



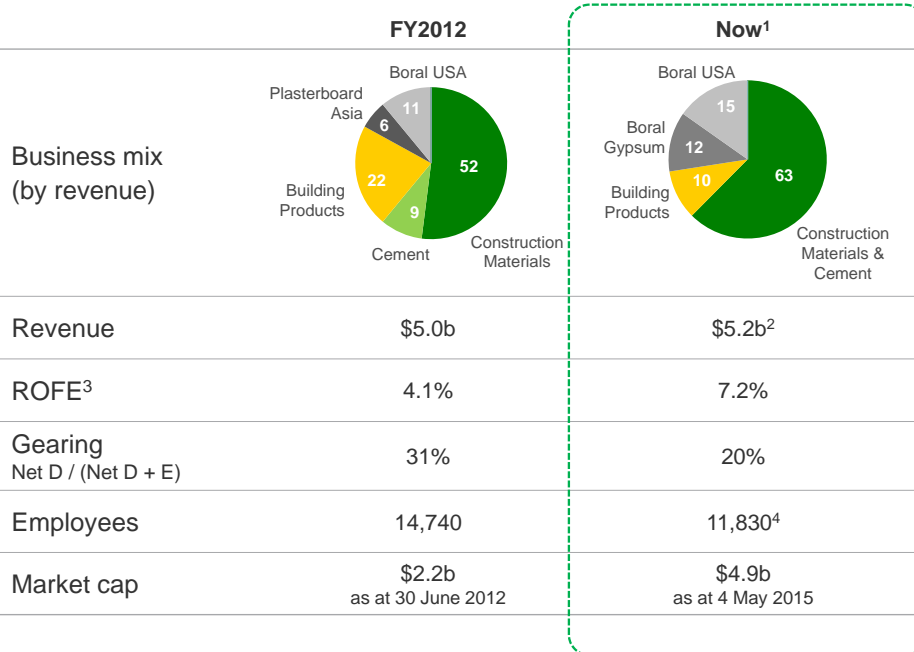
Transforming Boral

Macquarie Equities Australia Conference

Mike Kane, CEO & Managing Director, Boral Limited | 6-7 May 2015



Boral is an international building and construction materials group with operations across Australia, the USA & Asia



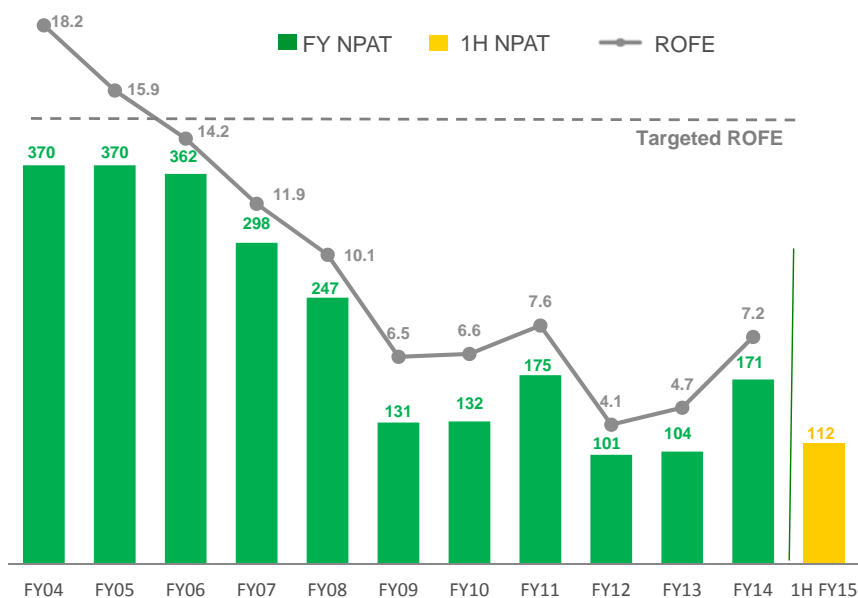
Boral has a stronger balance sheet, improving returns, and a more streamlined organisation with lower costs

1. As at 31 December 2014 unless otherwise stated
 2. Revenue of \$5.2b is the annualised 1HFY2015 result including Boral's share of revenue from the USG Boral JV
 3. EBIT return on funds employed before significant items
 4. Including 3,104 employees in the USG Boral JV

Boral has been impacted by a protracted downturn in the USA and changes in Australian Building Products



NPAT¹ (before significant items) and EBIT Return on Funds Employed²

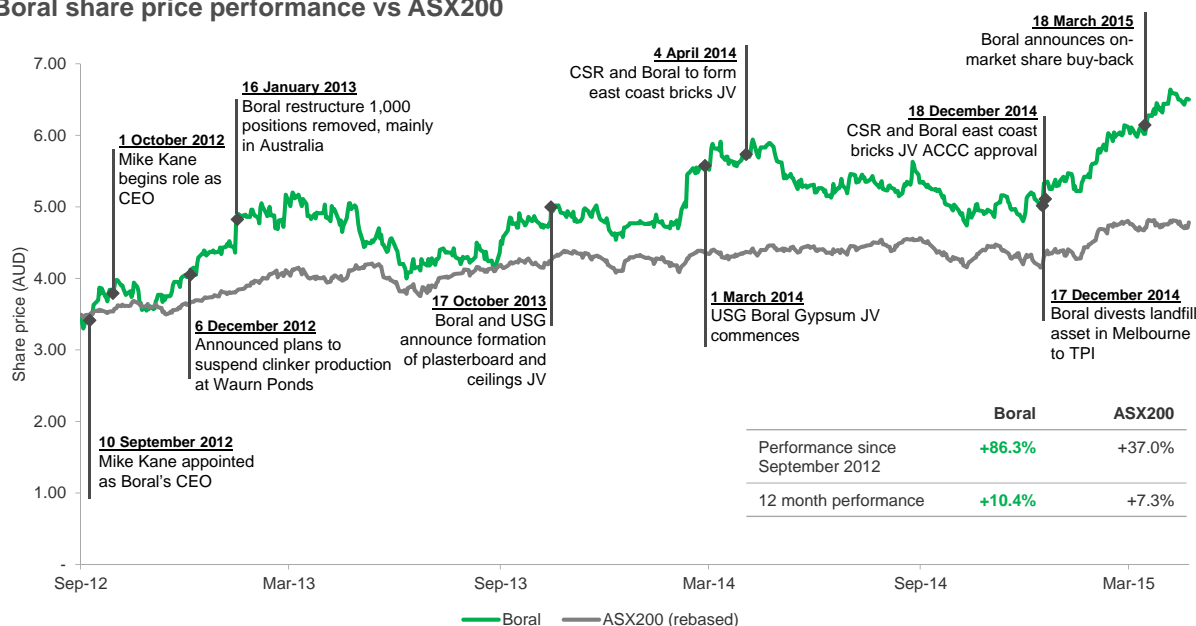


1. Net Profit After Tax
2. EBIT return on funds employed before significant items

Boral's share price has been responding well to strategic initiatives and restructuring



Boral share price performance vs ASX200



Boral's *Fix, Execute, Transform* program – moving firmly into the Execute & Transform phases

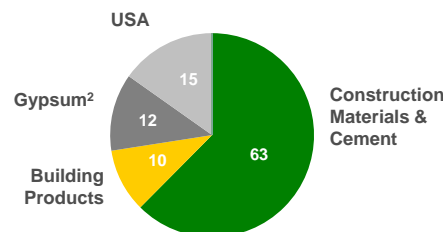


Where will future growth come from?



- **USA** – market recovery, organic growth and possible bolt-on activity
 - The journey beyond 1 million housing starts p.a.
- **Gypsum** – Sheetrock® technologies, product penetration in Asia, economic growth, adjacent products
 - Since FY2007 plasterboard sales volume CAGR of 6% p.a. (in Asia and Australia/NZ)
- **Australia** – maximising returns from our integrated construction materials position, through the cycle
 - Moving to a multi-year infrastructure and non-res cycle, predominantly Eastern States from 2017-2022

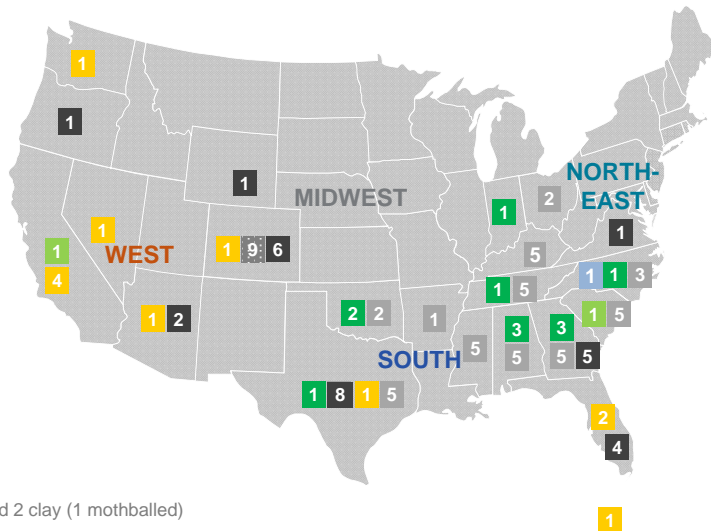
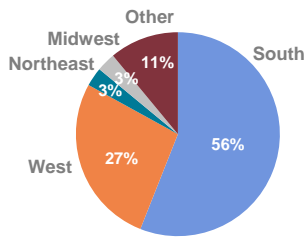
Revenue by division¹, %



1. For the half year ended 31 December 2014
 2. Gypsum revenue represents Boral's 50% share of underlying revenue from the USG Boral JV, which is not included in Group reported revenue



SHARE OF REVENUE¹



OPERATING FOOTPRINT

(number of operations)

- 12** Brick plants – (3 mothballed)
1.3 billion SBE capacity
 - 12** Roof tile plants – 10 concrete (2 mothballed) and 2 clay (1 mothballed)
7 million squares of capacity
 - 2** Cultured stone plants
 - 43** Boral Building Products Distribution Centres
 - 1** Composite plant (for trim and siding products)
 - 9** Concrete plants and quarries (Colorado only)
 - 28** Flyash source and distribution operations
- Plus 3,200+ third-party dealer locations throughout North America

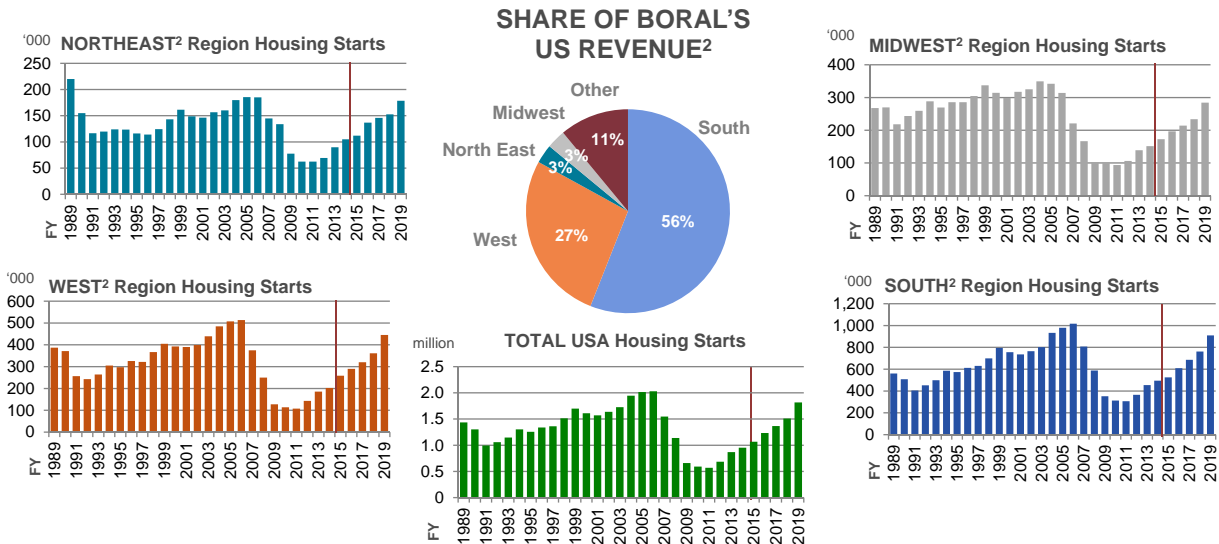
1. SOUTH consists of *AL*, AR, DE, *FL*, GA, *KY*, LA, MD, MS, NC, OK, SC, TN, TX, WV, VA | NORTHEAST consists of CT, MA, ME, NH, NJ, NY, PA, RI, VT | MIDWEST consists of IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI | WEST consists of AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY. Those states italicised in green are the states in which Boral operates and are included in Boral's US Revenue chart, which is based on 1HFY2015 split of revenue with 'Other' including other states and sales outside of the USA.



In the USA, new residential construction is continuing to recover in all regions



Forecasters¹ currently expect an average of ~1.0m US housing starts in FY2015 and in excess of ~1.8m by FY2019, with all regions forecast to recover strongly



1. Housing starts forecasts based on the average of Moody's, Dodge, NAHB and NAR
 2. SOUTH consists of *AL*, AR, DE, *FL*, GA, *KY*, LA, MD, MS, NC, OK, SC, TN, TX, WV, VA | NORTHEAST consists of CT, MA, ME, NH, NJ, NY, PA, RI, VT | MIDWEST consists of IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI | WEST consists of AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY. Those states italicised in green are the states in which Boral operates and are included in Boral's US Revenue chart, which is based on 1HFY2015 split of revenue with 'Other' including other states and sales outside of the USA.



US growth opportunities



CURRENT PORTFOLIO

- Asset-intensive, energy-intensive, high fixed cost platform
- Residential focus in mature markets

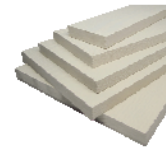


FUTURE FOCUS

- Higher variable cost based manufacturing
- Balanced market segments
- Significant ROFE potential

New manufactured products

- Light building products – Trim, Beadboard, Siding
- New products in existing portfolios – Bricks, Stone & Roofing



Trim

New non-manufactured products

- Brick resale, roofing components, stucco



Bead board

New market segments and geographies

- Commercial Brick
- Flyash contracts
- National commercial specifications for Cladding (eg. McDonald's, Intercontinental Hotels)
- Repair & Remodel – class 4 hail tile for re-roof
- Versetta® penetrating Big Box retail channel
- Emerging Roof Tile markets: Colorado, Texas, Pacific Northwest



Versetta®

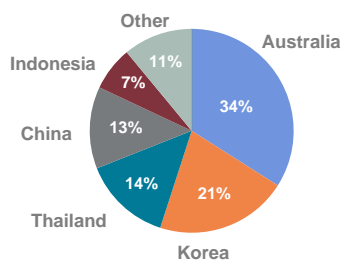


Boral Gypsum

50%-owned USG Boral joint venture in Australia, New Zealand, Asia and Middle East



SHARE OF REVENUE¹



MANUFACTURING FOOTPRINT (number of operations)

- 19** Plasterboard plants
633m² capacity
- 3** Gypsum Mines²
- 37** Other plants²
ceiling tile, metal ceiling grid, metal products, joint compounds, mineral wool and cornice production



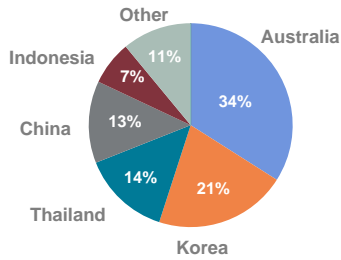
1. Based on split of 1HFY2015 underlying revenue for USG Boral
 2. Certain manufacturing facilities and gypsum mines held in JV with third parties | production of plasterboard and other products may be at the same physical location
 3. GDP growth is real GDP growth rate 2014 | Population figures as at December 2014 | Population growth based on 2014 estimates | Urban population as a percentage of total population for 2014 | Rate of urbanisation based on annual rate of change between 2010 and 2015E.
 Source: CIA World Factbook



Operations in high growth countries as well as new products will underpin USG Boral's growth



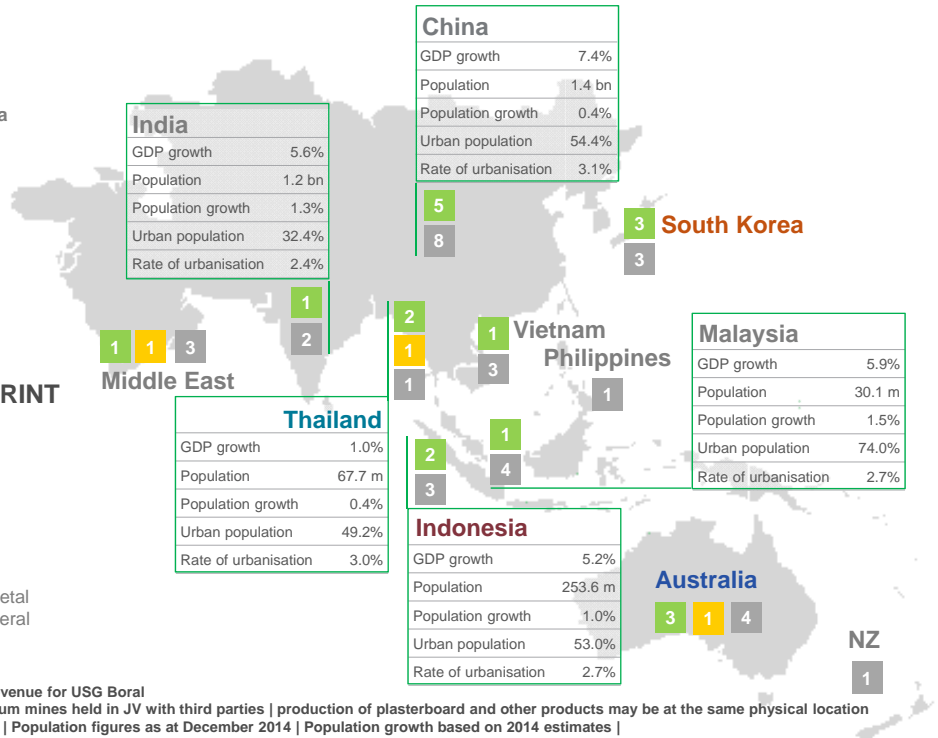
SHARE OF REVENUE¹



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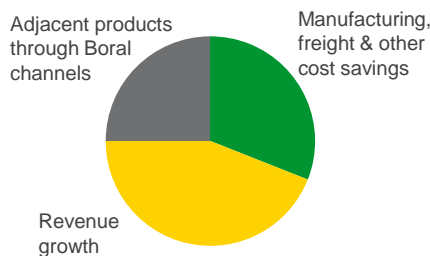
USG Boral remains on track to deliver on its targeted synergies



Synergies

- Expect to realise synergies of US\$50m within three years of technology roll-out
- Upfront integration expenditure expected to exceed synergies for first 2 years of JV

Targeted synergy breakdown



Sheetrock® Technology roll-out

- **Wave 1:** Sep-Oct 2014
Launched in initial markets in Australia, Korea, Indonesia, Thailand
- **Wave 2:** Mar-Sep 2015
Currently expanding and filling market gaps in Australia, Indonesia, Vietnam, China, export markets
- **Waves 3 & 4:**
Build on success and complete roll-out across all 25 plasterboard lines

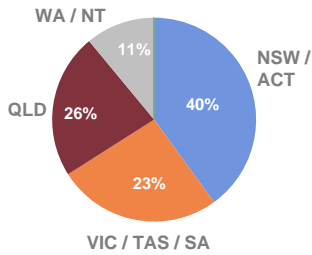




Construction Materials & Cement and Boral Building Products

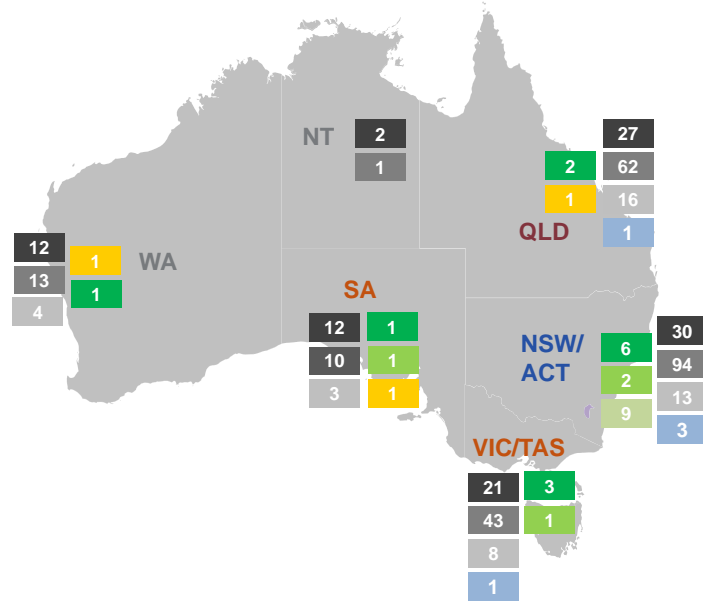


SHARE OF REVENUE¹



OPERATING FOOTPRINT (number of operations)

104	Quarries	13	Bricks ³
223	Concrete	4	Roof tiles
44	Asphalt	9	Timber ⁴
5	Cement ²	3	Masonry



1. Based on 1HFY2015 split of revenue across CM&C and BBP
2. Includes cement manufacturing plant, bagging plant and lime plant in NSW, a clinker grinding plant in Vic and a clinker grinding JV in QLD
3. Includes all Boral CSR JV plants on the East Coast
4. Includes 8 Boral Hardwood mills and 1 JV Softwood operation

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Significant improvements have been undertaken in the Australian businesses



CONSTRUCTION MATERIALS & CEMENT

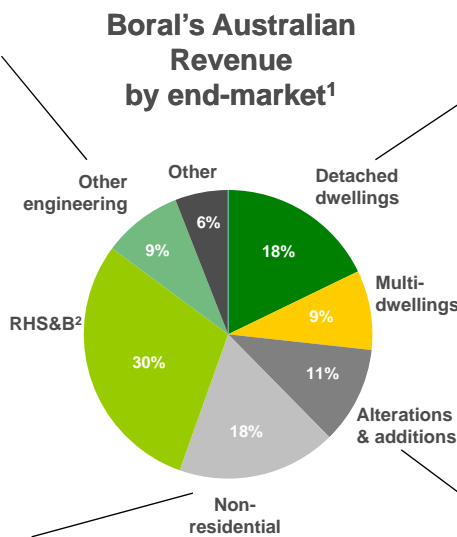
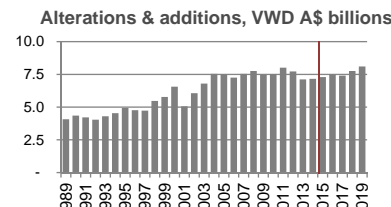
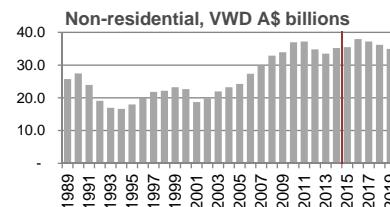
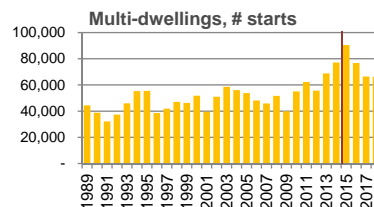
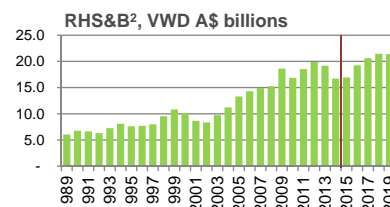
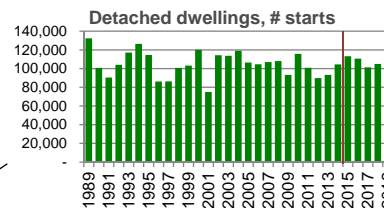
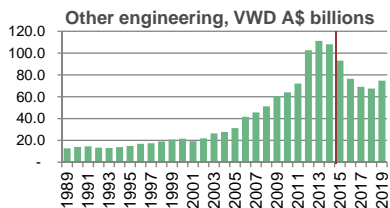
- ✓ Reduced overhead and contract management costs
- ✓ Realigned asphalt business in Queensland and Victoria
- ✓ Ceased clinker manufacturing at Waurin Ponds
- ✓ Closed Berrima colliery
- ✓ Closed Maldon cement kiln
- ✓ Completed \$200m Peppertree Quarry investment project
- ✓ Developed contracting skills and major projects capabilities
- ✓ Focus on pricing and sales excellence

BUILDING PRODUCTS

- ✓ Divested Windows
- ✓ Formed Boral CSR Bricks JV on the East Coast
- ✓ Exiting woodchips, engineered flooring and rationalised timber mills
- ✓ Streamlined organisation and significantly reduced costs

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Boral's Australian revenues are derived from a number of segments

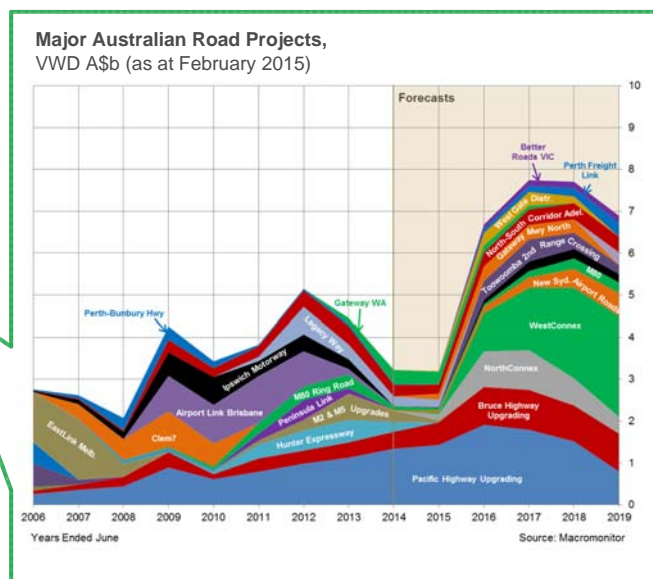
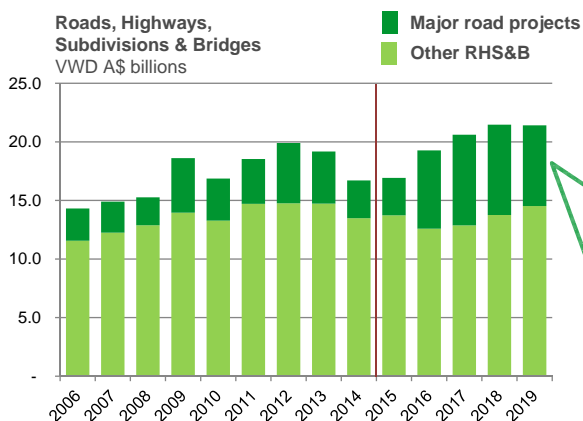


1. Based on split of 1HFY2015 revenues from Construction Materials & Cement and Building Products, and underlying revenue from USG Boral in Australia
 2. Roads, Highways, Subdivisions & Bridges
 Note all charts are for financial years and have been based on 2012/13 dollars
 Source: BIS Shrapnel, Macromonitor

Boral's largest segment in Australia is Roads, Highways, Subdivisions & Bridges (RHS&B)



A significant lift in Major Road Projects underpins forecast growth of ~25-30% in RHS&B VWD, over the next 4-5 years

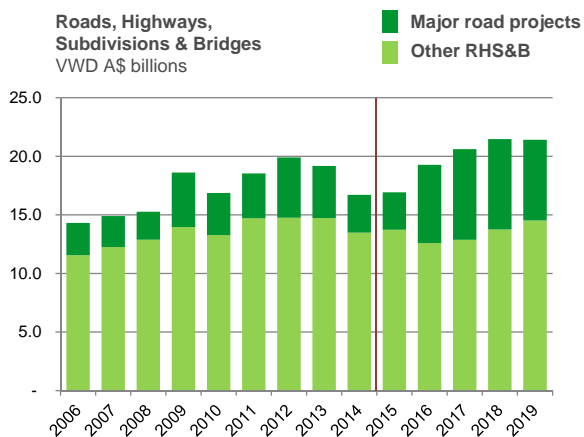


Note that the charts are for financial years and have been based on 2012/13 dollars. VWD = Value of Work Done. RHS&B = Roads, highways, subdivisions & bridges.
 Source: Macromonitor

What does this mean for construction materials suppliers like Boral?

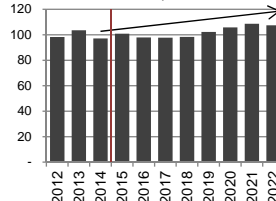


- Due to materials intensity and timing (and the absence of the East West Link in Vic), we do not expect a short-term surge in demand
- We expect major road projects to underpin an elevated and protracted lift in materials demand over the next decade, which is good news



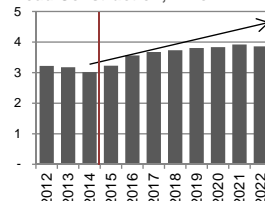
Source: Macromonitor, Construction Materials Forecast, February 2015 (Queensland updated April 2015)

Quarry Materials for Road Construction, '000 tonnes



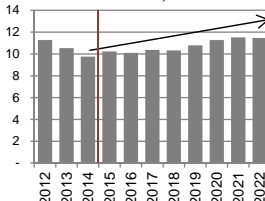
1.3% CAGR over 8 years forecast

Pre-mixed Concrete for Road Construction, million m³



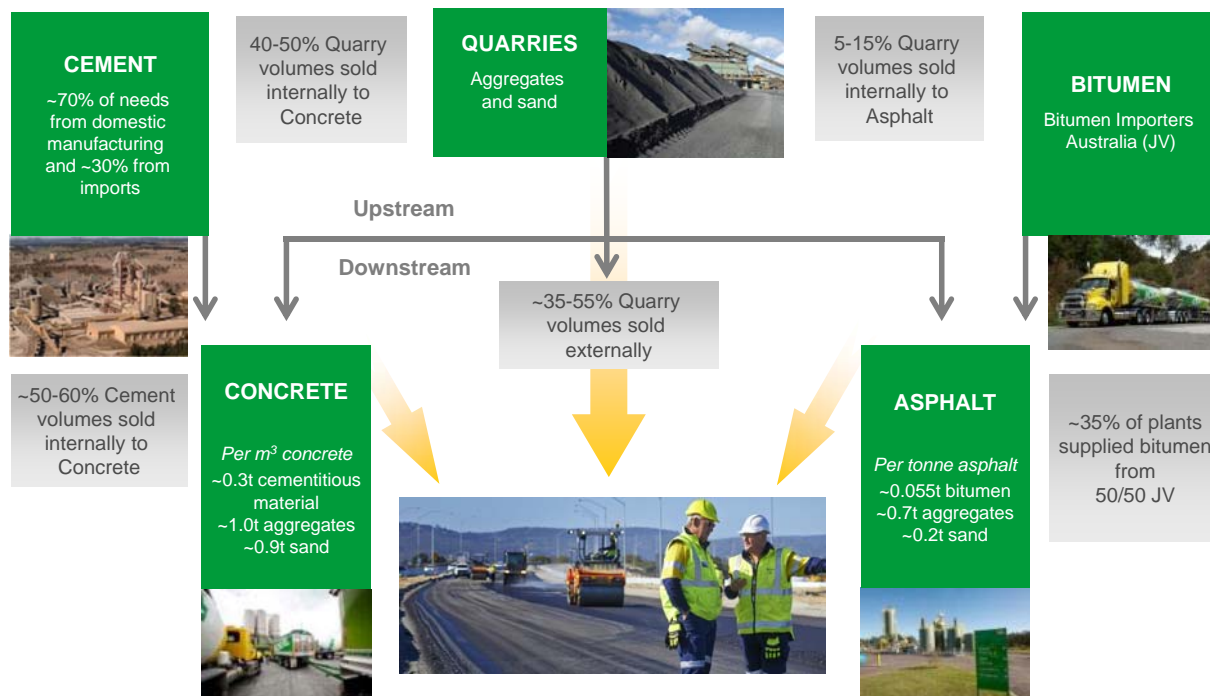
3.1% CAGR over 8 years forecast

Asphalt for Road Construction, '000 tonnes

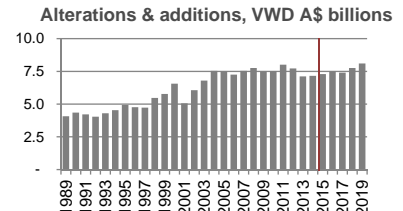
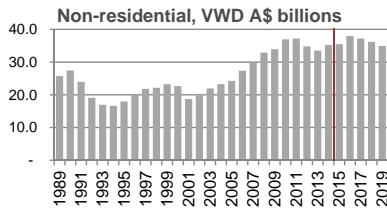
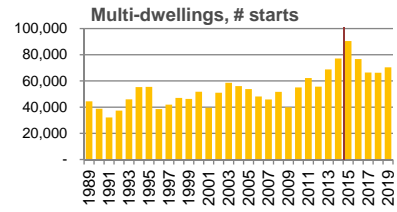
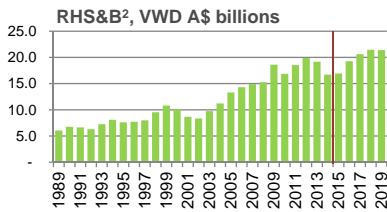
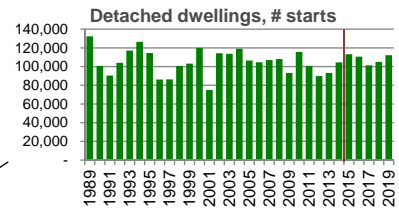
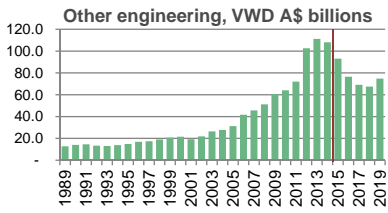


2.0% CAGR over 8 years forecast

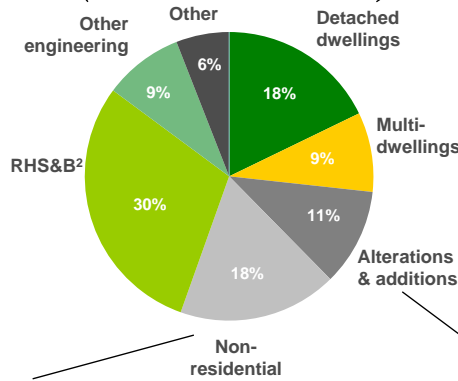
With strategic reserves and integrated downstream operations, Boral is well-positioned to benefit



While RHS&B will grow, engineering will continue to soften & dwelling construction will come off peak levels



Boral's Australian Revenue by end-market¹



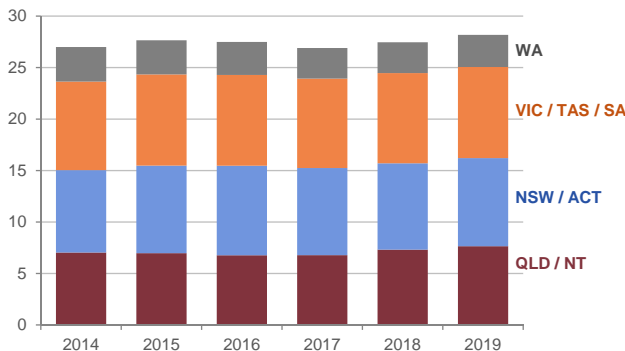
1. Based on split of 1HFY2015 revenues from Construction Materials & Cement and Building Products, and underlying revenue from USG Boral in Australia
 2. Roads, Highways, Subdivisions & Bridges
 Note all charts are for financial years and have been based on 2012/13 dollars
 Source: BIS Shrapnel for Other Engineering, Macromonitor for all other market and forecast data

Overall, what do we see for concrete, as a proxy for construction materials volumes, across all markets?



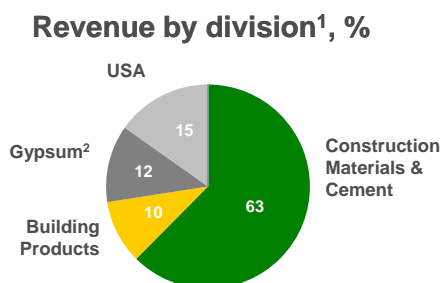
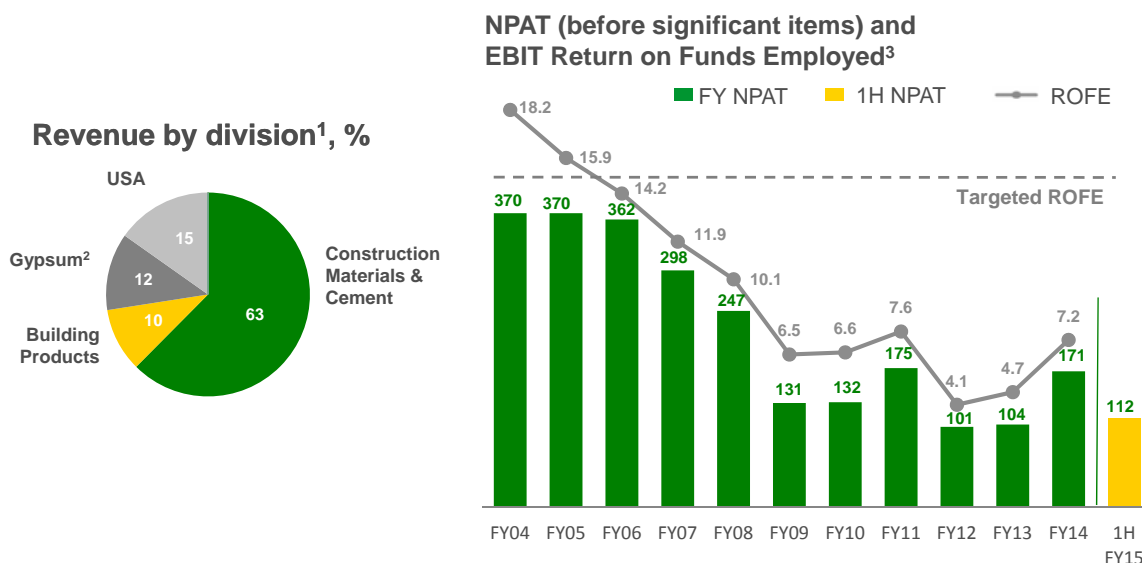
Industry concrete demand in Australia is forecast to stay at high levels of demand for the next five years

Macromonitor Forecast Concrete Demand across all Australian construction markets, million m³



- ~1% CAGR in concrete volumes forecast from FY2014 to FY2019
- Growth in RHS&B activity and in non-residential activity to offset decline in resources sector engineering work and softening in dwellings
- NSW to maintain high levels of activity
- Infrastructure investment in Victoria over time
- Queensland, WA & SA broadly steady

Strong construction materials volumes coupled with growth in the USA and Gypsum positions Boral well



1. For the half year ended 31 December 2014
 2. Gypsum revenue represents Boral's 50% share of underlying revenue from the USG Boral JV, which is not included in Group reported revenue
 3. EBIT return on funds employed before significant items

🚧 Outlook for FY2015 - stated in February 2015 at half year results



Construction Materials & Cement	<ul style="list-style-type: none"> • FY2015 EBIT expected to be higher than FY2014, underpinned by higher Property earnings • Excluding Property, seasonally weaker 2H; 2H FY2015 should be broadly in line with 2H FY2014 • Continued strength in Sydney, improvements in SE Qld and benefits from restructuring should offset subdued RHS&B activity, tapering off of some LNG work and current lack of pricing momentum. Earnings growth could be dampened if potential property sales not realised or adverse weather
Building Products	<ul style="list-style-type: none"> • Continue to deliver improved year-on-year performance, with volume and price gains offsetting the impact of fewer working days in 2H FY2015 • Reported revenue will be lower following formation of east coast bricks JV in 2H FY2015, but no material impact to 2H FY2015 earnings expected
Boral Gypsum	<ul style="list-style-type: none"> • Strong underlying performance to continue reflecting increased demand and restructuring benefits but lower earnings contribution to Boral expected in FY2015 due to full 12 months of 50% equity accounted post-tax earnings • Synergies expected to ramp up from 2H FY2015 offset by expanded product and new technology roll-out costs
Boral USA	<ul style="list-style-type: none"> • Expect significantly improved, broadly break-even result in FY2015, assuming a typically stronger 4Q FY2015



Construction Materials & Cement	<ul style="list-style-type: none">• Unplanned stoppage of Berrima Cement kiln for 5 days and adverse weather events throughout Australia adversely impacted in April, offset by additional opportunistic property earnings• Despite price increases effective 1 April, some markets remain difficult for pricing
Building Products	<ul style="list-style-type: none">• Boral CSR Bricks commenced 1 May 2015
Boral Gypsum	<ul style="list-style-type: none">• Roll-out of Sheetrock® technologies in USG Boral continues – product penetration and pricing remain positive
Boral USA	<ul style="list-style-type: none">• Better than expected weather in January offset by very poor conditions in February which moved into March• 4Q FY2015 remains important

Disclaimer



The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 6 May 2015. It is provided in summary form and does not purport to be complete. It should be read in conjunction with the Group's periodic reporting and other announcements lodged with the Australian Securities Exchange (ASX).

To the extent that this document may contain forward-looking statements, such statements 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, and which may cause actual results to differ materially from those expressed in the statements contained in this release.

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