

# ANNUAL GENERAL MEETING 2016

3 November 2016  
Sydney



## CHAIRMAN'S ADDRESS

**Dr Brian Clark**



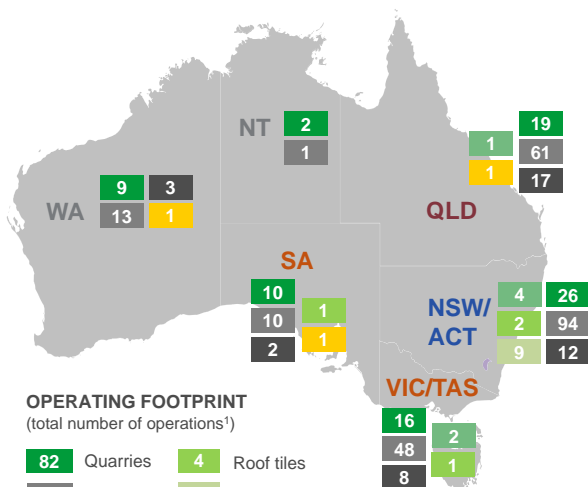


# CELEBRATING 70 YEARS



## Boral Australia

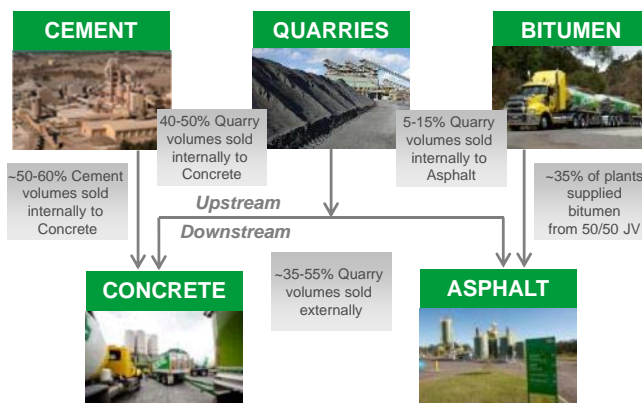
Construction Materials & Cement and Building Products



### OPERATING FOOTPRINT (total number of operations<sup>1</sup>)

82	Quarries	4	Roof tiles
227	Concrete	9	Timber
42	Asphalt	3	Masonry
7	Cement		

## Well positioned, integrated downstream operations

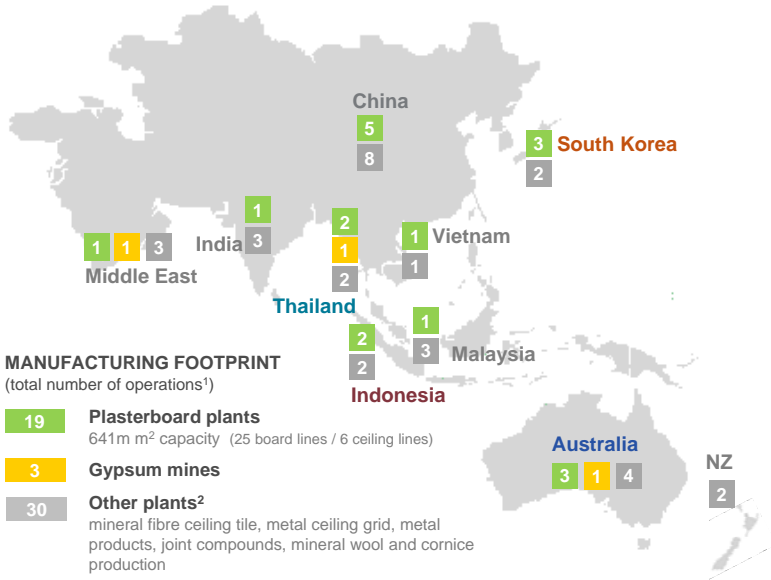


1. As at 3 November 2016. Includes Boral Australia JV operations. Cement includes manufacturing plant, bagging plant and lime plant in NSW, a clinker grinding plant in Vic and a clinker grinding JV in Qld. Timber includes 8 Boral Hardwood mills and 1 JV Softwood operation

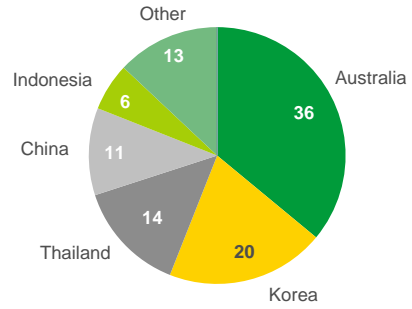


# USG Boral

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



## Share of revenue by country<sup>3</sup>, %

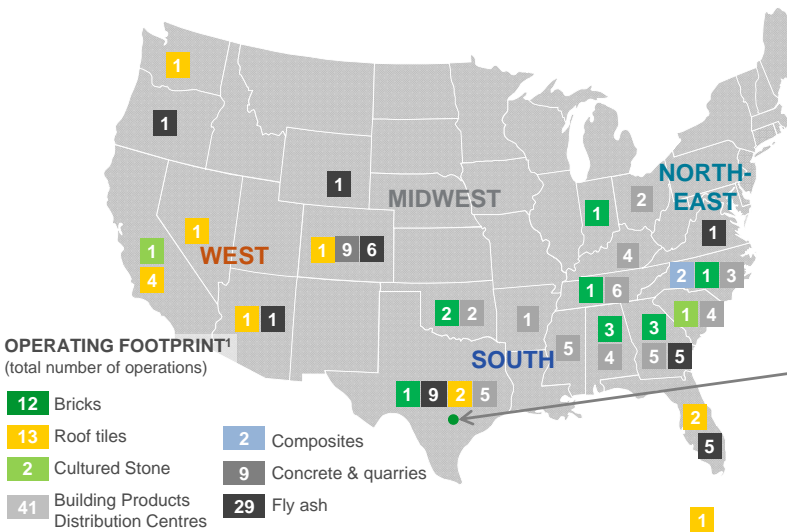


1. Certain manufacturing facilities and gypsum mines held in JV with third parties
2. Production of plasterboard and other products may be at the same physical location
3. Based on split of FY2016 underlying revenue for USG Boral



# Boral USA

US operations (pre Bricks JV)



Boral's new Discovery Center in San Antonio, Texas; part of the Boral Innovation Factory

1. SOUTH consists of *AL, AR, DE, FL, GA, KY, LA, MD, MS, NC, OK, SC, TN, TX, WV, VA* | NORTHEAST consists of CT, MA, ME, NH, NJ, NY, PA, RI, VT | MIDWEST consists of IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI | WEST consists of AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY. States italicised in green are the states in which Boral operates.

# Community partnerships



Boral and Habitat for Humanity Australia in Indonesia



Redkite



Conservation Volunteers Australia

# FY2016 financial results



<b>Revenue</b> Reported <b>\$4.3b</b> ↓ 2%	Continuing operations ↔
<b>EBIT<sup>1</sup></b> <b>\$398m</b> ↑ 12%	
<b>Profit after tax<sup>1</sup></b> <b>\$268m</b> ↑ 8%	
<b>Net profit after tax</b> <b>\$256m</b> ↔	

<b>Gearing, Net D/(Net D+E)</b> <b>20%</b> up from 19%
<b>Earnings per share<sup>1</sup></b> <b>35.8cents</b> ↑ 12%
<b>Full year dividend</b> <b>22.5cents</b> ↑ 25%
<b>ROFE<sup>1,2</sup></b> <b>9.0%</b> ↑ from 8.2%

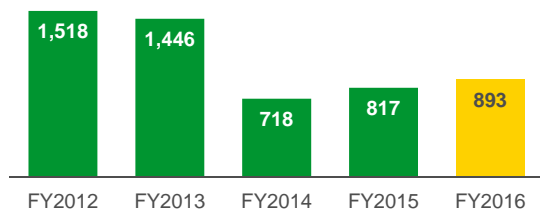
1. Excluding significant items

2. Return on funds employed as at 30 June

# Capital management

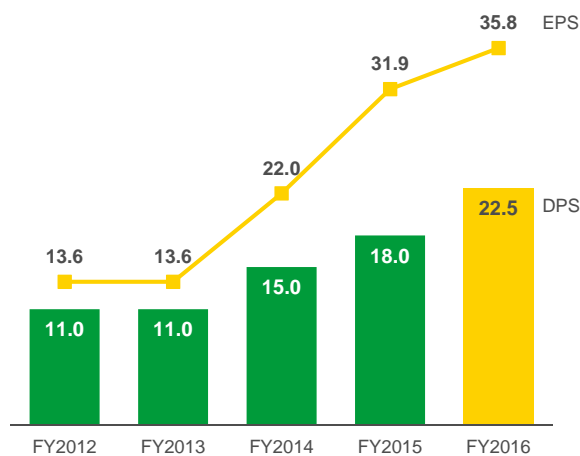


**Net debt, A\$ million**

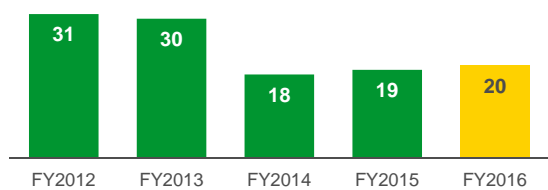


**Earnings and dividends per share<sup>1</sup>**

A\$ cents

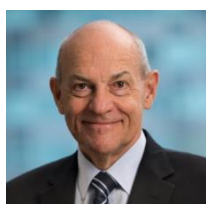


**Gearing, % (net debt / net debt + equity)**

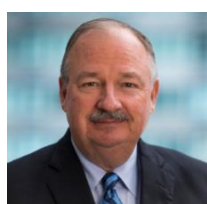


1. Earnings per share, excluding significant items

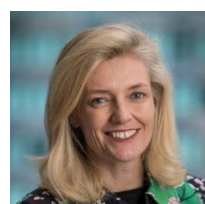
# Board of Directors



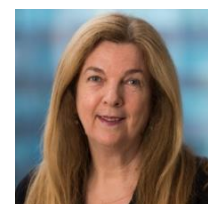
**Dr Brian Clark**  
Non-executive Chairman



**Mike Kane**  
CEO & Managing Director



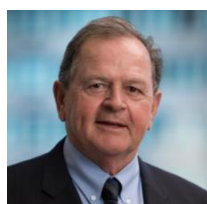
**Catherine Brenner**  
Non-executive Director



**Dr Eileen Doyle**  
Non-executive Director



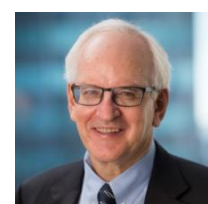
**Kathryn Fagg**  
Non-executive Director



**John Marlay**  
Non-executive Director



**Karen Moses**  
Non-executive Director



**Paul Rayner**  
Non-executive Director

# Executive Committee



**Mike Kane**  
CEO & Managing Director



**Rosaline Ng**  
Chief Financial Officer



**Joe Goss**  
Divisional Chief Executive,  
Boral Australia



**Frederic de Rougemont**  
CEO, USG Boral



**David Mariner**  
President and CEO,  
Boral USA



**Ross Harper**  
Executive General  
Manager, Cement



**Linda Coates**  
Group Human  
Resources Director



**Kylie FitzGerald**  
Group Communications &  
Investor Relations Director



**Dominic Millgate**  
Company Secretary



**Damien Sullivan**  
Group General Counsel



**Michael Wilson**  
Group Health, Safety &  
Environment Director

## CEO'S ADDRESS

**Mike Kane**



# 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**



# **ZERO**HARM **TODAY**

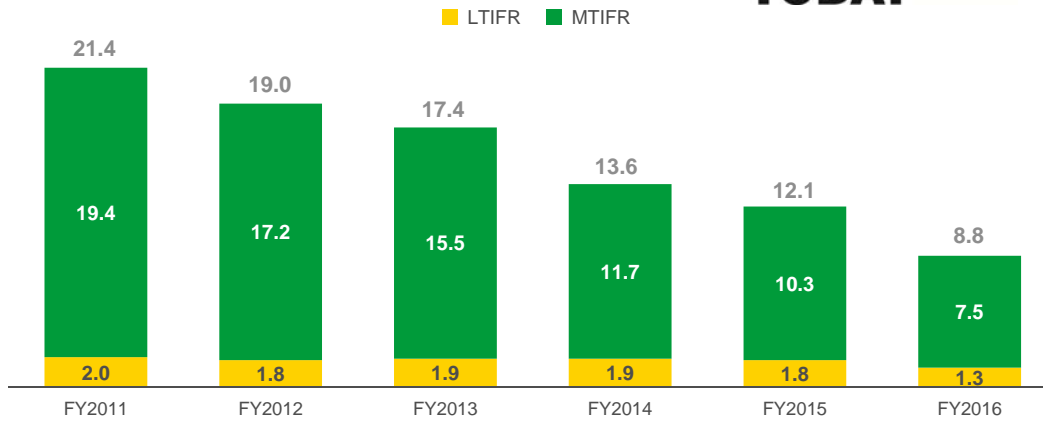


# A strong safety culture



## Employee and Contractor RIFR<sup>1</sup> (per million hours worked)

### ZERO HARM TODAY



1. Recordable Injury Frequency Rate, which comprises Medical Treatment Injury Frequency Rate (MTIFR) and Lost Time Injury Frequency Rate (LTIFR). Includes employees and contractors in 100%-owned businesses and 50%-owned joint venture operations



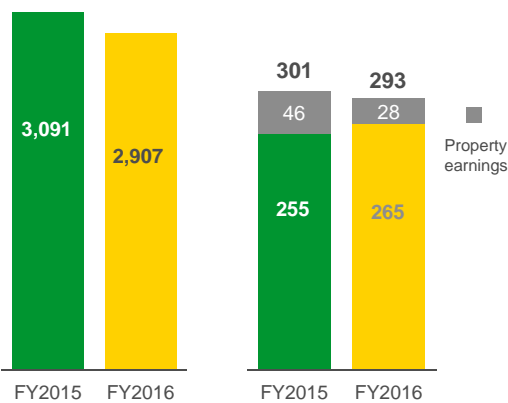
# Boral Australia



## Construction Materials & Cement

Revenue, A\$m

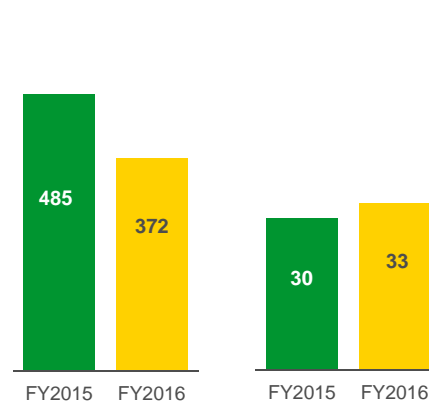
EBIT<sup>1</sup>, A\$m



## Building Products

Revenue, A\$m

EBIT<sup>1</sup>, A\$m



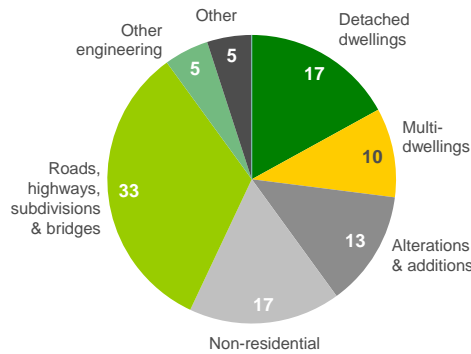
1. Excluding significant items



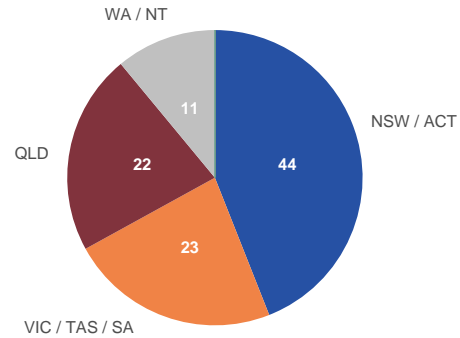
# Boral Australia revenue derived from various segments



**Boral's Australian revenue by end-market<sup>1</sup>, %**



**Boral's Australian revenue by state<sup>1</sup>, %**



1. Based on split of FY2016 external revenues from Construction Materials & Cement and Building Products

# Boral's Australian project pipeline

As at October 2016



Projects committed/underway	Estimated completion	Projects under tender	Status
Perth Stadium, WA	Oct-16	Pacific Hwy W2B, NSW	Currently tendering
Bringelly Road Stage 1, NSW	Jun-17	Toowoomba Bypass, QLD	
Mitchell Freeway, WA	Jun-17	Roe 8, Main Roads, WA	
Pacific Hwy Nambucca, NSW	Jul-17	Northern Connector, SA	
Wheatstone, WA	Dec-17	Northlink stages 2 & 3, WA	
Torrens to Torrens, SA	Feb-18	Darlington Upgrade, SA	
Gateway Upgrade North, QLD	Mar-18	Kingsford Smith Dr, QLD	
Amrun Project, QLD	Dec-18	Cooroy to Curra Sect.C, QLD	
NorthConnex, NSW	Jun-19	Sydney Metro City&SW, NSW	
		Northern / Bringelly Rds, NSW	
		Brisbane Airport Runway, QLD	
		Western Distributor, VIC	
		Melbourne Metro, VIC	Pre-tendering
		West. Sydney Stadium, NSW	
		Sunshine Coast Airport, QLD	
		Westconnex (stage 3), NSW	
Projects committed	Estimated commencing		
Airport Link, WA	Apr-17		
Northlink Stage 1, WA	Oct-16		

1. Projects recently awarded to Boral are highlighted in grey

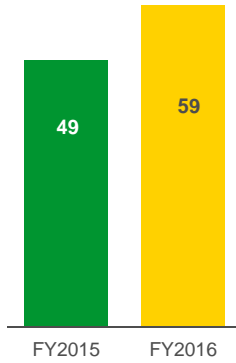


# Boral Gypsum

Boral's 50% share of the USG Boral joint venture

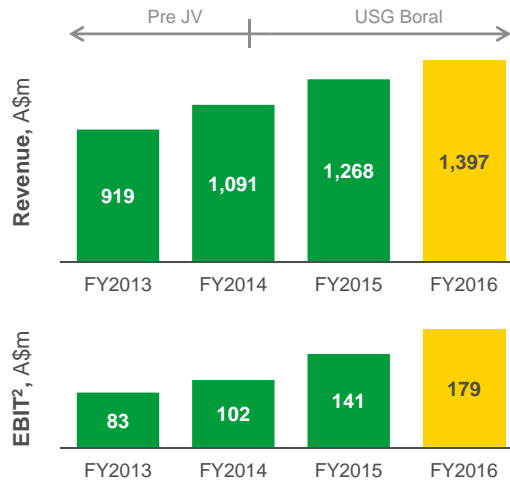


## Reported equity income<sup>1</sup>, A\$m



1. Post-tax equity income from Boral's 50% share of the USG Boral joint venture
2. Excluding significant items

## Underlying results



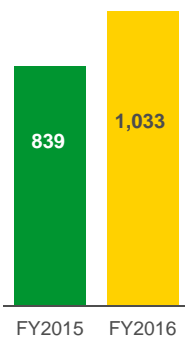
19



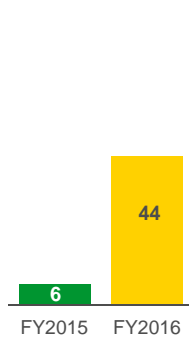
# Boral USA



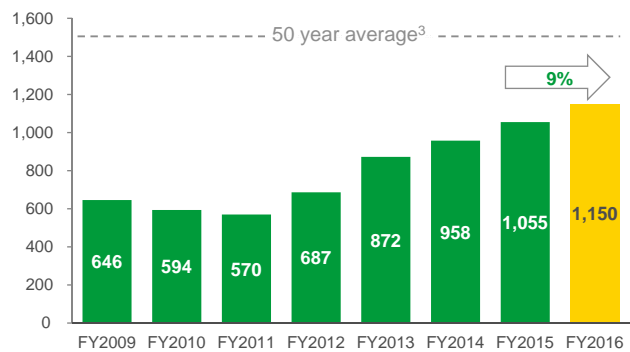
## Revenue, A\$m



## EBIT<sup>1</sup>, A\$m



## Total US housing starts<sup>2</sup>, '000s



1. Excluding significant items
2. Seasonally adjusted data from US Census
3. 50 year average to FY2010

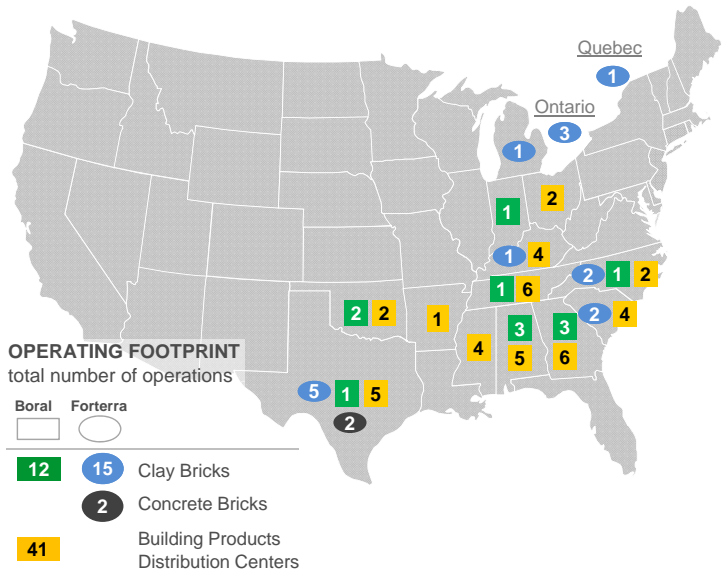
20



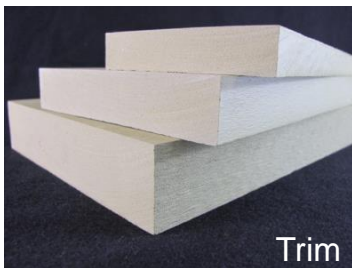
# North American Bricks joint venture with Forterra



- Combined manufacturing capacity of 2,639 million standard brick equivalent
  - 27 clay brick manufacturing operations (including 4 mothballed)
  - 2 concrete brick manufacturing operations (including 1 mothballed)
  - 41 Building Products Distribution Centers
  - ~1,380 combined employee base



# Boral TruExterior® Siding & Trim



Trim



Siding

**Boral's proprietary poly-ash technology is continuing to open new category opportunities**

# Boral TruExterior® Siding & Trim



# Boral Discovery Center, San Antonio, Texas






# Our strategic priorities

Transforming Boral



Our vision is to transform Boral for performance excellence and sustainable growth

 Boral Australia	 USG Boral	 Boral USA
<ul style="list-style-type: none"><li>• Maintain and strengthen our <b>leading, integrated construction materials position</b> and optimise returns across all businesses</li><li>• Benefits from significant pipeline of major roads and infrastructure work</li></ul>	<ul style="list-style-type: none"><li>• <b>Organic growth</b> over the medium and long term through:<ul style="list-style-type: none"><li>○ <b>innovation</b></li><li>○ <b>Asian economic growth</b></li><li>○ <b>product penetration</b> for interior linings and related products</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Growing earnings through <b>cyclical market recovery</b> and <b>new product development</b></li><li>• Disciplined approach to assessing <b>strategically aligned M&amp;A opportunities</b></li></ul>

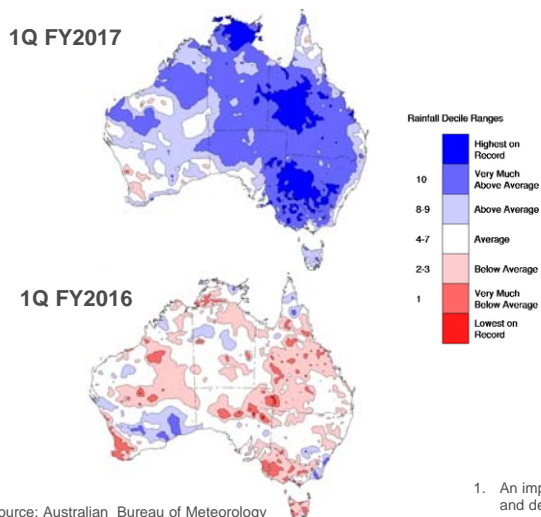
# 1Q FY2017 Trading Update & Outlook



# More wet weather than seasonal averages in 1Q FY2017



## Volume of rainfall in 1Q (1 July – 30 Sept)



## Rain impacted work days<sup>1</sup> in 1Q



1. An impacted day is defined as any working day with at least 2mm of rain recorded in metropolitan areas and delivered concrete volumes at least 50% less than the average daily volume for the quarter in which the day falls (results adjusted for RDOs, public holidays and weekends)

# Boral Australia



## 1Q FY2017 trading update

- East Coast housing activity remains strong and commencing a number of large road and highway projects
- 1Q FY2017 below our expectations, primarily due to:
  - WA market weaker than expected in 1Q
  - Significantly more wet weather in 1Q than seasonal averages
- Divested share of East Coast bricks JV, effective 1 November 2016

## FY2017 outlook

- Stronger pricing and increasing infrastructure volumes should deliver benefits in 2H
- ~\$6.5m lower equity earnings in FY2017 than FY2016 due to divestment of 40% share of Boral CSR Bricks JV
- Taking into account lower earnings from Building Products, **Boral Australia expected to deliver slightly higher EBIT in FY2017 compared with FY2016 (excluding Property in both years)**, assuming a return to more normal weather patterns
- Contribution from property in FY2017 still expected to be lower than FY2016
- **Expect FY2017 result to be further skewed to 2H** and 1H FY2017 to be lower than 1H FY2016 for Boral Australia due to softer major project and WA activity ahead of the ramp-up in infrastructure work, exacerbated by wet weather in Q1



## 1Q FY2017 trading update

- Results ahead of our expectations in 1Q FY2017
- Continued penetration of Sheetrock® with strong results in Australia and Korea, as well as in smaller country operations, like Vietnam
- Improved performance in Indonesia

## FY2017 outlook

- Maintain expectations that **USG Boral will deliver strong full year improvements in Asia and Australia** through cost and synergy benefits, as well as volume and price growth in some markets



## 1Q FY2017 trading update

- **1Q FY2017 below our expectations due to lower than expected housing activity**
- Recent housing activity indicates housing starts are more likely to be closer to ~1.25 million for FY2017 (previously ~1.3 million<sup>1</sup>)
- 1Q FY2017 total US housing starts were 2% lower than 1Q FY2016<sup>2</sup> and 1Q FY2017 single-family housing starts were only up 2%<sup>2</sup>, which was below expectation
- As a result, **only modest volume gains in building products** businesses and **pricing remains challenged** at these levels of demand

## FY2017 outlook

- **Continue to expect US housing market growth in FY2017, underpinning continued earnings growth from US businesses**
- US Bricks and lightweight Trim & Siding businesses both expected to deliver results around break-even

1. Average of analysts' forecasts (Dodge, Wells Fargo, NAR, NAHB, Fannie Mae, Freddie Mac, MBA) between June and July 2016  
 2. US Census Bureau

# Outlook for FY2017



## FY2017 EBIT expected to be higher than FY2016

Boral Australia	<ul style="list-style-type: none"><li>• <b>Stronger pricing</b> and <b>increasing infrastructure volumes</b> should deliver benefits in 2H</li><li>• ~\$6.5m lower equity earnings in FY2017 than FY2016 due to the <b>divestment of Boral's share of East Coast bricks JV</b> in 1H FY2017</li><li>• Taking into account lower earnings from Building Products, <b>Boral Australia expected to deliver slightly higher EBIT in FY2017 compared with FY2016 (excluding Property in both years)</b>, assuming a return to more normal weather patterns</li><li>• Contribution from property in FY2017 still expected to be lower than FY2016</li><li>• <b>Expect FY2017 result to be further skewed to 2H</b> and 1H FY2017 to be lower than 1H FY2016 for Boral Australia due to softer major project and WA activity ahead of the ramp-up in infrastructure work, exacerbated by wet weather in Q1</li></ul>
USG Boral	<ul style="list-style-type: none"><li>• Expected to deliver <b>strong performance improvements in Asia and Australia through cost and synergy benefits, as well as volume and price growth in some key markets</b></li></ul>
Boral USA	<ul style="list-style-type: none"><li>• Recent housing activity indicates housing starts are more likely to be closer to ~1.25 million for FY2017 (previously ~1.3 million<sup>1</sup>)</li><li>• <b>Continue to expect US housing market growth in FY2017, underpinning continued earnings growth from US businesses</b></li><li>• US Bricks and Trim &amp; Siding businesses both expected to deliver results around break-even</li></ul>

1. Average of analysts' forecasts (Dodge, Wells Fargo, NAR, NAHB, Fannie Mae, Freddie Mac, MBA) between June and July 2016



# Annual General Meeting 2016

Formal Business



## Item 1 – Financial Reports



To consider the Financial Report, the Directors' Report and the Auditor's Report for the year ended 30 June 2016.

33

## Item 2 – Remuneration Report



To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

**“To adopt the Remuneration Report for the year ended 30 June 2016.”**

34

Chairman of the  
Remuneration  
& Nomination  
Committee

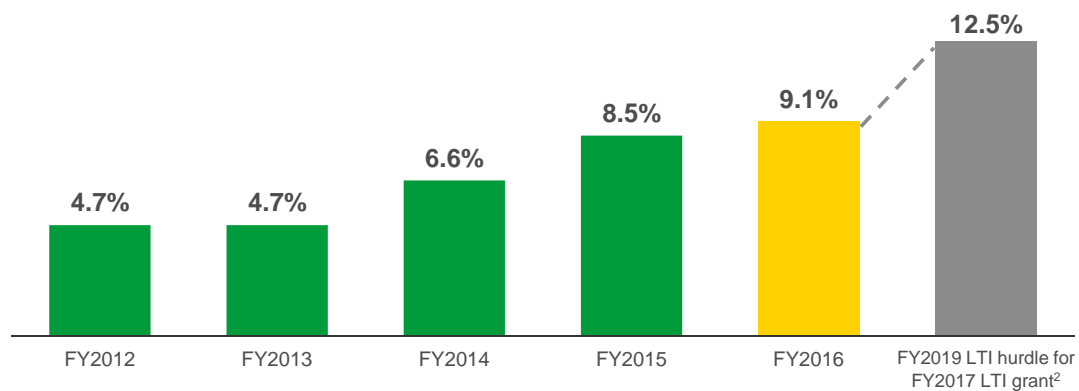
Kathryn Fagg



## Return on funds employed (ROFE)



EBIT<sup>1</sup> to average funds employed (ROFE), %



1. Excluding significant items

2. Hurdle at which 100% of ROFE LTI component will vest; 0% will vest at ROFE of less than 12.0%; progressive pro rata vesting at ROFE of between 12.0% and 12.5%.

## Item 2 – Remuneration Report



To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

**“To adopt the Remuneration Report for the year ended 30 June 2016.”**

37

## Item 2 – Remuneration Report

### Proxies



Proxies	
For	368,167,352
Open	7,687,256
Against	130,942,051

**% to be cast FOR the resolution\***

**73.9%**

\* On basis open proxies in favour of the Chairman of the Meeting are voted FOR

38

## Item 3 – Election and re-election of Directors

### Item 3.1 Election of Ms Karen Moses



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**“That Karen Moses, who retires in accordance with clause 6.3(h) of the Company’s Constitution, being eligible, be elected as a Director of the Company.”**

39

Karen Moses



## Item 3.1 – Election of Ms Karen Moses

### Proxies



Proxies	
For	491,667,328
Open	7,872,390
Against	7,520,194

**% to be cast FOR the resolution\***

**98.2%**

\* On basis open proxies in favour of the Chairman of the Meeting are voted FOR

41

## Item 3 – Election and re-election of Directors

### Item 3.2 Re-election of Dr Eileen Doyle



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**“That Eileen Doyle, who retires in accordance with clause 6.3(b) of the Company’s Constitution, being eligible, be re-elected as a Director of the Company.”**

42

Dr Eileen Doyle



## Item 3.2 – Re-election of Dr Eileen Doyle

Proxies



Proxies	
For	496,025,096
Open	7,991,756
Against	3,163,812

**% to be cast FOR the resolution\***

**99.1%**

\* On basis open proxies in favour of the Chairman of the Meeting are voted FOR

## Item 4 – Award of Rights to Mike Kane



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**“That approval is given for the award to Mike Kane, the CEO & Managing Director, of rights to fully paid ordinary shares in the Company on the terms described in the Explanatory Notes to the Notice of Meeting.”**

45

## Item 4 – Award of Rights to Mike Kane

### Proxies



Proxies	
For	491,909,383
Open	7,897,234
Against	7,169,035

**% to be cast FOR the resolution\***

**98.3%**

\* On basis open proxies in favour of the Chairman of the Meeting are voted FOR

46

## Item 5 – Non-executive Directors' Fee Pool



To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

**“That the maximum aggregate amount available for payment by way of remuneration to all non-executive Directors per annum be increased by \$250,000 from \$1,750,000 to \$2,000,000.”**

47

## Item 5 – Non-executive Directors' Fee Pool

### Proxies



Proxies	
For	493,306,298
Open	8,042,730
Against	5,474,873

**% to be cast FOR the resolution\***

**98.6%**

\* On basis open proxies in favour of the Chairman of the Meeting are voted FOR

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# Thank you for attending

## Boral Limited Annual General Meeting 2016

## Disclaimer



The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 3 November 2016. 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.

# ANNUAL GENERAL MEETING 2016

3 November 2016  
Sydney

