

CSR Limited

Triniti 3 39 Delhi Road
North Ryde NSW 2113
Australia
T +612 9235 8000
F +612 8362 9013
E-mail investorrelations@csr.com.au
www.csr.com.au
ABN 90 000 001 276

CSR to acquire AFS Products Group Ltd

CSR Limited (CSR) announced today that it has reached an agreement to acquire the businesses of AFS Products Group Ltd (AFS), a leader in load bearing permanent formwork walling solutions for the construction industry.

The acquisition of AFS provides a strong platform for CSR to enter the structural walling systems market. AFS has developed innovative solutions to replace traditional removable formwork that deliver faster and lower cost construction of load bearing walls.

“AFS provides an exciting opportunity for CSR to increase its exposure to the growth in the multi-residential construction market,” said CSR Managing Director Rob Sindel.

“AFS delivers faster and less complex building solutions, resulting in increased speed of construction, lower labour and crane requirements and complements our existing range of non-load bearing walling systems,” Mr Sindel said.

CSR will acquire AFS for an initial consideration of \$40 million following completion of the transaction. The acquisition will be funded via existing cash and debt facilities and is expected to be EPS accretive in the first year. The initial consideration represents a multiple of around 6 times normalised EBITDA for the twelve months forecast to 30 June 2014. Additional payments over the next three years are subject to achieving growth targets.

With 18 years' experience in the structural walling industry, AFS is the leading provider of fibre cement based permanent formwork systems through the Logicwall[®] products which are manufactured at its facility in Goulburn, NSW. The manufacturing operations have scalable production capabilities to meet growing levels of demand with over 30,000 multi-residential units completed to date. CSR has a long standing relationship with AFS as the supplier of its Cemintel[™] fibre cement products into the Logicwall[®] system.

AFS also supplies Rediwall[®], a polymer-based (PVC) permanent formwork system for concrete walls which is water resistant and is used predominately in basement and retaining walls in multi-residential buildings as well as other applications in commercial and industrial construction.

“The combination of AFS Logicwall[®] and Rediwall[®] with CSR's non-load bearing walling products including Gyprock[™] plasterboard, Cemintel[™] fibre cement, Bradford[™] insulation and Hebel[™] lightweight concrete panels will enable CSR to offer its customers a comprehensive suite of walling solutions,” Mr Sindel said.

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“CSR will be able to utilise its extensive network across the construction sector to grow the AFS business while expanding the range of products available for our customers.”

Senior AFS management who have a proven sales process and expertise in engineering and technical support will remain with the company for at least the next three years.

More information on AFS can be found on the company’s website www.afswall.com.au.

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Media/analyst enquiries:

Andrée Taylor, CSR Investor Relations
Tel: +612 9235 8053
ataylor@csr.com.au
www.csr.com.au