

# MELBOURNE SITE ANALYSTS TOUR

30-31 March 2009



# AGENDA

## Monday 30 March – Dandenong and Clayton

- Introduction Jerry Maycock, Managing Director
- Viridian
  - update on progress John Hodgkinson, COO CSR Building Products
  - market overview/mgt action Howard Wigham, EGM Viridian
  - upstream glass manufacturing Steve Choat, GM Manufacturing Primary Products
  - downstream glass processing Justin Hollis, GM Downstream
- Summary John Hodgkinson, COO CSR Building Products

## Tuesday 31 March – Yarraville

- Sugar Australia Refining Tim Hart, CEO Sugar Australia
- Ethanol Gavin Hughes, EGM CSR Ethanol
- Gyprocket Project Rob Sindel, EGM CSR Lightweight Systems  
Steve Darwell, GM Operations

## CSR – A LEADING DIVERSIFIED COMPANY

Building  
Products

Sugar

Aluminium

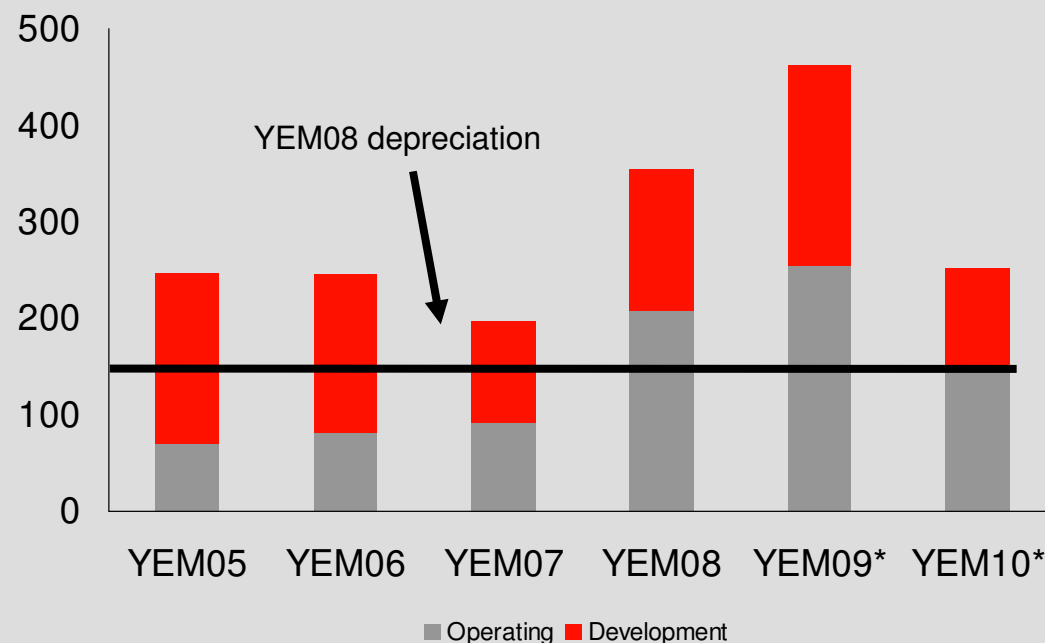
Property

- A leading provider of branded building materials with a particular focus on energy and labour efficient solutions for residential and commercial markets
- Globally relevant sustainable sugar and renewable energy business with growing proportion of stable refining and ethanol earnings
- Investment in a globally cost competitive aluminium smelter which provides longer term steady cash flows to shareholders
- Additional value created through development of significant industrial land portfolio to generate free cash flows

## CAPITAL REINVESTMENT PROGRAM NEARING COMPLETION

- Capital reinvestment program across major assets to improve market position and seize growth opportunities (e.g. energy efficiency)
- Projects are largely complete or near completion removing construction and budget risk
- No new development projects have been approved for YEM10
- Operating capital program expected to revert to levels consistent with depreciation from YEM10 onwards
- Combination of earnings and capital expenditure profiles expected to improve CSR's free cash flow and capital position in future years

Capital expenditure (A\$m)<sup>1</sup>



<sup>1</sup> Excludes Property capital spend

\* Forecast

# CAPITAL REINVESTMENT STRENGTHENS KEY STRATEGIC ASSETS



In Victoria this program includes:

## Upgrade of Viridian floatline and downstream processing facility

- New raw material batch plant with increased capacity, furnace and line upgrade increasing plant capacity
- High performance Chemical Vapour Deposition (“CVD”) Coater to produce energy efficient glass
- Australia’s first fully-automated Insulated Glass Unit production facility



## Gyprock Factory Upgrade, Yarraville

- Upgrade to larger, more environmentally sustainable plasterboard factory
- New Gypsum handling shed, conveyer and board line
- Delivers lowest cost plant in Australia and lowest delivered network cost through the cycle



## Sugar Refinery Upgrade, Yarraville

- Consolidates CSR’s competitive advantage in sugar refining – enhances reliability and quality consistency
- Improved storage facilities and replacement of old equipment
- Enhances operational sustainability

# LEADING BRANDS IN RESIDENTIAL CONSTRUCTION



# LEADING BRANDS IN COMMERCIAL CONSTRUCTION



## BUILDING PRODUCTS – POSITIONED WELL FOR CYCLICAL UPTURN

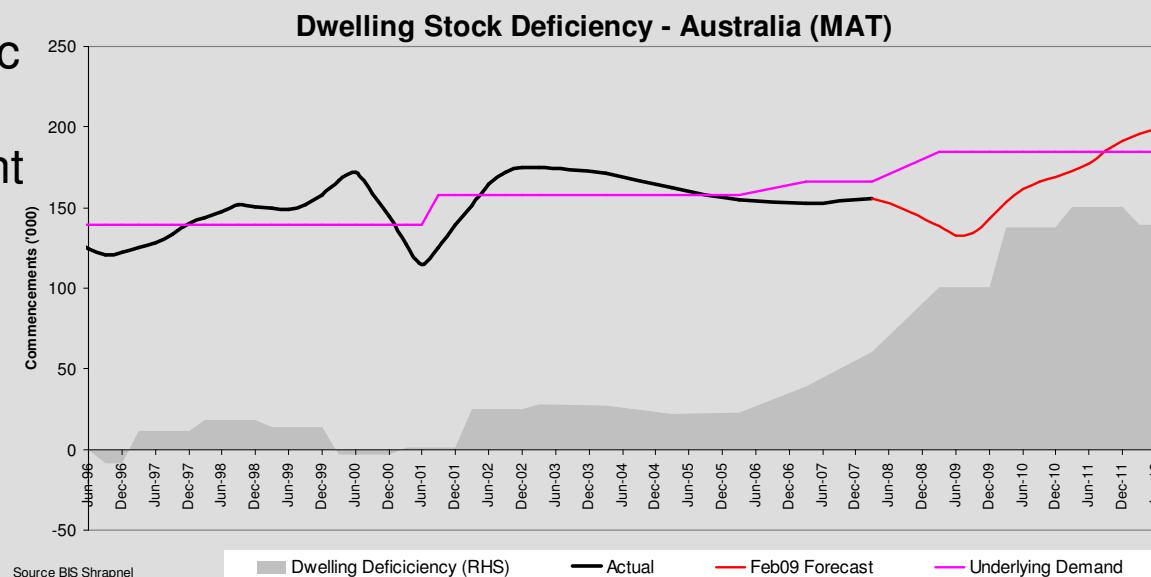
- Building Products is now an integrated organisation within CSR – coordinated and aligned strategy across the group achieving further efficiencies
- CSR brands are No. 1 or No. 2 in core markets for products and service - includes many of the region's most recognised and trusted brands
- Well equipped to leverage industry and regulatory moves towards greater energy efficiency in the built environment (insulation, energy efficient glass etc)
- Completion of significant capital reinvestment programme has strengthened individual businesses for cyclical upturn
- Response to current challenging environment:
  - total focus on business improvement and cost efficiency
  - aligning businesses to current conditions without compromising future opportunities
  - reduction in factory and overhead costs
  - manage inventory and supply chain to appropriate levels





## LONGER TERM INFLUENCES POSITIVE FOR RESIDENTIAL CONSTRUCTION

- Positive influences from Governments' stimulus packages:
  - construction of ~ 20,000 new public and community houses
  - Doubling of first home owners grant
  - \$3.9b ceiling insulation package
  - New guidelines for sale of surplus Commonwealth land
  - NSW Government to reduce developer levies by up to \$64,000
- Improved housing affordability from reduced mortgage rates
- Continued under-building in Australia leading to significant underlying demand (~ 180,000 dwellings)
- CSR continues to be well placed to benefit from increased regulatory emphasis on energy efficient housing and growing consumer awareness



## LONGER TERM FUNDAMENTALS REMAIN POSITIVE FOR SUGAR

### ■ Longer term market fundamentals are positive for Sugar

- Continuing positive trend for long term sugar price based on rising marginal cost of production in Brazil
- Projected world deficit for 2008/09 (October/September) upgraded to 4.3m tonnes (ISO)
- “The most constructive sugar fundamentals since 2005/06” (*ISO report Feb 2009*)
- CSR achieving further cost efficiencies through volume gains, asset restoration and operational improvement programmes across mills
- Hedging activities to lock in higher prices and reduce price risk
  - YEM10 – 60% hedged at A\$360 per tonne IPS
  - YEM11, YEM 12, hedged prices in A\$400 range IPS

### ■ Continue to build more reliable earnings base in Sugar

- Continued growth in earnings from refining and renewables
- Refining benefiting from margin improvement and product innovation
- Upgrade of Yarraville Refinery provides better reliability and consistency to enhance customer proposition
- Upgrade of Sarina Ethanol distillery to increase production of fuel grade ethanol

# ALUMINIUM

- Tomago Aluminium smelter is a world class, well managed asset with favourable position on global cost curve
  - Strong operational performance and commitment and continuous improvement in health and safety
- Focus on careful cost management and prompt sales in tough market environment
  - 57% of net aluminium exposure hedged at A\$3,116 per tonne in YEM10
  - GAF has long established customer base
  - Global aluminium production curtailments of ~5.8 million tonnes p.a. are in progress



## SUMMARY

- Building Products is now an integrated organisation within CSR – coordinated and aligned strategy delivering further efficiencies
- Completion of significant capital reinvestment programme has strengthened individual businesses for cyclical upturn
- CSR continues to be well placed to benefit from increased regulatory emphasis on energy efficient housing and growing consumer awareness
- Longer term market fundamentals remain positive for Sugar
- CSR continues to build more reliable earnings base in Sugar in refining and renewables
- Tomago Aluminium smelter remains favourably positioned on global cost curve