



Media Release

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Boral announces a full year profit of \$142 million

Boral Limited has announced a reported profit after tax (PAT) of \$142 million for the year ended 30 June 2009, a 42% or \$101 million decrease on the reported PAT for the year ended 30 June 2008. Boral's underlying PAT¹ of \$131 million was 47% lower than the prior year underlying PAT of \$247 million.

As foreshadowed in February, second half earnings were well down on the first half, reflecting a significant deterioration in market activity in the USA and Australia.

Sales revenue of \$4.9 billion was 6% lower than the prior year, reflecting a 5% decline in Australian revenues, a 19% decline in revenues from the US business (in Australian dollars) and a 15% lift in revenues from Asia. The decline in revenues from the USA and Australia reflect the impact of lower sales volumes, which was only partially offset by price increases. The revenue lift in Asia reflects significant price gains despite volume pressures.

Overall, Boral's underlying earnings before interest tax depreciation & amortisation (EBITDA)¹ declined by \$149 million or 22% to \$539 million due to significantly weaker housing markets in both the USA and Australia. Australian EBITDA of \$573 million was \$84 million (or 13%) lower than the prior year and US EBITDA declined by A\$72 million to a loss of A\$61 million. Earnings from Asia increased by \$14 million to \$30 million reflecting a strong turnaround in construction materials.

Underlying earnings per share¹ for the year of 22.2 cents compare with 41.4 cents last year.

Boral's net debt of \$1,514 million at 30 June 2009 was steady compared to 30 June 2008 but \$670 million lower than the net debt of \$2,184 million at 31 December 2008. Gearing (debt/equity) decreased from 79% at 31 December 2008 to 55% at 30 June 2009 due to strong second half cash flows, a 16% appreciation of the AUD/USD exchange rate at 30 June 2009 compared to 31 December 2008, and a reduction in debt resulting from the divestment of Boral's Adelaide Brighton stake.

The Board resolved to pay a fully franked final dividend of 5.5 cents per share, which will be paid on 28 September 2009.

Boral's CEO & Managing Director, Rod Pearse, said that the impact of the global recession created unprecedented market challenges in FY2009, which intensified in the second half of the year. "During the year, US housing activity slumped to around 650,000 starts, a 42% decline on last year, and around one-third of the average annual level experienced over the past 50 years. Australian housing starts were also lower, with an 18% decline on the prior year, and Australian non-dwelling activity was under significant pressure with approvals down by around 25%. Fortunately major roads and infrastructure projects held up well during the period, which helped to offset some of the significant weaknesses in other markets.

"Our response to the largely synchronised market downturns has been to substantially decrease production to match sales and to manage inventories, and to strengthen our focus on widespread and rigorous cost reduction initiatives. We have also continued our disciplined approach to pricing and substantially constrained capital expenditure," said Mr Pearse. During the year Boral delivered a record \$195 million of benefits from performance enhancement programs, prices were maintained or increased in all businesses, and capital expenditure of \$240 million was 52% lower than the prior year.

Commenting on the outlook for the year ahead, Mr Pearse said: "Current market conditions are expected to broadly continue during the first half of FY2010. Second half activity levels are expected to be stronger than in the December 2009 half but are particularly difficult to forecast at this point in time."

A trading update will be provided at Boral's Annual General Meeting on 28 October 2009.

¹ Excluding significant items that had a net after tax favourable impact of \$11m.