Thank you Kathryn. Good morning ladies and gentlemen.

Over the past year we have continued to make strides in transforming Boral into a high-performing building products and construction materials company with more sustainable growth.

Today, Boral has broader geographic and more diverse market exposures. It is a business delivering innovative solutions for our customers and responding to a changing world.

Our people have the know-how, resilience and determination to proudly make Boral a leader in its industries, and before all things, to deliver the highest standards of safety - Zero Harm Today and every day.

Boral’s financial results for the year ended 30 June 2018 reflect the early rewards of our long-term strategy, including the first full year contribution of the Headwaters acquisition.

Group EBITDA of $1.06 billion was up 47% and EBITDA margins on revenue of 18.0% were up from 16.4% in the prior year.

**SAFETY PERFORMANCE**

Boral employs approximately 17,000 people and 8,700 contractors across nearly 850 operating and distribution sites, including our joint venture operations. All of Boral’s businesses share the same safety philosophy of delivering Zero Harm Today.

In FY2018, Boral’s recordable injury frequency rate of 8.7 per million hours worked, compares with 8.1 reported in the prior year, after several years of improvement. The 2018 result includes an additional 4,500 employees and contractors in our safety statistics with the inclusion of Headwaters and all joint venture operations this year.

As Kathryn indicated in her address, if we adjust the prior year safety data to be on a comparable basis, our recordable injury frequency rate (which includes all lost time and medical treatment injuries) reduced from 9.2 to 8.7.

Improving the safety performance of Headwaters has been at the forefront of our integration work. We invested around US$10 million to upgrade machinery guarding and other safety equipment at Headwaters’ sites. Pleasingly, Headwaters businesses delivered a substantial reduction in medical cases and lost work days, reflected in their 27% improvement in recordable injury frequency rate to 10.7 in FY2018.
After nearly four years without a fatality, we were devastated by the death of a delivery driver at our Sydney Concrite operation in Alexandria in September 2017.

We recognise that transport and heavy-vehicle related safety risks are elevated in Boral – given we have a fleet of more than 2,500 heavy vehicles. As such, heavy vehicle safety is an ongoing key area of focus, and we have achieved some very positive results through driver and behavioural based training coupled with innovative world class vehicle modifications.

But the fatality last year was different. While it involved a heavy vehicle, it was on our site, not on a public road, and it involved a pedestrian, a visitor who was delivering fuel.

Following this tragedy, vehicle and pedestrian management across the Company were considered. We have introduced additional risk mitigation measures, including the development and implementation of a new technology, known as Angel-i, which is a software and CCTV combined technology developed to monitor, detect and alert when people may be at risk, including breaches of exclusion zones at our plants. It has been rolled out initially at ten concrete plants in New South Wales to test the new approach. There are clear safety benefits already evident.

It is abundantly clear that we can never be complacent when it comes to safety – and we are not. It remains our highest priority.

**FY2018 FINANCIAL RESULTS BY DIVISION**

Let me now turn to Boral’s financial results by division.

**Boral Australia** delivered an EBITDA of $634 million, a 15% increase on FY2017 driven by strong growth in infrastructure, growth in commercial construction, a higher contribution from Property and solid margins. Excluding Property earnings of $63 million, EBITDA was up 8% year-on-year.

During the year we continued to optimise our networks, reinvest in our strategically located quarries and grow volumes in Australian east coast markets, where demand is very strong. Boral Australia is working to fully recover cost increases through price and to strengthen margins through improvement programs.

In financial year 2018 Boral Australia delivered strong EBITDA margins of 17.6% and attractive EBIT returns on funds employed of 17.5%, well above Boral’s cost of capital.

With FY2018 results including the first full year contribution from the Headwaters acquisition, **Boral North America** reported EBITDA of A$368 million for continuing operations (which means we excluded the A$23 million EBITDA from Denver Construction Materials, which was divested in July 2018); this compares with A$111 million in FY2017. On a prior year proforma basis, EBITDA was up 7%.

The integration of Headwaters during the year progressed very well. Delivered synergies of US$39 million exceeded our initial US$30–$35 million target and we have increased our year four synergy target by 15% to US$115 million.

During the period, earnings were impacted by severe weather, one-off plant operational issues, which progressively improved during the year, and repositioning fly ash supply in Texas.
Pleasingly, there was a substantial earnings lift in the fourth quarter of the year as more normal weather patterns returned and trading conditions improved.

While our business is not immune to unfavourable weather impacts and operational disruptions, the full year results confirm that our transformation strategy is progressing well. The business delivered significant earnings growth with attractive EBITDA margins of 17.2%.

Return on funds employed of 4.4% will continue to strengthen as markets grow and further synergy benefits are delivered.

Our 50%-owned USG Boral gypsum joint venture delivered an underlying EBITDA of A$268 million, which was down 6%.

While Australia and South Korea, our two largest businesses, delivered historically high revenues and strong margins, and China delivered higher earnings, the result was impacted by some one-off costs and softer results in other countries.

Boral’s 50% share of post-tax earnings from the joint venture for FY2018 was $63 million, 9% lower than the prior year.

Sheetrock® brand products continue to maintain a price premium of around 3% with adoption rates at June ranging from 40% in South Korea to more than 90% in Australia, China and Vietnam.

USG Boral is a long-term growth platform for Boral, and has delivered impressive growth in EBITDA of over 80% since the joint venture was formed in FY2014. EBITDA margins of 17.0% were delivered in FY2018 and underlying return on funds employed of 9.9% continued to exceed Boral’s cost of capital.

1Q FY2019 TRADING & OUTLOOK

Let me now comment on the full year outlook and what we are seeing in the early months of this financial year for each division.

We have refined our outlook for the year, but it is largely unchanged from the guidance we provided at our full year results announcement in August. We expect high single-digit EBITDA growth from Boral Australia – excluding property; EBITDA growth of around 20% or more from Boral North America after adjusting for the sale of the Block business; and earnings to grow by around 10% in USG Boral.

We need a very strong performance for the remainder of the year and we are assuming drier weather conditions relative to last year. We are now expecting a strong skew in earnings to the second half of the year because results for the first quarter and into October are below our expectation. We are working to claw back earnings through volume recoveries, improvement initiatives and cost reductions.

We will provide a further update of our full year expectations at our interim results announcement in February.

But let me make some comments around what we are seeing in the first few months of the year for each division.

1 In AUD; FY2014 EBITDA on a proforma basis
In **Boral Australia**, we have seen markets broadly perform in line with expectation. Residential construction is holding up at strong levels but moderating in some parts, while infrastructure and commercial activity is strong and growing.

In the September quarter, the benefits of very dry weather were partially offset by lower than expected volumes to a number of major projects primarily due to delays outside of our control and eight days of lost production at Berrima for repairs and maintenance on the kiln and associated equipment. Reduced production at Berrima did not disrupt supply to customers but it did result in higher costs for the month, which we expect to recover as the year progresses.

In October, record wet conditions in New South Wales and up through Queensland have significantly delayed industry activity. Our volumes and earnings are substantially down this month, due to the significantly higher than average and higher than prior year number of rain days, which is deferring project schedules into the second half.

We are continuing to secure a good share of infrastructure and major project work, however, year-to-date concrete volumes to one of our largest major projects in Sydney are lower than we had expected, and in Queensland, a major asphalt road project is tracking behind target. We are ready to return to higher volumes as these projects return to schedule.

This is the nature of major projects – they are large by definition and any change in the project schedule can result in delays. In addition, the cost to serve major projects is higher than other work so delays have a more significant impact on our margins.

The good news though is that as soon as the sun came out last week, we achieved a record daily volume of concrete delivered into the Sydney market. There is a lot of pent up demand and considerable work in the pipeline, and we continue to work hard to maintain our reputation as a reliable and committed supplier.

In terms of the levers we can control, our supply chain project to optimise costs and improve efficiencies is progressing well. Our focus on R&D and innovation is also seeing an increased number of jobs specifying our specialty products such as lower carbon Envisia® concrete.

We remain focused on getting prices in the market that recover inflationary cost increases and reflect both our product and service offering. Our April price increases are tracking well in most markets.

We had flagged that we expect Boral Australia’s energy and fuel costs to increase by around $25 million to $30 million this year, and that remains the case, and raw material input costs in Australia are also broadly in line with our expectation.

With cost reduction and productivity initiatives underway to make up the shortfall in earnings, and an expectation of favourable weather conditions for the remainder of the year, including a drier March quarter relative to last year, we are working hard to deliver our full year target.

Turning now to **Boral North America**. The division was also adversely affected by worse than expected weather conditions. Hurricanes Florence and Michael did not cause damage to our assets but did result in several days of lost production across a number of our plants in the Carolinas and Florida.
There has also been heavy and extended periods of above average rainfalls in the South and up through the Midwest and Northeast. Texas, which is Boral’s largest US market, was particularly impacted by rain in September – with some parts experiencing record September rainfalls.

These weather events have caused significant delays in construction activity, with the disruption being similar to the disruption experienced from the two hurricanes last year, but fortunately without the severe damage.

Delivery of synergies is continuing to progress well and we remain on track to deliver in line with our targeted US$25 million in FY2019.

Our operational improvements have progressed well. We are seeing some improvements in metal roofing, TruExterior® Trim & Siding and Meridian Brick but we are looking for a further lift in performance in these businesses.

In terms of fly ash volumes, as expected the four Texas utilities that closed between January and June 2018 have had an impact on the first half, contributing to lower year-on-year volumes. Volume growth is expected to be progressively delivered from the second half of this year.

Our plans to increase fly ash volumes by a net 1.5-2.0 million tons over three years are tracking well. The Montour reclaim project in Pennsylvania has passed critical performance milestones during plant commissioning and we are scheduled to start selling reclaimed fly ash from this landfill site into the market this week. We have also started to import ash into the US market.

Price growth is continuing in fly ash and in other products.

Like Australia, we are focused on the things we can control and adapting to external impacts where we can. We remain focused on our end targets and we are working to make up our current earnings shortfall, but we need to see drier weather patterns than we have seen so far this year and we need a Spring recovery from March 2019.

In recent weeks we announced the sale of our Texas based Block business for US$156 million. The Block business has performed well, however we determined that it was non-core for Boral and this divestment helps to further strengthen the balance sheet and our focus on core operations. The business contributed around US$15 million of EBITDA in FY2018.

In USG Boral, we have also seen adverse weather impacting some of our operations. In China we had flooding at our Chongqing plant causing five days of lost production in July and August, and Typhoon Soulik impacted us in South Korea.

Results in South Korea have also been affected by changing competitive dynamics. Byucksan, previously a distributor of product manufactured by USG Boral, has now re-entered the South Korean market with a new distribution agreement with competitor KCC. Our business is working hard to maintain recent share gains but pricing is under pressure, compounded by volume declines as the housing market comes off its cyclical peak.

USG Boral's largest business in Australia is continuing to deliver strong results, with residential activity holding up well. Competitive pressures continue in Thailand and Indonesia but we remain hopeful of demand growth from the second half of FY2019.
USG Boral maintains an enviable leadership position when it comes to innovative product solutions, channels to market, cost competitive manufacturing and growth opportunities for the future. The business is working hard to deliver its targets this year.

**STRATEGIC OPPORTUNITIES FOR USG BORAL**

Let me now make some comments about the opportunities we are assessing for our USG Boral joint venture business.

As announced in June 2018, our joint venture partner USG Corporation and German building products maker Knauf have entered into a definitive merger agreement, which USG has indicated it expects to close in early 2019, subject to approvals and customary closing conditions.

This constitutes a default under the USG Boral shareholders’ agreement, which triggers the right for Boral to acquire USG’s interest in the joint venture.

In late August, we issued a Default Notice to USG, commencing a process to establish the fair market value of USG’s interest as defined in the shareholders’ agreement.

This valuation process, which is now underway, involves the engagement of two accounting firms who will independently value the USG Boral joint venture business while considering submissions made by both Boral and USG as part of the process. We expect that the two independent valuations will be finalised early in the new calendar year. The shareholders’ agreement allows for a third accounting firm to be engaged if the two initial valuations are materially different and agreement is not reached commercially between the shareholders. This could further extend the process.

Only when fair market value is agreed or determined, do we then make a decision about whether or not to exercise Boral’s call option in relation to USG’s interest. We have 28 days to exercise our call option once the final valuation has been set.

In the meantime, we are continuing to have discussions with industry players, to assess a full range of alternatives relating to the USG Boral JV, including the formation of an expanded joint venture.

An effective and successful joint venture, as we have enjoyed with USG, and with Lafarge before that, requires both parties to have aligned views about the direction of the business. Moving into an expanded JV presents some enticing opportunities for the business, so we are carefully considering this opportunity.

As we have indicated, our preference is to fund any transaction in relation to USG Boral, whether it’s an expanded joint venture or acquisition of USG’s share of the JV, through a combination of debt and proceeds from asset sales.

We expect to provide an update for shareholders at our interim results announcement in February, or possibly earlier if we reach an agreement.

**LONG-TERM PERFORMANCE AND SUSTAINABILITY**

The decision we take around USG Boral will be made to secure the best outcomes for Boral for the long-term, not for short-term gains. Just as our decision to acquire Headwaters was made for the long-term success of the Company.
The Headwaters acquisition gives us the scale to compete in attractive high growth markets over the longer term and significantly strengthens our ability to deliver above cost of capital returns through the cycle.

It is also in line with our strategy of reducing exposure to energy- and emission-intensive operations and building a portfolio of lighter weight products, with lower fixed costs.

We have been moving away from kiln-fired clay bricks, to lightweight, more sustainable products, such as manufactured stone, fly ash-based composite products and gypsum wallboard technologies. We have exited higher cost, sub-scale, less efficient cement kilns in Australia.

Reflecting our strategy, Boral’s emissions intensity reduced during the 2018 financial year by 23% to 375 tonnes of CO₂-e per million dollars of revenue, with the acquired Headwaters businesses being substantially less energy- and carbon-intensive than our traditional businesses.

Boral’s absolute Scope 1 and 2 emissions of 2.6 million tonnes of CO₂-e have reduced by a substantial 27% over the past six years, and are expected to reduce further over time.

Today, our remaining cement manufacturing and brick manufacturing account for around 70% of Boral’s emissions. We have no intention of investing in new cement kilns or brick kilns, so we know that we are on a path to further reduce emissions. However, we cannot put targeted dates around the life of our emissions-intensive operations, which will be determined by economic drivers.

Instead, we have focused on targets around emissions intensity and supply chain emissions.

Over the next five years we are aiming to reduce the emissions intensity of our operations by a further 10-20%, having already delivered a reduction of 50-55% since FY2012.

Boral plays an important role in the supply chain by bringing fly ash to market, which is a substitute for cement in ready mix concrete. Currently we help to reduce or avoid cementitious-related greenhouse emissions by around 5.2 million tonnes per annum.

With plans to increase available annual supply of fly ash by 1.5-2.0 million short tons over the next three years, through an extensive program which includes reclaiming fly ash currently buried in landfills, we are targeting a further reduction of 1.1-1.5 million tonnes of CO₂-e in our downstream supply chain by 2022.

We are also continuing to implement efficiency programs to minimise our footprint, such as the alternative fuels facility at our Berrima cement works. The fuels facility enables the use of solid waste-derived fuels and commercial waste streams, reducing Boral’s coal usage and carbon footprint at the same time as lowering costs.

**INNOVATION TO SUPPORT A LOWER CARBON FOOTPRINT AND LOWER COSTS**

Our strategies to manage climate-related risks and opportunities across our business are underpinned by economic drivers.
For example, energy costs in Australia are extraordinarily high and in fact, electricity and gas costs in Australia have doubled over the past six years. However, Boral’s gas and electricity bill has only increased by 15% since FY2012 as our energy consumption has reduced by around 55% through efficiency improvements and portfolio re-alignment away from energy intensive operations.

Gas and electricity in Boral Australia accounts for around $110 million of Boral’s total $380 million energy and fuel bill globally. Hence, we continue to look for ways to reduce our consumption, and in so doing, reduce our costs and emissions.

In USG Boral, we are currently piloting USG-developed Sheetrock® EcoSmart Panels. EcoSmart Panels are produced with 25% less water than other boards, which requires less energy to dry the product and results in 20% fewer carbon emissions used in manufacturing.

As building materials technologies change and our customers require more effective and sustainable solutions – we will be there to support them through our innovation and product development.

Whether it’s through our fly ash volumes in North America, low-carbon concrete products such as Envisia, which uses 60% less Portland cement than conventional concrete, or Boral TrueExterior® Siding & Trim products which comprise up to 70% fly ash, we continue to grow the contribution of our low carbon and high recycled content products which accounted for 9% of Group Revenue in FY2018.

Boral is an organisation that is not accepting the status quo. We are committed to doing things better and conquering obstacles.

Boral’s leaders recognise the importance of being trusted leaders and that trust is built through engagement and delivering on our promises for our people, customers, communities and investors.

We are focused on accomplishing our goals and creating value for all of Boral’s stakeholders in a sustainable way.

As CEO, positioning our business for long-term sustainable performance is the most important part of the job – after safety.

We will continue to make decisions today that will help secure Boral’s future for decades to come.

Thank you.

Mike Kane