

# Boral Limited

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## Investor Presentation

### Acquisition – Wagners' construction materials



# Boral to strengthen core Australian business by acquiring Wagners' construction materials assets in Queensland



## Overview

- Agreement to acquire certain construction materials assets and operations of the Wagners Group (“Wagners Construction Materials”)
- Purchase price of \$173 million (on a cash free, debt free basis)

## Wagners Construction Materials

- Wagners Construction Materials is the largest independent construction materials business in Queensland
- Operations are focused on the South East Queensland (SEQ), Darling Downs/Surat Basin and North Queensland (NQ) regions
- Assets include concrete, quarries, share in a flyash joint venture, transport and concrete pumping operations

## Conditions / Timetable

- Acquisition subject to informal clearance by the ACCC, certain limited due diligence, property-related consents and other procedural conditions
- Transaction expected to complete in the second half of calendar 2011

# Wagners Construction Materials - Overview



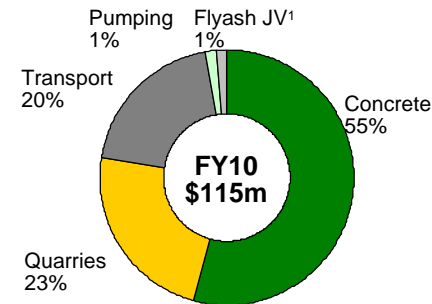
Wagners construction materials assets acquired include concrete, quarries, flyash, transport and concrete pumping operations

Volumes	FY2008	FY2009	FY2010
Quarries ('000t)	1,174	1,262	1,209
Concrete ('000m <sup>3</sup> )	409	330	374

Sites	Concrete	Quarries	Flyash <sup>(3)</sup>	Total
SEQ	6	-	-	6
Downs	12	4	1	17
NQ	1	1	-	2
<b>Total</b>	<b>19</b>	<b>5</b>	<b>1</b>	<b>25</b>

**Notes:**

- (1) Wagners Construction Materials recognises rebate income from the flyash joint venture. This rebate income is included as revenue in the pie chart
- (2) Total revenue from internal and external sales, including flyash rebate income
- (3) The flyash joint venture sources material from Millmerran Power Station



Revenue Breakdown<sup>(2)</sup>



Concrete



Quarries



Flyash

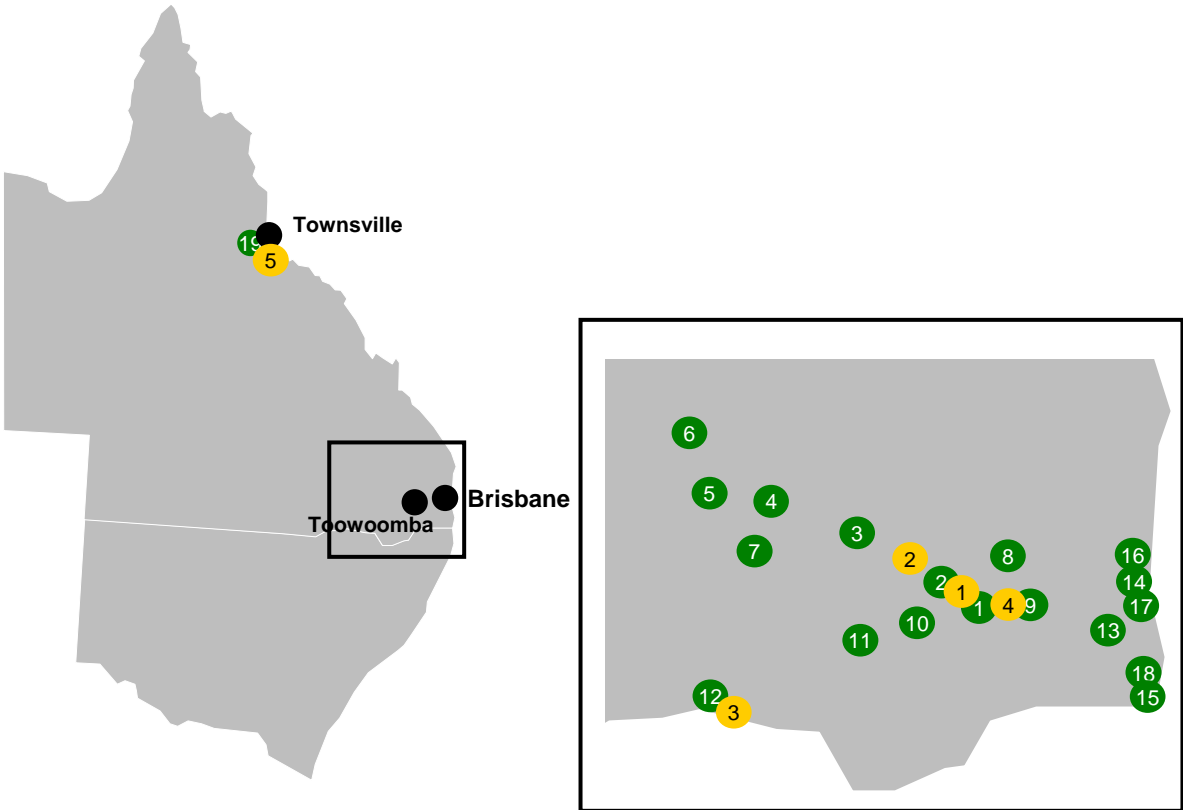


Transport



Concrete Pumping

# Wagners Construction Materials - Locations



**Concrete**

- Downs**
1. Toowoomba
  2. Oakey
  3. Dalby
  4. Chinchilla
  5. Miles
  6. Wandoan
  7. Tara
  8. Crows Nest
  9. Grantham
  10. Pittsworth
  11. Millmerran
  12. Goondiwindi

- SEQ**
13. Wacol
  14. Everton Park
  15. Burleigh Heads
  16. Narangba
  17. Murarrie
  18. Southport

- NQ**
19. Townsville

**Quarries**

- Downs**
1. Wellcamp Downs
  2. Malu
  3. Kildonan
  4. Grantham

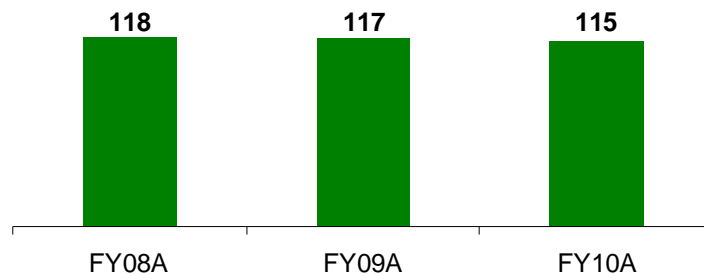
**SEQ**  
No active quarries

- NQ**
5. Burdekin

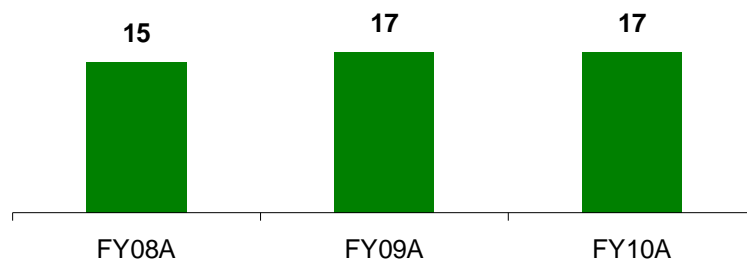
# Wagners Construction Materials – Financial Profile



## Revenue (\$m)



## EBITDA (\$m)



Significant revenue and EBITDA growth expected:

- Improved market activity following severe regional wet weather and rebuild after flooding in FY2011
- Ramp up in new South East Queensland concrete plants
- Impact of price increases announced by Wagners Group in November 2010 (effective 1 April 2011)
- Benefits from cement supply arrangements

### Notes

- (1) All financials are June year end
- (2) Revenue is total revenue from internal and external sales, including flyash rebate income
- (3) EBITDA shown is normalised to include impact of proposed cement supply arrangements



## Darling Downs / Surat Basin

- Recovery in general construction activity following period of severe wet weather
- Dwelling construction (and associated infrastructure) expected to be robust, to support population growth as Brisbane expands west
- Major natural resources-related projects
  - e.g. Surat Basin coal seam gas to LNG (est. \$24b in regional projects to 2018)
  - e.g. Coal mine development (est. \$3-5b to 2018)
- Flood reconstruction work
  - Est. \$5b in reconstruction spend across QLD

## South East Queensland

- Recovery in general construction activity following period of severe wet weather
- Flood reconstruction work
  - Est. \$5b in reconstruction spend across QLD
- Expansion of residential construction west of Brisbane
  - Infrastructure projects (e.g. roads, community facilities, rail) worth an est. \$4-7b
- Pickup in non-residential activity following GFC-related slowdown
- Robust population growth expected to continue

# Benefits



- Significantly **expands geographic reach** of Boral's construction materials division
- Provides Boral with **capability to service attractive growth markets**
  - Darling Downs / Surat Basin resources projects
  - Westward expansion of Queensland's largest population base
- **Adds scale concrete plants** to fill gaps in key growth corridors in Boral's existing South East Queensland footprint
- Includes arrangements to **augment future cement supply** positions
- Provides significant **operational and overhead synergies**
- Includes attractive land parcels with **future development potential**



# Financial Summary



## Funding

- Acquisition purchase price of \$173 million and related transaction costs to be funded with existing cash and available facilities

## Valuation

- FY2010 EV/EBITDA multiple of 9.7x (excluding non-operational land<sup>(1)</sup>)
- Substantial discount to asset replacement cost

## Financial Impact<sup>(2)</sup>

- EPS accretive in FY2012 (including synergies, pre integration costs)<sup>(3)</sup>
- Maintains conservative capital structure
  - Pro forma gearing of approximately 26%<sup>(4)</sup>
  - Pro forma net debt / EBITDA (FY2010) of approximately 1.6x<sup>(5)</sup>

### Notes

(1) Land parcels in South East Queensland

(2) Forward looking estimates for "Financial Impact" are based on certain market and operational assumptions. The estimates are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause actual results to differ materially from those expressed. Accordingly, you should not place undue reliance on such forward looking statements.

(3) Based on consensus forecasts for Boral as at 4 April 2011

(4) As at 31 December 2010 assuming transaction occurred on that date

(5) Based on 30 June 2010 Boral results, plus FY2010 EBITDA from Wagners Construction Materials operations of \$17 million. Net debt based on 31 December 2010 reported net debt, assuming the transaction occurred on that date



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