

Substantial earnings growth, with a strong fourth quarter result from Boral Australia and Boral North America, and above target acquisition synergies

Boral Limited (ASX: BLD) today reported a 47% increase in **net profit after tax before amortisation and significant items¹ to \$514 million** for the year ended 30 June 2018.

The result reflects significant growth from Boral North America with a full year contribution from the acquired Headwaters businesses, together with higher earnings from Boral Australia and a solid result from the USG Boral joint venture.

The highlights include:

Net profit after tax (after significant items) of \$441 million was up 49% on FY2017

Sales revenue of \$5.9 billion increased 34% on the prior year, reflecting the Headwaters acquisition and solid revenue growth in Boral Australia

Earnings before interest, tax, depreciation and amortisation (**EBITDA**) before significant items **increased 47% year on year to \$1.06 billion**, compared with last year

The **significant contribution from Headwaters and the delivery of US\$39 million of synergies in year 1** against a target of US\$35 million

Strong Australian construction markets and value creating property transactions resulted in **15% EBITDA growth from Boral Australia**

A **final dividend of 14.0 cents per share** will be paid on 2 October 2018, resulting in a higher full year dividend of 2A2D07 0 cent, up 1D07 0% d onlastl yea.A

“**Boral North America** delivered a full year EBITDA of US\$284 million, 9% above the proforma combined Boral and Headwaters result last year. Strong fourth quarter EBITDA margins exceeded 20% with full year EBITDA margins of 17%.

“We are confident in the success of our integration of the Headwaters acquisition during the year. First year delivered synergies of US\$39 million exceeded our initial US\$30-US\$35 million target. We have increased our initial year 4 synergy target by 15% to US\$115 million, as a result. We have also strengthened our plans to grow our fly ash business by increasing available supply of fly ash over the coming years.

“From **USG Boral**, we received \$63 million of equity income. This long-term growth business has delivered impressive and uninterrupted year on year growth since the formation of the JV in 2014, with FY2018 being a consolidation year. Australia, Korea and China delivered strong top line growth in FY2018, offsetting pressures in countries such as Indonesia, Thailand and Vietnam and some unexpected one-off cost impacts. As a result, underlying revenue grew 7%, while EBITDA of \$268 million was 6% down on last year.

“USG Boral has delivered over 80% growth in EBITDA since the joint venture was formed in FY2014², with EBITDA to sales margins growing from 13.6% to 17% over the same period. The business is expected to return to earnings growth in FY2019.

“We are excited about a range of opportunities for the JV as our discussions with industry players are progressing. Following Knauf’s agreement to acquire USG Corporation, we are currently considering an expanded JV or a return to 100% Boral ownership.

“**Safety** is our priority. Boral’s LTIFR of 1.6, which was broadly steady on 1.5 last year, has consolidated several years of improvement. The result includes an additional 4,500 employees and contractors in our safety statistics with the inclusion of Headwaters and all JVs this year. Previously we only included 50%-owned JVs. Headwaters and Meridian Brick JV operations performed below Boral’s US legacy businesses, however, these businesses delivered a massive reduction in medical cases and lost work days relative to their prior year performance.”