



RESULTS

For the year ended 30 June 2013

21 August 2013



RESULTS FOR THE YEAR ENDED 30 JUNE 2013

Presentation Outline



- **Results Overview**

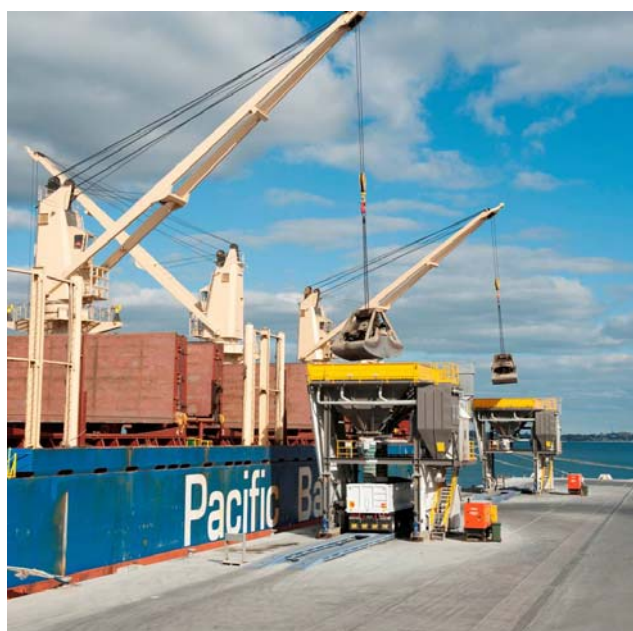
Mike Kane

- **Financial Results**

Andrew Poulter

- **Strategic Priorities & Outlook**

Mike Kane



Boral clinker delivery at Port of Geelong



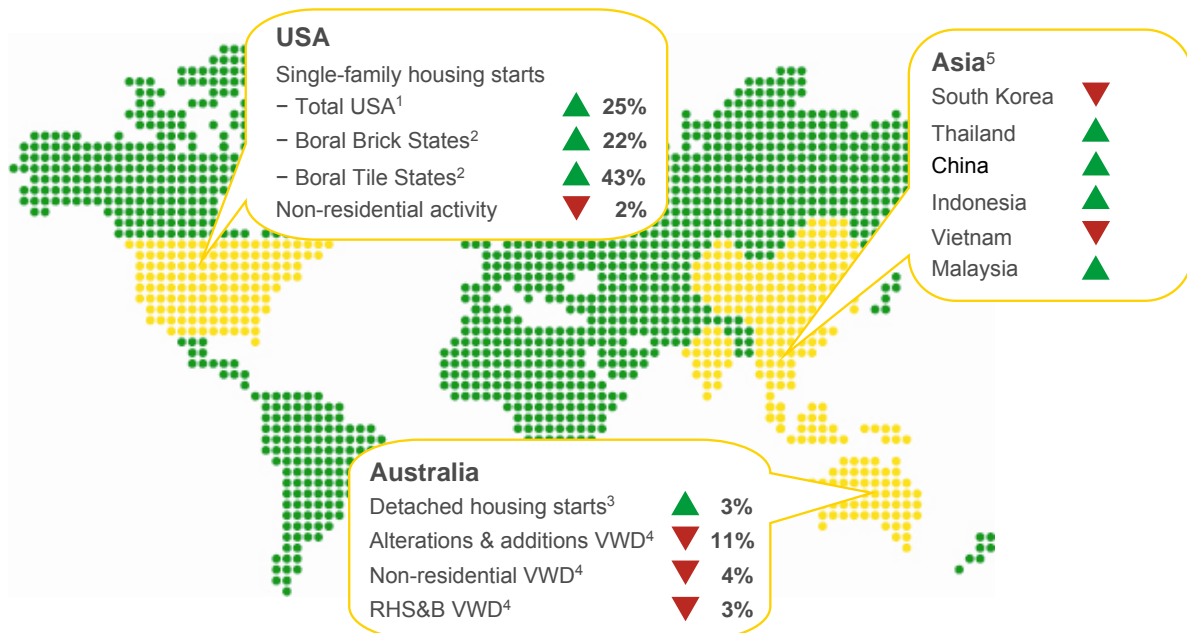
Financial Result Highlights

Revenue \$5.29b ▲ up 6%	Cash from operations ▲ \$294m \$161m
EBITDA¹ \$519m ▲ up 10%	Net debt ▼ \$1.45b down 5%
EBIT¹ \$228m ▲ up 14%	Gearing, Net D/(Net D+E) ▼ 30% down from 31%
Profit after tax¹ ▲ \$104m up 3%	Earnings per share¹ ▶ 13.6c steady
Net profit/(loss) after tax² ▼ (\$212m) down from \$177m	Full year dividend ▶ 11.0c steady

1. Excluding significant items
 2. Including significant items



Market Conditions – FY2013 vs FY2012



1. US Census seasonally adjusted data
 2. Data from McGraw Hill/ Dodge. Boral's Brick States include: Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas. Boral's Tile States include: Arizona, California, Florida, Nevada
 3. ABS original data. HIA forecast used for Jun-13 quarter
 4. Value of work done from ABS rebased to 2010/11 constant prices. BIS forecast used for Jun-13 quarter; RHS&B refers to roads, highways, subdivisions and bridges
 5. Based on various indicators of building and construction market activity in each country

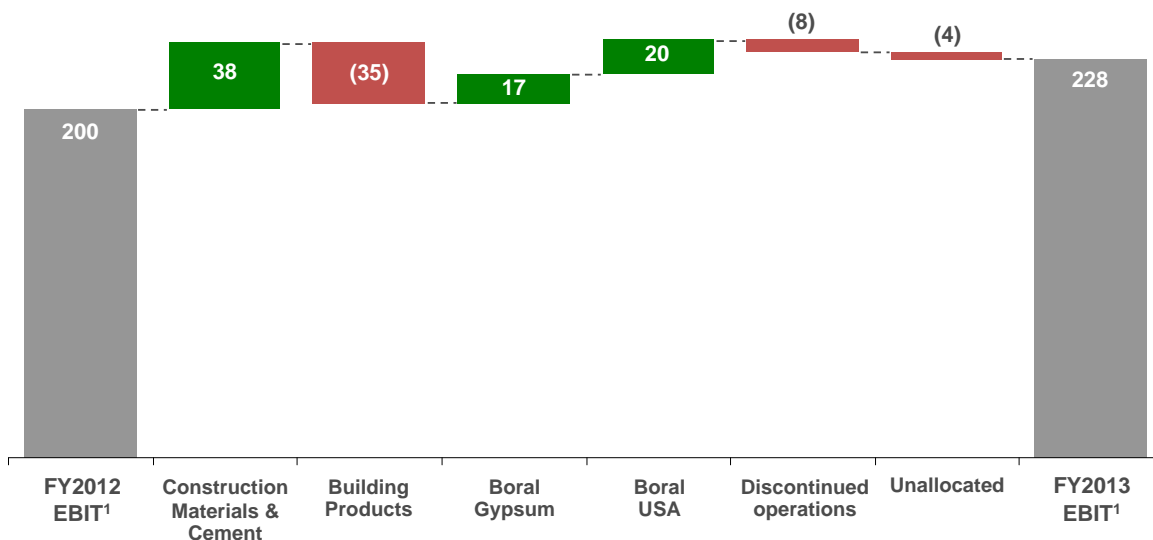


EBIT Variance

Construction Materials & Cement is now reported as a single segment following restructuring in March 2013

EBIT¹ – FY2013 vs. FY2012

A\$m



1. Excluding significant items

5



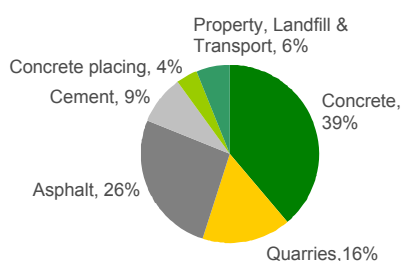
Construction Materials & Cement – Operational Highlights

A\$m	FY2013	FY2012	Var, %
Revenue	3,142	2,902	8
EBITDA ¹	451	397	14
EBIT ¹	281	243	16
EBIT ROS, %	8.9%	8.4%	

Revenue ▲ 8%, EBIT¹ ▲ 16%

- Improved result driven by:
 - increased resources and major project activity
 - full year contribution from Wagners and Sunshine Coast acquisitions
 - higher property earnings
 - overhead cost reductions
- Property earnings up \$16m on last year to \$28m
 - expect lower future property earnings
- Growth in NSW metro and Queensland & Western Australia country offset by marked decline in South East Queensland & Victoria
- Revenue in 2H FY2013 flat on prior corresponding period

Revenue by business – FY2013



1. Excluding significant items

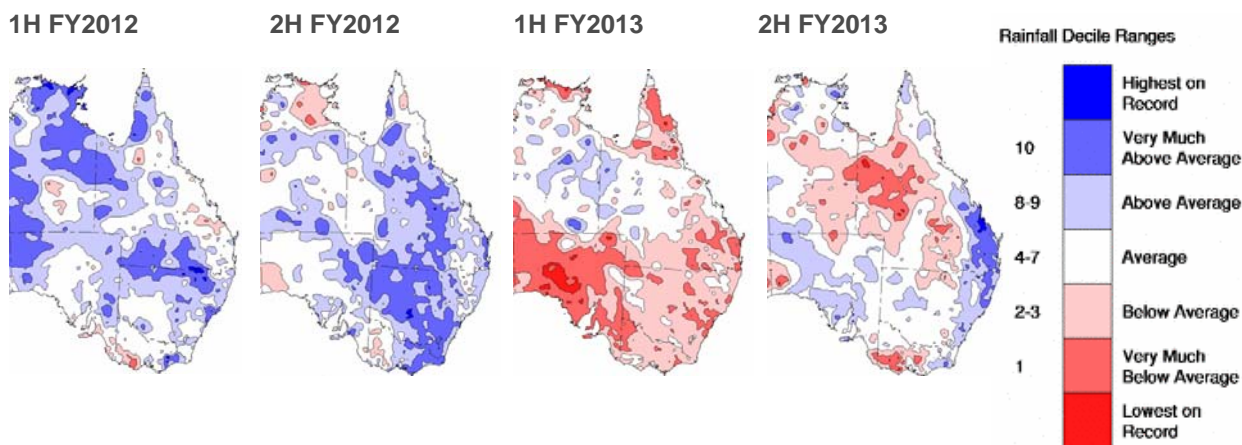
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Weather Impacts in Eastern Australia

Wet weather impacted South East Queensland and the NSW coast in 2H FY2013 while 1H FY2013 experienced significantly drier weather

Rainfall in Eastern Australia



Source: Australian Bureau of Meteorology

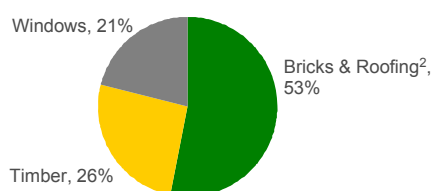
7



Building Products – Operational Highlights

A\$m	FY2013	FY2012	Var, %
Revenue	592	660	(10)
EBITDA¹	(3)	33	(109)
EBIT¹	(40)	(5)	(671)
EBIT ROS, %	(6.8%)	(0.8%)	

Revenue by business – FY2013



Revenue ▼ 10%, EBIT¹ ▼ \$35m

- EBIT decline largely from lower volumes in Bricks and Timber and lower margins
- Bricks and Roofing² combined revenues down 7% and EBIT down \$21m
 - lower sales volumes
 - competitive pricing in Western Australia
 - \$8m one-off impact from three capacity optimisation projects
- Timber revenue down 19% & EBIT down \$11m
 - further restructuring announced Jun-13
- Windows revenues down 6%
- Continuing to review value creating opportunities for Australian Bricks business

1. Excluding significant items

2. Remaining Masonry operations are incorporated into Bricks in Western Australia and Roofing in South Australia

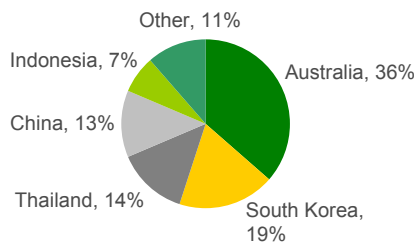
8

Boral Gypsum – Operational Highlights



A\$m	FY2013	FY2012	Var, %
Revenue	919	656	na
- Australia	335	352	(5)
- Asia (pro-forma) ²	584	559	4
EBIT¹	83	66	na
- Australia	25	25	-
- Asia (pro-forma) ²	57	63	(10)

Revenue by country – FY2013



1. Excluding significant items
2. Assumes theoretical consolidation of FY2012 results (Figures may not add due to rounding)

- Results benefited from full year consolidated contribution of BGA acquired 9 Dec-11

Australia

- Revenues down 5%; EBIT in line with last year
 - cost benefits from Port Melbourne upgrade
 - overhead cost reductions
 - price increase announced in March-13

Asia

- Underlying revenues grew 4%; EBIT down 10%
- Strong revenue growth in Thailand and Indonesia with revenue growth in China benefiting from Shandong contribution
- Earnings adversely impacted by:
 - lower volumes and margins in South Korea
 - cost of market entry in north east China through Shandong plant
 - slowing economy and plant performance issues in Vietnam

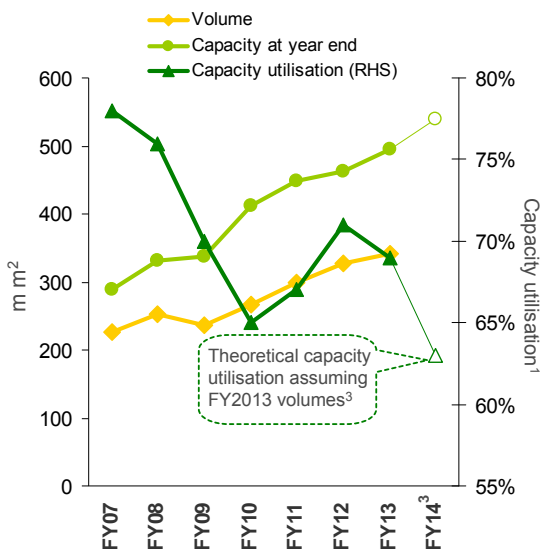
9

Gypsum Asia

Continues to offer strong growth potential and is a strategically important business



Gypsum Asia plasterboard volumes and capacity utilisation



- 40% market share across countries with combined population of 570m and 470m m² of plasterboard consumption
- Sales volume CAGR² of 7% p.a. since FY2007 despite global financial crisis and relatively lower volume growth of 4% in FY2013
- Capacity CAGR² of 9% p.a. from FY2007 to FY2014³
- >195m m² modern, well located capacity available to support future growth
 - 30m m² at Cilegon, Indonesia
 - 45m m² to be completed in FY2014 (30m m² in Vietnam and 15m m² in China)
 - ~120m m² unused current capacity
- Margins and earnings to benefit as capacity utilisation lifts back toward 80% once capacity expansions are fully leveraged

1. Based on total production capacity at year end
2. Compound annual growth rate
3. Capacity at year end includes 45m m² capacity expansions in Vietnam and China to be completed in FY2014

10



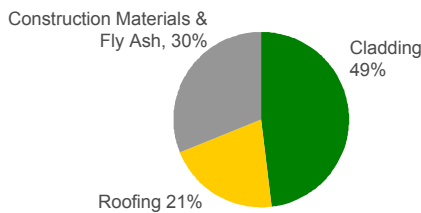
Boral USA – Operational Highlights

A\$m	FY2013	FY2012	Var, %
Revenue	555	499	11
EBITDA ¹	(23)	(41)	45
EBIT ¹	(64)	(84)	23
EBIT ROS, %	(11.6%)	(16.8%)	

Revenue ▲ 11%, EBIT ▲ 23%

- Growth driven by strong increase in US housing demand
- Cladding and Roofing volume gains below expectations
 - Bricks and Cultured Stone volumes both 14% higher
 - Roofing volumes up 24%
- New housing concentrated on low cost production builders and starter homes
- Adverse customer and geographic mix shift plus soft re-roof market reduced prices in Cladding and Roofing
- Cost containment measures more than offset cost inflation
- Construction Materials & Fly Ash combined revenues and earnings marginally down

Revenue by business – FY2013



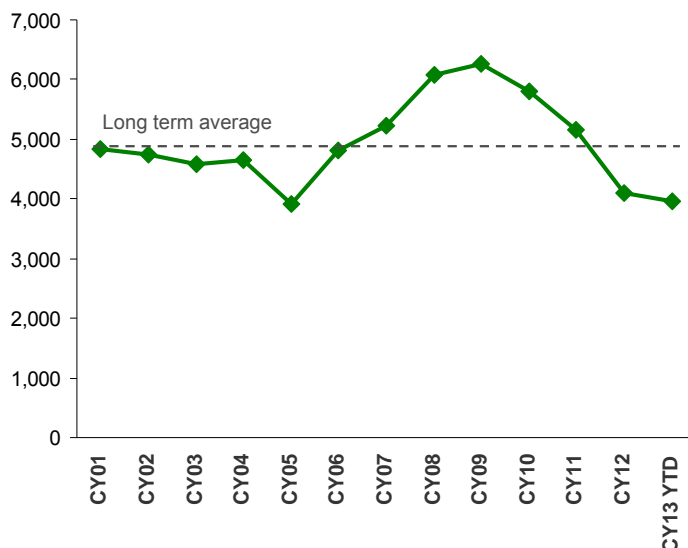
1. Excluding significant items



US Brick industry intensity is near historic low

US brick industry intensity¹

SBE² per residential start



- Current brick intensity at ~4,000 SBE²/ start compared to long term average of 4,900 SBE/ start
- Recent decline in brick industry intensity reflects:
 - lower proportion of single-family starts vs multi-family starts; single-family starts accounted for 68% of total starts in FY2013 vs 10 year average of 77%
 - shift to low cost production home builders that typically use less bricks per start
 - lower non-residential demand where brick intensity is much higher per area

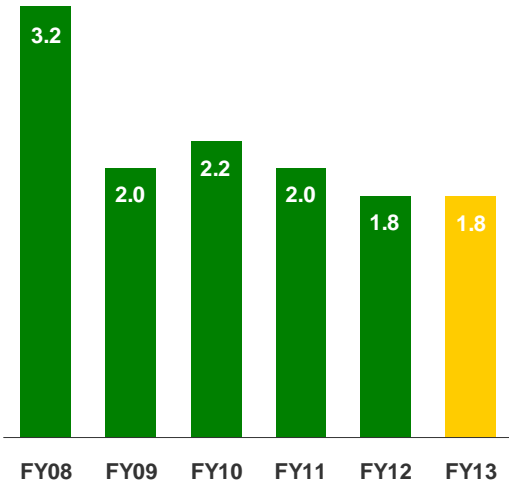
1. Total US Brick Shipments (Brick Industry Association) divided by Total US Housing Starts (Census)
 2. Standard brick equivalent



Safety Performance

We are working towards achieving world best practice safety performance

Employee and Contractor LTIFR*



* Lost Time Injury Frequency Rate per million hours worked

- LTIFR of 1.8 in FY2013 steady on prior year
- Three businesses with LTIFR < 1.0, in line with global best practice: USA, Gypsum and Cement
- But overall, no real improvement in safety performance over past five years
- Drive to change behaviours and increase use of Boral Production System tools in health & safety
- Intervention programs implemented at sites with unsatisfactory safety performance
 - executives visit sites and engage each employee individually
 - complemented by health and safety experts addressing issues with site managers



Financial Results

Andrew Poulter – Chief Financial Officer

Financial Results



Year ended 30 June 2013

A\$m	Group	Discontinued operations ²	Continuing operations
Revenue	5,286	77	5,209
EBIT ¹	228	(9)	237
Net interest	(97)	(1)	(96)
Income tax expense ¹	(20)	-	(20)
Non-controlling interests	(6)	-	(6)
Profit after tax¹	104	(10)	115
Significant items (net)	(316)	12	(328)
Net profit after tax	(212)	1	(213)
<i>Underlying tax rate¹</i>	15.0%		

Year ended 30 June 2012

Group	Discontinued operations ²	Continuing operations
5,010	294	4,716
200	(1)	201
(88)	(4)	(85)
(9)	1	(10)
(1)	-	(1)
101	(4)	106
75	(29)	104
177	(33)	210
8.0%		

Non IFRS Information – Earnings before significant items and earnings from continuing operations excluding significant items are Non IFRS measures that are reported to provide a greater understanding of the financial performance of the underlying businesses. Further details of Non IFRS information is included in the Results Announcement while details of significant items are provided in Note 8 of the preliminary financial report. Non-IFRS information has not been subject to audit or review.

1. Excluding significant items

2. Discontinued operations include Asian Construction Materials and East Coast Masonry. Indonesian Construction Materials was sold in 2H FY2012; Thailand Construction Materials and East Coast Masonry were sold in FY2013

(Figures may not add due to rounding)

15

Segment Revenue and EBIT



	External revenue, A\$m		
	FY2013	FY2012	Var, %
BCM & Cement²	3,142	2,902	8
Building Products	592	660	(10)
Boral Gypsum³	919	656	na
Boral USA	555	499	11
Unallocated	-	-	
Continuing Operations	5,209	4,716	10
Discontinued Operations	77	294	
TOTAL	5,286	5,010	6

	EBIT ¹ , A\$m		
	FY2013	FY2012	Var, %
281	243	16	
(40)	(5)	(671)	
83	66	na	
(64)	(84)	23	
(22)	(19)		
237	201	18	
(9)	(1)		
228	200	14	

1. Excluding significant items

2. Boral Construction Materials & Cement segment includes Boral Property Group EBIT of \$28m in FY2013 (\$12m in FY2012)

3. BGA's results equity accounted until 8 December 2011

Comparatives restated for new segment structure

(Figures may not add due to rounding)

16

Significant Items



A\$m	Note	FY2013
Organisational restructure	1	(60)
Capacity rationalisation and impairments		
Australian Building Products	2	(209)
Construction Materials & Cement	3	(160)
USA	4	(30)
Gain on disposal of Asian construction materials operations	5	12
Net insurance settlements		13
		(434)
Income tax benefit		117
Significant items (net)		(316)

1. Costs of organisational restructuring to simplify business structures and improve operational efficiency, including outsourcing IT operations
2. Impairments arising from structural decline in Australian Bricks, Timber and Windows operations and exit costs following closures of Engineered Flooring, Woodchips and Windows operations at Nowra and Newcastle
3. Impairment and exit costs associated with suspension of clinker manufacture at Waurm Ponds; impairment and costs associated with reassessment of coal supply arrangements; and write-down of land development costs in NSW
4. Impairment of excess tile production capacity and loss on sale of Oklahoma concrete and sand operations
5. Finalisation of proceeds from disposal of Asian construction materials

Non IFRS Information – Management has provided an analysis of significant items reported during the period. These items have been considered in relation to their size and nature and have been adjusted from the reported information to assist users to better understand the performance of the underlying businesses. These items are detailed in Note 8 of the preliminary financial report and relate to amounts that are associated with significant business restructuring, impairment or individual transactions.

(Figures may not add due to rounding)

17

Cash Flow



Cash flow, A\$m	FY2013	FY2012
EBITDA¹	519	473
Change in working capital	(39)	(82)
Interest & tax	(92)	(154)
Equity earnings less dividends	(3)	(9)
Non cash items	(18)	(4)
Acquisition & restructuring costs paid	(73)	(91)
Operating cash flow	294	133
Capital expenditure		
SIB & growth	(294)	(414)
Investments	-	(701)
Proceeds on disposal of assets	173	130
Free cash flow	173	(852)
Dividends paid – net DRP ²	-	-
Other items	2	3
	175	(849)

- **Operating cash flow** of \$294m up \$161m
 - increased earnings
 - improved working capital management
 - lower acquisition & restructuring costs paid
- **SIB capex** of \$111m down from \$192m in FY2012
- **Growth capex** of \$183m includes:
 - \$85m in Peppertree quarry
 - ~\$25m in Asian Gypsum plant capacity expansions
- **Proceeds on disposal of assets** include \$85m in property sales and \$88m in proceeds relating to the divestment of:
 - Asian construction materials
 - East Coast Masonry
 - Oklahoma concrete & sand operations

1. Excluding significant items
 2. DRP underwritten in respect of dividends paid in FY2012 and FY2013
 (Figures may not add due to rounding)

18

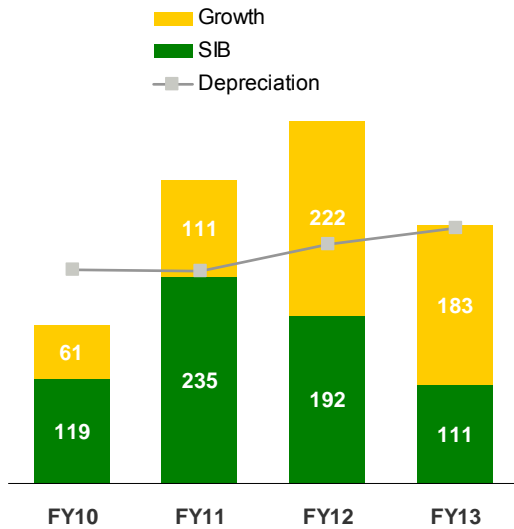


Capital Expenditure

Strict capital allocation to enhance return on funds employed

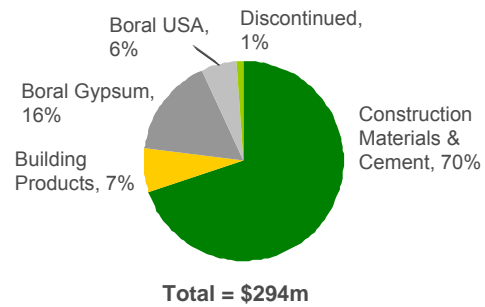
Total capital expenditure

\$m



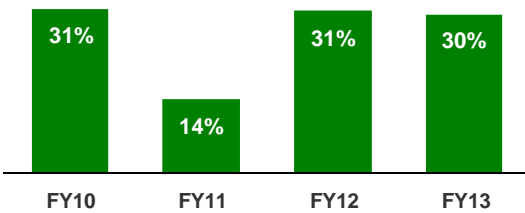
- SIB capex of \$111m in FY2013 at 38% of depreciation
- Growth capex constrained to essential projects
- SIB capex will increase in FY2014 but total capex will remain at ~\$300m

FY2013 capital expenditure



Gearing and Debt Maturity Profile

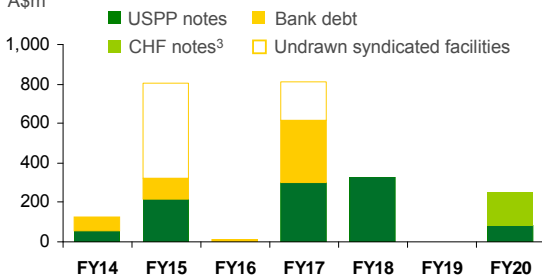
Gearing¹



- Net debt reduced by \$72m to \$1,446 million
-\$175m reduction offset by \$103m adverse FX movement
- Principal 'bank gearing'² covenant steady at 40%; threshold is < 60%
- Weighted average debt maturity ~ 3.7 years
- Weighted average cost of debt ~ 6.1% p.a.
- Committed undrawn bank debt of \$685m

Debt maturity profile

A\$m



Net debt reconciliation, A\$m	FY2013	FY2012
Opening balance	(1,518)	(505)
Cash flow	175	(849)
Debt acquired ⁴	-	(103)
Non cash (FX)	(103)	(61)
Closing balance	(1,446)	(1,518)

1. Net debt / (net debt + equity)
 2. Gross debt / (gross debt + equity - intangibles)
 3. Swiss franc notes issued under EMTN program
 4. BGA debt acquired in FY2012



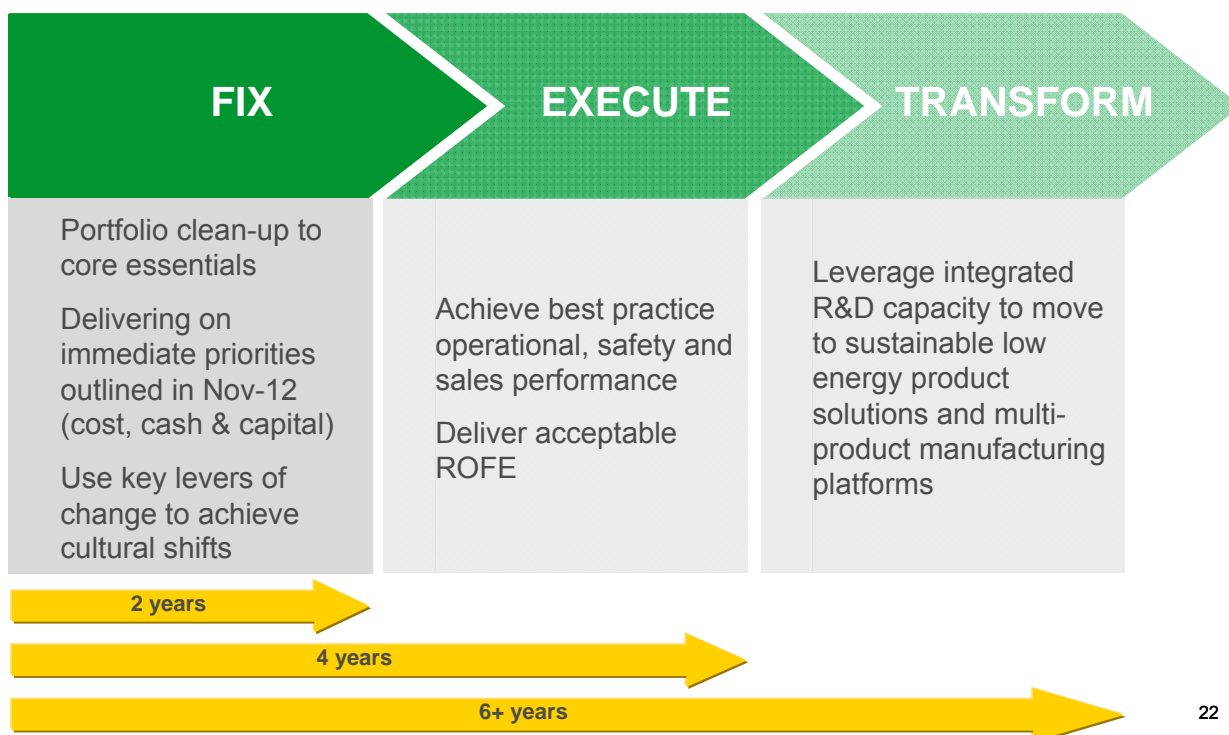
Strategic Priorities & Outlook

Mike Kane – CEO & Managing Director

RESULTS FOR THE YEAR ENDED 30 JUNE 2013

Boral's Strategic Focus

Remains on fixing the business and working to achieve acceptable return on funds employed (ROFE)





Portfolio Management

Continued reshaping and restructuring of portfolio to FIX businesses

FIX

Construction Materials & Cement	<ul style="list-style-type: none"> ✓ Consolidated Boral Construction Materials & Cement into one division ✓ Ceased clinker production at Waurn ponds from May-2013 and developed import capability ✓ Divested Asian construction materials and closed/exited 19 small redundant sites □ Peppertree Quarry practical completion in FY2014 with benefits from FY2015
Building Products	<ul style="list-style-type: none"> ✓ <i>Masonry</i>: Divested East Coast business □ <i>Bricks</i>: Rationalise capacity; commissioned Darra upgrade ✓ <i>Timber</i>: Exited residue and woodchip export business; closed Batemans Bay Timber mill; ceased engineered flooring manufacturing and softwood distribution in Queensland ✓ <i>Windows</i>: Closed Nowra and Newcastle fabrication sites
Boral Gypsum	<ul style="list-style-type: none"> ✓ Consolidated Australian and Asian gypsum operations ✓ Completed Cilegon (Indonesia) capacity expansion □ Chongqing (China) and Ho Chi Minh (Vietnam) capacity expansions progressing with completion in FY2014
Boral USA	<ul style="list-style-type: none"> ✓ Commissioning Bessemer commercial brick plant ✓ Sold non-core Oklahoma concrete and sand operations ✓ Closed Mexico roof tile plant ✓ Outsourced Brick transport operations

23



Cost, Cash & Capital

Delivered on immediate priorities outlined in Nov-2012

FIX

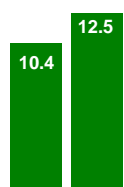
	OBJECTIVES	ACHIEVEMENTS
Cost reduction	<ul style="list-style-type: none"> ▪ Realign overhead costs & organisation structure to reduce the burden on Boral's businesses and create a more streamlined organisation 	<ul style="list-style-type: none"> ✓ Reduction of 800 functional, operational support and managerial positions ✓ Realised \$37m in overhead cost reductions in FY2013 (\$90m annualised)
Cash generation	<ul style="list-style-type: none"> ▪ Generate \$200-\$300m from divestments and land sales in FY2013 & FY2014 	<ul style="list-style-type: none"> ✓ \$173m in cash proceeds received in FY2013 from non-core asset & property sales; expect to meet \$200 - \$300m target
Capital expenditure	<ul style="list-style-type: none"> ▪ Scrutinise, delay, reduce and prioritise capital expenditure ▪ Manage capital assets to improve returns 	<ul style="list-style-type: none"> ✓ Total capex down 29% to \$294m ✓ SIB capex of \$111m at 38% of depreciation ✓ Growth capex constrained - essential projects

24



Focus is on delivering >10% ROFE in the medium term

Construction Materials & Cement

ROFE¹ %

FY12 FY13

- Maintain pricing discipline
- Leverage large project expertise
- Deliver on Peppertree Quarry investment
- Sustain overhead cost reductions
- Continuous improvement programs

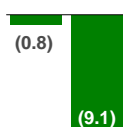
Boral Gypsum

ROFE^{1,2} %

FY12 FY13

- Leverage capacity expansions and unused capacity
- Product innovation
- Leverage implementation of Boral Production System across Asia
- Continue cost containment initiatives

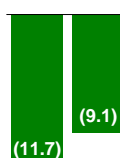
Building Products

ROFE¹ %

FY12 FY13

- Brick plant capacity optimisation projects completed
- Continuing to review further value creating opportunities for Bricks
- Further Timber restructuring announced Jun-13
- Working cooperatively with Forests NSW to align log supply & demand

Boral USA

ROFE¹ %

FY12 FY13

- Leverage increasing product intensity
- Diversify growth in residential multi-family, commercial and repair & remodel segments
- Continue cost improvement initiatives
- Focused price initiatives
- Increase investment on R&D

1. Excluding significant items
2. BGA's results equity accounted until 8 December 2011



Outlook – FY2014

Market activity - Australia

- Expect broadly flat activity in FY2014
- Increased dwelling activity in NSW and WA to offset lower activity in Victoria and Queensland and reduction in major project volumes

Construction Materials & Cement

- Sustained strong performance but revenues and earnings will not exceed FY2013 due to substantially lower Property earnings

Building Products

- Losses to reduce significantly with benefits from restructuring, price increases, and improved activity in NSW and WA

Boral Gypsum

- Expect to deliver improved returns underpinned by better volume and pricing outcomes in Australia, Korea and Vietnam

Boral USA

- Expect to break through to profitability in 2H FY2014 as housing recovery continues to benefit volumes



Questions

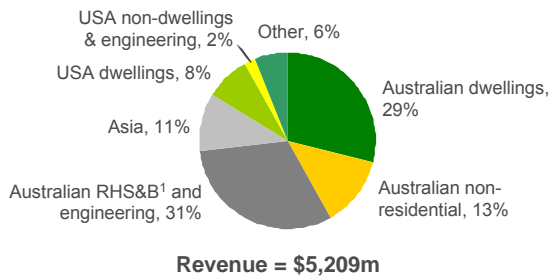


Additional Information

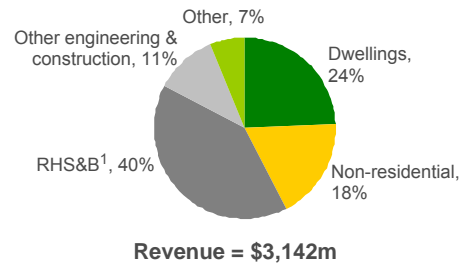


End-Market Revenue Exposure – FY2013

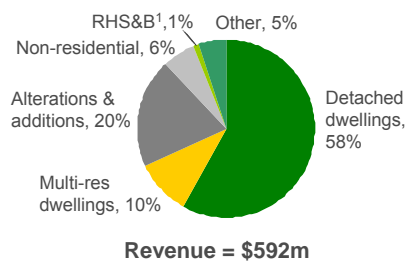
Boral – continuing operations



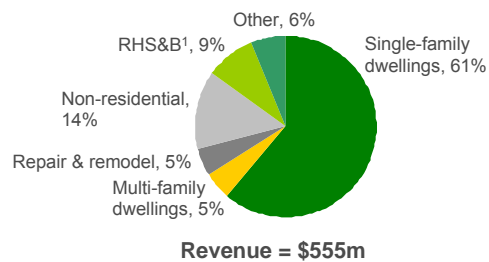
Construction Materials & Cement – Australia



Building Products – Australia



Boral USA



1. Australian roads, highways, subdivisions & bridges

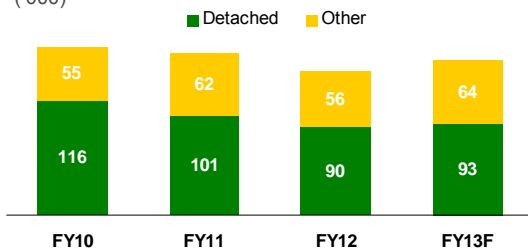


Australian Market Activity

Australian detached housing starts estimated to be up 3%
 Non-residential and RHS&B activity estimated to be down 4% and 3% respectively

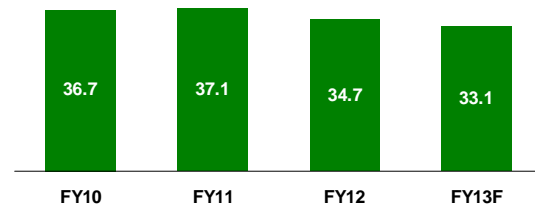
Total housing starts¹

('000)



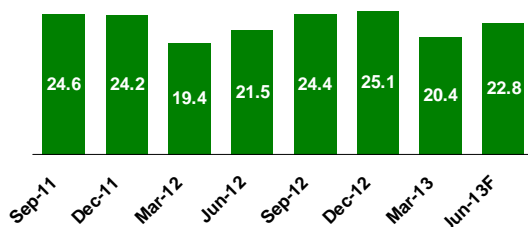
Non-residential²

(value of work done, \$b)



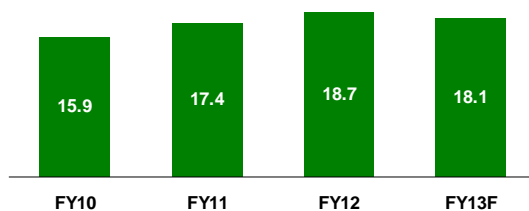
Detached housing starts¹

Quarterly ('000)



Roads, highways, subdivisions & bridges²

(value of work done, \$b)



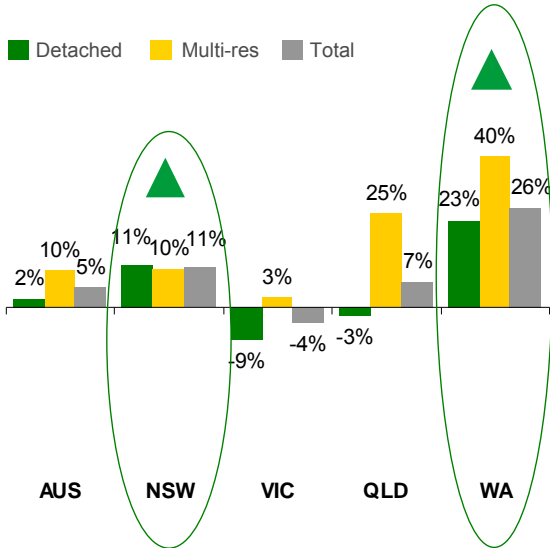
1. Original series housing starts from ABS. HIA estimate for Jun-13 quarter
 2. Original series (constant 2010/11 prices) from ABS. BIS forecast for Jun-13 quarter



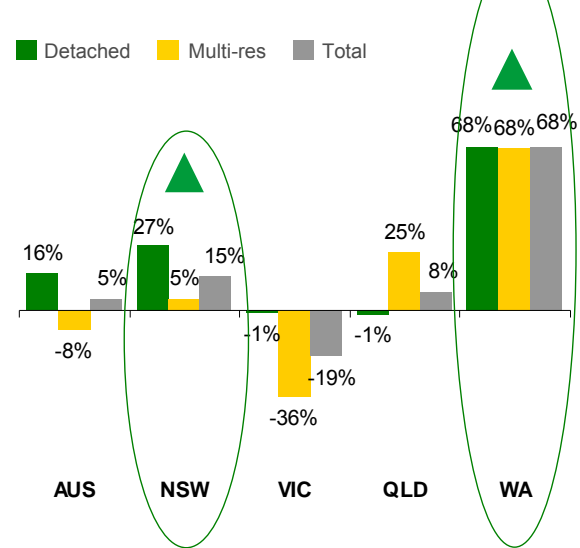
Australian Housing Approvals

Higher housing activity expected in NSW and WA based on recent approvals data

Housing approvals¹
FY2013 vs. FY2012



Housing approvals¹
Jun-13 quarter vs. Jun-12 quarter



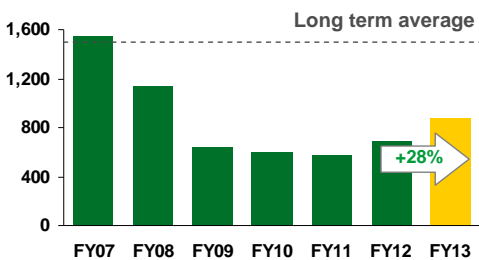
1. Original series housing approvals from ABS



US Residential Market Activity

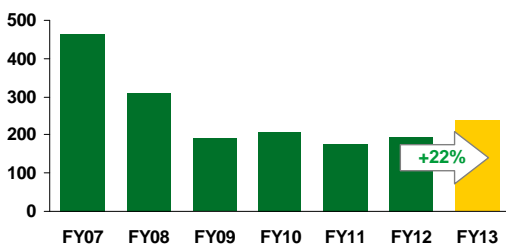
Total housing starts up 28% in FY2013 on prior year

US total housing starts¹ ('000)

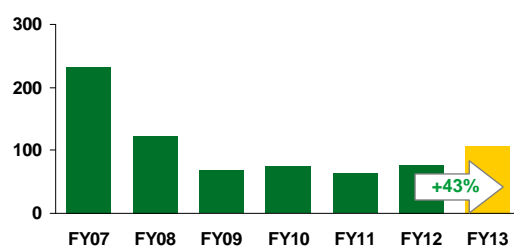


- US housing starts of 877k¹ in FY2013, up 28% on FY2012 with detached starts up 25%¹
- US single-family starts in Boral's Bricks States² up 22% and in Boral Tiles States² up 43% on prior year
- US non-residential activity down 2% on FY2012

US single-family housing starts, Boral Brick States² ('000)



US single-family housing starts, Boral Tile States² ('000)

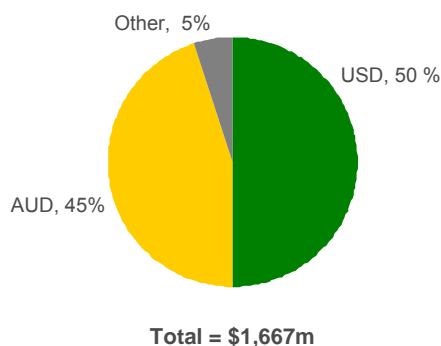


1. Seasonally adjusted annualised data from US Census
 2. Data from McGraw Hill/Dodge. Boral's Brick States include: Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas. Boral's Tile States include: Arizona, California, Florida, Nevada



Debt Profile

Total debt currency exposure – FY2013



- CHF150m notes (A\$167m) under EMTN program & US\$225m fixed rate USPP notes (A\$271m) swapped to AUD floating rate via cross currency swaps

Debt facilities	Ccy	FY2013 A\$m	FY2012 A\$m
US senior notes	USD	987	909
Syndicated term credit facility	USD	76	150
CHF notes	AUD	167	-
Syndicated term credit facility	AUD	300	461
BGA facilities	Multi	125	142
Other loans/ finance leases	Multi	12	61
Total debt		1,667	1,723

USD debt	FY2013 US\$m	FY2012 US\$m
Notional amount	958	1,050
Cross currency swaps	(225)	(225)
Net USD debt exposure	733	825

(Figures may not add due to rounding)

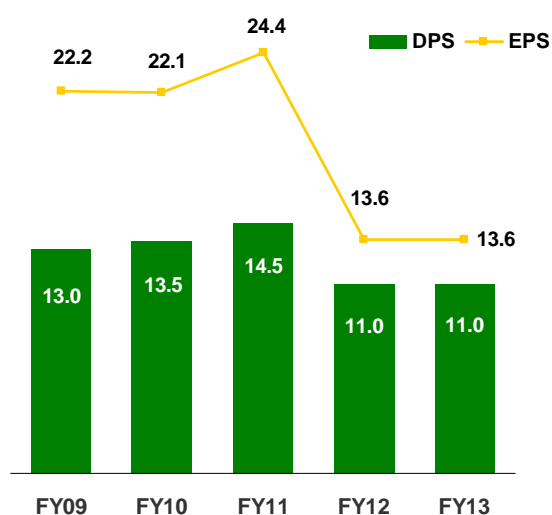
33



Earnings and Dividends Per Share

Earnings and dividends per share¹

A\$ cents



- Fully franked total dividend of 11 cents in line with FY2012
 - fully franked final dividend of 6.0 cents
 - shares to be issued under DRP at 2.5% discount to market price
- Full-year dividend payout ratio of 81%, compared to historical range of 60-80%
- Dividend Reinvestment Plan underwrite not extended following expiry after FY2013 interim dividend

1. Earnings per share, excluding significant items

34