



Boral USA



US Tile Plant, Lone, California

Brick Plant, Terre Haute, Indiana

Construction Materials, Oklahoma

President, Boral USA , Emery Severin

Sacramento 17 & 18 September 2008

Agenda

Wednesday 17 September

- 11.00am Registration & Tea
- 12.00pm Eric Belsky, Executive Director of Harvard's Joint Center for Housing Studies - Demographics and Demand (via video conference)
- 1.00pm Lunch
- 2.00pm Management Presentation – Boral USA
- 6.30pm Reception & Dinner with USA Management
 - L Wine Lounge & Urban Kitchen

Thursday 18 September

- Before 8.00am Hotel check out
 - 8.00am Breakfast Buffet & Tour Briefing
 - 9.00am Bus leaves Le Rivage for Site Visits
 - Tour of Local Housing Development, Sacramento
 - Tour of US Tile (clay tile) Plant, lone (lunch)
 - Tour of MoniefLifetile (concrete tile) Plant, Stockton
 - 4.00pm Tour Ends in San Francisco
- Transfers provided to:
- San Francisco International Airport
 - downtown San Francisco

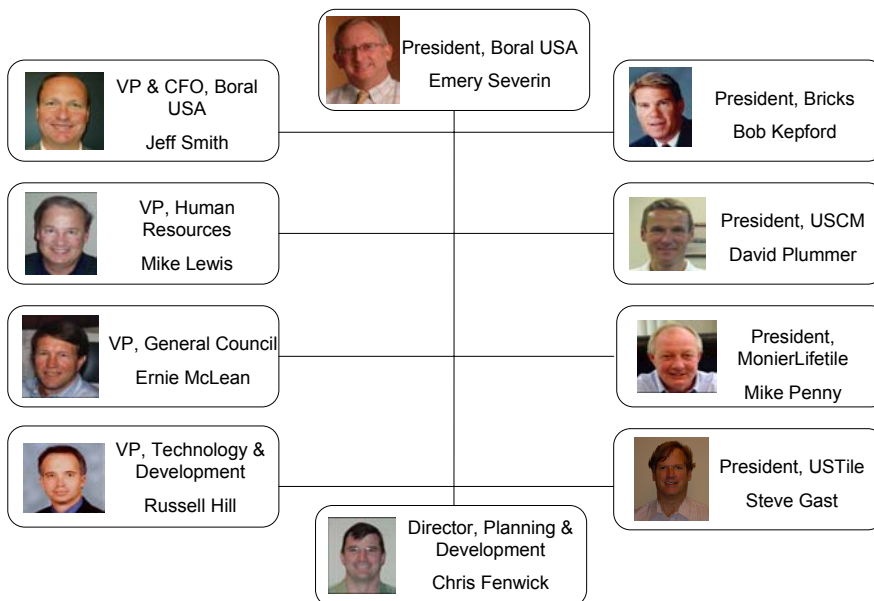


Boral Hosts

- Emery Severin President, Boral USA
- Jeff Smith Vice President & CFO, Boral USA
- Bob Kepford President, US Bricks
- Mike Penny President & CEO, MonierLifetile
- Steve Gast President, US Tile
- David Plummer President, US Construction Materials
- Russel Hill Vice President, Technology and Development
- Chris Fenwick Director, Planning & Development
- Penny Berger Manager, Corporate & Investor Relations



Introducing the Boral US Management Team



Outline

Wednesday 17 September

- 2.00pm – 3.30pm Boral USA Overview and Q&A Emery Severin
- 3.30pm – 3.40pm Afternoon Tea – Product Development Showcase
- 3.40pm – 4.10pm Boral Bricks Bob Kepford
- 4.10pm – 4.50pm Roof Tiles
 - MonierLifetile (20 minutes) Mike Penny
 - US Tile (20 minutes) Steve Gast
- 4.50pm – 5.20pm Construction Materials David Plummer
- 5.20pm – 5.40pm Innovation Russell Hill
- 5.40pm Summary and Q&A Emery Severin
- 6.15pm Depart hotel for dinner at L Wine Lounge & Urban Kitchen

Thursday 18 September

- 8.00am – 9.00am Buffet Breakfast, Tour Briefing & Check Out Steve Gast



Boral USA Overview

- Business Profile
- Recent Performance
- Market Conditions
- Rightsizing for Market Conditions
- Perform & Grow Strategy
- Sustainability



Boral USA Overview

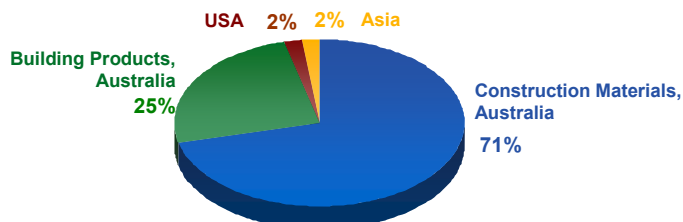
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Boral USA is a focused building products & construction materials supplier, developing leading positions in US markets with favourable industry structure and demographics.

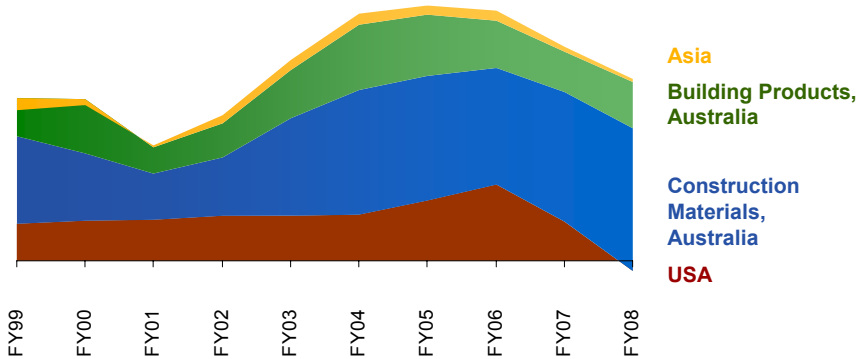
FY08	USA	Australia
Revenues	A\$671m	A\$4,317m
EBITDA	A\$11m	A\$657m
Employees	2,208	10,236
Operating sites	106	499
EBIT ROFE	(3.4)%	13.3%

FY08 Boral Ltd EBITDA split by segment

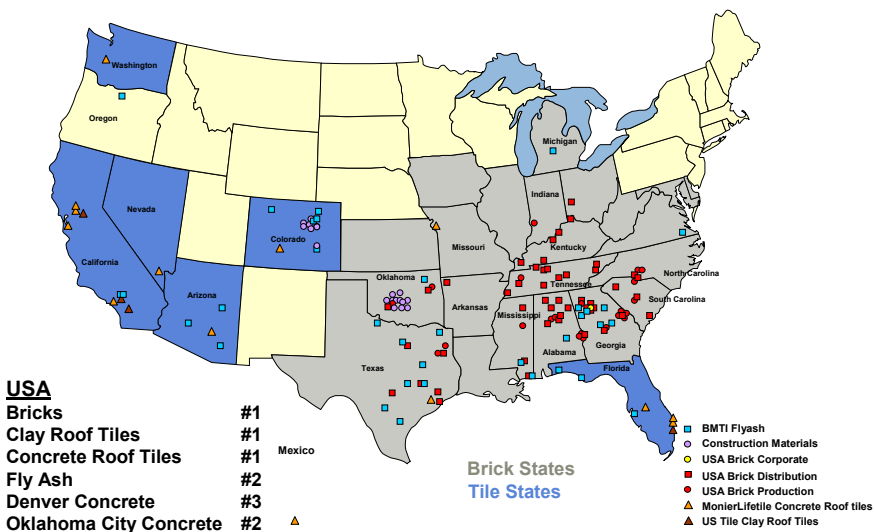


In FY06, 27% of Boral's EBITDA earnings were from the USA but with the US housing downturn this declined to 2% in FY08. EBIT has reduced from A\$186m profit to a A\$27m loss.

EBIT contribution split by geography



Boral has leading market positions in the USA, with revenues from 24 main states but from as many as 43 states.



Boral's USA Operations

Bricks

- 24 brick plants across 15 locations in eight states, primarily in the southeastern and southwestern USA
- 80% of bricks and pavers sold through network of 53 direct selling sites, the remainder through a strong network of independent distributors

Roof Tiles

- MonierLifetile – 50% joint venture; 14 concrete roof tile plants in western and south-western states and Florida
- US Tile – largest clay roof tile producer with plants in Southern and Northern California
- Trinidad – 50% joint venture; clay roof tile plant for importation into Florida market

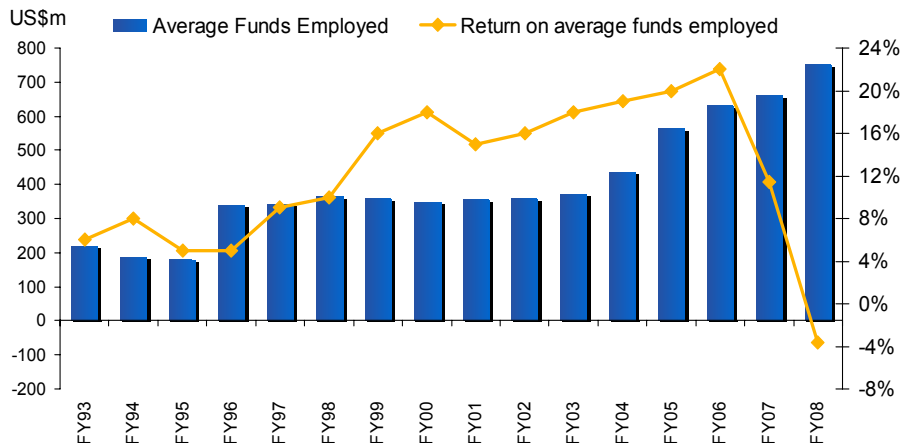
Construction Materials

- BMTI – Fly ash; 38 locations including operations at 26 electrical utility plants, 7 fly ash terminals and 5 sales offices throughout the US
- Denver – 3 aggregate locations, 8 concrete plants and 2 concrete masonry plants
- Oklahoma City - acquired August 2007; 4 sand plants, a limestone quarry & 18 concrete plants



Boral's US asset base has grown since demerger and ROFE steadily improved through FY06; but FY07 and FY08 ROFE heavily impacted by decline in housing.

Average US\$ Funds Employed and Return on Average Funds Employed¹

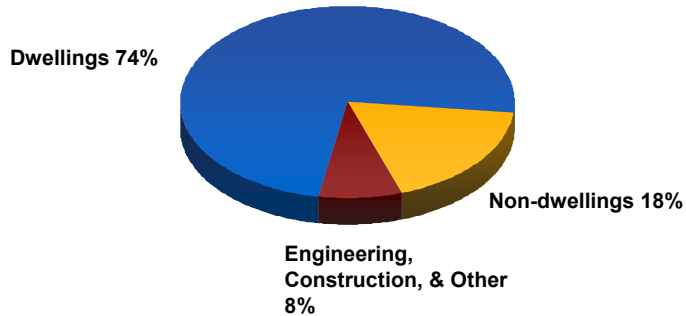


1. FY05 result onward has been adjusted for adoption of A-IFRS



In FY08 Boral USA's exposure was ~ 74% to new dwelling construction.

FY08 USA Revenue¹
Estimated US\$ Exposure by Market Segment

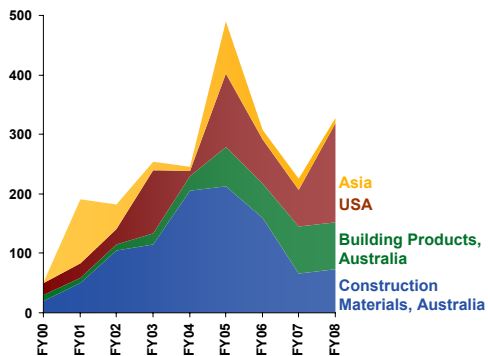


1. Includes 50% share of revenues of MonierLifetile & Trinidad JVs which are equity accounted and do not appear in consolidated accounts

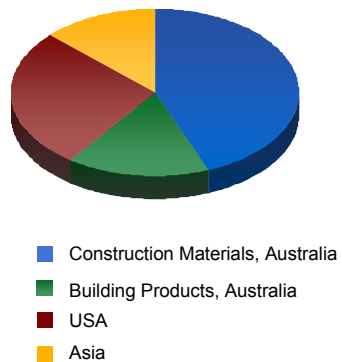


Since demerger ~45% of Boral's growth capex has gone into Construction Materials, Australia - Boral's largest profit contributor; a further ~25% to the USA.

Growth & Acquisition Capital Expenditure (A\$ millions)¹



FY00-FY08 Growth & Acquisition Capital Expenditure¹ by Segment

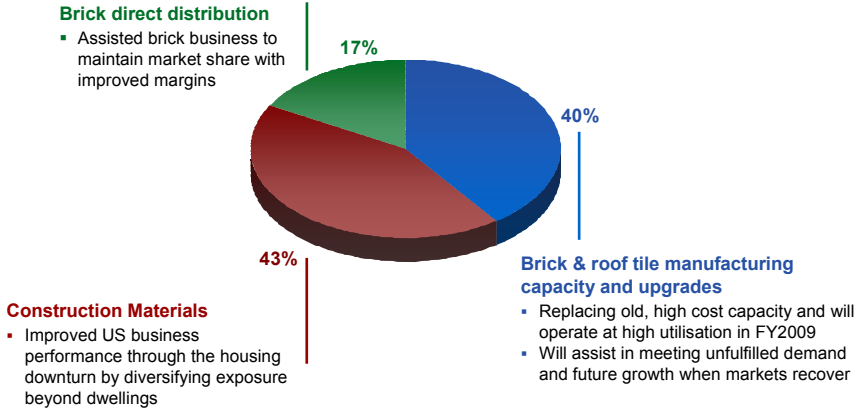


1. Excludes investment in ABL



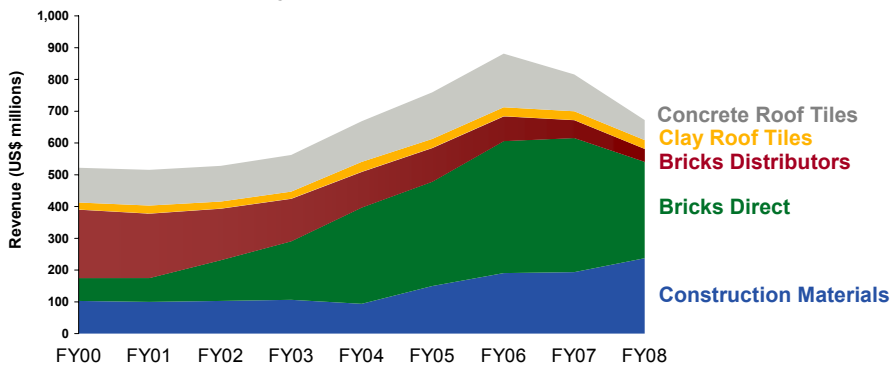
~43% of growth capex in the US has gone into Construction Materials with a further ~17% into brick direct distribution, helpful during the housing downturn...

FY00-FY08 USA Growth & Acquisition
Capital Expenditure by Segment



...transforming our portfolio, but still highly exposed to new single family construction which is down 63%* from peak...

US Revenue¹ split by business



* McGraw Hill: Single Family Housing starts Quarterly Peak to Trough

1. Includes 50% share of revenues of MonierLifetile & Trinidad JVs which are equity accounted and do not appear in consolidated accounts



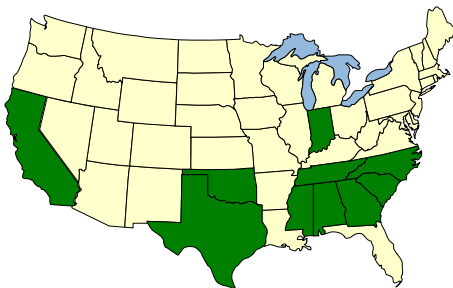
...and positioning Boral well in key long-term US growth states, with strong market positions, competitive cost structures and long-term reserves.

- Leading market positions (#1 or #2 in all markets, except #3 in Denver)
- Located in high long-term growth states
- Well located and long-term reserve positions
- Well located on the cost curve relative to peers
- Value creating ROFE margins over the housing cycle



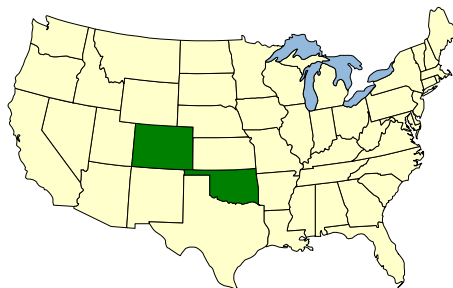
Boral USA has strong, long-term reserve positions.

Bricks & US Tile



Clay
109m tonnes
>35 years

Construction Materials



Aggregates - Colorado
41m tonnes
~31 years

Aggregates - Oklahoma
58m tonnes
>40 years



Boral USA Overview

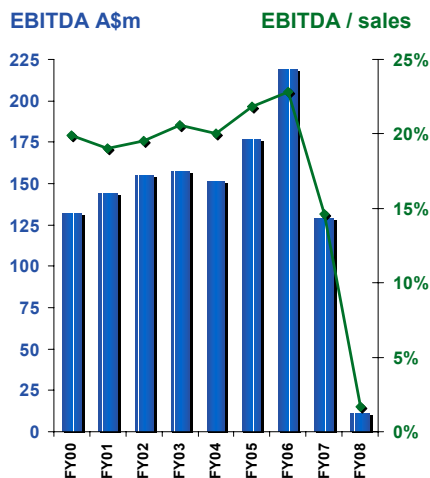
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FY08 US\$ EBITDA down 90% due to continued severe decline in housing activity.

US\$m	FY08	FY07	% Δ
Sales ¹	607	699	(13)
EBITDA	10	102	(90)

A\$m	FY08	FY07	% Δ
Sales ¹	671	883	(24)
EBITDA	11	129	(91)
EBIT	(27)	95	(129)
Funds employed	789	813	
EBITDA/sales %	1.7	14.6	
EBIT/sales %	(4.0)	10.7	
ROFE %	(3.4)	11.6	

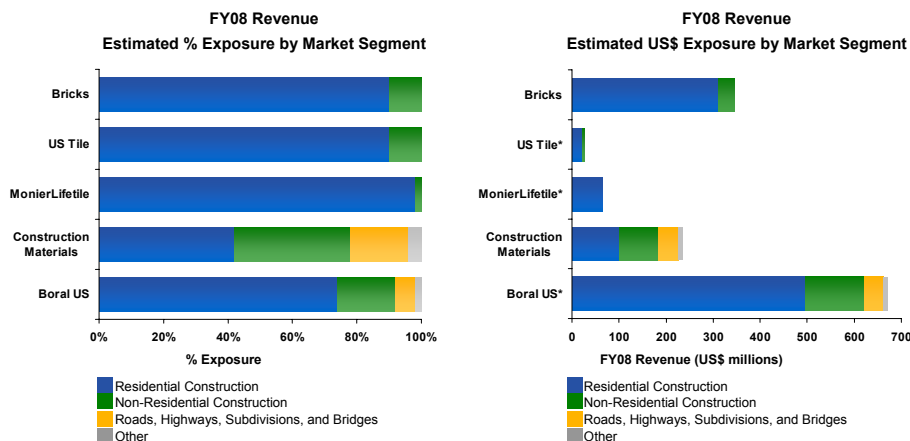


FY05 result onward has been adjusted for adoption of A-IFRS

1. MonierLifetile & Trinidad JVs are equity accounted – Boral's share of revenue do not appear in consolidated accounts.



Overall Boral US exposure to new dwellings is ~ 74%, therefore heavily impacted by the current downturn. Each business division has a different mix of market exposure, with Bricks and MonierLifetile impacted the most.



* Includes 50% share of revenues of MonierLifetile & Trinidad JVs which are equity accounted and do not appear in consolidated accounts



Year-on-year volumes continued to decline in FY08 for all businesses.

USA	External revenues US\$m			Est. % Exposure to New Dwellings	Volume Δ % FY08 vs FY07	Volume Δ % FY08 vs FY06	
	FY08	FY07	% Δ				
US Bricks	1H08: 197 2H08: 149	346	478	(28)	90%	(27)	(36)
Clay Tiles¹	1H08: 13 2H08: 12	25	27	(8)	90%	(11)	(23)
Concrete Tiles¹					98%	(42)	(62)
Fly Ash	1H08: 57 2H08: 54	111	116	(4)	40%		
Const. Materials	1H08: 66 2H08: 60	125	78	61	44%		
TOTAL¹	1H08: 333 2H08: 275	607	699	(13)	74%		

1. MonierLifetile & Trinidad JVs are equity accounted – Boral's share of revenue do not appear in consolidated accounts.

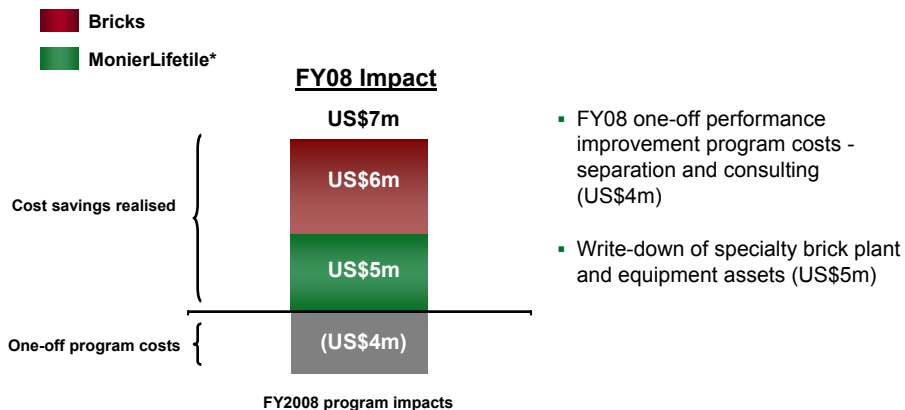


We have maintained disciplined price management despite weaker housing volumes.

FY08 vs FY07		
<u>Price Δ</u>		
Bricks	-2%	<ul style="list-style-type: none"> Industry has actively decreased capacity and managed inventories; prices holding, except isolated pockets
Concrete Tile	-5%	<ul style="list-style-type: none"> Overcapacity on the West Coast; new capacity in Florida; independent player attempting actively to grow volume / share through lower price
Clay Tile	+4%	<ul style="list-style-type: none"> Modest price increase in March 2008, improved product mix and higher value product
BMTI - Flyash	+5%	<ul style="list-style-type: none"> Prices following cement
Construction Materials	+4%	<ul style="list-style-type: none"> Prices following cement



During FY08 overhead reductions were made in October 07, followed by developing and implementing accelerated step change programs in MonierLifetile (\$12.5m*) and Bricks (\$30m), with full benefits expected from FY09.



* Based on 50% share of MonierLifetile cost down program benefits



Working capital and SIB capex managed to conserve cash.

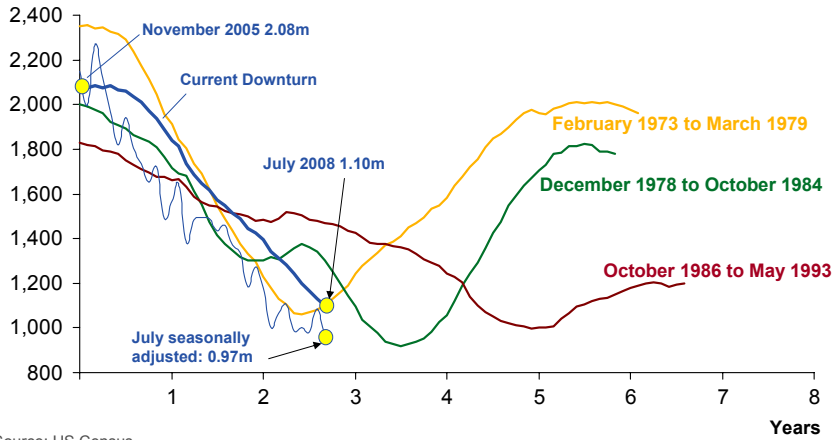
Working Capital	FY08 vs FY07
Bricks inventory	↔
Concrete roof tile inventory	↓
Days sales outstanding	↔
SIB as % depreciation	↓

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We are approaching 3 years in the current US housing downturn.

USA dwelling starts cycles peak to peak
(Seasonally adjusted, moving annual total, '000)

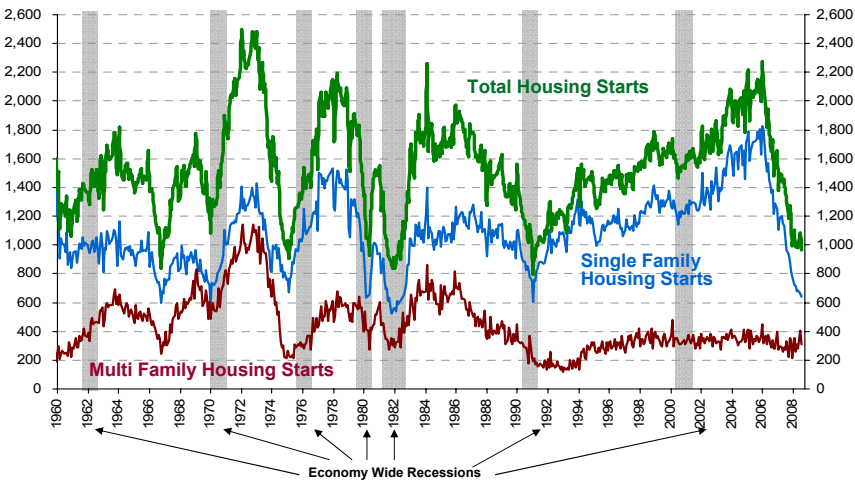


Source: US Census



The US housing market continues to experience a major downturn, the key feature is the dramatic decline in single family starts.

Total US dwelling starts ('000)¹

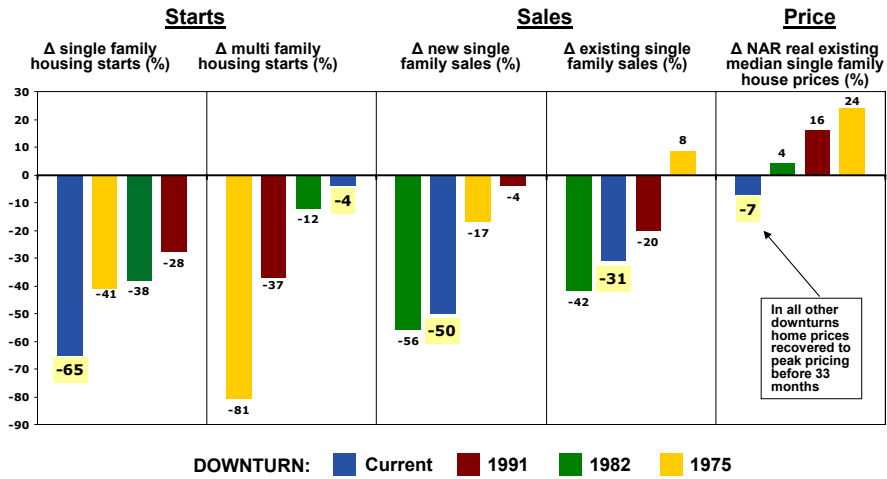


1. Seasonally adjusted annualized monthly starts from US Census



Current downturn appears to be the most severe post the Great Depression.

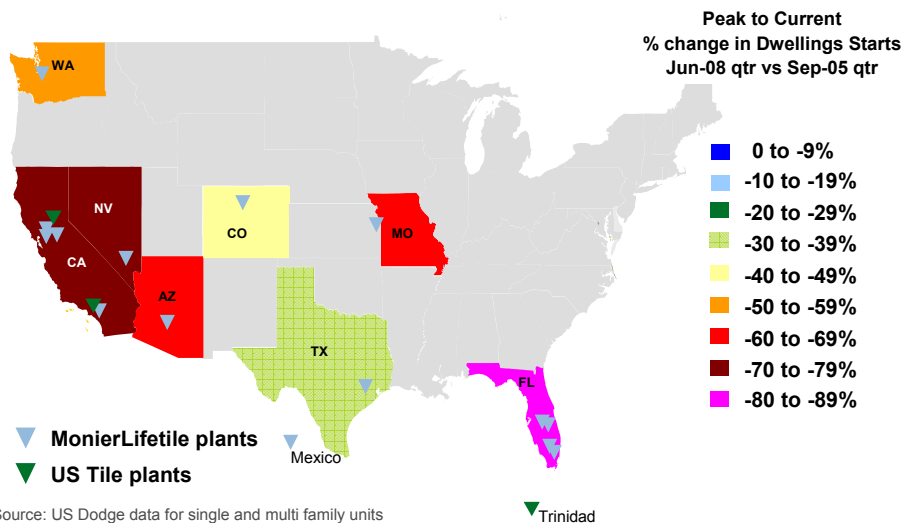
Total declines from individual peaks measured to levels 33 months after peak



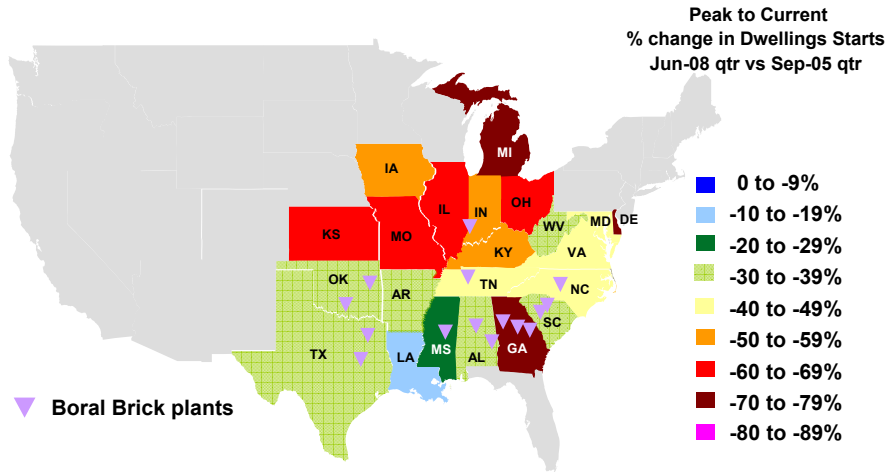
Sources: US Census Bureau; BEA; NAR; FHFB; Three-month moving averages



The US housing downturn started in the tile states impacting MonierLifetile around May 2006.



The housing downturn impacted bricks hard in around October 2006.

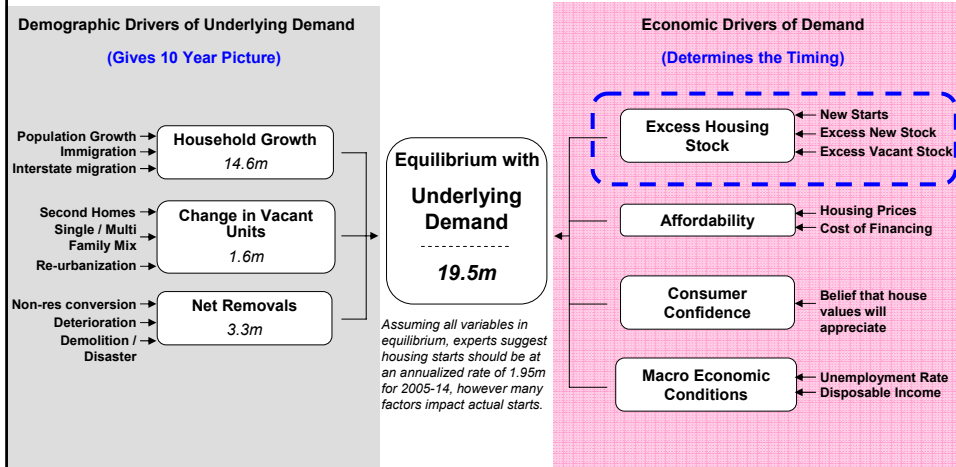


Source: US Dodge data for single and multi family units



Underlying demand and current excess inventories will determine market equilibrium.

Underlying Demand Over Business Cycle (2005-14)



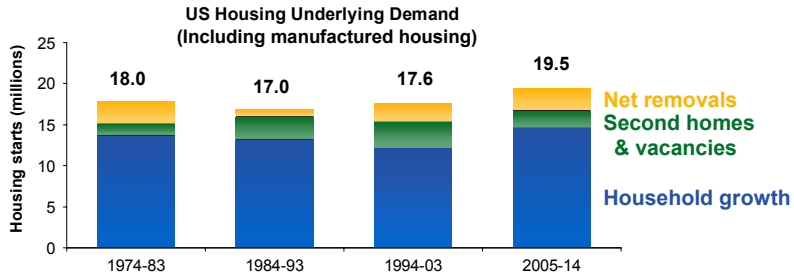
Source: Joint Center for Housing Studies of Harvard University



Recap Harvard Housing - Annual underlying demand of ~1.80m* US housing starts is based on expected household growth, second homes and replenishment homes.

Projection for Long-Run Demand for New Housing¹, 2005-2014

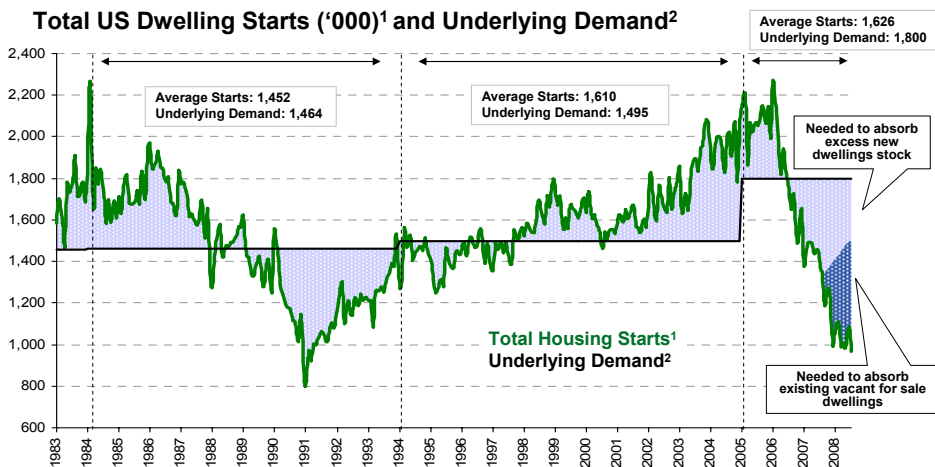
Household growth	14.6m
Additional second homes & Δ vacancies	1.6m
Net removals	<u>3.3m</u>
Total ²	<u>19.5m</u>



* Excludes manufactured homes which brings up underlying demand of housing starts to 1.95m
 1. Joint Center for Housing Studies of Harvard University
 2. This includes 1.5m of manufactured housing



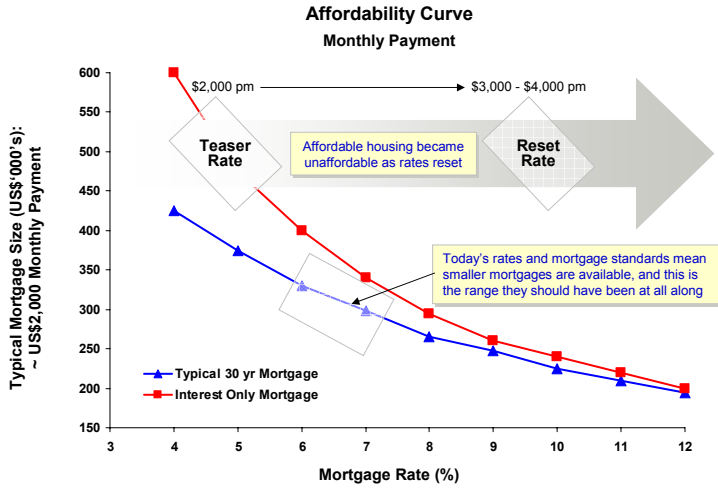
Starts are running well below underlying demand. They are absorbing previous overbuild and now competing with excess "vacant for sale" inventory.



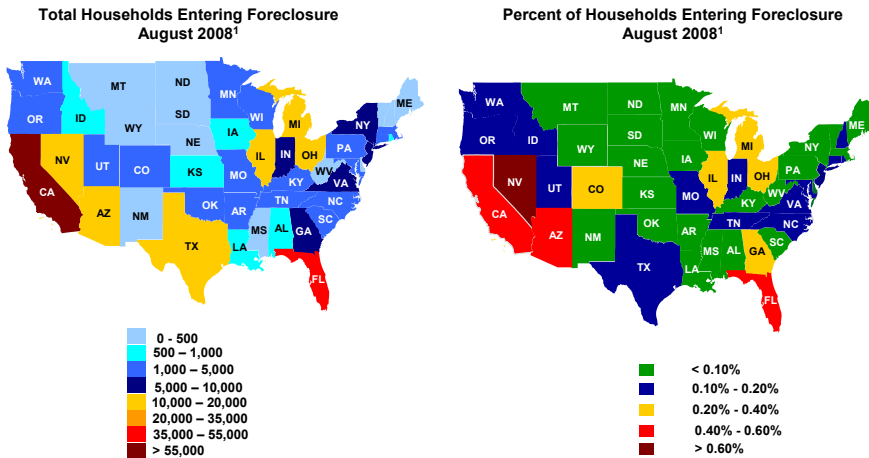
1. Seasonally adjusted annualized monthly starts from US Census
 2. Joint Center for Housing Studies of Harvard University; Underlying Demand excluding manufactured housing placements



Homebuyers buy monthly payments not mortgages. During the peak, people bought houses they really couldn't afford, leading to default when rates reset...



...resulting in higher foreclosures, which has driven the market down well beyond a cyclical supply demand imbalance.



1. Source: www.realtytrac.com

Creating an overhang of excess “vacant for sale” homes now competing against new home sales...

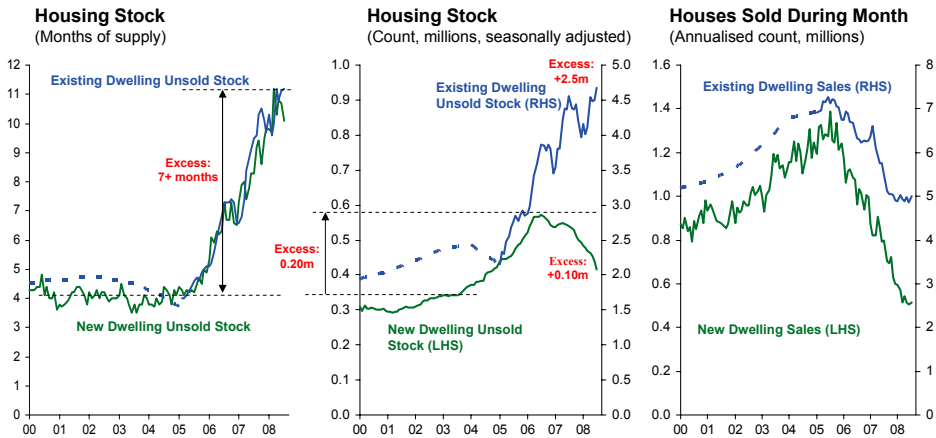
Number of excess housing units
(Thousands)



Sources: U.S. Census (Total Existing Vacant and New for Sale less 1995 to 2005 historic average)



Good news is that new home inventory continues to correct at an accelerated rate, however existing homes remain the main concern.

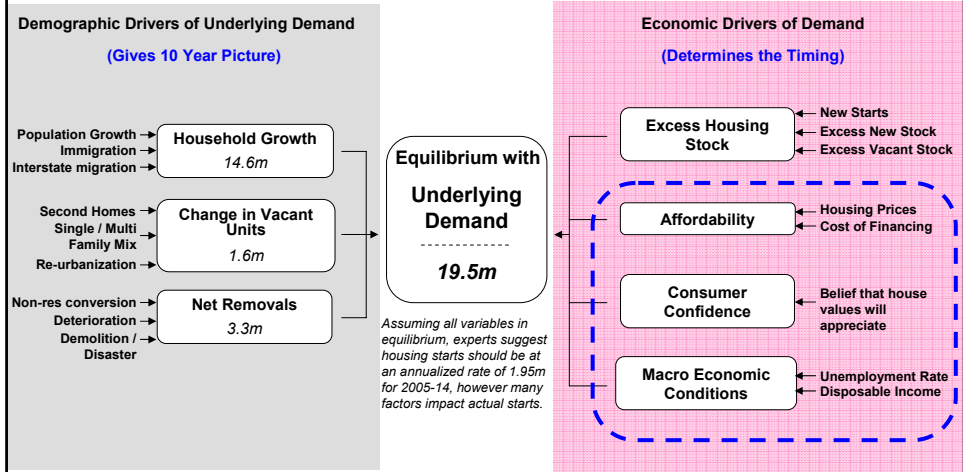


Source: US Census Bureau, National Realtors Association



Affordability, consumer confidence, and macro economic conditions will determine the turning point and speed of recovery.

Underlying Demand Over Business Cycle (2005-14)

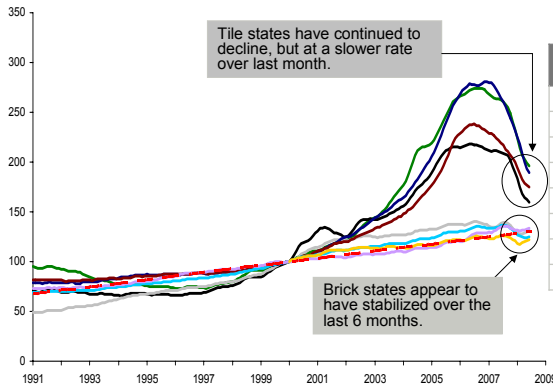


Source: Joint Center for Housing Studies of Harvard University



Home prices are falling quite rapidly improving affordability and will encourage buyers back into the market.

S&P/Case-Shiller® Home Price Index – June 2008



City	Peak to Trough	Last 6 Months	Last Month	Market Type
Los Angeles	-28.5%	-16.0%	-1.4%	Roof Tile Markets
Miami	-34.4%	-18.1%	-1.7%	
Tampa	-26.5%	-12.5%	-1.2%	
San Francisco	-26.8%	-15.5%	-1.8%	
Denver	-6.2%	+0.5%	+2.1%	CM*
Atlanta	-8.3%	-1.6%	+0.5%	Brick Markets
Charlotte	-1.6%	+1.3%	+0.4%	
Dallas	-3.2%	+1.3%	+0.6%	

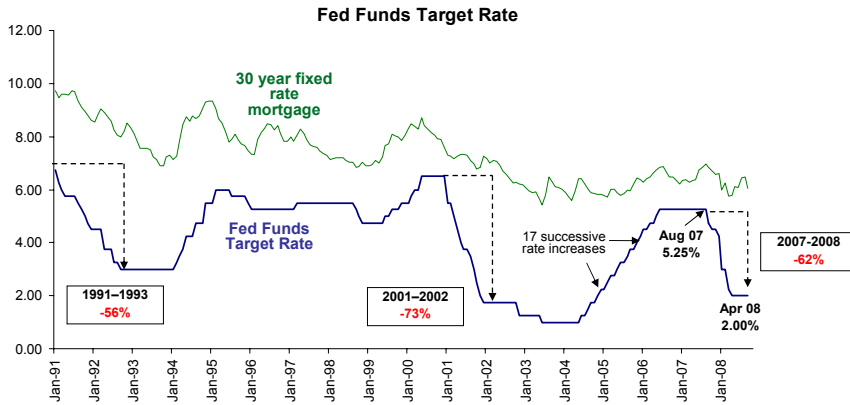
*CM is Construction Materials Market

Source: Standard & Poor's



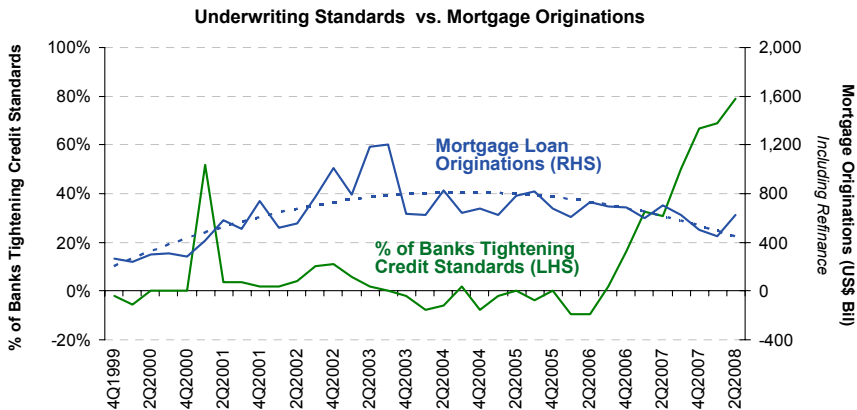
While 30 years fixed mortgages are around 6% ...

- They are higher than teaser rates from subprime times
- However they are low by historic standards



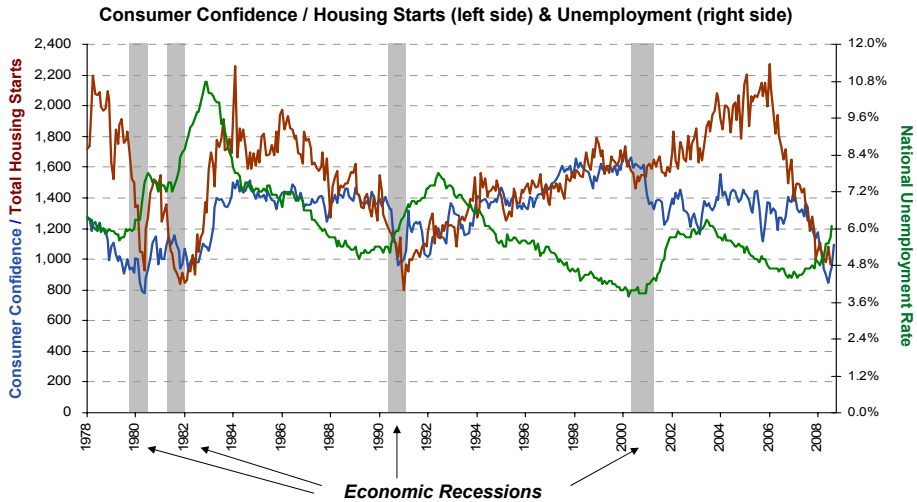
... rates may boost buying power, but access to credit is tightening.

- But buyers can afford less with more stringent lending standards
- Fewer loans are being originated



Source: Federal Reserve Board, Senior Loan Officer Survey (60 largest banks), Mortgage Bankers Association

While the economy is not good, it has not gone into recession.



Source: US Census, Michigan Consumer Sentiment Index – MCSI, US Department of Labor’s Bureau of Labor Statistics



Summary: Affordability is improving, but consumer confidence and access to financing are the major hurdles in the short term.

The summary is mixed:

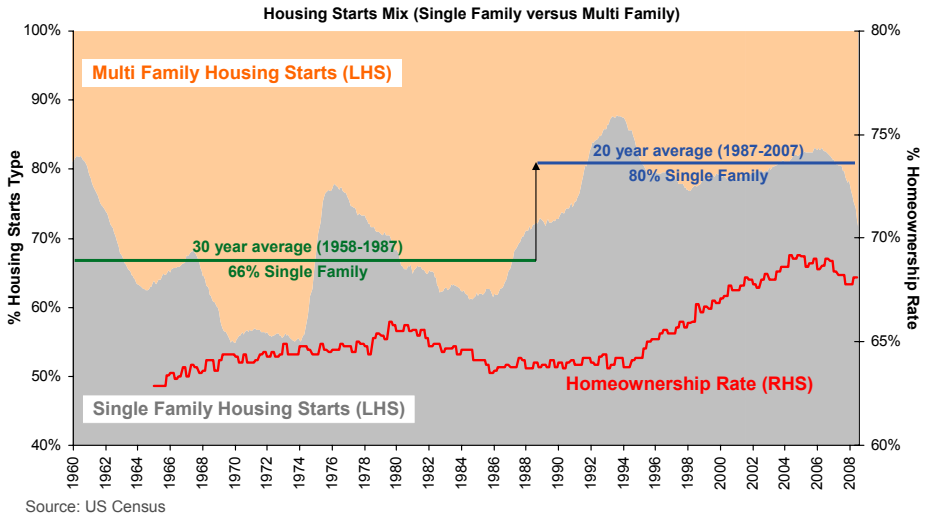
Price	1. Home prices are decreasing, improving affordability	↑
	2. The ability of a median income family to buy a home is improving	↑
Interest Rates	3. Mortgage rates are relatively low and affordable, but size of mortgages are lower leading to smaller home purchases	↑
Credit	4. Credit standards are tight and access difficult	↓

Result:

Two things that will help a potential buyer regain confidence in the market is a feeling of employment security and a belief that a newly purchased home will not fall in value.

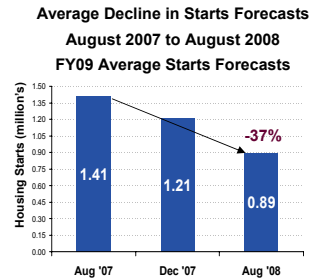


Summary: We've adjusted for lower mix of single family and lower homeownership rates, because either buyers qualify for a lower mortgage, or are not eligible and therefore must rent.



Summary: Last December when we spoke, we believed Industry Forecasters were optimistic. We forecasted starts to be around current levels, hence our more aggressive approach to rightsizing in the second half of FY08.

Current Estimated Forecasts	FY09	FY10	FY11	FY12	FY13
Dodge (2Q08)	0.97	1.12	1.34	1.54	1.59
Wachovia (August 2008)	0.93				
NAR ¹ (August 2008)	0.84				
NAHB ² (August 2008)	0.83	0.92	1.42	1.74	1.90
Fannie Mae (August 2008)	0.89	1.02			
Freddie Mac (August 2008)	0.96				
MBA ³ (August 2008)	0.91	1.05			
Average (excludes Dodge)	0.89	0.99	1.42	1.74	1.90



1. NAR - National Association of Realtors
 2. NAHB - National Association of Home Builders
 3. MBA - Mortgage Bankers Association

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We have responded aggressively to the rapidly declining volumes.

- Price management
- Reduced fixed costs and overheads
- Reduced capacity and variable costs
- Control inventory and capital spend

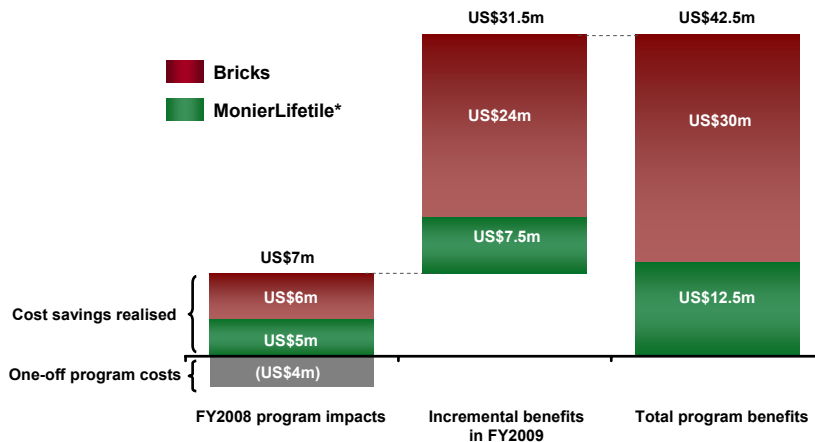


PRICE: We have maintained disciplined price management despite weaker housing volumes.

	FY08 vs FY07 <u>Price Δ</u>	Price Initiatives / Energy Recovery <u>Price Δ</u>	
Bricks	-2%	+5%	▪ Implemented fuel surcharge to offset high transportation and production fuel costs, experiencing acceptance by market
Concrete Tile	-5%		
Clay Tile	+4%	+7%	▪ Incremental price increase
BMTI - Flyash	+5%		
Construction Materials	+4%	+2%	▪ Price includes delivery surcharge



COSTS: Accelerated step change programs in the USA are 90% complete in MonierLifetile & 50% complete in Bricks, with full benefits expected from FY09.

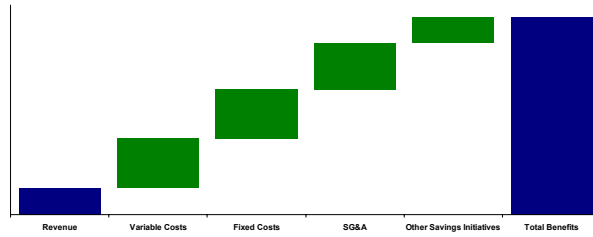


* Based on 50% share of MonierLifetile cost down program benefits

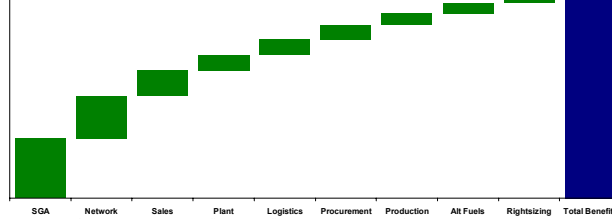


COSTS: Boral US will see the benefit from accelerated step change initiatives in FY09 to get results fast.

MonierLifetile: Project Escalator ~US\$12.5m ¹



Bricks: Project Next Level II ~US\$30m

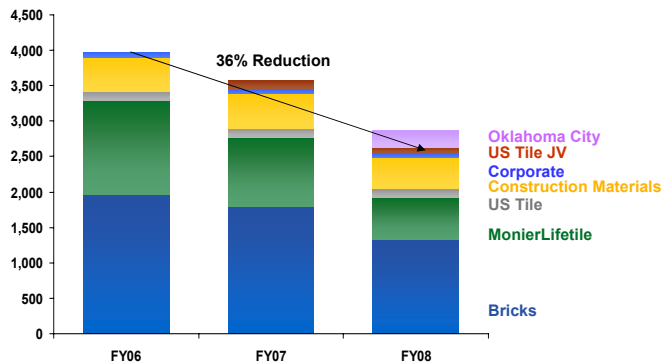


1. Based on 50% share of MonierLifetile cost down program benefits



COSTS: Total headcount has declined ~36%* from FY06 through the FY08

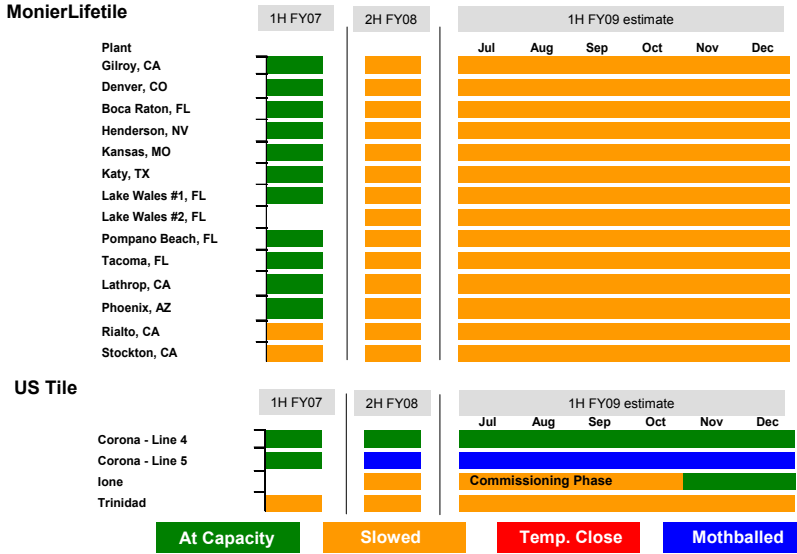
Boral US: Headcount (FTE) – Year End



*Excludes FTEs in Oklahoma concrete and quarry operations (acquired August 2007) and in Trinidad JV (started in FY07). Chart includes 100% of employees in MonierLifetile and Trinidad JVs.

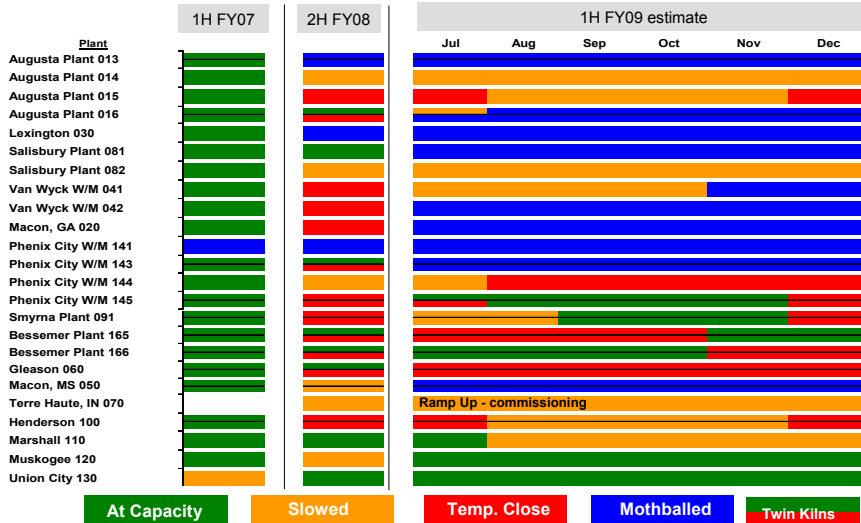


CAPACITY: MonierLifetile currently operating at around 27% of capacity, whilst US Tile operating at around 48% of capacity.



CAPACITY: Bricks has optimized the network compared to FY08 at lower capacity, currently operating at around 40%.

US Bricks Capacity Planning



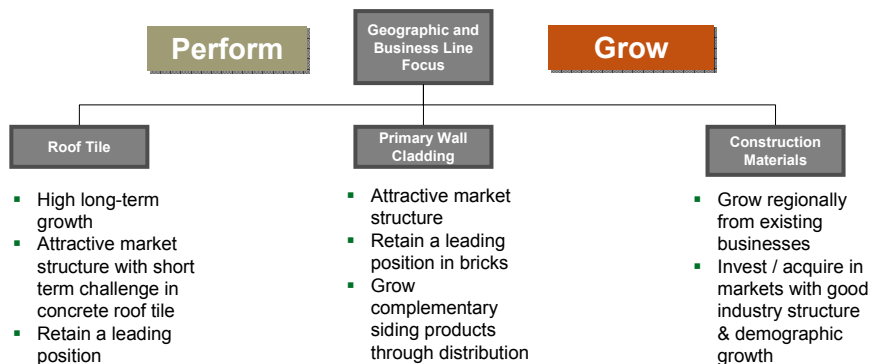
Boral USA Overview

- Business Profile
- Recent Performance
- Market Conditions
- Rightsizing for Market Conditions
- Perform & Grow Strategy
- Sustainability



Boral's US strategy is defined into three business segments in line with competencies from which to build a growth platform.

Focused building products & construction materials supplier developing leading positions in US markets with favorable industry structure & demographic trends



Perform Recap: Our focus on performance has been to adapt to the downturn in FY09.

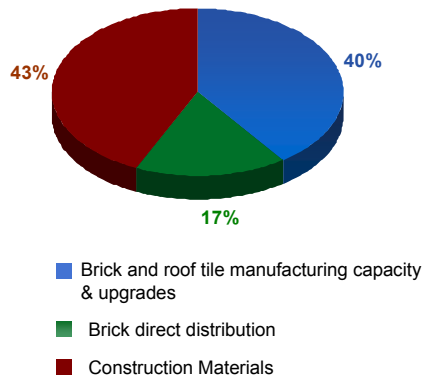
- Price and margin management
- Reduced capacity and variable costs
- Control inventory
- Reduced fixed costs and overheads
- Accelerated step change in Bricks & MonierLifetile, and now Construction Materials (includes PEP targets)
- Better customer service through supply chain and logistics
- Improved cost position from alternative energy
- Back office and system development



Grow: Since demerger ~25% of Boral's growth capex has been invested in the US.

	US\$m
Construction Materials	
Denver	78
Oklahoma	84
Reserves	10
Bricks	
Franklin Brick	66
Salisbury & Augusta	10
Union City	35
Terre Haute	55
US Tile	
Trinidad JV	6
lone	30
MonierLifetile – 50% share	
Katy	3
Lake Wales	16

FY00-FY08 USA Growth & Acquisition Capital Expenditure by Segment



While some investments may have been late in the most recent building cycle, we will have low cost capacity in Bricks and Roofing to meet the market as it returns to underlying demand.



Clay Tiles: Lone, CA – greenfield plant with low cost position

Bricks: Terre Haute, IN – greenfield plant with low cost position



Construction Materials: OKC, OK – new market entry



... moving through the next cycle margins improve as a result of growth benefits



Boral USA is doing more to develop innovation as a “Third Leg” of growth.

PATHWAYS TO GROWTH

STATUS

Organic Growth

Boral has regularly invested in organic growth. But returns take time to develop.

Acquisition

Acquisitions represent ~60% of Boral USA's growth spend and have been helpful during the housing downturn.

Innovation & Technology

Innovation and technology development can represent highly value creating opportunities.



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Boral USA's key sustainability efforts continue to be priorities.

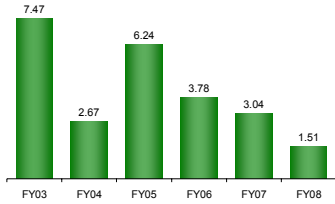
Common across all Boral US divisions

- Health and Safety
 - Energy and Greenhouse gas emissions
 - Water Conservation
 - Waste Management
 - Employee Relations and Communication
 - Community Relations
- Developed a comprehensive environmental plan with emphasis on reduction of greenhouse gas emissions.

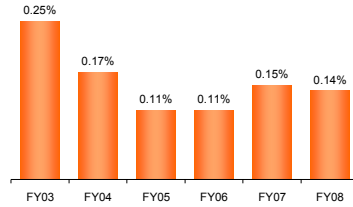


Boral USA safety performance has improved but % hours lost reflect carry-over hours from the previous year's injuries.

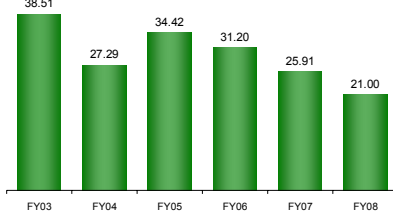
Lost Time Injury Frequency Rate (LTIFR)¹



Percent Hours Lost



Recordable Incident Frequency Rate (RIFR)¹

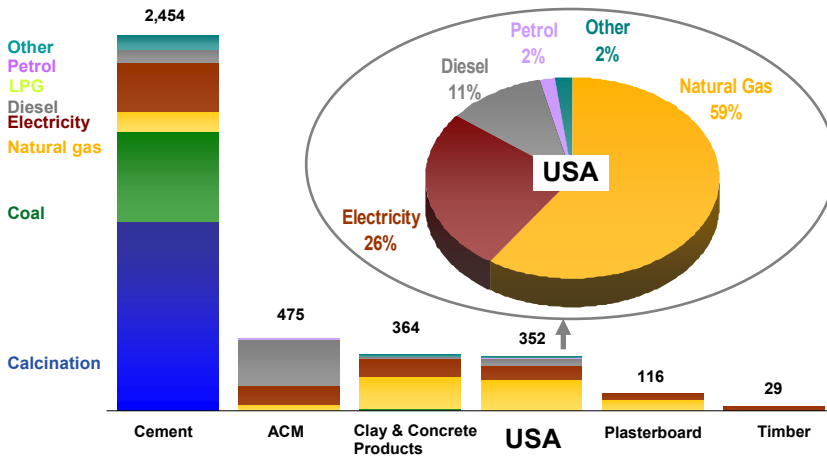


1. Per 1 million hours worked



Environmental Performance: Most of the CO₂ emissions generated by Boral USA come from Bricks and so do the abatement opportunities.

FY2008 CO_{2-e} emissions (thousands) inventory by division and energy source¹



1. For Boral's 100% owned business

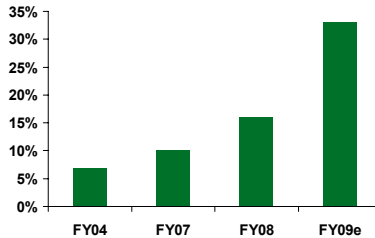


Alternative fuels, using renewable / waste energy sources reduces greenhouse emissions and are economically attractive.

	Direct Injection	Landfill Gas	New Technologies
EVOLUTION	1978 to ...	2005 to ...	2007 to ...
PLANTS	Salisbury Augusta 5 Augusta 6 (body additive) Gleason (body additive) Phenix City 144 (sawdust) Phenix City 145 (sawdust)	Union City (new plant – 10/06) Terre Haute (new plant – 03/08)	Augusta 4 (woodchips/gasification) Gleason (woodchips/gasification)

Green font denotes new initiatives.

Boral Brick's
% Alternative fuel usage



Community Relations

HomeAid

- US Tile has donated roof tiles for shelter for abused and neglected children in California
- Bricks is providing materials for construction of women's and children's shelter in Georgia



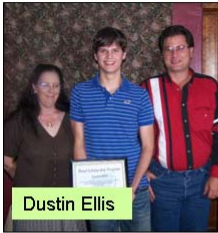
Juvenile Diabetes Research Foundation

- To date, Boral USA and its employees have donated more than \$145,000 to JDRF; new company match for 2008



Community Relations

▪ Boral Scholarship Awards



2008 Scholarship Recipients:

1. **Dustin Ellis**, son of **William Ellis**, BMTI, Monticello
2. **Charity Bowman**, daughter of **Michael Bowman**, Bricks, Union City
3. **Amanda Looman**, daughter of **Marcia Looman**, Bricks, Augusta Office
4. **Blake King**, son of **James King**, Bricks, Henderson
5. **Lacie Trevathan**, daughter of **Stacie Trevathan**, Bricks, Gleason
6. **Gabriel Guerrero, Jr.**, son of **Gabriel Guerrero**, UST, Corona