



This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth). It is the first supplementary target's statement (**First Supplementary Target's Statement**) issued by **Boral Limited ABN 13 008 421 761 (Boral)** in response to the off-market takeover bid made by Network Investment Holdings Pty Limited ACN 078 448 512, a wholly owned subsidiary of Seven Group Holdings Limited ACN 142 003 469, for all the ordinary shares in Boral. This First Supplementary Target's Statement supplements, and should be read together with, Boral's target's statement dated 10 June 2021 (**Original Target's Statement**).

Unless the context otherwise requires, terms defined in the Original Target's Statement have the same meaning as in this First Supplementary Target's Statement.

This First Supplementary Target's Statement prevails to the extent of any inconsistency with the Original Target's Statement.

A copy of this First Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

FIRST SUPPLEMENTARY TARGET'S STATEMENT

This First Supplementary Target's Statement provides important information relevant to Boral Shareholders in their consideration of the Offer.

1. Boral agrees to sell its North American Building Products business

ASX announcement attached

2. Updates to the CEO and CFO remuneration arrangements

ASX announcement attached

3. Timetable and process

The Offer is scheduled to close at 7.00pm (Sydney time) on 30 June 2021 (unless extended).

Boral Shareholders who have any questions in relation to the SGH Offer should call the shareholder information line on 1300 513 794 (for callers within Australia) or +61 2 9066 4081 (for callers outside Australia) between 9.00am to 6.00pm (Sydney time) Monday to Friday (excluding public holidays).

Signed for and on behalf of Boral Limited following a resolution by the Boral Independent Board Committee.

sign here ►


Chairman

print name

Kathryn Fagg

date ►

21 June 2021



ASX Release

21 June 2021

Boral agrees to sell its North American Building Products business

Boral Limited (ASX: BLD) today announced that it has entered into an agreement with a subsidiary of Westlake Chemical Corporation (NYSE: WLK), to sell its North American Building Products business for US\$2.15 billion (~A\$2.9 billion).

The transaction will not result in the payment of any income tax in the United States or Australia, as a result of carried forward losses.

Following the sale, Boral's net debt target will reduce from ~A\$1.5 billion to ~A\$1.3 billion. This is in line with Boral's financial framework which targets an optimal net debt range of 2-2.5 times EBITDA where ROFE equals WACC. Based on Boral's net debt position at 31 May 2021 of ~A\$800 million, as disclosed in Boral's Target's Statement, the lower net debt target results in surplus capital of ~A\$500 million. Proceeds from the sale of US\$2.15 billion (~A\$2.9 billion) will add to this surplus¹.

The Board will assess options to distribute surplus capital having regard to the size of the surplus and the most appropriate method for distribution to shareholders at the relevant time.

Boral's CEO & Managing Director, Zlatko Todorcevski, said:

"We are pleased to announce that we have entered into an agreement to sell Boral's North American Building Products business, which is expected to unlock significant value for Boral's shareholders. This agreement follows an extensive market testing process in which we received strong interest from a broad range of high calibre potential buyers.

"The sale will generate further significant surplus capital once the transaction closes. In accordance with Boral's financial framework, after optimising Boral's net debt position and allowing for reinvestment needs, we expect a significant surplus to be available for distribution to Boral's shareholders.

"The Board will determine the most appropriate way to return surplus capital to shareholders taking into account the availability of franking credits, the relative share price and the preferences of Boral shareholders as a whole.

"Boral has owned and operated building products businesses in the USA for more than 40 years and we recognise and value the contribution that our North American building products' employees and customers have made to the Boral Group over that time.

"The level of market interest and the acquisition price reflects the fact that Boral's Building Products is a portfolio of great businesses with quality products, strong brands and good positions in many geographies.

"We are confident that this change of ownership to Westlake, with its strong history and focus on innovative exterior building products, will support the prospects for our North American Building Products business, which includes Roofing, Stone, Light Building Products and Windows businesses."

¹ Additional proceeds of US\$125 million (A\$167 million) are expected from the announced divestment of Meridian Brick, anticipated to complete in the first quarter of FY22.

The transaction is subject to customary conditions precedent and completion adjustments. We are expecting to complete the transaction in the first half of FY2022, allowing for the regulatory approval process.

Boral and Westlake will work together to ensure a smooth transition for customers and employees.

The profit on sale of the business is expected to be disclosed as part of Boral's full year FY2021 results on 24 August 2021².

As part of the review of Boral's North American Fly Ash business (announced on 15 April 2021), Boral is continuing to explore value creation opportunities through a potential joint venture, strategic alliance, divestment to a third party or continued ownership of the Fly Ash business. We expect to be in a position to update the market at our full year results announcement in August, or earlier if appropriate.

Independent Expert's Report implications

In its Independent Expert's Report dated 10 June 2021, Grant Samuel valued the equity in Boral at A\$9.7–A\$10.8 billion, corresponding to a value of \$8.25–9.13 per share. Grant Samuel has not been asked to issue a revised report reflecting the final sale price at this time. However, it has advised Boral that the final price agreed for the sale of its North American Building Products business of US\$2.15 billion exceeds the US\$1.8–US\$2.0 billion valuation range attributed to it in its report.

About Westlake:

Westlake is a global manufacturer and supplier of materials and innovative products that enhance life every day. Headquartered in Houston, Westlake provides the building blocks for vital solutions — from packaging and healthcare products to automotive and consumer goods, to building and construction products. For more information, visit the company's web site at www.westlake.com.

Each of Zlatko Todorcevski and Grant Samuel & Associates Pty Limited has given, and not withdrawn before the lodgement of the Supplementary Target's Statement with ASIC, his or its (as applicable) written consent for the statements attributed to him or it (as applicable) to be included in the Supplementary Target's Statement in the form and context in which it appears.

Boral Limited Investor Relations:	Kylie FitzGerald +61 401 895 894 or kylie.fitzgerald@boral.com.au
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² The carrying value of Boral's North America Building Products business, excluding goodwill, is ~US\$900 million. In addition, a portion of the North American segment's goodwill (which totals ~US\$780 million) will be allocated to the Building Products business as part of the disposal. Goodwill allocation will be determined as part of year end results.



ASX Release

21 June 2021

Updates to CEO and CFO remuneration arrangements

In the context of Boral's strategic priorities and transformation program outlined in the Target's Statement, and the importance of completing key initiatives that are underway including today's announcement of the sale of Boral's North American Building Products business, Boral's independent directors have agreed to strengthen the employment arrangements for Boral's CEO & Managing Director, Zlatko Todorcevski, and Boral's Chief Finance & Strategy Officer, Tino La Spina.

Boral's independent directors have made these considered adjustments during what is a critical transformation period for the Company, to provide reassurance and further alignment between the Board and Management in their commitment to deliver value for the benefit of all shareholders.

To this end Boral has agreed with Mr Todorcevski and Mr La Spina:

- that it will not exercise its right to terminate their employment without cause by giving notice at any time prior to 1 July 2022; and
- if Boral thereafter unilaterally terminates their employment without cause prior to the end of the vesting period of the long-term incentive award granted to them upon their commencement with Boral last year, the award will remain on foot and capable of vesting subject to the performance conditions, set at the time the award was granted, being satisfied at the end of the performance period (that is, 1 July 2023).

Importantly, the incentive remains as fully performance tested equity under the long-term incentive award, which strongly aligns them with shareholders.

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