CSR LIMITED
PRESENTATION 2014

Year ended
31 March 2014

RESULTS
PRESENTATION

Agenda

1. Overview	**Rob Sindel, Managing Director, CSR Ltd**
2. Group financial results	**Greg Barnes, CFO, CSR Ltd**
3. Business unit performance	**Rob Sindel**
4. Strategy and outlook	**Rob Sindel**

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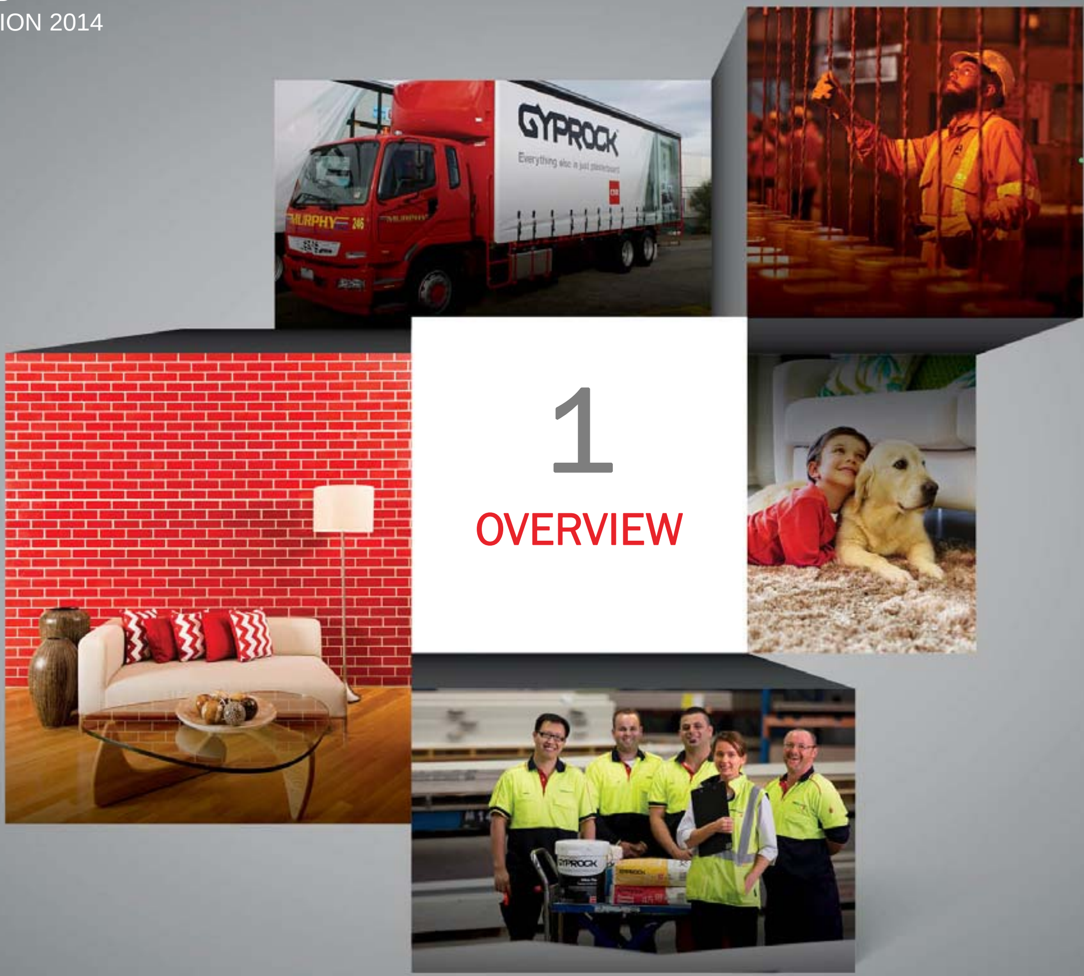

1
OVERVIEW

Overview of results

Improvement in safety and environmental performance

- Continued improvement in safety
  - 9% decrease in recordable injuries - TRIFR (recordable rate) steady
  - 64% reduction in rate of total recordable injuries in last five years
- Greenhouse gas emissions down 3%, water use down 15% and waste produced down 15%

Earnings improved in all businesses

- EBIT of $125.7 million up 85%
- Net profit after tax[1] (pre significant items) of $72.0 million up 143%
- Full year dividend of 10.0 cents per share (unfranked) up 96%
  - 70% dividend payout ratio

Reduction in asbestos provision

- $33 million reduction in the asbestos provision included in significant items
  - Reductions in actuarial assessments in relation to the US liability to bring settlement values more in line with Australian level
  - Current provision of $369.1 million – lowest level in 8 years

1 *EBIT and net profit (pre significant items) are non-IFRS measures and are used by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the year ended 31 March 2014.*

Significant progress on strategy

Increasing exposure to multi-residential market

- On 2 April 2014 announced acquisition of AFS – leader in load bearing permanent formwork walling solutions
- Over 30,000 multi-residential units completed to date
- Complements CSR's non-load bearing walling products (Gyprock, Cemintel and Hebel)

Viridian restructure on track

- Key milestones achieved to date
- Restructuring measures achieved $27 million in annualised savings
- Closure of Ingleburn and Wetherill Park completed on time and on budget

Rationalise brick operations

- On 4 April 2014 CSR and Boral announced intention to form a JV to combine brick operations on the east coast of Australia
- JV to be owned 60% by CSR and 40% by Boral
- ACCC review is underway

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2 GROUP FINANCIAL RESULTS

Financial results summary

Year ended 31 March A$m	2014	2013[2]	%∆
Trading Revenue	**1,746.6**	1,682.4	4%
EBITDA [1]	**202.5**	157.4	29%
EBIT [1]	**125.7**	68.1	85%
Net Finance Costs	**(18.6)**	(22.2)	
Tax Expense	**(24.1)**	(4.9)	
Non-controlling Interests	**(11.0)**	(11.4)	
Net profit after tax [1] (pre significant items)	**72.0**	29.6	143%
Net profit/(loss) after tax (after significant items)	**88.1**	(150.0)	

- Trading revenue of $1.7bn up 4%
  - Modest volume growth in Building Products
  - Improved GAF realised aluminium price
- EBIT of $125.7m up 85%
  - Higher earnings across all divisions
- Effective tax rate of 22.5% (pre sig items) due to lower R&D tax credits in second half
- Positive significant items of $16.1m (after tax) primarily due to a reduction in US asbestos liability
- YEM13 restatement for accounting standard change - $4.4m reduction in earnings ($3.1m post tax)

1 *EBITDA, EBIT, net profit and earnings per share are all pre significant items. They are non-IFRS measures and are used by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the year ended 31 March 2014.*

2 *On 1 April 2013, the CSR group adopted AASB 119 Employee Benefits (revised), resulting in a change of accounting policy and a restatement of balances for the financial year ended 31 March 2013.*

Financial results by division

Year ended 31 March A$m EBIT	2014	2013[2]	%∆
Building Products	**92.6**	77.4	20%
Viridian	**(14.9)**	(38.8)	62%
Aluminium	**51.9**	50.3	3%
Property	**17.3**	---	NM
Corporate	**(15.7)**	(13.8)	
Restructure and Provisions	**(5.5)**	(7.0)	
Total EBIT[1]	**125.7**	68.1	85%

- Building Products EBIT up 20%
  - Earnings growth across most businesses with higher volumes and operational cost improvement
- Viridian improvement on track
  - Includes benefit of $14m reduction in depreciation due to asset impairment in YEM13
- Aluminium EBIT up 3%
  - Average realised prices up due to higher ingot premiums and favourable hedging
- Property EBIT of $17.3m

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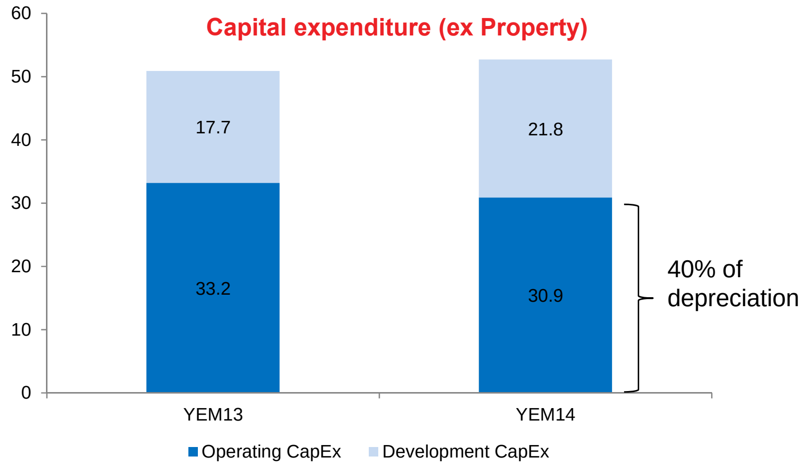
Operating cashflow

Year ended 31 March 2014 A$m	2014	2013[1]
EBITDA	202.5	157.4
Net movement in working capital	(7.9)	1.1
(Profit)/loss on asset disposals	(19.6)	(6.7)
Movement in provisions/other	14.5	(16.3)
Operating cashflow (pre tax & sig. items)	**189.5**	**135.5**
Asbestos payments	(33.8)	(34.7)
Tax paid	0.5	(11.9)
Significant items	(44.1)	(25.3)
Operating cashflow	**112.1**	**63.6**

1 On 1 April 2013, the CSR group adopted AASB 119 Employee Benefits (revised), resulting in a change of accounting policy and a restatement of balances for the financial year ended 31 March 2013.

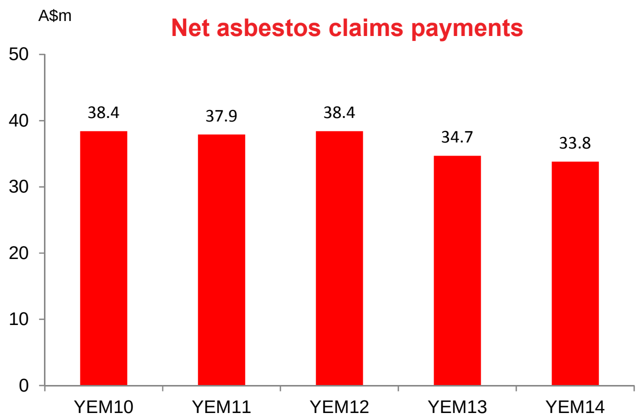
- 40% growth in operating cash flows (pre tax & sig items)
- Working capital increased following increased sales and Martini acquisition
- Limited net cash inflows from Property following settlements finalised at the end of the year
- Net debt of $28.5 million

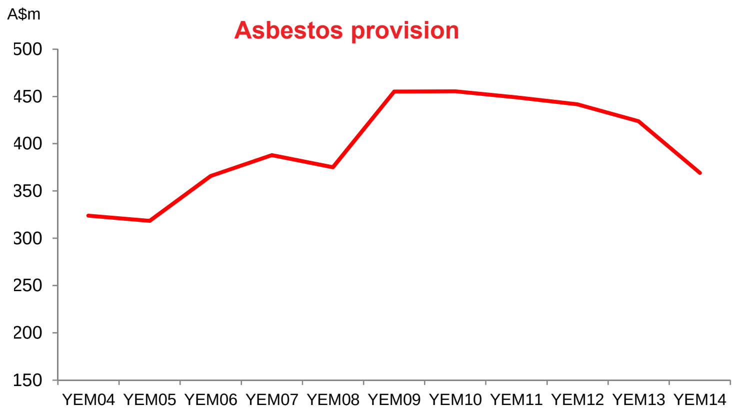


Reduction in asbestos liability

Asbestos reconciliation A$m	
Opening balance as of 1 April 2013	423.8
Cash paid (net)	(33.8)
Unwinding of discount	12.1
Decrease in provision (sig item)	(33.0)
Closing balance as of 31 March 2014	**369.1**

- Product liability provision of $369.1m, an improvement of $54.7m on opening position
  - Australian liability remains stable
- Provision includes a prudential margin of 25.0% ($73.8m) above the aggregate of independent actuarial estimates
- Cash payments A$33.8m, down 3% on prior year





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BUSINESS UNIT PERFORMANCE

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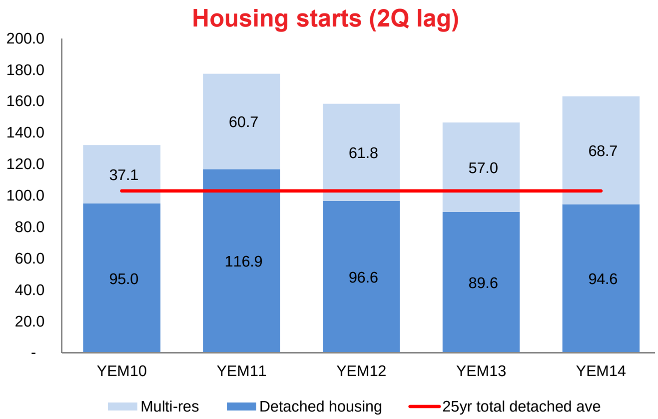
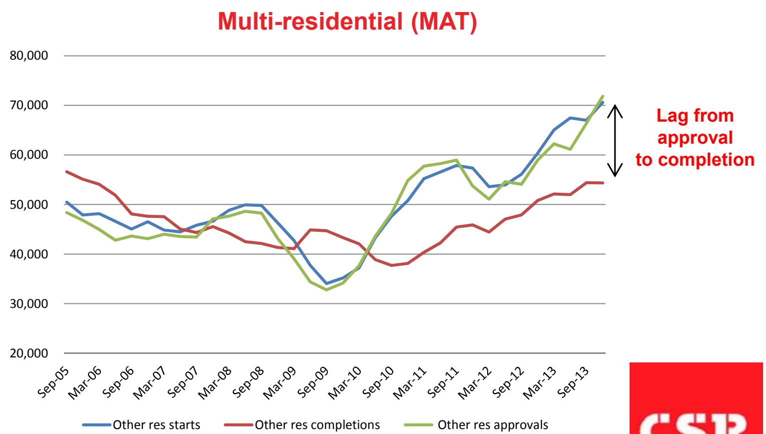
Construction activity increasing

Year ended 31 March	2014	2013	%∆
Detached housing (starts – 000s) [1]	**94.6**	89.6	6%
Other residential (starts – 000s) [1]	**68.7**	57.0	21%
Total residential (starts – 000s) [1]	**163.3**	146.6	11%
Total non-residential ($B) [2]	**35.3**	33.5	5%
A&A ($B) [2]	**7.0**	7.0	0%
NZ consents (000s) [3]	**18.8**	15.4	22%

1. *Source ABS data – (12 months to Sept)*
2. *Source ABS (value of work done – 12 months to March forecast BIS Shrapnel)*
3. *Source Statistics New Zealand - (residential consents – 12 months to Sept)*

- Increase in detached housing starts with NSW and WA offsetting declines in VIC and QLD
- Sharp rise in multi-res impacting timing of CSR product sales
- Non-residential starting to improve
- Renovations (A&A) projects remains flat – yet to see flow-on effect of increased building activity
- NZ continued strong growth





Source: ABS

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Lightweight Systems and Bricks and Roofing revenues higher

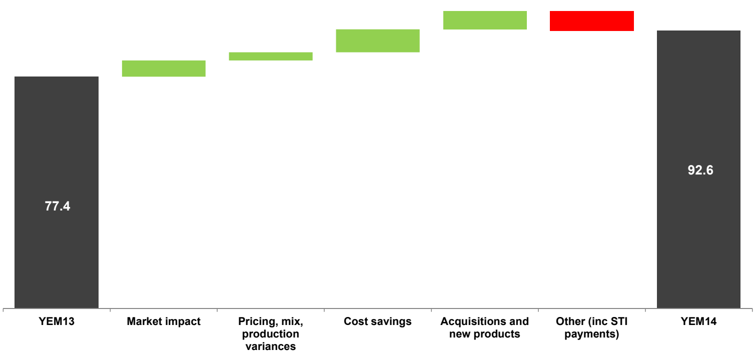
Year ended 31 March Revenue - A$m	2014	2013	%∆
Lightweight Systems			
Gyprock, Cemintel, Bradford, Hebel, Edmonds, Ceilector	**745.1**	698.3	7%
Bricks and Roofing			
Monier, PGH Bricks & Pavers	**284.1**	271.7	5%
Viridian	**262.0**	268.2	(2%)

- Lightweight Systems revenue up 7%
  - Improved pricing and volumes in Gyprock
  - Growth in Hebel earnings as residential projects offset lower civil infrastructure earnings
  - Increased earnings in Bradford – improved pricing and volumes and acquisition of Martini (polyester manufacturer)
- Bricks and Roofing revenue up 5%
  - Improved performance in Bricks in all states
  - Roofing earnings down with NSW and QLD offset by VIC where detached starts were down 7%
- Viridian revenues down 2%
  - Reduced operational footprint following restructuring

Building Products earnings up 20%

A$m	2014	2013	%∆
Trading Revenue	**1,029.2**	970.0	6%
EBITDA [1]	**130.6**	113.0	16%
EBIT [1]	**92.6**	77.4	20%
EBIT Margin	**9.0%**	8.0%	

Building Products movement in EBIT



- Building Products EBIT up 20%
  - Earnings growth led by Gyprock, Bradford and PGH
  - Hebel continuing to grow
- Margin improvement
  - EBIT margin lifted to 9.0%
  - Price increases continue to cover underlying cost increases
- Continued investment in current operations
  - New products
  - Quality and production efficiencies
  - Investing in people and leadership development

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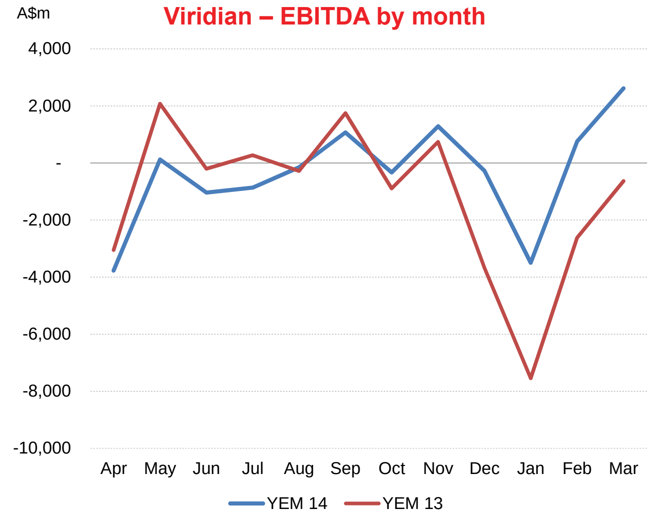
Viridian — Turnaround in earnings on track

A$m	2014	2013	%∆
Trading Revenue	**262.0**	268.2	(2%)
EBITDA [1]	**(4.1)**	(14.1)	71%
EBIT [1]	**(14.9)**	(38.8)	62%



1 *EBITDA and EBIT (pre significant items) are non-IFRS measures and are used by management to assess the performance of the business and has been extracted or derived from CSR's financial statements for the year ended 31 March 2014.*

- Key milestones in restructuring program achieved to date
- EBIT improved by $23.9m
  - Result includes $13.9m reduction in depreciation
- Achieved target of positive EBITDA on run rate basis exiting YEM14

A$m	1st half	2nd half	YEM14 full year
YEM14	(4.6)	0.5	(4.1)
YEM13	0.6	(14.7)	(14.1)
Improvement YEM14 vs YEM13	**(5.2)**	**15.2**	**10.0**

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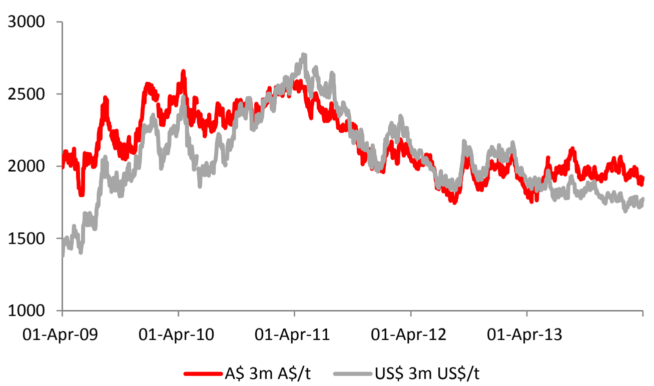
Aluminium price remains steady in A$

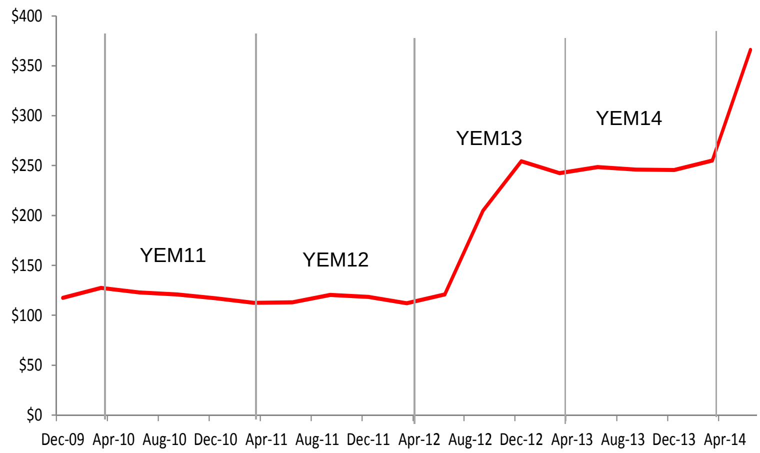
Year ended 31 March	2014	2013	%∆
LME 3 month average price in US$	**US$1,815**	US$2,007	(10%)
US$/A$ exchange rate	**0.933**	1.031	(10%)
LME 3 month average price in A$	**A$1,945**	A$1,947	0%
GAF realised price in A$ (including hedging and premiums)	**A$2,328**	A$2,277	2%

- GAF realised price was up 2% driven by increased ingot premiums and continued favourable hedging
  - Weaker US$ LME prices offset by a lower A$
- Ingot premiums have increased in the first quarter of YEM15, likely to persist in short to medium term

Aluminium 3 month price per tonne (US$/A$)
1 Apr 2009 to 31 March 2014



Platts – ingot premium (Japan Port) – US$ p/t



Aluminium - higher realised prices and operational efficiencies

Year ended 31 March A$m (unless stated)	2014	2013	%∆
Sales (tonnes)	**195,591**	195,095	0%
GAF A$ realised price per tonne (including hedging)	**A$2,328**	A$2,277	2%
Trading revenue	**455.4**	444.2	3%
EBITDA [1]	**78.8**	78.3	1%
EBIT [1]	**51.9**	50.3	3%
EBIT Margin (%)	**11.4%**	11.3%	

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Aluminium hedge book (as at 30 April 2014)

	YEM15
Average hedged aluminium price A$ per tonne (excludes premiums)	A$2,176
% of net aluminium exposure hedged[1]	50%

1. 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.

- Trading revenue up 3%
  - 2% increase in GAF realised price (including hedging and premiums)
- EBIT up 3% following increase in realised price and full benefit of restructuring initiatives
- Ongoing volatility creating opportunities for GAF to increase short-term hedging position
  - 58% 1H YEM15 hedged

Property earnings of $17.3 million

A$m	2014	2013	%∆
EBIT	**17.3**	---	NM

- Result includes sale of 7 hectares at Oxley, QLD and 7 hectares at Erskine Park, NSW
- Stage 1 for the Cloverlea 533 lot residential subdivision at Chirnside Park, VIC completed with title registration issued in March 2014
  - YEM14 includes settlement of some stage 1 contracts with the remained finalised in April 2014

Update on medium-term development pipeline

Erskine Park, Sydney	■ Marketing of remaining 2 hectare, DA approved, industrial sub-division
Brendale, Brisbane	■ ~30 hectare industrial development. ■ Site remediation works completed with civil works underway
Pyrmont, NSW	■ Redevelopment of multi-residential project above existing GTC site
Chirnside Park, Melbourne	■ 533 lot residential development. ■ Stage 2 and 3 sales underway – 130 lots sold to date

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4

STRATEGY AND OUTLOOK

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Strategic growth priorities

Key initiative	Progress
Protect and invest	• East coast bricks JV with Boral • Viridian turnaround on track • Launched CSR Connect 24/7 digital account access for customers
Smarter, faster and easier	• Acquisition of AFS – a leader in permanent formwork in the multi-residential market • Strong growth in Hebel through investment in installation and inspection services
Adapting to the changing way we live and work	• Ongoing research and testing of pre-fabricated housing systems – $5m investment committed
Improving comfort, quality and energy efficiency	• Martini acquisition (polyester insulation) • Odyssey ventilation passive air conditioning • Bradford Energy Solutions

East coast bricks JV proposed transaction structure

Retain Schofields, NSW land title, lease to JV

Subdivide & retain surplus land at Horsley Park, NSW and Oxley, Qld

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BORAL

Retain Scoresby, Vic land title, lease to JV

Subdivide & retain surplus land at Bringelly, NSW

PGH bricks in NSW, Qld, Vic and SA

Schofields, NSW site used for the term of an agreed lease period

Boral bricks in NSW, Qld and Vic

Scoresby, Vic site used for the term of an agreed lease period

60% → **East Coast Bricks Joint Venture** ← **40%**

- Structure reflects relative valuation of the businesses
- Initial overhead savings of $7-$10m pa
- Longer term, opportunities to improve operational efficiencies and release high value land assets without impacting product range
- ACCC review process underway

Acquisition of AFS

- A leader in load bearing permanent formwork walling solutions
- Faster and less complex building solutions
  - Increased speed of construction
  - Lower labour costs and crane requirements
- Logicwall® fibre cement based permanent formwork systems:
  - Scalable production facility at Goulburn, NSW to meet growing demand in multi-residential market
  - Over 30,000 multi-residential units completed to date
  - CSR Cemintel current supplier of fibre cement products
- Rediwall® polymer-based (PVC) permanent formwork system
  - Concrete walling system that is water resistant
  - Used in basement and retaining walls in multi-residential and commercial applications
- AFS load bearing walling system complements CSR's non-load bearing walling products (Gyprock, Cemintel and Hebel)

Improving outlook for year ending 31 March 2015 (YEM15)

Building Products & Viridian

- Building Products – expected to benefit from improved construction activity and from expansion into new markets through recent acquisitions
- Viridian will benefit from full year impact of cost reduction initiatives
  - On track to exit the financial year with a breakeven EBIT run-rate

Aluminium

- Hedging in place for 50% of net aluminium exposure in YEM15, 58% in 1H YEM15
- Maintaining short-term hedging strategy
- Premiums will help counter ongoing market weakness

Property

- Earnings always subject to timing with a targeted range of $15-20m per year on average
- Solid pipeline underpinned by Chirnside Park to be developed in several stages over the next five years

Group

- CSR retains strong balance sheet and improved underlying competitive positions
- Growth in market activity should benefit Building Products and Viridian as it flows through over the next 2-3 years

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5
APPENDIX

Significant items

Year ended 31 March 2014 A$m	2014
Reduction in product liability provision	33.0
Charge to provision for legal disputes, warranties and land remediation	(13.3)
Costs related to proposed and completed acquisitions	(3.5)
Total significant items – pre tax	**16.2**
Income tax expense on significant items	(0.1)
Total significant items after tax	**16.1**

- Decrease in estimate of future asbestos related claims in the US resulted in $33 million of income recorded as a significant item
- Charge of $13.3 million relates to product warranty claims and ongoing legal disputes as these matters have advanced toward settlement
- Charge of $3.5 million relates to costs associated with potential and completed acquisitions

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Change in classification of charges for asbestos liability for YEM15

Year ended 31 March A$m	2014	Pro forma 2014
Trading Revenue	1,746.6	1,746.6
EBITDA [1]	202.5	202.5
EBIT [1]	125.7	125.7
Net Finance Costs	(18.6)	(6.5)
Tax Expense	(24.1)	(27.7)
Non-controlling Interests	(11.0)	(11.0)
Net profit after tax [1] **(pre significant items)**	72.0	80.5
Significant items	16.1	7.6
Net profit/(loss) after tax (after significant items)	88.1	88.1

- Each reporting period, CSR recognises an expense to restate asbestos liability in present value terms (discount unwind adjustment) as a finance charge
- From 1 April 2014, this will be recognised as a significant item to allow for better interpretation of financial performance
- Change will not impact statutory net profit but will be excluded from net profit (pre sig items)

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Dividend reinvestment plan (DRP)

- The Dividend Reinvestment Plan ("DRP") will be in operation for the final dividend payable on 8 July 2014
- Shareholders can reinvest all or part of their dividend entitlements in more shares rather than being paid in cash
- For the final dividend, shares will be acquired on-market and transferred to participants to satisfy any shares to be issued under the DRP
- DRP shares will be allocated to participants at the arithmetic average of the daily VWAP of shares sold on ASX's trading platform (including the closing single price auction but excluding all off-market trades) on each day over a period of 10 trading days commencing on 16 June 2014
- No discount will apply to shares issued under the DRP