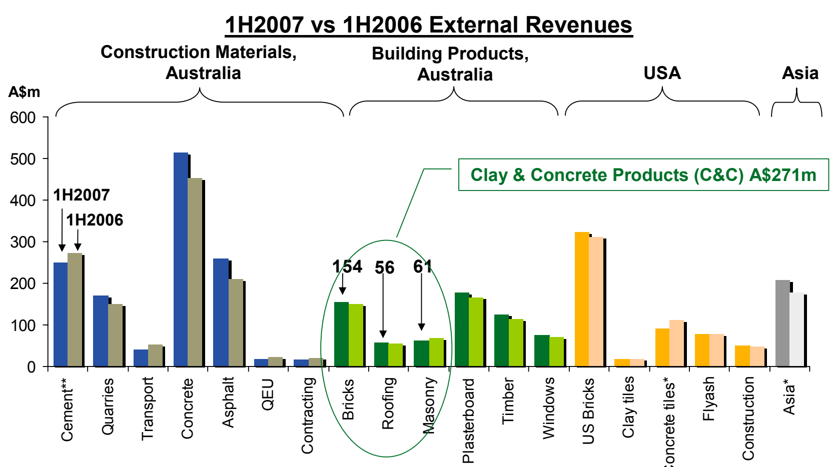
Boral

Clay & Concrete Products

Keith Mitchelhill

Perth Site Tour 6 July 2007

C&C accounts for ~40% of Boral's external revenues from Australian building products

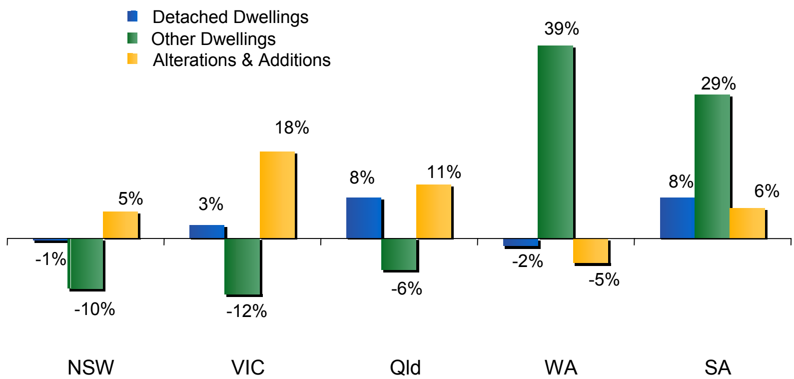


* Includes revenues from MonierLifetile and Asian Plasterboard joint ventures which are equity accounted

** Cement division includes BCSC (external revenues), concrete placement & scaffolding

Over 75% of C&C's revenues are from the dwelling (including A&A) market where conditions on the East Coast have remained weak

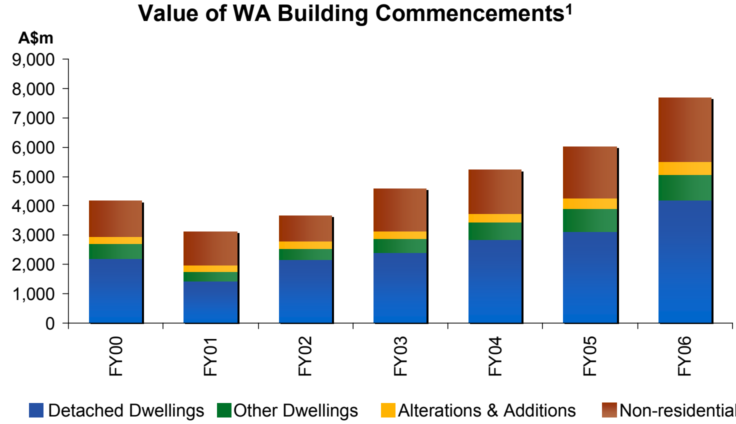
Percentage change in dwelling commencements and value of alterations & additions[1] – 1H2007 vs 1H2006



1. Change in real value of alterations & additions (A&A)
Source: ABS 8731.0 Building Approvals Australia

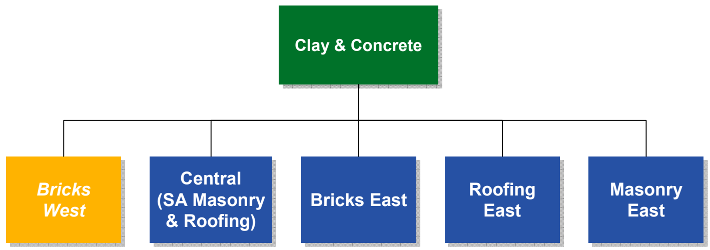
WA construction activity is at historically high levels

Value of WA Building Commencements[1]



1. In current prices
Source: BIS Shrapnel

WA is managed as a separate business unit within the Clay & Concrete Products Division



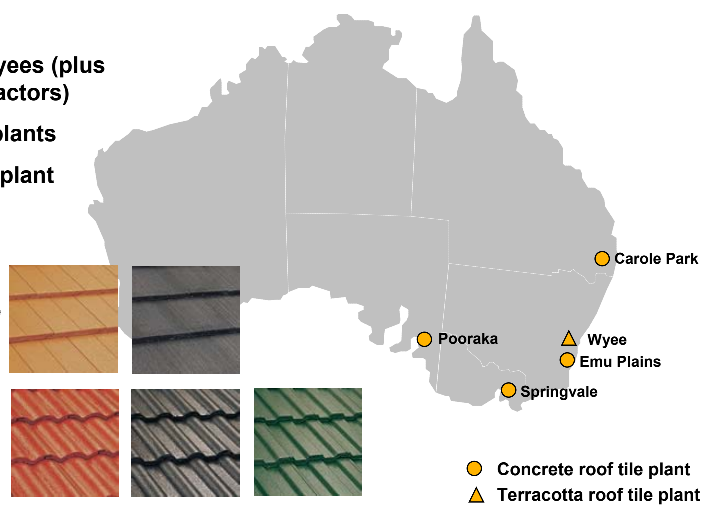
- 3 manufacturing sites
- 12 direct sales outlets

Boral holds the #2 market position nationally in Roofing but does not compete in the WA market

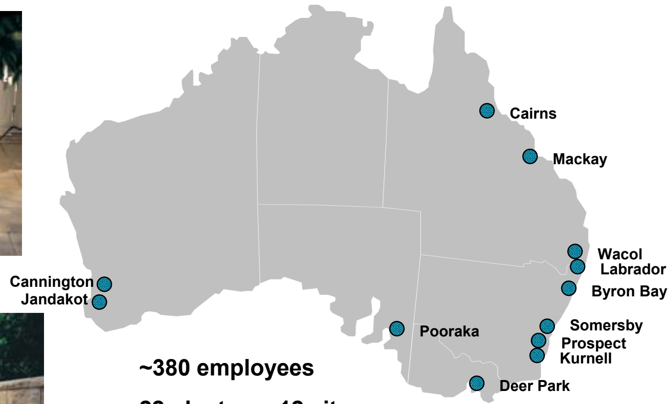
~260 employees (plus >600 contractors)

4 concrete plants

1 terracotta plant



Boral holds the #1 market position nationally in Masonry



~380 employees

22 plants on 12 sites

Masonry plant

Boral holds the #2 position in Masonry in WA

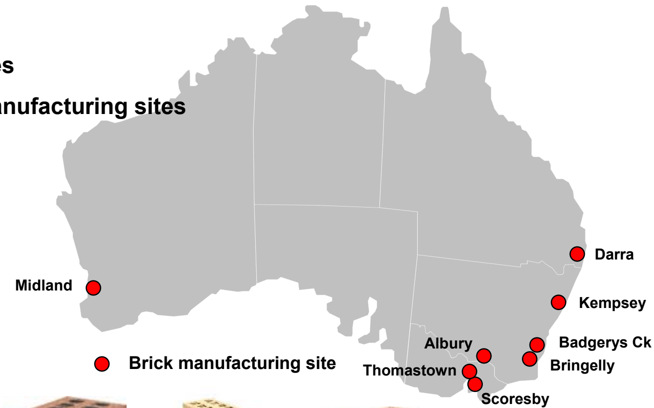
- Australian masonry market is around 3 million tonnes p.a.
- WA accounts for around 15% of national volume
- Masonry manufacturers in WA include Boral, BGC, Atlas, Archistone and Urbanstone
- Boral's share in WA is 20-30%
- Boral Masonry WA has 2 plants on 2 sites
- Solid pricing environment in WA
- Product distribution channels:
  - Significant manufacturer presence in downstream distribution
  - Direct to trade customers

Source: ABS manufacturing production statistics

Boral holds the #2 market position nationally in Bricks

~1000 employees

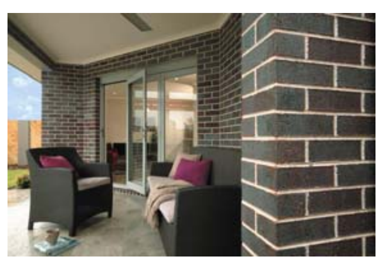
16 kilns on 8 manufacturing sites



Brick manufacturing site

Boral has a clear #1 position in Bricks in WA

- Australian brick market is ~1.7 billion SBEs p.a.
- WA accounts for around 35% of national volume
- 2 major brick manufacturers in WA – Boral and Brickworks
- Boral's Brick operation in WA has 7 kilns on a single manufacturing and has ~600 employees
- Current pricing environment is positive
- Product distribution channels:
  - Significant manufacturer presence in downstream distribution
  - Direct to trade customers



Source: ABS manufacturing production statistics

C&C is focused on addressing its current challenges

Current challenges	Initiatives
▪ Achieving sustainable pricing	▪ Demonstrating price leadership ▪ Capacity planning
▪ Combating substitute building products	▪ Industry body initiatives – Category marketing – Technical research on product performance benefits – Apprentice training schemes
▪ Addressing the shortage of skilled labour	▪ Contribution to industry training schemes
▪ Managing relative installed cost versus competitors	▪ Formal operational improvement programs ▪ Investment in new plants

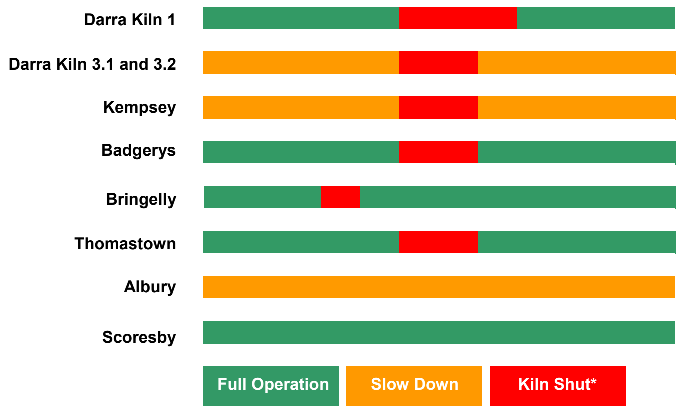
C&C businesses have had a disciplined approach to pricing, despite the market downturn on the East Coast

Price and Volume Movements

		Bricks	Masonry	Roofing
1H2007 vs 1H2006	Price	↑	↑	↑
	Volume	↔	↓	↔
FY2006 vs FY2005	Price	↑	↑	↑
	Volume	↓	↓	↓
FY2005 vs FY2004	Price	↑	↑	↑
	Volume	↓	↓	↓

Capacity planning forms an integral part of achieving sustainable pricing outcomes

FY07 Australian East Coast Brick Kiln Shutdown/slowdown plan



Note: Push rates may alter from time to time
* Denotes temporary closure of part of site

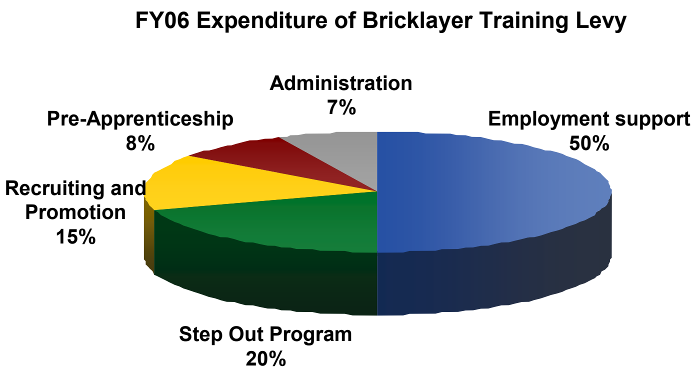
The brick industry is acting as a whole to combat the threat of product substitution

- Think Brick Campaign aimed at:
  - influencing specifiers / regulators to use brick
  - increasing consumer demand for bricks
- Valuable research continues to measure the performance benefits of brick against substitute products

Source: Think Brick Australia, CBPI

Purpose built test units at Newcastle University

The brick and masonry industries are contributing to a training levy aimed at addressing skills shortages



Source: ABBTF Queensland Newsletter (June 2006)

C&C has been driving down costs using formal operational improvement programs

- Target 3-4% of compressible costs in PEP[1] each year
- Step Change program conducted in Bricks East
  - network optimisation
  - SKU[2] reduction
- Step Change program conducted in Masonry (East Coast)
  - plant utilisation
  - SKU reduction

PEP = Performance Enhancement Programs
SKU = Stock Keeping Unit

Investment in new plants is helping manage costs and providing growth opportunities

Midland Brick Kiln #11, Perth

- Commenced commissioning in June 2006 quarter
- Now supplying into strong WA housing market
- Commissioning of full product range is continuing

Wetcast Masonry Plant, Wacol

- Commissioning complete
- Securing low cost position in relatively fast growing segment of the paving market

C&C continues to improve in the area of sustainability

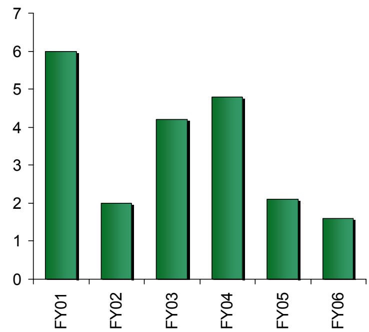
- Boral C&C has a number of key sustainability priorities:
  - Safety
  - Energy use and GHG emissions
  - Water
  - Waste
  - Sustainable product development
  - Virgin resource use

BSDT[1] Assessment Scores

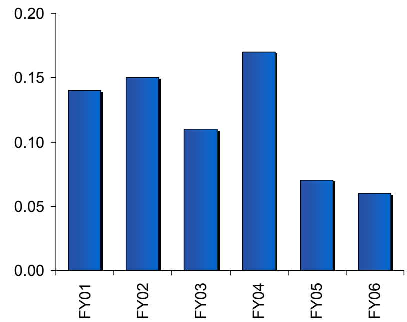
1. Boral Sustainability Diagnostic Tool

C&C has significantly improved safety performance over the last few years

LTIFR[1] - FY01 TO FY06



Hours lost % - FY01 TO FY06



FY07 Target - Achieve >20% improvement on past three years average LTIFR, RIFR[2] and % hours lost

1. Lost Time Injury Frequency. Rate per 1 million hours worked
2. RIFR = Recordable Injury Frequency Rate