

CSR Limited

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24 June 2020

Ms Lauren Osbich
Adviser - Listings Compliance
Australian Securities Exchange
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Lauren,

CSR Limited (CSR) 2020 Annual General Meeting

CSR's Annual General Meeting (AGM) will be held today, commencing at 10:00am (AEST) Wednesday 24 June 2020.

Please find attached:

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

Due to the continuing developments in relation to coronavirus (COVID-19), we are 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/investor-relations-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/376871836>. 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 www.csr.com.au/AGM2020.

We look forward to shareholders participating in the 2020 AGM in this new way.

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
24 June 2020
Chairman's Address
by John Gillam**

Good morning ladies and gentlemen.

I want to thank all of you for joining us today.

CSR has reached 165 years of operating in Australia, a testament to the company's ability to grow and evolve as our society and markets keep changing. And the degree of change and volatility has been quite extreme since the COVID-19 pandemic emerged.

I'll comment further on COVID-19 matters after discussing highlights and key results for the year.

In September last year, we welcomed Julie Coates as CSR's new Managing Director and CEO and she is leading our company very well.

In the financial year ended 31 March 2020 we achieved a good overall operational result which enhanced our already strong financial position.

Our statutory net profit was \$125 million, up significantly from \$78 million in the prior year which you will recall was impacted by large impairment charges from the Viridian Glass business divestment in January 2019.

On a continuing operations basis, CSR's net profit after tax of \$125 million was down 10% on the prior year.

[Building Products brands slide]

As I noted at last year's AGM, the residential construction market has slowed after an extended period of high activity.

Our Building Products businesses posted a solid result which highlighted the benefits of increased market diversification. While revenues were down 6% for the year, this was well ahead of the average 21% decline in the broader residential building market during this period.

Despite the tighter trading conditions, our Gyprock and Bradford businesses performed well, supported by growth in commercial markets, product innovation and technical expertise.

[Hebel slide]

A major achievement in the year was the successful commissioning of Hebel's expansion project. The new \$75 million plant at Somersby on the New South Wales central coast was officially opened in October last year at a function with many of our valued customers.

This is a huge step forward for Hebel, doubling its production capacity. The side-by-side plants can now drive efficiency in manufacturing systems and be even more responsive to customers, developing new products and solutions.



Hebel remains the sole manufacturer of autoclaved aerated concrete panels in Australia and New Zealand and continues to grow its presence markedly as a mainstream building product.

[Property slide]

While our Property business completed no material transactions during the financial year, substantial progress was made on a number of major projects. Last November, we announced the \$142.5 million sale of an industrial site we are developing at Horsley Park in western Sydney. This transaction is on track to deliver \$53 million in Property earnings in the second half of this year with a second tranche of earnings to be recognised in YEM23.

CSR has significant land holdings under development and our balance sheet only reflects the historic value of these holdings. Our Property team have expert capabilities in rehabilitating former industrial land and achieving rezonings through their development programs. That work unlocks and creates substantial value for shareholders. The Horsley Park transaction is the latest example of this.

Our Property pipeline is extensive; landholdings in western Sydney alone total over 450 hectares of active projects. This includes the 200 hectare site at Badgerys Creek located immediately adjacent to the new Western Sydney Airport.

A key to our approach is to manage projects to provide flexibility for our Building Products operations, capture the best value from each landholding, fund reinvestment in our manufacturing businesses and return realised capital growth to shareholders.

[Tomago aluminium slide]

Our investment in the Tomago aluminium joint venture also performed well during the year, bolstered by benefits from hedging completed in previous years.

It is well reported and understood that aluminium is a lightweight, versatile and recyclable metal and an important manufacturing industry in Australia. The Tomago smelter near Newcastle directly employs almost 1,000 people in regional New South Wales together with hundreds of other regional jobs in industries associated with the smelter.

Despite Australia's natural competitive advantage with access to widespread electricity through fossil fuels and renewable resources, Tomago's energy costs are some of the highest in the world compared to global peers in a very competitive market. This puts Tomago at a disadvantage to competitors and vulnerable to low aluminium prices.

While CSR hedges its aluminium sales to minimise earnings volatility, we cannot rely on hedging to deliver a platform for long term investment and an acceptable return for shareholders.

Tomago must have a globally competitive energy price to be sustainable. To that end, we are working with our joint venture partners, energy providers and regulators to achieve a solution for Tomago and the wider Australian energy market.

[Financial position slide]

From a CSR Group perspective, as the pandemic unfolded, we have moved quickly to further improve our strong financial position.

We ended the financial year with net cash of \$95 million and healthy liquidity. Since year end, we have secured new facilities of \$200 million, taking our total cash facilities to \$520 million to bolster our position for whatever may unfold. We have also taken a cash preservation approach across all of our businesses.

In December 2019, shareholders received an interim and special dividend which totalled \$69 million. The company also returned over \$69 million to shareholders through its on-market share buyback which commenced in March 2019.

Given the uncertainty surrounding COVID-19 and future market impact, the Board took the prudent decision to pause the buyback and to not pay a final dividend this year. We are sensitive to the effect that not paying a dividend has for shareholders, but we felt this was a necessary action in these extreme circumstances.

While these steps provide flexibility for the company to respond to unknown market conditions that lie ahead, I can assure you that we will continue to closely monitor our financial position and resume capital management programs as soon as it is appropriate to do so.

I want to also update you today on how CSR is meeting its environmental, social and governance responsibilities.

We actively review our risk framework to ensure that we are mitigating the potential impacts of climate change. Last month, we announced our sustainability targets to 2030 which cover all key areas including energy and emissions reduction, minimising resource usage and preserving biodiversity. Julie will review these targets with you in more detail and we look forward to continuing to share our progress on this work in coming years.

With regards to asbestos management, we remain committed to ensuring all legitimate asbestos related claims in Australia and the US are resolved in a fair and equitable way. Following feedback from shareholders at last year's AGM, I'm pleased to confirm that we have doubled our contributions to asbestos related disease research, working with the Asbestos Diseases Research Institute and the University of Sydney to support these projects.

[Chairman's Address slide]

In closing, I want to return to how we have managed the impact to date of the COVID-19 pandemic. I would like to commend Julie and our senior managers for the manner in which they have guided CSR; by ensuring the health and safety of our people, by planning for the long-term resilience of our business, and by continuing to operate safely and effectively to supply customers.

As we look ahead to the rest of this year and beyond, much uncertainty remains about the severity of pandemic impact including the effect of reduced immigration on residential construction. We continue to work with key stakeholders to develop initiatives to support residential and commercial building activity.

To that end, we welcome the recently announced Federal Government Homebuilder initiative and note also that there have been several other programs announced by State Governments to stimulate building activity. That said, it is highly likely there will be a requirement for further government initiatives that support both affordability and availability of housing over the next few years.

Notwithstanding the pandemic challenges, Julie and her senior team have greatly advanced fresh strategic thinking to develop new growth initiatives. Julie will discuss this work in more detail in her address. I am confident that these initiatives will support CSR's Building Products business in outperforming future market conditions.

I want to sincerely thank all of CSR's employees for their fine efforts across the whole year and particularly in the last four months. As an Australian manufacturer with core raw materials sourced locally, we have been able to continue to operate in a COVID-19 safe manner. This has supported our customers and the broader construction market during a very challenging period. In New Zealand, we have steadily resumed operations since the end of April.

The Board very much appreciates the continued dedication and commitment of the CSR team.

On behalf of the Board, I want to also thank all shareholders for their ongoing support of CSR.

**CSR Limited Annual General Meeting
24 June 2020
Managing Director's Address
by Julie Coates**

[Managing Director's Address Slide]

Good morning ladies and gentlemen. And thank you to our shareholders and other visitors who are with us online for the meeting today. I am very honoured to have joined CSR – a company with a rich history, a strong future and a great success story of manufacturing in Australia.

It certainly has been an interesting nine months since I joined in early September. I was able to visit many of our factories, distribution sites and trade centres during my first few months with the company. More recently, I have been working with our customers and other stakeholders to ensure we kept building sites operating in Australia, while looking after our peoples' health and safety as our first priority.

The breadth and diversity of our manufacturing footprint is extensive and this is supported by our very dedicated and passionate team who have adapted quickly to manage the impact of COVID-19. A key message that we use in the business is to *stay safe and look out for each other* as we reiterate the importance of workplace safety and mental wellness during this challenging time.

Sustainability is a core part of our strategy both in how we operate and how we will grow. This is underpinned by targets we have set across key areas of the environment, our people and in the community.

This is a transition year for us as we have completed the targets set back in 2010 to deliver a 20% reduction per tonne of saleable product in energy consumption, greenhouse gas emissions, solid waste to landfill and potable water usage. At the time, CSR was one of the first manufacturing companies in Australia to set specific environmental targets. At the end of this ten year period, we have reached our target for waste to landfill with a reduction of over 50% and our CO2 emissions are also down by over 24%.

[2030 sustainability target slide]

This year we have broadened our approach to set new targets to 2030. The detail of these is included on the slide and they are linked to five of the United Nations Sustainable Development Goals. Each CSR business unit is now updating their roadmap to align their operations to these goals which will be reviewed regularly by senior management and the board Workplace Health, Safety and Environment Committee.

This year we also completed a climate change scenario analysis of Gyprock which is our largest business within Building Products. This analysis focused on transition risks and complemented earlier work undertaken on potential physical risks on our sites and supply chain. A similar analysis will be undertaken with our Bradford insulation business this year.

CSR's climate risks are assessed as part of the company's risk register which is in line with the Task Force on Climate-related Financial Disclosures or TCFD framework. Further detail is included in our Sustainability Report which was lodged in December last year and is available on the CSR website.

In relation to safety, we did see a modest improvement this year in terms of a reduction in lost time injuries, but we have the opportunity to do more in this area which we are very focused on.

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

Within Building Products, Gyprock has continued to perform well with EBIT steady over the last year – despite the significant decline in the residential market. Gyprock has grown its presence in the commercial market securing some major projects including the new Crown Casino development in Sydney.

Our Martini polyester business has also expanded in the commercial market and is featured in major projects including the Wynyard Station redevelopment and the Australian Technology Park development in Redfern in Sydney.

PGH Bricks revenue slowed following the decline in detached housing activity. Due to its 24/7 operating requirements, the high fixed cost nature of the brick business has a material impact on earnings. We are continuing the site planning of our brick network to ensure we optimise our footprint – particularly in the current market environment.

Hebel and AFS were also down this year due to their high exposure to the New South Wales apartment market. However, as John highlighted earlier, the new plant provides more flexibility for us to target new markets in commercial and detached residential to expand the use of Hebel across Australia and New Zealand.

We have taken numerous actions to manage the business in the current environment and ensure our long-term resilience and growth. Firstly, we have completed detailed analysis of the potential demand scenarios and the operational levers available to align production to demand across all sites, businesses and support roles. This includes ongoing monitoring of lead and lag indicators so we can act quickly to changes in demand.

Secondly, we have taken a cash preservation approach across the entire business. Working hours have been reduced where appropriate and non-essential expenditure has ceased or is being deferred.

In addition, we are reviewing our capital expenditure program in the context of future market activity. We have the ability to reduce capex by 40 to 50% from our YEM20 level of \$142 million. The immediate priority is to continue to invest in business critical and safety projects with other projects to be assessed as we gain a clearer view on demand over the rest of the year.

[Key priorities for the year ahead slide]

Now moving on to our strategy. Over the last six months, we have been working on a number of strategic initiatives for the business. From a customer perspective, we will provide better products, services and solutions. This involves enhancing our level of technical assistance – particularly in the specification stage which includes planning for the various requirements from acoustic and fire protection to structural and engineering advice. Helping customers will help us grow.

We are also looking at ways to improve our supply chain efficiency. CSR has a significant investment in warehousing, transport and distribution. We have identified some major areas to unlock efficiencies across our large network and develop a supply chain model that integrates the logistics activity across all of our brands. We see significant opportunities to provide tangible benefits to customers while increasing productivity of our distribution

channels with better planning and collaboration across our sites and reduced environmental impacts from our transport networks.

A key step across all of these initiatives is to streamline our operating model to ensure we can drive the most competitive product and service solutions for the market.

[Organising to grow slide]

Last week, to drive long term growth, we actioned the formation of a streamlined building products business structure: Interior Systems; Masonry & Insulation; and Construction Systems as shown on the slide. These businesses will build on their leading brand positions and expand their offering across market segments by developing more complete solutions for customers.

We have also formed three new teams to drive this growth and development led by internal people in the business and key external appointments which have been made in Transformation and Logistics.

Sustainability is a key pillar of our strategy and we have also bolstered our team with a new external appointment to lead Safety, Health and Environment. This role will ensure that as we develop our long-term planning for the business, we incorporate our 2030 Sustainability goals into how we operate from procurement through to delivery to our customers with health and safety remaining as our first and overriding priority.

[Current trading slide]

And finally, I would like to make some comments on current trading. For the first 11 weeks of the current financial year (on a like for like basis), Building Products revenue in Australia is down 3%. Including the impact of New Zealand COVID-19 restrictions, the decline is 5%. The Australian Building Products' results are in line with our pre COVID-19 forecasts, as we were anticipating a slowdown in activity this year. Projects which started prior to COVID-19 continue to support our revenues.

Current lead indicators such as new homes sales in Australia during April and May are down 19%, compared to the same period last year. This provides some indication of lower activity expected later in the year due to the lag in demand for our products, noting there will also be benefit from announced government stimulus measures, but the timing and extent remains uncertain.

In Property, the first tranche of the Horsley Park transaction remains on track to deliver \$80 million in proceeds and \$53 million in EBIT in the second half of this year.

In Aluminium, our hedge position has not changed from our results announcement in May with 63% of net aluminium exposure to YEM21 hedged at an average price of A\$2,826 per tonne (excluding ingot premiums). This compares to the current three-month price for aluminium which is around the A\$2,320 per tonne level.

As outlined earlier, whilst we anticipate an impact from COVID-19 on our results this year, given the current uncertain environment no guidance can be provided for the full year.

In closing, I want to echo John's comments about the dedication of the CSR team this year. While the current market is challenging, this presents an excellent opportunity to look at how we build the business around broader customer segments and product solutions. I am very excited to be here and to work with the team to grow CSR into the future.



AGM PRESENTATION

24 June 2020

CSR

CHAIRMAN'S ADDRESS

John Gillam, Chairman, CSR Limited

1



CSR

CSR products and systems reach homes and buildings across Australia and NZ

We are developing new products and systems across our portfolio targeting sustainable buildings of the future.



AFS is a leader in load bearing permanent formwork walling solutions to deliver faster, lower cost construction.



Supplies a full range of thermal, acoustic and fire insulation and energy saving products and systems for homes and commercial buildings



Cemintel provides engineered fibre cement systems and internal lining products.



Gyprock is Australia's leading manufacturer of gypsum based products including plasterboard, cornice and compounds.



Hebel is Australia's only manufacturer of autoclaved, aerated concrete (AAC) that is used in residential, commercial and infrastructure applications.



Himmel and Potter are leading brands in aesthetic and acoustic interior solutions for commercial buildings.



Martini manufactures environmentally sustainable, high-quality thermal and acoustic polyester fibre products for a variety of industries.



Monier is one of Australia's leading roofing experts, with over 100 years of manufacturing quality roofing products which is underpinned by its commitment to innovation.



PGH is one of Australia's largest manufacturers, innovators and marketers of clay bricks, walling systems and façade solutions for homes and commercial applications.

Hebel – sustainability core to design of new plant

Hebel's new \$75 million manufacturing facility in Somersby, NSW officially opened in October 2019



**Safety and
productivity**

Increased
automation



Energy

Peak load
flexibility



Water

Aimed to have zero
water waste



**Local
sourcing**

Collaboration with
local manufacturers
and raw material
suppliers



Environment

Underground storage
of raw materials
to minimise
dust emissions



Recycling

Waste dust capture
recycled back into
the manufacturing
process

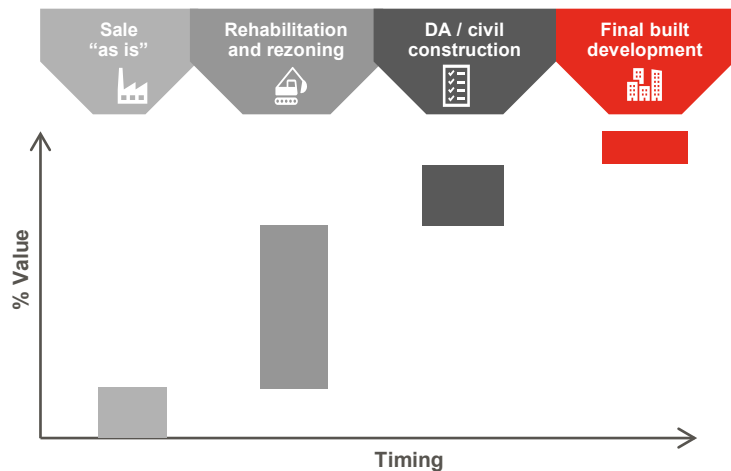


**Product
innovation**

Unique product range
and service capability

Property presents significant opportunity

- Site network has significant scale and opportunity
- Property team has strong development capability
- Strategically significant assets with considerable optionality
- Value-led approach to optimise operating footprint and maximise returns



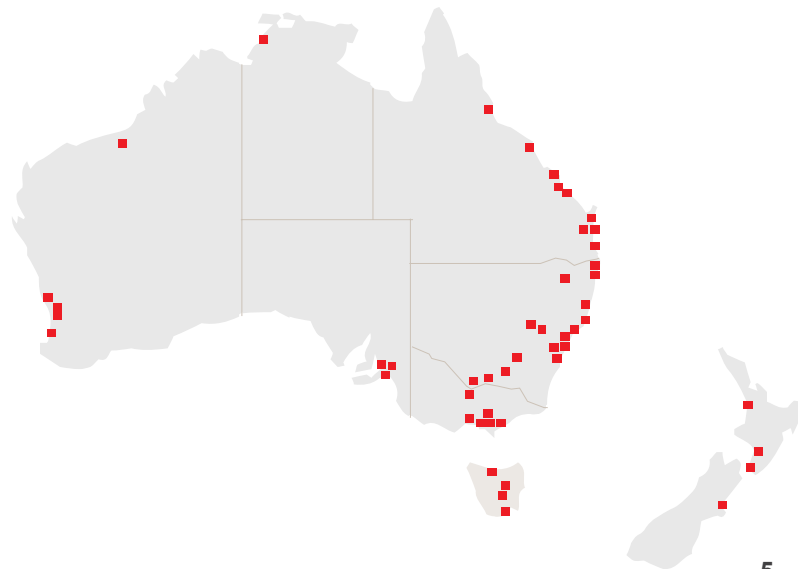
CSR's Extensive Site Network

56 Freehold Sites

- › 1,438 hectares owned by CSR – includes operating sites

125 Leasehold sites

- › Strategic locations across Australia and NZ



Tomago aluminium joint venture

- Through its 70% shareholding in Gove Aluminium Finance Limited, CSR holds an effective 25.2% interest in the Tomago aluminium smelter joint venture, located near Newcastle in New South Wales.
- Tomago produces around 590,000 tonnes of aluminium annually, some 25% of Australia's primary aluminium production.
- Tomago employs 950 people (full time equivalent) as well as 170 contractors



Strong financial position

Key actions



\$95m

Net cash position

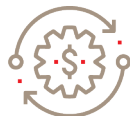
- Net cash position of \$95 million as of 31 March 2020 (YEM20)
- Post year-end secured \$200 million in additional facilities to bolster liquidity position



\$69m

Dividends

- \$69 million in dividends in YEM20 including an interim (10 cents per share) and special (4 cents per share) both franked at 50%
- No final dividend to be paid due to economic uncertainty



\$69m

On-market share buyback

- \$69 million returned to shareholders since the commencement of an on-market share buyback in March 2019
- Buyback now paused

CHAIRMAN'S ADDRESS

John Gillam, Chairman, CSR Limited

1



CSR

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MANAGING DIRECTOR'S ADDRESS




Julie Coates, Managing Director and CEO, CSR Limited













2030 Sustainability Targets

United Nations Sustainable Development Goal	2030 Targets
Goal 7 Affordable and Clean Energy	Establish and implement a CSR connected power network; 50% of electricity generated by renewable energy.
	20% energy reduction (GJ) per tonne of saleable product.
Goal 11 Sustainable Cities and Communities	5% of indirect spend by Procurement to be spent with social enterprises.
Goal 12 Responsible Consumption and Production	CSR packaging to be closed loop (either 100% reusable; recyclable; compostable). All CSR packaging will have 30 per cent average recycled content by 2025; 75% reduction in solid waste to landfill.
	30% reduction of potable water consumed (ltr) per tonne of saleable product.
Goal 13 Climate Action	30% reduction of greenhouse gas emissions (CO2e) per tonne of saleable product.
Goal 15 Life on Land	Enhance biodiversity outcomes on CSR sites and developments

Key priorities for the year ahead

Strategic priorities for long-term		Key actions
	Customer solutions and systems	<ul style="list-style-type: none">▪ Product development and diversification across residential and commercial markets▪ Assessing key opportunities for changing customer requirements
	Product and technical support	<ul style="list-style-type: none">▪ Support customers with technical and installation advice on products and systems▪ Maximise opportunity from further development of CSR's products and systems
	Optimise footprint	<ul style="list-style-type: none">▪ Optimise manufacturing footprint within the COVID-19 market environment as part of overall management of costs▪ Ongoing review of scenarios to align product to demand
	Supply chain efficiency	<ul style="list-style-type: none">▪ Identify delivery and transport (metro and regional) efficiencies▪ Warehouse management to improve flexibility across businesses and reduce costs

Organising to grow

INTERIOR SYSTEMS	MASONRY & INSULATION	CONSTRUCTION SYSTEMS
<div data-bbox="144 248 595 371">     </div> <ul style="list-style-type: none"> Building on leading brand positions in internal systems and fitouts for residential and commercial markets Martini insulation provides an integrated commercial offering to the CSR interior systems portfolio, which will also leverage Cemintel's internal walling products 	<div data-bbox="739 248 1136 365">    </div> <ul style="list-style-type: none"> These brands share many residential customers providing great design and functionality PGH Bricks and Monier Roofing are key areas for selection of external colours and design with integration with Bradford's insulation and ventilation systems 	<div data-bbox="1309 238 1690 371">    </div> <ul style="list-style-type: none"> Targeting a number of new markets in structural systems and cladding with a range of new products Cemintel is already a key partner of the AFS business and this brings further opportunities to expand its external cladding offering
CUSTOMER SOLUTIONS	LOGISTICS	TRANSFORMATION, TECHNOLOGY AND DIGITAL
<ul style="list-style-type: none"> Drive our customer solutions strategy including innovation and solutions development as well as lead our technical strategy, pricing and customer relationship management 	<ul style="list-style-type: none"> Develop an integrated approach to all of CSR's logistics services including our significant investment in warehouse & transport, network optimisation and site master planning 	<ul style="list-style-type: none"> Building change management and transformation capability across CSR Leverage extensive investment in digital and IT systems to improve efficiency and customer service

Current Trading



- › For the first 11 weeks of the current financial year (on a like for like basis), Building Products revenues in Australia are down 3%. Including the impact of New Zealand COVID-19 restrictions, the decline is 5%
- › We anticipate there will be a slowdown in demand this year, however the timing and extent is uncertain



- › Delivery of Horsley Park Stage 2 industrial project on track to deliver first tranche of \$80m in sale proceeds and \$53m in EBIT in YEM21, with second tranche in YEM23
- › Demand for industrial property in Western Sydney remains strong



- › As of 19 June 2020, 63% of net aluminium exposure for YEM21 is hedged at an average price of A\$2,826 per tonne (excluding ingot premiums)
- › This compares to the current three month price for aluminium which is around the A\$2,320 per tonne level



- › No earnings guidance for YEM21 to be provided for the CSR Group due to market uncertainty