Building something great

ASX Release

10 August 2023

Significant improvement across all metrics in FY23

FY23 performance summary for the fiscal year ended 30 June 2023[1]

- **Revenue $3,460.6 million, up 17%**
- **EBITDA $454.4 million, up 38%, EBITDA margin of 13.1%, up 196 bps**
- **EBIT $231.5 million, up 106%, EBIT margin of 6.7%, up 289 bps**
  - Second half EBIT margin of 7.7% is up 200bps on 1HFY23 and up 566bps on 2HFY22
- **ROFE**[2] **of 10.4% up 515 bps**
- **NPAT**
  - Statutory NPAT of $148.1 million
  - Underlying NPAT of $142.7 million, up 304%
- **Operating cash flow of $358.7 million, up 66% and free cash flow of $154.5 million**
- **Adjusted EPS 12.9 cents per share up 303%**

Boral Limited (ASX: BLD) today reported its financial results for the fiscal year ended 30 June 2023 (FY23) delivering strong underlying revenue, profit growth and margin recovery.

Boral's underlying net profit after tax (NPAT)[1] of $142.7 million is up 304.2%, and adjusted earnings per share (EPS)[1] of 12.9 cents is up 303.1% when compared to the prior year.

On a statutory basis, NPAT was $148.1 million for FY23, down when compared to the prior year as FY22 included $977.6 million of post-tax income from discontinued operations primarily relating to the profit recognised on the sale of the North American Building Products business.

Compared to FY22, Net Revenue[1] of $3,460.6 million is 17.1% higher, driven by increased volumes across all products and pricing traction in all regions and products. EBITDA[1] is up 37.6% to $454.4 million, enabled by better cost control and improved price discipline leading to margin expansion. Underlying EBIT[1] of $231.5 million was 106.3% higher and 118.5% higher on an excluding Property basis. EBIT[1] margin increased to 6.7%, a 289 basis-point improvement. EBIT margin in the second half improved, reaching 7.7%. Operating cash flow was up 65.5% to $358.7 million.

Boral Chief Executive Officer, Vik Bansal, said: "*I am pleased to see Boral deliver a set of full year results that show clear improvement across the entire business, and point to the opportunities that remain ahead. We have seen volume growth across all our products, coupled with a disciplined approach to price, cost, and cash. Safety of our people is our highest priority and zero harm remains our goal. Significant work remains to deliver best-in-class performance we strive for, and 47% improvement in our recorded injury rates equates to 83 fewer people injured compared to the previous year.*"

"Along with the improvement in safety of our people, we remain focussed on improving our customer service. Our PEMAF pillars – People, Environment, Markets, Assets, and Financials – continue to underpin the simplification and standardisation initiatives that are now well underway at Boral. Our business cadence and focus have shifted to be aligned with the new operating model. This is providing clarity in role and accountability for our people, with clear operational and financial targets established for each pillar."

The Board has resolved not to pay a dividend for FY23.

[1] Revenue, EBIT, EBITDA, Underlying NPAT and Adjusted EPS are continuing operations excluding significant items
[2] ROFE is EBIT (excluding significant items) return on average funds employed. Funds employed is calculated as the average of funds employed at the start and end of the year. Funds employed is (assets less cash less tax assets) – (liabilities less borrowings less tax liabilities).

Building something great

Underlying Financial Performance Summary[1]

	FY23	FY22	Change
Net revenue ($m)	3,460.6	2,955.9	+17.1%
EBITDA ($m)	454.4	330.2	+37.6%
EBIT ($m)	231.5	112.2	+106.3%
EBIT margin	6.7%	3.8%	+289bps
Net profit after tax ($m)	142.7	35.3	+304.2%
Adjusted earnings per share (cents)	12.9	3.2	+303.1%
Operating cash flow ($m)	358.7	216.7	+65.5%

People

We have a relentless focus on safety, employee engagement and culture through empowered leadership and are seeing the results of that with our total recordable injury frequency rate improving by 47%. We have strengthened our business leadership with a diverse executive team in place who represent a good mix of experience and backgrounds. Significant work is underway to align the workforce behind our 'Boral Way' which provides clarity of Purpose, Values, Operating Model, strategic areas of focus and the pathway to execution.

Environment & Sustainability

Vik Bansal stated "We remain committed to our ambition of net zero emissions by 2050. We are assessing our alignment with a global sectoral approach for reduction of emissions in the cement industry. We will continue to point out the benefits that flow from the recarbonation of concrete, acknowledged and confirmed by the Sixth Assessment Report of the United Nation's Intergovernmental Panel on Climate Change, as well as advocating for an effective Carbon Border Adjusted Mechanism for Australia."

Review of our pathway will also include our new obligations under the Safeguard Mechanism reforms.

We have updated our FY25 targets to establish an achievable, yet ambitious, short-term decarbonisation target of 12% to 14% reduction in emissions from FY19 baseline. This target is aligned with our current initiatives and expected impact of external factors including delays in securing the required regulatory approvals for the next phases of our alternative fuel program. Our chlorine bypass project at Berrima is well progressed, the process upgrade will be completed in the first half of FY24 and will enable an increase in alternative fuels to 30% within current regulatory approvals.

Markets & Customers

Boral serves various market segments and is focused on improving the customer experience to offer the best possible service outcomes. To achieve this, Boral has decentralised its customer service and allocations team shifting them closer to the market they serve ensuring easy access and better customer outcomes. Our focus on sales effectiveness and aligning it with market segmentation is delivering improved customer relations and volume outcomes. Improved reporting and other measures are identifying pricing opportunities and reducing potential price leakage. Enhancements in sales effectiveness have also enabled pricing growth.

Assets

Boral is committed to maximising the value of its assets by strengthening its extensive integrated network and optimising asset performance. Asset performance team is focussed on both fixed and mobile assets respectively. Boral remains driven to effectively manage our substantial property portfolio through the asset lifecycle.

Key FY23 projects in Cement included the commissioning of the Geelong VIC cement facility, and the Tarong QLD fly ash facility. Recycling is now established in Adelaide SA and will expand into broader material solutions nationally. In Concrete, plants were upgraded in West Gosford NSW and West Burleigh QLD. Quarries secured over 100mt of quarry reserves and commenced the upgrade of the Townsville quarry plant. Asphalt upgraded the Deer Park plant to increase recycled materials and upgraded the Moolap hot bins in VIC, as well as a bitumen tank upgrade at Toowoomba in QLD.

FY24 Priorities

Our FY24 priorities are aligned with our Good to Great strategy and reflect a consistency in focus and direction with a strategic pathway to double digit earnings:

- Safety remains our highest priority, building on improvements in FY23; performance gaps to industry benchmarks remain; we will capture learnings from our better performing operations
- Continue initiatives focused on delivering decarbonisation target
- Building commercial discipline and rigor across the business
- Improving customer service across the call-to-cash process and sales effectiveness to improve customer loyalty
- Continue to invest in our prized upstream infrastructure assets and build our downstream close to customer footprint
- Develop broader business operational capability to optimise asset efficiencies, build asset management capabilities and reduce overall business costs
- Build logistics capability including standardised systems and processes to optimise fleet utilisation and efficiency
- Develop broader business focus on improving cash conversion cycle
- Ongoing implementation of key strategic PEMAF pillars, particularly integrated network opportunities to enhance, sustain and grow positions

Outlook

Assuming no significant shift in market demand or price environment, we expect to deliver an underlying EBIT in the range of $270 - $300 million for FY24.

For the purposes of ASX Listing Rule 15.5, the Board has authorised the release of this announcement to the market.

For media enquiries, please contact:

Shane Murphy

FTI Consulting

0420 945 291

For investor enquiries, please contact:

Luke Thrum

Head of Investor Relations

0447 894 834
