

Boral

2003 Interim Results
by Presentation
Rod Pearse
12 February 2003



**Underlying half year profit
increases by 57% to \$144 million**

Overview of results presentation

- Financial highlights
- Markets review
- Financial results
- Segment overview
 - Building Products, Australia
 - Construction Materials, Australia
 - USA
 - Asia
- Perform & grow strategy
- Outlook

Financial highlights: profit up 57% to \$144m

- PAT up 57% to \$144m, driven by:
 - strong performance in Australia
 - good results in USA and Asia
 - turnarounds/growth
 - effective price management
- Sales revenue up 12% to \$1.9 billion
- EBIT up 49% to \$240m
- EBIT/Sales margins up from 9.3% to 12.4%
- Debt to Equity down to 41%
- ROE up 48% to 12.1% (MAT)

Financial highlights

- Earnings per share up 55% to 25.1 cents
- 11.0 cents per share interim dividend declared; 75% franking (compared with 9 cents/ 35% franked in 1H01)
- 40% increase in grossed up dividend compared with interim dividend for FY2002
- Payout ratio of 44%
- Share price up 32% to \$4.35 for 12 months to Dec-02
- Top quartile of ASX100 total shareholder returns over past three years

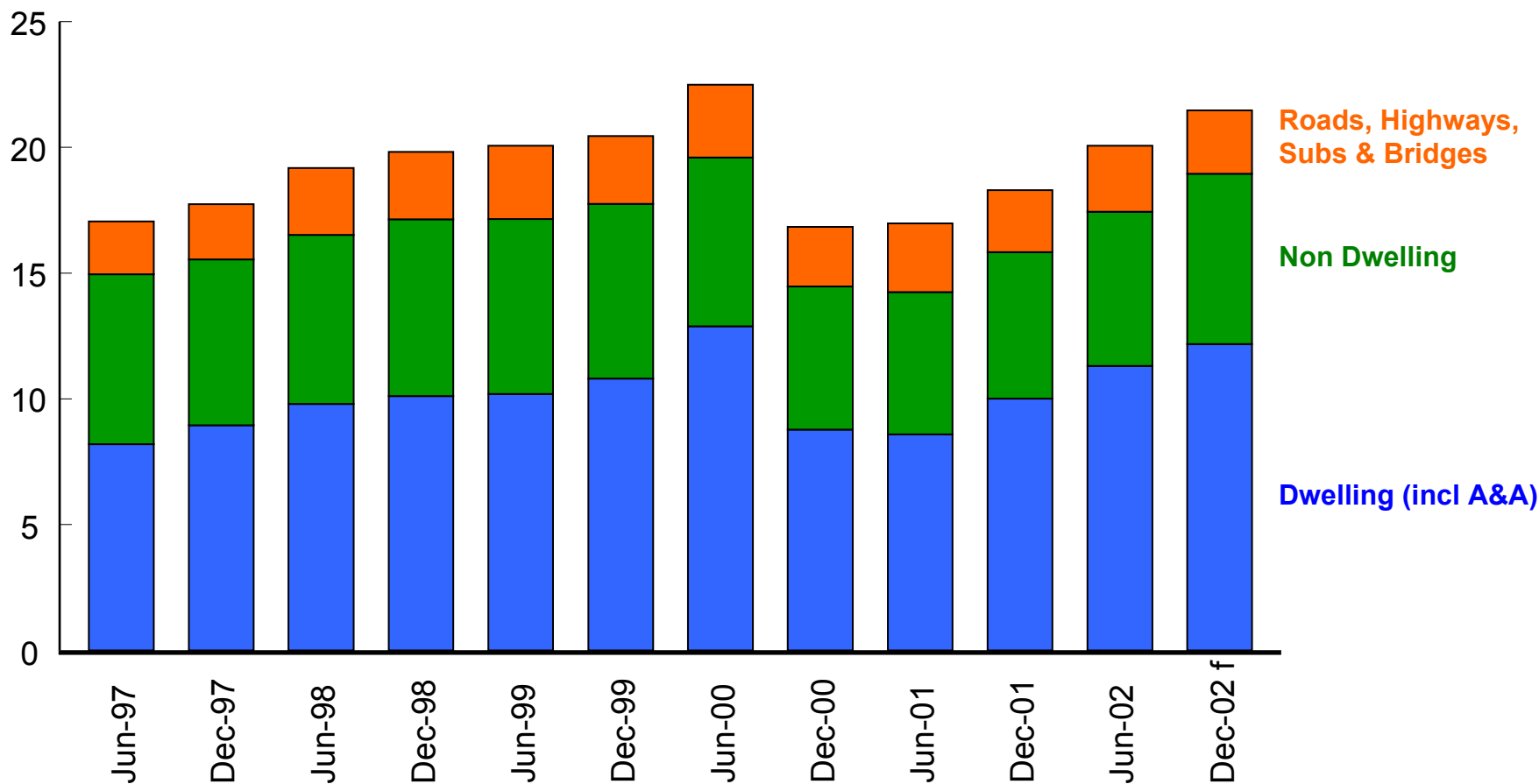
Markets Review



Strong Australian activity levels

AUSTRALIA - VALUE OF WORK DONE (BUILDING & CONSTRUCTION)

\$98 Billion. Half Years. Seasonally Adjusted.

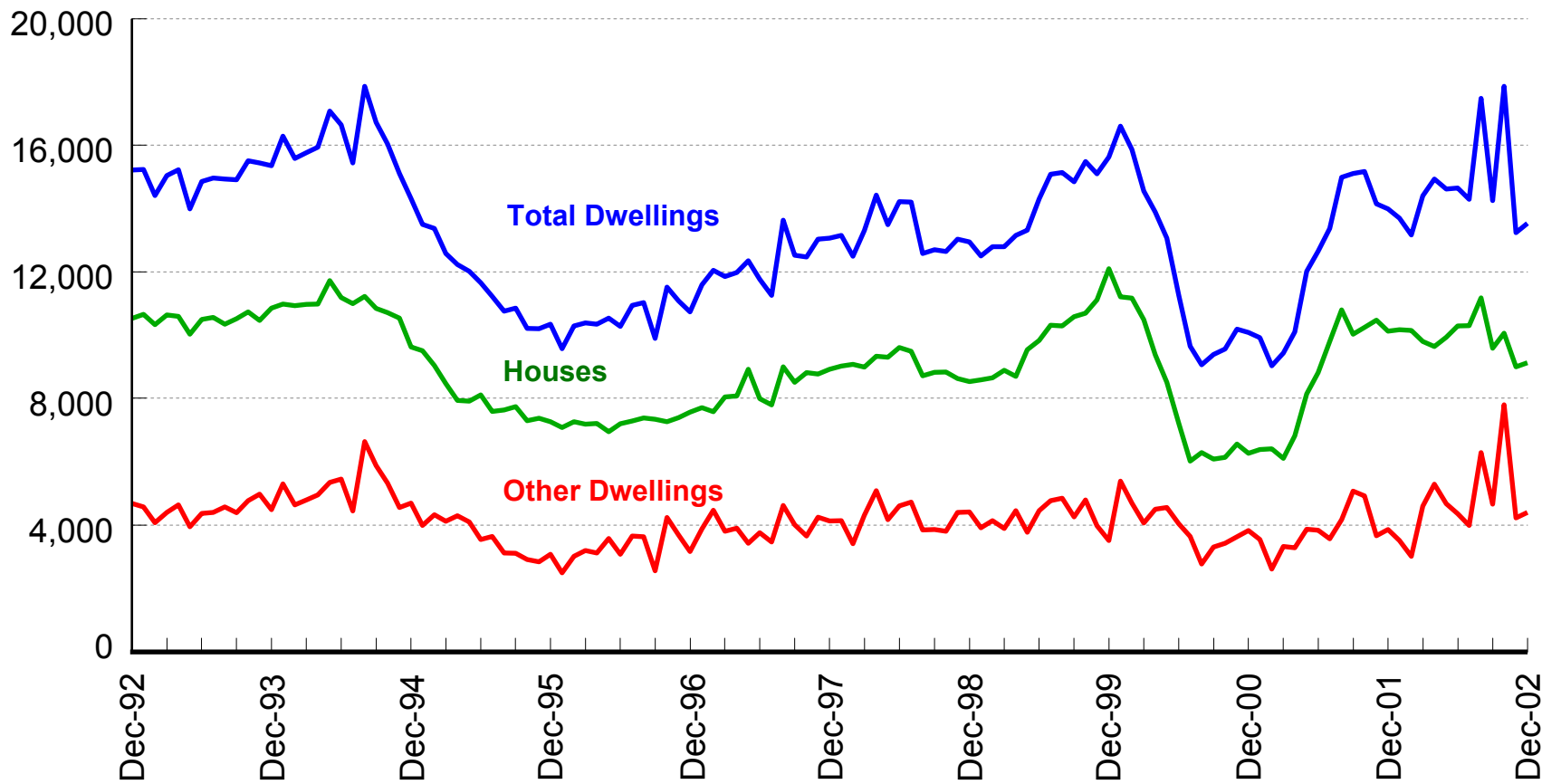


Source: ABS; BIS Shrapnel Dec 02 forecast for December 2002

Dwelling Approvals remained high in the Dec-02 half

AUSTRALIA DWELLING APPROVALS

Quarterly. Seasonally Adjusted.

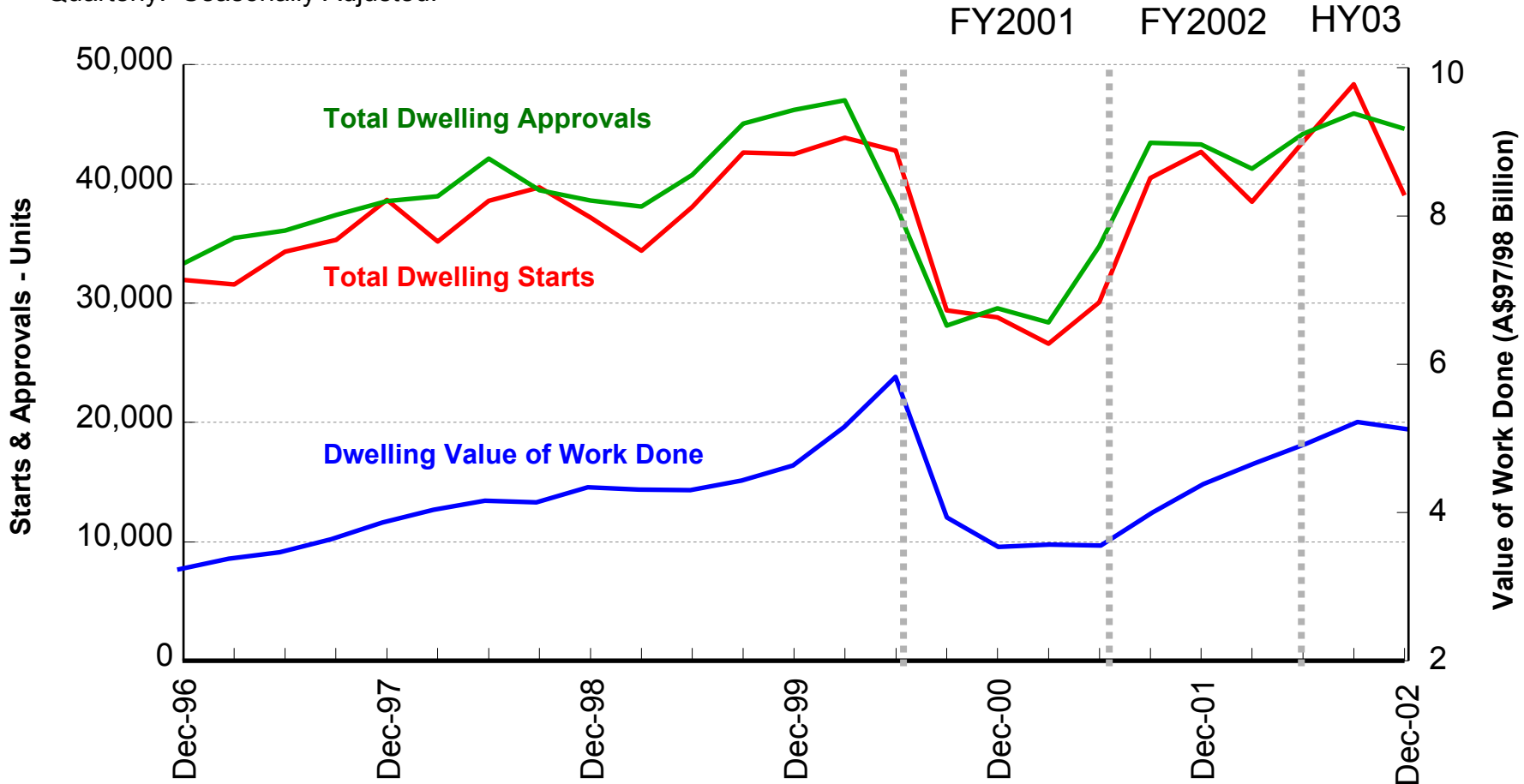


Source: ABS 8731

Australian dwelling value of work done has been strong

AUSTRALIA DWELLING ACTIVITY

Quarterly. Seasonally Adjusted.

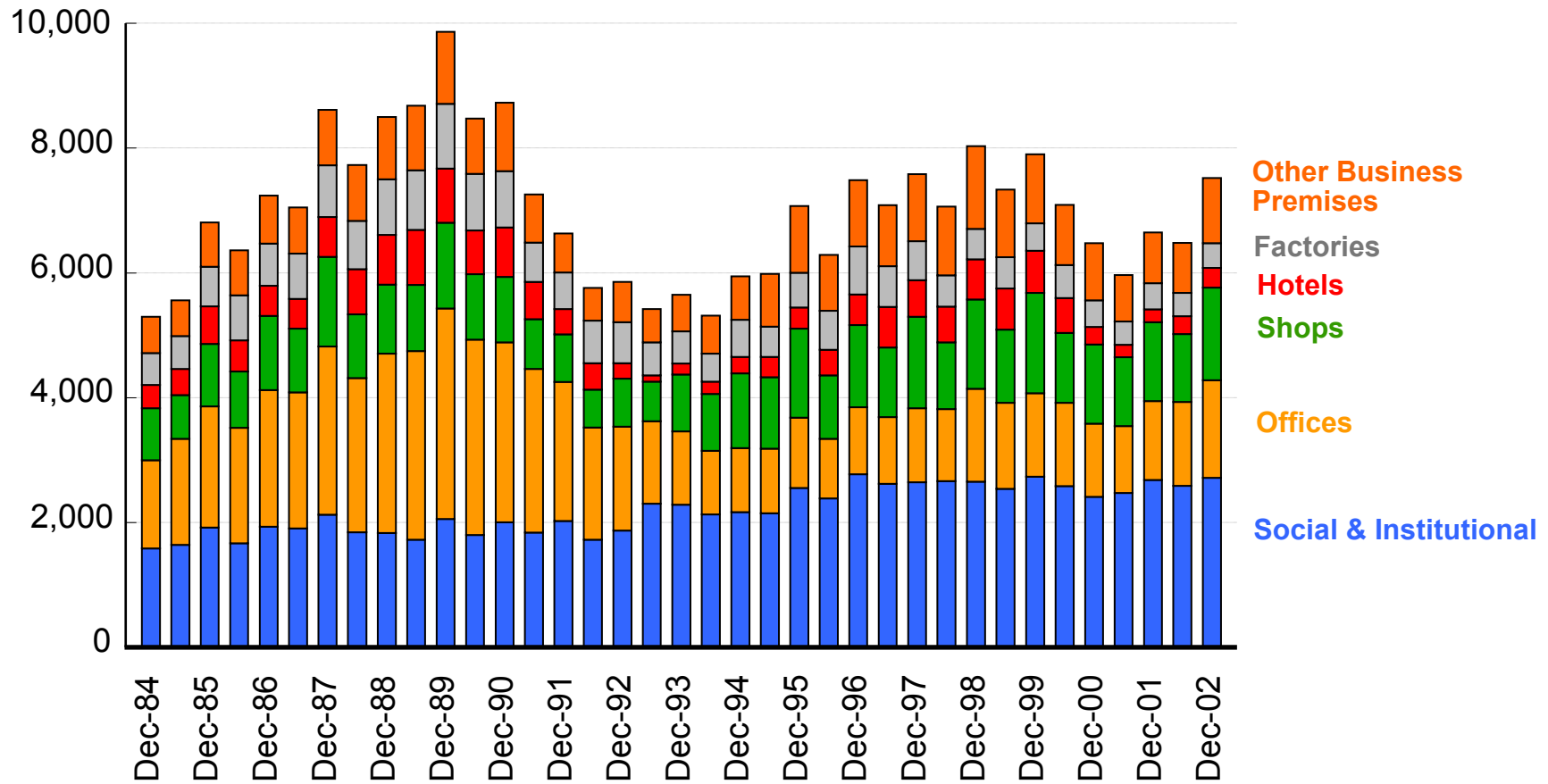


Source: ABS & BIS Shrapnel for Dec 02 quarter: Dec 02 forecast for Dwelling Starts and Nov-02 forecast for Dwelling Value of Work Done

Australian non-dwelling value of work done has been increasing from a low base

AUSTRALIA - NON DWELLING VALUE OF WORK DONE

\$01 Billion. Half Year, Original.

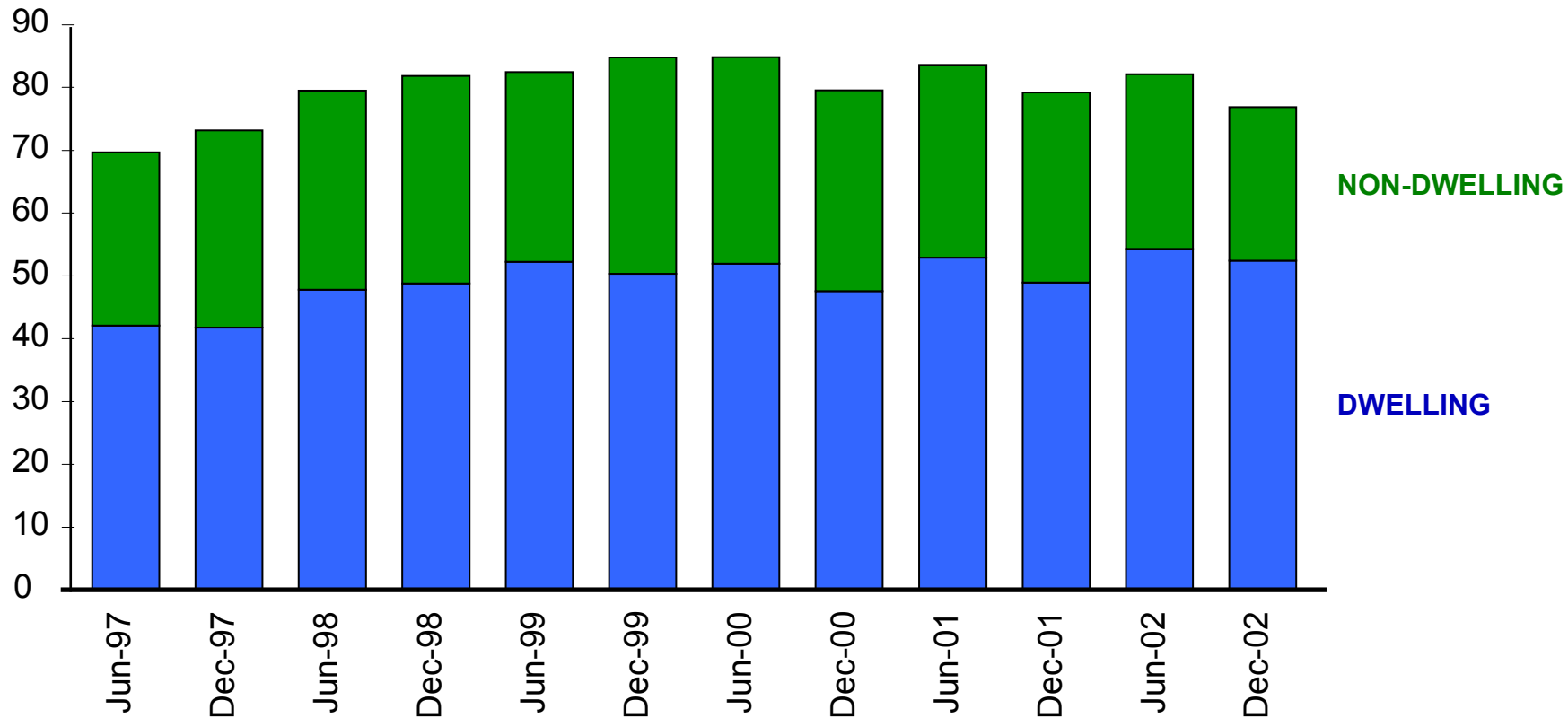


Source: ABS 8752, BIS Shrapnel Nov 02 forecast used for Dec quarter 02

US activity in the Brick States* remains strong

USA BRICK STATES* - VALUE OF WORK COMMENCED

US\$92 Value, Billions



* "Brick States" - Alabama, Arkansas, Florida, Georgia, Illinois, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia.

Source: FW Dodge Dec 02

Financial Results



Underlying profit increased by 57% to \$144m

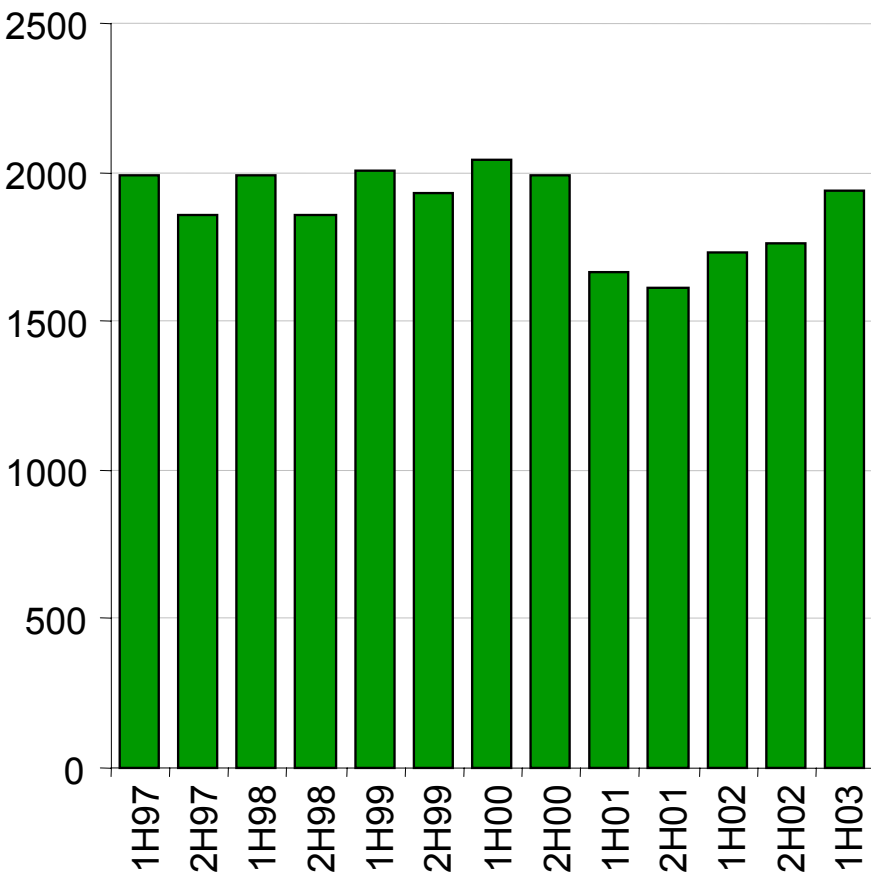
6-months to: A\$ million	Dec-02	Jun-02	Dec-01	Dec-Dec % change
Sales revenue	1,931	1,757	1,732	12
EBITDA	337	275	256	32
EBIT	240	182	161	49
Interest	35	31	32	12
Profit before tax	205	150	130	58
Tax	60	50	37	61
Profit after tax	144	100	92	57

Boral's balance sheet continues to strengthen

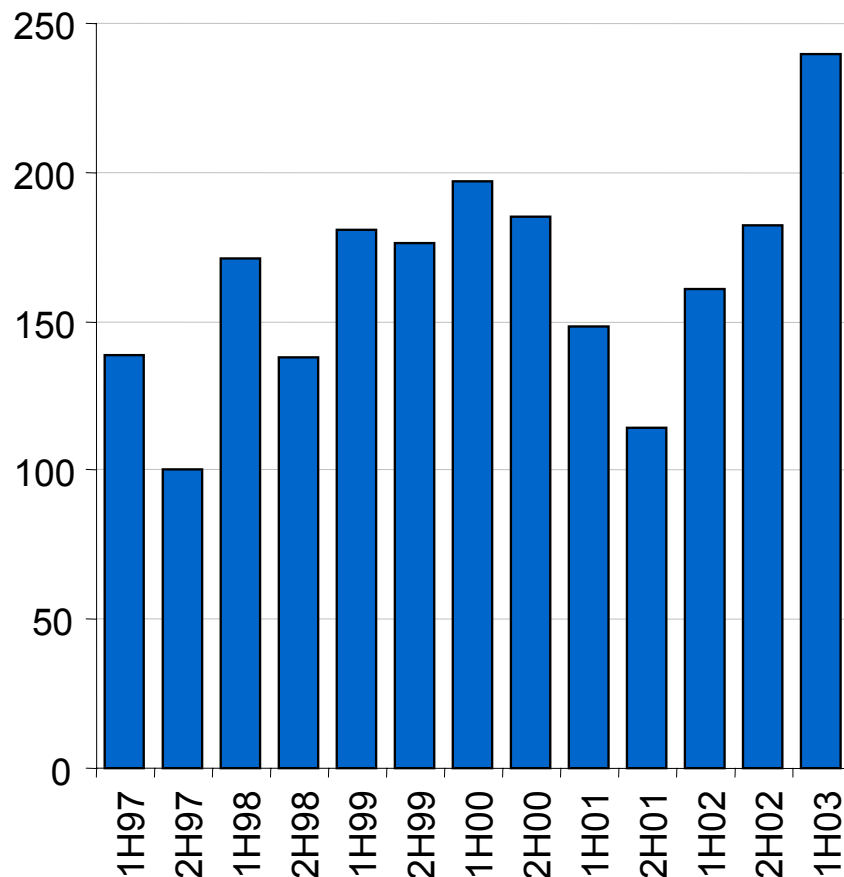
6-months to: A\$ million	Dec-02	Dec-01	% change
Net debt	864	1,056	(18)
Interest	35	32	12
Debt / (Debt + Equity), %	29	35.5	(18)
Debt / Equity, %	41	55	(25)
Interest cover, times	6.8	5.1	33
Funds employed, \$m	2,968	2,972	-
ROFE, % (MAT)	14.6	9.3	57
NTA / share, \$	3.29	2.94	12

Sales have returned to stronger levels; EBIT has strengthened substantially

Sales revenue, \$million



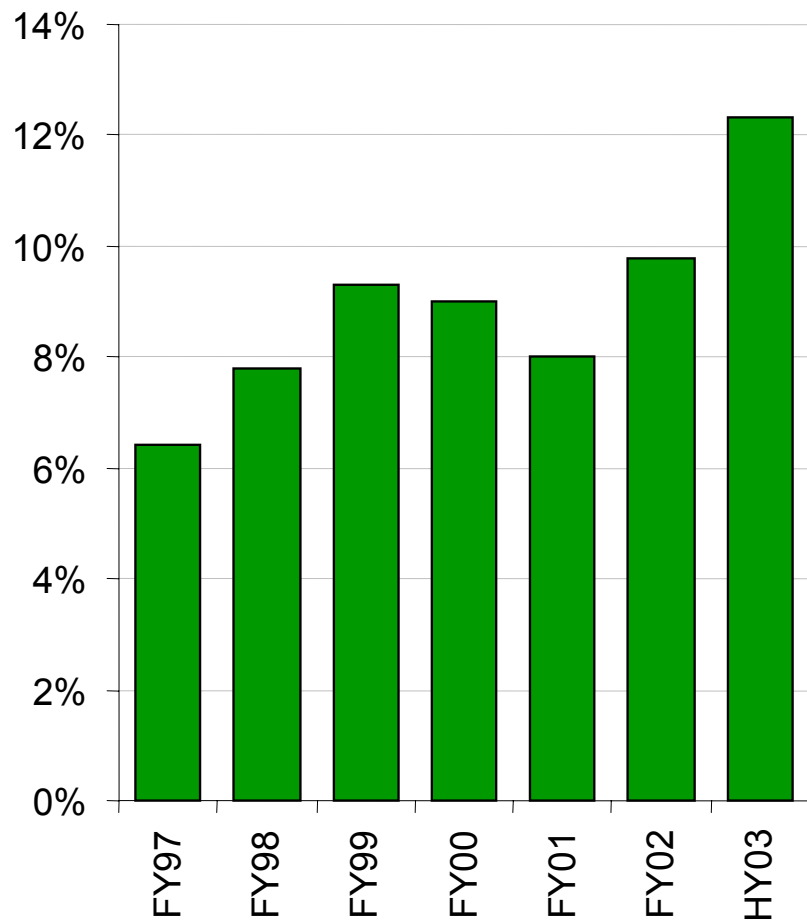
EBIT, \$million



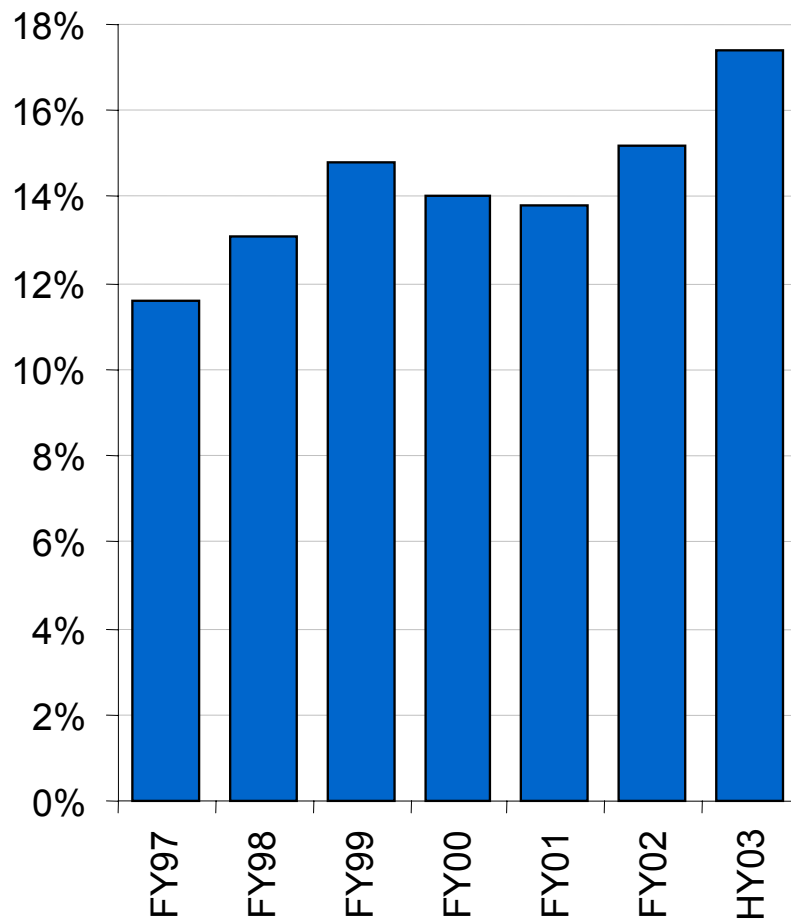
Results for reported building and construction materials businesses each year

Margins have continued to improve

EBIT/Sales



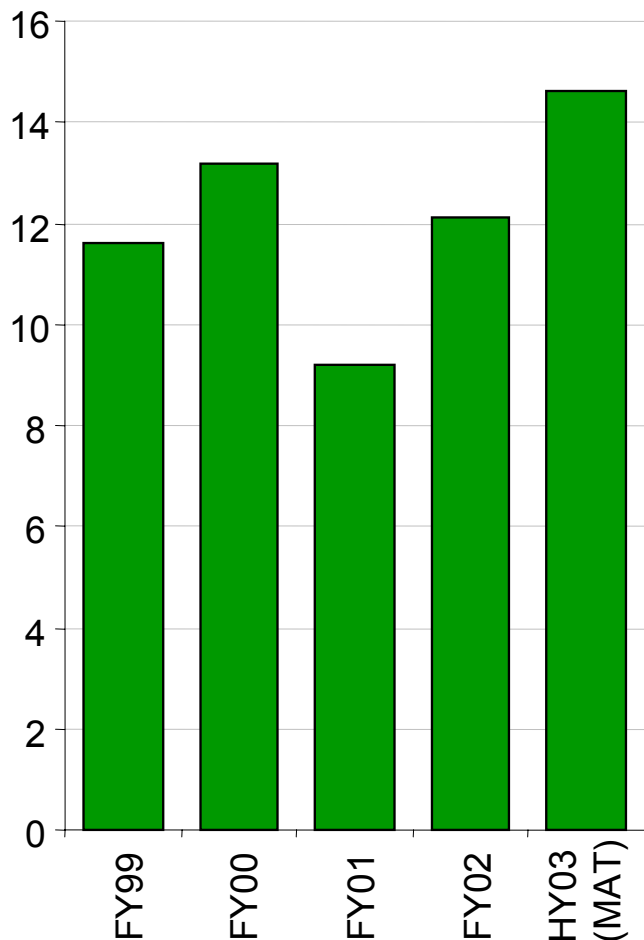
EBITDA/Sales



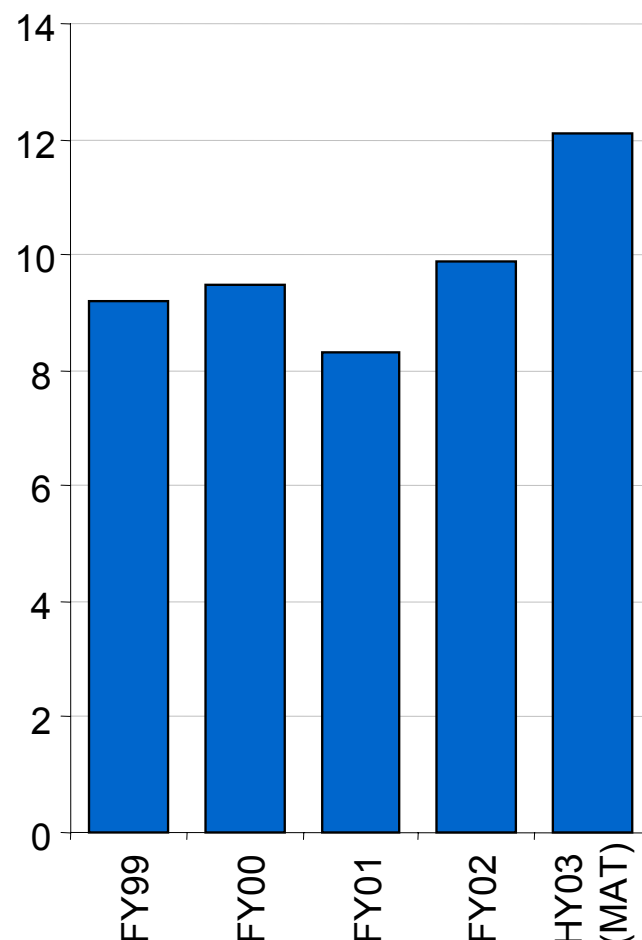
Results for reported building and construction materials businesses each year

Returns have significantly improved

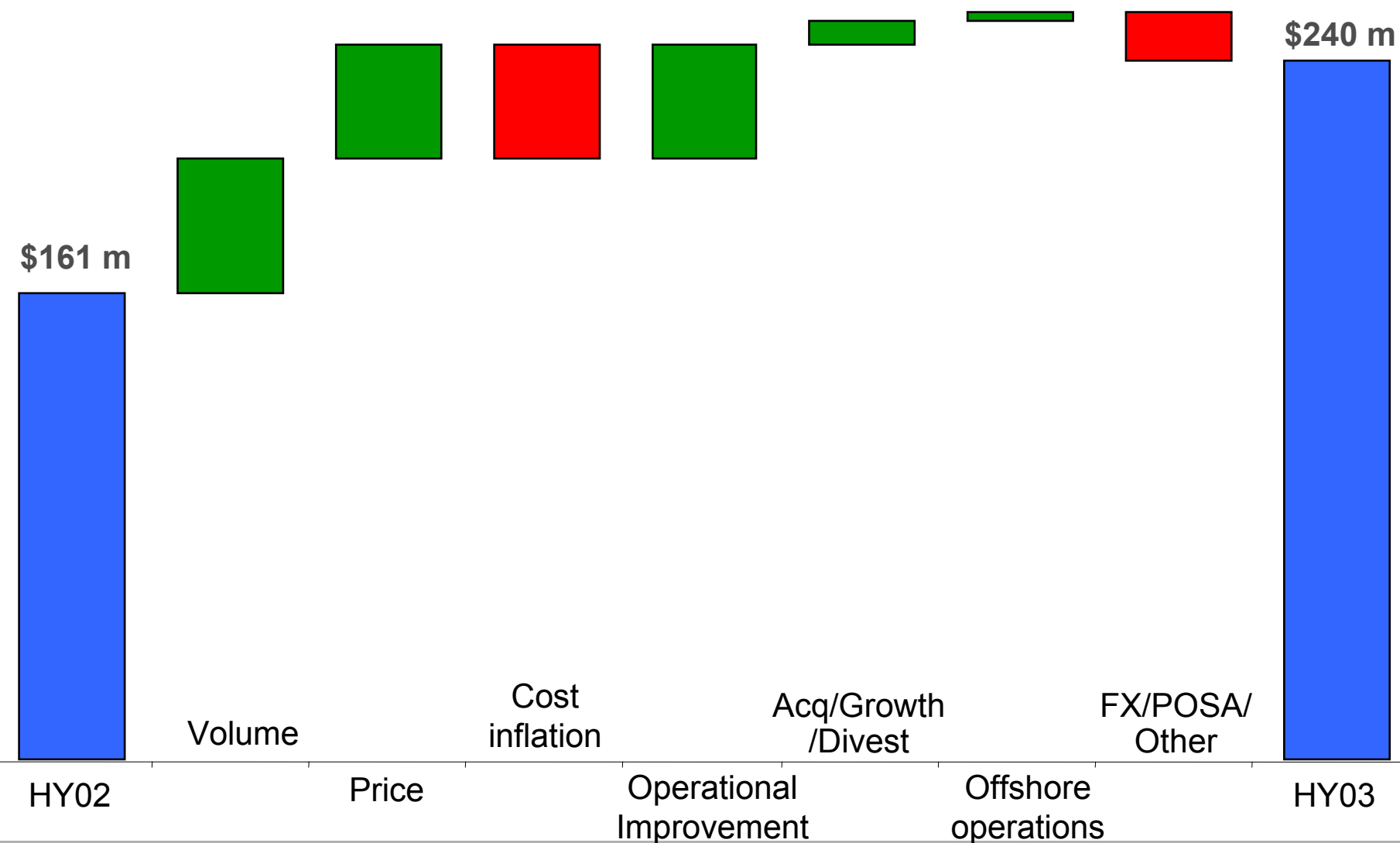
ROFE, %



ROE, %



Stronger volumes & prices together with underlying improvements underpin the improved EBIT result



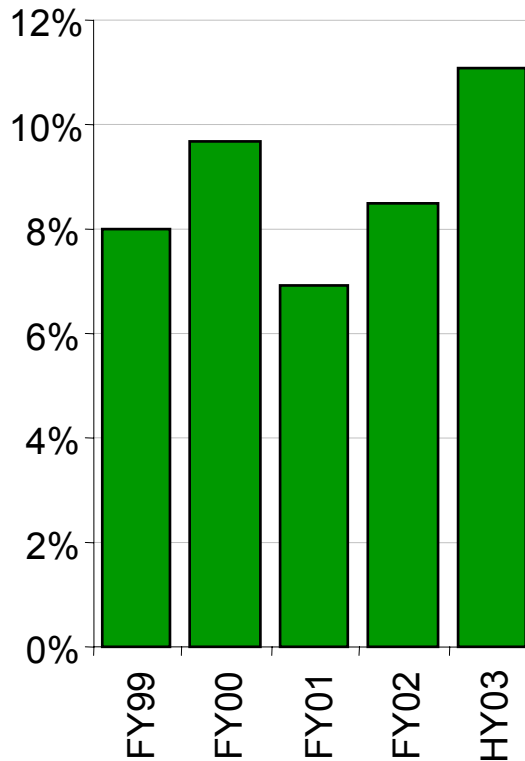
Strong lift in Australian returns

Revenue A\$ million	Dec-02	Dec-01	% change
Building Products, Australia	592	487	22
Construction Materials, Australia	919	802	15
USA	379	413	(8)
Asia	40	28	46
Discontinued	1	2	
Total	1,931	1,732	12
EBIT A\$ million	Dec-02	Dec-01	% change
Building Products, Australia	65	36	80
Construction Materials, Australia	113	62	84
USA	54	59	(9)
Asia	14	10	32
Corporate, Discontinued & Other	(6)	(6)	
Total	240	161	49

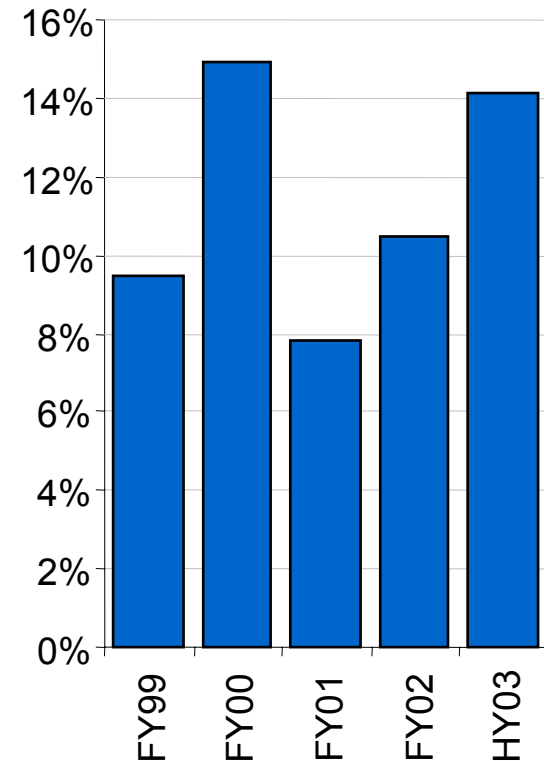
Stronger results from Building Products, Australia

- Sales up 22% to \$591m
- EBIT up 80% to \$65m
- EBIT/Sales margin up from 7.5% to 11.1%
- EBITDA/Sales margin up from 11.8% to 14.9%
- Funds employed down 2% to \$809m
- ROFE* up from 6.7% to 14.1%

EBIT / Revenue



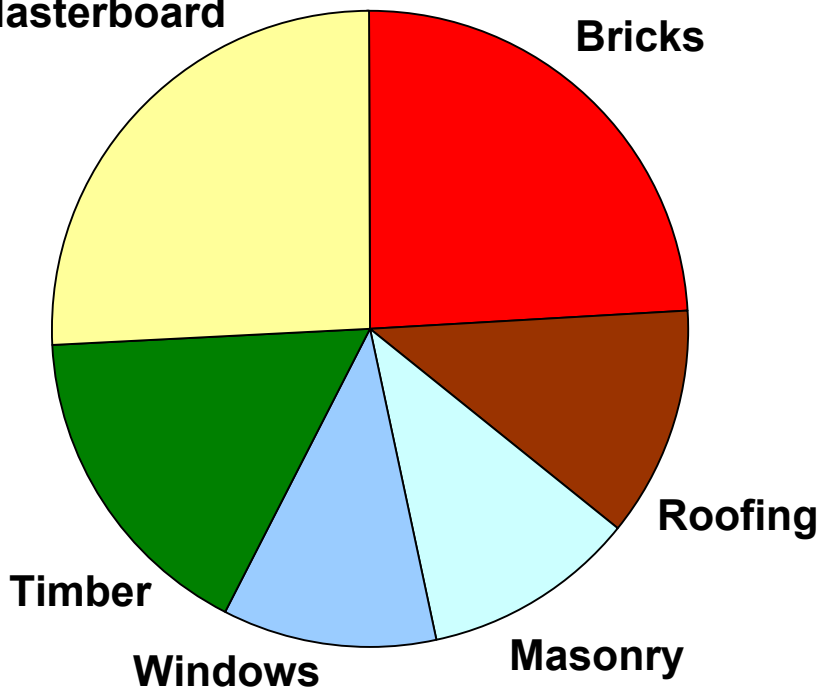
ROFE*



* Moving Annual Total Return on Funds Employed

Building Products, Australia benefited from 22% uplift in housing

Australian
Plasterboard



Share of 1H03 (External)
Revenue

- Strong uplift in Australian housing activity (VWD +22%)
- Significant gains in Bricks; price softening due to product mix
- Strong performance from Masonry
- Improved Roofing result
- Cost reductions & volume uplifts more than offset price softening in Plasterboard
- Significant turnarounds in Timber and Windows

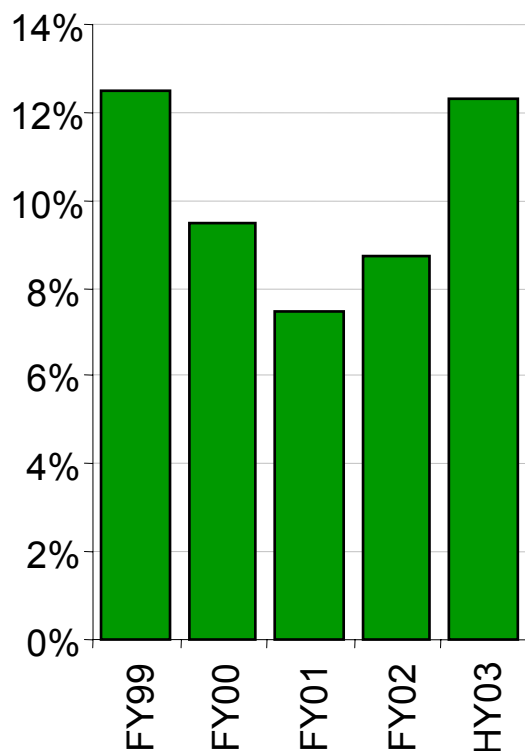
Boral Masonry won High Court appeal in predatory pricing case

- Landmark decision
- Trial judge's decision correct - Boral did not have market power
- Boral set prices by reference to the market
- Good for consumers – promotes vigorous price competition
- Boral's conduct was lawful, vigorous & competitive
- Prospect of recoupment needs to be shown to establish predatory pricing
- Vertical integration & financial strength do not per se restrict competitive behaviour

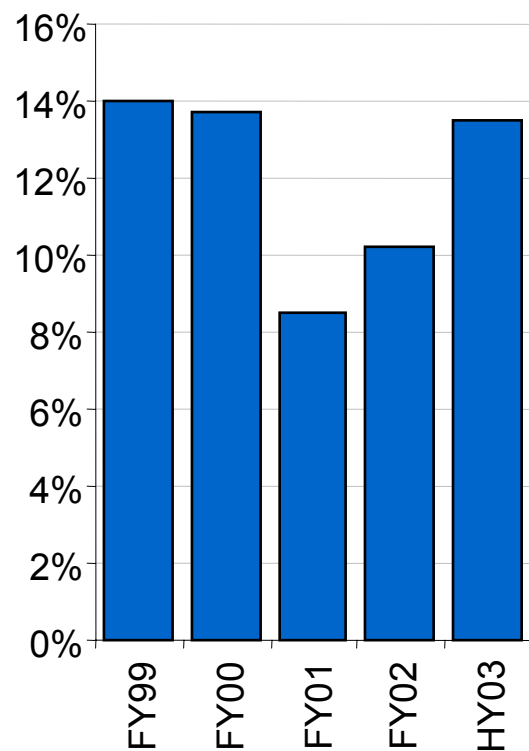
Construction Materials, Australia returns are back to strong levels

- Sales up 15% to \$919m
- EBIT up 84% to \$113m
- EBIT/Sales margin up from 7.7% to 12.3%
- EBITDA/Sales margin up from 13.6% to 17.5%
- Funds employed up 3% to \$1,474m
- ROFE* up from 8.8% to 13.5%

EBIT / Revenue

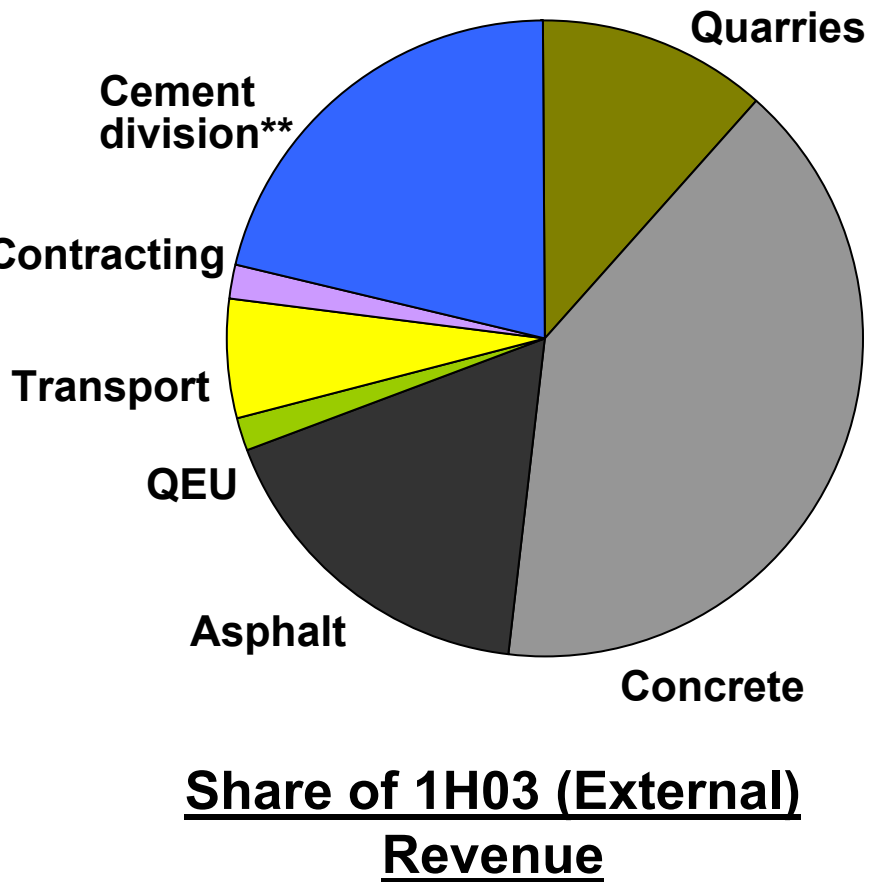


ROFE*



* Moving Annual Total Return on Funds Employed

Improved pricing and volume uplifts benefited Construction Materials, Australia



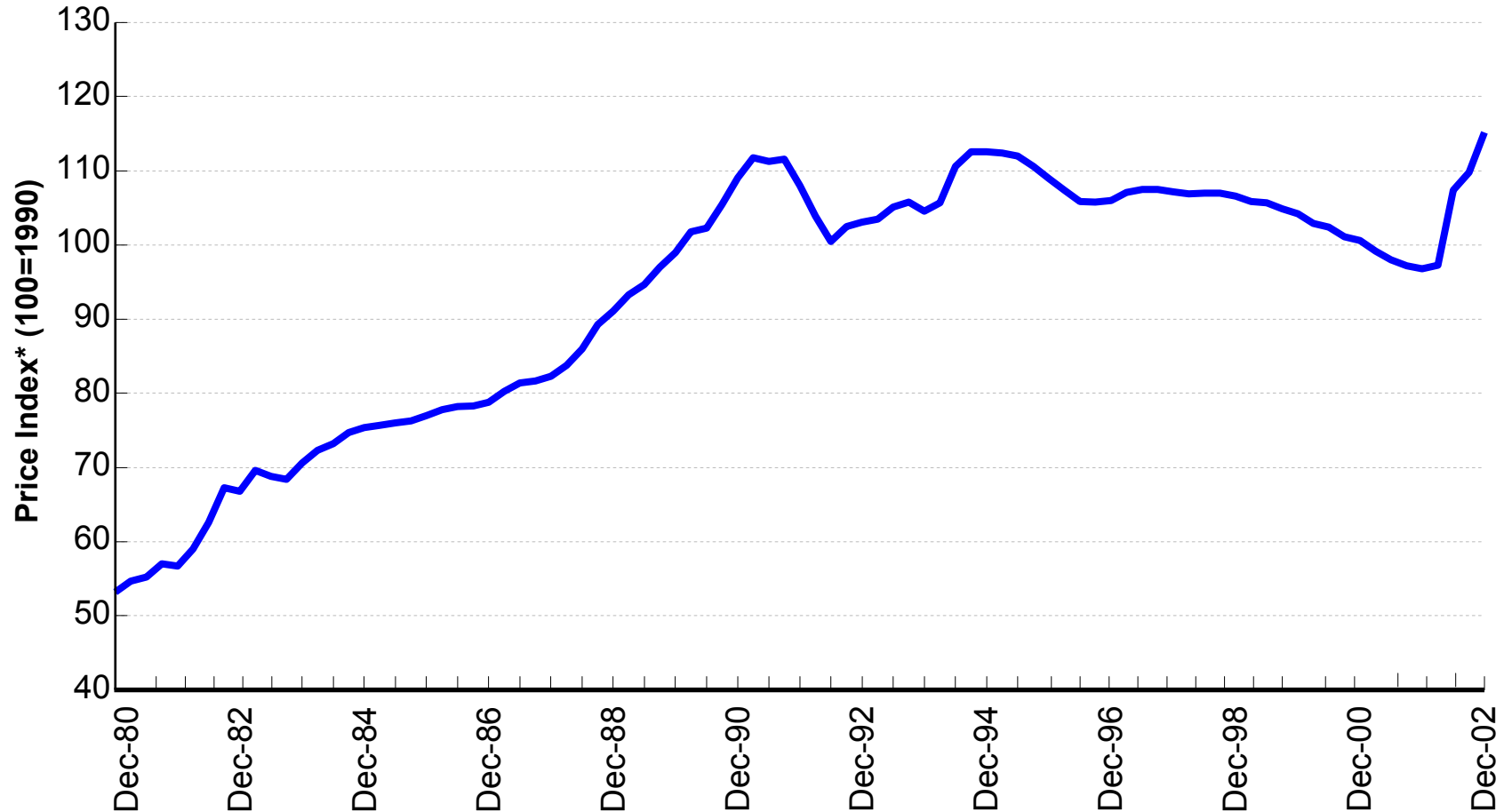
- Improved Cement, Quarry & Concrete pricing
- Stronger Concrete & Quarry volumes
- Growth in Cement volumes & lime sales
- Cement capacity constraint
- Improved Asphalt result
- Recovery in Scaffolding utilisation
- QEU contributed \$8.5m profit

** Cement division includes BCSC, concrete placement & scaffolding

Stronger readymix concrete prices

AUSTRALIA - READY MIX CONCRETE

QUARTERLY



Source: ABS Price Index for Material Used in Other than House Building – Readymix Concrete (Weighted Average of six Capital Cities)

Strong US results maintained in US\$; A\$5m negative exchange rate impact on translation

Sales steady at US\$210m
(exc. MonierLifetile)

EBIT steady at US\$30m

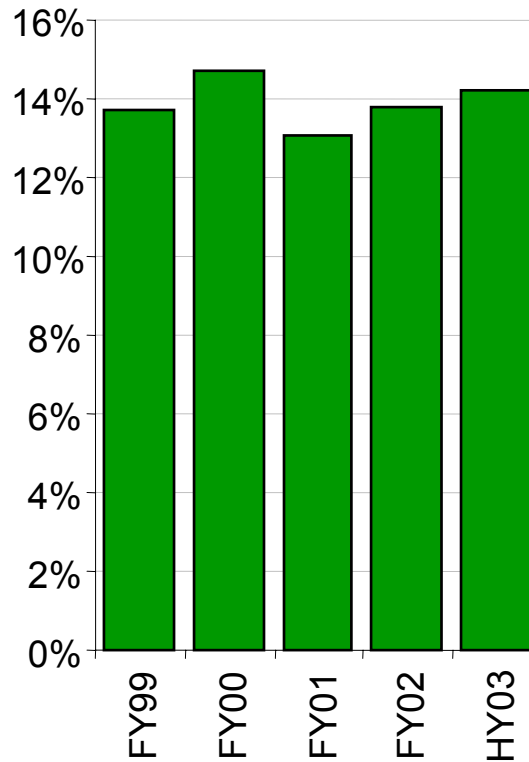
EBIT/Sales margin
steady at 14.2%

EBITDA/Sales margin
up from 19.9% to 20.5%

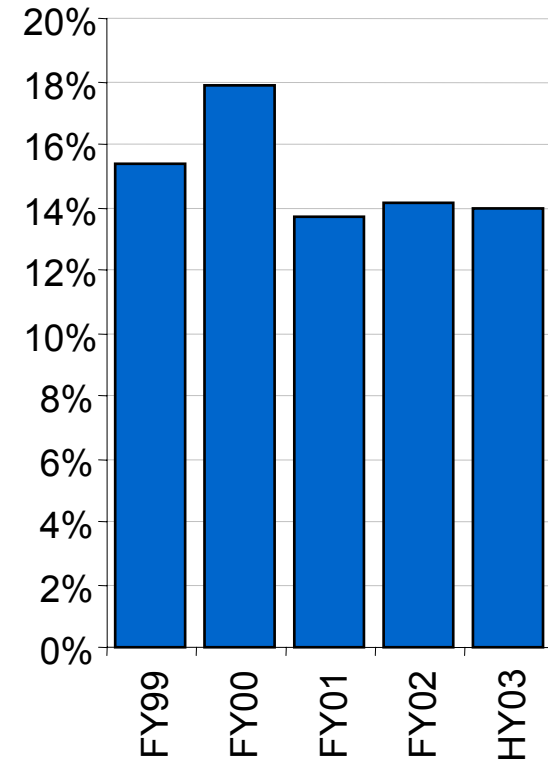
Funds employed flat
at US \$402m

ROFE* (US\$) up from
13.4% to 14.0%

EBIT / Revenue

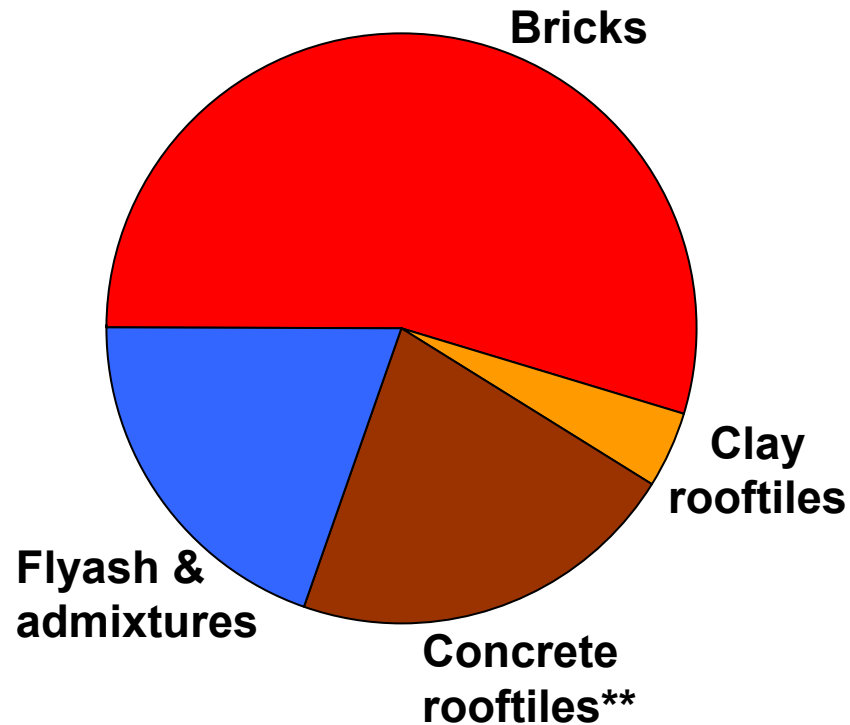


ROFE*



* Moving Annual Total Return on Funds Employed

Strong market conditions underpin strong contribution from United States



Share of 1H03 Revenue

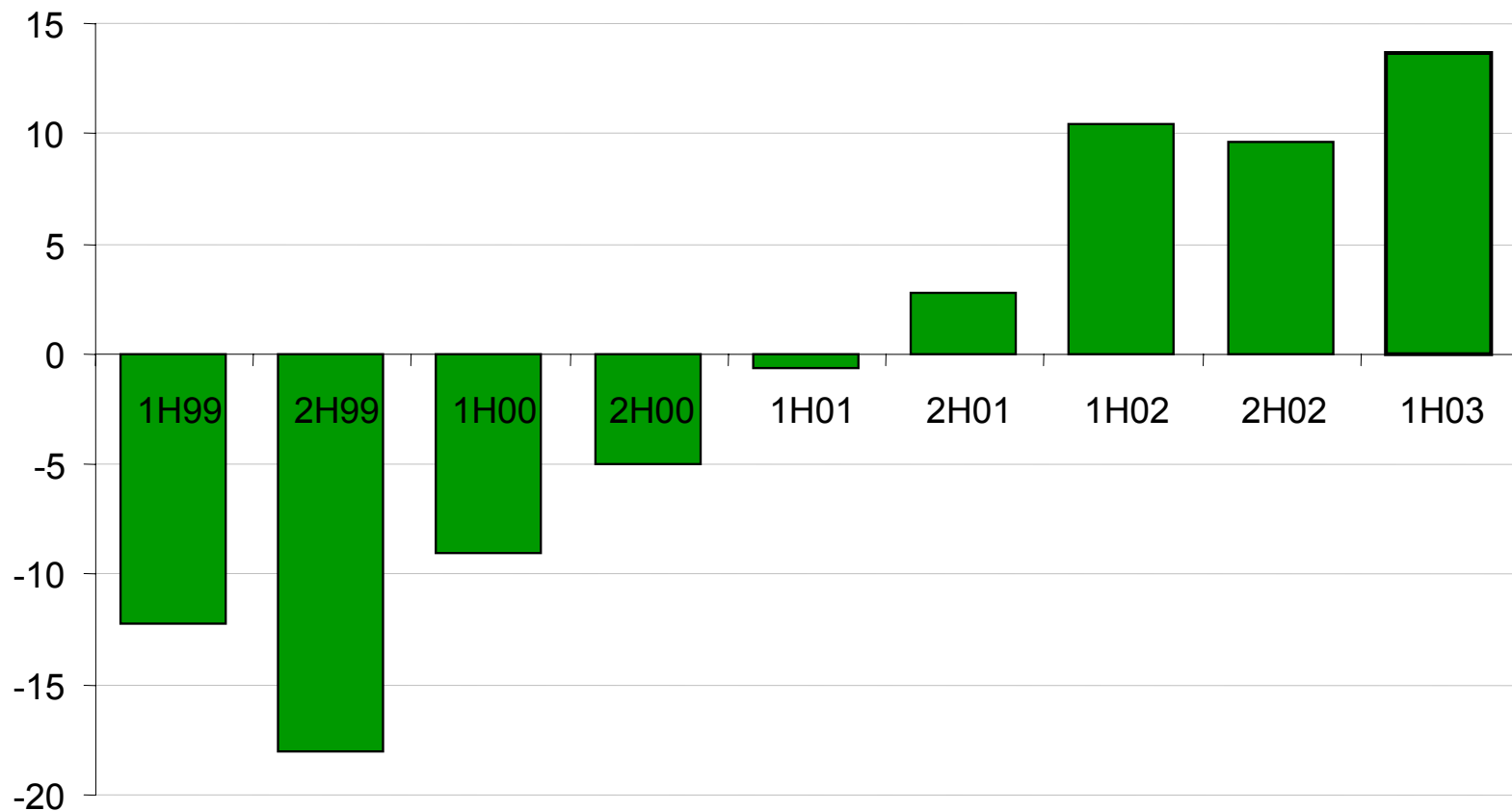
- Housing market remains strong
- Softer result from Bricks due to some price softening
- Turnaround of BMTI business
- Steady turnaround in Monier-Lifetile's underlying EBIT
- Softer Clay Tile volumes offset by operational improvements & higher prices

** MonierLifetile JV is equity accounted - Boral's share of revenue does not appear in consolidated accounts but is included in the revenue pie chart

Strong turnaround sustained in Asia

ASIA EBIT (including Plasterboard and Construction Materials)

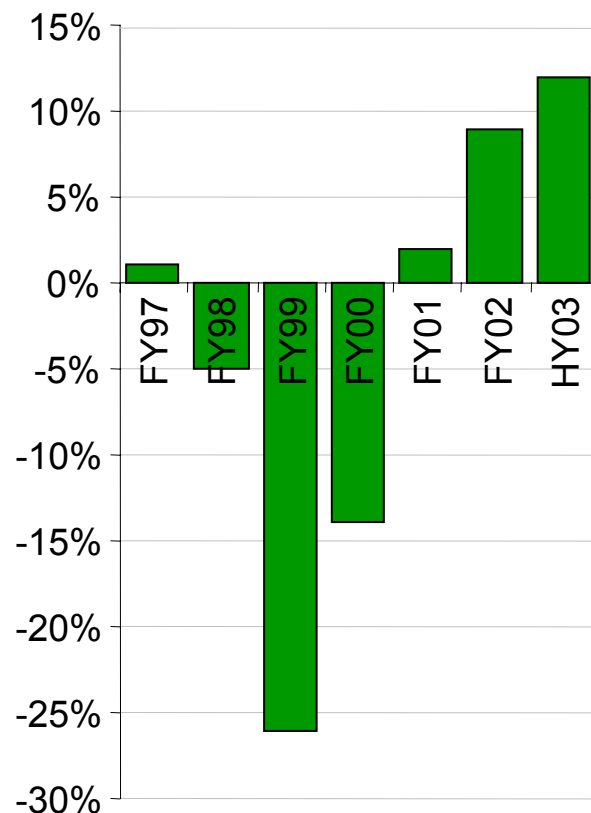
A\$ million



Steady improvement from Asian operations

- Sales up 46% to \$40m
- EBIT up 32% to \$14m
- Underlying Plasterboard market growth of around 10%
- South Korea slow in first quarter but regained momentum in Dec-quarter
- Stronger result from Indonesian Concrete & Quarries
- Construction materials growth: increased batch plants & pipe business acquisition

EBIT / Revenue**



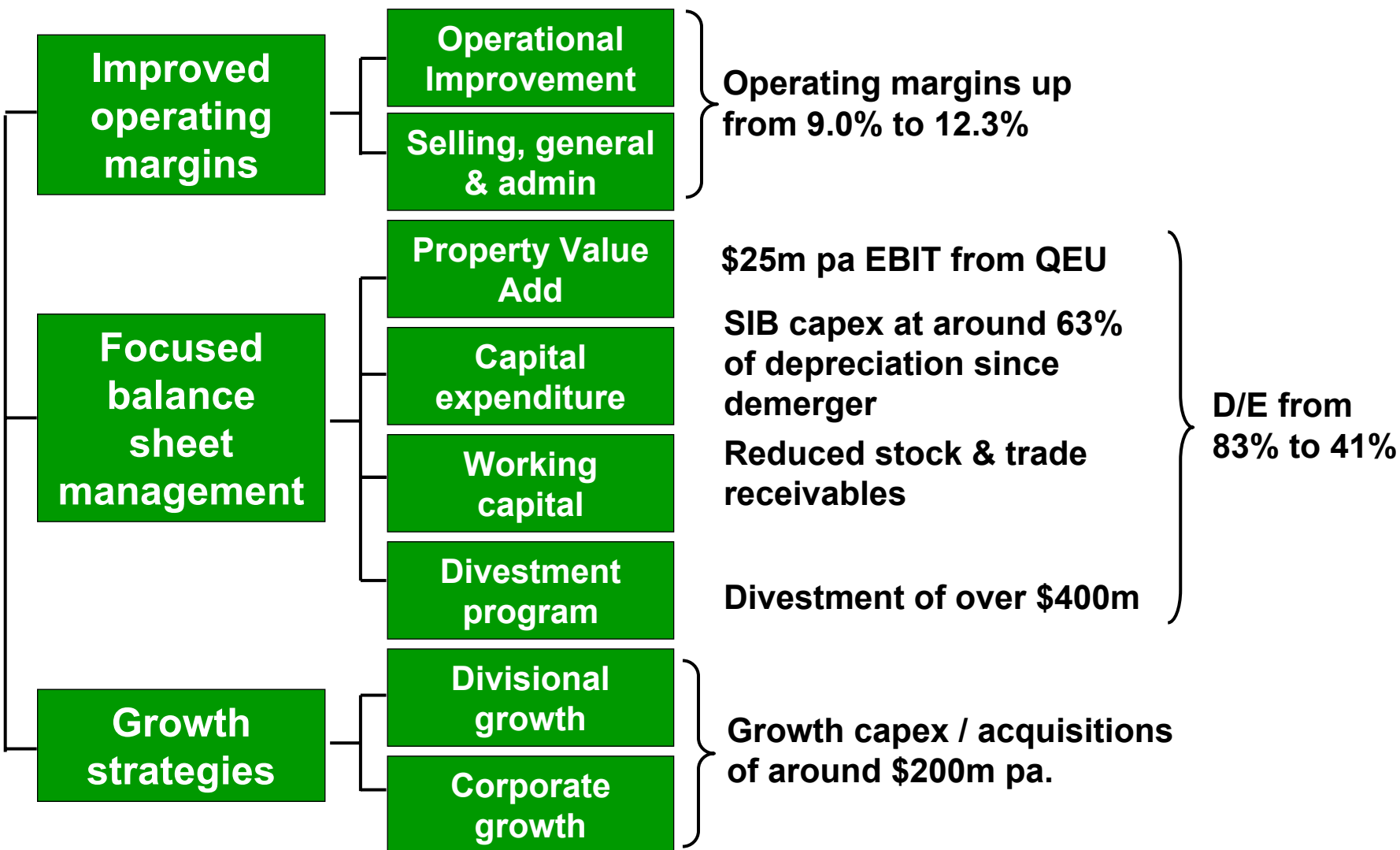
** FY01, FY02 & FY03 revenues include Boral's share of the Plasterboard Asia JV

Boral's Strategic Intent

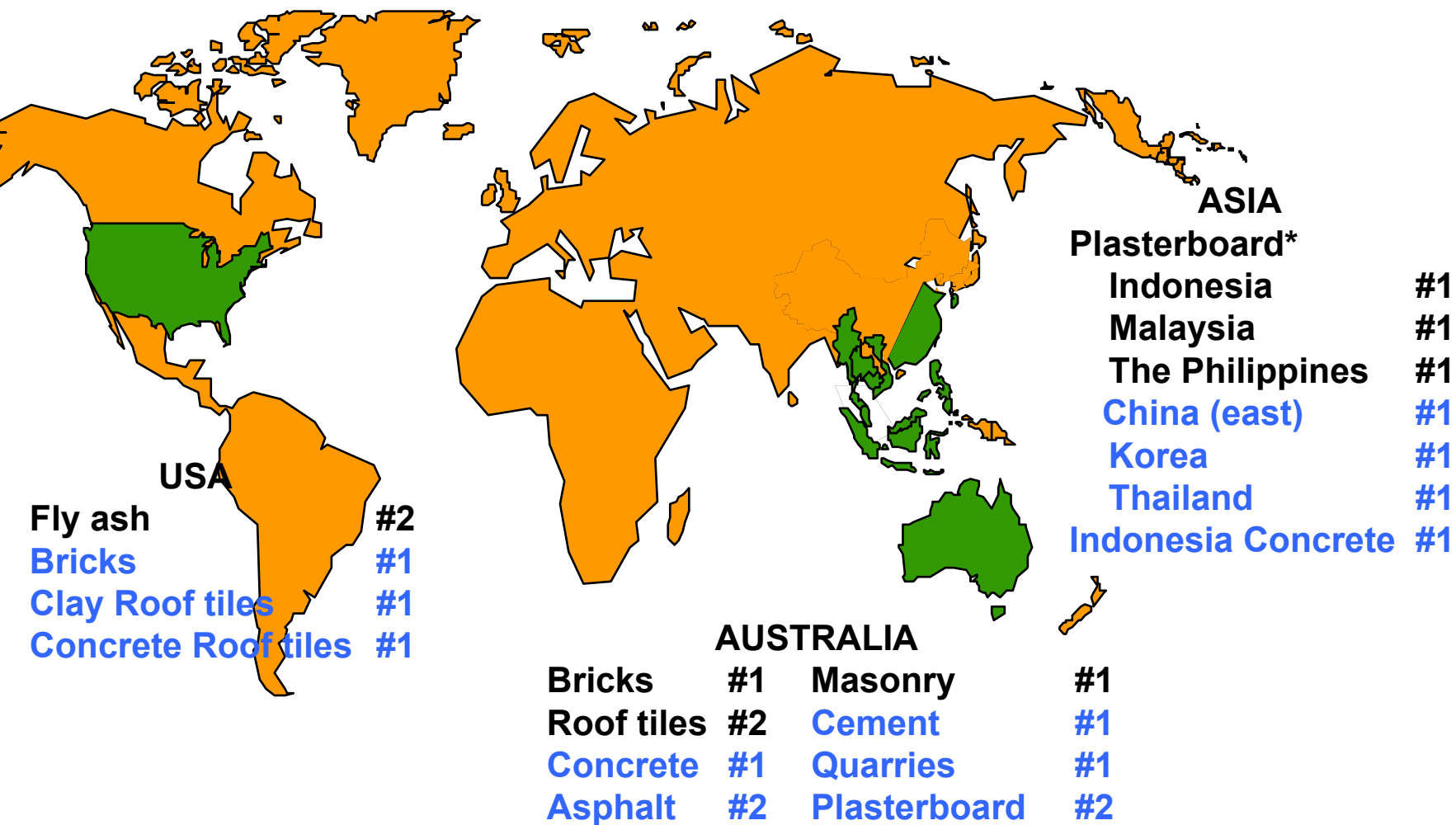
“Boral intends to be a **value-driven, focused building and construction materials supplier operating in Australia and increasingly offshore”**

CEO (Elect), October 1999

Perform & Grow Strategy



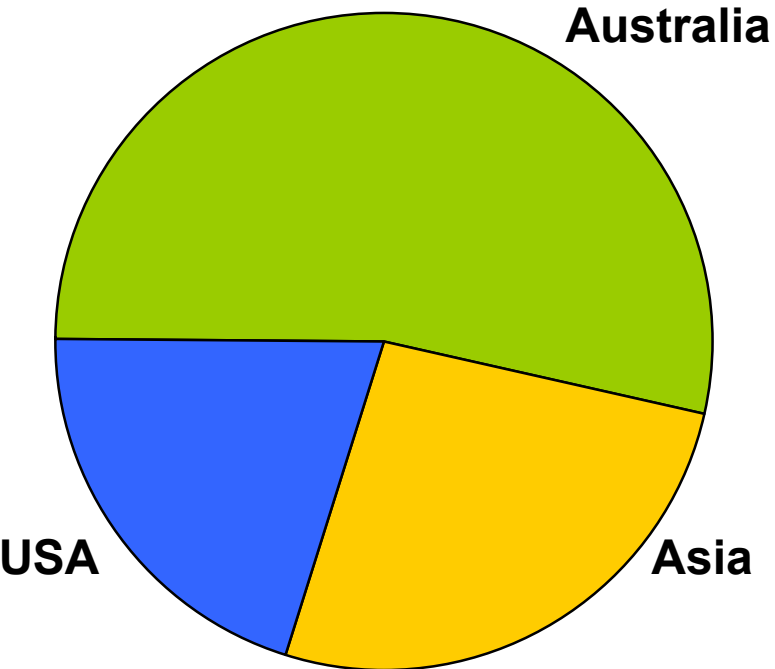
“We will grow around our leading reserve and market positions” *CEO Elect, Oct-99*



Joint venture with Lafarge

Over \$725m of capital allocated to growth in Australia and offshore since demerger

COMPLETED AND PLANNED GROWTH EXPENDITURE



Australia

Oberon Softwood JV, Koolkhan upgrade, Concrete & Alsafce Concrete, Transfield Asphalt, Marulan lime upgrade, Compton Park Quarry, **Go-Crete, Canberra Minimix, Stud & Track, Allen's Asphalt Qld, NSW & Vic Cement expansion**

Asia

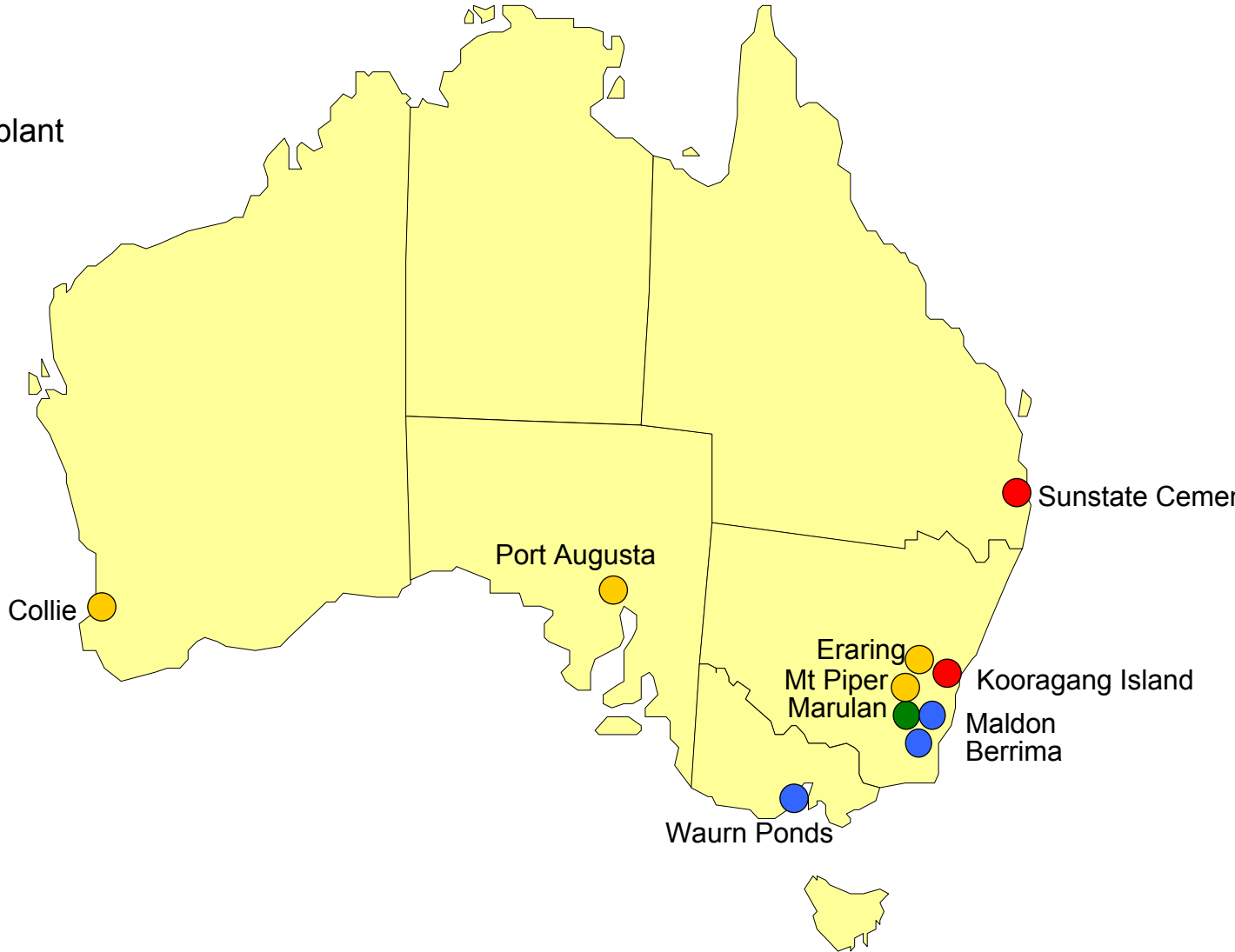
Plasterboard JV (incl. Siam Gypsum), **Indonesia Concrete Assets, Rocla Pipe in Indonesia**

USA

Vostile, Commercial/moulded brick upgrade, new Augusta paver plant, new rooftile plants at Denver, Mexico, MonierLifetile expansion, **acquisition of Franklin Brick**

Boral has leading cement positions in NSW & Victoria

- Clinker / Cement plant
- Grinding Mill
- Limestone / Lime
- Flyash



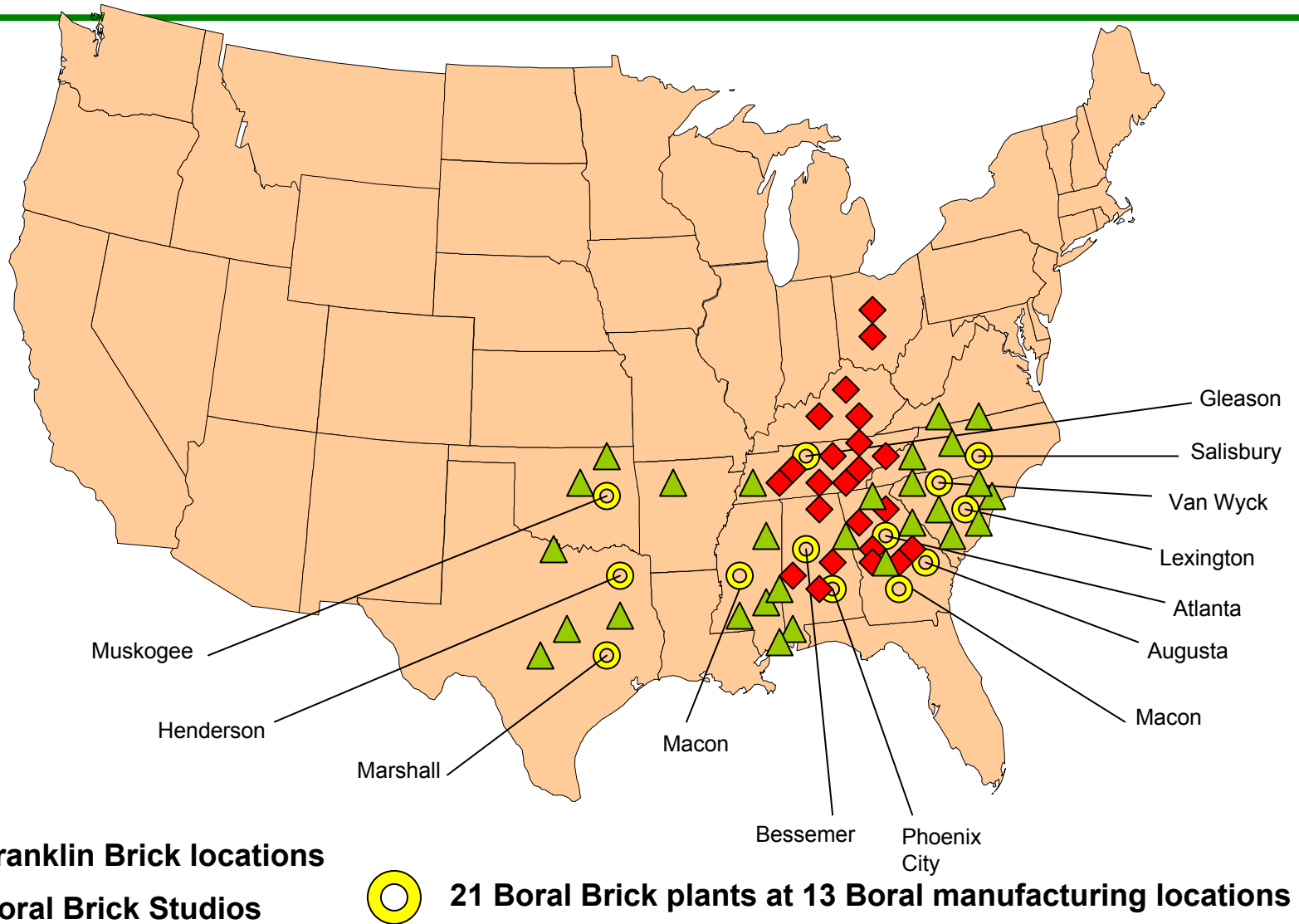
Our cement upgrade program will strengthen our cost position and enhance our capacity flexibility

- Cement upgrade program:
 - \$131m capital at Waurin Ponds (Vic) & Berrima (NSW)
 - \$25m cost savings (end of FY04) – lower energy & freight costs; reduced greenhouse gas emissions
 - Avoid \$30m of SIB capex
 - Upgrade to 1.4m tpa low-cost kiln 6
 - Capacity flexibility to meet growing market demands
 - Currently net importing into Australia

The Franklin Brick acquisition will strengthen our #1 position in Bricks in the USA

- US\$66m acquisition; trailing EBITDA multiple of 6.1 times
- Following the acquisition Boral will have 48 distribution centres in 13 US states
- Move further into direct sales to end customers
- Improved operating margins
- Further savings from freight logistics, inventory management purchasing, streamlined marketing & back office functions
- FTC approval required
- Small impact in 2HY03; full year EBITDA impact in FY2004 of around US\$13m

Franklin facilities complement existing brick operations

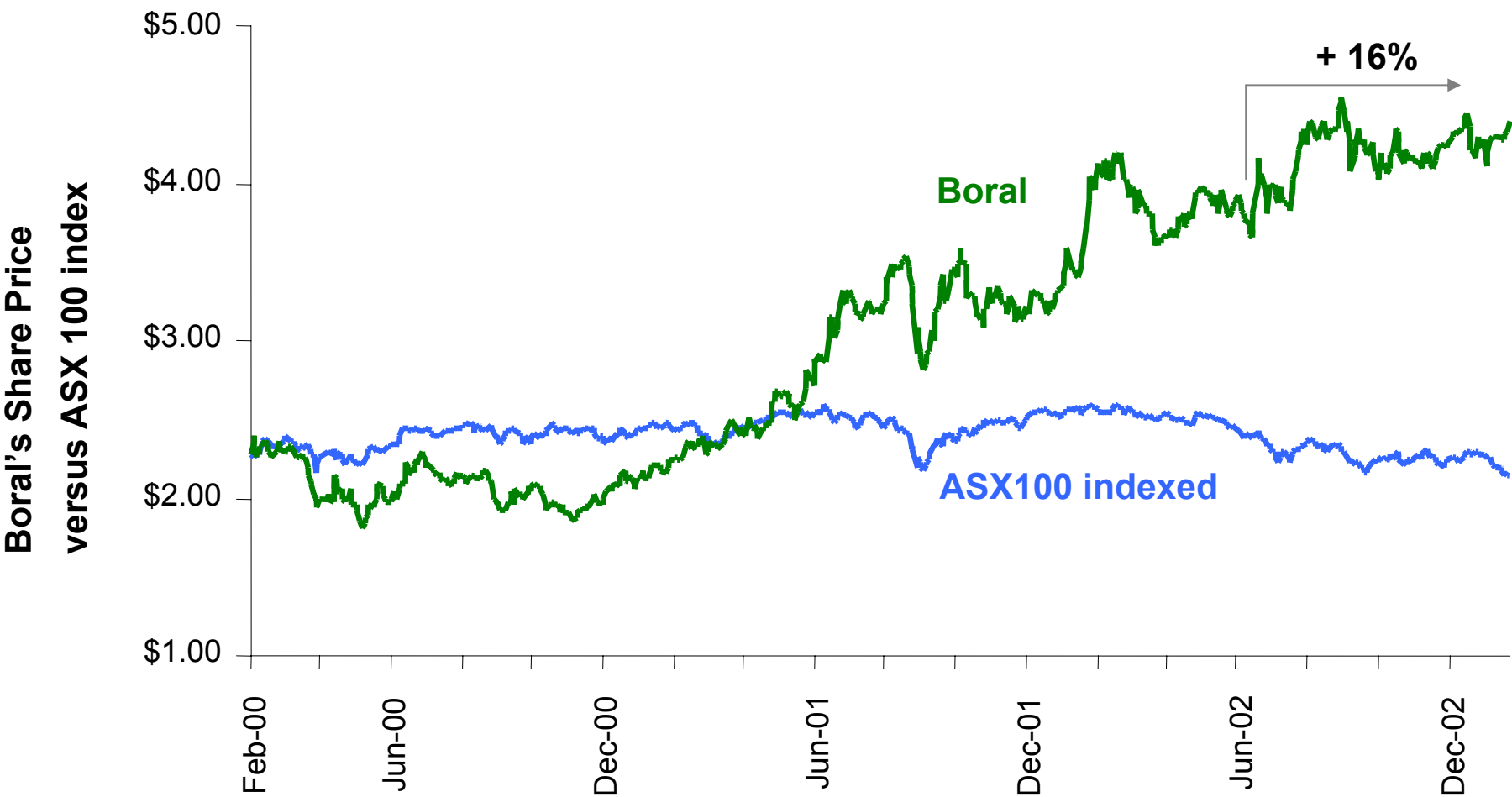


We are delivering on our *Financial Objectives*

FINANCIAL OBJECTIVES:

- Exceed the weighted average cost of capital (WACC) on a sustainable basis through the building cycle
- Beat the competition in comparable markets
- Deliver superior total shareholder returns (TSR)

Boral's share price up 16% for six months to Dec-02

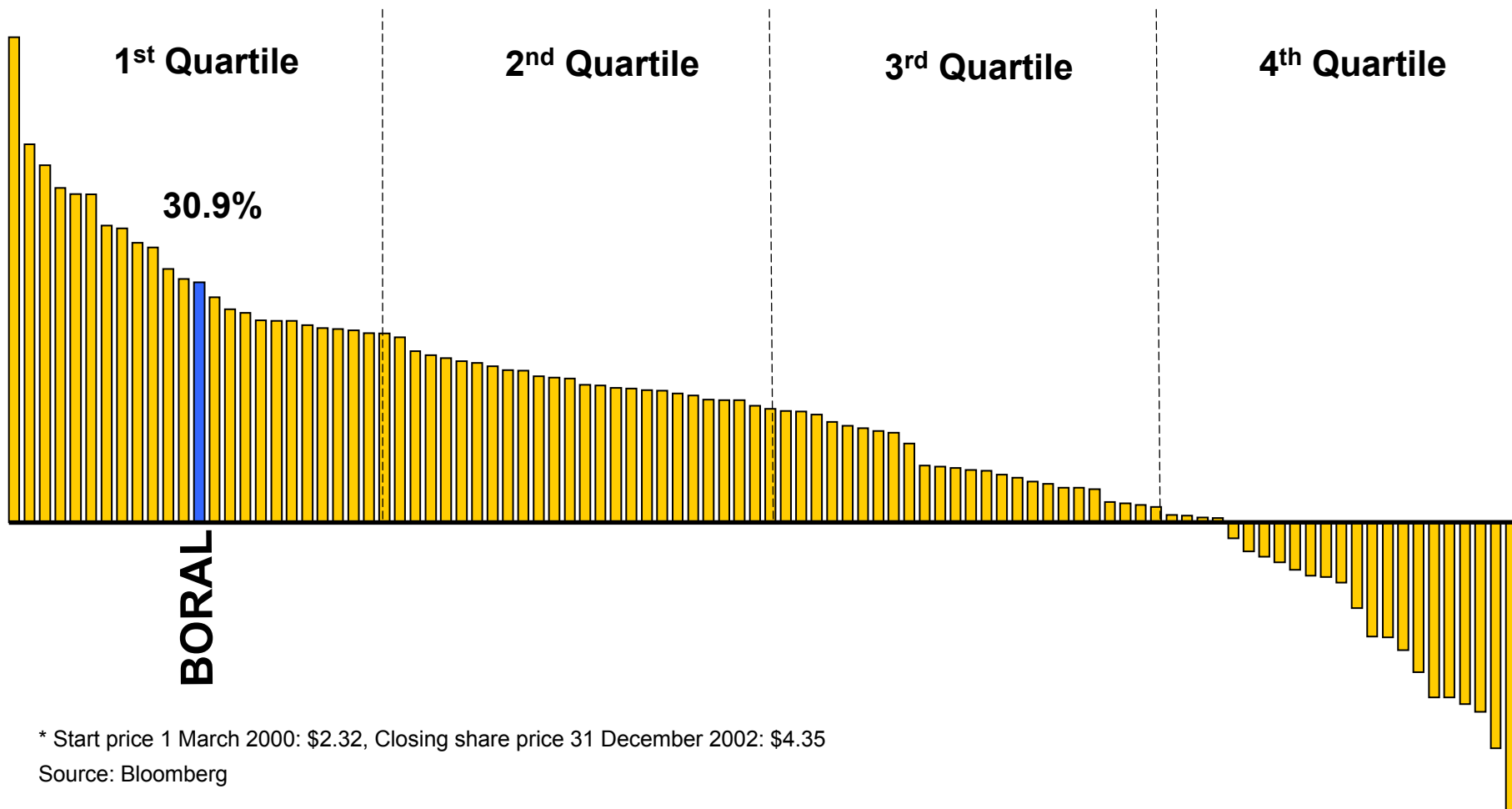


* Start price = \$2.28 (Weighted average of first trading week, Closing share price 11 February 03 = \$4.39

Source: Bloomberg

Boral continues to deliver top quartile TSR performance

TSR PERFORMANCE OF ASX100 - March 2000 to December 2002*



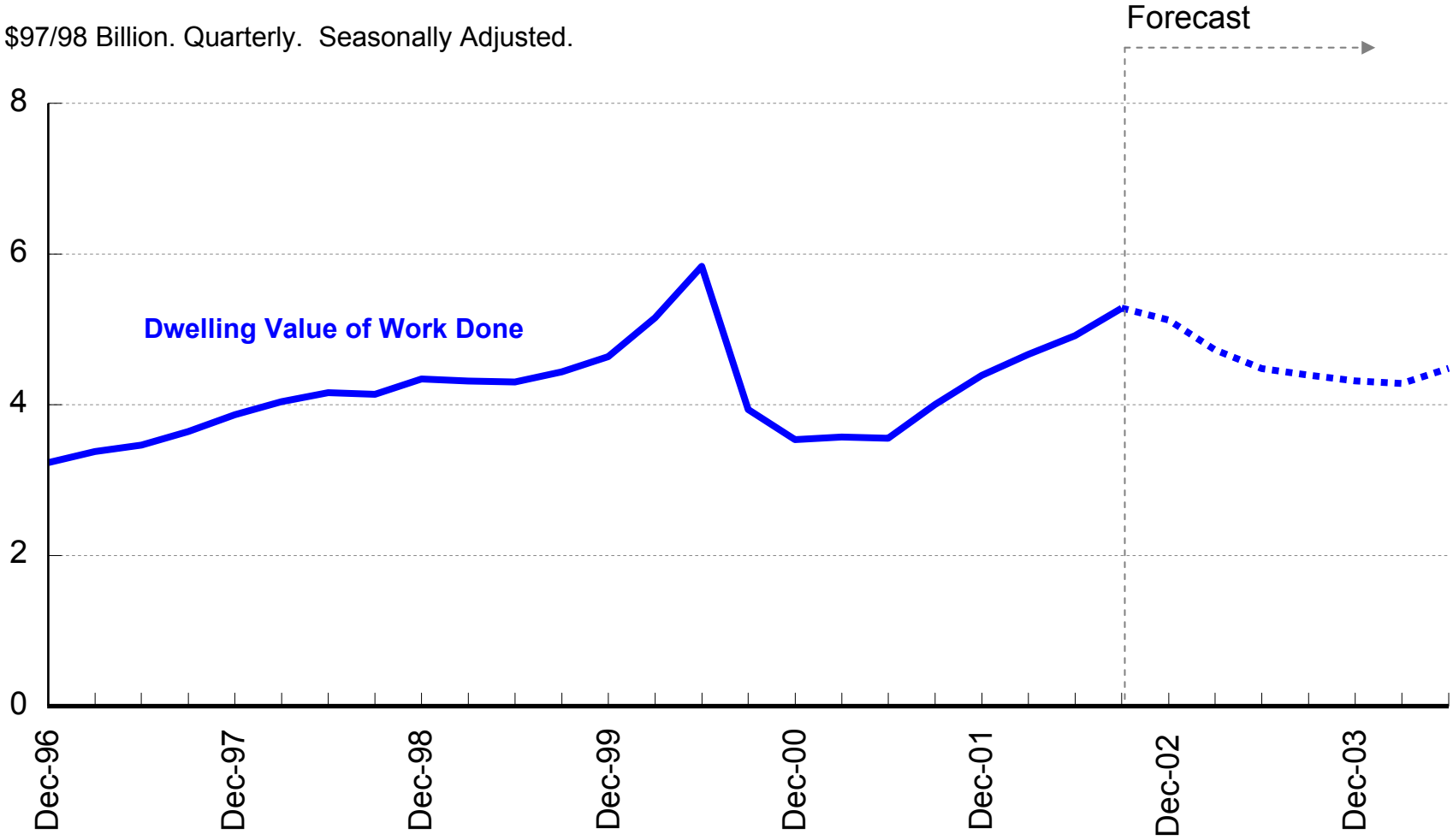
FY2003 Outlook



Australian dwelling activity should soften by Dec-03

AUSTRALIA DWELLING VALUE OF WORK DONE

\$97/98 Billion. Quarterly. Seasonally Adjusted.

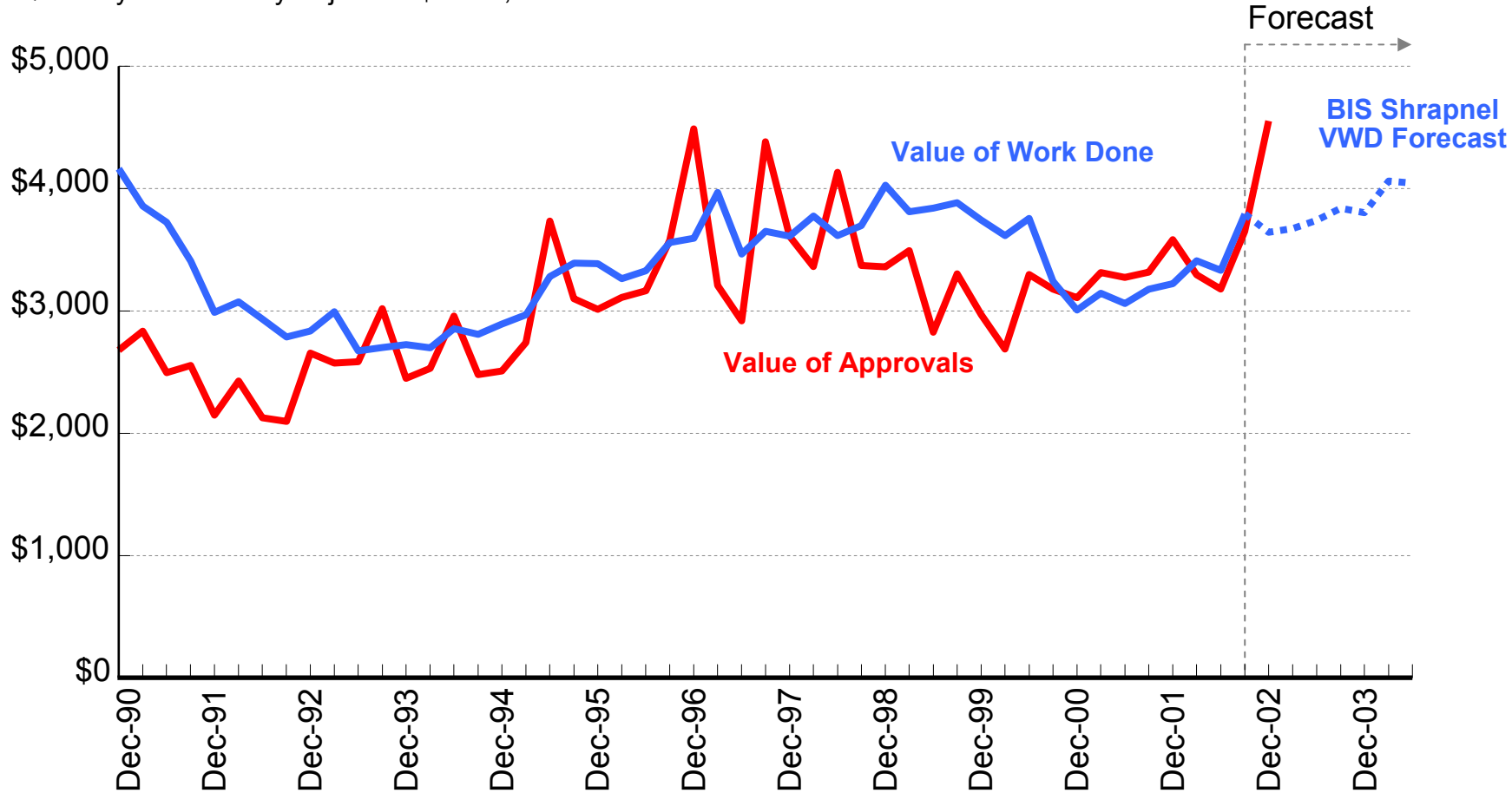


Source: ABS 8752, BIS Shrapnel Dec 02 forecast

Australian non-dwelling activity is lifting

AUSTRALIA NON-DWELLING ACTIVITY

Quarterly. Seasonally Adjusted. \$00/01, millions.

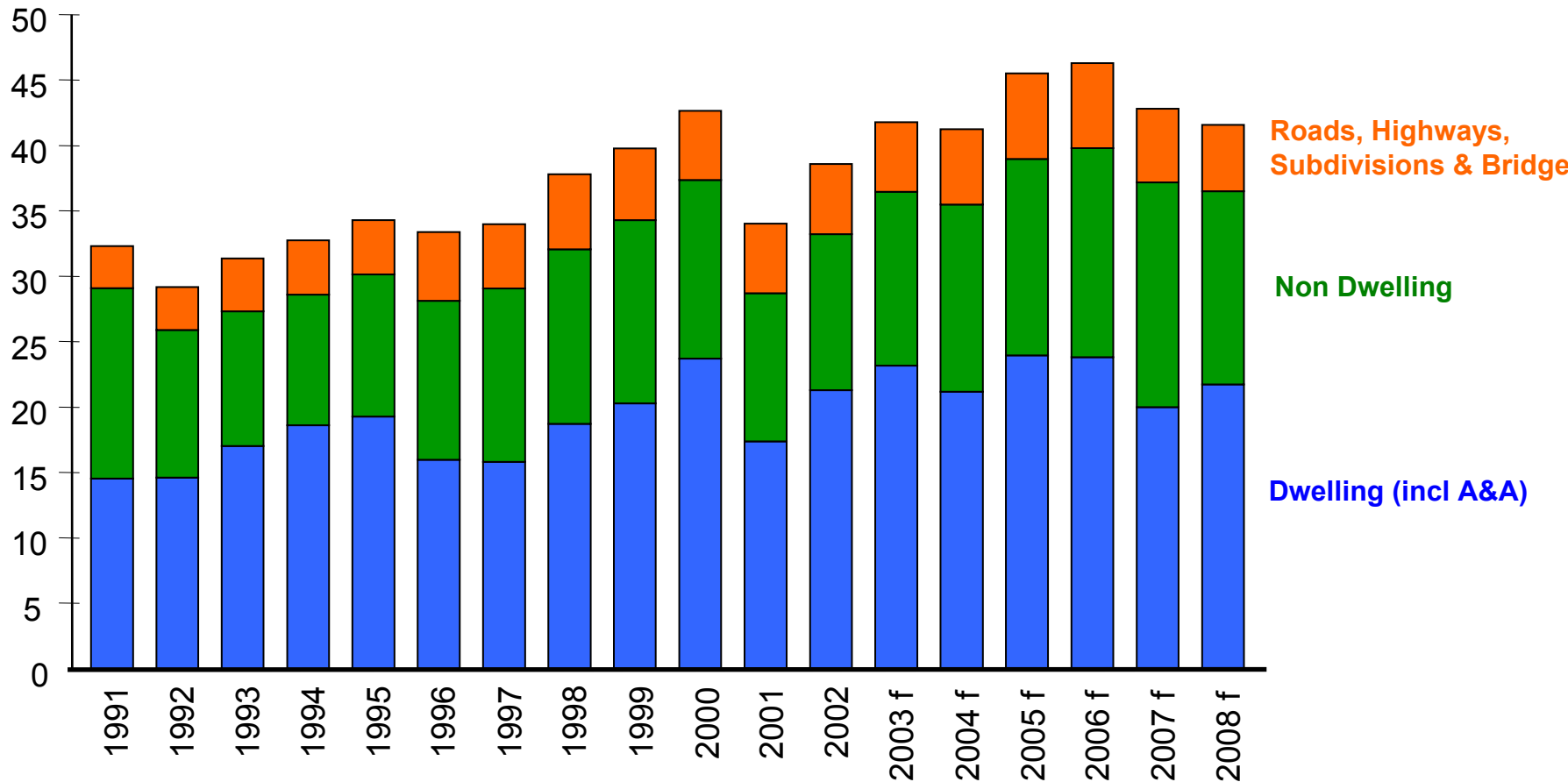


Source: ABS 8752, BIS Shrapnel Dec 02 forecast

Overall Australian VWD in FY2003 and FY2004 is expected to be well above FY2002

AUSTRALIA - VALUE OF WORK DONE (BUILDING & CONSTRUCTION)

\$98 Billion. Seasonally adjusted.

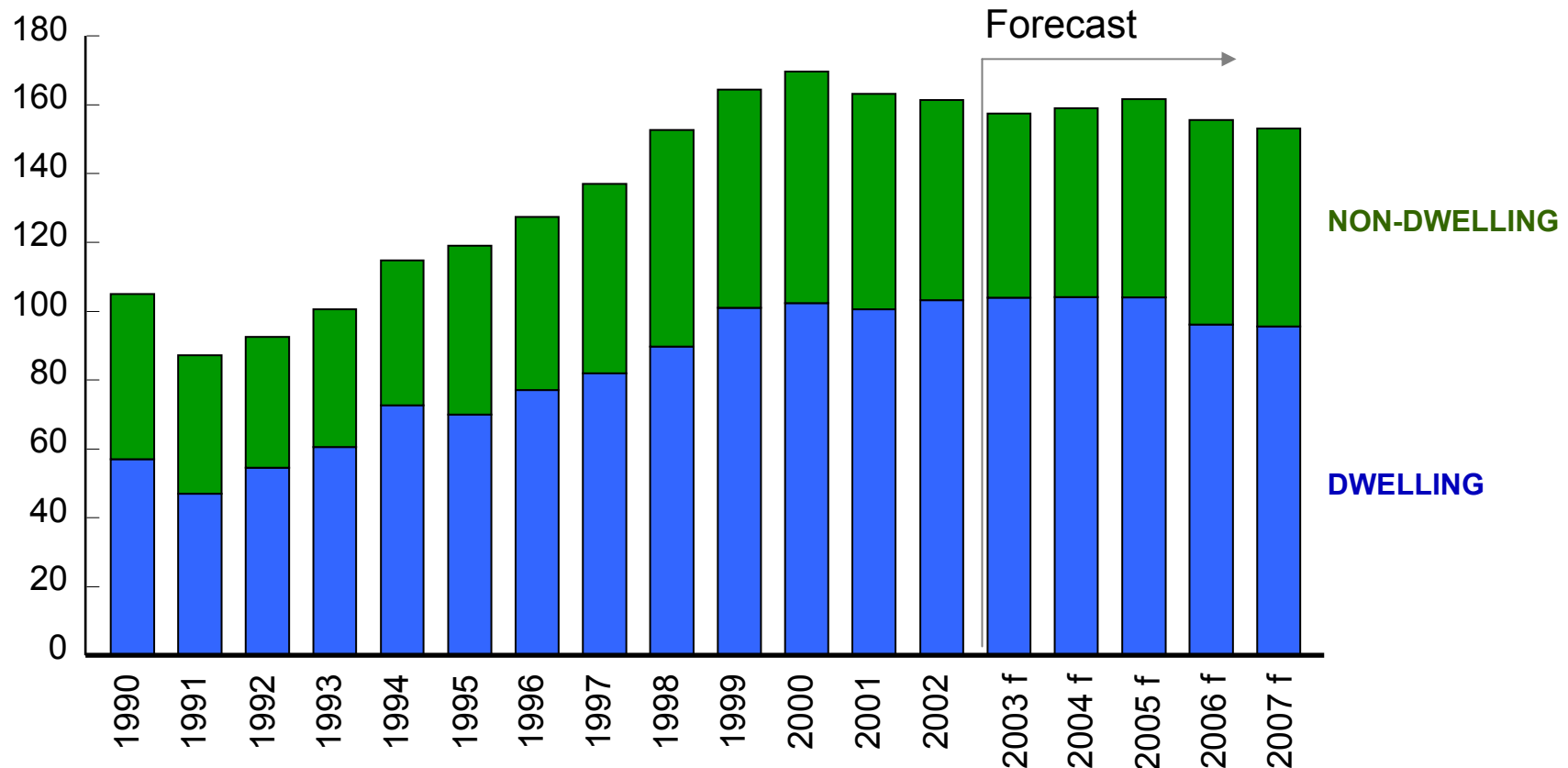


Source: ABS, BIS Shrapnel Dec 02 forecast

US residential activity is expected to remain strong

USA BRICK STATES* - VALUE OF WORK COMMENCED

US\$92 Value, Billions



* "Brick States" - Alabama, Arkansas, Florida, Georgia, Illinois, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia.

Source: FW Dodge Sep 02 forecast

BORAL

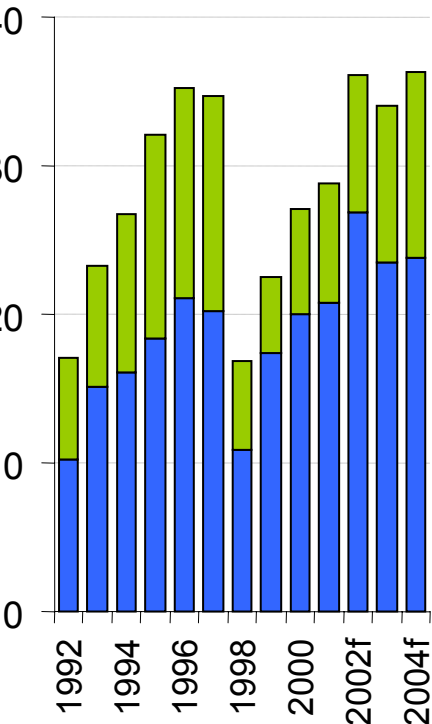
Building on our strong resource and market positions

Interim Results FY2003

Asian construction demand continues to grow

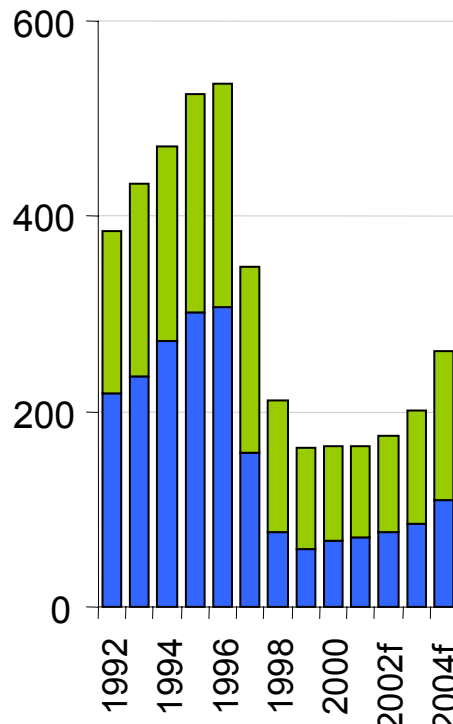
Korea

Value of construction orders received. Trillion Won



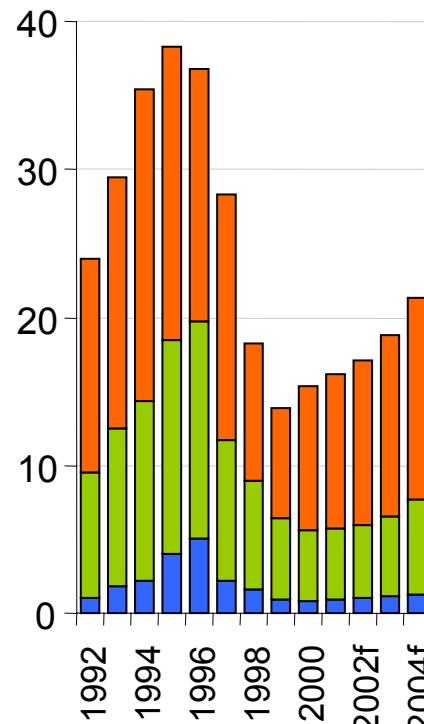
Thailand

Gross fixed capital formation. Billion bhat



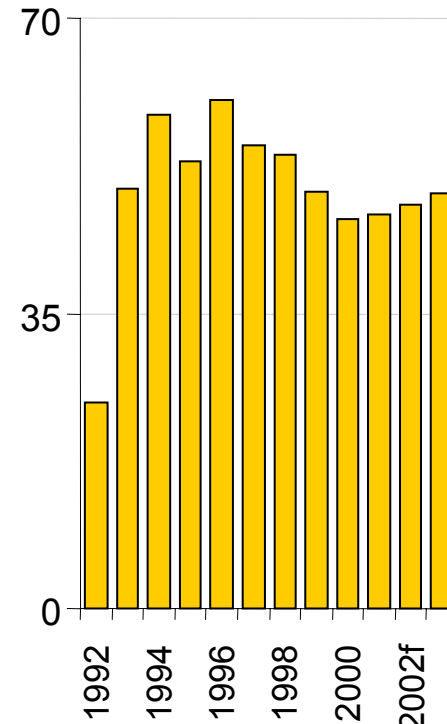
Indonesia

Value of completion. Trillion Rp



China - Shanghai

Value of construction work done. Billion yuan



LEGEND: Residential  Non-residential  Eng & Constr  Total VWD 

Sources: Korea: National Statistical Office, Thailand: Office of National Economic & Social Development Board, Indonesia: Biro Pusat Statistik Indonesia, China: China Statistical Yearbook, BIS Shrapnel forecasts from 2002 onwards

Outlook for FY2003

- Easing of dwelling approvals and VWD in Jun-03 half
- Stronger Australian non-dwelling demand in H2
- H2 typically seasonally weaker
- Stronger construction materials prices in H2
- Solid USA earnings; strong A\$
- Performance improvement in Asia
- Anticipate stronger QEU contribution in H2
- Significant increase in H2 capex (SIB + growth & acquisition)
- *Expect full year earnings of around \$260m (15% above previous forecast and 9% above current IBES consensus)*

Boral

2003
Interim Results

