

12 May 2020

CSR announces full year net profit after tax of \$125.3 million

Financial results for the year ended 31 March 2020 (YEM20)

- CSR has reported a net profit after tax (NPAT) of \$125.3 million for the full year ended 31 March 2020 (YEM20), up from \$78.0 million in the prior year which included impairment charges from the Viridian Glass business (sold on 31 January 2019).
- NPAT from continuing operations (before significant items) of \$134.8 million, down from \$181.7 million in the prior year.
- Building Products revenue of \$1.6 billion was down 6% reflecting continued weakness in residential building activity which was down 21% on average.
- Building Products EBIT of \$170.5 million, down from \$206.5 million in the prior year.
- No material Property transactions were recorded during YEM20.
- Aluminium EBIT of \$59.6 million up 63% as input costs have stabilised and with the second half earnings benefitting from the lower Australian dollar. Significant increase to forward hedge position for YEM21-23.
- COVID-19 had minimal impact on the YEM20 result.

Strong balance sheet

- Strong balance sheet with net cash of \$95 million.
- To strengthen liquidity position further, an additional \$200 million in facilities was secured in May 2020.
- Share buyback paused. Since March 2019, \$69 million purchased for the \$100 million on-market share buy-back.
- Given the uncertain economic environment, no final dividend will be paid for YEM20. Total dividends for the year of 14cps (down from 26cps in YEM19), comprising 10cps interim dividend and 4cps special dividend (both franked at 50%), reflecting deferred settlements on Property transactions from previous years.

COVID-19 response

- Acted quickly to respond to crisis with health and safety of employees, contractors, customers and suppliers the first and overriding priority.
- All CSR sites in Australia have remained open with no supply interruptions to our customers. New Zealand sites resumed operations in late April. Worked closely with stakeholders to support building sites remaining open.
- Prudent approach to cost management: working hours reduced throughout the organisation where appropriate and non-essential expenditure ceased or deferred.
- CSR CEO, CFO and senior executives have forfeited their YEM20 short-term incentive bonus.
- Cash preservation focus across business with current investments moderated to safety and business critical projects.
- Extensive scenario planning completed to maximise productivity and align production with changes in market activity.

Current market environment

- No significant drop in activity during the first six weeks of YEM21, with Building Products revenue down 3% compared to the previous corresponding period. However, CSR anticipates there will be an impact on activity in key markets in YEM21, but the timing and extent is uncertain.
- No earnings guidance for YEM21 to be provided for CSR Group due to uncertainty from COVID-19.

Results for year ended 31 March 2020

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

“We are pleased with the performance of our Building Products division which reported revenue down 6% reflecting weakness in residential building activity, which was down on average 21% during the period. The increased diversification of our business across product and market sectors positioned us well against this backdrop.

CSR entered the COVID-19 pandemic in a position of financial strength and the company has taken the opportunity to further strengthen its balance sheet. CSR had net cash of \$95 million with a strong liquidity position, in addition to debt facilities totalling \$520 million.”

COVID-19 response and forward planning

Julie Coates noted, “We acted quickly to respond to COVID-19. The health and safety of our employees right across our business as well as contractors, customers and suppliers was our first and overriding priority. We have also worked closely with key stakeholders to support building sites remaining open in Australia.

As an Australian manufacturer with core raw materials sourced locally, we have been able to keep our sites fully operational and minimise disruptions for our customers.

Strategic priorities for the year ahead include key areas to optimise our footprint, drive supply chain efficiency and product and technical support for our customers. These initiatives are aligned with our scenario planning for COVID-19 to ensure we are stronger and fitter in the recovery.”

A further update will be provided at the company’s Annual General Meeting on 24 June 2020.

A detailed review of the YEM20 results is included in the 2020 Annual Report lodged with ASX on 12 May 2020 and is also available on CSR’s website www.csr.com.au.

This announcement has been authorised for release by the board of directors of CSR Limited.

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