First half results
demerger update and capital raising

26 October 2009

Disclaimer

Disclaimer

This Presentation has been prepared by CSR Limited (ABN 90 000 001 276) (**CSR**).

Summary information

This Presentation contains summary information about the current activities of CSR and its subsidiaries (**CSR Group**). The information in this Presentation does not purport to be complete nor does it contain all the information which would be required in a disclosure statement or prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with CSR Group's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange, which are available at www.asx.com.au.

Not financial product advice

This Presentation is for information purposes only and is not a prospectus, disclosure statement, product disclosure statement or other offering document under Australian law or under any other law. This Presentation is not a recommendation to acquire CSR shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. CSR is not licensed to provide financial product advice in respect of CSR shares. Cooling off rights do not apply to the acquisition of CSR shares.

Financial data

All dollar values are in Australian dollars (A$) and financial data is presented within the financial half year end of 30 September unless otherwise stated. The pro forma historical financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities and Exchange Commission. You should also be aware that certain financial data included in this presentation are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended, including earnings before interest and taxation, or EBIT, and earnings before interest, taxation, deprecation and amortisation, or EBITDA. The disclosure of such non-GAAP financial measures in the manner included in this presentation would not be permissible in a registration statement under the U.S. Securities Act. CSR believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of CSR. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Readers are cautioned, therefore, not to place undue reliance on any non-GAAP financial measures and ratios included in this presentation.

Future performance

This Presentation may contain "forward-looking statements". The words "forecast", "estimate", "likely", "anticipate", "believe", "expect', "project", "opinion", "predict", "outlook", "guidance", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements.

You are cautioned not to place undue reliance on forward looking statements. While due care and attention has been used in the preparation of forward-looking statements, forward-looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

There can be no assurance that actual outcomes will not differ materially from forward-looking statements. To the maximum extent permitted by law, neither CSR or the underwriters accepts any responsibility to update any forward-looking statements contained in this Presentation.

An investment in CSR shares is subject to investment and other known and unknown risks, some of which are beyond the control of CSR Group, including possible delays in repayment and loss of income and principal invested. CSR does not guarantee any particular rate of return or the performance of CSR Group, nor does it guarantee the repayment of capital from CSR or any particular tax treatment. Persons should have regard to the risks outlined in this Presentation.

Past performance

Past performance information given in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

The historical information in this Presentation is, or is based upon information that has been released to the market. For further information, please see past announcements released to ASX.

Not an offer

This presentation does not constitute an offer, invitation or recommendation to subscribe for or purchase any security and neither this presentation nor anything contained in it shall form the basis of any contract or commitment. In particular, this presentation does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to any "U.S. person" (as defined in Regulation S under the Securities Act of 1933, as amended (the "U.S. Securities Act")) ("U.S. Person"). This document may not be distributed or released in the United States or to, or for the account or benefit of, any U.S. Person. The securities in the proposed offering have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the securities in the proposed offering may not be offered, or sold, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons, except in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. securities laws.

CSR and the underwriters

The underwriters have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Presentation and do not make or purport to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by the underwriters.

CSR, the underwriters and their respective affiliates, officers, employees agents and advisors, to the maximum extent permitted by law, expressly disclaim all liabilities, including, without limitation, liability for negligence in respect of, make no representations regarding, and take no responsibility for, any part of this Presentation and make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation.

Agenda

1. Overview

NOT FOR DISTRIBUTION OR RELEASE IN THE
UNITED STATES OR TO US PERSONS

Overview

Key initiatives progressing demerger proposal

Half year result	■ Group EBIT (pre significant items) up 22% to $215.7 million ■ Significant EBIT growth in Sugar from improved sugar volumes, higher raw sugar price and early crush ■ Building Products well positioned for expected cyclical improvement as residential building market recovers ■ Confirm previous YEM10 guidance - on current assumptions, on a pre demerger basis, expect Group EBIT (pre significant items) to be slightly higher than last year
Demerger update	■ Demerger to establish two independent and focused companies on ASX – Australia/New Zealand's leading Sugar and Renewable Energy company – Premium branded Building Products company with attractive investment in aluminium ■ Acquisition of remaining 25% of Refining JV in Australia/New Zealand, subject to demerger proceeding ■ Update on target capital structures and Board members for each company ■ Demerger on track for completion in or around March 2010, subject to remaining due diligence, shareholder and court approvals
Equity Raising to establish demerged companies	■ Underwritten Simultaneous Accelerated Renounceable Entitlement Offer to raise approximately $375 million to facilitate the demerger

Equity Raising

7 for 40 underwritten entitlement offer to raise approximately $375 million

Underwritten with equal access for all eligible shareholders	■ Offer fully underwritten ■ Simultaneous Accelerated Renounceable[1] Entitlement Offer provides the same outcome for retail and institutional investors for their entitlements in a single bookbuild for renunciations after close of the retail offer
Platform to pursue strategies	■ Facilitates the demerger by enabling CSR to create two independent companies listed on ASX with appropriate capital structures ■ Provides platform for demerged companies to pursue standalone strategies
Strengthens balance sheet	■ Reduces pro forma net debt by approximately $365 million[2] ■ Pro forma adjusted gearing as at 30 September 2009 reduced from 46.7% to approximately 32.9%
Offer price	■ Offer price of $1.66 (15.3% discount to dividend adjusted closing price on 23 October, 13.3% discount to dividend adjusted theoretical ex-entitlement price[3])

Notes:

1. Renunciations will be sold through a single bookbuild after the close of the retail offer. There will not be any rights trading on ASX.
2. Post assumed transaction costs of $10 million
3. The theoretical ex-entitlement price is the theoretical price at which CSR shares should trade immediately after the ex-date for the entitlement offer assuming 100% take up of the offer. The theoretical ex-entitlement price is a theoretical calculation only and the actual price at which CSR shares trade immediately after the ex-date for the entitlement offer will depend on many factors and may not be equal to the theoretical ex-entitlement price.

2. Half Year Results

Strong sugar contribution lifts group EBIT

Increased EBIT from Sugar in first half—improved lead indicators for Building Products

- Group EBIT (pre significant items) increased by 22 per cent to $216 million
- Significantly stronger EBIT from Sugar – up 311 per cent
  - Higher volumes, improved crushing performance and higher price in Raw Sugar
  - Earlier start and completion of crushing means EBIT in Raw sugar weighted to first half
  - Continued growth in Refining
- Building Products EBIT – down 29 per cent
  - Australian residential commencements down 23% (1qtr lag) on prior half year impacts volumes
  - Margins generally maintained across portfolio from price discipline and cost management
  - Improving lead indicators now evident with EBIT expected to be weighted to 2nd half
- Aluminium EBIT down due to lower realised price mitigated in part by prior hedging
- Continued slow markets impacts Property EBIT —progressing sales of specific sites expected to complete in 2nd half

Financial results summary

A$m	2009	2008	%Δ
Trading Revenue	**2,076.5**	1,807.6	+15
EBITDA	**296.3**	255.9	+16
EBIT	**215.7**	**177.4**	+22
Net Finance Expense	**(56.8)**	(54.9)	+3
Tax Expense	**(44.1)**	(32.4)	+36
Outside Equity Interests	**(18.2)**	(18.4)	-1
Net profit (pre sig. items)	**96.6**	**71.7**	+35
Significant Items (post tax)	**(252.2)**	(38.8)	
Net profit/(loss) after sig. items	**(155.6)**	32.9	

Key measures	2009	2008
Interim dividend per share	**2.5c**	6.0c
EPS (pre-sig. items)	**7.5c**	7.2c
Effective tax rate (pre-sig. items)	**27.8%**	26.5%
Cash Flow from operations (before margin calls—$32 million)	**$160.5m**	$27.0m

- Strong revenue growth in Sugar offsets reduced volumes in Building Products
- Higher EBIT margin on improved performance from Sugar
- Interim dividend 2.5 cents per share, fully-franked in line with ongoing prudent capital management
- Continued focus on working capital improves cash flow from operations

CSR

EBIT by division

A$m	2009	2008	%Δ
Building Products	**53.4**	74.8	-29
Sugar	**114.2**	27.8	+311
Aluminium	**59.3**	70.4	-16
Property	**(1.0)**	12.6	-108
Corporate	**(8.6)**	(8.6)	
Restructure and Provisions	**(1.6)**	0.4	
Total EBIT (pre sig. items)	**215.7**	**177.4**	**+22**

- Despite softer volumes, disciplined pricing and cost management results in margins being maintained across most of Building Products portfolio (ex Viridian)
- Substantially higher volumes, improved crushing performance and higher realised price significantly improves Sugar EBIT
  - Earlier crush means EBIT weighted heavily to 1st half
- Prior hedging partly offsets decline in aluminium price
- Property EBIT expected to be weighted to 2nd half

CSR

Viridian—factors impacting performance

The business has encountered significant external headwinds, compounded by execution issues in downstream business (esp Clayton VIC)

A$m	2009	2008	%Δ
Trading Revenue	204.1	248.2	-18
EBITDA	8.5	39.4	-78
EBIT	**(5.6)**	**25.1**	**-122**

Impact on Performance

- Market size reduced by reductions in residential and more recently commercial demand
- Relatively high fixed costs caused earnings compression on lower volumes
- Retained upstream share but higher A$ impacts import parity price
- New Dandenong coater and float line were still improving towards full yields during 1st half
- Loss of market share (Vic downstream) from service issues re implementation of automated double glazed line at Clayton (and cost duplication from retaining manual capability during the period)

Impact on Valuation

- Thorough review of carrying value given recent experience and latest update to external drivers:
  - Forecast higher A$ impact on pricing
  - Weaker short term outlook for commercial construction markets
  - Delay in recovery of residential construction
- Leads to non-cash pre-tax impairment of $250 million to reduce carrying value to $550 million

Financial outlook YEM10

- **Sugar**
  - Earlier start and completion of crushing means EBIT in Raw sugar weighted to first half
  - Crushing near complete and 85% of crop priced, on that basis and given raw sugar market price, expect EBIT to be in the order of $120-$125 million
- **Building Products**
  - More recent positive lead indicators should assist EBIT growth in second half
  - On that basis, maintain view that full year EBIT is expected to be similar to last year
- **Aluminium**
  - Expect A$ metal price to be reasonably flat in second half
  - On that basis and noting hedging position for second half, full year EBIT expected to be in the order of $95-$100 million
- **Property**
  - EBIT subject to timing of specific transactions
  - On current transaction schedules, which are weighted towards year end, expect EBIT of approximately $20 million
- **Group**
  - No change to previous guidance – on current assumptions, on a pre demerger basis, expect Group EBIT (pre significant items) to be slightly higher than last year

3. Demerger of Sugar and Renewable Energy

CSR

Demerger overview and rationale

Demerger aims to unlock additional shareholder value over time

Overview of Transaction

- Demerger creates two independent and focused companies listed on ASX:
  - Australia/New Zealand's leading Sugar and Renewable Energy company
  - Premium branded Building Products company with attractive investment in aluminium
- Shareholders expected to vote on Demerger in or around February 2010
- Eligible CSR shareholders to receive shares in SugarCo pro rata to their existing CSR shareholding at the date of demerger
- Completion expected in or around March 2010

Demerger Rationale

- Separate businesses can focus on individual growth objectives and core competencies
- Provides shareholders with greater investment choice and opportunity to manage their exposure to respective sectors
- Each company will be able to adopt a capital structure and dividend policy more tailored to its specific needs/business profile
- Demerger expected to facilitate better recognition of value of businesses over time

CSR

Market-leading, independent businesses

Creates two market leading businesses

Sugar and Renewable Energy

- A sustainable, globally relevant sugar and renewable energy company
- Largest producer of raw and refined sugar in Australia and New Zealand
- A leading producer of renewable sugar based ethanol and renewable energy from biomass in Australia
- Increasingly stable earnings from Refining and Renewables
- Capital spend programme in Refining and Mills largely complete by end YEM10
- Positive fundamentals for long term raw sugar price expected to continue based on increasing world sugar and ethanol demand

Building Products

- Portfolio of leading brands and market share positions in Australasian building products, weighted towards residential sector
- Well established and extensive distribution channels and long standing customer relationships
- Leading provider of energy efficient products and systems in Australian residential/commercial sector
- Leverage to expected cyclical upswing in Australia/New Zealand construction markets
- Consistent cashflow generation, enhanced through attractive investment in aluminium smelter and medium-term property development pipeline
- Standalone structure provides ability to participate in value accretive growth opportunities which may arise
- Capital spend programme largely complete by end YEM10
- Continued prudent management of contingent product liabilities

CSR

Board and Senior Management Structure

Both businesses equipped with strong Boards and experienced Senior Management

Sugar and Renewable Energy

Non Executive Directors
- Richard Lee (Chair)
- Nicholas Burton Taylor
- John Story
- (further NED to be appointed in due course)

Executive
- Ian Glasson (CEO & Managing Director)
- Ken Picard (CFO)

Building Products

Non Executive Directors
- Ian Blackburne (Chair)
- Kathleen Conlon
- Ray Horsburgh
- Jeremy Sutcliffe

Executive
- Rob Sindel (CEO & Managing Director)
- Shane Gannon (CFO & Executive Director)

NOT FOR DISTRIBUTION OR RELEASE IN THE
UNITED STATES OR TO US PERSONS

CSR

Sugar business further strengthened with Refining acquisition

- **Moves to 100% ownership of Refining businesses**
  - To acquire remaining 25% of Sugar Refining joint ventures in Australia and New Zealand from Mackay Sugar Ltd—values 25% interest at A$100 million
  - Mackay Sugar to receive 8.77% shareholding in demerged Sugar and Renewable energy company
  - Mackay Sugar to maintain minimum shareholding of 7.5% in demerged entity for 12 months following demerger
  - Transaction conditional on regulatory approvals and demerger proceeding
- **Key benefits of transaction**
  - Simplified corporate and management structure
  - Access to 100% of the Refining cashflows
  - Increases market capitalisation
  - Endorsement of demerger from leading Sugar industry participant (Mackay Sugar)

Indicative demerger timeline

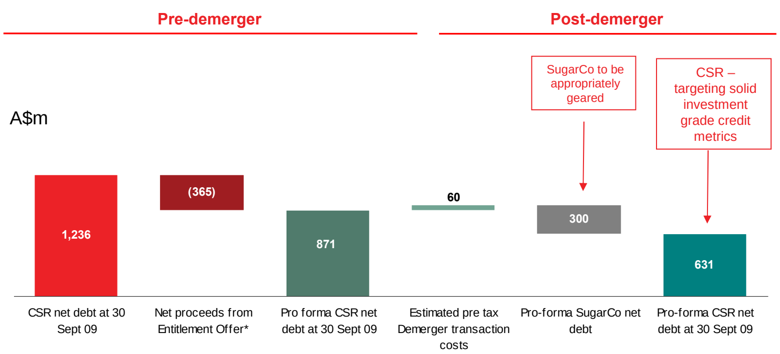
November 2009 to December 2009	Final documentation and preparation, Board Approval of Scheme Booklet
December 2009	ASIC review and court hearing to convene shareholders' meetings Dispatch of documentation to shareholders
February 2010	CSR shareholder meetings Court approval
March	Trading of independent businesses on ASX commences

Dates are indicative only and are subject to change

4. Financial Metrics

Pro forma debt structure

Entitlement Offer to facilitate demerger which will establish two independent companies with appropriate capital structures



* Net of assumed $10 million Entitlement Offer transaction costs

Demerger financial overview

Pro forma financial overview (excluding significant items)

	CSR pre-demerger (post Entitlement Offer)		SugarCo***		CSR post-demerger***	
A$m unless indicated	YEM09	1HYEM10	YEM09 PF	1HYEM10 PF	YEM09 PF	1HYEM10 PF
Trading Revenue	3,493	2,077	1,411	1,050	2,082	1,027
EBITDA	**475**	**296**	**136**	**142**	**342**	**156**
EBITDA margin	13.6%	14.3%	9.6%	13.5%	16.4%	15.2%
EBIT	**320**	**216**	**82**	**113**	**243**	**105**
EBIT margin	**9.2%**	10.4%	**5.8%**	10.8%	**11.7%**	10.2%
Pro forma net debt	**824***	**871***		**300**		**631****

* Excludes funding of estimated pre tax demerger costs of A$60 million. Based on assumed net proceeds from the Entitlement Offer of $365 million

** Includes estimated pre tax demerger costs of A$60 million

*** Reflects pro forma adjustments arising as a result of the demerger, such as changed corporate costs structures

Indicative capital position and coverage ratios for demerged companies as at 31 March 2010

	SugarCo	CSR post-demerger
Indicative Gearing (net debt/net debt plus equity)	22–27%	35–40%
Indicative Leverage Ratio (net debt/EBITDA)	1.5–2.0x	1.8–2.2x
Indicative Interest Cover (EBITDA/net interest)	6.5–7.5x	6.0–7.0x

Capital structure and dividend policy

Sugar and Renewable Energy

- Starting net debt of $300 million[1] + working capital adjustments
- Credit approved[2] facilities exceeding requirements
  - Intended to be utilised as follows:
    - 'base' level of debt $300 million
    - working capital revolving facility to cover working capital requirements, including margin calls on Sugar hedging
  - Structured as bilateral revolving facilities
- No credit rating sought but pro forma financial structure consistent with investment grade credit metrics
- Indicative dividend payout policy of 40% of NPAT (pre significant items), subject to the review of the Board
  - Indicative YEM10 Final Dividend and YEM11 Interim Dividend payout expected to be 40% (pre significant items) (unfranked)
- Franking credits expected to be available from YEM11 final dividend onwards

CSR post demerger

- Pro forma indicative net debt of $610 million[1]
- Credit approved[2] facilities exceeding requirements
  - Intended to be utilised as follows:
    - 'base' level of debt $610 million
    - working capital facility
  - Structured as bilateral revolving facilities
- Targeting solid investment grade credit metrics
- Currently in the process of confirming credit rating
- Indicative dividend payout policy of 60–80% of NPAT (pre significant items)
  - Indicative YEM10 Final Dividend and YEM11 Interim Dividend Payout expected to be 60% of NPAT (pre significant items)
- Dividends expected to be fully-franked

Note:
1. Assumes date of demerger at 31 March 2010
2. Subject to customary conditions and documentation

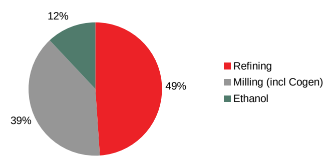
5. Sugar and Renewable Energy

NOT FOR DISTRIBUTION OR RELEASE IN THE
UNITED STATES OR TO US PERSONS

Strong capabilities in sugar

- Largest producer of raw and refined sugar in Australia and New Zealand
- One of the world's lowest cost sugar producers
  - Cost competitive and highly efficient by world standards
- Australia's largest producer of raw sugar and 7th largest international supplier
- Australia/New Zealand's leading consumer brands across the sweetener market
- A leading producer of ethanol and renewable energy in Australia
  - Australia's largest producer of sugar based ethanol
  - Australia's largest renewable energy generator from biomass with cogeneration capacity of 170 MW with 105 MW available for export

YEM09 EBIT Split



YEM09 EBIT $83.7 million
YEM09 Revenue $1.41 billion

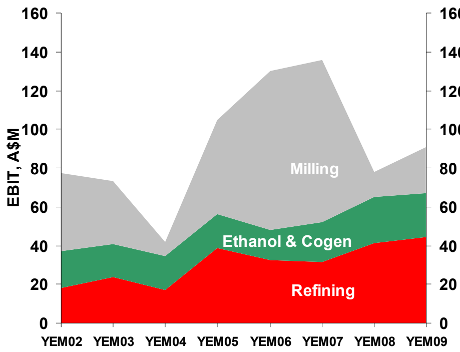
Refining EBIT includes minorities

NOT FOR DISTRIBUTION OR RELEASE IN THE
UNITED STATES OR TO US PERSONS

EBIT from milling, refining and renewable energy

- Increased Milling EBIT in first half from improved volumes and earlier start to crush and higher raw sugar price
- Increasing EBIT from growth in Refining and Renewables
  - Significant proportion of sugar pricing 'locked in' through hedging positions
- Capital spend programme largely complete
  - Significant capital spent over last 3 years upgrading facilities to maximise operational efficiency
- Positive industry outlook
  - Positive trend for long term sugar price based on increasing world sugar and ethanol demand with near term supply issues

Increased earnings base from refining and renewables

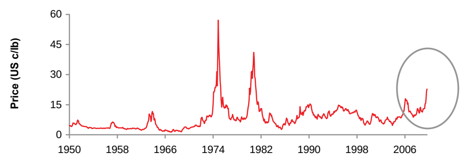


NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS

Positive market dynamics for sugar and renewable energy

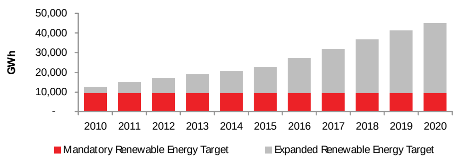
- Longer term fundamentals are supportive for global raw sugar price
  - World sugar price increased significantly during 2009
  - Relative increase in Brazilian costs as BRL appreciates
  - Forecast global supply shortage from lower production in India and slower growth in Brazil
  - Increasing demand for Brazilian fuel-grade ethanol which tightens sugar supply
  - Removed export subsidy in EC
- Global sugar demand remains strong
  - Sugar demand growth of ~1.7% p.a., implying growth of ~20 million tonnes to 2015
  - Growth in demand in developing countries at ~2.5% p.a.
- Carbon constrained economy expected to drive increased demand for renewable fuel and energy
  - Legislation (CPRS, RET) expected to drive increased demand for renewable energy
  - Growing consumer preference for renewable fuels

World ICE#11 Raw Sugar Price



(Source: Bloomberg)

Expanded Renewable Energy Target



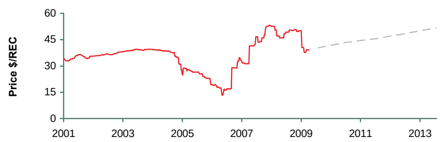
(Source: Department of Climate Change)

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO US PERSONS

A significant producer of renewable energy—cogeneration

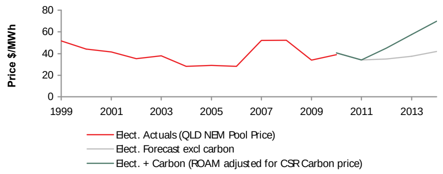
- CSR is Australia's largest producer of renewable electricity from biomass
- Produces enough renewable energy to operate each of its 7 mills, and has two sites where a significant surplus is produced—Invicta and Pioneer
- Cogeneration capacity of 170 MW with 105 MW available for export—total electricity generation is ~510GWh p.a.
- ~285 GWh exported to national grid annually on average (similar quantity of Renewable Energy Credits—RECs)
- Positive outlook for REC prices provides opportunities for growth
- Future REC and electricity prices expected to be supported by carbon price following introduction of proposed CPRS

Renewable Energy Certificate (REC) Prices



(Source: AFMA, NGES)

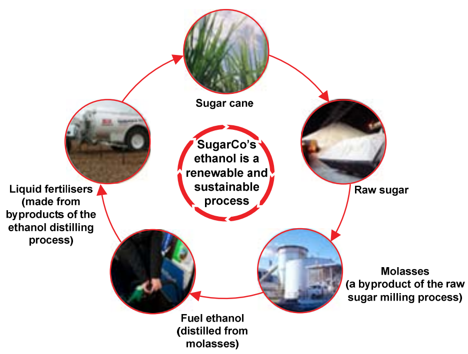
Base Electricity Prices



(Source: Roam Consulting, NEMMCO, CSR Analysis)

A significant producer of renewable energy—ethanol

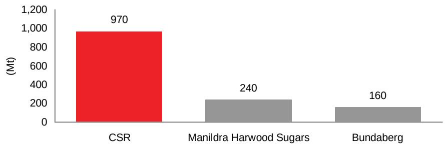
- The largest Australian producer of sugar based ethanol, with volumes tripling in total over the last 3 years
- Two major upgrades to Sarina plant generating 60ML p.a. of renewable fuel ethanol
- The leading market share in most key applications in the industrial ethanol market
- A significant and growing fertiliser market share in major Queensland farming areas with innovative "Liquid One Shot" products
- Significant potential for growth—potential to make up to 100 ML of ethanol using molasses
- The Sugar industry has potential to supply large amounts of ethanol but requires:
  - Further market development
  - Supportive government policy
  - Attractive price relativities
  - Further capital investment



The market leader in refined sugar in Australia/New Zealand

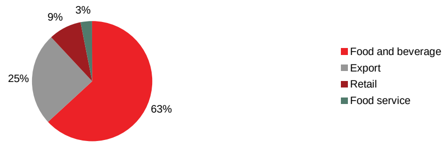
- Current joint venture between CSR (75%) and Mackay Sugar Ltd (25%)
  - binding agreement for CSR to move to 100% ownership on demerger
- Refines and markets a complete range of liquid and crystal sugars for industrial markets, as well as offering a complete branded product range (incl sweeteners) for consumer markets
- A comprehensive network of manufacturing, packing, and warehousing facilities provides a secure supply chain across Australia, New Zealand and into the Asia Pacific region
- Services multiple end use markets

Refining Capacity by Company



Source: CSR Analysis

CSR Refined Sugar End Use Breakdown



Source: CSR Analysis

Conclusion—key investment highlights

- **Positive market dynamics for sugar and renewable energy**
  - Longer term fundamentals are supportive for global raw sugar price
  - Global sugar demand remains strong
  - Carbon economy should drive increased demand for renewable energy
- **Well positioned to capitalise on positive trends**
  - Australia's largest producer of raw sugar with strong export capability
  - Maintaining cost competitiveness with global market leader Brazil
  - Australia/New Zealand's leading producer of refined sugar with leading brands and market share
  - Australia's leading producer of sugar based ethanol and largest producer of renewable electricity from biomass

6. CSR (post demerger)

Market leading building products brands; attractive aluminium investment

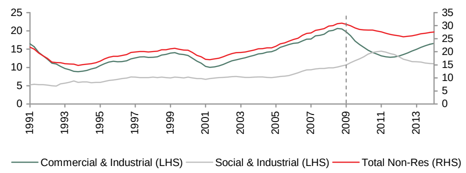
Market leading building products company focused on Australia/New Zealand residential and commercial construction markets

Leverage to cycle	■ Leveraged to expected cyclical upswing in Australia/New Zealand residential construction markets
Market leading brands	■ Portfolio of market leading building products brands with extensive channels to market and customer relationships
Strong cash flows	■ Consistent cashflow generation, enhanced through attractive investment in aluminium smelter and medium-term property development pipeline
Growth opportunities	■ Well capitalised with financial flexibility to participate in industry restructuring and value accretive growth options that may arise

Lead indicators point to a recovery in residential markets

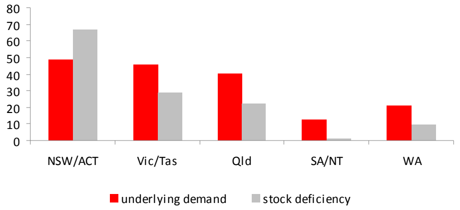
- Australian market has been under-building since 2006
- Significant pent-up demand, most notably in NSW
- Housing approvals and Finance approvals both recovering from cyclical lows in March 2009
- Investor and upgrader segments are recovering to potentially mitigate drop-off in First Home Owner segment
- Supply side constraints starting to be addressed
- Non-residential markets weaker in near term
- Asian technical insulation business also trending positively
- New Zealand market (~10% revenue) showing signs of recovery

Australian Non Residential value of work done (A$bn)



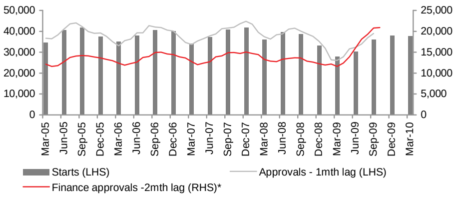
Source: ABS, BIS Shrapnel

Underlying demand v stock deficiency as at June 2009 ('000 dwellings)



Source: BIS Shrapnel

Australian Residential lead indicators (#)



*Owner-occupier construction finance approvals

Source: ABS

CSR

Leading brands and strong market position

Business Unit	Major Brands	Position	Share (Aust)
Lightweight Systems	Bradford for smarter environments	#1-2	>40%
	GYPROCK Everything else is just plasterboard	#1-2	>30%
Viridian	Viridian New World Glass	#1	~55%
Bricks and Roofing	PGH Bricks & Pavers	#2	~26%
	MONIER Living in style	#1	~20%

Residential accounts for ~70% of Building Products revenue

Non-residential accounts for ~30% of Building Products revenue

CSR

Extensive distribution channels in building products market

- National coverage for key products
- Multiple channels, including wholly-owned trade centres and supply/fix services for key products
- Strong builder relationships and market offering

Depth and strength of Channels

	Raw Materials	Manufacturing	Distribution				
			3rd party channels resellers	CSR owned retail	Supply and Fit	National Retailers	Direct Sales
GYPROCK	Gypsium mine and JV	4 x manufacturing facilities	✓	Gyprock Trade Centres	✓	✓	✓
Bradford	Minor glass sourcing from Viridian	4 x manufacturing facilities	✓	Gyprock/Bradford dist centres	✓	✓	✓
Viridian		2 x bulk glass and 23 processing facilities	✓		✓		
PGH	Quarries	7 x brick manufactucting facilities		Selection centres			✓
MONIER / WUNDERLICH	Quarries (for Terracotta)	5 x tile plants, 1 x JV (W A)		Selection centres	✓		✓

BUILDER/COMMERCIAL CONTRACTOR

Builder relationships & cornerstone brand

Viridian – management action and strategy

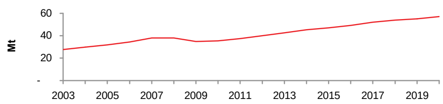
Viridian remains an important strategic component of CSR's energy efficient product portfolio

Management focus	■ New senior management structure as of 25 October. Flatter structure with Upstream Manager and new Australian Downstream Manager directly reporting to CEO CSR Building Products
Cost structure	■ Further streamlining and operational improvements will lead to a reduction in both overhead and site variable costs ■ Clayton operational performance improving, enabling elimination of remaining temporary resources ■ Capex constrained
Demand	■ Leverage expected recovery in residential housing construction ■ Further integration to leverage CSR customer relationships
Energy efficiency	■ Continue to influence and leverage increased regulatory requirements and architectural trends for energy efficient glass ■ Complete roll-out of fully-automated double glazed unit production in Sydney/Auckland, delivering economies of scale and improved quality
Customer service	■ Implementing new service proposition in downstream markets ■ Differentiated service and pricing offering to build market share
Outlook	■ Business expects to be at operational breakeven YEM10 ■ On the basis of current market and lead indicators, expect positive EBIT in YEM11

Attractive investment in globally competitive aluminium business

- CSR owns 70% of Gove Aluminium Finance (GAF), which holds a 36.05% interest in the Tomago Aluminium smelter joint venture
- Tomago is one of the world's lower cost aluminium smelters
- Tomago's competitive cost position is attributable to:
  - Large scale operation
  - Close proximity to alumina supplies
  - Competitive electricity supply contract (to 2017)
  - Recent technology (AP22)
  - Operational efficiency
- Historical steady cash flow generated by:
  - Long term customer base
  - Established supply contracts (e.g. alumina)
  - Forward hedging of currency and metal exposures
- Future EBIT will be dependent on metal prices and currency impacts

World Primary Aluminium Consumption



Source: Brook Hunt Long Term Outlook for Aluminium 2nd Qtr Volume 2009

- Positive longer term aluminium demand driven by:
  - Increased urbanisation and infrastructure particularly in emerging markets
  - Strong, lightweight qualities provide significant application across various sectors and industries (e.g. packaging and motor vehicles)
  - Recyclability of aluminium metal provides excellent life-cycle benefits in carbon constrained economies

Property – maximising returns from sale of legacy operating sites

- Additional cashflows generated through partial development and sale of legacy operating sites
- Development portfolio comprised primarily of large scale infill developments in metropolitan areas in Qld, NSW and Vic
- EBIT subject to timing of transactions
- Continued soft industrial markets – short term focus on sales to specific end use trade buyers
- Medium term focus on advancing project mix across Qld, NSW and Vic

Strong medium-term development pipeline

Darra, Brisbane	■ A 16 hectare light industrial sub-division which is fully developed with 13 out of 40 lots available for sale ■ Total project estimated gross revenue is $41 million
Erskine Park, Sydney	■ A 12 hectare industrial sub-division. DA approval obtained with marketing program commenced ■ Estimated gross revenue is $30 million
Narangba, Brisbane	■ A 600 lot residential development with DA approved in September 2009 ■ Estimated gross revenue is $100 million
Brendale, Brisbane	■ A 600 lot residential and 70 hectare industrial development. Site remediation works have commenced and rezoning is expected to be completed in 2009 ■ Estimated gross revenue - residential - $110 million; industrial $130 million
Chirnside Park, Melbourne	■ A 450 block development. The Victorian State government is currently determining rezoning application ■ Estimated gross revenue is $100 million

Conclusion – key investment highlights

- **Well positioned to leverage the expected cyclical upswing in the Australian/New Zealand construction markets**
  - Portfolio of leading brands and market leading positions with extensive channels to market
  - Enhanced, low cost manufacturing capability from recent capital reinvestment program
- **Well positioned to capitalise on growth in emerging building trends – sustainable housing and medium/high density living**
  - Leading portfolio of energy efficient building products
  - Premium branded, lightweight systems and solutions to meet building trends
- **Consistent cash flow generation and attractive dividend stream**
  - Strategic investment in globally competitive aluminium smelter
  - Capital reinvestment programme largely complete
  - Medium term property development pipeline provides additional cash flows
- **Financial position allows flexibility to pursue growth options**

7. Conclusion

Conclusion

- **Key initiatives to progress demerger**
  - Demerger remains on track for completion in or around March 2010, subject to remaining due diligence, shareholder, court and other approvals
  - Entitlement Offer facilitates demerger which will establish two independent, well capitalised companies on ASX
  - Sugar Refining business strengthened by acquisition of remaining 25% of Joint Venture in Australia/New Zealand
  - First half result—EBIT (pre significant items) up 22%, re-affirm previous guidance: on a pre demerged basis YEM10 Group EBIT (pre significant items) expected to be slightly ahead of last year
- **Demerged companies well placed to pursue standalone strategies:**
  - **Sugar and Renewable Energy**
    - Positive fundamentals for raw sugar price, cost competitive position in milling
    - Market leading positions in Refining and Renewable Energy
  - **CSR (post demerger)**
    - Portfolio of leading brands, extensive channels to market, long established customer base
    - Leverage to expected cyclical upswing in Australia/New Zealand construction markets
    - Investment in one of the world's lower cost aluminium smelters

Appendix
Additional Information on First Half Financial Results

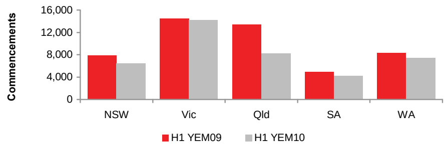
Building Products

Year on year decline in commencements impacts volume

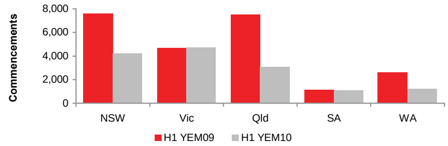
A$m	2009	2008	%∆
Trading Revenue	**775.1**	818.2	-5
EBITDA	**89.0**	109.6	-19
EBIT	**53.4**	74.8	-29
EBIT Margin	**6.9%**	9.1%	

- Margins (ex Viridian) generally maintained from disciplined pricing and cost management across portfolio
- Improving leading indicators results in expectation that EBIT will be weighted to second half
- Strong contribution from Insulation in first half
- Continued comprehensive management focus on costs and operational improvements
- Continued focus on cash generation

Further decline in commencements – detached housing 1qtr lag



Further decline in commencements—other residential 1qtr lag



Source: ABS

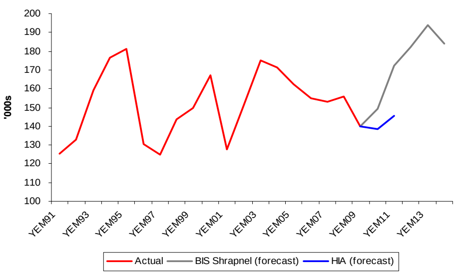
Building Products revenue summary

Trading Revenue A$m	2009	2008	% Δ
Lightweight Systems			
GYPROCK, cemintel, Bradford, Hebel, EDMONDS, FRICKER	432.3	410.7	+5
Viridian	204.1	248.2	-18
Bricks and Roofing			
MONIER, WUNDERLICH, PGH, mySTEEL	138.1	166.0	-17

- Lower housing starts and commercial activity affects volume (ex insulation)
- Price discipline and cost management across portfolio to protect margins
- Insulation well placed to capitalise on rebate scheme
- Continued operational improvement programs – business is aligned for current market
- Well positioned to leverage expected cyclical upturn

Well positioned for cyclical upturn

Australian Residential housing starts



- CSR retains substantial leverage to cyclical improvements in building cycle
- Capital reinvestment program (now virtually complete) has strengthened individual assets in advance of cyclical upturn
- Leading brands in energy efficient markets to leverage industry and regulatory moves towards greater energy efficiency in the built environment
- Streamlined divisional structure provides ongoing efficiencies and aligned strategy

Sugar

CSR

Sugar – improved mills performance, higher price drives EBIT

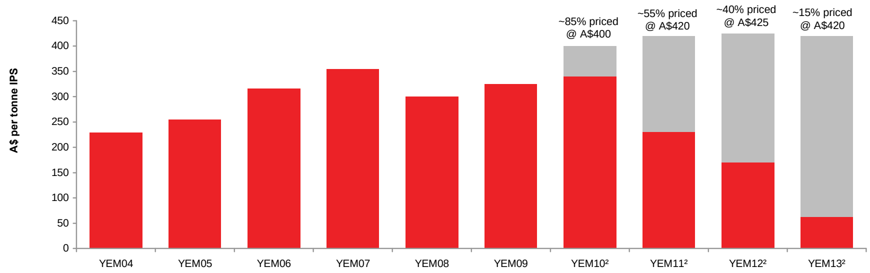
A$m	2009	2008	%Δ
Trading Revenue	**1,050.1**	710.9	+48
EBIT	**114.2**	27.8	+311
EBIT margin	**10.9%**	3.9%	
EBIT by Business			
Milling	**87.0**	8.1	+974
Refining	**27.7**	17.9	+55
Ethanol	**6.0**	4.5	+33
Other	**(6.5)**	(2.7)	

- Earlier start to season, higher volumes and good crushing result improves EBIT in first half
- Higher average realised price adds to improved Raw Sugar EBIT—EBIT heavily weighted to first half
- Continued strong performance from Refining

CSR

Longer term fundamentals support sugar price

CSR realised raw sugar price A$ per tonne IPS[1]

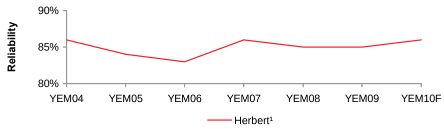


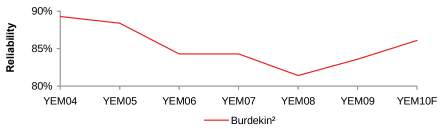
Notes:
1 As at 30 September 2009
2 At higher prices reduce ICE#11 Actual by ~A$25/t to get CSR IPS realised price

- Longer term trend for sugar price continues to be positive supported by market fundamentals
- ~85% priced for current season, continue to lock in prices for future seasons out to YEM13
- Increased take-up of grower forward pricing—~60% of growers are now forward pricing, encouraging land back to cane

Improved mills performance

Improved Mills Reliability following Asset upgrade





Source: CSR
1. Herbert—adjusted for non-mechanical boiler incident in YEM10
2. Burdekin—excludes period of clarifier failure in YEM09

- CSR realised sugar price (i.e. net of premiums, selling costs and hedging gains/losses) up from $A325/t YEM09 to expected ~$A400/t IPS at year end
- Increased amount of cane crushed vs last year and higher realised price drives EBIT
- Near completion of mills upgrade results in significantly improved crushing performance during season
- Lower crop, improved mills performance will mean earlier finish to season (weather permitting)
- Low rainfall in Herbert potentially impacts YEM11 crop

- Tonne IPS = equivalent tonnes of sugar at 96 pol, converted using standardised procedures incorporating the International Pol Scale (IPS).

Aluminium

CSR

Prior hedging helps to part offset lower metal price

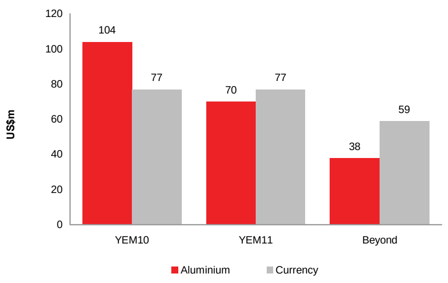
A$m	2009	2008	%Δ
Sales ('000 tonnes)	**95,549**	90,764	+5
Ave A$ realised price per tonne	**2,630**	3,065	-14
Trading Revenue	**251.3**	278.2	-10
EBIT	**59.3**	70.4	-16
EBIT Margin	**23.6%**	25.3%	
LME/US$ tonne	1,681	2,913	
US$/A$ average rate	0.796	0.916	
LME/A$ tonne	2,112	3,179	

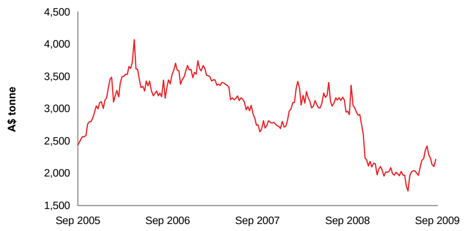
- Despite higher sales volumes, lower realised A$ price after hedging impacted revenue
- EBIT down in first half mainly due to lower realised price, mitigated in part by prior hedging
- Around 70% of net aluminium exposure hedged at A$2,991 per tonne for second half
- Around 95% of production for second half has been committed to sales
- Higher A$ impacts EBIT with lower hedged income for second half

CSR

Hedging position

Aluminium Hedge Book (as at 30 September 2009)





Source: LME as at 30 September 2009, Hedge Settlement Rate

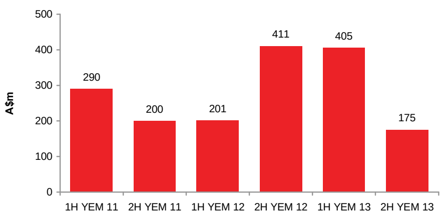
HYEM10	YEM11	Beyond	
0.716	0.727	0.688	Average currency rate in US cents
US$2,141	US$2,460	US$2,853	Average hedged aluminium price US$ per tonne
A$2,991	A$3,384	A$4,146	Average hedged aluminium price A$ per tonne
71%	21%	N/A	% of net aluminium exposure hedged[1]

Note:
1. CSR hedges net aluminium exposure which takes into account the natural hedge involved in alumina purchases. Net aluminium exposure equates to around three quarters of metal production.

CSR

Financial management – balance sheet (pre Entitlement Offer)

Facilities maturity portfolio



- Net debt at 30 September 2009 impacted by margin calls in Sugar on higher price ($27 million) and delayed aluminium shipment ($24 million)
- Near completion of capital spend to enhance free cashflow generation and assist in debt amortisation
- Continue to operate well within covenants (pre equity raising)
  - Covenants based on pre significant items cashflow metrics

	30 September 2009	31 March 2009
Net debt (A$m)	1,236	1,189
Gearing pre significant items	42.6%	37.0%
Gearing after significant items	46.7%	43.3%
EBITDA/interest (times)	9.6	5.5
Net debt/EBITDA (times)	2.4	2.5

CSR

Glossary

Term	Meaning
1H	First half
2H	Second half
A$, AUD, $	Australian dollars
ABS	Australian Bureau of Statistics
AEDT	Australian Eastern Daylight Time
ASX	Australian Securities Exchange, ASX Limited, the Australian Stock Exchange or the financial market it operates, as the case requires
BRL	Brazilian reals
CPRS	Carbon Pollution Reduction Scheme
CSR	CSR Limited (ABN 90 000 001 276)
CSR Group	CSR and its subsidiaries
EBIT	Earnings before net financing cost and tax
EBITDA	Earnings before net financing cost, tax, depreciation and amortisation
EPS	Earnings per share
Fx	Foreign exchange
Gearing	Net debt/(net debt + equity (excluding after tax fair value of derivative hedges from equity)
IPS	International Pol Scale
LTM	Last 12 months
MW	Megawatt
NPAT	Net profit after tax
PF	Pro forma
RET	Renewable Energy Target
S&P	Standard & Poor's
Securities Act	US Securities Act of 1933
US Persons	As defined in Regulation S under the Securities Act
YEM	Financial year ending 31 March