

8 November 2005



# Building on 150 years



CSR 1855-2005 CELEBRATING 150 YEARS

## CSR Limited Results Presentation

Half year ended 30 September 2005

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## Highlights

**Half year profit of  
\$115 million**

**Diversity of portfolio  
mitigated impact of delay in  
sugar milling returns**

**Gearing returned to  
target range**

**\$249m returned to  
shareholders through capital  
management and dividends**

**Progress with growth  
projects continues**

**\$100+ million invested in  
growth projects in the last six  
months**

**Upgrade to full year profit  
outlook**

**Full year profit to be about  
10% ahead of last year**

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## Diversity of portfolio mitigated impact of delay in sugar returns

| Half year ended 30 September            | \$m EBIT     |              |              |
|---|--------------|--------------|--------------|
|   | 2005         | 2004         | %<br>Change  |
| Building Products                       | 60.6         | 60.5         | 0.2          |
| Aluminium                               | 65.0         | 72.9         | -10.8        |
| Sugar <sup>1</sup>                      | 43.6         | 79.4         | -45.1        |
| Property                                | 30.9         | 17.0         | 81.8         |
| <b>Subtotal</b>                         | <b>200.1</b> | <b>229.8</b> | <b>-12.9</b> |
| Corporate costs                         | -8.5         | -9.3         |              |
| Restructure and provisions <sup>2</sup> | -3.9         | -2.8         |              |
| <b>Total EBIT</b>                       | <b>187.7</b> | <b>217.7</b> | <b>-13.8</b> |

Note: Results for the half year ended 30 September 2005 are reported under Australian equivalents to international reporting standards ("A-IFRS"). The comparative results for the previous half year are restated to comply with A-IFRS requirements.

1. Assumes raw sugar price of \$280 per tonne for HYES05 and \$250 for HYES04
2. Includes product liability provision and superannuation.

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## Gearing increased to target range following capital return

- ❑ \$182m capital return has shifted gearing back to target range
- ❑ Gearing now 32.9% - up from 17.7% at March 05
- ❑ Funds employed has increased by 27% since the demerger following significant investment during last two years
- ❑ Strong cash flow provides flexibility for future growth projects

| (\$ in million unless stated) | 30 Sept 2005 | 31 Mar 2005 |
|-------------------------------|--------------|-------------|
| Net debt                      | \$573.1      | \$270.1     |
| Total equity                  | \$1,169.3    | \$1,256.1   |
| Net debt: Net debt + equity   | 32.9%        | 17.7%       |
| Net debt: equity              | 49.0%        | 21.5%       |
| Net interest cover            | 18.1x        | 30.4x       |
| Funds employed                | \$1,743      | \$1,527     |

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## Lifting operational performance and seeking opportunities for value creating growth

### Strategy to maximise shareholder returns:

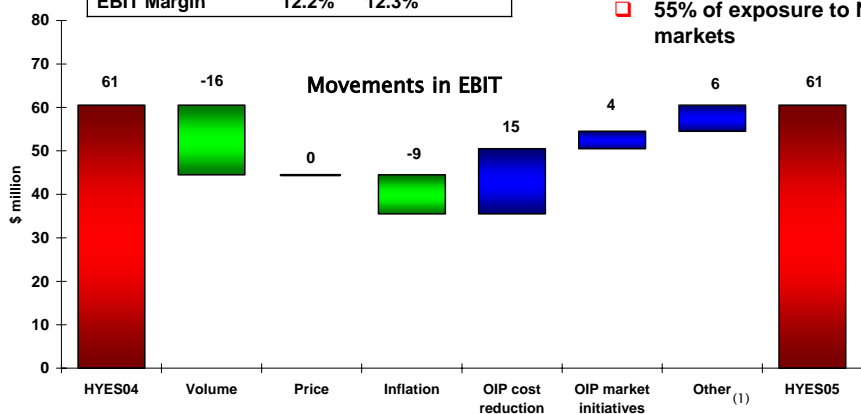
- ❑ Aggressively pursue operational performance improvement in **Building Products** and pursue sensible growth
- ❑ Build **Sugar** into self-sustaining business through growth in stable, higher value businesses (refining, renewable energy, ethanol)
  - Take advantage of hedging to lock in stronger raw sugar prices as opportunities arise
- ❑ Increasing value of **Aluminium** by improving Tomago operational performance, creeping capacity and lifting value added production while maintaining ongoing hedging program
- ❑ Establish **Property** as a sustainable earnings source

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## Building Products – returns steady despite slower housing market

| \$m HYES        | 2005  | 2004  | % |
|-----------------|-------|-------|---|
| Trading revenue | 496   | 490   | 1 |
| EBIT            | 61    | 61    | 0 |
| EBIT Margin     | 12.2% | 12.3% |   |



❑ Operational improvements offset lower volumes due to slowdown in housing market

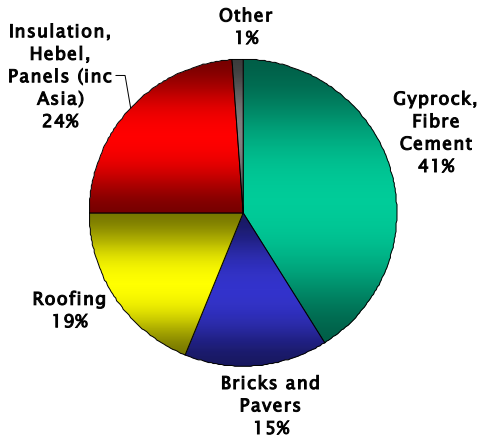
❑ 55% of exposure to NSW and Qld markets

(1) \$6m benefit from other items relates to one-off expenses incurred last year.

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## All Building Products businesses targeting new products and markets



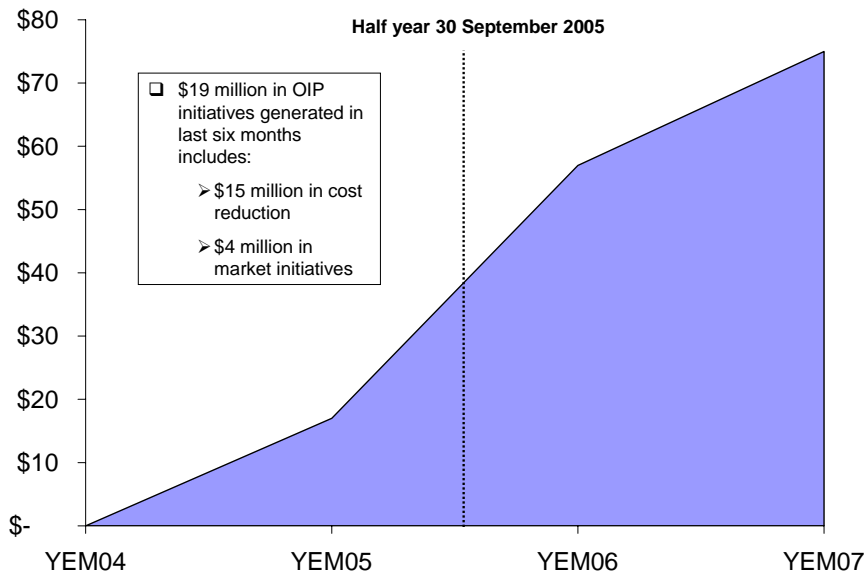
HYES05 Trading Revenue – \$496 million

- Gyprock™ – delivered planned cost reductions while maintaining margins
- Cemintel™ Fibre Cement – volumes steady despite slowdown in some key markets
- Monier™ and Wunderlich™ Roofing – revenue lower due to reduced volumes as residential market slowed
- CSR Bricks & Pavers – PGH™ returns impacted by significant fall in demand in NSW and Qld
- Bradford Insulation™ – profitability increased with higher prices and cost improvements
  - Asia – volumes increasing in China following completion of two expansion projects
- Hebel™ – Returns impacted by softer demand in NSW multi-residential sector partly offset by demand from other markets

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## Operational improvement (OIP) on track to deliver \$75m over three years



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## Paroc Panel™ increasing sales in the commercial market

- ❑ Paroc Panel™ non combustible panel system is increasing sales to the commercial market
- ❑ Distribution networks established throughout Australia and in New Zealand and Asia
- ❑ \$20m construction of manufacturing facility to begin in southern China – completion targeted for Jan 2007



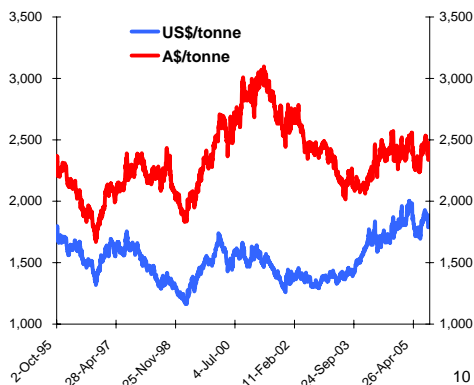
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## Aluminium EBIT down 11% due to higher A\$/US\$ and increased production costs

| \$m HYES        | 2005  | 2004  | %   |
|-----------------|-------|-------|-----|
| Trading Revenue | 234   | 240   | -3  |
| EBIT            | 65    | 73    | -11 |
| EBIT Margin     | 27.8% | 30.4% |     |

### 10 year aluminium price



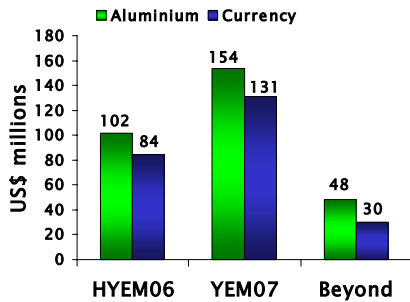
- ❑ Trading revenue down 2.5% due to lower shipments in the first half of the year
- ❑ EBIT down 10.8% due to higher A\$/US\$ exchange rate and higher aluminium production costs

| HYES                         | 2005     | 2004     | 2003     |
|------------------------------|----------|----------|----------|
| GAF sales in tonnes          | 87,275   | 88,735   | 81,782   |
| LME US\$ price per tonne     | \$1,821  | \$1,701  | \$1,400  |
| US\$/A\$ average rate        | 0.764    | 0.712    | 0.649    |
| A\$ ave spot price per tonne | A\$2,384 | A\$2,388 | A\$2,156 |

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## Hedging program continues in YEM06 and beyond as opportunities arise

### Hedge Book in US\$ millions as of 31 October 2005



|       |       |       |   |
|-------|-------|-------|---|
| 0.565 | 0.657 | 0.617 | Average forward currency rate in US cents         |
| 1,582 | 1,682 | 1,687 | Average forward aluminium price in US\$ per tonne |

- Approximately 90% of net exposure to aluminium and currency hedged for the remainder of YEM06
- Active hedging program continues with 65% of net aluminium exposure now hedged for YEM07

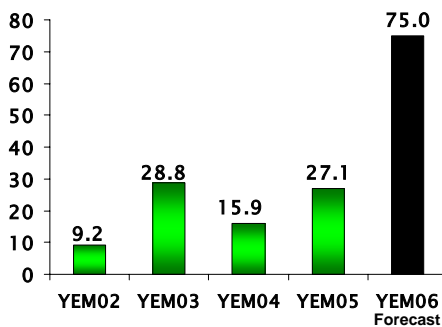
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## Property activities continue to grow

| \$m HYES           | 2005 | 2004 | %    |
|--------------------|------|------|------|
| Total revenue      | 24.5 | 15.3 | 60.1 |
| EBIT               | 30.9 | 17.0 | 81.8 |
| Capital investment | 12.1 | 9.5  | 27.4 |

### Property EBIT – \$m



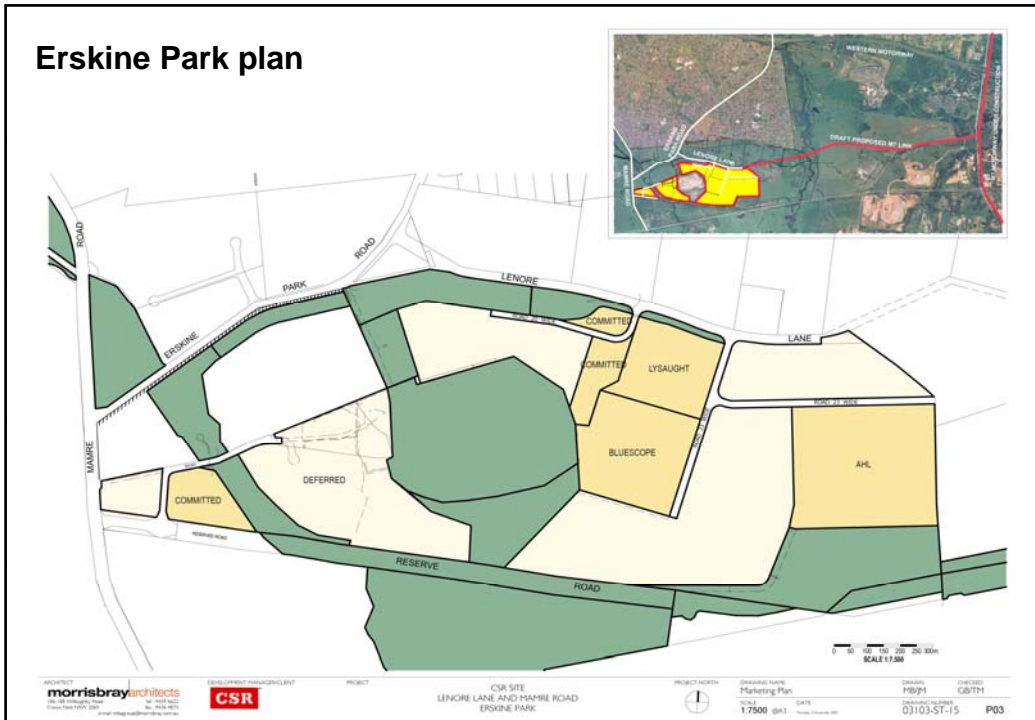
Note: YEM05 and YEM06 are calculated under A-IFRS while previous years have not been re-stated.

- EBIT improved to \$30.9 million after reaching agreements on property transactions
- Announced today the sale of 16.7 hectares at Erskine Park to Australand to generate a net return of approximately \$23 million
- Full year profit for Property to be around \$75 million following handover of land to BlueScope Steel and sale to Australand – both expected by March 2006

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## Erskine Park plan

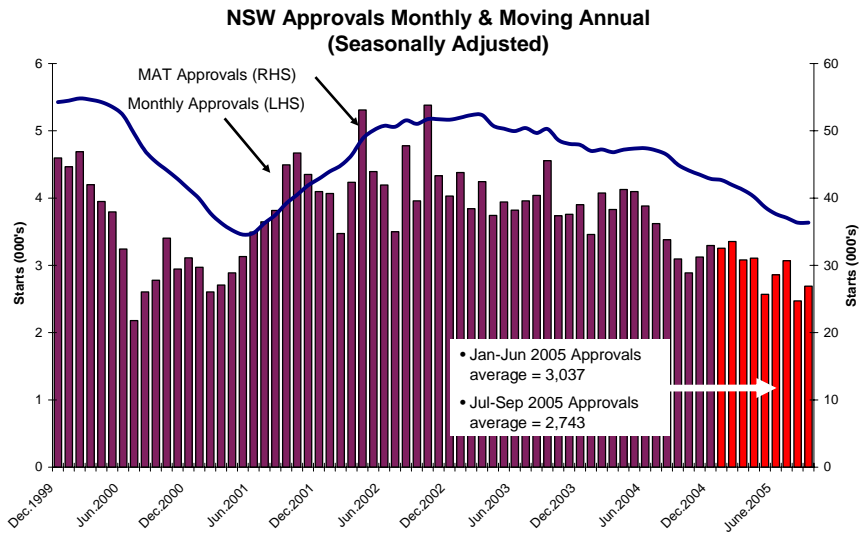


# Market Outlook

## Chris Grubb

### EGM bricks and pavers

## NSW experiencing the sharpest slowdown in housing approvals this year

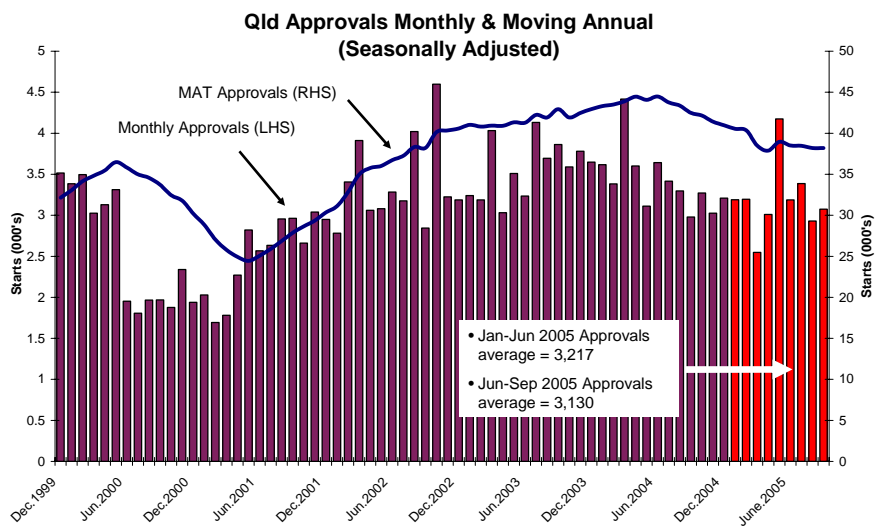


Source HIA, BIS Shrapnel, ABS, NIEIR

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## Queensland market also softened



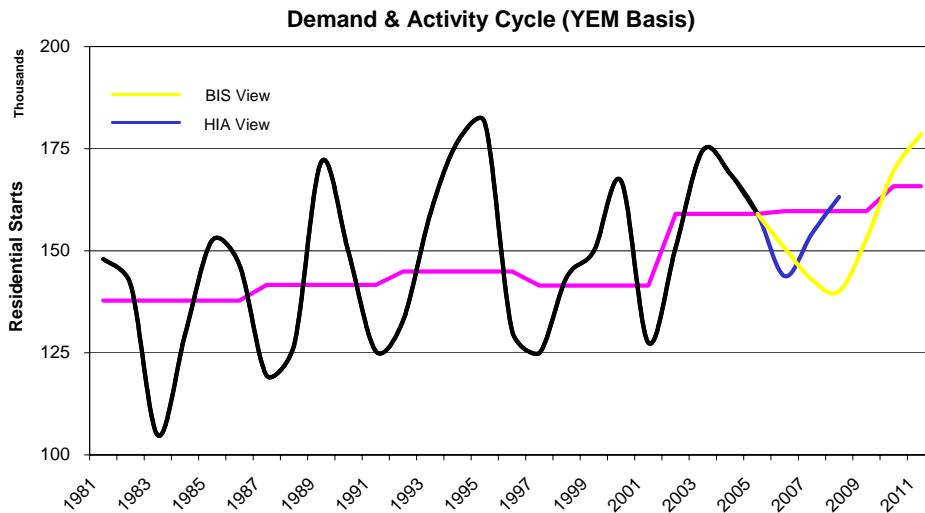
Source HIA, BIS Shrapnel, ABS, NIEIR

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## Future outlook positive as housing market expected to rebound



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Source HIA, BIS Shrapnel, ABS, NIEIR

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**PGH BRICKS & PAVERS**  **MonierBrick**

## Progress continues with expansion of Oxley, Qld plant



- ❑ Progress continues on \$34 million project to expand low cost capacity at Oxley by 35 million bricks
- ❑ Project is proceeding on time and on budget – due for completion in July 2006
- ❑ When completed, high cost brick capacity at Strathpine, Qld will be mothballed
- ❑ Strathpine capacity to remain available through the housing cycle and will be re-lit if there is sufficient demand as the housing market improves

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## Operational improvement to enhance returns

**Completed NZ expansion**

- ❑ \$4m million expansion completed of New Lynn factory near Auckland
- ❑ Additional 16m bricks to increase capacity by 60%
- ❑ Market share recovering to historical levels

**New fleet of trucks servicing Sydney**

- ❑ \$4.5m investment to develop an in-house distribution capability
- ❑ New fleet began servicing the Sydney market in April 2005

**Increasing productivity**

- ❑ Installing automated packaging system at the Cooroy, Qld plant
- ❑ \$5m investment reduces manual handling and lowers labour expense

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# Sugar Performance

**Ian McMaster**  
**CEO CSR Sugar**

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## CSR Sugar strategy

- ❑ **Playing a leading role in industry restructuring and deregulation**
- ❑ **Performance improvement through the whole raw sugar value chain**
- ❑ **Spread risk away from the volatile Australian raw sugar milling business by seeking growth in refining, cogeneration, ethanol**
- ❑ **Take advantage of hedging to lock in stronger raw sugar prices as opportunities arise**
- ❑ **Longer term, capitalise on biotechnology research to increase sugarcane yield and create new product opportunities**

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## Fuel ethanol market growing



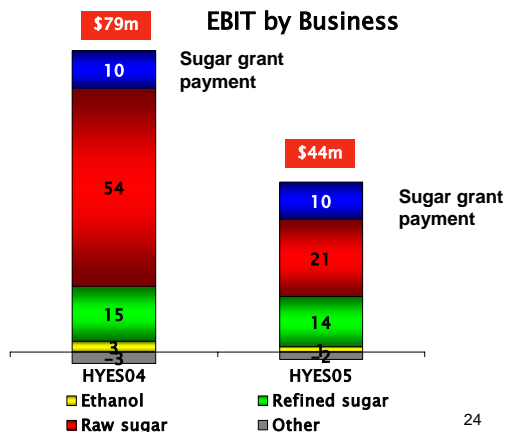
- ❑ CSR supports efforts by the Australian and Queensland Governments, major oil companies and automobile manufacturers to promote fuel ethanol
- ❑ CSR is one of the two largest ethanol producers in Australia and supplies over 130 petrol stations
- ❑ Detailed engineering work is nearing completion for a capital project to expand fuel ethanol production at CSR's Sarina, Qld distillery
- ❑ Final approval of the project expected in the near future

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## Sugar returns delayed to second half of the year

| \$m HYES        | 2005 | 2004  | %   |
|-----------------|------|-------|-----|
| Trading Revenue | 633  | 468   | 35  |
| EBIT            | 44   | 79    | -45 |
| EBIT Margin     | 6.9% | 17.0% |     |



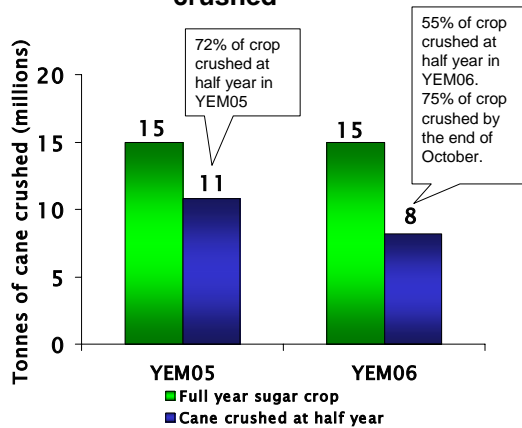
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- ❑ Unseasonable wet weather has delayed returns to second half of the year
- ❑ Raw sugar price estimated to be in excess of \$280 per tonne (compared to \$255 in YEM05)
- ❑ Refining result down slightly due to lower food and beverage demand
- ❑ Ethanol result down due to higher molasses costs

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## Sugar production down in the first half due to wet weather

- Only 55% of sugar crop crushed in the first six months of the year compared to 72% last year
- By the end of October, 75% of this year's sugar crop is now crushed



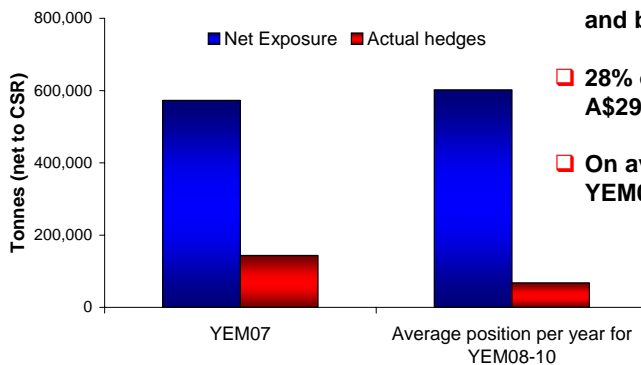
| Half year ended Sept            | 2005  | 2004  | 2003  |
|---------------------------------|-------|-------|-------|
| Raw Sugar Production (mt)       | 1.17  | 1.59  | 1.45  |
| CCS% of Sugarcane               | 13.8% | 14.2% | 14.4% |
| NY11 Average US cents per lb    | 9.30  | 7.37  | 6.76  |
| Half year pool price assumption | 280   | 250   | 250   |
| CSR Final Pool Price (YEM)      | NA    | 255   | 229   |

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## Hedging of sugar price for YEM07 and beyond

### Sugar hedge book position as of 31 October 2005



- CSR hedging a significant portion of net sugar exposure in YEM07 and beyond

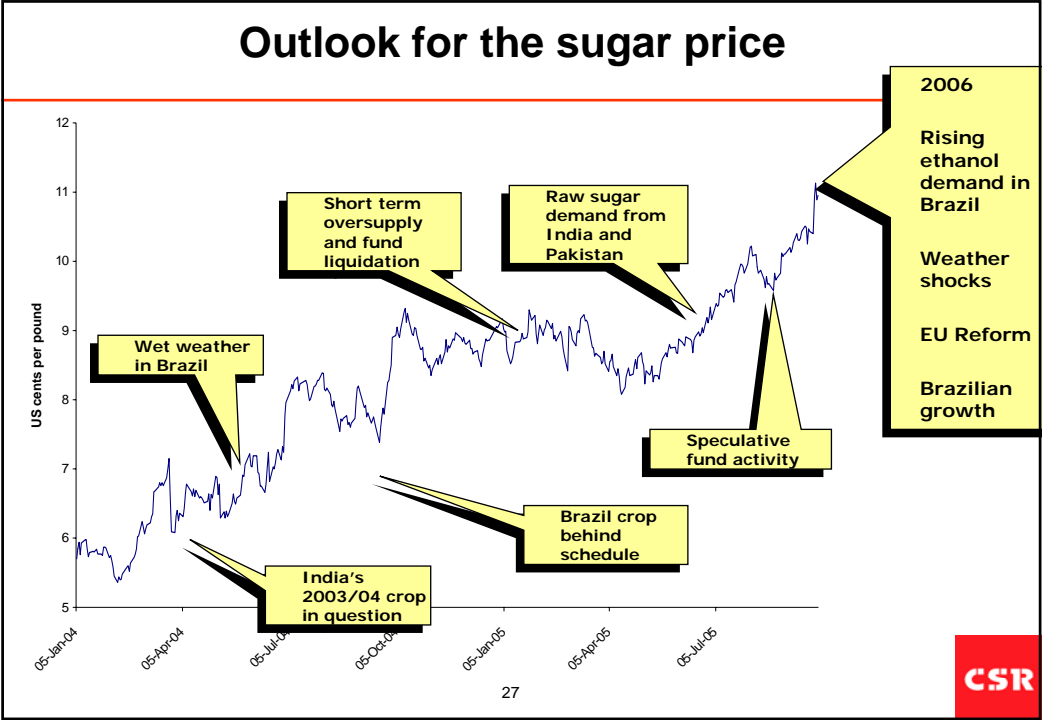
- 28% of YEM07 crop hedged at A\$296

- On average, 16% of each year of YEM08-10 crop hedged at A\$308

|        |        |                            |
|--------|--------|----------------------------|
| 28%    | 16%    | % of net production hedged |
| A\$296 | A\$308 | A\$ price of sugar hedged  |

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# Financial Results

## Warren Saxelby

### CFO

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## Results for the half year ended 30 September 2005

| <u>Half year ended 30 September</u>     | <u>2005</u> | <u>2004</u> | <u>%<br/>Change</u> |
|---|-------------|-------------|---------------------|
| (\$ million unless stated)              |             |             |                     |
| Trading revenue                         | 1,363       | 1,199       | 14                  |
| EBITDA                                  | 244         | 266         | -8                  |
| EBIT                                    | 188         | 218         | -14                 |
| Net finance expense                     | -20         | -20         |                     |
| Tax expense                             | -37         | -48         |                     |
| Outside equity interest                 | -16         | -15         |                     |
| Net profit <sup>1</sup>                 | 115         | 135         | -15                 |
| Earnings per share (cents) <sup>1</sup> | 12.6        | 14.7        | -14                 |
| Effective tax rate                      | 22%         | 24%         |                     |

<sup>1</sup> Excluding significant items

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## Breakdown of corporate costs and provisions

| <u>Half year ended 30 September</u>     | <u>\$m EBIT</u> |             |
|---|-----------------|-------------|
|   | <u>2005</u>     | <u>2004</u> |
| Corporate costs                         | -5.5            | -5.4        |
| Incentives                              | -3.0            | -3.9        |
| <b>Total corporate costs</b>            | <b>-8.5</b>     | <b>-9.3</b> |
| Product liability                       | -6.2            | -4.7        |
| Superannuation                          | 2.4             | 1.2         |
| Other                                   | -0.1            | 0.7         |
| <b>Total restructure and provisions</b> | <b>-3.9</b>     | <b>-2.8</b> |

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## Review of financing costs and funding position

### Half year ended 30 September

(\$ million unless stated)

|   | <u>2005</u>  | <u>2004</u>  |
|---|--------------|--------------|
| Net interest expense                              | -14.0        | -10.0        |
| Capitalised interest                              | 4.3          | 1.1          |
| Discounting of non-current provisions and debtors | <u>-10.4</u> | <u>-10.6</u> |
| <b>Total financing costs</b>                      | <b>-20.1</b> | <b>-19.5</b> |

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## Impact of A-IFRS on financial statements

|   | <u>\$m</u><br><u>(after tax)</u> |
|---|----------------------------------|
| <b>Balance sheet adjustments at 1 April 2005</b>            |                                  |
| Asset writedowns due to change in recoverable amounts test  | -84                              |
| Fair value of hedge   | 31                               |
| Other   | -24                              |
| <b>Decrease in net assets</b>                               | <b>-77</b>                       |
| <b>Profit restatements in YEM05 (after tax)</b>             |                                  |
| Lower depreciation due to asset writedowns                  | 6                                |
| Lower other depreciation and amortisation                   | 4                                |
| Employee shares now expensed                                | -2                               |
| Superannuation fund contributions not expensed under A-IFRS | 4                                |
| Other   | 1                                |
| <b>Profit before significant items</b>                      | <b>13</b>                        |
| Expensed insurance litigation costs                         | 19                               |
| <b>Profit after significant items</b>                       | <b>32</b>                        |

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## A-IFRS adjustments to year ended 31 March 2005

### Year ended 31 March 2005

|  |                                | As reported<br>YEM05 | Adjustment  | A-IFRS Compliant<br>YEM05 |
|--|--------------------------------|----------------------|-------------|---------------------------|
| <b>EBIT</b>                                | Building Products              | 108.0                | 3.4         | 111.4                     |
|  | Sugar – milling                | 55.0                 | 6.1         | 61.1                      |
|  | Sugar – ethanol and refining   | 34.8                 | 1.9         | 36.7                      |
|  | Aluminium                      | 141.9                | -           | 141.9                     |
|  | Property                       | 28.6                 | (1.5)       | 27.1                      |
|  | Corporate costs                | (16.9)               | -           | (16.9)                    |
|  | Restructuring provisions       | (29.4)               | 26.7        | (2.7)                     |
| <b>Total EBIT</b>                          |                                | <b>322.0</b>         | <b>36.6</b> | <b>358.6</b>              |
|  | Income tax                     | (74.4)               | (10.3)      | (84.7)                    |
|  | Net finance cost (after tax)   | (13.3)               | (13.1)      | (26.4)                    |
|  | Minority interests             | (33.5)               | -           | (33.5)                    |
| <b>Net profit before significant items</b> |                                | <b>200.8</b>         | <b>13.2</b> | <b>214.0</b>              |
|  | Significant items (net of tax) | 86.3                 | 18.6        | 104.9                     |
| <b>Net profit after significant items</b>  |                                | <b>287.1</b>         | <b>31.8</b> | <b>318.9</b>              |

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# Outlook

**Alec Brennan**  
**Managing Director**

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## Outlook by business

### Building Products

- ❑ Housing market is slower than anticipated earlier in the year
- ❑ Total number of new dwellings now expected to fall by around 8%
- ❑ Based on this revised estimate, we are still working on a result broadly in line with last year

### Aluminium

- ❑ Lower A\$ returns to reduce EBIT by 5-10%

### Sugar

- ❑ While there is a risk that wet weather at the end of the harvesting season may restrict the size of the final crop, we are forecasting for Sugar EBIT to be at least 10% ahead of last year

### Property

- ❑ Result expected to be around \$75 million

### Overall

- ❑ EBIT result expected to be about 10% ahead of last year

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