



Boral to acquire leading stone veneer company in North America

Boral Limited announced today that it has reached an agreement for the acquisition in two stages of Owens Corning Masonry Products LLC ("**Cultured Stone**") from Owens Corning, the leading stone veneer company in North America.

The acquisition of Cultured Stone is the latest move by Boral Limited to expand its offerings in the United States ahead of an expected improvement in the building sector.

Under the terms of the agreement, the acquisition of Cultured Stone will occur in two stages:

- an acquisition of a 50% interest for US\$45 million; and
- an acquisition of the remaining 50% interest not owned by Boral, for a multiple of 7.0 times 50% of CY2013 EBITDA, subject to a minimum of US\$45 million.

The first stage of the acquisition is expected to be completed by the end of December 2010.

The second stage of the acquisition will be completed in early 2014. Until then, Cultured Stone will be managed by Boral and will be renamed Boral Stone Products, LLC. The transaction is subject to regulatory approval.

Cultured Stone is the leading stone veneer producer in the United States with plants in California and South Carolina. Its key products, Cultured Stone, ProStone and Versetta Stone have market leading positions and are sold through distributors across the United States and Canada.

Boral expects the company's revenue for CY2011 to be in the order of US\$100 million, with an EBIT loss of US\$14 million. Boral expects that with a return to mid-cycle housing starts of 1.5 million per annum in the USA, Cultured Stone will achieve revenue of US\$200 to US\$220 million with low double digit EBIT margins.

As a key priority Boral and Owens Corning will focus on maximising the benefits of the combination to prepare the business to take advantage of future market recovery.

The Chief Executive of Boral, Mark Selway, said "The purchase of Cultured Stone represents a further step in the Group's strategy to extend our already strong position in the United States cladding market, across both product and geographic dimensions.

“The business enhances our leadership position in a core market while providing excellent potential for product, manufacturing and market synergies.

“The acquisition of Cultured Stone represents excellent value for Boral, given the strength of the Australian dollar and the fact that the purchase is taking place at the low point in the cycle.

“The structure of the transaction commits Owens Corning to sharing losses in the uncertain short term housing market while working together to maximise earnings prior to the final stage of the acquisition in early 2014.”

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