

## CSR Limited

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### CSR announces half year net profit (pre significant items)<sup>1</sup> of \$70.0 million up 72%<sup>2</sup>

CSR Limited ("CSR") reported today a 72% increase in net profit after tax (pre significant items) to \$70.0 million for the six months ended 30 September 2014. After significant items, CSR reported net profit after tax of \$68.4 million, up 48%.

Earnings before interest and tax (EBIT)<sup>1</sup> of \$114.1 million was up 86% reflecting higher earnings across all businesses.

- **Building Products** EBIT of \$63.1 million up 22% with higher volumes across all products reflecting the demand from increasing construction activity
- **Viridian** EBIT of \$0.5 million, significantly up on the loss of \$10.6 million in the same period last year following the benefit of restructuring initiatives and improved pricing
- **Aluminium** EBIT of \$41.4 million up 71% due to higher realised A\$ aluminium prices and improved smelter performance
- **Property** EBIT of \$20.4 million up from \$6.8 million following settlement of two major transactions

CSR Managing Director Rob Sindel said, "We are very pleased with the 72% increase in our half year net profit. This reflects the benefits of restructuring initiatives we have implemented in the last few years, particularly Viridian, combined with the growth in residential building activity and improved aluminium performance.

"The restructuring of Viridian remains on track with the business returning to profitability ahead of schedule while the AFS business acquired in April 2014 is performing well and increases our exposure to the growth in multi-residential construction.

"CSR's strong financial position was improved further during the period with operating cash flows of \$97.0 million significantly higher than the \$24.6 million in the prior year.

"We are steadily increasing our investment in product innovation and in the development of new building systems to meet the future needs of Australian and New Zealand construction markets. Projects under development include offsite construction of residential walling systems and technology to improve our online customer transactions and service." Mr Sindel said.

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<sup>1</sup> EBIT and net profit are 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 (HYES14).

<sup>2</sup> All comparisons are to the six months ended 30 September 2013 unless otherwise stated.



## **Outlook for year ending 31 March 2015**

In **Building Products**, a growth rate similar to the first half is expected for earnings in the second half of the financial year. Longer term, the steady growth in housing activity and continuing positive trends in other leading indicators will lead to increased demand for CSR's products.

**Viridian** is expected to continue its turnaround in earnings and is tracking slightly ahead of its stated objective to exit the year with an EBIT positive run-rate.

In **Aluminium**, GAF has approximately 90% of its net aluminium exposure for the second half of the year hedged at A\$2,143 per tonne. Ingot premiums are expected to stay near record levels for the remainder of the year while the physical tightness in supply continues.

**Property** EBIT is expected to be higher in the full year, subject to timing of another transaction expected to settle in the second half. CSR retains a diverse property portfolio with a solid pipeline of transactions currently under negotiation.

**CSR** notes that the current analysts' forecast range for CSR net profit after tax (pre significant items) is \$111 million to \$134 million for the year ending 31 March 2015. Assuming no material decline in market conditions, CSR expects group net profit after tax (pre significant items) will be towards the upper end of this range.

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