



Acquisition of



Don Mathieson & Staff Glass Pty Ltd

12 September 2007

Agenda

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Overview

- CSR has entered into a conditional agreement to acquire Don Mathieson & Staff Glass Pty Ltd (DMS Glass) for \$175 million
- DMS Glass is a leading Australian glass processor and will provide CSR with significant downstream capability in Australia and New Zealand
- The acquisition follows CSR's recent acquisition of Pilkington Australasia (Pilkington) and represents significant further growth of CSR Building Products
- DMS Glass is a logical and strategic combination with Pilkington, enhancing CSR's position in the distribution of value-added glass
 - Delivers increased volumes for primary products
 - Enhancement of strong management team
 - Strong brands
 - Increased geographic reach
 - Strong growth prospects
- The acquisitions of DMS Glass and Pilkington are supported by compelling financial parameters
 - Recurring combined annual synergies of at least \$33m by YEM10 (including previously stated Pilkington synergies of \$20m)
 - DMS standalone acquisition multiple of 6.1x YEM08E maintainable EBITDA¹
 - The Pilkington and DMS transactions, together, represent an acquisition multiple of 7.5x YEM08 maintainable EBITDA¹
 - The transactions are expected to be EPS neutral in YEM08 and accretive thereafter, excluding one-off costs
- The acquisition of DMS Glass and Pilkington will be funded by a combination of debt and equity
 - \$150m underwritten placement of CSR shares to institutional shareholders
 - Share purchase plan (SPP) of approximately \$75m
 - Underwritten dividend reinvestment plan (DRP) for two dividend payments in November 2007 and July 2008
 - This combination of placement, SPP and underwritten DRP for two dividend payments replaces the DRP underwriting for three dividends previously announced
- The acquisition is conditional on ACCC clearance and will proceed in as short a time frame as possible

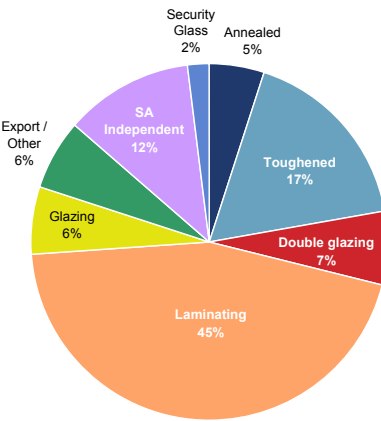
1. After maintainable synergies of \$13m and before \$6m of one-off costs

3 2. After maintainable synergies of \$33m and before \$21m of one-off costs

Overview of DMS Glass

- Privately owned company, established in 1985
- Don Mathieson, founder and current Chairman has led and significantly grown the business since that time
- DMS head office located in Clayton South, Victoria
- Sophisticated, automated manufacturing facilities
- FY2007 revenue of approximately \$96m¹
- More than 400 employees across Australia and New Zealand
- A leading provider of a number of specialty and value-added glass products (eg. toughened laminated glass)
 - Two glass processing and storage facilities in Clayton and Braeside in Victoria
 - Acquired SA Independent, a glass processor in South Australia, in April 2007


DMS Glass FY2007 revenue mix





Total revenue: \$96m


Source : Management accounts

Leading brands

- 
A-grade laminated safety glass products

- 
Thermally toughened/heat strengthened glass products

- 
Product range for thermal control and visual clarity applications

- 
As part of the announced transaction, DMS Glass will enter into a long term supply agreement with DigiGlass, a leading decorative glass company

1. Based on DMS Glass year end of 30 June.

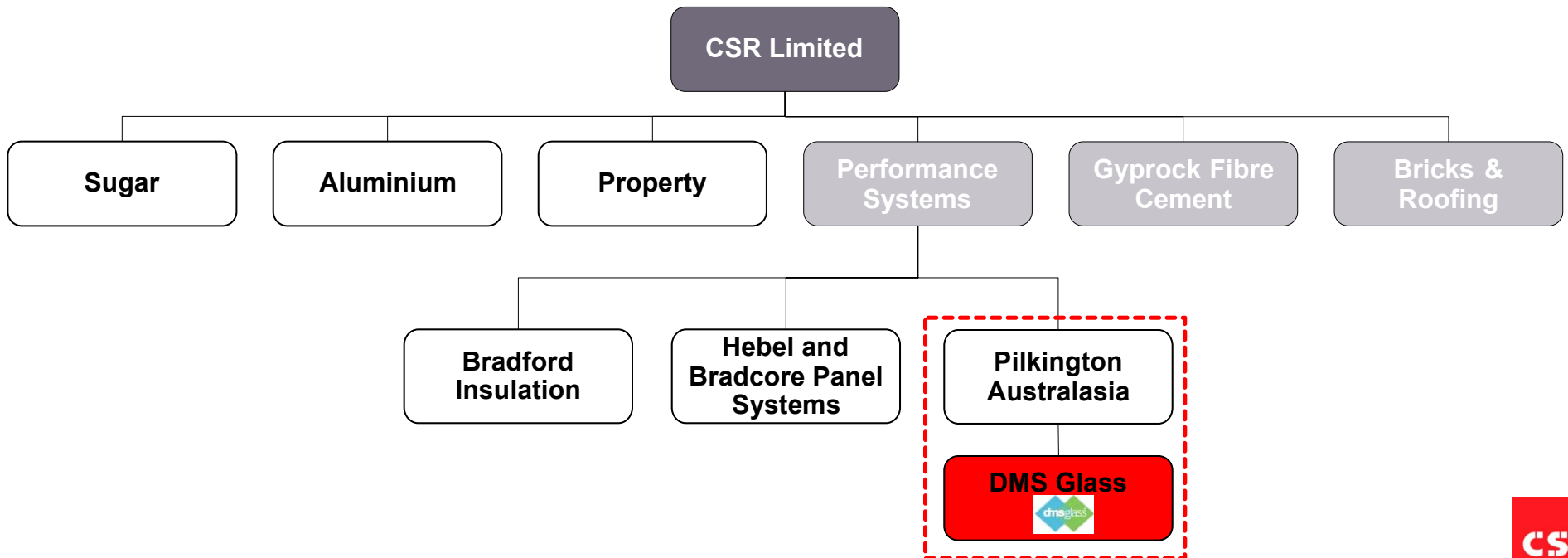


Acquisition rationale

- Transaction enhances CSR's position in distribution of value-added glass
 - DMS Glass is a leading Australian value-added glass processor
 - Will significantly enhance CSR Building Products' downstream value-added glass processing and distribution capabilities across Australia and New Zealand
 - Secure increased volumes for primary products
- Enhancement of strong management team
 - Experienced senior management of DMS Glass to be retained
- Strong brands
 - Potential to extend leading DMS Glass brands across Pilkington offerings
- Increased geographic reach
 - DMS Glass extends CSR's position in South Australia
- Strong growth prospects
 - Significant capacity upside through new Clayton processing facility
 - Continued strong growth in demand for architectural glass expected in residential and non-residential construction
 - Regulatory-driven demand for higher margin, energy efficient glass products in Australasia

Where DMS Glass fits in CSR

- The business will be managed within CSR Building Products' Performance Systems Group, which focuses on energy efficient products
 - The existing DMS Glass management team will continue with the business
 - 'DMS' and associated brands to be retained
- Acquisition will enhance CSR Building Products' position as one of Australasia's leading building products businesses
- CSR Building Products will have almost 5,350 employees and revenue of more than \$1.7 billion



Acquisition funding and impact

Acquisition funding

- Funding for DMS Glass and Pilkington acquisitions will comprise \$225m of new equity plus an underwritten DRP for two dividends
 - \$150m underwritten placement
 - Non-underwritten SPP of up to \$75m
 - Underwritten DRP for dividends in November 2007 and July 2008
- \$150m underwritten placement
 - Represents approximately 5.7% of issued capital¹
 - Fully underwritten by Goldman Sachs JBWere
- Share Purchase Plan
 - Up to \$5,000 per eligible shareholder, including retail shareholders
 - Total subscriptions under SPP of approximately \$75m
 - Shares issued at placement price
 - Documentation to be sent to Shareholders on or around 2 October 2007
- Placement, SPP and DRP combination replaces future DRP underwriting announced with Pilkington acquisition

Acquisition impact

- Together, the DMS Glass and Pilkington acquisitions
 - Are expected to generate recurring combined annual synergies of at least \$33m by YEM10
 - Are expected to record YEM08 pro-forma EBITDA of ~\$116m²
 - Are expected to be EPS neutral in the first year and EPS accretive thereafter

1. Assumes placement at the underwritten floor of \$3.00 per share. Final figures may vary from this level

2. Includes maintainable synergies of \$33m

CSR outlook

- On 4th September 2007 CSR issued a trading update forecasting YEM08 EBIT approximately 5% lower than YEM07 (excluding the DMS acquisition)
 - Building Products YEM08 EBIT excluding the Pilkington acquisition is expected to be 15 - 20% higher than in YEM07
- The acquisitions of DMS Glass and Pilkington enhance CSR Building Products' position in the distribution of value-added glass and deliver an ideal position from which to capitalise on the expected increasing demand for architectural glass products and increasing focus on energy efficiency
- The acquisitions are strategic and complementary and will result in significant recurring combined synergies amounting to at least \$33m each year by YEM10 (including stated Pilkington synergies of \$20m)
- The integration of Pilkington is proceeding according to plan and performance in the first two months of the acquisition is in line with expectations

Equity funding – indicative timetable

Institutional placement	
Book opens	12pm – Wednesday, 12 September 2007
Book closes – domestic	6pm – Wednesday, 12 September 2007
Book closes – international	7pm – Wednesday, 12 September 2007
Settlement of placement	Tuesday, 18 September 2007
Placement shares commence trading	Wednesday, 19 September 2007
All dates and times are references to dates and times in Sydney, Australia. Goldman Sachs JBWere, in consultation with CSR, reserves the right to vary the dates and times, including to close the book early or to extend the time that the book is open	

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