



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth



CSR

Business Description

CSR is a traditional Australian manufacturing group. The company manufactures and supplies building products in Australia, China, Malaysia, New Zealand, Singapore and Thailand. The group also mills raw sugar from sugarcane, produces ethanol, and refined sugar products. In Australia the group has an interest in aluminium smelting, and property through advancing industrial land through development processes.

Strategy Analysis

CSR operates a diversified portfolio and its business strategies are aimed to maximise the advantages of diversification. The sale of Sucrogen should improve focus. CSR is involved in industries which are cyclical and capital intensive. There is little or no pricing power and success is reliant on strong management, solid market positions and competitive cost structures. The company is focused on meeting community expectations and operating in a sustainable way. Priorities include: driving efficiency and productivity across all businesses, carefully managing capital and investing in organic growth and acquisitions that leverage strengths. The Building Products strategy looks to position the business in order to maximise the benefits from the inevitable housing cycle upswing. CSR reported net loss of \$326.5m for the year ended 31 March 2009. Revenue from ordinary activities were \$3.49bn, up 8% from last year. CSR EBIT (pre significant items) for the year ended 31 March 2009 of \$320.1m, down 17%. Basic and Diluted EPS were (29.7) cents compared to 19.2 cents last year. Net operating cash flow was \$213.9m compared to \$326.4m last year. The final dividend declared was 1.5 cents fully franked, taking the full year dividend to 7.5 cents compared with 15 cents last year..

28 July 2010

Recommendation

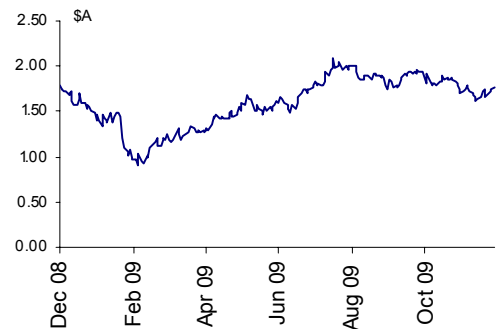
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: CSR
Stock price: \$1.75
Market cap: \$2,644m

	Y/E 31/03/2010	2011e	2012e	2013e	2014e
Reported e	\$m	205.4	274.5	271.9	304.4
Adjusted e	\$m	235.4	274.5	271.9	304.4
EPS adjusted	¢	15.5	18.1	17.9	20.1
EPS growth	%	22.3	16.6	-1.0	12.0
PE	x	11.2	9.6	9.7	8.7
PE relative	x	0.8	0.9	1.0	0.9
DPS	¢	10.0	12.0	13.0	14.0
Yield	%	5.7	6.9	7.4	8.0
Franking	%	100.0	100.0	100.0	100.0

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	3 year
Sugar	46.3	9.4	7.7	1.0%	-13.0%
Building Products	39.9	7.0	7.6	-1.0%	11.0%
Aluminium	13.5	30.2	24.1		
Property	0.4	15.1	90.8		
Total	100.1	61.7	130.2		
Results by Geography				Dividend Reinvestment Plan	No
Australia	100.0	100.0	100.0	Shareholder Discounts	No
Total	100.0				

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