RESULTS PRESENTATION

Year ended 31 March 2020 (YEM20)

CSR

Agenda

Details	
1.	**Introduction** – Julie Coates, Managing Director & CEO, CSR Limited
2.	**Financial Results** – David Fallu, Chief Financial Officer, CSR Limited
3.	**Business Unit Performance** – Julie Coates
4.	**COVID-19 Response and Forward Planning** – Julie Coates
5.	**Q&A**

INTRODUCTION

1

Julie Coates, Managing Director & CEO, CSR Limited

Summary

YEM20 Results

- Solid performance as residential construction markets declined as expected

COVID-19 Response

- Health and safety first priority
- Business resilience strengthened
- Immediate cash preservation focus
- Extensive interactions with key stakeholders

Scenario planning

- Future planning to ensure well positioned to respond
- Maximise market opportunities
- Optimise production and inventory for changes in demand
- Cost control
- Manage liquidity

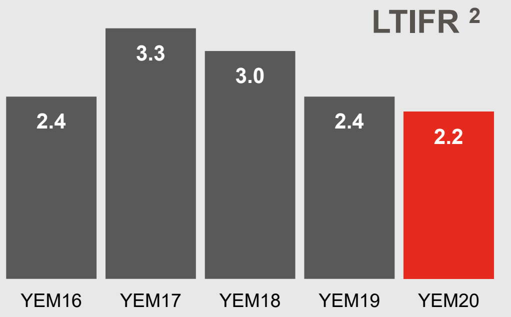
Highlights for YEM20

Operational and financial performance

- Statutory NPAT of $125m[1] – down 10% for continuing operations
- CSR Group EBIT of $217m[1] (before significant items) – down 18%
- Strengthened balance sheet with $95m of net cash and strong liquidity position
- Total dividends for the year of 14cps

Safety

8% improvement in YEM20



Business Performance

- **Building Products** – Revenue down 6% to $1.6bn reflecting lower residential construction activity
- **Aluminium** – EBIT of $60m up 63% following significant decline in A$ and lower input costs
- **Property** - Horsley Park transaction announced in Nov 2019 on track to deliver $80m in proceeds in YEM21

Sustainability

- Ten year targets to 2020 exceeded for CO_2e emissions[3] with a 24% reduction
  - Over 50% reduction in waste[3] to landfill since 2009
- For 2030, new targets cover key areas of energy, emissions, procurement, packaging, water, waste and biodiversity

1. CSR adopted AASB 16 *Leases* effective 1 April 2019, resulting in an increase to EBIT of $7 million and decrease to NPAT of $2 million for the full year to 31 March 2020. The comparative period has not been restated, refer to Note 14 in the annual report.
2. Lost time injury frequency rate (per million work hours).
3. CSR set four intensity targets in 2009 with a ten year goal of a 20% reduction per tonne of saleable product in energy, emissions, waste and water usage. Further details are included in the 2019 CSR Sustainability Report .

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2

FINANCIAL RESULTS

David Fallu, Chief Financial Officer, CSR Limited

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Group results for the full year

Results summary

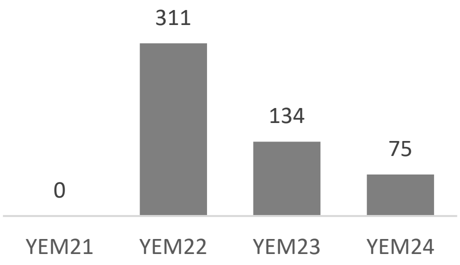
A$m (unless stated)	YEM20[2]	YEM19	change
Trading revenue from continuing operations	**2,212.5**	2,322.8	(5%)
EBIT from continuing operations			
Building Products	**170.5**	206.5	(17%)
Property	**(1.5)**	38.8	(104%)
Aluminium	**59.6**	36.6	63%
Corporate (including restructure and provisions)	**(11.8)**	(16.9)	30%
Group EBIT from continuing operations	**216.8**	265.0	(18%)
Net finance (costs) income	(10.8)	0.1	
Tax expense	(58.0)	(74.7)	
Non-controlling interests	(13.2)	(8.7)	
Net profit after tax from continuing operations [1]	**134.8**	181.7	(26%)
Significant items after tax from continuing operations	(9.5)	(42.8)	
Statutory net profit after tax from continuing operations	**125.3**	138.9	(10%)
Statutory net loss after tax from discontinued operations	–	(60.9)	
Total statutory net profit after tax	**125.3**	78.0	61%

1. All references are before significant items.
2. CSR adopted AASB 16 *Leases* effective 1 April 2019, resulting in an increase to EBIT of $7m and decrease to NPAT of $2m for YEM20. The comparable period has not been restated, refer Note 14 in the annual report.

- Revenue down 5% reflecting slowdown in residential construction
- CSR Group EBIT down 18% reflecting lower Building Products result and timing of Property transactions
  - Building Products - down due to lower activity and ongoing growth investment
  - Property – no material transactions were recorded during the year
  - Aluminium – earnings higher due to lower A$ and input costs
  - Corporate costs lower due to release of incentive provisions and leases
- Statutory NPAT from continuing operations down 10% to $125m
- Total statutory NPAT result $125m, up from $78m

Further strengthened balance sheet

Debt facilities – maturity profile (A$m)



Key metrics

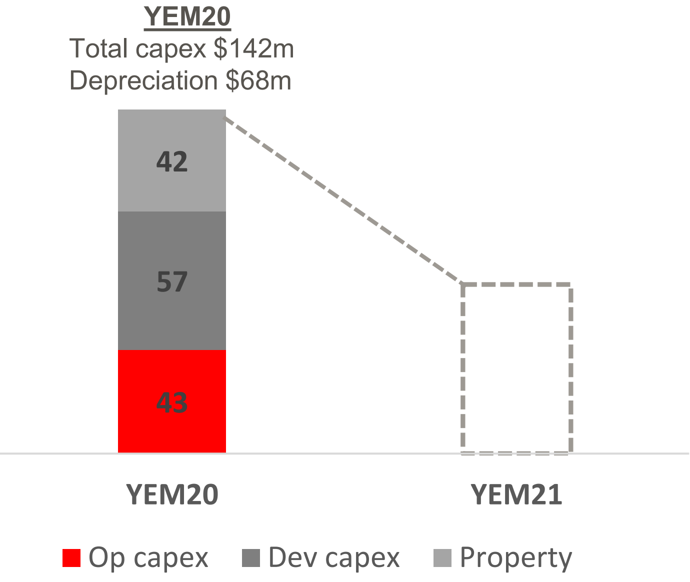
- Net cash of $95m
- S&P Rating BBB+ with no change in outlook
- Total facilities of $520m (of which $200m secured in May 2020)
- Substantial asset value of Property (currently at historical cost plus capex)

- Strong liquidity position
- On-market share buyback paused
  - Since March 2019, $69 million purchased for the $100 million on-market share buy-back
- No final dividend to be paid for YEM20. Total dividends for the year of 14cps (down from 26cps in YEM19)
  - Includes 10 cps interim dividend and 4 cps special dividend (both franked at 50%) reflecting deferred settlements on Property transactions from previous years

Significant capex completed in YEM20 following Hebel expansion

- Significant capital expenditure completed in YEM20 following $75m expansion of Hebel
  - Expanded Hebel's position as the only manufacturer of AAC (autoclaved aerated concrete) panels in Australia and NZ
- Continued to invest in growth initiatives in YEM20
- YEM21 projects to be managed within the context of future market activity
  - Focus areas include: safety, essential areas of technical support for customers, and other business critical projects
  - Ability to reduce capex by 40-50% from YEM20 level should market activity require
  - Priority to complete $6m in Property capex to deliver first tranche Horsley Park Stage 2 in YEM21 (sale proceeds $80m)

Capital expenditure (A$m)



Improvement in operating cash flow

Operating cash flow

A$m	YEM20	YEM19 [1]	change
EBITDA	**316.5**	348.5	(9%)
Net profit on asset disposals	3.5	44.3	
EBITDA excluding asset disposals	**313.0**	304.2	3%
Net movement in working capital	(19.4)	(44.5)	
Movement in provisions/other	3.6	5.2	
Operating cashflows (pre tax, asbestos & sig. items)	**297.2**	264.9	12%
Asbestos payments	(27.8)	(29.1)	
Tax paid	(16.6)	(12.1)	
Significant items	(6.7)	(16.4)	
Operating cashflows – post AASB16 (post tax & sig. items)	**246.1**	207.3	19%
Operating cashflows – pre AASB16 (post tax & sig. items)	**202.8**	207.3	(2%)

1. YEM19 cash flow includes Viridian prior to the sale of the business on 31 January 2019.

- Cash flow improved as previous year was impacted by timing of aluminium shipments
- YEM20 operating cash flow excludes lease payments of $43m which are now treated as a financing cash flow under AASB16 Leases
- Strong focus on managing working capital in current environment
- Operating plans in place to ensure management of inventory in anticipation of a slowdown in market activity
- Material YEM21 cash proceeds will include Horsley Park ($80m) and Rosehill ($17m)

3

BUSINESS UNIT PERFORMANCE

Julie Coates, Managing Director & CEO

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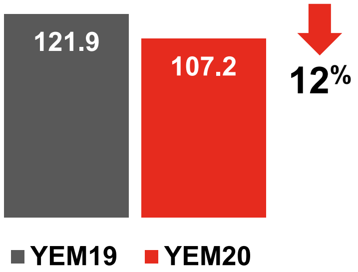
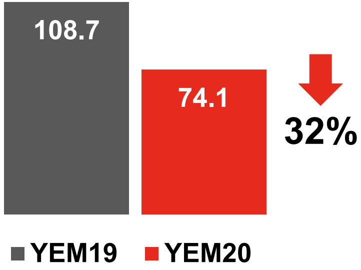
Market slowdown continued

Detached Housing[1] (12m to Sept, 000s)



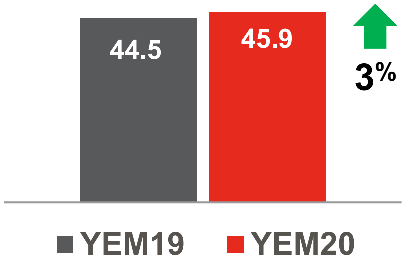
- VIC relatively robust – down 7%
- NSW down 15% and QLD down 18%

Medium and High Density[1] (12m to Sept, 000s)



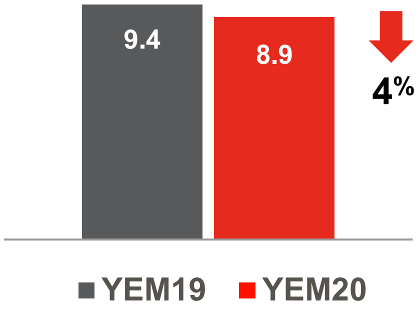
- Anticipated downturn
- Medium density down 22%
- High density down 38%
- Pipeline has supported activity throughout the year

Non-residential[2] (A$bn – 12m to Mar)



- Commercial market growth of 6% and social flat
- Non-res approvals continued to grow, up 17% in the year to March 2020 to $52bn

Alterations and Additions[2] (A$bn – 12m to Mar)



- Impacted by house price movement and consumer confidence

1. Source: ABS data – (original basis two quarter lag – i.e. 12 months to September)
2. Source: ABS, BIS Oxford Economic forecast (value of work done 12 months to March)

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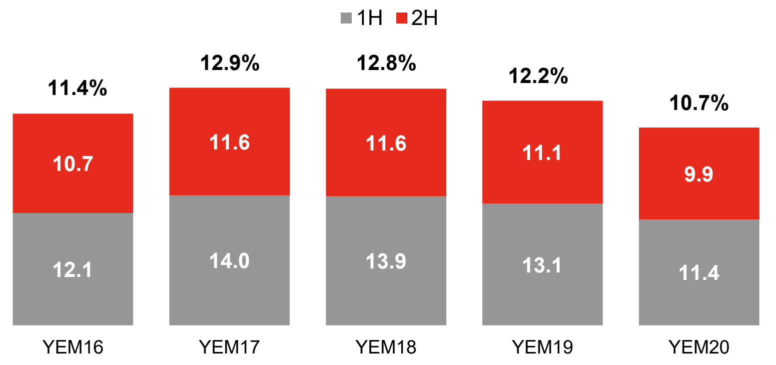
Building Products EBIT lower as residential construction market slowed

A$m unless stated [1]	YEM20	YEM19	change
Revenue	**1,591.3**	1,695.9	(6%)
EBIT	**170.5**	206.5	(17%)
Funds employed[2]	945.8	947.4	–
EBIT/revenue	10.7%	12.2%	
Return on funds employed[3]	18.0%	22.1%	

EBIT Margin %



- Revenue down 6% as volumes lower reflecting slower construction activity
- EBIT of $171m down 17%
  - Gyprock and Bradford EBIT stable
  - PGH Bricks, AFS and Hebel volumes down due to slower market
  - Pricing and operational improvements helped offset cost increases, but challenging in some market segments
- EBIT margin of 10.7%

1. EBIT (before significant items).
2. Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March.
3. Refer to Note 2 in the annual year report.

Expanded market opportunities delivered results

YEM20 Building Products revenue – $1,591 million

Lightweight Systems

41%

$660m

1% below YEM19

- Performance benefitted from diversified market base
- Gyprock EBIT steady

Energy & Roofing Solutions

30%

$474m

3% below YEM19

- Bradford and Martini insulation EBIT steady
- Monier roofing EBIT lower due to slower detached housing market

Bricks

17%

$265m

14% below YEM19

- Volumes lower as detached housing has fallen on east coast
- EBIT down due to decline in activity
- Darra closure completed in July 2019 to improve cost position

Construction Systems

12%

$192m

17% below YEM19

- Volumes and pricing impacted by sharp slowdown in NSW high density market
- EBIT lower reflecting lower market activity

Development of Property pipeline continues

A$m unless stated [1]	YEM20	YEM19	change
EBIT	**(1.5)**	38.8	(104%)
Funds employed[2]	167.8	224.5	(25%)
Return on funds employed[3]	(0.8%)	18.9%	

1. EBIT (before significant items).
2. Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March.
3. Refer Note 2 in the annual report. ROFE varies due to timing of projects.

- Continued to execute against strategy with material progress on key development projects
- No significant Property EBIT recorded during the year due to timing of transactions
- Future site planning of PGH Bricks network

Continued development of major projects	
Schofields, NSW (Residential)	▪ 70ha site (1,525 lots) zoning expected to be completed by June 2020 ▪ Timing based on market conditions and operational network requirements
Warner, QLD (Residential)	▪ Residential zoning of around 450 lots under review
Brendale, QLD (Industrial)	▪ Settlement of 5ha ($2m EBIT in YEM20) ▪ 4ha under contract to be completed in YEM21 ▪ Marketing continues on remaining 13ha

Horsley Park, NSW transaction on track

- Sale of 20ha industrial site announced in Nov 2019 for $142.5m
- ESR Australia received FIRB approval in Feb 2020
- First tranche sale proceeds of $80m and EBIT of $53m to be recognised in 2H YEM21
- Tranche 2 sale proceeds of $62m and EBIT of $41m expected in YEM23
- Conditions precedent in CSR’s control, with no material adverse change of contract clause
- Estimated capex of $6m in YEM21 and $11m in YEM22/23

Aluminium – EBIT higher reflecting lower input costs and favourable A$

A$m unless stated [1]	YEM20	YEM19	change
Sales (tonnes)	209,905	213,280	(2%)
A$ realised price[2]	2,960	2,939	1%
Revenue	**621.2**	626.9	(1%)
EBIT	**59.6**	36.6	63%
Funds employed[3]	141.0	140.3	–
EBIT/revenue	9.6%	5.8%	
Return on funds employed[4]	42.4%	28.2%	

EBIT movement A$m

YEM19	**36.6**
Volume	(0.5)
Price in A$ including hedging	3.9
A$ alumina raw material cost	5.0
Coal cost pass through	9.3
Raw material coke cost	7.9
Pot relining	(2.4)
Stock adjustments, warehouse, other	(0.2)
YEM20	**59.6**

1. EBIT (before significant items).
2. Includes hedging and premiums.
3. Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March.
4. Refer Note 2 in the annual report.

GAF aluminium hedge book

As of 30 April 2020	YEM21	YEM22	YEM23
Average price A$ per tonne (excludes premiums)	A$ 2,826	A$ 2,846	A$ 2,913
% of net aluminium exposure hedged	63%	42%	36%

- Revenue steady as beneficial hedging and currency offsets lower US$ aluminium price
- March result benefitted from significant drop in A$ due to COVID-19
- Significant increase in forward hedge position

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4

COVID-19 RESPONSE AND FORWARD PLANNING

Julie Coates, Managing Director & CEO

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Detailed planning to ensure safety, manage costs and optimise capacity

Key principles	▪ Health and safety of employees, contractors and customers first and overriding priority ▪ Leverage position as a domestic manufacturer to ensure continued supply to customers ▪ Business resilience – manage liquidity and optimise profitability by controlling costs ▪ Planning to ensure we are stronger and fitter in the recovery
Approach	▪ Prudent approach to cost management: working hours reduced throughout the organisation where appropriate and non-essential expenditure ceased or deferred ▪ CSR CEO, CFO and senior executives have forfeited their YEM20 short-term incentive bonus ▪ Confirmed all fixed and variable cost levers which are available to match production to demand across all businesses and support roles
	▪ Reduction in casual employees and overtime ▪ Reduce product lines ▪ Reduce shifts ▪ Line/plant consolidation ▪ Line/plant shut-down/stand-down
	▪ High degree of uncertainty requires an agile mode of management. Specific plans in place by site, state, business unit to adjust to demand changes across entire network ▪ Ongoing monitoring of a range of lead indicators in place to adjust production and cost profile as early as possible

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Key priorities for the year ahead

Strategic priorities for long-term	Key actions
Customer solutions and systems	▪ Product development and diversification across residential and commercial markets ▪ Assessing key opportunities for changing customer requirements
Product and technical support	▪ Support customers with technical and installation advice on products and systems ▪ Maximise opportunity from further development of CSR's products and systems
Optimise footprint	▪ Optimise manufacturing footprint within the COVID-19 market environment as part of overall management of costs ▪ Ongoing review of scenarios to align product to demand
Supply chain efficiency	▪ Identify delivery and transport (metro and regional) efficiencies ▪ Warehouse management to improve flexibility across businesses and reduce costs

Current Trading

Building Products

- Building Products revenue for the first six weeks of YEM21 down 3% compared to previous corresponding period
- While COVID-19 has not had an impact on the results to date, we anticipate there will be a slowdown in demand this year, however the timing and extent is uncertain

Property

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

Aluminium

- As of 30 April 2020, 63% of net aluminium exposure for YEM21 is hedged at an average price of A$2,826 per tonne (excluding ingot premiums)

CSR Group

- No earnings guidance for YEM21 to be provided for the CSR Group due to market uncertainty
- Further update on current trading to be provided at the AGM on 24 June 2020

APPENDIX

5

Year ended 31 March 2020 (YEM20)

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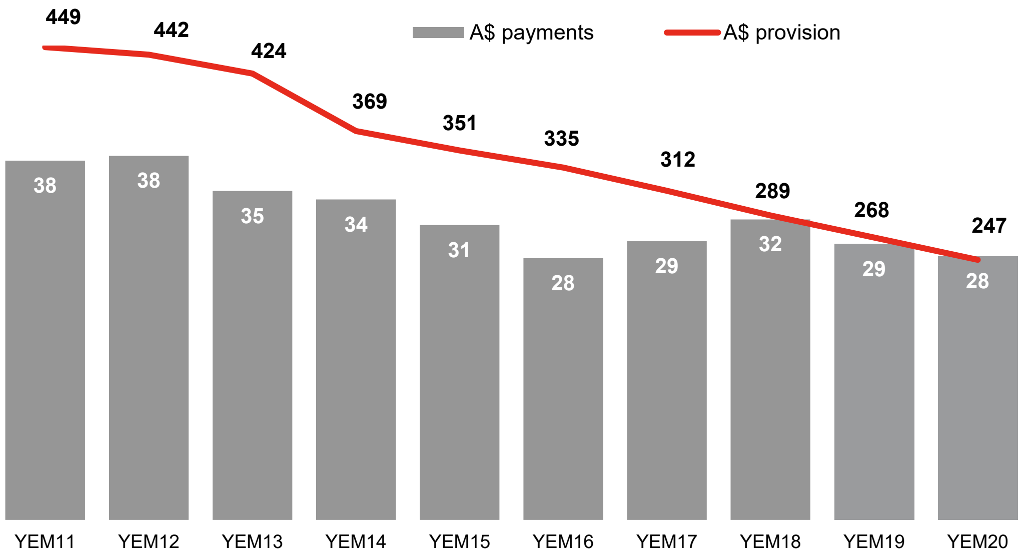
Further reductions in asbestos liability

Asbestos provision - A$m



- Product liability provision of A$246.9m
- Provision includes a prudential margin of A$28.0m
- Cash payments A$27.8m during the year

Review of significant items

$million	2020	2019
Significant items from continuing operations:		
Impairment of Building Products assets	(10.9)	(32.8)
Restructuring costs	–	(11.6)
Remediation, supply disruption and other costs	3.5	(4.0)
Significant items from continuing operations before finance costs and income tax	(7.4)	(48.4)
Discount unwind and hedging relating to product liability provision	(6.2)	(8.0)
Income tax benefit on significant items from continuing operations	4.1	13.5
Significant items after tax from continuing operations	(9.5)	(42.9)
Significant items attributable to non-controlling interests	–	0.1
Significant items from continuing operations attributable to shareholders of CSR Limited	(9.5)	(42.8)
Loss from discontinued operations after tax attributable to shareholders of CSR Limited	–	(65.3)
Significant items and discontinued operations loss attributable to shareholders of CSR Limited	(9.5)	(108.1)
Net profit attributable to shareholders of CSR Limited	125.3	73.6
Significant items and discontinued operations loss attributable to shareholders of CSR Limited	9.5	108.1
Net profit from continuing operations before significant items attributable to shareholders of CSR Limited	134.8	181.7

Additional information on significant items is contained in Note 3 in the annual report.