USA Investor Roadshow
February 2014
Agenda

- Business overview
- Market activity
- 1H FY2014 Financial results
- Strategic priorities and Outlook
Business overview

- Boral is an international building and construction materials group with operations in Australia, the USA and Asia
- A$4.3b market cap (US$3.9b)\(^1\)
- S&P/ASX 100 company
- 568 operating sites across 10 countries
- 12,061 employees\(^2\)

### Revenue by geography – 1H FY2014
- Australia 75%
- USA 12%
- Asia 13%

### Revenue by end-market – 1H FY2014
- Australian RHS&B & engineering 31%
- Australian non-dwellings 13%
- USA dwellings 9%
- USA non-dwellings & engineering 2%
- Other 5%
- Asian dwellings 27%\(^3\)

Total = A$2.8b\(^4\)

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1. Based on share price and A$/US$ exchange rate as at 20 February 2014
2. As at 31 December 2013
3. Comprised of ~12% from detached housing, ~6% from multi-dwellings and ~9% from alterations and additions
4. For the half year ended 31 December 2013; revenue for continuing operations only
Boral’s divisional structure

- **Boral USA**
  - Cladding (Bricks, Cultured Stone, Trim)
  - Roof Tiles
  - Fly Ash
  - Construction Materials (Colorado)

- **Boral Gypsum**
  - Asia
  - Australia

- **Boral Construction Materials & Cement**
  - Quarries
  - Concrete
  - Cement
  - Concrete Placing
  - Asphalt
  - Transport
  - Landfill
  - Property

- **Boral Building Products (Australia)**
  - Bricks
  - Roofing
  - Timber


Agenda

• Business overview
• Market activity
• 1H FY2014 Financial results
• Strategic priorities and Outlook
Positive movements across most markets
1H FY2014 vs 1H FY2013

USA
Single-family housing starts
- Total USA
  - 10%
- Boral Brick States
  - 14%
- Boral Tile States
  - 17%
Non-residential activity
  - 11%

Asia
- South Korea
- Thailand
- China
- Indonesia
- Vietnam
- Malaysia

Australia
- RHS&B
  - 5%
- Non-residential VWD
  - 5%
- Detached housing starts
  - 4%
- Alterations & additions VWD
  - 5%

1. US Census seasonally adjusted data
4. RHS&B refers to roads, highways, subdivisions and bridges and is forecast to be down by 7% in FY2014 based on average of BIS and Macromonitor.
5. Value of work done (VWD) from ABS in 2011/12 constant prices. BIS forecast used for Dec-13 quarter.
6. ABS original data. HIA forecast used for Dec-13 quarter.
7. Based on various indicators of building and construction activity in key markets in Boral’s respective countries of operation. For China this is defined as the high-end market in regions in which Boral operates.
Australian residential activity improved
Housing starts estimated to be up 3% with detached starts up 4%
A&A activity estimated to be down 5%

Total housing starts¹
('000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Detached</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>116</td>
<td>55</td>
</tr>
<tr>
<td>FY11</td>
<td>101</td>
<td>62</td>
</tr>
<tr>
<td>FY12</td>
<td>90</td>
<td>56</td>
</tr>
<tr>
<td>FY13</td>
<td>93</td>
<td>69</td>
</tr>
<tr>
<td>FY14f</td>
<td>98</td>
<td>68</td>
</tr>
<tr>
<td>1H FY13</td>
<td>70</td>
<td>169</td>
</tr>
<tr>
<td>2H FY13</td>
<td>88</td>
<td>155</td>
</tr>
<tr>
<td>1H FY14f</td>
<td>103</td>
<td>71</td>
</tr>
</tbody>
</table>

Housing starts – by state¹
1H FY2014f v 1H FY2013

<table>
<thead>
<tr>
<th>State</th>
<th>Detached</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUS</td>
<td>4%</td>
<td>1%</td>
<td>41%</td>
</tr>
<tr>
<td>NSW</td>
<td>7%</td>
<td>3%</td>
<td>22%</td>
</tr>
<tr>
<td>VIC</td>
<td>17%</td>
<td>-7%</td>
<td>18%</td>
</tr>
<tr>
<td>QLD</td>
<td>14%</td>
<td>-21%</td>
<td>14%</td>
</tr>
<tr>
<td>WA</td>
<td>2%</td>
<td>-36%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Alterations & additions (A&A)²
(value of work, $b)

<table>
<thead>
<tr>
<th>Year</th>
<th>AUS</th>
<th>NSW</th>
<th>VIC</th>
<th>QLD</th>
<th>WA</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>7.4</td>
<td>7.9</td>
<td>7.6</td>
<td>7.0</td>
<td>6.4</td>
</tr>
<tr>
<td>FY11</td>
<td>7.6</td>
<td>7.9</td>
<td>7.4</td>
<td>6.9</td>
<td>7.1</td>
</tr>
<tr>
<td>FY12</td>
<td>7.0</td>
<td>7.6</td>
<td>6.7</td>
<td>6.3</td>
<td>6.8</td>
</tr>
<tr>
<td>FY13</td>
<td>7.5</td>
<td>7.0</td>
<td>7.5</td>
<td>6.8</td>
<td>7.1</td>
</tr>
<tr>
<td>1H FY13</td>
<td>6.4</td>
<td>6.2</td>
<td>6.4</td>
<td>6.8</td>
<td>6.4</td>
</tr>
<tr>
<td>2H FY13</td>
<td>-5%</td>
<td>-7%</td>
<td>-21%</td>
<td>-36%</td>
<td>-36%</td>
</tr>
<tr>
<td>1H FY14f</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Original series housing starts from ABS to Sep-13 quarter, HIA forecast to Jun-14 quarter. Six monthly data annualised.
Australian non-residential activity strengthened
Non-residential activity estimated to be up 5%

Non-residential¹
(value of work done, $b)

<table>
<thead>
<tr>
<th>Year</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>1H FY13</th>
<th>2H FY13</th>
<th>1H FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>36.9</td>
<td>37.2</td>
<td>34.8</td>
<td>33.6</td>
<td>34.8</td>
<td>32.4</td>
<td>36.6</td>
</tr>
</tbody>
</table>

Non-residential – by State¹
1H FY2014f v 1H FY2013 (value of work done)

- AUS: 5%
- NSW: 15%
- VIC: 1%
- QLD: 10%
- WA: -7%

¹ Original series (constant 2011/12 prices) from ABS. BIS forecast for Dec-13 quarter. Six monthly data annualised
US housing activity continues to strengthen
Total housing starts up 12% in 1H FY2014

- US housing starts of 942k¹ in 1H FY2014, up 12% with detached starts up 10%¹
  - But total starts remain 37% below long term average of 1.5m housing starts
- US single-family starts in Boral Bricks States² up 14% and in Boral Tiles States² up 17%
- US non-residential activity up 11%³

¹. Seasonally adjusted annualised data from US Census
². Data from McGraw Hill/ Dodge. Boral’s Brick States include: Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas. Boral’s Tile States include: Arizona, California, Florida, Nevada
³. McGraw Hill/ Dodge value of work completed. Forecast used for Dec-13 quarter
Agenda

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### Results for 6 months ended 31 Dec 2013

**A strong improvement in performance**

<table>
<thead>
<tr>
<th>Metric</th>
<th>Amount</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$2.87 billion</td>
<td>↑ 4%</td>
</tr>
<tr>
<td>EBIT&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$168 million</td>
<td>↑ 49%</td>
</tr>
<tr>
<td>Profit after tax&lt;sup&gt;1&lt;/sup&gt;</td>
<td>$90 million</td>
<td>↑ 73%</td>
</tr>
<tr>
<td>Gearing, Net D/(Net D+E)</td>
<td>29%</td>
<td>↓ from 30%</td>
</tr>
<tr>
<td>EPS&lt;sup&gt;1&lt;/sup&gt;</td>
<td>11.6 cents</td>
<td>↑ 71%</td>
</tr>
<tr>
<td>Net profit after tax&lt;sup&gt;2&lt;/sup&gt;</td>
<td>($26) million</td>
<td></td>
</tr>
<tr>
<td>Half year dividend</td>
<td>7.0 cents</td>
<td>↑ 40%</td>
</tr>
<tr>
<td>ROFE&lt;sup&gt;1,3&lt;/sup&gt;</td>
<td>5.9%</td>
<td>↑ from 4.2%</td>
</tr>
</tbody>
</table>

1. Excluding significant items
2. Including significant items that largely relate to a non-trading revaluation loss which will offset on completion of the Gypsum joint venture
3. Return on funds employed calculated on a moving annual total basis
Earnings increased across all divisions with Building Products delivering the most significant improvement.

EBIT\(^1\) variance

1H FY2014 vs 1H FY2013 (A$m)

1H FY13

- Construction Materials & Cement: -9
- Building Products: 23
- Boral Gypsum\(^2\): 13
- Boral USA: 20
- Discontinued operations: -2
- Unallocated: 168

1H FY14: 228

1. Excluding significant items
2. For statutory purposes Boral Gypsum has been reported as a discontinued operation
Improvement in Quarries, Concrete and Cement performance dampened by weaker Asphalt, Placing and Property contribution

**Construction Materials & Cement**

**Revenue**
- $1.7b ↑ 2%

**EBIT**
- $155m ↑ 6%

**Quarries, Concrete and Cement combined revenue growth of 9%**
- Cement EBIT up $21m from restructuring benefits and higher volumes
- Improved Quarries & Concrete earnings from increased major project work and dry weather in NSW and QLD

**Reduced earnings from Asphalt, Concrete Placing and Property**
- Asphalt impacted by decline in RHS&B activity and competitive pressures
- Property EBIT loss of $3m in 1H FY2014 & not expected to be material in 2H FY2014

**Cost reductions** include $38m from cost saving initiatives; plus cost efficiency benefits from higher production volumes

<table>
<thead>
<tr>
<th>A$m</th>
<th>1H FY2014</th>
<th>1H FY2013</th>
<th>Var, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>1,696</td>
<td>1,659</td>
<td>2</td>
</tr>
<tr>
<td>EBITDA</td>
<td>237</td>
<td>237</td>
<td>-</td>
</tr>
<tr>
<td>EBIT</td>
<td>155</td>
<td>146</td>
<td>6</td>
</tr>
<tr>
<td>EBIT ROS, %</td>
<td>9.1%</td>
<td>8.8%</td>
<td></td>
</tr>
<tr>
<td>Net Assets</td>
<td>2,225</td>
<td>2,257</td>
<td>(1)</td>
</tr>
</tbody>
</table>

**EBIT variance A$m**

1. Excluding significant items
2. Relates to Quarries, Concrete and Cement businesses only
3. Includes production volume leverage impact
Building Products
Achieved substantial turnaround to profitability

Revenue

\[
\begin{array}{|c|c|c|c|}
\hline
\text{A$m} & \text{1H FY2014} & \text{1H FY2013} & \text{Var, %} \\
\hline
\text{Revenue} & 248 & 249 & - \\
\text{EBITDA}\textsuperscript{1} & 17 & (1) & \text{na} \\
\text{EBIT}\textsuperscript{1} & 5 & (18) & 129 \\
\text{EBIT ROS, %} & 2.1 & (7.4) & \text{na} \\
\text{Net Assets} & 423 & 668 & (37) \\
\hline
\end{array}
\]

EBIT variance

\[
\begin{align*}
\text{1H FY13} & \quad \text{EBIT}\textsuperscript{1} \\
\text{Volume} & \quad (18) \\
\text{Price} & \quad \text{na} \\
\text{Cost escalation} & \quad \text{na} \\
\text{Cost reduction}\textsuperscript{2} & \quad \text{na} \\
\text{Other} & \quad 5 \\
\text{1H FY14} & \quad \text{EBIT}\textsuperscript{1} \\
\end{align*}
\]

- Delivered $23m EBIT turnaround reflecting restructuring and better market conditions
- Improved performance reflects:
  - Prior period restructuring initiatives including headcount reductions
  - Depreciation benefit from prior period asset impairment
  - Better pricing outcomes, particularly in Bricks East and Timber
  - Higher volumes in Bricks & Softwood
- Marked improvement in WA Bricks market
- Roofing volumes and prices broadly flat
- Softwood revenue growth offset lower Hardwood volumes

Revenue\textsuperscript{3} \quad $248m \quad \leftrightarrow \quad \text{EBIT}\textsuperscript{3} \quad $5m \quad \uparrow \text{from} \quad ($18m)$

1. Excluding significant items
2. Includes production volume leverage impact
3. Excludes the Windows business sold in Nov-13 which has been classified as discontinued operations
Boral Gypsum
Solid underlying volume growth delivering positive earnings momentum

<table>
<thead>
<tr>
<th>A$m</th>
<th>1H FY2014</th>
<th>1H FY2013</th>
<th>Var, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>537</td>
<td>462</td>
<td>16</td>
</tr>
<tr>
<td>- Australia</td>
<td>182</td>
<td>173</td>
<td>5</td>
</tr>
<tr>
<td>- Asia</td>
<td>355</td>
<td>289</td>
<td>23</td>
</tr>
<tr>
<td>EBIT①</td>
<td>55</td>
<td>42</td>
<td>30</td>
</tr>
<tr>
<td>- Australia</td>
<td>20</td>
<td>11</td>
<td>79</td>
</tr>
<tr>
<td>- Asia</td>
<td>35</td>
<td>31</td>
<td>13</td>
</tr>
<tr>
<td>Net Assets</td>
<td>1,462</td>
<td>1,447</td>
<td>10</td>
</tr>
</tbody>
</table>

**Revenue**
- **$537m** ① 16% ②

**EBIT**
- **$55m** ① 30% ②

- **Strong performance** benefited from 10% lift in board volume, and higher non-board revenue

- **In Australia**, EBIT benefited from:
  - board price increase in March-13
  - 4% growth in board volumes & 6% increase in non-board revenue
  - Lower operational, distribution & overhead costs

- **Asia** performance impacted by:
  - **higher market demand** in Korea & Indonesia
  - **growth in China** through Shandong plant
  - Currency driven cost escalation in Indonesia

- Gypsum production capacity of 595m m² at Dec-13 with capacity utilisation at 73%
Boral USA
Progressively reducing losses as US residential market continues to recover

<table>
<thead>
<tr>
<th>A$m</th>
<th>1H FY2014</th>
<th>1H FY2013</th>
<th>Var, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>335</td>
<td>266</td>
<td>26</td>
</tr>
<tr>
<td>EBITDA¹</td>
<td>(8)</td>
<td>(17)</td>
<td>52</td>
</tr>
<tr>
<td>EBIT¹</td>
<td>(30)</td>
<td>(39)</td>
<td>23</td>
</tr>
<tr>
<td>EBIT ROS, %</td>
<td>(8.9)</td>
<td>(14.5)</td>
<td></td>
</tr>
<tr>
<td>Net Assets</td>
<td>743</td>
<td>690</td>
<td>8</td>
</tr>
<tr>
<td>Revenue (US$m)</td>
<td>306</td>
<td>277</td>
<td>10</td>
</tr>
<tr>
<td>EBIT¹ (US$m)</td>
<td>(27)</td>
<td>(40)</td>
<td>32</td>
</tr>
</tbody>
</table>

### Revenue

**Revenue**

- **A$335m** \(\uparrow 26\%\)

### EBIT

- **A$(30)m** \(\uparrow 23\%\)

#### Key Points

- **Improved performance** underpinned by continued growth in US housing starts
  - More custom builders re-entering market

- Underlying **US$ Cladding revenue up 20%** and Roofing revenue up 18%

- **EBIT loss reduced by US$13m** to US$27m underpinned by:
  - US$9m benefit from volume gains
  - Better production leverage
  - Solid price gains in Roofing
  - Divestment of Oklahoma concrete and sand operations

- Improved revenue and EBIT from Fly Ash & remaining Construction Materials operations

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1. Excluding significant items
2. Includes production volume leverage impact
Boral USA
The business has transformed through acquisitions, rationalisation and restructuring following a dramatic cyclical downturn in the US

<table>
<thead>
<tr>
<th></th>
<th>FY2005</th>
<th>FY2009</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>US housing starts ('000)</td>
<td>2,016</td>
<td>646</td>
<td>877</td>
</tr>
<tr>
<td>Revenue</td>
<td>US$611m</td>
<td>US$406m</td>
<td>US$569m</td>
</tr>
<tr>
<td>EBITDA margin¹</td>
<td>22%</td>
<td>(11%)</td>
<td>(4%)</td>
</tr>
<tr>
<td>Product portfolio</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brick</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brick Accessories</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pavers</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roof Tile</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fly Ash</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Added since FY04</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction Materials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brick capacity</td>
<td>1.7b SBE²</td>
<td>1.9b SBE²</td>
<td>1.3b SBE²,³</td>
</tr>
<tr>
<td>Roofing capacity</td>
<td>7.0m squares</td>
<td>7.2m squares⁴</td>
<td>7.0m squares</td>
</tr>
<tr>
<td>Employees</td>
<td>2,679</td>
<td>1,511</td>
<td>2,233</td>
</tr>
<tr>
<td>Revenue by business</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boral Cladding</td>
<td>20%</td>
<td>42%</td>
<td>30%</td>
</tr>
<tr>
<td>Boral Roofing⁵</td>
<td>22%⁵</td>
<td>13%⁵</td>
<td>21%</td>
</tr>
<tr>
<td>Boral Materials</td>
<td>58%</td>
<td>45%</td>
<td>49%</td>
</tr>
</tbody>
</table>

¹ EBITDA excludes significant items
² Standard brick equivalents
³ Includes a mothballed clay paver plant
⁴ Roofing capacity peaked in FY2007 at 7.7m squares
⁵ MonierLifetile and Trinidad JV were equity accounted – Boral’s share of revenue did not appear as revenue in the consolidated accounts but is included in the chart
Boral USA’s focus is to return the business to profitability as housing recovers

- **Product & Market Diversification** – Grow and diversify through increased sales in new geography, products, and markets
  - Geography
  - Products
  - Innovation

- **Price & Share Management** – Maximise price and maintain/grow share

- **Cost & Capital Management** – Continue to improve cost position by leveraging Boral Production System, rationalisation, and lowering SG&A as percentage of sales
Market outlook
Residential momentum to continue and non-residential recovering in FY2014.
Both markets forecast for significant growth through next 3 to 5 years.

New residential starts\(^1\)

| Year | Actual\(^1\) | Forecast
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FY10</td>
<td>1.5</td>
<td></td>
</tr>
<tr>
<td>FY11</td>
<td>1.6</td>
<td></td>
</tr>
<tr>
<td>FY12</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td>FY13</td>
<td>1.8</td>
<td>2.0</td>
</tr>
<tr>
<td>FY14</td>
<td>2.0</td>
<td>2.3</td>
</tr>
<tr>
<td>FY15</td>
<td>2.3</td>
<td>2.6</td>
</tr>
<tr>
<td>FY16</td>
<td>2.6</td>
<td>3.0</td>
</tr>
<tr>
<td>FY17</td>
<td>3.0</td>
<td>3.5</td>
</tr>
</tbody>
</table>

72% peak to trough decline
Analyst Average\(^2\)

Non residential activity\(^4\)

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY01</td>
<td>160</td>
<td></td>
</tr>
<tr>
<td>FY02</td>
<td>140</td>
<td></td>
</tr>
<tr>
<td>FY03</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>FY04</td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>FY05</td>
<td>80</td>
<td></td>
</tr>
<tr>
<td>FY06</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>FY07</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>FY08</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>FY09</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

50% peak to trough decline
Analyst Average\(^2\) forecasting US starts at ~1.1m in FY2014, a ~27% increase from FY2013.
Expected growth of ~7% for the non-residential segment however weighted toward 2H FY2014.

1. Historical Residential Starts: Census Bureau
2. Residential Forecast: Average of NAHB, MBA, Dodge, Wells Fargo, NAR, Fannie Mae, Freddie Mac
3. Moody’s (Mark Zandi): Base Case Forecast
## Strengthened financial performance
Delivered through stronger market conditions and business improvement initiatives

### A$m

<table>
<thead>
<tr>
<th></th>
<th>1H FY2014</th>
<th>1H FY2013</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2,874</td>
<td>2,774</td>
<td>4</td>
</tr>
<tr>
<td>EBITDA(^1)</td>
<td>307</td>
<td>264</td>
<td>16</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(139)</td>
<td>(151)</td>
<td></td>
</tr>
<tr>
<td>EBIT(^1)</td>
<td>168</td>
<td>112</td>
<td>49</td>
</tr>
<tr>
<td>Net interest</td>
<td>(47)</td>
<td>(50)</td>
<td></td>
</tr>
<tr>
<td>Income tax expense(^1)</td>
<td>(30)</td>
<td>(8)</td>
<td></td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(1)</td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Profit after tax(^1)</td>
<td>90</td>
<td>52</td>
<td>73</td>
</tr>
<tr>
<td>Significant items (net)(^2)</td>
<td>(117)</td>
<td>(77)</td>
<td></td>
</tr>
<tr>
<td><strong>Net profit after tax</strong></td>
<td><strong>(26)</strong></td>
<td><strong>(25)</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Underlying tax rate</strong>(^1)</td>
<td><strong>24%</strong></td>
<td><strong>13%</strong></td>
<td></td>
</tr>
</tbody>
</table>

Non IFRS Information – Earnings before significant items is a Non IFRS measure that is reported to provide a greater understanding of the financial performance of the underlying businesses. Further details of Non IFRS information is included in the Results Announcement while details of significant items are provided in Note 6 of the half-year financial report. Non IFRS information has not been subject to audit or review.

1. Excluding significant items
2. Significant items largely relate to a non–trading revaluation loss that will offset on completion of the USG joint venture (Figures may not add due to rounding)
Cash generation improved

<table>
<thead>
<tr>
<th>Cash flow, A$m</th>
<th>1H FY2014</th>
<th>1H FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA¹</td>
<td>307</td>
<td>264</td>
</tr>
<tr>
<td>Change in working capital</td>
<td>6</td>
<td>(59)</td>
</tr>
<tr>
<td>Interest &amp; tax</td>
<td>(54)</td>
<td>(77)</td>
</tr>
<tr>
<td>Equity earnings less dividends</td>
<td>(4)</td>
<td>(1)</td>
</tr>
<tr>
<td>Non cash items</td>
<td>-</td>
<td>(1)</td>
</tr>
<tr>
<td>Restructuring costs paid</td>
<td>(24)</td>
<td>(18)</td>
</tr>
<tr>
<td><strong>Operating cash flow</strong></td>
<td><strong>231</strong></td>
<td><strong>107</strong></td>
</tr>
<tr>
<td>Capital expenditure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SIB &amp; growth</td>
<td>(114)</td>
<td>(164)</td>
</tr>
<tr>
<td>Divestment costs</td>
<td>(10)</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds on disposal of assets</td>
<td>39</td>
<td>90</td>
</tr>
<tr>
<td><strong>Free cash flow</strong></td>
<td><strong>147</strong></td>
<td><strong>34</strong></td>
</tr>
<tr>
<td>Dividends paid – net DRP²</td>
<td>(25)</td>
<td>-</td>
</tr>
<tr>
<td>Other items</td>
<td>(8)</td>
<td>(1)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>114</td>
<td>33</td>
</tr>
</tbody>
</table>

- Operating cash flow up $124m to $231m due to:
  - increased earnings
  - improved working capital management
  - lower income tax payments
- **Total capex down 31%** on prior comparable period
- SIB capex increased to $76m from $61m, which was unsustainably low
- Proceeds on disposal of assets include:
  - proceeds from sale of Windows business
  - Cash received from property sales

1. Excluding significant items
2. DRP underwritten in respect of dividend paid in 1H FY2013
(Figures may not add due to rounding)
Capital expenditure remains constrained

- SIB capex at 55% of depreciation
- Growth capex constrained to essential projects
- Total capex in FY2014 to decrease to ~$270m

1H FY2014 capital expenditure

Total = $114m
Balance Sheet
Benefiting from disciplined cash management

- Net debt reduced by $57m since 30 June 2013 to $1,389m
- Principal ‘bank gearing’ covenant at 39%; threshold is <60%²
- Weighted average debt maturity ~ 3.3 years
- Weighted average cost of debt ~ 6.1% p.a.
- Committed undrawn bank debt facilities of $565m

### Net debt reconciliation A$m

<table>
<thead>
<tr>
<th></th>
<th>1H FY2014</th>
<th>1H FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>(1,446)</td>
<td>(1,518)</td>
</tr>
<tr>
<td>Cash flow</td>
<td>114</td>
<td>33</td>
</tr>
<tr>
<td>Non cash (FX)</td>
<td>(58)</td>
<td>27</td>
</tr>
<tr>
<td>Closing balance</td>
<td>(1,389)</td>
<td>(1,458)</td>
</tr>
</tbody>
</table>

1. Net debt / (net debt + equity)
2. Gross debt/ (gross debt + equity – intangibles)
3. Swiss franc notes issued under EMTN program
(Figures may not add due to rounding)
Debt Profile

Gross debt currency exposure
As at 31 Dec-13

- CHF150m notes (A$186m) under EMTN program & US$225m fixed rate USPP notes (A$251m) swapped to AUD floating rate via cross currency swaps

(Figures may not add due to rounding)
Debt Profile continued

• Debt reduction and earnings growth have been key areas of focus
  – circa A$450m of debt is forecast to be repaid from the US$500m JV sales proceeds

• US$1b EMTN programme established in November 2012
  – To lengthen debt maturity profile and provide further funding diversification
  – Debut CHF150m 7 year bond issued in January 2013

• Boral’s debt maturity profile is well spread with no significant maturities until May 2015 (USPP US$200m)
Credit ratings

- Boral is publicly rated by both S&P and Moody’s
- Our target ratings are S&P BBB and Moody’s Baa2
- Our current ratings are S&P BBB (Negative outlook) and Moody’s Baa3 (stable outlook)
Agenda

• Business overview

• Market activity

• 1H FY2014 Financial results

• Strategic priorities and Outlook
Boral’s **Fix, Execute, Transform** program

Our goal 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**

**FIX**

FY2013

Fixing things that are holding us back

**EXECUTE**

2 years

Improving the way we operate to be more efficient, disciplined and profitable

**TRANSFORM**

4 years

6 years +

Transforming Boral for performance excellence and sustainable growth through innovation
Focus is on improving ROFE to 15%.

EBIT to average funds employed (ROFE$^1$)

$\%$

<table>
<thead>
<tr>
<th>Year</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY11</th>
<th>FY12</th>
<th>FY13</th>
<th>1H FY13</th>
<th>1H FY14</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19.3</td>
<td>17</td>
<td>15.1</td>
<td>12.1</td>
<td>10.1</td>
<td>6.3</td>
<td>6.2</td>
<td>7.4</td>
<td>4.7</td>
<td>4.7</td>
<td>4.2</td>
<td>5.9</td>
</tr>
</tbody>
</table>

1. Excludes significant items
2. 1H FY2013 and 1H FY2014 on a moving annual total (MAT) basis
Solid progress made in delivering immediate **FIX** priorities

<table>
<thead>
<tr>
<th>OBJECTIVES</th>
<th>PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manage costs down</strong></td>
<td></td>
</tr>
</tbody>
</table>
| • In FY2014 reduce costs by: | ✓ Realised $60m in cost reductions from cost down programs in 1H FY2014  
  – $105m through prior period headcount reductions & rationalisation initiatives  
  – further $25m through new initiatives largely in contractor spend  
| | ✓ Expect to deliver $130m in savings in FY2014 |
| **Maximise cash generation** |  |
| • Generate $200-$300m from divestments and land sales in FY2013 & FY2014  
  • Apply disciplined approach to capex and manage capital assets to improve returns | ✓ $212m in cash proceeds from divestments & land sales in 18 months to Dec-13  
  ✓ Capex down 31% in 1H FY2014 |
| **Reshape the portfolio** |  |
| • Rationalise portfolio to core essentials | ✓ Sold Windows business  
  ✓ Ceased production at **Berrima Colliery**  
  ✓ Progress made to preferred course of action to improve returns in **Australian Bricks business** |
TRANSFORMING Boral through strategic joint venture with USG

**Boral**
- Leading manufacturing and distribution platform across Australia & 8 countries in Asia
- #1 or #2 position in markets served
  - ~US$1.35b of assets

**USG**
- Exclusive access to world-leading technologies in perpetuity in the Territory
- Strategic assets in Asia, New Zealand and the Middle East
  - ~US$250m of assets and intellectual property

**USG Boral Building Products**
- ~US$1.6b joint venture

---
1. Actual structure will be via two JV legal entities
2. Asset values subject to finalisation of fair valuation, completion adjustments and final foreign exchange rates at the date of completion
3. Encompasses Asia, Australasia and the Middle East
Joint venture has leading positions across Asia, Australasia and the Middle East

Manufacturing footprint (number of operations)

- Boral plasterboard plant
- Boral gypsum mine
- Boral other production

<table>
<thead>
<tr>
<th>Country</th>
<th>USG/ Boral JV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capacity (m²)¹</td>
<td>633</td>
</tr>
<tr>
<td>Capacity (BSF)¹</td>
<td>6.8</td>
</tr>
</tbody>
</table>

1. Production either online or expected to be online in CY2014
2. Production may be at the same physical location. Other production includes ceiling tile, metal ceiling grid, metal products, joint compounds, mineral wool and cornice production
3. Certain manufacturing facilities and gypsum quarries held in joint venture with third parties
Asian markets represent strong growth potential for JV building products

Real GDP growth – Asian countries

- Strong economic growth forecast across most Asian markets
- Increasing commercial projects expected to drive growth in non-residential construction
- Increasing urbanisation will drive growth in residential new build

Forecast real GDP growth – 5 year CAGR to 2018

Plasterboard demand/GDP per capita

- Historically plasterboard use starts in ceilings then moves to walls, and starts in commercial then moves to housing
- Lightweight, flexible and easy to install characteristics make plasterboard the interior lining product of choice
  - USG technology expected to enhance this attribute
- Asia expected to become world’s largest plasterboard market by 2015

1. Source: IMF data at October 2013
2. Boral management estimates for plasterboard demand. GDP per capita and population based on IMF 2013 forecast data
Joint venture market positions

- Asia expected to become world’s largest plasterboard market by 2015\(^1\)
- Size of plasterboard market in JV region is >2,250m\(^2\)
  - Asia market size ~2,100m\(^2\)
  - Excluding China, Asia market size ~500m\(^2\)
- Strong economic growth forecast across most Asian markets
  - real GDP growth of 4 to 7\(^\%\)\(^2\)
- Increasing commercial projects expected to drive growth in non-residential construction
- Increasing urbanisation will drive growth in residential new build

1. Based on management estimates
2. Source: IMF data at October 2013
Financial impact of USG JV

Expect much lower second half EBIT contribution from Gypsum as we move to 50% share and due to equity accounting impacts

Key points:

• If Boral had sold a 50% share of the Gypsum business on 1 July 2013, Boral’s equity accounted earnings in the half year would have been A$17.5m (50% of $35m) versus A$55m for 100% consolidated earnings. The $17.5m in equity accounted earnings would have been reported at the EBIT line

• Expect lower EBIT contribution from Gypsum in 2H FY2014 based on two months of consolidated earnings for seasonally weak Jan/Feb and four months of equity accounted 50% contribution. Underlying improvement in business in 2H FY2014 expected to be offset by JV implementation costs

• Net interest savings will benefit 2H FY2014 following receipt of upfront payment of US$500m with upfront cash payment to be applied progressively to reduce Boral’s debt by up to A$450m

1. Excluding significant items
2. Gearing defined as net debt / (net debt + equity). Proforma gearing based on A$450m of debt reduction
### Outlook for FY2014

Underlying performance of all four divisions expected to improve in 2H FY2014 on 2H FY2013

<table>
<thead>
<tr>
<th>Market activity - Australia</th>
<th>• Overall <strong>activity in Australia expected to be steady</strong> with higher residential and non-residential activity offset by lower roads and highways activity</th>
</tr>
</thead>
</table>
| Construction Materials & Cement | • **Underlying performance expected to improve** in FY2014 but will be offset by significant reduction in Property earnings  
• Underlying earnings\(^1\) in 2H FY2014 anticipated to be up on the prior year but down from 1H FY2014 due to seasonality and lower large project volumes |
| Building Products | • Expect to deliver **small profit in FY2014** driven by sustained cost improvement and stronger market demand with 2H FY2014 seasonally weaker than 1H FY2014 |
| Boral Gypsum | • Expect **underlying earnings growth** in Australia and Asia in FY2014 but in 2H FY2014 growth will be largely offset by joint venture integration costs  
• Lower 2H FY2014 contribution based on two months trading earnings and four months 50% equity accounted contribution following completion of JV |
| Boral USA | • Expect improved result in 2H FY2014 with break through to profitability in 4Q FY2014 assuming housing starts annualised run rate >1.1m for 4Q FY2014 |

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1. Underlying earnings defined as excluding Property earnings
Our distribution business, Boral Building Products, complements our leading bricks, concrete and clay tile, and manufactured stone veneer positions with 43 sales centers in 11 states.
Boral USA Cladding Footprint
Comprising 65 facilities, our reach is considered nationwide

Bricks: 13 plants with 1.3b SBE¹ capacity
Stone: 2 plants with 94m sq. ft. capacity
Trim: initial plant in North Carolina
Distribution: 43 Boral Building Products distribution sites
Stucco: 7 tint centers in 6 states

Bricks Capacity:

• **Peak Network**: 23 brick plants with 1.86b SBE capacity, 1 paver plant with 0.05 billion capacity
• **Current Network**: 13 brick plants (5 mothballed) plus 1 mothballed paver plant; 11 permanently closed brick plants
• **Current Capacity**: 1.3b SBE, ~31% reduction from peak; 0.05 billion paver plant
• Repositioned portion of Bessemer, Salisbury, Henderson, and Smyrna plants to produce commercial brick

1. Standard Brick Equivalent
Boral USA Roofing Footprint
11 concrete roof tile plants and 3 clay roof tile plants

North West
Key Competitor: Unicrete

South West
Concrete:
Clay:

Key Competitor: Eagle
Next Competitor: Integra

Tiles Share¹
(concrete & clay)

Boral
Entegra
Hanson
Eagle

¹ Based on management estimates
Weather impacts in eastern Australia
NSW and Queensland experienced particularly dry weather

Rainfall in Eastern Australia

Source: Australian Bureau of Meteorology
### Significant items due to timing impact of Gypsum JV formation

Non-trading significant items to be offset on completion of JV

<table>
<thead>
<tr>
<th>A$m</th>
<th>1H FY2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revaluation of Gypsum “Held for Sale Net Assets” and costs of disposal</td>
<td>(115)</td>
</tr>
<tr>
<td>Loss on disposal of Windows business</td>
<td>(4)</td>
</tr>
<tr>
<td><strong>EBIT impact</strong></td>
<td>(119)</td>
</tr>
<tr>
<td>Income tax benefit</td>
<td>2</td>
</tr>
<tr>
<td><strong>Significant items (net)</strong></td>
<td>(117)</td>
</tr>
</tbody>
</table>

**KEY POINTS:**

- As at 31 December 2013 the net assets of the Gypsum division have been reclassified on Boral’s balance sheet as assets held for sale, resulting in a re-assessment of net assets at current exchange rates and comparison to the expected proceeds. The resulting gap is $115m.
- Exchange gains currently held in the Foreign Currency Translation Reserve, which represent the foreign exchange movement since acquisition of the Gypsum assets in Asia (in December 2011) are unable to be recognised until completion of the USG Boral JV transaction.
- As at 31 December 2013, based on an exchange rate of AUD/USD of $0.89, $155m of foreign currency gains are held in the Foreign Currency Translation Reserve in relation to Gypsum assets.
- **Assuming a steady AUD/USD exchange rate of $0.89, recognition of these $155m exchange gains on completion of the JV will more than offset the $115m revaluation loss recorded at 31 December 2013.**
- The final disposal entries will be calculated taking into account fair value calculations, working capital adjustments and FX rates as at the date of completion which is expected on 28 February 2014.

Non IFRS Information – Management has provided an analysis of significant items reported during the period. These items have been considered in relation to their size and nature and have been adjusted from the reported information to assist users to better understand the performance of the underlying businesses. These items are detailed in Note 6 of the half year financial report and relate to amounts that are associated with significant business restructuring, business disposals, impairment or individual transactions.

(Figures may not add due to rounding)
## Segment Revenue and EBIT

<table>
<thead>
<tr>
<th></th>
<th>External revenue A$m</th>
<th>EBIT&lt;sup&gt;1&lt;/sup&gt; A$m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1H FY2014</td>
<td>1H FY2013</td>
</tr>
<tr>
<td>BCM &amp; Cement&lt;sup&gt;2&lt;/sup&gt;</td>
<td>1,696</td>
<td>1,659</td>
</tr>
<tr>
<td>Building Products</td>
<td>248</td>
<td>249</td>
</tr>
<tr>
<td>Boral Gypsum&lt;sup&gt;3&lt;/sup&gt;</td>
<td>537</td>
<td>462</td>
</tr>
<tr>
<td>Boral USA</td>
<td>335</td>
<td>266</td>
</tr>
<tr>
<td>Unallocated</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Discontinued Businesses&lt;sup&gt;4&lt;/sup&gt;</td>
<td>58</td>
<td>138</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2,874</strong></td>
<td><strong>2,774</strong></td>
</tr>
</tbody>
</table>

1. Excluding significant items
2. Boral Construction Materials & Cement segment includes Boral Property Group EBIT loss of $3m (EBIT profit of $2m in 1H FY2013)
3. For statutory purposes, Boral Gypsum division has been classified as discontinued operations
4. Discontinued Businesses revenue of $58m and EBIT loss of $1m in 1H FY2014 reflects the trading results of the Windows business until its sale at the end of Nov-13 (Figures may not add due to rounding)
Benefits from announced cost reduction programs

Cost reduction benefits
A$m

- Incremental total cost reductions realised
- Overhead and rationalisation
- Contractor spend and other

• **Jan-13** – announced overhead and rationalisation cost reduction program with expected full year benefit of **$105m** from **FY2014**

• **Oct-13** – announced second phase of cost reduction program largely focused on contractor spend with **expected benefit of $25m** in **FY2014** and **$45m** from **FY2015**

• **$60m cost reductions realised in 1H FY2014**
  - $52.5m from overhead and rationalisation
  - $7.5m from contractor spend and other

Full program benefits **to be realised from FY2015**
Boral Limited’s statutory results are reported under International Financial Reporting Standards.

Earnings before significant items is a non statutory measure reported to provide a greater understanding of the underlying business performance of the Group.

Significant items are detailed in Note 6 of the half year financial report and relate to amounts of income and expense that are associated with significant business restructuring, business disposals, impairment or individual transactions.

A reconciliation of earnings from underlying operations before significant items to reported statutory profit is detailed below:

<table>
<thead>
<tr>
<th>(A$ millions)</th>
<th>Earnings before significant items</th>
<th>Significant Items</th>
<th>Total</th>
<th>Continuing Operations</th>
<th>Discontinued Operations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales revenue</td>
<td>2,874.3</td>
<td>(2,874.3)</td>
<td>2,279.3</td>
<td>595.0</td>
<td>2,874.3</td>
<td></td>
</tr>
<tr>
<td>EBIT</td>
<td>167.9</td>
<td>(119.1)</td>
<td>48.8</td>
<td>113.8</td>
<td>(65.0)</td>
<td>48.8</td>
</tr>
<tr>
<td>Finance costs</td>
<td>(46.6)</td>
<td>(46.6)</td>
<td>(44.6)</td>
<td>(2.0)</td>
<td>(46.6)</td>
<td></td>
</tr>
<tr>
<td>Earnings before tax</td>
<td>121.3</td>
<td>(119.1)</td>
<td>2.2</td>
<td>69.2</td>
<td>(67.0)</td>
<td>2.2</td>
</tr>
<tr>
<td>Tax (expense) benefit</td>
<td>(29.5)</td>
<td>2.4</td>
<td>(27.1)</td>
<td>(13.6)</td>
<td>(13.5)</td>
<td>(27.1)</td>
</tr>
<tr>
<td>Profit / (loss) after tax</td>
<td>91.8</td>
<td>(116.7)</td>
<td>(24.9)</td>
<td>55.6</td>
<td>(80.5)</td>
<td>(24.9)</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(1.4)</td>
<td>(1.4)</td>
<td>2.8</td>
<td>(4.2)</td>
<td>(1.4)</td>
<td></td>
</tr>
<tr>
<td>Net profit / (loss) after tax</td>
<td>90.4</td>
<td>(116.7)</td>
<td>(26.3)</td>
<td>58.4</td>
<td>(84.7)</td>
<td>(26.3)</td>
</tr>
</tbody>
</table>

The results announcement has not been subject to review or audit, however it contains disclosures which are extracted or derived from the half year financial report for the six months ended 31 December 2013.