

CSR LIMITED | 10 MAY 2023

# Results Presentation

Year Ended 31 March 2023



# Introduction



**Julie Coates**  
CSR MD & CEO



**David Fallu**  
CSR CFO and EGM  
Property & Aluminium



**Paul Dalton**  
CSR EGM  
Interior Systems



**Sara Lom**  
CSR Group  
Financial Controller

# Agenda

1

**Results overview – Julie Coates** Managing Director & CEO

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2

**Financial results – David Fallu** CFO and EGM Property & Aluminium

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**Property results – David Fallu**

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**Aluminium results – David Fallu**

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**Building Products results – Julie Coates**

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**Closing and outlook – Julie Coates**

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**Q&A**

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# 1

## Results overview



# Delivered another strong performance

**CSR Group Revenue**  
**\$2.6bn**

↑  
**13%**

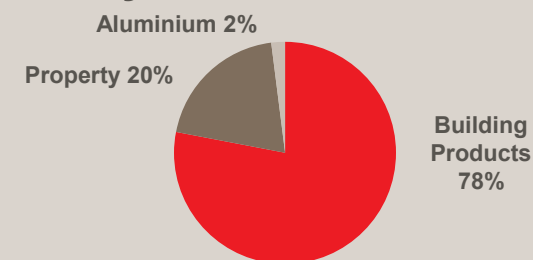
- Building Products revenue \$1.8bn, up 14%

**CSR Group EBIT<sup>1</sup>**  
**\$330m**

↑  
**13%**

- Building Products EBIT<sup>1</sup> \$273m, up 20%

**EBIT by business<sup>1</sup>**



**Net profit after tax**  
(before significant items)  
**\$225m**

↑  
**17%**

- Statutory net profit after tax \$219m, down from \$271m (YEM22 included \$86m benefit of carry forward capital tax losses)

**Earnings per share<sup>1</sup>**  
**46.9 cents**

↑  
**18%**

**Full year dividend**  
**36.5 cents**

Final dividend  
20.0 cents  
(fully franked)

- Fully franked with payout ratio at the top end of the dividend policy<sup>2</sup>
- \$36m in share buyback since July 2022

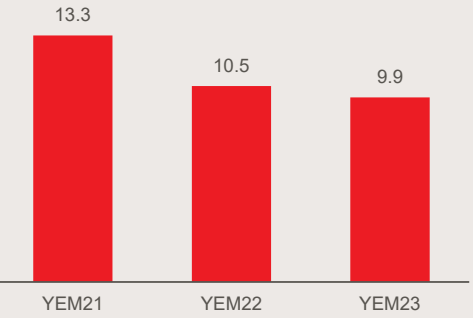
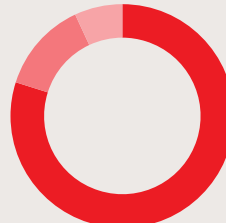
1. Earnings before interest and tax (EBIT) and earnings per share are all before significant items. They are non-IFRS measures and are used internally by management to assess the performance of the business and have been extracted or derived from CSR's financial statements for the year ended 31 March (YEM23). All comparisons are to the year ended 31 March 2022 (YEM22) unless otherwise stated.

2. CSR policy is to pay dividends between 60-80% of full year net profit after tax (before significant items). CSR is continuing to distribute franking credits as they are realised, with the YEM24 interim dividend likely to be partially franked.

**Increased profitability supporting investment and shareholder returns**

**CSR**









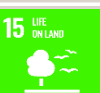





# Driving further improvement in safety

Improvement in safety over last three years	Key focus areas driving improvement	Progress in YEM23	Strategy																
<p><b>26% improvement</b> in total recordable injury frequency rate since March 2021</p>  <table border="1"> <caption>Injury Frequency Rate</caption> <thead> <tr> <th>Year</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>YEM21</td> <td>13.3</td> </tr> <tr> <td>YEM22</td> <td>10.5</td> </tr> <tr> <td>YEM23</td> <td>9.9</td> </tr> </tbody> </table>	Year	Rate	YEM21	13.3	YEM22	10.5	YEM23	9.9	<ul style="list-style-type: none"> <li>Managing high potential consequence risk as core priority</li> <li>Encouraging transparency &amp; accuracy of reporting through “reviewed risk rating” of all incidents</li> <li>Empowering teams at site level to help lead &amp; take ownership for safety</li> <li>Significant improvement in metrics and data transparency</li> </ul>	<ul style="list-style-type: none"> <li>All sites have Risk Reduction plans focussed on CSR wide Top Risks</li> </ul> <p><b>80% of CSR sites</b> with no recordable injuries in the last 12 months</p>  <table border="1"> <caption>Injury Status by Site</caption> <thead> <tr> <th>Percentage</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>80%</td> <td>Zero recordable injuries at 115 sites</td> </tr> <tr> <td>13%</td> <td>1 recordable injury at 19 sites</td> </tr> <tr> <td>7%</td> <td>&gt;1 recordable injury at 10 sites</td> </tr> </tbody> </table>	Percentage	Description	80%	Zero recordable injuries at 115 sites	13%	1 recordable injury at 19 sites	7%	>1 recordable injury at 10 sites	<ul style="list-style-type: none"> <li>Continued improvement in the quality of Risk Reduction plans</li> <li>Rollout of “Never Walk Past” cultural safety change program with 500 leaders completing the program in YEM23</li> <li>Increased focus on contractor management, particularly in Supply &amp; Install</li> </ul>
Year	Rate																		
YEM21	13.3																		
YEM22	10.5																		
YEM23	9.9																		
Percentage	Description																		
80%	Zero recordable injuries at 115 sites																		
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Continuing to build safety leadership culture across CSR



# Good momentum to deliver 2030 sustainability targets


2009-2020	Set new targets in 2020	Progress in YEM23	Sustainability Focus Areas
<ul style="list-style-type: none"> <li>CSR set four intensity targets</li> </ul> <p>TEN YEAR TARGETS COMPLETED IN 2020</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>WASTE PRODUCTION (Kg/Tonne of product) Achieved ↓57% reduction</p> </div> <div style="text-align: center;">  <p>WATER CONSUMPTION (Ltr/Tonne of product) Achieved ↓13% reduction</p> </div> </div> <hr/> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  <p>ENERGY CONSUMPTION (GJ/tonne of product) Achieved ↓24% reduction</p> </div> <div style="text-align: center;">  <p>TOTAL SCOPE CO<sub>2</sub>e (Kg/Tonne of product) Achieved ↓32% reduction</p> </div> </div> <ul style="list-style-type: none"> <li>Completed TCFD climate change scenario analysis on CSR's largest businesses to guide strategic decisions, based on the financial impact analysis</li> <li>Developed staged approach to assess the risks and opportunities</li> </ul>	<h3 style="text-align: center;">2030 Sustainability Targets</h3> <div style="display: flex; justify-content: space-between;"> <div style="width: 20%; text-align: center;">  <p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p> </div> <div style="width: 80%;"> <p><b>50%</b> of electricity generated by renewable energy</p> <p><b>20%</b> energy reduction (GJ) p/t of saleable product (intensity)</p> </div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 20%; text-align: center;">  <p><b>11</b> SUSTAINABLE CITIES AND COMMUNITIES</p> </div> <div style="width: 80%;"> <p><b>5%</b> of indirect spend by Procurement to be spent with social enterprises</p> </div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 20%; text-align: center;">  <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> </div> <div style="width: 80%;"> <p><b>75%</b> reduction in solid waste to landfill</p> <p><b>30%</b> reduction of potable water consumed (ltr) p/t of saleable product (intensity)</p> </div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 20%; text-align: center;">  <p><b>13</b> CLIMATE ACTION</p> </div> <div style="width: 80%;"> <p><b>30%</b> reduction of greenhouse gas emissions (CO<sub>2</sub>e) kg p/t of saleable product</p> </div> </div> <hr/> <div style="display: flex; justify-content: space-between;"> <div style="width: 20%; text-align: center;">  <p><b>15</b> LIFE ON LAND</p> </div> <div style="width: 80%;"> <p>Enhance biodiversity outcomes on CSR sites and developments</p> </div> </div>	<ul style="list-style-type: none"> <li>Independent review for alignment to 2030 targets confirmed business is on track for reducing emissions and energy use</li> <li>Developed an overarching Sustainability Framework aligned to CSR's strategy</li> <li>Further work underway on refinement of goals, commitments and metrics across the five pillars</li> <li>Once finalised, this work will be integrated into CSR's sustainability strategy in YEM24</li> </ul>	<p style="text-align: center; font-size: small;">CSR'S SUSTAINABILITY FOCUS AREAS</p> <div style="display: flex; flex-direction: column; justify-content: space-between;"> <div style="background-color: #e91e63; color: white; padding: 10px;">  <p><b>Empowering our people</b> Thriving, inclusive and high performing team that is empowered to make the change we need</p> </div> <div style="background-color: #8bc34a; color: white; padding: 10px;">  <p><b>Transition to Net Zero</b> Decarbonising our business to operate in a low/no carbon world</p> </div> <div style="background-color: #00bcd4; color: white; padding: 10px;">  <p><b>Closing the Loop</b> Contributing to a circular building industry</p> </div> <div style="background-color: #ff9800; color: white; padding: 10px;">  <p><b>Leading Through Innovation</b> Innovating to advance sustainability at CSR and across the building sector</p> </div> <div style="background-color: #9c27b0; color: white; padding: 10px;">  <p><b>Building Communities</b> Building long-term, mutually beneficial community relationships</p> </div> </div>

Broadening sustainability focus areas, goals and commitments

# Progress on CSR's 2030 sustainability targets

## Sustainability is a strategic foundation with a whole of business focus

**7** AFFORDABLE AND CLEAN ENERGY




**Energy**

2022

**2.52**


GJ/tonne of saleable product

**Energy reduction target from 2020 baseline (%)**



17 CSR sites have a total capacity of 3,100kW, work underway on \$3m project at Gyprock Wetherill Park for additional capacity of 2,000kW

**13** CLIMATE ACTION




**Emissions**

2022

**205.5**

kg/tonne of saleable product


**Emissions reduction target from 2020 baseline (%)**



TCFD climate change modelling completed on five of CSR's businesses

\$23m project underway at Gyprock Wetherill Park to increase stucco capacity, drive significant reduction in gas & electricity usage and increase recycled board capacity

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION




**Water**

2022

**381.4**


ltr/tonne of saleable product

**Water reduction target from 2020 baseline (%)**



Significant projects underway including \$13m new water treatment plant and automation project at Bradford Brendale to reduce potable water by 80%, saving of 35 million litres each year

**11** SUSTAINABLE CITIES AND COMMUNITIES




**Waste**

2022

**12,127**

tonnes


**Waste reduction target from 2020 baseline (%)**



New targets to reduce waste by 2025 in line with the Australian Packaging Covenant:

- All packaging is either 100% reusable, recyclable or compostable
- 50% average recycled content in packaging
- A plan to phase out problematic/unnecessary plastics

**11** SUSTAINABLE CITIES AND COMMUNITIES




**Social Spend**

2022

**\$5m**

**Social spend target from 2020 baseline (%)**



CSR now tracking at 76% of social spend target (including indigenous and disability owned businesses)

\$39 million was spent with over 90 suppliers with diversity equity credentials

Note: Data as of 30 June 2022.



# Group EBIT up 13%

## Building Products



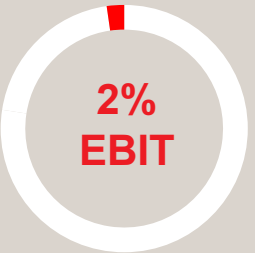
- Record EBIT of \$273m, up 20% with EBIT margin of 15%
- Revenue up 14% – good end market execution & pricing discipline
- Strong product availability for customers – volume growth in Gyprock & Hebel
- Continued focus on operational performance & cost management
- Inflation being well managed

## Property



- \$72m EBIT following completion of six transactions in YEM23
- Development work continues on major projects including Darra, Schofields & Badgerys Creek
- Continuing to realise value from Property assets and development capability as site network planning continues

## Aluminium



- EBIT of \$8m impacted by cost volatility
- Benefit of increased aluminium pricing offset by higher raw material and production costs

# 2

## Financial results



## CSR group performance – net profit after tax<sup>1</sup> up 17%

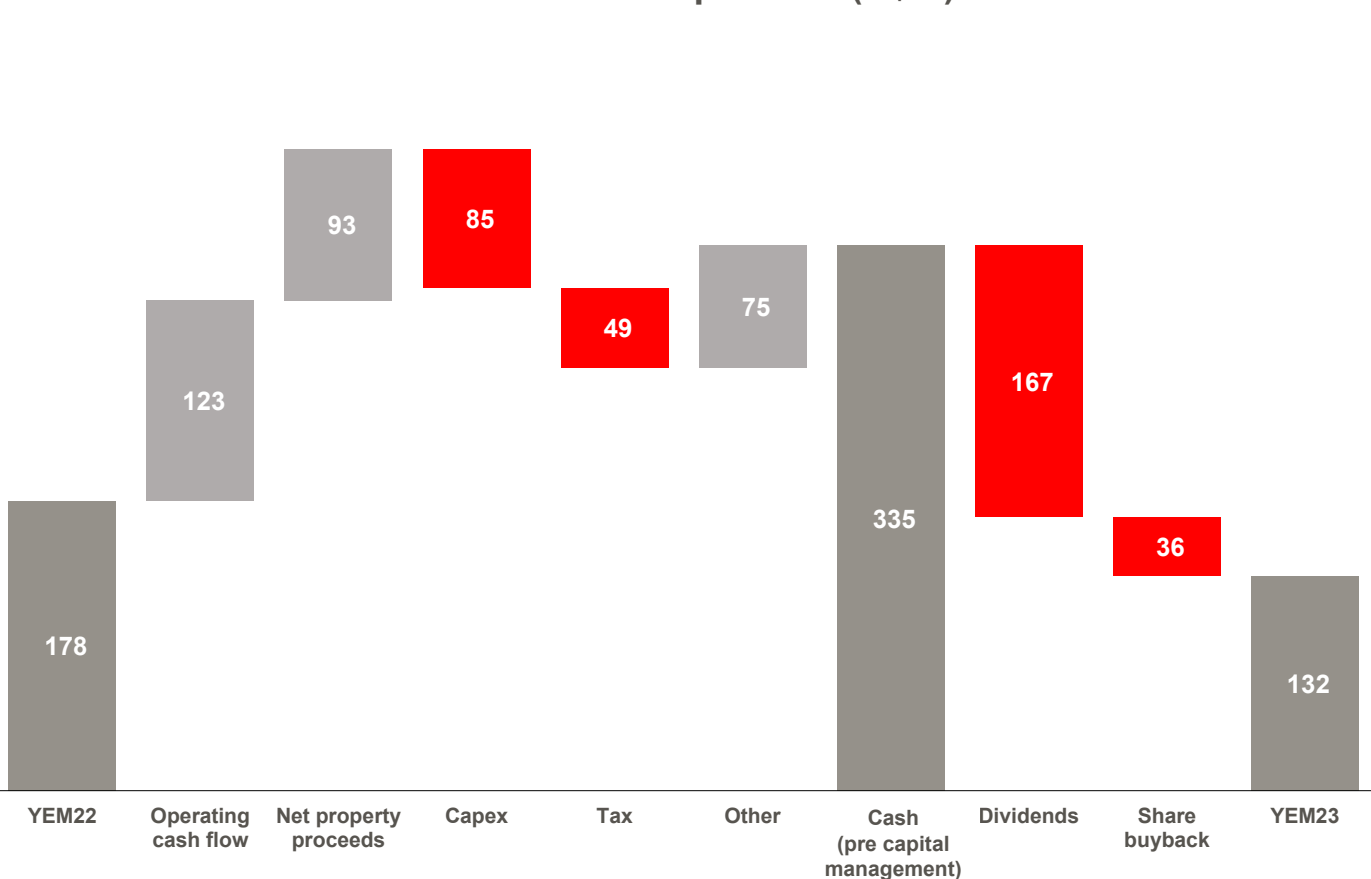
A\$m (unless stated)	YEM23	YEM22	change
Trading revenue	<b>2,613.3</b>	2,311.6	13%
EBIT <sup>1</sup>			
Building Products	<b>273.4</b>	228.2	20%
Property	<b>71.7</b>	46.9	53%
Aluminium	<b>8.0</b>	39.7	(80%)
Corporate	<b>(23.4)</b>	(23.4)	–
Group EBIT <sup>1</sup>	<b>329.7</b>	291.4	13%
Net finance costs <sup>1</sup>	(14.7)	(9.5)	
Income tax expense <sup>1</sup>	(90.3)	(81.2)	
Non-controlling interests <sup>1</sup>	0.3	(8.1)	
Net profit after tax <sup>1</sup>	<b>225.0</b>	192.6	17%
Significant items after tax	(6.5)	78.0	
Statutory net profit after tax	<b>218.5</b>	270.6	(19%)

1. Before significant items.

- Revenue up 13% reflecting good execution into end markets and pricing discipline
- Strong cost management across SG&A
  - SG&A improved as a % of sales
- Higher freight & fuel for Building Products and Aluminium
  - Building Products recovered in pricing, with warehouse & distribution costs flat as a % of sales
  - Aluminium due to regional mix and higher international shipping rates
- CSR Group EBIT up 13%
  - Reflecting growth in Building Products, with EBIT margin increasing to 15%
  - Improved Property result
- Net finance costs higher due to FX volatility related to Aluminium
- Significant items expense (after tax) of \$7m compared to the benefit of \$86m in carry forward capital tax losses in YEM22
- Statutory net profit after tax of \$219m, down from \$271m

# Cash flow enabling investment and shareholder returns

Movement in net cash position (A\$m)



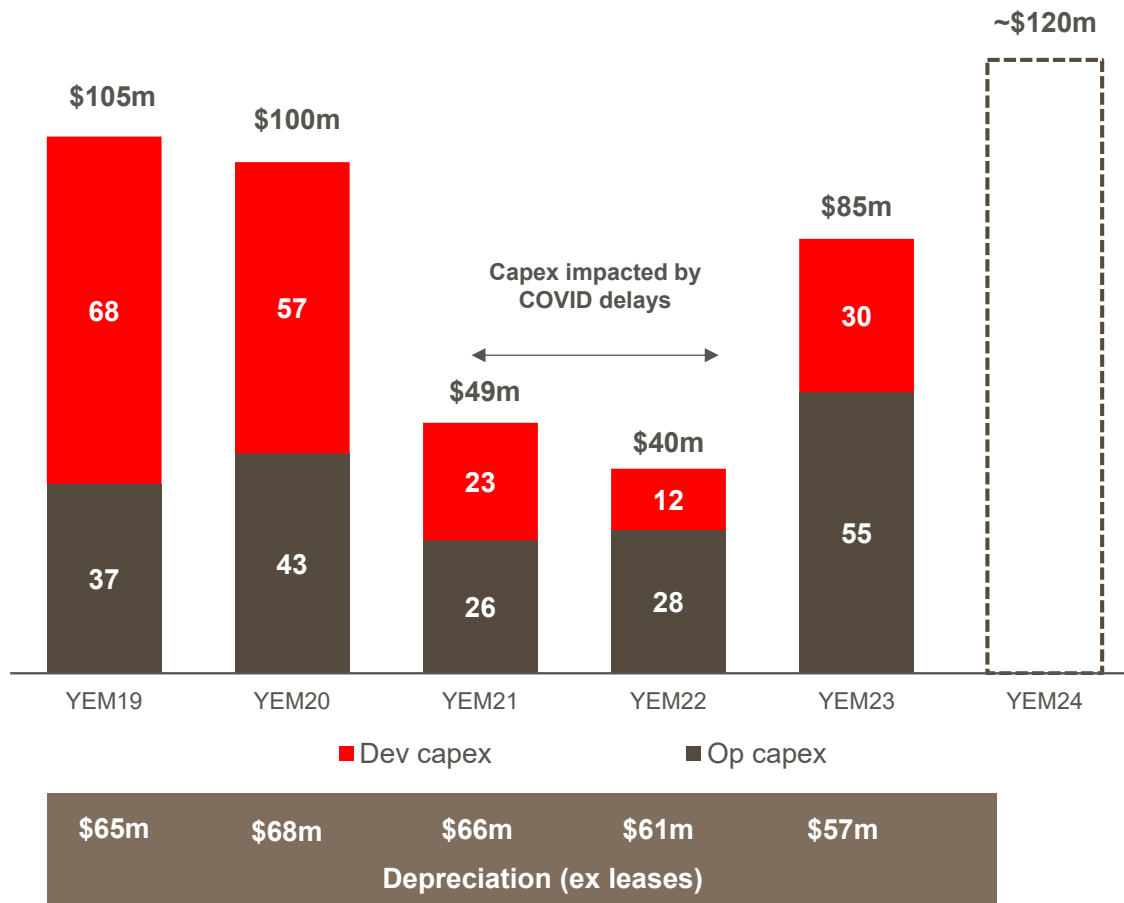
Note operating cash flow includes lease payments.

- Operating cash flow funded an increase in working capital including:
  - ~\$60m increase in debtors from higher Building Product revenue with debtor days in line with pre-COVID levels
  - Strong product availability for customers & higher input costs lifted Building Products inventory by ~\$38m
  - ~\$35m increase in aluminium working capital due to timing of shipments & higher input costs
- Property proceeds of \$140m with Property capex of \$47m to deliver contracted and future sales
- Other items include unwind of prior period hedging prepayments
- Over \$200m in capital management – \$167m shareholder dividends and \$36m share buy back



# Investment supporting sustainability and productivity

Capital expenditure (excluding Property) (A\$m)



## YEM23 – key projects:

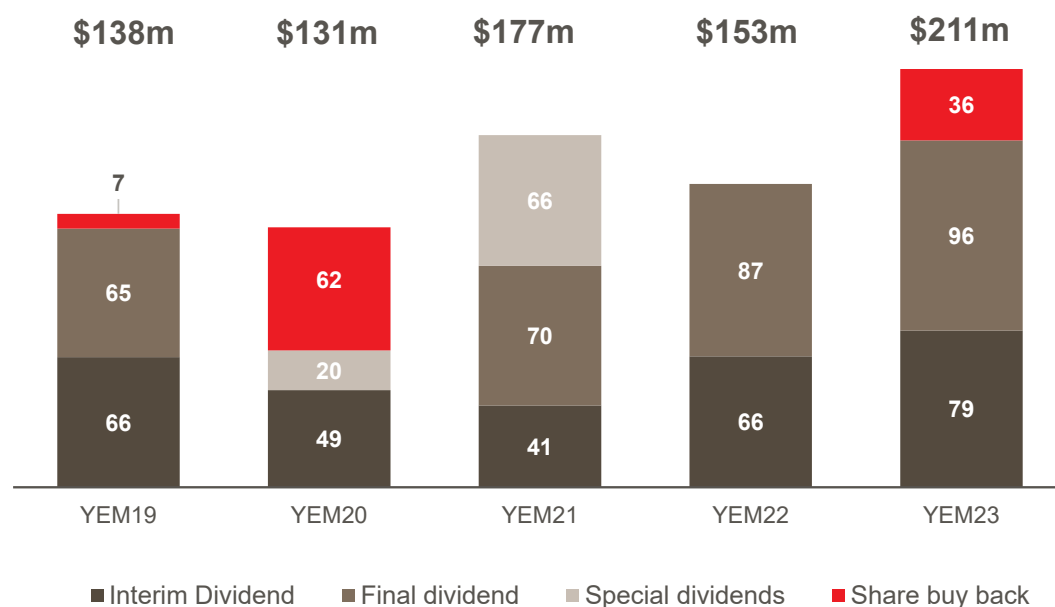
- Gyprock Wetherill Park \$23m upgrade underway
- Bradford Brendale efficiency and sustainability investment
- Property capex of \$47m to deliver Horsley Park tranches & continued rehabilitation at Darra and Badgerys Creek

## YEM24

- Property capex of ~\$50m to support contracted sales and ongoing projects
- With a more normalised environment, YEM24 includes some projects delayed from previous years. Key projects include:
  - Completion of Wetherill Park & Brendale projects
  - Progress the Martini Villawood commercial interiors capacity and site expansion
  - Continued planned investment in Gyprock network

# Strong balance sheet supporting shareholder returns

## Capital Management (A\$m) (Dividends and share buybacks)



- Final dividend to be paid of 20.0 cps (fully franked)
- Payout ratio at the top end of the dividend policy of 60-80% full year NPAT (before significant items)
- Continuing to distribute franking credits as they are realised, with the YEM24 interim dividend likely to be partially franked
- \$36m completed in the share buyback since July 2022
- Strong financial position supporting organic growth and the opportunity for bolt-on acquisitions while increasing shareholder returns

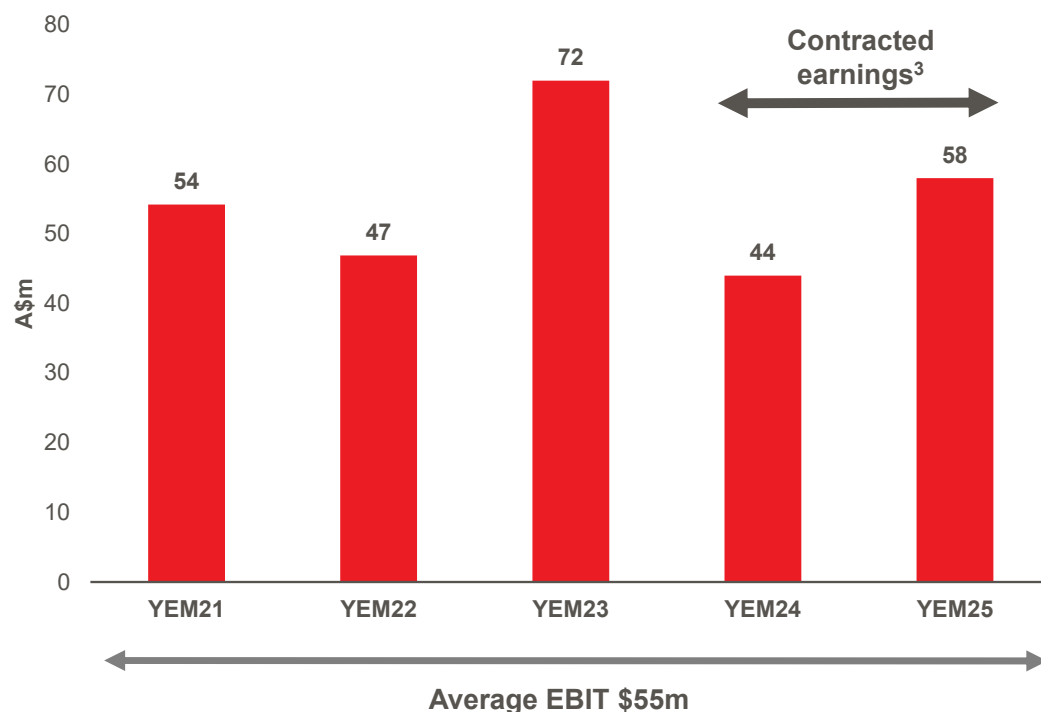
# 3

## Property results



# Significant increase in Property earnings

<i>A\$m unless stated <sup>1</sup></i>	YEM23	YEM22	change
<b>EBIT</b>	<b>71.7</b>	46.9	53%
Funds employed <sup>2</sup>	153.1	166.1	(8%)

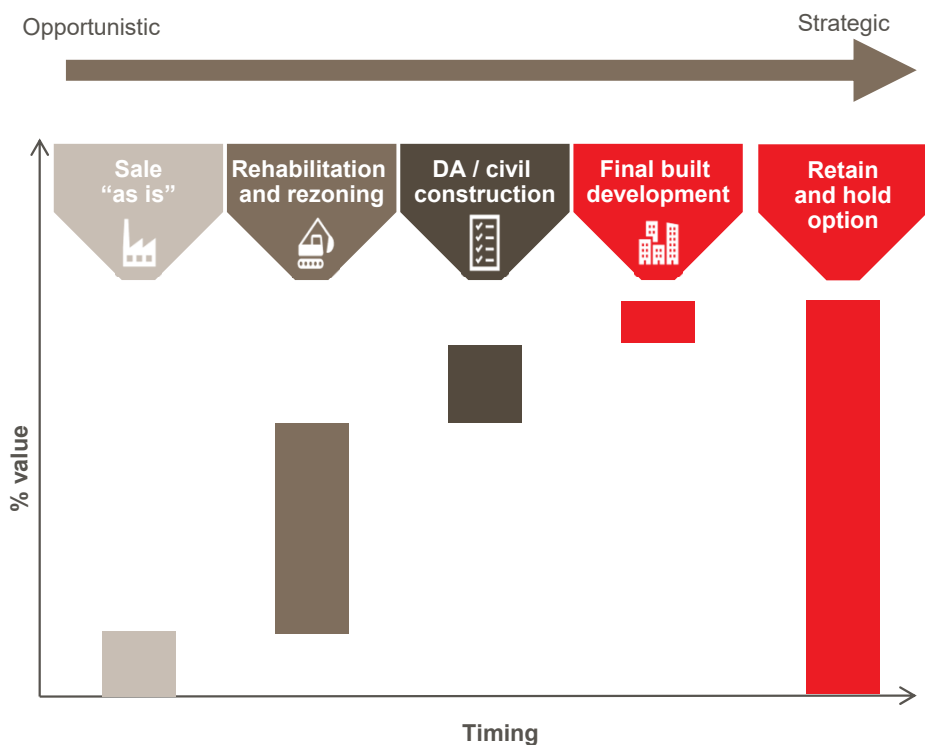


- Property EBIT of \$72m includes the sale of the next tranche at Horsley Park (\$25m) & Warner (\$28m)
- Contracted transactions at Horsley Park remain on track
- Progressing development options for Darra, including JV model
- Continued strong property markets create the opportunity to supplement existing contracted transactions in YEM24 & YEM25
- Significant value of property assets currently valued on an “as is” basis of \$1.5 billion

1. EBIT (before significant items).  
 2. Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March.  
 3. Includes estimated Property operating costs and excludes any other future transactions.



# Active project pipeline to deliver earnings over future years



MAJOR SITES	TYPE	YEM24	YEM 25-30	Beyond
Horsley Park, NSW (Industrial)	Final \$102m EBIT contracted to be completed by YEM25	✓	✓	
Darra, QLD (Industrial)	Progressing development options for Darra, including JV model	✓		
Schofields, NSW (Residential)	90ha site proposed to be rezoned residential for approximately 1,525+ lots <ul style="list-style-type: none"> <li>• Stage 1 (32ha)</li> <li>• Stage 2 (58ha) – currently PGH Bricks operating plant. Timing based on operational network requirements</li> </ul>		✓	✓
Badgerys Creek, NSW (Industrial)	196ha industry site adjacent to the Western Sydney Airport Rehabilitation of former quarries underway		✓	✓

Contracted Property earnings to YEM25 with significant projects to deliver earnings over the next 10 years

# 4

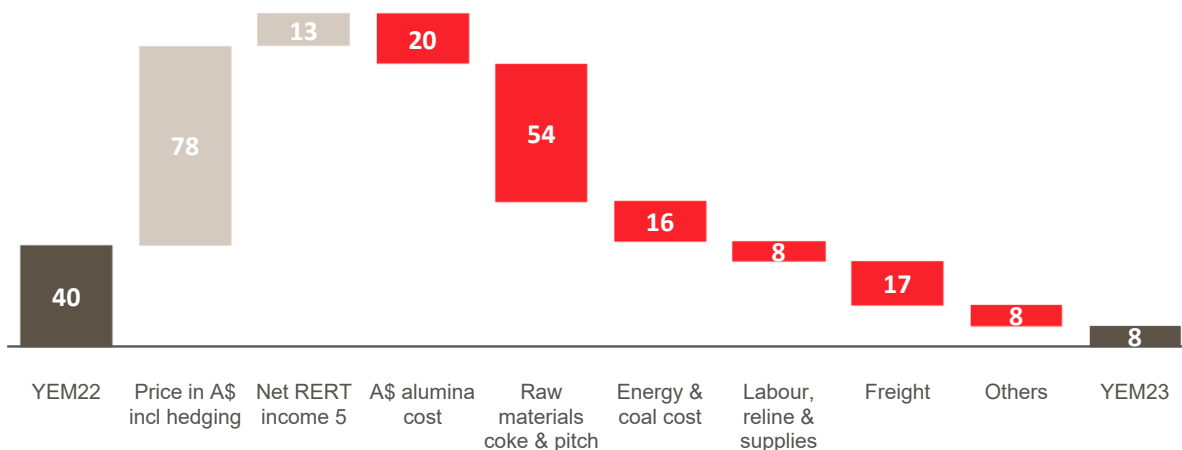
## Aluminium results



# Earnings impacted by cost volatility

A\$m unless stated <sup>1</sup>	YEM23	YEM22	change
<b>Sales (tonnes)</b>	<b>212,649</b>	211,374	1%
A\$ realised price <sup>2</sup>	3,670	3,300	11%
<b>Revenue</b>	<b>780.3</b>	697.5	12%
<b>EBIT</b>	<b>8.0</b>	39.7	(80%)
Funds employed <sup>3</sup>	163.3	121.3	35%
EBIT/revenue	1.0%	5.7%	
Return on funds employed <sup>4</sup>	5.6%	30.9%	

## Movement in EBIT (A\$m)



- A\$ realised aluminium price up 11%
- Significant cost volatility resulted in \$8m EBIT
  - Increased alumina costs due to higher aluminium LME price
  - Coke and pitch costs reached historic highs during the year
  - Higher electricity & gas costs offset by lower coal cost pass through
  - Higher warehouse & distribution costs due to regional sales mix and higher international shipping rates

1. EBIT (before significant items).
2. Includes hedging, premiums, value added product and spot sales.
3. Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March.
4. Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed. Refer Note 2 in the annual report.
5. Reliability and Energy Reserve Trader payment for power disruption to support national energy market stability.

# Improved hedged pricing extended into future periods

## GAF Hedge Book extended to YEM27

As of 31 March 2023	YEM23	YEM24	YEM25	YEM26	YEM27
Average price A\$ per tonne (excludes premiums)	A\$3,061	A\$3,089	A\$3,198	A\$3,448	A\$3,912
% of net aluminium exposure hedged	Not applicable	84%	71%	68%	43%

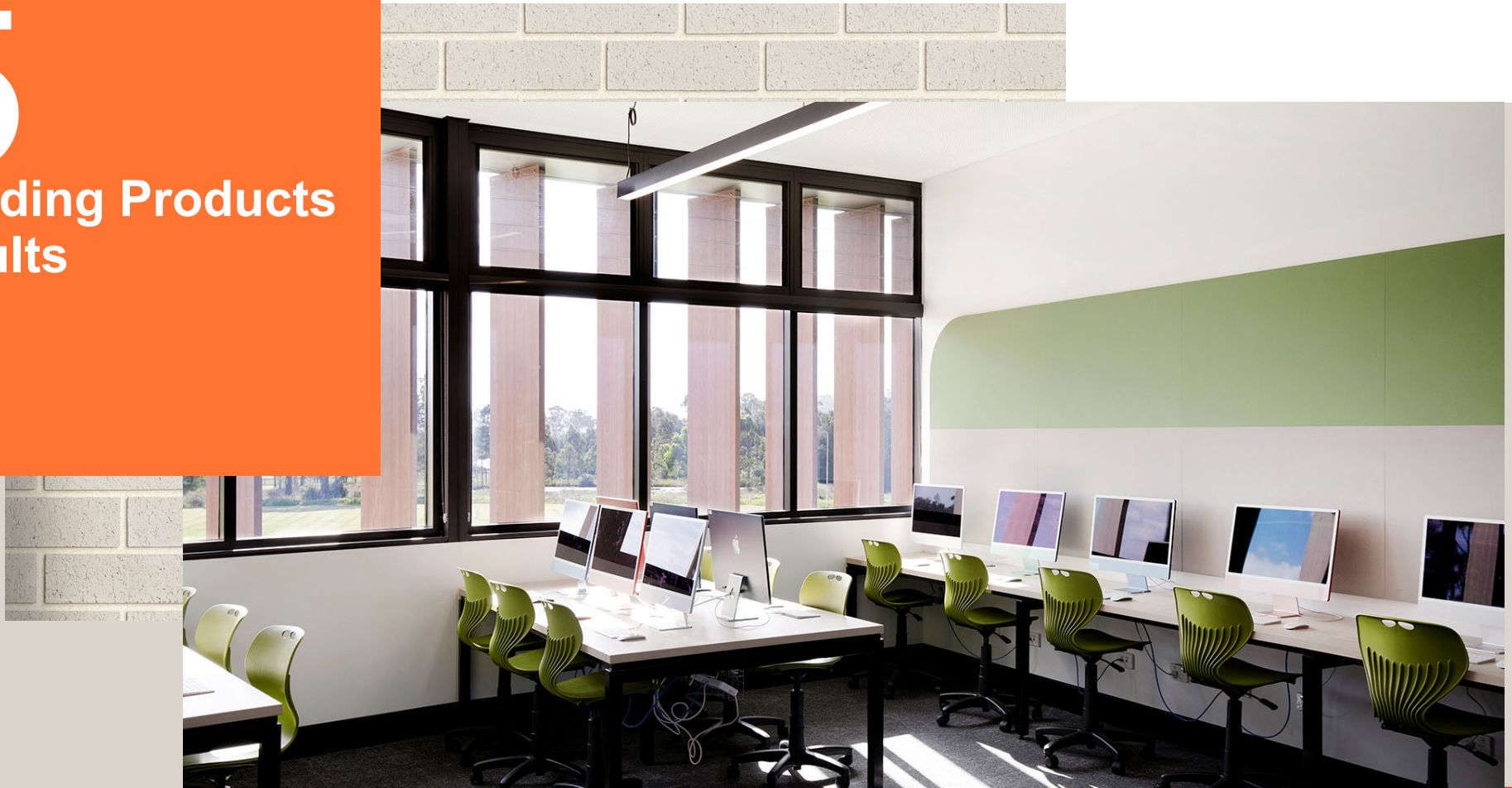
## Outlook

- While cost volatility and unpredictability in energy and raw materials makes forecasting challenging, at this early stage in the year, the best estimate for YEM24 is a loss in the range of -\$5 million to -\$15 million (excluding net RERT<sup>1</sup> income, which was \$13 million in YEM23).
- Aluminium is expected to return to profit in YEM25 and increasing in the following years due to higher hedged pricing, based on current cost assumptions.

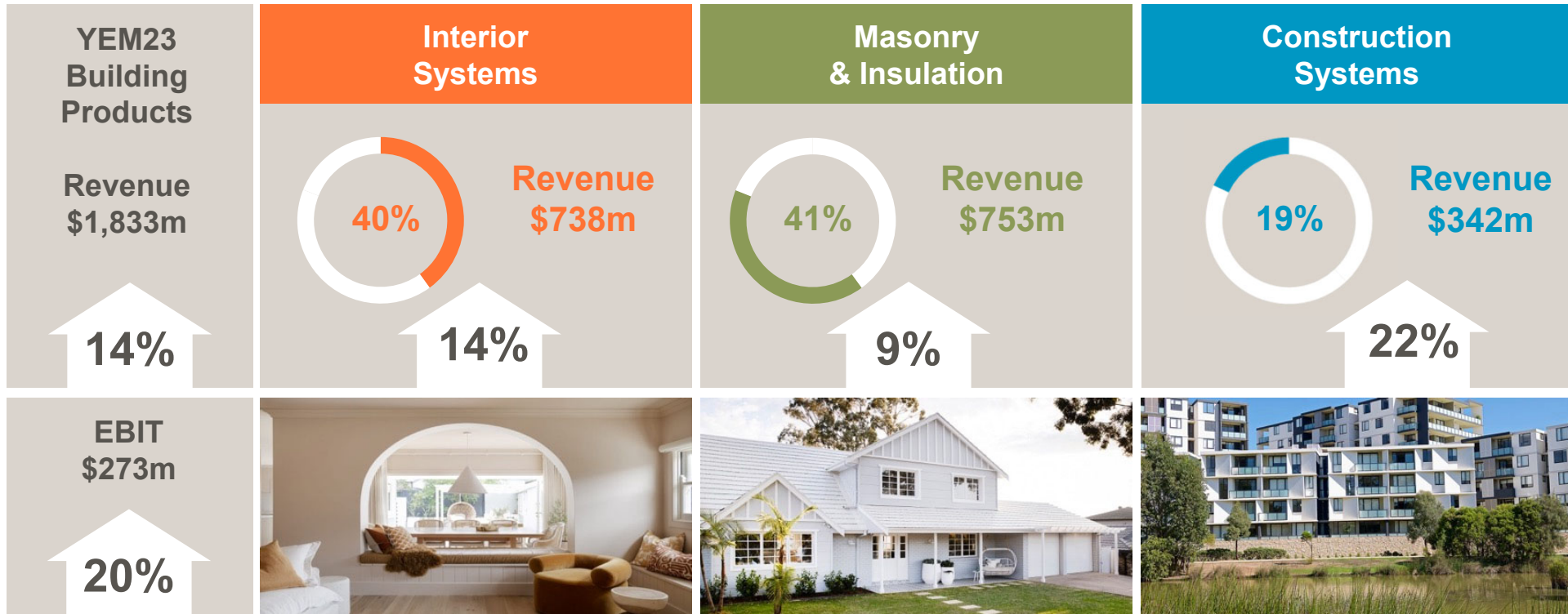
1. Reliability and Energy Reserve Trader payment for power disruption to support national energy market stability.

# 5

## Building Products results



# Diversification across end markets and build cycles



**GYPROCK**

**martini**

**Bradford**

**PGH BRICKS & PAVERS**

**hebel**  
The better way to build

**afs**  
smarter permanent framework

**HIMMEL**  
INTERIOR SYSTEMS

**POTTER**  
INTERIOR SYSTEMS

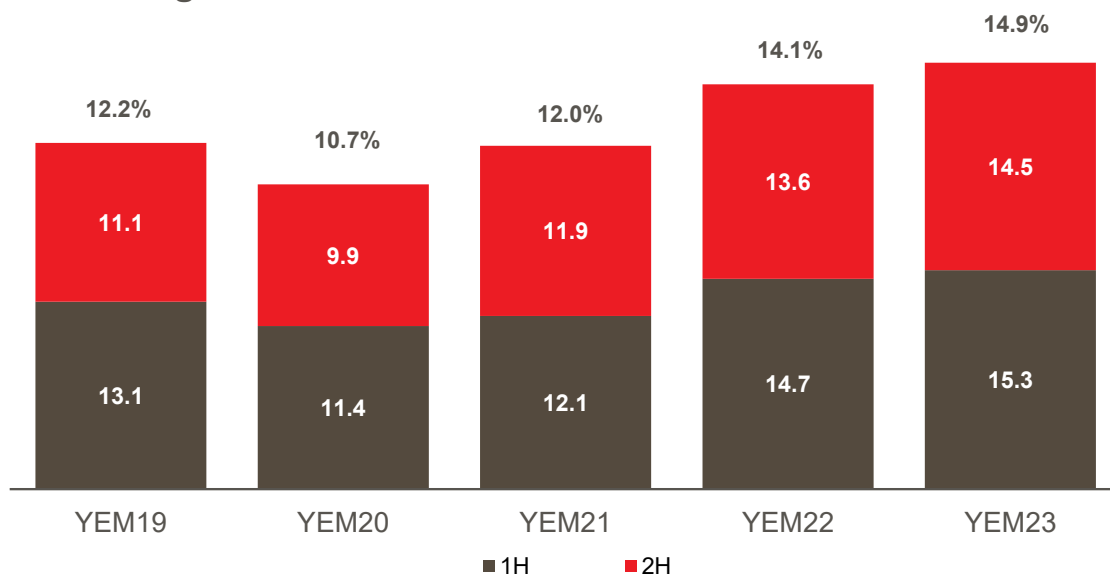
**Monier**  
ROOFING

**CEMINTEL**

# EBIT higher with good execution across the business

<i>A\$m unless stated <sup>1</sup></i>	YEM23	YEM22	change
Revenue	1,833.0	1,614.1	14%
EBIT	273.4	228.2	20%
Funds employed <sup>2</sup>	938.2	830.0	13%
EBIT/revenue	14.9%	14.1%	
Return on funds employed <sup>3</sup>	30.9%	27.3%	

## EBIT Margin %

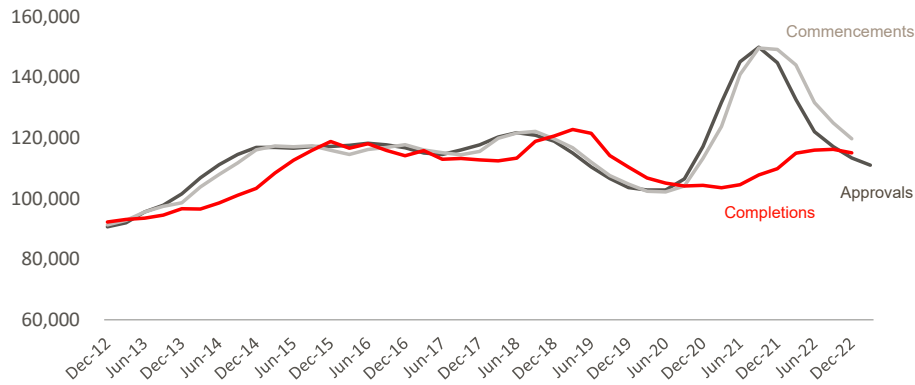


- Revenue up 14% – good delivery execution into end markets and pricing discipline
- Record EBIT of \$273m, up 20% with EBIT margin of 15%
- Strong product availability for customers with good volume growth in Gyprock & Hebel
- Continued focus on operational performance and cost management
- Inflation being well managed

- EBIT (before significant items).
- Excludes cash and tax balances and certain other non-trading assets and liabilities as at 31 March.
- Based on EBIT (before significant items) for the 12 months to 31 March divided by average funds employed. Refer Note 2 in the annual report.

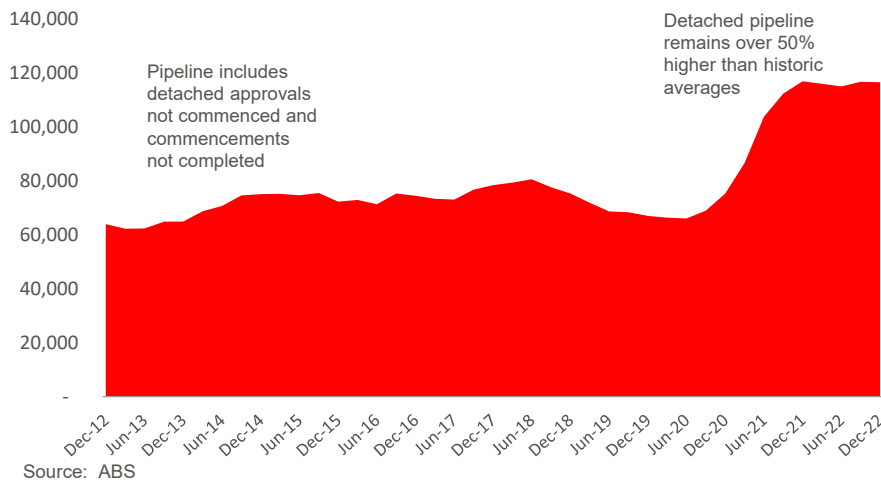
# Pipeline creating resilience in detached work done

## Detached completions extending timelines



Source: ABS, MAT

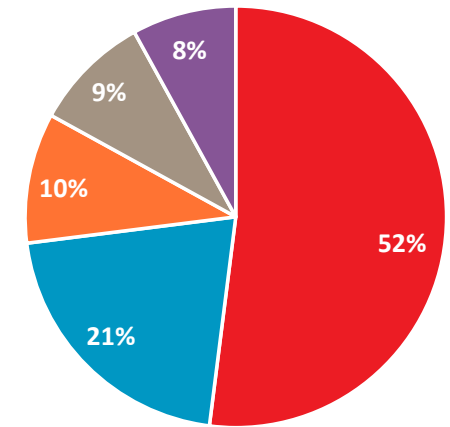
## Pipeline of detached housing sustaining



Source: ABS

- Build times continue to be extended due to ongoing supply chain constraints and trade labour availability
- Detached pipeline remains strong as commencements continue to exceed completions
- Forward pipeline remains over 50% above historic averages – currently at ~110,000 detached homes
- Net overseas migration forecast to contribute strongly to population growth and support housing demand

## CSR construction market diversification

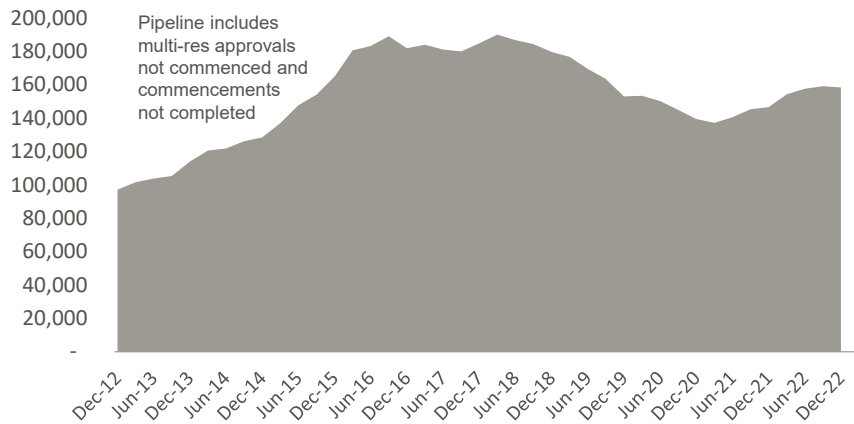


- Detached
- Non-residential
- Medium density
- High density
- A&A

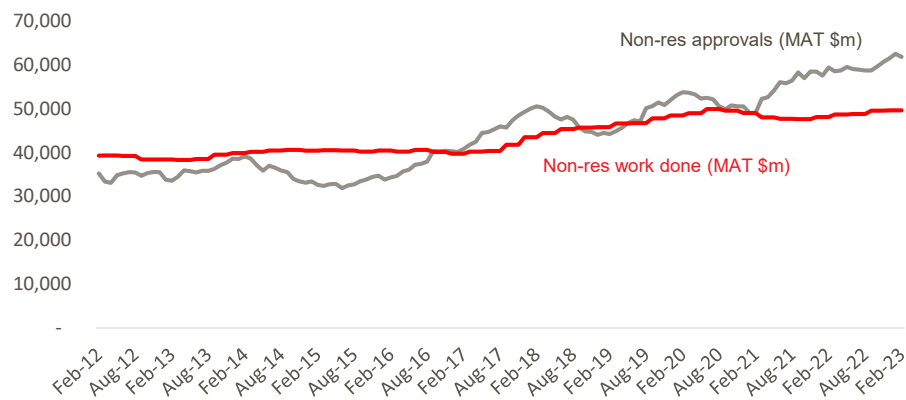


# Support across different construction segments

## Recovery in multi-res pipeline



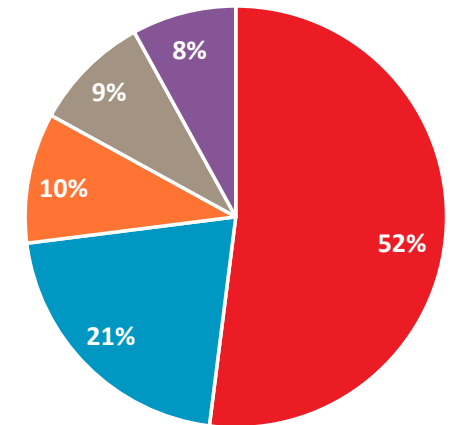
## Non-res construction pipeline growth



Source: ABS, MAT.

- CSR has ~48% exposure to non-detached markets
- Medium density stable while high density starting to improve
- Non-residential market has also improved with approvals supporting a large pipeline of activity
- CSR has exposure across all of these markets and the business is adaptable to changes in end market demand

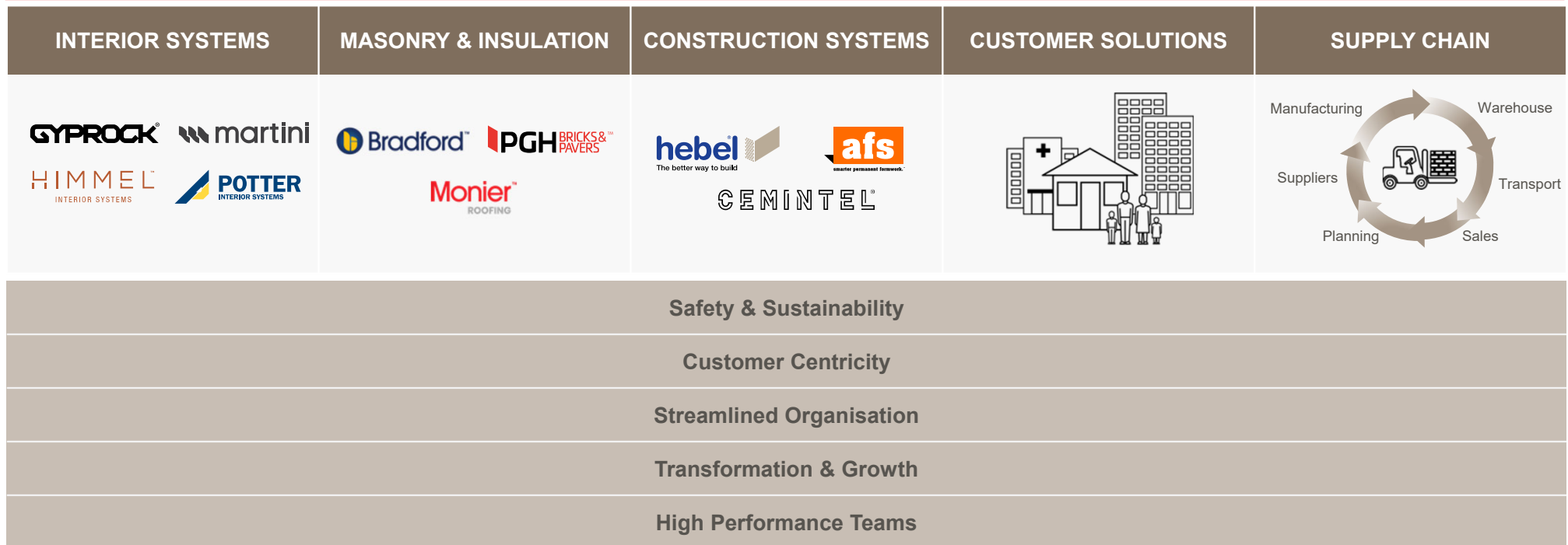
## CSR construction market diversification



- Detached
- Non-residential
- Medium density
- High density
- A&A

# Strategy supporting strong performance

## Building solutions for a better future

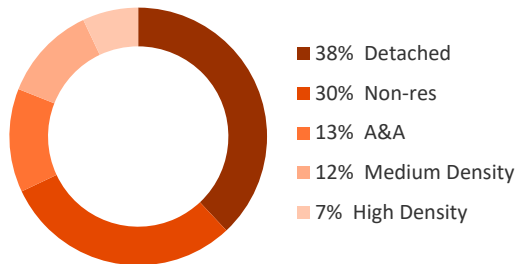


Building a platform for growth and resilience to deliver improved performance through the cycle

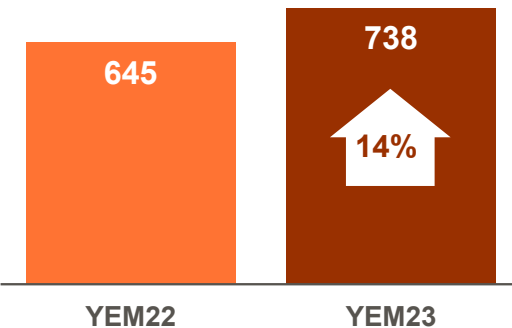
# Interior Systems strong execution across diverse market position

Improved performance reflects strength of Gyprock brand position

## Segment profile



## Revenue (\$m)



- Continued revenue and volume growth in Gyprock reflecting strength of brand position and good market execution
- Margin improvement reflecting pricing discipline to manage inflationary cost pressures
- EBIT growth reflects increased volumes, continued operational improvement & cost discipline across diversified market position
- Growth in Commercial Interiors EBIT reflects pick up in commercial activity and increased market share in acoustic systems

GYPROCK®

martini

HIMMEL  
INTERIOR SYSTEMS

POTTER  
INTERIOR SYSTEMS

# Interior Systems investing in Gyprock efficiency and performance

Extending market leadership of Gyprock across broader interior systems end markets



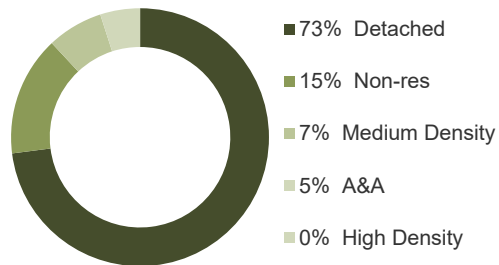
## YEM24 Priorities

- Incremental manufacturing investment of \$23m at Gyprock Wetherill Park to improve productivity and lower energy consumption
  - Targeted completion in second half of YEM24
  - Increased stucco capacity will improve product quality & support new product innovation
- Continued planned investment in Gyprock network across Australia
- Consolidating leadership of Gyprock through ongoing product innovation and improved customer experience
  - EC08 Extreme launched in February 2023 targeting social/commercial market
  - Gyprock Trade Network's ongoing improvement of in-store experience driving strong connection to customers
- Leveraging market leadership in Gyprock to support Interior Systems growth for large commercial projects

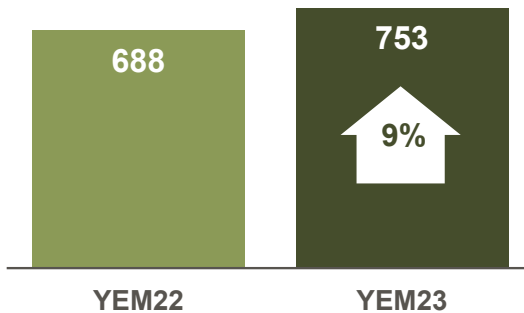
# Masonry & Insulation capturing market opportunity

Continued revenue and earnings growth

## Segment profile



## Revenue (\$m)



- Strong revenue and earnings growth in Bradford, capturing strong demand environment as a domestic manufacturer
- Solid performance in PGH and Monier, in constrained trade labour market
- Strong margin performance through pricing discipline and cost management
  - Bradford SKU rationalisation unlocking capacity in higher margin products
- Focus on pricing discipline and market price execution as cost inflation was driven by higher energy, raw material and labour costs



# Masonry & Insulation optimising operations through the cycle

Capture growth opportunity in Bradford



## YEM24 Priorities

**Bradford** – capturing opportunities from growing market, improving capacity and increasing category participation across end markets

- Growth in energy efficiency categories following NCC2022 adoption
- 10% capacity expansion completed at Bradford Brendale with water treatment project to reduce consumption by 80% pa
- Leveraging Project Tracking to grow position in non-residential market

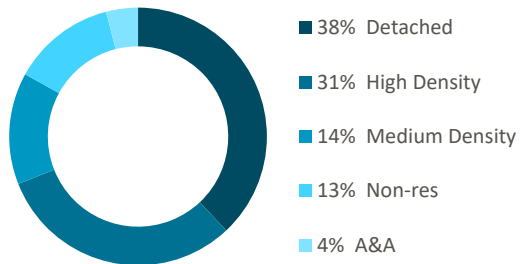
**PGH** – better positioned through the cycle, focus on optimising profitability

- Enhanced flexibility & financial position to manage changes in activity across network (post Bricks JV & consolidation of Horsley Park and Darra sites)
- Oxley investment completed to improve productivity & efficiency

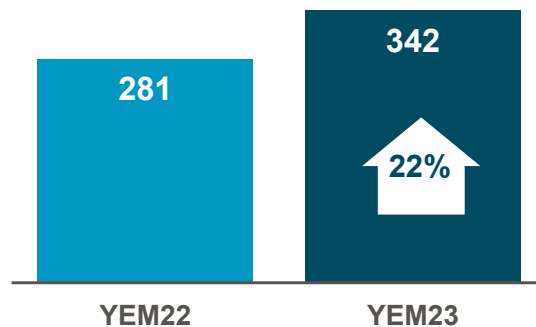
# Construction Systems building market diversity and share

Hebel adoption accelerating due to efficiency and ease of installation

## Segment profile



## Revenue (\$m)



- Strong volume & revenue performance reflects growth in **Hebel** and **Cemintel**
  - Growing market share with faster build times and large installer base
  - Increasing share of non-detached housing markets
- Margin increase driven by volume growth and cost discipline
- Higher EBIT reflects market share gains and improved factory performance
- **AFS** volumes improved with increased reach across different markets & segments



CEMINTEL®

# Construction Systems building market diversity and share

Hebel adoption accelerating due to efficiency and ease of installation



## YEM24 Priorities

- Hebel strategy to diversify sector and customer base gaining traction across all markets
  - Capacity to double volumes over medium term to support demand
  - Environmental and build time attributes support adoption
  - Leveraging supply chain capability from local manufacturing base
  - Further investment to enhance capacity & capability across panel profiles and surface finishes
- Cemintel building share across all markets, increased adoption amongst architects, key contractors and developers
  - Optimising Cemintel operational capability and expand capacity
- AFS to continue to capture opportunity in multi-residential markets



# Building capability in Customer Solutions

Progress and Priorities			Benefits
1	<b>Complete Solutions</b>	Launched digital System Selector – leveraging CSR’s unique portfolio of product solutions	<ul style="list-style-type: none"> <li>▪ Consistent and personalised CSR customer experience</li> <li>▪ Digital tools and experiences to choose preferred solutions</li> <li>▪ Streamlining complex compliance and energy efficiency requirements</li> <li>▪ Improving value for customers beyond product and price</li> <li>▪ Increasing customer loyalty</li> </ul>
2	<b>Industry leading technical support</b>	Launched digital Thermal Calculator – providing technical expertise and energy efficiency tools	
3	<b>Go to market</b>	Project Tracking – increasing visibility and driving consistent CSR customer experience for complex projects	
4	<b>Sales</b>	Investment in one CRM across CSR supporting Sales function – streamlining interactions for customers	

# Project tracking – visibility of strong commercial pipeline



- **Hospitals** – 113 projects planned to commence in the next 24 months
  - Total of \$38B construction value
  - 4x increase over last 24 months



- **Education** – over 1,000 projects planned to commence in the next 24 months
  - Total construction value of \$22B
  - Greater penetration of CSR products and systems per project



- **Apartments** – 174 projects at tender stage (firm) and due to commence in the next 24 months
  - Total construction value of \$6.3B

Well positioned to capture non-residential opportunities

# Supply chain driving CSR wide benefits

Progress and Priorities		Benefits
1	<b>Industry Leading Capability</b> Logistics team established Embedding capability (people, process & systems) across logistics functions	<ul style="list-style-type: none"> <li>▪ A network more responsive &amp; agile to customer demand with improved forecasting</li> <li>▪ Improve inventory efficiency &amp; accuracy</li> <li>▪ Customer service delivering in full and on time</li> <li>▪ Improved sustainability of operations</li> <li>▪ Targeted capital investment across network planning</li> </ul>
2	<b>Integrated Business Planning</b> Integrated business planning operational Enhanced system support to be rolled out in YEM24 to improve efficiency & compliance across CSR	
3	<b>Transport Optimisation</b> Transport management system operational for internal stock movements Expanding to customer deliveries in YEM24	
4	<b>Network Strategy</b> Longer term planning across network for manufacturing & distribution efficiency Building future property & manufacturing investment pipeline	
5	<b>Master Planning</b> Investing in distribution capacity & capability - import DC opened in Sydney in October 22. New integrated DC underway in QLD to service multiple brands	
6	<b>Warehouse Optimisation</b> Warehouse solutions to deliver efficiency in stock management & distribution	

# 6

## Closing and Outlook



# Delivering results and improving the business for the future



## Progressing strategy and delivering results

- Work to reorganise the business, build capability, focus on Supply Chain and Customer Solutions is supporting performance with EBIT margin in Building Products of 15%
- Incremental investments in manufacturing and plant consolidation has improved variability of cost base
- Unlocking value from Property and development capability – currently valued on an “as is” basis of \$1.5 billion with \$72 million earnings in YEM23



## More responsive to demand

- Ongoing manufacturing investment to improve safety, sustainability and productivity
- Building an optimised network to improve customer service



## Growth and resilience

- Quality of product, brand and distribution platform supporting continued volume growth and improving performance through the cycle
- Product portfolio adaptable to end market demand



## Strong financial position

- Financial position supports investment and shareholder returns with \$175m of dividends and \$36m in the share buyback for YEM23
- Track record of margin management



# Outlook for the year ending 31 March 2024 (YEM24)

## Building Products

- Strong start to the year – pipeline of detached housing at historically high levels. Focused execution and pricing discipline to manage inflationary cost pressures
- Closely monitoring the factors influencing market dynamics and will manage the business accordingly
- Apartment market is improving, while non-residential activity remains strong, supported by a large pipeline of approvals
- Well diversified across brands, market segments and the build cycle – adaptable to end market demand. Incremental investments have improved manufacturing productivity, the variability of the cost base and responsiveness to customer demand
- Focused on providing a platform for growth and resilience to deliver improved performance through the cycle

## Property

- YEM24 will include \$44 million in contracted earnings for the next tranche at Horsley Park, NSW with an additional \$58 million in contracted earnings in YEM25.
- Work continues on major projects at Darra, Schofields and Badgerys Creek.

## Aluminium

- While cost volatility and unpredictability in energy and raw materials makes forecasting challenging, at this early stage in the year, the best estimate for YEM24 is a loss in the range of -\$5 million to -\$15 million (excluding net RERT income, which was \$13 million in YEM23).
- Aluminium is expected to return to profit in YEM25 and increasing in the following years due to higher hedged pricing, based on current cost assumptions.

# 7 Q&A



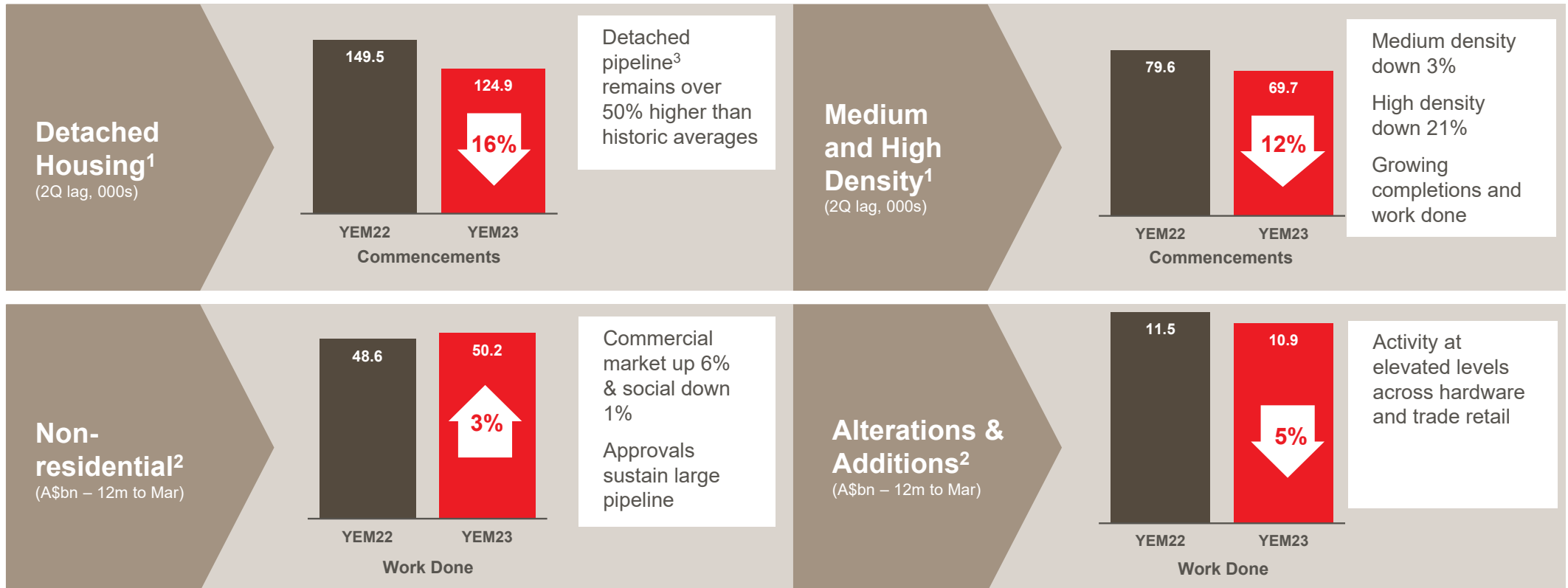
# Appendix

Year Ended 31 March 2023





# Diverse position across the construction market



1. ABS data – Commencements - original basis two quarter lag – i.e. 12 months to September  
 2. ABS, BIS Oxford Economic forecast (value of work done 12 months to March)  
 3. ABS – Approvals not yet commenced and dwellings under construction to December 2022

Delivered strong performance while managing dynamic market conditions

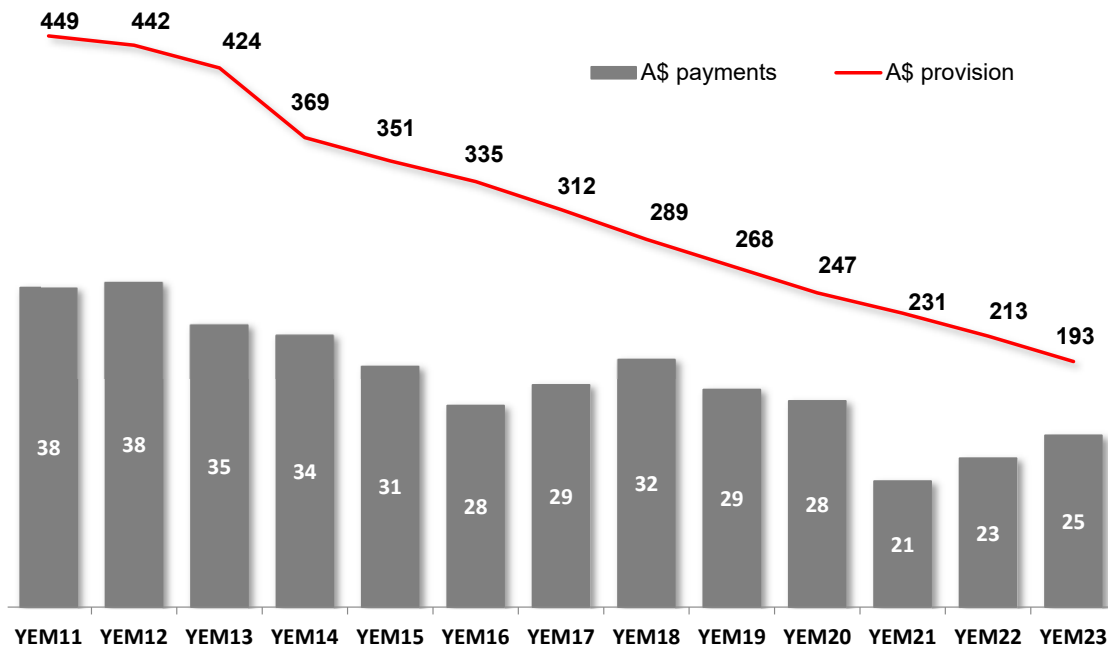
## Review of significant items

\$ million	YEM23	YEM22
Transformation system implementation projects	(15.1)	(6.9)
<b>Significant items before finance costs and income tax</b>	<b>(15.1)</b>	<b>(6.9)</b>
Discount unwind and hedging relating to product liability provision	(5.3)	(5.0)
Recognition of tax losses	7.8	86.3
Income tax benefit on significant items	6.1	3.6
<b>Significant items after tax</b>	<b>(6.5)</b>	<b>78.0</b>
Significant items attributable to non-controlling interests	–	–
<b>Significant items attributable to shareholders of CSR Limited</b>	<b>(6.5)</b>	<b>78.0</b>
Net profit after tax attributable to shareholders of CSR Limited	218.5	270.6
Significant items after tax attributable to shareholders of CSR Limited	6.5	(78.0)
<b>Net profit after tax before significant items attributable to shareholders of CSR Limited</b>	<b>225.0</b>	<b>192.6</b>

Additional information on significant items is contained in Note 3 in the annual report.

# Further reductions in asbestos liability

Asbestos provision – A\$m



- Product liability provision of A\$193m
- Provision includes a prudential margin of A\$37m
- Cash payments A\$25m during YEM23

# Disclaimer

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The material contained in this document is a presentation of information about the Group's activities current as of 10 May 2023. It is provided in summary form and does not purport to be complete. It should be read in conjunction with the Group's periodic reporting and other announcements lodged with the Australian Securities Exchange (ASX).

This document may contain forward-looking statements, including statements of current intention, opinion and predictions regarding the Company's present and future operations, possible future events and future financial prospects. While these statements reflect expectations at the date of this document, they are, by their nature, not certain and are susceptible to change. CSR makes no representation, assurance or guarantee as to the accuracy of or likelihood of fulfilling any such forward-looking statements (whether express or implied) and, except as required by applicable law or the ASX Listing Rules, disclaims any obligation or undertaking to publicly update such forward-looking statements.

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