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6 November 2019

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

Dear Sir

**AGM Slides including 1Q Trading & FY2020 Outlook**

We attach copies of slides being shown during the Addresses at the Company's Annual General Meeting which commences at 10:30 am today.

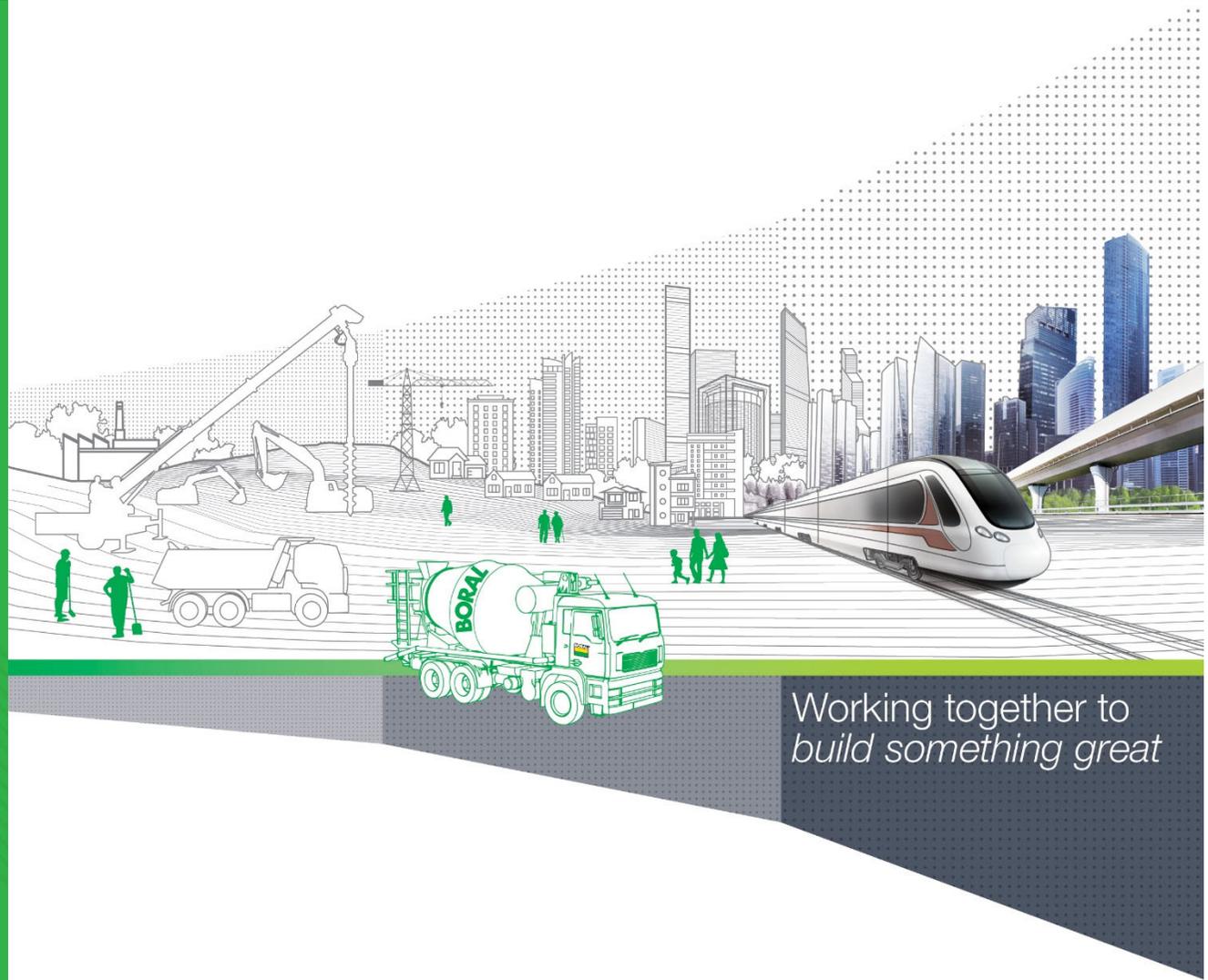
Yours faithfully

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

Dominic Millgate  
**Company Secretary**

# Annual General Meeting

Sydney  
6 November 2019



Working together to  
*build something great*

# Board of Directors



**Kathryn Fagg**  
Non-executive  
Chairman



**Mike Kane**  
CEO & Managing  
Director



**Peter Alexander**  
Non-executive Director



**Dr Eileen Doyle**  
Non-executive Director



**John Marlay**  
Non-executive Director



**Karen Moses**  
Non-executive Director



**Paul Rayner**  
Non-executive Director



## Executive Committee



**Mike Kane**  
CEO & Managing  
Director



**Rosaline Ng**  
Group President  
Ventures & CFO



**Ross Harper**  
Group President  
Operations



**Wayne Manners**  
President & CEO,  
Boral Australia



**David Mariner**  
President & CEO,  
Boral North America



**Frederic de  
Rougemont**  
CEO, USG Boral



**Linda Coates**  
Group Human  
Resources Director



**Kylie FitzGerald**  
Group  
Communications &  
Investor Relations  
Director



**Dominic Millgate**  
Company Secretary



**Damien Sullivan**  
Group General  
Counsel



# Chairman's address

Kathryn Fagg

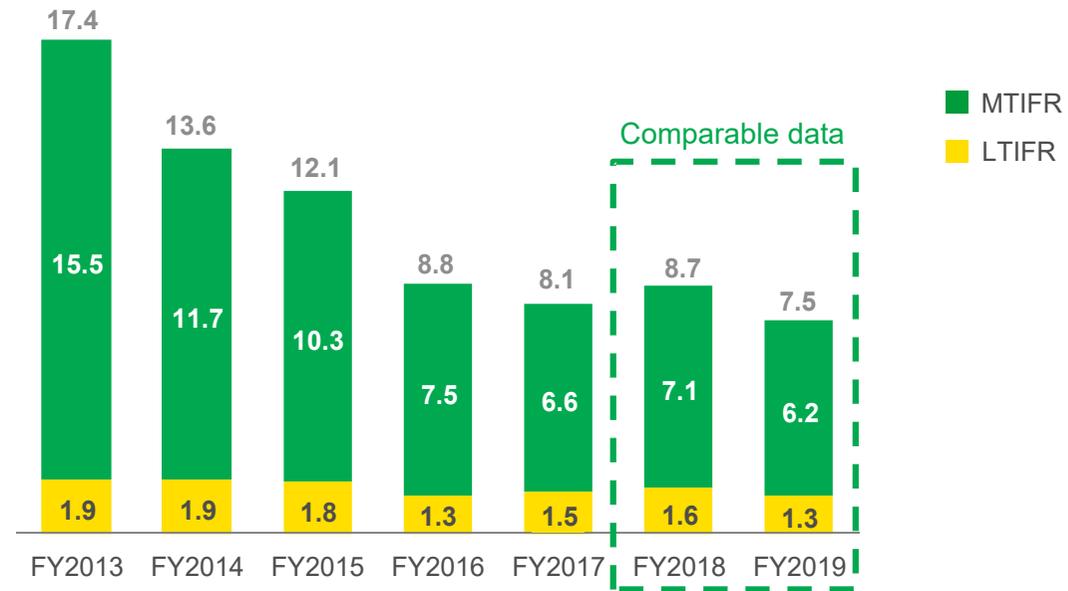


## Safety performance

Employee and contractor recordable injury frequency rate<sup>1</sup> of 7.5, a 14% improvement on the prior year

### Employee and contractor RIFR<sup>1</sup>

(per million hours worked)



1. Recordable injury frequency rate (RIFR) is the combined lost time injury frequency rate (LTIFR) and medical treatment injury frequency rate (MTIFR). Per million hours worked for employees and contractors in 100% owned businesses including Headwaters, and all joint ventures businesses regardless of equity interest from FY2018 onwards. Data for prior years only includes 50% owned joint ventures and excludes Headwaters



## FY2019 financial results

Delivering improved earnings from continuing operations

### FY2019 vs FY2018

REVENUE<sup>1,2</sup>

**\$5,801m**



4%

ROFE<sup>3</sup>

**8.2%**



from

**8.4%**

EBITDA<sup>1,2</sup>

**\$1,033m**



2%

Year-four synergy target

**US\$115m**

**On track**

Net profit after tax<sup>2</sup>

**\$440m**



7%

Full year dividend

**26.5 cents**

**steady**

1. Excluding discontinued operations

2. Excluding significant items

3. Return on funds employed (ROFE) is based on EBIT before significant items on funds employed at period end

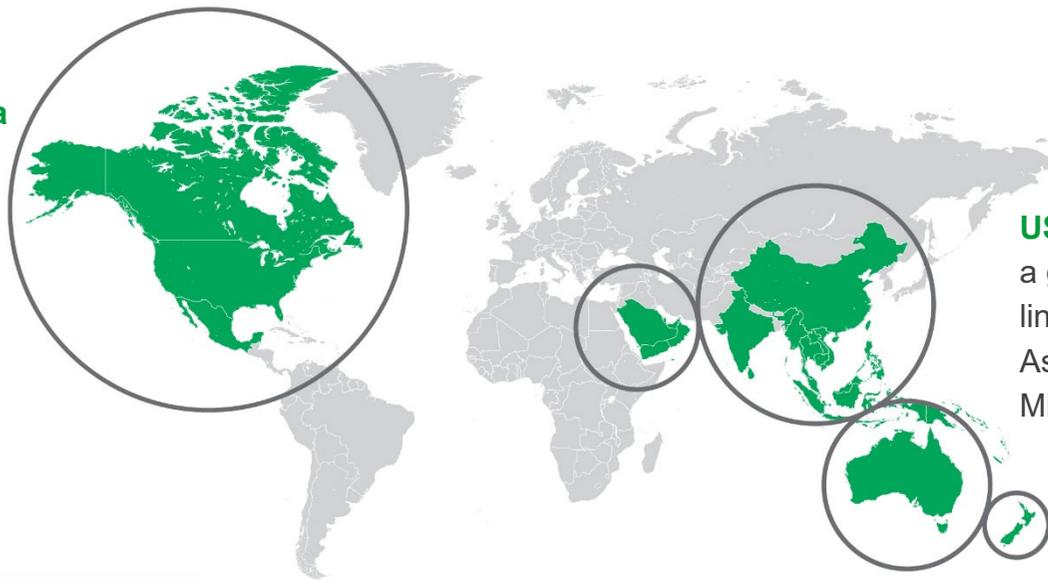


## Boral's purpose is to help our customers *build something great*

Our key strategic objective is to deliver shareholder returns that exceed the cost of capital through the cycle

### Boral North America

a leading supplier of building products and largest fly ash marketer in the USA



### USG Boral

a gypsum-based, interior linings product leader in Asia, Australasia and the Middle East

### Boral Australia

a leading, vertically integrated construction materials player supplying residential, non-residential and infrastructure construction markets



**17**  
countries



**672**  
operating sites



**154**  
distribution sites



**17,104**  
total employees  
(including JVs)



**~9,400**  
contractors  
(including JVs)

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# 2019 Sustainability reporting and performance



## Reporting and disclosures

- Updated materiality review undertaken
- Reporting UN Sustainable Development Goals we can most significantly impact
- Climate-related impacts more comprehensively addressed in line with TCFD
- Enhanced approach to assessing modern slavery risk

## FY2019 highlights

- ✓ 14% improvement in RIFR
- ✓ A further 7% reduction in Scope 1 & 2 emissions and emissions intensity
- ✓ Since 2012 energy use and CO<sub>2</sub>-e emissions reduced by 27% and 32% respectively
- ✓ 10% of revenue from lower carbon, high-recycled-content products
- ✓ Increased representation of women
- ✓ Pay equity 1:1 in Boral Australia

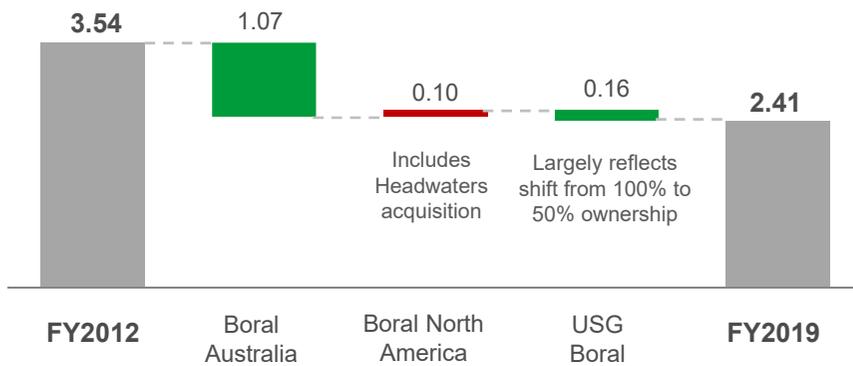


FTSE4Good

## Building a sustainable business

Our environmental sustainability is embedded in Boral's business strategy

### Boral's Scope 1 & 2 GHG emissions, million tonnes CO<sub>2</sub>-e

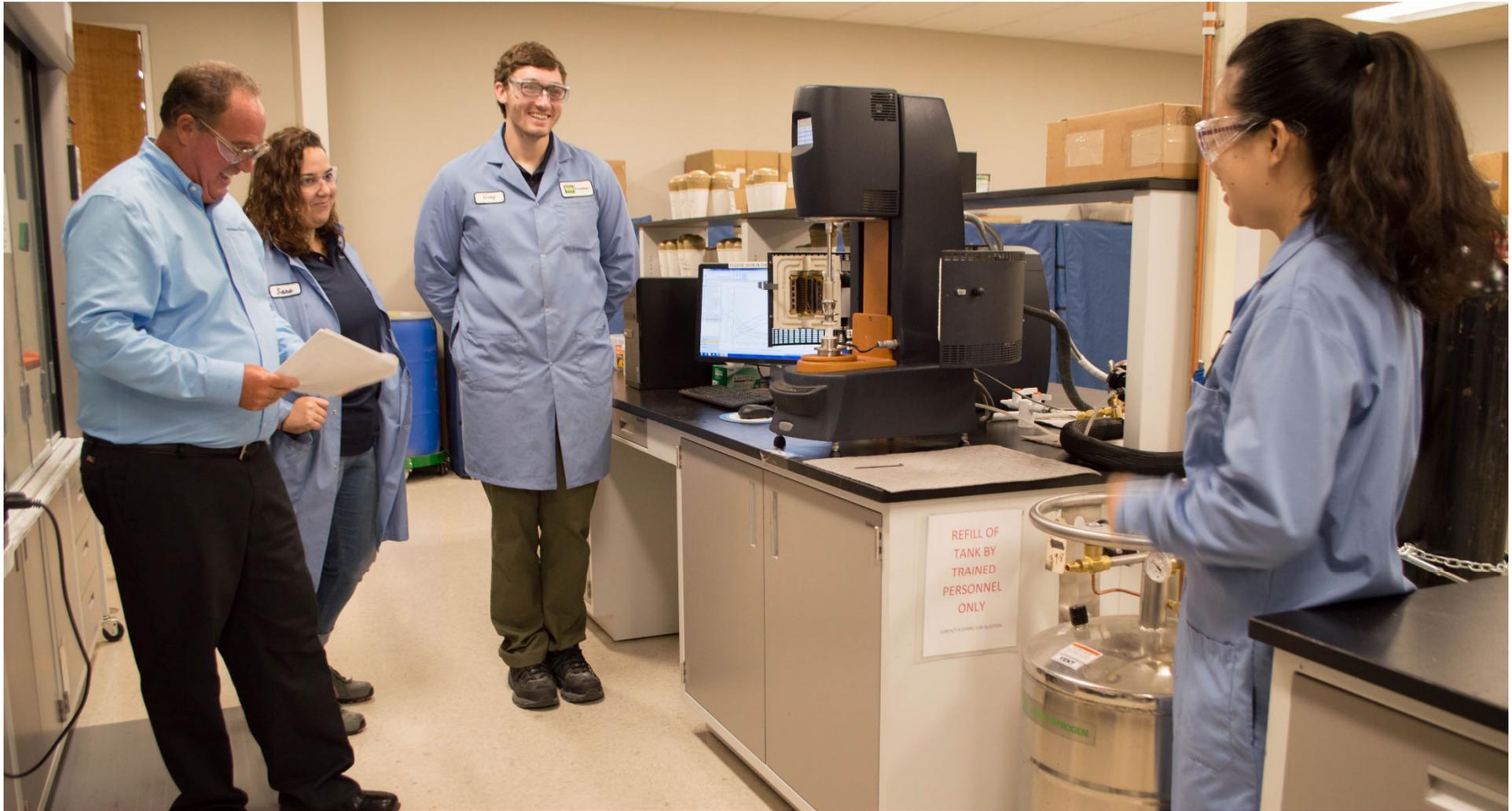


- Absolute GHG emissions of 2.4 million tonnes CO<sub>2</sub>-e have reduced 32% since FY2012<sup>1</sup>



Boral's clinker grinding and storage capacity includes flexibility to increase the amount of substitute cementitious materials, expected under various climate scenarios

1. For 100% owned operations and Boral's share of 50%-owned JVs. It excludes some JVs which in aggregate are deemed not to have material emissions. For the purpose of this analysis, emissions associated with Boral's Australian plasterboard business in FY2012, which was part of Boral Building Products have been reclassified as USG Boral GHG emissions.

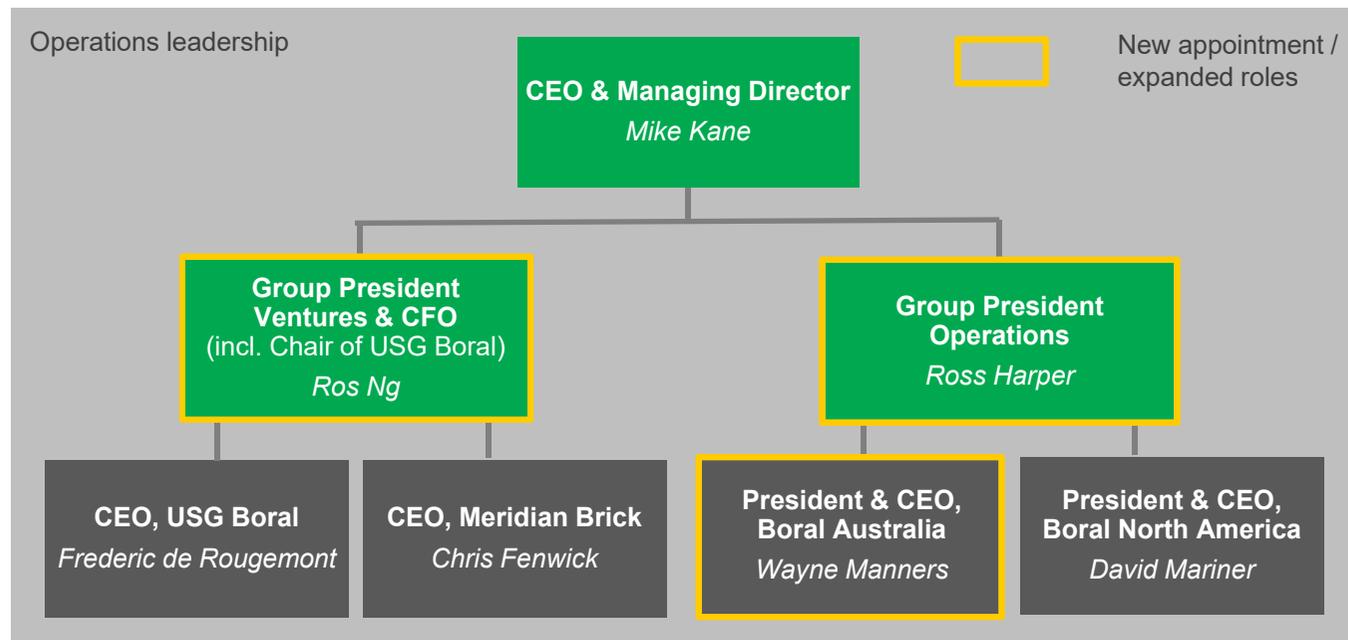


Boral North America, Innovation Factory, San Antonio, Texas



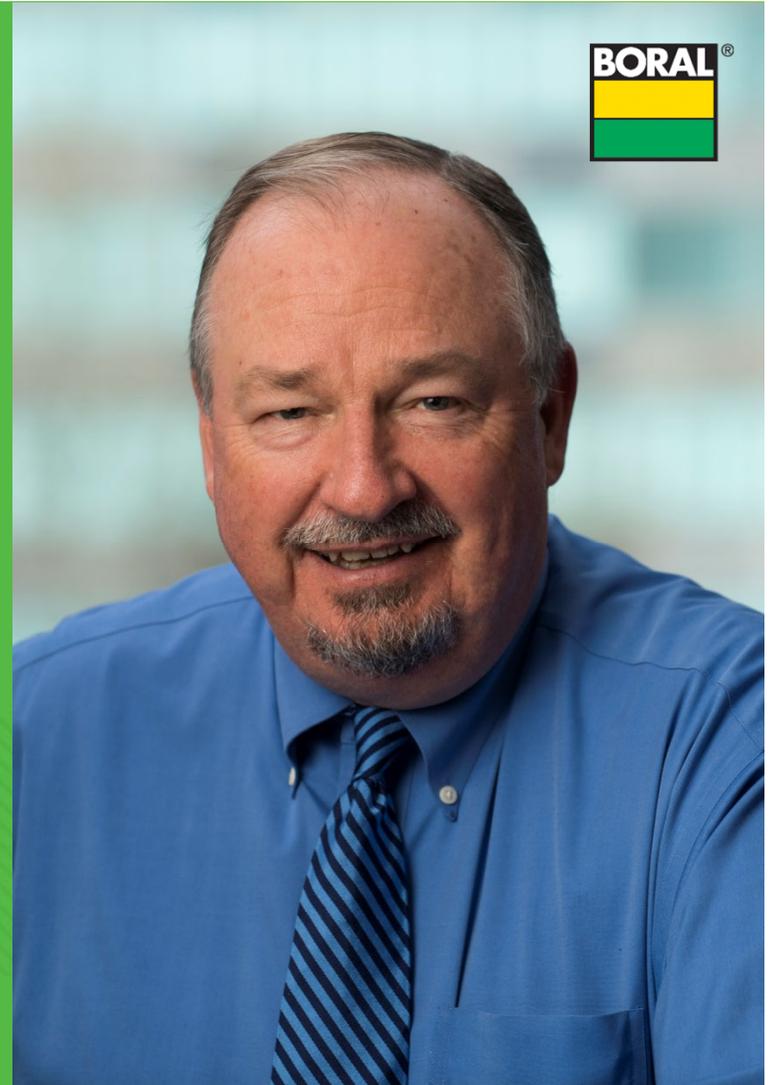
## Senior leadership changes announced in Feb-2019

Well positioned around executive capability today and in the future



# CEO & Managing Director's address

Mike Kane





Boral's Peppertree Quarry, New South Wales



USG Boral Ensemble® Monolithic Acoustical Ceiling, Chancery House, Western Australia



Boral North America's rail cars serving as mobile fly ash storage capacity

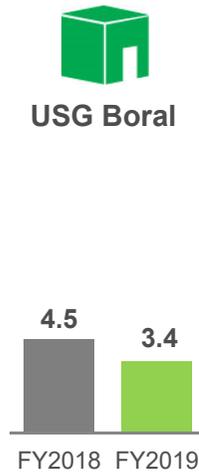
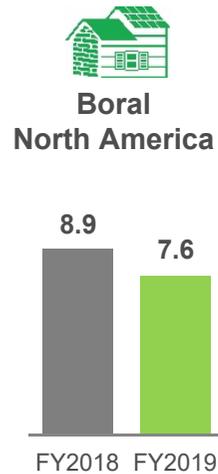
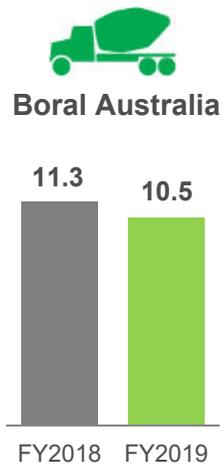


Boral North America's landfill reclaim operation at Montour, Pennsylvania

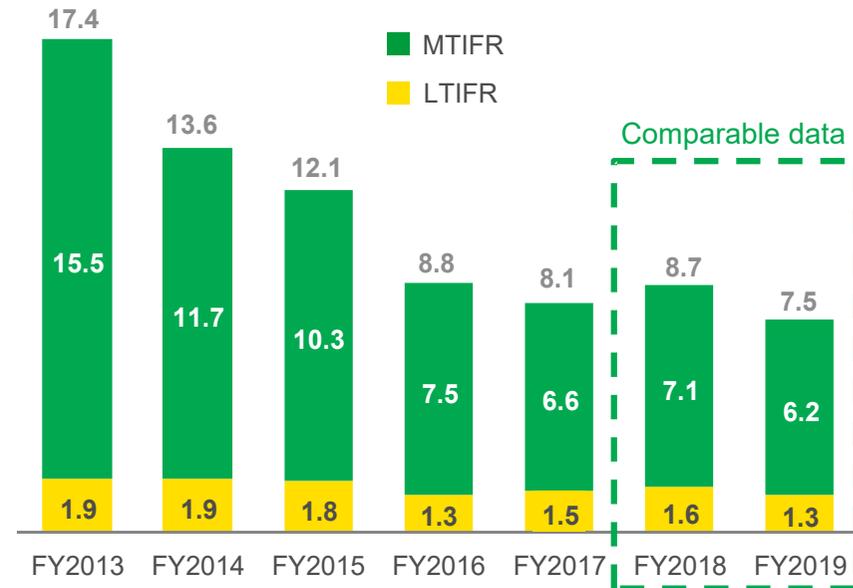
## Safety performance improving in all divisions

Employee and contractor recordable injury frequency rate (RIFR)<sup>1</sup> per million hours worked

### Divisional



### Boral Group



1. Recordable injury frequency rate (RIFR) is the combined lost time injury frequency rate (LTIFR) and medical treatment injury frequency rate (MTIFR). Per million hours worked for employees and contractors in 100% owned businesses including Headwaters, and all joint ventures businesses regardless of equity interest from FY2018 onwards. Data for prior years only includes 50% owned joint ventures and excludes Headwaters



## FY2019 divisional performance

Three focused and well-positioned divisions, delivering substantial benefits through improvement initiatives

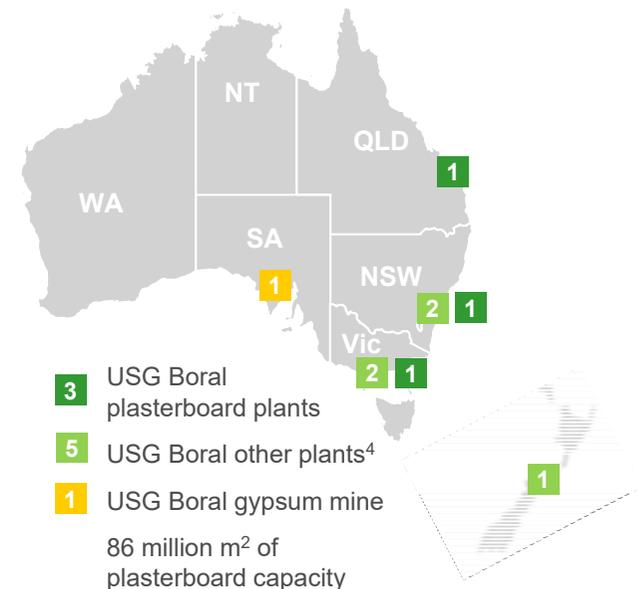
| Boral Australia   | Boral North America    | USG Boral    |
|--|---|---|
| <ul style="list-style-type: none"><li>› \$593 million EBITDA</li><li>› EBITDA margins 16.6%</li><li>› ROFE<sup>1</sup> of 15.1%, well above cost of capital</li><li>› \$28 million savings from supply chain optimisation, Organisational Effectiveness and rightsizing programs; expect a further \$40-\$50 million in FY2020</li></ul> | <ul style="list-style-type: none"><li>› \$415 million (US\$297 million) EBITDA</li><li>› EBITDA margins 18.6%</li><li>› ROFE<sup>1</sup> of 5.6%</li><li>› Synergies of US\$32 million, slightly ahead of plan; on track to deliver year-four synergy target of US\$115 million</li></ul> | <ul style="list-style-type: none"><li>› \$252 million underlying EBITDA (100% of JV)</li><li>› \$57 million of post-tax earnings to Boral (50% share)</li><li>› EBITDA margins 15.7%</li><li>› ROFE<sup>1</sup> of 8.1%</li><li>› Cost savings of \$4.5 million realised through project Horizon; expect to deliver ~\$21 million of annualised savings by FY2021</li></ul> |

1. Return on funds employed (ROFE) is based on EBIT before significant items on funds employed at period end



## Owning 100% of USG Boral Australia & NZ will be value-creating for Boral's shareholders

- **US\$200 million investment**, FY2019 EBITDA multiple ~5.7 times<sup>1</sup>
- Additional **A\$576 million of reported revenue for Boral**, based on FY2019, and with **EBITDA margins >16%**, significant **EBITDA uplift**
- USG Boral Australia & NZ is a **high-performing business**, generating **strong cash flows**, underpinned by leading **Sheetrock® technology**
- Continued access to **USG's intellectual property<sup>2</sup>** and support from USG and USG Boral
- **Continue to trade as USG Boral and sell the successful Sheetrock®** in Australia and New Zealand – we expect a **seamless transition**
- **Boral has agreed to grant Knauf a call option<sup>3</sup>** to purchase 50% of the business within five years, subject to regulatory approval
- **Boral retains entire free cash flow** under Boral's 100% ownership



1. Based on USD/AUD exchange rate of \$0.7145 on 30 June 2019  
2. A single, low percentage royalty-based fee (of <0.5% of relevant revenues) has been agreed. This fee includes Boral retaining exclusive access in Australia and NZ to USG's Sheetrock® technology currently employed in USG Boral until 2024 and non-exclusive access beyond 2024; and exclusive access to USG's mark II Sheetrock® technology (EcoSmart) until 2024 and non-exclusive access beyond 2024, and other R&D and breakthrough technologies.  
3. Boral has agreed to grant Knauf a call option to buy 50% share for US\$200 million (with potential adjustments primarily in relation to Knauf paying 50% of growth capital expenditure invested into the business under Boral's ownership) within five years. The grant and exercise of the call option will be subject to Australian and NZ regulatory approvals.  
4. Other plants include metal products, cornice production and joint compounds.



## A new expanded USG Boral Asia joint venture

Once completed, the expanded USG Boral Asia JV will deliver a stronger growth platform in Asia

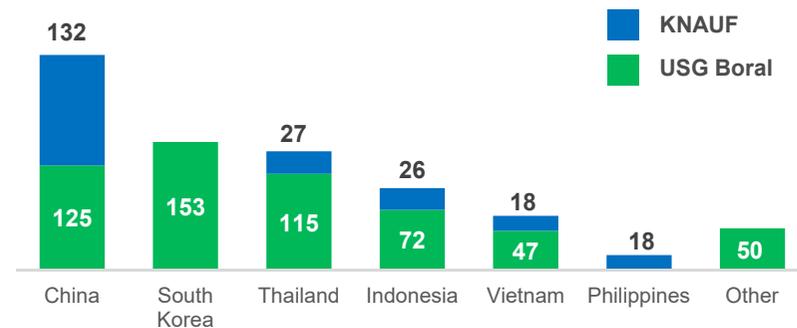
### Operating footprint<sup>1</sup>

Number of operating sites

- 15 USG Boral plasterboard plants
- 20 USG Boral other plants
- 1 USG Boral gypsum mines
- 9 KNAUF plasterboard plants
- 16 KNAUF other plants
- 1 KNAUF gypsum mines



### Plasterboard manufacturing capacity<sup>2</sup>, million m<sup>2</sup>



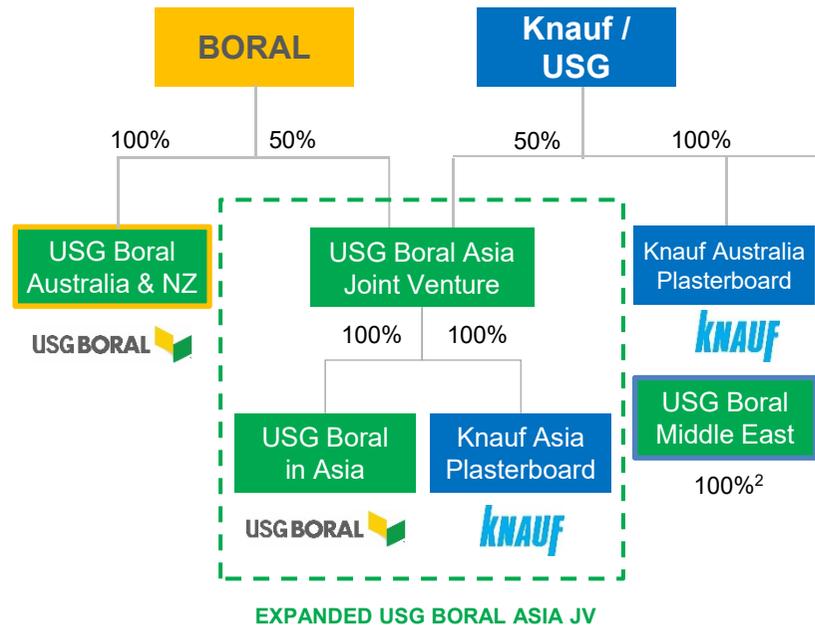
- USG Boral's 562 million m<sup>2</sup> combined with Knauf's 220 million m<sup>2</sup> of capacity creates a 782 million m<sup>2</sup> network of manufacturing plants

1. Other plants include USB Boral JV owned mineral fibre ceiling tile, metal ceiling grid, metal products, joint compounds, mineral wool and cornice production  
 2. Includes new capacity coming on line in USG Boral Vietnam and India, and Knauf's new capacity in the Philippines



## USG Boral transaction summary

- **Boral's direct funding requirement of US\$335 million** (after the USG Boral JV self-funds a proportion of the investment<sup>1)</sup> to be through debt and proceeds from divestments
- **~3-5% EPS accretion** on pro-forma FY2019 basis, before synergies
- **Synergies of ~US\$30 million p.a.** expected in year 4



1. The USG Boral JV will self-fund US\$262 million of the \$532.5 million investment (using US\$50 million proceeds from Middle East sale, up to US\$200 million of debt, plus cash). The balance of US\$270 million will be equally funded by Knauf and Boral – being US\$135 million each. Boral's direct total funding of US\$335 million is US\$200 million to buy 50% of USG Boral Australia & NZ plus Boral's US\$135 million share of funding for the USG Boral JV to acquire Knauf Asia Plasterboard
2. Represents 100% ownership of USG Boral's current ownership of the Middle East / Oman entities



## 1Q FY2020 trading

### Boral Group

- › As expected, volume pressures in several businesses reflecting softer activity
- › In addition to improvement initiatives already underway, we have considerably increased efforts to reduce costs and improve earnings
- › More extensive business improvement initiatives will benefit results in 2H

### Boral Australia



- › 1Q earnings lower due to softer housing market and delays in infrastructure projects
  - 8% lower concrete volumes and flat asphalt volumes
- › Disruptions at Berrima & Peppertree resulted in adverse earnings impact of ~\$10 million
- › Secured supply to Westgate Tunnel, Norfolk Island airport and Queens Wharf

### Boral North America



- › 1Q earnings slightly lower than prior year
- › Early signs of US housing market improving yet to flow through, but should benefit 2H
- › As expected in Fly Ash, lower earnings from site services
- › Signed MOU for significant fly ash project

### USG Boral



- › 1Q earnings slightly lower than last year
- › Slowdown in residential construction in Australia, and continued downturn in South Korea
  - partially offset by improvements in Thailand and China



## Reaffirming FY2020 NPAT outlook guidance

### FY2020

- Boral's full year FY2020 earnings outlook remains unchanged
- We continue to expect NPAT<sup>1</sup> to be ~5-15% lower in FY2020 relative to FY2019, reflecting lower earnings and higher depreciation charges
- Expect FY2020 **Property earnings** to be ~\$55-\$65 million

*FY2020 guidance excludes additional earnings expected when USG Boral Knauf transaction closes, anticipated in early 2020, and implications of new IFRS Leasing Standard on FY2020 reported earnings*

### 1H FY2020

- Expect Boral's **EBITDA in 1H** to be ~5% lower than prior year
- Expect **1H Property earnings of ~\$30 million** to only partially offset impact of lower volumes and higher costs, including one-off Peppertree and Berrima costs

### 2H FY2020

- Expect **EBITDA** to be broadly similar to 2H EBITDA reported last year, before additional earnings expected from USG Boral transaction with Knauf

1. Net profit after tax, excluding significant items



## Expected 2H FY2020 earnings skew

### Underpinned by

#### Boral Australia

- › Expected ramp up of several major projects, including Queens Wharf and Westgate Tunnel
- › Already planned improvement initiatives expected to deliver savings of ~\$40-50 million in FY2020
- › Further cost savings initiatives that aggressively address spend control, improve operational efficiencies and accelerate procurement savings

#### Boral North America

- › Both volume growth and price increases expected to contribute to 2H earnings growth, particularly in fourth quarter – which is seasonally the strongest quarter for the year
- › Additional comprehensive improvement program of more than 50 initiatives expected to deliver benefits, primarily from January
- › Initiatives are in addition to ~US\$20 million of synergies expected in FY2020

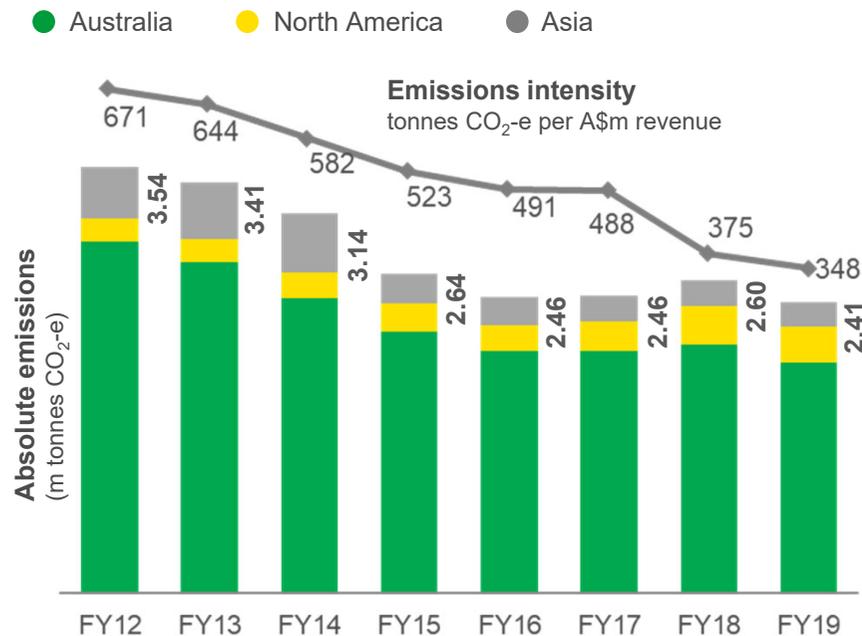
#### USG Boral

- › Expect a broadly balanced first half and second half of underlying earnings from USG Boral – prior to impact of increased earnings that we will receive following closure of the transaction with Knauf

# A lower carbon footprint

32% reduction in Scope 1 & 2 GHG emissions since FY2012

## GHG emissions from operations<sup>1</sup>



- Absolute GHG emissions** of 2.4m tonnes CO<sub>2</sub>-e pa (Scope 1 & 2)
  - ↓ 7% in FY2019
  - ↓ 32% since FY2012
- Emissions intensity<sup>2</sup>** of 348 tonnes CO<sub>2</sub>-e/A\$m revenue
  - ↓ 7% in FY2019
  - ↓ 48% since FY2012
  - Target:** 10-20% reduction in intensity by FY2023 from FY2018
- Boral's fly ash in the supply chain:**
  - ~5.1m tonnes pa of avoided CO<sub>2</sub>-e emissions
  - Target:** avoid a further 1.1–1.5m tonnes CO<sub>2</sub>-e pa in supply chain on FY2018 through increased fly ash supply by FY2022<sup>3</sup>

1. For 100% owned operations and Boral's share of 50%-owned JVs. It excludes some JVs which in aggregate are deemed not to have material emissions  
 2. Based on Group-reported revenue adjusted to include a 50% share of underlying revenues from USG Boral and meridian Brick JVs, which are equity accounted  
 3. Based on target to increase net supply of fly ash by 1.5–2.0m tons pa by FY2022

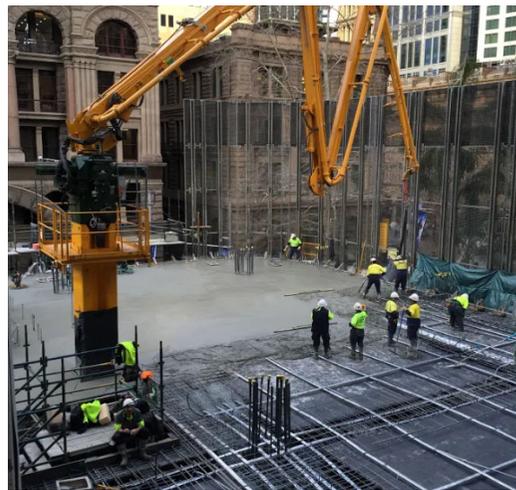


## Innovation in response to customers' needs and for a more sustainable future

Investment in innovation benefits customers with development of more **sustainable products**; currently ~10% of revenues from lower carbon and high-recycled products



Boral North America, sourcing fly ash from a utility, Georgia



ENVISIA® concrete pour



Boral TruExterior® – composite siding & trim



## Boral's multi-year transformation journey

We have delivered significant gains and we are focused on delivering continued improvements

### FY2019 vs FY2012

Recordable injury frequency rate

7.5



from 19.0

EBITDA<sup>1</sup>

\$1,037m



from \$473m

Net profit after tax<sup>1</sup>

\$440m



from \$101m

ROFE<sup>2</sup>

8.2%



from 4.1%

Earnings per ordinary share<sup>3</sup>

37.5 cents



from 12.7 cents

Full year dividend

26.5 cents



from 11.0 cents

1. Excluding significant items

2. Return on funds employed (ROFE) is based on EBIT before significant items on funds employed at period end

3. Adjusted to reflect the bonus element in the renounceable entitlement offer that occurred during November and December 2016



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## Disclaimer

The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 6 November 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.

# Annual General Meeting

Formal business



*Working together to  
build something great*