

Management's Analysis of Results

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

This Management's Analysis of Results includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States (US GAAP). These non-GAAP financial measure should not be considered to be more meaningful than the equivalent US GAAP measure. Management has included such measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and excludes the impact of certain legacy items, such as asbestos adjustments. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with US GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. For additional information regarding the non-GAAP financial measures presented in this Management's Analysis of Results, including a reconciliation of each non-GAAP financial measure to the equivalent US GAAP measure, see the section titled "Non-US GAAP Financial Measures." In addition, this Management's Analysis of Results includes financial measures and descriptions that are considered to not be in accordance with US GAAP, but which are consistent with financial measures reported by Australian companies. Since James Hardie prepares its Consolidated Financial Statements in accordance with US GAAP, the Company provides investors with a table and definitions presenting cross-references between each US GAAP financial measure used in the Company's Consolidated Financial Statements to the equivalent non-US GAAP financial measure used in this Management's Analysis of Results. See the section titled "Non-US GAAP Financial Measures."

These documents, along with an audio webcast of the Management Presentation on 12 August 2016, are available from the Investor Relations area of our website at <http://www.ir.jameshardie.com.au>

NOTE TO THE READER:

As of 30 June 2016, the Company changed its reportable operating segments. Previously, the Company reported on three operating segments: (i) North America and Europe Fiber Cement, (ii) Asia Pacific Fiber Cement, and (iii) Research and Development. As of 30 June 2016, the Company will report on four operating segments: (i) North America Fiber Cement, (ii) International Fiber Cement, (iii) Other Businesses, and (iv) Research and Development. The significant changes to how certain businesses are reported in the new segment structure are as follows: (i) our European business is now reported in the International Fiber Cement segment, along with the other businesses that were historically reported in the Asia Pacific Fiber Cement segment, and (ii) business development, including some non-fiber cement operations, such as our Windows business in North America, are now reported in the Other Businesses segment as opposed to previously being reported in the old North America and Europe Fiber Cement segment. The Company has provided its historical segment information at 31 March 2016 and for the three months ended 30 June 2015 to be consistent with the new reportable segment structure. The change in reportable segments had no effect on the Company's financial position, results of operations or cash flows for the periods presented. Readers are referred to Note 14 of our condensed consolidated financial statements for further information on our segments.

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

US\$ Millions	Three Months Ended 30 June		
	FY17	FY16	Change %
Net sales	\$ 477.7	\$ 428.3	12
Cost of goods sold	(300.9)	(270.7)	(11)
Gross profit	176.8	157.6	12
Selling, general and administrative expenses	(72.0)	(61.5)	(17)
Research and development expenses	(7.6)	(7.1)	(7)
Asbestos adjustments	20.6	(4.5)	
EBIT	117.8	84.5	39
Net interest expense	(6.1)	(5.9)	(3)
Other (expense) income	(0.7)	2.7	
Operating profit before income taxes	111.0	81.3	37
Income tax expense	(23.9)	(21.3)	(12)
Net operating profit	\$ 87.1	\$ 60.0	45
Earnings per share - basic (US cents)	20	13	
Earnings per share - diluted (US cents)	19	13	
Volume (mmsf)	672.9	599.1	12

Net sales for the quarter increased 12% from the prior corresponding period to US\$477.7 million. Net sales were favorably impacted by higher sales volumes in the North America Fiber Cement segment and higher average net sales price in the International Fiber Cement segment. For the quarter, net sales were adversely impacted by the strengthening US dollar, which had a 1% unfavorable effect on group net sales compared to the prior corresponding period.

Gross profit for the quarter increased 12% from the prior corresponding period to US\$176.8 million at a gross profit margin of 37.0%, 0.2 percentage points higher than the prior corresponding period.

Selling, general and administrative (“SG&A”) of US\$72.0 million for the quarter increased 17%, when compared with the prior corresponding period. The increase primarily reflects higher SG&A costs in the North America Fiber Cement segment driven by increased investment in headcount and market development activities.

Research and development (“R&D”) expenses of US\$7.6 million for the quarter increased 7% when compared to the

prior corresponding period primarily due to an increase in the number of R&D projects being undertaken by the R&D team.

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

Other (expense) income reflects the gain on the sale of the Australian pipes business in the prior corresponding period and the unrealized foreign exchange gains and losses and gains and losses on interest rate swaps.

Net operating profit for the quarter increased compared to the prior corresponding period, primarily due to the favorable underlying performance of the operating business units and favorable asbestos adjustments.

North America Fiber Cement Segment

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

	Three Months Ended 30 June		
	FY17	FY16	Change
Volume (mmsf)	548.4	471.6	16%
Average net sales price per unit (per msf)	US\$665	US\$675	(1%)
Net sales (US\$ Millions)	370.3	322.9	15%
Gross profit			11%
Gross margin (%)			(1.3 pts)
EBIT (US\$ Millions)	94.6	91.0	4%
EBIT margin (%)	25.5	28.2	(2.7 pts)

Net sales for the quarter were favorably impacted by higher volumes, partially offset by a slightly lower average net sales price. The increase in our sales volume for the quarter, compared to the prior corresponding period, was driven by growth in the repair and remodel and new construction markets, continued improvement in our commercial execution resulting in improved market penetration, and the comparable period last year being adversely impacted by the timing of our price increase on 1 March 2015.

For the quarter our average net sales price decreased slightly, as a result of maintaining current strategic pricing levels and the ongoing execution of our tactical pricing strategies.

We note that there are a number of data sources that measure US housing market growth, most of which have reported mid to high single-digit growth in recent quarters when compared to prior corresponding periods. However, at the time of filing our results for the quarter ended 30 June 2016, only US Census Bureau data was available. According to the US Census Bureau, single family housing starts for the quarter were 220,300, or 7.3% above the prior corresponding period.

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

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

For the Three Months Ended 30 June 2016:

Lower average net sales price and accessories sales	(1.0 pts)
Higher production costs	(0.3 pts)
Total percentage point change in gross margin	<u>(1.3 pts)</u>

Production costs in the quarter were higher when compared to the prior corresponding period due to startup costs associated with previously announced additional capacity in US plants, increased depreciation associated with newly commissioned lines, and slightly unfavorable plant performance; partially offset by lower input costs.

EBIT for the quarter increased 4% compared to the prior corresponding quarter, driven by an 11% increase in gross profit and partially offset by an increase in SG&A.

The increase in SG&A expense was driven by an increase in our headcount in an effort to build and align organizational capability with anticipated demand growth, as well as increased spending on our market development activities. As a percentage of sales, SG&A increased by 1.4 percentage points compared to the prior corresponding quarter. SG&A as a percentage of sales for the current quarter, was flat compared to the fourth quarter of fiscal year 2016.

EBIT margin for the quarter decreased 2.7 percentage points to 25.5% from 28.2% in the prior corresponding period. The decrease for the quarter was driven by the gross margin decrease and higher SG&A costs, both described above.

International Fiber Cement Segment

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

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

US\$ Millions	Three Months Ended 30 June		
	FY17	FY16	Change
Volume (mmsf)	124.5	127.5	(2%)
Volume (mmsf) excluding ¹	124.5	117.8	6%
Average net sales price per unit (per msf)	US\$754	US\$748	1%
Average net sales price per unit (per msf) ¹	US\$754	US\$764	(1%)
Net Sales	102.9	101.2	2%
US\$ Gross Profit			12%
US\$ Gross Margin (%)			3.4 pts
EBIT	23.9	20.0	20%
EBIT Margin (%)	23.2	19.8	3.4 pts

¹ Excludes Australian Pipes business sold in the first quarter of fiscal year 2016

Volume for the quarter was lower compared to the prior corresponding period primarily due to the sale of the Australian Pipes business at the end of first quarter of fiscal year 2016. Excluding the Australian Pipes business, volume increased 6%, primarily driven by strong volume growth in our Australia business, along with growth in New Zealand and Europe, partially offset by a decrease in volume in the Philippines.

Net Sales increased 2% compared to the prior corresponding quarter, and increased 7% excluding Australian Pipes. The increase in net sales excluding Australian Pipes was primarily driven by the Australian business which had higher volumes along with higher average net sales price. In aggregate, the average net sales price in US dollars was adversely impacted by changes in the foreign exchange rates compared to the prior corresponding period.

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

For the Three Months Ended 30 June 2016:

Lower production costs	2.0 pts
Higher average net sales price and mix	1.4 pts
Total percentage point change in gross margin	3.4 pts

Production costs for the segment were favorable primarily due to the lack of start-up costs in the current period compared to the prior corresponding period which had start-up costs associated with our Carole Park sheet machine. Average net sales price for the segment was favorably impacted by higher average sales price, higher accessory sales favorably impacting gross margins, and adversely impacted by changes in the foreign exchange rates compared to the prior corresponding period.

EBIT of US\$23.9 million for the quarter increased by 20% when compared to the prior corresponding period, due to the increase in gross profit described above; partially offset by higher SG&A expenses. The increase in SG&A was driven by an increase in headcount in an effort to build and align organizational capability with anticipated demand growth, as well as increased spending on our market development activities.

Country Analysis

Australia

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

For the quarter, production costs were favorable compared to the prior corresponding period, due to lower startup costs associated with our Carole Park sheet machine, lower input costs, partially offset by higher depreciation costs associated with the Carole Park capacity expansion.

EBIT for the quarter increased by 32% when compared to the prior corresponding period, driven by improved gross profit, partially offset by higher SG&A expenses related to marketing and employee costs.

According to Australian Bureau of Statistics data, approvals for detached houses, which are a key driver of the Asia Pacific business' sales volume, were 30,068 for the quarter, a decrease of 1%, when compared to the prior corresponding quarter.

Australian Pipes

During the first quarter of fiscal year 2016 we finalized the sale of the Australian Pipes business.

New Zealand

In our New Zealand business, volume grew across most regions. However, net sales grew slightly less than volume due to a lower net average selling price due to unfavorable product mix.

Philippines

In our Philippines business, volume and net sales were modestly lower for the quarter compared to the prior corresponding period, while EBIT remained relatively flat.

Europe

Volume, net sales and EBIT all increased when compared to the prior corresponding period.

Other Businesses Segment

US\$ Millions	Three Months Ended 30 June		
	FY17	FY16	Change
Net sales	4.5	4.2	7%
Gross profit			87%
Gross profit margin (%)			31.3 pts
EBIT	(1.4)	(2.0)	30%

We continue to invest in strategic future growth business development opportunities and continue to incur modest losses in our Other Businesses segment. EBIT loss of US\$1.4 million for the quarter improved by 30% when compared to the prior corresponding period, driven by the Windows business increasing gross profit primarily driven by increased volume and lower production costs.

Research and Development Segment

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

US\$ Millions	Three Months Ended 30 June		
	FY17	FY16	Change %
Segment R&D expenses	\$ (5.6)	\$ (5.5)	(2)
Segment R&D SG&A expenses	(0.5)	(0.5)	-
Total R&D EBIT	\$ (6.1)	\$ (6.0)	(2)

The change in segment R&D expenses for the quarter compared to the prior corresponding period is as result of the adverse impact of the strengthening US dollar and the number of core R&D projects being undertaken by the R&D team. The expense will fluctuate period to period depending on the nature and number of core R&D projects being worked on and the average AUD/USD exchange rates during the period.

Other R&D expenses associated with commercialization projects in business units are recorded in the results of the respective business unit segment. Other R&D expenses associated with commercialization projects were US\$2.0 million for the quarter, compared to US\$1.6 million in the prior corresponding period.

General Corporate

Results for General Corporate for the quarter ended 30 June were as follows:

US\$ Millions	Three Months Ended 30 June		
	FY17	FY16	Change %
General Corporate SG&A expenses	\$ (13.4)	\$ (13.5)	1
Asbestos:			
Asbestos Adjustments	20.6	(4.5)	
AICF SG&A Expenses ¹	(0.4)	(0.5)	20
General Corporate EBIT	\$ 6.8	\$ (18.5)	

¹ Relates to non-claims related operating costs incurred by AICF, which we consolidate into our financial results due to our pecuniary and contractual interests in AICF. Readers are referred to Note 7 of our 30 June 2016 Condensed Consolidated Financial Statements for further information on the Asbestos Adjustments

For the quarter, General Corporate SG&A expenses remained in-line with the prior corresponding period.

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

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

Q1 FY17		Q1 FY16	
31 March 2016	0.7657	31 March 2015	0.7636
30 June 2016	0.7436	30 June 2015	0.7675
Change (\$)	(0.0221)	Change (\$)	0.0039
Change (%)	(3%)	Change (%)	1%

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

EBIT

The table below summarizes EBIT results as discussed above:

US\$ Millions	Three Months Ended 30 June		
	FY17	FY16	Change %
North America Fiber Cement	\$ 94.6	\$ 91.0	4
International Fiber Cement	23.9	20.0	20
Other	(1.4)	(2.0)	30
Research & Development	(6.1)	(6.0)	(2)
General Corporate ¹	(13.4)	(13.5)	1
Adjusted EBIT	97.6	89.5	9
Asbestos:			
Asbestos adjustments	20.6	(4.5)	
AICF SG&A expenses	(0.4)	(0.5)	20
EBIT	\$ 117.8	\$ 84.5	39

¹ Excludes Asbestos-related expenses and adjustments

Net Interest Expense

US\$ Millions	Three Months Ended 30 June		
	FY17	FY16	Change %
Gross interest expense	\$ (6.1)	\$ (6.6)	8
Capitalized Interest	0.6	1.1	(45)
Interest income	0.1	0.1	-
Realised loss on interest rate swaps	-	(0.6)	
Net AICF interest (expense) income	(0.7)	0.1	
Net interest expense	\$ (6.1)	\$ (5.9)	(3)

Gross interest expense for the quarter decreased US\$0.5 million when compared to the prior corresponding period, primarily due to a reduction in the total cost of funding charged under the Revolving Credit Facility in the current period when compared to the percentage charged under the bilateral credit facilities in the prior corresponding period. The AICF moved from interest income of US\$0.1 million in the prior corresponding period to interest expense of US\$0.7 million in the current period due to an increase in the balance of AICF's existing loan facility with the New South Wales Government.

Other (Expense) Income

During the quarter, other (expense) income moved from a gain of US\$2.7 million in the prior corresponding period to a loss of US\$0.7 million. The US\$3.4 million unfavorable change in other (expense) income compared to the prior corresponding period is due to the non-recurring US\$2.1 million gain on the sale of Australian Pipes business in the first quarter of fiscal year 2016, and US\$1.5 million unfavorable change in gains and losses related to our interest rate swaps.

Income Tax

	Three Months Ended 30 June	
	FY17	FY16
Income tax expense (US\$ Millions)	(23.9)	(21.3)
Effective tax rate (%)	21.5	26.2
Adjusted income tax expense ¹ (US\$ Millions)	(24.8)	(22.9)
Adjusted effective tax rate ¹ (%)	27.1	26.6

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

Total income tax expense for the quarter increased by US\$2.6 million, when compared to the prior corresponding period. The change was primarily driven by an increase in operating profit before income taxes, partially offset by a decrease in the effective tax rate. The decrease in the effective tax rate was primarily due to the US\$25.1 million favorable movement of asbestos adjustment compared to the prior corresponding period.

Total Adjusted income tax expense for the quarter increased by US\$1.9 million, when compared to the prior corresponding period. The increase was primarily due to an increase in Adjusted operating profit before income taxes. In addition, there was an increase in the Adjusted effective tax rate, primarily due to a higher proportion of taxable earnings in jurisdictions with higher tax rates, in particular the US.

Readers are referred to Note 11 of our 30 June 2016 condensed consolidated financial statements for further information related to income tax.

Net Operating Profit

US\$ Millions	Three Months Ended 30 June		
	FY17	FY16	Change %
EBIT	\$ 117.8	\$ 84.5	39
Net interest expense	(6.1)	(5.9)	(3)
Other (expense) income	(0.7)	2.7	
Income tax expense	(23.9)	(21.3)	(12)
Net operating profit	87.1	60.0	45
Excluding:			
Asbestos:			
Asbestos adjustments	(20.6)	4.5	
AICF SG&A expenses	0.4	0.5	(20)
AICF interest expense (income), net	0.7	(0.1)	
Asbestos and other tax adjustments	(0.9)	(1.6)	44
Adjusted net operating profit	\$ 66.7	\$ 63.3	5
Adjusted diluted earnings per share (US cents)	15	14	

Adjusted net operating profit of US\$66.7 million for the quarter increased US\$3.4 million, or 5%, compared to the prior corresponding period, primarily due to the underlying performance of the operating business units. The improved underlying performance of the business was partially offset by an increase in other expense of US\$3.4 million and Adjusted income tax expense of US\$1.9 million.

Cash Flow

Operating Activities

Cash provided by operating activities increased US\$60.0 million to US\$115.1 million. The increase in cash provided by operating activities from the prior corresponding period was primarily driven by a favorable change in working capital of US\$49.0 million, combined with a US\$10.8 million increase in net income adjusted for non-cash items as compared to the prior year. The favorable change in working capital was due to normal variation related to timing in accounts receivable and accounts payable of US\$42.1 million as the result of timing of collections and payments between periods.

Investing Activities

Cash used in investing activities increased US\$1.5 million to US\$18.4 million. The change in net cash used in investing activities was primarily driven by US\$3.7 million of proceeds from the sale of our Blandon facility in the prior year, compared to nil in the current year, while capital expenditures were slightly below the prior corresponding period.

Financing Activities

Cash used in financing activities increased US\$96.1 million to US\$109.9 million. The increase in cash used in financing activities was primarily driven by a US\$95.0 million increase in net repayments of borrowings.

Capacity Expansion

We continually evaluate the demand in the US housing market and estimated commissioning dates of our capacity related projects. During the quarter, we commissioned our sheet machine project at our Plant City facility and we are nearing the completion of the sheet machine project at our Cleburne facility. In our International segment we are adding additional capacity in the Philippines with an estimated total cost of PHP550 million (equivalent to US\$11.7 million utilizing the exchange rate on 30 June 2016).

Liquidity and Capital Allocation

Our cash position decreased from US\$107.1 million at 31 March 2016 to US\$94.8 million at 30 June 2016.

At 30 June 2016, the Company held two forms of debt; an unsecured revolving credit facility and senior unsecured notes. The effective weighted average interest rate on the Company's total debt was 5.1% and 4.5% at 30 June 2016 and 31 March 2016, respectively. The weighted average term of all debt, including undrawn facilities, was 5.3 years and 5.6 years at 30 June 2016 and 31 March 2016, respectively.

At 30 June 2016, the Company had US\$500.0 million available in an unsecured revolving credit facility. At 30 June 2016, a total of US\$80.0 million was drawn from the unsecured revolving facility, compared to US\$190.0 million at 31 March 2016. The unsecured revolving facility expires in December 2020 and the size of the facility may be increased by up to US\$250.0 million.

Subsequent to 30 June 2016, in July 2016, James Hardie International Finance Limited completed the re-offering and sale of an additional US\$75.0 million aggregate principal amount of its 5.875% senior notes due 2023. The net

proceeds from this re-offering will be used for general corporate purposes. Following the completion of this re-offering, the aggregate principal amount of senior notes due 2023 is US\$400.0 million.

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

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

Capital Management and Dividends

The following table summarizes the dividends declared or paid in respect of fiscal years 2015, 2016 and 2017:

US\$ Millions	US Cents/ Security	US\$ Total Amount	Announcement Date	Record Date	Payment Date
FY 2016 second half dividend	0.29	129.2	19 May 2016	9 June 2016	5 August 2016
FY 2016 first half dividend	0.09	39.7	19 November 2015	23 December 2015	26 February 2016
FY 2015 special dividend	0.22	92.8	21 May 2015	11 June 2015	7 August 2015
FY 2015 second half dividend	0.27	114.0	21 May 2015	11 June 2015	7 August 2015
FY 2015 first half dividend	0.08	34.2	19 November 2014	23 December 2014	27 February 2015
FY 2014 special dividend	0.20	89.0	22 May 2014	12 June 2014	8 August 2014
FY 2014 second half dividend	0.32	142.3	22 May 2014	12 June 2014	8 August 2014
125 year anniversary special dividend	0.28	124.6	28 February 2014	21 March 2014	30 May 2014

Share Buyback

On 19 May 2016, the Company announced a new share buyback program (the “fiscal 2017 program”) to acquire up to US\$100.0 million of its issued capital in the twelve months through May 2017. No shares were repurchased or cancelled under this program for the three months ended 30 June 2016.

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

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

Other Asbestos Information

Claims Data

	Three Months Ended 30 June		
	FY17	FY16	Change %
Claims received	154	139	(11)
Actuarial estimate for the period	156	164	5
Difference in claims received to actuarial estimate	2	25	92
Average claim settlement ¹ (A\$)	224,000	233,000	4
Actuarial estimate for the period ² (A\$)	327,000	302,000	(8)
Difference in claims paid to actuarial estimate (A\$)	103,000	69,000	(49)

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

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

For the quarter, we noted the following related to asbestos-related claims:

- Claims received during the current quarter were 1% below actuarial estimates and 11% higher than the prior corresponding period;
- Mesothelioma claims reported for the current quarter are 1% below actuarial expectations and are 3% below the prior corresponding period;
- The average claim settlement is 31% below actuarial estimates and 4% lower than the prior corresponding period;
- Average claim settlement sizes are lower for most disease types, including for mesothelioma and asbestosis, compared to actuarial expectations for fiscal year 2017; and
- The decrease in average claim settlement for the quarter versus actuarial estimates is largely attributable to lower average claim sizes for non-large mesothelioma claims together with a lower number of large mesothelioma claims being settled compared to the prior corresponding period.

AICF Funding

On 1 July 2016, we made a payment of A\$120.7 million (US\$91.1 million) to AICF, representing 35% of our free cash flow for fiscal year 2016. Free cash flow, as defined in the AFFA, was equivalent to our fiscal year 2016 operating cash flows of US\$260.4 million.

From the time AICF was established in February 2007 through 1 July 2016, we have contributed approximately A\$919.9 million to the fund.

Readers are referred to Note 7 of our 30 June 2016 condensed consolidated financial statements for further information on Asbestos.

Non-financial Terms

AFFA – Amended and Restated Final Funding Agreement.

AICF – Asbestos Injuries Compensation Fund Ltd.

Financial Measures – US GAAP equivalents

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

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

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

EBIT – Earnings before interest and tax.

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

Sales Volume

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

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

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

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

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

Financial Measures – US GAAP equivalents

Adjusted EBIT

US\$ Millions	Three Months Ended 30 June	
	FY17	FY16
EBIT	\$ 117.8	\$ 84.5
Asbestos:		
Asbestos adjustments	(20.6)	4.5
AICF SG&A expenses	0.4	0.5
Adjusted EBIT	\$ 97.6	\$ 89.5
Net sales	477.7	428.3
Adjusted EBIT margin	20.4%	20.9%

Adjusted Net Operating Profit

US\$ Millions	Three Months Ended 30 June	
	FY17	FY16
Net operating profit	\$ 87.1	\$ 60.0
Asbestos:		
Asbestos adjustments	(20.6)	4.5
AICF SG&A expenses	0.4	0.5
AICF interest expense (income), net	0.7	(0.1)
Asbestos and other tax adjustments	(0.9)	(1.6)
Adjusted net operating profit	\$ 66.7	\$ 63.3

Adjusted diluted earnings per share

	Three Months Ended 30 June	
	FY17	FY16
Adjusted net operating profit (US\$ millions)	\$ 66.7	\$ 63.3
Weighted average common shares outstanding - Diluted (millions)	447.3	447.4
Adjusted diluted earnings per share (US cents)	15	14

Adjusted effective tax rate

US\$ Millions	Three Months Ended 30 June	
	FY17	FY16
Operating profit before income taxes	\$ 111.0	\$ 81.3
Asbestos:		
Asbestos adjustments	(20.6)	4.5
AICF SG&A expenses	0.4	0.5
AICF interest expense (income), net	0.7	(0.1)
Adjusted operating profit before income taxes	\$ 91.5	\$ 86.2
Income tax (expense) income	\$ (23.9)	\$ (21.3)
Asbestos and other tax adjustments	(0.9)	(1.6)
Adjusted income tax expense	\$ (24.8)	\$ (22.9)
Effective tax rate	21.5%	26.2%
Adjusted effective tax rate	27.1%	26.6%

Adjusted EBITDA

US\$ Millions	Three Months Ended 30 June	
	FY17	FY16
EBIT	\$ 117.8	\$ 84.5
Depreciation and amortization	19.5	18.2
Adjusted EBITDA	\$ 137.3	\$ 102.7

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

US\$ Millions	Three Months Ended 30 June	
	FY17	FY16
SG&A expenses	\$ 72.0	\$ 61.5
Excluding:		
AICF SG&A expenses	(0.4)	(0.5)
Adjusted SG&A expenses	\$ 71.6	\$ 61.0
Net Sales	\$ 477.7	\$ 428.3
SG&A expenses as a percentage of net sales	15.1%	14.4%
Adjusted SG&A expenses as a percentage of net sales	15.0%	14.2%

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

James Hardie Industries plc
Supplementary Financial Information
30 June 2016
(Unaudited)

US\$ Millions	Total Fiber Cement – Excluding Asbestos Compensation	Asbestos Compensation	As Reported (US GAAP)
Restricted cash and cash equivalents – Asbestos	\$ -	\$ 20.3	\$ 20.3
Insurance receivable – Asbestos ¹	-	158.5	158.5
Workers compensation asset – Asbestos ¹	-	49.5	49.5
Deferred income taxes – Asbestos ¹	-	371.4	371.4
Asbestos liability ¹	\$ -	\$ 1,241.6	\$ 1,241.6
Workers compensation liability – Asbestos ¹	-	49.5	49.5
Income taxes payable	17.1	(2.7)	14.4
Asbestos adjustments	\$ -	\$ 20.6	\$ 20.6
Selling, general and administrative expenses	(71.6)	(0.4)	(72.0)
Net interest expense	(5.4)	(0.7)	(6.1)
Income tax expense	(24.5)	0.6	(23.9)

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

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

Examples of forward-looking statements include:

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

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

Forward-looking statements are based on the company's current expectations, estimates and assumptions and because forward-looking statements address future results, events and conditions, they, by their very nature, involve inherent risks and uncertainties, many of which are unforeseeable and beyond the company's control. Such known and unknown risks, uncertainties and other factors may cause actual results, performance or other achievements to differ materially from the anticipated results, performance or achievements expressed, projected or implied by these forward-looking statements. These factors, some of which are discussed under "Risk Factors" in Section 3 of the Form 20-F filed with the Securities and Exchange Commission on 19 May 2016, include, but are not limited to: all matters relating to or arising out of the prior manufacture of products that contained asbestos by current and former company subsidiaries; required contributions to AICF, any shortfall in AICF and the effect of currency exchange rate movements on the amount recorded in the company's financial statements as an asbestos liability; governmental loan facility to AICF; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the company's products; reliance on a small number of customers; a customer's inability to pay; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; currency exchange risks; dependence on customer preference and the concentration of the company's customer base on large format retail customers, distributors and dealers; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; possible inability to renew credit facilities on terms favorable to the company, or at all; acquisition or sale of businesses and business segments; changes in the company's key management personnel; inherent limitations on internal controls; use of accounting estimates; and all other risks identified in the company's reports filed with Australian, Irish and US securities regulatory agencies and exchanges (as appropriate). The company cautions you that the foregoing list of factors is not exhaustive and that other risks and uncertainties may cause actual results to differ materially from those referenced in the company's forward-looking statements. Forward-looking statements speak only as of the date they are made and are statements of the company's current expectations concerning future results, events and conditions. The company assumes no obligation to update any forward-looking statements or information except as required by law.