Management Prepared Remarks
February 10th, 2026

Aaron Erter, CEO

Hello everyone and thanks for joining us today.

Before I begin, I would like to take a moment to thank our employees around the world who work every day to safely deliver the highest-quality products, solutions, and services to our customers. This team has done an incredible job navigating a period of significant change and excitement with the AZEK combination. I am truly grateful for their dedication and am proud to work alongside them each and every day.

With me on today's call is Ryan Lada, our new Chief Financial Officer. Many of you know Ryan from his prior role as CFO at AZEK. He brings extensive financial and operating experience and a strong understanding of the building products landscape. I'm excited to have Ryan alongside me as we lead the business forward.

Also joining me today is Jon Skelly, President and General Manager, James Hardie North America Building Products Group. Jon, along with John Madson, our new Chief Sales Officer, have stepped into expanded roles recently. Each leader brings an impressive track record of driving sustainable sales growth and each have deep knowledge of our industry. And each has already contributed meaningfully to the commercial synergies that I will speak about on today's call. I am confident in their leadership to deliver on our commitment of outperforming the market over the long-term.

Let's start with our results.

We delivered a solid quarter, exceeding our guidance and making good progress across the business. Execution was disciplined, commercial momentum improved, and our teams continued to advance the strategic priorities that matter most for long-term value creation. That said, we are not satisfied. We have higher expectations for ourselves, and our ambition is to deliver stronger, more consistent performance over time. That ambition is what's driving the actions we are taking across the business.

On the commercial front, we are focused on re-accelerating organic growth in fiber cement and expanding margins across our portfolio through disciplined execution, innovation, and operational excellence. The manufacturing optimization actions we implemented in mid-January were an important step in aligning our footprint and cost structure with our long-term growth and margin objectives.

Finally, our combination with AZEK continues to build momentum and is already generating meaningful commercial opportunities. We are confident this combination will be a significant contributor to accelerated top-line growth in the years ahead as we bring together the best of James Hardie and AZEK to better serve our customers and create long-term value for our shareholders.

Now, let's look at the results for Siding & Trim in the quarter.

Current market conditions remain mixed due to the category's exposure to the new construction end market and the Southern region. Organic net sales in the legacy James Hardie North America fiber cement business declined (2%) in the quarter, driven by lower volumes, partly offset by higher average net sales price. Single-family exteriors volumes were down high-single digits. Multi-family was up high-single digits, and Interiors were down double digits in the quarter.

Siding and Trim Adjusted EBITDA was $269 million in the quarter, with Adjusted EBITDA margin of 34.1%, a nearly 500 basis point sequential improvement largely reflecting price-mix favorability.

As I mentioned in the opening, we are taking actions through the application of the Hardie Operating System to improve performance and return to margin expansion in FY27. On January 15th, we made the difficult decision to close two of our older, less efficient plants and transfer more production volume to some of our newer advanced plants. This decision, along with actions we took to balance of our footprint will focus production on fewer manufacturing lines. These actions will create annual cost savings of $25 million beginning in the first quarter of FY27. Looking ahead to fiscal '27, these actions not only strengthen our cost position but also allow us to have the right capacity in the right locations to execute against our significant material conversion opportunities.

From a market perspective, while new home market demand is still uncertain, we have seen stable demand trends, in line with the expectations we outlined in November. In repair & remodel, we have seen demand stabilize at the current low levels. And while we expect organic net sales to decline modestly in the fiscal fourth quarter, we are focused on driving organic growth in the Siding & Trim segment in FY27 and beyond.

Our overarching strategic focus is increasing our penetration in both the new home and the repair & remodel end markets, which is over $10 billion and in which we have a significant material conversion runway. Going forward, we believe growth in this segment will be enabled by a few core strategies.

First, in the repair & remodel end market, we believe a significant opportunity exists for additional revenue growth in the Northeast and Midwest regions, where we believe there is a nearly $1 billion repair & remodel - focused revenue opportunity in competitive wood and wood-look siding alone. We believe the combination with AZEK positively impacts our ability to compete and win in these regions. Enabled by the combination, James Hardie now has long-standing relationships with independent lumberyards in the region, a large and talented salesforce, and the best collective product portfolio to drive material conversion.

And while repair & remodel remains our primary focus, particularly given the synergies from the AZEK acquisition, we continue to see meaningful opportunities with custom and local homebuilders. We believe this underpenetrated segment represents an incremental $750 million opportunity for continued growth in the new home construction end market.

We also see additional opportunities to drive growth through product innovation. Our R&D and Product Management organizations are focused on product innovation where we see opportunity to introduce resilient and beautiful products to drive material conversion. One example of our product development is TimberHue, a new product that we will showcase at the International Builders Show, that combines a natural wood look with the durability and performance of James Hardie's fiber cement.

Our innovation mindset is not only in our products but also in the installation techniques of our products. We have worked closely with our contractors and installers to understand and develop installation innovation, helping to reduce the overall installed cost of our products. Through installation techniques such as "Score and Snap" and the "Trim Over method," we believe we can increase contractor efficiency by approximately 30%. For those of you who will be in Orlando at the International Builders Show, we will have the opportunity to showcase these innovative installation methods in our booth at the show.

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

Performance remains strong in our DR&A business, with TimberTech continuing to outperform the broader market by executing against our proven growth playbook. This performance is supported by multiple levers, with material conversion underpinning everything that we do.

The most recent data suggests the decking market is approximately 25% converted to composite materials. As a reminder, at this point in the conversion curve, every 100 basis points of material conversion equates to approximately 400 basis points of composite decking growth. We've had sustained material conversion momentum which gives us confidence in the long-term runway, particularly as homeowners and professionals increasingly prioritize materials that offer superior durability, fire resistance, and performance.

Wood conversion is driven by downstream-focused sales activity at the contractor level, with the continued education of contractors on the benefits of our resilient and aesthetically differentiated products relative to inferior substrates. Similar to our Siding & Trim segment, new product development represents another important growth lever, supported by our ability to design and successfully launch innovations that enhance the TimberTech portfolio for both consumers and Pros. Recent new product introductions such as the TimberTech Advantage Rail and Impression Privacy Screen provide contractors and homeowners with advancements in functionality, aesthetics, and ease of installation.

Consistent with the past, channel expansion remains a key focus, as we continue to broaden TimberTech's presence across distribution and retail to further accelerate market conversion. Given the highly complementary nature of James Hardie and TimberTech's geographic footprints and customer bases, we see significant opportunities to facilitate channel expansion through our existing relationships. An example here may be helpful. James Hardie's traditional strength has been the West and South, where we have had success penetrating the market and have strong coverage in selling locations in the region. At the moment, our fiber cement business has more than double the selling locations than TimberTech in the South. We believe over time there is a strong opportunity to place TimberTech products in the locations currently carrying James Hardie fiber cement.

All of our sales and commercial initiatives are supported by a strong in-house marketing organization. By executing a consistent marketing playbook over the past four years, TimberTech has delivered meaningful progress across key brand health and commercial metrics, including strong gains in awareness and consideration. These results reflect increased brand visibility, broader channel presence, and effective engagement with both homeowner and the pro. Our focus going forward is strengthening preference and deepening relationships with contractors. With this group, we believe we have outpaced the competition to become the leader in awareness, positioning us to convert that advantage into sustained share growth over time.

Taken together, these efforts give us confidence in our ability to drive 500 to 700 basis points of growth above the market, consistent with TimberTech's historical track record. We delivered on this commitment in the most recent quarter with mid-single-digit sell-through growth, outperforming the broader market that declined at a low-single-digit rate. Despite continued market softness, we remain confident that our strategic growth initiatives with customers and contractors will support continued market outperformance and low-to-mid single-digit sell-through growth in the fourth quarter.

As I close the DR&A update, I wanted to share the progress from the seasonal Early Buy shelf space negotiation period with key channel partners, which wrapped in recent weeks. As in prior years, we were focused on reinforcing customer relationships and securing appropriate seasonal inventory positioning. We believe these discussions have further expanded our market presence, positioning us well as we move into the primary decking selling season in the spring.

Turning to the integration with AZEK. We are executing with discipline and urgency across all areas of integration, with a clear focus on our people and our customers. As we move into FY27 in just a couple of months, we have established a clear organizational structure aligned around common goals. And we have a specialized, downstream, customer focused sales organization designed to deepen relationships, accelerate material conversion, and drive sustainable growth.

We also continue to move quickly on cost synergy realization. We've already surpassed our FY26 cost synergy goal, and our progress to date increases our confidence in hitting our $125 million cost synergy target.

On the commercial synergy front, customer feedback on the combined offering from the One James Hardie team has been very positive. We have seen a growing number of recent wins across the businesses that we expect to translate into meaningful revenue synergies as we move through FY27.

Just to give an idea of some of these, a large, national one-step dealer has committed to choosing AZEK as their exclusive PVC trim brand, drawn by the combination with James Hardie, and the strong loyalty of contractors to our combined portfolio.

Another example of our momentum is a recently secured expansion of a relationship with a scaled distributor of exterior building materials that positions James Hardie as the primary hard siding and trim brand and TimberTech as its primary composite decking brand across North America. This partner has agreed to focus national marketing on the One Hardie suite of brands and products. Most importantly, these commitments are reinforced by coordinated go-to-market efforts, targeted hyperlocal marketing support, and training to drive material conversion.

We're also seeing strong momentum in cross-selling across the One Hardie portfolio. Over the past few weeks, we hosted national contractor summits for both TimberTech and James Hardie. One piece of feedback from these meetings is that contractors are increasingly looking to consolidate their portfolios under the One Hardie brands. One such example is Rick James of RPS Remodeling - a long-time James Hardie siding partner - who recently transitioned his company's decking offering from a competitive product to TimberTech.

The positive momentum from these proof points gives us confidence in our ability to deliver a $125 million annualized commercial synergy run-rate exiting FY27, in line with our public commitment at the deal close.

Ryan Lada, CFO

I will start with third quarter consolidated results.

Total net sales grew +30% to $1.24 billion, which included $275 million of acquired AZEK sales.

Our organic sales increased by +1%.

And Adjusted EBITDA was $330 million, with a 26.6% adjusted EBITDA margin.

Adjusted general corporate and unallocated R&D costs totaled $47.1 million in the quarter. As a reminder, nearly half the P&L benefit from FY26 cost synergies resides in corporate expense for the year.

Our adjusted effective tax rate was 17.3%. We now expect our full-year tax rate to be slightly lower than our prior guide, at around ~19%.

Adjusted net interest was $68 million and weighted average diluted share count was approximately 583 million. We anticipate these items will remain consistent in the fourth quarter.

Adjusted net income was $142 million; and adjusted diluted earnings per share was $0.24.

Year-to-date free cash flow was $261 million, which includes the benefit of a completed land sale in Australia. However, cash flow remains negatively impacted by one-time integration costs, which will step down significantly in FY27. The cash generation of our core businesses remain strong, and with capital spending projected at modest levels, we expect free cash flow to accelerate in the years ahead.

Turning to our Siding & Trim segment.

Net Sales were up +10%, including $81 million from the AZEK acquisition.

Siding & Trim organic net sales were down (2%) in the quarter as lower volumes were partially offset by a mid-single digit increase in ASP.

Adjusted EBITDA was $269 million, with adjusted EBITDA margin of 34.1%, down just 70 bps year-over-year. This decline was largely due to a 100-bp impact from reallocating $9 million of R&D costs to the segment. Excluding the impact of this allocation, Adjusted EBITDA margin would have increased year-over-year. The key drivers of the comparable change in margins were positive price, mix and ongoing HOS savings, partially offset by lower volumes, unfavorable absorption and inflation in freight and raw materials.

We are employing the Hardie Operating System to optimize the business' cost structure through network optimization, cost synergies, and structural efficiency improvements. We expect the recently announced site closures and optimization initiatives to generate annualized cost savings of approximately $25 million beginning in the first quarter of fiscal year 2027. These cost savings will be driven by reduced fixed costs and improved utilization across the remaining manufacturing network. These cost savings are also incremental to any cost synergy savings related to the AZEK acquisition. Together, these actions will position the business for margin recovery and stronger performance going forward.

For Deck, Rail & Accessories.

Net Sales were up +2% compared to the quarter ended December 31st, 2024, prior to the acquisition of AZEK by James Hardie. Sell-through was up mid-single digits, consistent with the business' performance in the two most recent quarters.

Adjusted EBITDA was $49 million, resulting in a 25.1% adjusted EBITDA margin.

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

Turning to Australia & New Zealand.

Net Sales were up +7% in both US and Australian, due to +1% growth in volume and a +6% rise in ASP.

Adjusted EBITDA was up +4% to $41 million, with adjusted EBITDA margin of 32.6%, down 90 basis points due to unfavorable production cost absorption and the R&D allocations.

And in Europe.

Net Sales were up +13% or +3% in Euros, driven by strong fiber gypsum volume and a modest decline in average net sales price.

EBITDA margin was up +240 basis points to 12.7%, driven by volume leverage, lower gypsum and paper costs, and solid manufacturing efficiency.

Turning to our full-year outlook.

We are increasing our Siding & Trim net sales guidance to a range of $2.953 billion to $2.998 billion reflecting our outperformance in the third quarter. For Siding & Trim adjusted EBITDA, we are modestly raising our guidance range to $939 million to $962 million. At the mid-points, this implies a full-year organic net sales decline of approximately (6%) and an adjusted EBITDA margin of 31.9%.

For Deck, Rail & Accessories, we have also increased our net sales and adjusted EBITDA guidance for the post-close period of FY26 to account for the outperformance in 3Q. We expect net sales of $787 million to $800 million which assumes sell-through up low- to mid-single digits, consistent with recent quarters and above prior expectations, reflecting continued success in driving material conversion through our core strategies. Based on these demand expectations, we expect Deck, Rail & Accessories Adjusted EBITDA of $219 to $224 million.

For the Total Company, we now expect FY26 Adjusted EBITDA of $1.232 billion to $1.263 billion.

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

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

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

We continue to expect at least $200 million in Free Cash Flow for the year.

Our net debt ended the quarter at $4.3 billion. Pro forma for the AZEK acquisition and the midpoint of our updated guidance, FY26 net leverage stands at approximately 3.0 times.

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

Aaron Erter, CEO

Looking ahead to FY27, while we are not guiding at this time, our expectation and goal is to return to both organic revenue growth and Adjusted EBITDA margin expansion.

In DR&A, TimberTech has demonstrated the ability to consistently outgrow the underlying market through our well-defined and repeatable growth playbook. We expect that this will continue in FY27.

As highlighted earlier in the call, we also expect to return to organic growth in our Siding & Trim segment and fiber cement siding in particular. Our four key strategies for returning to growth include (1) a focus on the $1 billion repair and remodel opportunity in the Midwest and Northeast, (2) a deeper focus on penetrating into the $750 million remaining in wood- and wood-look siding in new construction, (3) a focus on new product innovation, and, finally, (4) continuing to introduce new and innovative installation techniques to drive efficiency for our contractors.

Additionally on growth. Relative to commercial synergies, we are encouraged by the early commercial wins, which give us confidence in our ability to realize our FY27 revenue synergy target, exiting the year at a $125 million run-rate, consistent with our public commitment at the time of the deal announcement.

And on cost synergies, we have executed well in FY26. We've already surpassed our FY26 cost synergy goal, and our progress to date increases our confidence in hitting our $125 million cost synergy target.

We will give additional details on fiscal 2027 guidance during our year end conference call in May.

To close, we are executing against our clear, long-term strategy focused on material conversion from wood and other inferior materials. We are well positioned to capture that opportunity through the breadth of our combined portfolio and our downstream engagement with contractors and customers.

As we look ahead to FY27 and beyond, we are confident in our ability to continue outperforming the market, expand margins, and translate our strategy and execution into consistent, long-term value creation for our shareholders.

And coming up next week, we will be exhibiting at the International Builders' Show, where we plan to highlight the breadth and potential of our combined product portfolio and demonstrate how our complementary offerings across siding, trim, decking, and accessories deliver differentiated solutions for customers and reinforce the value proposition of the combined company. For those of you planning to be in attendance, we look forward to seeing you at the show.

Cautionary Note and Use of Non-GAAP Measures

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

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

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

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