

# Boral Limited

*Building something great*



Results Presentation for the Year Ended 30 June 2010



## Financial highlights – continuing operations



**Revenue** ▼  
\$4.5bn down 5%

**EBIT<sup>1</sup>** ▼  
\$247m down 4%

**Profit after tax<sup>1</sup>** ▲  
\$145m up 7%

**Cash from operations** ▲  
\$459m up 10%

**Net debt** ▼  
\$1.2bn down from \$1.5bn

**Gearing (D/E)** ▼  
45% down from 55%

**Full year dividend** ▲  
13.5c up 4%

<sup>1</sup> Before significant items

# Operational review



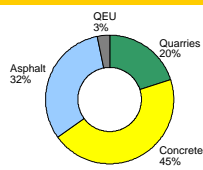
Mark Selway  
Chief Executive



# Boral Construction Materials FY10 performance



(A\$m)	2010	2009	% Δ
Revenue	2,119	2,261	(6)
EBITDA	297	331	(10)
EBIT	201	231	(13)
ROFE	15.7%	16.7%	

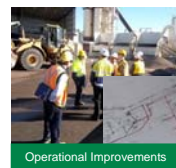
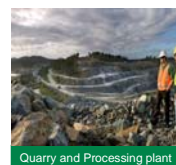
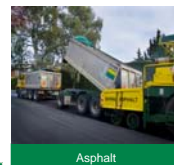


**Operating Structure**  
Realigned to increase focus on operational and customer initiatives



Murray Read  
Divisional MD

Regional GM-WA    Regional GM-Qld    Regional GM-NSW    Regional GM-Vic    Regional GM-SA    National Resource Mgr

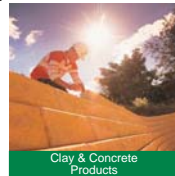
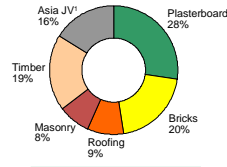


# Boral Building Products

## FY10 performance



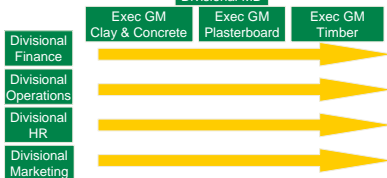
(A\$m)	2010	2009	% Δ
Revenue	1,206	1,137	6
EBITDA	158	110	44
EBIT	101	53	90
ROFE	7.7%	3.9%	



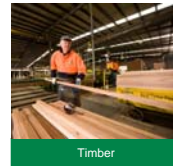
**Operating Structure**  
Realigned to increase focus on operational and customer initiatives and divisional synergies



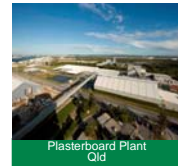
Ross Batstone  
Divisional MD



Revenue breakdown



Timber



Plasterboard Plant Qld



Investment in Masonry Plant in WA



Operational Improvements

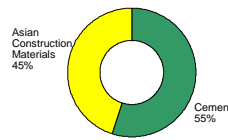
<sup>1</sup>Boral's profits from the Asian plasterboard joint venture, LPGA, are equity accounted. Boral's share of revenue does not appear in the consolidated accounts but is included in the revenue in the pie chart.

# Boral Cement

## FY10 performance



(A\$m)	2010	2009	% Δ
Revenue	512	509	1
EBITDA	141	157	(10)
EBIT	88	108	(19)
ROFE	12.1%	13.7%	

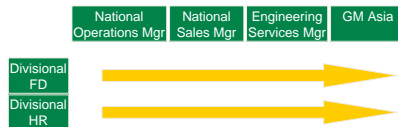


Re-branding to Boral Cement

**Operating Structure**  
Realigned to increase focus on operational and customer initiatives



Mike Beardsell  
Divisional MD



Galong Lime works



Waurm Ponds Cement works



Asian Construction Materials

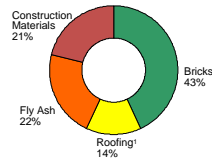


Operational Improvements

## Boral USA FY10 performance



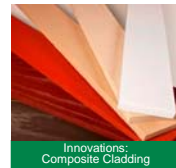
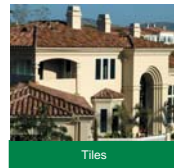
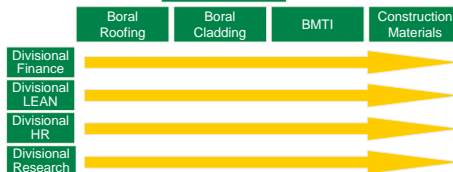
(A\$m)	2010	2009	% Δ
Revenue	364	545	(33)
EBITDA	(67)	(61)	(11)
EBIT	(104)	(109)	5
ROFE	(15.2%)	(13.4%)	



**Operating Structure**  
Realigned to increase focus on operational and customer initiatives



Mike Kane  
President Boral USA

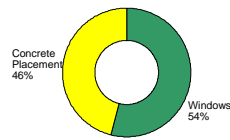


<sup>1</sup> Boral's profits from the MonierLifetile and Trinidad JV are equity accounted. Boral's share of revenue does not appear in the consolidated accounts but is included in the revenue in the pie chart.

## Other businesses : Dowell Windows / De Martin & Gasparini FY10 performance



(A\$m)	2010	2009	% Δ
Revenue	294	260	13
EBITDA	10	5	110
EBIT	6	2	300
ROFE	19.3%	3.2%	

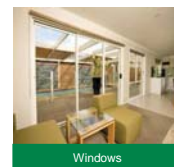
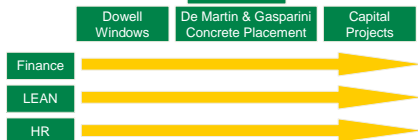


(Excludes discontinued businesses)

**Operating Structure**  
Realigned to focus on core businesses



Warren Davison  
Executive GM



## Financial review



Andrew Poulter  
Chief Financial Officer



## Results summary



	Year ended 30 June 2010			Year ended 30 June 2009		
	Group \$m	Discontinued Operations \$m	Continuing Operations \$m	Group \$m	Discontinued Operations \$m	Continuing Operations \$m
Sales	4,599	105	4,494	4,875	147	4,728
EBITDA	505	(13)	517	539	2	537
EBIT	252	(19)	271	276	(5)	281
Interest	(97)	-	(97)	(127)	-	(127)
Income Tax	(22)	6	(28)	(17)	1	(18)
MI	(1)	-	(1)			
PAT	132	(13)	145	131	(4)	135
Significant Items (net)	(222)	(59)	(163)	11	(17)	28
NPAT	(91)	(72)	(19)	142	(21)	163

(Figures may not add due to rounding.)

## Consolidated income statement - before significant items



Continuing Operations	2010 \$m	2009 \$m
Revenue	4,494	4,728
EBIT	271	281
<i>EBIT to Sales %</i>	6.0	5.9
Net Interest	(97)	(127)
Profit before Tax	174	154
Income Tax Expense	(28)	(18)
Minority Interest	(1)	-
Profit from Continuing Operations after Tax	145	135
Profit from Discontinued Operations after Tax	(13)	(4)
<b>Reported Profit after Tax</b>	<b>132</b>	<b>131</b>
<b>EPS (cents)</b>	<b>22.1</b>	<b>22.2</b>
Dividend per share	13.5	13.0

(Figures may not add due to rounding.)

11

## Significant items



	Impact \$m
<b>Business Write-down</b>	
<ul style="list-style-type: none"> <li>Construction Related Businesses<sup>1</sup></li> <li>Thailand Construction Materials Businesses</li> </ul>	(76) (17)
<b>Asset Write-down:</b>	
Australia:	
<ul style="list-style-type: none"> <li>Share of associates' Impairment of Assets<sup>2</sup></li> <li>Mothballed and obsolete assets, closure and demolition costs, provision for associated obsolete stores and slow moving inventories</li> </ul>	(42) (93)
USA:	
<ul style="list-style-type: none"> <li>Mothballed brick &amp; tile plants closure costs and associated obsolete and slow moving inventory</li> </ul>	(43)
<b>Organisational Restructure</b>	
<ul style="list-style-type: none"> <li>Corporate and Divisional restructuring &amp; simplification</li> </ul>	(14)
<b>Total (EBIT)</b>	<b>(285)</b>
Income tax benefit	63
<b>Net profit after tax</b>	<b>(222)</b>

Includes cash component of \$34m

<sup>1</sup> During August the Group entered into sale agreements in respect of both the scaffolding and precast panels businesses.

<sup>2</sup> Penrith Lakes Development Corporation Limited

12

## Group revenue and EBIT



Continuing Operations	External Revenue		EBIT		Margin	
	2010 \$m	2009 \$m	2010 \$m	2009 \$m	2010 %	2009 %
Construction Materials	2,119	2,261	201	231	9.5%	10.2%
Boral Building Products	1,206	1,137	101	53	8.4%	4.7%
Cement	512	509	88	108	17.2%	21.3%
USA	364	545	(104)	(109)	(28.5%)	(20.0%)
Other <sup>1</sup>	294	260	6	2	2.1%	0.6%
Dividend Income		16		16		
Unallocated			(22)	(21)		
	4,494	4,728	271	281	6.0%	5.9%

<sup>1</sup>Other includes windows and concrete placing businesses  
(Figures may not add due to rounding.)

13

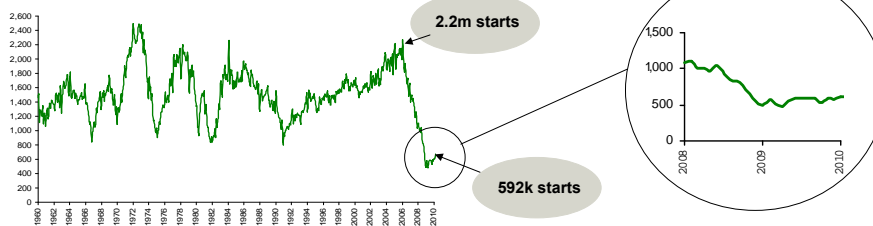
## US market activity

*Showing signs of a slow recovery*



US Operations	Six months Dec 2008 US\$m	Six months Dec 2009 US\$m	Var US\$m	Six months June 2009 US\$m	Six months June 2010 US\$m	Var US\$m
Revenue	242.1	160.1	(82.0)	164.1	160.8	(3.3)
EBIT	(28.3)	(42.7)	(14.4)	(52.7)	(48.8)	3.9
EBIT to sales	(11.7%)	(26.7%)		(32.1%)	(30.4%)	

### Total US dwelling starts ('000)<sup>1</sup>



<sup>1</sup> Seasonally adjusted annualised monthly starts from US Census

14

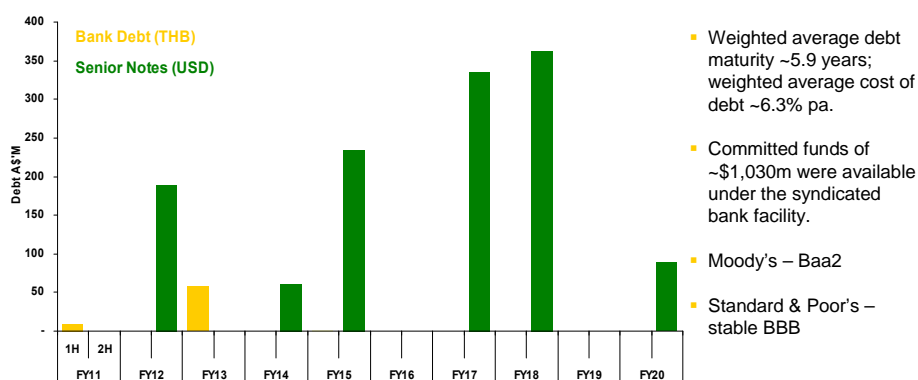
## Cash flow and net debt reconciliation



Cash Flow	June 2010 \$m	June 2009 \$m	Net Debt Reconciliation	June 2010 \$m	June 2009 \$m
EBIT	252	276	Opening balance	(1,514)	(1,515)
Depreciation	253	263	Cashflow	281	286
Change in working capital	44	(6)	Non cash (FX)	50	(285)
Interest & tax	(113)	(173)	Closing balance	(1,183)	(1,514)
Equity earning less dividends	7	49			
Non cash items	16	10			
<b>Operating Cash Flow</b>	<b>459</b>	<b>419</b>			
Capital expenditure	(180)	(239)	Net Debt	1,183	1,514
Proceeds on disposal of assets	45	49	Net Debt / EBITDA	2.3	2.8
<b>Free cash flow</b>	<b>324</b>	<b>229</b>			
Loans to associates	(1)	(23)			
Sale of investment		205			
Share buyback		(31)			
Dividends Paid – Net DRP	(42)	(94)			
	<b>281</b>	<b>286</b>			

15

## Debt maturity profile



16



## Net interest expense



Continuing Operations	Total		
	2010 \$m	2009 \$m	Variance \$m
Interest Costs	(102)	(135)	33
Interest Income <sup>1</sup>	5	8	(3)
Net Interest Costs	(97)	(127)	30
Significant items	-	29	(29)
Reported interest costs	(97)	(98)	1
Net Interest Cover (EBIT)	x 2.4	x 2.2	

1. Excludes Significant items

17

## Taxation



	2010			2009		
	Profit before tax \$m	Tax (Expense)/ Benefit \$m	Rate %	Profit before tax \$m	Tax (Expense)/ Benefit \$m	Rate %
Continuing Operations	174	(28)	16.0%	154	(18)	11.8%
Discontinued Operations	(19)	6		(5)	1	
Reported Profit Before Tax	155	(22)	14.3%	149	(17)	11.5%
Significant Items	(285)	63		(40)	51	

18

## Strategy and outlook



Mark Selway  
Chief Executive

## Scorecard – FY 2010 *Laying the foundations*



Revenue<sup>1</sup> \$4.5bn  
Down 5%

Profit after Tax<sup>1</sup> \$145m  
Up 7%

Cash generation  
\$459m

✓ Achieved full year results in tough market conditions

✓ \$285m asset write-down from non core underperforming businesses

✓ Portfolio review and strategy defined

✓ Acquisition of MonierLifetile

✓ Reorganised structure to leverage strengths

✓ \$490m capital raising to underpin growth and improve flexibility

✓ Operational and sales & marketing excellence initiatives rolled out

✓ Divestment of Scaffold and Precast

<sup>1</sup> Continuing operations, before significant items

## Priorities for FY11

### The strategic building blocks for growth



Sector best performance

- Realise sector best performance and market leading returns



1. Laying the foundations

- Ensure the operational changes are robustly implemented
- Focus on innovation and development of great new products



2. Reinforcing the core

- LEAN and Sales & Marketing excellence initiatives to drive operational improvements



3. Investing for growth

- Our improved balance sheet provides leverage for business development and acquisitions
- Our objective is to be invested in our core activities at an early stage of the economic recovery

21

## Outlook



Conditions will remain difficult with historically low housing starts in the United States and mixed short-term prospects in our key Australian Markets.

### Boral Construction Materials

- We expect moderately improved trading in concrete and lower earnings from asphalt and quarries due to exceptional project profits in the first half of FY10
- Quarry End Use is expected to deliver broadly similar results

### Boral Building Products

- We expect further progress in volume, plant utilisation and efficiencies during the year

### Boral Cement

- We expect improved production volumes following completion of stock reduction and this should reflect improved performance in the year

### Boral USA

- We expect the market to remain difficult with ongoing pricing pressures and an overhang in inventory which continues to work its way through the system

### Other Businesses

- We expect results to improve : Windows will make further progress offsetting continued softness in commercial construction in the first half

Forecasting remains difficult in the current economic climate but we expect broadly similar conditions to continue through the first half followed by a stronger second half. A trading update will be provided at the AGM.

22

# Appendix

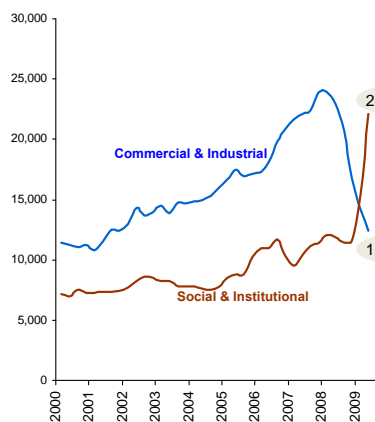


## Australian market activity

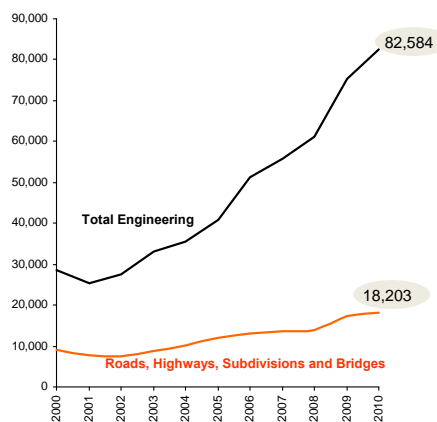
*Stimulus supported non-residential; engineering still strong*



**Non-Residential Building**  
MAT Value of work commenced (\$m)<sup>1</sup>



**Engineering Construction**  
MAT Value of work commenced (\$m)<sup>2</sup>



1. Non-residential value work commenced to March Quarter 2010 in 07/08 prices from BIS Shrapnel

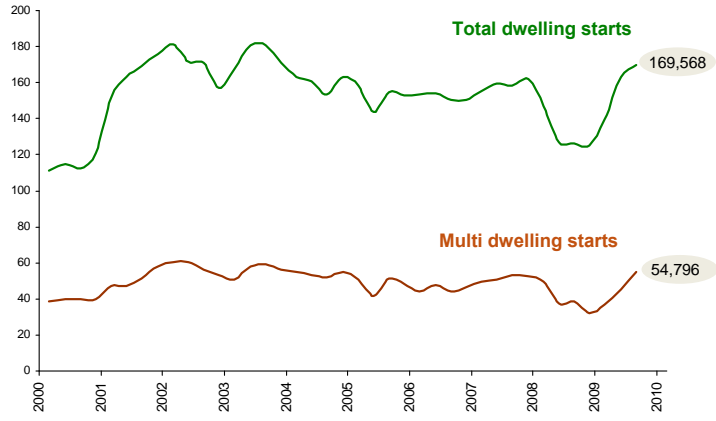
2. Engineering Construction work done to June year end in 2007/08 prices from BIS Shrapnel (2010 forecast)

# Australian market activity

## *Strengthening activity in housing*



### Australian dwelling starts ('000)<sup>1</sup>



1. Seasonally adjusted annualised quarterly starts from ABS