



1 May 2013

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ASX Market Announcements
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Dear Sir

We attach copies of slides being shown by Mike Kane, CEO & Managing Director, to members of the investment community during the Macquarie Australia Equities Conference.

Yours faithfully

Margaret Taylor
Company Secretary



Overview of Boral's Strategy

Macquarie Australia Equities Conference

1 May 2013

Mike Kane, CEO & Managing Director

BORAL



OUR CURRENT STRATEGIC FOCUS IS ON FIXING THE BUSINESS





A FOCUS ON PORTFOLIO MANAGEMENT TO STRENGTHEN THE BUSINESS FOR THE FUTURE

	Divested	Acquired	Invested Capital	Rationalised
Construction Materials & Cement	<ul style="list-style-type: none"> ▪ Precast Panels businesses ▪ Formwork & Scaffolding ▪ Galong lime plant ▪ Construction Materials Indonesia and Thailand 	<ul style="list-style-type: none"> ▪ Wagners Qld quarries & concrete ▪ Sunshine Coast Quarries 	<ul style="list-style-type: none"> ▪ Peppertree Quarry Project 	<ul style="list-style-type: none"> ▪ Combined SA / Vic Construction Materials ▪ Ceased clinker production at Waurn Ponds ▪ Small/redundant sites closed/exited ▪ Closed Emu Plains depot
Building Products	<ul style="list-style-type: none"> ▪ East Coast Masonry 			<ul style="list-style-type: none"> ▪ Qld roofing closed ▪ Plywood business closed ▪ Brick capacity ↓37% ▪ Clay & Concrete structure removed ▪ Nowra and Newcastle windows and Batemans Bay timber mill closed
Boral Gypsum		<ul style="list-style-type: none"> ▪ LBGA – remaining 50% ▪ Shandong plant, China 	<ul style="list-style-type: none"> ▪ New lines – Cilegon, Chongqing, Ho Chi Minh ▪ Port Melbourne upgrade 	
Boral USA	<ul style="list-style-type: none"> ▪ Masonry plant – Colorado 	<ul style="list-style-type: none"> ▪ MonierLifetile – 50% ▪ Cultured Stone – 50% 		<ul style="list-style-type: none"> ▪ 11 brick plants closed; 4 mothballed

BORAL'S PORTFOLIO

Presents opportunities in construction materials & cement in Australia, gypsum in Asia & Australia and cladding in the US



USA:

- Cladding (Bricks, Stone, Trim)
- Roof Tiles
- Fly Ash
- Construction Materials (COL & OKL)

“Emerging from the US downturn with a strengthened leading position in building products”

Gypsum:

- Asia
- Australia

“Arguably the best gypsum position in the world’s highest growth market”

Australia:


- Quarries
- Concrete
- Asphalt
- Cement
- Bricks
- Roofing
- Masonry
- Windows
- Timber

“A well-positioned concrete and asphalt network pulling through valuable quarry resources and cement supply”

BORAL'S DIVISIONS HAVE BEEN RE-STRUCTURED & SIMPLIFIED REFLECTING THE PORTFOLIO CHANGES




Mike Kane
CEO & Managing Director



Joseph Goss
Divisional Managing Director

Boral Construction Materials and Cement


- Quarries
- Concrete
- Asphalt
- Property
- Cement
- Concrete placing



Darren Schulz
Executive General Manager

Boral Building Products


- Bricks
- Roofing
- Masonry (SA & WA)
- Timber
- Windows



Frederic De Rougemont
Divisional Managing Director

Boral Gypsum

- Asia
- Australia



Al Borm
President & CEO

Boral USA

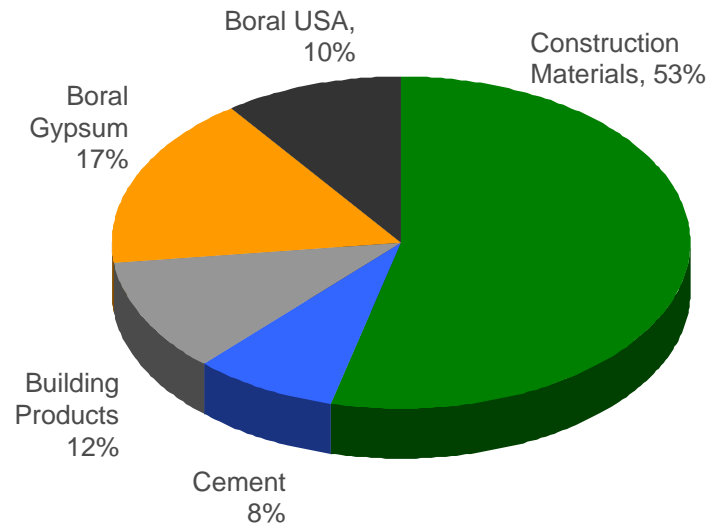
- Cladding (Bricks & Stone)
- Roof Tiles
- Fly Ash
- Construction Materials

BORAL'S REVENUE BASE HAS SHIFTED

Reflecting market cycles as well as capital allocation to higher growth markets



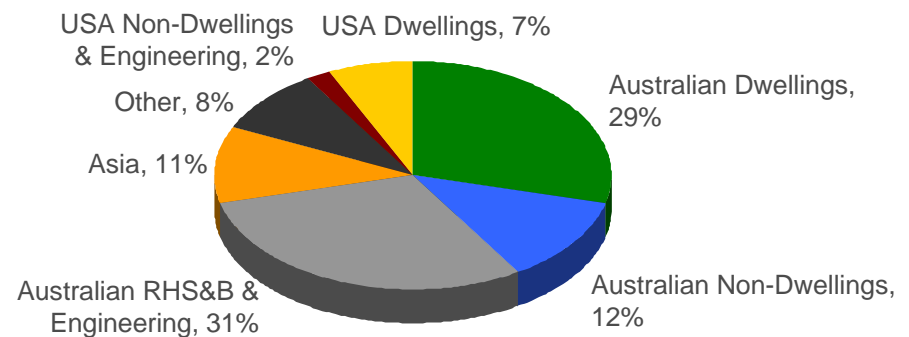
External revenue by segment – 1H FY2013¹



Revenue = \$2.7 bn¹

- Currently nearly 80% of Boral's revenue¹ is from Australia
- USA and Asia expected to deliver strong growth
- Ideally, Australian markets to underpin around 50% of Boral's revenue with the USA and Asia driving the remaining 50%

External revenue by end market – 1H FY2013¹



Revenue = \$2.7 bn¹

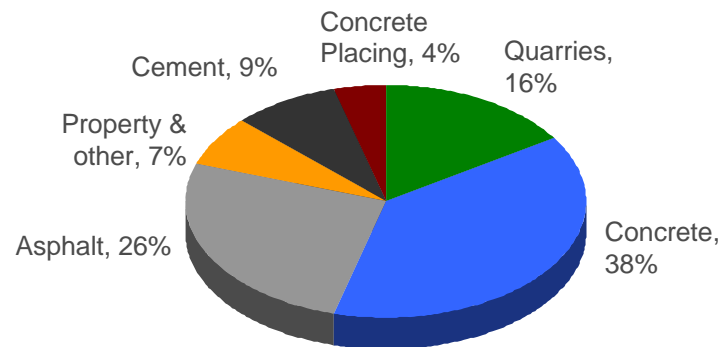
1. For continuing operations only

BORAL CONSTRUCTION MATERIALS & CEMENT

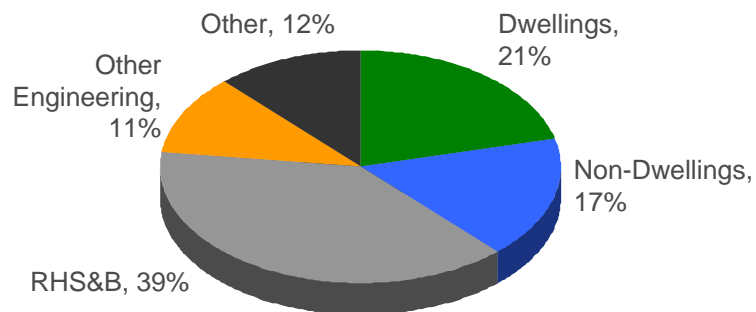
A solid integrated business underpinned by strong resource positions



CM&C external revenue by business - 1H FY13



CM&C external revenue by end market - 1H FY13



Revenue = \$1,659 m

- Integrated business with strong resource positions
- Leading market position in concrete, asphalt, quarries and cement
- Strategic focus on large projects and infrastructure work
- Strong technical capability enabling us to develop solutions to meet customer requirements
- Invested \$245m in acquisition of Wagners' construction materials assets and Sunshine Coast Quarries in 2011 to strengthen South East Queensland market position
- \$200m investment in Peppertree quarry, Marulan will underpin long term low cost quarry position in NSW

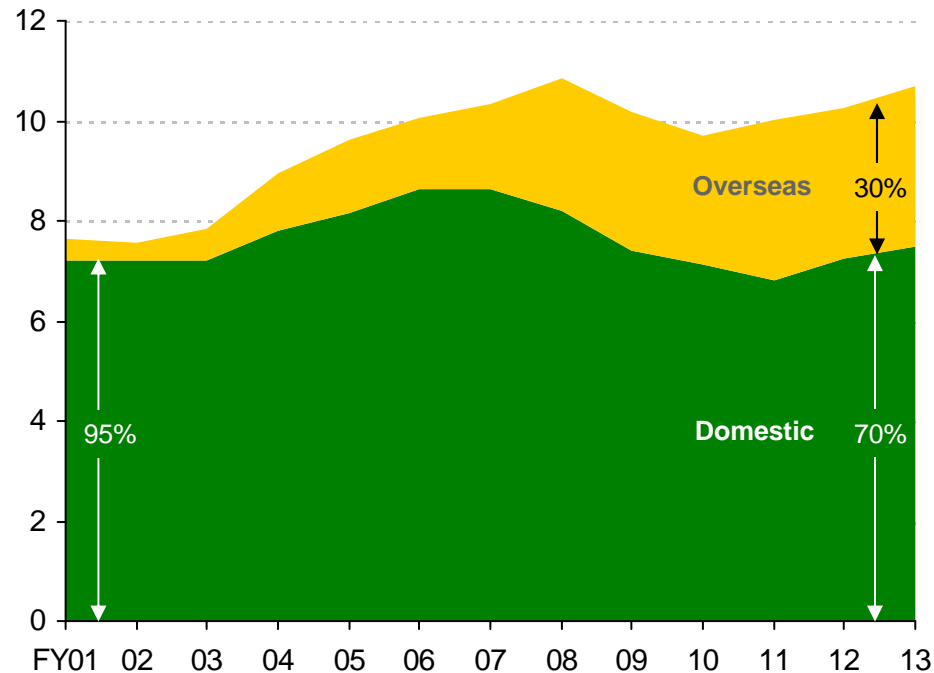
CEMENT

Changing business model driven by changing market dynamics



Cementitious Production Volume by Source¹

(million tonnes per year)



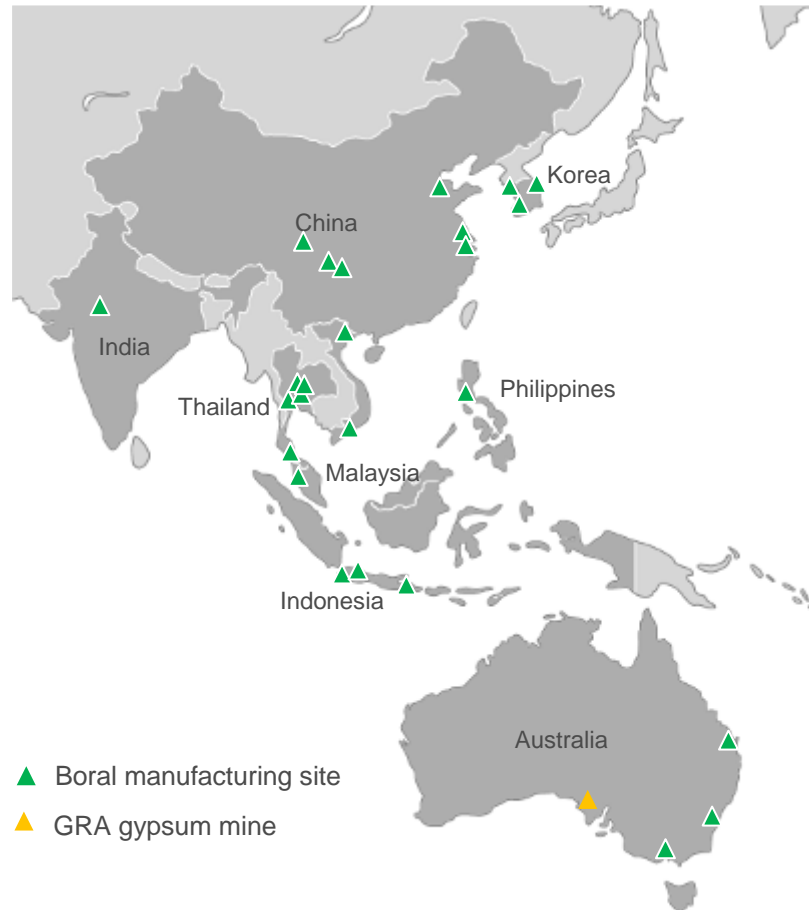
A\$	0.53	0.52	0.59	0.71	0.75	0.75	0.79	0.91	0.74	0.88	1.00	1.03	1.04
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- Waurn Ponds moved to importing clinker with clinker production ceased in April-13
- Decision driven by high A\$, low shipping costs, high production costs and sub-scale plant size
- 800ktpa milling capacity at Waurn Ponds
- Boral will be importing in line with industry at around 30% of demand
- Asian spare capacity likely to be available at marginal cost over the long-term

1. Imports include cement, clinker and GBFS. Domestic includes clinker manufactured in domestic kilns and slag ex-Port Kembla. Assumes 1 t clinker = 1.1 t cement

BORAL HAS A LEADING GYPSUM POSITION IN ASIA

With board capacity of 625m m² across 25 manufacturing sites¹



▲ Boral manufacturing site
▲ GRA gypsum mine

Country	Market share	Capacity (m m ²) ²
Korea	~40-45%	153
Thailand	~55-60%	105
China	~5%	155
Indonesia	~40-45%	65
Malaysia/Singapore	~55-60%	10
Vietnam	~45-50%	42
India	~20-25%	9
UAE	~10%	0
Philippines	~50-55%	0
Australia	~35-40%	86
TOTAL	~40-45%³	625

Source: Boral management estimates

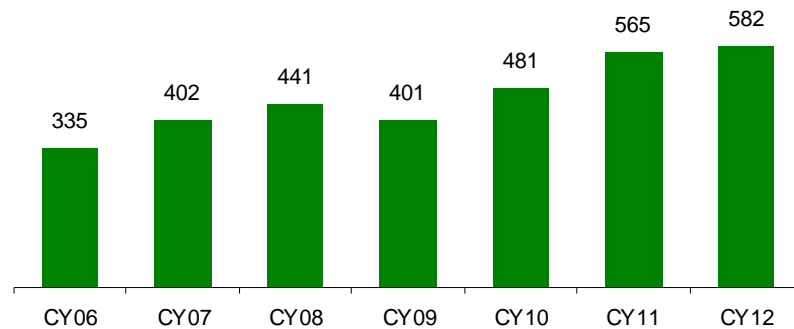
1. Boral manufacturing sites: plasterboard, metal and mine
2. Including post completion of current & recently completed expansion projects: Chongqing line 4 (15 mm²) in China, Cilegon line 2 (30 mm²) in Indonesia, and Ho Chi Minh line 2 (30 mm²) in Vietnam
3. Boral market share excluding China

GYP SUM ASIA REMAINS A STRONG GROWTH PLATFORM

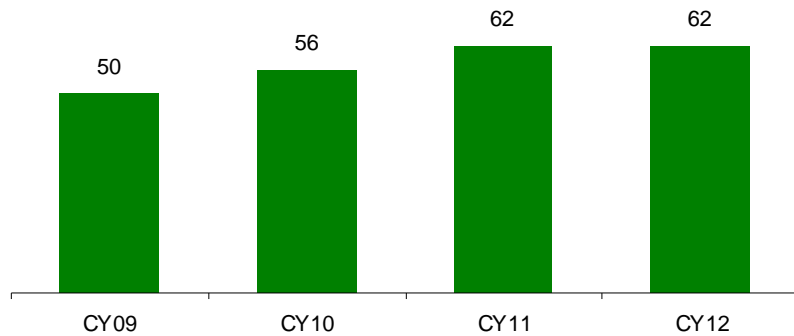
Despite short-term market challenges



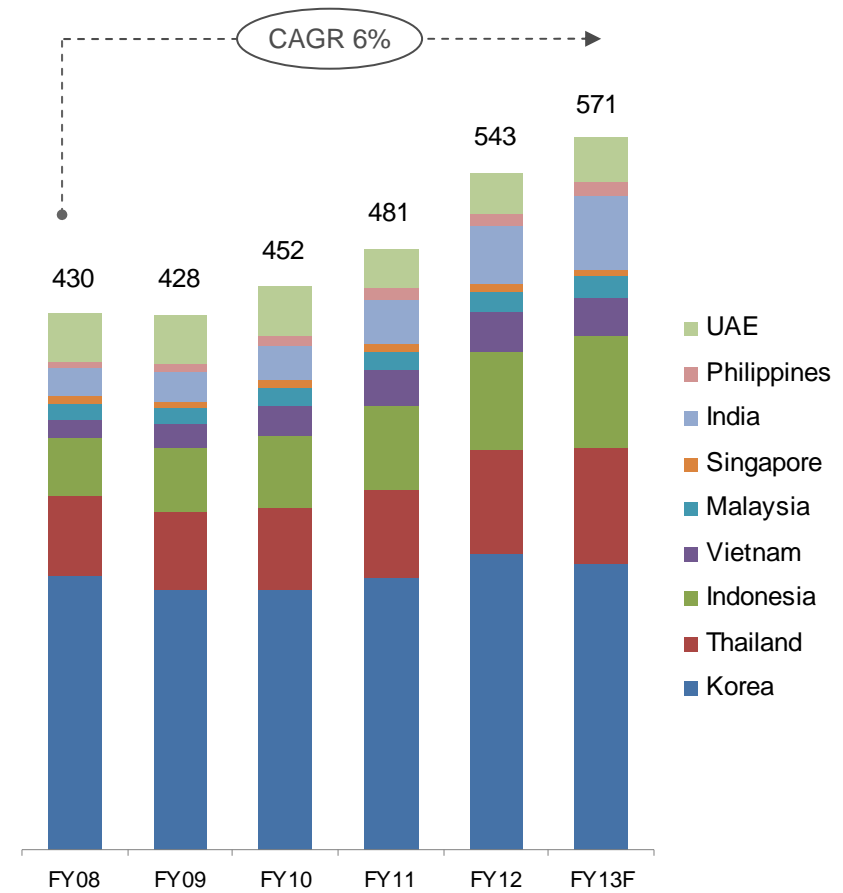
Revenue (USD \$m)



EBIT (USD \$m)



BGA market growth (mm²)¹



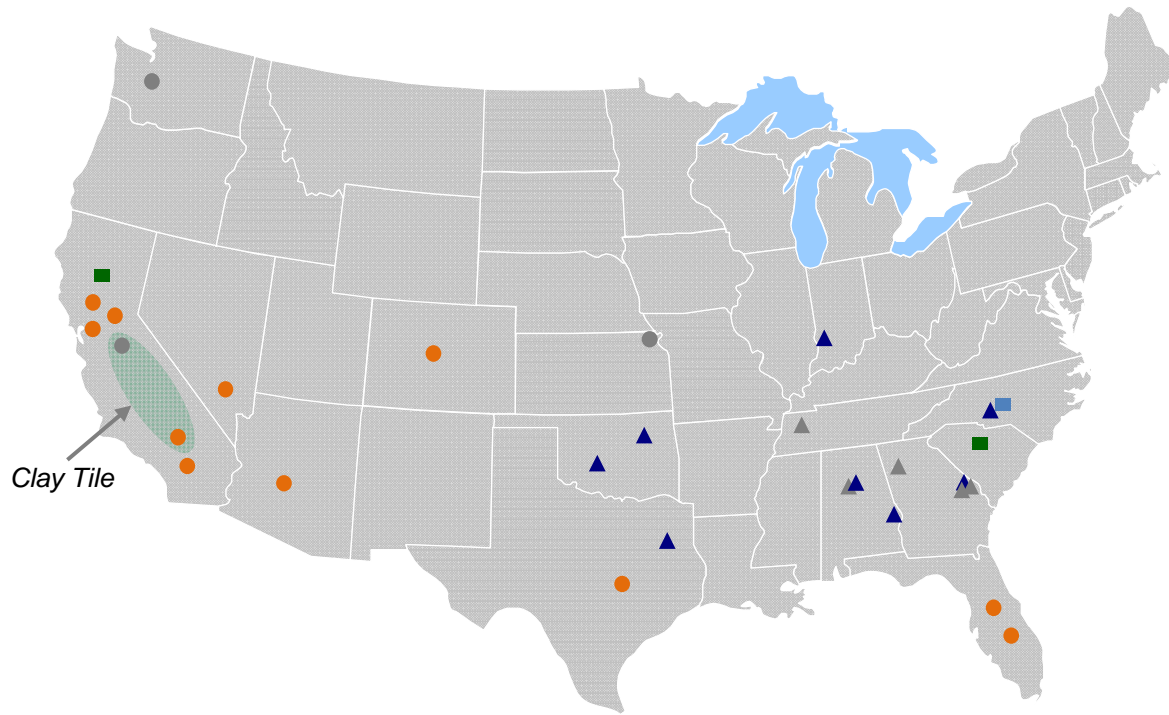
1. Source: BGA management estimates

IN THE USA, BORAL HAS MARKET LEADING POSITIONS

In Bricks, Cultured Stone and Roofing



Roofing and Cladding Locations



Bricks

- ▲ Brick Manufacturing - Open
- ▲ Bricks Manufacturing - Mothballed

Roofing

- Roofing Manufacturing - Open
- Roofing Manufacturing - Mothballed

Stone

- Stone Manufacturing - Open

Trim

- Trim Manufacturing - Open



- **Bricks:** Competitive cost position driven by strategically located plants (near key metro areas) and closure of 11 high cost manufacturing sites



- **Stone:** Two large plants with national coverage, cost structure is advantageous at higher end of market cycle



- **Roofing:** Plants located strategically near key metro areas

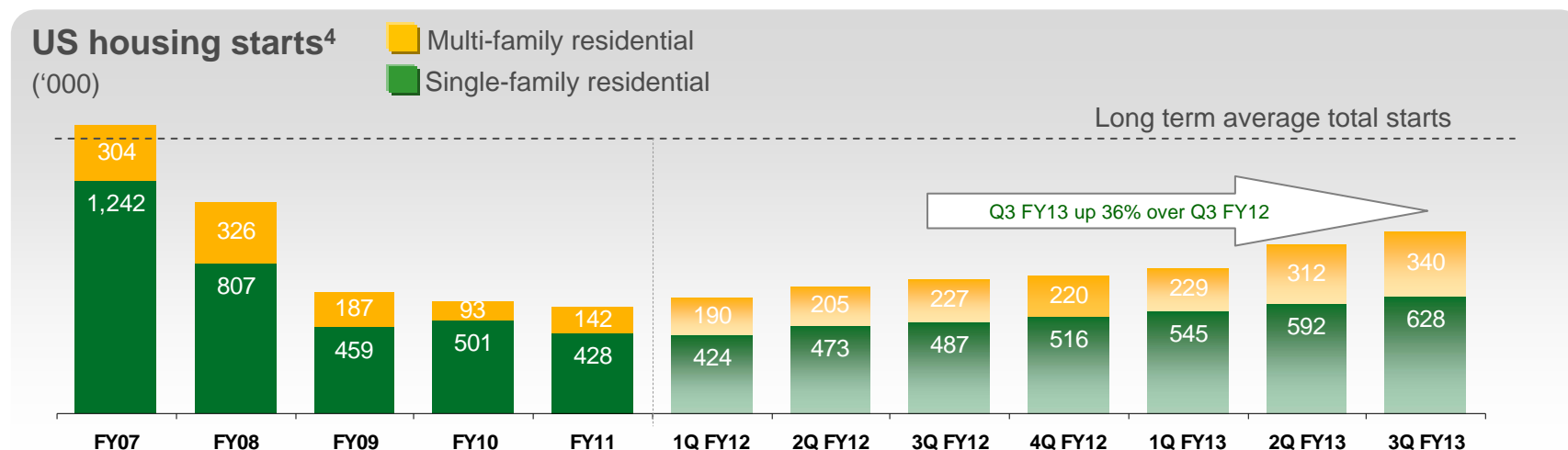


RATIONALISED BORAL USA PORTFOLIO WILL BENEFIT FROM HOUSING RECOVERY

Although product intensity per start has been lower

- Rationalised brick capacity from peak to mid-cycle demand
- Permanently closed 11 higher cost brick plants
- Plant utilisation remains low
- Product intensity per start lower due to early stages of recovery favouring production builders

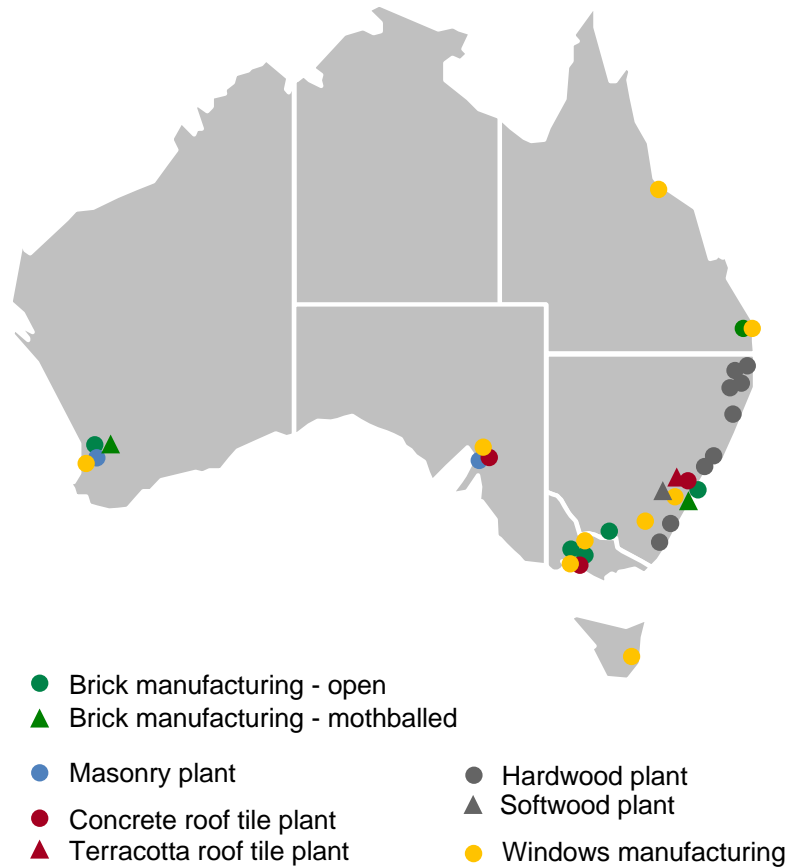
	Total plants	Moth-balled	Capacity ¹	Utilis'n % ²
Bricks ³	13	5	1.3bn sbe	~40%
Cultured Stone	2	-	94.0m sq ft	~25%
Concrete Roof tiles	12	2	6.1m sqs	~25%
Clay Roof tiles	3	2	0.4m sqs	~25%



1. As of December 31, 2012 for 1H FY13
 2. 1H FY13 annualised utilisation

3. Includes a mothballed clay paver plant
 4. Seasonally adjusted annualised data from US Census

BORAL BUILDING PRODUCTS BUSINESSES REMAIN CHALLENGING



	Actions taken	Remaining challenges
Bricks, Roofing, Masonry	<ul style="list-style-type: none"> ▪ East Coast Masonry sold ▪ Bricks capacity reduced by 37% ▪ Queensland roofing closed 	<ul style="list-style-type: none"> ▪ Low levels of demand ▪ WA Bricks, new entrant – volume and pricing pressure ▪ NSW Bricks, product availability ▪ High inventory levels ▪ Overcapacity - WA and NSW
Timber	<ul style="list-style-type: none"> ▪ Plywood business closed ▪ Batemans Bay mill closed 	<ul style="list-style-type: none"> ▪ High inventory levels ▪ Long term hardwood supply contract ▪ High A\$ - imports and pricing pressure ▪ Low levels of A&A and high-end residential activity
Windows	<ul style="list-style-type: none"> ▪ Nowra & Newcastle plants closed 	<ul style="list-style-type: none"> ▪ Low levels of market demand

STRATEGIC PRIORITIES



Portfolio Management



- Re-align portfolio to focus on more attractive markets with higher growth potential
- Rationalise capacity to mid-cycle demand

Immediate Priorities

- Cost reductions
- Cash generation
- Capital expenditure

- Deliver on immediate priorities outlined in Nov-12 to improve return on assets

Key Levers of Change



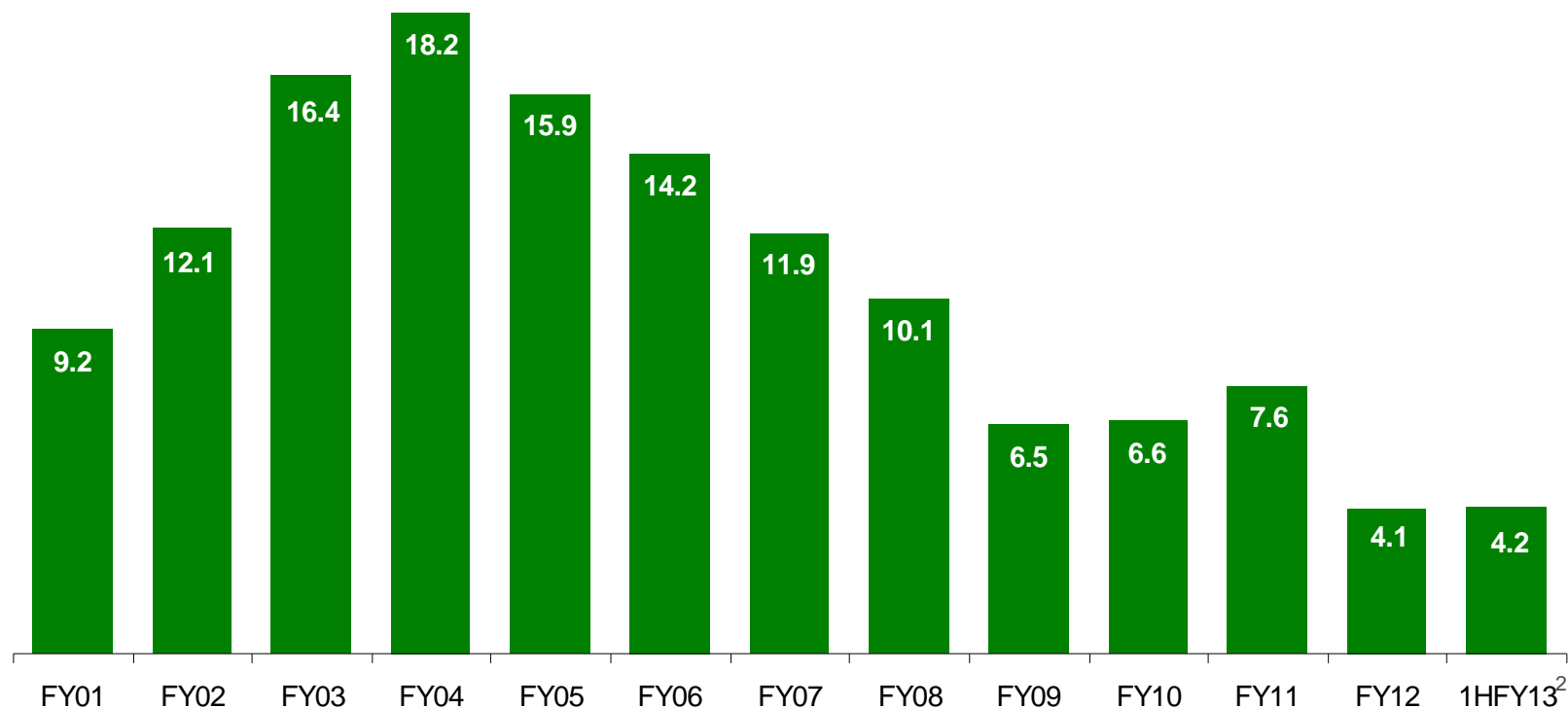
- Use key levers of change to achieve and maintain sector best performance

RETURN ON INVESTED CAPITAL

Our immediate and longer-term priorities are focused on improving Boral's return on invested capital



EBIT to funds employed¹
%



1. Excludes significant items
2. Moving Annual Total

SIGNIFICANT PROGRESS MADE IN ACHIEVING IMMEDIATE PRIORITIES



	OBJECTIVES	ACHIEVEMENTS
Cost reduction	<ul style="list-style-type: none">▪ Realign overhead costs & organisation structure to reduce the burden on Boral's businesses and create a more streamlined organisation	<ul style="list-style-type: none">▪ 1,000 reduction in employees from restructuring, rationalisation and outsourcing initiatives
Cash generation	<ul style="list-style-type: none">▪ Generate \$200-\$300m from divestments and land sales in FY2013/14▪ Reduce inventory levels	<ul style="list-style-type: none">▪ \$90m in cash proceeds received in 1H FY2013 from non-core asset & property sales
Capital expenditure	<ul style="list-style-type: none">▪ Scrutinise, delay, reduce and prioritise capital expenditure▪ Manage capital assets to improve returns	<ul style="list-style-type: none">▪ SIB capex at 36% of depreciation in 1H FY2013▪ Growth capex limited to essential projects▪ Expect ~\$300m total capex in FY2013

CONTINUED FOCUS ON KEY LEVERS OF CHANGE



- Aiming for best practice **safety**, underpinning everything we do
- Using **LEAN** in the Boral Production System to reduce waste & inventories and increase output from a reduced production base
- A 'One Boral' approach to **Sales & Marketing Excellence**
- **Innovation** to leverage Boral's brand and meet unmet customer needs
- **People engagement** at all levels supported by **leaders** who 'own the intent' of Boral's strategy



OUR CURRENT STRATEGIC FOCUS IS ON FIXING THE BUSINESS





Questions

BORAL