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ASX Release

19 March 2024

Boral Bid Response Committee Recommends Rejecting the SGH Offer – Independent Expert finds the Offer Not Fair and Not Reasonable

- BRC recommends shareholders **REJECT** the SGH Offer by taking no action
- Each Boral director on the BRC intends to **REJECT** the SGH Offer in relation to their Boral Shares
- Independent Expert has concluded the SGH Offer is **not fair and not reasonable**
- Independent Expert has assessed fair value for Boral in the range of \$6.50 - \$7.13 per share
- Boral's outlook is robust with turnaround strategy ahead of schedule and only part way complete
- Boral's revised surplus property value assessed to be \$1.26 – \$1.44 per share
- Boral remains a strong, viable ASX listed company

The Bid Response Committee (“BRC”) of **Boral Limited** (ASX: BLD) has today released the Target’s Statement in response to the offer from Seven Group Holdings (“SGH”) as outlined in the Bidder’s Statement dated 19 February 2024 (“SGH Offer”). Based upon SGH ASX announcements made prior to the date of this announcement, 11,660,274 Boral Shares have been accepted into the SGH Offer since it opened on 4 March 2024, representing only 1.06% of Boral’s total share capital.

The BRC was formed for the purposes of responding to the SGH Offer. It is chaired by Rob Sindel as Lead Independent Non-Executive Director and comprises all Boral directors other than the SGH nominees. The BRC has recommended that Boral shareholders **REJECT the SGH Offer** as it does not represent appropriate value for minority shareholders. Each Boral director on the BRC who holds Boral Shares intends to **REJECT the SGH Offer** in relation to their Boral Shares.

A spokesperson for the BRC said:

“We have carefully evaluated the SGH Offer and recommend that shareholders should REJECT the SGH Offer as it undervalues Boral. The Independent Expert has concluded that the SGH Offer is neither fair nor reasonable, supporting the BRC’s view. Boral management is ahead of schedule in delivering on its ‘Good to Great’ improvement strategy and is only part way through this journey. In addition, Boral has today announced that it has surplus property to which Grant Samuel has attributed a value of \$1.4 billion to \$1.6 billion in its Independent Expert’s Report, equivalent to \$1.26-\$1.44 per share, which we expect to deliver significant value creation to Boral shareholders in the future.

We encourage shareholders to remain with Boral and fully participate in the future value available through continued direct ownership of Boral.”

Independent Expert Conclusion

The Independent Expert, Grant Samuel & Associates Pty Ltd (“**Grant Samuel**”) has assessed the SGH Offer and concluded the SGH Offer is not fair. Grant Samuel has estimated the fair market value of Boral Shares to be in the range of \$6.50 - \$7.13 per share. Grant Samuel’s assessed value of the SGH Offer of \$5.96 - \$6.19 per Boral share (and up to \$6.39 per Boral share including the conditional payments) is below this range.

Grant Samuel has also concluded the SGH Offer is not reasonable, although it notes the judgement in relation to reasonableness is finely balanced and for shareholders with a low tolerance for risk, there is a case for accepting the SGH Offer. Grant Samuel has also stated that its conclusion may change if circumstances change.



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Boral Outlook

Boral is ahead of schedule in delivering its 'Good to Great' turnaround strategy and is only part way through this journey. Since the introduction of this strategic plan, Boral has seen substantial earnings growth with Underlying EBIT more than doubling from \$95.3 million in the first half of FY23 to \$201.0 million in the first half of FY24. Resultantly, free cash flow generation has increased approximately tenfold from \$23.5 million in first half FY23 to \$259.6 million in first half FY24.

Consistent with disclosure at the first half FY24 results, Boral remains focused on its ambition to maintain sustainable double-digit returns and EBIT margins.

Revised Surplus Property Valuation

As part of the Independent Expert's Report, Grant Samuel has attributed a value of \$1.4 billion to \$1.6 billion to Boral's surplus property assets, which represents \$1.26 - \$1.44 per Boral share. This valuation is the latest assessment of Boral's surplus property and is an increase on the previously stated surplus property value of over \$1 billion¹ as last disclosed in Boral's full-year 2023 results. This revised valuation represents an uplift of approximately \$0.36 - \$0.54 per Boral Share. The development of Boral's significant surplus property portfolio for recurring earnings is expected to deliver significant value creation to Boral shareholders in the future.

Boral remains a strong, independently viable company listed on the ASX with a committed management team that has a demonstrated ability to drive and improve performance.

The BRC recommends shareholders **REJECT the SGH Offer** by **TAKING NO ACTION**. While the BRC recommends shareholders **REJECT the SGH Offer**, shareholders should carefully consider the Target's Statement in full, including the Independent Expert's Report. The BRC recognises that there are risks associated with continued ownership of Boral Shares, and depending on your risk tolerance, it acknowledges some Boral shareholders may wish to accept the SGH Offer. These considerations are further set out in the Target's Statement.

This announcement was authorised to be given to ASX by the BRC.

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¹ Previous surplus property valuation of approximately \$1 billion based on a 2021 Grant Samuel valuation.