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**CSR LIMITED ANNUAL GENERAL MEETING
27 June 2018**

Chairman's Address

By John Gillam

Good morning ladies and gentlemen,

I am very honoured to be here at my first AGM for CSR since joining the company in December last year. I want to begin by acknowledging the tremendous contribution of our previous Chairman Jeremy Sutcliffe who retired from the board last month. Jeremy spent nearly ten years as a director including one as interim CEO and six as Chairman. He made a very significant contribution during this time, including overseeing the sale of CSR's Sugar operations in December 2010. This transaction enabled CSR to return \$800 million to shareholders and repay all outstanding debt, setting the foundation for today's enviable financial position.

In addition, the sugar sale simplified our structure, allowing management to focus on growing our building products businesses. Strong financial results have followed. In 2018, CSR grew its Building Products earnings for the fifth consecutive year: they are now up 130 percent in nominal terms from where they were in 2014.

Shareholders have been rewarded with increased dividends and, more recently, a resumption in franking. Many shareholders will be aware we've increased franking to 75 percent, and we are aiming to fully frank our dividend as soon as possible.

On behalf of the board, employees and shareholders, I would like you to join me in thanking Jeremy for his terrific service and dedication to CSR.

It is this strong track record and the quality of CSR's businesses that attracted me to join CSR. In my previous roles, I was a customer of CSR and was always impressed with the company's strong brands, its focus on innovation and its dedication to customer service.

Working with the CSR team was also an attraction – I have known several of them for quite some time and have great respect for Rob and the senior leadership team.

After joining the Board, I underwent a detailed induction process including site visits and meetings with employees. From that I gained a deeper insight into both the quality of CSR's businesses and the future prospects of the company.

There is an impressive industry knowledge and expertise across CSR's senior management team and employees. In recent years, this team has expanded CSR's presence across the building and commercial markets. CSR now serves many markets outside of detached housing and the company is well positioned to outperform in any conditions. By way of example, the business has grown its position in areas like energy efficiency services and commercial buildings and there are exciting



opportunities emerging in civil and infrastructure through our Hebel aerated concrete panel business.

Hebel's new \$75 million plant under construction in Somersby on the NSW central coast is using state-of-the-art manufacturing technology to develop new products while also minimising the use of energy, water and the production of waste.

CSR also has a very strong Property portfolio. Our team has in-depth knowledge of managing major land redevelopment projects in terms of rehabilitation, rezoning and infrastructure. CSR owns in excess of 500 hectares of land in the key growth corridor of western Sydney in addition to sites across the rest of Australia. This presents a great opportunity for CSR to increase its earnings from Property over the next decade and beyond.

While our strategy is focused on growing our building products businesses, our position in aluminium remains an important asset for CSR. The smelter at Tomago is steadily increasing production and we continue to hedge our earnings to lock-in returns and provide certainty for shareholders.

I want to finish today by addressing how CSR is meeting its environmental, social and governance responsibilities whilst delivering great results for all our stakeholders in a sustainable manner.

With products like Bradford insulation and Viridian double-glazing systems, CSR is at the forefront of improving energy efficiency in Australian homes which today account for around 20% of Australia's greenhouse gas emissions.

We are also mitigating the climate impacts of our own businesses through the best possible energy mix and managing emissions within our manufacturing sites and supply chain. We've already exceeded our 2020 goal for waste and carbon emissions on a per tonne of saleable product basis. Pleasingly there is work already underway to further reduce water consumption and energy use.

We will continue to review our risk framework and disclosure to ensure that, as Australia transitions into a low carbon economy, we are mitigating the potential impacts of climate change. We look forward to continuing to share our progress on this work in coming years.

Our approach to managing our asbestos liabilities has remained consistent over the last 30 years. We remain absolutely committed to ensuring all legitimate asbestos-related claims, in Australia or the US, are resolved in a fair and equitable way.

In summary, CSR is well positioned for the future and I am optimistic about our prospects. I look forward to my involvement with CSR, assuming I am fortunate enough to be elected today. Together with my fellow Board members, I sincerely hope to continue CSR's strong track record of performance working alongside Rob, his management team and our 4,200 co-workers.

On that note, I would very much like to thank the whole CSR team for delivering an excellent result this year and I want to also thank all shareholders for your continued support of CSR.

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Managing Director's Report

By Rob Sindel

Good morning ladies and gentlemen. I would like to begin by welcoming John to the CSR board. As he mentioned earlier, we have known each other for many years and I am very pleased to now have John on our side of the fence. John brings many valuable insights from his previous role as a customer of CSR.

In the next few years we see significant opportunity to deepen the relationship with our customers – particularly through digital technology and innovative building systems.

John, as with all our Directors, will be a valuable addition to the CSR team as we build on these initiatives.

I will talk more about our strategy in a moment, but first let's look at an overview of our results last year.

Safety slide

In order to be a sustainable business, we must ensure that our workplaces are safe, provide rewarding work, and offer the best opportunity for our employees.

Firstly, in safety, we have strengthened our systems in the key areas of sub-contractor safety, young and new employees, and leadership development for our frontline supervisors and managers.

We have updated our systems so that we are not just capturing data, but sharing insights on incidents and hazards across our over 220 sites. This is delivering good results for CSR – particularly in reducing the severity of injuries, where we have seen a 45% improvement this year.

Environment slide

As for minimising our environmental impact, we are making good progress towards our 2020 target to reduce greenhouse gas emissions and waste production as well as energy and water consumption as outlined on the chart.

As with safety, there is always more we can do; and the key is a mindset of continuous improvement.

PGH Bricks – 1MW Solar Project at Golden Grove, SA slide

We are also developing our targets for post 2020 and assessing our climate-related risks and opportunities. As part of this process, we established an Energy Improvement Fund with an investment of \$20 million dedicated to energy saving projects. This year we completed four projects including two large scale solar installations at our Bradford site at Ingleburn in New South Wales and at our PGH Bricks plant at Golden Grove in South Australia. The slide includes details of the

project at Golden Grove which will supply over 20% of the electricity requirements for the site.

Increased earnings and ROFE across the CSR group slide

Now turning to our financial results. We are pleased to have continued our track record of growth in earnings which has seen us improve on last year's record result. Importantly the composition of our earnings has changed over the last six years. Today, Building Products and Viridian now represent two-thirds of our earnings up from around 55% six years ago. The proportion of earnings from Aluminium, relative to our core Building Products and Property businesses will continue to decline now that the new electricity contract at Tomago has commenced. Along with growth in our Building Products earnings, we expect greater returns from our enlarged property portfolio over the next several years.

Strong EBIT growth for the CSR group slide

This year's result was driven by a 6% increase in Building Products earnings, delivering another record profit; now more than double the result from five years ago. Our strategy to improve operational performance has ensured our EBIT margins remained stable, despite a 12% increase in energy costs this year.

Looking at our other divisions, while good progress is being made in Viridian to grow revenue and earnings, these improvements were offset by operational issues at the new factory at Ingleburn in New South Wales. It's encouraging to see that performance has improved over the last few months.

Aluminium earnings were down 15% as higher volumes and pricing were offset by increased raw material costs and the significant step-up in energy costs.

Our Property business delivered EBIT of \$47.8 million, up from \$15 million in the prior year.

Consistent strategy delivering results for CSR slide

Now on to strategy. As I mentioned earlier, a key pillar of our business plans is to put the customer at the centre of everything we do. But, what does this mean in practice, and what differentiates CSR from the rest of the market?

We would consider it to be our consistent strategy across multiple product categories and our work on initiatives that support the building and construction industry.

Our digital platform is expanding...providing real time delivery tracking, easier payment solutions and new estimating, and order placement services for our customers.

We are developing a number of organic growth opportunities using a lean start-up methodology while continuing to expand our business portfolio into adjacent markets like acoustic insulation and offsite construction.

Faster façades with the new Inclose system slide

A great example of our progress is the development of our new Inclose façade system. In 2015, we identified the opportunity for a high-performance façade system and gathered support from the industry including a \$3 million grant from the Federal Government. Three years later, we now have a new factory at Port Kembla in New South Wales constructing façades for our first contract to supply a student accommodation project at the Australian National University in Canberra.

Diverse exposure across construction segments slide

Before turning to the outlook, I want to begin with a look at the broader housing market. As you can see on this slide, the blue shading in the graph represents detached housing approvals, with the green representing low-rise multi-residential and the red, the high rise segment.

Over the last few years, the combination of detached and low-rise construction has been relatively stable, supported by robust population growth, particularly on the east coast of Australia.

The high rise segment has grown significantly over the last five years. And while this market has slowed in the last 12 months, it remains a relatively small proportion of our overall exposure.

We also have a growing position in the non-residential market which represents about one quarter of our sales. This market was up 9% in the last year with some good approvals data coming through. During the year, we worked on some landmark projects including the Commonwealth Games village on the Gold Coast and Perth's new Optus stadium.

Outlook for the year ending 31 March 2019 (YEM19) slide

Finally, from an outlook perspective, recent building approvals remain strong and will support sales volumes in the year ahead. As I noted earlier, Viridian's performance in Australia and New Zealand is improving and the business is on track to increase earnings this year.

In Aluminium, we have 75% of net sales hedged at an average price of A\$2,598 per tonne before ingot premiums. Earnings will also be impacted by the full year effect of higher power costs.

In Property, we have locked in \$37 million in EBIT from two transactions already completed this year, well above our long-term average.

So, in summary, what this means at the group level, is that we expect net profit, pre significant items, will be within the current range of analyst forecasts of \$176 to \$204 million.

In closing, I would like to thank the CSR management team, many of whom are here today, as well as our 4,200 employees and contractors for their hard work and dedication during what was a very busy and successful year.

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

Thank you.