Boral 1H FY23 Results

Six months ended 31 December 2022

8 February 2023

Peppertree Quarry. NSW

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- **Results information** – This presentation contains summary information that should be read in conjunction with BLD's Half-Year Financial Report for the six months ended 31 December 2022.
- All amounts are in Australian dollars unless otherwise stated. A number of figures in the tables and charts in the presentation pages have been rounded to one decimal place. Percentages (%) have been calculated on actual whole figures.

Agenda

Presenters

Vik Bansal
CEO and Managing Director

Jared Gashel
Acting CFO

Belinda Shaw
Newly appointed CFO

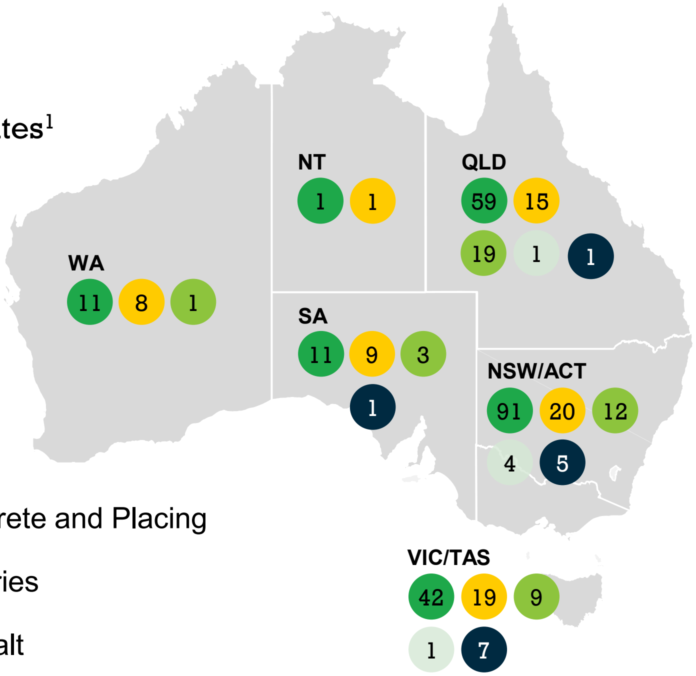
Our Business

Largest integrated construction materials company in Australia

Construction materials:
Leading integrated network

361

operating sites[1]



215 Concrete and Placing

72 Quarries

44 Asphalt

6 Cement

14 Recycling

4,723
employees[2]

~4,300
contractors

~3,500
heavy road vehicles

~14,000
customers

Property:
Maximising value creation from our surplus property assets

~30
surplus property assets

Totalling
~3,800
hectares

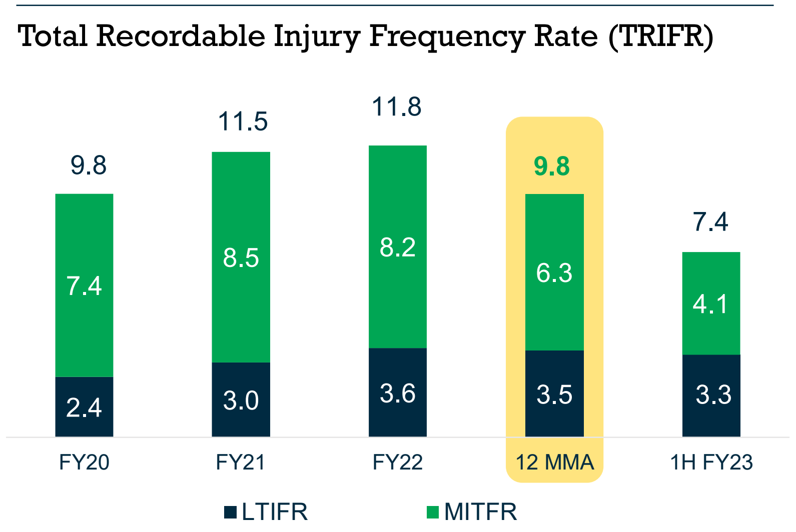
Valued at[3]
$1.0b+

Major surplus properties include:
- Donnybrook, Vic
- Scoresby, Vic
- Waurn Ponds, Vic
- Western Sydney Lakes, NSW[4]

1. Operating sites include transport, fly ash, and research and development sites as at 31 December 2022
2. Full-time equivalent from continuing operations
3. Refer to footnote 1 on slide 26
4. 40% owned in joint venture with Holcim and Hanson (Penrith Lakes)

Performance Overview - People & Culture

Zero Harm is our goal



8.8 yrs
average tenure

~19%
voluntary turnover

- Zero Harm is our goal. TRIFR for the six months ended 31 December 2022 was 7.4
- The safety of our people is our highest priority. Safety performance remains a key performance indicator for executives
- An Employee Engagement & Organisational Culture Survey (EES) was conducted during July/August and we are actively addressing that feedback and it is clear there is work to do
- Voluntary turnover remains high at around 19%, up from 17% at 30 June 2022 reflecting broader labour market constraints and high demand
- Average employee tenure across the organisation is 8.8 years

Performance Overview - 1H FY23 Highlights

Six months ended 31 December 2022

Financial

Revenue[1]

$1,681.1m

up 12%

EBITDA[1]

$206.5m

up 7%

EBIT[1]

$95.3m

up 15%

EBIT[1] MARGIN

5.7%

Up 20 bps

NPAT[1]

$56.8m

up 53% and adjusted EPS[1] up 50%

Operating cash flow from continuing operations

$117.4m

up 37%

Strategic

- Embedding the new operating model within and throughout the business
- Standardisation and Simplification through PEMAF[2] framework in progress
- Executive leadership team now substantially in place
- Property: whole-of-life asset cycle focus

Operational

- Challenging cost environment
- Growth in volume and price
- Pricing traction across all regions, together with cost discipline, is critical to margin recovery

1. Continuing operations excluding significant items
2. People, Environment, Markets, Assets, Financials

Performance Overview - Financials

Results for the six months ended 31 December 2022

A$m	1H FY23 *Underlying*[1]	1H FY22 *Underlying*[1]	Change		1H FY23 *Continuing Ops. Statutory*	1H FY22 *Continuing Ops. Statutory*		1H FY23 *Statutory*	1H FY22 *Statutory*[4]
Net Revenue	1,681.1	1,500.4	12.0%	▲	**1,681.1**	1,500.4	▲	**1,681.1**	2,383.7
EBITDA	**206.5**	**192.6**	7.2%	▲	**224.7**	170.6	▲	**243.6**	1,278.8
EBITDA Margin	**12.3%**	**12.8%**	(50) bps	▼	**13.4%**	11.4%	▲	**14.5%**	53.6%
EBIT	**95.3**	**82.9**	15.0%	▲	**113.5**	60.9	▲	**132.4**	1,169.1
EBIT Margin	5.7%	5.5%	20 bps	▲	**6.8%**	4.1%	▲	**7.9%**	49.0%
EBIT (ex. Property)	**95.4**	**77.5**	23.1%	▲	**113.6**	55.5	▲	**132.5**	1,163.7
NPAT	**56.8**	**37.2**	52.7%	▲	**69.6**	21.8	▲	**89.5**	1,024.2
Adjusted EPS (cents per share)	5.1	3.4	50%	▲	**6.3**	2.0	▲	**8.1**	92.7

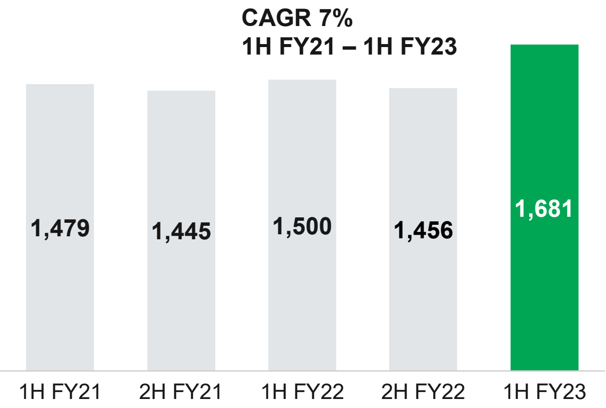
Continuing Operations	1H FY23	1H FY22	Change	
Operating cash flow ($m)	117.4	85.7	37.0%	▲
Free cash flow ($m)	23.5	(1.7)	1,482.4%	▲
Cash conversion ratio[2]	*75.3%*	*87.2%*	(13.6)%	▼
ROFE[1,3]	8.5%	7.7%	80 bps	▲

1. Continuing operations excluding significant items
2. Cash conversion ratio is EBITDA before significant items on cash from continuing operations divided by Operating Cash Flow excluding interest, tax and significant item payments
3. ROFE = six month EBIT before significant items on proportional funds employed (average of opening and closing funds employed divided by two)
4. Prior year profit measures include $1,105.0 million pre-tax income and $1,002.4 million post tax income from discontinued operations primarily related to the gain on sale of the North American building products business

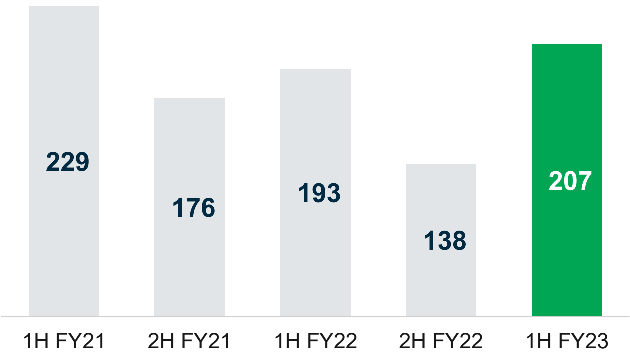
Performance Overview - Trends

Improved earnings

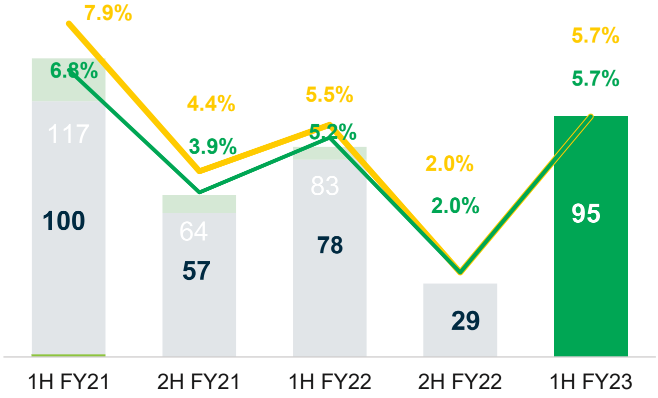
Net Revenue ($m)



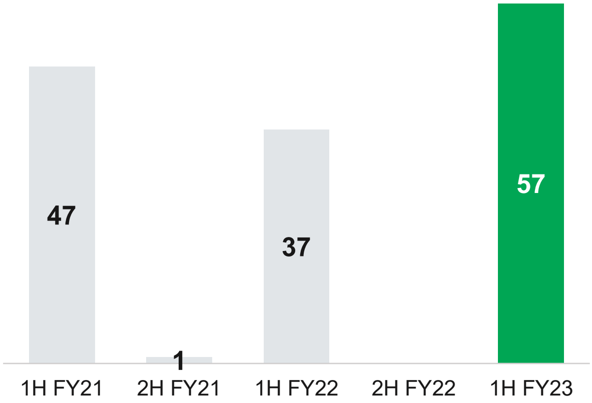
EBITDA[1] ($m)



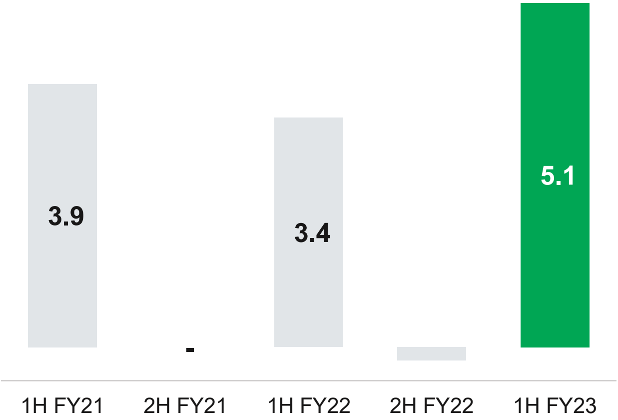
EBIT[1] ($m) and EBIT[1] margin (%), EBIT[1] margin ex-property (%)



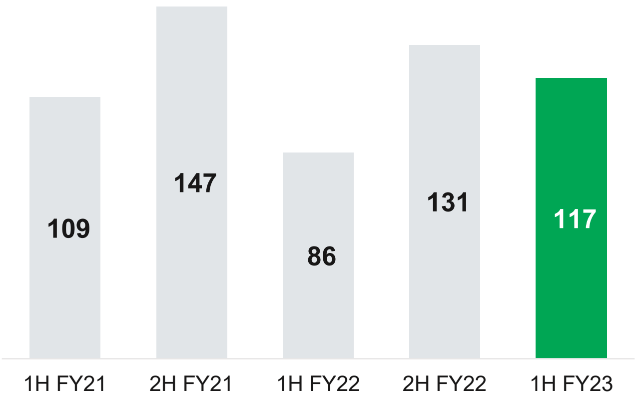
NPAT[1] ($m)



Earnings Per Share[1] (cents)



Operating Cash Flow ($m)

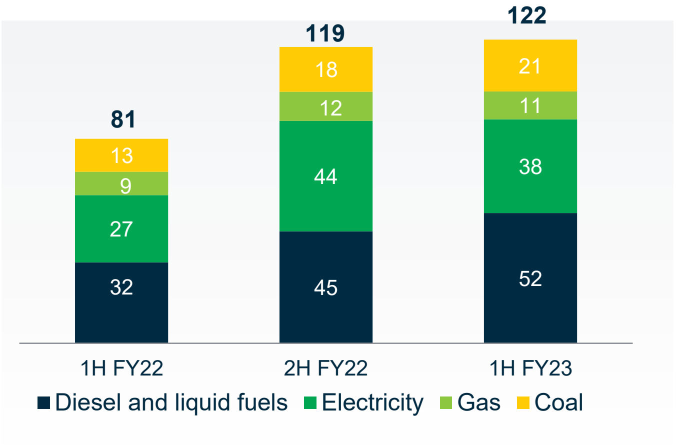


CAGR calculated from FY21 to 1H FY23
Prior years restated to reflect continuing operations
1. Excluding Significant Items

Performance Overview: Pricing, Volume & Costs

Inflation remains a key challenge

Energy Costs $m (unhedged)



Key direct costs 1H FY23 vs. 1H FY22	Var %
Energy[3]	Up 54%
Cartage (external)	Up 20%
Repairs & Maintenance	Up 12%
Plant & Equipment	Up 11%

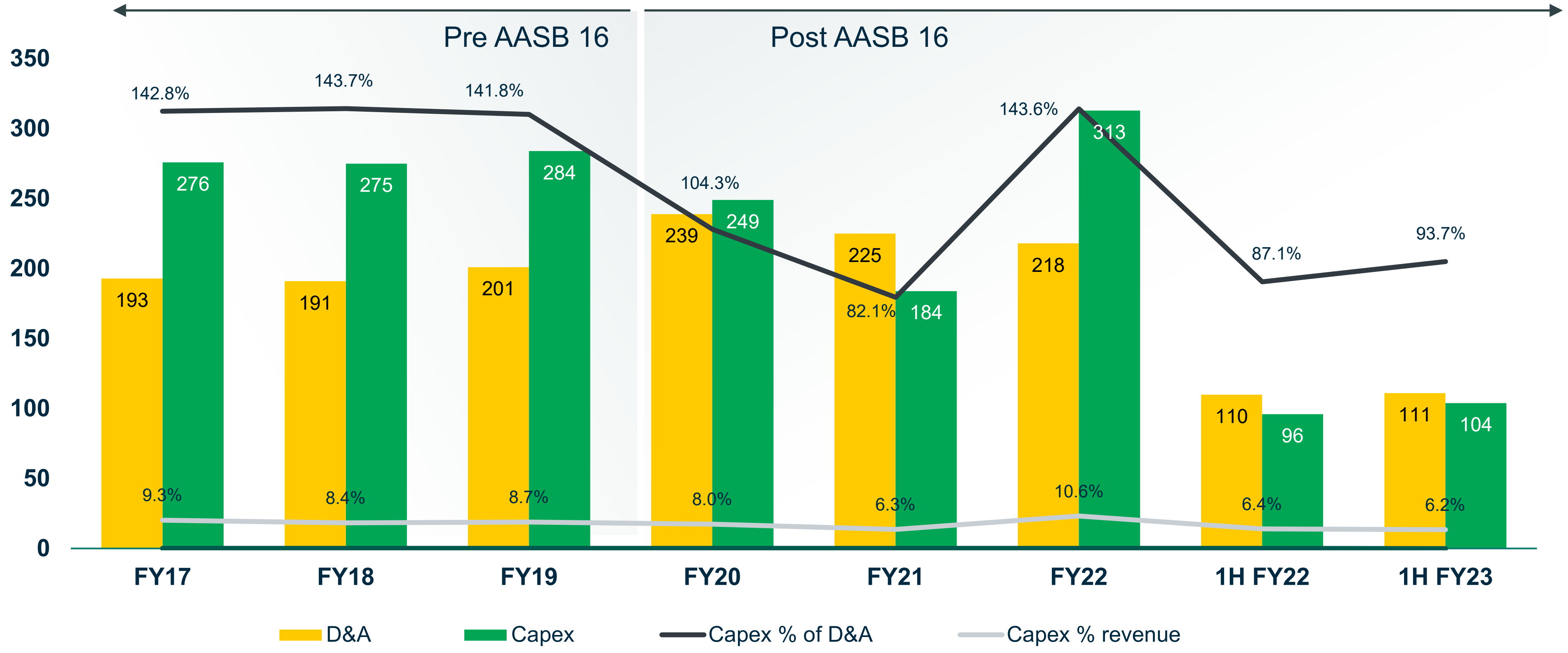
- Average sales price[1] higher across all regions and products with varying degrees of traction
- Growth in volume[2], up by more than 4%
- Energy costs up $40 million compared to 1H FY22, including the benefit from hedging in both periods – however energy is only part of the story:
  - Raw material price inflation continues to flow through as domestic and international supply contracts are re-negotiated
  - Cartage costs continue to rise with industry wide driver/truck shortages and competition from outside industry (e.g. grain haulage)
  - R&M costs are exceeding prior year due to contractor shortages and replacement part price increases
- Total direct costs remain high - continued focus on cost discipline, alongside price traction, is required if we are to achieve our goal of margin expansion

1. For external and internal sales including wholesale cement but excluding Sunstate JV
2. Volume reflects total delivered volume for internal and external sales for Concrete, Quarries and Cement (excluding Sunstate JV) compared to 1H FY22
3. Energy includes Diesel and liquid fuels, Electricity, Gas and Coal inclusive of hedging benefits

Capital Expenditure Update

Continuing Operations

- **Capex of $104.2m, up 9%** including $97.4m of capital spend and $6.8m of lease additions - aim is to keep cash capex spend below or close to D&A for FY23
- **Includes:** completion of the Geelong cement facility and progress on the Berrima chlorine bypass as well as several concrete plant upgrades, ongoing mobile fleet investment and smaller strategic land purchases



Capital expenditure from FY20 includes lease additions
Depreciation & Amortisation excludes amortisation of acquired intangible assets

Balance Sheet

A$m	31 Dec 2022	30 Jun 2022	31 Dec 2021
Assets			
Cash	**525.7**	1,107.1	3,625.3
Receivables	**540.3**	537.0	447.8
Inventories	**253.8**	235.4	240.0
Investments	**31.4**	31.2	22.4
Property, plant and equipment	**2,110.8**	2,117.8	2,009.3
Intangible assets	**71.3**	71.5	71.5
Other assets	**261.4**	300.9	297.0
Assets held for sale	**-**	-	1,199.1
Total Assets	**3,794.7**	**4,400.9**	**7,912.4**
Liabilities			
Payables	**451.2**	497.2	381.3
Provisions	**336.4**	375.8	283.8
Debt & Lease Liabilities	**981.1**	1,583.5	1,847.0
Other Liabilities	**57.4**	46.9	15.9
Liabilities held for sale	**-**	-	395.8
Total Liabilities	**1,826.1**	**2,503.4**	**2,923.8**
Net Assets	**1,968.6**	**1,897.5**	**4,988.6**

[1] Funds employed = Net Assets excluding net debt and tax balances

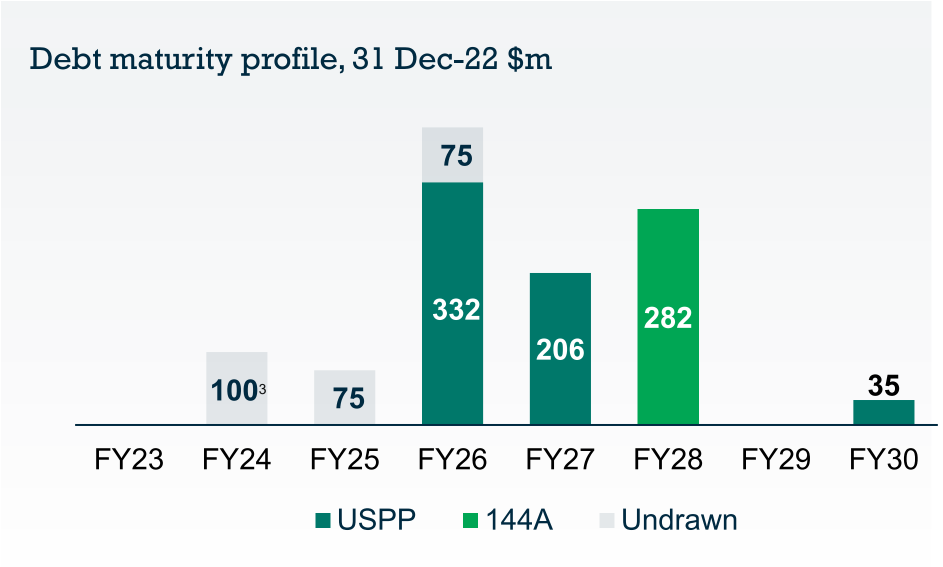
- Reduction in cash and debt liabilities in 1H FY23 driven by the debt reduction measures taken in 1H FY23, which resulted in the repayment of $629 million
- Inventory increase in 1H FY23 relates to cement inventory build up, in advance of planned plant shutdown in January
- Net debt balance of $455.4 million consists of $981.1 million of gross debt, which includes lease liabilities, and $525.7 million of cash
- Funds employed[1] of $2,269 million as at 31 December 2022 compares to $2,203 million at 30 June 2022

Capital Structure - Debt

Strong balance sheet

$m	31 Dec 2022	30 Jun 2022
Leases	125.8	119.7
USPP Notes	573.0	563.2
144A/ Reg S	282.3	900.6
Gross Debt[1]	981.1	1,583.5
Cash and cash equivalents	525.7	1,107.1
Net Debt per balance sheet	455.4	476.4
Gearing ratio	18.8%	20.1%
Net Debt to underlying EBITDA ratio	1.1x[2]	1.4x
Interest Cover Ratio	4.8x	3.2x

- Weighted average debt facilities maturity of 3.9 years (vs. 4.3 years at 30 June)
- Average gross financing cost of 5.3% p.a. (up from 3.9% at 30 June)
- Fixed rate for 83% of total gross debt
- All debt converted to AUD via cross currency swaps
- Investment grade credit rating with Moody's (Baa2)



- $250 million of undrawn committed bank facilities as at 31 December 2022 maturing in 2024, 2025 & 2026
- Subsequent to period end, $100 million of undrawn committed bank facilities (maturing in FY24) terminated in light of surplus liquidity, saving nearly $500k of interest p.a.

1. Based on AUD/USD exchange rate of 0.6775 as at 31 December 2022
2. Net Debt to underlying EBITDA ratio is proportional net debt (average of opening and closing net debt divided by six months EBITDA before significant items)
3. Terminated on 27 January 2023

Cash Flow

Continuing Operations

$m	1H FY23	1H FY22
Underlying EBIT[1]	95.3	82.9
Add: depreciation and amortisation	111.2	109.7
Underlying EBITDA[1]	206.5	192.6
Operating cash flow	117.4	85.7
Add: net interest and other costs of finance paid	19.3	34.9
Add: net income taxes paid	0.7	10.6
Add: restructuring and transaction costs	18.1	36.8
Underlying operating cash flow	155.5	168.0
Underlying EBITDA cash conversion	75.3%	87.2%
Net cash from operating activities	117.4	85.7
Net cash used in investing activities	(93.9)	(87.4)
Net cash used in financing activities	(642.1)	(366.8)
Net change in cash & cash equivalents	(618.6)	(368.5)

Statutory

	1H FY23	1H FY22
Net cash from operating activities	103.8	185.0
Net cash from/(used in) investing activities	(79.0)	2,937.1
Net cash used in financing activities	(642.1)	(386.9)
Net change in cash & cash equivalents	(617.3)	2,735.2

1 Excluding significant items

Continuing Operations

- Operating cash flow from continuing operations of $117.4 million, an increase of $31.7 million primarily driven by improved EBIT performance and lower interest and tax payments
- Underlying operating cash flow or $155.5 million, a decrease of $12.5 million primarily driven by the build of inventory, as planned for the Berrima shut in January, and increased payable outflows
- The 1H FY22 financing outflow relates mainly to the share buyback totalling $352.9 million and the 1H FY23 financing outflow relates to the debt repayment activity completed in July and October 2022

Statutory

- The 1H FY22 investing cashflow includes $3,053.5 million of net proceeds from business disposals primarily related to North American Building Products

Initiative Update: PEMAF

Boral will benefit from focus and discipline across People, Environment, Markets, Assets & Financials

People

0% 50% 100%

- Zero Harm journey continues
- Organisational culture - a commitment to getting it right
- A new flatter organisational structure with wider spans at all levels will drive alignment and accountability
- Product based regional structure rather than a ‘functionalised’ organisational structure backed by standardisation will improve agility and accountability

Environment

0% 50% 100%

- Emission target 18% reduction by FY25 on track
- Participation in circular economy through recycling and other initiatives in place represents a real opportunity for Boral
- Berrima alternate fuel plan in progress
- Full understanding of recarbonation process and its impact to be carried out

Standardisation and Simplification

- Price discipline across all regions / product lines
- Significant work to improve customer service across Boral
- Sales effectiveness work to align with ‘Go to Market’ sales segmentation work to commence.
- Auto Allocations in Concrete

0% 50% 100%

Markets

- Fixed Assets R&M/P&E costs being sharply looked at
- Improved utilisation of fleet and equipment under the new simplified but standardised framework
- Cartage costs being understood so as to improve the supply chains, reduce costs per tonne and improve customer service

0% 50% 100%

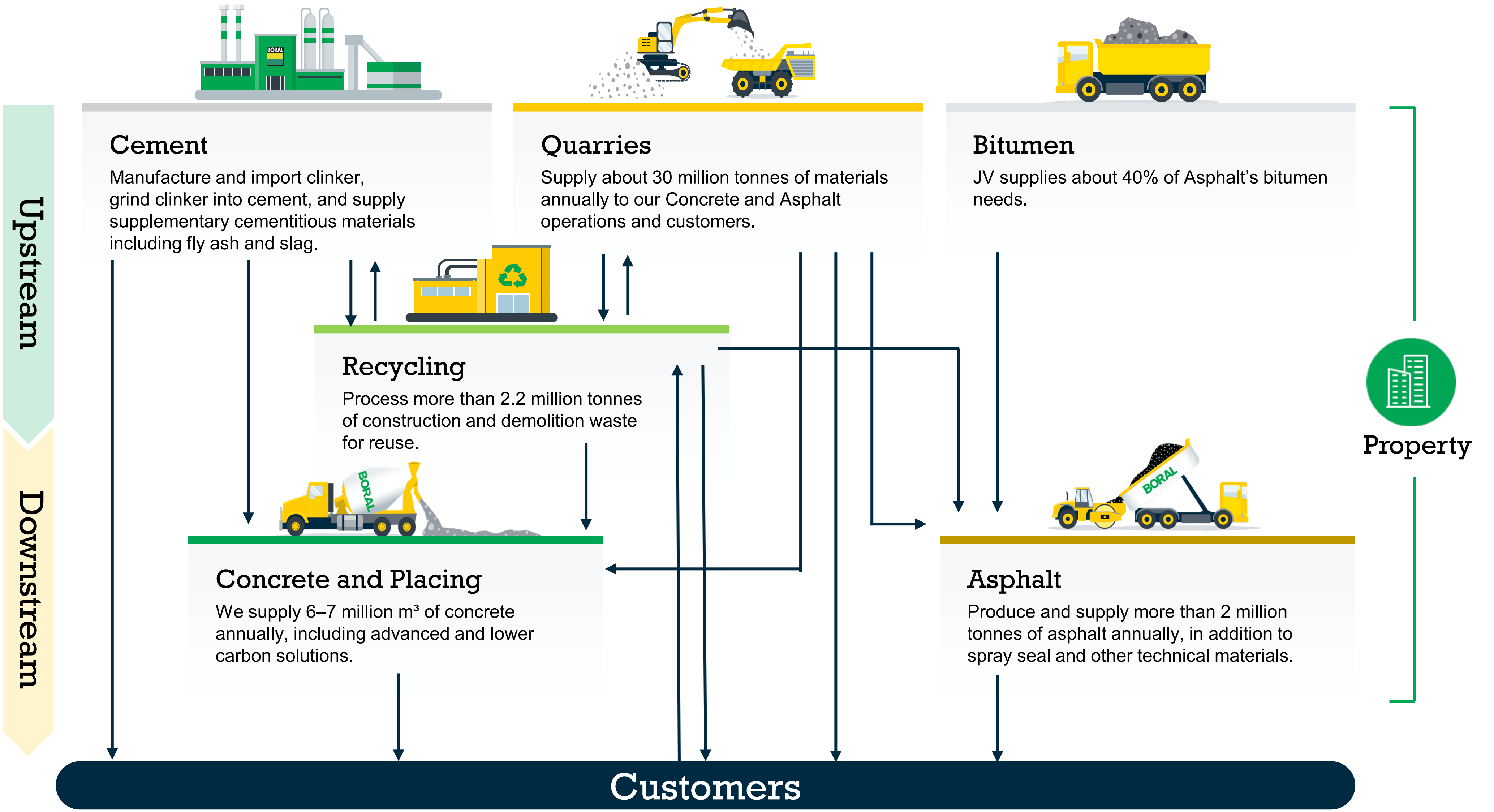
Assets

Financial, commercial and operational rigour

Note: Percentages are indicative of management’s view of the progress made on key areas of focus across People, Environment, Markets and Assets

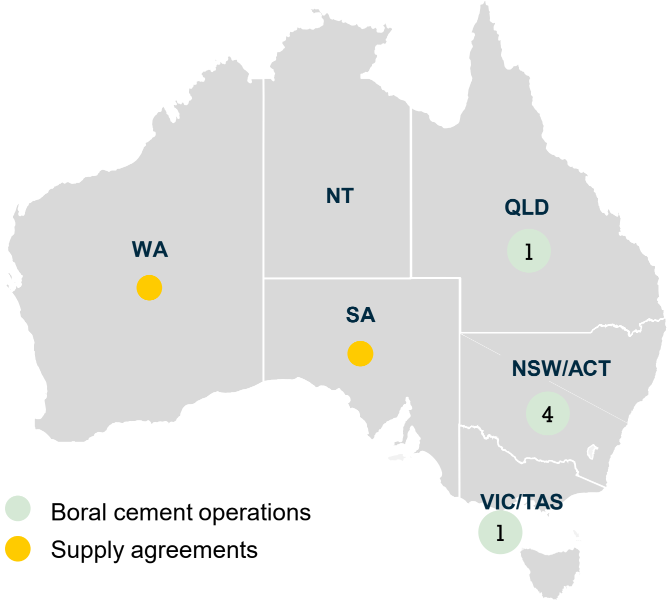
Our Network

Valuable upstream and downstream operations with market leadership position



Our Network - Cement

Boral’s upstream Cement operations manufacture clinker using its own limestone, import clinker to grind into cement and supply supplementary cementitious materials including fly ash and slag



- Boral cement operations
- Supply agreements

6 key sites

4m tonnes pa capacity[1]


Marulan Limestone
0.7m tonnes pa capacity


Berrima, NSW manufacturing facility 1.1m tonnes pa capacity


Geelong, Vic clinker import, storage and grinding facility 1.4m tonnes pa capacity

- Cement is a critical element in Boral’s integrated supply chain
- Significant supply ability and capacity across key east coast regions - up to 4 million tonnes of cement pa
- Operational flexibility with import and manufacturing capabilities
- Privileged assets, including a limestone mine to supply raw materials with differential rail access
- Sunstate Cement JV supply our customers including downstream Qld operations
- FlyAsh Australia JV supplies Fly Ash to our customers in NSW, Vic & WA
- Supply agreements in states where we don’t have facilities to ensure downstream operations are serviced
- Packaged cement and dry mix bagging facility alongside the Maldon mills

1H FY23 External Revenue

Decarbonisation

>15%

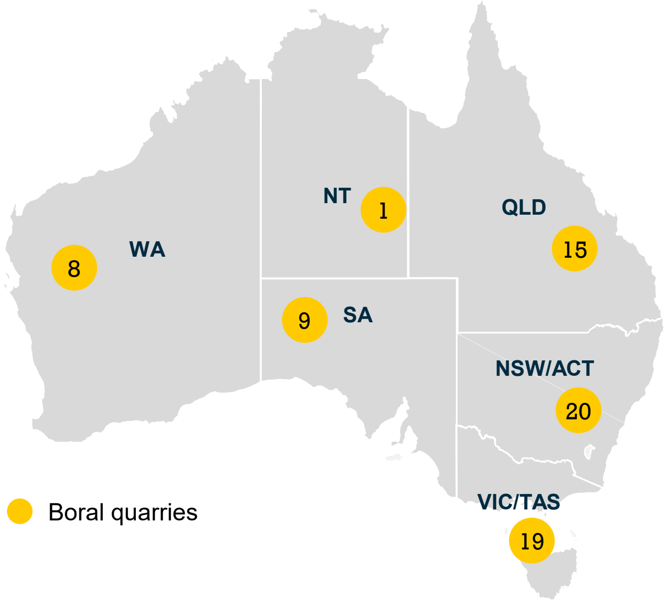
alt. fuels

Chlorine bypass upgrade at Berrima to support greater levels of alt. fuels

[1] Includes Sunstate JV

Our Network - Quarries

Boral's upstream Quarries include hard rock and sand operations which supply ~30 million tonnes of product annually to our downstream Concrete and Asphalt operations and customers



Boral quarries

72
key sites

~30m
tonnes pa supplied


Petrie Quarry, Qld


Peppertree Quarry, NSW


Montrose Quarry, Vic

- Significant supply capacity across key market segments
- Prized and significant quarry reserves
- Strategically located assets – close to key demand centres and rail networks
- Efficient, well positioned operations
- Significant high quality hard rock and sand resources
- Co-located recycling operations complement supply and support sustainable construction, optimising quarry reserve life and reducing carbon intensity

1H FY23 External Revenue

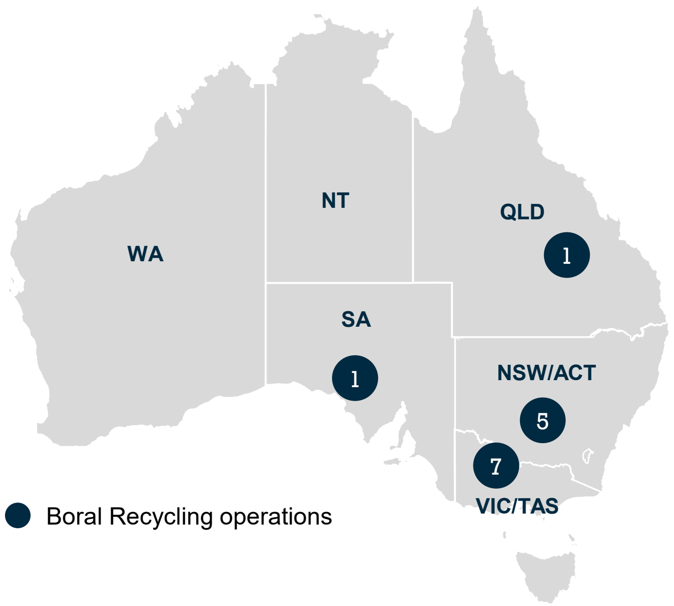
Sustainable initiatives

Support circular economy through co-located recycling operations

Use of clean fill to rehabilitate end-of life quarries

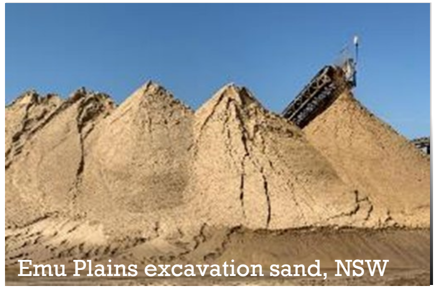
Our Network - Recycling

Boral's Recycling operations receive and recycle over 2.2 million tonnes of C&D and excavation materials for re-use in construction



14 key sites

2.2m+ tonnes pa

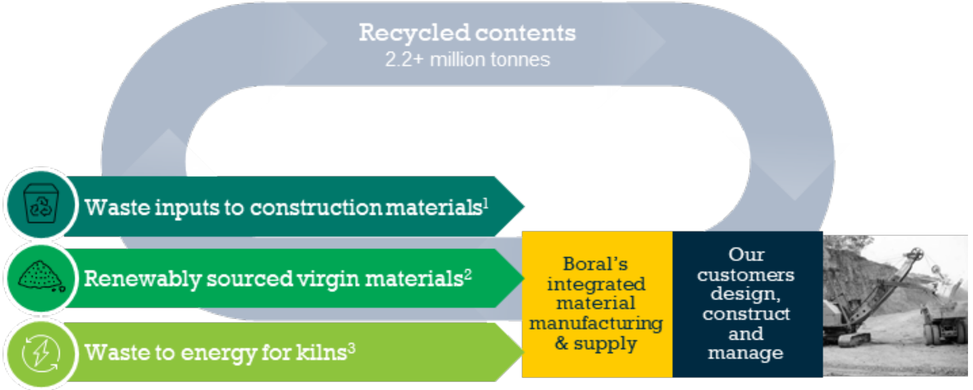

Emu Plains excavation sand, NSW


Widemere Recycling, NSW
C&D and excavation materials


Award winning path constructed with recycled materials in Adelaide

- One of the largest C&D recyclers in Australia
- Broad range of inbound materials acceptance, including but not limited to: concrete, brick, asphalt, excavation stone and excavation sand
- High recycling & recovery rate across key sites, with some exceeding 99%
- Wide outbound product range:
  - sales to external customers include specified road-base, pipe bedding and drainage;
  - sales to internal customers include product suitable for Quarries, Concrete and Asphalt mixes

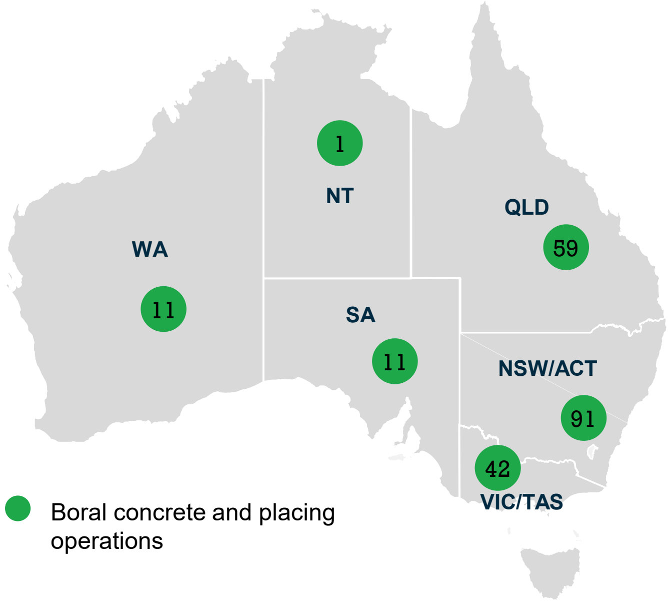
Committed to a circular economy



1. Includes waste glass, rubber and plastics and supplementary cementitious materials such as flyash and slag
2. Primarily from Borals' Quarry business
3. Includes refuse and wood derived fuel, and other waste fuels

Our Network - Concrete

Boral's downstream concrete and placing operations deliver sophisticated solutions for customers through its extensive network. Customer proximity is key



215
key sites

~7m
cubic metres pa


ENVISIA® - Sydney Metro Linewide

Enfield Concrete site, NSW


ENVISIA® - Placing at the University of Tasmania

- Proven deep technical capability, high strength and speciality mixes to customers across residential, commercial, industrial, road and infrastructure segments
- Solutions capable of solving complex engineering challenges
- Trusted supplier with operational capability and scale to support major infrastructure projects across Australia
- Extensive track record on building integrated production facilities and customised supply chains to support major infrastructure projects
- Standardised but localised contact centres, nationally connected to ensure we deliver optimal outcomes for customers
- Our lower carbon offering is high performing allowing customers to reach their emission targets sooner

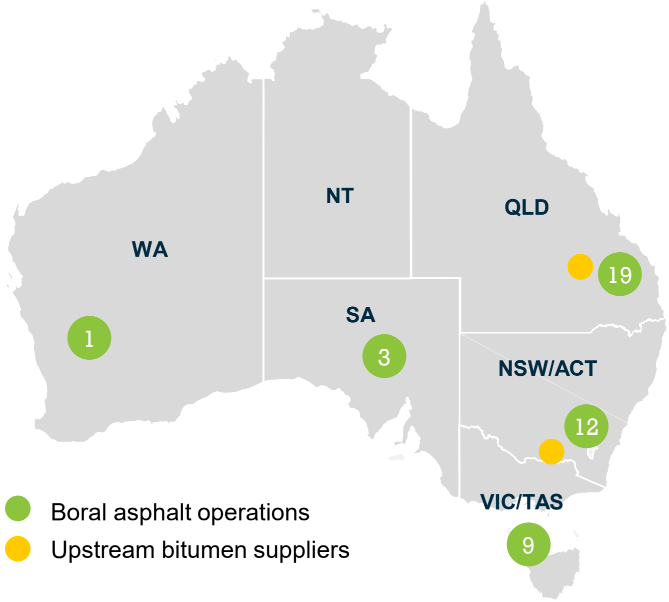
1H FY23 External Revenue

Decarbonisation

26%
Lower carbon concrete uptake

Our Network - Asphalt

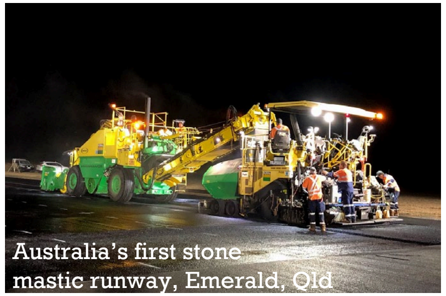
Boral's downstream asphalt services produce and supply around 2.3 million tonnes per annum, and supply spray seal and technical materials solutions



44
key sites

~2.3m
tonnes pa produced


Varsity Lakes to Burleigh, Pacific Motorway, Qld


Australia's first stone mastic runway, Emerald, Qld


Airport runway upgrade, Norfolk Island

- Operational reach spanning 44 sites with 27 key production sites
- Significant supply capacity across key market segments – 2.3 million tonnes per annum of asphalt and ~40 million litres of spray sealing works
- Operational flexibility with a large mobile plant fleet purposed to service major infrastructure projects
- Well located assets, close to the customer, with upstream bitumen supplies
- First operator of Forward Moving Aggregate Spreaders in Australia resulting in improved safety outcomes
- Innovative product lines with sustainable materials - Increasingly using a diverse range of recycled materials
- Boral will be supplying and placing asphalt for the new Western Sydney Airport. The works include the runway, taxiways and airside roads

1H FY23 External Revenue

Decarbonisation

Warmpave
Lower reliance on electricity

~8%
Recycled content

Commitment to optimising upstream infrastructure

Strategic priority to invest in our prized assets

Upstream

Cement

- ✅ Geelong cement facility Vic is now able to supply slag products to Vic, SA & Tas
- ✅ Tarong fly ash facility Qld has the capability to supply central & SE Qld and nth NSW
- ✅ Supply agreements in place to optimise the network
- ○ Procure medium-term alternate fuel supply for the Berrima kiln
- ○ Berrima chlorine bypass NSW will expand the range of fuels we can process

Quarries

- ✅ Acquired Dunmore hard rock reserves NSW
- ✅ Acquired Hillview sand Vic
- ○ Expansion of Dunmore sand NSW
- ○ Townsville plant replacement
- ○ West Burleigh plant upgrade Qld

Recycling

- ✅ Establish Adelaide recycling SA
- ✅ Expand into broader material solutions
- ○ Enter SEQ C&D recycling
- ○ Expand Kooragang consent limit
- ○ Broaden Emu Plains inbound scope
- ○ Increase internal use in product mixes

Concrete and Placing

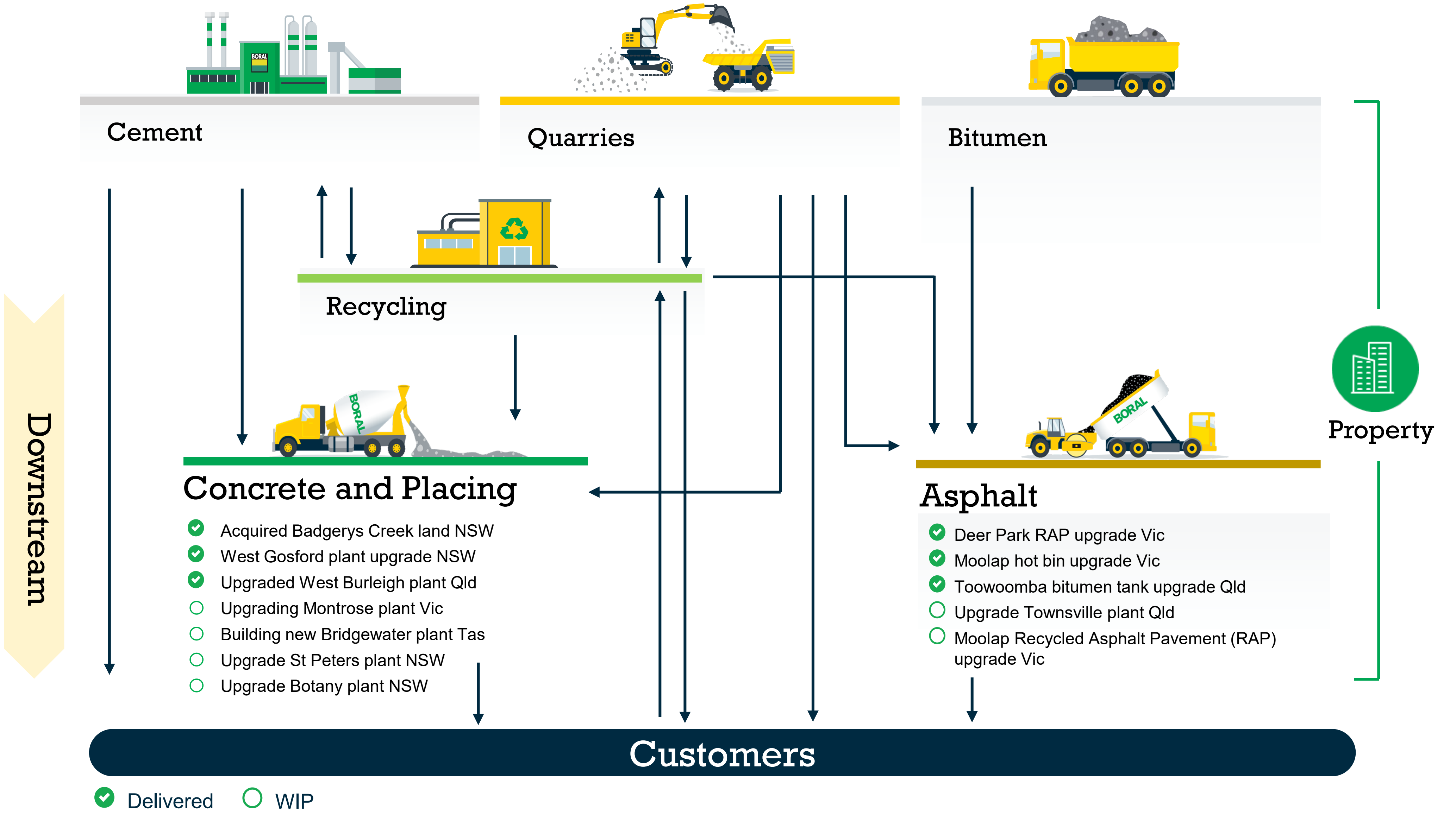
Asphalt

Customers

✅ Delivered ○ WIP

Building close-to-customer downstream footprint

Valuable upstream and downstream operations



Commitment to Environment & Sustainability

Decarbonisation progressing with solar PPA contracted and lower carbon concrete uptake increasing

Boral's FY25 & FY30 targets

from a FY19 base year

18%

reduction in absolute Scope 1 and 2 emissions by FY25

46%

reduction in absolute Scope 1 and 2 emissions by FY30

22%

reduction in relevant Scope 3 emissions per tonne of cementitious materials[1]

Decarbonisation progress

Alternative fuels

Commenced construction of the chlorine bypass at Berrima cement kiln, which supports an initial increase of alternative fuels from 15% to 30%, and to ~60% by FY25

Renewable energy

65,000 MWh PPA CFD contract with Lightsource bp for Wellington North Solar Farm commencing FY25

Lower carbon concrete sales volume increased to

26%

of total concrete sales for 1H FY23, increasing more than sixfold since 1H FY22

Optimise supply chain

Auto Allocation

technology being progressively deployed

Lower carbon concrete

ENVISIA®

Boral's superior performance concrete achieves an embodied carbon reduction of 43-49%.[2]

Envirocrete® Plus

This product, launched in FY2021, offers up to 39-42% embodied carbon reduction.[2]

Envirocrete®

Our more general purpose lower carbon offering, achieves up to 38-40% reduction in embodied carbon.[2]

1. Aligned with SBTi rules and Scope 3 physical intensity target methodology, we have an allowance for a 32% exclusion from the FY2019 baseline for Scope 3. This is justified by excluding selected categories of Scope 3 emissions, or activities within these categories, where we have less capacity to influence or change the emissions intensity of that activity.
2. Embodied carbon reduction for 20-40 megapascal (Mpa) concrete in Sydney region compared to the Infrastructure Sustainability Council reference case

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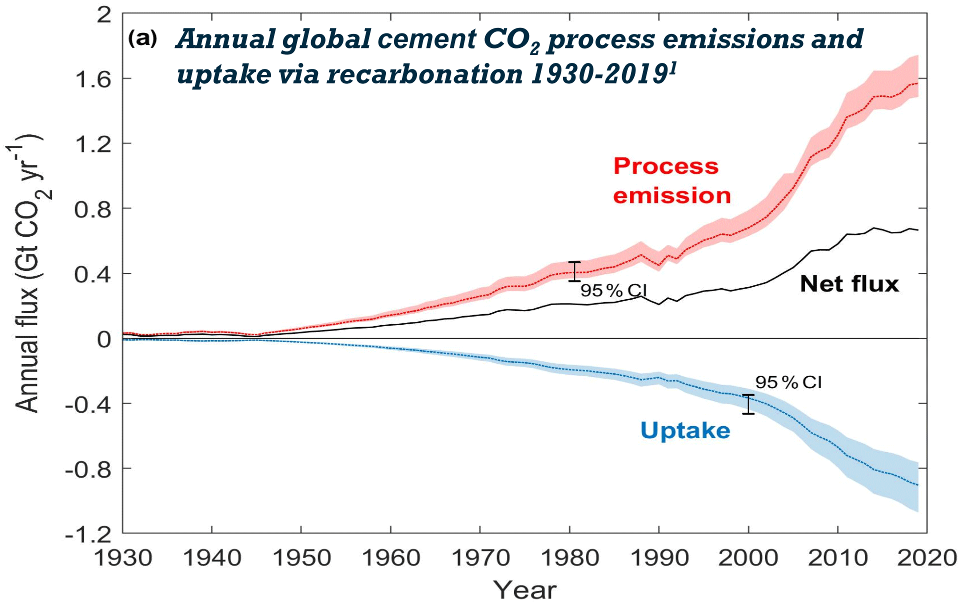
Commitment to Environment & Sustainability

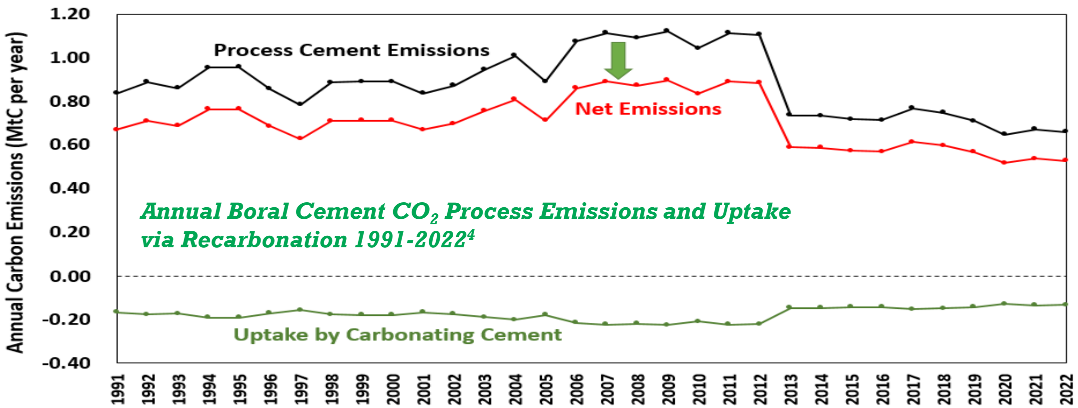
Concrete absorbs CO_2 throughout its lifecycle a process known as recarbonation

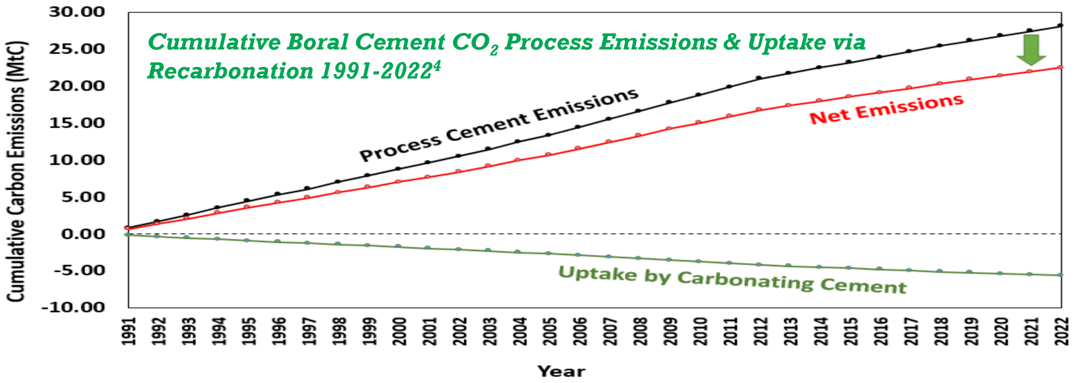
As confirmed by the Sixth Assessment Report of United Nation's Intergovernmental Panel on Climate Change as well as numerous scientific studies:[1,2,3]

The uptake of CO_2 in cement infrastructure (recarbonation) offsets between 20% to 55% of the process emissions from the original cement production.



With a conservative assumption of 20% recarbonation potential, Boral cement produced since 1991 is expected to absorb more than 5.6 Mt CO_2 during the service life of its end products.
This CO_2 uptake may increase to more than 15.4 Mt CO_2 when considering the upper limit of the recarbonation potential of concrete (i.e. 55%). Figures below*





***Note: these graphs have been included for illustrative purposes only, with the depicted recarbonation scenario time horizon limited by available production data**

1. IPCC, 2021: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change;
2. Pederneiras C., et. al, Carbonation Potential of Cementitious Structures in Service and Post-Demolition: A Review, CivilEng 2022, 3, 211–223;
3. VDZ, Decarbonisation Pathways for the Australian Cement and Concrete Sector;
4. Boral related graphs assume 20% recarbonation potential during 70 – 100 years of building and infrastructure where Boral cement/concrete is used.

Fixed Assets: Maximise value through the lifecycle

Applying a fixed asset lifecycle approach to property

Secure & Approve

leading integrated network

→

Operate & Optimise

utilisation of operating property footprint

→

Next best alternative

What is the highest and best use?

With our ongoing commitment to investing in our strategic network and operational footprint, the surplus property pipeline will continue to evolve and refresh over time

Remediate & Rectify

strategic planning phase

Repurpose

through the best combination of recurring and divestment earnings

Construction Materials segment

Includes earnings from optimisation initiatives on land that is or will possibly be used for operations

Strengthen performance and profitability, and position for long-term success

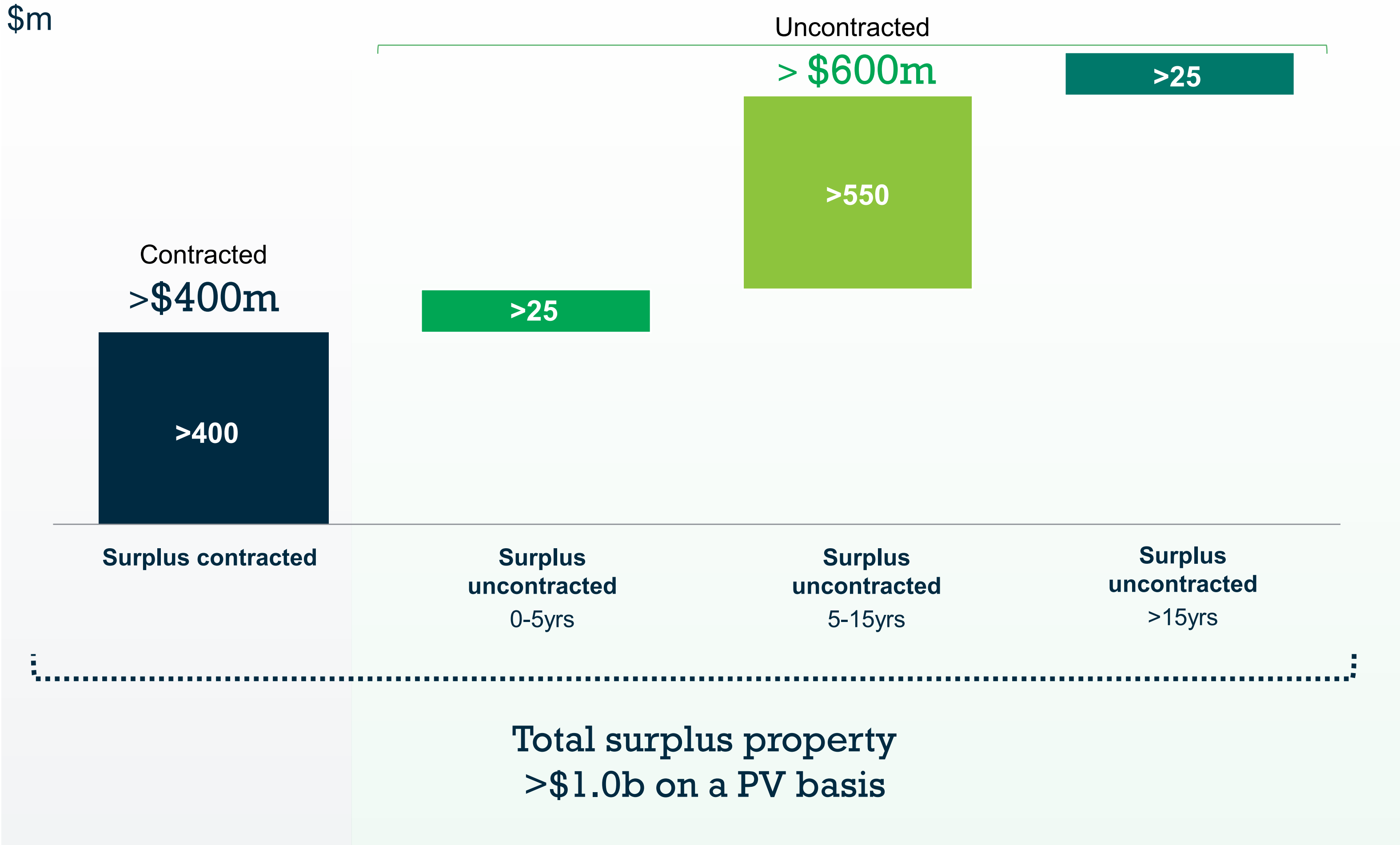
Property segment

Earnings from repurposing of property that will never revert back to operations

Repurpose: maximise surplus property value

Current portfolio of ~30 surplus properties – totalling ~3,800ha – valued at >$1.0b[1]

Current surplus property assets
$m



- Boral's surplus properties include only properties where there is no longer an operational need
- As properties reach the end of their operational life, the surplus property pool will continue to evolve and refresh

1. On a net present value basis, using discount rate of 9%, with future cash flows estimated based on a combination of contractual terms, comparable property prices and management’s estimate of timing realisation, and excluding existing landfill operation. Based on management’s estimates that may change due to a variety of factors. Those factors may include general economic conditions, prevailing interest rates, a downturn in local property markets or property markets in general, changes in property income, or regulatory change affecting the value of the sites.

Major surplus properties

Contracted

Donnybrook

25 km south east of Melbourne's CBD

- 20 year development agreement with Mirvac for 338 ha of land signed in 2018
- Boral retains ownership of land which will support ~3,000 dwellings on Boral's land, and >4,000 dwellings in total
  - Development includes 128 ha of land sold by Boral to Mirvac in 2012
- Site rezoned
- Development underway and sales occurring
- ~$10 million p.a. EBIT in FY25-FY27 with further significant earnings expected from FY29 to FY37

Scoresby

30 km north of Melbourne's CBD

- 20 year development agreement with Mirvac
- Approximately half of site to be rezoned for residential (1,750 dwellings), with remainder for parklands
- Mirvac managing rezoning and rehabilitation of site
- Rezoning expected to be completed in CY24
- Rehabilitation of clay pit underway
- Formerly a Boral Bricks manufacturing site

Major surplus properties

Uncontracted

Waurn Ponds

12 km south west of Geelong

- Cement operations ceased in Mar-22
- Rehabilitation underway via Boral's Earth Exchange program
- Pursuing rezoning of 1,035 ha land for a range of end uses
- Council has recently identified the land as a potential future investigation area providing an opportunity to bring forward rezoning by up to 10 years

Western Sydney Lakes

52km west of Sydney's CBD

- 40% owned, in JV with Holcim and Hanson
- Up to 1,300 ha of dedicated lakes and recreation land and ~330 ha developable land
- Rezoning of Stage 1 (~100 ha) for tourism and employment uses submitted

Bombo

2 km north of Kiama NSW South Coast

- 46 ha former hard rock quarry with strong transport links, adjacent Bombo beach and Kiama
- Site identified for a mix of uses including residential, commercial, tourism and employment by NSW and local planning authorities
- Collaborating with adjoining quarry operator to pursue a planning approval for site rehabilitation and rezoning of the full 110 ha quarry precinct

Outlook

FY23 Priorities and Outlook

Standardisation and simplification initiatives underway

FY23 Priorities:

- Safety and Zero Harm initiatives with ongoing improved organisational health and culture
- Embedding the new operating model within and throughout the business
- Continued roll-out of standardisation and simplification initiatives
- Commercial discipline and rigor across the business:
  - volume and price focus across all regions and product lines
  - focus on price realisation rather than cost recovery
- Customer service and sales effectiveness
- Cost focus across all areas of spend in the P&L to manage some of the inflationary pressures
- Commence work on improving cash conversion cycle

Outlook:

Boral expects 2H FY23 EBIT to be broadly in line with 1H FY23.

Questions

Appendices

Statutory Financial Reconciliation

A$m	1H FY23 Before significant items	1H FY23 Significant items	1H FY23 After Significant items	1H FY22 Before significant items	1H FY22 Significant items	1H FY22 After significant items
Sales revenue						
Continuing operations	**1,681.1**	**-**	**1,681.1**	1,500.4	-	1,500.4
Discontinued operations	**-**	**-**	**-**	883.3	-	883.3
Total	**1,681.1**	**-**	**1,681.1**	2,383.7	-	2,383.7
EBITDA						
Continuing operations	**206.5**	**18.2**	**224.7**	192.6	(22.0)	170.6
Discontinued operations	**-**	**18.9**	**18.9**	154.8	953.4	1,108.2
Total	**206.5**	**37.1**	**243.6**	347.4	931.4	1,278.8
Depreciation and Amortisation						
Continuing operations	**(111.2)**	**-**	**(111.2)**	(109.7)	-	(109.7)
Total	**(111.2)**	**-**	**(111.2)**	(109.7)	-	(109.7)
EBIT						
Continuing operations	**95.3**	**18.2**	**113.5**	82.9	(22.0)	60.9
Discontinued operations	**-**	**18.9**	**18.9**	154.8	953.4	1,108.2
Total	**95.3**	**37.1**	**132.4**	237.7	931.4	1,169.1
Net interest expense						
Continuing operations	**(19.9)**	**-**	**(19.9)**	(34.8)	-	(34.8)
Discontinued operations	**-**	**-**	**-**	(3.2)	-	(3.2)
Total	**(19.9)**	**-**	**(19.9)**	(38.0)	-	(38.0)
Income tax (expense)/benefit						
Continuing operations	**(18.6)**	**(5.4)**	**(24.0)**	(10.9)	6.6	(4.3)
Discontinued operations	**-**	**1.0**	**1.0**	(44.2)	(58.4)	(102.6)
Total	**(18.6)**	**(4.4)**	**(23.0)**	(55.1)	(51.8)	(106.9)
Profit/(loss) after tax						
Continuing operations	**56.8**	**12.8**	**69.6**	37.2	(15.4)	21.8
Discontinued operations	**-**	**19.9**	**19.9**	107.4	895.0	1,002.4
Total	**56.8**	**32.7**	**89.5**	144.6	879.6	1,024.2

Significant Items

Six months ended 31 December 2022

A$m	1H FY23
Divestment related matters	18.9
Restructure and onerous contracts	6.8
US senior notes tender offer	11.4
Significant items – EBIT income	**37.1**
Tax expense on significant items	(4.4)
Total significant items	**32.7**
NPAT excluding significant items	**56.8**
Statutory NPAT	**89.5**

- Divestment related matters primarily relates to additional proceeds from completion settlements and earn-outs
- Restructure and onerous contracts primarily relates to the favourable settlement of provisions recognised in prior periods
- US$300 million of May 2028 US senior notes were tendered in July 2022 with settlement below face value resulting in a gain

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