



8 February 2023

FY23 HALF YEAR RESULTS

**BORAL DELIVERS STRONG UNDERLYING REVENUE AND EBIT GROWTH.
STANDARDISATION AND SIMPLIFICATION INITIATIVES UNDERWAY**

1H FY23 performance summary^{1,2} for the six months to 31 December 2022:

- ***Revenue \$1,681.1 million, up 12%***
- ***EBIT \$95.3 million, up 15%***
- ***EBIT Margin of 5.7%, up 20 bps***
- ***ROFE of 8.5% improved by 80 bps***
- ***NPAT of \$56.8 million, up 53%***
- ***Adjusted EPS 5.1 cents per share up 50%***

Boral Limited (ASX: BLD) has today reported its financial results for the six months ended 31 December 2022 (1H FY23) delivering strong underlying revenue, earnings, and profit growth.

Boral's underlying net profit after tax (NPAT)^{1,2} of \$56.8 million is up 53%, and adjusted earnings per share (EPS)^{1,2} of 5.1 cents is up 50% when compared to the prior corresponding period. On a statutory basis, NPAT was \$89.5 million for 1H FY23, down 91% when compared to 1H FY22 which included \$1,002.4 million of income from discontinued operations primarily relating to the profit recognised on the sale of the North American Building Products business.

Revenue¹ of \$1,681.1 million is 12% higher driven by volume and price. EBITDA^{1,2} is up 7% to \$206.5 million, enabled by price and cost discipline which helped offset the sharp increase in costs felt across the business. Underlying EBIT^{1,2} of \$95.3 million was 15% higher and 23% higher on an excluding Property basis. EBIT^{1,2} margin increased to 5.7%, a 20 basis-point improvement. Operating cash flow¹ was up 37% to \$117.4 million.

Considering limited availability of franking credits and free cash flow performance for the half, the Board has decided to not pay an interim dividend.

¹ From continuing operations

² Excluding significant items



Financial Performance Summary¹

A\$m	1H FY23	1H FY22	Var %
Net revenue	1,681.1	1,500.4	12.0
EBITDA ²	206.5	192.6	7.2
EBIT²	95.3	82.9	15.0
EBIT (excluding Property)²	95.4	77.5	23.1
Net profit after tax ²	56.8	37.2	52.7
Adjusted earnings per share ² (cents)	5.1	3.4	50.0
Operating Cash Flow (\$m)	117.4	85.7	37.0

Boral Chief Executive Officer, Vik Bansal, said: “Today, in my first set of financial and operational results for Boral, I am pleased to report a half on half improved performance on key metrics amidst a challenging inflationary and operating environment.

“Safety is our highest priority, and our safety performance remains a key performance indicator for Executives. I want to reiterate that Zero Harm remains our goal, and a significant work program is underway to improve safety performance in Boral. Our Total Recordable Injury Frequency Rate (TRIFR) for 1H FY23 was 7.4, an improvement of 34% compared to the prior corresponding period. On a 12-month rolling basis ending 31 December 2022 TRIFR was 9.8, an improvement of 13%.

“While our financial results are pleasing considering a difficult inflationary environment, I know Boral is capable of much more. We are reporting underlying NPAT^{1,2} of \$56.8 million, up 53% and adjusted EPS^{1,2} of 5.1 cents per share, which is a 50% improvement.

“It is promising to see our pricing actions gain traction, which along with volume growth and cost discipline drove EBIT^{1,2}, excluding Property, 23% higher to \$95.4 million in comparison to the prior period. This resulted in a 50-basis point EBIT, excluding Property, margin expansion to 5.7%.

“We will need to remain highly disciplined and focussed in getting price realisation from the market across the country while maintaining a disciplined approach to cost management. Price erosion is not an option for Boral.

¹ From continuing operations

² Excluding significant items



“At our AGM in November, I introduced PEMAFA – People, Environment and Sustainability, Markets, Assets, and Finance. This underpins the simplification and standardisation initiatives that are now well underway at Boral. During the first half of the year, we have been quick to move towards a new, decentralised but standardised operating model, aimed at better leveraging our network, extensive downstream footprint, and vertically integrated upstream infrastructure.”

People

“We now have in place a flatter and broader organisational structure that positions the business closer to the front line and the customer. Under this model, the regional concrete and quarry business units will have responsibility for day-to-day execution, ensuring proximity to the customer while driving greater alignment and accountability. Importantly though, they will manage their assets, the operation, the work, and our people in a standardised way.”

“The new operating model also emphasises the significant opportunity we see for our recycling business to contribute to the circular economy and support our decarbonisation objective.”

Environment & Sustainability

Boral was the first company in the global cement sector to set 2030 targets aligned with a 1.5-degree pathway for Scope 1 and Scope 2 emissions.

Boral continues to make steady progress toward its carbon emissions reduction targets. In FY22, Scope 1 and 2 emissions were down 8% from the FY19 baseline and work continues towards the interim FY25 goal of an 18% reduction compared to FY19.

Boral expects to complete the chlorine bypass at the Berrima Cement plant in the fourth quarter of FY23, which will enable higher use of alternative fuels at the kiln and reduce its reliance on coal. This will support an increase in alternative fuels from around 15% in FY22 to 30% by the end of FY23, and thereafter targeting 60% by FY25.

Vik Bansal continued “I believe that recarbonation of concrete is not discussed enough and we intend to bring it to the table as part of the Boral decarbonisation journey.”

“We also continue to assess opportunities to transition to renewable electricity sources, with Boral entering into a renewable power purchase agreement during 1H FY23 and remain focused on accelerating penetration of our market leading lower carbon concretes.”

“Further, we have expanded our Circular Materials Management offering which is already achieving positive results and we are exploring further opportunities to grow our recycling business.”



Markets & Customers

Boral services various segments of the market including small builders, developers, contractors, local, state, and federal government, and big infrastructure projects. Operationally Boral is focused on improving the customer experience to offer the best possible service outcomes.

Vik Bansal continued, "Work has begun to understand the call-to-cash process, that is from the time the customer picks up the phone to place an order until payment is received from the customer, and considering the number of steps in this process, I expect it to be a multi-year initiative. The aim is to break it into deliverable elements every year before proceeding to the next phase. We remain committed and of high conviction that improving these moments of truth between customer and Boral can significantly improve the customer experience and assist in price and margin expansion."

Assets

"Boral's competitive advantage comes from its vertically-integrated network, upstream prized infrastructure, and extensive downstream footprint. Ensuring that we continue to strengthen and optimise our leading integrated network will remain a core pillar of our strategy."

Geelong Cement facility's second mill was commissioned in December taking total capacity at Geelong to 1.4 million tonnes. This capacity will provide Boral with necessary flexibility to meet operational challenges, allowing us to adapt and respond quickly to changing environments.

"We are also focused on our commitment to realise the full potential of our surplus property portfolio, embedding a framework that maximises value creation through the full asset lifecycle" Vik Bansal concluded.

Areas of Focus for 2H FY23

- Safety and Zero Harm initiatives with ongoing improved organisational health and culture
- Embedding the new operating model within and throughout the business
- Continued roll-out of standardisation and simplification initiatives
- Commercial discipline and rigor across the business:
 - volume and price focus across all regions and product lines
 - focus on price realisation rather than cost recovery
- Customer service and sales effectiveness
- Cost focus across all areas of spend in the P&L to manage some of the inflationary pressures
- Commence work on improving cash conversion cycle

Outlook

Boral expects 2H FY23 EBIT to be broadly in line with 1H FY23.



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

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