

# Media Release

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## Boral expects full year profit broadly in line with consensus, despite challenging conditions in US and slower commercial work in Australia

Boral Limited announced today a net profit after tax for the six months to 31 December 2009 of \$68m, a 9% decline on the prior year in a market environment described by the company as challenging.

Despite continued difficult trading conditions in the US and a slowdown in non-residential activity in the Australian market, Boral expects that its full year profit will be broadly in line with current consensus of \$123.5m.

The company said that during the first half:

Earnings per share were 11.4 cents.

Sales revenue for the December half of \$2.3b was down by about 10% on the prior year reflecting a further decline in US housing starts and slowing non-residential activity in Australia.

Earnings before interest & tax (EBIT) at \$133m was down 15% due to US market conditions and the absence of the \$7m Adelaide Brighton dividend following Boral's divestment of its stake in May 2009.

Cash flow from operations of \$196m was up 39% on the prior corresponding period.

Gearing decreased to 44% from 55% at 30 June 2009 - at the lower end of Boral's target range.

An interim fully franked dividend of 7.0 cents per share will be paid on 23 March 2010.

The Chief Executive of Boral, Mark Selway, whose appointment became effective on 1 January, said that the mixed conditions being experienced across Boral's major markets meant the focus remained on delivering a full year result in line with expectation.

"In Australia, housing activity is showing signs of recovery which is being offset to a degree by a significant downturn in commercial non-dwelling work. Government spending in the education and health sectors will be helpful and ongoing government spending on major infrastructure projects will sustain a pipeline of future activity.

"Conditions in the USA remain challenging. The housing market appears to have bottomed at an annualised rate of 570,000 starts in the half year, which is over 60% below the 50-year average of 1.5 million starts. Despite ongoing actions to reduce costs in the US business, revenue declined 42% to A\$183m resulting in a first half loss of A\$49m against a A\$37m loss in the prior year. This represents a considerable improvement on the A\$72m loss in the second half last year on broadly similar sales volumes.

"Solid market recoveries combined with excellent operational performance delivered improved results from Boral's businesses in Asia."

Looking forward, Mr Selway said: "While forecasting remains difficult in the current economic climate, subject to current levels of building starts, weather conditions and roughly consistent exchange rates, we expect Boral's full year profit to be broadly in line with consensus of \$123.5m. Our immediate priority is to manage the business through the downturn and capitalise on opportunities as the market recovers. While capital expenditure has been contained in the downturn, we have capacity to grow our businesses and to strengthen our leading market positions," concluded Mr Selway.

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