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6 November 2014

The Manager, Listings
Australian Securities Exchange
ASX Market Announcements
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir

AGM Addresses

We attach copies of the prepared Chairman's Address and Chief Executive's Address which will be delivered at the Company's Annual General Meeting which commences at 10:30 am today.

Yours faithfully

Dominic Millgate
Company Secretary



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2014 ANNUAL GENERAL MEETING THURSDAY, 6 NOVEMBER 2014

Chairman's Address

by Dr Bob Every AO

Welcome ladies and gentlemen and thank you for attending Boral's 2014 Annual General Meeting.

Over the past 24 months, Boral has become a more streamlined and responsive organisation as a result of the *Fix, Execute and Transform* program implemented under Mike Kane's leadership. Coming off the bottom of recent cyclical lows, the Company is delivering improved performance and is far better positioned for the future with a renewed culture that is focused on delivering acceptable returns to shareholders through the building cycle.

As you know, safety is a top priority at Boral and I am pleased to report a 22% improvement in Boral's recordable injury frequency rate, and a steady lost time injury frequency rate of 1.9, which stands up well in the industries in which we operate. Sadly, I have to report to shareholders the fatality of a contractor driver who was fatally injured in an accident when he was driving a concrete agitator for Boral in country Victoria. Mike will talk about this further in his address. We are determined to create an injury free workplace for employees and contractors alike and our commitment is unwavering.

In the 12 months since our last AGM the journey of fixing the things that have been holding Boral back has continued. I am encouraged by the progress that has been made and I am pleased to report to shareholders on Boral's improved financial result for FY2014, which also reflects improving market conditions in most of the key markets in which Boral operates.

In Australia, both housing and non-residential construction markets have picked up from recent lows and have reported good growth momentum; especially in New South Wales, Queensland and Western Australia for housing, and in New South Wales for non-residential construction activity.

Stronger housing and non-residential construction activity in FY2014 was offset by a continued decline in roads and highways construction activity across most of Australia, which was down 10% overall in FY2014. Furthermore, there was a reduction in infrastructure and resources work, particularly in regional Queensland, as mining and resources sector activity decreased. We are expecting continued softening in roads and infrastructure activity for most of FY2015 before a solid multi-year pick-up from FY2016.

In the USA, the housing market recovery continues, but at a slower rate than we, and most of the market, had expected and hoped for. Total US housing starts remain 36% below the long-term average of 1.5 million starts per annum but the recovery is continuing.

In Asia, economic and market growth continued in most regions and sectors in which we operate, with particular strength in South Korea and Indonesia in FY2014.

These external market factors, together with Boral's reshaped portfolio, contributed to the significant improvement in the Company's full year performance in FY2014.

Financial Performance

Financial highlights for FY2014 included revenue of \$5.2 billion¹, which was down slightly on the prior year due to the Gypsum business moving to a 50% share of equity-accounted interest for the last four months of the year following the formation of the 50:50 USG Boral joint venture. Going forward, this is how Boral's share of the joint venture will be treated in accounting terms.

A clearer indication of the performance of the underlying business in FY2014 is revenue from continuing operations which increased by 7% to \$4.5 billion, demonstrating the benefits of increased activity in several of Boral's key markets, as well as price gains in some businesses.

Earnings before interest and tax, or EBIT, excluding significant items, increased by 29% to \$294 million, helped appreciably by cost reduction and restructuring initiatives across the Group, particularly in the Building Products and Boral USA divisions.

Profit after tax excluding significant items increased strongly by 64% to \$171 million, with the Company reporting lower interest expenses as a result of lower debt, but a higher tax expense due to higher Australian earnings, lower US losses and higher equity income.

Net significant items totalled a \$2 million benefit after tax, comprising gains from the completion of the USG Boral joint venture, offset by the costs of further business restructuring. This included a net \$23 million benefit, after restructuring costs, from the USG Boral joint venture transaction.

It's clear that the Group is now benefiting from the significant restructuring and improvement initiatives implemented during the past two years. We are now much better positioned financially, as well as operationally, to capitalise on improvements in our key markets.

For FY2014, the Board declared a final dividend of 8 cents per share, which resulted in a full year, fully franked dividend of 15 cents per share, a 36% increase on the prior year. This represents a payout ratio of 68% which is consistent with the historical range of 60-80%.

For shareholders, the dividend represented an annualised dividend yield of approximately 3% per annum (after franking) on Boral's average share price of \$4.89 for the year to 30 June 2014.²

Looking at Boral's four operating divisions, the key highlights of FY2014 included the game-changing \$1.6 billion USG Boral plasterboard and ceilings joint venture, which commenced in March 2014. This strategic move enabled Boral to secure world-class gypsum technology that will create new opportunities for product innovation – some that we've already started to roll out in key markets across Australia and Asia.

¹ All amounts are in Australian dollars unless stated otherwise.

² Source: Bloomberg

Another highlight was the significant turnaround of the Building Products division, from a \$40 million loss-making business last year to a small profit this year. This was driven by a combination of major portfolio restructuring, a pick-up in housing construction activity in Australia and improvements in operational performance, particularly in our Bricks and Timber businesses.

Boral USA also improved substantially with the division breaking through to profitability in the seasonally-stronger last quarter of FY2014. While the slower-than-expected housing market recovery continues to hold back performance, restructuring initiatives undertaken in the last year mean that Boral USA is well positioned to leverage the continuing recovery.

Last, but by no means least, the continued strength of the Construction Materials & Cement business – Boral's largest division and the engine of the Company – was a key highlight, underpinning our Group earnings. The performance of the division in the face of declining Australian roads and infrastructure activity demonstrates Boral's strong, integrated position and competitive advantages in the sector.

The improvements across all divisions in FY2014, together with the progress that has been made on the Company's strategic priorities, have significantly strengthened the Company's balance sheet and financial position. We now have flexibility and optionality such that the Group is well positioned to capitalise on improving market conditions in our key markets and to explore growth opportunities to re-balance the portfolio across Australia, the USA and Asia.

Capital management

Boral's operating cash flow increased significantly during FY2014 to \$507 million; a \$198 million increase on the prior year. In line with our strict capital allocation measures, capital expenditure was carefully managed at \$268 million for FY2014, with the majority allocated to stay-in-business expenditure and growth expenditure limited to essential projects only. The focus on stay-in-business expenditure will continue in FY2015, where total capital expenditure is again expected to remain below \$300 million.

The significant cash generation and continued restraint on non-critical capital expenditure during FY2014 has enabled us to more than halve the level of net debt for the Group. Boral's net debt reduced to \$718 million as at 30 June 2014.

The reduction in net debt also drove down gearing (which is defined as net debt divided by net debt plus equity) from 30% in the prior year to 18% for the year ended 30 June 2014, which is at the lower end of our preferred range.

ROFE

Now to look at Boral's return on funds employed, or ROFE, which tests the efficiency and profitability of the Company's capital investments. At Boral's full year results announcement we reported EBIT return on funds employed as at 30 June 2014 of 7.2%, up from 4.7% in the prior year.

We also measure EBIT return on average funds employed, which was 6.6% for FY2014, up from 4.7% last year.

The ROFE performance hurdle introduced in FY2014 as part of Boral's long term incentive program is intended to reward achievement linked to improving the Company's ROFE performance through the building cycle.

Later in the meeting, Brian Clark, Chairman of the Remuneration and Nomination Committee, will provide further commentary on our remuneration targets and other aspects of Boral's remuneration report.

As you can see, we are making positive progress on the ROFE target but there is still a considerable amount of work to be done to reach our target of exceeding the average cost of capital over the long-term.

Strategic priorities for FY2015

Although there is more work to be done for Boral to deliver acceptable returns to shareholders through the building cycle, the progress made during the year in strengthening the Company's future competitive position through the *Fix, Execute and Transform* program is positive.

In the current financial year, the Company's immediate strategic focus will remain on managing costs, margins, capital and cash, and improving the way we operate across the business.

Mike Kane will talk in further detail about the strategic priorities for FY2015 and some of the initiatives being implemented across the business to improve overall ROFE.

The Board

In September this year we appointed Kathryn Fagg as a non-executive Director following a thorough selection and recruitment process.

Following Kathryn's appointment as a non-executive Director, she will offer herself for election in the formal part of today's meeting.

Kathryn is a Board member of the Reserve Bank of Australia and a non-executive Director of Incitec Pivot Limited and Djerriwarrh Investments Limited. She brings extensive senior executive experience across a range of industries in Australia and Asia, including senior roles with Linfox, BlueScope Steel Limited and ANZ Bank.

Kathryn will have the opportunity to address shareholders and discuss her credentials in the formal part of the meeting, as will Brian Clark and Paul Rayner who are also standing for re-election today.

At last year's AGM we announced that long-standing non-executive Director Richard Longes would be retiring from the Board at the end of today's AGM.

Richard has been on the Board of Boral since 2004 and his extensive knowledge and experience in all matters legal and commercial have been of great value to the Company over the past 10 years. I'd like to personally acknowledge and thank Richard for all the help and support he has offered especially during my time as Chairman, and wish him well for his future endeavours.

I now invite Richard to say a few words.

I should also take this opportunity to confirm my intentions as Boral's Chairman. As you know I was re-elected by shareholders at Boral's Annual General Meeting last year and at the time I intended that, if I was re-elected, that this would be my last term on the Board. My intentions are unchanged. Therefore, I will not stand for re-election in 2016. I will work with the Board to identify the best possible candidate for a successor for the role of Chairman and I will help to ensure an orderly transition process.

Thank you

I would like to conclude by thanking a number of people and groups who have contributed to the improved performance of Boral.

On behalf of the Board, I'd like to thank our shareholders who have supported the Company in the long-term, including through some challenging times. We look forward to your support as we forge ahead and deliver further performance improvements.

I acknowledge the hard work and loyalty of Boral's employees and thank them for their contribution. The significantly improved performance of the Company under the leadership of Mike Kane and his executive team is commendable and we can now truly begin to see Boral move towards *Executing* its strategy to become that transformed company delivering improved shareholder returns.

I would like to specifically thank Mike for his untiring efforts as CEO and particularly for the leadership role he has taken in standing up to the unlawful tactics and intimidation of the CFMEU in Melbourne where Boral has been black-banned from major CBD construction sites. Mike has received a lot of support from shareholders, customers, government and members of the public and I assure all shareholders that Mike has the full support of the Board for the role he is playing to bring about positive change in the construction industry. We cannot allow rogue elements of a powerful union who act above the law to prosper. I know shareholders are interested in the financial impact of the CFMEU's unlawful secondary boycott against Boral, which has seen Boral's share of concrete volumes to large construction projects in Melbourne reduce from historical levels of around 40% to well below 10%. Mike will provide further comments on this topic in his address including the legal processes that remain underway.

In his address, Mike will also provide further detail on Boral's strategic priorities for the coming year, as well as some commentary around the trading conditions experienced in the first quarter of FY2015 and the outlook for the rest of the year.

Thanks Mike.



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2014 ANNUAL GENERAL MEETING THURSDAY, 6 NOVEMBER 2014

CEO & Managing Director's Address

by Mike Kane

Thank you, Chairman.

Fix, Execute, Transform

It has been approximately two years since I announced the *Fix, Execute and Transform* program at Boral amid the lows of the Australian and US building cycles, with the ultimate aim of delivering a more profitable and efficient business.

Initially, we needed to fix the things that were holding the Company back, and the strategic priorities I highlighted to do this were:

- managing costs down;
- maximising cash generation;
- reducing debt; and
- reshaping the portfolio.

Here today, I can say that we have delivered on our promises over the past two years.

In FY2014 we delivered \$130 million of annualised benefits from a group-led overhead reduction program and a review of Boral's contracted expenditure. We realised \$251 million of cash proceeds from divestments and surplus land sales in line with our two-year target, which together with \$562 million of cash received on completion of the USG Boral joint venture, helped to reduce Boral's net debt from \$1.45 billion to \$718 million in 12 months.

With the *Fix* phase of the program well advanced and already delivering improved performance across Boral, both financially and operationally, we are now in a strong position to face the future.

As part of the *Execute* phase of the program, Boral's businesses have been applying best practice to improve the way we operate. We are targeting greater efficiency, discipline and profitability across all divisions and all businesses.

We are creating a culture that is more responsive and more decisive on what we need to do to adapt to external market dynamics.

Reshaping the Portfolio

Construction Materials & Cement

In response to external market dynamics, major changes have taken place in the Australian Cement business. We have closed the Waurin Ponds clinker kiln in Victoria and announced the closures of the Maldon specialty off-white cement kiln in New South Wales and the Berrima Colliery in New South Wales. We have replaced these high fixed cost operations with more cost-effective strategies, including third party supplies and imports.

We have also commenced a review of New South Wales cement manufacturing including options to reduce costs at the Berrima cement plant. Further restructuring is considered necessary to ensure that domestic clinker manufacturing remains competitive to imports. As it is our only remaining domestic cement manufacturing plant, significant efforts are underway to extend the productive life of the Berrima asset, cognisant of the pressures from imports and rising costs.

In the Asphalt business, we have restructured in Queensland and Victoria in response to weaker market conditions in those regions over the past 12 months.

Building Products

The Building Products division has seen major restructuring over the past two years and as a result, it delivered an impressive \$48 million EBIT turnaround in FY2014. In the last 12 months we have sold the Windows business, exited the Woodchip exports business, ceased manufacturing engineered flooring and exited softwood distribution in Queensland.

Earlier this year we signed a new long-term, more sustainable supply agreement with Forestry Corporation of New South Wales for hardwood supply and we have commenced a strategic review of the Timber business to assess future opportunities for the business.

While significant improvements have been achieved in the Building Products division to date, we recognise that there is still work to do to reach acceptable returns, and so further portfolio realignment will be necessary in FY2015.

In the Australian Brick business we have proposed a structural solution to form a joint venture with CSR on the east coast to help achieve returns that recover the cost of capital through the building cycle.

In response, the ACCC has presented a Statement of Issues, which we are in the process of responding to. While their response is concerning, rest assured that if the ACCC opposes the proposed joint venture, we are in the fortunate position where the high price of land in Australian eastern metropolitan markets means that value will eventually be delivered for Boral shareholders if an ultimate exit over time is the only remaining option. If that is the case, we will show the same determination we have exhibited in our swift response to similar profitability issues in Cement and other Building Products businesses. Sadly, for Australia, a narrow view by regulators will see the brick industry on the same trajectory as the auto, oil refining, steel, aluminium and cement industries.

Gypsum

In Boral Gypsum, the USG Boral plasterboard and ceiling tiles joint venture kicked off earlier this year across Australia, Asia and the Middle East. This is a very exciting time for this business with its strong growth potential and now, world-class gypsum technology that will drive product and industry innovation. USG's adjacent products and our new higher strength, lighter weight, more sag-resistant plasterboard products are currently being rolled out into the Australian marketplace as well as in Korea, Indonesia and Thailand. The technology roll-out, which is ahead of schedule and coming in under budget, will continue over the next 12 to 18 months and will see additional plants across our broader network of plasterboard plants converted to NextGen technology production. We remain confident of delivering the targeted \$50 million per annum of synergies within three years of the technology roll-out.

USA

In Boral USA, we have further consolidated capacity in the Roofing and Bricks businesses in response to changing market dynamics. We are making solid inroads into product innovation in the emerging Trim business including leveraging the composite technology to introduce a high-end cladding product to compete with natural wood. As we work towards reducing our exposure to high fixed cost businesses through the cycle, we have commenced a review of the US Bricks business.

Portfolio Development

This streamlining of Boral has gone some way to deliver a more profitable and efficient business, as demonstrated by our improved financial performance in FY2014. It also positions the Company to better navigate the peaks and troughs of the building cycle, now and in the future.

As we continue to fine-tune the portfolio and the way we operate, it will take several years yet before we achieve the transformation we are planning for Boral. But as I look across the Company and all its parts today, I can report that we are well on our way to guiding Boral to secure long-term sustainable growth, including growth through innovation.

Growing our presence and businesses in Asia and the USA through market growth and innovation will be a priority for the longer-term. With a stronger balance sheet we will also have the option to consider value-creating bolt-on acquisitions in the coming years. In Australia our objective will be to strengthen the Construction Materials & Cement division by growing margins and continuing to grow Boral's major project capability.

Safety performance and sustainability

Our ultimate goal over the medium- to longer-term is to transform Boral to deliver improved returns on shareholders' funds and to position Boral so it is known for its innovative product platform and its world-leading safety performance.

We continue to target zero harm for our employees and contractors alike. We take pride in the fact that our safety performance is much better than industry averages in the materials manufacturing, mining, road freight transport, forestry and general construction sectors.

Across the Group, the Lost Time Injury Frequency Rate in FY2014 remained steady at 1.9; however, the Recordable Injury Frequency Rate was down 22% to 13.6 for the year, demonstrating a continuing reduction in injuries requiring medical treatment.

Regrettably a contractor driver who was transporting concrete for Boral was killed in December 2013 in a single vehicle accident in country Victoria. With responsibility for around 3,000 heavy vehicles in Australia alone – transporting materials and products for Boral's businesses – we place considerable management focus, training effort and financial investment to install state-of-the art equipment in our heavy vehicles to help protect our drivers. However, the fact remains that our transport operations continue to present the greatest risk of serious injury.

As at 30 June 2014, Boral had 8,953 full-time equivalent employees and an estimated 4,000 contractors. The decrease on last year's employees and contractor figures is primarily a result of the USG Boral joint venture, to which approximately 3,100 employees and 2,500 contractors have transferred from Boral. We still view our accountability to encompass all 12,500 Boral and joint venture employees and 6,500 contractors, and we manage this responsibility as our top priority.

As a Company with more than 430 operating sites around Australia alone, we recognise the importance of minimising our environmental impacts, working with our local communities and giving back where we can.

Ensuring our people act and operate within the spirit and letter of the law is critically important and we expect that the people we deal with – our customers, competitors, government and unions – will do the same.

I am determined to continue to stand up to ongoing illegal behaviour within the Construction and General Division of the CFMEU in Melbourne. I did not seek for Boral to be the poster-child campaigning against illegal and anti-competitive practices in the construction sector, but I don't believe we had a choice.

About 20 months ago, we found ourselves at the front end of the CFMEU's efforts to cut off the supply of, what one union official called, the "intravenous drug" of concrete to punish disobedient general contractors. Without question, we refused to participate in the illegal behaviour and as a result we have been punished by the CFMEU and we have been trying to loosen their stranglehold ever since. The secondary boycotts imposed by the CFMEU and the illegal behaviour of associated market participants continue to this day in the Melbourne CBD, reflecting the level of control, intimidation and threats that the union maintains over the industry.

The cost of illegal boycotts to Boral now exceeds \$10 million in lost EBIT and legal fees. We are continuing to pursue contempt charges against the CFMEU after they ignored several court injunctions which Boral won to stop the action and we are also continuing to pursue legal channels to claim damages.

We have taken the matter to the ACCC, Fair Work Australia and we have appeared at the Royal Commission into Trade Union Governance and Corruption. The most effective response to date has come from the Royal Commission and we fully endorse the findings and recommendations presented last Friday by the Counsel Assisting the Commissioner.

In his submissions, Mr Stoljar identified the series of serious offences relating to the conduct of the CFMEU; including the secondary boycott activity, cartel conduct, and contravention of blackmail offences. Mr Stoljar also identified contravention of the cartel provisions by other industry participants in agreeing with the CFMEU to implement the secondary boycott. We welcome the recognition that the system as it stands does not provide swift protection for the type of conduct that Boral has suffered at the hands of the CFMEU.

Mr Stoljar made the point that a legal system that does not provide swift protection for the type of conduct that Boral has suffered, and which does not have a mechanism for the swift enforcement of court orders, risks losing public confidence and brings the administration of justice into disrepute. We strongly concur with this.

In our case, clearly justice delayed is justice denied. As we sit here today, the secondary boycott against Boral in the Melbourne CBD continues. After 20 months of pursuing enforcement of the law through legal channels, an ACCC investigation and a Royal Commission, the situation on the ground is unchanged.

I assure shareholders that we will continue to assert our legal rights, pursue enforcement options and campaign for reforms that will help to stop the illegality, manipulation and anti-competitive conduct that we have helped to expose. We will not give up and we hope that all sides of government - at state and federal levels - will support the necessary reforms to eliminate this blight on the Australian construction industry.

FY2014 Divisional performance, trading update and outlook

Let me now comment on Boral's divisional performance in FY2014, the trading conditions in the first quarter of FY2015 and the outlook for the remainder of the year.

Construction Materials & Cement

Boral Construction Materials & Cement, which accounted for approximately 64% of Boral's revenues in FY2014, achieved a 5% increase in revenues on the prior year to \$3.3 billion, but a 1% decrease in EBIT to \$277 million.

This reflects a strong underlying performance from Construction Materials & Cement given Property earnings were down \$20 million on the prior year. Underlying earnings strength was driven by Cement and Quarries businesses partially offset by lower earnings in Asphalt, Concrete and Concrete Placing.

While concrete and quarry volumes were higher overall, realised like-for-like selling prices were broadly flat, reflecting competitive pressures particularly in Queensland and Victoria.

In response to a decline in Asphalt results and softer market conditions, the Asphalt business and associated support services were restructured towards the end of FY2014, taking out 118 positions from the business. This is expected to result in \$11 million of annual cost savings in FY2015.

The Cement business performed well as a result of the significant restructuring undertaken over the past two years, including the shift from manufacturing cement clinker in Victoria to importing low-cost clinker. Further work is underway to reduce the manufacturing cost base at Berrima to ensure Boral's remaining domestic clinker production is competitive in the face of low cost imports. Good cost management and the commitment to continuous improvement through LEAN manufacturing have proven to be effective offsets for inflationary pressures.

Construction activity on roads, highways and major engineering projects is expected to remain below peak levels in FY2015 before recovering towards the end of FY2015 and into FY2016. In fact, the pipeline of major infrastructure project work that will start to come through from FY2016 is very encouraging and Boral is well positioned to take advantage of it due to our extensive integrated networks, our innovative approach, and our strong track record of delivering high quality products – on time, on budget and with the highest regard for safety. We have already been demonstrating this through the supply of materials to the Wheatstone project, the Curtis Island LNG projects, the Northern Territory's Ichthys project, Sydney's Barangaroo development and the Gateway WA project.

In the first quarter of this financial year, demand levels across Construction Materials & Cement markets in Australia have been broadly steady, with stronger residential construction in New South Wales, offsetting weaker volumes in roads and engineering, and particularly weaker volumes in Queensland. Pricing however, remains under pressure and may not see real improvements until major infrastructure projects start to come through from the end of FY2015.

The very wet start to the financial year, which delayed work in key East Coast markets and saw the wettest August across most of New South Wales in 16 years, had an adverse impact on Construction Materials & Cement, with first quarter earnings being below what we were expecting.

Despite a wet start to the year, we are hopeful that Construction Materials & Cement divisional performance can catch up. The business is working hard to readjust its cost base, deliver additional property sales and where possible, push price increases through for select products where markets are stronger.

While our goal is to deliver a solid performance in Construction Materials & Cement in FY2015, expectations could be dampened if we are unable to realise potential property sales and some level of price increase in this very competitive market, and if we experience extended periods of adverse weather.

Building Products

In Australia, the small Building Products division reported a 5% increase in revenue in FY2014 and a major turnaround in earnings with EBIT of \$8 million, up from last year's \$40 million loss.

The positive result reflects the successful portfolio rationalisation and business restructuring of the Building Products division as well as increased housing construction demand, particularly in New South Wales, Queensland and Western Australia.

In the first quarter of FY2015, Building Products' performance has continued to improve. Earnings have benefited from stronger residential activity in New South Wales and Western Australia, the Timber restructuring announced in June 2013 and the overhead cost reduction program.

The division realised a small profit in the first quarter of FY2015 and we now expect it to more than double the \$8 million EBIT reported in FY2014. While we remain confident of delivering this improved result, this level of profitability remains below acceptable levels of long-term returns. We continue to focus on further restructuring options for the Building Products division in FY2015.

Boral Gypsum

As the USG Boral joint venture commenced on 1 March 2014, Boral's Gypsum division now represents our 50% share of USG Boral. For FY2014 however, eight months of the year comprised our 100% consolidated earnings from Boral Gypsum together with four months of 50%-owned equity accounted earnings from the joint venture.

This explains the decrease in both reported revenue and reported EBIT year-on-year. However, if we look at the underlying business, there was growth across both measures. Underlying revenue was up 19% to \$1.1 billion and underlying EBIT was up 23% to \$102 million.

This was driven by growth in plasterboard volumes and price rises in Australia, as well as strong growth in non-plasterboard revenues such as ceiling tiles, metal stud, compounds, gypsum and contracting. Australian earnings also benefited from lower costs in materials, manufacturing and distribution, as well as prior year headcount reductions.

Revenues from Asia grew strongly as a result of overall market growth and increased product penetration. There were solid gains in Korea and Indonesia, reflecting stronger market conditions in these countries. The highly competitive market in Thailand also grew despite political instability in the prior period. Meanwhile, plasterboard volumes grew in China but pricing was challenged due to ongoing competitive pressures and a shift in sales mix.

The USG Boral joint venture is progressing very well with the operations of the two businesses now fully integrated.

The new lightweight Sheetrock® Brand plasterboard was successfully launched in five plants across four countries from September 2014. The new product is based on world-leading and truly innovative NextGen USG technology, making the product lighter and easier to work with while being more versatile with Sag-Defying Strength™. While still in the early days, the feedback from customers and trade contractors so far has been overwhelmingly positive.

For FY2015 we expect some early benefits from the new technology roll-out and the expanded product portfolio, as well as continued improvements to underlying performance on the back of increasing demand in Australia and Asia, as well as the benefits of restructuring and improvement initiatives, which will help to offset the integration costs and inflationary cost impacts. However, as it will be a full 12 months of 50% equity accounted earnings from the joint venture, the division will contribute lower earnings to the Group compared to FY2014.

Meanwhile, synergies from the joint venture are expected to ramp up from the second half of FY2015.

For the first quarter of FY2015, the business is delivering in line with our expectation.

Boral USA

Lastly we come to Boral USA, which broke through to profitability in the last quarter of FY2014. Full year revenues were up 23% in Australian dollars to \$681 million while EBIT losses reduced substantially to \$39 million, from a \$64 million loss in the prior year.

Revenue increases were driven by strong volume gains across all Boral USA businesses, reflecting the ongoing, albeit slower-than-expected, US housing market recovery and restructuring benefits. Total housing starts increased 9% to 953,000 starts but remains well below the long-term average of 1.5 million starts.

Plant capacity utilisation remains an issue in the US businesses but as the market recovers utilisation will increase, helping to spread the high fixed cost base, particularly in the bricks business.

We expect the US division to report a significantly improved result in FY2015 as the market recovery continues, eliminating losses to deliver a broadly break-even EBIT result. This is contingent, though, on US housing starts reaching 1.1 to 1.2 million starts for FY2015, which is in line with current market forecasts.

Performance in the first quarter of this year was broadly in line with expectations. US total housing starts for the quarter were at 1.024 million¹ annualised, up 16% on the prior corresponding period. Earnings benefited from improved volumes in Cladding and Roofing and continued cost reduction programs.

We have now seen a quarterly performance where the US business is EBIT positive but due to the seasonal nature of this business the next two quarters should turn negative as expected. As always, the fourth quarter is the key determinant of the year's performance in the USA and we anticipate a strong fourth quarter should erase losses generated in the preceding two quarters.

The US business is more efficient than ever before, with a lower cost manufacturing base than at the peak of the last housing cycle. This means we will be in a very strong position to exceed our previous earnings performance at the next peak.

Group performance and concluding comments

In summary, in FY2015 we continue to expect ongoing strong results from Construction Materials & Cement, as well as improvements from both the Building Products and Boral USA divisions and improvements in the underlying USG Boral business. We anticipate return on funds employed to improve, despite the shift to equity accounting Boral's 50% interest in the Gypsum joint venture.

¹ Seasonally adjusted data from US Census

We continue to face significant inflationary headwinds, including rising energy and labour costs, so it remains imperative that we continually manage costs down, particularly in Australia. We must also try to capture price in the market place to help offset inflationary pressures, which we have struggled to achieve in some divisions in FY2014. The Group's outlook for FY2015 remains positive and we are working to fill any volume shortfalls with improvement initiatives and additional property sales.

Boral's senior management team has fully embraced the concept that as leaders we must deliver on our commitments when faced with obstacles; we adjust and identify steps to deliver on these commitments by other means. This sounds easy – but it's not. Execution is the hallmark of leadership – and at Boral we are building a new reputation for delivery.

Transforming Boral

We are moving into an exciting phase for Boral. We want to deliver world-class health and safety outcomes. We want to deliver returns on funds employed that exceed the cost of capital through the cycle. In time, our growth markets will generate a more geographically balanced portfolio and we are striving for a more flexible cost structure, with a balance of traditional and innovative products that our global customers want. We are transforming the business for performance excellence and sustainable growth in the long term.

Thank you.