

CSR Limited

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25 June 2021

Mr Alex Sutton
Adviser - Listings Compliance
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Alex,

CSR Limited (CSR) 2021 Annual General Meeting

CSR's Annual General Meeting (AGM) will be held today, commencing at 10:00am (AEST) Friday 25 June 2021.

Please find attached:

- 1) Chair's address;
- 2) Managing Director's address; and
- 3) Accompanying presentation slides.

We are, once again, relying on technology to facilitate shareholder engagement and participation in the AGM this year.

The AGM is accessible to shareholders, proxy holders and guests by webcast available from CSR's website at <https://www.csr.com.au/investors-and-news/webcasts>.

Shareholders are able to vote and submit questions in real time during the meeting, by accessing the online meeting platform from a computer or handheld device by entering <https://web.lumiagm.com/318535749>. Shareholders will need to enter a username which is your SRN/HIN and your password, which is the postcode registered to your shareholding. Appointed proxy holders will need to contact Computershare Investor Services on +61 3 9415 4024 to obtain a username and password, to be able to vote and submit questions during the meeting.

Detailed instructions on how to join the meeting online are available on CSR's website at <http://www.csr.com.au/AGM2021>.

We look forward to engaging with shareholders during the meeting.

Yours faithfully



Debbie Schroeder
Company Secretary

This announcement has been authorised for release by the Company Secretary.



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**CSR Limited Annual General Meeting
25 June 2021**

**Chair's Address
by John Gillam**

Good morning everyone

I am pleased to be with you today with a much more positive outlook for your company compared to where we were just 12 months ago.

[Results slide]

Looking back to April 2020 and the start of CSR's 2021 financial year, we were focused then on three key priorities in a very uncertain COVID environment. Most important was the health and safety of our employees, contractors and customers and this was our first and overriding priority.

Secondly, we acted quickly to bolster our financial position; maintaining strong liquidity and closely managing costs. This enabled us to be well prepared for whatever lay ahead.

And thirdly, we remained focused on planning positively for CSR's future, developing and actioning a number of important strategic changes to drive future growth.

I am pleased to report that across the financial year which ended on 31 March 2021, the team performed very well across all of these priorities while also delivering a strong financial and operational result.

Our statutory net profit after tax of \$146 million was up 17%. Robust cost control and operational efficiency in Building Products lifted earnings and that was assisted by a significant contribution from Property.

I will go through the results across our businesses further in a moment, but I want to first touch on our progress across sustainability and climate change.

[2030 Sustainability Targets slide]

CSR has a strong track record in managing and reporting on our environmental and climate change risks and opportunities. We were one of the first manufacturing companies in Australia to set environmental targets back in 2010. Over the decade to 2020, we achieved a significant reduction in our use of energy, water and waste production with our emissions today 32% lower per tonne of saleable product.

Last year, you will recall we launched updated sustainability targets to 2030. The team has set challenging but achievable targets which are aligned to the UN development goals that are most relevant to CSR. The areas we can make the greatest impact are as shown on the accompanying slide.

All our businesses now have initial three-year action plans underway to achieve or beat their 2030 targets. These action plans are regularly reviewed by the executive team and the board's Workplace Health, Safety and Environment Committee.



As part of our roadmap to 2030, we have also identified climate related risks and opportunities across CSR. Over the last two years, we have completed a climate change scenario analysis based on the TCFD framework for both our Gyprock and Bradford businesses, with the same work for PGH Bricks now underway.

Our work on climate change is also linked to our role in the support of energy efficiency in the building sector through our supply of energy efficient solutions across insulation, construction fabrics and ventilation, as well as design and technical support for our customers. This is a key part of how CSR is playing a leading role to reduce emissions in Australia's built environment.

Now turning to CSR's businesses and how we are performing.

As I noted at the beginning, the outlook for the residential building market has improved significantly over the past year. The combination of the Federal Government's Homebuilder grant program and various State Government home construction initiatives have seen very strong take-up across the country. We welcome the support provided to the industry.

This has set a very solid backdrop for CSR to progress our strategy, building on a strong position in the detached housing market and diversifying into other construction sectors. Our aim is to drive improved performance through the housing cycle by leveraging the capabilities from across our businesses.

Julie will go through our performance and strategy in Building Products in more detail in a moment. I will now highlight the pleasing outcomes achieved in our Property business and from our Aluminium investment.

[Property slide]

CSR's Property business plays a crucial role in our strategy as it enables us to realise strong long-term shareholder value whilst optimising our operational footprint and assisting with manufacturing reinvestment. As part of this process, land that is surplus to our requirements is redeveloped following an appropriate rehabilitation process.

The Horsley Park transaction is a great example of this work. The 52-hectare site in Western Sydney included a large clay quarry and a PGH Bricks factory which operated at the site for 50 years. CSR's Property team led a very complex rehabilitation program to regenerate the site for industrial use and minimise disruption to our operations. As a result, the site has delivered transactions totalling proceeds of \$284 million. This is expected to generate earnings of approximately \$170 million when all transactions are completed over the next three years.

As you can see on the slide, our team is working on a number of similar projects which are expected to generate substantial earnings over the next ten years and beyond.

[Aluminium slide]

I'll now turn to our Aluminium investment. We entered the last financial year with a very challenging position for aluminium markets with uncertainty created by COVID. However along with many other commodities, aluminium pricing rallied substantially during the year. This provided an opportunity for us to significantly increase our hedge position over the next five years.

We have now substantially de-risked our aluminium position to lock-in profitable returns and provide increased certainty in our earnings. We have also increased our disclosure on our hedging and earnings outlook to minimise volatility from aluminium prices on the CSR Group.

[Capital management slide]

From a Group perspective, CSR's strong operational performance and cash flow has enabled us to provide a significant lift in dividends this year. Pleasingly, following the additional proceeds from our Property business activities, we have also been able to declare a final special dividend.

This brings the total dividends for the year to \$177 million with full franking – up 35% from the capital management in the previous year.

Looking back over the last five years, our good financial performance is backed by operational discipline, cost control and investment in growth. As you will see on the slide, this has collectively provided the opportunity to deliver consistent returns to shareholders both through dividends and capital management.

Before handing over to Julie, I want to highlight a few changes to the board. Firstly, we were very pleased to welcome Nigel Garrard to the board in December last year. Nigel will speak to you shortly about his experience and is up for election later in the meeting. I can confirm he has made a valuable contribution to the board since he joined CSR.

Today we are also sadly saying farewell to Mike Ihlein who will be retiring from the board after today's meeting following 10 years' service. As an extremely experienced board director across a range of industries, Mike has played a crucial role around the board table and on our board committees, particularly with his leadership in the areas of risk and audit. Penny Winn will now be taking over as Chair of the board's Risk & Audit Committee.

Mike – on behalf of all of us, we want to thank you for your tremendous contribution and support over the last ten years and we wish you all the very best for the future.

In closing, I want to return to the performance of Julie and the team in what has been a very challenging time.

The team has reorganised the business to support our strategy for long-term growth while also delivering a terrific result for the year. And all of this was achieved while safely managing the many complexities and challenges associated with the COVID environment. This is a strong endorsement of the capabilities of CSR's senior team.

I want to sincerely thank all of CSR's employees for their efforts across the year. We greatly appreciate the continued commitment and endeavours of the team at CSR. And I want to also thank all shareholders for your continued support of CSR.

**CSR Limited Annual General Meeting
25 June 2021**

**Managing Director's Address
by Julie Coates**

Good morning everyone. And thank you to our shareholders and other visitors who are with us online for the meeting today.

As John highlighted earlier, we are pleased to have achieved a really good result during the year while reorganising the business to deliver on our strategy.

This strategy is building on CSR's very strong foundation with trusted brands and market leading positions. We have a solid position in the detached housing market but there is a clear opportunity for us to diversify into other sectors to drive improved performance through the housing cycle. And we can scale for growth by leveraging capability from across the group.

[CSR Strategy Slide]

Looking at our Strategy House, you can see how we have organised the business to capture more synergy opportunities across our different brands. This strategy is supported by several key foundations with the first being **Safety and Sustainability**.

In terms of safety, COVID continues to have an impact on how we operate the business as we adjust to changing guidelines during the recent outbreaks. Our sites remain open and continue to operate under our COVID safe plans. Despite the added complexity of operating under this new environment, I want to make a special call-out to the 112 sites across CSR who achieved zero recordable injuries during the year.

We are now prioritising two key areas of our safety agenda. The first is to focus on high consequence risk and the second is engaging, coaching and mentoring our teams.

It's really good to see this in action, particularly with more face to face time at our sites. Last week, I was with the Hebel team at our Somersby site on the New South Wales Central Coast. What I saw was a great example of a site manager engaging and partnering with safety leaders and the team to identify the top risks. I also witnessed the benefits of the team working together to take practical actions on site to reduce risk and improve safety outcomes for all of our team members.

We continue to be mindful of the ongoing support we need to provide to our teams during what continues to be a challenging environment with COVID. We did see a step-up in employees accessing our mental health services last year. In April this year, we launched a new **Wellness@CSR** program which provides new services including health and wellness resources, 24/7 counselling services for employees and their families and specialised resources for our managers to assist with supporting their teams.

We have a strong platform for our strategy around our people, customers and focus on sustainability. The most significant changes we completed over the last year involved the formation of a new streamlined structure for our Building Products business.

Our **Customer Solutions** team is focusing on three key areas in solutions development, compliance and major project tracking. Innovation and technical support is a key part of our offering. As an Australian manufacturer, we bring products and systems which are designed for Australian conditions with rigorous compliance testing to meet all relevant building codes and standards.

We are already working through our testing programs to ensure compliance across our range ahead of the launch of the 2022 National Construction Code.

On **Supply Chain**, our focus has been on building the central Logistics leadership team. Key to the success of our supply chain strategy is to build capability in both people and systems across CSR. This new team includes people from within the business as well as some key external appointments with experience from a broad range of sectors including logistics providers, FMCG, defence and building products. While developing our long-term strategy and tactical initiatives, this team is also very focused on delivering short-term benefits to CSR.

[Building Products performance by business slide]

Looking at our financial results for the year, there are a couple of areas to highlight:

Overall in Building Products, our revenues were down 4% which was in line with market activity. However, both our EBIT and EBIT margin were higher which was delivered by robust cost control and operational discipline. Our Building Products business has now achieved a return on funds employed over 20% which is backed by the scale and diversity of our businesses across the sector.

Looking at each of the business units, **Masonry & Insulation** has a very strong position in the detached housing market. Both PGH Bricks and Monier Roofing increased earnings while Bradford Insulation was lower with higher imports and freight costs partly offset by improved factory performance. We are very focused on ensuring we maximise the opportunity in the detached housing market in the year ahead. This step-up in demand for our products is just starting to come through from our builder customers as they begin to work through their pipeline of projects.

Interior Systems also increased earnings led by our Gyprock business. The team is building on its diverse revenue base with a significant focus on school and healthcare projects which is supported by Government initiatives in these sectors. We are supplying to a large number of hospitals as well as many projects under the Victorian and NSW school programs.

Along with major office towers like 80 Ann Street in Brisbane and infrastructure projects like the new Sydney Football Stadium, CSR is well positioned to capture a greater share in these sectors.

In **Construction Systems**, these are some of our newer businesses and provide a real opportunity to grow share in external cladding as they are lightweight and increase the speed of construction. This is increasingly important as we are seeing some constraints in the supply chain across the construction market.

Both Cemintel and Hebel have performed well in residential housing. This growth was offset by the slowdown in apartments which impacted Hebel and AFS. This is providing more opportunities to diversity into structural solutions across low rise, social and infrastructure. CSR has a strong position in this space as a local manufacturer backed by our detailed testing and compliance capability which brings confidence to our customers that our systems will comply and perform.

[Outlook slide]

And finally, I would like to make some comments on current trading. While Homebuilder activity is driving stronger demand in the detached market, we are seeing an extension in the timing from approvals to commencements. This is largely driven by labour and product shortages in some areas at the start of the build.

While we have seen modest growth at the start of our financial year, demand for our products will be extended across the remainder of this year and into calendar year 2022.

As an Australian manufacturer, we are well placed to meet demand and we have significant flexibility to grow production as required. Our extensive network of over 170 manufacturing and distribution sites gives us additional flexibility to meet demand across the market.

In Property, the next transaction at Horsley Park is on track for completion in the second half of the year which is expected to deliver \$18 million in earnings. Marketing continues on the final 12-hectare tranche for sale at Horsley Park with work progressing on other projects.

In Aluminium, as John highlighted, our significant hedge position this year is expected to deliver earnings in the range of \$32 to \$40 million which is in line with the guidance provided at our results in May.

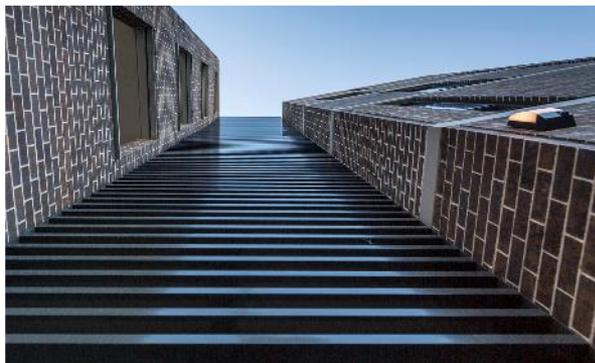
So in summary, we are well placed for the year ahead. The diversity of our business provides resilience and our performance will benefit from our strong position in the detached housing market.

In closing, I want to personally thank all of the teams across CSR for their efforts this year managing the challenges of COVID whilst reorganising the business and delivering a great result for all stakeholders including our shareholders.

I look forward to working with our teams in the year ahead to continue to create value for CSR.

AGM PRESENTATION

25 June 2021



1

CHAIR'S ADDRESS

John Gillam Chair, CSR Limited



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

REVENUE
\$2.1bn

4%

EBIT¹
\$238m

10%

**STATUTORY
NPAT**
\$146m

17%

**EARNINGS
PER
SHARE¹**
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.

Sustainability – 2030 targets

UN GOALS	2030 TARGETS
7 AFFORDABLE AND CLEAN ENERGY 	<ul style="list-style-type: none">▪ Establish and implement a CSR connected power network▪ 50% of electricity generated by renewable energy▪ 20% energy reduction (GJ) per tonne of saleable product
11 SUSTAINABLE CITIES AND COMMUNITIES 	<ul style="list-style-type: none">▪ 5% of indirect spend by procurement to be spent with social enterprises
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	<ul style="list-style-type: none">▪ CSR packaging to be closed loop (either 100% reusable; recyclable; compostable)▪ 75% reduction in solid waste to landfill▪ 30% reduction of potable water consumed (litr) per tonne of saleable product
13 CLIMATE ACTION 	<ul style="list-style-type: none">▪ 30% reduction of greenhouse gas emissions (CO2e) kg per tonne of saleable product
15 LIFE ON LAND 	<ul style="list-style-type: none">▪ Enhance biodiversity outcomes on CSR sites and developments

All businesses have developed initial three year pathway to achieve the targets

Active Property 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 continuing on final 12ha	✓		
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"> Stage 1 (32ha) – timing based on market conditions Stage 2 (58ha) – currently PGH Bricks operating plant. Timing based on market conditions and operational network requirements 	✓	✓	✓
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

Aluminium – significantly increased hedging position

GAF aluminium hedge book

As of 17 June 2021	YEM22	YEM23	YEM24	YEM25	YEM26
Average price A\$ per tonne (excludes premiums)	A\$2,800	A\$2,912	A\$2,926	A\$2,995	A\$3,061
% of net aluminium exposure hedged	95%	82%	69%	50%	10%

- 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

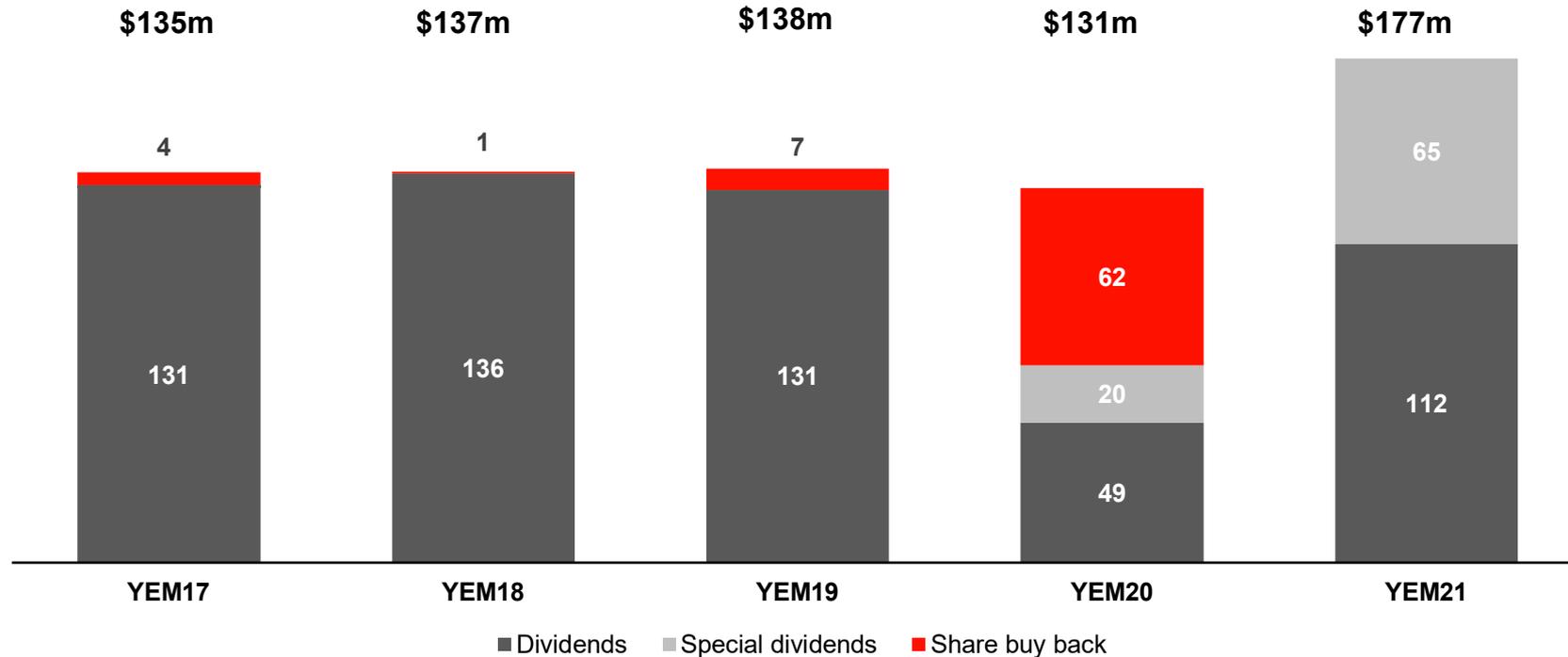
YEM22 EBIT scenario

	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

Capital management prioritising fully franked dividends

Capital Management (A\$m)
(Dividends and share buybacks)



2

MANAGING DIRECTOR'S ADDRESS

Julie Coates Managing Director & CEO, CSR Limited



Strong result delivered while reorganising the business to support CSR strategy

Building solutions for a better future

MASONRY & INSULATION	INTERIOR SYSTEMS	CONSTRUCTION SYSTEMS	CUSTOMER SOLUTIONS	SUPPLY CHAIN
  	   	  		

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

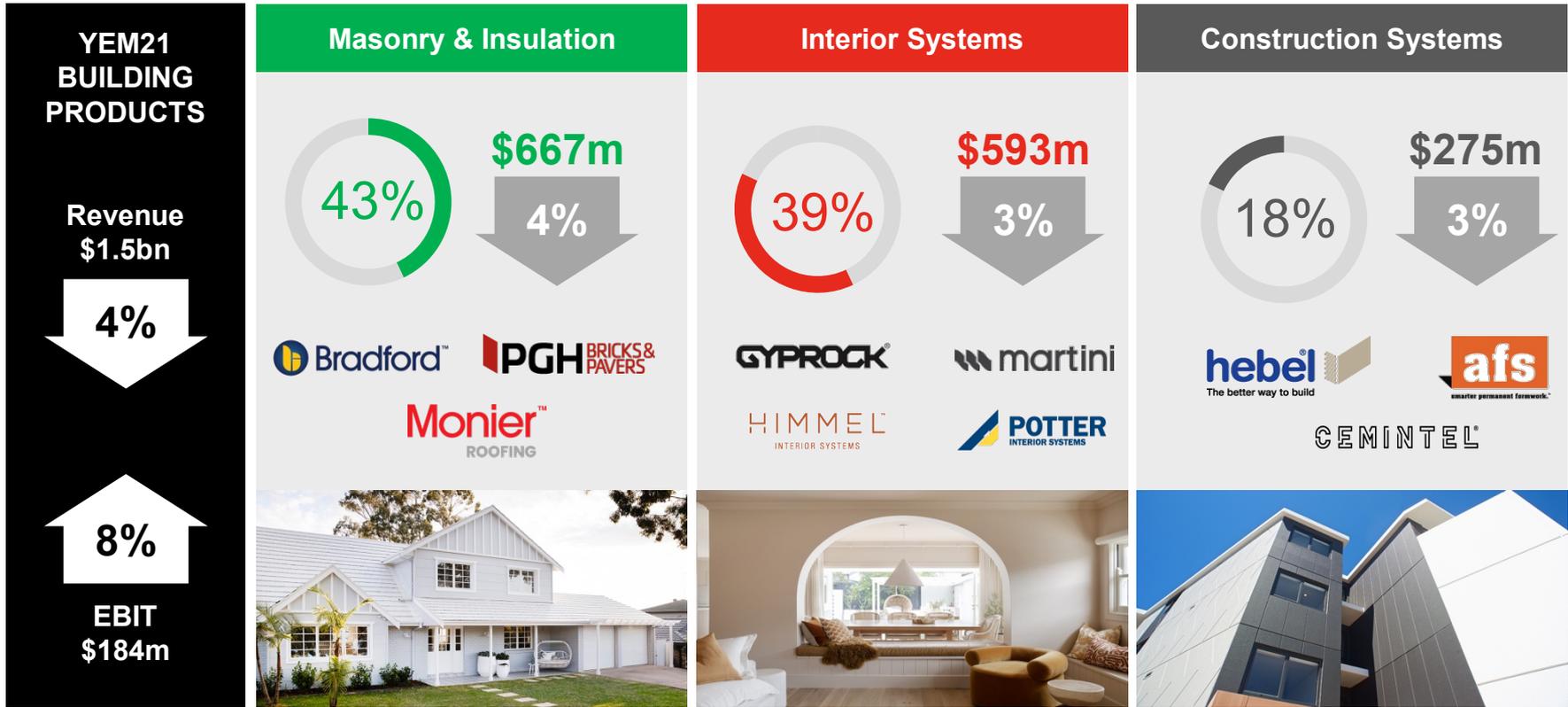
Customer Centricity – Create and deliver customer-driven integrated solutions and experiences

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

Softer revenues reflecting slower first half in construction markets



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

Outlook for the year ending 31 March 2022 (YEM22)

Building Products

- While Homebuilder activity is driving stronger demand in the detached market, we are seeing an extension in the timing from approvals to commencements. This is largely driven by labour and product shortages in some areas at the start of the build.
- While we have seen modest growth at the start of our financial year, demand for our products will be extended across the remainder of this year and into calendar year 2022.

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 the second half of YEM22.
- Marketing continues on the final 12 hectare tranche at the Horsley Park site with work progressing on other projects.

Aluminium

- 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