CSR Limited Presentation – 13 June 2013

Sydney site tour

Agenda

1. Overview	**Rob Sindel, Managing Director, CSR Ltd**
2. Viridian Glass	**Peter Moeller, EGM Viridian**
3. Hebel	**Andrew Rottinger, GM Hebel**
4. Property	**Andrew MacKenzie, GM Group Property**

Site Tours:

CSR House	**Ray Thompson, GM Innovation**
Viridian Erskine Park	**Daniel Black, GM Fabricators**

CSR Limited Presentation – 13 June 2013

Overview
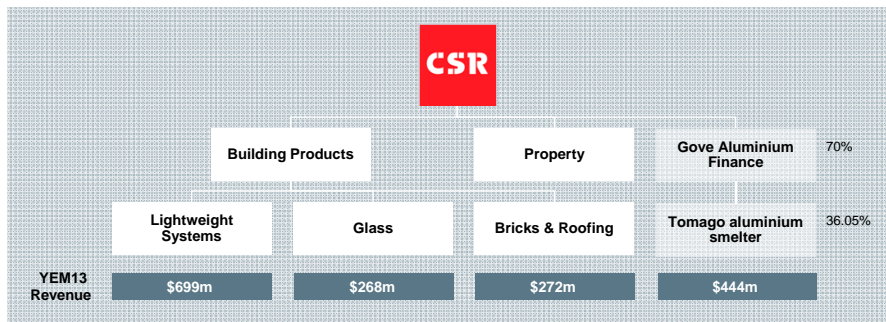## Rob Sindel, CSR Managing Director

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CSR today

A focussed building products company, with an investment in aluminium

- ASX150 Company
- ~$1 billion market cap
- 60,000 shareholders

- BBB+ S&P credit rating, limited net debt
- ~$1.7 billion revenue, Australia and New Zealand focus
- ~3,500 employees

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	Building Products		Property	Gove Aluminium Finance	70%
	Lightweight Systems	Glass	Bricks & Roofing	Tomago aluminium smelter	36.05%
YEM13 Revenue	$699m	$268m	$272m	$444m	

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Overview

- Significant improvement in safety performance
- Reduction in overhead and operational costs
- Rationalised capacity across Building Products portfolio – market and our own
- Restructure of Viridian remains #1 priority
- Structural changes in construction market provide new opportunities
- Construction cycle poised for improvement
- Capital expenditure program largely complete

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60% improvement in safety stats in the last four years

Total recordable injury frequency rate (TRIFR)

Recordable Injuries:
- Lost Time
- Restricted Work
- Medical Treatment

Lost time injury frequency rate (LTIFR)

Rates = No of injuries x 1,000,000 / No of Hours Worked

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Market leading brands and strong competitive position

Business Unit	Description
GYPROCK	Gypsum based products including plasterboard, plaster, cornices, finishing materials & accessories
cemintel	Lightweight fibre cement – weatherboards, cladding, internal linings and flooring systems
hebel	Lightweight autoclaved aerated concrete
Ceilector	Commercial ceiling products
Bradford	Full range of thermal, acoustic and fire insulation products
Viridian	Manufacturer of float glass and provides full range of processed glass
PGH BRICKS & PAVERS	Clay bricks and pavers
MONIER	Concrete and terracotta roof tiles
Bradford energy solutions	Provides homeowners and commercial and industrial businesses a range of energy assessment and consulting services

Residential Construction

EDMONDS · cemintel · GYPROCK · PGH BRICKS & PAVERS · MONIER · Bradford · hebel · Viridian

Non-residential/Commercial Construction

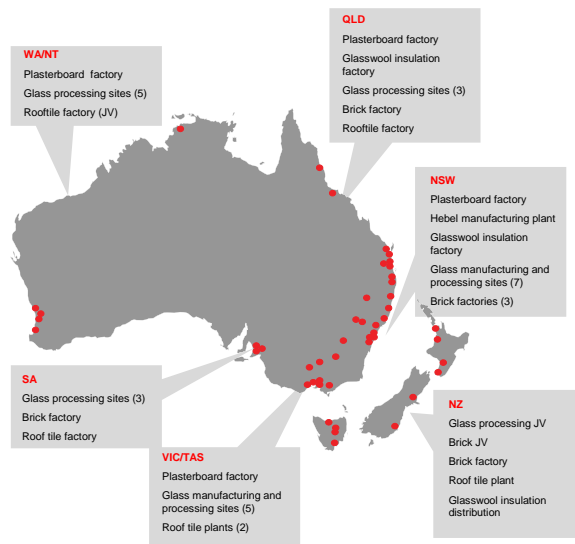Ceilector · cemintel · GYPROCK · Bradford · hebel · Viridian

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Strong manufacturing and distribution capability

- National coverage for distribution of key products:
  - 53 CSR owned Gyprock Trade Centre sites
  - Over 40 Gyprock aligned independent lining specialists
  - 19 Bradford distribution outlets
  - 23 Viridian glass manufacturing and processing sites
- Extensive international partnerships with key global players
- Progressive concentration on fewer, more efficient plants to ensure international competitiveness
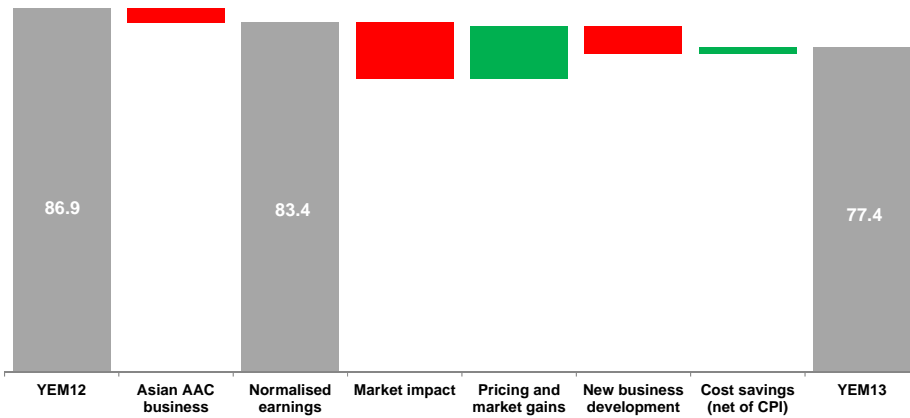
WA/NT
Plasterboard factory
Glass processing sites (5)
Rooftile factory (JV)

QLD
Plasterboard factory
Glasswool insulation factory
Glass processing sites (3)
Brick factory
Rooftile factory

NSW
Plasterboard factory
Hebel manufacturing plant
Glasswool insulation factory
Glass manufacturing and processing sites (7)
Brick factories (3)

SA
Glass processing sites (3)
Brick factory
Roof tile factory

VIC/TAS
Plasterboard factory
Glass manufacturing and processing sites (5)
Roof tile plants (2)

NZ
Glass processing JV
Brick JV
Brick factory
Roof tile plant
Glasswool insulation distribution

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Building Products (ex Viridian) – excellent margin management

Building Products movement in EBIT

YEM12	Asian AAC business	Normalised earnings YEM12	Market impact	Pricing and market gains	New business development	Cost savings (net of CPI)	YEM13
86.9		83.4					77.4

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Significant reduction in costs and rationalised capacity

- Elimination of BP head office costs
- Building Products headcount reduced by 6% over last six years
- Improved procurement synergies
- Bricks capacity reduced by 25% in last five years
  - NZ bricks JV with Brickworks launched in April 2013
- Insulation – shut Clayton rockwool factory and replaced with glasswool product innovation
- Plasterboard – major upgrade to Yarraville plant completed in YEM12
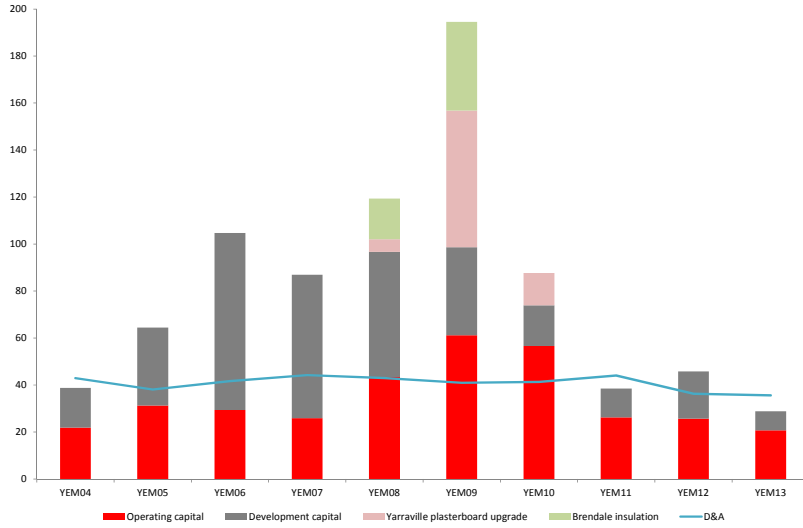
Building Products headcount

Legend: Revenue per head, BP headcount
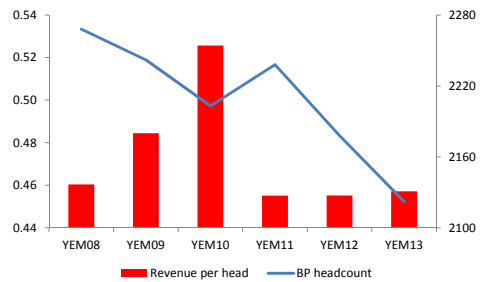
Note: YEM11 headcount excludes contractors employed as part of government insulation scheme .

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Building Products capital expenditure largely completed

Legend: Operating capital | Development capital | Yarraville plasterboard upgrade | Brendale insulation | D&A

Building Products (ex Viridian) cycle leverage

Legend: BP EBIT | Asia EBIT | Insulation scheme | Commencements
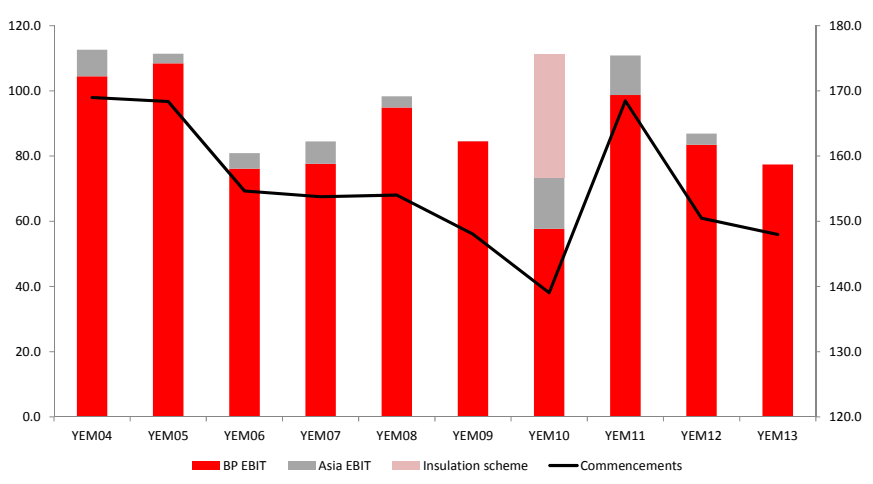
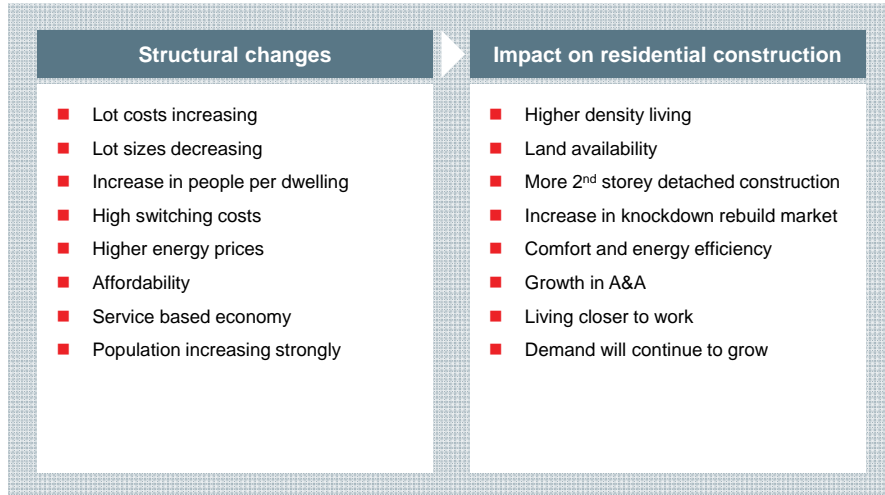Note: Divestment of Asian operations was completed in YEM12

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Structural changes impacting residential construction

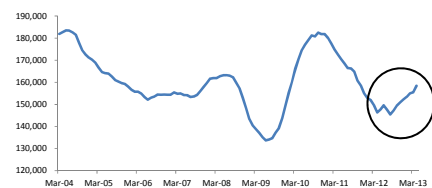| Structural changes	Impact on residential construction
■ Lot costs increasing	■ Higher density living
■ Lot sizes decreasing	■ Land availability
■ Increase in people per dwelling	■ More 2nd storey detached construction
■ High switching costs	■ Increase in knockdown rebuild market
■ Higher energy prices	■ Comfort and energy efficiency
■ Affordability	■ Growth in A&A
■ Service based economy	■ Living closer to work
■ Population increasing strongly	■ Demand will continue to grow

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Leading indicators point to a recovery in residential building

Cash rate v lead indicators (YoY % change, cash rate inverted)

Total private building approvals [RHS]
Construction and purchase of new dwellings finance approvals [RHS]
Cash rate [LHS]
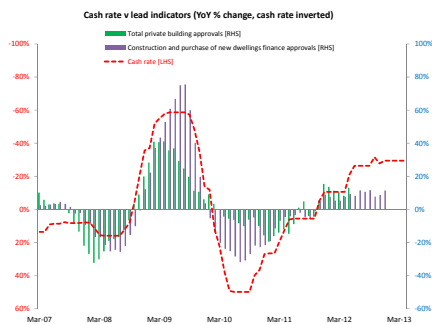
Total residential approvals (rolling twelve months)

Source: ABS

- Recent stats released in the last month continue upward trend in building activity
- **Building Approvals** - rolling 12 month total improving in key states:
  - Detached approvals is NSW up 7% and WA up 11%
  - Multi-res continues strong growth
- **Finance Approvals** - for the construction and purchase of new homes are up 11% (rolling 12 month total)
  - NSW (up 15%), WA (up 26%) and Qld (up 8%)
- **New home sales**
  - Continuing steady upward trend from lows reached in September 2012
- **Residential work done**
  - Steady result as anticipated
  - Multi-res remains robust
  - Non-res weakening

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Strategic priorities

Generate competitive advantage to deliver market-leading profits

Improved manufacturing efficiency	■ Investment in existing manufacturing facilities to reduce costs and lower energy intensity ■ Further rationalise operations targeting efficiency improvements, increased utilisation and lower costs ■ Improved margins through cost containment and price increases above inflation
Innovation in specific areas	■ Product and systems innovation targeting three specific areas: ▪ speed & cost of construction – reducing the time and cost to build with lightweight solutions ▪ multi residential – systems and products targeted at higher density living ▪ energy efficiency – save households and businesses money with energy solutions ■ CSR House – demonstration of affordable, energy efficient house at project home price point
Acquisition opportunities	■ Initial focus on 'close to core' acquisitions which complement existing portfolio ■ Assessed a number of bolt-on opportunities – in $25-100m range ■ Focus on multi-residential distribution and construction systems – capitalising on key growth areas

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CSR LIMITED 13 JUNE 2013

VIRIDIAN PRESENTATION
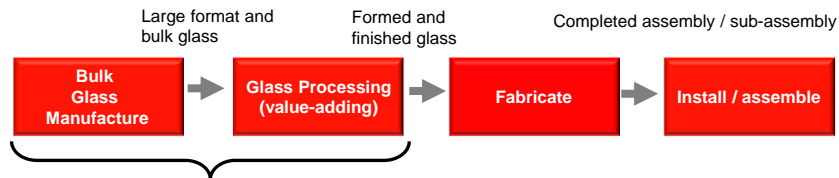
Peter Moeller, EGM Viridian Glass

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1. An overview of the industry
2. Bulk glass manufacture
3. Glass Processing, Distribution and Services
4. Plans and opportunity

Glass industry overview

Viridian®

Large format and bulk glass | Formed and finished glass | Completed assembly / sub-assembly

| Bulk Glass Manufacture | → | Glass Processing (value-adding) | → | Fabricate | → | Install / assemble |

Viridian – the only fully-integrated participant in these core markets

- Large format float glass (clear, tints, coated)
- Large format laminates and mirror
- Bulk lots of standard sized units (annealed, toughened)

- Reshaping and finishing glass to meet end-use:
- Cutting
- Edging
- Shaping and drilling
- Toughening
- Laminating
- Painting/printing
- Creation of IGUs

- Incorporation into higher assemblies:
- Windows
- Doors

- Installation of windows, doors, shower screens, splashbacks, balustrades, etc.
- Commercial glazing projects (curtain walls, shop-fronts, partitioning)
- On-site glazing
- Replacements/retrofits

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Viridian®

1. An overview of the industry
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Bulk glass manufacture

Bulk Glass Manufacture

- Continuous industrial process
- Production in standard sizes for stock
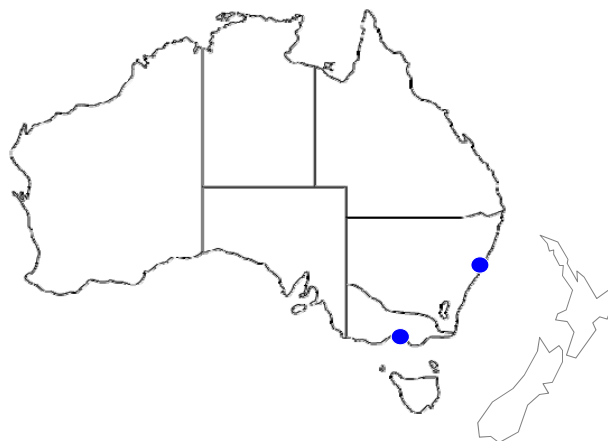- High fix cost business
- Volume sensitive
- Logistics are key

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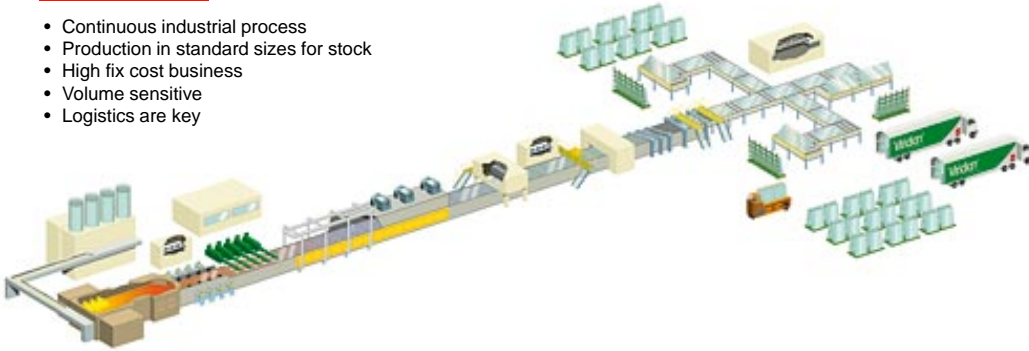
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Plant locations and capacities

Primary Products

- Only domestic manufacturer of architectural glass in Australia and NZ
- Currently 2 Australian manufacturing facilities, one to close
  - Dandenong (Vic) –165,000t
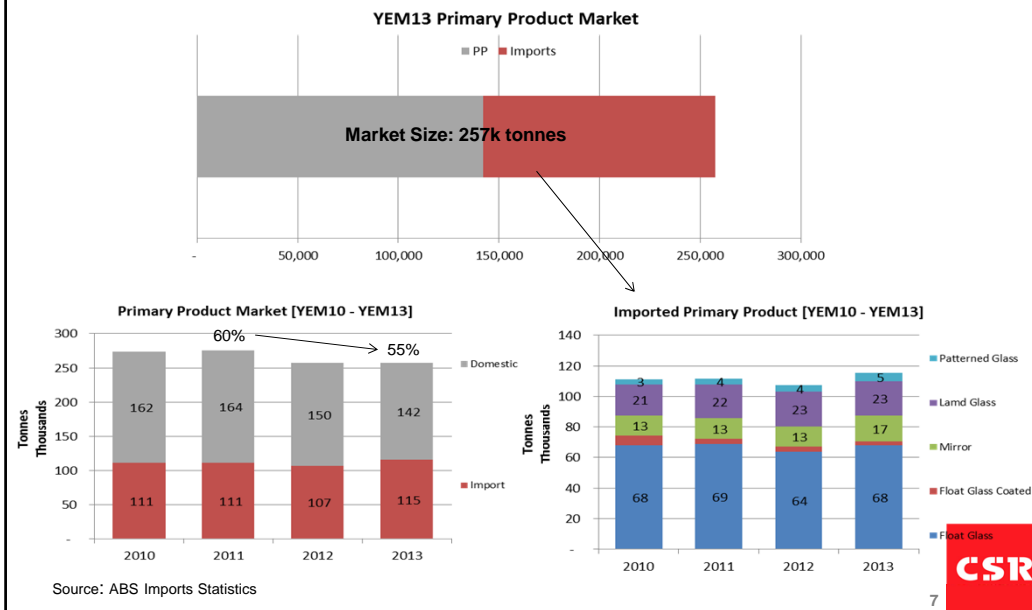 - Ingleburn (NSW) –105,000t

Viridian operations
● Float glass factory

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Primary Products Market

YEM13 Primary Product Market

Market Size: 257k tonnes

■ PP ■ Imports

- 50,000 100,000 150,000 200,000 250,000 300,000

Primary Product Market [YEM10 - YEM13]

60% → 55%

	2010	2011	2012	2013
■ Domestic	162	164	150	142
■ Import	111	111	107	115

Tonnes Thousands

Imported Primary Product [YEM10 - YEM13]

	2010	2011	2012	2013
■ Patterned Glass	3	4	4	5
■ Lamd Glass	21	22	23	23
■ Mirror	13	13	13	17
■ Float Glass Coated				
■ Float Glass	68	69	64	68

Tonnes Thousands

Source: ABS Imports Statistics
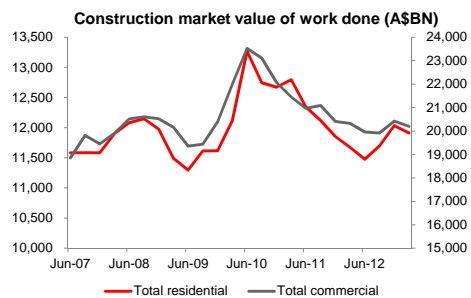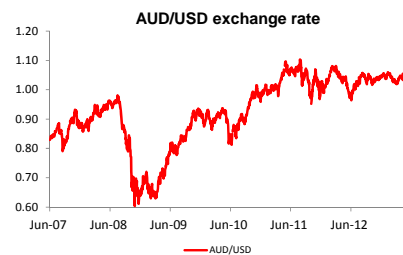
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Challenges

Bulk Glass Manufacture

Macro elements:
- Glass demand
- Global overcapacity
- Commoditization of glass
- Low sea transport rates
- Unfavourable exchange rate
- Energy prices

Micro elements:
- Capacity utilization
- Product changeovers, transition glass, yields
- High production cost/tons (Ingleburn)
- Asian supply chain
- Product mix
- Prices (margins)
- Channel conflict

AUD/USD exchange rate

—— AUD/USD

Construction market value of work done (A$BN)

—— Total residential   —— Total commercial

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Viridian

1. An overview of the industry
2. Bulk glass manufacture
3. **Glass Processing, Distribution and Services**
4. Plan and opportunity

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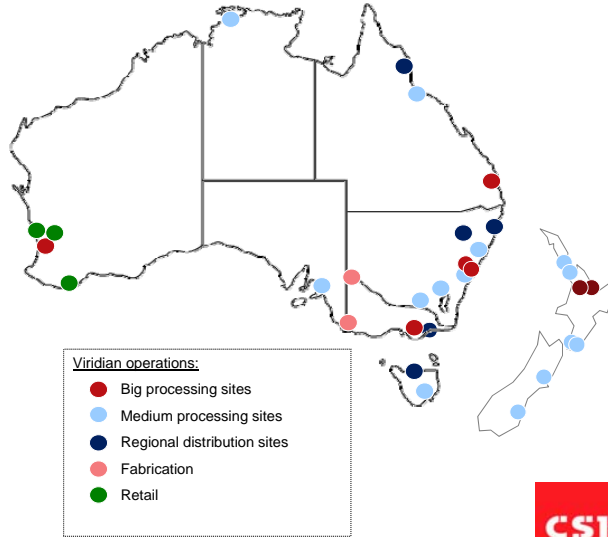
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Glass processing overview

Viridian

**Glass Processing
(value-adding)**

- Hybrid between manufacturing and distribution
- Service industry
- Produce to order
- Very short lead times
- Proximity
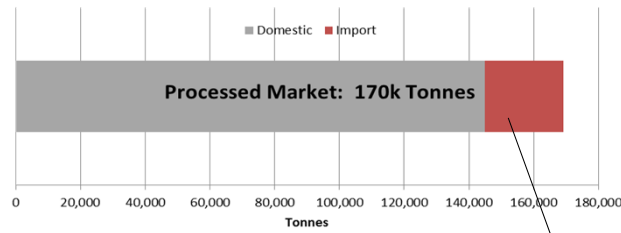
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Extensive glass processing network

Glass Processing and Services (GPS)

- Leading value added processor of architectural glass in Australia and NZ
- Leading national footprint in Australia across all states
- Locations across New Zealand's North and South Islands (JV)
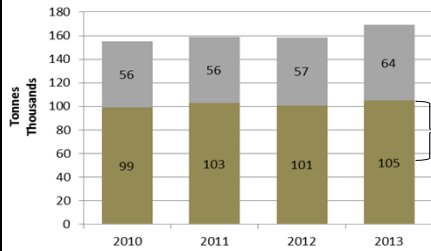- Market share about ~40%

Viridian operations:
- 🔴 Big processing sites
- 🔵 Medium processing sites
- 🔵 Regional distribution sites
- 🔴 Fabrication
- 🟢 Retail

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National processed glass market

YEM13 National Processing Market

■ Domestic ■ Import

Processed Market: 170k Tonnes

Tonnes

GP&S vs Market Competition

Tonnes Thousands

2010	2011	2012	2013
56	56	57	64
99	103	101	105

■ GP&S
■ The Rest

43% supplied by Primary Products

Source: ABS Imports Statistics & CSR Analysts

Imported Process Product

Tonnes Thousands

2010	2011	2012	2013
2	2	2	2
3	5	2	3
12	16	21	19

■ Processed Insulated Glass
■ Processed Custom Toughened
■ Wholesale Toughened - TDPs

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Profitability and structure costs

Loss making sites

Profitable sites
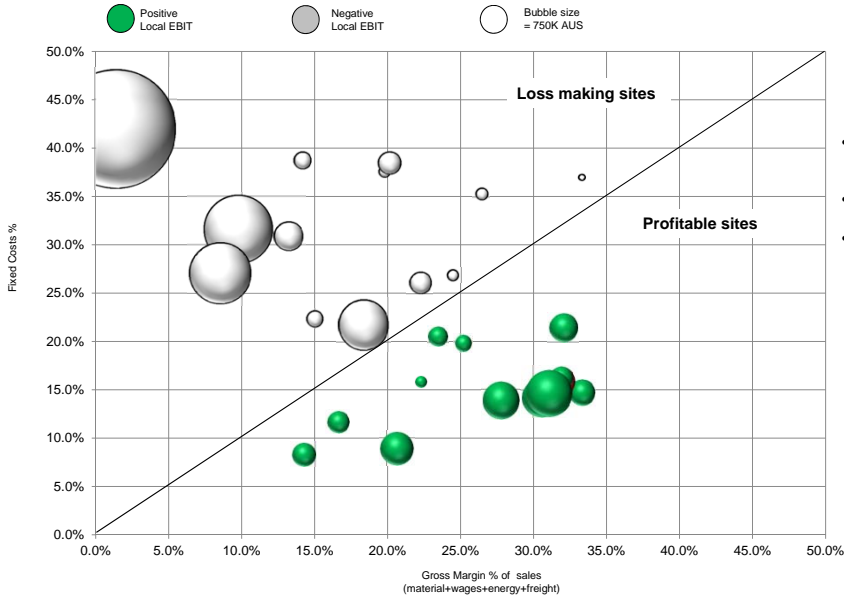
- No obvious common performance
- 4 big sites heavy loss makers
- One state heavy loss maker

Gross Margin % of sales
(material+wages+energy+freight)

Positive Local EBIT | Negative Local EBIT | Bubble size = 750K AUS

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Profitability and fixed costs

Retail

Big Processing

Loss making sites

Fabrication

Profitable sites

Medium Processing

Regional distribution
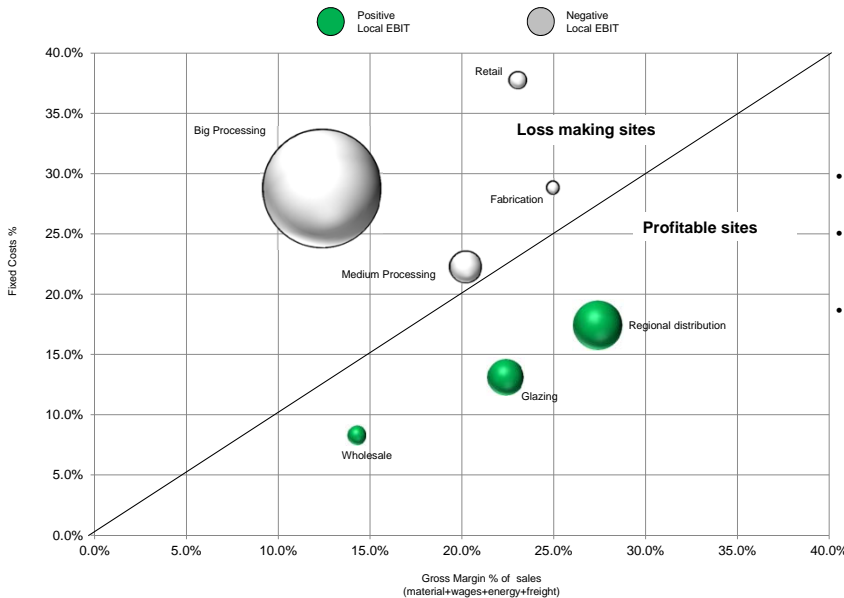
Glazing

Wholesale

- Big sites too big and complex.
- Regional distribution and wholesale positive.
- Glazing positive. New growth potential.

Gross Margin % of sales
(material+wages+energy+freight)

Positive Local EBIT | Negative Local EBIT

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Slide 15

Challenges

Viridian

Glass Processing (value-adding)

Glass processing market capacity

	Viridian	Market
Furnaces	16	110
IGU lines	5	75

Macro elements:
- Domestic overcapacity
- Unfavourable exchange rate
- Substitution of lead time for lower cost
- Standardisation (e.g. pool fencing)
- Conservative customer base
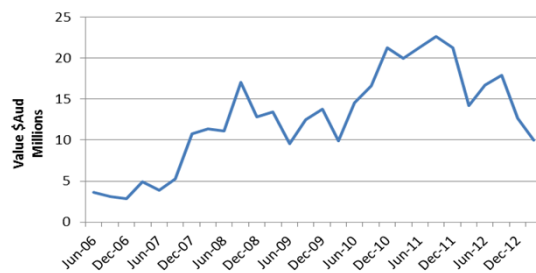- Lack of innovation
- Window substitution

Micro elements:
- Too much capacity
- Purposeful use of assets
- Size and complexity of some sites
- High customer churn
- Cost levels
- Prices
- Insufficient margins on volume customers

Imported Windows [Jun 06 -Mar 13]

Value $Aud Millions (y-axis: 0, 5, 10, 15, 20, 25)
x-axis: Jun-06, Dec-06, Jun-07, Dec-07, Jun-08, Dec-08, Jun-09, Dec-09, Jun-10, Dec-10, Jun-11, Dec-11, Jun-12, Dec-12

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Slide 16

Viridian

1. An overview of the industry
2. Bulk glass manufacture
3. Glass Processing, Distribution and Services
4. **Plan and opportunity**

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Change of strategy and structure

Viridian®

From
- Volume focused
- Geographically organised
- Split between up and down stream (channel conflict)

To
- Product/customer focus
- Segment based
- One business, 3 divisions

Capitalise on some clear strategic advantages:

- Local float manufacture (lead time, availability of stock, working capital benefit)
- Float liner distribution (cost effective & safe)
- Investments done in down stream automation
- Footprint

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Change of strategy and structure

Viridian®

BU1 Volume Fabricators	BU 2 Merchandising & Distribution	BU 3 Processing & Services
Cost leadership	Differentiation	Specialisation, Regional Intimacy

Customer needs:
- High product quality
- Service reliability
- Supply chain excellence
- Short lead time

Customer needs:
- Stock availability
- Flexibility and convenience
- Product range

Customer needs:
- High level of glass knowledge
- Full service and solutions provider
- Proximity

Strategy:
- Improve margins through operations
- Improve incidence of IGUs
- Capture backward integrated volumes
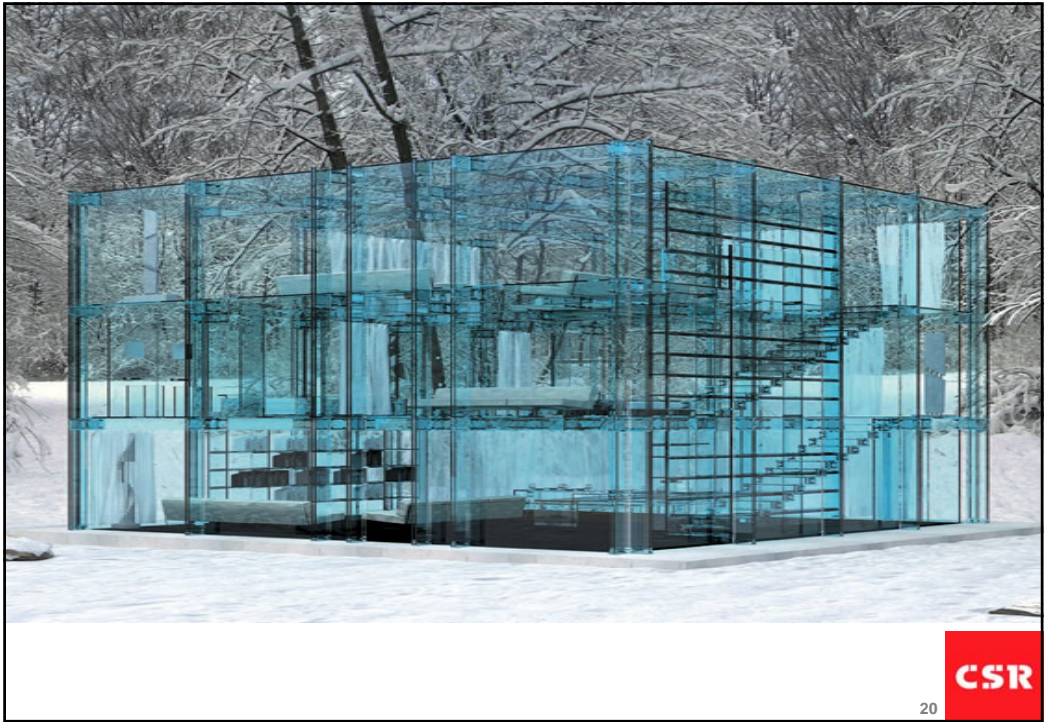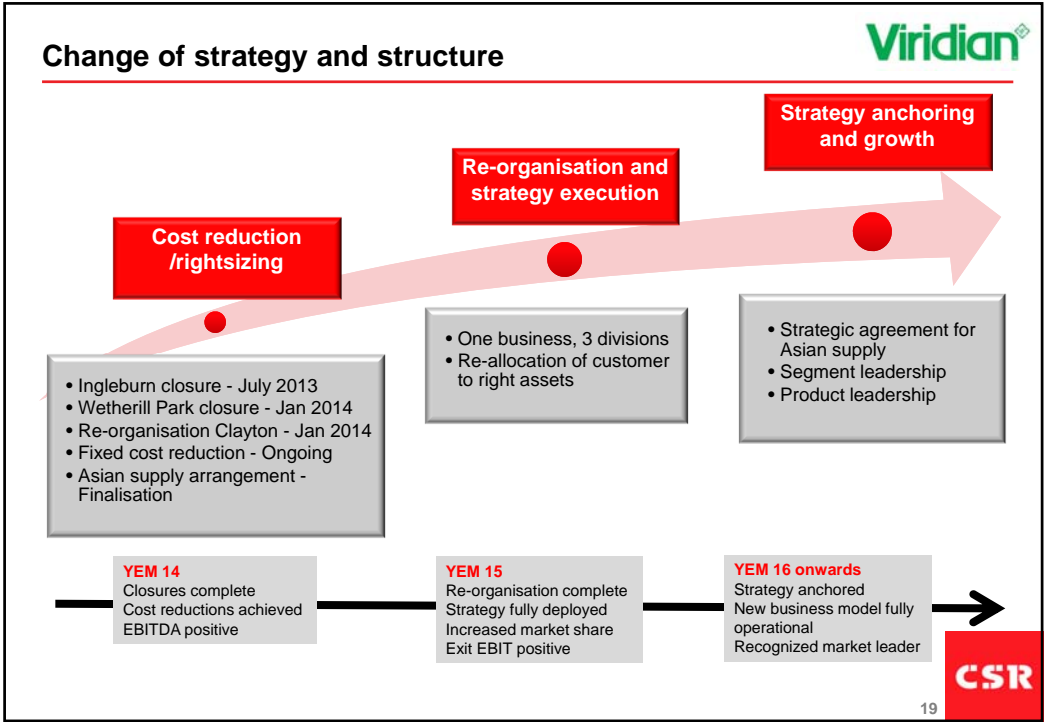- De-risk exposure to big customer in small sites

Strategy:
- Align up & downstream value proposition
- Non-glass sales
- Increase market share with 2nd and 3rd tier customers
- Manage channel conflict

Strategy:
- Value creation through product mix & specialisation.
- Regain market share in local and regional markets.
- Expand installation in specific areas.

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Change of strategy and structure

Viridian®

Strategy anchoring and growth

Re-organisation and strategy execution

Cost reduction /rightsizing

- Ingleburn closure - July 2013
- Wetherill Park closure - Jan 2014
- Re-organisation Clayton - Jan 2014
- Fixed cost reduction - Ongoing
- Asian supply arrangement - Finalisation

- One business, 3 divisions
- Re-allocation of customer to right assets

- Strategic agreement for Asian supply
- Segment leadership
- Product leadership

YEM 14
Closures complete
Cost reductions achieved
EBITDA positive

YEM 15
Re-organisation complete
Strategy fully deployed
Increased market share
Exit EBIT positive

YEM 16 onwards
Strategy anchored
New business model fully operational
Recognized market leader

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CSR LIMITED - ANALYSTS PRESENTATION
ANDREW ROTTINGER
GM – CSR HEBEL
JUNE 2013

hebel
The better way to build

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Contents

hebel
The better way to build

- What is Hebel

- Where is Hebel used

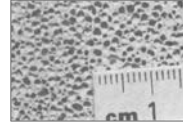- Business Performance

- Hebel Growth Opportunities

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What is Hebel

hebel
The better way to build

CSR Hebel is Australia's only manufacturer of aerated autoclaved concrete (AAC) - a non toxic, non combustable, lightweight masonry material

- Benefits:
  - Steel reinforced panels allow for faster construction times
  - Up to 4 hour fire rated
  - Improved thermal insulation – Reduces cooling/heating costs
  - 30% less energy used in comparison to other masonry materials

Hebel Home post Melbourne Bushfires

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Where is Hebel used

hebel
The better way to build

- Residential Housing
  - External Walls
  - Flooring

- Apartments
  - External & Internal Walls
  - Flooring

- Civil Projects
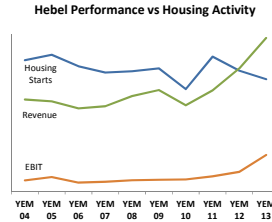 - Road and Rail Infrastructure
  - Tunnel linings

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How has Hebel performed

- Achieved compound annual growth over the last 5 years in a declining market

Hebel Performance vs Housing Activity

| YEM 04 | YEM 05 | YEM 06 | YEM 07 | YEM 08 | YEM 09 | YEM 10 | YEM 11 | YEM 12 | YEM 13 |

- Transformed from a building product business to a branded, service and solutions business
  - Builders buy solutions
  - Consumers buy houses

- Key transformation platforms around "the better way to build"
  - High levels of technical service
  - Built a construction capability
  - Responsive yet cost effective manufacturing and logistics capability
 - Expanded innovation investment – 7 patents launched in 2012

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Hebel Growth Opportunities

- AAC still has a low share of the building materials sector in Australia and NZ

Current & Potential AAC Category Share by Country

- Improving market conditions
  - New Zealand post earthquake
  - Residential apartment and housing market uplift
  - Growth in renovator markets
  - High levels of Infrastructure investment
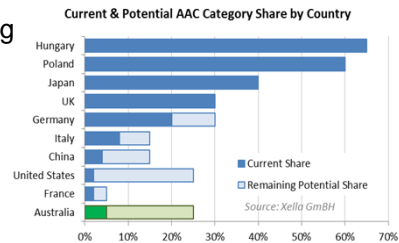
- Shift towards higher performance systems that:-
  - Are faster to build with
  - Offer improved levels of thermal comfort
  - Enhance fire and acoustic performance
  - Reduce impact on the environment

- Preference for supply and fix services
  - Reduces construction complexity for the builder – OH&S, QA
  - Focuses expertise utilising semi skilled trades

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Hebel is well placed

hebel | The better way to build

- Manufacturing capacity at Somersby can be expanded 30%

- Construction capability is well proven
  - Newer team members are experienced builders and installers well trained
  - Hebel leverages CSR's contracting system capabilities
  - Customers are increasingly utilising our services

- Innovation pipeline is solid and increasing
  - Residential systems – structures, decorative features
  - Commercial and civil systems – structures, façade systems
  - Leveraging CSR Innovations capability – passive home design, IT systems
 - Leverage our overseas alliances – material & process technology

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CSR Limited Presentation – 13 June 2013

PROPERTY
ANDREW MACKENZIE, GM PROPERTY

Maximising the value of the CSR property portfolio

- In house team with extensive experience in managing large scale property projects including:
  - Site rezoning
  - Remediation
  - Biodiversity
  - Civil earthworks
  - Road construction
  - Infrastructure
- Provides the CSR businesses with strategic property advice on future impacts of urban expansion on key CSR sites

■ Property EBIT

YEM13 projects delayed due to timing of transactions

2
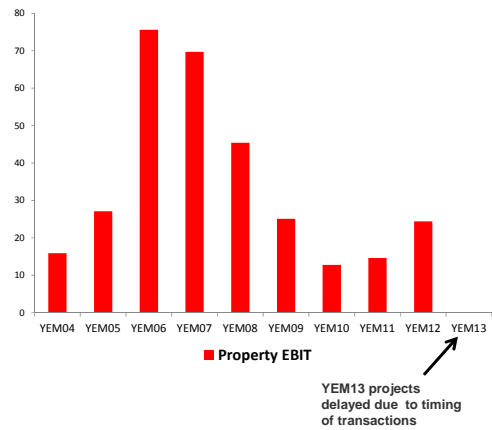
Update on property pipeline

Current Projects

Brendale, Qld	■ ~38.5 ha industrial development. ■ Site remediation works completed with civil works underway ■ Development over next four years
Chirnside Park, Vic	■ 533 lot residential development. ■ Stage 2 sales underway ■ Stage 1 – 95% sold out ■ Development over next four years
Erskine Park, NSW	■ Marketing of remaining 4 hectares, DA approved, industrial sub-division ■ Recent transaction completed for 5 ha
Oxley, Qld	■ 7 ha of surplus land adjacent to PGH bricks plant

Medium-term projects

New Lynn, NZ	■ Existing brick plant – 5.8 ha high density residential area near Auckland
Narangba, Qld	■ Former clay quarry – 20 ha future residential
Pyrmont, NSW	■ Redevelopment of residential above existing GTC site

Longer-term opportunities

Schofields, NSW	■ Existing brick plant – 70 ha future residential
Horsley Park, NSW	■ Existing brick plant – 50 ha future industrial
Thornton, NSW	■ Former clay quarries – 40 ha future residential
Cooroy, Qld	■ Former clay quarry – 20 ha future residential

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Brendale, Qld industrial and residential development

Area Plan

Locality Plan

- Brendale is 21km north of the Brisbane CBD
- Former Strathpine PGH factory & associated clay quarries
- Site area 125 hectares
- Residential land portion of 35.7 hectares was sold to DHA in Sept 2011
- Industrial land portion of 75 hectares includes:
  - 17 hectares sold in 2010 to Aldi Food Stores for a future distribution centre
  - 7.5 hectares sold in 2012 to Bunnings for a future store development
  - 48.5 hectares of industrial sites remain
- Construction and site works began in October 2009

BrendaleConnect
a better way to work

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Rehabilitation of former clay pit to residential land site

Pit 4 Photo taken May 2007

Pit 4 Photo taken May 2013

- Construction at Aldi industrial site enabled significant material to be transferred to the former clay pit to restore landform
- Approximately 1.17m cubic metres of clay was cut and then placed under Level 1 geotechnical supervision to former ground levels
- In early 2011, residential rezoning was approved for the 37.5 hectare site
- Later in 2011, the site was sold to Defence Housing Australia for $36 million
- The first tranche of the sale is due for settlement in June 2013

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Brendale – residential land site

Approved DA residential layout overlaid over quarry prior to rehabilitation & vegetation clearing

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Brendale – industrial land

- Industrial Lands are divided into 5 construction stages, split over both sides of Kremzow Rd.
- 51 Lots overall remain ranging from 1,960m^2 to 3.4ha
- Price range from $220pm^2 to $350pm^2

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Chirnside Park, Vic – Cloverlea residential development

- Chirnside Park is 33km east from Melbourne CBD
- Former golf course for Chirnside Park
- Residential detached housing, with pockets of medium density terrace housing
- 532 lots, including 2.6ha 'super lot'
- Average lot size 552m^2
- Average price $280,000 lot
- Construction and siteworks began in October 2012

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Chirnside Park - Cloverlea

- 6 stage construction and sales and marketing process
- Stage 1 is almost sold out with Stage 2 marketing underway

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Chirnside Park – Cloverlea – Stage 1 construction

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Erskine Park, NSW industrial development

- CSR owned 100 hectares within the Erskine Park industrial area
- Construction began in 2003
- Over 17 businesses now operating on site
- Only 4 hectares remain available for sale
- Gross sales revenue for the project was approximately $220 million

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