KEY POINTS

- Group profit after tax[1] up 3% to $104m
- Full year revenue up 6% to $5.29b, EBITDA[1] up 10% to $519m and EBIT[1] up 14% to $228m
- Revenue and earnings improvements include a full year contribution from the acquisitions of Boral Gypsum in Asia and South East Queensland concrete and quarries
- Reported net loss after tax of $212m after net significant items of $316m relating to organisational restructuring costs and impairment charges
- Net debt of $1.45b down from $1.52b at 30 June 2012
- Full year dividend of 11.0 cents per share, fully franked
- Strong increase in earnings from Construction Materials & Cement and reduced losses from Boral USA were largely offset by a significant reduction in earnings from Building Products in Australia
  - Resources and infrastructure work, acquisitions and $28m of property earnings benefited Construction Materials & Cement
  - Building Products was impacted by weak demand, particularly in Timber, continued pricing pressure in Western Australia and production reconfiguration costs
  - Boral Gypsum benefited from full year consolidated earnings from Boral Gypsum Asia
  - The continued recovery in the USA saw increased residential demand and reduced losses in Boral USA although volumes were impacted by low product intensity
- Extensive organisational restructuring and a range of operational rationalisation and outsourcing initiatives completed in FY2013, in line with strategic priorities set in November 2012
- Expected cost savings of $90m in FY2014 from reduction of more than 800 functional, support and managerial positions with $37m realised in FY2013, partially offset by $15m of net carbon costs
- Divestments and land sales delivered $173m of cash proceeds in year 1 ($88m from divestments and $85m from land sales), of the two-year target of $200-$300m
- With lost time injury frequency rate steady at 1.8, safety efforts are being reinvigorated with a push on senior level ‘safety interventions’, behaviour-based safety systems and near-miss reporting

(A$ millions)	FY2013			FY2012		
	Group [2]	Discontinued Operations	Continuing Operations	Group [2]	Discontinued Operations	Continuing Operations
					294	4,716

EBIT[1]

FINANCIAL OVERVIEW

Boral's sales revenue of $5.29b increased 6% year-on-year, assisted by a full year contribution from the acquisitions of Lafarge's 50% interest in the Asian Gy

EXTERNAL IMPACTS & MARKET CONDITIONS

Boral Building Products

Australian Bricks[1], Roofing[1], Timber and Windows

(A$ millions)	FY2013	FY2012	Var %
Revenue	592	660	(10)
EBITDA	(3)	33	(109)
EBIT	(40)	(5)	(671)

External Revenue	FY2013	FY2012	Var %
Bricks & Roofing[1]	310	333	(7)
Timber	155	192	(19)
Windows	127	135	(6)

Building Products revenues of $592m declined 10% on the prior year reflecting lower volumes and mixed pricing outcomes.

Building Products reported volume declines of 4% in Bricks[2], 8% in Roofing[2] and 9% across Hardwood and Softwood. Prices were marginally higher in Bricks and Hardwood, broadly flat in Roofing, and lower in Softwood. The division also saw a reduction in woodchip sales due to the loss of its major overseas customer which resulted in Boral's exit from the woodchip export business in June 2013.

An EBIT loss of $40m in FY2013 was $35m lower than the prior year primarily driven by lower volumes in Bricks and Timber as well as lower margins.

Combined revenues from the Bricks and Roofing business declined by 7% over the prior year, with earnings falling by $21m due to lower sales volumes, competitive price pressures in Western Australia and $8m in one-off impacts from Bricks capacity optimisation projects. Three capacity optimisation projects were undertaken in FY2013, all of which were essentially completed in the second half of the year – the upgrade of Darra line 1 in Queensland (increasing plant output by 10% following the closure of Darra 3 in 2012); the consolidation of Badgerys Creek production into Bringelly in New South Wales; and the transfer of products from mothballed kilns 7 and 8 to kiln 11 in Western Australia.

The Timber business reported a 19% revenue decline and $11m reduction in earnings on the prior year, as a result of a number of factors, including:

- significantly lower demand for decorative hardwood products at the premium end of the new housing and alterations & additions markets;
- increased import and domestic competition in softwood and hardwood; and
- a substantial decline in revenue from the woodchip export business as the high Australian dollar reduced price competitiveness.

Windows revenues were down 6%, reflecting weak residential activity in Victoria and the impacts of the closure of Newcastle and Nowra fabrication sites in New South Wales. Improvement initiatives have since been implemented which should benefit FY2014 earnings.

The Building Products division played a key role in realising overhead cost savings, delivering a $12m reduction in administration costs during the year. Substantial restructuring and streamlining of the business took place during the year including in Timber where Boral has eliminated peripheral activities having now exited from the woodchip export business, softwood distribution in Queensland and engineered flooring production in Murwillumbah.

In an effort to return Building Products to profitability it is critical that margins are recovered to achieve a sustainable business base. Boral is continuing to review value creating opportunities for its Australian Bricks business, further reduce costs and increase prices. Boral is also continuing to work cooperatively with the state-owned Forestry Corporation of NSW to align available log supply with demand.

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[1] The remaining Masonry operations are incorporated into the Bricks business in Western Australia and the Roofing business in South Australia

[2] Not including Masonry volumes

Boral Gypsum

Plasterboard Australia and 100% of Boral Gypsum Asia (BGA)

Boral Gypsum revenues of $919m and EBIT of $83m include a full year consolidated contribution from Boral Gypsum's Asian operations; Boral acquired the remaining 50% interest in BGA on 9 December 2011.

In Australia revenue of $335m was down 5% and EBIT of $25m was flat year-on-year. Revenues were adversely impacted by lower market demand resulting in a 2% decline in board volumes, flat board prices and lower resale product and contracting revenues. Plasterboard Australia earnings however benefited from lower operational and distribution costs from the upgraded Port Melbourne plant, reduced overheads and a higher contribution from the Rondo joint venture.

EBIT from Asia of $57m in FY2013 compares to a contribution of $41m in the prior year, $10.1m of which was equity income recognised prior to acquisition of the remaining 50% interest in BGA.

On a like-for-like basis theoretical consolidation for the prior comparative period would have resulted in Asia revenue of $559m and EBIT of $63m in FY2012. On this basis, revenues from Asia increased 4% while EBIT declined 10%. The benefit of revenue growth on Asia earnings, most notably in Thailand, China and Indonesia, was offset by lower volumes and margins in Korea and Vietnam as well as the cost of market entry into north eastern China through the Shandong plant.

Accounting for a combined one-third of Asian revenues, Thailand and Indonesia reported strong revenue growth underpinned by favourable economic conditions. Margins in Indonesia however, were impacted by the ramp-up of the new board line at Cilegon and higher energy costs. In Korea, which accounts for another 30% of Asian revenues, strong pricing competition in a weak housing market coupled with higher input costs adversely impacted margins. Revenues in China benefited from a full year contribution of the Shandong plant which was commissioned in early 2012; year-on-year volume growth continued to be dampened by weaker construction activity, particularly at the premium end of the market.

The remaining country markets in Asia account for around 16% of Asian revenues on a combined basis including Vietnam, Malaysia and India. Malaysia reported solid revenue growth while Vietnam experienced a slowing economy and plant performance issues, which have since been resolved, resulting in lower sales volume and margin. Sales volumes in India were negatively impacted by anti-dumping restrictions on sales of imported products.

In line with expectations, the plant expansion of 30m m^2 at Cilegon (Indonesia) was completed in the first

Boral USA

Bricks & Cultured Stone, Roof Tiles, Fly Ash, Construction Materials

(A$ millions)	FY2013	FY2012	Var %
Revenue	555	499	11
EBITDA	(23)	(41)	45
EBIT	(64)	(84)	23

(US$ millions)	FY2013	FY2012	Var %
Revenue	569	516	10
EBITDA	(23)	(42)	45
EBIT	(66)	(87)	24

External Revenue (US$ millions)	FY2013	FY2012	Var %
Cladding[1]	276	239	16
Roofing	122	101	20
Construction Materials & Fly Ash	171	176	(3)

Boral USA revenues of A$555m were up 11% on the prior year, reflecting the benefit of a 22% increase in single family US housing starts in Boral's Brick States[2] and 43% in Boral's Tile States[3].

The reported EBIT loss of A$64m was a 23% improvement on the prior year loss of A$84m. US dollar losses of US$66m decreased by US$21m from FY2012.

The improved result was driven by higher Cladding and Roofing volumes, better production leverage, operational cost containment projects and overhead cost reductions which more than offset cost inflation and lower prices in Cladding and Roofing.

Cladding and Roofing volume gains however continued to be below expectation as growth in new housing construction was biased towards low cost national production home builders which typically have a lower intensity of Boral products relative to regional custom home builders. The adverse mix shift towards production builders coupled with a geographic mix shift towards lower priced markets, and a soft re-roof market resulted in average selling prices declining in Cladding and Roofing.

Revenue from Cladding (Bricks, Cultured Stone & Trim) was up 16% to US$276m, reflecting a 14% volume increase in both Bricks and Cultured Stone and a strong uplift in resale product revenues which partly offset lower prices. Sales of the innovative composite trim products, which were introduced into the market less than two years ago, increased significantly albeit from a low base; the business will continue to be loss making until scale manufacturing and optimum market positioning is achieved.

Bricks and Cultured Stone plant utilisation remains low at 41% and 27% respectively in FY2013, with Bricks benefiting from earlier capacity reductions following the closure of 45% of Boral's brick plants. Commissioning of the Bessemer commercial brick plant which was completed in the last quarter of FY2013 is expected to deliver earnings benefits from the second half of FY2014.

Roofing revenues of US$122m increased by 20% with volumes improving by 24% and pricing down on last year. Earnings increased over the prior period due to operational cost reductions as well as improved volumes.

Combined Construction Materials and Fly Ash revenues of US$171m were 3% lower on FY2012 with margins down marginally as FY2012 earnings benefited by $5m from the termination and settlement of an onerous fly ash contract. Strong volume gains in the Colorado construction business driven by higher market demand offset lower Fly Ash revenues which were impacted by some site closures; volumes in the Oklahoma construction materials business were broadly flat on last year. The Oklahoma concrete and sand operations were sold in June 2013.

Discontinued Businesses

Asian Construction Materials, East Coast Masonry

Discontinued Businesses reported $77m of revenue and a $9m EBIT loss in FY2013, reflecting the trading results of Thailand Construction Materials and East Coast Masonry until their disposal.

[1] Includes Bricks, Cultured Stone and Trim

[2] McGraw Hill / Dodge data. Boral Brick States include: Alabama, Arkansas, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas

[3] McGraw Hill / Dodge data. Boral Tile States include: Arizona, California, Florida, Nevada

BORAL'S STRATEGIC PRIORITIES

Boral's EBIT return on funds employed (ROFE) for FY2013 of 4.7% is unacceptably low.

Efforts are focused on improving margins through price and cost management as well as imposing strict

Boral Building Products

The smaller Building Products division is suffering from industry overcapacity and significant competitive pressures. Further restructuring in Bricks is required to address poor profitability and over-capacity in New South Wales and Victoria (due to higher density and lower brick-intensity housing), and in Western Australia (where increased competition has seen a major structural change in the industry and capacity).

In Timber, Boral has been working cooperatively with Forestry Corporation of NSW to better align short-term log supply with lower demand. Negotiations are continuing to find a sustainable solution that better aligns cyclical demand with available log supply through the term of Boral's Wood Supply Agreements.

While further work is progressing, the following steps were taken to streamline the business and help return it to profitability:

Divestment of East Coast Masonry

Closure or exit of:

- o Batemans Bay Timber mill
- o Woodchip Export business
- o Softwood distribution in Queensland
- o Engineered Flooring manufacturing at Murwillumbah
- o Nowra and Newcastle Windows fabrication operations.

Boral Gypsum

With the leading position in the highest growth gypsum market in the wor
strategically important division for Boral. We have more than 40% market
the combined population is 570m and where 470m² of plasterboard is currently consumed.

FY2013 was a relatively slow growth year with only 4.0% volume growth in Asia, reflecting a pause in construction markets in South Korea, China and Vietnam. Despite some low growth years, including the global financial crisis, sales growth in the Asian business has averaged 7% per annum since FY2007.
The projected growth (Flooricou804 Tc .0023osure 3o657 2)de proc .002 Tite (2.1714GTc .0027 Tw (over-capaci

RESULTS AT A GLANCE

(A$ million unless stated)

Year ended 30 June	FY2013	FY2012	% Change
Revenue	5,286	5,010	6%
EBITDA[1]	519	473	10%
EBIT[1]	228	200	14%
Net interest	(97)	(88)	(10%)
Profit before tax[1]	130	111	17%
Tax[1]	(20)	(9)	
Non-controlling interests	(6)	(1)	
Profit after tax [1]	104	101	3%
Net significant items	(316)	75	
Net profit / (loss) after tax	(212)	177	
Cash flow from operating activities	294	133	
Gross assets	6,316	6,499	
Funds employed	4,840	4,921	
Liabilities	2,923	3,096	
Net debt	1,446	1,518	
Stay-in-business capital expenditure	111	192	
Growth capital expenditure	183	222	
Acquisition capital expenditure[2]	-	701	
Depreciation and amortisation	291	273	
Employees[3]			
Revenue per employee, $ million			
Net tangible asset backing, $ per share			
EBITDA margin on revenue[1], %			
EBIT margin on revenue[1], %			
EBIT return on funds employed[1], %			
Return on equity[1],%			
Gearing			
Net debt/equity, %			
Net debt/net debt + equity, %			
Interest cover[1], times			
Earnings per share[1], ¢			
Dividend per share, ¢			

Non – IFRS Information

Boral Limited's statutory results are reported under International Financial Reporting Standards.

Earnings before significant items is a non statutory measure reported to provide a greater understanding of the underlying business performance of the Group.

Significant items are detailed in Note 8 of the preliminary financial report and relate to amounts of income and expense that are associated with significant business restructuring, impairment or individual transactions.

A reconciliation of earnings from continuing operations before significant items to reported profit is detailed below:

Year ended 30 June 2013

	Profit before significant items	Significant items	Total
	$m	$m	$m
Continuing operations			
EBIT	236.6	(445.6)	(209.0)
Net financing costs	(96.0)		(96.0)
Income tax (expense) benefit	(19.5)	117.5	98.0
NPAT from continuing operations	121.1	(328.1)	(207.0)
Non controlling interests	(6.4)		(6.4)
NPAT from continuing operations attributable to members of the Boral Group	114.7	(328.1)	(213.4)
Discontinued operations			
NPAT from discontinued operations attributable to members of the Boral Group	(10.3)	11.6	1.3
NPAT attributable to members of the Boral Group	104.4	(316.5)	(212.1)

The results announcement has not been subject to review or audit, however it contains disclosures which are extracted or derived from the preliminary Financial Report for the year ended 30 June 2013.

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