



CSR LIMITED PRESENTATION

# UBS Australia Conference

16 NOVEMBER 2015

## Significant increase in group performance for the half year to 30 September 2015

REVENUE \$1.1bn

↑ 14%

EBIT<sup>1</sup>  
\$149.3m

↑ 31%

NPAT<sup>1</sup>  
\$92.4m

↑ 32%

STATUTORY NET  
PROFIT \$77.6m

↑ 13%

EARNINGS PER  
SHARE<sup>1</sup> 18.3c

↑ 32%

HALF YEAR  
DIVIDEND 11.5c

↑ 35%

<sup>1</sup> EBIT, net profit and earnings per share are all before significant items. 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 half year ended 30 September 2015. All comparisons are to the half year ended 30 September 2014 unless otherwise stated.

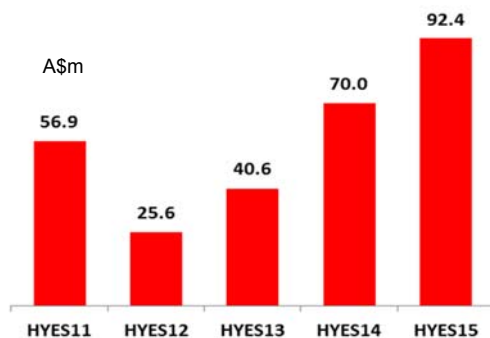
# Half year net profit after tax<sup>1</sup> up 32%

A\$m (unless stated)	HYES15	HYES14	change
Trading revenue	1,144.5	1,005.4	14%
EBITDA <sup>1</sup>	190.6	152.9	25%
<b>EBIT<sup>1</sup></b>	<b>149.3</b>	<b>114.1</b>	<b>31%</b>
Net finance cost <sup>1</sup>	(2.5)	(3.2)	
Tax expense <sup>1</sup>	(37.7)	(32.4)	
Non-controlling interests <sup>1</sup>	(16.7)	(8.5)	
<b>Net profit after tax<sup>1</sup></b>	<b>92.4</b>	<b>70.0</b>	<b>32%</b>
Significant items after tax attributable to shareholders	(14.8)	(1.6)	
Statutory net profit after tax attributable to shareholders	77.6	68.4	13%

<sup>1</sup> All references are before significant items.

- Trading revenue of \$1.1bn up 14%
  - Residential market activity up 12% for six months (2Q lag)
  - Strong performance from recent transactions
- EBIT<sup>1</sup> of \$149.3m up 31%
- Significant items of \$24.3m (before tax)
  - Includes transaction and integration costs to complete Bricks JV
- Unfranked interim dividend of 11.5 cents, up 35%

## CSR half year net profit after tax<sup>1</sup>



Note: HYES11 and HYES12 proforma to adjust for change in accounting treatment over the classification of the discount unwind for the asbestos liability.

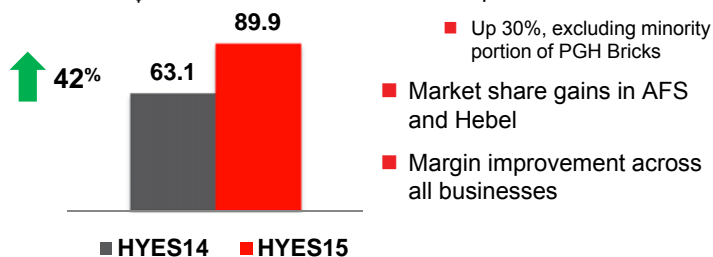
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# EBIT<sup>1</sup> reflects strong performance in all businesses

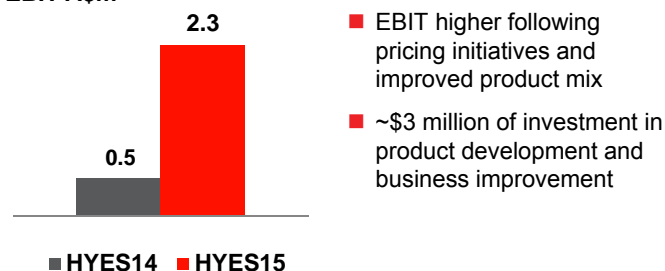
## Building Products

EBIT A\$m



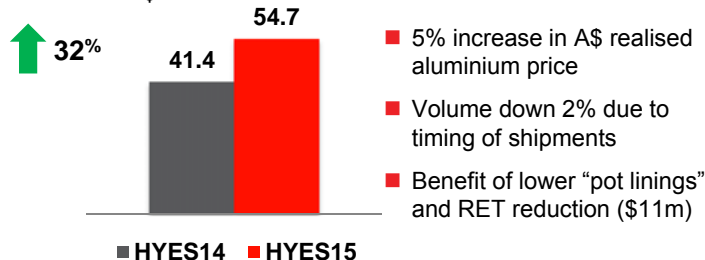
## Viridian

EBIT A\$m



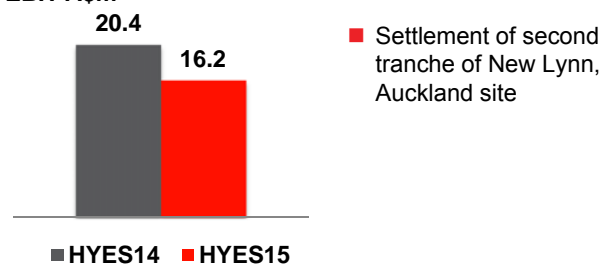
## Aluminium

EBIT A\$m



## Property

EBIT A\$m



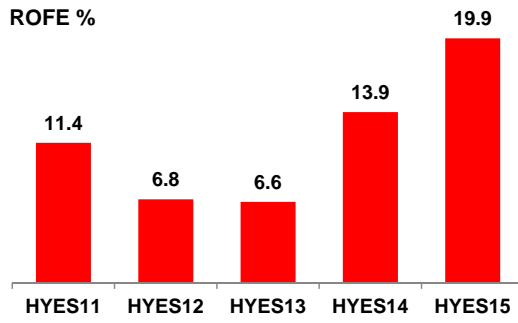
<sup>1</sup> EBIT before significant items.

4

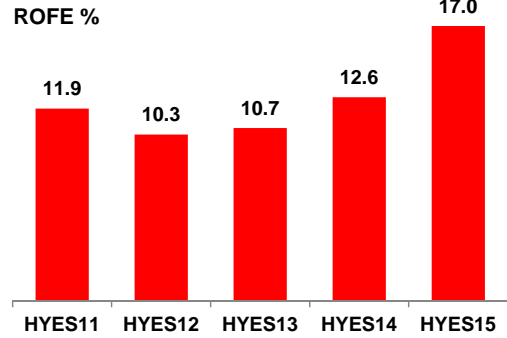
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# ROFE improving across the group

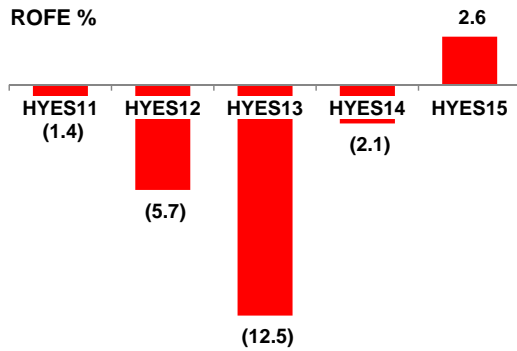
## CSR Group



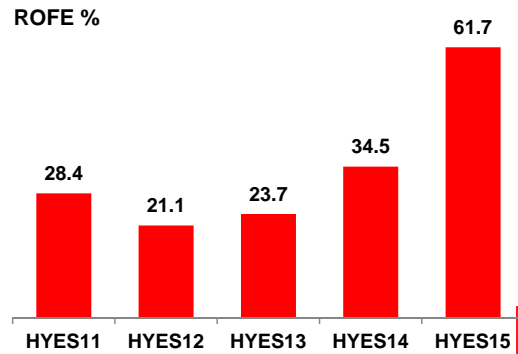
## Building Products



## Viridian



## Aluminium



All ROFE calculations based on EBIT (before significant items) for the 12 months to 30 September divided by average funds employed which excludes cash and tax balances and certain other non-trading assets, liabilities (including asbestos liabilities) as at 30 September.

5

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2

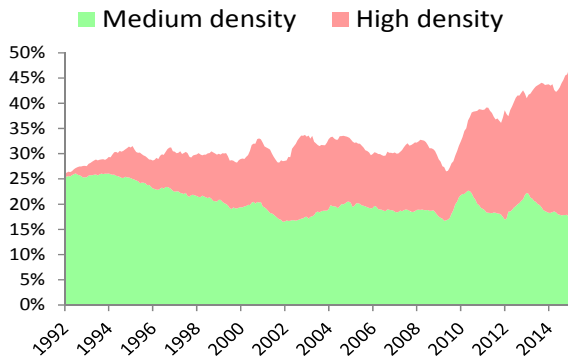
STRATEGY



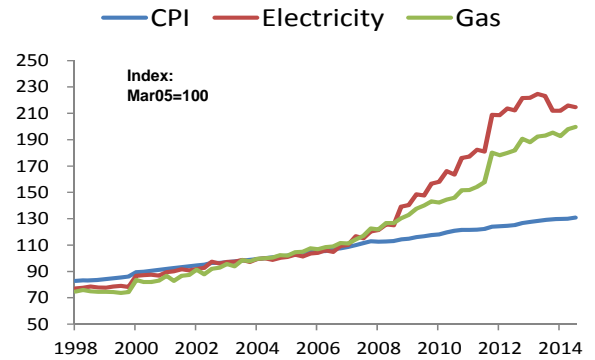
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# Structural changes framing our strategy

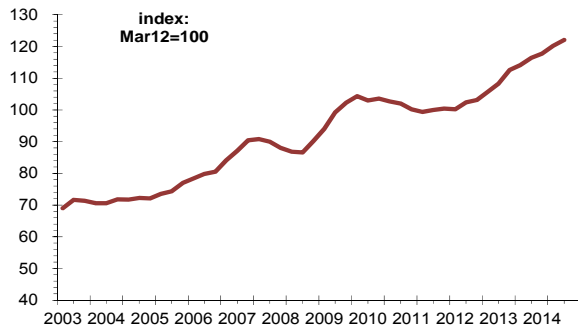
## Multi-residential housing growth



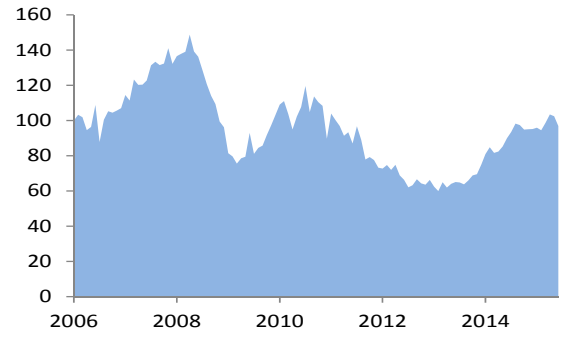
## Rising energy costs



## Housing affordability



## Increased demand for construction trades



7

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# Changing the way we build



## Strengthen and invest

- Investing in our people and our businesses



## Smarter, faster, easier

- Delivering solutions which make it easier and faster to build



## Adapting to changing lifestyles

- Influencing design as we adapt to the changing landscape of higher density living



## Comfort and energy efficiency

- Improving the comfort, quality and efficiency of buildings in use



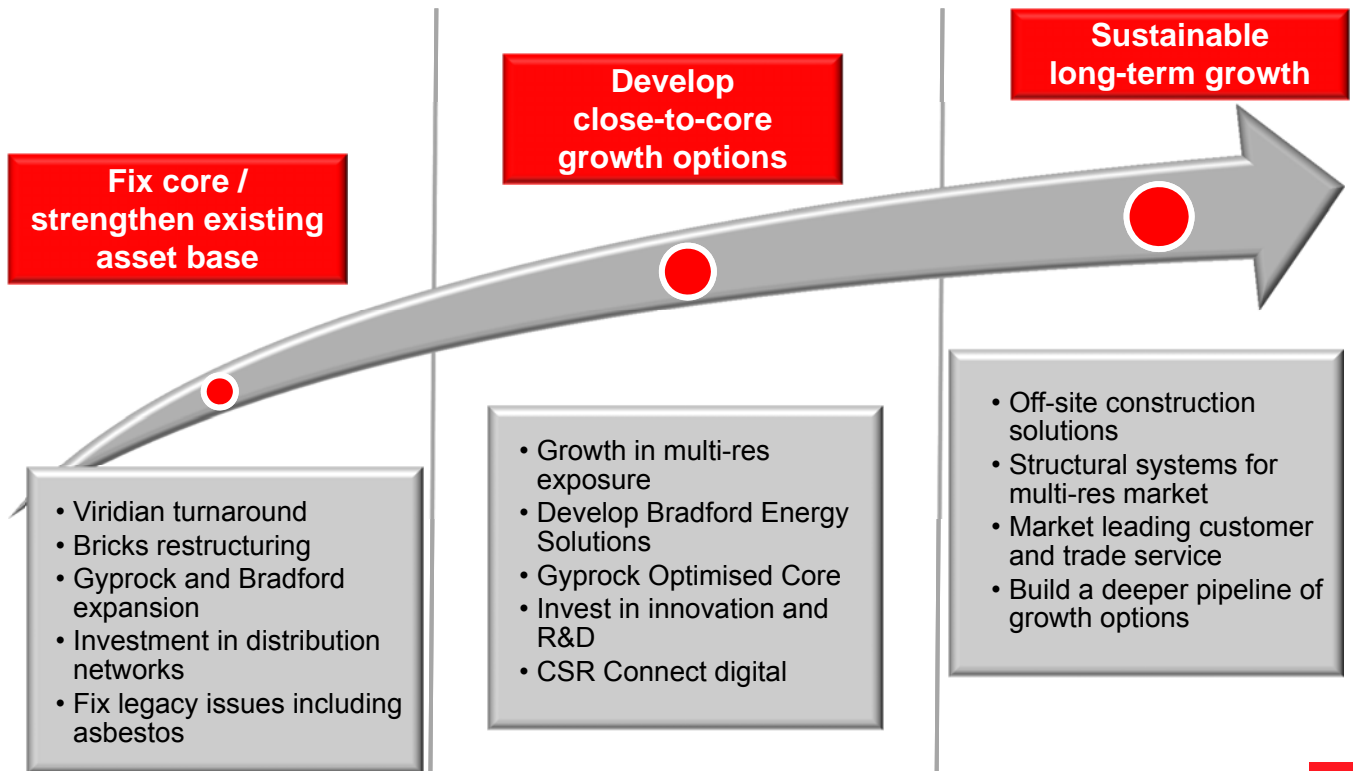
## Customers

- Improving the end-to-end supply chain so customers choose CSR

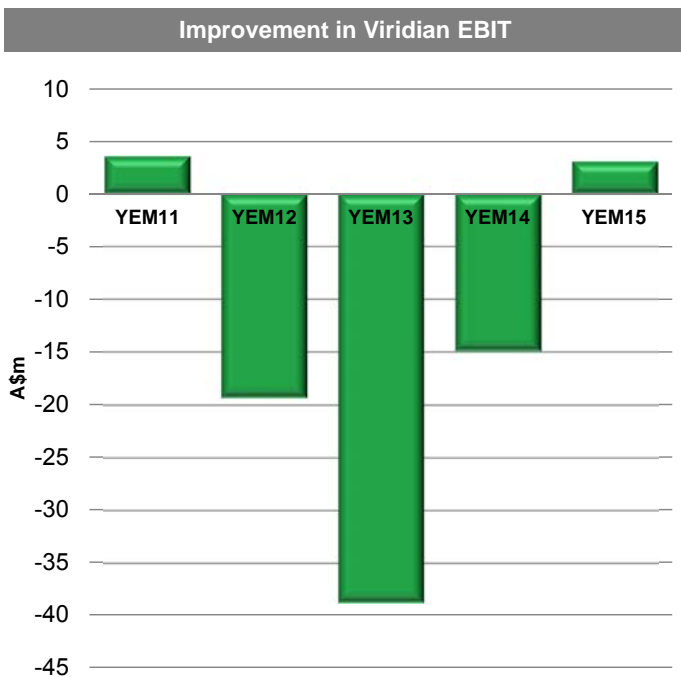
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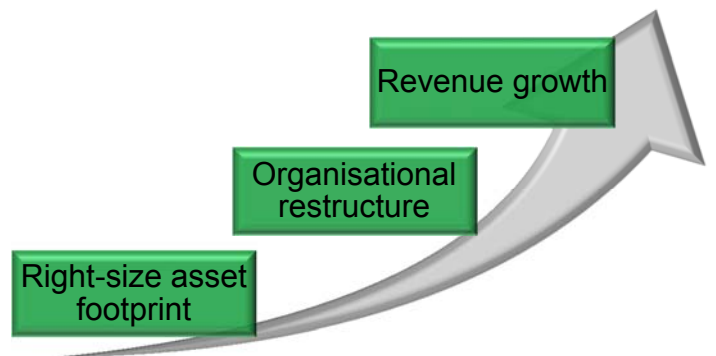
# Key phases of our approach



# Viridian turnaround on track



- Tracking in line with Viridian's strategy
- Restructuring largely complete
- Time to grow revenues



# Launched Boral CSR Bricks JV

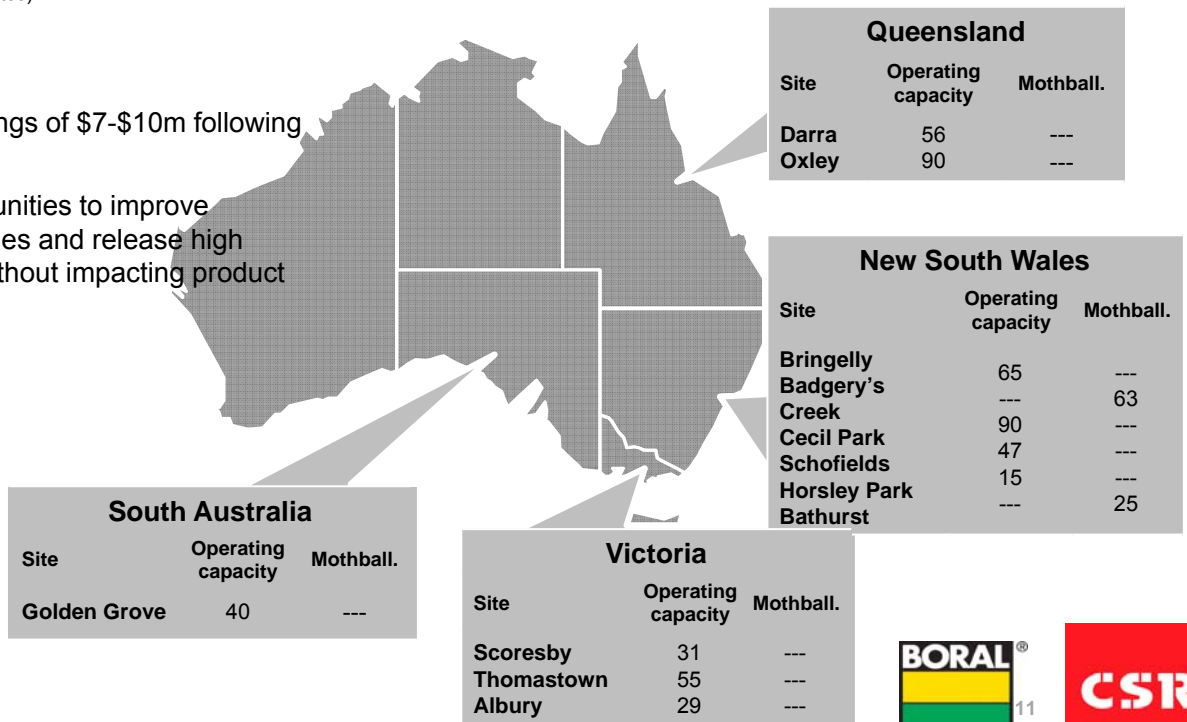


- Combined annual revenue of ~\$270 m (as of December 2014)

- 12 manufacturing operations (including mothballed sites)
- Around 570 employees

- Integration on track
- Initial overhead savings of \$7-\$10m following integration
- Longer term, opportunities to improve operational efficiencies and release high value land assets without impacting product range

## JV Sites – capacity by state (million SBE)



# Gyprock Optimised Core™ Product Innovation



- **Stronger** - more robust with better breaking strength for improved handling and installed performance
- **Lighter**- easier to lift for better sheet manoeuvrability and improved flex
- **Improved face appearance** - for a more uniform and professional finish
- **Improved overall workability** – crisper score and snap
- **Designed with glass fibre reinforcement** – to span 600mm centres



Everything else is just plasterboard



# Growth in Bradford Energy Solutions



- **Bradford Energy Solutions** : Brochures and case studies to support business development and sales teams.

**Bradford energy solutions**

**WE'VE DONE OUR FACTORIES, LET US DO YOURS**

Opportunity is knocking for Australian manufacturers to decrease their carbon emissions, lower their energy costs and benefit from an Australian Government Grant. But only for a limited time.

Bradford Energy Solutions are in a unique position to help companies make the most of this opportunity, being specialists in process and cost efficiency and for energy other companies.

**CARBON EMISSIONS**  
The Australian Government is encouraging manufacturers to reduce their carbon emissions by offering a grant to assist with research that successfully reduces that goal. Bradford Energy Solutions will conduct a Carbon Footprint Assessment Program, assessment, audit and implementation that is tailor made to your requirements.

**ENERGY COSTS**  
Bradford Energy Solutions will also decrease a company's carbon emissions but to the extent not more than \$50,000 per annum in energy costs. The ongoing energy savings from implementation of the Green Technology Investment Program is a sustainable investment in the future.

**COST OF PROJECT REDUCED BY 50%**  
Manufacturers with average bills of \$200,000 per annum that have not one of the essential energy or emissions measures in the 12 month period are receiving an application must be eligible to access the Government grant that is up to 50% of the project cost.

Manufacturers need to be aware the grant conversion that is implemented in Australia, used at least 500 large kilowatts of maximum 500 kW per unit and be able to fund the cost of the project but is not covered by the grant.

www.bradfordenergysolutions.com.au

**Bradford energy solutions**

**ENERGY SERVICES PARTNER PROGRAM**

Offering energy management technologies and services to enhance building occupants and property owners

www.bradfordenergysolutions.com.au

**Bradford energy solutions**

**REMOTE ENERGY LOGGING MONITOR**

ESLM is a purpose built to facilitate real time, granular, Demand Management. A large energy users power bill consists of a Maximum demand charge which is typically 50% of their entire bill in most cases this peak demand was reached only a couple of times during the month.

ESLM was built by CSR engineers, for use in our own facilities, simply because there was nothing available to monitor demand and enable management of power consumption that met our needs.

www.bradfordenergysolutions.com.au

**Bradford energy solutions**

**CASE HISTORY**  
Project  
Oceano Manufacturing Plant  
Coopers Plains  
Queensland

**PROJECT DESCRIPTION**  
Oceano's manufacturing plant in the Brisbane suburb of Coopers Plains involves substantial works and planning considerations for the Queensland and Australian market. Their electricity bills were around \$20,000 each month when the plant started. Bradford Energy Solutions to recommend ways that they could reduce their energy bills and carbon emissions.

They were also keen to benefit from available government incentives and assistance from their local network of energy to reduce their impact on peak demand.

Following a comprehensive assessment of the site we identified key areas of opportunity for carbon reduction and energy savings:

- The lighting in the manufacturing hall and workshop
- The distribution loss factor

**PROJECT SUMMARY**

**ENERGY SAVING INITIATIVES**

- Lighting refurbishment
- Power factor correction

<b>RESULTS</b>	
Total project cost	\$258,000
Total grants received	\$118,000
Final client cost	\$140,000
Total annual savings	\$60,170
Payback	4.5 years
Payback based on client cost	2.3 years
Annual CO2e emissions reduction	150 Tonnes

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# Structural walling solutions – disrupting existing construction methods



- **Objective:** To be the leader in load bearing permanent formwork walling solutions
- **Approach:** Faster and less complex building solutions
  - Increased speed of construction
  - Lower labour costs and crane requirements
- **Investment:** \$40m acquisition\* plus \$10m of capex to date

**LOGICWALL**  
STRUCTURAL SOLUTION



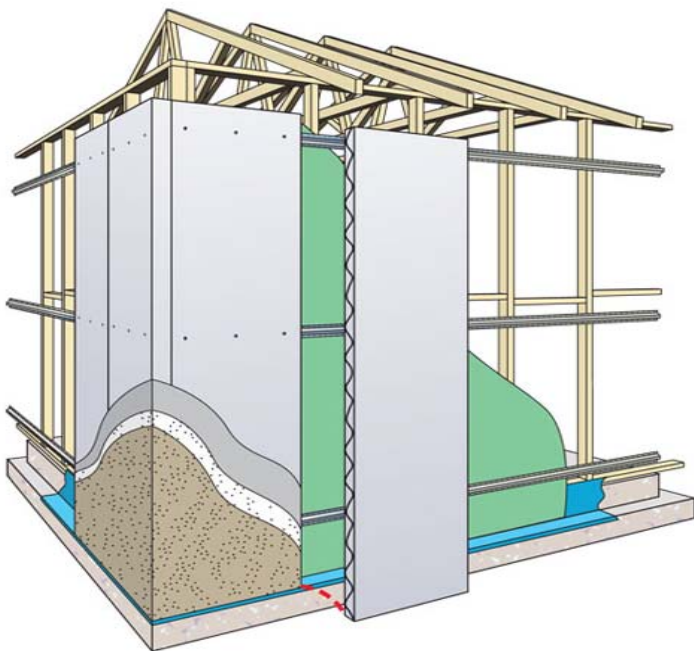
**REDIWALL**  
WALLING SYSTEM



\* Pre potential earn-out payments



## The Hebel PowerPanel XL system



- The system consists of a 75 mm steel-reinforced PowerPanelXL panels, fixed vertically to horizontal top hats attached to the load bearing frame
- PowerPanelXL has been developed so it's 20% lighter than previous systems while maintaining its structural integrity
- This lightweight panel, combined with the perforated steel top hat fixing system, speeds up installation



# Investing in digital

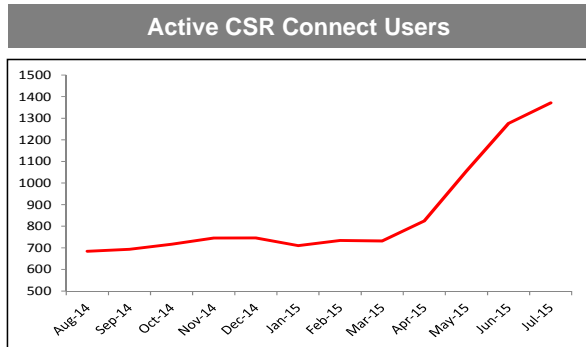


## ■ CSR Connect

- 24/7 access to accounts, trade pricing, online payments, access invoices
- Business dashboard to track orders
- Any device, anytime



## ■ Around 10% of CSR customers now using CSR Connect



<p><b>Quick and easy registration</b> Register in just 60 seconds for CSR Connect! It's free for trades with a CSR transacting account.</p>	<p><b>CSR account essentials</b> Keep on top of all your account activity and business KPIs on your Connect Dashboard.</p>	<p><b>Order CSR products online</b> Need insulation, plasterboard or walling? Let your fingers do the walking with real time online product search and multi-account ordering.</p>
<p><b>Account-based pricing for CSR products</b> Want to check product pricing? CSR gives you custom pricing based on your account.</p>	<p><b>Save time on admin tasks</b> Beat the clock and get your life back by reducing the time you spend on admin and manage your CSR accounts on the go.</p>	<p><b>Automated search</b> Lose the paperwork by creating and finding quotes, sales orders and invoices quick smart with automated search.</p>
<p><b>Rapid download</b> In a rush? Try bulk-downloading last month's invoices in a flash. Perfect for the busy trade.</p>	<p><b>Flexible payments online</b> Pay bills, get discounted credit card fees online and keep your CSR account balances up to date.</p>	<p><b>Help when you need it</b> Talk to a real person live via online Chat, or phone to speak to one of our friendly support team.</p>



# Investing in our people



## Culture



## Engagement in CSR strategy



## Learning & development



## Recognition



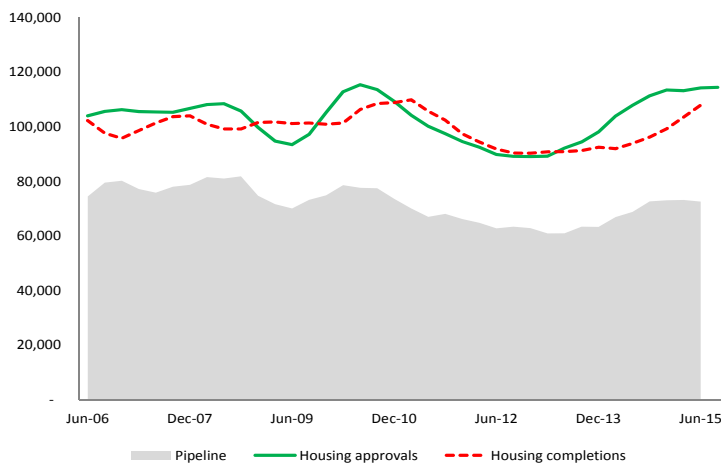
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# OUTLOOK



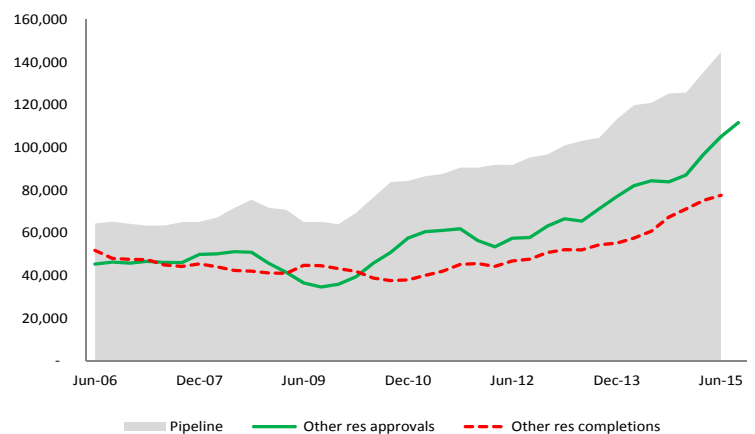
## Pipeline remains strong in residential construction

### Detached



- Detached housing approvals sustained at current levels
- Actual activity (completions) yet to catch up
- Supportive of medium term demand for CSR products

### Multi-residential



- Further growth in approvals and commencements
- Work in progress at record levels, and growing

Source: ABS – moving annual total (MAT). Pipeline includes dwellings approved and not yet commenced, and under construction, but not yet completed (ABS cat 8752)

# Outlook for year ending 31 March 2016 (YEM16)

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<b>Building Products</b>	<ul style="list-style-type: none"><li>■ Strong market activity to underpin year-on-year earnings growth for YEM16</li><li>■ Given current construction data and longer lead times from approval to construction, demand for CSR products to remain at current levels for the medium term</li></ul>
<b>Viridian</b>	<ul style="list-style-type: none"><li>■ Expect continued improvement in earnings arising from stronger construction activity, market share gains and pricing initiatives</li><li>■ Modest investment to enhance capability and customer service</li></ul>
<b>Aluminium</b>	<ul style="list-style-type: none"><li>■ Sales volumes (tonnes) to be around 3% higher than prior year with increased Tomago production</li><li>■ Ingot premiums have stabilised at ~US\$90 per tonne for October to December 2015</li><li>■ Second half of YEM16 is 70% hedged at an average of A\$2,391 per tonne (excluding ingot premiums)</li></ul>
<b>Property</b>	<ul style="list-style-type: none"><li>■ Majority of transactions have completed in the first half of the year with earnings in second half largely derived from Chirnside Park, VIC development</li><li>■ EBIT is expected to be between \$20 to \$25 million</li></ul>
<b>Group</b>	<ul style="list-style-type: none"><li>■ CSR expects net profit after tax (pre significant items) to be higher than the previous financial year (YEM15)</li><li>■ NPAT (pre significant items) to be towards the upper end of current analyst range of \$128m to \$162m (pre significant items)</li></ul>

