ANNUAL GENERAL MEETING 2014

6 November 2014
Sydney

Chairman’s Address
Dr Bob Every AO
1. Based on various indicators of building and construction activity in key markets in Boral's respective countries of operation. For China this is defined as the high-end market in regions in which Boral operates.
2. RHS&B refers to roads, highways, subdivisions and bridges and is forecast to be down by 10% in FY2014F based on average of BIS and Macromonitor.
3. Value of work done (VWD) from ABS in 2011/12 constant prices. BIS forecast used for Jun-14 quarter.
4. ABS original data.
5. US Census seasonally adjusted data.

Improving market conditions across all regions
Positive movements across most markets except roads and highways in Australia

**FY2014 vs FY2013**

<table>
<thead>
<tr>
<th>Region</th>
<th>Total housing starts</th>
<th>Single-family housing starts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>up</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>up</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>=</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>up</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>up 9%</td>
<td>up 5%</td>
</tr>
</tbody>
</table>

Australia
- RHS&B (VWD)² down 10%
- Non-residential (VWD)² up 5%
- Total housing starts² up 11%
  - Detached housing starts² up 10%
  - Multi-residential starts² up 13%

**FY2014 full year financial highlights**
Improved results with strong uplift in earnings and net profit

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Profit after tax¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported</td>
<td>$171 million</td>
</tr>
<tr>
<td>$5.2 billion</td>
<td>64%</td>
</tr>
<tr>
<td>$4.5 billion</td>
<td>7%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net profit after tax</th>
<th>Full year dividend</th>
</tr>
</thead>
<tbody>
<tr>
<td>from ($212m)</td>
<td>15.0 cents</td>
</tr>
<tr>
<td>$173 million</td>
<td>36%</td>
</tr>
</tbody>
</table>

1. Excluding significant items
**A positive turnaround in FY2014**

Stronger result reflects restructuring & improvement initiatives and better market conditions

- **$1.6b USG Boral joint venture** – securing world-leading NextGen plasterboard technology
- **$48m EBIT turnaround to profitability** for Building Products division
- **Significant reduction of losses** in Boral USA – breaking through to profitability in 4Q FY2014
- **Continued strength** in Boral’s largest division, Construction Materials & Cement
- **Strengthened financial position**

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**Capital management**

Strengthened balance sheet – full year dividend of 15.0c per share

<table>
<thead>
<tr>
<th>Net debt (A$m)</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,183</td>
<td>505</td>
<td>1,518</td>
<td>1,446</td>
<td>718</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gearing (net debt / net debt + equity)</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>31%</td>
<td>14%</td>
<td>31%</td>
<td>30%</td>
<td>18%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Earnings and dividends per share¹ (A$ cents)</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>DPS</td>
<td>13.5</td>
<td>14.5</td>
<td>11.0</td>
<td>11.0</td>
<td>15.0</td>
</tr>
<tr>
<td>EPS</td>
<td>22.1</td>
<td>24.4</td>
<td>13.6</td>
<td>13.6</td>
<td>22.0</td>
</tr>
</tbody>
</table>

¹ Earnings per share, excluding significant items
Return on average funds employed (ROFE)
Year-on-year improvement but still considerable work to do

EBIT\(^1\) to average funds employed (ROFE), %

<table>
<thead>
<tr>
<th>Year</th>
<th>ROFE</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2012</td>
<td>4.7%</td>
</tr>
<tr>
<td>FY2013</td>
<td>4.7%</td>
</tr>
<tr>
<td>FY2014</td>
<td>6.6%</td>
</tr>
<tr>
<td>FY2017</td>
<td>11.5%</td>
</tr>
<tr>
<td>LTI Hurdle(^2)</td>
<td>15%</td>
</tr>
<tr>
<td>Long-term target</td>
<td>15%</td>
</tr>
</tbody>
</table>

1. Excluding significant items
2. Hurdle at which 100% of ROFE LTI component will vest; 0% will vest at ROFE of less than 11%; progressive pro rata vesting at ROFE of between 11.0% and 11.5%.

Fix, Execute, Transform program
How we’re changing Boral

Our goal is to transform Boral into a global building and construction materials company that is known for its world-leading safety performance, innovative product platform and superior returns on shareholders’ funds

**Fix**

Fixing things that are holding us back

**Execute**

Improving the way we operate to be more efficient, disciplined and profitable

**Transform**

Transforming Boral for performance excellence and sustainable growth through innovation
Board of Directors

Dr Bob Every AO
Non-executive Chairman

Dr Eileen Doyle
Non-executive Director

Paul Rayner
Non-executive Director

Richard Longes
Non-executive Director (retiring at end of 2014 AGM)

Mike Kane
CEO & Managing Director

Dr Brian Clark
Non-executive Director

John Marlay
Non-executive Director

Catherine Brenner
Non-executive Director

Kathryn Fagg
Non-executive Director (appointed 15 September 2014)

CEO & MD’s Address
Mike Kane
Boral’s *Fix, Execute, Transform* program

*Fix* phase well advanced and delivering improved performance

**FIX**

Fixing things that are holding us back

- **Portfolio** realignment
- **$150m costs out** by FY2015
- **$251m cash** from divestments & land sales
- **Net debt** from $1.45b to $718m

**EXECUTE**

Improving the way we operate to be more efficient, disciplined and profitable

- People engagement and safety first
- **Levers of change** – LEAN, Sales & Marketing, Innovation
- Capacity utilisation up

**TRANSFORM**

Transforming Boral for performance excellence and sustainable growth through innovation

- Product innovation
- Gypsum technology platform secured
- Lowering fixed cost exposures through the cycle (global bricks review underway)

Delivering on Boral’s strategic priorities

A relentless focus on managing costs, capital and cash

<table>
<thead>
<tr>
<th><strong>FIX</strong></th>
<th><strong>ACHIEVEMENTS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Manage costs down</td>
<td>✓ $130 million of annualised benefits realised in FY2014 through overhead, rationalisation and contract spend cost reduction programs</td>
</tr>
<tr>
<td></td>
<td>✓ Additional structured cost reduction programs implemented in 2H FY2014 in USG Boral, Boral USA and Construction Materials &amp; Cement</td>
</tr>
<tr>
<td>Maximise cash generation</td>
<td>✓ $251 million in cash proceeds from divestments and sales of surplus land over the last two years</td>
</tr>
<tr>
<td></td>
<td>✓ $562 million cash received on formation of USG Boral joint venture</td>
</tr>
<tr>
<td>Reduce debt</td>
<td>✓ Debt reduced to $718m from $1.45 billion at 30 June 2013</td>
</tr>
<tr>
<td></td>
<td>✓ Gearing reduced to 18% from 30% at 30 June 2013</td>
</tr>
</tbody>
</table>
Reshaping the portfolio
Streamlining through restructuring and improvement initiatives

### Construction Materials & Cement
- **Cement**: Strengthened import capability after closing Waurn Ponds clinker production
- **Cement**: Ceased production at Berrima Colliery and announced intended closure
- **Cement**: Announced closure of Maldon cement kiln by Dec-14
- **Asphalt**: Restructuring in QLD and VIC

### Building Products
- **Windows**: Business divested
- **Timber**: Woodchip exports exited; ceased manufacturing engineered flooring and Qld softwood distribution; new supply agreement with NSW Forestry Corp
- **Bricks**: Australian east coast bricks JV with CSR pending ACCC clearance
- **Timber**: Strategic review commenced

### Boral Gypsum
- Completed the $1.6b USG Boral plasterboard and ceiling tiles JV
- Introduced USG adjacent products to product portfolio
- Roll-out of technology upgrades underway – NextGen products available in key markets by end of CY2014

### Boral USA
- **Roofing**: Further capacity consolidation – closed Ione & Pompano plants
- **Bricks**: Permanently closed Augusta paver plant in Georgia
- **Trim**: Niche composite siding product launched
- **R&D**: Building US$4m ‘composite sheet line’
- Portfolio refinement as cycle strengthens; Bricks review underway

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**Sustainability and Community snapshot**
Looking out for our employees, the environment and community

### Employees
- **Full-time equivalent employees**:
  - Boral: 8,953
  - JVs: 3,498
- **Average tenure**:
  - Australia: 9.1 years
  - US: 7.5 years
- 14% women in Boral

### Safety
- **LTIFR steady; RIFR down 22% in FY2014**
- **Targeting world-class health & safety**
  - 20 programs form Group Strategy for Health, Safety & Environment

### Environment
- 6% reduction in total GHG emissions
  - Driven by closure of Waurn Ponds clinker kiln
- 4% reduction in energy use on like-for-like basis

### Community
- 8 key community partnerships
  - New partnership with Habitat for Humanity
- ~$550,000 contributed in FY2014

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1. Lost Time Injury Frequency Rate and Recordable Injury Frequency Rate
**Boral Construction Materials & Cement**

**Concrete, Quarries, Cement, Asphalt, Transport and Property**

<table>
<thead>
<tr>
<th>Revenue A$ million</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Concrete, Quarries, Cement, Asphalt, Transport and Property</td>
<td>3,142</td>
<td>3,287</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBIT$ A$ million</th>
<th>FY13</th>
<th>FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY13</td>
<td>281</td>
<td>277</td>
</tr>
</tbody>
</table>

**1Q FY2015 Trading Update**
- Demand levels broadly steady
  - Strong residential activity in NSW
  - Weaker roads & engineering volumes
  - Weaker than expected activity in Qld
- Pricing remains under pressure
- Heavy rainfall impacted earnings

**FY2015 Outlook**
- 1Q FY2015 earnings below our expectation but targeting catch up via:
  - Readjustment of cost base
  - Delivery of additional property sales
  - Select price increases in stronger markets
- Expectations dampened if unable to realise potential property sales & some price increases

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**Extreme levels of East Coast rainfall in August**

Heavy rainfall in August in key Australian markets impacted 1Q FY2015

*Source: Australian Bureau of Meteorology, October 2014*
1Q FY2015 Trading Update

- Continued performance improvement due to:
  - Higher residential activity in NSW & WA
  - Overhead cost reduction program
- Responding to ACCC’s Statement of Issues on proposed east coast Bricks JV with CSR

FY2015 Outlook

- Continued improvements across business but further restructuring required
- Full year result expected to more than double FY2014 EBIT of $8m

1Q FY2015 Trading Update

- JV operations fully integrated; delivering in line with expectations
- New NextGen plasterboard launched in Australia, Korea, Thailand and Indonesia
- Positive response from customers and trade contractors

FY2015 Outlook

- Underlying earnings growth from increasing demand and restructuring benefits
- Lower reported earnings due to full year of 50% equity accounted contribution from USG Boral JV
- Synergies from JV expected to ramp up from 2H FY2015

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1. Consolidated results for the period Jul-13 to Feb-14
2. Excluding significant items
1Q FY2015 Trading Update

- Performance broadly in line with our expectations
  - Total housing starts for 1Q FY2015 at 1.024 million annualised starts
  - Improved Cladding & Roofing volumes
  - Additional cost reductions offsetting slower recovery

FY2015 Outlook

- Expect significantly improved earnings as market recovery continues
- Expect a broadly break-even EBIT result, assuming:
  - Continued growth in US housing starts to around 1.1-1.2 million

Concluding Comments

- In summary, in FY2015 expect:
  - Ongoing strong results from Construction Materials & Cement, pending ability to realise price increases and potential property sales
  - Building Products’ EBIT to more than double FY2014 earnings; further portfolio realignment anticipated
  - Improved underlying performance from USG Boral but lower reported contribution due to full year of 50%-owned JV
  - Broadly break-even EBIT result from Boral USA, assuming 1.1–1.2m housing starts
  - Anticipate improved ROFE\(^1\), despite shift to equity accounting of Gypsum

1. EBIT to average funds employed
How we’re transforming Boral
For performance excellence and sustainable growth through innovation

Lowering our fixed costs and environmental impacts

A high performing, aligned and participative culture

Investing in product innovation and creating new opportunities

Annual General Meeting 2014
Formal Business
Item 1 – Financial Reports

To consider the Financial Report, the Directors’ Report and the Auditor’s Report for the year ended 30 June 2014

Remuneration & Nomination Committee Chairman
Dr Brian Clark
Item 2 – Remuneration Report

To adopt the Remuneration Report for the year ended 30 June 2014

Proxies

<table>
<thead>
<tr>
<th>Proxies</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>For</td>
<td>539,030,489</td>
</tr>
<tr>
<td>Open</td>
<td>5,469,978</td>
</tr>
<tr>
<td>Against</td>
<td>6,679,511</td>
</tr>
</tbody>
</table>

% to be cast FOR the resolution*  

98.4%

* On basis open proxies in favour of the Chairman of the Meeting are voted FOR
Item 3 – Election and re-election of Directors

3.1 To elect Kathryn Fagg as a Director
3.2 To re-elect Brian Clark as a Director
3.3 To re-elect Paul Rayner as a Director

Item 3.1 – To elect Kathryn Fagg as a Director
Item 3.1 – To elect Kathryn Fagg as a Director

Proxies

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>For</td>
<td>544,486,223</td>
</tr>
<tr>
<td>Open</td>
<td>5,506,128</td>
</tr>
<tr>
<td>Against</td>
<td>855,909</td>
</tr>
</tbody>
</table>

% to be cast FOR the resolution*  99.5%

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

Item 3.2 – To re-elect Brian Clark as a Director

* Image of Brian Clark*
Item 3.2 – To re-elect Brian Clark as a Director

Proxies

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>For</td>
<td>544,312,029</td>
</tr>
<tr>
<td>Open</td>
<td>5,531,434</td>
</tr>
<tr>
<td>Against</td>
<td>1,054,256</td>
</tr>
</tbody>
</table>

% to be cast FOR the resolution*  
99.5%

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

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Item 3.3 – To re-elect Paul Rayner as a Director
Item 3.3 – To re-elect Paul Rayner as a Director

Proxies

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>For</td>
<td>543,579,123</td>
</tr>
<tr>
<td>Open</td>
<td>5,512,036</td>
</tr>
<tr>
<td>Against</td>
<td>1,778,474</td>
</tr>
</tbody>
</table>

% to be cast FOR the resolution* 99.3%

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

Item 4 – Award of LTI and deferred STI Rights to Mike Kane

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That approval is given for the award to Mike Kane, the CEO & Managing Director, of rights to fully paid ordinary shares in the Company on the terms described in the explanatory notes to this Notice of Meeting.”
Item 4 – Award of LTI and deferred STI Rights to Mike Kane

Proxies

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>For</td>
<td>538,252,247</td>
</tr>
<tr>
<td>Open</td>
<td>5,257,296</td>
</tr>
<tr>
<td>Against</td>
<td>7,812,949</td>
</tr>
</tbody>
</table>

% to be cast FOR the resolution*  

98.2%

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

Item 5 – Non-executive Directors’ Fee Pool

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That the maximum aggregate amount available for payment by way of remuneration to all Non-Executive Directors per annum be increased by $200,000 from $1,550,000 to $1,750,000.”
Item 5 – Non-executive Directors’ Fee Pool

Proxies

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>For</td>
<td>539,847,343</td>
</tr>
<tr>
<td>Open</td>
<td>5,121,755</td>
</tr>
<tr>
<td>Against</td>
<td>5,918,936</td>
</tr>
</tbody>
</table>

% to be cast FOR the resolution* 98.6%

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