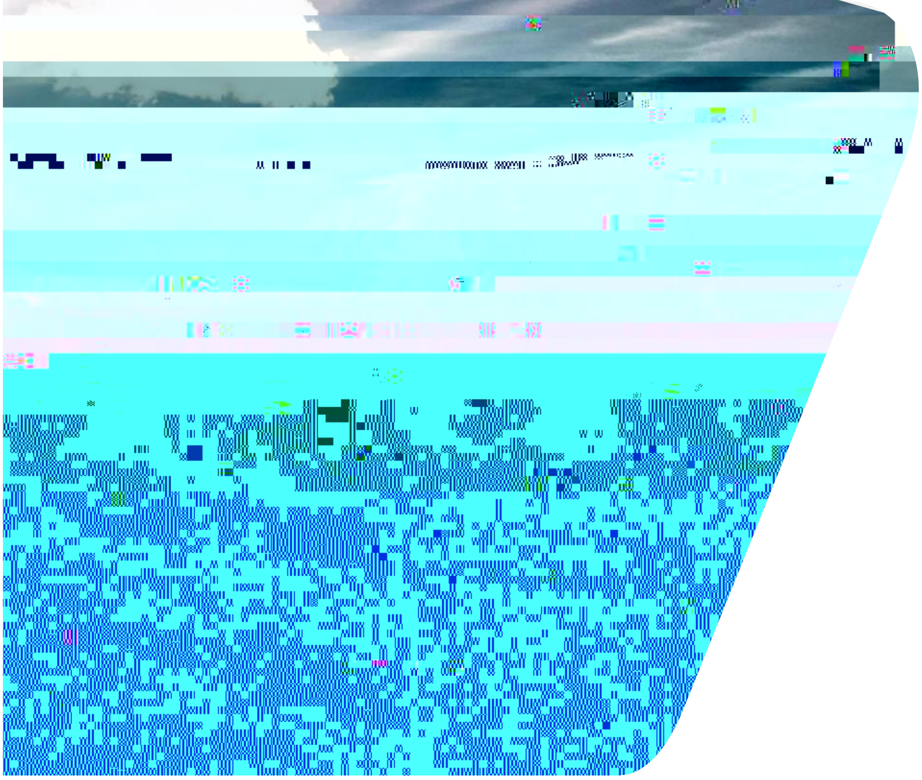

1H FY2021 results

for the half year ended
31 December 2020

Management Discussion & Analysis

9 February 2021

Commentary throughout this Management Discussion & Analysis, unless otherwise stated, is based on earnings from continuing operations and includes the impact of the IFRS leasing standard (AASB 16).

For continuing operations:

- **Revenue** of **$2,703m** declined 9% on prior corresponding period (pcp)
- **EBIT**[1,2] of **$215m** decreased 8% on pcp
- **EBIT**[1,2] **margin of 8.0%** (7.9% pcp)

For total operations:

- **Statutory NPAT**[2] of **$161m** up 18%; and **underlying NPAT**[1,2] of **$156m** steady on pcp
- **Statutory EPS of 13.2 cents** (11.6 ¢ pcp)
- **Underlying EPS**[1,2] **of 12.7 cents** (13.3 ¢ pcp)

No interim dividend as debt higher than target

Operating cash flow of **$391m** up 65% on pcp

ROFE of **7.7%** (6.1% pcp)

- **Safety** – Recordable injury frequency rate (RIFR)[4] of 7.7 broadly in line with FY19 and FY20. Lost time injury frequency rate (LTIFR)[4] of 1.7 is also broadly in line with last year's 1.6.
- **Responding to COVID-19** – The health and wellbeing of our people remains a key priority while maintaining safe supply to our customers through the COVID-19 pandemic. Boral has robust hygiene measures and safety protocols in place to protect the health and wellbeing of our people and customers. In North America wher40.92

A summary of divisional results is provided in the table with detailed commentary in the following pages.

On 27 October 2020, Boral announced it had agreed to sell its 50%

Concrete reported lower revenue and earnings due to weaker residential activity in NSW and Vic and underlying price declines. Concrete volumes were down 8% and prices down 4%. The completion of projects such as NorthConnex and Sydney Metro Rail in NSW contributed to the volume decline.

In Concrete Placing, revenue and earnings were lower due to the completion of projects in the pcp, including the Crown Sydney Project at Barangaroo. Work at Wynyard Place and Parramatta Square continued during the half. Major pours at the Waterloo Metro Station and the Sydney Football Stadium commenced and continue to ramp up.

Quarries revenue was steady and earnings improved due to cost savings and better operational performance at the Peppertree Quarry without the costs associated with the unplanned disruption in the pcp. Total volumes declined 3% reflecting lower internal pull through from lower Concrete volumes. While like-for-like prices were 3% softer, ASP was steady due to a shift towards higher priced quarry products.

Cement external revenue was steady reflecting increased major project volumes in Vic and an improving DIY (packaged products market) which offset a 2% decline in ASP. Earnings were steady with benefits from targeted cost savings, lower energy costs and the absence of higher costs associated with the unschedul 0 0 1 48he ue

Fly Ash revenue was down 8% on pcp reflecting lower site services revenue and a 9% volume decline partially offset by a 9% price gain. Earnings were lower and EBIT margin slightly lower at ~15%.

Fly Ash volumes were lower on pcp due to lower power demand, including COVID-related effects and hurricane-related disruptions in the south. Around 230k tons of fly ash volumes in 1H FY21 came from new contracts and newly available ash (Cumberland and Mill Creek) and through network efficiencies, offsetting ~150k tons of lost volumes due to the closure of the Navajo utility in the prior year and ~100k tons due to the Wyoming contract lost in Oct-2020 which will have a greater impact in 2H FY21. *See p.11 for more details.*

Roofing revenue for 1H FY21 was broadly steady on pcp and EBIT was higher reflecting a substantially lower September quarter relative to pcp followed by a much stronger December quarter as production ramped up to meet growing demand.

Roofing volumes were steady in the half but up ~4% in the December quarter on pcp. While price increases in metal, composites and clay roofing of ~3-5% were delivered, average prices in concrete roofing were steady as underlying price gains were offset by a less favourable mix shift. Overall, Roofing ASP was broadly steady.

While production efficiency improvements have been hampered by COVID disruptions, improvement programs are delivering benefits and new operational management plans delivered early gains in the December quarter.

Stone revenue increased 2% driven by a strong December quarter relative to pcp. A substantial EBIT increase was delivered with increases on pcp in both September and December quarters, assisted by ~US$5m profit on property sale. Excluding the property sale, a significant increase in EBIT from Stone was still delivered.

Stone volumes increased 4% reflecting a strong lift in the December quarter after a decline in the September

We have seen strengthening housing demand in North America, with production ramping up in the December

Boral Limited's statutory results are reported under International Financial Reporting Standards. A number of non-IFRS measures are reported in order to provide a greater understanding of the underlying business performance of the Group.

Significant items are detailed in Note 2 of the Half Year Financial Report and relate to amounts of income and expense that are associated with significant business restructuring, business disposals, impairment or individual transactions.

A reconciliation of these non-IFRS measures to reported statutory profit is detailed below:

$m		Earnings before significant items	Significant items	Reported Result
Sales revenue		2,716.1	-	2,716.1
Profit /(loss) before depreciation, amortisation, interest & income tax	**EBITDA**	486.2	(1.5)	484.7
Depreciation & amortisation		(231.8)	-	(231.8)
Profit / (loss) before interest & tax	**EBIT**	254.4	(1.5)	252.9
Interest		(58.3)	-	(58.3)
Profit before tax	**PBT**	196.1	(1.5)	194.6
Tax benefit / (expense)		(40.3)	7.1	(33.2)
Net profit after tax	**NPAT**	155.8	5.6	161.4
Weighted average number of shares				1,225,653,798
Basic earnings per share (cents)	**EPS**[24]	12.7		13.2

The results announcement has not been subject to review or audit however it contains disclosures which are extracted or derived from the Half Year Financial Report for the six months ended 31 December 2020.

The Half Year Financial Report for the six months ended 31 December 2020 is prepared in accordance with the ASX listing rules and should be read in conjunction with any announcements to the market made by the Group during the year.

Non-IFRS information (cont.)

A reconciliation of non-IFRS measures for continuing and discontinued operations to reported statutory profit is detailed below:

$m	Continuing operations	Discontinued operations	Total
Sales revenue			

FOOTNOTES

[1] Excluding significant items

[2] See pages 17-18 for reconciliations and explanations of these items

[3] ROFE is six-month EBIT before significant items on proportional funds employed (average funds employed divided by two)

[4] Per million hours worked for employees and contractors in all businesses and all joint ventures regardless of equity interest

[5] Includes Boral's 50% share of underlying revenue from USG Boral and Meridian Brick joint ventures, which are not included in Group reported revenue

[6] ABS, average of BIS Oxford Economics (September 20 Outlook) and Macromonitor forecasts (November 20 Outlook) forecasts

[7] ABS. average of BIS Oxford Economics (September 20 Outlook) and Macromonitor (November 20 Outlook) forecasts

[8] ABS original housing starts to September 2020 quarter. Average of Macromonitor (November 2020 Outlook), BIS Oxford Economics (September 2020 Outlook) and HIA (November 2020 Outlook) forecasts

[9] Average of Macromonitor (November 2020) and BIS Oxford Economics (September 2020 Outlook) forecasts

[10] US Census seasonally adjusted annualised housing starts (January 2021). Based on data up to December 2020

[11] Moody's retail sales of building products, December 2020

[12] Management estimate of ready mix demand uti