Build something great™

Boral Limited
Level 3, 40 Mount Street
North Sydney NSW 2060
PO Box 1228
North Sydney NSW 2059

T: +61 (02) 9220 6300
F: +61 (02) 9233 6605

www.boral.com.au

25 February 2019

The Manager, Listings
Australian Securities Exchange
ASX Market Announcements
Level 14, Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sir

Results for half year ended 31 December 2018 – Investor Presentation

We attach a copy of the investor presentation in respect of Boral's half year results.

This presentation will be webcast on Boral's website at www.boral.com
from 11.00am (Sydney time) today.

The information contained in this announcement should be read in conjunction with today's announcement of Boral's half year results and Boral's most recent annual financial report.

Yours faithfully

Dominic Millgate
Company Secretary

RESULTS

For the half year ended
31 December 2018

25 February 2019

Earnings growth from Boral North America but softer first half earnings from Boral Australia and USG Boral

Agenda

Sourcing fly ash from a utility in Texas

Results overview
Mike Kane

Financial results
Ros Ng

Outlook
Mike Kane

Strategic & organisational update
Mike Kane

1H FY2019 results overview

Excluding the impact of divestments, EBITDA broadly steady

A$m (total operations basis)	1H FY2019	1H FY2018	% 1H19 v 1H18
EBITDA[1]	**485**	500	(3)
Net Profit after tax (NPAT)[1]	**200**	214	(6)
Statutory NPAT	**237**	173	37
NPATA[1]	**224**	237	(6)
EPSA[1] (cents)	**19.1**	20.2	(6)
EPS[1] (cents)	**17.1**	18.2	(6)
Interim dividend (cents)	**13.0**	12.5	4

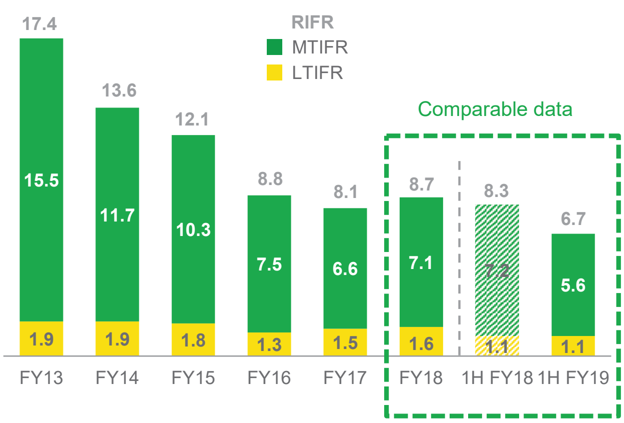
1. Excluding significant items. Refer to slides 59-60 for reconciliation and explanation of these items

Safety performance

Company-wide commitment to *Zero Harm Today*

Employee and contractor RIFR[1]

(per million hours worked)

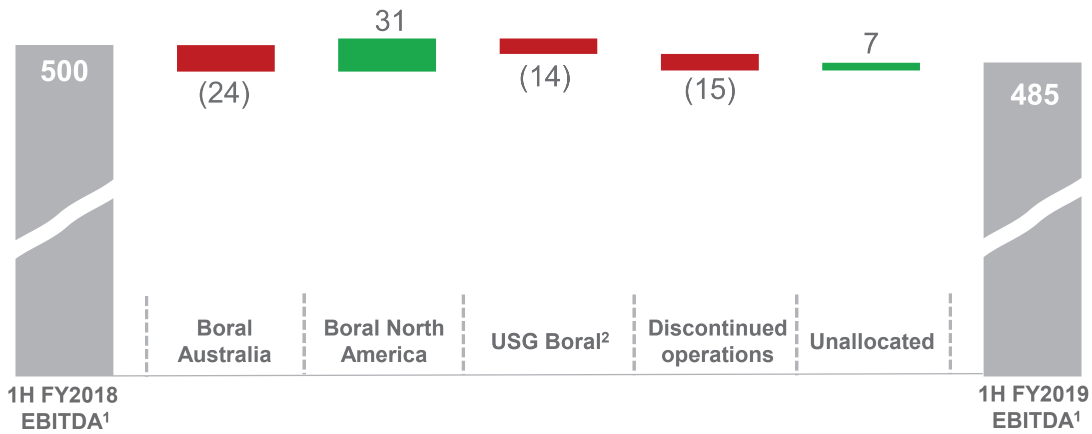


- All divisions recorded improvements in RIFR compared to FY2018
- **RIFR of 6.7**, down from 8.3 in 1H FY2018 and 8.7 in FY2018
  - **LTIFR of 1.1**
  - **MTIFR of 5.6**
- Headwaters businesses delivered a significant turnaround in performance, and Meridian Brick operations have also improved

1. Recordable Injury Frequency Rate (RIFR) per million hours worked is the combined Lost Time Injury Frequency Rate (LTIFR) and Medical Treatment Injury Rate (MTIFR). Includes employees and contractors in all businesses including Headwaters and all joint ventures regardless of equity interest from FY2018. Prior years include 100%-owned businesses and 50%-owned joint venture operations only

Earnings steady excluding discontinued operations

EBITDA[1] variance, A$m

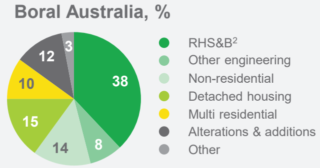


1. Excluding significant items
2. Represents Boral's 50% post-tax equity accounted income from USG Boral JV

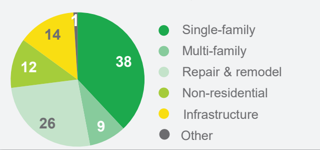
Underlying activity in key markets remains solid

Revenue[1] by end-market, %

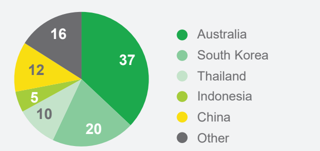
Boral Australia, %



Boral North America, %



USG Boral joint venture, %



Market activity: 1H FY2019e vs 1H FY2018

Australia	
RHS&B[2]	↑ 4%
Non-residential[3]	↑ 3%
Total housing starts[4]	↓ 6%
- Detached	↓ 4%
- Multi	↓ 10%
Alterations & additions[3]	↑ 6%

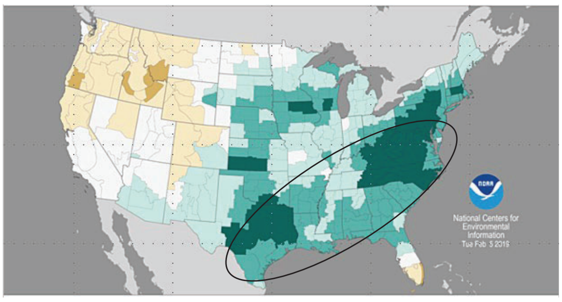
USA	
Total housing starts[5]	↑ 2%
- Single	↓ 1%
- Multi	↑ 8%
Repair & remodel[6]	↑ 3%
Non-residential[7]	↑ 5%
Infrastructure[8]	↑ 4%

Asia & Middle East[9]	
South Korea	↓
Thailand	↔
China	↔
Indonesia	↔
Other emerging markets	↑

1. Based on 1H FY2019 external revenue; USG Boral is for underlying revenue; Boral North America includes Boral's 50% share of revenue from Meridian Brick JV which is not included in reported revenue
2. Roads, highways, subdivisions and bridges. Average of Macromonitor and BIS Oxford Economics value of work done forecasts (constant 2016/17 prices)
3. Original series (constant 2016/17 prices) from ABS for Sep 2018 quarter. Average of Macromonitor and BIS Oxford Economics forecast for December 2018 quarter
4. ABS original housing starts; average of of Macromonitor, BIS Oxford Economics and HIA forecasts for December 2018 quarter
5. US Census seasonally adjusted annualised housing starts. Based on data up to November 2018
6. Moody's retail sales of building products, January 2019
7. Management estimate of square feet area utilising Dodge Data & Analytics and US Census data
8. Management estimate of ready mix demand utilising Dodge Data & Analytics and Portland Cement Association shipments
9. Based on various indicators of building and construction activity

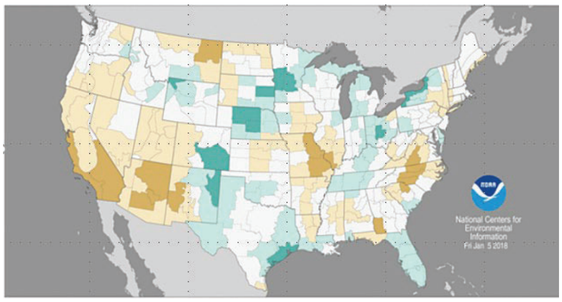
Adverse weather in key US markets slowed activity

July to December 2018



Relative to rainfalls recorded between 1895-2018

July to December 2017



Relative to rainfalls recorded between 1895-2017

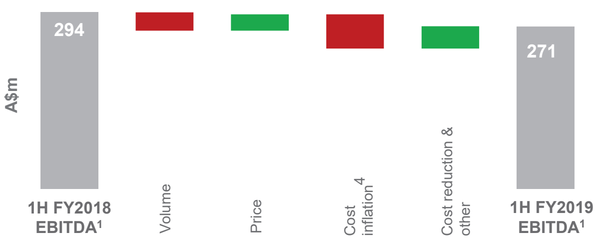
Record driest | Much below average | Below average | Near average | Above average | Much above average | Record wettest

Source: www.ncdc.noaa.gov/temp-and-precip/us-maps/

Boral Australia

A$m	1H FY2019	1H FY2018	Var, %
Revenue	**1,825**	1,804	1
EBITDA[1]	**271**	**294**	(8)
EBITDA[1] ROS	***14.8%***	*16.3%*	
Property	**(3)**	0	
EBITDA[1] excl Property	**274**	294	(7)
EBITDA[1] ROS excl Prop	***15.0%***	*16.3%*	
EBIT[1]	**168**	**194**	(14)
EBIT[1] ROS	***9.2%***	*10.8%*	
Net Assets	**2,562**	2,450	
ROFE[1,2], %	**15.9**	15.4	

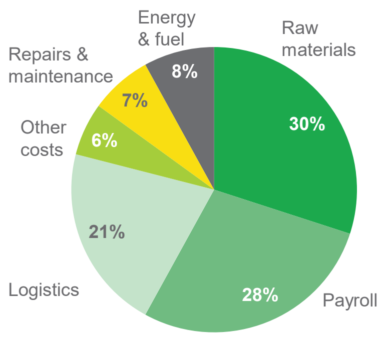
- **Revenue** up slightly with higher contributions from Quarries, Cement and Asphalt but lower Concrete & Placing revenue
- **Lower earnings and margins primarily reflect:**
  - lower Concrete volumes and inefficiencies from project delays and wet October in NSW
  - less favourable product and geographic mix
- **Prices[3] up 1-3% across Quarries, Cement and Concrete** but not sufficient to offset cost inflation



1. Excluding significant items
2. Divisional ROFE is annual EBIT before significant items on divisional funds employed
3. On a like-for-like product basis
4. Includes $10 million in higher energy and fuel costs

Boral Australia

Boral Australia
~$1.6b 1H FY2019 cash cost base

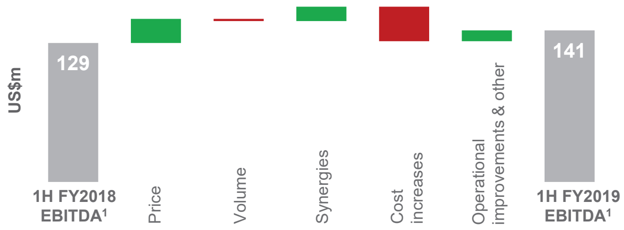


- **Raw materials costs**: internationally traded clinker and bitumen prices increased in line with Asian markets and FX
- **Labour:** average wage inflation ~2.5%-3.0%
- **Logistics:** continuing to progress our supply chain transformation program to reduce costs
- **Energy and fuel:**
  - ~ $10m higher largely due to diesel fuel costs
  - expect $10-$15m cost increase in 2H FY2019 due to higher energy and fuel prices
- **Continuing to target recovery of cost increases through price**

Boral North America

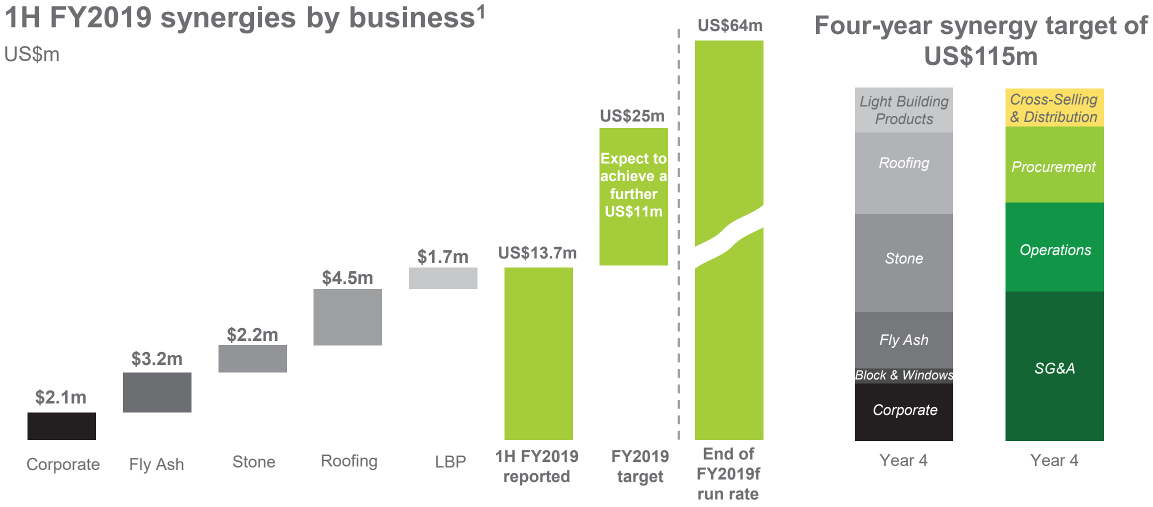
A$m	1H FY2019	1H FY2018	Var, %
Revenue	1,104	994	11
EBITDA[1]	**196**	165	18
EBIT[1]	115	90	28
Net Assets	4,723	4,179	13
US$m			
Revenue	796	776	3
EBITDA[1]	**141**	129	9
EBITDA[1] ROS	*17.7%*	*16.6%*	
EBIT[1]	83	70	18
ROFE[1,2]	*4.6%*	*4.4%*	

- **Revenue increase largely** driven by strong growth in Roofing
- **Volumes** impacted by extreme rain in key US states
- **EBITDA growth and margin expansion** due to price increases and synergies; Fly Ash EBITDA margins steady at ~ 24%
- **Cost increases** include higher materials and labour
- **Synergies** of US$14m achieved, with business on track to deliver US$25m target in FY2019



1. Excluding significant items
2. Divisional ROFE for 1H FY2019 is moving annual EBIT before significant items on divisional funds employed at 31 December 2018. Divisional ROFE for 1H FY2018 is moving annual EBIT before significant items on monthly average funds employed for 12 months to December 2017

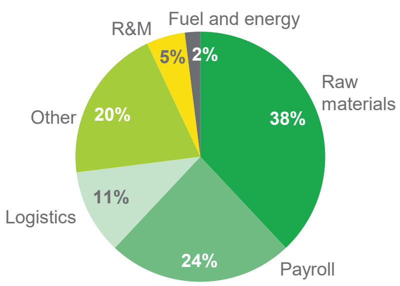
Boral North America – synergies



1. Synergies include cost synergies and estimated cross-selling and distribution revenue synergies, and excludes one-off integration costs estimated at US$90-$100m over FY2018 and 2019

Boral North America – cost base

1H FY2019 Boral North America ~US$700m cost base[1]



Higher fixed, lower variable cost businesses	Concrete & clay tiles
Lower fixed, higher variable cost businesses	Metal & composite roofing, manufactured stone, Fly Ash, Windows, LBP

- **Raw materials costs**: increased 4%-6% depending on region and material. Cement, vinyl and PVC experienced increases. PVC and vinyl costs are expected to stabilise in 2H FY2019
- **Labour:** shortage of qualified workers continues to be evident in some regions. Overall, wage growth rate 3%-4%
- **Logistics:** availability of carriers and equipment, along with increased fuel prices remains challenging but manageable. About 35% of transport costs billed directly to customers (Fly Ash and parts of Roofing and LBP); remaining cost increases recovered through price
- **Energy and fuel:** electricity, gas & fuel cost of ~US$21m in 1H FY2019 (versus US$24m in 1H FY2018)

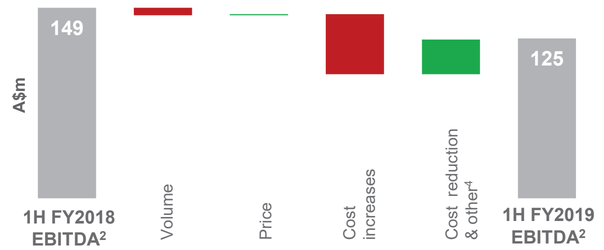
In FY2019, targeting to recover cost increases through price

1. Excluding Meridian Bricks JV. Total cost base represents continuing operations

USG Boral

A$m	1H FY2019	1H FY2018	Var, %
Reported result			
Equity income[1,2]	**25**	38	(35)
Underlying result			
Revenue	**831**	815	2
EBITDA[2]	**125**	149	(16)
EBITDA[2] ROS	15.1%	18.3%	
EBIT[2]	**84**	113	(26)
EBIT[2] ROS	10.1%	13.9%	
Net Assets	**2,031**	1,921	–
ROFE[2,3]	**8.1%**	11.1%	

- **Revenue** up from volume growth in Australia, Indonesia, Vietnam and India, higher non-board revenue and FX impacts, offset by market-driven decline in South Korea
- **Australia** revenue up 3%, driven by higher board volumes and growth in non-board revenue, most notably contracting services
- **Asia** revenue up 1%, with growth across most countries but offset by a marked decline in South Korea
- **EBITDA** decrease largely reflects decline in South Korea, which performed very strongly in the prior half year. Higher raw material, labour and energy costs impacted 1H FY2019

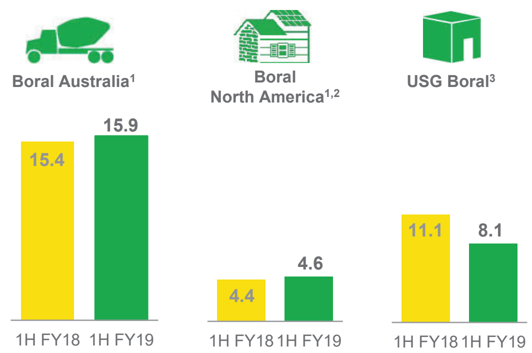


1. Post-tax equity income from Boral's 50% share of USG Boral JV
2. Excluding significant items
3. Divisional ROFE is underlying moving annual EBIT before significant items on divisional funds employed
4. Other includes $8m benefit from one-off costs in the prior period and foreign exchange impacts

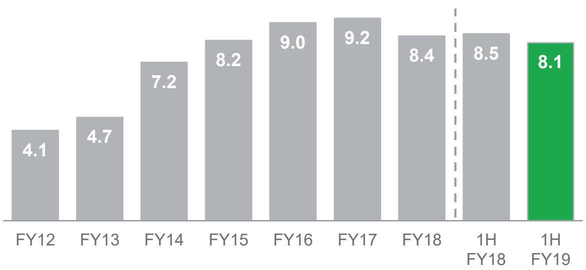
Positioned to improve ROFE

Aiming for above cost of capital returns through the cycle; current ROFE-equivalent cost of capital ~9.0-9.5%

Divisional EBIT return on funds employed (ROFE)[1], %



Group ROFE[1], %



1. Return on funds employed (ROFE) is based on moving annual total EBIT before significant items on funds employed, except for 1H FY2018 and FY2017 which is calculated based on average monthly funds employed due to the impact of the Headwaters acquisition
2. Excludes Denver Construction Materials and US Block as these businesses were sold in 1H FY2019
3. Based on USG Boral's underlying moving annual total EBIT (excluding significant items) on funds employed at 31 December

Financial results

Ros Ng – Group President Ventures and CFO

Plant upgrade at Orange Grove Quarry, WA

New West Melbourne Concrete Plant, Vic

Group financial performance

Total operations basis (A$m) (*figures may not add due to rounding*)	1H FY2019	1H FY2018	Var %
Revenue	2,990	2,937	2
EBITDA[1,2]	**485**	500	(3)
Depreciation and amortisation[2]	(156)	(150)	
EBITA[1,2]	**329**	350	(6)
Amortisation of acquired intangibles	(32)	(34)	
EBIT[1,2]	297	316	(6)
Net interest	(49)	(50)	
Tax[1]	(48)	(52)	
Net profit after tax[1,2]	200	214	(6)
Significant items (gross)	53	(56)	
Tax on significant items	(16)	15	
Statutory net profit after tax	**237**	173	37
Net profit after tax and before amortisation (NPATA)[1,2]	**224**	237	(6)
Effective tax rate	*19.4%*	*19.6%*	

1. Excluding significant items
2. Refer to slides 59-60 for reconciliation and explanation of these items

Significant items

A$m *(figures may not add due to rounding)*	1H FY2019	Notes
Headwaters integration costs	(13)	*1*
Gain on disposal of Denver Construction Materials	63	*2*
Gain on disposal of US Block	3	*3*
Profit before interest and tax	**53**	
Income tax expense	(16)	
Significant items (net)	**36**	

1. Costs primarily relating to redundancies, consultant fees supporting the Headwaters integration, integration of IT systems, and closure costs arising from rationalisation of Stone plants
2. Gain on sale following completion on 2 July 2018. Cash proceeds of $173m were received
3. Gain on sale following completion on 30 November 2018. Cash proceeds of $210m received

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

Strong operating cash flow

A$m *(figures may not add due to rounding)*	1H FY2019	1H FY2018
EBITDA[1]	**485**	500
Change in working capital and other	(73)	(63)
Flyash – unbilled receivables and other	(28)	-
Lower bonus incentive provision	(20)	(6)
Share acquisition rights vested	(8)	(22)
Interest and tax	(82)	(99)
Equity earnings less dividends	(2)	(12)
Restructuring, acquisition & integration payments	(19)	(82)
Operating cash flow	**253**	**216**
Capital expenditure	(183)	(164)
Investments	(11)	-
Proceeds on disposal of assets	382	18
Free cash flow	**441**	**71**
Dividends paid	(164)	(141)
Other items	-	(6)
Cash flow	**277**	**(76)**

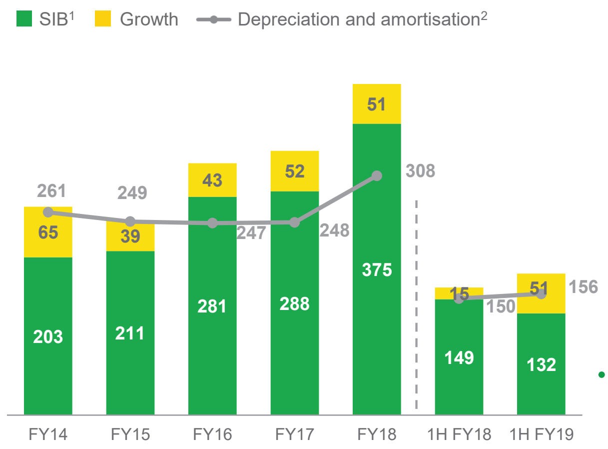
1. Excluding significant items

- **Operating cash flow up 17% to $253m**
  - Reduction in Headwaters integration costs compared to 1H FY2018
  - Increase in working capital mainly due to higher inventories and a slight increase in debtor days
  - Impacted by unbilled receivables in Fly Ash of $28m expected to be collected in 2H FY2019, and lower bonus incentive provisions of $20m
- **Free cash flow higher**
  - $11m acquisition of Qld concrete placing business
  - Net proceeds of $377m from disposal of Denver Construction Materials and US Block

Capital expenditure

Disciplined approach to capital management

Total capital expenditure



- **Total capex up 11% to $183m**

  ~60% invested in Boral Australia
  - Ormeau quarry (Qld) upgrade
  - Deer Park precast concrete plant (Vic) & replacement concrete plant at West Melbourne (Vic)
  - Asphalt upgrade at Toowoomba (Qld)
  - Portside clinker grinding facility at Port of Geelong (Vic)

  ~40% invested in Boral North America
  - Investments in Fly Ash including rail cars, fixed storage and Montour reclaim facility
  - Capital upgrades at Stonecraft (Ohio) facility and Rosarito (Mexico) plant

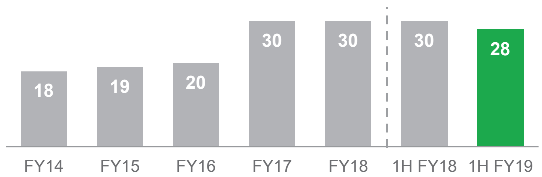
- **FY2019 capex expected to be ~A$425m–$450m**

1. Stay in business capital expenditure
2. Excludes amortisation of acquired intangibles

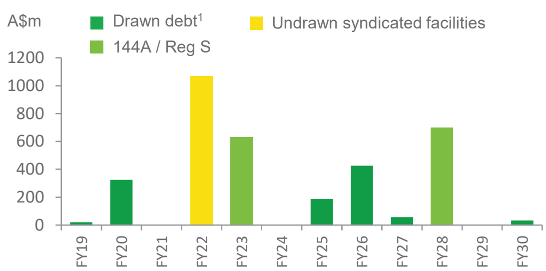
Balance sheet

Maintaining a robust position

Gearing (net debt / net debt + equity), %



Debt maturity profile



- **Net debt of $2.30b** at 31 Dec 2018, down from $2.45b at 30 June 2018, due to sale of US businesses, partially offset by a weaker exchange rate
- Principal debt gearing covenant[2] of 29%, down from 31% at June 2018 (threshold is less than 60%)
- Weighted average debt facility maturity is 5 years
- Net interest cover[3] of 6.1 times, down from 6.6 times at June 2018
- Credit rating BBB/Baa2

Net debt reconciliation, A$m	**1H FY2019**
Opening balance	**(2,453)**
Cash flow	277
Non cash (FX)	(119)
Closing balance	**(2,295)**

1. Consists of syndicated bank debt, US Private Placement notes and Swiss franc notes issued under EMTN program
2. Gross debt / (gross debt + equity)
3. EBIT before significant items / net interest expense

Outlook

Orange Grove Quarry, WA

Boral supplying Envisia concrete to Crown Sydney Barangaroo, NSW[1]

1. Photo supplied by Crown Resorts

Outlook for FY2019

Boral Australia	• ***EBITDA in FY2019 to be broadly similar to prior year (excluding property)*** • FY2019 Property earnings expected to be around \$30m compared with \$63m in FY2018 • Expected industry growth in RHS&B (up 4%) and non-residential demand (up around 7%), offsetting moderating housing construction market. Detached housing starts forecast to be down 7% and multi-residential starts down 20% • Higher volumes, together with business improvement initiatives will contribute to 2H skew • Volume outlook is based on current known schedules for existing and new major projects
Boral North America	• ***EBITDA growth of approximately 15% in US dollars for continuing operations in FY2019*** • Synergies of ~US\$25m in FY2019 • Spring recovery is expected to benefit from March combined with a modest level of continued growth in underlying market demand across end-markets • Growth in fly ash volumes in 2H compared to prior corresponding period, reflecting efforts to increase available supply • Price growth for most products anticipated with margins improving or at least holding
USG Boral	• ***Slightly lower profits in FY2019 compared with FY2018*** • Revised outlook reflects a decline in residential construction activity in South Korea and demand in the Australian business holding up • Year-on-year improvement in earnings is expected to come through in 2H FY2019 including growth in Australia, Indonesia, Thailand and Vietnam • Boral is progressing strategic opportunities for the USG Boral plasterboard business, as announced, but we have assumed there will be no impact in FY2019

Strategic & organisational update

Mike Kane – CEO & Managing Director

USG Boral EasyFinish™

Orange Grove Quarry, WA

USG Boral strategic opportunities

Continuing to assess value-creating growth opportunities for USG Boral

- Executed non-binding term sheets with Knauf to explore forming a new expanded Asia plasterboard JV
- Also considering opportunity to acquire USG Boral's Australasian[1] plasterboard business returning Boral to 100% ownership in that region
- Any transaction with Knauf is subject to valuations, execution of definitive documents and completion of the USG Knauf Merger Agreement
- Contractual arrangements in place to:
  - preserve Boral's call option in the event a transaction is not agreed to with Knauf
  - provide a standstill, while negotiations are continuing, on any potential litigation by Boral against Knauf should Knauf complete its merger with USG before reaching a definitive deal with Boral
- Current valuation process underway with USG for the USG Boral business is continuing
- Boral is under no obligation and will only invest if it is value creating for Boral's shareholders
- Should an investment be made, Boral has a strong preference to use debt and proceeds from asset sales

1. Includes Australia, New Zealand, Papua New Guinea and islands in the South West Pacific

Senior leadership changes

Well positioned around executive capability today and in the future

Operations leadership

New appointment

- **CEO & Managing Director** — *Mike Kane*
  - **Group President Ventures and CFO** (incl. Chair of USG Boral) — *Ros Ng*
    - **CEO USG Boral** — *Frederic de Rougemont*
    - **CEO Meridian Brick** — *Chris Fenwick*
  - **Group President Operations** — *Ross Harper*
    - **President & CEO Boral Australia** — *Wayne Manners*
    - **President & CEO Boral North America** — *David Mariner*

Questions

Osborne Park Concrete Plant, Perth WA

The team at the precast facility, Deer Park Vic

Supplementary information

USG Boral Ensemble ™ at Chancery House, Perth

Boral North America, Saxony Slate Concrete tile and Boral™ Cool Roof System

FY2019 financial considerations

Area	FY2019 implications
Synergies	• Headwaters synergies in year two of US$25m and four year synergy target maintained at US$115m
Corporate costs	• FY2019 to be broadly in line with FY2018
Depreciation & Amortisation	• Group D&A ~A$380-390m in FY2019, including amortisation of acquired intangibles of ~A$60-65m[1]
Capex	• Total Boral capex expected to be ~A$425-450m p.a.
Debt & gearing	• Cost of debt ~ 4.25% to 4.5% p.a. on a broadly steady net debt position • Gearing of 30% within comfort range – expect to reduce in coming years
Headwaters significant items	• Integration costs ~US$90-100m up to end of calendar year 2019 (US$74m reported in FY2017, FY2018 & 1HFY2019)
Taxation	• Effective tax rate projected to be ~ 21-22% in FY2019 • Cash flow benefits of US tax loss carried forward
Dividends & franking	• Franking rates for dividends expected to continue to be partially franked at or around 50% • Dividend Policy: payout ratio ~50-70% of earnings before significant items, subject to Boral's financial position

1. Based on US$44m estimated amortisation of acquired intangibles

Boral Group: snapshot

Australian based, ASX listed international building & construction materials group

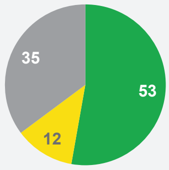
A$5.8b
market capitalisation[1]
S&P/ASX 100 company

17
countries

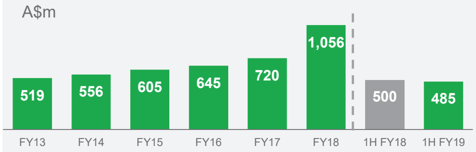
~670
operating sites[2]

17,098
employees[3]

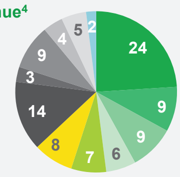
1H FY2019 revenue by division[4], %



EBITDA[5]
A$m



Boral 1H FY2019 revenue[4] by end-market, %



1. As at 22 February 2019
2. As at 30 June 2018, adjusted for the sale of Block
3. Full-time equivalent employees, including in joint ventures, as at 31 December 2018
4. Includes Boral's 50% share of underlying revenue from USG Boral and Meridian Brick joint ventures, which are not included in Group reported revenue and excludes discontinued operations
5. Excluding significant items
6. RHS&B: Roads, highways, subdivisions & bridges

Our strategic priorities

1 BORAL AUSTRALIA

Deliver further gains and maintain leading positions

- Leverage our diverse markets with multi-year growth in major roads and infrastructure
- Strengthen our leading position in Australia through quarry and plant network reinvestments
- Margin growth through customer, commercial and operational excellence

2 BORAL NORTH AMERICA

Deliver synergy benefits, transformation and growth

- Headwaters acquisition is delivering substantial growth and expected to drive ROFE improvement
- Shift from high fixed cost capital intensive to variable cost model to better perform through cycles
- Further growth through market recovery, innovation and fly ash growth strategy
- Acquisition synergies of US$14m delivered in 1H FY19; on track to deliver four-year target of US$115m

3 USG BORAL

Deliver long term growth and maximise strategic opportunities

- Improve business through additional capacity and next gen Sheetrock®
- Respond to cyclical demand changes and competitive pressures
- Create value through strategic growth opportunities for USG Boral

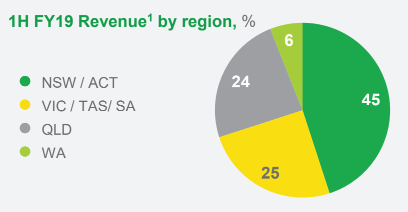
4 BORAL GROUP

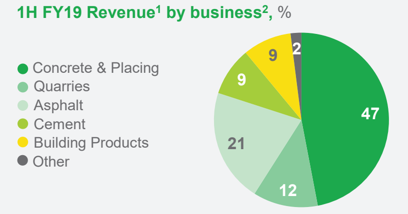
Maintain a strong balance sheet and flexibility to fund growth

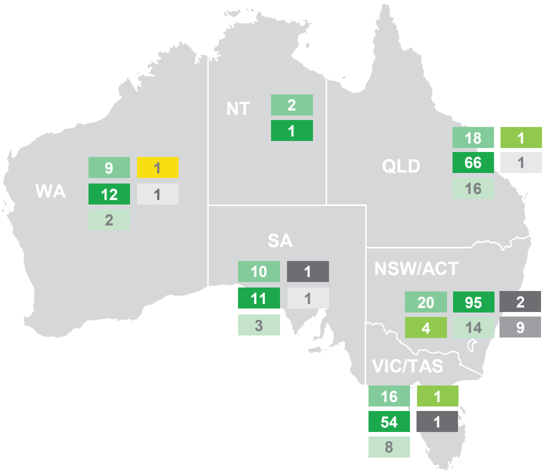
- At 31 December 2018, gearing (net debt / net debt + equity) of 28%
- Boral's principal debt gearing covenant well within threshold
- Rating agency affirmed credit rating BBB/Baa2
- Committed acquisition debt facility available on exercise of strategic opportunities for USG Boral

Boral Australia

Diversified geographic exposure across construction materials







402 operating sites[3]

Quarries	75
Concrete	239
Asphalt	43
Cement[4]	6
Bricks WA	1
Roof tiles	4
Timber[5]	9
Masonry	3

1. Boral Australia external revenue for the 6 months ended 31 December 2018
2. Other includes Transport, Landfill and Property revenues
3. As at 30 June 2018. Includes 22 clay pits, transport, recycling and R&D sites. Concrete sites include mobile plants. Excludes mothballed plants
4. Includes cement manufacturing, grinding, bagging and lime plants in NSW, a clinker grinding plant in Victoria and a clinker grinding JV in Queensland
5. Includes eight Boral Hardwood mills and one JV Softwood operation

Boral Australia

Vertically integrated positions in key markets, especially in strong East Coast markets

Cement
- >70% manufactured clinker, ~30% imported
- 1.5m tonne p.a. clinker kiln capacity and ~4m tonne p.a. cement grinding capacity[1]

Quarries (all product types)
- >30m tonnes p.a.
- Close to 1b tonnes total reserves with ~20-50 years reserves in key metro quarries

Bitumen
BIA JV

~ 50-60% Cement volumes sold internally to Concrete[2]

~40-50% Quarry volumes sold internally to Concrete[2,3]

~5-15% Quarry volumes sold internally to Asphalt[2,3]

~35% of bitumen supplied by BIA JV plants[2]

Concrete
- ~7m m^3 p.a.
- Per m^3 concrete:
  - ~0.3t cementitious material
  - ~1.0t aggregates
  - ~0.9t sand

~35-55% Quarry volumes sold externally[2]

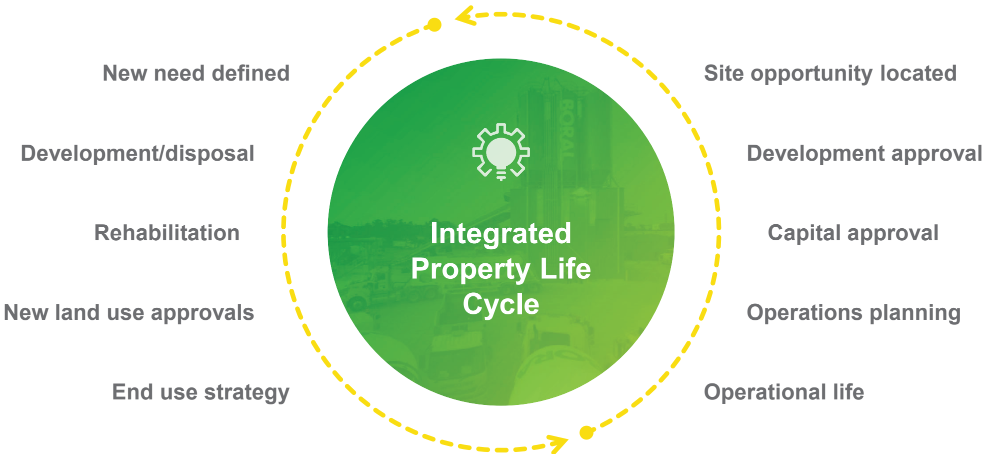
Asphalt
- >2m tonnes of asphalt p.a.
- Per tonne asphalt
  - ~0.055t bitumen
  - ~0.7t aggregates
  - ~0.2t sand

End Customer

1. Includes Boral's share of 1.5m tonnes of grinding capacity in 50% owned Sunstate Cement JV
2. Based on long-term historical average
3. For sand and aggregates only

Boral Australia

Property is managed as an integrated and ongoing feature of the business



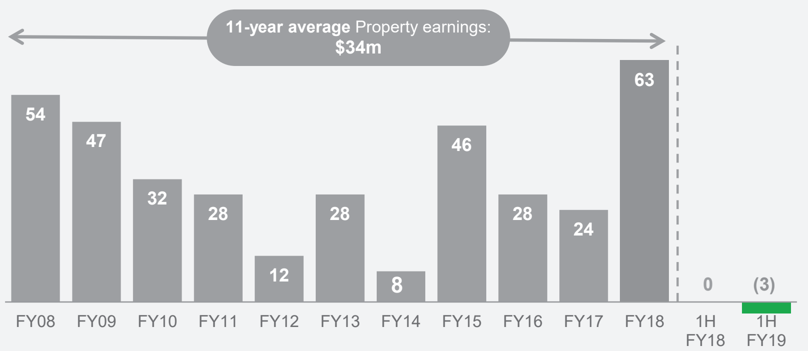
Boral Australia

Boral has a strong track record of maximising returns from property assets

Property earnings

- Earnings secured through multi-year developments and smaller sales of surplus land
- Portfolio rationalisation, asset relocations and operational consolidations have released valuable land opportunities
- Sales values optimised through a variety of value added options including the rezoning of land for residential or industrial purposes
- **Guidance of ~$30m in FY2019**

Property EBIT[1],
A$m

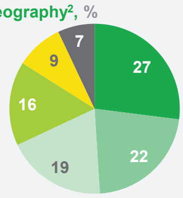


1. Excluding signficant items. FY08 – FY10 includes earnings from significant multi-year developments at Moorebank and Nelsons Ridge, and initial earnings from Landfill business

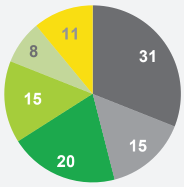
Boral North America

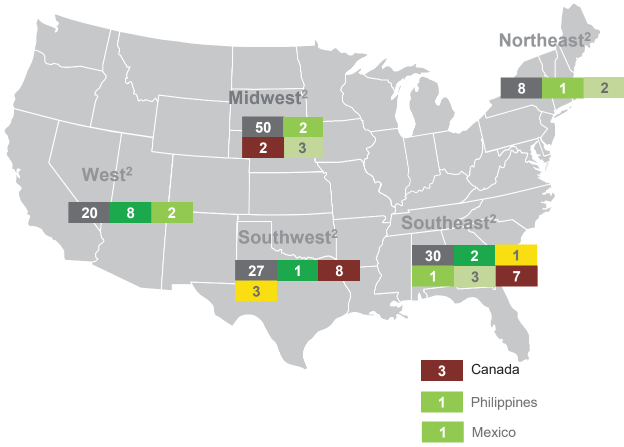
Strong national networks in building products and fly ash

1H FY2019 Revenue[1] by geography[2], %



1H FY2019 Revenue[1] by business, %





222 operating sites[3]

Fly ash	122
Roofing	11
Stone	9
Light Building Products	8
Windows	4
Meridian Brick	20

1. Based on external revenue, including Boral's 50% share of Meridian Brick JV revenue, which is not included in reported revenue
2. Southeast – AL, FL, GA, KY, MS, NC, SC, TN, VA, WV; Southwest – AR, LA, OK, TX; West – AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY; Midwest – IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI; Northeast - CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT.
3. As at 30 June 2018, adjusted for sale of Block. Includes 44 clay mines and four R&D sites. Excludes mothballed plants

Meridian Brick joint venture update

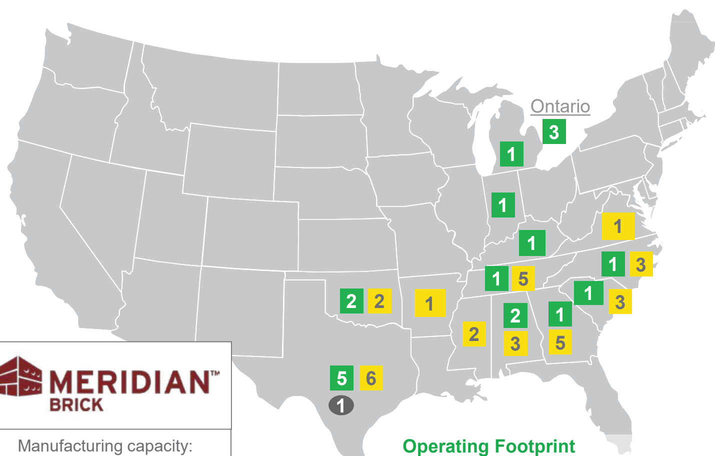
Underlying result

US$m	1H FY2019	1H FY2018
Revenue	188	202
EBITDA[1]	13	11

- Brick volumes lower, reflecting smaller distribution network following prior period manufacturing and distribution asset closures, softer market demand in Canada, weather impacts as well as a continued decline in brick intensity
- Revenue benefited from solid price gains and modest increase in resale revenues

MERIDIAN™ BRICK

Manufacturing capacity: **~1,778 million standard brick equivalent (SBE)** including ~286m SBE idle capacity



Operating Footprint
(number of operations at Feb 2019)

19	Clay Bricks
1	Concrete Bricks
31	Building Products Distribution Centres

1. Excluding significant items and impact of holding costs of closed sites

Headwaters acquisition synergies

Significant synergies as a result of highly complementary businesses

Synergy drivers by business, US$		Delivered in FY2018	Cumulative Delivered 1H FY2019	Updated target within 4 years, pa
Corporate – *incl. executive headcount, public company costs, procurement*		**$9.5m**	**$11.6m**	>$19m
Fly Ash	**Sub-total**	**$11.5m**	**$14.7m**	>$20m
■ Ash supply / network optimisation / logistics				
■ Procurement				
■ Sales coverage expansion & high value product growth – *Boral faces local supply constraints in some locations, HW has ability to supply*				
■ Organisational efficiencies – *e.g. consolidating finance systems and overlapping sales coverage, engineering support and operations*				
■ Other *including technology / R&D*				
Stone	**Sub-total**	**($1.9m)[1]**	**$0.3m**	>$29m
■ Plant network optimisation				
■ Sales coverage				
■ Procurement				
■ Manufacturing equipment				
■ Other including organisational efficiencies				

CONTINUED OVER PAGE

1. Recognises the impact of share loss as a result of the acquisition

Headwaters acquisition synergies

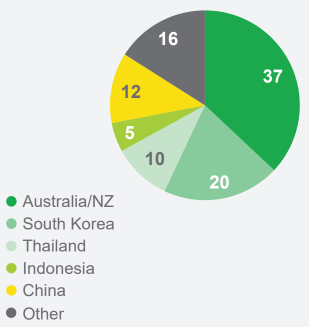
Significant synergies as a result of highly complementary businesses

Synergy drivers by business, US$		Delivered in FY2018	Cumulative Delivered 1H FY2019	Updated target within 4 years, pa
Roofing	**Sub-total**	**$7.9m**	**$12.4m**	>$27m
■ Procurement				
■ Cross-selling portfolio – *e.g. re-sale products account for ~20% of Boral's Roofing sales, while Headwaters has minimal exposure*				
■ Manufacturing & network optimisation				
■ Manufacturing efficiencies				
■ Other including organisational efficiencies				
Light Building Products	**Sub-total**	**$10.7m**	**$12.4m**	>$15m
■ Procurement				
■ Sales coverage, cross selling, retail presence				
■ Organisational efficiencies				
■ Other				
Other: including Block & Windows	**Sub-total**	**$1.3m**	**$1.3m**	>$5m
	Total	**$39m**	**$52.7m**	**$115m**

USG Boral

50%-owned joint venture in Australasia, Asia & Middle East

1H FY2019 External revenue[1], %



Operating Footprint
(number of operating sites[2])

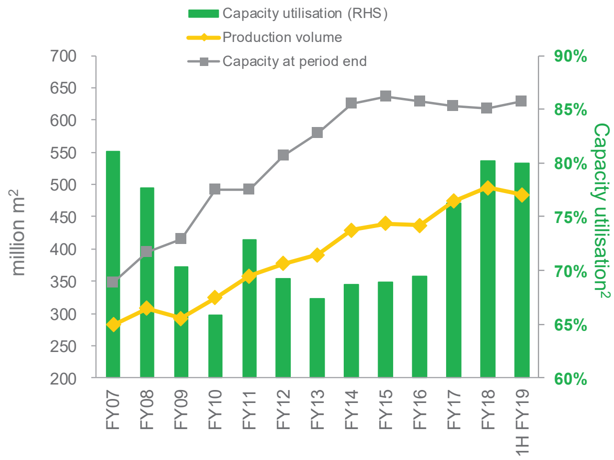
- 18 **Plasterboard plants**
  628m m² capacity[3]
  23 board lines / 6 ceiling lines
- 3 **Gypsum mines**
- 29 **Other plants[4,5]**

1. Based on split of underlying revenue for USG Boral. USG Boral's revenue is not reported in Boral's income statement as this 50% investment is equity accounted
2. As at 31 December 2018. Certain manufacturing facilities and gypsum mines are held in joint venture with third parties
3. Excludes capacity under construction in India and Vietnam
4. Production of plasterboard and other products may be at the same physical location
5. Other plants include mineral fibre ceiling tile, metal ceiling grid, metal products, joint compounds, mineral wool and cornice production

USG Boral

5% CAGR in plasterboard volumes and strong capacity utilisation

USG Boral plasterboard capacity utilisation and production volume[1]

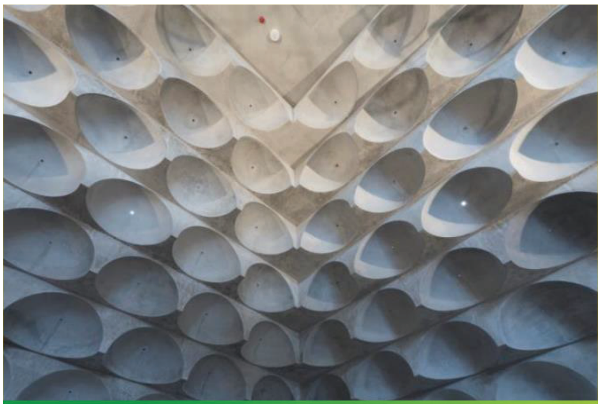


- Average **capacity utilisation of ~80%** across network in 1H FY19, steady on FY18[1]
- Plasterboard production volume **CAGR[3] of 5%** p.a. (including Aus/NZ) since FY07

1. Includes plasterboard and gypsum ceiling tile volumes
2. Based on total production capacity at period end. Annualised for 1H FY2019
3. Compound annual growth rate

Market data & forecasts – Australia

Redbank Plains concrete batch plant, Qld

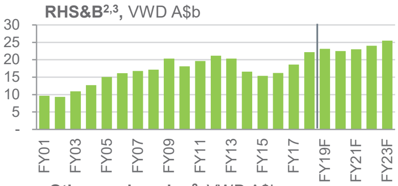


ENVISIA® Concrete used at the Punchbowl Mosque in Sydney, NSW

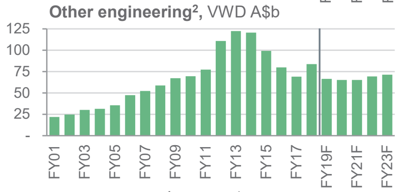
Boral Australia's markets

Revenues are derived from various market segments

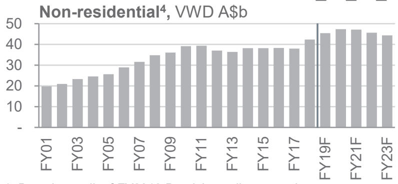
RHS&B[2,3], VWD A$b



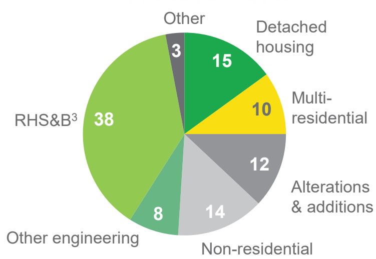
Other engineering[2], VWD A$b



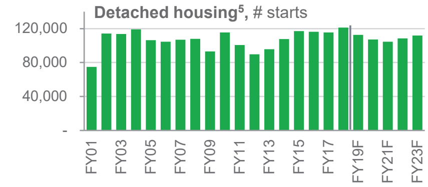
Non-residential[4], VWD A$b



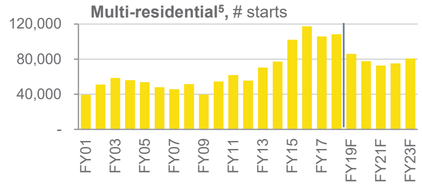
1H FY2019 External revenue by end-market[1]**, %**



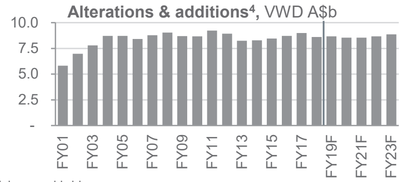
Detached housing[5], # starts



Multi-residential[5], # starts



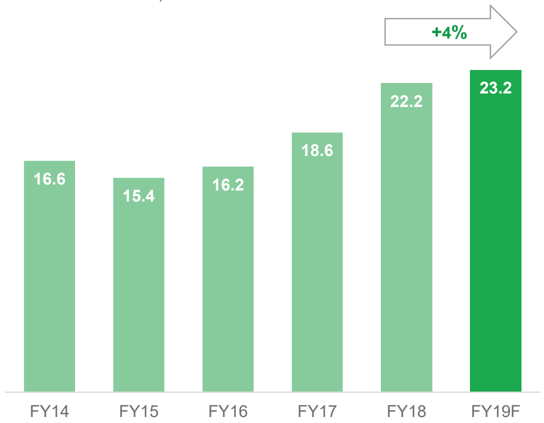
Alterations & additions[4], VWD A$b



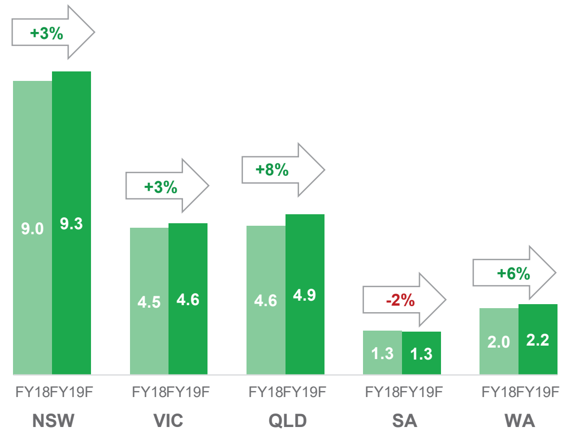
1. Based on split of FY2018 Boral Australia external revenues
2. Source: ABS, BIS Oxford Economics and Macromonitor forecasts, constant 2016/17 dollars
3. Roads, highways, subdivisions and bridges
4. Source: ABS, Macromonitor forecasts, constant 2016/17 dollars
5. Source: ABS, BIS Oxford Economics, Macromonitor and HIA forecasts

Australian RHS&B activity

RHS&B[1]
(value of work done, $b)



RHS&B[1], by state
FY2019f v FY2018 (value of work done, $b)

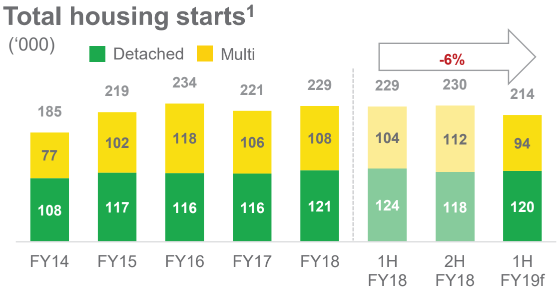


1. RHS&B refers to roads, highways, subdivisions and bridges. Source: ABS, average of BIS Oxford Economics and Macromonitor forecasts, 2016/17 constant prices

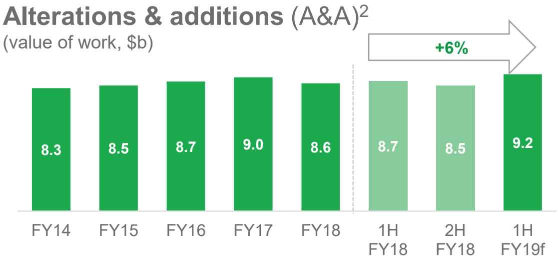
Australian residential construction remains strong

Housing starts are at historically high levels, though have started to decline

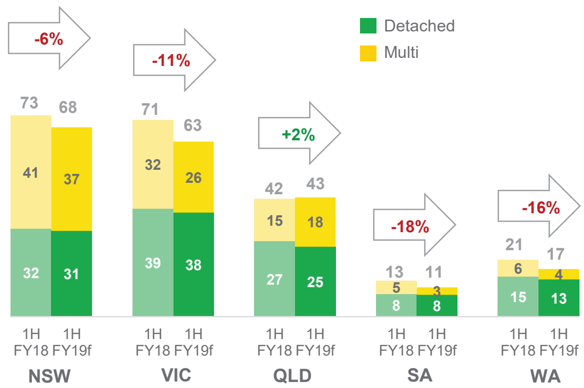
Total housing starts[1]
('000)



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



Housing starts – by state[1]
1H FY2019f vs 1H FY2018 ('000)



1. Original series housing starts from ABS to Sep-18 quarter. Average of BIS Oxford Economics, Macromonitor and HIA forecast for Dec-18 quarter. Six monthly data annualised
2. Original series (constant 2016/17 prices) from ABS. Average of BIS Shrapnel and Macromonitor forecast for Dec-18 quarter. Six monthly data annualised

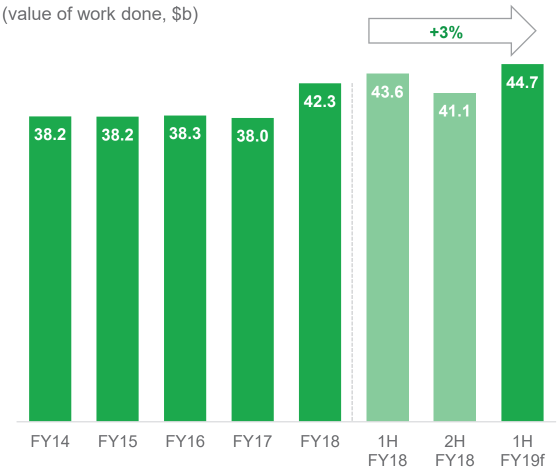
Figures may not add due to rounding

Australian non-residential activity continuing growth

Further growth expected in most regions

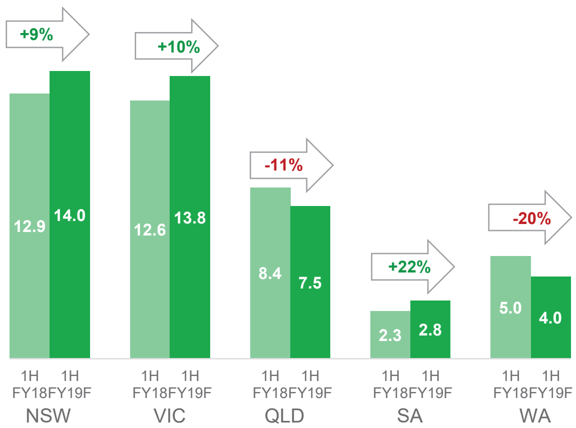
Non-residential[1]

(value of work done, $b)



Non-residential – by state[1]

1H FY2019f v 1H FY2018 (value of work done, $b)



1. Original series (constant 2016/17 prices) from ABS to Sep-18 quarter. Average of BIS Oxford Economics and Macromonitor forecast for December 2018 quarter. Six monthly data annualised

Boral's largest projects and potential pipeline

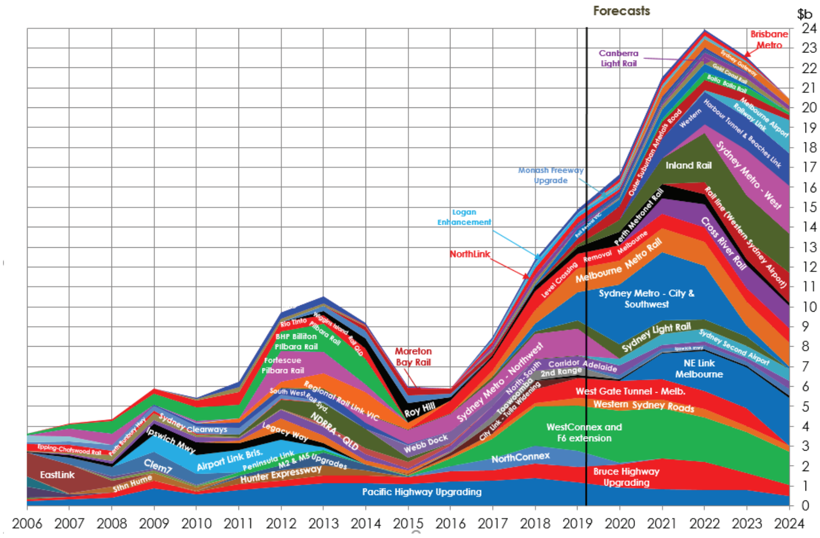
Project completion	Status
Barangaroo – Crown Casino, NSW Bringelly Road – Stage 1, NSW Forrestfield Airport Link Part 1, WA Geraldton Airport, WA Logan Motorway – Enhancement Works, Qld NorthConnex, NSW Northern Beaches Hospital, NSW Pacific Motorway, M1 M3 Merge	Estimated completion 2019
Cairns Southern Access Corridor – Stage 4 Kingsford Smith Drive, Qld Northern Road Stage 2 & 3, NSW North–South Corridor Adelaide, SA Pacific Highway W2B various sections, NSW Pacific Motorway M2VL Sydney Metro (City/SW precast), NSW	Estimated completion 2020
Melbourne Metro Rail Project (precast), Vic Westgate Tunnel segments Benalla, Vic	Estimated completion 2021

Projects under tender	Status
Barangaroo – One Sydney Harbour Basement Capricorn Highway, Qld Cross River Rail, Qld Haughton River Bridge, Qld Inland Rail Project Parks to Narromine, NSW Northfolk Island Airport 2018, Qld Northern Road Stage 2 & 3, NSW RAAF – East Sale, Vic Smithfield Transport Corridor, Qld Sydney Metro O/S, NSW Warrego Highway – Safety Upgrade, Qld WestConnex – Stage 3A & 3B, NSW West Gate Tunnel, Vic Western Sydney Airport, NSW	Currently tendering
Melbourne Third Runway, VIC Snowy Hydro 2.0, NSW	Pre-tendering

BORAL®

Australian major transport projects pipeline

Value of work done (for years ending June) (A$b)



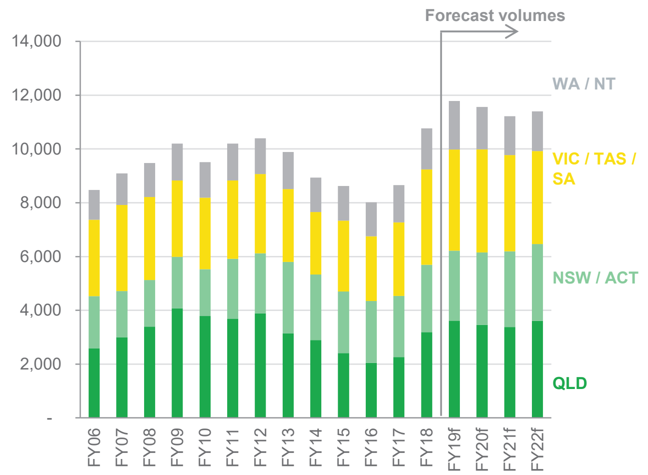
1. Chart prepared exclusively by Macromonitor based on publicly available data. Boral has not independently verified either the historical data or forecasts. Chart shows financial years and projects with total value >A$500m only
2. Forecast spending represents Macromonitor's indicative estimation of likely spending based on currently available information. There can be no assurance that actual results will be as forecasted and such differences can be material. There can be no assurance regarding the proportion of forecast project spending that represents requirements for which Boral is a potential supplier, or that Boral will be successful in generating revenue from any of these projects

BORAL®

Asphalt demand in Australia

Industry demand forecast to increase and remain at high levels

Macromonitor forecast[1] asphalt demand across all Australian construction markets
('000) tonne[3]



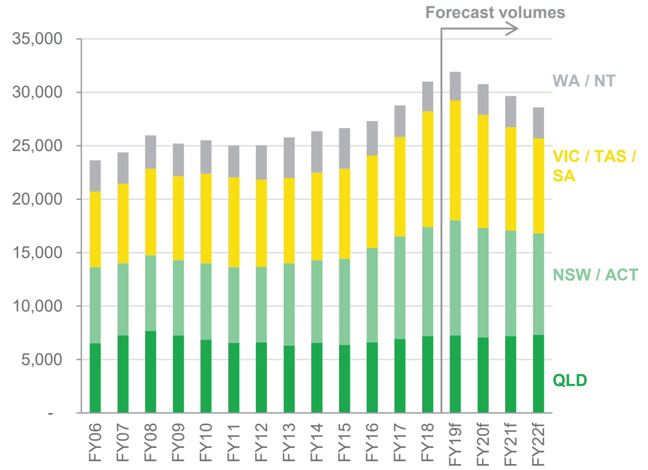
- **Total asphalt volumes forecast to grow in FY19 and remain at high levels to at least FY2022**
  - ~1.4% CAGR[2] in asphalt volumes forecast FY2018 to FY2022 after strong lift in FY2018
  - Forecast demand growth across most states, underpinned by major roads infrastructure[3]

1. Source: Macromonitor, Construction Materials forecast, November 2018 estimates
2. Compound annual growth rate
3. Roads, highways, subdivisions & bridges

Concrete demand in Australia

Industry demand forecast to remain at high levels

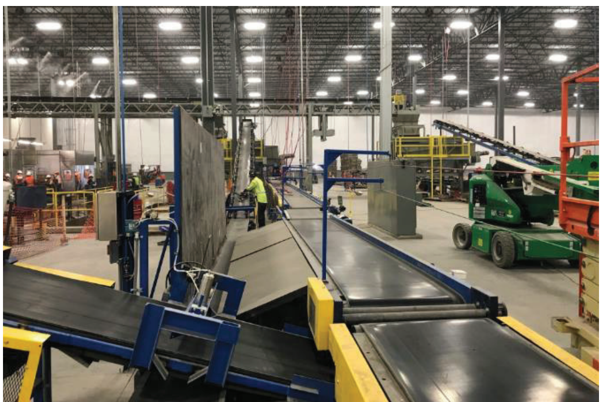
Macromonitor forecast[1] pre mix concrete demand across all Australian construction markets
('000) m^3



- **Total concrete volumes forecast to grow in FY2019 before moderating back to FY2017 levels by FY2022**
  - ~ (2%) CAGR[2] in concrete volumes forecast FY2018 to FY2022 after strong lift in FY2018
  - Near term growth in RHS&B[3] and non-residential building activity forecast to offset softening multi-residential activity

1. Source: Macromonitor, Construction Materials forecast, November 2018 estimates
2. Compound annual growth rate
3. Roads, highways, subdivisions & bridges

Market data & forecasts – USA



The new Eldorado Stone plant in Greencastle, Pennsylvania

Boral North America, Eldorado and Cultured Stone®

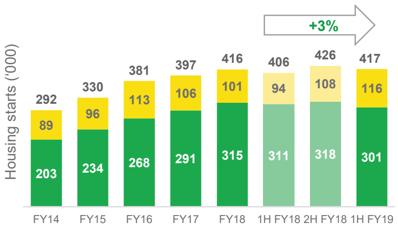
US housing starts by region

Southeast, Southwest and Northeast regions continue to grow

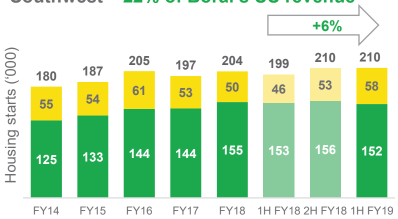
Multi Family

Single Family

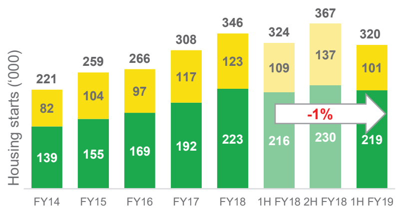
Southeast – 27% of Boral's US revenue[1,2]



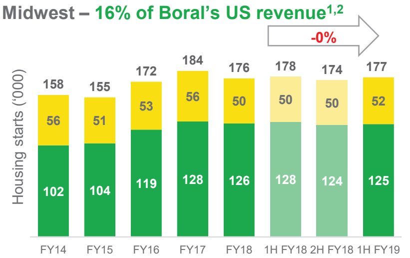
Southwest – 22% of Boral's US revenue[1,2]



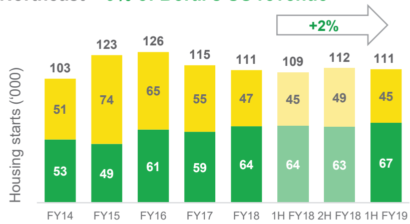
West – 19% of Boral's US revenue[1,2]



Midwest – 16% of Boral's US revenue[1,2]



Northeast – 9% of Boral's US revenue[1,2]

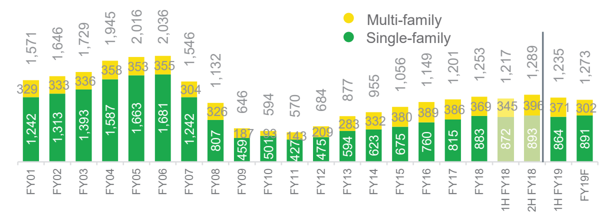


1. Source: US Census seasonally adjusted annualised housing starts
2. Based on 1H FY2019 external revenue, including Boral's 50% share of Meridian Brick JV revenue, which is not included in reported revenue.
   Southeast – AL, FL, GA, KY, MS, NC, SC, TN, VA, WV; Southwest – AR, LA, OK, TX; West – AK, AZ, CA, CO, HI, ID, MT, NM, NV, OR, UT, WA, WY; Midwest – IA, IL, IN, KS, MI, MN, MO, ND, NE, OH, SD, WI; Northeast - CT, DC, DE, MA, MD, ME, NH, NJ, NY, PA, RI, VT; international sales comprise the remainder of the revenue split

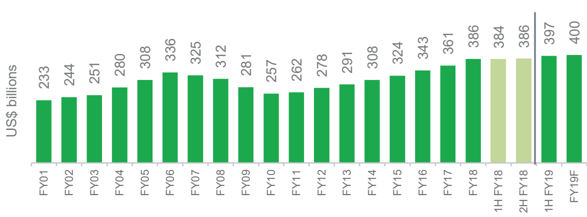
Boral North America markets

Solid outlook across all market segments

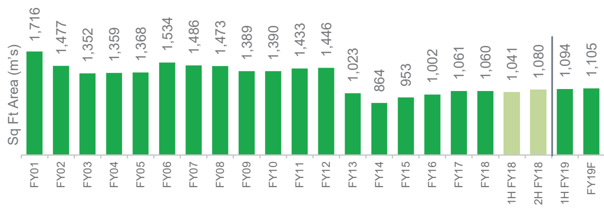
USA new residential: 47% of BNA revenue[1]



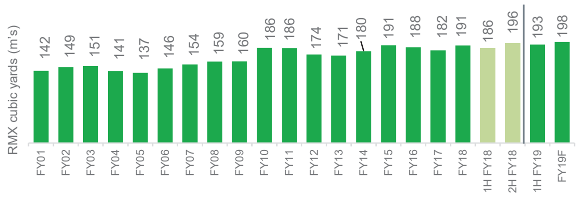
USA repair & remodel: 26% of BNA revenue[2]



USA non-residential: 13% of BNA revenue[3]



USA infrastructure: 14% of BNA revenue[4]



1. Source: US Census seasonally adjusted annualised housing starts. Forecasts based on an average of analysts' forecasts sourced from NAHB, MBA, Wells Fargo, NAR, Fannie Mae and Freddie Mac
2. Source: Moody's Retail Sales of Building Products
3. Source: Dodge Data & Analytics, Non-Residential Area
4. Source: Dodge Data & Analytics, Infrastructure Ready Mix Demand

Financial data

Boral North America, Eldorado Stone®

Boral Australia Innovation Factory, Maldon NSW

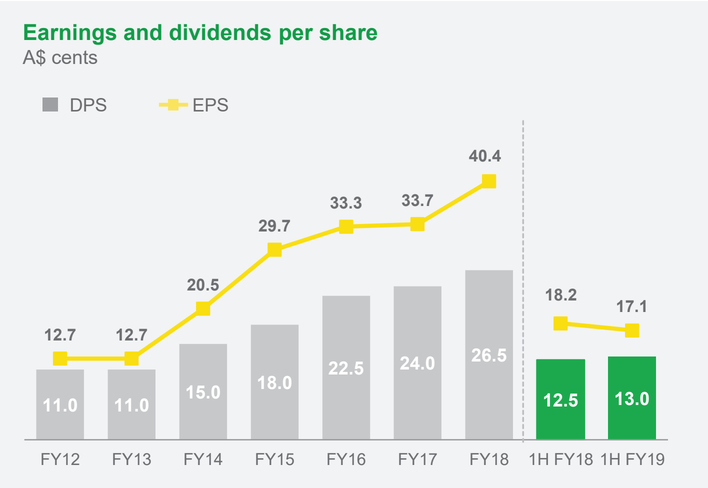
1H FY2019 segment revenue, EBITDA and EBIT

	External revenue, A$m		EBITDA[3], A$m		EBIT[3], A$m	
	1H FY2019	1H FY2018	1H FY2019	1H FY2018	1H FY2019	1H FY2018
Boral Australia	1,825	1,804	271	294	168	194
USG Boral[1]	–	–	25	38	25	38
Boral North America	1,104	994	196	165	115	90
Discontinued Operations[2]	62	138	4	19	-	11
Corporate	–	–	(10)	(17)	(10)	(17)
Total	**2,990**	**2,937**	**485**	**500**	**297**	**316**

1. Represents Boral's 50% post-tax equity accounted income from the USG Boral joint venture
2. Discontinued Operations includes Denver Construction Materials and US Block which were disposed during the period
3. Excluding significant items

(Figures may not add due to rounding)

Earnings and dividends per share



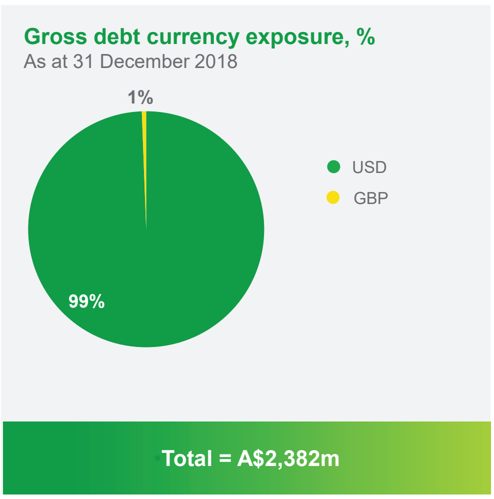
EPS[1] of 17.1 cents, down 6%

EPSA[1] of 19.1 cents, down 6%

- **Interim dividend of 13 cents per share (50% franked), for a half year, an increase of 4% over the prior period**
- **Dividend payout ratio of 76%**

1. Refer to slides 59-60 for reconciliation and explanation of these items

Debt profile



Debt facilities, A$m	1H FY2019	FY2018
US Private Placement Notes	811	772
Swiss Franc notes[1]	217	204
Syndicated bank loan[2]	-	260
US 144A / Reg S Senior Notes	1,330	1,261
Other	24	30
Gross debt	**2,382**	**2,527**
Net debt	**2,295**	**2,453**

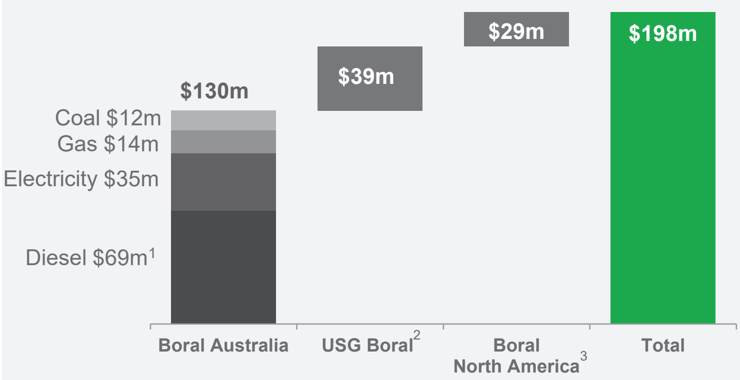
1. Issued under EMTN program. Swapped to USD
2. AUD drawn bank loans

US tax loss summary

Tax losses US$m	Gross value	Tax effected value
Recognised on balance sheet	481	124
Unrecognised	136	35
Total	**617**	**159**

Boral's energy and fuel costs

Total energy and fuel costs – 1H FY2019
A$m



- **FY2019 energy costs impacts:**
  - Expect $10-$15m cost increase impact in energy and fuel prices in Boral Australia in 2H FY2019
  - Expect inflationary increases in Boral North America and USG Boral

1. Gross of fuel tax rebates
2. Based on 50% of USG Boral's energy and fuel costs, reflecting Boral's 50% equity interest in the joint venture
3. Includes 50% of Meridian Brick JV's energy and fuel costs

Non-IFRS information

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 6 of the Half Year Financial Report and relate to amounts of income and expense that are associated with significant business restructuring, business disposals, impairment or individual transactions.

A reconciliation of these non-IFRS measures to reported statutory profit is detailed on the next page.

The USG Boral division commentary also includes a non-IFRS measure of underlying results excluding significant items, representing the six months trading results to assist users to better understand the trading results of this division.

The results announcement has not been subject to review or audit, however it contains disclosures which are extracted or derived from the Half Year Financial Report for the half year ended 31 December 2018. This Half Year Financial Report for the year ended 31 December 2018 is prepared in accordance with the ASX listing rules and should be read in conjunction with any announcements to the market made by the Group during the year.

Non-IFRS information (continued)

A reconciliation of non-IFRS measures to reported statutory profit is detailed below:

A$m	Before sig. items	Significant items	Reported Result	Continuing operations	Discontinued operations	Total
Sales revenue	2,990.3	-	2,990.3	2,928.8	61.5	2,990.3
Profit before depreciation, amortisation, interest & tax, EBITDA	**485.1**	**52.7**	**537.8**	**468.4**	**69.4**	**537.8**
Depreciation & amortisation, excl amortisation of acquired intangibles	(156.4)	-	(156.4)	(154.5)	(1.9)	(156.4)
Profit before amortisation of acquired intangibles, interest & tax, EBITA	**328.7**	**52.7**	**381.4**	**313.9**	**67.5**	**381.4**
Amortisation of acquired intangibles	(31.6)	-	(31.6)	(29.3)	(2.3)	(31.6)
Profit before interest & income tax, EBIT	**297.1**	**52.7**	**349.8**	**284.6**	**65.2**	**349.8**
Interest	(48.8)	-	(48.8)	(48.8)	-	(48.8)
Profit before tax, PBT	**248.3**	**52.7**	**301.0**	**235.8**	**65.2**	**301.0**
Tax benefit / (expense)	(48.1)	(16.4)	(64.5)	(45.4)	(19.1)	(64.5)
Net profit after tax, NPAT	**200.2**	**36.3**	**236.5**	**190.4**	**46.1**	**236.5**
Add back: Amortisation of acquired intangibles	31.6					
Less: Tax effect of amortisation of acquired intangibles	(8.1)					
Net profit after tax & before amortisation of acquired intangibles, NPATA	**223.7**					
Basic earnings per share, EPS[1]	**17.1**		**20.2**			
Basic EPS before amortisation of acquired intangibles, EPSA[1]	**19.1**					

1. Based on weighted average number of shares on issue of 1,172,331,924

Disclaimer

The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 25 February 2019. It is provided in summary form and does not purport to be complete. It should be read in conjunction with the Group's periodic reporting and other announcements lodged with the Australian Securities Exchange (ASX).

To the extent that this document may contain forward-looking statements, such statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release.

This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.