



16 October 2014

ACCC releases statement of issues regarding proposed joint venture of CSR and Boral's Australian east coast brick operations

CSR Limited (CSR) and Boral Limited (Boral) announced today that the Australian Competition and Consumer Commission (ACCC) has released a Statement of Issues regarding the proposed joint venture to combine their brick operations located on the east coast of Australia announced on 4 April 2014. A copy of the ACCC press release is attached.

CSR and Boral are reviewing the Statement of Issues and will continue to engage with the ACCC to address issues identified.

CSR and Boral consider that the merits of the transaction are significant and that the transaction would not result in a substantial lessening of competition.

Australian brick manufacturers have experienced a sustained structural downward trend in demand for brick products over the past 30 years. With bricks becoming an increasingly smaller component of the highly competitive cladding market, lower brick demand has resulted in declining capacity utilisation, reduced profitability, plant curtailments and closures.

The proposed transaction will enable both Boral and CSR to access additional operational and overhead efficiencies that would otherwise be unavailable to the parties acting independently. The joint venture will be a more sustainable business positioned to deliver returns that recover the cost of capital through building cycles.

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ACCC RELEASES STATEMENT OF ISSUES ON CSR AND BORAL PROPOSED CLAY BRICK JOINT VENTURE

The Australian Competition and Consumer Commission has released a Statement of Issues outlining competition issues that have arisen to date from the ACCC's review of CSR Limited (ASX: CSR) and Boral Limited's (ASX: BLD) proposed clay brick joint venture.

"The ACCC is seeking further information to determine whether the proposed joint venture is likely to substantially lessen competition in the supply of clay bricks," ACCC Chairman Rod Sims said.

CSR and Boral are both suppliers of a range of products including plasterboard, insulation, fibre cement, and roof tiles to the building and construction industry in Australia. CSR and Boral propose to form a joint venture for the manufacture, marketing, and supply of clay bricks in eastern Australia.

The proposed joint venture would reduce the number of major clay brick suppliers in eastern Australia from three to two.

result in a duopoly in eastern Australia. The ACCC's findings are likely to lead to an increase in the price of clay bricks and a reduced range available to residential builders, architects, and

provided to the ACCC in its market inquiries."

ve market inquiries, and received considerable feedback from the joint venture parties. At one time the joint venture parties asked the ACCC to suspend its inquiries for three months while they prepared further submissions.

determining what would be likely to occur in the markets if the joint venture proceeded. At this stage, the ACCC intends to assess the competitive response the joint venture parties already have in place."

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choose fibre cement boards, concrete blocks or other materials in response to brick prices increasing.”

The ACCC invites further submissions from intereste