BORAL

Results

For the full year ended 30 June 2012

22 August 2012
Ross Batstone, Chief Executive Officer

BORAL

Results for the full year ended 30 June 2012

FINANCIAL OVERVIEW

BORAL

Revenue	$5.01bn	up 6%
EBITDA[1]	$473m	down 9%
EBIT[1]	$200m	down 28%
Profit after tax[1]	$101m	down 42%
Net profit after tax[2]	$177m	up 5%
Cash from operations[3]	$133m	down 62%
Net debt	$1.5bn	up from $0.5bn
Gearing, D/(D+E)	31%	up from 14%
Earnings per share[1]	13.6c	down 44%
Full year dividend	11.0c	down 24%

1. Excluding significant items
2. Including significant items
3. Includes $91m of acquisition and restructuring costs paid

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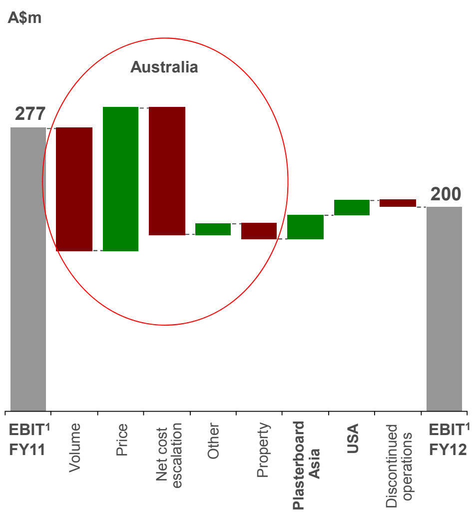
Results for the full year ended 30 June 2012

KEY EARNINGS DRIVERS

Lower volumes across Boral's Australian businesses had a significant impact on margins



EBIT down $77m or 28% to $200m

- Volume declines in Australia reduced EBIT by ~$120m, with ~$80m from Building Products
- Prices up in most Australian businesses: products up ~2-3% (except cement, softwood & woodchips), concrete up 7%, quarries up 11%
- Net cost escalation includes:
  - operational inefficiencies from sustained rainfall
  - increased input costs
  - cost reductions from Building Products restructuring and closure of Galong lime plant
- Property EBIT contribution reduced by $16m
- Asia EBIT contribution increased by $24m, due to consolidation of earnings post Dec-11 and underlying earnings growth
- USA EBIT losses decreased by $15m
- Discontinued operations had a negative $7m EBIT impact

1. Excluding significant items

3

Results for the full year ended 30 June 2012

AUSTRALIAN AND US RESIDENTIAL ACTIVITY

Simultaneous downturns

New housing starts in Australia and USA[1]
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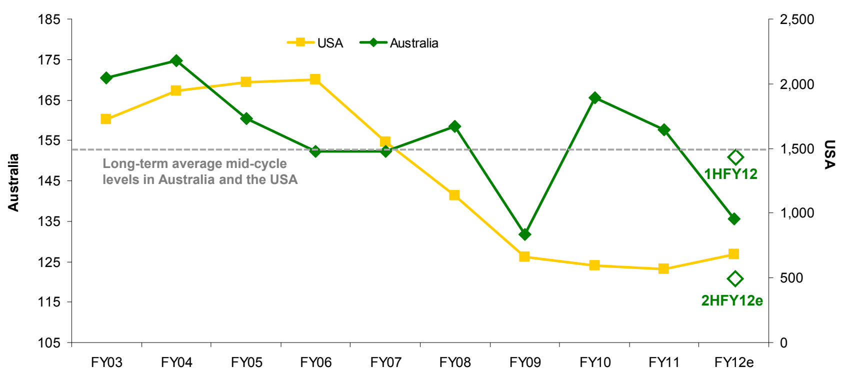

1. Source: For Australia, original series quarterly starts from ABS. HIA estimate of 129k annualised used for 4Q FY2012.
For USA, original housing starts from US Census

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Results for the full year ended 30 June 2012

AUSTRALIAN RESIDENTIAL MARKET ACTIVITY

Western Australia, South Australia and Victoria were particularly weak

Australian housing starts[1]

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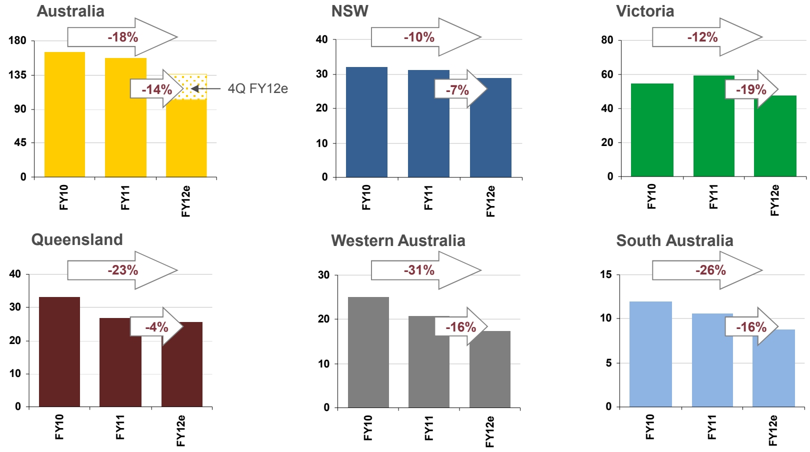

1. Source: Original series quarterly starts from ABS. HIA estimate of 129k annualised used for 4Q FY2012

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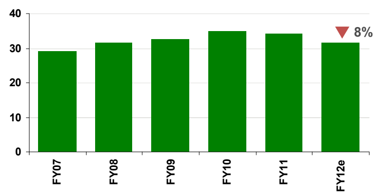
Results for the full year ended 30 June 2012

AUSTRALIAN MARKET ACTIVITY & EXTERNAL FACTORS

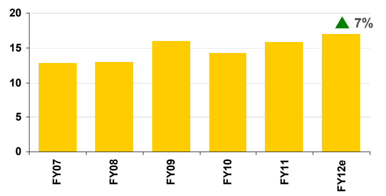
Non-residential activity declined while RHS&B activity increased

Australia non-residential[1]

(Value of work done, $b)



Australia roads, highways, subdivisions & bridges[1] (Value of work done, $b)



- Non-dwelling activity fell by 8% in FY2012, and was particularly weak in NSW, down 21%, with Qld down 11%
- Roads, highways, subdivisions & bridges (RHS&B) activity continued to grow, up 7%
  - activity was up in all states, except WA
- Wet weather on the east coast reduced productivity and affected the timing of deliveries
- High A$ which suppressed pricing in cement and softwood, and reduced woodchip volumes

1. Source: Original series (constant 2009/10 prices) quarterly data from ABS. BIS forecast used for 4Q FY2012

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Results for the full year ended 30 June 2012

US RESIDENTIAL MARKET ACTIVITY

Housing starts up 20% from low base

US total housing starts[1]

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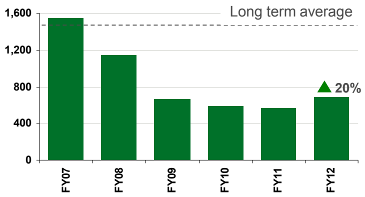

- In FY2012, total US housing starts up 20% to 685k, well below the long term average of 1.5m
- US single dwelling starts up 11% to 475k from 428k in FY2011
- US single dwellings starts in Boral's Bricks States also up 11% compared to last year

US single family housing starts[1]

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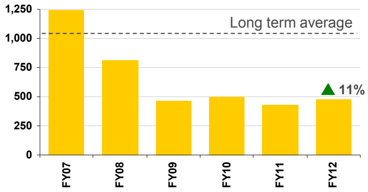
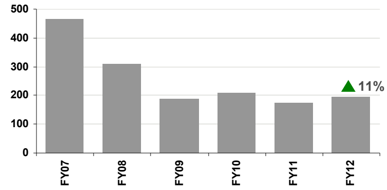


US single family housing starts, Boral Bricks States[2] ('000)

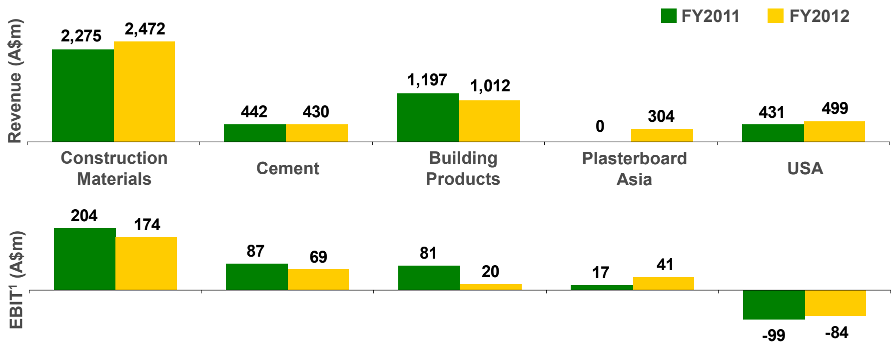


1. Original data from US Census
2. Data from McGraw Hill/ Dodge. Boral's Brick States include: Georgia, North Carolina, South Carolina, Alabama, Kentucky, Mississipi, Tennessee, Arkansas, Louisiana, Oklahoma, Texas

Results for the full year ended 30 June 2012

OPERATIONAL OVERVIEW

Group EBIT down 28% to $200m



Construction Materials
- Increased pricing
- Acquisitions integrated
- Property down $16m
- Loss of volumes in WA & SA
- Sustained rainfall

Cement
- BlueScope closure
- High A$ suppressing import parity pricing
- Sustained rainfall
- Shift to lower margin segments

Building Products
- Significant volume declines
- Restructured business
- Production lower than sales volumes
- One-off plasterboard costs

Plasterboard Asia
- Acquisition/ integration complete
- Continued volume growth
- Solid underlying performance

USA
- Market recovering from low base
- Acquisitions integrated
- Continued cost reductions

1. Excluding significant items

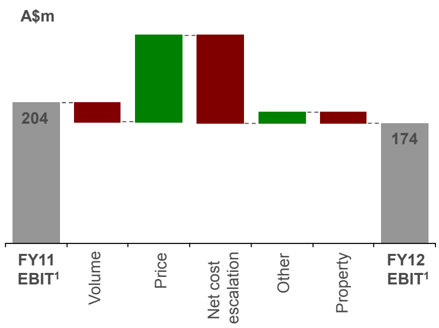
Results for the full year ended 30 June 2012

BORAL CONSTRUCTION MATERIALS

- Concrete, Quarries, Asphalt, Transport and Property

A resilient, well-positioned portfolio of businesses

A$m	FY2012	FY2011	Var, %
Revenue	2,472	2,275	9
EBITDA[1]	279	294	(5)
EBIT[1]	174	204	(15)
EBIT ROS, %	7.0%	9.0%	



1. Excluding significant items

Performance

- Revenue up 9% through part year contribution from acquisitions, enhanced pricing, and shift to major projects and regional flood recovery work in Qld & NSW
- Excluding Property, EBIT down $14m
- Volume decline mitigated by market shifts, although volumes down sharply in WA & SA
- Prices up 11% in quarries, 7% in concrete
- Costs impacted by higher costs of working in regional areas and wet weather

Priorities

- Margin improvement and cost reduction
  - LEAN improvements
  - Reducing fixed costs and working capital
  - Price discipline
  - Exiting underperforming assets
- Building low cost quarry positions

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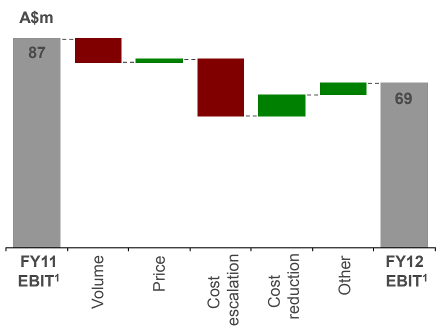
Results for the full year ended 30 June 2012

BORAL CEMENT

- Cement, Lime and Concrete Placing

Impacted by the high A$ and closure of BlueScope Steel's Port Kembla mill

A$m	FY2012	FY2011	Var, %
Revenue	430	442	(3)
EBITDA[1]	118	134	(12)
EBIT[1]	69	87	(21)
EBIT ROS, %	16.0%	19.7%	



1. Excluding significant items

Performance

- Revenue down 3% on lower lime volumes, and lower concrete placing revenues, with cement pricing and volumes marginally down
- EBIT down 21% to $69m
- Volumes down with $10m impact from loss of lime sales to BlueScope
- Prices in cement constrained due to high A$ and reflects adverse sales mix
- Costs impacted by wet weather in 2HFY2012 and higher input costs
- Cost reduction includes $4m relating to closure of Galong

Priorities

- Leverage LEAN to achieve further improvements in efficiency
- Lower cost of domestic production
- Maximise utilisation of fixed assets

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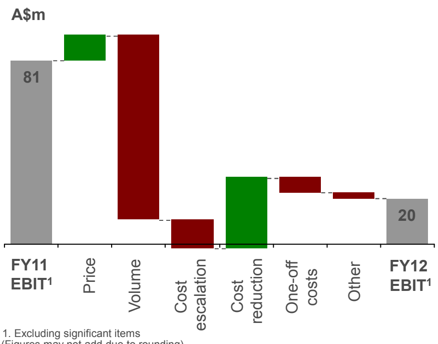
Results for the full year ended 30 June 2012

BORAL BUILDING PRODUCTS

- Australian Bricks, Roofing, Masonry (West), Plasterboard, Timber and Windows
Significantly impacted by the dramatic decline in housing activity in the second half

A$m	FY2012	FY2011	Var, %
Revenue	1,012	1,197	(15)
EBITDA[1]	71	132	(46)
EBIT[1]	20	81	(76)
EBIT ROS, %	1.9%	6.8%	



1. Excluding significant items
(Figures may not add due to rounding)

Performance

- Revenue down 15% driven by decline in residential construction, particularly in 2H
- $62m fall in EBIT with 2HFY12 EBIT loss
- Price increases ~2-3% in all products except softwood and woodchips
- Sales volumes 15% lower on average (25% over two years) with WA, Qld and SA particularly weak; production volumes lower
- Costs lowered through restructuring partially offset by cost increases and distribution costs during Port Melbourne upgrade

Priorities

- Improve operating efficiency from LEAN
- Maximise cost reductions and network improvements in plasterboard & windows
- Crystallise benefits from capacity rationalisations in FY2012 and align overheads with restructured business

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Results for the full year ended 30 June 2012

BORAL GYPSUM ASIA (BGA)

- Korea, Thailand, Indonesia, China, Vietnam, Malaysia/Singapore, India
Integrated business performing to expectations

A$m	FY2012	FY2011[2]	Var, %
Revenue	304	-	-
EBITDA[1]	52	17	-
EBIT[1]	41	17	-
EBIT ROS, %	13.5%	-	

1. Excluding significant items
2. FY2011 represented an equity accounted after tax result
3. United Arab Emirates not shown on map

Performance

- Revenue of $304m is consolidated revenue since 9 Dec-11, when acquisition of Lafarge's 50% interest in LBGA was completed
- Revenue benefited from **9%** volume growth across the region
- Integration of business complete
- EBIT increase reflects shift from equity accounting to full ownership contribution and underlying earnings growth

Priorities

- Maximise potential of 100% ownership
- Implement LEAN improvement plan to maximise productivity
- Leverage capacity expansions

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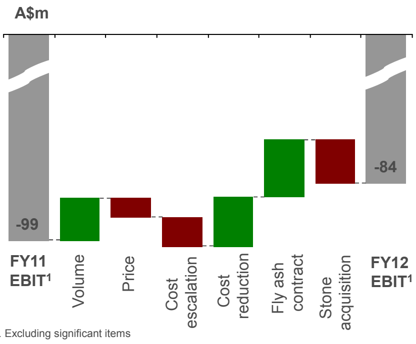
Results for the full year ended 30 June 2012

BORAL USA

- Bricks, Roof Tiles, Cultured Stone, Fly ash, Construction Materials
Benefiting from volume lifts and restructuring

A$m	FY2012	FY2011	Var, %
Revenue	499	431	16
EBITDA[1]	(41)	(57)	28
EBIT[1]	(84)	(99)	15
EBIT ROS, %	(16.8%)	(23.0%)	



1. Excluding significant items

Performance

- Revenue up 16%, reflecting increased volumes from an uplift in housing starts and full-year contribution of Cultured Stone
- Volumes in Bricks up 8% and Roofing up 12%
- Prices down partly due to mix shift
- Cost reductions through plant rationalisations, LEAN efficiency improvements and lower head count more than offset inflationary cost increases

Priorities

- Prepare for market recovery and growth, including leveraging LEAN processes
- Deliver benefits from 'One Boral' strategy for Boral Cladding and Roofing
- Commercialisation of new innovative products

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Financial and Divisional Results

Andrew Poulter, Chief Financial Officer

Results for the full year ended 30 June 2012

FINANCIAL RESULTS

BORAL®

	Year ended 30 June 2012			Year ended 30 June 2011		
A$m	Group	Discontinued operations[2]	Continuing operations	Group	Discontinued operations[2]	Continuing operations
Revenue	5,010	294	4,716	4,711	365	4,346
EBIT[1]	200	(1)	201	277	5	272
Net interest	(88)	(4)	(85)	(64)	(4)	(60)
Income tax expense[1]	(9)	1	(10)	(40)	-	(40)
Non-controlling interests	(1)	-	(1)	2	(1)	3
Profit after tax[1]	**101**	**(4)**	**106**	**175**	-	**175**
Significant items (net)	75	(29)	104	(8)	(12)	5
Net profit after tax	**177**	**(33)**	**210**	**168**	**(12)**	**180**

Non IFRS Information – Earnings before significant items and earnings from continuing operations excluding significant items are Non IFRS measures that are reported to provide a greater understanding of the financial performance of the underlying businesses. Further details of Non IFRS information is included in the Results Announcement while details of significant items are provided in Note 7 of the full year financial report.

1. Excluding significant items
2. Discontinued operations include Asian Construction Materials, Masonry East Coast and Roofing Queensland
(Figures may not add due to rounding)

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Results for the full year ended 30 June 2012

CONSOLIDATED INCOME STATEMENT

BORAL®

Continuing operations

A$m	FY2012	FY2011	Var (%)
Revenue	4,716	4,346	9
EBIT[1]	201	272	(26)
Net interest[1]	(85)	(60)	(42)
Profit before tax[1]	116	212	(45)
Income tax[1]	(10)	(40)	76
Non-controlling interests	(1)	3	
Profit from continuing operations after tax[1]	**106**	**175**	**(40)**
Loss from discontinued operations after tax[1]	(4)	-	
Profit after tax[1]	**101**	**175**	**(42)**
Significant items (net)	75	(8)	
Statutory profit after tax	**177**	**168**	**5**
Earnings per share (cents)[1]	**13.6**	**24.4**	
Dividend per share (cents)	11.0	14.5	

1. Excluding significant items
(Figures may not add due to rounding)

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Results for the full year ended 30 June 2012

SIGNIFICANT ITEMS

	Impact, A$m
Gain on fair value remeasurement of initial shareholding in LBGA	158
Acquisition/Integration costs	(29)
Restructure and reshaping activities	
Australia	
Impairment of the Galong lime kiln	(37)
Impairment and closure costs of Building Products sites	(89)
Corporate restructure	(7)
USA	
Impairment and closure costs of US sites	(38)
Settlement of US Fly ash contractual obligation	6
Reassessment of purchase commitment for the remaining 50% interest in Cultured Stone	26
Asia	
Gain on disposal of the Indonesian Construction Materials operations	34
EBIT impact	**24**
Income tax benefit	**52**
	75

Non IFRS Information – Management has provided an analysis of significant items reported during the period. These items have been considered in relation to their size and nature and have been adjusted from the reported information to assist users to better understand the performance of the underlying businesses. These items are detailed in Note 7 of the financial report and relate to amounts that are associated with significant business restructuring, impairment or individual transactions.

(Figures may not add due to rounding)

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Results for the full year ended 30 June 2012

AUSTRALIAN RESIDENTIAL ACTIVITY

Australian detached housing starts[1]
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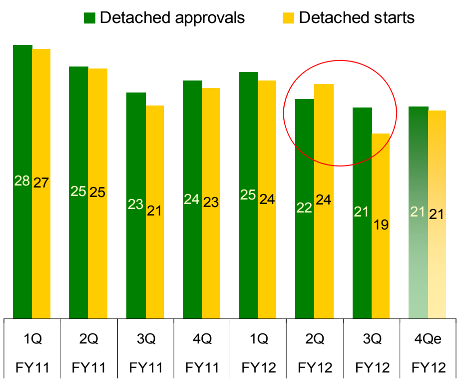

- Stronger first quarter FY2012 start activity confirmed by approvals data
- Second quarter approvals decline but starts exceeded approvals
- Third quarter approvals level with second quarter
- 21% decline in third quarter starts - east coast rain impact conceals underlying demand
- Fourth quarter starts based on HIA estimate

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Source: Original series quarterly approvals and starts from ABS. HIA estimate used for 4Q FY2012 starts

Results for the full year ended 30 June 2012

SEGMENT REVENUE AND EBIT

External revenue, A$m	FY2012	FY2011	Var, %	1HFY11	2HFY11	1HFY12	2HFY12
Construction Materials	2,472	2,275	9	1,102	1,173	1,211	1,261
Cement	430	442	(3)	220	222	209	221
Building Products	1,012	1,197	(15)	646	551	555	458
Plasterboard Asia	304	-	-	-	-	32	272
USA	499	431	16	212	219	244	254

EBIT[1], A$m	FY2012	FY2011	Var, %	1HFY11	2HFY11	1HFY12	2HFY12
Construction Materials	174	204	(15)	93	111	89	85
Cement	69	87	(21)	51	36	41	28
Building Products	20	81	(76)	53	28	26	(7)
Plasterboard Asia	41	17	-	9	8	12	29
USA	(84)	(99)	15	(47)	(52)	(51)	(33)

1. Excluding significant items
2. Construction Materials segment includes Boral Property Group EBIT of $12m in FY2012 ($28m in FY2011)
Comparatives restated for new segment structure
(Figures may not add due to rounding)

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Results for the full year ended 30 June 2012

CASH FLOW AND NET DEBT RECONCILIATION

Cash flow, A$m	FY2012	FY2011
EBITDA[1]	**473**	**522**
Change in working capital	(82)	(70)
Interest & tax	(154)	(65)
Equity earnings less dividends	(9)	(14)
Non cash items	(4)	5
Acquisition & restructuring costs paid	(91)	(27)
Operating cash flow	**133**	**351**
Capital expenditure		
SIB & growth	(414)	(346)
Investments	(701)	(146)
Proceeds on disposal of assets	130	107
Free cash flow	**(852)**	**(34)**
Capital raising	-	480
Dividends paid – Net DRP[3]	-	(48)
Other items	3	6
	(849)	**404**

Net debt reconciliation, A$m	FY2012	FY2011
Opening balance	**(505)**	**(1,183)**
Cash flow	(849)	404
Debt acquired[2]	(103)	-
Non cash (FX)	(61)	274
Closing balance	**(1,518)**	**(505)**

- Operating cash flow of $133m was down $218m due to higher interest payments, prior year tax refunds and higher acquisition and restructuring costs
- Stay-in-business capex was $192m in FY2012 compared to $235m in FY2011
- FY2012 investments include BGA, Wagners and Sunshine Coast Quarries acquisitions, net of cash acquired of $63m in BGA

1. Excluding significant items
2. BGA debt acquired
3. DRP underwritten in respect of dividends paid in FY2012

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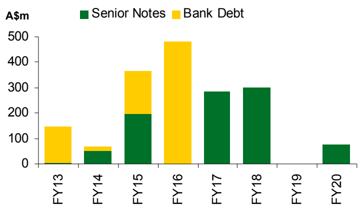
Results for the full year ended 30 June 2012

DEBT MATURITY PROFILE & NET INTEREST AND TAX

Net interest & tax, A$m	FY2012	FY2011
Interest expense	(103)	(88)
Interest income	15	24
Net interest expense	**(88)**	**(64)**
Tax expense[1]	(9)	(40)
Underlying tax rate[1]	8.0%	18.9%

Debt maturity profile



1. Excluding significant items

Gearing

- Gearing (net debt / net debt + equity) reduced to 30.8% from 31.4% at Dec-11
- Principal "bank gearing" covenant (gross debt/ gross debt + equity – intangibles) reduced to 40.0% vs 41.2% at Dec-11
- Bank gearing covenant threshold is < 60%

Debt profile

- Secured additional $500m 4-year syndicated bank debt facility in November 2011 to maintain headroom post completion of BGA acquisition
- Weighted average debt maturity ~3.8 years
- Weighted average cost of debt ~6.8% per annum
- Standard & Poor's / Moody's rating BBB negative outlook / Baa3 stable outlook from June 2012
- No current need for additional equity raising

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Strategy and Outlook

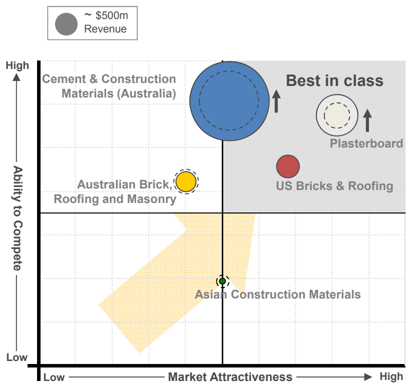
Ross Batstone, Chief Executive Officer

Results for the full year ended 30 June 2012

STRATEGY UPDATE

The portfolio has been substantially reshaped

Substantial progress made in delivering Boral's Strategy outlined in 2010



- Acquired remaining 50% of LBGA, creating a global scale plasterboard position in high growth Asia Pacific region
- Acquired Wagners and Sunshine Coast Quarries strengthening Qld aggregate position
- In the US, integrated acquisitions of MonierLifetile and Cultured Stone and restructured into Boral Roofing and Boral Cladding respectively
- Divested Indonesia Construction Materials
- Restructured and rationalised capacity in Australian Brick, Roofing and Masonry

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Results for the full year ended 30 June 2012

STRATEGY UPDATE

Good progress made to strengthen the core

- **Operational excellence**: LEAN processes embedded into most Australian and US operating sites
  - LEAN roll out underway in Asia
  - upside potential captured in improvement plans
- **Sales and marketing excellence**: SME processes embedded and benefits being captured in improvement plans
- **Safety**: Good progress towards Zero Harm in all work places with LTFIR[1] down to 1.8 in FY2012 from 2.0 in FY2011
- **Existing businesses**:
  - A$200m Peppertree quarry construction well advanced
  - Port Melbourne plasterboard plant upgrade completed, underpinning low cost east coast manufacturing capacity scaled for growth (pictured)

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1. Lost Time Injury Frequency Rate per million hours worked

Results for the full year ended 30 June 2012

IMPROVEMENT PLAN – LEVERAGING LEAN

Improvement plan underway focusing on maximising cash flow and reducing costs

Short term plan to reduce costs and improve cash flow

- Leverage LEAN tools to:
  - improve asset utilisation and efficiency
  - reduce physical inventories
  - improve cost position
- Better align overheads in Australia with adjusted portfolio
- Deliver benefits from acquisitions and expansions

Non-core divestments and property sales

- Continue to pursue non-core divestments and property sales
- Targeting $200 - $300m, to be applied to reducing debt

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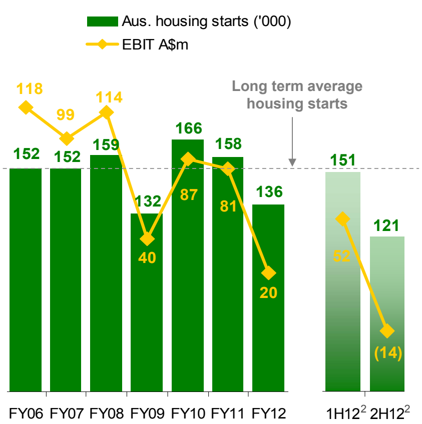
Results for the full year ended 30 June 2012

LEVERAGING CYCLE UPTURNS – AUSTRALIA

Building Products will benefit from reshaping, cost reductions and plasterboard investment

Aus. housing starts vs Building Products EBIT[1]



- Building Products delivered EBIT of $81m in FY2011 with housing starts at 158k, just above long term average levels of 150k – 155k
- Improvements made to Boral's business in FY2012 should have a positive impact on future earnings
  - modernisation of Vic plasterboard plant
  - closure of higher cost brick capacity
  - exit from loss making Masonry and Qld Roofing businesses
  - associated reductions in overhead costs, combined with benefits of LEAN
- Boral is positioned to earn EBIT levels of at least that achieved in FY2011 as building activity returns to long term average levels

1. Excluding significant items
2. EBIT for 1H2012 and 2H2012 have been annualised for comparison purposes

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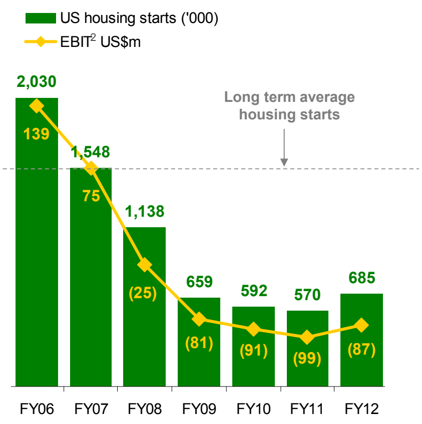
Results for the full year ended 30 June 2012

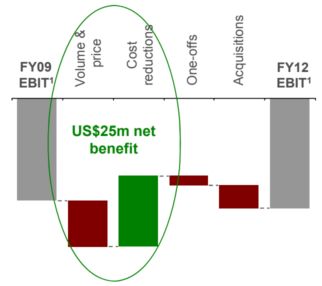
LEVERAGING CYCLE UPTURNS – USA

We are well positioned to increase returns on the USA as markets recover

BORAL®

US housing starts[1] vs Boral USA EBIT[2]





- In FY2009, USA housing starts were 659k, similar to FY2012 starts of 685k, or around 55% below mid-cycle levels
- Comparing EBIT in FY2009 with FY2012, there has been ~US$25m net gain in underlying earnings (excluding one-offs and acquisitions)

1. Source: Original data US census
2. Excluding significant items

Results for the full year ended 30 June 2012

LEVERAGING CYCLE UPTURNS – USA

Capacity optimisation and improvement in operating efficiency have lowered Boral's break even to around 950k starts

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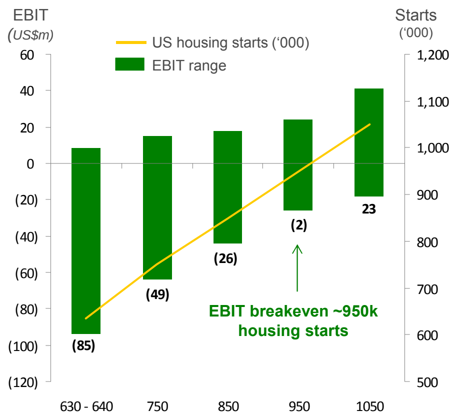
Boral USA EBIT per US housing starts



Assumptions

- Market share, mix and pricing constant
- Variable unit and fixed production costs constant
- Volumes flex in line with % change in starts
- R&D and Industries Admin held constant at FY12 levels.
- Assumes multi / single family housing mix remains constant

Break-even starts

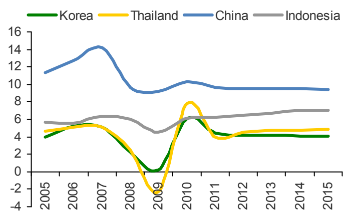
- Break even starts by business unit varies with:
  - 950 – 975 starts for Bricks
  - 830 – 855 starts for Cultured Stone
  - 1,050 – 1,075 starts for Roofing

Results for the full year ended 30 June 2012

ASIAN GROWTH PLATFORM (FULLY OWNED)

Boral's Asian plasterboard investment provides a high growth platform

GDP % growth by country[1]



Capacity expansion supporting growth

Capacity (m m^2 pa)	FY2011	FY2012	After expansion
Korea	153	153	153
Thailand	105	105	105
China	90	140	155
Indonesia	35	35	65
Other	30	30	60
Total	**413**	**463**	**538**

- **Asia is expected to become the world's largest plasterboard market by 2014**
- Strong economic growth forecast across BGA's four key markets
- Lightweight, flexible and easy to install characteristics make plasterboard the interior lining product of choice
- Boral's production capacity will have increased 30% since FY2011 once current expansion projects of 75m m^2 in Indonesia, China and Vietnam are completed

1. Source: IMF

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Results for the full year ended 30 June 2012

FY2013 OUTLOOK

Conditions in FY2013 will remain challenging particularly in the first half of the year

- In FY2013, buoyant activity in major infrastructure projects in **Australia** is expected to be dampened by ongoing weak residential and non-residential markets
- Construction Materials to benefit from Queensland LNG projects
- Cement volumes expected to be flat and import parity pressures to continue
- Building Products – impacted by challenging housing market
- In **Asia,** continued growth and market penetration
- In **USA**, housing starts expected to increase in FY2013, biased towards the second half, with the US division well positioned to take advantage of any market recovery
- FY2013 focus is on delivering on our business improvement goals and consolidating portfolio changes – lowering our break even points
- Given ongoing market uncertainty in Australia, trading update to be provided at Annual General Meeting in November

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