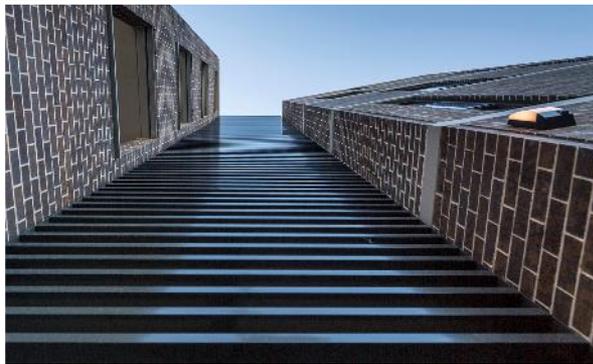


# RESULTS PRESENTATION

12 May 2021



# Agenda

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**1 RESULTS OVERVIEW – Julie Coates** Managing Director & CEO

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**2 FINANCIAL RESULTS – David Fallu** Chief Financial Officer and EGM Property and Aluminium

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**3 BUILDING PRODUCTS RESULTS – Julie Coates**

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**4 PROPERTY RESULTS – David Fallu**

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**5 ALUMINIUM RESULTS – David Fallu**

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**6 OUTLOOK – Julie Coates**

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**7 Q&A**

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# 1

## RESULTS OVERVIEW

Julie Coates Managing Director & CEO



## Strong result reflects improved performance in Building Products and increase in Property

**REVENUE**  
\$2.1bn

**4%**

**EBIT<sup>1</sup>**  
\$238m

**10%**

**STATUTORY  
NPAT**  
\$146m

**17%**

**EARNINGS  
PER  
SHARE<sup>1</sup>**  
33.1c

**21%**

**FULL YEAR  
DIVIDEND**  
23c  
Plus 13.5c  
specials  
(fully franked)

Up from 10c  
full year and  
4c special  
(50% franking)  
in YEM20

**TEAM  
REORGANISATION  
COMPLETED  
TO DELIVER  
ON NEW  
STRATEGY**



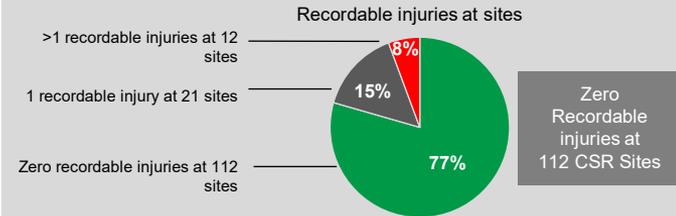
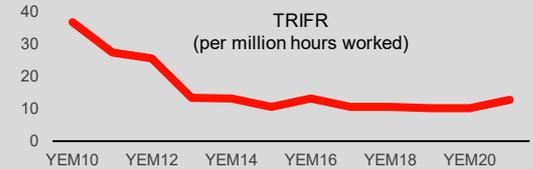
1. Earnings before interest and tax (EBIT) and earnings per share are all before significant items. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the year ended 31 March 2021 (YEM21). All comparisons are to the year ended 31 March 2020 unless otherwise stated.

# Progress on safety and sustainability



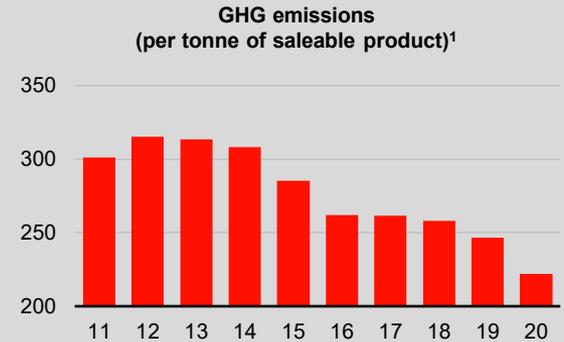
## SAFETY

- Maintaining comprehensive COVID safe program
- YEM21 impacted by distancing requirements in our factories and the loss of face to face time with our teams
- Moved to centralised safety team with three year strategy to strongly improve performance
- Risk based approach to prioritise biggest impact areas



## SUSTAINABILITY

- Environment – 32% reduction in GHG emissions (per tonne of saleable product) over past 10 years
- Exceeded 20% target in 2020 for 10 year reduction in waste, water use and emissions (per tonne of saleable product)
- Sustainability targets launched to 2030 across use of resources, renewable energy and biodiversity with roadmaps completed by all business units



<sup>1</sup> Based on the year ended 30 June.

# Group performance highlights



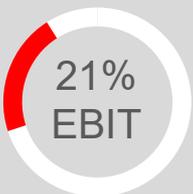
## BUILDING PRODUCTS



- Revenue down 4% - second half revenue down 2%
- EBIT of \$184.3m up 8% with EBIT margin increased to 12.0% from 10.7%
  - Strong manufacturing performance
  - Cost management offsetting decline in volumes
- Reorganised business to align with strategy and drive growth



## PROPERTY



- Delivered \$54.2m EBIT in YEM21 with Horsley Park
- Secured \$146m in sale proceeds over next three years at Horsley Park
- Optimising site network planning continues



## ALUMINIUM



- EBIT of \$23.4m down from \$59.6m, following lower A\$ aluminium price, partly offset by hedging completed in previous years
- Delivered EBIT within guidance range
- 95% hedged for YEM22

# 2

## FINANCIAL RESULTS

David Fallu Chief Financial Officer and EGM Property and Aluminium



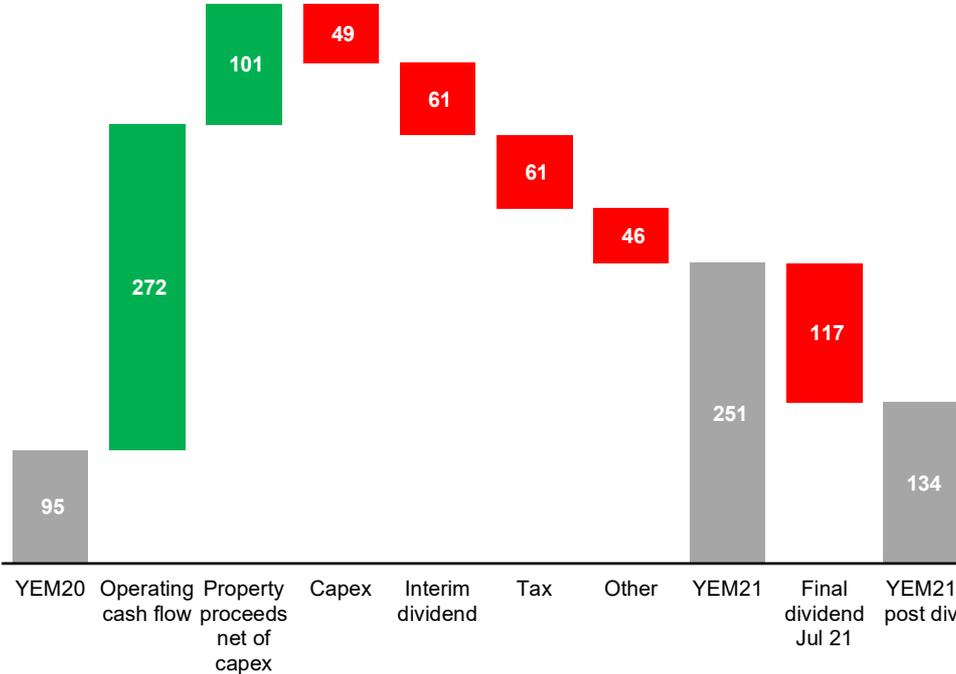
# Statutory net profit after tax of \$146m, up 17%

<i>A\$m (unless stated)</i>	YEM21	YEM20	change
<b>Trading revenue</b>	<b>2,122.4</b>	2,212.5	(4%)
<b>EBITDA</b>	<b>334.1</b>	316.5	6%
<b>EBIT</b>			
Building Products	<b>184.3</b>	170.5	8%
Property	<b>54.2</b>	(1.5)	NM
Aluminium	<b>23.4</b>	59.6	(61%)
Corporate	<b>(24.0)</b>	(11.8)	NM
<b>Group EBIT</b>	<b>237.9</b>	216.8	10%
Net finance costs	(6.1)	(10.8)	
Tax expense	(65.7)	(58.0)	
Non-controlling interests	(5.7)	(13.2)	
<b>Net profit after tax before significant items</b>	<b>160.4</b>	134.8	19%
Significant items after tax	(14.3)	(9.5)	
<b>Statutory net profit after tax</b>	<b>146.1</b>	125.3	17%

- **Revenue** down 4% reflecting first half slowdown in residential construction and lower aluminium prices
- **Cost savings** – SG&A reduced by \$31m for YEM21
  - Restructuring benefits and COVID cost controls
  - YEM22 - Rebased SG&A expected at ~12.5% of revenue compared to pre-COVID average of ~13.5%
- **CSR Group EBIT** up 10% reflecting growth in Building Products and increased Property earnings
- **Net finance costs** lower due to Aluminium FX gains
- **Significant items** – Business streamlining and restructure costs \$9m (after tax)
- **Statutory net profit after tax** – \$146.1m, up 17%

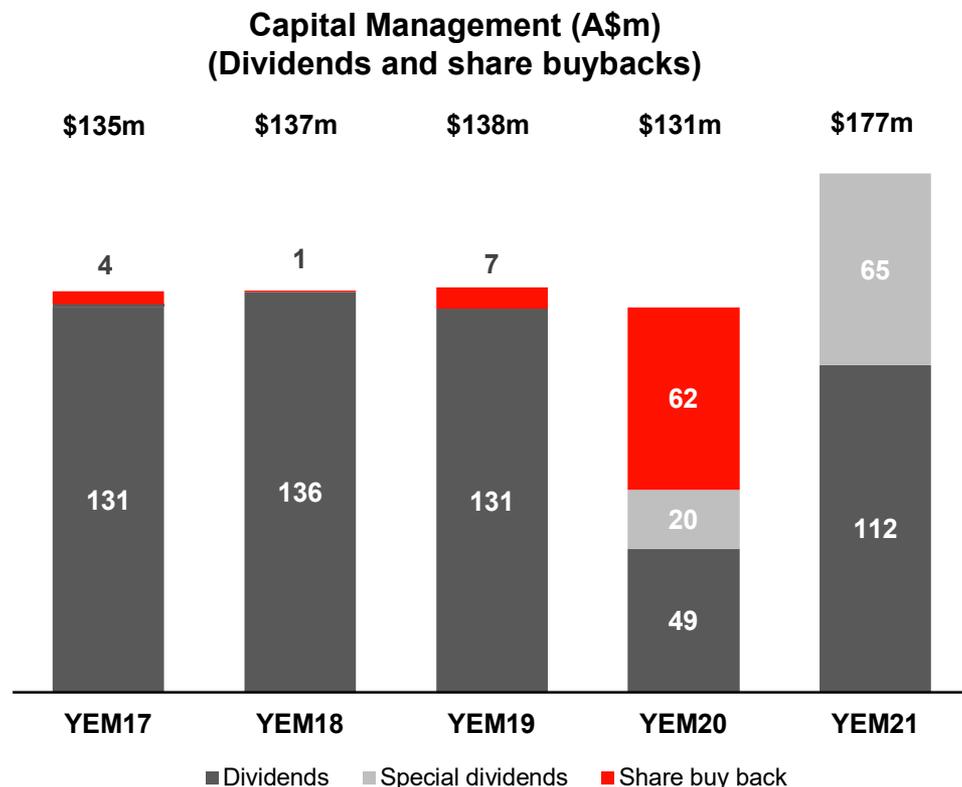
# Strong net cash position reflects increased operating cashflow and Property

## Movement in net cash position (A\$m)



- Operating cash flow higher with strong focus on working capital
- Net property cash flow included Horsley Park and Rosehill settlements net of \$30m in capex
- YEM21 capex included Brendale Bradford site acquisition for \$16m
- Other items includes hedging prepayments and minority dividends

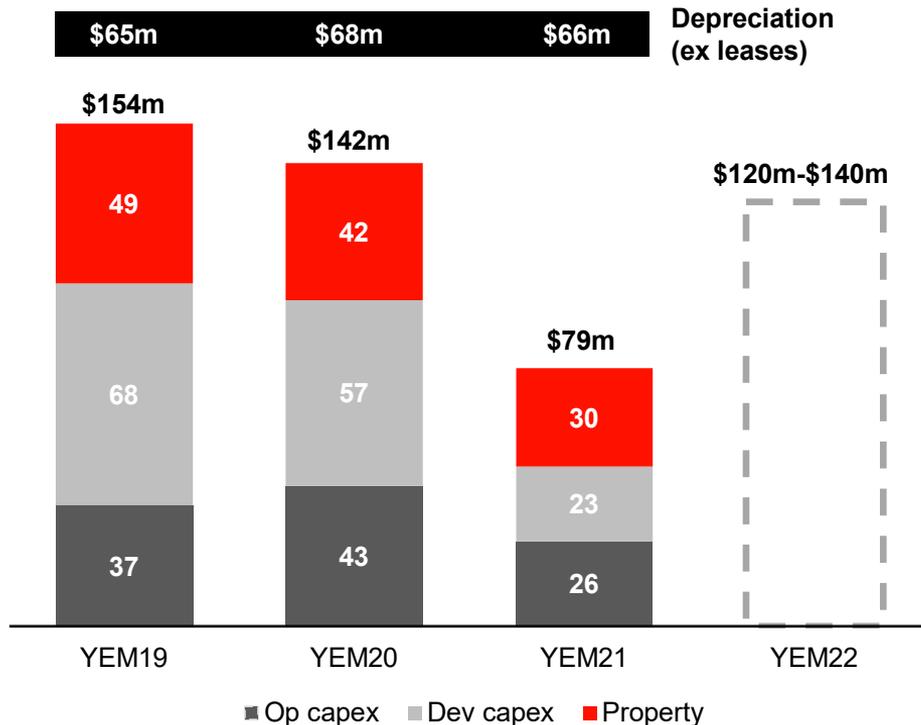
# Capital management prioritising fully franked dividends



- Increase in dividends totaling \$177m reflects strong financial position and Property completions
- Final dividend to be paid of 14.5 cps (fully franked)
- Full year dividend (excluding special dividends) of 23 cps (fully franked) up from 10.0 cps (50% franked) in the previous year
- Special dividend of 9.5 cps (fully franked) following settlement of Horsley Park property sale
  - Special dividend of 4cps (100% franked) paid in December 2020 reflected first half operating environment

# Reduction in capex reflects COVID environment

## Capital expenditure (A\$m)



- Disciplined approach to capex reflects uncertain operating environment
- Development capex also reduced with some projects delayed due to travel restrictions
- YEM22 capex (excluding Property) expected to be in line with depreciation
  - YEM22 Property capex expected to be in the range of \$60-\$70m including progress at Horsley Park post closure of PGH Bricks plant in March 2021

YEM22 capex expected to normalise to levels in previous years

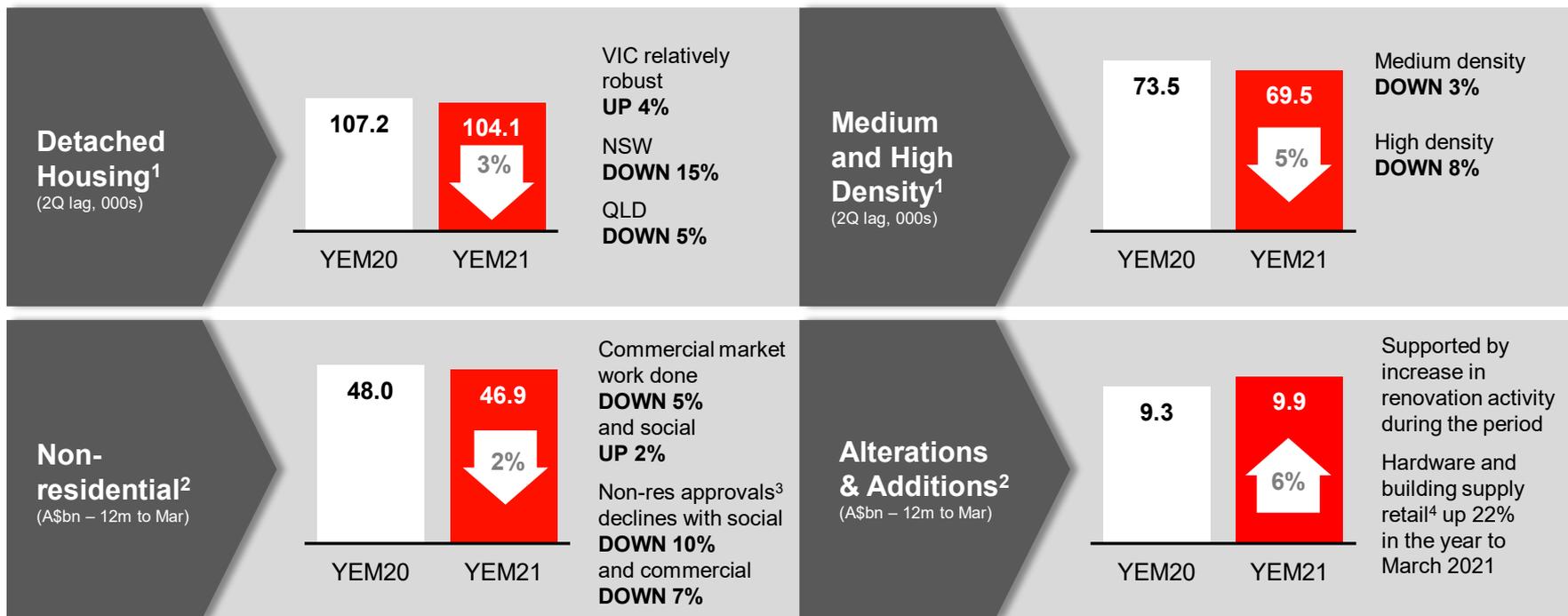
# 3

## BUILDING PRODUCTS RESULTS

Julie Coates, Managing Director & CEO



# Mixed market conditions with overall activity in line with expectations



1. ABS data – (original basis two quarter lag – i.e. 12 months to September) which reflects the majority of CSR's products utilised in the second half of the construction process

2. ABS, BIS Oxford Economic forecast (value of work done 12 months to March)

3. ABS 8731, year to March 2021

4. ABS 8501, year to March 2021

Diverse offering across different regions and segments in the construction market

# Softer revenues reflecting slower first half in construction markets

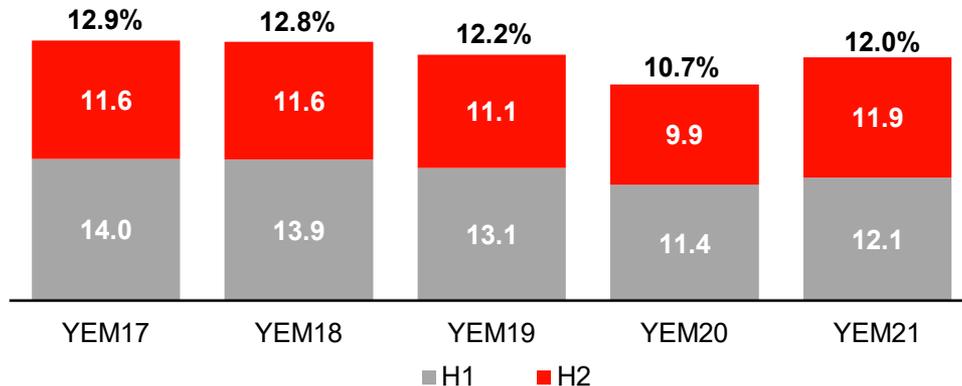


Cost management and operational efficiency delivered earnings growth of 8% despite lower volumes

# Building Products EBIT higher with operational efficiency and cost reduction

<i>A\$m unless stated <sup>1</sup></i>	YEM21	YEM20	change
<b>Revenue</b>	<b>1,534.5</b>	1,591.3	(4%)
EBITDA	265.7	254.9	4%
<b>EBIT</b>	<b>184.3</b>	170.5	8%
Funds employed <sup>2</sup>	844.3	945.8	(11%)
EBIT/revenue	12.0%	10.7%	
Return on funds employed <sup>3</sup>	20.6%	18.0%	

## EBIT Margin %



- Revenue down 4%, reflecting slower construction activity
  - Second half revenue down 2% as markets improved
- EBIT up 8% to \$184m
  - Reductions in volume offset by strong cost control and operational efficiency
  - EBIT margin increased to 12.0% from 10.7%
  - No payment of Australian JobKeeper for CSR teams
- Building Products ROFE of 20.6%

1. EBIT (before significant items).  
 2. Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March.  
 3. Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed. Refer Note 2 in the annual report.

# Strong result delivered while reorganising the business to support CSR strategy

## Building solutions for a better future



**Safety & Sustainability** – Put Safety and Sustainability at the forefront of our decisions and actions

**Customer Centricity** – Create and deliver customer-driven integrated solutions and experiences

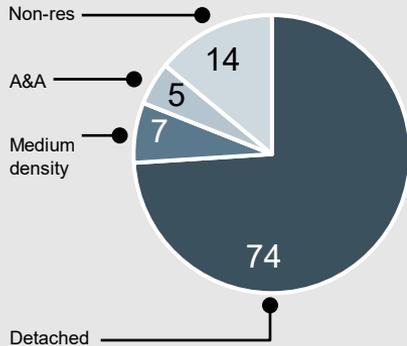
**Streamlined Organisation** – Delivering efficient and effective business processes, systems and ways of working

**Transformation & Growth** – Driving change & digitisation in the end-to-end value chain to unlock long-term growth opportunities

**High Performance Teams** – Deliver better outcomes together

# Masonry & Insulation well placed to service strong detached market

## Segment profile (% revenue)



- Volumes in line with detached activity
- EBIT higher supported by overhead cost reductions
  - PGH and Monier EBIT higher with cost management offsetting lower volumes
  - Bradford EBIT down due to higher proportion of imports, product mix and freight costs partly offset by improved factory performance
- Integration of three brands to promote the portfolio of customer solutions for builders at each stage of home construction
- PGH Horsley Park closure completed in March 2021

## YEM22 priority updates

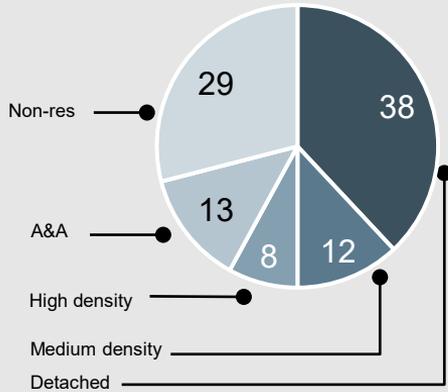
- Optimising operational footprint to identify areas for re-investment and ultimately release valuable surplus land for redevelopment
- Well positioned in YEM22 with detached market which is bolstered by HomeBuilder support and extension of construction start times

Optimise investment across the business to extend market reach and relationships



# Interior Systems diversified market position delivering strong result

Segment profile (% revenue)



- Gyprock – stable volumes due to diversified market position. Pricing flat as 2020 price increase did not proceed due to COVID
- Commercial Interiors EBIT impacted by lockdowns, slowdown in commercial and reduced exports due to COVID
- EBIT higher following operational improvement and cost management

## YEM22 Priorities

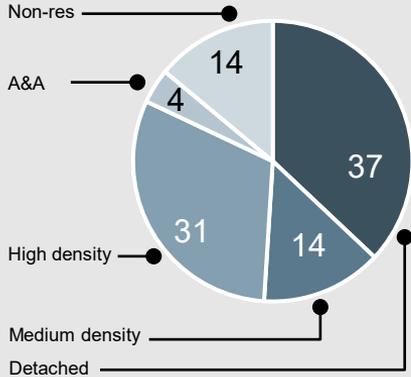
- Maximising current market opportunity in Gyprock – maintaining low cost position and brand leadership
- Expanding Gyprock range with enhanced solutions and technical support through the newly formed DesignLink team
- Continuing to capture growth in strong A&A market with ongoing investment in retail hardware partnerships
- Expanding presence in non-res sector with dedicated technical and architectural teams



Leverage strong brands and customer engagement to deliver a full suite of interior lining solutions

# Construction Systems building market share and diversification

## Segment profile (% revenue)



- Cemintel and Hebel continuing share growth in residential housing, especially Victoria
- Slowdown in high density apartments impacts Hebel and AFS sales
- EBIT in line with previous year with cost management offsetting volume decline in high density apartment market

## YEM22 priorities

- Residential cladding – focus on expanding offering as part of a CSR wide complete lightweight design solution
- Expanding aesthetic solutions and technical support across commercial and façade applications
- Broadening commercial internal walling solution with Gyprock
- Diversify structural solutions portfolio into low rise multi res, housing, aged care, civil and schools



Grow share in cladding and structural solutions to provide internal and external design versatility

# 4

## PROPERTY RESULTS

David Fallu Chief Financial Officer and EGM Property and Aluminium



# Property - Horsley Park driving earnings over next three years

<i>A\$m unless stated <sup>1</sup></i>	YEM21	YEM20	change
<b>EBIT</b>	<b>54.2</b>	(1.5)	NM
Funds employed <sup>2</sup>	139.5	167.8	(17%)
Return on funds employed <sup>3</sup>	35.3%	(0.8%)	

## Horsley Park transactions on track

Tranche	Size	Proceeds	EBIT	Completion
Stage 1	10.1ha	\$58m	\$32m	Completed
Stage 2.1	11.7ha	\$80m	\$52m	Completed
Stage 2.2a	4ha	\$28m	\$18m	YEM22
Stage 2.2b	5ha	\$34m	\$22m	YEM23
Stage 3.2	8.6ha	\$84m	\$48m	YEM24
Total contracted	39.4ha	\$284m	\$172m	
Stage 3.2	12.4ha	Marketing underway (increased from 9ha due to strong demand for site)		

1. EBIT (before significant items).
2. Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March.
3. Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed. Refer Note 2 in the annual report. ROFE varies due to timing of projects.
4. Inclusive of yet to be completed Horsley Park transactions. 2019 valuation included stage 2.1.

- Delivered \$54m in Property EBIT including stage 2 at Horsley Park
- No earnings in previous year due to the timing of transactions
- Independent valuation of Property updated
  - Valuation of key western Sydney sites has increased to an “as is” net valuation of approximately \$900m (compared to \$500m in 2019)<sup>4</sup>
  - Largest valuation uplift from the increased value of contracted transactions at Horsley Park, capturing higher yielding uses for the site (eg data centres)
  - Valuations also uplifted by:
    - Rehabilitation and zoning advancements
    - Broader strength in residential and industrial property valuations

# Active projects pipeline to deliver ongoing earnings over future years

- Property a foundation of CSR strategy to optimise operational network
- Maximising value through rehabilitation, rezoning and repositioning strategic sites for higher order uses
- Strong track record of delivering complex transactions
- Continue to grow the value of key properties and projects
- Timing of transactions will vary with pipeline of projects to create substantial value over the longer-term from a range of approaches including sale of land, joint ventures or full development

MAJOR SITES	TYPE	YEM 21-25	YEM 26-30	Beyond
Horsley Park, NSW (Industrial)	\$88m in EBIT now contracted over 18ha, with marketing of final 12ha underway	✓		
Warner, QLD (Residential)	Residential zoning under review for approximately 450 lots at the site	✓		
Schofields, NSW (Residential)	90ha residential site in final stages of rezoning for approximately 1,525+ lots <ul style="list-style-type: none"> <li>Stage 1 (32ha) – timing based on market conditions</li> <li>Stage 2 (58ha) – currently PGH Bricks operating plant. Timing based on market conditions and operational network requirements</li> </ul>	✓	✓	✓
Badgerys Creek, NSW (Industrial)	200ha site adjacent to the Western Sydney Airport with industrial zoning confirmed in Sept 2020. Rehabilitation of former quarries underway		✓	✓

Contracted Property earnings to YEM24 with significant projects to deliver ongoing earnings over the next 10 years

# 5

## ALUMINIUM RESULTS

David Fallu Chief Financial Officer and EGM Property and Aluminium



CSR

# Aluminium – EBIT down reflecting lower A\$ aluminium price

A\$m unless stated <sup>1</sup>	YEM21	YEM20	change
<b>Sales (tonnes)</b>	213,722	209,905	2%
A\$ realised price <sup>2</sup>	2,751	2,960	(7%)
<b>Revenue</b>	<b>587.9</b>	621.2	(5%)
EBITDA	35.4	71.5	(50%)
<b>EBIT</b>	<b>23.4</b>	59.6	(61%)
Funds employed <sup>3</sup>	136.0	141.0	(4%)
EBIT/revenue	4.0%	9.6%	
Return on funds employed <sup>4</sup>	16.9%	42.4%	

## EBIT movement A\$m

<b>YEM20</b>	<b>59.6</b>
Volume	0.6
Price in A\$ including hedging	(44.0)
A\$ alumina raw material cost	(14.4)
Energy - coal cost pass through	9.5
Raw material coke and pitch cost	14.0
Pot relining	(1.6)
Stock adjustments, warehouse, other	(0.3)
<b>YEM21</b>	<b>23.4</b>

- Volume 2% higher due to timing of shipments close to year end
- Revenue lower following decline in A\$ aluminium price in the first half of YEM21
- Alumina costs higher following the start of new contracts in January 2020
- Coal cost pass through has declined and stabilised
- Raw material costs, particularly coke, lower in YEM21
- EBIT decline was partly offset by favourable hedging executed in prior years and in YEM21

1. EBIT (before significant items).

2. Includes hedging and premiums.

3. Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March.

4. Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed. Refer Note 2 in the annual report.

# Aluminium – significantly increased hedging position

## GAF aluminium hedge book

As of 30 April 2021	YEM22	YEM23	YEM24	YEM25	YEM26
Average price A\$ per tonne (excludes premiums)	A\$2,800	A\$2,879	A\$2,910	A\$2,969	A\$2,991
% of net aluminium exposure hedged	95%	79%	66%	41%	2%

- Given Tomago's high energy cost (which is not correlated to LME aluminium prices), CSR's approach is to take advantage of profitable pricing by hedging when possible
- Hedge book has continued to be built with hedging into YEM26

## YEM22 EBIT scenario

	Aluminium average spot price A\$/t for YEM22		
	A\$2,300	A\$2,700	A\$3,100
YEM22 EBIT A\$m	A\$32m	A\$36m	A\$40m

- YEM22 EBIT ranges based on various A\$/t aluminium spot prices
- Assumes all other revenue and cost areas are unchanged

# 6

## OUTLOOK

Julie Coates Managing Director & CEO



# Outlook for the year ending 31 March 2022 (YEM22)



## Building Products

- **Detached (54% of revenue)** – activity will be supported by HomeBuilder commencements with the extension of the timetable likely to extend the pipeline across calendar 2021 and 2022.
- **Medium/High density (18% of revenue)** – medium density market expected to be more resilient than the high rise market following the continued decline in high rise approvals since the previous peak in 2018.
- **Alterations and Additions (8% of revenue)** – strong trade retail performance expected to continue (up 22% in the year to March 2021), complemented by larger value HomeBuilder renovation projects.
- **Non-residential (20% of revenue)** – pipeline of approvals is down 9% (year to March 2021) following COVID-19 uncertainty over the last year. Weaker private commercial activity expected to be offset in part by continued elevated levels of social infrastructure spend.



## Property

- Horsley Park site has \$146 million in sale proceeds contracted over the next three years, including \$18 million of EBIT expected to complete in YEM22. Marketing continues on the final 12 hectare tranche at the Horsley Park site with work progressing on other projects.



## Aluminium

- Strengthened forward hedge position in the second half of YEM21 to lock-in future returns. Based on significant hedge positions, EBIT for YEM22 expected to be in the range of \$32 to \$40 million, assuming all other revenue and cost areas (including coal costs) are unchanged.

The diversity of CSR's business provides resilience and performance will benefit from strong position in the detached housing market

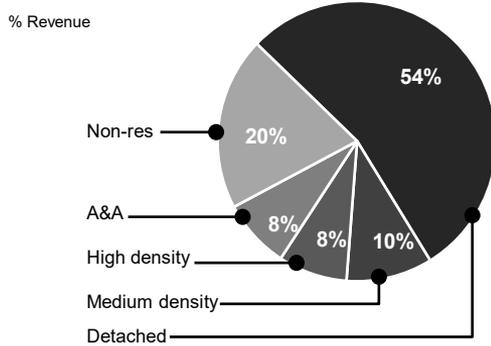
# 7

## APPENDIX

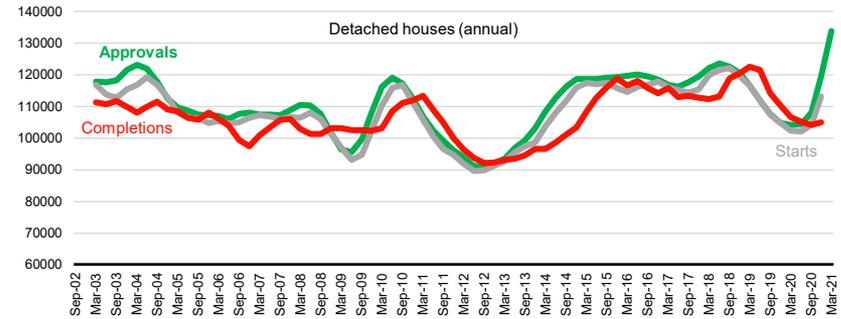


# Detached market outlook supported by HomeBuilder demand

## CSR's construction market diversification

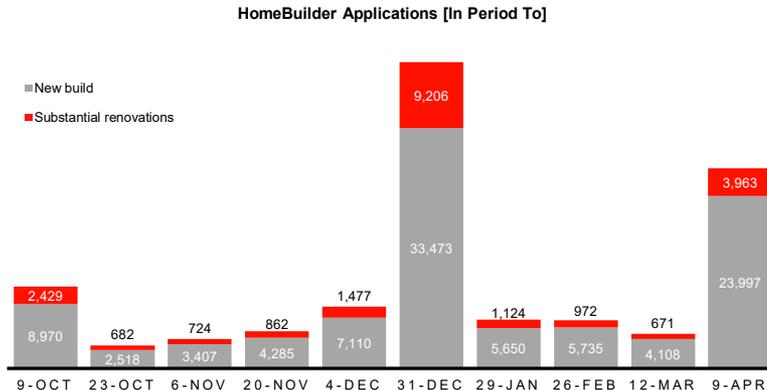


## Detached completions extending timelines



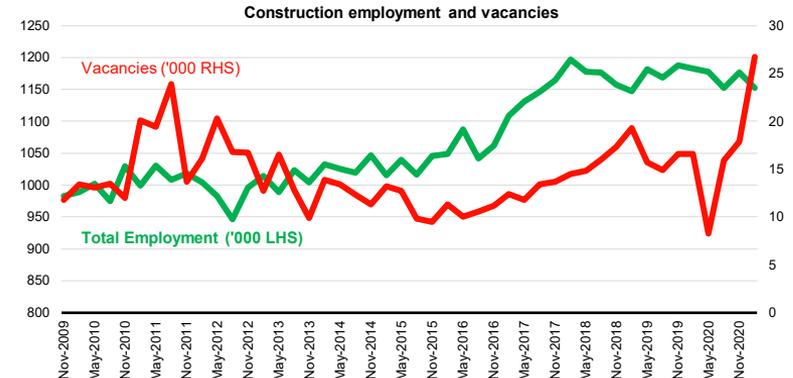
Source: ABS

## HomeBuilder applications supporting demand



Source: Treasury

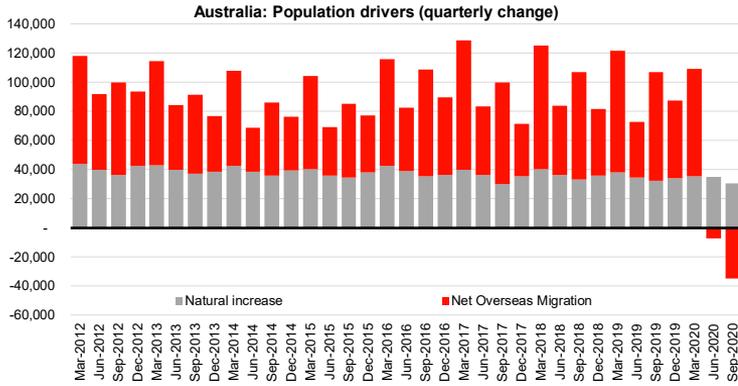
## Capacity constraints due to availability of construction trades



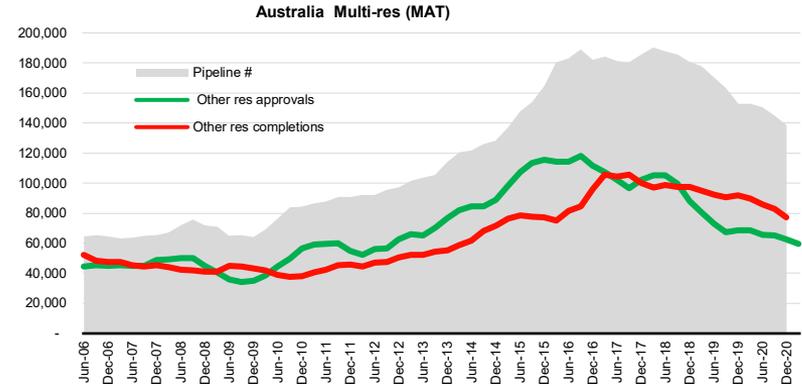
Source: ABS

# Mixed outlook for demand across construction segments

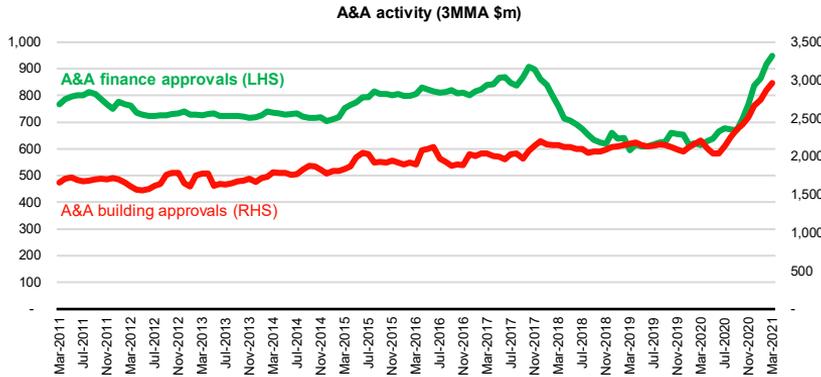
## Australian population decline following COVID



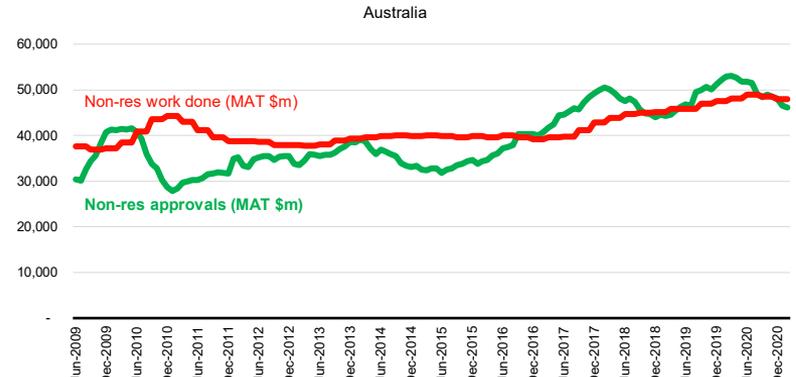
## Decline in multi-res pipeline



## Alterations & Additions approvals growing



## Non-residential construction growth



Source (all charts): ABS

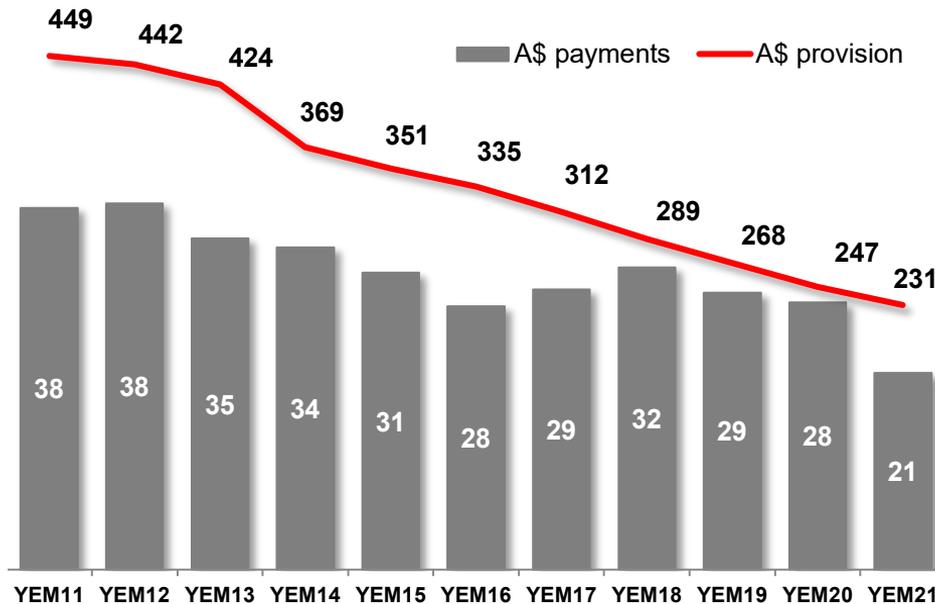
# Review of significant items

\$million	2021	2020
Impairment of Building Products assets	(8.3)	(10.9)
Business streamlining restructure costs	(12.7)	–
Site closure costs	(5.2)	–
Previously recorded significant items, including lease adjustments	11.3	3.5
<b>Significant items before finance costs and income tax</b>	<b>(14.9)</b>	<b>(7.4)</b>
Discount unwind and hedging relating to product liability provision	(5.6)	(6.2)
Income tax benefit on significant items	6.2	4.1
<b>Significant items after tax</b>	<b>(14.3)</b>	<b>(9.5)</b>
Significant items attributable to non-controlling interests	–	–
<b>Significant items attributable to shareholders of CSR Limited</b>	<b>(14.3)</b>	<b>(9.5)</b>
Net profit attributable to shareholders of CSR Limited	146.1	125.3
Significant items attributable to shareholders of CSR Limited	14.3	9.5
<b>Net profit before significant items attributable to shareholders of CSR Limited</b>	<b>160.4</b>	<b>134.8</b>

Additional information on significant items is contained in Note 3 in the annual report.

# Further reductions in asbestos liability

## Asbestos provision – A\$m



- Product liability provision of A\$231m
- Provision includes a prudential margin of A\$35m
- Cash payments A\$21m during YEM21