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**31 October 2016**

**CSR acquires Boral's 40% interest in the Boral CSR Bricks joint venture**

CSR Limited (CSR) announced today that it has agreed to acquire Boral's 40% interest in the Boral CSR Bricks joint venture for \$126.4 million, in addition to loan repayments to Boral of \$7.5 million.

The Boral CSR Bricks joint venture, trading as PGH Bricks & Pavers, was formed in May 2015 and combined the Boral and CSR brick and paver operations located in New South Wales, Victoria, Queensland, South Australia, Tasmania and the ACT.

"Since formation, the PGH Bricks joint venture has delivered strong earnings growth with increased volumes and improved margins," said CSR Managing Director Rob Sindel.

"We have worked very well with Boral over the last 18 months to integrate our two businesses. By taking full ownership, we will benefit from new opportunities to drive operational efficiency as well as accelerate future property development projects.

"CSR will have flexibility to invest in the PGH brick manufacturing network to enable consolidation to more efficient operating sites, while our customers will have greater access to CSR's brands, digital expertise and innovation.

"This announcement also reaffirms CSR's long-term commitment to brick manufacturing and the broader building products industry in Australia," Mr Sindel said.

CSR will acquire Boral's 40% interest in the joint venture which includes 12 manufacturing operations (including mothballed sites) with annual capacity of approximately 600 million bricks.

In the 12 months to 30 September 2016, the PGH Bricks joint venture delivered revenue of \$292 million, EBITDA of \$53 million and EBIT of \$45 million (before significant items), including ~\$7 million in synergies delivered through integration of the two businesses. The business remains on track to deliver a benefit of ~\$10 million in annualised synergies for the year ending 31 March 2017 (YEM17).

The transaction represents a forward EBITDA multiple of 5.8-6.0 times and is expected to be EPS accretive in YEM17. CSR will fund the transaction via existing cash and debt facilities.

CSR Group began consolidation of the joint venture on to its balance sheet when it was formed on 1 May 2015, recognising a minority interest for 40% of the net profit after tax related to Boral's ownership. Effective 1 November 2016, CSR Group will recognise 100% of the net profit after tax of PGH Bricks.

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