

BUILDING SOMETHING GREAT™

# BORAL ANNUAL GENERAL MEETING 2011



Dr Bob Every, Chairman  
3 November 2011



# FINANCIAL HIGHLIGHTS

- Continuing operations



**Revenue**

\$4.7bn



up 4%

**Profit after tax <sup>1</sup>**

\$173m



up 20%

**Cash from operations**

\$351m



down 24%

**Net debt**

\$0.5bn

down from \$1.2bn



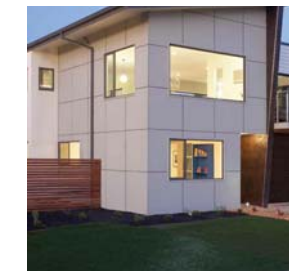
**Gearing**

16%

down from 45%



<sup>1</sup>. Prior to significant items



# SHAREHOLDER RETURNS



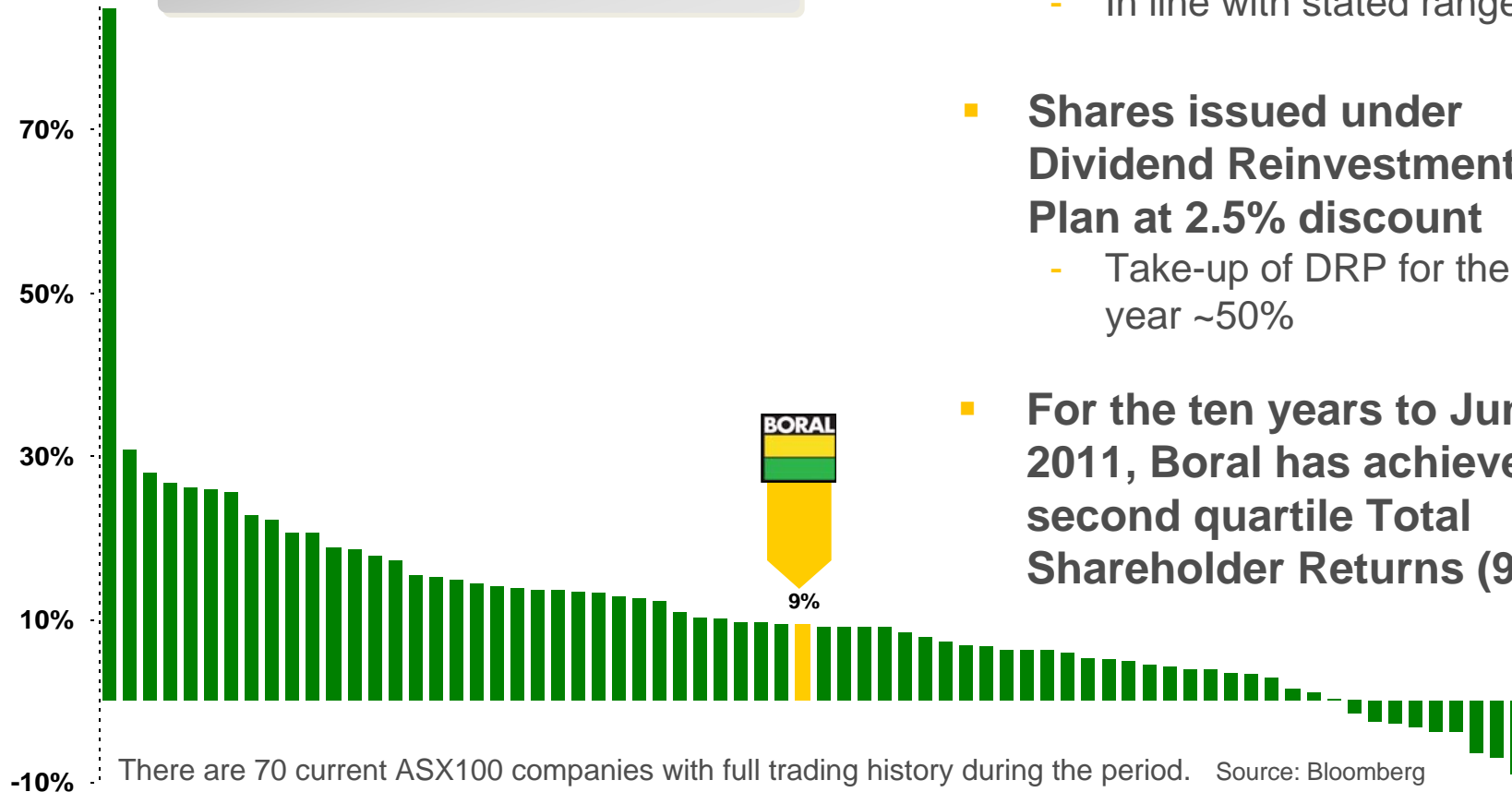
Full year dividend  
14.5c

▲  
up 7%

- Dividend pay-out ratio of 60%
  - In line with stated range

- Shares issued under Dividend Reinvestment Plan at 2.5% discount
  - Take-up of DRP for the year ~50%

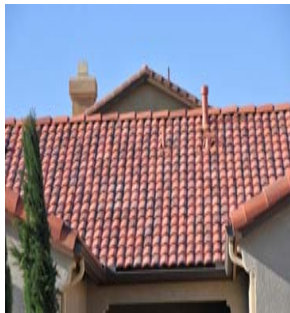
- For the ten years to June 2011, Boral has achieved second quartile Total Shareholder Returns (9%)



# RECENT ACQUISITIONS



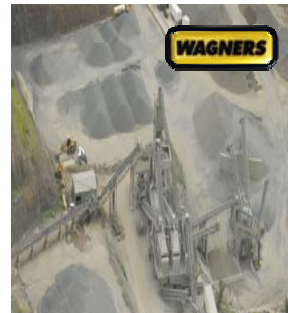
## MonierLifetile, USA



## Cultured Stone, USA



## Wagners\*, Australia



## Sunshine Coast Quarries, Australia



## LBGA Asia



Purchase price	US\$ 75m	US\$ 45m	A\$ 173m	A\$ 81.5m	€ 380m
Revenue	US\$ 75m	US\$ 100m	A\$ 115m	A\$ 32m	US\$ 576m
Results	(US\$ 15m)	(US\$ 14m)	A\$ 17m	A\$ 11m	US\$ 94m
Employees	405	750	275	47	~2,300

\* Subject to ACCC Clearance

Source: ASX releases

# SAFETY & SUSTAINABILITY



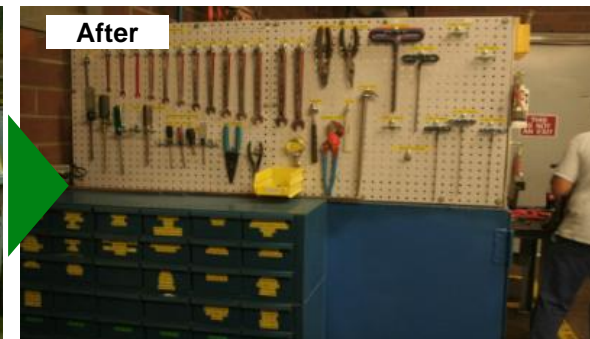
## Consolidated Employees' and Contractors' LTIFR\*



\* Lost Time Injury Frequency Rate per one million hours worked



iCARE 4 key leadership behaviours



# BORAL BOARD



**Bob Every**  
Chairman



**Paul Rayner**  
Chairman of the  
Audit Committee



**Eileen Doyle**  
Chairman of the Health  
Safety & Environment  
Committee



**Mark Selway**  
Chief Executive



**Richard Longes**



**Catherine Brenner**



**Brian Clark**  
Chairman of the  
Remuneration and  
Nomination Committee



**John Marlay**

# BORAL EXECUTIVE TEAM



## Mark Selway Chief Executive



**Murray Read**  
Divisional MD - Boral  
Construction Materials



**Ross Batstone**  
Divisional MD - Boral  
Building Products



**Mike Beardsell**  
Divisional MD -  
Boral Cement



**Mike Kane**  
President –  
Boral USA



**Warren Davison**  
Executive  
General Manager



**Andrew Poulter**  
Chief Financial Officer



**Margaret Taylor**  
Group General Counsel  
and Company Secretary



**Robin Town**  
Group Human  
Resources Director



**Matt Coren**  
Group Strategy and  
M&A Director

# STRATEGIC BUILDING BLOCKS FOR GROWTH



## 1 Laying the foundations

Review & respond, creating a strong platform for growth

## 2 Reinforcing the core

Focus & improve assets where Boral can be market leader

## 3 Investing for growth

Expand & invest through acquisition and innovation worldwide

## 4 Sector best performance

Realise sector best performance and market leading returns





# BORAL ANNUAL GENERAL MEETING 2011



**Mark Selway**, Chief Executive  
3 November 2011



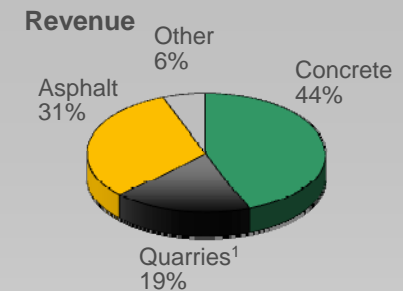
# BORAL CONSTRUCTION MATERIALS

- Performance and key achievements



(A\$m)	FY11	FY10	Var %	Revenue (A\$m)	FY11	FY10	Var %
Revenue	2,275	2,119	7	Concrete	1,003	952	5
EBITDA	294	297	(1)	Quarries <sup>1</sup>	428	400	7
EBIT	204	201	1	Asphalt	712	666	7
EBIT ROS	9.0%	9.5%					

<sup>1</sup> Includes only third party sales



Concrete benefitted from several major projects in NSW and Vic and extensive mobile batch plant work in WA during the first half of the year.



Asphalt experienced strong volume growth due to major project work in NSW and SA. Revenue was up 7% but profits lower than prior year due to weather-related delays and exceptional profits in FY10.



Contracts awarded for supply of concrete to Curtis Island LNG and Gladstone LNG projects in Qld.



Boral Property Group concluded a total of 27 property transactions In FY11, contributing earnings of \$27.5m.



Development of Peppertree quarry to secure our leading position in NSW aggregate market. Quarry and processing plant near Ballarat was commissioned on time and on budget.



The Group's largest division, Construction Materials, includes operations involved in the production and supply of concrete, asphalt and quarry materials to the Australian building and construction sectors.

Construction Materials had a mixed year. WA, SA and Vic all performed strongly while NSW and Qld were rain impacted for much of the second quarter.

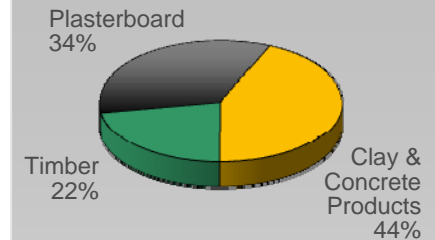
# BORAL BUILDING PRODUCTS

- Performance and key achievements



(A\$m)	FY11	FY10	Var %	Revenue (A\$m)	FY11	FY10	Var %
Revenue	1,150	1,206	(5)	Plasterboard	395	392	1
EBITDA	138	158	(12)	Clay & Concrete	499	537	(7)
EBIT	84	101	(16)	Timber	256	276	(7)
EBIT ROS	7.3%	8.4%					

### Revenue



Plasterboard benefited from Government stimulus work last year. Results were impacted by bad weather and the slowdown in new dwelling construction in the 2<sup>nd</sup> half.



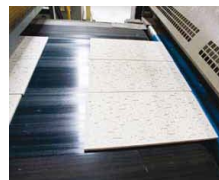
Clay & Concrete saw a decline in residential housing in WA, SA and Qld in the 2<sup>nd</sup> half, resulting in reductions in revenue and EBIT.



*\$80m upgrade of the Boral plasterboard plant at Port Melbourne, Vic, is on-track for completion by second half of CY 2012.*



Lower demand in Qld and weather impacted log supply and mill efficiency resulted in lower revenue, profit and margin.



LBGA has 21 manufacturing operations in 8 countries throughout Asia.

Volumes were up 11% and delivered an equity accounted income of \$17m.



**As a result of the slowing housing and commercial markets, plans have been implemented to address the high fixed cost and low utilisation of our brick and masonry operations.**

**The impact of the Queensland floods was severely felt at the Ipswich plywood operation. Following extensive review of the feasibility of rebuilding the plant, the plywood manufacturing facility was closed.**

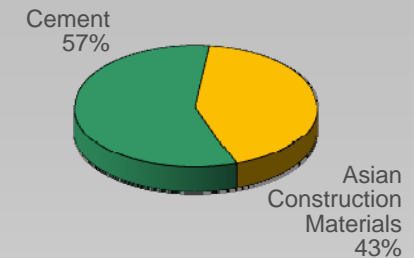
# BORAL CEMENT

- Performance and key achievements



(A\$m)	FY11	FY10	Var %	Revenue (A\$m)	FY11	FY10	Var %
Revenue	540	512	5	Cement	312	284	10
EBITDA	150	141	7	Asian Construction Materials	228	228	-
EBIT	96	88	9				
EBIT ROS	17.8%	17.2%					

### Revenue



Cement revenue in Australia was supported by strong project volumes in NSW and good premixed concrete demand in NSW and Vic.



Following closure of BlueScope's Blast furnace #6 in October 2011, we will close our Galong lime kiln. The profit impact before mitigation will be about \$13m and plans for the long term future are under consideration.



Major infrastructure contracts awarded for the Hunter River remediation project and the Kooragang Coal Loader.



Indonesian revenue increased 3% in local currency terms due to continued strong construction activity. Margins were lower due to the inability to recover cost increases in a very competitive market.



Thailand construction materials performed strongly and delivered a small profit against a \$2.6m loss in FY 2010.



**Cement includes our Australian cement businesses, the Group's construction materials operations in Thailand and Indonesia and our Joint Venture with Adelaide Brighton in Qld.**

**The division reported increased year on year revenue and profit due to construction demand in NSW and Vic and increased lime sales to the Australian steel sector.**

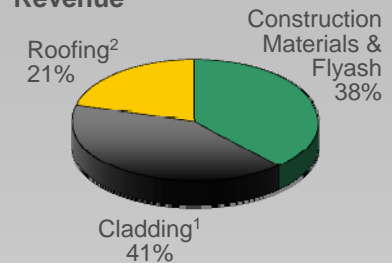
# BORAL USA

- Performance and key achievements



(A\$m)	FY11	FY10	Var %	Revenue (A\$m)	FY11	FY10	Var %
Revenue	431	364	19	Cladding <sup>1</sup>	178	174	2
EBITDA	(57)	(67)	15	Roofing <sup>2</sup>	89	13	
EBIT	(99)	(104)	5	Construction Materials & Flyash	164	177	(7)
EBIT ROS	(23.0%)	(28.5%)					

Revenue



On a local currency basis, revenues and volumes from the Group's cladding operations declined in proportion with the market.



In Roofing, like for like revenue was down 2% on last year. Margins improved due to synergies from MonierLifetile and improved operational efficiencies.



*Boral Trim product progressed from prototype and the new plant is currently being built for commercialisation.*



Construction Materials includes concrete and quarry operations in Oklahoma and Colorado and BMTI, the flyash business. Revenue was up 5% on FY10 in local currency terms.



Cultured Stone is the leading supplier of synthetic stone veneer to the residential and commercial construction market.



**Full year revenue was up 19% on last year due principally to the addition of MonierLifetile and Cultured Stone. Losses were lower by 5% despite new housing starts being down 3.5% on the prior year at 571,000 against a 10 year average of 1.5 million.**

<sup>1</sup> Includes consolidation of Cultured Stone revenues from 1 January 2011

<sup>2</sup> Includes consolidation of MonierLifetile revenues from 1 July 2010

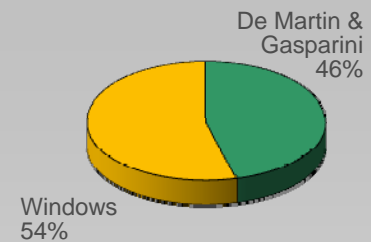
# OTHER BUSINESSES

- Performance and key achievements



(A\$m)	FY11	FY10	Var %	Revenue (A\$m)	FY11	FY10	Var %
Revenue	286	294	(3)	Windows	155	158	(2%)
EBITDA	11	10	12	De Martin & Gasparini	131	136	(4%)
EBIT	8	6	21				
EBIT ROS	2.7%	2.1%					

Revenue



Windows revenue was down 2% to \$155m reflecting a strong first half offset by weather related delays and a slowing of residential building in the second half.



The Windows operations made significant operational improvements using LEAN tools and launched a new range of "green" windows.



The new energy efficient ThermaLine windows range was launched with excellent early feedback.



De Martin & Gasparini revenue at \$131m was down 4% on the prior year due to lower commercial building activity and reduced market demand.



De Martin & Gasparini and Boral's Construction Materials division worked together on supplying concrete and pouring the floors for No 1 Bligh St, Sydney.



Full year EBIT from Windows and De Martin & Gasparini at \$8m was considerably ahead of the prior year and reflects the continued success of improvement initiatives and a strong first half to the year.

# SCORECARD

- Update since 2010 Annual General Meeting



Profit after tax <sup>1</sup>

\$173m

up 20%

In FY 2011, despite difficult market conditions, the Group delivered net profit after tax ahead of market expectations and 20% above the prior financial year.

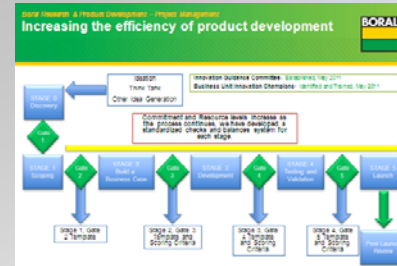
## Lean Operational Excellence



## Sales & Marketing Excellence



## Innovation Great new products



## Core Businesses and Geographies

### USA and Australia

- Cladding
- Roofing



Dec 2010  
Cultured Stone

### Australia

- Cement
- Construction Materials



Apr 2011  
Wagners



Jul 2011  
Sunshine Coast Quarries

### Australia and Asia

- Plasterboard



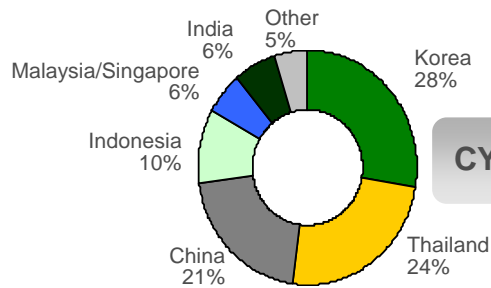
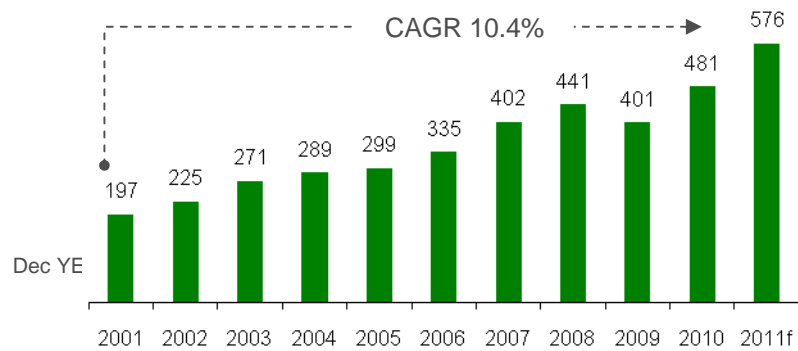
Aug 2011  
LBGA

<sup>1</sup>: From continuing operations and prior to significant items

# LBGA - ACQUISITION

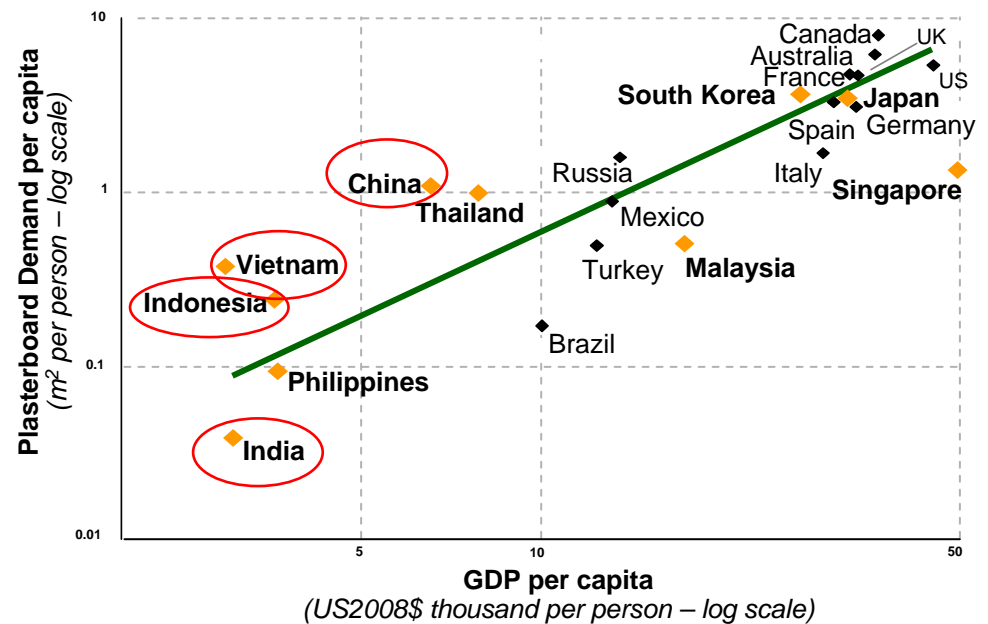


Revenue (USD \$ million)



CY2010 Revenue

Plasterboard Demand/GDP per Capita



Operations

Korea	3	China	6
Thailand	5	India	1
Indonesia	3	Vietnam	1
Malaysia	1	Other	1

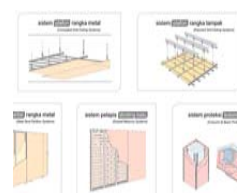
Plasterboard



Ceiling Tiles



Metal Studs



Compounds



Plasters





# ACQUISITION SUMMARY

Exciting steps for the future development of Boral



Increases our exposure to high growth, higher margin sectors which were identified as core in our strategic review.

## USA

Cultured Stone



## Australia

Sunshine Coast Quarries  
Wagners – concrete & quarry\*



## Asia

LBGA



\* Subject to ACCC Clearance

# SEPTEMBER 2011 TRADING UPDATE AND OUTLOOK



It has been a tough start to the financial year, with continued economic uncertainty in the United States and the slower housing starts which we experienced in Australia in the second half of the last financial year continuing into the first half of this year.

## Construction Materials

- We expect to benefit from major project work which should deliver improved revenue and earnings in the full year with a bias to the 2<sup>nd</sup> half.
- Property sales are expected to be about the same as last year with the majority in the second half of the year.

## Building Products

- Volumes and plant utilisation have been affected by significant exposure and continued softness in residential housing, which commenced in the 2<sup>nd</sup> half of FY 2011.
- Comparatively the 1<sup>st</sup> half results in FY 2012 are likely to be similar when compared to the 2<sup>nd</sup> half of FY 2011.

## Cement

- Volumes have remained broadly flat and Asia has experienced a solid start, despite the flooding in Thailand.
- On balance we expect an improved 1<sup>st</sup> half result, when compared to the 2<sup>nd</sup> half of FY 2011, but the closure of Galong will need to be considered in our full year outlook.

## USA

- The United States market remains difficult.
- We expect a broadly similar result in 1<sup>st</sup> half of FY 2012 when compared to the 2<sup>nd</sup> half of FY 2011, followed by an improved full year underpinned by restructuring and closure of excess capacity.

Assuming reasonable weather conditions in our core markets, despite a lower result in 1<sup>st</sup> half FY 2012 when compared to 1<sup>st</sup> half FY 2011, we expect 1<sup>st</sup> half performance to be broadly similar to the 2<sup>nd</sup> half of FY 2011, followed by a stronger 2<sup>nd</sup> half to the year. Given the mixed and conflicting economic data in many of our markets, a further trading update will be provided at the time of the Group's half year announcement.