



ASX / MEDIA RELEASE

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Boral sells its 40% interest in Boral CSR Bricks joint venture

Boral Limited (ASX:BLD) today announced that it has agreed to sell its 40% interest in the Boral CSR Bricks joint venture to CSR Limited (ASX:CSR) for a total cash consideration of \$133.9 million. The sale is expected to be effective 1 November 2016.

In the year to 30 June 2016, Boral recognised an equity-accounted post-tax earnings contribution of \$11.7 million from its 40% interest in the joint venture. As a result of the divestment, Boral expects ~\$6.5 million lower equity earnings contribution in FY2017 relative to FY2016.

Boral will recognise a \$20-\$25 million post-tax profit on sale, which will be reported as a significant item in FY2017.

Boral retains ownership of the Scoresby brick site in Victoria, and will continue to lease it to CSR. Boral has an option to terminate the lease in 2025 with three years' prior notice.

Boral's CEO & Managing Director, Mike Kane, said that while the joint venture has performed well and delivered significant synergies following integration of the two businesses, now is the right time to realise value for the business and redirect capital to Boral's core operations in line with our strategy.

"Boral's strategy has consistently been to optimise assets to maximise our returns across our Australian building products portfolio, including realising value when the time is right.

"Since its formation, the East Coast bricks joint venture has performed well and we have worked hard over the last 18 months to integrate our businesses and deliver operational and overhead efficiencies. As a result, we have together created a more sustainable business.

"As a majority owner, CSR is well positioned to capitalise on the further potential for operational and network efficiencies of the combined platform, and it's the right time for Boral to realise the value from our investment and redeploy the capital into our core operations," said Mr Kane.

Update on North American Bricks Joint Venture

Boral also confirmed today that the previously announced North American Bricks Joint Venture transaction with Forterra Brick is expected to complete on 1 November 2016 in the USA.

This follows merger clearance from the US Federal Trade Commission announced on 22 September 2016.

Boral will recognise its share of equity-accounted earnings from the 50:50 North American Bricks joint venture¹ effective 1 November 2016.

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¹ Joint venture earnings will be recognised on a pre-tax basis for the US operations, and on a post-tax basis for the Canadian operations for the purposes of Boral's profit before net financing costs and income tax expense.