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ASX Release

10 August 2023

The Manager, Listings
Australian Securities Exchange
ASX Market Announcements
Level 14, Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

2023 Full-Year Financial Results – Investor Presentation Slides

Boral Limited (ASX: BLD) will host a webcast to present the financial results for FY2023 today, Thursday, 10 August 2023 at 9.30am (AEST). Boral attaches the Investor Presentation Slides for today's webcast.

To register for the webcast please use the link below:

https://webcast.openbriefing.com/bld-fyr-2023/

This release was authorised to be given to ASX by the Board of Boral Limited.

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Boral FY23 Results

Twelve months ended 30 June 2023

10 August 2023

Presenters

Vik Bansal
CEO and Managing Director

Belinda Shaw
CFO

Disclaimer

Forward looking statements – This presentation contains certain forward-looking statements, including with respect to the financial condition, results of operations and businesses of Boral Limited ("BLD") and certain plans and objectives of the management of BLD. Forward-looking statements can generally be identified by the use of words including but not limited to 'project', 'foresee', 'plan', 'guidance', 'expect', 'aim', 'intend', 'anticipate', 'believe', 'estimate', 'may', 'should', 'will' or similar expressions. All such forward-looking statements involve known and unknown risks, significant uncertainties, assumptions, contingencies and other factors, many of which are outside the control of BLD, which may cause the actual results or performance of BLD to be materially different from any future results or performance expressed or implied by such forward-looking statements. Expectations, objectives and assumptions in our climate change and sustainability related statements are also forward-looking statements. Such forward-looking statements apply only as of the date of this presentation.

- Factors that could cause actual results or performance to differ materially include without limitation the following: risks and uncertainties associated with the Australian and global economic environment and capital market conditions, cyclical nature of various industries, the level of activity in Australian construction, manufacturing, mining, agricultural and automotive industries, commodity price fluctuations, fluctuation in foreign currency exchange and interest rates, competition, BLD's relationships with, and the financial condition of, its suppliers and customers, legislative changes, regulatory changes or other changes in the laws which affect BLD's business, including environmental and taxation laws, and operational risks. The foregoing list of important factors and risks is not exhaustive.
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- **Results information** – This presentation contains summary information that should be read in conjunction with BLD's Full-Year Financial Report for the twelve months ended 30 June 2023.
- All amounts are in Australian dollars unless otherwise stated. A number of figures in the tables and charts in the presentation pages have been rounded to one decimal place. Percentages (%) have been calculated on actual whole figures.

Agenda

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Our Business

Montrose Quarry, VIC

Scale and scope

Australia's largest integrated construction materials company with a rich legacy and significant social contribution

~360 operating sites[1]

~7,500 employees and contractors[2]

~14,000 customers

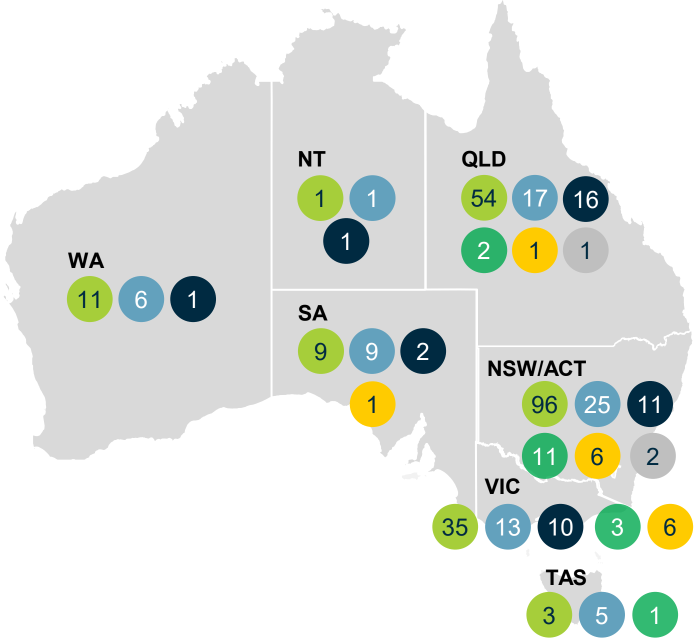
~8,500 suppliers

~50 million tonnes moved per year

~4,000 kilometres of road paving per year

~3,500 heavy road vehicles

- A rich **legacy founded in 1946**
- Large **integrated network** provides a competitive advantage
- Strategy focused on **strengthening and growing the core**
- Diverse **revenue base** across regions, products and customer segments
- **Assets base** comprises prized upstream assets combined with extensive downstream footprint in close proximity to customer, and ~3,800 hectares of surplus property



Operating sites[1]

- 209 Concrete
- 76 Quarries
- 41 Asphalt
- 17 Cement
- 14 Recycling
- 3 Concrete Placing

1. Operating sites include transport, fly ash, depots and JV sites as at 30 June 2023
2. Full-time equivalent from continuing operations

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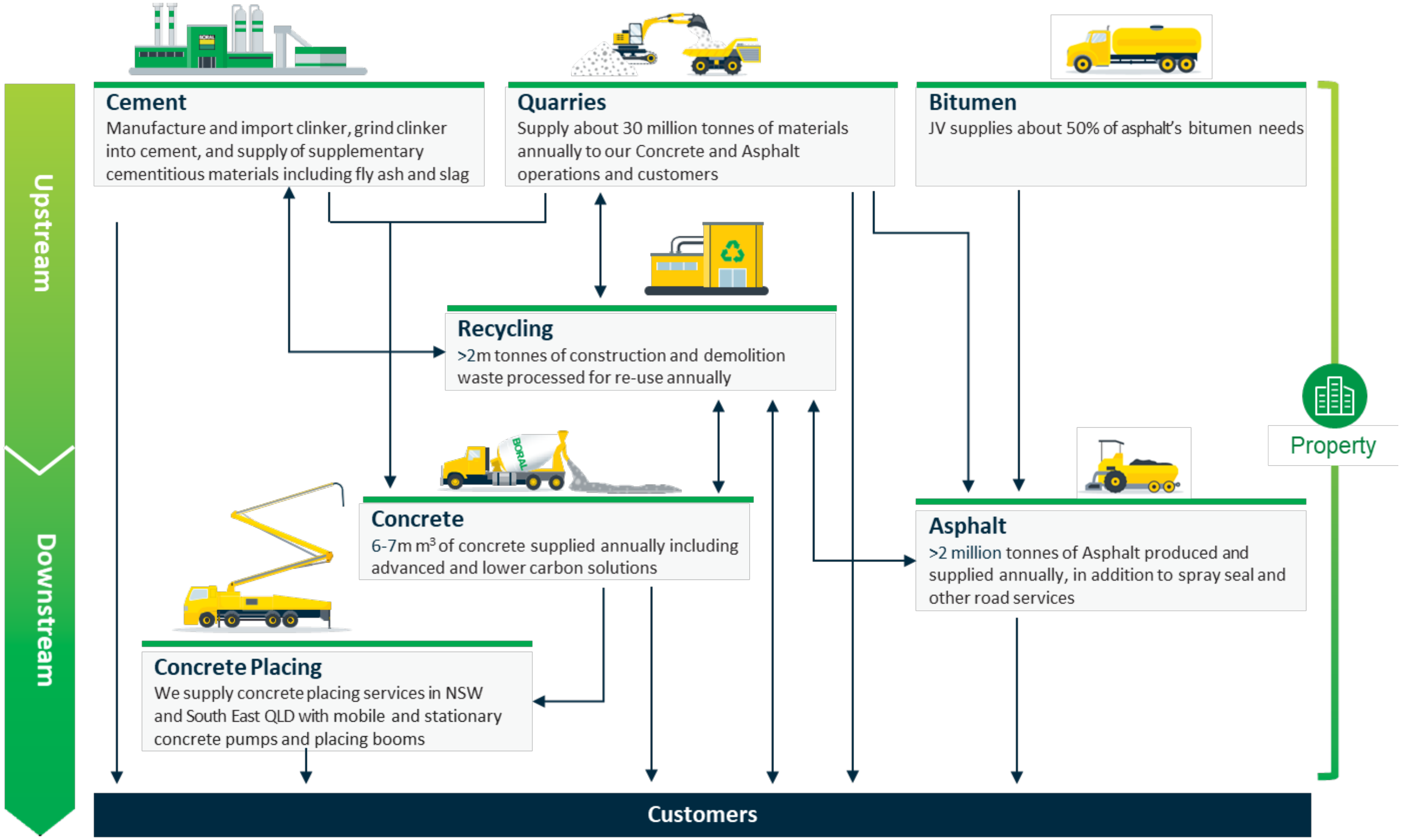
Integrated network

Valuable upstream and downstream operations with market leadership positions

- **~50%** of Upstream volumes supplied to downstream operations
- **>90%** of Downstream businesses source their raw material inputs internally
- Vertical integration **delivers:**
  - Secure source of key materials
  - Margin retention
  - Improved capital efficiency
- **Customer benefits** of vertical integration include:
  - Packaged solution options
  - Single supplier interface across multiple products
  - Broader range of technical solutions
  - Logistics and supply chain optimisation benefits the environment and customer



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Industry value drivers

Strengthening key value drivers will create the platform for business and earnings growth

		Strategy Alignment					*Opportunity*
		P	**E**	**M**	**A**	**F**	
Integrated network	• Degree of vertical integration between upstream and downstream assets within a region • Securing positions to leverage strategic moat			✓	✓	✓	
Upstream assets	• Quality and period of life in upstream infrastructure assets • Scarcity of assets and high barriers to entry			✓	✓	✓	
Downstream assets	• Downstream asset footprint in close proximity to customers • Complexity of variable offer to meet customer needs - people, processes, speed and systems			✓	✓	✓	
Customer loyalty	• Customer loyalty driven through customer relationships and service, leads to better value outcomes • Products solutions that focus on unique customer and application requirements	✓	✓	✓		✓	
Operational capability	• Safe, Compliant, Reliable, Optimised Assets • Scale to standardise processes and systems to create competitive advantage • Project management capability to effectively and efficiently deliver projects	✓			✓	✓	
Logistics capability	• Mobile asset management and optimisation • Logistics capability that drives and optimises fleet utilisation and efficiency • Embedded systems and processes that ensure compliance and leverage technology	✓		✓	✓	✓	
ESG credentials	• Safety, Leadership and Culture underpinned by an engaged and performance-based workforce • Must have a decarbonisation pathway that minimises climate impact • Participate in construction circular economy through lower carbon products and recycling	✓	✓	✓	✓	✓	

Larger potential Lower potential

* PEMAF – People, Environment, Markets, Assets, Financials

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Performance Overview

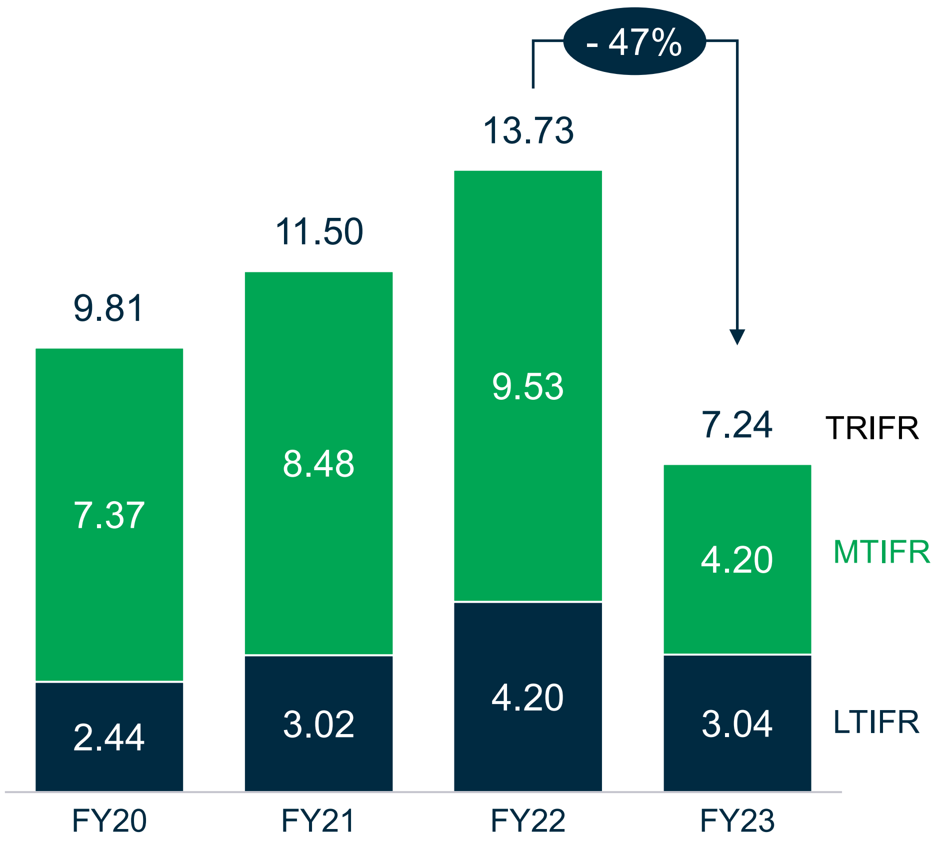
Widemere Recycling, NSW

Safety and People update

TRIFR improvement of 47% equates to 83 fewer people injured than previous 12 months

Safety performance

Total recordable injury frequency rate (TRIFR)*



>7,500 employees and contractors

8.7 years average tenure

14% women represented

27% women in executive leadership

>2,000 employee training programs

Our Values, culture and engagement

- We are committed to building a safe, engaged, diverse, inclusive workplace while fostering a high performance culture
- Tangible artefacts to improve culture through clarity of purpose, direction, accountability, with supporting tools, are being rolled out as **Boral Way** to ensure alignment across the organisation
- Engaged workforce looking for support and leadership
- Zero Harm remains a key focus

* TRIFR direct contractor hours have been re-stated and aligned for FY22 and FY23

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FY23 Highlights

Twelve months ended 30 June 2023[1]

Revenue
▲17.1%

2023	$3,461m
2022	$2,956m

EBITDA
▲37.6%

2023	$454m
2022	$330m

EBITDA Margin
▲196bps

2023	13.1%
2022	11.2%

EBIT
▲106.3%

2023	$232m
2022	$112m

EBIT Margin
▲289bps

2023	6.7%
2022	3.8%

ROFE
▲515bps

2023	10.4%
2022	5.2%

EPS
▲303.1%

2023	12.9
2022	3.2

Operational

- Significant **improvement across all key metrics**
- Challenging **cost** environment offset in part by price, improved cost discipline with cost base adjustments
- **EBIT margin 2H FY23 of 7.7%** is up 200bps on 1H FY23 and up 566bps on 2H FY22
- Improved **cash** generation with shift in focus and better visibility

Strategic

- Business **cadence and focus** has shifted; **new operating model** is providing our people with the clarity in role and accountability:
  - clear operational and financial targets established across PEMAF[3]
  - developing commercial, operational and financial rigour
  - driving much needed alignment and focus
- **Sustainability** initiatives progressed, realigning targets

1. Underlying numbers for continuing operations excluding significant items
2. ROFE is EBIT (excluding significant items) return on average funds employed. Funds employed is calculated as the average of funds employed at the start and end of the year. Funds employed is (assets less cash less tax assets) – (liabilities less borrowings less tax liabilities)
3. PEMAF = People, Environment, Markets, Assets, Financials

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FY23 Financials

Twelve months ended 30 June 2023

A$m	FY23 *Underlying*[1]	FY22 *Underlying*[1]	Change		FY23 *continuing ops. Statutory*[2]	FY22 *continuing ops. Statutory*[2]		FY23 *Statutory*	FY22 Statutory[3]
Net Revenue	**3,460.6**	2,955.9	17.1%	▲	**3,460.6**	2,955.9	▲	**3,460.6**	3,908.2
EBITDA	**454.4**	330.2	37.6%	▲	**476.2**	255.5	▲	**465.3**	1,511.9
EBITDA Margin	**13.1%**	11.2%	196 bps	▲	**13.8%**	8.6%	▲	**13.4%**	38.7%
EBIT	**231.5**	112.2	106.3%	▲	**253.3**	37.5	▲	**242.4**	1,293.9
EBIT Margin	**6.7%**	3.8%	289 bps	▲	**7.3%**	1.3%	▲	**7.0%**	33.1%
NPAT	**142.7**	35.3	304.2%	▲	**158.0**	(17.0)	▲	**148.1**	960.6
Adjusted EPS (cents per share)	12.9	3.2	303.1%	▲	**14.3**	(1.5)	▲	**13.4**	87.0

	FY23	FY22	Change	
Operating cash flow	**358.7**	216.7	65.5%	▲
Free cash flow	**154.5**	(71.6)	315.8%	▲
ROFE[1,4]	**10.4%**	5.2%	515 bps	▲
ROCE[5]	**7.7%**	3.2%	444 bps	▲

1. Continuing operations excluding significant items
2. Continuing operations including significant items
3. Prior year profit measures include $1,105.6 million pre-tax income and $863.2 million post tax income from discontinued operations primarily relating to the gain on sale of the North American building products business
4. ROFE is EBIT (excluding significant items) return on average funds employed. Funds employed is calculated as the average of funds employed at the start and end of the year.
   Funds employed is (assets less cash less tax assets) – (liabilities less borrowings less tax liabilities)
5. ROCE is EBIT before significant items divided by Assets – (liabilities less borrowings)

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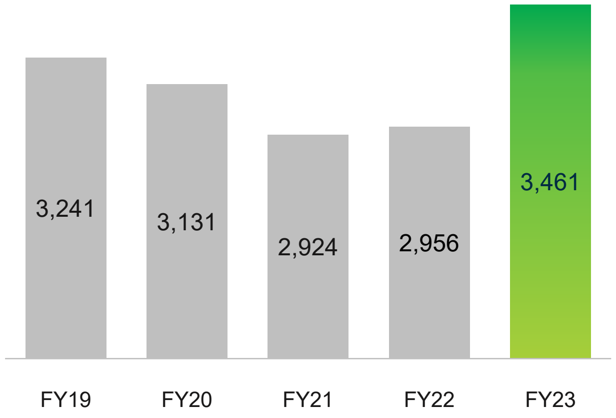
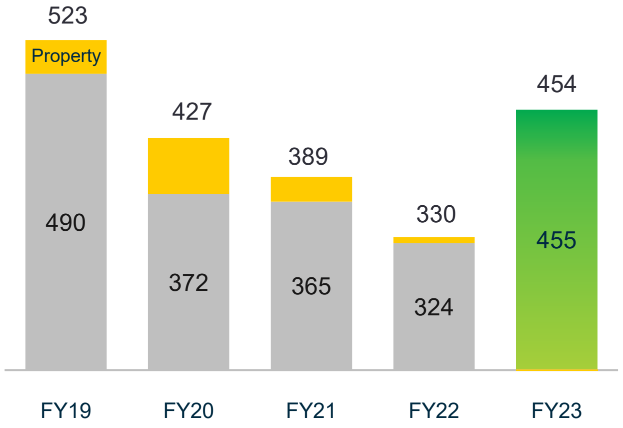
Financial Performance

FY23 earnings has recovered from FY20 to FY22 decline

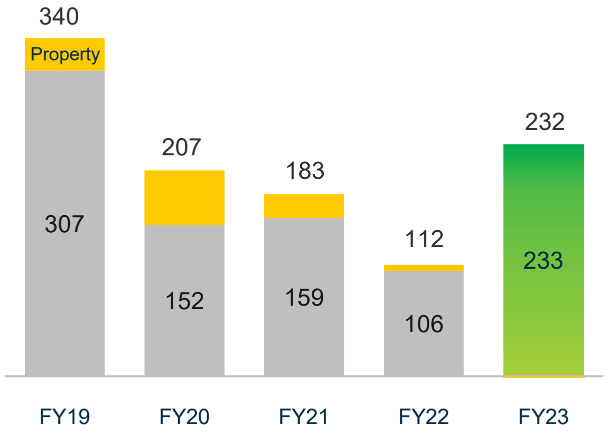
Net revenue ($m)



EBITDA[1] ($m)

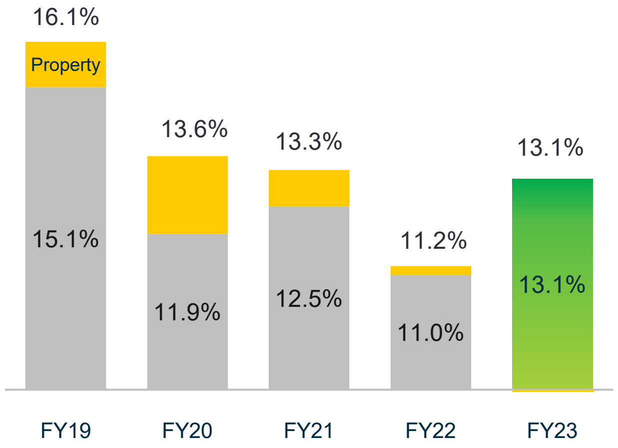


EBIT[1] ($m)

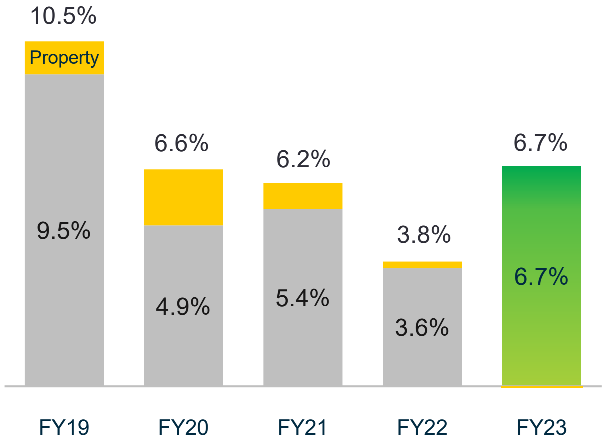


Property

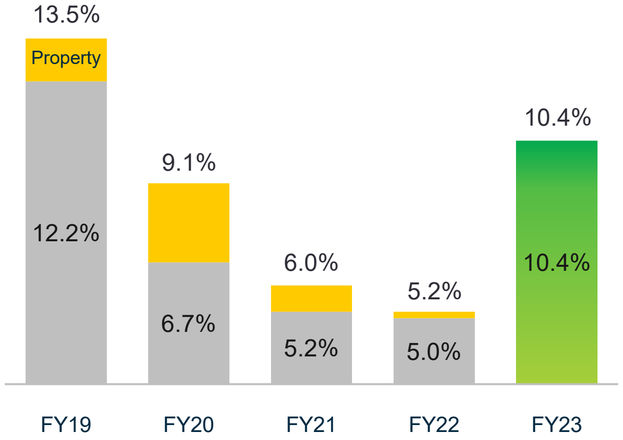
EBITDA margin[1] (%)



EBIT margin[1] (%)



ROFE[1] (%)

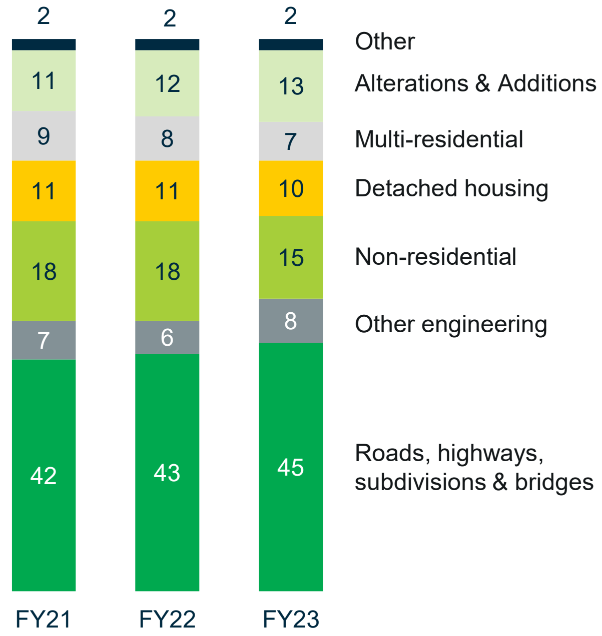


1. Underlying EBITDA and EBIT excluding Significant Items * FY19 to FY21 restated and extrapolated from continuing operations less an allocation of corporate costs for comparison purposes ** Property EBIT FY23 ($1m)

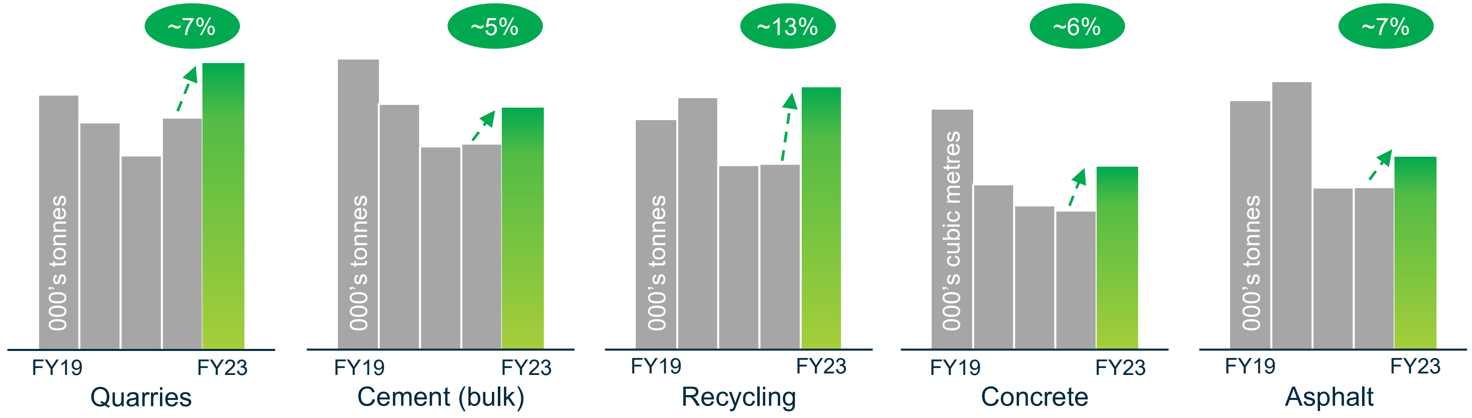
Market Performance – Volumes

Volume recovering the FY20-FY22 decline, shift in market segments in FY23 visible

BORAL revenue by segment
2021 – 2023 (% of total)



BORAL **<u>Volume</u> trends** – year-on-year growth in all segments



- Growth in volumes across all products and across most regions
- New Operating Model is taking our business closer to customers
- Work underway to improve sales effectiveness, clarity in go-to-market which is much needed
- Significant focus on improving operation service and customer experience

% — % change FY23 vs FY22

* Cement (bulk) Boral operations only

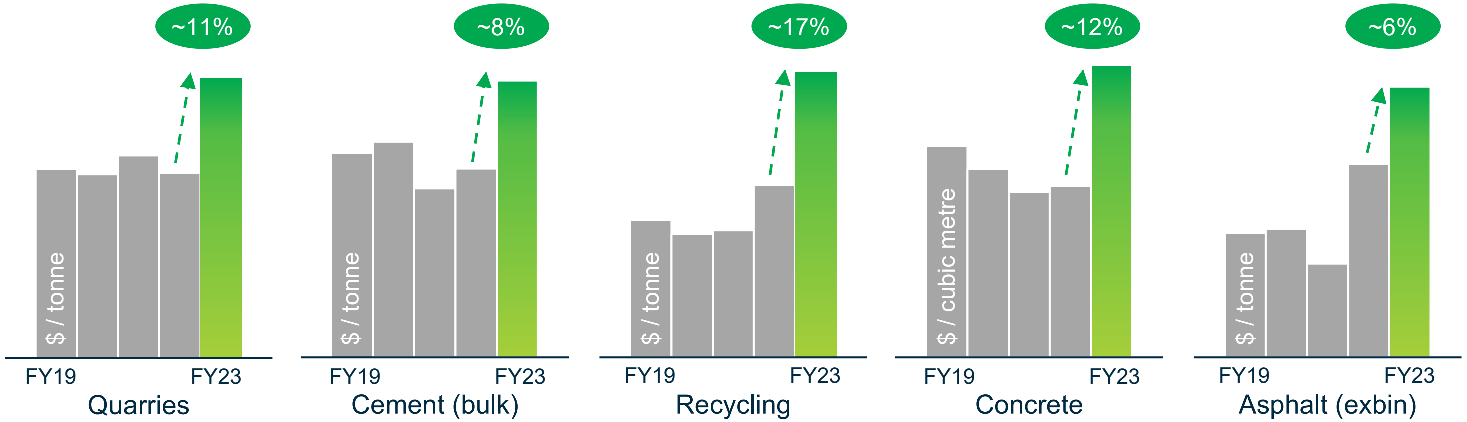
Price & Costs

Price traction offsetting some of the inflationary pressures

PRICE – FY23 year on year growth in all segments

- Long overdue **pricing traction** in all products and regions
- Focus on targeting and aligning sales **segmentation/shape** to deliver better pricing outcomes
- Improved **reporting and KPI highlighting** potential price leakage
- Improvements in **sales teams effectiveness** have also enabled price traction.

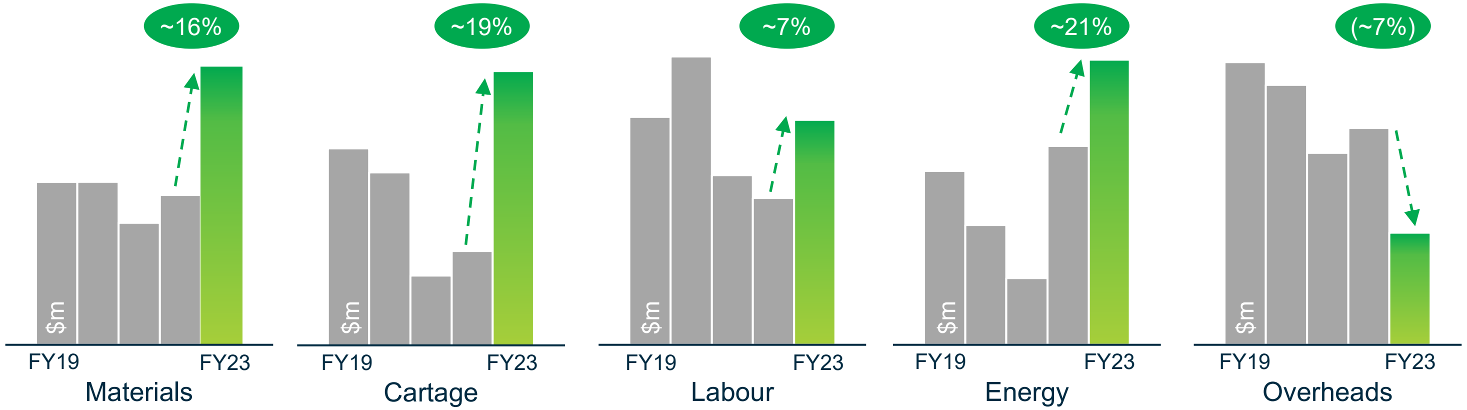
BORAL Price trends*



COST – mitigating cost increases

- **Cost headwinds** evident, mitigation actions implemented to minimise impacts (e.g. cartage, labour, energy, maintenance)
- Improved **Procurement** focus with new category management structure, addressing purchasing behaviours and commercial arrangements
- Leveraging **technology solutions** to lower cartage costs
- Clear cost **accountability and standardisation** opportunities
- Leveraging our **vertical integration** to lower material and operational costs through regional structure

BORAL Cost trends



% % change FY23 vs FY22

* Average price increase all products. Cement (bulk) Boral operations only

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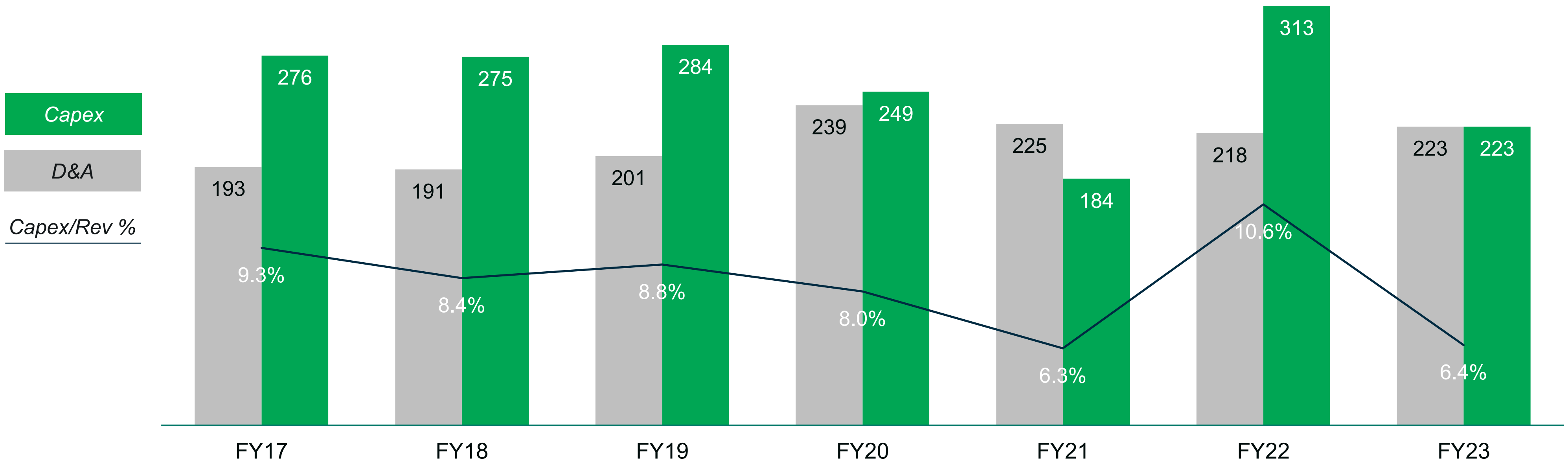
Capital Expenditure

Capital expenditure of $223m is ~100% of depreciation & amortisation, 6.4% of revenue as committed

- Capex of $223m, down 29%, includes $209m of capital spend and $14m of lease additions - keeping cash capex spend below or close to D&A
- Key projects include completion of the Geelong cement facility, progress on the Berrima chlorine bypass, several concrete plant upgrades, ongoing mobile fleet investment and smaller strategic land purchases

Capital Expenditure and Depreciation & Amortisation* ($m)



	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Capex % DA	142.8%	143.7%	141.3%	104.2%	81.8%	143.6%	100.1%

Capital expenditure (capex) from FY20 onwards includes lease additions. Depreciation & Amortisation (D&A) excludes amortisation of acquired intangible assets. *continuing operations

Cash flow

Continuing Operations

$m	FY23	FY22
Underlying EBIT[1]	231.5	112.2
Add: depreciation and amortisation	222.9	218.0
Underlying EBITDA[1]	**454.4**	**330.2**
Operating cash flow	**358.7**	**216.7**
Add: net interest and other costs of finance paid	33.2	84.8
Add: net income taxes paid	(23.3)	11.1
Add: restructuring and transaction costs	34.7	50.9
Adjusted operating cash flow	**403.3**	**363.5**
Adjusted EBITDA cash conversion	88.8%	110.1%
Net cash from operating activities	358.7	216.7
Net cash used in investing activities	(204.2)	(288.3)
Net cash used in financing activities	(654.6)	(3,705.3)
Net change in cash & cash equivalents	**(500.1)**	**(3,776.9)**

Statutory	FY23	FY22
Net cash from operating activities	358.7	260.8
Net cash from/(used in) investing activities	(189.7)	3,652.6
Net cash used in financing activities	(654.6)	(3,730.4)
Net change in cash & cash equivalents	**(485.6)**	**183.0**

1 Excluding significant items

Continuing Operations

- Operating cash flow from continuing operations of $358.7 million, an increase of $142.0 million primarily driven by improved EBIT performance and lower interest and tax receipts
- Adjusted operating cash flow or $402.8 million, an increase of $39.3 million primarily driven by a focus on cash conversion and working capital management
- FY23 financing outflow relates to the debt repayment activity completed in July and October 2022. FY22 financing outflow relates mainly to the capital return of $3,000.4 million and the share buyback of $352.9 million.

Statutory

- FY22 investing cashflow includes $3,053.5 million of net proceeds from business disposals primarily related to North American Building Products

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Balance Sheet

A$m	30 June 2023	30 June 2022
Assets		
Cash	**658.1**	1,107.1
Receivables	**569.3**	537.0
Inventories	**270.9**	235.4
Investments	**36.1**	31.2
Property, plant and equipment	**2,118.5**	2,117.8
Intangible assets	**71.2**	71.5
Tax assets	**133.3**	207.0
Other assets	**81.3**	93.9
Total Assets	**3,938.7**	4,400.9
Liabilities		
Payables	**497.1**	497.2
Provisions	**361.6**	375.8
Debt & lease liabilities	**996.3**	1,583.5
Tax liabilities	**37.2**	35.7
Other liabilities	**20.7**	11.2
Total Liabilities	**1,912.9**	2,503.4
Net Assets	**2,025.8**	1,897.5

- Reduction in cash and debt liabilities in FY23 driven by the debt reduction measures taken in FY23, which resulted in the repayment of $629 million
- Inventory increase in FY23 relates to higher quarry stock reflecting increased demand and Cement stock increases relating to the commissioning of the Geelong facility
- Other assets reduction predominantly relates to changes in tax assets
- Net debt balance of $338.2 million consists of $996.3 million of gross debt, which includes lease liabilities, and $658.1 million of cash
- Funds employed[1] of $2,268 million as at 30 June 2023 compares to $2,203 million at 30 June 2022

[1] Funds employed is (assets less cash less tax assets) – (liabilities less borrowings less tax liabilities)

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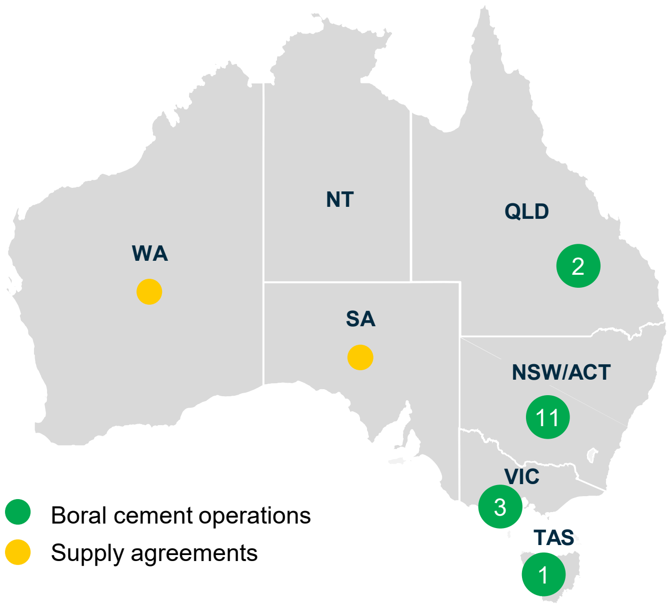
Our Network

Melbourne Asphalt, VIC

Cement & Lime

Boral's upstream Cement operations manufacture clinker using its own limestone, import clinker and supply supplementary cementitious materials including fly ash and slag



- Boral cement operations
- Supply agreements

17 operations[1]

~4m tonnes pa capacity[2]

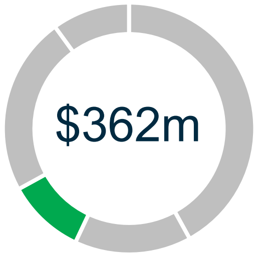
Marulan, NSW Limestone >80.years of reserves

Berrima, NSW manufacturing facility 1.5m tonnes pa capacity

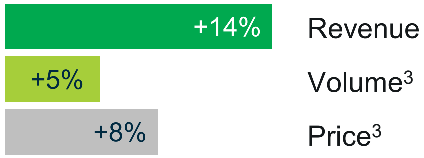
Geelong, Vic clinker import, storage and grinding facility 1.5m tonnes pa capacity

- Significant supply ability and capacity across key east coast regions - up to 4 million tonnes of cement pa
- Operational flexibility with import and manufacturing capabilities, depots in key supply areas improve network efficiency and customer service
- Privileged assets, including a +100 year old limestone mine to supply raw materials with differential rail access that has a ~30 year consent to 2051
- Sunstate Cement JV supply customers including downstream Qld operations
- Fly ash facility in QLD and Fly Ash Australia JV for customers in NSW and WA
- Supply agreements in states where we don't have facilities to ensure downstream operations are serviced
- Packaged cement and dry mix bagging facility alongside the Maldon mills, NSW

FY23 External Revenue



% Change FY23 vs FY22



1.Operating sites include transport, fly ash, depots and JV sites as at 30 June 2023
2 Includes Sunstate JV, volumes are based on 5 year averages
3 Cement (bulk) Boral operations only

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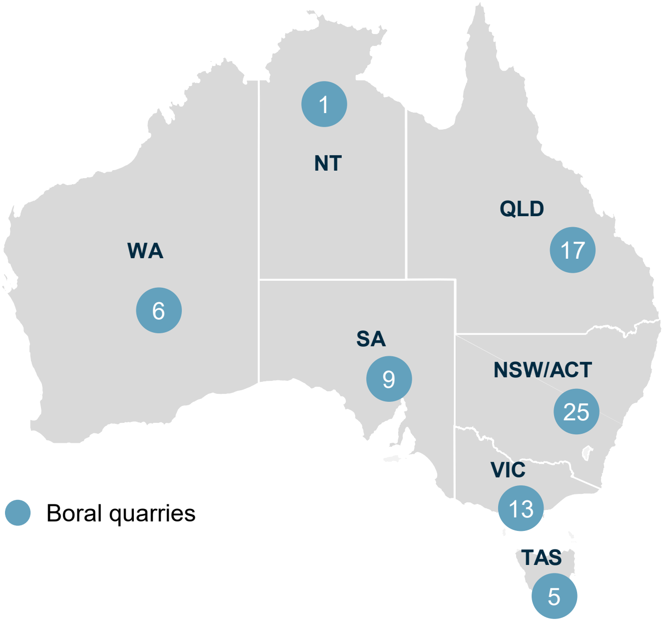
Quarries

Boral's upstream Quarries include hard rock and sand operations supplies to our downstream Concrete and Asphalt operations and customers



76
operations[1]

~30m
tonnes pa supplied[2]

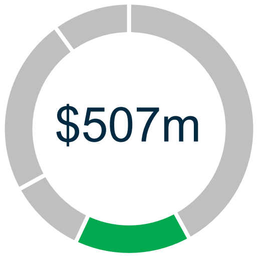

Petrie Quarry, Qld


Peppertree Quarry, NSW


Montrose Quarry, Vic

- Significant supply capacity across key market segments in major population centres facilitating a full range of quarry products
- Prized strategic assets that have significant long-term rock reserves and resources
- Strategically located assets, close to key demand centres, rail networks and integrated with downstream assets
- Cost competitive through operational and logistics efficiency and effectiveness
- Co-located recycling operations complement supply and support sustainable construction, optimising quarry reserve life and reducing carbon intensity

FY23 External Revenue



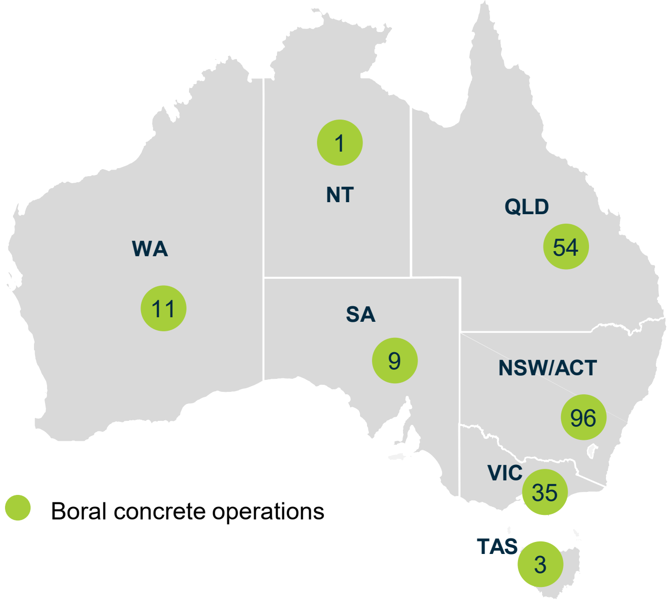
% Change FY23 vs FY22

+19%	Revenue
+7%	Volume
+11%	Price

[1] Operating sites include transport, fly ash, depots and JV sites as at 30 June 2023
[2] Volumes are based on 5 year averages

Concrete

Boral’s downstream concrete operations deliver sophisticated solutions for customers through its extensive network. Customer proximity is key



209
operations[1]

6-7m
cubic metres pa[2]


St Peters Concrete site, NSW

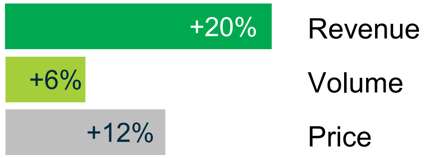
Enfield Concrete site, NSW


ENVISIA® - Placing at the University of Tasmania

- Proven deep technical capability, high strength and speciality mixes to customers across residential, commercial, industrial, road and infrastructure segments
- Solutions capable of solving complex engineering challenges
- Trusted supplier with operational capability and scale to support major infrastructure projects across Australia
- Extensive track record on building integrated production facilities and customised supply chains to support major infrastructure projects
- Standardised but localised contact centres, nationally connected to ensure we deliver optimal outcomes for customers
- Our lower carbon offering is high performing, allowing customers to reach their emission targets sooner

FY23 External Revenue

% Change FY23 vs FY22



[1] Operating sites include transport, fly ash, depots and JV sites as at 30 June 2023
[2] Volumes are based on 5 year averages

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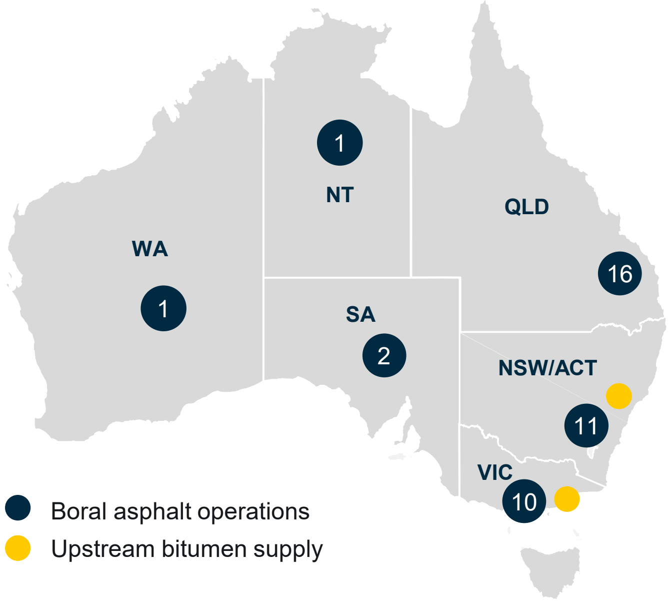
Asphalt

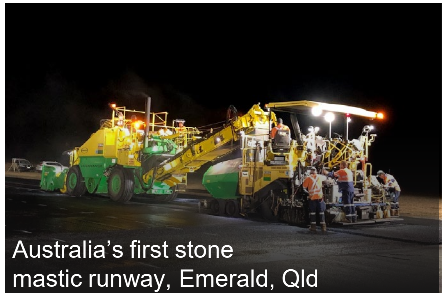
Boral's asphalt produce, supply and spray seal through its extensive national network of assets



41
operations[1]

~2m
tonnes produced pa[2]

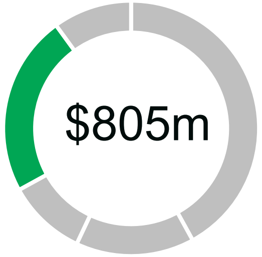

Tarneit subdivision, VIC


Australia's first stone mastic runway, Emerald, Qld

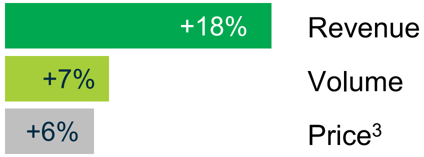

Varsity Lakes to Burleigh, Pacific Motorway, Qld

- Operational reach spanning 41 sites, covering asphalt manufacturing, spray seal and contracting depots
- Significant supply capacity across key market segments. ~2 million tonnes per annum of asphalt and 30 - 40 million litres of spray sealing works
- Operational flexibility with a large mobile plant fleet purposed to service major infrastructure projects
- Well located assets, close to the customer, with upstream bitumen supplies
- First operator of Forward Moving Aggregate Spreaders in Australia, resulting in improved safety outcomes
- Innovative product lines with sustainable materials - increasingly using a diverse range of recycled materials
- Boral will be supplying and placing asphalt for the new Western Sydney Airport with works including runway, taxiways and airside roads

FY23 External Revenue



% Change FY23 vs FY22

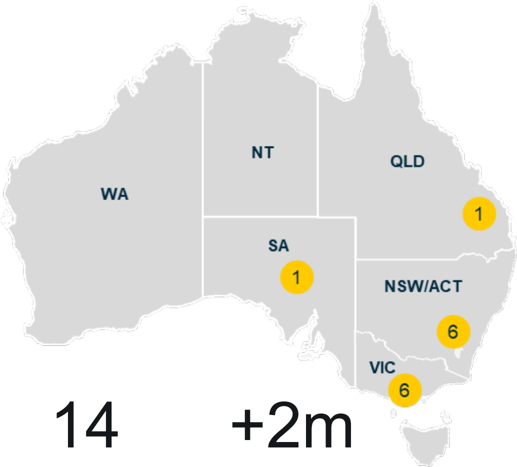


1 Operating sites include transport, fly ash, depots and JV sites as at 30 June 2023
2 Volumes are based on 5 year averages
3 Price is ex bin asphalt supply ex-plant with no other services

Recycling and Concrete Placing

Boral's Recycling and Concrete Placing operations are critical extensions in our vertically integrated business

Boral Recycling operations extends Quarry life



14
operations[1]

+2m
tonnes pa[2]

- One of the largest construction and demolition recyclers in Australia
- Broad range of inbound materials acceptance, including but not limited to: concrete, brick, asphalt, excavation stone and excavation sand
- High recycling & recovery rate across key sites, with some exceeding 99%
- Wide outbound product range:
  - sales to external customers - specified road-base, pipe bedding and drainage
  - sales to internal customers – blended in quarries, concrete and asphalt mixes

Boral Concrete Placing operations

- A significant history in concrete placing that extends our integrated supply chain with customers, providing concrete placing services
- With a focus in NSW and QLD, our De Martin and Gasparini (DMG) business is well recognised across the industry as a reliable partner with a strong safety focus
- Servicing customers across multi-residential, commercial, industrial, road, and infrastructure segments, working closely to efficiently and effectively deliver projects
- A range of solutions to support the various segment needs with mobile and stationery concrete pumps and placing booms


Widemere Recycling, NSW
C&D and excavation materials


Emu Plains Recycling, NSW


DMG Concrete Placing, NSW


DMG Concrete pumping, NSW

[1] Operating sites include transport, fly ash, depots and JV sites as at 30 June 2023
[2] Volumes are based on 5 year averages

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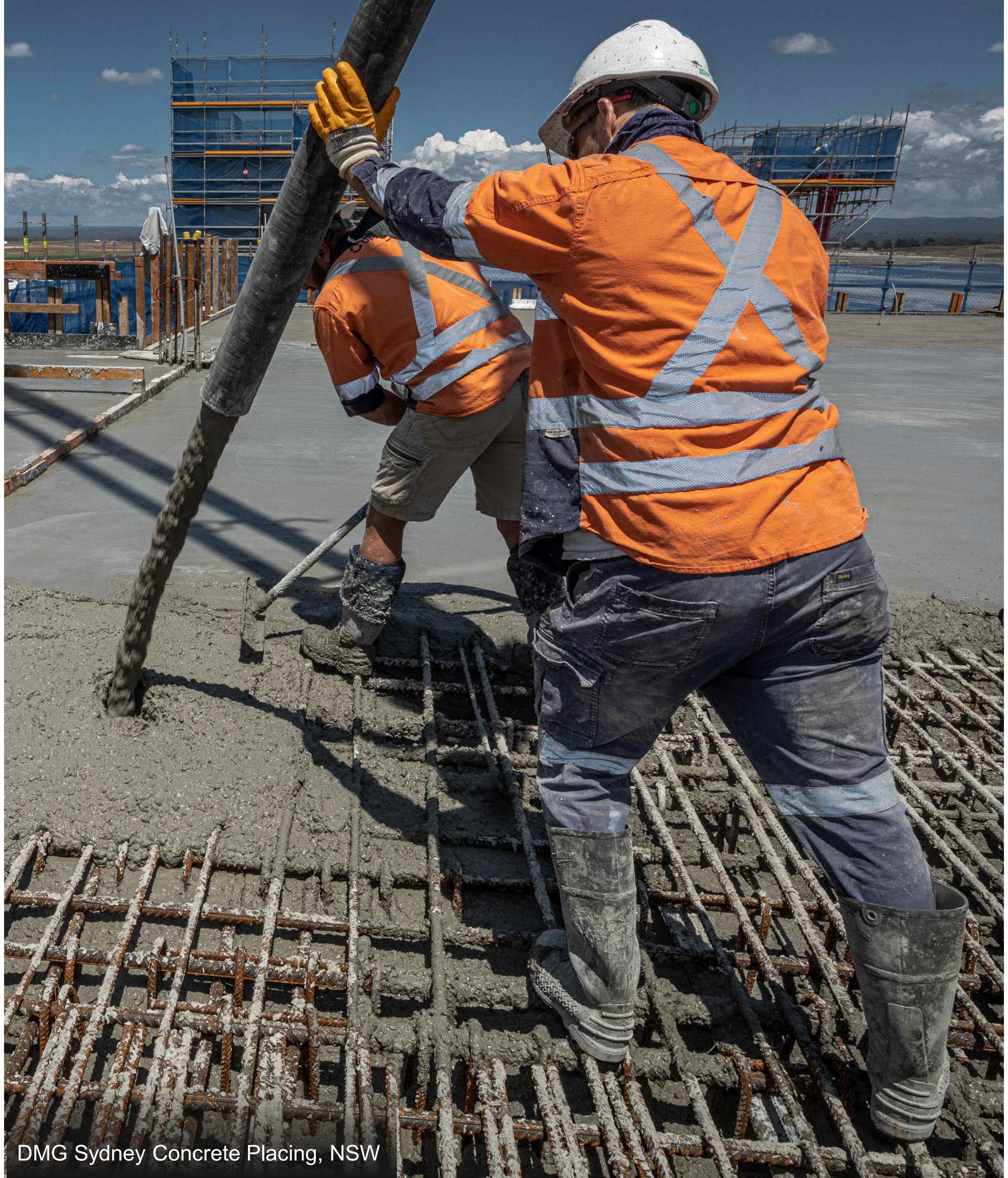
Strategy Update



DMG Sydney Concrete Placing, NSW

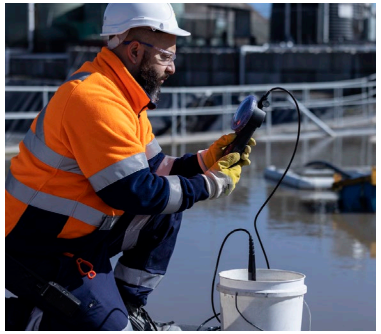
PEMAF Pillars

How we think about 'PEMAF' is the way we run our business every day… Our Boral Way

People

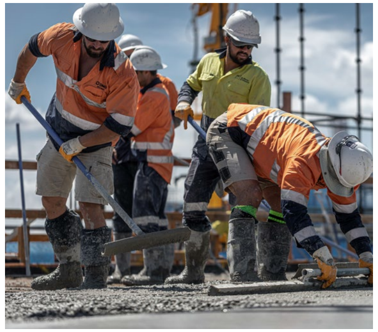
- Relentless focus on **safety, leadership and culture**
- Embedding **operating model,** leveraging scale, agility and efficiency
- Standardising systems and processes across the organization for ease of doing business

Environment

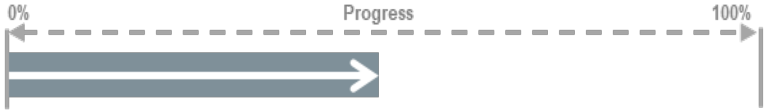


- Clarity on **decarbonisation pathway**
- Improving **environmental stewardship**
- Increasing **circular economy** participation
- Implementing **energy efficiency** initiatives

Markets



- Significant work underway to improve our customer's experience through **call-to-cash** process
- Building rigour in **pricing**
- Establishing clear 'go-to-market' **segmentation,** supported by **sales effectiveness**



Assets

- Continue building our **integrated networks**
- Extend life of **prized upstream assets**
- Safe, compliant, reliable, optimised assets **(SCROA)**
- Fully realise our **property** portfolio potential

Financials (outcomes)

- Focusing on **volumes, price, cost** and **cash.**
- **Margin expansion through operating leverage.**
- Ambition remains for **double-digit returns and EBIT margins**

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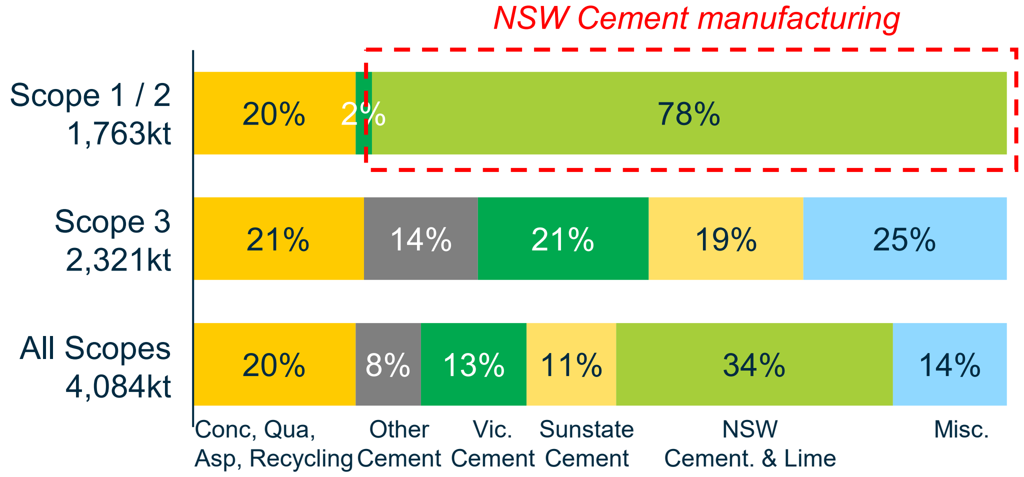
Environment

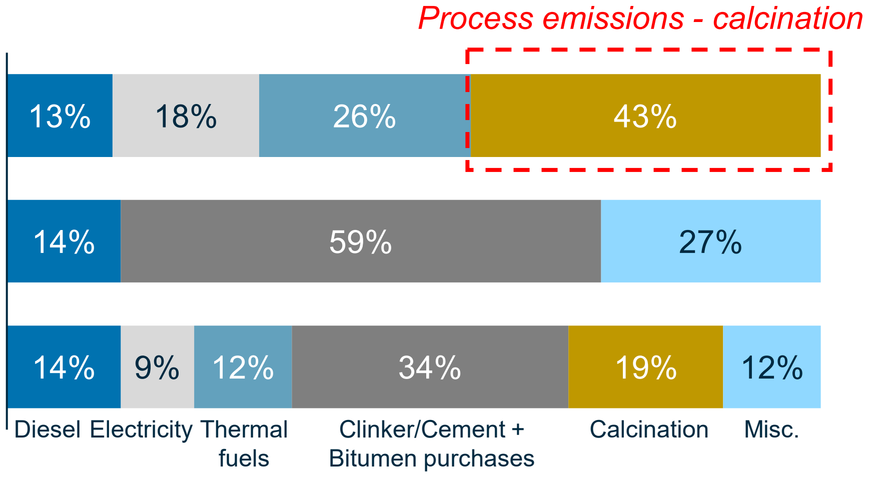
~80% of our Scope 1 and 2 emissions are result of cement manufacturing in NSW.

Total CO_2 emissions

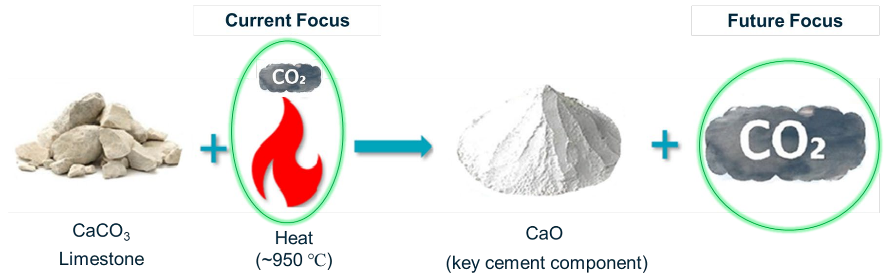
by business



by key drivers



Calcination process



Source: Boral Internal estimates 2019 CO_2 emissions

Building something great

Environment

We have made good progress on decarbonisation and broader sustainability initiatives in FY23

- **Renewable energy** solar Power Purchase Agreement (PPA) in place with delivery beginning in FY25
- Expanding **Alternative fuels** with upgrade investment well progressed, delays in regulatory approval process and third party project delivery is impacting overall delivery timelines and optimal outcomes
- Progressing **Cement intensity** reduction in all regions with strong customer engagement and material supply models improving (e.g. slag and fly ash)
- Implementing **supply chain** improvements with technology being progressively deployed to optimise truck deliveries
- Continuing to develop our expanded participation in the **circular economy,** working closely with key customers
- Improving our **environmental stewardship** by investing in resources to improve water efficiency, reducing waste generated in our operations and diverting more of that waste from landfill, and strengthening our biodiversity management
- Explaining **Recarbonation** which is finding broader recognition globally and could potentially offset 20% to 55% of the cement production process emissions[1]

1- Sources**:** **a)** IPCC, 2021: Climate Change 2021: The Physical Science Basis. Contribution of Working Group I to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change;
b) Pederneiras C., et. al, Carbonation Potential of Cementitious Structures in Service and Post-Demolition: A Review, CivilEng 2022, 3, 211–223;

Environment

Engagement with local policy makers ensuring alignment to Safeguard Mechanism and urgent need for CBAM.

Safeguard Mechanism (SGM)

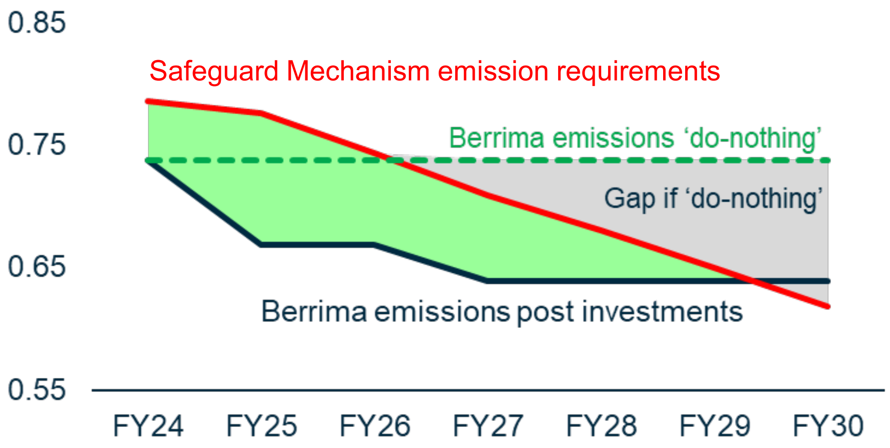
- SGM commenced in 2016, legislated framework that limits the emissions of ~215 large industrial facilities (>100ktpa CO2e), covers ~28% of national emissions
- New legislation and rules commencing 1 July 2023 reduces emission requirements, exposing Boral to potential penalties without investment
- With investment, Boral can meet emission requirements

Carbon Border Adjustment Mechanism (CBAM)

- We believe CBAM is absolutely a must to make true inroads into sustainability in Australia and to avoid carbon exporting from Safeguard Mechanism
- The Government recognises that Cement (with Steel) is a hard to abate and trade exposed sector and has committed to seriously consider a Carbon Border Adjustment Mechanism

Berrima Safeguard Mechanism response

CO_2e tonnes per tonne of clinker



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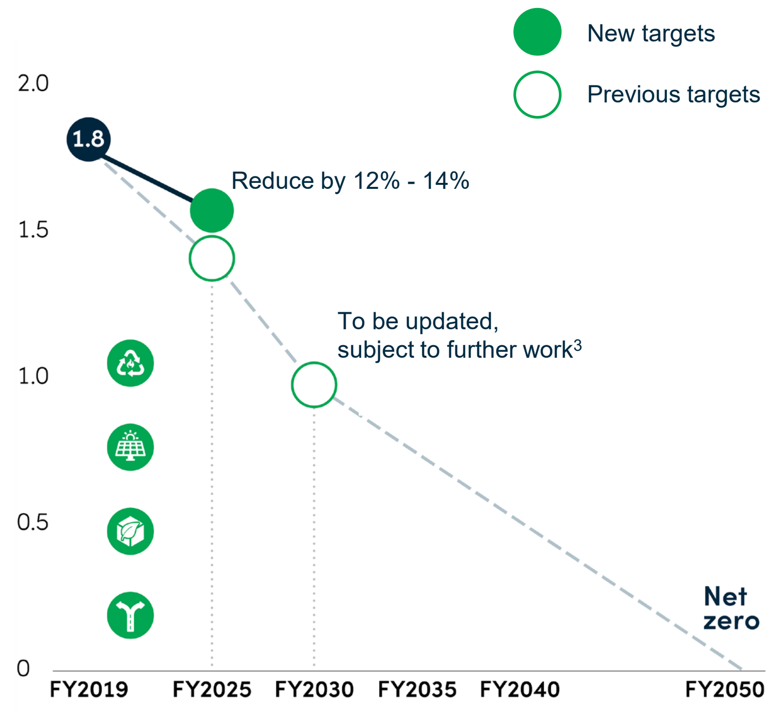
Environment

We are transitioning our decarbonisation targets to align with local policy and globally recognised pathways for the cement industry

Scope 1 / 2 Targets

million tonnes CO_2



Transitioning our targets

- We remain committed to the ambition of net zero by 2050
- We are updating our intermediate FY25 targets to 12%-14% reduction in absolute Scope 1 and 2 emissions, from a FY19 base year
- This reduction mainly reflects the impact of delays in regulatory approval processes and third party project delivery
- Boral's current FY30 targets are based on SBTi's **Absolute Contraction Approach** which, as acknowledged by SBTi, is a one-size-fits-all target setting method[1]
- The newly released SBTi Sectoral Decarbonisation Approach for the cement industry recognises that "due to its process (geogenic) emissions from limestone calcination in clinker production, the rate at which the sector can decarbonise may differ from the overall rate of decarbonisation possible by society as a whole"[2]
- Aligned with our focus on decarbonisation through technological pathways, we will transition to intensity based targets for FY30 and beyond. We will confirm the new targets in the next 12 months

1 Science Based Targets initiative (SBTi), understand the method for science-based actions, available at https://sciencebasedtargets.org/news/understand-science-based-targets-methods-climate-action
2 Science Based Targets initiative (SBTi), Cement Science Based Target Setting, September 2022
3 Boral's current SBTi approved FY2030 targets include 46% reduction in absolute Scope 1 and Scope 2 emissions and 22% reduction in relevant Scope 3 emissions per tonne of cementitious materials

Assets

Consistent work to upgrade/extend upstream and downstream positions to maintain leadership

Cement

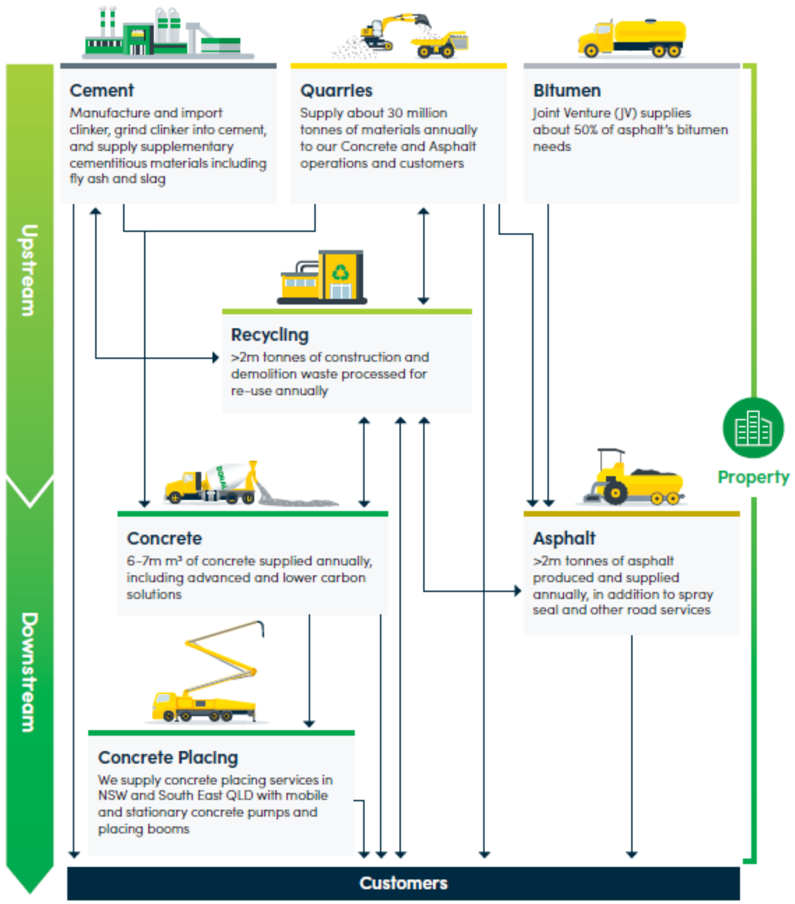
- ✅ Geelong VIC cement facility operational
- ✅ Tarong QLD fly ash facility operational
- ○ Berrima NSW chlorine bypass upgrade for waste fuels on plan

Concrete

- ✅ Acquired Badgerys Creek land NSW
- ✅ West Gosford plant upgrade NSW
- ✅ Upgraded West Burleigh plant Qld
- ○ Upgrading Montrose plant Vic
- ○ Building new Bridgewater plant Tas
- ○ Upgrade St Peters plant NSW
- ○ Upgrade Botany plant NSW

Concrete Placing

- ✅ NSW and QLD businesses merged under the DMG brand
- ○ Pumping fleet upgrade



Quarries

- ✅ Acquired Dunmore hard rock reserves NSW
- ✅ Acquired Hillview sand Vic
- ✅ Secured >100mt of quarry reserves in FY23
- ○ Expansion of Dunmore sand NSW
- ○ Townsville plant replacement
- ○ West Burleigh plant upgrade Qld

Recycling

- ✅ Establish Adelaide recycling SA
- ✅ Expand into broader material solutions
- ○ Enter SEQ C&D recycling
- ○ Expand Kooragang consent limit
- ○ Broaden Emu Plains inbound scope

Asphalt

- ✅ Deer Park RAP* upgrade Vic
- ✅ Moolap hot bin upgrade Vic
- ✅ Toowoomba bitumen tank upgrade Qld
- ○ Upgrade Townsville plant Qld
- ○ Moolap RAP* upgrade Vic

✅ Delivered ○ WIP

*RAP = recycled asphalt pavement

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Property

Petrie Quarry, QLD

Property

Applying a fixed asset lifecycle approach to property and the large portfolio of surplus property

Construction Materials segment

Includes earnings from optimisation initiatives on land that is or will possibly be used for operations

Secure & Approve
leading integrated network

→

Operate & Optimise
utilization of operating property footprint

→

Next best alternative
What is the highest and best use?

→

Property segment

Earnings from repurposing of property that will never revert back to operations

Remediate & Rectify
strategic planning phase

Repurpose
through the best combination of recurring and divestment earnings

Strengthen performance and profitability, and position for long-term success

With our ongoing commitment to investing in our strategic network and operational footprint, the surplus property pipeline will continue to evolve and refresh

Surplus property >$1b on a PV basis[1] , ~30 properties, ~3,800 hectares

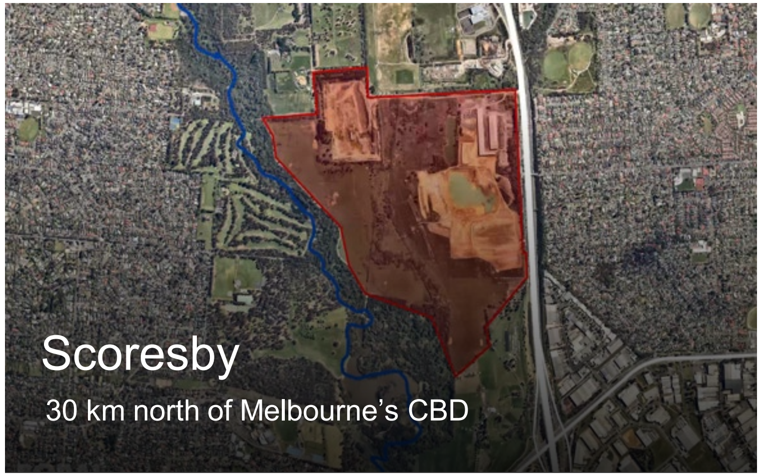
- Boral's surplus properties include only properties where there is no longer an operational need
- As properties reach the end of their operational life, the surplus property pool will continue to evolve and refresh

Secured		>$400m
In-progress	0-5 years	>$25m
In-progress	5-15 years	>$550m
In-progress	+15 years	>$25m

1. On a net present value basis, using discount rate of 9%, with future cash flows estimated based on a combination of contractual terms, comparable property prices, and management's estimate of timing realisation, and excluding existing landfill operation. Based on an independent expert report by Grant Samuel dated June 21 estimates that might change due to a variety of factors. Those factors may include general economic conditions, prevailing interest rates, a downturn in local property markets or property markets in general, changes in property income, or regulatory change affecting the value of the sites.

Major surplus properties – opportunities secured

- 20 year development agreement with Mirvac for 338 ha of land signed in 2018
- Boral retains ownership of land which will support ~3,000 dwellings on Boral's land, and >4,000 dwellings in total
- Development includes 128 ha of land sold by Boral to Mirvac in 2012
- Site rezoned
- Development underway and sales occurring
- ~$10 million p.a. EBIT in FY25-FY27 with further significant earnings expected from FY29 to FY37



- 20 year development agreement with Mirvac
- Approximately half of site to be rezoned for residential (1,750 dwellings), with remainder for parklands
- Mirvac managing rezoning and rehabilitation of site
- Rezoning expected to be completed in CY24
- Rehabilitation of clay pit underway
- Formerly a Boral Bricks manufacturing site

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Major surplus properties – opportunities in progress

Waurn Ponds
12 km south west of Geelong

- Cement operations ceased in Mar-22
- Rehabilitation underway via Boral's Earth Exchange program
- Pursuing rezoning of 1,035 ha land for a range of end uses
- Council has recently identified the land as a potential future investigation area providing an opportunity to bring forward rezoning by up to 10 years

Western Sydney Lakes
52km west of Sydney's CBD

- 40% owned, in JV with Holcim and Hanson
- Up to 1,300 ha of dedicated lakes and recreation land and ~330 ha developable land
- Rezoning of Stage 1 (~100 ha) for tourism and employment uses submitted

Bombo
2 km north of Kiama NSW South Coast

- 46 ha former hard rock quarry with strong transport links, adjacent Bombo beach and Kiama
- Site identified for a mix of uses including residential, commercial, tourism and employment by NSW and local planning authorities
- Collaborating with adjoining quarry operator to pursue a planning approval for site rehabilitation and rezoning of the full 110 ha quarry precinct

Deer Park
17km west of CBD, VIC

- Total site area of approximately 1,105 ha
- Zoned SUZ (Special Uses) permitting quarrying and limited industrial activities
- Review of high-level options confirms that the longer-term highest value proposition for the Deer Park site is likely to be industrial land development
- Adjacent to residential development
- Landfill license rejected once by Vic Government plus cultural heritage overlay
- Potential Gross Developable Area ~450-500ha (north of Riding Boundary Road) from a total site area of ~627ha

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Priorities and Outlook

Enfield Concrete, NSW

FY24 Priorities and Outlook

Consistency in focus and direction with a strategic pathway to double digit earnings

FY24 Priorities:

- **Safety** remains our highest priority, building on improvements in FY23, performance gaps to industry benchmarks remain, we will capture learnings from our better performing operations
- Continue initiatives focused on delivering **decarbonisation** target
- Building **commercial** discipline and rigor across the business
- Improving **customer service** across the call-to-cash process and **sales effectiveness** to improve customer loyalty
- Continue to **invest** in our prized **upstream** infrastructure assets and build our **downstream** close to customer footprint
- Develop broader business **operational capability** to optimize asset efficiencies, build asset management capabilities and reduce overall business costs
- Build **logistics capability** including standardized systems and processes to optimise fleet utilisation and efficiency
- Develop broader business focus on improving **cash** conversion cycle
- Ongoing implementation of key **strategic PEMAF pillars** particularly **integrated network** opportunities to enhance, sustain and grow positions

FY24 Outlook:

- ***Assuming no significant shift in market demand or price environment, we expect to deliver an underlying EBIT in the range of $270 - $300m for FY24.***

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Questions

Peppertree Quarry, NSW

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Appendices

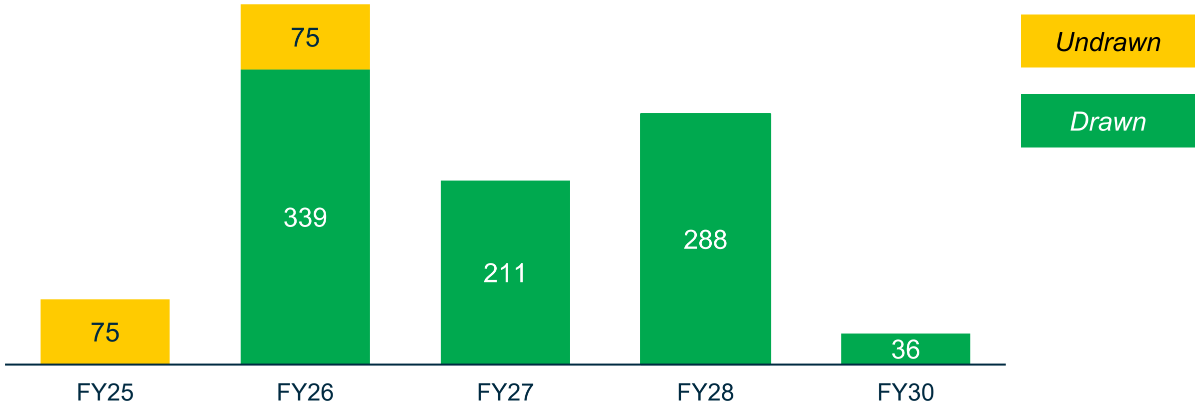
Geelong Cement, VIC

Performance overview – Capital Structure and Debt

$m	30 June 2023	30 Jun 2022
Leases	122.4	119.7
USPP Notes	585.9	563.2
144A/ Reg S	288.0	900.6
Gross Debt[1]	**996.3**	1,583.5
Cash and cash equivalents	658.1	1,107.1
Net Debt per balance sheet	**338.2**	476.4
Gearing ratio	14.3%	20.3%
Net Debt to underlying EBITDA ratio	0.7x	1.4x
Interest Cover Ratio[2]	6.5x	3.2x

- Weighted average debt facilities maturity of 3.7 years (vs. 4.3 years at 30 June 2022)
- Average gross financing cost of 5.1%[3] p.a. (up from 3.9% at 30 June 2022)
- Fixed interest rate for 83% of total gross debt[4]
- All foreign currency debt converted to AUD via cross currency swaps
- Investment grade credit grade credit rating from Moody's of 'Baa2' with a stable outlook

Debt maturity profile, 30 June 2023[1] ($m)



- $150 million of undrawn committed bank facilities as at 30 June 2023 maturing in FY2025 and FY2026
- $100 million of undrawn committed bank facilities (maturing in FY24) terminated in light of surplus liquidity, saving nearly $500k of interest p.a.

1. Carrying value of debt based on AUD/USD exchange rate of 0.6630 as at 30th June 2023
2. EBIT before significant items divided by the net interest expenses
3. Gross interest expense (excludes interest on capitalised leases and discount unwind) divided by average gross debt[4] for FY23
4. Excluding leases

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Statutory Financial Reconciliation

A$m	FY23 Before significant items	FY23 Significant items	FY23 After Significant items	FY22 Before significant items	FY22 Significant items	FY22 After significant items
Sales revenue						
Continuing operations	3,460.6		3,460.6	2,955.9		2,955.9
Discontinued operations				952.3		952.3
Total	**3,460.6**		**3,460.6**	**3,908.2**		**3,908.2**
EBITDA						
Continuing operations	454.4	21.8	476.2	330.2	(74.7)	255.5
Discontinued operations		(10.9)	(10.9)	150.8	1,105.6	1,256.4
Total	**454.4**	**10.9**	**465.3**	**481.0**	**1,030.9**	**1,511.9**
Depreciation and Amortisation						
Continuing operations	(222.9)		(222.9)	(218.0)		(218.0)
Discontinued operations						
Total	**(222.9)**		**(222.9)**	**(218.0)**		**(218.0)**
EBIT						
Continuing operations	231.5	21.8	253.3	112.2	(74.7)	37.5
Discontinued operations		(10.9)	(10.9)	150.8	1,105.6	1,256.4
Total	**231.5**	**10.9**	**242.4**	**263.0**	**1,030.9**	**1,293.9**
Net interest expense						
Continuing operations	(35.7)		(35.7)	(78.5)		(78.5)
Discontinued operations				(4.5)		(4.5)
Total	**(35.7)**		**(35.7)**	**(83.0)**		**(83.0)**
Income tax (expense)/benefit						
Continuing operations	(53.1)	(6.5)	(59.6)	1.6	22.4	24.0
Discontinued operations		1.0	1.0	(31.9)	(242.4)	(274.3)
Total	**(53.1)**	**(5.5)**	**(58.6)**	**(30.3)**	**(220.0)**	**(250.3)**
Profit/(loss) after tax						
Continuing operations	142.7	15.3	158.0	35.3	(52.3)	(17.0)
Discontinued operations		(9.9)	(9.9)	114.4	863.2	977.6
Total	**142.7**	**5.4**	**148.1**	**149.7**	**810.9**	**960.6**

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Significant Items

Twelve months ended 30 June 2023

A$m	FY23
Divestment related matters	(10.9)
Restructure and onerous contracts	8.4
US senior notes tender offer	11.2
Power purchase agreement	2.2
Significant items – EBIT income	**10.9**
Tax expense on significant items	(5.5)
Total significant items	5.4
NPAT excluding significant items	142.7
Statutory NPAT	148.1

- Divestment related matters primarily relates to completion settlements and other items
- Restructure and onerous contracts primarily relates to the favourable settlement of provisions recognised in prior periods
- US$300 million of May 2028 US senior notes were tendered in July 2022 with settlement below face value resulting in a gain
- Power purchase agreement gain represents a mark-to-market movement in the PPA derivative contract

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