Good morning ladies and gentlemen.

I appreciate you taking the time to be here at Boral's 2019 Annual General Meeting.

It is a pleasure to address you and update you on progress in relation to:

• Boral’s FY2019 safety, financial and remuneration outcomes
• the company’s strategy, including sustainability and management of climate-related risks
• the Board and our engagement with Boral’s people and operations, and
• Boral’s executive development and succession plans.

I will then hand over to Mike Kane to deliver his CEO Address.

SAFETY PERFORMANCE

Let me start with safety – a key focus of the Board, management and everyone at Boral.

Boral’s safety performance has improved significantly in recent years and continued to improve in FY2019.

Our recordable injury frequency rate (RIFR\(^1\)) of 7.5 represented a 14% improvement on the prior year, and lost time injury frequency rate (LTIFR) of 1.3 improved by 19%.

Upholding a strong safety culture and a steadfast commitment to Zero Harm Today is fundamental to everyone’s role at Boral.

As a Board, we believe ensuring our people come to a safe place of work is an extremely important responsibility. That is why the Board’s HSE Committee spends time reviewing safety outcomes, investigating incidents and near misses, and reviewing what is being done to further improve safety.

Members of the HSE Committee and the Board as a whole spend time in Boral’s operations – and when we do, we try to bring a fresh set of eyes to help the team see opportunities for further improvement. We enjoy that role and we believe our people appreciate the shared ownership we all have to deliver Zero Harm across the organisation.

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\(^1\) RIFR is the combination of LTIFR and medical treatment injury frequency rate, as measured per million hours worked for employees and contractors in 100% owned and all joint venture businesses.
FY2019 FINANCIAL RESULTS

In terms of FY2019 business performance, it is fair to say that market conditions across a number of regions, were more challenging than expected. In Australia, housing starts were down 15% and the value of work done in roads, highways, bridges and subdivisions was down by an estimated 6%. US housing starts were 2% softer and in South Korea, which is our largest country market outside of Australia in our USG Boral joint venture, residential construction is in a cyclical downturn.

We responded quickly. We have reduced costs, resized activities and sought new opportunities to grow revenues.

Against this backdrop, a 4% increase in revenue to $5.8 billion and a 2% increase in earnings before tax, depreciation and amortisation (EBITDA) to $1.03 billion for continuing operations was a very solid result.

Boral's net profit after tax (NPAT) before significant items of $440 million, was 7% lower than the prior year.

And the Company’s statutory NPAT of $272 million included $168 million of post-tax significant items, with a profit on sale of the Denver Construction Materials and Texas Block businesses more than offset by the $174 million impairment of our investment in the North American Meridian Brick joint venture.

The impairment was triggered by further underperformance of Meridian Brick due to lower US and Canadian housing activity and a continued decline in brick intensity per housing start in North America.

Boral’s return on funds employed, also referred to as ROFE\(^1\), was 8.2%, and compares with Boral’s cost of capital of around 9.0% on a ROFE equivalent basis. We are resolute in our focus to improve that outcome and deliver returns that exceed the cost of capital through the cycle.

Boral’s balance sheet is robust and we remain well within our group funding covenants.

Following the sale of the Denver Construction Materials and the US Block businesses, completed in July and November 2018 respectively, our net debt was down to $2.19 billion, which compares with $2.45 billion in the prior year.

In FY2019, we delivered US$32 million of synergies from the Headwaters acquisition, slightly ahead of plan, and we are on track to achieve our four-year synergy target of US$115 million in FY2021.

We recognise the importance of dividends to our shareholders. The company paid a 13.5 cent final dividend, taking the full year dividend to 26.5 cents per share, in line with the prior year.

Mike Kane will talk further about Boral’s financial performance by division, and comment on our first quarter trading conditions for FY2020.

\(^1\) Return on funds employed (ROFE) is based on total EBIT before significant items on funds employed at period end.
John Marlay, the Chairman of the Remuneration & Nomination Committee will also address the meeting to talk about Boral’s Remuneration Report. So I will only briefly comment on executive remuneration outcomes in the context of FY2019 results.

It is important to us to have good alignment between executive pay and shareholder value.

In FY2019, our financial results were below where we expected them to be at the start of the year when our budgets and targets were set. Our people worked hard to offset the impacts of lower than expected volumes, and made up considerable ground through improvement initiatives. Despite these efforts, across most of our businesses, we did not meet our targeted EBIT outcomes. Therefore, most executives, including our CEO and Group President Ventures & CFO, and most of their teams received zero short-term incentive payments for FY2019.

Long-term incentive hurdles, based on total shareholder returns (TSR) and ROFE over three years, were also not met this year. Boral experienced share price pressures alongside a number of other stocks in the materials sector.

We believe that these remuneration outcomes for FY2019 clearly demonstrate alignment between executive pay and shareholder value.

**DEDELIVERING BORAL’S STRATEGY**

Turning to Boral’s strategy.

Our strategic objective is to deliver shareholder returns that exceed the cost of capital through the cycle, while also creating value for our customers, employees, suppliers and the communities in which we operate.

Across our three divisions, we have established attractive businesses with strong positions.

- In Australia, we are a leading, vertically integrated construction materials player supplying residential, non-residential and infrastructure construction markets.
- In North America, we are a leading supplier of building products that are used for the exterior envelope of the house and commercial buildings, and we are the largest fly ash marketer in the US, with our fly ash used in concrete production in residential, commercial and infrastructure sectors.
- And throughout Asia and Australasia, we are a gypsum-based, interior linings product leader supplying commercial construction and residential markets across the region.

We clearly experience advantages in operating these businesses together under the same Boral portfolio.

Key among them is how we leverage our people, innovation, and our Boral brand and the way we go to market. Also, our fly ash business in the US brings unique benefits to the Boral portfolio as a whole – not only from a materials science and innovation perspective, but when we consider Boral’s carbon emissions footprint and the role fly ash plays to offset carbon emissions in our supply chain.
In terms of our current strategic priorities, in Boral Australia, we are focused on delivering strong returns while maintaining our leading positions. We believe that Boral’s Australian assets are outstanding. Our major capital investment program across our quarries, cement and asphalt network is well progressed and bodes well with the significant pipeline of roads, rail, airport and commercial construction work that is underway across Australia.

Our Customer, Commercial and Operational Excellence programs are central to maintaining strong returns and margins, particularly given cyclical volume pressures in some areas of the business. These programs are delivering tangible benefits, helping to optimise margins and transform the Boral customer experience.

In Boral North America, we are half-way through a four-year growth plan that is seeing us progressively deliver the benefits of the Headwaters acquisition.

Acquisition synergies are being delivered in line with plan, having already delivered US$71 million of benefits. We are confident that the remaining US$44 million of additional synergies will be delivered in FY2020 and FY2021, to achieve our total targeted synergies of US$115 million.

The acquisition has doubled Boral’s US footprint and diversified our end market exposures. While integration of the Headwaters businesses has progressed well, it is fair to say that we expected earnings growth to be coming through at a faster pace. Unfortunately, the recovery of the US housing market has been lacklustre and the industry has contended with some extraordinary adverse weather impacts over the past two years, which has meant volumes have not been growing at the rate we had expected.

Furthermore, Boral’s legacy fly ash business has been impacted by the closure of a number of utilities. As a result, fly ash volume increases from synergies and growth initiatives have been offset by lower volumes associated with utility closures. We expect to see modest fly ash volume increases in FY2020 and more significant volume growth in the coming years. We are targeting a net increase of 1.5-2 million tons per annum on FY2018 volumes of available fly ash over the next two years, with volume growth expected to come from a range of initiatives. Mike will cover some of these in his address.

In our North American Stone business, plant network optimisation initiatives are well progressed and following some initial share loss, we have seen our share stabilise and we are now focused on recovering our position.

We continue to optimise our concrete roofing operations in Florida, and we are currently launching our metal roofing branding and channel to market strategies after the team delivered an exceptional improvement in the manufacturing of metal roofing products at the Oceanside plant in California.

The consolidation of Boral North America’s back office, finance and information systems is also continuing in line with expectations.

Earnings from North America will continue to improve with market growth, and importantly we are executing plans to deliver further underlying earnings growth, which will strengthen our ability to deliver returns above the cost of capital and offset any lower than expected levels of market recovery in the coming years.
Given the challenges we have seen in the USA, I have been asked by some shareholders if the Board is still comfortable with the decision made in 2016 to acquire the Headwaters business. My answer is a strong yes. The Board remains confident and positive about the rationale and the strategic fit of the Headwaters businesses. And in a world of increasing protectionism, the USA is absolutely the place we want to be. We believed that several years ago when we were assessing the options for Boral’s US business and we believe it even more so today. We have a great business and we are confident that the results we expect from the business will be delivered.

Our USG Boral joint venture in Australia, New Zealand and Asia remains a long-term organic growth platform for Boral. USG Boral continues to deliver innovative solutions for our customers and is growing plasterboard capacity in attractive high growth markets.

After considerable and detailed due diligence, on 26 August, we announced that Boral and Knauf agreed to form an expanded joint venture in Asia, that USG Boral would sell its business in the Middle East to Knauf and that Boral intends to return to 100% ownership of the Australian and New Zealand business. As part of the transaction, we agreed to grant a call option to Knauf to buy back a 50% share of the Australian and New Zealand business within five years, subject to regulatory approvals.

The Board believes that this transaction is compelling for Boral and our shareholders. It is well-aligned with our strategy and the plasterboard assets of Knauf in Asia are highly complementary with USG Boral’s business in the region. We are very confident that the transactions will create value for shareholders.

We have maintained a disciplined approach to structuring and funding the transaction, which includes US$335 million of direct funding from Boral – after the USG Boral joint venture self-funds a proportion of the investment.

BUILDING A SUSTAINABLE BUSINESS FOR THE LONG TERM

The Board and management recognise the importance of building a sustainable business for the long term and ensuring that Boral remains a company that stakeholders can trust.

This means minimising our environmental footprint; working well with our local communities; managing a socially responsible supply chain; supporting a diverse, engaged and safe workforce; and operating in an ethical and responsible way, including when it comes to our customers and products.

In our 2019 Sustainability Report, which forms part of Boral’s Annual Review, we identified the United Nations Sustainable Development Goals and targets that Boral can most influence and integrated these into our reporting. This reflects the importance we place on contributing to improved social outcomes.

Our approach to environmental sustainability is embedded in our business strategy by investing in lighter weight, more innovative products and reducing Boral’s exposure to lower growth, energy-intensive, higher cost operations.

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1 The USG Boral joint venture will self-fund US$262 million of the US$532.5 million investment (using US$50 million proceeds from Middle East sale, up to US$200 million of debt, plus cash). The balance of the US$270 million will be equally funded by Knauf and Boral – being US$135 million each. Boral’s direct funding of US$335 million is US$200 million to buy 50% of USG Boral Australia and New Zealand plus Boral’s US$135 million share of funding for the USG Boral joint venture to acquire Knauf Asia Plasterboard.
We have seen a significant reduction in Boral's absolute greenhouse gas emissions as result of this strategy. For example, in Australia emissions have reduced by around 40% since FY2005, and if we include Boral North America, our Scope 1 and 2 emissions decreased 43% over the same period. Looking at a shorter time frame, Boral's total Scope 1 and 2 emissions have reduced by 32% since FY2012. In FY2019, we emitted 2.4 million tonnes of greenhouse gas emissions, 7% lower than the prior year.

In FY2019 we also delivered a 7% reduction in emissions intensity, as measured by tonnes of greenhouse gases per million dollars of revenue and we grew the share of revenue from lower carbon and high-recycled-content products from 9% to 10%.

As reported in our Sustainability Report, we continue to progressively adopt the recommendations of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures, more commonly referred to as the TCFD.

In FY2019, we enhanced our climate-related governance and risk management, and broadened reporting of physical climate-related risks and Scope 3 or indirect emissions.

We completed the scenario analysis work to better assess the risks of transitioning to a lower carbon economy for Boral Cement’s business. The work is informing our decision making and has verified that our current investment approach at the Port of Geelong is appropriate. Our investment in clinker grinding and storage capacity includes flexibility to store and blend an increasing amount of substitute cementitious materials, which is expected under various climate scenarios.

We have a two-year work plan to consider more closely various climate scenarios in terms of physical climate risks and carbon pricing risks as well as supply risks and opportunities around synthetic gypsum and fly ash. More information about our work in this area is in our 2019 Sustainability Report.

We understand that it’s important for Boral to respond to change and disruption. We view investment in innovation as important in positioning the business for the future. This year, we invested about $30 million in research and development across our three innovation centres in Australia, the US and Thailand. Our focus is on developing superior performing products and solutions for our customers that deliver a lower carbon footprint, including through incorporating recycled content.

To better support collaboration, sharing of best practices and commercialisation of innovation across Boral, Boral’s three innovation centres now report into a central global innovation office, with oversight by a senior executive advisory board.

**THE BOARD AND ENGAGEMENT WITH OUR OPERATIONS**

As previously mentioned, the entire Board spends time visiting Boral’s operations to see how they are being managed, to inspect our plants and to talk to our people and our customers.

These visits are critically important from the Board’s perspective. They allow the Board to stay connected with our people and see first-hand how we are managing safety, quality and operations, and gain insights into culture, capability and strategy execution.
In September 2018, we spent time at our Roofing, Stone and Fly Ash operations in North America reviewing progress around Headwaters integration, including meeting customers. We returned to the USA in January 2019 for an in-depth review of our long-term Fly Ash supply strategy, which is progressing well. More recently, in September of this year we spent four days in California with the North America leadership team, reviewing plans in some detail. This strengthened the Board’s confidence that we are on the right trajectory to deliver returns that will exceed the cost of capital in an acceptable timeframe.

We spent time with Boral Australia’s customer service and digital solutions teams in November 2018 to better understand how digital innovation is supporting our customers and reducing safety risks. The Board HSE Committee also had a first-hand look at safety in action at our Thornleigh concrete plant and Peats Ridge Quarry.

Finally, in May 2019 we spent several days with the USG Boral team in Singapore and at our Camellia operation in Sydney. We reviewed business strategies, risk and compliance programs, customer relationships in key markets and safety initiatives. In Singapore, we also met with several of our sales people and our largest customers from Indonesia.

The Board continues to benefit from diversity of tenure, gender and experience. Peter Alexander joined the Board in September 2018, and is Boral’s first North American based Non-executive Director. Peter brings deep US-based building materials sectorial experience to the Board, which is highly valued.

We have six Non-executive Directors on the Board. Four of us have deep sectorial experience in building products and / or construction materials, and two directors having more significant financial backgrounds and experience around M&A transactions. Tenure of the Board ranges from 14 months to 11 years.

Given three directors joined the Board between 2008 and 2010, we are planning for Board renewal to be an ongoing feature for the next few years. We are currently well-progressed in our search for an Asia based Director with experience in building products or a closely aligned industry.

EXECUTIVE DEVELOPMENT AND SUCCESSION

In February 2019, we announced leadership changes, effective 1 March, intended to provide development opportunities for executives and provide the Board with well developed, experienced and capable internal candidates to be considered for CEO succession and other senior roles at the appropriate time.

At the time of the announced changes, we confirmed that we expect Mike Kane to stay in the role as Boral’s CEO for another two to three years.

Ros Ng, who has been Chief Financial Officer (CFO) for the past six years, has an expanded role as Group President Ventures & CFO. In addition to group strategy and M&A, Ros has responsibility for the USG Boral and Meridian Brick joint ventures, and she led the execution of our strategy in relation to the announced USG Boral transaction with Knauf.

Ross Harper, who was Executive General Manager Cement, stepped up into the new role of Group President Operations, to further strengthen our operational, R&D and safety outcomes.
Wayne Manners stepped up into the role of President & CEO of Boral Australia from his previous role of Executive General Manager, Western Australia, Building Products & Major Projects.

These three highly capable executives, together with David Mariner – President & CEO of Boral North America, and Frederic de Rougemont – CEO of USG Boral, are energised and focused on leading Boral alongside Mike Kane to deliver on our strategic objectives. When the time comes for CEO succession we expect that we will be well-positioned to consider internal candidates alongside external candidates.

CLOSING

Before closing, let me recap as what I see as the current priorities and challenges for Boral.

Safety remains our first priority, everywhere across Boral.

Delivering the benefits from the Headwaters acquisition and underlying earnings growth in North America including in the Fly Ash business so that returns exceed the cost of capital, is a key priority.

We are also focused on delivering the announced USG Boral transaction – which Mike will cover a little further.

Boral Australia will continue to excel at delivering on major infrastructure projects, with a persistent focus on optimising costs, sizing the business to match demand and growing revenues.

We have confidence that our people are focused on the right things, and are committed to a workplace culture that is safety-focused, customer-centric, and embraces diversity and sustainability.

I would like to thank Mike, the senior team and all of Boral’s people for their extraordinarily hard work, persistence and responsiveness during FY2019. I know they remain focused on continuing to transform Boral into a higher performing, sustainable business for the long-term.

On behalf of the board, I would also like to thank all of our shareholders for your ongoing support and thank you for your patience.

I now welcome Mike Kane to the microphone to provide his address.

Kathryn Fagg