



1 May 2015

CSR and Boral announce formation of their Australian east coast bricks joint venture

Boral Limited (Boral) and CSR Limited (CSR) today confirmed the formation of the previously announced joint venture combining their Australian east coast brick operations.

The joint venture commences operations today, on 1 May 2015, as Boral CSR Bricks Pty Limited, trading initially under the existing brick brands of Boral and PGH bricks.

Reflecting the relative valuation of the two businesses, the joint venture is owned 60% by CSR and 40% by Boral, and includes operations in New South Wales, Victoria, Queensland, South Australia, Tasmania and the ACT. There is no cash consideration as part of the formation of the joint venture, aside from typical completion adjustments.

The Boral CSR Bricks JV can produce in excess of 600 million standard bricks across 12 manufacturing operations and, on a pro forma basis, had a combined annual turnover of approximately \$270 million for the 12 months ended 31 December 2014.

Following integration, initial overhead savings of \$7-\$10 million per annum are expected as a result of consolidation of management structures and efficiency gains in sales and administration functions. Integration will be completed over the next 12 months.

Nick Pezet has been appointed Executive General Manager of the Boral CSR Bricks JV, reporting through to the joint venture Board. Nick brings over 20 years of experience in the brick industry in a career that spans operations, sales and management roles in the UK, New Zealand and Australia, most recently as the EGM of CSR's Bricks and Roofing businesses.

Given the nature of the joint venture agreement, including CSR's 60% shareholding, CSR will consolidate the Bricks joint venture into its Group balance sheet and net profit effective 1 May 2015. Boral will recognise its earnings contribution on an equity accounted basis commencing 1 May 2015.

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