CSR LIMITED PRESENTATION

RESULTS PRESENTATION

HALF YEAR ENDED 30 SEPTEMBER 2015

CSR

Agenda

1. Overview – **Rob Sindel** Managing Director, CSR Limited
2. Group Financial Results – **Greg Barnes** CFO, CSR Limited
3. Business Unit Performance – **Rob Sindel**
4. Outlook – **Rob Sindel**

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OVERVIEW

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Significant increase in group performance

REVENUE $1.1bn ↑ 14%	**EBIT[1]** $149.3m ↑ 31%	**NPAT[1]** $92.4m ↑ 32%
STATUTORY NET PROFIT $77.6m ↑ 13%	**EARNINGS PER SHARE[1]** 18.3c ↑ 32%	**HALF YEAR DIVIDEND** 11.5c ↑ 35%

1 *EBIT, net profit and earnings per share are all before significant items. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the half year ended 30 September 2015. All comparisons are to the half year ended 30 September 2014 unless otherwise stated.*

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Further progress in delivering on our strategy

Strengthen and invest	• 32%[1] improvement in safety performance • Viridian earnings improvement on track • Boral CSR Bricks JV integration progressing to plan
Smarter, faster, easier	• Launched Gyprock Plus in 10mm • Trial of CSR Velocity off-site construction solution underway in NSW
Adapting to changing lifestyles	• AFS Rediwall production facility to be completed end Nov 2015 • Hebel 30% expansion of production capacity following strong growth
Comfort and energy efficiency	• Expansion of Bradford offering with growth in all major segments: insulation, ventilation, polyester and acoustic materials
Customers	• CSR Connect online portal upgrade continues • Accelerated investment in digital services for customers

1 *Lost time injury frequency rate (per million work hours) from 1 April to 30 September 2015.*

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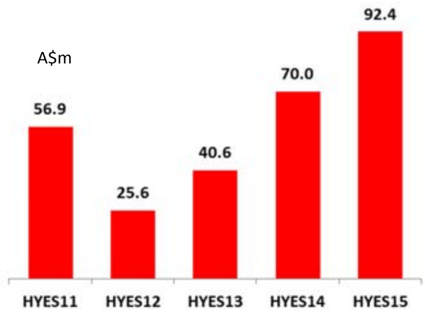
GROUP FINANCIAL RESULTS

Net profit after tax[1] up 32%

A$m (unless stated)	HYES15	HYES14	change
Trading revenue	1,144.5	1,005.4	14%
EBITDA [1]	190.6	152.9	25%
EBIT [1]	**149.3**	**114.1**	**31%**
Net finance cost [1]	(2.5)	(3.2)	
Tax expense [1]	(37.7)	(32.4)	
Non-controlling interests [1]	(16.7)	(8.5)	
Net profit after tax [1]	**92.4**	**70.0**	**32%**
Significant items after tax attributable to shareholders	(14.8)	(1.6)	
Statutory net profit after tax attributable to shareholders	77.6	68.4	13%

1 *All references are before significant items.*

CSR half year net profit after tax[1]

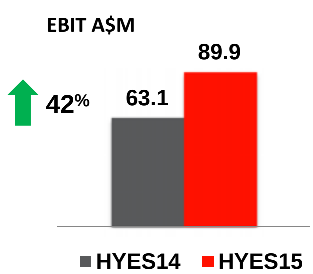


- Trading revenue of $1.1bn up 14%
  - Residential market activity up 12% for six months (2Q lag)
  - Strong performance from recent transactions
- EBIT[1] of $149.3m up 31%
- Significant items of $24.3m (before tax)
  - Includes transaction and integration costs to complete Bricks JV
- Unfranked interim dividend of 11.5 cents, up 35%

Note: HYES11 and HYES12 proforma to adjust for change in accounting treatment over the classification of the discount unwind for the asbestos liability.

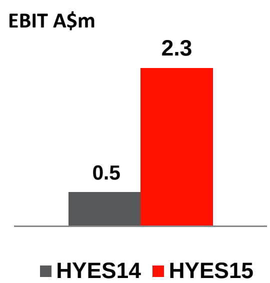
EBIT[1] reflects strong performance in all businesses

Building Products



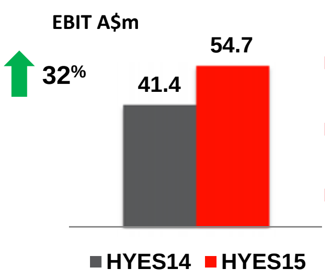
- EBIT up 42%
  - Up 30%, excluding minority portion of PGH Bricks
- Market share gains in AFS and Hebel
- Margin improvement across all businesses

Viridian



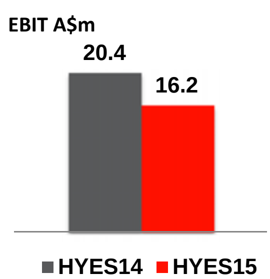
- EBIT higher following pricing initiatives and improved product mix
- ~$3 million of investment in product development and business improvement

Aluminium



- 5% increase in A$ realised aluminium price
- Volume down 2% due to timing of shipments
- Benefit of lower "pot linings" and RET reduction ($11m)

Property



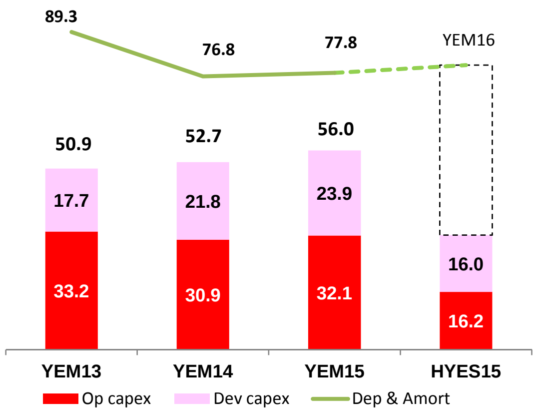
- Settlement of second tranche of New Lynn, Auckland site

1. *EBIT before significant items.*

Continued cash flow generation

A$m	HYES15	HYES14
EBITDA	190.6	152.9
Net movement in working capital	(36.2)	(7.6)
(Profit)/loss on asset disposals	(17.8)	(22.5)
Movement in provisions/other	(9.1)	13.0
Operating cashflows (pre tax, asbestos & sig. items)	127.5	135.8
Asbestos payments	(12.5)	(13.9)
Tax paid	(30.0)	(9.8)
Significant items	(9.3)	(15.1)
Operating cashflows (post tax & sig. items)	75.7	97.0

Capital expenditure (ex Property)



- Underlying cash flow improvement
- A temporary delay in aluminium shipments impacted operating cash by $25 million
- Improved prior year performance in Aluminium increased current year tax payments
- Net Property cash outflows of $3.9 million due to the timing of settlements
- YEM16 capex (ex Property and M&A) expected to increase in line with depreciation

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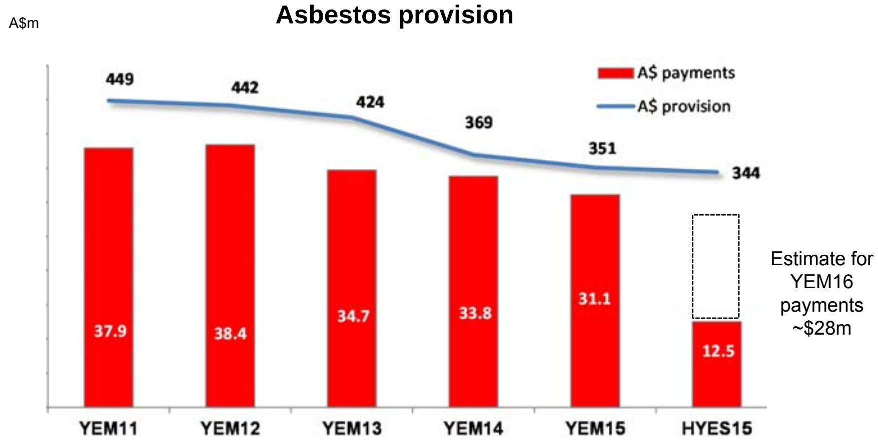
Further reductions in asbestos liability

A$m	HYES15
Opening balance as of 1 April	350.7
Cash paid	(12.5)
Unwinding of discount	5.9
Closing balance as of 30 Sept 2015	**344.1**

- Product liability provision of A$344.1m – lowest level in 10 years
- Provision includes a prudential margin of 17.8% ($52.0m) above the aggregate of independent actuarial estimates
- Cash payments A$12.5m, down 10% on previous corresponding period

Asbestos provision



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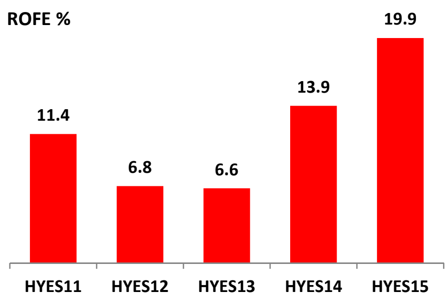
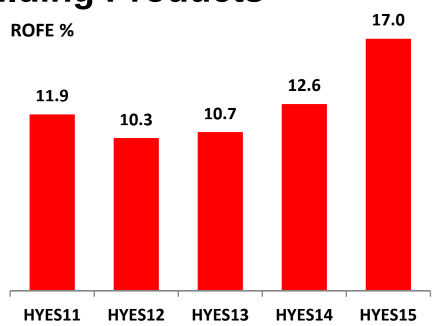
ROFE improving across the group

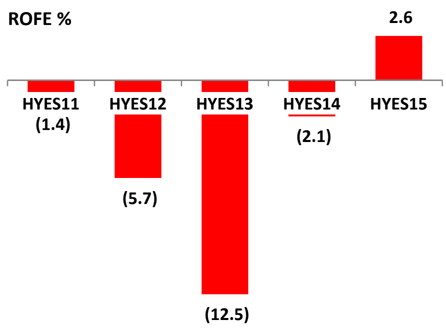
CSR Group



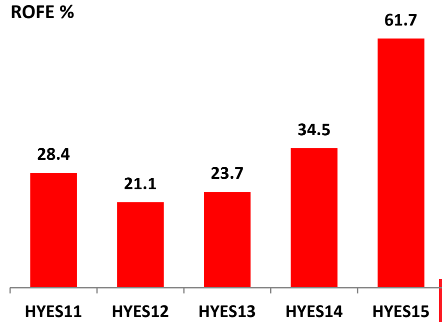
Building Products



Viridian



Aluminium



All ROFE calculations based on EBIT (before significant items) for the 12 months to 30 September divided by average funds employed which excludes cash and tax balances and certain other non-trading assets, liabilities (including asbestos liabilities) as at 30 September.

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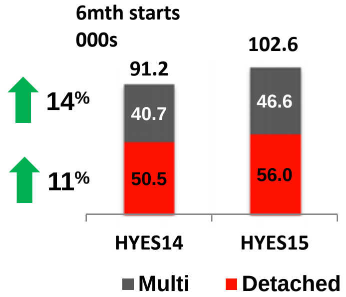
BUSINESS UNIT PERFORMANCE

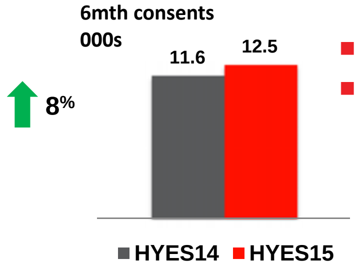
Residential construction activity remains strong

Australia – residential [1]



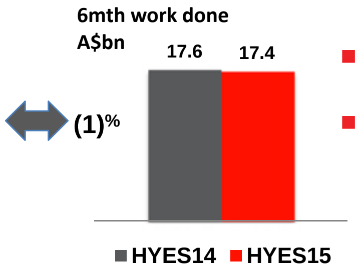
- Residential starts up 12%
- Strong growth in NSW, VIC

New Zealand – residential [3]



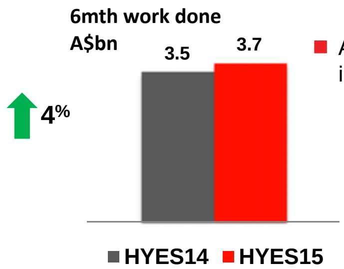
- NZ market up 8%
- Led by Christchurch and continued strength in Auckland market

Australia – non-residential [2]



- Commercial/industrial activity up 1%
- Social/institutional activity down 4%

Australia – A&A [2]



- A&A – evidence of steady improvement in activity

1. *Source ABS data – (two quarter lag – actual 6 months to March)*
2. *Source BIS Shrapnel forecast (value of work done – 6 months to March)*
3. *Source Statistics New Zealand - (residential consents 2 quarter lag – actual 6 months to March)*

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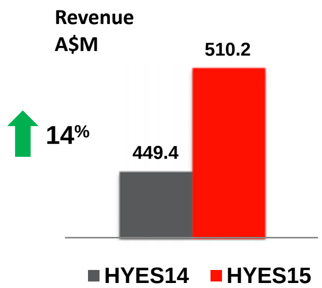
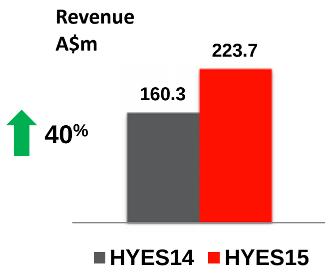
Higher revenues from improved activity

Lightweight Systems



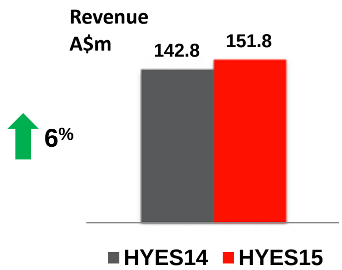
GYPROCK – Everything else is just plasterboard
Bradford – for smarter environments
cemintel
hebel – The better way to build
EDMONDS – Technologies for a Sustainable Future
Ceilector – Ceiling Solutions
Bradford energy solutions
POTTER INTERIOR SYSTEMS
martini
AFS – we put you in front

Bricks & Roofing



PGH BRICKS & PAVERS
MONIER

Viridian



Viridian

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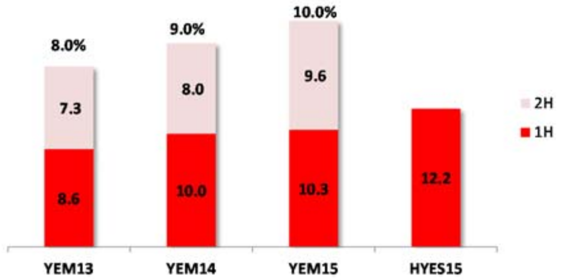
Building Products earnings and margin improving

A$m unless stated [1]	HYES15	HYES14	change
Lightweight Systems	510.2	449.4	14%
Bricks and Roofing	223.7	160.3	40%
Revenue	**733.9**	**609.7**	**20%**
EBITDA	112.5	82.9	36%
EBIT	**89.9**	**63.1**	**42%**
Funds employed[2]	905.4	831.8	9%
EBIT/revenue	12.2%	10.3%	
Return on funds employed[3]	**17.0%**	**12.6%**	

1 *EBITDA and EBIT (before significant items).*
2 *Excludes cash and tax balances and certain other non-trading assets and liabilities (including asbestos liabilities) as at 30 September.*
3 *Refer footnote on slide 11.*

Building Products EBIT Margin %



Building Products movement in half year EBIT

- Building Products EBIT up 42%
  - Strong growth in Gyprock, Hebel and AFS
  - Consolidation of PGH Bricks earnings
  - Excluding minority of PGH Bricks EBIT, Building Products EBIT up 30%
- EBIT margin to highest level in 10 years

Viridian EBIT improvement following pricing initiatives

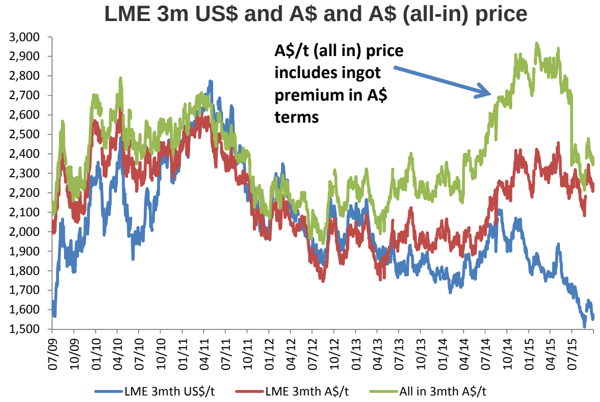
A$m unless stated [1]	HYES15	HYES14	change
Revenue	151.8	142.8	6%
EBITDA	7.2	5.3	36%
EBIT	**2.3**	**0.5**	**NM**
Funds employed[2]	191.1	183.6	4%
EBIT/revenue	1.5%	0.4%	
Return on funds employed[3]	**2.6%**	**NM**	

1 *EBITDA and EBIT (before significant items).*
2 *Excludes cash and tax balances and certain other non-trading assets and liabilities (including asbestos liabilities) as at 30 September.*
3 *Refer footnote on slide 11.*

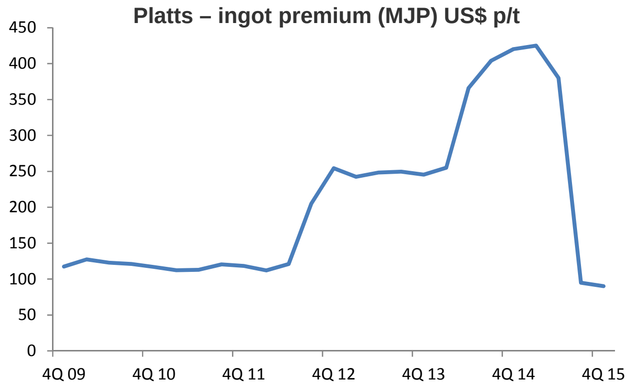
Viridian movement in half year EBIT

- 6% revenue growth achieved primarily from pricing
- Underlying EBIT improvement
  - Pricing initiatives and improved product mix
  - ~$3 million of investment in long-term growth initiatives
- Viridian NZ improvement from strong construction activity and operational initiatives
- Acquired a Queensland glass processing business with integration on track

Aluminium market – pricing supported by weaker A$



Source: FastMarkets, ACI Australia, Platts Metals week



Source: Platts Metals week

- Decline in US$ LME largely offset by weaker A$
- Decline in Q2 ingot premiums
  - YEM16 Q2 premiums fell to US$90 - US$100 from US$380 the previous quarter
  - Premiums have stabilised with YEM16 Q3 at US$90/t

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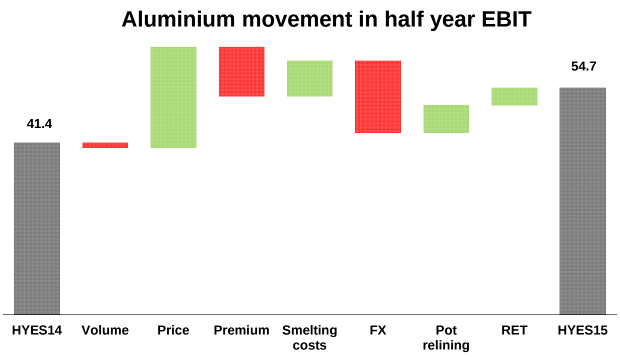
Aluminium EBIT – up 32% on lower operating costs

A$m unless stated [1]	HYES15	HYES14	change
Sales (tonnes)	98,634	101,038	(2%)
A$ realised price[2]	$2,627	$2,503	5%
Revenue	**259.1**	**252.9**	**2%**
EBITDA	68.2	55.1	24%
EBIT	**54.7**	**41.4**	**32%**
Funds employed[3]	196.4	184.4	7%
EBIT/revenue	21.1%	16.4%	
Return on funds employed[4]	**61.7%**	**34.5%**	

1 *EBITDA and EBIT (before significant items).*
2 *Includes hedging and premiums.*
3 *Excludes cash and tax balances and certain other non-trading assets and liabilities as at 30 September.*
4 *Refer footnote on slide 11.*



Pot relining: In YEM16 H1 41 pots were relined compared to 109 pots over the same period last year. For the full year it is expected that 66 pots will be relined vs. 196 pots last year. The current YEM17 forecast is for a ~10% increase in pots to be relined vs. YEM16.

- Sales volumes 2% lower due to the timing of shipments.
  - Expect full year tonnes to be up 3% on prior year
- Improved Tomago performance as well as:
  - Lower costs associated with pot relining
  - RET exemption backdated to 1 January 2015
- Hedge book underpins YEM16 result

GAF aluminium hedge book (as of 30 September 2015)

	HYEM16	YEM17
Average hedged aluminium price A$ per tonne (excludes premiums)	$2,391	$2,495
% of net aluminium exposure hedged	**70%**	**27%**

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Property result underpinned by New Lynn sale

A$m unless stated [1]	HYES15	HYES14	change
EBIT	**16.2**	**20.4**	**(21%)**
Funds employed[2]	140.0	125.5	12%
Return on funds employed[3]	**19.6%**	**28.0%**	

1 *EBIT (before significant items).*
2 *Excludes cash and tax balances and certain other non-trading assets and liabilities (including asbestos liabilities) as at 30 September.*
3 *Refer footnote on slide 11. ROFE varies due to timing of projects.*

- Property EBIT of $16.2m
  - New Lynn, Auckland multi-residential development site – second tranche
  - Erskine Park, NSW industrial site

Current Projects

Chirnside Park, Vic	533 lot residential development Progress to date: 210 lots settled,110 contracts exchanged with 213 lots remaining to be sold
Schofields, NSW	70ha – future residential Between 1,000 to 1,200 lots Quarry rehabilitation underway
Horsley Park, NSW	30 ha – surplus land future industrial Subdivision of surplus land underway
Brendale, Qld	Marketing continues of ~30 ha industrial development

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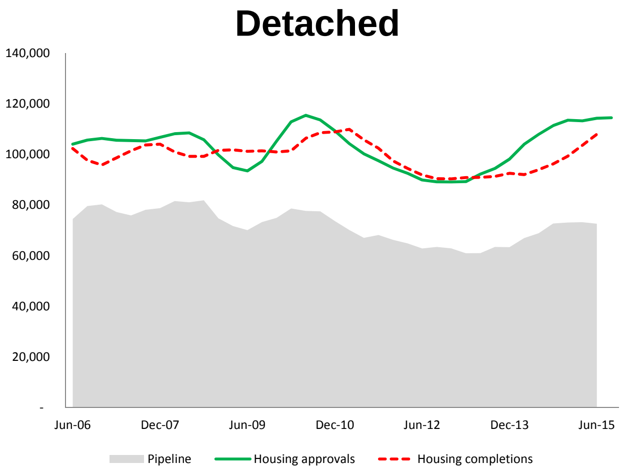
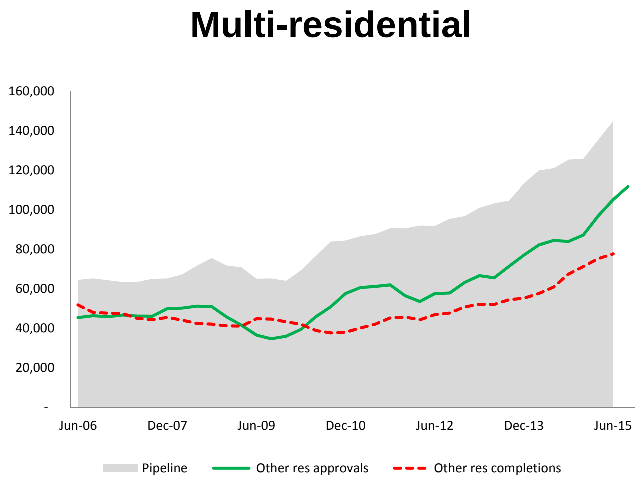
OUTLOOK

Pipeline remains strong in residential construction





- Detached housing approvals sustained at current levels
- Actual activity (completions) yet to catch up
- Supportive of medium term demand for CSR products

- Further growth in approvals and commencements
- Work in progress at record levels, and growing

Source: ABS – moving annual total (MAT). Pipeline includes dwellings approved and not yet commenced, and under construction, but not yet completed (ABS cat 8752)

Outlook for year ending 31 March 2016 (YEM16)

Building Products	■ Strong market activity to underpin year-on-year earnings growth for YEM16 ■ Given current construction data and longer lead times from approval to construction, demand for CSR products to remain at current levels for the medium term
Viridian	■ Expect continued improvement in earnings arising from stronger construction activity, market share gains and pricing initiatives ■ Modest investment to enhance capability and customer service
Aluminium	■ Sales volumes (tonnes) to be around 3% higher than prior year with increased Tomago production ■ Ingot premiums have stabilised at ~US$90 per tonne for October to December 2015 ■ Second half of YEM16 is 70% hedged at an average of A$2,391 per tonne (excluding ingot premiums)
Property	■ Majority of transactions have completed in the first half of the year with earnings in second half largely derived from Chirnside Park, VIC development ■ EBIT is expected to be between $20 to $25 million
Group	■ CSR expects net profit after tax (pre significant items) to be higher than the previous financial year (YEM15) ■ NPAT (pre significant items) to be towards the upper end of current analyst range of $128m to $162m (pre significant items)

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APPENDIX

Review of significant items

A$m (unless stated)	HYES15	HYES14
Discount unwind and hedge gain relating to product liability provision	(5.5)	(6.0)
Legal disputes and warranties[1]	-	1.9
Transaction and integration costs[2]	(18.8)	(2.7)
Total significant items before tax	**(24.3)**	**(6.8)**
Income tax benefit on significant items	5.0	5.2
Significant items after tax	**(19.3)**	**(1.6)**
Significant items attributable to non-controlling interests	4.5	-
Significant items attributable to the shareholders of CSR Limited	**(14.8)**	**(1.6)**

1. During the financial half year ended 30 September 2014 (HYES14), the CSR group recorded income in relation to the legal disputes provisions, reflecting an improved outlook and/or a better outcome than previously expected.
2. During HYES15 and HYES14, the CSR group incurred costs associated with potential and completed acquisitions, including integration costs relating to Boral CSR Bricks Pty Limited which formed on 1 May 2015. In addition, adjustments were recorded as a result of the fair value re-measurement of contingent consideration on previous acquisitions.