Boral

It's not business as usual at Boral

Annual General Meeting 2008

Chairman’s Address
Ken Moss
2008 was a particularly challenging year due to several extraordinary external factors

- Significant deterioration in US housing activity
- Dramatic increase in energy and other input costs
- Protracted Australian housing downturn especially in NSW
- Demand for concrete in Australia at record levels
- Challenging conditions in Asia for construction materials
- Global credit crisis
- Government progresses emissions trading scheme

FY2008 financial results

- Sales: $5.2bn, up 6% to $5.2bn
- EBITDA: $688m, down 10% to $688m
- Underlying profit after tax: $247m, down 17% to $247m
- Profit after tax: $243m, down 19% to $243m

1. Excluding goodwill and tax provision adjustment of ($31.9m) and $28.1m respectively
A solid lift in Australian EBITDA (↑$52m) was offset by a large decline in offshore EBITDA (↓$123m)

**EBITDA (A$m)**

<table>
<thead>
<tr>
<th></th>
<th>FY2007</th>
<th>FY2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Construction</strong></td>
<td>454</td>
<td>489</td>
</tr>
<tr>
<td><strong>Building Materials</strong></td>
<td>151</td>
<td>168</td>
</tr>
<tr>
<td><strong>USA</strong></td>
<td>129</td>
<td>11</td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td>21</td>
<td>16</td>
</tr>
</tbody>
</table>

**FY2008 financial results**

- **Underlying EPS**¹ from 50.0c to 41.4c
- **Return on equity**¹ from 10.0% to 8.5%
- **Return on funds employed**¹ from 11.9% to 10.1%
- **Operating cash flow** from $482m to $582m
- **Gearing (net debt / equity)** from 50% to 52%

¹ Excluding goodwill and tax provision adjustment of ($31.9m) and $28.1m respectively
Dividend returns continued to be solid and fully franked

Final dividend 17 cents
Interim dividend 17 cents
Total dividend 34 cents
Franking level remains at 100%
Gross-up dividend 49 cents
Dividend payout ratio from 68% to 83%

Relative share price performance index
Leadership & People Management

Boral’s safety performance has continued to improve

Lost time injury frequency rate (LTIFR)\(^1\)

<table>
<thead>
<tr>
<th></th>
<th>FY00</th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>LTIFR %</td>
<td>9.0</td>
<td>5.0</td>
<td>5.1</td>
<td>4.5</td>
<td>4.2</td>
<td>3.1</td>
<td>2.8</td>
<td>2.5</td>
<td></td>
</tr>
</tbody>
</table>

% Hours lost

<table>
<thead>
<tr>
<th></th>
<th>FY00</th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Hours</td>
<td>0.24</td>
<td>0.15</td>
<td>0.17</td>
<td>0.16</td>
<td>0.16</td>
<td>0.11</td>
<td>0.11</td>
<td>0.09</td>
<td>0.08</td>
</tr>
</tbody>
</table>

1. Lost Time Injury Frequency Rate per 1 million hours worked
Boral’s **Sustainability Priorities** are broad

<table>
<thead>
<tr>
<th>Human Resources</th>
<th>Social Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Health, safety and wellbeing</td>
<td>• Community relations and engagement</td>
</tr>
<tr>
<td>• Employee and labour relation</td>
<td>• Business ethics and corporate governance</td>
</tr>
<tr>
<td>• Communications, awareness and training</td>
<td>• External relations and communications</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Environment</th>
<th>Marketplace &amp; Supply Chain</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Energy conservation and climate change</td>
<td>• Strategic sourcing and supply chain</td>
</tr>
<tr>
<td>• Water conservation and climate change</td>
<td>• Sales and marketing</td>
</tr>
<tr>
<td>• Waste and resource management, recycling and re-use</td>
<td></td>
</tr>
<tr>
<td>• Land protection, remediation and rehabilitation</td>
<td></td>
</tr>
<tr>
<td>• Environment and ecosystem protection</td>
<td></td>
</tr>
</tbody>
</table>
The Board & Corporate Governance

Managing Director’s Address
Rod Pearse
2008 was a particularly challenging year due to several extraordinary external factors

1. Significant deterioration in US housing activity
2. Dramatic increase in energy and other input costs
3. Protracted Australian housing downturn especially in NSW
4. Demand for concrete in Australia at record levels
5. Challenging conditions in Asia for construction materials
6. Global credit crisis
7. Government progresses emissions trading scheme

Whilst sales lifted 6% and remains at high levels, EBITDA was down 10%

Sales revenue A$m

<table>
<thead>
<tr>
<th>Year</th>
<th>FY00</th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>4,000</td>
<td>4,100</td>
<td>4,200</td>
<td>4,300</td>
<td>4,400</td>
<td>5,199</td>
<td>5,500</td>
<td>5,000</td>
<td>5,500</td>
</tr>
</tbody>
</table>

EBITDA A$m

<table>
<thead>
<tr>
<th>Year</th>
<th>FY00</th>
<th>FY01</th>
<th>FY02</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>800</td>
<td>850</td>
<td>900</td>
<td>950</td>
<td>1,000</td>
<td>888</td>
<td>900</td>
<td>800</td>
<td>900</td>
</tr>
</tbody>
</table>

1. Excluding significant items.
   Note - FY05 result onward has been adjusted for adoption of A-IFRS.
US dwelling starts will be around 40% of sustainable underlying demand this year

**Total US dwelling starts (‘000)**

1. Seasonally adjusted annualised monthly starts from US Census

USA
Detached dwellings in NSW remain at 40 year low levels and well below underlying demand

Building approvals for detached houses (MAT)¹

1. South Australia, Tasmania, Northern Territory and ACT

Building Products Australia
Construction Materials Australia

Asia
Boral is being recognised as an industry leader

- Member of the **FTSE4Good Index**
- **Carbon Disclosure Project** (CDP6) Climate Change Leader
- “Commendation for excellent report structure” in **Association of Chartered Certified Accountants (ACCA)** awards
- Special Award for Corporate Governance at the **7th Australian Sustainability Awards**
- **Storebrand Investment “Best in Class”**

Outlook FY2009

- **Australia**
  - Dwellings at around 145,000 starts run rate in Sep quarter
  - Building products earnings to be lower in FY09 than FY08
  - Concrete, quarry & cement price increases flowing through
  - Construction materials earnings to be higher in FY09 than FY08
  - QEU earnings stronger in second half
- **Asia**
  - Continued growth and competitive market conditions in Asia
  - FY09 earnings above FY08
- **USA**
  - Continued market deterioration in Sep quarter; dwelling starts could fall to ~750,000-800,000 starts in FY09 impacting both building products and construction materials
  - Despite significant cost reductions FY09 earnings to be below FY08
- Assuming US x-rate ~$0.70, **FY09 PAT to be around $200 million**; (first half earnings to be ~40% of full year earnings)
Ordinary Business

Financial Reports
Resolution 1

Adoption of Remuneration Report

Resolution 1 – Adoption of Remuneration Report

- Boral's policies relating to remuneration of key management personnel
Resolution 1 – Adoption of Remuneration Report

- Boral’s policies relating to remuneration of key management personnel
- Relationship between remuneration policies and the Company’s performance

Resolution 1 – Adoption of Remuneration Report

- Boral’s policies relating to remuneration of key management personnel
- Relationship between remuneration policies and the Company’s performance
- Details of performance condition of elements of Boral remuneration
Worked example of options

<table>
<thead>
<tr>
<th>Share price after 3 yrs</th>
<th>TSR achieved</th>
<th>Performance relative to ASX100</th>
<th>Value of CEO’s options pre-tax</th>
<th>Increase in market capitalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>$6.83</td>
<td>7% pa</td>
<td>&lt;50th percentile</td>
<td>Nil</td>
<td>$0m (0%(^1))</td>
</tr>
<tr>
<td>$7.25</td>
<td>9% pa</td>
<td>&lt;50th percentile</td>
<td>Nil</td>
<td>$245m (6%(^1))</td>
</tr>
<tr>
<td>$7.68</td>
<td>11% pa</td>
<td>50th percentile</td>
<td>$0.7m</td>
<td>$500m (13%(^1))</td>
</tr>
<tr>
<td>$9.10</td>
<td>17% pa</td>
<td>75th percentile</td>
<td>$3.6m</td>
<td>$1,329m (33%(^1))</td>
</tr>
</tbody>
</table>

Based on a nominal grant of 1,600,000 options in 2007/08 year

Assumptions: $6.83 share price at grant; 34 cents dividend maintained; options exercised after 3 years; TSR performance achieved relative to ASX100 is based on five years to October 2008

1. Percentage increase from date of grant on 6 November 2007

Resolution 1 – Adoption of Remuneration Report

- Boral's policies relating to remuneration of key management personnel
- Relationship between remuneration policies and the Company’s performance
- Details of performance condition of elements of Boral remuneration
- Remuneration details for each director and other key management personnel
Resolution 1 – proxy votes

Adoption of Remuneration Report

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>For</td>
<td>123,541,273</td>
</tr>
<tr>
<td>Open</td>
<td>10,092,918</td>
</tr>
<tr>
<td>Against</td>
<td>174,210,568</td>
</tr>
</tbody>
</table>

% to be cast FOR the resolution* 43.4%

* On basis open proxies in favour of Chairman of the Meeting are voted FOR

Resolution 2

Election of Director
Resolution 2 – proxy votes

Election of Paul Rayner

<table>
<thead>
<tr>
<th></th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>For</td>
<td>297,176,821</td>
</tr>
<tr>
<td>Open</td>
<td>10,281,477</td>
</tr>
<tr>
<td>Against</td>
<td>1,205,703</td>
</tr>
</tbody>
</table>

% to be cast FOR the resolution* 99.6%

* On basis open proxies in favour of Chairman of the Meeting are voted FOR