



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Boral Limited

Business Description

Boral Limited (BLD) provides building and construction materials in Australia, the USA and Asia. It is made up of seven operating businesses which cover Australian Construction Materials, Plasterboard, Cement, Timber, Clay & Concrete Products, Construction Related Businesses and Boral USA.

Strategy Analysis

In a cyclical industry, with broadly commoditised products, BLD's strategy is to build strong market positions and support margins through the cycle by managing output levels and production costs and achieving price increases where possible. The US strategy is to focus on developing leading positions in markets with favourable industry structure and demographic trends, and with long-term growth within the building products and construction materials supply areas. The focus on performance has been to adapt to the downturn in the US housing market, as well as improve margins and sustainable competitiveness. Management did not deliver in this area. Rising energy, materials and labour costs remain as threats, while offshore expansion is increasing exposure to currency movements. Boral reported NPAT down 43.5% to \$74.8m for the half-year ended 31 December 2008. Revenue from ordinary activities were \$2.59bn, down 1.2% from the same period last year. The result was in line with last year's revenue reflecting steady Australian revenues of \$2.15bn, an 18% decline in US revenues to \$313m (or 27% decline in USD), and a 26% increase in revenues from Asian operations to \$123m. Diluted EPS was 12.7 cents compared to 22 cents last year. Net operating cash flow was \$141m compared to \$223m last year. The interim dividend declared was 7.5 cents fully franked compared with 17 cents last year.

28 July 2010

Recommendation

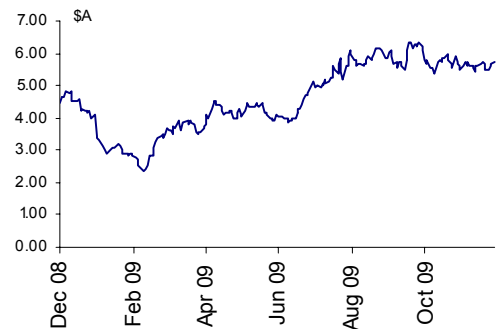
Recommendation: Neutral
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: BLD
Stock price: \$4.32
Market cap: \$2,883m

Y/E	30/06/2010	2010e	2011e	2012e	2013e
Reported e	\$m	131.4	34.5	287.8	363.2
Adjusted e	\$m	129.4	193.5	287.8	363.2
EPS adjusted	¢	21.8	27.0	40.0	50.4
EPS growth	%	-2.1	24.2	47.8	26.2
PE	x	19.8	16.0	10.8	8.6
PE relative	x	1.4	1.4	1.1	0.9
DPS	¢	13.0	18.0	20.0	24.0
Yield	%	3.0	4.2	4.6	5.6
Franking	%	100.0	100.0	100.0	100.0

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Construction Materials - Australia	57.8	12.3	11.7	-11.0%	-14.0%
Building Products - Australia	26.2	2.9	3.2	-4.0%	12.0%
USA	11.2	-11.4	-20.0		
Asia	4.5	5.9	8.7		
Other	0.3	1755.6	97.5		
Total	100.0	1765.3	101.1		
				Dividend Reinvestment Plan	Yes
				Shareholder Discounts	No
Results by Geography					
Australia	84.0	9.1	9.0		
USA	11.2	-11.4	-20.0		
Asia	4.5	5.9	8.7		
Other	0.3	1755.6	97.5		
Total	100.0				

Company contact details:

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If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email mail@legalsuper.com.au

Disclosure: In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that Macquarie Securities (Australia) Limited has been appointed as broker to Boral Limited for the on market buy back of ordinary shares as announced on 19 August 2008.

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