



ASX RELEASE

24 April 2018

Boral announces property earnings and trading update

Boral Limited (ASX:BLD) today announced that it has simultaneously exchanged contracts and completed the sale of its Prospect Masonry property to ISPT Pty Ltd. The **sale of this property at Clunies Ross Street, Greystanes** in New South Wales, is expected to contribute approximately \$56 million of EBITDA in FY2018.

Boral now expects a total EBITDA contribution from Property in FY2018 of approximately \$55 million to \$65 million, with the sale of the Prospect site having progressed earlier than expected.

Boral's Property pipeline is robust, and a more detailed update of the current pipeline will be presented at Boral Australia's investor day scheduled for 16 May.

After taking into account the higher property earnings and **March quarter trading for Boral Australia and Boral North America**, divisional outlooks for Boral Australia and Boral North America have been revised:

- Including Property, **Boral Australia** is now expected to deliver improved earnings growth with an expected increase of approximately 10-20% in FY2018 compared with FY2017, on both an EBITDA and EBIT basis. Earnings in Boral Australia were lower than we expected in the March quarter due to an unscheduled kiln outage at Berrima, continued challenging conditions in Western Australia, and a rain impacted Queensland market. However, a strong June 2018 quarter is expected from Boral Australia, especially if favourable weather conditions occur as they did in the June 2017 quarter.
- March quarter earnings for **Boral North America** were below our expectations. Significant rain in the Texas region and up through the Midwest, particularly in February, together with prolonged winter weather relative to the prior year when the spring recovery came early, had an adverse impact during the period. Operational issues reported in the first half are being resolved, although consolidation of production lines in the Oceanside metal roofing business in California are still being addressed and commissioning costs associated with the Greencastle stone plant continued to impact up until the end of March. In the Fly Ash business, higher costs associated with repositioning fly ash supply to customers due to the closure of the three utilities in Texas are having a short-term impact.

With historically more favourable weather in the June quarter, coupled with pent up demand, synergy delivery and improving operational performance, Boral North America is expected to deliver an earnings lift in the second half of around 10-25% compared to the first half result, on both an EBITDA and EBIT basis.

The benefits of higher property earnings, including a lower effective tax rate for FY2018 which is now projected to be around 19-22%, more than offsets the impact of lower expected earnings from Boral North America on Boral's Group NPATA¹.

Presentation materials for Boral's investor day in Queensland on 16 May 2018 will be released to the ASX and made available on Boral's website. Boral's full year FY2018 results will be released on 29 August 2018.

For more information:

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¹ NPATA is net profit after tax before amortisation of acquired intangibles and significant items.