



## Agenda

1. Overview – **Rob Sindel** Managing Director, CSR Limited
2. Group Financial Results – **Greg Barnes** CFO, CSR Limited
3. Business Unit Performance – **Rob Sindel**
4. Outlook – **Rob Sindel**



# 1

## OVERVIEW



## Strong performance across the group

**TRADING REVENUE**  
\$1.0bn

↑ 15%

**EBIT<sup>1</sup>**  
\$114.1m

↑ 86%

**NPAT<sup>1</sup>**  
\$70.0m

↑ 72%

**STATUTORY NET PROFIT** \$68.4m

↑ 48%

**EARNINGS PER SHARE<sup>1</sup>** 13.9c

↑ 72%

**DIVIDEND** 8.5c

↑ 70%

<sup>1</sup> EBIT, net profit 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 six months ended 30 September 2014. All comparisons are to the six months ended 30 September 2013 unless otherwise stated.



# Good progress on strategy



## Protect and invest

- 25% improvement in safety
- Viridian restructure on track



## Smarter, faster, easier

- Integration of AFS on schedule
- Launched Gyprock Optimised Core



## Adapting to changing lifestyles

- Permanent formwork
- Hebel walling and flooring



## Comfort and energy efficiency

- Martini integration on track
- Growth in Bradford Energy Solutions



## Customers

- CSR Connect online portal upgrade
- Improvement in customer service metrics



# Financial results summary

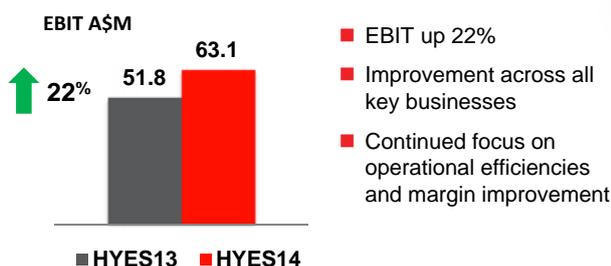
A\$m (unless stated)	HYES14	HYES13	change
Trading revenue	1,005.4	877.1	15%
EBITDA <sup>1</sup>	152.9	100.0	53%
<b>EBIT <sup>1</sup></b>	<b>114.1</b>	<b>61.3</b>	<b>86%</b>
Net finance cost <sup>1</sup>	(3.2)	(4.1)	
Tax expense <sup>1</sup>	(32.4)	(11.3)	
Non-controlling interests	(8.5)	(5.3)	
<b>Net profit after tax <sup>1</sup></b>	<b>70.0</b>	<b>40.6</b>	<b>72%</b>
Significant items	(1.6)	5.5	(129%)
Statutory net profit after tax attributable to shareholders	68.4	46.1	48%
<b>Earnings per share <sup>1</sup> [cents]</b>	<b>13.9</b>	<b>8.1</b>	<b>72%</b>
EPS (after significant items) [cents]	13.6	9.1	49%
Dividends per share [cents]	8.5	5.0	70%

<sup>1</sup> All references are before significant items.

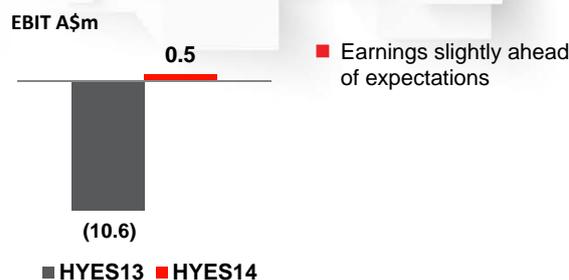
- Trading revenue of \$1.0bn up 15%
  - Higher volume and price
  - GAF realised aluminium price up 8%
- EBIT<sup>1</sup> of \$114.1m up 86%
  - Improved margins and continued cost reductions
- Effective tax rate of 29.2% (before sig items)
  - Expect effective tax rate of around 28% for the full year
- Significant items of \$1.6m (after tax), primarily due to change in classification for discount unwind charge
- Interim dividend of 8.5 cents unfranked – up 70%

## EBIT improved across all divisions

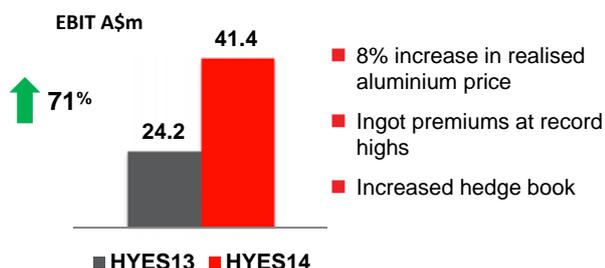
### Building Products



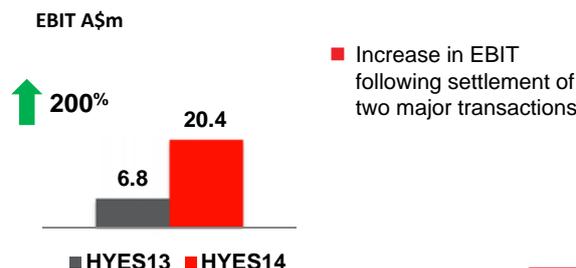
### Viridian



### Aluminium



### Property

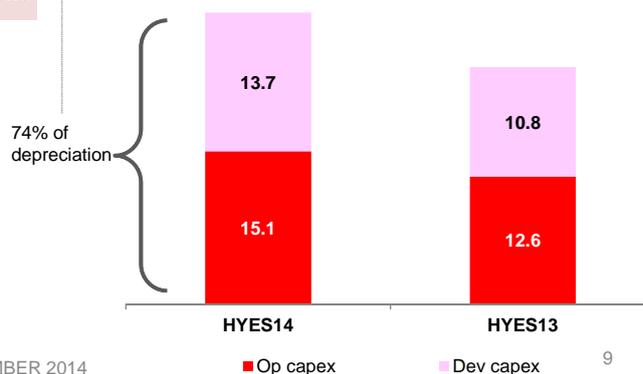


## Operating cash flow up by 98%

	HYES14	HYES13
EBITDA	152.9	100.0
Net movement in working capital	(7.6)	(30.3)
(Profit)/loss on asset disposals	(22.5)	(5.8)
Movement in provisions/other	13.0	4.7
<b>Operating cashflows (pre tax, asbestos &amp; sig. items)</b>	<b>135.8</b>	<b>68.6</b>
Asbestos payments	(13.9)	(15.3)
Tax paid	(9.8)	(6.9)
Significant items	(15.1)	(21.8)
<b>Operating cashflows (post tax, asbestos &amp; sig. items)</b>	<b>97.0</b>	<b>24.6</b>

- 98% growth in operating cash flows (pre tax, asbestos and sig items)
  - Largely due to earnings improvements
  - Working capital management
- Net Property cash inflows of \$29.4m Include Chirnside Park and Pymont
- Full year capex (ex Property) expected to be around ~\$70m (excluding acquisitions) (~90% of depreciation)

Half year capital expenditure (ex Property)

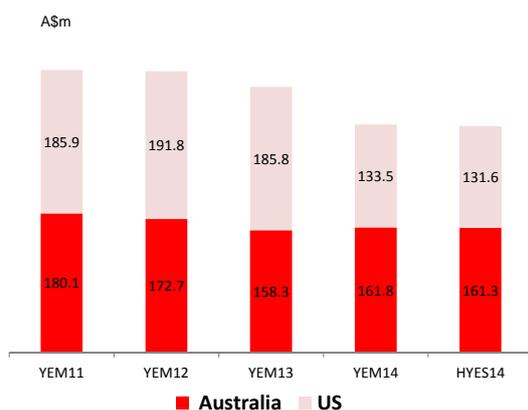


## Asbestos provision

A\$m	HYES14
Opening balance as of 1 April	369.1
Cash paid	(13.9)
Unwinding of discount	6.0
<b>Closing balance as of 30 Sept 2014</b>	<b>361.2</b>

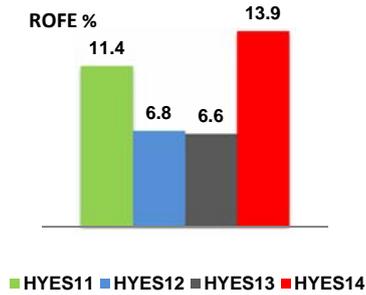
- Asbestos provision of \$361.2m - lowest level in 9 years
- Provision includes a prudential margin of 23% above the aggregate of independent experts' estimates
- Currently estimate full year cash payments of ~\$32m

Asbestos provision

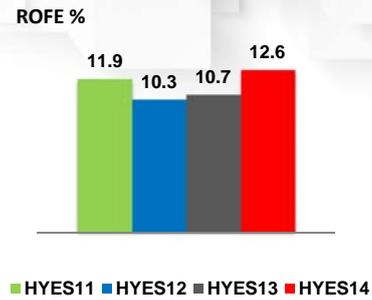


# ROFE improving across the group

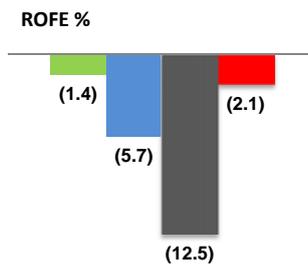
## CSR Group



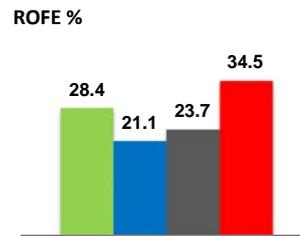
## Building Products



## Viridian



## Aluminium



All ROFE calculations based on EBIT (before significant items) for the 12 months to 30 September divided by average net assets excluding tax, defined benefit liabilities, hedging and asbestos.

CSR LIMITED 2014  
RESULTS PRESENTATION | HALF YEAR ENDED 30 SEPTEMBER 2014

11



CSR LIMITED  
PRESENTATION 2014

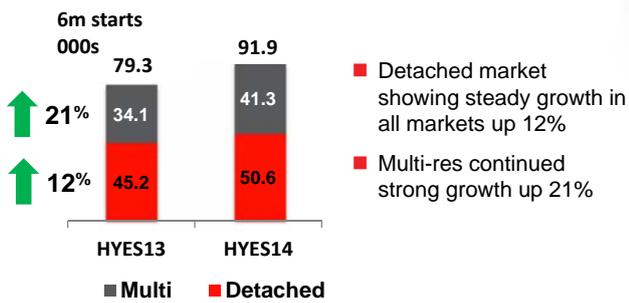


**3**  
**BUSINESS UNIT  
PERFORMANCE**

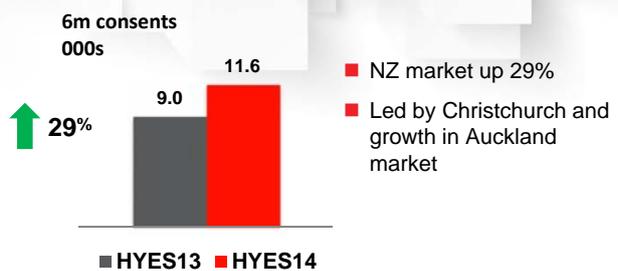


# Residential construction activity leading the market

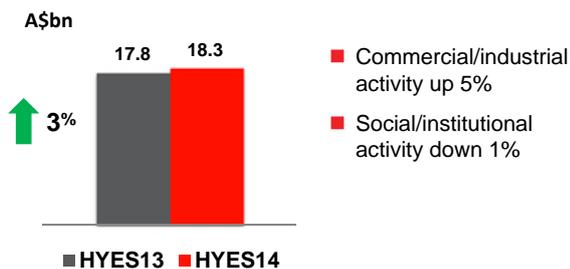
## Australia – residential <sup>1</sup>



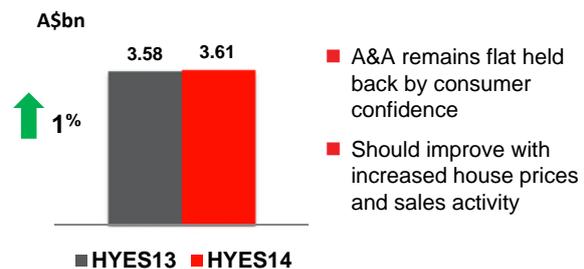
## New Zealand – residential <sup>3</sup>



## Australia – non-residential <sup>2</sup>



## Australia – A&A <sup>2</sup>

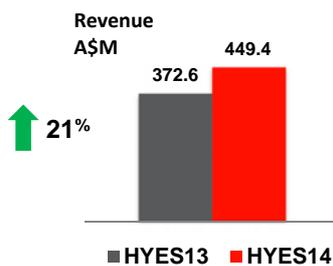


1. Source ABS data – (two quarter lag – six months to March)  
 2. Source BIS Shrapnel forecast (value of work done – six months to Sept)  
 3. Source Statistics New Zealand – (residential consents 2 quarter lag – six months to March)



# Higher revenues from improved market activity

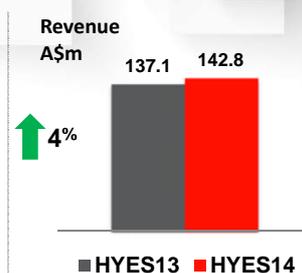
## Lightweight Systems



## Bricks & Roofing



## Viridian

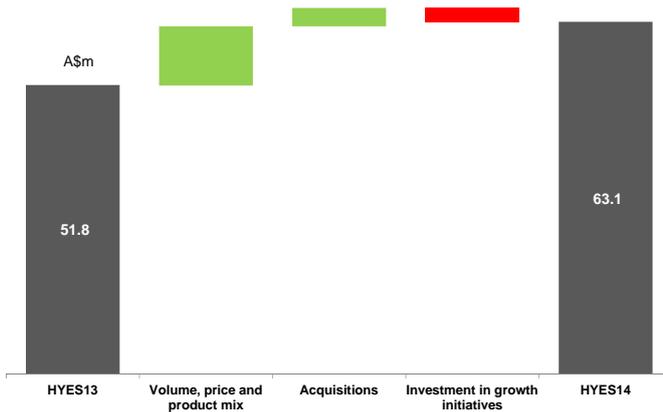


# Building Products earnings improving

A\$m unless stated <sup>1</sup>	HYES14	HYES13	change
Lightweight Systems	449.4	372.6	21%
Bricks and Roofing	160.3	146.0	10%
<b>Trading revenue</b>	<b>609.7</b>	<b>518.6</b>	<b>18%</b>
EBITDA	82.9	70.5	18%
<b>EBIT</b>	<b>63.1</b>	<b>51.8</b>	<b>22%</b>
Funds employed <sup>2</sup>	831.8	811.7	2%
EBIT/trading revenue	10.3%	10.0%	
<b>Return on funds employed<sup>3</sup></b>	<b>12.6%</b>	<b>10.7%</b>	

- 1 EBITDA and EBIT (before significant items)  
 2 Excludes cash and tax balances at 30 September  
 3 Refer footnote on slide 11.

## Building Products movement in half year EBIT



- Building Products EBIT up 22%
  - Higher sales volumes and operational improvements
- EBIT margin improvement
- Reinvesting to meet changes in construction trends
  - Launched Gyprock Optimised Core Technology stronger, easier to use and 15% lighter
  - Pilot plant for offsite construction of walling systems underway
  - Enhancement of CSR Connect online customer transactions and service



# Viridian significant EBIT improvement

A\$m unless stated <sup>1</sup>	HYES14	HYES13	change
Trading revenue	142.8	137.1	4%
EBITDA	5.3	(4.7)	NM
<b>EBIT</b>	<b>0.5</b>	<b>(10.6)</b>	<b>NM</b>
Funds employed <sup>2</sup>	183.6	180.0	2%
EBIT/trading revenue	0.4%	NM	
<b>Return on funds employed<sup>3</sup></b>	<b>(2.1%)</b>	<b>(12.5%)</b>	

- 1 EBITDA and EBIT (before significant items)  
 2 Excludes cash and tax balances.  
 3 Refer footnote on slide 11.

## Viridian movement in half year EBIT



- Revenue growth achieved from pricing initiatives and higher volumes
- Significant EBIT improvement
  - Full benefit of restructuring initiatives
  - Improved utilisation of Dandenong plant
- Viridian NZ improvement from strong construction activity and operational initiatives



## Increase in aluminium realised prices

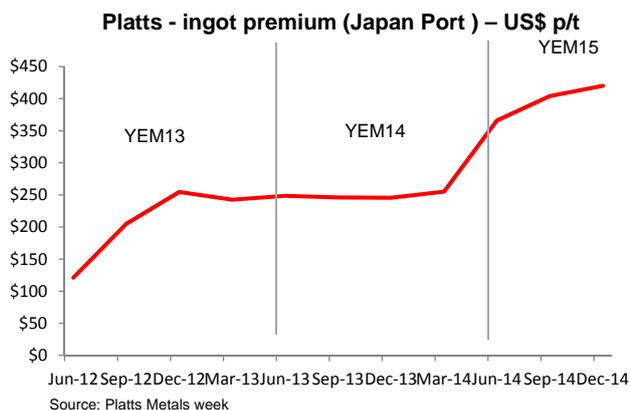
A\$m unless stated <sup>1</sup>	HYES14	HYES13	change
Sales (tonnes)	101,038	95,935	5%
A\$ realised price <sup>2</sup>	\$2,503	\$2,308	8%
<b>Trading revenue</b>	<b>252.9</b>	<b>221.4</b>	<b>14%</b>
EBITDA	55.1	37.7	46%
<b>EBIT</b>	<b>41.4</b>	<b>24.2</b>	<b>71%</b>
Funds employed <sup>3</sup>	184.4	216.4	(15%)
EBIT/trading revenue	16.4%	10.9%	
<b>Return on funds employed<sup>4</sup></b>	<b>34.5%</b>	<b>23.7%</b>	

<sup>1</sup> EBITDA and EBIT (before significant items)

<sup>2</sup> Includes hedging and premiums

<sup>3</sup> Excludes cash and tax balances.

<sup>4</sup> Refer footnote on slide 11



- Higher ingot premiums led to 8% increase in realised aluminium price of A\$2,503 p/t
- EBIT margin improved to 16.4% due to higher price and stable production costs at Tomago
- Continued to increase hedge book for YEM16

### Aluminium hedge book (as of 31 October 2014)

	HYEM15	YEM16
Average hedged aluminium price A\$ per tonne (excludes premiums)	\$2,143	\$2,269
<b>% of net aluminium exposure hedged</b>	<b>90%</b>	<b>50%</b>

## Property results higher

A\$m unless stated <sup>1</sup>	HYES14	HYES13	change
<b>EBIT</b>	<b>20.4</b>	<b>6.8</b>	<b>200%</b>

<sup>1</sup> EBIT (before significant items)

### Chirnside Park development



Stage 1 completed homes

- Property EBIT of \$20.4m includes settlement of two transactions:
  - Results includes sale of multi-residential development site at Pyrmont
  - Surplus industrial land at Ingleburn in Sydney
- Chirnside Park, Vic - 533 lot residential development proceeding on schedule
  - 174 sales contracts exchanged to date for stages 2 and 3

# Strong property pipeline

## Current Projects

<b>Brendale, Qld</b>	<ul style="list-style-type: none"> <li>~30 ha industrial development</li> <li>Site remediation works completed with civil works underway</li> </ul>
<b>Chirnside Park, Vic</b>	<ul style="list-style-type: none"> <li>533 lot residential development</li> <li>Stage 2 and 3 sales underway</li> </ul>
<b>Erskine Park, NSW</b>	<ul style="list-style-type: none"> <li>Marketing of remaining 2 hectares, DA approved, industrial sub-division</li> </ul>
<b>New Lynn, NZ</b>	<ul style="list-style-type: none"> <li>Existing brick plant – 5.8 ha high density residential area near Auckland</li> </ul>

## Longer-term opportunities

<b>Narangba, Qld</b>	<ul style="list-style-type: none"> <li>Former clay quarry – 15 ha future residential</li> </ul>
<b>Schofields, NSW</b>	<ul style="list-style-type: none"> <li>Surplus land at existing brick plant – 70 ha future residential</li> </ul>
<b>Horsley Park, NSW</b>	<ul style="list-style-type: none"> <li>Surplus land at existing brick plant – 50 ha future industrial</li> </ul>
<b>Thornton, NSW</b>	<ul style="list-style-type: none"> <li>Former clay quarry – 40 ha future residential</li> </ul>
<b>Cooroy, Qld</b>	<ul style="list-style-type: none"> <li>Former clay quarry – 20 ha future residential</li> </ul>



CSR LIMITED  
PRESENTATION 2014

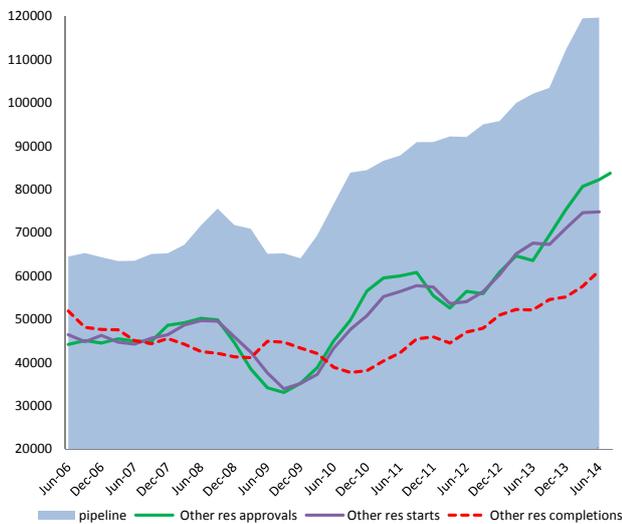


4  
OUTLOOK

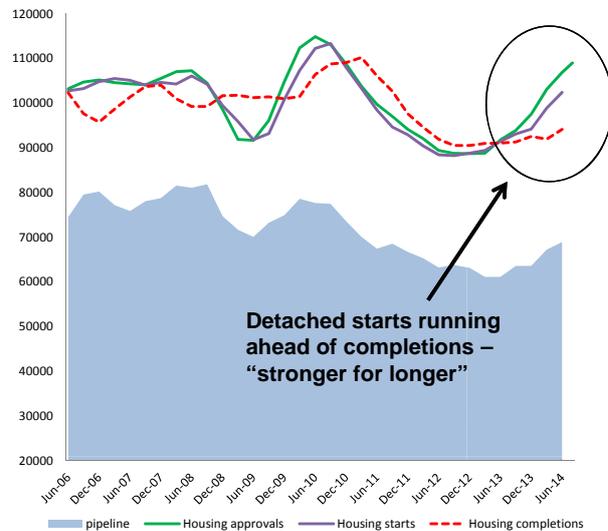


# Pipeline remains strong in residential construction

## Multi-residential (MAT)



## Detached (MAT)



Source: ABS - Pipeline includes dwellings approved and under construction, but not yet completed (ABS cat 8752)

# Outlook for year ending 31 March 2015 (YEM15)

### Building Products

- Similar growth rate expected in second half as seen in the first half
- Longer term steady growth in housing activity and other indicators will lead to increased demand for CSR's products

### Viridian

- Turnaround in earnings is expected to continue
- Tracking slightly ahead of its stated objective to exit the year with an EBIT positive run-rate

### Aluminium

- GAF has approximately 90% of its net aluminium exposure for the second half of the year hedged at A\$2,143 per tonne (before premiums)
- Ingot premiums are expected to stay near record levels for the remainder of the year while physical shortages persist

### Property

- EBIT is expected to be higher in the full year, subject to timing of another transaction expected to settle in the second half

### Group

- Current analyst forecast range for CSR net profit after tax (pre significant items) is \$111 million to \$134 million
- CSR expects that group net profit after tax (pre significant items) will be towards the upper end of this range, assuming no material deterioration in our markets



## Review of significant items

<i>A\$m (unless stated)</i>	<b>HYES14</b>	<b>HYES13 (restated)</b>
Unwind of product liability provision	(6.0)	(6.3)
Reduction in product liability provision	---	17.0
Legal disputes and warranties	1.9	(7.4)
Transaction costs	(2.7)	---
<b>Significant items before tax</b>	<b>(6.8)</b>	<b>3.3</b>
Income tax benefit on significant items	5.2	2.2
<b>Significant items after tax</b>	<b>(1.6)</b>	<b>5.5</b>

