

Boral continues to deliver its strategy and a further 9% year-on-year growth in underlying half-year profit after tax¹ to \$149 million

Boral Limited (ASX: BLD) today reported a 9% increase in underlying **profit after tax before significant items¹ to \$149 million** for the half year ended 31 December 2016. The result reflects a solid performance in Australia combined with strong earnings growth from Boral USA and USG Boral.

After significant items, Boral reported a net profit after tax of \$153 million, 12% ahead of the prior year.

Sales revenue of \$2.1 billion was down 5% on the prior year as revenue growth from strong activity in Eastern Australia and growth in the USA was offset by the impact of equity accounting for

Boral Australia delivered a solid result with a strong performance from the construction materials businesses. **EBIT including property earnings was \$164 million**, down 3% or \$5 million lower than 1H FY2016. Strong east coast volumes, pricing gains, margin improvements and higher property earnings were more than offset by the completion of LNG projects and Barangaroo as well as the WA market decline.

“Turning to **USG Boral**, the JV delivered an impressive 25% increase in earnings to Boral during the half year, reflecting its strength in manufacturing, distribution and technology across Australia, Asia and the Middle East. This outstanding business is delivering on its growth and performance promises,” said Mr Kane.

The **USG Boral joint venture delivered a 25% increase in post-tax equity income to \$40 million** and a 28% lift in underlying EBIT to \$117 million, reflecting strong growth in Australian and Korean markets, cost reduction benefits and continued penetration of premium Sheetrock® across all regions.

“From **Boral USA** we achieved a A\$13 million year-on-year increase in earnings, underpinned by modest but continuing market growth. The formation of the US Bricks JV – Meridian Brick – during the period, as well as the announced acquisition of Headwaters Inc, means that we are well on our way to transforming Boral to deliver better returns and value-creating growth,” said Mr Kane.

Boral USA delivered a A\$13 million EBIT for the half year compared with a breakeven result in the prior year, driven by the continuation of an improving US housing market. During the period the Meridian Brick JV was formed, with earnings from Bricks now reported on an equity basis.

“And looking at **Boral’s safety performance** for the half year, we delivered a further reduction in recordable injury frequency rate to 8.4 from 8.8 at the full year last year, and we reported a lost time injury frequency rate of 1.5 for the period. This performance is very credible and with safety remaining our number one priority across the business, we are committed to delivering further improvements,” added Mr Kane.

Boral’s **outlook for FY2017** remains largely unchanged, with **Boral’s EBIT expected to be higher than the EBIT delivered in FY2016**, with improved performance partially offset by the loss of EBIT of ~\$6.5 million associated with the divestment of Boral’s 40% share of Boral CSR Bricks in Nov-16.

On a divisional basis:

Boral Australia expects to deliver higher EBIT in FY2017 compared with FY2016. With the strong recovery in Q2 from the rain impacts of Q1, we now expect FY2017 earnings to be broadly balanced between first and second halves, as benefits from volume and price gains offset the impacts of fewer working days in the second half. **Property** earnings will continue to contribute to the result in FY2017 with 2H FY2017 earnings expected to be broadly similar to the \$9 million EBIT delivered in 1H FY2017.

USG Boral earnings are expected to continue to grow in FY2017. While 2H FY2017 earnings will be lower than 1H earnings due to normal seasonality impacts, continued solid year-on-year growth will be underpinned by volume and price growth in key markets, including ongoing penetration of Sheetrock