



**Boral Limited**

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27 October 2020

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

Dear Sir

**AGM Slides including 1Q Trading**

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

Authorised for release by the Board of Directors.

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

27 October 2020

Sydney

## Board of Directors



**Kathryn Fagg**  
Non-executive Chairman



**Zlatko Todorcevski**  
CEO & Managing Director



**Peter Alexander**  
Non-executive Director



**Dr Eileen Doyle\***  
Non-executive Director



**John Marlay\***  
Non-executive Director



**Karen Moses**  
Non-executive Director



**Deborah O'Toole**  
Non-executive Director



**Paul Rayner**  
Non-executive Director



**Rob Sindel**  
Non-executive Director



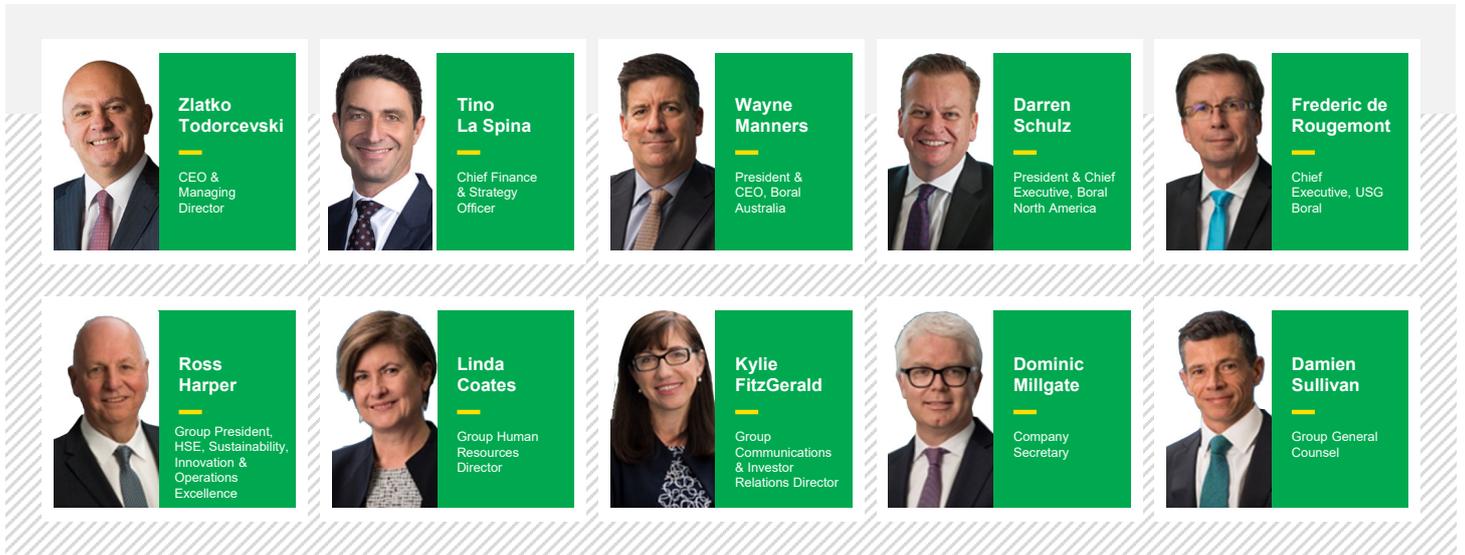
**Ryan Stokes**  
Non-executive Director



**Richard Richards\***  
Non-executive Director

\* On 15 October 2020, Seven Group Holdings withdrew its nomination of Richard Richards for election as a director. Mr Richards will cease to be a director on the Board at the conclusion of the 2020 Annual General Meeting (AGM). John Marlay and Eileen Doyle will also be retiring at the conclusion of the AGM

# Executive Committee



A grid of ten executive committee members, each with a portrait, name, and title. The members are arranged in two rows of five. The background features a light gray and white diagonal striped pattern.

 <b>Zlatko Todorcevski</b> CEO & Managing Director	 <b>Tino La Spina</b> Chief Finance & Strategy Officer	 <b>Wayne Manners</b> President & CEO, Boral Australia	 <b>Darren Schulz</b> President & Chief Executive, Boral North America	 <b>Frederic de Rougemont</b> Chief Executive, USG Boral
 <b>Ross Harper</b> Group President, HSE, Sustainability, Innovation & Operations Excellence	 <b>Linda Coates</b> Group Human Resources Director	 <b>Kylie FitzGerald</b> Group Communications & Investor Relations Director	 <b>Dominic Millgate</b> Company Secretary	 <b>Damien Sullivan</b> Group General Counsel

# How to ask written questions

1. Click “Ask a Question”



A screenshot of the BORAL Online Meeting interface. The interface is green and white. It includes the BORAL logo, the text 'Online Meeting POWERED BY LINK MARKET SERVICES', a 'HELP NUMBER 1800 990 363', and three buttons: 'Ask a Question', 'Get Voting Card', and 'Exit Meeting'.

2. Type your question in the space provided
3. Click “Submit Question”

# How to vote

1. Click **“Get Voting Card”**



**BORAL** Online Meeting **HELP NUMBER** 1800 990 363  
POWERED BY LINK MARKET SERVICES

Ask a Question Get Voting Card Exit Meeting

2. Enter your Shareholder Number (SRN/HIN) or Proxy Number and click **“Submit Details and Vote”**
3. Select either **“Full vote”** or **“Partial vote”**
4. Complete your voting card
5. Click **“Submit Vote”** or **Submit Partial Vote”**

# Chairman’s Address

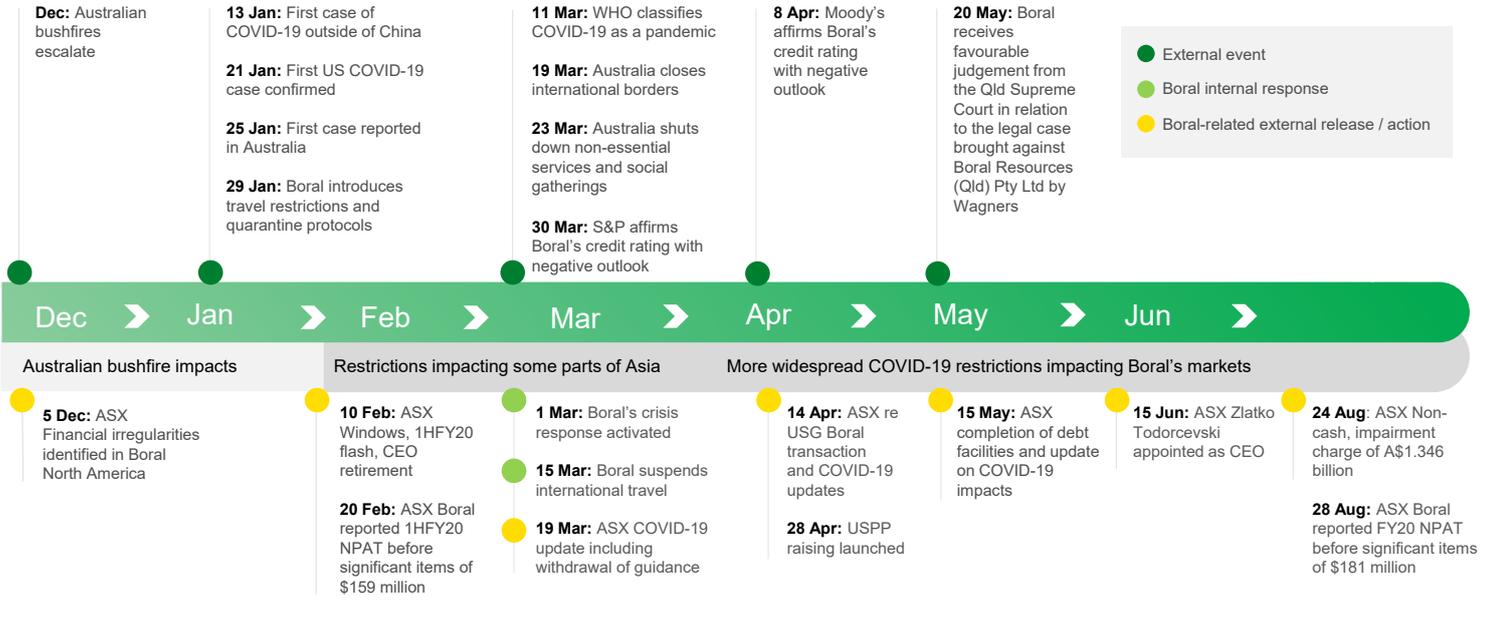


*Ormeau Quarry, Queensland*



*Norfolk Island Project*

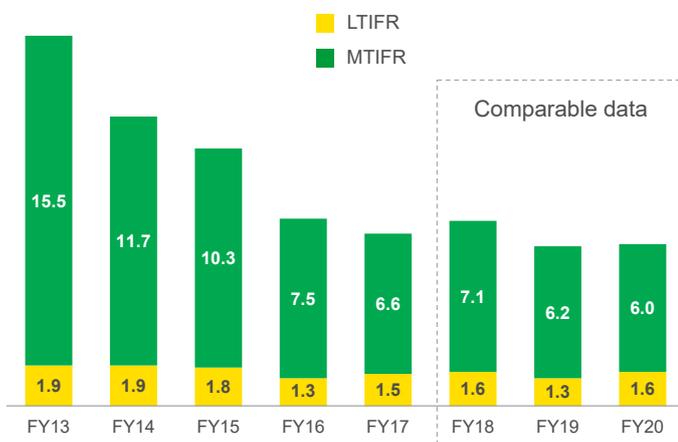
# Key events of FY2020



# Safety performance

Company-wide commitment to Zero Harm Today

## Employee and contractor RIFR<sup>1</sup> (per million hours worked)



• Safety steady with a recordable injury frequency rate (RIFR) of 7.6

• Measures to help manage the risk of spreading COVID-19 have been a key priority:

- › Strict hygiene and cleaning protocols
- › Social distancing and PPE
- › Quarantine protocols
- › Wellbeing and support programs
- › Total of 381 confirmed cases among Boral employees since the pandemic began; currently 48 active cases mainly in the USA and in geographies where community transmissions are higher; sadly two employee deaths in the USA due to COVID-19 complications and an employee lost his wife

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

# FY2020 financial results

A challenging year for Boral

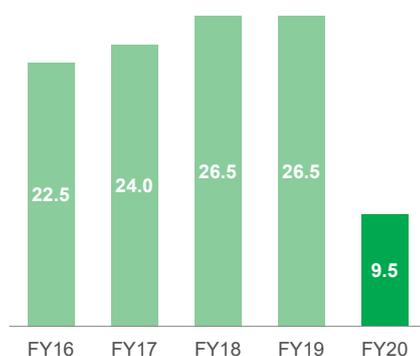
A\$m	FY2020 Reported	FY2020 pre-AASB16 <sup>2</sup>	FY2019 <sup>3</sup>	FY20 v FY19 pre-AASB16,%
<b>Continuing operations basis</b>				
Revenue	5,671	5,671	5,738	(1)
EBITDA <sup>1</sup>	825	715	1,005	(29)
<b>Total operations</b>				
Revenue	5,728	5,728	5,861	(2)
EBITDA <sup>1</sup>	821	710	1,010	(30)
Net Profit after tax (NPAT) <sup>1</sup>	177	181	419	(57)
Statutory NPAT	(1,139)	(1,135)	251	
Cash flow from operating activities	631	537	762	(30)
Dividends (cents)	9.5	9.5	26.5	(64)

1. Excluding significant items
2. Excluding the impact of the new leasing standard (AASB 16) in order to provide a more comparable basis for analysis with the prior year
3. FY2019 comparative figures have been restated - see Note 1d of the financial statements

## Dividend and dividend payout

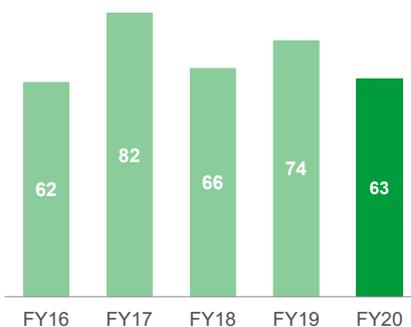
### Dividend per share

A\$ cents



### Dividend payout

%



- Total dividend of 9.5 cents per share (50% franked)
- Represented a dividend payout ratio of 63%
- Fully underwritten DRP activated for FY2020 interim dividend

## CEO and executive succession



**Zlatko  
Todorovski**

CEO &  
Managing  
Director



**Tino  
La Spina**

Chief Finance  
& Strategy  
Officer



**Darren  
Schulz**

President &  
Chief  
Executive,  
Boral North  
America

## Board renewal



**Rob  
Sindel**

Non-executive  
Director



**Deborah  
O'Toole**

Non-executive  
Director



**Ryan  
Stokes**

Non-executive  
Director

# Headwaters acquisition review

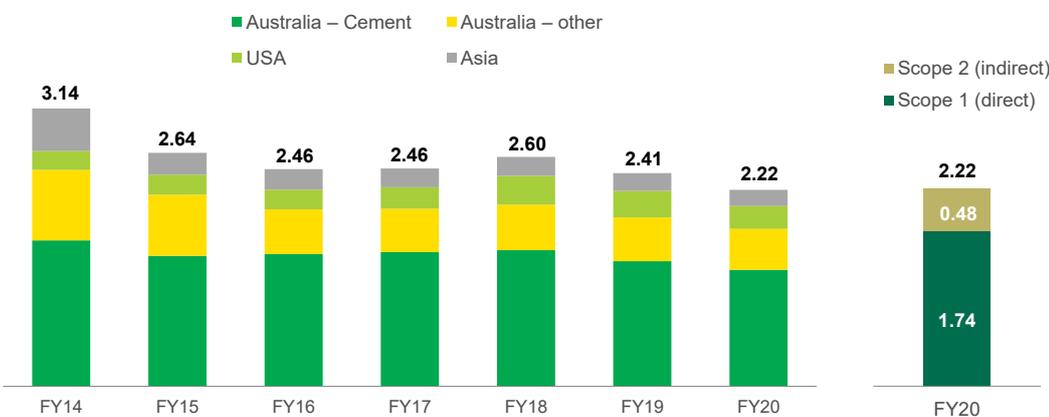
## Key area

Headwaters as target	✓ Highly complementary business with good geographic / segment overlap
Transaction approach	✓ Well structured / executed elements
Synergies	• A high level of synergies relative to earnings
Market projections	• Reliant on market forecasts; risk understanding
Execution	• Execution gaps, capability stretched, operational issues
Value	• Full price with little room for error

# Building a sustainable business for the long-term

Scope 1 and 2 greenhouse gas emissions reduced by 8% to 2.2 million tonnes CO<sub>2</sub>-e

**Greenhouse gas emissions from operations<sup>1</sup>**  
(million tonnes CO<sub>2</sub>-e)



## External recognition

MEMBER OF  
**Dow Jones Sustainability Indices**

In collaboration with **SAM**

Constituent of  
**FTSE4Good Index Series**

**MSCI ESG RATINGS**  
**AA**

ccc | B | BB | BBB | A | AA | AAA

As of 2020, Boral received an MSCI ESG Rating of AA

1. GHG emissions from operations and energy consumption data excludes some joint ventures, which in aggregate are not deemed to have material emissions. Data may not add due to rounding  
2. Based on Group-reported revenue adjusted to include Boral's 50% share of underlying revenue from the USG Boral and Meridian Brick joint ventures, which are equity accounted

## CEO & Managing Director Address



*Boral North America, Montour reclaim operation in Pennsylvania*



*Eldorado Stone® products*

## Safety performance



*Employees at Peppertree Quarry, NSW*



*Boral Australia Forward Moving Aggregate Spreader*

# FY2020 non-cash impairment charges

We recognised a non-cash, pre-tax impairment charge of \$1.346 billion

	Related to	Took into account
<b>\$1.22 billion</b>	<b>Boral North America</b> assets including goodwill, intangible assets and investment in Meridian Brick	<ul style="list-style-type: none"> <li>Increased demand uncertainty impacted by the COVID-19 pandemic, and potential longer-term impacts of prevailing economic and operating conditions, and</li> <li>recent operating performance</li> </ul>
<b>\$123 million</b>	<b>Boral Australia</b> , including construction materials assets in Western Australia and Northern Territory, and roofing and timber assets	<ul style="list-style-type: none"> <li>Lower market demand including COVID-related economic downturn and uncertainty</li> </ul>

# Q1 FY2021 trading update

Still not business as usual; ongoing uncertainty and challenges remain

 <p><b>Boral Group</b></p>	<ul style="list-style-type: none"> <li>Fewer disruptions relative to previous six months but still not business as usual</li> <li><b>Q1 revenue down 9%</b> and <b>EBIT down 5%</b> on prior comparable period (pcp)<sup>1</sup></li> <li><b>EBIT margin of 9.5%</b>, compares with ~9% in pcp<sup>1</sup> (and noting Sep-qtr is typically a seasonally stronger period)</li> </ul>	 <p><b>Boral North America</b></p>	<ul style="list-style-type: none"> <li><b>Q1 USD earnings declined on lower revenue and EBIT margin of ~12%</b>, up slightly on pcp</li> <li>Higher equity earnings from Meridian Brick</li> <li>Building products lead times growing; running at capacity due to absenteeism, supply chain disruptions and staffing issues due to COVID</li> <li>Fly Ash volumes down 11%</li> </ul>
 <p><b>Boral Australia</b></p>	<ul style="list-style-type: none"> <li><b>Q1 EBIT broadly steady on lower revenue and EBIT margin of 7.5%</b>, up slightly on pcp<sup>1</sup></li> <li><b>Q1 concrete volumes declined 8%</b>, quarry volumes down 2% and asphalt volumes lower relative to pcp</li> <li>Slowdown of major project work moving into execution phase</li> </ul>	 <p><b>USG Boral</b></p>	<ul style="list-style-type: none"> <li><b>Q1 underlying revenue lower but EBIT slightly better</b></li> <li>Cyclical pressures in Australia and South Korea, and soft trading conditions in Thailand but strong uplift in China</li> <li>Q1 plasterboard volumes down 7% in Australia and 6% in Asia versus pcp</li> <li><b>Q1 equity income steady</b> on pcp</li> </ul>

1. Noting that Q1 FY2020 included one-off cost impact of ~\$10 million due to unplanned disruption and remediation works at Peppertree, and unscheduled down time at the Berrima kiln. Adjusting for these one-off impacts in the prior year, Group EBIT in Q1 FY2021 was down ~10% on pcp.

# Portfolio Review

A rigorous internal review across every business and every geography

For every business in every geography, our internally-led review assessed:

- Boral’s position, strengths and the sectors in which we operate
- Future earnings and growth potential
- What is needed to drive a sustainable competitive advantage and deliver improved performance in short, medium and long-term

The review highlighted there are significant opportunities for improvement in almost every business we own

-  Better serve our customers
-  Better leverage our assets and operations
-  Better engage our people
-  Deliver improved outcomes for shareholders

The review findings necessitate a considered and measured approach to how we move forward

# USG Boral

Boral agrees to sell its 50% share in USG Boral to Knauf

## Transaction highlights

- Boral to sell its 50% interest in USG Boral for **US\$1.015 billion**
- Represents an attractive multiple of 15.1 x FY2020 normalised EBITDA<sup>1</sup> and ~11.3 x FY2019 EBITDA<sup>1</sup> (based on Boral’s 50% share of 2019 EBITDA for JV)
- Profit on sale before tax expected to be ~A\$540 million
- Agreement is binding and subject to typical conditions precedent including in relation to regulatory matters
- Transaction is expected to close in FY2021
- Final cash proceeds from transaction will be applied to reduce net debt and fund growth investment in retained portfolio



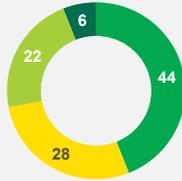
1. Excluding significant items and the impact of IFRS leasing standard (AASB 16). FY2020 multiple is based on reported EBITDA for USG Boral of A\$190m 'normalised' to adjust for A\$10m reported COVID related production impacts and converted at FY2020 AUD/USD exchange rate of 0.6703. FY2019 multiple is based on reported EBITDA for USG Boral of A\$252m converted at FY2019 exchange rate of 0.7145.  
2. Other plants include mineral fibre ceiling tile, metal ceiling grid, metal products, joint compounds, bonding compounds, industrial plasters, mineral wool and cornice production  
3. Includes the cornice plant in Australia that will be rebuilt

# Boral Australia

A strong footprint with quality assets

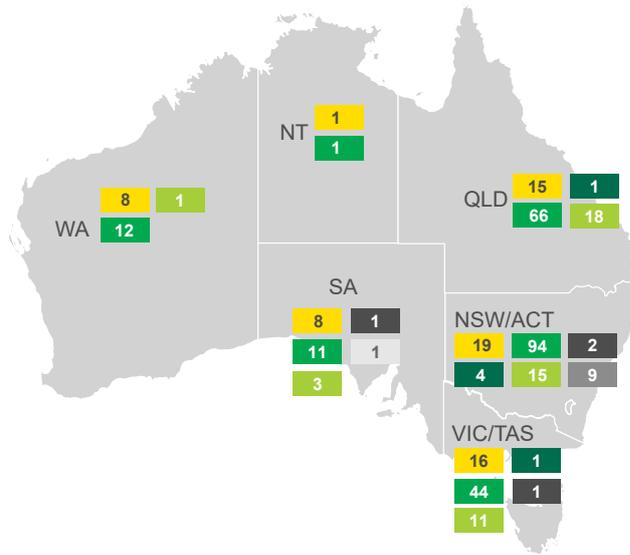
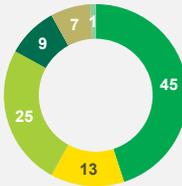
FY2020 Revenue by region<sup>1</sup>, %

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



FY2020 Revenue by business<sup>1,2</sup> %

- Concrete & Placing
- Quarries
- Asphalt
- Cement
- Building Products
- Other



379 operating sites<sup>3</sup>

Concrete	228
Quarries	67
Asphalt	48
Cement <sup>4</sup>	6
Roofing	4
Timber <sup>5</sup>	9
Masonry	1

1. Boral Australia external revenue for the year ended 30 June 2020  
 2. Other includes Transport and Landfill revenues  
 3. As at 30 June 2020. Includes transport, recycling, fly ash depots and R&D sites. Concrete and asphalt 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 joint venture in Queensland  
 5. Includes eight Boral Hardwood mills and one JV Softwood operation

# Portfolio Review – Boral Australia

A great business, but more work to do

## Findings

- ✓ Integrated positions in key regions
- ✓ Innovative products
- ✓ Strong brand
- ✓ Recent investments in quarries
- ✓ Good property / integrated land assets
- Cost base can be lowered
- Can deliver much better operating leverage from our assets

## Opportunities

### Near term

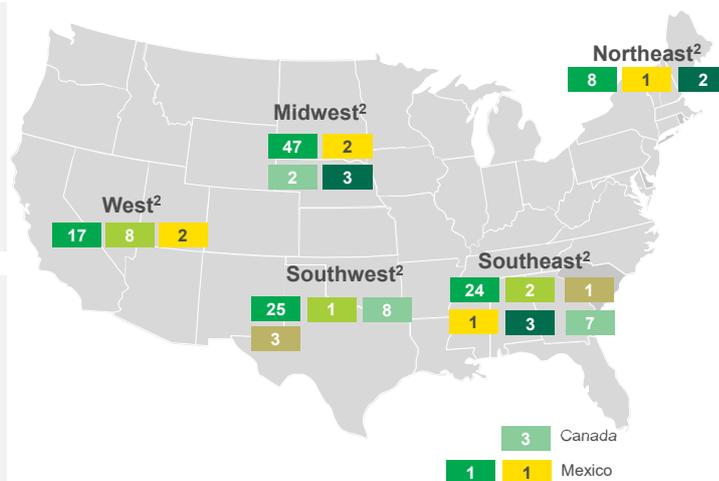
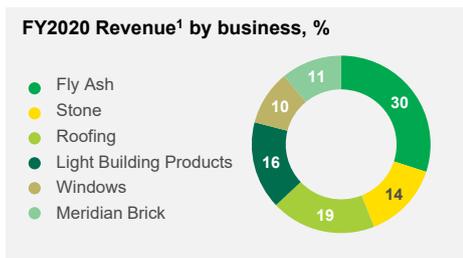
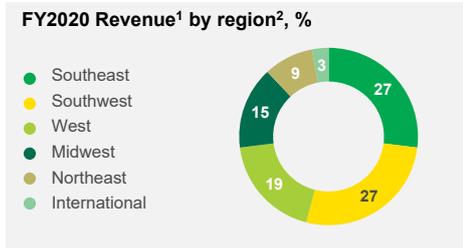
- Become **leaner, more nimble, more cost efficient** (*plans being fully developed*)
- Strengthen **customer-focus** and accelerate deployment of **sustainable product solutions** (*underway*)

### Medium term

- **Adjacent growth opportunities** (*opportunities being fully explored*)
- Realise **greater value from property portfolio**

# Boral North America

Attractive diverse businesses across all geographies



**214 operating sites<sup>3</sup>**

Fly ash	122
Stone	7
Roofing	11
Light Building Products	8
Windows	4
Meridian Brick	20

1. Based on external revenue, including Boral's 50% share of Meridian Brick joint venture 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 2020. Includes 38 clay mines and four R&D sites. Excludes mothballed plants and distribution locations

# Portfolio Review – Boral North America building products

Continue to improve the businesses while exploring third-party interest

## Findings

- ✓ Strong brands
- ✓ Good positions in many geographies
- ✓ Diverse portfolio of 4 businesses (LBP, Roofing, Stone, Windows) including growth, mature/harvest & niche products
- Full value of businesses not yet unlocked
- Cross-business opportunities not leveraged

## Opportunities

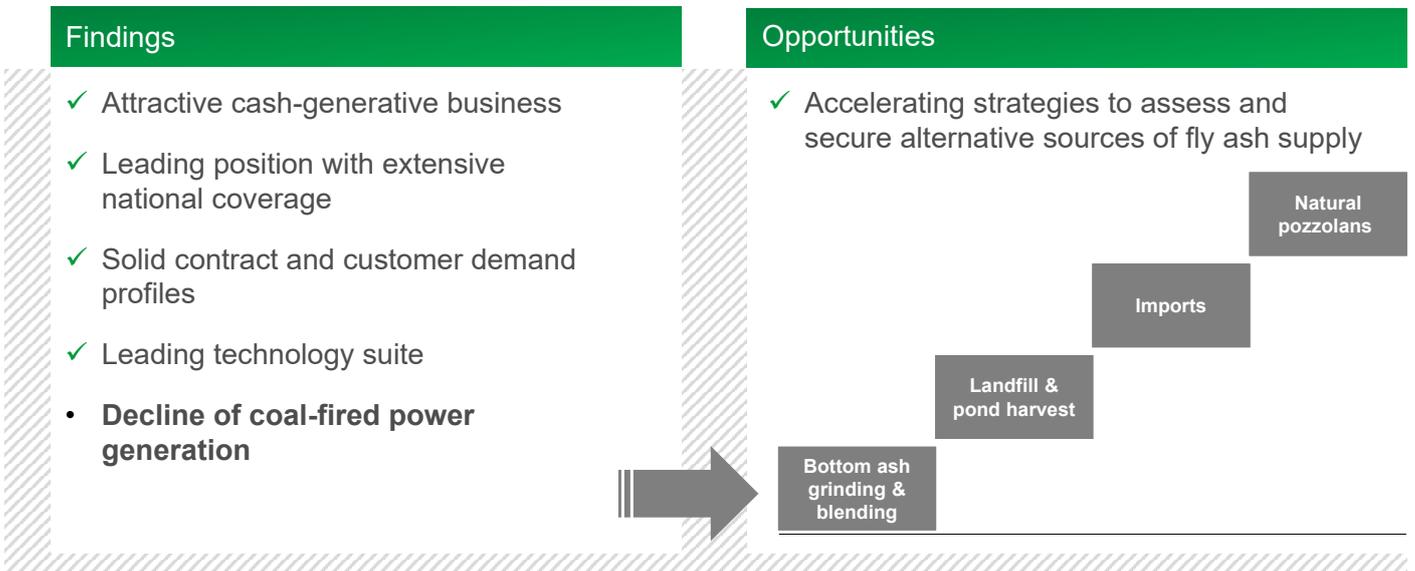
Taking steps to **substantially strengthen returns**, through identified

- operational improvements (*underway*)
- go-to-market strategies (*underway*)
- product development / innovation (*accelerating*)
- Cross-business opportunities (*pilot programs underway*)

**Explore third-party interest** to assess if there are enhanced value creation opportunities

# Portfolio Review – Boral North America Fly Ash

Securing the future of a leading business



## Balance sheet

- Net debt of \$2.197 billion as at 30 June 2020
- Principal debt gearing covenant<sup>1</sup> at 41% at 30 June 2020, up from 30%<sup>2</sup> at June 2019 (threshold <60%) due to impairment (~6% impact) and cash drawn (~5% impact)
- Tangible net worth covenant >\$1.75 billion, \$2.3 billion post impairment
- Following sale of Midland brick and strong cash generation in Q1, net debt reduced to \$1.956 billion
- Net proceeds from sale of USG Boral assets will be applied to reduce net debt and fund growth investment in retained portfolio

**Net debt**  
\$billion



1. Gross debt / (gross debt + equity) excluding lease liabilities  
 2. Restated FY2019  
 3. Excludes \$383 million of lease liabilities at 30 June 2020 and \$362 million at 30 September 2020

# Sustainability

2020

Boral Review & Sustainability Report



2020

Joint Modern Slavery Statement for Boral and USG Boral Australia



USG BORAL



## FY2021

- Setting further sustainability objectives and targets
- Completing work to set science-based emission reduction targets aligned with Paris Agreement
- Continued commitment to safety
- Strengthening culture around innovation and customer solutions, and ensuring Boral is a great place to work



# ANNUAL GENERAL MEETING

27 October 2020  
Sydney



# Disclaimer

The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 27 October 2020. 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.

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