

## CSR eyes JV entry to sugar in Brazil

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CSR, the diversified manufacturing conglomerate, might look at a joint venture to get into the world's biggest sugar-producing country, Brazil.

Australia's largest sugar producer last week revealed it was considering expanding its sugar operations to Brazil, with chief executive officer Alec Brennan saying CSR was in the early stages of considering offshore opportunities for the business.

Mr Brennan yesterday said a joint venture was the most likely point of entry.

"Probably initially we would do a joint venture with someone. It's always risky going into a new country," he said.

"The logical thing to do would be to go in a JV and then grow a business, much in the same way that we did back in the 1980s with Rinker in America," he told ABC TV.

Concrete and cement manufacturer Rinker Group was spun off from CSR in 2003.

Mr Brennan said it was too early to say if CSR would be milling sugar overseas.

"I think it's too early to say whether that's a good opportunity but if there is an opportunity to mill sugar then it's most likely in Brazil which is the largest sugar producer in the world by a long margin now.

"And so if we were to grow in sugar we would need to go into Brazil."

The mounting price of sugar has been driving CSR's earnings higher, offsetting its sluggish building products business.

CSR last week reported a 4.4 per cent fall in annual net profit to \$305 million.

But the result was skewed by a number of one-off items in both 2004-05 and 2005-06, including payments in both years from insurance companies following settlements of decade-long disputes over asbestos litigation.

Excluding one-offs, CSR delivered a 16.7 per cent increase in net profit to \$249.8 million in the year ended March 31, 2006.

The result was driven by the strong performance of CSR's sugar division, which overcame high rainfall that delayed milling to report a 27 per cent increase in its pre-tax earnings to \$123.7 million.

The growth was underpinned by a spike in world sugar prices that CSR expects to continue, pushing up the company's earnings before interest and tax by 10 per cent this financial year from \$416.8 million in 2005-06.

AAP