Boral Limited

Results for the six months to 31 December 2008

11 February 2009
Rod Pearse, CEO and Managing Director

Agenda

- Financial and Market Overview
- Segment Results
- Divisional Performance
- Responding to the market downturn
- Outlook

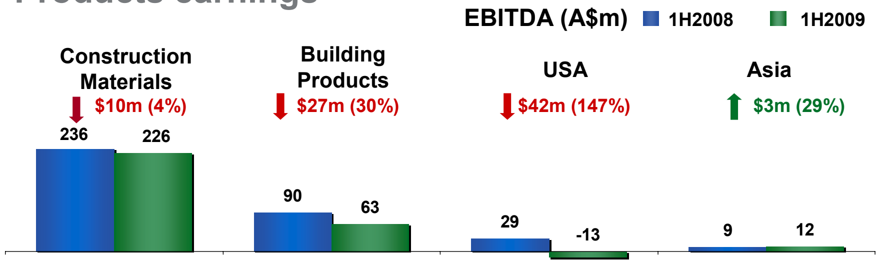
Financial & market overview

1H2009 Financial results

Revenue		steady		$ 2.6b
EBITDA	⬇	21%	to	$ 285m
EBIT	⬇	35%	to	$ 155m
Net Interest	⬆	21%	to	$ 69m
Profit after tax	⬇	44%	to	$ 75m
EPS	⬇	42%	to	12.8 cents
Final dividend (100% franked)	⬇	56%	at	7.5 cents
Return on equity[1] (MAT)	from	9.4%	to	6.8%

1. Excludes June 2008 significant items

EBITDA down 21% due to significant housing related losses in the US and a decline in Australian Building Products earnings



Construction Materials

- Strong infrastructure activity
- Favourable pricing outcomes
- Effective operational improvement initiatives
- QEU result down $9m

Building Products

- Weak dwelling activity - lower volumes impacting most businesses
- Improved pricing
- Higher input costs
- Pinkenba plasterboard plant transition costs

USA

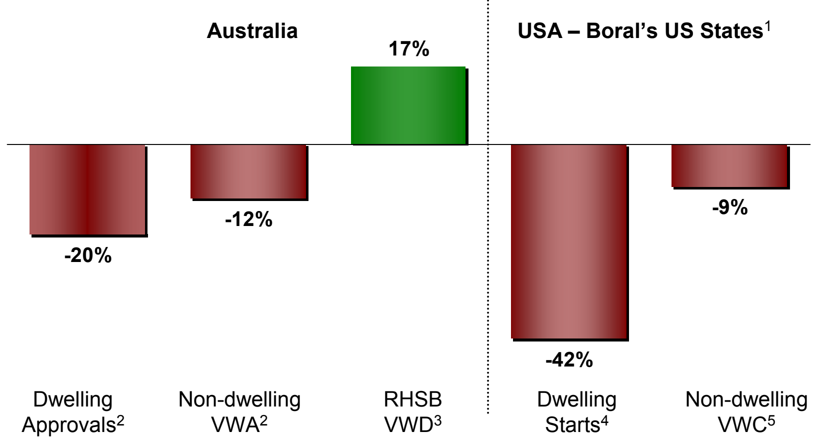
- Collapse in housing, slowed non-dwelling & major project activity; lower overall volumes & production curtailments
- Price gains across the portfolio
- Benefits from extensive cost reduction initiatives

Asia

- Construction Materials result stronger - improved pricing in Indonesia & operational improvements in Thailand
- Plasterboard JV result weaker - improved pricing benefits offset by lower volumes in key markets & cost pressures

Australian dwellings and non-dwellings approvals declined and US dwelling starts declined to new lows

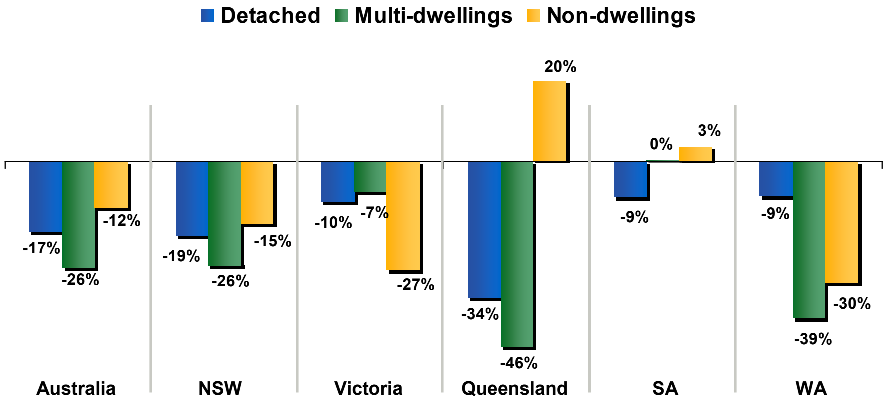
Market changes – 1H2009 vs 1H2008



1. Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Nevada, N.Carolina, Ohio, Oklahoma, S.Carolina, Tennessee, Texas, Virginia, Washington
2. Approvals / value of work approved (VWA). Source: ABS (Approvals 6mth to Dec/Sep Q 2008), BIS Shrapnel Forecast for Dec Q 2008
3. RHSB ABS actuals (chain volume measures) Sept Q 2008 actual, BIS Shrapnel Forecast for Dec Q 2008
4. Source: Dodge actuals
5. Non-dwelling value of work commenced (VWC) at 1992$ values. Source: Dodge actuals and forecast for Dec Q 2008.

Dwellings and non-dwellings weakened, though some strength in Qld non-dwellings remained

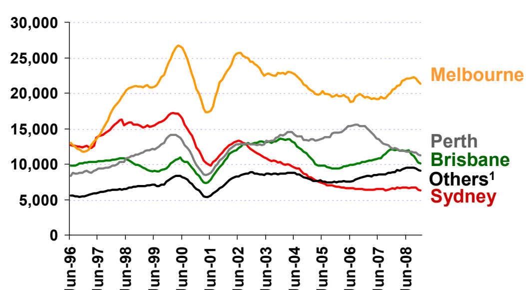
Percentage change in dwellings approvals[1] and non-dwellings[2] value of work approved – 1H2009 vs 1H2008



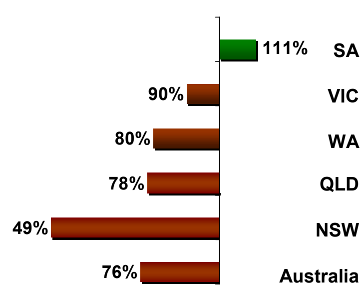
1. Seasonally adjusted; 2. Non-dwellings data is real change based on constant 06/07 prices. Total Australia is seasonally adjusted, State level data is original data series. Source: ABS; non-dwelling VWA forecast for Dec-08 qtr based on BIS Shrapnel Value of Work Commenced.

Under-building continued in all states except SA; NSW detached dwellings are at 40 year lows

Building approvals for detached houses[2] (MAT, July 1996 to December 2008)



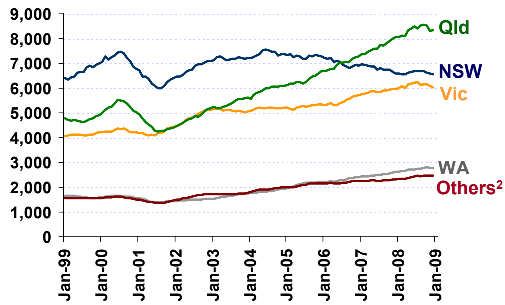
1H2009 dwelling starts[3] as % underlying demand[3]



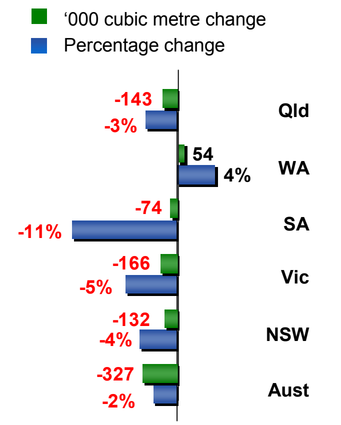
1. Adelaide, Darwin, Hobart and Canberra. 2. Source: ABS. 3. Source: BIS Shrapnel based on FY09-FY13 estimates of underlying demand, Starts sourced from ABS up to Sept Qtr 2008 and BIS forecast for Dec Qtr 2008

Concrete demand declined in all states (except in WA) but remained at high levels supported by strong infrastructure activity

Readymix concrete production[1] (MAT, January 1999 to December 2008, '000)



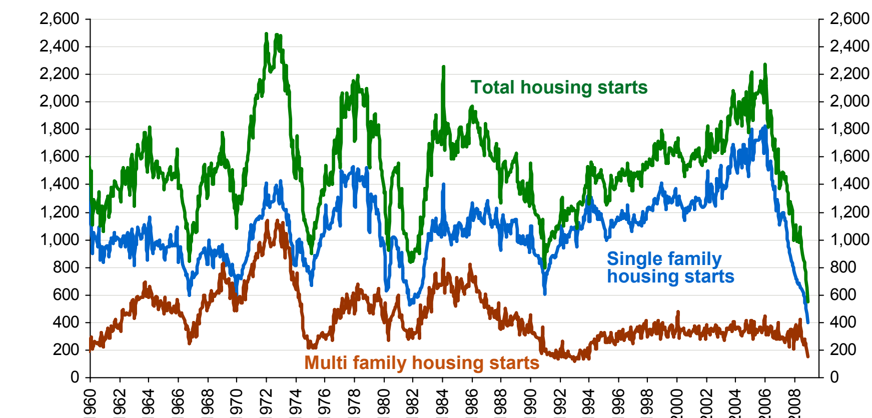
Changes in Australian readymix concrete production[1] – 1H2009 vs 1H2008



1. Source: ABS, December estimated based on Metro Flash figures
2. SA, NT, Tasmania and ACT

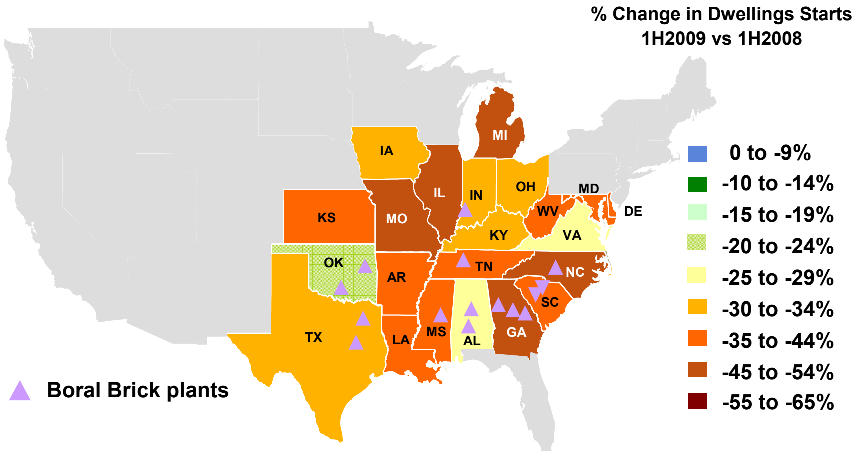
The US housing market continues its dramatic fall

Total US dwelling starts ('000)[1]



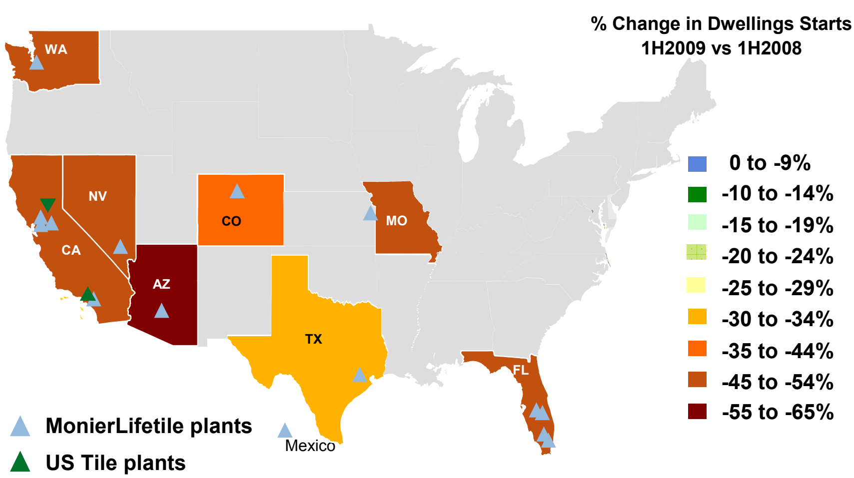
1. Seasonally adjusted annualised monthly starts from US Census

Housing starts in Brick states fell by 39% in 1H09, following a decline of 28% in FY08 and 19% in FY07



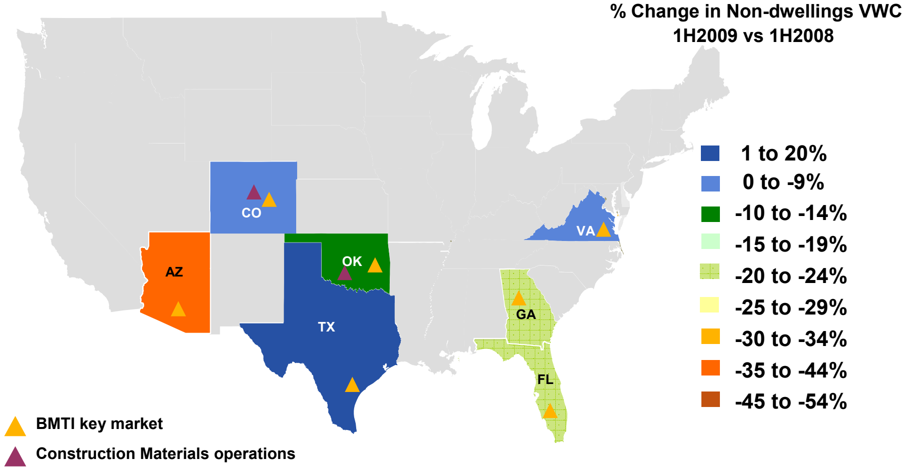
Source: US Dodge data for single and multi family units

Housing activity in the Tile states fell by 44% in 1H09, this follows a decline of 37% in FY08 and 29% in FY07



Source: US Dodge data for single and multi family units

Dwelling (and non-dwelling) activity in Colorado and Oklahoma was well down



Source: Non-dwelling value of work commenced (VWC) from US Dodge at 1992$ values

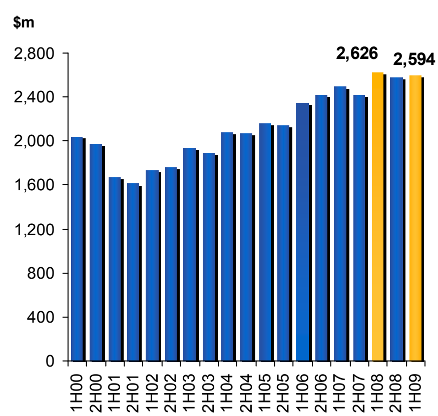
Segment results

Profit after tax down 44% to $75m in 1H2009

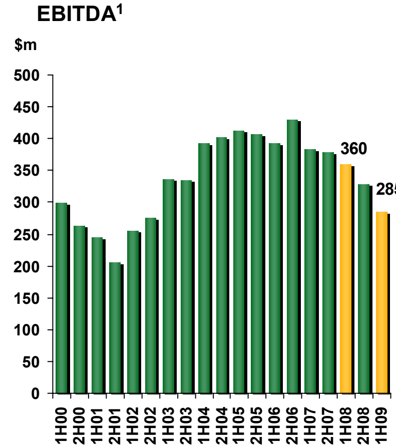
A$m	1H2009	1H2008	% Δ
Revenue	**2,594**	2,626	(1)
EBITDA	**285**	360	(21)
EBIT	**155**	240	(35)
Net interest	**69**	57	21
Profit before tax	**86**	183	(53)
Tax	**11**	51	(77)
Profit after tax	**75**	132	(44)

Revenues steady with price strength offsetting weaker volumes & lower QEU sales; EBITDA impacted by US and Australian housing related volume declines

Sales Revenue

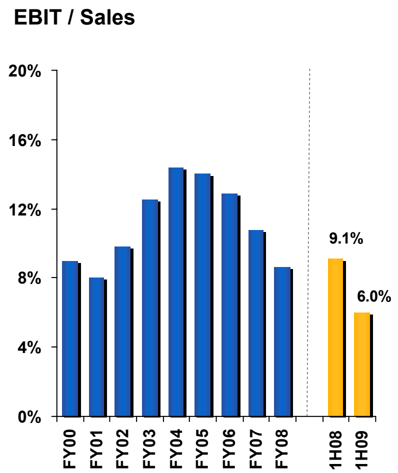


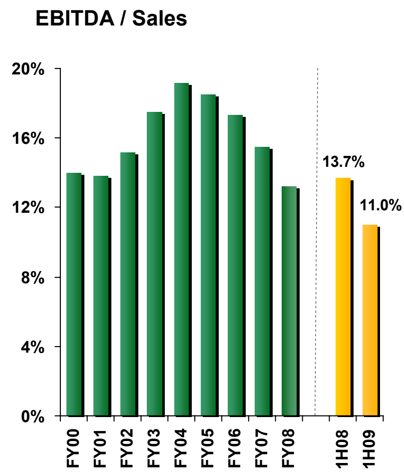
EBITDA[1]



1. FY05 result onward has been adjusted for adoption of A-IFRS

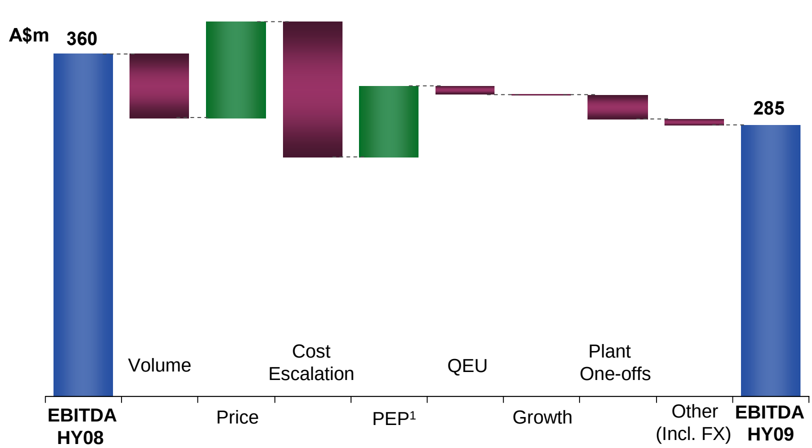
Margins continue to weaken primarily because of housing downturns in the USA and in Australia





FY05 result onward has been adjusted for adoption of A-IFRS

EBITDA – prices & PEP savings more than offset cost increases; lower volumes reduced EBITDA by ~$70m



1. Performance Enhancement Program

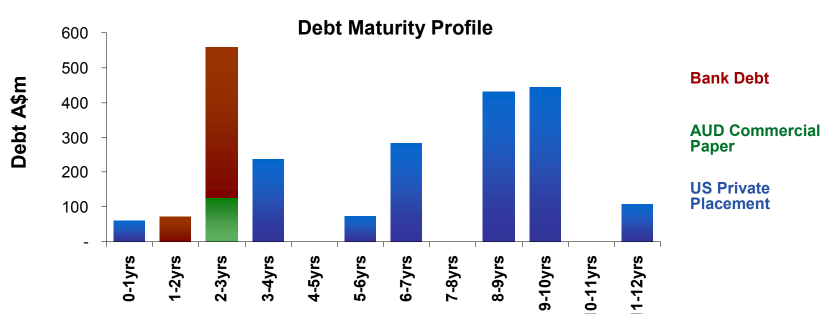
Net debt and gearing increased largely reflecting weaker operating cashflows and adverse exchange rate movements

As at A$m	Dec-08	Dec-07
Cash flow from operating activities	141	223
Net debt	2,184	1,609
Net debt / equity	79%	53%
EBITDA interest cover	4.1x	6.3x
EBIT interest cover	2.3x	4.2x
Funds employed	4,955	4,635
Return on funds employed[1] (MAT)	7.3%	10.9%
Return on equity[1] (MAT)	6.8%	9.4%

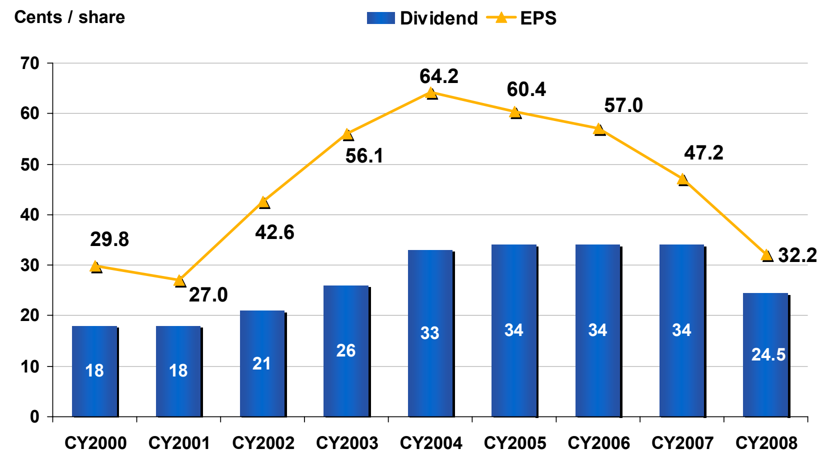
1. Excludes June 2008 significant items

Boral has no material debt re-financing requirements until August 2011 and is not contemplating raising equity

- Weighted average debt maturity ~6 years
- Weighted average cost of debt 7%
- No major re-financing until August 2011
- August 2008: Increased and extended major bank facility; US$700m syndicated bank term credit facility with maturity in August 2011



Boral's dividend payout ratio has averaged around 60% since demerger

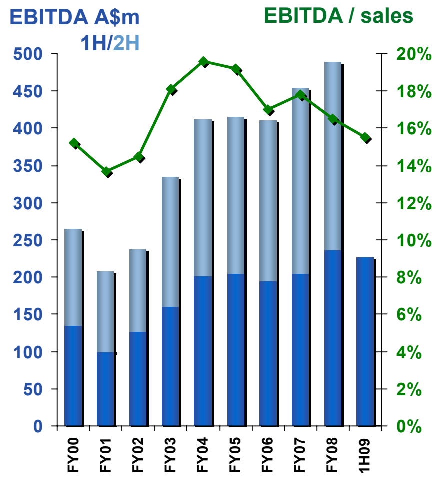


CY2008 excludes June 2008 significant items

Divisional performance

Construction Materials: EBITDA down 4% driven by lower QEU outcomes; underlying EBITDA flat

A$m	1H09	1H08	% Δ
Sales	**1,463**	1,454	1
EBITDA	**226**	236	(4)
EBIT	**155**	167	(7)
Funds employed	**2,328**	2,339	-
EBITDA/sales %	**15.5**	16.2	
EBIT/sales %	**10.6**	11.5	
ROFE % (MAT)	**14.6**	14.9	



FY05 result onward has been adjusted for adoption of A-IFRS

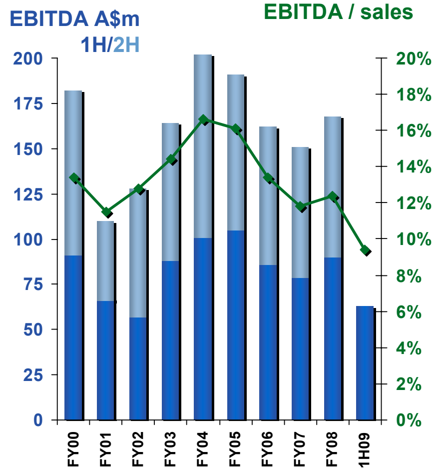
Construction Materials revenues steady due to strong infrastructure volumes and solid pricing outcomes

Ext. sales A$m	1H09	1H08	% Δ	volume Δ	price Δ	EBITDA Δ
Cement[1]	274	271	1	↓	↑	↑
Concrete & Quarries	784	764	3	↓	↑	↔
Asphalt[2]	341	297	15	↑	↓	↔
QEU	41	92	(56)			↓
Transport	23	30				
TOTAL	**1,463**	**1,454**	**1**			

1. Cement division includes BCSC (external revenues), concrete placement & scaffolding. Volume & price changes for cement only.
2. Asphalt price change reflects change in margin.

Building Products: EBITDA down 30%; improved pricing offset by housing-related volume reductions and one-off transition costs

A$m	1H09	1H08	% Δ
Sales	**688**	687	-
EBITDA	**63**	90	(30)
EBIT	**34**	63	(46)
Funds employed	**1,214**	1,153	5
EBITDA/sales %	**9.2**	13.1	
EBIT/sales %	**4.9**	9.2	
ROFE % (MAT)	**7.0**	9.5	



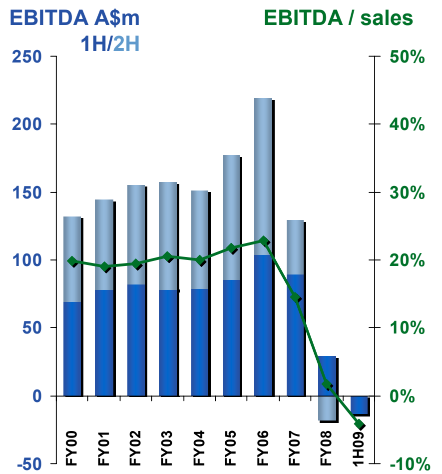
FY05 result onward has been adjusted for adoption of A-IFRS

Building Product revenues steady driven by stronger pricing offsetting weaker volumes in most markets

Ext. sales A$m	1H09	1H08	% Δ	volume Δ	price Δ	EBITDA Δ
Bricks	149	155	(4)	↓	↑	↓
Roofing	66	60	12	↑	↑	↑
Masonry	60	64	(7)	↓	↑	↓
Plasterboard	195	185	6	↑	↑	↓
Timber	141	141	-	↓	↑	↓
Windows	77	82	(6)	↓	↑	↓
TOTAL	**688**	**687**	**-**			

USA: EBITDA down US$35m due to housing collapse

US$m	1H09	1H08	% Δ
Sales[1]	**242**	333	(27)
EBITDA	**(10)**	25	(141)
EBIT	**(28)**	9	(430)
Funds employed	**756**	781	(3)
A$m			
Sales[1]	**313**	381	(18)
EBITDA	**(13)**	29	(147)
EBIT	**(37)**	10	(474)
Funds employed	**1,083**	887	22
EBITDA/sales %	**(4.2)**	7.5	
EBIT/sales %	**(11.7)**	2.6	
ROFE % (MAT)	**(6.8)**	3.5	



1. MonierLifetile JV is equity accounted – Boral's share of revenue does not appear in consolidated accounts.

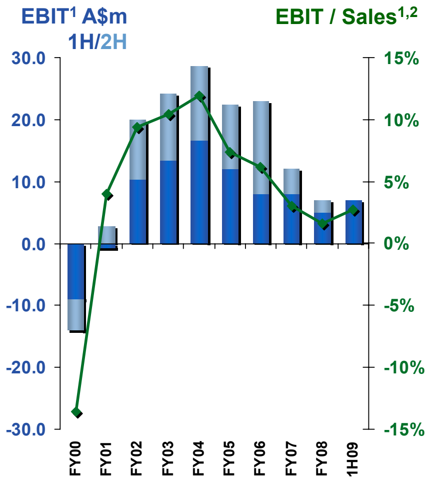
FY05 result onward has been adjusted for adoption of A-IFRS

USA: revenues down due to collapsed housing market and lower non-dwelling / major project construction related volume declines

Ext. sales US$m	1H09	1H08	% Δ	volume Δ	price Δ	EBITDA Δ
US Bricks	125	197	(37)	↓	↑	↓
Clay Tiles	10	13	(24)	↓	↑	↓
Concrete Tiles[1]				↓	↑	↔
Fly Ash	53	57	(8)	↓	↑	↓
Construction Materials	54	66	(17)	↓	↑	↓
TOTAL	**242**	**333**	**(27)**			

1. MonierLifetile JV is equity accounted – Boral's share of revenue does not appear in consolidated accounts.

Asia EBIT up $2m reflecting improved Construction Materials but lower LBGA result



- **Concrete & Quarries**: results stronger
- Indonesia - improved concrete pricing and increased volumes
- Thailand - improved concrete pricing and operational improvements more than offset weaker volumes
- **Plasterboard** JV after tax contribution[3] of $5m down 52%
- Contribution margins maintained but Dec-08 qtr volumes 25% below trend
- South Korea, Thailand & China market volumes significantly weaker in Dec-08 qtr

1. Includes Plasterboard and Construction Materials; Plasterboard JV EBIT contribution from FY01 is profit after tax; FY05 result onward has been adjusted for adoption of A-IFRS.
2. Revenues for FY01 onwards adjusted to include Boral's share of the Plasterboard Asia JV.
3. Plasterboard JV contribution is profit after financing and tax.

BORAL

Responding to the market downturn

Effective pricing and tight capital management are key priorities across the business

Price management

Despite volume pressures continued focus on pricing recovering input cost increases and protecting / enhancing margins

- Strong pricing outcomes across the group in 1H09
- Further price increases announced:
  - Concrete $9/m^3$ effective Apr-09
  - Quarries $1-$2/tonne effective Apr-09
  - Cement $10-$15/tonne effective Apr-09
  - Range of Australian building products price increases effective Oct-08 to Feb-09

Capital management

Reducing capital expenditure and managing the business for cash

- SIB at 60% of depreciation in 1H09
- Review of previously announced growth projects
- Growth/acquisition capex of only $52m in 1H09; still considering a number of attractive projects
- Comprehensive program to reduce working capital
- Dividend down 56%

Responding to the market downturn with capacity management and cost reduction initiatives

Managing capacity

Matching production with sales to avoid inventory build through plant closures, temporary shuts and slowdown programs

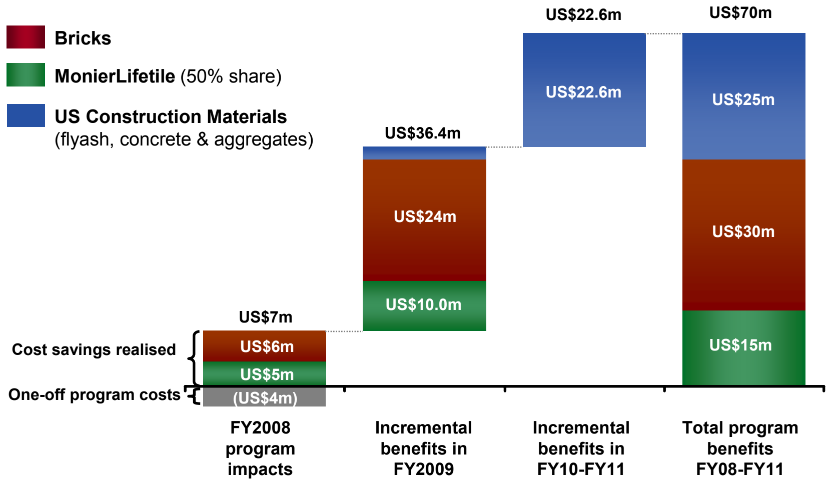
- 10 out of 24 US brick kilns shut in 1H09
- 2 timber mills closed/suspended in 1H09
- Galong quicklime facility suspended in 2H09
- Capacity utilisation from 1H09 to 2H09:
  - Australia - bricks from 84% to ~70%
    - roofing from 62% to <50%
    - timber from ~90% to ~80%
  - USA - bricks from 42% to ~25%
    - concrete roof tiles ~20% in FY09

Cost reductions

Focus on operational and overhead cost reductions through PEP and Step Change initiatives

- US Bricks US$30m, 80% implemented
- MLT US$15m (50% share), 90% implemented
- US Construction Materials, at least ~US$25m, with US$2.4m benefits in 2H09
- Australian Bricks and Roofing management re-structure ~$4.3m savings
- Midland Brick step-change $10m-$15m
- ACM Six Sigma ~$45m savings over 3 years
- FTE/contract labour reduced 1,800 CY2008

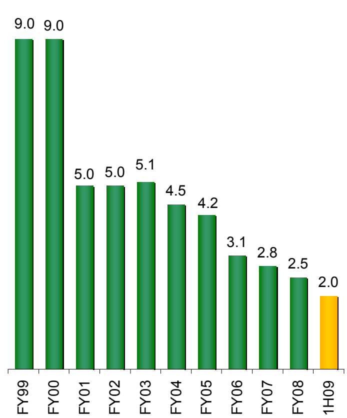
US accelerated step change programs and PEP expected incremental benefits of ~US$40m in FY2009



BORAL

Continued strong sustainability performance with strong focus on preparing for emissions trading

Lost time injury frequency rate (LTIFR) (per 1 million hours worked)



Carbon Pollution Reduction Scheme (CPRS)

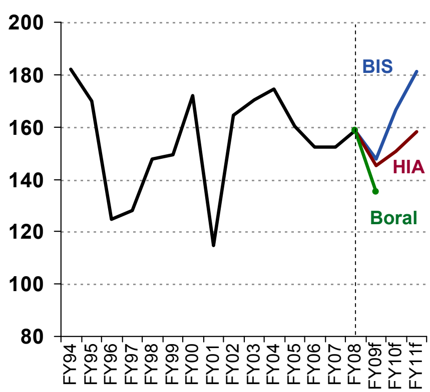
- CPRS from 1 July 2010
- Protection for Emissions Intensive Trade Exposed (EITE) – including cement - 90% free allocation
- Price cap for 5 years, $40 with 5% p.a. growth
- ~12 Boral facilities meet CPRS trading threshold; other businesses impacted by input cost increases
- Need to pass costs onto customers
- Landfill - legacy waste liability postponed until 2018
- Ongoing review and response to CPRS development/draft legislation
- National Greenhouse & Energy Reporting System (NGERs) first reporting year FY2009; ~ 21 reporting facilities; all other sites consolidated by state/ANZSIC code (~100 reports); data collection/quality well advanced

BORAL

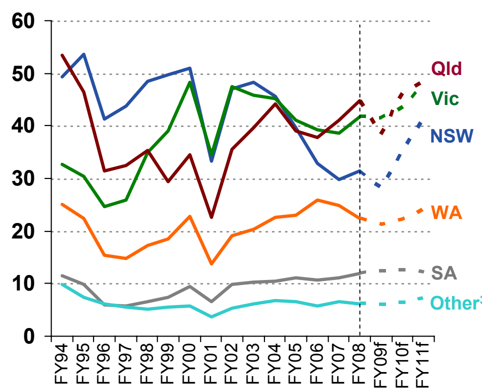
Outlook

Australian residential starts are expected to be around the bottom of the cycle in FY2009

Australian dwelling starts[1] ('000)



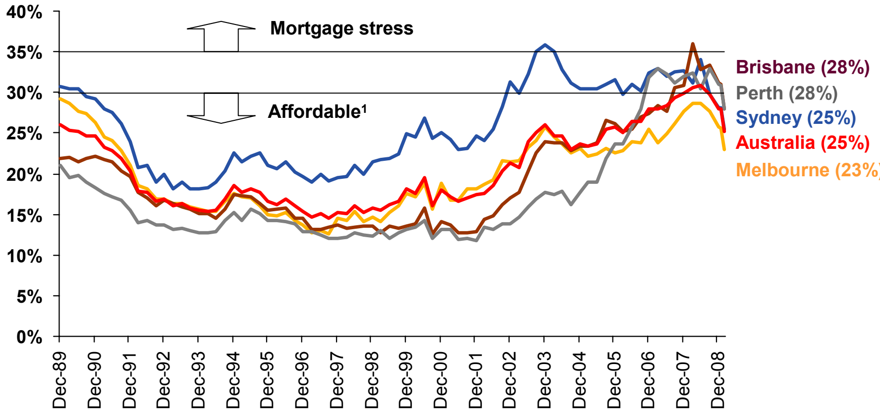
By state[2] ('000)



1. Source: ABS actuals plus forecasts BIS Shrapnel (Nov-08), HIA (Nov-08)
2. Includes BIS Shrapnel forecasts; 3. Other includes TAS, NT and ACT

Australian affordability is improving (mortgage repayments down from 31% to 25% of household income), driven by falling interest rates

Repayment of mortgage as percentage of household income (February 2009)

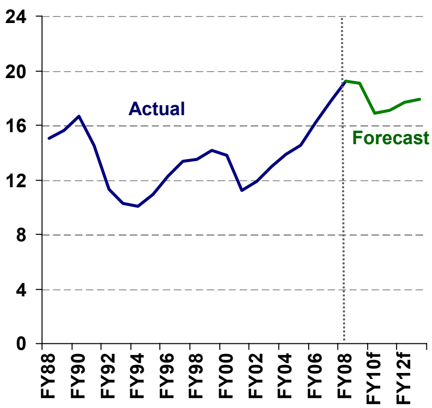


Source: HIA data to Sep-08 Qtr, Boral estimates to Feb-09 based on ABS house price index and cuts to interest rates

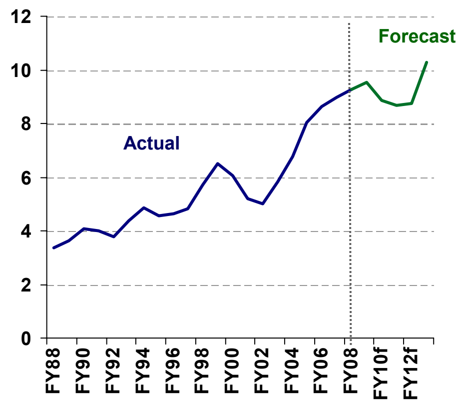
1. The HIA defines "affordable" as not more than 30% of household income to fund a mortgage.

BIS Shrapnel is forecasting lower non-residential and RHSB activity over the next couple of years

Australian Non-Residential VWD
A$97/98 Billion



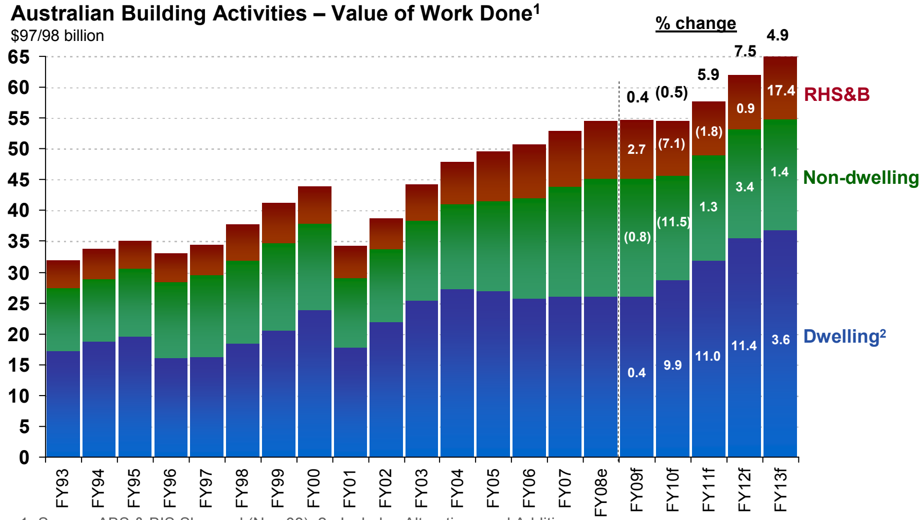
Australian RHSB[1] VWD
A$97/98 Billion



1. Includes value of work done in roads, highways, subdivisions and bridges

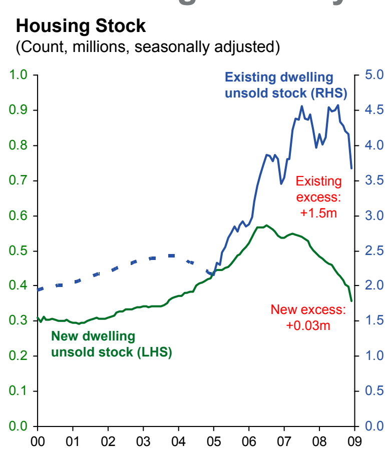
Source: ABS, BIS Shrapnel

Australian markets forecast to remain flat in FY2009 and FY2010 with good growth thereafter



1. Source: ABS & BIS Shrapnel (Nov 08) 2. Includes Alterations and Additions

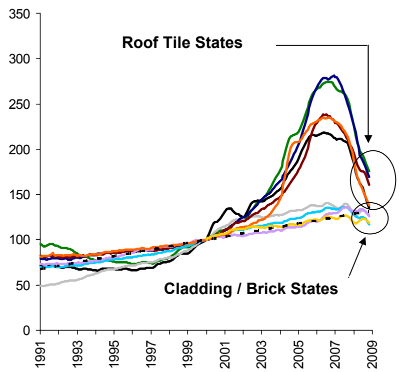
In the US, excess new dwelling stock is close to the long term average and excess existing dwelling stock has fallen significantly



Source: US Census Bureau, National Realtors Association

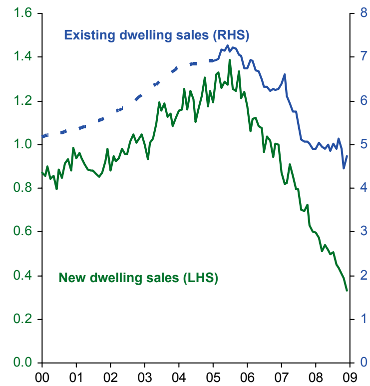
US housing affordability is improving as house prices fall; sales of existing houses have stopped falling

S&P/Case-Shiller® Home Price Index – November 2008



Source: Standard & Poor's

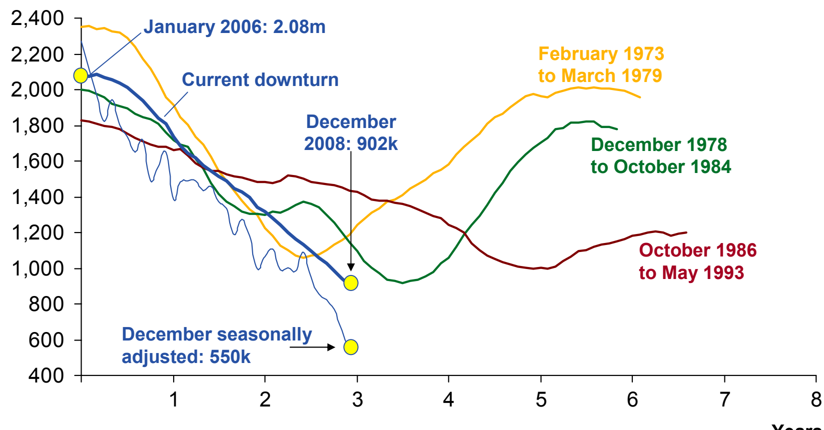
Houses Sold During Month
(Annualised count, millions)



Source: US Census Bureau, National Realtors Association

We are three years into the current US housing downturn

USA dwelling starts cycles peak to peak
(Seasonally adjusted, moving annual total, '000)



Source: US Census

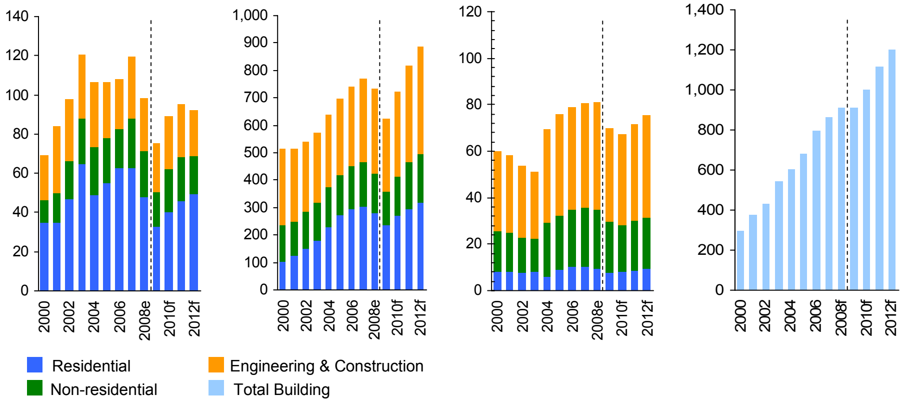
Asian construction activity is being impacted by the global economic downturn

SOUTH KOREA
Value of construction orders received. Trillion Won[1]

THAILAND
Gross fixed capital formation. Billion baht[1]

INDONESIA
Value of completion. Trillion Rp[1]

CHINA - EASTERN
Total building commencements. Million m2



1. Stated in CY08 prices based on GDP deflator; Source: BIS Shrapnel

Outlook for FY2009

- **Australia**
  - Dwellings down to 135,000 starts
  - Building Products prices up, volumes down and earnings significantly lower in FY09 than in FY08
  - Concrete, quarry & cement price increases from April; weaker non-dwellings demand
  - QEU earnings of around $35m-$40m
  - Construction Materials earnings steady in FY09
- **Asia**
  - Weaker Plasterboard volumes and profits. Price and operational improvements in concrete and quarries
- **USA**
  - Dwellings of ~600,000-650,000 starts assumed in FY09
  - Weakening non-dwelling markets
  - US$70m of cost reductions coming through
  - FY09 earnings to be significantly below FY08
- June half AUD:USD exchange rate of 65 cents
- Whilst forecasting is extremely difficult, **FY09 PAT to be around $120m**

BORAL