

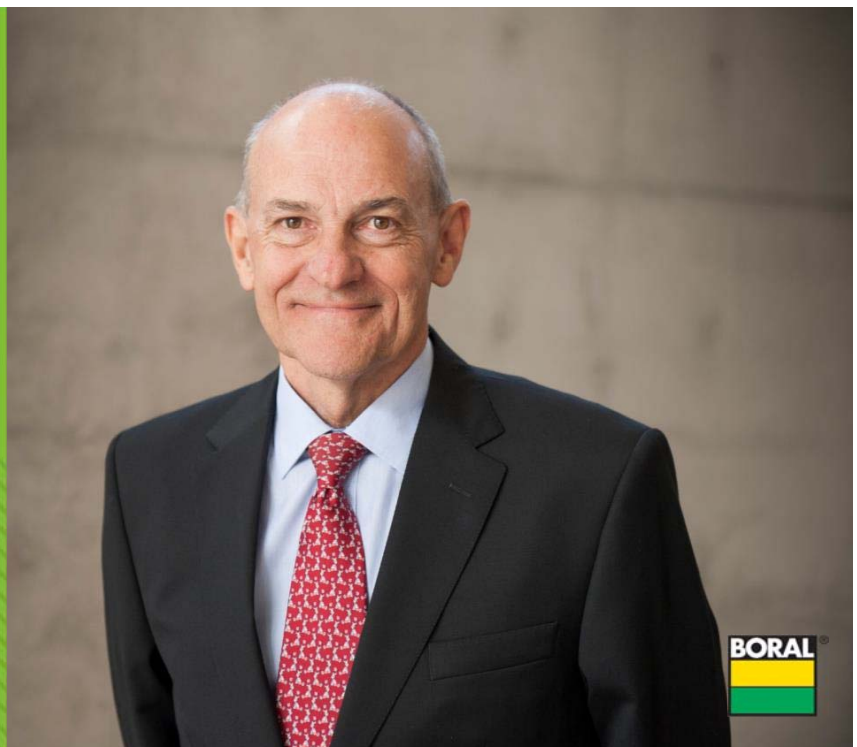
# ANNUAL GENERAL MEETING 2017

2 November 2017  
Sydney



## CHAIRMAN'S ADDRESS

Dr Brian Clark



# Headwaters has strengthened our fly ash business and expanded our US building products offering



Specialty siding



Stone-coated metal roofing



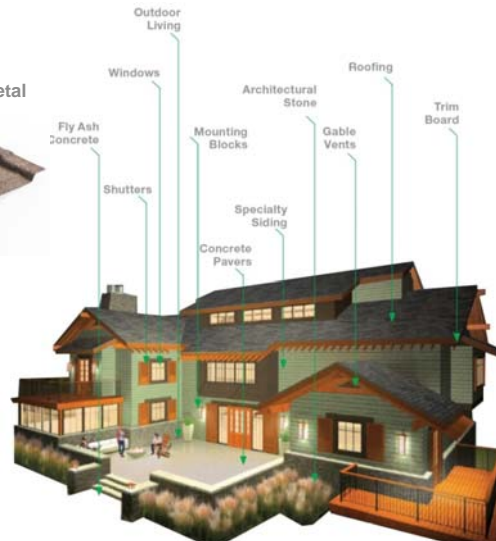
Manufactured stone



Concrete block



➤ Play Headwaters video



Composite polymer roofing



Windows



Trim products



3



## A transformational year for Boral



### Performance excellence and more sustainable growth through portfolio reshaping and innovation

- ✓ Completed **US\$2.6 billion acquisition of Headwaters** Incorporated in North America
- ✓ **Formed Meridian Brick**, a 50:50 joint venture with Forterra
- ✓ **Divested our 40% stake of Boral CSR Bricks JV**, exiting bricks on east coast of Australia
- ✓ Continued **reinvestment in key quarry reserves**, strengthening our integrated construction materials position in Australia
- ✓ **Investing in innovation** to ensure we are responding to a changing world and helping to shape the future, clearly evident through success of **USG Boral's Sheetrock®**

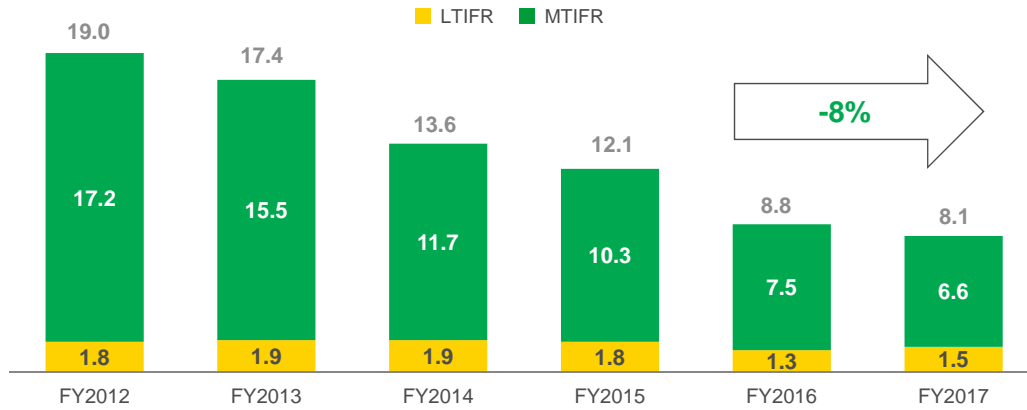
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## A strong safety culture



### Employee and contractor recordable injury frequency rate<sup>1</sup> (per million hours worked)



1. Recordable injury frequency rate comprises medical treatment injury frequency rate (MTIFR) and lost time injury frequency rate (LTIFR). Includes employees and contractors in 100%-owned businesses and 50%-owned joint venture operations. Excludes Headwaters, which will be included from FY2018.

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## Full year results highlights

Delivering transformation and improved earnings



### FY2017 vs FY2016

EBIT<sup>1</sup>

**\$460m**

↑ 16%

Earnings per share<sup>1,2</sup>

**33.7cents**

↑ 1%

Profit after tax<sup>1</sup>

**\$343m**

↑ 28%

Full year dividend

**24.0cents**

↑ 7%

Net profit after tax

**\$297m**

↑ 16%

ROFE<sup>1,3</sup>

**9.2%**

↑ from 9.0%

1. Excluding significant items.

2. In accordance with AASB 133, EPS has been revised to reflect the bonus element in the equity raising completed December 2016. EPS reflects the increased number of shares following the equity raise in December 2016, but only eight weeks of additional earnings from Headwaters.

3. EBIT return on funds employed. FY2017 calculated using average monthly funds employed (to recognise the impact of the Headwaters acquisition) while FY2016 is based on funds employed at 30 June 2016.

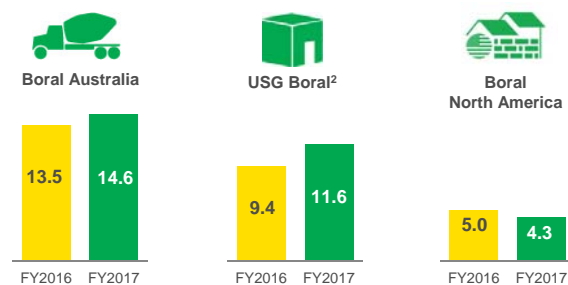
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# Well positioned to improve ROFE

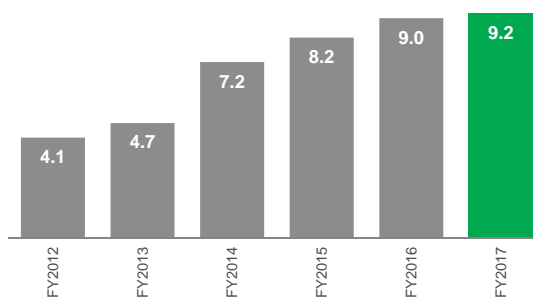
Boral Australia and USG Boral delivering strong above cost of capital returns



## Divisional EBIT to funds employed (ROFE<sup>1</sup>), %



## Group ROFE<sup>1</sup>, %



1. EBIT (excluding significant items) return on funds employed (divisional funds employed is segment assets less segment liabilities). ROFE is calculated based on funds employed as at 30 June, except in FY2017 for Group and Boral North America ROFE, which are based on average monthly funds employed due to the impact of Headwaters only contributing 8 weeks of EBIT in FY2017 but funds employed increasing fully at 30 June 2017.
2. Based on USG Boral's underlying EBIT return on funds employed at 30 June.

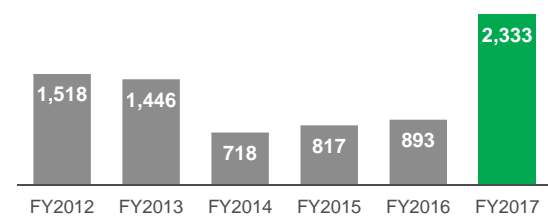
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# Capital management

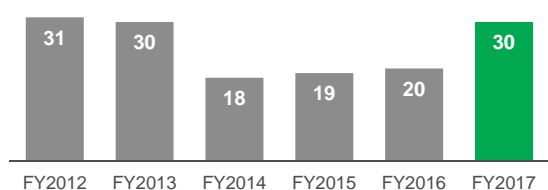
Balance sheet remains robust



## Net debt, A\$ million

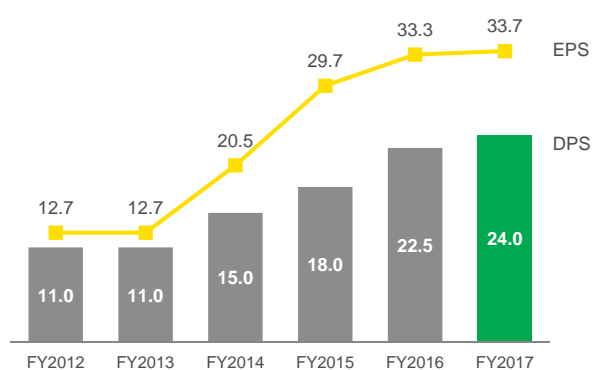


## Gearing, % (net debt / net debt + equity)



## Earnings and dividends per share<sup>1</sup>

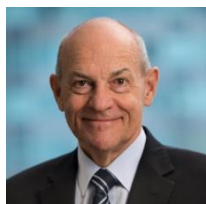
A\$ cents



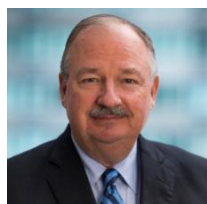
1. Earnings per share, excluding significant items. In accordance with AASB 133, historical EPS has been revised to reflect the bonus element in the equity raising completed Dec-2016

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# Board of Directors



**Dr Brian Clark**  
Non-executive Chairman



**Mike Kane**  
CEO & Managing Director



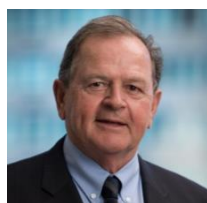
**Catherine Brenner**  
Non-executive Director



**Dr Eileen Doyle**  
Non-executive Director



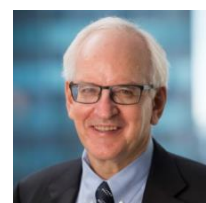
**Kathryn Fagg**  
Non-executive Director



**John Marlay**  
Non-executive Director

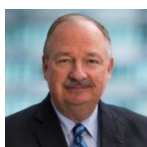


**Karen Moses**  
Non-executive Director



**Paul Rayner**  
Non-executive Director

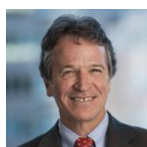
# Executive Committee



**Mike Kane**  
CEO & Managing Director



**Rosaline Ng**  
Chief Financial Officer



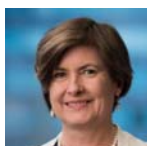
**Joe Goss**  
Divisional Chief Executive,  
Boral Australia



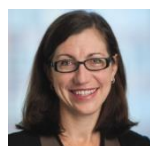
**David Mariner**  
President and CEO,  
Boral North America



**Frederic de Rougemont**  
CEO,  
USG Boral



**Linda Coates**  
Group Human  
Resources Director



**Kylie FitzGerald**  
Group Communications &  
Investor Relations Director



**Dominic Millgate**  
Company Secretary



**Damien Sullivan**  
Group General Counsel



**Michael Wilson**  
Group Health, Safety &  
Environment Director



**Ross Harper**  
Executive General  
Manager, Cement  
(reporting to Joe Goss)



**Tim Ryan**  
Group Strategy and  
M&A Director  
(reporting to Ros Ng)



**Joel Charlton**  
Executive GM, Innovation  
(reporting to Mike Kane)  
and Group President, Windows  
(reporting to David Mariner)

# CEO'S ADDRESS

Mike Kane



## Three strong divisions



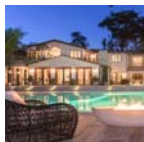
**With three strong divisions, Boral is well positioned for growth and continued improved performance**

**Boral  
Australia**



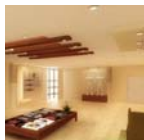
- A\$3.3 billion revenue business
- Leading, integrated construction materials position in Australia
- Diversified end market exposure
- Benefiting from multi-year infrastructure growth

**Boral  
North  
America**



- US\$1.9 billion revenue business (proforma, including 50% of Meridian Brick)
- Leading USA market positions with diversified end market exposure
- Growth platforms in building products and fly ash
- Strong innovation pipeline

**USG  
Boral**



- A\$1.5 billion revenue business (100% of JV)
- Leading plasterboard manufacturing and distribution footprint in Asia and Australia
- World-leading technologies
- Strong growth through economic development, product penetration and innovation



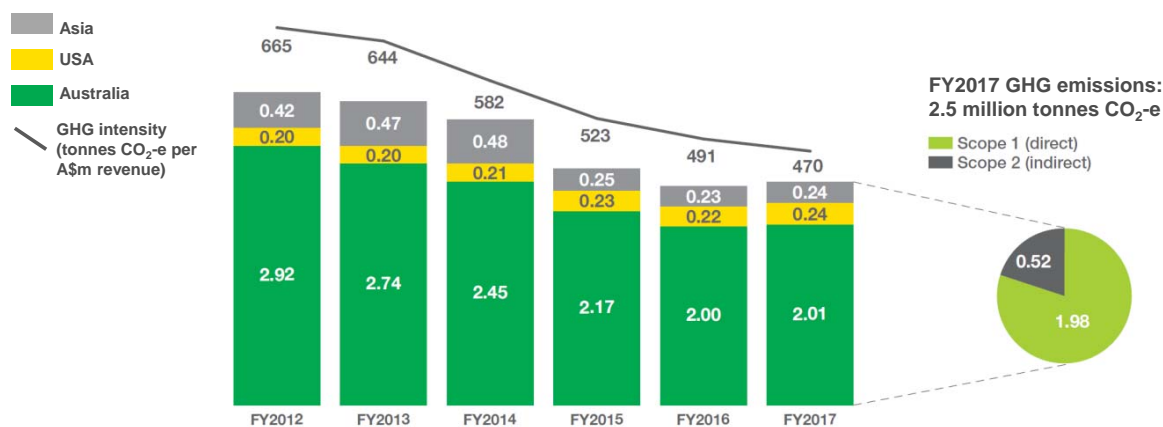
# ZERO HARM TODAY

## GHG emissions totalled 2.5m tonnes in FY17

Boral's emissions and emissions intensity have reduced by ~30% since FY12



### GHG emissions from operations<sup>1</sup> and emissions intensity per A\$m of revenue<sup>2</sup> (million tonnes of CO<sub>2</sub>-e)



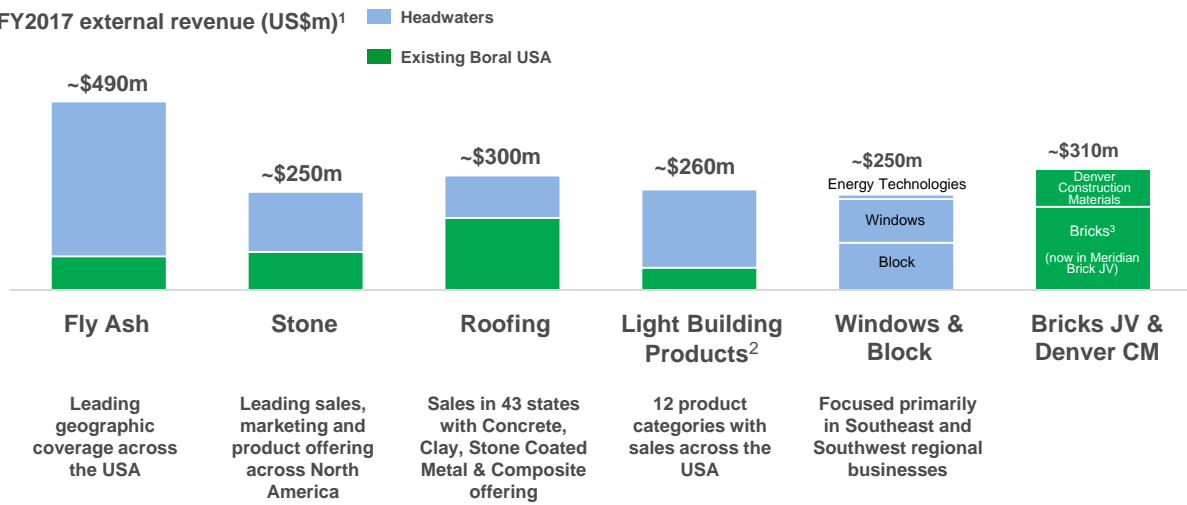
1. Data provided for FY2017 GHG emissions is for Boral's 100% owned operations and Boral's share of emissions from 50%-owned joint venture operations. Does not include Headwaters for FY2017.  
 2. Revenue has been adjusted to include 50% share of underlying revenues from USG Boral and Meridian Brick joint ventures, which are not reported in Group revenues.

# Boral North America: a US\$1.9 billion<sup>1</sup> revenue business

Strong strategic fit between Headwaters and Boral's existing US businesses



FY2017 external revenue (US\$m)<sup>1</sup>



1. Pro forma based on 12 months ended 30 June 2017, except for Windows which is based on revenue post-acquisition from August 2016  
 2. Light Building Products includes siding, trim and panelised stone  
 3. Represents Boral's 50% share of revenue from the Meridian Bricks JV for 12 months ended 30 June 2017



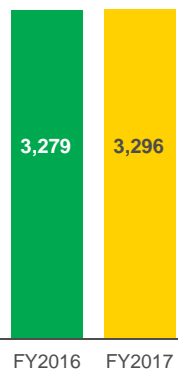
# Boral Australia

Concrete, Quarries, Asphalt, Cement, Concrete Placing, Property, Bricks WA & Roofing, Timber

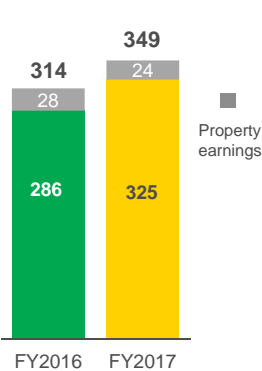


## Strong FY2017 results

Revenue, A\$m

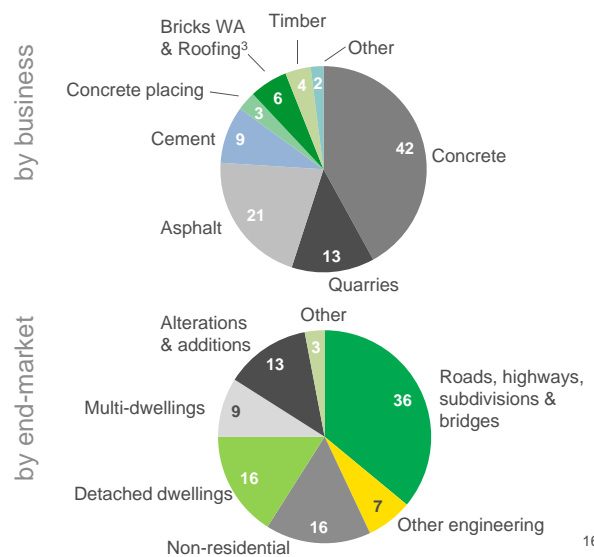


EBIT<sup>1</sup>, A\$m



1. Excluding significant items  
 2. Based on Boral Australia's FY2017 external revenue  
 3. Includes Masonry

## Share of revenue<sup>2</sup>, %



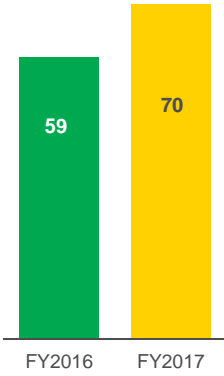


# USG Boral

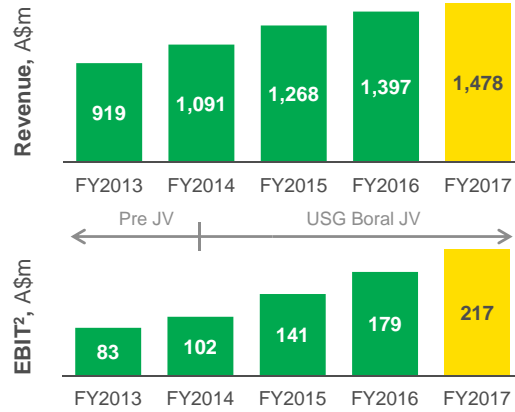
50%-owned joint venture in 14 countries across Australasia, Asia & Middle East



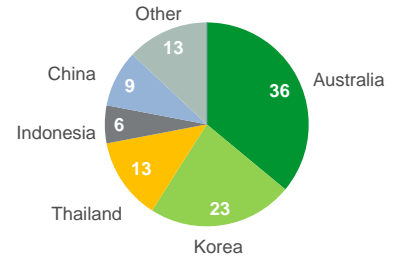
## Reported equity income<sup>1,2</sup>, A\$m



## Underlying results



## Share of revenue<sup>3</sup>, %



1. Post-tax equity income from Boral's 50% share of the USG Boral joint venture
2. Excluding significant items
3. Based on split of FY2017 underlying revenue for USG Boral

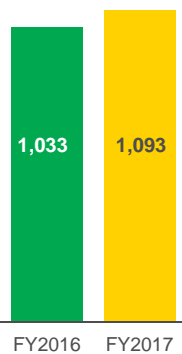


# Boral North America

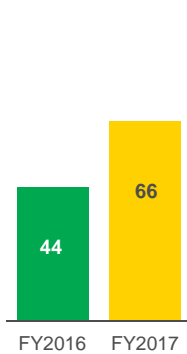
Construction Materials and Building Products



## Revenue, A\$m

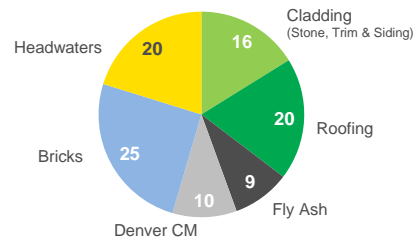


## EBIT<sup>1</sup>, A\$m

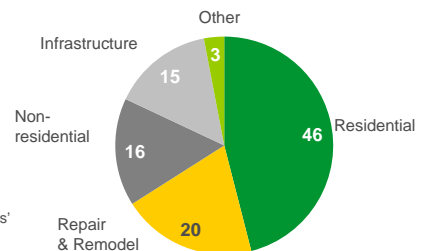


by business<sup>2</sup>

## Share of revenue, %



by end-market<sup>3</sup>



1. Excluding significant items
2. Based on FY2017 revenue for Boral North America, including 8 weeks' revenue from Headwaters, 4 months' revenue from Boral Bricks and Boral's 50% share of underlying revenue from the Meridian Brick JV
3. Based on FY2017 proforma revenue for a full year contribution from Headwaters and includes Boral's 50% share of underlying revenue from the Meridian Brick JV

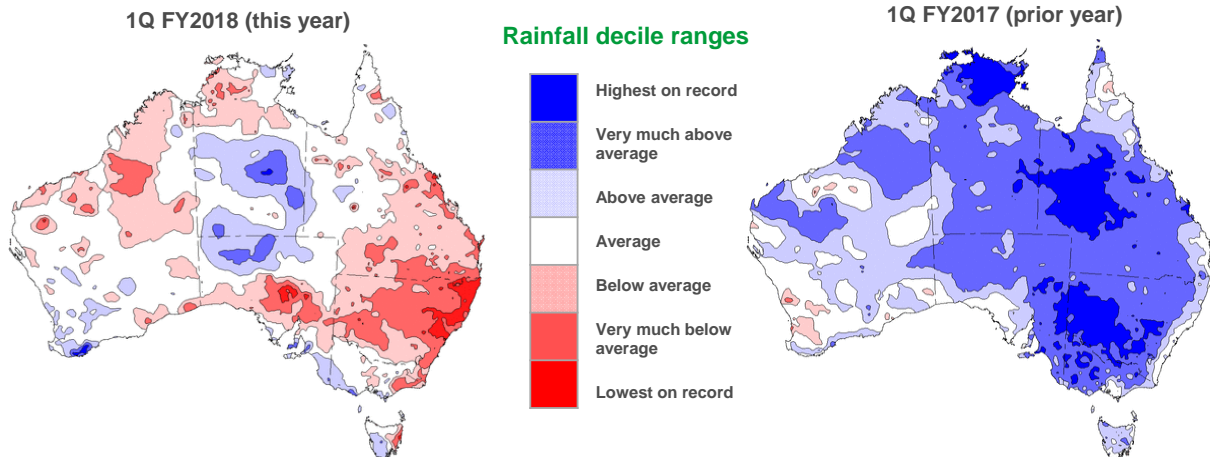
# 1Q FY2018 Trading Update and Outlook



## Below average rainfall in 1Q18 has benefited Boral



### Volume of rainfall in 1Q (1 July – 30 Sept)



Source: Australian Bureau of Meteorology



## Boral Australia



### 1Q FY2018 trading update

- **East Coast activity is strong**, particularly infrastructure activity
- **1Q FY2018 above our expectations**, primarily due to **significantly drier weather** in 1Q than seasonal averages

### FY2018 outlook

- **Growth in infrastructure and pricing** outcomes on East Coast to more than offset pressures in WA, general softening in housing and higher energy costs
- Expect **an increase in energy costs** at the upper end of \$15-\$20 million estimated range
- **Property** earnings in FY2018 currently expected at lower end of historical range (\$8m-\$46m), skewed to 2H
- Expect higher EBIT in FY2018 compared with FY2017 including property in both years, and **excluding Property in both years, expect high single-digit EBIT growth in FY2018**, assuming a return to average weather conditions

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## USG Boral



### 1Q FY2018 trading update

- **Results below our expectation in 1Q FY2018 primarily due to one-off cost in Australia** associated with temporary closure of port facility in South Australia impacting gypsum supply by GRA; port re-opened in late September
- **Continued penetration of Sheetrock® with strong underlying results in Australia and Korea**
- Indonesia and Thailand improvement not yet coming through

### FY2018 outlook

- **Profit expected to grow at a high single-digit growth rate** in FY2018
- **Sheetrock® to deliver price, volume and cost benefits** across all markets
- **2H improvements expected from Indonesia and Thailand** businesses, while softer activity is forecast in Australian and Korean residential construction markets

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## 1Q FY2018 trading update

- **Integration of Headwaters progressing well**, in line with expectation
- **On track to deliver year 1 targeted synergies** of US\$30-\$35 million
- **1Q FY2018** below our expectations due to **impact of hurricanes in Texas and Florida** (financial impact estimated to be ~US\$5-\$10 million primarily in 1Q FY18)

## FY2018 outlook

- Expect **significant growth in EBIT** in FY2018 from the full year contribution of Headwaters coupled with US\$30–35m of year 1 synergies
- Expect **Meridian Brick JV** to contribute an **earnings uplift** from market growth and synergies
- Assuming delivery of forecasted **market growth**<sup>1</sup> of ~8% in housing starts (to ~1.29 million), ~5% increase in US infrastructure activity, ~12% growth in Non-residential and ~6% growth in Repair & Remodel

1. Housing starts based on average of analysts' forecasts (Dodge, Wells Fargo, NAR, NAHB, Fannie Mae, Freddie Mac, MBA) from July/August 2017 forecast; Non-residential from Dodge Data & Analytics, Non-Residential Value of Work ; Repair & Remodel from Moody's Retail Sales of Building Products; and Infrastructure Ready Mix Demand from McGraw Hill Dodge. 23



# Outlook summary for FY2018



**Earnings growth across all divisions, with significant lift in Boral North America as we deliver on Headwaters acquisition objectives**

### Boral Australia

- **Growth in infrastructure and pricing** outcomes on East Coast to more than offset pressures in WA, general softening in housing and higher energy costs
- Expect **an increase in energy costs** at the upper end of \$15-\$20 million estimated range
- **Property** earnings in FY2018 currently expected at lower end of historical range (\$8m–\$46m), skewed to 2H
- Expect higher EBIT in FY2018 compared with FY2017 including property in both years, and **excluding Property in both years, expect high single-digit EBIT growth in FY2018**, assuming a return to average weather conditions

### USG Boral

- **Profit expected to grow at a high single-digit growth rate** in FY2018
- **Sheetrock® to deliver price, volume and cost benefits** across all markets
- **2H improvements expected from Indonesia and Thailand** businesses, while softer activity is forecast in Australian and Korean residential construction markets

### Boral North America

- Expect **significant growth in EBIT** in FY2018 from the full year contribution of Headwaters coupled with US\$30–35m of year 1 synergies
- Expect **Meridian Brick JV** to contribute an **earnings uplift** from market growth and synergies
- **Assuming delivery of market growth forecasts**<sup>1</sup> of ~8% in housing starts (to ~1.29 million), ~5% increase in US infrastructure activity, ~12% growth in Non-residential and ~6% growth in Repair & Remodel

1. Housing starts based on average of analysts' forecasts (Dodge, Wells Fargo, NAR, NAHB, Fannie Mae, Freddie Mac, MBA) from July/August 2017 forecast; Non-residential from Dodge Data & Analytics, Non-Residential Value of Work ; Repair & Remodel from Moody's Retail Sales of Building Products; and Infrastructure Ready Mix Demand from McGraw Hill Dodge. 24

Chairman of the  
Remuneration  
& Nomination  
Committee

Kathryn Fagg



## Overview of Boral's Remuneration Report



### Key issues and changes made in FY2017

1. **One-off targeted retention incentives:**  
none granted in 2016 and 2017 or planned in future
2. **Fair value to face value for long-term incentive allocation methodology**
3. **Implications of Headwaters acquisition on short-term and long-term incentives**
4. **CEO Remuneration**
5. **Key management personnel (KMPs)**

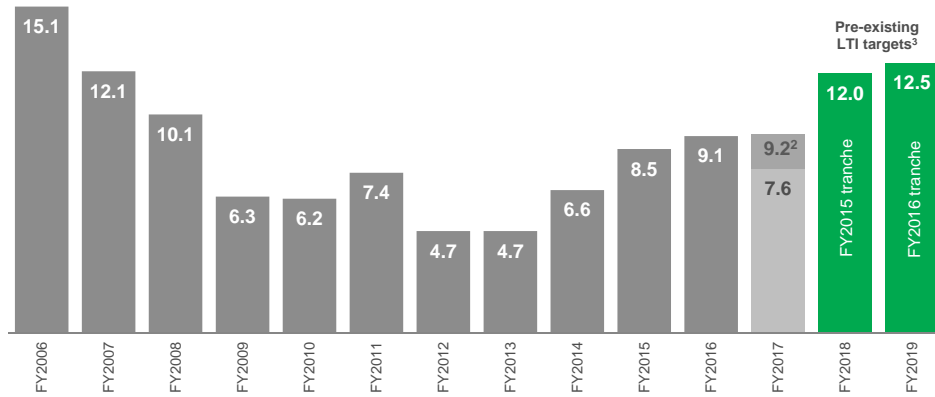
### FY2017 remuneration outcomes

1. **Short-term incentives**
2. **Long-term incentives**

# Return on funds employed (ROFE)



## EBIT<sup>1</sup> to average funds employed (ROFE), %



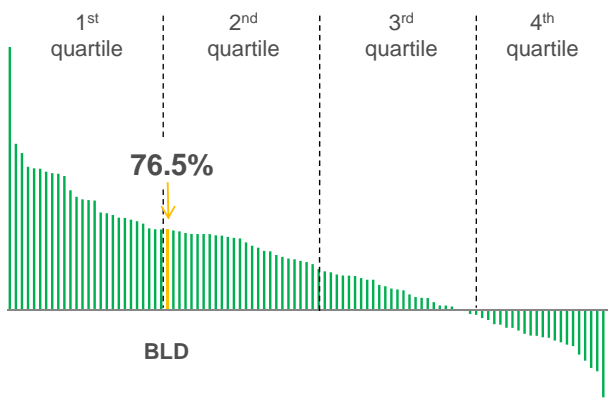
1. Excluding significant items.
2. FY2017 ROFE of 7.6% reflects the impact of Headwaters only contributing 8 weeks of EBIT in FY2017 but funds employed increasing fully at 30 June 2017. Calculating ROFE on an average monthly funds employed basis has FY2017 ROFE as 9.2%.
3. Hurdle at which 100% of ROFE LTI component will vest.

# Strong total shareholder returns over 3 and 5 years

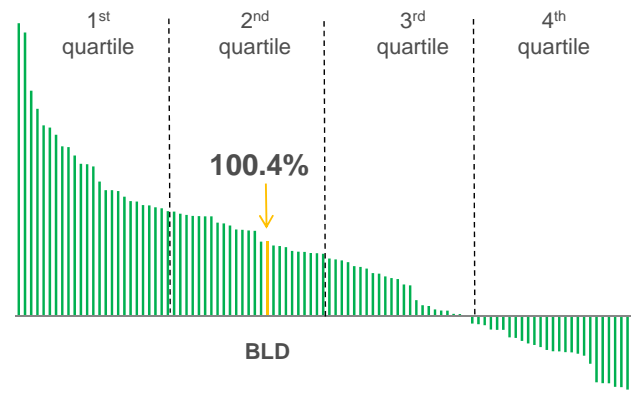


## Total Shareholder Return<sup>1</sup> for Boral vs ASX100 companies

3 years: 1 September 2013 – 1 September 2016



5 years: 1 September 2011 – 1 September 2016

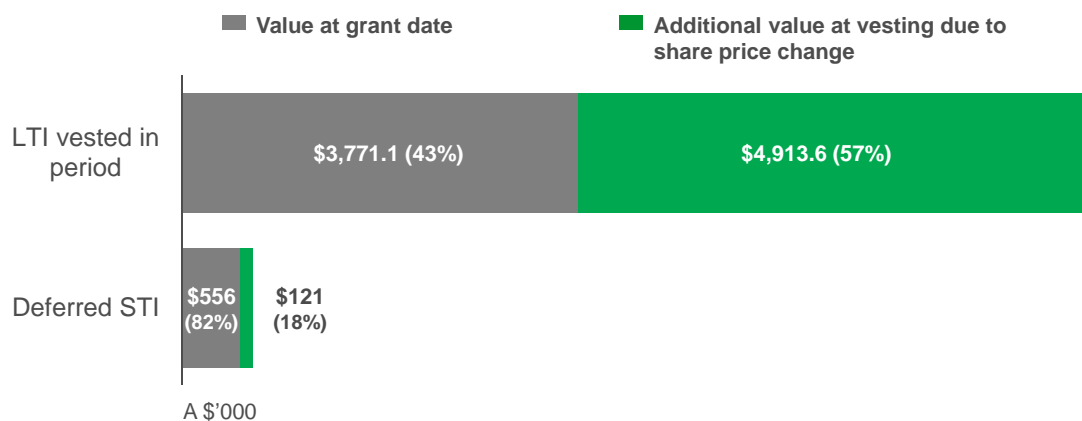


1. Total shareholder return is calculated based on the change in Boral's share price, reinvestment of dividends and franking credits applied to dividends.

## Remuneration outcomes include share price growth



A significant proportion of value delivered to executives in FY2017 reflects share price growth, which is aligned with value delivered to shareholders



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## Disclaimer



The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 2 November 2017. 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.

This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

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