



Boral Limited
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16 September 2016

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

Dear Sir

2016 Boral Review

We attach the Company's 2016 Boral Review.

We are separately forwarding to you the 2016 Annual Report.

These documents are being sent to shareholders, other than those who have chosen to receive no reports, in accordance with choices made by them. Shareholders who have not made a choice will receive the Boral Review.

The Boral Review and the Annual Report, together with the Notice of Meeting for the Company's 2016 Annual General Meeting, will also be posted on Boral's website www.boral.com.au.

Yours faithfully

A handwritten signature in blue ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Dominic Millgate
Company Secretary

BORAL REVIEW



2016

An annual publication for Boral's shareholders, employees and other stakeholders

- How we're building something great for our customers, our employees and our shareholders
- Boral celebrates 70 years
- Transforming Boral for performance excellence and sustainable growth
- How we're responding to risks and challenges

BUILD
SOMETHING
GREAT

Stronger returns and delivering on our strategy



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Boral Limited's statutory results are reported under International Financial Reporting Standards. Earnings before significant items is a non-IFRS measure reported to provide a greater understanding of the underlying business performance of the Group. Significant items are detailed in Note 2.6 of the financial statements and relate to amounts of income and expense that are associated with significant business restructuring, business disposals, impairment or individual transactions.

The Boral Review has not been subject to review or audit; however, it contains disclosures which are extracted or derived from the financial statements for the year ended 30 June 2016.

BORAL LIMITED
ABN 13 008 421 761

Year at a glance

27 AUGUST 2015

Boral reports a **45% increase in underlying profit after tax¹** to \$249 million for the full year ended 30 June 2015

18 SEPTEMBER 2015

Boral and the Construction and General Division of the Victorian CFMEU enter into a settlement agreement that **ends the black ban of Boral in the Melbourne CBD**

5 NOVEMBER 2015

Dr Bob Every steps down as Chairman at the Annual General Meeting after eight years on the Boral Board and five years as Chairman. Dr Brian Clark becomes Chairman of Boral Limited

5 NOVEMBER 2015

Karen Moses is appointed as a non-executive Director of Boral Limited, effective 1 March 2016

10 FEBRUARY 2016

Boral reports a **23% increase in underlying profit after tax¹** to \$137 million for the half year ended 31 December 2015

4 MARCH 2016

Boral celebrates its 70th anniversary, having been incorporated on 4 March 1946 as Bitumen and Oil Refineries (Australia) Limited

Cover photo: Monica Simpson, Color Coordinator at the Boral Stone Products plant in Chester, South Carolina, USA



1. Excluding significant items. All references to EBIT exclude significant items.



BUILD SOMETHING GREAT

Boral Limited is an international building and construction materials group with operations in Australia, New Zealand, Asia, the Middle East and North America. Boral is headquartered in Sydney, Australia.

13 APRIL 2016

Boral announces that Executive General Manager of Boral Building Products in Australia, **David Mariner, is appointed President and CEO of Boral USA**, effective 1 July 2016, after Al Borm steps down from the role

10 JUNE 2016

Boral announces that effective 1 July 2016, Boral Building Products in Australia will combine with Boral Construction Materials & Cement to form a **new Boral Australia division**, headed by Joe Goss

24 AUGUST 2016

Boral reports an **8% increase in underlying profit after tax¹** to \$268 million for the year ended 30 June 2016

Boral and the owner of Forterra Brick announce an **agreement to combine their brick businesses in North America in a 50:50 joint venture**, subject to regulatory approval and other standard closing conditions

Delivering on our strategy

For the full year to 30 June 2016, Boral delivered underlying profit after tax before significant items of \$268m, a strong 8% increase on the prior year. Profit after tax and significant items was \$256m, similar to the prior year.

The Construction Materials & Cement (CM&C) division delivered EBIT of \$293m which was \$8m lower than FY2015, due to lower property earnings as anticipated. Excluding Property, CM&C underlying earnings increased by 4% to \$265m. Building Products delivered an 11% increase in EBIT to \$33m, helped by the continued strength in Australian housing construction activity and cost savings.

Boral USA reported a significantly improved EBIT of A\$44m, which was A\$38m higher than the prior year, underpinned by the continued recovery in the US housing market, and helped by a A\$10m property sale.

Boral's 50%-owned USG Boral joint venture contributed \$59m of post tax equity-accounted earnings to Boral in FY2016, up 21% on the prior year. This strong result reflects significant underlying profit growth in the USG Boral joint venture.

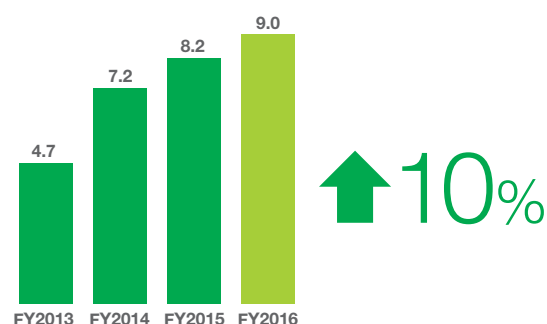
RESULTS AT A GLANCE

Year ended 30 June (A\$ million unless stated)	FY2016	FY2015
Revenue	4,311	4,415
EBITDA ¹	645	605
EBIT ¹	398	357
Net interest ¹	(63)	(64)
Profit before tax ¹	335	293
Tax ¹	(67)	(44)
Non-controlling interests	-	-
Profit after tax¹	268	249
Net significant items	(12)	8
Net profit / (loss) after tax	256	257
Cash flow from operating activities	478	418
Gross assets	5,801	5,865
Funds employed	4,399	4,341
Liabilities	2,294	2,341
Net debt	893	817
Stay-in-business capital expenditure	281	211
Growth capital expenditure	43	39
Acquisition capital expenditure	-	-
Depreciation and amortisation	247	249
Boral employees ²	8,334	8,356
Total employees including in joint ventures ³	12,058	12,032
Revenue per Boral employee, \$ million	0.517	0.528
Net tangible asset backing, \$ per share	4.40	4.31
EBITDA margin on revenue ¹ , %	14.9	13.7
EBIT margin on revenue ¹ , %	9.2	8.1
EBIT return on funds employed ^{1,4} , %	9.0	8.2
EBIT return on average funds employed ¹ , %	9.1	8.5
Return on equity ¹ , %	7.6	7.1
Gearing		
Net debt/equity, %	25	23
Net debt/net debt + equity, %	20	19
Interest cover ¹ , times	6.3	5.6
Earnings per share ¹ , ¢	35.8	31.9
Dividend per share, ¢	22.5	18.0
Employee safety ³ : (per million hours worked)		
Lost time injury frequency rate	1.3	1.8
Recordable injury frequency rate	8.8	12.1

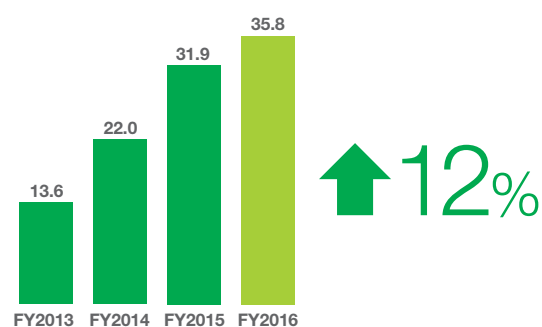
Figures relate to the total Group including continuing and discontinued operations

- Excludes significant items.
- On a full time equivalent (FTE) basis.
- In 100%-owned businesses and 50%-owned joint venture operations.
- ROFE is calculated as EBIT (before significant items) on funds employed as at 30 June.
- Gearing is (net debt/ net debt + equity).
- Per million hours worked. Recordable Injury Frequency Rate comprises Medical Treatment Injury Frequency Rate (MTIFR) and Lost Time Injury Frequency Rate (LTIFR).
- Includes Boral's 50% share of underlying results from USG Boral, which does not appear in Boral's consolidated accounts.
- Roads, highways, subdivisions & bridges.

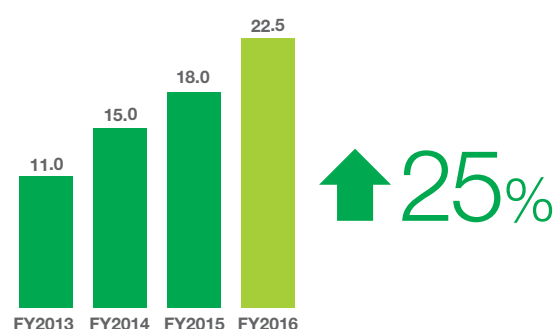
EBIT¹ on funds employed⁴ (%)



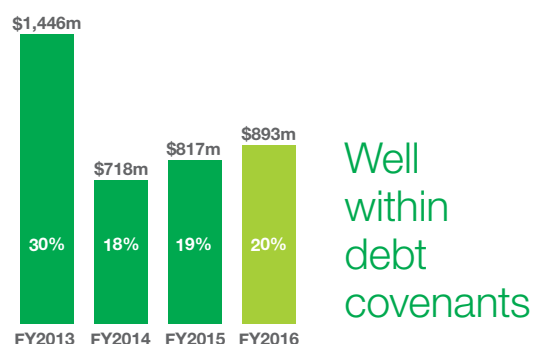
Earnings per share¹ (¢)



Dividends per share (¢)

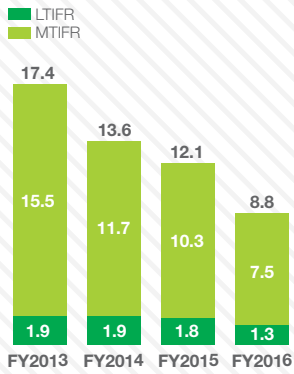


Net debt and gearing⁵



Health and safety

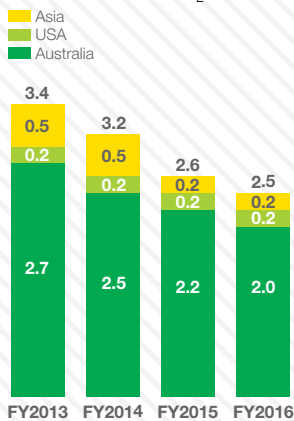
Recordable injury frequency rate^{3,6}



27%
improvement

Environment

Greenhouse gas emissions³
(million tonnes CO₂-e)



7%
improvement

Our people²



8,334
Boral employees



12,058
Total employees
(including JVs)³



~8,200
Contractors
(including JVs)³

Women in management

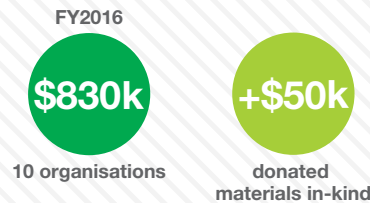
50%
of Directors
of the Board

27%
of Executive
Committee
team

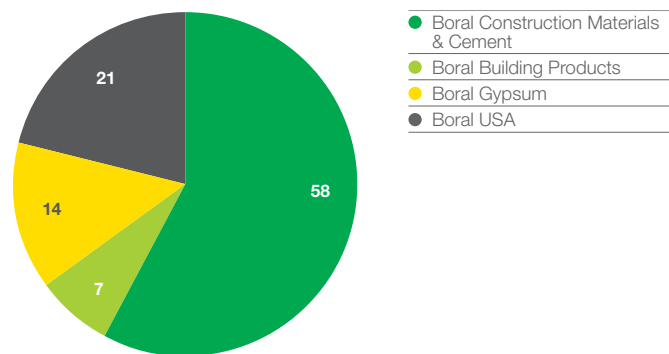
11%
of management
positions

Community partnerships

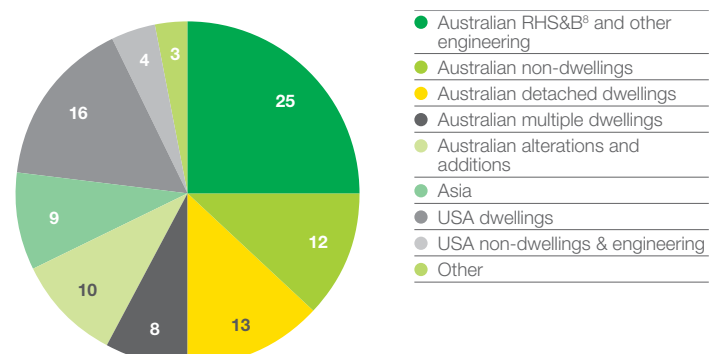
Cash support



Revenue by division⁷



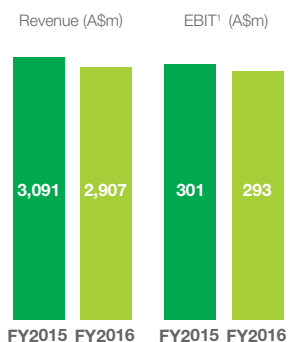
Revenue by market⁷



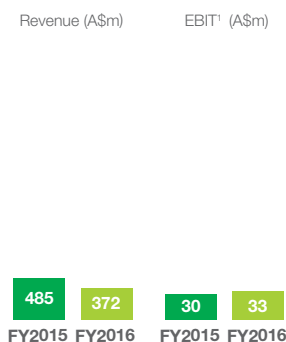
THREE FOCUSED OPERATING DIVISIONS

Boral Australia⁷ comprising:

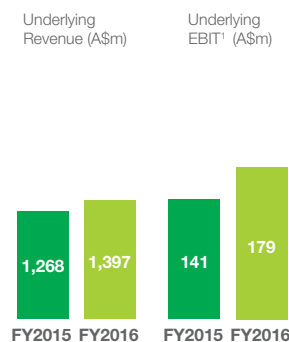
Boral Construction Materials & Cement



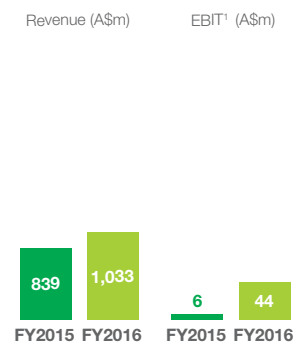
Boral Building Products



USG Boral⁷



Boral USA



* Effective 1 July 2016.

OVERVIEW WITH DR BRIAN CLARK

Chairman



I was honoured to become Boral's Chairman in November last year and, together with Mike Kane, to be leading the Company in this the 70th year of Boral. I am pleased to report continued improved results from the Company in FY2016.

Profit after tax (PAT) (before significant items) of \$268 million was up 8% on last year.

Earnings before interest and tax (EBIT)¹ of \$398 million was 12% ahead of the prior year, and Boral's EBIT return on funds employed (ROFE)² improved from 8.2% to 9.0% in FY2016, despite unfavourable currency movements impacting overseas asset values.

Boral's net debt at 30 June 2016 of \$893 million was slightly higher than \$817 million a year ago, due to increased capital expenditure and exchange rate impacts. However, Boral's balance sheet is strong, with gearing³ of 20% remaining low.

The Board declared a final dividend of 11.5 cents per share for a full year fully franked dividend of 22.5 cents per share. This represents a payout ratio of 62%, which is in line with Boral's Dividend Policy of between 50% and 70% of earnings before significant items, subject to the Company's financial position.

Boral delivered a solid total shareholder return⁴ of 11.7% for the year – ahead of the average 10.0% for ASX100 companies.

A strong safety culture

FY2016 also saw continued improvement in Boral's safety performance, with a significant 27% reduction in the recordable injury frequency rate (RIFR) down to 8.8⁵ and a 28% reduction in the lost time injury frequency rate to 1.3⁵. All divisions performed well in the area of safety, reflecting the fact that safety is the number one priority across the Company and that Boral's people are committed to a culture of Zero Harm Today.

Strength in Boral's markets

In FY2016, Australia's housing market remained very strong – particularly multi-residential activity. This has helped to smooth Australia's transition from the end of the resources boom to increased investment in major roads and infrastructure work. As Boral's multi-year supply of materials to Australia's large LNG projects continues to taper off, Boral has been capitalising on the strength of the housing market and is well-positioned to supply materials to the growing pipeline of infrastructure work, which is more pronounced in NSW.

Boral is also well positioned to supply continued growth in US housing. With US housing activity still well below 50 year average levels, there is considerable growth through market recovery expected over the coming years. Our increasing suite of innovative composite products together with our traditional product portfolio means that Boral will continue to benefit from this growth.

1. Before significant items.
2. EBIT (before significant items) return on funds employed at 30 June.
3. Net debt/(net debt + equity).
4. Total shareholder return based on share price appreciation, dividends and franking benefits.
5. Per million hours worked.

**PROFIT
AFTER TAX¹**

\$268m
↑ 8%

**EBIT RETURN
ON FUNDS
EMPLOYED²**

9.0%
↑ from 8.2%

**GEARING
(NET D/D+E)**

20%
↑ from 19%

**DIVIDEND
(FULL YEAR)**

22.5c
↑ 25%

**EARNINGS
PER SHARE**

35.8c
↑ 12%

In Asia, despite recent slowdowns in Indonesia and Thailand, USG Boral will benefit from medium- and longer-term market growth in the region and is continuing to deliver impressive growth through its superior performing Sheetrock® brand products and complementary products.

“Boral’s geographic diversification positions the company well to leverage growth opportunities.”

A platform for more sustainable growth

Boral is well-positioned to leverage growth from demand cycles in all of our three major geographies – Australia, the USA and Asia. In Australia, however, our ability to grow through cycles is limited by the scale and scope of the market. This is why we have identified Asia and North America as our key growth platforms.

We are investing in innovation for more sustainable growth, and this is more pronounced in Asia and the USA where greater market opportunities exist. We continue to invest in Sheetrock® technologies in USG Boral and in the development of innovative composite products in the USA.

We are also assessing strategic M&A opportunities where it makes sense, and it makes

most sense in the USA, where there are more opportunities and where Boral has four decades of experience.

We continue to maintain a very disciplined approach to assessing strategic M&A opportunities, and in the event that we do not find the right opportunities at the right price, capital management remains an option.

The Board

Boral’s Board benefits from its valuable diversity of experience across a range of sectors, functions and professions, and also from its diversity of tenure and gender.

In March 2016, we welcomed Karen Moses as a new non-executive Director, filling the vacancy left when Dr Bob Every stepped down from the Board in November 2015. Karen brings extensive senior executive experience from the energy sector in Australia and overseas, with responsibilities spanning corporate strategy, finance, transactions, safety, environment, risk, compliance and insurance. Karen was a Director of Origin Energy and is currently a Director of Orica and has been appointed a Director of Charter Hall. We look forward to Karen’s continued input on Boral’s Board.

In May 2016, the Board visited USG Boral’s operations in Vietnam as well as Boral’s operations in Texas in the USA. The Vietnam business is relatively small but it is an impressive, thriving operation, with excellent depth and breadth of local management.

In Texas we spent time with the US management team, and inspected Boral’s fly ash operations and new Innovation Factory in San Antonio. The Board has confidence in the US team and its ability to strengthen Boral’s innovation platform and to shift the portfolio toward lightweight building products.

Executive Team and Boral’s people

During the year, there were some changes to Boral’s Executive Committee membership. Matt Coren, who had contributed significantly to Boral as Group Director of Strategy and M&A since 2010, left the organisation.

Al Borm, who has been President & CEO of Boral USA since October 2012, stepped down from the role at the end of June 2016. He continues to be a member of the joint venture Board of USG Boral and work in an advisory capacity to Boral for a transition period.

David Mariner, who joined Boral in 2010 and has been running Building Products in Australia since December 2014, became President & CEO of Boral USA from 1 July 2016. This change provided an opportunity in Australia to bring the smaller Building Products division together with Construction Materials & Cement (CM&C) forming a new division, Boral Australia. Previously responsible for CM&C, Joe Goss became Divisional Chief Executive of Boral Australia effective 1 July 2016.

With Joe Goss running Boral Australia, David Mariner leading Boral USA and Frederic de Rougemont the CEO of USG Boral, all under the leadership of Boral’s highly capable CEO Mike Kane and expertly supported by experienced functional executives, the Board is confident that Boral has the right team in charge. We thank Mike Kane and Boral’s Executive Committee, and all of Boral’s people, for their considerable efforts and commitment to delivering Boral’s goals and strategic priorities.

DR BRIAN CLARK
CHAIRMAN

Board of Directors

“With the Company’s strengthening results and clear strategy to deliver performance excellence and sustainable growth, together with Boral’s well-recognised brand and leading positions, it’s an exciting time for Boral.”

Dr Brian Clark, Chairman



DR BRIAN CLARK



MIKE KANE



CATHERINE BRENNER



DR EILEEN DOYLE



KATHRYN FAGG



JOHN MARLAY



KAREN MOSES



PAUL RAYNER

“The progress we are making across all divisions to transform Boral for performance excellence and sustainable growth is very encouraging.” Mike Kane, CEO & Managing Director

Q&A WITH MIKE KANE

CEO & Managing Director



BORAL REVIEW: Did all Boral divisions perform well in FY2016?

MIKE KANE: Yes, all of Boral's divisions delivered on their promises and delivered good outcomes in FY2016.

Boral's largest division – Construction Materials & Cement (CM&C) – reported a solid 4% lift in earnings before interest and tax (EBIT) before property earnings. Including Property, EBIT of \$293 million was \$8 million lower than FY2015 because earnings from Property were not as high as FY2015, as anticipated.

Building Products delivered \$33 million of EBIT, which was \$3 million better than last year, due to improved pricing and operational performance, depreciation savings and a strong result from the Boral CSR Bricks joint venture.

Our 50%-owned USG Boral gypsum joint venture delivered a 21% increase in post-tax equity income to \$59 million and a 27% lift in underlying EBIT to \$179 million.

In the USA, with continuing market recovery, Boral USA delivered a positive A\$44 million (US\$32 million) EBIT for the year compared with A\$6 million (US\$5 million) in the prior year. After returning to profitability in FY2015, the growth in earnings is a highlight for the year.

BR: What's driving the improvement in performance?

MK: Over the past four years, we have worked hard to get the cost base right and to effectively manage costs and efficiencies on an ongoing basis. We are strengthening our ability to recover cost inflation through price, and we have improved the portfolio and the way we do things so that our businesses are more responsive to opportunities and external changes that drive demand.

In Australia, we are near the end of supplying materials to the major LNG work in northern Australia (Qld, NT and WA), which have been significant projects for Boral in recent years. We have been working hard to secure upcoming project work

from the growing pipeline of major roads and infrastructure. At the same time, we have been supplying record levels of activity in East Coast housing while realigning our business in WA as activity in that state slows.

In the USA, the recovery in the housing market continues, albeit slower than originally expected. A 9% lift in housing activity in FY2016 to around 1.15 million starts underpinned solid growth in Boral's US earnings. A one-off property sale also assisted the result.

In USG Boral, the continuing improved performance is coming from strong volume growth in Australia, cost reduction benefits and continued penetration of premium Sheetrock® and adjacent products across Asia, Australia and New Zealand.

BR: Are you pleased with Boral's health and safety focus and performance?

MK: We need the whole organisation to embrace the goal of Zero Harm, and I believe we have that commitment, and the improved results reflect this.

During the year, we held a two-day safety summit, where Zero Harm was discussed by 100 Boral leaders. Recognising the debate about Zero Harm in many industries – whether it’s an achievable goal or something that can never be achieved, but you’re always trying to get there – the idea to focus on Zero Harm for today was suggested. We asked the question, “Can we get through today without hurting anybody?” And the answer was, “Yes – we have done it many times”. So that’s our objective, to get through the work today without injuring anybody. And we’ll do it again tomorrow. That’s a very achievable goal, and that’s how Boral is embracing Zero Harm as a safety philosophy.

In FY2016, we saw a 28% reduction in Lost Time Injury Frequency Rate (LTIFR) to 1.3 and a 27% reduction in the Recordable Injury Frequency Rate (RIFR) to 8.2.

In the broader industries in which we operate in Australia, the average LTIFR is around 7.2 to 9.3¹, compared with Boral Australia’s LTIFR for FY2016 of 1.1¹.

These very strong results indicate that we are getting it right – across the organisation.

“I believe there is a firm link between strong leadership, good safety outcomes and financial performance. If you manage safety well, you manage your business well. We see that across our business in Boral.”

BR: How are you transforming Boral?

MK: In addition to our goal of delivering world class health and safety outcomes, we are aiming to deliver returns that exceed the cost of capital through the cycle, and more sustainable growth. To deliver these goals, our strategy is to:

- Consistently apply best practice for performance excellence (including operational and commercial excellence).
- Draw on Boral’s strength of geographic diversification, including leveraging growth platforms in Asia and the USA.
- Build a portfolio of businesses with a balance of traditional and innovative products and a more

flexible cost structure. This is particularly important in the USA, so that we can better respond to market cycles and incrementally scale back in recessionary environments, if required.

- Invest in innovation and, where it makes sense, grow through strategically aligned M&A.

BR: What is the outlook for Boral?

MK: Boral is facing growth in key markets and across all geographies. In Australia, there is a growth trajectory for major roads and infrastructure. This will keep demand at very strong levels even if record highs of residential activity come off, as expected. In Asia, we see product penetration continuing and a general trend of economic growth. And in the USA, the market recovery will continue for several years. So the outlook is very encouraging for Boral.

Looking at the near term, in FY2017 we expect:

Boral Australia will benefit from the strong pipeline in East Coast residential markets and the uplift in roads and infrastructure activity, which will

benefit more in the second half of FY2017. CM&C is expected to deliver slightly higher EBIT compared with FY2016 (including property in both years), and this earnings growth should more than offset slightly lower earnings from Building Products due to weaker housing markets in WA and SA.

While property earnings will continue to contribute in FY2017, the contribution from property is currently expected to be lower than FY2016.

USG Boral is expected to deliver further improvements underpinned by strong volumes in Australia and some volume improvements in Asia together with continued penetration of Sheetrock® products, cost and price discipline, and joint venture synergy realisation.

Boral USA should report a further increase in earnings in FY2017 underpinned by continued market growth. At current market growth trajectories of around 10% per annum this will see 1.26 million housing starts, broadly in line with external forecasters² who on average are projecting approximately 1.3 million housing starts in FY2017.

Executive Committee



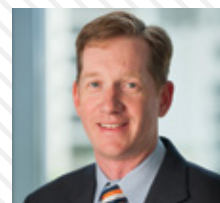
ROSALINE NG
Chief Financial Officer



JOE GOSS
Divisional Chief Executive,
Boral Australia



FREDERIC DE ROUGEMONT
CEO, USG Boral



DAVID MARINER
President and CEO,
Boral USA



ROSS HARPER
Executive General
Manager, Cement



LINDA COATES
Group Human Resources
Director



KYLIE FITZGERALD
Group Communications &
Investor Relations Director



DOMINIC MILLGATE
Company Secretary



DAMIEN SULLIVAN
Group General Counsel



MICHAEL WILSON
Group Health, Safety and
Environment Director

1. Per million hours worked. Source: Safe Work Australia data 2013-14. Based on Safe Work Australia’s definition of Lost Time Injury Frequency Rate using injuries that resulted in five or more days lost time from work. Boral data for Australia only is on the same basis for comparative purposes for FY2016.

2. Average of analysts’ forecasts (Dodge, Wells Fargo, NAR, NAHB, Fannie Mae, Freddie Mac, MBA) between June and July 2016.

BORAL

70 YEARS OF GROWTH

Boral is celebrating 70 years since the company was founded in Sydney, Australia in 1946. Boral has grown and evolved from modest post war beginnings to become a global construction materials and building products company today.



Founder David Craig

1946

Bitumen and Oil Refineries (Australia) Limited is **incorporated on 4 March 1946**.



1947

The first Australian owned bitumen and oil refinery is officially opened in Matraville, and commences manufacturing two years later.



1963

Boral acquires Gas Supply Company, comprising 28 separate coal gas companies. The acronym 'Boral' is officially adopted as the company name.



1950s

Boral builds new plants in Sydney and Brisbane and expands into the gas market and the road making business.



1965

Boral acquires **Albion Quarries and Reid's Quarries**, adding quarrying, road surfacing and pre-mix concrete operations in Victoria, South Australia and Tasmania.



late 1960s

Boral exits the oil industry and expands into **building materials and products**, starting with bricks and pipes.



1976

Boral acquires Cyclone Company of Australia, expanding into wire fencing, rural buildings, scaffolding and windows.



1982 Takeover of Blue Metal Industries Limited (BML) secures Boral's leading position in building and construction materials in Australia, and adds timber operations and construction materials operations in Indonesia and the UK.

1987 Boral acquires Blue Circle Southern Cement, owner of the Berrima cement works in NSW, and Bell Basic Industries, adding quarries, concrete, asphalt and transport operations in Western Australia.



1979 Boral enters the USA market, acquiring 55% interest in concrete roof tile manufacturer California Tile Inc. Boral later buys the company outright and makes further roof tile plant acquisitions in Texas and California, and a brick manufacturer in Georgia.



1993 Non-core manufacturing businesses are sold off and listed as Azon Limited, while Boral acquires energy company Sagasco Holdings. Also, **increased push into Asia**, focusing on plasterboard and pre-mixed concrete in Indonesia, and then Malaysia and China in the mid-1990s.

2016

Boral today is an **international building and construction materials company** with more than 12,000 employees and operations in 13 countries across Australasia, Asia, the Middle East and North America. Our vision is to transform for **performance excellence and sustainable growth**.

1995 Boral becomes the largest brick manufacturer in the USA after acquiring Bickerstaff Clay Products Company and Isenhour Brick and Tile Company.



USG BORAL

2014 Boral forms USG Boral Building Products plasterboard joint venture with USG Corporation in Australasia, Asia and the Middle East.



1978

Boral completes \$55 million takeover of plasterboard and insulation company, Australian Gypsum Industries.



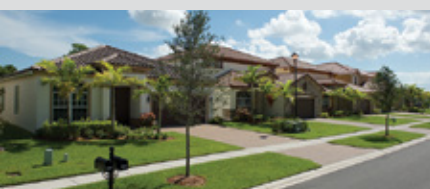
2000 Demerger of energy operations into Origin Energy and construction and building materials businesses into the 'new' Boral. In Asia, Boral and Lafarge create the **Lafarge Boral Gypsum Asia plasterboard joint venture**.



2011

Boral acquires Lafarge's 50% interest in its Asian plasterboard joint venture for \$598 million.

2007-2010 The **Global Financial Crisis** significantly impacts Boral's US business and is also felt in Australian construction markets and Asia market conditions. Boral responds by undertaking **substantial cost saving programs**.



TRANSFORMING BORAL

Our vision is to TRANSFORM Boral for performance excellence and sustainable growth.

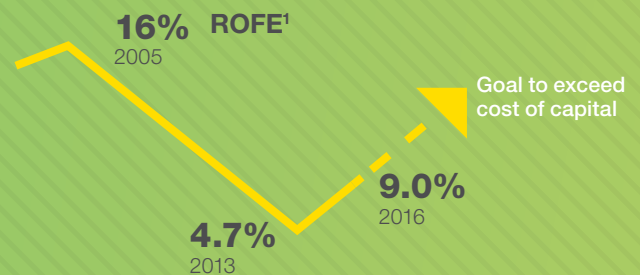
Through Boral's Fix, Execute, Transform program, our focus over the past four years has been on fixing the things that were holding us back and improving the way we operate to be more efficient, disciplined and profitable. Today, we are well on the way to transforming Boral.

OUR GOALS ARE TO DELIVER:

WORLD CLASS HEALTH & SAFETY



RETURNS THAT EXCEED THE COST OF CAPITAL THROUGH THE CYCLE



MORE SUSTAINABLE GROWTH THROUGH INNOVATION AND EXPOSURE TO GROWTH MARKETS



1. EBIT return on funds employed at 30 June.
2. Effective 1 July 2016 Construction Materials & Cement and Building Products combined to form a new Boral Australia division.
3. Based on FY2016 external revenues from Construction Materials & Cement and Building Products.
4. Based on FY2016 underlying revenue for USG Boral.
5. Based on FY2016 external revenues.

WE ARE TRANSFORMING BORAL BY:

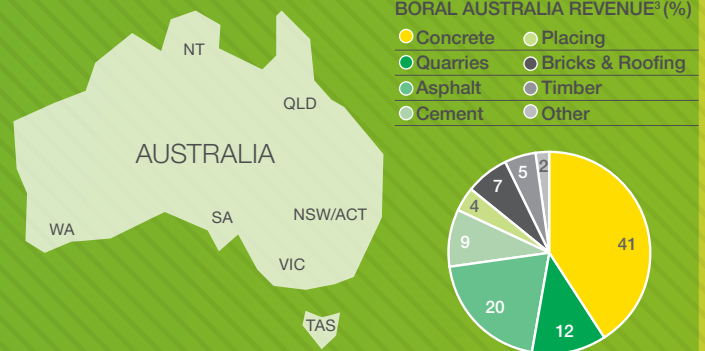
Consistently applying best practice to deliver Performance Excellence – including Operational Excellence and Commercial Excellence.



BORAL'S GEOGRAPHIC DIVERSIFICATION POSITIONS THE COMPANY WELL

BORAL AUSTRALIA²

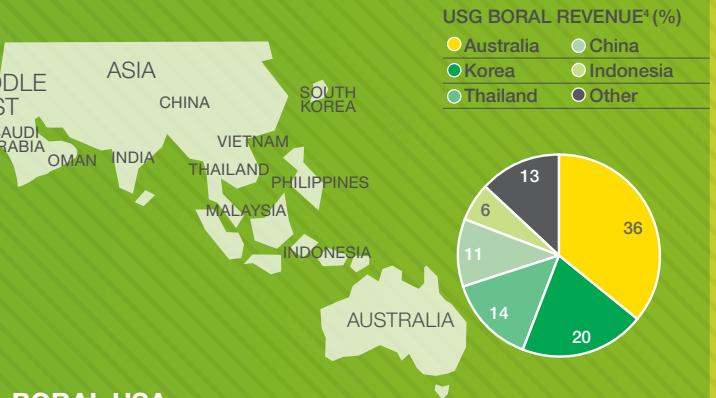
Maintaining and strengthening Boral's leading integrated construction materials & cement positions and optimising returns across all building products and construction materials businesses.



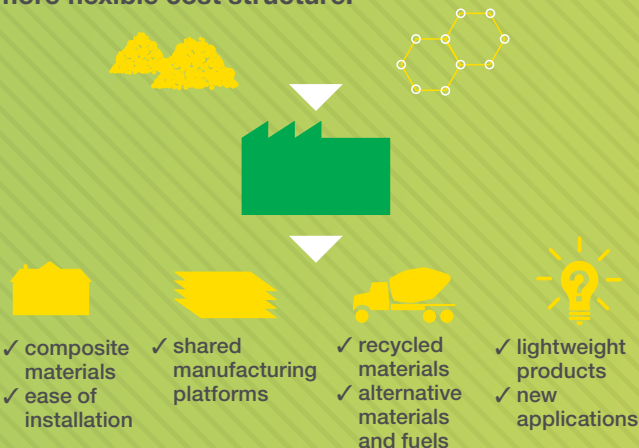
Drawing on Boral's geographic strength and diversity.

USG BORAL

Delivering USG Boral synergies, and leveraging this long-term growth platform through market growth, increasing product penetration, innovation and adjacent products.

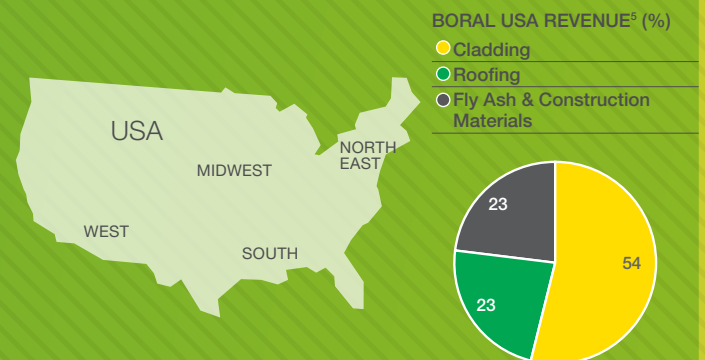


Investing in innovation to build a more balanced portfolio of traditional and innovative products with a more flexible cost structure.



BORAL USA

Growing through market recovery, new product development and portfolio refinement, with potential for strategically aligned M&A opportunities.



BORAL AUSTRALIA

Boral in Australia is the largest integrated construction materials and building products manufacturer and supplier across the full range of building and construction markets. Products include cement, aggregates, concrete, asphalt, bricks, roofing, masonry products and timber.

With an extensive network of concrete, asphalt and manufacturing sites across Australia, Boral's leading position is underpinned by around 1 billion tonnes of quarry reserves strategically located close to key markets.

NT
2 quarries
1 concrete



UPGRADING ORANGE GROVE QUARRY
A multi-year upgrade to Boral's Orange Grove quarry processing plant in Western Australia is underway, securing the cost efficiency of this key site which services our customers as well as Boral's downstream concrete and asphalt operations in the Perth metropolitan market.

WA
9 quarries
13 concrete
3 asphalt
1 brick
1 masonry

SA
10 quarries
10 concrete
2 asphalt
1 bricks
1 roofing
1 masonry



ADJUSTING TO MARKET CONDITIONS IN WESTERN AUSTRALIA

The downturn in Western Australia's residential construction market during the second half of FY2016 has seen Boral's Midland Brick operations mothball Kiln 8 at its Perth plant, which has served as swing capacity in recent years.



1. Includes Construction Materials & Cement, Building Products, Corporate and joint venture employees. USG Boral employees in Australia shown on page 16.
2. Includes JV sites. USG Boral sites in Australia shown on page 16.
3. Based on FY2016 external revenues from Construction Materials & Cement and Building Products.

PEOPLE¹



6,148
EMPLOYEES



4,715
CONTRACTORS

SITES²



426
OPERATING



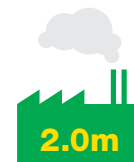
46
DISTRIBUTION

RECORDABLE INJURY FREQUENCY RATE



12.5 ↓32%
PER MILLION HOURS WORKED

GREENHOUSE GAS EMISSIONS



2.0m
TONNES CO₂-e

↓9%



**ORMEAU QUARRY
RECOGNISED FOR INNOVATIVE
ENVIRONMENTAL SOLUTION**

Boral's design and introduction of an innovative and cost-effective stormwater management system was highly commended for the Queensland Cement Concrete & Aggregates Australia's Environmental Innovation Award.



**BORAL'S PEPPERTREE QUARRY
REAPS EFFICIENCY GAINS**

During the year, the largest in-pit mobile crusher in the southern hemisphere at Boral's state-of-the-art Peppertree Quarry commenced processing hard rock and operations moved to 24 hours, 7 days a week, providing further efficiency gains to the site and increasing Boral's supply of quality aggregate via rail into the important Sydney market.

QLD

- 19 quarries
- 61 concrete
- 17 asphalt
- 1 cement
- 2 bricks
- 1 masonry



**IMPROVING OUR COST
POSITION IN CEMENT**

Boral continues to investigate opportunities to improve our cement position in Victoria in the long term with the possibility of introducing portside facilities to reduce transport costs.

**NSW
/ACT**

- 26 quarries
- 94 concrete
- 12 asphalt
- 4 cement
- 7 bricks
- 2 roofing
- 9 timber



**STRENGTHENING BORAL'S
CONCRETE NETWORK IN
SYDNEY**

Boral has continued to invest in upgrading its extensive Sydney concrete network, including doubling capacity at the Granville plant in the west, relocating and expanding capacity at the Kirrawee plant in the south, and establishing a new plant at Bringelly to service the major works associated with Sydney's future second airport.

**DEER PARK QUARRY PLANT
REPLACEMENT PROJECT**

Boral has commenced a multi-year project to modernise the Deer Park quarry processing plant, integrating the latest in technology and best industry practice for safe operation. It will provide significant productivity improvements, enhancing Boral's ability to service the Melbourne CBD and western metropolitan area.

VIC

- 16 quarries
- 48 concrete
- 8 asphalt
- 2 cement
- 2 bricks
- 1 roofing

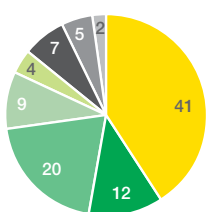


**CAPITAL INVESTMENT PROJECTS
IMPROVE EFFICIENCY OF BORAL'S
HARDWOOD TIMBER PLANTS**

Several small capital projects totalling between \$10 million and \$15 million across Boral's Hardwood Timber operations were completed during the year, leading to significant operational efficiency gains, including benefits from the rationalisation of Boral's warehousing and distribution network.

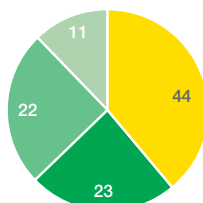
TAS

BORAL'S AUSTRALIAN REVENUE³ (%)



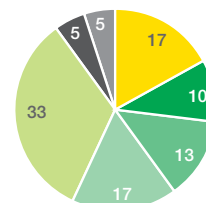
BY BUSINESS

- Concrete
- Quarries
- Asphalt
- Cement
- Placing
- Bricks & Roofing
- Timber
- Other



BY STATE

- NSW/ACT
- VIC/TAS/SA
- QLD
- WA/NT



BY MARKET

- Detached dwellings
- Multi-dwellings
- Alterations & additions
- Non-residential
- Roads, highways & bridges
- Other engineering
- Other

BUILDING SOMETHING GREAT IN BORAL AUSTRALIA

“With a focus on safety, operational and commercial excellence, we can Build Something Great for our people, customers, communities and shareholders.”

Joe Goss, Divisional Chief Executive, Boral Australia

ICONIC BEACHSIDE RESTAURANT REBUILT USING BORAL'S ENVISIA® CONCRETE

Boral has laid the foundation for Melbourne's iconic Stokehouse restaurant at St Kilda Beach as it rises from the ashes of a devastating fire in 2014.

The sustainability credentials of Boral's lower carbon ENVISIA® concrete has helped the multi-million dollar contemporary rebuild, designed by renowned architect Robert Simeoni, be recognised as Australia's first Design and Built 5 Star Green star building of its type.

ENVISIA® concrete – developed by Boral's Innovation Factory using proprietary technology which allows less carbon-intensive portland cement to be used without compromising structural integrity, and resulting in lower embedded carbon levels – was used for the slab and columns to meet the green goals of owner, the Van Haandel Group. The Stokehouse is expected to open in late 2016.



BORAL CONCRETE AND MERITON'S NEW UPSCALE URBAN DEVELOPMENT

Boral has been a major force in transforming a slice of Sydney CBD's southern fringe into a modern \$250 million urban oasis.

Boral supplied 80,000 cubic metres of concrete over 18 months to create Meriton's Mascot Central resort-style, mixed-use development featuring eight buildings ranging from eight to 14 levels. It will be home to some 1,220 luxury residential apartments, a host of serviced apartments and other amenities including swimming pools, gyms, outdoor entertaining areas, barbecue spaces and playgrounds. The complex also includes a childcare centre and retail precinct, and represents Meriton's largest retail centre development. Mascot Central opened in April 2016.

SAFETY PERFORMANCE TO BE PROUD OF

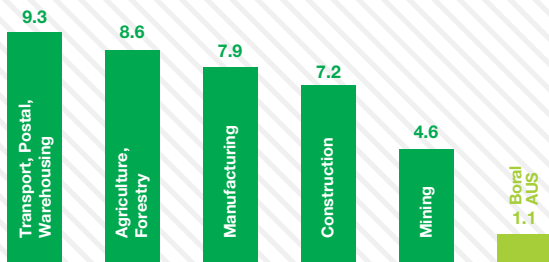
Boral's safety performance has improved dramatically in recent years with more than a 27% reduction in the frequency rate of accidents in FY2016 relative to FY2015. Boral's combined employee and contractor lost time injury frequency rate (LTIFR)¹ is approaching world class at 1.3, down from 1.8 in FY2015. Boral's recordable injury frequency rate (RIFR)¹ stands at 8.8, down from 12.1 in FY2015 and 21 just five years ago. These orders of magnitude changes demonstrate the effectiveness of disciplines that are in place and that Boral's people and systems are delivering as intended.

The broader industries in which Boral operates in Australia experience lost time accidents six to eight times more frequently than Boral's employees and contractors².

Across Boral Australia, we have around 6,000 full-time equivalent (FTE) employees and 4,700 FTE contractors employed in businesses that pour concrete and lay asphalt across major projects and construction sites. In addition, we have over 100 quarries and over 300 manufacturing operations producing cement, concrete, asphalt, bricks, roof tiles and timber products, and we have a fleet of around 3,000 Company-owned and contracted heavy vehicles transporting Boral products and materials.

Boral's safety performance can therefore be benchmarked against transport, construction and manufacturing sectors. The latest figures published by Safe Work Australia report the average injury rate across these industries to range from 7.2 to 9.3 injuries² for every million hours worked. This compares to Boral's injury rate in Australia for employees and contractors in FY2016, measured on the same basis of 1.1 per million hours worked.

Boral's relative performance to Australian industry average lost time injuries² (per million hours)



MIDLAND BRICK HELPS ANOTHER FAMILY IN NEED

Boral's Western Australian brick operations are proud to donate products to help deliver life-changing renovations to families in need.

This is the third project Boral has been involved with together with local celebrities Matt and Kim (from Perth's *The Block*) and an army of generous volunteers.

Aired nationally on television, the latest project helped the Hoyпой family who have suffered a devastating downturn in luck, with both mother, Sallie and 14-year-old daughter Zoe, battling cancer. Midland Brick donated Cultured Stone[®], Grey Pearl Bricks and Promenade Honed Paver products to their new family home.

BORAL CONCRETE BUILDS SYDNEY'S ROADS OF THE FUTURE

Boral is proud to be associated with one of Australia's most significant infrastructure projects. NorthConnex is a nine kilometre tunnel project in Sydney that will link the M1 Pacific Motorway to the M2 Motorway. The new road and tunnel infrastructure will deliver significant benefits to local communities by removing around 5,000 trucks daily from Pennant Hills Road.

Owned by the NSW Government and Transurban Limited, the project is being constructed by a joint venture between Lendlease and Bouygues.

Boral will be providing ~500,000 cubic metres of concrete to NorthConnex through a dedicated on-site mobile plant as well as through our extensive Sydney concrete plant network. The project is due to be completed in 2019.



BORAL PRODUCTS USED IN PERTH STADIUM

Boral is proud to be supplying products to Perth's new multi-purpose 60,000 seat stadium and sports precinct which will incorporate cafés, alfresco dining, playgrounds and community spaces. Through the use of an on-site mobile plant, Boral is supplying more than 50,000 cubic metres of concrete to the important community project using materials from Boral's Orange Grove quarry, as well as paving and masonry products from Midland Brick.

Jointly developed by a number of State Government agencies and authorities, and built by Brookfield Multiplex, the new stadium is due to open in 2018.

NEW ROADS IN SOUTH AUSTRALIA USING BORAL PRODUCTS

A congested daily commute for thousands of South Australians on a key road near Adelaide's CBD is about to ease with the help of Boral's concrete and quarry products.

The \$896 million Torrens Road to River Torrens Project, a four-kilometre upgrade of South Road including a three-kilometre non-stop lowered motorway, will significantly improve travel for north-south traffic between Torrensville and Croydon Park when completed in late 2018.

Boral is supplying 30,000 cubic metres of concrete and 300,000 tonnes of roadbase and fill to the project that is jointly funded by the Australian and South Australian governments.

1. Per million hours worked.

2. Source: Safe Work Australia data 2013-14. Based on Safe Work Australia's definition of Lost Time Injury Frequency Rate using injuries that resulted in five or more days lost time from work. Boral data for Australia only is on the same basis for comparative purposes for FY2016.

USG BORAL

SAUDI ARABIA

- 1 metal
- 1 mineral fibre ceiling
- 1 joint compound

OMAN

- 8m m² board capacity / 1 line
- 1 gypsum mine



INDIA

- 9m m² board capacity / 1 line
- 2 metal
- 1 joint compound

METAL CEILING TILE LAUNCHED IN MIDDLE EAST

USG Boral Middle East launched its new metal ceiling tile line at the Dammam plant in Saudi Arabia. The product line consists of a range of high quality aluminium alloy and metal ceiling systems that offer more design possibilities to increase the aesthetic and functional value of interior spaces.

USG Boral is a leading manufacturer and supplier of gypsum-based wall and ceiling lining systems, mineral fibre ceiling systems, metal framing, joint compounds, high-performance panels and accessories.

With sales offices and manufacturing facilities established in 12 countries, plus a robust export business, USG Boral is committed to delivering innovation for more sustainable construction across Asia, Australasia and the Middle East.



SHEETROCK® NOW IN 8 COUNTRIES

USG Boral's lightweight, high-strength, sag-resistant Sheetrock® plasterboard has been rolled out to eight countries across Asia, Australasia and the Middle East. In Australia, Sheetrock® plasterboard has reached an adoption rate of approximately 66% while in Asia, adoption rates range from 11% in China to over 70% in Vietnam.

1. Includes ceiling tile, metal ceiling grid, metal products, joint compounds, mineral wool and cornice production. Certain manufacturing facilities and gypsum mines held in joint venture with third parties.
2. Based on FY2016 underlying revenue for USG Boral.
3. Includes 50% owned joint ventures.

PEOPLE



3,453
EMPLOYEES³



3,357
CONTRACTORS

SITES¹



38
OPERATING



84
DISTRIBUTION

RECORDABLE INJURY FREQUENCY RATE



3.0
PER MILLION HOURS WORKED

steady on prior year

GREENHOUSE GAS EMISSIONS



0.2m
TONNES CO₂-e

steady on prior year

CHINA

155m m² board capacity / 7 lines & 1 ceiling line
3 metal
1 mineral fibre ceiling
3 joint compound
1 mineral wool

SOUTH KOREA

153m m² board capacity / 4 lines & 1 ceiling line
2 joint compound



KOREA PLASTERBOARD CAPACITY INCREASES

USG Boral Korea announced plans to add at least 30 million square metres of plasterboard production capacity to its Dangjin plant in South Korea, which has existing capacity to produce 70 million square metres of plasterboard. This investment will position USG Boral Korea strongly in the medium- and long-term to continue supplying our customers while meeting the growing market demand for high quality, high strength plasterboard.

VIETNAM

30m m² board capacity / 2 lines & 1 ceiling line
1 metal

THAILAND

105m m² board capacity / 3 lines & 1 ceiling line
1 metal
1 gypsum mine
1 joint compound

PHILIPPINES

1 metal

MALAYSIA

11m m² board capacity / 1 lines & 1 ceiling line
1 metal
2 joint compound

INDONESIA

72m m² board capacity / 3 lines & 1 ceiling line
1 metal
1 joint compound



TRANSFORMING OUR PLANTS WITH NEXTGEN TECHNOLOGY

Since the formation of the USG Boral joint venture, 15 plasterboard manufacturing lines in Australia, Korea, Thailand, Indonesia, Vietnam, China and Oman have been successfully upgraded with NextGen technology to produce Sheetrock® plasterboard and products.

AUSTRALIA

86m m² board capacity / 3 lines
1 metal
1 gypsum mine
1 joint compound
2 cornice



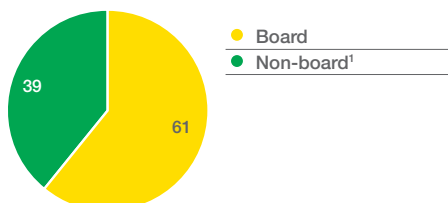
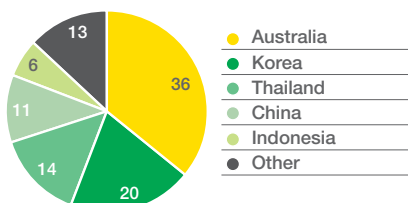
SECURING STRATEGIC GYPSUM RESERVES

USG Boral has secured a permit to begin operating a new gypsum mine in Nakornsawan, Thailand, providing a long-term supply of gypsum that will allow USG Boral to continue to service the Thailand market and the growing export markets in Asia, such as Cambodia. USG Boral also holds strategic gypsum reserves in Oman and South Australia.

NEW ZEALAND

3 metal

USG BORAL REVENUE² (%)



BOARD CAPACITY UTILISATION



BUILDING SOMETHING GREAT IN USG BORAL

“Our brand promise, ‘Innovation inspired by you’, demonstrates our commitment to continuously deliver innovation that helps our customers work smarter and more efficiently, build better and shape the future of their businesses and cities.”

Frederic de Rougemont, CEO, USG Boral

BUILDING A GREAT BRAND

During FY2016 USG Boral has been focused on branding and strategic marketing across all our regions, with a consistent visual identity globally and tailored messages for our local customers.

New regional websites were launched across the business, commencing in Australia in April 2016 and most recently in Korea, New Zealand and Vietnam in July 2016, with improved content and functionality, and support for local brand campaigns.

Meanwhile new, globally unified packaging for USG Boral compounds and tools was launched in three countries during the year, with a further launch into nine countries scheduled for FY2017. The modern and distinctive packaging incorporates common design elements to provide a cohesive look across USG Boral's extensive network, which includes 14 product categories, 23 product types and thousands of stock-keeping units across 12 geographic markets.

“In each of our markets across Asia, Australia and the Middle East, USG Boral is investing in our brand to deliver marketing excellence,” said Jeremy Verstraete, USG Boral's Marketing Director.



ZERO HARM TODAY AT USG BORAL

A number of USG Boral plants celebrated significant milestones without any lost time injuries (LTI) during FY2016. Our Auckland, New Zealand metal products plant achieved 20 years without LTIs while the Cilegon, Indonesia and Yosu, South Korea plasterboard plants reached 15 years and 12 years, respectively, LTI free.

Across USG Boral, our safety initiatives are focused on behaviours and a “no blame” culture, which nurtures greater identification and understanding of workplace hazards and risk. Current safety programs include front-line staff engagement in health and safety, transportation safety programs, mobile equipment training, and proactive closed-circuit television monitoring.

INNOVATION DELIVERS RAPID RESULT

In Malaysia's south, USG Boral is supplying plasterboard to Malaysia's national oil company's US\$40 billion LNG project in Johor.

Known as the PETRONAS Refinery and Petrochemical Integrated Development, or RAPID, the oil and gas refinery plant covers more than 20,000 acres of land. Due to the massive scale of the project, the priority was to build modular residential dormitories to accommodate more than 100,000 workers in a rural fishing village.

At an early stage USG Boral promoted our drywall system that is quick to install, dry, sustainable and, most importantly, meets the project's stringent fire regulations. After intense technical proposals, installation demonstration and training with various stakeholders, USG Boral won the contract to supply almost 250,000 square metres of Firestop®, Wet Area Firestop, and standard plasterboard, as well as our complete joint compound system. As at 30 June 2016, USG Boral had supplied approximately 180,000 square metres of plasterboard.



RAPID P1 CAMP by EPCC
Contractor CCSM, Synerlitz
(Malaysia) Sdn Bhd



INDIA'S NEWEST 5-STAR HOTEL CHOOSES DUROCK NEXTGEN

Following one year of on-site testing and training with the sub-contractor, ITC Sheraton, one of India's largest hotel groups, has chosen USG Boral's lightweight Durock NextGen System for the curved external façade of their upcoming 5-star hotel in Hyderabad. The Durock exterior cladding enables fast track construction, its joints do not crack with temperature variation and it is the only cement board that can be curved.



USG BORAL TO SUPPLY THE WORLD'S TALLEST BUILDING

In Jeddah, Saudi Arabia, USG Boral is supplying Sheetrock Type X, Type C and Shaft Wall Liners, related framing and other accessories to the one-kilometre tall Kingdom Tower in the new US\$20 billion Kingdom City project. With offices, a hotel, residential and retail uses, the Kingdom Tower will be the world's tallest building when it is completed in 2019.

SHEETROCK® DELIVERS VALUE FOR BRISBANE'S TALLEST RESIDENTIAL TOWER

USG Boral is supplying more than 300,000 square metres of Sheetrock® plasterboard to the \$1.2 billion Brisbane Skytower.

The 90-storey multi-residential project commenced construction in May 2016 and will have more than 1,000 residential apartments, retail and office spaces, a gym, swimming pool and rooftop deck. The USG Boral team were able to demonstrate superior value and supply a more cost effective walling systems solution than our competitors.

"Winning this major project was a great example of collaboration between our Architectural, Engineering and Commercial teams," said Tony Charnock, USG Boral's Senior Vice President, Asia Pacific. "This collaborative approach will define how we successfully manage the pipeline in our business."



THE CALYX AT ROYAL BOTANIC GARDEN SYDNEY

Since May 2015 USG Boral has worked closely with the Royal Botanic Garden Sydney's new world-class horticultural attraction, The Calyx. USG Boral was involved in the initial specification, tender, supply and installation of a bespoke, radial metal pan ceiling for the attraction.

In collaboration with USG's international projects team, USG Boral designed and supplied the custom ceiling which used 380 square metres of USG Boral Metal Ceilings in over 50 different sized panels to match the curves of the structure.

Opened on 11 June 2016, The Calyx comprises an integrated mix of indoor and outdoor areas that will be a living art gallery, hosting botanic exhibitions that will change throughout the year.

"In each of our markets across Asia, Australia and the Middle East, USG Boral is investing in our brand to deliver marketing excellence."

Jeremy Verstraete, USG Boral's Marketing Director

BORAL USA

In the USA, Boral has industry-leading positions in bricks, concrete and clay roof tiles, and manufactured stone, and has a growing lightweight building products business supplying exterior cladding to the residential and commercial construction markets in North America.

Boral USA also has a national fly ash processing and distribution business and holds a strong position in the Denver construction materials market.



BORAL VERSETTA STONE - PLANT UPGRADE

In FY2016 Boral added a new state-of-the-art manufacturing line for Boral Versetta Stone® at the Boral Stone Products production facility in Napa, California.



FORT LUPTON AGGREGATES

Boral's new Fort Lupton sand and gravel mine in Colorado was opened in May 2016. It will produce ~1.5 million (short) tons of concrete specification rock, sand and other aggregate products per year, and is the primary source of aggregates for Boral's six metro Denver concrete batch plants, in addition to supplying external customers.

WEST

- 8 roofing
- 1 cultured stone
- 9 concrete & quarries
- 9 fly ash



FRANKLIN STREET CONCRETE OPERATIONS

Boral's largest concrete batching plant in Colorado has relocated to a new 11 acre site. The new Con-E-Co concrete batch plant has capacity of more than 200 cubic yards (or 150 m³) per hour. Boral's Franklin Street operations were constructed over 40,000 hours with Zero Harm.

1. Includes mothballed roof tile plant in Trinidad.
2. Based on FY2016 external revenues.
3. Other includes sales outside of the USA.

PEOPLE



2,457
EMPLOYEES



129
CONTRACTORS

SITES¹



95
OPERATING



42
DISTRIBUTION

RECORDABLE INJURY FREQUENCY RATE



5.2 ↓ **15%**
PER MILLION
HOURS WORKED

GREENHOUSE GAS EMISSIONS



0.2m
TONNES CO₂-e

**steady
on prior
year**



BORAL TRUExTERIOR® SIDING & TRIM DISTRIBUTION

Boral TruExterior® Siding & Trim is now sold through 32 wholesale distributor locations with a network of 650 lumber building materials stocking dealers across North America.



A LEADING BRICKS NETWORK

Boral has a network of 12 brick plants in the USA, with nine operating plants. Boral Bricks' three mothballed plants can be re-commissioned when required as the recovery in the housing market continues.

MIDWEST

- 1 bricks
- 2 building products distribution

SOUTH

- 11 bricks
- 4 roofing
- 1 cultured stone
- 1 composites
- 20 fly ash
- 39 building products distribution



BORAL TRUExTERIOR® SIDING & TRIM PLANT

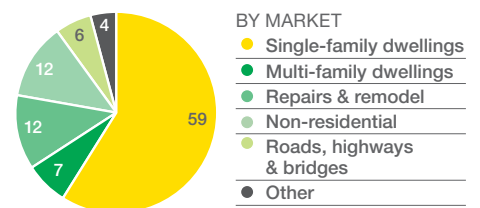
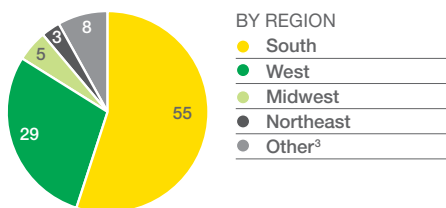
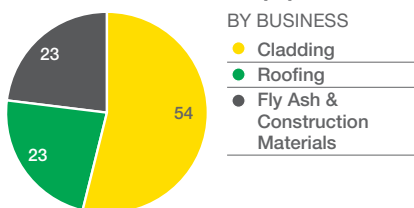
Boral manufactures Boral TruExterior® Siding & Trim in Salisbury, North Carolina, where capacity is being doubled to keep up with the demand for the poly-ash products, and to allow for continued product line development through the Boral Innovation Factory.



BORAL'S INNOVATION FACTORY

In February 2016, Boral opened its new 27,000 square foot Innovation Factory in San Antonio, Texas, where work focuses on material science, polymer chemistry, composite products, durability testing and process development.

BORAL USA REVENUE² (%)



BUILDING SOMETHING GREAT IN BORAL USA



“With a leading portfolio of building products, and a focus on innovation, Boral is working with customers across the USA to Build Something Great.”

David Mariner, President & CEO, Boral USA

BORAL'S INDUSTRY-SHAPING US INNOVATION FACTORY

Established in 2013 as an extension of the company's Research and Development (R&D) activities and upgraded in February 2016, Boral's Innovation Factory in San Antonio, Texas accommodates a team of 30 scientists, engineers and other professionals who analyse market trends and future building requirements, identify emerging technologies and develop solutions that fill service gaps.

Since its inception, Boral's Innovation Factory has helped the company achieve solid growth, drawing on the team's deep industry knowledge to develop Boral's patented poly-ash technology, a composite material made with specially formulated urethane glue, fly ash filler and glass fiber reinforcement. The resulting line of trim and siding products, Boral TruExterior, has created a new product category in the cladding market and opened new geographies, channels and segments to the company's cladding division. The Innovation Factory has also helped Boral increase U.S. Patents by more than 30% to over 100 in total.



BORAL TRUEXTERIOR® SETTING DESIGN AND PERFORMANCE STANDARDS IN NEW YORK

A unique, arts-driven resort community in Southwest NY, the Chautauqua Institution, is steeped in history, dating back to 1870.

Challenged to design a home to meet the owners' eclectic wishes while blending with the late 19th-century architecture, with materials to withstand the region's hot, humid summers and cold winters with lake-effect snow, David Williams McKee of Architecture Group, chose Boral TruExterior® Trim for everything from detailed millwork to skirting and balustrades to the porch ceiling and soffits. Boral TruExterior® Trim was also custom-milled into wedge shingles for a cedar-look siding.

BUILDING AN UPSCALE MIXED-USE PROJECT IN NASHVILLE, WITH BORAL BUILDING PRODUCTS

When Indianapolis-based Buckingham Cos. set its sights on developing a new, upscale mixed-use structure in the Nashville metro area, it wanted to make absolutely sure the outside reflected the reputation and quality of its future tenants, including Kimpton hotels and other high-end restaurants and retailers. The 17-storey project, called Buckingham West End, will include a hotel, apartments,

retail space and 630 parking spaces that have recently been opening in phases, with full completion scheduled for 2017.

By proactively working with the architectural team from the initial design concept stages, Boral products have been specified in all exterior claddings for the project.

By completion, Buckingham West End will feature more than 250,000 sq. ft. of stucco from Boral Building Products; 10,000 sq. ft. of Boral Bricks; and more than 10,000 sq. ft. of Cultured Stone® by Boral®.



BORAL ROOFING COVERING THE SKYLINE IN CALIFORNIA

The Irvine Great Park in California is a 1,347 acre master planned multi-use development encompassing over 9,500 single family and high density home units.

This self-sustaining community boasts numerous shops, botanical gardens, restaurants, hotels, sporting venues and its namesake, a 266-acre Great Park. With 5,000 units already sold or under construction, the buildout will continue over the next several years, with an additional 2,600 units to be completed by the end of 2018; all with Boral Roof Tiles.

Three national builders, Pulte, Lennar and KB Homes are leading this project, and all three are exclusive customers of Boral Roofing.



“The establishment of the Innovation Factory has set us on a trajectory to introduce new products and processes that can solve customers’ unmet needs in the marketplace, enabling Boral to be synonymous with innovation.”

Joel Charlton, EGM Innovation & VP, Intellectual Property

BURGER KING CHOOSES CULTURED STONE® BY BORAL®

As a longstanding client, Burger King is familiar with Boral’s outstanding service platform and product portfolio. With over 700 upcoming new construction and remodel locations, which will feature fresh new design concepts, the chain’s existing relationship with Cultured Stone® by Boral® has made it an easy decision to continue to partner with Boral to supply cladding options.

Burger King’s existing “2020” design concept features Cultured Stone® by Boral® Black Rundle Country LedgeStone. For the company’s new “Garden Grill” concept stores, Aspen Country LedgeStone has been selected.



BORAL FLY ASH BUILDING SOMETHING GREAT FOR MAJOR LEAGUE BASEBALL

On 16 September, 2014, Cobb County Georgia and the Atlanta Brave’s Major League Baseball broke ground on a US\$622 million stadium.

Now known as Sun Trust Park, the stadium will consume 15 acres of a 60 acre commercial real estate development which will include shopping, dining, and hotel accommodations for avid fans.

Sun Trust Park alone will consume over 65,000 cubic yards of concrete. Currently, Argos Ready Mix has utilised over 5,000 tons of Boral fly ash in the foundation concrete and Boral fly ash was also used in the precast panels and beams. It is estimated the project will consume over 20,000 tons of fly ash for all phases of the commercial construction.

Fly ash was not only specified for use in the concrete to increase strength and durability, but also to help offset CO₂ emissions by decreasing the amount of portland cement per cubic yard of concrete and lowering the heat of hydration while curing. Boral continues to supply fly ash to this project and expects to see benefits for several years from the continued commercial real estate development near the park. Sun Trust Park is slated to open for the 2017 Major League Baseball season.

Photo source: www.braves.com/suntrustpark

SUMMARY OF OUR RISKS AND CHALLENGES

To deliver on our goals, we recognise the need to manage a number of risks and be responsive to the dynamic environments in which we operate. Here, we summarise the current challenges that we face and the responses we are taking.

► OUR DIVISIONS

BORAL AUSTRALIA¹

STRATEGIC DIRECTION

Maintaining and **strengthening** Boral's leading integrated construction materials and cement positions and **optimising returns** across all building products and construction materials businesses

PRODUCTS

Concrete	Asphalt	Bricks	Masonry
Quarries	Placing	Roofing	Timber
Cement	Property		

1. Effective 1 July 2016, Construction Materials & Cement and Building Products combined to form a new Boral Australia division

USG BORAL

STRATEGIC DIRECTION

Delivering USG Boral **synergies**, and leveraging this long-term **growth platform** through market growth, increasing product penetration, innovation and adjacent products

PRODUCTS

Plasterboard, ceilings and adjacent products via 50%-owned USG Boral

BORAL USA

STRATEGIC DIRECTION

Growing through **market recovery**, new product development and portfolio refinement, with potential for strategic M&A opportunities

PRODUCTS

Bricks	Roofing	Stone	Fly ash
Trim	Siding	Construction materials	

► SPECIFIC CHALLENGES

- Safely managing 1,100 Company-owned and 1,500 contracted heavy fleet vehicles
- Challenging pricing environment and competition in some markets
- Declining demand and excess capacity in some markets, eg. WA
- Taking advantage of shift from resources to roads, highways and infrastructure-based projects
- High costs of manufacturing, eg. cement versus lower cost imports
- Maintaining community support for operations
- Increasingly complex contracting environments
- Complex environmental consent and operating licence requirements
- Building products businesses not delivering acceptable returns through cycle
- Changes in consumer demand with imported, composite and substitute timber and roofing products
- Management of enterprise bargaining agreements
- Maintaining an effective IT environment

- Continued roll-out of new technologies and associated high-performance Sheetrock® products
- Delivering joint venture synergies including price premiums and penetration rates for Sheetrock® products
- Decline in market activity in some markets, eg. Indonesia and Thailand
- Pricing pressure through increased competition and new market entrants in key regional markets
- Long-term regional resource and reserve access
- Supplying the expected demand growth in key markets

- Slower than expected USA housing recovery
- Overcapacity in brick, stone and roofing markets
- Strengthening regional and national production builders
- Brick and stone intensity and share of wall
- Less favourable housing mix remains, with lower proportion of single-family housing relative to past
- Shifting from high fixed cost base to more variable cost model

► SPECIFIC RESPONSES

- Heavy vehicle and technology improvements, driver behaviour training, eg. Imarda i360 to monitor speed and fatigue and rollover limitation technologies
- Commercial excellence program commenced
- Ongoing cost reduction programs and integrated business model to drive competitive advantage
- Leading resource positions including Peppertree Quarry (NSW) and Deer Park (VIC) redevelopment
- Strengthening contracting and major projects capability, including bid and tender management
- Efficient and reliable importation of clinker to Australia
- Active community consultation programs including Marulan limestone community awareness campaign, and in-house community liaison officers
- Regional environmental management experts
- East Coast brick business joint venture with CSR
- Long-term hardwood timber supply contract with Forestry Corporation of NSW (FCNSW) aligned to demand forecasts; improving Hardwood operations and working with FCNSW to manage harvesting costs
- Proactive involvement in all enterprise bargaining agreements from a dedicated team
- Defined IT investment strategy to meet the needs of the businesses

- Roll-out of Sheetrock® technologies ahead of original plan and achieving price premium
- Focus on product diversification to adjacent products, compounds, substrates, ceiling tiles, etc.
- Operations in high-growth economies with leading market share positions
- Regional sales and marketing plans centred on advanced technology product and supported centrally
- US\$50m pa of synergies within three years of technology roll-out remains on track
- Focus on high-end construction market in China
- Ongoing cost reduction and management programs
- Regionally-focused gypsum resource strategies
- Plans in place to increase capacity in Korea

- Development of new lightweight products through dedicated innovation centre
- New products introduced through existing channels, eg. thin brick and Versetta stone products
- Focused price strategies and targeted customer incentive programs
- Working with custom builders who are returning to the market as well as production builders, who represent a high proportion of current activity
- Diversifying exposure to commercial construction through bricks and stone
- Continuing review of bricks business
- Strategic deployment of capital and risk-based maintenance scheduling
- Assessing strategic M&A opportunities to optimise portfolio

GENERAL RISKS

Health, Safety & Environment (HSE) Risks

- Licence to operate
- Injury and accidents
- Environmental damage
- Regulatory requirements

Industry and Market Risks

- High input costs and inflationary pressures
- Structural and cyclical changes in demand
- Political cycles/uncertainty and impact on infrastructure spend

Competition Risks

- New market entrants, competition and legislative requirements
- Technology/R&D

Business Interruption Risks

- Plant and systems failure
- Cyber security
- Weather impacts
- Geopolitical impacts
- Industrial action

Foreign Exchange Risks

- Currency translation of overseas earnings in AUD
- Capital equipment transactions

GENERAL RESPONSES

- Formal, bottom-up risk management process
- Best practice HSE standards, policies, procedures and training
- Central support and monitoring of legislative/regulatory requirements
- Divisional strategies aligned to Group priorities to deliver strong earnings, balance sheet and growth
- Divisional cost management programs and global procurement discipline
- People strategy to attract, retain and develop talent with deep industry experience
- Business continuity planning and tested disaster recovery programs
- Cyber security maturity assessments, roadmaps and action plans
- US net assets matched with USD debt and other instruments to hedge against currency fluctuations

CONNECT

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AGM DETAILS

The Annual General Meeting of Boral Limited will be held at the Civic Pavilion, The Concourse, Chatswood on Thursday, 3 November 2016 at 10.30am.

