

**2012 ANNUAL GENERAL MEETING
THURSDAY, 1 NOVEMBER 2012**

CEO and Managing Director's Address

by Mike Kane

Thank you, Bob.

Ladies and gentleman, I am delighted to be here for my first Annual General Meeting as Chief Executive Officer and Managing Director of Boral.

I understand the magnitude of the challenges this new responsibility brings, having spent the past two and a half years managing Boral's US business, which has been experiencing the lowest levels of residential construction since the Great Depression. I am also aware of the challenges facing the Australian residential construction markets and the opportunities presented by the resource and infrastructure sectors. I recognise the quality of Boral's assets and people and with that, the opportunities for improved performance and growth.

Boral has leading market positions in its core businesses:

Construction materials (quarries, concrete, cement and asphalt) in Australia;
Cladding and roofing in the USA and Australia; and
Plasterboard or gypsum in Australia and Asia.

This is a great set of businesses which we have been working to make fitter for tough times and which will serve us especially well in good times.

Over the past two years, we have been strengthening these core businesses through acquisitions, organic growth and improvement programs as well as by divesting non-core and underperforming operations. Boral's focus is to continue to integrate recent acquisitions and embed improvement programs including LEAN manufacturing.

Recognising that Boral is a cyclical business and that we are currently facing a cyclical downturn in Australia, although not as severe as that in the USA, my immediate priorities are to:

maximise returns from our existing assets by managing costs down and effectively managing margins; and
maximise cash generation and reduce debt.

In my first 100 days, I am undertaking a comprehensive review of Boral's businesses to further analyse costs and review opportunities to reduce expenditure.

Trading update

In the first quarter of FY2013 US housing starts continued to recover with housing starts increasing by 28% year-on-year to an annualised rate of 786,000 on a seasonally adjusted basis, while single family dwelling housing starts increased by 29%. In Boral's 'brick states'¹ and 'roofing states'², single family dwelling starts, the key driver of demand for Boral, were up by 20% and 40%, respectively. These improvements in market conditions are starting to flow through to improved sales volumes.

Looking at Australia, market conditions in residential construction remain very similar to the tough conditions experienced in the second half of FY2012, although weather conditions have been more favourable. Infrastructure activity has continued to be strong but not sufficient to offset the impact of the continued downturn in residential activity.

Building Products, which has primary exposure to residential construction, is continuing to be significantly impacted by the sustained, low levels of housing activity.

Construction Materials in Australia is benefiting from a return to more normal weather patterns, and major resource and infrastructure projects which are now achieving target volumes.

In Cement, pricing continues to be constrained by low import parity costs due to sustained low bulk shipping rates and the strength of the Australian dollar.

Finally, in Asia, earnings from the Gypsum business in the first quarter are running below expectations as continued growth in Thailand and Indonesia is offset by weaker demand in both China and Korea.

In summary, trading conditions remain very difficult. Nevertheless, based on the first quarter's trading, we expect Boral's underlying trading results for the first half of FY2013 to be an improvement on the underlying trading results for the second half of FY2012. However, lower property sales are anticipated for the first half of FY2013 when compared with property sales during the second half of FY2012. Overall, therefore, we expect net profit after tax (before significant items) for the first half of FY2013 to be comparable with that achieved in the second half of FY2012.

In the second half of FY2013, we should see the benefits flow through from improving market conditions in the USA, an anticipated recovery in the Australian housing market and improvement programs. As mentioned earlier, at the time we announce Boral's half year results in February, I will provide further details of the improvement programs to be delivered in the second half.

Ladies and gentlemen, thank you for your time. I will now hand back to the Chairman who will take us through the formal business of the meeting.

¹ Boral's Brick states include: Georgia, North Carolina, South Carolina, Alabama, Kentucky, Mississippi, Tennessee, Arkansas, Louisiana, Oklahoma, Texas

² Boral's Roofing states include: Arizona, California, Colorado, Florida, Kansas, Missouri, Nevada, Oregon, Washington