



9 February 2021

The Manager, Listings
Australian Securities Exchange
ASX Market Announcements
Level 14, Exchange Centre
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Dear Sir

Results for announcement to the market for the half year ended 31 December 2020

For the purposes of ASX Listing Rule 15.5, the Board has authorised the release of these documents to the market:

1. Half Year Report (Appendix 4D) in accordance with ASX Listing Rule 4.2A
2. Media Release
3. Management Discussion & Analysis: Results Announcement for the half year ended 31 December 2020.

The information contained in this announcement should be read in conjunction with Boral's most recent annual financial report.

Yours faithfully

Dominic Millgate
Company Secretary



Half-Year Financial Report

31 December 2020

Boral Limited
ABN 13 008 421 761

The half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, it is recommended that this report be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Boral Limited during the half-year in accordance with the continuous disclosure requirements of the Listing Rules of the Australian Securities Exchange.

APPENDIX 4D

HALF-YEAR REPORT

9 February 2021

Name of Entity: **Boral Limited**
 ABN: **13 008 421 761**
 For the half year ended: **31 December 2020**

Results for announcement to the market

				Dec-2020	Dec-2019
				\$m	\$m
Revenue from continuing operations	down	(8.7%)	to	2,703.3	2,960.2
Revenue from discontinued operations				12.8	28.9
Total revenue				2,716.1	2,989.1
Profit from continuing operations before net interest expense, income tax and significant items	down	(8.0%)	to	215.1	233.8
Profit from discontinued operations before net interest expense, income tax and significant items				39.3	17.9
Profit before net interest expense, income tax and significant items	up	1.1%	to	254.4	251.7
Net interest expense from continuing operations before significant items				(58.3)	(61.2)
Profit before income tax and significant items	up	2.9%	to	196.1	190.5
Income tax from continuing operations before significant items				(38.7)	(35.8)
Income tax from discontinued operations before significant items				(1.6)	1.6
Net profit before significant items attributable to members	down	(0.3%)	to	155.8	156.3
Significant items from continuing operations net of tax ¹				(2.7)	(18.2)
Significant items from discontinued operations net of tax ¹				8.3	(1.6)
Net profit attributable to members	up	18.2%	to	161.4	136.5

1. Refer Note 2 of the attached half-year financial report.

Profit before significant items is a non-IFRS measure reported to provide a greater understanding of the underlying business performance of the Group. The above disclosures are extracted or derived from the financial report for the period ended 31 December 2020, which has been reviewed by KPMG. The Independent Auditor's Review Report provided by KPMG is included in the Half-Year Financial Report of Boral Limited for the half-year period ended 31 December 2020.

Dividends	Amount per security	Franked amount per security at 30% tax
Current period: Interim - ordinary	–	–
Previous corresponding period: Interim - ordinary	9.5 cents	4.75 cents
Comparative Period: Half Year ended 31 December 2019		

Commentary on the results for the period

The commentary on the results of the period is contained in the "Results Announcement for the half-year ended 31 December 2020 - Management Discussion and Analysis" dated 9 February 2021.

Directors' Report

The Directors of Boral Limited ("the Company") report on the consolidated entity, being the Company and its controlled entities, for the half-year ended 31 December 2020 ("the half-year"):

1. Review of Operations

The Directors' review of the operations of the consolidated entity during the half-year and the results of those operations are as set out in the attached Results Announcement for the half-year.

2. Names of Directors

The names of persons who have been Directors of the Company during or since the end of the half-year are:

Kathryn Fagg AO	– Chairman
Zlatko Todorcevski	– Chief Executive Officer and Managing Director, appointed 1 July 2020
Peter Alexander	
Eileen Doyle	– Retired 27 October 2020
John Marlay	– Retired 27 October 2020
Karen Moses	
Deborah O'Toole	– Appointed 28 September 2020
Paul Rayner	
Richard Richards	– Appointed 28 September 2020 and retired 27 October 2020
Rob Sindel	– Appointed 28 September 2020
Ryan Stokes AO	– Appointed 28 September 2020

3. Lead Auditor's Independence Declaration

The lead auditor's independence declaration made under Section 307C of the Corporations Act 2001 is set out on page 2 and forms part of this Directors' Report.

4. Rounding of Amounts

Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with ASIC Corporations Instrument 2016/191, dated 24 March 2016. Amounts shown as "–" represent zero amounts and amounts less than \$50,000 which have been rounded down.

Signed in accordance with a resolution of the Directors.

	
Kathryn Fagg AO Director	Zlatko Todorcevski Director

Sydney, 9 February 2021



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Boral Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Boral Limited for the half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Kenneth Reid
Partner

Sydney, 9 February 2021

Income Statement

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	Half-Year 31 Dec 2020 \$m	Half-Year 31 Dec 2019 \$m
Continuing operations			
Revenue	4	2,703.3	2,960.2
Cost of sales		(1,835.6)	(1,995.5)
Selling and distribution expenses		(473.7)	(523.2)
Administrative expenses		(211.8)	(227.4)
		(2,521.1)	(2,746.1)
Other income		24.7	10.6
Other expenses		(3.7)	(21.9)
Share of equity accounted income		8.2	9.1
Profit before net interest expense and income tax		211.4	211.9
Interest income		2.9	2.7
Interest expense		(61.2)	(63.9)
Net interest expense		(58.3)	(61.2)
Profit before income tax		153.1	150.7
Income tax expense	5	(37.7)	(32.1)
Profit from continuing operations		115.4	118.6
Discontinued operations			
Profit from discontinued operations (net of income tax)	3	46.0	17.9
Net profit		161.4	136.5
Basic earnings per share			
Basic earnings per share	6	13.2c	11.6c
Diluted earnings per share	6	13.1c	11.6c
Continuing operations			
Basic earnings per share	6	9.4c	10.1c
Diluted earnings per share	6	9.4c	10.1c

The Income Statement should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

Statement of Comprehensive Income

BORAL LIMITED AND CONTROLLED ENTITIES

	Half-Year 31 Dec 2020 \$m	Half-Year 31 Dec 2019 \$m
Net profit	161.4	136.5
Other comprehensive income		
Items that may be reclassified subsequently to Income Statement:		
Net exchange differences from translation of foreign operations taken to equity	(198.0)	4.7
Fair value adjustment on cash flow hedges	2.3	(4.6)
Income tax on items that may be reclassified subsequently to Income Statement	(33.4)	3.2
Total comprehensive income/(loss)	(67.7)	139.8

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

Balance Sheet

BORAL LIMITED AND CONTROLLED ENTITIES

	Note	31 Dec 2020 \$m	30 Jun 2020 \$m
CURRENT ASSETS			
Cash and cash equivalents		558.1	904.4
Receivables		674.3	798.3
Inventories		486.7	523.9
Financial assets		5.4	4.7
Current tax assets		11.7	12.5
Other assets		52.7	47.2
Assets classified as held for sale		1,119.8	84.2
TOTAL CURRENT ASSETS		2,908.7	2,375.2
NON-CURRENT ASSETS			
Receivables		18.9	24.9
Inventories		10.6	11.2
Investments accounted for using the equity method		23.0	1,209.7
Financial assets		52.1	55.7
Property, plant and equipment		2,939.7	3,117.0
Intangible assets		1,970.8	2,223.2
Deferred tax assets		125.7	145.5
Other assets		40.3	39.6
TOTAL NON-CURRENT ASSETS		5,181.1	6,826.8
TOTAL ASSETS		8,089.8	9,202.0
CURRENT LIABILITIES			
Trade creditors		610.6	728.8
Interest bearing liabilities	10	97.1	106.0
Financial liabilities		11.1	13.7
Current tax liabilities		19.1	4.4
Employee benefit liabilities		121.4	119.7
Provisions		48.3	63.1
Liabilities classified as held for sale		-	10.3
TOTAL CURRENT LIABILITIES		907.6	1,046.0
NON-CURRENT LIABILITIES			
Interest bearing liabilities	10	2,400.1	3,378.0
Financial liabilities		90.3	26.6
Deferred tax liabilities		34.5	14.1
Employee benefit liabilities		45.1	43.4
Provisions		133.9	152.5
Other liabilities		12.4	6.3
TOTAL NON-CURRENT LIABILITIES		2,716.3	3,620.9
TOTAL LIABILITIES		3,623.9	4,666.9
NET ASSETS		4,465.9	4,535.1
EQUITY			
Issued capital	11	4,376.4	4,376.4
Reserves	12	126.3	356.9
Retained earnings/(accumulated deficit)		(36.8)	(198.2)
TOTAL EQUITY		4,465.9	4,535.1

The Balance Sheet should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

Statement of Changes in Equity

BORAL LIMITED AND CONTROLLED ENTITIES

	Issued capital \$m	Reserves \$m	Retained earnings \$m	Total Equity \$m
Balance at 1 July 2020	4,376.4	356.9	(198.2)	4,535.1
Net profit	-	-	161.4	161.4
Other comprehensive income				
Translation of net assets of overseas entities	-	(332.5)	-	(332.5)
Translation of share of equity accounted other comprehensive income	-	25.3	-	25.3
Translation of long-term borrowings and foreign currency forward contracts	-	109.2	-	109.2
Fair value adjustment on cash flow hedges	-	2.3	-	2.3
Income tax relating to other comprehensive income	-	(33.4)	-	(33.4)
Total comprehensive income/(loss)	-	(229.1)	161.4	(67.7)
Transactions with owners in their capacity as owners				
Share acquisition rights vested	-	(1.2)	-	(1.2)
Share-based payment	-	(0.3)	-	(0.3)
Total transactions with owners in their capacity as owners	-	(1.5)	-	(1.5)
Balance at 31 December 2020	4,376.4	126.3	(36.8)	4,465.9
Balance at 1 July 2019	4,265.1	330.0	1,220.6	5,815.7
Net profit	-	-	136.5	136.5
Other comprehensive income				
Translation of net assets of overseas entities	-	2.5	-	2.5
Translation of share of equity accounted other comprehensive income	-	8.2	-	8.2
Translation of long-term borrowings and foreign currency forward contracts	-	(6.0)	-	(6.0)
Fair value adjustment on cash flow hedges	-	(4.6)	-	(4.6)
Income tax relating to other comprehensive income	-	3.2	-	3.2
Total comprehensive income	-	3.3	136.5	139.8
Transactions with owners in their capacity as owners				
Share acquisition rights vested	-	(2.0)	-	(2.0)
Dividend paid	-	-	(158.3)	(158.3)
Share-based payment	-	2.0	-	2.0
Total transactions with owners in their capacity as owners	-	-	(158.3)	(158.3)
Balance at 31 December 2019	4,265.1	333.3	1,198.8	5,797.2

The Statement of Changes in Equity should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

Statement of Cash Flows

BORAL LIMITED AND CONTROLLED ENTITIES

	Half-Year 31 Dec 2020 \$m	Half-Year 31 Dec 2019 \$m
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	2,980.6	3,240.5
Payments to suppliers and employees	(2,547.2)	(2,912.9)
	433.4	327.6
Dividends received	50.7	23.6
Interest received	2.8	2.5
Borrowing costs paid	(64.0)	(61.4)
Income taxes paid	(7.9)	(30.6)
Restructure, transaction and integration costs paid	(24.4)	(24.5)
Net cash provided by operating activities	390.6	237.2
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(122.9)	(185.3)
Purchase of intangibles	-	(3.6)
Proceeds on disposal of non-current assets	37.2	19.7
Proceeds on disposal of controlled entities and associates (net of transaction costs)	71.5	13.0
Net cash used in investing activities	(14.2)	(156.2)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-	(158.3)
Repayment of lease principal	(43.1)	(45.7)
Proceeds from borrowings	105.6	-
Repayment of borrowings	(732.8)	(1.3)
Net cash used in financing activities	(670.3)	(205.3)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(293.9)	(124.3)
Cash and cash equivalents at the beginning of the year	904.4	207.2
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies	(52.4)	1.5
Cash and cash equivalents at the end of the half-year	558.1	84.4

The Statement of Cash Flows should be read in conjunction with the accompanying notes which form an integral part of the half-year financial report.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

1. ACCOUNTING POLICIES

Boral Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated half-year financial report of Boral Limited as at and for the half-year ended 31 December 2020 comprises Boral Limited and its controlled entities (the "Group").

(a) Basis of Preparation

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. The financial report also complies with IAS 34 *Interim Financial Reporting*.

The half-year financial report does not include full note disclosures of the type normally included in an annual financial report. As a result, the half-year financial report should be read in conjunction with the 30 June 2020 Annual Financial Report and any public announcements by Boral Limited and its controlled entities during the half-year in accordance with continuous disclosure obligations under the *Corporations Act 2001*.

The half-year financial report was authorised for issue by the Directors on 9 February 2021.

The half-year financial report is presented in Australian dollars.

(b) Significant Accounting Policies

The accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 30 June 2020 Annual Financial Report. The half-year financial report has been prepared on the basis of historical cost, except where assets and liabilities are stated at their fair values in accordance with relevant accounting policies.

The Group has early adopted AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform (issued by AASB in October 2019) in the prior financial year. The Group has no transactions that are affected by newly effective Australian Accounting Standards and Australian Accounting Standards Board Interpretations or its accounting policies are already consistent with the new requirements.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

(c) Comparative Figures

Where applicable, certain comparative figures have been reclassified to discontinued operations, to align with current year presentation, as a result of the sale of Midland Brick and the expected divestment of Boral's 50% interest in USG Boral and Meridian Brick. Refer to Note 3 for further details.

(d) Rounding of Amounts

Unless otherwise expressly stated, amounts have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with ASIC Corporations Instrument 2016/191, dated 24 March 2016. Amounts shown as "—" represent zero amounts and amounts less than \$50,000 which have been rounded down.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses, whose operating results are regularly reviewed by the Group's chief operating decision maker in order to effectively allocate Group resources and assess performance.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the CEO and Managing Director in assessing performance and in determining the allocation of resources. The operating segments are identified by the Group based on consideration of the nature of the services provided as well as the geographical region. Discrete financial information about each of these operating businesses is reported to the CEO and Managing Director on a recurring basis.

The following summary describes the operations of the Group's reportable segments:

Boral Australia	- Construction Materials & Cement (comprising quarries, concrete, asphalt, transport, landfill, property, cement and concrete placing) and Building Products (comprising roofing, masonry and timber products).
Boral North America	- Fly ash, stone, roofing, light building products and windows.
Discontinued Operations	- Midland Brick, USG Boral and Meridian Brick.
Corporate	- Non-trading operations and unallocated corporate costs.

The major end use markets for Boral's products include residential and non-residential construction and the engineering and infrastructure markets.

Inter-segment pricing is determined on an arm's-length basis.

The Group has a large number of customers to which it provides products, with no single customer responsible for more than 10% of the Group's revenue.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

	Note	Half-Year 31 Dec 2020 \$m	Half-Year 31 Dec 2019 \$m
Reconciliations of reportable segment revenues and profits			
External revenue		2,716.1	2,989.1
Less: revenue from discontinued operations	3	(12.8)	(28.9)
Revenue from continuing operations		2,703.3	2,960.2
Profit before tax			
Profit before net interest expense and income tax from reportable segments		252.9	228.2
Less: Profit before net interest expense and income tax from discontinued operations	3	(41.5)	(16.3)
Profit before net interest expense and income tax from continuing operations		211.4	211.9
Net interest expense from continuing operations		(58.3)	(61.2)
Profit before tax from continuing operations		153.1	150.7

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	Boral Australia		Boral North America		Discontinued Operations		Corporate		Total	
	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
External Revenue	1,605.1	1,752.4	1,098.2	1,207.8	12.8	28.9	-	-	2,716.1	2,989.1
Profit/(loss) before depreciation, amortisation, interest, income tax expense and significant items (EBITDA)	249.8	286.5	209.0	199.4	40.0	19.8	(12.6)	(12.7)	486.2	493.0
Depreciation and amortisation	(121.4)	(126.8)	(108.7)	(111.6)	(0.7)	(1.9)	(1.0)	(1.0)	(231.8)	(241.3)
Profit/(loss) before interest, income tax and significant items (EBIT)	128.4	159.7	100.3	87.8	39.3	17.9	(13.6)	(13.7)	254.4	251.7
Sale of business (i)	-	-	-	-	2.2	-	-	-	2.2	-
Transformation costs (ii)	-	-	-	-	-	-	(3.7)	-	(3.7)	-
Joint venture matters (iii)	-	-	-	-	-	(1.6)	-	(6.5)	-	(8.1)
Restructure and integration costs (iv)	-	(7.2)	-	(8.2)	-	-	-	-	-	(15.4)
Significant items before income tax expense	-	(7.2)	-	(8.2)	2.2	(1.6)	(3.7)	(6.5)	(1.5)	(23.5)
Profit/(loss) before interest and income tax expense	128.4	152.5	100.3	79.6	41.5	16.3	(17.3)	(20.2)	252.9	228.2
Equity accounted income	8.2	9.1	-	-	40.6	20.1	-	-	48.8	29.2
Significant items (iii)	-	-	-	-	-	(1.6)	-	-	-	(1.6)
Equity accounted income after significant items	8.2	9.1	-	-	40.6	18.5	-	-	48.8	27.6

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

Significant items	Gross Half-Year 31 Dec 2020 \$m	Tax Half-Year 31 Dec 2020 \$m	Net Half-Year 31 Dec 2020 \$m	Gross Half-Year 31 Dec 2019 \$m	Tax Half-Year 31 Dec 2019 \$m	Net Half-Year 31 Dec 2019 \$m
(i) Sale of business	2.2	6.1	8.3	-	-	-
(ii) Transformation costs	(3.7)	1.0	(2.7)	-	-	-
(iii) Joint venture matters	-	-	-	(8.1)	-	(8.1)
(iv) Restructure and integration costs	-	-	-	(15.4)	3.7	(11.7)
	(1.5)	7.1	5.6	(23.5)	3.7	(19.8)

(i) Sale of business

The Group completed the sale of the Midland Brick business in September, which generated net cash proceeds of \$81.3 million and a profit before tax of \$2.2 million.

(ii) Transformation costs

During the period, the Group incurred \$3.7 million of costs in relation to the ongoing portfolio and organisational structure reviews.

(iii) Joint venture matters

In the prior period, the Group incurred \$8.1 million of costs, primarily legal and consulting, in conjunction with the previously announced change in ownership and operating structure of the plasterboard businesses, as a result of Knauf's acquisition of USG.

(ii) Restructure and integration costs

In the prior period, \$7.2 million of restructuring related costs were incurred to align the Australian business with the prevailing trading conditions and \$8.2 million of costs were incurred in relation to the integration of the Headwaters business into the Group's existing North America business portfolio.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

2. SEGMENTS (continued)

	Boral Australia		Boral North America		Discontinued Operations		Corporate		Total	
	Half-Year	Full Year	Half-Year	Full Year	Half-Year	Full Year	Half-Year	Full Year	Half-Year	Full Year
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Segment assets (excluding equity accounted investments)	2,981.9	3,119.2	3,227.2	3,680.9	1,119.8	84.2	42.4	45.6	7,371.3	6,929.9
Equity accounted investments	23.0	20.9	-	-	-	1,188.8	-	-	23.0	1,209.7
	3,004.9	3,140.1	3,227.2	3,680.9	1,119.8	1,273.0	42.4	45.6	7,394.3	8,139.6
Cash and cash equivalents							558.1	904.4	558.1	904.4
Tax assets							137.4	158.0	137.4	158.0
Total assets	3,004.9	3,140.1	3,227.2	3,680.9	1,119.8	1,273.0	737.9	1,108.0	8,089.8	9,202.0
Segment liabilities	585.4	672.9	332.3	381.9	-	10.3	155.4	99.3	1,073.1	1,164.4
Interest bearing liabilities							2,497.2	3,484.0	2,497.2	3,484.0
Tax liabilities							53.6	18.5	53.6	18.5
Total liabilities	585.4	672.9	332.3	381.9	-	10.3	2,706.2	3,601.8	3,623.9	4,666.9
	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year	Half-Year
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
Acquisition of segment assets ¹	81.0	155.8	66.3	118.2	0.4	0.2	0.1	0.5	147.8	274.7

Geographical location

In presenting information on a geographical basis, assets are based on the geographical location of the assets.

	Half-Year	Full Year
	31 Dec 2020	30 Jun 2020
	\$m	\$m
NON-CURRENT ASSETS		
Australia	2,215.9	2,576.7
Asia	-	723.0
United States of America	2,765.6	3,236.5
Other	21.8	89.4
	5,003.3	6,625.6
Tax assets	125.7	145.5
Financial assets	52.1	55.7
	5,181.1	6,826.8

1. Excludes amounts attributable to the acquisition of controlled entities and businesses.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

During the period, the Group completed the divestment of its Midland Brick business in Western Australia.

In October 2020, the Group announced the divestment of Boral's 50% interest in USG Boral to Gebr Knauf KG, subject to typical conditions precedent including in relation to regulatory matters.

In December 2020, the Group announced the divestment of Boral's 50% interest in Meridian Brick Joint Venture to Wienerberger, subject to various closing conditions and regulatory approvals.

The earnings in the current and comparative periods for these businesses, the gain on sale in Midland Brick business, have been reclassified to "Discontinued Operations" in the Income Statement, and are summarised below.

	Note	Half-Year 31 Dec 2020 \$m	Half-Year 31 Dec 2019 \$m
Results of discontinued operations			
Revenue		12.8	28.9
Expenses		(14.1)	(31.1)
Share of equity accounted income		40.6	20.1
Trading profit before significant items, net interest expense and income tax			
		39.3	17.9
Joint venture matters	2	-	(1.6)
Net gain on sale of discontinued operations	2	2.2	-
Profit before income tax			
		41.5	16.3
Income tax benefit	5	4.5	1.6
Net profit			
		46.0	17.9
Cash flows of discontinued operations			
Net cash provided by operating activities		43.1	17.5
Net cash provided by investing activities		68.4	8.8
Net cash used in financing activities		(0.3)	(0.7)
Net cash provided by discontinued operations			
		111.2	25.6
Assets classified as held for sale			
Investments accounted for using the equity method		1,119.8	

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

3. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE (continued)

Disposal of Midland Brick business

The following disposal entries were recorded in the current period. The gain on disposal is subject to finalisation of working capital adjustments, which is expected by 30 June 2021.

	Half-Year 31 Dec 2020 \$m
Current period	72.3
Prior period	9.0
Consideration	81.3
Receivables	(7.6)
Inventories	(42.1)
Property, plant and equipment	(30.9)
Other assets	(1.6)
Trade creditors	3.3
Employee benefit liabilities	3.0
Provisions	0.3
Net assets disposed	(75.6)
Costs incurred	(3.5)
Gain on disposal before income tax	2.2

	Half-Year 31 Dec 2020 \$m	Half-Year 31 Dec 2019 \$m
4. REVENUE FROM CONTINUING OPERATIONS		
Sale of goods	2,499.7	2,727.4
Rendering of services	31.2	38.4
Contracting business	172.4	194.4
Revenue from continuing operations	2,703.3	2,960.2

5. INCOME TAX EXPENSE

Reconciliation of income tax expense to prima facie tax

Income tax expense on profit at Australian tax rates 30%	58.4	50.1
Variation between Australian and overseas tax rates	(3.5)	(3.8)
Share of associates' net income (excluding significant items)	(11.3)	(8.2)
Tax benefit arising from share acquisition rights vested	(0.3)	(0.5)
Additional tax benefit from sale of business	(6.7)	-
Income tax losses brought to account	(6.1)	(10.6)
Other items	2.7	3.5
Income tax expense	33.2	30.5
Income tax expense relating to continuing operations	37.7	32.1
Income tax benefit relating to discontinued operations	(4.5)	(1.6)
	33.2	30.5

At 31 December 2020, the Group has unrecognised income and capital losses carried forward, of which the tax effected amounts are \$44.4 million and \$90.2 million respectively. Those losses have not been accounted for due to the uncertainties relating to their future utilisation.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

6. EARNINGS PER SHARE

Classification of securities as ordinary shares

Only ordinary shares have been included in basic earnings per share.

Classification of securities as potential ordinary shares

Options outstanding under the Executive Share Option Plan and Share Performance Rights have been classified as potential ordinary shares and are included in diluted earnings per share only.

	Half-Year 31 Dec 2020	Half-Year 31 Dec 2019
Weighted average number of ordinary shares used as the denominator		
Number for basic earnings per share	1,225,653,798	1,172,331,924
Effect of potential ordinary shares	5,480,069	4,296,240
Number for diluted earnings per share	1,231,133,867	1,176,628,164

	Half-Year 31 Dec 2020			Half-Year 31 Dec 2019		
	Continuing operations \$m	Discontinued operations \$m	Total \$m	Continuing operations \$m	Discontinued operations \$m	Total \$m
Earnings reconciliation						
Net profit attributable to members of the parent entity excluding significant items	118.1	37.7	155.8	136.8	19.5	156.3
Net significant items (refer note 2)	(2.7)	8.3	5.6	(18.2)	(1.6)	(19.8)
Net profit	115.4	46.0	161.4	118.6	17.9	136.5
Basic earnings per share	9.4c	3.8c	13.2c	10.1c	1.5c	11.6c
Diluted earnings per share	9.4c	3.7c	13.1c	10.1c	1.5c	11.6c
Excluding significant items						
Basic earnings per share*	9.6c	3.1c	12.7c	11.7c	1.7c	13.3c
Diluted earnings per share	9.6c	3.1c	12.7c	11.6c	1.7c	13.3c

* Numbers may not add due to rounding.

The average market value of the Company's shares for the purpose of calculating the dilutive effect of share options was based on quoted market prices for the period that the options were outstanding.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

7. DIVIDENDS

	Amount per share	Total amount (\$m)	Franked amount per share	Date of payment
For the half-year ended 31 December 2020				
Final June 2020 - ordinary	-	-	-	-

For the half-year ended 31 December 2019

Final June 2019 - ordinary	13.5 cents	158.3	6.75 cents	1 October 2019
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Subsequent event

Since the end of the period, the Directors have decided that no interim dividend would be paid for the half-year ended 31 December 2020.

Dividend Reinvestment Plan

The Group's Dividend Reinvestment Plan, was in effect for the payment of the interim dividend on 15 April 2020.

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

			OWNERSHIP INTEREST	
Name	Principal activity	Balance date	31 Dec 2020 %	30 Jun 2020 %
DETAILS OF EQUITY ACCOUNTED INVESTMENTS				
Bitumen Importers Australia Pty Ltd	Bitumen importer	30-Jun	50	50
Flyash Australia Pty Ltd	Fly ash collection	31-Dec	50	50
Highland Pine Products Pty Ltd	Timber	30-Jun	50	50
Meridian Brick ¹	Bricks	30-Jun	50	50
Penrith Lakes Development Corporation Ltd	Property development	30-Jun	40	40
South East Asphalt Pty Ltd	Asphalt	30-Jun	50	50
Sunstate Cement Ltd	Cement manufacturer	30-Jun	50	50
USG Boral Building Products ²	Plasterboard	30-Jun	50	50

1. The Group has a 50% interest in the joint ventures in the USA (Meridian Brick LLC) and Canada (Meridian Brick Canada Ltd). This has been reclassified as assets held for sale. Refer to Note 3.
2. The Group has a 50% interest in the joint ventures in Australia (USG Boral Building Products Pty Ltd) and Asia (USG Boral Pte Ltd). This has been reclassified as assets held for sale. Refer to Note 3.

	31 Dec 2020	30 Jun 2020
Net tangible asset backing per ordinary security	\$2.04	\$1.89

	31 Dec 2020 \$m	30 Jun 2020 \$m
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10. INTEREST BEARING LIABILITIES

CURRENT

Loans - unsecured	8.9	9.0
Other loans	3.7	5.3
Lease liabilities	84.5	91.7
	97.1	106.0

NON-CURRENT

Loans - unsecured	2,150.6	3,084.6
Other loans	0.5	2.0
Lease liabilities	249.0	291.4
	2,400.1	3,378.0

TOTAL	2,497.2	3,484.0
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Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

	31 Dec 2020 \$m	30 Jun 2020 \$m
11. ISSUED CAPITAL		
1,225,653,798 (30 Jun 2020: 1,225,653,798) ordinary shares	4,376.4	4,376.4

MOVEMENTS IN ISSUED CAPITAL

Balance at the beginning of the period	4,376.4	4,265.1
Nil (30 Jun 2020: 14,407,567) shares issued under the Dividend Reinvestment Plan	-	29.7
Nil (30 Jun 2020: 38,914,307) shares issued under the Dividend Reinvestment Plan underwriting agreement	-	81.6
Balance at the end of the period	4,376.4	4,376.4

Ordinary shares issued are classified as equity and are fully paid, have no par value and carry one vote per share and the right to dividends. Incremental costs directly attributable to the issue of new shares or the exercise of options are recognised as a deduction from equity, net of any related income tax benefit.

In the event of a winding up of Boral Limited, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation.

12. RESERVES

Foreign currency translation reserve	97.1	327.8
Hedging reserve - cash flow hedges	(10.4)	(12.0)
Share-based payments reserve	39.6	41.1
Balance at the end of the period	126.3	356.9

Notes to the Financial Report

BORAL LIMITED AND CONTROLLED ENTITIES

13. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair value measurement principles adopted in this report are consistent with those applied in the Group's Annual Financial Report for the year ended 30 June 2020.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for asset or liability that are not based on observable market data.

The following table presents the Group's financial assets and liabilities that are measured at Level 1 and Level 2 fair value:

	Level 1		Level 2	
	31 Dec 2020	30 June 2020	31 Dec 2020	30 June 2020
	\$m	\$m	\$m	\$m
Assets				
Equity Securities	35.0	33.1	-	-
Derivative financial assets	-	-	22.5	27.3
Total assets	35.0	33.1	22.5	27.3
Liabilities				
Derivative financial liabilities	-	-	101.4	40.3
Total liabilities	-	-	101.4	40.3

The Group does not have financial instruments that have been valued at Level 3.

Statutory Statements

BORAL LIMITED AND CONTROLLED ENTITIES

Directors' Declaration

In the opinion of the Directors of Boral Limited:

1. The financial statements and notes set out on pages 3 to 19, are in accordance with the *Corporations Act 2001*, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2020 and of its performance, as represented by the results of its operations and cash flows, for the half-year ended on that date; and
 - (b) complying with Australian Accounting Standard AASB 134 "*Interim Financial Reporting*" and the *Corporations Regulations 2001*; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



Kathryn Fagg AO
Chairman



Zlatko Todorovski
CEO & Managing Director

Sydney, 9 February 2021



Independent Auditor's Review Report

To the shareholders of Boral Limited

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Boral Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Boral Limited does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Consolidated Balance Sheet as at 31 December 2020
- Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the Half-year ended on that date
- Notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Boral Limited (the Company) and the entities it controlled at the Half year's end or from time to time during the Half-year.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2020 and its performance for the Half-Year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



KPMG



Kenneth Reid
Partner

Sydney, 9 February 2021



Results Announcement for the half year ended 31 December 2020

9 February 2021

Media Release

Boral makes good progress to improve the business, reporting an underlying half year result in line with prior corresponding period

Boral Limited (ASX: BLD) today reported a statutory **net profit after tax (NPAT)** of **\$161 million** for the half year ended 31 December 2020.

Boral's half year results include:

- Reported sales revenue of \$2,716 million down 9% on 1H FY20 and **sales revenue from continuing operations of \$2,703 million down 9%**
- **Earnings before interest and tax (EBIT)**¹ of \$254 million up 1% and **EBIT**¹ **from continuing operations of \$215 million down 8%**, reflecting lower EBIT from Boral Australia
- Net profit after tax (NPAT) **before significant items**¹ of **\$156 million, steady** on the prior corresponding period (pcp)
- **Operating cash flow** of \$391 million up 65% (versus \$237 million in 1H FY20) with strong cash generation benefiting from inventory reductions and improved debtor levels.

Net debt (including leases) reduced to \$1.9 billion from \$2.6 billion in June 2020 reflecting strong operating cash flow, disciplined capital allocation, a favourable exchange rate movement and \$108 million of proceeds from sale of assets. With net debt remaining higher than Boral's target of \$1.5 billion, the Board has determined not to pay an interim dividend.

Boral also announced that it has set a \$300 million EBIT Transformation target (net of inflation) to achieve return on funds employed above the cost of capital throughout the cycle. In 1H FY21, \$32 million of Transformation benefits (net of inflation) were delivered.

Solid half year results in challenging conditions

Commenting on the first half result, **Boral's CEO & Managing Director, Zlatko Todorovski**, said:

"While market conditions across the sector remain uncertain, we have made strong early progress to reset our portfolio of businesses, in line with our commitment to shareholders to transform Boral into a more agile, resilient and profitable company."

"Much work remains to be done but we are well on our way."

"Our half year results were impacted, as we expected, by a decline in multi-residential and non-residential construction activity in Australia, particularly in NSW, and the completion of a number of major projects, ahead of materials demand from new projects coming through. We are in a good position to supply demand when activity in Australia picks up."

"In North America, housing demand strengthened throughout the half. We have taken actions to increase production in our building products businesses and to mitigate COVID-related absenteeism and labour shortages, and we are well placed to support market demand in the second half."

"Safety performance was broadly steady with a recordable injury frequency rate of 7.7. We are focused on delivering another step change improvement in safety and environmental outcomes. A key priority remains managing the impacts of the COVID-19 virus and keeping our people, our customers and our communities safe."

Boral Australia's revenue was down 8% and EBIT¹ of \$128 million was 20% lower reflecting lower volumes, the flow through of lower prices from 2H FY20 due to reduced activity, and a lower contribution from Property of \$17 million compared to \$29 million in the pc. Transformation benefits helped to mitigate the negative impacts of lower volumes and pricing. Excluding Property, EBIT¹ was down 15%.

Boral North America revenue was down 3% to US\$801 million, with Building Products revenue steady but Fly Ash revenue down 8%. EBIT¹ of US\$73 million increased 22%. Excluding a US\$5 million profit on sale of assets in the half and prior year US\$10 million one-off costs, underlying EBIT¹ was broadly steady.

Boral's share of 1H FY21 earnings from USG Boral and Meridian Brick are reported as **discontinued operations**. The **USG Boral** joint venture contributed \$28 million EBIT¹ compared with \$23 million in pc. and **Meridian Brick** contributed US\$9 million of EBIT¹ compared with a loss of US\$2 million in pc.

Outlook for second half of FY2021 remains uncertain

In **Boral Australia**, underlying market conditions for the remainder of FY21 are uncertain with continued weakness in multi-residential and non-residential construction, and a transitional period for major projects as current projects have relatively low concrete and asphalt intensity and new projects are slow to move into the execution phase.

Housing approvals in December were strong, however, it is unclear whether the increase in approvals is sustainable or if it is a stimulus-driven pull forward of demand that would otherwise come through later in 2021. At this stage, we do not expect EBIT margins (excluding Property) in 2H FY21 to grow relative to 1H FY21. Overall, the benefits from Transformation initiatives (net of inflation) are expected to offset the impacts of adverse market conditions in 2H relative to 1H.

In **Boral North America**, the Building Products order book at the end of December looks good and production volumes should continue to ramp up to meet strong market demand. Benefits are expected from price increases announced late in 1H FY21 and from Transformation initiatives.

In 2H FY21, Fly Ash is expected to be impacted by continued COVID-related utility slowdowns and intermittent shuts, typical 2H seasonality that results in lower earnings and margins, exacerbated by the loss of a high margin contract in Oct-2020 and lower site services revenue on pc.

Making good progress against our strategic priorities

While market conditions have been challenging, Mr Todorcevski commented on the substantial progress that has been made to strengthen Boral's business:

"As we announced late last year, our comprehensive portfolio review confirmed we have outstanding assets and positions, and importantly that there is a lot of potential to improve the performance of our businesses.

"Following the review, we announced the sale of Boral's 50% interest in USG Boral to Knauf for US\$1.015 billion, as well as the sale of Meridian Brick for US\$250 million (US\$125m Boral share).

"In the first half of this year, we delivered \$32 million of Transformation benefits net of inflation, with a run rate of around \$83 million against our \$300 million Transformation target. These benefits came from cost reduction initiatives in Boral Australia, with further opportunities identified and being matured. Boral North America also has a suite of improvement opportunities and delivered benefits to offset inflation in the first half.

"In October 2020, we said we would explore third-party interest in our Building Products businesses in North America to determine if there are opportunities to create greater value beyond our own business improvement initiatives. We have now appointed advisors to support this value assessment process.

"As a follow on from the portfolio review, we conducted a more detailed and focused study of the US fly ash market. Our strategy is to strengthen the Fly Ash business for the long term, including by maturing plans to develop and grow fly ash supply from targeted alternative sources.

"Overall, our priorities are clear: the building of a stronger, better performing, more customer-focused Boral, with a portfolio of businesses that are delivering strong returns for our shareholders, in an organisation of proud and engaged people."

1. NPAT and EBIT before significant items are non-IFRS measures reported to provide greater understanding of the Group's underlying business performance. Non-IFRS information has not been subject to audit or review. Full details of significant items are contained in Note 2 of the Half Year Financial Report.



1H FY2021 results

for the half year ended
31 December 2020

Management Discussion & Analysis

9 February 2021

Commentary throughout this Management Discussion & Analysis, unless otherwise stated, is based on earnings from continuing operations and includes the impact of the IFRS leasing standard (AASB 16).

1H FY2021 results summary

While market conditions are uncertain, solid progress has been made to reset Boral's portfolio of businesses, deliver better financial results and build a stronger performing business.

Boral has set a \$300m EBIT Transformation target to achieve ROFE > WACC throughout the cycle.

For continuing operations:

- **Revenue** of **\$2,703m** declined 9% on prior corresponding period (pcp)
- **EBIT^{1,2}** of **\$215m** decreased 8% on pcp
- **EBIT^{1,2} margin** of **8.0%** (7.9% pcp)

For total operations:

- **Statutory NPAT²** of **\$161m** up 18%; and **underlying NPAT^{1,2}** of **\$156m** steady on pcp
- **Statutory EPS** of **13.2 cents** (11.6 ¢ pcp)
- **Underlying EPS^{1,2}** of **12.7 cents** (13.3 ¢ pcp)

No interim dividend as debt higher than target

Operating cash flow of **\$391m** up 65% on pcp

ROFE^{1,3} of **7.7%** (6.1% pcp)

Overview¹

- **Boral Australia** – Revenue was down 8% reflecting lower volumes and pricing, particularly in NSW and Qld where major project work and multi-residential activity declined. EBIT declined 20% to \$128m due to lower revenue and reduced Property earnings. Cost savings of \$32m (net of inflation) from Transformation programs were delivered. Excluding Property earnings, EBIT declined 15%.
- **Boral North America** – Revenue declined 3% to US\$801m. EBIT of US\$73m was up 22%. Excluding a profit on sale of assets of ~US\$5m, and prior year US\$10m one-off costs, underlying EBIT was broadly steady on lower revenue. As production ramped up to meet strong demand, Building Products delivered solid EBIT improvements in the December quarter, offsetting a softer September quarter and moderately lower EBIT from Fly Ash throughout the period.
- **USG Boral** – On 27 October 2020, Boral announced the sale of its 50% share of USG Boral to Knauf. The transaction is expected to close in FY21. Reported under discontinued operations, Boral's equity accounted post-tax earnings from USG Boral was up 22% to \$28m.
- **Outlook** – The strong housing demand in North America is expected to continue. Market demand in Australia remains uncertain especially in multi-residential and non-residential construction and in the timing of major projects entering execution. Refer to page 15 for further comments.
- **Safety** – Recordable injury frequency rate (RIFR)⁴ of 7.7 broadly in line with FY19 and FY20. Lost time injury frequency rate (LTIFR)⁴ of 1.7 is also broadly in line with last year's 1.6.
- **Responding to COVID-19** – The health and wellbeing of our people remains a key priority while maintaining safe supply to our customers through the COVID-19 pandemic. Boral has robust hygiene measures and safety protocols in place to protect the health and wellbeing of our people and customers. In North America where community transmission is high, the business has continued to experience labour shortages, absenteeism and disruptions. Recruitment and retention strategies remain a priority.
- **Strategic priorities** – In 1H FY21, a detailed portfolio review was completed. Divestments of Boral's 50% interests in USG Boral and Meridian Brick were announced and are expected to close in FY21. In Australia, programs are underway to improve the business and strengthen returns, including centralisation of key functions and pursuit of adjacent growth strategies. In North America, business improvements have commenced, a detailed review of Fly Ash undertaken and plans to secure alternative fly ash sources are being developed. We said we would explore third-party interest in our North American Building Products assets; we have appointed advisors to support this value assessment process.
- **Transformation** – Boral has set a target to achieve \$300m of EBIT Transformation initiatives (net of inflation), to help deliver ROFE > WACC throughout the cycle. In 1H FY21, ~\$32m of net Transformation benefits (\$65m of cost savings less \$33m of inflation) were delivered.

Group financial overview

A\$m <i>Figures may not add due to rounding</i>		1H FY21	1H FY20	Var %
Revenue	– total operations basis	2,716	2,989	(9)
	– continuing operations basis	2,703	2,960	(9)
EBITDA ^{1,2}	– total operations basis	486	493	(1)
	– continuing operations basis	446	473	(6)
EBIT ^{1,2}	– total operations basis	254	252	1
	– continuing operations basis	215	234	(8)
ROFE ^{1,3} , %		7.7	6.1	
Net interest		(58)	(61)	5
Tax ¹		(40)	(34)	(18)
NPAT ^{1,2}	– total operations basis	156	156	(0)
	– continuing operations basis	118	137	(14)
Significant items (gross)		(2)	(24)	
Tax on significant items		7	4	
Statutory NPAT²		161	137	18
Cash flow from operating activities		391	237	65
Statutory EPS (cents)		13.2	11.6	
Dividend (cents)		Nil	9.5	

- For continuing operations, **sales revenue** of \$2,703m was down 9% and **EBIT¹** of \$215m was down 8%, reflecting lower demand and pricing in Australia offset by an improved demand environment in North America despite ongoing COVID impacts. Benefits from Transformation initiatives contributed to the result.
- Income tax expense¹ increased \$6m to \$40m**, and an effective tax rate of 20.6% reflects the impact of stronger earnings from joint ventures, which are post tax, and the utilisation of capital losses in Australia. Excluding the utilisation of capital losses, Boral's effective tax rate is 23.7%.
- Significant items:** A net gain of \$5m of significant items primarily relates to an \$8m profit on sale of the Midland Brick business, partly offset by Transformation project costs of \$3m.
- Operating cash flow of \$391m was strong relative to pcp increasing 65%**, reflecting net working capital improvement of \$153m on the prior period as Boral reduced inventory and debtor levels.
- Capital expenditure of \$148m** (including leases) was down from \$275m in the pcp and included investments in the new Port of Geelong clinker import terminal in Vic, the Tarong Fly Ash facility in Qld, and the Kirkland natural pozzolan resource project in North America.
- No interim dividend** was declared as net debt is higher than Boral's target of \$1.5b. Following receipt of proceeds from the sale of USG Boral and Meridian Brick, net debt will fall below \$1.5b, creating a surplus. Subject to prevailing conditions and other reinvestment opportunities, surplus capital will be available for distribution to shareholders.
- Including lease liabilities, **net debt at 31 Dec 2020 was \$1,939m, down from \$2,580m** at 30 June 2020.
- Gearing** (net debt/(net debt + equity)) was 30%, down from 36% at 30 June 2020 due to higher operating cash flows, disciplined capital investment, a favourable exchange rate translation and proceeds from the disposal of Midland Brick.
- Boral is well within its funding covenants. Boral's principal debt gearing covenant (gross debt/ (gross debt + equity)) was 34%, down from 41% at 30 June 2020 and well within the threshold of <60%. **No refinancing is required until May 2022** (being the undrawn committed bank facilities of around A\$350m).
- Net debt / EBITDA** (based on EBITDA for last 12 months from continuing operations) of 2.5 times reflects debt reduction during the half year.
- Significant liquidity and undrawn committed facilities of \$1.87b**, including \$558m of cash.

Zero Harm – safety and environment

Boral's safety performance has broadly plateaued. Boral's recordable injury frequency rate (RIFR)⁴ of 7.7 was in line with FY19 and FY20. Lost time injury frequency rate (LTIFR)⁴ of 1.7 is also in line with last year's 1.6. With Boral's safety results plateauing, we have new programs in place to help deliver another step change in safety performance.

As at 31 January 2021, we have a total of 84 active cases of COVID-19 among Boral's employees mainly in North America in geographies where community transmission is high and 11 in the USG Boral joint venture. A further 755 people have recovered and returned to work. Sadly, five employees in North America and one employee in USG Boral who suffered COVID-19 related complications have passed away.

Boral's Zero Harm Council includes the CEO, Boral's most senior executives and senior HSE professionals. The purpose of the Council is to provide oversight, leadership and support to deliver the HSE strategy. Efforts to minimise the risk of spreading COVID-19 in order to keep our people, customers and communities safe and healthy, remains a key priority. Other current key priorities of the Zero Harm Council are:

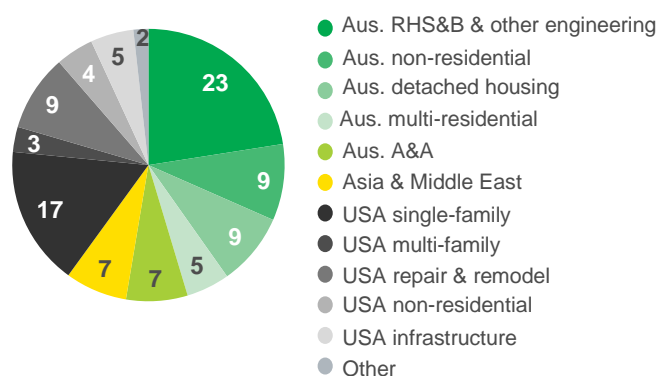
- prioritising efforts to reduce serious harm incidents
- heavy vehicle safety
- mental health & wellbeing
- climate and energy including completing work in FY21 to set science-based emission reduction targets
- product stewardship
- contractor management
- environmental performance, and
- water usage.

Market conditions

In Australia, major projects activity has slowed ahead of demand from new projects coming through. Stimulus measures are helping underlying infrastructure and detached housing activity, while multi-residential and non-residential work declined.

US housing and R&R activity strengthened.

Boral 1H FY21 external revenue⁵ by market, %



AUSTRALIA

Boral Australia's largest exposure is to **roads, highways, subdivisions & bridges (RHS&B)**⁶. The RHS&B segment includes new construction (~75% of activity) and maintenance work (~25%) with major infrastructure projects a part of new construction activity.

In 1H FY21, RHS&B value of work done (VWD) increased nationally and in all states. However, the extent of the increase is still being reviewed by Macromonitor, so a reliable estimate is not currently available. While the VWD of major projects in RHS&B increased in the period, the materials intensity of projects reduced. We estimate that in the pcp construction materials demand represented in excess of 5% of the VWD whereas in 1H FY21, construction materials represented less than 3%.

Market conditions (cont.)

Construction materials demand is expected to increase, through FY22, when major projects (such as WestConnex Stage 3 and West Gate Tunnel) move into more materials intensive phases of construction, and delayed projects move to execution.

Other engineering activity⁶ in Australia **increased ~9%** with higher levels of activity across all states except Vic.

Non-residential activity⁷ **declined ~9%**.

In 1H FY21, **Australian housing starts**⁸ **were flat** at an **estimated 173,700 annualised starts**, with a decline of ~10% in NSW, ~1% in Qld and ~3% in SA. Starts increased ~10% in Vic and ~12% in WA.

Steady housing starts reflect a **~14% decline in multi-residential** starts, including a ~26% decline in NSW, and a **~10% increase in detached housing**.

Alterations & additions (A&A) activity⁹ **increased by an estimated ~3%**.

Selection of Australian project work and potential pipeline (as at December 2020)

	Estimated completion
Norfolk Island Airport	1H FY21
Melbourne Metro Rail Project (Precast), Vic	
RAAF – East Sale, Vic	
Karratha Tom Price Road, WA	
Queens Wharf – resort development, Qld	FY22
Mordialloc Bypass, Vic	
Pacific Motorway, Varsity Lakes to Tugun, Qld	
Snowy Hydro 2.0, NSW (precast)	
Sydney Metro (Martin Place Station), NSW	
West Gate Tunnel, Vic	FY24
WestConnex 3B (above ground), NSW	
Road Asset Management Contracts, Qld	
Bruce Highway upgrade (various), SE Qld	Tendering
Gold Coast Light Rail, 3A, Qld	
Golden Plains Wind Farm, Vic	
Kidston Hydro Project, Qld	
Inland Rail Project, Qld, NSW, Vic	
M6 – Kogarah, NSW	
Monash Freeway Upgrade – Stage 2, Vic	
North East Link, Melbourne, Vic	
Pacific Motorway M1 (various), SE Qld	
Snowy Hydro 2.0, NSW	
Sydney Gateway Project, NSW	
Tonkin Highway extension, WA	
Western Sydney Airport, NSW	
Bunbury Outer Ring Road, WA	Pre-tendering
Coffs Harbour Bypass, NSW	
New M12 Motorway, NSW	
Sydney Metro, West extension, NSW	
Warringah Freeway Upgrade, NSW	

USA

In 1H FY21, **US housing starts**¹⁰ increased ~11%, to an **annualised rate of around 1.5 million**, underpinned by strong growth in **single-family starts**, which **increased ~22%**. **Multi-family starts declined ~12%**.

Activity in the **US repair & remodel (R&R)**¹¹ sector **increased ~18%** as quarantine orders encouraged home improvements.

While housing activity and R&R strengthened in 1H FY21, the industry was constrained as a result of a tight labour market and high levels of COVID related absenteeism.

The Zelman & Associates' Building Products Survey Report (January 2021), which is based on input from building products manufacturers and distributors with over US\$100b of combined annual revenue, highlighted that **"building products lead times remain a challenge"**. They report that in December 2020, "absenteeism worsened again given rising COVID cases driving even further extended lead times". Of those surveyed, 75% reported that their lead times are above normal.

The **US infrastructure**¹² and **non-residential**¹³ construction markets **were lower by an estimated ~3% and ~23% respectively**.

Divisional reviews

A summary of divisional results is provided in the table with detailed commentary in the following pages.

A\$m <i>Figures may not add due to rounding</i>	Sales revenue		EBITDA ¹		EBIT ¹	
	1H FY21	1H FY20	1H FY21	1H FY20	1H FY21	1H FY20
Boral Australia	1,605	1,752	250	287	128	160
Boral North America	1,098	1,208	209	199	100	88
Corporate	-	-	(13)	(13)	(14)	(14)
TOTAL (continuing operations basis)	2,703	2,960	446	473	215	234
Discontinued (Midland Brick, Boral's 50% share of post-tax earnings in USG Boral, and Meridian Brick)	13	29	40	20	39	18
TOTAL reported (total operations basis)	2,716	2,989	486	493	254	252

Discontinued operations

On 27 October 2020, Boral announced it had agreed to sell its 50% share in USG Boral to Knauf for US\$1.015b. The transaction is expected to close in FY21.

On 18 December 2020, Boral together with joint venture partner Lone Star, announced an agreement to sell the Meridian Brick joint venture to Weinerberger for US\$250m (US\$125m for Boral's 50% share). The parties are targeting completing in FY21.

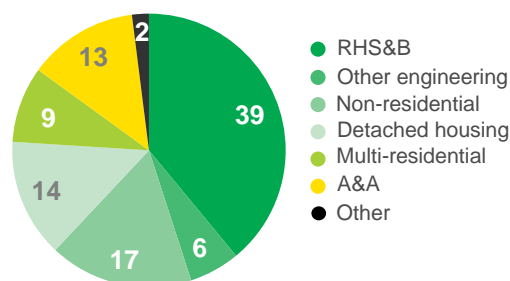
Boral's share of 1H FY21 earnings from these joint ventures is reported under discontinued operations. For 1H FY21:

- **USG Boral contributed \$28m of EBIT¹**, compared with \$23m in the pcg.
- **Meridian Brick contributed \$13m (US\$9m) of EBIT**, compared with a \$3m (US\$2m) loss in the pcg.

Boral Australia

Boral Australia's early progress delivering Transformation improvements has partially offset lower volumes and softer price outcomes due to a decline in multi-residential and non-residential demand and a contraction in major projects.

1H FY21 external revenue, %



1H FY21 underlying revenue declined 8%, reflecting:

- lower volumes (including 8% lower Concrete volumes) due to completion or near completion of major projects particularly in NSW and Qld, and a significant decline in multi-residential activity, particularly in NSW; and
- the flow through of lower selling prices on a like for like basis that occurred in 2H FY20. Selling prices stabilised in 1H FY21 and ASP for Quarries benefited from a more favourable product mix.

Revenue declined in Asphalt and Concrete & Placing but steady external revenue contributions were delivered from Cement and Quarries, while Building Products delivered an increased contribution.

A\$m	1H FY21	1H FY20	Var %
Revenue	1,605	1,752	▼ 8
EBITDA ¹	250	287	▼ 13
<i>EBITDA¹ ROS</i>	15.6%	16.3%	
EBIT¹	128	160	▼ 20
<i>EBIT¹ ROS</i>	8.0%	9.1%	
Property	17	29	▼ 40
EBIT ¹ excl. Property	111	131	▼ 15
<i>EBIT¹ ROS excl. Property</i>	6.9%	7.5%	
ROFE ^{1,3}	10.5%	12.4%	
Average funds employed	2,443	2,585	
Capital expenditure ¹⁴	81	156	

1H FY21 EBIT¹ of \$128m declined 20% reflecting:

- A substantial decline in NSW concrete volumes, as well as NSW and Qld Quarries and Asphalt volumes due to a significantly lower contribution from major projects, especially in the December quarter.
- Reduced Property earnings contribution of \$17m primarily from the sale of the Alexandria Concrete land (versus Property earnings of \$29m in the pcp).
- Transformation cost savings of \$32m net of inflation from targeted initiatives and improvement programs.

1H FY21 EBIT margins were softer as Transformation improvement programs only partially offset the impacts of lower multi-residential and major project activity, particularly in NSW where Boral has strong vertical integration and associated margins.

Major projects contributed ~7% of Boral Australia revenue compared with ~10% in the pcp. This reflects the completion of NorthConnex and Sydney Metro projects in NSW, and the Logan Enhancement, Emerald Airport and the Mudgeeraba to Varsity Lakes upgrade in Qld in FY20; plus the completion of Pacific Highway and Northern Road projects in NSW, the Sunshine Coast Airport in Qld, Melbourne Metro Rail Project (precast) in Vic and the Norfolk Island Project in the September quarter of FY21.

Work continues at Queens Wharf in Qld; Metro Rail, Cadia Mine and WestConnex in NSW, and West Gate Tunnel in Vic (although progress of this project remains slow). Boral continues to bid for infrastructure work, however, projects remain slow to move to execution phase, especially in Qld.

A\$m	1H FY21		
	External revenue		EBIT
Concrete & Placing	737	▼9%	▼
Asphalt	339	▼12%	▼
Quarries	221	steady	▲
Cement	163	steady	steady
Building Products	126	▲10%	▲

Var %	1H FY21 vs 1H FY20		
	Volume ¹⁵	Average selling price ¹⁶	LFL price ¹⁶
Concrete	(8)	(4)	(3)
Quarries	(3)	steady	(3)
Aggregates	(1)	(4)	(3)
Cement	(4) ¹⁷	(2) ¹⁸	(1)

Concrete reported lower revenue and earnings due to weaker residential activity in NSW and Vic and underlying price declines. Concrete volumes were down 8% and prices down 4%. The completion of projects such as NorthConnex and Sydney Metro Rail in NSW contributed to the volume decline.

In Concrete Placing, revenue and earnings were lower due to the completion of projects in the pcp, including the Crown Sydney Project at Barangaroo. Work at Wynyard Place and Parramatta Square continued during the half. Major pours at the Waterloo Metro Station and the Sydney Football Stadium commenced and continue to ramp up.

Quarries revenue was steady and earnings improved due to cost savings and better operational performance at the Peppertree Quarry without the costs associated with the unplanned disruption in the pcp. Total volumes declined 3% reflecting lower internal pull through from lower Concrete volumes. While like-for-like prices were 3% softer, ASP was steady due to a shift towards higher priced quarry products.

Cement external revenue was steady reflecting increased major project volumes in Vic and an improving DIY (packaged products market) which offset a 2% decline in ASP. Earnings were steady with benefits from targeted cost savings, lower energy costs and the absence of higher costs associated with the unscheduled downtime at the Berrima Kiln in the pcp offsetting a 4% decline in total volumes.

Asphalt reported lower revenue and earnings due to softer activity in NSW and Qld in line with the completion of major project work. Other projects that contributed to revenue and earnings included the West Gate Tunnel project in Vic and Norfolk Island Airport.

Building Products (Timber & Roofing) reported higher revenue and earnings due to the strong performance from Timber.

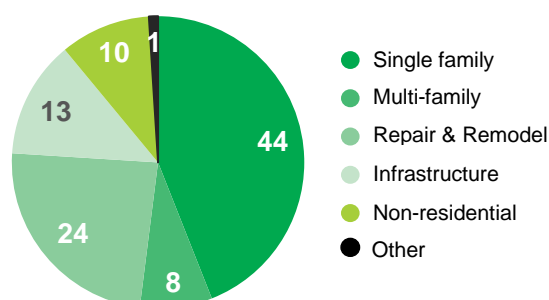
Timber revenue and earnings were higher due to substantially higher volumes and positive price outcomes in Hardwood timber, reflecting strong conditions in the alterations segment.

Roofing and Masonry revenue and earnings were lower, in part due to weaker prices and lower volumes reflecting challenging market conditions.

Boral North America

As demand strengthened and production ramped up, Building Products delivered margin recovery in 2Q, offsetting a softer 1Q and lower Fly Ash earnings.

1H FY21 external revenue, %



Demand growth in North America in 1H FY21 exceeded expectations. However, low inventory levels going into FY21 coupled with COVID-related industry-wide labour shortages and absenteeism initially constrained production, resulting in customer lead times extending. Through targeted recruitment and retention strategies, plant efficiency improvements and maintaining full production into the seasonally slower winter period, volumes have been increased. Growth in lead times slowed and, in some businesses, improved in the December quarter relative to the September quarter.

1H FY21 USD revenue declined 3%, with Building Products revenue steady but lower Fly Ash revenue.

Steady revenue in Building Products reflected a softer September quarter but a stronger December quarter relative to pc, particularly in Light Building Products. Price gains were achieved and volume growth was seen towards the end of the half year.

Revenue in Fly Ash was lower as solid price gains (up 9%) did not offset the impact of lower available fly ash throughout the period (volumes down 9%) and lower site services revenue due to site services projects completing in FY20. Fly Ash availability was impacted by lower electricity consumption, hurricane impacts in the south, as well as volumes rolling off ahead of new contracted volumes being available.

1H FY21 EBIT¹ of US\$73m from continuing operations was up by 22%. Excluding a ~US\$5m profit on sale of assets associated with a property sale in the Stone business, and prior year US\$10m one-off costs (Windows legal costs and provision adjustment associated with a discontinued BCI product), underlying EBIT was broadly steady on 3% lower revenue. Solid EBIT improvements from Building Products were delivered in the December quarter, offsetting a softer September quarter and lower EBIT from Fly Ash in 1H FY21.

1H FY21 EBIT margins were slightly lower in Fly Ash, broadly steady in Roofing but considerably stronger in Stone and Light Building Products relative to pc.

Boral's equity accounted share of **EBIT from Meridian Brick** contributed US\$9m (vs a US\$2m loss in pc), and is reported under discontinued operations. Including discontinued operations, **EBIT from total operations for Boral North America was US\$82m, up 42% on pc.**

Continuing operations

A\$m ¹⁹	1H FY21	1H FY20	Var %
Revenue	1,098	1,208	▼ 9
EBITDA ¹	209	199	▲ 5
EBIT¹	100	88	▲ 14
US\$m			
Revenue	801	825	▼ 3
EBITDA ¹	153	136	▲ 12
<i>EBITDA¹ ROS</i>	19.0%	16.5%	
EBIT¹	73	60	▲ 22
<i>EBIT¹ ROS</i>	9.1%	7.3%	
ROFE ^{1,3}	6.5%	3.9%	
Average funds employed	2,253	3,076	
Capital expenditure ¹⁴	48	81	

US\$m	1H FY21		
	External revenue		EBIT
Fly Ash	267	▼8%	▼
Roofing	174	steady	▲
Stone	128	▲2%	▲
Light Building Products	151	▲6%	▲
Windows	81	▼13%	▼

Var %	1H FY21 vs 1H FY20		
	Volume	Average selling price ²⁰	LFL price
Fly Ash	▼9%	▲9%	▲
Roofing	steady	steady	▲
Stone	▲4%	▼2%	▲
Windows	▼13%	▲1%	▲

Fly Ash revenue was down 8% on pcp reflecting lower site services revenue and a 9% volume decline partially offset by a 9% price gain. Earnings were lower and EBIT margin slightly lower at ~15%.

Fly Ash volumes were lower on pcp due to lower power demand, including COVID-related effects and hurricane-related disruptions in the south. Around 230k tons of fly ash volumes in 1H FY21 came from new contracts and newly available ash (Cumberland and Mill Creek) and through network efficiencies, offsetting ~150k tons of lost volumes due to the closure of the Navajo utility in the prior year and ~100k tons due to the Wyoming contract lost in Oct-2020 which will have a greater impact in 2H FY21. See p.11 for more details.

Roofing revenue for 1H FY21 was broadly steady on pcp and EBIT was higher reflecting a substantially lower September quarter relative to pcp followed by a much stronger December quarter as production ramped up to meet growing demand.

Roofing volumes were steady in the half but up ~4%

in the December quarter on pcp. While price increases in metal, composites and clay roofing of ~3-5% were delivered, average prices in concrete roofing were steady as underlying price gains were offset by a less favourable mix shift. Overall, Roofing ASP was broadly steady.

While production efficiency improvements have been hampered by COVID disruptions, improvement programs are delivering benefits and new operational management plans delivered early gains in the December quarter.

Stone revenue increased 2% driven by a strong December quarter relative to pcp. A substantial EBIT increase was delivered with increases on pcp in both September and December quarters, assisted by ~US\$5m profit on property sale. Excluding the property sale, a significant increase in EBIT from Stone was still delivered.

Stone volumes increased 4% reflecting a strong lift in the December quarter after a decline in the September quarter. Like for like price increased, however ASP was 2% lower reflecting a purposeful shift toward higher demand and more profitable products, primarily mid-tier and value products.

Manufacturing volume ramp-up and overhead leverage helped to strengthen profitability. Targeted sales and marketing strategies from the new commercial initiatives continue to deliver benefits with strong sales in single family and R&R segments during the period. Share recovery is expected to continue as market conditions support an accelerated implementation of portfolio initiatives and production continues to ramp up to reduce lead times.

Light Building Products revenue increased 6% underpinned by strong revenue growth in the December quarter relative to pcp. The business benefited from strong growth in the R&R market and increased housing activity. Volumes strengthened across most products and good pricing outcomes were achieved.

Strong EBIT growth for the half year was delivered versus pcp, particularly in the December quarter, in part reflecting the turnaround in results from TruExterior, which in the pcp was negatively impacted by a provision adjustment for a discontinued product. While higher raw material and labour costs impacted, the business benefited from production efficiency improvements and lower SG&A costs.

Windows revenue and earnings were lower reflecting a 13% volume decline, with underlying improvement programs complicated by labour shortages and supply disruptions associated with COVID-19. Customer lead times increased, and price outcomes were broadly steady on pcp, although 2H FY21 significant price increases have been announced to recover higher input costs. New plant managers are now in place at Krestmark, Legacy and Magnolia operations, and customer service and profitability improvement initiatives are targeted for 2H FY21, including Lean projects that are underway to increase production and reduce lead times.

Key priorities

Resetting Boral's portfolio and operating model

Solid progress has been made to reset Boral's portfolio of businesses, deliver better financial results and build a stronger performing business for our shareholders, our customers and our people.

In 1H FY21, new CEO and CFO transitions were completed and Board renewal steps taken. The following actions were also taken in 1H FY21:

- ✓ A **comprehensive portfolio review** looking at Boral's positions, strengths and the sectors in which we operate; future earnings and growth potential for each business; and what is needed to drive a sustainable competitive advantage and deliver improved performance in the short, medium and longer-term
- ✓ Announced **divestment of 50% interest in USG Boral for US\$1.015b**, expected to close in FY21
- ✓ Announced **sale of Meridian Brick for US\$250m** (US\$125m Boral share), targeting to close in FY21
- ✓ Developing **adjacent growth strategies** in Australia, including recycling, waste, supplementary cementitious materials and lower carbon products / technology
- ✓ Engagement of advisors to support **value assessment** associated with third-party interest in **Boral North America Building Products**
- ✓ Conducted a **detailed study of the US fly ash market** including future demand and supply opportunities
- ✓ Developing **Property portfolio strategy** while continuing to assess **further opportunities**
- ✓ Commenced a **program to strengthen Boral's operating rhythm** and structure including in Australia **centralised** finance (including procurement, strategy and property), HR, HSE and Operations Excellence **functions** to reduce duplication, strengthen standardisation and enhance capability
- ✓ Created new **senior roles to bolster sales & marketing and major projects** (recruitment underway).

Our objective is to position Boral to achieve ROFE > WACC irrespective of the economic cycle. To help achieve this, **we have set a \$300m EBIT Transformation target**, underpinned by a **new Financial Framework** to inform capital allocation and capital management decision making.

To guide delivery we have a **Transformation Program Office** to track and monitor improvement initiatives to deliver the \$300m EBIT Transformation target; these initiatives will strengthen Boral Australia and unlock potential in Boral North America, and include operational, marketing, procurement, and innovation initiatives.

Boral North America Building Products

The portfolio review confirmed that the North America Building Products business has strong brands and good market positions, with a lot of potential to improve returns on investments in the business. We have a range of initiatives underway to improve our businesses, which we believe positions us well to benefit as the US markets continue to recover.

The attractiveness of Boral's portfolio of Building Products businesses is widely recognised and has resulted in third-parties directly or indirectly approaching Boral about a possible purchase of the North America Building Products business. In October 2020, we announced that we would explore third-party interest to assess if there are opportunities to create additional value beyond the business improvement initiatives. Advisors have been appointed to support this assessment.

Boral North America Fly Ash review

As a follow on from the portfolio review, we conducted a more detailed and focused study of the US fly ash market, which is now largely complete.

The report has confirmed:

- Demand for fly ash is strong and demand is expected to continue to grow, due in part to technical and environmental attributes.
- Supply of fresh fly ash is reducing as the US power market is shifting away from coal. Coal-fired power generation has reduced ~55% since 2000 and will continue to decline over the decades ahead.
- The amount of fly ash sold as a proportion of fly ash produced has grown from an average of ~25% between 2005-2010 to ~38% in 2020, and further growth is expected as a result of beneficiation, storage, network optimisation and grinding & blending, partly mitigating the decline in coal-fired power generation.
- Fly ash prices are expected to continue to grow and outperform cement, helping to mitigate volume declines in transition years and higher costs.
- Harvested fly ash and imports are viable alternatives. Natural pozzolans are also viable but at lower, regionally focused volumes.
- As the industry transitions from fresh fly ash to alternative sources of supply over the next two decades, Boral has well placed contracts in the most attractive geographies and an attractive relative position with 61% of the fly ash contracts with utilities that operate in the lowest third of the utility cost curve²¹.

Our strategy is to strengthen the Fly Ash business for the long term. We are focusing on contracts that deliver appropriate margins as supply reduces and demand strengthens. Concurrently we are maturing specific plans to develop and grow targeted alternative sources of fly ash supply, particularly imports and harvesting ash from landfills and disposal ponds where there is an estimated 2 billion tons of commercially viable fly ash. Of that estimated 2 billion tons, around 220 million tons are within Boral's key regions.

In addition to small import volumes from Mexico, we are trialling imports from other regions with surplus supply of quality ash.

We have also secured new contracts and invested capital to bring new sources of fly ash and natural pozzolans to market, including:

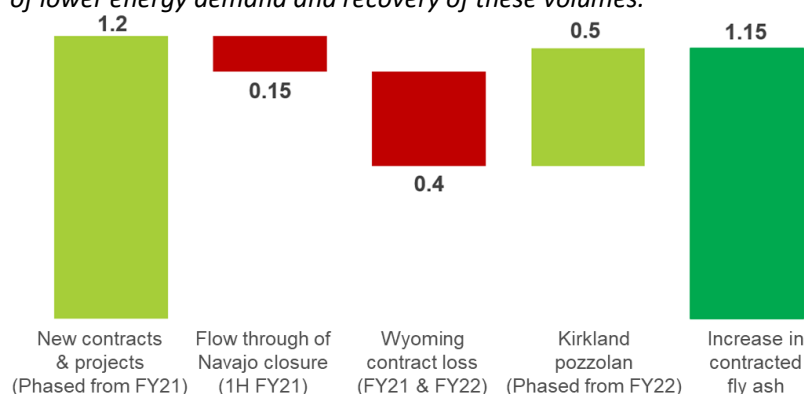
- ~1.2m tpa from four new fly ash contracts reported in FY20 and starting to come on line this year. Volumes from these contracts will be progressively available from FY21 and ramp up over approximately two years, as planned milestones and associated site upgrades are completed.
- our US\$35m capital works project in Arizona to bring the Kirkland natural pozzolan source to market, which is on track for completion around June 2021 with annual production expected to ramp up to ~500k tpa over a two-year period.

These new volumes will more than offset lost volumes associated with the 400k tpa Wyoming contract, which was lost from October 2020, and the final 150k tpa flow through of the Navajo utility closure, which impacted in 1H FY21. However, there will be a phasing impact as lost volumes roll off ahead of new volumes being available.

These expected movements in available fly ash over the next two to three years are summarised in the chart below. Movements associated with utility outages or changes in energy demand are not captured.

Movements in contracted fly ash volumes, million tons per annum

Excludes volume movements associated with temporary utility outages and periods of lower energy demand and recovery of these volumes.

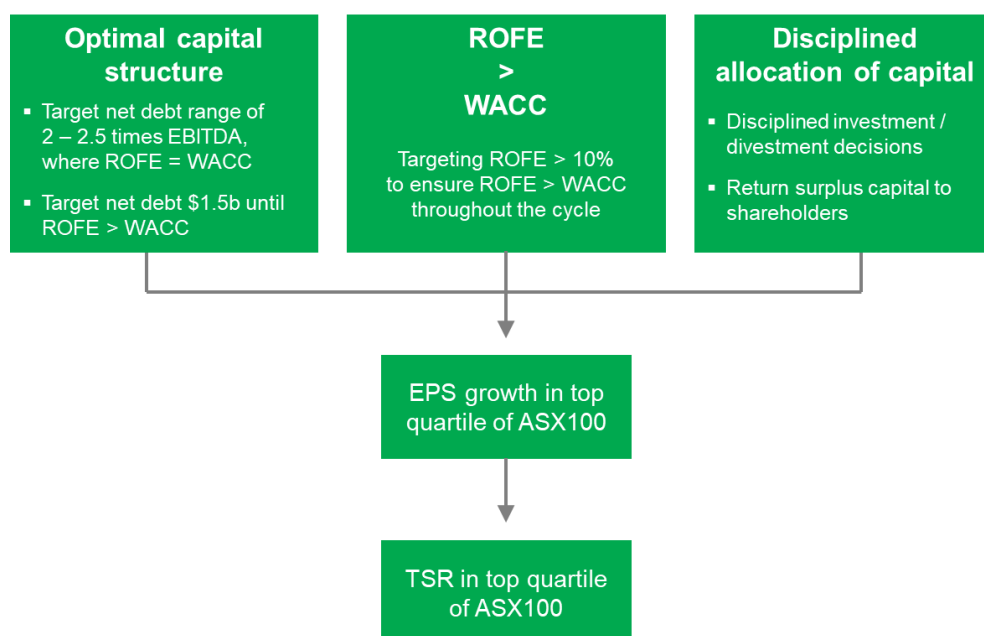


A financial framework aligned with investors

Boral's financial framework is intended to guide the Group's decision making and ensure alignment with the interests of our investors.

We are targeting Total Shareholder Returns in the top quartile of the ASX100, and to achieve this we seek to achieve EPS growth in the top quartile of the ASX100. To achieve this we have three core pillars:

1. **Maintaining an optimal capital structure.** Having the right amount of debt for our business. The optimal net debt range of 2–2.5 times EBITDA is where Boral's cost of capital is at its lowest.
2. **Ensuring return on funds employed (ROFE) is greater than our weighted average cost of capital (WACC).** Targeting ROFE greater than 10% ensures ROFE exceeds WACC throughout the cycle.
3. **Being disciplined about how we allocate our capital.** Maintain an optimal capital structure and achieving $ROFE > WACC$ will generate surplus capital. How we allocate that capital will drive our success. This means we will:
 - reinvest in the business to ensure we maintain a sustainable competitive advantage
 - seek to divest assets where we do not have a sustainable competitive advantage and do not see a realistic prospect of building one, and
 - return surplus capital to our shareholders in the most efficient form.



Optimal capital structure

Our optimal capital structure is defined by the point where our cost of capital is at its lowest. For Boral, this is defined as 2–2.5 times net debt / EBITDA where $ROFE = WACC$. We will target the bottom of this range to ensure we retain flexibility. Boral's optimal net debt range is \$2.0–2.5b (including leases) where ROFE equals WACC. These metrics for Boral are consistent with an investment grade credit rating from rating agencies.

Boral is not currently meeting its target return metrics as ROFE is lower than WACC. With EBITDA from continuing operations for the past 12 months of around \$750m, **it is prudent to target net debt of \$1.5b to reflect current earnings.**

As at 31 December 2020, Boral's net debt was \$1.94b, which is above the target. Boral will continue to prioritise reducing leverage until net debt is \$1.5b.

Boral maintains strong liquidity of \$1.87b including \$558m of cash.

Proceeds from the sale of USG Boral and Meridian Brick together with expected positive free cashflow derived in the second half will first be applied to reducing net debt to \$1.5b, with the remaining portion being a surplus available to reinvest or return to shareholders.

With diverse sources of long-term funding – including undrawn bank facilities of nearly US\$1b – and a weighted average debt maturity of 4.2 years, Boral's debt maturity profile does not present a refinancing risk.

Gross gearing of 34% is significantly lower than Boral's 60% primary debt covenant limit. Minimum Tangible Net Worth is \$2.5b, well above the minimum \$1.75b required by our secondary covenant.

The group maintains an investment grade credit rating with both Moody's and S&P.

Our priorities now are to restructure our debt book to optimise liquidity (reducing carrying costs) and reduce gross debt while minimising early termination (or make whole) costs.

ROFE > WACC

We are targeting to achieve ROFE greater than WACC at all times throughout the cycle.

Starting with FY20 ROFE of ~5%, a further \$300m of earnings would have been required to achieve a ROFE of 10% for continuing operations. This would place Boral well to achieve 10% ROFE at the bottom of the cycle and higher returns in stronger market conditions.

We have set a \$300m Transformation target (net of inflation), with the following pathways available to deliver the Transformation benefits:

- permanent **cost reductions**
- generation of **new earnings** streams
- **optimising** use of existing funds employed, and
- **divesting assets**.

We are also assessing strategies to structurally **lower** the **Group's cost of capital**. A range of opportunities have already been identified to achieve the Transformation target.

Disciplined allocation of capital

In 1H FY21, Boral's capex totalled \$148m (including leases), compared with \$275m in 1H FY20, including:

- the new clinker grinding and storage facility at the Port of Geelong, Vic
- the new Fly Ash classifier as part of the operations at the Tarong Power Station, Qld
- the Kirkland natural pozzolan grinding facility in Arizona, USA.

We expect to invest approximately \$350m in FY21 (including leases).

Maintaining a strong balance sheet is Boral's key priority. A strong balance ensures that Boral is well placed to withstand headwinds and take advantage of opportunities.

With net debt currently above \$1.5b, **no dividend has been declared for the half year**.

Following receipt of USG Boral and Meridian Brick proceeds, net debt is expected to fall below \$1.5b, creating a surplus. Subject to other reinvestment opportunities, **surplus capital** will be available for distribution to shareholders. The form of any return will take into account the availability of franking credits, the share price and in the best interest of shareholders as a whole.

Delivering against a \$300m Transformation target

In 1H FY21, we delivered \$32m of Transformation benefits net of inflation against our targeted \$300m of EBIT Transformation benefits. By the end of 1H FY21, Transformation initiatives were delivering an annualised run rate benefit of \$149m before inflation, and assuming 2H FY21 inflation at a similar level to 1H FY21, an annualised run rate after inflation of ~\$83m against the \$300m target.

In 2H FY21, we will see progressive benefits from the initiatives already delivered, and we have clear plans in place for additional initiatives to be rolled out. These initiatives are predominantly cost reduction programs focused on supply chain, procurement and Lean-driven operational efficiencies.

Beyond FY21, we have a broad and extensive list of opportunities. We are currently verifying, prioritising and setting internal targets for each initiative.

BORAL AUSTRALIA

Initiatives that contributed to Boral Australia's 1H FY21 \$32m of delivered Transformation benefits included:

- Targeted labour and human capital initiatives including focused contractor and recruitment programs delivered savings in 1H FY21 with further cost reductions expected in 2H FY21 and FY22
- Centralisation of finance, HR, operations excellence, HS&E and other functions to reduce duplication and overheads and streamline activities. The Property group, Procurement and Strategy functions were part of the Finance function centralisation
- Additional procurement initiatives delivered benefits in 1H FY21, with more to come in 2H FY21
- National Quarry performance improvement program to lift Overall Equipment Effectiveness (OEE)
- Focused sales and marketing initiatives including strengthening capability and resources, updates to Boral's online concrete ordering app, Boral Connects, and strengthening marketing and sales activities for recycled products and lower carbon products / technologies
- Plant network review including mothballing or permanent closure of 17 under-utilised sites / plants
- Supply chain initiatives delivering improving productivity of tippers, tankers and concrete agitators
- Strengthening alignment of innovation initiatives / R&D with customer needs.

BORAL NORTH AMERICA

For Boral North America, a broad suite of programs are being rolled out to deliver targeted Transformation benefits. Transformation cost savings of US\$7m were delivered in 1H FY21 offsetting US\$7m of inflation.

Transformation initiatives are continuing to develop, including the following:

- An expanded procurement program leveraging the scale of Boral's position in North America
- Recruitment strategies to attract and retain staff and reduce turnover, especially in Building Products
- Lean driven operational improvements in Light Building Products, Stone, Roofing and Windows to strengthen production efficiencies and reduce costs
- Distribution channel expansion in Light Building Products
- New component products and an expanded offering for customers in Roofing, including a continuously improving sales growth strategy in stone-coated metal roofing
- Large format mould conversions in Stone to reduce manufacturing costs
- Improved go-to-market strategies in Stone to fully address post-integration channel and brand opportunities and challenges.

FY2021 outlook

We have seen strengthening housing demand in North America, with production ramping up in the December quarter, offset by softer market demand in Australia in 1H FY21.

While there is continued uncertainty in Australia, we expect the strong housing demand in North America to continue.

With Transformation initiatives delivering \$65m of gross benefits in 1H FY21, we expect that to flow through to ~\$140m of full year benefits in FY21. Together with new initiatives in 2H FY21, we expect full year FY21 Transformation benefits to be around \$170-190m before inflation.

From a divisional perspective, in **Boral Australia**:

- Underlying market conditions are uncertain for the remainder of FY21 with continued weakness in multi-residential and non-residential activity.
- Housing approvals in December were strong, however, it is unclear whether the increase in approvals is sustainable or if it is a stimulus-driven pull forward of demand that would otherwise come through later in 2021.
- FY21 is expected to be a transitional period for major projects as current projects have relatively low concrete and asphalt intensity and new projects are slow to move into the execution phase. The major project pipeline is looking more positive from FY22.
- At this stage, we do not expect EBIT margins (excluding Property) in 2H FY21 to grow relative to 1H FY21. Overall, the benefits from Transformation initiatives (net of inflation) are expected to offset the impacts of adverse market conditions in 2H relative to 1H.
- FY21 Property earnings are expected to be below our long-term average of ~\$35m EBIT.

In **Boral North America**:

- COVID-related disruptions are expected to be considerably less compared with 2H FY20 when Building Products businesses were impacted by mandated closures.
- The Building Products order book at the end of December looks good and production volumes are expected to increase to better meet strong market demand, resulting in reduced lead times.
- Price increases announced late in 1H FY21 are expected to deliver benefits in 2H FY21.
- In 2H FY21, Fly Ash is expected to be impacted by:
 - continued COVID-related utility slowdowns and intermittent shuts
 - typical 2H seasonality impacts that result in lower earnings and margins relative to 1H, exacerbated by the loss of the high margin Wyoming contract lost in October 2020
 - lower site services revenue on pcp.
- In FY21, Fly Ash volumes are expected to be lower than FY20 ahead of new contracted volumes being available from FY22.

Additional financial considerations for FY21

- Contribution from **discontinued operations** is expected to be significantly lower in 2H FY21 relative to 1H FY21 due to lower underlying earnings in USG Boral and Meridian Brick. We continue to expect that the divestments will close in FY21.
- Boral's **effective tax rate** is expected to be in the range of 21–22% (excluding the impact of significant items).
- Boral's total **financing costs** are expected to be ~4.5%-4.7% pa on gross debt value (including leases).
- Boral's **corporate costs** in 2H FY21 are expected to be broadly in line with 1H FY21 at around \$14m.
- **Capital expenditure** for FY21 is expected to be around \$350m, including leases.

Results at a glance

A\$m unless stated	1H FY21	1H FY20	Var %
Revenue	2,716	2,989	(9)
EBITDA^{1,2}	486	493	(1)
EBIT^{1,2}	254	252	1
Net interest	(58)	(61)	5
Profit before tax ¹	196	191	3
Tax ¹	(40)	(34)	(18)
Net profit after tax¹	156	156	-
Net significant items	6	(20)	
Statutory net profit after tax	161	137	18
Net profit after tax before acquired amortisation	176	179	(2)
Cash flow from operating activities	391	237	
Gross assets	8,090	9,766	
Average funds employed	6,648	8,257	
Liabilities	3,624	3,969	
Net debt	1,939	2,714	
Stay-in-business capital expenditure	67	114	
Growth capital expenditure	56	75	
Depreciation and amortisation (D&A)	232	241	
Boral employees	11,032	11,621	
Total employees including in joint ventures	15,899	16,796	
Revenue per Boral employee, \$ million	0.246	0.257	
Net tangible asset backing, \$ per share	2.04	2.09	
EBITDA margin on revenue ¹ , %	17.9	16.5	
EBIT margin on revenue ¹ , %	9.4	8.4	
EBIT return on average funds employed ^{1,3} %	7.7	6.1	
Return on equity ¹ , %	11.2	6.6	
Gearing			
Net debt/equity, %	43	47	
Net debt/net debt + equity, %	30	32	
Interest cover ¹ , times	4.4	4.1	
Underlying earnings per share ¹ , ¢	12.7	13.3	
Statutory earnings per share, ¢	13.2	11.6	
Dividend per share, ¢	0	9.5	
Employee safety ²² : (per million hours worked)			
Lost time injury frequency rate	1.7	1.8	
Recordable injury frequency rate	7.7	7.2	

Non - IFRS information

Boral Limited's statutory results are reported under International Financial Reporting Standards. A number of non-IFRS measures are reported in order to provide a greater understanding of the underlying business performance of the Group.

Significant items are detailed in Note 2 of the Half Year Financial Report and relate to amounts of income and expense that are associated with significant business restructuring, business disposals, impairment or individual transactions.

A reconciliation of these non-IFRS measures to reported statutory profit is detailed below:

\$m		Earnings before significant items	Significant items	Reported Result ²³
Sales revenue		2,716.1	-	2,716.1
Profit /(loss) before depreciation, amortisation, interest & income tax	EBITDA	486.2	(1.5)	484.7
Depreciation & amortisation		(231.8)	-	(231.8)
Profit / (loss) before interest & tax	EBIT	254.4	(1.5)	252.9
Interest		(58.3)	-	(58.3)
Profit before tax	PBT	196.1	(1.5)	194.6
Tax benefit / (expense)		(40.3)	7.1	(33.2)
Net profit after tax	NPAT	155.8	5.6	161.4
Weighted average number of shares				1,225,653,798
Basic earnings per share (cents)	EPS²⁴	12.7		13.2

The results announcement has not been subject to review or audit however it contains disclosures which are extracted or derived from the Half Year Financial Report for the six months ended 31 December 2020.

The Half Year Financial Report for the six months ended 31 December 2020 is prepared in accordance with the ASX listing rules and should be read in conjunction with any announcements to the market made by the Group during the year.

Non-IFRS information (cont.)

A reconciliation of non-IFRS measures for continuing and discontinued operations to reported statutory profit is detailed below:

\$m		Continuing operations	Discontinued operations	Total
Sales revenue		2,703.3	12.8	2,716.1
Profit before depreciation, amortisation, interest & income tax	EBITDA	442.5	42.2	484.7
Depreciation & amortisation		(231.1)	(0.7)	(231.8)
Profit before interest & income tax	EBIT	211.4	41.5	252.9
Interest		(58.3)	-	(58.3)
Profit before tax	PBT	153.1	41.5	194.6
Tax benefit / (expense)		(37.7)	4.5	(33.2)
Net profit after tax	NPAT	115.4	46.0	161.4

FOOTNOTES

- ¹ Excluding significant items
- ² See pages 17-18 for reconciliations and explanations of these items
- ³ ROFE is six-month EBIT before significant items on proportional funds employed (average funds employed divided by two)
- ⁴ Per million hours worked for employees and contractors in all businesses and all joint ventures regardless of equity interest
- ⁵ Includes Boral's 50% share of underlying revenue from USG Boral and Meridian Brick joint ventures, which are not included in Group reported revenue
- ⁶ ABS, average of BIS Oxford Economics (September 20 Outlook) and Macromonitor forecasts (November 20 Outlook) forecasts
- ⁷ ABS, average of BIS Oxford Economics (September 20 Outlook) and Macromonitor (November 20 Outlook) forecasts
- ⁸ ABS original housing starts to September 2020 quarter. Average of Macromonitor (November 2020 Outlook), BIS Oxford Economics (September 2020 Outlook) and HIA (November 2020 Outlook) forecasts
- ⁹ Average of Macromonitor (November 2020) and BIS Oxford Economics (September 2020 Outlook) forecasts
- ¹⁰ US Census seasonally adjusted annualised housing starts (January 2021). Based on data up to December 2020
- ¹¹ Moody's retail sales of building products, December 2020
- ¹² Management estimate of ready mix demand utilising Dodge Data & Analytics, Infrastructure Ready, Mix December 2020
- ¹³ Management estimate of square feet area utilising Dodge Data & Analytics, Non-residential area December 2020
- ¹⁴ Includes lease additions
- ¹⁵ Includes internal and external sales
- ¹⁶ For external sales only
- ¹⁷ For external and internal sales including wholesale cement but excluding Sunstate JV
- ¹⁸ For external cement sales excluding wholesale cement and Sunstate JV volumes
- ¹⁹ An average AUD/USD exchange rate of 0.7295 for 1H FY21 and 0.6831 for 1H FY20
- ²⁰ Fly Ash, Roofing and Stone price changes are based on ASP. Roofing price data is based on Concrete Tiles only
- ²¹ Utility cost curve developed by Wood Mackenzie
- ²² Includes employees and contractors in all businesses and all joint venture operations regardless of equity interest
- ²³ Includes continuing and discontinued operations. Refer to page 18 for reconciliation between the reported result and continuing and discontinued operations
- ²⁴ Based on weighted average number of shares on issues of 1,225,653,798