



Boral's Investor Site Tour

Construction Materials & Cement

Sydney, New South Wales | 20 May 2015



Aggregate deliveries at St Peters



Concrete agitator fleet at St Peters

BORAL'S INVESTOR SITE TOUR – SYDNEY 2015

Disclaimer



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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.



Schedule – Wednesday 20 May

Presentations and Q&A

9:15 am	Registration
9:30 am – 11:30 am	Presentations and Q&A Joe Goss – Divisional MD, Construction Materials & Cement Greg Price – Executive GM, NSW/ACT Ross Harper – Executive GM, Cement Wayne Manners – Executive GM, WA/NT & Major Projects
11:30 am. – 11:45 am	<i>Break</i>
11:45 am – 12:30 pm	Lunch with management

Site Visits

12:45 pm – 5:00 pm	Depart North Sydney by bus for site visits Bus 1: Travel to Enfield, then to St Peters Bus 2: Travel to St Peters, then to Enfield Site Tour of St Peters concrete plant Site Tour of Enfield asphalt plant
5:00 pm – 5:30 pm	Arrive back at North Sydney, including a drop off in the City



Content

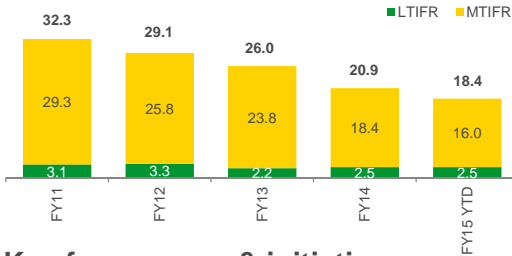
- **Boral Construction Materials & Cement Overview | Joe Goss**
- **New South Wales | Greg Price**
- **Cement | Ross Harper**
- **Major Projects | Wayne Manners**
- **Wrap up & Questions**



Safety remains our first priority

Divisional safety performance

Recordable Injury Frequency Rate (RIFR)¹



Key focus areas & initiatives

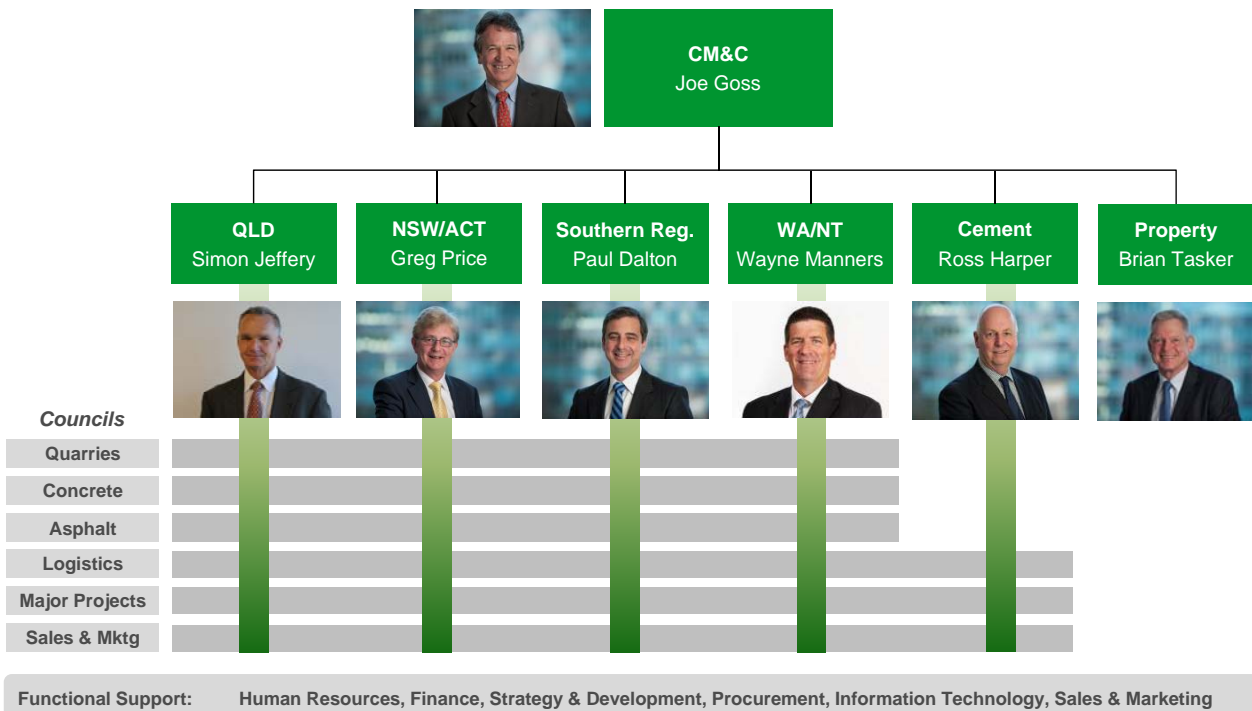
- Reinforce management commitment & leadership
- Employees understand their accountabilities & responsibilities for safety
- What we are doing:
 - ✓ Expanding safety interventions
 - ✓ Communicating 'safety absolutes'
 - ✓ Continuing Safestart rollout
 - ✓ Implementing contractor safety program



1. Comprises Medical Treatment Injury Frequency Rate (MTIFR) and Lost Time Injury Frequency Rate (LTIFR) for employees and contractors per million hours worked



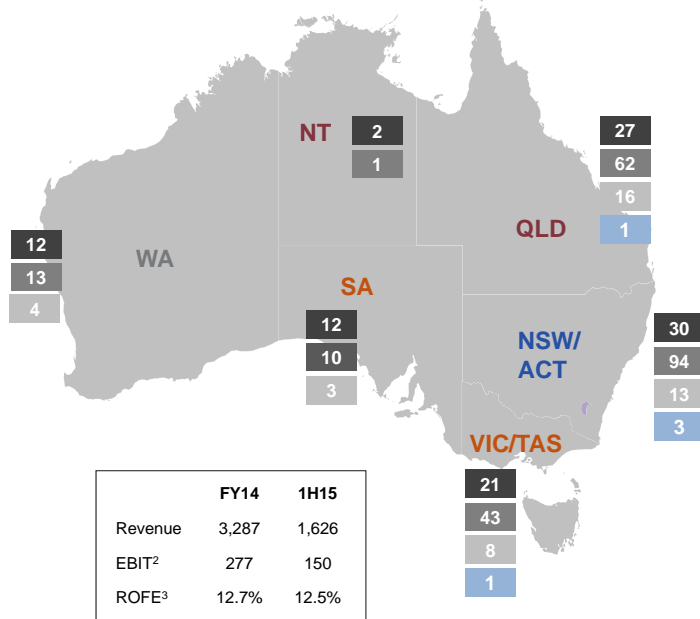
Regional management structure with product and functional support





Construction Materials & Cement

- The only **fully integrated** construction materials participant
- Diversified revenue base and market exposure
- Large footprint concentrated in key east coast markets



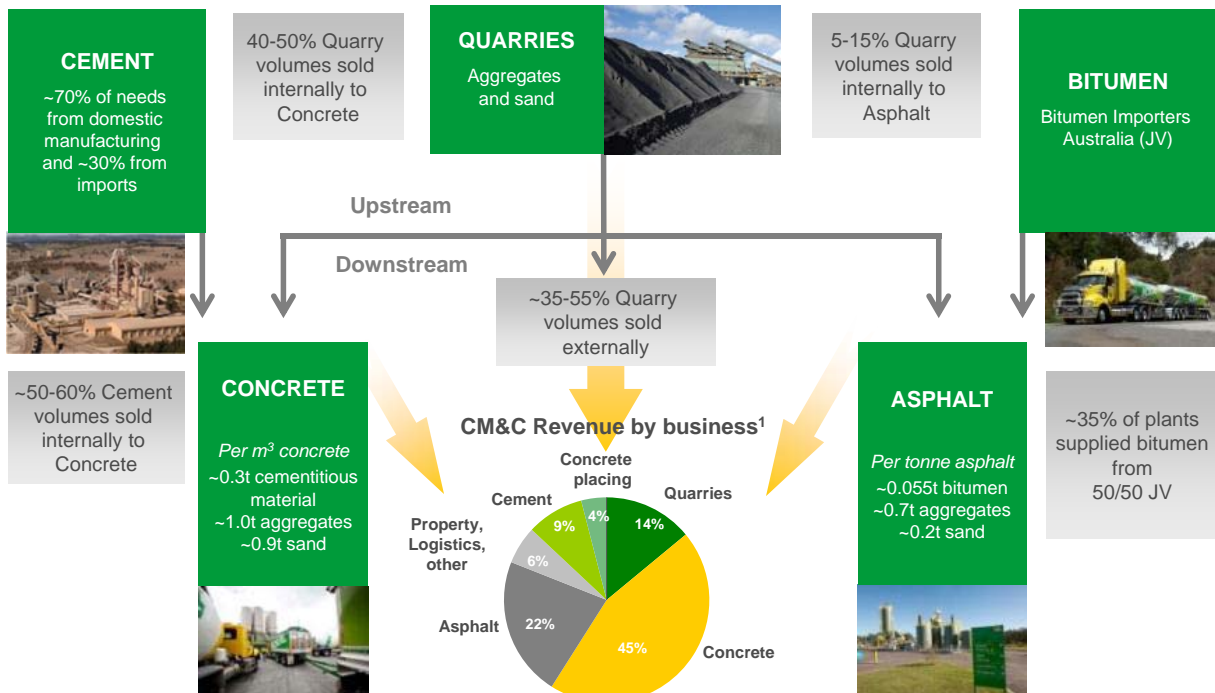
OPERATING FOOTPRINT (number of operations)

104	Quarries	~4,900 employees
223	Concrete	~3,800 contractors
44	Asphalt	~2,500 trucks
5	Cement ¹	

1. Includes cement manufacturing plant, bagging plant and lime plant in NSW, a clinker grinding plant in Vic and a clinker grinding JV in Qld
 2. Excluding significant items
 3. EBIT return on divisional funds employed (segment assets less segment liabilities) calculated on a moving annual total basis as at 31 Dec for 1H15. EBIT excludes significant items



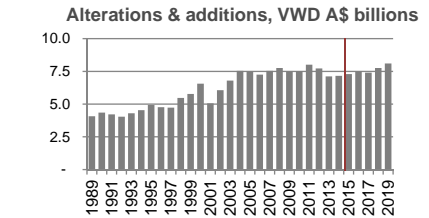
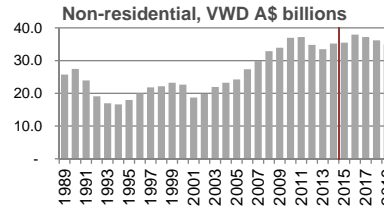
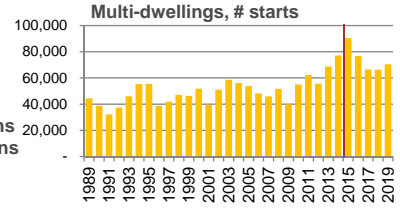
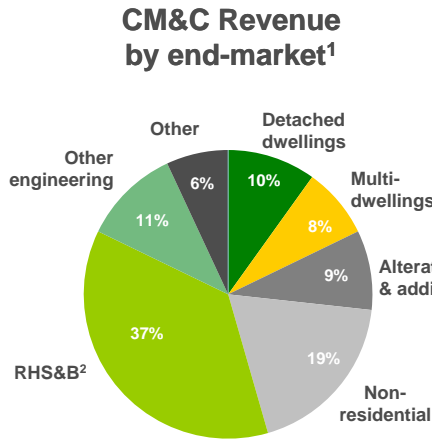
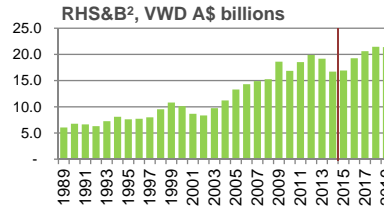
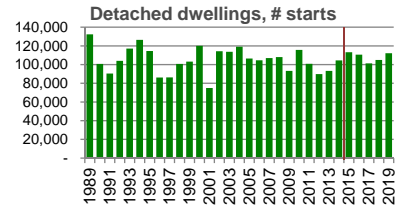
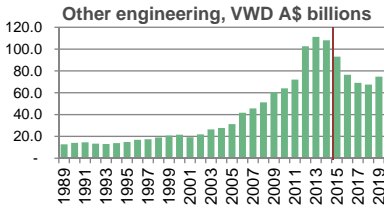
With strategic reserves and integrated downstream operations, Boral is well-positioned



1. Based on split of 1HFY2015 revenues from Construction Materials & Cement



Construction Materials & Cement revenues are derived from a number of segments



1. Based on split of 1HFY2015 revenues from Construction Materials & Cement
 2. Roads, Highways, Subdivisions & Bridges

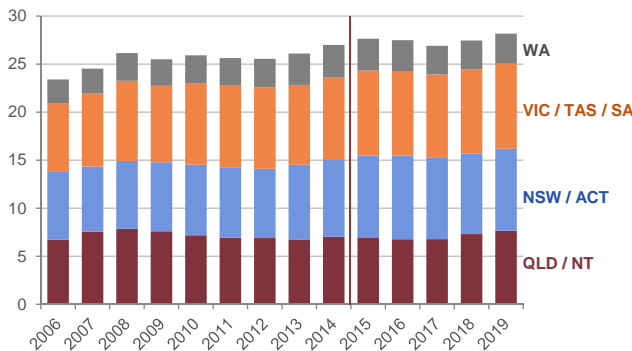
Note all charts are for financial years and have been based on 2012/13 dollars
 Source: BIS Shrapnel for Other Engineering, Macromonitor for all other market data 9



Overall, what do we see for concrete, as a proxy for construction materials volumes, across all markets?

Industry concrete demand in Australia is forecast to stay at high levels of demand for the next five years

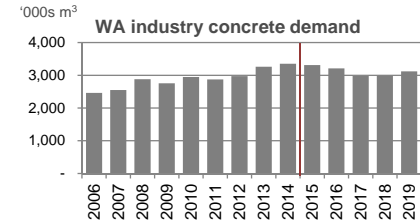
Macromonitor Forecast Concrete Demand across all Australian construction markets, million m³



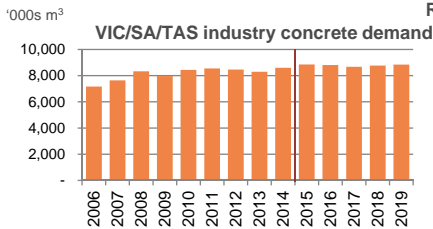
- ~1% CAGR in concrete volumes forecast from FY2014 to FY2019
- Growth in RHS&B activity and in non-residential activity to offset decline in resources sector engineering work and softening in dwellings



Strong market demand expected in NSW, broadly steady outlook for Vic and Qld with softening in WA

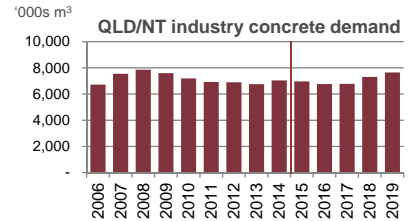
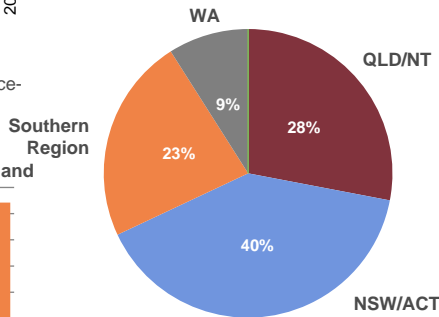


- Currently benefiting from Gateway and Wheatstone projects
- Forecast reflects transition from resource-sector to infrastructure sector

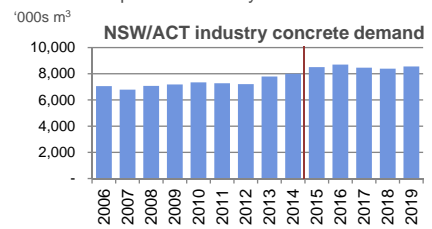


- Solid activity underpinned by non-residential and residential sectors
- Market forecast at historically high levels with infrastructure spending increasing

CM&C Revenue by region¹



- Broadly steady outlook with transition from resource-sector to residential and other activity
- Impact of road infrastructure projects expected in a few years



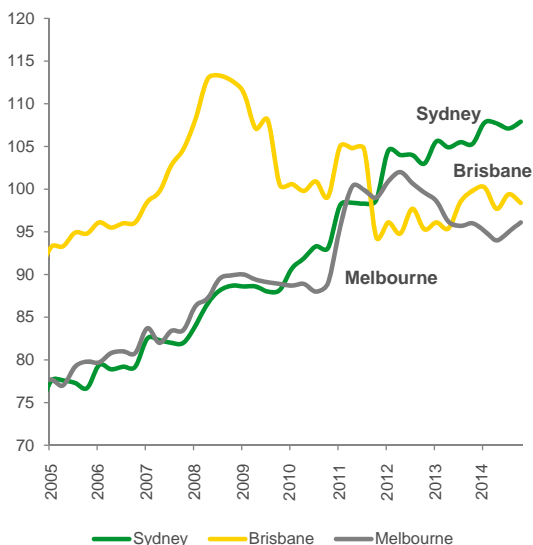
- Upward trending cycle driven by the road construction and residential development pipeline
- Metro market is at historically high levels, although demand is dependent on a number of specific projects

1. Based on split of 1HFY2015 external revenues from Construction Materials & Cement
All other charts; Source: Macromonitor, Construction Materials Forecast, February 2015 (Queensland updated April 2015)



Pricing outcomes have been mixed but remain critical to recover cost increases

ABS Concrete, Cement & Sand Index in key metro markets



Price increase announcements*

- Concrete price increases nationally (excluding WA) of ~5-9%, effective 1 April 2015
- Concrete price increases in WA of ~6-8%, effective 1 March 2015
- Aggregate price increases nationally (excluding WA) of between 6-18%, effective 1 April 2015
- Aggregate price increases in WA of ~7-10%, effective 1 March 2015

Traction

- Early days – too early to report
- Signs are positive in several markets but conditions remain challenging in some markets
- Boral committed to strong price management – improved reporting, process & controls implemented

Source: ABS Concrete, Cement & Sand Index. Producer price index (6427.0); input to the house construction industry. Index reference period 2011-12
*Note that estimated percentage increases are based on the 20MPa/20mm prices and aggregate percentage increases are based on a basket of representative 20mm products



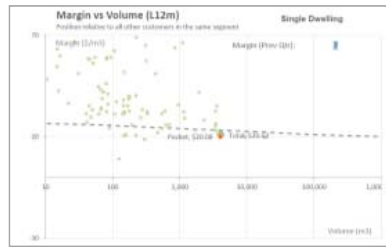
Focus on reporting, process and controls to improve price and margin outcomes

Account Manager Dashboards



- Price & margin
- Volume & revenue
- Variance to budget

Concrete – Customer pricing reports

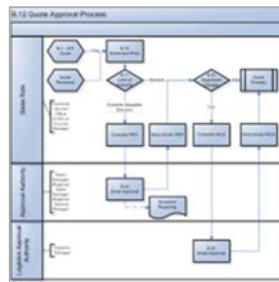


- Margin versus customers in same segment
- Pricing trend
- Products by volume & margin

Asphalt Contracting Margins

- Increased governance with Contracting Standard Operating Procedure
- Improved execution:
 - Capability development
 - Project controls

Quarry pricing control

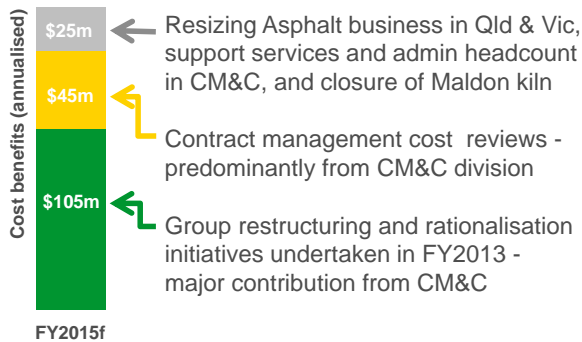


- Standardising order to Invoice processes nationally across Quarries, Logistics and Asphalt
- Centralised pricing control
- Error control through automated weighbridge



Managing costs down and improving the way we operate

Structural cost reductions



Ongoing operating effectiveness

- Building a culture of continuous improvement
- Focusing operational teams on improving OEE¹ and yields using Boral Production System tools
- Maximising Procurement effectiveness with improved business alignment and category management
- Increasing focus on contractor costs and management

Asset optimisation

- Closed Waurn Ponds kiln, Berrima Colliery and Maldon kiln
- Targeted concrete plant rationalisation
- Resizing the Asphalt business, reducing asphalt crews and equipment

Strategic capital allocation

- Maintaining stay-in-business investment to sustain long-term business
- Optimising capital spend targeting projects that improve operating efficiencies and reduce costs
- Undertaking key quarry reinvestments



Boral's *Fix, Execute, Transform* program – significant improvements undertaken



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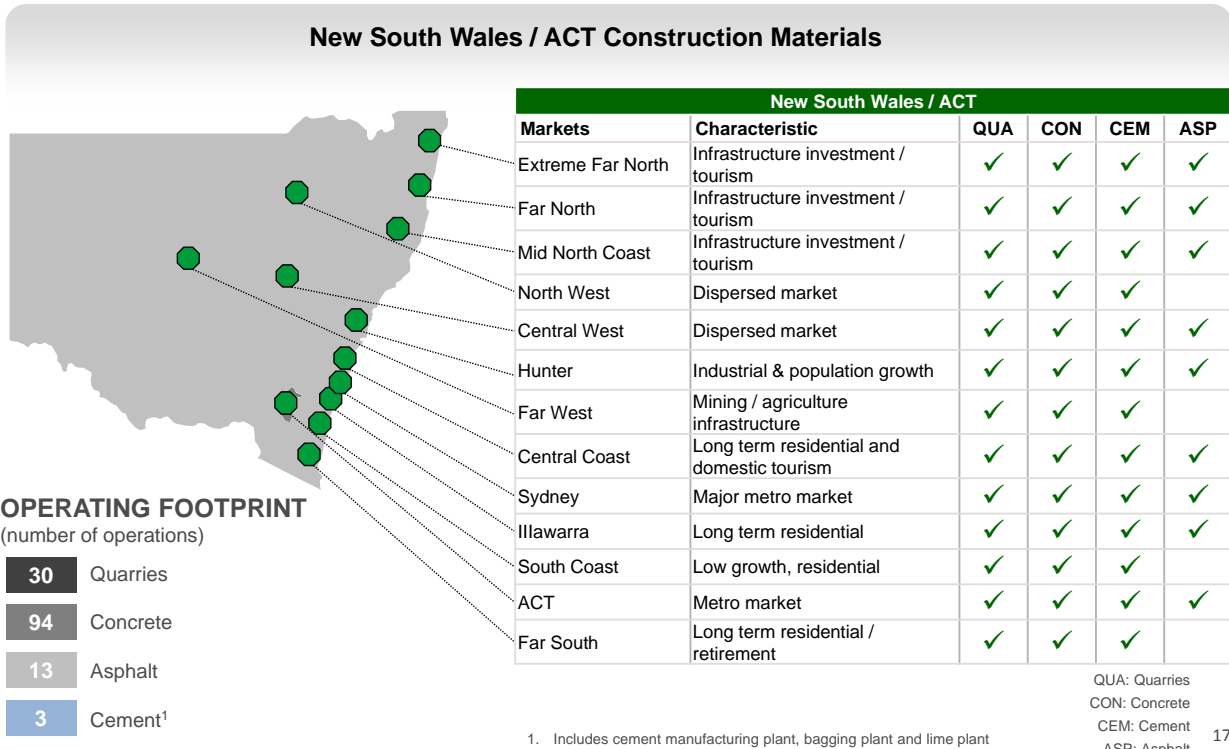
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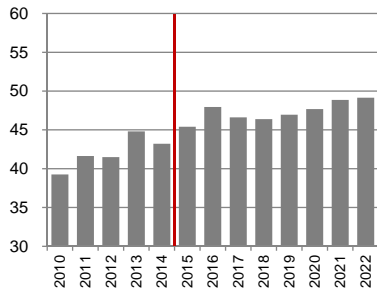
A large integrated footprint supplying key markets



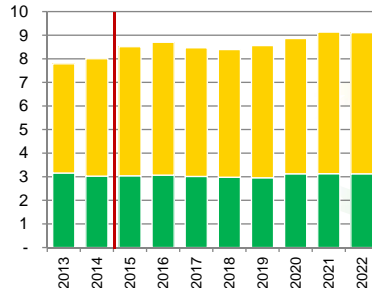
Increase in activity driven by Sydney-metro region

Macromonitor industry forecast

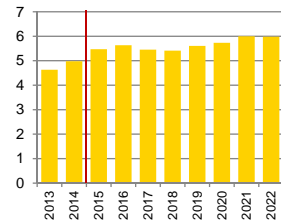
NSW/ACT Value of work done
\$bn, constant 2012/13 prices



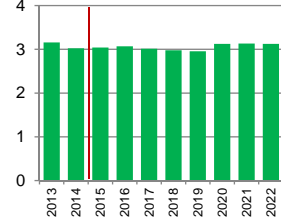
NSW/ACT industry concrete demand
million cubic metres



Activity for Greater Sydney
million cubic metres



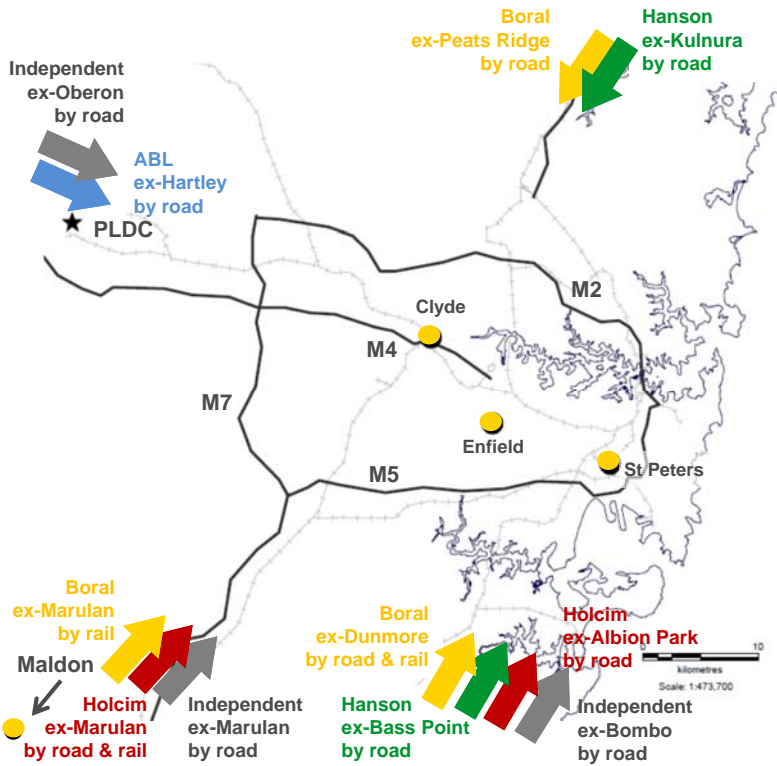
Activity for Regional NSW
million cubic metres



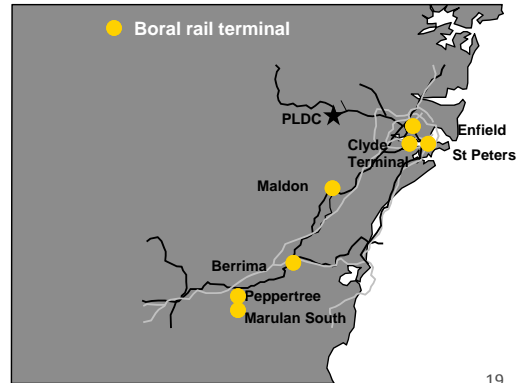
- Recent growth heavily weighted to metro market and driven by residential activity
- Headline activity forecasts reflect upward trending cycle, driven by road construction and residential development pipeline
- Metro market at historically high levels, although demand dependent on a number of specific projects
- Regional market roughly half the size of metro with generally weak outlook across all segments; Pacific Highway upgrade is a highlight



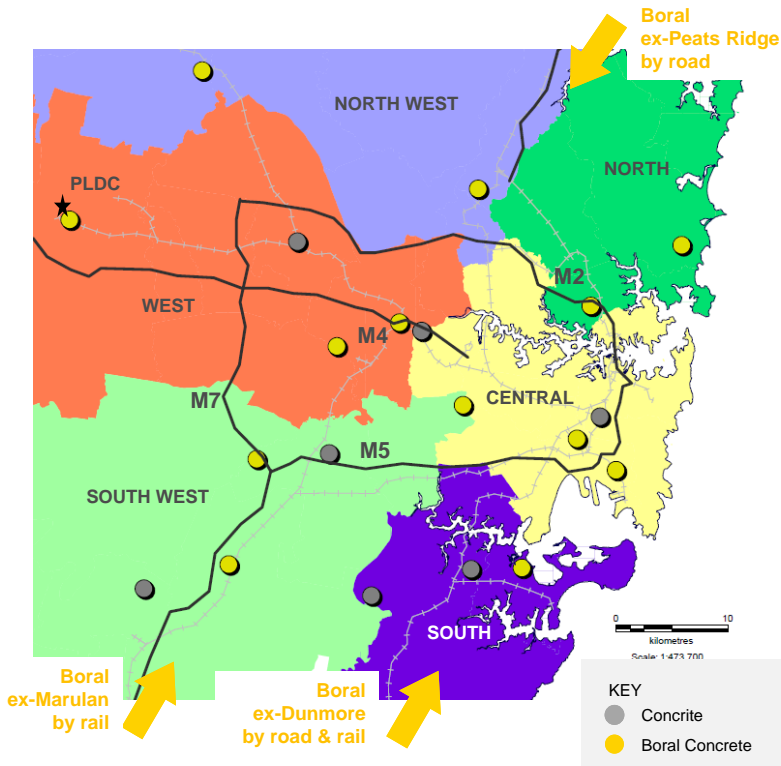
A strong position in Sydney underpinned by strategic rail terminals into metro market



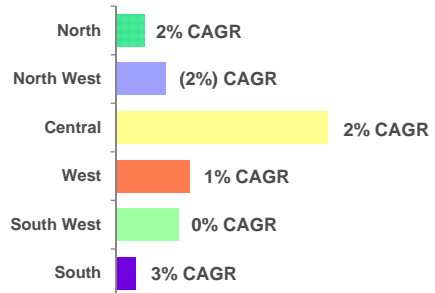
Boral's terminals in the Sydney market



Boral is well-positioned to deliver on infill development as well as urban expansion



Sub-Region Relative Market Size and Forecast Growth (CAGR) FY15-22 million cubic metres



Source: Macromonitor, Construction Materials Forecast, Feb. 2015 Compound Annual Growth Rate (CAGR)



The transition from Emu Plains is a generational shift for our business, impacting the full value chain

A generational shift for the industry

From Emu Plains

- Sand and gravel
- Excavate with traditional load and haul
- Overburden ratio less than 1:5
- ~60% of material crushed
- 39 km to Parramatta
- 100% road despatch
- Shared production facility with Hanson and Holcim
- Coarse concrete aggregates and sand
- Capacity: 3.5mtpa
- Fully depreciated

To Peppertree

- Hard rock
- Drill and blast with in-pit crushing
- Overburden ratio greater than 1:10
- ~100% of material crushed
- 172 km to Parramatta
- 100% rail despatch to depots (automated)
- 100% Boral-owned
- Coarse concrete and asphalt aggregates and manufactured sand
- Capacity: 2.5mtpa, scalable
- \$200m investment



Peppertree Quarry investment & rail terminals secures Boral's strong position in the Sydney market

Quarry Pit



- Extraction commenced early 2014
- In-pit crushing commenced Mar-15
- 2.6m bulk m³ of overburden removed to date, with 6.3m bulk m³ still to be removed
- Operations meet environmental requirements
- Rock quality meets expectations

Processing Plant



- >2mt produced and sold to date
- >1mt of manufactured sand produced and supplied to Concrete and Asphalt, and is exceeding performance expectations
- Preventative maintenance systems developed and implemented
- Full 24/7 operations capability achieved Oct-14

Load Out & Distribution



- 3rd train set commissioned May-15
- Full train (2,600t) can be loaded in full automation in under 90 mins
- Upgraded St Peters terminal & new Maldon terminal are fully operational
- Scheduled transition of supply from Emu Plains Quarry to Peppertree and Dunmore Quarries underway

Zero lost time injuries during operations



Performance excellence through *Fix, Execute, Transform*

Our vision



Transforming our business by engaging our people



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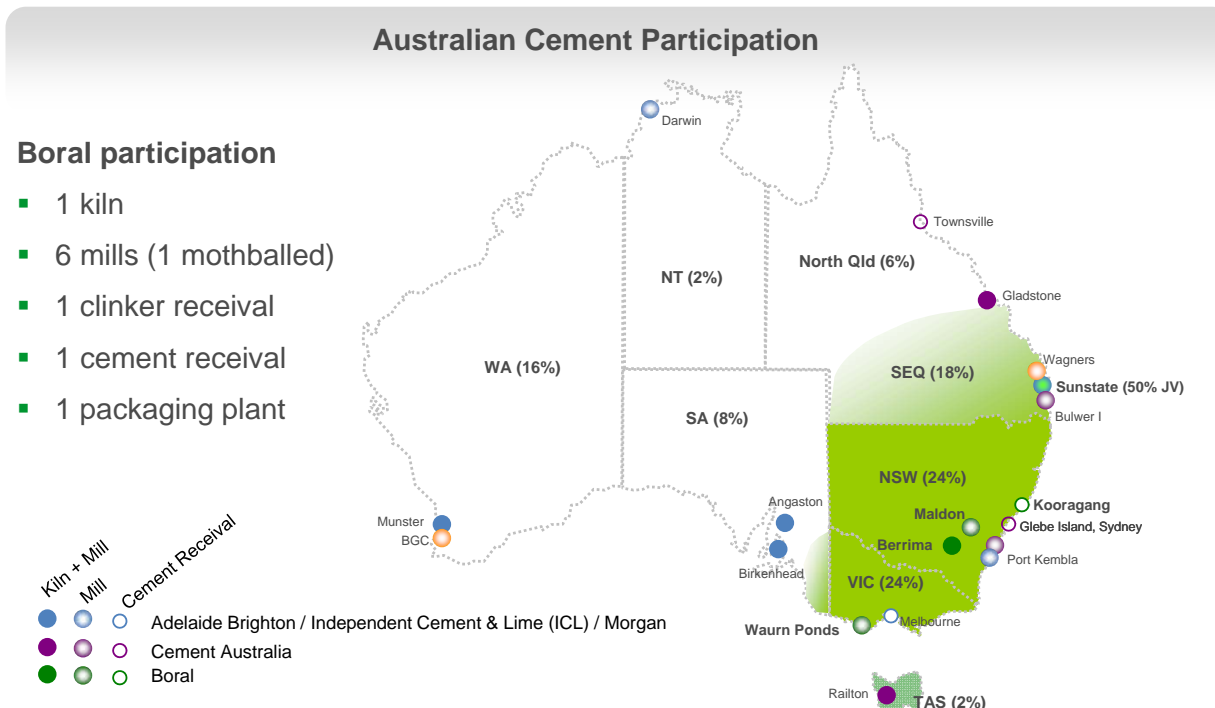


A full suite of bulk and packaged products within the Cement, Lime and Concrete Placing business

	Clinker Production	Clinker Importing	Sunstate JV	Limestone & Lime	Concrete Placing
	Berrima, NSW	Waurin Ponds, Vic	Port of Brisbane, Qld	Marulan, NSW	DeMartin & Gasparini
Assets	<ul style="list-style-type: none"> ▪ Kiln 6: Dry process (1,400kt clinker) ▪ Cement Mill 6: (800kt) ▪ Cement Mill 7: (800kt) 	<ul style="list-style-type: none"> ▪ Cement mills: (750kt) 	<ul style="list-style-type: none"> ▪ Cement mills: (1,500kt) ▪ 50:50 JV with Adelaide Brighton 	<ul style="list-style-type: none"> ▪ Limestone quarry: >40 years reserves ▪ Lime kiln (130kt) 	<ul style="list-style-type: none"> ▪ 34 concrete pumps and tower booms
Products	<ul style="list-style-type: none"> ▪ Grey cement: Shrinkage Limited (SL) & High Early Strength (HES) 	<ul style="list-style-type: none"> ▪ Grey cement: General Purpose, HES and SL 	<ul style="list-style-type: none"> ▪ Grey cement: General Purpose, HES and SL ▪ Slag, flyash, gypsum ▪ Bagged products 	<ul style="list-style-type: none"> ▪ Limestone: to Berrima, Maldon, external customers ▪ Lime: Quicklime, Hydrated Lime 	<ul style="list-style-type: none"> ▪ Concrete pumping and placing



Boral has a direct supply presence in over two-thirds of the Australian cement market



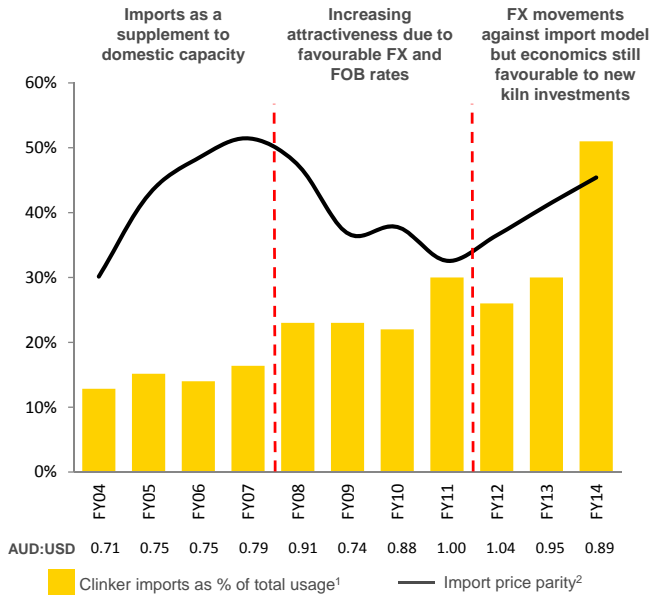
Percentages refer to proportion of total market in each state. Source: CM&C Management estimates



The industry's well-documented shift to imports will continue despite the more favourable exchange rate

Trend to imports and Import Price Parity (IPP) in Australia

Clinker imports % of total sales (LHS) and import price parity (indexed)



1. Source: Cement Industry Federation
 2. CM&C Management estimates based on imports to east coast

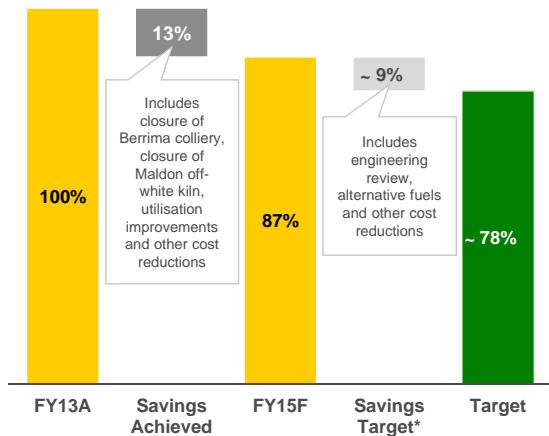
- The Australian cement market has had a long-term trend to imports
- In recent years, IPP has supported the shift and placed strong pressure on domestic capacity to remain competitive
- Despite the recent FX movement favouring domestic production, the trend to imports will continue with access to product availability and competitive pricing from Asia
- Boral has shifted to an import model in Victoria but in NSW, our Southern Highlands assets remain favourable to IPP



We have a successful business improvement program which is lowering our relative cost position in NSW

Berrima cost competitiveness

Indexed unit cost of production, constant values



- Berrima and related Southern Highlands assets are the core profit drivers of Boral Cement
- Berrima operates in an import-exposed market place and in recent years has been challenged by imported supply
- The business has successfully reduced production costs by ~13% over past two years, with additional benefits targeted over coming years
- With exchange rate moving back in our favour, we are well positioned to maintain lowest delivered cost to NSW market



Boral's *Fix, Execute, Transform* program – moving firmly into the Execute & Transform phases



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Major Projects provide revenue growth opportunities but need to be well managed

Major Projects tend to be:

- Higher risk and appropriately higher margins
- Resource intensive
- High volume, high productivity
- Technically more complex
- Revenue growth opportunities
- Distraction to base business

Value to our customers through:

- Strong contracting capability**
with focus on project management skills and understanding the challenges faced by our customers
- Ability to **bundle various construction materials** through a large footprint of fixed and mobile assets
- Technical superiority** through innovative pavement and mix design alternatives
- Focus on delivering **zero harm safety outcomes** on projects and sharing lessons across projects

Boral is well-positioned to deliver Major Projects:

- ✓ Established Project Management Office
- ✓ Strict management and risk processes including bid and delivery governance
- ✓ Contracting operating procedures
- ✓ Product Council overlay across business



Boral provides tailored solutions for large scale & technically complex projects across Australia

Boral is involved in a number of major projects



1 Gateway Sub-Alliance

- Road construction project in Perth
- Supplying ~460,000t asphalt & quarry materials



2 Wheatstone LNG

- Supplying concrete & quarry material
- 2 on-site concrete plants
- ~360,000m³ concrete



3 Ichthys LNG Project

- Supplying quarry materials
- 950,000t sand & aggregates



4 Curtis Island LNG

- Boral is on all 3 LNG projects supplying concrete & sand
- 6 on-site concrete plants
- ~700,000m³ concrete





5 Toowoomba Airport

- Supplying ~50,000t of asphalt for runway, aprons and hardstand areas



6 Leighton/Boral/Amey JV

- Maintenance contract of road network in QLD & NSW
- Concrete, quarries, cement, asphalt



7 Barangaroo

- Sydney CBD development
- Supplying concrete through on-site plant
- ~200,000m³ concrete



8 Pacific Highway Upgrade

- Various sections
- Concrete, asphalt and quarry materials via fixed and mobile plants
- ~400,000m³ concrete



Australia's top 10 major projects pipeline projects due to commence from 2015 to 2017 (by total project value / cost)

Project	State	Est. Value	Status	Owner / Contractor	2015	2018	2021
Westconnex (all stages)	NSW	\$11bn	Committed	RMS	2015		2023
Sydney Rapid Transit	NSW	\$10bn	Under consideration	NSW Gov		2017	2024
Pacific Hwy Woolgoolga to Ballina	NSW	\$5bn	Committed	NSW Gov	2015	2019	
Aquis Barrier Reef Resort	QLD	\$4bn	Possible	Aquis	2015	2020	
Queens Wharf Brisbane	QLD	\$4bn	Under consideration	QLD Gov		2016	2020
Northconnex	NSW	\$3bn	Committed	Lend Lease	2015	2019	
Barangaroo – Hotel and residential (multiple stages)	NSW	\$2bn	Committed	Lend Lease / Crown		2016	2019
Brisbane Showgrounds	QLD	\$2bn	Under consideration	Lend Lease		2017	2025
Toowoomba Bypass	QLD	\$1bn	Committed	QLD Gov	2015	2018	
Perth Airport Link	WA	\$1bn	Possible	WA Gov		2016	2020

Source: Access Economics Investment Monitor

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Material-intensity can vary with material revenue from road projects typically 1-5% of project cost

Examples of Boral's material use for various projects

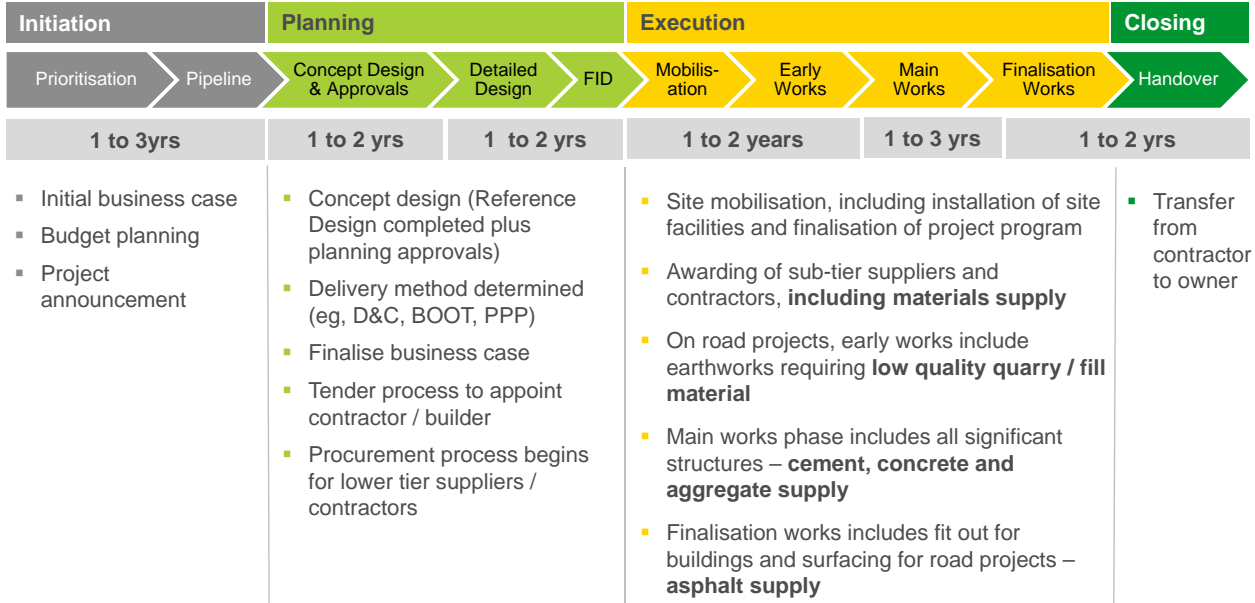
Projects	Timing	Project cost	Quarry products (kt)	Cementitious products (kt)	Concrete (km ³)	Asphalt (kt)
EastLink (2005 to 2008)	<ul style="list-style-type: none"> Joint venture between Theiss & John Holland 39km tolled section of M3 freeway and 6km of bypass roads at Dandenong and Ringwood Largest ever urban road project in Victoria Two three-lane 1.6km tunnels 103 structures including 88 bridges 	\$2.5b	1,125		382	529
Gateway upgrade project (2006 to 2011)	<ul style="list-style-type: none"> Joint venture between Leighton Contractors and Abigroup Contractors Duplication of the 1.6km six-lane bridge New six-lane 7km motorway north of the Brisbane River Upgrade to 20km of Gateway Motorway south of the Brisbane River 	\$2.1b	141		356	205
Hunter Express Highway (2012-2015)	<ul style="list-style-type: none"> Four-lane freeway link between the M1 Pacific Motorway near Sea Hampton and the New England Highway, west of Branxton One of the largest road infrastructure projects to be built in the Hunter 	\$1.7b	336	90	24	
Curtis Island LNG projects (Commenced 2010)	<ul style="list-style-type: none"> Three separate CSG to LNG terminals, including plants, gas lines and trains Gas lines: QCLNG: 540km, GLNG: 420km, APLNG: 530km 	\$84.6b	58		705	3

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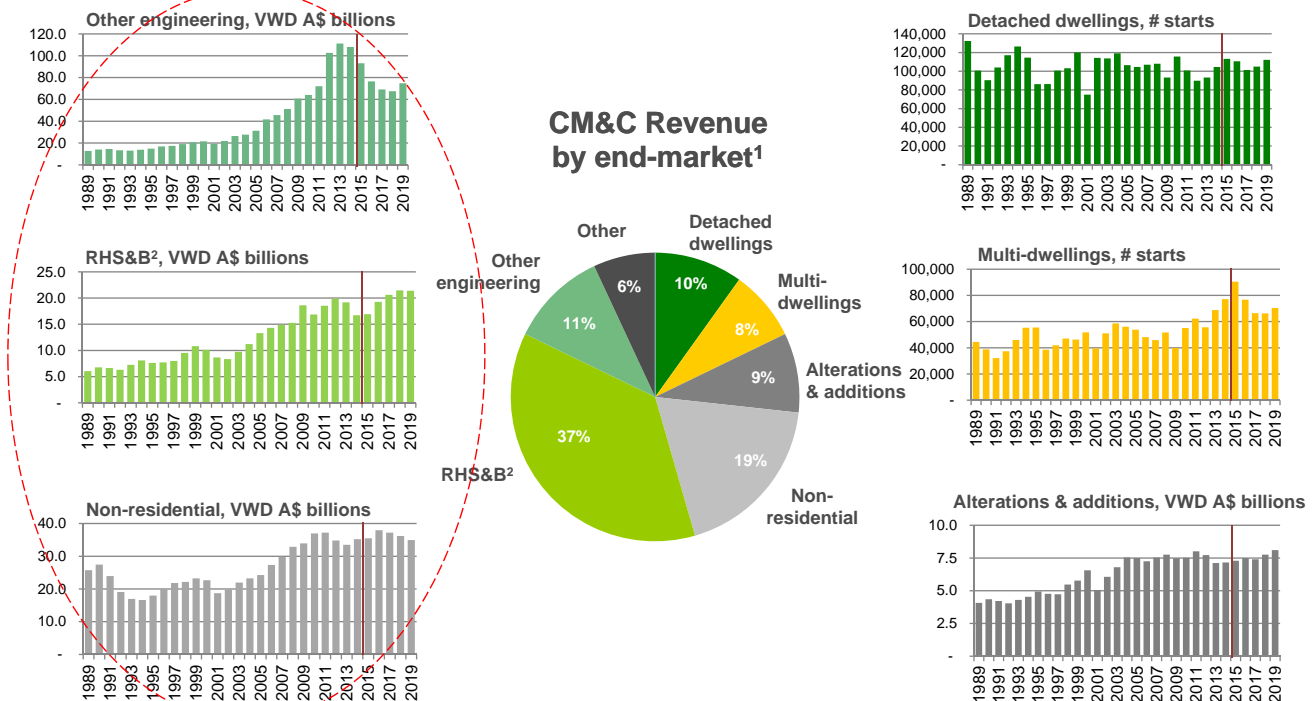


There can also be a considerable lag from project commencement to material supply

The complete lifecycle of Major Projects takes place over many years, with revenue streams to Boral generally back-ended



Construction Materials & Cement major projects are derived from a number of segments



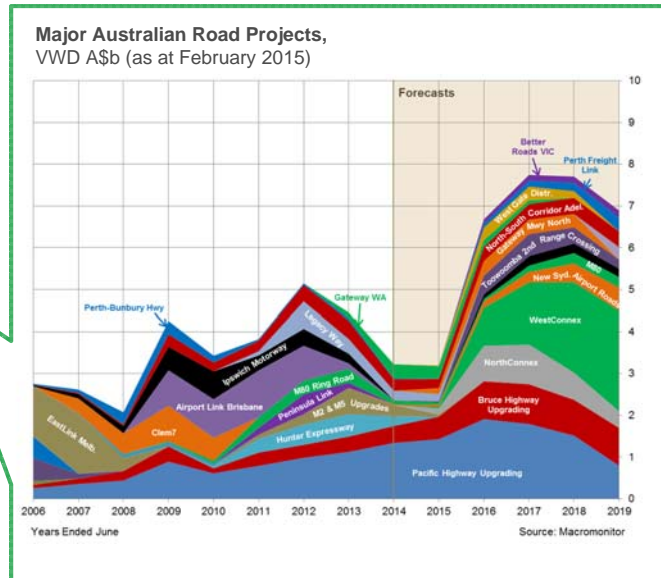
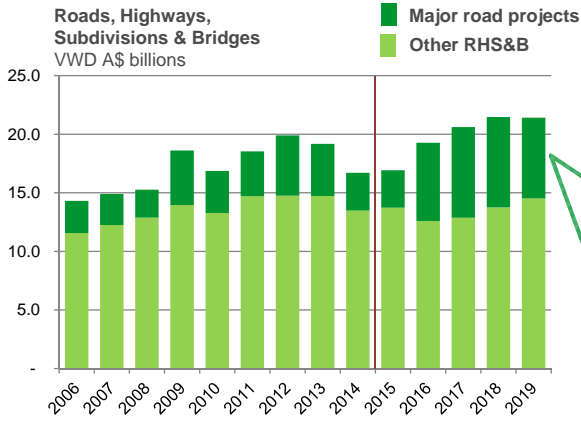
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 Source: BIS Shrapnel for Other Engineering, Macromonitor for all other market data



Boral's largest segment in Australia is Roads, Highways, Subdivisions & Bridges (RHS&B)

A significant lift in Major Road Projects underpins forecast growth of ~25-30% in RHS&B VWD, over the next 4-5 years

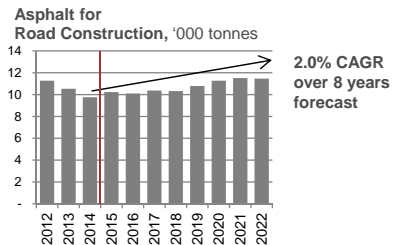
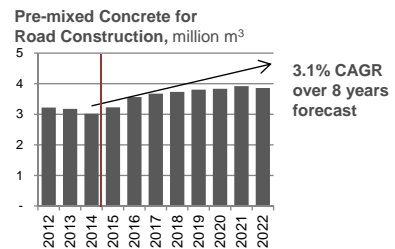
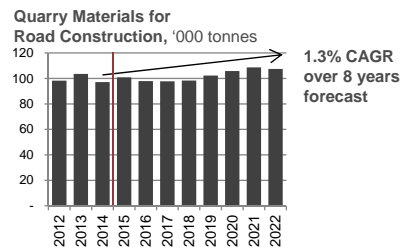
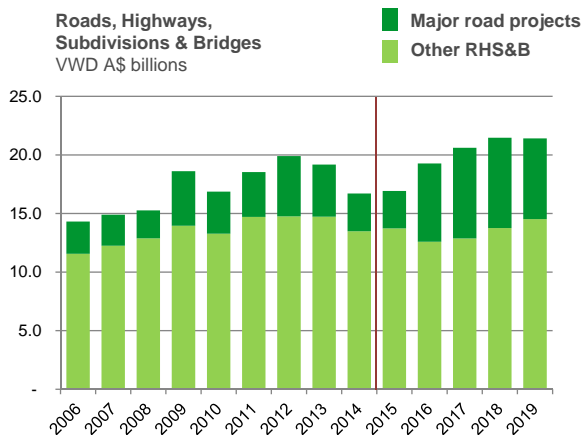


Note that the charts are for financial years and have been based on 2012/13 dollars. VWD = Value of Work Done. RHS&B = Roads, highways, subdivisions & bridges. Source: Macromonitor



What does the lift in major road projects mean for construction materials suppliers like Boral?

- Due to materials intensity and timing (and the absence of the East West Link in Vic), we do not expect a short-term surge in demand
- We expect major road projects to underpin an elevated and protracted lift in materials demand over the next decade, which is good news



Source: Macromonitor, Construction Materials Forecast, February 2015 (Queensland updated April 2015)



Content

- **Boral Construction Materials & Cement Overview** | Joe Goss
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Wrap up & Questions



Questions