CSR™

Introduction

Peter Kirby
Managing Director and CEO
Analyst Presentation
10 February 2003

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Agenda

Introduction

- Peter Kirby
  MD & CEO, CSR Limited

CSR Limited

- Alec Brennan
  MD & CEO, CSR Limited (*post-demerger*)
  Deputy MD and Director Strategy & Investments, CSR Limited *(currently)*

Rinker Group Limited

- David Clarke
  MD and CEO Rinker Group Limited *(post-demerger)*
  Chief Executive, Rinker Materials Corporation *(currently)*

Questions & Answers

Timetable

Item	Date
Lodge Scheme Booklet	10 February 2003
Transaction launch	10 February 2003
Institutional and retail roadshow	11 February – 27 March 2003
Shareholder meeting	25 March 2003
Final court approval hearing	28 March 2003 (est.)
CSR and RGL shares begin trading separately	31 March 2003 (est.)

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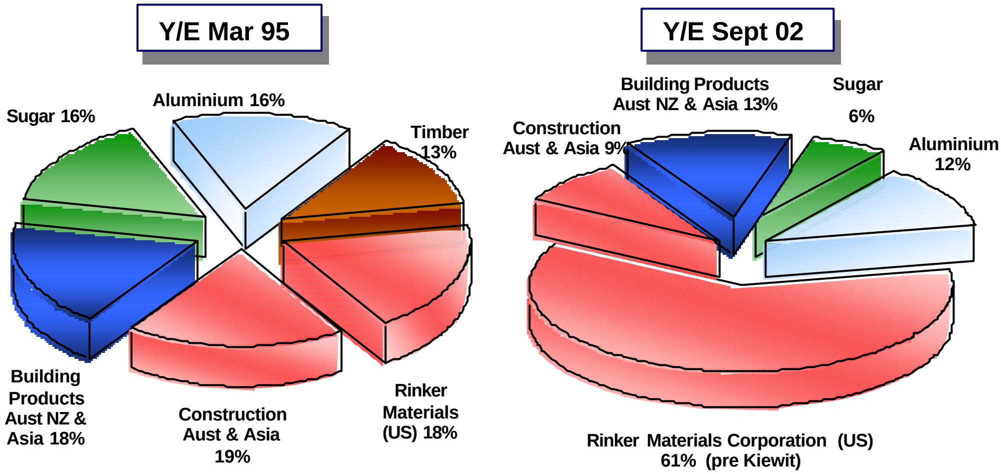
The expected timetable shows the shareholder meetings will be held on 25 March, followed by the court sign off before we conclude – hopefully as planned on 31 March.

Heavy building materials 70% of CSR group earnings at end Sept 02 (business EBIT)



Heavy building materials – aggregates, concrete, cement and concrete pipe & products

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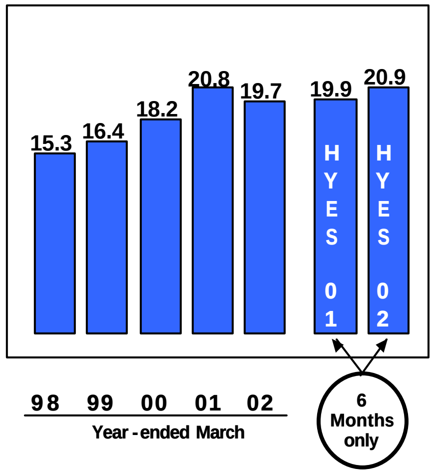
Note: Based on business EBIT from CSR Annual Reports; excludes corporate costs and unallocated gains/losses (eg major land sales)

Around three quarters of CSR group EBIT today comes from heavy building materials…that is aggregates, concrete, cement and concrete pipes and products

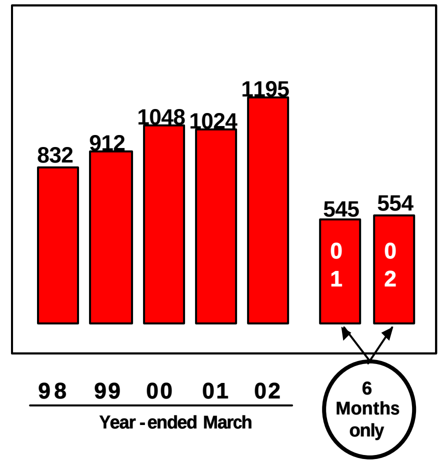
You can see the very significant change in the portfolio over the past few years.

EBITDA margin & cash flow up

EBITDA / Sales %



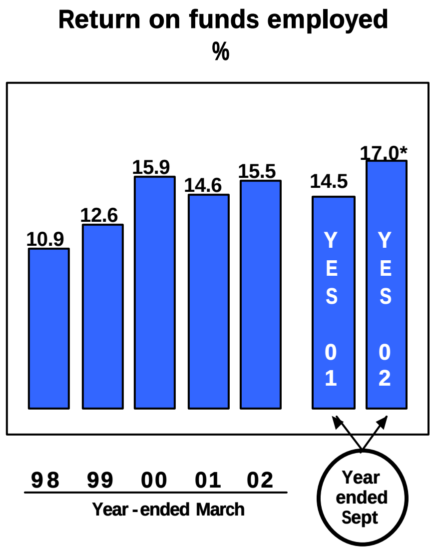
Operating cash flow A$m*

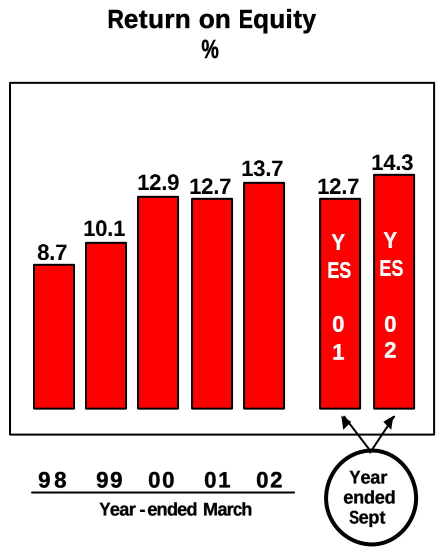


* Net operating cash flow after tax

- The next few charts just give you a quick reprise of our results over the past few years.
- This one shows the EBITDA to sales margin and operating cash flow have continued the upward trend of the past five years.
- Cash generation is one of the great strengths of CSR.

Financial ratios

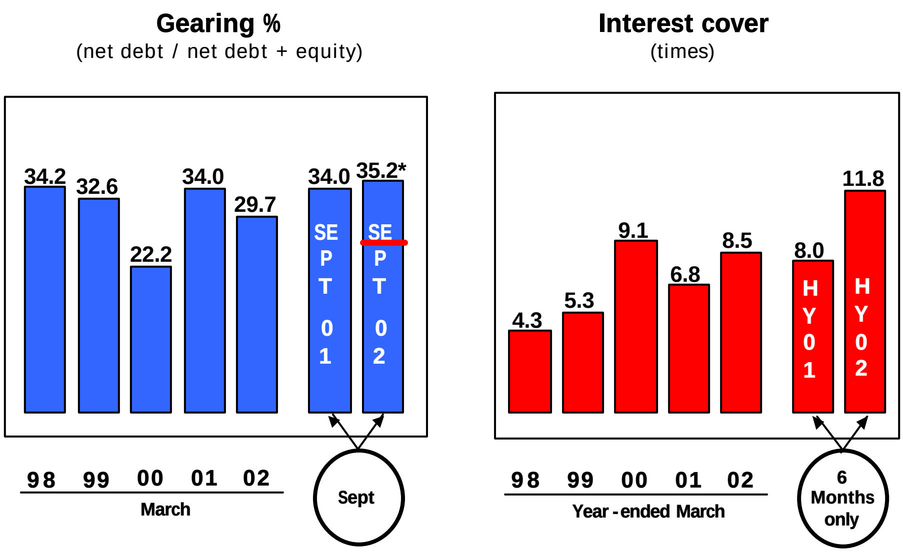




* Excludes funds employed for Kiewit Materials Corporation – purchased 26 Sept 02 with no sales or profit contribution during HYESO2

- The return on funds employed also continues to improve – although it does bounce around with acquisitions.
- Return on equity has more than doubled over the past five years.

Strong financial position



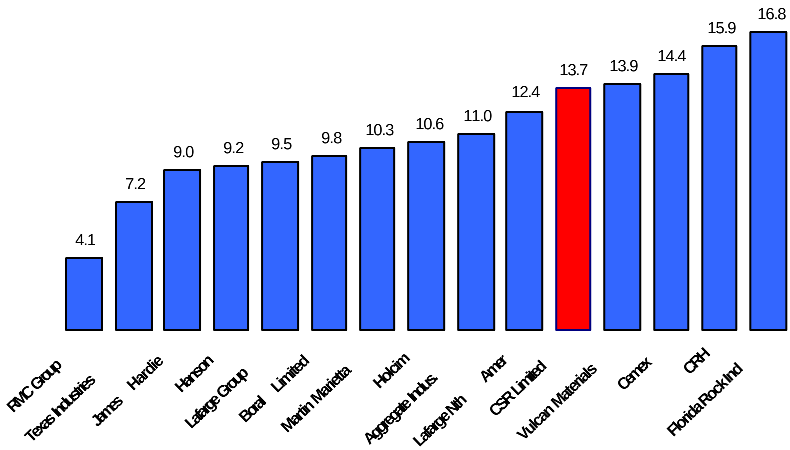
* Includes Kiewit Materials. Red line shows the gearing ratio at 24% if Kiewit excluded.

- CSR's financial position is very strong.

- Gearing is up this year due to the acquisition of Kiewit.

- But interest cover of almost 12 times at the half year ended September is extremely comfortable.

Return on Equity



Source: Annual Reports
As at last reported FY to 17 Jan 03

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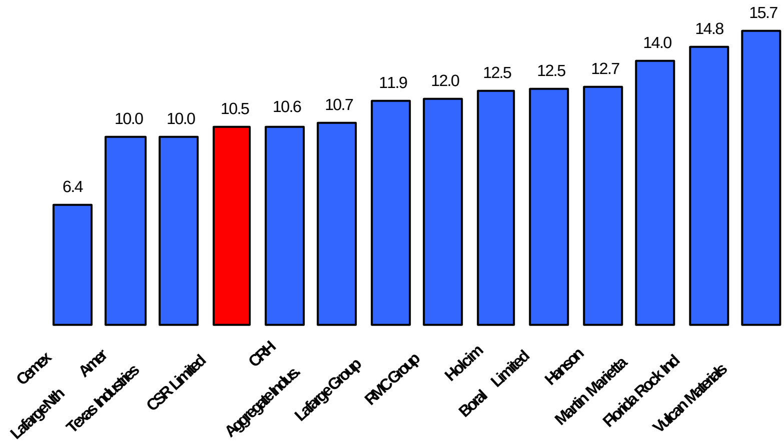
We have also managed to lift our return on equity to within the top quartile of our peers – with a return up to 14.3% at the end of September 2002.

Price / Earnings ratio



Source: Company records; CSR research
Price at 17 Jan 03 / latest published annual financial data
CSR Share price = $6.13

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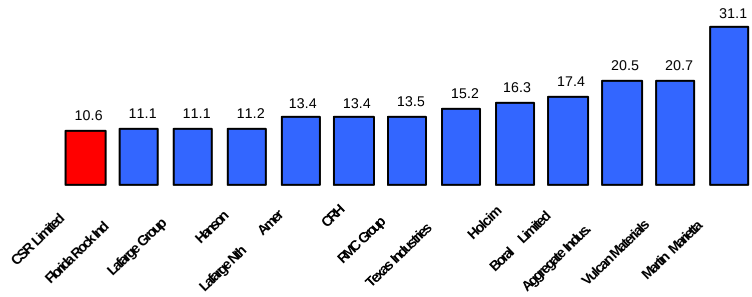
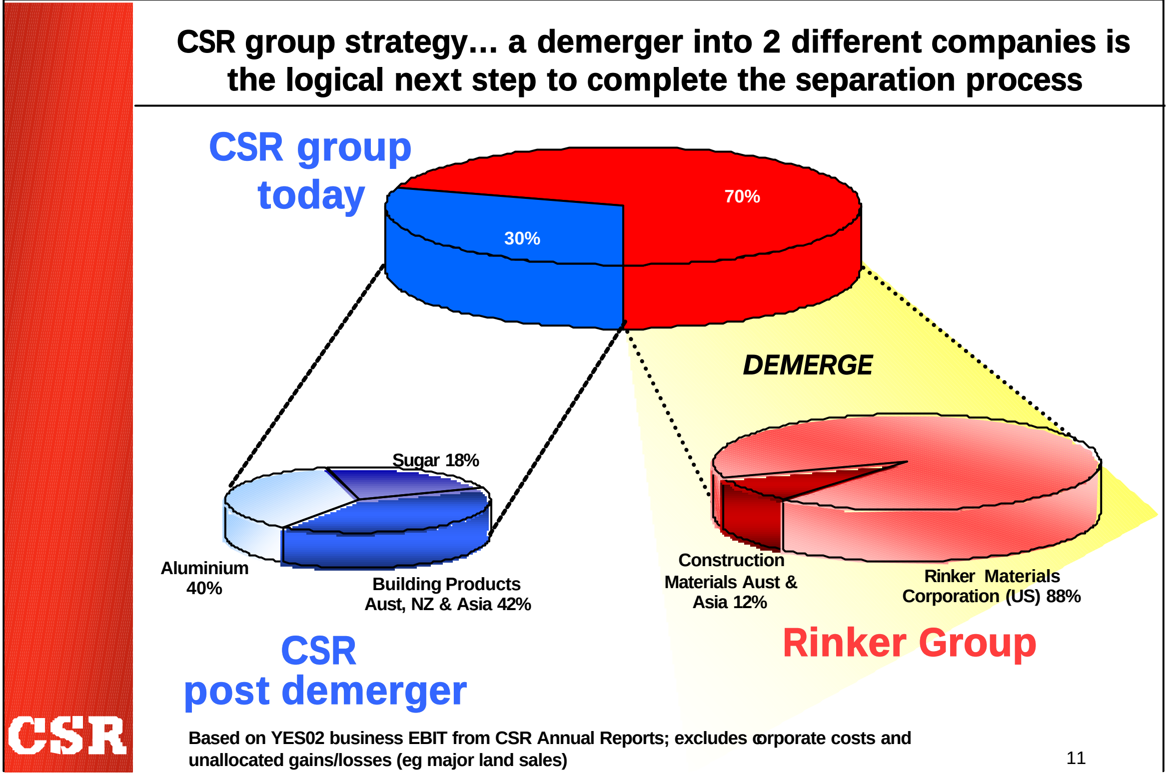
Yet on ratios such as price / earnings – based on latest reported profit – we continue to rate in the bottom quartile

EV / free cash flow



Source: Bloomberg
FCF is latest published T12mths
Share price as at 17 Jan 03. CSR = $6.13

Similarly with enterprise value to free cash flow, where we are right at the bottom of the pack



- The logical next step in our strategy to build value then is to complete this separation process through a demerger.
- The demerger involves spinning off the heavy building materials assets out of CSR…..and forming a new company called Rinker Group Ltd (“Rinker Group”).
- CSR Limited will then comprise :
- the Building Products business – which is the leading manufacturer of building products in Australia
- our Aluminium interest – which holds a 25% stake in the Tomago aluminium smelter near Newcastle, and
- CSR Sugar, which is among the largest and most efficient sugar cane milling businesses in the world.

Two strong Australian listed companies, appealing to different groups of investors

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Rinker Group Limited (RGL)

One of the world's top 10 heavy building materials companies, growing strongly and building strong regional market positions in its key products...

CSR Limited

A higher dividend yielding, diversified company, with a stable earnings history, strong cash flows and some of Australia's best known household brands...

We will then have two separate Australian companies – both listed on the Australian Stock Exchange, both expected to be within the ASX Top 100 and both headquartered in Australia.

Strategic rationale and benefits of a demerger

- In line with CSR strategy since 1998 for separation and growth of heavy building materials while lifting shareholder value
- Creates two strong, focused companies – both investment grade, and expected to be in ASX Top 100
- Precedents show step change in management and board focus lead to improved performance over time
- Improved ability to pursue growth options, including longer term flexibility for RGL equity as acquisition currency, if appropriate
- Separation offers a clear outcome and provides shareholder choice
- Dividend policy and capital allocation to better facilitate individual business strategies
- Clearer alignment of employee compensation plans with shareholder value for Rinker people
- Opportunity for stock market re-rating

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Costs of the demerger

- Transaction cost of $75 million before tax or est. A$54m after tax, ie a one-off impact of 5.8 cents per share
  - adviser, legal and expert fees, stamp duty, insurance (A$32m)
  - once-up cost of establishing RGL as a separate entity (A$28m)
  - refinancing costs (including restructuring US bonds) (A$15m)
- Lower LT credit ratings but ratings agencies have indicated investment grade for both RGL and CSR
- Short term impact on CSR's ability to pay fully-franked dividends; Rinker's franking capacity will be lower but solid earnings from Readymix will underpin franking for shareholders
- Post-demerger, additional cost of RGL and CSR operating as independent, separately listed companies

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The demerger is estimated to cost around $75 million pre-tax and around $54 million after tax – or a one-off cost of just 5.8 cents per share.

That compares with $65 million for each of the BHP Steel and One Steel demergers – both of which were significantly smaller – and around $127 million for Western Mining.

In summary

- Improved performance over past 5 years
- Further opportunity to enhance value with a demerger
- Two strong companies – both likely investment grade, history of solid cash flows, leading market positions, strong management & proven performance versus peers
- Expect CSR to be a higher yield stock; Rinker a growth stock
- Rinker growth : plentiful bolt-on opportunities, solid acquisition track record and financial strength to support funding
- CSR growth : sensible growth options to supplement performance improvement focus
- Objective to deliver further value to current shareholders

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