Boral delivers significant profit improvements

- Reported revenue of $4.41b for the year down 15% reflecting a full year of equity accounted earnings from the USG Boral joint venture
- EBITDA[1] of $605m, up 9%
-

Net debt of $817m compares with $718m at 30 June 2014

- Earnings per share[1] of 31.9 cents [illegible] the USG Boral joint venture

- Boral Construction Materials & Cement – EBIT of $301m was $24m higher than FY2014 as a strong

Financial Overview

Boral Construction Materials & Cement (CM&C)

Boral Building Products [1]

Australian Bricks, Roofing and Timber

Increased housing activity and cost savings support improved profitability across all products

(A$ millions)	FY2015	FY2014	Var %
Revenue	485	487	-
EBITDA[2]	50	29	70
EBIT[2]	30	8	260

External Revenue	FY2015	FY2014	Var %
Bricks & Roofing	345	343	1
Timber	140	144	(3)

2. Excludes significant items

Revenue was broadly steady at $485m reflecting price gains and stronger housing activity in NSW, Queensland, Victoria and Western Australia, offset by the absence of two months of East Coast Bricks revenues after the formation of the Boral CSR Bricks joint venture on 1 May 2015 as well as decreased Timber volumes.

EBIT – Building Products continued its turnaround with a strong $22m improvement in EBIT to $30m; Bricks and Timber reported significant gains over the prior year. The result reflects improved pricing across all products and markets, the benefits of production volume levera-4.8(r119 Tw [()-6.7(ell 1D -m /CT.05o 1D -m /CT.05o5 Tc (wi28 Tw [(– Buildoperd)-12.re i

[1] Includes 10 months of fully consolidated results from East Coast Bricks business, and two months of equity accounted (40%) share of post-tax earnings from Boral CSR Bricks JV from 1 May 2015. Remaining Masonry operations are incorporated into the Bricks business in Western Australia and the Roofing business in other states.

Boral USA

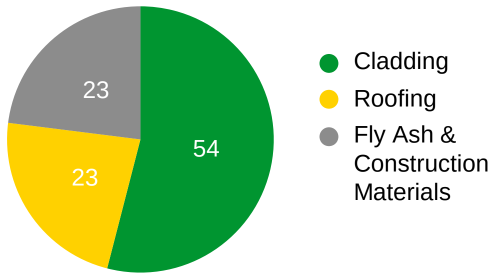
Cladding (Bricks, Cultured Stone & Trim), Roof Tiles, Fly Ash and Construction Materials

Breaks through to profitability with improved market activity and strong focus on costs

(A$ millions)	FY2015	FY2014	Var %
Revenue	839	681	23
EBITDA[1]	50	3	
EBIT[1]	6	(39)	
(US$ millions)	FY2015	FY2014	Var %
Revenue	695	622	12
EBITDA[1]	42	3	
EBIT[1]	5	(35)	
External Revenue (US$ millions)	FY2015	FY2014	Var %
Cladding[2]	374	323	16
Roofing	159	139	14
Fly Ash & Construction Materials	162	160	1

1. Excludes significant items
2. Includes Bricks, Cultured Stone & Trim

External Revenue %
Total = A$839m



Revenue increased by 12% on the prior year to US$695m, with strong growth in Cladding, Roofing and the Colorado Construction Materials business. Australian dollar revenue increased by 23% to A$839m.

The business benefited from increased US housing construction activity across all key geographic regions. While brick and stone intensity levels per housing start remain broadly steady, housing growth continues to be skewed towards multi-family activity with pent-up demand in the single-family segment constrained by financing, land and labour supply.

EBIT improved by US$40m to a US$5m profit with all businesses other than Bricks being profitable or close to break-even. The result was driven by:

- significant volume gains, particularly in Cultured Stone, Trim and Roofing;
- solid price gains in Trim, Roofing, Fly Ash and Construction Materials;
- improved production volume leverage; and
- US$20m in cost savings comprising SG&A savings and the previously announced US$12m of savings from the regional sales and manufacturing restructuring and consolidation activities undertaken in June 2014.

Cladding revenue which includes Bricks, Cultured Stone and Trim grew 16% to US$374m .

Bricks revenue increased by 13% to US$246m, driven by an 8% lift in volumes in line with the broader market, stronger commercial sales and a 1% rise in average selling prices, with strong pricing gains in some markets such as Texas. Distribution revenue from the sale of non-brick products also increased by 20%, particularly in Texas.

Cultured Stone broke through to profitability with a 17% increase in volumes, 1% higher average selling prices and operational cost savings. Sales of Versetta and the new second brand, ProStone, also contributed to the increase in revenue.

Brick and Cultured Stone increased plant utilisation by 3% each to 52% and 30% respectively, with inventories broadly unchanged.

Boral's innovative Trim product rose strongly on the back of continued market penetration and geographical expansion with an increased number of dealer locations stocking the products. Volumes rose 58% and average selling prices were up 8% helped by the new siding product launched in 1Q FY2015, resulting in a close to break-even result for this small but growing business.

Roofing revenue rose 14% to US$159m. Volumes increased 11% and average selling prices increased 5%. Higher cement input costs were offset by cost savings and operating leverage. Concrete roofing plant utilisation was 28%, up from 24% in the prior year.

Fly Ash and Construction Materials combined revenue of US$162m was up 1% with both businesses increasing in profitability, despite fly ash volumes being impacted by industry supply constraints. Conditions in the construction materials market in Denver were favourable with increased volumes and strong price gains.

FY2015 vs FY2014	Volume, Var %	ASP, Var %
Bricks	8	1
Cultured Stone	17	1
Trim	58	8
Roof tiles	11	5

Fix, Execute, Transform Program

Boral's 'Fix, Execute, Transform' program continues to be an effective framework to deliver more sustainable growth and superior returns through the cycle.

EBIT return on funds employed (ROFE[1]) of 8.2% in FY2015 was up from 7.2% in FY2014. ROFE has increased despite the EBIT contribution from Gypsum being on an equity accounted after tax basis since 1 March 2014 and despite unfavourable currency movements impacting overseas asset values. Key drivers of improved ROFE performance in FY2015 include improved earnings from the USA, Building Products and Property, and over the longer term portfolio restructuring is also delivering benefits.

FIX – Fixing things that are holding us back

While we have moved firmly into the Execute and Transform phases of the program, our efforts continue to reshape the portfolio, manage costs down, and maintain a strong balance sheet through cash generation and conserving capital.

Reshaping the portfolio

In FY2015, the following rationalisation and portfolio reshaping initiatives were undertaken to reduce costs, respond to changing market dynamics and strengthen Boral's growth potential.

Boral Construction Materials & Cement

- Divested Boral's Western Landfill business in Melbourne to Transpacific Industries (TPI). On completion of the sale, on 28 February 2015, TPI paid Boral a $150m upfront payment to purchase the business plus approximately $15m for site preparation work. Boral will also receive a long-term earnings stream from TPI in the form of fixed payments and volume-based royalties for the life of the landfill.
- Closed the small specialty cement kiln at Maldon in December 2014.

Boral Building Products

- The Australian East Coast Bricks JV between CSR and Boral commenced in May 2015, and is expected to deliver $7-$10m per annum of synergies following integration. From 1 May 2015, Boral has been equity accounting its 40% share of the combined entity's post-tax earnings.
- A strategic review of the Timber business was undertaken including reviewing external opportunities for the business. A modest impairment has been taken and the focus is now on a structural improvement program, particularly in the Hardwood business. Multiple capital projects totalling ~$10-15m will focus on safety and operational improvements, including warehouse and distribution rationalisation. We are also continuing to work with the NSW Government to secure a more sustainable outcome for the future.

Boral Gypsum

- The new higher strength, lighter weight, improved sag-resistance Sheetrock® Brand plasterboard was introduced into Australia, Korea, Indonesia, Thailand and China in FY2015, and more recently in Vietnam. The technology roll-out is ahead of schedule and coming in below budget.
- USG's adjacent products continued to be introduced to USG Boral's markets across Australia and Asia.
- We remain confident of delivering the targeted US$50m per annum of synergies within three years of the technology roll-out.

Boral USA

- Completed the restructuring of regional sales and operational organisations to reduce costs and better align with Boral's US building products manufacturing and distribution footprint.
- Continued to assess options for the US bricks business.
- In January 2015, divested the limestone quarry in Oklahoma, the final step in exiting construction materials in Oklahoma.

Managing costs down

Major group-wide restructuring and rationalisation initiatives undertaken in FY2013 and FY2014 delivered $150m of annualised benefits in FY2015, including $20m of incremental savings in FY2015 from contract management initiatives.

[1] Calculated on funds employed at 30 June

Divisional cost reduction and improvement programs remain important to offset inflationary cost pressures.

In Boral Construction Materials & Cement benefits are being delivered from the following initiatives:

- Resizing of the Asphalt business in Queensland and Victoria, and realignment of support services, resulted in 118 fewer positions at the end of FY2014 and delivered $11m of savings in FY2015.
- A further 122 positions, primarily in support services and administration, were made redundant in early FY2015, delivering around $11m of benefits in FY2015 and ~$20m annual savings on completion.
- Closure of the specialty cement kiln at Maldon in December 2014 resulted in 19 positions being made redundant, saving $2.5m in FY2015 and $5m of annualised savings.
- In late FY2015, several small plants were closed and a further 90 positions made redundant, mainly in Queensland to help offset slowdowns in major projects and regional markets. This will form part of a larger improvement program in FY2016 to help offset cost and volume pressures.

In Boral USA, the FY2015 result included US$20m of savings following a reduction of 70 positions through restructuring and consolidation of regional sales and manufacturing teams in June 2014 together with corporate office cost savings in the areas of IT, legal and workers' compensation.

The USG Boral joint venture delivered around US$24m of savings in FY2015 through a dedicated cost reduction program to help ensure the business remains cost competitive as additional resources are added to support the roll-out of new technologies and new products.

Reducing debt and maintaining a strong balance sheet

Following a significant reduction in debt over the past two years, Boral's net debt increased to $817m at 30 June 2015 compared with $718m at 30 June 2014, largely due to exchange rate impacts.

Boral continues to generate strong cashflows and capital expenditure disciplines remain in place with growth and stay-in-business capital expenditure for FY2015 maintained below $300m.

On 18 March, following the receipt of approximately $165m of cash proceeds from TPI for the purchase of the Western Landfill business and US$10m following the divestment of the Oklahoma limestone quarry, an on-market share buy-back program for up to 5% of issued capital over 12 months was announced. As at 30 June 2015, $116m had been spent buying back and cancelling 2.4% of issued capital.

With a strong balance sheet and cash position, Boral remains committed to efficient capital management, while maintaining flexibility to respond to changes in market conditions and to take advantage of appropriate growth opportunities that may present in the future.

EXECUTE – Improving the way we operate to be more efficient and responsive

Boral's businesses are benefiting from more efficient and streamlined management of production, sales and administration. Boral is more responsive than it has been in the past; our businesses are better equipped to respond to changes in market dynamics and external drivers. This is evidenced by the realignment of the Queensland Construction Materials business in res

Strategic Direction and FY2016 Outlook

We remain focused on lifting Boral's returns on funds employed over the long-term through ongoing disciplined management of costs, cash and capital.

In Australia, the aim is to strengthen and protect Boral's leading integrated positions in Construction Materials & Cement, grow margins and build on Boral's major project capability, and in the small Building Products division, we are continuing to improve the portfolio and business performance.

Boral's medium- and longer-ter

Results at a Glance

(A$ million unless stated)	FY2015	FY2014	% Change
Revenue	4,415		
EBITDA[1]	605		
EBIT[1]	357		
Net interest[1]			
Profit before tax[1]			
Tax[1]			
Non-controlling interests			
Profit after tax[1]			
Net significant items			
Net profit / (loss) after tax			
Cash flow from operating activities			
Gross assets			
Funds employed			
Liabilities			
Net debt			
Stay-in-business capital expenditure			
Growth capital expenditure			
Acquisition capital expenditure			
Depreciation and amortisation			

[1] Excludes significant items
[2] Includes a reduction of 290 employees in the East Coast Bricks business now employed in the Boral CSR Bricks JV
[3] Includes employees and contractors in 100%-owned businesses and 50%-owned joint venture operations

Non – IFRS Information

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

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

Significant items are detailed in Note 7 of the Preliminary 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 earnings before significant items to reported statutory profit is detailed below:

(A$ millions)	Earnings before significant items	Significant items	Total	Continuing operations	Discontinued operations	Total
Sales revenue	4,414.7	-	4,414.7	4,297.6	117.1	4,414.7
EBIT	356.7	1.9	358.6	352.2	6.4	358.6
Finance costs	(63.7)	-	(63.7)	(63.7)	-	(63.7)
Earnings before tax	293.0	1.9	294.9	288.5	6.4	294.9
Tax (expense) / benefit	(43.8)	5.9	(37.9)	(45.1)	7.2	(37.9)
Net profit after tax	249.2	7.8	257.0	243.4	13.6	257.0

The Gypsum division commentary also includes a non-IFRS measure of underlying results excluding significant items representing the 12 months trading results to assist users to better understand the trading results of this division despite changes in ownership in the previous year.

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 2015.

This Preliminary Financial Report for the year ended 30 June 2015 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.

This report is based on accounts which have been audited. The audit report, which is unmodified, will be made available with the Boral Limited Annual Report around 17 September 2015. The Annual Report is currently being finalised in publishable form.

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