

ASX Announcement

4 November 2022

CSR Limited delivers 27% increase in net profit after tax (before sig. items)**15% growth in Building Products earnings reflecting good execution across end markets, price discipline and cost management**

CSR Limited (ASX:CSR) announces net profit after tax (NPAT before significant items) for the half year ended 30 September 2022 of \$110 million, up 27% from the previous half year.

Statutory net profit after tax of \$104 million included significant items (after tax) of \$6m relating to software-as-a-service. This result compares to \$157 million in the previous half year which included the recognition of a \$71m benefit in carry forward tax losses.

Trading revenue of \$1.3 billion was up 14% with earnings before interest and tax (EBIT before significant items) of \$171 million, up 29% which included the following results:

- **Building Products** – EBIT of \$139 million, up 15%, reflecting good execution across end markets, price discipline and cost management. Return on funds employed increased to 28% from 24%.
- **Property** - EBIT of \$28 million which included completion of the next tranche at Horsley Park, NSW. This compared to \$7 million in the previous half year due to the timing of transactions.
- **Aluminium** - EBIT of \$17 million, down from \$18 million, with higher aluminium pricing offset by higher raw material and input costs.

Interim dividend of 16.5 cents per share (fully franked) declared (up from 13.5 cents per share) which is in line with CSR's policy of 60-80% of net profit after tax (before significant items). Since July 2022, CSR has purchased \$22 million shares in the \$100 million on-market share buyback announced on 30 June 2022.

Continued strong performance across the CSR Group

Commenting on the result, CSR Managing Director & CEO Julie Coates said,

"CSR's businesses have performed very well over the last six months. In Building Products, we continue to see strong execution with our teams working hard to deliver for our customers. The result was also supported by price and cost discipline reflecting our ability to manage the business in an inflationary environment.

“We have progressed our strategy this year which includes investment at three key sites at Gyprock at Wetherill Park, NSW and PGH Bricks and Bradford Insulation in Brisbane, QLD.

“These investments will deliver incremental improvements in capacity and efficiency as well as deliver important sustainability outcomes.

“Cost, supply chain and labour pressures are supporting adoption of CSR systems like Hebel lightweight aerated autoclaved concrete as faster build times and reduced labour requirements are becoming increasingly valuable to builders. Our upgraded Hebel manufacturing facility has significant capacity to deliver into this growing demand.

“Investing in our Property assets and our market leading development capability is a core part of our strategy. Future earnings will be supported by the independent valuation of CSR’s Property assets with development potential, which has increased in value on an “as is” basis to \$1.5 billion.

“CSR’s strong balance sheet provides the capacity for ongoing investment, strong dividend payments, with an interim dividend declared of \$79 million as well as \$22 million completed in the on-market share buyback since July 2022.”

Outlook for the financial year ending 31 March 2023 (YEM23)

In Building Products, the business has entered the second half with good momentum. There continues to be strong underlying demand for building products and good pipeline visibility. CSR remains confident in the ability to manage the inflationary environment across product categories.

The diversified nature of Building Products across product, build cycle, geography and end markets positions the business well for the second half and into YEM24. This is supported by continued focus on executing strategy and maintaining cost and operational discipline. The strategy work continues to enable the business to become more responsive to customer demand, improve efficiency and capture opportunities across more products and building segments.

In Property, contracted EBIT for YEM23 is expected to be approximately \$68 million, which includes completion of the sale at Warner, QLD in addition to the likely realisation of other smaller transactions during the balance of the year.

In Aluminium, the ongoing cost volatility makes forecasting challenging, however the best estimate for YEM23 EBIT is currently in the range of \$8 million to \$24 million. The current elevated cost environment is likely to remain over the next 12-18 months.

In summary, given the outlook for Building Products for the full year and the improvement in Property earnings, CSR expects to deliver a strong group result for YEM23.

Half year results webcast details

CSR will present its results for the half year ended 30 September 2022 at 10.00am AEDT today, Friday 4 November 2022, via webcast.

The webcast is available from CSR's website at www.csr.com.au or [Click here](#).

This announcement has been authorised for release by the Board of Directors of CSR Limited.

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