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BORAL®

ASX RELEASE

21 November 2016

Boral to acquire Headwaters Incorporated – a strategically compelling portfolio of US businesses – supported by capital raising

OVERVIEW

- Boral has entered into a binding **agreement to acquire Headwaters Incorporated (NYSE: HW.US) for US$24.25 per share in cash, representing an aggregate enterprise value of ~US$2.6 billion (~A$3.5 billion)**[1] ("Acquisition")
  - The offer price represents a 34% premium on Headwaters' 1-month VWAP of US$18.16
  - Transaction **unanimously approved** by the board of Headwaters
- **Strategically compelling acquisition transforms Boral**, better positioning the Group to deliver more sustainable growth and above cost of capital returns through market cycles
  - ✓ **Highly complementary US businesses**, with combined revenue of over US$1.8 billion, more than doubling Boral USA, delivering **significant scale to Boral's US fly ash** business, which will play favourably into the infrastructure spend underway in the USA, and **accelerated development of Boral's light building products platform**
  - ✓ Delivers **scale**, **more product offerings**, **geographic breadth**, **multi-channel distribution** and increased **diversification across growing US construction markets**
  - ✓ Builds a more balanced portfolio of traditional and light weight products with **strengthened ability to grow in large, contestable US markets** and through **innovation**
- **Attractive financial metrics**:
  - **EPS accretive** on a pro forma FY2017F NPATA basis[2]
    - **High single digit** using synergies estimated to be delivered in the first full year of ownership[3]
    - **Low double digit** using estimated run rate synergies at the end of the first full year of ownership[4]
  - **Expect significant synergies** of **~US$100 million per annum within four years** of closing
  - **Implied multiple of ~10.6x EV / Adjusted EBITDA** for the 12 months ending 30 Sep-2017, based on Headwaters' earnings guidance[5] – multiple reduces to **~7.5x** incorporating full annual synergies[6]
- The **acquisition will be funded** via:
  - a fully underwritten A$450 million institutional **placement** and a fully underwritten A$1.6 billion, 1 for 2.22 pro rata accelerated **renounceable entitlement offer** with retail entitlements trading
  - balance funded by way of **existing cash** and a **fully underwritten debt bridge facility**
- The Acquisition is **subject** to customary closing conditions, including **Headwaters shareholder approval** and **regulatory approval**, and is **expected to be completed in mid CY2017**
- Boral to maintain **prudent capital structure**, with target pro forma net debt to EBITDA of ~2.5x following transaction close and current investment grade credit ratings expected to be maintained.

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[1] Enterprise value calculated based on 76.7 million diluted shares on issue and net debt as at 30 Sep-2016 of US$704 million.
[2] FY2017 pro forma EPS accretion on a NPATA basis assumes the Acquisition had come into effect from 1 Jul-2016 and excludes transaction costs, integration costs and amortisation of acquired identifiable intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. In accordance with AASB 133, Boral's basic EPS for the year ending 30 Jun-2017 has been adjusted to reflect the bonus element in the Entitlement Offer.
[3] Estimated synergies of US$30-35 million expected to be delivered in the first full year following transaction completion.
[4] Estimated run rate synergies of US$50-55 million at the end of the first full year following transaction completion.
[5] Based on Adjusted EBITDA of US$242.5 million, being the midpoint of Headwaters' Adjusted EBITDA guidance range for the 12 months ending 30 Sep-2017 of US$235-250 million, as disclosed by Headwaters in its FY2016 results on 1 Nov-2016. Adjusted EBITDA is as defined by Headwaters and detailed in footnote 7 on page 2.
[6] Based on estimated synergies of US$100 million per annum expected to be achieved within four years of transaction completion.

Acquisition of Headwaters

Boral has entered into a binding agreement to acquire Headwaters for US$24.25 per share in cash representing **an aggregate enterprise value of US$2.6 billion.**

The Acquisition is **subject to** customary closing conditions, including **Headwaters shareholder approval** and **regulatory approval**, and is **expected to complete in mid CY2017**.

Headwaters is a leading manufacturer of building products and one of the largest marketers of fly ash in the USA, with **US$1.1 billion of revenue and Adjusted EBITDA of US$218 million**[7].

Headwaters operates across **two core divisions: Building Products and Construction Materials**[8], which have strong positions in the key segments in which they operate.

Two-thirds of Headwaters' revenues or around US$700 million[7] **are derived from its Building Products** division. It designs, manufactures and distributes nationally a comprehensive range of architectural manufactured stone, specialty roofing, and siding and trimboard across commercial, new residential and repair & remodelling. Headwaters is also one of the leading suppliers of high quality windows in South Central regions of the USA and concrete and specialty block in Texas.

Headwaters' Construction Materials division, delivers around US$370 million[7] **of revenue a year** and is one of the largest marketers of fly ash in the United States. Fly ash is most commonly used as a partial replacement for cement in producing concrete, and is forecast to experience strong growth driven by growing cement consumption in ready mix concrete and the competitive cost position of fly ash relative to cement.

Transaction Funding

The Acquisition is expected to be partially funded via a fully underwritten A$450 million institutional placement (**"Placement"**) and a fully underwritten A$1.6 billion, 1 for 2.22 pro rata accelerated renounceable entitlement offer with retail entitlements trading (**"Entitlement Offer"**) (together, the **"Equity Raising"**).

The **balance** of the Acquisition will be **funded through a combination of US$0.8 billion of debt from a committed bridge acquisition facility and existing cash**.

Boral will maintain its prudent capital structure with a target pro forma net debt to EBITDA ratio of approximately 2.5x following transaction close. **Boral's current investment grade credit ratings are expected to be maintained** after giving effect to the Acquisition.

The acquisition is supported by a strong strategic rationale

- The **Acquisition of Headwaters is a transformative step for Boral:**
  - Results in Boral having **three strong divisions** – the **high performing, well-positioned Boral Australia**; the **fast growing USG Boral business in Asia, Australia and the Middle East**; and **Boral USA, a scaled building products and fly ash business with** greater geographic reach, more diverse product offerings and **strong growth prospects.**
  - Significantly **increases** Boral's **exposure to large addressable US markets**, **at an attractive point in the cycle** including **improved market diversification** across non-residential, repair & remodel and infrastructure segments, in addition to the new residential sector.
  - **Better positions Boral to deliver above cost-of-capital returns** through market cycles.
- **Strong strategic fit with Boral's existing US business.** The Acquisition adds significant scale to Boral's US footprint by adding a portfolio of complementary businesses with improved geographic reach and ability to compete across the USA.
  - Combined, the new Boral USA is a ~US$1.8 billion revenue business, with an expanded product offering, a strong manufacturing and distribution footprint, and significantly improved earnings.

[7] Revenue and Adjusted EBITDA for the year ended 30 September 2016 on a pro forma basis reflecting full year ownership of the Krestmark windows business, which was acquired by Headwaters on 19 August 2016. Adjusted EBITDA as defined by Headwaters is net income plus net interest expense, income taxes, depreciation and amortisation, stock-based compensation, cash-based compensation tied to stock price, goodwill and other impairments, and other non-routine adjustments that arise from time to time.
[8] Energy Technologies is a non-core business that generated revenue of ~US$10 million in the year ended 30 September 2016.

  - The Acquisition significantly grows Boral's fly ash business, expands its light building products offering, and doubles the size of Boral's roofing and manufactured stone positions.

- **Significantly scales Boral's fly ash business.** The combination of the Boral and Headwaters fly ash businesses creates a national platform in the US with pro forma revenue of over US$450 million, approximately five times Boral's current fly ash business, enabling Boral to more efficiently serve customers' needs in a competitive environment.
- **Accelerates development of Boral's light building products platform.** Expands Boral's light building products business from a small but rapidly growing poly-ash trim and siding business into a larger platform with geographic breadth, a multi-channel distribution network and expanded product suite to better serve customers.
- **Substantial synergies[9] and FY17 pro forma EPS accretion.** This is a financially compelling Acquisition that is expected to be high single digit accretive to Boral's EPS on a full year pro forma FY17F NPATA basis using estimated delivered synergies in year one of ~US$30-$35 million. The acquisition becomes low double digit accretive to Boral's EPS on a full year pro forma FY17F NPATA basis using run rate synergies of ~US$50-55 million per annum expected by the end of the first full year. Within four years of transaction close, synergies are expected to be approximately US$100 million per annum. One-off implementation costs are estimated to be approximately US$100 million.

Mike Kane, Boral's CEO & Managing Director, said:

> *"Headwaters has a portfolio of strong businesses with recognised brands, quality products, diverse end market exposures and solid earnings performance.*
>
> *"The businesses of Headwaters are highly complementary with Boral's existing US operations – in fly ash, roofing, stone and light building products. And it's this strong alignment that means we can deliver substantial value through synergies – ramping up to approximately US$100 million per annum of synergies within four years of closing.*
>
> *"It's the synergy opportunities that help make this a highly compelling acquisition, and I am confident that we have the right team in place to bring together the two portfolios, drive integration and deliver strong value creation for Boral's shareholders.*
>
> *"While the acquisition of Headwaters significantly transforms Boral USA, it is also highly transformative for Boral as a Group. We can now be confident in Boral's position as a global building products and construction materials group with three very strong divisions," Mr Kane also added.*

Brian Clark, Boral's Chairman, said:

> *"While this acquisition is significant in scale, we have maintained a disciplined approach to reviewing growth opportunities in the USA. Headwaters has been rigorously assessed and with its highly complementary portfolio of assets, which are strategically aligned with a number of Boral's existing US businesses, this is a highly compelling acquisition for Boral.*
>
> *"Together with support from external advisors, a team of Boral's senior executives has done an extensive amount of work to make sure we understand the portfolio of Headwaters businesses and the opportunities presented. Detailed due diligence has been completed, synergies have been identified and integration planning is underway. We anticipate that this transaction will have a strong positive impact on Boral's shareholder value."*

Kirk A. Benson, Chairman & CEO of Headwaters, added:

> *"We are looking forward to working with Boral to ensure a smooth transition for our stakeholders, as we create one of the leading manufacturers and distributors of building products and construction materials for infrastructure, new residential, repair and remodel, commercial and institutional construction."*

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[9] Synergies include estimated cost synergies and cross-selling and distribution revenue synergies, excluding one-off implementation costs estimated at ~US$100 million.

Equity Raising

Boral intends to raise approximately A$2,058 million in new equity to partially fund the acquisition through:

- a fully underwritten placement to institutional investors, at A$4.80 per new share to raise A$450 million, and
- a fully underwritten, 1 for 2.22 pro rata accelerated renounceable entitlement offer with retail rights trading to eligible shareholders at an offer price of A$4.80 per new share to raise A$1.6 billion.

Details of the Entitlement Offer

Under the Entitlement Offer, eligible shareholders are invited to subscribe for 1 new Boral share ("**New Shares**") for every 2.22 existing Boral shares held as at Thursday, 24 November 2016. All New Shares in the Entitlement Offer will be issued at a price of A$4.80 per New Share, which represents a discount of:

- 22.0% to the last close of A$6.15 on Friday, 18 November 2016; and
- 15.1% to the theoretical ex-rights price ("**TERP**").

The Entitlement Offer will consist of:

- an accelerated institutional component to be conducted from Monday, 21 November 2016 to Tuesday, 22 November 2016 ("**Institutional Entitlement Offer**"), and
- a retail component which will open on Wednesday, 30 November 2016 and close at 5.00pm (AEDT) on Friday, 9 December 2016 ("**Retail Entitlement Offer**").

Each New Share will rank equally with existing shares on issue. Boral will seek quotation of the New Shares on ASX.

As the Equity Raising is expected to complete in December 2016, Boral's shares outstanding will initially increase without a corresponding increase in earnings until the Acquisition is completed (expected mid calendar year 2017). Notwithstanding that it will result in a temporary increase in Boral's dividend payout ratio, it is Boral's intention to maintain dividend payment per share for its 2017 interim dividend at levels consistent with recent periods, which will apply equally to existing shares and New Shares issued pursuant to the Equity Raising, subject to the Company's financial position.

Institutional Entitlement Offer

Eligible Institutional shareholders will be invited to participate in the Institutional Entitlement Offer which opens on Monday, 21 November 2016 and will close on Tuesday, 22 November 2016.

Eligible institutional shareholders can choose to take up their Entitlement in whole, in part or not at all. Institutional entitlements ("**Institutional Entitlements**") cannot be traded or sold on the ASX. As the Entitlement Offer is renounceable, the New Shares that would have been issued in respect of Institutional Entitlements not taken up by eligible institutional shareholders by the close of the Institutional Entitlement Offer and the Institutional Entitlements of ineligible institutional shareholders (had such eligible institutional shareholders taken up their Institutional Entitlements and had such ineligible institutional shareholders been eligible and taken up their Institutional Entitlements) ("**Institutional Shortfall Shares**") together with the right to subscribe for those Institutional Shortfall Shares, will be offered through an institutional shortfall bookbuild to be conducted on Wednesday, 23 November 2016 ("**Institutional Shortfall Bookbuild**"). Any premium over the A$4.80 per New Share offer price under the Entitlement Offer which is achieved from the offer of the Institutional Shortfall Shares (and the right to subscribe for those Institutional Shortfall Shares) through the Institutional Shortfall Bookbuild will be remitted proportionally to those institutional shareholders, less any applicable withholding tax. There is no guarantee that there will be any such premium remitted to those institutional shareholders as a result of the offer of the Institutional Shortfall Shares (and the right to subscribe for those Institutional Shortfall Shares) through the Institutional Shortfall Bookbuild.

Boral shares have been placed in a trading halt while the Institutional Entitlement Offer and Institutional Shortfall Bookbuild are undertaken.

Retail Entitlement Offer

Eligible retail shareholders with a registered address in Australia or New Zealand on the Record Date will be invited to participate in the Retail Entitlement Offer. The Retail Entitlement Offer will open on Wednesday, 30 November 2016 and close at 5.00pm (AEDT) on Friday, 9 December 2016. Eligible retail shareholders will have the opportunity to participate at the same offer price and offer ratio as the Institutional Entitlement Offer. Eligible retail shareholders will be allotted Entitlements ("**Retail Entitlements**") which can be traded on the ASX. If eligible retail shareholders do not wish to take up all or part of their Retail Entitlements they can seek to sell all or part of their Retail Entitlements on the ASX or realise value for those Retail Entitlements by transferring them directly to another person ahead of the retail shortfall bookbuild (referred to below). Retail Entitlements can be traded on the ASX by certain eligible shareholders from Thursday, 24 November 2016 to Friday, 2 December 2016.

The New Shares that would have been issued in respect of Retail Entitlements not taken up by eligible retail shareholders by the close of the Retail Entitlement Offer and the Entitlements of ineligible retail shareholders (had such eligible retail shareholders taken up their Entitlements, and had such ineligible retail shareholders been eligible and taken up their Entitlements) ("**Retail Shortfall Shares**") together with the right to subscribe for the Retail Shortfall Shares, will be offered through a retail shortfall bookbuild to be conducted on Wednesday, 14 December 2016 ("**Retail Shortfall Bookbuild**"). Any premium over the A$4.80 per New Share offer price under the Entitlement Offer which is achieved from the offer of the Retail Shortfall Shares (and the right to subscribe for those Retail Shortfall Shares) through the Retail Shortfall Bookbuild will be remitted proportionally to those retail shareholders, less any applicable withholding tax. There is no guarantee that there will be any such premium remitted to those retail shareholders as a result of the offer of the Retail Shortfall Shares (and the right to subscribe for those Retail Shortfall Shares) through the Retail Shortfall Bookbuild. Entitlements may only be exercised by eligible retail shareholders or eligible assignees, being persons who have a registered address in Australia and New Zealand, and certain categories of institutional investors in other jurisdictions.

Key Dates

Event	Date
Trading halt and announcement of Acquisition, Placement and Institutional Entitlement Offer opens	Monday, 21 November 2016
Institutional Entitlement Offer closes	Tuesday, 22 November 2016
Institutional Shortfall Bookbuild	Wednesday, 23 November 2016
Trading halt lifted – shares recommence trading on the ASX on an "ex-entitlement" basis	Thursday, 24 November 2016
Retail Entitlements commence trading on the ASX on a deferred settlement basis	Thursday, 24 November 2016
Record Date for determining entitlement to subscribe for New Shares	7:00pm (AEDT) Thursday, 24 November 2016
Retail Entitlement Offer opens	9:00am (AEDT) Wednesday, 30 November 2016
Retail Offer Booklet despatched and Retail Entitlements allotted	Wednesday, 30 November 2016
Retail Entitlements commence trading on the ASX on a normal settlement basis	Thursday, 1 December 2016
Settlement of Placement and Institutional Entitlement Offer	Thursday, 1 December 2016
Retail Entitlement trading on the ASX ends	Friday, 2 December 2016
Allotment and normal trading of New Shares under the Placement and Institutional Entitlement Offer	Friday, 2 December 2016
Retail Entitlement Offer closes	5:00pm (AEDT) Friday, 9 December 2016
Retail Shortfall Bookbuild	Wednesday, 14 December 2016
Settlement of Retail Shortfall Bookbuild	Monday, 19 December 2016
Allotment of New Shares under the Retail Entitlement Offer	Tuesday, 20 December 2016
Normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 21 December 2016
Despatch of holding statement in respect of New Shares issued under the Retail Entitlement Offer	Thursday, 22 December 2016

Note: The above timetable is indicative only and subject to change without notice. All dates and times are Australian Eastern Daylight Time.

Summary of Key Merger Agreement Terms

Provision	Description
Structure	An indirect wholly owned subsidiary of Boral will merge with and into Headwaters, with Headwaters surviving the merger and becoming an indirect wholly owned subsidiary of Boral.
Merger Consideration	US$24.25 per share in cash. If completion of the merger is delayed beyond 1 September 2017, then the Merger Consideration is increased by US$0.09 per share per month.
Closing Conditions	Receipt of Headwaters shareholder approval, receipt of regulatory approvals and other customary closing conditions.
Regulatory Obligations / Reverse Termination Fee	Boral and Headwaters must use reasonable best efforts to obtain certain required regulatory approvals, including to agree to divestitures up to a specified threshold. If such regulatory approvals are not obtained, Boral is required to pay a reverse termination fee of US$75 million.
Competing Proposals / Termination Fee / Stockholder "No Vote"	Headwaters is required to pay Boral a termination fee of US$65 million if, among other things, the Merger Agreement is terminated to accept an alternative acquisition proposal that it deems to be a superior proposal. If Headwaters stockholders do not approve the transaction, Headwaters must reimburse Boral's expenses up to a cap of US$37 million (US$18.5 million if the equity offering has not yet been consummated).
No Post-Closing Recourse	No post-closing indemnification or purchase price adjustments.
Representations, Warranties & Covenants	Boral and Headwaters each make representations, warranties and covenants that are customary for a transaction of this type.

Further Information

Further details of the Acquisition and the Equity Raising are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Equity Raising.

Citigroup and Macquarie Capital are acting as financial advisers. Citigroup, J.P. Morgan and Macquarie Capital are acting as joint lead managers, joint bookrunners and joint underwriters. Citibank N.A. and JPMorgan Chase Bank N.A. have provided the acquisition bridge facility and are acting as mandated lead arrangers and bookrunners. underwriters of the bridge acquisition facility. Alston & Bird, Herbert Smith Freehills, and Skadden, Arps, Slate, Meagher & Flom, are serving as legal advisors to Boral.

If you have any questions in relation to the Equity Raising, please contact the Boral Offer Information Line on 1300 420 208 (within Australia) or +61 1300 420 208 (outside of Australia) between 8:30am and 5:30pm (AEDT) Monday to Friday. For other questions, you should consult your broker, solicitor, accountant, financial adviser, or other professional adviser.

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Forward looking statements

This announcement contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events. Forward looking statements should, or can generally, be identified by the use of forward looking words such as "believe", "expect", "estimate", "will", "may", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions, and include but are not limited to the expected outcome of the Acquisition. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Such statements are not statements of fact and there can be no certainty of outcome in relation to the matters to which the statements relate. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual outcomes to be materially different from the events or results expressed or implied by such statements. Those risks, uncertainties, assumptions and other important factors are not all within the control of Boral and cannot be predicted by Boral and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Boral operates. They also include general economic conditions, exchange rates, interest rates, competitive pressures, selling price, market demand and conditions in the financial markets which may cause objectives to change or may cause outcomes not to be realised.

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Acquisition of Headwaters

Investor presentation

21 November 2016

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Important notice and disclaimer

This investor presentation (**Presentation**) has been prepared by Boral Limited (ABN 13 008 421 761) (**Boral**). This Presentation has been prepared in relation to Boral's acquisition of Headwaters and a fully underwritten 1 for 2.22 pro-rata accelerated renounceable entitlement offer of new ordinary fully paid shares in Boral (**New Shares**) with retail rights trading (**Entitlement Offer**) to be made under section 708AA of the Corporations Act 2001 (Cth) (Corporations Act) as modified by the Australian Securities and Investments Commission (**ASIC**) and a A$450 million institutional placement to institutional and sophisticated investors (**Placement**) (the Entitlement Offer together with the Placement constitute the **Offer**).

The Entitlement Offer will be made to:

- eligible institutional shareholders of Boral (**Institutional Entitlement Offer**); and
- eligible retail shareholders of Boral (**Retail Entitlement Offer**).

Summary information

This Presentation contains summary information about Boral and its activities which is current only at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in Boral or that would be required in a prospectus or product disclosure statement prepared in accordance with the requirements of the Corporations Act.

Boral's historical information in this Presentation is, or is based upon, information that has been released to the Australian Securities Exchange (**ASX**). This Presentation should be read in conjunction with Boral's other periodic and continuous disclosure information lodged with the ASX, which are available at www.asx.com.au. Certain information in this Presentation has been sourced from Headwaters, its representatives or associates. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither Boral nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

Not an offer

This Presentation is not a prospectus, product disclosure statement or other offering document under Australian law (and will not be lodged with ASIC) or any other law. This Presentation is for information purposes only and is not an invitation or offer of securities for subscription, purchase or sale in any jurisdiction.

The retail offer booklet for the Retail Entitlement Offer (**Retail Offer Booklet**) will be available following its lodgement with ASX. Any eligible retail shareholder who wishes to participate in the Retail Entitlement Offer should consider the Retail Offer Booklet in deciding whether to apply under that offer. Anyone who wishes to apply for New Shares under the Retail Entitlement Offer will need to apply in accordance with the instructions contained in the Retail Offer Booklet and the entitlement and acceptance form that will accompany it.

The release, publication or distribution of this Presentation (including an electronic copy) outside Australia and New Zealand may be restricted by law. If you come into possession of this Presentation, you should observe such restrictions and should seek your own advice on such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws. Refer to the 'International Offer restrictions' section in Appendix E of this Presentation for more information.

Not for release or distribution in the United States of America

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This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the New Shares nor entitlements have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States.

Accordingly, neither the New Shares nor the entitlements may be offered, sold or resold, directly or indirectly, to persons in the United States, unless they have been registered under the U.S. Securities Act (which Boral has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable United States state securities laws.

Not investment advice

This Presentation does not constitute investment or financial product advice (nor tax, accounting or legal advice) or any recommendation by Boral or its advisers to acquire entitlements or New Shares and does not and will not form any part of any contract for the acquisition of entitlements or New Shares. Each recipient of this Presentation should make its own enquiries and investigations regarding all information in this Presentation including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Boral and the impact that different future outcomes may have on Boral.

This Presentation has been prepared without taking account of any person's individual investment objectives, financial situation or particular needs. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and seek legal, accounting and taxation advice appropriate to their jurisdiction. Boral is not licensed to provide financial product advice in respect of Boral shares.

Cooling off rights do not apply to the acquisition of New Shares.

Investment Risk

An investment in Boral shares is subject to known and unknown risks, some of which are beyond the control of Boral. Boral does not guarantee any particular rate of return or the performance of Boral nor does it guarantee any particular tax treatment. Investors should have regard to the risk factors outlined in the "Key Risks" section of this Presentation when making their investment decision.

Financial Data

All financial information in this Presentation is in Australian Dollars ($ or AUD) unless otherwise stated. Investors should note that this Presentation contains pro forma historical and forecast financial information. The pro forma and forecast financial information, and the historical information, provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Boral's views on its future financial condition and/or performance. You should note that the pro forma financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission (**SEC**).

The pro forma financial information has been prepared by Boral in accordance with the recognition and measurement principles of the Australian Accounting Standards and other mandatory reporting requirements in Australia, and Boral's adopted accounting policies. Boral has prepared (and made assumptions in the preparation of) the financial information relating to Headwaters on a stand-alone basis and also to Boral post-completion included in this presentation in reliance on limited financial and other information provided by Headwaters. Financial information for Headwaters contained in this presentation has been derived from audited consolidated annual accounts of Headwaters, Headwaters public announcements and other financial information made available by Headwaters in connection with the acquisition, and Boral does not take responsibility for it.

Important notice and disclaimer (cont.)

Investors should be aware that certain financial measures included in this presentation are 'non-IFRS financial information' under ASIC Regulatory Guide 230: 'Disclosing non-IFRS financial information' published by ASIC and also 'non-GAAP financial measures' within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (**AAS**) and International Financial Reporting Standards (**IFRS**). The non-IFRS financial information/non-GAAP financial measures include Enterprise Value, EBITDA, Adjusted EBITDA, EBIT, net debt and others. The disclosure of such non-GAAP financial measures in the manner included in this Presentation would not be permissible in a registration statement under the U.S. Securities Act. Such non-IFRS financial information/non-GAAP financial measures do not have a standardized meaning prescribed by AAS or IFRS. Therefore, the non-IFRS financial information may not be comparable to similarly titled measures presented by other entities, and should not be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Although Boral believes these non-IFRS financial measures provide useful information to investors in measuring the financial performance and condition of its business, investors are cautioned not to place undue reliance on any non-IFRS financial information/non-GAAP financial measures included in this Presentation.

Future Performance and forward-looking statements

This Presentation contains certain 'forward looking statements', including but not limited to projections, guidance on future revenues, earnings, margin improvement, other potential synergies and estimates, the timing and outcome of the Headwaters acquisition, the outcome and effects of the Offer and the use of proceeds, and the future performance of Boral and Headwaters post acquisition (**Combined Group**). Forward looking statements can generally be identified by the use of forward looking words such as 'expect', 'anticipate', 'likely', 'intend', 'should', 'could', 'may', 'predict', 'plan', 'propose', 'will', 'believe', 'forecast', 'estimate', 'target', 'outlook', 'guidance', 'potential' and other similar expressions within the meaning of securities laws of applicable jurisdictions and include, but are not limited to, statements relating to the impact of the Acquisition, the future performance and financial position of Boral, estimated net synergies after combination with Headwaters, the outcome and effects of the Offer and the use of proceeds. Indications of, and guidance on, future earnings and financial position and performance are also forward looking statements.

The forward looking statements contained in this Presentation are not guarantees or predictions of future performance and involve known and unknown risks and uncertainties and other factors, many of which are beyond the control of Boral, its Directors and management, and may involve significant elements of subjective judgment and assumptions as to future events which may or may not be correct. Refer to the "Key Risks" section of this Presentation for a summary of certain general, Boral specific and Acquisition specific risk factors that may affect Boral. There can be no assurance that actual outcomes will not differ materially from these forward looking statements. A number of important factors could cause actual results or performance to differ materially from the forward looking statements, including the risk factors set out in this Presentation. Investors should consider the forward looking statements contained in this Presentation in light of those disclosures. No representation or warranty, express or implied, is made as to the accuracy, likelihood of achievement or reasonableness of any forecasts, prospects, returns or statements in relation to future matters contained in this Presentation. The forward looking statements are based on information available to Boral as at the date of this Presentation. Except as required by law or regulation (including the ASX Listing Rules), Boral undertakes no obligation to provide any additional or updated information whether as a result of new information, future events or results or otherwise. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Effect of Rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Past Performance

Investors should note that past performance, including past share price performance of Boral and pro forma historical information in this Presentation, is given for illustrative purposes only and cannot be relied upon as an indicator of (and provides no guidance as to) future Boral performance including future share price performance. The pro forma historical information is not represented as being indicative of Boral's views on its future financial condition and/or performance.

Disclaimer

Investors acknowledge and agree that determination of eligibility of investors for the purposes of the institutional or retail components of the Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Boral and/or the underwriters, and each of Boral and the underwriters and each of their respective affiliates disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law. Each underwriter may rely on information provided by or on behalf of institutional investors in connection with managing, conducting and underwriting the Offer without having independently verified that information and the underwriters do not assume responsibility for the accuracy or completeness of that information.

None of the underwriters, nor their or Boral's respective advisers or any of their respective affiliates, related bodies corporate, directors, officers, partners, employees and agents, have authorised, permitted or caused the issue, submission, dispatch or provision of this Presentation and, for the avoidance of doubt, and except to the extent referred to in this Presentation, none of them makes or purports to make any statements in this Presentation and there is no statement in this Presentation which is based on any statement by any of them.

To the maximum extent permitted by law, Boral, the underwriters and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents exclude and disclaim all liability, including without limitation for negligence or for any expenses, losses, damages or costs incurred by you as a result of your participation in or failure to participate in the Offer and the information in the Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

To the maximum extent permitted by law, Boral, the underwriters and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation and, with regards to the underwriters, their advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents, have not independently verified any such information and take no responsibility for any part of this Presentation or the Offer.

The underwriters and their advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents make no recommendations as to whether you or your related parties should participate in the Offer nor do they make any representations or warranties to you concerning the Offer, and you represent, warrant and agree that you have not relied on any statements made by the underwriters, or any of their advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents in relation to the Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

Statements made in this Presentation are made only as at the date of this Presentation. The information in this Presentation remains subject to change without notice.

You acknowledge and agree that:

- Determination of eligibility of investors for the purposes of the institutional and retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Boral and the underwriters; and
- Each of Boral, the underwriters and their respective advisers, affiliates, related bodies corporate, directors, officers, partners, employees and agents disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law.

Boral reserves the right to withdraw, or vary the timetable for the Offer without notice.

Acceptance

By attending an investor presentation or briefing, or accepting, accessing or reviewing this Presentation you acknowledge and agree to the terms set out in this 'Important notice and disclaimer'.

Contents

Transaction overview

Headwaters highlights

Boral has entered into a binding agreement to acquire Headwaters, a leading building products manufacturer and fly ash marketer in North America, for ~US$2.6 billion[1]

- ✓ **US$1.1 billion revenue in FY2016[2]**
- ✓ **Leadership positions** in key market segments
- ✓ **High quality product offerings** with established reputations
- ✓ Extensive and established **national distribution network**
- ✓ **Long-term customer relationships** and certain exclusive contracts
- ✓ **Diversified end market exposure**
- ✓ **Well positioned to benefit from market improvements** in USA construction and building product segments

1. Represents enterprise value based on offer price of US$24.25 per share, fully diluted shares on issue of 76.7 million and net debt of US$704 million.
2. Represents revenue for the year ended 30 September 2016 on a pro forma basis reflecting full year of ownership of the Krestmark windows business, which was acquired by Headwaters on 19 August 2016.

Delivering Boral's strategy

Acquisition of Headwaters is aligned with Boral's stated M&A strategy

Strategically aligned M&A opportunity

Boral objective	Expected impact of Headwaters acquisition	
Diversify market exposures beyond single family housing	▪ Increases Boral's exposure to the USA building and construction markets, which are experiencing positive momentum ▪ Diversifies Boral USA's channels, end-market exposures, geographic presence and customer concentration	✓
Less capital intensive businesses with a more flexible, variable cost structure	▪ Further reshapes Boral USA's portfolio following recent North American Bricks Joint Venture ▪ Boral's portfolio re-weighted towards less capital intensive businesses ▪ Substantial synergies will improve earnings through-the-cycle	✓
Opportunities to align with emerging trends	▪ Establishes leading positions in fly ash, light building products, stone and roofing materials that will benefit from manufacturing and distribution optimisation ▪ Adds attractive, high margin niche products to Boral's existing light building products platform, enabling Boral to better serve customers with an expanded product suite	✓
Earnings accretive opportunities	▪ Accretive to Boral's EPS on a pro forma FY2017F NPATA basis[1] ▪ Synergies of approximately US$100 million per annum within four years of transaction completion	✓

1. FY2017 pro forma EPS accretion on a NPATA basis assumes the Headwaters acquisition was effective from 1 July 2016, includes synergies (refer to footnotes 5 and 6 on page 8) and excludes transaction costs, integration costs and amortisation of acquired intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. In accordance with AASB 133, Boral basic EPS for the year ending 30 June 2017 has been adjusted to reflect the bonus element in the Entitlement Offer.

Strategic rationale

Strategically compelling acquisition transforms Boral, better positioning the Group to deliver more sustainable growth and above cost of capital returns through market cycles

01 **A transformative step for Boral**

02 **Strong strategic fit with Boral's existing USA business**

03 **Significantly scales Boral's fly ash business**

04 **Accelerates development of Boral's light building products platform**

05 **Substantial synergies and FY2017 pro forma EPS accretion**

Transaction summary

Transaction details	■ Binding agreement to acquire 100% of NYSE listed Headwaters Incorporated (Ticker: HW.US) for an all cash price of US$24.25 per share, implying an enterprise value of US$2.6 billion[1] ■ Implied acquisition multiple of approximately **10.6x** enterprise value / Adjusted EBITDA for the 12 months ending 30 September 2017, based on Headwaters' earnings guidance[2] — Multiple reduces to **7.5x** incorporating full annual synergies[3] ■ Transaction **unanimously approved** by the board of Headwaters
Funding	■ **A$1.6 billion** fully underwritten, pro-rata, accelerated, renounceable entitlement offer ("Entitlement Offer") ■ **A$450 million** fully underwritten institutional placement ("Placement") ■ Balance funded through a combination of **US$0.8 billion** of debt from a committed bridge acquisition facility and existing cash
Expected financial impacts	■ EPS accretive on a pro forma FY2017F NPATA basis[4] — **High single digit** using synergies estimated to be delivered in the first full year of ownership[5] — **Low double digit** using estimated run rate synergies at the end of the first full year of ownership[6] ■ Synergies of approximately **US$100 million** per annum estimated within four years of transaction completion ■ Pro forma gearing (ND/ND+E) of approximately **30%** as at 30 June 2016 and targeting net debt / EBITDA of ~2.5x following transaction close ■ Committed to **retaining investment grade credit ratings**
Timing and closing conditions	■ **Headwaters shareholder vote** ■ **Regulatory approvals** (including Hart-Scott-Rodino) and **other customary closing conditions** ■ Anticipated closing in **mid CY2017**

1. Represents enterprise value based on offer price of US$24.25 per share, fully diluted shares on issue of 76.7 million and net debt of US$704 million.
2. Based on Adjusted EBITDA (as defined by Headwaters) of US$242.5 million, being the midpoint of Headwaters' Adjusted EBITDA guidance range for the 12 months ending 30 September 2017 of US$235 million to US$250 million, as quoted in Headwaters' FY2016 results announcement dated 1 November 2016.
3. Based on estimated synergies of US$100 million per annum expected to be achieved within four years of transaction completion.
4. FY2017 pro forma EPS accretion on a NPATA basis assumes the Headwaters acquisition was effective from 1 July 2016, includes synergies (refer to footnotes 5 and 6) and excludes transaction costs, integration costs and amortisation of acquired intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. In accordance with AASB 133, Boral basic EPS for the year ending 30 June 2017 has been adjusted to reflect the bonus element in the Entitlement Offer.
5. Estimated synergies of US$30-35 million expected to be delivered in the first full year following transaction completion.
6. Estimated run rate synergies of US$50-55 million at the end of the first full year following transaction completion.

II

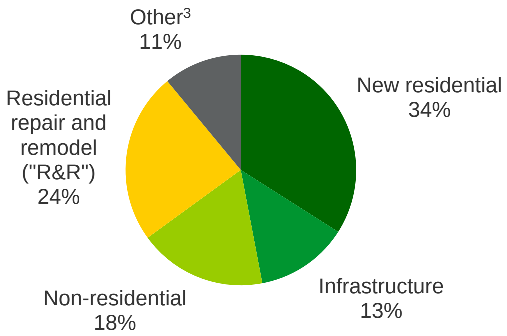
Overview of Headwaters

Overview of Headwaters

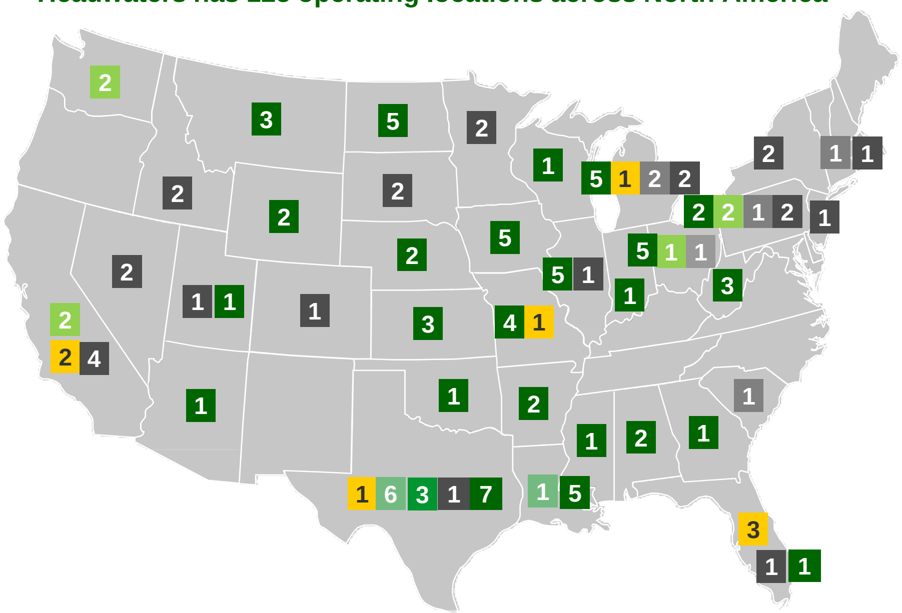
Headwaters is a leading manufacturer of building products and one of the largest marketers of fly ash in the USA construction materials market

- Operates through two core divisions[1]
  - **Building Products** designs, manufactures and nationally distributes a comprehensive range of building solutions
  - **Construction Materials** includes the one of the largest fly ash operations in the USA
- Pro forma revenue of US$1.1 billion and Adjusted EBITDA of US$218 million[2]
- 34 building products operating locations, 68 fly ash sources and 25 fly ash terminals
- Extensive and established national distribution network across the USA
- Diversified end market exposure

FY16 revenue by end market



Headwaters has 125 operating locations across North America



Operating footprint[4]
(total number of operating locations)

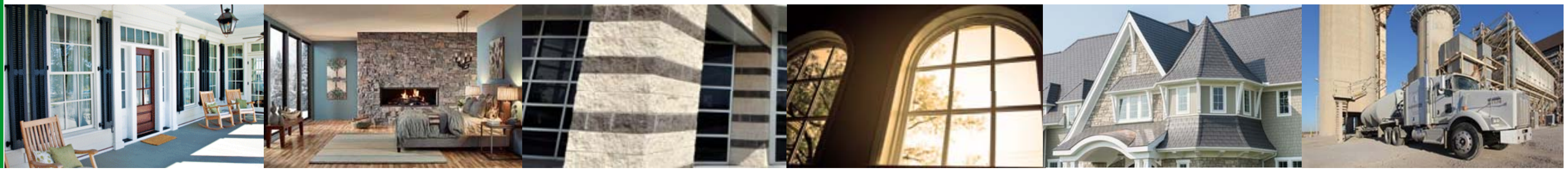
9	Roofing	6	Siding & Trim	68	Fly ash sources
9	Stone	3	Windows	25	Fly ash terminal
7	Block				

Source: Headwaters company filings
1. In addition, Energy Technologies is a non-core business that generated revenue of approximately US$10 million for the year ended 30 September 2016.
2. Revenue and Adjusted EBITDA for the year ended 30 September 2016 on a pro forma basis reflecting full year of ownership of the Krestmark windows business.
3. "Other" represents Energy Technology segment, Construction Materials services revenue and other end markets for fly ash product.
4. Operating locations include manufacturing facilities, distribution centres and segment headquarters as at November 2016, including a roofing facility in Canada, a stone facility in the Philippines and a stone facility in Mexico.

Headwaters divisional overview

Headwaters has two core divisions, Building Products and Construction Materials

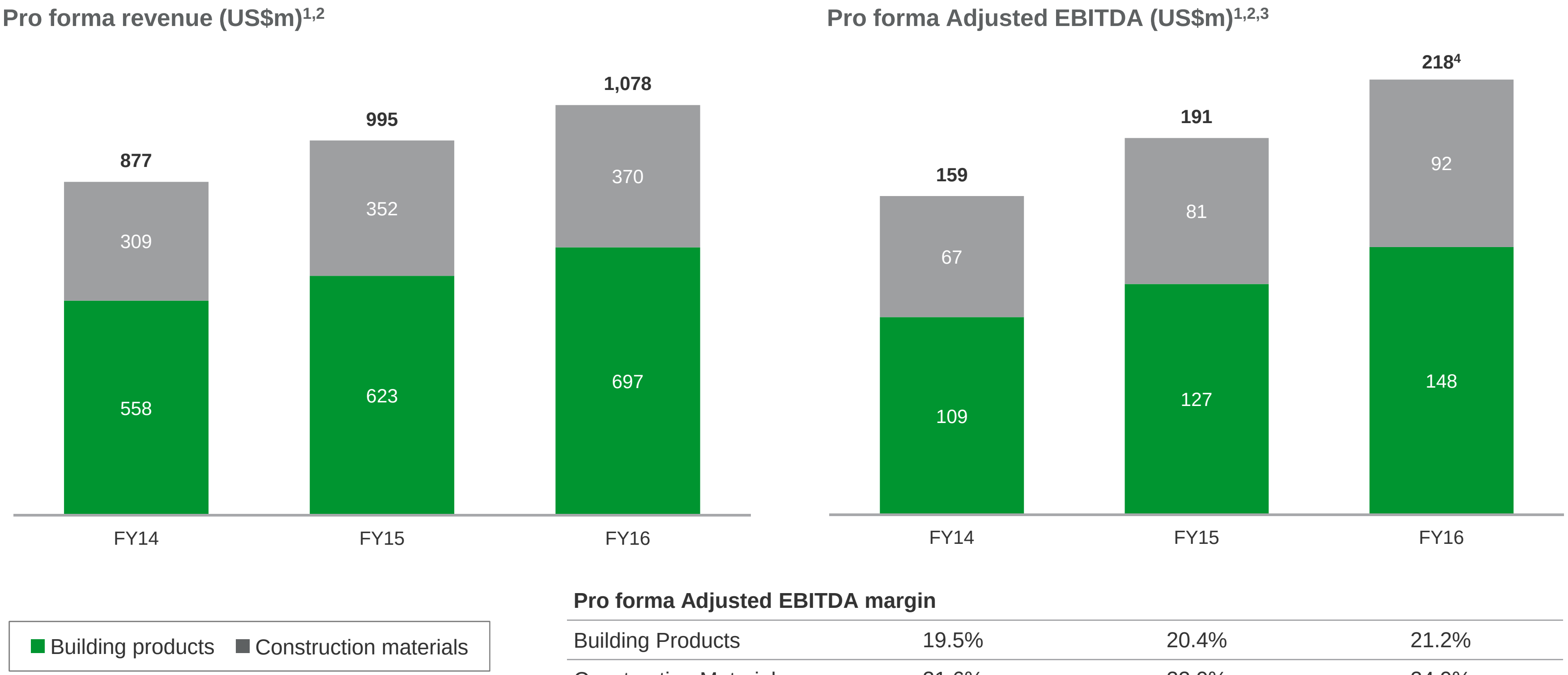
	Building Products *65% of revenue[1]*					Construction Materials *34% of revenue[1]*
	Siding & Trim	**Stone**	**Block**	**Windows**	**Roofing**	**Fly ash**
% of FY16PF revenue (US$1.1b)[1]	18%	14%	11%	11%	10%	34%
Overview	▪ Siding accessories and professional tools for exterior residential home improvement and construction	▪ Manufactures architectural stone products ▪ National brands and manufacturing platform	▪ Manufactures architectural and commercial grade products ▪ Regional branding and distribution, primarily in Texas	▪ Manufactures high quality windows and doors ▪ Services diverse customer base in South Central USA	▪ Manufactures and distributes polymer composite and stone-coated roofing products nationally	▪ Supplies fly ash to USA construction industry ▪ Exclusive long-term relationships with coal-fired utilities
Key products	▪ Siding, shutters, gable vents, mounting blocks, trimboard, decking, railing	▪ Stone, interior, fireplace, outdoor living	▪ Foundation block, architectural block, segmental retaining wall units, hardscape products	▪ Vinyl windows, aluminium windows, patio doors	▪ Polymer composites, stone coated metal roofing, concrete tile	▪ Fly ash



1. Based on Headwaters FY16 pro forma revenue reflecting full year of ownership of the Krestmark windows business. Headwaters' third division, Energy Technologies, accounts for approximately 1% of pro forma FY16 revenue.

Headwaters financial overview

Headwaters has delivered strong margin expansion across its two core divisions



Pro forma Adjusted EBITDA margin			
Building Products	19.5%	20.4%	21.2%
Construction Materials	21.6%	22.9%	24.9%
Group	18.1%	19.2%	20.2%

1. Headwaters financials are based on a 30 September year end and are presented on a pro forma basis to reflect ownership of the Krestmark windows business throughout the historical period (i.e. as if the Krestmark windows acquisition, which occurred on 19 August 2016, was effective from 1 October 2013). FY14 and FY15 Krestmark financials are on a 31 December year end basis, reflecting Krestmark's financial year end; FY16 Krestmark financials are based on a financial year ended 30 September 2016, consistent with Headwaters' financial year end.
2. Building Products and Construction Materials divisional contributions do not add up to total pro forma revenue and Adjusted EBITDA due to the exclusion of Energy Technologies and corporate costs from the graphs.
3. Under Boral's accounting policies, some depreciation and amortisation within Headwaters' financials may be reclassified as an operating expense.
4. Refer to Appendix B for a bridge from Headwaters' reported FY16 Adjusted EBITDA to pro forma FY16 Adjusted EBITDA.

Strategic rationale

1. A transformative step for Boral

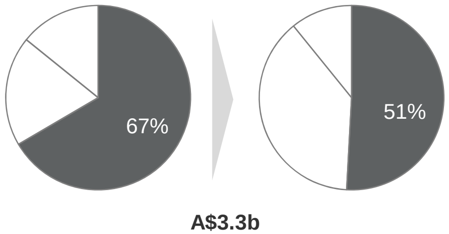
Acquisition of Headwaters transforms Boral's USA business, resulting in three strong divisions, with Boral well positioned for growth and improved performance

FY16PF revenue

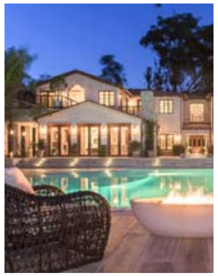
Division		Key strengths	*Pre transaction*	*Pro forma*

Boral Australia

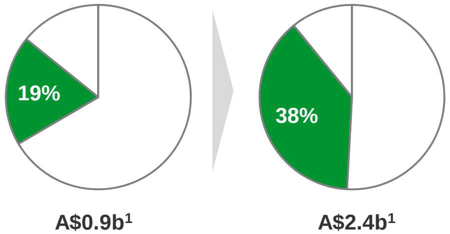
- Leading, integrated construction materials position in Australia
- Diversified end market exposure
- Exposed to multi-year infrastructure growth



Boral USA

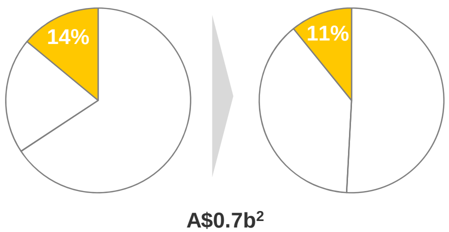


- Leading USA market positions
- Diversified end market exposure
- Growth platforms in building products and fly ash
- Strong innovation pipeline



USG Boral

- Leading plasterboard manufacturing and distribution footprint in Asia and Australia
- World-leading technologies
- Strong growth through economic development, product penetration and innovation



Shareholder value

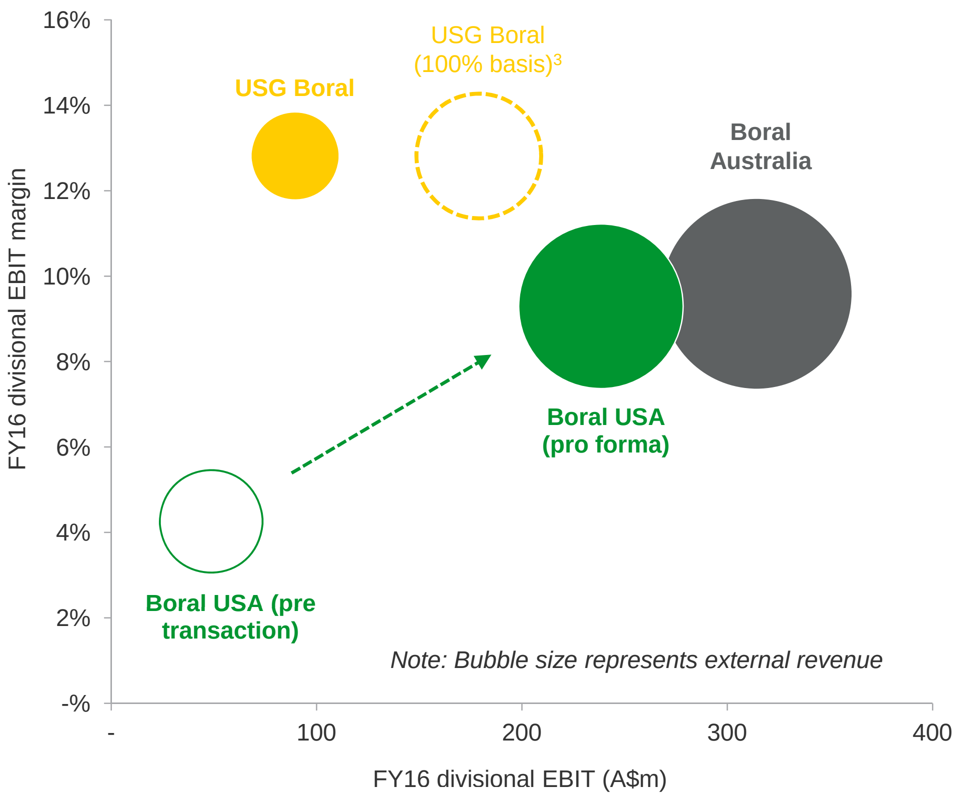
- ✓ Increased access to **large and growing markets in the USA**
- ✓ **Strong earnings growth**
- ✓ Better positioned to **exceed cost of capital through-the-cycle**
- ✓ **Strong cashflow** generation
- ✓ **Stronger margins**
- ✓ **More balanced portfolio** of innovative and traditional products

1. Based on Boral USA revenue for the year ended 30 June 2016 and Headwaters revenue for the year ended 30 September 2016 on a pro forma basis reflecting full year ownership of the Krestmark business and converted at AUD/USD exchange rate of 0.73. Boral USA revenue (pre transaction and pro forma) adjusted to reflect the North American Bricks Joint Venture by excluding 100% of Boral USA Bricks revenue and including Boral's 50% share of the North American Bricks Joint Venture revenue.
2. Represents Boral's 50% share of revenue of the USG Boral Joint Venture.

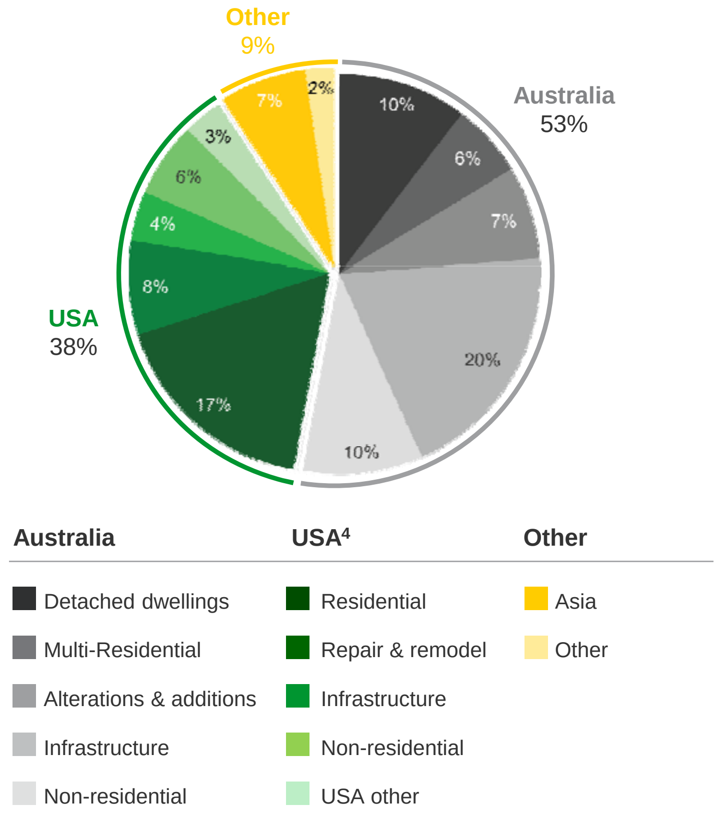
1. A transformative step for Boral

Re-weights Boral's portfolio to a scaled and higher margin USA business with greater diversity in end markets

Pro forma Boral divisional FY16 EBIT vs EBIT margin[1,2]



Pro forma FY16 revenue by end market

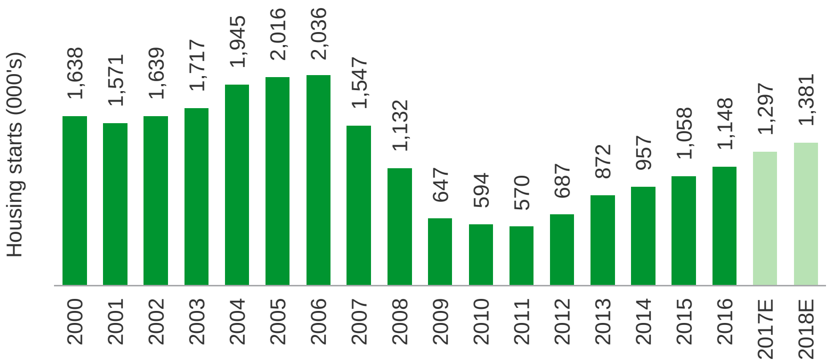


1. Bubble size represents external revenue; USG Boral represents Boral's 50% share of revenue of the USG Boral Joint Venture; Boral USA adjusted to reflect the North American Bricks Joint Venture transaction by excluding 100% of Boral USA Bricks and including Boral's 50% share of the North America Bricks Joint Venture revenue and earnings; Boral Australia adjusted to reflect the divestment of Boral's 50% interest in East Coast Bricks Joint Venture.
2. Pro forma Boral USA represents the combination of pro forma Boral USA EBIT for the year ended 30 June 2016 and pro forma Headwaters EBIT for the year ended 30 September 2016 converted at AUD/USD of 0.73.
3. Although Boral has a 50% interest in the Boral USG Joint Venture, Boral USG is shown on a 100% basis to illustrate the size of the underlying business relative to Boral's other divisions.
4. Boral USA revenue includes a small proportion of revenue generated from the Canadian operations of the North American Bricks Joint Venture.

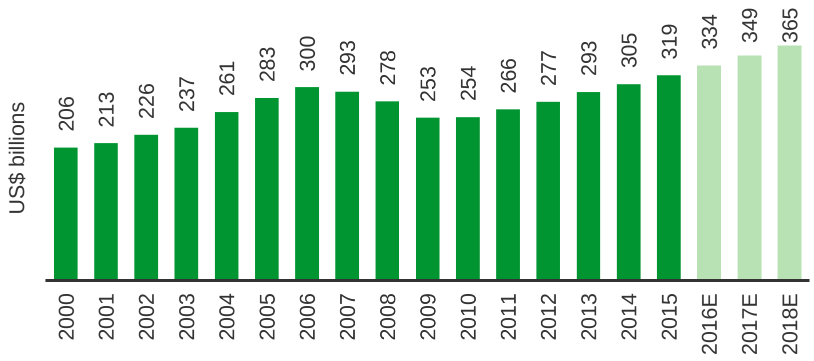
1. A transformative step for Boral

Significantly increases Boral's exposure to large addressable USA building and construction markets, which are experiencing positive momentum

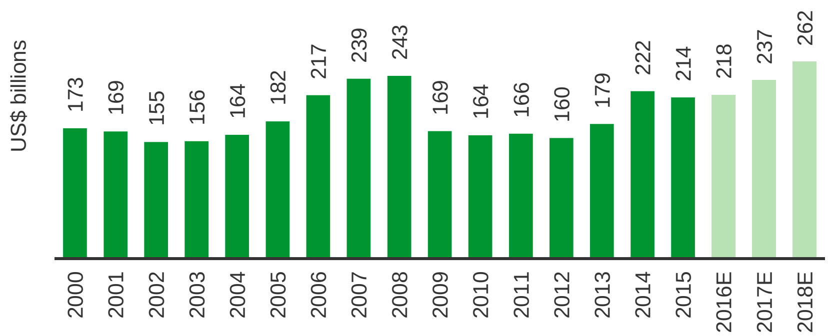
USA New Residential: 45% of combined USA revenue[1]



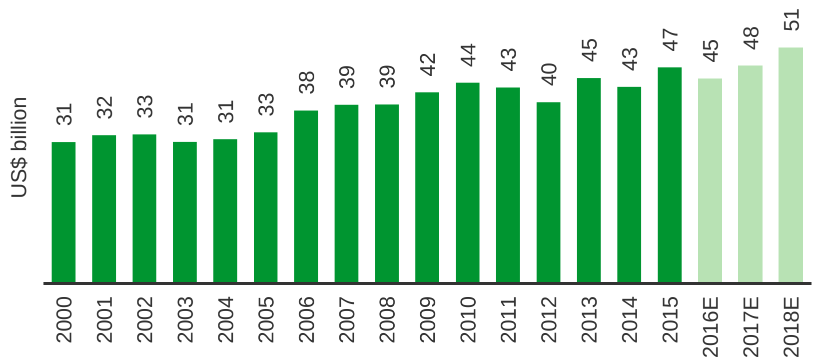
USA Residential Repair & Remodel: 20% of combined USA revenue[2]



USA Non-residential: 16% of combined USA revenue[3]



USA Infrastructure: 11% of combined USA revenue[4]



1. Source: US Census SAA. Forecasts based on an average of analysts' forecasts sourced from NAHB, MBA, Dodge, Wells Fargo, NAR, Fannie Mae and Freddie Mac in 2016.
2. Source: Home Improvement Research Institute.
3. Source: Dodge Data & Analytics.
4. Source: Dodge Data & Analytics.

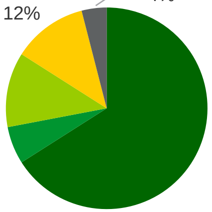
1. A transformative step for Boral

With increased exposure to more diverse and growing end markets, Boral will be better positioned to deliver more sustainable growth and improved earnings

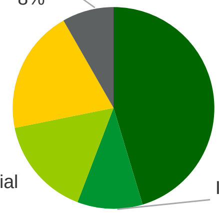
Pre transaction[1] | **Pro forma[1,2]** | **Expected impact**

Boral USA revenue by end market[1]

Pre transaction[1]



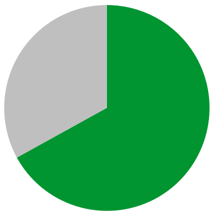
Pro forma[1,2]



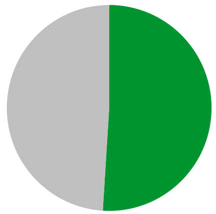
Expected impact: ✓ ***Increased diversification across USA markets***

Boral revenues exposed to growth markets

Pre transaction[1]



Pro forma[1,2]



Growth divisions | Well established, high performing division

Expected impact: ✓ ***Increased exposure to growth markets***

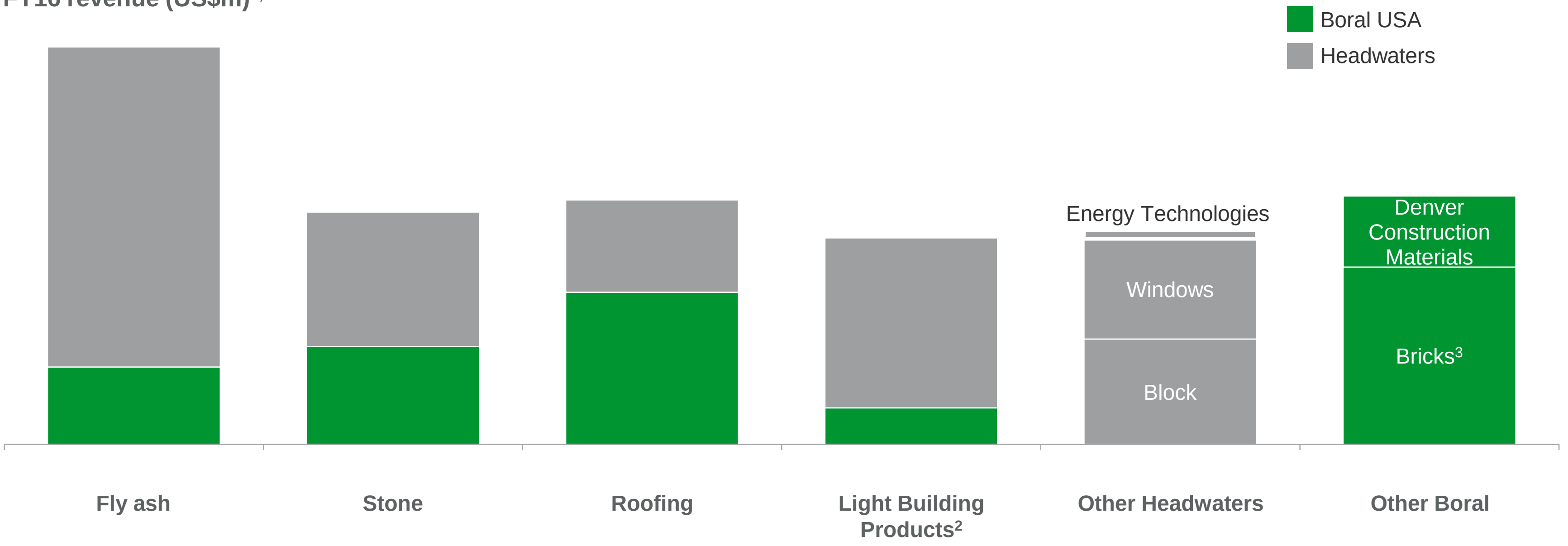
	Pre transaction[1]	Pro forma[1,2]	Expected impact
Boral EBITDA margins	**~9-16% through cycle (past 10 years)**	**Acquired businesses ~20% Adjusted EBITDA margins (FY16) plus synergies**	✓ ***Enhanced portfolio of higher margin businesses***
Boral EPS	**14-50 cents per share (past 10 years)**	**EPS accretive**	✓ ***Improved shareholder returns***

1. Based on Boral USA revenue for the year ended 30 June 2016 (including Boral's 50% share of revenue of the North American Bricks Joint Venture). Boral USA revenue includes a small proportion of revenue generated from the Canadian operations of the North American Bricks Joint Venture, which is not represented in the charts.
2. Based on Headwaters revenue for the year ended 30 September 2016 presented on a pro forma basis reflecting full year of ownership of the Krestmark windows business.

2. Strong strategic fit with Boral's existing USA business

Combination of complementary businesses establishes leading positions in key market segments and adds significant scale to Boral's USA footprint, with pro forma combined revenue of US$1.8 billion

FY16 revenue (US$m)[1,2]



Fly ash
- ✓ National supply footprint
- ✓ Enhanced site service capabilities

Stone
- ✓ Leading sales, marketing and product offering
- ✓ Improved geographic coverage

Roofing
- ✓ Full high-end roof offering
- ✓ National distribution
- ✓ Exposure to the re-roof market

Light Building Products[2]
- ✓ Broader product offering
- ✓ Strong positions
- ✓ R&R exposure

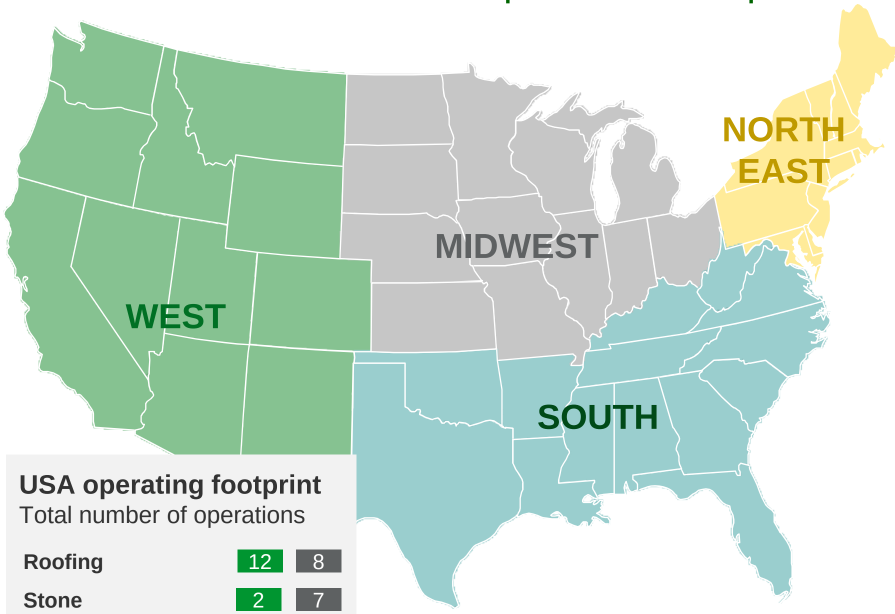
Other Headwaters
- ✓ Quality windows offering, diverse customer base
- ✓ Broad block product offering, state-of-the-art manufacturing facilities

Other Boral
- ✓ North American Bricks Joint Venture expected to deliver synergies of US$25m p.a. within four years[4]

1. Based on Boral USA revenue for the year ended 30 June 2016 and Headwaters pro forma revenue for the year ended 30 September 2016.
2. Light Building Products includes siding, trim and panelised stone.
3. Boral USA Bricks revenue represents Boral's 50% share of revenue of the North American Bricks Joint Venture.
4. As disclosed in Boral's announcement of the North American Bricks Joint Venture on 24 August 2016.

2. Strong strategic fit with Boral's existing USA business

Headwaters adds significant scale to Boral's USA footprint with complementary geographic coverage



West

	Boral	Headwaters
Roofing	8	2
Stone	1	4
Fly ash terminal	1	10
Fly ash sources	7	7
Concrete & quarries	9	

South

	Boral	Headwaters
Roofing	4	4
Stone	1	
Siding		1
Fly ash terminal	6	2
Fly ash sources	14	23
Blocks		7
Windows		3
Bricks[1]	19	
Concrete bricks[1]	2	
BP distribution[1]	42	
Composites	1	

USA operating footprint

Total number of operations

	Boral	Headwaters
Roofing	12	8
Stone	2	7
Siding		6
Fly ash terminals	7	25
Fly ash sources	21	68
Blocks		7
Windows		3
Bricks[1]	27	
Concrete bricks[1]	2	
BP distribution[1]	44	
Composites	1	
Concrete & quarries	9	

Northeast

	Boral	Headwaters
Stone		2
Siding		2
Fly ash terminal		6
Fly ash sources		2
Bricks[1]	1	

Midwest

	Boral	Headwaters
Roofing		2
Stone		1
Siding		3
Fly ash terminal		7
Fly ash sources		36
Bricks[1]	3	
BP distribution[1]	2	

Other

	Boral	Headwaters
Canada	4	1
Mexico		1
Philippines		1
Trinidad	1	

Operating sites[2]:

Boral Headwaters

Note: Headwaters has a roofing facility in Canada, a stone facility in the Philippines and stone facility in Mexico; Boral USA has a mothballed roofing facility in Trinidad; North American Bricks Joint Venture has four facilities in Canada.

1. Includes North American Bricks Joint Venture operations. BP distribution refers to Building Products distribution centres.
2. As at November 2016.

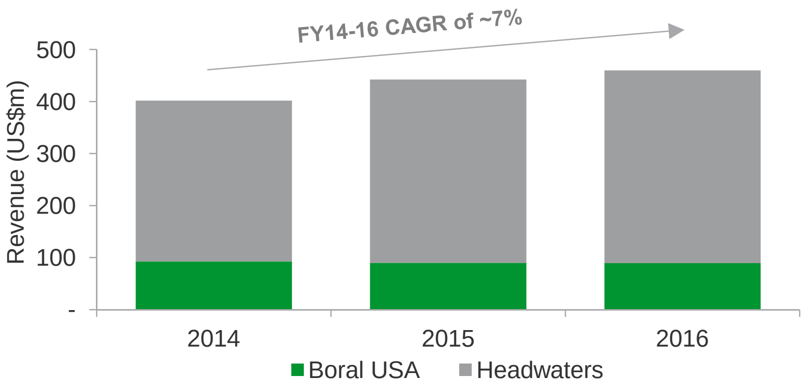
3. Significantly scales Boral's fly ash business

Creates a national fly ash platform with pro forma revenue of over US$450 million, more efficient customer service and exposed to increased infrastructure spend in the USA

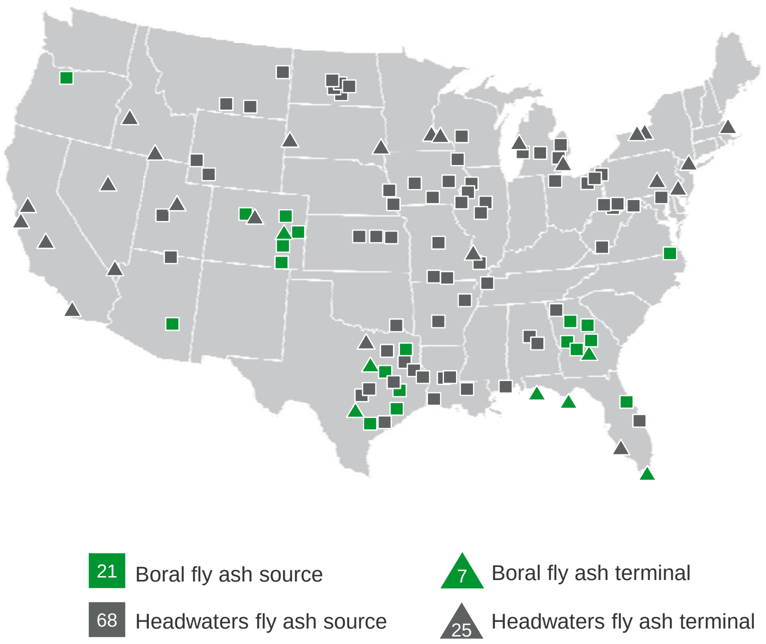
Combined fly ash position

- ✓ Supplied over seven million tons p.a. of fly ash to the USA construction industry in FY16
- ✓ National and diverse supply footprint with over 120 contracts
- ✓ Leading fly ash beneficiation technologies
- ✓ Strong reputations among both utilities and fly ash customers
- ✓ Cement demand forecast to grow at ~7% CAGR over FY16-22[1] and expected to drive fly ash demand growth
- ✓ Opportunities to cross-sell, improve R&D and optimise network

Pro forma combined historical fly ash revenue[2]



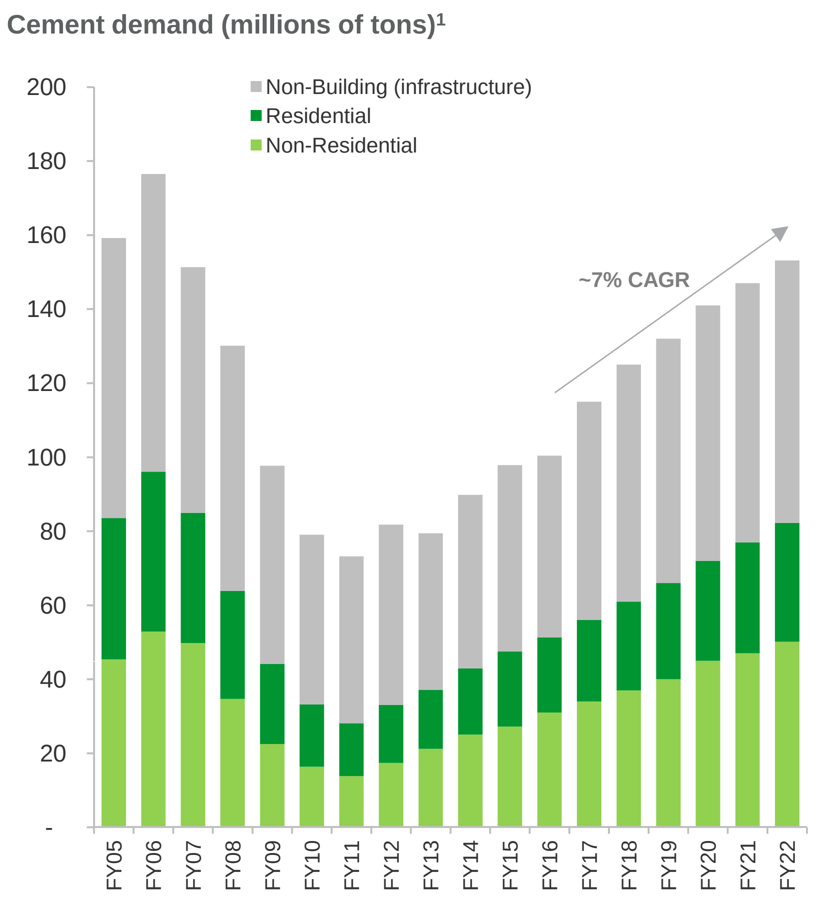
Combined fly ash sources and storage terminals[3]

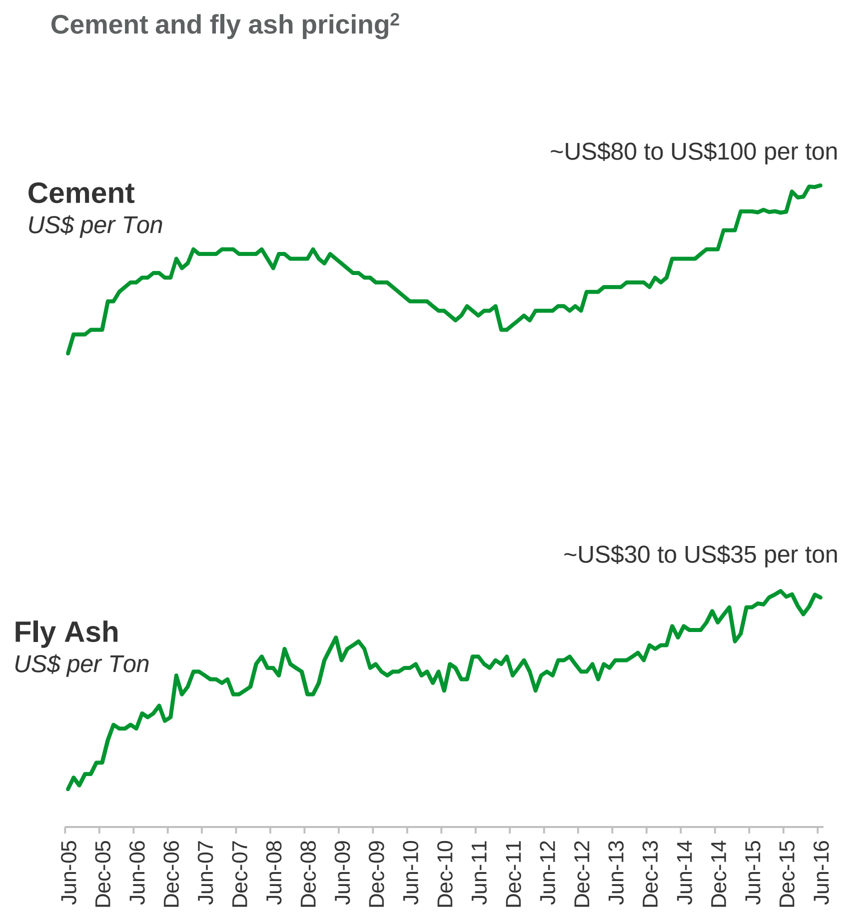


1. Portland Cement Association: 2015 Market Intelligence Report.
2. Based on Boral USA revenue for years ended 30 June and Headwaters revenue for years ended 30 September.
3. Fly ash sources and storage terminals as at November 2016.

3. Significantly scales Boral's fly ash business

Cement consumption in ready mix is expected to drive a significant increase in fly ash demand; fly ash remains competitively priced against cement





1. Portland Cement Association: 2015 Market Intelligence Report.
2. Estimated industry fly ash ASP, cement ASP: Bureau of Labor Statistics.

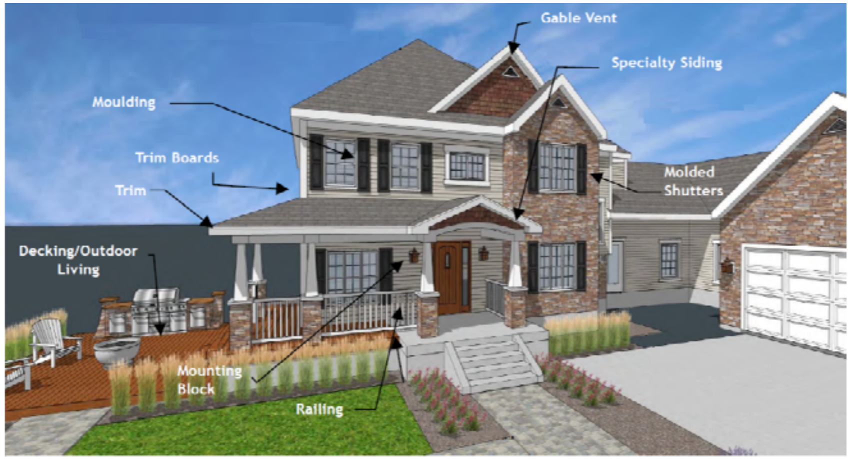
4. Accelerates development of Boral's light building products platform

Transforms Boral's light building products platform in the USA from a narrow offering into a diverse platform of attractive niche products

Boral's existing light building products platform

- **Exposure to repair and remodel market limited by scale of business**
- **35 wholesale distributors** across the country
- **Product offering limited** to trim, high end siding, early life-cycle composites and panelised stone (Versetta®)
- **Innovation platform** – R&D capability, 100+ granted or pending patents and strong pipeline of new products / applications
- **Medium- to high-end** residential focus

Combined light building products business



- **Significant exposure to repair and remodel market**
- **1,200+ wholesale distributors** across the country[1]
- **Diverse platform of attractive niche products**
- **R&D capability to be leveraged** across broader product portfolio
- **Full spectrum of homes**

1. Based on Headwaters public information as at 30 September 2016, includes entire Building Products segment.

4. Accelerates development of Boral's light building products platform

Headwaters delivers geographic breadth and creates a diverse platform of attractive niche products, enabling Boral to service the full spectrum of high and low end housing

Combined light building products offering


Trim


Siding


Beadboard


Moulding


Panelised stone


Decking

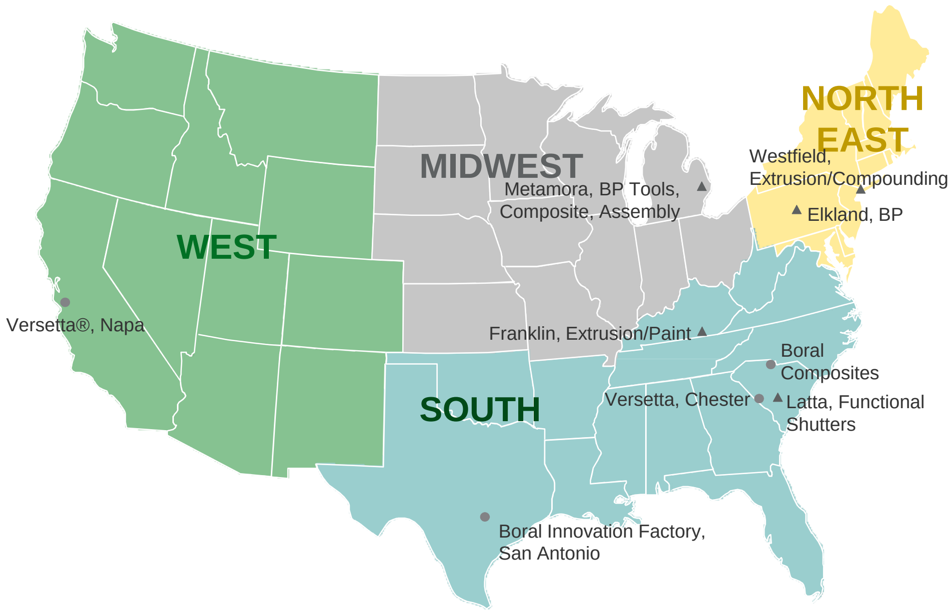

Railing


Gable and roof vents


Shutters

Combined light building products locations

1,200+ wholesale distributors across the country



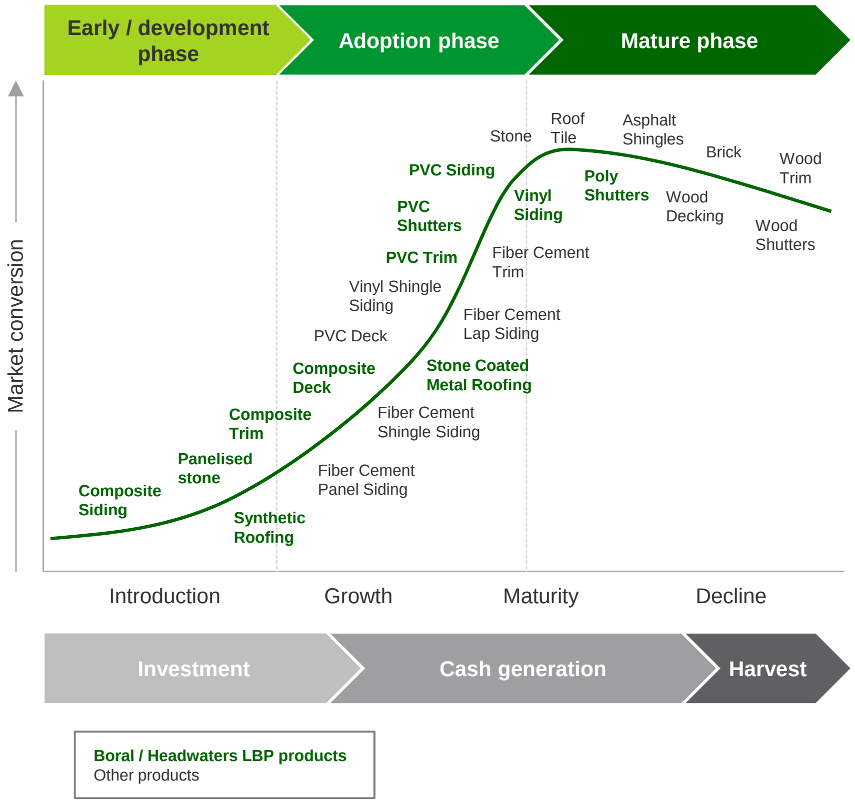
● Boral USA light building products (Versetta® & Composites)

▲ Headwaters trim and siding

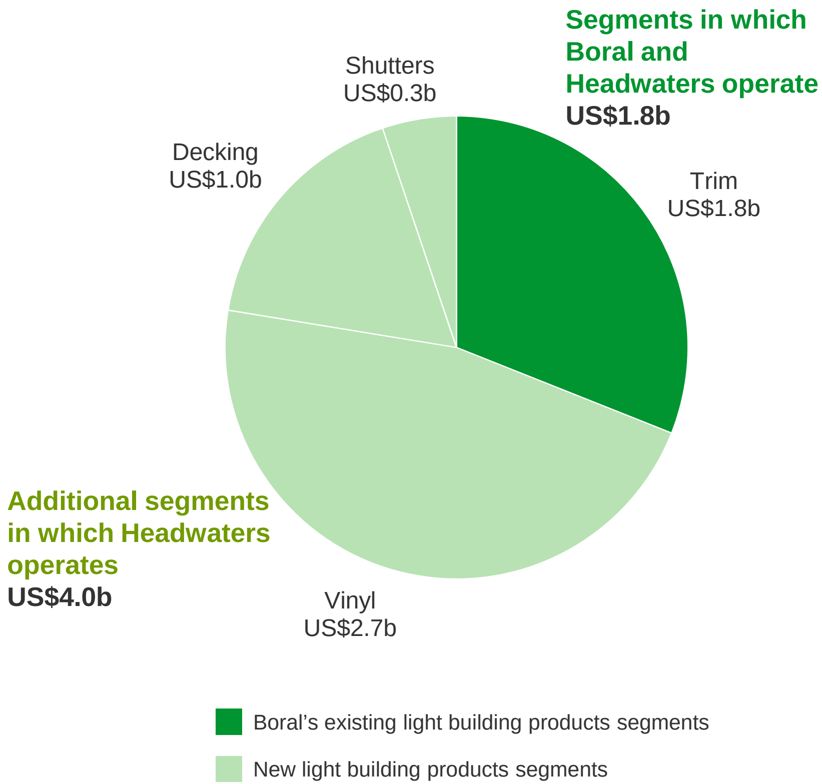
4. Accelerates development of Boral's light building products platform

Boral's light building products business will comprise a broader set of early-stage products with access to large addressable markets

Building products life cycle



Large addressable US$5.8b light building products segments[1]



1. Source: Market analysis, McGraw Hill housing starts, NAHB, management estimates based on FY2016 data.

5. Substantial synergies and FY2017 pro forma EPS accretion

Financially compelling acquisition for Boral's shareholders, with opportunity to realise substantial synergies and FY2017PF EPS accretion

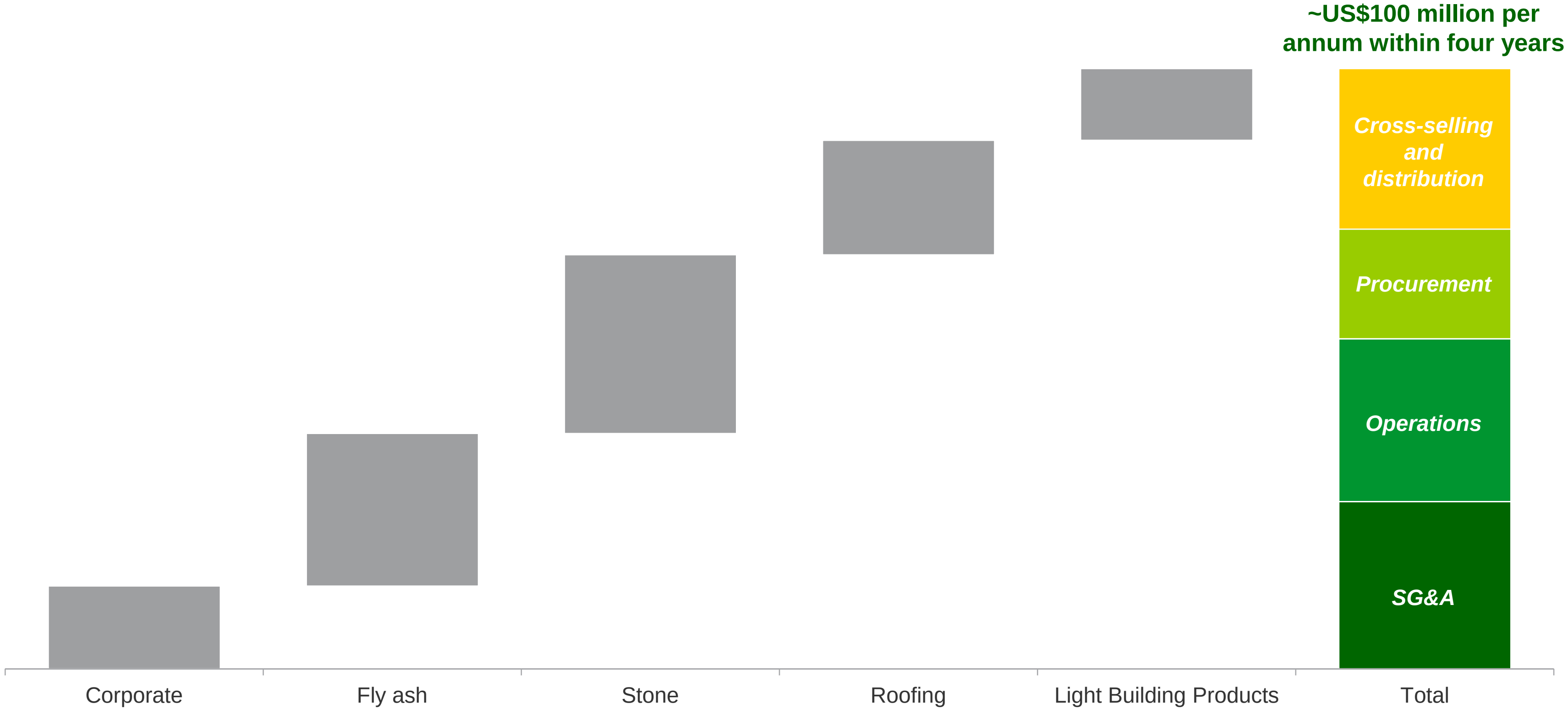
EPS accretive	■ EPS accretive on a pro forma FY2017F NPATA basis[1] — **High single digit** using synergies estimated to be delivered in the first full year of ownership[2] — **Low double digit** using estimated run rate synergies at the end of the first full year of ownership[3]
Maintains solid balance sheet	■ Pro forma gearing (ND/ND+E) of approximately **30%** as at 30 June 2016 ■ Boral will target a net debt to EBITDA ratio of **~2.5x** following transaction close ■ Committed to **retaining investment grade credit ratings**
Opportunity to realise substantial synergies	■ Synergies of approximately **US$100 million** per annum within four years of transaction completion[4] — Reflects the highly complementary nature of Boral's and Headwaters' USA businesses ■ Implied acquisition multiple of approximately **10.6x** enterprise value / Adjusted EBITDA for the 12 months ending 30 September 2017, based on Headwaters' earnings guidance[5] — Multiple reduces to **7.5x** incorporating full annual synergies[6]

1. FY2017 pro forma EPS accretion on a NPATA basis assumes the Headwaters acquisition was effective from 1 July 2016, includes synergies (refer to footnotes 5 and 6 on page 8) and excludes transaction costs, integration costs and amortisation of acquired intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. In accordance with AASB 133, Boral basic EPS for the year ending 30 June 2017 has been adjusted to reflect the bonus element in the Entitlement Offer.
2. Estimated synergies of US$30-35 million to be delivered in the first full year following transaction completion.
3. Estimated run rate synergies of US$50-55 million at the end of the first full year following transaction completion.
4. Excludes one-off implementation costs estimated at approximately US$100 million.
5. Based on Adjusted EBITDA of US$242.5 million, being the midpoint of Headwaters' Adjusted EBITDA guidance range for the 12 months ending 30 September 2017 of US$235 million to US$250 million, as disclosed by Headwaters in its FY2016 results announcement on 1 November 2016.
6. Based on estimated synergies of US$100 million per annum expected to be achieved within four years of transaction completion.

5. Substantial synergies and FY2017 pro forma EPS accretion

Anticipated synergies in year four of approximately US$100 million per annum will come from highly complementary businesses and SG&A overhead savings

Synergies by business unit and source (US$m)



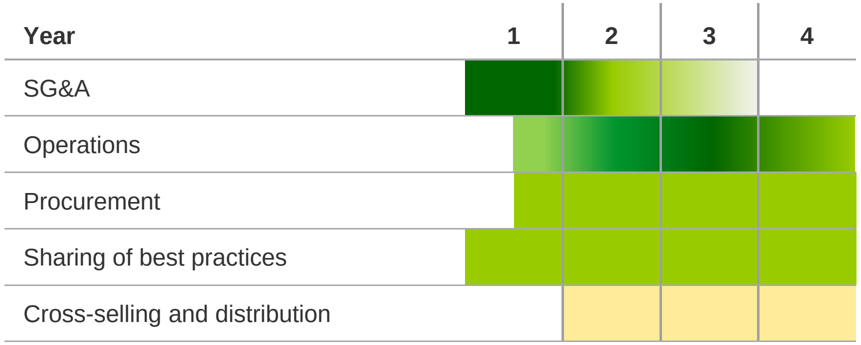
5. Substantial synergies and FY2017 pro forma EPS accretion

Significant synergies expected to deliver phased benefits from year one

Expected synergy sources and implementation costs

COST SYNERGIES	**SG&A**	Support function efficiencies and share capabilities over time, public company cost savings
COST SYNERGIES	**Operations**	Utilise scale, optimise logistics and supply chain over time; network optimisation and production efficiency
COST SYNERGIES	**Procurement**	Utilise scale and best practices from each business across procurement functions over time
REVENUE SYNERGIES	**Cross-selling and distribution**	Leverage existing relationships across sales channels for greater cross-selling opportunities
	Implementation costs	Primarily incurred within the first 24 months post transaction completion

Targeted synergy realisation timeline



Targeted synergies[1]

Year 1
- Synergies of US$30-35 million expected to be delivered in the first full year of ownership
- Run rate synergies of US$50-55 million at the end of the first full year following transaction completion

Year 4
- Synergies of approximately US$100 million per annum within four years of transaction completion

1. Synergies include cost synergies and estimated cross-selling and distribution revenue synergies, and exclude one-off implementation costs estimated at approximately US$100 million.

IV

Integration

Integration plan

Boral has a strong track record of integrating, extracting improved operational performance and realising synergies from joint ventures and business combinations

Integration objectives

- ✓ **Synergy capture**
- ✓ **Minimise disruption**
- ✓ **Communication**
- ✓ **Leadership**
- ✓ **Employee transition**
- ✓ **Retention**
- ✓ **Unified culture**

David Mariner
President & CEO, Boral USA

- David Mariner joined Boral in 2010 and has over 20 years of experience across a range of executive and line management roles, including M&A and integration experience

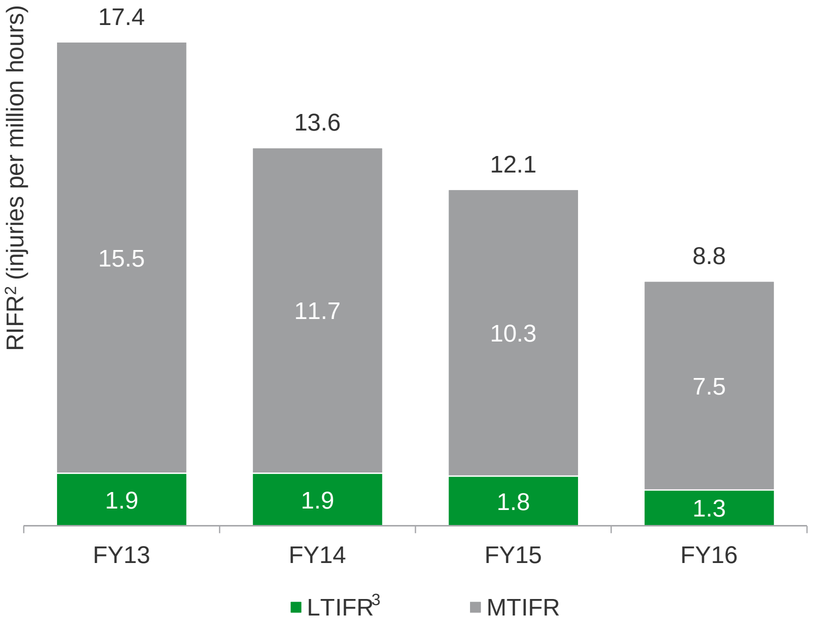
- Dedicated integration management office to support USA leadership team and synergy realisation
  - — Internally-led team
  - — Include staff from both businesses
  - — Complemented by external integration consultants

- Business units for Stone, Roofing, Light Building Product and Fly Ash will be combined
  - — Sharing of best practices
  - — Alignment of IT, back office and support services

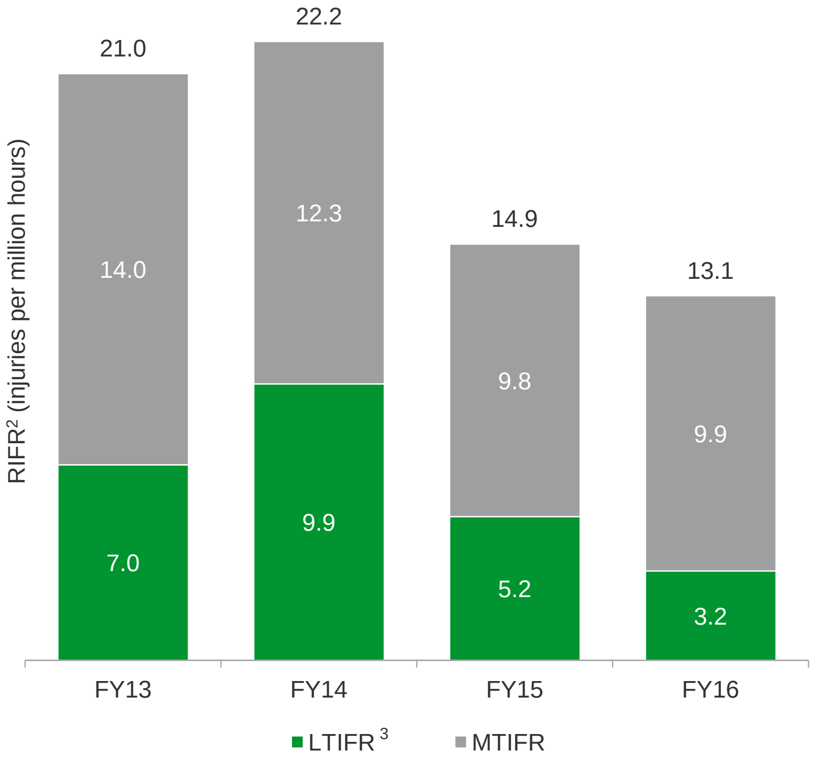
Common focus on safety

Boral and Headwaters share a common commitment to improving safety performance, which will remain a focus during the integration period and beyond

Boral injury rates[1]



Headwaters injury rates



1. Boral injury rates include employees and contractors. Headwaters injury rates include employees only.
2. Recordable Injury Frequency Rate (RIFR) includes both Medical Treatment Injury Frequency Rate (MTIFR) and Lost Time Injury Frequency Rate (LTIFR) per million hours worked. RIFR for Headwaters is based on Total Case Incidence Rate (TCIR) which represents Occupational Safety & Health Administration recordable injuries, including lost time, fatalities, restricted work and medical treatment, and has been adjusted to be comparable to Boral safety performance metrics.
3. Headwaters' Lost Workday Incidence Rate (LWIDR) has been adjusted to be comparable to Boral safety performance metrics (LTIFR).

V

Transaction funding

Transaction funding and terms

Key transaction terms

Purchase price	▪ Total consideration of US$2,564 million, equivalent to ~A$3,512 million[1]
Funding	▪ Acquisition funded by: — Fully underwritten A$450 million institutional placement, launched today — Fully underwritten, pro-rata, accelerated, renounceable Entitlement Offer to raise approximately A$1.6 billion, launched today — Balance funded through a combination of US$0.8 billion of debt from a committed bridge acquisition facility and existing cash
Timing and closing conditions	▪ **Headwaters shareholder vote** ▪ **Regulatory approvals** (including Hart-Scott-Rodino) and **other customary closing conditions** ▪ Anticipated closing in **mid CY2017**

Sources and uses of funds

Sources	A$m
Placement and Entitlement Offer	2,058
Debt facilities	1,144
Balance sheet cash	485
Total sources	**3,687**

Uses	A$m
Acquisition of Headwaters	3,512
Transaction costs	175
Total uses	**3,687**

1. Based on offer price of US$24.25 per share, fully diluted shares on issue of 76.7 million and net debt of U$704 million. US$ converted into A$ at AUD/USD of 0.73.

Equity raising details

Offer structure and size	■ Fully underwritten Placement and 1 for 2.22 pro-rata accelerated renounceable Entitlement Offer with retail rights trading to raise approximately A$2.1 billion ■ Approximately 429 million New Shares to be issued (equivalent to approximately 58% of existing shares on issue)
Offer price	■ Equity raising will be conducted at $4.80 per New Share (“Offer Price”), representing a: — 22.0% discount to the last traded price of $6.15 on Friday, 18 November 2016 — 15.1% discount to TERP[1] of $5.66
Use of proceeds	■ Proceeds from the Equity Raising will be used to fund the acquisition of Headwaters and pay associated transaction costs
Institutional investors	■ The Placement and Institutional Entitlement Offer will be conducted from Monday, 21 November 2016 to Tuesday, 22 November 2016 ■ Entitlements not taken up will be sold in the institutional shortfall bookbuild to be conducted on Wednesday, 23 November 2016
Retail investors	■ The Retail Entitlement Offer will open on Wednesday, 30 November 2016 and close on Friday, 9 December 2016 ■ Retail entitlements trading for certain eligible investors is available on ASX from Thursday, 24 November 2016 to Friday, 2 December 2016 ■ Entitlements not taken up and entitlements of ineligible retail shareholders will be sold in the retail shortfall bookbuild to be conducted on Wednesday, 14 December 2016
Ranking	■ New Shares issued will rank pari passu with existing shares
Underwriting	■ Offer is fully underwritten by Citigroup Global Markets Australia Pty Limited, J.P. Morgan Australia Limited and Macquarie Capital (Australia) Limited
Syndicate	■ Joint Lead Managers and Bookrunners: Citigroup Global Markets Australia Pty Limited, J.P. Morgan Australia Limited and Macquarie Capital (Australia) Limited

1. Theoretical ex-rights price (“TERP”) includes shares issued under the Entitlement Offer and Placement. TERP is the theoretical price at which Boral shares should trade after the ex-date for the Entitlement Offer based only on the last traded price and issuance of shares at the Offer Price in the Entitlement Offer and the Placement. TERP is a theoretical calculation only and the actual price at which Boral shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP.

Equity raising timetable

Event	Date[1]
Trading halt and announcement of the Acquisition, Placement and Institutional Entitlement Offer opens	**Monday, 21 November 2016**
Institutional Entitlement Offer closes	**Tuesday, 22 November 2016**
Institutional shortfall bookbuild	**Wednesday, 23 November 2016**
Trading halt lifted – shares recommence trading on ASX on an “ex-entitlement” basis	Thursday, 24 November 2016
Retail Entitlements commence trading on ASX on a deferred settlement basis	**Thursday, 24 November 2016**
Record Date for determining entitlement to subscribe for New Shares	7:00pm (AEDT)[2] Thursday, 24 November 2016
Retail Entitlement Offer opens	**9:00am (AEDT)[2] Wednesday, 30 November 2016**
Retail Offer Booklet despatched and Retail Entitlements allotted	Wednesday, 30 November 2016
Retail Entitlements commence trading on ASX on a normal settlement basis	Thursday, 1 December 2016
Settlement of Placement and Institutional Entitlement Offer	Thursday, 1 December 2016
Retail Entitlement trading on ASX ends	**Friday, 2 December 2016**
Allotment and normal trading of New Shares under the Placement and Institutional Entitlement Offer	Friday, 2 December 2016
Retail Entitlement Offer closes	**5:00pm (AEDT)[2] Friday, 9 December 2016**
Retail shortfall bookbuild	**Wednesday, 14 December 2016**
Settlement of New Shares under the Retail Entitlement Offer	Monday, 19 December 2016
Allotment of New Shares under the Retail Entitlement Offer	Tuesday, 20 December 2016
Normal trading of New Shares issued under the Retail Entitlement Offer	Wednesday, 21 December 2016
Despatch of holding statements in respect of New Shares issued under the Retail Entitlement Offer	Thursday, 22 December 2016

1. All dates and times are indicative and subject to change without notice.
2. Australian Eastern Daylight Time.

Pro forma balance sheet

Boral will target a net debt to EBITDA ratio of ~2.5x following transaction close

A$m	Boral as at 30 June 2016[1]	Boral announced divestments / JVs[2]	Headwaters as at 30 September 2016[3]	Acquisition adjustments[4]	Pro forma combined group
Cash and cash equivalents	452	127	89	(575)	93
Receivables	640	(42)	208	-	807
Inventories	570	(77)	100	-	592
Investments	1,055	344	-	-	1,399
Property, plant and equipment	2,518	(242)	283	-	2,559
Intangibles and goodwill[5]	235	(111)	835	2,187	3,146
Other assets	332	(28)	181	-	485
Total assets	**5,801**	**(28)**	**1,696**	**1,612**	**9,081**
Trade creditors	608	(40)	41	-	609
Current loans and borrowings	352	-	11	-	363
Non-current loans and borrowings	993	-	1,023	97	2,113
Other liabilities	341	10	206	-	557
Total liabilities	**2,294**	**(30)**	**1,281**	**97**	**3,642**
Net assets	**3,506**	**2**	**416**	**1,515**	**5,439**
Issued capital	2,246	-	1,002	1,019	4,268
Retained earnings and reserves	1,260	2	(587)	496	1,171
Total equity	**3,506**	**2**	**416**	**1,515**	**5,439**
Net debt	**893**				**2,383**
Gearing (net debt to net debt and equity)	**20%**				**30%**

1. Extracted from Boral's 30 June 2016 audited financial statements.
2. Reflects adjustments relating to the North American Bricks Joint Venture announced September 2016 and the sale of Boral's 40% interest in Boral CSR Bricks Joint Venture announced in October 2016. US$ converted into A$ at AUD/USD of 0.73.
3. Extracted from Headwaters' 30 September 2016 audited financial statements converted at AUD/USD exchange rate of 0.73.
4. Represents the capital and debt raised, net cash outflows for the acquisition and elimination of the Headwaters pre-acquisition structure. Includes issued capital reflecting proceeds from the equity raising less equity raising costs, and borrowings from new debt facilities less debt raising costs.
5. Does not include the effect of acquisition accounting. The difference between the acquisition price and net assets acquired have been attributed to intangibles and goodwill.

VI

Trading update and summary

Boral FY2017 outlook

FY2017 guidance as per AGM – Boral's FY2017 EBIT is expected to be higher than the EBIT delivered in FY2016

Boral Australia	■ Stronger pricing and increasing infrastructure volumes should deliver benefits in 2H FY2017 ■ ~$6.5m lower equity earnings in FY2017 than FY2016 due to the divestment of Boral's share of East Coast Bricks JV in 1H FY2017 ■ 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 FY2017 ■ Expect 1H FY2017 to be lower than 1H FY2016 due to softer major project and WA activity ahead of the ramp-up in infrastructure work, exacerbated by wet weather in Q1
USG Boral	■ Expected to deliver strong performance improvements in Asia and Australia through cost and synergy benefits, as well as volume and price growth in some key markets
Boral USA	■ Recent housing activity indicates housing starts are more likely to be closer to ~1.25 million for FY2017 (previously ~1.3 million[1]) ■ Continue to expect USA housing market growth in FY2017, underpinning continued earnings growth from USA businesses ■ USA Bricks and 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.

Summary

Acquisition of Headwaters is aligned with Boral's stated M&A strategy

Strategically aligned M&A opportunity

Boral objective	Expected impact of Headwaters acquisition	
Diversify market exposures beyond single family housing	▪ Increases Boral's exposure to the USA building and construction markets, which are experiencing positive momentum ▪ Diversifies Boral USA's channels, end-market exposures, geographic presence and customer concentration	✓
Less capital intensive businesses with a more flexible, variable cost structure	▪ Further reshapes Boral USA's portfolio following recent North American Bricks Joint Venture ▪ Boral's portfolio re-weighted towards less capital intensive businesses ▪ Substantial synergies will improve earnings through-the-cycle	✓
Opportunities to align with emerging trends	▪ Establishes leading positions in fly ash, light building products, stone and roofing materials that will benefit from manufacturing and distribution optimisation ▪ Adds attractive, high margin niche products to Boral's existing light building products platform, enabling Boral to better serve customers with an expanded product suite	✓
Earnings accretive opportunities	▪ Accretive to Boral's EPS on a pro forma FY2017F NPATA basis[1] ▪ Synergies of approximately US$100 million per annum within four years of transaction completion	✓

1. FY2017 pro forma EPS accretion on a NPATA basis assumes the Headwaters acquisition was effective from 1 July 2016, includes synergies (refer to footnotes 5 and 6 on page 8) and excludes transaction costs, integration costs and amortisation of acquired intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. In accordance with AASB 133, Boral basic EPS for the year ending 30 June 2017 has been adjusted to reflect the bonus element in the Entitlement Offer.

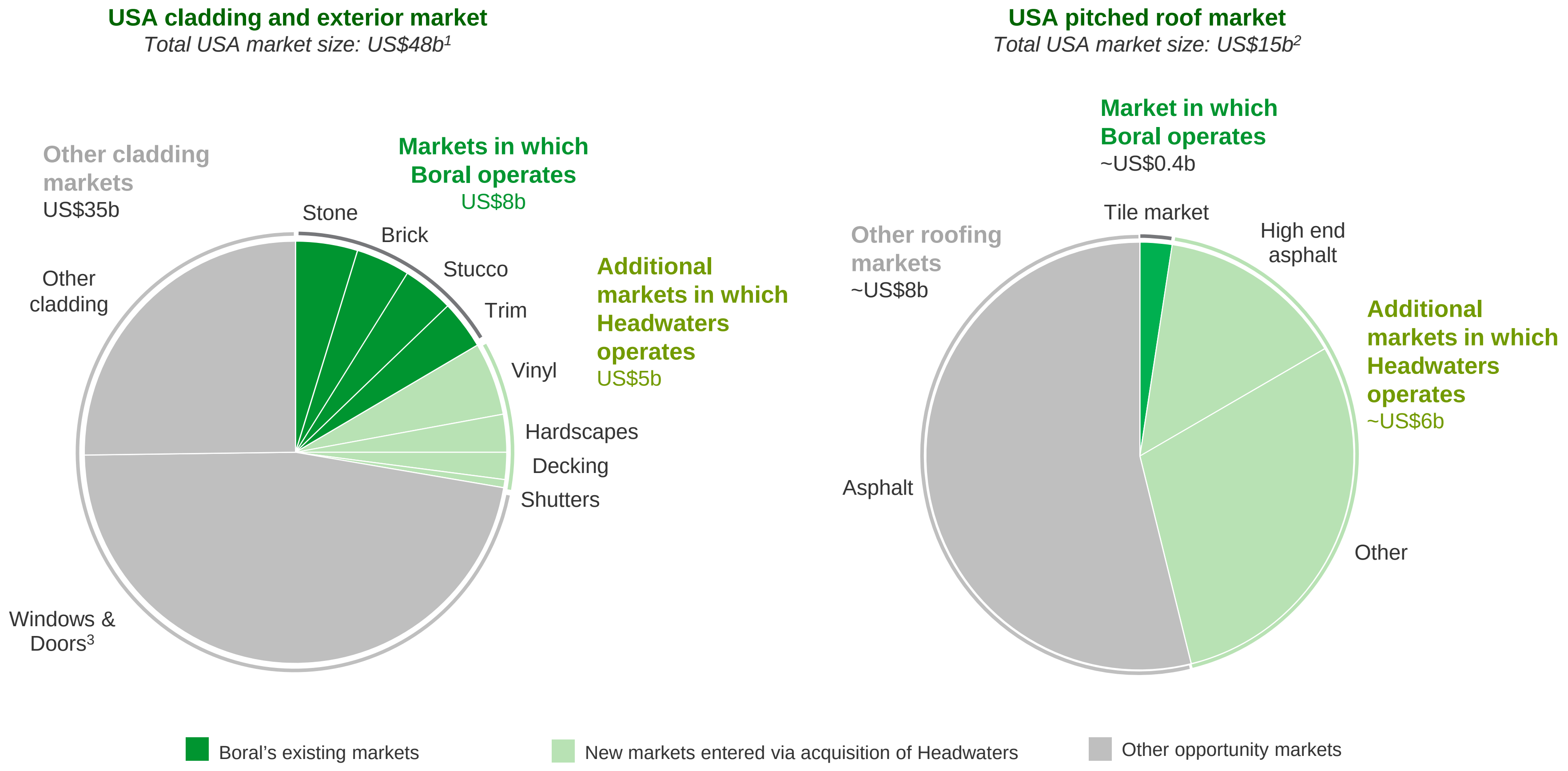
A

APPENDIX

Additional information

Boral will have access to new addressable markets

Headwaters expands Boral's opportunities in large addressable target markets in the USA



1. Source: Market analysis, McGraw Hill housing starts, NAHB, management estimates.
2. Source: Management estimates, Freedonia, BCC Research.
3. Headwaters has a strong position in the windows and doors markets in Texas and South Central regions of the USA; however, windows and doors has been categorised as an "opportunity market" due to the large size of the national USA windows and doors market relative to Headwaters' existing market position.

Fly ash background

Utilities’ coal combustion produces fly ash

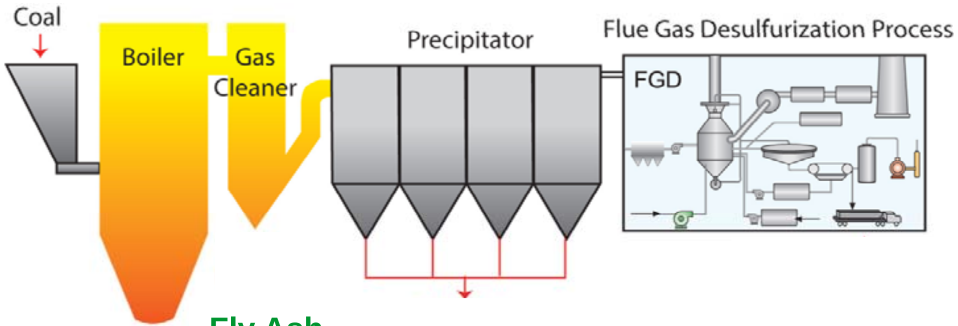
Utilities

- Coal makes up ~33% of total fuel for energy generation in the USA
- Key coal supply regions include Central Appalachia and Wyoming’s Powder River Basin
- ~500 power plants using coal
- ~680m tons of coal were used in 2016

Coal basins[1]

Coal fired power plants[1]

Fly ash captured in “bag house” of utility



Fly Ash

Pulverised coal is burned to generate electricity. The fine particles of coal residue “fly up” into the stacks with flue gases and are removed by electrostatic precipitators and fabric filter bag houses.

1. Energy Information Administration.

Fly ash marketer's role

Marketers serve two customers: 1) utilities - motivated by low cost electricity production; 2) end user - focused on quality, cost, and availability

01 Utilities

Utility	Marketer
Electricity demand	Quality material
Low cost production	Availability
Volume / royalties	Low capital

- Utilities motivated by production costs and demand
- Marketers motivated by:
  - — Manageable royalties and minimum volumes
  - — Supply availability (seasonality)
  - — Consistent quality

Marketer's value
Connect the utility to end user

02 End users

Marketer	End user
Supply / freight	Consistent quality
Margins	Landed cost
Royalty Implications	Consistent supply

- End users motivated by:
  - — Low landed cost, single sourced supply, consistent quality
- Marketers motivated by:
  - — Consistent supply, competitive freight

Multiple applications for fly ash

Boral has four key areas for growth; cement/ready mix represents the largest opportunity while engineered products provide significant upside

Applications		Market opportunity
	**Cement and Ready Mix**	▪ Cement substitute in ready mix; upside opportunity as cement substitution pushes levels above 17%[1]
	**Asphalt and Mineral Filler**	▪ Applications tied to infrastructure; potential upside through increased fly ash usage in government specifications
	**Engineered Products**	▪ Downstream filler for products such as Boral Composites; upside includes expanding into new applications and industries leveraging Boral Innovation Factory
	**Site Services and Disposal**	▪ Service allows marketer to build long term relationship with utility; source specific driven by geography and ash quality

1. Average replacement of 18% in ready mix producers who use fly ash; can be expanded to as much as 26%. Source: 2012 NRMCA Supplementary Cementitious Materials Use Survey.

B

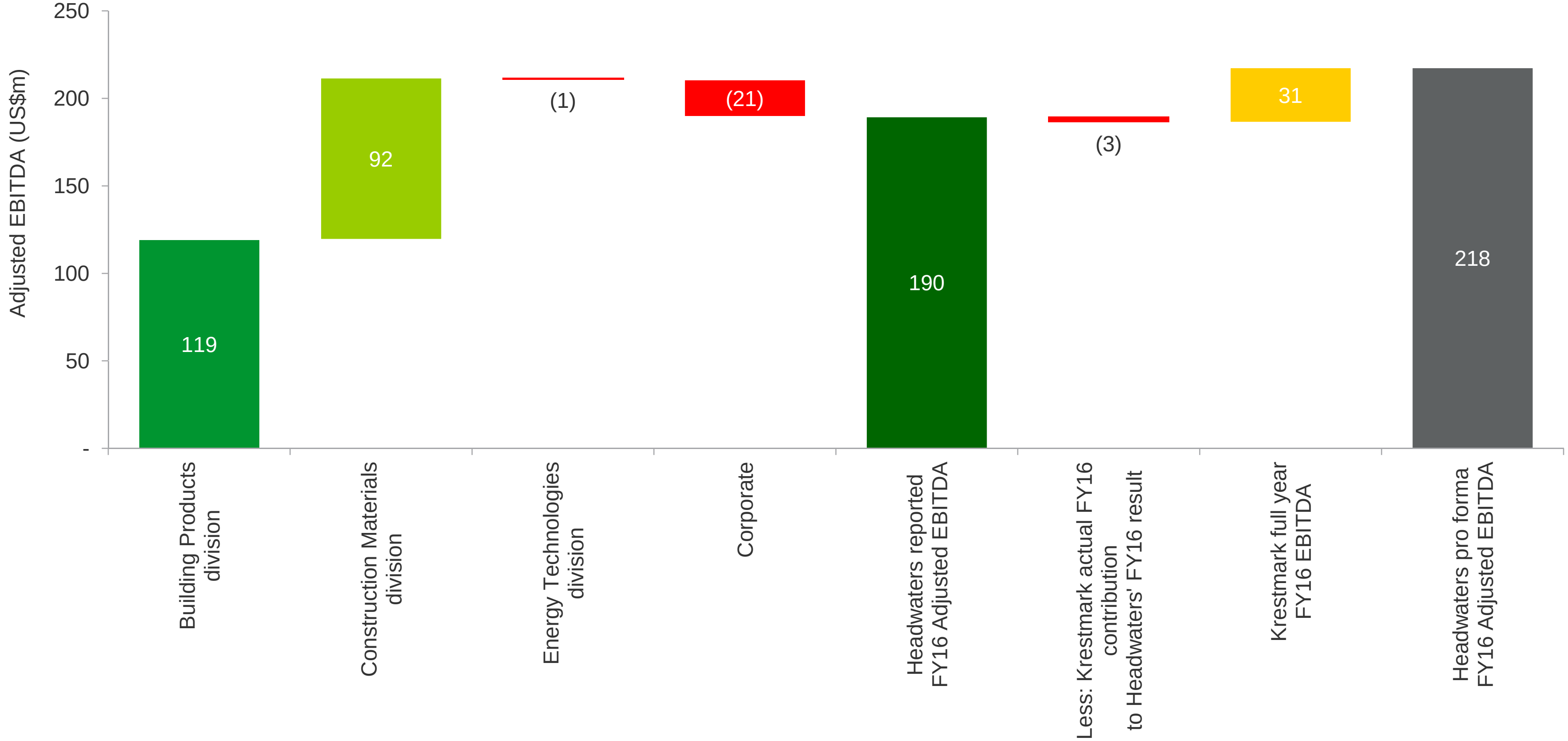
APPENDIX

Headwaters FY16 pro forma EBITDA bridge

Headwaters FY16 pro forma EBITDA bridge

Headwaters reported Adjusted EBITDA of approximately US$190 million for the year ended 30 September 2016; pro forma Adjusted EBITDA of approximately US$218 million reflects a full year of ownership of the Krestmark windows business, which was acquired by Headwaters on 19 August 2016

Headwaters FY16 pro forma EBITDA bridge[1]



1. Based on the year ended 30 September 2016.

C

APPENDIX

Summary of key merger agreement terms

Summary of key merger agreement terms

Provision	Description
Structure	■ An indirect wholly owned subsidiary of Boral will merge with and into Headwaters, with Headwaters surviving the merger and becoming an indirect wholly owned subsidiary of Boral
Merger Consideration	■ US$24.25 per share in cash ■ If completion of the merger is delayed beyond 1 September 2017, then the Merger Consideration is increased by US$0.09 per share per month
Closing Conditions	■ Receipt of Headwaters shareholder approval, receipt of regulatory approvals and other customary closing conditions
Antitrust Obligations / Reverse Termination Fee	■ Boral and Headwaters must use reasonable best efforts to obtain certain required regulatory approvals, including to agree to divestitures up to a specified threshold ■ If such regulatory approvals are not obtained, Boral is required to pay a reverse termination fee of US$75 million
Competing Proposals / Termination Fee / Stockholder "No Vote"	■ Headwaters is required to pay Boral a termination fee of US$65 million if, among other things, the Merger Agreement is terminated to accept an alternative acquisition proposal that it deems to be a superior proposal ■ If Headwaters stockholders do not approve the transaction, Headwaters must reimburse Boral's expenses up to a cap of US$37 million (US$18.5 million if the equity offering has not yet been consummated)
No Post-Closing Recourse	■ No post-closing indemnification or purchase price adjustments
Representations, Warranties & Covenants	■ Boral and Headwaters each make representations, warranties and covenants that are customary for a transaction of this type

D

APPENDIX

Key risks

Key risks

This section discusses some of the key risks associated with an investment in shares in Boral. These risks may affect the future operating and financial performance of Boral and the value of Boral shares.

The risks set out below are not listed in order of importance and do not constitute an exhaustive list of all risks involved with an investment in Boral.

Before investing in Boral, you should consider whether this investment is suitable for you. Potential investors should carefully review publicly available information on Boral (such as that available on the websites of Boral and ASX), carefully consider their personal circumstances (including the ability to lose all or a portion of their investment)and consult their professional advisers before making an investment decision. Additional risks and uncertainties that Boral is unaware of, or that it currently considers to be immaterial, may also become important factors that adversely affect Boral's operating and financial performance.

Nothing in this presentation is financial product or tax advice and this document has been prepared without taking into account your investment objectives or personal circumstances.

You should note that the occurrence or consequences of many of the risks described in this section are partially or completely outside the control of Boral, its directors and management. Further, you should note that this section focuses on the potentially key risks and does not purport to list every risk that Boral may have now or in the future. It is also important to note that there can be no guarantee that Boral will achieve its stated objectives or that any forward looking statements, expectations, illustrations or forecasts contained in this Presentation will be realised or otherwise eventuate. All potential investors should satisfy themselves that they have a sufficient understanding of these matters, including the risks described in this section, and have regard to their own investment objectives, financial circumstances and taxation position.

Cooling off rights do not apply to the acquisition of New Shares.

Key acquisition risks

Risk	Details
Completion risk, including regulatory approval risk	There is a risk that the acquisition may not complete on the current terms and expected timing, if at all, due to among other factors a failure to satisfy any of the conditions precedent to the merger agreement, which include a failure to obtain the required Headwaters shareholder approval under the General Corporation Law of the State of Delaware, a failure to obtain applicable regulatory approvals, a breach of warranty or covenant (subject to certain materiality thresholds) or intervention by a regulatory body or order of a court of competent jurisdiction that prevents completion from occurring. There is also a risk that, prior to Headwaters shareholder approval of the transaction, a third party could make a competing proposal to acquire Headwaters, and, in certain circumstances, Headwaters may be entitled to consider and accept that competing proposal (subject to specific procedures and obligations under the Merger Agreement including, if applicable, payment to Boral by Headwaters of a termination fee of US$65,000,000). Boral and Headwaters are required to obtain Hart-Scott Rodino ("HSR") antitrust approval in the US, clearance under the Committee on Foreign Investment in the US (CFIUS) and approval under the Investment Canada Act prior to completion. As a condition of obtaining these approvals, Boral and / or Headwaters may be required to make divestments of certain assets, agree to certain other arrangements or restrictions with governmental authorities and/or incur additional costs. Any such divestments, arrangements, restrictions or costs could prevent or delay completion of the transaction and/or may have a material adverse effect on the financial performance of Boral post completion. Additionally, if required regulatory approvals are not obtained and as a result the acquisition does not complete, Boral will be required to pay US$75,000,000 to Headwaters under the terms of the merger agreement. Where the acquisition is not completed, Boral will assess the most appropriate way to return proceeds to shareholders. Any failure to consummate the acquisition could materially and adversely affect Boral and its stock price.
Due diligence in relation to Headwaters	Although the annual financial statements of Headwaters are audited, the pro forma financial information in this presentation in respect of Headwaters is subject to a number of assumptions and has not been subject to audit and may not be indicative of actual results. A material unidentified misstatement of the recent financial performance of the business would potentially have flow-on effects into the future. Boral undertook a due diligence process in respect of Headwaters, which relied in part on the review of financial and other information provided by Headwaters. While Boral considers the due diligence process undertaken to be appropriate, Boral has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data. Similarly, Boral has prepared (and made assumptions in the preparation of) the financial information relating to Headwaters on a stand-alone basis and also to Boral post-completion included in this Presentation in reliance on limited financial information and other information provided by Headwaters. Some of this information was unaudited. Boral is unable to verify the accuracy or completeness of any of the information provided by or about Headwaters. If any of the data or information provided to and relied upon by Boral in its due diligence process and its preparation of this presentation proves to be incomplete, incorrect, inaccurate or misleading, there is a risk that the actual financial position and performance of Boral may be materially different to the financial position and performance expected by Boral and reflected in this Presentation. Investors should also note that there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the transaction have been identified and avoided or managed appropriately. Therefore, there is a risk that unforseen issues and risks may arise, which may also have a material impact on Boral (for example, Boral may later discover liabilities or defects which were not identified through due diligence or for which there is no protection for Boral). This could adversely affect the operations, financial performance or position of Boral. Further, the information reviewed by Boral includes forward looking information. While Boral have been able to review some of the foundations for the forward looking information relating to Headwaters, forward looking information is inherently unreliable and based on assumptions that may change in the future.

Key acquisition risks

Risk	Details
Future earnings and acquisition accounting risk	Boral has undertaken financial and business analysis of Headwaters in order to determine its attractiveness to Boral and whether to pursue the acquisition. To the extent that the actual results achieved by Headwaters are weaker than those anticipated, or any difficulties in integrating the operations of Boral, there is a risk that the profitability and future earnings of the operations of Boral may differ (including in a materially adverse way) from the pro forma performance as reflected in this presentation. On completion of an acquisition accounting exercise, it is likely that identifiable intangibles with a finite life may be recognised, increasing future non-cash amortisation. In addition, goodwill recognised on the transaction will be subject to impairment review each reporting period. If the fair value falls below the carrying value of the assets acquired, a future impairment expense will be recognised.
Integration risk	The integration of a business of the size of Headwaters carries risk, including potential delays or costs in implementing necessary changes, and difficulties in integrating various operations. The success of the Headwaters acquisition and, in particular, the ability to realise the expected synergy benefits of the acquisition outlined in this presentation, will be dependent on the effective and timely integration of Headwaters' business alongside Boral's business following completion of the acquisition. While Boral has undertaken analysis in relation to the synergy benefits of the Headwaters acquisition, they remain Boral's estimate of the synergy benefits expected to be achievable as part of the Headwaters acquisition, and there is a risk that the actual synergies able to be realised as part of the acquisition may be less than expected or delayed, or that the expected synergy benefits of the acquisition may not materialise at all or cost more to achieve than originally expected. These risks include: — Possible difficulties in bringing together the cultures and management styles of both organisations in an effective manner; — Disruption to the ongoing operations of both businesses; — Higher than anticipated integration costs; — Impacts from the increase in scale of the business post acquisition; — Ability to retain key employees — Integration of accounting and internal controls — Unforeseen costs relating to integration of some systems of the both of the businesses; and — Unintended loss of key personnel or expert knowledge or reduced employee productivity due to uncertainty arising as a result of the acquisition. A failure to fully integrate the operations of Headwaters, or a delay in the integration process, could impose unexpected costs that may adversely affect the financial performance and position of Boral.
Change of control risk	The acquisition of Headwaters may trigger change of control clauses in some material contracts to which Headwaters is a party. Where triggered, the change of control clause will, in most cases, require Boral to seek the counterparty's consent in relation to the acquisition of Headwaters. There is a risk that a counterparty may not provide their consent to the acquisition, which may trigger a termination right in favour of that counterparty or that the counterparty may require a payment from Boral or renegotiation of terms to obtain such consent. If any of the material contracts containing a change of control clause are terminated by the counterparty or renegotiated on less favourable terms, it may have an adverse impact on Boral's financial performance and prospects. There can be no assurance that we would be able to renegotiate such contracts on commercially reasonable terms, if at all. Additionally, as a result of the acquisition, customers of Headwaters that are not bound by contract or that have rights to terminate for convenience, may elect to terminate their relationship with Headwaters. If any material customers terminate their relationship with Headwaters, it may have an adverse impact on Boral's financial performance and prospects post acquisition.

Key acquisition risks (cont.)

Risk	Details
Debt funding and refinance risk	Boral has entered into financing arrangements pursuant to which financiers have agreed to provide up to US$1.2 billion of debt financing for the Headwaters acquisition, subject to the terms and conditions of an up to two year US$ bridge debt financing agreement. If certain events occur (e.g. insolvency, non-compliance with bank covenants etc), the financiers may terminate the debt financing agreement. Termination of the debt financing agreement would have an adverse impact on Boral's sources of funding for the Headwaters acquisition. Boral intends to refinance the bridge debt financing agreement in the USD denominated bank or bond markets. Boral's ability to refinance the bridge debt financing agreement will depend on, amongst other things, prevailing market conditions and other market factors at the relevant time, many of which are beyond Boral's control. If the proposed acquisition occurs, there will be an increase in Boral's debt levels. The use of debt financing to partially fund the transaction means that Boral will be more exposed to risks associated with gearing. For example, Boral will be more exposed to any movements in interest rates. In addition, Boral will be more exposed to general risks relating to any refinancing of its debt facilities. It may be difficult for Boral to refinance all or some of these debt faculties and an inability to secure new debt facilities at a similar quantum and cost to existing debt facilities may adversely affect the financial performance of Boral.
Historical liabilities	If the acquisition of Headwaters completes, Boral will become directly or indirectly liable for any liabilities that Headwaters has incurred in the past, including liabilities which were not identified during its due diligence or which are greater than expected, for which insurance may not be adequate or available, and for which Boral will not have post-closing recourse under the Merger Agreement (as is customary for acquisitions of U.S. public companies, the Merger Agreement does not provide Boral with any post-closing indemnification or purchase price adjustment rights). These could include liabilities relating to environmental claims or breaches, contamination, current or future litigation, regulatory actions, health and safety claims and other liabilities. Such liability may adversely affect the financial performance or position of Boral post-acquisition..
Headwaters specific risks	Headwaters is subject to a number of risks specific to its business including, without limitation, events that impact home construction activity (including economic factors specific to the building products industry and severe weather), tight credit markets in relation to construction lending, an inability to sustain new product growth, decreased demand for Headwaters' building products due to changing customer or designer preferences or competing products gaining price advantages, disruption to Headwaters' supply chain or manufacturing plants and shipping, reduced US government infrastructure spending, increased environmental regulation and risk of environmental liability including in relation to coal combustion products (**CCPs**), less demand for fly ash, unexpected or severe weather, lack of capital for continued growth, liability claims in relation to its products or services, increased energy and transportation costs, a failure to compete effectively or increased competition, information technology failures, and unauthorised use or infringement of Headwaters' intellectual property. As a NYSE listed company, Headwaters has provided extensive risk disclosure to the market and further information is set out in Headwaters' Form 10-K for the fiscal year ended 30 September 2016 which is available on the U.S. Securities and Exchange Commission website www.sec.gov. You are encouraged to review all of these risks and Headwaters' other public disclosure.
Headwaters litigation risk	Headwaters is a party to some significant legal proceedings and is subject to potential claims regarding operation of its business, including without limitation, various claims relating to its fly ash operations in Virginia. These proceedings may require Headwaters to incur substantial costs, including attorneys' fees, managerial time and other personnel resources and costs in pursuing resolution, and adverse resolution of these proceedings could result in Headwaters being liable to pay of damages, materially adversely affect Headwaters' income and reserves and damage its reputation. Further details relating to Headwaters' current litigation, including claims relating to its fly ash operations, is set out in Headwaters' Form 10-K for the fiscal year ended 30 September 2016 which is available on the U.S. Securities and Exchange Commission website www.sec.gov.

Key acquisition risks (cont.)

Risk	Details
Headwaters environmental, health and safety and regulatory risk	Headwaters' CCP operations and its customers and licensees are subject to US federal, state, local and international environmental regulations that impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of waste products, and impose liability for the costs of remediating contaminated sites, which add to the costs of doing business and expose Headwaters to potential damage claims and fines for non-compliance. If the costs of environmental compliance increase for any reason, Headwaters may not be able to pass on these costs to customers. In order to establish and operate heavy oil upgrading facilities and power plants and operations to collect and transport CCPs, Headwaters and its customers have obtained various state and local permits and must comply with processes and procedures that have been approved by regulatory authorities. Stringent regulatory requirements also apply in relation to the operation and closure of landfills and surface impoundments of CCPs (and Headwaters has managed numerous large scale CCP disposal projects, primarily for coal fired utilities and power producers, which if improperly managed have the potential to cause groundwater or surface water contamination). These environmental requirements and any failure to comply could give rise to substantial environmental liabilities and damage claims and to substantial fines and penalties. Headwaters' building products and construction materials manufacturing operations also are subject to environmental regulations and permit requirements governing activities such as the creation of dust, disposal of waste, discharge of water, and the transportation, storage and use of fuel and materials. If Headwaters cannot obtain or maintain required environmental permits for its existing and planned manufacturing facilities in a timely manner or at all, Headwaters may be subject to additional costs and fines. Some of Headwaters' research and development activities involve coal, oil, chemicals and energy technologies, including petroleum refining. As a result, petroleum and other regulated materials have been and are present in and on Headwaters' properties. Regulatory noncompliance or accidental discharges, fires, or explosions, in spite of safeguards, could create environmental or safety liabilities. Landfill or impoundment solutions for disposal of waste may not comply with regulatory requirements or may otherwise involve hazards. Therefore, Headwaters operations entail risk of environmental damage and injury to people, and Headwaters could incur liabilities in the future arising from the discharge of pollutants into the environment, waste disposal practices, or accidents, as well as changes in enforcement policies or newly discovered conditions.
Headwaters regulatory risk – coal combustion products	Headwaters relies on the production of CCPs by coal-fuelled electric utilities. The coal-burning electric utility and coal mining industries are facing a number of new and pending initiatives by regulatory authorities seeking to address air and water pollution, greenhouse gas emissions and management and disposal of CCPs, as described below. Increasingly strict requirements may increase the cost of doing business and may make coal burning less attractive for utilities. In recent years, multiple companies have announced plans to close coal-fired power plant units, or dropped plans to open new plants, citing the cost of compliance with pending or new environmental regulations and the relatively low cost of natural gas. A reduction in the use of coal as fuel causes a decline in the production and availability of fly ash, the key product in Headwaters' construction materials business. Environmental regulation affecting the coal industry is ever-evolving, and US federal and state regulation in recent years has imposed more stringent requirements regarding emission of air pollutants and other toxic chemicals, reduction of greenhouse gas emissions and water quality impacts from coal mining operations. Adoption of more stringent regulations governing coal combustion, water discharges and air emissions, or coal mining would likely have an adverse effect on the cost, quality, beneficial use and sales of CCPs. If Headwaters is unable to obtain CCPs or experiences a delay in the delivery of high-value or quality CCPs, Headwaters will have a reduced supply of CCPs to sell or may be forced to incur unanticipated expenses to secure alternative sources or to otherwise maintain supply to customers. Moreover, revenues could be adversely affected if CCP sales volumes cannot be maintained or if customers choose to find alternatives to Headwaters' products.

Key acquisition risks (cont.)

Risk	Details
Headwaters regulatory risk - coal combustion products (cont.)	In April 2015, the US Environmental Protection Agency (**EPA**) published a final rule to regulate the disposal of coal combustion residuals as solid (non-hazardous) waste under subtitle D of RCRA that became effective in October 2015. The rule established national minimum criteria for CCP landfills and impoundments consisting of location restrictions, design and operating criteria, groundwater monitoring and corrective action, closure requirements, post closure care, recordkeeping and reporting, and other requirements. The rule requires closure of facilities unable to comply with the new rule's criteria within five to seven years. The new regulation has increased the complexity and cost of managing and disposing of CCPs. In response to the 2015 rule, the US Congress has considered several proposals to institute state-permitting programs for CCPs, subject to EPA oversight. While the passage of one of these laws may have a significant effect on the regulatory landscape, the outcome of these legislative attempts is not certain. The EPA remains under significant pressure from environmental organizations, several of which have challenged the 2015 rule. Some environmental groups continue to urge the EPA to restrict certain beneficial uses of CCPs, such as in concrete, road base and soil stabilization, alleging contaminants may leach into the environment. The 2015 regulation created a definition of "beneficial use" that includes uses in concrete and road base, but changes in the definition could reduce the demand for fly ash and other CCPs which would have an adverse effect on Headwaters' revenues. The EPA's increased regulation of CCPs will likely cause utilities and power producers to impose greater restrictions on the use of CCPs by Headwaters and its customers. Restrictions imposed by utilities may narrow the types of potential customers to which Headwaters can market CCPs and limit their uses of CCPs, reducing Headwaters' sales opportunities. Utilities are also likely to negotiate to shift actual or perceived liabilities associated with CCPs and their use to Headwaters through more onerous contract and indemnity obligations. This could harm Headwaters' business by reducing the number of CCP management contracts or by increasing Headwaters' exposure to the contingent risks associated with any new regulation of CCPs. Headwaters has managed numerous large scale CCP disposal projects, primarily for coal fueled utilities and power producers. In addition, CCPs have beneficial use for road base, soil stabilization, and as large scale fill in contact with the ground. If the EPA decides to regulate CCPs as hazardous waste, Headwaters, together with CCP generators, could be subject to very expensive environmental cleanup, personal injury and other possible claims and liabilities.
Risks during the pendency of the transaction	The pendency of the transaction could adversely affect the business and operations of Boral and Headwaters, including as a result of the potential impact on relationships with customers, suppliers and other counterparties. In addition, Boral and Headwaters employees may experience uncertainty about their roles with Boral following the merger, which could adversely affect each company's ability to attract, retain and motivate key personnel during the pendency of the transaction, and which may divert attention from the daily activities of existing employees.
Potential transaction litigation	The acquisition could give rise to litigation against Headwaters and/or Boral or their respective directors and officers. In some cases, litigation could result in an injunction preventing or delaying completion of the merger, could result in Boral incurring substantial costs and/or could otherwise adversely affect Boral's business, financial condition or results of operations.

Business risks

Risk	Details
Boral is involved in cyclical industries and subject to factors affecting demand	Boral's financial performance is closely tied to the performance of the housing, industrial and commercial construction markets and to general levels of infrastructure activity. These markets are cyclical and are affected by a series of factors that are beyond Boral's control, including: — the performance of national economies in the countries in which Boral operates; — monetary policies in the countries in which Boral operates; for example, the tightening of interest rates usually reduces mortgage financing, which adversely impacts on residential construction activity; — the allocation of government funding for public infrastructure and other building programmes; — the level of demand for construction materials and services generally; and — the price and availability of fuel and principal raw materials such as bitumen, clinker, hardrock reserves, and transport services. Adverse changes in any of the above factors could have a material adverse effect on Boral's operating results.
Adverse weather conditions and natural disasters	Periods of adverse weather conditions or natural disasters can reduce construction activity and lead to a decrease in demand for Boral's products in areas affected by those weather conditions. In addition, Boral's presence in numerous countries increases its exposure to risks such as natural disasters, climate hazards or earthquakes, and both Boral's and Headwaters' operations are exposed to risks from extreme weather events (dominated by deluge / flood risk) due to climate change, which could damage property or result in business interruptions, and which could in turn have a material adverse effect on results of operations.
Environmental regulations	Boral is subject to a broad and increasingly stringent range of environmental laws, regulations and standards in each of the jurisdictions in which Boral operates, including those that impose limitations on the discharge of pollutants into the air and water and establish standards for the treatment, storage and disposal of waste products. They also impose liability on Boral for the costs of remediating contaminated sites. This results in significant compliance costs resulting in an increased cost of doing business, and could expose Boral to legal liability (including potential damage claims or fines for non-compliance) or place limitations on the development of Boral's operations. For example, public concerns over greenhouse gas emissions and other factors could result in changes to the regulatory landscape and may lead to significant additional costs for Boral and the industries in which it operates. These costs may not be able to be passed on to Boral's customers. There are a number of legislative proposals that could result in additional regulation and increased compliance costs or other adverse effects on Boral's business and results or operations. Additionally, Boral's operations are subject to environmental permit requirements. If Boral cannot obtain or maintain required environmental permits for its existing and planned operations in a timely manner or at all, Boral may be subject to additional costs or fines. Boral's operations entail risk of environmental damage and injury to people, and Boral could incur liabilities in the future arising from the discharge of pollutants into the environment, waste disposal practices, or accidents, as well as changes in enforcement policies or newly discovered conditions. Boral's fly ash marketing business relies on the production of CCPs by coal-fuelled electric utilities and faces similar risks as Headwaters' CCP business. The risks in the set out in "Headwaters environmental, health and safety and regulatory risk" and "Headwaters regulatory risk - coal combustion products" and in the relation to Headwaters' business should be read as also applying to Boral's business. Some properties owned by Boral contain asbestos. In the ordinary course of its business, Boral complies with applicable regulatory asbestos management requirements, including maintaining registers and implementing asbestos management programs in relation to on-site works. There is a risk that previously unidentified asbestos may be found on properties. Also, there is a risk that a person may contract an asbestos related illness and bring a personal injury claim against Boral.

Business risks (cont.)

Risk	Details
Competition	Boral operates in competitive markets, against domestic suppliers and in some cases imported product suppliers, some of which have less debt and greater access to capital. The competitive environment can be significantly affected by local market forces, such as new market entrants, production capacity utilisation, economic conditions and product demand. Such competition may lead to product price volatility risk.
Health and safety	Due to the nature of Boral's industry, there is a risk of accidents or unsafe operations. Notwithstanding the preventative measures which Boral (or any sub-contractor) has taken or may take, there can be no assurance that accidents (for example, production or logistics) or unsafe operations will not occur and damage the environment and/or injure Boral's own personnel or third parties. Such events may result in additional costs and fines, and may jeopardize Boral's reputation and credibility.
Disruptions to production	Due to the high fixed-cost nature of the building material industry, interruptions in production capabilities at key Boral facilities or in our logistics supply chain may have a material adverse effect on the productivity and results of Boral's operations during the affected period. Boral's manufacturing processes and related services are dependent upon critical pieces of equipment. This equipment may, on occasion, be out of service as a result of industrial action or unrest, unanticipated failures, accidents or force majeure events. In addition, there is a risk that equipment or production facilities may be damaged or destroyed by such events. Similarly, disruptions in Boral's logistics chain would impact continuity of supply, which may have an adverse effect on Boral's business, financial condition or results of operation.
Government regulations	Boral is subject to various statutes, regulations and laws applicable to businesses generally in the countries and markets in which it operates. These include statutes, regulations, standards and laws affecting land usage, zoning, planning, labour, chain of responsibility, environmental and employment practices, and other matters. Boral expects its employees to comply with a code of conduct that involves best practice in relation to these matters but cannot guarantee that its operating units will at all times be successful in complying with all demands of relevant laws and regulatory agencies in a manner which will not materially adversely affect its business, financial condition or results of operations. Changes to status, regulation and laws may have a materially adverse effect on Boral's business, financial condition or results of operation. In addition, Boral may be unable to obtain relevant licences and approvals (and renewals) to enable it to establish new operations or to continue operation of existing facilities, or may suffer significant costs and delays in attempting to obtain such licences and approvals.
Key personnel and labour shortages and costs	Loss of key management and other personnel may have a negative impact on Boral's businesses and the ability to implement its strategies in the near term. The ability to attract and retain employees in markets which are labour constrained may also impair Boral's ability to grow and expand in its markets. Additionally, rising labour costs may have an adverse effect on Boral's financial performance.
Product liability exposure	Boral may, from time to time, experience manufacturing defects or other claims relating to its products and services. Defects in Boral's products could be difficult or costly to correct, cause significant customer relations and business reputation problems, harm Boral's financial results and result in damage to or claims by its customers. Any such claim could also result in increased challenges on obtaining insurance on comparatively reasonable terms.
Contract cost overruns on capital expansion and revenue projects	The businesses carried on by Boral are capital intensive and involve substantial revenue projects. Boral's operating and financial performance will be partly reliant on Boral's ability to manage significant capital and revenue projects effectively within required budgets and timeframes and on sufficient funding being available for the capital expenditure requirements of these projects. Changes in monetary and economic policy could increase cost of capital.

Business risks (cont.)

Risk	Details
Joint ventures	Boral is a party to joint ventures and accordingly is subject to joint venture risks, which include devolved management control and disagreements with joint venture partners regarding operational and financial matters. Where a joint venture partner does not act in the best interests of the joint venture, there is underperformance by the joint venture management team or where the interests of joint venture partners do not align with Boral, this may adversely affect Boral's business, financial condition or results of operations.
Industrial disputes	A proportion of Boral's operational employees and sub-contractors are members of trade unions, and Boral has experienced union action and industrial disputation in the past. However, if there were any material disputes, this could disrupt Boral's operations and adversely impact its financial performance.
Country risk	A portion of Boral's revenues are generated from operations in countries and regions with developing legal, regulatory and political systems and where the geopolitical climates are challenging, including Thailand and Indonesia. Any deterioration of the geopolitical climate, including the outbreak of war or civil unrest or the imposition of economic sanctions in one or more of Boral's key markets may require Boral or its customers to discontinue business operations in the affected country or countries. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Boral operates, may impact the future tax liabilities of Boral.
New technologies / industry change	Industries in which Boral competes, including building products and construction materials, may be subject to disruptive change from new technologies. If Boral is not able to develop or access new technologies and anticipate or respond to disruptions in the markets in which Boral competes, Boral may suffer a decrease in the demand for its goods and services, which may have a material adverse effect on results of Boral operation, financial condition and business.
Carbon constraints	Boral has substantial construction materials businesses in Australia, and as such it is exposed to risks emanating from changes in carbon related policies, both in Australia, and potentially in countries for upstream supply chains, for emissions and/or energy intensive materials such as clinker and bitumen (generally from northern Asia). Such changes may manifest initially as increased energy costs, and possibly emissions pricing mechanisms, but may eventually also threaten reliability of supply.

Share and Offer risks

Risk	Details
Risks associated with an investment in Shares	There are general risks associated with investments in equity capital such as Boral shares. The trading price of Boral shares may fluctuate with movements in equity capital markets in Australia and internationally. This may result in the market price for the New Shares being less or more than the Offer Price. Generally applicable factors that may affect the market price of shares include: — general movements in Australian and international stock markets; — investor sentiment; — Australian and international economic conditions and outlook; — changes in in interest rate and the rate of inflation; — changes in government legislation and policies, in particular taxation laws; — announcement of new technologies; — geo-political instability, including international hostilities and acts of terrorism; — demand for and supply of Boral securities; — announcements and results of competitors; and — analyst reports No assurances can be given that the New Shares will trade at or above the Offer Price. None of Boral, its directors or any other person guarantees the market performance of the New Shares. The operational and financial performance and position of Boral and Boral's share price may be adversely affected by a worsening of general economic conditions in Australia, as well as international market conditions and related factors. It is also possible that new risks might emerge as a result of Australian or global markets experiencing extreme stress or existing risk, may manifest themselves in ways that are not currently foreseeable. The equity markets have in the past and may in the future be subject to significant volatility.

Share and Offer risks (cont.)

Risk	Details
Underwriting risk	Boral has entered into an underwriting agreement under which Citigroup Global Markets Australia Pty Limited, J.P. Morgan Australia Limited and Macquarie Capital (Australia) Limited (together, the "Joint Lead Managers") have agreed to fully underwrite the Offer, subject to the terms and conditions of the underwriting agreement between Boral and the Joint Lead Managers ("Underwriting Agreement"). The Joint Lead Managers' obligation to underwrite the Offer is conditional on certain customary matters, including Boral delivering certain shortfall certificates, sign-offs and opinions. Further, if certain events occur, some of which are beyond Boral's control, the Joint Lead Managers may terminate the Underwriting Agreement. Termination of the Underwriting Agreement would have an adverse impact on the amount of proceeds raised under the Offer and could affect Boral's ability to pay the purchase price for the Headwaters acquisition. If the Underwriting Agreement is terminated, Boral will generally not be entitled to terminate the acquisition agreement. In these circumstances, Boral would need to find alternative funding to meet its contractual obligations under the acquisition agreement to pay the purchase price. Termination of the Underwriting Agreement could materially adversely affect Boral's business, cash flow, financial performance, financial condition and share price. The Joint Lead Managers' rights to terminate the Underwriting Agreement if certain events occur include, if: — the acquisition will not proceed for a number of reasons including if a condition to the acquisition or acquisition funding arrangements cannot be satisfied, the agreements are withdrawn, revoked or varied in any respect that is materially adverse to Boral or terminated or rendered void, voidable, illegal or otherwise unenforceable; — Boral is removed from the official list of ASX, its Shares are suspended from quotation or approval for the New Shares is not given by ASX; — there are certain delays in the timetable for the Entitlement Offer without the Joint Lead Managers' consent; — there are material financial or economic disruptions in key markets or hostilities commence or escalate in certain key countries; — there is a change in the CEO or CFO of Boral or the CEO of Boral Industries, Inc; — an adverse change, or an event that is likely to lead to an adverse change, occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of Boral or the Group from that disclosed to ASX up to, and including, the Announcement Date; and — Boral withdraws the Entitlement Offer. In some cases (including the adverse change event referred to above), the Joint Lead Managers' ability to terminate the Underwriting Agreement will depend on whether the event has or is likely to have a materially adverse effect on the marketing, success or settlement of the Offer, or has given or is likely to give rise to a contravention by the Joint Lead Managers of any applicable law.

Share and Offer risks (cont.)

Risk	Details
Risks associated with renouncing retail entitlements under the Entitlement Offer	Prices obtainable for retail entitlements may rise and fall over the entitlements trading period. If you sell your entitlements a one stage in the retail entitlements trading period, you may receive a higher or lower price than a shareholder who sells their entitlements at a different stage in the retail entitlements trading period or through the retail shortfall bookbuild. If you are a shareholder and renounce your entitlement under the Entitlement Offer, there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process. The ability to sell entitlements under a bookbuild and the ability to obtain any value for them will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the underwriters, will, if accepted, result in allocations acceptable to them and Boral to clear the entire book. To the maximum extent permitted by law, Boral, the underwriters and any of their respective related bodies corporate, affiliates, directors, officers, employees or advisers, will not be liable, including for negligence, for any failure to procure any applications for new shares offered under the Entitlement Offer or any proceeds for entitlements offered under the bookbuild at prices in excess of the Entitlement Offer price or at all.
Dilution risk of selling or transferring retail entitlements under the Entitlement Offer	Eligible shareholders should also note that if they do not take up their full entitlements under the Offer, then their percentage shareholding in Boral will be diluted by not participating to the full extent of their entitlement under the Offer. This will be the case regardless of whether eligible retail shareholders choose to sell or transfer their entitlements to another person or entity on the ASX during the retail entitlements trading period or renounce their entitlements, which are then sold through the retail bookbuild. Boral may also sell shares in the future to raise additional capital which could cause future dilution.
Sell-down by existing shareholders	There is a risk that existing substantial shareholders (including directors) may seek to sell-down their shareholdings in Boral. A significant sale of shares, or a perception that a sell-down may occur, could adversely affect the price of Boral shares.
Tax consequences of entitlements	The tax consequences from selling entitlements or from doing nothing may be different. Before selling entitlements or choosing to do nothing in respect of entitlements, a Boral shareholder should seek independent tax advice and may wish to refer to the “Australian Tax Considerations” section contained in the Retail Offer Booklet, which will provide further information on potential tax implications for Australian shareholders.

General risks

Risk	Details
Transaction risk	Boral's strategy includes pursuing acquisitions and disposals. There is a risk that these may not always create value for shareholders or that acquisition targets will be available on commercially reasonable terms. Also, Shareholders' interests may be diluted and shareholders may experience a loss in value of their equity if Boral issues shares as consideration for acquisitions or if Boral funds acquisitions through raising equity capital by placing shares with new investors. Boral may also offer shares for other purposes, including repayment of debt.
Share price and market volatility	The price of Boral Shares will fluctuate due to various factors, including movements in the Australian equity markets, recommendations by brokers and analysts, interest rates, inflation, Australian, United States and international economic conditions, changes in government, fiscal, monetary and regulatory policies, prices of commodities, global geo-political events and hostilities and acts of terrorism, investor perceptions and other factors that may affect Boral's financial position and earnings. In future, these factors may cause Boral shares to trade at a lower price.
Domestic and global economic conditions	The Australian and global economies continue to experience challenging economic conditions. Any further deterioration in the domestic and global economy may have a material adverse effect on the performance of Boral's businesses.
Interest rates	Boral will use debt and debt-like instruments to fund its operations. Any material adverse movements in relevant interest rates may have a material adverse impact on the Boral Group. The Boral Group may use derivative instruments in order to hedge against movements in interest rates. Too much exposure in the derivative markets relative to the Boral Group's exposure in the spot market may have a material adverse effect on the Boral Group.
Foreign exchange rates	Boral has significant operations in Australia, the USA and Asia and is also dependent on imported products and supply of plant and equipment. Boral is therefore exposed to the macro-economic conditions in those regions and to movements in various foreign currencies (in particular, to movements in the Australian and USA dollar exchange rates). As part of its approach to managing these risks, Boral's USA net assets are closely matched with its USA dollar debt in order to hedge against fluctuations in the USA dollar. Boral also utilises forward exchange contracts for material product and equipment supply in order to manage against short- to medium-term currency fluctuations.
Currency fluctuations	Doing business internationally exposes Boral to risks related to the value of one currency compared to another. Also, in cases where our debt or other obligations are in currencies different than the currency in which we earn revenue, Boral may lose money as a result of fluctuations in the exchange rates, decreasing Boral's earnings.
Future dividends and franking capacity	No assurances can be given in relation to the payment of future dividends. Future determinations as to the payment of dividends by Boral will be at the discretion of the directors and will depend upon the availability of profits, the operating results and financial condition of Boral, future capital requirements, covenants in relevant financing agreements, general business and financial conditions and other factors considered relevant by the directors. No assurances can be given in relation to the level of franking of future dividends. Franking capacity will depend upon the amount of tax paid in the future, the existing balance of franking credits and other factors.
Taxation	Future changes in Australian taxation law, including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of an investment in Boral shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted, in the various jurisdictions in which Boral operates, may impact the future tax liabilities of Boral.

General risks

Risk	Details
Legislative and regulatory changes	Changes in the structure and regulation of the industries in which Boral operates in Australia and elsewhere could materially affect Boral and its business. Boral is subject to environmental laws and regulations, occupational health and safety requirements and technical and safety standards, as well as general regulation, including in relation to land use and land access, native title and cultural heritage and technical regulation. Changes to government policy, law or regulations, or the introduction of new regulatory regimes (for example, in relation to climate change), may lead to an increase in operational costs and may have a materially adverse effect on Boral and its business.
Debt covenants	Boral has various covenants in relation to its debt facilities, including tangible net worth and gearing ratio requirements. In the event that these covenants are breached, Boral's lenders may cancel their commitments under the facilities and require all amounts payable to them under or in connection with the facilities to be repaid immediately.
Credit rating risk	Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating agency. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. No assurances can be given that a credit rating will remain for any period of time or that a credit rating will not be lowered or withdrawn entirely by the rating agency if in its judgement circumstances in the future so warrant, or if a different methodology is applied to derive that credit rating. Any downgrade to Boral's credit rating could impact Boral's ability to obtain financing, increase its future financing costs, impact its ability to access capital markets and/or have an adverse effect on the market price of Boral's shares.
Changes to accounting policy	Accounting standards may change. This may affect the reported earnings of Boral and its financial position from time to time, potentially adversely.
Litigation	Boral is subject to the usual business risk that disputes or litigation may arise from time to time in the course of its business activities. Boral has in the past and may in the future face claims in respect of safety by an employee, contractor or member of the public.
Compliance with standards	Failure to comply with operation and maintenance standards could lead to safety issues, supply disruptions and adverse publicity and could otherwise result in a material adverse effect on Boral's business. Boral's current and historic facilities handle or contain various materials and substances that are hazardous or environmentally sensitive. There is a risk of cost and reputational damage from the handling of these substances or from historic contamination. Although Boral has implemented risk management systems designed to identify and manage risks to employees, contractors and the community, accidents, including fatalities and severe injuries, may occur in the future. These risks expose Boral to the potential for fines and increased expense.
Insurance	Although Boral maintains insurance that it believes is appropriate to protect against major operating and other risks, not all risks are insured or insurable. Boral cannot be sure that adequate insurance coverage for potential losses and liabilities will be available in the future on commercially reasonable terms, and may also elect to self-insure and/or carry large deductibles. If Boral experiences a loss in the future, the proceeds of the applicable insurance policies, if any, may not be adequate to cover replacement costs, lost revenues, increased expenses or liabilities to third parties. This may have a materially adverse effect on Boral's financial position and performance.
Infringement of intellectual property	There is a risk that Boral's trade secrets, trademarks, patents or other intellectual property is misappropriated or infringed by unauthorised third parties. Identifying such infringements can be difficult and, even if infringement is identified, defence can be costly. Conversely, Boral's reputation may be jeopardised if it infringes on a third party's intellectual property.

General risks

Risk	Details
Information technology vulnerabilities and cyber attacks	Boral relies upon information technology to support various aspects of its business. There is a risk that information technology failure, security breaches or cyber-attacks could result in disruptions to Boral's business operations or unauthorised access to confidential information. Such events could have a material adverse effect on Boral's operating income, expose Boral to claims from customers, suppliers or other third parties or jeopardize Boral's reputation and credibility.

E

APPENDIX

International Offer restrictions

International Offer restrictions

This document does not constitute an offer of entitlements ("Entitlements") or new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of Entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – Prospectus and Registration Exemptions, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Entitlements or the New Shares or the offering of such securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Entitlements or the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Entitlements and the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation;

International Offer restrictions (cont.)

(b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which such securities were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the Entitlements and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

European Economic Area – Belgium, Denmark, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of Entitlements and New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of Entitlements and New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers ("AMF"). The Entitlements and the New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the Entitlements and the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

International Offer restrictions (cont.)

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the Entitlements and the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO).

No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The Entitlements and the New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

Japan

The Entitlements and the New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Entitlements or New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Entitlements or New Shares is conditional upon the execution of an agreement to that effect.

Malaysia

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Entitlements or New Shares. The Entitlements and the New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The Entitlements and the New Shares in the Entitlement Offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the transitional provisions of the FMC Act and the Securities Act (Overseas Companies)

International Offer restrictions (cont.)

Exemption Notice 2013.

Other than in the Entitlement Offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Singapore

This document and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the Entitlements or the New Shares be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of Entitlements or New Shares in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

International Offer restrictions (cont.)

Switzerland

The Entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Entitlements and the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. These securities will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the Entitlements and the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Entitlements and New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

United Arab Emirates

Neither this document nor the Entitlements and the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorization or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the Entitlements or the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the Entitlements or the New Shares, including the receipt of applications and/or the allotment or redemption of such securities, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for Entitlements or New Shares is valid in, or permitted from any person in, the Dubai International Financial Centre.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Entitlements or the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

International Offer restrictions (cont.)

United States

Not for release or distribution in the United States of America

This document may not be released or distributed in the United States.

This document does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the New Shares nor entitlements have been, or will be, registered under the U.S. Securities Act of 1933, as amended (“U.S. Securities Act”) or the securities laws of any state or other jurisdiction of the United States.

Accordingly, neither the New Shares nor the entitlements may be offered, sold or resold, directly or indirectly, to persons in the United States, unless they have been registered under the U.S. Securities Act (which Boral has no obligation to do or procure), or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable United States state securities laws.