

**2017 ANNUAL GENERAL MEETING
THURSDAY, 2**

FY2017 PERFORMANCE AND REMUNERATION OUTCOMES

Let me now turn to performance and outcomes for FY2017.

Boral has continued to deliver strong financial improvements and solid returns for shareholders. As a result, the STI and LTI outcomes for executives have been good.

Boral's adjusted EBIT for FY2017 of \$460 million was \$62 million, or 16%, above the prior year. Excluding Headwaters, EBIT increased by \$34 million or 9%. This is the measure we use for **short-term incentives** although, as indicated earlier, we excluded the \$28 million contribution from Headwaters.

Significant items, whether positive or negative, are excluded from our calculation of EBIT for remuneration purposes to align the underlying performance of the business with the rewards received by our leadership team.

In FY2017 significant items included acquisition related costs for due diligence, advisers fees, certain change in control payments to Headwaters executives, and integration costs. These costs were partially offset by a net gain on disposal of businesses including a share of the Boral CSR Bricks JV and the US Bricks business moving into the Meridian Brick JV.

Outcomes are determined by a mix of EBIT at divisional and Group level. On average, 103.7% of target STI was paid out to senior executives, meaning the results delivered were slightly ahead of our targeted performance. Consistent with previous years, 20% of the STI was deferred into equity for two years and 80%

The Remuneration Report shows two ROFE numbers for FY2017:

CLOSING COMMENTS

Before handing back to the Chairman, let me make some final comments.

I have talked about the financial metrics of EBIT and ROFE as well as TSR that underpin our executive incentives. We use these metrics because they create a clear performance focus for senior executives, and they are relevant and transparent for shareholders.

Non-financial measures, including safety, are not a feature of the incentive schemes, but this is not to diminish the importance of matters such as safety. In fact, managing safety well is a key performance indicator and is taken into consideration in reviewing performance and setting fixed remuneration.

Importantly, the Board retains discretion to adjust the STI outcomes to ensure consistency with the Group's safety performance, including any seriously negative safety issue, and to maintain alignment with the shareholder experience before the final award is determined.

To reinforce that shareholder alignment, we have a minimum shareholding requirement for executives. All executive directors have met these minimum requirements and these minimum requirements have all been met.

The Board also has minimum shareholding guidelines to encourage Non-executive Directors to invest in the Group. Again, Directors are all exceeding these minimum guidelines.

The Committee believes that our remuneration practices are sound and competitive; and that the changes we have made are rewarding executives for creating sustainable shareholder value.

I thank you for your continuing support and commend the 2017