



# Boral

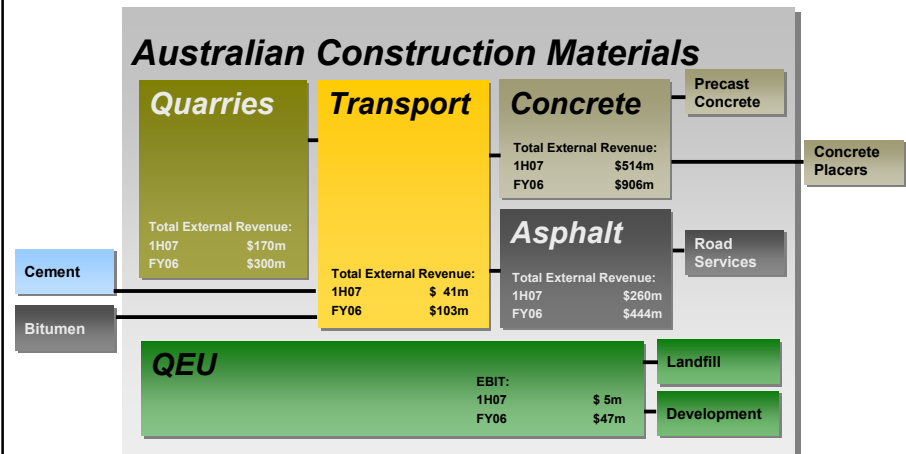
## Australian Construction Materials



John Douglas

Perth Site Tour 6 July 2007

**Boral ACM is Australia's largest integrated supplier of construction materials and related services**



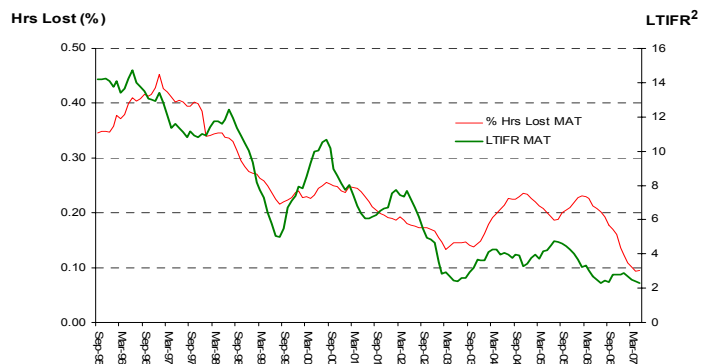
## ACM's 1H07 performance was strong, supported by infrastructure investment and QLD, VIC and WA growth

<b>LTIFR<sup>1,2</sup></b>		↑	<b>2%</b>
<b>% Hours Lost<sup>2</sup></b>		↓	<b>45%</b>
<b>Volumes</b>	Concrete	↑	<b>6%</b>
	Asphalt	↑	<b>20%</b>
	Quarries	↑	<b>11%</b>
<b>Revenue</b>	Concrete	↑	<b>13%</b>
	Asphalt	↑	<b>25%</b>
	Quarries	↑	<b>13%</b>

1. LTIFR = Lost time injury frequency rate per million hours worked  
 2. FY07 YTD as at the end of May 2007

## Continuing focus on safety is driving a reduction in lost time

### ACM Safety Statistics (including Contractors) - FY07 YTD<sup>1</sup>



1. FY07 YTD as at the end of May 2007  
 2. LTIFR = Lost time injury frequency rate per million hours worked

## ACM continues to improve resource efficiency

### GHG

- ✓ 6% improvement in efficiency leading to breakeven CO<sub>2</sub> output
- ✓ Energy generation from landfill

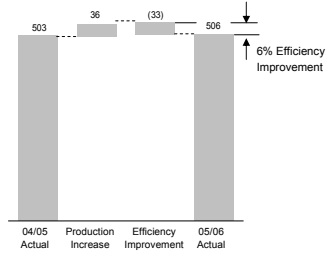
### Water

- ✓ 22% improvement in efficiency leading to 16% reduction in net water usage

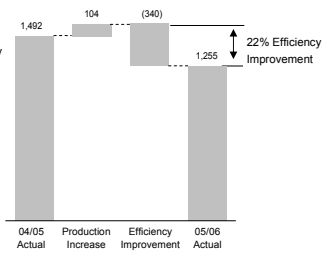
### Waste

- ✓ 6% reduction in waste produced
- ✓ 24% reduction in waste to landfill

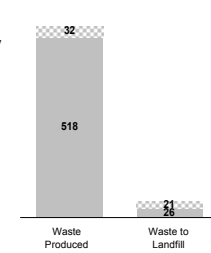
ACM Total GHG Emissions (kt CO<sub>2</sub>)



ACM Town Water Usage (MI)



ACM Waste (kt)



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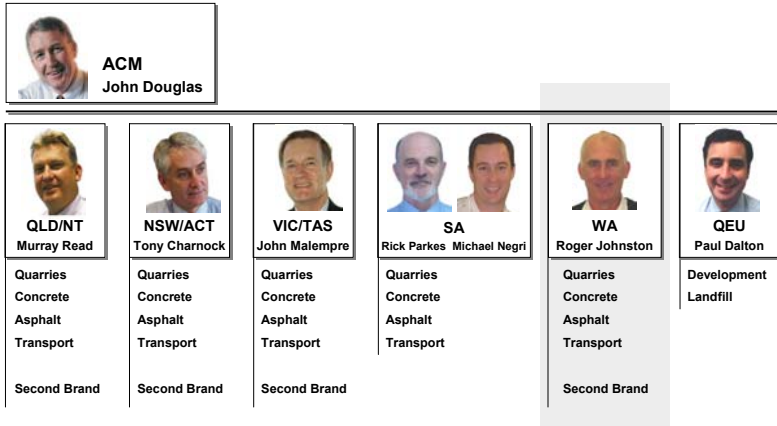
## We employ over 6,000 people across more than 400 operating sites

ACM	WA	Australia
Employees	278	4,226
Contractors	134	2,150
<b>People</b>	<b>412</b>	<b>6,376</b>
Quarries	6	
Concrete	12	
Asphalt	2	
Other	4	
<b>Sites</b>	<b>24</b>	<b>413</b>
<b>Trucks &amp; Agitators</b>	<b>156</b>	<b>2,701</b>

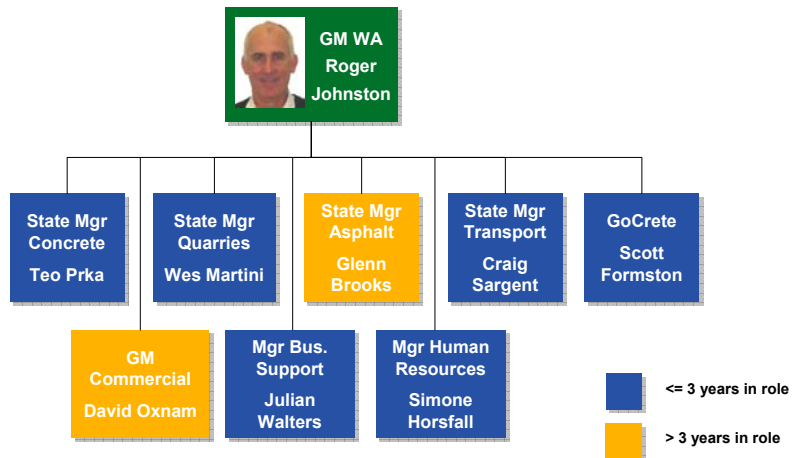
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## Each region operates an integrated business



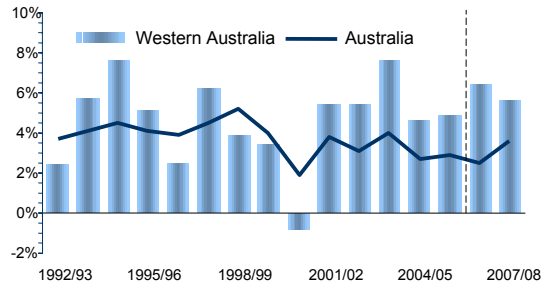
## The new WA management team is improving the WA business



## WA economic growth has been strong and is forecast to continue above the Australian average

### Economic Growth, WA & Australia

% Change in GSP<sup>1</sup>, GDP<sup>2</sup>



1. GSP=Gross State Product

2. GDP=Gross Domestic Product

Source: ABS Cat. 5220.0, 5206.0, CCI WA Economic Compass

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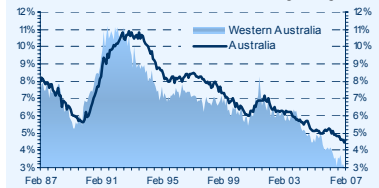


9

## Availability of labour is constraining output particularly in the construction industry

### Unemployment Rate

WA and Australian, Seasonally Adjusted



Source: ABS Cat. 6202.2

### Total Number of Skilled Vacancies in WA By Occupation, Year to November 2006



Source: Dept of Employment & Workplace Relations

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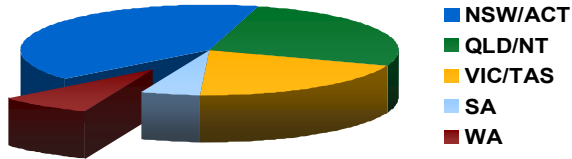


10

## WA generates ~8% of ACM's revenue and is 10% of the Australian concrete market

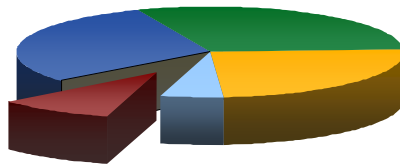
### ACM External Revenue by Region

Based on FY06



### Australian Concrete Volume by Region

Total CY2006 = 24.6m m<sup>3</sup>

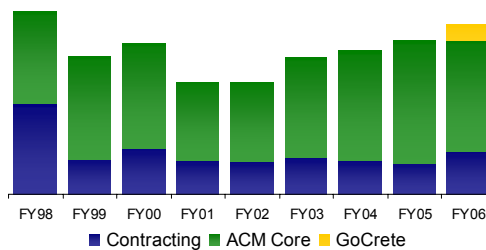


Source: ABS Concrete Monitor

## A refocus of the ACM WA business is improving profitability

- Closure of Cooljarloo contract mining operation in January 2007
- Reduction in non-aligned external transport contracts
- Growth in core businesses and new revenues from GoCrete

### ACM WA External Revenues



## We are investing for growth in our core business in WA

### Quarries

- \$2.3m to expand Orange Grove capacity and improve productivity
- \$3m to restock Kalgoorlie hardrock quarry
- Looking at further expansion of metropolitan and regional quarry capacity

### Concrete

- \$1.7m in new trucks and mixers over FY07 and FY08
- \$2.8m capacity expansion to existing concrete plants
- \$3.1m invested in mobile plant and trucks for Boddington project

### Asphalt

- \$4m new plant at Welshpool with capability to process RAP (Recycled Asphalt Pavement)

### Transport

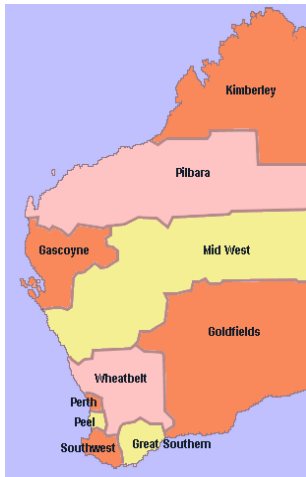
- \$5m replacement and expansion of truck and trailer fleet

### GoCrete (precast concrete panels)

- ~\$10m automated panel manufacturing plant, expected to be fully operational by mid-CY2008



## Our WA network is concentrated around major population centres

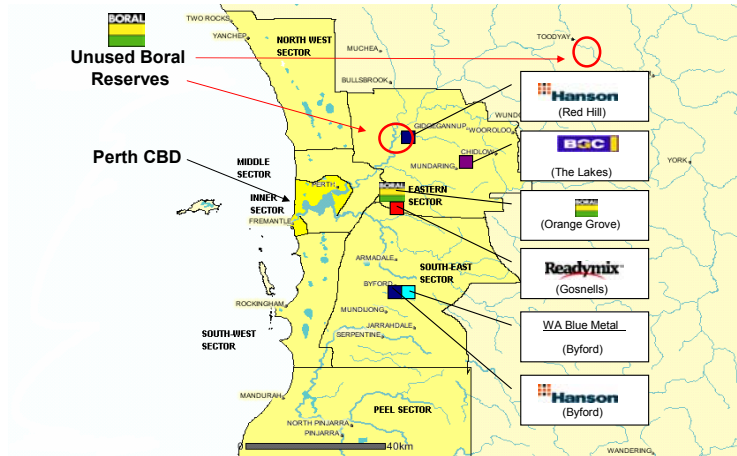


2005/06 Building & Construction			
Region	Approvals		Boral Presence
	Value \$m	% of State	
Perth Metro	5,201.2	69.5	✓
Peel	512.0	6.8	✓
South West	698.0	9.3	
Great Southern	181.2	2.4	
Wheatbelt	112.9	1.5	
Goldfields	168.9	2.3	✓
Gascoyne	42.8	0.6	
Mid West	137.2	1.8	
Pilbara	238.5	3.2	✓
Kimberley	187.2	2.5	
Total	7,479.9	100.0	

Source: ABS Cat. 8731.0



## Boral's Orange Grove quarry is located close to the city, further reserves are situated north of Perth



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15



## We are investing to build on our solid Perth quarry position

- Perth market is around 6m tonnes of quarry products per year
- Major competitors in Perth quarry market include Hanson, Readymix, BGC and WA Blue Metal
- Boral quarries has low transport costs due to its proximity to Perth
- Orange Grove has 35 years of reserves
- Boral has additional quarry reserves at Gidgegannup and Toodyay
- \$2.3m being invested in FY08 to expand Orange Grove capacity and improve productivity

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16



## Campaign crushing enables us to operate our 5 WA regional quarries efficiently

Quarry	Location	Resource Type
Tabba Tabba	Port Hedland	Basalt
Mt Regal	Karatha	Basalt
Turner River	Port Hedland	Sand
7 Mile	Kalgoorlie	Basalt
21 Mile	Kalgoorlie	Sand

## Boral has invested in a new generation of mobile crushing equipment

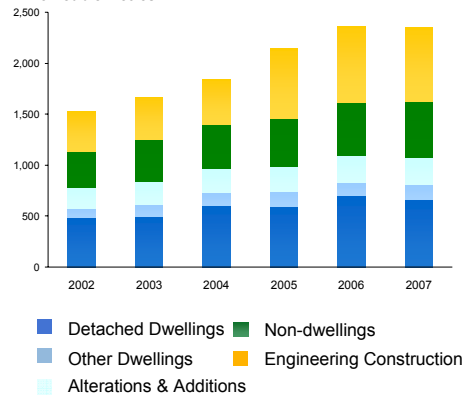


Mobile Crushing Rig

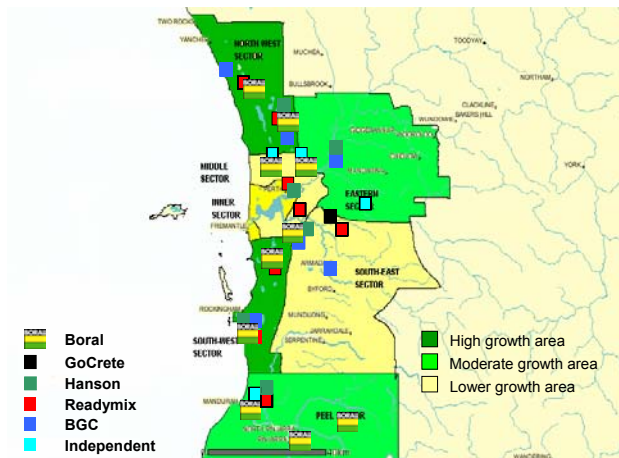
## Boral is well positioned in the growing Perth concrete market

- Main concrete producers in Perth are Boral, BGC, Readymix and Hanson
- Boral is #2 in the metro concrete market
- Perth is 70% of the 2.3m m<sup>3</sup> WA pre-mix concrete market (CY2006)
- Concrete volumes have increased in all segments but strongest in Engineering Construction

**WA State Concrete Supply**  
Million cubic metres



## Our Perth concrete plants are located in growth corridors



## We are increasing our capability to supply concrete in major projects



Foundation for the Secondary Crusher at Boddington Gold Mine

### Boddington Gold Mine Project

- 134km south of Perth
- \$3.1m capital investment
- Fully computerised mobile concrete batch plant
- Supplying 60,000 m<sup>3</sup> of concrete from Feb-07 to Mar-08



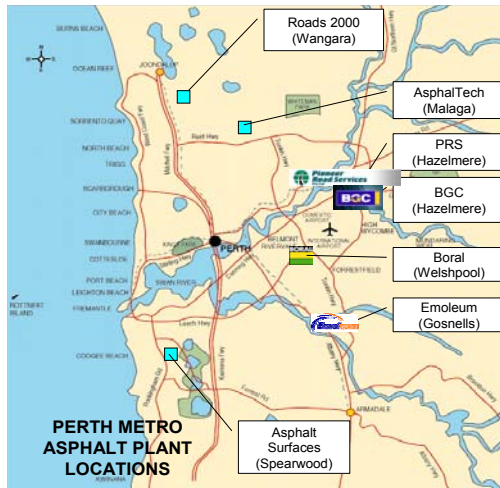
## Boral is #2 in supplying the WA asphalt market

- Boral asphalt production facilities in Perth and Kalgoorlie, and mobile spray capability
- Boral WA market position is #2 for asphalt and #3 for spray
- WA asphalt market is fragmented with 8 major competitors including Boral, PRS, Works Infrastructure and BGC
- WA spray market main competitors are Boral, RNR, PRS and Works Infrastructure
- Boral asphalt provides asphalt and spray services for the Metro-North Perth TNC<sup>1</sup>
  - Best Roads JV between Boral, EGIS Consulting and Highway Constructions
  - Best Roads provides a complete road maintenance service under a 10 year contract

1. TNC = Term Network Contract



## We are renewing our key Perth asphalt plant



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23

## Boral's new asphalt plant at Welshpool will be the most efficient in the Perth metropolitan area



Foundation for the new asphalt plant at Welshpool, WA

- \$4m investment in new asphalt plant
- Will be most efficient asphalt plant in Perth CBD
- Significant hot storage and RAP (Recycled Asphalt Pavement) capability
- Completion due mid-CY2008

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24

## Ensuring secure and competitive bitumen supply is critical

- Long term throughput agreement to import into SBS hot bitumen terminal in Fremantle
- Imported 4,500t of hot bitumen from Singapore in May 2007
- Second shipment ordered
- Provides cost advantage and supply security



Hot bitumen tanker at SBS terminal in Fremantle

## We are focusing resources on rebuilding our core internal transport capability

- Re-focusing on internal haulage
- Capacity constrained due to demand
- \$5m investment in trucks with best technology and large carrying capacity to improve productivity
- Key products carted: quarry products, cement, mineral sands, bitumen



New large capacity tippers and tankers in Boral's WA transport fleet

## We have exited our contracting business



Former Boral Contracting excavator and haul truck at Cooljarloo

## The GoCrete acquisition provided a new growth platform

GoCrete  
concrete  
batch plant

GoCrete  
precast  
panels plant



GoCrete concrete and precast panels plants

- Acquired 50% interest in Jul-02
- 100% ownership in Sep-05
- Second brand concrete business and precast panels
- Major player in the precast panel market in Perth
- Panels address labour supply constraints and reduce construction time and costs
- Investing ~\$10m in an automated plant. Completion mid-CY2008

# WA's land and labour shortages are driving increasing use of precast concrete for construction



Artists impression of "Ceres" at Rivervale, WA

# Site Visit - Orange Grove Quarry



## Boral's Orange Grove quarry services the metropolitan market

- Situated 25km east of Perth CBD
- Rock type: basalt
- 1.2m tonne production pa
- 50m tonne reserve, 35 year remaining life
- 54 employees and 9 contractors
- Zero Lost Time Injuries and Hours Lost in FY07
- Major Customers
  - Internal: 12 metro concrete plants, GoCrete, Boral Asphalt Welshpool
  - External: (mostly roadbase) Densford, GMF, Asphalt Services, Burchnells Paving
- Major Projects - Perth Airport, Boddington Gold Mine



## Orange Grove quarry productivity is increasing on the back of plant and equipment upgrades



New excavator at Orange Grove quarry

