**CSR LIMITED** | 2 November 2023

# Results Presentation

## Half Year Ended 30 September 2023

# Agenda

1. Results overview
2. Financial results
3. Building Products results
4. Property results
5. Aluminium results
6. Outlook & closing
7. Q&A

# 1

## Results overview

Julie Coates,

Managing Director & CEO

# Delivered strong first half performance

## CSR Group revenue $1.4bn

5%

- Building Products revenue $1.0bn, up 11%

## CSR Group EBIT[1] $126m

27%

- Building Products $165m; record result
- Property -$2m; 2H contracted earnings
- Aluminium -$24m; expect improved 2H

## Record 1H Building Products result

18%

- EBIT up 18%
- Strong EBIT margin of 16%
- Return on Funds Employed 31%

## NPAT $92m

12%

- Net profit after tax (before significant items) of $94m
- EPS 19.7 cents[1]

## Strong balance sheet

- Strong operating cashflow generation
- Disciplined approach to capital allocation and investment
- Ungeared ($1m net debt)

## Interim dividend 15 cents per share

- Fully franked
- Payout ratio at top end of the dividend policy on a half-year basis[2]

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 half year ended 30 September 2023 (HY24). All comparisons are to the year ended 30 September 2022 (HY23) 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 final dividend likely to be partially franked



**Well positioned for 2H and beyond**

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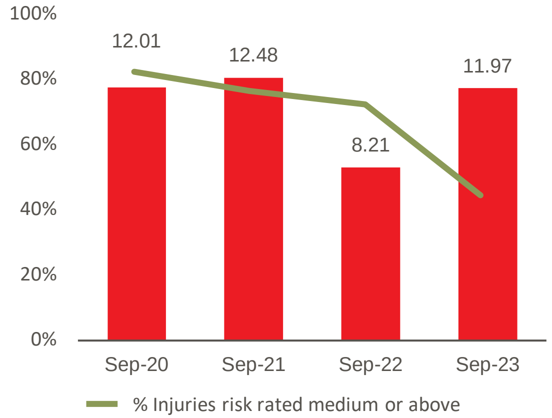
# Focus on improving Safety

| Recordable Injuries | Progress in HY24 | Key focus areas to drive improvement |
|---|---|---|

## Injury severity reduced

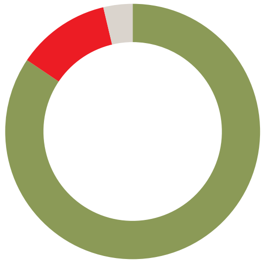
- Reduction in severity over the last 12 months
- Disappointing increase in TRIFR driven by low potential consequence injuries

**Total Recordable Injury Frequency Rate**
Per million Work Hours




## 84% of CSR sites

with no recordable injuries in YEM24 YTD



- 84% Zero recordable injuries at 114 sites
- 12% 1 recordable injury at 16 sites
- 4% >1 recordable injury at 5 sites

### Key focus areas to drive improvement

- CSR site teams focussed on managing CSR Top Risks to reduce potential of high consequence events
- Building strong reporting culture through “Never Walk Past” program to ensure full transparency of safety performance
- Response plan in place to reduce low potential consequence risk (such as sprains and strains) to bring down overall TRIFR



**High potential consequence risk remains our core focus area**

# Sustainability Performance

## Sustainability Pillars

**Empowering our People**
Thriving, inclusive and high performing team that is empowered to make the change we need

**Transition to Net Zero**
Decarbonising our business to operate in a low/no carbon world

**Closing the Loop**
Contributing to a circular building industry

**Advancing through Innovation**
Innovating to advance sustainability at CSR and across the building sector

**Building Communities**
Building long-term, mutually beneficial community relationships

7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

## 2030 Targets

- 50% of electricity generated by renewable energy
- 20% energy reduction (GJ) per tonne of saleable product
- 5% of indirect spend by procurement with social enterprises
- 75% reduction of solid waste to landfill
- 30% reduction of potable water consumed (ltr) per tonne of saleable product
- 30% reduction of greenhouse gas emissions ($CO_2e$) kg per tonne of saleable product
- Enhance biodiversity outcomes on CSR sites and developments

## 2023[1] Target Progress

- 16 sites with solar PV capacity of 3,132kWs; with a further 2,000kWs being commissioned in January 2024 at Wetherill Park
- 8% energy reduction (GJ) per tonne of saleable product from 2020 baseline; on track
- 3% of indirect spend by procurement with social enterprises from 2020 baseline; on track
- 2% reduction of waste to landfill from 2020 baseline; more work to do
- 4% reduction of potable water from 2020 baseline; more work to do
- 13% reduction of emissions from 2020 baseline; on track
- Remain committed to our 2030 targets set in 2020 with tracking and reporting against progress underway and independently reviewed

1. 12 months to 30 June 2023



**Broadening sustainability focus areas, goals and commitments**

# Record Building Products result; leveraging strategic traction

**Building Products**

**$165m EBIT**

- Record EBIT of $165m, up 18% with EBIT margin of 16%
- Revenue up 11% driven by price; volume growth in Gyprock, Bradford and Hebel
- Continued discipline to manage cost inflation
- Ongoing investment in strategy to deliver improved performance through the cycle
  - Supply chain strategy driving CSR wide benefits; IBP[1] and TMS[2] implementation improving service and reducing cost to serve
  - Customer Solutions digital innovations generating leads: System Selector, Thermal Calculator and Digital Red Book
  - Project Tracking delivering multiple projects across CSRs brands; expanding commercial opportunities
- Incremental investments in brownfield manufacturing to improve efficiency and capacity
  - Hebel production flexed to meet demand; additional shifts and productivity improvements
  - Gyprock Wetherill Park capex to improve productivity and reduce emissions; adjacent site acquisition
  - Bradford Brendale and Ingleburn upgrades to capture future benefits from NCC22
- Strengthened commercial interiors offering with Woven Image acquisition
  - Targeted bolt-on that aligned with CSR's acquisition filters
  - Vertical integration supports Villawood staged upgrade; informed by network strategy review

1. IBP: Integrated Business Planning
2. TMS: Transport Management System



**Strategic investments to deliver improved performance through the cycle**

# Property earnings contracted for 2H

## Property

**-$1.5m EBIT**

- EBIT of -$1.5m with $44m of contracted sales for Horsley Park to settle in 2H
- Darra remediation complete with sale process continuing. Development work continues at Schofields and Badgerys Creek
- Development team capability to maximise asset values as network planning continues

## Aluminium

**-$24m EBIT**

- EBIT -$24m down from $17m
- Earnings impacted by elevated raw material costs (pitch and coke) and increased energy production costs; expect to realise lower coke costs in 2H
- No RERT[1] payment received for power disruption ($16m received in HY23)

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



**Improved Aluminium performance expected in 2H**

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# 2

## Financial results

Sara Lom, CFO

# CSR group performance – revenue up 5%

| *A$m (unless stated)* | HY24 | HY23 | change |
|---|---|---|---|
| **Trading revenue** | **1,366.1** | 1,296.3 | 5% |
| **Gross Profit** | **407.4** | 383.7 | 6% |
| Warehouse & distribution costs | (133.4) | (133.7) | - |
| SG&A | (155.4) | (133.6) | 16% |
| Share of net profit from JVs | 12.0 | 8.5 | 41% |
| Other | (5.1) | 46.4 | |
| **Group EBIT** [1] | **125.5** | 171.3 | (27%) |
| Net finance costs [1] | (3.7) | (13.9) | |
| Income tax expense [1] | (33.3) | (46.0) | |
| Non-controlling interests [1] | 5.4 | (1.3) | |
| Net profit after tax [1] | **93.9** | 110.1 | (15%) |
| Significant items after tax | (2.4) | (6.1) | |
| Statutory net profit after tax | **91.5** | 104.0 | (12%) |

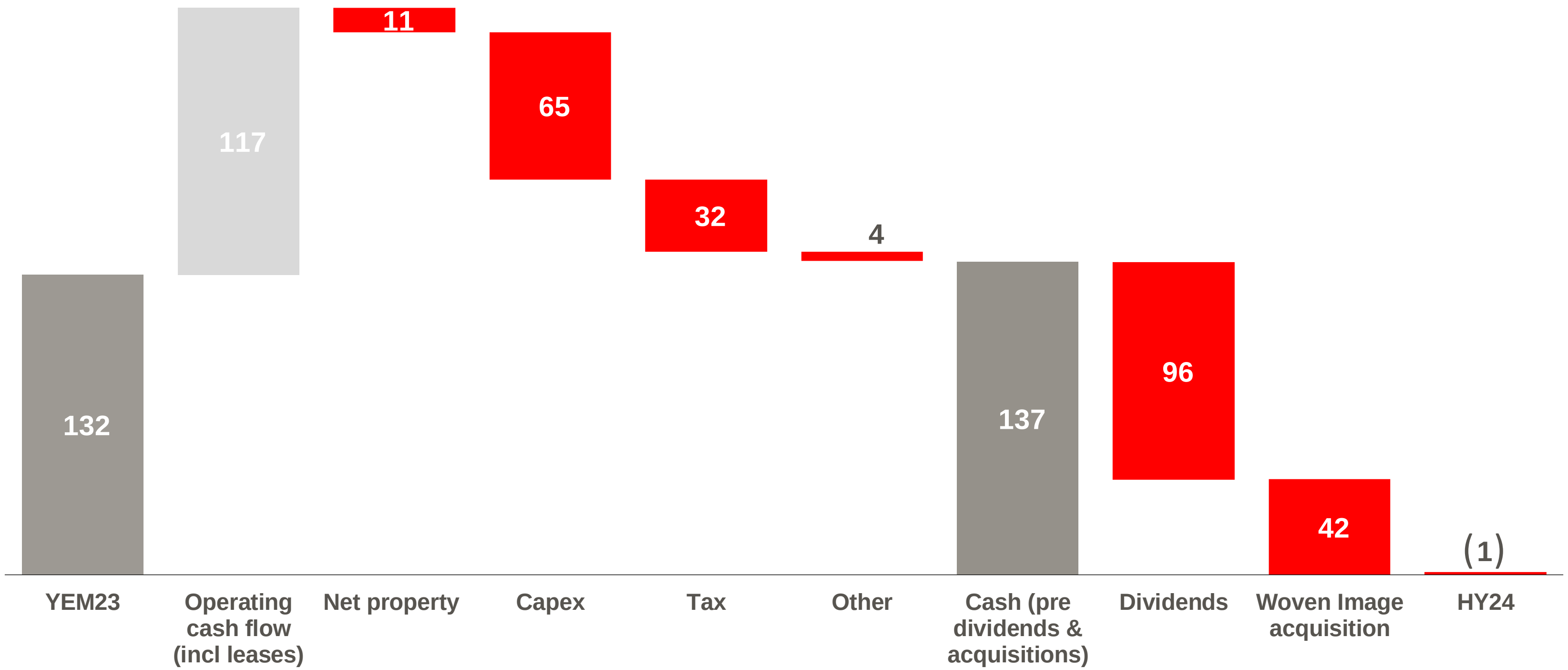
| *EBIT A$m (unless stated)* | HY24 | HY23 | change |
|---|---|---|---|
| Building Products | **164.7** | 139.2 | 18% |
| Property | **(1.5)** | 27.6 | (105%) |
| Aluminium | **(24.3)** | 17.4 | (240%) |
| Corporate | **(13.4)** | (12.9) | (4%) |
| **Group EBIT** [1] | **125.5** | 171.3 | (27%) |

- Building Products gross margin improvement – pricing discipline to manage cost inflation and strong operational performance
- Warehouse & distribution costs improved as a % of sales
- SG&A increase predominantly reflects wage inflation and $6m replenishment of debtor provision; also includes sales and marketing investment
  - SG&A spend at pre-COVID levels
  - SG&A as a percent to revenue is lower than pre-COVID
- Other expenses relate to closure costs for Bradford Energy and Monier Rosehill against Property profits and Aluminium RERT[2] income in prior period
- Net finance costs lower due to lower FX volatility for Aluminium

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

# Cash flow enabling investment and shareholder returns

**Movement in net cash position (A$m)**




- Improved operating cash flow includes:
  - Building Products working capital flat; debtor days returned to pre-COVID levels
  - $22m working capital outflow due to timing of Aluminium sales/shipments
- Development capex of $32m includes:
  - adjacent site purchase and Gyprock calcining upgrade at Wetherill Park
  - capacity upgrades at Martini Villawood and Bradford Brendale
- Net property includes capex to progress Horsley Park, Darra and Badgerys Creek
- $42m Woven Image acquisition to strengthen commercial market offering

# Capital Allocation Framework

## Disciplined investment approach driving growth and returns

**Optimal capital structure**
- Maintain strong investment grade credit rating
- Net debt / EBITDA of less than 1.5x

**Operating capex**
- Continued investment to improve efficiency, safety & environmental performance and modernise footprint
- Stay-in-business capex in line with depreciation, through cycle

**Growth Capex**
- Investment which meets CSR's return hurdles
  - Focus on brownfield and bolt-on investments aligned with CSR's filters (e.g. strategy, commercial, financial, HR/culture)
  - Evaluation inclusive of strategic considerations (e.g. sustainability, diversification of end market exposure, strategy alignment)

**Ordinary dividends**
- 60-80% NPAT payout ratio (excluding significant items)

**Capital returns**
- Share buybacks, special dividends and capital returns considered as required

- Drive through the cycle Building Products performance via pricing, cost and investment discipline
- Leverage brownfield opportunities and maximise value of property assets
- Maintain strong balance sheet to position CSR for opportunities
- Consider sustainability in all investment decisions



**CSR will remain disciplined to deliver long term shareholder value**

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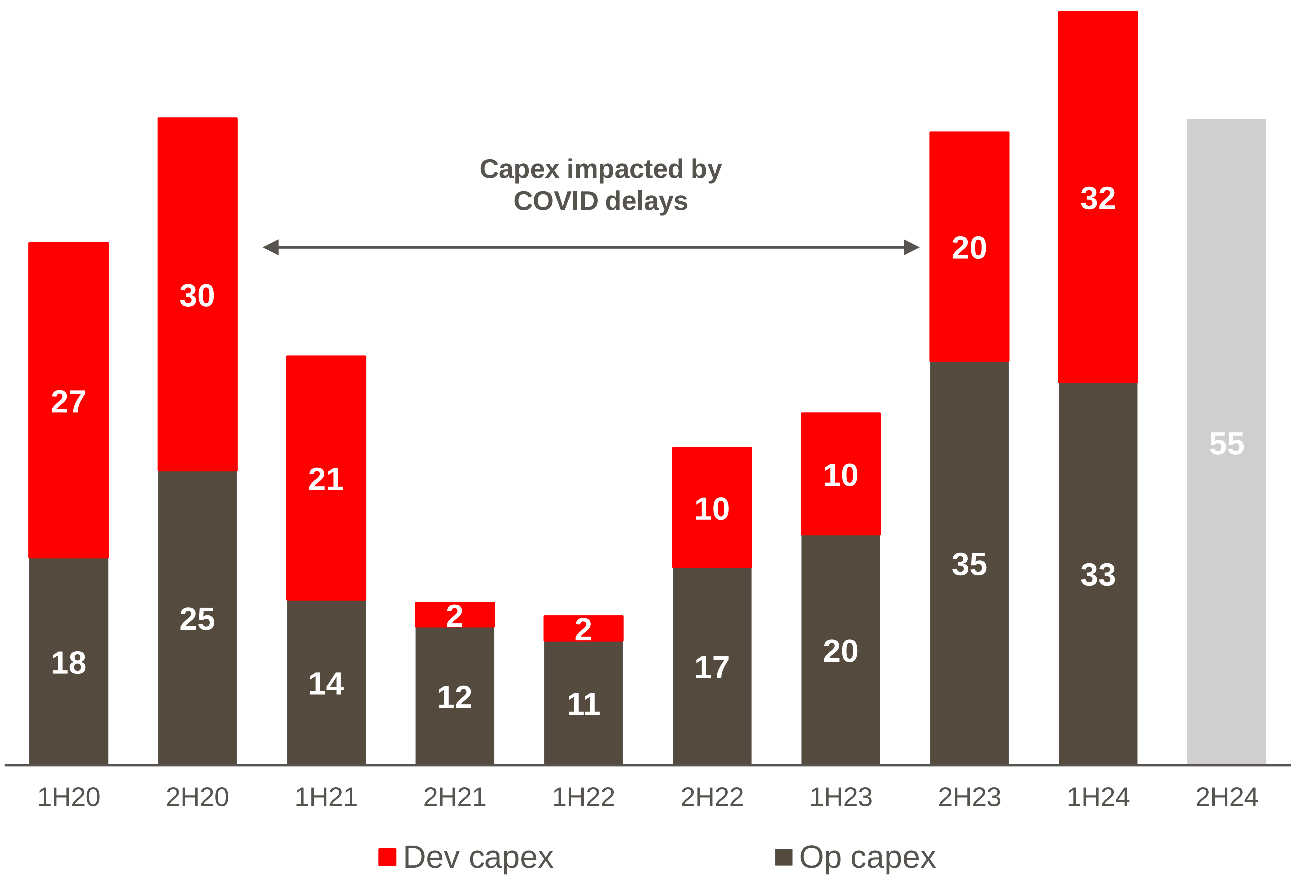
# Investment delivering improved returns and platform for growth

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




| 1H20 | 2H20 | 1H21 | 2H21 | 1H22 | 2H22 | 1H23 | 2H23 | 1H24 | 2H24 |
|---|---|---|---|---|---|---|---|---|---|
| 33.7 | 34.3 | 33.2 | 32.9 | 30.9 | 29.8 | 28.2 | 28.4 | 28.6 | |

**Depreciation (ex leases) A$m**

**Strategic progress:**

- $120m YEM24 capex guidance maintained
- Similar capex investment likely for YEM25

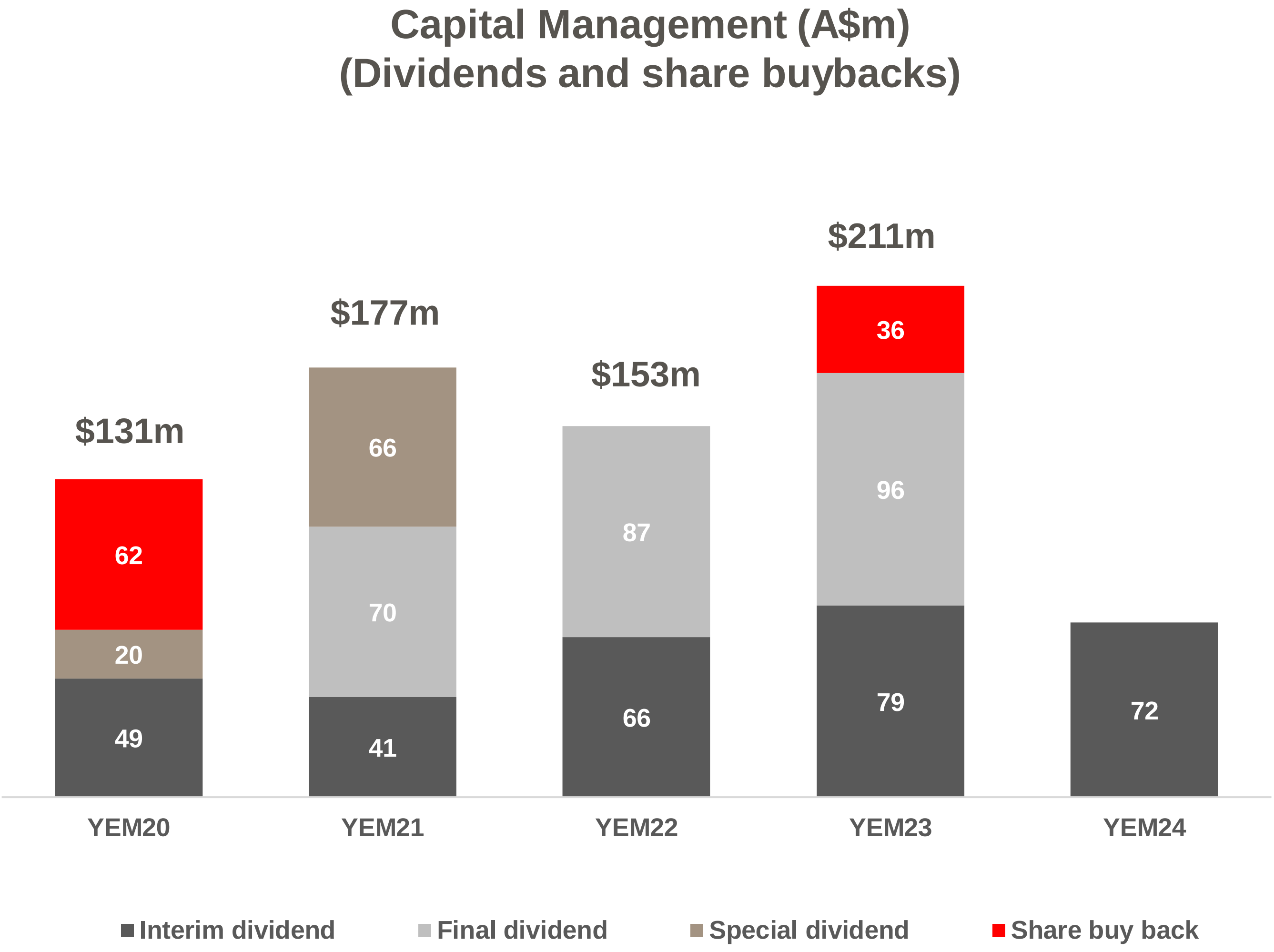
**Project completions:**

- Gyprock Wetherill Park $23m upgrade to be operational December 23
- Commissioning phase of Bradford Brendale efficiency and sustainability investment

**Key projects:**

- Progress the staged $65m Martini Villawood commercial interiors' capacity and site expansion over 4 years
  - Woven Image acquisition further strengthens investment case
- Future Bradford Ingleburn furnace rebuild and capacity expansion
- Acquisition of Wetherill Park adjacent site; network planning underway

# Strong balance sheet supporting shareholder returns




- Interim fully franked dividend of 15 cps declared
- Continuing to distribute franking credits as they are realised, with the full year dividend likely to be partially franked
- Payout ratio at top end of dividend policy of 60-80% NPAT (before significant items) on a half year basis
- Share buyback ceased following acquisition of Woven Image in July 2023
  - Date of last buyback: 28 March 2023

3

# Building Products results

Julie Coates,

Managing Director & CEO

# Strong growth across diverse end markets

| HY24 Building Products | Interior Systems | Masonry & Insulation | Construction Systems |
|---|---|---|---|
| Revenue $1,009m | Revenue $401m (40%) | Revenue $421m (41%) | Revenue $187m (19%) |
| ↑ 11% | ↑ 13% | ↑ 7% | ↑ 17% |
| EBIT $165m ↑ 18% |  |  |  |
| | GYPROCK, martini, HIMMEL INTERIOR SYSTEMS, WOVEN IMAGE, POTTER INTERIOR SYSTEMS | Bradford, PGH BRICKS & PAVERS, Monier ROOFING | hebel The better way to build, afs smarter permanent formwork., CEMINTEL |



**Unrivalled range of high-quality products, brands and distribution platform**

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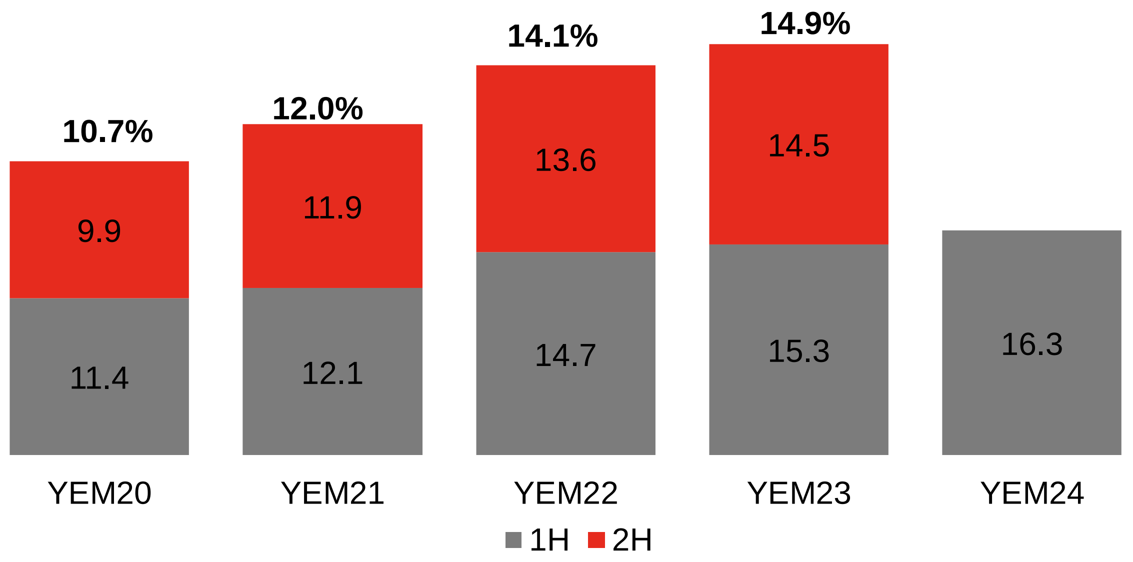
# Record EBIT reflects price discipline and volume growth

| *Building Products Result (A$m)* | HY24 | HY23 | change |
|---|---|---|---|
| **Revenue** | **1,008.9** | 910.0 | 11% |
| **EBIT**[1] | **164.7** | 139.2 | 18% |
| Funds employed[2] | 1,016.4 | 907.6 | 12% |
| EBIT/revenue | 16.3% | 15.3% | |
| Return on funds employed[3] | 31.1% | 28.0% | |

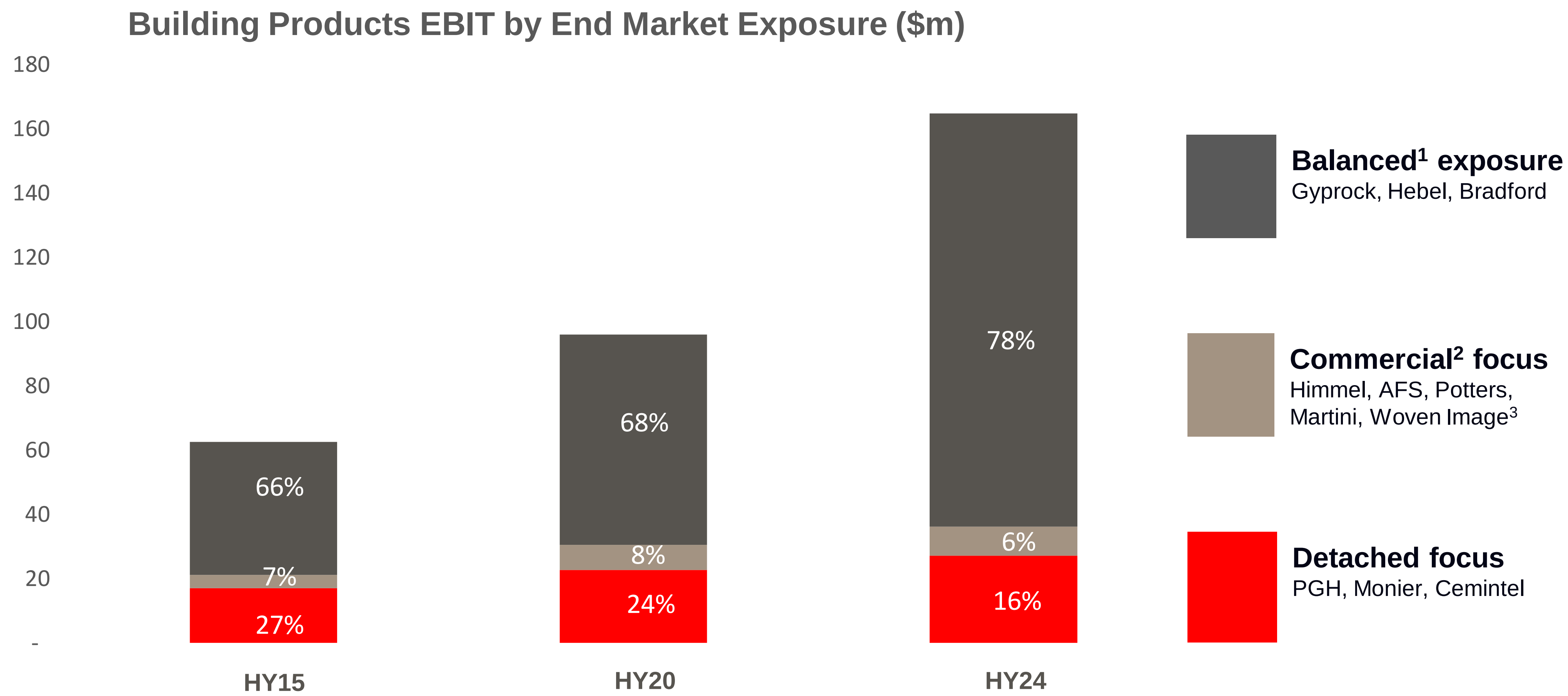
## Building Products EBIT Margin %




- Revenue up 11% driven by price; volume growth in Gyprock, Hebel & Bradford
- Record EBIT of $165m, up 18%
- Strong EBIT margin of 16% with continued discipline to manage cost inflation
- Investments in manufacturing productivity to improve efficiency and ensure product availability
- ROFE > 30% reflecting strong operational performance and investment discipline

1. EBIT (before significant items). $Am unless otherwise stated
2. Excludes cash and tax balances and certain other non-trading assets and liabilities as at 30 September
3. Based on EBIT (before significant items) for the 12 months to 30 September divided by average funds employed

# Key brands span end markets, drive EBIT and margin growth




| | | | |
|---|---|---|---|
| EBIT Margin: | 10% | 11% | 16% |

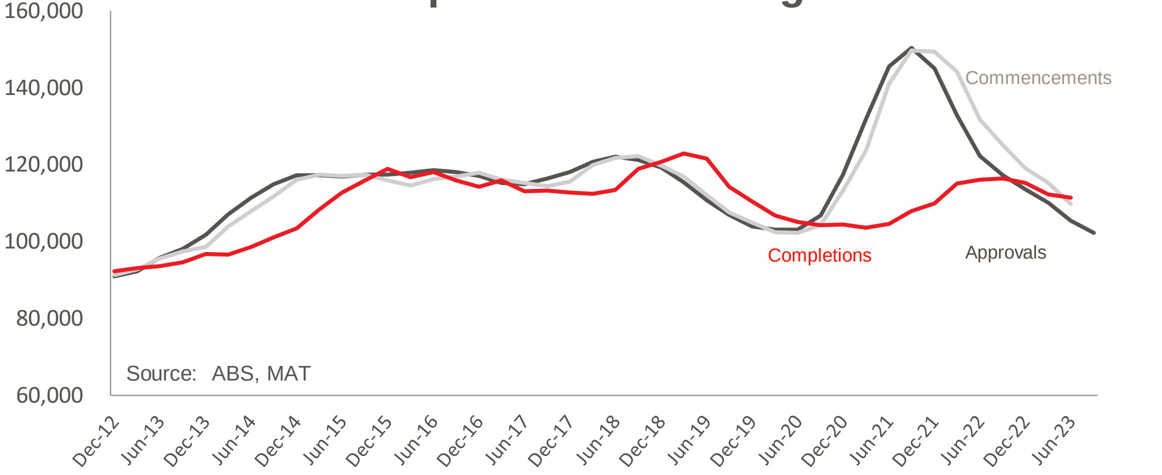
1. Balanced = broad exposure across residential and non-residential building segments; ie: ~50% or less exposure to detached and ability to meet demand in other markets
2. Commercial = non-residential + high/medium density residential
3. Normalised for full year Woven Image contribution



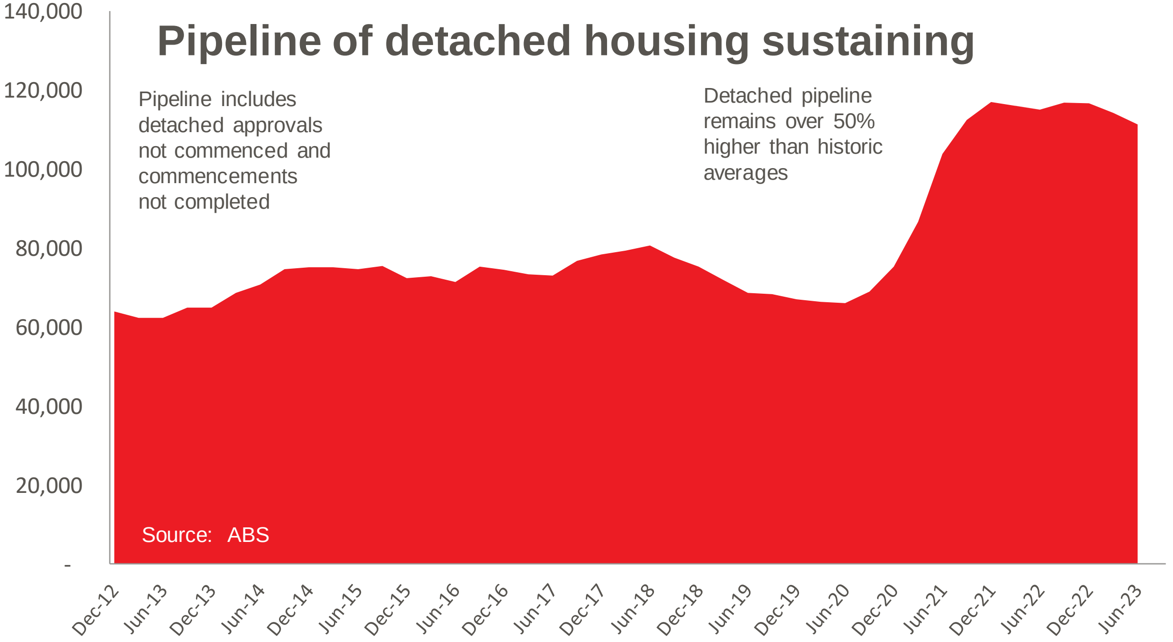
**Strong results in tandem with strategic investment to deliver through the cycle**

# Resilient pipeline and tailwinds support detached activity

## Detached completions extending timelines

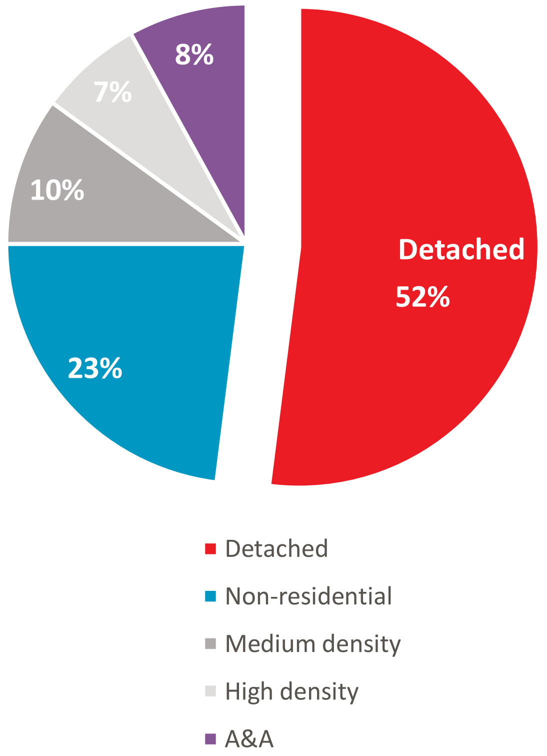



## Pipeline of detached housing sustaining




- Build times remain elevated at ~12 months[1]; starting to contract as supply chain and trade labour constraints ease
- Detached pipeline sustained at ~50% above historic averages & equivalent to full year of completions (~110,000 detached homes)
- Completions now marginally higher than commencements, however, lead indicators suggest stabilisation of approvals
- Strong tailwinds from:
  - Net overseas migration[2] contributing strongly to population growth and driving housing demand
  - Significant federal and state support to bolster supply of new dwellings[3]

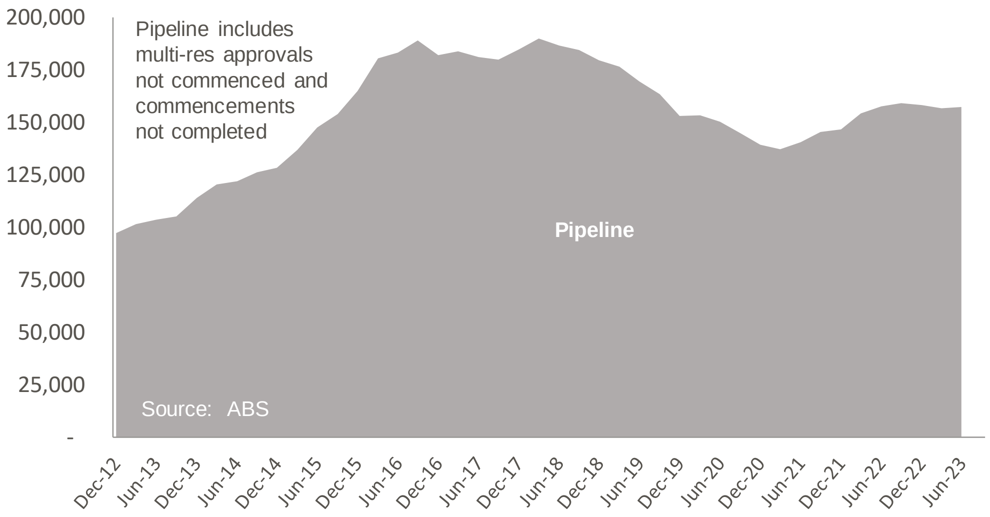
## CSR construction market diversification



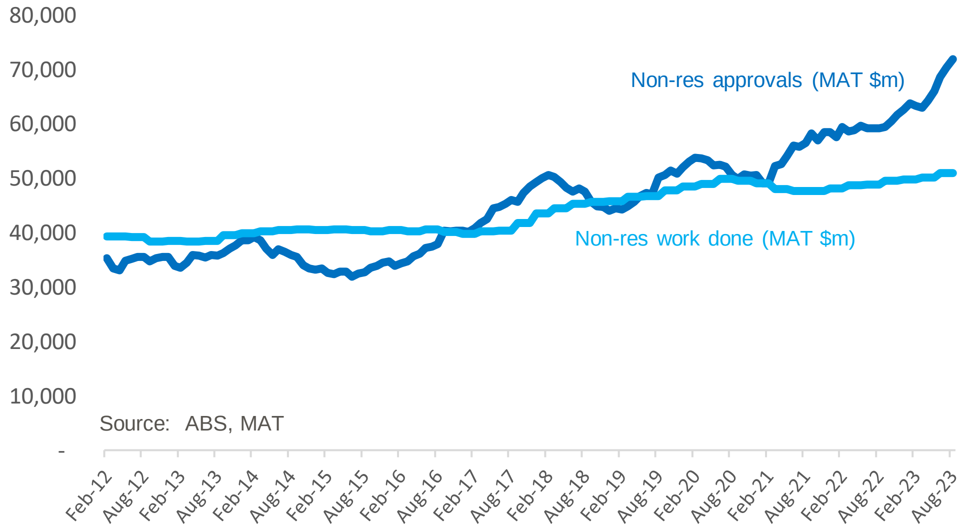

1. HIA research
2. ABS: 450,000 in 12 months to March 2023
3. Deloitte Housing Crisis Report

# Support across construction segments

## Sustained multi-res pipeline

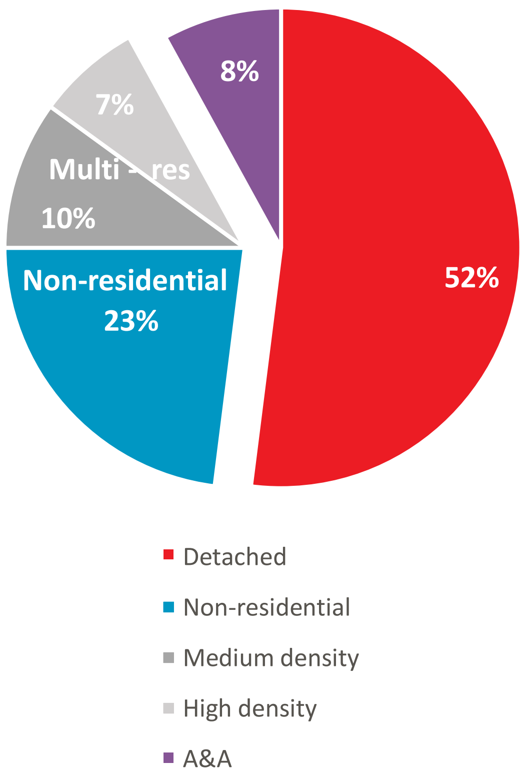



## Non-res construction pipeline growth




- Multi-res pipeline of ~150,000 dwellings[1] represents 2-3 years' work at current completion rates
- Non-residential market has also improved with annual approvals at record levels, supporting a large pipeline of activity
- CSR has material exposure across all these markets and the business is adaptable to changes in end market demand
- Strategic initiatives including project tracking and targeted investment (eg: Woven Image and Villawood upgrade) to capture growing non-residential opportunities

## CSR construction market diversification




1. Source: ABS

# Strategy supports strong performance and responsiveness

## Building solutions for a better future

| INTERIOR SYSTEMS | MASONRY & INSULATION | CONSTRUCTION SYSTEMS | CUSTOMER SOLUTIONS | SUPPLY CHAIN |
|---|---|---|---|---|
| GYPROCK, martini, HIMMEL Interior Systems, Woven Image, POTTER Interior Systems | Bradford, PGH Bricks & Pavers, Monier Roofing | hebel, afs, CEMINTEL |  |  |



Safety & Sustainability

Customer Centricity

Streamlined Organisation

Transformation & Growth

High Performance Teams

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



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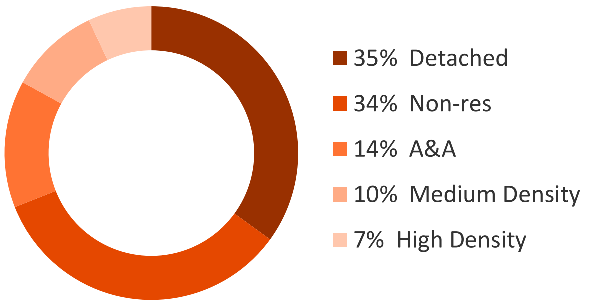
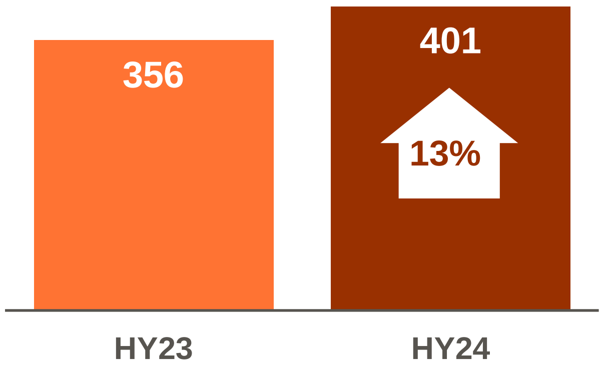
# Interior Systems strong performance across all market segments

## Sustained demand for Gyprock with diverse market applications

**Segment profile[1]**




**Revenue ($m)**




1. Normalised for full year Woven Image contribution

- **Gyprock** generated strong revenue and earnings growth
  - Successful delivery of price increases to offset cost inflation, particularly in raw materials, freight and energy
  - Continued volume strength supported by strong brand leadership and diverse segment activity
  - Margin improvement with a continued focus on operational efficiency and cost discipline
- Ongoing growth in commercial fit out earnings through **Himmel**, **Potters**, **Martini** and newly acquired **Woven Image** business
  - reflects pick up in commercial and social activity together with increased market share in acoustic systems and benefits of project tracking

GYPROCK HIMMEL INTERIOR SYSTEMS martini WOVEN IMAGE POTTER INTERIOR SYSTEMS



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# Interior Systems investment to strengthen market leadership

## Leveraging Gyprock brand and improving customer experience


**Strategic progress:**

- Woven Image acquisition expands commercial market offering
- Gyprock brand loyalty and customer experience enhanced:
  - Investment in Gyprock Trade Centre store layouts and sales capability
  - Club Gyprock benefits targeting small and medium plasterers
  - Gyprocker 2023 campaign celebrates customer work across 630 projects
- Gyprock investment to increase capacity, improve productivity and reduce emissions
  - Wetherill Park calcining plant upgrade to be operational December 2023
  - State of the art technology also reduces energy usage; improves safety and product quality

**Innovation**:

- Launched Gyprock HD 10mm, a premium product for heavy duty residential applications

**Sustainability:**

- Introducing recycled bags and buckets for compounds – a first in the Australian plasterboard market
- Continuous improvement activities in the factories focused on increasing plant capacity alongside energy efficiency and recycling initiatives

# Interior Systems – Commercial Market Expansion

## Diversifying toward commercial market and enhancing sustainable product offering

BT Group’s Birmingham, UK office fit-out

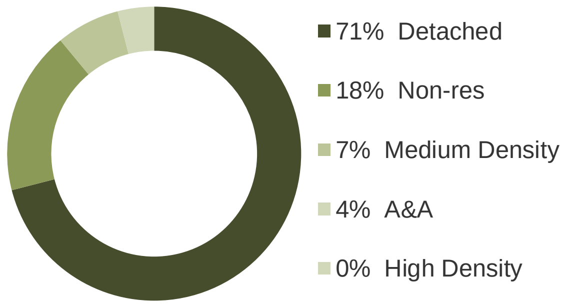
### Commercial Interiors

- Completed $42m Woven Image acquisition in September 2023:
  - Commercial interior fit-out is an attractive, growing market
  - Diversifies portfolio toward commercial end-markets including health and education, in line with strategy
  - Strengthens direct channel to market; positioned for further growth in domestic and export markets
  - Highly complementary to existing commercial interiors range, providing a stronger and more comprehensive commercial acoustic offering
  - Leader in sustainable, design-led decorative acoustic finishes and textiles
  - Vertical integration; supports investment in Villawood factory to be operational in 2025
- Staged upgrade of Martini Villawood facility ($65m across 4 years):
  - Extends capacity and capability of polyester needled board manufacturing continuing to utilise a high proportion of recycled raw material inputs
  - In line with capital allocation framework and exceeds required return hurdles
  - Allows relocation of manufacturing equipment from Scoresby and Ingleburn

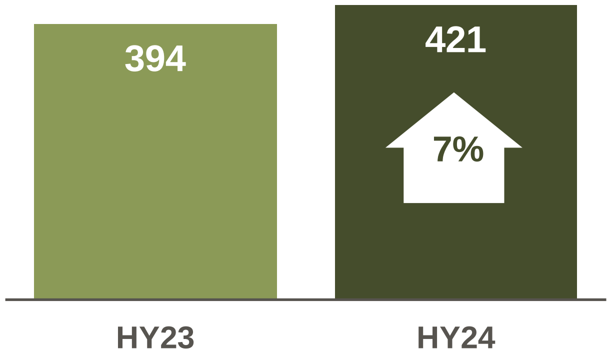
# Masonry & Insulation improvement led by Bradford

## Insulation market strength with ongoing benefits from legislative change

**Segment profile**




**Revenue ($m)**




- Strong operational performance across the product suite with a focus on productivity and cost management
- Impressive revenue and earnings growth in **Bradford** across all states delivered primarily through price and mix; volumes higher
  - SKU rationalisation drove increased glass wool production and successful stock build early in year has enabled volume growth
- **Monier** performance continues to improve with modest revenue growth and improved factory efficiency
- Solid and positive **PGH** performance – improved mix, disciplined pricing and cost control have supported both revenue and earnings growth

Bradford™ PGH BRICKS & PAVERS Monier™ ROOFING



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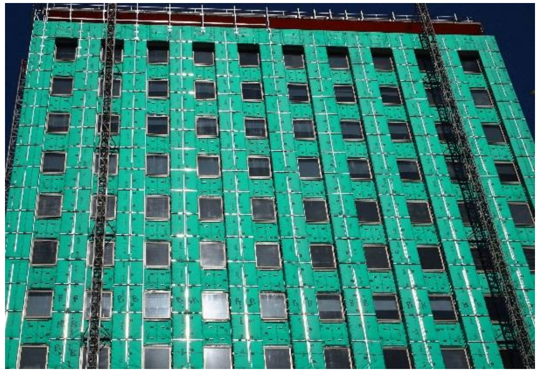
# Masonry & Insulation network optimisation

## Incremental insulation capacity; efficiency focus across portfolio

**Strategic progress:**

- Incremental capacity investment to capture benefits from NCC22
  - Commissioning Bradford Brendale upgrade; future Bradford Ingleburn furnace expansion
- Roofing consolidation to deliver improved earnings
  - Planned Rosehill closure; modest investment in Darra factory to meet demand
- Exited low margin energy category to focus on core business

**Innovation**:

- Thermal calculator launched to assist architects, planners and designers to specify the right product
- Project tracking capability expands Bradford commercial take-up and improves product mix

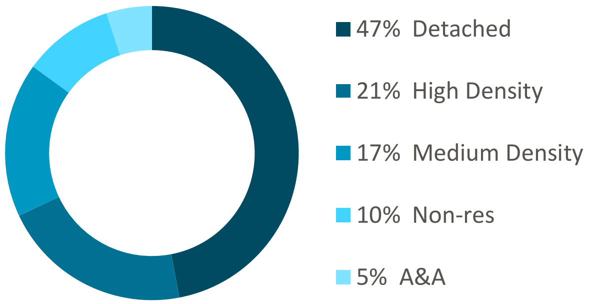
**Sustainability:**

- Brendale automation project – increases capacity and reduces safety risk, energy consumption intensity and overall costs
- Commissioned 337kW solar system for PGH Cecil Park

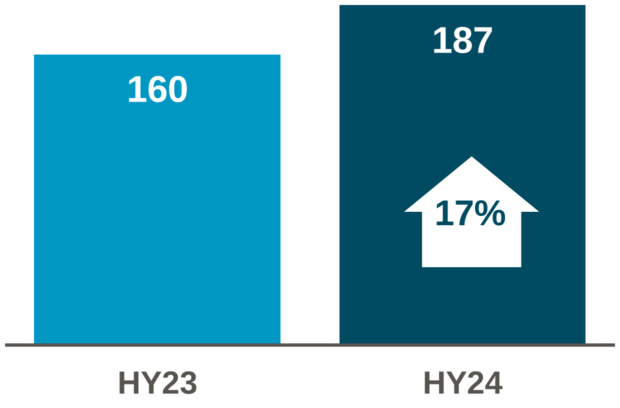
# Construction Systems acceleration in market penetration

## Diverse end markets with upside skew to commercial

**Segment profile**




**Revenue ($m)**




- Strong volume and revenue performance in **Hebel**
  - Growing category share in both detached and multi-residential segments, particularly Victoria for detached and NSW for multi-res
  - Increased capacity – focused on large project home builders in QLD and NSW
  - Margin increase driven by strong pricing disciplines and improved operational performance
- Stronger market for Rediwall; **AFS** margin improvements
  - Rediwall range capturing apartment market growth, increased residential penetration
  - Procurement initiative realised for raw materials
- **Cemintel** revenue flat following SKU rationalisation

hebel® The better way to build

afs smarter permanent formwork.™

CEMINTEL®



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# Construction Systems capacity expansion to meet demand

## Productivity focus driving improvement

**Strategic progress:**

- Somersby Hebel factory volumes up >20% to meet demand
  - Organisational changes and additional shifts; Line 2 productivity improvements
- Cemintel cost reduction program focused on external cladding range
  - Focused productivity program delivering improved capacity outcomes
- Improvement in on-time deliveries and customer experience

**Innovation:**

- Launched Cemintel Barestone Colours, AFS Rediwall Curves & Hebel 75mm Service Panel

**Sustainability:**

- Planned installation of 1.3MW solar system at Cemintel Wetherill Park to support 12% of total site power consumption
- Industry support with development of Hebel installer capability and retention



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# Customer Solutions expanding commercial[1] opportunities

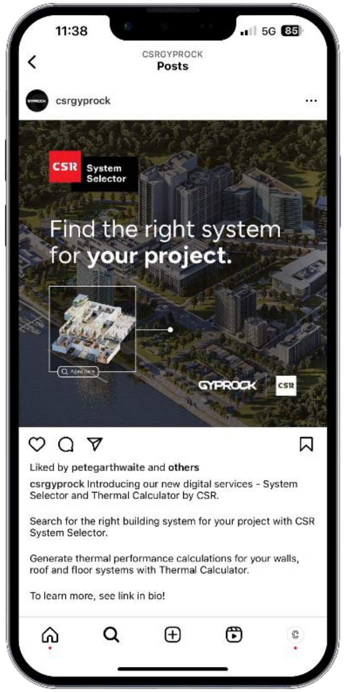
## Strategic progress:

Project tracking generated numerous projects where multiple CSR products were specified and installed, including:

| | Project | GYPROCK | Bradford | hebel (The better way to build) | CEMINTEL | HIMMEL INTERIOR SYSTEMS |
|---|---|---|---|---|---|---|
|  | Liverpool Hospital (NSW)<br>Lend Lease | ✓ | ✓ | | | ✓ |
|  | AURA Apartments (NSW)<br>Aqualand | ✓ | ✓ | ✓ * | | |
|  | EQUNIX SY5 Data Centre (NSW)<br>A.W. Edwards | ✓ ** | ✓ | | | |
|  | Quay Apartments (QLD)<br>Mirvac | ✓ | ✓ | | ✓ | |
|  | Logan Hospital (QLD)<br>John Holland | ✓ | ✓ | | ✓ | ✓ |
|  | LIV ASTON – BTR (VIC)<br>Mirvac | ✓ | ✓ | ✓ | ✓ | |

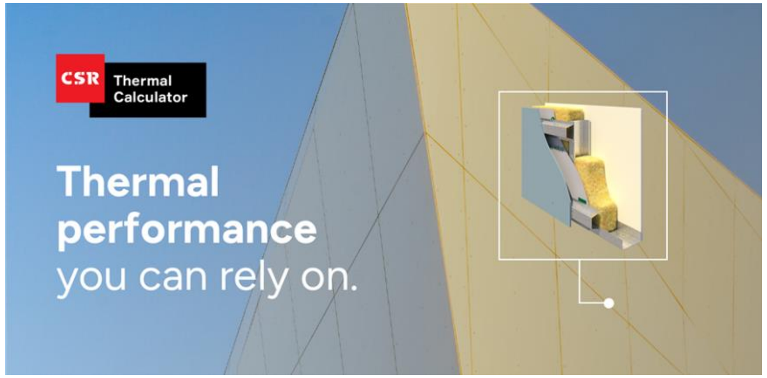
1. Commercial = non-residential + high/medium density residential
* Hebel Service Panel & Hebel party wall
** High volume of Gyprock due to 4 layers of Fyrchek for fire rating

# Customer Solutions innovation generating leads




**Innovation**:

- System Selector leverages CSR's unique portfolio of product solutions
  - eg: Sunshine Coast City Hall using Himmel Brillianto, 6.5mm Gyprock Flexible plasterboard, Cemintel Wallboard, Bradford Insulation and PGH bricks
- Digital edition of industry leading technical Red Book launched late August and now reflects NCC22 updates
  - Approximately 2,400 downloads since August 2023
- Design Link – non-residential focus
  - Approx 18,000 annual customer enquiries for technical and design guidance across all CSR brands


**Sustainability:**

- Thermal Calculator - since its April 2023 launch, approximately:
  - 12,000 visitors to app
  - 14,000 calculations completed
  - 1,800 repeat users

# Supply chain driving CSR wide benefits

- **Industry Leading Capability**
- **Integrated Business Planning**
- **Network Strategy**
- **Master Planning**
- **Transport Optimisation**
- **Warehouse Optimisation**

**Strategic Progress**:

- Integrated business planning systemised and operational
  - Transition from manual demand and supply forecasting to Kinaxis planning system
  - Driving collaborative customer-centred decisions using short and long-range forecasts
  - Delivering production efficiency, optimising inventory holdings and informing purchasing decisions
- Network strategy informed staged investment in Martini Villawood manufacturing and distribution to capture growth. Bradford network strategy completed

**Innovation:**

- Implementing Transport Management System (TMS) and associated process disciplines to improve customer experience and drive cost efficiencies
  - TMS improved Hebel on-time delivery to >90% from 65% pre-COVID

**Sustainability:**

- More efficient use of transport network reduced kilometres travelled by 8%; translated to 5% reduction in emissions from our Building Products fleet
- Pallet recovery project saving over 7,000 tpa in timber



**Optimising and leveraging the network - delivering an improved customer experience**

# 4

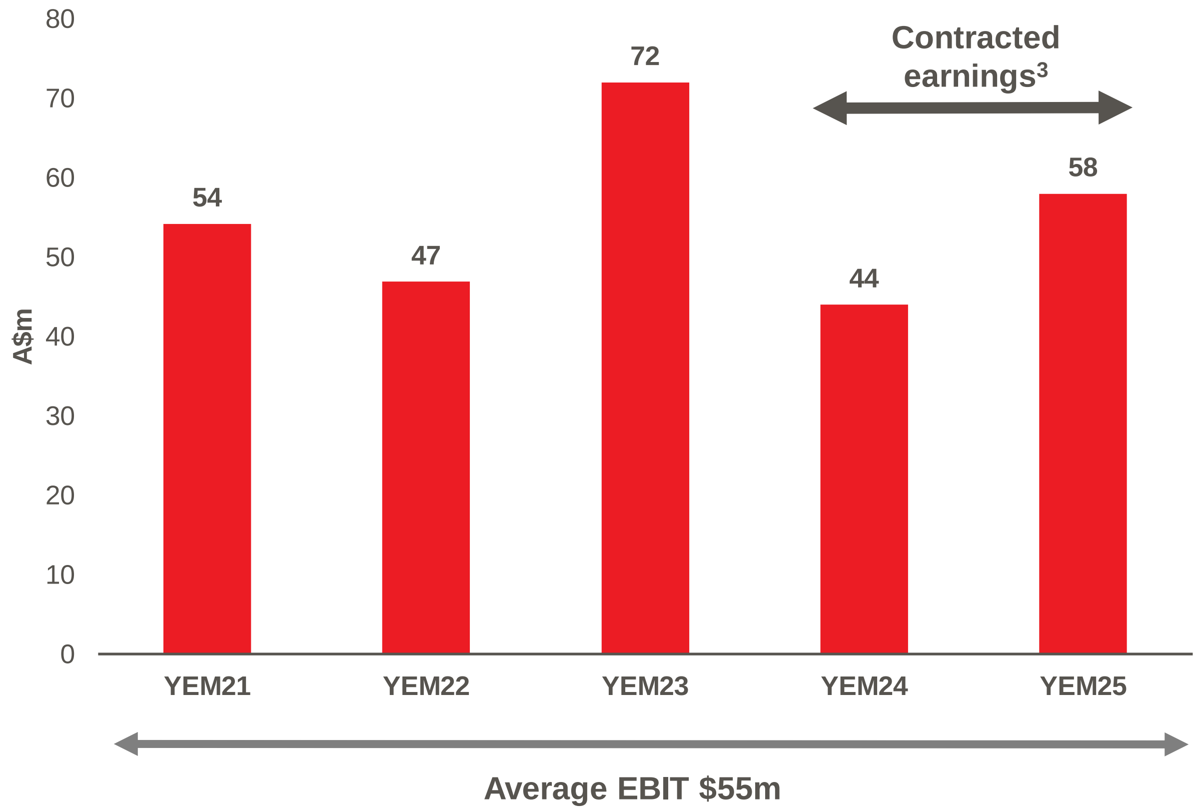
# Property results

Julie Coates,

Managing Director & CEO

# Near term contracted Property earnings

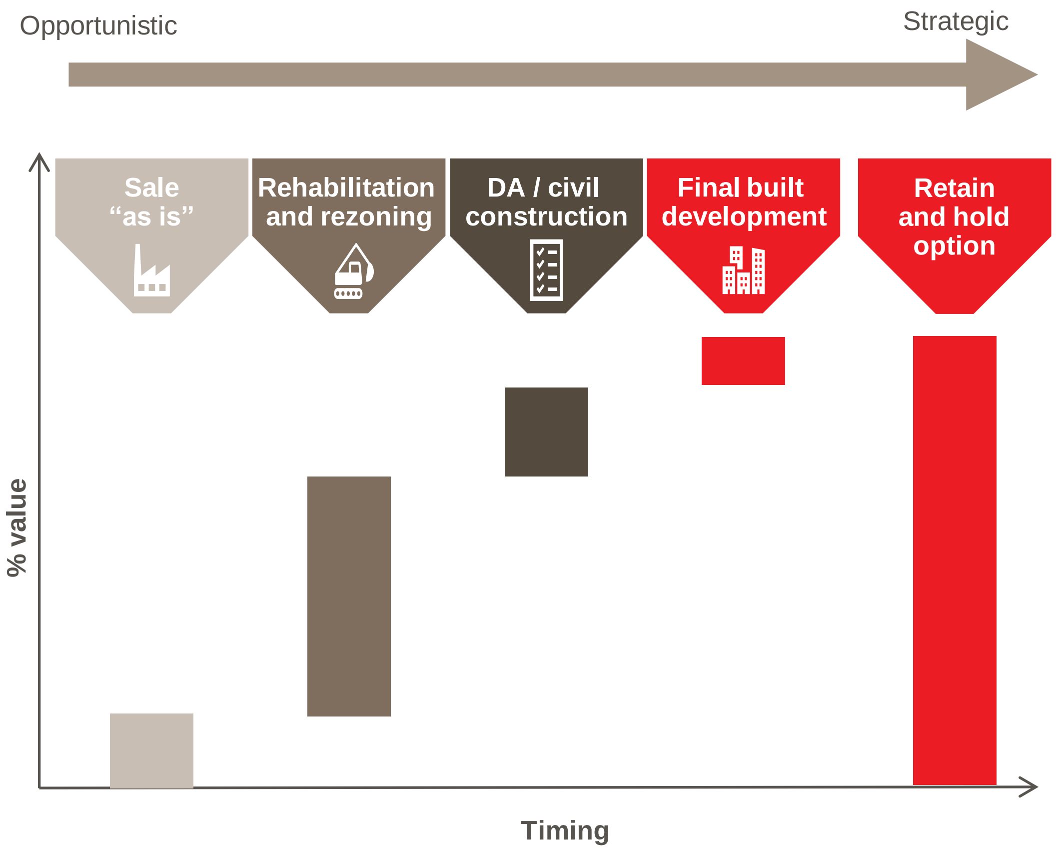
| *Property result (A$m)* | HY24 | HY23 |
|---|---|---|
| **EBIT[1]** | **(1.5)** | 27.6 |
| Funds employed[2] | 168.3 | 167.4 |




- -$1.5m EBIT with the contracted Horsley Park sale scheduled for 2H
- Darra remediation complete, sale process continuing
- Positive momentum on Schofields rezoning
- Property capex of $14m includes development work at Horsley Park, Badgerys Creek and Darra
- YEM24 property capex forecast ~$50m
- Significant value of property assets currently valued on an “as is” basis of $1.5 billion; portfolio to be revalued in 2024

1. EBIT (before significant items). $Am unless otherwise stated
2. Excludes cash and tax balances and certain other non-trading assets and liabilities as at 30 September
3. Includes estimated Property operating costs and excludes any other future transactions

# Active project pipeline to deliver earnings over future years




| MAJOR SITES | TYPE | YEM 24-25 | YEM 26-30 | Beyond |
|---|---|---|---|---|
| Horsley Park, NSW (Industrial) | Final $102m EBIT contracted to be completed by YEM25 | ✓ | | |
| Darra, QLD (Industrial) | Darra remediation complete with sale process continuing | ✓ | | |
| Schofields, NSW (Residential) | 90ha site proposed to be rezoned residential for approximately 1,500+ lots<br>• Stage 1 (32ha)<br>• Stage 2 (58ha) – currently PGH Bricks operating plant. Timing based on operational network requirements | | ✓ | ✓ |
| Badgerys Creek, NSW (Industrial) | 196ha industry site adjacent to the Western Sydney Airport<br><br>Rehabilitation of former quarries underway | | ✓ | ✓ |



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

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# 5

# Aluminium results

Julie Coates,
Managing Director & CEO



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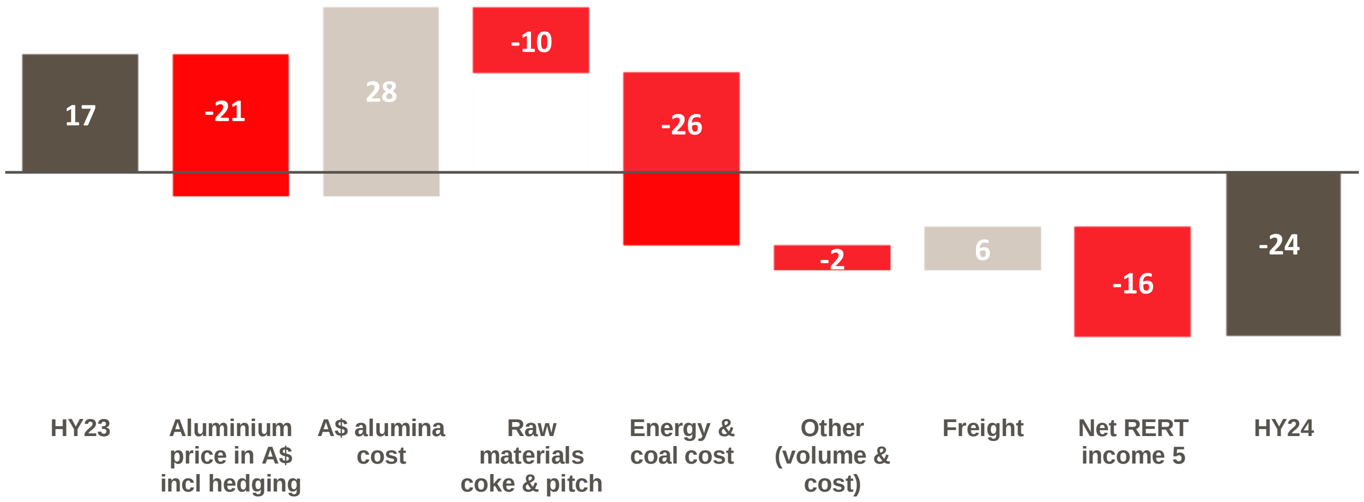
# Earnings impacted by cost volatility

| *Aluminium Result (A$m)* | HY24 | HY23 | change |
|---|---|---|---|
| **Sales (tonnes)** | **101,659** | 103,603 | (2%) |
| A$ realised price[1] | 3,514 | 3,729 | (6%) |
| **Revenue** | **357.2** | 386.3 | (8%) |
| **EBIT[2]** | **(24.3)** | 17.4 | (240%) |
| Funds employed[3] | 182.5 | 157.0 | 16% |
| EBIT/revenue | (6.8%) | 4.5% | |
| Return on funds employed [4] | (19.8%) | 28.8% | |

## Movement in EBIT (A$m)




- Volumes slightly lower due to timing of shipments
- A$ realised aluminium price down 6%
- No RERT[5] payments received in HY24 vs $16m in HY23
- HY24 EBIT loss was anticipated, although cost volatility greater than expected:
  - Higher energy costs and coal cost pass through
  - Lower alumina costs due to lower contracted % of LME and a drop in the aluminium price
  - Pitch costs remain at elevated levels. Coke costs have fallen, however benefit realisation lags
  - Freight costs lower due to lower international freight costs and regional sales mix

1. Includes hedging, premiums and value added product
2. EBIT (before significant items); $Am unless otherwise stated
3. Excludes cash and tax balances and certain other non-trading assets and liabilities as at 30 September
4. Based on EBIT (before significant items) for the 12 months to 30 September divided by average funds employed
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 YEM28

| *As At 30 September 2023* | 2H24 | YEM25 | YEM26 | YEM27 | YEM28 |
|---|---|---|---|---|---|
| Average price A$ per tonne (excludes premiums) | 3,059 | 3,208 | 3,450 | 3,922 | 4,062 |
| Proportion of net aluminium exposure hedged | 76% | 73% | 68% | 45% | 15% |

## Outlook

- While cost volatility and unpredictability in energy and raw materials makes forecasting challenging, the best estimate for YEM24 is a loss in the range of -$15 million to -$30 million (assuming no RERT[1] income)
- Improvement in 2H largely reflects the expected realisation of lower coke raw material costs
- Aluminium is still expected to return to profit in YEM25 with earnings increasing further in the following years due to higher hedged aluminium pricing and lower expected raw material costs
- A secure, reliable, competitively priced energy supply and a pathway to renewables is fundamental to Tomago's future
- Tomago is shortlisting respondents from an EOI[2]; tenders will be invited for electricity supply to be effective from January 2029



1. Reliability and Energy Reserve Trader payment for power disruption to support national energy market stability
2. Expressions of Interest process

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# 6

# Outlook & Closing

Julie Coates,

Managing Director & CEO

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

## Building Products

- Pleasing start to the second half with ongoing discipline to deliver performance and strategic initiatives
- Pipeline of detached housing under construction sustained at ~50% above historical averages, multi-res pipeline represents 2-3 years' work, and non-res activity supported by a large pipeline of approvals
- Closely monitoring the factors influencing market dynamics and will manage the business accordingly
- 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
- Darra sale process continuing; work ongoing at Schofields and Badgerys Creek

## Aluminium

- The best estimate for YEM24 is a loss in the range of -$15 million to -$30 million (excluding net RERT[1] income) given cost volatility and unpredictability in energy and raw materials makes forecasting challenging
- Aluminium is still expected to return to profit in YEM25 and increasing in the following years due to higher hedged aluminium pricing and lower expected raw material costs



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

# 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
- Targeted investments in manufacturing and plant consolidation has improved variability of cost base
- Unlocking value from Property and development capability – portfolio currently valued on an "as is" basis of $1.5 billion with $44 million of contracted earnings in YEM24

**More responsive to demand**

- Ongoing brownfield manufacturing investment to improve safety, sustainability, productivity and capacity
- Building an optimised network to improve customer service and reduce cost to serve

**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 $42 million bolt-on Woven Image acquisition funded from cash and $72 million of interim dividends generated in HY24
- Track record of margin management



**Resilient Building Products earnings underpinned by ongoing Property contributions**

# 7
## Q&A

# Appendix

## Half Year Ended 30 September 2023

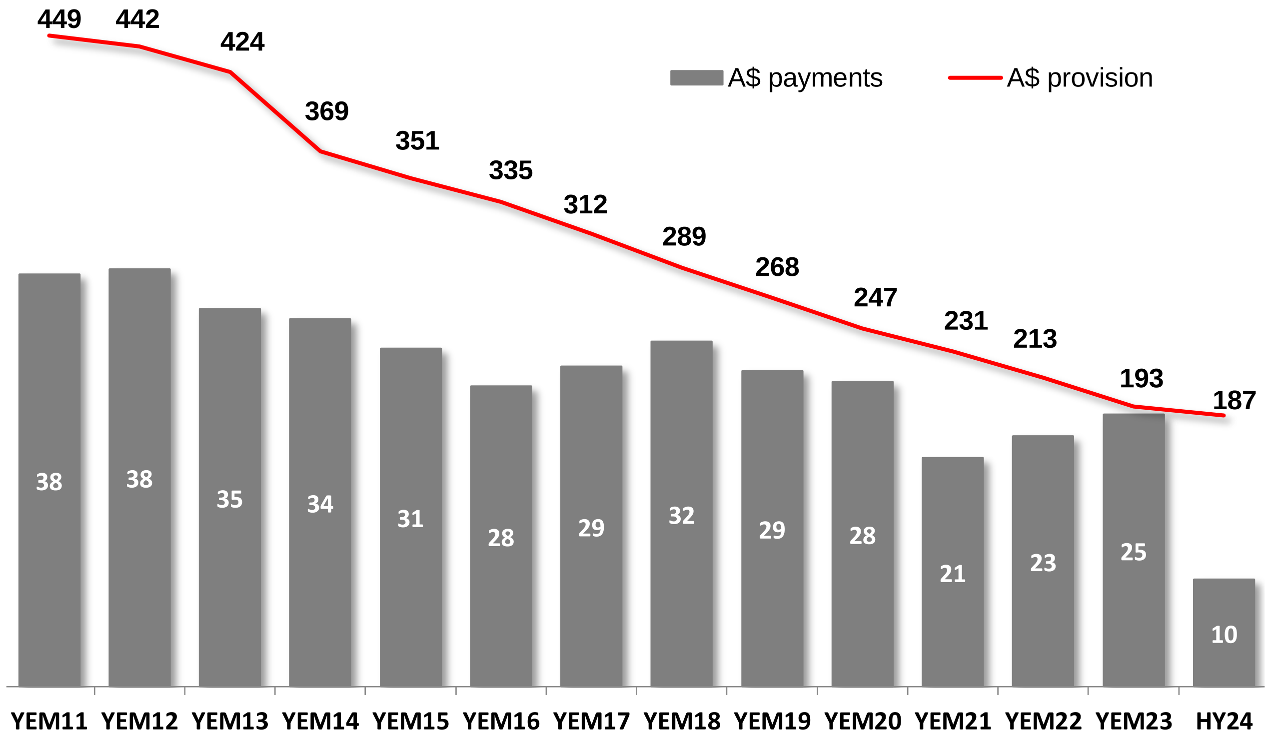
# Review of significant items

| $ million | HY24 | HY23 |
|---|---|---|
| Transformation system implementation projects | – | (6.3) |
| **Significant items before finance costs and income tax** | **–** | **(6.3)** |
| Discount unwind and hedging relating to product liability provision | (3.5) | (2.4) |
| Income tax benefit on significant items | 1.1 | 2.6 |
| **Significant items after tax** | **(2.4)** | **(6.1)** |
| Significant items attributable to non-controlling interests | – | – |
| **Significant items attributable to shareholders of CSR Limited** | **(2.4)** | **(6.1)** |
| Net profit after tax attributable to shareholders of CSR Limited | 91.5 | 104.0 |
| Significant items after tax attributable to shareholders of CSR Limited | 2.4 | 6.1 |
| **Net profit after tax before significant items attributable to shareholders of CSR Limited** | **93.9** | **110.1** |

Additional information on significant items is contained in Note 3 in the half year report

# Further reductions in asbestos liability

## Asbestos provision – A$m




- Product liability provision of A$187m
- Provision includes a prudential margin of A$36m
- Cash payments A$10m during HY24

# Disclaimer

The material contained in this document is a presentation of information about the Group's activities current as of 2 November 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).

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