2017 ANNUAL GENERAL MEETING
THURSDAY, 2 NOVEMBER 2017

CEO & Managing Director's Address

by Mike Kane

Ladies and gentlemen,

For the past few years I have talked to you about the vision shared by the Board and management to transform Boral into a high-performing global building products and construction materials company recognised for delivering world-class safety performance and excellent value for shareholders.

We have been making great progress towards realising our vision.

In financial year 2017, we delivered significantly improved financial performance, better safety outcomes, and a transformed portfolio.

Following the successful acquisition of Headwaters, together with several smaller strategic transactions, the Group is better placed to take advantage of growth opportunities and respond to market dynamics.

Boral now boasts three very strong divisions.

Here in Australia, we have our high-performing, well-positioned integrated construction materials business capitalising on a strong pipeline of infrastructure work as well as strength in other construction markets.

We have our fast-growing USG Boral business in Asia, Australasia and the Middle East, leading the way in product innovation in attractive, high growth markets.

And in North America, Boral is a scaled building products and fly ash business with broad geographic reach, a diverse product offering and strong growth prospects.

Our strategy is delivering benefits, as reflected in the 28% increase in underlying profit after tax[1] to $343 million for the year and the 16% increase in earnings before interest and tax (EBIT)[1] to $460 million.

SAFETY PERFORMANCE

Before I focus on financial performance, let me talk to you about our safety commitment and outcomes.

At 30 June 2017, Boral had close to 16,500 employees and over 8,000 contractors working across 700 plus sites, including our joint venture operations. All of Boral's businesses share

[1] Before significant items

the same safety philosophy of delivering Zero Harm Today, and every day, as our highest priority.

During the year, our employees and contractors reported 64 injuries[1] that resulted in a day or more lost from work, which led to a lost time injury frequency rate of 1.5 injuries per million hours worked, which was slightly higher than the 1.3 recorded in the prior year but remaining much lower than our long-term average. If we include injuries that were medically treated but did not result in time away from work, Boral's recordable injury frequency rate of 8.1 injuries per million hours worked was 8% lower than the prior year. The slight deterioration in lost time injuries was largely attributed to a higher accident rate in our Meridian Brick joint venture, specifically the Forterra legacy sites.

Our FY2017 safety statistics do not include Headwaters safety numbers as we only owned the business for the last eight weeks of the year; we will consolidate Headwaters numbers from FY2018. We have however, reported Headwaters safety results separately in our year end reporting and with a full year employee lost time injury frequency rate of 3.9 and recordable injury frequency rate of 14.6, the results from Headwaters businesses are lagging Boral's.

It is clear that as we reshape our portfolio, we need to pay particular attention to the new businesses that we bring into the Group to ensure they are committed and equipped to deliver better safety outcomes.

It has also been made very clear to us that we can never be complacent when it comes to our safety systems and how we go about our business. The devastating incident that Brian referred to earlier has affected all of us. Given the significant attention that safety has across the organisation, we were absolutely stunned by what happened on our work site.

Prior to this tragic accident, the last fatality in Boral was in December 2013 when a contractor driver of a concrete agitator was killed in a single vehicle road crash in country Victoria, Australia. The investigation into the accident at Alexandria is continuing but I assure you that we are determined to do everything we can to learn from this, to share those lessons across the organisation, and continue to work to engineer out blind spots and improve our operations to further advance safety for all people on our sites.

Every employee, contractor and visitor has a fundamental right to not be harmed. Every family has the right to see their loved ones arrive home unharmed at the end of the day. We will never rest when it comes to safety. It remains our highest priority, embedded in our business strategy and everything we do.

OUR ENVIRONMENTAL FOOTPRINT

For the past five years, we have also been embedding more sustainable practices into Boral as part of our business strategy.

We have been moving away from energy-intensive manufacturing, such as kiln-fired clay bricks, to lightweight, more sustainable products, such as cultured stone, fly ash-based composite products and gypsum wallboard technologies. We have exited higher cost, sub-scale, less efficient cement kilns in Australia.

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[1] For employees and contractors in fully owned businesses and joint venture interests of 50% or more. Acquired Headwaters businesses to be included from FY2018.

Boral's greenhouse gas emissions[1] have reduced by around 30% in absolute terms over the past five years to 2.5 million tonnes of carbon dioxide equivalent in FY2017, even while market activity – and Boral's profitability – in Australia, North America and Asia has been increasing.

The reduction in Boral's greenhouse gas emissions reflects a combination of plant closures, divestments, production efficiencies, alternate fuel use, and the shift to imported clinker, which accounts for approximately 13% of the 29% reduction in emissions since FY2012.

We are continuing to invest in ways to further reduce our environmental footprint, including an $11 million investment in an alternative fuels facility at our Berrima cement works, which will enable the use of solid waste-derived fuels and commercial waste streams, reducing Boral's coal usage and carbon footprint at the same time as lowering costs.

INNOVATION

We are continuing to invest in innovation more broadly.

In USG Boral we are piloting the next generation of USG's Sheetrock® technology to produce lighter weight, stronger and more cost effective plasterboard wall systems, building on the leading technology position we have already created in Australia and across Asia.

In Boral Australia, we are looking at ways to use materials science to improve our concrete, cement and asphalt mixes to deliver better performance and lower environmental footprints.

In our North American business, we are developing plans to bring more fly ash to market and increase its use as a cementitious material in construction materials. Reducing the need for Portland cement and reducing the volumes of fly ash going to landfill is good for the environment and good for Boral.

During the year USG Boral opened a new R&D facility in Thailand, and we are planning an upgrade to our Australian R&D capabilities, replacing our research laboratory at Maldon, south of Sydney, with a more sophisticated, better-resourced facility. This strengthens our global capabilities with our state-of the art Boral Discovery Centre in San Antonio, Texas.

TRANSFORMING BORAL

These investments in innovation will support long-term growth, but by far the most transformative growth step we have taken in our recent history was the acquisition of Headwaters.

As you have heard and seen in the video, the acquisition creates a US$1.9 billion revenue business in Boral North America, while significantly growing Boral's fly ash business, expanding our light building products offering, and doubling the size of Boral's roofing and manufactured stone businesses.

After completing the transaction earlier than expected on 8 May, integration activities were successfully rolled out in the first three months. The new North American teams mobilised quickly to work on their synergy delivery plans. We have a high level of confidence around delivery of FY2018 synergy targets, with initial cost savings well progressed. We are also

[1] GHG emissions include Scope 1 and Scope 2 emissions for Boral's 100%-owned operations and Boral's share of emissions from 50%-owned joint venture operations. FY2017 data does not include Headwaters businesses.

highly confident of delivering our two and three year targets and exceeding US$100 million of benefits by year four.

We had already been laying a strong foundation in North America through the formation of the Meridian Brick joint venture in November 2016, and through our multi-year investment in fly ash based polymer composite research to develop a range of innovative light building products that deliver a look and feel of timber trim and siding, without the inherent limitations.

Together, these strategic investments shift our focus in the US away from high fixed cost manufacturing to more scalable variable cost products, where we see a strong future in light weight, more sustainable building products. We have a more resilient business to compete through the cycle and we are better positioned to take new products to market through more extensive and proven distribution channels.

FY2017 FINANCIAL RESULTS BY DIVISION

Let me now turn to Boral's financial results division by division.

Reported revenue for financial year 2017 from **Boral Australia** increased by 1% to $3.3 billion, reflecting growth in infrastructure activity, continued strength in east coast residential construction markets and price gains in all major businesses, offset largely by lower revenues associated with the downturn in Western Australia impacting construction materials and Bricks WA, as well as lower revenues in Timber and Concrete Placing.

Overall, weather impacts balanced out over the full year, with the wetter than average first and third quarters offset by strong volumes in the drier than average second and fourth quarters of the year.

EBIT[1] from Boral Australia of $349 million increased by 11% or $35m with solid price gains, infrastructure volume growth and improved efficiencies.

Our 50%-owned **USG Boral** gypsum joint venture, which operates in 14 countries across Australia, New Zealand, Asia and the Middle East, delivered $70 million of equity accounted income[2] to Boral in FY2017, up 18% on the prior year.

Underlying revenue for USG Boral increased by 6% to A$1.5 billion, supported by continued growth in premium Sheetrock® plasterboard sales. Strong volumes, price and share growth in Korea and Australia, together with growth in USG Boral's emerging countries, were key revenue drivers.

The Korean market has been underpinned by a strong residential sector, and USG Boral in Australia has also benefited from strength in residential construction as well as the non-residential activity. Thailand, Indonesia and China construction markets have been subdued in line with weaker economic conditions, whereas USG Boral's emerging markets of India, Vietnam and the Philippines continue to grow.

Revenue from non-board sales, including compounds, mineral fibre ceiling tiles, substrates and technical boards, increased by 4% and represented approximately 40% of USG Boral's total revenue in FY2017.

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[1] Excluding significant items
[2] After tax income before significant items

Underlying EBIT[1] increased 21% in FY2017, to $217 million, reflecting volume growth and cost management benefits. Over the past five years, we have seen underlying EBIT in USG Boral increase from $83 million to $217 million.

Turning to **Boral North America**. The FY2017 result includes eight weeks of revenue and earnings from our Headwaters businesses, and with the Meridian Brick joint venture formed on 1 November 2016, the FY2017 result includes four months of Boral Bricks revenue and earnings, and eight months of post-tax equity income from Meridian Brick.

Boral's reported revenue for the division in US dollars of US$823 million was up 10% on last year and translated into Australian dollars was A$1.1 billion, up 6%.

In US dollars, EBIT[1] of US$50 million compares with US$32 million reported last year and in Australian dollars, EBIT of A$66 million was up 50% on the prior year.

Underpinned by improving market conditions, volumes lifted, prices strengthened and underlying margins improved in Boral's legacy businesses.

Headwaters contributed A$28 million (or US$21 million) for the eight weeks of ownership, in line with our expectation and market guidance. Excluding the contribution from Headwaters, FY2017 EBIT[1] from Boral's US businesses of US$29 million was US$3 million lower than prior year, reflecting the fact that the prior year included a one-off US$7 million land sale benefit while this year included a US$2.4 million cost incurred in the Denver Construction Materials business for rehabilitation of the Brighton Quarry.

1Q FY2018 TRADING & OUTLOOK

Let me now share with you what we are seeing in the first quarter of this year, by way of a brief Trading Update, and I'll talk through the Outlook ahead for this current year.

BORAL AUSTRALIA

In August at our full year results announcement, we said that Boral Australia's FY2018 EBIT is expected to be broadly similar to FY2017, including Property in both years with the contribution from Property in FY2018 expected to be at the low end of the historical range of $8-$46 million, compared with $24 million in FY2017.

However, I am pleased to report that Boral has benefited from an unprecedented period of continuous, uninterrupted construction activity in New South Wales and Queensland due to the exceptional dry weather. As a result, these two states have delivered financial results well ahead of our initial expectation. However, on the west coast, the already depressed Perth market was adversely impacted by wet weather, but this is a much smaller market for Boral.

Overall, Boral Australia has delivered better than expected first quarter earnings. We now expect to see high single-digit earnings growth from Boral Australia in FY2018 compared with FY2017, excluding earnings from Property sales in both years. This outlook assumes a return to more average weather conditions, which we are now seeing in some parts of Australia, including wet conditions in Queensland in October.

The growth in infrastructure construction activity and pricing outcomes on the east coast is expected to more than offset continued pressure in Western Australia, the general softening in

[1] Excludes significant items

the housing market, and higher energy costs, with the increase expected to be at the higher end of our estimated range of $15-$20 million this year in Boral Australia.

We continue to expect Property to contribute EBIT at the lower end of the historical range of $8-$46 million, and skewed to the second half of the year.

Including Property contributions in both years, we now expect to see a year-on-year improvement in earnings from Boral Australia, following the strong first quarter result.

USG BORAL

For USG Boral, in August we said that profits are expected to continue to grow in FY2018, underpinned by continued strength of Sheetrock® across all markets delivering price, volume and cost benefits, with the rate of underlying profit growth expected to be in the high single-digits in FY2018.

In the first quarter, we saw Korea deliver results ahead of expectation, however, we are not yet seeing improvements come through in Thailand and Indonesia, where conditions remain soft. But we expect to see business improvements coming through in those countries in the second half.

In Australia the underlying business delivered strong results in line with expectation, with strength in Sheetrock® volumes and pricing. However, the first quarter was adversely impacted by a one-off cost associated with USG Boral's 50%-owned Gypsum Resources Australia joint venture, also known as GRA, which mines gypsum in South Australia for supply internally and to the broader plasterboard and cement industries in Australia.

In late June, operations at the Port of Thevenard were temporarily closed due to unplanned rectification work. The owner of the port facility undertook certain repair works and reopened it on September 21. During the three-month port closure, GRA was unable to cost-effectively despatch gypsum from its mine in South Australia and instead sourced gypsum from USG Boral's mine in Oman and from Rio Tinto's Dampier operation. Supply was uninterrupted to GRA's customers, including USG Boral, however, a one-off cost impacted USG Boral's earnings during the quarter.

Despite the lower year-on-year first quarter result underpinned by the GRA supply issues, which had a larger impact than our initial expectations, together with an unfavourable operational reserve adjustment in India, we retain our guidance that the rate of profit growth in USG Boral is expected to be in the high single-digits in FY2018.

BORAL NORTH AMERICA

Turning now to the outlook and first quarter trading conditions for Boral North America.

Investors are aware that Boral North America will deliver significant earnings growth in FY2018, primarily as a result of the first full year contribution from Headwaters coupled with delivery of the targeted US$30-35 million of year one synergies. The Meridian Brick joint venture will also contribute to the earnings uplift, with a much improved positive EBIT contribution expected in FY2018, underpinned by market growth as well as the ramp-up of synergies, which are targeted at US$25 million per annum by November 2020.

Integration of Headwaters is continuing to progress in line with expectation, including the delivery of year one synergies, but just as weather conditions have favoured Boral in Australia in the first quarter, weather in parts of the US has had an impact on our businesses, in particular Hurricane Harvey in Texas and Hurricane Irma in Florida. Along with associated storms and wet weather interruptions in the Southern and Eastern states of the USA, they have had an adverse impact on the first quarter results.

While our people were all safe and we did not sustain significant damage to any of our plants, we did experience minor flooding, power supply outages, supply chain interruptions and delays in construction activity, impacting our roofing, brick, block, windows and fly ash operations in the region.

I should also mention the tragic wild fires that were devastating the West Coast of the USA in October. Again, I can report our people were all safe and that our Stone plant in the middle of the Napa Valley did not sustain damage. However, it was difficult for our people to get to the plant for several days due to the fires and smoke, which meant production was curtailed for a period, and of course, construction activity in the region was also on hold for several days during the crisis.

The financial impact on Boral of the two major hurricanes is estimated to range between US$5 million and US$10 million, primarily in the first quarter of the year, meaning that we have ended the first quarter behind where we thought we would be for Boral North America.

Nevertheless, activity is returning to the Houston and Florida markets and over time, we are well positioned to assist in rebuilding efforts, which could flow into FY2019 and potentially the second half of this year.

We are still expecting significant earnings growth this year from Boral North America as a result of the first full year contribution from Headwaters, together with delivery of the targeted US$30-35 million of year one synergies and assuming that forecast market growth[1] in FY2018 will be achieved, including housing starts of ~1.29 million starts in FY2018, US infrastructure strengthening by ~5%, non-residential activity by ~12%, and repair & remodel activity by ~6%.

Full year earnings from North America are typically skewed to the second half of the year due to seasonality. With the impacts of the hurricanes and wildfires in the US in the first half, we expect to see a larger second half skew of earnings this year.

So across the Group, we have seen some ups and some downs in the first quarter, which is not unusual. Weather can be our friend or our enemy in the short-term.

Looking through these short-term impacts though, the future is extremely bright for Boral.

BUILDING A TRANSFORMATIVE CULTURE

We are taking the next step in our strategy, with an enhanced ability to capture growth and drive change, and an even greater emphasis on our customers. We are building a transformative culture, creating an organisation that calls on agility, grit, transparency and courage to successfully evolve and deliver value.

[1] US market forecasts include: Housing starts based on average of analysts' forecasts (Dodge, Wells Fargo, NAR, NAHB, Fannie Mae, Freddie Mac, MBA) from July/August 2017 forecast; Non-residential from Dodge Data & Analytics; Repair & Remodel from Moody's Retail Sales of Building Products; and Infrastructure Ready Mix Demand from McGraw Hill Dodge

We want our people and our businesses to be nimble and responsive. We want to develop even more mental toughness and persistence to deliver excellence without giving up. We want our people to show courage to drive us forward and embrace risk in order to achieve great things. And we want a culture that is based on an honest and straightforward approach.

We are doing this because we recognise the importance of responding positively to the external forces that we are facing – whether they be technological, environmental, economic or societal forces. These forces will continue to be a catalyst helping us deliver on our uncompromising commitments to our shareholders and all of our stakeholders, as well as the environment, which we have an obligation to protect.

Today, I am proud of what I see in Boral – an organisation that does not accept road blocks, that looks for ways to conquer obstacles and is committed to delivering our goals and has the audacity to Build something great.

Thank you.

Mike Kane