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Sydney, April 08, 2020 -- Moody's Investors Service, ("Moody's") has affirmed Boral Limited's Baa2 issuer rating as well as its (P)Baa2 senior unsecured MTN program rating. At the same time, Moody's has also affirmed the Baa2 backed senior unsecured ratings on Boral Finance Pty Limited and Boral Industries Inc.

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The outlooks on all ratings were changed to negative from stable.

RATINGS RATIONALE

The rapid and widening spread of the coronavirus outbreak, deteriorating global economic outlook, falling oil prices, and 3/4' 0- J f and markets. The combined credit effects of these developments are unprecedented. The building materials sector has been one of the sectors significantly affected by the shock given its sensitivity to consumer demand and sentiment. More specifically, Boral's exposure to residential construction in the US and Australia have left it vulnerable to shifts in market sentiment in these unprecedented operating conditions and Boral remains vulnerable to the outbreak continuing to spread. Moody's regards the coronavirus outbreak as a social risk

Nevertheless, the ratings affirmation reflects Boral's solid and leading market positions in diverse product lines, including cement, concrete, quarry products, plasterboard, asphalt and roofing products. The rating also benefits from the company's geog dif :% diA

reduced demand for Boral's products and supply chain disruptions. Moody's assumes a gradual recovery from the third quarter. However, there are high risks of more challenging downside scenarios, and the severity and duration of the pandemic and social distancing rules remain uncertain.

As a consequence, Moody's expects pressure on Boral's earnings and earnings-based credit metrics such as debt/EBITDA and interest cover ratios.

In terms of corporate governance, Boral has demonstrated prudent financial management over the years.

Boral has a good liquidity profile. The company's primary sources of liquidity include the group's operating cash flow and cash balances of AUD84 mil 9 ...9 ... ö { ö ...9{

maturities other than around US76 million of USPP notes due in April 2020. Boral has also taken additional measures including the reactivation of its dividend reinvestment plan (DRP). The DRP is fully underwritten for the interim and full year dividend for fiscal 2020. The company sold its Midlands Bricks business late last year. The company expects to receive the proceeds of around AUD82 million in the current quarter.

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