



ASX RELEASE

4 February 2019

Boral announces trading update and revised FY2019 guidance

Boral Limited (ASX:BLD) today announced that for the first half of FY2019 it expects **net profit after tax (NPAT)¹ to be approximately \$200 million** and **earnings before interest, tax, depreciation and amortisation (EBITDA)¹ to be approximately \$485 million**, subject to finalisation of the auditors' review.

Excluding the impact of lower earnings due to the sale of Denver Construction Materials (in July 2018) and Texas Block (in November 2018), **EBITDA for the first half of FY2019 is expected to be broadly steady on the first half of FY2018**, with EBITDA growth from Boral North America offset by lower earnings in Australia and a lower contribution from USG Boral.

Taking into account the first half result and trading for January, together with a detailed review of improvement opportunities to claw back first half volume shortfalls and market outlook for the remainder of the year, Boral's FY2019 divisional guidance has been revised.

Boral's **FY2019 EBITDA¹ is expected to be higher than FY2018** for continuing operations with a skew to the second half, underpinned by:

- **EBITDA from Boral Australia excluding Property to be similar to the prior year**, and **Property earnings of around \$30 million**, which will all be in the second half (compared with \$63 million in FY2018);
- **FY2019 EBITDA growth from Boral North America, of approximately 15% in US dollars**, excluding discontinued operations; and
- **Slightly lower profits from USG Boral.**

Boral will announce its interim FY2019 results on Monday 25 February 2019, at which time it will provide a comprehensive review of first half performance. **Key factors** impacting first half earnings include the following.

- **Boral Australia:** Underlying demand remains strong and the business is delivering good returns. However, first half earnings have been impacted by volume lags and delays to major projects and infrastructure, extreme rainfalls on the east coast in October and a less favourable product and geographic mix shift.
- **Boral North America:** Delivery of Headwaters acquisition synergies is progressing well. First half was impacted by above average rainfalls in key US states, which slowed volumes in most businesses. Underlying demand growth is moderate while growth rates are mixed geographically, with Roofing benefiting from strong growth.
- **USG Boral:** Strong results from Australia. However, South Korea has been heavily impacted by a cyclical market decline and intensifying competition, and was also affected by Typhoon Soulik in the September quarter.

On **strategic matters**, work is continuing to progress the fair market valuation process of USG Boral in order for Boral to decide whether to exercise its call option to acquire USG's 50% stake in the joint venture. Discussions with industry players are also continuing.

The sale of the Texas Block business completed on 30 November; proceeds of US\$127 million have now been received.

A brief conference call for investors in relation to today's announcement will be held at 10 am. Conference call details accompany this announcement.

¹ Before significant items

Conference call details:

Conference call on **Monday 4 February 2019 at 10.00am Sydney time** (Eastern Daylight Saving Time),

Dial **1800 123 296** or **+61 2 8038 5221** or

United States 1855 293 1544

Hong Kong 800 908 865

Singapore 800 616 2288

New Zealand 0800 452 782

Conference Code: 9195276

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