

James Brennan-Chong:

(Silence) Good morning, good afternoon, and good evening. Welcome to the James Hardie Global Investor Day, a new James Hardie. I am James Brennan-Chong, Director of Investor Relations here at James Hardie and I'll be your host today. We truly appreciate you taking the time to join us and we are excited about this opportunity to virtually connect with all of you. At today's investor day, we'll highlight the strategic initiatives that have not only transformed James Hardie over the past two years, but those strategic initiatives that ensure we continue to be a high-performance global company that delivers organic growth above market with strong returns.

James Brennan-Chong:

Following the innovation presentation, we'll then take a short five-minute break after which we will close the presentation with our chief financial officer, Jason Miele, and our CEO, Dr. Jack Truong. Jason will provide a financial update and then Jack will provide some brief closing remarks. Finally, we'll move to a live 45-minute question and answer session with Jack and Jason. Before we begin, I must mention that statements made in today's presentation may contain forward looking information. Actual results may differ materially from what we are presenting today. The information you now see identifies and gives you details about some of the risks regarding those forward-looking statements, as well as where to go to get more information about our risk factors.

James Brennan-Chong:

Shortly after the conclusion of today's presentation, we will be making a replay of the event available, and we'll also be posting downloadable slides on our website. During the course of today's presentation, you can submit questions by the Q&A feature of the hosting platform. We encourage you to ask questions regarding materials presented today, and we will try to address these questions as part of the 45-minute Q&A at the end of the program. Thanks for taking the time to join us today and welcome to the new James Hardie. Now, it's my pleasure to introduce Chief Executive Officer of James Hardie, Dr. Jack Truong.

Dr. Jack Truong:

Good morning, good afternoon and good evening, everyone. I'd like to take the opportunity to welcome you to the James Hardie Global Investor Day in 2021. We truly appreciate your taking the time to join us and we're looking forward to sharing additional details about our future growth strategy with you. Since February, 2019, we have been on a journey of global transformation from being a big small company to a small big company. Our progress to date has been exceptional across all of our key strategic initiatives. The foundation we have built will enable us to continue to drive profitable growth into the future. Over these past two years, it's not simply about better execution of what we already had, but it is about the true transformation that our company has become. We're now a new James Hardie.

Dr. Jack Truong:

Today, I will share with you the new strategic initiatives that will help ensure our continued profitable growth as a new James Hardie. First, I want to share with you our global vision and mission. Our vision is to be a premier consumer brand and company that offer endless design possibilities to exteriors and interiors of the home. This clear and specific vision provide a blueprint on which we can build a future of

a new James Hardie. Throughout the day today, you will hear a lot more about these strategic initiatives that will ensure we meet this vision.

Dr. Jack Truong:

Our mission of the new James Hardie is to be a high-performance global company that deliver organic growth above markets with strong returns, consistently, quarter on quarter and year on year. This clear and specific mission ensure we are focused on delivering value to you, our shareholders. Before I discuss the success to date of our strategic transformation, it's also important to provide some context to why the transformation was required. What you see on this page is the financial performance of James Hardie over the five years between fiscal year 2015 and fiscal year 2019.

Dr. Jack Truong:

Now, if you look at our performance over the five years prior to fiscal year 2020, you will see stable and average financial results, where profitable growth has stalled. Net sales grew at a compound annual growth rates or CAGR of 7%, adjusted EBIT CAGR of 7%, adjusted net income CAGR was 9%. This is a clear lack of leverage on our now incremental sales growth. Lastly, look at the operating cashflow. Again, what you see is just modest growth with a CAGR of 13% over the same five years. These results reiterate a lack of leverage within the business and an inability to generate significant cashflow with each additional dollar of sales.

Dr. Jack Truong:

When we look at these financial results holistically, they do not reflect the results of a high-performing global company, which is our mission. You will recall that in February, 2019, I laid out what would be the first steps in our transformation to become a new James Hardie. The first initiative we undertook was the foundational step of leveraging on our scale as the world largest fiber cement producer to become a world-class manufacturer through the execution of James Hardie LEAN manufacturing strategy. Our network of plants is on a continuous improvement path of becoming more predictable with less variability in production output, better quality and lower costs. Progress in this initiative has enabled us to be a better partner to our customers. Globally, through the end of fiscal year 2021, we have generated over \$107 million in LEAN savings. Continued focus on this foundational elements about transformation will be critical to building scale and enabling future profitable growth globally.

Dr. Jack Truong:

Second, we transform our commercial organization to be truly customer focused. We took direct action to shift from an organization that focused solely on current demand with home builders and contractors to partnering more closely with our customers to enable profitable growth for them and also for James Hardie. Instilling this true customer focus mindset throughout our company has been critical to driving our growth above markets while taking market share in all three geographies during the past two years. This connectivity to our customers and a shift to the push/pull strategy drove profitable growth on profitable growth in our North American business over the past eight quarters. We delivered net sales growth of 8% in fiscal year 2020, and 12% growth in fiscal year 2021, versus 8% over the previous five years, and the expansion of EBIT margin to 29% from 24%.

Dr. Jack Truong:

Additionally, over the past two years, we have significantly expanded our European business highlighted by net sales increased with €351 million in fiscal year 2021 from €318 million in fiscal year 2019.

Adjusted EBIT increased four times to €36 million in fiscal year 2021 from €9 million in fiscal year 2019. We also saw strong results in our Asia Pacific region where adjusted EBIT margin expanded to 28% from 24%.

Dr. Jack Truong:

The third step in our transformation was the integration of our supply chain with that of our customers for mutual benefits. This critical integration ensure we are able to continuously service the market seamlessly through our customers, providing them with the products they want when they need them. During fiscal year 2021, we delivered record operating cashflow of \$787 million, a 2.6 time increase from fiscal year 2019 operating cashflow of \$304 million.

Dr. Jack Truong:

Now, underpinning our entire transformation was the implementation of a globally integrated management system. This management system enabled us to make better and more holistic decisions at the right time across various levels within the company. The successful execution of global strategic plan is the testament to the hard work and dedication of all James Hardie employees from around the world. The considerable progress we have made has allowed James Hardie to deliver record global net sales and record global adjusted EBIT for three consecutive quarters. In fact, for fiscal year 2021, all three of our offering regions delivered double digit growth in EBIT.

Dr. Jack Truong:

Now, while the financial results across the past two fiscal years are commendable, it is the transformation itself that has created a new James Hardie with a strong foundation on which to build. Now, we believe it is foundation that will enable us to scale and drive significant future profitable growth globally. The key step to become a world-class manufacturers is through the execution of LEAN manufacturing strategy. As I just mentioned, our results to date have been significant as we have generated more than \$107 million in global savings over the past eight quarters. While we're very pleased with the progress to date, we have a relentless focus on continuous improvements and on furthering our LEAN manufacturing capabilities.

Dr. Jack Truong:

LEAN is a perpetual journey. It is not a destination. As a result of our performance to date and our commitment to continuous improvement, we established a new three-year global savings target of \$340 million beginning this fiscal year 2022. As I previously mentioned, the second part about initial transformation was to transform the commercial organization to be truly customer focused, instilling this true customer focus mindset throughout our company has been key to driving growth on growth in our north American business.

Dr. Jack Truong:

While I know our results speak for themselves, I think it's important to hear directly from our customers who have an instrumental in the success we have had the past two years. In these videos, you will hear from two of our largest customers. First, we have Hunter Lansing, CEO of Lansing Building Products. Hunter and his team have been close partners with James Hardie team over the years, and has a unique view on how we have been transforming. Let's hear from Hunter directly on his experience with James Hardie during our transformation.

Hunter Lansing:

What does the customer-vendor relationship feel like? We measure that twice a year with you. We survey our people, and our people give the very direct feedback on a lot of things, that being one of them. Early days, it was an F. It literally wasn't F and that was well-known within James Hardie. Today, it literally is an A. That has changed drastically. It's come a long way over the past, certainly, about the past couple of years, that's really advanced. You all have a more customer centric approach to what you're doing, customer meaning the distributor. Before, the feeling or the impression was we were regarded as sort of a means to an end and we were just a channel and a logistics organization. Today, it's much different than that. There's a true partnership and it feels like we're really locking arms and there's value and respect on both sides in the way that we're able to go out and to grow our business together.

Dr. Jack Truong:

Thank you to Hunter. The key takeaway from his message is how we have become a much better partner over the past two years, how much more connected and integrated we are with both of our supply chains and how we have aligned together to drive demand for both Lansing and for James Hardie. We will now hear from Mike Jost, Chief Operating Officer of ABC Supply Company. Mike has been a very good partner with my leadership team and me driving mutual business growth together. Let's hear what Mike has to say about our transformation.

Mike Jost:

So the relationship between ABC Supply and James Hardie has been an evolution of transactional to strategic. By transactional, I mean, manufacturer makes products, give us a price. We buy it, we warehouse it. We find people and we sell them that product. In the strategic relationship, we work with the manufacturer to identify targets, to identify markets, to figure out what's the right product for these customers, and then we bring it in and we work with the manufacturer to sell those customers. Over the last 15 years, we've completed that evolution. I'd say it really heated up just in the last three to four years. We're feeling that we're very much there as a strategic partner. We're a service company. We exist to give our customer exactly what they need the day they need it. So we have to work with partners that are going to plan inventory with us, that are going to look at the market needs, figure out what we need to have, and then when we sell something, quickly replenish us.

Mike Jost:

I can tell you, for the last several years, Hardie's probably been among the best manufacturers at doing that with us, especially in the pandemic years. There's a lot of supply chain issues right now. Hardie's our best partner at getting us what we need when we need it. Then going forward, what we'd love to work with them on is let's identify the products of the future. Let's figure out what else our consumers need. Obviously, they're the products company, we're the service company, but if Hardie can work to develop what the homeowners are going to want next, we'll work with them to find those markets to identify those customers and to get their new innovative products out into the marketplace as quickly as we can.

Dr. Jack Truong:

Thank you to Mike for sharing your thoughts with us. The key takeaway from this video is how encouraged he is about James Hardie investing in demand creation directly with homeowners and entering new categories through innovation to create value for ABC Supply. I want to take a step back and look at the progress we made during the past two years to fundamentally transform our company. I am pleased with our financial results. We delivered step change in our financial results during the past

two years, including records in global net sales, global adjusted EBIT, global adjusted net income and global operating cashflow in fiscal year 2021. We increased net sales by \$400 million globally since fiscal year 2019, a 16% increase over two years.

Dr. Jack Truong:

More significant than that, we increased adjusted EBIT and adjusted net income by 25% and 23% CAGR respectively over the past two years. The financial results delivered during the past two years reaffirm that we're on the right path of being a high-performing global company. Over the past 24 months, we delivered strong revenue growth and EBIT growth across the three regions. We expanded the scale of James Hardie as a global company, and also expanded the scale and profitability of each region. The acquisition of Fermacell three years ago, along with the successful integration and expansion of our European business now truly position us as a leading global building materials company.

Dr. Jack Truong:

Our global management system has been key in enabling us to replicate global strategy across all three regions while at the same time allowing our regional teams to execute the plans locally to deliver on results for the region and for the total company. As an interconnected global company, we have the front row seat to design changes from around the world. For example, one such design trend is what we call the modern look. It is characterized by clean lines and a more box shape with darker base colors. This design trend first began in Australia several years ago. In our position as a global company, we were able to see this trend moving this way to Scandinavia and ultimately into the West Coast of the US. This is a powerful example of direct benefits of being an interconnected global company. It allows our global innovation team to stay on top of change in design trends from around the world to proactively develop innovations that shape these design changes.

Dr. Jack Truong:

As you recall from our earnings call a week ago, there were three key strategic initiatives in the next phase of profitable organic growth in our company. Number one, extending the James Hardie brand from a premiere professional brand into a market leading consumer brand that focuses on direct marketing to the homeowners to create real demand. Number two, penetrating and driving growth in existing and new markets and segments, such as repair and remodel. Number three, global innovation that allow us to expand into other exterior looks and take advantage of the adjacent opportunities in each of our region.

Dr. Jack Truong:

Underpinning these three key strategic initiatives is our continued execution of the foundational initiative we began two years ago, and those are LEAN manufacturing, increased customer engagement via push/pull, increased integration on our supply chain. I want to briefly talk to each one on how they will enable us to continue to drive profitable organic growth and strong returns into the future.

Dr. Jack Truong:

The first of three key strategic initiatives is our new 360 degree integrated marketing campaign that target homeowners directly to create demand. Historically, Jim Hardie brand has resonated strongest with professionals and evoke a brand that is well appreciated and trusted with products that are durable, low maintenance and non-combustible. We're now very excited to extend the James Hardie brand into a consumer brand where we market directly to homeowners and communicate to them the

endless possibilities of aesthetics and design the our products offer, in addition to the superior properties of our products. By marketing directly to the homeowners, we believe it will create even more demand and enhance the emotional attachment to the James Hardie brand.

Dr. Jack Truong:

The second key initiative is to further penetrate and drive profitable growth in existing and new segments. While we have a good business in the North American repair and remodel segment today, we believe the opportunity for future growth is even more significant. There are over 79 million owner occupied homes in the US, 55% of those or over 40 million homes for 40 years or older. These are the homes that are ripe for re-siding and remodeling. Hence, this is a significant pool of opportunity from which we can generate demand for James Hardie exterior products by marketing directly to the homeowners. By creating demand directly with the homeowners and continuing to integrate with our customers, we believe that further growth can be realized within the repair and remodel segments.

Dr. Jack Truong:

Our third key initiative is a focus on global innovation, which will transform the way the world builds. We focus on a true global innovation platform that includes innovative products, that deliver long lasting beauty and endless design possibilities for the homeowners, while providing the superior performance the market has come to expect from James Hardie products. They are the durability, low maintenance and non-combustibility, while also improving on labor productivity for the installers and the builders. By combining the trusted protection and low maintenance of James Hardie fiber cement products with lasting beauty and endless design possibilities, we believe that James Hardie will be the only exterior company in the world that can deliver on both providing homeowners with a peace of mind protection they need with the cutting-edge design they want.

Dr. Jack Truong:

We're excited to introduce our new innovation for the North American markets, Hardie Textured Panels. Look at this beautiful home made with our new innovation. Its look is beautiful, unique, and set it apart from other homes in the neighborhood. I like to highlight the opportunity that this new product platform opened for our company. The green area of the pie chart represents the portion of the North American exterior markets that our current product portfolio could address. But the blue area of this pie chart is a brand new and very large market opportunity for us to penetrate and grow with these market driven innovations.

Dr. Jack Truong:

In Australia, we're introducing the new Hardie Fine Texture Cladding. Hardie Fine Texture Cladding offer new option to the homeowners when remodeling their exteriors or building the new home of their dreams. Similar to North America, this innovation will enable us to expand into a new and very large market that we don't play in today. At James Hardie, we're excited about these true market driven innovations and how they will provide homeowners with endless design possibilities while maintaining the trusted protection and low maintenance consistent with existing James Hardie fiber cement products.

Dr. Jack Truong:

To summarize in order to drive sustainable profitable growth globally into the future, we will continue to build on a significant foundation we have built over the past two years. This includes, number one,

continuing on our path of becoming a world-class manufacturer via LEAN. Number two, continuing to partner closely with our customers via push/pull strategy. Number three, continuing to integrate our supply chain with our customers to serve the market seamlessly. We are fundamentally a different company now. We are in new James Hardie. We are focused on being a high-performance global company that deliver on consistent results.

Dr. Jack Truong:

I'm excited for what the future hold for James Hardie Company as we embark on the next phase of profitable growth, driven by three initiatives. One, extend into the global consumer brand by focusing on the homeowners. Number two, a relentless focus on penetrating new and existing segments. Three, deliver market led innovations that offer endless design possibilities and trusted protection. I would just like to extend my gratitude and thanks to all James Hardie colleagues around the world. Their continuous execution of a global strategy over the past two years helped to fundamentally transform James Hardie Company. We believe it put us in a position to drive significant future growth globally. We are a new James Hardie Company, and I can't wait for you to hear the rest of the story about how with James Hardie, it's possible.

James Brennan-Chong:

Thank you Jack for that great overview of the strategic plan. We will now be joined by Cathleya Buchanan, Head of Marketing for Asia Pacific, and Marc Setty, Head of Marketing for North America. Cath and Marc will be discussing in more detail our strategic initiative to drive growth by marketing directly the homeowner.

Marc Setty:

Thank you, James. We're very excited to share more details with you today about the next step in James Hardie's strategic transformation from a big small company to a small big company. A cornerstone that will help drive sustainable growth for the company is our commitment to building a global consumer brand with focus on the ultimate decision maker, the homeowner. Underpinning this shift is our exterior's business vision to become the top of mind brand that delivers curb appeal to homeowners. As we continue to build upon and leverage our core strengths, which include a trusted and loyal base of customers and trade professionals, as well as the functional durability, performance and low maintenance of Hardie fiber cement products.

Marc Setty:

We are extending our brand to lead the industry in exterior design and aesthetics to meet the needs for the homes of today and unlocked new market opportunities as we help design the homes of tomorrow. By marketing directly to homeowners and inspiring them to create their dream home exterior with endless possibilities, we open up a direct line of communication that will enable James Hardie to identify and serve unmet needs along their purchase journey, market and create demand for a larger portfolio of solutions, and drive more penetration of high value products like ColorPlus Technology as well as future innovations. As we embark on this journey, we've gone to great lengths to gain a deeper understanding of homeowners, their attitudes, their habits and behaviors all related to home, as well as their needs and wants. We know that owning a home can be a great source of pride. And the interior of a home is often a place homeowners look to express themselves as they create a place of sanctuary, love and happiness for their family. Traditionally, most homeowners only think about their homes' exterior from

a functional perspective. And yet, what we found is that the market desires exterior products and solutions that will deliver on design and aesthetic preference as well as functional performance.

Marc Setty:

We believe it's the intersection of these needs where James Hardie delivers a unique and ownable position to serve the homeowner without compromise. Our category defining building solutions deliver endless design possibilities, lasting beauty and trusted protection. And we are excited to communicate this message directly to the homeowner through an extraordinary campaign that brings our brand to the forefront of homeowner's minds like never before. We are calling our marketing campaign It's Possible, because with James Hardie, it is possible for your dream home exterior to become a reality. We'll communicate this to the homeowner through emotional and evocative storytelling, connecting with the heart and mind and inspiring them to dream of what's possible. And then we'll stand beside them on their journey to ensure they achieve their vision.

Marc Setty:

In an industry where marketing heavily focuses on the trade and B2B community, this new consumer marketing approach comes at an opportune time, with home renovations, remodels and sales rising significantly. And during a time of unprecedented global uncertainty, we all know one thing is for sure, it's that the role of home has never been as important as it is today. It's a sanctuary, a safe haven, a home office and even a homeschool. As we've shared previously, there are 80 million owner occupied homes in the United States and roughly 55% of those homes are 40-years-old or more, which tallies up to about 44 million, 40 plus year old homes. When you think about it, just 5% of that total would come to 2.2 million homes, which is double the size of new construction.

Marc Setty:

We believe that many of those homes are built with wood and vinyl siding and other materials that are either not durable enough, no longer reflect the self-image the homeowner wants to present to their neighborhood, or highly flammable, or are just not going to be fit to survive more adverse weather conditions. Homeowners don't know there's a solution out there for them. We see James Hardie in that light as the brand homeowners can turn to, and we're working to transform that landscape of opportunity for James Hardie and help accelerate the homeowner on their purchase journey. Cathleya will now talk more about our campaign, the prime homeowner target and how we will reach, inspire and drive her to action as she is actively in the mindset for an exterior home remodeling project.

Cathleya Buchanan:

Thank you, Mark. And hello, everybody. As we move towards extending our brand beyond our existing trade audience, we shift our center of attention towards the homeowner. More specifically, the female homeowner who our insights reveal is a key decision maker when it comes to the design and aesthetics of both the interior and the exterior of the home. Our mission is to get these female design oriented homeowners to seek out James Hardie early in the reciting or remodel process, or aspire to James Hardie for their future home plans and then keep up these focus on the exterior throughout the whole process. We want to meet her unmet needs and then ultimately accelerate the purchase cycle. So please meet Christine, our global prime target. Through a data driven and insights led approach to understand the path to purchase, we have uncovered Christine's key drivers, behaviors and her sources of influence.

Cathleya Buchanan:

We understand who she is and how to best reach her to inspire, engage and influence her to ensure James Hardie is her top of mind brand that will help empower her to realize her dream home. And so now that we've identified our global prime target, we must communicate to Christine the value James Hardie can offer her so she can confidently choose and demand our products for her home. As the global leader of fiber cement exterior solutions, James Hardie has a unique and ownable position that combines the best of functional benefits with endless design possibilities. Our wide range of premium exterior solutions give her the flexibility to reflect her design preferences from traditional to modern home styles. And we'll direct Christine to high value products like ColorPlus Technology in North America, as well as our future innovations to show her how we can make her personal vision for her home a reality.

Cathleya Buchanan:

But while we have a dreaming about the possibilities, we'll also demonstrate to Christine the other benefits of Hardie fiber cement, like the trusted protection that comes with a noncombustible exterior that also resists hail, moisture, high winds and won't be eaten by insects or pests. And we want her to hold onto the feeling of loving her home every day without the worry or hassle of ongoing maintenance, because she knows it was designed with both beauty and your ability in mind. This unique combination of both endless design possibilities and functional performance mean that Christine's home will look great for many years. And most importantly, that she can trust that her home's exterior is protecting everything that matters most inside. For our campaigns to be successful, we must adopt an integrated full funnel or 360 degree approach, influencing and inspiring Christine at every step of her journey.

Cathleya Buchanan:

With a 24/7 direct line of communication, we seek to satisfy her unmet needs to drive acceleration of the purchase cycle, helping her to overcome any barriers in what can be an overwhelming and complicated process. At the awareness phase, we will introduce her to the James Hardie brand with a deliberate focus to elevate the role exterior solutions [inaudible] and emphasize it as a reflection of herself she shares with the world. And we do this by leveraging a broad reaching above the line media channels. This is where we can reach Christine with the optimal reach and frequency to make a real impact. At the consideration phase, we will utilize targeted digital platforms, including our own websites and an ecosystem of influences and social channels to prove that only James Hardie can fully empower her to bring her vision to life with endless design possibilities made with form and function at the core.

Cathleya Buchanan:

During the purchase phase, we want to aid her in planning her project by powerfully equipping her with the step-by-step information she needs to achieve her vision and find her style, investing in industry leading lead generation platforms designed to connect her to aligned James Hardie installation partners. Then finally at the amplification stage, we want to encourage her to share the unique vision she has built and achieved with her family, friends and peer group set. We'd now like to share with you some of the advertisements that Christine will see as she navigates her purchase journey. Myself, Mark and the entire team at James Hardie can't wait to show you how it's possible with James Hardie.

Marc Setty:

We're excited today to share with you our new hero TV commercial, which began airing in North America just a few weeks ago. Through the power of emotional storytelling, the It's Possible TV commercial illustrates the meaningful ways of family finds comfort, connection, joy, long lasting beauty and protection from their James Hardie home over the years. It's a great representation of the way we are reaching and connecting with the homeowner, using emotional storytelling that resonates with how she feels about her home and the role in which our products help bring her dream to life.

Speaker 1:

Is it possible to fall in love with your home? To feel a deep, heart-stirring connection? To get goosebumps in the driveway and know that it can give you moments that will become your greatest memories? Is it possible as the years passed way too fast to protect it like a mother from mother nature, knowing it'll protect you right back? Is it possible to fall in love with your home before you even step inside?

Speaker 2:

Discover the world of exterior solutions by James Hardie, and let us help you fall in love again. And these colors, textures and design, it's possible with James Hardie.

Marc Setty:

We will now build off the emotional connection our TV commercial establishes with Christine by showing her that James Hardie has the vision and solutions to build the lasting beautiful homes of tomorrow. And ultimately, to make the home of her dreams possible will inspire her to create a home that reflects who she is and what matters most to her. Our full creative suite of advertisements will show Christine exactly that. It's possible with James Hardie. We'll drive engagement as we accelerate her down the path of her purchase journey, activating over the next 12 months in our regions with locally relevant, personally relevant and inspirational imagery and messaging that helps her fall in love with her home again and our brand.

Marc Setty:

We'd like to share one more video with you today, our direct response TV commercial, which is now airing in North America. You should see and feel consistency in our messaging, while at the same time, we're taking a more informative approach to assist Christina as she gets deeper into the consideration and purchase phases of her journey to transform the exterior of her home. We will invite Christine to explore more design possibilities, download an inspiration guide and even offer support in finding local professionals who can help bring her vision to life. Christine can call James Hardie and speak with one of our customer service representatives, or go directly to the James Hardie website to help accelerate her down the path to purchase. Without further ado, here's the spot.

Speaker 1:

There's no place like your home. It's your world where the best moments happen. Make it everything you've ever dreamed with exterior solutions by James Hardie. With Hardie fiber cement siding, soffits, fascia, trim and more, the design possibilities are endless. Ready to transform your home? We're ready to help. Call us or go online for an inspiration guide to get started. Explore design ideas, experiment with texture combinations and over 700 fade resistant ColorPlus finishes. We'll even help you find a contractor. Hardie fiber cement products are uniquely engineered for lasting beauty that stands up to

mother nature. It weathers the toughest storms, handles the heat, even helps protect against fire. Your home is more than an address, it's your everything. Let us help you fall in love again. It's possible with James Hardie. Call us or visit online today.

Cathleya Buchanan:

So as you can see, we're extending our brand footprint with a sustained investment targeting the homeowner. But to truly drive sustainable long-term growth for the organization, we need to connect all stakeholders in the value chain and focus on connecting our customers to the true homeowner demand that will be generated through our marketing campaigns. We will position our customers to capture this demand through enabling their customers, the contractor, to deliver a Hardie exterior solution for Christine. To be successful, we must adopt a truly integrated partnership approach with our customers. We need to ensure we're skilling up their contractors and installers with the right training and education, and we'll work with our customers to provide the right scalable programs, tools, resources and information needed by their contractors to price, sell and install a James Hardie solution that will make Christine's needs.

Cathleya Buchanan:

To summarize, James Hardie is just getting started on their journey to build a global consumer brand. We know our prime target consumer, who she is, what she wants, where and how she shops. And we are establishing a direct line of communication to better serve her specific unmet needs and deliver value to help accelerate her purchase journey. As we empower her to achieve her dream home exterior, we will bring together the best of our functional and emotional benefits, and uniquely position James Hardie not only to capture her imagination, but also drive her to action in all our key markets. This new communication platform will James Hardie to better market and generate demand for our portfolio of fiber cement solutions, and drive more penetration of high value products like ColorPlus Technology and the innovative solutions you will see and hear more about next. Thank you very much.

James Brennan-Chong:

Thanks Mark and Cathleya. After hearing more about our It's Possible campaign, I assume you now understand why we are so excited about our homeowner driven marketing opportunities. We'll now be joined by Fran Flanagan, Head of Consumer Marketing, and Sami Rahman, Head of Product Management for North America. Sami and Fran will be announcing the commercialization of new James Hardie products and providing you additional insights into our global innovation strategy. During this presentation, you'll also hear from homeowners who have utilized these new and exciting products on their home.

Sami Rahman:

Thank you, James. Today, we're excited to share how new innovations will drive profitable organic growth for James Hardie and our customers. As presented in the September 2019 Investor Day, we have transformed our innovation approach to be market-driven so we can deliver high impact new products. To be truly market driven, we focus on three key mega trends to inform our view of value creation opportunities for years to come. The shortage of labor, particularly skilled labor, is a global trend that is expected to continue and an opportunity for innovation to make sure our solutions are easy to use. Lack of affordable housing driven by a lack of inventory and rising input costs requires that innovations deliver value much greater than costs to enable homeownership for many more people. And finally,

urbanization is a trend that has shaped how homes and communities are designed to meet the needs of changing demographics and lifestyle preferences.

Sami Rahman:

Now, this trend has been particularly important during the pandemic, as homeowners are spending much more time at home, re-imagining their living and working spaces both inside and outside. With these trends in mind, we conduct in-depth discovery and testing to ensure the right insights are prioritizing product concepts that can truly deliver on unmet market needs and create value for stakeholders and James Hardie. This process also increases our confidence to invest in marketing to make homeowners, architects and builders aware of our new innovations. At James Hardie, we leverage our global scale and know-how to deliver innovation. With over three billion square feet of fiber cement and 780 million feet of fiber gypsum produced and sold in 20 plus countries, we have deep expertise in our core fiber cement and fiber gypsum technologies that have delivered unparalleled performance for many years.

Sami Rahman:

A dedicated team of over 130 global R&D employees in our two research centers have focused on critical technologies that can be implemented in our high throughput factories to deliver on unmet market needs. Starting with an outside in view of homeowner insights and on market needs and our global R&D focus on critical technologies, James Hardie combines trusted protection and low maintenance with lasting beauty and endless design possibilities to create a unique position in the marketplace. We know that the combination of design and aesthetics with the already established superior performance of James Hardie fiber cement technology will position us to expand the addressable market of our product portfolio. In North America, our product portfolio has been taking share from wood-look alternatives for many years, and the non-wood look market is a significant opportunity for expansion.

Sami Rahman:

Similarly, in Australia, we will expand into the very large render and brick markets through innovations that deliver unique aesthetics and productivity value. Over the last 18 months, we focused on the unmet needs of the stucco, stone and brick markets. We've developed new products for North America and Australia and have been test selling them with great results. These new innovations will deliver solutions for the non-wood look market by delivering unique looks, higher productivity and also address the maintenances here specifically around stucco's performance. With that, I am pleased to introduce our newest innovation, Hardie Textured Panels being commercialized in North America. Here, we show a contemporary home replacing stucco with Hardie Smooth Sand Panel and Hardie Multi-Groove Panel to create a new look. In Australia, we're commercializing Hardie Fine Texture Cladding.

Sami Rahman:

Hardie Textured Panels and Hardie Fine Texture Cladding can create new looks in a variety of home styles, ranging from traditional designs such as this in North America to transitional and contemporary designs growing in popularity nationwide, and the modern designs that are already prevalent in Australia. Hardie Textured Panels and Hardie Fine Texture Cladding deliver a unique look and a new design alternative to traditional wet trade building materials like stucco or render. In test selling, there were many cases of substitution of brick and stone facades for a more modern or contemporary design.

These solutions offer a high level of productivity through a single step panel and texture and an efficient joint that also creates a contemporary architectural design element.

Sami Rahman:

This new look is backed by James Hardie's unparalleled performance and industry leading non-prorated warranty. We are very pleased with the results of test selling, where we experienced more than 90% acceptance in our target markets. I will now invite Fran Flanagan, Head of Consumer Marketing, to share homeowner feedback on these new innovations.

Fran Flanagan:

Thank you, Sami. As part of market driven innovation at James Hardie, we've developed a robust and repeatable process for gaining insights. Marketing and R&D have also collaborated to create several new research tools to help us gain feedback from all of our stakeholders in the value chain at critical decision points in our commercialization process. We include architects, builders, general contractors, installers, and of course, we have a critical focus on the homeowner. This market driven process and the new insight tools help to ensure that our innovation team stays focused on the critical elements that really matter to our end users. This helps us deliver new products that are truly going beyond their expectations. As you've heard already, historically, James Hardie has been known for its product features of durability and low maintenance. However, in addition to delivering strong functional benefits, our innovation team is now focused on developing products that are leading the market in aesthetics, while creating new options for design possibilities.

Fran Flanagan:

Homeowners are investing to beautify their homes, both interiors and exteriors, particularly during COVID where home has truly been our sanctuary, and outdoor family life and socializing have become even more important. In our market driven innovation process, we always remember that it's ultimately the homeowner who purchases and experiences the benefits of James Hardie products. From the hundreds of test sales of the Hardie Textured Panels in North America and Hardie Fine Texture Cladding in Australia, I have the pleasure of sharing three stories. You will see examples of how the product was received in different market segments. Let's take a look at our first video, which is in the repair and remodel segment in Huntington Beach, California. Here, wood siding was replaced with the Hardie Textured Panel. These homeowners had invested many years in remodeling gradually. Our Hardie Textured Panels created a fresh new look for the exterior and helped them achieve their dream home.

Brent:

When I first saw the house, it was dilapidated to say the least.

Jennifer:

We definitely did a lot of construction together on the home. A lot of blood, sweat and tears all the way from then to now even. The Hardie Textured Panels is unique. It's something that people haven't seen. All the time, we have people that come by and they touch it and they feel it. And they want to know what is that product? What is that on there? Hardie Textured Panels has a smooth texture to it, not like that old stucco that peels and falls off the houses like you see all over the place.

Brent:

It's really transformed our house. I'm not going to be replacing termite damage.

Jennifer:

Yeah.

Brent:

Rotted wood.

Jennifer:

Right. If there was a fire, we're comfortable in knowing that the product is fire resistant. We have put so much time and hard work into this home. This is where we're meant to be. Hardie Textured Panels has made it our dream home.

Fran Flanagan:

I get excited every time I see this video. It's what you dream of working in innovation, to build products that people truly love and have an emotional attachment to. You heard words like, "Transformed our house." James Hardie is helping people accomplish the home of their dreams. Also, as we've learned in the repair and remodel segment, Hardie Textured Panels is so versatile in its design that it looks great on many styles of homes, modern, coastal, transitional, Prairie, and also more traditional styles. Homeowners have really loved the unique combination of consistent texture and accent lines that can be combined with a wide variety of other siding materials. Let's move on to our second homeowner story. This is an example out of the new construction segment in Portland, Oregon, where a couple recently relocated from the east coast and selected Hardie Textured Panels in lieu of three coat stucco for their new home.

Fran Flanagan:

In this case, besides a beautiful look, Hardie Textured Panels solved many of the performance pain points that both builders and homeowners experience with traditional stucco. Both builders and homeowners worry about the fact that stucco cracks, creating not only a poor aesthetic, but also potential longer-term performance issues. In our test sell markets, we've heard firsthand that Hardie Textured Panels delivers not only great design, but peace of mind around the long-term beauty and durability without worries down the road.

San Dee:

When you drive up to our house and you see the Hardie Textured Panel, you feel the exquisiteness of the outside. And for me, the outside leads up to what you can expect on the inside.

Cary:

Hardie Textured Panels is like stucco without the bad parts of stucco. It's a texture you can see and feel. As a designer, as a builder, I like the look of stucco, but I've had experience with a cracking. Hardie Textured Panels gives us the look of stucco. However, it still offers you all of the advantages of a fiber cement home. They give us endless possibility in what we can do.

San Dee:

Hardie Textured Panels sets the house apart from all the other houses. The lines are clean. It's just the most beautiful house.

Fran Flanagan:

One of the most memorable aspects of this story was San Dee's emotions around how important it was for her to create a warm and inviting home for her children and grandchildren. She told us how happy she was that the new Hardie Textured Panels helped her reflect the warmth and glow on the exterior that she worked so hard to create in the interior of her home. She said it was wonderful to have the feeling of the outside of her home match the inside. I think Sandy's neighbors also loved the look and feel of her home because now, we have several other homeowners in her neighborhood that will be using Hardie Textured Panels on their new homes as well.

Fran Flanagan:

Our last story is about a family from Australia who've owned their home for several years, but outgrew it and decided it was time for a remodel to fit their lifestyle. Jane and Matt undertook a substantial project in order to add square footage, bring in more natural light and ultimately create a more fluid, indoor/outdoor environment for their family. They were looking for something out of the ordinary. The couple was very clear in their brief to the contractors. They didn't want the exterior of their home to look boring or average. I'd like for you to hear more about their journey and the impact that this renovation and resite project has had on their family.

Jane:

We didn't want anything average or boring. We definitely wanted something bold and modern. And we wanted to turn our 1940s cottage into our dream home with a minimalist look and clean lines. Hardie Fine Texture Cladding helped us achieve our dream. Our builder recommended a steeply pitched roof so that we could let in as much light as possible. And that's when he introduced us to the product. We fell in love with it straight away. It had the style and clean lines that we wanted and we signed off on it. Because the ceiling's so high, the Hardie Fine Texture Cladding was a much better choice for us than rendering because the texture is already in the product. So you just paint it. It's durable and resists cracking, which gives us a lot of peace of mind. And the look is so much better than brick at a lesser price. Now, I like pausing every day and wherever you look, there's something to see. We're protected from the southerlies too. We're just thrilled that a vision that started with a photo on Pinterest has taken us on a journey and has led us to our dream home.

Fran Flanagan:

You can tell from the video that Jane and Matt are really excited about the bold modern design of their new home. They told us that because the Hardie Fine Textured Cladding was so durable and resistant cracking that they had the courage to paint their house black, which created even more of a wow factor on their block and in their neighborhood. This home was truly a beautiful transformation. Jane can't wait to start enjoying their outside living space and finally start entertaining friends again. As we talk to more and more homeowners, we're learning the true value of our Hardie products through their eyes. Homeowners expect James Hardie to deliver durability, long-term protection. However, when they see the true beauty of their new exterior, they are so happy and elated and full of pride.

Fran Flanagan:

Just imagine speaking to a homeowner who has just resided with James Hardie, and they tell you they pull into their driveway and just sit and stare in disbelief at their own home. They never thought that they could live in a home so beautiful. People want a home that reflects their hard work and even their personalities to a certain extent. When homeowners look at their new James Hardie exterior and say,

"Wow, this is finally a true reflection of me," then you truly know you're delivering something unique and something truly valuable. I have one more story before I turn it over to Sami. In just the past few weeks, a young woman from New Jersey who just resided with James Hardie told us that her husband was teasing her. He looks out the front window and sees her driving back and forth in front of their home, instead of pulling into the garage when she comes home. She said, "You know, I just want to take a few extra minutes to admire how great our home looks before coming inside." She said, "It's like coming home and getting a big hug." So it's those feelings of happiness, pride, and even hugs that demonstrate the real value that James Hardie is bringing to homeowners. And it's this emotional attachment that will continue to differentiate James Hardie from all other brands in the marketplace. Thank you for listening to just a few of our homeowner stories. And let me now turn it back over to Sami who will cover our launch plans for the Hardie Textured Panel.

Sami Rahman:

Thanks Fran. We are pleased with the progress of test selling so far. For example, in North America, we have had high acceptance levels with over 90% of our target market converting during test selling, but positive feedback from our customers and homeowners. As we launch, we will make a significant investment in marketing to build awareness and conversion for a new category of designs. Finally, as we move from test selling to launching a new look with the proven performance of James Hardie Fiber Cement, we feel good about the price positioning of our solutions to drive higher revenue and EBIT growth, accretive to our existing products. To summarize, we are transforming how we innovate to ensure that we can leverage our global scale and fiber cement and fiber gypsum expertise to develop innovative products that are based on homeowner insights and unmet market needs. We are building on the strength of the functional performance of our products that delivers trusted protection, and low maintenance with lasting beauty and endless design possibilities to make our value proposition truly unique in the market.

Sami Rahman:

This will be supported by significant marketing investments to focus on the homeowner. The innovations coming to market this year will expand our addressable market in North America and Australia to deliver profitable organic growth. This is truly an exciting time for the global James Hardie teams that have worked tirelessly to bring our first new innovations to market.

James Brennan-Chong:

Thank you, Sami and Fran. It's wonderful to hear how excited homeowners are about these new products and how the innovation strategy is driven by market insights. We'll now take a short five minute-break after which Chief Financial Officer Jason Miele will provide a brief financial update followed by Jack Truong who will share some closing remarks.

James Brennan-Chong:

[Silence].

Jason Miele:

Good morning and good evening, everyone. Welcome back from our short break. Jack and I are now joining you live from Chicago. I will now go through a short financial summary and then Jack will offer some closing comments, we'll then go to the question and answer session. During the Q and A session, the sell-side analyst who cover James Hardie will join us live via video. We will take their questions and

then shift to any other questions that have been submitted through the online portal you're currently using to view this presentation. If you'd like to submit a question via the online portal, please use the text box on the left of your screen to submit your question. Now let's move on to slide 50. We've had some great presentations today explaining our strategy. I would like to take a moment to articulate the impact we believe the execution of our key strategic objectives will have on our financial results.

Jason Miele:

First, LEAN manufacturing, the foundation of our transformation. LEAN has enabled margin expansion by a lower and more consistent manufactured cost. Second, driving our Push/Pull strategy and customer integration. You heard earlier from two of our large North American customers, just how important our customer focus is. Hunter Lansing explained a true partnership whereby we can grow together. And Mike Jost described a strategic relationship and described James Hardie as the best partner in getting ABC what they need when they need it. We believe these close partnerships with our customers will enable us to continue to drive market share gains. Third, marketing directly to the homeowner. We believe that our investment and connecting directly with the homeowner will create incremental demand for our products. You heard Mark and Cathleya earlier explained how we have identified our target Christine. And you saw the beginning of our It's Possible campaign. We believe this investment will create demand for our high value products.

Jason Miele:

Fourth, penetration of existing and new segments. As we seek to further penetrate existing and new segments, especially to remodel and reside segments, we believe our growth will accelerate. And importantly, we believe this growth will be with our high value products. Fifth, market-led innovation, as Sami and Fran discussed earlier, we believe our new market-led innovations will expand our addressable market and position us to increase demand for James Hardie products. These new innovations, including Hardie Textured Panels and Hardie Fine Texture Cladding will deliver a higher average net sales price compared to our existing products with expanded margins. We believe that the continued strong execution of these strategic initiatives positions us to become a high-performance global company that delivers organic growth above market with strong returns consistently. Let's move on to slide 51 to discuss fiscal year 2022 guidance, and some of the key underlying assumptions.

Jason Miele:

As we announced last week during our Q4 results call, we expect adjusted net income for fiscal year 2022 to be in the range of 520 million US dollars and 570 million US dollars. This is comparable to our fiscal year '21 adjusted net income of 458 million US dollars. This guidance represents a 14% to 24% increase versus the prior year. Specific to our North American fiber cement segment. We expect volume growth above market to be plus 6% to plus 8% versus the prior growth above market. We expect our average net sales price to improve by 4% to 6%. This will be driven by our annual price increase, but more importantly, our shift to a high value product mix, which we will discuss further on the next slide. In North America. As we continue to execute our strategic initiatives, we expect to drive growth above market and drive a high value product mix. Globally, we expect to invest in marketing, consumer insights, talent capability, and innovation amongst others. Thus globally, we expect SG&A and R&D expenses combined to increase from FY '21 by between 80 million US dollars and 110 million US dollars. Lastly, we expect significant cost of goods sold headwinds, due the inflationary pressures we are experiencing worldwide. Globally, we are anticipating between 100 million to 150 million US dollars in cost of goods sold headwinds in fiscal year '22 versus fiscal year '21. As we discussed last week, these cost headwinds are primarily driven by pulp, pallets, and freight. Next let's move to slide 52 to discuss

driving a high value product mix. On my opening slide, you have heard me discuss high value product mix as an outcome to the successful execution of most of our strategic initiatives. So I think it's worth discussing this concept in more detail today. We'll use our North American business as an example, but note these same concepts apply to all three of our regions and all three regions are executing similar game plans to drive high value product mix.

Jason Miele:

In North America, we have defined our high value products as our ColorPlus Technology range of products and our Hardie Brand Exterior products range and all new innovation, including Hardie Textured Panels, which we officially launched today. The focus of our strategy to drive a high value product mix is to maximize net sales and gross margin dollars. Our strategic goal is to accelerate volume growth with disciplined price management and shift our mix from low value to high value products. Some examples of how we believe we will drive high value product mix are, one, shifting demand from Cemplank to Hardie Brand Exteriors where appropriate. Two, driving penetration of ColorPlus Technology products in the R&R segment. And three, expanding into adjacent markets with our market-led innovations, driving a high value product mix, maximizes net sales and gross margin dollars. Finally, let's move to page 53 for a brief financial summary.

Jason Miele:

First, the strong execution of our strategic initiatives and our global integration has led to a step change in our global financial results over the past two fiscal years, including a two-year CAGR for adjusted net income of 23% and two-year CAGR for operating cashflow of 61%. Second, driving a high value product mix while accelerating volume growth. We believe driving the shift to a high value product mix will maximize net sales and gross margin dollars. Third, based on our strong execution the past two years, and our confidence in our strategic initiatives, we have raised our adjusted EBIT margin targets in all three regions. Fourth, we have a strong balance sheet and our step change in operating cashflow generation will enable us to maintain a strong balance sheet and meet our capital allocation priorities. And finally, our capital allocation priorities are aligned with value creation. Specifically, we expect to invest in organic growth by investing in capacity expansion, investing and marketing directly to the homeowner and investing in market-led innovation. And we will return capital to our shareholders. We believe we are positioned well to be a high-performance global company that delivers organic growth above market with strong returns consistently. I will now hand it back over to Jack for some closing comments.

Dr. Jack Truong:

Thank you, Jason. To summarize, in order to drive sustainable, profitable growth globally into the future, we will continue to build on a significant foundation we have built over the past two years. This includes continue on our path of becoming a world-class manufacturer via LEAN. Continue to partner closely with our customers via Push/Pull technology and strategy. Three, continue to integrate our supply chain with our customers to serve the market seamlessly. As we look toward the next phase of continue profit growth at a large scale, our expanded strategy includes, number one, to market directly to the homeowners with differentiated high value products, such as Hardie Brand Exterior products with ColorPlus Technology to gain share from vinyl and wood. And two, a relentless focus on penetrating the renovation and remodeling segments and shift the mix to Hardie Brand products and three to deliver market-led innovations that offer endless design possibilities with trusted protection. Thank you, and we would like now to open up for Q and A.

Jason Miele:

Thanks, Jack. That concludes our presentations for today, and we are now ready to kick off the Q and A session. As a reminder, we're being joined by the sell-side analyst who cover James Hardie via video. We will take their questions first and we will then shift to any questions that have been submitted through the online portal. If you would like to submit a question via the portal, please use the text box on the left of your screen to submit your question. If you are in full screen mode, you'll need to leave full screen mode to enter a question. We encourage you to ask questions related to the content of today's presentations. For those of you joining us via video, please limit yourself to one question and one follow-up and if time permits, we can circle back for additional questions. With that, we'll get started with a question from Keith Chau of MST Marquee. Keith, thank you for joining us today.

Keith Chau:

Thanks Jack and Jason, thanks for the presentation. Just a question, we spent a lot of time today talking about the homeowner, talking about essentially the push element of the strategy, but what I'm keen to understand is more the pull element and how the shift to a high value products, benefits your dealers and distributors as well. And in relation to that, certainly in a time of tight capacity, it should be easier to market the strategy to both your dealers and distributors, shifting to high value products when the market is largely capacity constraint. I'm keen to understand on the other side of that, when capacity does either come online or demand falls off, how do you actually retain your dealer distributors, retain their shift to this high value product mix and prevent them from going back to low value products. And the same question applying to the homeowners as well, please.

Dr. Jack Truong:

Right. Good question, Keith. First of all, marketing to the homeowners is actually the pull strategy. Okay. And then the push strategy is really about us selling and shipping directly to our customers. So let me talk about the pull. So marketing directly to the homeowner is ultimately the true demand creation and for us to reach the millions of homeowners out there. For example, in North America today, it's really about for us to tell the story directly to the homeowners about all the possibilities that homeowners can design their new home. Have a beautiful home, but yet being protected with James Hardie Fiber Cement technology, the low maintenance, the durability, the non-combustibility and so on. And that would drive that demand, and then to ultimately would drive that pull, that working closely with our customer, that then turn those into actual sales for our customers and then sale for us. And this is truly the foundation going forward. How we're will be converting homes, for example, in the Northeast or the Midwest of the US from vinyl homes to James Hardie Exterior product through ColorPlus Technology.

Dr. Jack Truong:

So it is about creating the awareness of our products and our brand, and then to trust with our brand that over time that would just generate the attachments to our brand and more awareness about James Hardie Exterior Solutions to the market.

Keith Chau:

And Jack, sorry, just going back to the question on how you incentivize the dealers and distributors to essentially stay or continue to sell high value products when the capacity in the market frees up, potentially have demand falls off what happens on the other side of this curve? Because obviously at the moment, we're in a period of tight supply where potentially could be easier to, I guess, drive this initiative to your dealers and distributors. So completely understand what the intention is with the

homeowners, but just keen to understand how you work with your dealers and distributors to move away from low value product, into perpetuity in the absence of homeowners asking for their product.

Dr. Jack Truong:

Also Keith, I think ultimately our customers would really like to sell more products that the homeowners want. And for us reaching directly to the homeowners, they create demand directly with our products to the homeowners that would really create more value for our customers comparing to our competitors. And that is what would drive the total push/pull. But at the end of the day, it is us James Hardie that create more demand of our products through the homeowners that then drive more sales about high value products to our customer, which is really a win for our customers. And at the end, as you have heard the presentation from Mark Setty and Cathleya on marketing is that our homeowners today don't really know too much about the value of the Hardie Brand Exterior product with ColorPlus Technology, for example, that they can remodel their home today, as oppose to you using with vinyl or wood. Because it allow them to have a beautiful homes, but yet it's low maintenance and is durable and is non-combustible. And that is the key value creation.

Dr. Jack Truong:

And at the same time, we are still participating in the market where if any of our key customers out there that would like to have more the low value products are quite strategic for us. Then we also of course supply those, but really our focus as a marketer and manufacturer of a premium brand product is about creating more value through telling the story and marketing our high value product to the ultimate demand that is with the homeowners.

Jason Miele:

Okay. We're now joined by Andrew Scott from Morgan Stanley. Andrew?

Andrew Scott:

Oh, hi Jack. Thank you very much. Look, the famous 35/90 has been a key tenant of James Hardie for a long time. I think you've described it as the North Star for the company. It was conspicuous in its absence today. So just interested in the thoughts around, is it relevant and if not, what does good look like as we put some sort of quantitative metrics over the next three years and some of the initiatives that you've laid out today?

Dr. Jack Truong:

Oh, it is absolutely relevant Andrew, because you know, a lot of what we share with you today in terms of drawing marketing directly to the homeowners. It's all about making sure that we can gain share with against vinyl and wood. And also what we talk about today, about with the fact that there is 44 million homes in the US today that 40 years or older, that means a lot of those homes need to be resided, for example. That's just a big opportunity for us to accelerate our demand creation through, the RNR segment. And then third, our market-led innovations is all about creating a new innovation to allow it to expand into adjacent market. So all of these key three strategy that we highlight today is about to ensure that we have the more capability not only to get to 35/90, but to actually go beyond that.

Andrew Scott:

Okay. Understood. And obviously for obvious reasons today was very much a residential focused. I'm surprised we haven't heard a little bit more around commercial where I thought particularly the panel

and the Textured Panel would bring quite an opportunity. Is that something that we think about maybe being in the next three-year plan? Or is it something you're addressing, but maybe not prioritizing when you're speaking to us?

Dr. Jack Truong:

That's an excellent question, Andrew. This is all about, we are really driving on the commercialization process of new innovation in our company, and that is, we are intended to build a business through these innovations. And it's all about making sure that we first to commercialize into the residential markets and then to penetrate a lot of the opportunities and then lay on top will be additional new products that we foresee coming through the certain segments. And then we then expand into other segments. So it's really about the systematic way for us to go to market, to essentially build a more sustainable new business, as opposed to just getting some sales for the short term.

Jason Miele:

Okay. We're now joined by Brook Campbell-Crawford from JP Morgan.

Brook Campbell-Crawford:

Yeah. Thanks for taking my question. Are you able to talk a bit about the customer conversion funnel? So for example, how many Christines are there, this sort of target customer in the US. How may do you feel you'll be able to target directly with this campaign, and then an idea of what the conversion rate you're targeting is over the next 12 months as I believe that's the end to that campaign.

Dr. Jack Truong:

Yeah. So, Brook, what I can share with you is this, so there's 80 million owner occupy homes in North America today, and 55% of those homes are 40 years or older and roughly half of them are really located in the Northeast and the Midwest. And then, so in terms of where Christines are located in those two geographies, we know where she is located and particularly wants to know where she's live in a home that are actually 40 years old or older and a certain price points. And so those are the key information that would allow us to not only to communicate on mass. But also directly one-to-one and really lead her through the whole purchase journey from awareness to consideration and then to purchase. And that is really the path that we're embark on to create the more demand through to the renovation. This is the path that we are moving on to truly become a consumer products company, to recreate demand through the homeowners, to expand our incremental growth in the R&R segment, which is very large.

Brook Campbell-Crawford:

Okay. Just a follow-up on LEAN manufacturing. How do you think James Hardie stacks up relative to world-class manufacturing companies. Oftentimes people talk about Toyota and the 3M as sort of leading manufacturing industries on their performance. So where do you think Hardie stacks up now relative to those leaders. And after this period of '22 to '24 if you reach your additional LEAN targets, how do you think it will compare then? Maybe you can use sort of a scale of 1 to 10 on wherever you feel is most relevant. That'd be great.

Dr. Jack Truong:

Yeah. I think if you really look at LEAN, so LEAN is a continuous improvement journey, it never ends. And then for us is that we really made a significant transformation about a year ago when we essentially

turned from being many different plants operating independently to really a network of plants operating as one. So with that big turn, we essentially went from 1 to say, 3 to 4. And then during the past two years, the execution of LEAN that had really turned into tangible value. And the tangible value is really about really deliver through those key savings that we're able to fundamentally shifted our EBIT margin to a new step change. As well as allow us to run a plant a lot more consistently in a more organized way that really drive significant improvements in employee engagement, particularly at the operator level. So with those two tangible effects, I would say that we're now around 5 and we would never get to a 10 because we always want to continue to improve. And that's as a true world-class manufacturer, our journey should be more trying to shoot to between 7 and 9.

Jason Miele:

Thanks, Brook. We'll now take a question from Paul Quinn at RBC.

Paul Quinn:

Yeah. Thanks. Just in your Hardie Textured Panel introduction, maybe you could give us some more details about your cost advantage, the time for installation, and the warranty between that product and stucco?

Dr. Jack Truong:

First of all, it really depends on which part of the country the stucco is compared to. In general, the speed of installation between a Hardie Textured Panel is about a 20% range improvement compared to stucco. But Hardie Textured Panel is really meant to deliver more value, not only to stucco, but also to brick and stone, because as we've shown during the innovation, really, the two key mega trends that happened around the world is that there is a lack of skilled labor and a lack of affordable housing. So when you think of homemade of brick, stones, and stucco, that's where our product is really best positioned against. And in terms of the warranty, it is the same type of warranty as currently have enough in our fiber cement products.

Paul Quinn:

Okay. Then just as a follow up, just wondering where you are with respect to your original 35 90 goals,

Dr. Jack Truong:

We're right now, in north America, we're roughly around 22%, fiber cement about 22% of the market.

Jason Miele:

Thanks, Paul. Now take a question from Sophie Spartalis at Bank of America.

Sophie Spartalis:

Thanks Jack. Thanks Jason. I wanted to [Inaudible] at Bank of America, we have a strong view that the Millennial is the key driver of the US housing market. The Millennial isn't part of your target customer base. Can you just talk through the why you are pitching at the older female homeowner? And then just around affordability, understand your angle around aspiration, but at the end of the day, there is a household budget. Where do you think the priority sits in that household budget to reside the home?

Dr. Jack Truong:

First of all the, we actually targeted a much broader group beyond what we saw with Christine. In our market research that we learned is that the Millennials actually would like their home to be more individualistic. They don't want those cookie cutter homes. But they want to have the lightweight construction to allow them to have different type of design, more like modern contemporary look, which is our products are very ... is perfect for that. And also the ability to have different designs, and that is a very, very important part of the Millennials. So it's also targeting with the Millennials. And then relative to your second question, in terms of affordability, Sophie, can you please repeat?

Sophie Spartalis:

Yeah. Just in terms of affordability, where does the priority of residing your home sit in the household budget? We're seeing a huge amount of inflation across the household, whether it be your insurances, general groceries, et cetera. Where do you think that that priority sits in residing your home? Or do you think that it is at risk of being reprioritized and/or being postponed and coming back, given that it is a roughly \$50,000 decision? It's a big decision for a homeowner.

Dr. Jack Truong:

Right? Certainly, yes. I mean, that is what we have learned in the past 18 months, doing a lot of consumer research. And here's really the two key drivers. One is there is a ... This is really about the law of large numbers. We have roughly 44 million homes out there, owner occupied, in the US that are 40 years older. And if 5% of those homes need to be resided, that's 2.2 million homes that need to be resided now. And [inaudible] which is twice as big as the new home residential construction today.

Dr. Jack Truong:

So it's really about us being able to target those homeowners that are ready to reside today, and need to reside today, and want to reside today, because there's a big need out there to work from home now. And it has so much of the need to make their homes, the exterior of the home, more beautiful. And yet it's protected with the James Hardie Fiber Cement durability and low maintenance and non-combustibility.

Dr. Jack Truong:

So that part of the population is what we also know that they are quite inelastic in terms of price point to reside. So the opportunity for us is really about reaching directly to those particular homeowners and be able to share that story with them about our capability, particularly with the James Hardie exterior product, with Color Plus technology. So that is really the big opportunity for us right now. It's that law of large numbers, and we know where those homeowner owners live and what they need and how they need it.

Jason Miele:

Great. Thanks Sophie. We're now going to move to Lisa Huynh from Citibank.

Lisa Huynh:

Hi. Morning Jack, morning, Jason. So in terms of the test selling trials you've seen so far, you saw 90% acceptance in your target trials. I'm just keen to understand and unpack a bit more about what attributes you saw with the new products that gained resonance from homeowners. Is it the value proposition or the speed of installation? Where the homeowners are placing the importance of the new product, versus traditional stucco?

Dr. Jack Truong:

Yeah. Lisa, the most important are the homeowners that we talked to is really about the look, the aesthetic, the design that allow them to have the beauty of their home. And that is really, by far, the biggest attribute. And then once we told them about the low maintenance and the durability, and then the combustibility, that kind of push it to a higher score. But and that is really the key value proposition of product to the homeowners. The speed of construction is really more about the value proposition for the installers and the builders, but not so much for the homeowners.

Lisa Huynh:

Yep, sure. Thanks. And then, I guess just on gross margins, there was an interesting comment in the slides that the new products are higher gross margin as well. I guess, without giving away too much, can you unpack what is driving that a bit more and how the new product innovation is different from the standard Hardie's board, from a gross margin perspective?

Dr. Jack Truong:

Yeah. I think if you look at the chart that Jason shared, it's really about ... It's about taking our product from being just the functional properties and now be able to bring the aesthetic and design to it. And that, you turn a product from being just the tangible to now to the more the intangible, of the emotional attachment. And that is how it is really about driving that demand through that intangible value, with the targeted homeowners that deliver a better value of our product to the actual consumer or the homeowners. So it's no longer just about the performance. It's also about the aesthetics.

Lisa Huynh:

Cool. Understood.

Jason Miele:

Okay. Thanks, Lisa. I will move on to Simon Thackray from Jeffries.

Simon Thackray:

Thanks very much, Jason and Jack. There's a lot of information in there and very helpful. There's cost headwinds, as SG&A and R&D spend up, you've got some additional lean that you've targeted, and in your LTIs and margins of 25 to 30 are in your LTIs as well. And then of course, most important in your LTIs, you've identified this shift to higher value product, all of which is helpful, but we don't really know the starting point in terms of mix. So could you give us some broader understanding of where we're starting with mix and where we're moving to, to understand those targets?

Jason Miele:

Absolutely, Simon. So the mix in FY21 for North America was 63% high value products.

Simon Thackray:

Fantastic.

Jason Miele:

Do you have any follow up questions?

Simon Thackray:

I do. I do. I do. So Mike Jost at ABC mentioned their role in identifying new product opportunities and helping drive innovation and penetration. And I think Keith touched on it earlier. Can you talk to how the economics of your product strategy are shared with your channel partners?

Dr. Jack Truong:

Well our channel partners is really, always want to look for new innovative products, but certainly that's always a great thing from the customer perspective. And second is that particularly now during the inflationary period, you have the freight costs are going up and so on and so forth. They also look at how they can deliver more value per shipment to their customers. It's really about us to develop the right innovation that the homeowners and the builders want. And that demand is then translate to additional sales for our channel partner. In this case, ABC, as you discussed, and also help them make more money selling our products than others.

Simon Thackray:

Fantastic. I appreciate that.

Jason Miele:

Thanks Simon.

Simon Thackray:

And Jack, I'm going to ...

Dr. Jack Truong:

[inaudible] Go with Simon.

Jason Miele:

All right. Simon, did you have something else?

Simon Thackray:

Oh, I was just going to sneak something in, because I've been so short. The branded building product COLORBOND Steel is the only one that I can think of in Australia that's got very much brand identification. Are there any other global examples of branded building products that you either look to or can identify as having been successful with a similar strategy to what you're looking to pursue in terms of consumer awareness and consumer branding?

Dr. Jack Truong:

Well I can share with you the major appliances, the brand like Electrolux, like Miele are really the type of products inside the home.

Simon Thackray:

Okay.

Dr. Jack Truong:

And of course, Kohler, which is also a brand for the bathroom.

Jason Miele:

Thanks Simon. We'll now move to Peter Wilson from Credit Suisse.

Peter Wilson:

Thanks, Jason. Thanks Jack. So in terms of building a consumer brand, one of your competitors has highlighted that their strength in the retail channel is a key competitive advantage there. So I'm just wondering if you agree with that statement. And another way to ask that is can you build a consumer brand if you're not strong in the retail channel?

Dr. Jack Truong:

Peter, I think it's really the other way around, is that you need to really have a strong retail business it's really important for us to be able to have the ability to reach to the homeowners or the consumers, and then to build that strong brand that allow us to become that true destination in a retail outlet, not only by the professionals, but also by the homeowners. So it's the key for us to really, to become that that strong manufacturer in the retail channel is to have a strong brand in the minds of the consumers.

Peter Wilson:

Okay. And I guess if that works, so in 12 months' time, 24 months' time, you've built a strong consumer brand, consumers are demanding your product. Does that then allow you to go after that retail channel more? Because five years time, do you think that your share of sales in the retail channel will be greater than it is now?

Dr. Jack Truong:

Yeah, I mean, first and foremost, Peter, it really, for us in the short to mid-term is that about ... For us to reach directly to the homeowners about, and that is our strategy to have the conversion of fiber cement, the Hardie brand exterior product with Color Plus technology, we're replacing vinyl homes and wood homes. And this is really the key strategy for us to accelerate through 35 90 is really the replacement of vinyl and wood homes with James Hardie Fiber Cement exterior with Color Plus, and then the offshoot of that for midterm is really about allowing us to have a much bigger footprint in the retail business. Yes.

Jason Miele:

Thanks Peter. We'll now move to Peter Steyn from Macquarie.

Peter Steyn:

Thank you, Jason. Good evening. Just wanted to focus in on the response from the competitive environment and a broader question than [inaudible] keeps us honest, was thinking about the stucco market. Obviously a lot of fragmentation in the installation space there. But the material space a little bit more consolidated, but that's not in the mindset, sir, that you are from a marketing perspective. How do you foresee some of the responses that you're likely to see in the US market? And then can I also expand that, just to get a perspective of how you think about this product in a European context, and the competitive response you may receive there. And similarly in Australia, particularly in relation to the brick market.

Dr. Jack Truong:

Yeah. Peter the Hardie Textured Panels technology is really ... It is our first global innovation that really developed the technology platform that is relevant to all three regions of the world that we participate in. Render or stucco is a huge markets in Western Europe and certainly here in the US, and then to a certain extent in Australia. So for us, it's about partnering closely with our current customers, that would allow us to reach the markets. But the key for us is about creating demand directly with the end user, the homeowners, and also the builders to be able to drive demand and build the demand for these new products. And then our customer would partner with us to fulfill those demand and create sales.

Peter Steyn:

So [crosstalk]

Dr. Jack Truong:

It is a large ... So Peter, it is a very large market, is really that we are addressing the unmet needs in the marketplace today. And so that solution is not available in the market today. It's a true innovation that will create some true new growth in the markets.

Peter Steyn:

Perhaps just a quick followup. So there are [inaudible] vested interests. You're comfortable that your proposition is so new that you're not seeing the risk of an appropriate response from vested interests there, to resist your penetration?

Dr. Jack Truong:

I mean, there's always a risk for competitive reaction, but the key first is that this is why our approach to global innovation is really do a lot of market-led innovation approach. So we understand exactly the true needs and the true unmet needs. And so after, after a series of true rigorous test sell, and we found ... We know that over 90% of our target markets accepted our products. And so it is something that we are very confident with, but certainly in our plan, we always have the plan B to make sure that we address any competitive activities.

Peter Steyn:

Thanks Jack.

Jason Miele:

Thanks, Peter. We'll now go to Grant Slade at Morningstar

Grant Slade:

Hi Jack and Jason. On the incremental lean savings that you've discussed today, just curious as to whether or not you could give us a bit of a sense of how you're thinking about potential reinvestment of those incremental savings in the context of the updated EBIT margin targets announced last week?

Dr. Jack Truong:

Go ahead, Jason.

Jason Miele:

Yeah. Grant, I think when we talked through the guidance a bit earlier, we laid out some significant reinvestment, specifically within SG&A and R&D, focused on SG&A that's going to help grow the top line, including marketing, and drive that profitable growth, as well as the market-led innovation we've talked about several times today. So that range of \$80 to \$110 million globally is really where we're investing currently.

Grant Slade:

Great. Thanks very much. And I'm just also was curious as to whether or not you can give us a sense of how much latent capacity you'll unlock from the existing manufacturing network in North America from the incremental lean target announced today. Thanks.

Dr. Jack Truong:

So Grant we shared about two quarters ago our I'll lean execution have unlocked roughly 12% of our capacity, as of a year ago. And that is about roughly the rate that we anticipate to continue to generate. And so certainly that's a way to unlock capacity. Second is that as we partner closely with our customers now, and you probably heard that from our two customers, is that we have more of a forward-looking demand to allow us now to have better production plan and through our plants, allow us to take products directly from a production plant through the markets and [inaudible] flow product to the marketplace. And third is really about having, with the better look of our demand, to allow us then to have the right mix of product to be made within each of our production line. And that also further can unlock more capacity in our existing network.

Grant Slade:

Okay, great. So the 12% remains relevant going forward?

Dr. Jack Truong:

That's correct.

Grant Slade:

Great. Thank you very much.

Jason Miele:

Thanks Grant. We have one more sell-side analyst joining us from UBS, Anshul. Please go ahead.

Anshul Baruah:

Hey, Jack and Jason. Thanks for taking my question. I think the analysts, other analysts have covered off on most things that I wanted to ask, particularly around the distribution channels and the starting point for that high product mix. I think the presentation was also quite comprehensive regarding the exterior strategy. But if I might just take a step back and ask how you guys are thinking about the interior side of the business and what the strategy for this side of this business is going forward?

Dr. Jack Truong:

Yeah. I mean, if you look at the slide that Jason shared during the financial review, is that typically the average selling price for Hardie Backer today, or the interior product's a lot lower than our Hardie exterior. It is because it's cover, once it's used in interior, it's covered by tile or by paint and so on and so

forth. So the value is not as much. So it's really the key for us going forward, it's all about having a true innovation to that category. And it is something that we will rejuvenate this category, once we are ready to commercialize the new line of interior products. But until then, the priority will be on the Hardie brand exterior products.

Anshul Baruah:

Okay. Very, very useful. No more further questions, I guess, for me. Thanks.

Jason Miele (:

Okay. Great. Thanks Anshul. We'll now go to any questions submitted via the portal. Being told that most have been covered off through those questions, but there's a few here that I'll read off, Jack, and we can go from there. So a question coming in regarding your marketing-to-homeowners strategy, what do Hunter Lansing and Mike Jost think of James Hardie targeting their customers directly? How closely was your marketing-to-homeowners strategy developed with your B2B customers from the beginning of the process?

Dr. Jack Truong:

Every one of our customers are very excited that that James Hardie, as a company and as a brand, they're actually now create more demand for our customers by reaching directly to the homeowners. And that is a very, very big value that we deliver for our customers and for our top customers. This is the key value that we have been working very closely with our top customer at different levels to integrate the demand creation that we are generating through their sales team at different locations. So this is not something that only that we do in the US, but we also now start to replicate to our business in Australia and also in Europe. It is something that our customers truly appreciate.

Jason Miele:

Okay. Another question. Can you discuss how your three new initiatives helped deliver on your EMEA targets? Thanks.

Dr. Jack Truong:

So this is a global strategy that will be replicated around the world. So for our European business, it is first and foremost with the last three quarters that we have had very, very good results. And Europe is really about the team has started to execute our push strategy, to really understand who our customers are and start to deliver more value to our customers, as well as replicating the lean strategy into our plants in Europe.

Dr. Jack Truong:

So now the next step is really about now is to execute the push pull. The pull here is as we launch new products, the Hardie VL Plank in Western Europe, we are reaching out to the targeted homeowners and really tell the story about the value that our product delivers, the aesthetics, and then the protection, the trusted protection between Hardie Fiber Cement technology. It just create more demand for our products and allowed our customers to stock our product and go out and push our product. So that's the first thing. Second thing is the Hardie Textured Panel, it is the product platform that actually was develop not only for the US, but also really driven by the European market needs. And that technology and that product platform will be a key driver for fiber cement growth and profitable growth in Europe in the midterm.

Jason Miele:

Great. Next question. Have the competitive dynamics changed among the key substrates in North America, fiber cement, vinyl, and engineered wood?

Dr. Jack Truong:

So certainly, what I can speak for fiber cement is that we certainly see a lot more growth through new construction. And also as we now expand our footprint a lot more into the renovation markets and really have a way to reach the homeowners, to be able to replace, convince the homeowners to replace vinyl home and wood homes with fiber cement. What we anticipate and expect is that the acceleration of the conversion of vinyl and wood to fiber cement a lot quicker than what we have been doing in the past.

Jason Miele:

Okay. In terms of your consumer marketing strategy, have you signed any high-profile influencers to drive awareness of your products amongst US homeowners?

Dr. Jack Truong:

Certainly, that's a very good question. Certainly we have regional influencers and of which a key part of our 360 degree integrated sales and marketing campaign, but we're also looking to sign a very top influencer that can go national, if not have the global footprint, and that remained to be seen. But that certainly is part of our plan.

Jason Miele:

Great. I'm being told that all questions have been answered at this time. So I'll hand it over to you, Jack, for some closing remarks.

Dr. Jack Truong:

Thank you, Jason. I'm really excited for what the future holds for James Hardie company as we embark on the next phase of profitable growth, I would just like to extend my gratitude and thanks to all James Hardie colleagues around the world. Their continued execution of global strategy over the past two years helped to fundamentally transform James Hardie company. We believe it will put us in a position to drive significant future profitable growth globally. Thank you.