



INVESTOR SITE TOUR & PRESENTATIONS

Boral Australia and USG Boral

Melbourne, Victoria
24 May 2017



Schedule – Wednesday, 24 May 2017



Presentations and Q&A

8:00 am

Registration and Breakfast

8:30 am – 11:30 am

Presentations and Q&A

Mike Kane – CEO & Managing Director, Boral Limited

Frederic de Rougemont – CEO, USG Boral

Joe Goss – Divisional Chief Executive, Boral Australia

Wayne Manners – Executive GM, WA/NT, Building Products

Ross Harper – Executive GM, Cement

Paul Dalton – Executive GM, Transformation & Innovation

Lunch

11:30 am – 12:00 am

Site Visits

12:10 pm – 12:30 pm

Travel

12:30 pm – 1:40 pm

USG Boral Port Melbourne Plant Tour

1:40 pm – 2:20 pm

Travel

2:20 pm – 4:20 pm

Boral Australia Deer Park Quarry Tour including afternoon Tea

4:25 pm – 5:15 pm

Travel

~5:15 pm – 5.30 pm

Arrive at Melbourne Airport (or CBD)

Agenda



- **Introduction**
Mike Kane
- **USG Boral**
Frederic de Rougemont
- **Boral Australia**
Joe Goss
Wayne Manners
Ross Harper
Paul Dalton
Chris Barras



New product silos and blending plant at Deer Park Quarry, Victoria

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Transforming Boral



Our vision is to transform Boral into a **global building and construction materials company** that is **known for its world-leading safety performance, innovative product platform and superior returns on shareholders' funds.**

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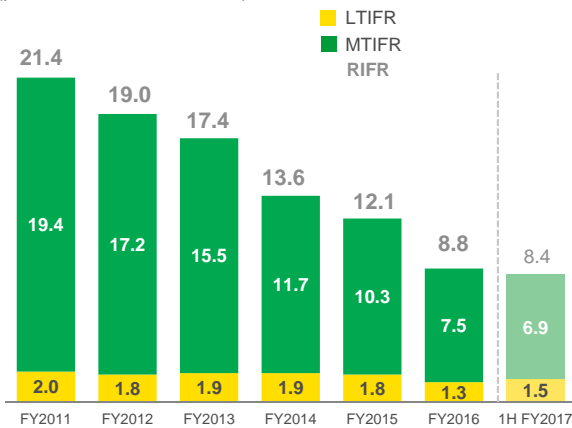
Safety performance

Working towards world class safety performance



Employee and Contractor RIFR¹

(per million hours worked)



- Continuing to reduce injuries with **1H FY2017 RIFR¹ down to 8.4**, which has halved in 4 years
- **Fatality free since Dec-2013** – the longest fatality-free period for more than 15 years
- Continued engagement throughout Boral around our **global safety goal**

**ZEROHARM
TODAY**

1. Recordable Injury Frequency Rate, which comprises Medical Treatment Injury Frequency Rate (MTIFR) and Lost Time Injury Frequency Rate (LTIFR)
Includes employees and contractors in 100%-owned businesses and 50%-owned joint venture operations

Boral today: Delivering transformation



1. Maintaining and strengthening our leading position in Australia

- Well positioned on the East Coast, particularly in NSW where conditions remain very strong
- Quarry reinvestment program strengthening our integrated position
- Operational and commercial excellence delivering margin expansion

2. Growing organically and through innovation in USG Boral

- Growing in plasterboard markets in Asia, Australia and Middle East, including Sheetrock® technologies

3. Transformational growth in the USA

- Significant synergies expected from Headwaters acquisition and Meridian Brick JV
- Innovative fly ash-based composite technologies in light building products

4. Leveraging growth in key markets and across all geographies

- **Australia:** multi-year growth trajectory for major roads and infrastructure
- **Asia:** increasing product penetration and leveraged to economies with long-term growth prospects
- **USA:** ongoing market recovery and new market opportunities and scale through Headwaters acquisition

5. Strong cash flows and balance sheet to support growth and deliver value



Headwaters acquisition completed 8 May 2017

Aligned with Boral's stated strategy



	Boral objective	Expected impact of Headwaters acquisition	
Strategically aligned M&A opportunity	Diversify market exposures beyond single family housing	<ul style="list-style-type: none"> Increases Boral's exposure to the USA building and construction markets, which are experiencing positive momentum Diversifies Boral USA's channels, end-market exposures, geographic presence and customer concentration 	✓
	Less capital intensive businesses with a more flexible, variable cost structure	<ul style="list-style-type: none"> Further reshapes Boral USA's portfolio following recent North American Bricks Joint Venture Boral's portfolio re-weighted towards less capital intensive businesses Substantial synergies will improve earnings through-the-cycle 	✓
	Opportunities to align with emerging trends	<ul style="list-style-type: none"> Establishes leading positions in fly ash, light building products, stone and roofing materials that will benefit from manufacturing and distribution optimisation Adds attractive, high margin niche products to Boral's existing light building products platform, enabling Boral to better serve customers with an expanded product suite 	✓
	Earnings accretive opportunities	<ul style="list-style-type: none"> Accretive to Boral's EPS on a pro forma FY2017F NPATA basis¹ Synergies of approximately US\$100 million per annum within four years of transaction completion 	✓

1. FY2017 pro forma EPS accretion on a NPATA basis assumes the Headwaters acquisition was effective from 1 July 2016, includes synergies and excludes transaction costs, integration costs and amortisation of acquired intangibles. The impact of purchase price accounting has not been completed, which will impact future depreciation and amortisation charges. In accordance with AASB 133, Boral's basic EPS for the year ending 30 June 2017 has been adjusted to reflect the bonus element in the Entitlement Offer.



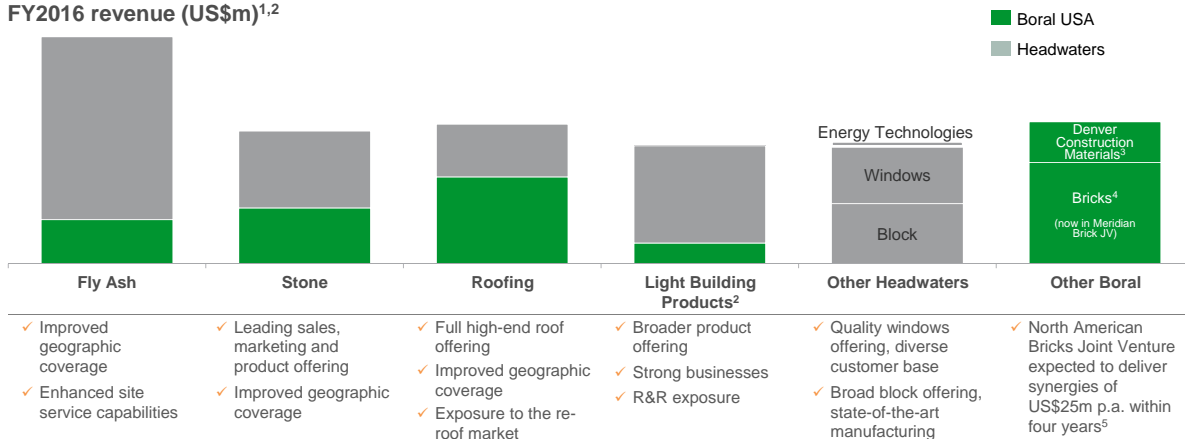
Headwaters Inc. acquisition

Strong strategic fit between Headwaters and Boral's existing US businesses



Combination of complementary businesses establishes leading positions in key market segments and adds significant scale to Boral's USA footprint, with pro forma combined revenue of US\$1.8 billion

FY2016 revenue (US\$m)^{1,2}

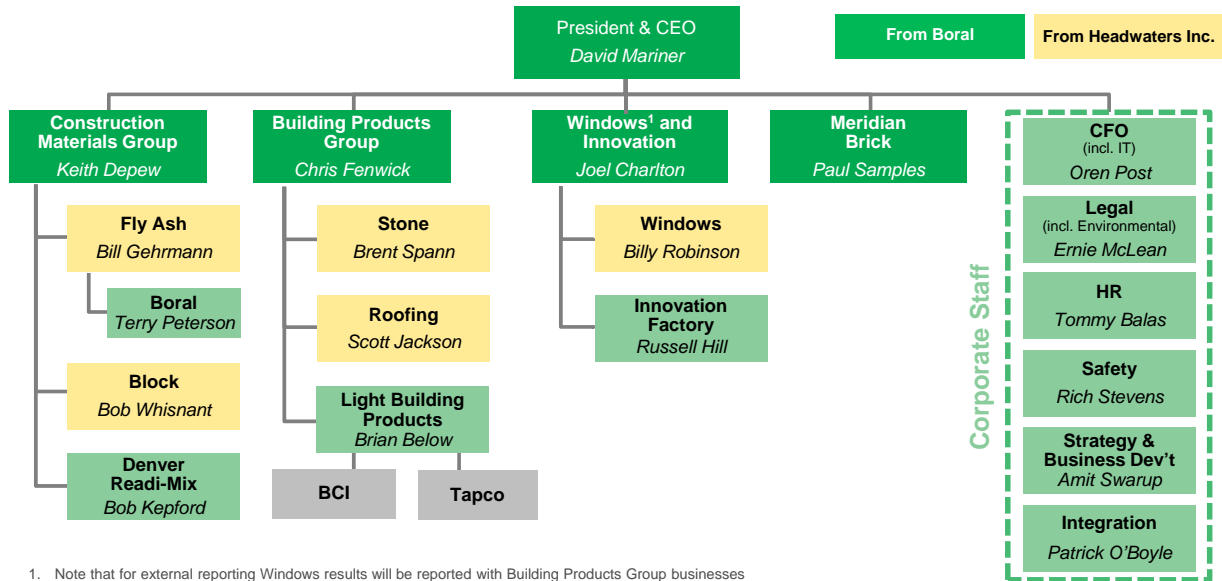


1. Based on Boral USA revenue for year ended 30 June 2016 and Headwaters pro forma revenue for year ended 30 September 2016
 2. Light Building Products includes siding, trim and panelised stone
 3. Denver Construction Materials revenue reported in Discontinued Operations for 1HFY17
 4. Boral USA Bricks revenue represents Boral's 50% share of revenue of the North American Bricks Joint Venture
 5. Synergies as disclosed in Boral's announcement of the North American Bricks Joint Venture on 24 August 2016



Boral North America organisational structure

Experienced executives from Boral USA and Headwaters coming together



1. Note that for external reporting Windows results will be reported with Building Products Group businesses



Outlook for FY2017 – remains unchanged

Expecting US\$20-\$25 million EBIT contribution from Headwaters



Group FY2017 EBIT expected to be higher than FY2016, despite adverse ~\$6.5m impact of Boral CSR Bricks divestment

Boral Australia	<ul style="list-style-type: none"> Expect higher EBIT in FY2017 than FY2016; 1H and 2H EBIT expected to be broadly balanced Property earnings in 2H FY2017 expected to be broadly similar to \$9m EBIT in 1H FY2017 Fewer working days in 2H expected to be offset by: <ul style="list-style-type: none"> anticipated stronger pricing outcomes in 2H FY2017 and ongoing operational improvements – combined these are expected to more than offset inflationary impacts and result in margin expansion increasing infrastructure work, benefiting Boral's upstream quarry and cement businesses and downstream concrete and asphalt businesses the one-off restructuring cost in Bricks WA in 1H not repeating in 2H Assumes drier weather for the remainder of the 2H and commencement of delayed infrastructure projects
USG Boral	<ul style="list-style-type: none"> 2H earnings expected to be lower than 1H due to normal seasonality impacts, but solid year-on-year growth expected in FY2017 Reflects continued cost and synergy benefits, and volume and price gains in several markets, including further penetration of Sheetrock® products
Boral North America	<ul style="list-style-type: none"> Expected to report continued growth in earnings in FY2017, in line with US market recovery External forecasters¹ are projecting housing starts to increase to ~1.22 million starts in FY2017, a ~7% increase (in line with the market improvement trajectory of the past three years) Expect US\$20m-US\$25m EBIT contribution from Headwaters for period 8 May–30 June 2017

1. Average of analysts' forecasts (Dodge, Wells Fargo, NAR, NAHB, Fannie Mae, Freddie Mac, Moody, MBA) from March 2017

Questions



Additional slide



Early close of Headwaters acquisition – reminder of financial considerations/implications



Area	FY2017 implications	FY2018 implications
Earnings impact / synergies	<ul style="list-style-type: none"> US\$20m-\$25m EBIT Synergy benefits in first 8 weeks immaterial 	<ul style="list-style-type: none"> Consider Headwaters' guidance for 12 months to Sept 17 of US\$235-US\$250m Adjusted EBITDA Plus expected year 1 synergies of US\$30m-\$35m
Corporate costs	<ul style="list-style-type: none"> A\$17m in 1HFY17 FY17 to be higher than FY16 	<ul style="list-style-type: none"> FY18 to be slightly higher than FY17 due to additional Innovation spend
Depreciation & Amortisation	<ul style="list-style-type: none"> Headwaters D&A for 1H FY Sept 17 at US\$36m Additional D&A for Headwaters post acquisition – with purchase price accounting adjustments underway, additional D&A likely to be circa US\$25m-US\$40m p.a. FY2017 will include 8 weeks impact 	
Capital expenditure	<ul style="list-style-type: none"> Total Boral capex forecast ~A\$325m p.a. Additional Headwaters capex in FY17 ~US\$10m 	<ul style="list-style-type: none"> Total Boral capex forecast ~A\$400m to \$450m p.a. (including incremental Headwaters capex)
Interest expense and debt	<ul style="list-style-type: none"> ~A\$50-A\$55m net interest cost in FY2017 based on: A\$27m net interest in 1HFY17 Jan-8 May A\$2.1b on deposit 9 May-June A\$2.6b debt 	<ul style="list-style-type: none"> Cost of debt ~ 4.5% to 5% p.a. (Pre-existing debt ~5.1% + new debt ~4.0% p.a.) Debt of ~A\$2.6b
Taxation	<ul style="list-style-type: none"> Effective tax rate ~20-22% FY17 	<ul style="list-style-type: none"> Effective tax rate ~ 29-31% Cash flow benefits of US tax loss carried forward

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USG Boral
R&D Center – Thailand

USG BORAL

Frederic de Rougemont,
Chief Executive Officer,
USG Boral



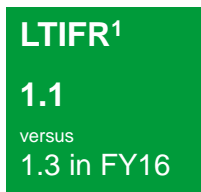
USG Boral has been the perfect marriage of Boral’s leading manufacturing and distribution network across Australasia, Asia and the Middle East, with USG’s technology leadership and world-class innovation capacity

[USG Boral. Innovation inspired by you™.](#)

This promotional video highlighting the research and innovation that stands behind USG Boral products is accessible on USG Boral’s website www.USGBoral.com and Boral’s website www.boral.com.au

Safety performance – a commitment to Zero Harm Today

Lag safety indicators YTD FY17



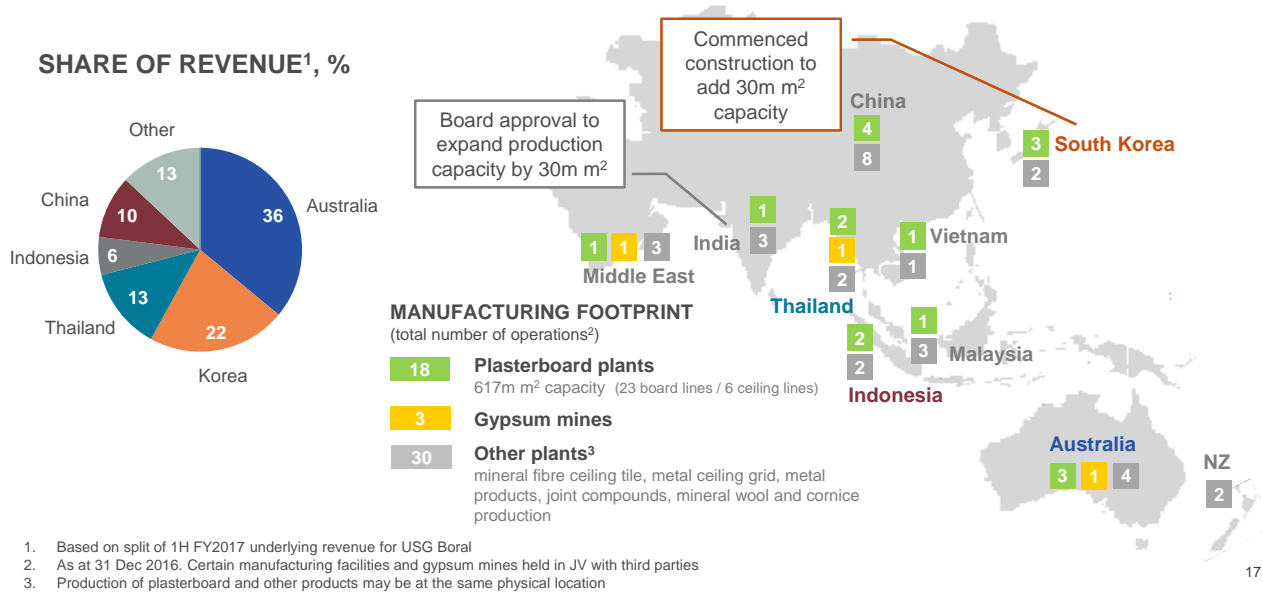
- Lag indicators – LTIFR and MTIFR are at relatively low levels and in line with Group performance
- Focusing on lead indicators for further improvements
- Safety Conversations: collaborating, innovating and owning change around safety
- Growing usage of CCTV camera reports, now used as part of safety lead indicators
- Program underway in all plants leading to a better understanding of “at risk” conditions

Lead safety indicators YTD FY17



1. Lost Time Injury Frequency Rate (LTIFR) and Medical Treatment Injury Frequency Rate (MTIFR) per million hours worked including employees and contractors in 100%-owned businesses and 50%-owned joint venture operations. YTD refers to 10 months to end of April 2017.

Strong presence in Australasia, Asia and Middle East

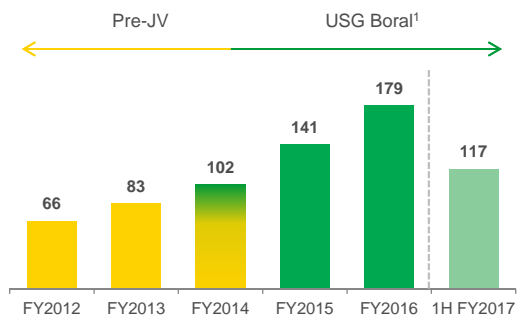


Delivering on strategy – The joint venture is proving its success

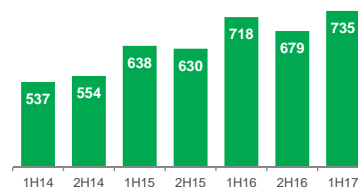


Strong underlying earnings growth

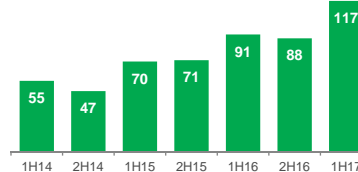
EBIT, A\$m



Underlying revenue, A\$m



Underlying EBIT, A\$m

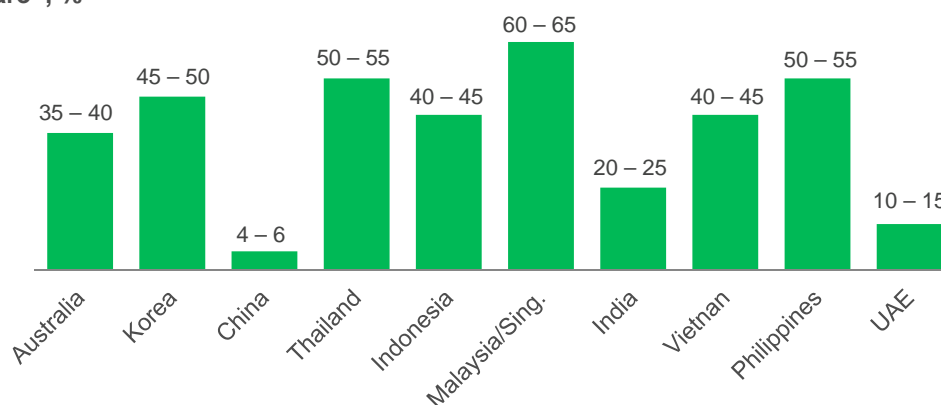


1. USG Boral underlying EBIT excluding significant items

Strong market share positions Strengthened through product innovation



USG Boral's plasterboard market share¹, %



1. Based on management estimates of plasterboard sales volume, excluding ceiling tiles, as at December 2016

Technology roll-out update – Sheetrock technology across 18 of 23 board lines

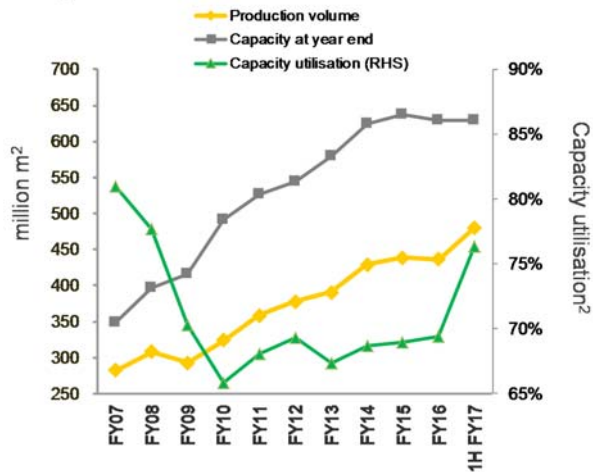


October 2013 commitments:	Current status
Targeted roll-out of technologies across all gypsum manufacturing lines	✓
Phased over approximately 2 years	✓
Approximately US\$50m of capital expenditure expected to implement technology upgrades	✓
Includes equipment modification, staff training, secondment of USG technology team and other upgrades	✓
Expected to be funded through JV cash flows	✓

Plasterboard production and utilisation



USG Boral plasterboard capacity utilisation and production volume¹



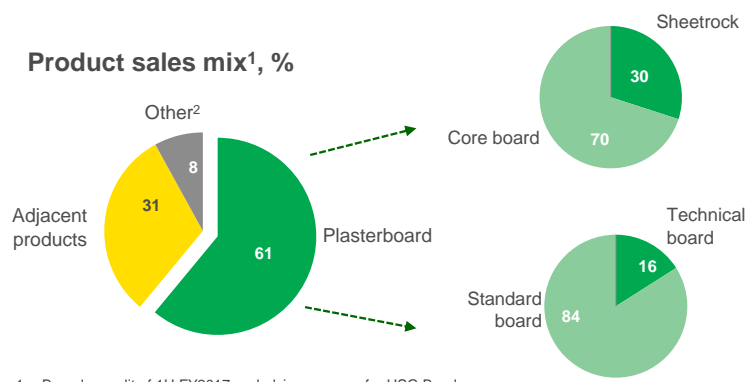
- Since FY2007 plasterboard production volume CAGR² of 5% p.a. (incl Aus/NZ) and 6% in Asia (excl Aus/NZ)
- Capacity utilisation of ~69% for FY2016 and ~76% for 1HFY17 (partly due to the closure of the Chengdu plant in China)

1. Includes plasterboard and gypsum ceiling tile volumes
 2. Compound annual growth rate
 3. Based on total production capacity at financial year end and annualised for 1HFY2017 21

Growing innovative product offering



- Diverse revenues from board & adjacent products
- Sheetrock and technical board increasing penetration: Sheetrock adoption rates between ~5% and 90+%



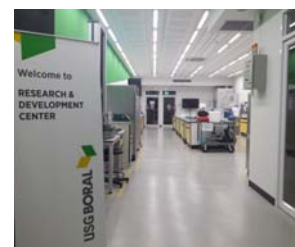
1. Based on split of 1H FY2017 underlying revenue for USG Boral
 2. Other comprises resale & contracting

Innovation pipeline – Delivering premium product offering & leadership



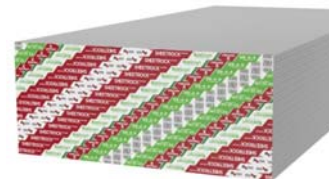
- **USG Boral R&D Center in Thailand – supporting innovation strategy:**

- Operations Excellence – Support of existing products and operations
- New Product Extensions – Product and platform extensions
- Exploratory – Leverage key shareholder technology for quick transfer



- **USG Next Generation Sheetrock – providing opportunities for USG Boral**

- March 2017 – USG launched **Sheetrock® Brand EcoSmart Panels** in USA
- Strong sustainability attributes: 25% less water and 20% less CO₂
- Lighter weight with high strength and sag resistance
- Strong value proposition for USG Boral – energy savings and performance characteristics
- Australia will be USG Boral market to pilot next generation Sheetrock® product
- Developing plans for USG Boral network roll out



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JV synergies updated – Total synergies¹ exceed \$US\$50m p.a.



October 2013 commitments – substantial synergies from:	Current status
<ul style="list-style-type: none"> • Roll-out of USG’s technologies: <ul style="list-style-type: none"> • lower manufacturing & freight costs • enhanced revenues through price premium 	<ul style="list-style-type: none"> ✓ ✓
<ul style="list-style-type: none"> • Adjacent product sales through Boral market channels: <ul style="list-style-type: none"> • ceiling products & metal products • cement and fibre board • joint compounds 	<ul style="list-style-type: none"> ✓ ✓ ✓
Additional synergies	
<ul style="list-style-type: none"> • Procurement: eg. paper, metal, freight • Supply chain management & logistics 	<ul style="list-style-type: none"> ✓ ✓

1. Including technologies, adjacent products, procurement and supply chain

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USG Boral recognised at Global Gypsum Awards 2016



The USG Boral team receiving the Global Gypsum Awards in Bangkok, Thailand, in October 2016

- Major global gypsum industry event
- USG Boral awarded:
 - Global Gypsum Company of the Year
 - Global Gypsum Product of the Year – SHEETROCK® plasterboard
 - Global Gypsum Plant of the Year – Saraburi, Thailand

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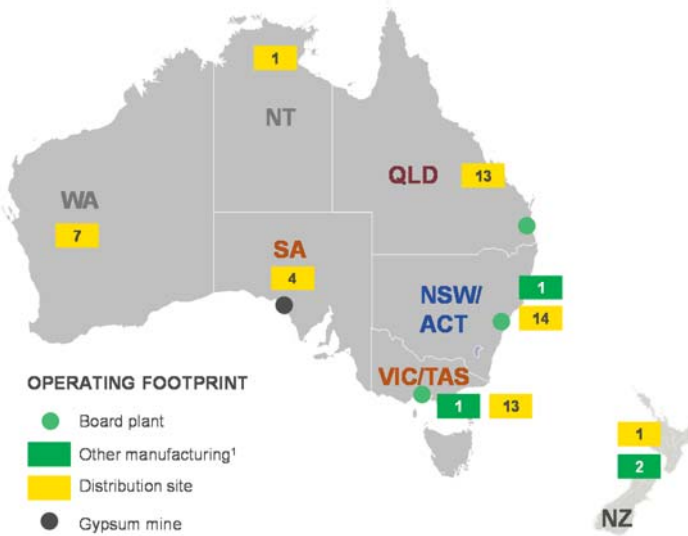
Responding to market opportunities and challenges



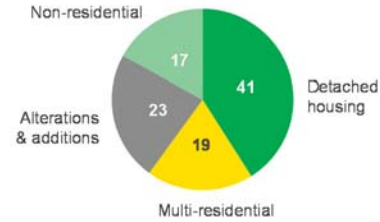
- **Australia**
 - Capacity utilisation ~70%, taking advantage of market strength, Sheetrock® adoption rates >90%
 - New entrant expected in Queensland by end of CY17
 - Building a niche, high end market position in NZ with Sheetrock® from Pinkenba
- **South Korea**
 - Strong market conditions
 - Optimising customer / product mix and margins following termination of long-term supply agreement with Byucksan
 - Commenced construction to add 30m² additional capacity
- **Indonesia & Thailand**
 - Subdued market conditions but solid business performance and new product offerings
 - New entrants / capacity
- **Other countries**
 - Vietnam: solid growth underpinned by Sheetrock®
 - India: solid growth – Board approval to expand production capacity by 30m²
 - China: closed Chengdu line in 1HFY17, optimising current capacity and growing Sheetrock® penetration

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USG Boral Australia overview – Strengthening positions in Australia and NZ



Plasterboard demand by end-market², %



- Sheetrock now produced at Camellia, Pinkenba and Port Melbourne board plants
- Good progress leveraging Sheetrock as a niche brand in New Zealand; supply mainly from Pinkenba

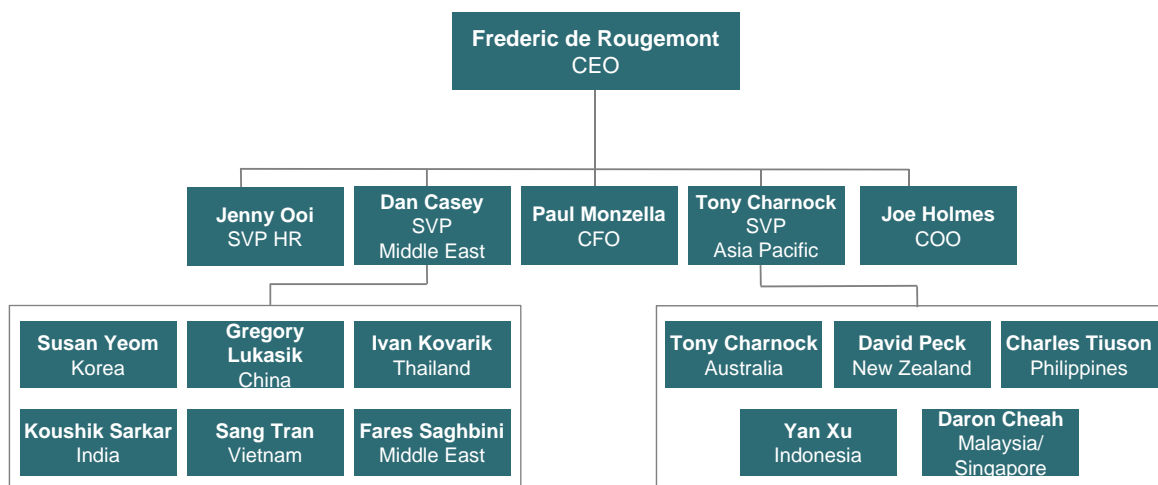
1. Includes production of cornices, compounds, metal products
 2. Based on USG Boral Australia management estimates of total market demand for 1H FY2017



QUESTIONS

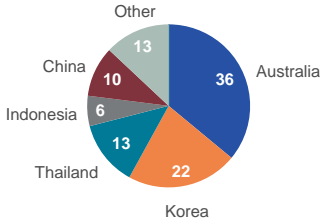
ADDITIONAL SLIDES

Executive team



Operations in long-term growth regions

SHARE OF REVENUE¹, %

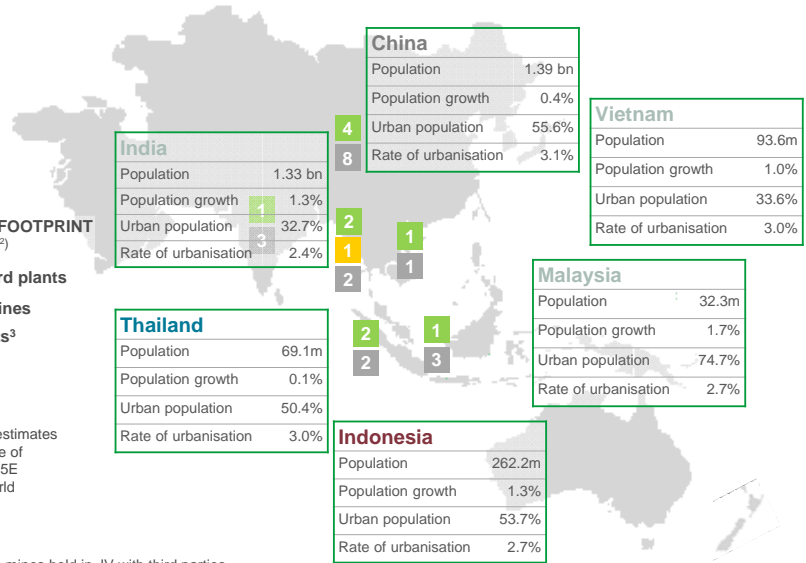


MANUFACTURING FOOTPRINT (total number of operations²)

- 18 Plasterboard plants
- 3 Gypsum mines
- 31 Other plants³

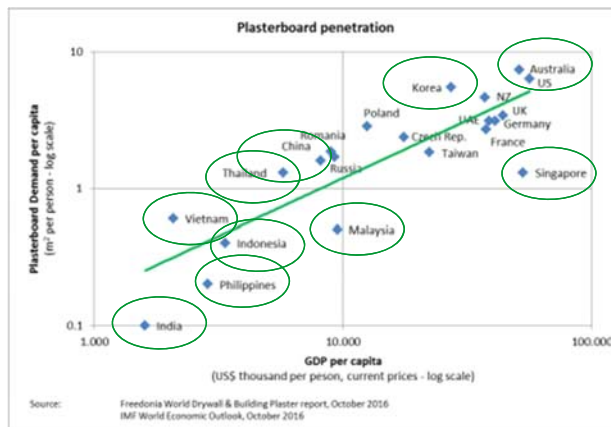
Note: Population figures 2017E | Population growth based on 2017 estimates | Urban population as a percentage of total population for 2015 | Rate of urbanisation based on annual rate of change between 2010 and 2015E
 Source: United Nations World Urbanisation prospects 2014; IMF World Economic Outlook Database Oct 2016

1. Based on split of 1H FY2017 underlying revenue for USG Boral
2. As at 31 Dec 2016. Certain manufacturing facilities and gypsum mines held in JV with third parties
3. Production of plasterboard and other products may be at the same physical location



Growth through product penetration

Plasterboard demand versus GDP per capita



Production capacity by plant

Overall production capacity: **617 million m²**

Country	Plant	Capacity, million m ²	Sheetrock ¹
Australia 3 plants, 3 lines	Pinkenba	40	✓
	Port Melbourne	28	✓
	<i>Total: 86 million m²</i>	18	✓
Korea 3 plants, 4 lines	Ulsan	46	✓
	Dangjin 1	37	✓
	Dangjin 2	35	✓
	<i>Total: 153 million m²</i>	35	
China 4 plants, 6 lines	Baoshan	35	✓
	Shandong	35	✓
	Chongqing 2	13	
	Chongqing 3&4	30	✓
	<i>Total: 143 million m²</i>	Pudong	30

Country	Plant	Capacity, million m ²	Sheetrock ¹
Thailand 2 plants, 3 lines	Saraburi 1	50	✓
	Saraburi 2	35	✓
	<i>Total: 105 million m²</i>	Songkhla	20
Indonesia 2 plants, 3 lines	Cilegon 1	26	✓
	Cilegon 2	30	✓
	<i>Total: 72 million m²</i>	Gresik	17
Vietnam	Ho Chi Minh 2	30	✓
Malaysia	Parit Buntar	11	
India	Khushkhera	9	✓
Oman	Oman	8	✓

1. Plants with Sheetrock® technology as at May - 2017

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Client projects – Australia / NZ



Project	Chadstone Shopping Centre Redevelopment Stages 38 & 40, Melbourne – largest shopping centre in Australia
Date	November 2016
Products used	115,000m ² lining products (including FIBEROCK® and Sheetrock®) and specialist plasterboards and compounds

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Client projects – Korea



Project **Accor Ambassador Hotel, Yongsan, Seoul** – largest hotel complex in Korea with ~1,700 rooms

Date Expected completion July 2017

Products used 550,000m² plasterboard (including ~70% Firecheck)
6,500m² ceiling tiles (Gyptex)



Project **L – City** – hotel and luxury residence complex in Busan; second tallest building in Korea

Date Expected completion November 2019

Products used 3,000,000m² plasterboard (including 40% Firecheck)

35

Client projects – Thailand



Project **ICONSIAM, Bangkok** – 70-storey condo and 52-storey super luxury condo and department store

Date Expected completion March 2019

Products used 100,000m² FULFILboard
100,000m² Firebloc
45,000m² standard plasterboard



Project **Rama Hospital, Bang Plee City** – government hospital building; 4 buildings of 8-storeys each

Date Expected completion December 2018

Products used 60,000m² sheets Multiwall
100,000m² sheets standard plasterboard

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Client projects – Thailand



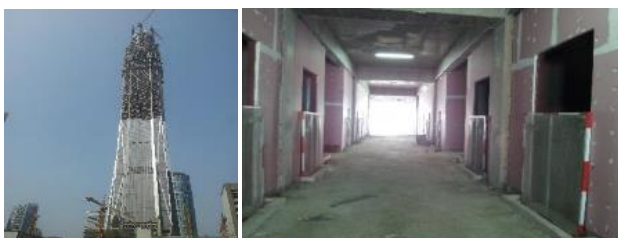
- Project** **EmQuartier** – 6 story mix used retail, featuring a 30' open air garden, 6 levels of dining terraces and an eight theater cinema complex plus a 5 tory waterfall
- Date** Completed May 2015
- Products used** 125,000 m² of 4 tapered edge board
45,000 m² of MFT-USG
30,000 m² of FULFILboard

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Client projects – China



- Project** **Shanghai Tower Center** – the second tallest skyscraper in China. Comprises hotel, retail, office and observation areas
- Date** Completed December 2015
- Products used** 70,000m² shaft wall
80,000m² lining system
100,000m² partitions



- Project** **Shenzhen Ping An International Finance Center** – skyscraper over 600m tall; headquarters of the Ping An Group
- Date** Completed October 2016
- Products used** 40,000m² shaft wall

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Client projects – Indonesia



- Project** Kota Kasablanka – office and residential project in Jakarta
- Date** Estimated completion May 2018
- Products used** 161,600 m² Sheetrock
107,600 m² acoustic and concealed system

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Client projects – Philippines



- Project** Okada Manila – casino resort and hotel complex in Entertainment City gaming strip, Pasay City
- Date** Expected completion, Tower 1, December 2017
- Products used** 9,000m² of 13mm WetArea Board
9,000m² of 16mm Firestop



- Project** Conrad Hotel – 5-star 10-storey hotel and high end retail complex in Pasay City, inspired by passing cruise ships in Manila Bay
- Date** Completed July 2016
- Products used** 24,000m² of 13mm WetArea Board
4,500m² of 16mm Echostop

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Client projects – Philippines



Project SunPower facility, Laguna – first semiconductor wafer fabrication facility in the Philippines

Date Completed January 2017

Products used 10,500m² of 13mm Firestop
10,500m² of 16mm Firestop



Project Viridian Residences – 55-storey luxury residential tower in Greenhills, Mandaluyong City

Date Expected completion December 2017

Products used 15,000m² of 16mm Firestop
9,000m² of 16mm WetArea Firestop

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Boral Australia
Innovation Factory – NSW

BORAL AUSTRALIA

Joe Goss,
Chief Executive,
Boral Australia



Agenda



- Boral Australia Overview**

Joe Goss

- Major Projects**

Wayne Manners

- Cement**

Ross Harper

- Transformation & Innovation**

Paul Dalton

- Southern Region**

Paul Dalton



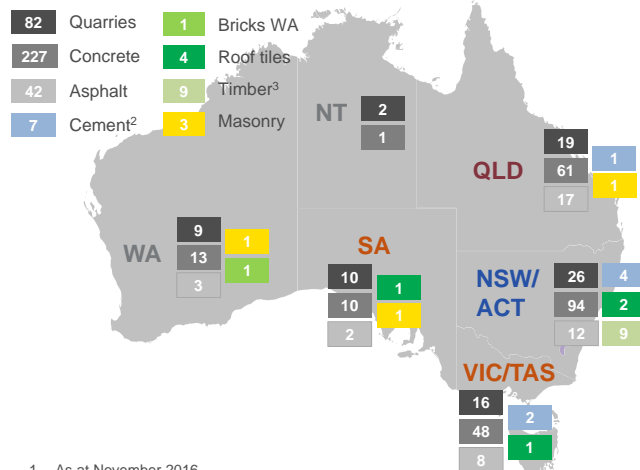
Boral Australia

The powerhouse in a diversified international portfolio of growth assets



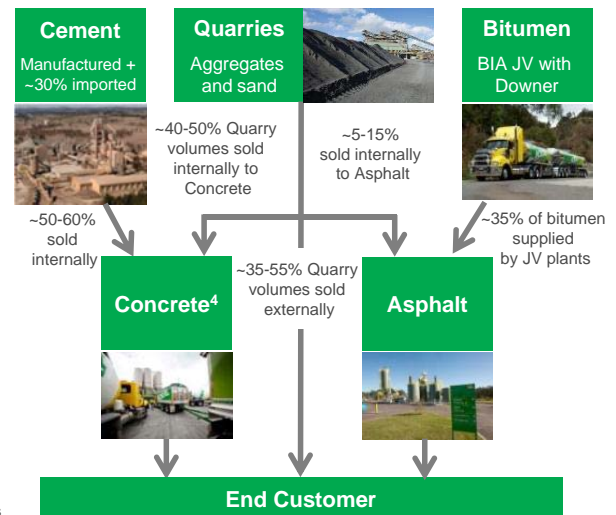
Large east coast focused footprint

(total number of operations¹)



1. As at November 2016
 2. Includes cement manufacturing plant, bagging plant, lime plant, limestone quarry and depots
 3. Includes 8 Boral Hardwood mills and 1 JV Softwood operation
 4. Includes Boral Concrete, Roofing, Masonry plus 2nd brands Concrete (NSW), Alsafa (Vic) & Q-Crete (Qld)

Vertically integrated operating model

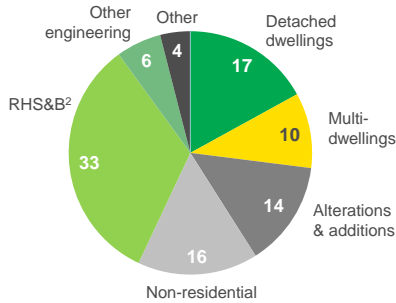


Revenue Profile

A diverse revenue profile (%)¹ by end-market, business and geography



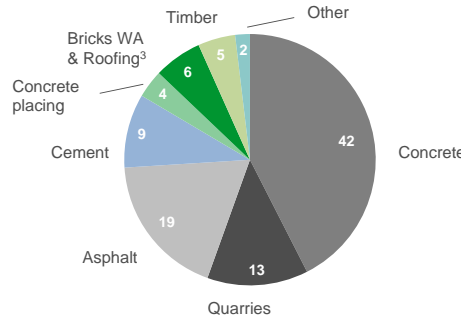
End-market



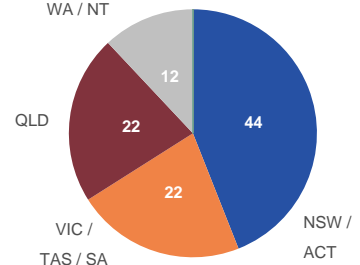
Diversified end-market focused on Infrastructure and Residential



Business



Externally Concrete heavy with Quarries and Cement internal focus



East coast, metro market focused

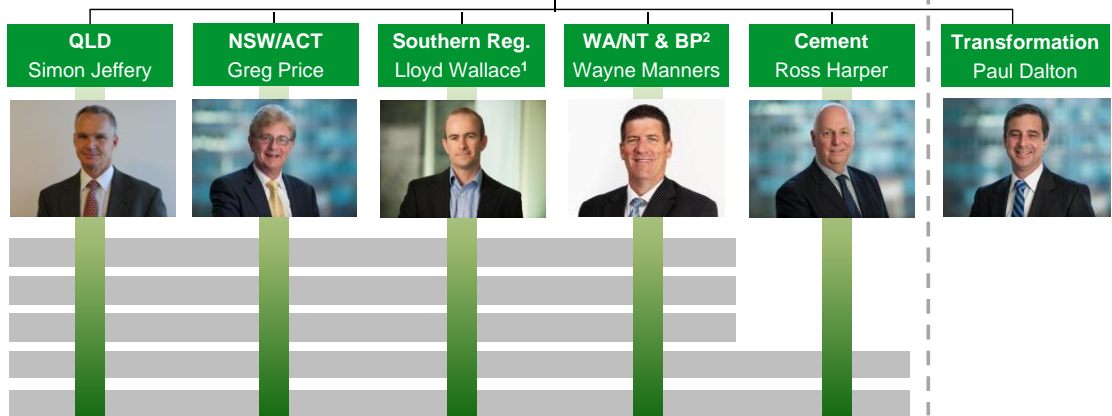
1. Based on 1H FY2017 split of Boral Australia external revenue
 2. Roads, Highways, Subdivisions & Bridges
 3. Bricks & Roofing includes Masonry revenues

Organisational Structure

Leveraging regional management structure with product & functional support



Boral Australia
Joe Goss



Councils

Quarries

Concrete

Asphalt

Logistics

Major Projects

Functions: HR, Finance, Strategy & Development, Procurement, Digital Solutions, Sales & Marketing, Property

1. Effective 1 June 2017
 2. Building Products

Culture and Capability

Sustaining performance by investing in culture and developing our people



Sustainable Performance Model



- Organisational health is critical in achieving sustainable high levels of performance
- Focus on culture, people and leadership underpins our investment in excellence programs
- Building a culture that fosters people working together
- Three pillars of success within zero|one|ten framework require strong leadership, high levels of people engagement and cultural alignment
- Transforming our business through our people

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Our Drive

Three pillars of success to being the undisputed industry leader



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Safety Excellence

Safety remains our first priority



ZERO HARM TODAY

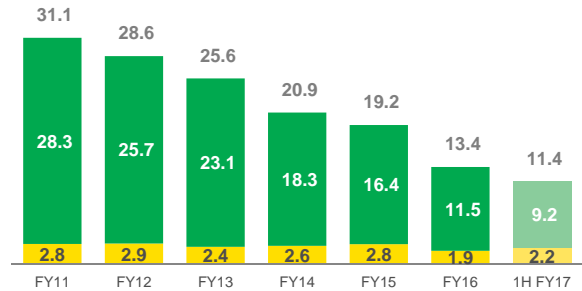
zero|one|ten

Safety Excellence

- Management commitment and leadership
- Employee engagement in safety responsibility
- What we are doing:
 - ✓ Engaging front line supervisors
 - ✓ Strengthening behavioural programs
 - ✓ Continuing contractor safety program

Divisional Recordable Injury Frequency Rate

Comprises Medical Treatment Injury Frequency Rate (MTIFR) and Lost Time Injury Frequency Rate (LTIFR). Includes employees and contractors.



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Customer Excellence

What is Customer Excellence?



zero|one|ten

Number one ↓

Customer Excellence

Price and margin practices:

While maintaining or improving our market positions, obtain a fair price to achieve a return on investment that exceeds the cost of capital through the cycle.

- Building a commercial culture and train our sales team to leverage the value our products / services deliver
- Differentiating pricing by segment and product, built around the value we deliver and what customers value
- Improving access to sales data to allow faster, better decision making and oversight of our price and margin

Customer orientation:

Helping our customers to build something great.

- Identifying customer journeys by key segments to better understand customer needs and moments of truth across our customer lifecycle
- Designing improved customer experience built around core customer and business value drivers
- Developing improved service models by segment, with success metrics

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Operational Excellence

Significant success from Operational Excellence initiatives



zero|one|ten

10% Better

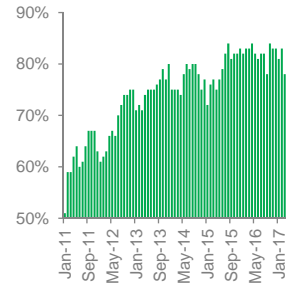
Operational Excellence

- Annual cost improvement programs
- ~\$175m of cost savings since FY15¹
- Productivity based improvements
e.g., OEE, plant monitoring & configuration, waste reduction
- Restructuring and labour right-sizing
- Procurement initiatives
- Supply chain optimisation
- Strategic and operational capital allocation

Cost improvement program FY17 focus areas % of savings



OEE² Quarries Nationally %



1. Cumulative benefits as presented at results from FY2015 – 1HFY2017, including restructuring, diesel, energy, procurement savings

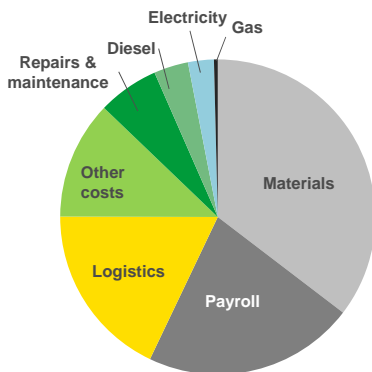
2. Overall Equipment Effectiveness

Operational Excellence

Material inputs, payroll and logistics cost make up ~75% of our cost base



Boral Australia's ~\$2.8b cost base



- Material costs ~35% of cost base
- Payroll costs ~22% of cost base with increases of up to ~3% p.a.
- Logistics costs ~18% of cost base
- Energy ~8% of cost base
- Electricity usage ~450-500 MWhr p.a. costing ~\$75m p.a. in FY17 (incl ~50% fixed network costs)
 - ~55% of variable exposure hedged + load management (off peak) strategies in place for large user sites
 - FY17 costs estimated to be ~\$11m higher than FY16
- Gas usage <2PJ¹ p.a. currently costing ~\$11m p.a.
 - Fixed term contracts: east coast contracts renew Jan 18, WA renews 2017
- Diesel usage ~100m litres p.a. currently costing ~\$100m p.a. (includes ~50% fixed pump costs and taxes)

1. Reflecting full decline in usage and costs following east coast brick divestment in November 2016

Pricing

Boral is focused on securing year on year price growth above cost escalation



- Average selling price rises required to offset cost pressures
- More favourable pricing outcomes in geographies with stronger demand

CASE STUDY:
Early evidence of April 2017 price increases coupled with October 2016 increases suggests that annual increases of national weighted ASP are running above cost escalation

CASE STUDY: Boral Concrete ASP YTD FY2017 vs FY2016

Region	Area	Change
QLD	Metro	●
	Country	●
NSW	Metro	●
	Country	●
Southern	VIC Metro	●
	VIC Country	●
	SA	●
	TAS	●
WA		●
National		●

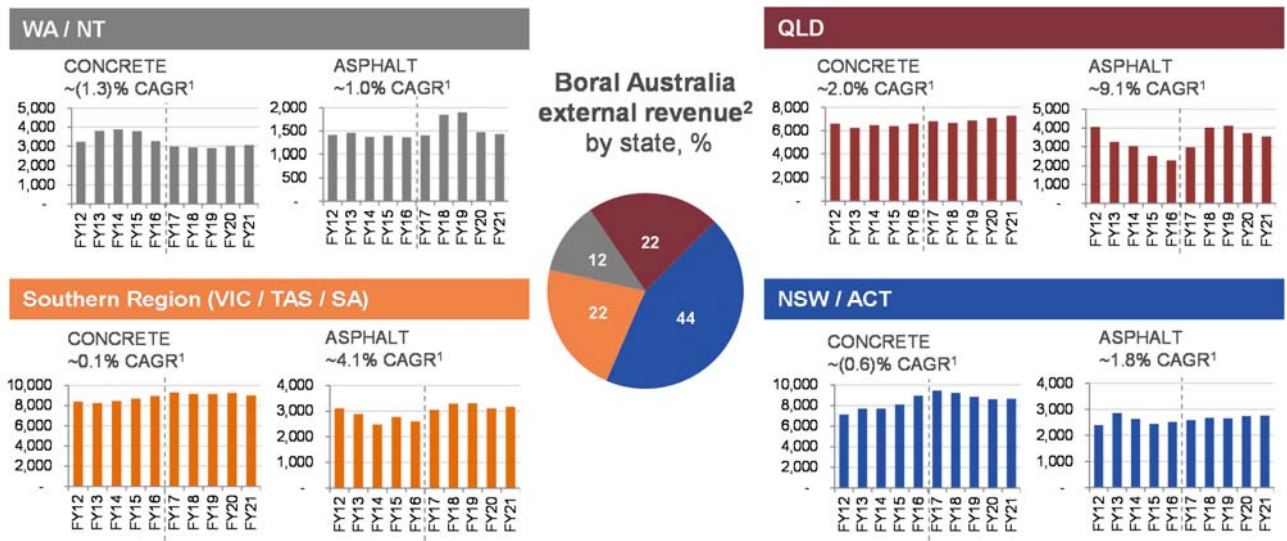
Key:

- Above Boral cost escalation
- Near Boral cost escalation
- Below Boral cost escalation

Source: Management estimates
YTD April 2017 vs April 2016 average selling price changes

Activity

Well positioned to take advantage of historically high levels of activity



1. Compound annual growth rate from FY2016 to FY2021 forecast by Macromonitor, February 2017 (Concrete in '000 m³ and Asphalt in '000 tonnes)
2. Based on 1H FY2017 split of Boral Australia external revenue

Agenda



- Boral Australia Overview**

Joe Goss

- Major Projects**

Wayne Manners

- Cement**

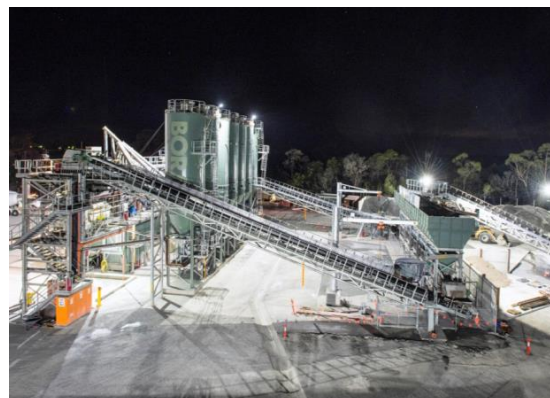
Ross Harper

- Transformation & Innovation**

Paul Dalton

- Southern Region**

Paul Dalton



Boral's mobile concrete batch plant at Mount Kuring-gai, NSW, for the NorthConnex motorway in Sydney (estimated completion 2019)

Boral Australia project pipeline – March 2017

We have secured and are executing on a strong pipeline of projects



Projects in Execution	Total project cost, A\$	Estimated completion	Projects in Tendering phase	Total project cost A\$	Status
Perth Stadium, WA	\$0.8bn	2017	Brisbane Airport Runway, Qld	\$1.3bn	Currently tendering
Mitchell Freeway, WA	\$0.3bn	2017	Sunshine Coast Airport, Qld	\$0.4bn	Currently tendering
Wheatstone LNG, WA	\$45bn	2017	Sydney Metro, City & SW, NSW	\$10.0bn	Currently tendering
Toowoomba Second Range, Qld	\$1.8bn	2018	Sydney Airport Re-sheet, NSW	-	Currently tendering
Bringelly Road Stage 1, NSW	\$3.3bn	2018	Northern Road, NSW	\$3.6bn	Currently tendering
Pacific Hwy, Nambucca, NSW	\$0.6bn	2018	Pacific Motorway M1 Widening, NSW	\$0.4bn	Currently tendering
NorthLink stage 1, WA	\$1.1bn	2018	Pacific Hwy W2B, NSW	\$5.0bn	Currently tendering
Gateway Motorway North, Qld	\$1.1bn	2019	Melbourne Metro, Vic	\$9.0bn	Currently tendering
Amrun Project, Qld	\$2.6bn	2019	Western Distributor, Vic	\$5.0bn	Currently tendering
Kingsford Smith Drive, Qld	\$0.7bn	2019	Outer Suburban Arterial Roads, Vic	\$1.8bn	Currently tendering
Warrego Highway Upgrade St 2, Qld	\$0.6bn	2019	Melbourne Airport Runway (RDP), Vic	\$0.5bn	Currently tendering
NorthConnex, NSW	\$3.0bn	2019	Northern Connector Road, SA	\$1.0bn	Currently tendering
Forrestfield – Airport Link, WA	\$1.2bn	2019	NorthLink stages 2 & 3, WA	\$1.1bn	Currently tendering
			Warrego Highway Stage 3, Qld	\$0.6bn	Pre-tendering
			Logan Motorway, Qld	\$0.5bn	Pre-tendering
			Western Sydney Stadium, NSW	\$0.3bn	Pre-tendering
			WestConnex (stage 3), NSW	\$4.0bn	Pre-tendering
			Bandon Road Link, NSW	tbd	Pre-tendering

Materials revenue from major road projects typically 1-5% of project cost

Project execution

Major projects underway around Australia demonstrate Boral's capability to deliver



2016 - 2018

- 1 Northlink Stage 1**
- New Perth road corridor
 - Supply & place asphalt
 - ~180,000 tonnes



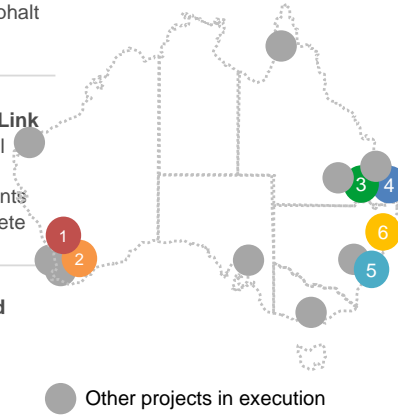
2017 - 2019

- 2 Forrestfield Airport Link**
- Concrete for tunnel & structures
 - Fixed & Mobile plants
 - ~180,000m³ concrete

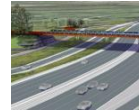


2017 - 2018

- 3 Toowoomba Second Range Crossing**
- Bypass route
 - ~70,000m³ fixed concrete plant



Other projects in execution



2016 - 2019

- 4 Gateway Upgrade North**
- Major Road upgrade
 - Supply & place asphalt
 - ~500,000 tonnes



2016 - 2019

- 5 NorthConnex**
- Tunnel linking M1-M2
 - Integrated concrete supply through dedicated project plants
 - ~500,000m³ concrete



2012 - 2018

- 6 Pacific Highway Upgrade**
- Various sections
 - Concrete, asphalt, quarry materials via fixed and mobile plants
 - ~400,000m³ concrete

Note the dates listed under each project are start date - completion date

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Project capability

Boral continues to demonstrate the benefit of an integrated approach



Perth Stadium



- Supplying multiple products
- Securing related project work
- Delivering technical complexity

NorthConnex



- Building supply chain and capacity solutions
- Supplying highly specified concrete product
- Implementing strong project management governance

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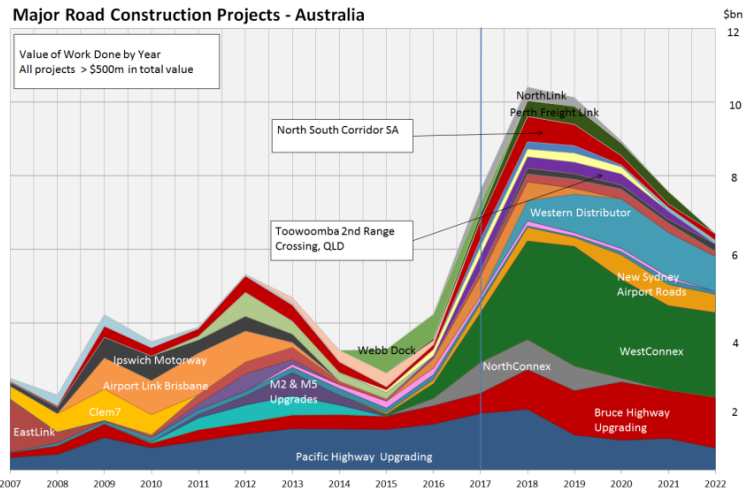
Australian major road projects pipeline

We are in the early stages of a multi-year infrastructure boom



- Investment in road infrastructure translating into stronger materials demand
- Demand focus on east coast
- Projects are close to integrated Boral operations

The major project pipeline (including beyond 2022) is being supported by recent government budget announcements



Source: Macromonitor

Agenda



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Ross Harper
- Transformation & Innovation**
Paul Dalton
- Southern Region**
Paul Dalton



Discharge of Imported Clinker at Port of Geelong

Boral Cement Portfolio

A strong portfolio of businesses that source and supply a wide range of products



	Berrima NSW	Maldon NSW	Waurin Ponds VIC	Sunstate JV	Marulan NSW	Other businesses
	Clinker & cement	Specialty cements	Grey cement	Multiple cements	Limestone & Lime	DMG & FAA
Assets	<ul style="list-style-type: none"> Clinker (1.5mt) - fully utilised kiln 2 mills (1.6mt) Rail link to CBD 	<ul style="list-style-type: none"> 2 mills (900kt) Berrima clinker Packaging plant Rail link to CBD 	<ul style="list-style-type: none"> 2 mills (750kt) Imported Clinker transported inland 	<ul style="list-style-type: none"> 3 mills (1.5mt) JV with ABL Import clinker Portside facility Dry mix capability 	<ul style="list-style-type: none"> >80 years limestone reserves 3.1mt of limestone quarried in FY16 Lime kiln (130kt) 	<ul style="list-style-type: none"> <i>DeMartin & Gasparini</i> 34 Concrete pumps and towers <i>Fly Ash Australia</i> JV with CA
Products	<ul style="list-style-type: none"> Grey cement: SL & HES Grey and O/W Clinker 	<ul style="list-style-type: none"> Grey cement: GP Slag Specialty & blends Bagged products 	<ul style="list-style-type: none"> Grey cement: GP, HES Blends at Somerton terminal 	<ul style="list-style-type: none"> Grey cement: GP, HES & SL Slag, fly ash, O/W Blends and Bagged 	<ul style="list-style-type: none"> Limestone Lime Manufactured sand 	<ul style="list-style-type: none"> Concrete pumping and placing Contracting packages Bulk fly ash

Shrinkage Limited (SL); High Early Strength (HES); Off-White (OW); General Purpose (GP); Adelaide Brighton (ABL); Cement Australia (CA)

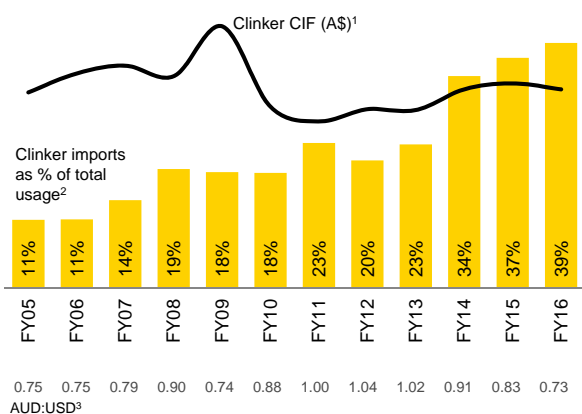
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Clinker Imports

International export market conditions continue to be favourable for clinker importers



Import Clinker Prices and Volumes



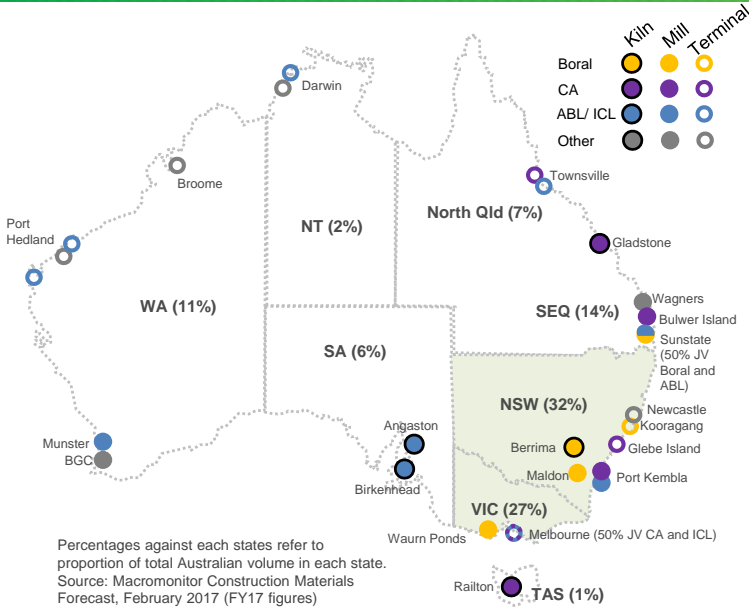
- Australian cement **imports** have increased as local manufacturing reduced and demand has grown. Trend to imports should continue.
- Import cost** of clinker (ex Asia) is low relative to historical levels, partially offset by lower AUD
- Excess regional capacity** exists and has been aided by a fall in Chinese demand
- International shipping at cyclical lows

1. Management estimates
 2. Source: Cement Industry Federation
 3. Source: Reserve Bank of Australia

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Boral Cement Sourcing

Our cement sourcing model is tailored by region to take advantage of local conditions



Boral Cement sourcing models

Area	Model	Assets	Rationale
NSW	Clinker manufacturer	Berrima Kiln Maldon	Logistics & continuous improvement maintains competitiveness
VIC	International clinker importer	Waurn Ponds	Imported clinker has lowest cost
SEQ		Sunstate JV (50:50 with ABL)	Imported clinker has lowest cost. JV reduces volume risk
NQ	Bulk cement purchaser from local producers	Agreements with local suppliers	Competitive sourcing cost
SA / TAS			
WA			

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Boral's Strategic Positions

Adapting to our environment by leveraging Berrima's strategic position & reinvesting



Berrima cost competitive and well located



Planned Victorian reinvestment



- Berrima costs at or below import parity
- Productive limestone, continued kiln efficiency (fully utilised) and logistics advantage
- Boral rails cement into Sydney CBD at costs typically lower than trucking from Port Kembla
- Boral's Marulan limestone quarry has improved production and lowered costs
- Boral supplies VIC from its inland Waurn Ponds facility
- Progressing options to build a replacement portside grinder – decision by end of CY17
- New facility will lower transport & handling costs, produce a slag based product range and have swing capacity to capture surge in project activity

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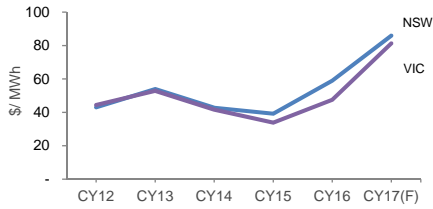
Boral Australia's Energy Exposure

Boral's energy exposure is mainly through Berrima which is managing its position



Electricity

Wholesale Electricity Prices



Source: ACIL Allen; wholesale prices exclude costs of transmission, distribution, green schemes and retailer margin

- Electricity prices have risen in NSW and VIC
- Electricity is ~9% of Berrima costs
- Berrima shifts production where possible to low cost times of the day

Kiln Fuel

Alternative Fuels

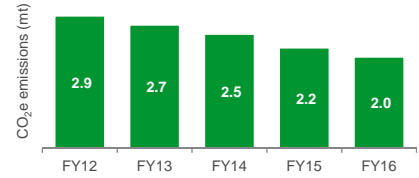


Sources such as woodchips, garbage and other biomatter can be burned to produce sufficient heat for use in the Berrima kiln

- Berrima is coal fired, with plans to substitute up to 30% alternative fuels
- Fuel cost is ~13% of Berrima costs
- Marulan lime kiln is gas fired and is Boral's main user of gas

Carbon

Boral Australia CO₂e emissions



Carbon dioxide equivalent emissions. Boral Australia's direct emissions mainly relate to the Cement business

- Lower CO₂e emissions via kiln efficiency and adding coke to coal
- Options to further reduce emissions including alternate fuels, waste heat recovery and efficiency measures

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Paul Dalton



Stokehouse, Melbourne (built using ENVISIA® Concrete)

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Transformation Platforms

Creating platforms to transform Boral Australia and drive continued growth



A new executive position leading 'Transformation & Innovation' will focus on establishing platforms to drive our transformation agenda and continued EBIT growth

 Price & Margin Practices	 Supply Chain Optimisation	 Innovation
<ul style="list-style-type: none"> • Growing revenue & margin through more rigorous pricing processes to reflect value • Building commercial culture and expanding sales team competencies • Building sales tools and systems 	<ul style="list-style-type: none"> • Optimising our integrated network to drive margin growth • Building common tools and systems • Improving connectivity between sites and fleet 	<ul style="list-style-type: none"> • Driving margin growth through new products • Commercialisation • Focus on collaboration and building partnerships

Enablers: Leadership People Culture Digital

Price & Margin Practices

A multi-year program to build commercial culture and sales systems



- Growing revenue and margin**
 - Expanding margins through greater understanding of Boral's 'costs to serve' and customer history / behaviour
 - Capturing pocket margin
- Building commercial culture**
 - Institutionalising 'One-Boral' behaviour and building commercial culture with clear guiding principles of behaviour
 - Building sales staff competency through training programs and targeted recruitment
- Building sales tools & systems**
 - New common tools and processes to improve decision making
 - Upgraded reporting
 - Integrated 'configure, price, quote' with customer relationship management (CRM)
 - More frequent pricing reviews underway



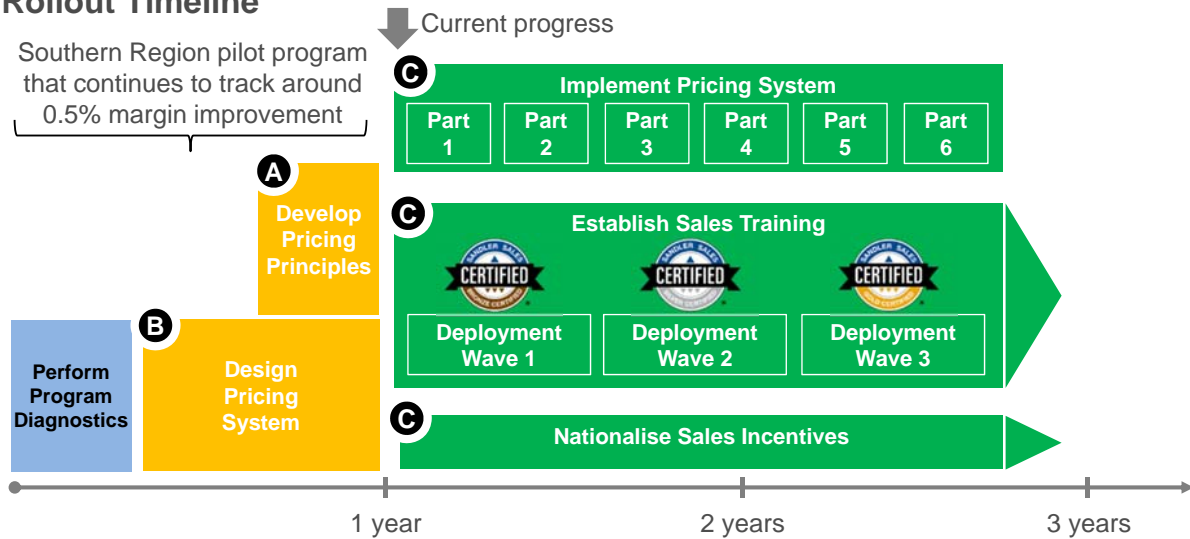
Price & Margin Practices

Program progress on track with system design and principles completed



Rollout Timeline

Southern Region pilot program that continues to track around 0.5% margin improvement



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Price & Margin Practices

Pricing Principles



A Establishing the national principles to guide behaviour for good price management

1 Guiding Principles

Guiding Principle #1

- We will never undervalue our products & services to win a job

Guiding Principle #2

- We will maintain or improve our market position
- Need to cover costs and achieve a return on investment that exceeds the cost of capital through the cycle

2 Pricing Principles

Examples:

- **Pricing reviews** - being predictable to our customers on pricing
- **Customer prices** – applying appropriate and consistent criteria for pricing
- **Service fees** - charging according to “pay per use”

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Price & Margin Practices

Systems, Training and Incentives



C Institutionalising practices to scale across the business and sustain the benefits

Configure/Price/Quote System



- Centralised product, pricing & margin information
- Rules Engine
- Manages authority / approvals
- Automatically generates quotes

Sandler Sales Certification Program



- 3-4 year program
- Southern region pilot
- Multi-level, graded program

Sales Incentive Plan



- National plan
- At risk component
- Individual KPIs

Price & Margin Practices

Pricing Systems



B Building national pricing systems & processes to improve decision making & control

Price Plan

Aspiration by geography and segment over time based on local conditions

Customer

Peer customers by location, segment & volume of product purchased from Boral

Product

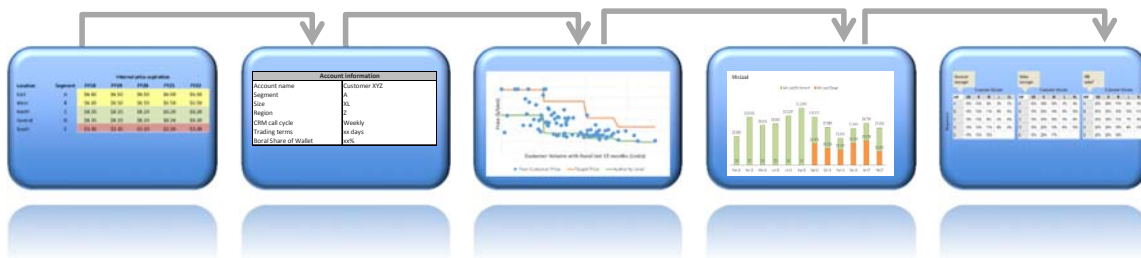
Clear target & authority level for each product

Service Fees

Services unbundled with check on historical recovery

Authority

Margin check, approval level, required escalation



Note the information above is illustrative only

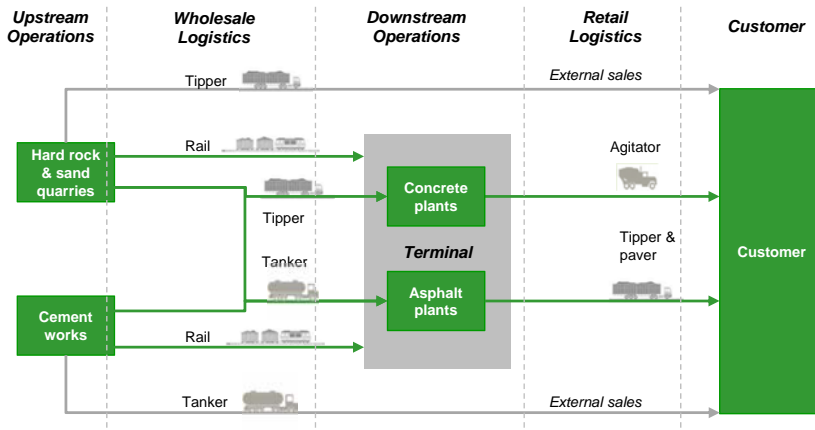
Supply Chain Optimisation

Creating value by connecting customers to resources via a complex supply chain

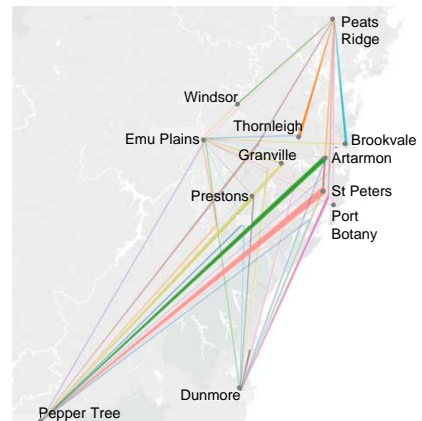


We spend >\$500m p.a. moving >100m tonnes of materials and finished products by ship, road & rail. We have ~2,500 road vehicles including 1,400 Agitators and ~1,100 tippers and tankers.

Material movements



Sydney Aggregate movements



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Supply Chain Optimisation

A multi-year program to create value from our integrated network



Optimising our integrated network to drive margin growth

- Focusing on Boral's 'costs to transport' and improving customer service, reliability and safety
- Performing diagnostics to prioritise areas of opportunity – digital, people and process areas identified

Building common tools & processes

- Standardising logistic processes and building supporting infrastructure
- System upgrades to improve and automate despatch
- Investing in sales & operations planning

Improving connectivity

- Improving connectivity between logistics fleets and our large integrated operational footprint
- Leveraging Boral Australia's scale and reach

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Innovation

Focusing on building a culture of innovation and commercialisation



Driving margin growth through new products

- Constant review of product, service and business models to maximise the potential benefits of innovation
- Digital innovation to feature heavily in process

Commercialisation

- Commercialising products to build a portfolio centred on customer needs, materials science and mix designs
- Includes early strength and low carbon value added concrete products as well as polymers and recycled asphalt products

Focus on collaboration and partnerships

- Leveraging Boral's history of innovation, product development & technical capability
- Strengthening collaboration with Boral USA and USG Boral
- Expanding collaboration with external partners eg. customers, suppliers and research centres

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Innovation video presentation



This promotional video providing customer testimonials and highlighting the innovation behind Boral's Envisia concrete is accessible on Boral's website www.boral.com.au

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Agenda



- **Boral Australia Overview**
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Paul Dalton



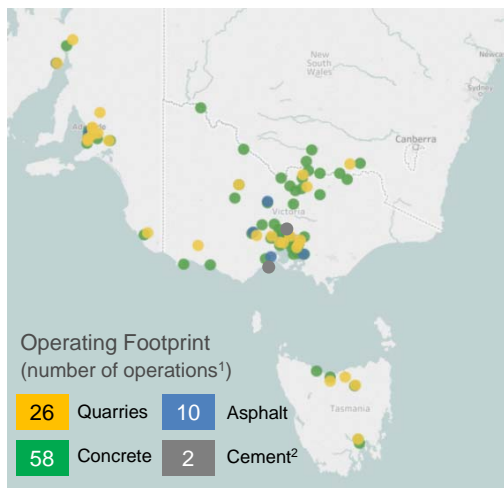
Boral's Integrated Concrete Model is key to Southern Region's success

Southern Region Footprint

Boral has a large integrated footprint supplying key markets in Southern Region



Southern Region construction materials & cement



1. As at November 2016
2. Includes Waurin Ponds grinder and Somerton depot / bagging plant

Victoria / South Australia / Tasmania					
Areas	Activity	QUA	CON	CEM	ASP
Melbourne CBD	Large multi-res development, infrastructure investment	✓	✓	✓	✓
Melbourne West	Long term residential growth corridor	✓	✓	✓	✓
Melbourne East	Infrastructure investment and redevelopment	✓	✓	✓	✓
Melbourne North	Industrial and residential growth corridor	✓	✓	✓	✓
Melbourne SE	Industrial and residential growth corridor	✓	✓	✓	✓
VIC Country	Windfarm project investment	✓	✓	✓	✓
Adelaide	Major road and freeway infrastructure	✓	✓		✓
SA Country	Major road and freeway infrastructure	✓	✓		✓
Tasmania	Low residential growth, investment in health projects	✓	✓		

QUA: Quarries CON: Concrete ASP: Asphalt CEM: Cement

Deer Park Quarry Reinvestment

Deer Park Quarry reinvestment strengthens Boral's Melbourne position



Quarry Characteristics



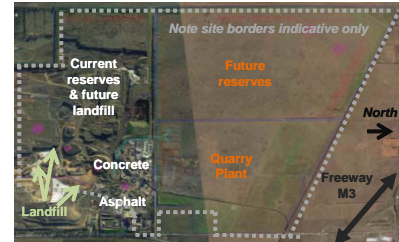
- Commenced stone extraction in 1965
- 30+ years of reserve life
- Close to major arterial roads, enabling supply into CBD and Western and Northern growth corridors
- 24hr/6 days per week consent to process and sell material

Processing Plant



- Plant replacement cost of ~\$75m with completion by end of CY2017
- Increased production capacity from ~2mtpa to ~3mtpa
- Enhanced product yield with upgraded screening technology to optimise variable quality of reserves
- Improved ability to extract all areas of pit and open more void for landfill

Complementary Businesses



- Rock geology enables production of high specification asphalt & high strength concrete through to low grade road-base
- On-site Asphalt and Concrete plants add value to high grade materials extracted
- Cleanaway Landfill providing royalty stream as well as purchasing large quantities of low grade product

Questions

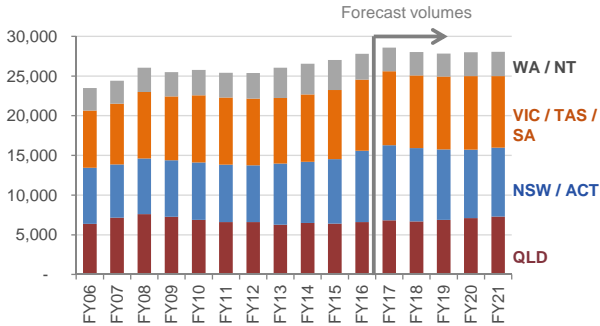


Strong demand outlook for concrete and asphalt

Industry demand forecast to peak and remain at high levels

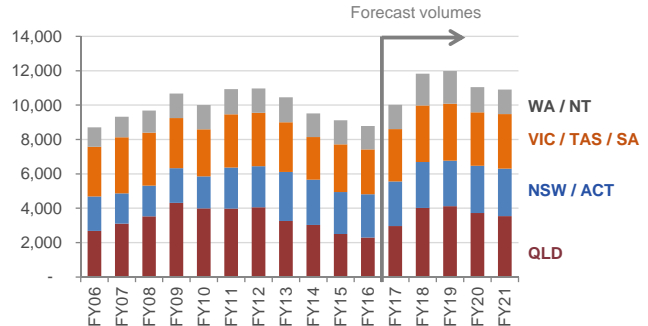


Forecast pre mix concrete demand¹
(‘000) m³



- Forecast CAGR² of ~0.2% from FY2016 to FY2021
- Growth in RHS&B³ activity forecast to offset softer demand from dwellings

Forecast asphalt demand¹
(‘000) tonne³

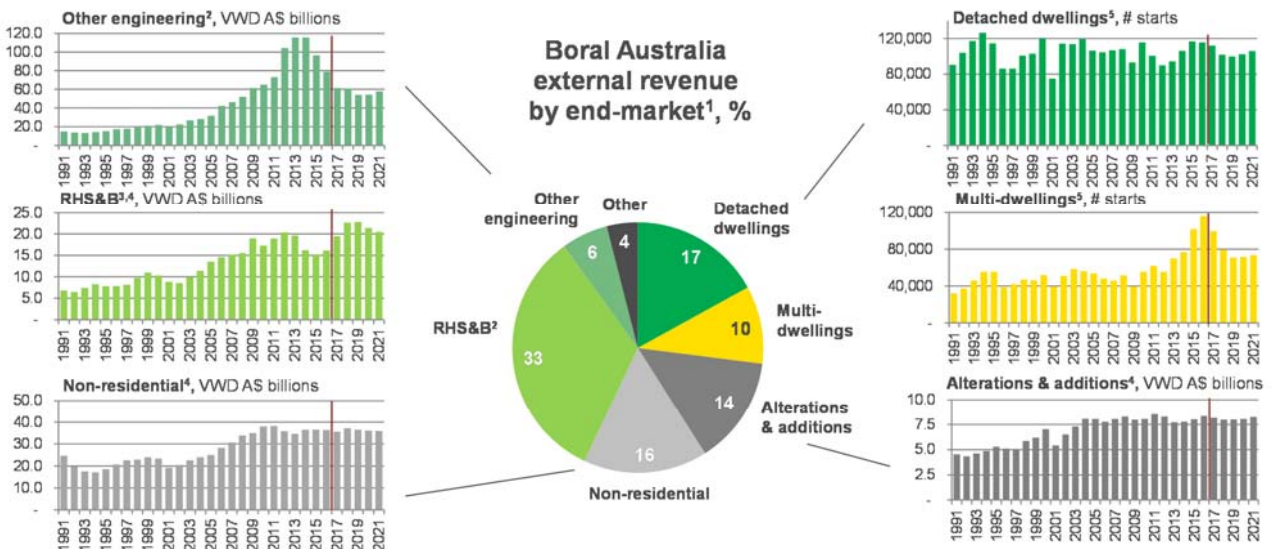


- Forecast CAGR² of ~4.4% from FY2016 to FY2021
- Growth in major roads infrastructure underpins increase in forecast asphalt demand

1. Source: Macromonitor, Construction Materials forecast, February 2017
2. Compound annual growth rate
3. Roads, highways, subdivisions & bridges

Activity by Segment

Boral Australia captures activity across multiple market segments



1. Based on split of 1H FY2017 Boral Australia external revenues
2. BIS Oxford Economics (March 2017)
Note charts are for financial years and have been based on 2014/15 dollars unless otherwise noted

3. Roads, highways, subdivisions and bridges
4. Source: BIS Oxford Economics and Macromonitor (both March 2017)
5. Source: BIS Oxford Economics and Macromonitor (both March 2017) and HIA (Feb 2017)

Disclaimer



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To the extent that this document may contain forward-looking statements, such statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release.

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