



This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth). It is the third supplementary target's statement (**Third 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 Third Supplementary Target's Statement supplements, and should be read together with, Boral's supplementary target's statement dated 22 June 2021 (**Second Supplementary Target's Statement**), Boral's supplementary target's statement dated 21 June 2021 (**First Supplementary Target's Statement**) and 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 Third Supplementary Target's Statement.

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

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

25 June 2021

THIRD SUPPLEMENTARY TARGET'S STATEMENT

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

**THE BORAL INDEPENDENT BOARD COMMITTEE CONTINUES TO
UNANIMOUSLY RECOMMEND THAT YOU**

REJECT

**THE SGH OFFER AND THE REVISED SGH OFFER, AS BOTH STILL
UNDERVALUE YOUR BORAL SHARES**

1. SGH Offer revised to close on 2 July 2021 and conditional price increases

On 22 June 2021, Seven Group Holdings (SGH) declared its offer unconditional in its First Supplementary Bidder's Statement.

Subsequently, on 25 June 2021, SGH announced its Offer Price remains \$6.50 per Boral Share, but that it will increase the Offer Price of \$6.50 per Boral Share in the following circumstances:

- if SGH Bidder receives acceptances under the SGH Offer sufficient to increase its aggregate interest in Boral Shares to 29.5% or more prior to 5:00 p.m. on Friday, 2 July 2021, SGH Bidder will increase the consideration under its Offer to \$7.30 cash per Boral Share (**First Conditional Increase**); and
- if SGH Bidder receives acceptances under the Offer sufficient to increase its aggregate interest in Boral Shares to 34.5% or more prior to 5:00 p.m. on Wednesday, 7 July 2021, SGH Bidder will increase the consideration under the Offer to \$7.40 cash per Boral Share (**Second Conditional Increase**),

(referred to in this document as the **Revised SGH Offer**).

There is no certainty that the conditions to the Revised SGH Offer will be satisfied and that the increased Offer Prices will become payable, in which case if you accept the SGH Offer you will receive \$6.50 per Boral Share.

The Boral Independent Board Committee continues to unanimously recommend that you **REJECT** the SGH Offer and the Revised SGH Offer, as both still undervalue your Boral Shares.

Section 2 of this Third Supplementary Target's Statement sets out the reasons for the Boral Independent Board Committee's continued recommendation.

To reject the Revised SGH Offer, the Boral Independent Board Committee encourages you to **DO NOTHING** and **TAKE NO ACTION**.

2. Reasons for the Boral Independent Board Committee's recommendation

The reasons for the Boral Independent Board Committee's recommendation are summarised below:

1. The current Offer Price of \$6.50 per Boral Share has not at this point changed. The Revised SGH Offer relies on certain conditions to be satisfied, of which there is no certainty. Both the current Offer Price and the Revised SGH Offer prices are **materially below the Independent Expert's assessment of value of \$8.25-\$9.13 per share**. In addition, and as noted in the First Supplementary Target's Statement dated 21 June 2021, Grant Samuel 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 Independent Expert's Report.

2. **Boral's renewed strategy (i) is expected to unlock significant value in the near-term from potential divestment of assets, notably in North America, and (ii) will aim to drive value creation and earnings growth, including through its transformation program.**

As outlined in the First Supplementary Target's Statement dated 21 June 2021, Boral announced that it had 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 is expected to close in the second half of 2021.

As outlined in the Second Supplementary Target's Statement dated 22 June 2021, based on Boral's financial framework (prior to any reinvestment alternatives), Boral estimates a significant surplus of approximately \$3.6 billion, which equates to \$3.02 per share, to be available for distribution to Boral Shareholders once the transaction closes.

3. The SGH Offer is **opportunistic** and appears to be timed to take advantage of an improving outlook for Boral.
4. SGH is attempting to increase its influence over Boral without paying fair value for it. Boral's share price closed at its then 52 week high of \$7.16 on 23 June 2021 and at \$6.90 per share on 24 June 2021. The Revised SGH Offer, if its conditions were satisfied and it became payable, at \$7.40¹ represents a 3.4% premium to Boral's share price of \$7.16 as at 23 June 2021 and a 7.2% premium to Boral's share price of \$6.90 as at 24 June 2021 and **does not reflect a sufficient premium for an increase in control.**

The Target's Statement dated 10 June 2021 provides further information regarding the reasons for the Independent Board Committee's recommendation.

Your Independent Directors will continue to act in the best interests of Boral Shareholders and will keep you informed of any material information.

3. Capital Management Initiatives

The Boral Independent Board Committee notes the success of Boral's ongoing on-market share buyback, whereby 72.8 million shares have been acquired at an average price of \$6.76 per Boral Share (a 7.9% discount to the last closing price of \$7.34 on 25 June 2021) and \$491.7 million has been returned to Boral Shareholders.

As noted in Boral's Second Supplementary Target's Statement dated 22 June 2021 and above, following the completion of the sale of its North American Building Products business, and based on Boral's financial framework, Boral estimates it will have surplus capital (prior to any reinvestment alternatives) of ~\$3.6 billion which equates to \$3.02 per Boral share². The Company will determine the appropriate form of any return to shareholders, which may involve further shareholder approvals.

¹ Conditional upon receipt of acceptances under the Revised SGH Offer sufficient to increase SGH Bidder's aggregate interest in Boral Shares to 34.5% or more prior to 5:00 p.m. on Wednesday, 7 July 2021.

² Includes additional proceeds of US\$125 million (A\$167 million) expected from the announced divestment of Meridian Brick, anticipated to complete in the first quarter of FY22.

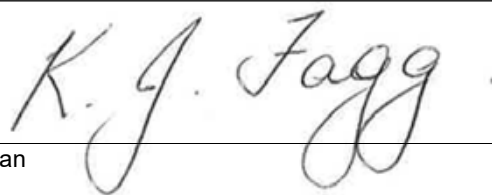
4. Timetable and process

The Revised SGH Offer is scheduled to close at 7.00pm (Sydney time) on 2 July 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 ► 25 June 2021