



MEDIA RELEASE

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BORAL LIMITED ANNOUNCES A 47% PROFIT INCREASE TO \$283M

Boral Limited announced today a net profit after tax and minorities of \$283.2 million for the year ended 30 June 2003, a 47% increase compared with the year ended 30 June 2002. Earnings per share for the year increased from 33.7 cents to 49.1 cents.

A return on equity of 13.2% was reported, up from 9.9% last year.

A fully franked final dividend of 12.0 cents per share has been declared, bringing the full year dividend to 23.0 cents per share compared with 19.0 cents last year. The increased dividend and franking level effectively provide a 34% increase in the grossed up dividend year-on-year for most shareholders.

With a 35% share price appreciation to \$5.06 by year end, Boral has delivered a total return to shareholders¹ of 42% for the year ended 30 June 2003. Since Boral's demerger in February 2000, Boral has been in the top quartile of ASX100 companies with a TSR of 31% per annum.

Strong cash flows of \$489 million were 25% above last year. Surplus cash flow was used to fund growth activity undertaken during the period totalling \$255 million. Gearing (D/E) reduced from 41% at December 2002 to 36% at June 2003.

Commenting on the result, Managing Director and CEO, Rod Pearse, said, "Boral's strong result was supported by better than expected activity in the Australian housing market, improvement in non-dwelling and infrastructure construction activity in Australia, a resilient housing market in the USA and strengthening conditions in Asia. Coupled with the benefits of good market conditions, however, the uplift in Boral's underlying performance can be attributed to strong price improvements in construction materials, our unrelenting cost reduction focus and positive contributions from business turnarounds and from value-adding growth activities.

"Our Perform and Grow strategy is progressing well. Over the past four years our operating margins have lifted by approximately 40%, we have delivered a \$25 million sustainable earnings stream from Quarry End Use, we have more than halved our gearing from 83% to 36% and we have spent or committed around \$870 million to growth.

¹ Total Shareholder Returns (TSR) as measured by capital returns and dividends

“During 2002/03, \$255 million was spent on growth initiatives and a further \$188 million has been committed to growth investments. Acquisitions included Franklin Brick in the USA, Stud & Track in NSW, the Galong agricultural lime business in regional NSW and Allen’s Asphalt in Queensland. In addition, several significant projects were announced during the year and subsequent to year end, including our cement and lime upgrade programs in NSW and Victoria, plans to construct a new kiln at Midland Brick in Perth, and plans to build a new engineered timber flooring plant on the north coast of NSW,” said Mr Pearse.

Commenting on the outlook for 2003/04, Rod Pearse said, “We anticipate Australian dwelling activity to progressively soften during 2003/04, however, non-residential and infrastructure markets in Australia will continue to strengthen. We expect a sustained, high level of US housing activity but there will be some negative impacts in the USA due to higher energy costs and the exchange rate effects of a higher Australian dollar. In Asia, our Plasterboard joint venture and our Indonesian construction materials businesses should benefit from continued growth in demand .

“Subject to any unforeseen events, we expect Boral’s earnings to be approximately 10% higher in the six months to December 2003, and to increase to between \$300 million and \$310 million for the year ended June 2004,” concluded Mr Pearse.

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