

# Boral



It's *not business as usual* at Boral

**Annual General Meeting 2008**



## **Chairman's Address** **Ken Moss**



## 2008 was a particularly challenging year due to several extraordinary external factors

- 1 Significant deterioration in **US housing activity**
- 2 Dramatic increase in energy and other **input costs**
- 3 Protracted **Australian housing downturn** especially in NSW
- 4 Demand for concrete in Australia at record levels
- 5 **Challenging conditions in Asia** for construction materials
- 6 Global **credit crisis**
- 7 Government progresses **emissions trading scheme**



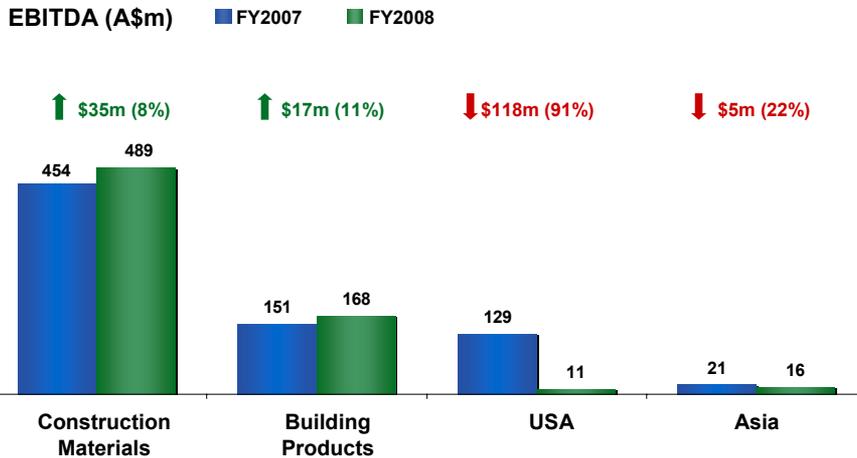
## FY2008 financial results

Sales	↑	6%	to	\$5.2bn
EBITDA <sup>1</sup>	↓	10%	to	\$688m
Underlying profit after tax <sup>1</sup>	↓	17%	to	\$247m
Profit after tax	↓	19%	to	\$243m

1. Excluding goodwill and tax provision adjustment of (\$31.9m) and \$28.1m respectively



## A solid lift in Australian EBITDA (↑\$52m) was offset by a large decline in offshore EBITDA (↓\$123m)



## FY2008 financial results

Underlying EPS <sup>1</sup>	from	50.0c	to	41.4c
Return on equity <sup>1</sup>	from	10.0%	to	8.5%
Return on funds employed <sup>1</sup>	from	11.9%	to	10.1%
Operating cash flow	from	\$482m	to	\$582m
Gearing (net debt / equity)	from	50%	to	52%

1. Excluding goodwill and tax provision adjustment of (\$31.9m) and \$28.1m respectively



## Dividend returns continued to be solid and fully franked

Final dividend	17 cents
Interim dividend	17 cents
Total dividend	34 cents
Franking level	remains at 100%
Gross-up dividend	49 cents
Dividend payout ratio	from 68% to 83%



## Relative share price performance index



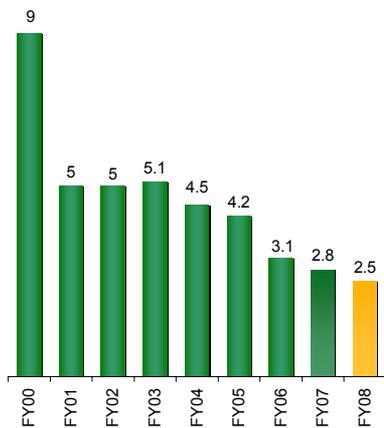


## Leadership & People Management

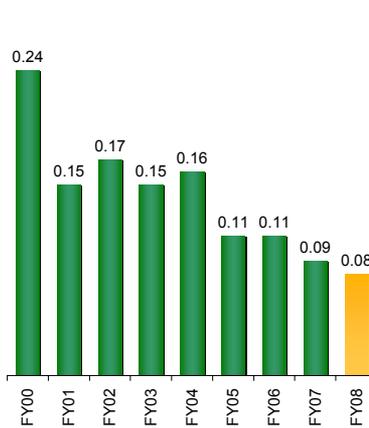


## Boral's safety performance has continued to improve

Lost time injury frequency rate (LTIFR)<sup>1</sup>



% Hours lost



1. Lost Time Injury Frequency Rate per 1 million hours worked



# Boral



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## Sustainability Report 2008



### Boral's Sustainability Priorities are broad





## The Board & Corporate Governance



## Managing Director's Address Rod Pearse

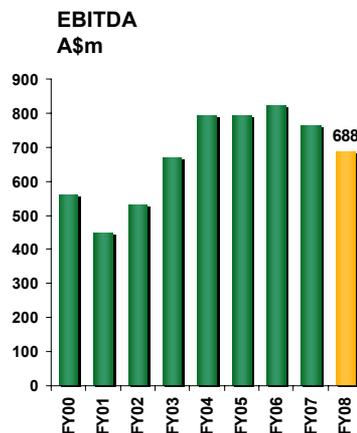
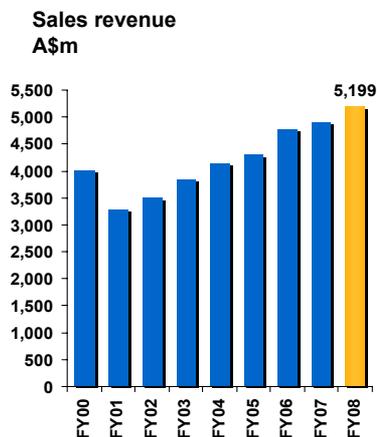


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## Whilst sales lifted 6% and remains at high levels, EBITDA was down 10%



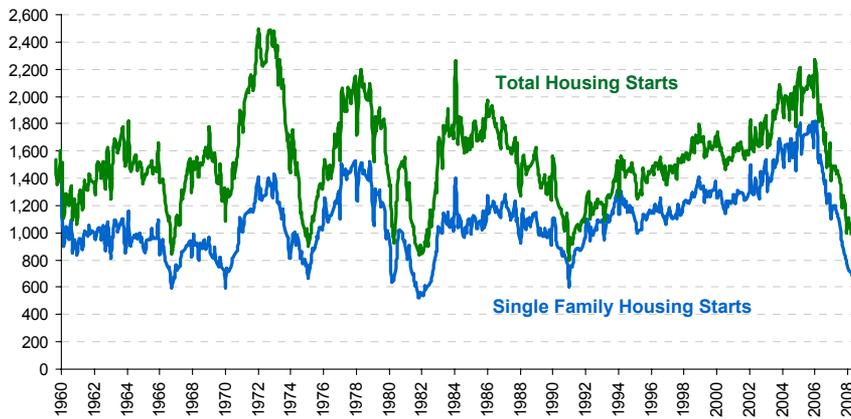
1. Excluding significant items.

Note - FY05 result onward has been adjusted for adoption of A-IFRS



# US dwelling starts will be around 40% of sustainable underlying demand this year

Total US dwelling starts ('000)<sup>1</sup>



1. Seasonally adjusted annualised monthly starts from US Census

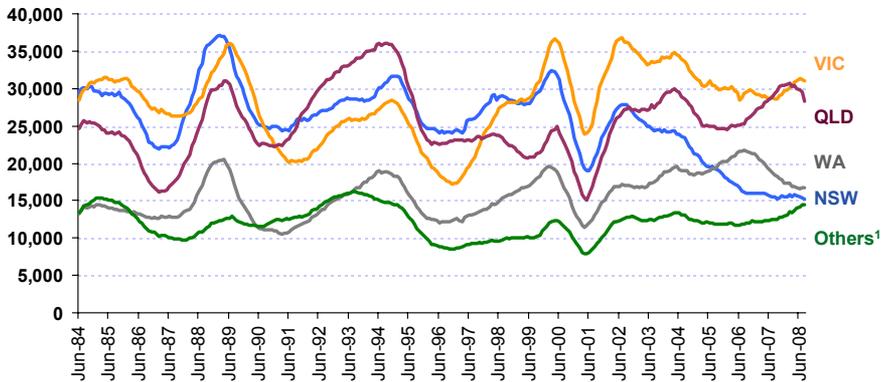


## USA



## Detached dwellings in NSW remain at 40 year low levels and well below underlying demand

Building approvals for detached houses (MAT)<sup>2</sup>



1. South Australia, Tasmania, Northern Territory and ACT
2. Moving annual total, June 1984 to August 2008. Source: ABS



## Building Products Australia



# Construction Materials Australia



# Asia



## Boral is being recognised as an industry leader



- Member of the **FTSE4Good Index**



- **Carbon Disclosure Project (CDP6)**  
Climate Change Leader



- "Commendation for excellent report structure" in **Association of Chartered Certified Accountants (ACCA)** awards



- Special Award for Corporate Governance at the **7th Australian Sustainability Awards**



- **Storebrand Investment "Best in Class"**



## Outlook FY2009

- **Australia**
  - Dwellings at around 145,000 starts run rate in Sep quarter
  - Building products earnings to be lower in FY09 than FY08
  - Concrete, quarry & cement price increases flowing through
  - Construction materials earnings to be higher in FY09 than FY08
  - QEU earnings stronger in second half
- **Asia**
  - Continued growth and competitive market conditions in Asia
  - FY09 earnings above FY08
- **USA**
  - Continued market deterioration in Sep quarter; dwelling starts could fall to ~750,000-800,000 starts in FY09 impacting both building products and construction materials
  - Despite significant cost reductions FY09 earnings to be below FY08
- Assuming US x-rate ~\$0.70, **FY09 PAT to be around \$200 million;** (first half earnings to be ~40% of full year earnings)





## Ordinary Business



## Financial Reports



## Resolution 1

# Adoption of Remuneration Report



## Resolution 1 – Adoption of Remuneration Report

- Boral's policies relating to remuneration of key management personnel



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- Boral's policies relating to remuneration of key management personnel
- Relationship between remuneration policies and the Company's performance



## Resolution 1 – Adoption of Remuneration Report

- Boral's policies relating to remuneration of key management personnel
- Relationship between remuneration policies and the Company's performance
- Details of performance condition of elements of Boral remuneration



## Worked example of options

Share price after 3 yrs	TSR achieved	Performance relative to ASX100	Value of CEO's options pre-tax	Increase in market capitalisation
\$6.83	7% pa	<50 <sup>th</sup> percentile	Nil	\$0m (0% <sup>1</sup> )
\$7.25	9% pa	<50 <sup>th</sup> percentile	Nil	\$245m (6% <sup>1</sup> )
\$7.68	11% pa	50 <sup>th</sup> percentile	\$0.7m	\$500m (13% <sup>1</sup> )
\$9.10	17% pa	75 <sup>th</sup> percentile	\$3.6m	\$1,329m (33% <sup>1</sup> )

Based on a nominal grant of 1,600,000 options in 2007/08 year

**Assumptions:** \$6.83 share price at grant; 34 cents dividend maintained; options exercised after 3 years; TSR performance achieved relative to ASX100 is based on five years to October 2008

1. Percentage increase from date of grant on 6 November 2007



## Resolution 1 – Adoption of Remuneration Report

- Boral's policies relating to remuneration of key management personnel
- Relationship between remuneration policies and the Company's performance
- Details of performance condition of elements of Boral remuneration
- Remuneration details for each director and other key management personnel



## Resolution 1 – proxy votes

### Adoption of Remuneration Report

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For	123,541,273
Open	10,092,918
Against	174,210,568

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

**43.4%**

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



## Resolution 2

### Election of Director



## Paul Rayner



## Resolution 2 – proxy votes

### Election of Paul Rayner

For	297,176,821
Open	10,281,477
Against	1,205,703

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

**99.6%**

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

