



## ANNUAL GENERAL MEETING 2015

5 November 2015  
Sydney



## Chairman's Address Dr Bob Every AO



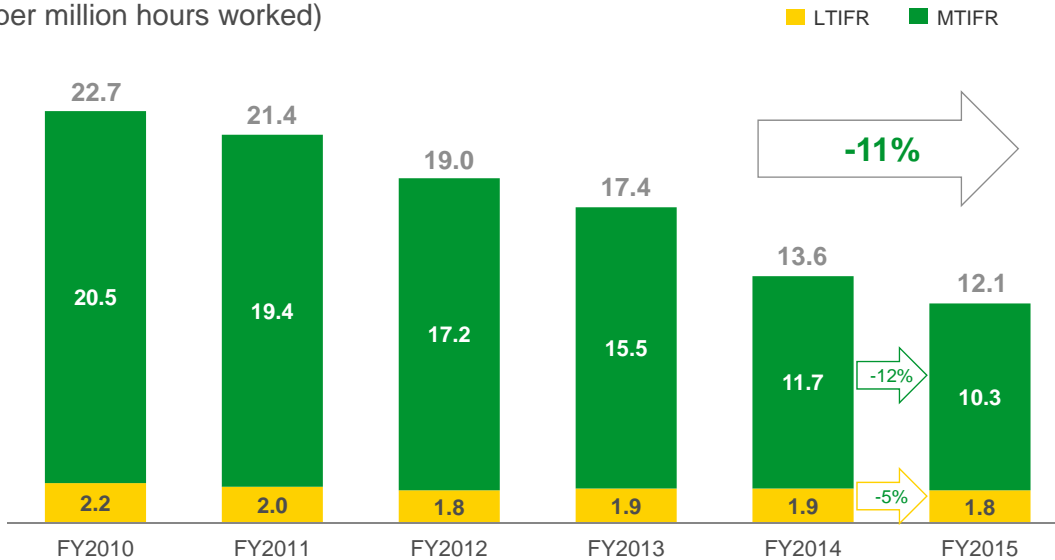
# Safety performance

Our goal: ZERO HARM for all Boral employees and contractors



## Employee and Contractor Recordable Injury Frequency Rate<sup>1</sup>

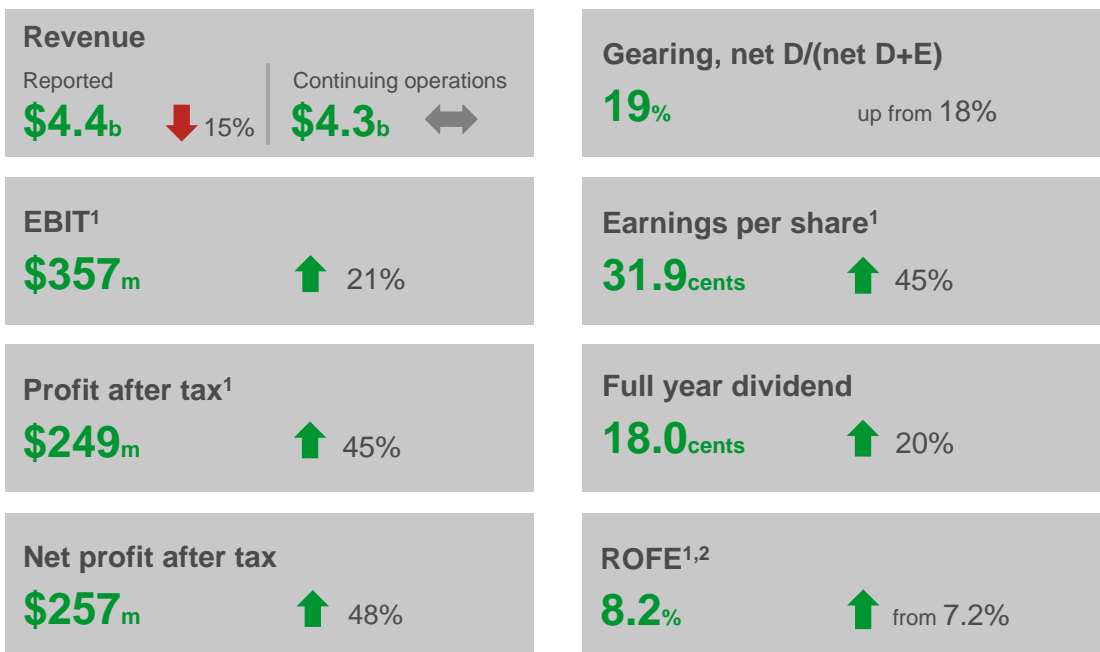
(per million hours worked)



1. Recordable Injury Frequency Rate (RIFR) comprises Medical Treatment Injury Frequency Rate (MTIFR) and Lost Time Injury Frequency Rate (LTIFR). Includes employees and contractors in 100%-owned businesses and 50%-owned joint venture operations

# FY2015 financial results highlights

Boral delivers significant profit improvements



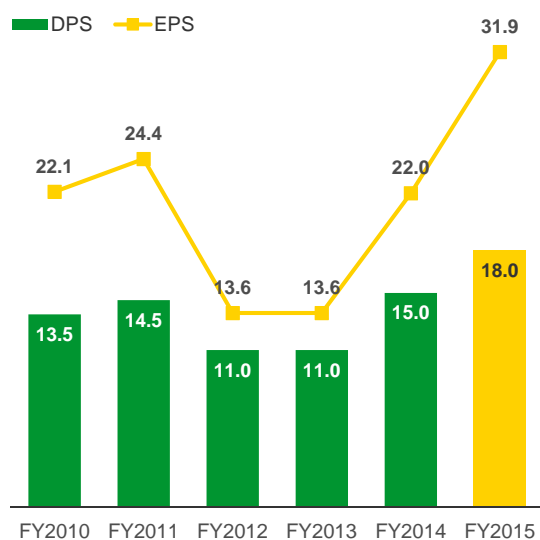
1. Excluding significant items  
 2. Return on funds employed as at 30 June 2015

# Capital management

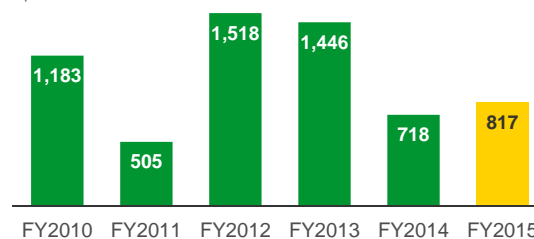
Balance sheet remains strong and full year dividend increased to 18.0c per share



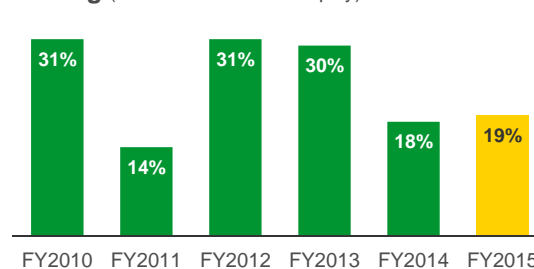
**Earnings (EPS)<sup>1</sup> and dividends per share (DPS)**  
A\$ cents



**Net debt**  
A\$ million



**Gearing** (net debt / net debt + equity)



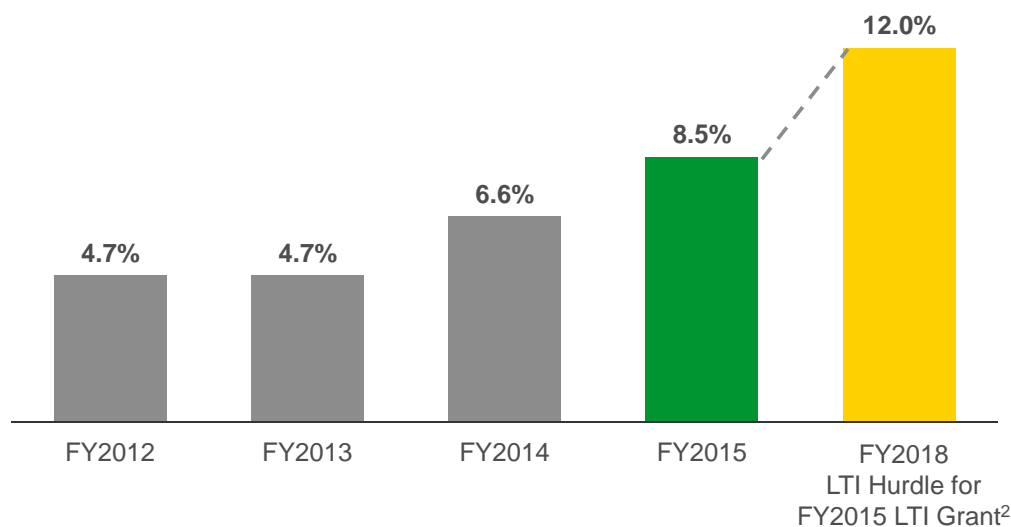
1. Earnings per share, excluding significant items

# Return on average funds employed (ROFE)

Aiming for returns to exceed the cost of capital



**EBIT<sup>1</sup> to average funds employed (ROFE), %**



1. Excluding significant items

2. Hurdle at which 100% of ROFE LTI component will vest; 0% will vest at ROFE of less than 11.5%; progressive pro rata vesting at ROFE of between 11.5% and 12.0%.

# 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**      **EXECUTE**      **TRANSFORM**



Fixing things that are holding us back

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

Transforming Boral for performance excellence and sustainable growth through innovation

7

## Board of Directors



**Dr Bob Every AO**  
Non-executive Chairman  
(to the end of the 2015 AGM)



**Dr Brian Clark**  
Non-executive Director  
and Chairman Elect



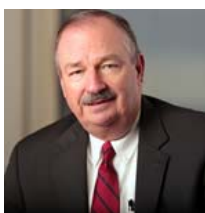
**Catherine Brenner**  
Non-executive Director



**Dr Eileen Doyle**  
Non-executive Director



**Kathryn Fagg**  
Non-executive Director



**Mike Kane**  
CEO & Managing  
Director



**John Marlay**  
Non-executive Director



**Paul Rayner**  
Non-executive Director

8





Chairman Elect  
Dr Brian Clark



CEO & MD's Address  
Mike Kane

# Boral's *Fix, Execute, Transform* program



## FIX



## EXECUTE



## TRANSFORM



Fixing things that are holding us back

- ✓ **Streamlined** organisation
- ✓ **Portfolio** realignment
- ✓ **\$213m cumulative cost reduction benefits<sup>1</sup>** in FY2015
- ✓ **\$251m cash** from divestments & land sales in first 2 years
- ✓ **Net debt** of \$817m at historically lower levels
- ✓ **Capital expenditure** < \$300m

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

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

Transforming Boral for performance excellence and sustainable growth through innovation

- ✓ **Product innovation**
- ✓ **Gypsum technology** roll-out commenced
- ✓ **Lowering fixed cost** exposures through the cycle

1. From major corporate and divisional restructuring programs in FY2013-2015, including 50% share of USG Boral programs

# Sustainability and Community snapshot

Creating a ZERO HARM culture



## Safety



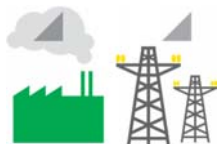
- **Targeting world-class health & safety and Zero Harm**
- **Recordable Injury Frequency Rate (RIFR) down 11% in FY2015<sup>1</sup>**
  - Lost Time Injury Frequency Rate **down 5%**
  - Medical Treatment Injury Frequency Rate **down 12%**

## Our People



- **Employees (FTE<sup>2</sup>):**
  - Boral: 8,356
  - JVs: 3,676
- **Average tenure:**
  - Australia: 9.2 years
  - US: 7.8 years
- **Contractors:**
  - Boral: ~4,400
  - JVs: ~3,000

## Environment



- **7% reduction in total GHG emissions** on like-for-like basis
- **5% reduction in energy use** on like-for-like basis

## Community



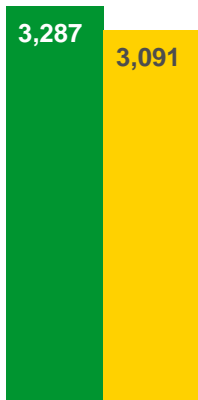
- **10 key community partnerships**
- **~\$820,000 contributed in FY2015**

1. Lost Time Injury Frequency Rate, Medical Treatment Injury Frequency Rate and RIFR for employees and contractors in 100%-owned businesses and 50%-owned joint venture operations  
 2. Full Time Equivalent

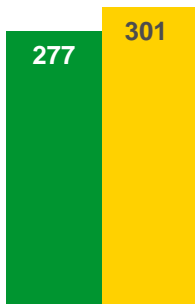


## Concrete, Quarries, Cement, Asphalt, Transport and Property

**Revenue**  
A\$ million



**EBIT<sup>1</sup>**  
A\$ million



FY2014 FY2015

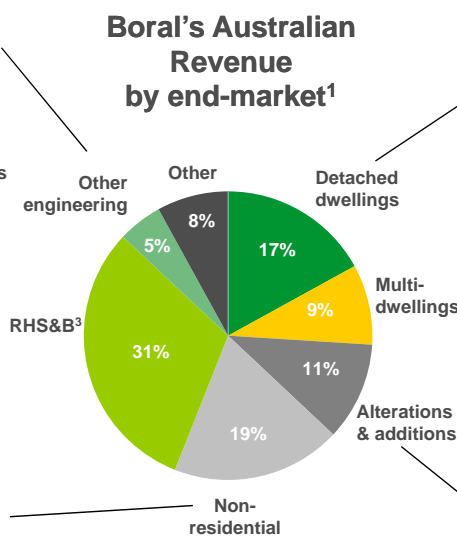
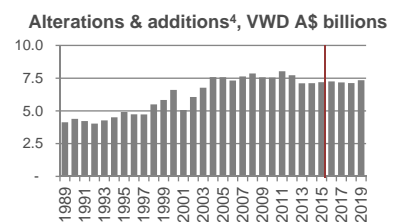
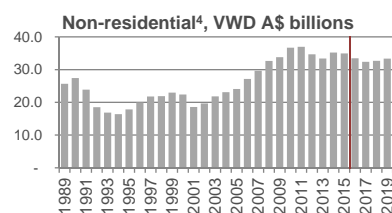
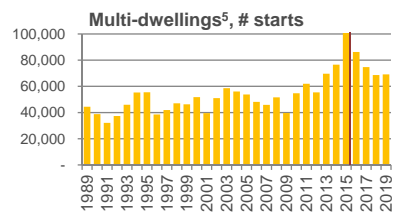
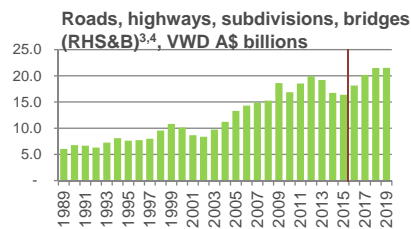
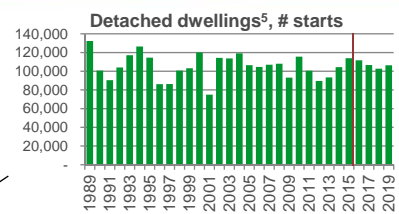
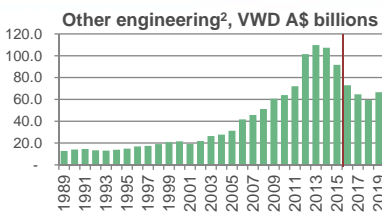
FY2014 FY2015

1. Excluding significant items

## FY2016 Outlook

- Excluding Property earnings, we expect to maintain **similar high levels of EBIT as FY2015**
- A **multi-year recovery in infrastructure demand, led by major roads projects** expected to benefit Boral as a materials supplier from late FY2016 and more in FY2017
- Expect benefits from **restructuring and improvement initiatives**, and **continued strength in Sydney construction market**

## Boral's Australian revenues are derived from several segments, with the largest being roads & highways



1. Based on split of FY2015 revenues from Construction Materials & Cement and Building Products  
2. Source: BIS Shrapnel

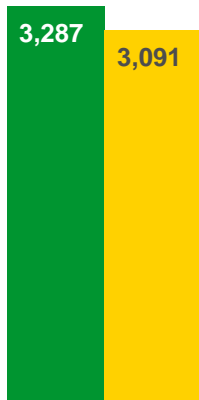
3. Roads, highways, subdivisions and bridges  
4. Source: BIS Shrapnel and Macromonitor  
5. Source: BIS Shrapnel, Macromonitor and HIA

Note all charts are for financial years and have been based on 2012/13 dollars



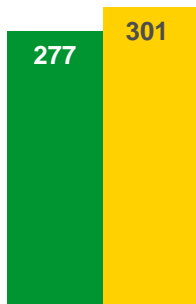
## Concrete, Quarries, Cement, Asphalt, Transport and Property

Revenue  
A\$ million



FY2014 FY2015

EBIT<sup>1</sup>  
A\$ million



FY2014 FY2015

## FY2016 Outlook

- Excluding Property earnings, we expect to maintain **similar high levels of EBIT as FY2015**
- A **multi-year recovery in infrastructure demand, led by major roads projects** expected to benefit Boral as a materials supplier from late FY2016 and more in FY2017
- Expect benefits from **restructuring and improvement initiatives**, and **continued strength in Sydney construction market**

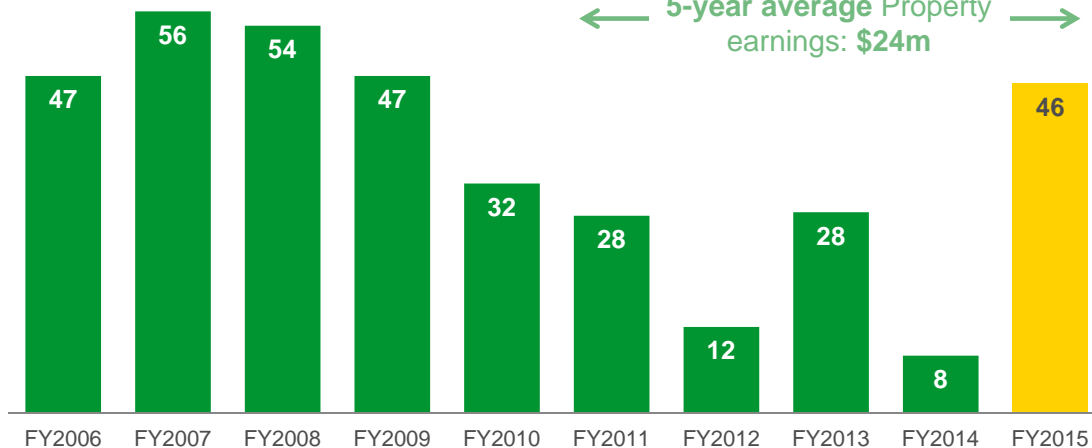
1. Excluding significant items



EBIT<sup>1,2</sup>  
A\$ million

← 10-year average Property/QEU earnings: \$36m →

← 5-year average Property earnings: \$24m →



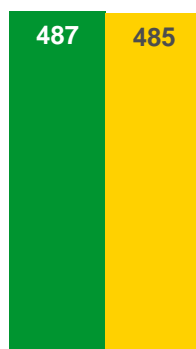
1. Excluding significant items

2. FY2006 – FY2010 included earnings from significant multi-year developments at Moorebank and Nelson's Ridge, and initial earnings from the Landfill business



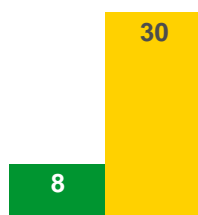
Australian Bricks<sup>1</sup>, Roofing<sup>2</sup> and Timber

Revenue  
A\$ million



FY2014 FY2015

EBIT<sup>3</sup>  
A\$ million



FY2014 FY2015

FY2016 Outlook

- Expect **underlying earnings improvement** despite housing activity forecast to soften
- However, expect to maintain **similar reported EBIT to FY2015**, reflecting the impact on earnings of the Bricks East business moving to 40% post-tax equity accounted earnings

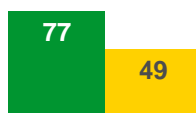
1. Includes 10 months of 100% consolidated earnings from East Coast Bricks and 2 months of 40% post-tax equity accounted income from Boral CSR Bricks JV  
 2. Remaining Masonry operations are incorporated into Bricks and Roofing businesses  
 3. Excluding significant items

 Boral Gypsum

Boral's 50% share of USG Boral Joint Venture

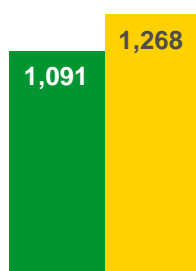
Australia, Korea, Thailand, China, Indonesia, Vietnam, Malaysia, India, Philippines

Reported earnings<sup>1,2</sup>  
All A\$ million



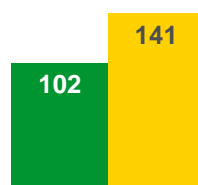
FY2014 FY2015

Underlying Revenue



FY2014 FY2015

Underlying EBIT<sup>2</sup>



FY2014 FY2015

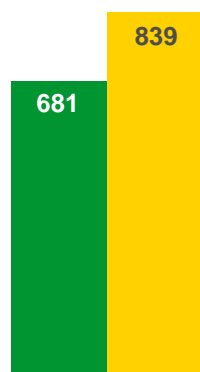
FY2016 Outlook

- Expected to deliver **further underlying performance improvements**
- **Sheetrock® volumes should grow** and **synergies strengthen** in FY2016
- **Construction activity in Asia should continue to grow** with some uncertainty in Thailand and Indonesia and subdued activity in China

1. Includes consolidated results for the period July 2013 to February 2014 and equity accounted post-tax earnings contribution from March 2014  
 2. Excluding significant items

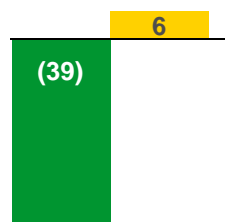
**Bricks, Roof Tiles, Cultured Stone,  
Fly Ash, Construction Materials**

**Revenue**  
A\$ million



FY2014 FY2015

**EBIT<sup>1</sup>**  
A\$ million



FY2014 FY2015

**FY2016 Outlook**

- Expect approximately **1.2 million total housing starts in FY2016**, in line with forecasters' projections<sup>2</sup>
- **EBIT from Boral's USA division expected to increase** in line with projected increase of approximately 150,000 housing starts

1. Excluding significant items

2. Analysts average (Dodge, Wells Fargo, NAR, NAHB, Fannie Mae, Freddie Mac, MBA) between May and July 2015

**1Q FY2016 Trading Update**

**Boral Construction Materials & Cement**

- 1Q FY2016 earnings in line with our expectations
- Pricing stronger in metro NSW and SEQ; steady in other regions
- Property earnings remain uncertain but likely to be skewed to 2H FY2016

**Boral Building Products**

- 1Q FY2016 result an improvement on prior year, reflecting strong residential activity and pricing outcomes
- Earnings in line with our 1Q FY2016 expectations
- Improved results from underlying Bricks East business, however, reported earnings impacted by JV contribution being post-tax equity-accounted

**Boral Gypsum**

- Underlying business performance in line with our expectations; solid improvement in earnings (in A\$) compared to 1Q FY2015
- While board volumes were higher in Australia, overall board volumes broadly steady and non-board volumes up
- Sheetrock<sup>®</sup> product penetration continued and price premiums remain above 5%

**Boral USA**

- 1Q FY2016 housing starts<sup>1</sup> at ~1.16m annualised run rate; up 13% on 1Q FY2015
- Positive earnings in 1Q FY2016; better than 1Q FY2015
- Higher Cladding and Roofing volumes
- Small price improvements in Bricks, Roofing and Trim

1. Seasonally adjusted annualised data from US Census for September 2015 quarter



# Annual General Meeting 2015

## 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 2015



Remuneration & Nomination  
Committee Chairman  
**Dr Brian Clark**

Item 2 – Remuneration Report



To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

**“To adopt the Remuneration Report for the year ended 30 June 2015.”**



## Item 2 – Remuneration Report

Proxies



### Proxies

For	498,298,287
Open	4,611,592
Against	6,367,515

**% to be cast FOR the resolution\***

**98.4%**

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

25

## Item 3 – Re-election of Directors

3.1 To re-elect John Marlay as a Director



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

**“That John Marlay, who retires in accordance with clause 6.3(b) of the Company’s Constitution, being eligible, be re-elected as a Director of the Company.”**

26

## Item 3.1 – To re-elect John Marlay as a Director



27

## Item 3.1 – To re-elect John Marlay as a Director

### Proxies



### Proxies

For	504,520,238
Open	4,777,191
Against	534,151

**% to be cast FOR the resolution\***

**99.6%**

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

28

## Item 3 – Re-election of Directors

### 3.2 To re-elect Catherine Brenner as a Director



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

**“That Catherine Brenner, who retires in accordance with clause 6.3(b) of the Company’s Constitution, being eligible, be re-elected as a Director of the Company.”**

29

## Item 3.2 – To re-elect Catherine Brenner as a Director



30

## Item 3.2 – To re-elect Catherine Brenner as a Director

Proxies



### Proxies

For	501,879,337
Open	4,777,167
Against	3,234,082

**% to be cast FOR the resolution\***

**99.0%**

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

31

## 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.”**

32



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

Proxies



### Proxies

For	494,878,044
Open	5,035,157
Against	9,956,145

**% to be cast FOR the resolution\***

**97.7%**

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

33

## Item 5 – Proportional Takeover Approval Provisions



To consider and, if thought fit, to pass the following resolution as a special resolution:

**“That the proportional takeover approval provisions contained in Schedule 5 of the Constitution of the Company at the date of this Notice of Meeting be included as Schedule 5 in the Constitution of the Company for a further period of three years from the date of the Meeting convened by this Notice of Meeting.”**

34

# Item 5 – Proportional Takeover Approval Provisions

Proxies



## Proxies

For	501,580,374
Open	5,556,627
Against	2,736,781

**% to be cast FOR the resolution\***

**99.1%**

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

35



**ANNUAL GENERAL  
MEETING 2015**

5 November 2015  
Sydney

