

# Results for Announcement to the Market

## James Hardie Industries plc

ARBN 097 829 895

Nine Months Ended 31 December 2020				
Key Information	Nine Months Ended 31 December			
	FY 2021 US\$M	FY 2020 US\$M	Movement	
Net Sales From Ordinary Activities	2,101.7	1,933.6	Up	9%
Profit From Ordinary Activities After Tax Attributable to Shareholders	164.8	235.2	Down	30%
Net Profit Attributable to Shareholders	164.8	235.2	Down	30%
Net Tangible Assets per Ordinary Share	US\$1.97	US\$1.55	Up	27%

### Dividend Information

- On 9 February 2021, the Company announced a special dividend ("FY2021 special dividend") of US70 cents per security; payable to CUFS holders on 30 April 2021. The Company also announced its intention to reinstate ordinary dividends in fiscal year 2022, beginning with a first half fiscal year 2022 dividend to be declared mid-year.
- The record date to determine entitlements to the FY2021 special dividend is 19 February 2021 (on the basis of proper instruments of transfer received by the Company's registrar, Computershare Investor Services Pty Ltd, Level 4, 60 Carrington Street, Sydney NSW 2000, Australia, by 5:00pm if securities are not CHESS approved, or security holding balances established by 5:00pm or such later time permitted by ASTC Operating Rules if securities are CHESS approved).
- The FY2021 special dividend and future dividends will be unfranked for Australian taxation purposes.
- The Company is required to deduct Irish DWT (currently 25% of the gross dividend amount) from this dividend and will be required to for future dividends, unless the beneficial owner has completed and returned a non-resident declaration form (DWT Form).
- The Australian currency equivalent amount of the FY2021 special dividend paid to CUFS holders will be announced after the record date.
- No dividend reinvestment plan is currently in operation for the FY2021 special dividend.

### Movements in Controlled Entities during the nine months Ended 31 December 2020

There were no movements in controlled entities during the nine months ended 31 December 2020.

### Associates and Joint Venture Entities

FELS Recycling GmbH (51%); Aplicaciones Minerales S.A. (28%)

### Review

The results and information included within this report have been prepared using US GAAP and have been subject to an independent review by external auditors.

### Results for the 3rd Quarter and Nine Months Ended 31 December 2020

#### Contents

1. Media Release
2. Management's Analysis of Results
3. Management Presentation
4. Condensed Consolidated Financial Statements

James Hardie Industries plc is incorporated under the laws of Ireland with its corporate seat in Dublin, Ireland. The liability of members is limited. The information contained in the above documents should be read in conjunction with the James Hardie 2020 Annual Report which can be found on the company website at [www.jameshardie.com](http://www.jameshardie.com).

## **James Hardie Industries Announces Record Third Quarter Fiscal Year 2021 Results**

**Delivered Record Net Sales, Adjusted EBIT and Adjusted NOPAT for the Third Quarter Fiscal Year 2021**

**Global Net Sales +20% to US\$738.6 Million for the Third Quarter Fiscal Year 2021**

**Adjusted NOPAT +59% to US\$123.3 Million for the Third Quarter Fiscal Year 2021**

**Operating Cash Flow +72% to US\$678.4 Million for the First Nine Months of Fiscal Year 2021**

**Declares Special Dividend of US\$0.70 per share**

**Raises Fiscal Year 2021 Adjusted NOPAT Guidance Range to US\$440 Million to US\$450 Million**

**James Hardie Industries plc (ASX: JHX; NYSE: JHX)**, the world's #1 producer and marketer of high-performance fiber cement and fiber gypsum building solutions announced its third quarter and first nine months of fiscal year 2021 results, for the periods ending 31 December 2020.

### **Third Quarter Fiscal Year 2021 Highlights, Compared to Third Quarter Fiscal Year 2020 As Applicable:**

- Global Net Sales +20% to US\$738.6 million
- Adjusted NOPAT +59% to US\$123.3 million
- Global Adjusted EBIT +57% to US\$167.9 million
- North America Fiber Cement Segment Net Sales +20% and EBIT +39% in US Dollars, with EBIT margin up 390 basis points to 30.0%
- North America Fiber Cement Segment exteriors volume +19%
- Europe Building Products Segment Net Sales +12% and EBIT +300% in Euros, with EBIT margin up 740 basis points to 10.2%
- Asia Pacific Fiber Cement Segment Net Sales +9% and EBIT +34% in Australian Dollars, with EBIT margin up 520 basis points to 28.1%

James Hardie CEO, Dr. Jack Truong, said, "Our business accelerated considerably during our fiscal third quarter, marking the seventh consecutive quarter that our global team has delivered growth above market with strong returns. We delivered strong organic growth around the world, with each operating region contributing meaningfully to Global Net Sales up 20% and an even more impressive 57% increase in Global Adjusted EBIT. The 530 basis point improvement in our Global EBIT margin to 22.7% was outstanding, and a testament to our strategy to augment our profit trajectory in each region, particularly in Europe.

I am pleased with these record results, underpinned by excellent execution of our business transformation that we began in calendar 2019, combined with increasing demand for our premium-quality James Hardie brand products and solutions. The transformation we undertook: (i) to unlock capacity and increase efficiency in our global manufacturing network through LEAN initiatives and (ii) to better integrate our supply chain with our customers, continues to deliver consistent market share gains and the ability to serve our customers seamlessly around the world. We are firmly on track with our investments in growth to broaden our portfolio with industry-leading innovations that enhance aesthetic value for homeowners. Our transformation initiatives will enable us to expand our market opportunity and allow us to continue to deliver strong performance."

## **Third Quarter Fiscal Year 2021 Results Compared to Third Quarter Fiscal Year 2020 Results**

Global Net Sales of US\$738.6 million increased 20%, with Global Adjusted EBIT growth accelerating to 57%. Global Adjusted NOPAT increased 59% to US\$123.3 million compared to US\$77.4 million. Global Adjusted EBIT margin expanded 530 basis points to 22.7%, with continued operational improvement across all three operating regions: North America, Europe and Asia Pacific.

*North America Fiber Cement Segment:* Delivered 19% exterior volume growth and 4% interior volume growth driving 20% net sales growth. LEAN manufacturing initiatives continued to generate improved performance across the Company's North American manufacturing network, helping to deliver 39% EBIT growth at a 30.0% EBIT margin.

*Europe Building Products Segment:* EBIT increased 300% in Euros, with EBIT margin improving to 10.2%, reflecting a net sales increase of 12% in Euros, an improvement in production and distribution costs driven by LEAN manufacturing savings and the improved supply chain integration with customers.

*Asia Pacific Fiber Cement Segment:* EBIT grew 34% in Australian Dollars at an EBIT margin of 28.1%, driven by a net sales increase of 9% in Australian Dollars combined with reduced production and distribution costs. The decision to consolidate Australia and New Zealand regional production volume into our two Australia based plants has enabled us to improve our regional cost of production.

### **Capital Resources**

Record operating cash flow generation of US\$678.4 million in the first nine months was driven by continuous improvement in the Company's LEAN manufacturing performance, strong profitable organic sales growth and the integration of its supply chain with its customers. Working capital improved by US\$198.1 million during the first nine months of fiscal year 2021. The Company has achieved global LEAN savings of US\$83.4 million over the 21-month period since inception of LEAN, including US\$60.7 million LEAN savings in North America.

Following the close of the quarter, the Company used its strong cash position to voluntarily redeem its 4.75% senior unsecured notes due 2025 with a payment of US\$409.5 million in principal and call premium. As a result of this redemption, the Company reduced its gross debt balance from US\$1,291.6 million, as of 31 December 2020, to US\$884.0 million as of 31 January 2021. Following the repayment, which was funded with cash on hand, the Company has liquidity of US\$675.2 million as of 31 January 2021.

Dr. Truong continued, "We set ambitious goals to achieve a step change in the cash generated by our businesses across the three regions and we are exceeding those objectives. We are executing our plan to rapidly transform James Hardie into a high-performing, world-class organization. The resulting cash flow is fueling our strategic investments in capacity expansion, product innovation and brand building efforts to deliver future organic growth."

### **Dividend**

The Company has declared a special dividend of US\$0.70 cents per share, payable on 30 April 2021, to shareholders of record as of 19 February 2021. The Company intends to resume its ordinary dividend policy in fiscal year 2022, beginning with a first half fiscal year 2022 dividend to be declared in November 2021.

"We are pleased to announce this special dividend," said James Hardie CFO, Jason Miele. "Based on our strong strategic execution through the pandemic, our confidence in continued strong cash generation, and in light of the suspension of our ordinary dividend since May 2020, we believe resuming our return of capital to shareholders via dividends is appropriate at this time. We have a solid balance sheet and liquidity position to execute on our unchanged near-term and longer-term organic growth priorities."

## Outlook and Earning Guidance

Based on the continued, strong momentum in its business and expectations for continued growth in residential end markets, the Company is raising its outlook for fiscal year 2021, ending 31 March 2021. Management now expects fiscal year 2021 Adjusted NOPAT to be between US\$440 million and US\$450 million, compared to a prior range of US\$380 million and US\$420 million. The comparable prior year Adjusted NOPAT for fiscal year 2020 was US\$352.8 million.

James Hardie's guidance is based on current estimates and assumptions and is subject to several known and unknown uncertainties and risks, including those related to the COVID-19 pandemic. James Hardie continues to assess the impacts and the uncertainties of the COVID-19 pandemic on the geographic locations in which it operates, as well as its impact on the new construction and repair and remodel building markets. The COVID-19 pandemic remains highly volatile and continues to evolve, and the full impact of the pandemic on the Company's business and future financial performance remains uncertain.

## Key Financial Information

	Q3 FY21		Q3 FY20		Change	9 Months FY21		9 Months FY20		Change
Group (US\$ millions)										
Net Sales	\$	738.6	\$	616.7	20%	\$	2,101.7	\$	1,933.6	9%
Adjusted EBIT		167.9		107.2	57%		455.9		365.8	25%
Adjusted EBIT Margin		22.7%		17.4%	5.3 pts		21.7%		18.9%	2.8 pts
Adjusted Net Operating Profit		123.3		77.4	59%		333.1		266.2	25%
Operating Cash Flow							678.4		393.4	72%
North America Fiber Cement (US\$ millions)										
Net Sales	\$	518.1	\$	430.0	20%	\$	1,484.9	\$	1,341.9	11%
Adjusted EBIT		155.6		112.3	39%		435.1		350.5	24%
Adjusted EBIT Margin		30.0%		26.1%	3.9 pts		29.3%		26.1%	3.2 pts
Asia Pacific Fiber Cement (A\$ millions)										
Net Sales	A\$	163.3	A\$	149.4	9%	A\$	472.6	A\$	468.0	1%
Adjusted EBIT		45.9		34.2	34%		133.6		109.2	22%
Adjusted EBIT Margin		28.1%		22.9%	5.2 pts		28.4%		23.3%	5.1 pts
Europe Building Products (€ millions)										
Net Sales	€	85.3	€	76.5	12%	€	246.0	€	240.9	2%
Adjusted EBIT		8.8		2.2	300%		20.2		14.5	39%
Adjusted EBIT Margin		10.2%		2.8%	7.4 pts		8.4%		6.0%	2.4 pts

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## Further Information

Readers are referred to the Company's Condensed Consolidated Financial Statements and Management's Analysis of Results for the third quarter and nine months ended 31 December 2020 for additional information regarding the Company's results, including information regarding income taxes, the asbestos liability and contingent liabilities.

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## Management Briefing for Analysts, Investors and Media

James Hardie will conduct a teleconference and audio webcast for analysts, investors and media on Tuesday 9 February 2021, 9:00am Sydney, Australia time (Monday 8 February 2021, 5:00pm New York City, USA time). Analysts, investors and media can access the management briefing via the following:

- Live Webcast: [https://ir.jameshardie.com.au/jh/results\\_briefings.jsp](https://ir.jameshardie.com.au/jh/results_briefings.jsp)
- Live Teleconference Registration: <https://s1.c-conf.com/DiamondPass/10011981-js86fj.html>

All participants wishing to join the teleconference will need to pre-register by navigating to <https://s1.c-conf.com/DiamondPass/10011981-js86fj.html>. Once registered, you will receive a calendar invite with dial-in numbers and a unique PIN which will be required to join the call.

- Webcast Replay: Will be available two hours after the Live Webcast concludes at [https://ir.jameshardie.com.au/jh/results\\_briefings.jsp](https://ir.jameshardie.com.au/jh/results_briefings.jsp)

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## Use of Non-GAAP Financial Information; Australian Equivalent Terminology

This Media Release includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States (GAAP), such as Adjusted net operating profit and Adjusted EBIT. These non-GAAP financial measures should not be considered to be more meaningful than the equivalent GAAP measure. Management has included such measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and excludes the impact of certain legacy items, such as asbestos adjustments. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. The Company is unable to forecast the comparable US GAAP financial measure for future periods due to, amongst other factors, uncertainty regarding the impact of actuarial estimates on asbestos-related assets and liabilities in future periods. For additional information regarding the non-GAAP financial measures presented in this Media Release, including a reconciliation of each non-GAAP financial measure to the equivalent GAAP measure, see the section titled "Non-GAAP Financial Measures" included in the Company's Management's Analysis of Results for the third quarter ended 31 December 2020.

In addition, this Media Release includes financial measures and descriptions that are considered to not be in accordance with GAAP, but which are consistent with financial measures reported by Australian companies, such as operating profit, EBIT and EBIT margin. Since the Company prepares its Consolidated Financial Statements in accordance with GAAP, the Company provides investors with a table and definitions presenting cross-references between each GAAP financial measure used in the Company's Consolidated Financial Statements to the equivalent non-GAAP financial measure used in this Media Release. See the sections titled "Non-GAAP Financial Measures" included in the Company's Management's Analysis of Results for the third quarter ended 31 December 2020.

### Forward-Looking Statements

This Media Release contains forward-looking statements and information that are necessarily subject to risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of James Hardie to be materially different from those expressed or implied in this release, including, among others, the risks and uncertainties set forth in Section 3 “Risk Factors” in James Hardie’s Annual Report on Form 20-F for the year ended 31 March 2020; changes in general economic, political, governmental and business conditions globally and in the countries in which James Hardie does business; changes in interest rates; changes in inflation rates; changes in exchange rates; the level of construction generally; changes in cement demand and prices; changes in raw material and energy prices; changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. James Hardie assumes no obligation to update or correct the information contained in this Media Release except as required by law.

This media release has been authorized by the James Hardie Board of Directors.

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James Hardie Industries plc is a limited liability company incorporated in Ireland with its registered office at Europa House, 2nd Floor, Harcourt Centre, Harcourt Street, Dublin 2, D02 WR20, Ireland



## Management's Analysis of Results

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

This Management's Analysis of Results includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States ("GAAP"). These non-GAAP financial measures should not be considered to be more meaningful than the equivalent GAAP measures. Management has included such measures to provide investors with an alternative method for assessing its financial condition and operating results in a manner that is focused on the performance of its ongoing operations. These measures exclude the impact of certain legacy items, such as asbestos adjustments, or significant non-recurring items, such as debt restructuring and acquisition costs, asset impairments, as well as adjustments to tax expense. In addition, management provides an adjusted effective tax rate, which excludes the tax impact of the pre-tax special items (items listed above) and tax special items. Management believes that this non-GAAP tax measure provides an ongoing effective rate which investors may find useful for historical comparisons and for forecasting and is an alternative method of assessing the economic impact of taxes on the Company, as it more closely approximates payments to taxing authorities. Management uses such non-GAAP financial measures for the same purposes. These non-GAAP measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. These non-GAAP financial measures are not prepared in accordance with GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. 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 GAAP measure, see the section titled "Non-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 GAAP, but which are consistent with financial measures reported by Australian companies. Since James Hardie prepares its consolidated financial statements in accordance with GAAP, the Company provides investors with a table and definitions presenting cross-references between each GAAP financial measure used in the Company's consolidated financial statements to the equivalent non-GAAP financial measure used in this Management's Analysis of Results. See the section titled "Non-GAAP Financial Measures."

These documents, along with an audio webcast of the Management Presentation on 9 February 2021, are available from the Investor Relations area of our website at <http://www.ir.jameshardie.com.au>

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## James Hardie Industries plc

### Results for the 3rd Quarter and Nine Months Ended 31 December

US\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY21	Q3 FY20	Change %	9 Months FY 21	9 Months FY 20	Change %
Volume (mmsf)	1,056.9	912.6	16	3,010.6	2,830.0	6
<b>Net sales</b>	<b>\$ 738.6</b>	<b>\$ 616.7</b>	<b>20</b>	<b>\$ 2,101.7</b>	<b>\$ 1,933.6</b>	<b>9</b>
Cost of goods sold	(466.6)	(396.1)	(18)	(1,341.0)	(1,239.8)	(8)
<b>Gross profit</b>	<b>272.0</b>	<b>220.6</b>	<b>23</b>	<b>760.7</b>	<b>693.8</b>	<b>10</b>
Selling, general and administrative expenses	(94.9)	(105.9)	10	(280.5)	(305.5)	8
Research and development expenses	(9.5)	(8.0)	(19)	(25.2)	(23.8)	(6)
Restructuring expenses	—	—		(11.1)	—	
Asbestos adjustments	(35.8)	(18.5)	(94)	(115.8)	8.8	
<b>EBIT</b>	<b>131.8</b>	<b>88.2</b>	<b>49</b>	<b>328.1</b>	<b>373.3</b>	<b>(12)</b>
Interest, net	(13.6)	(13.2)	(3)	(38.9)	(41.1)	5
Other expense	—	—		—	(0.1)	
Operating profit before income taxes	118.2	75.0	58	289.2	332.1	(13)
Income tax expense	(49.6)	(29.4)	(69)	(124.4)	(96.9)	(28)
<b>Net operating profit</b>	<b>\$ 68.6</b>	<b>\$ 45.6</b>	<b>50</b>	<b>\$ 164.8</b>	<b>\$ 235.2</b>	<b>(30)</b>
Earnings per share - basic (US cents)	15	10		37	53	
Earnings per share - diluted (US cents)	15	10		37	53	

**Net sales** of US\$738.6 million and US\$2,101.7 million for the quarter and nine months increased 20% and 9%, respectively, compared to the prior corresponding periods, driven by higher net sales in all of our operating segments.

**Gross profit** of US\$272.0 million for the quarter increased 23%, compared to the prior corresponding period, driven by higher gross profit in all of our operating segments. Gross profit of US\$760.7 million for the nine months increased 10% primarily driven by higher gross profit in the North America and Asia Pacific Fiber Cement segments.

**Selling, general and administrative ("SG&A") expenses** for the quarter and nine months decreased 10% and 8%, respectively, compared to the prior corresponding periods. These changes were primarily driven by global cost containment actions, partially offset by higher legal fees and stock compensation expenses for the nine months.

**Research and development expenses ("R&D")** for the quarter and nine months increased compared to the prior corresponding periods. The expense fluctuates period to period depending on the nature and number of active core R&D projects and the AUD/USD exchange rates during the period. Further, the increase in R&D investment in the current fiscal year reflects our strategic focus on innovation.

**Restructuring expenses** for the nine months consist solely of severance costs incurred in the first quarter related to a reduction in headcount across all regions in order to strategically realign our resources and better match supply and demand.

**Interest, net** for the nine months decreased compared to the prior corresponding period, primarily due to the repayment of our revolving credit facility in the first quarter of this fiscal year.



## North America Fiber Cement Segment

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

US\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY21	Q3 FY20	Change	9 Months FY 21	9 Months FY 20	Change
Volume (mmsf)	693.8	593.0	17%	1,990.2	1,826.6	9%
Average net sales price per unit (per msf)	US\$740	US\$719	3%	US\$739	US\$728	2%
Fiber cement net sales	518.1	430.0	20%	1,484.9	1,341.9	11%
Gross profit			23%			12%
Gross margin (%)			0.6 pts			0.3 pts
EBIT	155.6	112.3	39%	432.6	350.5	23%
EBIT margin (%)	30.0	26.1	3.9 pts	29.1	26.1	3.0 pts
Restructuring expenses	—	—		2.5	—	
Adjusted EBIT excluding restructuring expenses	155.6	112.3	39%	435.1	350.5	24%
Adjusted EBIT margin (%) excluding restructuring expenses	30.0	26.1	3.9 pts	29.3	26.1	3.2 pts

### Q3 FY21 vs Q3 FY20

Net sales increased 20%, driven by strong exteriors volume growth of 19% and interiors volume growth of 4%. The 3% increase in average net sales price primarily reflects the annual change in our strategic pricing effective April 2020.

The increase in gross margin is attributed to the following components:

Higher average net sales price	1.8 pts
Higher production and distribution costs	(1.2 pts)
Total percentage point change in gross margin	0.6 pts

Higher production and distribution costs resulted primarily from unfavorable freight costs and higher start-up costs related to the greenfield expansion in Prattville, Alabama, partially offset by lean manufacturing savings.

SG&A expenses decreased, driven by lower headcount and reduced travel and marketing spend. As a percentage of sales, SG&A expenses decreased 3.3 percentage points.

EBIT margin of 30.0% increased 3.9 percentage points, driven by higher gross margin and lower SG&A expenses as a percentage of sales.

## Nine Months FY21 vs Nine Months FY20

Net sales increased 11%, primarily driven by strong exteriors volume growth in the second and third quarter, partially offset by the weakened first quarter due to the COVID-19 pandemic. The 2% increase in average net sales price primarily reflects the annual change in our strategic pricing effective April 2020, partially offset by product, market segment and geographic mix.

The increase in gross margin is comprised of the following components:

Higher average net sales price	1.0 pts
Higher production and distribution costs	(0.7 pts)
Total percentage point change in gross margin	<u>0.3 pts</u>

Higher production and distribution costs resulted from unfavorable freight costs and higher start-up costs related to the greenfield expansion in Prattville, Alabama, partially offset by lower pulp costs and lean manufacturing savings.

SG&A expenses decreased, driven by cost containment actions taken in the period, including lower headcount and reduced travel and marketing spend. As a percentage of sales, SG&A expenses decreased 2.9 percentage points.

Restructuring expenses of US\$2.5 million consist solely of severance costs recorded in the first quarter related to a reduction in headcount across the region in order to strategically realign our resources.

EBIT margin increased 3.0 percentage points to 29.1%, driven by higher gross margin and lower SG&A expenses as a percentage of sales, partially offset by restructuring expenses.

## Asia Pacific Fiber Cement Segment

The Asia Pacific Fiber Cement segment is comprised of the following regions: (i) Australia; (ii) New Zealand; and (iii) the Philippines.

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

US\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY21	Q3 FY20	Change	9 Months FY 21	9 Months FY 20	Change
Volume (mmsf)	141.8	130.4	9%	397.0	407.6	(3%)
Average net sales price per unit (per msf)	US\$760	US\$699	9%	US\$753	US\$704	7%
Fiber cement net sales	119.1	102.0	17%	332.5	322.6	3%
Gross profit			27%			10%
Gross margin (%)			3.1 pts			2.2 pts
EBIT	33.5	23.4	43%	91.1	75.2	21%
EBIT margin (%)	28.1	22.9	5.2 pts	27.4	23.3	4.1 pts
Restructuring expenses	—	—		3.4	—	
Adjusted EBIT excluding restructuring expenses	33.5	23.4	43%	94.5	75.2	26%
Adjusted EBIT margin (%) excluding restructuring expenses	28.1	22.9	5.2 pts	28.4	23.3	5.1 pts

Operating results for the Asia Pacific Fiber Cement segment in Australian dollars were as follows:

A\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY21	Q3 FY20	Change	9 Months FY 21	9 Months FY 20	Change
Volume (mmsf)	141.8	130.4	9%	397.0	407.6	(3%)
Average net sales price per unit (per msf)	A\$1,043	A\$1,023	2%	A\$1,069	A\$1,021	5%
Fiber cement net sales	163.3	149.4	9%	472.6	468.0	1%
Gross profit			19%			7%
Gross margin (%)			3.1 pts			2.2 pts
EBIT	45.9	34.2	34%	128.7	109.2	18%
EBIT margin (%)	28.1	22.9	5.2 pts	27.4	23.3	4.1 pts
Restructuring expenses	—	—		4.9	—	
Adjusted EBIT excluding restructuring expenses	45.9	34.2	34%	133.6	109.2	22%
Adjusted EBIT margin (%) excluding restructuring expenses	28.1	22.9	5.2 pts	28.4	23.3	5.1 pts

### Q3 FY21 vs Q3 FY20 (A\$)

Net sales were favorably impacted by higher volumes across all three regions and a higher average net sales price. The volume increases reflect strong growth above market as we continue to execute our strategy and gain category share. The 2% increase in the average net sales price was driven by product mix and our first quarter strategic price increases in Australia and New Zealand.

The increase in gross margin can be attributed to the following components:

Higher average net sales price	1.1 pts
Lower production and distribution costs	2.0 pts
Total percentage point change in gross margin	<u>3.1 pts</u>

Lower production and distribution costs resulted from improved production efficiencies at our Australian plants and lower freight and pulp costs.

SG&A expenses decreased due to lower headcount and reduced travel and marketing spend. As a percentage of sales, SG&A expenses decreased 1.9 percentage points.

The EBIT margin increase of 5.2 percentage points to 28.1% is attributable to the increase in the gross margin and lower SG&A expenses as a percentage of sales.

## Nine Months FY21 vs Nine Months FY20 (A\$)

Net sales increased 1%, as strong results in the second and third quarter have more than offset the lower volumes in the first quarter due to the COVID-19 government enforced lockdowns in the Philippines and New Zealand. The 5% increase in the average net sales price was driven by product mix and our strategic price increases in Australia and New Zealand during the first quarter.

The increase in gross margin can be attributed to the following components:

Higher average net sales price	2.7 pts
Higher production and distribution costs	(0.5 pts)
Total percentage point change in gross margin	<u>2.2 pts</u>

Higher production and distribution costs were driven by the unfavorable absorption of manufacturing costs on lower production volumes due to the idled facilities in the Philippines and New Zealand in the first quarter, partially offset by the improvement in the second and third quarters.

SG&A expenses decreased, primarily driven by cost containment actions taken in the year, including lower headcount and reduced travel and marketing spend. As a percentage of sales, SG&A expenses decreased 2.6 percentage points.

Restructuring expenses of A\$4.9 million consist solely of severance costs, primarily associated with our strategic decision to consolidate Australia and New Zealand regional production to our two Australia based plants, and a reduction in headcount across the region in order to strategically realign our resources.

EBIT margin of 27.4% represents an increase of 4.1 percentage points, primarily driven by higher gross margin and lower SG&A expenses as a percentage of sales, partially offset by restructuring expenses.

## Europe Building Products Segment

The Europe Building Products segment is comprised of: (i) Europe Fiber Cement; and (ii) Europe Fiber Gypsum. Operating results for the Europe Building Products segment in US dollars were as follows:

US\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY21	Q3 FY20	Change	9 Months FY 21	9 Months FY 20	Change
Volume (mmsf)	221.3	189.2	17%	623.4	595.8	5%
Average net sales price per unit (per msf)	US\$355	US\$342	4%	US\$354	US\$346	2%
Fiber cement net sales	13.3	10.6	25%	38.4	35.5	8%
Fiber gypsum net sales <sup>1</sup>	88.1	74.1	19%	245.9	233.0	6%
Net sales	101.4	84.7	20%	284.3	268.5	6%
Gross profit			23%			(3%)
Gross margin (%)			0.7 pts			(2.4 pts)
EBIT	10.3	2.4		18.7	16.1	16%
EBIT margin (%)	10.2	2.8	7.4 pts	6.6	6.0	0.6 pts
Restructuring expenses	—	—		5.1	—	
Adjusted EBIT excluding restructuring expenses	10.3	2.4		23.8	16.1	48%
Adjusted EBIT margin (%) excluding restructuring expenses	10.2	2.8	7.4 pts	8.4	6.0	2.4 pts

<sup>1</sup> Also includes cement bonded board net sales

Operating results for the Europe Building Products segment in Euros were as follows:

€ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY21	Q3 FY20	Change	9 Months FY 21	9 Months FY 20	Change
Volume (mmsf)	221.3	189.2	17%	623.4	595.8	5%
Average net sales price per unit (per msf)	€298	€309	(4%)	€306	€310	(1%)
Fiber cement net sales	11.3	9.6	18%	33.1	31.9	4%
Fiber gypsum net sales <sup>1</sup>	74.0	66.9	11%	212.9	209.0	2%
Net sales	85.3	76.5	12%	246.0	240.9	2%
Gross profit			14%			(6%)
Gross margin (%)			0.7 pts			(2.4 pts)
EBIT	8.8	2.2		15.7	14.5	8%
EBIT margin (%)	10.2	2.8	7.4 pts	6.6	6.0	0.6 pts
Restructuring expenses	—	—		4.5	—	
Adjusted EBIT excluding restructuring expenses	8.8	2.2		20.2	14.5	39%
Adjusted EBIT margin (%) excluding restructuring expenses	10.2	2.8	7.4 pts	8.4	6.0	2.4 pts

<sup>1</sup> Also includes cement bonded board net sales

## Q3 FY21 vs Q3 FY20 (€)

Net sales increased 12%, with increases in fiber cement and fiber gypsum net sales of 18% and 11%, respectively, coupled with our continued strong execution of a customer integrated approach. The average net sales price decreased 4%, primarily driven by a favorable customer rebate adjustment taken in the prior year.

The slight increase in gross margin is comprised of the following components:

Lower production and distribution costs	2.7 pts
Lower average net sales price	(2.0 pts)
Total percentage point change in gross margin	0.7 pts

Lower production and distribution costs were primarily attributed to lower freight costs and lean manufacturing savings.

SG&A expenses decreased due to lower headcount and reduced travel and marketing spend. As a percentage of sales, SG&A expenses decreased 6.8 percentage points.

EBIT margin of 10.2% represents an increase of 7.4 percentage points, primarily driven by strong topline performance and lower SG&A expenses as a percentage of sales.

## Nine Months FY21 vs Nine Months FY20 (€)

Net sales increased 2%, driven by an increase in fiber cement and fiber gypsum net sales of 4% and 2%, respectively. Our continued execution of our shift to a customer integrated approach resulted in strong net sales growth in Q2 and Q3 of 8% and 12%, respectively, which more than offset the 12% decrease in Q1 resulting from the COVID-19 government enforced lockdowns.

The decrease in gross margin is attributed to the following components:

Higher production and distribution costs	(1.8 pts)
Lower average net sales price	(0.6 pts)
Total percentage point change in gross margin	(2.4 pts)

Higher production and distribution costs resulted primarily from the unfavorable absorption of manufacturing costs on lower production volumes in the first quarter, including the impact of the COVID-19 related closures of our manufacturing plants in Orejo, Spain and Siglingen, Germany, and higher fiber gypsum costs, partially offset by lean manufacturing savings.

SG&A expenses decreased due to lower headcount and reduced travel and marketing spend. As a percentage of sales, SG&A expenses decreased 4.9 percentage points.

Restructuring expenses of €4.5 million consist solely of severance costs, primarily associated with the reduction of headcount across the region to strategically realign our resources.

EBIT margin of 6.6% increased 0.6 percentage points, driven by lower SG&A expenses as a percentage of sales, partially offset by lower gross margin and the impact of restructuring expenses.



## General Corporate

Results for General Corporate were as follows:

US\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY21	Q3 FY20	Change %	9 Months FY 21	9 Months FY 20	Change %
General Corporate SG&A expenses	\$ (23.6)	\$ (24.3)	3	\$ (77.2)	\$ (56.2)	(37)
Asbestos:						
Asbestos adjustments	(35.8)	(18.5)	(94)	(115.8)	8.8	
AICF SG&A expenses <sup>1</sup>	(0.3)	(0.5)	40	(0.9)	(1.3)	31
General Corporate EBIT	\$ (59.7)	\$ (43.3)	(38)	\$ (193.9)	\$ (48.7)	

<sup>1</sup> 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

General Corporate SG&A expenses for the quarter were relatively flat compared to the prior corresponding period.

General Corporate SG&A expenses for the nine months increased US\$21.0 million compared to the prior corresponding period, driven by higher stock compensation expenses due to the increase in our stock price, as well as higher legal fees.

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 from the beginning balance sheet date to the ending balance sheet date, for each respective period.

Readers are referred to Note 6 of our 31 December 2020 condensed consolidated financial statements for further information on asbestos.

## Interest, net

US\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY21	Q3 FY20	Change %	9 Months FY 21	9 Months FY 20	Change %
Gross interest expense	\$ (16.1)	\$ (16.5)	2	\$ (46.6)	\$ (50.4)	8
Capitalized interest	2.4	2.5	(4)	7.3	6.9	6
Interest income	—	0.5		0.1	1.5	(93)
Net AICF interest income	0.1	0.3	(67)	0.3	0.9	(67)
<b>Interest, net</b>	<b>\$ (13.6)</b>	<b>\$ (13.2)</b>	<b>(3)</b>	<b>\$ (38.9)</b>	<b>\$ (41.1)</b>	<b>5</b>

The Company's debt structure remained unchanged during the quarter, and gross interest expense for the quarter and nine months decreased US\$0.4 million and US\$3.8 million, respectively, compared to the prior corresponding periods, primarily due to the repayment of our revolving credit facility in the first quarter of this fiscal year.

## Income Tax

	Three Months and Nine Months Ended 31 December			
	Q3 FY21	Q3 FY20	9 Months FY 21	9 Months FY 20
Income tax expense (US\$ Millions)	(49.6)	(29.4)	(124.4)	(96.9)
Effective tax rate (%)	42.0	39.2	43.0	29.2
Adjusted income tax expense <sup>1</sup> (US\$ Millions)	(30.9)	(16.3)	(83.6)	(57.5)
Adjusted effective tax rate <sup>1</sup> (%)	20.0	17.4	20.1	17.8

<sup>1</sup> Includes tax adjustments related to the amortization benefit of certain US intangible assets, asbestos, and other tax adjustments

The effective tax rate for the quarter and nine months increased 2.8 and 13.8 percentage points, respectively, compared to the prior corresponding periods, primarily due to a change in geographic mix and Asbestos adjustments.

The Adjusted effective tax rate for the quarter and nine months increased 2.6 and 2.3 percentage points, respectively, compared to the prior corresponding periods, primarily due to a change in geographic mix.

## Net Operating Profit

US\$ Millions	Three Months and Nine Months Ended 31 December					
	Q3 FY21	Q3 FY20	Change %	9 Months FY 21	9 Months FY 20	Change %
<b>EBIT</b>						
North America Fiber Cement <sup>1</sup>	\$ 155.6	\$ 112.3	39	\$ 435.1	\$ 350.5	24
Asia Pacific Fiber Cement <sup>1</sup>	33.5	23.4	43	94.5	75.2	26
Europe Building Products <sup>1</sup>	10.3	2.4		23.8	16.1	48
Other Businesses	—	—		—	(0.1)	
Research and Development	(7.9)	(6.6)	(20)	(20.3)	(19.7)	(3)
General Corporate <sup>2</sup>	(23.6)	(24.3)	3	(77.2)	(56.2)	(37)
<b>Adjusted EBIT</b>	<b>167.9</b>	<b>107.2</b>	<b>57</b>	<b>455.9</b>	<b>365.8</b>	<b>25</b>
<b>Net operating profit</b>						
Adjusted interest, net <sup>2</sup>	(13.7)	(13.5)	(1)	(39.2)	(42.0)	7
Other expense	—	—		—	(0.1)	
Adjusted income tax expense <sup>3</sup>	(30.9)	(16.3)	(90)	(83.6)	(57.5)	(45)
<b>Adjusted net operating profit</b>	<b>\$ 123.3</b>	<b>\$ 77.4</b>	<b>59</b>	<b>\$ 333.1</b>	<b>\$ 266.2</b>	<b>25</b>

<sup>1</sup> Excludes restructuring expenses

<sup>2</sup> Excludes Asbestos-related expenses and adjustments

<sup>3</sup> Includes tax adjustments related to the amortization benefit of certain US intangible assets, asbestos and other tax adjustments

Adjusted net operating profit for the quarter and nine months of US\$123.3 million and US\$333.1 million increased 59% and 25%, respectively, compared to the prior corresponding periods, driven by strong performance in all operating segments, partially offset by higher adjusted income tax expense. Adjusted net operating profit for the nine months was also partially offset by an increase in General Corporate SG&A expenses of US\$21.0 million.

## COVID-19

James Hardie continues to assess the impacts and the uncertainties of the COVID-19 pandemic on the geographic locations in which we operate, as well as its impact on the new construction and repair and remodel building markets. The COVID-19 pandemic remains volatile and continues to evolve, and the full impact of the pandemic on James Hardie's business and future financial performance remains uncertain.

## Cash Flow

### *Operating Activities*

Cash provided by operating activities increased 72% (US\$285.0 million), from US\$393.4 million to US\$678.4 million, compared to the prior corresponding period. The strong operating cash performance was primarily driven by increased net sales globally and the continued integration of our supply chain with our customers, including an improved cash conversion cycle. For the nine months ended 31 December 2020, we generated US\$90.3 million of cash related to a reduction in inventory and US\$107.8 million of cash due to improvements in accounts receivable and accounts payable balances. In addition, we received a US\$64.8 million CARES Act tax refund.

### *Investing Activities*

Cash used in investing activities decreased US\$119.2 million to US\$85.1 million, compared to the prior corresponding period. The change was primarily due to a decrease in capital expenditures of US\$84.4 million, and lower net purchases of AICF's short-term investments.

### *Financing Activities*

Cash used in financing activities increased US\$4.5 million to US\$130.6 million, compared to the prior corresponding period. The change was driven by the repayment of our revolving credit facility, offset by the absence of any dividend payments in the current year.

## Capacity Expansion

We expect to end fiscal year 2021 with capital expenditures of approximately US\$125.0 million. The Carole Park, Australia brownfield expansion was commissioned in the current quarter, and our Prattville, Alabama greenfield site remains on track to be commissioned in March 2021.

### Liquidity and Capital Allocation

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Our cash position increased by US\$457.4 million, from US\$144.4 million at 31 March 2020 to US\$601.8 million at 31 December 2020.

At 31 December 2020, we had no amounts drawn from our US\$500.0 million unsecured revolving facility, compared to US\$130.0 million at 31 March 2020.

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

### Capital Management

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We periodically review our capital structure and capital allocation objectives and expect the following capital management focus in the short term:

- Preserve strong liquidity position and financial flexibility;
- Invest in capacity expansion to support organic growth;
- Invest in market led innovation to drive organic growth; and
- Return capital to shareholders
  - Announced special dividend of US\$0.70 on 9 February 2021; payable in April 2021
  - Reinstating ordinary dividends in FY22, beginning with a Fiscal Year 2022 half-year dividend to be declared in November 2021

As previously announced, on 15 January 2021 we made a voluntary redemption of our US\$400.0 million 4.75% senior unsecured notes due 2025 using cash on hand, which reduced our gross debt balance from US\$1,291.6 million at 31 December 2020, to US\$884.0 million as of 31 January 2021.

## Financial Measures - GAAP equivalents

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

- Adjusted EBIT;
- North America Fiber Cement Segment Adjusted EBIT excluding restructuring expenses;
- Asia Pacific Fiber Cement Segment Adjusted EBIT excluding restructuring expenses;
- Europe Building Products Segment Adjusted EBIT excluding restructuring expenses;
- Research and Development Segment Adjusted EBIT excluding restructuring expenses;
- Adjusted EBIT margin;
- North America Fiber Cement Segment Adjusted EBIT margin excluding restructuring expenses;
- Asia Pacific Fiber Cement Segment Adjusted EBIT margin excluding restructuring expenses;
- Europe Building Products Segment Adjusted EBIT margin excluding restructuring expenses;
- Adjusted interest, net;
- Adjusted net operating profit;
- Adjusted operating profit before income taxes;
- Adjusted income tax expense; and
- Adjusted effective tax rate.

These financial measures are or may be non-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 GAAP. These financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures and should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP. In evaluating these financial measures, investors should note that other companies reporting or describing similarly titled financial measures may calculate them differently and investors should exercise caution in comparing the Company's financial measures to similar titled measures by other companies.

## Non-financial Terms

**AFFA** – Amended and Restated Final Funding Agreement

**AICF** – Asbestos Injuries Compensation Fund Ltd

**Legacy New Zealand weathertightness claims ("New Zealand weathertightness")** – Expenses arising from defending and resolving claims in New Zealand that allege generic defects in certain fiber cement products and systems, breach of duties including the failure to conduct appropriate testing of these products and systems, failure to warn and misleading and deceptive conduct in relation to the marketing and sale of the products and systems

**New South Wales loan facility ("NSW Loan")** – AICF has access to a secured loan facility made available by the New South Wales Government, which can be used by AICF to fund the payment of asbestos claims and certain operating and legal costs



## Financial Measures - GAAP equivalents

### Adjusted EBIT

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY21	Q3 FY20	9 Months FY 21	9 Months FY 20
<b>EBIT</b>	\$ 131.8	\$ 88.2	\$ 328.1	\$ 373.3
Asbestos:				
Asbestos adjustments	35.8	18.5	115.8	(8.8)
AICF SG&A expenses	0.3	0.5	0.9	1.3
Restructuring expenses	—	—	11.1	—
<b>Adjusted EBIT</b>	\$ 167.9	\$ 107.2	\$ 455.9	\$ 365.8
Net sales	738.6	616.7	2,101.7	1,933.6
<b>Adjusted EBIT margin</b>	22.7%	17.4%	21.7%	18.9%

### North America Fiber Cement Segment Adjusted EBIT excluding restructuring expenses

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY21	Q3 FY20	9 Months FY 21	9 Months FY 20
<b>North America Fiber Cement Segment EBIT</b>	\$ 155.6	\$ 112.3	\$ 432.6	\$ 350.5
Restructuring expenses	—	—	2.5	—
<b>North America Fiber Cement Segment Adjusted EBIT excluding restructuring expenses</b>	\$ 155.6	\$ 112.3	\$ 435.1	\$ 350.5
North America Fiber Cement segment net sales	518.1	430.0	1,484.9	1,341.9
<b>North America Fiber Cement Segment Adjusted EBIT margin excluding restructuring expenses</b>	30.0%	26.1%	29.3%	26.1%

### Asia Pacific Fiber Cement Segment Adjusted EBIT excluding restructuring expenses

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY21	Q3 FY20	9 Months FY 21	9 Months FY 20
<b>Asia Pacific Fiber Cement Segment EBIT</b>	\$ 33.5	\$ 23.4	\$ 91.1	\$ 75.2
Restructuring expenses	—	—	3.4	—
<b>Asia Pacific Fiber Cement Segment Adjusted EBIT excluding restructuring expenses</b>	\$ 33.5	\$ 23.4	\$ 94.5	\$ 75.2
Asia Pacific Fiber Cement segment net sales	119.1	102.0	332.5	322.6
<b>Asia Pacific Fiber Cement Segment Adjusted EBIT margin excluding restructuring expenses</b>	28.1%	22.9%	28.4%	23.3%

## Europe Building Products Segment Adjusted EBIT excluding restructuring expenses

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY21	Q3 FY20	9 Months FY 21	9 Months FY 20
Europe Building Products Segment EBIT	\$ 10.3	\$ 2.4	\$ 18.7	\$ 16.1
Restructuring expenses	—	—	5.1	—
Europe Building Products Segment Adjusted EBIT excluding restructuring expenses	10.3	2.4	23.8	16.1
Europe Building Products segment net sales	101.4	84.7	284.3	268.5
Europe Building Products Segment Adjusted EBIT margin excluding restructuring expenses	10.2%	2.8%	8.4%	6.0%

## Adjusted interest, net

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY21	Q3 FY20	9 Months FY 21	9 Months FY 20
Interest, net	\$ (13.6)	\$ (13.2)	\$ (38.9)	\$ (41.1)
AICF interest income, net	0.1	0.3	0.3	0.9
Adjusted interest, net	\$ (13.7)	\$ (13.5)	\$ (39.2)	\$ (42.0)

## Adjusted net operating profit

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY21	Q3 FY20	9 Months FY 21	9 Months FY 20
Net operating profit	\$ 68.6	\$ 45.6	\$ 164.8	\$ 235.2
Asbestos:				
Asbestos adjustments	35.8	18.5	115.8	(8.8)
AICF SG&A expenses	0.3	0.5	0.9	1.3
AICF interest income, net	(0.1)	(0.3)	(0.3)	(0.9)
Restructuring expenses	—	—	11.1	—
Tax adjustments <sup>1</sup>	18.7	13.1	40.8	39.4
Adjusted net operating profit	\$ 123.3	\$ 77.4	\$ 333.1	\$ 266.2

<sup>1</sup> Includes tax adjustments related to the amortization benefit of certain US intangible assets, asbestos, and other tax adjustments

## Adjusted effective tax rate

US\$ Millions

	Three Months and Nine Months Ended 31 December			
	Q3 FY21	Q3 FY20	9 Months FY 21	9 Months FY 20
<b>Operating profit before income taxes</b>	<b>\$ 118.2</b>	<b>\$ 75.0</b>	<b>\$ 289.2</b>	<b>\$ 332.1</b>
Asbestos:				
Asbestos adjustments	35.8	18.5	115.8	(8.8)
AICF SG&A expenses	0.3	0.5	0.9	1.3
AICF interest income, net	(0.1)	(0.3)	(0.3)	(0.9)
Restructuring expenses	—	—	11.1	—
<b>Adjusted operating profit before income taxes</b>	<b>\$ 154.2</b>	<b>\$ 93.7</b>	<b>\$ 416.7</b>	<b>\$ 323.7</b>
Income tax expense	(49.6)	(29.4)	(124.4)	(96.9)
Tax adjustments <sup>1</sup>	18.7	13.1	40.8	39.4
<b>Adjusted income tax expense</b>	<b>\$ (30.9)</b>	<b>\$ (16.3)</b>	<b>\$ (83.6)</b>	<b>\$ (57.5)</b>
Effective tax rate	42.0%	39.2%	43.0%	29.2%
<b>Adjusted effective tax rate</b>	<b>20.0%</b>	<b>17.4%</b>	<b>20.1%</b>	<b>17.8%</b>

<sup>1</sup> Includes tax adjustments related to the amortization benefit of certain US intangible assets, asbestos, and other tax adjustments

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;
- uncertainty from the expected discontinuance of LIBOR and transition to any other interest rate benchmark;
- statements regarding the effect and consequences of the COVID-19 public health crisis;
- statements regarding tax liabilities and related audits, reviews and proceedings;
- statements regarding the possible consequences and/or potential outcome of legal proceedings brought against us and the potential liabilities, if any, associated with such proceedings;
- expectations about the timing and amount of contributions to AICF, a special purpose fund for the compensation of proven Australian asbestos-related personal injury and death claims;
- expectations concerning the adequacy of the Company's warranty provisions and estimates for future warranty-related costs;
- statements regarding the Company's ability to manage legal and regulatory matters (including but not limited to product liability, environmental, intellectual property and competition law matters) and to resolve any such pending legal and regulatory matters within current estimates and in anticipation of certain third-party recoveries; and
- statements about economic or housing market conditions in the regions in which we operate, including but not limited to, 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 2020, 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 funding and the effect of currency exchange rate movements on the amount recorded in the Company's financial statements as an asbestos liability; the continuation or termination of the governmental loan facility to AICF; compliance with and changes in tax laws and treatments; competition and product pricing in the markets in which the Company operates; the consequences of product failures or defects; exposure to environmental, asbestos, putative consumer class action or other legal proceedings; general economic and market conditions; the supply and cost of raw materials; possible increases in competition and the potential that competitors could copy the Company's products; reliance on a small number of customers; a customer's inability to pay; compliance with and changes in environmental and health and safety laws; risks of conducting business internationally; compliance with and changes in laws and regulations; currency exchange risks; dependence on customer preference and the concentration of the Company's customer base on large format retail customers, distributors and dealers; dependence on residential and commercial construction markets; the effect of adverse changes in climate or weather patterns; possible inability to renew credit facilities on terms favorable to the Company, or at all; acquisition or sale of businesses and business segments; changes in the Company's key management personnel; inherent limitations on internal controls; use of accounting estimates; risk and uncertainties arising out of the COVID-19 public health crisis, including the impact of COVID-19 on our business, sales, results of operations and financial condition 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.





# Q3 FY21 MANAGEMENT PRESENTATION

## 9 February 2021





# CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

## CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This Management Presentation contains forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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 media releases and other written materials and in oral statements made by the Company's officers, directors or employees to analysts, institutional investors, representatives of the media and others. 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. These forward-looking statements are based upon management's current expectations, estimates, assumptions and beliefs concerning future events and conditions. Readers are cautioned not to place undue reliance on any forward-looking statements.

Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are unforeseeable and beyond the Company's control. Many factors could cause actual results, performance or achievements to be materially different from those expressed or implied in this Management Presentation, including, among others, the risks and uncertainties set forth in Section 3 "Risk Factors" in James Hardie's Annual Report on Form 20-F for the year ended 31 March 2020; changes in general economic, political, governmental and business conditions globally and in the countries in which the Company does business, including the impact of COVID-19; changes in interest rates; changes in inflation rates; changes in exchange rates; the level of construction generally; changes in cement demand and prices; changes in raw material and energy prices; changes in business strategy and various other factors. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein. James Hardie assumes no obligation to update or correct the information contained in this Management Presentation except as required by law.

## USE OF NON-GAAP FINANCIAL INFORMATION; AUSTRALIAN EQUIVALENT TERMINOLOGY

This Management Presentation includes financial measures that are not considered a measure of financial performance under generally accepted accounting principles in the United States (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 measures for the same purposes.

These financial measures are or may be non-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 GAAP. These non-GAAP financial measures should not be considered to be more meaningful than the equivalent GAAP measure. Management has included such measures to provide investors with an alternative method for assessing its operating results in a manner that is focused on the performance of its ongoing operations and excludes the impact of certain legacy items, such as asbestos adjustments. Additionally, management uses such non-GAAP financial measures for the same purposes. However, these non-GAAP financial measures are not prepared in accordance with GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. For additional information regarding the non-GAAP financial measures presented in this Management Presentation, including a reconciliation of each non-GAAP financial measure to the equivalent GAAP measure, see the slide titled "Non-GAAP Financial Measures" included in the Appendix to this Management Presentation.

In addition, this Management Presentation includes financial measures and descriptions that are considered to not be in accordance with GAAP, but which are consistent with financial measures reported by Australian companies, such as operating profit, EBIT and EBIT margin. Since the Company prepares its Consolidated Financial Statements in accordance with GAAP, the Company provides investors with a table and definitions presenting cross-references between each GAAP financial measure used in the Company's Consolidated Financial Statements to the equivalent non-GAAP financial measure used in this Management Presentation. See the section titled "Non-GAAP Financial Measures" included in the Appendix to this Management Presentation.



# AGENDA



- **Strategy Update**
- **Q3 FY21 Financial Results**
- **Questions and Answers**



Dr. Jack Truong  
Chief Executive Officer



Jason Miele  
Chief Financial Officer



## STRATEGY UPDATE



# GLOBAL STRATEGY UPDATE

## FY20-FY21: TRANSFORM TO ENABLE FUTURE GLOBAL GROWTH

- World class manufacturing via **LEAN**
- **Customer focused** via **Push/Pull** strategy
- **Integrate supply chain** with our customers to **serve the market seamlessly** with optimal working capital
- Implement and embed a **globally integrated management system**
- Delivered **consistent financial results**, every quarter

- ✓ **US\$83 million** in cumulative global **LEAN savings**
- ✓ Delivered **7+% PDG** across last 7 quarters in NA
- ✓ **Reduced working capital** by US\$198 million in FY21
- ✓ Accelerated strategy through COVID pandemic
- ✓ **Record global net sales and global EBIT** for 2 consecutive quarters

## FY22 AND BEYOND: DRIVE PROFITABLE GROWTH

### Commercialize Global Innovations

First global commercialization: on-track for May 2021

### Penetrate and Drive Profitable Growth in Existing and New Segments

### Extend Into the Consumer Brand

Marketing to homeowners to create demand

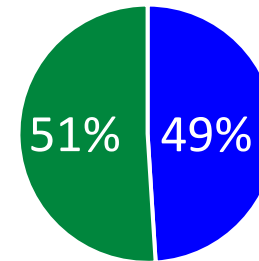
# PROFITABLE ORGANIC GROWTH VIA INNOVATION

## Market Driven Innovation

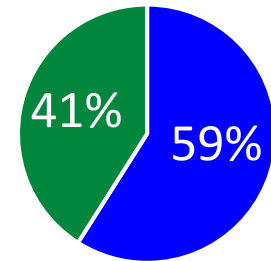
- **Innovation Platform:** Innovative products that deliver endless possibilities of design and aesthetics for the homeowner
- **Superior Performance:** Deliver key performance properties of durability, low maintenance, non-combustibility and improved labor efficiency, by using James Hardie world class Fiber Cement technology
- **Expansion Opportunities:** Open new markets and enlarge existing markets by introducing 'change-the-basis-of-competition' market-led innovations

## Exterior Wall Material by Region<sup>1</sup>

North America<sup>2</sup>



Australia/New Zealand<sup>3</sup>



● Addressable With Current JHX Product Portfolio

● Expansion Opportunity Through Innovation

<sup>1</sup> Exterior Cladding Material used in New Construction (NAHBNow, 2020)

<sup>2</sup> Source: NAHBNow 8 October 2020 for the full year 2019

<sup>3</sup> Source: BIS Oxford, Australian Bureau of Statistics, BRANZ and Management Estimates

Market Driven Innovation Expands Opportunities for Organic Growth

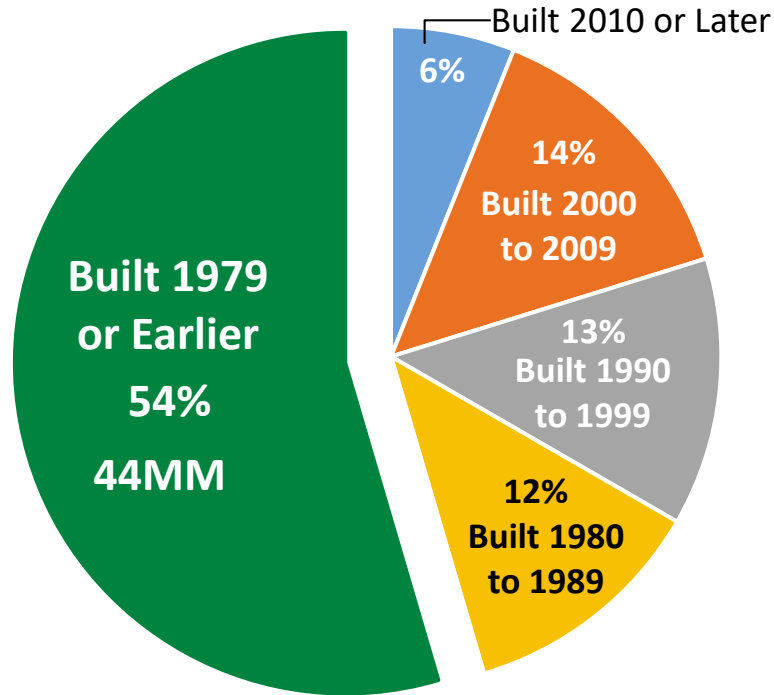


# PROFITABLE ORGANIC GROWTH VIA INNOVATION



# ACCELERATE OUR PENETRATION INTO REPAIR & REMODEL SEGMENT

## Share of Owner-Occupied Housing by Year Structure Built<sup>1</sup>



<sup>1</sup> 2019 US Census-Detached Homes (American Housing Survey)

## 44 Million homes that are more than 40 years old

- Significant opportunity for re-Siding and remodeling
- James Hardie is the trusted innovator with premium quality products that enable homeowners to realize their dream homes with pride and joy
- Marketing to the homeowners to create awareness and demand

Create Demand with Homeowners and Integrate with Customers to Expand Growth in Repair & Remodel Segment



## EXTEND INTO THE CONSUMER BRAND



**Market directly to the homeowners to communicate the endless possibilities of aesthetic design to create more demand for James Hardie Brand exterior products**

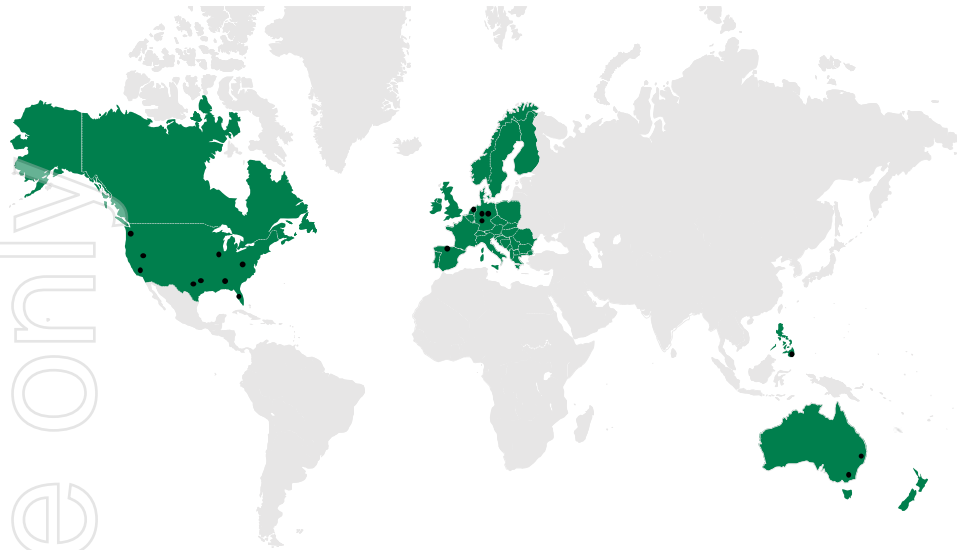
- Lasting beauty with endless design possibilities
- Trusted protection: durability, low maintenance and non-combustibility

Create Demand with Homeowners and Integrate with Customers to Expand Growth in Repair & Remodel Segment

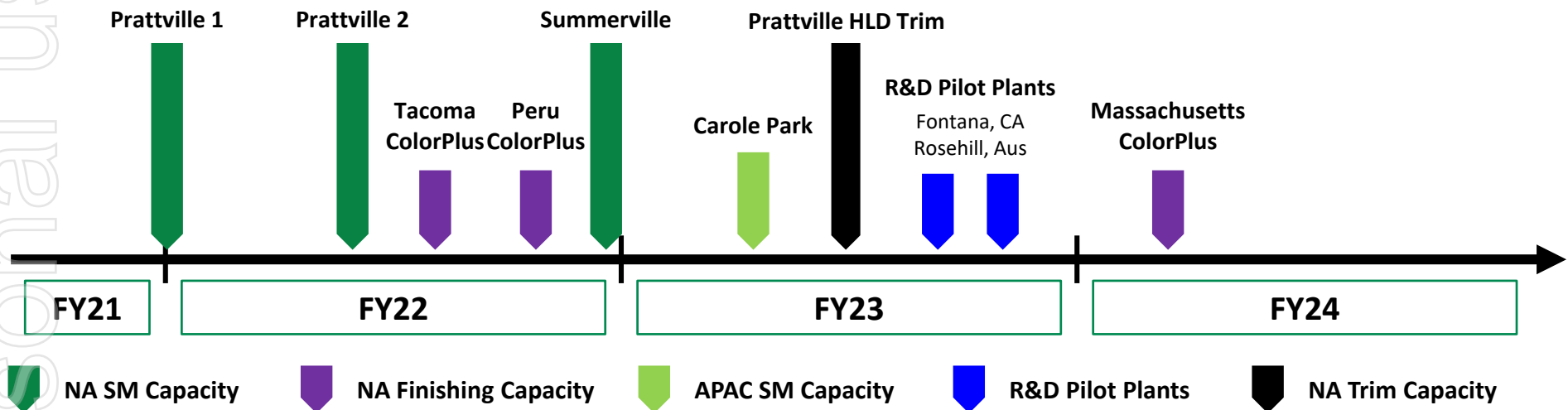
# EXTEND INTO THE CONSUMER BRAND



# GLOBAL CAPACITY EXPANSION AND NEW PRODUCTS CAPABILITY



- +800 mmstf nameplate capacity in NA
- +60 mmstf nameplate capacity in ANZ
- Additional ColorPlus capability in NA
- Additional HLD Trim capability in NA
- Enable innovation with R&D pilot plants in US and Australia





# GLOBAL GROWTH & STRONG RETURNS – Q3 FY21

**Global Net Sales**  
**US\$738.6 million**  
**+20%**

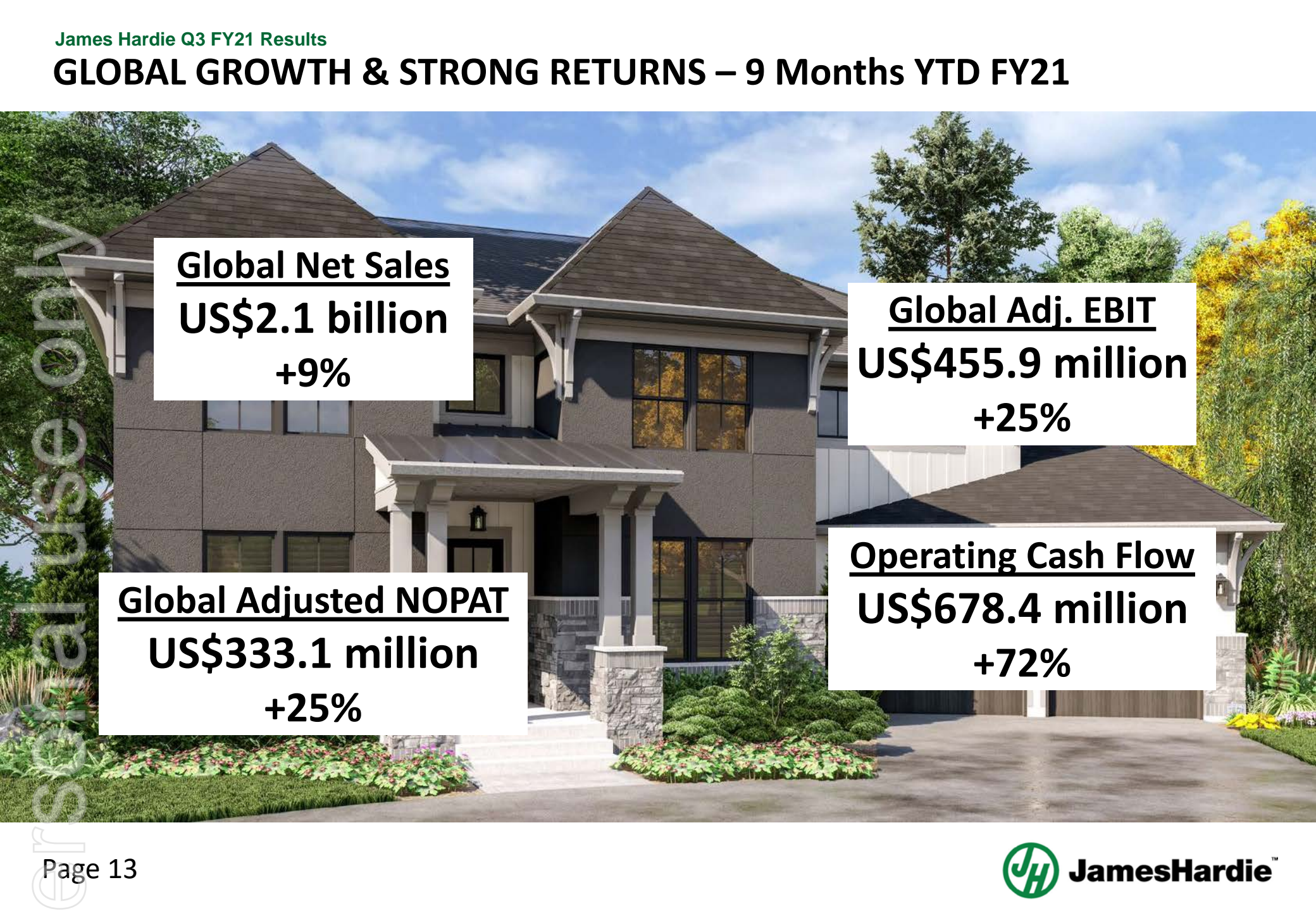
**Global Adjusted NOPAT**  
**US\$123.3 million**  
**+59%**

**North America**  
**Net Sales US\$518.1 million +20%**  
**EBIT Margin 30.0%**

**Europe**  
**Net Sales €85.3 million +12%**  
**EBIT Margin 10.2%**

**Asia Pacific**  
**Net Sales A\$163.3 million +9%**  
**EBIT Margin 28.1%**

# GLOBAL GROWTH & STRONG RETURNS – 9 Months YTD FY21



**Global Net Sales**  
**US\$2.1 billion**  
**+9%**

**Global Adj. EBIT**  
**US\$455.9 million**  
**+25%**

**Global Adjusted NOPAT**  
**US\$333.1 million**  
**+25%**

**Operating Cash Flow**  
**US\$678.4 million**  
**+72%**





## Q3 FY21 FINANCIAL RESULTS



# GLOBAL RESULTS OVERVIEW

	Q3 FY21	9 Months FY21
Sales Volume	1,056.9 mmsf ↑ 16%	3,010.6 mmsf ↑ 6%
Net Sales	US\$738.6 M ↑ 20%	US\$2,101.7 M ↑ 9%
Adjusted EBIT <sup>1</sup>	US\$167.9 M ↑ 57%	US\$455.9 M ↑ 25%
Adjusted Net Operating Profit <sup>2</sup>	US\$123.3 M ↑ 59%	US\$333.1 M ↑ 25%
Operating Cash Flow		US\$678.4 M ↑ 72%

<sup>1</sup> Excludes asbestos related expenses and adjustments and restructuring expenses

<sup>2</sup> Excludes asbestos related expenses and adjustments, tax adjustments and restructuring expenses

- All 3 regions delivered strong profitable growth
- Adjusted EBIT increased 57% in Q3, driven by:
  - North America increased US\$43.3 million (+39%)
  - Europe increased €6.6 million (+300%)
  - APAC increased A\$11.7 million (+34%)
- Adjusted EBIT increased 25% in the first nine months, driven by:
  - North America increased US\$84.6 million (+24%)
  - Europe increased €5.7 million (+39%)
  - APAC increased A\$24.4 million (+22%)
  - General Corporate Cost expense increased US\$21.0 million
- Adjusted NOPAT increased 59% in Q3 and 25% in the first nine months
- Operating cash flow increased US\$285.0 million (+72%) driving improved liquidity and financial flexibility

**Record Global Results:**  
Net Sales, Adjusted EBIT, Adjusted NOPAT, and Operating Cash Flow



# NORTH AMERICA SUMMARY

	Q3 FY21	9 Months FY21
Sales Volume	693.8 mmsf ↑ 17%	1,990.2 mmsf ↑ 9%
Net Sales	US\$518.1 M ↑ 20%	US\$1,484.9 M ↑ 11%
Adjusted EBIT <sup>1</sup>	US\$155.6 M ↑ 39%	US\$435.1 M ↑ 24%
Adjusted EBIT Margin <sup>1</sup>	30.0 % ↑ 3.9 pts	29.3 % ↑ 3.2 pts

<sup>1</sup> Excludes restructuring expenses

- Exteriors volume increased +19% in Q3 and +11% in the first nine months of FY21
  - Accelerated share gain through customer engagement and integration
- Interiors volume increased +4% in Q3 and was flat in the first nine months of FY21
- Adjusted EBIT growth of +39% in Q3 and +24% in the first nine months of FY21 driven by:
  - Strong organic volume growth
  - LEAN manufacturing savings
  - Lower SG&A
  - Partially offset by higher freight costs
- First nine months of FY21 Adjusted EBIT margin increased from 26.1% to 29.3%

Outstanding Net Sales Growth (+20%) and Adjusted EBIT Growth (+39%), with 30.0% Adjusted EBIT Margin



# EUROPE SUMMARY

	Q3 FY21	9 Months FY21
Sales Volume	221.3 mmsf ↑ 17%	623.4 mmsf ↑ 5%
Net Sales	€85.3 M ↑ 12%	€246.0 M ↑ 2%
Adjusted EBIT <sup>1</sup>	€8.8 M ↑ 300%	€20.2 M ↑ 39%
Adjusted EBIT Margin <sup>1</sup>	10.2 % ↑ 7.4 pts	8.4 % ↑ 2.4 pts
EBIT Margin excluding <sup>2</sup>	10.2 % ↑ 2.3 pts	8.4 % ↓ -1.2 pts

<sup>1</sup> Excludes restructuring expenses

<sup>2</sup> Excludes restructuring expenses in FY21 and costs associated with the Fermacell acquisition in FY20

- Net Sales increased 12% in Q3:
  - Fiber Cement Net Sales €: +18% in Q3
  - Fiber Gypsum Net Sales €: +11% in Q3 driven by strong double digit growth in Germany
- Net Sales increased 2% in the first nine months
  - Strong organic net sales growth in Q2 (+8%) and Q3 (+12%), partially offset by impact of COVID-19 pandemic in Q1, specifically UK and France government-imposed shutdowns
  - Fiber Cement Net Sales €: +4% in the first nine months
  - Fiber Gypsum Net Sales €: +2% in the first nine months
- Q3 Adjusted EBIT Margin of 10.2%

## Strong Top-Line and Bottom-Line Results



# APAC SUMMARY

	Q3 FY21	9 Months FY21
Sales Volume	141.8 mmsf ↑ 9%	397.0 mmsf ↓ -3%
Net Sales	A\$163.3 M ↑ 9%	A\$472.6 M ↑ 1%
Adjusted EBIT <sup>1</sup>	A\$45.9 M ↑ 34%	A\$133.6 M ↑ 22%
Adjusted EBIT Margin <sup>1</sup>	28.1 % ↑ 5.2 pts	28.4 % ↑ 5.1 pts

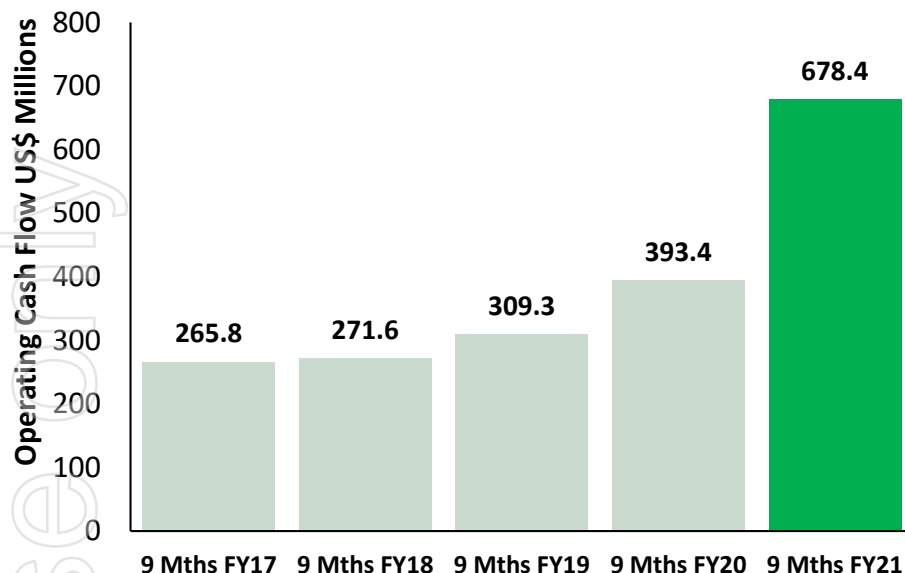
<sup>1</sup> Excludes restructuring expenses

- Continued market share gain in Australia and New Zealand
- First nine months volume, gross profit and EBIT unfavorably impacted by government imposed COVID-19 lockdowns in the Philippines and New Zealand during the first quarter
- Adjusted EBIT growth of 22% at 28.4% margin for the nine months driven by:
  - Consolidating Australia and New Zealand regional production to our two Australia plants,
  - Favorable geographic mix, and
  - Exiting non-profitable JH Systems business.

Strong Adjusted EBIT Growth and EBIT Margin



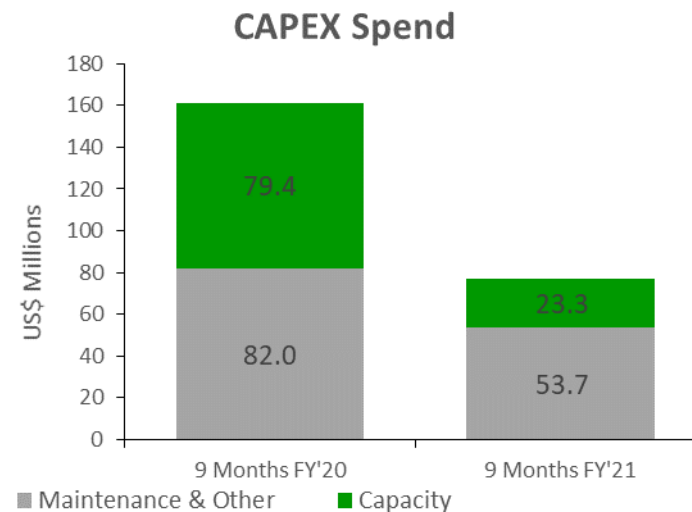
## OPERATING CASH FLOW UP



### YTD FY21 Operating cash flows, up 72%

- Increased profitable sales
- Integrated with customers to reduce working capital for both customers and James Hardie
- Reduced inventory by US\$90.3 million since 31 March 2020

## CAPITAL EXPENDITURES DOWN



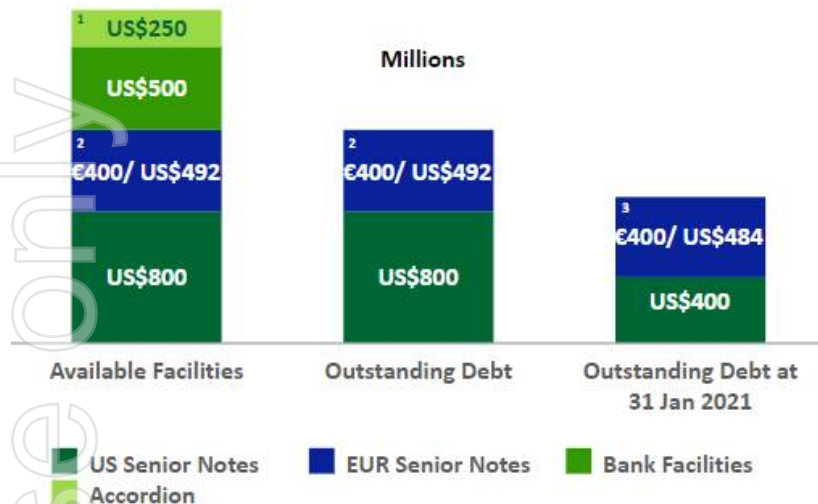
### CAPEX spend for the nine months of US\$77.0 million

- Carole Park, Australia brownfield expansion commissioned in the third quarter of FY21
- Prattville, AL, USA greenfield expansion on-track
  - Sheet Machine #1: March 2021
  - Sheet Machine #2: mid-calendar year 2021

**Total capital expenditures estimated to be approximately US\$250 million per year for the period FY22-FY24**

# LIQUIDITY PROFILE

Debt Profile



## Corporate debt structure

- On 15 January 2021 redeemed US\$400 million 4.75% senior unsecured notes maturing 2025
  - US\$9.5 million call premium and US\$3.6 million in unamortized financing costs to be recorded in Q4 FY21
- €400 million (US\$492 million)<sup>2</sup> 3.625% senior unsecured notes, maturing 2026 (callable in October 2021)
- US\$400 million 5.00% senior unsecured notes maturing 2028 (callable in January 2023)
- US\$500 million unsecured RCF, maturing December 2022
- Do not anticipate accessing accordion feature of RCF

## Net leverage

- 0.96x leverage ratio<sup>4</sup> at 31 December 2020, improved from 1.9x on 31 March 2020

## Strong balance sheet and liquidity

- US\$1,097.0 million of liquidity on 31 December 2020
- US\$675.2 million of liquidity on 31 January 2021 following debt redemption

<sup>1</sup> Incremental liquidity of up to US\$250 million may be accessed via an accordion feature, which is provided for under the terms of the syndicated revolving credit facility agreement, but not credit approved

<sup>2</sup> Based on exchange rate as of 31 December 2020

<sup>2</sup> Based on exchange rate as of 31 January 2021

<sup>4</sup> Leverage ratio is based on bank covenant definition

Strong Cash and Liquidity Position

# CAPITAL MANAGEMENT AND ALLOCATION

Strong capital structure and cash flows to execute on capital allocation objectives:

- Preserve strong liquidity position and financial flexibility;
- Invest in capacity expansion to support organic growth;
- Invest in market driven innovation to drive organic growth;
- Gross debt reduced by US\$400 million in January 2021 in accordance with plan; and
- Return capital to shareholders
  - Announced special dividend of US\$0.70 per share on 9 February 2021; with a record date of 19 February 2021, payable on 30 April 2021 (Sydney, Australia time)
  - Reinstating ordinary dividends in FY22, beginning with a Fiscal Year 2022 half-year dividend to be declared in November 2021

Balance Sheet Strength, Invest in Growth, and  
Return Capital to Shareholders



## FULL YEAR FY21 GUIDANCE

Management raises full year FY21 Adjusted net operating profit<sup>1</sup> to range of

**US\$440 million and US\$450 million**

- Prior Adjusted net operating profit range of US\$380 million and US\$420 million
- The comparable full year Adjusted net operating profit for FY20 was US\$352.8 million

*James Hardie continues to assess the impacts and the uncertainties of the COVID-19 pandemic on the geographic locations in which we operate, as well as its impact on the new construction and repair and remodel building markets. The COVID-19 pandemic remains volatile and continues to evolve, and the full impact of the pandemic on James Hardie's business and future financial performance remains uncertain.*

*James Hardie's guidance is based on current estimates and assumptions and is subject to a number of known and unknown uncertainties and risks, including those related to the COVID-19 pandemic and set forth in our Media Release in "Forward-Looking Statements."*

<sup>1</sup> Adjusted Net Operating Profit: In FY21 excludes asbestos related expenses and adjustments, and restructuring expenses





**QUESTIONS**



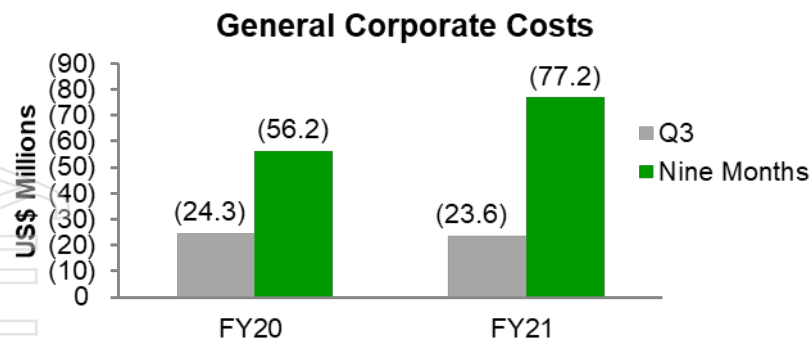




## APPENDIX

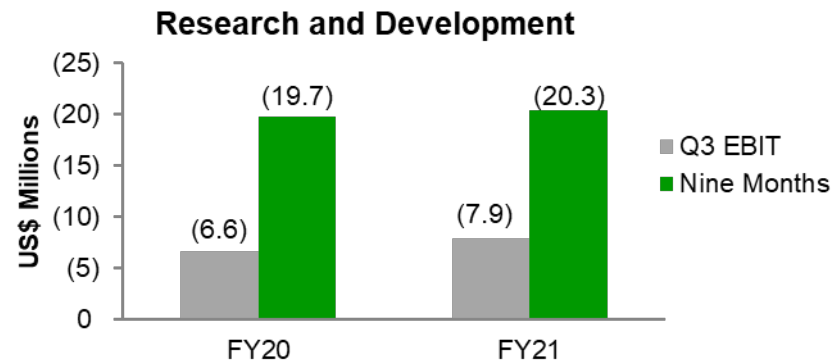


## GENERAL CORPORATE COSTS



- Stock compensation expense was flat in Q3 and increased US\$11.5 million in the first nine months
- Increase in stock compensation expense for the nine months was driven by share price accretion
- Legal expenses increased US\$4.5 million in Q3 and US\$13.0 million in the first nine months

## RESEARCH & DEVELOPMENT

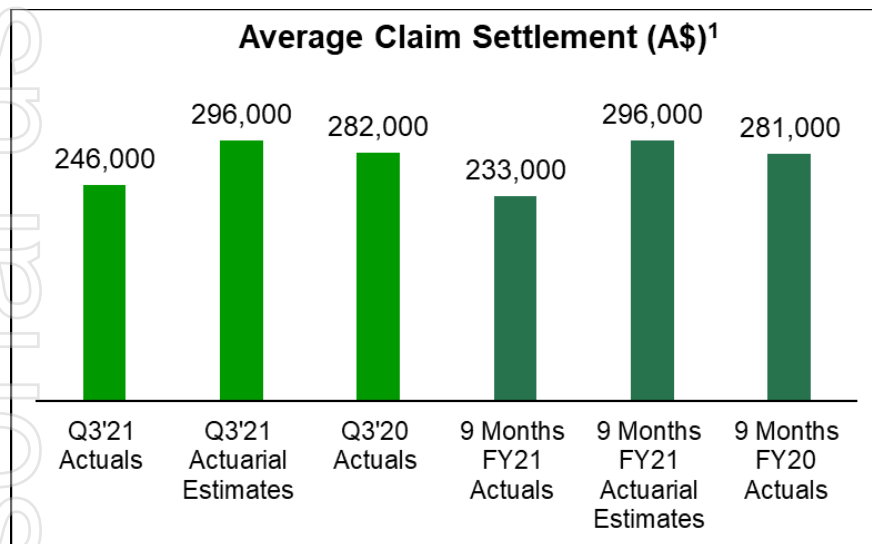
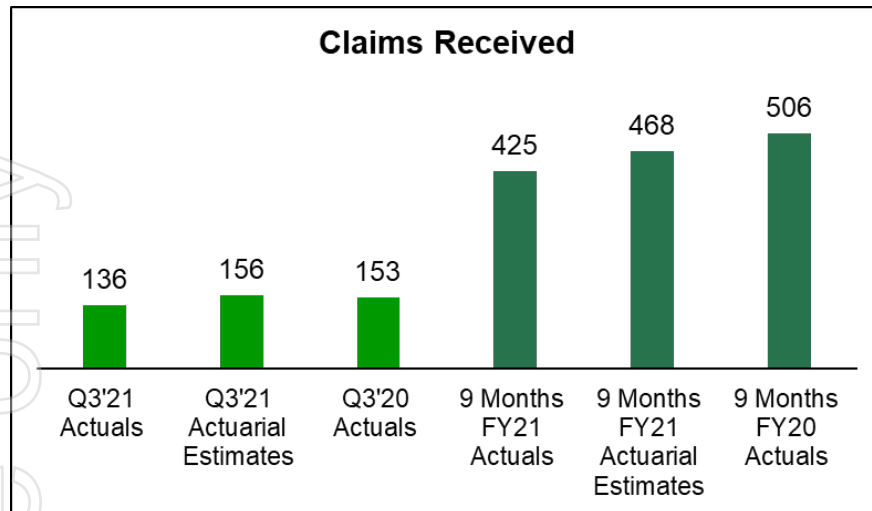


- Customer Driven Innovation remains core strategic pillar
- R&D up 3% in the first nine months
- Product development R&D expenses of US\$2.4 million in Q3 and US\$6.9 million for first nine months, included within the NA, APAC and EU segments, increased 14% in Q3 and 8% in the first nine months

# DEPRECIATION AND AMORTIZATION

US\$ Millions		Three Months and Nine Months Ended 31 December			
		Q3 FY21	Q3 FY20	9 Months FY21	9 Months FY20
<b>Depreciation and amortization</b>					
North America Fiber Cement	\$	21.8	\$ 22.0	\$ 64.7	\$ 66.0
Asia Pacific Fiber Cement		3.2	3.2	9.0	9.4
Europe Building Products		7.8	3.9	20.1	15.0
Other Businesses		-	-	-	0.2
Research and Development		0.3	0.3	0.9	0.8
General Corporate		0.9	0.8	2.4	2.4
<b>Total Depreciation and amortization</b>	<b>\$</b>	<b>34.0</b>	<b>\$ 30.2</b>	<b>\$ 97.1</b>	<b>\$ 93.8</b>

# ASBESTOS CLAIMS DATA



## First Nine Months ended 31 December 2020:

- Net cash outflow was 13% below actuarial expectations
- Gross cash outflow was 12% below actuarial expectations
- Claims received were 9% below actuarial estimates and 16% below pcp
- Number of claims settled were up 1% compared to pcp
- Average claim settlement was 21% below actuarial estimates and 17% below pcp

<sup>1</sup> Average claim settlement is derived as the total amount paid divided by the number of non-nil claims



# NON-GAAP FINANCIAL MEASURES AND TERMS

This Management Presentation forms part of a package of information about the company's results. It should be read in conjunction with the other parts of this package, including the Management's Analysis of Results, Media Release and Condensed Consolidated Financial Statements

## Definitions

**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

## Non-financial Terms

**AFFA** – Amended and Restated Final Funding Agreement

**AICF** – Asbestos Injuries Compensation Fund Ltd

**Legacy New Zealand weathertightness claims ("New Zealand weathertightness")** – Expenses arising from defending and resolving claims in New Zealand that allege generic defects in certain fiber cement products and systems, breach of duties including the failure to conduct appropriate testing of these products and systems, failure to warn and misleading and deceptive conduct in relation to the marketing and sale of the products and systems

**New South Wales loan facility ("NSW Loan")** – AICF has access to a secured loan facility made available by the New South Wales Government, which can be used by AICF to fund the payment of asbestos claims and certain operating and legal costs

# NON-GAAP FINANCIAL MEASURES

## Financial Measures – GAAP equivalents

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

<b>Management's Analysis of Results and Media Release</b>	<b>Consolidated Statements of Operations and Other Comprehensive Income (Loss) (GAAP)</b>
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-GAAP descriptions used by Australian companies	

# NON-GAAP FINANCIAL MEASURES

## Financial Measures – GAAP equivalents

### Adjusted EBIT

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'21	Q3'20	9 Months FY21	9 Months FY20
<b>EBIT</b>	\$ 131.8	\$ 88.2	\$ 328.1	\$ 373.3
Asbestos:				
Asbestos adjustments	35.8	18.5	115.8	(8.8)
AICF SG&A expenses	0.3	0.5	0.9	1.3
Restructuring expenses	-	-	11.1	-
<b>Adjusted EBIT</b>	\$ 167.9	\$ 107.2	\$ 455.9	\$ 365.8
Net sales	738.6	616.7	2,101.7	1,933.6
<b>Adjusted EBIT margin</b>	<b>22.7%</b>	<b>17.4%</b>	<b>21.7%</b>	<b>18.9%</b>

### North America Fiber Cement Segment Adjusted EBIT excluding restructuring expenses

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'21	Q3'20	9 Months FY21	9 Months FY20
<b>North America Fiber Cement Segment EBIT</b>	\$ 155.6	\$ 112.3	\$ 432.6	\$ 350.5
Restructuring expenses	-	-	2.5	-
<b>North America Fiber Cement Segment Adjusted EBIT excluding restructuring expenses</b>	\$ 155.6	\$ 112.3	\$ 435.1	\$ 350.5
North America Fiber Cement Segment net sales	518.1	430.0	1,484.9	1,341.9
<b>North America Fiber Cement Segment Adjusted EBIT margin excluding restructuring expenses</b>	<b>30.0%</b>	<b>26.1%</b>	<b>29.3%</b>	<b>26.1%</b>

# NON-GAAP FINANCIAL MEASURES

## Asia Pacific Fiber Cement Segment Adjusted EBIT excluding restructuring expenses

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'21	Q3'20	9 Months FY21	9 Months FY20
Asia Pacific Fiber Cement Segment EBIT	\$ 33.5	\$ 23.4	\$ 91.1	\$ 75.2
Restructuring expenses	-	-	3.4	-
Asia Pacific Fiber Cement Segment Adjusted EBIT excluding restructuring expenses	\$ 33.5	\$ 23.4	\$ 94.5	\$ 75.2
Asia Pacific Fiber Cement Segment net sales	119.1	102.0	332.5	322.6
Asia Pacific Fiber Cement Segment Adjusted EBIT margin excluding restructuring expenses	28.1%	22.9%	28.4%	23.3%

## Europe Building Products Segment Adjusted EBIT excluding restructuring expenses and costs associated with the acquisition

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'21	Q3'20	9 Months FY21	9 Months FY20
Europe Building Products Segment EBIT	\$ 10.3	\$ 2.4	\$ 18.7	\$ 16.1
Restructuring expenses	-	-	5.1	-
Europe Building Products Segment Adjusted EBIT excluding restructuring expenses	\$ 10.3	\$ 2.4	\$ 23.8	\$ 16.1
Costs associated with the acquisition	-	4.3	-	9.6
Europe Building Products Segment Adjusted EBIT excluding restructuring expenses and costs associated with the acquisition	\$ 10.3	\$ 6.7	\$ 23.8	\$ 25.7
Europe Building Products Segment net sales	101.4	84.7	284.3	268.5
Europe Building Products Segment Adjusted EBIT margin excluding restructuring expenses	10.2%	2.8%	8.4%	6.0%
Europe Building Products Segment Adjusted EBIT margin excluding restructuring expenses and costs associated with the acquisition	10.2%	7.9%	8.4%	9.6%

# NON-GAAP FINANCIAL MEASURES

## Research and Development Segment Adjusted EBIT excluding restructuring expenses

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'21	Q3'20	9 Months FY21	9 Months FY20
Research and Development Segment EBIT	\$ (7.9)	\$ (6.6)	\$ (20.4)	\$ (19.7)
Restructuring expenses	-	-	0.1	-
Research and Development Segment Adjusted EBIT excluding restructuring expenses	\$ (7.9)	\$ (6.6)	\$ (20.3)	\$ (19.7)

## Adjusted interest, net

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'21	Q3'20	9 Months FY21	9 Months FY20
Interest, net	\$ (13.6)	\$ (13.2)	\$ (38.9)	\$ (41.1)
AICF interest income, net	0.1	0.3	0.3	0.9
Adjusted interest, net	\$ (13.7)	\$ (13.5)	\$ (39.2)	\$ (42.0)



# NON-GAAP FINANCIAL MEASURES

## Adjusted net operating profit

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3'21	Q3'20	9 Months FY21	9 Months FY20
<b>Net operating profit</b>	<b>\$ 68.6</b>	<b>\$ 45.6</b>	<b>\$ 164.8</b>	<b>\$ 235.2</b>
Asbestos:				
Asbestos adjustments	35.8	18.5	115.8	(8.8)
AICF SG&A expenses	0.3	0.5	0.9	1.3
AICF interest income, net	(0.1)	(0.3)	(0.3)	(0.9)
Restructuring expenses	-	-	11.1	-
Tax adjustments <sup>1</sup>	18.7	13.1	40.8	39.4
<b>Adjusted net operating profit</b>	<b>\$ 123.3</b>	<b>\$ 77.4</b>	<b>\$ 333.1</b>	<b>\$ 266.2</b>

## Adjusted effective tax rate

US\$ Millions	Three Months and Nine Months Ended 31 December			
	Q3 FY21	Q3 FY20	9 Months FY21	9 Months FY20
<b>Operating profit before income taxes</b>	<b>\$ 118.2</b>	<b>\$ 75.0</b>	<b>\$ 289.2</b>	<b>\$ 332.1</b>
Asbestos:				
Asbestos adjustments	35.8	18.5	115.8	(8.8)
AICF SG&A expenses	0.3	0.5	0.9	1.3
AICF interest income, net	(0.1)	(0.3)	(0.3)	(0.9)
Restructuring expenses	-	-	11.1	-
<b>Adjusted operating profit before income taxes</b>	<b>\$ 154.2</b>	<b>\$ 93.7</b>	<b>\$ 416.7</b>	<b>\$ 323.7</b>
Income tax expense	(49.6)	(29.4)	(124.4)	(96.9)
Tax adjustments <sup>1</sup>	18.7	13.1	40.8	39.4
<b>Adjusted income tax expense</b>	<b>\$ (30.9)</b>	<b>\$ (16.3)</b>	<b>\$ (83.6)</b>	<b>\$ (57.5)</b>
Effective tax rate	42.0%	39.2%	43.0%	29.2%
<b>Adjusted effective tax rate</b>	<b>20.0%</b>	<b>17.4%</b>	<b>20.1%</b>	<b>17.8%</b>





# Q3 FY21 MANAGEMENT PRESENTATION

## 9 February 2021



# **James Hardie Industries plc**

**Condensed Consolidated Financial Statements**

**as of and for the Three and Nine Months Ended 31 December 2020**



# James Hardie Industries plc

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# James Hardie Industries plc

## Condensed Consolidated Balance Sheets

(Millions of US dollars)	(Unaudited) 31 December 2020	31 March 2020
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 601.8	\$ 144.4
Restricted cash and cash equivalents	5.0	5.0
Restricted cash and cash equivalents - Asbestos	49.0	36.4
Restricted short-term investments - Asbestos	27.0	21.6
Accounts and other receivables, net	272.0	363.3
Inventories	230.1	305.1
Prepaid expenses and other current assets	42.2	26.1
Insurance receivable - Asbestos	6.2	5.0
Workers' compensation - Asbestos	1.9	1.5
Total current assets	1,235.2	908.4
Property, plant and equipment, net	1,381.2	1,341.7
Operating lease right-of-use-assets	40.7	40.5
Finance lease right-of-use-assets	2.7	1.7
Goodwill	219.7	196.9
Intangible assets, net	182.9	166.7
Insurance receivable - Asbestos	44.4	38.5
Workers' compensation - Asbestos	25.8	20.7
Deferred income taxes	943.8	989.4
Deferred income taxes - Asbestos	371.4	319.1
Other assets	3.1	4.7
Total assets	\$ 4,450.9	\$ 4,028.3
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 332.7	\$ 274.7
Accrued payroll and employee benefits	88.1	87.1
Short-term debt	396.4	—
Operating lease liabilities	16.0	14.3
Finance lease liabilities	0.8	0.5
Accrued product warranties	6.8	7.0
Income taxes payable	10.7	8.9
Asbestos liability	129.6	103.9
Workers' compensation - Asbestos	1.9	1.5
Other liabilities	25.5	12.1
Total current liabilities	1,008.5	510.0
Long-term debt	881.5	1,354.6
Deferred income taxes	89.6	81.9
Operating lease liabilities	40.7	41.4
Finance lease liabilities	1.8	1.5
Accrued product warranties	35.1	35.4
Income taxes payable	21.4	21.3
Asbestos liability	1,015.7	882.5
Workers' compensation - Asbestos	25.8	20.7
Other liabilities	53.0	43.7
Total liabilities	3,173.1	2,993.0
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Common stock, Euro 0.59 par value, 2.0 billion shares authorized; 444,167,489 shares issued and outstanding at 31 December 2020 and 443,144,740 shares issued and outstanding at 31 March 2020	231.3	230.6
Additional paid-in capital	218.9	207.3
Retained earnings	824.3	659.5
Accumulated other comprehensive income (loss)	3.3	(62.1)
Total shareholders' equity	1,277.8	1,035.3
Total liabilities and shareholders' equity	\$ 4,450.9	\$ 4,028.3

The accompanying notes are an integral part of these condensed consolidated financial statements.



**James Hardie Industries plc**  
**Condensed Consolidated Statements of Operations and Comprehensive Income**  
**(Unaudited)**

(Millions of US dollars, except per share data)	Three Months Ended 31 December		Nine Months Ended 31 December	
	2020	2019	2020	2019
Net sales	\$ 738.6	\$ 616.7	\$ 2,101.7	\$ 1,933.6
Cost of goods sold	(466.6)	(396.1)	(1,341.0)	(1,239.8)
Gross profit	272.0	220.6	760.7	693.8
Selling, general and administrative expenses	(94.9)	(105.9)	(280.5)	(305.5)
Research and development expenses	(9.5)	(8.0)	(25.2)	(23.8)
Restructuring expenses	—	—	(11.1)	—
Asbestos adjustments	(35.8)	(18.5)	(115.8)	8.8
Operating income	131.8	88.2	328.1	373.3
Interest, net	(13.6)	(13.2)	(38.9)	(41.1)
Other expense	—	—	—	(0.1)
Income before income taxes	118.2	75.0	289.2	332.1
Income tax expense	(49.6)	(29.4)	(124.4)	(96.9)
Net income	\$ 68.6	\$ 45.6	\$ 164.8	\$ 235.2
Income per share:				
Basic	\$ 0.15	\$ 0.10	\$ 0.37	\$ 0.53
Diluted	\$ 0.15	\$ 0.10	\$ 0.37	\$ 0.53
Weighted average common shares outstanding (Millions):				
Basic	444.0	442.8	443.5	442.5
Diluted	445.5	444.9	445.0	444.7
Comprehensive income, net of tax:				
Net income	\$ 68.6	\$ 45.6	\$ 164.8	\$ 235.2
Currency translation adjustments	24.8	14.6	65.4	(0.8)
Comprehensive income	\$ 93.4	\$ 60.2	\$ 230.2	\$ 234.4

The accompanying notes are an integral part of these condensed consolidated financial statements.

# James Hardie Industries plc

## Condensed Consolidated Statements of Cash Flows

### (Unaudited)

(Millions of US dollars)	Nine Months Ended 31 December	
	2020	2019
<b>Cash Flows From Operating Activities</b>		
Net income	\$ 164.8	\$ 235.2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	97.1	93.8
Lease expense	12.6	15.2
Deferred income taxes	58.7	45.4
Stock-based compensation	12.3	10.2
Asbestos adjustments	115.8	(8.8)
Excess tax benefits from share-based awards	(2.9)	(0.4)
Other, net	17.7	15.1
Changes in operating assets and liabilities:		
Accounts and other receivables	113.0	49.2
Inventories	90.3	(13.4)
Lease assets and liabilities, net	(14.5)	(12.8)
Prepaid expenses and other assets	(16.4)	(7.4)
Insurance receivable - Asbestos	3.4	6.1
Accounts payable and accrued liabilities	59.6	34.5
Claims and handling costs paid - Asbestos	(77.2)	(79.9)
Income taxes payable	6.6	(0.6)
Other accrued liabilities	37.5	12.0
<b>Net cash provided by operating activities</b>	<b>\$ 678.4</b>	<b>\$ 393.4</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of property, plant and equipment	\$ (77.0)	\$ (161.4)
Proceeds from sale of property, plant and equipment	1.0	8.0
Capitalized interest	(7.3)	(6.9)
Purchase of restricted short-term investments - Asbestos	(25.0)	(75.5)
Proceeds from restricted short-term investments - Asbestos	23.2	31.5
<b>Net cash used in investing activities</b>	<b>\$ (85.1)</b>	<b>\$ (204.3)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from credit facilities	\$ —	\$ 290.0
Repayments of credit facilities	(130.0)	(260.0)
Repayment of finance lease obligations and borrowings	(0.6)	(0.3)
Dividends paid	—	(155.8)
<b>Net cash used in financing activities</b>	<b>\$ (130.6)</b>	<b>\$ (126.1)</b>
Effects of exchange rate changes on cash and cash equivalents, restricted cash and restricted cash - Asbestos	\$ 7.3	\$ (3.6)
Net increase in cash and cash equivalents, restricted cash and restricted cash - Asbestos	470.0	59.4
Cash and cash equivalents, restricted cash and restricted cash - Asbestos at beginning of period	185.8	123.6
<b>Cash and cash equivalents, restricted cash and restricted cash - Asbestos at end of period</b>	<b>\$ 655.8</b>	<b>\$ 183.0</b>
<b>Non-Cash Investing and Financing Activities</b>		
Capital expenditures incurred but not yet paid	\$ 7.9	\$ 7.5
<b>Supplemental Disclosure of Cash Flows Activities</b>		
Cash paid to AICF	\$ 76.7	\$ 108.9

The accompanying notes are an integral part of these condensed consolidated financial statements.

**James Hardie Industries plc**  
**Condensed Consolidated Statements of Changes in Shareholders' Equity**  
**(Unaudited)**

Three Months Ended 31 December 2020					
(Millions of US dollars)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balances at 30 September 2020</b>	<b>\$ 231.2</b>	<b>\$ 214.9</b>	<b>\$ 755.7</b>	<b>\$ (21.5)</b>	<b>\$ 1,180.3</b>
Net income	—	—	68.6	—	68.6
Other comprehensive gain	—	—	—	24.8	24.8
Stock-based compensation	0.1	4.0	—	—	4.1
<b>Balances at 31 December 2020</b>	<b>\$ 231.3</b>	<b>\$ 218.9</b>	<b>\$ 824.3</b>	<b>\$ 3.3</b>	<b>\$ 1,277.8</b>

Nine Months Ended 31 December 2020					
(Millions of US dollars)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balances at 31 March 2020</b>	<b>\$ 230.6</b>	<b>\$ 207.3</b>	<b>\$ 659.5</b>	<b>\$ (62.1)</b>	<b>\$ 1,035.3</b>
Net income	—	—	164.8	—	164.8
Other comprehensive gain	—	—	—	65.4	65.4
Stock-based compensation	0.7	11.6	—	—	12.3
<b>Balances at 31 December 2020</b>	<b>\$ 231.3</b>	<b>\$ 218.9</b>	<b>\$ 824.3</b>	<b>\$ 3.3</b>	<b>\$ 1,277.8</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

**James Hardie Industries plc**  
**Condensed Consolidated Statements of Changes in Shareholders' Equity**  
**(Unaudited)**

	Three Months Ended 31 December 2019				
(Millions of US dollars)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balances at 30 September 2019</b>	<b>\$ 230.3</b>	<b>\$ 202.8</b>	<b>\$ 651.9</b>	<b>\$ (45.7)</b>	<b>\$ 1,039.3</b>
Net income	—	—	45.6	—	45.6
Other comprehensive gain	—	—	—	14.6	14.6
Stock-based compensation	0.2	4.5	—	—	4.7
Dividends declared	—	—	(44.3)	—	(44.3)
<b>Balances at 31 December 2019</b>	<b>\$ 230.5</b>	<b>\$ 207.3</b>	<b>\$ 653.2</b>	<b>\$ (31.1)</b>	<b>\$ 1,059.9</b>

	Nine Months Ended 31 December 2019				
(Millions of US dollars)	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balances at 31 March 2019</b>	<b>\$ 230.0</b>	<b>\$ 197.6</b>	<b>\$ 577.1</b>	<b>\$ (30.3)</b>	<b>\$ 974.4</b>
Net income	—	—	235.2	—	235.2
Other comprehensive loss	—	—	—	(0.8)	(0.8)
Stock-based compensation	0.5	9.7	—	—	10.2
Adoption of ASU 2016-02	—	—	0.2	—	0.2
Dividends declared	—	—	(159.3)	—	(159.3)
<b>Balances at 31 December 2019</b>	<b>\$ 230.5</b>	<b>\$ 207.3</b>	<b>\$ 653.2</b>	<b>\$ (31.1)</b>	<b>\$ 1,059.9</b>

The accompanying notes are an integral part of these condensed consolidated financial statements.

# James Hardie Industries plc

## Notes to Condensed Consolidated Financial Statements

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### 1. Organization and Significant Accounting Policies

#### Nature of Operations

James Hardie Industries plc ("JHI plc") manufactures and sells fiber cement, fiber gypsum and cement-bonded building products for interior and exterior building construction applications, primarily in the United States, Australia, Europe, New Zealand, the Philippines and Canada.

#### Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the U.S. generally accepted accounting principles (GAAP) for interim financial information. Accordingly, they do not include all the information and footnotes required by GAAP for complete financial statements. Interim financial results are not necessarily indicative of results anticipated for the full year. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and the notes thereto, included in the Company's Annual Report on Form 20-F for the fiscal year ended 31 March 2020 from which the prior year balance sheet information herein was derived. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expense, and related disclosures. Though the impact of the COVID-19 pandemic to the Company's business and operating results presents additional uncertainty, the Company continues to use the best information available to assess its critical accounting estimates. Actual results could differ from those estimates.

The condensed consolidated financial statements represent the financial position, results of operations and cash flows of JHI plc and its wholly-owned subsidiaries and variable interest entity ("VIE"). Unless the context indicates otherwise, JHI plc and its direct and indirect wholly-owned subsidiaries and VIE (as of the time relevant to the applicable reference) are collectively referred to as "James Hardie", the "James Hardie Group" or the "Company". All intercompany transactions have been eliminated in consolidation. Certain prior period amounts have been reclassified to conform to the current period presentation. In management's opinion, the accompanying unaudited condensed consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments considered necessary for a fair presentation of the results for the interim periods presented.

The Company has recorded on its balance sheet certain foreign assets and liabilities, including asbestos related assets and liabilities under the terms of the Amended and Restated Final Funding Agreement ("AFFA"), that are denominated in foreign currencies and subject to translation (foreign entities) or remeasurement (Asbestos Injuries Compensation Fund ("AICF") entity and Euro denominated debt) into US dollars at each reporting date. Unless otherwise noted, the Company converts foreign currency denominated assets and liabilities into US dollars at the current spot rate at the end of the reporting period; while revenues and expenses are converted using an average exchange rate for the period. The Company records gains and losses on its Euro denominated debt which are economically offset by foreign exchange gains and losses on loans between subsidiaries, resulting in a net immaterial translation gain or loss which is recorded in the *Selling, general and administrative expenses* in the condensed consolidated statements of operations and comprehensive income.



## **Significant Accounting Policies**

During the nine months ended 31 December 2020, there were no changes to the Company's significant accounting policies as described in the Annual Report on Form 20-F for the fiscal year ended 31 March 2020, except as described in recently adopted accounting pronouncements below.

### **Recent Accounting Pronouncements**

#### Recently Adopted

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-13, Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments, which amends the impairment model by requiring entities to use a forward-looking approach based on expected losses to estimate credit losses on certain types of financial instruments, including trade receivables. As required, the Company adopted the standard starting with the fiscal year beginning 1 April 2020 using a modified retrospective approach noting no material differences to the condensed consolidated financial statements for the three and nine months ended 31 December 2020. The Company estimates its allowance for credit losses on the trade receivables as described in the Accounts Receivables policy below.

#### *Accounts Receivables*

The Company evaluates the collectability of accounts receivables on an ongoing basis based on historical bad debts, customer credit-worthiness, current and forward-looking economic trends and changes in the Company's customer payment activity. An allowance for doubtful accounts is provided for known and estimated bad debts. Although credit losses have historically been within expectations, the Company cannot guarantee that it will continue to experience the same credit loss rates that it has had in the past. Because the Company's accounts receivables are concentrated in a relatively small number of customers, a significant change in the liquidity or financial position of any of these customers could impact their ability to make payments and result in the need for additional allowances.

#### Recently Issued

In December 2019, the FASB issued ASU No. 2019-12, Income taxes (Topic 740). The amendments in the standard are being issued to simplify the accounting for income taxes and are effective for fiscal years and interim periods within those fiscal years, beginning after 15 December 2020 with early adoption permitted. The Company will adopt ASU No. 2019-12 starting with the fiscal year beginning 1 April 2021 and does not expect the adoption of this standard to have a material impact on its consolidated financial statements.

## Earnings Per Share

Basic earnings per share ("EPS") is calculated using net income divided by the weighted average number of common shares outstanding during the period. Diluted EPS is similar to basic EPS except that the weighted average number of common shares outstanding is increased to include the number of additional common shares calculated using the Treasury Method that would have been outstanding if the dilutive potential common shares, such as restricted stock units ("RSUs"), had been issued.

Basic and dilutive common shares outstanding used in determining net income per share are as follows:

(Millions of shares)	Three Months Ended 31 December		Nine Months Ended 31 December	
	2020	2019	2020	2019
Basic common shares outstanding	444.0	442.8	443.5	442.5
Dilutive effect of stock awards	1.5	2.1	1.5	2.2
Diluted common shares outstanding	445.5	444.9	445.0	444.7

There were no potential common shares which would be considered anti-dilutive for the three and nine months ended 31 December 2020 and 2019.

Potential common shares of 1.0 million for the three and nine months ended 31 December 2020 and 0.7 million and 0.8 million for the three and nine months ended 31 December 2019, respectively, have been excluded from the calculation of diluted common shares outstanding as they are considered contingent shares which are not expected to vest.

## 2. Revenues

The following represents the Company's disaggregated revenues:

(Millions of US dollars)	Three Months Ended 31 December 2020			
	North America Fiber Cement	Asia Pacific Fiber Cement	Europe Building Products	Consolidated
Fiber cement revenues	\$ 518.1	\$ 119.1	\$ 13.3	\$ 650.5
Fiber gypsum revenues	—	—	88.1	88.1
Total revenues	\$ 518.1	\$ 119.1	\$ 101.4	\$ 738.6

(Millions of US dollars)	Three Months Ended 31 December 2019			
	North America Fiber Cement	Asia Pacific Fiber Cement	Europe Building Products	Consolidated
Fiber cement revenues	\$ 430.0	\$ 102.0	\$ 10.6	\$ 542.6
Fiber gypsum revenues	—	—	74.1	74.1
Total revenues	\$ 430.0	\$ 102.0	\$ 84.7	\$ 616.7

(Millions of US dollars)	Nine Months Ended 31 December 2020			
	North America Fiber Cement	Asia Pacific Fiber Cement	Europe Building Products	Consolidated
Fiber cement revenues	\$ 1,484.9	\$ 332.5	\$ 38.4	\$ 1,855.8
Fiber gypsum revenues	—	—	245.9	245.9
Total revenues	\$ 1,484.9	\$ 332.5	\$ 284.3	\$ 2,101.7

(Millions of US dollars)	Nine Months Ended 31 December 2019				
	North America Fiber Cement	Asia Pacific Fiber Cement	Europe Building Products	Other Businesses <sup>1</sup>	Consolidated
Fiber cement revenues	\$ 1,341.9	\$ 322.6	\$ 35.5	\$ —	\$ 1,700.0
Fiber gypsum revenues	—	—	233.0	—	233.0
Other revenues	—	—	—	0.6	0.6
Total revenues	<u>\$ 1,341.9</u>	<u>\$ 322.6</u>	<u>\$ 268.5</u>	<u>\$ 0.6</u>	<u>\$ 1,933.6</u>

<sup>1</sup> Effective 31 March 2020, the Other Businesses segment no longer qualifies as a reportable segment.

The process by which the Company recognizes revenues is consistent across each of the Company's reportable segments. Fiber cement and fiber gypsum revenues are primarily generated from the sale of siding and various boards used in internal and external applications, as well as accessories. Fiber gypsum revenues also includes the sale of cement-bonded boards in the Europe Building Products segment. Other revenues in the Other Businesses segment were generated from the sale of fiberglass products and windows in North America.

### 3. Cash and Cash Equivalents, Restricted Cash and Restricted Cash - Asbestos

The following table provides a reconciliation of *Cash and cash equivalents*, *Restricted cash and Restricted cash - Asbestos* reported within the condensed consolidated balance sheets that sum to the total of the same such amounts shown in the condensed consolidated statements of cash flows:

(Millions of US dollars)	31 December 2020	31 March 2020
Cash and cash equivalents	\$ 601.8	\$ 144.4
Restricted cash	5.0	5.0
Restricted cash - Asbestos	49.0	36.4
Total cash and cash equivalents, restricted cash and restricted cash - Asbestos	<u>\$ 655.8</u>	<u>\$ 185.8</u>

*Restricted cash* relates to an insurance policy which restricts the cash from general corporate purposes.

*Restricted cash - Asbestos* is restricted to the settlement of asbestos claims and for the payment of the operating costs of AICF.

#### 4. Inventories

Inventories consist of the following components:

(Millions of US dollars)	31 December 2020	31 March 2020
Finished goods	\$ 162.3	\$ 224.4
Work-in-process	7.7	8.1
Raw materials and supplies	68.9	87.0
Provision for obsolete finished goods and raw materials	(8.8)	(14.4)
Total inventories	<u>\$ 230.1</u>	<u>\$ 305.1</u>

#### 5. Debt

The following table represents the Company's debt obligations:

(Millions of US dollars)	31 December 2020	31 March 2020
<b>Senior unsecured notes:</b>		
Principal amount 4.750% notes due 2025	\$ 400.0	\$ 400.0
Principal amount 3.625% notes due 2026 (€400 million)	491.6	440.7
Principal amount 5.000% notes due 2028	400.0	400.0
Total	<u>1,291.6</u>	<u>1,240.7</u>
Unsecured revolving credit facility	—	130.0
Unamortized debt issuance costs	(13.7)	(16.1)
	<u>\$ 1,277.9</u>	<u>\$ 1,354.6</u>
Less: Short-term debt	(396.4)	—
Total Long-term debt	<u>\$ 881.5</u>	<u>\$ 1,354.6</u>
Weighted average interest rate of Long-term debt	4.2 %	4.3 %
Weighted average term of available Long-term debt	4.8 years	5.3 years
Fair value of Senior unsecured notes (Level 1)	\$ 1,338.8	\$ 1,147.7

At 31 December 2020, the Company had a total borrowing base capacity of US\$500.0 million under the unsecured revolving credit facility which expires December 2022. Letters of credit and bank guarantees drawn at 31 December 2020 total US\$4.8 million leaving the Company with US\$495.2 million of available borrowing capacity under the unsecured revolving credit facility.

At 31 December 2020, the Company was in compliance with all covenants contained in the senior unsecured notes and the unsecured revolving credit facility agreement.

Redemption of 2025 Senior Unsecured Notes

On 15 January 2021, the Company redeemed US\$400.0 million aggregate principal amount of the 4.750% notes due 2025 and recorded a loss on early debt extinguishment of US\$13.1 million, which included US\$9.5 million of call redemption premiums and US\$3.6 million of unamortized financing costs associated with these notes. As such, these notes have been reclassified as *Short-term debt* as of 31 December 2020.

**6. Asbestos**

In February 2007, the Company's shareholders approved the AFFA, an agreement pursuant to which the Company provides long-term funding to the AICF.

Asbestos Adjustments

The following table sets forth the *Asbestos adjustments* included in the condensed consolidated statements of operations and comprehensive income:

(Millions of US dollars)	Three Months Ended 31 December		Nine Months Ended 31 December	
	2020	2019	2020	2019
Effect of foreign exchange on Asbestos net liabilities	\$ (47.9)	\$ (18.5)	\$ (130.3)	\$ 8.0
Gain on foreign currency forward contracts	12.4	—	14.8	0.8
Asbestos research and education contribution	(0.3)	—	(0.3)	—
Total Asbestos Adjustments	<u>\$ (35.8)</u>	<u>\$ (18.5)</u>	<u>\$ (115.8)</u>	<u>\$ 8.8</u>

Claims Data

The following table shows the activity related to the numbers of open claims, new claims and closed claims during each of the past five years and the average settlement per settled claim and case closed:

	Nine Months Ended	For the Years Ended 31 March				
	31 December 2020	2020	2019	2018	2017	2016
Number of open claims at beginning of period	393	332	336	352	426	494
Number of new claims						
Direct claims	309	449	430	422	402	431
Cross claims	116	208	138	140	155	146
Number of closed claims	456	596	572	578	631	645
Number of open claims at end of period	362	393	332	336	352	426
Average settlement amount per settled claim	A\$233,000	A\$277,000	A\$262,000	A\$253,000	A\$224,000	A\$248,000
Average settlement amount per case closed	A\$216,000	A\$245,000	A\$234,000	A\$217,000	A\$168,000	A\$219,000
Average settlement amount per settled claim	US\$163,000	US\$189,000	US\$191,000	US\$196,000	US\$168,000	US\$183,000
Average settlement amount per case closed	US\$151,000	US\$167,000	US\$171,000	US\$168,000	US\$126,000	US\$161,000



# James Hardie Industries plc

## Notes to Condensed Consolidated Financial Statements (continued)

Under the terms of the AFFA, the Company has rights of access to actuarial information produced for AICF by the actuary appointed by AICF, which is currently KPMG Actuarial. The Company's disclosures with respect to claims statistics are subject to it obtaining such information, however, the AFFA does not provide the Company an express right to audit or otherwise require independent verification of such information or the methodologies to be adopted by the approved actuary. As such, the Company relies on the accuracy and completeness of the information provided by AICF to the approved actuary and the resulting information and analysis of the approved actuary when making disclosures with respect to claims statistics.

### Asbestos-Related Assets and Liabilities

The following is a detailed rollforward of the Net Unfunded AFFA liability, net of tax, for the nine months ended 31 December 2020:

(Millions of US dollars)	Asbestos Liability	Insurance Receivables	Restricted Cash and Investments	Other Assets and Liabilities	Net Unfunded AFFA Liability	Deferred Tax Assets	Income Tax Payable	Net Unfunded AFFA Liability, net of tax
Balance - 31 March 2020	\$ (986.4)	\$ 43.5	\$ 58.0	\$ (2.0)	\$ (886.9)	\$ 319.1	\$ 23.4	\$ (544.4)
Asbestos claims paid <sup>1</sup>	76.5	—	(76.5)	—	—	—	—	—
Payment received in accordance with AFFA <sup>2</sup>	—	—	76.7	—	76.7	—	—	76.7
AICF claims-handling costs incurred (paid)	0.7	—	(0.7)	—	—	—	—	—
AICF operating costs paid - non claims-handling	—	—	(0.9)	—	(0.9)	—	—	(0.9)
Insurance recoveries	—	(3.4)	3.5	—	0.1	—	—	0.1
Movement in income tax payable	—	—	—	—	—	(24.5)	(1.6)	(26.1)
Other movements	—	—	1.7	(0.6)	1.1	0.2	—	1.3
Effect of foreign exchange	(236.1)	10.5	14.2	(0.5)	(211.9)	76.6	5.0	(130.3)
<b>Balance - 31 December 2020</b>	<b>\$ (1,145.3)</b>	<b>\$ 50.6</b>	<b>\$ 76.0</b>	<b>\$ (3.1)</b>	<b>\$ (1,021.8)</b>	<b>\$ 371.4</b>	<b>\$ 26.8</b>	<b>\$ (623.6)</b>

1 Claims paid of US\$76.5 million reflects A\$109.1 million converted at the average exchange rate for the period based on the assumption that these transactions occurred evenly throughout the period.

### AICF Funding

The AICF payment of A\$220.9 million which represents 35% of the Company's free cash flow plus interest, as defined by the AFFA, for fiscal year 2020 will be made by the Company in quarterly installments during fiscal year 2021 as follows:

Payment Date	A\$ Millions
1 July 2020	55.2
1 October 2020	55.2
4 January 2021	55.2
23 March 2021	55.3

For the three and nine months ended 31 December 2020, the Company did not provide financial or other support to AICF that it was not previously contractually required to provide.

Free cash flow as defined in the AFFA, for the nine months ended 31 December 2020 is US\$671.1 million, which is equivalent to operating cash flows of US\$678.4 million, less adjustments of US\$7.3 million.

### Restricted Short-Term Investments

In October 2020, AICF invested A\$35.0 million (US\$27.0 million, based on the exchange rate at 31 December 2020) of its excess cash in time deposits which are classified as available-for-sale investments and reflected within *Restricted short-term investments - Asbestos* on the condensed consolidated balance sheet. These time deposits will mature on 2 July 2021 and have a fixed interest rate of 0.59% per year. At 31 December 2020, AICF's short-term investments were revalued resulting in a mark-to-market fair value adjustment of nil.

### AICF – NSW Government Secured Loan Facility

AICF may borrow, subject to certain conditions, up to an aggregate amount of A\$320.0 million (US\$246.5 million, based on the exchange rate at 31 December 2020). The AICF Loan Facility is available to be drawn for the payment of claims through 1 November 2030, at which point, all outstanding borrowings must be repaid. Borrowings made under the AICF Loan Facility are classified as current, as AICF intends to repay the debt within one year.

At 31 December 2020 and 31 March 2020, AICF had no amounts outstanding under the AICF Loan Facility.

## **7. Derivatives**

The Company uses derivatives for risk management purposes and does not engage in speculative activity. A risk management objective for the Company is to mitigate interest rate risk associated with the Company's external credit facilities and foreign currency risk primarily with respect to forecasted transactions denominated in foreign currencies. The determination of whether the Company enters into a derivative transaction to achieve these risk management objectives depends on a number of factors, including an evaluation of the extent to which derivative instruments will achieve such risk management objectives of the Company.

The Company may from time to time enter into interest rate swap contracts to protect against upward movements in US Dollar LIBOR and the associated interest the Company pays on its external credit facilities. Interest rate swaps are recorded in the financial statements at fair value. Changes in fair value are recorded in the condensed consolidated statements of operations and comprehensive income in *Other expense*.

### Interest Rate Swaps

The fair value of interest rate swap contracts is calculated based on the fixed rate, notional principal, settlement date and present value of the future cash inflows and outflows based on the terms of the agreement and the future floating interest rates as determined by a future interest rate yield curve. The model used to value the interest rate swap contracts is based upon well recognized financial principles, and interest rate yield curves can be validated through readily observable data by external sources. Although readily observable data is used in the valuations, different valuation methodologies could impact the estimated fair value. Accordingly, the interest rate swap contracts are categorized as Level 2 within the fair value hierarchy.

The notional amount of interest rate swap contracts was nil and US\$25.0 million at 31 December 2020 and 31 March 2020, respectively, and represents the basis upon which payments are calculated and are reported on a net basis when a legal and enforceable right of set-off exists. For the three and nine months ended 31 December 2020 and 2019, the unrealized and realized gains and losses recorded on

interest rate swap contracts are immaterial and are recorded in *Other expense* in the accompanying condensed consolidated statements of operations and comprehensive income.

#### Foreign Currency Forward Contracts

The Company's foreign currency forward contracts are valued using models that maximize the use of market observable inputs including interest rate curves and both forward and spot prices for currencies and are categorized as Level 2 within the fair value hierarchy. At 31 December 2020, the Company had foreign currency forward contracts with a notional value of US\$229.8 million, which are entirely related to upcoming AICF payments.

For the three and nine months ended 31 December 2020, the gains on these forward contracts were US\$12.4 million and US\$14.8 million, respectively. For the three and nine months ended 31 December 2019, the gains on these forward contracts were nil and US\$0.8 million, respectively. Refer to Note 6 for further details.

### **8. Commitments and Contingencies**

#### Legal Matters

The Company is involved from time to time in various legal proceedings and administrative actions related to the normal conduct of its business, including general liability claims, putative class action lawsuits and litigation concerning its products.

Although it is impossible to predict the outcome of any pending legal proceeding, management believes that such proceedings and actions should not, individually or in the aggregate, have a material adverse effect on the Company's consolidated financial position, results of operations or cash flows, except as they relate to asbestos as described in these condensed consolidated financial statements.

#### New Zealand Weathertightness Claims

Since fiscal year 2002, the Company's New Zealand subsidiaries are joined in a number of weathertightness claims in New Zealand that relate to residential buildings (single dwellings and apartment complexes) and a small number of non-residential buildings, primarily constructed from 1998 to 2004.

In 2015, the Company and/or its subsidiaries were named as the sole defendants in four claims on behalf of multiple defendants, three of which are still pending and each of which allege that the New Zealand subsidiaries' products were inherently defective. The Company believes it has substantial factual and legal defenses to these claims and is defending the claims vigorously. For further details, refer to the Form 20-F filed on 19 May 2020.

In August 2020, phase one of the first claim commenced in Wellington, New Zealand to solely determine whether the Company's New Zealand subsidiaries had a duty to the plaintiffs and breached that duty. This phase of the trial concluded in December 2020, with a court decision expected to be announced in early fiscal year 2022.

While the outcome of this phase of the first claim cannot be predicted, management does not believe this matter will have a material adverse effect on the Company's business or financial position. As of 31 December 2020, the Company had no estimated loss accrued related to the legal matter discussed above because the Company believes the chance of loss from this matter is not probable and the amount of loss, if any, cannot be reasonably estimated.

Environmental

The operations of the Company, like those of other companies engaged in similar businesses, are subject to several laws and regulations on air and water quality, waste handling and disposal. The Company's policy is to accrue for environmental costs when it is determined that it is probable that an obligation exists and the amount can be reasonably estimated.

**9. Income Taxes**

*Income taxes payable* represents taxes currently payable which are computed at statutory income tax rates applicable to taxable income derived in each jurisdiction in which the Company conducts business. During the nine months ended 31 December 2020, the Company received net tax refunds of US\$25.1 million.

*Income tax expense* differs from the statutory rate primarily due to the Company's mix of pre-tax income by jurisdiction, foreign taxes on domestic income and foreign exchange on asbestos.

*Deferred income taxes* include net operating loss carry-forwards. At 31 December 2020, the Company had tax loss carry-forwards in Australia, New Zealand, Europe and the US of approximately US\$67.2 million that are available to offset future taxable income in the respective jurisdiction. The Company establishes a valuation allowance against a deferred tax asset if it is more likely than not that some portion or all of the deferred tax asset will not be realized.

The Australian tax loss carry-forwards primarily result from current and prior year tax deductions for contributions to AICF. James Hardie 117 Pty Limited, the performing subsidiary under the AFFA, is able to claim a tax deduction for its contributions to AICF over a five-year period commencing in the year the contribution is incurred. At 31 December 2020, the Company recognized a tax deduction of US\$81.2 million (A\$115.7 million) for the current year relating to total contributions to AICF of US\$558.5 million (A\$771.7 million) incurred in tax years 2017 through 2021.

**10. Stock-Based Compensation**

Total stock-based compensation expense consists of the following:

(Millions of US dollars)	Three Months Ended 31 December		Nine Months Ended 31 December	
	2020	2019	2020	2019
Liability Awards Expense	\$ 5.3	\$ 4.8	\$ 18.2	\$ 8.8
Equity Awards Expense	4.1	4.7	12.3	10.2
<b>Total stock-based compensation expense</b>	<b>\$ 9.4</b>	<b>\$ 9.5</b>	<b>\$ 30.5</b>	<b>\$ 19.0</b>

At 31 December 2020, the unrecorded future stock-based compensation expense related to outstanding equity awards was US\$19.1 million and will be recognized over an estimated weighted average amortization period of 2.1 years.



## 11. Segment Information

The Company has reported its segment information in the format that the information is available to and evaluated by the Chief Operating Decision Maker. The North America Fiber Cement segment manufactures fiber cement interior linings, exterior siding products and related accessories in the United States; these products are sold in the United States and Canada. The Asia Pacific Fiber Cement segment includes all fiber cement products manufactured in Australia, New Zealand and the Philippines, and sold in Australia, New Zealand, Asia, the Middle East and various Pacific Islands. The Europe Building Products segment includes the Fermacell business and fiber cement product manufactured in the United States that is sold in Europe. The Other Businesses segment ceased to be an operating and reportable segment effective 31 March 2020 due to the Company's completion of its exit of its non-fiber cement manufacturing and sales activities in North America, including fiberglass windows. The Research and Development segment represents the cost incurred by the research and development centers. General Corporate costs primarily consist of *Asbestos adjustments*, officer and employee compensation and related benefits, professional and legal fees, administrative costs and rental expense, net of rental income, on the Company's corporate offices. The Company does not report net interest expense for each segment as the segments are not held directly accountable for interest expense.

(Millions of US dollars)	Net Sales Three Months Ended 31 December		Net Sales Nine Months Ended 31 December	
	2020	2019	2020	2019
North America Fiber Cement	\$ 518.1	\$ 430.0	\$ 1,484.9	\$ 1,341.9
Asia Pacific Fiber Cement	119.1	102.0	332.5	322.6
Europe Building Products	101.4	84.7	284.3	268.5
Other Businesses	—	—	—	0.6
Worldwide total	<u>\$ 738.6</u>	<u>\$ 616.7</u>	<u>\$ 2,101.7</u>	<u>\$ 1,933.6</u>

(Millions of US dollars)	Operating Income Three Months Ended 31 December		Operating Income Nine Months Ended 31 December	
	2020	2019	2020	2019
North America Fiber Cement	\$ 155.6	\$ 112.3	\$ 432.6	\$ 350.5
Asia Pacific Fiber Cement	33.5	23.4	91.1	75.2
Europe Building Products	10.3	2.4	18.7	16.1
Other Businesses	—	—	—	(0.1)
Research and Development <sup>1</sup>	(7.9)	(6.6)	(20.4)	(19.7)
Segments total	<u>191.5</u>	<u>131.5</u>	<u>522.0</u>	<u>422.0</u>
General Corporate	(59.7)	(43.3)	(193.9)	(48.7)
Total operating income	<u>\$ 131.8</u>	<u>\$ 88.2</u>	<u>\$ 328.1</u>	<u>\$ 373.3</u>

1. For the three and nine months ended 31 December 2020, the Research and Development segment also included *Selling, general and administrative* expenses of US\$0.8 million and US\$2.1 million, respectively. For the three and nine months ended 31 December 2019, the Research and Development segment also included *Selling, general and administrative* expenses of US\$0.7 million and US\$2.3 million, respectively.

# James Hardie Industries plc

## Notes to Condensed Consolidated Financial Statements (continued)

(Millions of US dollars)	Research and Development Expenses			
	Three Months Ended 31 December		Nine Months Ended 31 December	
	2020	2019	2020	2019
North America Fiber Cement	\$ 1.5	\$ 1.3	\$ 4.3	\$ 4.0
Asia Pacific Fiber Cement	0.3	0.4	0.9	1.3
Europe Building Products	0.6	0.4	1.7	1.1
Research and Development	7.1	5.9	18.3	17.4
	<u>\$ 9.5</u>	<u>\$ 8.0</u>	<u>\$ 25.2</u>	<u>\$ 23.8</u>

(Millions of US dollars)	Total Identifiable Assets	
	31 December 2020	31 March 2020
North America Fiber Cement	\$ 1,223.9	\$ 1,320.0
Asia Pacific Fiber Cement	357.6	314.3
Europe Building Products	798.9	748.5
Research and Development	9.2	8.6
Segments total	<u>2,389.6</u>	<u>2,391.4</u>
General Corporate	2,061.3	1,636.9
Worldwide total	<u>\$ 4,450.9</u>	<u>\$ 4,028.3</u>

## 12. Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) is comprised of the following at 31 December 2020:

(Millions of US dollars)	Cash Flow Hedges	Pension Actuarial Gain	Foreign Currency Translation Adjustments	Total
Balance at 31 March 2020	\$ 0.2	\$ 0.8	\$ (63.1)	\$ (62.1)
Other comprehensive gain	—	—	65.4	65.4
<b>Balance at 31 December 2020</b>	<u>\$ 0.2</u>	<u>\$ 0.8</u>	<u>\$ 2.3</u>	<u>\$ 3.3</u>