



ASX RELEASE

15 May 2020

Completion of new debt facilities and update on COVID-19 impacts

Boral Limited ("Boral" ASX: BLD) today announced that it has increased and extended its debt financing facilities with a new US Private Placement (USPP) note issue of US\$200m; approvals for new bilateral two-year bank loan facilities totalling A\$365m; and approvals to extend US\$665m of the Company's existing US\$750m debt facility from July 2021 to June 2024.

The Company has also provided a further update on COVID-19 impacts, including commentary on recent trading conditions.

Mike Kane, Boral's CEO & Managing Director, said:

"The health and safety of our people and our customers remains our number one priority. The impacts of COVID-19 measures on our people and our markets have been significant and will be for some time. We have taken early actions and we are continuing to respond to changes including aligning production and cost structures with demand. As a result, Boral is well placed to withstand the crisis."

"By successfully accessing the US debt capital markets and through the strong support of our relationship banks, we have increased Boral's liquidity and extended our debt maturity. Together with careful management to preserve cash, we have further bolstered Boral's liquidity position, and our balance sheet remains robust."

Maintaining Boral's strong liquidity position and a robust balance sheet

Boral has successfully priced a US\$200m USPP senior, unsecured note issue. The note issue comprises two tranches with five and seven-year bullet maturities with an average coupon of 4.49% and terms and conditions in line with existing USPP notes. Settlement of the offering, which is subject to customary closing conditions, is expected by the end of May 2020.

In addition, Boral has secured approvals for several new bilateral bank loan facilities totalling A\$365m, which will be the next tranche of undrawn debt to mature in May 2022.

These new facilities are in addition to Boral securing approvals to extend US\$665m of the Company's existing US\$750m debt facility by way of a number of new bilateral loan facilities, which will extend the maturity of this debt from FY2022 to FY2024.

On a pro-forma basis Boral now has ~A\$1.30b of available cash and undrawn committed funds. This liquidity position has strengthened from ~A\$1.14b as at 31 December 2019 after repaying CHF150m of Swiss Notes in February 2020 and US\$76m of USPP notes in April 2020. This reflects a combination of new debt facilities, exchange rate movements and cash flows through to the end of April.

The remaining \$73m in proceeds from the sale of Midland Brick is expected in the June quarter.

As previously reported, Boral does not have any earnings based debt covenants. The Company's principal gearing covenant is gross debt / (gross debt + equity) <60%; and as at the end of April 2020, this measure remained at around 36% due to debt drawn and held in cash on hand. Boral's net debt / (net debt + equity) has remained steady at around 31% as at the end of April 2020.

In light of the ongoing impacts of COVID-19 measures, Boral continues to take decisive actions to preserve cash and optimise outcomes, including by:

- Reducing costs and discretionary expenditure, including labour costs, across the business
- Right-sizing operations including shift reductions and temporary plant closures to align production with current and expected lower levels of activity
- Rigorously managing cash flow and working capital
- Reducing capital expenditure by ~15-20% to ~\$330m in FY2020
- Aiming for any USG Boral transaction with Knauf to be on a cash neutral basis.

We are developing more detailed plans, including a review of ongoing SG&A and operational requirements, to ensure the business has appropriate cost structures as we move into FY2021.

Update on COVID-19 impacts and trading conditions for first four months of 2HFY2020

As previously reported, in most jurisdictions, Boral's operations are considered to be within the critical construction sectors that have been permitted and encouraged to operate as essential businesses throughout the duration of COVID-19. In such cases, we have been operating safely with appropriate hygiene and social distancing practices, and we have continued to supply customers.

In some jurisdictions however, stricter mandates and measures have resulted in temporary closures and substantial disruptions. Furthermore, where demand has dropped, production has been reduced through shift reductions and short-term stoppages.

Boral Australia has continued to operate, supplying customers, with enhanced safety and hygiene measures and rigorous monitoring in place. The significant bushfire impacts in January and extreme weather in February have been followed closely by the disruptions associated with COVID-19 measures, with these impacts yet to fully materialise. Overall, for the four months ended April 2020, concrete volumes were down ~16% and revenue down ~6% compared with the prior corresponding period (pcp).

Where we have sufficient inventory we have been curtailing production, including through extended Easter shuts in Timber, an April shutdown of the Dunmore Quarry, and a temporary closure of the Wyee Roofing plant. We have plans in place for further temporary closures should volumes fall to certain threshold levels. We are expecting a decline in demand driven by a slowdown in residential construction activity in particular.

Boral North America has been adapting to a range of restrictions while continuing to supply customers in most markets. Around 25% of our North American workforce has been placed on furlough (temporarily stood down) with four operations in full or partial shutdown as a result of government mandates and many more building products manufacturing sites experiencing intermittent plant closures and slowdowns as a result of reduced demand, retooling for social distancing and/or absenteeism. In total, around 70% of our building products plants have been impacted.

For the four months January to April 2020, revenue for Boral North America was down by around 5% on pcp. Production volumes in the Roofing business were down ~14% and in Stone, production volumes were ~29% lower for the first four months of 2HFY2020 relative to the pcp. Fly ash volumes so far in 2HFY2020 were down ~8% reflecting lower demand and available fly ash, and after 5% volume growth in 1HFY2020.

For **USG Boral**, restrictions have varied from country to country. While activity in China is quickly ramping up, there have been temporary shut downs impacting manufacturing and sales in India, Vietnam and Malaysia, and sales in Singapore, Philippines and New Zealand. In some areas restrictions are easing, while closures have been extended in Singapore and the Philippines. In Australia, South Korea, Thailand and Indonesia, we have continued to operate, although there have been disruptions and inefficiencies associated with COVID-19 measures impacting the business.

Underlying revenue for USG Boral for the period January to April 2020 was ~20% lower than the pcp, with plasterboard sales volumes down ~17% in Asia and ~4% in Australia.

Overall, revenues are down in most businesses in the first four months of 2HFY2020 relative to the pcp. Largely due to volume and cost pressures associated with bushfires in Australia in January followed by COVID-19 impacts more broadly, **EBITDA margins for the period January to April 2020 are tracking ~3-5% lower than 1HFY2020 margins across Boral's divisions.**

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

A conference call for investors will be held today 15 May 2020, at 11.00 am (AEST) for the CEO and CFO to present on Boral's liquidity and response to COVID-19 impacts (refer to attached slides).

Conference call details

Dial: 1800 896 323 or +61 2 8088 0906

Passcode: 88801136

Location	Dial In Number
Canada	1 855 731 0983
China	4001 200916
Hong Kong	800 906 887
Japan	0120 941 734
NZ: Auckland Local	64 9 280 6415
NZ: Toll Free	0800 441 984
Philippines	1800 185 30021
Singapore	800 852 3352
South Korea	0079 8852 38015
Thailand	001 800 852 8516
UK: London Local	44 2033 760 176
UK: Toll Free	0 808 178 0273
United States	1 855 731 0983

Participants are asked to dial in no later than 10.55am to help avoid congestion.

Please note that participants will be asked to provide their name and company on entering the call, and can press *1 when prompted to ask a question during Q&A.

This announcement is not an offer of securities or a solicitation of an offer to purchase securities in the United States of America or any other jurisdiction. The US Private Placement notes referred to in this announcement have not been and will not be registered under the United States Securities Act of 1933 and may not be offered or sold in the United States unless registered under the Securities Act or offered and sold in transactions that are exempt from or not subject to the registration requirements of the Securities Act.

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

Boral Limited Investor Relations: Kylie FitzGerald +61 401 895 894 or kylie.fitzgerald@boral.com.au

Boral Limited ABN 13 008 421 761 – Level 18, 15 Blue Street, North Sydney, NSW, 2060 - www.boral.com



Response to COVID-19: Investor Update Presentation

15 May 2020

Mike Kane, CEO & Managing Director
Ros Ng, Group President Ventures & CFO

Agenda



Boral's Peppertree Quarry, New South Wales



Responding to COVID-19 impacts with strong liquidity



Trading conditions – CY2020 to date



Questions

Strong foundations to respond to COVID-19 impacts

Safety track record and commitment to ZERO HARM TODAY

- ✓ Allowed and encouraged to operate in most areas, with appropriate measures
- ✓ Enhanced hygiene practices and social distancing adopted
- ✓ Travel restrictions and quarantine ahead of government restrictions
- ✓ Tracking and monitoring in place
- ✓ Information and protocols for customers, visitors and other stakeholders rolled-out

Effective systems and management processes

- ✓ Crisis Management Team activated
- ✓ Strong Board involvement
- ✓ Employee engagement program initiated
- ✓ Expert external advice / relationships leveraged
- ✓ Business continuity planning undertaken
- ✓ HR policies and practices tailored and communicated
- ✓ Engaged with external stakeholders

Leading network and supply chain to flexibly respond

- ✓ Network of 670 operating and 150 distributing sites provides ability to supply from alternate sites in many cases
- ✓ Products / inputs largely integrated or sourced locally reducing supply chain risks
- ✓ Stringent closure mandates in some places + curtailments to match demand but broadly allowed to operate

Financial strength with a robust balance sheet

- ✓ No earnings based covenants
- ✓ Investment grade credit ratings affirmed by S&P and Moody's (revised outlook to negative)
- ✓ Completed underwritten DRP
- ✓ Extension and refinancing of debt facilities - further strengthening liquidity
- ✓ FY2020 capex reduced by ~15-20% to ~A\$330m (previously ~A\$400m)
- ✓ Rigorously managing cash flow and working capital including avoiding inventory builds

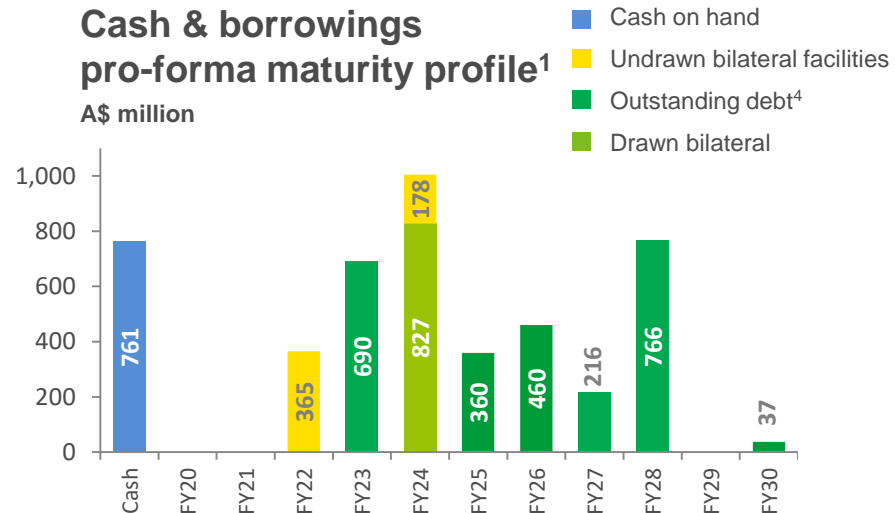
Financial strength with enhanced liquidity

Protecting Boral's financial sustainability

- Reactivated **DRP** for the interim dividend, which was **fully underwritten** for dividend paid on 15 April 2020
- Investment grade credit ratings** BBB and Baa2, **affirmed** by S&P and Moody's in March / April (with outlook revised to negative due to COVID-19)
- Accessed debt capital markets to increase liquidity and extend debt maturity:** ~A\$1.30b of cash and undrawn debt pro-forma liquidity
- Net debt of A\$2.6b¹ as at April² 2020** up from A\$2.3b¹ at Dec-2019 primarily due to weakening of AUD/USD exchange rate from 0.7018 to 0.6526
- Net Gearing** ratio relatively stable at 31%³
- No earnings based covenants:** principal debt gearing covenant³ increased from 30% at Dec-2019 to 36% at April 2020 (threshold is < 60%), due to funds drawn from syndicated bank facility and held in cash on hand

Cash & borrowings pro-forma maturity profile¹

A\$ million



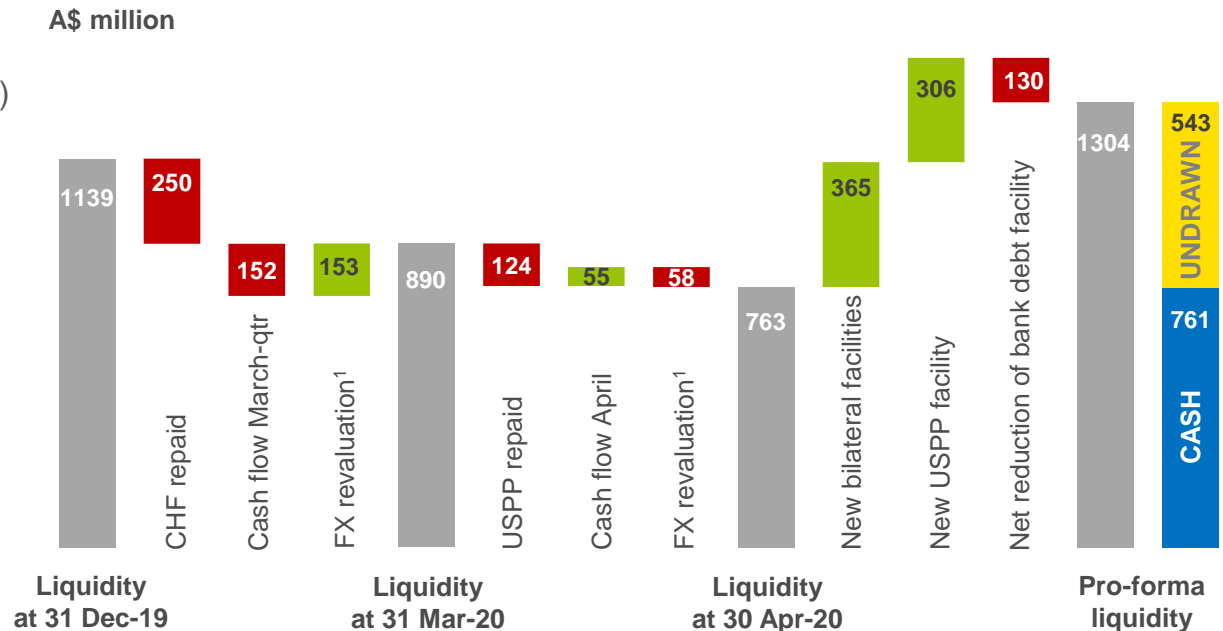
- Weighted average debt facility maturity is ~4.9 years
- Next drawn facility maturity is A\$690m (US\$450m) in November 2022
- Average cost of funding ~5% for FY2021

1. US dollar debt translated at an exchange rate at 31 December 2019 of US\$0.7018 and 30 April 2020 of US\$0.6526
 2. Pro-forma net debt as at end of April incorporates cash flows to end of April plus new debt facilities as announced on 15 May 2020
 3. Net Gearing is defined as net debt to net debt plus equity
 4. USPP, 144A / Reg S and Bank debt

Liquidity movements

Increased and extended debt finance facilities and solid cash management is supporting strong liquidity

- **Current liquidity** (cash + undrawn facilities) of **A\$1.30b** strengthened from A\$1.14b at 31 Dec-19
- **Repayments** of CHF150m (A\$250m) Swiss notes in Feb-20 and US\$76m (A\$124m) USPP in Apr-20
- **New USPP issue US\$200m** for 5 year and 7 year notes with average coupon of 4.49%
- Approvals for new **A\$365m** (US\$238m) of **bilateral 2-year bank loan facilities**
- **Refinancing** bank debt facility with **bilateral USD facilities** maturing in 2024 (net reduction of US\$85m)²
- Mar-qtr cash flows seasonally negative; Jun-qtr typically positive



1. US dollar debt translated at an exchange rate at 31 December 2019 of US\$0.7018; 31 March 2020 of US\$0.6138; 30 April of US\$0.6526
 2. Previous US\$750m debt facility being refinanced with US\$665m bilateral USD facilities

Responding to COVID-19 impacts in Boral Australia

In Australia, Boral has been allowed and encouraged to safely operate

Boral Australia

- Boral is part of essential construction industry, permitted and encouraged to continue to operate
- With appropriate hygiene, social distancing and quarantine practices, we have continued to supply customers

- Where we have sufficient inventory, production curtailments are taking place, eg. shift reductions and temporary plant shuts:
 - Wyee clay roof tile plant (NSW) temporarily shutdown from 19 April
 - Dunmore Quarry temporarily closed through April
 - Extended Easter shuts across timber mills
 - Potential temporary shuts of concrete plants and other manufacturing sites as volume reduction thresholds met
 - Berrima kiln to stop for up to 3 weeks in June to appropriately manage stock levels (unions notified and employees consulted)
- Cost inefficiencies associated with production disruptions, safety protocols and quarantining employees
- Reduced discretionary spend and worked with suppliers to restructure certain expenditure eg. take or pay and energy contracts
- Non-essential capex suspended / slowed eg. Geelong clinker facility
- With demand decline expected to continue (particularly residential) plans in place for further curtailments based on volume thresholds
- Reviewing ongoing SG&A and operations with potential for restructuring and more extensive cost out programs

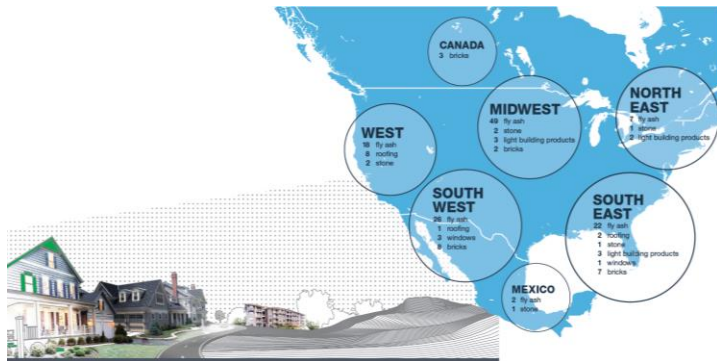


Responding to COVID-19 impacts in North America

Adapting to a range of restrictions while continuing to supply customers; activity is continuing to slow

Boral North America

- In most states, Boral allowed to operate, with appropriate hygiene, social distancing and quarantine practices
- Mandates have been more stringent in some areas resulting in full or partial temporary closures



- Full or partial mandated temporary plant closures:
 - Michigan – Metamora light building products full closure; brick plant part closure
 - California – Napa stone plant part closure, production allowed for certain orders
 - Mexico – Stone plant substantially closed for some period
- With demand slowing, shift reductions and intermittent plant closures, including due to absenteeism, at a further:
 - 10 Roof tile, 4 Light Building Products, 2 Stone, 3 Windows
- Fly Ash is continuing to operate – but demand lower with softer construction activity and fly ash supply also lower
- Around 25% of employees furloughed¹
- Complexity of ‘re-opening orders’ being worked through
- Higher costs associated with lower production, re-tooling plants to support new safety protocols, site cleaning and absenteeism
- Despite COVID-19 reopening activities in some states, operations expected to be impacted by lower demand and inventory sell-off
- Reduced discretionary spend and capital suspended for Kirkland pozzolan plant and Houston Windows plant

1. Furloughed in April 2020, out of a total ~6,900 employees in Boral North America

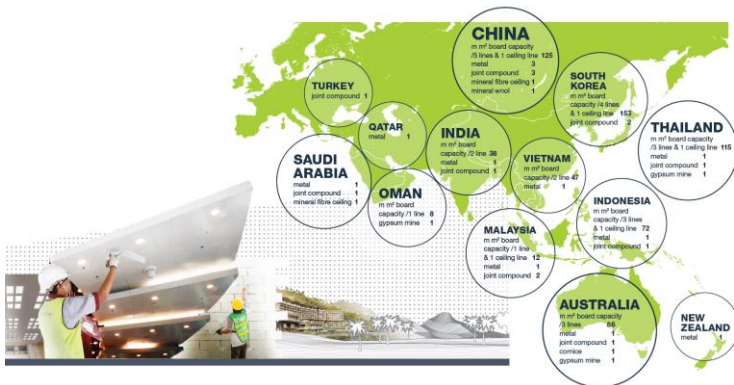
Responding to COVID-19 impacts in USG Boral

Across Asia restrictions have varied from country to country; continuing to operate in Australia

USG Boral

- Allowed to operate and supply customers in most countries but demand has decreased significantly
- Stricter government mandates have temporarily shut production and / or distribution in other countries

- Closure orders have impacted:
 - China production & sales – production resumed late-Feb and quickly ramping up
 - India and Malaysia production & sales closure orders – now allowed to restart operations
 - Singapore and Philippines sales & distribution – closure orders until 1 June, unless extended
 - New Zealand sales & distribution – easing of restrictions, construction sector now allowed to operate
 - Vietnam could operate but at very low activity levels – starting to ramp up now
- Allowed to operate and supply customers in other countries, with volumes holding up, but demand expected to slow further:
 - Australia – work has held up but anticipating downturn starting in Qld & WA
 - South Korea – some restrictions in certain jurisdictions but operations have continued albeit at substantially lower levels of demand
 - Thailand and Indonesia – operations have continued with some disruptions, and with market downturns expected
- Cost impacts associated with lower production, safety & cleaning protocols, paying wages in shutdown due to local requirements
- Reduced discretionary spend



Trading conditions for 2HFY20 year to date (Jan-Apr-20)

A challenging 2HFY20 due to January bushfires in Australia and COVID-19 impacts:

- **Revenues down in most businesses for the first four months relative to pcp¹**
- With volume and cost pressures, 2HFY20 **EBITDA margins (Jan-Apr) tracking ~3-5% lower** than 1HFY20 margins across Boral's divisions

BORAL AUSTRALIA

Impacts from **bushfires** and **weather** (Jan-Feb) then **COVID-19 disruptions**

For the 4 months Jan-April 2020:

- **Revenue down ~6%** on pcp¹
- **Concrete volumes down ~16%** on pcp¹ (including down 30% in January)
- **Margins impacted by disruption costs** and lower concrete volumes, particularly decline in **NSW multi-res**
- **Infrastructure holding up** but pipeline **residential & commercial slowing**

BORAL NORTH AMERICA

Mar-Apr strongly impacted by COVID-19

For the 4 months Jan-April 2020:

- **USD revenue down ~5%** on pcp¹
- **~70%** of building products **plants affected** by temporary closures, retooling for social distancing, slowdowns, absenteeism
- **Production volumes down ~14%** in **Roofing** and **~29%** in **Stone** on pcp¹
- **Fly ash volumes down ~8%** on pcp¹ with COVID-19 slowdown impacts in 2HFY20 (following ~5% growth in 1HFY20)
- **Not seeing typical seasonal Spring ramp up**

USG BORAL

COVID-19 impacts from January and more extensively in **March and April**

For the 4 months Jan-April 2020:

- Underlying revenue **down ~20%** on pcp¹
- Board **volumes down ~17%** in **Asia** and **~4%** in **Australia** on pcp¹
- **Currently, 2 board lines not operating**, 1 at reduced capacity and 21 now at normal operations
- **Slowdown in residential construction** impacts plasterboard later in the cycle

4 months ending April 2020

1. Prior corresponding period (pcp) is January – April 2019

Questions



Boral's new road train at the Wellcamp Quarry, Toowoomba, Qld

Appendix – supplementary information

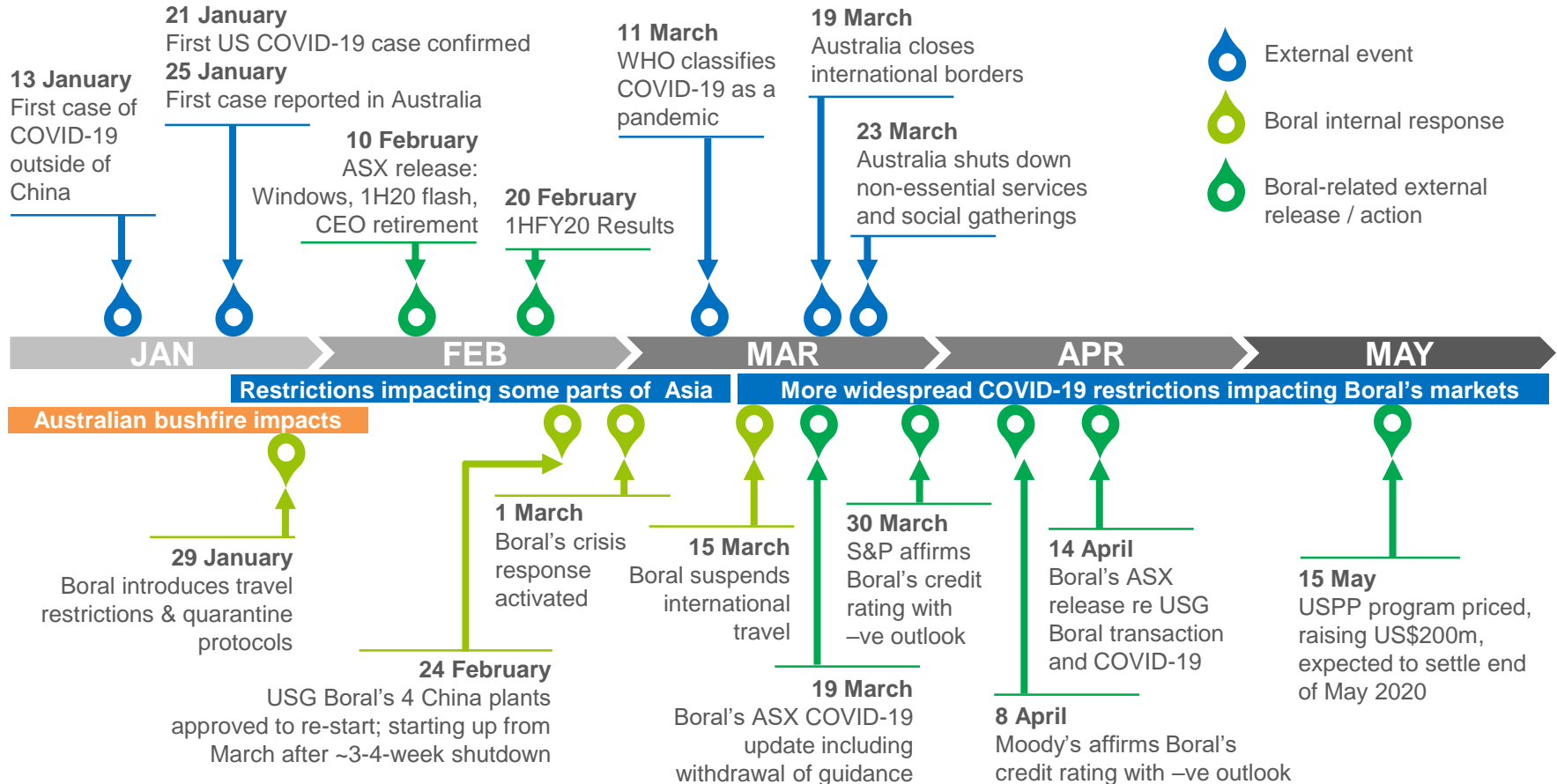


Plant upgrade at Deer Park Quarry, Vic



USG Boral supplied FIBEROCK® to Karratha Health Campus, WA

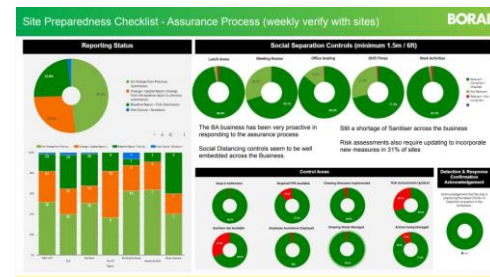
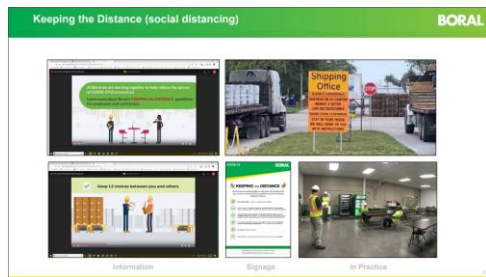
An extremely busy and challenging start to CY2020



ZERO HARM safety focus

Where we are allowed to operate, and we can do so in a safe way, we are supplying customers

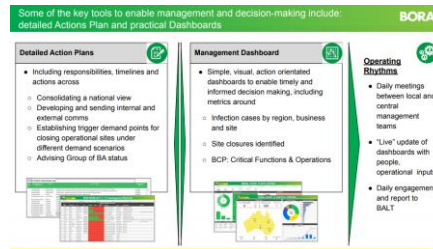
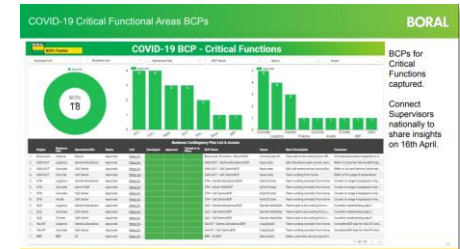
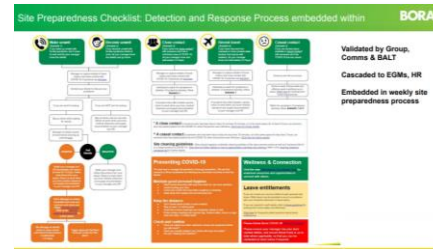
- In many jurisdictions Boral is **allowed and encouraged to operate as an essential industry**
- **Safety** of our people, customers and community remains our **#1 priority**
- Operating with strict **hygiene, social distancing, quarantine** protocols, with checks in place
- **Travel restrictions**, quarantine protocols **ahead of government mandates**
- **Tracking of cases** and suspected cases internally – relatively small number of confirmed cases – mainly in Dallas area
- Social distancing for **customers** strengthened eg. docketless deliveries
- **Employee wellbeing** support initiatives



Effective processes and experienced team

Where we are allowed to operate, and we can do so in a safe way, we are supplying customers

- **Crisis Management Team activated**, with ongoing meetings chaired by CEO
- **Expert advice / support** from *International SOS* and *Control Risks*
- **Strong Board engagement** – including regular calls with initial daily reporting
- **Early identification of critical business functions** and supply chain risks
- Minimised supply chain risks and disruption through **business continuity planning**
- **Working closely with stakeholders:**
 - customers, suppliers, industry associations, government, rating agencies, banks, unions, local authorities
- **Employee communications** program with **HR policies** adapted with early consultation and strengthened remote working capabilities
- Financial **market updates**



Leading network & supply chain to flexibly respond

Three scaled divisions supplying products and services to construction and other essential industries



Boral Australia

396 operating sites¹

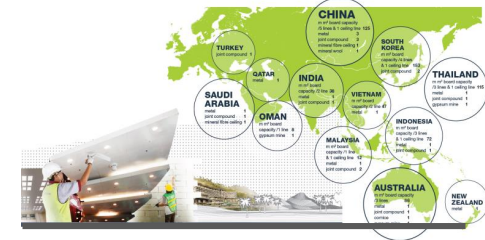
Quarries Asphalt
 Cement Building Products
 Concrete & placing Property



Boral North America

223 operating sites¹

Fly Ash Light Building Products
 Roofing Windows
 Stone Meridian Bricks JV



USG Boral (50% JV)

53 operating sites¹

Plasterboard
 Ceiling tiles and adjacent products

- **Network** of 670 operating & 150 distributing sites, with products / inputs predominantly sourced / manufactured locally
- Where temporary closures in place, able to ship / supply from **alternate sites or inventory** in some cases
- **Integrated supply chain** has minimised disruptions:
 - some customers impacted by other suppliers
 - some capital plant & equipment delayed
 - PPE main area of impact (hand sanitiser, thermometers, masks) shortages now addressed, including making sanitisers in-house

1. As at 30 June 2019

Disclaimer

The material contained in this document is a presentation of information about the Group's activities current at the date of the presentation, 15 May 2020. It is provided in summary form and does not purport to be complete. It should be read in conjunction with the Group's periodic reporting and other announcements lodged with the Australian Securities Exchange (ASX).

To the extent that this document may contain forward-looking statements, such statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release.

This document is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.



Boral Limited
www.boral.com
