



FBR signs MOU to establish joint venture with Brickworks

Highlights

- FBR signs binding MOU with Brickworks Building Products Pty Ltd ('Brickworks') under which:
 - the parties agree to collaborate on the manufacture and certification of concrete masonry unit blocks suitable for the construction of structural walls of residential buildings in Australia; and
 - FBR agrees not to grant exclusive rights to manufacture or supply blocks for use by the Hadrian X in Australia to any third party; and
 - the parties agree to negotiate in good faith the terms of a formal shareholders agreement in relation to the proposed joint venture between the parties for a period of 45 days or as otherwise agreed by the parties
- Fastbrick Australia Pty Ltd ('Fastbrick Australia'), the proposed joint venture company, will supply Wall as a Service™ to the Australian building and construction market using Hadrian X
- Under the proposed joint venture, Brickworks would:
 - exclusively manufacture customised blocks for use by the Hadrian X in Australia under license; and
 - be granted the exclusive right to supply brick and block products for use by Hadrian X in Australia
- Fastbrick Australia to begin Pilot Program operations in Western Australia immediately upon commencement of the joint venture
- Pilot Program will involve the Hadrian X building the structural walls of residential homes using Brickworks blocks with construction adhesive, for building companies via commercial building contracts
- Pilot Program to demonstrate the building capabilities of Hadrian X, while delivering near term revenue and proving the Wall as a Service™ business model in Australia

Tuesday, 05 February 2019 – Robotic technology company **FBR Limited (ASX:FBR)** ('FBR' or 'the Company') is pleased to advise that it has signed a Memorandum of Understanding ('MOU') with Brickworks Building Products Pty Ltd ('Brickworks'), a wholly owned subsidiary of Brickworks Limited, Australia's leading supplier of building products.

The MOU sets out the key terms on which FBR and Brickworks propose to operate a special purpose 50/50 joint venture company for a period of 3 years under a shareholders agreement which is contemplated to be negotiated between the parties, to provide Wall as a Service™ ('WaaS™') to the residential building and construction sector. The purpose of this joint venture company is primarily to demonstrate the building capabilities of the Hadrian X and to prove the WaaS™ business model in Australia. After significant global market analysis in relation to potential commercialisation pathways, WaaS™ has emerged as FBR's current preferred business model based upon the potential to maximise long term value for Shareholders and the scalability of this business model globally.

Under the binding MOU, FBR and Brickworks have also agreed to collaborate in the design, manufacture, compliance certification and testing of clay and concrete masonry blocks for use by Hadrian X in the Australian market, commencing with the development of a block product that is suitable to Western Australian builders.

The MOU terminates on the earlier of the parties entering into a shareholders agreement and 45 days after the date of the MOU, or as otherwise agreed by the parties.



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Upon the commencement of the joint venture, Fastbrick Australia will begin pilot operations in Perth, Western Australia, with an initial focus on residential construction. Brickworks will also be granted the exclusive right to supply blocks to Fastbrick Australia.

With FBR providing bricklaying services via the Hadrian X construction robot and Brickworks providing masonry blocks optimised for use with the Hadrian X, Fastbrick Australia will engage with building companies to provide the structural brickwork for residential homes on demand through commercial building contracts (Pilot Program). These Pilot Program activities are anticipated to generate first operating revenues, likely on a 'per square metre of wall built' basis, for FBR in the 2019/20 financial year.

The Hadrian X is a collaborative robot (co-bot) that will work on site with experienced robot operators/masons to deliver quality wall product. The WaaS™ model also involves partnering with market dominant masonry product manufacturers and suppliers who have an extensive and established customer base of building and construction companies which will drive demand for the WaaS™ product. Under the WaaS™ model, the end customer receives the benefits of robotic construction without having to train operators, invest significant capital upfront or complicate their core businesses, which could potentially accelerate global adoption of FBR's robotic technology.



Brickworks Managing Director Lindsay Partridge AM & FBR CEO Mike Pivac



ASX Announcement

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FBR's Chief Executive Officer, Mike Pivac: "Partnering with a company of the scale and reputation of Brickworks is a significant step forward for FBR in the commercialisation of the Hadrian X and provides an excellent opportunity to introduce the Wall as a Service™ business model to the construction industry. Our relationship with Brickworks will significantly accelerate the global commercialisation of our technology through the support they can provide as Australia's leading incumbent in the construction materials space, the direct market access they can facilitate through their existing customer base, and the industry knowledge they have accumulated over the last 110 years. FBR has chosen the WaaS™ business model as it offers the highest long term commercial value to the Company and its Shareholders. Fastbrick Australia will be the first robotic WaaS™ entity established in the world, and our Pilot Program in Western Australia will serve to further validate the Hadrian X technology, the new block products created for the Hadrian X and this unique business model which we believe can be rolled out worldwide."

Brickworks' Managing Director, Lindsay Partridge AM: "We are excited to work together with FBR towards creating this joint venture initiative. We are pleased to be able to leverage our experience and capabilities to manufacture customised blocks for use by FBR's Hadrian X robots and have the opportunity to secure exclusive block supply rights for these robots in the Australian market."

Disclaimer: While the parties have agreed to negotiate the terms of the joint venture shareholders agreement in good faith and with a view to reaching an agreement as soon as practicable, there can be no assurance that an agreement will be reached within 45 days or at all.

Ends

For more information please contact:

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About FBR Limited

FBR Limited (ASX:FBR) designs, develops and builds dynamically stabilised robots to address global needs. These robots are designed to work outdoors using the company's core Dynamic Stabilisation Technology (DST™). FBR is commercialising products for the construction sector together with DST™-enabled solutions for other industries.

To learn more please visit www.fbr.com.au

