



Results Announcement for the year ended 30 June 2013

21 August 2013

Media Release

Boral on plan and positioned well for market improvements

Boral Limited (ASX: BLD) today reported a full year profit after tax (before significant items¹) of \$104 million for the year ended 30 June 2013, which was 3% ahead of the prior year.

Boral's sales revenue of \$5.29 billion was 6% above the prior year and earnings before interest and tax (EBIT) (before significant items¹) increased by 14% to \$228 million.

Significant items totalling \$316 million after tax loss largely related to asset impairments as a result of capacity rationalisation and permanent structural industry changes in Australia, as well as organisational restructuring and redundancy costs. This resulted in a reported net loss after tax of \$212 million.

Boral's CEO & Managing Director, Mike Kane, said that while Boral continued to face significant market and economic challenges, benefits from the Group's major cost realignment and restructuring programs are being progressively delivered as planned.

"Like the rest of the industry, Boral's businesses have been contending with low levels of activity, unfavourable mix shifts in demand, increased competition and unrecovered costs associated with the carbon tax. However, in line with the turnaround strategy that I announced in late 2012, we have been relentless about reducing costs, generating cash and reducing capital expenditure, which positions Boral well as markets improve.

"During the period we announced \$105 million of annualised cost savings as a result of overhead reductions and cement manufacturing restructuring, with \$37 million delivered in FY2013. We generated \$173 million of cash from divestments and the sale of surplus land, which is in line with a two-year target to generate between \$200 million and \$300 million of cash. Stay-in-business and growth capital expenditure was carefully prioritised and was kept below \$300 million for the year.

"The business has been streamlined to four divisions and has a new executive team in place. A significant cultural change program is underway, with a major emphasis on improving Boral's return on funds employed as well as reinvigorating safety management across the Group to reduce Boral's lost time injury frequency rate in line with global best practice," said Mr Kane.

Boral's divisional results for FY2013 were mixed with Construction Materials & Cement performing well, the US business well-positioned to return to profitability towards the end of FY2014, the Gypsum business experiencing some short-term market challenges but remaining a strong growth platform, and the Building Product business in Australia delivered a disappointing result.

"Boral's largest division - Construction Materials & Cement - delivered a strong 16% EBIT improvement on the back of major project activity, prior year acquisitions and property sales. The division's performance is expected to remain strong in the year ahead despite substantially lower property sales and a slow down in major project work," said Mike Kane.

"Boral Gypsum delivered softer underlying earnings in FY2013 due to cyclical challenges in some Asian markets and the cost impacts of investment ramp-ups in China and Indonesia. The business remains extremely well positioned for future earnings growth in Asia and Australia and has invested in three additional board lines that will increase net capacity in Asia by 16%.

¹ Profit before significant items is a non-IFRS measure reported to provide greater understanding of the Group's underlying business performance. Full details of significant items are contained in Note 8 of the Preliminary Financial Report, which has not been subject to audit or review.

"In Boral's USA business losses have continued to reduce. This is despite a slower than expected rate of recovery due to an adverse mix shift in the type of new housing construction and geographic sales mix. The business is expected to deliver significantly reduced losses in FY2014 and to start to turn a profit in the second half of the year.

"Results from Building Products in Australia were disappointing with reported losses at a cyclical low. Weak demand, increased competition, significant pricing pressure in key markets and the cost of production capacity reconfiguration impacted the result. Further improvement initiatives are underway to substantially reduce losses in the year ahead.

"While conditions remain challenging, the business is well-positioned to deliver improved earnings and benefit from the major restructuring we have undertaken including closures, asset sales, outsourcing and capacity rationalisations. Asset impairments have realigned the carrying values of Boral's businesses in line with current and future expected performance," said Mr Kane.

In relation to expectations for FY2014, Construction Materials & Cement performance will remain strong but FY2014 is not expected to exceed FY2013 results; losses from Building Products will significantly reduce; Boral USA is expected to break through to profitability in the second half of the year; and the Gypsum business should deliver improved returns with better volume and pricing outcomes.

A fully franked final dividend of 6.0 cents per share will be paid on 27 September 2013.

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