

Boral 2022 Annual General Meeting

Thursday 3 November 2022

CEO & Managing Director's Address

by Vik Bansal

Thank you, Ryan.

Good morning everyone.

As you all know, I joined Boral on 10 October 2022, so I am few weeks into the role now.

I'm delighted to have the opportunity to speak directly to you, our shareholders. Boral is an iconic Australian company with a long and rich history.

We are the only Australian-owned major construction materials company supplying the market with cement, concrete, quarry products, asphalt and recycled materials.

Over the past few months, I have had the pleasure of meeting and talking with many of Boral's employees, customers, and suppliers. I have also taken the opportunity to meet with several of Boral's previous CEOs who have been generous with their time and advice.

During the CEO transition I also met regularly with Ryan and Zlatko to align on the company's strategic priorities. This has enabled me to hit the ground running.

Since joining, I have visited several of our sites, including cement plants, quarries, concrete batching plants, asphalt plants and recycling operations. As expected, our front-line workers' commitment is second to none, which is heartening and motivating.

What this has confirmed for me is that Boral is a good company with a rich legacy, dedicated workforce, prized infrastructure and extensive footprint – and hence great potential.

I want to reiterate here that Boral's competitive advantage comes from its vertical integration, enviable infrastructure assets, footprint and strong brand. I believe leveraging these areas of competitive advantage while running Boral as a modern industrial company is key to its next phase.

Ryan spoke about our strategy and the direction the company is heading. I agree with him and believe that Boral will benefit from clarity of purpose, consistency of key focus areas and discipline in our day-to-day operating activities.

It is a privilege and honour to lead Boral on this journey, as we take a good company to great. I am confident and hope that with time we will deliver to your expectations, honouring the trust you placed in us as shareholders.

I would also like to acknowledge the work Zlatko has done to set the foundations for this next phase of our journey.

You will always hear me talk in terms of what I call 'PEMAF' – People, Environment & Sustainability, Markets, Assets and Finance. Considering my tenure so far, I will keep it brief.

People – Safety & Culture

Let's start with safety. Safety of our people, contractors and customers should be and is our number one priority at Boral.

With a significant amount of our workforce in front-line roles, providing safe working conditions is vital to ensuring the physical safety and mental health of our employees and to the successful delivery of our products and services.

I am committed to strengthening our culture of Zero Harm.

We have a dedicated Zero Harm Council that supports our efforts to deliver industry-leading health, safety and environmental excellence.

In FY22, we launched our Life Saving Commitments, which seek to prevent serious harm or fatalities. Our Life Saving Commitments were developed following extensive engagement with our frontline people and have been rolled out via a series of toolbox talks and other internal communications.

We also continue to roll out injury prevention and management initiatives that aim to reduce the frequency of injuries more broadly. Early indications have been positive and leadership engagement has been high.

I have taken a lot of interest in the safety and engagement of our employees.

Our safety results for FY22 show a recordable injury frequency rate of 11.8. Our foundational work in setting rigour around Life Saving Commitments and engagement of front-line leaders through visible leadership in field should lead to better safety statistics and that remains my commitment.

We have agreed that all operational meetings in Boral will begin with a discussion about safety, including the sharing of safety moments with learnings.

I do believe improving safety increases engagement and ultimately results in better financial outcomes.

In relation to our people, we recently completed an independent organisational health check, and this has highlighted clear areas of focus in ensuring a highly engaged workforce, who are proud to work for Boral. While it has given me a deep and helpful insights into the organisational health of the company, I remain confident that safety, culture and financial outcomes of Boral are interlinked and starts with leadership.

Our average employee tenure is 8.7 years, with an average age of 45 years. We have 15% female participation across the organisation and 32% of the workforce has a tenure greater than 10 years.

We have moved with pace to establish a new operating model which is based on a “decentralisation but standardisation” philosophy. I believe there are three key elements of value creation in Boral which can come from customer proximity, simplification, and standardisation of processes. Our new operating model will optimise our value creation and better leverage our scale, extensive footprint and vertically integrated infrastructure.

With the new operating model in mind, we have announced the appointment of Belinda Shaw as our next CFO. Belinda’s significant experience will be instrumental in establishing the

financial infrastructure necessary for operational cadence – delivering clarity, consistency, and discipline across the business. I also want to sincerely thank Jared Gashel who has been our Acting CFO and will remain so until the handover to Belinda is complete. His commitment to Boral is second to none, so thank you.

Environment & Sustainability

I was pleased to hear that Boral was the first company in the global cement sector to set 2030 targets aligned with a 1.5-degree pathway for Scope 1 and Scope 2 emissions.

These targets reflect our ambition to become a leader in decarbonisation and demonstrates our commitment to sustainability.

We are making progress toward our carbon emissions reduction targets. In FY22, our Scope 1 and 2 emissions were down 8% from our FY19 baseline and we are working towards our interim FY25 goal of an 18% reduction compared to FY19.

We expect to complete the chlorine bypass at the Berrima Cement plant in the fourth quarter of FY23, which will enable higher use of alternative fuels at the kiln and reduce our reliance on coal. This will support an increase in alternative fuels from around 15% in FY22 to 30% by the end of FY23, and thereafter targeting 60% by FY25.

We also continue to assess opportunities to transition to renewable electricity sources and remain focused on accelerating penetration of our lower carbon concretes.

I also see a lot of exciting opportunities to grow our contribution to a more circular economy.

I was pleasantly surprised and impressed to see that Boral's recycling business is one of the largest recyclers of construction and demolition materials in Australia. We produce recycled products from construction, demolition and excavation waste materials that would otherwise go to landfill.

We have expanded our Circular Materials Management offering which is already achieving positive results and we are exploring further opportunities to grow our recycling business.

Our work in these areas of sustainability has a direct impact on our future success and positions us for a stronger and more sustainable future.

Markets & Customers

Boral services various segments of the market including small builders, developers, contractors, local, state and federal government and big infrastructure projects to name a few.

I have noticed that the "call to cash process" in Boral is an onerous one with many steps before products are delivered to a customer. From the customer side, processes vary across end-market segments and this adds unique variability to a given fulfilment.

To be able to service customers effectively, and deliver our service as a value differentiator, we must simplify and standardise our processes to remove costly variability of our own. This, combined with digitisation, will allow us to offer the best possible service to customers.

While we do that, I strongly believe that we must secure a price that better reflects the value of our products and services. Inflation is real and we need to recover that from the market, as well as through our own efficiencies.

Assets

I have maintained that Boral's competitive advantage comes from its vertical integration, prized infrastructure, and extensive footprint. Ensuring that we continue to strengthen and optimise our leading integrated network will remain a core pillar of our strategy. Geelong Cement facility's second mill will be operational by end of this calendar year and is a good example of this thinking.

Location of concrete batching plants, life spans of quarries, use of recycled products in asphalt and cement are a few things you will see us continue to focus on in coming years.

Finance

On financial performance, it is too early for me to provide you with any significant qualitative or quantitative guidance but based on our Q1FY23 performance, which is in line with our internal expectations, we do expect revenue to be higher than FY22, driven by ongoing focus on price and expected increased volumes compared to the previous year. Boral remains highly committed to price realisation.

What remains unknown at this stage is whether price rises will be enough to cover for the significant inflation we are continuing to face and whether this will give us real margin expansion within this fiscal year. It is also too early to know whether volume increases will result in true operational leverage to the bottom line in time for FY23 earnings.

We certainly intend to focus on all elements of performance improvement within Boral, from safety, people engagement, customer service, cost to serve, and asset optimisation.

I will be in a much better position to give you further details on timing of these performance improvement initiatives and their impact at H1FY23 results in February next year.

From Good to Great

I want to conclude by acknowledging the journey we are about to embark on. Boral has and will always be a good company, but we want to take this company from good to great.

We have an excellent base to build upon, and I am confident that with your support, we will build something great.

Thank you again for the opportunity to lead this company and I look forward to bringing you on this journey with us.