INVESTOR SITE TOUR AND PRESENTATIONS
Boral Australia and USG Boral
Brisbane, Queensland
16 May 2018

Agenda – Wednesday, 16 May 2018

PRESENTATIONS and Q&A:
Introduction: 8.45-9.00am
• Mike Kane, CEO & Managing Director
Boral Australia: 9.00-11.15am
• Joe Goss, Divisional Chief Executive, Boral Australia
• Ross Harper, Executive GM, Cement
• Wayne Manners, Executive GM, Major Projects
• Brian Tasker, National GM, Property
• Simon Jeffery, Executive GM, Queensland
USG Boral: 11.30-12.45pm
• Frederic de Rougemont, CEO, USG Boral
• Tony Charnock, Senior VP Asia Pacific, USG Boral

LUNCH: 12.45-1.15pm

SITE VISIT – Ormeau Quarry
Depart 1.15pm, return 4.45pm
1. Delivering strong results in Australia and maintaining leading positions
   - Key supplier to Australia’s booming infrastructure and strong residential and non-residential construction markets
   - Reinvesting in valuable upstream quarry positions, low cost cement positions and downstream concrete & asphalt networks
   - Solid margins with further improvements to come through excellence programs, innovation and price
   TODAY’S FOCUS: Excellence programs, challenges & opportunities, major projects, property, Queensland

2. Strong long-term growth platform with innovation-based competitive advantage in USG Boral
   - Leading plasterboard business in Asia, Australia and the Middle East
   - Positioned well to respond to changes in demand cycles and competitive pressures
   TODAY’S FOCUS: Delivery against strategy, innovation, brand leadership, challenges & priorities

3. Delivering transformational growth in North America
   - Successful integration of Headwaters acquisition with substantial synergies
   - Further growth through market recovery and innovation
   - Addressing short-term operational issues
     - Photo updates – from the diary of the CEO

Boral North America – Oceanside, California
Plant Optimisation is delivering substantial improvements in efficiencies

Overall Equipment Effectiveness (OEE) and Reject Rates, Oceanside Metal Roofing Plant, California

- Monthly OEE reporting implemented at end of 2017
- In 4 months:
  - OEE lifted from 22% to 52%
  - Reject rates reduced from 6.0% to 3.4%
- Plant optimisation expected to improve costs
Boral North America – Oceanside, California
We are aligning Oceanside’s safety and production with our standards

**Basecoat mixing area**

**Glazing mixing area**

**Traffic and pedestrian flow and guarding**

**BEFORE**

**AFTER**

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**Boral North America – Okeechobee, Florida**

Plant Optimisation is delivering substantial improvements in efficiencies

Overall Equipment Effectiveness (OEE) and Reject Rates, Okeechobee Roof Tile Plant, Florida

- Monthly OEE reporting implemented at end of 2017
- In 5 months:
  - production doubled from December to March/April
  - OEE lifted from 41% to 57%
  - reject rates fluctuating between 2.5% and 3.5%
- Plant optimisation expected to improve costs
Boral North America – Okeechobee, Florida

Improved logistics and inventory management

We are aligning Okeechobee’s safety and production with our standards

Process flow, access, safety and guarding improvements

BEFORE

AFTER
BORAL AUSTRALIA

Joe Goss,
Divisional Chief Executive,
Boral Australia

Agenda
Boral Australia is making strong progress on building a sustainable performance model

- **Boral Australia Overview**
  Joe Goss

- **Major Projects**
  Wayne Manners

- **Cement**
  Ross Harper

- **Property**
  Brian Tasker

- **QLD Region**
  Simon Jeffery
**Boral Australia**

A vertically integrated portfolio of construction material assets with an east coast focus

**Large national footprint**

(total number of operations)

- **Quarries**: 78
- **Concrete**: 225
- **Asphalt**: 41
- **Cement**: 6

**Vertically integrated operating model**

- **Cement**: Manufactured + ~30% imported
- **Quarries**: Aggregates and sand
- **Bitumen**: BIA JV with Downer

~40-50% Quarry volumes sold internally to Concrete

~5-15% sold internally to Asphalt

~35-65% Quarry volumes sold externally

~50-60% sold internally

End Customer

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**Revenue Profile**

A diverse revenue profile (%) by end-market, business and geography

**End-market**

- Non-residential: 35%
- Diversified end-market focused on infrastructure and residential

**Business**

- Concrete sales externally focused with Quarries & Cement more internal

**Geography**

East coast, metro market focused on infrastructure and residential

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1. As at 30 June 2017
2. Includes cement manufacturing plant, bagging plant, lime plant, limestone quarry and depots
3. Includes 8 Boral Hardwood mills and 1 JV Softwood operation
4. Includes Boral’s share of 1.9m tonnes of grinding capacity in 50% owned Sunstate Cement JV
5. Includes Boral Concrete, Roofing, Masonry plus 2nd brands Concrite (NSW), Alsafe (Vic) & Q-Crete (Qld)
6. Long-term historical averages

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1. Based on 1H FY2018 split of Boral Australia external revenue
2. Roads, Highways, Subdivisions & Bridges
3. Bricks WA & Roofing includes Masonry revenues
Organisational Structure
Leveraging regional management structure with product & functional support

Boral Australia
Joe Goss

QLD
Simon Jeffery
NSW/ACT
Greg Price
Southern Reg.
Lloyd Wallace
WA/NT & BP
Wayne Manners
Cement
Ross Harper
Property
Brian Tasker

Councils
Quarries
Concrete
Asphalt
Logistics
Major Projects

Functional Executives
Finance
Marios Pasas
Strategy & Dev.
Grant Lediott
Transformation
Paul Dutton
Customer Experience
Julie Adamo
Digital Solutions
William Payne
Human Res. & Safety
Bill Fisher
Procurement
Matthias Fuchs

Delivering strong returns and capturing growth
We are targeting to deliver continued revenue growth and margin improvements

Growth focus
Initiatives and Actions
Targets
Capturing volumes from higher demand
• Upgrading quarry and downstream plant
• Supplementing fixed network with mobile plants
• Expanding asphalt crew and equipment national mobility
• Optimising national cement sourcing and adding cement capacity
• Maintaining or improving our market position
• Expanding Project Management Office
• Introducing new value added concrete products
• Implementing national network sales and operations planning
Maintain or improve market position
Secure our share of infrastructure projects

Delivering better pricing outcomes
• Building organisational customer orientation
• Implementing Commercial Excellence
• Implemented two price increases p.a. since FY2016
• Targeting more technical projects aligned with capabilities
• Differentiating our customer experience, driving value for both customers and Boral
ASP to offset cost increases and achieve a return on investment that exceeds cost of capital through cycle

Continuing focus on costs & operational improvements
• Continuing Operational Excellence initiatives (incl. procurement, OEE, productivity)
• Implementing Supply Chain Optimisation program
• Delivering quarry upgrade benefits: Deer Park, Orange Grove, Ormeau (late 2018)
• Completing alternative fuels investment at Berrima
• Building Vic portside clinker import and grinding facility
• Leveraging digital innovation opportunities for cost and safety
~1-2% savings on cost base per year
~5-10% Supply Chain cost optimisation (over 3 years)

Investments in excellence programs, improvement initiatives & innovation will be recouped as benefits continue
Culture and Capability
Sustaining performance by investing in culture and our people

Sustainable Performance Model

- Transforming our business through our people – strong leadership, people engagement and cultural alignment
- Culture, people and leadership underpins our investment in excellence programs and our zero|one|ten strategy
  - ‘Zero Harm Today’ to our people and environment
  - Number one for customers and employees
  - 10% improvement
- Organisational health is critical in achieving sustainable high performance

Organisational Health
Improving organisational health to drive sustained business performance

Organisational Health Index
Source: McKinsey & Company OHI Survey

- Organisational health and culture of the business are critical to achieve sustainable performance
- McKinsey Consulting has compiled years of studies from over 1,000 companies into an Organisational Health Index (OHI), which indicates that companies in the top quartile ‘outperform’ peers
- Our most recent 2017 survey\(^1\) score has moved Boral Australia into the top OHI quartile with zero practices in the bottom quartile
- Survey results by business provide valuable insights into individual business culture and leadership perspectives within each business
- Outputs provide key areas of focus to continue to grow our people and improve performance

1. 2017 survey included 1,300 employees in Boral Australia surveyed and included front line team leaders and supervisors through to the senior leaders in our business
Safety Excellence

Safety remains our first priority

- Management commitment and leadership
- Employee engagement in health, safety and environment responsibility:
  - Engaging front line supervisors
  - Strengthening behavioural programs
  - Continuing contractor safety program
  - Implementing site based environmental plans

Division Recordable Injury Frequency Rate

Injuries per million hours worked for employees and contractors. Recordable Injury Frequency Rate (RIFR) comprises Medical Treatment Injury Frequency Rate (MTIFR) and Lost Time Injury Frequency Rate (LTIFR).

Customer Excellence

Improving customer orientation and pricing practices

Customer orientation:
*Helping customers to Build something great*

- Identifying customer journeys by key segments to better understand customer needs and moments of truth across our customer lifecycle
- Designing improved customer experience built around core customer and business value drivers
- Developing improved service models by segment, with success metrics

Commercial Excellence:
*Setting prices to achieve a sustainable return*

While maintaining or improving our market positions, obtaining a fair price to achieve a return on investment that exceeds the cost of capital through the cycle

- Building a commercial culture and training our sales team to leverage the value of our products and services
- Differentiating pricing by segment and product, built around the value we deliver / what customers value
- Improving access to sales data to allow faster and better decision making and oversight of our price and margins
**Customer Excellence**

**Improving customer orientation and pricing practices**

**Objectives**

- Expanding margins through greater understanding of **Boral's 'cost to serve'** and customer behaviour
- Capturing pocket margin

- Institutionalising 'One Boral' behaviour / culture with clear behavioural guides
- Building sales staff competency through training programs and targeted recruitment

- Improve decision making via reporting and 'configure, price, quote' tools with customer relationship management
- More frequent pricing reviews

**Progress**

- Experience roadmap validated with customers, works program commenced
- Launched SMS order confirmation and Concrete deliveries arrival time 'app'

- Achieving product margin growth targets for most businesses
- 280 sales professionals accredited to Bronze status by June 2018

- Configure Price Quote tool rolled out in Southern Region with the rest of the East Coast to be completed by July 2018
- Implemented two price increases in FY18

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**Pricing**

**We have delivered price growth on the east coast**

- Average selling price (ASP) increases required to offset inflationary cost increases
- ASP impacted by a range of issues including geographic, segment and product mixes
- Like-for-like (LFL) movements impacted by demand and competitive dynamics

**Case Study: Boral concrete prices, FY2014-18**

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>1HFY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>ASP</td>
<td>Slightly Steady</td>
<td>1%</td>
<td>4%</td>
<td>4%</td>
<td>1%</td>
</tr>
<tr>
<td>LFL</td>
<td>Steady Steady</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

- Strong housing activity and LNG projects
- Competitive pressures in Qld and Victoria
- Annual price increases

- Shift to infrastructure and Sydney
- Improved pricing outcomes in stronger demand geographies reduced by softness in WA and regional markets
- Market position recovery in some regions
- Progressive rollout of Commercial Excellence program contributing
- Implemented two price increases p.a. since FY16

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**1HFY18 Boral concrete price movements**

- Price increase
- Price decrease
- Steady prices
Cost Base

Material inputs, payroll and logistics make up ~75-80% of our cost base

- Materials costs: internationally traded clinker and bitumen prices increasing in line with Asian markets and exchange rate
- Payroll: average wage inflation of ~3%
- Logistics: higher subcontractor cartage costs in east coast markets due to higher demand to move tunnel material and supply underlying markets
- Energy and fuel: electricity & gas ~$20m higher in FY2018 (to be ~$110–$120m) and diesel usage ~100m litres p.a.
- East coast quarry capacity being supplemented with mobile contract crushing plants and sourcing materials from quarries outside metropolitan areas and external purchases
- Key quarry, concrete and asphalt investments will reduce future operating costs

Boral Australia’s ~$2.9b cost base

- Energy & fuel: 7%
- Raw materials: 30%
- Logistics: 24%
- Payroll: 24%
- Other costs: 8%
- Repairs & maintenance: 7%

Source: Management accounts

Operational Excellence

Continued success from Operational Excellence initiatives

Cost improvement focus areas for FY2018

- Procurement: 14%
- Raw materials: 15%
- Productivity: 18%
- Logistics: 21%
- Payroll: 12%
- Other costs: 20%

Source: Internal estimates

Operational Excellence

- Cost improvement programs delivered around average $60-70m p.a. (~$250m since FY2015\(^1\))
- Productivity based improvements from OEE\(^2\), plant configuration and waste reduction
- Restructuring and labour right-sizing
- Procurement initiatives
- Ongoing supply chain optimisation
- Strategic and operational capital allocation
- Contributing to growing margins and offset cost increases

1. Cumulative benefits as presented at results from FY2015 – 1HFY2018, including restructuring, diesel, energy, procurement savings
2. Overall Equipment Effectiveness
Supply Chain Optimisation
We are optimising our supply chain to lower costs and improve customer service

We have ~2,500 road vehicles, including ~1,400 agitators and ~1,100 tippers and tankers. We spend over $650m p.a. moving more than 100m tonnes of materials and finished goods by road, rail & ship.

Materials movements

- Using fleet to improve connectivity between 225 concrete plants, 78 quarries and 41 asphalt sites
- Standardising and automating processes that evolved organically across independently run businesses
- Building common tools and systems, as well as people capability, for a sustainable outcome
- Our 3 year journey into supply chain excellence commenced January 2018
- Network optimisation will lower costs and demonstrate the true benefits of scale

Supply Chain Optimisation
We are making progress on our multi-year supply chain program

Objectives
- Reducing ‘costs to transport’ and improving customer service / reliability
- Performing diagnostics to prioritise areas of opportunity – digital, people and process areas identified
- Improving connectivity between logistics fleets and our large integrated operational footprint
- Leveraging network scale and reach

Progress
- Completed internal and external benchmarking, identified 5-10% supply chain opportunity over 3 years
- Recruited external supply chain resources
- Optimising national standard S&OP practices
- Building new reports with key logistics measures and weekly dashboards
- Piloting initial allocations improvements in Southern Region
- Piloting national concrete economic order sourcing model in SEQ
Innovation
Building a culture of customer focused innovation and commercialisation

Objectives

- Continual review of product, service and business models to maximise the potential benefits of innovation
- Digital innovation to feature heavily

Commercialisation

- Commercialising products centred on customer needs and materials science
- Includes early strength and low carbon concrete and recycled asphalt products
- Leveraging Boral’s history of innovation, product development and technical capability
- Greater collaboration with USA and USG Boral as well as external partners

Focus on collaboration and partnerships

- In-house R&D and product innovation centres at Maldon and Baulkham Hills
- New B/Hub ‘idea incubator’ site for agile development / commercialisation
- Launching Concrete customer apps and new website with enhanced mobility and e-commerce functions
- Launch of new products including Vantage® and Aspire®
- Strengthening technical sales capability
- Expanding links with Boral Innovation Factory in San Antonio
- Partnerships established with leading Australian universities

Progress

- Financial Performance

Solid earnings growth reflects successful progress on key strategies

Reported EBITDA ($m)

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>1H FY17</th>
<th>1H FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core ($m)</td>
<td>448</td>
<td>474</td>
<td>535</td>
<td>523</td>
<td>551</td>
<td>264</td>
<td>264</td>
</tr>
<tr>
<td>Property ($m)</td>
<td>420</td>
<td>466</td>
<td>489</td>
<td>495</td>
<td>527</td>
<td>295</td>
<td>294</td>
</tr>
</tbody>
</table>

EBITDA return on sales (ex property) (ROS, %)

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>1H FY17</th>
<th>1H FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core ($)</td>
<td>3.7</td>
<td>3.8</td>
<td>3.6</td>
<td>3.3</td>
<td>3.3</td>
<td>1.6</td>
<td>1.8</td>
</tr>
<tr>
<td>Property ($)</td>
<td>11.2%</td>
<td>12.3%</td>
<td>13.7%</td>
<td>15.1%</td>
<td>16.0%</td>
<td>15.9%</td>
<td>16.3%</td>
</tr>
</tbody>
</table>

Return on funds employed (ROFE, %)

<table>
<thead>
<tr>
<th></th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>1H FY17</th>
<th>1H FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core ($)</td>
<td>2.7</td>
<td>2.6</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td>2.4</td>
<td>2.5</td>
</tr>
<tr>
<td>Property ($)</td>
<td>9.0%</td>
<td>11.0%</td>
<td>13.7%</td>
<td>13.9%</td>
<td>14.6%</td>
<td>12.9%</td>
<td>15.4%</td>
</tr>
</tbody>
</table>
**Outlook for FY2018** (as announced on ASX on 24 April 2018)

Including Property, Boral Australia is now **expected to deliver improved earnings growth with an expected increase of approximately 10-20% in FY2018 compared with FY2017, on both an EBITDA and EBIT basis.**

Earnings in Boral Australia were lower than we expected in the **March quarter** due to an unscheduled kiln outage at Berrima, continued challenging conditions in Western Australia, and a rain impacted Queensland market. However, a strong June 2018 quarter is expected from Boral Australia, especially if favourable weather conditions occur as they did in the June 2017 quarter.

Boral now expects a total **EBITDA contribution from Property in FY2018 of approximately $55 million to $65 million**, with the sale of the Prospect site having progressed earlier than expected.

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**Agenda**

*Major Projects are an avenue for continued Boral Australia growth*

- **Boral Australia Overview**  
  Joe Goss

- **Major Projects**  
  Wayne Manners

- **Cement**  
  Ross Harper

- **Property**  
  Brian Tasker

- **QLD Region**  
  Simon Jeffery

*Forrestfield Airport Link, WA  
(Photo supplied courtesy of Salini)*
We have secured and are executing on a strong pipeline of projects:

Projects currently tendering:
- Albion Park Rail Bypass, NSW
- Brisbane Airport Runway, QLD
- Haughton River Bridge, QLD
- Inland Rail, QLD, NSW, VIC
- Smithfield Transport Corridor Upgrade, QLD
- Melbourne Airport Runway, VIC
- Lal Lal Windfarm, VIC
- Newell Hwy Upgrade, NSW / QLD
- Outer Suburban Arterial Roads, VIC
- Pacific Hwy W2B, NSW
- Barangaroo Residential Tower, NSW
- Prince's Hwy Upgrade, NSW
- Sunshine Coast Airport, QLD
- WestConnex Stage 3, NSW
- West Gate Tunnel, VIC
- Badgery's Creek Airport, NSW (pre-tender)

Projects committed:

<table>
<thead>
<tr>
<th>Projects committed</th>
<th>Boral material supply</th>
<th>Estimated completion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bringelly Road Stage 1, NSW</td>
<td>✓</td>
<td>2018</td>
</tr>
<tr>
<td>Pacific Hwy, NSW</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Toowoomba Second Range, QLD</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Warrego Highway stage 2, QLD</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Amrun Project, QLD</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>NorthLink stage 1, WA</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Northern Beaches hospital, NSW</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>NorthConnex, NSW</td>
<td>✓</td>
<td>2019</td>
</tr>
<tr>
<td>Gateway Upgrade North, QLD</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Kingsford Smith Drive, QLD</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Logan Motorway, QLD</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Forrestfield Airport Link (Precast), WA</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Sydney Metro (City/WW Precast), NSW</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Northern Road stage 2, NSW</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Melbourne Metro (Precast), VIC</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Pacific Motorway, QLD</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Northern Connector, SA</td>
<td>✓</td>
<td></td>
</tr>
</tbody>
</table>

1. Includes supply through concrete or asphalt

Note: Materials revenue from major road projects is typically 1-5% of project cost.

Major Project Success:

Infrastructure projects underway demonstrate Boral's capability to deliver:

1. Northlink Stage 1
   - New Perth road corridor
   - Supply & place asphalt
   - ~180,000 tonnes
   - 2016 - 2018

2. Forrestfield Airport Link
   - Concrete for tunnel & structures
   - Fixed & Mobile concrete plants
   - ~180,000m³ concrete
   - 2017 - 2019

3. Kingsford Smith Drive Upgrade
   - Widening
   - ~70,000t fixed asphalt plant
   - 2017 - 2019

4. Gateway Upgrade North
   - Major Road upgrade
   - Supply & place asphalt
   - ~500,000 tonnes
   - 2016 - 2019

5. NorthConnex
   - Tunnel linking M1-M2
   - Integrated concrete supply through dedicated project plants
   - ~500,000m³ concrete
   - 2016 - 2019

6. Logan Motorway
   - Enhancement Works, Portion A
   - Asphalt supply & place via fixed plant
   - ~400,000 tonnes
   - 2018 - 2019

Note: the dates listed under each project are start date – completion date.
Boral Project Capability
Boral continues to prove its ability to deliver on major projects

For several years we have made statements around the importance of major projects, building Boral Australia’s project management, execution and technical capability and winning projects.

Technical Capability Success in Precast projects
Case study: precast concrete supply to line tunnels for metro rail projects

Technical investment
- Early concrete solution based investment
- Technically complex solutions developed
- Early engagement with project critical
- Leveraging Boral experience and learnings from other major projects
- Supplying large volumes via ‘bolt on’ concrete plants attached to customers precast facility
- Deploying equipment and people nationally
- Demonstrating our strong safety management and chain of responsibility

Case study: Precast rail projects
Forrestfield Airport Link, Perth
- 180,000m³ concrete
- 54,000 segments and stations (9,000 rings)
- 2017 to 2019

Sydney Metro, Marrickville
- 140,000m³ concrete
- 99,000 segments
- 2018 to 2019

Melbourne Metro, Deer Park
- 90,000m³ concrete
- 50,000 segments
- 2018 to 2020

Case study: Precast rail projects
Forrestfield Airport Link, Perth
- 180,000m³ concrete
- 54,000 segments and stations (9,000 rings)
- 2017 to 2019

Sydney Metro, Marrickville
- 140,000m³ concrete
- 99,000 segments
- 2018 to 2019

Melbourne Metro, Deer Park
- 90,000m³ concrete
- 50,000 segments
- 2018 to 2020
Major transport infrastructure construction projects\(^1,2\) (A$B)

- Infrastructure pipeline is east coast dominant
- Projects are close to integrated Boral operations
- Boral Project Management Office aligning strategy
- Avoid ‘winners curse’ by ensuring capacity to service both major project demand and underlying core markets

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Project Pipeline – Medium Term

We are in the earlier stages of a strong infrastructure cycle in key east coast markets

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Project Pipeline – Longer Term

The major project pipeline post 2022 is building with government announcements

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*The government’s 10-year national infrastructure plan*

- Key projects announced in NSW and Vic where Boral has a strong integrated position
- Projects are in early stages and indicate a continued long-term pipeline of major projects
- Federal and State government budgets include funding for large infrastructure projects
- Boral will engage early to build solutions utilising our capability to differentiate and effectively compete
Agenda
Boral Cement continues to be a highly profitable part of Boral Australia

• Boral Australia Overview
  Joe Goss

• Major Projects
  Wayne Manners

• Cement
  Ross Harper

• Property
  Brian Tasker

• QLD Region
  Simon Jeffery

Boral Cement Portfolio
A strong portfolio of businesses that source and supply a wide range of products

<table>
<thead>
<tr>
<th>Berrima NSW</th>
<th>Maldon NSW</th>
<th>Waurn Ponds Vic</th>
<th>Sunstate JV Qld</th>
<th>Marulan NSW</th>
<th>DeMartin &amp; Gasparini, NSW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Clinker &amp; cement</td>
<td>Specialty cements</td>
<td>Grey cement</td>
<td>Multiple cements</td>
<td>Limestone &amp; Lime</td>
<td>Concrete Placing</td>
</tr>
<tr>
<td>• Clinker (1.5mt) - fully utilised kiln</td>
<td>• 2 mills (900kt)(^1)</td>
<td>• 2 mills (750kt)(^1)</td>
<td>• 3 mills (1.5mt)(^1)</td>
<td>• &gt;80 years limestone reserves</td>
<td>• 19 concrete pumps</td>
</tr>
<tr>
<td>• 2 mills (1.6mt)(^1)</td>
<td>• Berrima clinker</td>
<td>• Imported Clinker transported inland</td>
<td>• 50:50 JV with ABL</td>
<td>• 3.3mt of limestone quarried in FY18</td>
<td>• 30 concrete placing tower booms</td>
</tr>
<tr>
<td>• Rail link to CBD</td>
<td>• Packaging plant</td>
<td></td>
<td>• Import clinker</td>
<td>• Lime kiln (130kt)</td>
<td>• NSW focused</td>
</tr>
</tbody>
</table>
| Assets
| • SL & HE cement | • Cement: SL & GP | • Grey cement: GP, HE | • Grey cement: GP, HE & SL | • Limestone | • Concrete pumping & placing |
| • Grey & O/W Clinker | • Slag | • Blends at Somerton terminal | • Slag, fly ash, O/W | • Lime | • Contracting packages |
| • Fly ash via FAA | • Specialty & blends | | • Blends & Bagged | • Manufactured sand |
| Products
| 1. Denotes grey equivalent; Shrinkage Limited (SL); High Early Strength (HE); Off-White (O/W); General Purpose (GP); Adelaide Brighton (ABL); Fly Ash Australia Joint Venture (FAA |

Resource derived fuels loader for the Berrima Kiln
Clinker Importation
Current market conditions are favourable for importers

Import clinker prices and volumes

- Historically clinker imports increased as local kilns closed and excess Asian clinker export capacity emerged
- Recent FOB clinker prices trending up due to Chinese regulations reducing export capacity
- Bulk freight increasing from recent lows

Import Trends

- An alternative to importing bulk cement is importing clinker which Boral favours
- Clinker importation allows better quality management and product flexibility
- Capability and scale is critical to access deeper clinker markets and lower costs
- Boral has developed deep supply chain capability importing ~1mtpa of clinker

Import Capability

Tailored National Cement Sourcing Models
Cement sourcing models across Australia are optimised to match local conditions

Boral Cement sourcing models

<table>
<thead>
<tr>
<th>Area</th>
<th>Assets</th>
<th>Model</th>
<th>Rationale</th>
</tr>
</thead>
<tbody>
<tr>
<td>NSW</td>
<td>Berrima Maldon</td>
<td>Clinker manufacturer ~1.5mtpa</td>
<td>Low kiln costs and rail link maintains competitiveness</td>
</tr>
<tr>
<td></td>
<td>Waurn Ponds</td>
<td>Asian clinker importer ~0.6mtpa</td>
<td>Imported clinker is lower cost cement source</td>
</tr>
<tr>
<td>SEQ</td>
<td>Sunstate (50% JV with ABL)</td>
<td>Asian clinker importer ~0.3mtpa (Boral share)</td>
<td>Imported clinker is lower cost cement source</td>
</tr>
<tr>
<td>Other areas</td>
<td>Local supply contracts</td>
<td>Bulk cement purchaser from local sources 0.2-0.4mtpa</td>
<td>Lower scale Boral usage combined with competitive local suppliers</td>
</tr>
</tbody>
</table>

Cement industry map
Australian market ~10mt²

Boral Australia periodically reviews the long-term sustainability of sourcing models

1. The % against each state refers to proportion of total FY18 Australian cement volume and is sourced from Macromonitor Construction Materials Forecast, February 2018
2. Cement Industry Federation Survey 2018

Denotes that Boral has a fixed cement position

Source: Cement Industry Federation Survey 2018
Source: Reserve Bank of Australia
1. Management estimates
2. Source: Cement Industry Federation Survey 2018
3. Source: Reserve Bank of Australia
Flexible East Coast Cement Network
NSW cement operations are key to Boral’s network flexibility

Clinker sourcing
- Berrima costs below import parity with strong operational excellence focus
- Boral imports clinker into Port of Geelong and Brisbane with optionality in Port Kembla
- Off white manufacturing and slag processing capability

Product range
- Maldon mill upgrade enables product supply optimisation
- Maldon blend products including slag and off white
- Package products targeting DIY / builders segment
- Fly ash sourced from FAA JV

Supply chain
- Berrima & Maldon rail linked for low cost delivery to metro
- NSW rail network allows economic interstate supply
- Road and rail is used to optimise the supply chain of our integrated business

Securing Berrima Cement Position
Building on our strong cost position and actively managing our energy position

Berrima Cost Base
- Energy is 30% of Berrima costs
- Raw materials, payroll and maintenance the majority of costs
- Continuous improvement will offset anticipated future cost increases

Electricity
- Electricity prices have risen in NSW, QLD and VIC
- Berrima electricity exposure actively managed including shifting production to low cost time of day

Kiln Fuel
- Boral will shortly complete a ~$10m upgrade to allow alternative fuels to substitute coal usage up to 30%
- Optimising Marulan lime kiln fuel by using less gas and more coal
Building a Lower Cost Victorian Position
Reinvestment offers an opportunity to embrace new products

Current ‘Inland’ Operations

- Boral supplies VIC from its inland Waurn Ponds facility which grinds imported clinker
- High cartage costs from trucking clinker ~20km from Geelong Port to Waurn Ponds
- High handling costs from ship discharge to truck and clinker store to mills at Waurn Ponds

Future ‘Portside’ Operations

- Boral proposed investment of up to $130m in new 1.3mtpa cement grinding facility at Geelong Port, EPA approval secured, finalising other approvals
- Conveyor loading from ship to clinker store to mill eliminating transport and handling costs
- Growth capacity to capture project activity, future market growth and support broader network
- Produce a lower cost slag based product

Agenda
Property pipeline will continue to provide ongoing earnings opportunities

- Boral Australia Overview
  Joe Goss
- Major Projects
  Wayne Manners
- Cement
  Ross Harper
- Property
  Brian Tasker
- QLD Region
  Simon Jeffery
**Solid track record of earnings contribution**  
Strong earnings with historical annual EBIT of circa $30m

### Property EBIT\(^1\), A$m

<table>
<thead>
<tr>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>54</td>
<td>47</td>
<td>32</td>
<td>28</td>
<td>12</td>
<td>8</td>
<td>28</td>
<td>28</td>
<td>28</td>
<td>24</td>
<td>55</td>
</tr>
</tbody>
</table>

- EBIT earnings secured through a combination of multi-year developments and smaller sales of surplus land
- Portfolio rationalisation, asset relocations and operational consolidations have released valuable land opportunities
- Sales values are optimised through a variety of value added options including the rezoning of land for residential or industrial purposes
- Earnings from property expected to continue to average ~$10m to $20m p.a. over the near term

---

**Land management and development cycle**  
Boral Australia manages a large land bank (400+ properties)

### Key activities
- Securing site tenure and related government approvals
- Facilitating stakeholder engagement
- Managing leases and property administration
- Developing future end-use option

### Key challenges
- Securing government approvals for greenfield, upgrades or rezoning
- Ongoing urban encroachment impacting existing locations
- Expanding development timeframes

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\(^1\) Excluding significant items. FY2008 – FY2010 includes earnings from significant multi-year developments at Moorebank and Nelsons Ridge, and initial earnings from the Landfill business. FY18 figure is an estimate reflecting Boral expectations, in line with Boral’s guidance in ASX announcement 24 April 2018.
Prospect Masonry Sale Announced
A case study in well-executed long term land development strategy

Prospect Masonry, NSW

- 12.9 ha land area
- Former Boral Masonry site at Clunies Ross Street in Greystanes
- Sale plan commenced in May 2014
- Deal executed / announced in April 2018
- Proceeds of $60m giving an EBIT contribution of $56m in FY2018
- Sale timed to capture strong market with the sale proceeding quicker than expected
- Final land sale of the broader Greystanes Estate, which included Nelsons Ridge, ‘The Quarry’ industrial park and Northern Employment lands, delivered total revenue exceeding $650m over a decade plus

Property development and divestment pipeline
We have identified significant potential development and divestment opportunities

Approx. proceeds timing
<table>
<thead>
<tr>
<th>FY2018</th>
<th>FY2021</th>
<th>FY2024</th>
<th>FY2027+</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tactical land sales</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prospect, NSW</td>
<td>$60m in FY18 announced</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential $40m+ pipeline includes:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NSW – Armidale, Wingham, Kiama, Bombo</td>
<td>WA – Jandakot</td>
<td>SA – Reynella, Stonyfell, Para Hills</td>
<td></td>
</tr>
<tr>
<td>Potential $200m+ (to ~2040)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Penrith Lakes (PLDC), NSW</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Timing and contribution being evaluated</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

With Boral’s deep property land bank, the pipeline will continue to refresh and build.
Future potential development opportunities
Boral has identified several large near term opportunities, all in Victoria

- **Donnybrook, VIC**
  - 340 ha total land area
  - Adjoins Mirvac Olivine estate
  - Boral land rezoned in Nov 2017
  - Subject to current negotiations
  - Potential earnings of $200m+ over 20 years

- **Waurn Ponds, VIC**
  - 1,020 ha land area with rehabilitation required post cement operations
  - Designated growth corridor adjacent to Armstrong Creek SW of Geelong
  - Land rezoning strategy underway with land value directly related to rezoning
  - Potential rezoned land value $100m+

- **Scoresby, VIC**
  - 84 ha parklands and 87 ha proposed residential infill land
  - Clay pits rehabilitation underway with manufacturing site leased until 2025
  - Rezoning strategy underway
  - Potential 'unzoned' land value $100m+

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**Agenda**
Strengthening and maintaining our position in South East Queensland (SEQ)

- **Boral Australia Overview**
  Joe Goss

- **Major Projects**
  Wayne Manners

- **Cement**
  Ross Harper

- **Property**
  Brian Tasker

- **QLD Region**
  Simon Jeffery
Queensland Region Footprint
Boral has a large integrated footprint supplying key markets in Queensland

QLD Region major areas

Queensland Region

Markets | Characteristic | QUA | CON | ASP | CEM
--- | --- | --- | --- | --- | ---
Cairns | Tourism related | ✓ | ✓ | ✓ | ✓
Mt. Isa / Weipa | Mining activity | ✓ | ✓ | ✓ | ✓
Townsville | Growing regional centre | ✓ | ✓ | ✓ | ✓
Mackay | Mining related growth | ✓ | ✓ | ✓ | ✓
Rockhampton | Mining related growth | ✓ | ✓ | ✓ | ✓
Gladstone | LNG corridor | ✓ | ✓ | ✓ | ✓
Bundaberg | Population growth | ✓ | ✓ | ✓ | ✓
Surat Basin | Coal-seam gas corridor | ✓ | ✓ | ✓ | ✓
SEQ | Major metro market | ✓ | ✓ | ✓ | ✓
Toowoomba | Growing regional centre | ✓ | ✓ | ✓ | ✓

External revenue of ~$0.8b
~3,700 FTEs

Operating footprint (number of operations1)
20 Quarries
62 Concrete
16 Asphalt
1 Cement

External revenue of ~$0.8b
~3,700 FTEs

Queensland Construction activity strengthening
Demand is shifting from residential towards infrastructure

Note charts are for financial years and have been based on 2015/16 dollars unless otherwise noted

1. Macromonitor (February 2018) and BIS Oxford Economics (March 2018)
2. Roads, highways, subdivisions and bridges
Recent concrete growth heavily weighted to residential and non-residential building activity
- Lifestyle and affordability factors driving higher migration and underpinning future fundamentals

Strong asphalt demand growth particularly in SEQ and Toowoomba
- Major project and increased maintenance spend driving demand forecasts

Quarries demand linked to concrete and asphalt activity
- Major road activity contributing to higher quarry volumes

Source: Macromonitor Construction Materials Forecast, February 2018; financial years ending 30 June

Strong QLD Materials Demand Outlook
Resilient concrete demand and rising asphalt activity with an SEQ focus

Major SEQ Initiatives
Maintaining and strengthening Boral’s SEQ position

- Plant replacement with improved access to growth corridor SW Bris.
- Capital light solution of ~$6m using freehold land & surplus LNG plant
- Completion in Oct 2017 with site consented 24/7 and large storage improves supply chain efficiencies

- New ~$10m plant and depot will address current site encroachment
- Completion by late 2018 with capacity of 140ktpa (from 30ktpa)
- Lower cost plant with efficient heating costs, reduced waste and maintenance costs

- Improving SEQ quarry network efficiency and capacity position with Ormeau investment
- Assessing other network options to build competitive long term position
- Balancing natural and manufactured sand positions
Ormeau Quarry Reinvestment
Upgrading Ormeau Quarry strengthens Boral’s Brisbane position

Quarry Characteristics
- Stone extraction first commenced in the 1980s
- 40+ years of reserve life
- Higher quality reserves suitable for high specification aggregates and full range of roadbase products

Processing Plant
- Plant replacement cost of ~$55m with completion by end of FY2019
- Increased production capacity from ~0.5mtpa to ~2.0mtpa
- 11 hours/6 days per week consent to process and sell material

Boral Network Solution
- Close to arterial roads, enabling supply into CBD, western and southern Brisbane growth corridors
- Reduce overall production costs with a large scale, single production plant at Ormeau

Concrete Product Video Presentation
Boral Australia has developed a suite of innovative concrete designs

Vantage® Concrete
A flowing concrete that compacts under its own weight (self compacting) and allows improved placing in difficult conditions

Aspire® Concrete
A high strength concrete that maximises floorplans in commercial and high-rise buildings and increases productivity

Envisia® Concrete
A lower carbon concrete with excellent performance benefits including low shrinkage, high early strength and durability

This promotional video highlights the innovation behind Vantage®, Boral’s self compacting concrete, and is accessible on Boral’s website www.boral.com
Concrete and Asphalt demand

Boral is benefiting from industry demand that is forecast to remain at high levels

Premix Concrete demand forecast ('000m³)
Source: Macromonitor as at February 2018

Forecast growth in RHS&B¹ and non-residential building to offset a decline in multi-residential activity keeping demand at historically high levels

Asphalt demand forecast ('000t)
Source: Macromonitor as at February 2018

National growth in roads infrastructure keeping demand at historically high levels with QLD and VIC responsible for near term rises

¹ Roads, highways, subdivisions & bridges
Activity by Segment
Revenues are derived from various market segments

External revenue by end-market, %
- 0% 5% 10% 15% 20% 25%
- FY00 FY02 FY04 FY06 FY08 FY10 FY12 FY14 FY16 FY20 FY22

- 0 5 10 15 20 25
- FY00 FY02 FY04 FY06 FY08 FY10 FY12 FY14 FY16 FY20 FY22

1. Based on split of 1H FY2018 Boral Australia external revenues
2. Source: ABS, BIS Oxford Economics and Macromonitor forecasts, constant 2015/16 dollars
3. Roads, highways, subdivisions and bridges
4. Source: ABS, Macromonitor forecasts, constant 2015/16 dollars
5. Source: ABS Jan-18 data release, BIS Oxford Economics, Macromonitor and HIA forecasts

Well positioned to take advantage of historically high levels of activity

Boral Australia revenue² by region, %
- WA / NT
- QLD
- NSW / ACT

1. Compound annual growth rate from FY2017 to FY2021 forecast by Macromonitor, February 2018 (Concrete in '000 m³ and Asphalt in '000 tonnes)
2. Based on 1HFY2018 split of Boral Australia external revenue
AN ATTRACTIVE GROWTH PLATFORM

PART 1: Frederic de Rougemont, CEO, USG Boral

1. Safety performance
2. Delivering on our JV strategy
3. Building on our position

PART 2: Tony Charnock, Senior Vice President Asia Pacific, USG Boral

4. Asia Pacific (Australia / New Zealand and Indonesia) – country dynamics and opportunities
SAFETY PERFORMANCE

- RIFR of 4.3 and LTIFR of 1.2 broadly steady on FY17
- Focusing on lead indicators to further improve safety outcomes
  - Safety conversations: collaborating, innovating and owning change around safety
  - Growing usage of CCTV reports
  - Program underway in all plants leading to a better understanding of 'at risk' (UPSET) conditions
  - Safe START program being piloted at Camellia site

1. Recordable Injury Frequency Rate (RIFR) per million hours worked is made up of Lost Time Injury Frequency Rate (LTIFR) and Medical Treatment Injury Rate (MTIFR). Totals may not add due to rounding
2. RIFR, LTIFR and MTIFR per million hours worked includes employees and contractors in 100%-owned businesses and all joint venture operations
3. YTD FY18 refers to 9 months to 31 March 2018

DELIVERING ON OUR JV STRATEGY

Frederic de Rougemont
CEO, USG Boral
DELIVERING ON OUR JV STRATEGY

- Leveraging USG Boral’s partnership to deliver revenue and earnings growth, including >US$50m of synergies in <4 years
- Successful adoption of Sheetrock® leading to maintain / grow strong positions with price premium
- Expanded product portfolio delivering enhanced revenue and earnings
- Leveraging leading manufacturing platform to meet growing demand
- Driving innovation in building products and systems and accelerated adoption of plasterboard in partitions and walls
- Delivering customer excellence and leading solutions

REVENUE AND EARNINGS GROWTH

1. Boral Gypsum EBIT excluding significant items
2. USG Boral underlying EBIT excluding significant items
3. Compound annual growth rate from FY14 to FY17
4. Based on Boral Gypsum / USG Boral divisional moving annual total EBIT (excluding significant items) on divisional funds employed (segment assets less segment liabilities) at period end

Impacted by $8m in one-off costs
Delivering above Boral’s cost of capital since FY17
**DRIVERS OF PERFORMANCE**

- **Revenue CAGR of 11%**\(^1\) p.a.
- **Significant EBIT margin expansion**
- **Successful adoption of Sheetrock\(^\circ\) brand—strengthening our position with price premium**
- **Synergies: revenue, adjacent products and costs**
- **Cost management**
- **Operational excellence**
- In Australia and Korea:
  - enhanced product and customer mix
  - underlying market growth
  - robust pricing

![Graph showing EBIT margin for FY14 to FY18](image)

**EBIT margin\(^2\)**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>9.3</td>
</tr>
<tr>
<td>FY15</td>
<td>11.1</td>
</tr>
<tr>
<td>FY16</td>
<td>12.8</td>
</tr>
<tr>
<td>FY17</td>
<td>14.7</td>
</tr>
<tr>
<td>1H FY17</td>
<td>15.9</td>
</tr>
<tr>
<td>1H FY18</td>
<td>13.9</td>
</tr>
</tbody>
</table>

1. Compound annual growth rate from FY14 to FY17
2. Underlying EBIT (excluding significant items) to revenue

Excluding $8m in one-off costs, EBIT margin\(^1\) would have been 14.8%

---

**STRONG GEOGRAPHIC POSITIONS**

<table>
<thead>
<tr>
<th>Country</th>
<th>Plasterboard Share</th>
<th>Revenue Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>35 – 40</td>
<td>~190</td>
</tr>
<tr>
<td>South Korea</td>
<td>45 – 50</td>
<td>~300</td>
</tr>
<tr>
<td>Thailand</td>
<td>50 – 55</td>
<td>~90</td>
</tr>
<tr>
<td>China</td>
<td>4 – 6</td>
<td>~2,800</td>
</tr>
<tr>
<td>Indonesia</td>
<td>~40 – 45</td>
<td>~100</td>
</tr>
<tr>
<td>India</td>
<td>20 – 25</td>
<td>~70</td>
</tr>
<tr>
<td>Vietnam</td>
<td>40 – 45</td>
<td>~60</td>
</tr>
<tr>
<td>Malaysia/Singapore</td>
<td>60 – 65 (^2)</td>
<td>~30</td>
</tr>
<tr>
<td>Philippines</td>
<td>45 – 50</td>
<td>~20</td>
</tr>
</tbody>
</table>

1. USG Boral management estimates for FY17. Note that China 4-6% is based on total China demand however USG Boral’s target segment in China is high-end segment only
2. Combined plasterboard share across Malaysia and Singapore
**PRICE**

- Price benefiting from increasing contribution from Sheetrock® and technical board
  - Sheetrock® premium achieved
- Strong economic conditions and construction activity in developed markets delivered price growth
- Competitive price pressures in Thailand, Indonesia and Vietnam
- Significant price growth in China in 1H FY18 due to temporary supply constraints and waste paper inflation
- Cost inflation partially offset through price and optimising product mix

---

**EXPANDED PRODUCT PORTFOLIO**

- Customer focused full product suite / system solutions
  - Growing loyalty of our customers to our brand (distributors, subcontractors, contractors)
  - Enhancing revenue and earnings

---

### Plasterboard ASP

<table>
<thead>
<tr>
<th></th>
<th>Australia</th>
<th>Korea</th>
<th>Thailand</th>
<th>China</th>
<th>Indonesia</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>↓</td>
<td>↓</td>
<td>↓</td>
<td>↓</td>
<td>↓</td>
</tr>
<tr>
<td>FY15</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
<td>↑</td>
</tr>
<tr>
<td>FY16</td>
<td>↑</td>
<td>↑</td>
<td>↓</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>FY17</td>
<td>↑</td>
<td>↑</td>
<td>↓</td>
<td>↑</td>
<td>↓</td>
</tr>
<tr>
<td>1H FY18</td>
<td>↑</td>
<td>↑</td>
<td>↓</td>
<td>↑</td>
<td>↓</td>
</tr>
</tbody>
</table>

### Growing contribution from Sheetrock®

<table>
<thead>
<tr>
<th></th>
<th>Sheetrock® (premium)</th>
<th>Core board</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY14</td>
<td>100</td>
<td>9</td>
</tr>
<tr>
<td>FY15</td>
<td>91</td>
<td>11</td>
</tr>
<tr>
<td>FY16</td>
<td>79</td>
<td>21</td>
</tr>
<tr>
<td>FY17</td>
<td>65</td>
<td>35</td>
</tr>
<tr>
<td>1H FY18</td>
<td>57</td>
<td>43</td>
</tr>
</tbody>
</table>

---

1. Average selling price

---

1. Based on split of 1H FY18 underlying revenue for USG Boral
2. Includes ceiling tile and ceiling grid
3. Other includes gypsum, cornice, others
### LEADING REGIONAL FOOTPRINT

<table>
<thead>
<tr>
<th>Countries</th>
<th>Operating Sites</th>
<th>Manufacturing Capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td>14</td>
<td>49</td>
<td>617 m²</td>
</tr>
<tr>
<td>~3,200 employees</td>
<td>23</td>
<td>Plasterboard lines</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **External revenue**:
  - Australia: 36%
  - South Korea: 11%
  - Thailand: 12%
  - Indonesia: 11%
  - Other: 24%

1. Excludes additional capacity planned in India and Vietnam
2. Based on 1H FY18 underlying revenue for USG Boral
3. As at April 2018. Certain manufacturing facilities and gypsum mines held in JV with third parties
4. Production of plasterboard and other products may be at the same physical location

### MANUFACTURING FOOTPRINT

- **Plasterboard plants**: 18
- **Gypsum mines**: 28
- **Other plants**:
  - Mineral fiber ceiling tile, metal ceiling grid, metal products, joint compounds, mineral wool and cornice production

14 countries, ~3,200 employees, 617 m² plasterboard manufacturing capacity, 23 plasterboard lines.

### CAPACITY UTILISATION

- **Average capacity utilisation of 82%** across network in 1H FY18, up from ~76% in FY17
- **Plasterboard production volume CAGR** of 6% p.a. (including Aus/NZ) and 7% p.a. in Asia (excluding Aus/NZ) since FY07

#### Chart

- **Plasterboard capacity utilisation and production volume**
  - **Capacity utilisation (RHS)**
  - **Production volume**
  - **Capacity at period end**

1. Based on total production capacity at period end and annualised for 1H FY2018
2. Compound annual growth rate
3. Includes plasterboard and gypsum ceiling tile volumes
BUILDING ON OUR POSITION

SUSTAINING LEADERSHIP IN AUSTRALIA AND KOREA

• Continue growing high margin sales with innovative products and solutions
  – Sheetrock 2.0
  – Technical board
  – Ensemble™ Acoustical Drywall Ceiling

• Market segmentation to deliver higher margin
  – Commercial sector buildings supplied with more technical products and adjacent solutions (acoustic ceilings, building facades)
  – Focus on customers valuing the product range
  – Strengthen distributors’ network
• USG Next Generation Sheetrock – providing opportunities for USG Boral
  – USG launched Sheetrock® Brand EcoSmart Panels in USA in March 2017
  – Lighter weight with stronger sag performance
  – Strong sustainability attributes: lower carbon emissions and less water used in manufacturing
• Initial trials completed at Pinkenba
• In the next 12 months
  – More work required to optimise technology to achieve preferred product differentiation
  – Assessing customer value proposition
  – Assessing opportunity of reducing energy and gypsum costs

ACCELERATE WALLBOARD PENETRATION IN EMERGING MARKETS

EasyFinish™ – Wall Lining and Partition Systems

• Accelerate plasterboard adoption in wall partitions as step towards cavity walls in emerging countries
• Convert cement render system to plasterboard lining system
• Market test phase completed in Thailand and Indonesia
• Broader rollout to China, Malaysia, Philippines and Vietnam
**EASYFINISH™ OPPORTUNITY TO CONVERT CEMENT RENDER TO PLASTERBOARD ACROSS SE ASIA**

**Plasterboard vs cement render demand**

<table>
<thead>
<tr>
<th>Region</th>
<th>Plasterboard</th>
<th>Cement Render</th>
</tr>
</thead>
<tbody>
<tr>
<td>Position</td>
<td>~290</td>
<td>~645</td>
</tr>
</tbody>
</table>

Test results for plasterboard and cement render across different countries:

- **Thailand**
  - Plasterboard: 0.6
  - Cement Render: 7.4

- **Indonesia**
  - Plasterboard: 0.1
  - Cement Render: 5.8

- **Malaysia**
  - Plasterboard: 0.6
  - Cement Render: 1.3

- **Philippines**
  - Plasterboard: 0.2
  - Cement Render: 0.6

- **Vietnam**
  - Plasterboard: 0.4
  - Cement Render: 0.6

- **Australia**
  - Plasterboard: 0.2
  - Cement Render: 0.1

- **South Korea**
  - Plasterboard: 5.8
  - Cement Render: 7.4

1. USG Boral management estimates
2. Included for comparative purposes

**RESPONDING TO OPPORTUNITIES AND CHALLENGES**

- **Australia**
  - *Knauf Bundaberg started in Queensland*
    - Grow innovation and commercial segment
    - Building a niche, high-end position in New Zealand with Sheetrock® from Pinkenba

- **South Korea**
  - Competitor capacity expansion has started
    - Optimised customer / product mix and margins following termination of long-term supply agreement with Byucksan
    - Innovation and commercial segment

- **China**
  - Significant paper and gypsum inflation and tight supply
    - Successfully achieving strong price increases
    - Strong business performance in high-end, growing Sheetrock® penetration and new product offerings, focus on home deco segment

- **Thailand and Indonesia**
  - Protracted soft construction markets, cost inflation and new entrants / capacity
    - Protect premium brand with development of a mid-tier brand
    - Accelerate penetration of plasterboard in cement render segment with EasyFinish™
    - Grow exports from Thailand

- **Other countries**
  - **Vietnam**: strong growth, benefits from Sheetrock®, but competitive price pressures
  - **Philippines**: strong growth with well recognised brand
  - **India**: Strong growth with significant potential
CAPACITY EXPANSIONS TO SUPPORT DEMAND GROWTH

India – Chennai
- New 30m m² plant under construction expected to be completed FY20
- Leverages our market presence including brand, customer relationships and know how established in Southern India
- Servicing high growth market with 1.3bn population, country GDP ~7% p.a. and one of the lowest plasterboard penetration rates among developing countries

Vietnam – Ho Chi Minh
- Capacity expansion of 17m m² expected to be completed FY20
- Upgrading and restarting Ho Chi Minh line 1, currently mothballed
- Addresses existing supply constraints
- Supports strong growth, with country GDP ~6% p.a. and further penetration and adoption of plasterboard and related products

OPERATIONAL COST IMPROVEMENTS INITIATIVES

- Disciplined project management focus
- Additional LEAN and 6 Sigma resources
- Targeted cost reduction capital improvements
- Continued supply chain excellence focus
- Focused plant reliability excellence program
- New focus on SE Asia logistics
PART 2: AUSTRALIA / NEW ZEALAND AND INDONESIA

Tony Charnock
Senior Vice President, Asia Pacific

AUSTRALIA COUNTRY DYNAMICS

- Demand remains robust despite multi-residential activity moderating YTD FY18
- Expect moderate softening in activity in FY19 but remain well above historical averages underpinned by east coast detached housing and commercial projects
- Industry utilisation to fall following new entrant in Queensland but remain >80% at current demand
- USG Boral has a leading plasterboard position

1. USG Boral management estimates

**Plasterboard share**

- **Total** ~190 m$^2$
- **USG Boral**
- **BGC**
- **CSR**
- **USG Boral/CSR – GRA gypsum mine JV**
- **Knauf**
- **USG Boral/CSR – Rondo metal JV**

**Total plasterboard manufacturing capacity** = 233 m$^2$
• Sheetrock® produced at Camellia (NSW), Pinkenba (Qld) and Port Melbourne (Vic)
  – Sheetrock® adoption rates > 90%
• Strong distribution network comprising USG Boral owned and independent distributors plus retail distributors
• Significant revenue growth since JV formation driven by strong volume growth and solid price growth; prices moderated in 1H FY18

Australia/NZ – revenue

<table>
<thead>
<tr>
<th></th>
<th>FY14</th>
<th>FY15</th>
<th>FY16</th>
<th>FY17</th>
<th>1H FY17</th>
<th>1H FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>A$m</td>
<td>371</td>
<td>432</td>
<td>504</td>
<td>529</td>
<td>266</td>
<td>297</td>
</tr>
</tbody>
</table>

1. Compound annual growth rate from FY14 to FY17
2. Includes Rondo distribution sites owned in JV with CSR

OPPORTUNITIES

✓ Grow commercial segment exposure

✓ NextGen 2.0

✓ New products

✓ Leverage Pinkenba capacity to grow New Zealand niche market

✓ Operational cost improvements
BUILDING COMMERCIAL SECTOR GROWTH

- Commercial sector including multi-residential high rise, education, health care, hotels, retail projects
- Best in class architectural specification and engineering teams
- Value engineering support highly valued by commercial developers and contractors
- Invested in best in class Building Information Modelling (BIM) technology for architects, designers and contractors with 100k models (data rich) covering full catalogue

Plasterboard segments

<table>
<thead>
<tr>
<th>Segment</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detached dwelling</td>
<td>40</td>
</tr>
<tr>
<td>Multi-dwelling</td>
<td>20</td>
</tr>
<tr>
<td>Alternations &amp; additions</td>
<td>17</td>
</tr>
<tr>
<td>Non-residential</td>
<td>23</td>
</tr>
</tbody>
</table>

1. USG Boral management estimates based on 1H FY18 revenue

INNOVATION
NEXTGEN 2.0 AND NEW PRODUCTS

- High adoption of Sheetrock® achieved
  - Customers recognised superior product attributes and benefits: lighter weight, sag-resistant, stronger
  - Price premium achieved
- NextGen 2.0
  - Optimising technology to achieve preferred product differentiation
  - Developing value proposition
- Grow new products
  - Ensemble™ Acoustical Drywall Ceiling
  - Sheetrock® Ultralightweight Joint Compound
  - USG Securock® Glass-Mat Roof Board and Gypsum-Fibre Roof Board
BUILDING A NICHE POSITION
NEW ZEALAND

- Build niche high-end position in plasterboard and related products
  - ~27m² plasterboard demand\(^1\)
- Existing strong positions in joint compound and mineral fibre ceiling grid
- Footprint established
  - Leveraging Sheetrock\(^\circledR\) capacity at Pinkenba
  - Distribution warehouses in Auckland and Wellington
- Metal roll forming business sold to Rondo in Feb-2018
  - Rondo will continue to supply USG Boral NZ
- Winning work and establishing relationships

\(^1\) USG Boral management estimate
**INDONESIA**

**COUNTRY DYNAMICS**

- Demand continues to be subdued
- Competitive price pressures driven by excess industry capacity
- Competitors building new capacity recognising strong growth potential from increased product penetration
- Expect economic recovery with increased political stability in 2019

**Plasterboard: Industry capacity vs demand**

- USG Boral: Player in high-end retail and project segments and growing presence in mid-tier segment
- Knauf, St Gobain and Yoshino are key competitors in mid-tier segment
- Aplus and other brands compete in low-end retail segment

**OUR BRAND OFFERING**

**MULTI-SEGMENT APPROACH**

<table>
<thead>
<tr>
<th>Price index</th>
<th>Brand positioning</th>
<th>Support</th>
</tr>
</thead>
</table>
| Base price  | **High-end**      | • Premium brand  
| 85 – 90     | **Sheetrock**    | • System offering  
|             |                   | • Technical assistance  
|             |                   | • Guarantee offering |
| 75 – 85     | **Mid-tier**      | • Customer service  
|             | **Indo Board Personal** | • Quality assurance  
|             |                   | • Price  
|             |                   | • Promotion |
| 65 – 75     | **Low-end**       | • Customer service  
|             |                   | • Price  
|             |                   | • Promotion  
|             |                   | • Store branding  
|             |                   | • Minimising logistics costs |

- Indo Board launched January 2016
- Growing mid-tier segment
- Retailers channel

---

1. USG Boral management estimates
**EASYFINISH™**

ACCELERATING PENETRATION IN WALL PARTITIONS

Plasterboard vs cement render demand

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Plasterboard</td>
<td>~105</td>
</tr>
<tr>
<td>Cement render</td>
<td>~250</td>
</tr>
</tbody>
</table>

- Accelerate plasterboard adoption in wall partitions as step towards cavity walls in emerging countries
- Leverage EasyFinish™ to convert cement render system to plasterboard lining system
- Very positive initial take-up in Indonesia but early days
- Initial focus on hotels and multi-residential projects

1. USG Boral management estimates based on plasterboard sales volumes
MANUFACTURING CAPACITY
BENEFITING FROM PRIOR INVESTMENT

Plasterboard manufacturing capacity

<table>
<thead>
<tr>
<th>Country</th>
<th>Capacity</th>
<th>Board lines</th>
<th>Ceiling lines</th>
<th>Plants</th>
<th>Plants</th>
<th>Plants</th>
<th>Mine</th>
<th>Plants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>617</td>
<td>18</td>
<td>23</td>
<td>6</td>
<td>11</td>
<td>2</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Korea</td>
<td>153</td>
<td>3</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>143</td>
<td>4</td>
<td>6</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>105</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Indonesia</td>
<td>72</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>30</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
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<tr>
<td>India</td>
<td>9</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malay./Sing</td>
<td>11.1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Saudi Arab.</td>
<td>8</td>
<td>0.1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Oman</td>
<td>8</td>
<td>0.1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. As at period end
2. Capacity expansion / closures recognised over two financial years

EXTENSIVE INFRASTRUCTURE

<table>
<thead>
<tr>
<th>Country</th>
<th>Capacity</th>
<th>Metal products</th>
<th>Mineral fibre</th>
<th>Joint compound</th>
<th>Gypsum</th>
<th>Other</th>
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</thead>
<tbody>
<tr>
<td>Australia</td>
<td>617</td>
<td>18</td>
<td>23</td>
<td>6</td>
<td>11</td>
<td>2</td>
</tr>
<tr>
<td>Korea</td>
<td>153</td>
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<tr>
<td>China</td>
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<td>1</td>
</tr>
<tr>
<td>Thailand</td>
<td>105</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Indonesia</td>
<td>72</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Vietnam</td>
<td>30</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
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<tr>
<td>India</td>
<td>9</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Malay./Sing</td>
<td>11.1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Saudi Arab.</td>
<td>8</td>
<td>0.1</td>
<td>1</td>
<td></td>
<td>1</td>
<td>1</td>
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<tr>
<td>Oman</td>
<td>8</td>
<td>0.1</td>
<td>1</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

1. 71% ownership interest in SGI. 2. Owned in JV with Zawawi Minerals; own 55% of mine. 3. Billion square feet
4. 50/50 JV with CSR (Rondo)
5. 45/55 JV with local partner Saudi Structured Contracting Company
6. 50/50 Star/USG JV with BBMG Group
7. 50/50 JV with CSR (GRA)
## PRODUCTION CAPACITY BY PLANT

Overall production capacity: **617m m²**

<table>
<thead>
<tr>
<th>Country</th>
<th>Plant</th>
<th>Capacity, m²</th>
<th>Sheetrock¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Pinkenba</td>
<td>40</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Port Melbourne</td>
<td>28</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Camella</td>
<td>18</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td><strong>Total: 86m²</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Korea</td>
<td>Ulsan</td>
<td>46</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Dangjin 1</td>
<td>37</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Dangjin 2</td>
<td>35</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td><strong>Total: 153m²</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>Baoshan</td>
<td>35</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Shandong</td>
<td>35</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Chongqing 2</td>
<td>13</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Chongqing 3 &amp; 4</td>
<td>30</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td><strong>Total: 143m²</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>Saraburi 1</td>
<td>50</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Saraburi 2</td>
<td>35</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td><strong>Total: 105m²</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td>Cilegon 1</td>
<td>26</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Cilegon 2</td>
<td>30</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td><strong>Total: 72m²</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td>Ho Chi Minh 2</td>
<td>30</td>
<td>✓</td>
</tr>
<tr>
<td>Malaysia</td>
<td>Parit Buntar</td>
<td>11</td>
<td>✓</td>
</tr>
<tr>
<td>India</td>
<td>Khushkhera</td>
<td>9</td>
<td>✓</td>
</tr>
<tr>
<td>Oman</td>
<td>Oman</td>
<td>8</td>
<td>✓</td>
</tr>
</tbody>
</table>

1. Plants with Sheetrock® technology