

ANNUAL GENERAL  
MEETING 2013



Chairman's Address  
Dr Bob Every AO



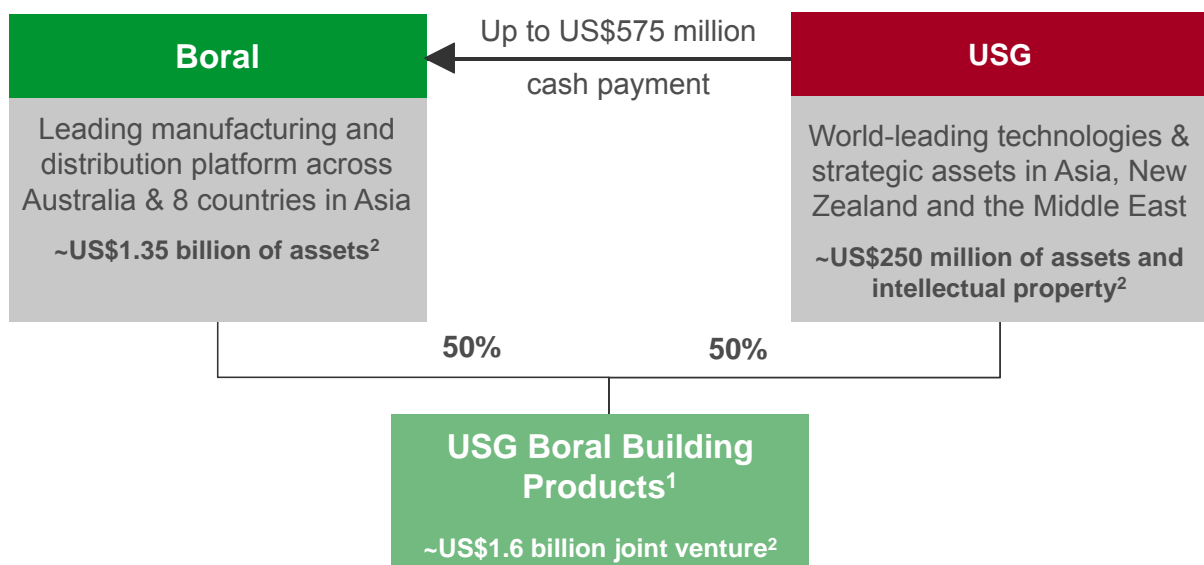
## Reshaping Boral to improve returns through the cycle



- Further portfolio changes made
- Organisational structure streamlined
- Reduction in workforce and overhead costs
- Transforming Boral
  - World-leading plasterboard & ceilings joint venture with USG
- Delivering on Boral's immediate priorities
  - Reducing costs
  - Managing capital expenditure
  - Generating cash

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## Transforming Boral through strategic joint venture with USG

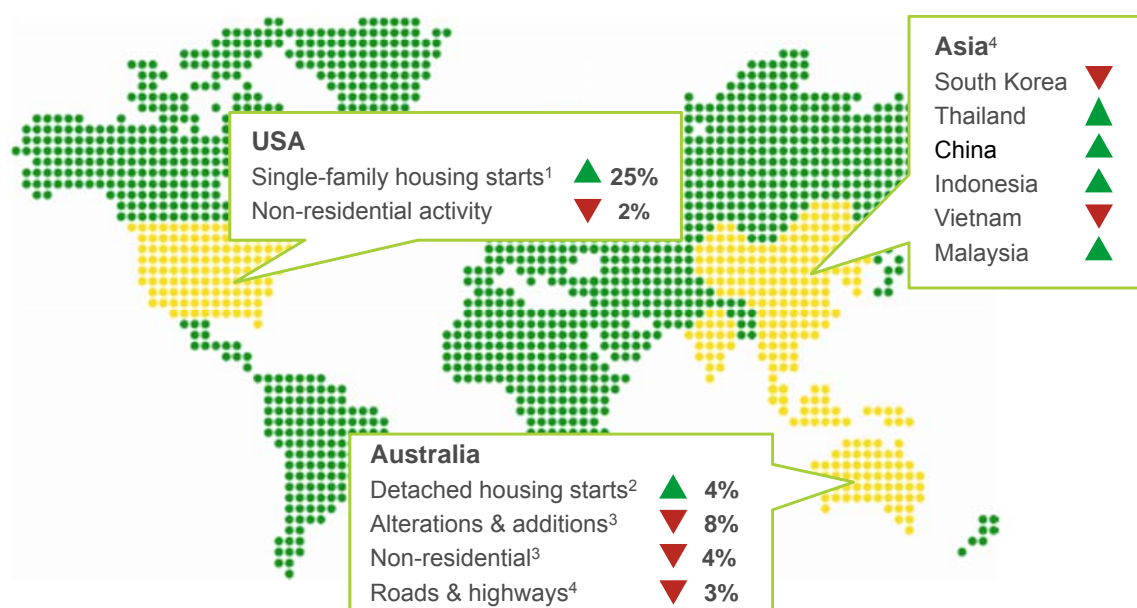


1. Actual structure will be via two JV legal entities

2. Asset values subject to finalisation of fair valuation, completion adjustments and final foreign exchange rates at the date of completion

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## Market conditions during FY2013 were mixed



1. US Census seasonally adjusted data
2. ABS original data
3. Refers to value of work done from ABS rebased to 2010/11 constant prices. Roads & highways also includes subdivisions & bridges
4. Based on various indicators of building and construction market activity in each country

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## Financial Performance



A\$	FY2013	FY13 v FY12
Revenue	\$5.29bn	▲ 6%
EBIT <sup>1</sup>	\$228m	▲ 14%
Profit after tax <sup>1</sup>	\$104m	▲ 3%
Significant items	(\$316m)	na
Net profit after tax	(\$212m)	na
EPS <sup>1</sup>	13.6 cents	steady
ROFE <sup>1,2</sup>	4.7%	steady

1. Excluding significant items
2. EBIT to average funds employed

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# Significant Items



A\$	FY2013
Capacity rationalisation and impairments	(\$399m)
Organisational restructure	(\$60m)
Gain on disposal of Asian construction materials operations	\$12m
Net insurance settlements	\$13m
<b>Significant items</b>	<b>(\$434m)</b>
Income tax benefit	\$117m
<b>Significant items (net)</b>	<b>(\$316m)</b>

Impairments in respect of:

**Building Products - (\$209m)**  
Closures and structural declines in Bricks, Timber and Windows

**Construction Materials & Cement - (\$160m)**  
Suspension of Waurin Ponds clinker manufacturing, the Berrima colliery and a write-down of land development costs

**USA - (\$30m)**  
Realign North American roof tile capacity and loss on sale of the Oklahoma sand and concrete operations

Non IFRS Information – Management has provided an analysis of significant items reported during the period. These items have been considered in relation to their size and nature and have been adjusted from the reported information to assist users to better understand the performance of the underlying businesses

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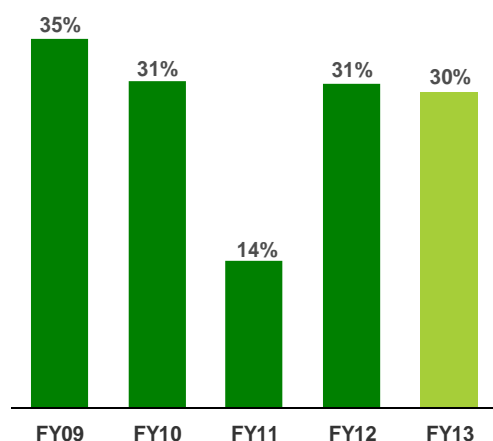
(Figures may not add due to rounding)

# Capital Management



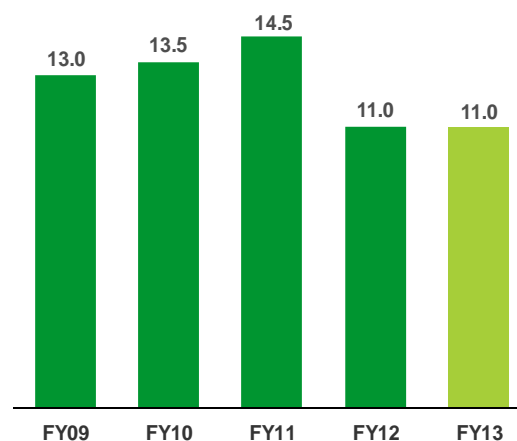
## Gearing

(net debt/ net debt + equity)



## Dividend paid

per ordinary share



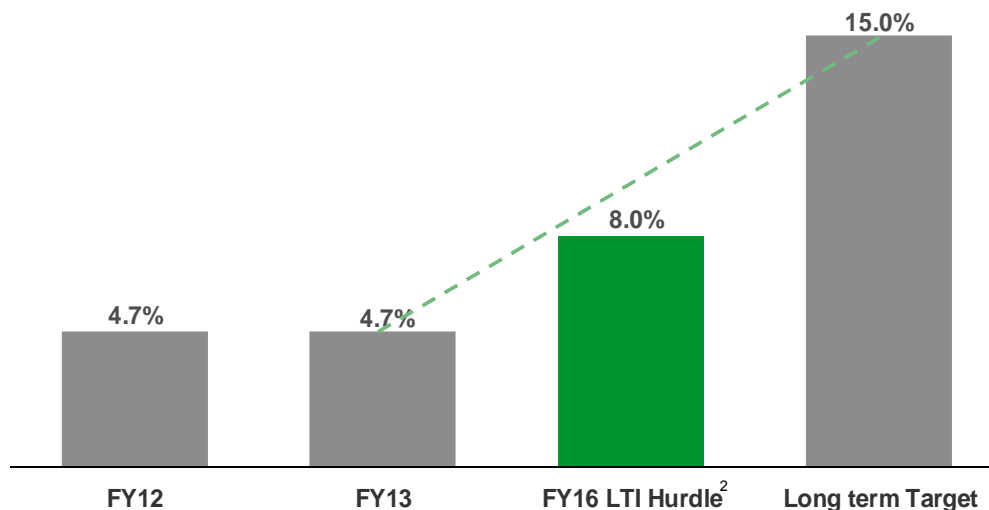
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# Executive Remuneration Structure



Return on average funds employed (ROFE<sup>1</sup>) introduced as second performance hurdle under long term incentive grant (LTI)



1. EBIT to average funds employed  
 2. Hurdle at which 100% of ROFE LTI component will vest; 0% will vest at ROFE of less than 7.6%

# 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



**Mike Kane**  
 CEO & Managing  
 Director



**Dr Brian Clark**  
 Non-executive  
 Director



**John Marlay**  
 Non-executive  
 Director



**Catherine Brenner**  
 Non-executive  
 Director

# Boral Group Executives



**Rosaline Ng**  
Chief Financial Officer



**Joe Goss**  
Divisional MD,  
Construction Materials  
& Cement



**Frederic de  
Rougemont**  
Divisional MD,  
Gypsum



**Al Borm**  
President & CEO,  
Boral USA



**Darren Schulz**  
Executive GM,  
Building Products



**Robert Gates**  
Chief Administrative  
Officer



**Matt Coren**  
Group Strategy and  
M&A Director



**Kylie FitzGerald**  
Group Communications  
& Investor Relations  
Director



**Dominic Millgate**  
Company Secretary



**Damien Sullivan**  
Group General Counsel



## CEO & MD's Address

**Mike Kane**

# Delivering on Boral's priorities



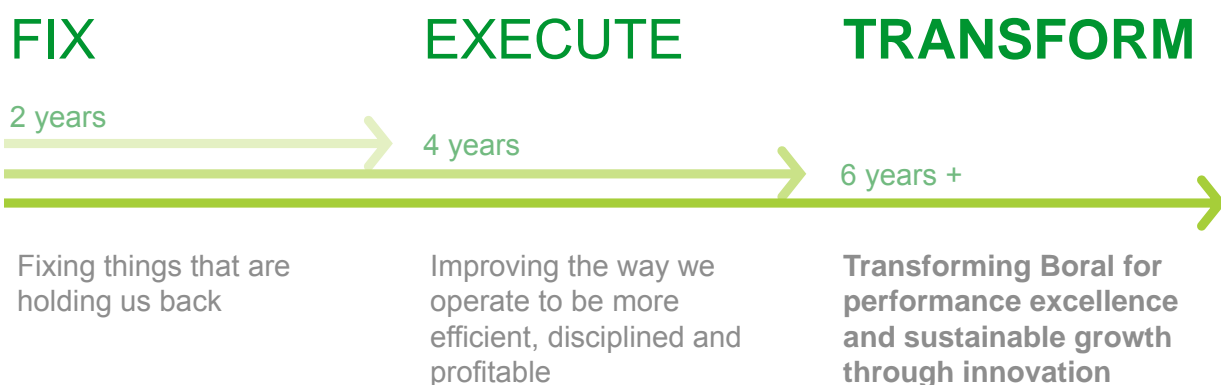
	ACHIEVEMENTS
Manage costs down	✓ \$105 million in cost reduction initiatives completed
Maximise cash generation	✓ \$173 million in cash proceeds from divestments & sale of surplus land
Reduce debt	✓ Debt reduced to \$1.45 billion at 30 June 2013
Reshape the portfolio	<ul style="list-style-type: none"> <li>✓ Divested Thailand Construction Materials, East Coast Masonry, Oklahoma Construction Materials and Windows</li> <li>✓ Restructured Timber operations &amp; suspended Waurn Ponds clinker manufacturing</li> </ul>
Secure access to Gypsum technology	✓ Secured access to world-leading technologies through JV with USG

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# 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



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## USG Boral Joint Venture delivers long term value for shareholders



- Leading plasterboard manufacturing and distribution platform in Asia and Australia
- #1 or #2 position in markets served

+



- Exclusive, royalty-free access to USG's current technologies in perpetuity across Asia, Australasia and the Middle East
- Exclusive distribution rights to USG's complementary products

=

**USG  
Boral  
joint  
venture**

- Substantial competitive advantage that can't be replicated
- Synergies expected to exceed US\$50 million per annum within 3 years of technology roll-out (roll-out to be completed within 2 years)
- Accelerated growth opportunities; self funded through joint venture

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## Further cost cutting initiatives commenced



- Continued cost reduction imperative to offset inflationary pressures of around \$100 million annually in Australia
- \$105 million in cost saving initiatives completed to date
- Second phase of cost saving program focused on **contractor spend**, **office accommodation** and **back office efficiencies** in Australia
- Anticipate **\$45 million per annum in cost savings** within two years
  - \$25 million cost savings expected in FY2014
- Also looking at significant price movements to offset cost impacts

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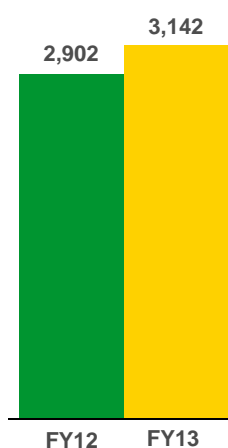


# Boral Construction Materials & Cement

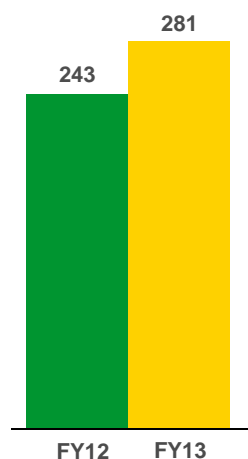


## Concrete, Quarries, Cement, Asphalt, Transport and Property

**Revenue**  
A\$ million



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



1. Excluding significant items

## 1Q FY2014 Trading Update

- Strong outcome with benefits from:
  - Curtis Island LNG projects
  - Favourable weather on east coast
  - Cost reductions programs
- Price outcomes below expectations
- Margin pressures in Asphalt

## FY2014 Outlook

- Performance not expected to exceed FY2013
- Improved performance in underlying business to offset substantial decline in Property earnings

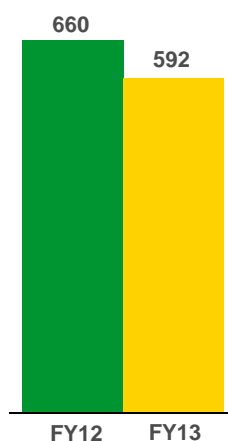
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# Boral Building Products



## Australian Bricks, Roofing<sup>1</sup>, Timber and Windows

**Revenue**  
A\$ million



**EBIT<sup>2</sup>**  
A\$ million



1. Remaining Masonry operations are incorporated into Bricks and Roofing businesses  
2. Excluding significant items

## 1Q FY2014 Trading Update

- Small profit realised in first quarter
- Performance benefited from:
  - Higher residential activity in New South Wales and Western Australia
  - Timber restructuring
  - Overhead cost reductions
  - Reduced Brick capacity optimisation costs

## FY2014 Outlook

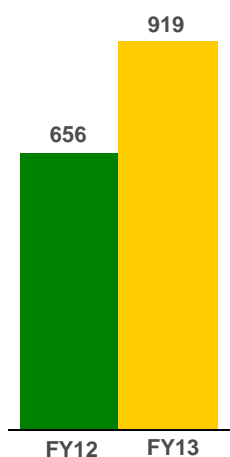
- On track to deliver significantly reduced losses

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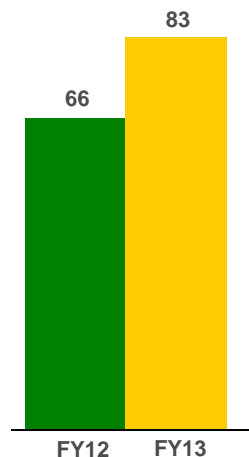


Australia, Korea, Thailand, China, Indonesia, Vietnam, Malaysia, India, Philippines

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



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



1. Includes revenue and consolidation of results since 9 December 2011  
2. Excluding significant items

## 1Q FY2014 Trading Update

- Strong demand in Thailand and Indonesia
- Robust volumes in China
- Price pressures in Korea, China and Vietnam
- Improved performance in Australia

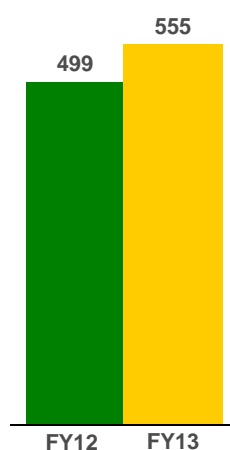
## FY2014 Outlook

- Improved underlying returns with stronger second half FY2014
- Move to equity accounting of 50% interest in USG Boral joint venture, reducing Boral net profit after tax by ~\$15 million

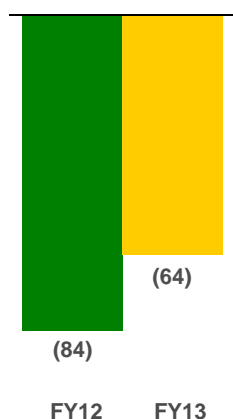


Bricks, Roof Tiles, Cultured Stone, Fly Ash, Construction Materials

**Revenue**  
A\$ million



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



1. Excluding significant items

## 1Q FY2014 Trading Update

- Performance broadly in line with expectations
  - Housing starts below expectations
  - Improved Cladding & Roofing volumes
  - Continued cost reduction programs

## FY2014 Outlook

- Breakthrough to profitability in late second half FY2014, contingent on:
  - Continued growth in US housing starts to 1.1 million
  - Higher proportion of single family dwelling starts & custom homes



- In summary, continue to expect in FY2014
  - Significantly reduced losses from Building Products and Boral USA
  - Improved underlying earnings from Boral Gypsum
  - Ongoing strong results from Construction Materials & Cement
- Anticipate improved ROFE<sup>1</sup>, despite shift to equity accounting of Gypsum
- Cultural transformation at Boral well underway
- Increased focus on innovation and technology
- Senior management team focused on delivering on Boral's commitments

1. EBIT to average funds employed





To consider the financial reports, the Directors' Report and the Auditor's Report for the year ended 30 June 2013



Remuneration & Nomination  
Committee Chairman's Address  
**Dr Brian Clark**



## Item 2 – Remuneration Report



To adopt the Remuneration Report for  
the year ended 30 June 2013

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## Item 2 – Remuneration Report

Proxies



### Proxies

For	510,267,466
Open	5,675,360
Against	8,319,880

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

**98.0%**

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

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## Item 3 – Re-election of Directors



- 3.1 To re-elect Bob Every as a Director
- 3.2 To re-elect Eileen Doyle as a Director
- 3.3 To re-elect Richard Longes as a Director

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## Item 3.1 – Re-election of Bob Every



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## Item 3.1 – Re-election of Bob Every

Proxies



### Proxies

For	509,957,372
Open	6,017,160
Against	15,098,897

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

**96.7%**

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

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## Item 3.2 – Re-election of Eileen Doyle



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## Item 3.2 – Re-election of Eileen Doyle

Proxies



### Proxies

For	523,394,989
Open	5,977,658
Against	1,705,664

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

**99.3%**

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

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## Item 3.3 – Re-election of Richard Longes



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## Item 3.3 – Re-election of Richard Longes

Proxies



### Proxies

For	509,055,569
Open	6,116,916
Against	15,872,684

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

**96.6%**

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

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## Item 4 – Award of 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.”

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## Item 4 – Award of Rights to Mike Kane

Proxies



### Proxies

For	494,405,395
Open	5,787,767
Against	26,290,736

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

**94.6%**

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

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