7 November 2007

CSR Limited

Results for the half year ended 30 September 2007

Jerry Maycock, Managing Director
Anne Brennan, Chief Financial Officer

BE SURE WITH CSR

Presentation outline

• Introduction and overview	Jerry Maycock
• Review of results by business	Anne Brennan
• Group strategy and outlook	Jerry Maycock

Strong Building Products earnings growth offset by low raw sugar prices

- EBIT $158 million, down 16% from H1 last year
  - Earnings weighted to second half of the year
- Significant acquisition of Pilkington Glass – early performance in line with expectations, integration on track. DMS Glass acquisition also now complete
- Acquisition bridge debt refinanced, capital raising and share purchase plan completed, gearing (D/D+E) now ~42%. Maintains balance sheet flexibility and strong credit rating
- NPAT $72.3 million (before significant items), down 34% due to lower EBIT, higher gearing and slightly higher tax rate
- Interim dividend maintained at 6 cents per share
- Full year EBIT is expected to be around 5% lower than last year - in line with the September 2007 trading update

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Building Products – like for like EBIT up 18%

Half year ended 30 September [$ million unless stated]	**2007**	2006	change
Building Products (excl Pilkington)	**53.6**	45.5	18%
Pilkington	**12.7**	----	
Building Products	**66.3**	45.5	46%
Sugar	**22.4**	71.6	-69%
Aluminium	**65.9**	67.6	-3%
Property	**7.6**	9.7	-22%
Business segment total	**162.2**	194.4	-17%
Corporate costs	**-8.6**	-8.8	
Restructure and provisions (1)	**4.6**	3.2	
Total EBIT	**158.2**	188.8	-16%

1. Includes product liability, certain defined benefit superannuation expense and other non-operating costs

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Strategy to build value

- Overarching objective is to maximise value for shareholders
- Detailed review of the portfolio concluded that a restructuring of the asset portfolio would not result in any significant value uplift – at this stage
- Focus on improving performance, gaining scale and strategic position for all of CSR's businesses
- Portfolio optimisation remains firmly on medium term agenda

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Sugar business drivers

Global scale	• CSR is the 5th largest raw sugar producer in the world • Limited additional sugarcane land in Australia
Sugar consumption	• Consumption of sugar is growing at about 2% per annum - growth driven by demand from developing countries.
Raw sugar price	• Raw sugar prices are volatile due to supply/demand imbalances - current overhang of production in India is uneconomic • Long run raw sugar prices to be set by cost of expansion in Brazil which is increasing to > US12.5 cents per pound
Renewable energy potential	• Sugar to benefit from renewable energy opportunities in co-generation and fuel ethanol
Vertical integration	• Adding value through better category management in refined sugars • Helps mitigate impact of raw sugar price volatility

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Sugar – progress to date

Improve milling operations

- Completed year 1 of 3 year mills renewal program – maintain position on cost curve
- Continued investment in early stage biotech research

Industry restructuring

- As largest participant, CSR facilitating sensible value creating reform for export industry
- Innovative range of raw sugar price risk management products introduced for individual growers.

Leverage position into other markets

- Evaluated several sugar/ethanol acquisition prospects - none in Brazil yet met CSR criteria
- Continuing to examine prospects in Brazil and SE Asia

Grow renewable energy

- Ethanol and co-generation already making a significant contribution to profit – new projects depend on future policies on renewable energy and carbon pricing

Broaden refined sugar marketing

- Yarraville refinery major upgrade underway to refresh service and quality propositions
- Refining performance improved by 21% this half year – improved margins

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Building Products business drivers

Strong brands, innovation and systems development

- Brand awareness and preferences influence market share and margins even in semi-commoditised segments
- Construction labour costs and skills shortages influencing product development

Low cost positions in cyclical markets

- Fewer well positioned and efficient factories
- Streamlined logistics and channels

Geographic reach and diversity

- Balance across market segments and geographies across Australasia
- Selective expansion offshore

Sustainability

- Energy efficiency in buildings is the world's lowest cost carbon abatement option
- Life cycle cost of materials will become important

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Building Products – significant progress

Grow existing #1 & #2 brand positions

- **Significant development projects underway**
  - Gyprock upgrade in Melbourne - completion H2 YEM10. Maintains cost leadership
  - New Bradford glasswool factory in Brisbane - completion H2 YEM 09. Timed to ensure domestic capacity available in biggest growth market
  - Restructure Bricks and Roofing network - largely complete – target to exceed WACC through cycle

Acquire & develop complementary positions

- **Established leading position in the glass market**
  - Identified and executed significant acquisitive growth opportunity which is performing well
  - Excellent fit with manufacturing, distribution and marketing skill sets. Leverages proven capability to drive demand in energy efficient products

Extend Asian manufacturing position

- **Option for growth in technical insulation**
  - Commissioned Bradcore panels plant Guangzhou, China – promising initial sales to Australia and within China
  - New Bradford Rockwool plant in Guangzhou - completion end YEM08

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Acquisition of Pilkington Australasia & DMS: significant growth for Building Products

- Architectural glass market is growing at +3% pa. Higher margin energy efficient glass expected to grow from <5% to ~ 25% of the market in the next decade
- CSR now has manufacturing share of ~60%, 'downstream' share of ~40%, clear leadership position in Australia and NZ
- Total investment (incl. Dandenong upgrade and coater) ~$1B – very significant addition to and diversification of Building Products earnings stream. Adds ~$500m revenue on a full year pro-forma basis, and will be > 30% of expanded BP group
- Key priorities:
  - Cultural integration and synergy capture
  - Dandenong furnace upgrade and installation of CVD coater to produce energy efficient glass
  - Re-equip downstream network and upgrade service levels

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Review of results by business

Anne Brennan
Chief Financial Officer

Key points from results

- Building Products performance improved following successful restructure of Bricks and Roofing - despite sluggish housing market
- Significant investment in Pilkington and DMS
  - Results and synergies on track
  - EPS neutral this year and accretive next year
- Capital structure has changed following acquisition funding
  - Gearing increased to 42% from 25% in March 2007
  - New equity provides flexibility for future growth
- Strong operating cash flow – up 7.5% to $134 million
- CSR's results weighted to the second half of the year

Building Products - earnings improving following Bricks and Roofing restructure

- **Excluding Pilkington, revenue up 2% and EBIT up 18%**
  - Growth from commercial market and from new products and services
  - Prices generally steady with some small increases
  - Benefits of restructure of Bricks and Roofing improving results
    - 6 out of 14 kilns mothballed
    - 3 plants closed
    - Cost savings of $20m pa

Half year ended 30 September [$ million unless stated]	**2007**	2006	change
Performance Systems (includes Bradford Insulation, Bradcore panels and Hebel)	**142.2**	140.6	1%
Pilkington (three months only)	**104.8**		
Gyprock and Cemintel	**213.7**	200.0	7%
PGH Bricks and Monier Roofing	**159.0**	163.8	-3%
Other	**7.7**	5.7	35%
Total trading revenue	**627.4**	510.1	23%
EBIT	**66.3**	45.5	46%
EBIT Margin	**10.6%**	8.9%	

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Pilkington – early performance in line with expectations

- **Pilkington performing well**
  - Early performance in line with expectations despite soft housing market
  - Integration process well underway
  - Rebranding to be launched in next few months
- DMS acquisition completed on 8 October 2007
- On track to deliver a combined $33 million in synergies by YEM10 and roughly a third of this in YEM08

[$ million unless stated]	**Pilkington result for three months to 30 September 2007**
Revenue	**104.8**
EBIT	**12.7**
EBIT margin	**12.1%**

- Pilkington/DMS synergies include:
  - Back-office integration
  - Procurement
  - Other rationalisation benefits

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Sugar – Refining result up 21%

- **Raw Sugar**
  - Lower sugar prices ($371 p/t down to $300 p/t)
  - Higher costs due to significant delay to start of season and mills renewal program
- **Ethanol**
  - Delayed start due to molasses shortage due to late start of milling season
  - Wet weather impacted fertiliser sales
  - Sales should recover in second half of the year
- **Refined Sugar**
  - Margin improvement and increased sales volumes

Half year ended 30 September [$ million unless stated]	**2007**	2006	change
Trading revenue	**642.0**	803.2	-20%
EBIT	**22.4**	71.6	-69%
EBIT Margin	**3.5%**	8.9%	
EBIT by business			
Raw Sugar	**5.7**	56.3	-90%
Ethanol	**1.7**	2.7	-37%
Refined Sugar	**16.6**	13.7	21%
Other [1]	**-1.6**	-1.0	

1. Includes earnings from CSR's interest in Czarnikow offset by overhead and business development costs.

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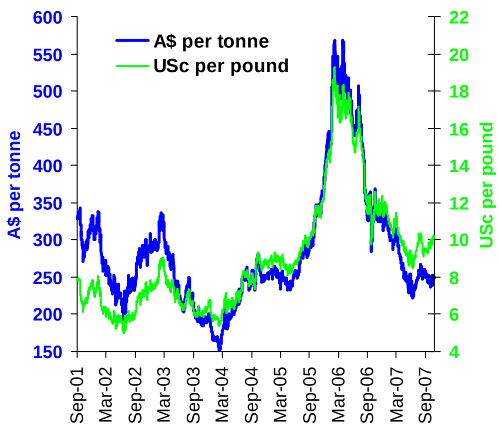
Investing to benefit from turnaround in the raw sugar price cycle

CSR achieved price A$ per tonne	YEM08	YEM07	YEM06
Final full year price	Marginally below $300	354	316

Note: the price for HYES06 was A$371 per tonne while the final price for YEM07 was A$354 per tonne.

- A$ raw sugar price has fallen by 43% compared to the prior six months - higher A$ significant impact
- Hedging completed in previous years has mitigated downturn in sugar price
- Medium term price outlook above US12.5 cents per pound

ICE11 raw sugar price



Source Bloomberg, ICE11 raw sugar price

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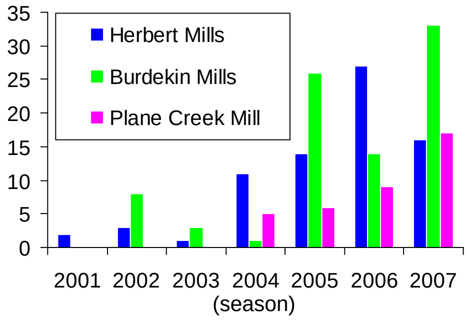
Unprecedented delay to start of milling season

	HYES07	YEM07	HYES06	YEM06	HYES05
Cane crushed (m/t)	**7.4**	14.3	7.8	15.4	8.3
Raw sugar produced (m/t)	**1.06**	2.10	1.09	2.20	1.17
CCS	**14.2%**	14.1%	13.9%	14.0%	13.8%

Days of crushing lost to wet weather



- **Unseasonable wet weather delayed the start of the milling season**
  - Unprecedented late start in largest region in the Burdekin – 33 days
  - Higher costs due to wet weather and mill upgrade program
  - Risk of rain impacting end of season in December

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Aluminium — Profit down slightly

Half year ended 30 September [$ million unless stated]	2007	2006	change
Sales ('000 tonnes)	**93,137**	93,948	-1%
Ave realised price per tonne	**3,033**	2,949	3%
Trading revenue	**282.5**	277.1	2%
EBIT	**65.9**	67.6	-3%
EBIT Margin	**23.3%**	24.4%	

Market data	2007	2006	2005
LME US$/tonne	**2,702**	2,604	1,821
US$/A$ average rate	**0.840**	0.751	0.764
LME A$/tonne	**3,217**	3,467	2,384

- EBIT down slightly due to lower production and higher costs
- Full year sales volume likely to be down by around 1.5% from YEM07 due to short-term higher levels of pot maintenance

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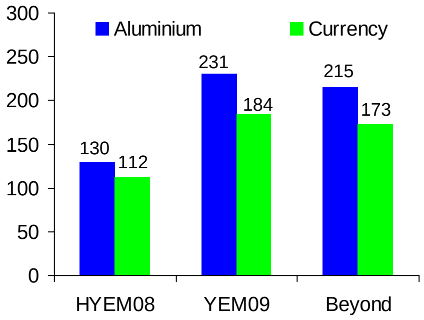
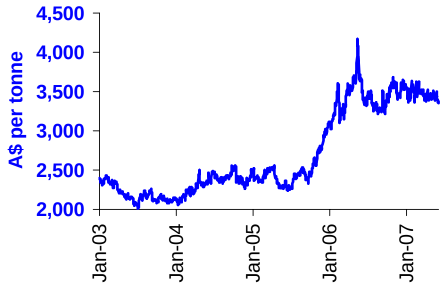
Increased forward hedging levels following strong prices

Aluminium Hedge Book
US$ millions



Aluminium price – LME – A$ per tonne



0.722	0.735	0.744	Average currency rate in US cents
US$2,170	US$2,231	US$2,280	Average hedged aluminium price US$ per tonne
A$3,005	A$3,035	A$3,065	Average hedged aluminium price A$ per tonne
88%	76%	NA	% of net aluminium exposure hedged

Note: 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 transactions weighted to second half of the year

Half year ended 30 September [$ million]	**2007**	2006	change
EBIT	**7.6**	9.7	-22%

- Transactions currently in negotiation include:
  - Further residential land sales at Ferntree Gully in Melbourne
  - Completion of sale of parklands around Chelsea refinery in Auckland
  - Development of industrial property at Darra in Brisbane
- Property's earnings are based on a relatively limited number of large transactions with the potential for sizeable swings from year to year

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Earnings will be weighted to second half of the year

- Lower EBIT – increase in BP did not fully offset lower raw sugar prices
- Higher net finance costs due to increase in net debt
- NPAT and EPS down due to lower EBIT, higher finance costs and increased tax rate

Half year ended 30 September [$ million unless stated]	**2007**	2006	change
Trading revenue	**1,552.2**	1,590.9	-2%
EBITDA	**229.1**	250.3	-8%
EBIT	**158.2**	188.8	-16%
Net finance expense	**-39.1**	-25.9	51%
Tax expense	**-30.2**	-37.6	-20%
Outside equity interest	**-16.6**	-16.1	3%
Net profit before significant items	**72.3**	109.2	-34%
Significant items	**-4.8**	0.0	
Net profit after significant items	**67.5**	109.2	-38%
Effective tax rate	**25.4%**	23.1%	
Earnings per share (cents)	**7.7**	12.0	-36%

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New equity provides flexibility for future growth

- $150 million share placement completed in September
- Share purchase plan raised an additional $112 million in equity or 37m shares
- Refinancing of bridge loan completed
- Interim DRP to be underwritten – issuing around 17m shares
- Gearing likely to be unchanged at year-end
  - $175 million acquisition of DMS
  - Additional capital raised through SPP and DRP

Half year ended 30 September [$ million unless stated]	**2007**	2006
Gearing – net debt / net debt + equity (1)	**42.4%**	32.8%
Net debt	**1,085.7**	600.2
Interest cover	**7.8**	14.6
Shares on issue (at 30 September)	**926.8**	877.8
Pro forma shares on issue (at 31 March 2008)	**980.7**	

1. Excludes fair value of hedges from equity.

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Group strategy and outlook

Jerry Maycock
Managing Director

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Review of portfolio strategy

Valuation implications

- Raw Sugar and Building Products at low points in respective cycles - timing and rate of upturns not yet fully apparent
- Industry deregulation in export sugar marketing is in progress
- Significant potential value in energy efficiency and renewable energy opportunities in both Sugar and Building Products
- Returns from substantial acquisition and development capex yet to be factored into enterprise value

Portfolio implications

- Restructure would not result in any significant valuation uplift today
- Empirical evidence suggests simplification of corporate structure does create additional value in most, but not all, cases
- Intention to create opportunities via a favourable combination of external and internal conditions
- Strategy to improve business performance, build scale and strategic relevance to position CSR for such opportunities

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Outlook – full year EBIT down 5%, in line with trading update in September

- **Building Products** - YEM08 EBIT excluding Pilkington and DMS expected to be 15-20% higher. Overall Building Products EBIT to be between 70-75% higher
- **Sugar** - Net result for YEM08 expected to be 40-45% lower than YEM07 on current sugar price/fx forecasts – assuming reasonable weather conditions.
  - Refining, Ethanol and Co-generation earnings will be higher
- **Aluminium** - EBIT result likely to be slightly below last year
- **Property** - Result expected to be in the sustainable range of $35-$40 million, depending on the outcome of transactions currently in negotiation
- **Overall** - EBIT expected to be about 5% below last year, in line with trading update in September 2007
  - Net profit will also be impacted by higher interest costs due to the glass acquisitions and higher average tax rate

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Summary

- Significant progress in Building Products performance especially given impact of cyclical external issues
- The acquisition of Pilkington and DMS has created an important new segment and growth momentum
- Raw sugar business is in rebuilding phase, under difficult external conditions
  - Downstream value adding businesses progressing well
- Regearing the balance sheet has been completed whilst retaining strong credit metrics and flexibility for future growth
- The portfolio review has given direction to medium term planning
- Substantial number of organic growth projects in execution
- Significant medium term upside as sugar and building products markets recover
- Significant opportunities in energy efficiency products and renewable energy and fuel ethanol

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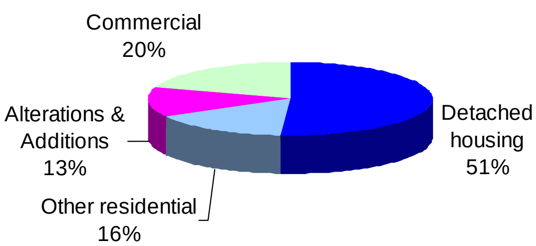
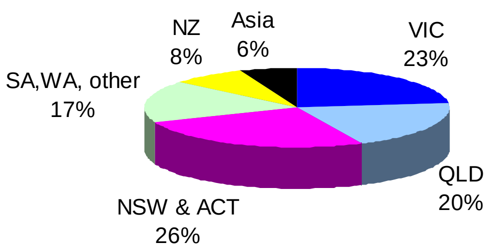
Appendix

Building Products exposure by segment

Australian end market exposures



Exposures — by state



Change in dwelling approvals from HYES06 to HYES07		
NSW (record low)	↓	11%
QLD	↑	14%
VIC	↑	3%
WA	↓	17%

1. Based on YEM07 revenue and pro forma for Pilkington.