



Boral Limited

Presentation for UBS Australasia Conference
16 November 2015

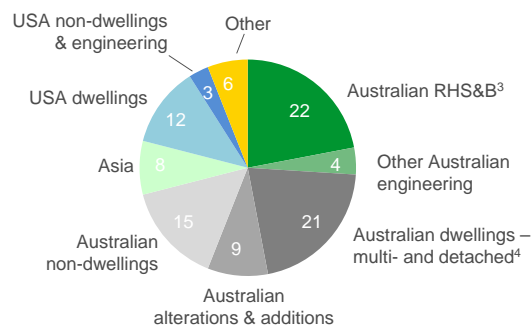


Boral overview



- Boral is an international building products and construction materials group with operations in Australia, the USA & Asia
- S&P/ASX 100 company
- Operations across 13 countries¹
- ~12,000 employees¹

FY2015 external revenue²
by end-market, %



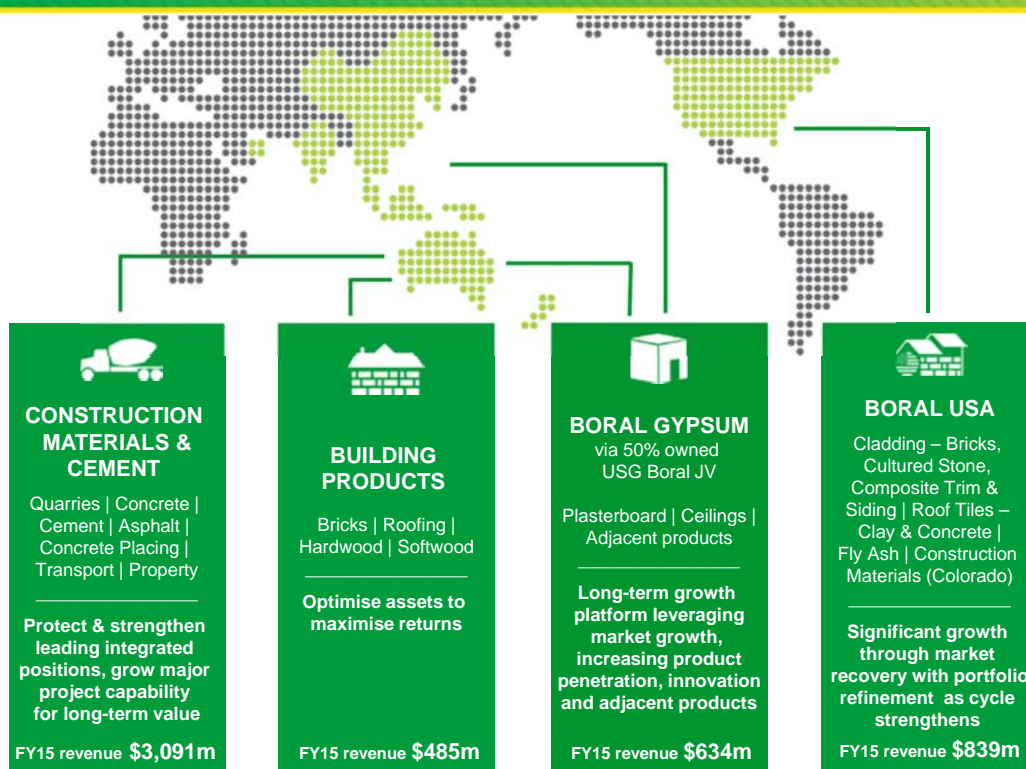
1. Includes USG Boral joint venture operations. As at 30 June 2015

2. Gypsum revenue represents Boral's 50% share of underlying revenue from the USG Boral JV, which is not included in Group reported revenue

3. Roads, highways, subdivisions and bridges

4. Comprised of ~14% from detached housing, ~7% from multi-dwellings

We have four operating divisions, with clear strategic priorities



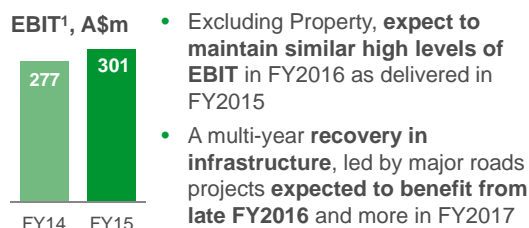
Highlights from FY2015 Results and FY2016 Outlook as previously announced



FY2015 results highlights:

- \$4.4 billion of reported revenue in FY2015
- \$357 million EBIT¹ up 21%
- \$249 million of Profit After Tax¹ up 45%
- Gearing, (Net D/(Net D+E)) of 19%

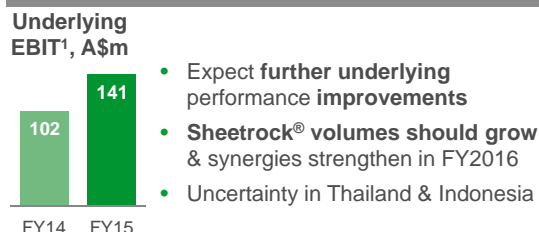
Construction Materials & Cement



Building Products



Boral Gypsum



Boral USA



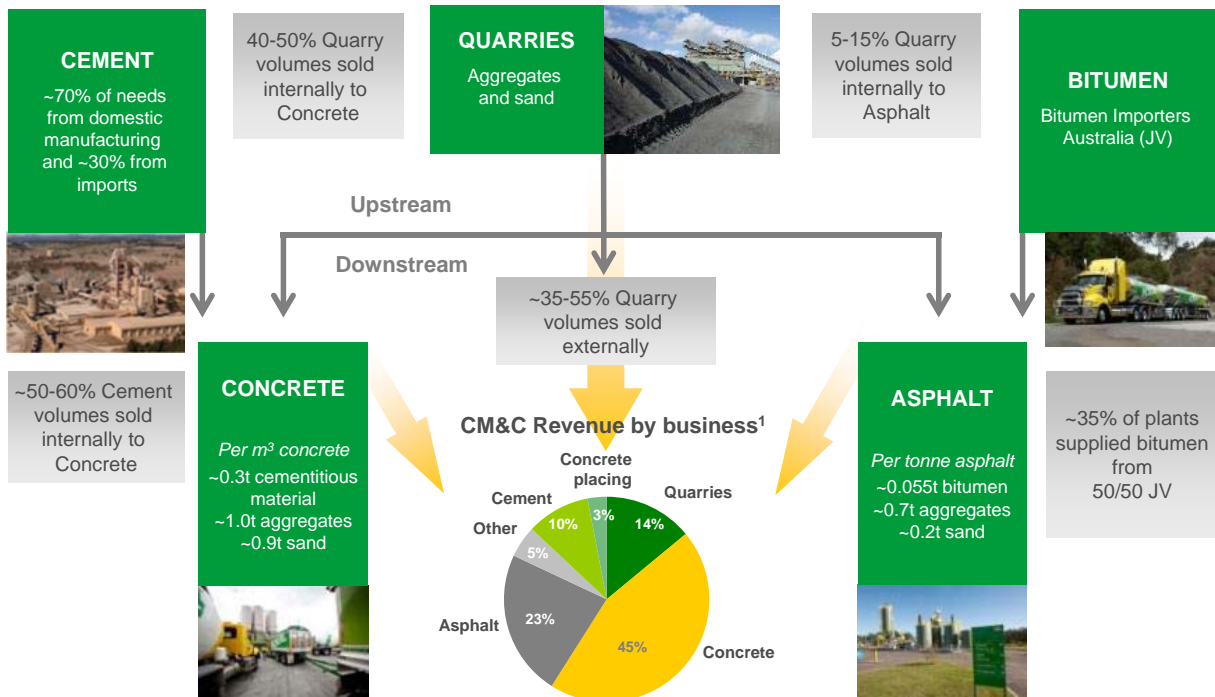
1. Before significant items

Today's presentation will take a closer look at two areas that don't typically get a lot of focus – Property and Innovation

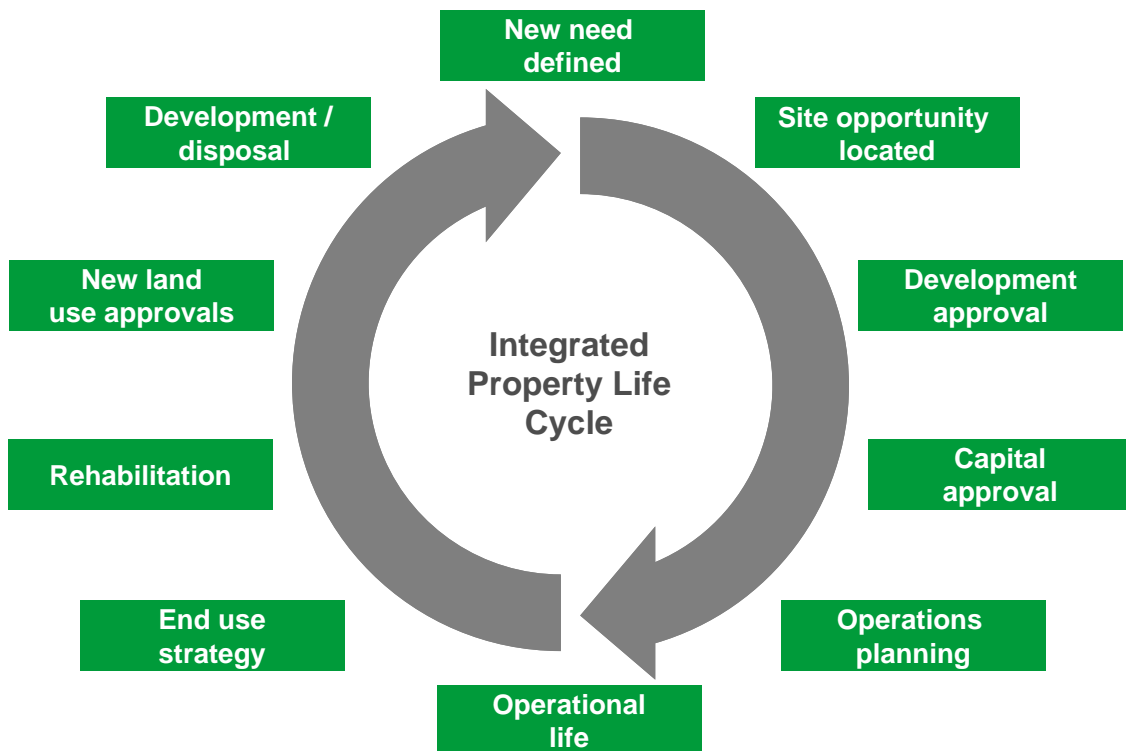


Part 1 - Property

In Construction Materials & Cement (CM&C), Boral is well positioned with strategic reserves and integrated downstream operations



In CM&C, our Property is also managed as an integrated and ongoing feature of the business

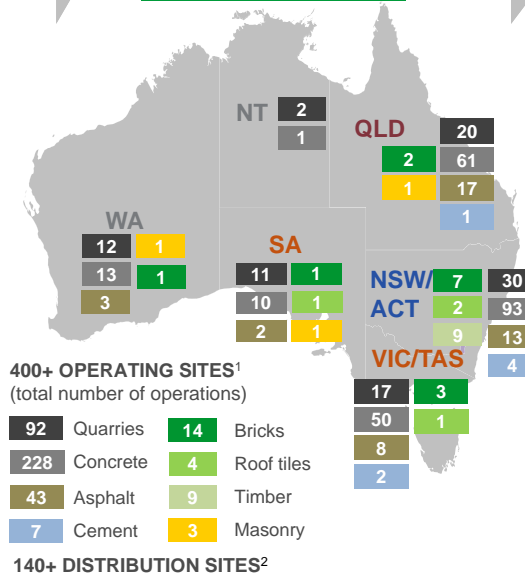


Property is in CM&C because CM&C has a large land bank and harvests property on a continual basis



Refreshed land purchases

- Growth corridors, generally in outer suburbs or regional areas
- Major landholdings eg. new quarries typically have 50+ year life cycles
- Other landholdings eg. concrete and asphalt sites could have 10-30 year life cycles



Major developments

- Residential
- Industrial / employment generating
- Landfill

Surplus buffer lands

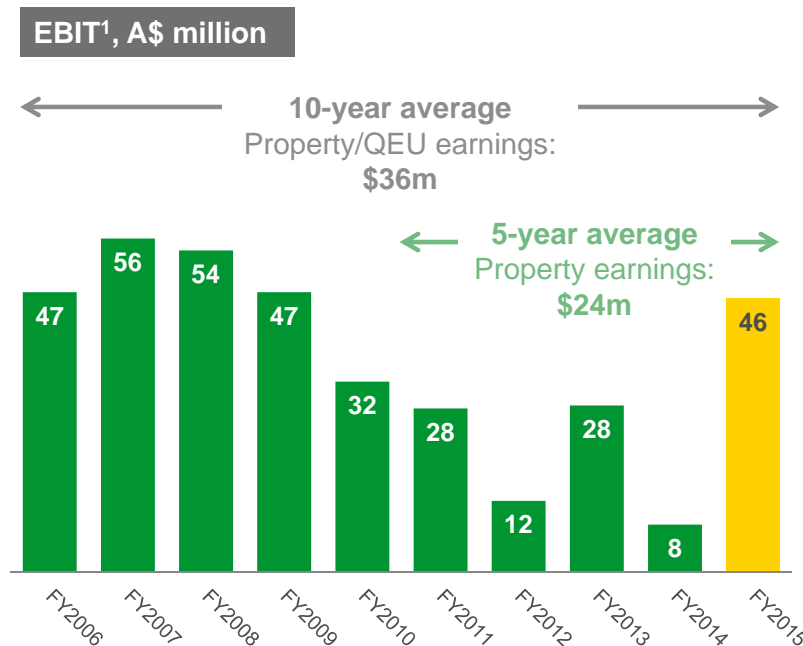
- eg. land surrounding brick, cement, quarry operations that have appreciated in value

Discrete lower value, replacement sites

- eg. older (or redundant) concrete and asphalt sites in low growth areas

1. Includes cement manufacturing plant, bagging plant and lime plant in NSW, clinker grinding plant in Vic & clinker grinding JV in Qld; all Boral CSR JV plants on the East Coast; 8 Boral Hardwood mills and 1 JV Softwood operation
 2. Includes USG Boral distribution sites in Australia
 NOTE: Approximately 40% of sites are leased and 60% are company owned

Boral has a solid track record of maximising returns from our property assets, with strong internal management capability



Boral Property Group

- Partners with business units as early as possible to maximise value, reduce operational rehabilitation liabilities and create market-based opportunities
- Boral Property Group is an in-house team with extensive property experience internally and externally
 - Rezoning / approvals
 - Remediation / rehabilitation
 - Environmental
 - Construction

1. Excludes significant items. FY2006 – FY2010 includes earnings from significant multi-year developments at Moorebank and Nelson's Ridge, and initial earnings from the Landfill business

Property end use outcomes range from **major developments** to discrete sales of lower value, replacement sites – *past examples*



Former Moorebank Brick works, NSW

- 109-ha land area
- Developed as Georges Fair residential park
- Generated \$205m in sale proceeds for Boral 2003-2015
- Contributed \$150m in EBIT



Former Prospect Quarry (Greystanes), NSW

- 330-ha land area
- Includes Nelsons Ridge residential development & Quarry West industrial precinct
- Generated > \$650m in sale proceeds for Boral 2000-2015
- Contributed \$190m+ in EBIT



Deer Park Quarry to Western Landfill, Vic

- Sold to TPI in FY15 for \$165m of cash upfront + ongoing long term revenue stream starting at ~\$15m p.a.
- Unique topography and location but model for potential future landfill development



Property end use outcomes range from major developments to **discrete sales of lower value sites** – *past examples*



Morwell Asphalt Plant, Vic

- 0.8-ha land area
- Underperforming asphalt plant
- Sold FY2015
- \$2m of sale proceeds and contributed \$1.3m EBIT



Woodchipping Facility, Tea Gardens, NSW

- Sold in FY2014 to Australian National Landscapes for \$600k
- Rehabilitation by Boral not required as continuation of similar land use



Salamander Bay Concrete Batching plant, NSW

- Sold in FY2014
- Sold for \$310k and contributed \$27k EBIT



At any one time we have ~20+ properties in the pipeline – with earnings potential and timing of sales dependent on a range of factors



Property pipeline

20+ discrete, lower value sites –

Sale proceeds potential ~\$100k-\$5m each depending on nature of property. Examples include:

- Properties in WA including surplus buffer lands and former clay pits to contribute from FY2016
- Ex-concrete site in NSW – subject to rehabilitation/rezoning to contribute from FY2017/18
- Stonyfell Quarry, SA surplus land – subdivision rezoning being sought, potential benefit in FY2016/17
- Bridgewater Quarry, Tasmania – subject to rezoning, potential benefit from FY2017/18

Development opportunities –

- 40% stake in Penrith Lakes Development (former quarry), NSW
- Stapylton Quarry, QLD
- Donnybrook Quarry, Vic
- Jandakot Masonry site, WA
- Scorseby Brick site, Vic
- Nelson's Ridge, NSW – final two contracts – significant rehabilitation costs involved ~\$10m-\$15m benefit over two years from FY2016

Note EBIT impact is sales proceeds less development / sale costs less book value

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Property pipeline – land development opportunities



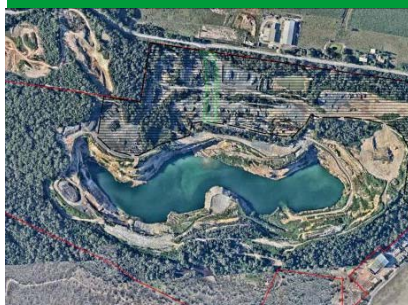
Jandakot Masonry site rezoning, WA

- 89-ha land area
- Former Masonry now remediated
- Undergoing residential rezoning - expected FY2017
- Potential for sale proceeds of \$15 - \$25m¹ (from FY2017)



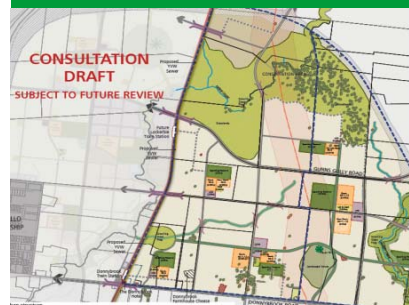
Stapylton Quarry, QLD

- 92-ha land area
- Quarrying completed
- Void sold for Commercial/ Industrial waste & spare land for industrial development
- Potential for sale proceeds of \$15-\$30m¹ (from FY2016)



Donnybrook Quarry, Vic

- 340-ha land area
- Former quarry land
- Partial JV with Mirvac
- Rezoning expected in FY2017
- Longer term but potential for sale proceeds of \$60m¹+ (from FY2018)



1. Potential sale proceeds / value assumes future land value if rezoned and rehabilitated as planned

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Property pipeline – land development opportunities



Penrith Lakes Development, NSW

- 40% stake in PLDC - 2000-ha land area
- 5,000 + residential lots
- Rehabilitation and rezoning work continuing
- Market assessment underway
- Potential earnings FY2017/18+



1. Potential sale proceeds / value assumes future land value if rezoned and rehabilitated as planned

Scoresby Residential Development, Vic

- 171-ha land area (84-ha parklands & 87-ha developable as residential)
- Site currently leased into Boral CSR Bricks JV until 2025, after which available to develop
- State and Local Government support for rezoning
- Included in Knox City Council's 'Knox Housing Strategy 2013'
- Redevelopment concept now driving 'clay pit rehabilitation'
- Discussions ongoing with Council to agree pathways to coordinate rezoning
- Call option amount of ~\$30m
- Current site value¹ >\$100m



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Part 2 - Innovation

Boral's *Fix, Execute, Transform* program



Our goal is to transform Boral into a global building and construction materials company that is known for its **world-leading safety performance**, **innovative product platform** and **superior returns on shareholders' funds**.

FIX **EXECUTE** **TRANSFORM**



Fixing things that are holding us back

Improving the way we operate to be more efficient, disciplined and profitable

Transforming Boral for performance excellence and sustainable growth through innovation

Our USG Boral joint venture has an enviable position, which we are protecting and growing through innovation

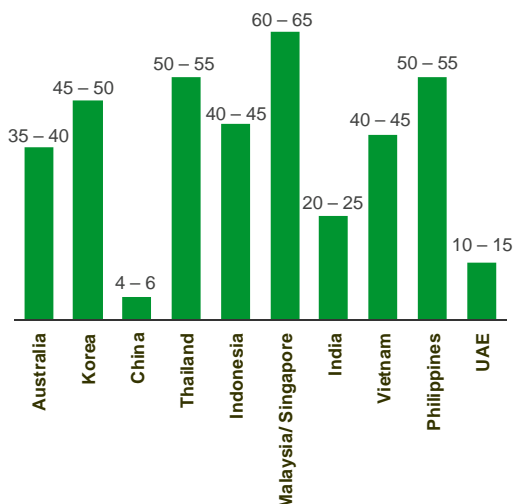


Ex-China, USG Boral market share across the region in which we operate is around 40%

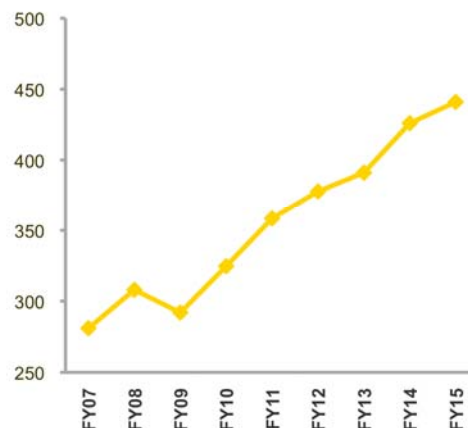
Since FY2007 plasterboard sales volume CAGR of 6% p.a. (incl Aus/NZ) and 7% in Asia (excl Aus/NZ)

Plasterboard market share, %¹

Revenue contribution from largest to smallest →



USG Boral sales volume², million m²



1. Based on management estimates of plasterboard sales volume, excluding ceiling tiles. Note that China 4-6% is based on total China market size of ~2 billion m² however, USG Boral's target market in China is the high end market only (circa 400m m²)
 2. Includes plasterboard and gypsum ceiling tile volumes

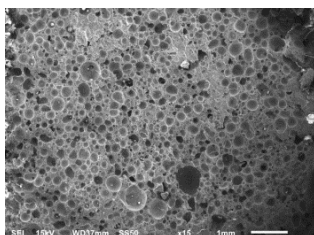
Next generation Sheetrock® branded technology is helping us to grow faster than the competition in high growth markets



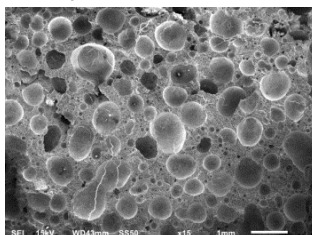
Next generation technology upgrades –

- Producing Sheetrock® wall and ceiling boards that are:
 - up to 15% lighter
 - higher strength
 - sag-defying

Sheetrock® board



Competitor's board



Competitors' products have a less uniform core structure comprising large voids and irregular bubbles

Sheetrock® Board



Competitor's Board



Also being applied to Sheetrock® joint compounds



Our US\$50m capital roll-out program to equip our network to produce Sheetrock® technology board remains ahead of plan and within budget



Wave 1 Launch in initial markets	Wave 2 Expand and fill markets	Wave 3 Build on success	Wave 4 Build on success
<i>completed</i> September 2014	<i>completed</i> April-August 2015	<i>completed</i> September 2015	<i>expected</i> completion CY2016
<ul style="list-style-type: none"> • Australia Pinkenba • Korea Dangjin 2 • Thailand Saraburi 1 • Indonesia Cilegon 1 & 2 and Gresik 	<ul style="list-style-type: none"> • Australia Port Melbourne • China Baoshan & Shandong • Vietnam Ho Chi Minh • Export markets Philippines, Cambodia, Laos, Myanmar 	<ul style="list-style-type: none"> • Indonesia Cilegon 1 & 2 	<ul style="list-style-type: none"> • Australia Camellia • Korea Ulsan & Dangjin 1 • Thailand Saraburi 2 • Indonesia Gresik

Sheetrock® adoption is on target (eg. >20% in Australia and >10% in Korea) and generating price premium >5%

Innovation is underpinning sustainable development and transformational growth for Boral in the USA



Sustainable Development

Current Poly-Ash Process

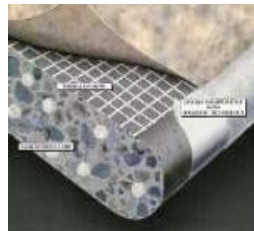
- Production support
- Product extensions
- Performance step change



Transformational

New Platform Development & Adjacent Products

- New formats
- New markets
- New applications
- Explore adjacent product opportunities



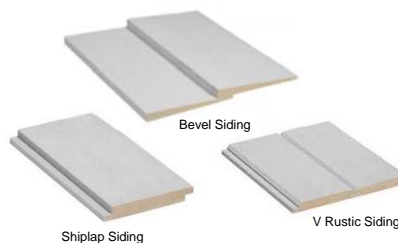
Product development is delivering incremental benefits and is important for the long term



New R&D Center

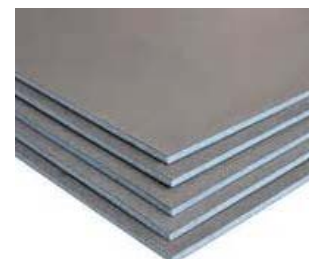
- New location for durability, polymer and analytics lab
- 25,000 square feet
- Capital spend at budget (US\$3.8m)

Product Extensions



- New Bevel siding
- Craftsman Collection™

Platform Development



- Additional applications identified and being trialled

Closing summary



- **Significant progress made over past three years**, on costs, cultural change, and strengthening innovation for future growth
- **Maintaining our leading construction materials position in Australia**, and **will benefit from a significant pipeline of major roads and infrastructure work** over next 5-6 years
- **Property sales are a normal part of the lifecycle of Boral's operations in Australia** and while earnings are lumpy, Property will continue to contribute to Boral's earnings
- **Returned to profitability in the USA and expect to deliver better results** as we move towards the next peak
- **USG Boral JV is performing well**, with **considerable potential** for organic growth
- Strengthening our market positions and **growing through innovation**; we will continue to **invest in R&D and innovation**.
- Capacity to consider **M&A** in coming years, where there is a good business case; **capital management** remains an option if opportunities do not present themselves.

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Questions

Disclaimer



The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 16 November 2015 unless otherwise stated. It is provided in summary form and does not purport to be complete. It should be read in conjunction with the Group's periodic reporting and other announcements lodged with the Australian Securities Exchange (ASX).

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