

18 May 2022

Revised FY2022 earnings guidance

Boral Limited (ASX: BLD) today announced that its earnings have continued to be adversely impacted by extraordinary rainfall, particularly in New South Wales and Queensland, and further increases in energy prices since the trading update provided on 22 March 2022.

On 22 March, the Company stated it expected “underlying earnings before interest and tax (EBIT) for its continuing operations (excluding Property) in FY2022 to be between \$145 million and \$155 million, assuming no further extraordinary rain events”.

Taking into account trading for late March through mid-May, which has been impacted by continuing exceptional rainfall and inflationary cost pressures, the Company now expects additional adverse impacts to underlying earnings in FY2022 of ~\$45 million. This consists of:

- a ~\$30 million adverse impact from exceptional rainfall on volumes and costs, which has continued through to mid-May in New South Wales and Queensland, and assumes additional rain days through the balance of May and June¹, and
- a ~\$15 million impact from inflationary impacts primarily higher energy costs, which are assumed to continue to be elevated to 30 June², and other cost inflation.

Product price increases implemented in January and February are realising a positive impact, however they have been insufficient to offset the impact of more recent increases in energy prices.

Boral expects its Transformation program to deliver a benefit of \$45–\$50 million in FY2022, compared to its targeted range of \$60–\$75 million.

Boral’s CEO & Managing Director, Zlatko Todorcevski, said:

“Ongoing rainfall in many parts of the east coast, particularly in New South Wales and Queensland, has continued to significantly impact our sales volumes, while also resulting in additional costs.

“This has coincided with further sharp increases in energy prices, particularly in coal and electricity, impacting our production and logistics costs.

“We are responding to this challenging operating environment by implementing additional measures to mitigate the impact of transport and fuel inflation alongside the already announced out of cycle price increases, and accelerating our focus on costs.”

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

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¹ Assuming no extraordinary rain events.

² Assuming forward curve costs for coal, diesel, electricity and gas in May, forward prices for June, and an AUD/USD exchange rate of 0.695.