



# ASX RELEASE

15 June 2020

## Zlatko Todorcevski appointed as Boral's CEO & Managing Director

Boral Limited (ASX:BLD) today announced that Zlatko Todorcevski has been appointed as Chief Executive Officer (CEO) & Managing Director of Boral Limited, effective 1 July 2020. This will allow a transition period with Boral's current CEO & Managing Director, Mike Kane, who will retire from Boral in September 2020.

Zlatko has 30 years of experience in Australia and internationally in steel building products, oil and gas, and logistics, working in finance, business planning and strategy roles, including as Chief Financial Officer of Brambles Limited from 2012 to 2016 and Oil Search from 2009 to 2012. This followed a 23-year career at BHP in senior finance and business development roles across BHP's steel building products and petroleum businesses, culminating in the role of CFO Energy at BHP based in the USA.

Since March 2017, Zlatko has been on the Board of construction materials company, Adelaide Brighton Limited, where he has served in the capacity of Chairman and since May 2019 as Deputy Chairman and Lead Independent Director. He will step down from the Adelaide Brighton Board, effectively immediately.

Zlatko is also on the Board of Coles Group Limited, where he serves as Chairman of the Audit and Risk Committee, and The Star Entertainment Group Ltd, where he is Chair of the Audit Committee. He will complete an orderly transition off those Boards over the coming months.

Boral's Chairman of the Board, Kathryn Fagg, said that after an extensive search for a new CEO, Zlatko has proven to be an outstanding candidate.

*"With exceptional commercial acumen, strategic insight and a focus on return on capital, Zlatko has a strong track record as a senior executive in a number of large industrial and energy companies, with international operations.*

*"His experience in leading major transformations, including business turnarounds, as well as in capital allocation and strategic portfolio management, are critically important for Boral.*

*"Zlatko's mandate as Boral's CEO is at the outset to set a clear operational plan, including how to manage through the current challenging conditions, and to work with the Board to finalise the review of the operational performance and strategic positioning of the businesses within Boral's portfolio. He will then deliver a strategy to strengthen the financial performance of the Company and to improve returns for our shareholders.*

*"The Board appreciates Mike Kane supporting Zlatko's transition into the role, which will provide Zlatko with an opportunity to quickly understand the issues and assess the operational and strategic priorities within each division, focusing initially on Boral North America.*

*"We thank Mike for his leadership and for building a safer, more innovative, more resilient and better positioned business today than at the time that Mike joined the Company. On a personal note, I have very much enjoyed working with Mike, and I know Boral's people have greatly appreciated and enjoyed his leadership and he will be missed by our employees."*

Zlatko Todorcevski said he was looking forward to the challenges ahead, working with Boral's people and leading Boral as we reset the business:

*"It's a great honour to be appointed as Boral's next CEO & Managing Director.*

*"I see my job as helping to shape Boral's future and ensuring that a company with such a proud 75-year history and heritage continues to thrive and prosper for many years into the future.*

*"This is a great, iconic Australian company, with an excellent brand, a committed and passionate workforce, strong market positions, and solid underlying business fundamentals.*

*"But it is fair to say that in recent times, the company has not performed in line with the market's or the Board's expectations.*

*"Boral has the potential to perform at a higher level and to be recognised as a great business, which is what attracted me to the position in the first place.*

*"My brief is straight forward: to use my strategic and commercial expertise and knowledge of the sector to strengthen the business so that we are delivering attractive returns for our shareholders, doing a great job for our customers, and ensuring we run a safe and sustainable company for our people and the communities in which we operate.*

*"As the Board made clear to me through the selection process, there are no sacred cows when it comes to our strategy and our portfolio. We will spend the next few months working on how to refocus Boral to deliver for our customers, our people and shareholders.*

*"These are tough times for all organisations – the economic impacts of the COVID 19 pandemic are still to fully play out.*

*"As COVID 19 lockdowns ease in our key markets, we need to be sure that Boral is well placed to take advantage of opportunities currently in the pipeline or created through stimulus activities, and to emerge as a strong business ready to grow and deliver acceptable returns."*

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## Biography of Zlatko Todorcevski

Born in Macedonia and raised in Australia, Zlatko completed a Bachelor of Commerce from the University of Wollongong in 1991 and a Master of Business Administration from the University of Wollongong in 1994.

Zlatko's 30-year executive career spans the oil and gas, logistics and steel building products sectors. He has lived in Australia, United Kingdom and United States and has worked extensively in Asia, Middle East, Africa, Russia and Latin America. He started his career with BHP where he spent the first ten years in Lysaghts, the downstream building products arm of BHP Steel, focused on marketing, finance, strategy and new product development.

Over the next 13 years, Zlatko held executive roles with BHP's Petroleum business including Vice President Finance and Development for Europe, Africa and Middle East, and Vice President Finance and Planning for Australia / Asia. He was appointed Chief Financial Officer (CFO) Energy for BHP in 2005, initially based in the UK and then USA, and held that position for 3.5 years. As CFO Energy, he was responsible for finance, strategy and M&A, and all commercial activities.

In 2009, Zlatko joined Oil Search Limited as CFO with responsibilities for all finance activities, strategy & planning, legal, IT and company secretarial functions.

In October 2012, Zlatko became the CFO of Brambles Limited, with responsibilities for finance, M&A, procurement and company secretarial functions. At Brambles, he led the \$3b demerger of Recall Holdings as well as multiple global acquisitions and divestments and a major cross-company transformation program.

In November 2016, Zlatko shifted from a full time executive career to spend the past four years as a non-executive director and in advisory roles.

He joined the Board of Adelaide Brighton Limited in March 2017, where he has served as both Chairman, and Deputy Chairman and Lead Independent Director. Zlatko will step down from the Adelaide Brighton board effective immediately.

He joined the Board of The Star Entertainment Group in May 2018 where he is Chair of the Audit Committee, a member of the Risk and Compliance Committee, and a member of the Investment and Capital Expenditure Review Committee.

In November 2018, Zlatko joined the Board of Coles Group Limited, where he is Chairman of the Audit and Risk Committee and a member of the Nomination Committee of Coles.

Zlatko will transition off the Boards of both Star Entertainment and Coles in the coming months.

From January 2016 to December 2017, Zlatko served as Chairman for the Group of 100, the peak body for Australia's Chief Financial Officers, and in December 2017, Zlatko completed 18 months as the Chairman of the ASIC Accounting and Auditing Standing Committee.

Zlatko is a Fellow of CPA Australia, a Fellow of FINSIA, a Fellow of the Governance Institute of Australia and a Member of the Australian Institute of Company Directors.

Zlatko is 52 years old. He is married and has two children and lives in New South Wales.

## Summary of key terms of Zlatko Todorcevski's employment agreement

**Commencement Date:** 1 July 2020

**Term:** Ongoing (i.e. no fixed term)

### **Fixed Annual Remuneration (FAR)**

Initial FAR of A\$1,900,000, made up of base cash salary, superannuation and any allowance for a motor vehicle.

FAR will be delivered as:

- 92% in cash (A\$1,750,000)
- 8% (A\$150,000) in the form of Boral equity

The equity component will be subject to a holding lock or equivalent until the Executive exceeds the minimum shareholding requirement, except where the sale of shares is required to meet tax obligations. The equity component will be subject to applicable plan rules.

### **Short Term Incentive**

There is no short term incentive award opportunity with the remuneration structure aligned to rewarding longer-term performance of the company.

### **Long Term Incentive**

#### FY21 LTI Grant Opportunity

Subject to shareholder approval, the FY21 LTI grant will be in the form of Boral equity, with an aggregate face value equivalent of 230% of FAR.

Vesting will be subject to performance hurdles to be determined by the Board, which are expected to be a combination of measures based on shareholder returns, return on capital and strategic transformation. There will be a single performance test after a three year performance period, with any vested equity subject to a further 12 month holding lock or equivalent.

The LTI award will be subject to applicable plan rules.

#### Ongoing opportunity

Eligible to receive annual LTI grant in the form of Boral equity on terms (including performance hurdles) to be determined by the Board. Future LTI grants (including the terms of those grants) and participation in any other future incentive arrangements will be reviewed annually by the Board.

**Minimum holding requirement**

Boral shares with a value equivalent to 100% of FAR over a period of up to five years from appointment.

**Holding restriction**

A holding restriction on the sale of Boral shares will apply for 12 months post termination, except where the sale of shares is required to meet tax obligations.

**Other Non-Monetary Benefits**

The Executive may be provided with limited non-monetary benefits which may include parking and any associated fringe benefits tax.

**Termination**

Six months' notice at any time by the Executive.

Company can terminate by giving 12 months' notice.

Company can terminate with immediate effect for cause.

**Post-employment restraints**

12 month non-compete and non-solicit provisions will apply

**Leaving arrangements for Mike Kane in line with his employment contract**

Mr Kane will cease to be CEO & Managing Director on 30 June 2020. Mr Kane will remain employed and available to assist the company during a brief transition period through to mid-September, when he will retire.

Mr Kane will not receive any STI for FY20.

Mr Kane's 2018 deferred STI award will remain eligible to vest in accordance with its terms. Unvested LTI awards made in 2017, 2018 and 2019 will vest or lapse in accordance with their terms. The 2017 LTI award is subject to testing in September 2020 and is unlikely to vest. The 2018 and 2019 LTI awards will be pro-rated and are subject to performance testing in 2021 and 2022, respectively.

As previously disclosed, on termination Mr Kane is entitled to receive a separation payment equivalent to 12 months Base Cash Salary.

*For the purposes of ASX Listing Rule 15.5, the Board has authorised the release of this announcement to the market.*

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