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**Boral Limited**

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23 August 2023

Mr Elvis Onyura  
Principal Adviser  
Listings Compliance  
Level 14, Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

By email: [ListingsComplianceSydney@asx.com.au](mailto:ListingsComplianceSydney@asx.com.au)

Dear Mr Onyura

## **Boral Limited ('BLD'): General – Aware Letter Response**

BLD refers to your letter dated 21 August 2023 and responds as follows, using the definitions in your letter and the numbering in your letter under the heading 'Request for Information'.

1. Boral first became aware that its EBIT for 2H FY23 would be materially greater than its EBIT for 1H FY23 when it finalised its annual results which were approved by the Board on 10 August 2023 and then immediately released to the market. Prior to finalising the results (which included a number of significant assumptions and accounting determinations requiring Board decision) Boral did not have sufficient certainty in relation to the final outcome to publicly release to the market anything more specific than the Trading Update provided in early June.
2. Boral became aware, with sufficient certainty to support a public comment, that its EBIT for 2H FY23 was tracking ahead of 1H FY23 when it provided a 2H FY23 Trading Update to the market on 7 June 2023. In that announcement Boral stated that "We have seen price traction across all regions and all product lines. Our EBIT run rate in 2H FY23 is ahead of 1H FY23 and is expected to remain so for the full year". Boral does not consider that it was in a position to announce to the market that 2H FY23 EBIT was expected to be "materially greater" as the management information available at that time was still preliminary, with the financial period not yet complete and the final result being dependent upon year end trading conditions (including weather and volume) and adjustments for provisions and bad debts, amongst other adjustments. While Boral had reasonable grounds for releasing the Trading Update that it did on 7 June 2023, it would not have had reasonable grounds for saying more without speculating.
3. Boral does not provide guidance on underlying NPAT or statutory NPAT. The de facto guidance provided to the market on 8 February 2023 as updated on 7 June 2023 was based on EBIT. Boral did not consider that its Earnings Information differed materially from the market's expectations of EBIT for FY23.



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4. Boral updated the market on 7 June 2023 that its 2H FY23 earnings were tracking ahead of 1H FY23. Analyst consensus following that update was broadly in line with internal management forecasts. Boral also notes that in the full year results announcement on 10 August 2023 it included a forecast for FY24 of between \$270M EBIT and \$300M EBIT. Analyst consensus for FY24 prior to the results release was \$271.1M which was at the lower end of the range. Consensus has since been updated to \$295.5M which is 9% higher. Boral notes that the market's favourable reaction to the Investor Day presentation was far more likely to relate to the positive outlook disclosed by Boral for FY24 rather than the market being surprised by the historic FY23 results.
5. Not applicable.
6. Not applicable.
7. BLD confirms that it is in compliance with the Listing Rules, and in particular, listing Rule 3.1.
8. BLD's responses to ASX's questions have been authorised and approved in accordance with its Continuous Disclosure Policy. The BLD CEO has authorised this response to be given to ASX.

Yours sincerely,

**Jean-Paul Wallace**  
General Counsel and Company Secretary



21 August 2023

Reference: 77980

Mr Jean-Paul Wallace  
Company Secretary  
Boral Limited  
Level 3  
Trinity 2  
39 Delhi Road  
North Ryde NSW 2113

By email

Dear Mr Wallace

**Boral Limited ('BLD'): General – Aware Letter**

ASX refers to the following:

- A. The announcement of BLD entitled "First Half FY2023 Results" released on the ASX Market Announcements Platform ('MAP') at 8:15 AM AEDT on 8 February 2023 (the 'First Half Results Announcement'), marked "market sensitive", in which BLD:
- disclosed earnings before interest and tax ('EBIT') for the six months to 31 December 2022 ('1H FY 2023') of \$95.3 million; and
  - stated that:  
*"Boral expects 2H FY23 EBIT to be broadly in line with 1H FY23."* (the '2H FY 2023 Outlook Statement').
- B. The announcement of BLD entitled "Investor Presentation and 2H FY23 Trading Update" released on MAP at 4:33 PM on 7 June 2023 (the 'Trading Update Announcement'), marked "market sensitive", in which BLD stated that:  
*"We have seen price traction across all regions and product lines. Our EBIT run rate in 2HFY23 is ahead of 1HFY23 and is expected to remain so for the full year."*
- C. The following announcements of BLD, all marked "market sensitive":
- the announcement entitled "2023 Appendix 4E" released on MAP at 8:11 AM AEST on 10 August 2023;
  - the announcement entitled "FY2023 Financial Results" released on MAP at 8:12 AM AEST on 10 August 2023; and
  - the announcement entitled "FY2023 Investor Presentation Slides" released on MAP at 8:12 AM AEST on 10 August 2023,
- (collectively, the 'FY 2023 Results Announcements').
- D. The various disclosures in the FY 2023 Results Announcements that BDL's:
- EBIT for the financial year ended 30 June 2023 ('FY 2023') was \$231.5 million;
  - underlying net profit after tax ('NPAT') for FY 2023 was \$142.7 million; and
  - statutory NPAT for FY 2023 was \$148.1 million,

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(collectively, the 'Earnings Information').

- E. BLD's apparent EBIT for the six month period ended 30 June 2023 of \$136.2 million, being \$40.9 million (43%) greater than its 1H 23 EBIT.
- F. The increase in the price of BLD's shares by 8.47% on 10 August 2023, from a closing price of \$4.37 on 9 August 2023 to a closing price of \$4.74 on 10 August 2023.
- G. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- H. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

*"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity",*

and section 4.4 ("When does an entity become aware of information") in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B* ('Guidance Note 8').

- I. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

*"3.1A Listing Rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:*

*3.1A.1 One or more of the following applies:*

- *It would be a breach of a law to disclose the information;*
- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

*3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

*3.1A.3 A reasonable person would not expect the information to be disclosed."*

- J. ASX's policy position on earnings guidance and de facto earnings guidance, which is detailed in sections 7.1 and 7.2 of Guidance Note 8. In particular, the Guidance Note (relevantly) states that:

*"For example, a comment that the entity: . . .*

- *expects its earnings to be in line with, or above or below, its earnings for the prior corresponding period ("pcp earnings")*

*is de facto earnings guidance."*

- K. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8. In particular, the Guidance Note (relevantly) states that:

*"An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities." . . .*

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*“Where an entity has published earnings guidance on foot for the current reporting period, ASX would recommend that the entity carefully consider updating its published guidance if and when it expects there to be a material difference between its actual or projected earnings for the period and the guidance it has given to the market. For these purposes, ASX would suggest that entities apply the guidance on materiality that formerly appeared in the Australian Accounting Standards, that is:*

- *treat an expected variation in earnings compared to its published guidance equal to or greater than 10% as material and presume that its guidance needs updating; and*
- *treat an expected variation in earnings compared to its published guidance equal to or less than 5% as not being material and presume that its guidance does not need updating,*

*unless, in either case, there is evidence or convincing argument to the contrary.”*

- L. ASX’s policy position on the expected contents of an announcement made by an entity that anticipates its earnings for the current reporting period will differ materially from the entity’s published earnings guidance, which is detailed in paragraph 6 (“What should be included in an announcement about a market sensitive earnings surprise?”) of section 7.3 of Guidance Note 8.

### **Request for Information**

Having regard to the above, ASX asks BLD to respond separately to each of the following questions and requests for information:

1. When did BLD first become aware that its EBIT for 2H FY 2023 would be materially greater than its EBIT for 1H FY 2023?
2. If BLD first became aware that it expected its EBIT for 2H FY 2023 would be materially greater than its EBIT for 1H FY 2023 prior to 10 August 2023, did BLD make any announcement prior to that date which disclosed that fact?

If so, please provide details. If not, please explain why this information was not released to the market immediately, commenting specifically on when you believe BLD was obliged to release the information under Listing Rule 3.1 and what steps BLD took to ensure that the information was released promptly and without delay.

3. Does BLD consider that the Earnings Information (or any part of it) differed materially from the market’s expectations of any one or more of the following measures of BLD’s earnings for FY 2023:
  - 3.1 EBIT;
  - 3.2 underlying NPAT; or
  - 3.3 statutory NPAT?
4. If the answer to question 3 is “no”, please provide the basis of that view.
5. If the answer to question 3 is “yes” in respect of any one or more of the specified earnings measures, when did BLD first become aware of the difference between the relevant part of the Earnings Information and the market’s expectations of that Earnings Information?
6. If the answer to question 3 is “yes” and BLD first became aware of the relevant part of the Earnings Information before 10 August 2023, did BLD make any announcement prior to 10 August 2023 which disclosed the information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe BLD was obliged to release the information under Listing Rule 3.1 and what steps BLD took to ensure that the information was released promptly and without delay.

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7. Please confirm that BLD is complying with the Listing Rules and, in particular, Listing Rule 3.1.
  8. Please confirm that BLD's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BLD with delegated authority from the board to respond to ASX on disclosure matters.

### **When and where to send your response**

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEST Friday, 25 August 2023**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BLD's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require BLD to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

### **Trading Halt**

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in BLD's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

### **Suspension**

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in BLD's securities under Listing Rule 17.3.

### **Listing Rules 3.1 and 3.1A**

In responding to this letter, you should have regard to BLD's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that BLD's obligation to

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disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

**Release of correspondence between ASX and entity**

ASX reserves the right to release all or any part this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

**Questions**

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

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**Elvis Onyura**  
Principal Adviser, Listings Compliance

CC: Sam Blunden, BLD