CSR™

Ongoing growth & performance ...another step forward

RESULTS PRESENTATION

Six months ended 30 September 2002

NSBW-AM

•Good morning and welcome to everyone here this morning and to all of you listening on the webcast.

•I would like to introduce our management team….
Graeme Pettigrew…Chief Executive Building Products (Aust, NZ & Asia)

Karl Watson Junior, Chief Executive of Construction Materials (Aust & Asia)

Ian McMaster…Chief Executive Sugar

Warren Saxelby, Chief Financial Officer

Alec Brennan…our Deputy Managing Director, and

David Clarke, Chief Executive of our US subsidiary Rinker Materials Corporation ("Rinker").

•I will talk about the demerger proposal later but you may know that -- assuming the demerger goes ahead -- David has just been appointed Chief Executive of Rinker Group, and Alec Brennan has been appointed Chief Executive of CSR Limited.

•Both of them are well known to you and both companies will be in very good hands. I myself will be staying on to lead CSR through the demerger process, until some time next year, before moving on to other things. Let me say that a demerger will be the culmination of the strategy we have been pursuing here for the past five years, and I will be pleased to have completed what I set out to do five years ago.

Agenda

Part 1	**Group financial performance**
Part 2	**Business performance**
Part 3	**Strategy – demerger proposal**
Part 4	**Outlook**

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Here’s the outline for today, but first, let’s look at the results…

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Strong results reflect improved performance and growth

Half year ended 30 September 2002	A$m	change
Trading revenue	3,638	- 2.0%
EBIT	541	+ 5.3%
EBITDA	761	+ 3.0%
Net profit	319	+ 15.3%
Operating cash flow	554	+ 1.6%
Free cash flow*	479	+ 33.0%
ROFE (MAT) **	17.0%	+ 2.5pp
ROE (MAT)	14.3%	+ 1.6pp
EPS	34.1c	+ 17.2%
Dividend per share	11c	-

* EBITDA after deducting tax & net interest paid, operating capital & change in working capital
** Excluding Kiewit acquired 26 Sept 02

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- CSR achieved another strong result overall.
- Trading revenue is the only negative here -- but if we ignore fluctuations in the exchange rate, it is up 3%.
- EBIT & EBITDA is up, with higher profits from Construction Materials and Building Products offsetting the fall in Sugar.
- Net profit is up a strong 15% -- helped by lower tax payments.
- While Operating Cash Flow is up only 2%, Free Cash Flow is up 33% -- due mainly to lower capex & interest.
- Return on funds employed and Return on Equity are still pulling ahead and we are now positioned above most of our international peers.
- ROE has been a particular target for us, and I am pleased to say that both measures have more than doubled in the past five years.
- Earnings per share is up 17%.
- The interim dividend is 11 cents per share. Franking is higher (versus 12 months ago) at 70% and the unfranked portion will again be paid from CSR's Foreign Dividend Account, so overseas shareholders receive the dividend free of withholding tax.

EBIT breakdown

Half year ended 30 September 2002

		A\$m EBIT		
		HYES 02	HYES 01	% change
Rinker Materials Corp	*US\$m*	*176*	*170*	*+ 3.4 %*
	A\$m*	320	335	- 4.6 %
Construction Materials (Aust & Asia)		59	32	+ 81 %
Building Products (Aust, NZ & Asia)		63	48	+ 32 %
Sugar		59	79	- 25 %
Aluminium		61	55	+ 11 %
Corporate costs		(16)	(16)	
Unallocated**		(5)	(19)	
Total EBIT		541	514	+ 5.3%

* Sum of monthly US\$ converted at month-end FX rate (averaged 55.16 in HYES02 versus 50.81 in HYES01 – adverse impact equal to A\$26m)

** Includes gains & losses from movements in provisions, property sales & other one-offs

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- Looking at the individual businesses, Rinker was up 3.4% in US\$, but the stronger Australian dollar meant a fall in A\$ earnings.
- Strong results from aggregates, concrete and cement – particularly in Florida -- offset poor results from Polypipe and Prestress, and the decline in Concrete Pipe & Products…due largely to the fall in non-residential construction activity.
- Construction Materials performed very strongly. Karl Watson and his team have done a great job managing margins and getting prices up…Although they know there is still a way to go for the business to earn its cost of capital.
- Building Products also did well, helped by stronger residential construction activity.
- Sugar was down 25%, mainly on lower world prices, and Aluminium was up 11%, mainly on higher volumes.
- Corporate costs were steady and Unallocated was a A\$5 million loss.

Unallocated

6 months ended September 02

	A$million
Accretion of discount rate on product liability provisions (AASB1044)	-9
Other movement on US$ product liability provisions	3
Property sales	5
Other	-4
TOTAL	-5

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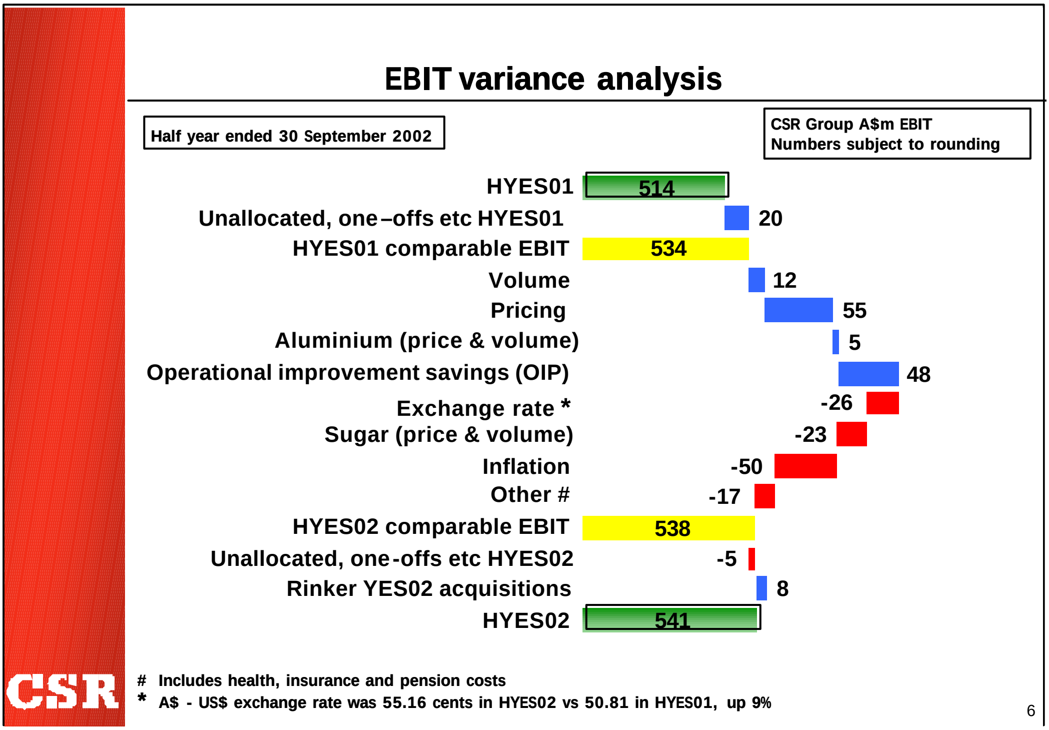
- This shows how the unallocated line is made up…
- As you may know, we work hard to keep the business results very clean, so all the major asset sales and one offs come in here.
- I will talk later about changes to the product liability provision due to the new accounting standard – which took effect in April -- but the $9 million accretion cost follows this change.
- This is partly offset by a $3 million currency gain on the provi sion, so the net asbestos cost this half is $6 million.
- We expect a regular annual charge of around $20 million going forward – subject to long term interest rate and currency fluctuations. It will be posted each half year.
- The “other” category includes strategy costs of about $2 million, some small asset sales, a superannuation top up and provisions.



•This chart details the change in EBIT.

•The green bar at the top shows EBIT of A$514m for the HYES01. The green bar at the bottom shows EBIT for this half year of A$541m – up 5.3%.

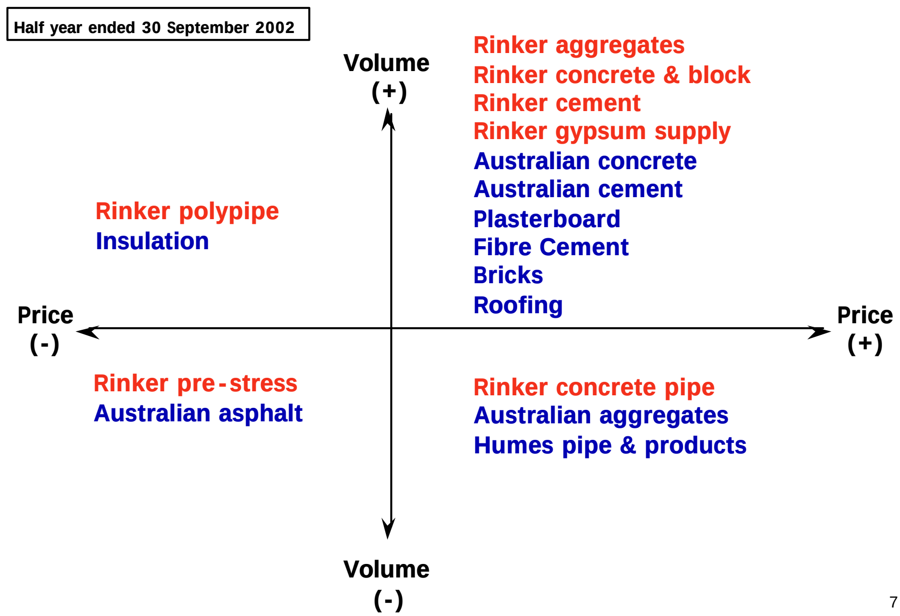
•If we eliminate the restructuring and one-offs last year, we get a comparable EBIT (the yellow bar) of A$534 m.

•The blue bars show positive movements : A small increase in volume, dwarfed by A$55m from pricing. Our OIP cost savings generated A$48m this half.

•The red bars show the negatives -- the exchange rate was up 9% on last year. Sugar was also a negative. Cost inflation continues – but is largely offset by OIP savings. The A$17m for Other covers higher health, insurance and pension costs – some of which we hope may be one-offs…..

•This brings us to a comparable EBIT of A$538m.

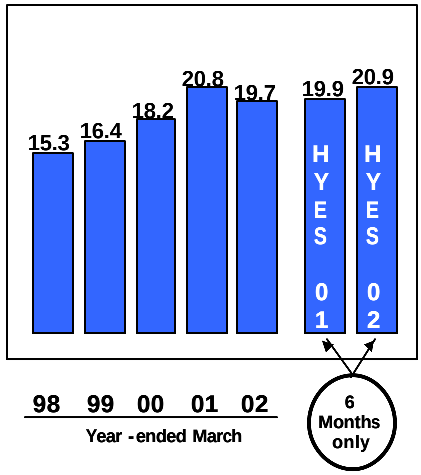
Price / Volume matrix



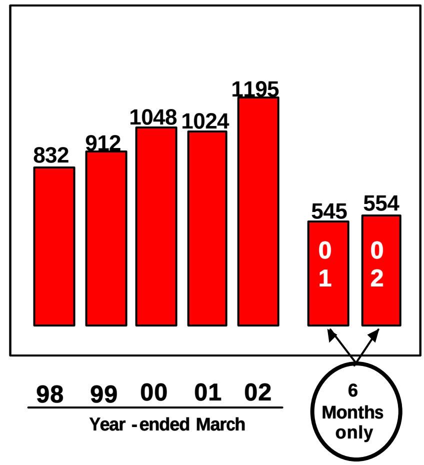
- This shows the movement in price and volume for our products during the half – compared with 12 months earlier.
- Rinker's aggregates, concrete and cement businesses were strong, although the price increase in cement was less than 1% due to lower import prices. Aggregate prices overall rose 1.5%.
- In Australia, concrete and aggregate prices were up 12 and 9 per cent respectively.
- Price rises for Australian plasterboard and concrete pipes -- both here and in the US – were minimal.
- Roof tile prices are still lower than they were 10 years ago. We have announced a significant price increase from December.

EBITDA margin & cash flow up

EBITDA / Sales %

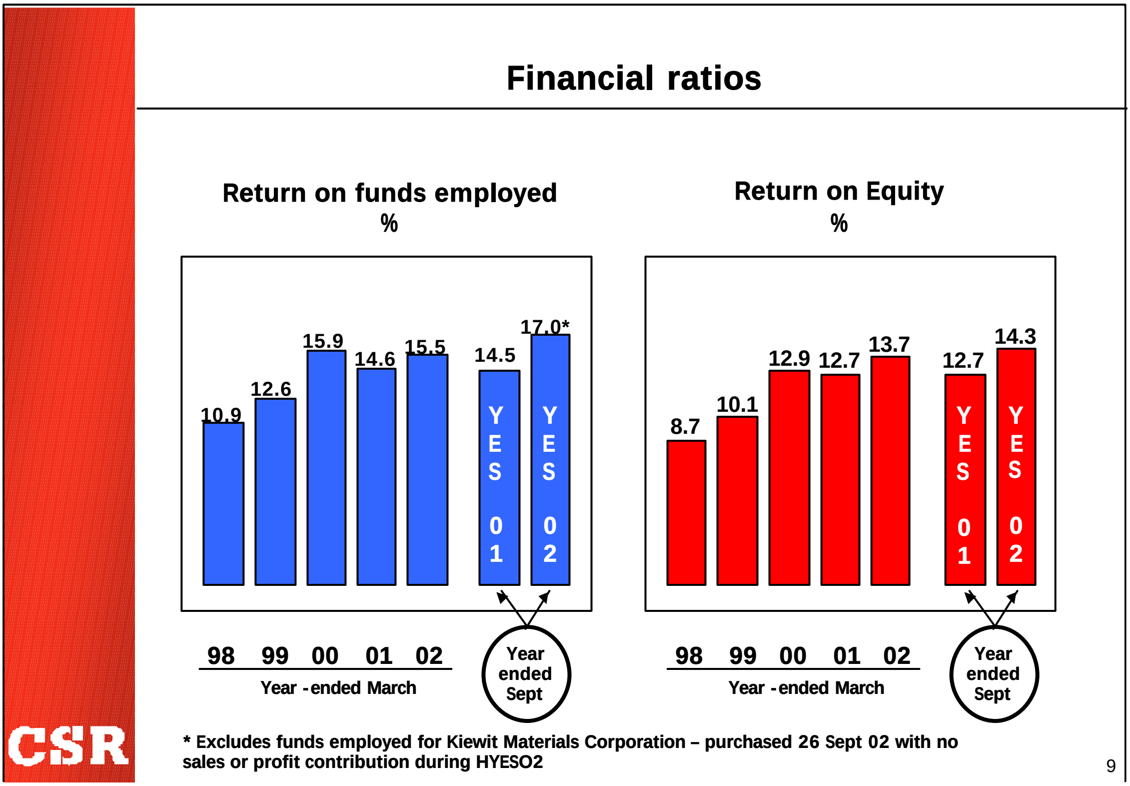


Operating cash flow A$m*



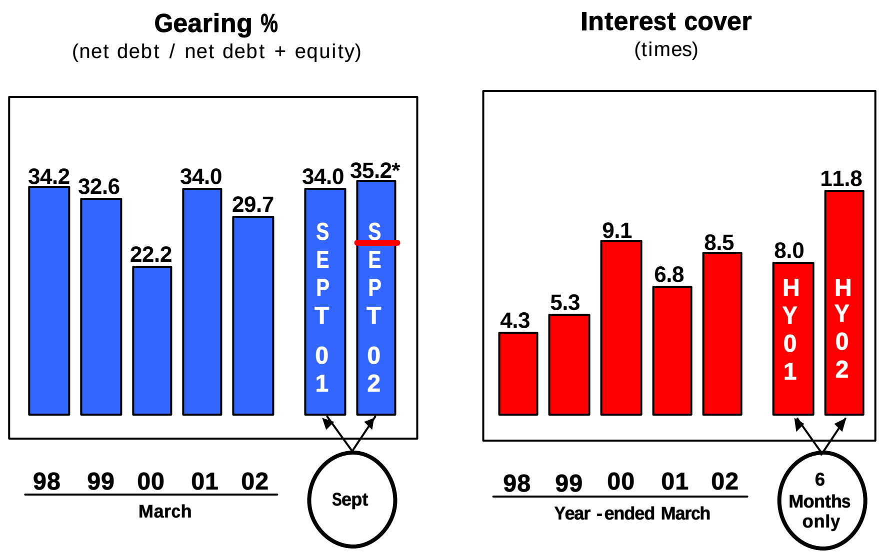
* Net operating cash flow after tax

- The EBITDA to sales margin increased one point to 20.9% and operating cash flow continued its upward trend.
- Cash generation is one of the great strengths of CSR.



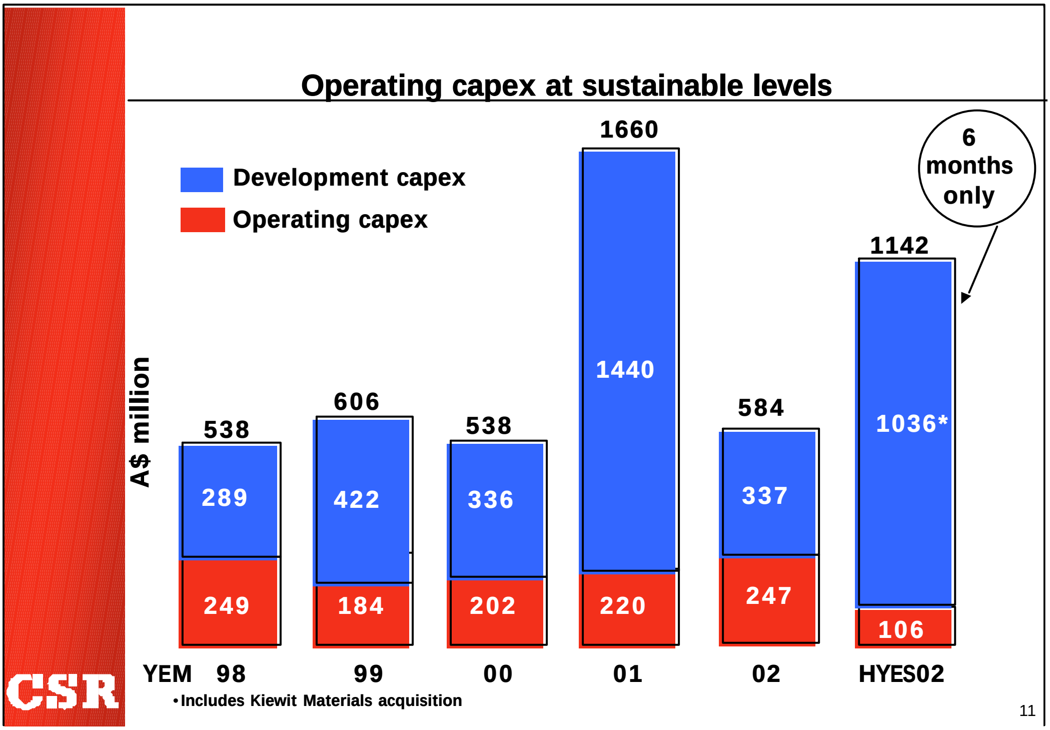
- The return on funds employed also continues to improve – although it does bounce around with acquisitions.
- ROE is again up strongly.

Strong financial position



* Includes Kiewit Materials. Red line shows the gearing ratio at 24% if Kiewit excluded.

- CSR's financial position is strong.
- Gearing is up due to the acquisition of Kiewit.
- Without Kiewit it would be about 24%.
- We expect it to be down to 33% or so by full year end.
- Interest cover of almost 12 times is extremely comfortable.



- Operating capex continues to be well-managed, at around 60% of depreciation.

- Of the A$1.1 billion in development capex, Kiewit represents almost A$1 billion.

- The other major project is the A$25 million rooftile plant in Sydney.

ADOPTION OF NEW ACCOUNTING STANDARD AASB1044

- **As previously advised, provisioning for product liability and dividends change under the new accounting standard**
- **Adoption effective 1 April 2002**
- **Major adjustment to product liability provisions is due to requirement to use lower discount rate and new guidance provided on the measurement of future longer term US claims**
- **Product liability provision (asbestos) increased to A$338 million as at 1 April, within the range earlier advised. Net adjustment after tax of A$144 million was charged directly to retained earnings. Provision at 30 Sept was A$333 million (reflects forex adjustment from 1 April).**
- **Provision adjustment does not reflect any change in underlying asbestos payments**
- **No recognition or inclusion of potential insurance recoveries.**

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- As we advised in November 2000 and again in the current Annual Report, the new accounting standard AASB1044 requires an adjustment to product liability provisions .
- The lower discount rate we are required to use has the major effect on the provision, which we have increased to $338 million.
- We have adopted the new standard effective 1 April this year.
- The change involves a prior period adjustment -- so you will see it in retained earnings, but not in the profit line.
- Importantly, the increased provision does not reflect any change in underlying asbestos payments – nor does it reflect any insurance recoveries we are expecting.

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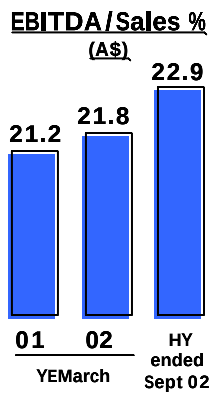
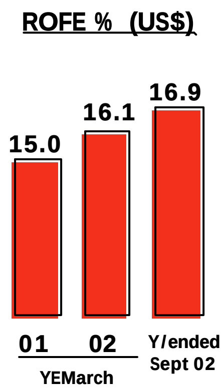
•Now to individual business performance…

Rinker Materials Corporation

US$m HYES	02	01	
Revenue	1,145	1,089	+5%
EBIT	176	170	+3%
EBITDA	256	246	+4%
Funds Empl	2,369	1,923	+23%





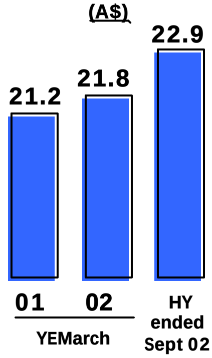
- EBIT up 3.4% in US$
- EBITDA margin up marginally to 22.9%
- Aggregate volume up 19% including acquisitions
- Concrete volume up 8%
- Pipe & Products volume down 8%; prices up marginally. EBIT down 24%
- Kiewit acquisition completed end September
- Pipe rehabilitation business divested

- In US$ Rinker again performed well helped by the strength of our market positions, particularly in Florida.
- The turnaround in Nevada is particularly pleasing after many years of profitless volume. Nevada just passed a referendum for a US$2.6 billion road and transportation spending program over the next 25 years.
- The Kiewit acquisition was settled late in September and is performing very strongly to date. The post-acquisition management program is well underway, Kiewit management seem to be very comfortable with the Rinker culture and the outlook for this business is looking very positive.
- The acquisitions are generally performing very well but this is not universal….The pipe rehabilitation business is one area which has not performed. It was sold during the half at around written-down book value.

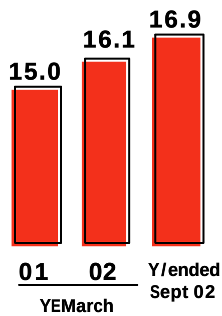
Rinker Materials Corporation

A$m HYES	*02*	*01*	
Revenue	2,030	2,115	-4%
EBIT	320	335	-5%
EBITDA	464	483	-4%
Funds Empl	4,356	3,954	+10%

<u>EBITDA/Sales %</u>
<u>(A$)</u>



<u>ROFE % (US$)</u>



- **EBIT up 3.4% in US$**
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- **Aggregate volume up 19% including acquisitions**
- **Concrete volume up 8%**
- **Pipe & Products volume down 8%; prices up marginally. EBIT down 24%**
- **Kiewit acquisition completed end September**
- **Pipe rehabilitation business divested**

- In A$ with the exchange rate impact the results do not look as good.

Rinker Segment analysis HYES02

	Revenue		EBIT	
	US$m	% on pcp	US$m	% on pcp
Concrete, Block & Asphalt	414	8%	37	5%
Aggregates	283	15%	56	23%
Cement	161	4%	42	11%
Concrete Pipe & Products	254	-6%	41	-24%
Other	230	11%	0	
Eliminations (internal revenue)	-197	14%		
TOTAL	1145	5%	176	3%

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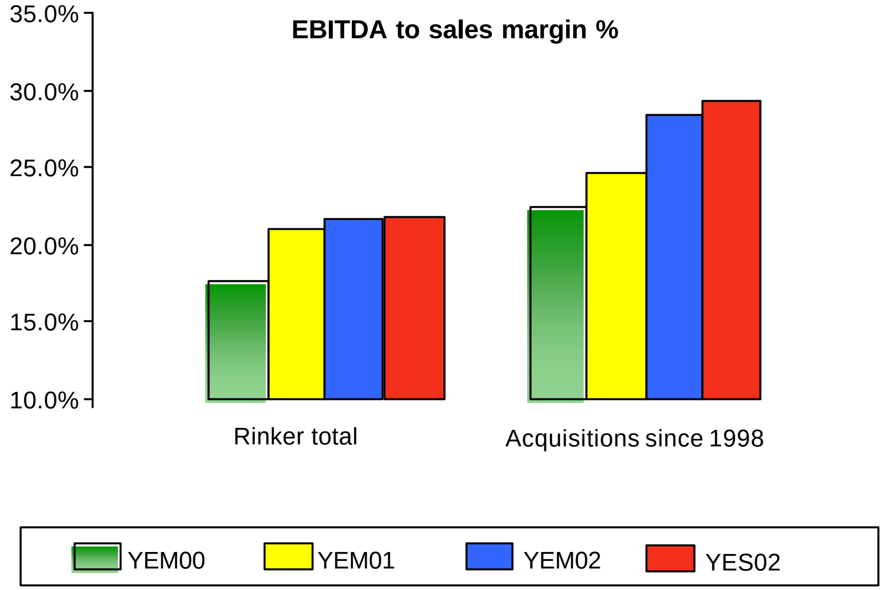
- This gives you a breakdown of the Rinker business segments by revenue and EBIT.
- Other than Concrete Pipe & Products all major businesses performed well.

Acquisitions since 1998 are tracking above Rinker total business



•This chart shows how the US acquisitions made since March 1998 are performing.

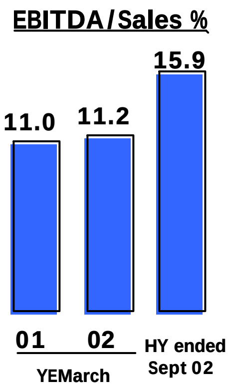
•Their EBITDA margin is improving and is ahead of Rinker as a whole.

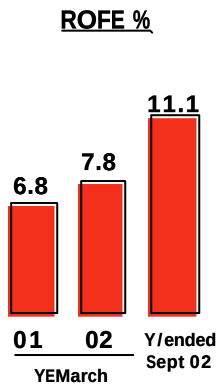
•That's partly a mix issue but another way of looking at it is that those acquisitions provided 47% of Rinker's total shareholder value-added (SVA) during the half. They represent 45% of total funds employed.

•Two-thirds of them had positive SVA during the half, and all the major acquisitions are SVA positive: Florida Crushed Stone, South Central (American Limestone and the Cemex quarries) and Wilson Concrete.

Construction Materials (Aust & Asia)

A$m HYES	*02*	*01*	
Revenue	512	476	+ 8%
EBIT	59	32	+ 81%
EBITDA	82	57	+ 44%
Funds Empl	746	755	- 1%





- EBIT/Revenue margin up 4.6pp to 11.4% - large improvement still needed
- Concrete price up 9%, volume up 18%; aggregates price up 12%, volume down 9%
- Cement EBIT up 6%; Asia up 50%
- Operating costs reduced
- High performance organisation delivering results
- Not yet earning cost of capital
- Infrastructure projects coming on stream

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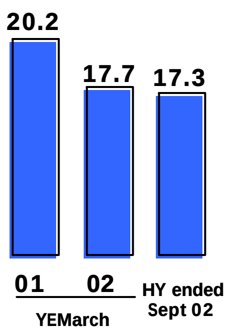
- Construction Materials better performance is all about improved margin management.
- Prices of concrete and aggregate were increased in April.
- To hold those increases, we lost some market share, but we are working hard to recover that – primarily through improved customer service.
- A further price increase took effect in October and is again g radually rolling out through the business.
- Cement prices have also increased around 5%.
- In China, Tianjin Readymix is performing well and continuing to improve.
- Humes concrete pipe & products profit also improved as costs were cut and prices increased slightly.

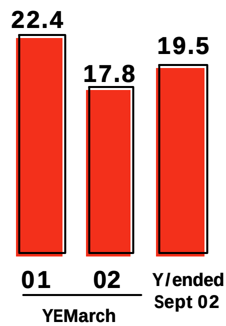
Building Products (Aust, NZ & Asia)

A$m HYES	*02*	*01*	
Revenue	462	395	+17%
EBIT	63	48	+32%
EBITDA	80	64	+25%
Funds Empl	637	623	+2%

EBITDA/Sales %



ROFE %



- EBIT up 32% to A$63m on 17% revenue increase
- EBITDA margin for HY at 17.3% compares with 16.2% for HYES01
- Residential & commercial construction up; volumes strong across the board
- Production commenced at new Rosehill roof tile plant
- SAP computer systems installed in two businesses
- Business renamed to reflect market focus

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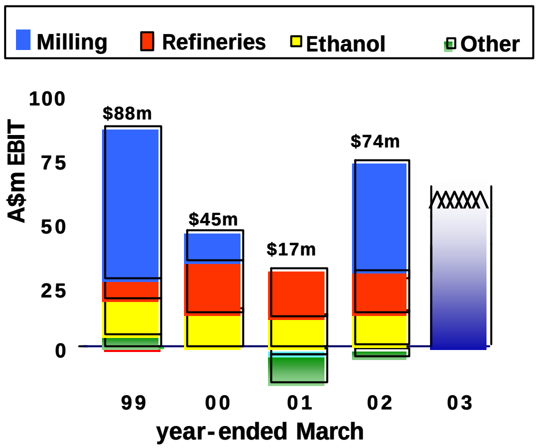
- Building Products performed well, lifting EBIT 32% on a 17% sales increase.
- Margins were higher across the board.
- Residential construction during the period rose 27% relative to 12 months earlier. Commercial construction was 2% higher. [Source: HIA, based on work done].
- Prices increased in most products – but the rises were small.
- Insulation was disappointing although a price increase is underway.
- The new Rosehill tile plant commenced production and is expected to lift output by 20% and cut costs by 15%.

Sugar EBIT down due to lower world sugar price
Refining profit up 68% and ethanol stable

A$m HYES	*02*	*01*	
Revenue	420	505	-17%
EBIT	59	79	-25%
EBITDA	77	97	-21%
Funds Empl	698	760	-8%



- **EBIT down A$20m to A$59m**
- **Milling down A$24m on lower prices**
- **Tonnes crushed at 9.6mt, up 10% on pcp**
- **Ethanol EBIT down slightly : Molasses prices up & fertiliser sales down**
- **Ethanol set to benefit as renewable fuel blend**
- **Second half will be a slight positive due to larger crop & higher world prices**

- Sugar was down on lower world prices, but the downstream refining business improved significantly, up 68%.

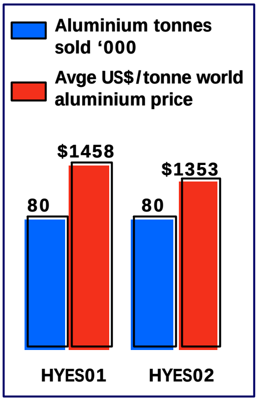
- Ethanol EBIT dropped slightly on lower fertiliser sales due to the drought .

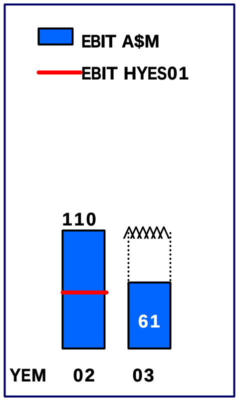
- Ethanol may benefit as a fuel blend if governments move to encourage industry in that regard.

- The second half result is often a loss due to the timing of the sugar milling season, but this year, the current higher world prices – around 7 US cents a pound -- together with a bigger crop than expected – should mean a small profit in the second half.

Aluminium profit up due to lower costs and hedging benefits

A$m HYES	*02*	*01*	
Revenue	215	221	-3%
EBIT	61	55	+11%
EBITDA	72	66	+9%
Funds Empl	303	300	+ 1%





- **Profit slightly higher than expected**
- **Benefits from hedging of metal and currency**
- **World aluminium price average down 7% to US$1353**
- **Lower production costs at Tomago smelter**
- **Full year profit expected to be slightly ahead of YEM02 result**

- Aluminium profit was up in the first half due to lower alumina costs and some additional sales
- Full year profit will be slightly ahead of last year's $110 million EBIT
- Hedging continues to ensure good returns – and we are well covered for the next two to three years
- We also have good growth opportunities in this business – the high return AP-22 project, to which we must commit by November 2003 – and a possible fourth potline, which is now being assessed.

Agenda

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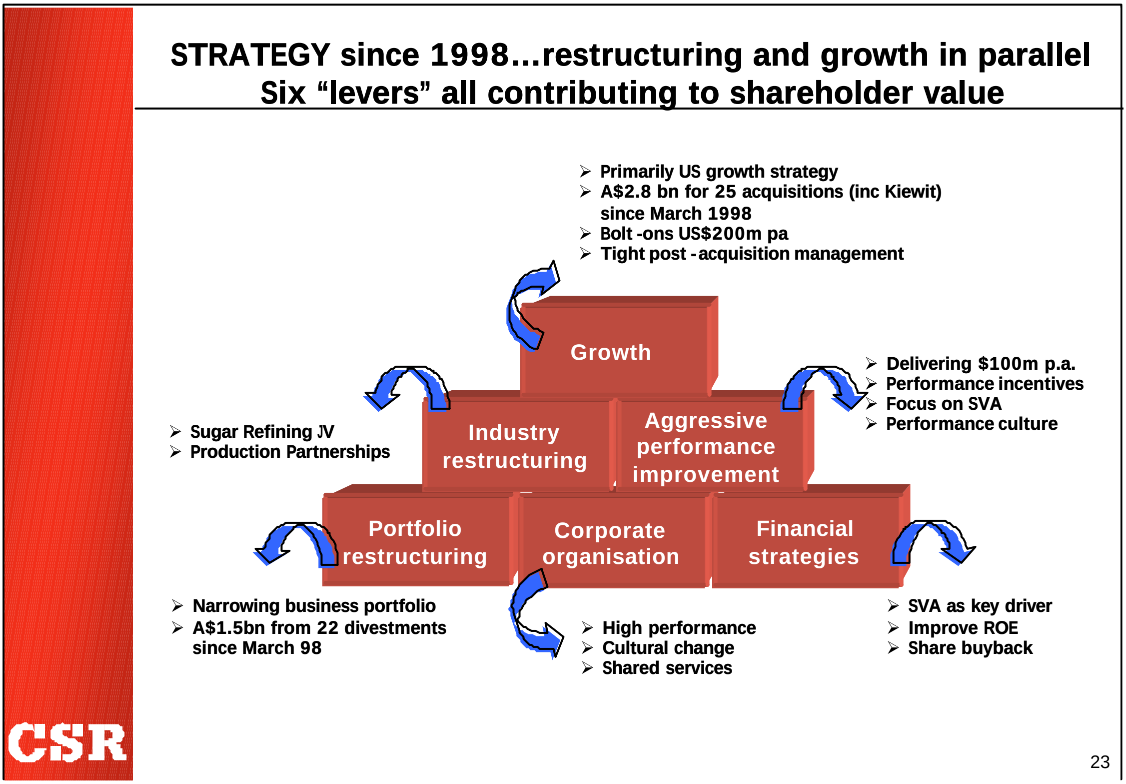
Now to strategy….

We announced today that we are moving ahead with demerger plans. We are continuing with our due diligence, aiming to give shareholders a demerger proposal – which, if approved, would be completed by mid-2003.



•For those of you familiar with the strategy we have pursued over the past five years, demerger plans will not be a surprise.

•Our strategy has been very clear and consistent.

•We have used six strategy levers to transform CSR into a major international heavy building materials group – and to deliver top quartile returns to our shareholders.

•We have been restructuring and expanding simultaneously…..

Growth and Restructuring in parallel
47 transactions worth A$4.3bn since March 1998

Major divestments

- CSR Timber incl plantations, hardboards, panels, door panels
- AWP and CSR Contract Mining
- Vic landfills
- Ord sugar mill
- Gove alumina & bauxite

Major acquisitions

- American Limestone
- Wilson Concrete
- Leppert Concrete
- Florida Crushed Stone
- Dura-Crete
- Mid-coast
- Hanson Las Vegas
- Cemex quarries
- Kiewit Materials

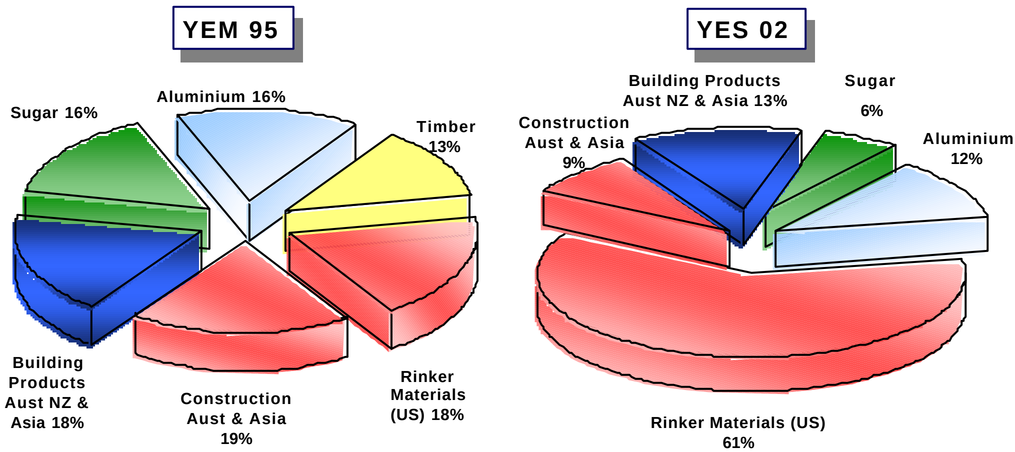
- With 22 divestments and 25 acquisitions since
- 1998…

- A total of 47 transactions…..worth $4.3 billion…

- All of the acquisitions have been in heavy building materials – and all by Rinker in the US

- Along the way we attempted a trade sale of our sugar business but we could not conclude a deal….

Heavy building materials around three-quarters of CSR group earnings



Heavy building materials – aggregates, concrete, cement and concrete pipe & products

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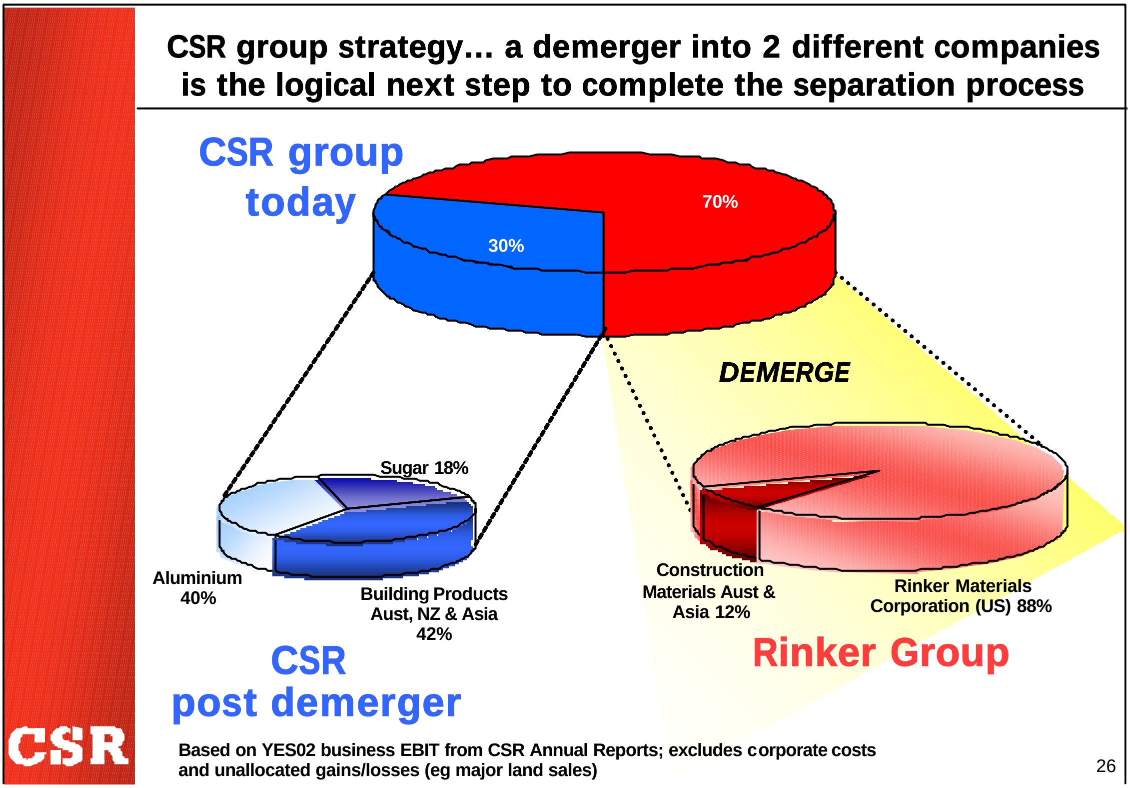
Based on business EBIT from CSR Annual Reports; excludes corporate costs and unallocated gains/losses (eg major land sales)

• The result of all this is that around three quarters of CSR group EBIT now comes from heavy building materials…

• Which is made up of Rinker Materials Corporation in the US -- and the Readymix and Humes concrete pipe business in Australia and Asia.



•The logical next step to complete this separation process is through a demerger.

•The new demerger laws make it much more attractive for our shareholders. We expect the best outcome for shareholders will be achieved by demerging the heavy building materials assets out of CSR…..forming a new company called Rinker Group Ltd ("Rinker Group").

•CSR Limited will then comprise

• the Building Products business – which is the leading manufacturer of building products in Australia

• our Aluminium interest – which holds a 25% stake in the Tomago aluminium smelter near Newcastle, and

• CSR Sugar, which is among the largest and most efficient sugar cane milling businesses in the world.

Two strong Australian listed companies, appealing to different groups of investors

Rinker Group Ltd

One of the world's top 10 heavy building materials groups, growing strongly…

CSR Limited

A higher yielding, diversified company, with a stable earnings history and some of the strongest household brands in the country….

•You then have two very different companies, appealing to different investors.

•Rinker Group would be one of the top 10 building materials groups in the world.

•We would expect it to be a growth stock, continuing to expand strongly in heavy building materials -- especially in the US.

•We expect CSR to be a higher-yielding, diversified company with a history of stable earnings and holding some of the best-known household brands in the country….CSR too will have growth opportunities…and I'll come to those a little later.

Strong financial performance record for both Rinker Group and CSR

	Rinker Group A$m*	CSR A$m*
Sales revenue	5,041	1,943
EBIT	655	293
EBITDA	1,002	385
Total assets Including tax assets	5,424	2,093
Funds employed	4,320	1,618
ROFE	15.2	18.1

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Based on business data from CSR Annual Reports; excludes corporate costs and unallocated gains/losses (eg major land sales)

This slide gives you the respective financial positions….

They are both strong companies. The return on funds employed is well over the cost of capital in both.

Strong strategic rationale for separation
Significant opportunities for both entities

- **In line with CSR strategy since 1998**
- **Each has markedly different business drivers**
- **Enables focus on their respective strengths**
- **Dividend policy and capital allocation to better facilitate individual business strategies**
- **More effectively pursue growth options**
- **Enhances shareholder value**
- **Creates opportunity for re-rating**
- **Separation offers a clear outcome and provides shareholder choice**

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➢A key rationale for the demerger is focus – both companies can concentrate on a much narrower range of businesses, and focus on their respective strengths

➢Their dividend policy and capital management will fit better with their individual business strategies, and…

➢They can more effectively pursue growth options…

➢ Rinker Group has over a billion dollars in EBITDA -- but a demerger would also provide access to equity capital if needed

➢CSR meanwhile has identified value-adding growth opportunities – which up to now, have been a lower priority for the CSR group.

Strong strategic rationale for separation
Demerger suits further development of both entities

- **Both entities at a point where a demerger offers significant benefits**
- **Rinker Group now has the critical mass it needs to stand alone**
  - **US$3b market cap threshold to attract investors**
  - **Kiewit makes Rinker Materials a national force**
  - **Construction Materials now performing**
- **Other CSR businesses overshadowed by heavy building materials but deserve and require focus**
  - **Each business has sensible, low risk growth options**
  - **Other value levers – operational improvement, industry restructuring, corporate organisation, financial strategies – all benefit from focus**

CSR

• Both Rinker Group and CSR are now at a point where they can, and would benefit greatly, from standing on their own two feet :

• Rinker Group – particularly with Kiewit -- has the critical mass to reach major investor thresholds

• Kiewit is an important US western stronghold and gives the group critical mass as a national player in the US, and

•Construction Materials in Australia is now performing

• The CSR businesses meanwhile have largely been ignored by investors. But they have significantly improved performance :

• e.g Building Products is now delivering twice the ROFE it was 5 years ago, from a similar number of housing starts

• There are opportunities now for growth and to deliver further performance improvement -- they require focus and possibly some capital.

Rinker Group Ltd

RINKER

CHAIRMAN	CEO
John Morschel	David Clarke
	

•Moving now to Rinker Group…

•It will be an Australian company, headquartered in Sydney.

•We expect it to be well within the Top 50 companies on the ASX .

Strong strategic rationale for separation…
Rinker Group becomes a focused, growth company

- **A focused, growth stock with strong investment characteristics**
- **Allows Rinker to issue equity to fund ongoing international growth**
- **Better-positioned to participate in global industry consolidation**
- **Rinker can adopt dividend and capital policy to suit growth and be more in line with peers**
- **Greater transparency and comparison with peers should lower the valuation gap**
- **Focused management**

CSR

RINKER

There are significant benefits for Rinker Group as a focused, stand-alone company.

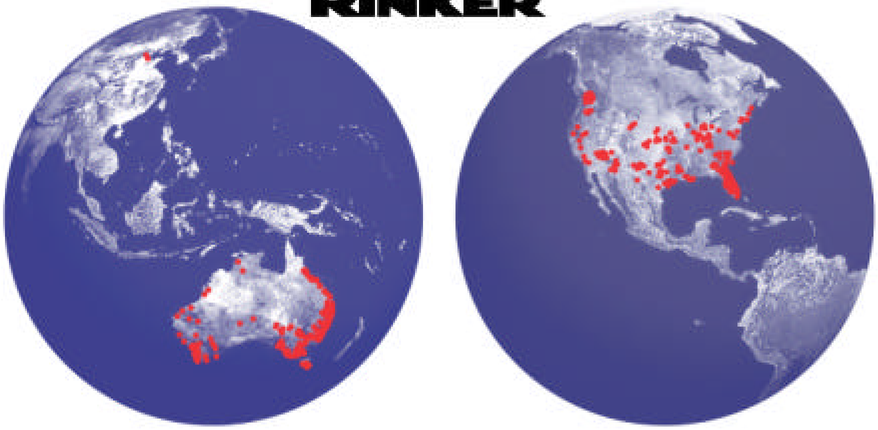
We expect it will adopt a dividend and capital policy more in line with its international building materials peers – and more suited to its growth strategy.

The performance history of the Rinker Group companies over the past five years is very strong compared to its peers – but this has not been fully reflected in the CSR share price.

The demerger creates an opportunity for a re-rating, more in line with US peers.

Rinker Group would be one of the top 10 heavy building materials groups in the world

RINKER



Heavy building materials production capacity			
Aggregates	121m tons (110m tonnes)	Cement	3.7m tons (3.4m tonnes)
Concrete	25m cu yds (19m cu mtrs)	Concrete pipe & products	5.1m tons (4.6m tonnes)

CSR

This slide shows the location of Rinker Group operations – and its production capacity.

Rinker Group has strong market positions

	USA	Australia
Aggregates	#5	#2
Concrete	#2	#3
Cement	#1 (Florida)	#2
Concrete pipe	#2	#1
Asphalt	n/a	#1

CSR RINKER

It has strong market positions.

This slide shows the market positions of Rinker Materials Corporation in the US – and Construction Materials' in Australia.

Readymix also has the leading market share in Tianjin, China.

Rinker Group Ltd
has attractive investment characteristics

- a top-quartile performer in the global heavy building materials sector
- an international Australian company, growing strongly, operating in the US, Australia and Asia
- holds leading positions in some of the best construction markets in the world
- strong regional positions in high population growth areas, esp. US & China
- proven performance & growth. Since '98*:
  - ROFE improved 50%
  - EBITDA margin up from 15% to 20%
  - strong cash flow – 17% CAGR in EBITDA
- strong balance sheet, investment grade credit rating expected

CSR

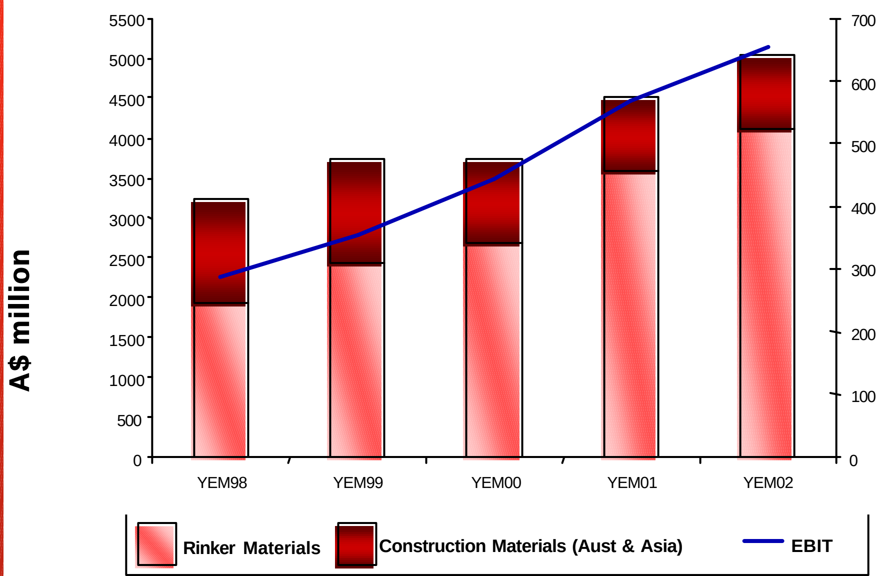
* Based on data from CSR Annual Accounts

RINKER

•The Rinker Group performance over the past five years shows that:

- ROFE has improved by 50% and
- the EBITDA to sales margin has gone from 15% to 20%

Rinker Group Ltd.
Revenue & EBIT growth over five years



CSR

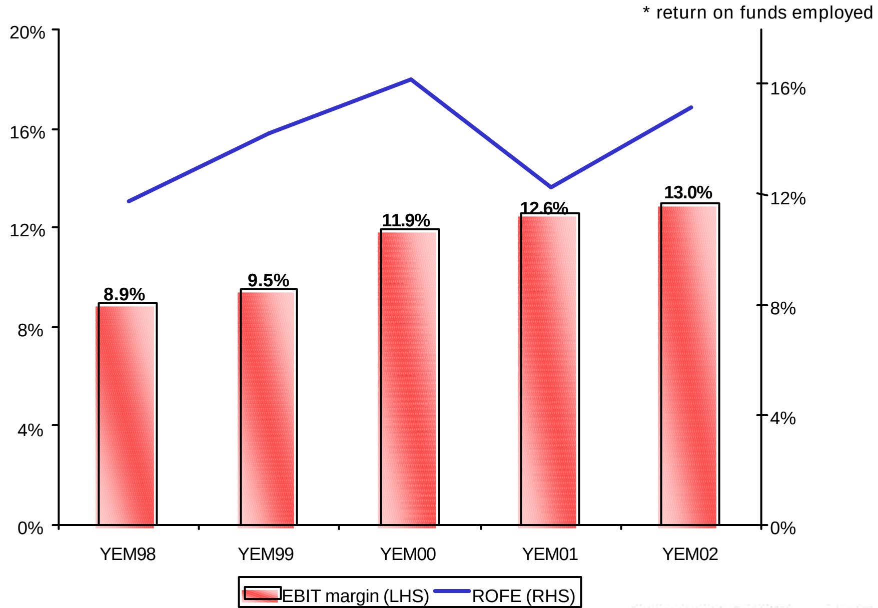
Based on business data from CSR Annual Reports; excludes corporate costs and unallocated gains/losses (eg major land sales)

RINKER

This slide shows Rinker Group's performance record…

Revenue has grown 12% pa compound since 98 and EBIT has more than doubled.

Rinker Group Ltd.
EBIT margin & ROFE* trend over five years



CSR

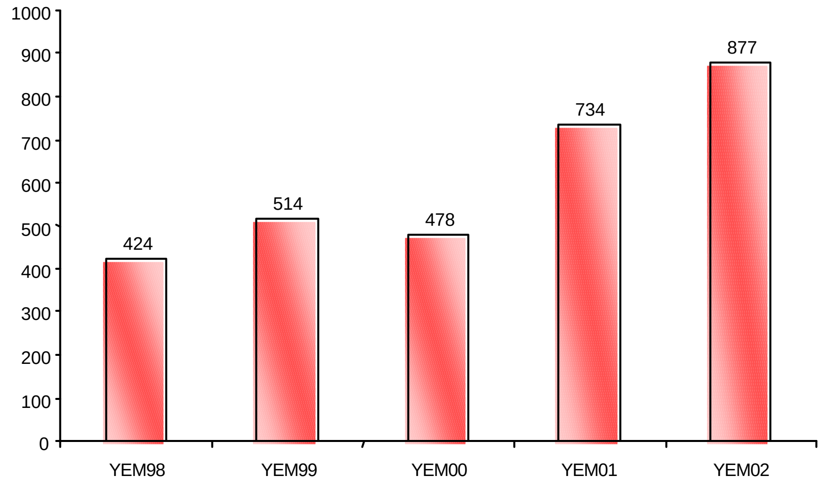
Based on business data from CSR Annual Reports; excludes corporate costs and unallocated gains/losses (eg major land sales)

RINKER

ROFE and EBIT margin have also grown.

Rinker Group Ltd.
Business cash flow growth 17% CAGR over 5 years

A$ million



YEM : year end March
Business cash flow : net cash from operating activities adjusted for tax paid and operating capex. Data from CSR ann ual reports

Cash flow growth is also very strong – with a compound annual growth rate of 17% over the past 5 years.

Rinker Group strategy : a high performance, heavy building materials group, growing internationally

- Aims for industry top quartile performance for growth in revenue, EBITDA and SVA
- Building regional strongholds, generally in high population growth areas
- Strong acquisition record; intense focus on post acquisition management
- Aim for number 1 or 2 in all its regional markets
- Focused product range
- Diversification is geographic (incl diverse US regions)
- Strong cash flow to sustain flow of value -adding deals - bolt-ons and major acquisitions
- Low cost positions
- Develop strong local knowledge

This strategy has been consistently pursued since 1998, particularly by Rinker Materials in the US.

It is all about building strong local positions in regional markets – primarily in high population growth areas – and being a low cost operator, focused on shareholder value.

The result is a very strong performance over the past five years -- continuing to build shareholder value every year. With sound, consistent management that record should continue.

CSR Limited

CSR™

CHAIRMAN	CEO
Ian Blackburne	Alec Brennan

And now to CSR….

Strong strategic rationale for separation… CSR a strong, company; greater focus to lift performance, grow and add value

- Creates a strong company with opportunities to grow, lift performance and build shareholder value
- Provides greater focus for experienced management
- Can adopt a high franked dividend policy and a capital policy to best suit the business strategy
- Selective low risk growth opportunities can now be pursued
- More attention on businesses which have not had the same priority as heavy building materials

A demerger will allow CSR to drive better returns, further participate in industry rationalisation and to pursue good growth opportunities.

CSR Limited
Attractive investment characteristics

- consistent return on capital around 15 - 18% p.a over past five years
- substantial, consistent cash flows and investment grade credit ratings
- a sound record of performance and value creation
- an established, strong company offering a solid earnings stream – a combination of high performing, diversified businesses have delivered stable earnings over the cycle
- sensible growth opportunities – low risk, low cost, high return in well understood industries
- a leader in the household goods sector with products in almost every home
- Australia's second oldest company which owns some of the best - known brands in the country

Combined, the three businesses have a history of solid, consistent earnings across the cycle – with strong cash flows and a consistent return on capital of 15-18% per annum.

There are sensible, low risk growth opportunities available….

•And CSR has some great household brands that are well-known to Australians….

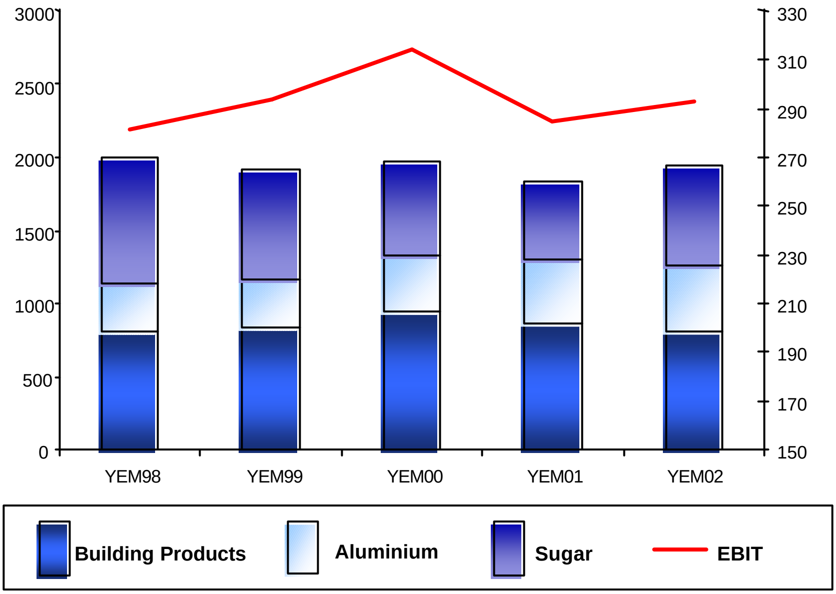
CSR Limited
Leading market positions and brands

Product	Market position	Estimated market share/strengths
Gyprock plasterboard	#1	35-40% market share; strong distribution & customer focus
Bradford insulation	#1	35-40% market share in Australia; Market leader in Asia-Pacific region
PGH bricks & pavers	#1- #2	25-30%-plus share in all its regional markets
CSR Fibre Cement	#2	25% market share
CSR Hebel	#1	Leader in Australia & Malaysia
Aluminium		One of the largest & most efficient smelters in the world
Sugar refining	#1	50%-plus market shares in NZ & Australia
Sugar milling	#1	40% Aust market; among the largest & most efficient cane sugar millers in the world
Ethanol	#1	50%-plus share of industrial solvents market in Australia; major exporter to Japan

•CSR products have strong market positions.

•Most of them are number one in their markets.

A stable earnings stream for CSR
Revenue & EBIT trend over five years

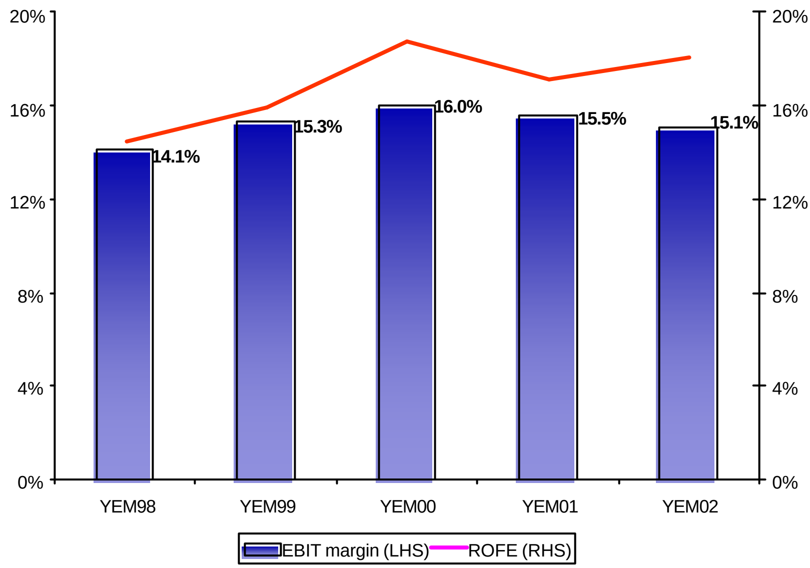


Based on business data from CSR Annual Reports; excludes corporate costs and unallocated gains/losses (eg major land sales). Adjusted for formation of refined sugar JV and sale of GAL

•You can see the stability of revenue and earnings for the three businesses since 1998.

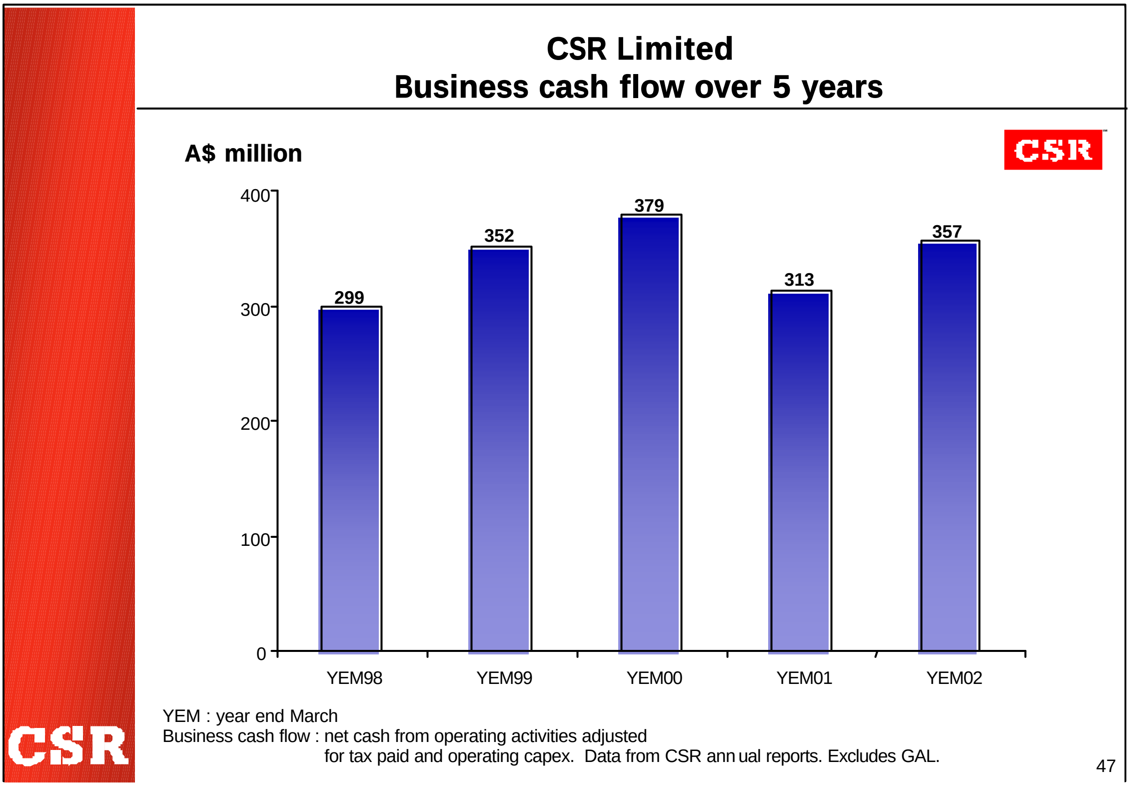
Ongoing improvement for CSR
EBIT margin & ROFE* trend over five years

* return on funds employed



Based on business data from CSR Annual Reports; excludes corporate costs and unallocated gains/losses (eg major land sales). Adjusted for formation of refined sugar JV and sale of GAL

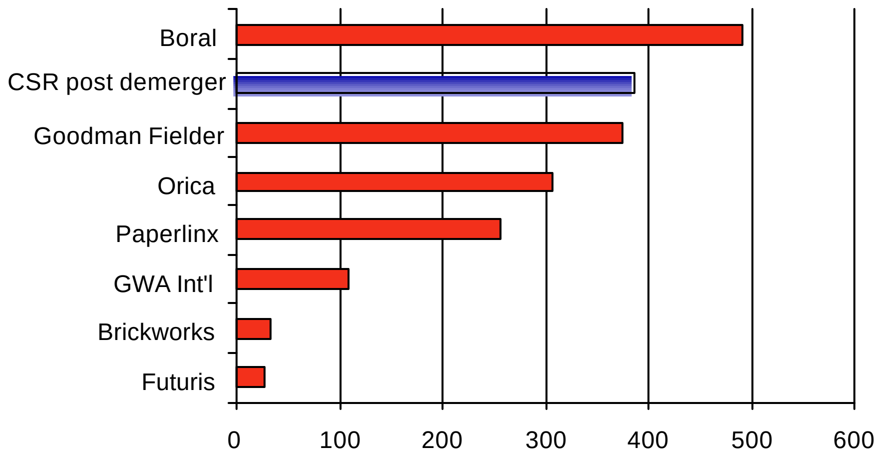
• It has solid EBIT margins and a strong and improving ROFE ….



Cash flow is also very stable.

So the combination of the three businesses has stabilised cash f low and returns.

Strong cash generation for CSR
EBITDA comparison versus peers



Source: Bloomberg, except CSR, which is pro-forma to reflect CSR post-demerger
EBITDA is for last FY.

Here you can see the cash flows measured against peer companies.

CSR strategy
Optimising performance and value adding growth options

- Further strengthen market positions through leveraging powerful brands and developing new products
- Disciplined financial management focused on shareholder value
- Optimise production capacity of existing facilities
- Low cost operator with proven record of performance improvement
- Develop value enhancing businesses allied to mainstream activities
- Pursue value added growth options such as:
  - Building Products expansion - as market leader still only supplies est. 5% of all housing products & materials
  - AP-22 15-20% capacity expansion in aluminium
  - Green electricity co-generation for sugar mills
  - Ethanol as a fuel blend

The CSR strategy will be primarily about optimising existing brands and positions.

Maximising the performance of existing operations and maintaining low cost positions.

With a proven reputation for disciplined financial management, CSR will pursue value-added growth opportunities allied to the existing businesses – relatively low cost, low risk, high return investments.

Like the 15-20% expansion to the Tomago aluminium smelter and the production of green electricity in the CSR Sugar Mills in north Queensland…..

A summary
The demerger opportunity for the CSR group

- In line with the strategy since 1998 and a logical next step to complete the separation process
- Value-adding for shareholders but may take time
- Two strong companies emerge, each with very different but attractive investment characteristics
- Rinker Group expected to be a high performing growth company in the heavy building materials sector
- CSR a diversified, Australian-focused company with well-known household brands, and many #1 market positions
- Strong performance record for Rinker Group and CSR – expect investment grade credit ratings and inclusion
- in ASX Top 50 and Top 100 respectively

CSR

- In summary, a demerger of Rinker Group is the opportunity to form two strong but different companies – each with attractive investment characteristics.
- It is in line with the strategy we have been pursuing since 1998 and is the logical next step to complete the separation process
- Perhaps most important…...the key to this whole proposal is that it creates two strong companies – we expect one in the ASX Top 50, the other in the Top 100 - and each with a history of substantial cash flows, expected investment grade credit ratings, and growth opportunities.
- We are confident it will be value-adding for shareholders but it may take time
- If the demerger goes to plan, we would expect it to be completed by mid-2003.

Agenda

Part 1	Group financial performance
Part 2	Business performance
Part 3	Strategy – demerger proposal
Part 4	**Outlook**

CSR

•And now to the Outlook…

Current trading environment and outlook for the US

- **Housing remains strong; latest housing permits data (3 mth moving average to Sep 02) is up 6.8% vs last year and up 3.6% for year to Sep 02.**
- **Non-residential down 12% year on year (yoy)**
- **Infrastructure spending steady. US non-building flat y-o-y but up 16% in Florida. ARTBA federal highway contracts awarded totalled $27.1 bn, up 2% Jan-Sep 02. Little change likely to actual TEA-21 '03 spend.**
- **Overall, the second half US$ outlook for the base business of Rinker Materials (US) is relatively flat, vs the previous year. Lower volumes should be largely offset by price increases. After rationalisation costs, Kiewit will contribute to second half EBIT.**

CSR

In the US, housing is holding up well but non-residential continues to fall. Contract values in September were down 24% year on year.

There are no real indications that non-residential is about to turn, although tourism data – at least in Florida and Las Vegas -- is fast recovering.

Occupancy rates in both areas are now at 90%. That's only 2% down on year ago levels.

Road funding contracts are up 2% for the year to date. Activi ty remains strong in Florida, Las Vegas and Arizona.

We expect Rinker's second half to be up on last year : a flat result for Rinker's base business with Kiewit adding to EBIT -- after rationalisation and integration costs.

US construction forecasts predict strong non-building activity and relatively flat overall

Source: Dodge Q2 2002 Put in Place activity forecast (constant 1992$)

Change YEM03 vs YEM02

	USA	Florida	Arizona	Nevada
Residential	+2.3%	-3.5%	+8.6%	-1.9%
Non-residential	-8.9%	-12.5%	-3.2%	-6.2%
Non-building	+7.9%	+15.5%	+7.3%	+43.5%
Total	-0.1%	-3.3%	+5.6%	+2.9%

Total value (US$m)

	YEM00 (a)	YEM01 (a)	YEM02 (a)	YEM03 (f)
USA	369,773	366,323	371,127	370,690
Florida	27,484	28,241	30,472	29,458
Arizona	13,019	13,470	13,589	14,345
Nevada	6,135	6,206	6,084	6,262

CSR

•This chart shows the Dodge forecast for US construction spending for the year to March in our major states.

•The overall picture is pretty flat.

Current trading environment and outlook for Australia

- Housing strong to YEM03. Approvals down but low interest rates underpinning demand. Expecting close to underlying demand levels (circa 152,000 house starts) in yem03, on a 3mth lagged basis.
- Infrastructure boom looming, particularly on east coast.
- Non-residential activity up 2% in September half. BIS Shrapnel predicting 7.1% year to June 03.
- CSR Construction Materials outlook positive - concrete, aggregate, cement price increases holding and beginning to regain lost market share
- Building Products prices improving but slowly and work is needed in some businesses to earn above the cost of capital.

CSR

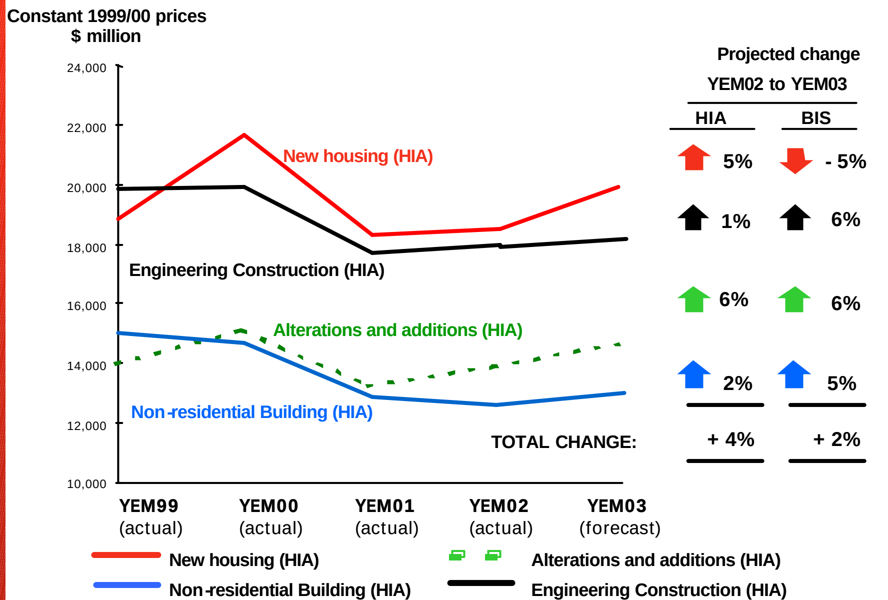
•The picture in Australia is positive, although housing will begin dropping off in line with approvals from January.

•Price increases should lift margins, particularly in businesses like insulation and Construction Materials.

•Construction Materials expects the usual 55-45% first half-second half profit split to be closer to to 52%-48% this year, as price and volume increases largely offset the Christmas-January break.

•Sugar and aluminium we covered earlier.

Building & construction in Australia - value of work done p.a.



Source: **HIA** Nov 2002 (based on work done); **BIS** Sept 02 (based on commencements)

- This shows forecasts from the HIA and BIS-Shrapnel for our current year.

- Our estimates fall somewhere in between the two forecasts.

•So overall we had another very strong result this half, and continued to deliver on our objectives.

•The picture is also fairly positive for the second half, and we have lifted our previous forecasts slightly.

•Trading profit, excluding demerger costs and last year's one-off tax refund, should be slightly ahead of last year.

•The group's main priorities will be to proceed with the demerger opportunity, bed down Kiewit and continue to lift margins in under-performing businesses – at least to the point where they are adding shareholder value.

•It will be a very busy time for all of us!