

CSR Limited

Trinity 3 39 Delhi Road
North Ryde NSW 2113 Australia
T +612 9235 8000
E-mail investorrelations@csr.com.au
www.csr.com.au
ABN 90 000 001 276

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CSR Limited announces full year net profit after tax (NPAT) of \$146.1 million, up 17%

Strong result reflects improved performance in Building Products and increased Property contribution.

Statutory NPAT of \$146.1 million for the full year ended 31 March 2021 (YEM21), up 17% from \$125.3 million in the previous year.

Building Products – EBIT¹ of \$184.3 million up 8%, with EBIT margin increased to 12.0% from 10.7%. Strong cost control and operational efficiency offset the impact of slowdown in residential construction activity which declined 4% during the year.

Property – EBIT of \$54.2 million following completion of the next stage at the Horsley Park industrial development.

Aluminium – EBIT of \$23.4 million, consistent with previous guidance, down from \$59.6 million. This reflected a sharp decline in aluminium prices at the start of the financial year due to COVID-19 volatility, which was partly offset by hedging and lower input costs.

Significant increase in dividends reflects strong cash generation and Property proceeds

- Final dividend of 14.5 cents per share (fully franked) declared. This compares to the previous year when no final dividend was declared due to COVID-19 cash preservation priorities. Full year dividend (excluding special dividends) of 23.0 cents per share (fully franked) up from 10.0 cents per share (50% franking) in the previous year.
- Special dividend of 9.5 cents per share (fully franked) declared following settlement of the Property sale at Horsley Park.
- Strong operating cash generation of \$253 million, up 3%. Net cash position of \$251 million at year end (prior to the \$117 million final and special dividend payments to be paid in July 2021).

Commenting on the result, CSR Managing Director & CEO Julie Coates said, “CSR performed very well during the year, reflecting the breadth of our businesses and strength of our offering across diverse construction segments and markets. We increased our earnings with a strong focus on cost control and operational efficiency which leveraged trading outcomes as residential building activity improved during the second half of the year.

“The pleasing result was achieved while making important changes to reorganise the Building Products business. We are now well positioned to deliver our strategy across more complete customer solutions, optimising our supply chain and leveraging core capabilities across all products and markets. This will further diversify our business, enabling us to maximise market opportunities and drive future growth.

“We also delivered on a further stage of the Horsley Park project, which is a great example of our ability to complete complex redevelopments. Our Property business is well positioned to deliver strong returns over the next 10 years and beyond.”

¹ All references are before significant items unless stated. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the year ended 31 March 2021 (YEM21). All comparisons are to the year ended 31 March 2020 unless otherwise stated.



Regarding the outlook for the year ending 31 March 2022 (YEM22), CSR noted:

Building Products

- **Detached (54% of revenue)** – activity will be supported by HomeBuilder commencements with the extension of the timetable likely to extend the pipeline across calendar years 2021 and 2022.
- **Medium/High density (18% of revenue)** – medium density market expected to be more resilient than the high rise market following the continued decline in high rise approvals since the previous peak in 2018.
- **Alterations and Additions (8% of revenue)** – strong trade retail performance expected to continue (up 22% in the year to March 2021), complemented by larger value HomeBuilder renovation projects.
- **Non-residential (20% of revenue)** – pipeline of approvals is down 9% (year to March 2021) following COVID-19 uncertainty over the last year. Weaker private commercial activity expected to be offset in part by continued elevated levels of social infrastructure spend.

Property – Horsley Park site has \$146 million in sale proceeds contracted over the next three years, including \$18m of EBIT expected to complete in YEM22. Marketing continues on the final 12 hectare tranche at Horsley Park with work progressing on other projects. The valuation of CSR's extensive Property portfolio has increased materially during the year due to the delivery of contracted transactions above expectations and strong demand for industrial sites in western Sydney.

Aluminium – Strengthened forward hedge position in the second half of YEM21 to lock-in future returns. Based on significant hedge positions, EBIT for YEM22 expected to be in the range of \$32 to \$40 million, assuming all other revenue and cost areas (including coal costs) are unchanged.

Overall, the diversity of CSR's business provides resilience and performance will benefit from our strong position in the detached housing market.

Media/analyst enquiries:

Andrée Taylor
CSR Limited Investor Relations
Tel: +61 2 9235 8053
Email: ataylor@csr.com.au
www.csr.com.au