



# **Boral 2021 Annual General Meeting**

Thursday 28 October 2021

## **Chairman's Address**

by Ryan Stokes



# Chairman's Address

Good morning.

I am Ryan Stokes and it's a pleasure to address you today for the first time as Chairman of Boral Limited.

I joined the Board in September 2020.

At that time, Seven Group Holdings or SGH, of which I am Managing Director and CEO, had an ownership interest in Boral of 19.9%.

As a diversified operating and investment group, SGH is all about investing in organisations with great assets and outstanding market positions, organisations with a clear strategy and a clear purpose, and with opportunities to create value.

And that is exactly why we were attracted to Boral in the first place.

**This is a great company, with a proud heritage, strong leadership team, a committed workforce, and a leading competitive position in building and construction materials in Australia.**

The global pandemic presented challenges for all companies, including Boral, but we knew that through periods of challenge, opportunities often emerge.

Boral presented such an opportunity for SGH, and in early 2020 we began acquiring shares in the Company.

With confidence in Boral's new leadership, as the strategy unfolded, SGH's support and belief in Boral strengthened.

On the 10th of May this year, SGH announced a takeover offer for Boral, at which time I recused myself from Boral's Board until the offer period closed.

Following the close of the offer on 29 July, SGH had increased its holding to 69.6%, which is where our ownership is today.

This strong position in Boral reflects our level of confidence in Boral's ability to deliver substantial value creation. We see a real opportunity to drive business improvement, deliver an uplift in earnings and create shareholder value, not just for SGH but **for all of Boral's shareholders.**

In recent years Boral's Australian business has not performed to its potential. The potential we know it can achieve and the potential we are committed to realising.

You as shareholders have told us as much – the returns on investment have been unacceptably low.





In Australia, the total value of construction work done was down around 3% in FY2021





The Transformation program is supported by a new operating model that has transitioned Boral Australia from a regional model to an integrated operating company organised along national product lines.

Other Transformation initiatives include cost reductions, network and supply chain optimisation, and opportunities for profitable growth related to sustainability and the circular economy.

Importantly, it is not just about cutting costs, but about becoming a more efficient and more responsive organisation.

A case in point is our strategy to pursue opportunities to realise latent value within the existing property portfolio, which is in development.

We expect to provide an update on our property strategy during FY2022.

## **A SUSTAINABLE FUTURE**

An element of our strategy is to redefine the company through decarbonisation and adjacent growth strategies.



Peter, who has been on the Board for the past three years, has played an important role in providing local experience and knowledge of the US building products market, which has been helpful during the divestment process particularly as it was not possible for other Directors, including Zlatko, to travel to the US.

Deborah joined the Board in September 2020 and has been a valued contributor over the past 12 months including on the Audit and Risk Committee.

I thank both Peter and Deborah for their service to Boral.

We are currently focused on recruiting two new independent Directors and looking in particular to ensure we maintain Australian industry experience among Board members.

As majority shareholder, we have made a public commitment to have a majority of independent Directors and an appropriate governance framework.

We are convinced that this is in the best interest of all shareholders.

As part of this framework, I am pleased to confirm that Rob Sindel will chair the Independent and Related Party Committee and has taken on the role of Lead Independent Director.

As SGH nominee directors, Richard and I acknowledge the importance of maintaining an Independent and Related Party Committee of the Board. We recognise there may be some circumstances where decisions are best referred to that Committee to avoid any potential conflicts.

**All of your Directors are committed to best practice governance and determined to ensure Boral continues to thrive – for the benefit of all shareholders.**

## **CLOSING**

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

I also would like to congratulate Zlatko, Boral's leadership team, and Boral's people for what has already been achieved, especially in such challenging global circumstances.

I look forward to working with the Board and Management to further drive the Company's renewed strategy and maximise value for all shareholders.

I now welcome Zlatko Todorcevski to provide his address as CEO of Boral.

**Ryan Stokes, AO**