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3 November 2022

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

**AGM Addresses**

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

Authorised for release by the Board of Directors.

A handwritten signature in black ink, appearing to be "Amy Jackson". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Amy Jackson  
**Company Secretary**

# **Boral 2022 Annual General Meeting**

Thursday 3 November 2022

## **Chairman's Address**

by Ryan Stokes AO

I want to start by reflecting on the past year – a year of significant change for Boral, in which we reshaped the company and strengthened its foundations with the objective of building a more profitable, competitive and customer-focused business.

We completed the strategic realignment of our portfolio towards the Australian construction materials business; a journey that began in FY21.

The sale of non-core businesses delivered proceeds of \$5.5 billion, including \$4.1 billion from the sale of the Boral North America and Australian Building Products businesses in FY22. This enabled Boral to return \$3.0 billion in surplus capital to shareholders in February 2022, which was approved by you, our shareholders, at our 2021 Annual General Meeting.

Today, Boral is a focused Australian construction materials business with a privileged asset position, and we are committed to realising its full potential.

Seven Group Holdings, of which I am Managing Director and CEO, holds a 72.6% interest in Boral. This investment not only reflects our confidence in the underlying business and its growth potential, but also our belief in the partnership to deliver meaningful and profitable change. Through the adoption of an Owner's Mindset, driving operating discipline, efficiency and engagement, we have clear aspirations of returning Boral to double-digit EBIT margins and mid-teens return on funds employed.

## **FINANCIAL RESULTS**

Turning now to our FY22 financial results.

Boral Group's financial performance in FY22 reflects the realignment of our portfolio towards the Australian construction materials business, and the impact of several external operating challenges on our continuing operations.

The continuing operations results were impacted by government-mandated construction shutdowns, extended periods of extraordinary rainfall across a number of our key regions, and sharp rises in energy prices, which have also driven broader inflationary costs that affected our business.

Despite this, our strategy delivered 1% year-on-year revenue growth to reach \$2,956 million, and 3% growth on a comparable basis.

Revenue benefitted from stronger demand in infrastructure and residential construction, although this was curtailed by the industry-wide shutdowns, rain and floods in NSW and Queensland, as well as ongoing supply chain constraints.

Continuing operations EBIT, excluding Property, declined 32% to \$107 million. The result highlighted areas of focus for Boral's performance journey, and we are confident that the changes we are making will better equip Boral to handle changing market conditions going forward.

The Property segment contributed an EBIT of \$6 million, compared to \$24 million in the prior year, and I will touch on our refreshed property strategy shortly.

Group net profit after tax and before significant items was \$150 million, down 40% on FY21. This reflected a part-year contribution from the divested Boral North America and Australian Building Products businesses, and lower earnings from our continuing operations.

Group statutory profit was \$961 million and included a post-tax significant gain of \$811 million, primarily relating to the profit on the sale of the North American businesses.

To mitigate external challenges – most notably the heightened inflationary pressures that are expected to continue in FY23 – we responded by taking pricing actions and prioritised our review of overhead costs. We are already seeing the benefit of these actions in FY23.

We brought forward our annual price increases to August 2022. These were in addition to the national out-of-cycle price rises we implemented in January and February, and the transport charges introduced in late FY22 to help recover increased fuel and cartage costs.

The simplified corporate organisational structure we implemented in June 2022 will deliver an annualised cost saving of \$35 million, including \$24 million in FY23. We realise there is more work to be done on building an effective operating model.

We continue to focus on disciplined capital management. Our balance sheet is strong, with net debt below our target range of 2–2.5 times EBITDA. This provides significant flexibility and is prudent as we navigate ongoing inflationary pressures.

We have also reduced our gross debt position to align with our reduced operational footprint and decreased interest costs.

In addition to the early repayment of US\$235 million in US Private Placement facilities in April 2022, we made early repayment of US\$300 million in 144A/Reg S bonds in July 2022. And on 30 September 2022, we repaid a US\$127 million US Private Placement facility that was due this month.

These capital management initiatives have reset our gross debt profile to appropriate levels while ensuring we maintain adequate levels of liquidity.

We completed a \$3 billion return of surplus capital to shareholders on 14 February 2022 by way of a \$2.65 per share capital return and a 7 cents per share unfranked dividend. The Australian Tax Office confirmed that no part of the \$2.65 return of capital will be assessable as a dividend for Australian taxation purposes.

## **SAFETY PERFORMANCE**

As always, our number one priority is the health and safety of our people and all those we interact with through our operations.

In FY22, our recordable injury frequency rate was 11.8, an increase from 11.5 in FY21. We also reported six actual serious harm injuries compared to two in the prior year.

We acknowledge there is more work to be done to improve our performance. There is a renewed focus in FY23, including implementing a refreshed approach that incorporates more visible leadership. Vik will touch on some of the improvement initiatives we've implemented in his address.

## **STRATEGY AND FY23 PRIORITIES**

I have already touched on the excellent progress we have made in our strategy execution during FY22, highlighted by the completion of the portfolio divestment program, our capital return and organisational restructure.

In FY22, we also launched a refreshed property strategy that will maximise long-term value creation from Boral's deep property portfolio and drive recurring earnings. Under the strategy, we will repurpose surplus property assets to deliver the best combination of recurring and divestment earnings, and focus on developing and retaining sites with industrial, commercial or tourism potential. Over the coming years, we expect this to deliver significant earnings and valuation growth on the current ~\$1.0 billion surplus property valuation.

I'm pleased with the progress we've made so far, and I would like to thank the management team and our employees for the effort that has gone into building a better Boral.

The challenges of FY22, most notably the heightened inflationary environment that is expected to continue, have sharpened our focus for the year ahead.

To this end, we have shifted focus from our transformation program to performance, where we are driving earnings improvement through a combination of strong pricing actions and discipline, cost focus, and other performance initiatives. We are also focussed on lifting the engagement of our people in both the Business and the performance journey as part of a drive to build a stronger culture, with the Owner's Mindset at its core.

We still have significant work to do. In FY23, we will accelerate our improvement initiatives to build a more resilient core business that delivers improved earnings and is positioned for future growth.

Our strategy also focuses on growing our integrated network, positioning Boral to harness demand opportunities and executing our refreshed property strategy.

Another important element of our strategy is reshaping our business to focus on decarbonisation and increasing the use and re-use of recycled materials to build a more circular economy.

This isn't only the right thing to do for our people, customers and communities, but is directly linked to the long-term sustainability and success of our business.

As we operate in a carbon emissions-intensive industry, we understand that we have an important role to play.

Boral was the first company in the global cement sector to set a 2030 target aligned with a 1.5°C pathway for Scope 1 and Scope 2 emissions. In FY22, our emissions reduction 2030 targets for Scope 1 and 2, and for Scope 3 emissions, were approved by the Science Based Targets initiative.

The approval confirmed that our targets are consistent with the levels required to meet the goals of the Paris Agreement, a significant milestone that demonstrates our ambitious approach to decarbonisation.

This will continue to be a key focus area as we future-proof our business and work towards our purpose of *creating a world that future generations will be proud of*.

Supporting this ambition is our focus on offering more sustainable and differentiated products and solutions tailored to our customers' needs.

In FY22, we substantially grew the proportion of concrete sales volumes that came from our lower carbon product suite, which comprises ENVISIA®, Envirocrete® Plus and Envirocrete®. The penetration run rate of our lower carbon concrete products increased more than fourfold in the year, representing 19% of concrete volumes by the end of June 2022.

We expect these adoption rates to continue to increase as we launch our lower carbon concretes across Sydney, Victoria and South Australia this year. By the last week in September 2022, the adoption rate had further increased to 24%.

We are also growing our circular economy products and solutions through our Boral Circular Materials Management solutions, which aim to further build on our position as one of the largest recyclers of construction and demolition materials in Australia.

More broadly, a year after launching our Sustainability Framework, we are continuing to embed the framework's priorities into our broader business strategies and decision-making – as we understand that environmental and social sustainability is intricately linked to the sustainability of our business.

## **NEW LEADERSHIP**

Now turning to our new leadership.

Vik Bansal commenced as CEO and Managing Director on 10 October 2022.

Vik is an accomplished CEO with deep leadership expertise in managing industrial businesses through periods of growth, transition and improvement. His proven track record gives me confidence that he will get the entire Boral team engaged and invested in the journey to delivering the full performance potential of Boral.

Vik succeeds Zlatko Todorcevski, whose departure was announced in June this year.

On behalf of the Board, I would like to commend and thank Zlatko for his contribution and dedication over the past two years.

Zlatko has led the business through a successful transformative period in the company's history, realigning the business portfolio to Australian construction materials, and refocusing the organisation to build a stronger foundation.

## **BOARD RENEWAL AND GOVERNANCE**

In line with the Board's renewal plan outlined before the 2021 AGM, this year we welcomed two new independent non-executive Directors to the Board, Mark Johnson and Jacqueline Chow. This followed the retirement of Peter Alexander and Deborah O'Toole after the 2021 AGM.

Mark and Jacqueline are experienced directors with a wealth of expertise and knowledge that complement the skills of our existing Board members.

Both Mark and Jacqueline will seek election from shareholders at today's meeting.

As the majority shareholder, Seven Group has made a public commitment to have a majority of independent Directors and an appropriate governance framework. As at 30 June 2022, the Board consisted of eight Directors, five of whom are considered independent.

We believe that this is in the best interests of all shareholders.

As part of this commitment, Rob Sindel was appointed as lead independent Director in September 2021 and Chair of the Independent & Related Party Committee. Rob has been an independent Director on the Board since September 2020.

## **CLOSING COMMENTS**

On behalf of the Board, I would like to thank you – Boral's shareholders – for your ongoing support.

I would also like to thank and congratulate the entire Boral team for what we've achieved. We are on the right track to realising Boral's full potential, and it would not be possible without the contribution of our people.

I look forward to the year ahead and to working with the Board and Management to drive the company's strategy and maximise value for all shareholders.

I now welcome Vik Bansal to give his first address to the market as CEO.

# **Boral 2022 Annual General Meeting**

Thursday 3 November 2022

## **CEO & Managing Director's Address**

by Vik Bansal

Thank you, Ryan.

Good morning everyone.

As you all know, I joined Boral on 10 October 2022, so I am few weeks into the role now.

I'm delighted to have the opportunity to speak directly to you, our shareholders. Boral is an iconic Australian company with a long and rich history.

We are the only Australian-owned major construction materials company supplying the market with cement, concrete, quarry products, asphalt and recycled materials.

Over the past few months, I have had the pleasure of meeting and talking with many of Boral's employees, customers, and suppliers. I have also taken the opportunity to meet with several of Boral's previous CEOs who have been generous with their time and advice.

During the CEO transition I also met regularly with Ryan and Zlatko to align on the company's strategic priorities. This has enabled me to hit the ground running.

Since joining, I have visited several of our sites, including cement plants, quarries, concrete batching plants, asphalt plants and recycling operations. As expected, our front-line workers' commitment is second to none, which is heartening and motivating.

What this has confirmed for me is that Boral is a good company with a rich legacy, dedicated workforce, prized infrastructure and extensive footprint – and hence great potential.

I want to reiterate here that Boral's competitive advantage comes from its vertical integration, enviable infrastructure assets, footprint and strong brand. I believe leveraging these areas of competitive advantage while running Boral as a modern industrial company is key to its next phase.

Ryan spoke about our strategy and the direction the company is heading. I agree with him and believe that Boral will benefit from clarity of purpose, consistency of key focus areas and discipline in our day-to-day operating activities.

It is a privilege and honour to lead Boral on this journey, as we take a good company to great. I am confident and hope that with time we will deliver to your expectations, honouring the trust you placed in us as shareholders.

I would also like to acknowledge the work Zlatko has done to set the foundations for this next phase of our journey.

You will always hear me talk in terms of what I call 'PEMAF' – People, Environment & Sustainability, Markets, Assets and Finance. Considering my tenure so far, I will keep it brief.

### **People – Safety & Culture**

Let's start with safety. Safety of our people, contractors and customers should be and is our number one priority at Boral.

With a significant amount of our workforce in front-line roles, providing safe working conditions is vital to ensuring the physical safety and mental health of our employees and to the successful delivery of our products and services.

I am committed to strengthening our culture of Zero Harm.

We have a dedicated Zero Harm Council that supports our efforts to deliver industry-leading health, safety and environmental excellence.

In FY22, we launched our Life Saving Commitments, which seek to prevent serious harm or fatalities. Our Life Saving Commitments were developed following extensive engagement with our frontline people and have been rolled out via a series of toolbox talks and other internal communications.

We also continue to roll out injury prevention and management initiatives that aim to reduce the frequency of injuries more broadly. Early indications have been positive and leadership engagement has been high.

I have taken a lot of interest in the safety and engagement of our employees.

Our safety results for FY22 show a recordable injury frequency rate of 11.8. Our foundational work in setting rigour around Life Saving Commitments and engagement of front-line leaders through visible leadership in field should lead to better safety statistics and that remains my commitment.

We have agreed that all operational meetings in Boral will begin with a discussion about safety, including the sharing of safety moments with learnings.

I do believe improving safety increases engagement and ultimately results in better financial outcomes.

In relation to our people, we recently completed an independent organisational health check, and this has highlighted clear areas of focus in ensuring a highly engaged workforce, who are proud to work for Boral. While it has given me a deep and helpful insights into the organisational health of the company, I remain confident that safety, culture and financial outcomes of Boral are interlinked and starts with leadership.

Our average employee tenure is 8.7 years, with an average age of 45 years. We have 15% female participation across the organisation and 32% of the workforce has a tenure greater than 10 years.

We have moved with pace to establish a new operating model which is based on a “decentralisation but standardisation” philosophy. I believe there are three key elements of value creation in Boral which can come from customer proximity, simplification, and standardisation of processes. Our new operating model will optimise our value creation and better leverage our scale, extensive footprint and vertically integrated infrastructure.

With the new operating model in mind, we have announced the appointment of Belinda Shaw as our next CFO. Belinda’s significant experience will be instrumental in establishing the

financial infrastructure necessary for operational cadence – delivering clarity, consistency, and discipline across the business. I also want to sincerely thank Jared Gashel who has been our Acting CFO and will remain so until the handover to Belinda is complete. His commitment to Boral is second to none, so thank you.

### **Environment & Sustainability**

I was pleased to hear that Boral was the first company in the global cement sector to set 2030 targets aligned with a 1.5-degree pathway for Scope 1 and Scope 2 emissions.

These targets reflect our ambition to become a leader in decarbonisation and demonstrates our commitment to sustainability.

We are making progress toward our carbon emissions reduction targets. In FY22, our Scope 1 and 2 emissions were down 8% from our FY19 baseline and we are working towards our interim FY25 goal of an 18% reduction compared to FY19.

We expect to complete the chlorine bypass at the Berrima Cement plant in the fourth quarter of FY23, which will enable higher use of alternative fuels at the kiln and reduce our reliance on coal. This will support an increase in alternative fuels from around 15% in FY22 to 30% by the end of FY23, and thereafter targeting 60% by FY25.

We also continue to assess opportunities to transition to renewable electricity sources and remain focused on accelerating penetration of our lower carbon concretes.

I also see a lot of exciting opportunities to grow our contribution to a more circular economy.

I was pleasantly surprised and impressed to see that Boral's recycling business is one of the largest recyclers of construction and demolition materials in Australia. We produce recycled products from construction, demolition and excavation waste materials that would otherwise go to landfill.

We have expanded our Circular Materials Management offering which is already achieving positive results and we are exploring further opportunities to grow our recycling business.

Our work in these areas of sustainability has a direct impact on our future success and positions us for a stronger and more sustainable future.

### **Markets & Customers**

Boral services various segments of the market including small builders, developers, contractors, local, state and federal government and big infrastructure projects to name a few.

I have noticed that the "call to cash process" in Boral is an onerous one with many steps before products are delivered to a customer. From the customer side, processes vary across end-market segments and this adds unique variability to a given fulfilment.

To be able to service customers effectively, and deliver our service as a value differentiator, we must simplify and standardise our processes to remove costly variability of our own. This, combined with digitisation, will allow us to offer the best possible service to customers.

While we do that, I strongly believe that we must secure a price that better reflects the value of our products and services. Inflation is real and we need to recover that from the market, as well as through our own efficiencies.

### **Assets**

I have maintained that Boral's competitive advantage comes from its vertical integration, prized infrastructure, and extensive footprint. Ensuring that we continue to strengthen and optimise our leading integrated network will remain a core pillar of our strategy. Geelong Cement facility's second mill will be operational by end of this calendar year and is a good example of this thinking.

Location of concrete batching plants, life spans of quarries, use of recycled products in asphalt and cement are a few things you will see us continue to focus on in coming years.

### **Finance**

On financial performance, it is too early for me to provide you with any significant qualitative or quantitative guidance but based on our Q1FY23 performance, which is in line with our internal expectations, we do expect revenue to be higher than FY22, driven by ongoing focus on price and expected increased volumes compared to the previous year. Boral remains highly committed to price realisation.

What remains unknown at this stage is whether price rises will be enough to cover for the significant inflation we are continuing to face and whether this will give us real margin expansion within this fiscal year. It is also too early to know whether volume increases will result in true operational leverage to the bottom line in time for FY23 earnings.

We certainly intend to focus on all elements of performance improvement within Boral, from safety, people engagement, customer service, cost to serve, and asset optimisation.

I will be in a much better position to give you further details on timing of these performance improvement initiatives and their impact at H1FY23 results in February next year.

### **From Good to Great**

I want to conclude by acknowledging the journey we are about to embark on. Boral has and will always be a good company, but we want to take this company from good to great.

We have an excellent base to build upon, and I am confident that with your support, we will build something great.

Thank you again for the opportunity to lead this company and I look forward to bringing you on this journey with us.