

# Boral

Macquarie Connections  
Australian Conference

CFO, Ken Barton  
May 2006

## Boral is Australia's largest building & construction materials supplier, with leading market positions in USA & Asia

**649** 8 countries  
Total operating sites  
(excludes distribution)

**70** USA

<i>Bricks</i>	#1
<i>Clay Roof tiles</i>	#1
<i>Concrete Rooftiles<sup>1</sup></i>	#1
<i>Concrete (Denver)</i>	#3
<i>Flyash</i>	#2

**491** AUSTRALIA

<i>Concrete</i>	#1	<i>Bricks</i>	#2
<i>Quarries</i>	#1	<i>Plasterboard</i>	#2
<i>Asphalt</i>	#1	<i>Roof tiles</i>	#2
<i>Cement</i>	#2	<i>Masonry</i>	#1

**88** ASIA

**Plasterboard<sup>1</sup>**

<i>Korea</i>	#2
<i>Thailand</i>	#1
<i>China (east)</i>	#1
<i>Indonesia</i>	#1
<i>Malaysia</i>	#1
<i>The Philippines</i>	#1

**Concrete & quarries**

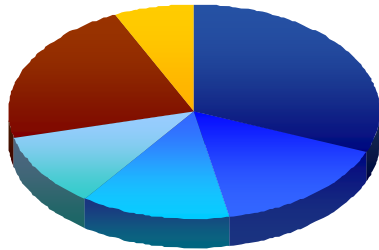
<i>Indonesia concrete</i>	#1
<i>Thailand concrete</i>	#3

1. Joint venture with Lafarge  
Businesses in blue italics represent growth since demerger

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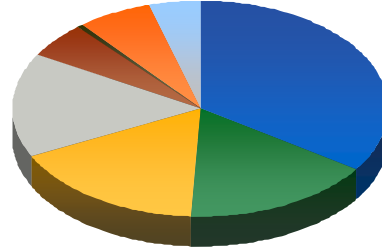
**...with revenues diversified across markets & geographies;  
32% of total earnings derived offshore**

**1H06 Revenue\* split by geography**



- USA
- Asia
- Australia }
  - NSW
  - Qld
  - Vic/Tas
  - WA/SA

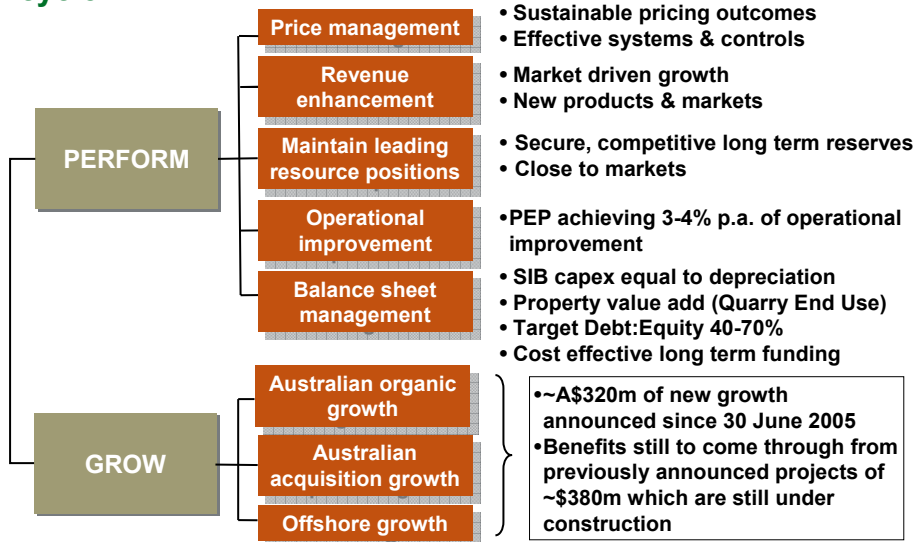
**Revenue\* split by market**



- Australian dwellings (including A&A)
- Australian non-dwellings
- Australian engineering & construction
- Other
- USA dwellings
- USA non-dwellings
- USA engineering & construction
- Asia

\* Includes revenues from Asian Plasterboard and MonierLifetile joint ventures which are equity accounted

**Our Perform & Grow Strategy is delivering through the cycle**



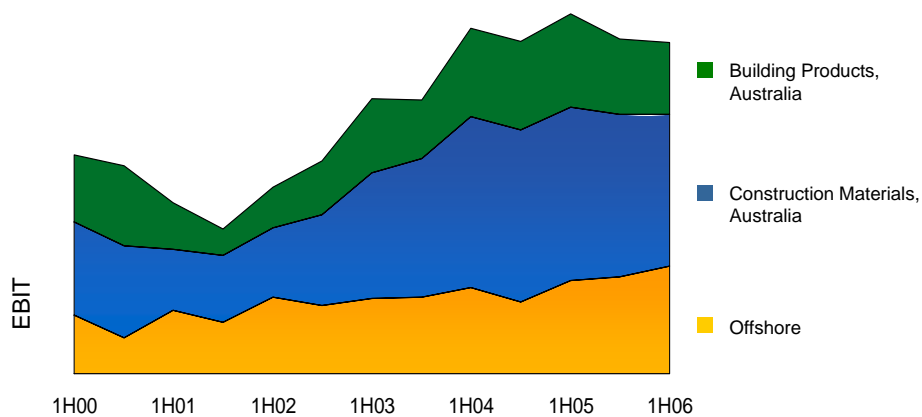
### Disciplined pricing despite volume pressures in some markets

		1H06 v 1H05 $\Delta$ prices / volume	
Building Products, Australia	▪ Bricks	↑	↓
	▪ Roofing	↑	↓
	▪ Masonry	↔	↓
	▪ Plasterboard	↓	↑
	▪ Timber	↓	↑
	▪ Windows	↔	↔
Construction Materials, Australia	▪ Cement	↑	↑
	▪ Quarries	↑	↑
	▪ Concrete	↑	↑
	▪ Bricks	↑	↓
USA	▪ Clay Tiles	↑	↓
	▪ Flyash	↑	↑
	▪ Construction Materials	↑	↑

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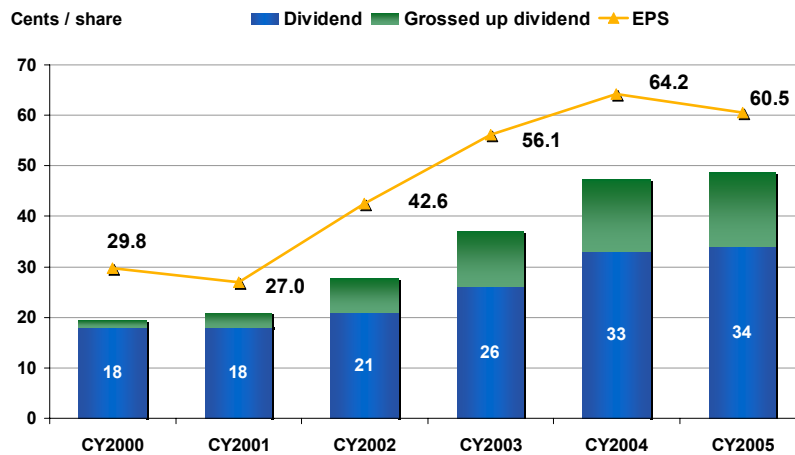
### Our growth strategy is focused on building & construction materials in Australia & increasingly offshore



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## With earnings and dividends per share having grown strongly since demerger



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## Building Products, Australia: focus on pricing and cost disciplines during housing downturn

### PERFORM

- Dwelling approvals close to bottom of cycle
- Sound pricing outcomes despite volume pressures (exceptions Plasterboard and Softwood)
- Production constrained to mitigate excess stock build
- Targeting 3-4% p.a. cost down + step change programs in Plasterboard, Bricks East and Masonry

### GROW

- Midland Brick Kiln #11 & Wacol paving plant in 2H06
- Timber acquisitions on track (Fennings / D&H) and new engineered flooring plant ramping up
- Plasterboard relocation / expansion in Queensland

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## Construction Materials, Australia: focus on margins and maintaining strong resource / market positions

### PERFORM

- Non-dwellings & major projects offsetting slowdown in dwellings
- Sound pricing – focus on IPP, entry limit pricing and cost recovery (especially fuel/energy costs)
- Targeting 3-4% p.a. PEP cost reductions
- QEU phasing from H1 to H2 depressed interim earnings

### GROW

- Strengthened resource positions – Peats Ridge, Dunmore, Marulan, Reedy Creek and Bacchus Marsh quarries
- Cement/lime upgrades – Berrima delivering strong results, Waurm Ponds and Galong upgrade benefits to come
- Network expansion in growth corridors (concrete, asphalt)
- Enhanced in-house QEU capabilities and strong projects pipeline



## Construction Materials, Australia: strengthening resource positions, cement capacity and concrete network

Growth project	Benefits	Expect phased benefits from:
<b>CEMENT</b>		
<b>Waurm Ponds Stage 2</b>	▪ Additional 300k tpa, reduced costs & emissions	▪ Mar-06 Q
<b>Maldon, NSW</b>	▪ Consolidation of cement bagging with capacity lift	▪ Jun-06 Q
<b>Berrima, NSW</b>	▪ Additional 400k tpa grinding capacity	▪ Mar-07 Q
<b>QUARRIES</b>		
<b>Victoria</b>	▪ New sand plant at Bacchus Marsh	▪ Dec-05 Q
<b>NSW</b>	▪ Upgrade to Peats Ridge & Dunmore quarries	▪ Dec-05 Q
<b>Marulan, NSW</b>	▪ Additional land reserves	▪ Longer term
<b>Gold Coast, Qld</b>	▪ Acquisition of 50m tonne or 30 years of additional hard rock reserves at Reedy Creek, Gold Coast	▪ Longer term
<b>CONCRETE</b>		
<b>Queensland concrete</b>	▪ Additional capacity - Coomera, Lawnton & Ipswich	▪ Mar-06 Q





**Waurn Ponds Cement Works**

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## Investing a further \$55m in NSW Cement to meet demand

### \$28m investment in Maldon cement bagging plant

- Consolidate NSW cement bagging and dry mix operations at Maldon
- State of the art, low cost facility
- Increase bagging capacity to accommodate change from 40kg bags to 20kg bags



### \$27m investment in cement mill #7 upgrade

- Installation of a 800k tpa cement ball mill at Berrima to gain a 400k tpa net increase in grinding capacity



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## USA: record earnings and margins; “Perform & Grow” strategy on track

### PERFORM

- Strong market conditions – supply constrained
- Sound pricing – focus on cost recovery
- Targeting 3-4% p.a. PEP + step change in Bricks / clay rooftiles

### GROW

- Increasing Brick capacity – Oklahoma / Texas, Georgia, Carolinas, Mid West
- Roofing – increased capacity to meet market growth. Florida / South West (Concrete) & California (Clay)
- Construction Materials – integration of Colorado concrete and quarry acquisitions
- Flyash – beneficiation to respond to market opportunities

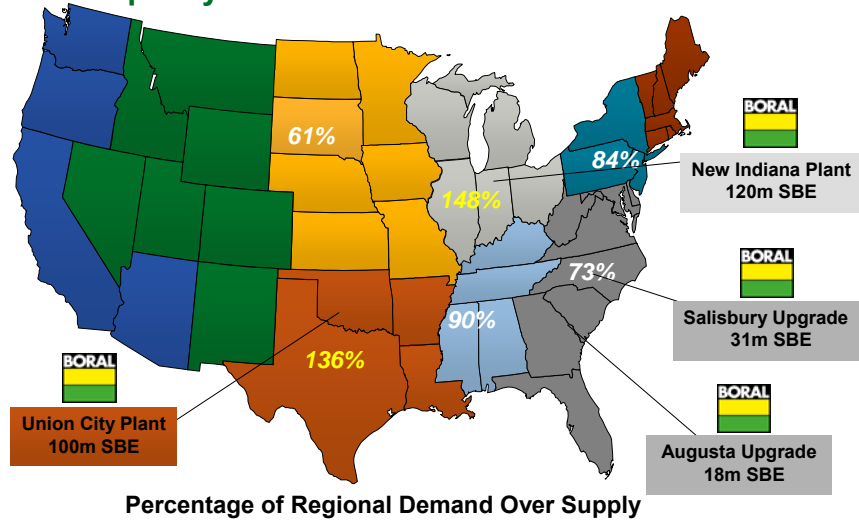


## USA Growth: to regain brick capacity share and increase capacity in clay & concrete roof tiles

Growth project	Benefits	Expect phased benefits from:
<b>BRICKS</b>		
<b>Salisbury &amp; Augusta</b>	▪ Upgrade for additional 48m SBE of capacity	▪ Sep-05 Q
<b>Union City</b>	▪ Additional 100m SBEs capacity	▪ Jun-06 Q
<b>Terre Haute, Indiana</b>	▪ New US\$55m 120m SBE plant	▪ Dec-07 Q
<b>CLAY ROOF TILES</b>		
<b>Trinidad</b>	▪ 130k square tile plant build to serve Florida market (JV)	▪ Mar-06 Q
<b>Ione</b>	▪ 130k square new tile plant build in California	▪ Dec-07 Q
<b>CONCRETE ROOF TILES</b>		
<b>Katy, Texas</b>	▪ Increase capacity by 96k squares	▪ Jun-06 Q
<b>Nevada &amp; Florida</b>	▪ US\$69m total investment to build two new plants in Lake Wales, Florida & Las Vegas, Nevada; increasing total capacity by 900k squares pa	▪ Dec-07 Q



**Boral's new brick plants and de-bottlenecking will be in areas of high brick intensity and/or where demand exceeds capacity**



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**US\$35m investment in new brick plant at Union City, Oklahoma; benefits from June quarter 2006**

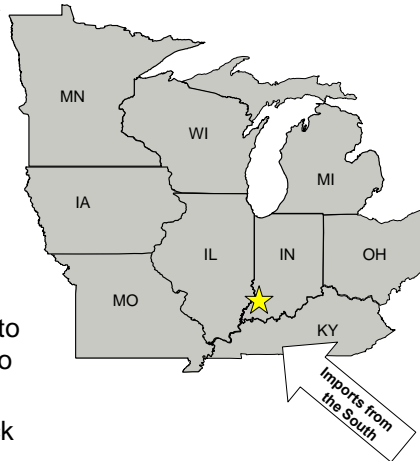


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## US\$55m new Indiana Brick Plant investment

- 120m SBE capacity, low cost plant in profitable region
- Favorable supply/demand ratio in region
- Completion in Dec-2007 quarter
- Good access to resources
- Alternative fuel firing – leading practice of using landfill gas
- Good site access to road & rail
- Re-gain sales through distributors to the North; grow direct distribution to the South
- Freight savings and freeing up brick for Southeast

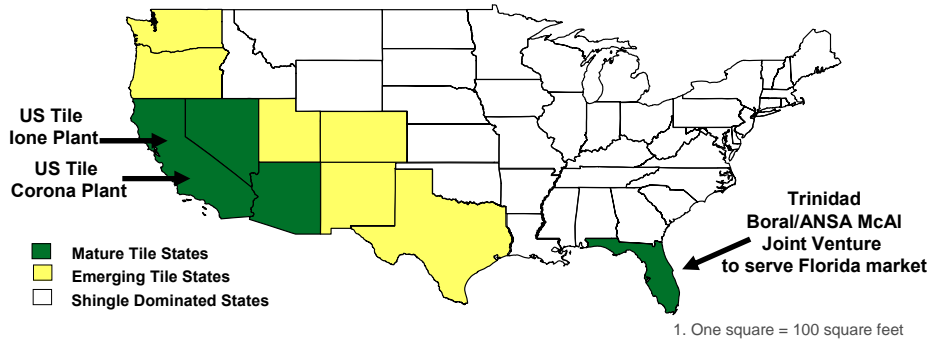


## Formation of JV to build US\$12m clay roof tile plant in Trinidad to serve Florida market - the USA's second largest clay tile market; benefits from March quarter 2006



## US\$27.5m lone US Tile Plant investment

- Investment of US\$27.5m in new, low cost, state-of-the-art plant
- Capacity of 130,000 squares<sup>1</sup> p.a.
- Service customers in California, Arizona, Nevada and Texas markets
- Production to commence in December quarter 2007



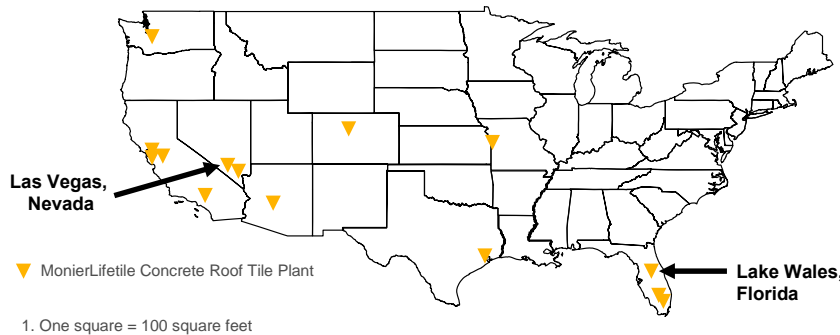
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## US\$69m MonierLifetile Florida & Nevada Concrete Roof Tile Plant investments

- Total investment of US\$69m for 900,000 squares<sup>1</sup> p.a. of new capacity
- Lake Wales to support Florida and growth in Georgia / Carolinas
- Las Vegas plant will support growth in S. California, Nevada & Arizona
- Production to commence in September quarter 2007



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## Asia: short term earnings pressures, volume growth & competitive markets; building strong positions in growing markets

### PERFORM

- Price weakness in South Korea / Shanghai plasterboard and in Thailand concrete
- Cement / diesel fuel etc cost escalating hard to recover in short term
- Underlying LBGA plasterboard results steady; construction materials margins under pressure

### GROW

- Strong underlying market conditions & growth potential
- Plasterboard capacity growth in Central China, South Korea and Vietnam
- Focused construction materials growth to strengthen positions

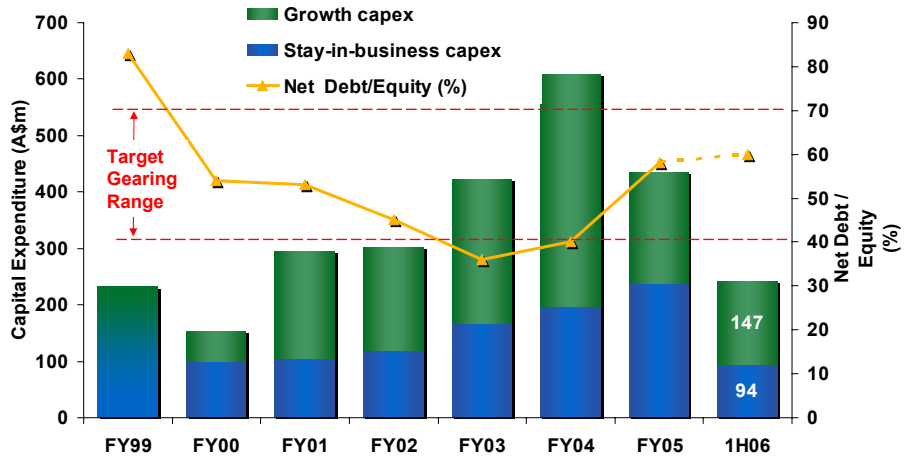


## Asia Growth: Plasterboard capacity expansion in Central China, South Korea and Vietnam

Growth project	Benefits	Expect phased benefits from:
<b>PLASTERBOARD - LBGA JOINT VENTURE</b>		
<b>China</b>	▪ Increase capacity	▪ CY2005-06
<b>Vietnam</b>	▪ Commence plasterboard manufacturing – 10m m <sup>2</sup>	▪ Jun-06 Q
<b>South Korea</b>	▪ Double capacity to 75m m <sup>2</sup> & new ceiling tile plant	▪ CY2007



## Strong underlying margins and balance sheet support ongoing growth



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Waurn Ponds Cement Kiln

# Outlook

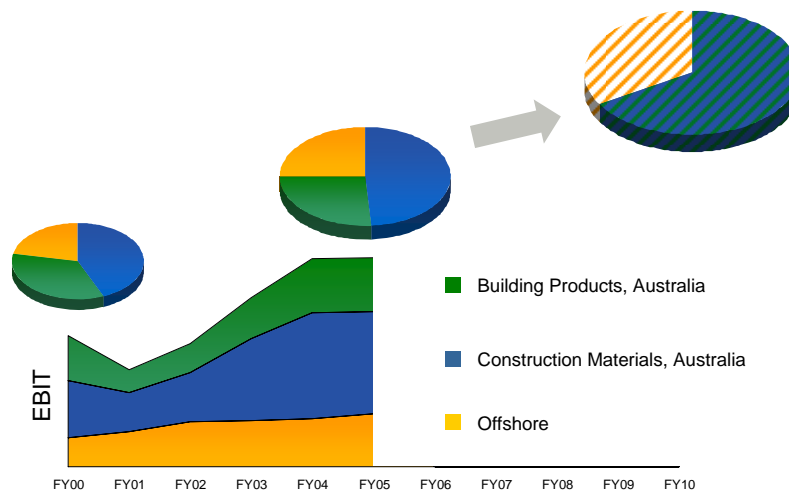
Roof Tiles, Trinidad

## Outlook for FY2006

As outlined in February 2006 at 1H06 Result Announcement

- Australia
  - dwelling starts estimated to be ~140,000-145,000 in FY2006
  - uplift in non-dwellings & infrastructure will favourably impact in June half
  - 4%-8% concrete, 5%-11% quarry price increases effective April 2006
- USA dwellings market to remain at high levels
- South Korean plasterboard volumes & prices should improve in CY2006; increased Asian concrete & quarry volumes to be offset by increased cement & fuel costs
- Lift in QEU earnings to ~ \$40m anticipated
- PEP of ~3% to largely offset non-fuel related inflation
- Growth initiatives will favourably impact June half
- Continue to expect PAT to be within \$355m-\$395m in FY2006

## We expect significant earnings growth over the next 5 years (particularly offshore)





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