

RESULTS

For the full year ended
30 June 2019

26 August 2019

A solid full year result, despite softer market conditions

Agenda



Boral Australia's new Forward Moving Aggregate Spreader



Results overview

Mike Kane



Financial results

Ros Ng



Outlook

Mike Kane



Strategic update

Mike Kane and Ros Ng

FY2019 snapshot

Revenue growth of 4% and a 2% lift in EBITDA from continuing operations

A\$m	FY2019	FY2018	FY19 v FY18 %
Continuing operations basis			
Revenue	5,801	5,579	4
EBITDA ¹	1,033	1,015	2
Total operations			
Revenue	5,863	5,869	(0)
EBITDA ¹	1,037	1,056	(2)
Net Profit after tax (NPAT) ¹	440	473	(7)
Statutory NPAT	272	441	(38)
NPATA ¹	486	514	(6)
EPSA ¹ (cents)	41.4	43.8	(5)
EPS ¹ (cents)	37.5	40.4	(7)
Dividend (cents)	26.5	26.5	

1. Excluding significant items. Refer to slides 73-74 for reconciliation and explanation of these items

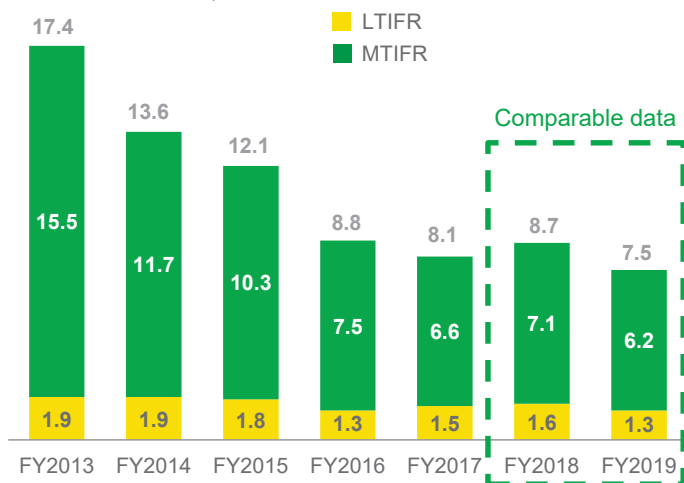
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Safety performance

Company-wide commitment to Zero Harm Today

Employee and contractor RIFR¹

(per million hours worked)



- **RIFR of 7.5, down from reported 8.7 in FY18** reflects
 - **LTIFR of 1.3**, down from 1.6
 - **MTIFR of 6.2**, down from 7.1
- All divisions recorded improvements in RIFR
 - Boral Australia improved 7% to 10.5
 - Boral North America improved 15% to 7.6
 - USG Boral improved 24% to 3.4

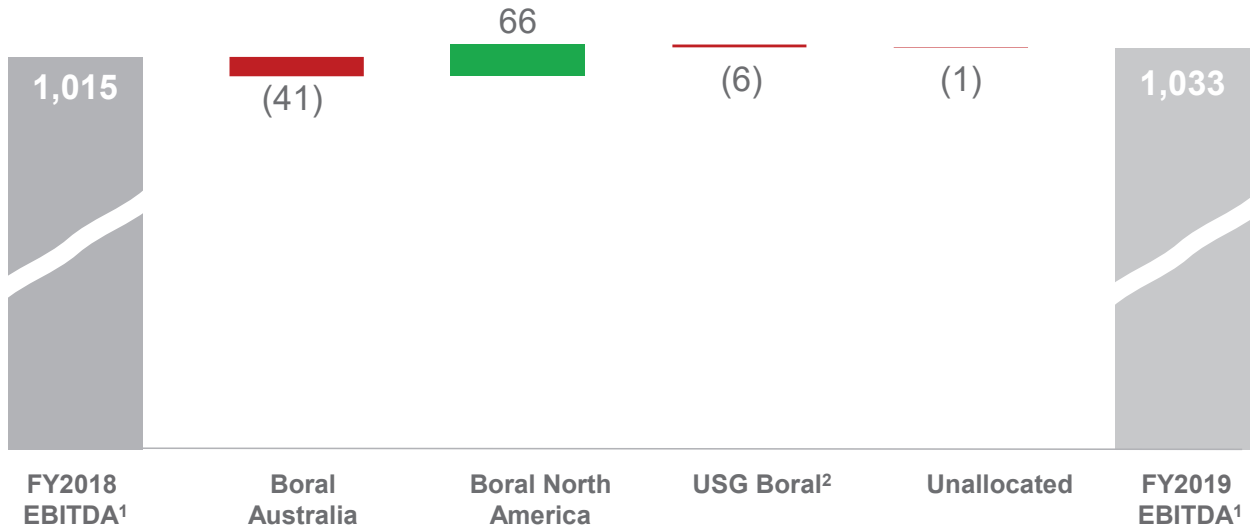
1. Recordable Injury Frequency Rate (RIFR) per million hours worked is made up of Lost Time Injury Frequency Rate (LTIFR) and Medical Treatment Injury Rate (MTIFR). Includes employees and contractors in all businesses including Headwaters and all joint ventures regardless of equity interest from FY2018. Prior years include 100%-owned businesses and 50%-owned joint venture operations only.

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Earnings up 2% for continuing operations

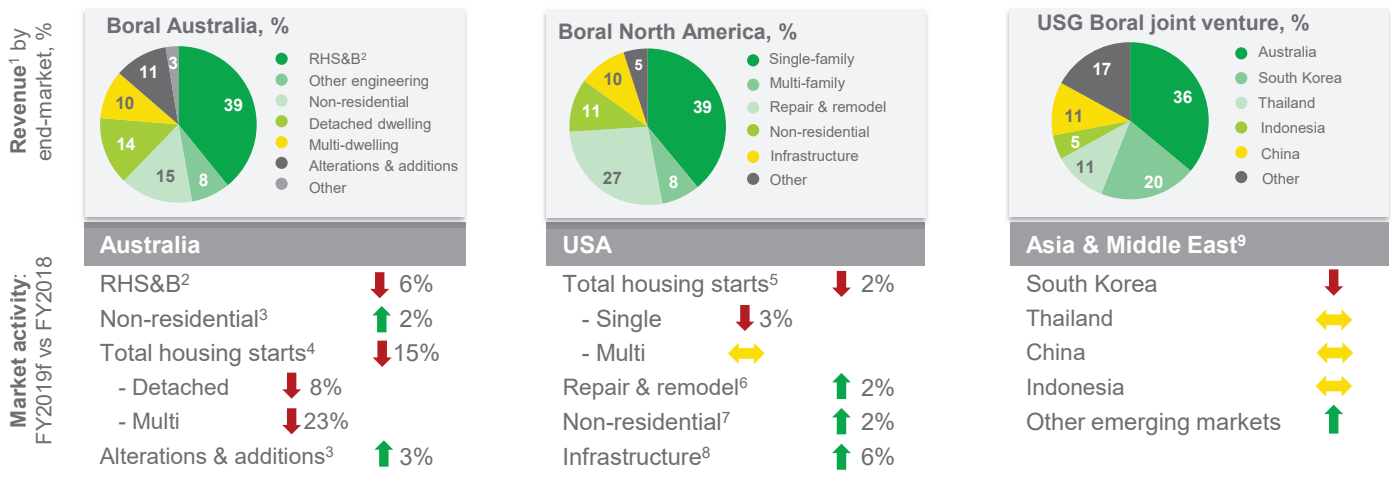
EBITDA¹ variance, A\$m

(figures may not add due to rounding)



1. Excluding significant items and EBITDA from discontinued operations of (\$41 million in FY2018 and \$4 million in FY2019) following the sale of US Block and Denver Construction Materials businesses
2. Represents Boral's 50% post-tax equity accounted income from USG Boral JV

Non-residential & infrastructure activity remains solid but cyclical housing pressures in key markets

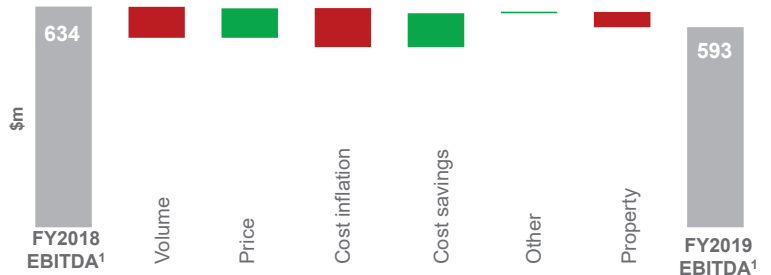


1. Based on FY2019 external revenue; USG Boral is for underlying revenue of JV; Boral North America includes Boral's 50% share of revenue from Meridian Brick JV which is not included in reported revenue
2. Roads, highways, subdivisions and bridges. Average of Macromonitor and BIS Oxford Economics value of work done forecasts (constant 2016/17 prices)
3. Original series (constant 2016/17 prices) from ABS to March 2019 quarter. Average of Macromonitor and BIS Oxford Economics forecast for June 2019 quarter
4. ABS original housing starts; average of Macromonitor, BIS Oxford Economics and HIA forecasts for June 2019 quarter
5. US Census seasonally adjusted annualised housing starts. Based on data up to July 2019
6. Moody's retail sales of building products, July 2019
7. Management estimate of square feet area utilising Dodge Data & Analytics and US Census data
8. Management estimate of ready mix demand utilising Dodge Data & Analytics and Portland Cement Association shipments
9. Based on various indicators of building and construction activity

Boral Australia

A\$m	FY2019	FY2018	Var, %
Revenue	3,572	3,590	(1)
EBITDA¹	593	634	(6)
<i>EBITDA¹ ROS</i>	16.6%	17.6%	
Property	33	63	(47)
EBITDA ¹ excl Property	560	570	(2)
<i>EBITDA¹ ROS excl Property</i>	15.8%	15.9%	
EBIT¹	384	433	(11)
<i>EBIT¹ ROS</i>	10.7%	12.1%	
Net Assets	2,537	2,482	(2)
ROFE^{1,2}	15.1%	17.5%	

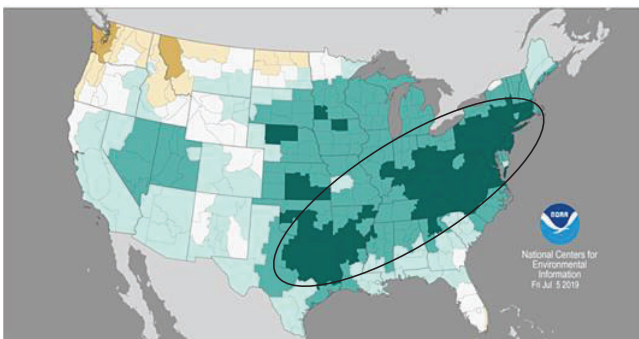
- **Revenue down** slightly with higher contributions from Quarries and Cement, offset by lower revenues from Concrete & Placing, Asphalt and Building Products
- **Excluding Property**, earnings and margins remain strong due to cost reduction initiatives and Excellence programs
- **Earnings impacted by** lower contribution from Property, 6% lower Concrete volumes, higher contribution of lower margin business and lower value product, and higher diesel costs
- **Prices³ up 1–3% across Concrete and Cement**, but not sufficient to offset cost inflation



1. Excluding significant items
 2. Divisional ROFE is annual EBIT before significant items on divisional funds employed
 3. On an ASP basis

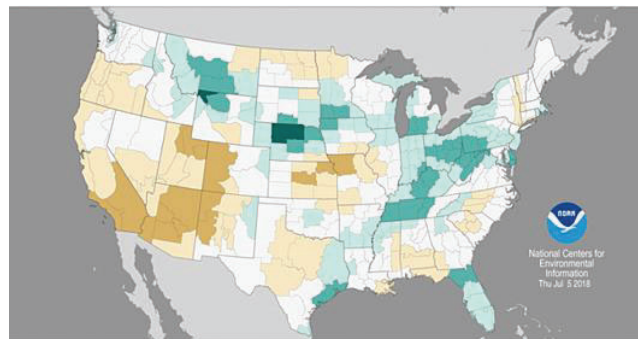
Boral North America: 'record wettest' and 'much above average' rainfall in key US markets

July 2018 to June 2019



Relative to rainfalls recorded between 1895-2018

July 2017 to June 2018



Relative to rainfalls recorded between 1895-2017

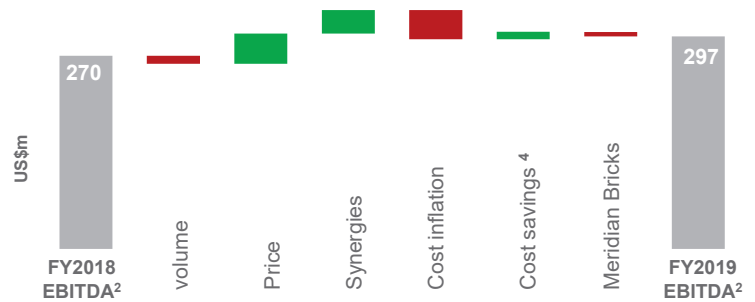




Boral North America

A\$m ¹	FY2019	FY2018	Var, %
Revenue	2,229	1,989	12
EBITDA²	415	349	19
EBIT ²	252	199	27
Net Assets	4,535	4,514	(0.5)
US\$m ¹			
Revenue	1,592	1,539	3
EBITDA²	297	270	10
EBITDA ² ROS	18.6%	17.5%	
EBIT ²	180	154	17
ROFE^{2,3}	5.6%	4.4%	

- **Revenue increase largely** driven by strong growth in Roofing and increased contribution from Windows
- **Volumes** impacted by lower housing starts and extremely high levels of rain in key US states
- **EBITDA and margins grew** with synergies ahead of plan
- **Cost increases** including for raw materials and labour
- **Synergies** of US\$32m achieved, with business on track to deliver four year synergy target of US\$115m



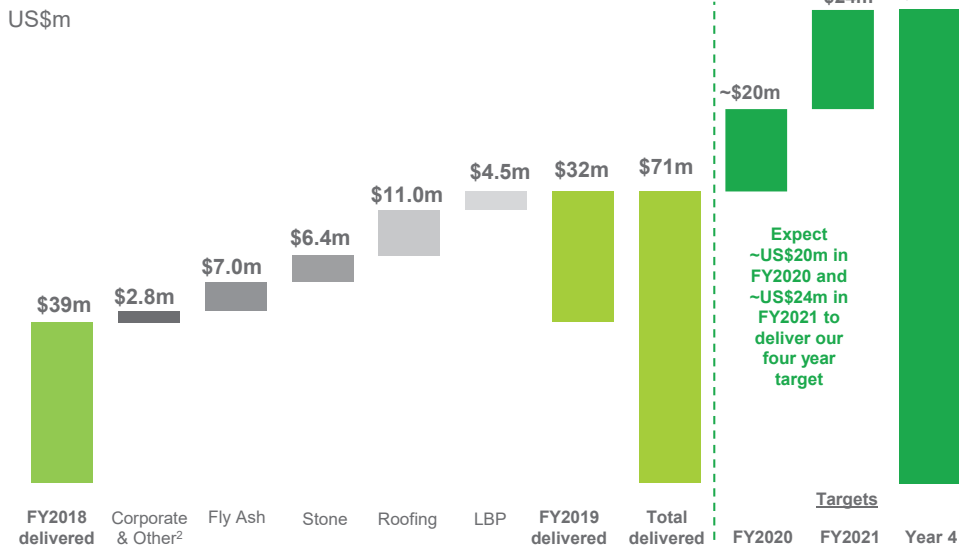
1. Continuing operations basis
 2. Excluding significant items and discontinued operations
 3. Divisional ROFE is annual EBIT before significant items on divisional funds employed
 4. Predominantly related to legal cases resolved below expected cost outcomes, providing a one off benefit of ~US\$10 million in FY2019



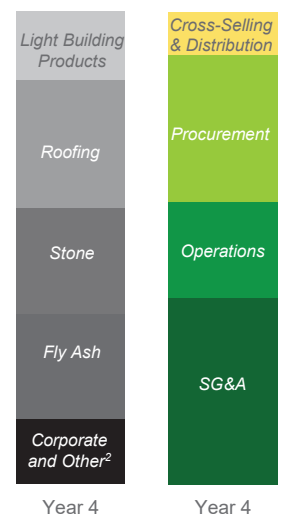
Boral North America – synergies

Acquisition synergies of US\$32m were ahead of our FY2019 US\$25m target

FY2019 synergies by business¹



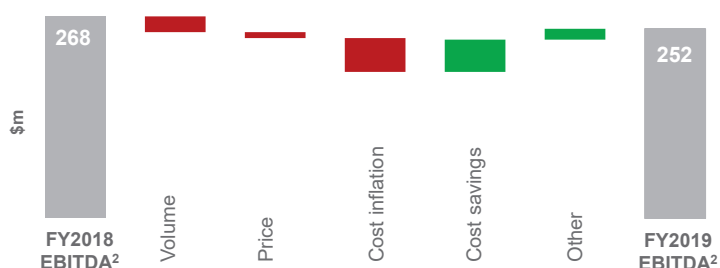
Four-year synergy target of US\$115m



1. Synergies include cost synergies and estimated cross-selling and distribution revenue synergies, and excludes one-off integration costs estimated at US\$90-\$100m over FY2018 and 2019
 2. Other includes Windows and Block (in year 1 only)

A\$m	FY2019	FY2018	Var, %
Reported result			
Equity income ^{1,2}	57	63	(10)
Underlying result			
Revenue	1,606	1,575	2
EBITDA²	252	268	(6)
EBITDA ² ROS	15.7%	17.0%	
EBIT ²	168	194	(13)
EBIT ² ROS	10.5%	12.3%	
Net Assets	2,082	1,955	
ROFE^{2,3}	8.1%	9.9%	

- **Revenue** up, with growth in Thailand, China, Vietnam and India, steady contribution from Australia and higher non-board sales, offset by market-driven decline in South Korea and heightened competition in Asia, particularly in Indonesia
- **Australia** revenue stable at \$576m, with volumes at reasonably strong levels as share gains offset impact of market softness in Q4
- **Asia** revenue up 3%, with growth across most countries, except in South Korea and Indonesia
- **EBITDA** decrease largely reflects decline in South Korea and higher costs. Project Horizon delivered early benefits of \$4m

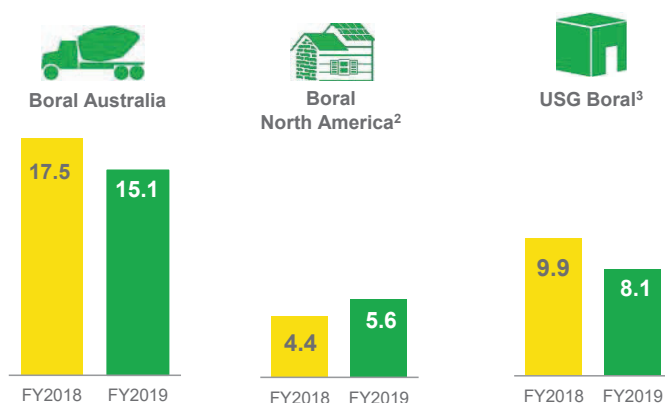


1. Post-tax equity income from Boral's 50% share of USG Boral JV
 2. Excluding significant items
 3. Divisional ROFE is annual EBIT before significant items on divisional funds employed

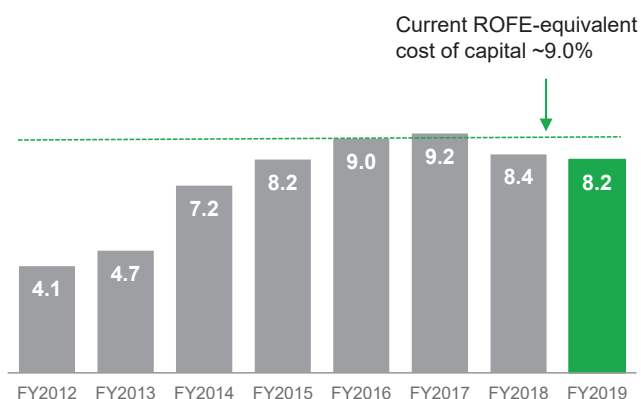
Positioned to improve ROFE

Targeting above cost of capital returns through the cycle; current ROFE-equivalent cost of capital ~9.0%

Divisional EBIT return on funds employed (ROFE), %



Group ROFE¹, %



1. Return on funds employed (ROFE) is based on EBIT before significant items on funds employed
 2. Excludes Denver Construction Materials and US Block as these businesses were sold in FY2019
 3. Based on USG Boral's underlying EBIT (excluding significant items) on funds employed.

Financial results

Ros Ng – Group President Ventures and CFO



Boral North America, rail cars at a fly ash source, Texas



Construction of Boral Australia's clinker grinding facility, Port of Geelong, Vic

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Group financial performance

Total operations basis (A\$m) (figures may not add due to rounding)	FY2019	FY2018	Var %
Revenue	5,863	5,869	0
EBITDA^{1,2}	1,037	1,056	(2)
Depreciation and amortisation ²	(316)	(307)	
EBITA^{1,2}	721	749	(4)
Amortisation of acquired intangibles	(61)	(60)	
EBIT ^{1,2}	660	688	(4)
Net interest	(103)	(104)	
Tax ¹	(116)	(111)	
Net profit after tax^{1,2}	440	473	(7)
Significant items (gross) ²	(193)	(102)	
Tax on significant items ²	25	69	
Statutory net profit after tax	272	441	(38)
Net profit after tax and before amortisation (NPATA)^{1,2}	486	514	(6)
Effective tax rate ¹	21%	19%	

1. Excluding significant items

2. Refer to slides 73-74 for reconciliation and explanation of these items

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Significant items

A\$m (figures may not add due to rounding)	FY2019
Impairment of the US Meridian Brick JV	(196)
Headwaters integration costs	(33)
Cost reduction and rightsizing	(30)
USG Boral legal and consulting fees	(4)
Gain on sale of US businesses	70
Expense before interest and tax	(193)
Income tax expense	25
Significant items (net)	(168)

Non-IFRS Information: Management has provided an analysis of significant items reported during the period. These items have been considered in relation to their size and nature and have been adjusted from the reported information to assist users to better understand the performance of the underlying businesses. These items are detailed in Note 2.6 of the Annual Financial Report and relate to amounts that are associated with significant business restructuring and integration, business acquisition or disposals, impairment or individual transactions

Strong operating cash flow

A\$m (figures may not add due to rounding)	FY2019	FY2018
EBITDA¹	1,037	1,056
Change in working capital and other	(35)	(86)
Share acquisition rights vested	(8)	(22)
Interest and tax	(149)	(182)
Equity earnings less dividends	(18)	(22)
Other non-cash items	(12)	(48)
Restructuring, acquisition & integration payments	(54)	(118)
Operating cash flow	762	578
Capital expenditure	(453)	(425)
Investments	(11)	-
Proceeds on disposal of assets	414	82
Free cash flow	712	235
Dividends paid	(317)	(287)
Other items	8	(2)
Cash flow	403	(54)

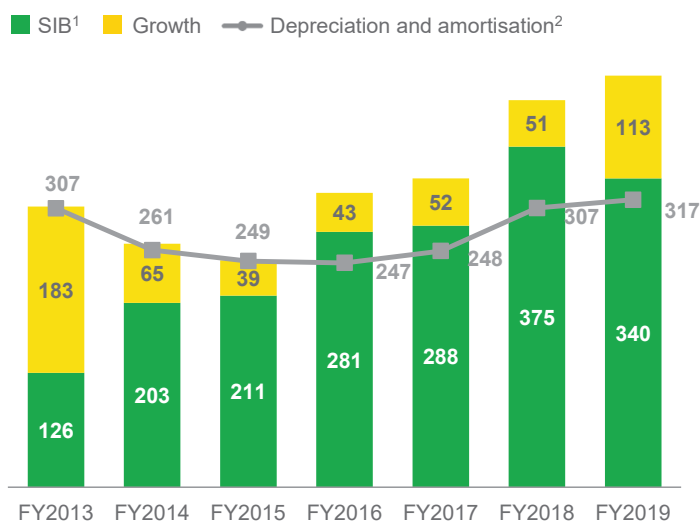
- **Operating cash flow up 32% to \$762m**
 - Reduction in Headwaters acquisition and integration payments compared to FY2018
 - Decrease in working capital and interest and tax outflows compared to FY2018
- **Free cash flow \$477m higher than FY2018**
 - \$11m acquisition of Qld concrete placing business
 - Net proceeds of \$376m primarily from disposal of Denver Construction Materials and US Block

1. Excluding significant items

Capital expenditure

Disciplined approach to capital management

Total capital expenditure



1. Stay in business capital expenditure
2. Excludes amortisation of acquired intangibles

- **Total capex up 7% to \$453m**

~65% invested in Boral Australia

- Ormeau quarry (Qld) upgrade
- Clinker grinding facility at Port of Geelong (Vic)
- Replacement concrete plant at West Melbourne (Vic) & Deer Park precast concrete plant (Vic)
- Asphalt plant upgrade at Toowoomba (Qld)

~35% invested in Boral North America

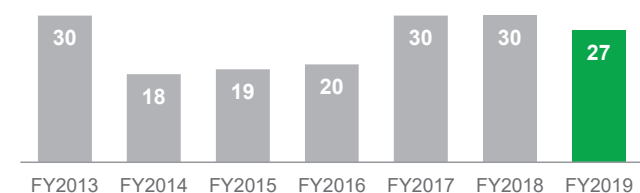
- Investments in Fly Ash including rail cars, fixed storage and Montour reclaim facility
- Capital upgrades at Stonecraft (Ohio) facility and Rosarito (Mexico) plant

- **FY2020 capex expected to be ~A\$350m–\$400m**

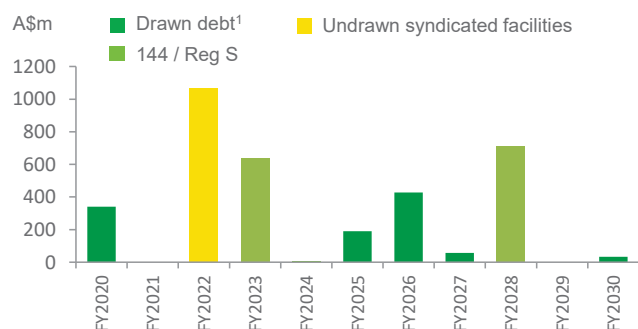
Balance sheet

Maintaining a robust position

Gearing (net debt / net debt + equity), %



Debt maturity profile



- **Net debt of \$2.19b** at 30 June 2019, down from \$2.45b at 30 June 2018, due to the sale of US businesses, partially offset by weaker exchange rate

- Principal debt gearing covenant² of 29%, down from 31% at 30 June 2018 (threshold is less than 60%)

- Weighted average debt facility maturity is 4.5 years

- Net interest cover³ of 6.4 times, down from 6.6 times at June 2018

- Credit rating BBB/Baa2

Net debt reconciliation, A\$m	FY2019
Opening balance	(2,453)
Cash flow	403
Non cash (FX)	(143)
Closing balance	(2,193)

1. Consists of US Private Placement notes and Swiss franc notes issued under EMTN program
2. Gross debt / (gross debt + equity)
3. EBIT before significant items / net interest expense

Outlook



Boral North America, sourcing fly ash from a utility, Georgia



Boral Australia, plant upgrade at Ormeau Quarry, Qld

Outlook for FY2020

Taking into account where we finished the year in FY2019, the outlook for Boral's markets in FY2020, and the trading conditions we have seen in July and August, **Boral expects NPAT¹ to be ~5-15% lower in FY2020 relative to FY2019, underpinned by current downward earnings pressures in Boral Australia and USG Boral but underlying earnings growth from Boral North America, together with higher depreciation charges.**

Other FY2020 financial considerations

- Above average **Property** earnings are expected in FY2020
- **Headwaters synergies** of **~US\$20m** are expected in FY2020
- **Depreciation & amortisation** is expected to be higher and in the **range of \$400–\$410m** in FY2020 (before the impact of the new leasing standard), reflecting completion of quarry upgrades in Australia
- Boral's interest expense is currently expected to reflect a continued **cost of debt of ~4.25–4.50% pa** with net debt increasing to reflect the announced investments in USG Boral
- Boral's **effective tax rate** is currently expected to be in the range of **22–24%**
- We expect **capital expenditure** to be lower in FY2020 in the range of **\$350–400m**.

The above outlook is in AUD before the positive impact of additional earnings from the announced USG Boral / Knaf transaction and before the impact of accounting changes resulting from the adoption of the new leasing standard (IFRS 16).

1. Excluding significant items

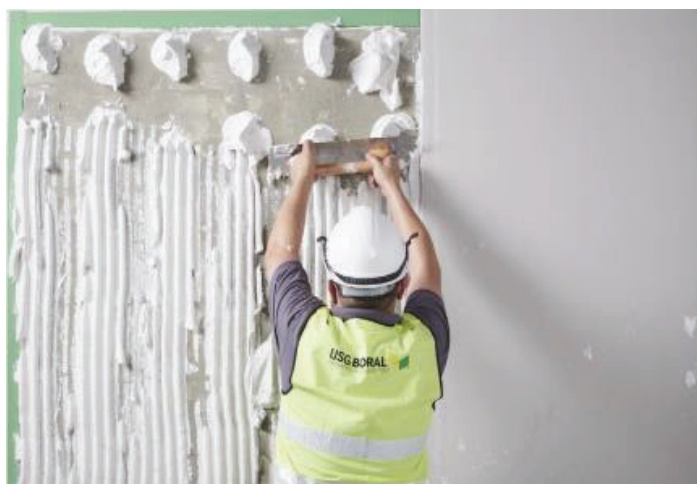
FY2020 financial considerations

Area	FY2020 implications
Synergies	<ul style="list-style-type: none"> Headwaters synergies in year three of US\$20m and four year synergy target maintained at US\$115m
Corporate costs	<ul style="list-style-type: none"> FY2020 to be higher than FY2019 reflecting nil bonuses in FY2019, plus higher R&D and senior executive team costs in FY2020
Depreciation & Amortisation	<ul style="list-style-type: none"> Group D&A ~A\$400-410m in FY2020, (before the impact of the new leasing standard) including amortisation of acquired intangibles of ~A\$60-65m¹
Capex	<ul style="list-style-type: none"> Total Boral capital expenditure expected to be ~A\$350-400m p.a.
Debt & gearing	<ul style="list-style-type: none"> Cost of debt ~ 4.25% to 4.5% p.a. Gearing of 29% as at 30 June 2019 to increase in line with USG Boral investment – expect to reduce in coming years
Headwaters significant items	<ul style="list-style-type: none"> Final integration costs ~US\$10m expected during the first half of FY2020 with the cumulative total of ~US90-100m in line with previous guidance
Taxation	<ul style="list-style-type: none"> Effective tax rate projected to be ~ 22%-24% in FY2020 Cash flow benefits of US tax loss carried forward
Dividends & franking	<ul style="list-style-type: none"> Franking rates for dividends expected to continue to be partially franked at or around 50% Dividend Policy: payout ratio ~50%-70% of earnings before significant items expected, subject to Boral's financial position
New IFRS 16 leasing standard	<ul style="list-style-type: none"> The leasing standard is expected to impact Boral's reported earnings in the following way: EBITDA will be ~\$90m higher, EBIT will be ~\$5m higher, NPAT will be ~\$10m lower.

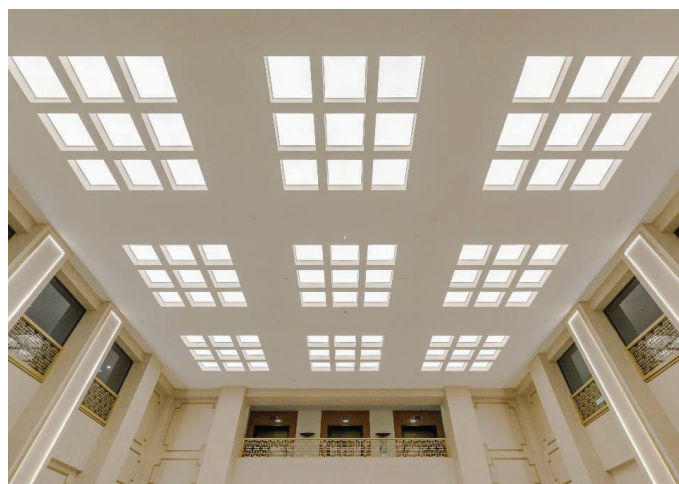
1. Based on US\$44m estimated amortisation of acquired intangibles

Strategic update

Mike Kane – CEO & Managing Director



USG Boral EasyFinish™



USG Boral Ensemble™ at Chancery House, Perth

Our strategic priorities

1 BORAL AUSTRALIA

Maximise returns and maintain leading positions

- › Profitably supply multi-year growth in major roads and infrastructure
- › Harness our leading position in Australia including delivering benefits from quarry, cement and plant network reinvestments
- › Maintain strong returns and margins through customer, commercial and operational excellence programs

2 BORAL NORTH AMERICA

Continue transformation by delivering synergies growth

- › Drive improved returns on funds employed (ROFE)
- › Leverage growth from the Headwaters acquisition including progressing delivery of our four-year synergy target of US\$115m
- › Grow through market recovery, innovation, and by delivering our fly ash strategy to increase volumes

3 USG BORAL

Deliver long-term growth and value from strategic opportunities

- › Continue to grow our business through product penetration and innovation including next generation Sheetrock®
- › Respond to cyclical demand changes and competitive pressures through business improvement initiatives and capacity planning
- › Create value through strategic growth opportunities including working with our JV partner

4 BORAL GROUP

Maintain a strong balance sheet and flexibility to fund growth

- › At 30 June 2019, gearing (net debt / net debt + equity) of 27%
- › Boral's principal debt gearing covenant well within threshold
- › Rating agency affirmed credit rating BBB/Baa2

**Strengthening our USG Boral growth platform:
Boral and Knauf to form an expanded plasterboard JV in Asia
while Boral returns to 100% ownership in Australia & NZ**

26 August 2019

Delivering on our strategy

Strategically aligned, value-creating opportunities

Boral's strategy is to invest in low capital-intensive, higher growth businesses

- Plasterboard is a business Boral knows well and has been growing for more than 30 years
- Plasterboard is a low capital intensive business with an attractive growth profile underpinned by growth through product penetration and innovation
- The transaction strengthens Boral's long-term growth platform in Asia



Expanded JV in Asia with Knauf creates significant value, strengthening USG Boral's position in Asia, while exiting the Middle East

- Since Knauf's merger with USG, Knauf is now the world leader in plasterboard with an established, profitable position in China and emerging positions in South East Asia
- USG Boral has an enviable position across Asia with an extensive, highly utilised manufacturing and distribution footprint
- Highly complementary geographic, business maturity and capacity positions, with approximately US\$30m pa of synergies expected in year 4



Owning 100% of USG Boral Australia & NZ will be immediately value accretive for Boral's shareholders

- USG Boral Australia & NZ is a high-performing business, generating strong cash flows and underpinned by Sheetrock® technology – the brand leader in Australia
- Boral maintains access to USG's research & development and intellectual property, including the USG Boral and Sheetrock® brands, facilitating a seamless transition
- Boral has granted Knauf a call option to purchase 50% of USB Boral Aus/NZ within five years
- Boral retains entire free cash flow generated under Boral's 100% ownership



Attractive financial returns with prudent funding structure

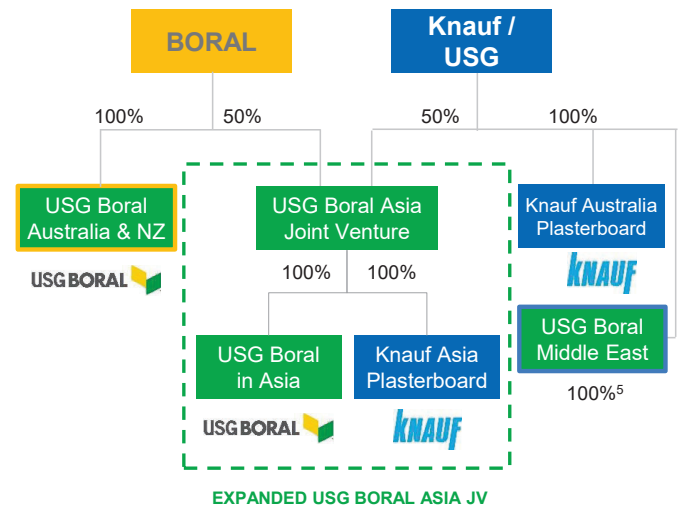
- ~3-5% EPS accretion on pro-forma FY2019 basis, before synergies
- Boral's total net investment is US\$441m and with the USG Boral JV self-funding a proportion through debt & cash, Boral's funding requirement is US\$335m, to be met through debt and proceeds from divestments
- Boral's credit ratings of BBB and Baa+ expected to be maintained within prudent levels including: Net debt / EBITDA of 2.5 times or less and gearing (Net debt / (ND + E)) of ~30%



Transaction summary

- Boral's US\$441 million investment** represents US\$200 million to buy remaining 50% of USG Boral Australia & NZ and Boral's 50% share of the USG Boral JV's investment in Knauf Asia Plasterboard after divesting the Middle East business, being US\$241 million
- Boral's direct funding requirement of US\$335 million** (after the USG Boral JV self-funds a proportion of the investment¹) to be through **debt** and **proceeds from divestments**
- USG Boral JV acquires Knauf Asia Plasterboard** for US\$532.5 million
 - represents a multiple of ~10.2 times FY2019 EBITDA² for profitable China business in growth markets & asset values in emerging SE Asia
- Boral returns to 100% ownership of USG Boral Australia & NZ for US\$200 million** representing a multiple of **5.7 times**³ FY2019 EBITDA
 - call option granted to Knauf to return to 50% ownership within 5 years, subject to regulatory approval⁴
- ~3-5% EPS accretion** on pro-forma FY2019 basis, before synergies
- Synergies of ~US\$30 million p.a.** expected in year 4

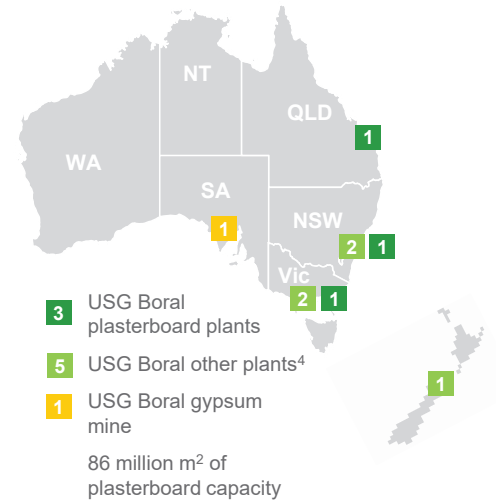
STRUCTURE



- The USG Boral JV will self-fund US\$262m of the \$532.5m investment (using US\$50m proceeds from Middle East sale, up to US\$200m of debt, plus cash). The balance of US\$270m will be equally funded by Knauf and Boral – being US\$135m each. Boral's direct total funding of US\$335m is US\$200m to buy 50% of USG Boral Australia & NZ plus Boral's US\$135m share of funding for the USG Boral JV to acquire Knauf Asia Plasterboard
- Represents Adjusted EBITDA for China business only, before synergies
- Based on USD/AUD exchange rate of \$0.7145 on 30 June 2019
- Knauf has a call option to buy 50% share of USG Boral Australia & NZ for US\$200m (with potential adjustments primarily in relation to Knauf paying 50% of growth capital expenditure invested into the business under Boral's ownership) within five years. The grant and exercise of this call option will be subject to Australian and NZ regulatory approvals.
- Represents 100% ownership of USG Boral's current ownership of the Middle East / Oman entities

Owning 100% of USG Boral Australia & NZ will be value-creating for Boral's shareholders

- ✓ **US\$200 million investment**, FY2019 EBITDA multiple ~5.7 times¹
- ✓ Additional **A\$576 million of reported revenue for Boral**, based on FY2019, and with **EBITDA margins >16%**, significant EBITDA uplift
- ✓ USG Boral Australia & NZ is a **high-performing business**, generating **strong cash flows**, underpinned by leading **Sheetrock® technology**
- ✓ Continued access to **USG's intellectual property²** and support from USG and USG Boral
- ✓ **Continue to trade as USG Boral** and **sell the successful Sheetrock®** in Australia and New Zealand – we expect a **seamless transition**
- ✓ **Boral has agreed to grant Knauf a call option³** to purchase 50% of the business within five years, subject to regulatory approval
- ✓ **Boral retains entire free cash flow** under Boral's 100% ownership



1. Based on USD/AUD exchange rate of \$0.7145 on 30 June 2019
 2. A single, low percentage royalty-based fee (of <0.5% of relevant revenues) has been agreed. This fee includes Boral retaining exclusive access in Australia and NZ to USG's Sheetrock® technology currently employed in USG Boral until 2024 and non-exclusive access beyond 2024; and exclusive access to USG's mark II Sheetrock® technology (EcoSmart) until 2024 and non-exclusive access beyond 2024, and other R&D and breakthrough technologies.
 3. Knauf has a call option to buy 50% share for US\$200 million (with potential adjustments primarily in relation to Knauf paying 50% of growth capital expenditure invested into the business under Boral's ownership) within five years. The grant and exercise of the call option will be subject to Australian and NZ regulatory approvals.
 4. Other plants include metal products, cornice production and joint compounds.

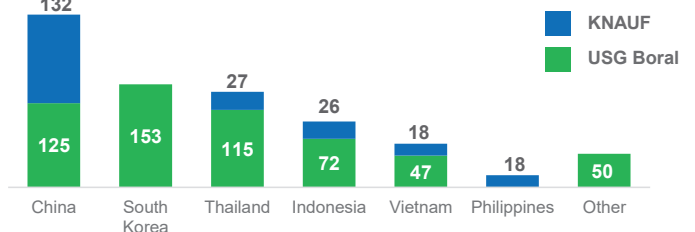
The expanded USG Boral Asia JV brings together two highly complementary businesses

Operating footprint¹
 (number of operating sites)

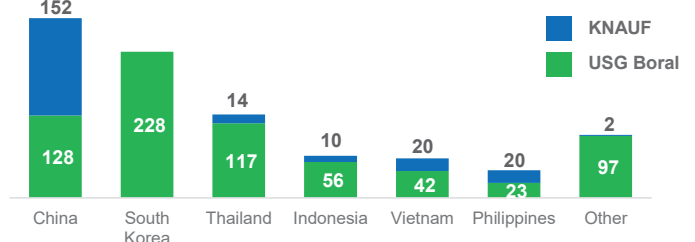
- 15 USG Boral plasterboard plants
- 20 USG Boral other plants
- 1 USG Boral gypsum mines
- 9 KNAUF plasterboard plants
- 16 KNAUF other plants
- 1 KNAUF gypsum mines



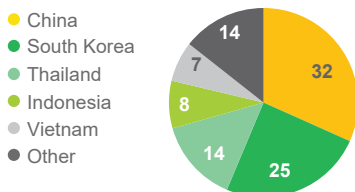
Plasterboard manufacturing capacity², million square metres
 USG Boral's 562m m² plus Knauf's 220m m² creates 782m m²



FY2019 pro-forma revenue, US\$ million
 ~US\$900 million revenue business



Expanded USG Boral Asia JV FY2019 pro-forma revenue, %



1. Other plants include USG Boral JV owned mineral fibre ceiling tile, metal ceiling grid, metal products, joint compounds, mineral wool and cornice production
 2. Includes new capacity coming on line in USG Boral Vietnam and India, and Knauf's new capacity in the Philippines

USG Boral will be very well positioned in each geography, able to improve asset utilisation and leverage distribution

USG BORAL 

KNAUF 

China	<ul style="list-style-type: none"> Strong position selling high-quality plasterboard in central East Coast and West 	<ul style="list-style-type: none"> High quality brand positioning for ~20+ years driven by strong German technology perception Strong presence in higher GDP and higher margin regions in Northern and Southern East Coast
Vietnam	<ul style="list-style-type: none"> Strong industry and distribution position, particularly in South Vietnam 	<ul style="list-style-type: none"> Strong position in the North with an established manufacturing plant in North Vietnam
Philippines	<ul style="list-style-type: none"> Strong market position under import model 	<ul style="list-style-type: none"> Improving position – only player with local manufacturing
Thailand	<ul style="list-style-type: none"> Elephant brand recognised as premium brand Leading distributor is shareholder in USGB 	<ul style="list-style-type: none"> Viewed in the market as a recognised, reliable brand Recently acquired natural gypsum mine
Indonesia	<ul style="list-style-type: none"> Jayaboard brand recognised as premium brand Strong distribution network 	<ul style="list-style-type: none"> Well recognised brand in the market Purchase of Indal in FY2017
South Korea	<ul style="list-style-type: none"> Strong and profitable business in mature market 	<ul style="list-style-type: none"> No presence in South Korea

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Expanded USG Boral JV in Asia is expected to create substantial value

- ✓ **Synergies of around US\$30 million pa in year 4, to be progressively delivered**
 - SG&A cost savings
 - manufacturing plant optimisations, leading to lower fixed plant costs and freight costs
 - procurement benefits
- ✓ **Additional manufacturing capacity**
 - highly complementary asset positions
 - USG Boral average utilisation >75% in FY2019¹
 - utilisation of combined network, including upgrades² will be ~65-70%, delaying future capital requirements
- ✓ **Multi-tier branding opportunities**
- ✓ **Enhanced ability to grow through world-leading innovation and product development**
 - continued access to USG technologies and IP
 - strengthened by Knauf's additional R&D and operational capabilities

1. Excludes new capacity coming on line in USG Boral Vietnam and India in FY2020

2. Includes new capacity coming on line in USG Boral Vietnam and India in FY2020 and Knauf's new capacity in the Philippines

30

Pro-forma earnings and reporting implications

USG Boral Plasterboard division's underlying results

A\$ million	FY2019 ACTUAL	FY2019 Pro-forma
Revenue		
100% of current JV	1,606	
100% of expanded JV + Australia NZ		1,849
EBITDA¹		
100% of current JV	252	
100% of expanded JV + Australia NZ		286

BORAL'S REPORTING IMPLICATIONS

- Share of equity earnings from expanded USG Boral Asia JV and fully consolidated earnings from USG Boral Australia & NZ, to be combined and reported under USG Boral Plasterboard division
- ROFE will be reported with share of JV equity earnings adjusted to an equivalent EBIT basis
- ~3-5% EPS accretive on pro-forma FY2019 basis
- Boral's transaction costs ~A\$20 million in FY2020 and 50% share of one-off implementation costs estimated at ~US\$10 million over 3 years – to be reported as significant items
- Synergies of US\$30 million pa expected in year 4 to be progressively delivered

Boral's results for USG Boral Plasterboard division

A\$ million	FY2019 ACTUAL	FY2019 Pro-forma
Revenue	-	576
EBITDA¹	57	127 ²
EBIT¹	57	106

1. EBITDA and EBIT adjusted for one-offs and excluding significant items
2. A\$127m of EBITDA consists of A\$105m of EBITDA from USG Boral Australia & NZ (this includes a full year of the revised IP cost), and A\$22m of post tax equity income from the USG Boral Asia JV (this includes a full year of the revised IP cost and a full year of the increased interest cost due USG Boral Asia JV borrowing up to US\$200m of debt).

Before synergies, Boral's funding costs and purchase price accounting (PPA) adjustments

Questions



Boral North America Stone Plant in Tijuana, Mexico



Boral Australia, plant upgrade at Orange Grove Quarry, WA

Additional supporting slides for USG Boral / Knauf transaction

Enterprise value and funding requirement summary

Valuation

US\$ million	ENTERPRISE VALUE
USG Boral JV Asia to BUY Knauf Asia Plasterboard	\$532.5m
USG Boral JV Asia to SELL Middle East business to Knauf	\$50m
Net investment in USG Boral Asia JV	\$482.5m
50% share attributed to Boral	\$241m
Boral to BUY other 50% of USG Boral Australia & NZ	\$200m
BORAL'S TOTAL SHARE OF INVESTMENT	\$441m

Funding

US\$ million		
A	Purchase Price for Knauf Asia Plasterboard	\$532.5m
	New JV debt raised	\$200m
	JV cash used	\$12m
	Sale of Middle East business to Knauf	\$50m
B	Self funding from USG Boral Asia JV	\$262m
	Remaining funding required (A-B)	\$270m
C	Boral's 50% Share	\$135m
D	Boral to BUY other 50% of USG Boral Australia & NZ	\$200m
	BORAL'S DIRECT FUNDING REQUIREMENT (C+D)	\$335m

Boral to fund through debt and proceeds from recent divestments

Key joint venture agreement terms

MANAGEMENT	<ul style="list-style-type: none"> CEO will be Frederic de Rougemont, appointed by Boral. CFO will be appointed by Knauf/USG.
GOVERNANCE	<ul style="list-style-type: none"> Chair will be Ros Ng, appointed by Boral. Chair will be appointed by Boral until 31 December 2021 then the right to appoint the chair will rotate every 2 years. Board will continue to consist of equal nominee directors from Boral and Knauf/USG for as long as they hold 50:50 interests.
STRUCTURE	<ul style="list-style-type: none"> Knauf's China and South East Asia plasterboard assets to be contributed into the new joint venture. USG Boral's Middle East assets to be sold to Knauf. Knauf/USG 50% interest in USG Boral Australia & New Zealand to be sold to Boral. Knauf has the option to buy back its 50% interest in USG Boral Australia & New Zealand in the future.
FUNDING	<ul style="list-style-type: none"> Joint venture expected to continue to be self funding with ability to borrow in its own right, subject to joint venture board approval. Targeted dividend distribution of 50% of the net profit after tax, before amortisation and significant items.

Continued next page

Key joint venture agreement terms (continued)

INTELLECTUAL PROPERTY	<ul style="list-style-type: none"> Joint venture granted exclusive rights in the Territory to Knauf IP, USG IP and Boral's Poly-Ash Technology, including improvements and developments, to use for a broad range of products. A single, low percentage royalty-based fee (of <1% of relevant revenues) has been agreed. This fee includes USG Boral retaining exclusive access in the Territory to USG's Sheetrock® technology currently employed in USG Boral, USG's mark II Sheetrock® technology (EcoSmart), and other R&D and breakthrough technologies from USG and Knauf. Extensive support services in respect of intellectual property to be provided.
DISTRIBUTION/ SUPPLY RIGHTS	<ul style="list-style-type: none"> Distribution and supply rights for a range of products to be granted in various territories to facilitate continuity of existing channels of distribution and supply, on terms equivalent to those currently in existence for those products. New distribution arrangements in relation to ceiling tiles and insulation products.
NON-COMPETE	<ul style="list-style-type: none"> Joint venture parties will not compete with the joint venture in the defined Territory. Party who exits the joint venture will not compete until the later of the third anniversary of their exit, or 10 years from commencement of the joint venture.
TRANSFER OF INTEREST / CHANGE OF CONTROL	<ul style="list-style-type: none"> 7 year standstill on transfer of interest in joint venture. Pre-emptive rights including right of first offer, last right to buy and tag-along right for non-selling party. Change of control, which applies to any entity in the chain of ownership, including the parent companies, triggers a call option for the other party at fair market value.

Overview of Knauf

- Founded in 1932, Knauf is a 100% family owned company that commands globally leading positions in gypsum, insulation, ceilings and packaging solutions.
- Operations span from Europe, North and South America, Asia, Africa to Australia.
- With the help of more than 35,000 entrepreneurs at 300 locations, Knauf expects to generate a revenue in excess of US\$10b in 2019.
- Knauf is the market leader for safe, healthy and comfortable design of living spaces. Its products and systems for buildings are innovative, environmentally-friendly, energy-efficient, fairly-priced and sustainable.

KEY EVENTS OF KNAUF GYPSUM IN ASIA AND AUSTRALIA

1997	Started first operations in China with commissioning of boardline in Wuhu
1998	Commissioned first boardline in Indonesia (Cikampek)
2000	Extended footprint in China with acquisition in Tianjin and commissioning of boardline in Dongguan
2011	Entered market in Australia with acquisition of Lafarge Australia
2013	Commissioned forth plant in China with plant in Taicang
2015	Additional gypsum activities established in Indonesia through acquisition in Gresik
2016	Started plasterboard plant in Haiphong, Vietnam
2017	Constructed first plasterboard plant in the Philippines (Batangas)
2019	Acquired USG Corporation and became shareholder of USG Boral Joint Venture

Supplementary information



Boral North America, TruExterior® Siding & Trim



Plant upgrade at Deer Park Quarry, Vic

Boral Group: snapshot

Australian based, ASX listed international building & construction materials group

A\$5.8b

market capitalisation¹
S&P/ASX 100 company

17

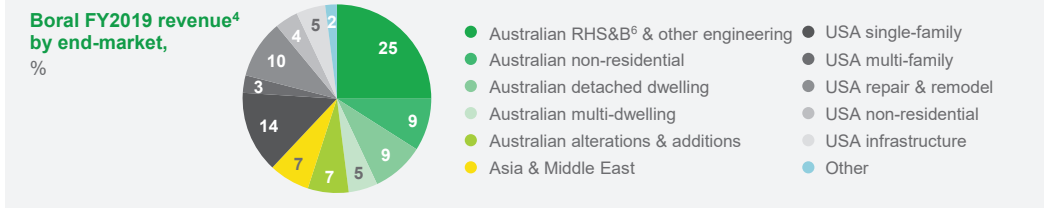
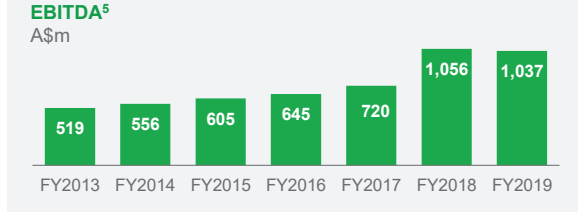
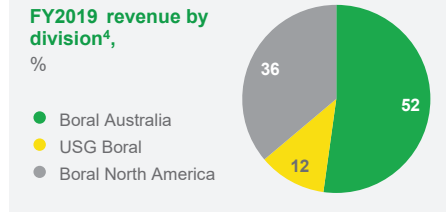
countries²

~868

operating sites²

17,104

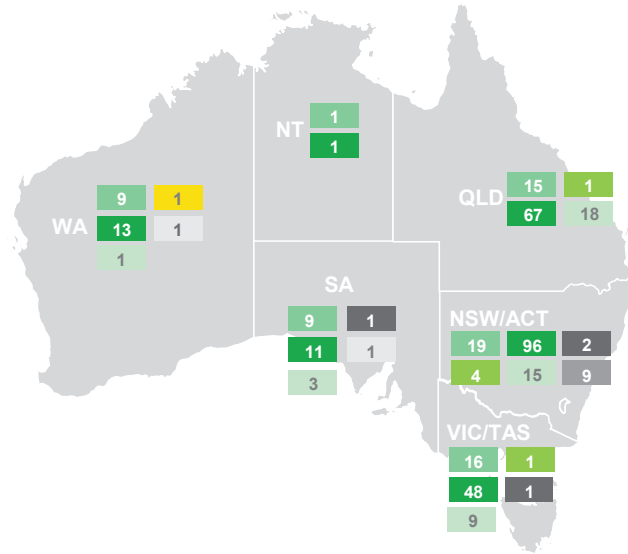
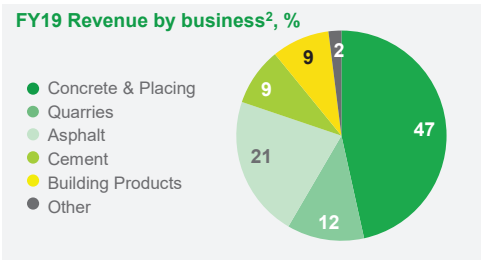
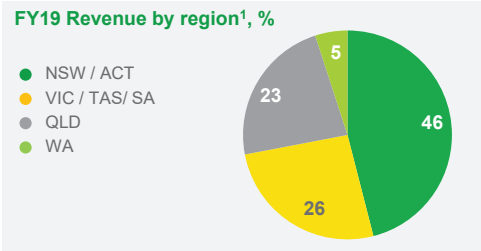
employees³



1. As at 23 August 2019
 2. As at 30 June 2019. Includes joint ventures
 3. Full-time equivalent employees, including in joint ventures, as at 30 June 2019
 4. Includes Boral's 50% share of underlying revenue from USG Boral and Meridian Brick joint ventures, which are not included in Group reported revenue
 5. Excluding significant items
 6. RHS&B: Roads, highways, subdivisions & bridges

Boral Australia

Diversified geographic exposure across construction materials



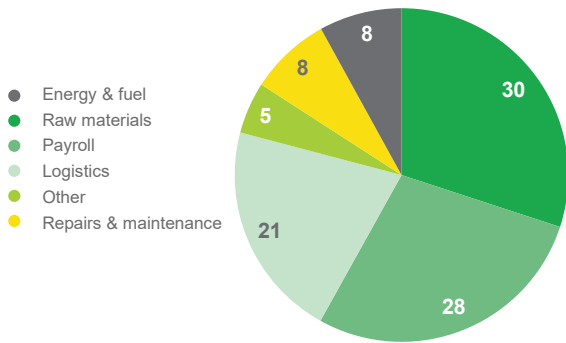
396 operating sites³

Quarries	69
Concrete	236
Asphalt	46
Cement ⁴	6
Bricks WA	1
Roof tiles	4
Timber ⁵	9
Masonry	2

1. Boral Australia external revenue for the 12 months ended 30 June 2019
 2. Other includes Transport, Landfill and Property revenues
 3. As at 30 June 2019. Includes clay pits, transport, recycling and R&D sites. Concrete sites include mobile plants. Excludes mothballed plants
 4. Includes cement manufacturing, grinding, bagging and lime plants in NSW, a clinker grinding plant in Victoria and a clinker grinding JV in Queensland
 5. Includes eight Boral Hardwood mills and one JV Softwood operation

Boral Australia

Boral Australia
~\$2.9b FY2019 cash cost base, %



- **Raw materials costs:** internationally traded clinker and bitumen prices increased in line with Asian markets and FX
- **Labour:** average wage inflation ~2.5%-3.0%
- **Logistics:** supply chain optimisation program delivered ~\$15m in savings; with a further \$25m targeted in FY2020
- **Energy and fuel:** \$15m increase in diesel fuel costs
- **Continuing to target recovery of cost increases through price** with reported price increases of ~1-3%

Boral Australia

Vertically integrated positions in key markets, especially in strong East Coast markets



1. Includes Boral's share of 1.5m tonnes of grinding capacity in 50% owned Sunstate Cement JV
 2. Based on long-term historical average
 3. For sand and aggregates only

Generating significant value through an integrated life-cycle approach to land management

Boral Australia manages a large land bank (400+ properties) through all operational stages to disposal

Key activities

- Securing site tenure and related government approvals, including land use to supply major projects
- Facilitating stakeholder engagement
- Managing leases and property administration
- Developing future end-use options

Key challenges

- Securing government approvals for greenfield, upgrades or rezoning
- Ongoing urban encroachment impacting existing locations
- Expanding operational life timeframes



1. Boral engages external land developers to manage this process

Property is an ongoing contributor to earnings

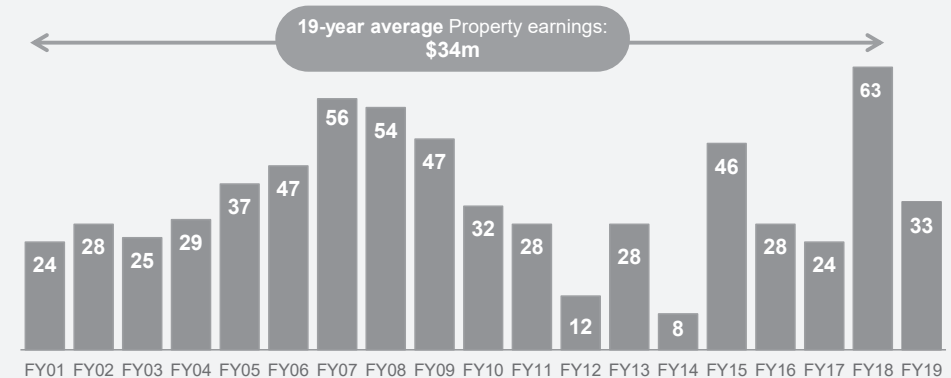
Boral has a strong track record of maximising returns from property assets

Property earnings

- Earnings secured through multi-year projects and smaller sales of surplus land
- Investment in strategic asset lifecycle management, portfolio rationalisation, and operational consolidations have released valuable property opportunities
- Optimising returns through value-added land management including rezoning for residential or industrial purposes

Property EBIT¹

A\$m

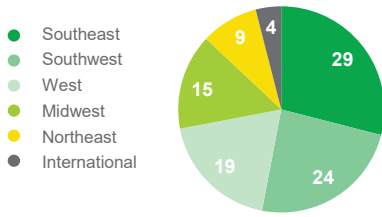


1. Excluding significant items (including divestment proceeds from Deer Park Landfill) and ongoing landfill royalties

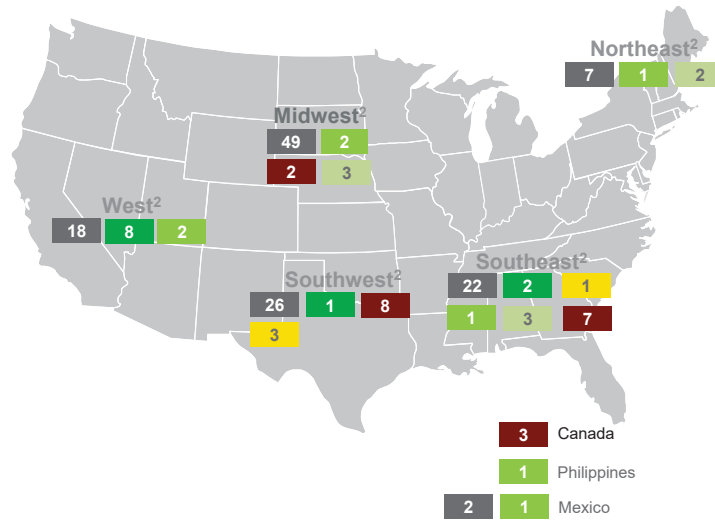
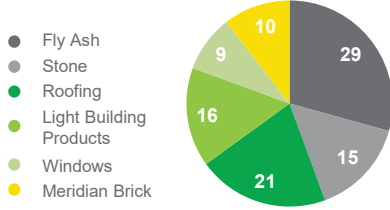
Boral North America

Strong national networks in building products and fly ash

FY2019 Revenue¹ by geography², %



FY2019 Revenue¹ by business, %



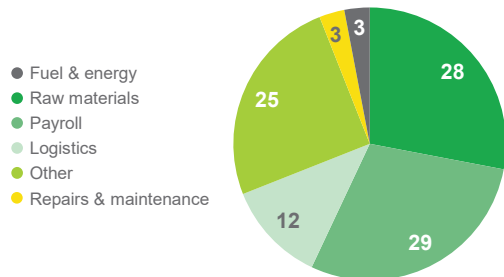
223 operating sites³

Fly ash	124
Roofing	11
Stone	8
Light Building Products	8
Windows	4
Meridian Brick	20

1. Based on external revenue, including Boral's 50% share of Meridian Brick JV revenue, which is not included in reported revenue
 2. Southeast – AL, FL, GA, KY, MS, NC, SC, TN, VA, WV; Southwest – AR, LA, OK, TX; West – AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY; Midwest – IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI; Northeast – CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT.
 3. As at 30 June 2019. Includes 44 clay mines and four R&D sites. Excludes mothballed plants and distribution locations

Boral North America – cost base

Boral North America ~US\$1.3b cost base¹, %



- **Raw materials costs:** increased 3%-5% depending on region and material. Vinyl and PVC experienced increases due to some supply constraints that have moderated in 2H
- **Labour:** shortage of qualified workers has been challenging some in regions. Overall, wage growth rate 3%-4%
- **Logistics:** availability of carriers and equipment, along with increased fuel prices remains challenging but manageable. Started to see truck availability improve in 2H. In Fly Ash and parts of Roofing and LPB ~ 35% of transport costs billed directly to customers; remaining cost increases recovered through price
- **Energy and fuel:** electricity, gas & fuel cost of ~US\$41m in FY2019 (versus US\$49m in FY2018)

Higher fixed, lower variable cost businesses	Concrete & clay tiles
Lower fixed, higher variable cost businesses	Metal & composite roofing, manufactured stone, Fly Ash, Windows, LBP

In FY2020, targeting to recover cost increases through price

1. Excluding Meridian Bricks JV. Total cost base represents continuing operations

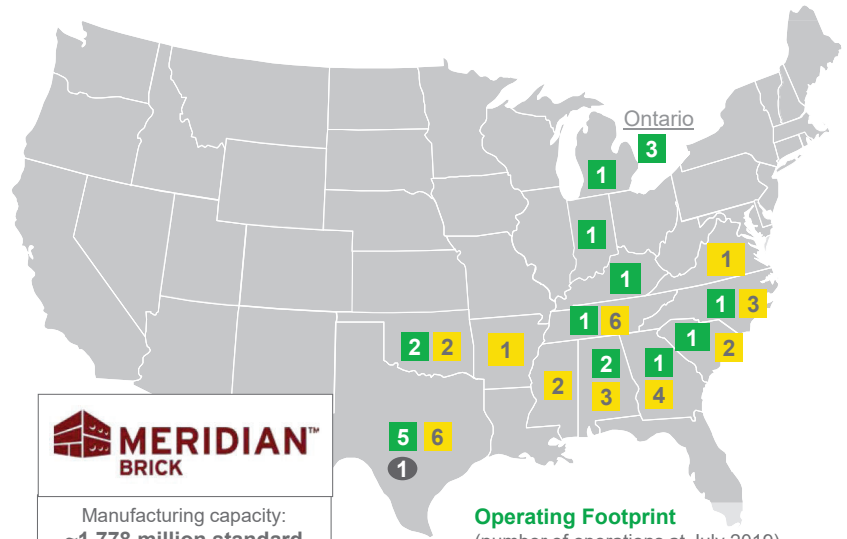


Meridian Brick joint venture update

Underlying result

US\$m	FY2019	FY2018
Revenue	375	395
EBITDA ¹	6	25

- Underperformance of the business in FY2019, particularly the second half, reflects a significant downturn in the Canadian housing market and a softening of US housing starts in the second half
- In response to lower demand, a significant number of plants were temporarily closed in 2HFY19, helping to address inventory and working capital, but adversely impacting EBITDA due to lower fixed cost recovery.



**MERIDIAN
BRICK**

Manufacturing capacity:
~1,778 million standard
brick equivalent (SBE)
including ~286m SBE idle
capacity

Operating Footprint
(number of operations at July 2019)

- 19** Clay Bricks
- 1** Concrete Bricks
- 30** Building Products Distribution Centres

47

1. Excluding significant items and impact of holding costs of closed sites

Headwaters acquisition synergies

Boral North America continued to deliver synergies in line with initial assumptions

Synergy drivers by business, US\$	Delivered in FY2019	Cumulative Delivered FY2019	Updated target within 4 years, pa
Corporate – incl. executive headcount, public company costs, procurement	\$2.1m	\$11.6m	>\$15m
Fly Ash			
Sub-total	\$7.0m	\$18.5m	>\$24m
■ Ash supply / network optimisation / logistics			
■ Procurement			
■ Sales coverage expansion & high value product growth – Boral faces local supply constraints in some locations, HW has ability to supply			
■ Organisational efficiencies – e.g. consolidating finance systems and overlapping sales coverage, engineering support and operations			
■ Other including technology / R&D			
Stone			
Sub-total	\$6.4m	\$4.5m¹	>\$29m
■ Plant network optimisation			
■ Sales coverage			
■ Procurement			
■ Manufacturing equipment			
■ Other including organisational efficiencies			

1. Recognises the impact of share loss as a result of the acquisition

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Headwaters acquisition synergies

Boral North America continued to deliver synergies in line with initial assumptions

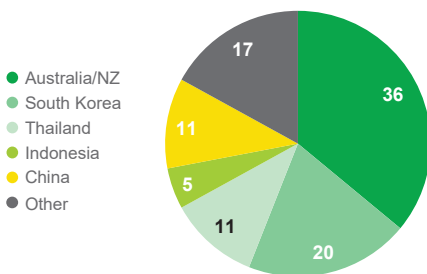
Synergy drivers by business, US\$		Delivered in FY2019	Cumulative Delivered FY2019	Updated target within 4 years, pa
Roofing	Sub-total	\$11.0m	\$18.9m	>\$30m
■ Procurement				
■ Cross-selling portfolio – e.g. re-sale products account for ~20% of Boral's Roofing sales, while Headwaters has minimal exposure				
■ Manufacturing & network optimisation				
■ Manufacturing efficiencies				
■ Other including organisational efficiencies				
Light Building Products	Sub-total	\$4.5m	\$15.2m	>\$16m
■ Procurement				
■ Sales coverage, cross selling, retail presence				
■ Organisational efficiencies				
■ Other				
Other: Including Block¹ & Windows	Sub-total	\$0.7m	\$2.0m	>\$5m
	Total	\$31.7m	\$70.7m	\$115m

1. Prior year block synergies included in cumulative figure

USG Boral

50%-owned joint venture in Australasia, Asia & Middle East

USG Boral external revenue¹, %



Operating Footprint (number of operating sites²)

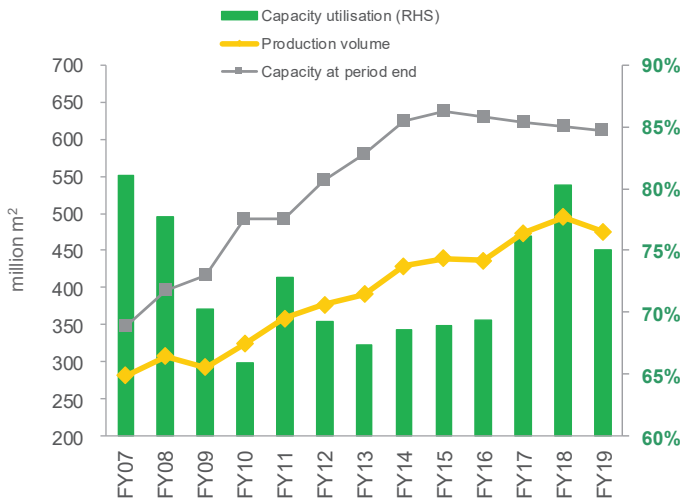
- 20** Plasterboard plants
656m² capacity³
24 board lines / 5 ceiling lines
- 3** Gypsum mines
- 30** Other plants^{4,5}



1. Based on split of underlying revenue for USG Boral. USG Boral's revenue is not reported in Boral's income statement as this 50% investment is equity accounted
 2. As at 30 June 2019. Certain manufacturing facilities and gypsum mines are held in joint venture with third parties
 3. Excludes capacity under construction in India and Vietnam
 4. Production of plasterboard and other products may be at the same physical location
 5. Other plants include mineral fibre ceiling tile, metal ceiling grid, metal products, joint compounds, bonding compounds, industrial plasters, mineral wool and cornice production

USG Boral

5% CAGR in plasterboard volumes and strong capacity utilisation



- Average **capacity utilisation of ~75%** across network in FY2019, slightly lower than FY2018¹
- Plasterboard production volume **CAGR² of 5%** p.a. (including Aus/NZ) since FY2007

1. Includes plasterboard and gypsum ceiling tile volumes
 2. Based on total production capacity at period end. Compound annual growth rate

Ensuring Boral's sustainability for the long-term

Our sustainability priorities

- Deliver world-class health and safety outcomes based on **Zero Harm Today**
- **Invest in our people**, enabling them to deliver their best
- **Minimise our environmental footprint**
- Reduce our carbon emissions and build resilience to **climate-related impacts**
- Deliver superior performing, innovative and **sustainable products** and solutions
- Deliver **better outcomes** for our customers
- **Operate ethically** and make a positive contribution to our **local communities**

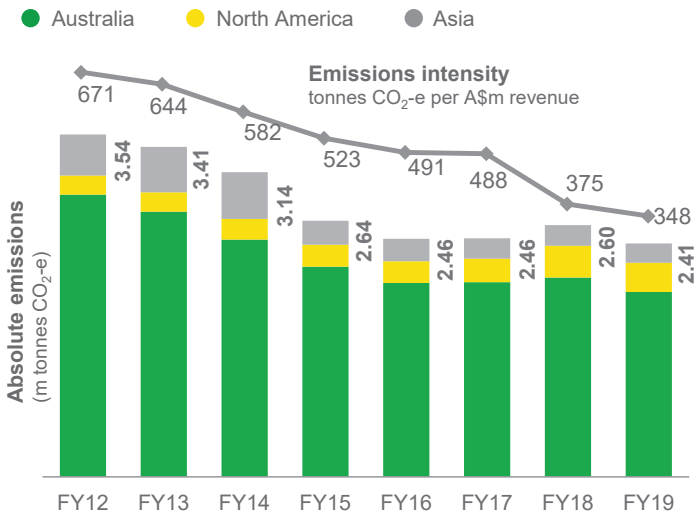
FY2019 outcomes – in 2019 Sustainability Report (release date: September 2019)

- ✓ 14% improvement in RIFR
- ✓ Increased representation of women
- ✓ Pay equity 1:1 in Boral Australia
- ✓ 7% reduction in Scope 1 & 2 emissions and emissions intensity
- ✓ 10% of revenue from lower carbon, high-recycled-content products
- ✓ Climate impacts more comprehensively addressed in line with TCFD
- ✓ Reporting UN Sustainable Development Goals we can most significantly contribute to
- ✓ Modern slavery risk being addressed

Operational GHG emissions reducing

32% reduction in Scope 1 & 2 GHG emissions since FY2012

GHG emissions from operations¹



1. For 100% owned operations and Boral's share of 50%-owned JVs. It excludes some JVs which in aggregate are deemed not to have material emissions
 2. Based on Group-reported revenue adjusted to include a 50% share of underlying revenues from USG Boral and Meridian Brick JVs, which are equity accounted
 3. Based on target to increase net supply of fly ash by 1.5–2.0m tons pa by FY2022

- **Absolute GHG emissions** of 2.4m tonnes CO₂-e pa (Scope 1 & 2)
 ↓ 7% in FY2019 ↓ 32% since FY2012
- **Emissions intensity²** of 348 tonnes CO₂-e/A\$m revenue
 ↓ 7% in FY2019 ↓ 48% since FY2012
Target: 10-20% reduction in intensity by FY2023 from FY2018
- **Boral's fly ash in the supply chain:**
 ~5.1m tonnes pa of avoided CO₂-e emissions
Target: avoid a further 1.1–1.5m tonnes CO₂-e pa in supply chain through increased fly ash supply by FY2022³ from FY2018

Market data & forecasts – Australia



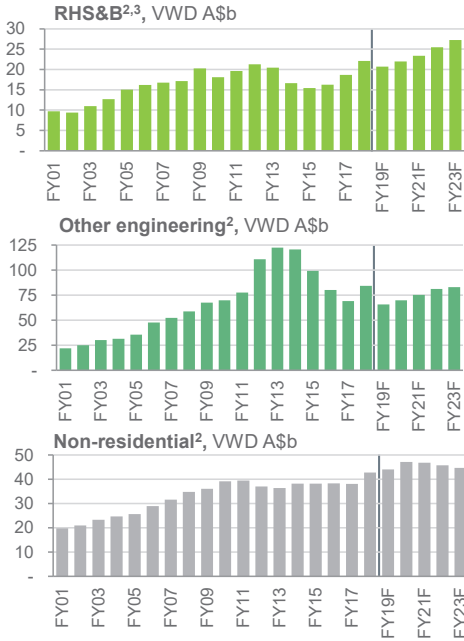
Boral Australia, new West Melbourne Concrete Plant, Vic



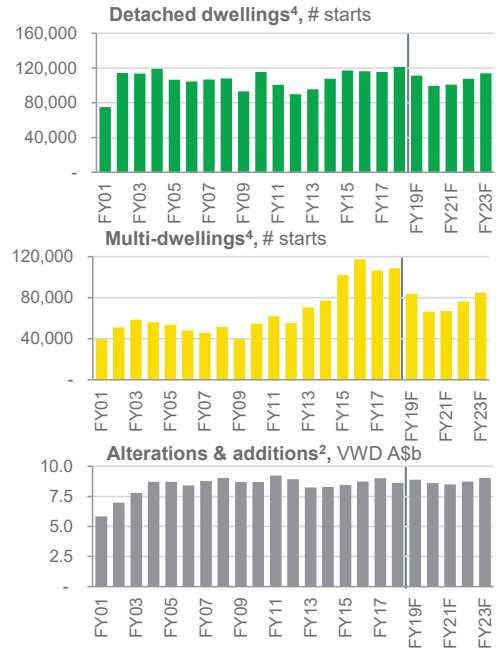
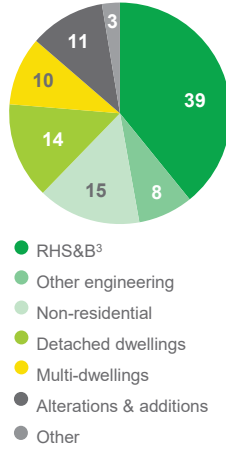
Boral Australia employees at Orange Grove Quarry, WA

Boral Australia's revenue derived from various markets

Australian residential markets continue to soften while infrastructure is strong



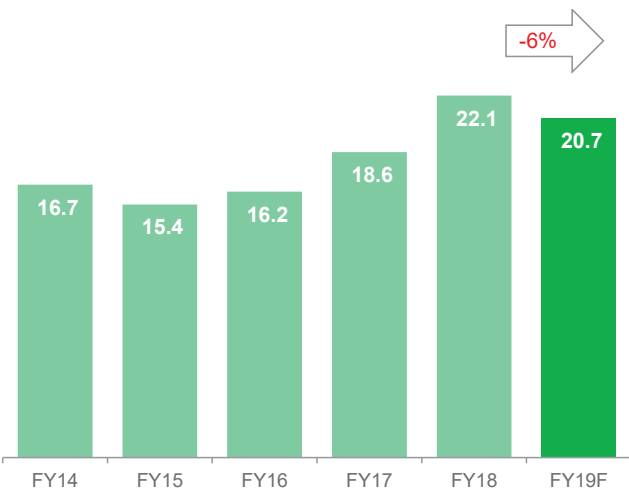
FY2019 External revenue by end-market¹, %



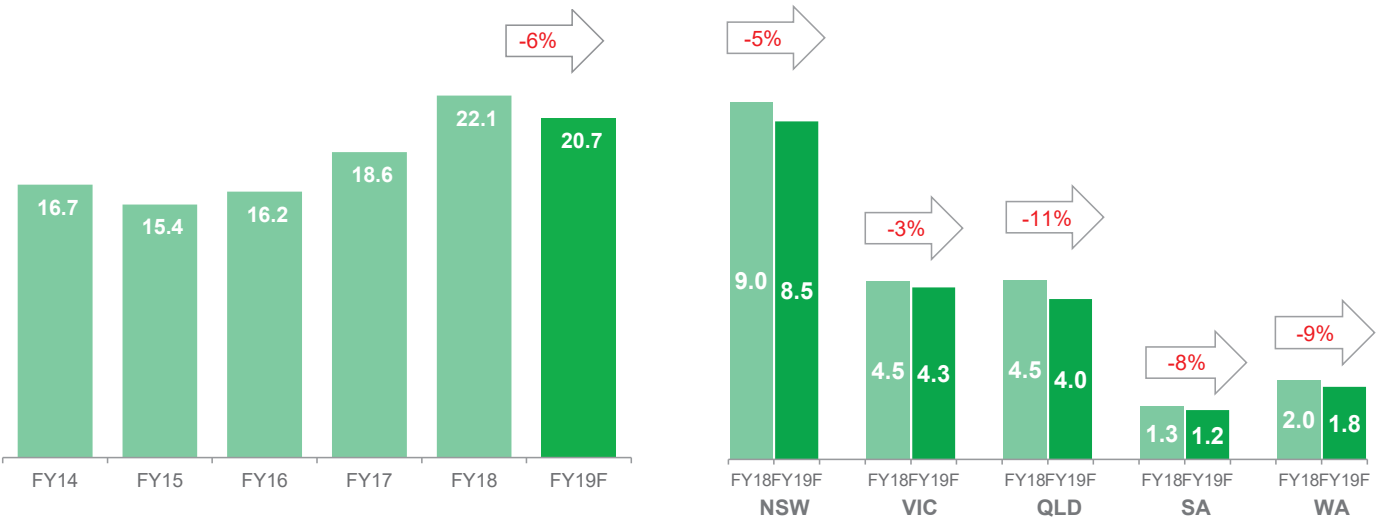
1. Based on split of FY2019 Boral Australia external revenues
 2. BS historical data, BIS Oxford Economics and Macromonitor forecasts, constant 2016/17 dollars
 3. Roads, highways, subdivisions and bridges
 4. ABS historical data, BIS Oxford Economics, Macromonitor and HIA forecasts

Australian RHS&B activity remains solid

RHS&B¹
(value of work done, \$b)



RHS&B¹, by state
FY2019F v FY2018 (value of work done, \$b)

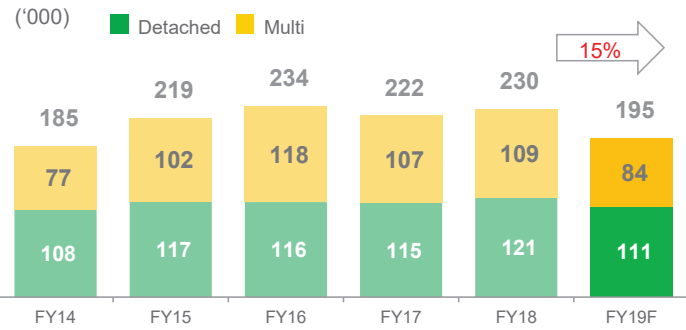


1. RHS&B refers to roads, highways, subdivisions and bridges. Constant 2016/17 prices used with an average of BIS Oxford Economics and Macromonitor forecasts

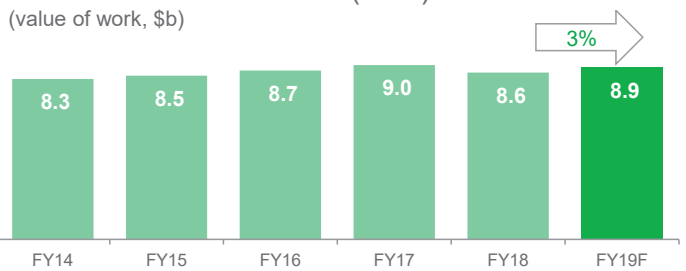
Australian residential construction remains solid

Housing starts are at historically high levels, though have started to decline

Total housing starts¹

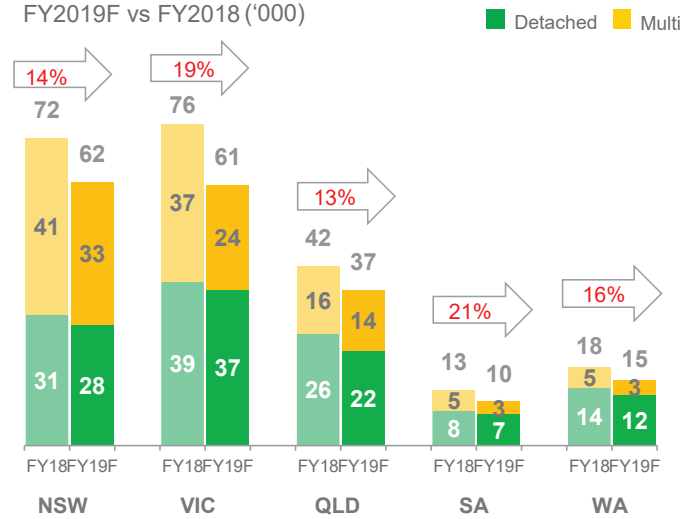


Alterations & additions (A&A)²



Housing starts – by state¹

FY2019F vs FY2018 (‘000)



1. Original series housing starts from ABS to March 2019 quarter. Average of BIS Oxford Economics, Macromonitor and HIA forecast for June 2019 quarter
 2. Original series (constant 2016/17 prices) from ABS. Average of BIS Shrapnel and Macromonitor forecast for June 2019

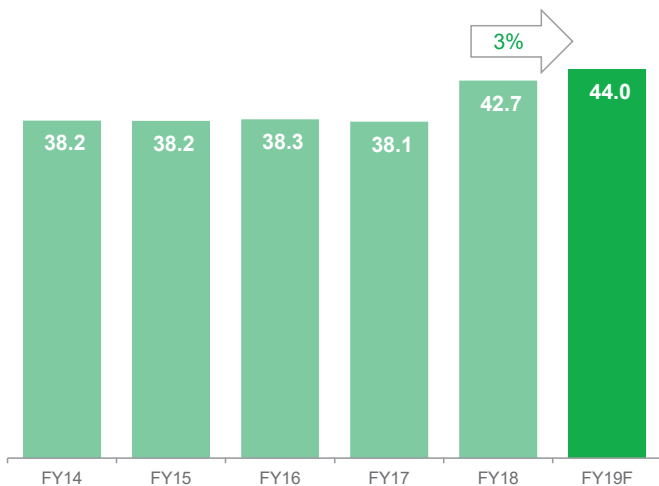
Figures may not add due to rounding

Australian non-residential activity continuing growth

Further growth expected on the east coast

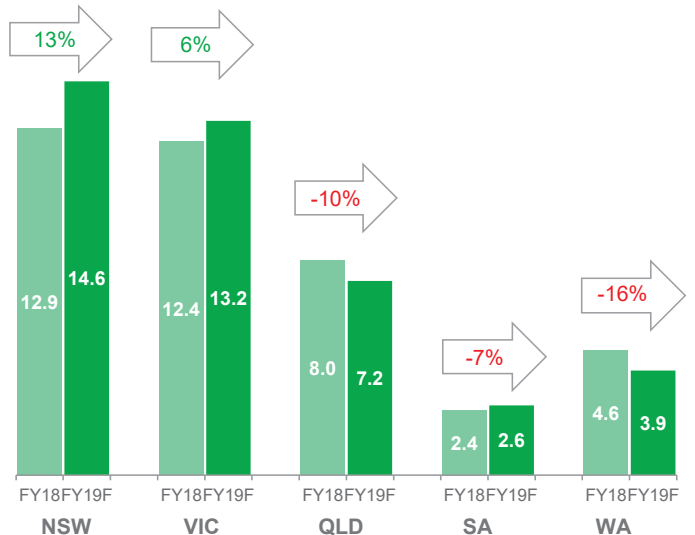
Non-residential¹

(value of work done, \$b)



Non-residential – by state¹

FY2019F v FY2018 (value of work done, \$b)



1. Original series (constant 2016/17 prices) from ABS to March 2019. Average of BIS Oxford Economics and Macromonitor forecast for June 2019 quarter.

Boral's largest projects and potential pipeline

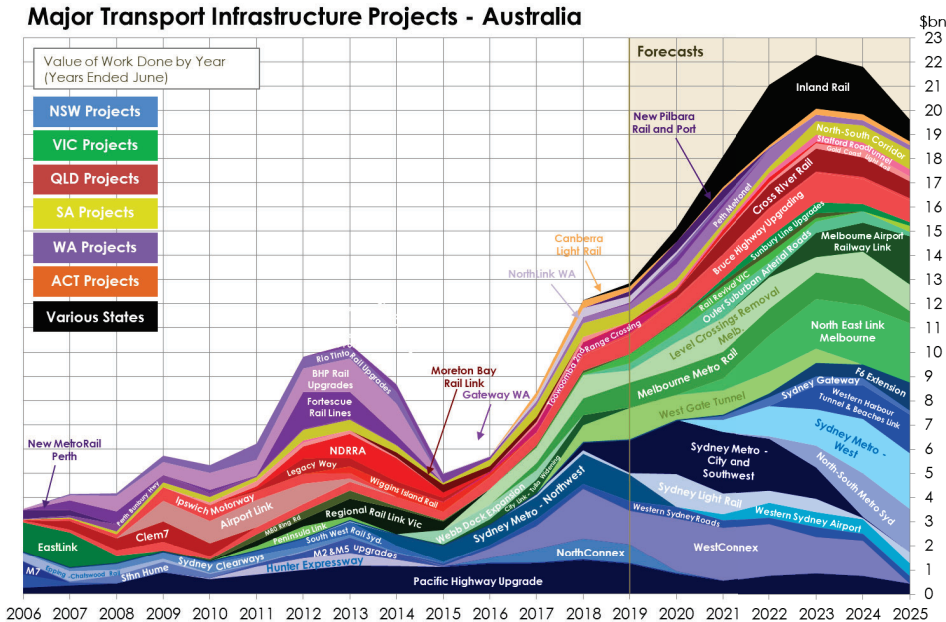
We are well placed to supply current and future projects

Project ¹	Status ²	Project ¹	Status ²
Logan Motorway - Enhancement Works, Qld	Estimated completion CY2019	Cross River Rail, Qld	
Barangaroo – Crown Casino, NSW		Haughton River Bridge, Qld	
Bruce Highway Cairns Southern Access, Qld		Inland Rail Project – Narrabri to NorthStar, NSW	
Norfolk Island Airport, Qld		Mordialloc Bypass, Vic	
Northern Road – Stages 4,5 & 6, NSW	Estimated completion	Northern Road – Stages 4,5 & 6, NSW	
Pacific Motorway M1,M2 upgrade Qld	CY2020	Queens Wharf – resort development, Qld	Currently tendering
Pacific Motorway M1 & M3 merge, Qld		Snowy Hydro 2.0, NSW	
RAAF – East side, Vic		Suburban Roads upgrade, North, SE & West, Vic	
Sydney Metro rail, NSW		Sydney Metro (Vic Cross & Pitt St Stat), NSW	
West Gate Tunnel, (early works), Vic		Tonkin Highway extension, WA	
Melbourne Metro Rail Project (Precast), Vic	Estimated completion CY2021	WestConnex – early works, NSW	
Road Asset Management Contracts, Qld	Estimated completion CY2024	Inland Rail Project, stages 10,11 &12, Qld	
Armidale Road (Northlake Bridge), WA		North East Link, Vic	
Brisbane Metro, Qld	Currently tendering	Sydney Stewardship Maintenance, NSW	Pre-tendering
Capricorn Highway, Qld		Warragamba Dam raising, NSW	
Clark Creek Windfarm, Qld		Western Sydney Airport, NSW	

1. Boral's major projects are generally defined as contributing >\$15m of revenue to Boral
 2. As at 30 June 2019

Australian major transport projects pipeline

Major Transport Infrastructure Projects - Australia



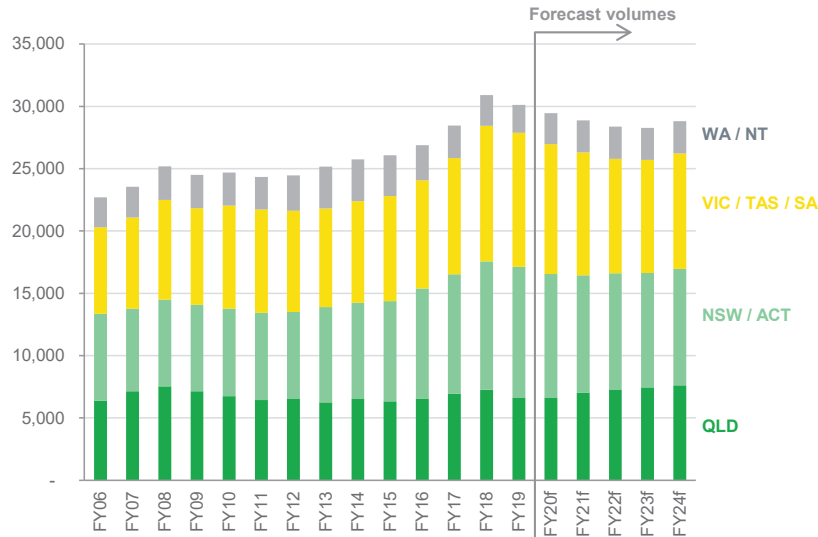
1. Chart prepared exclusively by Macromonitor based on publicly available data as at August 2019. Boral has not independently verified either the historical data or forecasts. Chart shows financial years and projects with total value >A\$500m only
 2. Forecast spending represents Macromonitor's indicative estimation of likely spending based on currently available information. There can be no assurance that actual results will be as forecasted and such differences can be material. There can be no assurance regarding the proportion of forecast project spending that represents requirements for which Boral is a potential supplier, or that Boral will be successful in generating revenue from any of these projects

Concrete demand in Australia

Industry concrete demand peaked in FY2018 but is forecast to stay at historically strong levels in FY2020

Macromonitor forecast¹ pre mix concrete demand across all Australian construction markets

('000) m³



- Concrete volumes expected to remain high but Macromonitor is forecasting concrete industry volumes to reduce by ~2% nationally and ~5% in NSW in FY2020
- Macromonitor is forecasting concrete demand for detached housing to be ~8% lower and for multi-residential to be ~19% lower in FY2020
- Concrete volume movements will depend on rate of new infrastructure projects coming through and shape of residential cycle

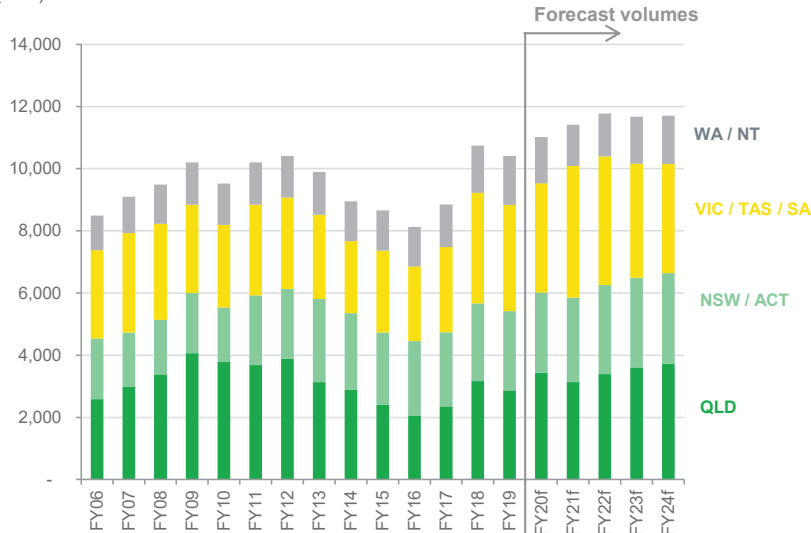
1. Source: Macromonitor, Construction Materials forecast, July 2019 estimates

Asphalt demand in Australia

Industry asphalt demand forecast to increase in FY2020 and onwards

Macromonitor forecast¹ asphalt demand across all Australian construction markets

('000) tonne³



- Macromonitor is forecasting asphalt industry volumes to remain high in FY2020 with further growth in next 2-3 years, as ongoing government spending and infrastructure projects come through
- ~3% CAGR² in asphalt volumes forecast FY2019 to FY2022
- Forecast demand growth across most states, underpinned by major infrastructure activities

1. Source: Macromonitor, Construction Materials forecast, July 2019 estimates
 2. Compound annual growth rate

Market data & forecasts – USA



Boral North America, Versetta Stone®, Ledgestone, Mission Point

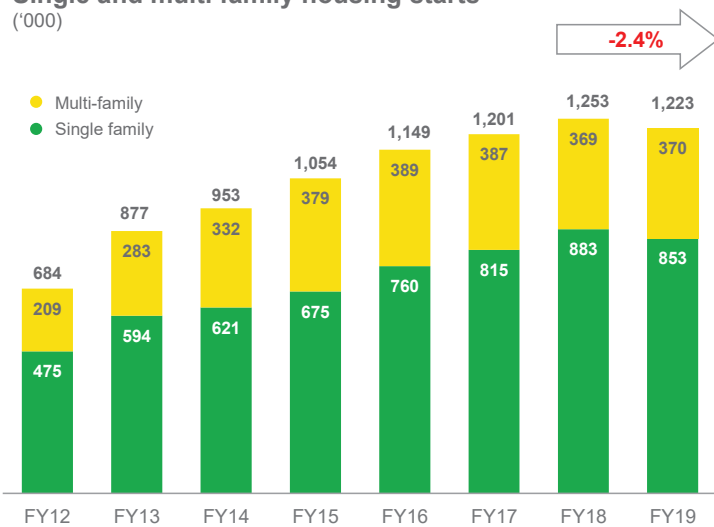


Boral North America, fly ash materials testing & research facility, Georgia

US housing construction slowed in FY2019

Labor constraints, affordability and weather were factors impacting building activity

Single and multi family housing starts¹
(‘000)



Single Family Mix¹

70%

On pace with 71% long-term average

Affordability Index²

150

above historical average of 100

New Housing Stock³

0.33m

10% up year-on-year; in line with 0.36m long-term average

Existing Housing Stock²

1.9m

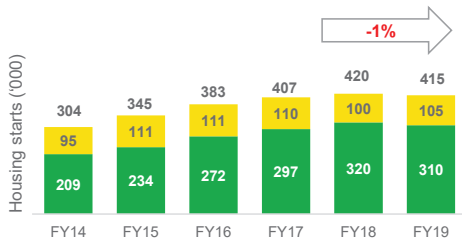
Equivalent to June FY18; slightly below long-term average of 2.2m

1. Source: US Census seasonally adjusted annualised housing starts; July 17, 2019 release
 2. Source: National Association of Realtors (NAR); June 2019
 3. Source: US Census; May 2019

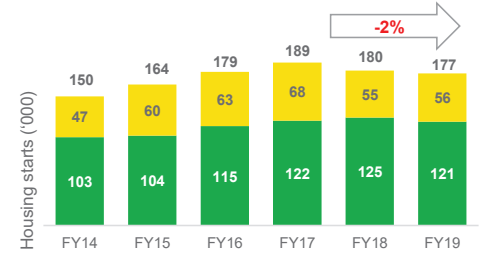
US housing starts by region

Starts declined across all regions

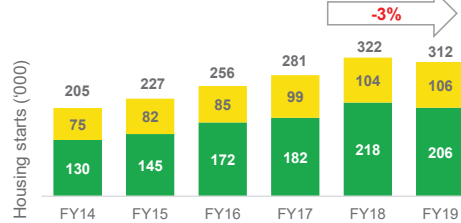
Southeast – 29% of Boral's US revenue^{1,2}



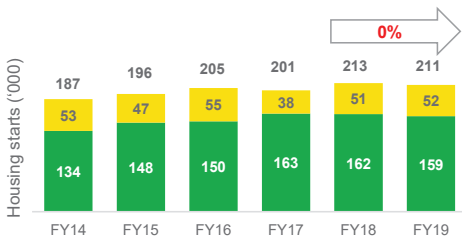
Midwest – 16% of Boral's US revenue^{1,2}



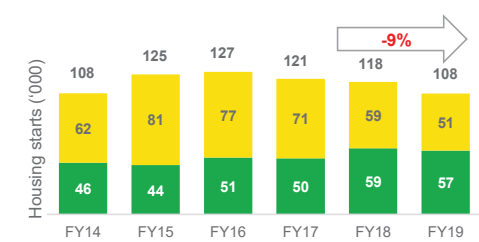
West – 20% of Boral's US revenue^{1,2}



Southwest – 25% of Boral's US revenue^{1,2}



Northeast – 10% of Boral's US revenue^{1,2}



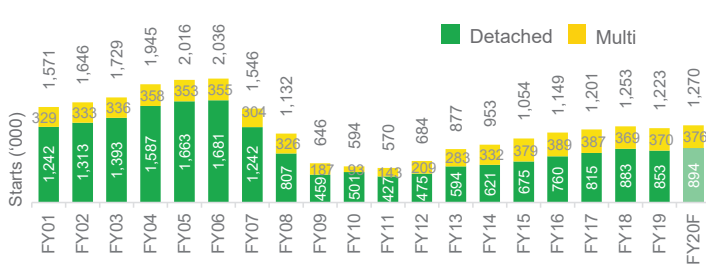
Multi-family
Single family

1. Source: US Census seasonally adjusted annualised housing starts
2. Based on FY2019 external revenue, including Boral's 50% share of Meridian Brick JV revenue, which is not included in reported revenue.
Southeast – AL, FL, GA, KY, MS, NC, SC, TN, VA, WV; Southwest – AR, LA, OK, TX; West – AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WI; Northeast – CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT; international sales comprise the remainder of the revenue split

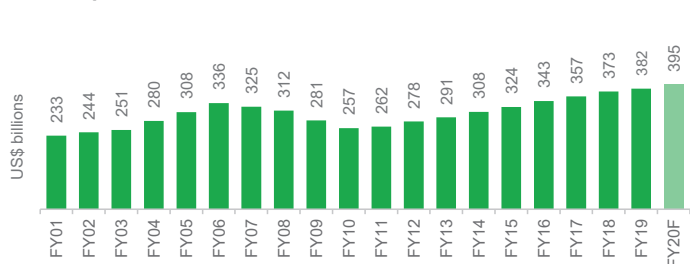
Boral North America markets

Outlook is for moderate growth across all market segments

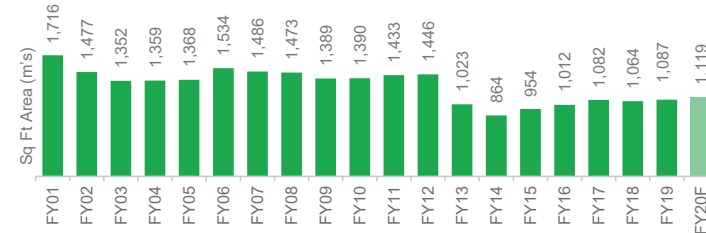
USA New Residential¹: 48% of BNA revenue



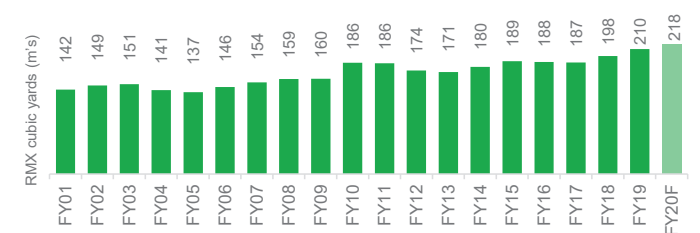
USA Repair & Remodel²: 27% of BNA revenue



USA Non-residential³: 11% of BNA revenue



USA Infrastructure⁴: 14% of BNA revenue



1. US Census seasonally adjusted annualised housing starts (July, 2019). Forecast based on an average of analysts' forecasts sourced from NAHB, MBA, Wells Fargo, NAR, Fannie Mae and Freddie Mac
2. Moody's Retail Sales of Building Products (July, 2019). Forecast based on Moody's retail sales (July 2019), LIRA (July 2019) and HIRA (November 2018)
3. Dodge Data & Analytics, Non-Residential Area (June 2019, Q2 2019 update). Forecast based on Dodge Data & Analytics (June 2019), Oxford Economics construction forecast (Q2, 2019) and FMI US construction outlook (Q2, 2019)
4. Dodge Data & Analytics, Infrastructure Ready Mix Demand (June 2019). Forecast based on Dodge Data & Analytics, Infrastructure Ready Mix Demand (June 2019) and PCA cement consumption outlook (Spring 2019)

Financial data



Boral North America, Kleer® Lumber, Trim for Custom Millwork



Boral Australia, Deer Park precast facility, Vic

FY2019 segment revenue, EBITDA and EBIT



	External revenue, A\$m		EBITDA ³ , A\$m		EBIT ³ , A\$m	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
Boral Australia	3,572	3,590	593	634	384	433
Boral North America	2,229	1,989	415	349	252	199
USG Boral ¹	-	-	57	63	57	63
Corporate	-	-	(32)	(31)	(33)	(32)
Total continuing operations	5,801	5,579	1,033	1,015	660	663
Discontinued Operations ²	62	290	4	42	-	25
Total operations	5,863	5,869	1,037	1,056	660	688

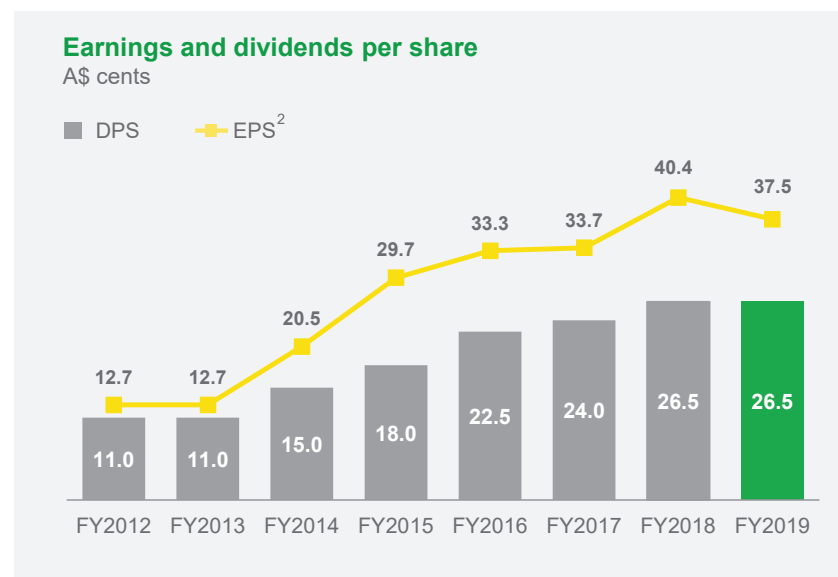
1. Represents Boral's 50% post-tax equity accounted income from the USG Boral joint venture

2. Discontinued Operations includes Denver Construction Materials and US Block which were disposed during the period

3. Excluding significant items

(Figures may not add due to rounding)

Earnings and dividends per share



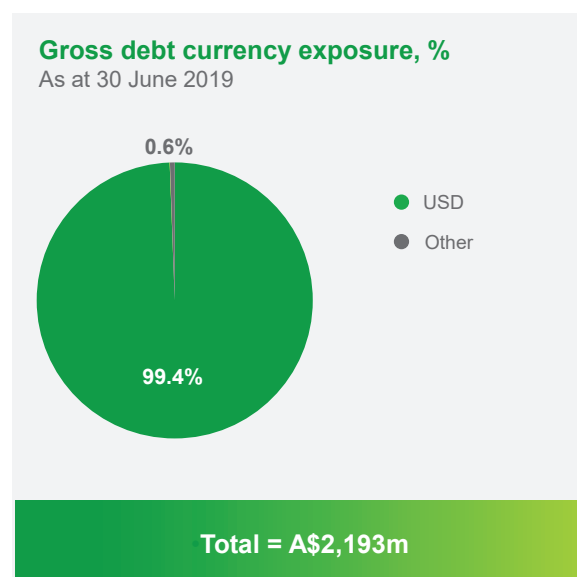
EPS¹ of 37.5 cents, down 7%

EPSA¹ of 41.4 cents, down 5%

- Final dividend of 13.5 cents per share (50% franked), for a full year dividend of 26.5 cents per share
- Dividend payout ratio of 71%

1. Refer to slides 73-74 for reconciliation and explanation of these items
2. Excluding significant items

Debt profile



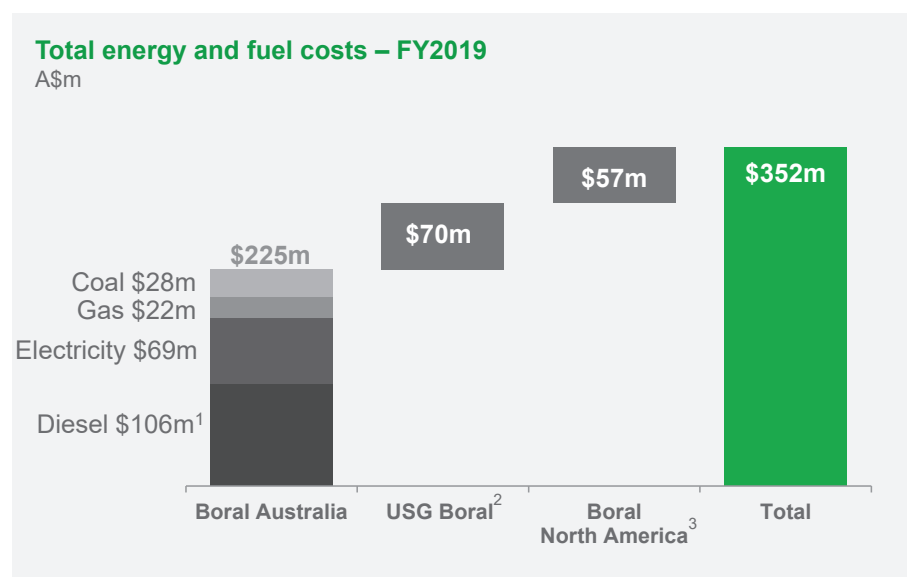
Debt facilities, A\$m	FY2019	FY2018
US Private Placement Notes	817	772
Swiss Franc notes ¹	219	204
Syndicated bank loan ²	-	260
US 144A / Reg S Senior Notes	1,350	1,261
Other	15	30
Gross debt	2,401	2,527
Net debt	2,193	2,453

1. Issued under EMTN program. Swapped to USD
2. AUD drawn bank loans

US tax loss summary

Tax losses US\$m	Gross value	Tax effected value
Recognised on balance sheet	507	143
Unrecognised	98	25
Total	605	168

Boral's energy and fuel costs



FY2020 energy costs impacts:

- For Boral Australia we expect lower cost of coal; and electricity and diesel in line with FY2019
- Expect inflationary increases in Boral North America & USG Boral

1. Net of fuel tax rebates
 2. Based on 50% of USG Boral's energy and fuel costs, reflecting Boral's 50% equity interest in the joint venture
 3. Includes 50% of Meridian Brick JV's energy and fuel costs

Non-IFRS information



Boral Limited's statutory results are reported under International Financial Reporting Standards. Earnings before significant items is a non-IFRS measure reported to provide a greater understanding of the underlying business performance of the Group. Significant items are detailed in Note 7 of the Preliminary Financial Report and relate to amounts of income and expense that are associated with significant business restructuring, business disposals, impairment or individual transactions.

A reconciliation of these non-IFRS measures to reported statutory profit is detailed on the next page.

The USG Boral division commentary also includes a non-IFRS measure of underlying results excluding significant items, representing the 12 months trading results to assist users to better understand the trading results of this division.

The results announcement has not been subject to review or audit, however it contains disclosures which are extracted or derived from the Full Year Financial Report for the year ended 30 June 2019. This Full Year Financial Report for the year ended 30 June 2019 is prepared in accordance with the ASX listing rules and should be read in conjunction with any announcements to the market made by the Group during the year.

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Non-IFRS information (continued)



A reconciliation of non-IFRS measures to reported statutory profit is detailed below:

A\$m	Before sig. items	Significant items	Reported Result	Continuing operations	Discontinued operations	Total
Sales revenue	5,862.7	-	5,862.7	5,800.6	62.1	5,862.7
Profit before depreciation, amortisation, interest & tax, EBITDA	1,037.4	(192.7)	844.7	700.9	73.8	844.7
Depreciation & amortisation, excl amortisation of acquired intangibles	(316.4)	-	(316.4)	(314.5)	(1.9)	(316.4)
Profit before amortisation of acquired intangibles, interest & tax, EBITA	721.0	(192.7)	528.3	456.4	71.9	528.3
Amortisation of acquired intangibles	(61.4)	-	(61.4)	(59.1)	(2.3)	(61.4)
Profit before interest & income tax, EBIT	659.6	(192.7)	466.9	397.3	69.6	466.9
Interest	(103.1)	-	(103.1)	(103.1)	-	(103.1)
Profit before tax, PBT	556.5	(192.7)	363.8	294.2	69.6	363.8
Tax benefit / (expense)	(116.4)	25.0	(91.4)	(79.6)	(11.8)	(91.4)
Net profit after tax, NPAT	440.1	(167.7)	272.4	214.6	57.8	272.4
<i>Add back: Amortisation of acquired intangibles</i>	61.4					
<i>Less: Tax effect of amortisation of acquired intangibles</i>	(15.8)					
Net profit after tax & before amortisation of acquired intangibles, NPATA	485.7					
Basic earnings per share, EPS¹,¢	37.5		23.2			
Basic EPS before amortisation of acquired intangibles, EPSA¹,¢	41.4					

1. Based on weighted average number of shares on issue of 1,172,331,924

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Disclaimer



The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 26 August 2019. 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).

To the extent that this document may contain forward-looking statements, such statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release.

This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

