



Media Release

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Boral announces a half year profit of \$75 million

Boral Limited has announced a net profit after tax (PAT) of \$75 million for the half year ended 31 December 2008, 44% below the \$132 million PAT for the half year to December 2007. Earnings per share for the half year were 12.8 cents.

December half sales revenue of \$2.6 billion was in line with last year's revenue reflecting steady Australian revenues of \$2.15 billion, an 18% decline in US revenues to \$313 million (or 27% decline in USD), and a 26% increase in revenues from Asian operations to \$123 million.

Boral's EBITDA of \$285 million was \$75 million or 21% lower than the prior year first half. Australian EBITDA of \$289 million was \$37 million or 11% lower reflecting lower volumes, higher costs and lower Quarry End Use earnings. The further significant decline in the US housing market together with a 12% devaluation in the average of the Australian dollar resulted in an EBITDA loss of A\$13 million from the USA compared with a A\$29 million profit in the prior first half. EBITDA from Asian operations of \$12 million was \$3 million above the last year.

A fully franked interim dividend of 7.5 cents per share has been declared, compared to 17.0 cents per share for the prior year. This represents a 7% grossed up annualised dividend yield (including franking) on Boral's closing share price on 10 February of \$3.08 (which is 44% below Boral's average share price over the nine years since demerger). The interim dividend will be paid on 3 April 2009. A discount of 2.5% to the market price will be introduced under the Dividend Reinvestment Plan (DRP) with effect from the 2008/09 interim dividend.

Commenting on the Company's interim result, Boral's CEO & Managing Director, Rod Pearce, said: "Market conditions in the USA are extraordinarily difficult with housing starts in the half year 65% below peak levels in 2006. The housing market in Australia is also well down, with housing approvals in the half year some 35% below estimated underlying demand, and in Asia, the spreading global financial crisis is increasingly impacting activity. Fortunately infrastructure activity in Australia remains solid, which is sustaining strong construction materials volumes.

"Throughout the portfolio we are focused on mitigating the impacts of the market downturns. We are lifting prices to recover increased costs, including in markets where volumes are under pressure, we are continuing to temporarily close plants and reduce production, and we are rigorously taking costs out of the business. A US\$70 million step change cost down program is well advanced in the USA, and throughout Australia, a range of cost reduction and improvement programs is underway", said Mr Pearce.

Boral's gearing (D/E) increased to around 79% as at 31 December primarily due to the devaluation of the Australian dollar. This is outside Boral's target range of 40% to 70%. "In response to current economic conditions, FY2009 capital expenditure of \$250 million will be around half of FY2008 levels and increases in inventory during the first half will be largely reversed in the June half year. Whilst we are focused on prudent capital management, we do have substantial committed, undrawn bank facilities and we have no material refinancing requirements until August 2011. Boral's financial metrics remain well within its debt covenants. Based on our access to bank facilities and our financial position relative to our debt covenants, we have no requirement to raise additional equity nor are we contemplating doing so", said Mr Pearce.

Commenting on Boral's outlook for the full 2009 financial year, Mr Pearce said, "It is particularly difficult to forecast market activity at the current time, however, we are expecting the second half of the year to be particularly challenging. We are expecting a profit after tax of around \$120 million for FY2009 assuming 600,000-650,000 US housing starts, around 135,000 Australian housing starts and an AUD/USD exchange rate of \$0.65 in the June half."

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