



MEDIA RELEASE

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Boral acquires Lafarge's interest in LBGA

Boral Limited (ASX:BLD) announced today it has agreed to acquire Lafarge's 50% interest in the joint venture Lafarge Boral Gypsum Asia ("LBGA") for consideration of €429 million (AUD \$598 million) on an enterprise value basis⁽¹⁾. After adjusting for net debt and minority interests, the acquisition equity value is €380 million (AUD \$530 million)^(1,2).

LBGA is a plasterboard joint venture between Boral and Lafarge, formed in 2000. Through this transaction, Boral will acquire Lafarge's interest in the joint venture which includes 20 manufacturing operations in eight countries, trading operations in a further three countries and exports to more than 30 markets. LBGA's total plasterboard capacity is approximately 450 million m².

The joint venture has grown to become the leading provider of plasterboard, metal stud components, plasters and compounds throughout Asia. LBGA today has the largest plasterboard network in Asia, with leading market shares in the higher growth markets of Korea, Thailand, Indonesia, Vietnam, Malaysia, India and the Philippines, and an established growth platform in China.

The joint venture has achieved average revenue growth of 10.4% per annum since 2001, driven by average plasterboard volume growth of 7.5% per annum over the period⁽³⁾. EBITDA has grown at an average of 7.3% per annum since 2001 with EBITDA almost doubling in the six years to 2011⁽³⁾.

This acquisition, when combined with Boral's market leading plasterboard activities in Australia, positions the Group as the pre-eminent producer of plasterboard and related internal linings solutions products in the Asia Pacific region.

LBGA is expected to achieve EBITDA in the order of US\$108 million in CY2012 with the transaction price representing an EBITDA multiple of 11.1 times. The transaction is expected to be earnings accretive in the first year of full ownership in FY2013.

The acquisition will be funded utilising existing available debt facilities of the Group. Notwithstanding this, Boral has also secured an additional AUD \$500 million 4 year bank debt facility to preserve its current facility headroom. To maintain its conservative capital structure, Boral has entered into an agreement providing for the dividend reinvestment plan to be underwritten in respect of the FY2011 final dividend. The agreement also provides Boral with the flexibility to have the dividend reinvestment plan underwritten in respect of the FY2012 and interim FY2013 dividends.

The transaction is expected to be completed by the end of calendar year 2011. Completion is subject to finalisation of arrangements relating to intellectual property and transitional services relevant to the LBGA business.

⁽¹⁾ Based on AUDEUR exchange rate of 0.72.

⁽²⁾ There are minority interests held by third parties in Thailand and China.

⁽³⁾ Revenue and EBITDA growth on a compound annual growth rate basis.

The Chief Executive of Boral, Mark Selway stated: "We have enjoyed an extremely successful partnership with Lafarge over the last 10 years and together we have established the leading plasterboard business in Asia. The acquisition of Lafarge's interest in LBGA is an outstanding opportunity to gain management control and own the majority of a high quality business with excellent growth prospects and strong earnings potential. We look forward to continuing to work with the LBGA management team and employees to realise the full potential of the plasterboard business in the region".

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