

CSR Limited

**Results Presentation
Year ended 31 March 2004**

19 May 2004

Highlights

**Stable
performance**

EBIT of \$263 million only slightly down despite 17% fall in sugar price

**Solid returns for
shareholders**

\$154 million distributed to shareholders through dividends and share buyback

**Value creating
growth**

\$237 million in growth projects announced



Results marginally down despite significant drop in sugar price

Year ended 31 March

	<u>2004</u>	<u>2003</u>	<u>% Change</u>
<u>\$ million unless stated</u>			
Trading revenue	1,970.8	2,051.2	-3.9
EBITDA	369.6	382.3	-3.3
EBIT	262.7	275.7	-4.7
Net finance expense	-13.0	-19.2	
Tax expense	-60.6	-63.5	
Outside equity interest	-28.9	-21.3	
Net profit	160.2	171.7	-6.7
Earnings per share (cents)	17.1	18.3	

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Diversified structure stabilises results

Year ended 31 March

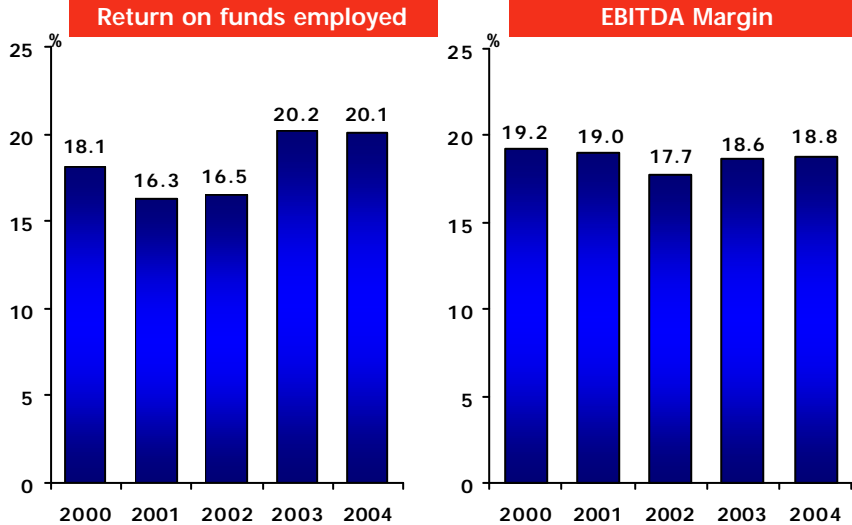
	<u>\$m EBIT</u>		
	<u>2004</u>	<u>2003</u>	<u>% Change</u>
Building Products	112.6	119.7	-5.9
Aluminium	144.2	126.3	14.2
Sugar ⁽¹⁾	37.6	70.8	-46.9
Property	15.9	23.5	-32.3
Corporate Costs	-18.6	-18.9 ⁽²⁾	
Subtotal	291.7	321.4	-9.2
Restructure & Provisions ⁽³⁾	-29.0	-45.7	
Total EBIT	262.7	275.7	-4.7

1. Raw sugar price of \$229 per tonne for YEM04 and \$274 for YEM03
2. Pro-forma allocation of corporate costs to reflect the demerger. Actual corporate costs of CSR in 2003 were \$32.3 million
3. Includes product liability costs, corporate restructuring and superannuation top-up costs partly offset by the write back of provisions

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Steady returns and margins



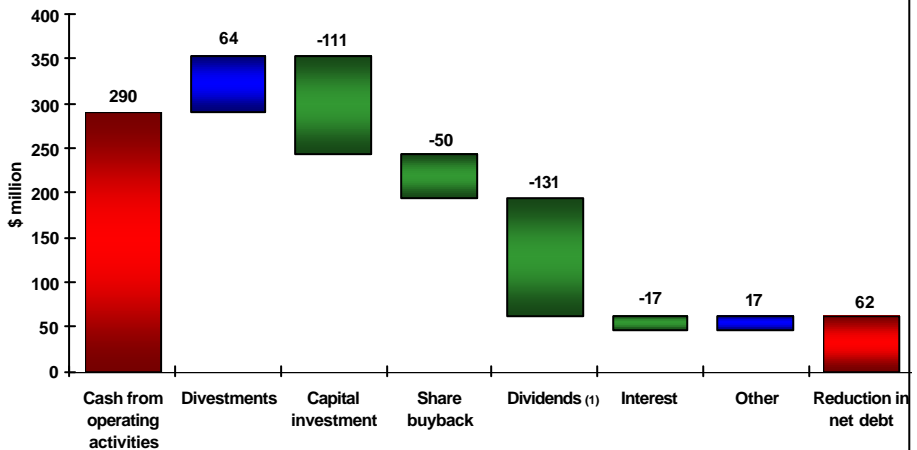
Note: Pro-forma financials for 2000-2002 based on demerger explanatory booklet dated 7 February 2003

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Strong cash flow supports growth, buyback and dividends

Strong cash flow supports growth initiatives, share buyback and high dividends combined with significant reduction in debt

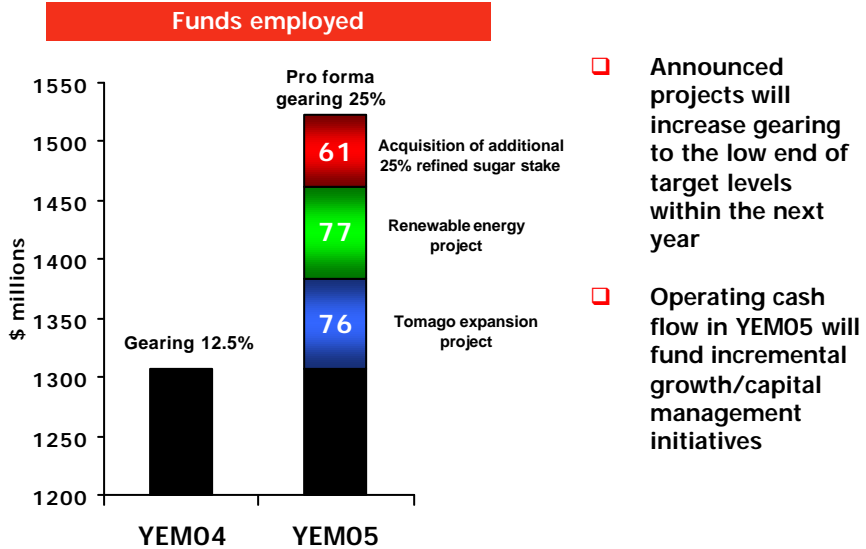


1. Includes \$27 million of dividends paid to outside equity interests.

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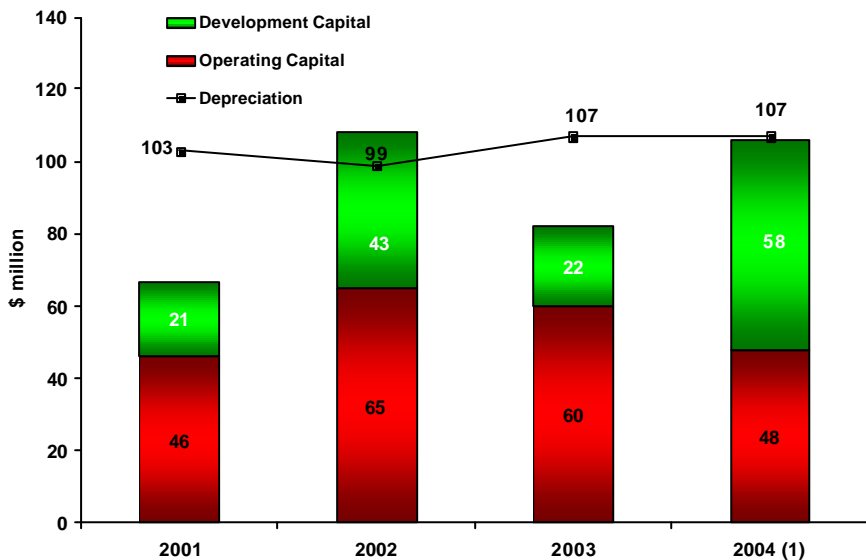
Gearing to reach low end of target levels by YEM 05



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Operating capex remains below depreciation



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(1) 2004 capital expenditure excludes \$64 million expansion of the Tomago aluminium smelter capitalised in YEM04 with payment to be made in YEM05.

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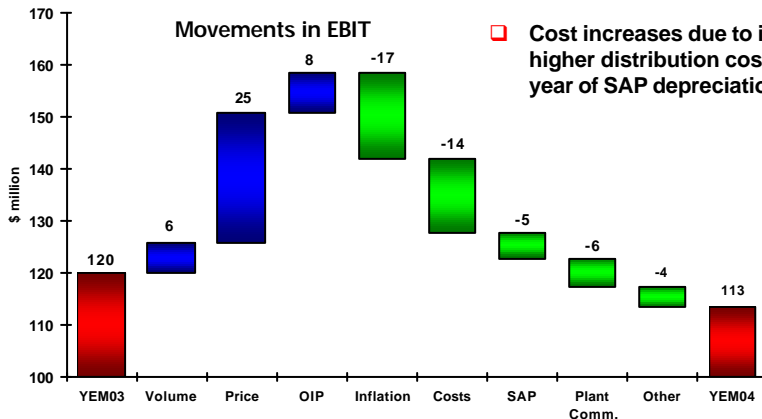
Building Products – price improvements partially offset softer market and higher costs

\$m YEM	2004	2003	%
Trading revenue	918	896	2.4
EBITDA	156	155	0.6
EBIT	113	120	-5.9
ROFE	19.4%	19.8%	

Flat operational result excluding \$5.6m of additional Rosehill commissioning costs

Strong increase in prices with increased volumes despite softness in some markets

Cost increases due to inflation, higher distribution costs and full year of SAP depreciation



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Improving performance – delivering quality products with lower costs

Extracting value from systems

Lower costs
Better customer service

Reducing unit costs

SAP already delivering better price control – need to improve cost performance

Focused initiatives to improve efficiency and logistics

Forecast to double OIP benefits

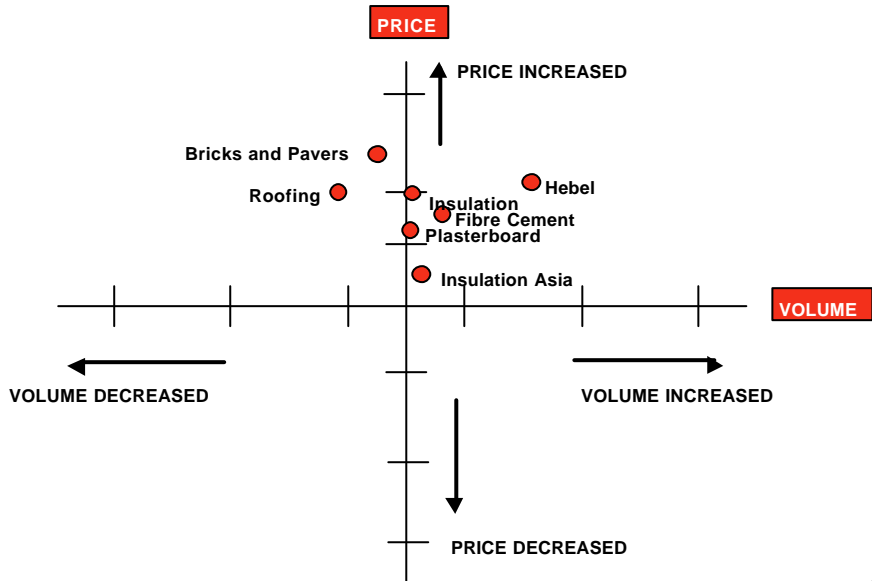
Resolving Rosehill cost issues

Expanding low cost capacity (eg increasing brick production in Brisbane and Auckland)

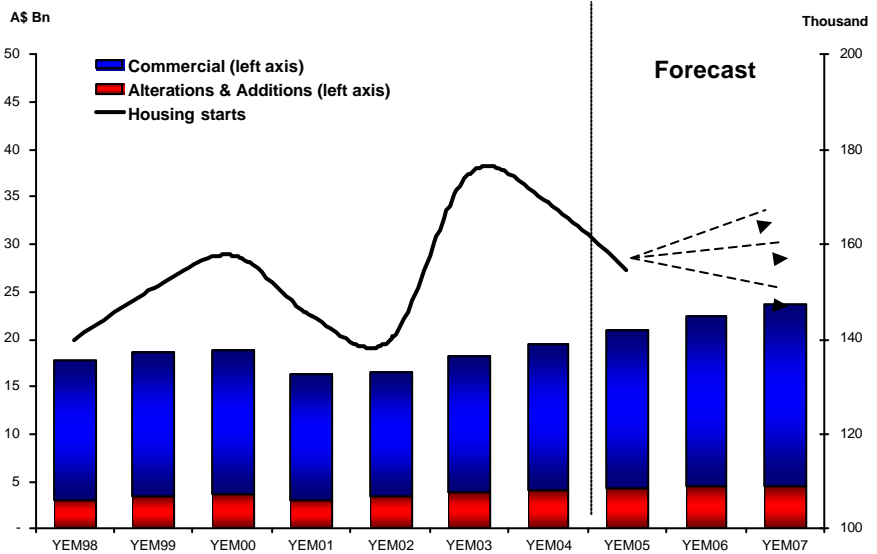
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Pricing improvements in all products



Building market outlook



Source: BIS Shrapnel, HIA forecasts

Insulation expansion in China

- ❑ Leasing 6,000 tonne glasswool plant in Nanning with new production underway
- ❑ Operated in conjunction with 8,000 tonne plant in Zhuhai
- ❑ Low cost opportunity to increase glasswool sales through well established distribution network in Asia
- ❑ Other operations in Asia
 - 3 rockwool plants – Dongguan (China) Bangkok, Kuala Lumpur
 - 5 distribution centres – Shanghai, Hong Kong, Singapore, Manila, Ho Chi Minh City
 - 1 aerated lightweight concrete plant – Senawang (Malaysia)
- ❑ Reviewing additional opportunities for low cost insulation expansion in Asia

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Paroc Panel systems

- ❑ Paroc Panel high performance system established in 2003.
Progress to date:
 - Start up sales and marketing team established in Australia
 - New Zealand recruitment and distributor negotiations underway. Building sales capacity in China
 - Established channels for importation, warehousing and distribution
 - Building relationships with installers
 - Quotes provided on a large number of projects
 - Several projects have specified Paroc Panels for use in construction later this year



Fire Proof



Installation Simplicity



Design Flexibility



Strength

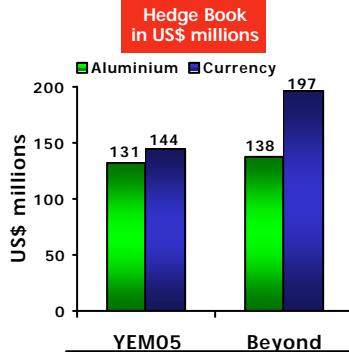
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Aluminium EBIT up 14.2%

\$m YEM	2004	2003	%
Trading Revenue	449	447	0.6
EBITDA	167	149	12.5
EBIT	144	126	14.2
ROFE	67.9%	47.7%	

- ❑ EBIT improvement of 14% on flat revenues
- ❑ Result strongly supported by prior year hedging
- ❑ Tonnage sold increased by 1% to a record of 166,723
- ❑ Value added products up 2.5%
- ❑ LME price increased to US\$1,497 per tonne up 9.8% but the A\$ spot price fell by 12.8%

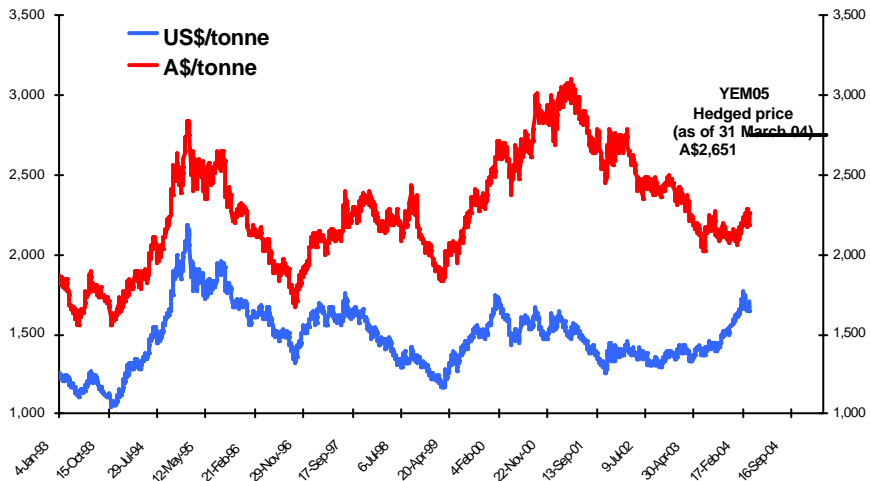


	YEM05	Beyond	
	0.548	0.552	Average forward currency rate in US cents
	1,453	1,461	Average forward aluminium price in US\$ per tonne

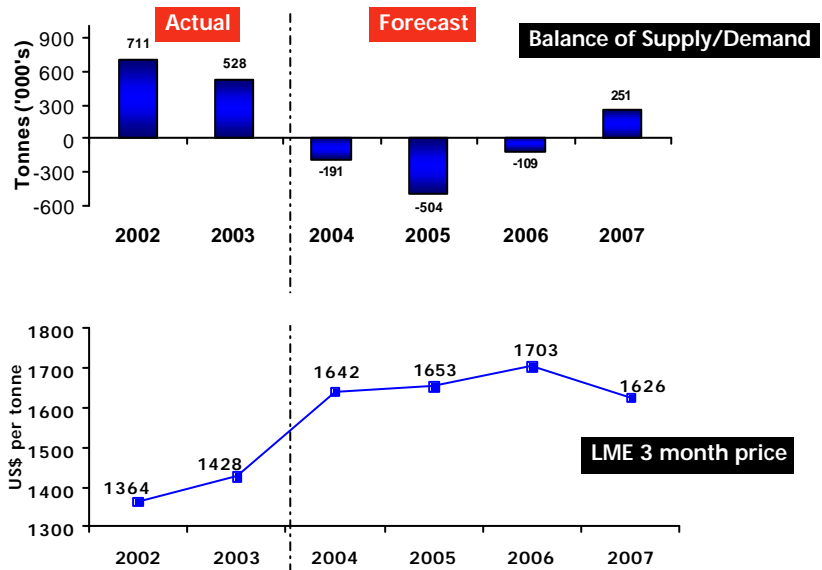


Hedging strategy to stabilise returns

US\$ and A\$ aluminium price over last 10 years



Aluminium market environment improving



Source: CRU International Ltd forecasts

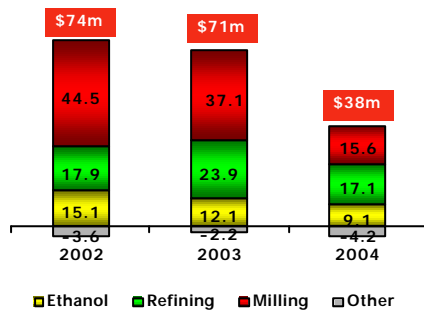
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Sugar prices fall to recent lows

\$m YEM	2004	2003	%
Trading Revenue	600	708	-15.3
EBITDA	73	107	-31.9
EBIT	38	71	-46.9
ROFE	5.7%	10.8%	

EBIT by Business



- ❑ Crop increased by 1% to 14.2m tonnes despite continued drought
- ❑ Raw sugar price fell 17% to A\$229 per tonne due to increased supply and the rising A\$/US\$
- ❑ Refining result down due to lower domestic demand
- ❑ Ethanol result down as export prices fell due to increased competition from Brazil

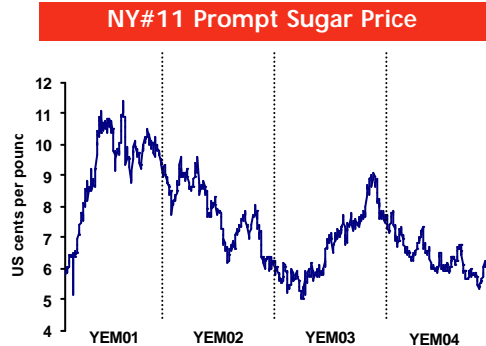
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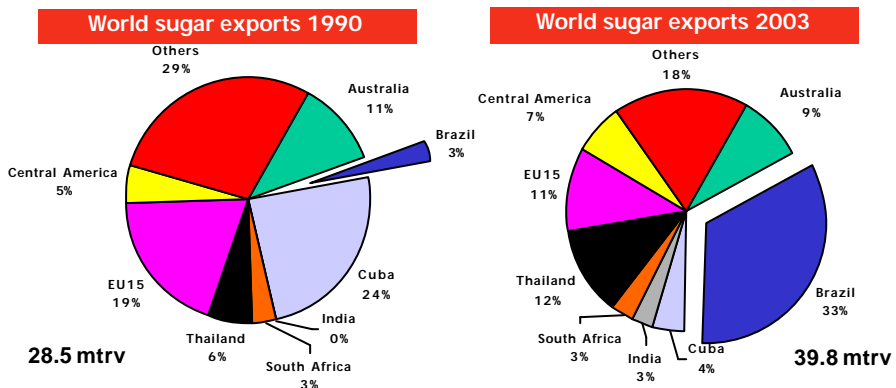
Dynamics of the sugar market

- ❑ A\$ returns for raw sugar reached recent lows
- ❑ Steady crop despite impact of drought

YEM	2004	2003	2002
Crop (mt)	14.21	14.07	11.62
Raw Sugar Production (mt)	2.14	2.14	1.78
CCS% of Sugarcane	14.65%	14.86%	14.94%
NY11 Average US cents per lb	6.44	6.76	7.64
CSR Pool Price – A\$/per tonne	229	274	331



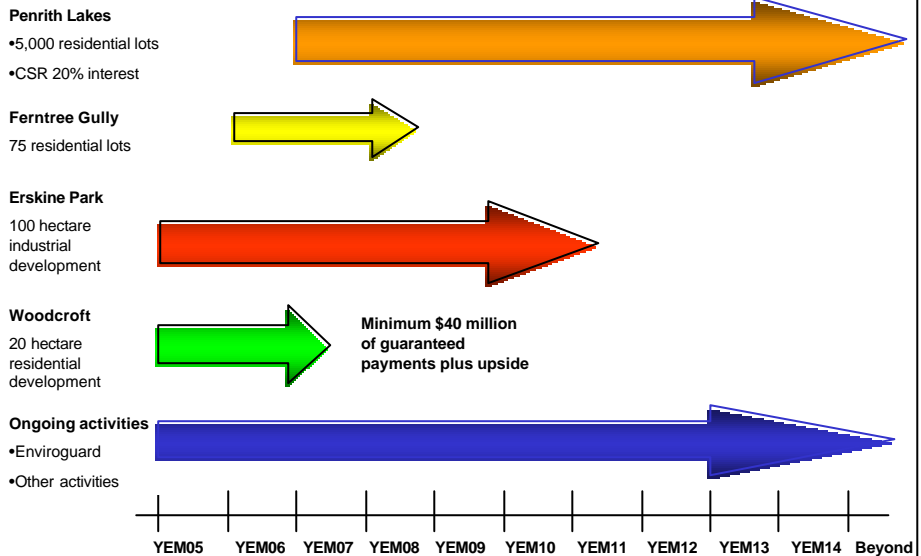
Structural changes in sugar market



- ❑ Expansion in Brazil is slowing
- ❑ There is no investment in sugar production outside of Brazil
- ❑ European sugar regime under review
- ❑ Freight rates remain high which impacts Brazil's exports to Asia

➢ Australia well placed to benefit from changes in sugar markets

Property returns sustainable over long-term



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Outlook

Building Products

- ❑ Slowdown in residential should be offset by A&A and commercial markets
- ❑ Result expected to be in line with YEM04 due to efficiency gains and cost improvements

Aluminium

- ❑ Lower A\$ returns will reduce GAF's EBIT by at least 10%

Sugar

- ❑ Continuing low world raw sugar prices will adversely impact returns – although the weaker A\$, if sustained, will help offset this

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Outlook

Property

- ❑ Contribution likely to increase significantly

Overall

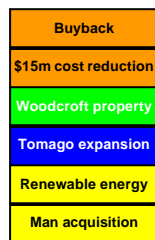
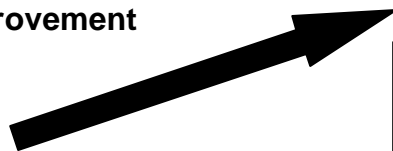
- ❑ Although some markets are slowing, cost savings and operational improvements should offset these factors
- ❑ Forecast is to achieve a pre-tax result broadly in line with last year

Tax consolidation impact

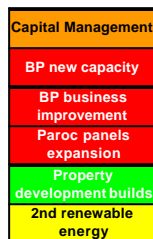
- ❑ Tax consolidation will provide a one-off tax benefit of at least \$35 million to be recognised in 2005 net profit

Building shareholder value

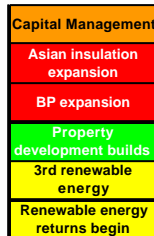
Growth and improvement



YEM04



YEM05



YEM06



Beyond

Conclusion

- ❑ Reasonable result in difficult circumstances
- ❑ Significant returns to shareholders
- ❑ Announced growth projects will benefit this year and beyond
- ❑ Positive trend in fundamentals for aluminium and sugar
- ❑ Building further value
 - Business improvement initiatives
 - Property contribution increasing
 - Value creating growth options
 - Capital management – share buyback continuing

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