Boral Gypsum Asia

AGENDA

- BGA introduction
  - Performance and Growth
  - Our ambition
2000  Joint venture formed in June 2000 (Boral initial share 27.3%)
2001  Siam Gypsum Industries acquired (71%) from Siam Cement in Thailand
       (Boral funded, lifting Boral’s share in LBGA to 47%)
2002  Dangjin line 1 (Korea) and Chongqing line 1 (China) opened
2003  Boral increases share to 50%
2005  Chongqing line 2 (China) opened
2006  HCMC line 1 (Vietnam) opened
2007  Dangjin line 2 (Korea) opened
2008  Khushkhera (India) and Chengdu (China) opened
2010  Saraburi line 2 (Thailand) and Baoshan (Shanghai) opened
2011  3 new capacity increase projects approved and under construction in
       Asia, and a plant acquisition in China (Shandong)
2011  Boral acquires Lafarge’s outstanding 50% stake
### BGA FINANCIALS

<table>
<thead>
<tr>
<th>USD million</th>
<th>Year end Dec 09</th>
<th>Year end Dec 10</th>
<th>12 mths to June 11</th>
<th>Year end Dec 11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>401</td>
<td>481</td>
<td>520</td>
<td>565</td>
</tr>
<tr>
<td>EBITDA</td>
<td>73</td>
<td>83</td>
<td>85</td>
<td>91</td>
</tr>
<tr>
<td>EBITDA Margin (%)</td>
<td>18.2%</td>
<td>17.3%</td>
<td>16.3%</td>
<td>16.1%</td>
</tr>
<tr>
<td>EBIT</td>
<td>50</td>
<td>56</td>
<td>57</td>
<td>62</td>
</tr>
<tr>
<td>Net Assets (excluding minority interests)(^1)</td>
<td>383</td>
<td>422</td>
<td>431</td>
<td>425</td>
</tr>
</tbody>
</table>

- LBGA expected to achieve CY2012 EBITDA in the order of USD $108 million

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\(^1\) Net assets at 31 December 2011 excludes goodwill arising on the acquisition by Boral
Five functional departments support BGA centrally (Kuala Lumpur, Malaysia)
- Finance
- Human Resources
- Industrial (Manufacturing and Engineering)
- Commercial Performance
- Specialty Products development/Business development

Two new functional departments being established
- Innovation/Research
- IT Systems

BGA employs around 2,300 people in 9 countries
PLASTERBOARD LINING SYSTEMS HAVE UNIQUE BENEFITS WHICH HAVE HELPED DRIVE ADOPTION

**Lightweight**
- Reduced building mass – reduced foundation costs
- Lower thermal mass

**Flexibility and Performance**
- Ease of reconfiguration and repair
- Naturally fire resistant
- Various design solutions for specific requirements (E.g. fire, acoustic, wet area, impact)

**Environment**
- Low embodied and lifecycle energy
- Recyclable
- Can be manufactured from recycled inputs
- Proven safe to use

- Education systems
- Enviro board
- EchoSTOP ceiling panels
Boral Gypsum Asia

BGA HAS THE FULL PRODUCT RANGE FOR INTERIOR LINING SOLUTIONS

Plasterboard + Metal stud and screw + Insulation material + Compound

System

“The System is composed of associated components delivering specific end use performance”

Residential  Hospitals  Hotels  Industrials
BGA introduction

Performance and Growth

Our ambition
Growth is driven by organic growth and penetration

GDP % Growth by Region

- Strong economic growth forecast across most important markets
- Increase public investment drives growth in non-residential construction
- Increasing urbanisation will drive growth in residential new build

Source: IMF
Plasterboard Demand/GDP per Capita

- Historically, plasterboard use starts in commercial then moves to housing.
- Lightweight, flexible and easy to install characteristics make plasterboard the interior lining product of choice.
- Asia is expected to become the world’s largest plasterboard market by 2014.

Source: Freedonia, Boral estimates
Asia Plasterboard Penetration

- Step 1: ceilings in commercial buildings
- Step 2: partitions in commercial buildings, ceiling in residential buildings
- Step 3: partition in residential buildings
- Penetration develops differently from market to market

Key Country Plasterboard End-Market Exposures

- Korea: 40% residential and 60% non-residential
- China: 35% residential and 65% non-residential
- Thailand: 70% residential and 30% non-residential
- Indonesia: 78% residential and 22% non-residential
Boral Gypsum Asia

OUR GROWTH SUCCESS IS BASED ON A POWERFUL PENETRATION MODEL IN ASIA

- Plasterboard solutions provide characteristics meeting immediate needs and future construction trends
- There is a consistent penetration model across all countries in Asia, most of them being still in the “infancy” stage
- Our commercial model allows us to influence the end users when they specify solutions
Hard Rock Hotel - Room To Room Partition

Various Tall Partitions With High Fire, Acoustic and Mechanical Performances
Boral developing new market opportunities for Boral plasterboard systems – first high-rise project in India to use the complete plasterboard solution

320,000m² of Boral Wall Lining Systems
Boral Gypsum Asia

BGA ROUTE TO MARKET

End Use
- Residential - Low Rise
- Residential - High Rise
- Commercial E.g. Hotels, Hospitals, Leisure, Non-Residential High Rise
- Repairs, Maintenance, Upgrades

Installers
- Builders/Developers
- Large Installers
- Small Installers (Repairs + Small/Medium projects)
- Sub Distributors

Distributors
- Plasterboard Distributors

Country Presence
- Thailand
- Malaysia
- China
- Vietnam
- India
- UAE
- (under construction)
- Thailand / Korea
- Malaysia / China
- Indonesia / Vietnam
- India / Singapore
- UAE / Philippines
- Hong Kong

Manufacturers in Asia
- St. Gobain
- Knauf
- BGA
- BNBM
- Others

Boral Gypsum Asia

BGA ROUTE TO MARKET
Villa / Apartment / Shop Fitout 45%

Large Non Technical Projects 40%

Large / Technical Specified Projects 15%

BUILDING OWNER / DEVELOPER / INVESTOR

CAN INFLUENCE BRAND CHOICE

CHOOSE SOLUTION / SYSTEM

INSTALLER / MAIN CON RELATIONSHIPS / BREAK BULK

CHOOSE BRAND

SET BUDGET / INFLUENCE SOLUTION

Main Contractor

Small / Medium Installer (1000’s)

“FreeLance” Installer (10,000’s)

Individual Home Owner

1st Tier – Distributor or Specialist Installer

2nd Tier Retailer

Architect / Designer / Consultant / QS

Big Installer / Sub-Con (100’s)
Key themes in chosen markets

- Korea – mature with a strong potential in residential
- Thailand – developing with one major urban market (Bangkok)
- Indonesia – strong growth in the third most populated country in Asia
- China – biggest market with a number of very large cities with significant high end markets

Source: Management estimates
Plasterboard sales (million m²)

- 2006: 196
- 2007: 219
- 2008: 235
- 2009: 230
- 2010: 265
- 2011: 296

Board plant capacity (million m²)

- 2006: 289
- 2007: 289
- 2008: 337
- 2009: 337
- 2010: 413
- 2011: 448

Operations

<table>
<thead>
<tr>
<th>Country</th>
<th>Plants</th>
<th>Sales Offices</th>
<th>Quarries</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Korea</td>
<td>3</td>
<td>5</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Thailand</td>
<td>5</td>
<td>1</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>China</td>
<td>6</td>
<td>6</td>
<td>-</td>
<td>12</td>
</tr>
<tr>
<td>Indonesia</td>
<td>3</td>
<td>5</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Malaysia/Singapore</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>Vietnam</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>India</td>
<td>1</td>
<td>5</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>Other²</td>
<td>1</td>
<td>4</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>21</td>
<td>30</td>
<td>1</td>
<td>52</td>
</tr>
</tbody>
</table>

¹ All figures are December year end
² Other includes export business (UAE, Philippines, and other export countries) and Thai Prestia
³ Plasterboard, metal components and compound plants

CY 2011 Revenue

- Thailand: 24%
- China: 21%
- Indonesia: 10%
- Malaysia/Singapore: 6%
- India: 6%
- Other: 5%
- Korea: 28%

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BGA HAS THE MOST EXTENSIVE NETWORK IN ASIA

BGA Operations
(Capacity¹, Estimated Market Share %)

- **Korea**: 153M m², 44%
- **China**: 140M m², 6%
- **Thailand**: 105M m², 54%
- **Vietnam**: 12M m², 49%
- **Indonesia**: 35M m², 40%
- **Malaysia / Singapore**: 10M m², 59%
- **India**: 8M m², 32%
- **UAE**: 37%

**Export countries with sales offices**

**Industrial sites**

¹ Capacity measured in millions of square meters (M m²)
Source: Company estimate
### Boral Gypsum Asia

**BGA LOCATIONS AND MARKET POSITIONS**

<table>
<thead>
<tr>
<th>Country</th>
<th>Name</th>
<th>Gypsum Type</th>
<th>Energy Source</th>
<th>Capacity (M m² pa)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>Yosu</td>
<td>Synthetic</td>
<td>H.Oil/Steam</td>
<td>35</td>
</tr>
<tr>
<td>Korea</td>
<td>Ulsan</td>
<td>Synthetic</td>
<td>Gas</td>
<td>46</td>
</tr>
<tr>
<td>Korea</td>
<td>Dangjin 1</td>
<td>Synthetic</td>
<td>Gas</td>
<td>37</td>
</tr>
<tr>
<td>Korea</td>
<td>Dangjin 2</td>
<td>Synthetic</td>
<td>Gas</td>
<td>35</td>
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<tr>
<td>Total</td>
<td>Korea</td>
<td></td>
<td></td>
<td>153</td>
</tr>
<tr>
<td>Thailand</td>
<td>Saraburi 1</td>
<td>Natural</td>
<td>Gas</td>
<td>50</td>
</tr>
<tr>
<td>Thailand</td>
<td>Saraburi 2</td>
<td>Natural</td>
<td>Gas</td>
<td>35</td>
</tr>
<tr>
<td>Thailand</td>
<td>Songkhla</td>
<td>Natural</td>
<td>H.oil</td>
<td>20</td>
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<tr>
<td>Total</td>
<td>Thailand</td>
<td></td>
<td></td>
<td>105</td>
</tr>
<tr>
<td>China</td>
<td>Pudong (Shanghai)</td>
<td>Synthetic</td>
<td>Gas</td>
<td>30</td>
</tr>
<tr>
<td>China</td>
<td>Chengdu</td>
<td>Synthetic</td>
<td>Gas</td>
<td>12</td>
</tr>
<tr>
<td>China</td>
<td>Chongqing 2</td>
<td>Synthetic</td>
<td>Gas</td>
<td>13</td>
</tr>
<tr>
<td>China</td>
<td>Chongqing 3</td>
<td>Synthetic</td>
<td>Gas</td>
<td>15</td>
</tr>
<tr>
<td>China</td>
<td>Baoshan (Shanghai)</td>
<td>Synthetic</td>
<td>Gas</td>
<td>35</td>
</tr>
<tr>
<td>China</td>
<td>Shandong</td>
<td>Natural</td>
<td>Steam</td>
<td>35</td>
</tr>
<tr>
<td>Total</td>
<td>China</td>
<td></td>
<td></td>
<td>140</td>
</tr>
<tr>
<td>Indonesia</td>
<td>Cilegon</td>
<td>Natural</td>
<td>Gas</td>
<td>21</td>
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<tr>
<td>Indonesia</td>
<td>Gresik</td>
<td>Natural</td>
<td>Gas</td>
<td>14</td>
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<tr>
<td>Total</td>
<td>Indonesia</td>
<td></td>
<td></td>
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<tr>
<td>Malaysia</td>
<td>Parit Buntar</td>
<td>Natural</td>
<td>Gas</td>
<td>10</td>
</tr>
<tr>
<td>India</td>
<td>Khushkhera</td>
<td>Natural</td>
<td>Gas</td>
<td>8</td>
</tr>
<tr>
<td>Vietnam</td>
<td>Ho Chi Minh</td>
<td>Natural</td>
<td>Gas</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>463</td>
</tr>
</tbody>
</table>

**BGA 2011 Estimated Market Shares**

<table>
<thead>
<tr>
<th>Country</th>
<th>2011 Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korea</td>
<td>44%</td>
</tr>
<tr>
<td>Thailand</td>
<td>54%</td>
</tr>
<tr>
<td>China</td>
<td>40%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>59%</td>
</tr>
<tr>
<td>Malaysia/Singapore</td>
<td>32%</td>
</tr>
<tr>
<td>India</td>
<td>49%</td>
</tr>
</tbody>
</table>

Regional positions with >25% share in target segments
### Typical Unit Production Cost Breakdown Index

<table>
<thead>
<tr>
<th>Item</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Materials</td>
<td>50</td>
</tr>
<tr>
<td>Energy</td>
<td>27</td>
</tr>
<tr>
<td>Total Variable Cost</td>
<td>77</td>
</tr>
<tr>
<td>People</td>
<td>9</td>
</tr>
<tr>
<td>Other Cash</td>
<td>6</td>
</tr>
<tr>
<td>Depreciation</td>
<td>8</td>
</tr>
<tr>
<td>Total Fixed Cost</td>
<td>23</td>
</tr>
<tr>
<td>Total Cost</td>
<td>100</td>
</tr>
</tbody>
</table>
### Boral Gypsum Asia

AMONG GLOBAL PLAYERS, BGA HAS THE LEADING MARKET POSITION THROUGHOUT ASIA

<table>
<thead>
<tr>
<th>TOTAL</th>
<th>BGA</th>
<th>Saint Gobain</th>
<th>KNAUF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presence (countries)¹</td>
<td>10</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>Capacity (M m²) (with current projects under implementation)</td>
<td>463 (499)</td>
<td>221 (251)</td>
<td>129 (139)</td>
</tr>
<tr>
<td>Estimated Market Share (%) (including China)</td>
<td>15</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

¹ Sales office with warehouse considered as presence

Source: Company estimate
Best Practices
- Boral production system (LEAN) provides Asia Pacific plasterboard benefits
- Sales and Marketing Excellence and commercial leverage provides competitive advantage
- Asia Pacific innovation and research platform being established at BGA

Procurement
- Leveraging increased scale for purchasing raw materials
- Proactive review of alternative fuels and energy

Network
- Investigating potential to leverage regional manufacturing footprint and to grow innovation and system penetration
Boral Gypsum Asia

AGENDA

- BGA introduction
- Performance and Growth
- Our ambition
Fully leverage our existing infrastructure, strengthen our leadership with products and solutions, and accelerate the penetration of plasterboard

Levers of our ambition

- Further develop operational excellence with LEAN
- Maintain country leadership by sustaining capacity share and continuing new country development through exports
  - The specific case of China requires a focused regional approach to strengthen market position and remain a relevant player competing against local competitors (BNBM and Taishan)
- Continue focusing on accelerating penetration:
  - By aiming at Sales and Marketing Excellence
  - By developing further our specification power via project sales
  - By reinforcing our technical sales to support installers in their daily job
  - By developing Asian R&D to strengthen further our innovation capacity
- BGA continues to grow through its leadership position and excellent installed physical assets

- Regional growth and increased penetration provides a solid base for future growth
  - Investing in core markets ahead of competitors is crucial
  - Innovation accelerates penetration with localized strong R&D
  - Being mindful of new entrants

- China continues to remain a challenge
  - Industrial performance is progressing fast
  - Short term market growth is being influenced by government measures to curb real estate speculation but the long term trend remains encouraging

- Human resources development is a continuous management focus, to ensure leadership in all markets, and having adequate resources to sustain our growth
World Class Capacity

- Boral production system offers Asia Pacific plasterboard benefits
- Sales and marketing excellence and commercial leverage provides competitive advantage
- Asia Pacific innovation platform extended to include BGA

Core Competitive Advantages

- Modern, well-equipped facilities in seven high growth markets
- Excellent management team with capacity to grow
- Comprehensive range of interior lining products with reputation for quality

Ambitions for Future Growth

- Potential to leverage low cost manufacturing in Asia Pacific region
- LBGA infrastructure provides solid foundation for Asian growth
- Higher proportion of Boral revenue tied to higher growth markets

Market Leading Position

- Established brands respected for quality and reliability
- Extensive logistics and distribution networks in 10 countries in Asia
- Export focused marketing offers access to 30 high growth countries
Building something great™