# **ASX** Release

23 August 2022

FY2022 results in line with revised guidance

"Sharp increases in energy costs, and significant increases in cartage costs above historical inflation, totalled \$58 million. These cost increases, combined with the impact of the construction shutdowns and extraordinary rainfall, adversely impacted EBIT by \$136 million, and more than offset the benefit of higher revenue and transformation initiatives.

"We've taken a number of actions to respond to the challenges. These include implementing pricing initiatives, accelerating overhead cost reductions through a simplified corporate organisational structure that will create a more agile and efficient organisation, and taking steps to mitigate our energy cost exposure."

Boral brought forward its annual price increase to August 2022, in addition to the out-of-cycle increases implemented in January and February, and also introduced transport charges to recoup higher fuel and cartage costs.

The reduction of roles resulting from the organisational reset in June 2022 will deliver an annualised cost saving of \$35 million, including \$24 million in FY2023.

Boral's initiatives to mitigate energy costs include shifting to more economical energy sources, particularly by increasing use of alternative fuels at its Berrima Cement kiln from 15% to 30% by late FY2023, reducing its reliance on coal.

## Executing on strategic priorities

Mr Todorcevski said that despite the headwinds, Boral had continued to make solid progress on its strategic priorities to establish a stronger foundation from which to drive improved earnings and margins.

"A significant milestone in FY2022 was completion of the strategic portfolio realignment to Australian construction materials, which enabled the return of significant capital to shareholders.

"Our transformation program delivered a net benefit of \$42 million (excluding energy and above historical cartage inflation), which was below our target of \$60–\$75 million. The program was impacted by delays in some of our transformation initiatives, including due to COVID-related supply chain impacts and higher cost inflation."

#### FY2023 outlook

# In FY2023, Boral expects:

- x revenue to be higher than FY2022, driven by strong price growth and increased volumes, with volumes to benefit from less disruption, including no construction shutdowns and higher construction demand
- x stronger infrastructure demand, including accelerating major projects work, and improved non-residential activity to more than offset softening detached housing demand in 2H FY2023
- x a high risk of further adverse impacts due to exceptional rainfall, with July 2022 the wettest July on record in Sydney
- x the benefit of price increases coupled with performance improvement initiatives to more than offset the impact of significant total cost inflation, with energy costs remaining elevated.

## In addition, Boral expects:

- x no property divestments due to change in strategy
- x financing costs to be approximately 4.2% p.a. on gross debt value (including leases)
- x effective tax rate to be close to the Australian corporate tax rate of 30%
- x capital expenditure to be approximately \$235 million (including new leases).

For the purposes of ASX Listing Rule 15.5, the Board has authorised the release of this announcement to the market.

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