



<b>Company</b>	Boral Ltd
<b>Code</b>	BLD
<b>Meeting</b>	AGM
<b>Date</b>	27 October 2020
<b>Venue</b>	Online
<b>Monitor</b>	Ian Anderson assisted by Estelle Renard

<b>Number attendees at meeting</b>	541 attendees (no break up available) – as provided by the company
<b>Number of holdings represented by ASA</b>	232
<b>Value of proxies</b>	\$8.6M
<b>Number of shares represented by ASA</b>	1.79M (equivalent to 16th largest holder in Top 20 list)
<b>Market capitalisation</b>	\$588.3Bn – on day of meeting
<b>Were proxies voted?</b>	Yes, on a poll
<b>Pre AGM Meeting?</b>	Yes, with chair Kathryn Fagg and chair of REM committee, John Marlay

### **Boral Reset on US Investments**

The meeting was held virtually using the Link Group’s online platform which seemed to work well although there were a few delays when switching between remote locations. The chairman ran the meeting from what appeared to be a home background and individual directors appeared virtually from remote locations. All questions were attributed to the questioner.

The chair, Kathryn Fagg, opened the meeting with an acknowledgement to country and a fairly lengthy explanation of the meeting procedures. She then moved to a review of the challenges Boral had faced during the year including bushfires and Covid-19. Boral had a total of 381 confirmed Covid cases mostly in the US and whilst they continued to operate in many countries, they were substantially affected by slowdowns and temporary closure orders particularly in Asia and North America.

Ms Fagg then covered Boral’s year under four headings, safety and financial results, CEO succession and board renewal, portfolio review and sustainability priorities. Despite sales revenue being down 5% in Australia and 2% (in US dollars) in North America, overall revenue was only down 1% due to favourable exchange movements. However, higher costs, lower margins and Covid-related production disruptions meant that overall EBITDA was down 29% on the prior year and net profit before tax was 57% lower. Boral reported a statutory loss of \$1.139Bn primarily

reflecting non-cash impairment charges which largely related to the US businesses. The board determined not to pay a final dividend and liquidity remained steady in line with the previous year.

After welcoming recently appointed directors Rob Sindel and Deborah O'Toole, Ms Fagg reviewed the appointment of Ryan Stokes and Richard Richards as directors following the acquisition of a 19.98% holding in Boral by Seven Group holdings and confirmed that the nomination of Richard Richards as a director had been withdrawn. She also confirmed that John Marlay and Eileen Doyle would retire at the end of the meeting and herself and Paul Rayner, if re-elected, would retire shortly into their new terms.

In closing Ms Fagg announced the results of the portfolio review and the sale of Boral's 50% share of USG Boral to the joint venture partner, Knauf, saying that the price achieved represented a very attractive offer. She acknowledged that whilst the review had confirmed that the Headwaters acquisition had a sound strategic rationale, it had failed to achieve expectations and left it to the new CEO to outline planned actions. Finally she reviewed Boral's progress towards adoption of science-based emissions reduction targets saying that these had been delayed somewhat due to the need to focus on managing through the Covid crisis but would continue in 2021 in order to understand how Boral can deliver reduction targets aligned with the Paris Agreement.

CEO Zlatko Todorevski spoke from what appeared to be an office situation giving a further review of Boral's safety and financial results and a Q1 trading update with EBIT down 5% on the prior corresponding period. He then moved to the outcomes of the portfolio review saying it had highlighted significant opportunities for improvement in nearly all Boral's businesses.

In Australia, the review highlighted the underlying strength of the integrated quarry, cement, concrete and asphalt businesses and identified opportunities to reduce costs and margins as well as opportunities for extension to the existing businesses and achievement of greater earnings from the property portfolio. In America, the building products businesses are considered to have strong brands and good positions in many geographies however the full value of these has yet to be unlocked. In addition, Boral will consider third party approaches to these businesses but will only sell if superior value is achievable.

Boral's net debt position is in line with the previous year, well within covenants, but is considered higher than ideal. Proceeds from the sale of the USG Boral assets will be applied to debt reduction and to fund growth investment in the remaining businesses.

All directors spoke to their nominations and all resolutions passed by comfortable majorities with new directors Rob Sindel and Deborah O'Toole, REM and both rights awards achieving greater than 99%. The re-elections of Kathryn Fagg and Mark Rayner were passed with 81-85% support whilst the election of Ryan Stokes received 76.6% support.

Questions were taken under each item of business with many general business items included under the financial report. Many questions related to environmental and sustainability issues. No guidance could be given as to future dividends or capital injection plans due to the uncertainty still prevailing around Covid-19. In answer to a question from ASA, Ms Fagg advised that the company is well aware of the need to react more quickly to market changes and will be undertaking a number of actions as outlined by the CEO. The meeting closed in just over two hours.