

Boral

Results for the half year to December 2006



CEO & Managing Director,
Rod Pearse

7 February 2007



Agenda

- Financial Highlights and Markets Review
- Financial Results
- Divisional Performance
- Perform & Grow Strategy
- Outlook





Financial Highlights & Markets Review



*Clay Tiles
Trinidad*



*Midland Brick
Kiln #11*



*Engineered
Flooring*

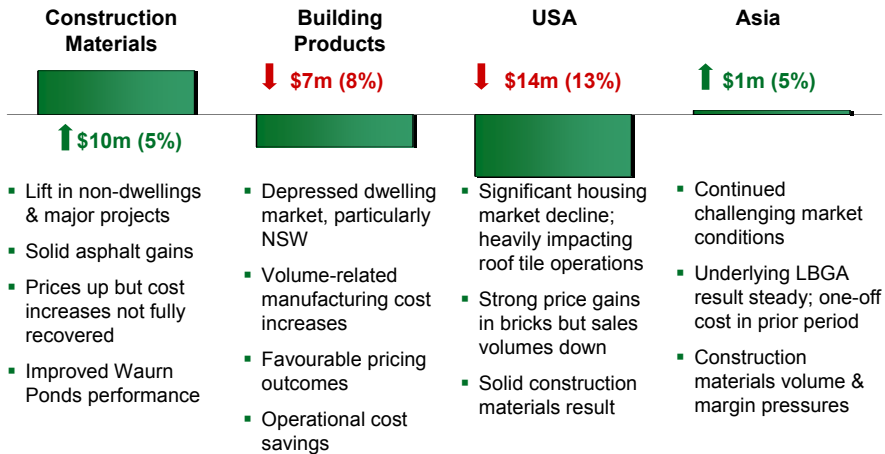
1H2007 Financial results

| | | | | |
|----------------------------------|-----------|------------|----|------------|
| Revenue | ↑ | 6% | to | \$ 2.5b |
| EBITDA | ↓ | 3% | to | \$ 383m |
| EBIT | ↓ | 9% | to | \$ 267m |
| Net Interest | ↑ | 19% | to | \$ 55m |
| Profit after tax | ↓ | 15% | to | \$ 147m |
| EPS | ↓ | 16% | to | 24.8 cents |
| Final dividend (100% franked) | unchanged | | at | 17 cents |
| Return on equity (MAT) | | from 13.6% | to | 11.9% |



EBITDA impacted by decline in US & Australian building products housing related earnings

EBITDA changes (A\$) – 1H2007 vs 1H2006



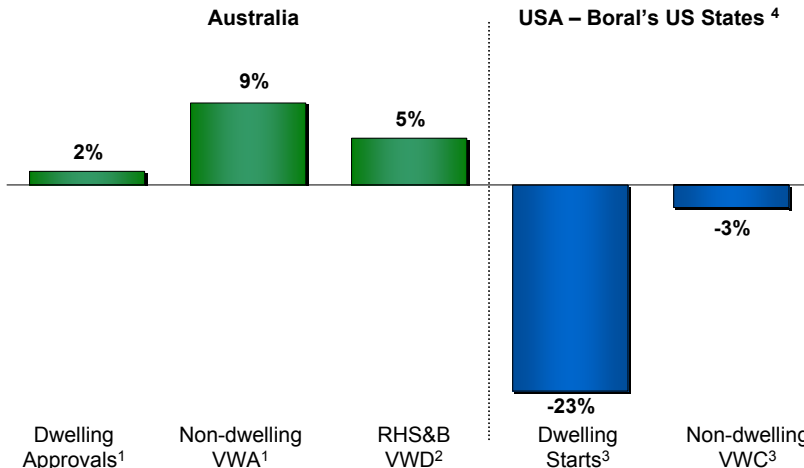
Results for the half year to December 2006

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Market conditions mixed with significant US decline

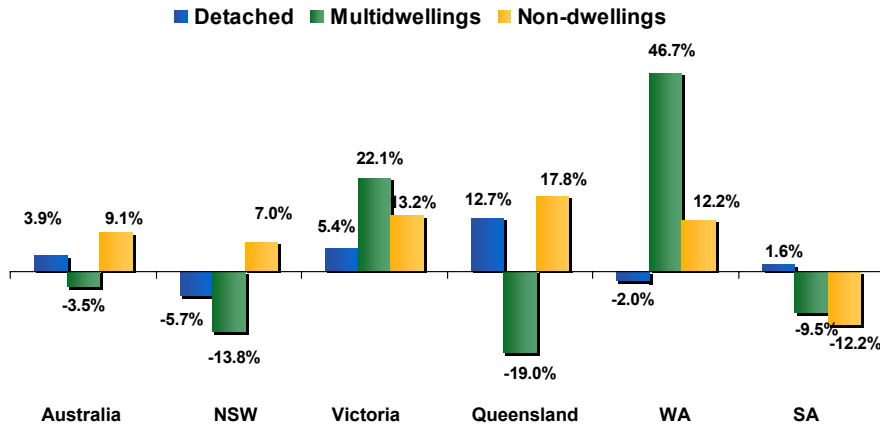
Market changes – 1H2007 vs 1H2006



1. Approvals / value of work approved. Source: ABS; non-dwelling VWA forecast for December quarter based on BIS Shrapnel
 2. Roads, Highways, Subdivisions & Bridges \$97/98 value of work done. Source: ABS actuals for Sep-06 qtr; forecast based on BIS Shrapnel
 3. Non-dwelling value of work commenced at \$92 value. Source: Dodge actual and forecast for December 2006.
 4. Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Nevada, N.Carolina, Ohio, Oklahoma, S.Carolina, Tennessee, Texas, Virginia, Washington

NSW dwelling & non-dwelling approvals remained particularly weak

Percentage change in dwellings approvals and non-dwellings value of work approved – 1H2007 vs 1H2006



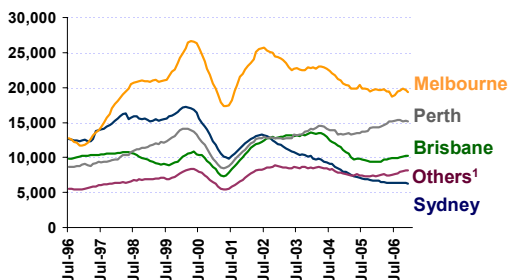
Source: ABS Original data series

Results for the half year to December 2006

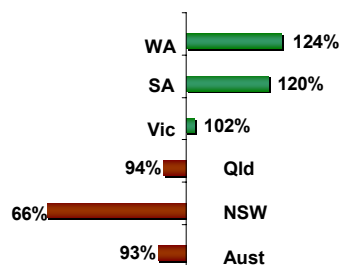


Detached dwellings in NSW remain at 30 year low levels and well below underlying demand

Building approvals for detached houses²
(MAT, July 1996 to December 2006)



Dwelling Starts² as % Underlying Demand³



1. Adelaide, Darwin, Hobart and Canberra.

2. Source: ABS, Dec-06 qtr estimate based on BIS Shrapnel forecasts

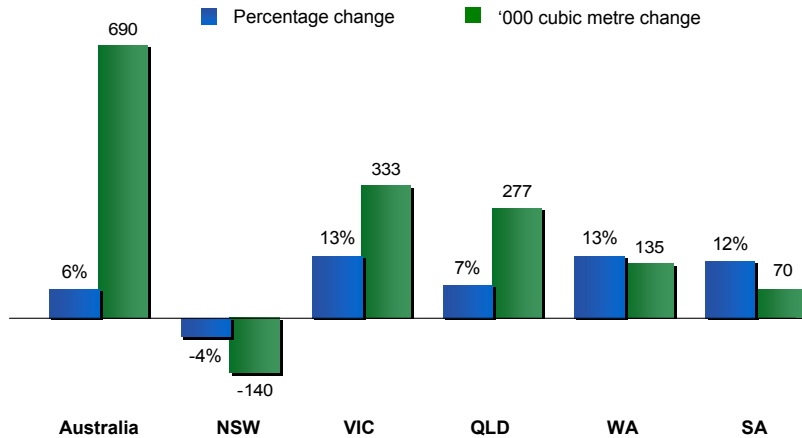
3. Source: BIS Shrapnel based on FY07-FY11 estimates of underlying demand

Results for the half year to December 2006



Concrete volumes up except in NSW, underpinned by non-dwellings and RHS&B

Changes in Australian readymix concrete production – 1H2007 vs 1H2006



Source: ABS

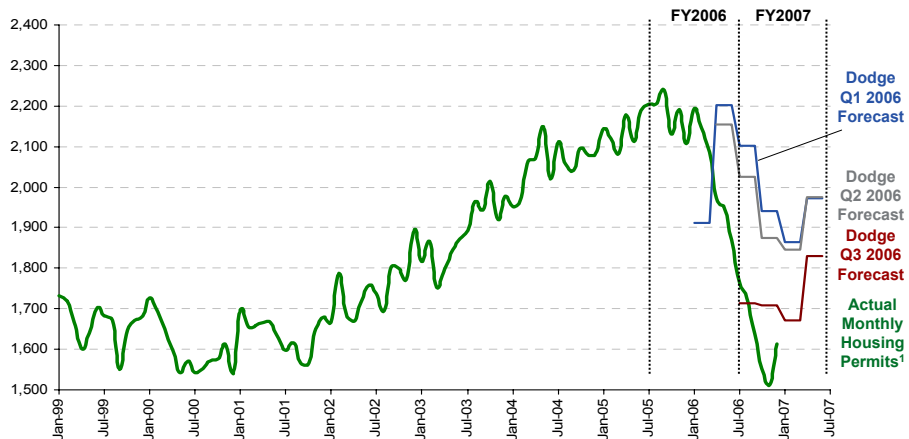
Results for the half year to December 2006

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Six to nine months ago, FW Dodge was forecasting a soft landing for US Dwellings

Total US housing permits ('000 building permits)



1. Seasonally adjusted annualised permits from US Census

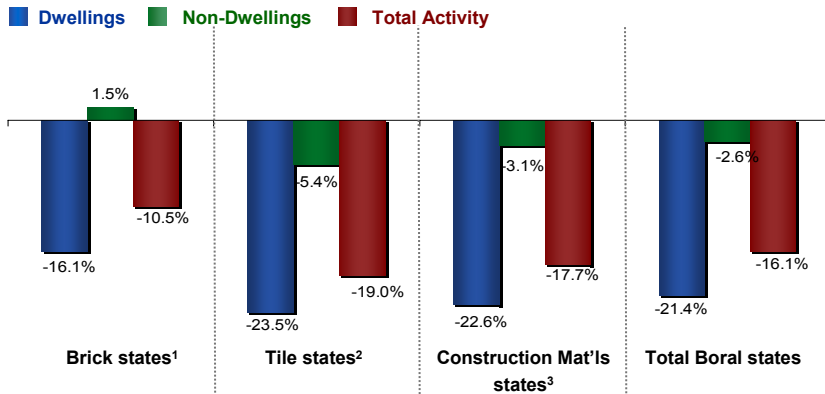
Results for the half year to December 2006

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Dwellings commenced in the December half in “Boral USA States” were down 21%

1H2007 vs 1H2006 % change of Building Activities Value Work Commenced - US\$92



1. Alabama, Arkansas, Delaware, DC, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Michigan, Mississippi, Missouri, N.Carolina, Ohio, Oklahoma, S.Carolina, Tennessee, Texas, Virginia, West Virginia
 2. Arizona, California, Colorado, Florida, Missouri, Nevada, Texas, Washington
 3. Alabama, Arizona, California, Colorado, Florida, Georgia, Michigan, Nevada, N.Carolina, Oklahoma, S.Carolina, Texas, Virginia
- Source: US Dodge, with actual FY2006, and actual September quarter 2007.



Financial Results



*Wauron Ponds
cement works*



*Masonry plant
Wacol*



*New LBG plant
Vietnam*

Profit after tax down 15% to \$147m in 1H2007

| A\$m | 1H2007 | 1H2006 | % Δ |
|--------------------------|--------------|--------|-----|
| Revenue | 2,492 | 2,343 | 6 |
| EBITDA | 383 | 393 | -3 |
| EBIT | 267 | 293 | -9 |
| Net Interest | 55 | 46 | 19 |
| Profit before tax | 212 | 247 | -14 |
| Tax | 65 | 74 | -13 |
| Profit after tax | 147 | 172 | -15 |

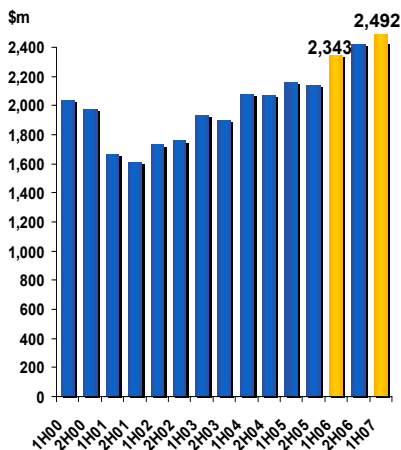
Results for the half year to December 2006

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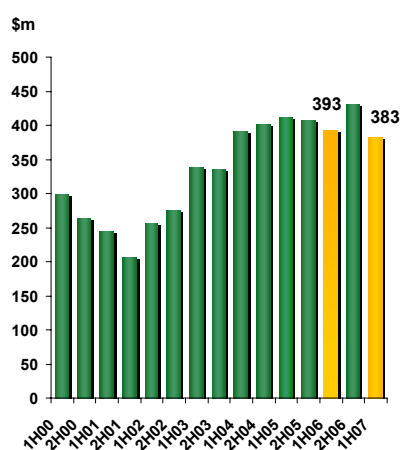


Revenue at high levels; EBITDA impacted by low volume costs but holding up relative to last cycle

Sales Revenue



EBITDA¹



FY05 result onward has been adjusted for adoption of A-IFRS

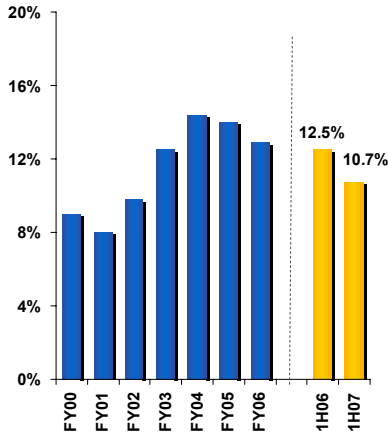
Results for the half year to December 2006

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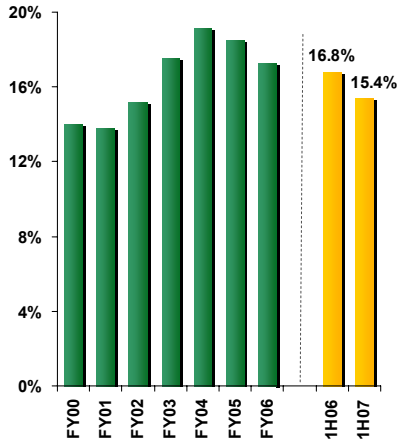


Margin pressure reflecting decline in US housing activity and continued downturn in NSW

EBIT / Sales



EBITDA / Sales



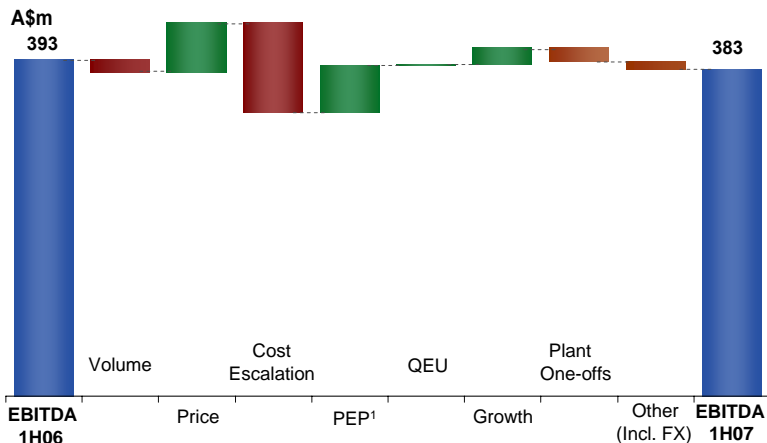
FY05 result onward has been adjusted for adoption of A-IFRS

Results for the half year to December 2006

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EBITDA – prices and PEP savings offset cost increases; volumes and “one-offs” had a negative impact



1. Performance Enhancement Program

Results for the half year to December 2006

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Boral's balance sheet remains in good shape

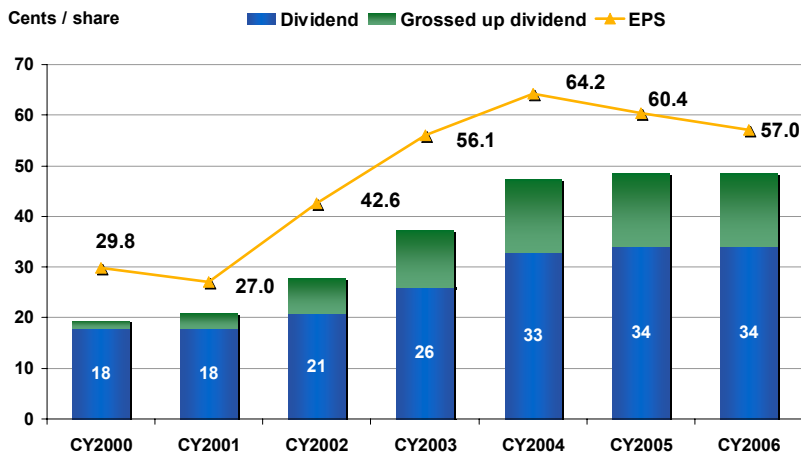
| As at A\$m | Dec-06 | Dec-05 |
|--------------------------------|--------|--------|
| Net debt | 1,637 | 1,564 |
| Net debt / equity | 58% | 60% |
| Net debt / (net debt + equity) | 37% | 38% |
| Net Interest cover | 4.9 x | 6.4 x |
| Funds employed (MAT) | 4,482 | 4,155 |
| Return on equity (MAT) | 11.9% | 13.6% |

Results for the half year to December 2006

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Earnings and Dividends per share have grown strongly since demerger



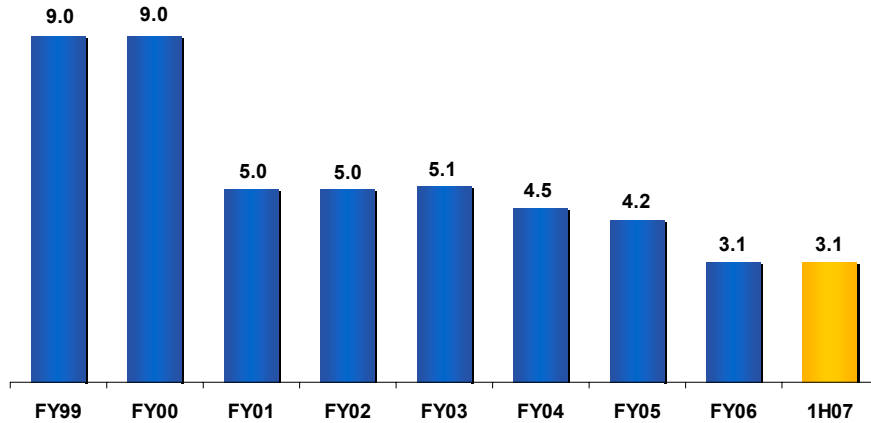
Results for the half year to December 2006

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Boral's safety performance trend is favourable but there is more to do

Lost time injury frequency rate (LTIFR)¹



1. LTIFR per million hours worked

Results for the half year to December 2006

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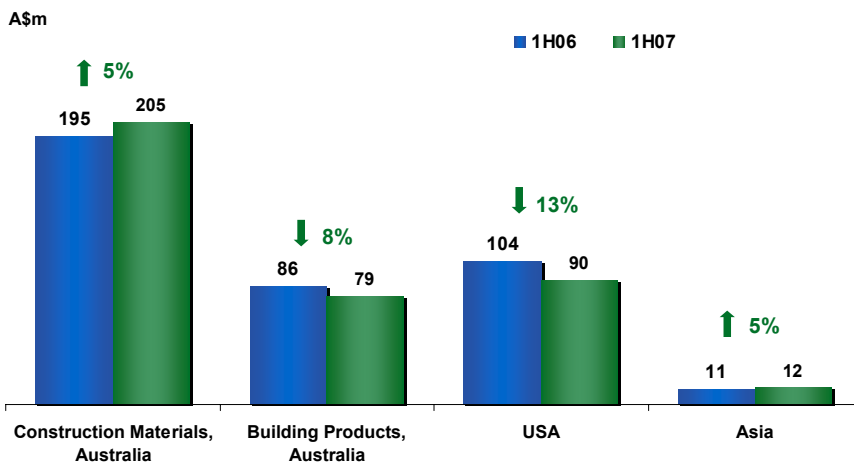


Divisional Performance



Construction of EastLink, Melbourne

Australian half year EBITDA earnings steady; offshore down



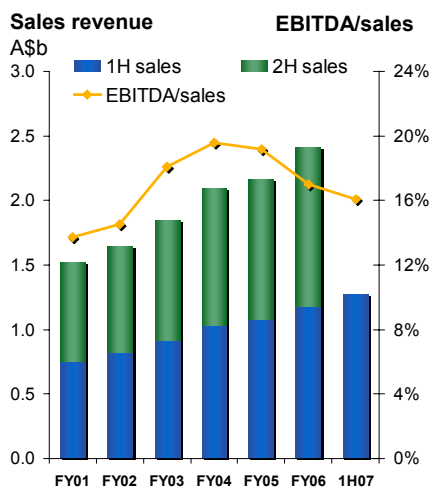
Results for the half year to December 2006

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Construction Materials: EBITDA up 5% driven by stronger volumes

| A\$m | 1H07 | 1H06 | % Δ |
|----------------|-------|-------|-----|
| Sales | 1,271 | 1,179 | 8 |
| EBITDA | 205 | 195 | 5 |
| EBIT | 137 | 136 | - |
| Funds employed | 2,289 | 2,154 | 6 |
| EBITDA/sales % | 16.1 | 16.6 | |
| EBIT/sales % | 10.8 | 11.6 | |
| ROFE % (MAT) | 12.5 | 13.2 | |



FY05 result onward has been adjusted for adoption of A-IFRS

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Revenues up 8% underpinned by stronger volumes but margins weaker

| Ext. sales A\$m | 1H07 | 1H06 | % Δ | volume Δ | price Δ |
|-----------------------------|--------------|--------------|----------|----------|---------------------------------|
| Cement¹ | 251 | 272 | -7 | ↔ | ↑ |
| Quarries | 170 | 150 | 13 | ↑ | ↔ |
| Concrete² | 514 | 453 | 13 | ↑ | ↑ |
| Asphalt | 260 | 208 | 25 | | |
| Transport | 41 | 53 | -23 | | |
| Contracting | 15 | 20 | -22 | | (exited business during period) |
| QEU | 19 | 23 | -18 | | |
| TOTAL | 1,271 | 1,179 | 8 | | |

1. Cement division includes BCSC (external revenues), concrete placement & scaffolding. Volume & price changes for cement only
 2. Includes consolidation of Giroto revenues for 1H07



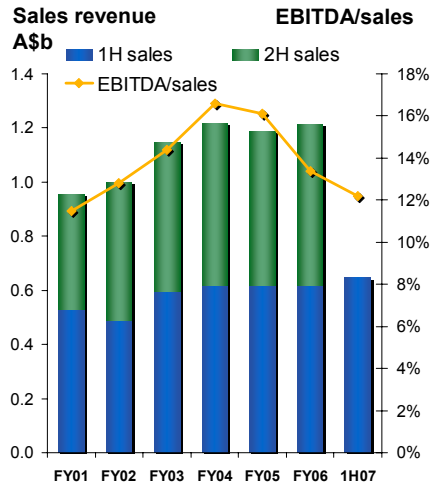
Construction Materials: stronger volumes but margins weaker

- **Concrete & Quarries:** volume increases driven by strong infrastructure activity; cost pressures impacted margins particularly quarries; EBITDA slightly down
- **Asphalt:** stronger volumes underpinning 25% revenue lift. Margins improved despite bitumen price escalation. EBITDA up.
- **Transport:** steady EBITDA; exited Hunter Valley Transport business
- **QEU:** EBIT of \$5m largely from Deer Park Landfill operation and Nelsons Ridge
- **Blue Circle cement:** higher EBITDA as price increases coupled with a \$12m improvement from the Waurn Ponds kiln were offset in part by Berrima cement works (\$5m) & Galong lime kiln (\$2m) mechanical issues
- **Scaffolding:** volumes were slightly up; downward pressure on EBITDA due to intense price competition from industry over capacity
- **De Martin & Gasparini:** increased concrete volumes placed up 15%, EBITDA down due to less favourable sales mix during the period



Building Products: effective pricing but EBITDA down 8% due to volume weakness

| A\$m | 1H07 | 1H06 | % Δ |
|----------------|-------|------|-----|
| Sales | 646 | 621 | 4 |
| EBITDA | 79 | 86 | -8 |
| EBIT | 53 | 64 | -17 |
| Funds employed | 1,058 | 959 | 10 |
| EBITDA/sales % | 12.2 | 13.8 | |
| EBIT/sales % | 8.2 | 10.3 | |
| ROFE % (MAT) | 10.1 | 13.8 | |



FY05 result onward has been adjusted for adoption of A-IFRS

Results for the half year to December 2006

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Managing capacity through the downturn

FY07 Australian East Coast Brick Kiln Shutdown/slowdown plan



* Denotes temporary closure of part of site

Results for the half year to December 2006

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Building Products: steady volumes except in Masonry and effective pricing

| Ext. sales A\$m | 1H07 | 1H06 | % Δ | volume Δ | price Δ |
|---------------------|------------|------------|----------|----------|---------|
| Bricks | 154 | 149 | 3 | ↔ | ↑ |
| Roofing | 56 | 54 | 4 | ↔ | ↑ |
| Masonry | 61 | 68 | -10 | ↓ | ↑ |
| Plasterboard | 177 | 166 | 6 | ↑ | ↔ |
| Timber | 124 | 113 | 9 | ↑ | ↔ |
| Windows | 74 | 70 | 6 | ↑ | ↑ |
| TOTAL | 646 | 621 | 4 | | |

Results for the half year to December 2006

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Building Products: steady volumes except in Masonry and effective pricing

- **Bricks:** EBITDA slightly improved due to volume and price gains in WA offsetting lower volumes and plant shutdown costs on the East Coast
- **Roofing:** softer activity in NSW offset by increased activity in Qld and Victoria; despite improved pricing outcomes & manufacturing gains at Carole Park, EBITDA steady
- **Masonry:** prices up but EBITDA down due to reduced sales to housing market and loss of share in NSW to new competitor manufacturing capacity
- **Plasterboard:** higher revenues driven by a disproportionate increase in contracting revenues and sales of other manufactured / re-sale products. EBITDA steady as cost reductions offset lower prices, increased raw material and distribution costs
- **Timber:** lower EBITDA and margins due to continued weak markets, particularly in NSW, costs increases, hardwood manufacturing performance issues and lower woodchip export volumes
- **Windows:** increased EBITDA due to stronger volumes and ongoing cost controls

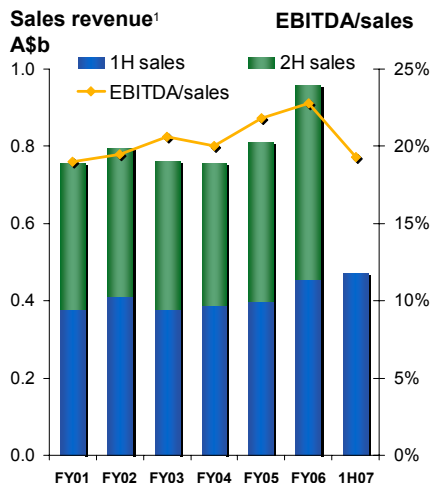
Results for the half year to December 2006

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USA: EBITDA down 13% due to housing downturn

| US\$m | 1H07 | 1H06 | % Δ |
|--------------------|------|------|-----|
| Sales ¹ | 361 | 340 | 6 |
| EBITDA | 70 | 78 | -11 |
| A\$m | 1H07 | 1H06 | % Δ |
| Sales ¹ | 469 | 455 | 3 |
| EBITDA | 90 | 104 | -13 |
| EBIT | 73 | 88 | -17 |
| Funds employed | 844 | 829 | 2 |
| EBITDA/sales % | 19.3 | 22.9 | |
| EBIT/sales % | 15.6 | 19.4 | |
| ROFE % (MAT) | 20.2 | 19.8 | |



FY05 result onward has been adjusted for adoption of A-IFRS

1. MonierLifetile JV is equity accounted – Boral's share of revenue does not appear in consolidated accounts.

Results for the half year to December 2006

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USA: revenue growth due to price gains & increased direct sales, offset market-related decline in volumes

| Ext. sales US\$m | 1H07 | 1H06 | % Δ | volume Δ | price Δ |
|-----------------------------|------------|------------|----------|----------|---------|
| US Bricks | 249 | 234 | 7 | ↓ | ↑ |
| Clay Tiles | 14 | 14 | -2 | ↓ | ↑ |
| Concrete Tiles ¹ | | | | ↓ | ↑ |
| Flyash | 60 | 57 | 4 | ↓ | ↑ |
| Construction Materials | 39 | 35 | 10 | ↑ | ↑ |
| TOTAL | 361 | 340 | 6 | | |

1. MonierLifetile JV is equity accounted – Boral's share of revenue does not appear in consolidated accounts.

Results for the half year to December 2006

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USA: EBITDA down 13% due to housing downturn

- **Bricks:** EBITDA up despite lower sales volumes which were offset by price increases and increased direct distribution sales, together with cost savings
- **Concrete rooftiles:** profits significantly down as price increases insufficient to offset significantly weaker volumes and related cost impacts
- **Clay rooftiles:** lower EBITDA as volumes directly impacted by housing slowdown, particularly in western markets, resulted in less efficient production due to slowing of plant to manage inventories; Trinidad start-up costs impacts
- **Flyash:** EBITDA improved due to price increases offsetting lower volumes
- **Construction Materials:** EBITDA improved as integration benefits matured and cost savings initiatives were implemented; price increases for aggregates, concrete and block were sufficient to recover cost increases

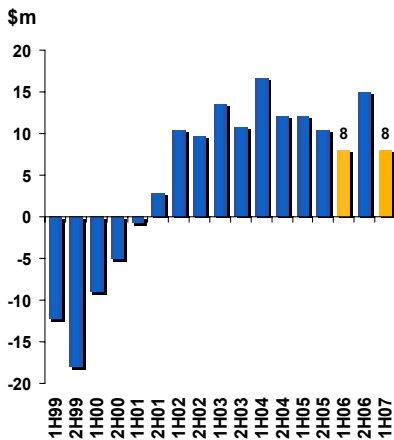
Results for the half year to December 2006

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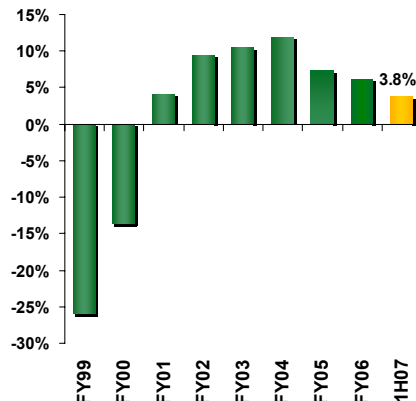


Asian EBIT steady: underlying plasterboard result steady and construction materials down

EBIT¹



EBIT/ Sales^{1,2}



1. Includes Plasterboard and Construction Materials.

Plasterboard JV EBIT contribution from FY01 is Profit after Tax.
FY05 result onward has been adjusted for adoption of A-IFRS.

2. Revenues for FY01 onwards adjusted to include Boral's share of the Plasterboard Asia JV

Asia: underlying plasterboard result steady and construction materials down

- EBITDA of \$12m (up 5%)
- **Plasterboard** JV contribution of \$7m
 - South Korean market remains volatile – prices weaker and volumes stronger
 - Thailand – economic/political challenges, lower exports, continued pressure on prices and volumes
 - China volumes and prices up despite Government intervention to soften residential activity; full half year contribution from second factory in Central West
 - New Vietnam plant commissioned August 2006 still in development stage
- **Concrete & Quarries:** profits lower
 - Indonesia: Volumes down in line with market, price increases offsetting significant cement and diesel cost increases
 - Thailand: Higher volumes despite political uncertainty and adverse weather conditions; continued margin compression

Results for the half year to December 2006

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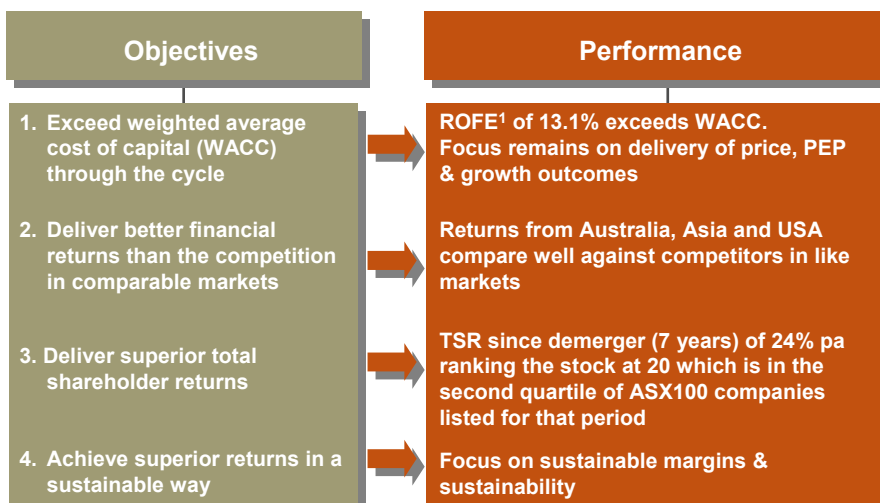


Perform & Grow Strategy



Queensland Plasterboard plant under construction

We continue to deliver against our objectives



1. On a moving annual total (MAT) basis

Results for the half year to December 2006

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Progressively delivering increased value from growth

| Growth project | Current Status |
|---|--|
| Waurm Ponds Stage 2 | <ul style="list-style-type: none"> Following ramp-up problems, now meeting name plate production targets and plant availability targets ; delivering returns around cost of capital in FY2007. |
| Union City (Bricks, USA) | <ul style="list-style-type: none"> Commissioning commenced in the Mar-06 qtr in line with plan. Benefits phased from Jun-06 qtr. Low-cost plant servicing a relatively resilient South West US market. |
| Katy Concrete roof tiles (USA) | <ul style="list-style-type: none"> Completion in FY2006 with phased benefits delivered from Jun-06. Texas market remains relatively resilient with further upside when market recovers. |
| Midland Brick Kiln #11 (WA) | <ul style="list-style-type: none"> Commenced commissioning in Jun-06 qtr. Running well, now supplying the very strong WA housing market. Commissioning of the full product range to be produced through Kiln #11 is continuing and when completed will replace higher cost aging Kiln #5. Expect to achieve above cost of capital returns in Jun-07 half. |
| Maldon Bagging Plant (Cement, NSW) | <ul style="list-style-type: none"> Completed and commissioned on time and on budget and has been delivering phased benefits in line with plan since Jun-06 qtr. Relocation of bagging operations to Maldon allowed the closure of the Seven Hills facility in Jun-06. |
| Wacol Wetcast (Paving, Qld) | <ul style="list-style-type: none"> Commissioning complete, securing low cost position in relatively fast growing segment. Delivering early benefits since Jun-06 qtr. Currently delivering above cost of capital returns. |
| Vietnam (Plasterboard, LBGA) | <ul style="list-style-type: none"> Completed in line with budgeted time lines and costs; Producing plasterboard from Sep-06 qtr with higher than anticipated market growth rates being experienced. |
| Trinidad (Clay tiles, USA) | <ul style="list-style-type: none"> Plant is ramping up but operating below expectation due to commissioning issues. Production issues are being addressed with progress made during the half year. |

Results for the half year to December 2006

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Progressively delivering increased value from growth

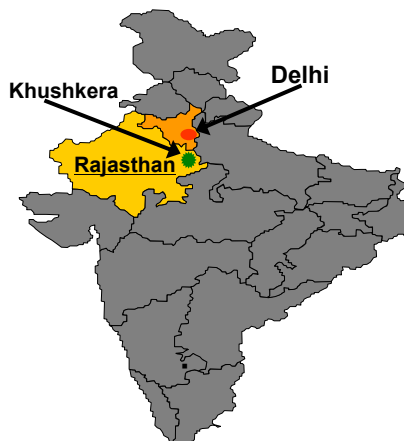
| Growth project | Current Status |
|--|--|
| Heron's Creek (Timber) | <ul style="list-style-type: none"> Fully commissioned and operating well but production has been contained to one shift to limit inventory growth (due to weak market conditions) and log supply issues. |
| Berrima Cement Mill #7. (NSW) | <ul style="list-style-type: none"> Practical completion in Jan-07 with solid benefits to be progressively delivered in line with business plan. |
| Plasterboard (Qld) | <ul style="list-style-type: none"> Construction underway with commissioning anticipated to commence during Dec-07 qtr. Market demand remains solid and in line with expectations. |
| Terre Haute (Bricks, USA) | <ul style="list-style-type: none"> Construction underway with completion anticipated in the Dec-07 qtr. Low cost plant, will be operating at high utilisation rates reaching full production in FY2009. |
| lone (Clay tiles, USA) | <ul style="list-style-type: none"> Completion of site works with construction progressing satisfactorily and completion expected by December 2007. |
| Concrete roof tiles (Florida & Nevada) | <ul style="list-style-type: none"> The Lake Wales roof tile plant in Florida has commenced commissioning and will be well positioned to supply the re-roofing market and the recovery in the Florida new construction market. Las Vegas plant land is under contract but commencement of construction delayed due to current market downturn. |
| South Korea (Plasterboard LBGAs) | <ul style="list-style-type: none"> Commissioning anticipated in early CY2008 with benefits flowing from anticipated Korean residential market recovery. |
| Rajasthan India & Chengdu, China (Plasterboard LBGAs) | <ul style="list-style-type: none"> Long term natural gypsum supply to the plant in India and long term FGD gypsum supply in Chengdu have been secured. Both plants are expected to be in operation in the first half of CY2008. |



New LBGAs JV investment – US\$17m on new plant in India

INDIA

- Khushkera area of Rajasthan, 150 km from New Delhi
- 8m m² p.a. initially, site flexibility to increase capacity
- Established strong position in India through imports of plasterboard
- First plant to be built and operated by LBGAs in India
- Secured long term natural gypsum supply to the plant
- Scheduled completion: March 2008 quarter



New LBGA JV investment – US\$11m on new Chengdu plant

CHINA

- Well positioned in China's central west region
- 10m m² p.a. initially, site flexibility to increase capacity
- Rapidly developing market - plasterboard systems now more widely known and used
- Complements current positions in Chongqing
- Fifth plasterboard plant to be built and operated by LBGA in China
- Scheduled completion: March 2008 quarter

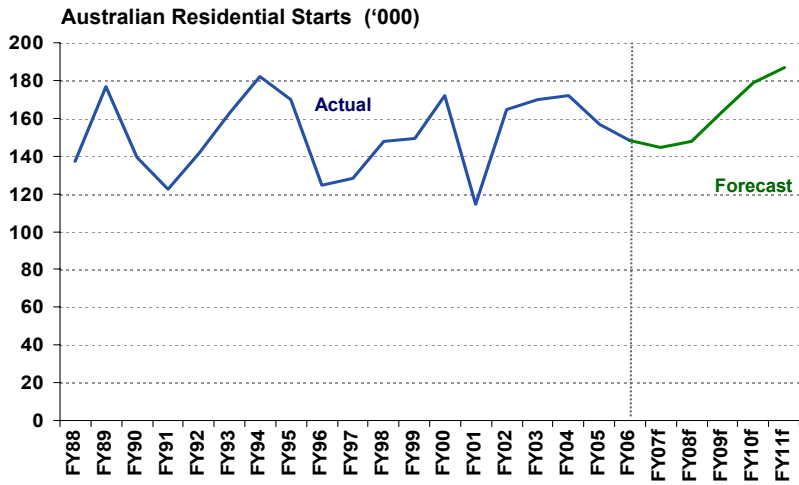


Outlook



Indiana Brick Plant under construction

Australian residential starts forecast to bottom in FY2007



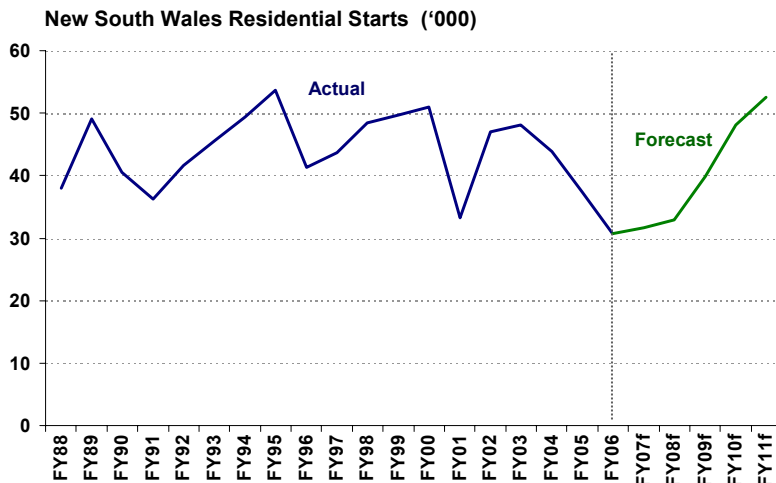
Source: ABS, BIS Shrapnel

Results for the half year to December 2006

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...NSW residential recovery, which is important to Boral, will take time but expected to bottom in FY2007



Source: ABS, BIS Shrapnel

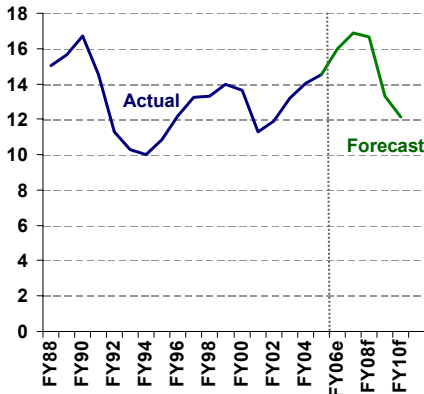
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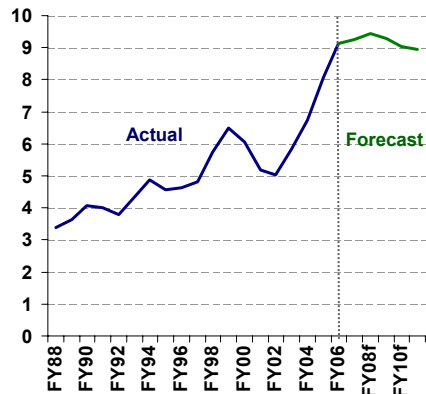


BIS Shrapnel is forecasting an Australian non-residential “mini boom” & softening in RHSB activities

Australian Non-Residential VWD
\$97/98 Billion



Australian RHSB (1) VWD
A\$97/98 Billion

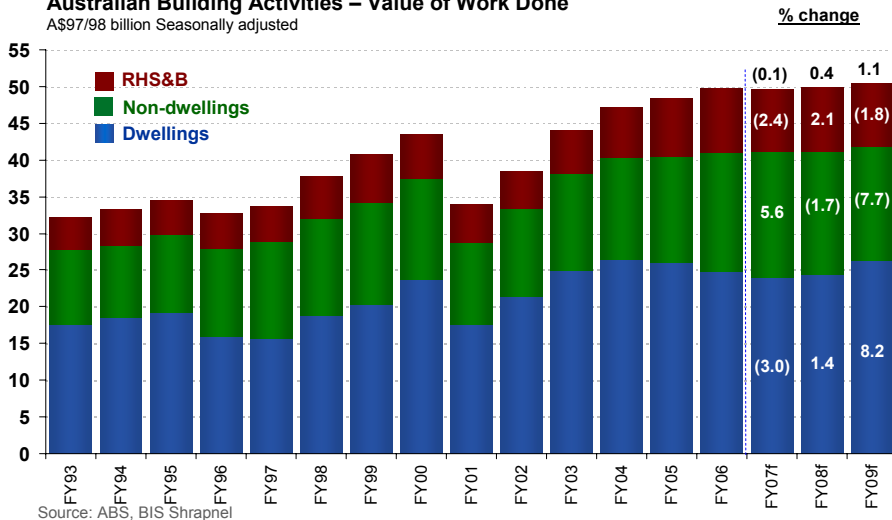


1 Includes value of work done in roads, highways, subdivisions and bridges
Source: ABS, BIS Shrapnel



BIS Shrapnel forecasting Australian market activity to remain relatively steady

Australian Building Activities – Value of Work Done
A\$97/98 billion Seasonally adjusted

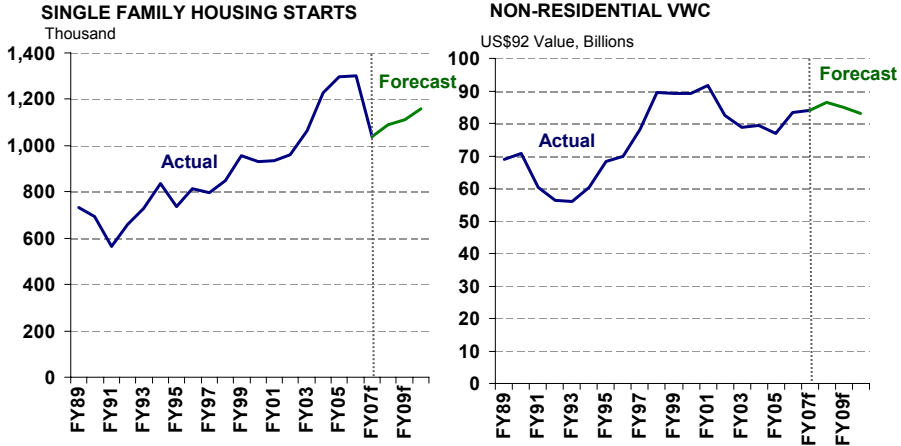


Source: ABS, BIS Shrapnel



Dodge forecasts a sharp fall in US single family housing starts in CY2007 with recovery thereafter

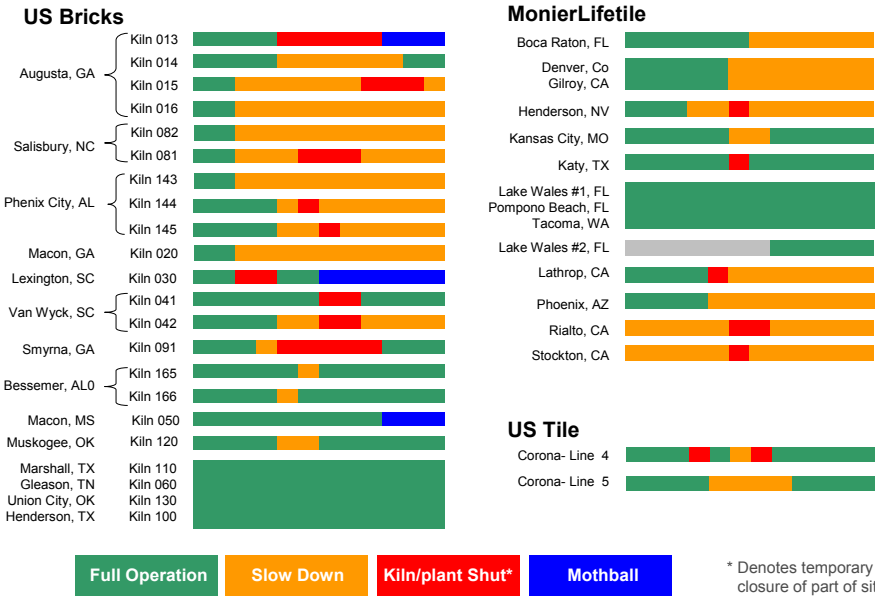
USA Boral States (1)



1. "US Boral States" - Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Mississippi, Missouri, Nevada, North Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Texas, Virginia, Washington
Source: US Dodge, Dodge Sep-quarter 2006 forecast for FY2006 Dec-quarter non-residential activity and FY2007 onwards activities

Managing capacity through the US downturn

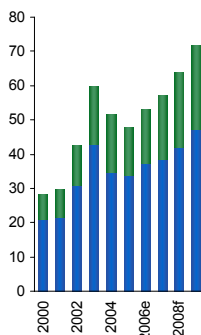
FY07 USA Shutdown/slowdown plan



Asian construction demand currently steady but expected to grow in future years

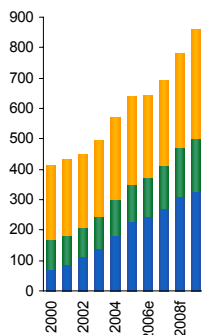
South Korea

Value of construction orders received. Trillion Won



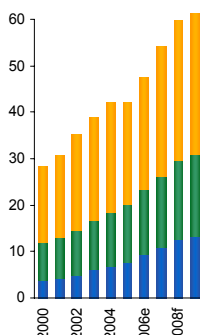
Thailand

Gross fixed capital formation. Billion Bhat



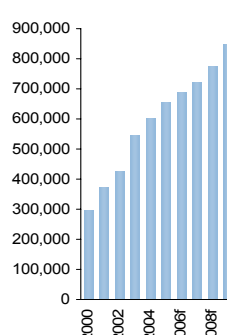
Indonesia

Value of completion. Trillion Rp



China

Total Building Commencements ('000m²)



Residential Non-residential Eng & Constr Total Building

BIS Shrapnel September 2006 forecasts from 2006 onwards for South Korea, Thailand, Indonesia and 2005 onwards for China.

Results for the half year to December 2006

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Outlook for FY2007

- **Australia**
 - dwelling commencements down 4% to 145,000 starts
 - continued weakness in NSW
 - strength in non-dwelling & infrastructure activity outside NSW
 - price increases (4% - 12% in concrete, 12% ex-bin in quarries from 1 April)
- Sudden and sharp slowdown in **USA** housing
 - annualised rate of 1.5 million starts in June half
 - earnings impacted more significantly in June half by lower activity levels, particularly in bricks and concrete roof tiles
- Competitive market conditions in **Asia**
- **QEU** earnings of ~ \$50m of which \$45m in June half
- PEP/operational cost saving targets of ~3%
- Growth benefits (particularly in USA & Cement)
- In line with AGM guidance, we expect Boral's FY2007 PAT to be around 15% below the \$362m reported for FY2006

Results for the half year to December 2006

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