



BORAL USA

Investor Day 2015, Chicago

9 September 2015

Cladding



Roofing



Light Building Products



Materials



Boral's *Fix, Execute, Transform* program



FIX



EXECUTE



TRANSFORM

Started
FY2013

2 years

4 years

6 years +

Fixing things that are holding us back

- ✓ Streamlined organisation
- ✓ Portfolio realignment
- ✓ \$213m cumulative cost reduction benefits¹ in FY2015
- ✓ \$251m cash from divestments & land sales in first 2 years
- ✓ Net debt of \$817m at historically lower levels
- ✓ Capital expenditure < \$300m

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

- ✓ People engagement and safety first
- ✓ Levers of change – LEAN, Sales & Marketing, Innovation
- ✓ Responding to external challenges
- ✓ Capacity utilisation up

Transforming Boral for performance excellence and sustainable growth through innovation

- ✓ Product innovation
- ✓ Gypsum technology roll-out commenced
- ✓ Lowering fixed cost exposures through the cycle

1. From major corporate and divisional restructuring programs in FY2013-2015, including 50% share of USG Boral programs

Boral USA Schedule

Wednesday, September 9



Time	Presentation	Speaker
10:30 a.m. - 11:00 a.m.	Registration	
11:00 a.m. - 11:15 a.m.	Welcome	Mike Kane, CEO & Managing Director, Boral Limited
11:15 a.m. - 12:30 p.m.	Presentation	Al Borm, President & CEO, Boral USA US Management Team
12:45 p.m. - 2:30 p.m.	Lunch	Small group discussions and Q&A <ul style="list-style-type: none"> ▪ Cladding – Keith Depew and Paul Samples ▪ Light Building Products – Brian Below ▪ Roofing – Chris Fenwick ▪ Materials – Terry Peterson
2:40 p.m. - 3:05 p.m.	Guest Speaker	Gary Katz, Master Carpenter, Editor of Fine Homebuilding Topic: Composite materials in practice
3:10 p.m. - 3:45 p.m.	Wrap Up, Q&A	

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Content



- **Boral USA Overview**
- Economic & Housing Update
- Financial Results
- Strategy
- Business Updates

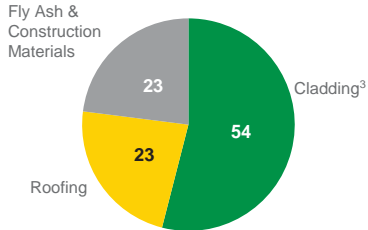
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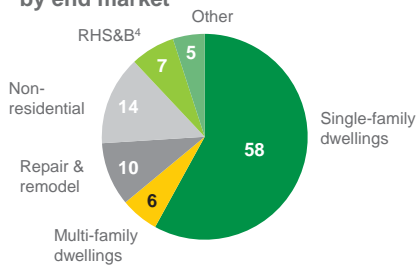
Boral USA has leading market positions¹ & a national footprint

#1 in Brick, Clay Tile, Concrete Tile, and Stone Veneer; #2 in Fly Ash;
#3 in Construction Materials in Denver, Colorado

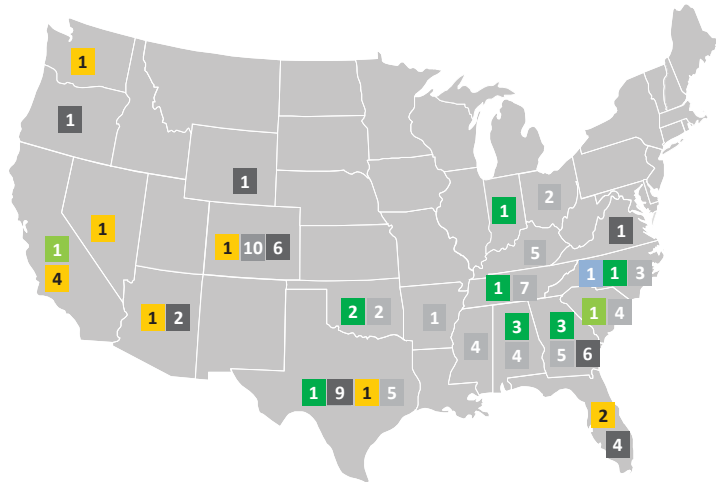
SHARE OF REVENUE², % by business



by end market



1. Based on management estimates
2. Based on split of FY2015 revenue for Boral USA
3. Includes Bricks, Cultured Stone and Trim revenues
4. Roads, highways, subdivisions & bridges



OPERATING FOOTPRINT (total number of operations)

12	Bricks	1	Trim, Siding
12	Roof tiles	10	Concrete and quarries
2	Cultured Stone	30	Fly ash
42	Building Products Distribution Centres		

1 Trinidad



Boral USA Team

Boral USA



Al Borm
President and CEO

Boral Limited



Joel Charlton
EGM Innovation

Patrick O'Boyle
VP Growth & Performance



Oren Post
CFO



Paul Samples
President
Sales & Dist, Cladding



Keith Depew
President
Operations, Cladding



Chris Fenwick
President Roofing



Terry Peterson
President Materials



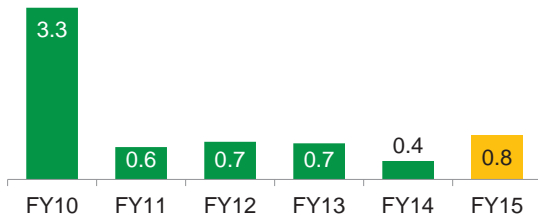
Brian Below
President
Light Building Products



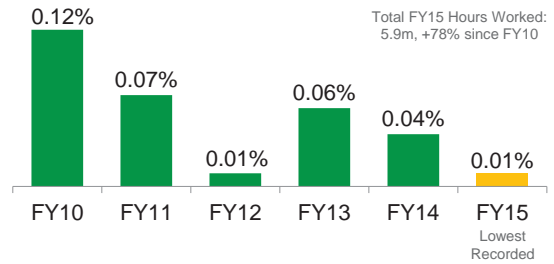
Zero Harm Safety Culture

Lost hours down 84% to 372 – all-time low for Boral

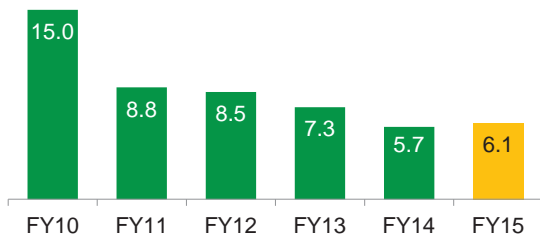
Employee and Contractor LTIFR¹



% of total Hours Lost to Injury



Employee and Contractor RIFR²



- Risk identification and leadership engagement remain key areas of focus
- Boral Bricks Union City plant maintained OSHA VPP³ Star Plant status
- Goal is ZERO HARM

1. Lost Time Injury frequency rates (per million hours worked)
 2. Reportable Injury Frequency Rates (per million hours worked)
 3. Occupational Safety and Health Association Voluntary Protection Program



Content

- Boral USA Overview
- **Economic & Housing Update**
- Financial Results
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Economic & Housing Update

- Fundamental economic indicators improving

Q2 CY 2015 GDP Growth

3.6% 2.2% average quarterly growth since 3Q 2009¹

July 2015 Unemployment

5.3% vs. Oct-09 peak of 10.0%²

Consumer Confidence

93.1 up from Nov-08 trough of 55.3³

- Positive Housing fundamentals

New Housing Stock⁴

40% Below long-term average inventory of ~360k homes

Mortgage Rates⁵

4% 45% Below long-term average of 6% to 8%

Home Prices⁶

5% Higher year over year in May 2015: \$179k⁷

- Construction indicators and risks

New Residential

Big builders continue to lead recovery
Single family 64% of total

Non-Residential

Lagging residential by 18 to 24 months

Headwinds

Labor is still tight
Credit constrained for first-time buyers

1. US Bureau of Economic Analysis
2. US Bureau of Labor Statistics
3. University of Michigan Surveys of Consumers, 80+ considered positive
4. US Census Bureau; June 2015: 215k homes

5. National Association of Realtors
6. Case Shiller Home Price Index
7. May 2015 average home sales price

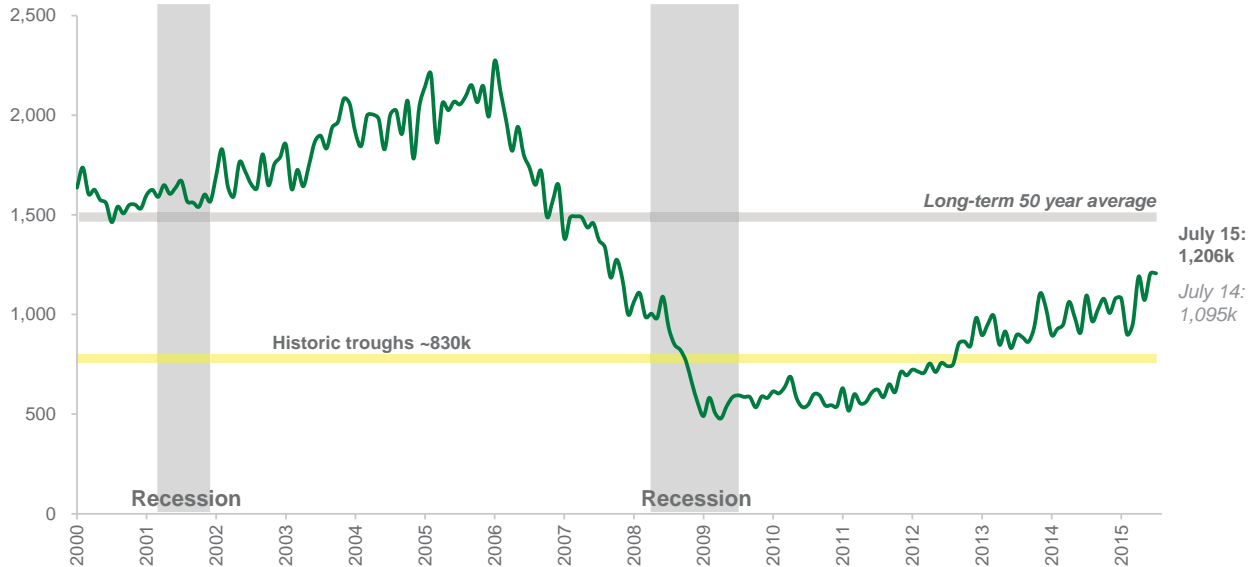


US Housing Snapshot

US Housing starts averaged 1,054k in FY2015, a year on year increase of ~10%

Total US Housing Starts

Units 000s¹



1. US Census Bureau: Monthly, seasonally adjusted annualized housing starts. Note that July is a seasonally strong month, and the monthly, seasonally adjusted figures can vary throughout the year.

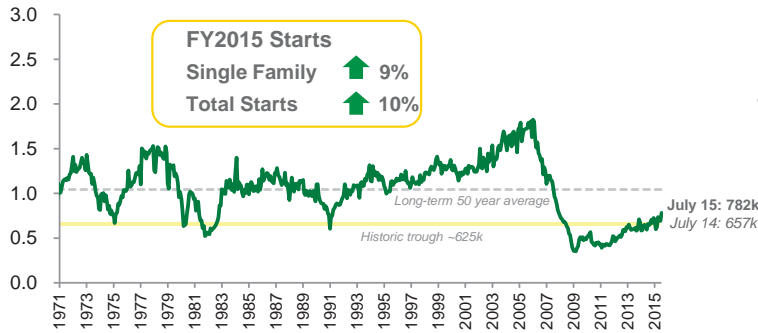


Single Family Recovery

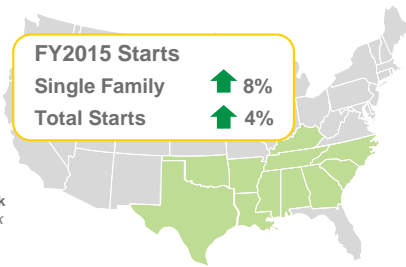
The current portfolio is highly exposed to single family residential and the potential upside from this segment remains strong

US Single Family Starts¹

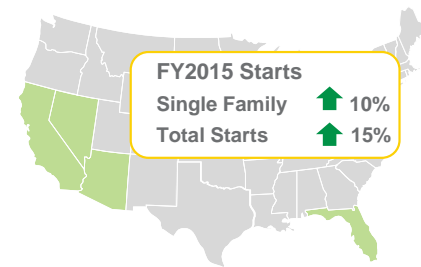
Units millions



Brick States²



Tile States³



Single Family (000's units)	Prior Trough	FY14	FY15	Prior Peak	% Below Peak
Brick States ²	175	255	276	565	-51%
Tile States ³	63	116	127	447	-72%
US Total ¹	427	622	676	1,681	-60%

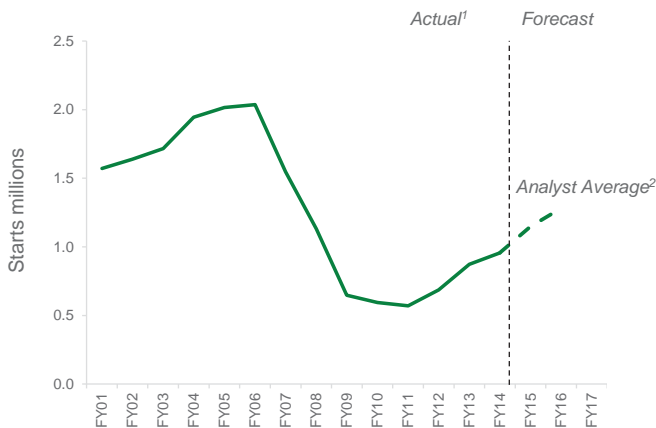
1. US Starts: Census Seasonally Adjusted, State Level McGraw Hill Dodge, based on latest available revisions in August 2015
2. Boral Brick States (Dodge): Alabama (AL), Arkansas (AR), Georgia (GA), Kentucky (KY), Louisiana (LA), Mississippi (MS), North Carolina (NC), Oklahoma (OK), South Carolina (SC), Tennessee (TN), Texas (TX), based on latest available revisions in August 2015
3. Boral Tile States (Dodge): Arizona (AZ), California (CA), Florida (FL), Nevada (NV), based on latest available revisions in August 2015



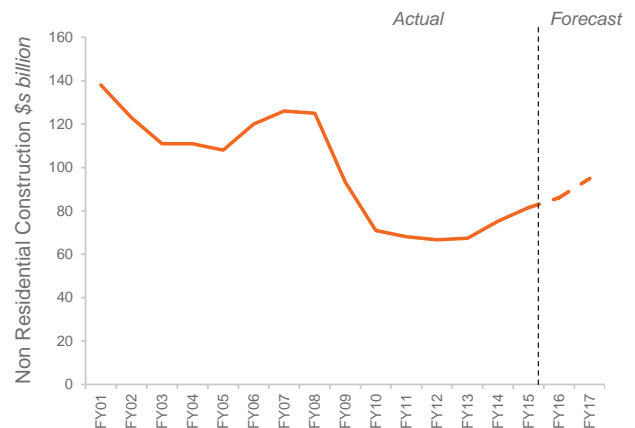
Market Outlook

Residential and non-residential momentum to continue in FY2016; strong growth forecast in both markets through next 3 to 5 years

New Residential Starts¹



Non Residential Activity³



Analysts' average forecast of US starts at ~1.2m in FY2016, a ~14% increase from FY2015. Expected growth of ~6% for the Non-Residential segment.

1. Historical Residential Starts: Census Bureau
2. Residential Forecast: Average of NAHB, MBA, Dodge, Wells Fargo, NAR, Fannie Mae, Freddie Mac
3. Non Residential Activity: McGraw Hill / Dodge - 1992 Value



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Operating Results

EBIT positive, first time since 2007



US\$m	FY15	FY14	FY13	FY15 vs. FY14
Revenue	695	622	569	12%
EBITDA ¹	42	3	(22)	
EBIT¹	5	(35)	(66)	114%
EBIT ROS, %	0.7	(5.7)	(11.6)	
Net Assets	634	625	655	
ROFE ¹ , %	0.8	(5.7)	(10.0)	

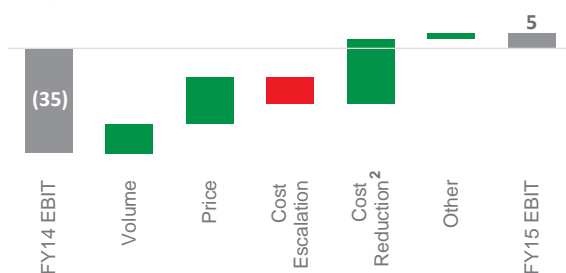
Revenue **\$695m** ↑ 12% EBIT **\$5m** ↑ from (US\$35m)

- **Market Improvement**
 - Total starts up 10%
 - Single family starts up 9%

- **EBIT positive, US\$5m**
 - Volume gains
 - Price improvement
 - Operating leverage
 - ~\$20m SG&A cost reductions
 - Divestment: Oklahoma limestone quarry

- **EBITDA positive, US\$42m**

FY15 vs. FY14 EBIT variance¹
US \$m



1. Excluding significant items; ROFE in FY15 reported results for Boral USA 0.7% in AUD
2. Includes production volume leverage impact

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Journey to Breakeven

Wide range of initiatives needed to return the business to profitability

Top Line and Margin Growth	Cost and Capital Management	SG&A ¹
<p>New Products:</p> <p><i>Non Manufactured Products</i></p> <ul style="list-style-type: none"> Roofing components, brick accessories, stucco, tools, liquid weather barrier <p><i>Manufactured Products</i></p> <ul style="list-style-type: none"> Bricks: 24 new products Roofing: 13 new products Stone: Carolina Collection LBP: Siding, 2x trim <p>New Segments:</p> <p><i>Repair and Remodel</i></p> <ul style="list-style-type: none"> Versetta, hail tile, siding <p><i>Non Residential</i></p> <ul style="list-style-type: none"> Admix brick, Stucco <p>New / Emerging Geographies:</p> <ul style="list-style-type: none"> Roofing: Colorado, Texas, Canada Cladding: Exports <p>Pricing:</p> <ul style="list-style-type: none"> Roofing: Key contracts, components Cladding: Regional, customer based 	<p>Bricks:</p> <ul style="list-style-type: none"> Bricks 1.3b capacity, 1.9b at peak 24 plants at peak, currently 9 operating, 3 mothballed <p>Stone:</p> <ul style="list-style-type: none"> Plant automation <p>Roofing:</p> <ul style="list-style-type: none"> 17 plants at peak, currently 9 operating, 3 mothballed Standardize equipment, tooling, machinery 	<p>FY13 Project Get Fit:</p> <ul style="list-style-type: none"> 115 FTEs impacted Outsourced brick transportation <p>FY14, FY15 Reorganization:</p> <ul style="list-style-type: none"> 70 FTEs impacted Restructured regional sales and operations ~US\$20m cost savings in FY2015 <p>Ongoing expense management</p>

Continuous effort to protect and grow margins

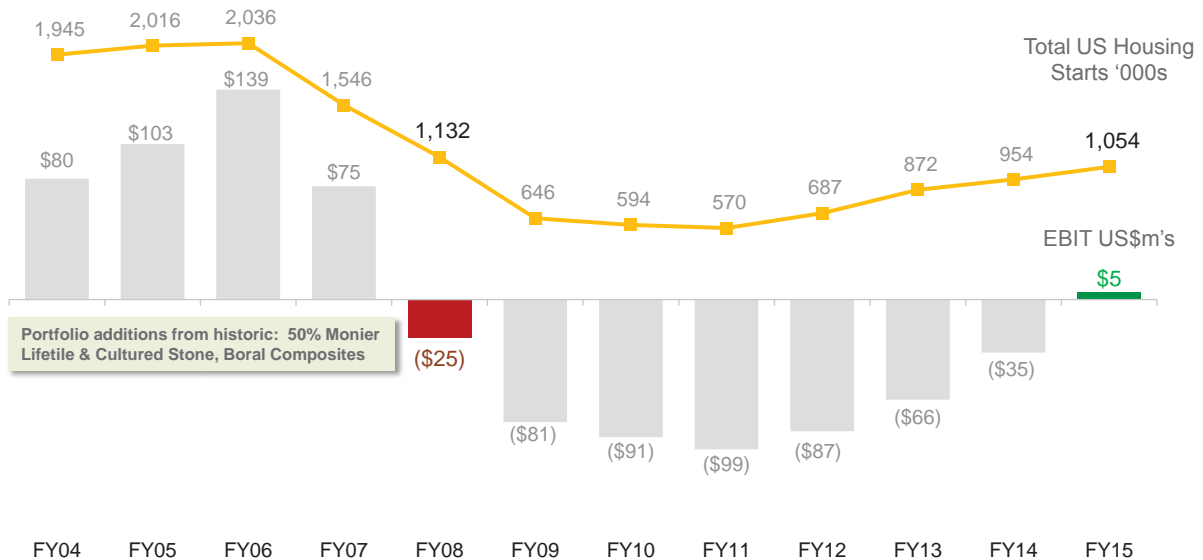
1. SG&A: "Selling, general, and administration" costs



EBIT and Housing Starts

Positive results at lower level of housing starts

EBIT vs. Housing Starts





FY2015 Performance Drivers

Improvement driven by higher volumes, price growth, and cost and asset management

	Total Starts	Single Family Starts	Volume	Price	Revenue	Utilization
Bricks ¹	Up 4%	Up 8%	↑ 8%	↑ 1%	↑ 13%	Up to 52%
Stone ²	Up 10%	Up 9%	↑ 17%	↑ 1%	↑ 15%	Up to 30%
Roofing ³	Up 15%	Up 10%	↑ 10%	↑ 5%	↑ 14%	Up to 28%
Composites	-	-	↑ 58%	↑ 8%	↑ 76%	-
Materials	-	-	↑ 5%	↑ 9%	↑ 7%	-
Fly Ash	-	-	↓ (6%)	↑ 5%	↓ (3%)	-

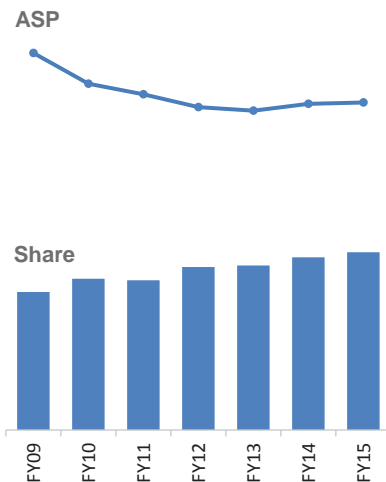
1. Brick States: (Source: Dodge) Texas, Oklahoma, Arkansas, Louisiana, Kentucky, Tennessee, Mississippi, Alabama, Georgia, South Carolina, North Carolina
 2. Stone: Total United States starts (Source: Census)
 3. Tile States: (Source: Dodge) California, Nevada, Arizona, Florida
 4. Data as of August 2015



Share & Price

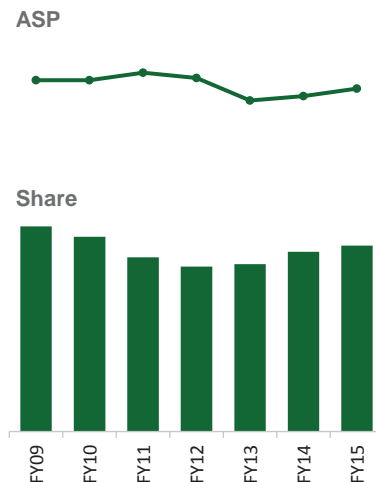
FY15 share gains with price recovery ongoing

Bricks Market Share¹ and Price
 % Share, \$ per MSBE²



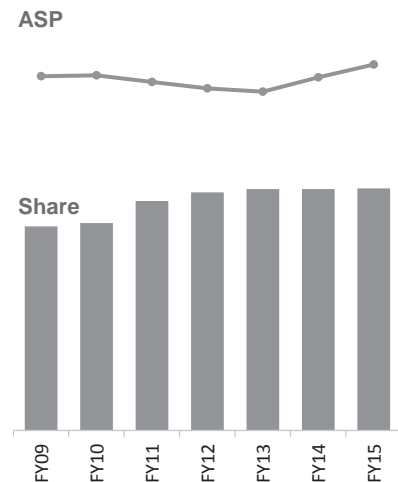
Share recapture in key markets

Stone Market Share¹ and Price
 % Share, \$ per Sq Ft



Launch of low cost product line

Roofing Market Share¹ and Price
 % Share, \$ per Square³



Focus on price to offset cost increases

1. Market share based on management estimates
 2. Bricks average selling price: Direct distribution average selling price
 3. Standard Weight Concrete Tile ASP

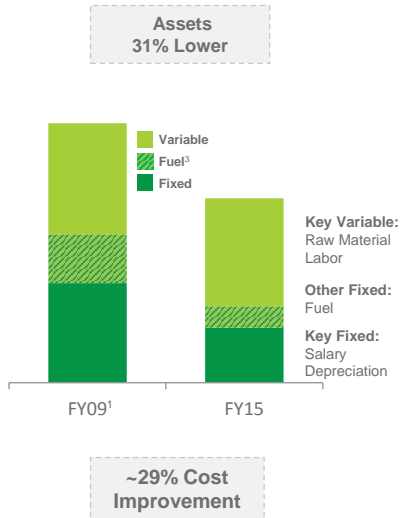


Cost & Capital Management

Manufacturing costs have improved substantially

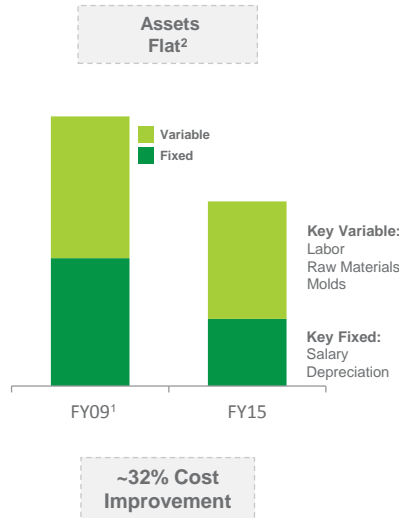
Brick Manufacturing Costs & Assets

(\$ per MSBE)



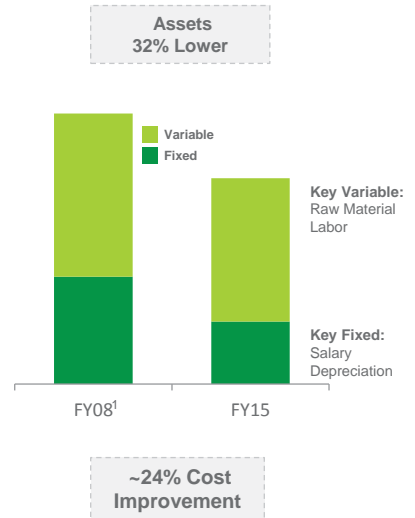
Stone Manufacturing Costs & Assets

(\$ per Sq. Ft)



Roofing Manufacturing Costs & Assets

(\$ per Square)



1. Inflation adjusted by 1.5% per annum
 2. Asset change % based on capacity. Excludes Versetta line
 3. Fuel and energy < 5% of costs in Roofing and Stone businesses



Outlook

FY2016 Outlook for Boral USA:

- Housing starts to continue slow rise: ~1.2m
- EBIT will continue to improve, even without FY2015 one-time restructuring boost
- Businesses will need to increase costs to support market growth
- Impact of Light Building Products to increase



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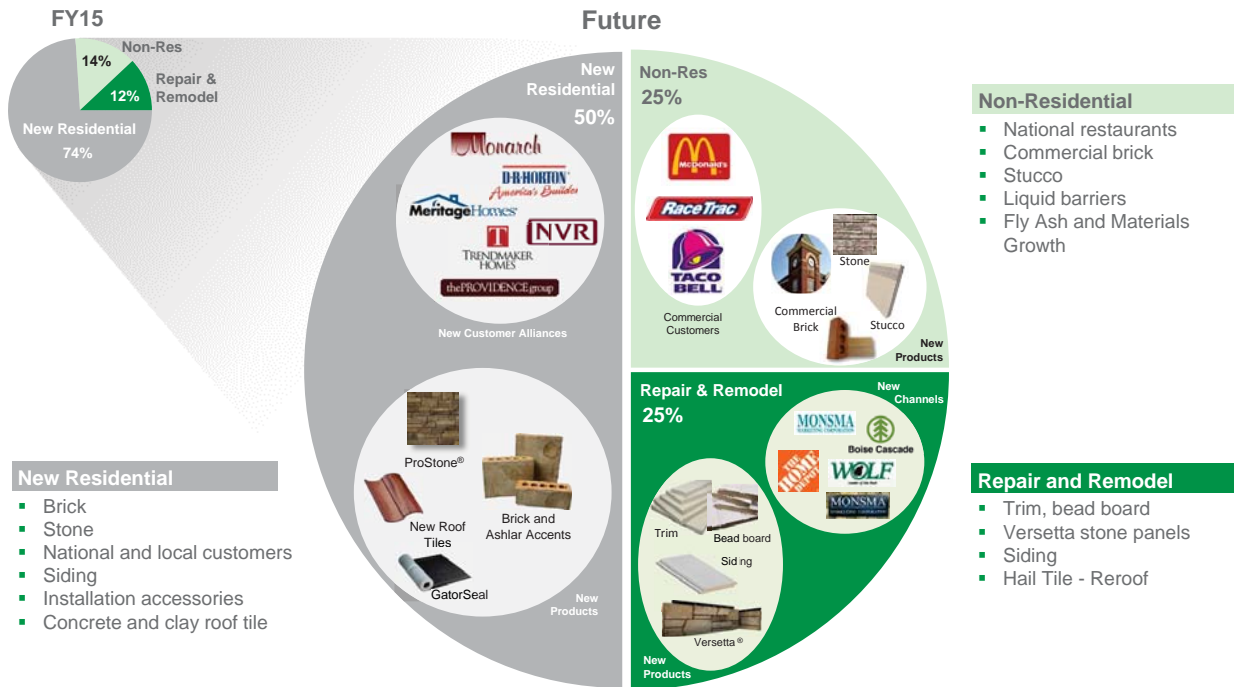
Strategic Roadmap

- 1**
Optimize Portfolio to Maximize Recovery
 - Continue focus on margin enhancement, i.e. price improvement, cost down initiatives
 - Divest non-core construction materials business in Colorado when appropriate
 - Continue to assess options for the US bricks business
- 2**
Investment in Innovation
 - Grow capabilities of Innovation Factory
 - Deliver new products to market
 - Develop new platforms
 - Invest in prototype composite sheet line
- 3**
Acquisition Strategy
 - Focus on sectors with low asset, variable cost based manufacturing
 - Leverage emerging market trends, targeting products early in life cycle
 - Identify companies that fit Boral's strategic objectives



Priority 1. Optimize portfolio to maximize recovery

Growing the top line while driving efficiencies through the business



Priority 2. Innovation

Continuous development of new products and platforms

<p>Sustainable Development Improving and growing current platforms</p> <p>Support</p> <ul style="list-style-type: none"> Marketing efforts/claims Technology evaluations <p>Performance</p> <ul style="list-style-type: none"> Cost optimization Process improvements <p>Product Extensions</p> <ul style="list-style-type: none"> Craftsman Collection™ Bevel siding profile New trim profiles/sizes 	<p>Transformational Creating new platforms and technologies</p> <p>Support</p> <ul style="list-style-type: none"> New R&D centre Pilot plant infrastructure Open innovation <p>Market Diversification</p> <ul style="list-style-type: none"> Repair and Remodel Interior Commercial <p>New Product Categories</p> <ul style="list-style-type: none"> Sheet development New formulations New processes
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Priority 3. Acquisition Strategy

Positioning businesses to transform the portfolio and achieve ROFE targets

Current Portfolio

- High cost assets, high energy
- High fixed cost platform
- Residential focus
- Mature markets
- High skilled labor

Aspiration

- Low asset base, low energy, sustainable
- Variable cost based manufacturing
- Balanced market segments¹
- Innovative technology platform
- Low skilled labor

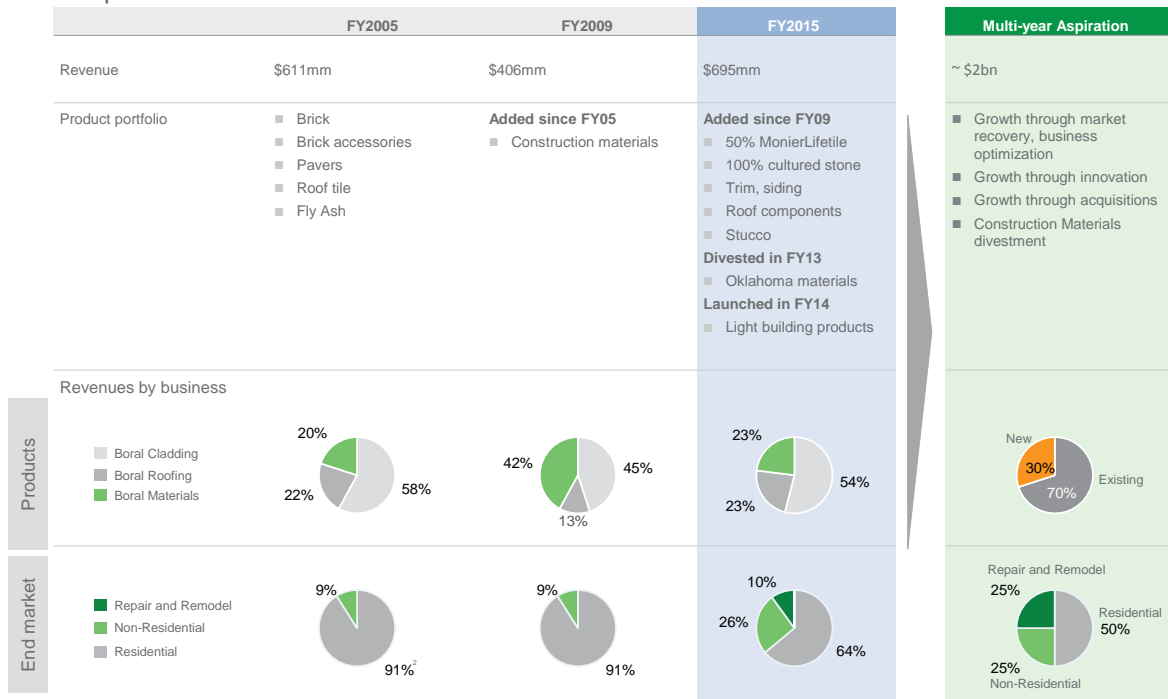
1. 50% residential, 25% non-residential, 25% repair and remodel



Transforming the Portfolio

Changing the composition and scale of our assets

Snapshot of business over time





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Boral Cladding: Strategy

Deliver high quality masonry and construction cladding solutions with increasing emphasis on commercial market through stone, stucco, and commercial brick offerings

Sales and Marketing

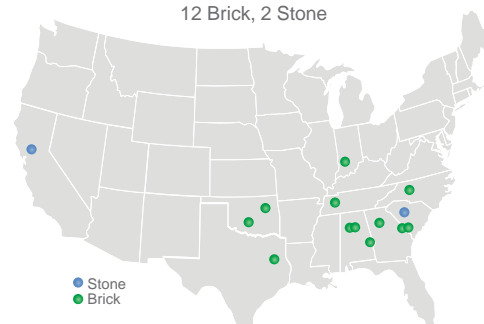
- Maintain and grow share
- Convert direct stone sales to Boral Stone
- Compete in lower tier stone market
- Increase commercial share
- Expand brick and stone product lines
- Expand high-margin resale portfolio



Operations and SG&A

- Rationalize direct network
- Optimize production network
- Restructure to lean cladding organization
- Improve Chester plant utilization
- Optimize/Outsource logistics

Cladding Plants
12 Brick, 2 Stone





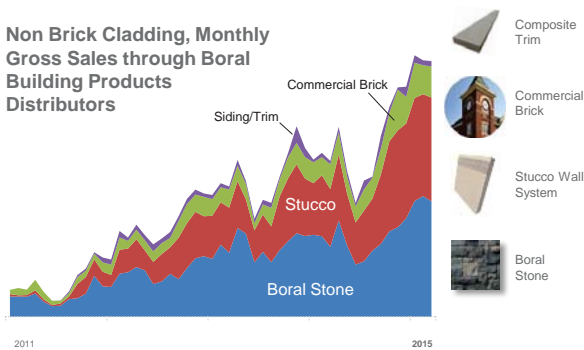
Boral Cladding: Challenges and Actions

Delivering on priorities to protect and grow market share and maximize profitability

Challenges

- Brick share of wall (brick intensity)
- Increased share of volume builders
- Reliance on new single-family
- Excess supply and capacity
- Return to profitability

Non Brick Cladding, Monthly Gross Sales through Boral Building Products Distributors



Actions

- ✓ Expanded product offerings
- ✓ Established strategy to win volume builders
- ✓ Invested in commercial capacity
- ✓ Shed excess capacity, remastered key items
- ✓ Rationalized direct distribution
- ✓ Working to eliminate losses in FY2016¹



2015 Designer Cultured Stone Collection



Pro Stone Aged LedgeStone

1. Dependent on housing starts, intensity, and builder mix



Boral Cladding: Strategic Product Highlights

Continued share gains, new product offerings, price increases, and commercial sales growth

Product Highlights

Prostone (lower tier)



BASF Finestone (mixed use project)



Bessemer Commercial Brick



Echo Ridge stone (Interior)



New Collections

New Historic District Brick Collection



New California Vista Stone Collection



Ancient Villa LedgeStone is one of several new Vista profiles



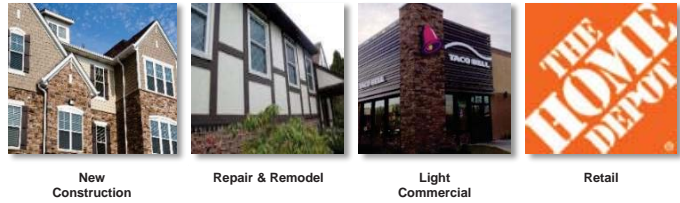
Boral Light Building Products: Strategy

Market leader for high performance, innovative, "green" product solutions across the residential new construction, light commercial, and repair & remodel segments

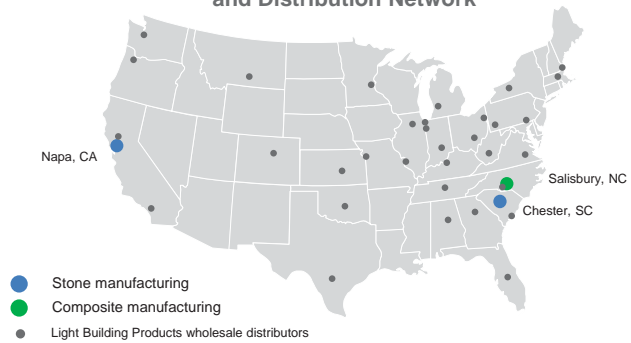
Strategic Priorities

- Low asset base, low energy
- Variable cost based manufacturing
- Balanced market segments¹
- Innovative technology platform
- Platform for growth
 - Organic: Boral Innovation Factory
 - Future M&A

Markets and Channels



Light Building Products Manufacturing and Distribution Network



1. New residential, repair and remodel, light commercial, and retail



Boral Light Building Products: Challenges and Actions

Executing on key initiatives to aggressively grow scale

Challenges

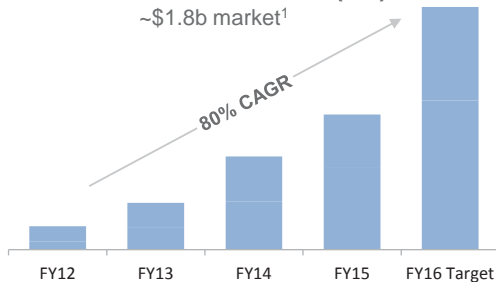
- Market adoption to continue rapid growth
- Price pressures from competitive products
- Manufacturing efficiency and cost improvements
- Timing of new manufacturing capacity

Actions

- ✓ Continued expansion into new geographies, channels, segments
- ✓ Multi-pronged marketing strategy to drive awareness and trial
- ✓ Expanding product portfolio to full offering
- ✓ Price discipline and margin management

LBP Revenue Growth (\$M)

~\$1.8b market¹



Napa Versetta Line



1. Estimate based on information from Ciprus Research, Principia, and management estimates



Boral Light Building Products: FY2016 Commercial Developments

Continued channel-to-market expansion, market awareness initiatives, and new product launches are planned to deliver significant growth in FY2016

Market Awareness

Mobile Training Units



Katz Roadshow Sponsorship



Finish Carpentry Clinics
with Gary Katz

Content Marketing Initiative



Product Development



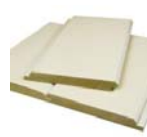
Trim - 2011



Bead Board



2X Trim



Siding Collection



Skirt Board



Bevel Siding - 2015



Versetta - 2010



Accessories



Universal Corner



Graphite - 2015



Mission Point - 2015



Boral Roofing: Strategy

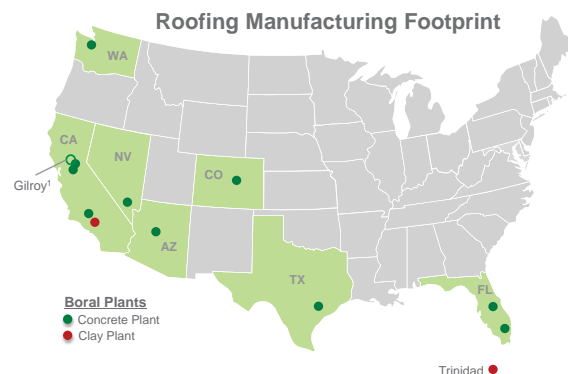
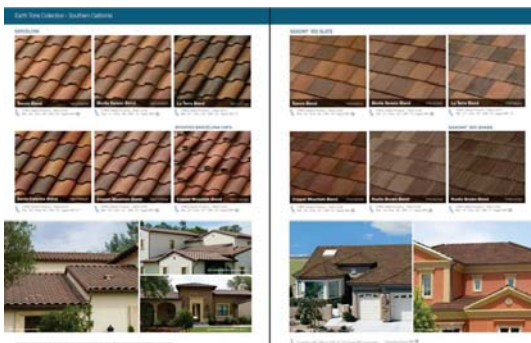
Provide full offering of high end pitched roof solutions that will enable Boral to grow and diversify into new geographies and market segments

Sales and Marketing

- Maximize price and margin
- Maintain and grow share of tile vs asphalt
- Launch new, high margin products
- Diversify business across market segments
- Optimize product offering across assets

Operations and SG&A

- Optimize manufacturing network
- Invest in assets to improve efficiency
- Deliver higher asset utilization at lower cost
- Add talent to support growing market
- Manage SG&A as % of sales



1. Gilroy consolidated into other Northern California plants



Boral Roofing: Challenges and Actions

Executing on key initiatives to increase profit margin and share of roof

Challenges

- Heavily tied to new homes in sand states
- High installed cost
- Low utilization and price challenges
- Manufacturing optimization

Actions

- ✓ Fewer hours lost to injury
- ✓ Market expansion
- ✓ Price and margin improvements
- ✓ Increased roof component sales
- ✓ Manufacturing network consolidation
- ✓ Overhead cost improvements

Pitched Roof Solutions



Gilroy to Stockton Conversion



Hand Stacking Tile



Boral Roofing: FY2016 Commercial Developments

Price increase, margin improvement, new product introductions, and design centers are planned to deliver profitable growth in FY2016

Product Launches

Gemstone Collection



Earth Tone Collection

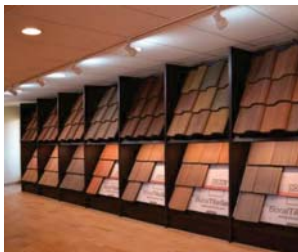


Villa 800



Customer Experience

New Tile and Stone Design Center in Phoenix, Arizona





Boral Materials: Strategy

Fly Ash: Bolster fly ash supply and uncover new applications; increase pricing with recovery
 Materials: Exploit quarry position and leverage ready mix plant network

Sales and Marketing

- Maximize price and margin
- Maintain and grow share through new contracts
- Launch new, high margin fly ash fillers
- Find new applications of fly ash as filler
- Optimize product offering across assets¹



Fly Ash is required in Federal Transportation Projects

1. Materials operations only

Operations and SG&A

- Optimize fly ash supply network
- Upgrade equipment to improve efficiency¹
- Deliver higher asset utilization at lower cost¹
- Add talent to support growing market
- Maintain low SG&A as % of sales



Fly Ash: 30 locations
 Construction Materials: 6 ready-mix plants and 4 quarries



Boral Materials: Challenges and Actions

Executing on key initiatives to grow supply and improve margins

Challenges

Fly Ash:

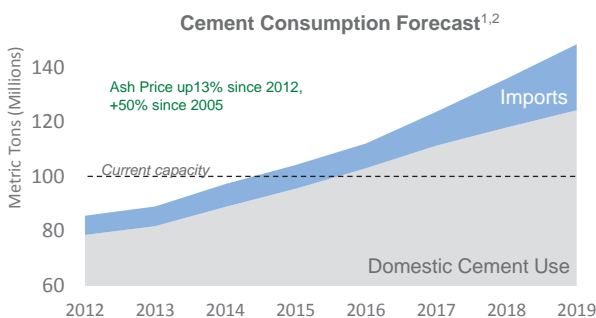
- Supply during construction upturn
- Storage capacity
- Source material price increases

Materials:

- Driver/Delivery shortages

Actions

- ✓ New supply contracts
- ✓ New storage facilities
- ✓ Increase sales of high margin fillers
- ✓ Increase price with demand
- ✓ New Colorado quarry and ready mix



Bottom ash stockpile - San Antonio

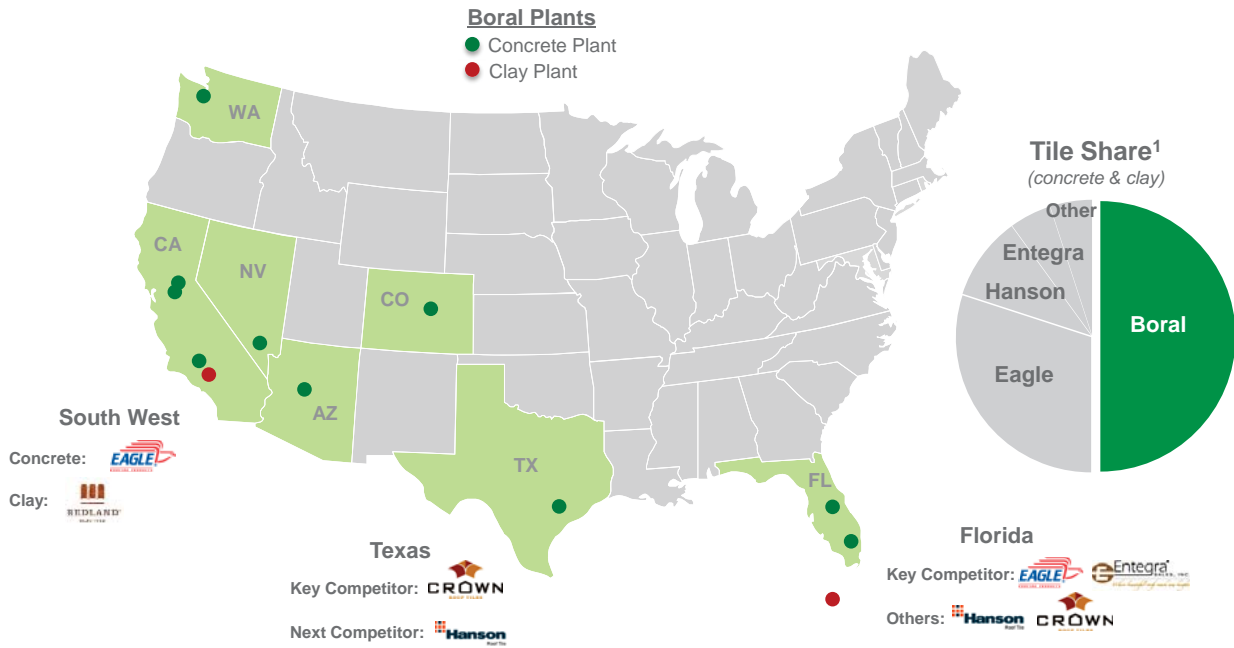
Fly ash terminal - Denver

1. Portland Cement Association Market Intelligence Report 2015
 2. Future domestic cement shortages drive fly ash and cement import demand



Boral Roofing is the USA market leader in Concrete & Clay Tile

10 concrete roof tile plants and 2 clay roof tile plants



1. Management Estimates