

Results Announcement for the half year ended 31 December 2018

25 February 2019

Media Release

Boral announces half year results in line with recent guidance¹ and announces progress on a value-creating growth strategy for USG Boral

Boral Limited (ASX: BLD) today reported a net profit after tax before amortisation (**NPATA**) & significant items² of **\$224 million** for the half year ended 31 December 2018, 6% lower than the first half last year.

Boral's half year result reflects growth from Boral North America more than offset by lower earnings associated with divestments, and lower first half earnings from Boral Australia and USG Boral.

Boral's half year results include:

Net profit after tax (**NPAT**) before significant items of **\$200 million down 6%** on 1H FY2018

Statutory profit of **\$485 million** compared with **\$500 million** last year, with the \$15 million

increase in EBITDA equivalent to the reduced earnings due to the divestments of Denver
Production Materials and US Block; **EBITDA was steady for continuing operations**

near **Headwaters synergies of US\$14 million** against a full year target of US\$25 million

interim dividend of **13.0 cents per share**, up 4% on last year's interim dividend.

On the half year result, Boral's CEO & Managing Director, Mike Kane, said:

"Boral's half year results reflect strong underlying businesses, which were impacted by adverse weather, particularly in North America, as well as project-related volume delays in Australia. We expect to deliver growth in the second half."

*"Excellent **safety** improvements were delivered in the half year, with a lost time injury frequency rate³ of 1.1 compared with 1.6 for FY2018."*

Boral Australia delivered an EBITDA of \$271 million, down 8% and EBITDA margins of 15% which were slightly softer. *"Boral Australia benefited from growing infrastructure activity offsetting softer residential construction and improved pricing outcomes. However, project delays and phasing, and adverse weather in NSW in October translated into lower concrete volumes which contributed to a less favourable product mix in Australia relative to last year."*

Boral North America delivered a half year EBITDA of US\$141 million, 9% above the prior year first half, with strong and improving EBITDA margins nearing 18%. *"We remain pleased with the integration of the Headwaters acquisition, with further synergies of US\$14 million delivered in the half year, adding to US\$39 million already delivered, and on track for US\$115 million in year 4. Performance was impacted by extreme rainfalls in key US states, which slowed volumes in most businesses. Underlying demand growth has been mixed, with Roofing particularly benefiting from strong growth markets. Price growth is encouraging and is substantially offsetting cost pressures."*

USG Boral delivered an underlying EBITDA of A\$125 million (100% of the business), 16% lower than the same period after EBITDA margins of 15%. *"Revenue growth in USG Boral was underpinned by Australia, China, Vietnam and India while lower earnings were largely attributed to South Korea's cyclical housing decline that is underway in a highly competitive environment. USG Boral remains strong and contributed \$25 million of equity income to Boral in the half."*

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“We expect that Boral Australia will deliver broadly similar EBITDA this year to FY2018 excluding Property in both years, with Property earnings to be around \$30 million compared with \$63 million in FY2018. Boral North America is expected to deliver EBITDA growth of approximately 15% in USD in FY2019 for continuing operations, reflecting volume growth, further synergy delivery and operational improvements. And USG Boral is expected to deliver slightly