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Highlights

Half year EBIT \$188.8m in line with last year

Better sugar prices offset weak housing market, lower property result

\$109.8 million was spent to purchase 4% of shares

\$496m returned to shareholders over past 18 months with capital return, buyback and dividends

Progress with growth projects continue

\$100+ million invested in capital projects over the past 6 months



Lift in sugar price offsets poor harvesting weather, weak housing market and lower property result

Half year ended 30 September [\$ million unless stated]

	<u>2006</u>	<u>2005</u>	<u>change</u>
Sugar	71.6	43.6 ⁽¹⁾	64.2%
Building Products	45.5	60.6	-24.9%
Aluminium	67.6	65.0	4.0%
Property	9.7	30.9	-68.6%
Business segment total	194.4	200.1	-2.8%
Corporate costs ⁽²⁾	-8.8	-8.5	
Restructure and provisions ⁽³⁾	3.2	-3.9	
Total EBIT	188.8	187.7	0.6%

1. The 2005 amount includes \$10.1 million which is the CSR group's allocation of a "sustainability grant" provided by the federal government

2. Represents unallocated overhead costs

3. Includes product liability, certain defined benefit superannuation expense and rationalisation costs

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Balance sheet remains flexible for future growth

§ Share buy back

\$109.8 million was spent to purchase 4% of the company's share capital

§ Gearing of around 33%

In line with last year

§ Strong cash flow provides flexibility for future growth

Half year ended 30 September

	<u>2006</u>	<u>2005</u>
Gearing – net debt / net debt + equity ⁽¹⁾	32.8%	33.2%
Net debt	600.2	573.1
EBITDA	250.3	244.3

1. Excludes fair value adjustments for hedges from equity

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Strategy to maximise shareholder return within CSR businesses

- § Explore growth opportunities that leverage off **Sugar's** strong strategic position in the global sugar market
- § Explore opportunities to grow in renewable energy
- § Aggressively pursue operational performance improvement in **Building Products** and pursue sensible growth
- § Increase value of **Aluminium** by improving Tomago operational performance, creeping capacity and lifting value added production while maintaining ongoing hedging program
- § Maintain **Property** as a sustainable earnings source
- § Within all of the above continually review potential for value adding portfolio restructuring

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Sugar Performance

Ian Glasson
CEO CSR Sugar

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Stronger raw sugar prices more than offset an otherwise difficult season

Sugar EBIT up 64.2% on 1st half 2005

§ Raw Sugar EBIT up 82.2% to \$56.3m

- Higher sugar prices
- Unseasonable wet weather has reduced yields, added costs and delayed returns

§ Refined Sugar EBIT in line with HYES05

- Gains in retail market and cost focus offset volume impact of high sugar prices

§ Ethanol EBIT up 92.9% to \$2.7m

- Higher molasses prices
- Improved volumes and prices

Half year ended 30 September

[\$ million unless stated]

	<u>2006</u>	<u>2005</u>	<u>change</u>
Trading revenue	803.2	632.5	27.0%
EBIT	71.6	43.6 ⁽¹⁾	64.2%
EBIT Margin	8.9%	6.9%	
EBIT by business			
Raw Sugar	56.3	30.9 ⁽¹⁾	82.2%
Refined Sugar	13.7	13.7	0.0%
Ethanol	2.7	1.4	92.9%

1. The 2005 amount includes \$10.1 million which is the CSR group's allocation of a "sustainability grant" provided by the federal government

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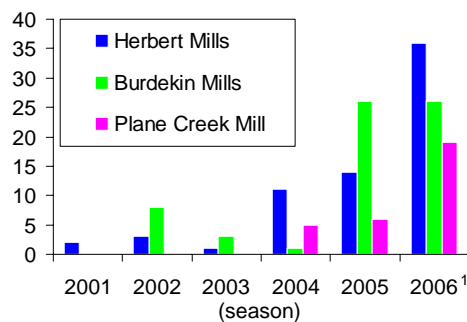
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High number of days lost to wet weather

Half year ended 30 September

		<u>2006</u>	<u>2005</u>	<u>2004</u>
Cane crushed	[million tonnes]	7.75	8.29	10.78
Crop crushed		53%	54%	72%
Raw sugar produced	[million tonnes]	1.09	1.17	1.59
CCS		13.9%	13.8%	14.2%

Days of crushing lost to wet weather



§ Unseasonable wet weather has delayed returns and reduced CCS

- Crop down on 2005
- Around 53% of the crop crushed compared to ~65% for the average season
- Cane crushing will need to be extended into December

1. As at the end of October 2006

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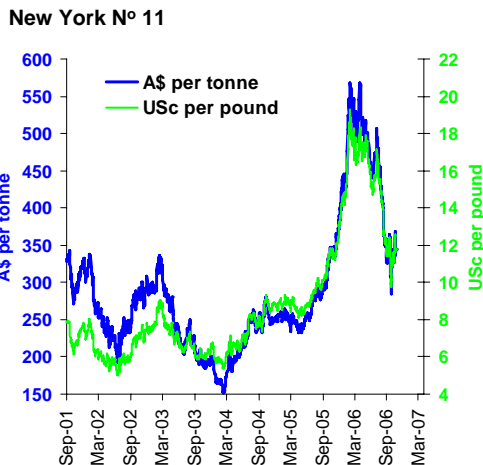
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Achieved raw sugar price up from A\$316 per tonne

CSR achieved price A\$ per tonne			
	2006	2005	2004
Final full year price	355-380	316	255

World sugar prices have been volatile in 6 months to Sept-06

- Start ~US18.0c per pound (~A\$500 per tonne)
- Ended ~US11.5c per pound (~A\$340 per tonne)

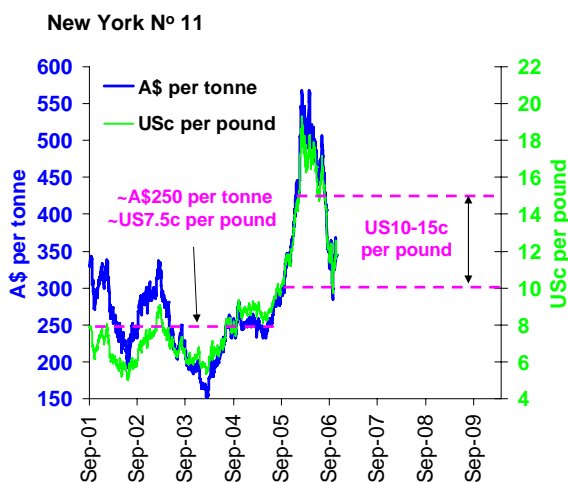


Source Bloomberg, NY11 sugar price

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Fundamentals should underpin a better long term price



Source Bloomberg, NY11 sugar price

Outlook — fundamentals

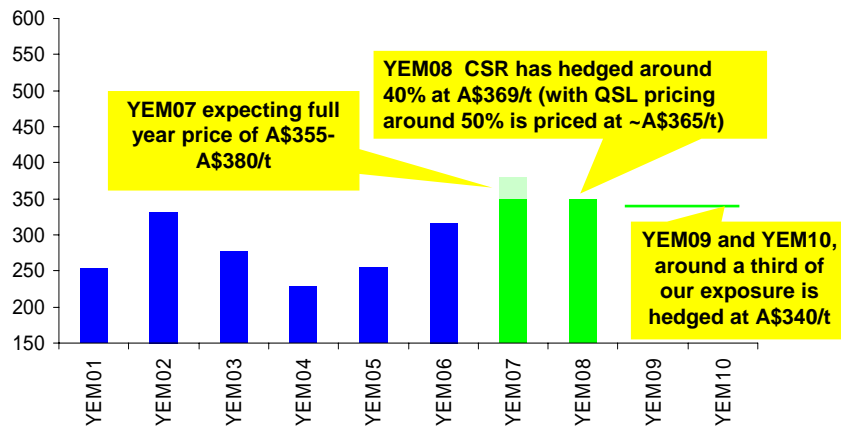
- § Reform in the EU
- § Recovery but no significant export changes outside Brazil
- § Brazilian cost of expansion
 - Strengthened Brazilian currency
- § Global ethanol demand dynamic
 - Increase in Brazilian ethanol mandate

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YEM08 — around 50% priced at A\$365/t

Raw sugar price
A\$ per tonne



Source Queensland sugar, CSR

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CSR Sugar Strategy

- § **CSR is actively looking for growth opportunities in order to capitalise on its strong position in the global sugar industry**
 - With the crop size expected to recover over the next few years, CSR is progressing plans for further investments in its assets to improve operational efficiency.
 - We continue to look at opportunities in Brazil, given its dominance as a global producer
- § **Fuel ethanol** — CSR is actively exploring capacity expansion options to build on our current strong position in this market
- § **Renewable electricity** — CSR currently generates around 607,000 megawatt hours of electricity a year.
 - We have a number of additional projects that we think can make a significant contribution to greenhouse gas abatement – discussions under way with Federal Govt.
 - New projects potential saving of more than 1 million tonnes of carbon dioxide emissions
- § Longer term, **capitalising on biotechnology research** to increase sugarcane yield.

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Building Products

John Hodgkinson
EGM, Performance Systems and
Business Development

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Low building activity impacts earnings

§ **EBIT down 24.9% to \$45.5m**

- Lower factory utilisation due to slow residential building
- Increasing fuel and energy costs

§ **Revenue up 2.8% to \$510.2m**

- Growth in Performance Systems and from new products and services

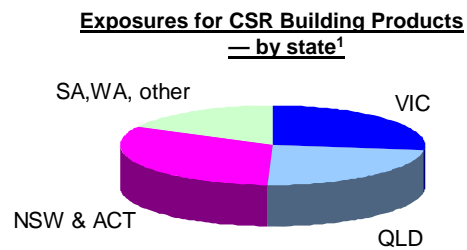
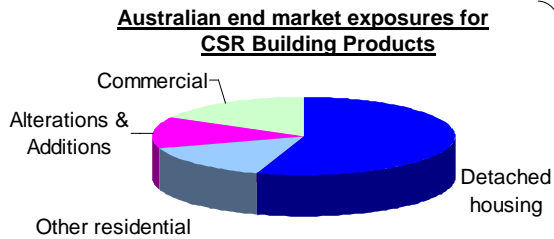
Half year ended 30 September
[\$ million unless stated]

	<u>2006</u>	<u>2005</u>	<u>change</u>
Trading revenue	510.2	496.3	2.8%
EBIT	45.5	60.6	-24.9%
EBIT Margin	8.9%	12.2%	

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Significant exposure to east coast residential construction market



1. Excludes export, Asia and New Zealand

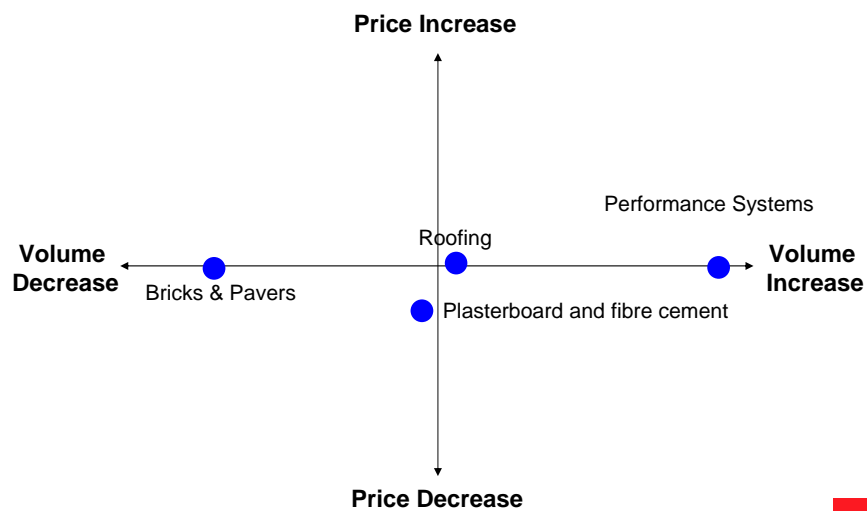
Change in Dwelling approvals from HYES05 to HYES06

NSW (20 year low)	↓ 9%
QLD	↓ 6%
VIC	↓ 9%
WA	↑ 11%

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Volumes down in main product lines but prices remain relatively stable



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CSR is responding to slow building activity

§ Mothballed capacity

- Bricks — 6 out of 14 kilns mothballed in NSW & Qld

§ Bricks & Roofing will be re-structured into one business

- The restructure, along with the recent mothballing of Bathurst, is expected to produce cost saving of around \$5 million per annum

§ Operational improvement is now part of the way we do things at CSR

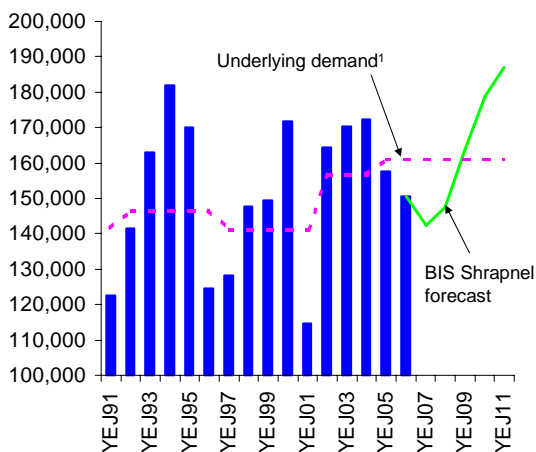
- On track to delivery the \$75m target
 - \$16.5m delivered in HYES06
 - Program has delivered ~\$68m to date

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Medium term outlook for residential building is positive ... CSR is preparing for the building market recovery

Australia - Residential Building Activity
Commencements



1. Underlying demand is based on population growth and household formation
Source: ABS; HIA; BIS Shrapnel

Optimising manufacturing networks to service demand through the cycle at lower delivered cost

§ Bricks & Roofing

- Investing in low cost capacity
- Consolidating capacity into less plants

§ Plasterboard

- Taking steps to reconfigure its manufacturing network to reinforce its lowest delivered cost position

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CSR Performance Systems is gearing for growth in Australia and Asia ...

- § Growing demand for energy efficient living and operating solutions
 - Rising Energy Cost
 - Environmental awareness
 - Legislative changes

- § We are gearing to meet growth in this area
 - Ingleburn expansion
 - Edmonds ventilation acquisition
 - Hebel solutions
 - Investment in Rokcore™ panels
 - Asian investment ...



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Growth in Asia is focused on value added insulation and technical Rockwool

- § **Rokcore™ panels plant was officially opened October 2006**
 - Will be delivered on time and within Budget (A\$20m)
 - Capacity 500,000m²
 - Expandable to 1,000,000m²

- § **Investing A\$43 million to build a 45,000 tonne 'world class' Rockwool plant at Guangzhou (adjacent to the panels plant)**
 - Replaces CSR's existing Dongguan plant
 - To supply the insulation core for the Rokcore™ panels
 - Supply existing and growing demand for industrial and commercial insulation applications in the region



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Aluminium, Property, Finance

Anne Brennan
CFO CSR Limited

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Aluminium — EBIT increase driven by higher sales volume

	<u>2006</u>	<u>2005</u>	<u>change</u>
Sales ('000 tonnes)	93.9	87.3	7.6%
Trading revenue	277.1	234.0	18.4%
EBIT	67.6	65.0	4.0%
EBIT Margin	24.4%	27.8%	

§ Trading revenue up 18.4% to \$277.1 million due to higher prices and increased sales volume

- Sales volume for the full year is expected to be in line with last year

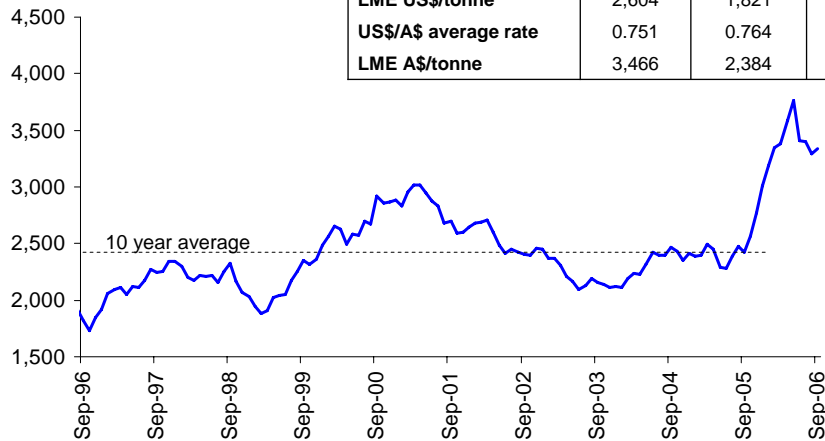
§ EBIT margin down due higher alumina costs and smelter production costs

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World aluminium price remains relatively high

10 Year LME Aluminium Price
A\$ per tonne



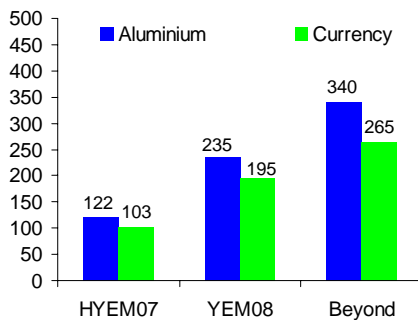
source: Bloomberg

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Increased forward hedging levels following strong prices

Aluminium Hedge Book
US\$ millions



§ Around 95% of net aluminium exposure¹ now hedged for remainder of YEM07

§ Significant hedging undertaken for YEM08 and beyond

- Around 80% of net aluminium exposure¹ now hedged for YEM08

0.690	0.711	0.726	Average currency rate in US cents
US\$1,898	US\$2,086	US\$2,198	Average hedged aluminium price US\$ per tonne
A\$2,752	A\$2,933	A\$3,027	Average hedged aluminium price A\$ per tonne

1. CSR hedges net aluminium exposure which takes into account the natural hedge involved in alumina purchases. Net aluminium exposure equates to around three quarters of metal production.

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Property ... Erskine Park sale expected in the second half

Half year ended 30 September [\$ million]

	<u>2006</u>	<u>2005</u>	<u>change</u>
Total revenue	8.4	24.5	-65.7%
EBIT	9.7	30.9	-68.6%
Capital investment	11.8	12.1	

- § Property's earnings are largely based on major transactions
- § The major driver of this year's half year result was the sale to ING of land located on the Erskine Park industrial development site
- § Announced two weeks ago, the conditional sale of 38 hectares at Erskine Park to The GPT Group
- § Earnings are expected to be around 10% lower than last year



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Review of corporate costs and provisions

Half year ended 30 September [\$ million unless stated]

	<u>2006</u>	<u>2005</u>
Total corporate cost	-8.8	-8.5
Product liability	-0.3	-6.2
Superannuation	2.5	2.4
Other	1.0	-0.1
Total restructure and provisions	3.2	-3.9



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Group EBIT & EPS in line with last year

Half year ended 30 September [\$ million unless stated]			
	<u>2006</u>	<u>2005</u>	<u>change</u>
Trading revenue	1,590.9	1,363.2	16.7%
EBIT	188.8	187.7	0.6%
Net finance expense	-25.9	-20.1	28.9%
Tax expense	-37.6	-37.2	1.1%
Outside equity interest	-16.1	-15.8	1.9%
Net profit	109.2	114.6	-4.7%
Effective tax rate	23.1%	22.2%	
Earnings per share (cents) ⁽¹⁾	12.4	12.6	-1.6%
Dividend per share (cents)	6.0	6.0	0.0%
Dividend payout ratio	47.7%	47.8%	-0.2%

1. Based on the number of shares at 30 September

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Outlook

Alec Brennan
Managing Director

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Outlook by business

Sugar

- § Raw sugar price achieved expected to be \$355 to \$380 per tonne
- § Unseasonable wet weather expected to
 - Lower raw sugar production by around 6%
 - Extend crushing season → increase overall operating costs

Building Products

- § Australian residential construction is expected to fall by around 6% for the full year
- § EBIT will fall short of last year (excluding last year's one-off costs)

Aluminium

- § Lower A\$ returns to reduce EBIT by around 15%

Property

- § EBIT likely to be 10% lower than last year

Overall

- § Our current view is that CSR's EBIT will be marginally behind last year

