# Boral USA Presentation Agenda

<table>
<thead>
<tr>
<th>Time</th>
<th>Presentation</th>
<th>Speaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>8.00 - 9:00am</td>
<td>Boral USA Overview</td>
<td>Al Borm, President &amp; CEO Boral Industries</td>
</tr>
<tr>
<td></td>
<td>Economic &amp; Housing Update</td>
<td></td>
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<tr>
<td></td>
<td>Strategic Priorities</td>
<td></td>
</tr>
<tr>
<td>9:00 - 9:30am</td>
<td>Commercial Services &amp; Innovation</td>
<td>Brian Render, VP Commercial Services</td>
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<tr>
<td></td>
<td></td>
<td>Joel Charlton, EGM Innovation</td>
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<tr>
<td>9:30 - 9:45am</td>
<td><strong>Morning tea break</strong></td>
<td></td>
</tr>
<tr>
<td>9:45 - 10:15am</td>
<td>Boral Cladding¹</td>
<td>David Mariner, President Boral Cladding</td>
</tr>
<tr>
<td>10:15 - 10:45am</td>
<td>Boral Roofing</td>
<td>Chris Fenwick, President Boral Roofing</td>
</tr>
<tr>
<td>10:45 - 11:15am</td>
<td>Boral Materials²</td>
<td>Terry Peterson, President Boral Materials</td>
</tr>
<tr>
<td>11:15 - 11:30am</td>
<td>Outlook</td>
<td>Al Borm, President &amp; CEO Boral Industries</td>
</tr>
</tbody>
</table>

1. Boral Cladding group of companies consists of Boral Bricks Inc, Boral Stone Products LLC, Boral Composites Inc.
2. Boral Materials group of companies consists of Boral Material Technologies LLC, BCM Oklahoma LLC, Ready Mixed Concrete Company and Affiliates

# Boral Building Something Great
Creating Sustainable Solutions for the Building Industry

One Boral … “Our Journey”
Boral USA Overview

- Economic & Housing Update
- Strategic Priorities
- Commercial Services & Innovation
- Boral Cladding
- Boral Roofing
- Boral Materials
- Outlook

Boral USA is currently the smallest divisions in revenue but has the most significant earnings improvement potential

Boral revenue by division – FY2013

Boral USA contribution to Boral Revenue and EBITDA²

Boral USA, 11%
Building Products 11%
Construction Materials & Cement, 60%
Boral Gypsum 18%
Total = A$5,209m¹

Boral USA revenue – FY2013

Fly Ash & Construction Materials, 30%
Cladding 49%
Roofing 21%
Total = A$555m

¹ For Boral continuing operations only
² Excluding significant items. EBITDA before significant items is a non-IFRS measure reported to provide greater understanding of the group’s underlying business performance. Full details of significant items are contained in Note 4 of the Financial Statements.
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: Journey Snapshot
The business has transformed through acquisitions, rationalisation and restructuring following a dramatic cyclical downturn in US residential activity

<table>
<thead>
<tr>
<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>
</tr>
<tr>
<td>Revenue</td>
<td>US$611m</td>
<td>US$406m</td>
</tr>
<tr>
<td>EBITDA margin1</td>
<td>22%</td>
<td>(11%)</td>
</tr>
<tr>
<td>Product portfolio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brick</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brick Accessories</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pavers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Roof Tile</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fly Ash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Brick capacity</td>
<td>1.7b SBE2</td>
<td>1.9b SBE2</td>
</tr>
<tr>
<td>Roofing capacity</td>
<td>7.0m squares</td>
<td>7.2m squares4</td>
</tr>
<tr>
<td>Employees</td>
<td>2,679</td>
<td>1,511</td>
</tr>
<tr>
<td>Revenue by business</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Boral Cladding</td>
<td>20%</td>
<td>42%</td>
</tr>
<tr>
<td>Boral Roofing5</td>
<td>22%5</td>
<td>45%</td>
</tr>
<tr>
<td>Boral Materials</td>
<td></td>
<td>13%5</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
**Growth has been focused on Cladding & Roofing**
Where Boral has leading market positions

**Jul-10: MonierLifetile – Leader in Concrete Tile**
- Acquired for US$75m in July 2010
- Merged with US Tile (clay) business
- Rebranded to Boral Roofing
- Achieved +$5m in year 1 synergies
- Created roof component (resale) business

**Dec-10: Cultured Stone® – Leader in Manufactured Stone**
- Acquired 50% for US$45m in December 2010
- Rebranded to Boral Stone
- Achieved +$3m in year 1 synergies
- Residential, commercial, repair and remodel focus
- 5 Year Automation plan to reduce headcount

**Nov-11: TruExterior Trim – Leader in Trim Innovation**
- Plant Commissioned in Salisbury, North Carolina
- Poly-ash trim product using ~70% recycled materials
- High level of workability with low maintenance
- Further expands Boral into the repair & remodel segment

**Jun-13: Oklahoma City Ready-mix**
- Divested in June 2013
- Construction Materials business identified as non-core
- Oklahoma Quarry still operational but being marketed

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**End-market Exposure**
is largely to the US residential market

**FY2013 USA Revenue**
Estimated exposure by market segment

- Residential 66%
- Non-Residential 14%
- Repair & Remodel 5%
- Other¹ 15%

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**FY2013 Revenue**
Estimated exposure by market segment

- Residential
- Non-Residential
- Repair & Remodel
- Other¹

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1. Other includes fly ash non construction markets and roads, bridges, and highways construction
Economic & Housing Update

- Fundamental economic indicators stabilising and improving
  - 2.0% average quarterly growth since 3Q 2009
  - Aug-13 unemployment rate of 7.3% vs. Oct-09 peak of 10.0%
  - Consumer confidence at six year high

- Housing fundamentals supporting increased new construction
  - New home stock 38% below 10 year average
  - Home prices improving
  - Foreclosure activity down 61% from peak in March 2010

- Residential market recovery led by Big Builder construction and smaller starter homes

- % of single vs. multi-family starts below historic average but moving towards historic norms

- US non-residential segment remains sluggish but recovering over next 18 months
Economic Update
Trending positively with confidence higher, job creation continuing, and unemployment lowering

GDP % Growth
2.0% Average Quarterly Growth since 3Q 2009

Job Creation
+6.0m jobs added

Confidence
6 year high

August 2013 unemployment rate of 7.3% vs. October 2009 peak of 10.0%

1. US Bureau of Economic Analysis: National GDP
3. Reuters/University of Michigan Surveys of Consumers

Housing Fundamentals
New home stock at historic lows, prices stabilizing, and foreclosures slowing

New Home Stock
August 2006 ~570k
July 2013: 171k
70% below peak

National Home Pricing
Composite of Top 20 Cities
Stabilizing, beginning to appreciate

Foreclosure Activity
367k units per month at peak
Down 65% from peak to 129k

1. US Census Bureau, National Association of Homebuilders
2. S&P/Case-Shiller® Home Price Index
3. Realtytrac
4. Average foreclosure rate: at 98k from 1995 - 2006
US Housing Snapshot
US Housing starts ended FY2013 at 877k, a year on year increase of ~28%
Housing in Key Boral States
Demand remains significantly below prior peak for housing starts in Boral Brick and Tile States

Housing Starts
(000’s Units)

**Boral Tile States**
- **FY13 ~73% below prior peak**
  - Peak: 600k
  - FY2013: 161k
  - Trough: 91k

**Boral Cladding/Brick States**
- **FY13 ~52% below prior peak**
  - Peak: 691k
  - FY2013: 332k
  - Trough: 227k

1. Boral Tile States (Dodge): Arizona (AZ), California (CA), Florida (FL), Nevada (NV)
2. Boral Brick States (Dodge): Alabama (AL), Arkansas (AR), Georgia (GA), Kentucky (KY), Louisiana (LA), Mississippi (MS), North Carolina (NC), Oklahoma (OK), South Carolina (SC), Tennessee (TN), Texas (TX)

Cladding & Roofing Industry Intensity Drivers

**Cladding & Roofing Intensity Drivers**

1. Segment Mix
   - % Residential vs. Non-residential
2. Geography of Start
   - Starts in given Brick or Tile states as % of total starts
3. Type of Start
   - Single family vs. Multi-family starts
4. Builder Mix
   - National vs. Custom vs. Regional builders
5. Builder Practices
   - Value engineering, e.g. less expensive homes being built in cycle trough
US brick industry intensity\(^1\)

\[ SBE^2 \text{ per residential start} \]

- Current brick intensity at ~4,000 SBE\(^2\) per start compared to long term average of 4,900 SBE/start.
- Recent decline in brick intensity reflects:
  - Lower proportion of single family starts vs. multi-family starts; single family starts accounted for 71% of total starts in FY2013 vs. 10 year average of 77%.
  - Growth of low cost production home builders that typically use less bricks per start.
  - Lower non-residential demand.
- Will look to 2H FY2014 to determine if shift in intensity returns; requires:
  - Return to more typical mix of single- and multi-family starts.
  - Strengthening in mid to premium end of new housing construction.
  - Recovery in non-residential sector.

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BORAL USA ANALYST AND INVESTOR SITE TOUR 2013

**Market Outlook**

Residential segment momentum to continue and non-residential entering recovery in FY2014. Both markets forecasted for significant growth through next 3 to 5 years.

**New Residential Starts\(^1\)**

**Non Residential Activity\(^4\)**

Analyst Average 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.
BORAL USA ANALYST AND INVESTOR SITE TOUR 2013

Content

- Boral USA Overview
- Economic & Housing Update

- **Strategic Priorities**
  - Commercial Services & Innovation
  - Boral Cladding
  - Boral Roofing
  - Boral Materials
  - Outlook

BORAL USA: Our Vision
To be a +US$2.0 billion leading materials supplier for the US$33 billion exterior envelope market including roofing, cladding, and other exterior building products and materials

<table>
<thead>
<tr>
<th>Historic (pre 2010)</th>
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<tbody>
<tr>
<td>1. Brick</td>
</tr>
<tr>
<td>2. Brick Accessories</td>
</tr>
<tr>
<td>3. Pavers</td>
</tr>
<tr>
<td>4. Roof Tile</td>
</tr>
<tr>
<td>5. Fly Ash</td>
</tr>
<tr>
<td>6. Materials</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>New Additions (2010/12)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Stone</td>
</tr>
<tr>
<td>2. Trim</td>
</tr>
<tr>
<td>3. Roof Components</td>
</tr>
<tr>
<td>4. Stucco</td>
</tr>
</tbody>
</table>

USA Exterior Market Size

<table>
<thead>
<tr>
<th></th>
<th>US$ billions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cladding</td>
<td>14</td>
</tr>
<tr>
<td>Roofing</td>
<td>15</td>
</tr>
<tr>
<td>Other Exterior</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>33</td>
</tr>
</tbody>
</table>

1. Roofing: US$12b for Roofing, US$3b for components
2. Other: Trim, Accessories
Boral USA Strategic Focus

Our current focus is on fixing the business

- Leverage recovering product intensity
- Diversify growth in residential multi-family, commercial, and repair & remodel segments
- Continue cost improvement initiatives
- Focused price initiatives

- Deliver acceptable ROFE
- Excellence in safety
- Boral Production System (LEAN)
- Sales & Marketing Excellence
- Increase R&D investment
- Develop people

- Building Products and Materials supplier to a solutions provider for the construction industry; using innovation and technology

2 years
4 years
6+ years

Deliver for the future

Today

Envelopes Identified
Residential Heavy
High Fixed Cost Platform
High Carbon Footprint

Tomorrow

Reconfigured Portfolio
Well Balanced Segmentation (Size and Mix of Pie)
Variable Based Manufacturing
Low Embodied Energy, Sustainable Products

Acquisitions / Disposals
New Products Focused Sales & Marketing
New Technology Bolt On Businesses Capital Management
Trim, Versetta, LEAN
## Strategic Priorities
Position business to leverage recovery and deliver financials in the short term; transform our culture and operations to deliver returns through the cycle

1. World best practices in safety performance

2. Breakthrough to **profitability in 2H FY2014** as housing recovery continues to benefit volume

3. Prepare for and **maximize recovery** in new residential

4. Drive **diversified growth** into commercial and repair & remodel segments. Launch **new and innovative products**, processes, and services to target new markets, customers, and channels

5. Use levers of change to deliver on strategic priorities

---

### Four Tiered Approach:

- **Behavioral-Based Safety:** BAPP, DuPont STOP™, Driver
- **Boral Production Systems:** Work standardization, visual management, exposure elimination
- **Analytics and Tools:** Cell phone app, SAP, IHS Compliance Suite, DataPro™, Cell Control
- **Reporting:** Forward looking, visual, communicated to all levels

### Safety Performance – Boral USA

*Note: MTIFR (RHS) includes Cultured Stone.*
2 – Breakthrough to profitability in 2H FY2014
Focus on share & price, cost and cash management, will allow us to effectively leverage the US residential recovery and return to profitability

- Effective pricing by customer tier
- Market share management
- Manage capacity

Cost Management
- Boral Production System (LEAN)
- Cost reductions at plants, distribution, and SG&A
- Effective procurement
- Plant rationalization / re-configuration of management

Cash & Capital Management
- Optimise working capital
- Improve inventory management
- Effective stay in business capital investments
- Divest permanently closed facilities

3 – Leverage Recovery in New Residential
Plant rationalization and cost improvement focus at our production facilities will allow for a more productive workforce and reduce the headcount required during the next cycle

**Bricks** Plant Headcount vs. Production Volume

- Hourly headcount
- Production volume

48% Reduction in headcount

**Stone** Plant Headcount vs. Production Volume

- Hourly headcount
- Production volume

52% Reduction in headcount

Total of 11 fewer plants, ~1,200 fewer employees, delivering ~85% more production per employee at underlying demand (UD) of 1.5m housing starts
4 – Diversify Product Offerings and End Markets; Launch New & Innovative Products

New Products
- Roof underlayment
- Composite Trim
- Stucco Wall System
- Stone Panel System
- Commercial Brick

Target Market Segments
- Residential
  - Custom
  - National & Regional
  - Multi Family
- Repair and Remodel
- Commercial

New Channels
- Boral Products
- WOLF
- Weyerhaeuser
- Lansing
- U.S. Lumber

Target Market Segments include Cladding and Roofing

Summary
Use Boral Key Levers of Change to Deliver on Strategic Priorities

Safety
- Implemented 4 tier approach to eliminate at risk behaviours
- LTIFR of 0.7 in FY2013, 79% improvement over FY2010 results
- Leveraging pull system to reduce inventories
- Brick inventory lowered by ~9% and turns improved by ~25% in FY2013

Boral Production System
- Established Commercial Services
- Consolidated Trade Show Functions and Implemented Sales Ranking System

Sales & Marketing Excellence
- Successful development and launch of Class 4 Hail Tile, Boral TruExterior® Trim, and Versetta® stone
- Rollout of the Global Innovation Factory

Innovation
- Targeted approach to align the objectives of every level to achieve short term and strategic goals

People engagement
Content

- Boral USA Overview
- Economic & Housing Update
- Strategic Priorities
- Commercial Services & Innovation
  - Boral Cladding
  - Boral Roofing
  - Boral Materials
  - Outlook

Opportunities for Growth
Recognizing the need to change to achieve our short and long term goals

Our Marketplace

Diversity and Scope
  - Market Segments
  - Sales Channels
  - Products

Margin Growth

Sales Skills
Diversity & Scope
Leverage increased products to diversified segments to transform Cladding and Roofing exposure.

FY2009

Current

Aspiration

Residential

Non-Residential

Res
91%

Non-Res
9%

Res
82%

Non-Res
11%

Repair & Remodel
7%

Res
50%

Non-Res
25%

Repair / Remodel
25%

Composite Trim
Stucco Wall System
Commercial Brick
Lightweight Tile
Stone Panel System
Roof Underlayment
Class IV Hail Tile

Diversity & Scope
Leverage increased products to diversified segments to transform Cladding and Roofing exposure.

Margin Growth
Improving visibility to drive higher margins.

Pricing
- Price increase triggers
- By customer and products

National Accounts
- Residential
- Commercial / Retail
- Repair & Remodel

Monthly Reporting
- Transparency
- Awareness

Coordination with Manufacturing
Sales Skills and Tools
Developing the tools we need for our sales force to excel

Sales Performance Ranking
- Ranking Scorecard

Account Planning
- Original Account Plan

E-Commerce
- Newsletters, ranking analytics reports

One Boral Marketing
Establishing and promoting Boral’s identity

Previously
- Roof Tile
- Pavers
- Bricks
- Stone
- Trim
- Fly Ash
- Materials

Now
- Mobile device showing Boral branding

Moving all Boral brands to a common “Boral” marketing platform
One Boral Marketing
Identifying cross divisional marketing opportunities

Our Goals

- **Unified** approach with consistent messaging
- Combining our budgets to achieve scale
- Building widespread brand recognition
- Promoting our brand **nationwide**
- Positioning a **premium** brand

Trade shows

Literature

Customer Appeal
Using the “Voice of Customer” to transition our message from product attributes to customer concerns

Sustainability
- Homeowners
- Architects
- Builders

Innovation
- Designers
- Installers
- Distributors

Durability

Availability

Design

boral is nationwide
Introducing the Innovation Factory
Transforming our operating structure to achieve our short and long term goals

Operating Structure

Our Goals
- Align resources and R&D priorities globally
- Manage disruptive/ transformational innovation and open innovation
- Leverage R&D resources globally
- Balance innovation risk
- Incubator for "square peg" projects
- Intellectual property management
- Transform customer needs into products and services
The One Boral Approach
Incorporating current best practices under centralized management

Centers of Excellence
Original Concept

- Boral North America
  - Building Products
  - Composites
- Boral Asia
  - Gypsum
  - System Design
  - Ceilings
- Boral Australia
  - Cement
  - Asphalt
  - Concrete

Innovation Factory
Original Concept with Central Oversight

- Regional R&D centers
- Open innovation networks
  - Universities
  - Joint development partners
- Knowledge management systems
- Knowledge management processes
- Lean organization

Benefits of the Factory

- Defined global innovation strategy
- Clear accountability for projects
- Senior Management engagement and oversight
- Drive disruptive and transformational innovation
- Leverage global expertise
- Promote knowledge transfer
- Produce customer driven products and solutions
- Enhance Boral's Innovation image in the market

Future State

Matching Technology to Future Market Demand

Ideal Target

Market Pull

Technology Push

Time

Final State
Innovation Driven Growth
Boral Composites Inc. is a new technology platform

New Product – New Opportunities
- First of kind Trim product
- Proprietary technology
- Highly sustainable
- New class of products
- New markets
- New channels and segments
- New geographies
- Growth platform
- Outbound innovation opportunities

Boral USA Overview
Economic & Housing Update
Strategic Priorities
Commercial Services & Innovation

Boral Cladding
- Boral Roofing
- Boral Materials
- Outlook
Boral Cladding Footprint

Comprising 65 facilities, our reach is considered nationwide.

- Bricks: 13 plants with 1.3b SBE\(^1\) 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

1. Standard Brick Equivalent

Boral Cladding: Strategic Intent

"Provide product and service solutions to the residential, commercial and repair & remodel segments that will enable Boral to grow and diversify into new geographies and markets"

- #1 brick manufacturer in the US\(^1\)
- #1 stone manufacturer in the US\(^1\)
- Boral Building Products transforming to become a broader cladding products provider
- Our opportunity is in new market segments, products, and new markets
  - requires a more diverse portfolio

1. Based on management estimates
Boral enters US Brick manufacturing

Boral acquires Franklin, transitions to a direct brick distributor

Boral begins reselling stone through distribution

Acquired 50% of Cultured Stone

BASF Stucco

Re-launched Commercial Brick product line

Cladding business formed

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Boral Cladding Evolution
Transitioning from a brick only focus to a Cladding products provider

Cladding & Trim Market (Size & Scope)
Cladding & Trim market is ~12 billion square feet predominately driven by repair & remodel segment and cheaper cladding types (e.g. vinyl & wood)

Market Segments¹
(millions of square feet)

Product Segments²
(millions of square feet)

During the prior cycle Boral Cladding sales were ~90% New Residential.

1. Source: NAHB, Freedonia, management estimates
2. Source: NAHB, Freedonia, Principia, management estimates
3. Source: Ducker (FY10 installed cost study) & management estimates

In the Cladding & Trim market:
- New Residential: 4,087m / 34%
- Repair & Remodel: 5,768m / 48%
- Non Residential: 2,169m / 18%

Installed Cost ³
(US $ per Sq. Ft)

<table>
<thead>
<tr>
<th>Material</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brick</td>
<td>$6.90</td>
</tr>
<tr>
<td>Stone</td>
<td>$15.40</td>
</tr>
<tr>
<td>Stucco</td>
<td>$15.40</td>
</tr>
<tr>
<td>Vinyl</td>
<td>$2.20</td>
</tr>
<tr>
<td>Wood &amp; Other</td>
<td>$2.00</td>
</tr>
<tr>
<td>Fiber</td>
<td>$3.80</td>
</tr>
<tr>
<td>Metal</td>
<td>$3.20</td>
</tr>
<tr>
<td>Total</td>
<td>$11,964</td>
</tr>
</tbody>
</table>

47
Boral’s key competitors in Bricks

Brick Sales Volume – FY2013

Total = ~3.4bn SBE

Key Competitors – Brick States

Boral
General Shale
Hanson
Glen-Gery
ACME
Other

Boral Brick Plant

Arkansas / Louisiana
Key Competitor:

Mississippi / Alabama
Key Competitor:

Texas / Oklahoma
Key Competitors:

Kentucky / Tennessee / Virginia
Key Competitor:

Georgia / Carolina’s
Key Competitor:

Note: 1. Brick Industry Association for total industry shipments; Boral estimates for market share

Boral’s key competitors in Stone Veneer

Stone Veneer Sales Volume – FY2013

Total = ~72 m Sq. Ft

Key Competitors by Region

Boral
Coronado
Environmental StoneWorks
Eldorado
Other

Boral Stone Plant

West Coast
Key Competitors:

Central
Key Competitors:

Northeast
Key Competitor:

Canada
Key Competitor:

Southeast
Key Competitor:

Mississippi / Alabama
Key Competitor:

Texas / Oklahoma
Key Competitors:

Georgia / Carolina’s
Key Competitor:

Kentucky / Tennessee / Virginia
Key Competitor:

Note: 1. MVMA data for total industry shipments (US only); Boral estimates for market shares
2. Eldorado data includes all Headwaters Brands – Eldorado, Dutch Quality, and Stonecraft
1. **Safety** – Target Zero Harm

2. **Product & Market Diversification (Growth)** – Maximize returns, geographic and segment expansion
   - Geography
   - Products
   - Innovation

3. **Price & Share Management** – Maximize price and maintain / grow share

4. **Cost & Capital Management** – Improve cost position by leveraging Boral Production System, rationalization, and lower SG&A. Effective capital investments to support rationalised plant network

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**Safety & People**

- 18 Medical Treatment Injuries (MTI) and 2 Lost Time Injuries (LTI) in FY2013
- Hours worked up ~9%

**Safety Programs**

- On Boarding & Behavior Training
- Safety Interventions - All employees

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**Boral Cladding – Safety Performance**

![Graph showing Safety Performance over years](image)
2 – Geographic/Channel Diversification
Acquisition of Cultured Stone and TruExterior Trim start up has opened up new channels and expanded Boral Cladding’s footprint to cover 50 US States and Canada.

Historical US Channel
(Brick, BBP, 3rd Party Brick Distribution)

Current US Channel
(3rd Party Distribution Expansion)

Expanded to a national Cladding presence adding ~1,700 3rd Party distributors in the US and 285 in Canada.

2 – Product Diversification
Historical approach was focused on bricks and ancillary / tangential products. Focus now on expanding to new products that diversify market position and end-market exposure.

- Expanded product portfolio provides a more diversified market position
- Boral Stone, Admix Brick, and BASF Stucco have been added to the Boral Building Products portfolio
- Boral Trim and Versetta® Stone, both internal innovation products, are leveraging new two step channels

Source: NAHB, Freedonia, Principia, Management estimates
2 – Market Segment Diversification
As the market recovers we will leverage our key segments and broaden focus to further penetrate other segments

US Market Segmentation

Residential
(Single & Multi)

Commercial
(Non Residential)

Repair & Remodel
(Retail)

- Single Family
- Multi Family

Cladding & Trim Market Segments\(^1\)
(millions of square feet)

1 & 2
Single Family
Residential
2,942m / 25%

3
Multi-Family
Residential
1,145m / 9%

4
Non Residential
2,109m / 18%

5
Repair & Remodel
5,768m / 48%

1. Source: NAHB, Freedonia, Principia, Management Estimates

BORAL USA ANALYST AND INVESTOR SITE TOUR 2013

2 – Organic Product Growth
A key priority is continually adding to the product portfolio for Boral Building Products as the market recovery moves forward

Cultured Stone®
- Acquired management control in Dec-2010
- JV winds down end of CY2013
- Lowered manufacturing cost through automation and LEAN manufacturing
- Natural compliment to brick in Boral Building Products channel
- Cements us as #1 player\(^1\) in Manufactured Stone category

Commercial Brick (Admix)
- Invested capital to convert Bessemer, Alabama plant to Admix facility
- Typically brick market is ~30% Non-Residential
- Admix product will allow Boral to approach market with a full brick line
- Complements our other brick commercial capabilities in Henderson and Terre Haute

BASF Stucco
- Agreement with BASF to maintain exclusive rights to its Finestone brand in 12 states
- Currently selling traditional 3 coat stucco, EIFS, and wall system components
- Currently 7 tint centers, additional in development
- Focused initiative to grow non-residential sales

1. Based on management estimates
2 – Innovation Product Growth
Boral TruExterior® Trim and Versetta® Stone products transform Boral’s market position beyond our historical channel and market segments

Versetta® Stone
- Ideal product to penetrate the Repair & Remodel market.
- Panelized Manufactured Stone
- Nailed or screwed in place
  - No mason needed
- 50% recycled content
- Fast installation
- Target market: Where speed and ease of installation is key

TruExterior® Trim
- New category in US$1.7b trim market
- Poly-ash trim
- 70% recycled content
- Like wood: easy to handle, easy to cut, rout, drill and fasten, installed with same tools
- Unlike wood: low maintenance, exceptional durability, resistant to rotting, cracking, free from termites.
- Unlike most other trim products has high level of dimensional stability, ground contact, easily painted

3 – Price & Share Management
Brick and Stone pricing continues to be soft, driven by low industry utilization but market share improving

<table>
<thead>
<tr>
<th>Brick</th>
<th>Stone</th>
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<tbody>
<tr>
<td>Market Share</td>
<td>Market Share</td>
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<tr>
<td>- Focus on national builders</td>
<td>- Focus on national builders &amp; multi-family</td>
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<tr>
<td>- Leverage residential recovery in Texas</td>
<td>- Synergies with BBP being realized</td>
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<tr>
<td>Pricing</td>
<td>Pricing</td>
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<tr>
<td>- National builders leading growth with lower price point (improves leverage)</td>
<td>- Competitive pressure as intensity / utilization remain low</td>
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<tr>
<td>- Geographic mix impacting pricing (Texas)</td>
<td>- National builders and multi-family traditionally have lower ASP</td>
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<table>
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<tr>
<th>Trim</th>
<th>Other</th>
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<tr>
<td>Market Share</td>
<td>Stucco</td>
</tr>
<tr>
<td>- Growth continues in Northeast</td>
<td>- Growing share, expanding geographic footprint</td>
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<tr>
<td>- Expanding into Midwest and West Coast</td>
<td>Other Resale</td>
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<tr>
<td>Pricing</td>
<td>- Mortar, full dimensional stone, and ancillary products continue to increase</td>
</tr>
<tr>
<td>- Pricing levels in line with value proposition and roll out strategy</td>
<td>- Resale 40% of Boral Building Products’ distribution revenue in FY2013</td>
</tr>
</tbody>
</table>
3 – Price & Share Management
Brick and Stone pricing continues to be soft, driven by low industry utilization but market share improving

**Bricks Market Share and Price**
% Share, $ per MSBE

**Stone Market Share and Price**
% Share, $ per Sq. Ft

---

1. Bricks ASP: Direct distribution ASP per 1,000 SBE

---

4 – Cost & Capital Management (Rationalized network)
Brick plant and direct center network rationalized to improve cost and capital position

**Boral Bricks Plant Network**
*Current capacity: ~1.3b MSBE*

**Boral Building Products Footprint**
*Currently 43 Centers*

Permanently closed 11 higher cost bricks plants & 10 distribution centres since FY2010
Brick:
- 24 plants operational during prior peak with ~1.9b SBE capacity
- Utilization at 41% in FY2013, improved from 34% in prior year
- Permanently closed ~32% of high cost capacity
- In the future plan to operate ~1.3b SBE capacity with 13 plants

Stone:
- 2 plants with ~94m square feet capacity
- Utilization at 27% in FY2013, improved from 24% in prior year
- Rationalized employees and installed automation post acquisition
- Both plants operational in FY2013

Trim:
- Commissioned in November 2011
- 1 plant, 1 line in Salisbury, North Carolina

### Asset Overview

<table>
<thead>
<tr>
<th>Product</th>
<th>Plant</th>
<th>Location</th>
<th>Status</th>
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### Charts

**Bricks Plant Headcount vs. Production Volume**

- **Hourly headcount**
- **Production volume**

**Stone Plant Headcount vs. Production Volume**

- **Hourly headcount**
- **Production volume**

Total of 11 fewer plants, ~1,200 fewer employees, delivering ~85% more production per employee at underlying demand (UD) of 1.5m housing starts

1. Underlying Demand - ~1.5m Housing Starts (FY07 at ~1.5m units)
**4 – Cost & Capital Management (LEAN & Leverage)**

Through implementation of LEAN initiatives and fixed cost leverage, Boral is positioned to maximize unit cost improvements through the cycle.

**Brick Manufacturing Cost Curve**

($) per MSBE, Utilization %

**Stone Manufacturing Cost Curve**

($) per SF, Utilization %

1. Inflation adjusted by 1.5% per annum

---

**Brick Manufacturing Costs & Assets**

($) per MSBE

**Stone Manufacturing Costs & Assets**

($) per Sq. Ft

1. FY09 & FY13 at similar utilization rates
2. Inflation adjusted by 1.5% per annum
Boral Cladding Summary
Focus on product & segment diversification and cost will improve returns and drive the business to become profitable sometime in 2H FY2014

**Product & Market Diversification**
- new products, new channels

**Segment Diversification**
- Non-residential, multi-family, repair & remodel

**Cost & Capital Management**
- Rationalized Brick and Boral Building Products network
- Improvement from Boral Production System on cost
- Lower manufacturing cost position through cycle
- Lower assets through cycle

**Content**
- Boral USA Overview
- Economic & Housing Update
- Strategic Priorities
- Commercial Services & Innovation
- Boral Cladding
- **Boral Roofing**
- Boral Materials
- Outlook
Boral Roofing is the US market leader in Concrete & Clay Tile
11 concrete roof tile plants and 3 clay roof tile plants

Boral Plants
- Concrete Plant
- Clay Plant

North West
- Key Competitor:

South West
- Concrete: Eagle
- Clay: Boral

Boral Roofing: Strategic Intent
“Provide full offering of high end pitched roof solutions that will enable Boral to grow and diversify into new geographies and market segments”

- Market leader with ~50% national share of roof tile, but only 1% to 2% of total North America roofing
- Heavily tied to four states and new construction (production builders)
- Opportunity is in new geographies, products, and market segments

Historic | Recent | Future
---|---|---

80% in Four States

80% in New Construction
1. **Safety** – Target Zero Harm

2. **Product & Market Diversification** (Growth) – Grow and diversify through increased sales in new geography, products, and markets
   - Geography (central US)
   - Products (resale)
   - Markets (reroof)

3. **Price & Share Management** – Maximize price and maintain / grow share

4. **Cost & Capital Management** – Lower SG&A as a percent of sales, improve manufacturing costs, and deliver higher asset utilization at lower cost base

---

**Safety & People**
- 10 Medical Treatment Injuries in FY2013
- Hours worked up 3%

**Safety Programs**
- On Boarding & Behavior Training
- Safety Interventions - All Employees
- Near Misses - 4,455 in FY2013

---

**Boral Roofing – Safety Performance**

1. Medical Treatment Injury Frequency Rate
2. Lost Time Injury Frequency Rate
2 – Product & Market Diversification (Size & Segment)

The pitched roof market is currently ~100 million squares. Reroof was down over prior year; however its size, stability, and profitability is desirable.

**Market Size**
(millions of squares)

- **Non Res**: 80 / 80%
- **New Res**: 17m / 16%
- **Reroof**: 75m / 75%

**Market Segments**
(millions of squares)

- **Non Residential**: 8m / 8%
- **New Residential**: 75m / 75%
- **Boral**: 1% to 2%
- **Reroof**: 75m / 75%

Re-roof: homes with asphalt typically replaced every 10-20 years

Source: ARMA, NAHB, Moody's, Dodge, Management Estimates

**Size by Geography**
(millions of squares)

- **Core**: 12m / 12%
- **Emerging**: 54m / 54%
- **Other**: 34m / 34%

**Product Segments**
(millions of squares)

- **Asphalt**: 85.9
- **Metal**: 5.1
- **Other**: 3.2
- **Wood**: 2.2
- **Concrete**: 3.2
- **Clay**: 0.2
- **Slate**: 0.2
- **Total**: 100

Installed Cost
(US$ per Sq.)

- **Asphalt**: $350
- **Metal**: $550
- **Other**: $450
- **Wood**: $500
- **Concrete**: $400
- **Clay**: $750
- **Slate**: $1,000

Source: ARMA, NAHB, Moody's, Dodge, Management Estimates
2 – Product & Market Diversification (Growth)
Boral has focused on regional campaigns, resource alignment, product innovation, and resale products for diversified growth.

**Geography**
- Texas, Colorado, Heartland
- Conversion from asphalt
- Consumer awareness
- 5 additional FTE’s allocated
- 20 new builders, volume up +45%

**Resale**
- Incremental to tile (systems)
- Three new products per year
- Pass through, limited assets
- Revenue +109% in 2 years
- Margin +88% in 2 years

**Reroof**
- Lt weight tile offering
- Clay tile offering
- New hail tile in central US
- Sales / Marketing alignment

3 – Price & Share Management
Share increase primarily due to west coast competitors market exit. Recent focus on price / margin initiatives, and share gain through new geographies and roof components.

**Concrete Tile: Share & Price**

**Price & Margin**
- National builder volume up, price up
- Regional and local price increase
- Incentive management (internal / external)
- Product mix

**Share**
- Fewer competitors
- New geographies (central US)
- New market segment (reroof)
- Share of roof, not just tile (resale)

*ASP down due to mix (volume gains from lower priced national builders)*
**4 – Cost & Capital Management (Headcount & SGA)**

Headcount reduction in line with housing starts. Permanent benefits gained from operational efficiencies, consolidation, and fewer plants.

**Housing Starts in Boral Tile States**

(000 units)

- Starts declined 85% (peak to trough)
- Nevada
- Arizona
- California
- Florida

**Roofing FTEs¹ & SG&A**

(Headcount, SG&A % of Sales)

- FTEs declined 76% (peak to trough)
- Sales & Mkt
- G&A
- Operations

1. FTE – Full time equivalent employee

**Concrete Tile**

- 14 plants operational during prior peak, with ~7.7m square capacity
- Permanently closed 3 plants, ~10% of high cost capacity
- FY2013 utilization at 22%, improved from 17% in prior year

**Clay Tile**

- 3 plants with ~380k square capacity
- 2 plants operational in FY2013

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4 – Cost & Capital Management (Lean & Leverage)

Through implementation of LEAN initiatives and by locking in savings, Boral is positioned to maximize unit cost improvements through the cycle.

Roofing Manufacturing Cost Curve
($ per square, Utilization %)

Manufacturing Costs & Assets
($ per Square @ 22% utilization)

Key Variable:
- Raw Material
- Labor

Key Fixed:
- Salary
- Depreciation

1. Inflation adjusted by 1.5% per annum

Boral Roofing Summary
Focus on price, margin, diversification, and cost will improve returns and drive the business to become profitable in late 2H FY2014

Product & Market Diversification
new geographies, reroof segment, new products

Price & Share Management
national builder pricing, sales resources, resale

Cost & Capital Management
- Lower SG&A % of sales
- Optimized manufacturing network
- Lower cost per square through cycle
- Lower assets through cycle
Boral USA Overview
Economic & Housing Update
Strategic Priorities
Commercial Services & Innovation
Boral Cladding
Boral Roofing

Boral Materials
Outlook

Fly Ash: 27 locations in 9 States; 19 plant sources / 8 terminals
Construction Materials: 6 ready-mix plants and 4 quarries
Boral Materials: Strategic Priorities

- Maintain safety focus on Zero Harm work environment
- Fly Ash (BMT)
  - Sustainable fly ash supply
  - Improve pricing
  - Develop new product applications
- Construction Materials
  - Exploit strong quarry reserves position
  - Leverage strong ready mix plant network

Safety
Focused on achieving Zero Harm workplace

Safety Highlights: BMT
- Improved FY2013 performance
  - Zero recordable incidents or LTIs
  - Observations and Near Miss reporting increasing
- Cultural shift in safety driven hourly employees
- Expanding safety training to sales and head office

Safety Highlights: Construction Materials
- Improved FY2013 performance
- Medical treatments declined
- Near Miss reporting raising awareness
- Using Near Miss reporting to identify trends

1. Boral Materials Technology
2. Medical Treatment Injury Frequency Rate
3. Lost Time Injury Frequency Rate
BMT: Fly Ash Supply
Secure existing ash supply and obtain additional supply

Current Supply Footprint:
- Three key contracts extended through 2020
- Four contracts in contract extension process
- By end CY2013 all existing ash supply expected to be contracted until 2020

Footprint Expansion:
- Added source in south Texas in FY2013
- Initiative in place to identify and add new ash sources

BMT: Price Improvements
Improve pricing as the construction market recovers and cement prices increase

- BMT fly ash pricing has remained flat during downturn but cement pricing has declined
- Adjusting fly ash pricing in line with cement price increases
  - will continue this approach

Fly Ash Price\(^1\) Index vs. Cement Price\(^2\) Index
(Index June 2005)

1. BMT External Fly Ash ASP
2. Source: Bureau of Labor Statistics (BLS)
**BMT: New product applications**

Continue to identify and develop new uses for fly ash

- Aspiration to develop a diversified product portfolio resulting in ~35% of revenue generated from new product applications
- Continue to develop new niche applications for Celceram® products
- Pursue other mineral filler applications, added resources:
  - Developing asphalt roofing applications
  - Expanding oil field applications
  - Exploring the potential of plastics

**Construction Materials: Exploit Strong Quarry Positions**

**Colorado Quarries**
- High quality that are close to market
- Long term reserve positions exceeding 25 years at each quarry

**Oklahoma Quarry**
- Lowest landed cost to market
- Long term reserve position

**Quarry End Use (Colorado)**
- Sale of water storage reservoir developing incremental profit
Construction Materials: Leverage Network Position

Ready Mix Price/ Margin Improvement
- ~20% market share in Denver Metro
- Strong backlog in Denver Metro
  - Strong segment diversification, compete in Res, Non-Res, and Non-Building
  - Strong market recovery in FY2013 and expect continued growth in FY2014
  - CRM used to help management with customer relations and opportunities

Ready Mix Delivery Service
- Route optimization
- Best in class service, product quality, and strong management team

Content

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Boral USA’s earnings
Expected to benefit from further recovery in the housing market, restructured portfolio, lower cost structure and operational leverage

Potential earnings uplift from:
- Acquisitions
  - 50% MLT
  - 100% Cultured Stone
- New products
  - Trim, Versetta®, Stucco, Commercial Brick, Tile Seal, Class 4 Tile, New Resale
- SG&A reductions
  - Restructuring, merger synergies and improved efficiency
- Operational improvements
  - LEAN improvements
  - Plant rationalisation
  - Operational leverage to market recovery

Boral USA – US$ EBIT\(^1\)

Potential earnings uplift from:

1. Excluding significant items

Boral USA Outlook FY2014

- Residential segment to continue recovery with Analyst Average\(^1\) forecasting 27% increase in US Starts in FY2014
- Non-Residential and Repair & Remodel segment to remain flat in 1H FY2014 and increase modestly in 2H FY2014

Market Activity

- Recent decline in brick intensity expected to improve as custom home builder activity increases
- Stone, Trim and Stucco will have positive impact in diversifying growth in multi-family residential, non-residential, and repair & remodel segments

Boral Cladding

- Expect production builders in Tile States to continue to increase despite residential hurdles (labour, land, rates)
- Focus on price, margin, costs, and diversification will improve returns and breakeven in late FY2014

Boral Roofing

- BMT: Maintain sustainable fly ash supply and develop new product applications
- Construction Materials: Exploit strong quarry positions and leverage ready mix plant network as market activity continues to improve

Boral Materials

- Expect to break through to profitability in 2H FY2014 as housing recovery continues to benefit volumes

1. Residential Forecast: Average of NAHB, MBA, Dodge, Wells Fargo, NAR, Fannie Mae, Freddie Mac