Build something great™

BORAL®

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6 November 2019

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

Dear Sir

AGM Addresses including 1Q Trading & FY2020 Outlook

We attach copies of the prepared AGM Addresses by the Chairman, the CEO & Managing Director and the Chairman of the Remuneration & Nomination Committee, which will be delivered at the Company's Annual General Meeting which commences at 10:30 am today.

The AGM will be webcast live on our website at www.boral.com.

Yours faithfully

Dominic Millgate
Company Secretary

2019 ANNUAL GENERAL MEETING
WEDNESDAY, 6 NOVEMBER 2019

Chairman's Address

by Kathryn Fagg

Good morning ladies and gentlemen.

I appreciate you taking the time to be here at Boral's 2019 Annual General Meeting.

It is a pleasure to address you and update you on progress in relation to:

- Boral's FY2019 safety, financial and remuneration outcomes
- the company's strategy, including sustainability and management of climate-related risks
- the Board and our engagement with Boral's people and operations, and
- Boral's executive development and succession plans.

I will then hand over to Mike Kane to deliver his CEO Address.

SAFETY PERFORMANCE

Let me start with safety – a key focus of the Board, management and everyone at Boral.

Boral's safety performance has improved significantly in recent years and continued to improve in FY2019.

Our recordable injury frequency rate (RIFR[1]) of 7.5 represented a 14% improvement on the prior year, and lost time injury frequency rate (LTIFR) of 1.3 improved by 19%.

Upholding a strong safety culture and a steadfast commitment to Zero Harm Today is fundamental to everyone's role at Boral.

As a Board, we believe ensuring our people come to a safe place of work is an extremely important responsibility. That is why the Board's HSE Committee spends time reviewing safety outcomes, investigating incidents and near misses, and reviewing what is being done to further improve safety.

Members of the HSE Committee and the Board as a whole spend time in Boral's operations – and when we do, we try to bring a fresh set of eyes to help the team see opportunities for further improvement. We enjoy that role and we believe our people appreciate the shared ownership we all have to deliver Zero Harm across the organisation.

[1] RIFR is the combination of LTIFR and medical treatment injury frequency rate, as measured per million hours worked for employees and contractors in 100% owned and all joint venture businesses.

FY2019 FINANCIAL RESULTS

In terms of FY2019 business performance, it is fair to say that market conditions across a number of regions, were more challenging than expected. In Australia, housing starts were down 15% and the value of work done in roads, highways, bridges and subdivisions was down by an estimated 6%. US housing starts were 2% softer and in South Korea, which is our largest country market outside of Australia in our USG Boral joint venture, residential construction is in a cyclical downturn.

We responded quickly. We have reduced costs, resized activities and sought new opportunities to grow revenues.

Against this backdrop, a 4% increase in revenue to $5.8 billion and a 2% increase in earnings before tax, depreciation and amortisation (EBITDA) to $1.03 billion for continuing operations was a very solid result.

Boral's net profit after tax (NPAT) before significant items of $440 million, was 7% lower than the prior year.

And the Company's statutory NPAT of $272 million included $168 million of post-tax significant items, with a profit on sale of the Denver Construction Materials and Texas Block businesses more than offset by the $174 million impairment of our investment in the North American Meridian Brick joint venture.

The impairment was triggered by further underperformance of Meridian Brick due to lower US and Canadian housing activity and a continued decline in brick intensity per housing start in North America.

Boral's return on funds employed, also referred to as ROFE[1], was 8.2%, and compares with Boral's cost of capital of around 9.0% on a ROFE equivalent basis. We are resolute in our focus to improve that outcome and deliver returns that exceed the cost of capital through the cycle.

Boral's balance sheet is robust and we remain well within our group funding covenants.

Following the sale of the Denver Construction Materials and the US Block businesses, completed in July and November 2018 respectively, our net debt was down to $2.19 billion, which compares with $2.45 billion in the prior year.

In FY2019, we delivered US$32 million of synergies from the Headwaters acquisition, slightly ahead of plan, and we are on track to achieve our four-year synergy target of US$115 million in FY2021.

We recognise the importance of dividends to our shareholders. The company paid a 13.5 cent final dividend, taking the full year dividend to 26.5 cents per share, in line with the prior year.

Mike Kane will talk further about Boral's financial performance by division, and comment on our first quarter trading conditions for FY2020.

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[1] Return on funds employed (ROFE) is based on total EBIT before significant items on funds employed at period end.

John Marlay, the Chairman of the Remuneration & Nomination Committee will also address the meeting to talk about Boral's Remuneration Report. So I will only briefly comment on executive remuneration outcomes in the context of FY2019 results.

It is important to us to have good alignment between executive pay and shareholder value.

In FY2019, our financial results were below where we expected them to be at the start of the year when our budgets and targets were set. Our people worked hard to offset the impacts of lower than expected volumes, and made up considerable ground through improvement initiatives. Despite these efforts, across most of our businesses, we did not meet our targeted EBIT outcomes. Therefore, most executives, including our CEO and Group President Ventures & CFO, and most of their teams received zero short-term incentive payments for FY2019.

Long-term incentive hurdles, based on total shareholder returns (TSR) and ROFE over three years, were also not met this year. Boral experienced share price pressures alongside a number of other stocks in the materials sector.

We believe that these remuneration outcomes for FY2019 clearly demonstrate alignment between executive pay and shareholder value.

DELIVERING BORAL'S STRATEGY

Turning to Boral's strategy.

Our strategic objective is to deliver shareholder returns that exceed the cost of capital through the cycle, while also creating value for our customers, employees, suppliers and the communities in which we operate.

Across our three divisions, we have established attractive businesses with strong positions.

- In Australia, we are a leading, vertically integrated construction materials player supplying residential, non-residential and infrastructure construction markets.
- In North America, we are a leading supplier of building products that are used for the exterior envelope of the house and commercial buildings, and we are the largest fly ash marketer in the US, with our fly ash used in concrete production in residential, commercial and infrastructure sectors.
- And throughout Asia and Australasia, we are a gypsum-based, interior linings product leader supplying commercial construction and residential markets across the region.

We clearly experience advantages in operating these businesses together under the same Boral portfolio.

Key among them is how we leverage our people, innovation, and our Boral brand and the way we go to market. Also, our fly ash business in the US brings unique benefits to the Boral portfolio as a whole – not only from a materials science and innovation perspective, but when we consider Boral's carbon emissions footprint and the role fly ash plays to offset carbon emissions in our supply chain.

In terms of our current strategic priorities, in **Boral Australia**, we are focused on delivering strong returns while maintaining our leading positions. We believe that Boral's Australian assets are outstanding. Our major capital investment program across our quarries, cement and asphalt network is well progressed and bodes well with the significant pipeline of roads, rail, airport and commercial construction work that is underway across Australia.

Our Customer, Commercial and Operational Excellence programs are central to maintaining strong returns and margins, particularly given cyclical volume pressures in some areas of the business. These programs are delivering tangible benefits, helping to optimise margins and transform the Boral customer experience.

In **Boral North America**, we are half-way through a four-year growth plan that is seeing us progressively deliver the benefits of the Headwaters acquisition.

Acquisition synergies are being delivered in line with plan, having already delivered US$71 million of benefits. We are confident that the remaining US$44 million of additional synergies will be delivered in FY2020 and FY2021, to achieve our total targeted synergies of US$115 million.

The acquisition has doubled Boral's US footprint and diversified our end market exposures. While integration of the Headwaters businesses has progressed well, it is fair to say that we expected earnings growth to be coming through at a faster pace. Unfortunately, the recovery of the US housing market has been lacklustre and the industry has contended with some extraordinary adverse weather impacts over the past two years, which has meant volumes have not been growing at the rate we had expected.

Furthermore, Boral's legacy fly ash business has been impacted by the closure of a number of utilities. As a result, fly ash volume increases from synergies and growth initiatives have been offset by lower volumes associated with utility closures. We expect to see modest fly ash volume increases in FY2020 and more significant volume growth in the coming years. We are targeting a net increase of 1.5-2 million tons per annum on FY2018 volumes of available fly ash over the next two years, with volume growth expected to come from a range of initiatives. Mike will cover some of these in his address.

In our North American Stone business, plant network optimisation initiatives are well progressed and following some initial share loss, we have seen our share stabilise and we are now focused on recovering our position.

We continue to optimise our concrete roofing operations in Florida, and we are currently launching our metal roofing branding and channel to market strategies after the team delivered an exceptional improvement in the manufacturing of metal roofing products at the Oceanside plant in California.

The consolidation of Boral North America's back office, finance and information systems is also continuing in line with expectations.

Earnings from North America will continue to improve with market growth, and importantly we are executing plans to deliver further underlying earnings growth, which will strengthen our ability to deliver returns above the cost of capital and offset any lower than expected levels of market recovery in the coming years.

Given the challenges we have seen in the USA, I have been asked by some shareholders if the Board is still comfortable with the decision made in 2016 to acquire the Headwaters business. My answer is a strong yes. The Board remains confident and positive about the rationale and the strategic fit of the Headwaters businesses. And in a world of increasing protectionism, the USA is absolutely the place we want to be. We believed that several years ago when we were assessing the options for Boral's US business and we believe it even more so today. We have a great business and we are confident that the results we expect from the business will be delivered.

Our **USG Boral joint venture** in Australia, New Zealand and Asia remains a long-term organic growth platform for Boral. USG Boral continues to deliver innovative solutions for our customers and is growing plasterboard capacity in attractive high growth markets.

After considerable and detailed due diligence, on 26 August, we announced that Boral and Knauf agreed to form an expanded joint venture in Asia, that USG Boral would sell its business in the Middle East to Knauf and that Boral intends to return to 100% ownership of the Australian and New Zealand business. As part of the transaction, we agreed to grant a call option to Knauf to buy back a 50% share of the Australian and New Zealand business within five years, subject to regulatory approvals.

The Board believes that this transaction is compelling for Boral and our shareholders. It is well-aligned with our strategy and the plasterboard assets of Knauf in Asia are highly complementary with USG Boral's business in the region. We are very confident that the transactions will create value for shareholders.

We have maintained a disciplined approach to structuring and funding the transaction, which includes US$335 million of direct funding from Boral – after the USG Boral joint venture self-funds a proportion of the investment[1].

BUILDING A SUSTAINABLE BUSINESS FOR THE LONG TERM

The Board and management recognise the importance of building a sustainable business for the long term and ensuring that Boral remains a company that stakeholders can trust.

This means minimising our environmental footprint; working well with our local communities; managing a socially responsible supply chain; supporting a diverse, engaged and safe workforce; and operating in an ethical and responsible way, including when it comes to our customers and products.

In our 2019 Sustainability Report, which forms part of Boral's Annual Review, we identified the United Nations Sustainable Development Goals and targets that Boral can most influence and integrated these into our reporting. This reflects the importance we place on contributing to improved social outcomes.

Our approach to environmental sustainability is embedded in our business strategy by investing in lighter weight, more innovative products and reducing Boral's exposure to lower growth, energy-intensive, higher cost operations.

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[1] The USG Boral joint venture will self-fund US$262 million of the US$532.5 million investment (using US$50 million proceeds from Middle East sale, up to US$200 million of debt, plus cash). The balance of the US$270 million will be equally funded by Knauf and Boral – being US$135 million each. Boral's direct funding of US$335 million is US$200 million to buy 50% of USG Boral Australia and New Zealand plus Boral's US$135 million share of funding for the USG Boral joint venture to acquire Knauf Asia Plasterboard.

We have seen a significant reduction in Boral's absolute greenhouse gas emissions as result of this strategy. For example, in Australia emissions have reduced by around 40% since FY2005, and if we include Boral North America, our Scope 1 and 2 emissions decreased 43% over the same period. Looking at a shorter time frame, Boral's total Scope 1 and 2 emissions have reduced by 32% since FY2012. In FY2019, we emitted 2.4 million tonnes of greenhouse gas emissions, 7% lower than the prior year.

In FY2019 we also delivered a 7% reduction in emissions intensity, as measured by tonnes of greenhouse gases per million dollars of revenue and we grew the share of revenue from lower carbon and high-recycled-content products from 9% to 10%.

As reported in our Sustainability Report, we continue to progressively adopt the recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, more commonly referred to as the TCFD.

In FY2019, we enhanced our climate-related governance and risk management, and broadened reporting of physical climate-related risks and Scope 3 or indirect emissions.

We completed the scenario analysis work to better assess the risks of transitioning to a lower carbon economy for Boral Cement's business. The work is informing our decision making and has verified that our current investment approach at the Port of Geelong is appropriate. Our investment in clinker grinding and storage capacity includes flexibility to store and blend an increasing amount of substitute cementitious materials, which is expected under various climate scenarios.

We have a two-year work plan to consider more closely various climate scenarios in terms of physical climate risks and carbon pricing risks as well as supply risks and opportunities around synthetic gypsum and fly ash. More information about our work in this area is in our 2019 Sustainability Report.

We understand that it's important for Boral to respond to change and disruption. We view investment in innovation as important in positioning the business for the future. This year, we invested about $30 million in research and development across our three innovation centres in Australia, the US and Thailand. Our focus is on developing superior performing products and solutions for our customers that deliver a lower carbon footprint, including through incorporating recycled content.

To better support collaboration, sharing of best practices and commercialisation of innovation across Boral, Boral's three innovation centres now report into a central global innovation office, with oversight by a senior executive advisory board.

THE BOARD AND ENGAGEMENT WITH OUR OPERATIONS

As previously mentioned, the entire Board spends time visiting Boral's operations to see how they are being managed, to inspect our plants and to talk to our people and our customers.

These visits are critically important from the Board's perspective. They allow the Board to stay connected with our people and see first-hand how we are managing safety, quality and operations, and gain insights into culture, capability and strategy execution.

In September 2018, we spent time at our Roofing, Stone and Fly Ash operations in North America reviewing progress around Headwaters integration, including meeting customers. We returned to the USA in January 2019 for an in-depth review of our long-term Fly Ash supply strategy, which is progressing well. More recently, in September of this year we spent four days in California with the North America leadership team, reviewing plans in some detail. This strengthened the Board's confidence that we are on the right trajectory to deliver returns that will exceed the cost of capital in an acceptable timeframe.

We spent time with Boral Australia's customer service and digital solutions teams in November 2018 to better understand how digital innovation is supporting our customers and reducing safety risks. The Board HSE Committee also had a first-hand look at safety in action at our Thornleigh concrete plant and Peats Ridge Quarry.

Finally, in May 2019 we spent several days with the USG Boral team in Singapore and at our Camellia operation in Sydney. We reviewed business strategies, risk and compliance programs, customer relationships in key markets and safety initiatives. In Singapore, we also met with several of our sales people and our largest customers from Indonesia.

The Board continues to benefit from diversity of tenure, gender and experience. Peter Alexander joined the Board in September 2018, and is Boral's first North American based Non-executive Director. Peter brings deep US-based building materials sectorial experience to the Board, which is highly valued.

We have six Non-executive Directors on the Board. Four of us have deep sectorial experience in building products and / or construction materials, and two directors having more significant financial backgrounds and experience around M&A transactions. Tenure of the Board ranges from 14 months to 11 years.

Given three directors joined the Board between 2008 and 2010, we are planning for Board renewal to be an ongoing feature for the next few years. We are currently well-progressed in our search for an Asia based Director with experience in building products or a closely aligned industry.

EXECUTIVE DEVELOPMENT AND SUCCESSSION

In February 2019, we announced leadership changes, effective 1 March, intended to provide development opportunities for executives and provide the Board with well developed, experienced and capable internal candidates to be considered for CEO succession and other senior roles at the appropriate time.

At the time of the announced changes, we confirmed that we expect Mike Kane to stay in the role as Boral's CEO for another two to three years.

Ros Ng, who has been Chief Financial Officer (CFO) for the past six years, has an expanded role as Group President Ventures & CFO. In addition to group strategy and M&A, Ros has responsibility for the USG Boral and Meridian Brick joint ventures, and she led the execution of our strategy in relation to the announced USG Boral transaction with Knauf.

Ross Harper, who was Executive General Manager Cement, stepped up into the new role of Group President Operations, to further strengthen our operational, R&D and safety outcomes.

Wayne Manners stepped up into the role of President & CEO of Boral Australia from his previous role of Executive General Manager, Western Australia, Building Products & Major Projects.

These three highly capable executives, together with David Mariner – President & CEO of Boral North America, and Frederic de Rougemont – CEO of USG Boral, are energised and focused on leading Boral alongside Mike Kane to deliver on our strategic objectives. When the time comes for CEO succession we expect that we will be well-positioned to consider internal candidates alongside external candidates.

CLOSING

Before closing, let me recap as what I see as the current priorities and challenges for Boral.

Safety remains our first priority, everywhere across Boral.

Delivering the benefits from the Headwaters acquisition and underlying earnings growth in North America including in the Fly Ash business so that returns exceed the cost of capital, is a key priority.

We are also focused on delivering the announced USG Boral transaction – which Mike will cover a little further.

Boral Australia will continue to excel at delivering on major infrastructure projects, with a persistent focus on optimising costs, sizing the business to match demand and growing revenues.

We have confidence that our people are focused on the right things, and are committed to a workplace culture that is safety-focused, customer-centric, and embraces diversity and sustainability.

I would like to thank Mike, the senior team and all of Boral's people for their extraordinarily hard work, persistence and responsiveness during FY2019. I know they remain focused on continuing to transform Boral into a higher performing, sustainable business for the long-term.

On behalf of the board, I would also like to thank all of our shareholders for your ongoing support and thank you for your patience.

I now welcome Mike Kane to the microphone to provide his address.

Kathryn Fagg

2019 ANNUAL GENERAL MEETING
WEDNESDAY, 6 NOVEMBER 2019

CEO & Managing Director's Address

by Mike Kane

Thank you Kathryn. Good morning ladies and gentlemen.

After seven years as Boral's CEO and Managing Director, it remains a privilege to lead the company. It is encouraging to witness the benefits of our multi-year strategy to transform Boral to be a high performing business through the cycle, which is what we all expect from this great company.

In a year that proved as challenging as any other for our businesses, I am proud of the unwavering focus of our people to deliver initiatives to offset the lower than expected volumes in several key markets.

We are not done yet with our strategy to transform Boral, but we have come a long way.

Let me remind you of the strategy that we have embarked on and the progress made so far.

PROGRESS AGAINST STRATEGY

Boral's purpose is to help our customers *Build Something Great*.

We do this by supplying our customers in the residential, commercial and infrastructure markets with high quality, sustainable building products and construction materials. While we have the same purpose in Australia, North America and Asia, several years ago we evaluated our strengths and the opportunities in each region.

In 2012 we undertook a detailed strategic review comparing alternative futures for Boral. This was at a time when we were losing money in the USA, we had begun to lose money in Australian building products and we were at a much lower earnings point in the plasterboard business.

We recognised the need to reduce Boral's exposure to energy-intensive, high fixed cost manufacturing operations.

In **Australia**, it was clear that Boral's strength is as an integrated construction materials business, with our privileged quarry assets central to supplying concrete and asphalt through our downstream operations.

The strategy in Australia started with getting our cost base right – including reducing around 1,100 employee positions in 2013, primarily in Australia – and then divesting non-core operations and reinvesting in our core assets.

We have divested Boral's East Coast Australian bricks business and entered into a sale agreement to divest Midland Brick for $86 million. Divesting the Australian bricks businesses releases approximately $600 million in proceeds and land sales, including the property project at the Scorseby brick site announced in FY2019. Through a property development management deed with Mirvac, Boral expects to deliver in excess of $300 million over the life of the Scoresby project, subject to rezoning and market conditions.

In FY2015, we sold our Melbourne landfill business for cash and royalties over the life of the landfill, which in total equates to projected earnings in excess of $500 million.

We sold several other smaller building products business along the way, including Masonry and Windows businesses.

We exited clinker manufacturing in Victoria where our cost base for cement production was too high.

With a more focused Australian portfolio we reinvested in Cement supply logistics and in our major quarries in Melbourne, Brisbane and Perth, following the completion of the Peppertree quarry in Sydney. We have spent around $600 million on generational reinvestments in construction materials, which has prepared us well for the strong pipeline of infrastructure activity that is underway in Australia.

We also recognised the significant value generated through an integrated life-cycle approach to land management. Over the past 18 years, earnings from strategic property projects and surplus land sales have averaged $34 million per annum, and we expect a continued ongoing earnings stream from Property.

In **Plasterboard**, we recognised the need for a more ambitious strategy to grow our 30-year position in plasterboard in Asia and Australia through strategic investment in research and development. We entered into a joint venture with USG Corporation in 2014. In five years we have transformed the business, strengthening our position with market-leading product innovation and the Sheetrock® brand.

With Knauf's acquisition of USG Corporation in 2019, we are now taking advantage of additional opportunities to grow the business. The agreement with Knauf, which I will go through in more detail shortly, marks the end of our program of major investments.

In **North America**, the Board considered whether it was better for Boral's shareholders to exit the US altogether, or to stay and grow.

We agreed that it was important for Boral's future to be in the biggest market in the world and to position the business to deliver more sustainable earnings with above cost of capital returns through the cycle. We recognised the need to create a business of scale, with a variable cost base, lower energy consumption and lower capital intensity.

We formed the Meridian Brick joint venture with Forterra in November 2016 in an effort to improve our position in bricks in the USA.

We undertook a program to identify bolt on acquisitions to grow around our profitable fly ash business and our light building products businesses of roofing, trim & siding, and manufactured stone. After much consideration it was clear that the value for Boral was with the much larger acquisition of Headwaters, which was exceptionally well aligned with Boral's business. We completed the acquisition of Headwaters in May 2017.

By the end of FY2019 we had deployed capital from non-core construction materials businesses in Denver and Oklahoma and the Texas Block business – into core businesses.

Integration of the Headwaters acquisition has progressed well. As Kathryn said, we would like earnings to be coming through at a faster rate, but the housing market has moved sideways and weather impacts have delayed progress.

We are meeting our synergy targets and the business is very well-positioned to deliver underlying growth, including in the fly ash business where we are targeting to increase volumes available to the market through a combination of initiatives including reclaiming landfilled ash, optimising our distribution network and new ash storage facilities, use of beneficiation technologies and mining natural pozzolans to supplement fly ash.

We have a relentless focus to deliver returns that exceed the cost of capital through the cycle in each of our three divisions.

Our transformation has been both measured and disciplined. Our prudent management of Boral's balance sheet includes a focus to maintain our investment grade credit ratings.

After the USG Boral investments, Boral's net debt is expected to be around $2.6 billion, and gearing is expected to increase to around 30% (excluding the impact of leasing).

Debt levels and gearing are expected to decline from FY2021 as capital expenditure reduces in line with plan. Integration costs are also now largely behind us and we are set to benefit from 100% of the cashflows from the Australian USG Boral business following completion of the transaction.

Let me now turn to Boral's results, starting with our safety performance.

SAFETY PERFORMANCE

Boral employs approximately 17,000 people and has around 9,400 contractors working across 17 countries in 826 operating and distribution sites, including our joint venture operations.

Safety remains our highest priority across all of Boral's businesses with each of our three divisions reporting a marked improvement in safety performance.

In FY2019, Boral's recordable injury frequency rate (RIFR) of 7.5 per million hours worked, compares with 8.7 reported in the prior year.

Boral Australia's RIFR of 10.5 was 7% better than the prior year. Boral North America delivered a RIFR of 7.6, a 15% improvement for the year, and USG Boral's RIFR of 3.4 was 24% better than FY2018.

Our injury rates have improved significantly, continuing our long-term improvement trend. Pleasingly, in FY2019, there were no fatalities among our employees or contractors.

We remain committed to delivering what we set out to do seven years ago – starting with Zero Harm when it comes to safety.

FY2019 DIVISIONAL RESULTS

In FY2019, as housing-related demand softened in Australia, the USA and South Korea and we experienced some delays in large infrastructure projects in Australia as well as adverse weather in North America, we focused on the things we could control, such as cost reduction initiatives and resizing our operations.

On a continuing operations basis, reported revenue of $5.8 billion was up 4% on the prior year, and Group EBITDA of $1.033 billion was up 2%.

EBITDA margins on reported revenue of 17.7% were similar to the 18.0% margins in the prior year.

Boral Australia delivered an EBITDA of $593 million, a 6% decrease on FY2018. Excluding Property earnings of $33 million, EBITDA was down 2% year-on-year.

During the year, we made a concerted effort to reduce overhead costs, align our operations with demand and optimise margins. It was pleasing to deliver cost savings of $28 million through our supply chain optimisation, Organisational Effectiveness and rightsizing programs, together with other improvement initiatives, to substantially offset the impact of 6% lower concrete volumes and a less favourable product and geographic mix.

In financial year 2019, Boral Australia delivered strong EBITDA margins of 16.6%, and EBIT returns on funds employed of 15.1%, well above Boral's cost of capital.

Boral North America reported EBITDA of US$297 million, for continuing operations – which means we excluded earnings from Denver Construction Materials and the US Block businesses, which were divested in July 2018 and November 2018, respectively.

Boral North America's EBITDA translated to A$415 million, a 19% increase, reflecting synergy delivery and helped by a favourable currency translation.

The further integration of Headwaters in FY2019 progressed very well. Synergies of US$32 million were slightly ahead of plan. So far we have delivered synergies of US$71 million and we remain on track to deliver our year-four target of US$115 million.

While the US business delivered solid earnings growth with attractive EBITDA margins of 18.6%, volumes and earnings were impacted by extreme rainfall and a 2% decline in housing starts. Return on funds employed remain low at 5.6%, but have improved over the prior year, and will continue to strengthen as we realise synergy benefits, deliver growth and improvement initiatives and markets grow.

Our 50%-owned **USG Boral** gypsum joint venture delivered an underlying EBITDA of A$252 million in FY2019, which was down 6%.

Australia, our largest plasterboard country business, delivered strong plasterboard volumes in FY2019 ahead of the housing market slowdown, which is impacting the business in FY2020.

In South Korea, our second largest plasterboard business, residential construction slowed resulting in a volume decline of around 10% and softer pricing.

In Thailand, Vietnam and India, revenue and earnings were higher than the prior year, while earnings from Indonesia and China were softer reflecting increased competitive pressures.

USG Boral implemented a rightsizing and LEAN improvement initiative, known as Project Horizon, which delivered $4.5 million of savings in FY2019, and is expected to deliver annualised savings of around $21 million by FY2021.

Boral's 50% share of post-tax earnings from the joint venture for FY2019 was A$57 million, 10% lower than the prior year.

The USG Boral JV remains well positioned to deliver strong growth through innovation, economic growth in Asia and increasing product penetration for gypsum-based linings and ancillary products. The JVs position is further strengthened by the agreement reached with Knauf, the new owners of USG.

STRATEGIC GROWTH IN USG BORAL

Turning to the transaction in more detail.

On 26 August we announced that Boral had reached agreement to form an expanded joint venture in Asia, to sell USG Boral's Middle East business to Knauf, and for Boral to return to 100% ownership of USG Boral in Australia. The transaction is expected to secure additional exposure to low capital-intensive, high growth businesses, which is in line with our strategy.

As part of the transaction, Boral agreed to grant Knauf a call option to buy back 50% of the Australian and New Zealand business, within five years, subject to regulatory approvals.

Returning to full ownership of our plasterboard business in Australia and New Zealand gives Boral increased exposure to a well-positioned, high performing business that generates strong cash flows. The business will continue to access R&D support and intellectual property from USG including the Sheetrock brand, and we will continue to use the USG Boral brand.

The expanded joint venture in Asia will be a world-class operation, bringing together Knauf – now the world's largest plasterboard manufacturer – and USG Boral in Asia, which has an enviable position in the fastest growing plasterboard region in the world.

Knauf Asia Plasterboard has 220 million m^2 of plasterboard capacity across various geographies in Asia, which is highly complementary to USG Boral's 562 million m^2 of highly utilised manufacturing capacity in nine countries in Asia. Knauf's largest plasterboard business in Asia is a highly profitable China business; it also has emerging and well-invested businesses in Thailand, Philippines, Indonesia and Vietnam.

Boral's 50% share of USG Boral's acquisition of Knauf Plasterboard Asia equates to US$241 million. Together with the US$200 million to acquire the other 50% of the Australian and New Zealand business, Boral's total investment is US$441 million. A proportion will be funded within the USG Boral Asia joint venture, with the balance of US$335 million to be funded by Boral through debt and proceeds from recent divestments.

The transaction is expected to complete in early calendar year 2020, subject to regulatory approvals and will be immediately value enhancing for Boral's shareholders. Based on FY2019 pro-forma financials, we expect earnings per share accretion of around 3% to 5%, before synergies of around US$30 million per annum in year four.

FIRST QUARTER FY2020 TRADING

Let me now turn to the first quarter trading conditions.

As we approached FY2020, we expected softer activity in several markets. Knowing this, we had business improvement programs well underway in each division to help offset the cyclical downturns. As expected, we have seen volume pressures in several businesses and in addition to the improvement initiatives already underway, we have considerably increased efforts to reduce costs and improve earnings through more extensive business improvement initiatives, which will benefit results in the second half.

In **Boral Australia** we saw lower earnings in the first quarter of trading, with the softer housing market in Australia and delays in infrastructure projects underpinning 8% lower concrete volume relative to last year, and broadly flat asphalt volumes.

Unfortunately, in September we experienced an unplanned business disruption at our Peppertree Quarry, resulting in approximately a week of lost production. We also lost around two weeks of production at our Berrima cement plant due to equipment failures and problems associated with increased use of alternate fuels in the plant. These issues have been resolved and did not impact customers but they resulted in higher than expected costs.

Overall, the disruptions at Peppertree and Berrima had an adverse earnings impact of around $10 million, which will come through in the first half results. We have plans to recover these costs over the remainder of the year.

During the quarter we formalised contractual arrangements to supply concrete and quarry products to the Westgate Tunnel project in Melbourne, which we expect to ramp up in the second half of the year. And in Queensland, we were recently awarded the asphalt work on the new Norfolk Island airport runway and concrete to build the new Queens Wharf, both of which should also benefit later in the second half of the year.

First quarter earnings from **Boral North America** were slightly lower than the prior year.

Early signs of the US housing market improving are yet to flow through but should benefit results in the second half of the year.

As expected in the Fly Ash business, earnings from site services were lower in the first quarter due to the completion of a major Synmat construction project, ahead of starting potential new work at other utility sites.

In late September, we signed a memorandum of understanding regarding a significant project which will increase our future fly ash volumes, and ideally contribute within the timeframe to our targeted net increase of 1.5-2 million tons per annum of available fly ash over the next two years. As contractual details are finalised we will provide additional information.

In **USG Boral**, first quarter earnings were slightly lower than last year. The business was impacted by the slowdown in residential construction in Australia, as well as the continued downturn in South Korea, only partially offset by improvements in Thailand and China.

FIRST HALF AND FY2020 OUTLOOK

Overall, our view of where we expect Boral's earnings to be for the full year remains unchanged. **We reaffirm our FY2020 outlook guidance provided in August.**

We continue to expect Boral's NPAT (before significant items) to be around 5 to 15% lower in FY2020 relative to FY2019. This guidance reflects lower earnings and higher depreciation charges.

For the full year FY2020, we expect **Property earnings** to be **around $55 to $65 million**, with a firmer view of the second half expected in February.

Our FY2020 guidance excludes the additional earnings expected when the USG Boral Knauf transaction closes, which is expected in early 2020, and it excludes the implications of the new IFRS Leasing Standard which will impact reported earnings this financial year.

After the first quarter trading, **we expect Boral's EBITDA in the first half** of the year **to be around 5% lower than the prior year**. We expect a first half contribution from Property of around $30 million to only partially offset the impact of lower volumes and higher costs, including one-off costs associated with disruptions at Peppertree and Berrima.

In the **second half** of the year we expect **EBITDA to be broadly similar to the reported second half EBITDA last year**, before additional earnings expected from the USG Boral transaction with Knauf.

While we expect a 5% EBITDA decline in the first half, we have confidence that we can deliver a better outcome in the second half, with the expected significant second half skew underpinned by the following:

- In **Boral Australia**, we expect several major projects to ramp up in the second half, including Queens Wharf and Westgate Tunnel projects.

  We expect to deliver additional improvement initiatives over and above the already planned FY2020 savings of around $40-$50 million from our supply chain optimisation, rightsizing and organisational effectiveness programs.

  We already have around 30 key Value Improvement Projects (VIP) underway ranging from supply chain efficiencies to reduce logistics costs through to solid waste derived fuel use in cement manufacturing. We are boosting these efforts with further initiatives that aggressively address spend control, improve operational efficiencies and accelerate procurement savings.

- In **Boral North America** both volume growth and price increases are expected to contribute to second half earnings growth – particularly in the fourth quarter, which is seasonally the strongest quarter for the year.

  In addition, a comprehensive improvement program of more than 50 individual initiatives is expected to deliver benefits in FY2020, primarily from January. These include, for example, optimising product weights and mix designs in our concrete roofing business to lower raw material and energy costs, accelerating procurement savings across all businesses, and earlier commissioning of a new Windows production plant in Houston. These initiatives are in addition to the ~US$20 million of synergies expected in FY2020.

- And in **USG Boral**, we expect a broadly balanced first half and second half of underlying earnings – prior to the impact of the increased earnings that we will receive following the closure of the transaction with Knauf. The business is on track to deliver annualised cost savings of around $21 million from Project Horizon by FY2021.

We will provide a further update of our full year expectations with our interim results in February.

A LOWER CARBON FOOTPRINT

The decisions we make around capital investments, acquisitions and divestments are primarily made to secure the best long term earnings outcome for Boral, and to strengthen our ability to deliver above cost of capital returns through the cycle.

Repositioning the business has also reduced our risks associated with transitioning to a lower carbon economy by reducing exposure to energy and emission intensive operations.

Boral's absolute Scope 1 and 2 emissions of 2.4 million tonnes of CO_2-e have reduced by a substantial 32% since 2012, and our emissions intensity by 48%, including a 7% reduction in emissions intensity in FY2019. These are expected to reduce further through efficiency and alternative fuel programs, technology, asset retirement, and as our less emissions-intensive businesses grow.

Today, our cement manufacturing and brick manufacturing account for around 65% of Boral's emissions. We have no plans to invest in new cement kilns or brick kilns, so we know that we are on a path to further reduce emissions. With the life of our emissions-intensive operations to be determined by economic drivers, we have not put targeted dates on these absolute emission reductions. Rather, we are focused on targets around emissions intensity and supply chain emissions.

Boral plays an important role in the supply chain by bringing fly ash to market, which is a substitute for cement in ready mix concrete. Currently we assist in reducing or avoiding cementitious-related greenhouse emissions by around 5.1 million tonnes per annum. Our strategy is to increase the amount of fly ash we bring to market including by reclaiming ash that is currently in landfill across the USA, which is estimated to exceed 1 billion tons. This is good for the environment and for our customers.

INNOVATION FOR OUR CUSTOMERS AND A MORE SUSTAINABLE FUTURE

As building materials technologies change and our customers require more sustainable solutions – we are responding through innovation and new product development.

Whether it's through our fly ash volumes in North America, low-carbon concrete products such as Envisia, which uses 60% less Portland cement than conventional concrete, or Boral TruExterior® Siding & Trim products which comprise up to 70% fly ash, we continue to grow and develop the contribution of our low carbon and high recycled content products. These products already account for 10% of Boral's revenue in FY2019.

We are forming a new partnership between Boral's Innovation Factory and the University of Technology Sydney to strengthen Boral's research and development efforts. Boral's partnership with UTS is expected to be known as the *UTS-Boral Centre for Sustainable Building*. This is a fantastic opportunity for us to leverage the University of Technology's state of the art facilities and researchers. I look forward to updating you next year on the work completed together in our first year.

CLOSING

Our core focus is to accomplish our goals and deliver on our promises, so that we can create value for all of Boral's stakeholders.

In my seven years as Boral's CEO I have seen Boral's recordable injury frequency rate reduce from 19.0 to 7.5, EBITDA grow from $473 million to $1.04 billion and NPAT before significant items grow from $101 million to $440 million. ROFE has doubled from 4.1% to 8.2%, earnings per share before significant items has increased from 12.7 cents to 37.5 cents and full year dividends per share has lifted from 11.0 cents to 26.5 cents.

Positioning our business for the long-term, delivering financial returns that exceed the cost of capital, and securing a safety culture that delivers Zero Harm, are my most important priorities.

I thank all of Boral's employees and contractors for their contribution and hard work. Together, we will continue to work to secure a sustainable future for Boral, delivering returns that shareholders can be proud of.

Thank you.

Mike Kane

2019 ANNUAL GENERAL MEETING
WEDNESDAY, 6 NOVEMBER 2019

Chairman of the Remuneration & Nomination Committee Address

by John Marlay

Thank you Chairman and good morning ladies and gentlemen.

My name is John Marlay and I am a Non-executive Director of Boral Limited and the Chairman of the Remuneration & Nomination Committee.

The Committee consists of three independent directors. On behalf of the Board, it is responsible for setting Boral's remuneration strategy, and planning CEO and executive succession.

As already noted by the Chairman, we take the alignment between our executive remuneration outcomes and shareholder value very seriously. In forming our remuneration strategy, the Board listens very carefully to shareholder feedback. We also consider stakeholder expectations in relation to executive remuneration.

My address today will focus on the following areas:

- Boral's Long-Term Incentive plan and Return on Funds Employed performance hurdle
- Safety and remuneration
- Foreign exchange translation impacts on CEO remuneration which is paid in US dollars, and
- Key remunerations outcomes for FY2019.

The Chairman has addressed CEO and executive succession earlier in the meeting.

LONG TERM INCENTIVES AND RETURN ON FUNDS EMPLOYED PERFORMANCE HURDLE

Boral's key strategic objective is to deliver superior shareholder returns through the cycle – or more specifically, returns that exceed the cost of capital through the cycle.

Our senior executives are focused on clear strategic priorities for each division. These priorities were underpinned by the following objectives in FY2019:

- deliver Zero Harm, performance excellence and improvement initiatives
- deliver year two synergies from the integration of the Headwaters business into Boral North America
- maintain and strengthen Boral's leading position in Australia
- progress strategic growth opportunities to create value and leverage innovation-based growth in USG Boral, and
- deliver strong cash flows and maintain a prudent balance sheet to support growth and deliver value.

Boral's executive remuneration policy is intended to focus executives on business plan delivery and, in doing so, create shareholder value.

Executives are incentivised to achieve financial objectives through short- and long-term incentives. They are motivated to achieve safety, environmental and other objectives because it is a well understood requirement of their role at Boral.

There have been no major adjustments to our remuneration framework this year. The Committee has been focused on ensuring that the Company's Short Term Incentive and Long Term Incentive plans continue to recognise and achieve the appropriate balance for both executives and shareholders.

As outlined at the 2018 AGM, Boral reviewed whether Return on Funds Employed, (also known as ROFE) continued to be the most appropriate measure and whether this measure aligned to the future needs of the business.

While the Board concluded that ROFE remained an appropriate measure, we noted that ROFE targets could be more explicitly aligned with Boral's objective to deliver returns that exceed the weighted average cost of capital – commonly referred to as WACC.

ROFE targets are now set relative to WACC and the target vesting range was also broadened. This directly incentivises executives to deliver returns exceeding WACC through market cycles.

ROFE targets for grants prior to FY2019 were not adjusted.

SAFETY AND REMUNERATION

At Boral, safety is considered so fundamentally important that there is a strong belief that safety should not be financially rewarded and therefore should not be a component of remuneration incentives.

This is a powerful aspect of Boral's culture. After considering the cultural aspects and performance outcomes, the Board remains of the view that this is the right approach for Boral.

I echo the Chairman's comments. Managing safety well is considered a fundamental part of everyone's role at Boral. Safety is taken into consideration in performance reviews and performance management. The Board continues to examine Boral's track record in taking appropriate responsive action, including terminating employment for poor safety management and safety breaches.

In FY2019, 30 employees, including managers and supervisors, in various roles across Australia and North America had their employment terminated or exited the business because of a breach of safety standards and protocols, including poor management of safety.

The combination of strengthened safety culture and performance management is considered the right approach for Boral.

FOREIGN EXCHANGE TRANSLATION IMPACTS ON CEO REMUNERATION

On 1 July 2017, the CEO's remuneration arrangements were restructured to reflect Mike Kane spending approximately half of his time in the USA, following the completion of the Headwaters acquisition. Under the new arrangements, the CEO's remuneration is paid in US dollars as base cash salary, with Short Term Incentive and Long Term Incentive opportunities calculated as a percentage of his base cash salary.

In FY2019, the CEO was awarded a 3% increase, to his US dollar base cash salary to US$1.338 million, which took effect from 1 September 2018. The exchange rate used to convert the CEO's US dollar base cash salary to Australian dollars in FY2019 is 8% less than the exchange rate used in FY2018.

The effect of this change in foreign exchange translation between the Australian dollar and US dollar is that it appears the CEO's base cash salary has increased by more than 3%. This is not the case.

REMUNERATION OUTCOMES

The business delivered a solid performance as demonstrated by a 2% increase in EBITDA from continuing operations.

However, when we set our budgets and remuneration targets at the start of the year, we were expecting higher earnings growth.

Our sector has faced stronger than expected headwinds, including:

- cyclical housing downturns in Australia and South Korea
- volume delays due to several infrastructure project disruptions in Australia, and
- extreme rainfalls in the US, coupled with a pause in the US housing recovery.

As a consequence of our results being below where we had expected them to be at the beginning of the year, most executives including our CEO and Group President Ventures & CFO, and most of their teams received zero short-term incentive payments for FY2019.

Long-term incentive hurdles, based on Total Shareholder Returns and Return on Funds Employed, were also not met this year. Boral along with most other stocks in the materials sector in Australia, experienced significant share price pressures due to cyclical downturns and uncertainty.

Our incentive plans are structured to align with shareholder returns and delivery of our vision for Boral and our growth plans.

The remuneration outcomes for FY2019, do demonstrate alignment between executive pay and shareholder value.

Thank you ladies and gentlemen.

John Marlay