorganic growth and/or flexibility to manage through market cycles; and
- consider other shareholder returns when appropriate.

Other Asbestos Information

Claims Data

	Three Months Ended 30 June		
	FY18	FY17	Change %
Claims received	146	154	5
Actuarial estimate for the period	144	156	8
Difference in claims received to actuarial estimate	(2)	2	
Average claim settlement ¹ (A\$)	228,000	224,000	(2)
Actuarial estimate for the period ²	283,000	327,000	13
Difference in claims paid to actuarial estimate	55,000	103,000	47

¹ Average claim settlement is derived as the total amount paid divided by the number of non-nil claim settlements

² This actuarial estimate is a function of the assumed experience by disease type and the relative mix of settlements assumed by disease type. Any variances in the assumed mix of settlements by disease type will have an impact on the average claim settlement experience

For the quarter ended 30 June 2017, we noted the following related to asbestos-related claims:

- Claims received during the current quarter were 1% above actuarial estimates and 5% lower than prior corresponding period;
- Mesothelioma claims reported for the quarter were 8% above actuarial expectations and 1% above the prior corresponding period;
- The average claim settlement for the quarter was 19% below actuarial expectations and 2% higher than the prior corresponding period;
- Average claim settlement sizes were lower for most disease types, including for mesothelioma and asbestosis, compared to actuarial expectations for fiscal year 2018; and
- The decrease in average claim settlement for the quarter versus actuarial estimates was largely attributable to lower average claim sizes for non-large mesothelioma claims, together with the favorable large claims experience in the current quarter.

AICF Funding

On 3 July 2017, we made a payment of A\$135.1 million (US\$102.2 million) to AICF, representing 35% of our free cash flow for fiscal year 2017. Free cash flow, as defined in the AFFA, was equivalent to our fiscal year 2017 operating cash flows of US\$292.1 million.

From the time AICF was established in February 2007 through 3 July 2017, we have contributed approximately A\$1,055.0 million to the fund.

Readers are referred to Note 7 of our 30 June 2017 condensed consolidated financial statements for further information on asbestos.

Financial Measures - US GAAP equivalents

This document contains financial statement line item descriptions that are considered to be non-US GAAP, but are consistent with those used by Australian companies. Because we prepare our condensed consolidated financial statements under US GAAP, the following table cross-references each non-US GAAP line item description, as used in Management's Analysis of Results and Media Release, to the equivalent US GAAP financial statement line item description used in our condensed consolidated financial statements:

Management's Analysis of Results and Media Release	Consolidated Statements of Operations and Other Comprehensive Income (Loss) (US GAAP)
Net sales	Net sales
Cost of goods sold	Cost of goods sold
Gross profit	Gross profit
Selling, general and administrative expenses	Selling, general and administrative expenses
Research and development expenses	Research and development expenses
Asbestos adjustments	Asbestos adjustments
EBIT*	Operating income (loss)
Net interest income (expense)*	Sum of interest expense and interest income
Other income (expense)	Other income (expense)
Operating profit (loss) before income taxes*	Income (loss) before income taxes
Income tax (expense) benefit	Income tax (expense) benefit
Net operating profit (loss)*	Net income (loss)

*- Represents non-US GAAP descriptions used by Australian companies.

EBIT – Earnings before interest and tax.

EBIT margin – EBIT margin is defined as EBIT as a percentage of net sales.

Sales Volume

mmsf – million square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

msf – thousand square feet, where a square foot is defined as a standard square foot of 5/16" thickness.

This Management's Analysis of Results includes certain financial information to supplement the Company's condensed consolidated financial statements which are prepared in accordance with accounting principles generally accepted in the United States ("US GAAP"). These financial measures are designed to provide investors with an alternative method for assessing our performance from on-going operations, capital efficiency and profit generation. Management uses these financial measure for the same purposes. These financial measures include:

- Adjusted EBIT;
- Adjusted EBIT margin;
- Adjusted net operating profit;
- Adjusted diluted earnings per share;
- Adjusted operating profit before income taxes;
- Adjusted income tax expense;
- Adjusted effective tax rate;
- Adjusted EBITDA;
- Adjusted EBITDA excluding Asbestos; and
- Adjusted selling, general and administrative expenses ("Adjusted SG&A").

These financial measures are or may be non-US GAAP financial measures as defined in the rules of the U.S. Securities and Exchange Commission and may exclude or include amounts that are included or excluded, as applicable, in the calculation of the most directly comparable financial measures calculated in accordance with US GAAP. These financial measures are not meant to be considered in isolation or as a substitute for comparable US GAAP financial measures and should be read only in conjunction with the Company's condensed consolidated financial statements prepared in accordance with US GAAP. In evaluating these financial measures, investors should note that other companies reporting or describing similarly titled financial measures may calculate them differently and investors should exercise caution in comparing the Company's financial measures to similar titled measures by other companies.

Non-financial Terms

AFFA – Amended and Restated Final Funding Agreement

AICF – Asbestos Injuries Compensation Fund Ltd

Financial Measures - US GAAP equivalents

Adjusted EBIT

US\$ Millions	Three Months Ended 30 June	
	FY18	FY17
EBIT	\$ 84.0	\$ 117.8
Asbestos:		
Asbestos adjustments	3.9	(20.6)
AICF SG&A expenses	0.4	0.4
Adjusted EBIT	\$ 88.3	\$ 97.6
Net sales	507.7	477.7
Adjusted EBIT margin	17.4%	20.4%

Adjusted Net Operating Profit

US\$ Millions	Three Months Ended 30 June	
	FY17	FY16
Net operating profit	\$ 57.4	\$ 87.1
Asbestos:		
Asbestos adjustments	3.9	(20.6)
AICF SG&A expenses	0.4	0.4
AICF interest (income) expense, net	(0.1)	0.7
Asbestos and other tax adjustments	0.1	(0.9)
Adjusted net operating profit	\$ 61.7	\$ 66.7

Adjusted diluted earnings per share

	Three Months Ended 30 June	
	FY18	FY17
Adjusted net operating profit (US\$ millions)	\$ 61.7	\$ 66.7
Weighted average common shares outstanding - Diluted (millions)	441.6	447.3
Adjusted diluted earnings per share (US cents)	14	15

Adjusted effective tax rate

US\$ Millions	Three Months Ended 30 June	
	FY18	FY17
Operating profit before income taxes	\$ 77.1	\$ 111.0
Asbestos:		
Asbestos adjustments	3.9	(20.6)
AICF SG&A expenses	0.4	0.4
AICF interest (income) expense, net	(0.1)	0.7
Adjusted operating profit before income taxes	\$ 81.3	\$ 91.5
Income tax expense	(19.7)	(23.9)
Asbestos and other tax adjustments	0.1	(0.9)
Adjusted income tax expense	\$ (19.6)	\$ (24.8)
Effective tax rate	25.6%	21.5%
Adjusted effective tax rate	24.1%	27.1%

Adjusted EBITDA excluding Asbestos

US\$ Millions	Three Months Ended 30 June	
	FY18	FY17
EBIT	\$ 84.0	\$ 117.8
Depreciation and amortization	21.8	19.5
Adjusted EBITDA	\$ 105.8	\$ 137.3
Asbestos:		
Asbestos adjustments	3.9	(20.6)
AICF SG&A expenses	0.4	0.4
Adjusted EBITDA excluding Asbestos	\$ 110.1	\$ 117.1

Adjusted selling, general and administrative expenses ("Adjusted SG&A")

US\$ Millions	Three Months Ended 30 June	
	FY18	FY17
SG&A expenses	\$ 73.5	\$ 72.0
Excluding:		
AICF SG&A expenses	(0.4)	(0.4)
Adjusted SG&A expenses	\$ 73.1	\$ 71.6
Net sales	\$ 507.7	\$ 477.7
SG&A expenses as a percentage of net sales	14.5%	15.1%
Adjusted SG&A expenses as a percentage of net sales	14.4%	15.0%

As set forth in Note 7 of the condensed consolidated financial statements, the net AFFA liability, while recurring, is based on periodic actuarial determinations, claims experience and currency fluctuations. The company's management measures its financial position, operating performance and year-over-year changes in operating results with and without the effect of the net AFFA liability. Accordingly, management believes that the following non-GAAP information is useful to it and investors in evaluating the company's financial position and ongoing operating financial performance. The following non-GAAP table should be read in conjunction with the condensed consolidated financial statements and related notes contained therein.

James Hardie Industries plc
Supplementary Financial Information
30 June 2017
(Unaudited)

US\$ Millions	Total Fiber Cement – Excluding Asbestos Compensation	Asbestos Compensation	As Reported (US GAAP)
Restricted cash and cash equivalents – Asbestos	\$ —	\$ 36.8	\$ 36.8
Insurance receivable – Asbestos ¹	—	63.6	63.6
Workers compensation asset – Asbestos ¹	—	43.6	43.6
Deferred income taxes – Asbestos	—	355.5	355.5
Short-term debt - Asbestos	\$ —	\$ —	\$ —
Asbestos liability ¹	—	1,146.9	1,146.9
Workers compensation liability – Asbestos ¹	—	43.6	43.6
Income taxes payable	12.8	(3.7)	9.1
Asbestos adjustments	\$ —	\$ (3.9)	\$ (3.9)
Selling, general and administrative expenses	(73.1)	(0.4)	(73.5)
Net interest expense	(6.6)	0.1	(6.5)
Income tax expense	(19.8)	0.1	(19.7)

¹ The amounts shown on these lines are a summation of both the current and non-current portion of the respective asset or liability as presented on our consolidated balance sheets.

This Management's Analysis of Results contains forward-looking statements. James Hardie Industries plc (the "Company") may from time to time make forward-looking statements in its periodic reports filed with or furnished to the Securities and Exchange Commission, on Forms 20-F and 6-K, in its annual reports to shareholders, in offering circulars, invitation memoranda and prospectuses, in media releases and other written materials and in oral statements made by the Company's officers, directors or employees to analysts, institutional investors, existing and potential lenders, representatives of the media and others. Statements that are not historical facts are forward-looking statements and such forward-looking statements are statements made pursuant to the Safe Harbor Provisions of the Private Securities Litigation Reform Act of 1995.

Examples of forward-looking statements include:

- statements about the Company's future performance;
- projections of the Company's results of operations or financial condition;
- statements regarding the Company's plans, objectives or goals, including those relating to strategies, initiatives, competition, acquisitions, dispositions and/or its products;
- expectations concerning the costs associated with the suspension or closure of operations at any of the Company's plants and future plans with respect to any such plants;
- expectations concerning the costs associated with the significant capital expenditure projects at any of the Company's plants and future plans with respect to any such projects;
- expectations regarding the extension or renewal of the Company's credit facilities including changes to terms, covenants or ratios;
- expectations concerning dividend payments and share buy-backs;
- statements concerning the Company's corporate and tax domiciles and structures and potential changes to them, including potential tax charges;
- statements regarding tax liabilities and related audits, reviews and proceedings;
- statements regarding the possible consequences and/or potential outcome of legal proceedings brought against us and the potential liabilities, if any, associated with such proceedings;
- expectations about the timing and amount of contributions to AICF, a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- expectations concerning the adequacy of the Company's warranty provisions and estimates for future warranty-related costs;
- statements regarding the Company's ability to manage legal and regulatory matters (including but not limited to product liability, environmental, intellectual property and competition law matters) and to resolve any such pending legal and regulatory matters within current estimates and in anticipation of certain third-party recoveries; and
- statements about economic conditions, such as changes in the US economic or housing market conditions or changes in the market conditions in the Asia Pacific region, the levels of new home construction and home renovations, unemployment levels, changes in consumer income, changes or stability in housing values, the availability of mortgages and other financing, mortgage and other interest rates, housing affordability and supply, the levels of foreclosures and home resales, currency exchange rates, and builder and consumer confidence.

Words such as "believe," "anticipate," "plan," "expect," "intend," "target," "estimate," "project," "predict," "forecast," "guideline," "aim," "will," "should," "likely," "continue," "may," "objective," "outlook" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. Readers are cautioned not to place undue reliance on these forward-looking statements and all such forward-looking statements are qualified in their entirety by reference to the following cautionary statements.

Forward-looking statements are based on the Company's current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the Company's control. Such known and unknown risks, uncertainties and other factors may cause actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under "Risk Factors" in Section 3 of the Form 20-F filed with the Securities and Exchange Commission on 18 May 2017, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former Company subsidiaries; required contributions to AICF, any shortfall in AICF and the effect of currency exchange rate movements on the amount recorded in the Company's financial statements as an asbestos liability; the continuation or termination of the governmental loan facility to AICF; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the Company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the Company's products; reliance on a small number of customers; a customer's inability to pay; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; currency exchange risks; dependence on customer preference and the concentration of the Company's customer base on large format retail customers, distributors and dealers; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; possible inability to renew credit facilities on terms favorable to the Company, or at all; acquisition or sale of businesses and business segments; changes in the Company's key management personnel; inherent limitations on internal controls; use of accounting estimates; and all other risks identified in the Company's reports filed with Australian, Irish and US securities regulatory agencies and exchanges (as appropriate). The Company cautions you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those referenced in the Company's forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of the Company's current expectations concerning future results, events and conditions. The Company assumes no obligation to update any forward-looking statements or information except as required by law.