



ASX RELEASE

19 March 2020

Boral withdraws FY2020 earnings guidance due to COVID-19 and provides update on Boral's plasterboard transaction with Knauf

Boral Limited ("Boral" ASX: BLD) today provided the following update prior to the commencement of the pricing period for its underwritten dividend reinvestment plan ("DRP").

Earnings guidance and COVID-19

Boral advised today that given the high level of uncertainty surrounding the spread, duration and impact of COVID-19 on the markets in which it operates, the Company is withdrawing its earnings guidance for FY2020.

Boral's Managing Director, Mike Kane said:

"While we have not yet seen a significant deterioration in demand for our products as a result of direct and indirect COVID-19 impacts, other than in our USG Boral China business, we are now starting to see signs of impacts in our other markets."

"We expect market conditions will worsen as a result of temporary lockdowns and restrictions imposed to contain the spread of the virus. However, given the high level of uncertainty regarding the spread and duration of COVID-19, the negative impact on FY2020 earnings cannot be estimated at this point."

"Boral has been taking measures to help manage the spread of the virus and to help ensure the safety and welfare of our employees, contractors, customers and other people coming to our sites. Our business continuity and scenario planning is well underway to help minimise supply chain risks and business interruptions during this uncertain period."

The Company is undertaking measures to respond to the expected demand interruptions and to conserve cash, including reducing all non-essential capital expenditure and discretionary spending.

"We are working closely with our customers to respond quickly to changes in their activity, and we are well prepared to curtail production as required," said Mike Kane.

More information about Boral's response to COVID-19 can be found at boral.com/covid19-updates.

USG Boral transaction with Knauf

Boral also today provided an update on progress to complete the USG Boral plasterboard transaction with Gebr Knauf KG ("Knauf").

As announced on 26 August 2019, Boral entered into an agreement with Knauf to form an expanded 50:50 plasterboard joint venture (JV) in Asia and for Boral to return to 100% ownership of USG Boral Australia & New Zealand (NZ), with a call option granted to Knauf to return to 50% ownership of the Australia & NZ business within five years.

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As Boral and Knauf work with regulators as part of an ongoing process to obtain the relevant approvals, Boral's view now is that the ACCC is unlikely to approve the call option in relation to the Australia and NZ business.

As a result, a range of potential options will be considered. Any alteration to the transaction signed in August 2019 remains subject to agreement between Boral and Knauf, Board approval and ultimately will also require the approval of regulators including the ACCC and NZCC.

Balance sheet

Boral remains focused on prudent balance sheet management to ensure operational flexibility including: reactivating and fully underwriting the DRP (~A\$111.4m for the interim dividend); and, exploring non-core asset sales, with proceeds of around \$82m still to come through from the Midland Brick divestment.

Boral has considerable liquidity in its committed multi-currency syndicated loan facility. The Company has repaid CH150m of Swiss notes which matured in February 2020 through debt drawn from our syndicated bank facility. An additional US\$76m of USPP, which matures in April 2020, will also be repaid from the syndicated debt facility. After repaying the USPP in April, the Company will have around US\$500m of available undrawn funds in the syndicated loan facility. Boral's next debt to mature is in FY2022.

In addition, as previously reported, Boral has a US\$400m acquisition loan facility in place for the Knauf transaction, if required.

Boral does not have any debt covenants that are based on earnings. The Company's principal gearing covenant is gross debt / (gross debt + equity) <60%, and as at 31 December 2019 it was 30%.

Potential proceedings

Boral also advises it has been made aware of a class action proceeding proposed to be filed by law firm Quinn Emanuel (acting for CJMcG Pty Ltd as trustee for the CJMcG Superannuation Fund) in the Federal Court of Australia. The proceeding is proposed to be commenced on behalf of group members who acquired Boral shares and American Depositary Receipts (ADRs) and relates to Boral's North American Windows business.

Details of the proposed claim are not yet available. Boral will update the market as appropriate.

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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