



**2002 Full Year**

**RESULTS**

**21 August 2002**

**Boral's underlying profit increases  
by 51% to \$192 million**

**Rod Pearse**

## Overview of Results Presentation

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

## Financial highlights

- Underlying PAT (before disposal of businesses) up 51% to \$192.4m
- Final dividend increased to 10 cents & 75% franked
- EPS up 25% to 34 cents
- Result driven by cyclical recovery in Australian housing, resilience in USA and continued growth in Asia
- Sales Revenue up 6% to \$3.5 billion
- EBIT up 31% to \$343m
- EBIT/Sales margins up from 8.0% to 9.8%
- Operating cash flow up 64% to \$392m
- ROFE up 31% to 12.1%
- Debt / Equity down from 53% to 45%



Features of the year

## This performance is delivering shareholder value

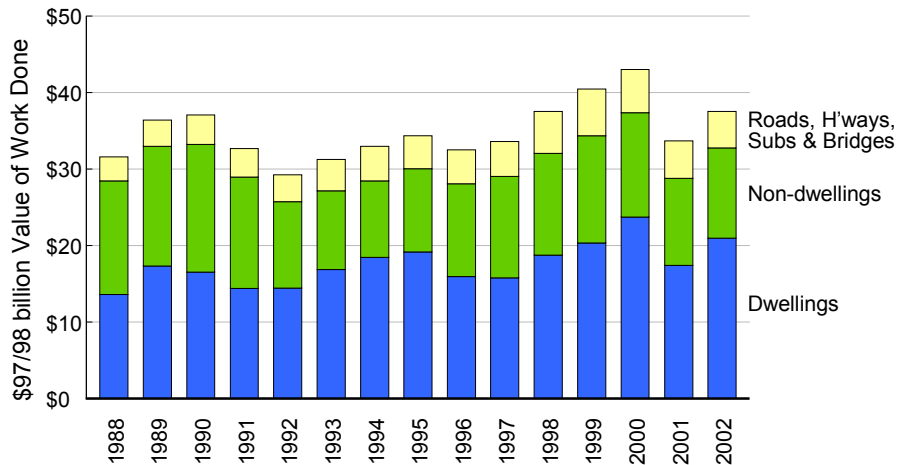
- Earnings per share of 34 cents up from 27 cents
- Dividend of 19.0 cents for 2002 with franking now at 75%
- Dividend yield of 5.4% for FY2002
- Non-dilutive DRP
- Share price up 86% to \$4.24 from \$2.28 at demerger
- Top quartile of ASX100 Total Shareholder Returns



Features of the year

## Australian building and construction activity is recovering from cyclical low levels

### AUSTRALIA – TOTAL BUILDING & CONSTRUCTION ACTIVITY

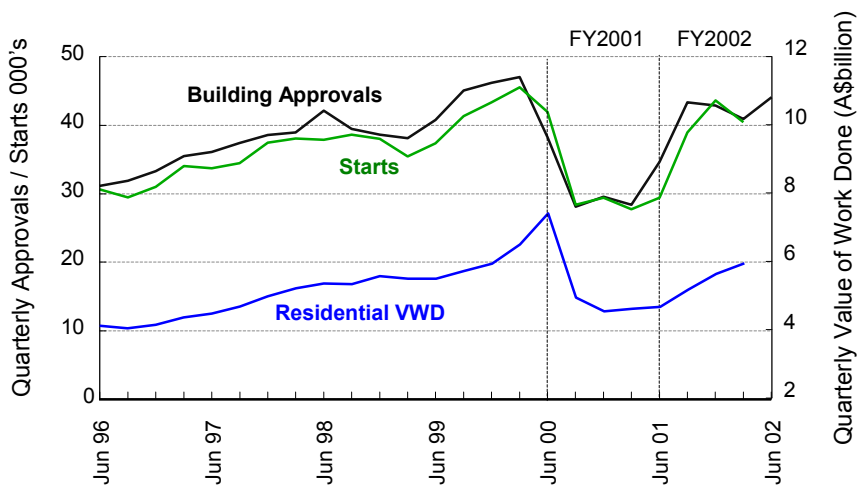


Source: ABS, BIS Shrapnel estimate for 2002 June quarter



Features of the year

## Australian residential construction approvals rebounded strongly during FY2002



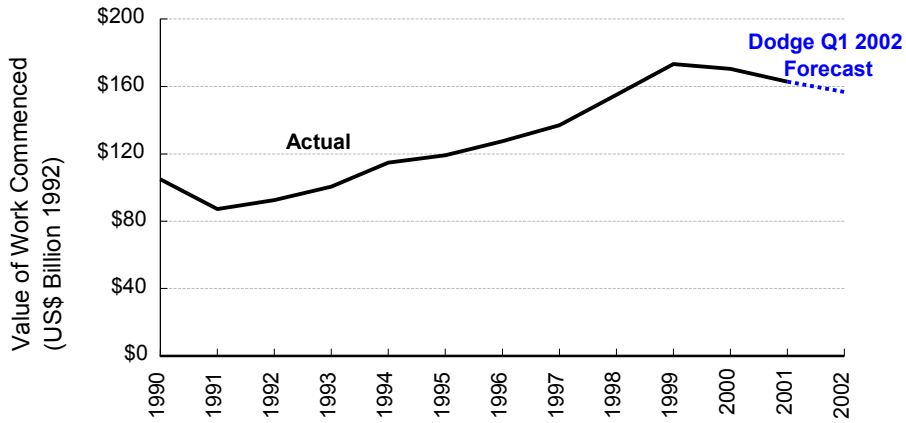
Source: ABS



Features of the year

## Residential and non-residential construction demand in the US has been more resilient than expected

US RESIDENTIAL & NON-RESIDENTIAL SPENDING IN BORAL "BRICK STATES"\*



Source: FW Dodge Construction Forecasting Unit.

\* **Brick States:** Alabama, Arkansas, Carolinas, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Ohio, Oklahoma, Tennessee, Texas, Virginia.

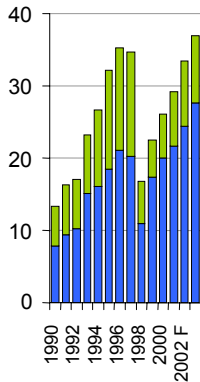


Features of the year

## Asian construction demand continues to grow post the Asian "Crisis"

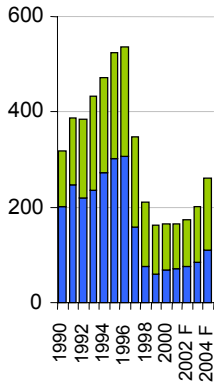
### Korea

Value of construction orders received. Trillion Won



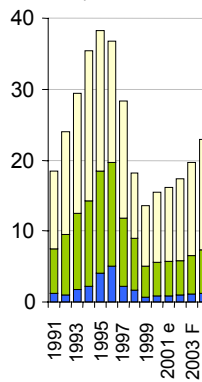
### Thailand

Gross fixed capital formation. Billion bhat



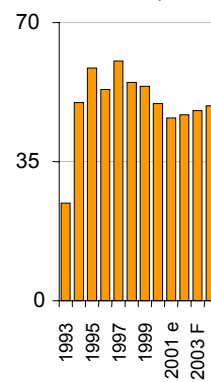
### Indonesia

Value of completion. Trillion Rp



### China - Shanghai

Value of construction work done. Billion yuan



**LEGEND:** Residential (blue), Non-residential (green), Eng & Constr (yellow), Total VWD (orange)

Source: Korea: National Statistical Office, Thailand: Office of National Economic & Social Development Board, Indonesia: Biro Pusat Statistik Indonesia, China: China Statistical Yearbook, BIS Shrapnel for 2001 estimates and forecasts from 2002 onwards



Features of the year

## Underlying profit increases by 51% to \$192m

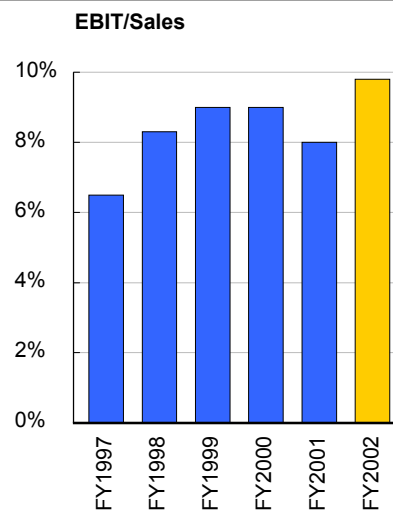
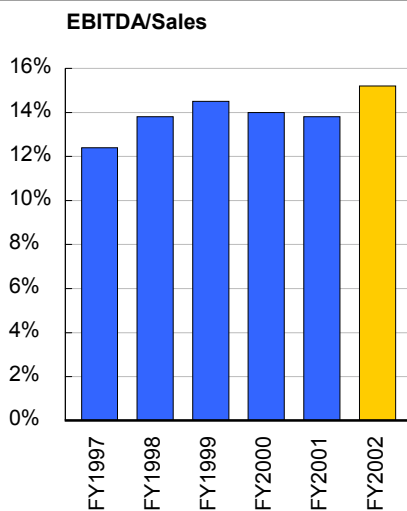
A\$ million	FY2002	FY2001	% change
Sales revenue	3,489	3,280	6
EBITDA*	531	451	18
EBIT*	343	262	31
Interest	63	70	(9)
Profit before tax*	280	192	45
Profit on disposal of businesses	-	39	-
Tax	87	78	12
Profit after tax	192	153	25
<b>Profit after tax (underlying)*</b>	<b>192</b>	<b>127</b>	<b>51</b>

\* (excluding profit on disposals of businesses)



Financial Results

## Margins are improving

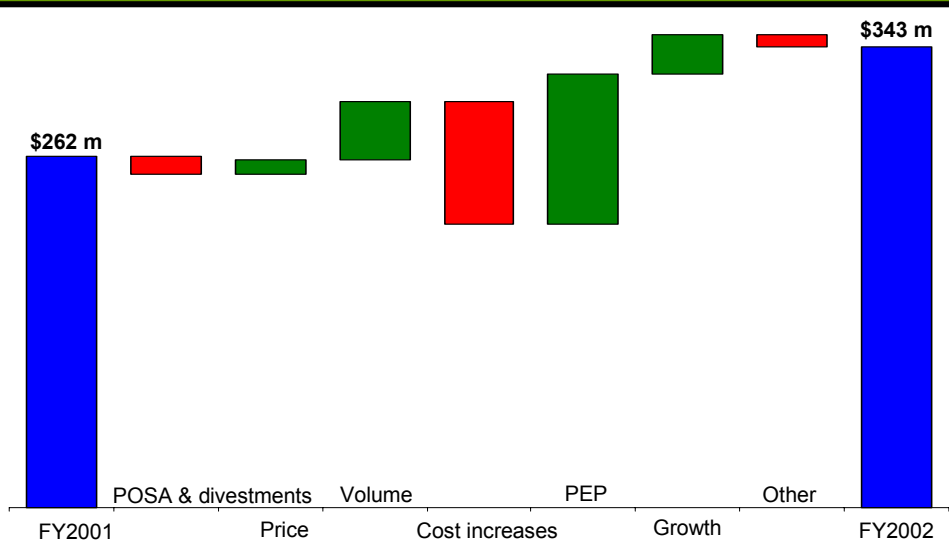


Results for reported building and construction materials businesses each year



Financial Results

## EBIT has been driven by volumes, growth projects and operational improvements



Financial Results

## Strong cashflow generation is reducing debt

	FY2002	FY2001	% change
Net debt \$m	881	983	(10)
Interest \$m	63	70	(9)
Debt / (Debt + Equity) %	31%	35%	
Debt / Equity %	45%	53%	
Interest cover, times	5.4 x	4.3 x	
Funds employed \$m	2,831	2,837	
ROFE %	12.1%	9.2%	
NTA / share \$	\$3.02	\$2.89	4.5%



Financial Results

## All business segments are up

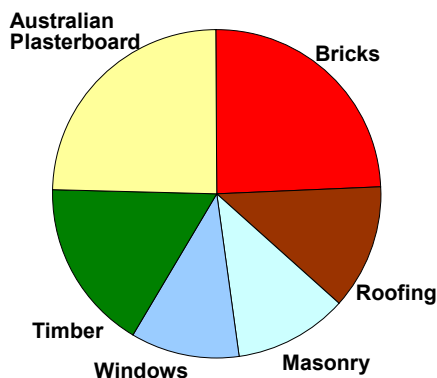
Revenue A\$ million	FY2002	FY2001	% change
Building Products, Australia	999	955	5
Construction Materials, Australia	1,640	1,523	8
USA	793	756	5
Asia	53	38	39
Discontinued	4	8	
<b>Total</b>	<b>3,489</b>	<b>3,280</b>	<b>6</b>
EBIT A\$ million	FY2002	FY2001	% change
Building Products, Australia	85	66	30
Construction Materials, Australia	143	114	25
USA	110	99	11
Asia	20	4	405
Corporate, Discontinued & Other	(15)	(21)	
<b>Total</b>	<b>343</b>	<b>262</b>	<b>31</b>



Segment Results

## Building Products, Australia

### Share of 2002 Revenue

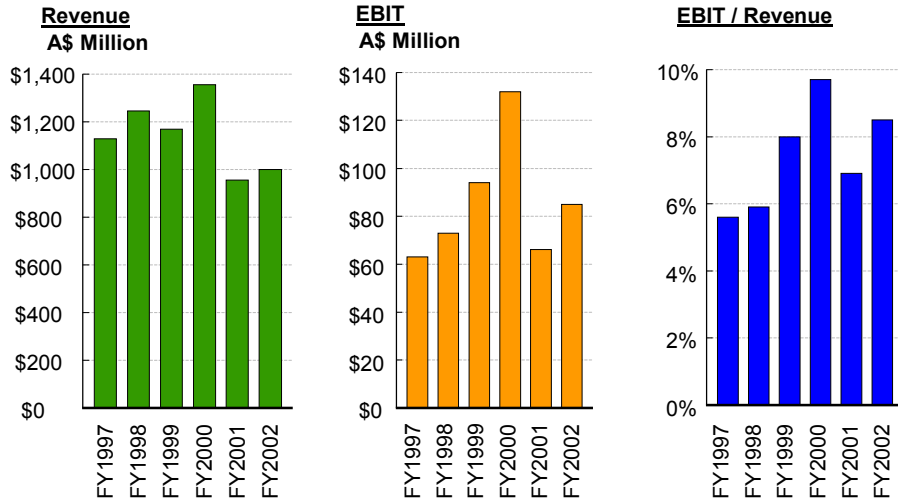


- Sales up 5% to \$999 million
- EBIT up 30% to \$85m
- EBIT/Sales margin up from 6.9% to 8.5%
- EBITDA/Sales margin up from 11.5% to 12.8%
- Funds employed down 4% to \$811m
- ROFE up from 7.8% to 10.5%



Segment Overview

## Building Products, Australia



Segment Overview

## Building Products, Australia – stronger in second half

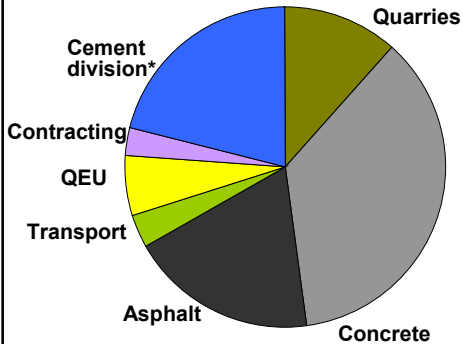
- Strong uplift in Australian housing activity (VWD +20%)
- Significant gains in bricks; unsatisfactory ROFE
- Manufacturing capacity shortfalls in roofing
- Masonry had a good year
- Good results from plasterboard
- Significant turnaround in timber and windows



Segment Overview

## Construction Materials, Australia

### Share of 2002 Revenue



- Sales up 8% to \$1.64 billion
- EBIT up 25% to \$143m
- EBIT/Sales margin up from 7.5% to 8.7%
- EBITDA/Sales margin up from 13.7% to 14.4%
- Funds employed up 4% to \$1,400m
- ROFE up from 8.5% to 10.2%

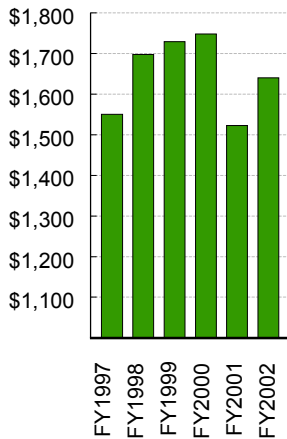
\* Cement division includes BCSC, concrete placement & scaffolding



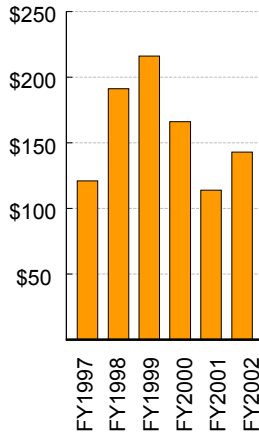
Segment Overview

## Construction Materials, Australia

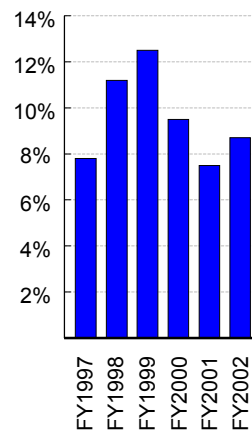
### Revenue A\$ Million



### EBIT A\$ Million



### EBIT / Revenue



Segment Overview

## Construction Materials, Australia

- Underlying concrete and quarry volumes up
- Concrete and quarry EBIT up around 30%
- Good result from Concrete & Alsafe acquisitions
- Improved cement, quarry and concrete pricing
- QEU contributed \$28m profit
- Blue Circle benefited from growth in dwellings/lime sales
- Cement capacity a negative
- Recovery in scaffolding utilisation

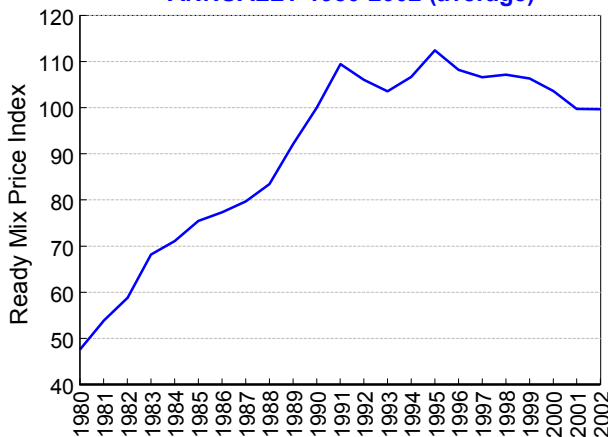


Segment Overview

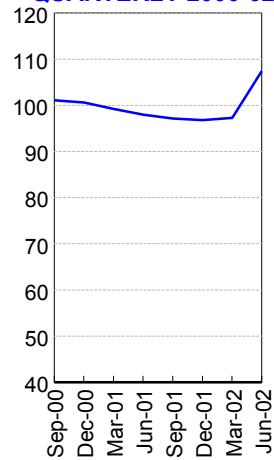
## Prices have improved in the fourth quarter of FY2002

### AUSTRALIA – READY MIX CONCRETE PRICE INDEX

ANNUALLY 1980-2002 (average)



QUARTERLY 2000-02



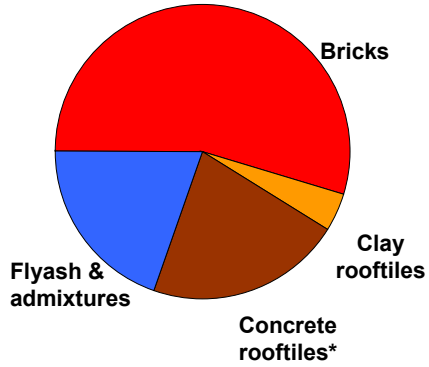
Source: ABS Price Index for Material Used in Other than House Building – Readymix Concrete (Weighted Average of six Capital Cities)



Segment Overview

## United States

### Share of 2002 Revenue



- Sales up 3% to US\$416m (excluding MonierLifetile JV)
- EBIT up 9% to US\$57m
- EBIT/Sales margin up from 13.1% to 13.8%
- EBITDA/Sales margin up from 19.0% to 19.6%
- Funds employed up 4% to US\$404m
- ROFE (US\$) up from 13.7% to 14.3%

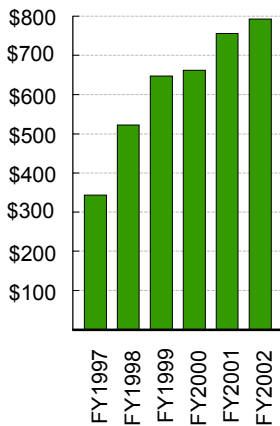
\* MonierLifetile JV is equity accounted - Boral's share of revenue does not appear in consolidated accounts



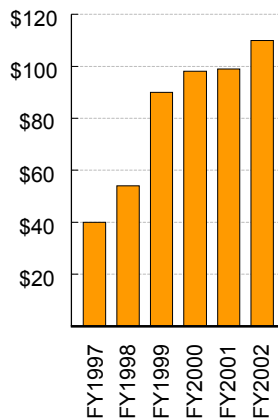
Segment Overview

## United States

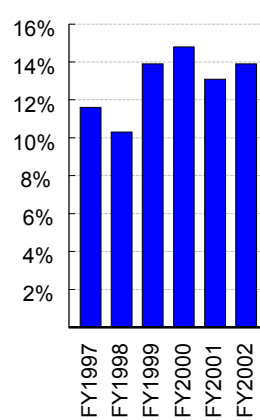
### Revenue A\$ Million



### EBIT A\$ Million



### EBIT / Revenue



Segment Overview

## United States

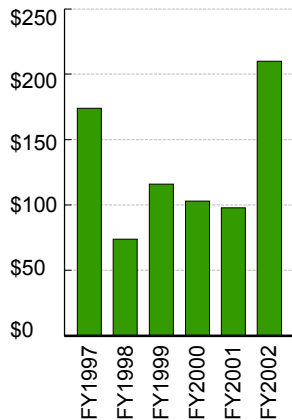
- Market resilient despite uncertainty
- Price improvement in bricks, tiles, flyash
- Improved results in bricks
- Turnaround of BMTI business
- Concrete tiles flat – restructuring costs
- Clay tiles down 5% - plant upgrades
- Ongoing growth focus



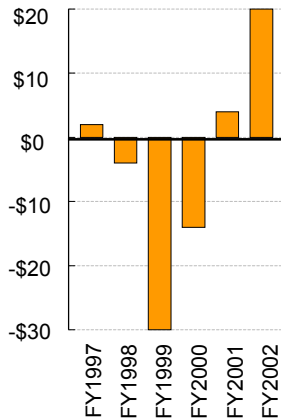
Segment Overview

## Asia

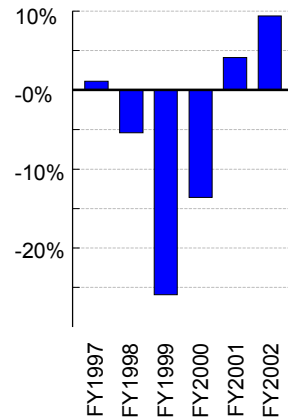
**Revenue \***  
A\$ Million



**EBIT**  
A\$ Million



**EBIT / Revenue\***



\* 2001 & 2002 revenues include Boral's share of the Plasterboard Asia JV



Segment Overview

## Asia

### Asian Plasterboard JV:

- Underlying volumes up 12%
- Strong returns from South Korea
- Full year contribution Siam Gypsum Industries
- Elimination of EBITDA losses in China
- Stronger prices/volumes in Indonesia
- 30m m<sup>2</sup> plant in Seoul; commissioning in August 2002
- Boral's interest increased from 43% to 48%

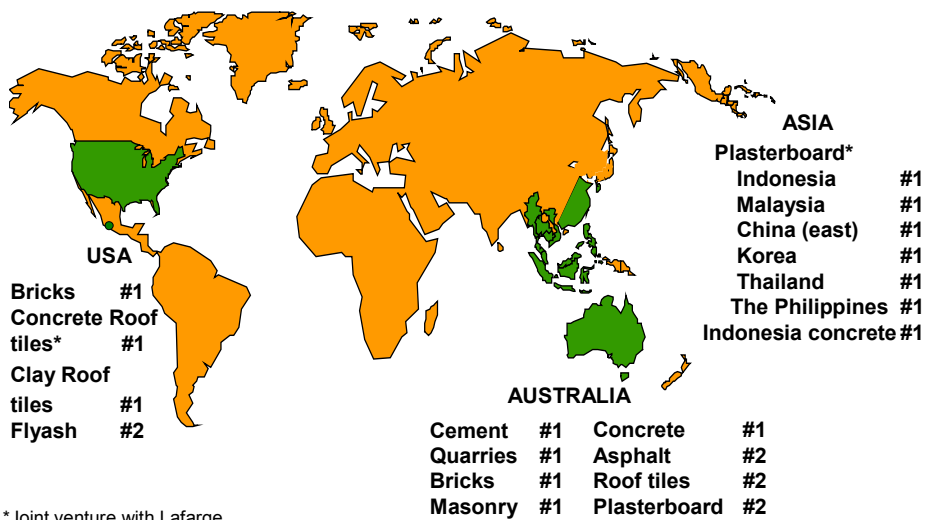
### Indonesia Concrete and Quarries:

- Recovery of Indonesian concrete
- Quarry expansion review



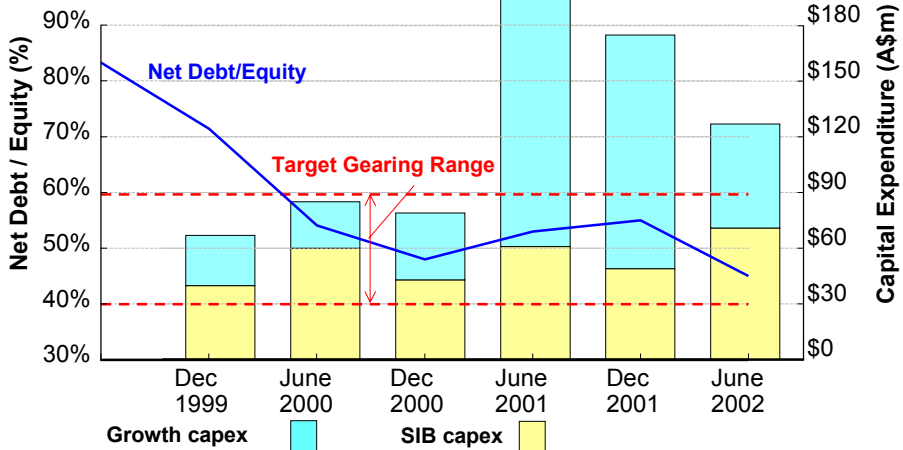
Segment Overview

Boral's strategy is to perform & grow around its leading reserve and market positions



Perform & Grow

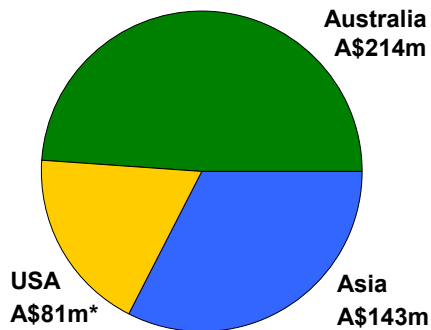
## Strong capacity to fund growth



Perform & Grow

## Over \$400m allocated to growth in Australia and offshore

### GROWTH SINCE DEMERGER



### Australia

Oberon Softwood JV, Koolkhan upgrade, Concrete & Alsafce Concrete, Transfield Asphalt, Marulan lime upgrade, Compton Park Quarry, Go-Crete

### Asia

Plasterboard JV (incl. Siam Gypsum), Indonesia Concrete Assets

### USA

Vostile, Commercial/moulded brick upgrade, new Augusta paver plant, new rooftile plants at Denver, Mexico, MonierLifetile expansion

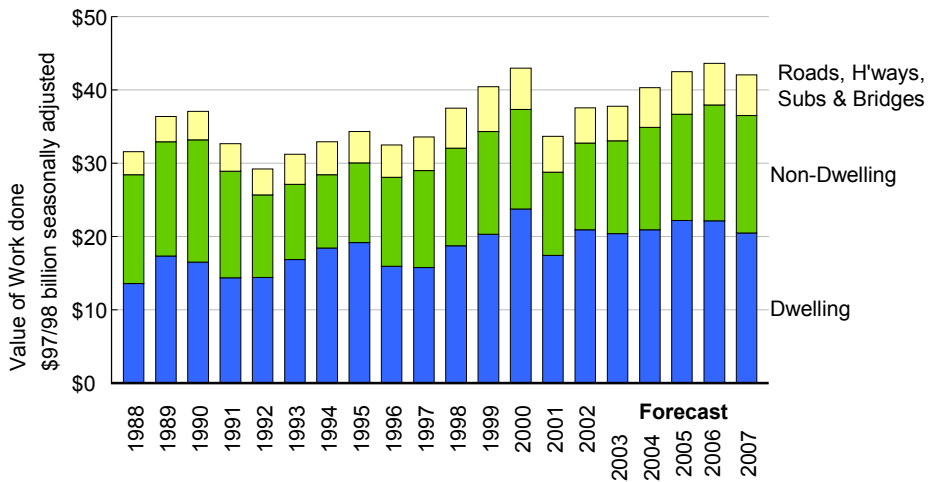
\* Includes Boral's share of JV growth expenditure



Perform & Grow

## Australian building and construction activity is recovering from historically low levels

### AUSTRALIA – TOTAL BUILDING & CONSTRUCTION ACTIVITY



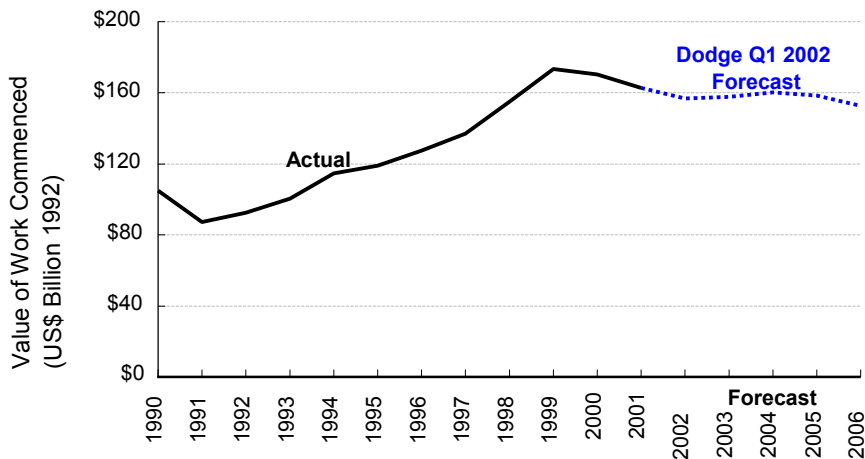
Source: ABS, BIS Shrapnel forecast



Outlook

## A resilient outlook is forecast for the US

### US RESIDENTIAL & NON-RESIDENTIAL SPENDING IN BORAL "BRICK STATES"\*



Source: FW Dodge Construction Forecasting Unit.

\* Brick States: Alabama, Arkansas, Carolinas, Florida, Georgia, Illinois, Indiana, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Ohio, Oklahoma, Tennessee, Texas, Virginia.



Outlook

## Outlook for FY2003

- Aust. residential demand solid for H1; turn down in H2
- Aust. non-residential major projects stronger H2
- Uncertainty in US markets; weaker economy / confidence
- Impact of changes in US exchange rate
- Continued Asian growth; Korean uncertainties
- Recent Australian construction materials price rises
- Ongoing contribution from QEU
- We expect to exceed FY2002 PAT