



Results Announcement for the year ended 30 June 2012

22 August 2012

Media Release

Boral Limited has reported a profit after tax (PAT)¹ of \$101 million for the year ended 30 June 2012. This is at the lower end of the guidance range given by Boral in June due to one of the property sales referred to in Boral's June trading update not taking place. Boral's statutory net profit after tax (NPAT) of \$177 million, including significant items of \$75 million, was 5% higher than last year.

Boral's sales revenue of \$5.0 billion was 6% ahead of the prior year but excluding the impact of the acquisition of Lafarge's 50% of the Asian Plasterboard business, Boral's revenues of \$4.7 billion were broadly steady. Price gains together with improved volumes in the USA, offset volume declines across most businesses in Australia.

Boral's Chief Executive Officer, Ross Batstone said, "Total revenue from the ongoing Australian businesses of \$3.91 billion for the year was flat compared to the prior year while EBIT of \$263 million was \$110 million or 29% lower. The EBIT contribution from our Asian and US operations was in line with expectations."

"Earnings from our Australian business in the six months to June were hit by very weak housing and non-residential building activity, combined with delays and disruption from sustained rainfall across the east coast. The positive impact of price increases was more than offset by much weaker sales volumes into these markets and by higher costs, including from the wet weather." Mr Batstone added.

Of the \$110 million Australian EBIT decline, Building Products, with the highest exposure to new housing construction, represented \$62 million (56%) while property sales contributed a further \$16 million of the decline (15%), with one of the two property sales referred to in Boral's June trading update not occurring. The remaining \$32 million or 29% of the decline was split between Construction Materials and Cement, where the impact of weaker building markets and the loss of lime sales was partially offset by increased demand from infrastructure and LNG projects and stronger sales in regional Queensland markets.

EBIT losses in the USA reduced by A\$15 million to A\$84 million even though housing activity continued at near historically low levels, assisted by restructuring to reduce costs. In Asia, Boral Gypsum Asia performed well, contributing A\$41 million of EBIT².

Commenting on Boral's actions, Mr Batstone said: "We have responded quickly to weak building demand in Australia with permanent and temporary capacity closures in our brick and roof tile businesses and with overhead reductions. We have divested the Galong Lime business following the closure of BlueScope's Port Kembla steel operation, which cut demand for lime.

"Boral's underlying strategy remains sound and we will continue to focus on the reduction of borrowings through operating cost savings, the divestment of non-core operations and tight management of capital expenditure and working capital, leveraging the principles of LEAN manufacturing.

"Our improvement goals, together with Boral's reshaped global portfolio, position the business well to profitably leverage market recovery in Australia and the USA. Our now wholly-owned plasterboard position in Asia provides an exciting growth opportunity," said Mr Batstone.

1. Excluding significant items. Profit before significant items is a Non-IFRS measure reported to provide a greater understanding of the underlying business performance of the Group. Full details of significant items are contained in Note 7 of the Financial Report.

2. Includes 50% equity accounted share of LBGA post tax earnings to 9 Dec-11 and 100% consolidated EBIT earnings since 9 Dec-11

Boral's net debt at 30 June 2012 was \$1,518m. Based on Boral's gearing covenant under its bank facilities (debt to debt plus equity less intangibles), Boral's 40% level as at 30 June 2012 remains well within the requirement under the bank facilities of less than 60%. Based on Boral's current strategy and plans, the Group does not anticipate any need for additional equity raising in the short to medium term.

"Given ongoing market uncertainty in Australia, a trading update will be provided at Boral's Annual General Meeting in November," Mr Batstone said.

A fully franked final dividend of 3.5 cents will be paid on 28 September 2012, bringing the full year dividend to 11.0 cents per share.



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