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**CSR LIMITED ANNUAL GENERAL MEETING  
24 June 2016****Chairman's Address****By Jeremy Sutcliffe**

I'm delighted to tell you, as I'm sure you already know, that CSR reported another strong year - our third consecutive year of earnings improvement - for the twelve months ending 31 March 2016. This was led by a strong performance in Building Products which delivered its best profit result ever.

While this result was supported by continued growth in construction market activity, it also demonstrates the progress we have made in executing our strategy. This has seen us improve the profitability of our higher fixed cost businesses, align production to demand and invest in customer service and new products.

We are pleased that as our performance has improved, shareholders have benefited from higher dividends with this year's full year dividend of 23.5 cents up 18% on last year.

Our strong balance sheet also allows us to undertake capital management initiatives to improve shareholder returns, including the \$150 million on-market share buyback we announced earlier this year.

**Total shareholder return since 1 April 2015 slide**

As you can see from the chart, CSR's total shareholder return since 1 April 2015 to yesterday's closing price is up 3%, which is ahead of the ASX200 which is down 5% over the same period.

While it's not for me to second guess the share market, it is likely that concerns remain around the strength in the current construction cycle - Rob will talk more about this - and the longer term outlook for aluminium prices and particularly the cost of electricity at Tomago. Shareholders will recall the risks associated with owning aluminium assets that I described at last year's AGM, namely our lack of control over prices, premiums and exchange rates. These risks remain today.

**A more resilient building products business slide**

On a much more positive note and again as the chart shows, CSR has progressively developed a significantly more resilient building products business. Historically our Gyprock business has delivered the majority of earnings for the portfolio. While Gyprock continue to grow consistently with market activity, CSR has delivered four times this growth across other product ranges.

These include PGH Bricks, and AFS, Hebel and Bradford which have all shown strong growth. We are also encouraged by the improvements in Viridian which is moving towards achieving an acceptable return, albeit with a lot of work still to do to get there.

We have also accelerated the development of two major properties in western Sydney following the formation of the PGH Bricks joint venture last year. These two projects and future plant rationalisation opportunities secure our property development pipeline over the next 5 to 10 years.

CSR is well positioned for the future and I am personally very optimistic about our prospects - particularly in new areas of investment - structural systems, facades and offsite construction. As you may have noticed, I bought some more shares during the year.

My optimism is supported by the strength of CSR's management team and the commitment of our 3,500 co-workers, who continue to work incredibly hard to deliver great results. Special mention goes to the team's safety effort, which Rob will talk about in more detail. Rob has done a great job in all respects, as have all the management team.

Lastly, as I mentioned earlier Rebecca McGrath has signalled her intention to retire from the CSR Board once a suitable replacement can be found. Rebecca has been a valued member of the Board for over four years and we wish her well. Thank you Rebecca.

Rob will now talk to you in more detail about the results, recent developments and our strategy.

Thank you ladies and gentlemen – your support is much appreciated. Over to you Rob.

**CSR LIMITED ANNUAL GENERAL MEETING**  
**24 June 2016**

**Managing Director's Report**

**By Rob Sindel**

Good morning ladies and gentlemen. And thank you again, to our many shareholders who have joined us here today.

As Jeremy has highlighted, it's been a busy and productive year. It's very pleasing to see that the hard work over the past few years has positioned us well to increase earnings as construction markets improved.

We are also making good progress on our strategy to strengthen the company establishing solid foundations for future growth. In particular we are developing building systems that are smarter, faster and easier to use as well as enhancing the digital experience for our customers.

I'll talk more about our strategy shortly, but first let's look at an overview of our results.

**Highest net profit since 2010 divestment of Sugar slide**

We've seen another pleasing lift in CSR's earnings. Indeed these are our best results since the divestment of Sugar in 2010.

This has been driven by a couple of key factors. Building Products earnings are now at record levels – supported by solid market activity, improving margins and growth from new products.

In addition, performance from recent transactions including the PGH Bricks JV is flowing through to earnings. And we have again posted good results from Aluminium and Property.

**EBIT reflects solid improvement in last few years slide**

Pleasingly, the substantial lift in full-year net profit has been driven by solid performance from all divisions.

Building Products' profit was up 40% for the year. This includes the consolidated earnings from the PGH Bricks joint venture which began trading on the first of May last year.

If we exclude the minority portion of the Bricks JV, Building Products earnings were up 28%.

All Building Products businesses grew year on year, with very strong performances from Bradford, PGH, Gyprock and Hebel.

Importantly, this has allowed us to reinvest in long-term growth initiatives including our CSR Connect digital platform and capacity expansions in AFS and Hebel.

Pleasingly, we saw further improvement in Viridian during the year. We are investing in Viridian and we are seeing an increase in our revenue after a number of years of cost reduction and repositioning of the business.

In Aluminium, EBIT was steady at \$104 million. The business has performed extremely well by increasing productivity and tight cost control.

Property EBIT was \$23 million, which exceeded our long-term guidance of \$15-20 million per annum.

### **Improving safety and environmental performance slide**

One of the most pleasing aspects of our performance improvement has been in our safety and environmental results. There's no doubt that good safety and environmental performance is an indicator of strong culture and employee engagement, which makes these results especially pleasing.

We're always seeking opportunities to improve safety. A new area of focus this year is that nearly half of all recordable injuries at CSR affect people who are under 30 years of age or have been working with us for less than three years. We have therefore developed a number of new programs to assist young and new employees improve their safety awareness as they gain experience at CSR.

As for minimising our environmental impact, our 2020 target is to reduce our greenhouse gas emissions as well as energy and water consumption by 20 percent per tonne of product. We're well on track to meet this target, thanks to the commitment of our employees.

### **Focused on sustainable long-term growth slide**

Now let's look at our strategy to strengthen CSR. This slide highlights the three phases of our blueprint for growth.

Over the last five years we have transformed and strengthened the core of our building products businesses. Each of these items are well on track, and we expect the turnaround in Viridian to continue over the next two years. As Jeremy said, we still have a way to go to deliver an acceptable return, but our team has clearly defined plans to continue the improvement shareholders expect.

The second phase is to continue to develop close-to-core growth options. These priority areas include investing in our distribution channels, driving revenue growth in energy solutions and, importantly, increasing our investment in new product development.

Let's now turn our attention to what we refer to as phase three, which involves building sustainable long-term growth options. I'd like to focus on these in a little more detail as they represent a key part of our strategy for the future.

### **Changing demographics slide**

One of the key themes shaping our strategy is based on the changing demographics impacting the housing market. The increasing cost of land combined with the desire of many to live closer to inner cities, has dramatically increased the growth in higher density housing.

This trend is expected to continue with multi-residential apartments expected to grow at a rate above detached housing over the longer term.

Our strategy to increase exposure to this segment has driven our investments in AFS and Hebel. We will continue to invest in this segment in the future.

## **Changing the way we build slide**

The other part of our strategy is based on ensuring we use insights from our customers to drive the development of new products and services. Over the past few years, the building industry has faced increasing labour costs and a shortage of skilled trades. This means that the industry has had to develop smarter, faster and easier ways to construct buildings – Using methods that are less reliant on traditional construction trades.

Our strategy to address these issues has been particularly evident in the growth of Hebel walling and flooring systems, the expansion of our Logicwall and Rediwall products, and the development of the Velocity off-site construction system.

## **Enhancing the customer digital experience slide**

And finally to the evolution of our CSR Connect digital platform. Our goal is to completely change the customer's experience when dealing with CSR.

Essentially it means we want to be better connected with our customers – from the point at which they begin to research a new product right through to ordering and delivery at the building site.

Today our CSR Connect system provides 24/7 online and mobile access to CSR customers for ordering, payments and account information. We now have over 2,000 users on the platform.

But this is just the beginning. As part of our vision, we want to give our customers unique convenience, and the access to real time information that makes them more productive. It's a pretty simple strategy – if we can help our customers grow their businesses, CSR will grow with them.

## **Outlook for the year ending 31 March 2017 (YEM17) slide**

Now turning to the outlook.

Firstly, Australian East Coast building approvals continue to grow, up 9% on an annualised basis...and while multi-res approvals have started to soften – they are actually up 15% on an annualised basis.

This gives us confidence that the pipeline remains strong and will support sales volumes in Building Products for the next 12-18 months. For this reason we are confident that we can again improve earnings in Building Products compared to last year.

Viridian is also expected to deliver further earnings improvements as it focuses on revenue growth from high performance glass, and increased penetration in the commercial market.

In Aluminium, we have 54% of net aluminium sales hedged at an average price of A\$2,327 per tonne (before premiums) for the year ended March 2017.

In Property we maintain our guidance of \$15 to \$20 million per year, subject to the timing of transactions

In closing, I would like to echo the Chairman's comments on Greg Barnes, and particularly acknowledge the support that he has provided to me and the organisation as CFO over the past five years. Greg, all the best and good luck on your next challenge.

I would also like to thank all of my colleagues for their hard work and dedication which has helped us deliver such a strong performance this year.

I will now hand back to Jeremy who will take us through the remainder of the meeting.

Thank you