Thank you Kathryn. Good morning ladies and gentlemen.

After seven years as Boral's CEO and Managing Director, it remains a privilege to lead the company. It is encouraging to witness the benefits of our multi-year strategy to transform Boral to be a high performing business through the cycle, which is what we all expect from this great company.

In a year that proved as challenging as any other for our businesses, I am proud of the unwavering focus of our people to deliver initiatives to offset the lower than expected volumes in several key markets.

We are not done yet with our strategy to transform Boral, but we have come a long way.

Let me remind you of the strategy that we have embarked on and the progress made so far.

**PROGRESS AGAINST STRATEGY**

Boral's purpose is to help our customers **Build Something Great**.

We do this by supplying our customers in the residential, commercial and infrastructure markets with high quality, sustainable building products and construction materials. While we have the same purpose in Australia, North America and Asia, several years ago we evaluated our strengths and the opportunities in each region.

In 2012 we undertook a detailed strategic review comparing alternative futures for Boral. This was at a time when we were losing money in the USA, we had begun to lose money in Australian building products and we were at a much lower earnings point in the plasterboard business.

We recognised the need to reduce Boral's exposure to energy-intensive, high fixed cost manufacturing operations.

In **Australia**, it was clear that Boral's strength is as an integrated construction materials business, with our privileged quarry assets central to supplying concrete and asphalt through our downstream operations.

The strategy in Australia started with getting our cost base right – including reducing around 1,100 employee positions in 2013, primarily in Australia – and then divesting non-core operations and reinvesting in our core assets.
We have divested Boral’s East Coast Australian bricks business and entered into a sale agreement to divest Midland Brick for $86 million. Divesting the Australian bricks businesses releases approximately $600 million in proceeds and land sales, including the property project at the Scorseby brick site announced in FY2019. Through a property development management deed with Mirvac, Boral expects to deliver in excess of $300 million over the life of the Scoresby project, subject to rezoning and market conditions.

In FY2015, we sold our Melbourne landfill business for cash and royalties over the life of the landfill, which in total equates to projected earnings in excess of $500 million.

We sold several other smaller building products business along the way, including Masonry and Windows businesses.

We exited clinker manufacturing in Victoria where our cost base for cement production was too high.

With a more focused Australian portfolio we reinvested in Cement supply logistics and in our major quarries in Melbourne, Brisbane and Perth, following the completion of the Peppertree quarry in Sydney. We have spent around $600 million on generational reinvestments in construction materials, which has prepared us well for the strong pipeline of infrastructure activity that is underway in Australia.

We also recognised the significant value generated through an integrated life-cycle approach to land management. Over the past 18 years, earnings from strategic property projects and surplus land sales have averaged $34 million per annum, and we expect a continued ongoing earnings stream from Property.

In Plasterboard, we recognised the need for a more ambitious strategy to grow our 30-year position in plasterboard in Asia and Australia through strategic investment in research and development. We entered into a joint venture with USG Corporation in 2014. In five years we have transformed the business, strengthening our position with market-leading product innovation and the Sheetrock® brand.

With Knauf’s acquisition of USG Corporation in 2019, we are now taking advantage of additional opportunities to grow the business. The agreement with Knauf, which I will go through in more detail shortly, marks the end of our program of major investments.

In North America, the Board considered whether it was better for Boral’s shareholders to exit the US altogether, or to stay and grow.

We agreed that it was important for Boral’s future to be in the biggest market in the world and to position the business to deliver more sustainable earnings with above cost of capital returns through the cycle. We recognised the need to create a business of scale, with a variable cost base, lower energy consumption and lower capital intensity.

We formed the Meridian Brick joint venture with Forterra in November 2016 in an effort to improve our position in bricks in the USA.
We undertook a program to identify bolt on acquisitions to grow around our profitable fly ash business and our light building products businesses of roofing, trim & siding, and manufactured stone. After much consideration it was clear that the value for Boral was with the much larger acquisition of Headwaters, which was exceptionally well aligned with Boral’s business. We completed the acquisition of Headwaters in May 2017.

By the end of FY2019 we had deployed capital from non-core construction materials businesses in Denver and Oklahoma and the Texas Block business – into core businesses.

Integration of the Headwaters acquisition has progressed well. As Kathryn said, we would like earnings to be coming through at a faster rate, but the housing market has moved sideways and weather impacts have delayed progress.

We are meeting our synergy targets and the business is very well-positioned to deliver underlying growth, including in the fly ash business where we are targeting to increase volumes available to the market through a combination of initiatives including reclaiming landfilled ash, optimising our distribution network and new ash storage facilities, use of beneficiation technologies and mining natural pozzolans to supplement fly ash.

We have a relentless focus to deliver returns that exceed the cost of capital through the cycle in each of our three divisions.

Our transformation has been both measured and disciplined. Our prudent management of Boral’s balance sheet includes a focus to maintain our investment grade credit ratings.

After the USG Boral investments, Boral’s net debt is expected to be around $2.6 billion, and gearing is expected to increase to around 30% (excluding the impact of leasing).

Debt levels and gearing are expected to decline from FY2021 as capital expenditure reduces in line with plan. Integration costs are also now largely behind us and we are set to benefit from 100% of the cashflows from the Australian USG Boral business following completion of the transaction.

Let me now turn to Boral's results, starting with our safety performance.

**SAFETY PERFORMANCE**

Boral employs approximately 17,000 people and has around 9,400 contractors working across 17 countries in 826 operating and distribution sites, including our joint venture operations.

Safety remains our highest priority across all of Boral's businesses with each of our three divisions reporting a marked improvement in safety performance.

In FY2019, Boral's recordable injury frequency rate (RIFR) of 7.5 per million hours worked, compares with 8.7 reported in the prior year.

Boral Australia’s RIFR of 10.5 was 7% better than the prior year. Boral North America delivered a RIFR of 7.6, a 15% improvement for the year, and USG Boral's RIFR of 3.4 was 24% better than FY2018.

Our injury rates have improved significantly, continuing our long-term improvement trend. Pleasingly, in FY2019, there were no fatalities among our employees or contractors.

We remain committed to delivering what we set out to do seven years ago – starting with Zero Harm when it comes to safety.
FY2019 DIVISIONAL RESULTS

In FY2019, as housing-related demand softened in Australia, the USA and South Korea and we experienced some delays in large infrastructure projects in Australia as well as adverse weather in North America, we focused on the things we could control, such as cost reduction initiatives and resizing our operations.

On a continuing operations basis, reported revenue of $5.8 billion was up 4% on the prior year, and Group EBITDA of $1.033 billion was up 2%.

EBITDA margins on reported revenue of 17.7% were similar to the 18.0% margins in the prior year.

Boral Australia delivered an EBITDA of $593 million, a 6% decrease on FY2018. Excluding Property earnings of $33 million, EBITDA was down 2% year-on-year.

During the year, we made a concerted effort to reduce overhead costs, align our operations with demand and optimise margins. It was pleasing to deliver cost savings of $28 million through our supply chain optimisation, Organisational Effectiveness and rightsizing programs, together with other improvement initiatives, to substantially offset the impact of 6% lower concrete volumes and a less favourable product and geographic mix.

In financial year 2019, Boral Australia delivered strong EBITDA margins of 16.6%, and EBIT returns on funds employed of 15.1%, well above Boral’s cost of capital.

Boral North America reported EBITDA of US$297 million, for continuing operations – which means we excluded earnings from Denver Construction Materials and the US Block businesses, which were divested in July 2018 and November 2018, respectively.

Boral North America’s EBITDA translated to A$415 million, a 19% increase, reflecting synergy delivery and helped by a favourable currency translation.

The further integration of Headwaters in FY2019 progressed very well. Synergies of US$32 million were slightly ahead of plan. So far we have delivered synergies of US$71 million and we remain on track to deliver our year-four target of US$115 million.

While the US business delivered solid earnings growth with attractive EBITDA margins of 18.6%, volumes and earnings were impacted by extreme rainfall and a 2% decline in housing starts. Return on funds employed remain low at 5.6%, but have improved over the prior year, and will continue to strengthen as we realise synergy benefits, deliver growth and improvement initiatives and markets grow.

Our 50%-owned USG Boral gypsum joint venture delivered an underlying EBITDA of A$252 million in FY2019, which was down 6%.

Australia, our largest plasterboard country business, delivered strong plasterboard volumes in FY2019 ahead of the housing market slowdown, which is impacting the business in FY2020.

In South Korea, our second largest plasterboard business, residential construction slowed resulting in a volume decline of around 10% and softer pricing.

In Thailand, Vietnam and India, revenue and earnings were higher than the prior year, while earnings from Indonesia and China were softer reflecting increased competitive pressures.
USG Boral implemented a rightsizing and LEAN improvement initiative, known as Project Horizon, which delivered $4.5 million of savings in FY2019, and is expected to deliver annualised savings of around $21 million by FY2021.

Boral’s 50% share of post-tax earnings from the joint venture for FY2019 was A$57 million, 10% lower than the prior year.

The USG Boral JV remains well positioned to deliver strong growth through innovation, economic growth in Asia and increasing product penetration for gypsum-based linings and ancillary products. The JVs position is further strengthened by the agreement reached with Knauf, the new owners of USG.

**STRATEGIC GROWTH IN USG BORAL**

Turning to the transaction in more detail.

On 26 August we announced that Boral had reached agreement to form an expanded joint venture in Asia, to sell USG Boral’s Middle East business to Knauf, and for Boral to return to 100% ownership of USG Boral in Australia. The transaction is expected to secure additional exposure to low capital-intensive, high growth businesses, which is in line with our strategy.

As part of the transaction, Boral agreed to grant Knauf a call option to buy back 50% of the Australian and New Zealand business, within five years, subject to regulatory approvals.

Returning to full ownership of our plasterboard business in Australia and New Zealand gives Boral increased exposure to a well-positioned, high performing business that generates strong cash flows. The business will continue to access R&D support and intellectual property from USG including the Sheetrock brand, and we will continue to use the USG Boral brand.

The expanded joint venture in Asia will be a world-class operation, bringing together Knauf – now the world’s largest plasterboard manufacturer – and USG Boral in Asia, which has an enviable position in the fastest growing plasterboard region in the world.

Knauf Asia Plasterboard has 220 million m² of plasterboard capacity across various geographies in Asia, which is highly complementary to USG Boral’s 562 million m² of highly utilised manufacturing capacity in nine countries in Asia. Knauf’s largest plasterboard business in Asia is a highly profitable China business; it also has emerging and well-invested businesses in Thailand, Philippines, Indonesia and Vietnam.

Boral’s 50% share of USG Boral’s acquisition of Knauf Plasterboard Asia equates to US$241 million. Together with the US$200 million to acquire the other 50% of the Australian and New Zealand business, Boral’s total investment is US$441 million. A proportion will be funded within the USG Boral Asia joint venture, with the balance of US$335 million to be funded by Boral through debt and proceeds from recent divestments.

The transaction is expected to complete in early calendar year 2020, subject to regulatory approvals and will be immediately value enhancing for Boral's shareholders. Based on FY2019 pro-forma financials, we expect earnings per share accretion of around 3% to 5%, before synergies of around US$30 million per annum in year four.
FIRST QUARTER FY2020 TRADING

Let me now turn to the first quarter trading conditions.

As we approached FY2020, we expected softer activity in several markets. Knowing this, we had business improvement programs well underway in each division to help offset the cyclical downturns. As expected, we have seen volume pressures in several businesses and in addition to the improvement initiatives already underway, we have considerably increased efforts to reduce costs and improve earnings through more extensive business improvement initiatives, which will benefit results in the second half.

In **Boral Australia** we saw lower earnings in the first quarter of trading, with the softer housing market in Australia and delays in infrastructure projects underpinning 8% lower concrete volume relative to last year, and broadly flat asphalt volumes.

Unfortunately, in September we experienced an unplanned business disruption at our Peppertree Quarry, resulting in approximately a week of lost production. We also lost around two weeks of production at our Berrima cement plant due to equipment failures and problems associated with increased use of alternate fuels in the plant. These issues have been resolved and did not impact customers but they resulted in higher than expected costs.

Overall, the disruptions at Peppertree and Berrima had an adverse earnings impact of around $10 million, which will come through in the first half results. We have plans to recover these costs over the remainder of the year.

During the quarter we formalised contractual arrangements to supply concrete and quarry products to the Westgate Tunnel project in Melbourne, which we expect to ramp up in the second half of the year. And in Queensland, we were recently awarded the asphalt work on the new Norfolk Island airport runway and concrete to build the new Queens Wharf, both of which should also benefit later in the second half of the year.

First quarter earnings from **Boral North America** were slightly lower than the prior year.

Early signs of the US housing market improving are yet to flow through but should benefit results in the second half of the year.

As expected in the Fly Ash business, earnings from site services were lower in the first quarter due to the completion of a major Synmat construction project, ahead of starting potential new work at other utility sites.

In late September, we signed a memorandum of understanding regarding a significant project which will increase our future fly ash volumes, and ideally contribute within the timeframe to our targeted net increase of 1.5-2 million tons per annum of available fly ash over the next two years. As contractual details are finalised we will provide additional information.

In **USG Boral**, first quarter earnings were slightly lower than last year. The business was impacted by the slowdown in residential construction in Australia, as well as the continued downturn in South Korea, only partially offset by improvements in Thailand and China.
FIRST HALF AND FY2020 OUTLOOK

Overall, our view of where we expect Boral’s earnings to be for the full year remains unchanged. We reaffirm our FY2020 outlook guidance provided in August.

We continue to expect Boral’s NPAT (before significant items) to be around 5 to 15% lower in FY2020 relative to FY2019. This guidance reflects lower earnings and higher depreciation charges.

For the full year FY2020, we expect Property earnings to be around $55 to $65 million, with a firmer view of the second half expected in February.

Our FY2020 guidance excludes the additional earnings expected when the USG Boral Knauf transaction closes, which is expected in early 2020, and it excludes the implications of the new IFRS Leasing Standard which will impact reported earnings this financial year.

After the first quarter trading, we expect Boral’s EBITDA in the first half of the year to be around 5% lower than the prior year. We expect a first half contribution from Property of around $30 million to only partially offset the impact of lower volumes and higher costs, including one-off costs associated with disruptions at Peppertree and Berrima.

In the second half of the year we expect EBITDA to be broadly similar to the reported second half EBITDA last year, before additional earnings expected from the USG Boral transaction with Knauf.

While we expect a 5% EBITDA decline in the first half, we have confidence that we can deliver a better outcome in the second half, with the expected significant second half skew underpinned by the following:

- **In Boral Australia**, we expect several major projects to ramp up in the second half, including Queens Wharf and Westgate Tunnel projects.

  We expect to deliver additional improvement initiatives over and above the already planned FY2020 savings of around $40-$50 million from our supply chain optimisation, rightsizing and organisational effectiveness programs.

  We already have around 30 key Value Improvement Projects (VIP) underway ranging from supply chain efficiencies to reduce logistics costs through to solid waste derived fuel use in cement manufacturing. We are boosting these efforts with further initiatives that aggressively address spend control, improve operational efficiencies and accelerate procurement savings.

- **In Boral North America** both volume growth and price increases are expected to contribute to second half earnings growth – particularly in the fourth quarter, which is seasonally the strongest quarter for the year.

  In addition, a comprehensive improvement program of more than 50 individual initiatives is expected to deliver benefits in FY2020, primarily from January. These include, for example, optimising product weights and mix designs in our concrete roofing business to lower raw material and energy costs, accelerating procurement savings across all businesses, and earlier commissioning of a new Windows production plant in Houston. These initiatives are in addition to the ~US$20 million of synergies expected in FY2020.
• And in **USG Boral**, we expect a broadly balanced first half and second half of underlying earnings – prior to the impact of the increased earnings that we will receive following the closure of the transaction with Knauf. The business is on track to deliver annualised cost savings of around $21 million from Project Horizon by FY2021.

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

**A LOWER CARBON FOOTPRINT**

The decisions we make around capital investments, acquisitions and divestments are primarily made to secure the best long term earnings outcome for Boral, and to strengthen our ability to deliver above cost of capital returns through the cycle.

Repositioning the business has also reduced our risks associated with transitioning to a lower carbon economy by reducing exposure to energy and emission intensive operations.

Boral’s absolute Scope 1 and 2 emissions of 2.4 million tonnes of CO₂-e have reduced by a substantial 32% since 2012, and our emissions intensity by 48%, including a 7% reduction in emissions intensity in FY2019. These are expected to reduce further through efficiency and alternative fuel programs, technology, asset retirement, and as our less emissions-intensive businesses grow.

Today, our cement manufacturing and brick manufacturing account for around 65% of Boral’s emissions. We have no plans to invest in new cement kilns or brick kilns, so we know that we are on a path to further reduce emissions. With the life of our emissions-intensive operations to be determined by economic drivers, we have not put targeted dates on these absolute emission reductions. Rather, we are focused on targets around emissions intensity and supply chain emissions.

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 assist in reducing or avoiding cementitious-related greenhouse emissions by around 5.1 million tonnes per annum. Our strategy is to increase the amount of fly ash we bring to market including by reclaiming ash that is currently in landfill across the USA, which is estimated to exceed 1 billion tons. This is good for the environment and for our customers.

**INNOVATION FOR OUR CUSTOMERS AND A MORE SUSTAINABLE FUTURE**

As building materials technologies change and our customers require more sustainable solutions – we are responding through innovation and new 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 TruExterior® Siding & Trim products which comprise up to 70% fly ash, we continue to grow and develop the contribution of our low carbon and high recycled content products. These products already account for 10% of Boral’s revenue in FY2019.

We are forming a new partnership between Boral’s Innovation Factory and the University of Technology Sydney to strengthen Boral’s research and development efforts. Boral’s partnership with UTS is expected to be known as the **UTS-Boral Centre for Sustainable Building**. This is a fantastic opportunity for us to leverage the University of Technology’s state of the art facilities and researchers. I look forward to updating you next year on the work completed together in our first year.
CLOSING

Our core focus is to accomplish our goals and deliver on our promises, so that we can create value for all of Boral’s stakeholders.

In my seven years as Boral’s CEO I have seen Boral’s recordable injury frequency rate reduce from 19.0 to 7.5, EBITDA grow from $473 million to $1.04 billion and NPAT before significant items grow from $101 million to $440 million. ROFE has doubled from 4.1% to 8.2%, earnings per share before significant items has increased from 12.7 cents to 37.5 cents and full year dividends per share has lifted from 11.0 cents to 26.5 cents.

Positioning our business for the long-term, delivering financial returns that exceed the cost of capital, and securing a safety culture that delivers Zero Harm, are my most important priorities.

I thank all of Boral’s employees and contractors for their contribution and hard work. Together, we will continue to work to secure a sustainable future for Boral, delivering returns that shareholders can be proud of.

Thank you.

Mike Kane