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26 February 2020

The Manager
Market Announcements
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Adelaide Brighton full year result ended 31 December 2019 - Presentation

We attach presentation slides being delivered by Adelaide Brighton's Chief Executive Officer, Nick Miller, during briefings on the Company's financial result for the full year ended 31 December 2019.

Yours faithfully

MRD Clayton
Company Secretary

FOR FURTHER INFORMATION PLEASE CONTACT:

Darryl Hughes
General Manager Corporate Finance and Investor Relations
Telephone 0417 814 290 or 02 8248 9903



Adelaide Brighton Ltd

RESULTS PRESENTATION

YEAR ENDED 31 DECEMBER 2019
26 FEBRUARY 2020



A photograph of a city street scene featuring a long line of concrete mixer trucks. The trucks are white with orange and blue accents. One truck in the foreground has 'HY-TEC' written on its drum. Several workers in orange safety vests and hard hats are standing on the street near the trucks. The background shows trees and city buildings.

RESULTS SUMMARY AND BUSINESS REVIEW

Nick Miller
Chief Executive Officer



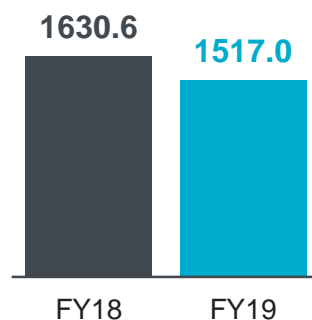
RESULTS SUMMARY

Subdued market conditions

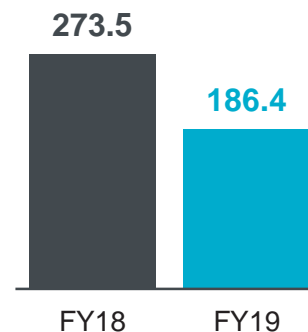
- › Focus on safety initiatives has resulted in a 36% improvement in TRIFR
- › FY19 revenue of \$1.5 billion, down 7.0% due to challenging market conditions in the residential and civil construction market and competition in SA and Qld markets
- › Underlying EBIT of \$186.4 million, down 31.8% also driven by rising raw material, shipping, transport and fuel costs
- › Underlying NPAT of \$123.0 million, down 35.6% on the pcp, in line with guidance. Underlying EPS of 18.9 cps
- › Reported net profit after tax of \$47.3 million included an after tax non-cash impairment charge of \$69.8 million
- › Net debt of \$423.3 million, leverage at 1.5 times
- › Underlying return on funds employed remains robust at 11.2%, ahead of the cost of capital
- › Full franked final dividend of 5.0 cents per share declared
- › Outlook
 - 2020 construction materials market expected to remain challenging – monetary stimulus and infrastructure spend expected to impact demand in 2021
 - Cost initiatives to deliver \$30 million in savings, offsetting cost headwinds of \$20 million
 - 2020 NPAT expected to be 10% lower than underlying 2019, based on early assessment of markets

FINANCIAL SUMMARY

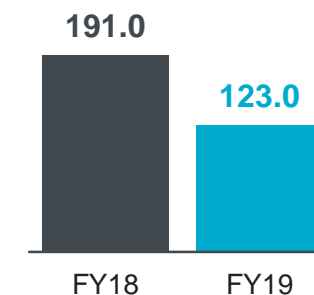
REVENUE (\$M)



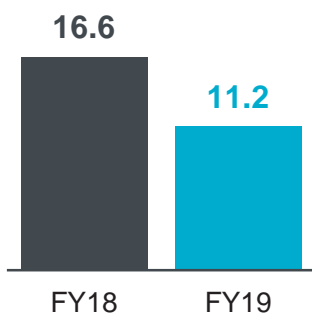
UNDERLYING EBIT¹ (\$M)



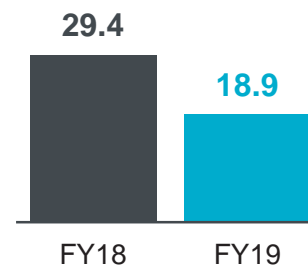
UNDERLYING NPAT¹ (\$M)



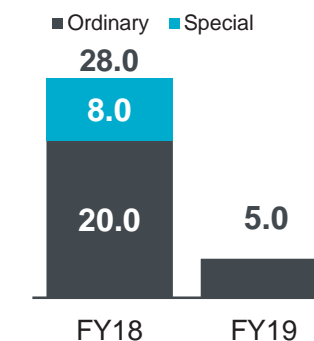
UNDERLYING ROFE¹ (%)



UNDERLYING EPS¹
(CENTS)

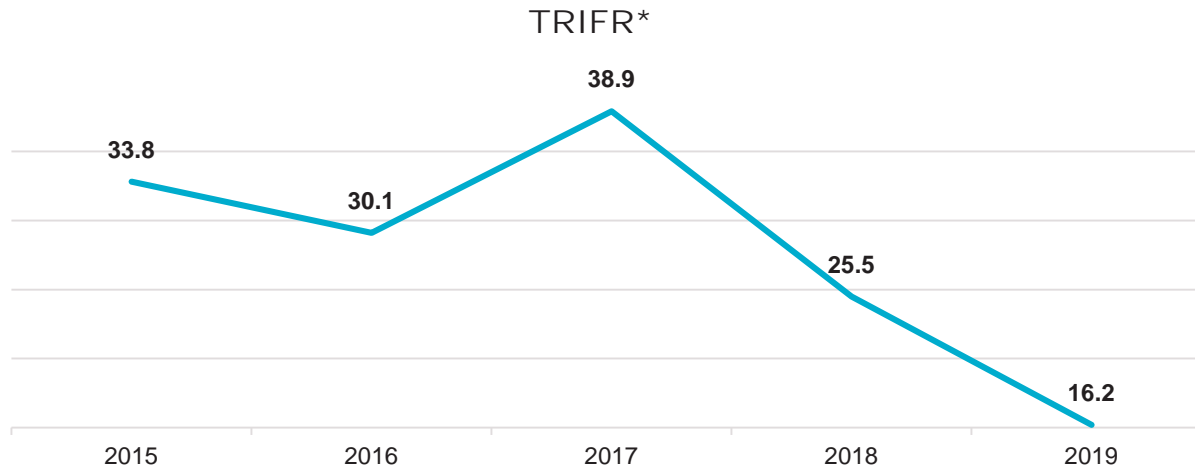


DPS (CENTS)



¹ "Underlying" EBIT, NPAT, ROFE and EPS exclude significant items. Refer slide 15 for reconciliation of reported earnings

SAFETY 'STEP CHANGE' PROGRAM



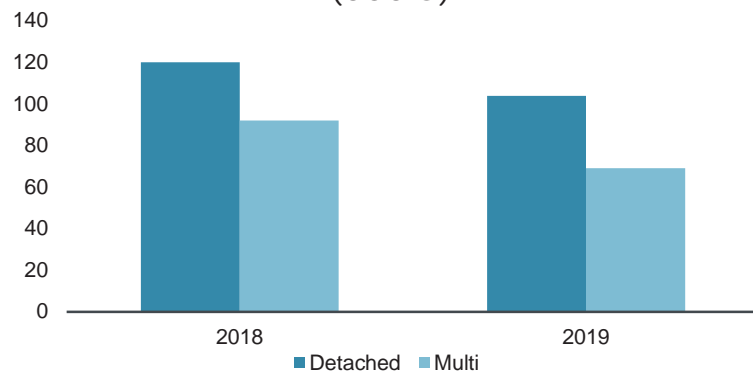
- › Sustained focus on safety and injury reduction delivering results
- › Total Recordable Injury Frequency Rate (TRIFR) 16.2 at December 2019, 36% improvement over the last 12 months
- › Safety “Step Change” – newly staged program to deliver next phase of continuous improvement in health and safety

*Total Reportable Injury Frequency Rate (TRIFR) is the number of recordable injuries per million man hours worked
Adelaide Brighton's TRIFR includes employees and contractors.



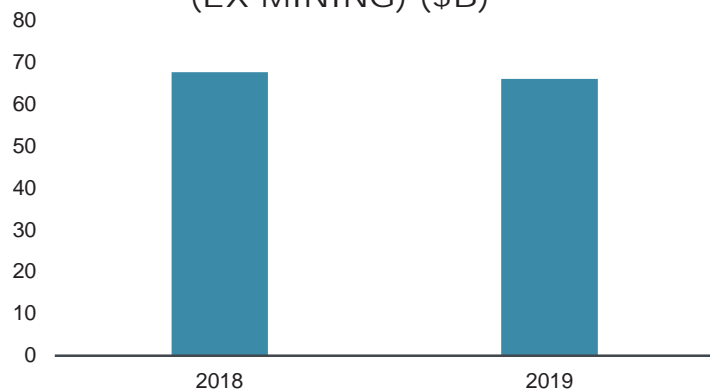
OPERATING CONDITIONS

RESIDENTIAL APPROVALS
(000'S)



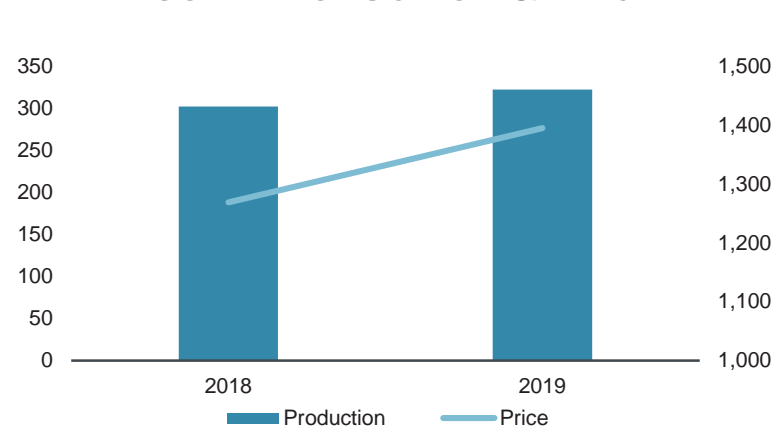
Source: ABS

ENGINEERING WORK DONE
(EX MINING) (\$B)

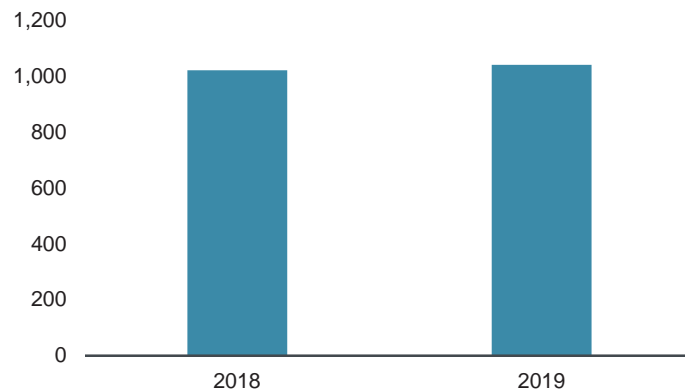


*Forecast

tonnes GOLD PRODUCTION & PRICE US\$/oz



LIME SALES (000'S T)



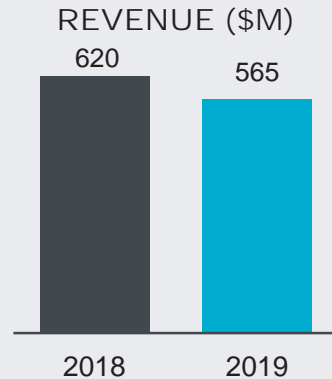
Construction

- › Decline in both detached and multi-residential approvals impacted revenue
- › Access to funding and lower consumer confidence impacted residential demand
- › Delays have pushed out infrastructure project timelines, adversely impacting 2019 demand for construction materials

Mining

- › 2019 has seen multi-year highs for the US dollar gold price and record highs for the Australian dollar gold price.
- › Market responding to global economic slowdown and geopolitical uncertainty
- › Gold exploration rose by approximately 15% year on year with WA exploration accounting for almost 70% of total gold exploration spend
- › Mining supported increases in lime and cement volumes in WA and NT
- › Alumina production and sales volumes remained stable in 2019

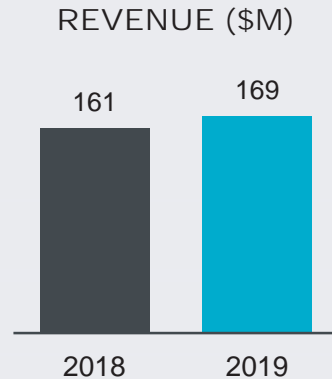
CEMENT



Volumes and prices impacted by competitive pressures in South Australia and Queensland, combined with residential demand. Mining and infrastructure expected to support demand for cement in 2020

- › Cement sales volumes decreased 6.1% on pcp
- › Competitive pressures from imports in South Australia impacted volumes and pricing, stabilising in 2H19
- › Lower east coast construction activity impacted volumes in NSW, Qld and Victoria
- › Mining supporting demand in WA and the NT, with improved volumes in 2H19
- › Margin compression due to lower price and volumes combined with higher raw material, shipping and fuel costs
- › 1Mt milestone for use of refuse derived fuel at Birkenhead plant

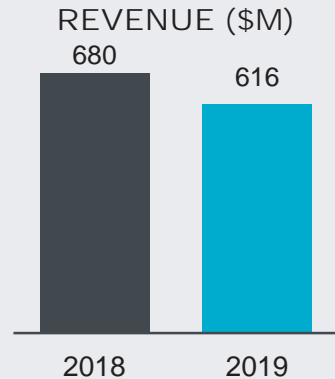
LIME



Lime volumes supported by infrastructure projects and resource sector activity, particularly in Western Australia

- › Lime sales volumes increased 1.9% compared to pcp, driven by gold and alumina demand
- › Pricing improved above inflation. Contract price moves with a lag to energy costs
- › Near-term fundamentals remain positive from expansion of gold and nickel capacity and long-term potential for increased alumina capacity

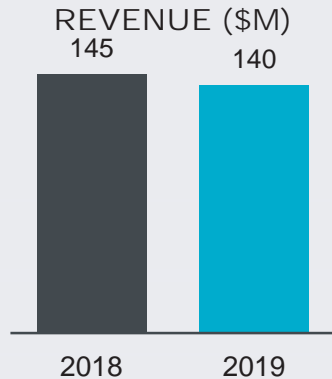
CONCRETE AND AGGREGATES



Slowing demand in east coast markets impacted volumes. Higher raw material input costs (aggregates) and transport costs further impacted margins

- › Concrete volumes decreased by 10.8% compared to pcp
- › Demand slowed across all markets – NSW most impacted
- › Margins impacted by higher concrete raw materials costs that exceeded price increases
- › Scotchy Pocket Quarry (Sunshine Coast in Qld) commenced production in 2H19 and continues to ramp-up to full capacity
- › Cost-out program looking to “right-size” for lower demand environment

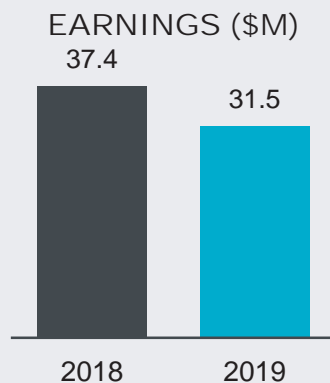
CONCRETE PRODUCTS



Lower residential demand drove concrete product volumes

- › Volumes declined on the back of softer activity in the residential and commercial construction markets, particularly in Qld and NSW
- › Volumes grew in Vic, SA and Tas where several one-off commercial projects have bolstered underlying demand
- › Lower production volumes impacted plant efficiencies and unit costs
- › Operational efficiency, investment in product innovation, lower cost and sustainable curing and energy systems, and cost reduction initiatives continue to be our focus

JOINT VENTURES



Pressures on volume in Australia's east coast markets impacted joint venture contributions

- › Independent Cement and Lime (ICL) contributed \$14.2 million, down 20.2% on pcp on lower volumes and higher costs in 2H19
- › Sunstate Cement contributed \$10.2 million, 12.1% down on pcp as shareholder volumes declined in late 2H19
- › Mawson Group contributed \$5.6 million, down 22.3% on pcp, with lower project volumes
- › Aalborg Portland Malaysia contributed \$1.6 million, up 128.6% as a result of efficiencies and demand from Malaysia and Asia

A large industrial facility, likely a cement plant, featuring several tall, cylindrical silos and a complex network of conveyor belts. The scene is captured during twilight, with warm lights from the facility illuminating the large piles of white material in the foreground. Two workers in orange safety gear are visible in the lower left, walking on a path. The sky is a pale blue, and the overall atmosphere is industrial and serene.

FINANCIAL REVIEW

Theresa Mlikota
Chief Financial Officer



INCOME STATEMENT – UNDERLYING*

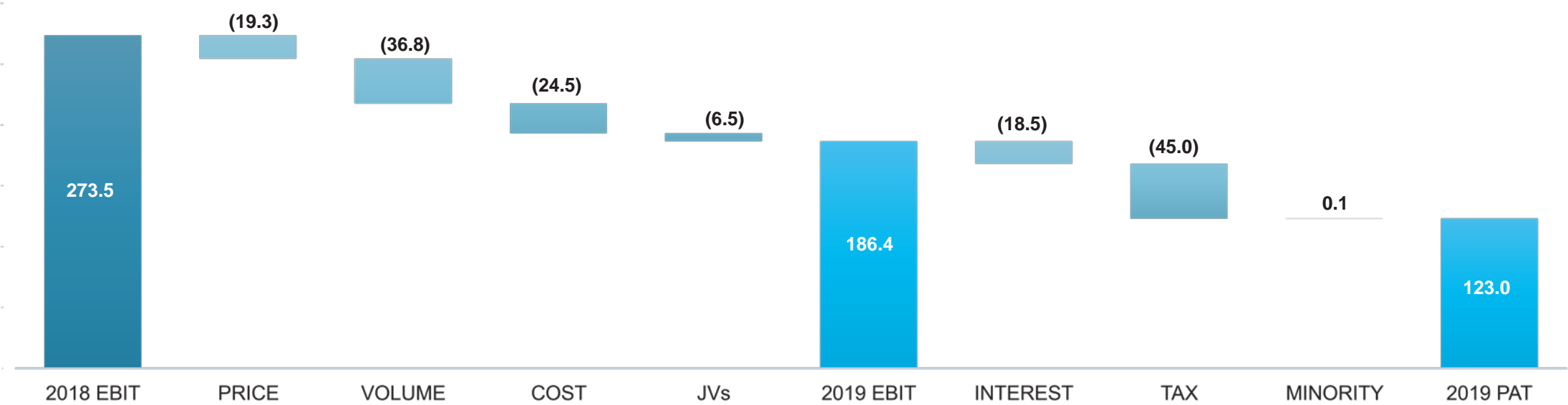
12 MONTHS ENDED 31 DECEMBER	2018	2019	CHANGE PCP %
Revenue	1,630.6	1,517.0	(7.0)
Earnings before depreciation, amortisation, interest and tax	360.9	280.0	(22.4)
Depreciation, amortisation and impairment	(87.4)	(93.6)	7.1
Earnings before interest and tax	273.5	186.4	(31.8)
Profit before tax	259.1	167.9	(35.2)
Tax (expense)	(68.2)	(45.0)	(34.0)
Minority interests	0.1	0.1	-
Net profit attributable to members	191.0	123.0	(35.6)
Basic earnings per share (cents)	29.4	18.9	(35.7)

* Underlying earnings exclude significant items. Refer slide 15 for reconciliation to reported earnings

- › Revenue down by 7.0% with slowing demand for construction materials, particularly residential construction
- › Import competition, particularly in SA, impacted cement pricing, partially offset by higher concrete and aggregate pricing
- › Underlying EBIT reduced by 31.8% to \$273.5 million
- › Margins impacted by lower volumes, pricing pressures and higher costs.
- › Cost increases across raw materials (clinker and purchased aggregates), shipping, transport and fuel costs
- › Interest expense higher following adoption of new leasing standard. Higher borrowings, offset partially by lower market interest rates
- › Underlying effective tax rate of 26.8%
- › Underlying net profit after tax of \$123.0 million, results in EPS of 18.9 cents per share

PROFIT DRIVERS

RECONCILIATION OF UNDERLYING* EARNINGS



* Underlying earnings exclude significant items. Refer slide 15 for reconciliation to reported earnings



RECONCILIATION OF UNDERLYING PROFIT

12 MONTHS ENDED 31 DECEMBER		2018 (\$M)		2019 (\$M)		
	Profit before tax	Income tax	Profit after tax	Profit before tax	Income tax	Profit after tax
Underlying profit/(loss)	259.1	(68.2)	190.9	167.9	(45.0)	122.9
Impairment	-	-	-	(96.1)	26.3	(69.8)
Doubtful debts	(2.6)	0.8	(1.8)	(0.9)	0.3	(0.6)
Corporate restructuring costs	(6.9)	2.0	(4.9)	(7.1)	2.1	(5.0)
Acquisition expenses	1.4	(0.4)	1.0	(0.4)	0.1	(0.3)
Statutory profit/(loss)	251.0	(65.8)	185.2	63.4	(16.2)	47.2

- › Significant items affecting underlying profit
- Impairment write-downs totalling \$69.8 million after tax
 - Corporate restructuring costs of \$5.0 million after tax include redundancy and one-off employment costs
 - Doubtful debt charges pertain to costs incurred to recover unpaid amounts in relation to financial discrepancies identified in 2017

BALANCE SHEET

AS AT 31 DECEMBER	2018 (\$M)	2019 (\$M)
Cash and cash equivalents	93.9	116.8
Receivables	224.8	218.7
Inventories	176.4	155.2
Property, plant and equipment	1,061.7	1,033.7
Joint arrangements and associate	173.9	184.8
Other assets	347.4	444.5
Total assets	2,078.1	2,153.7
Payables	133.0	144.9
Borrowings	518.7	540.1
Lease liability	-	87.6
Provisions	75.6	100.5
Other	105.2	83.3
Total liabilities	832.5	956.4
Shareholders' equity	1,245.6	1,197.3

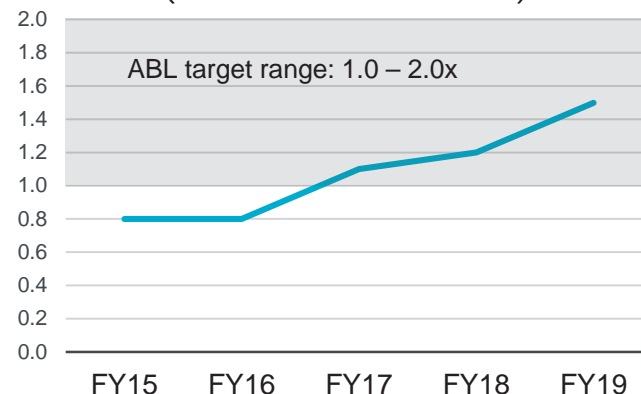
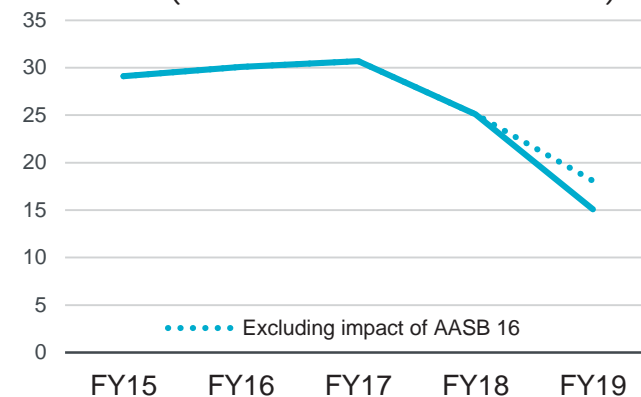
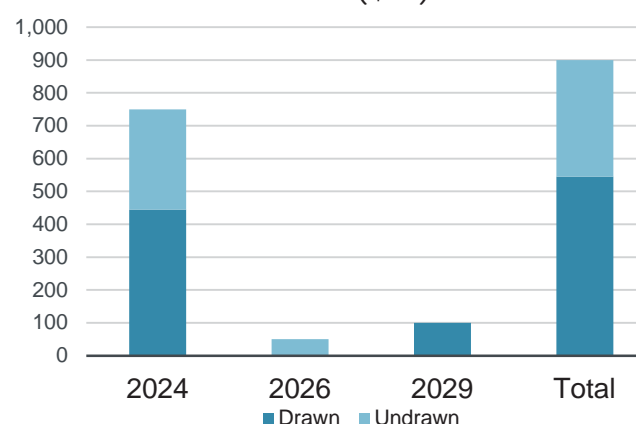
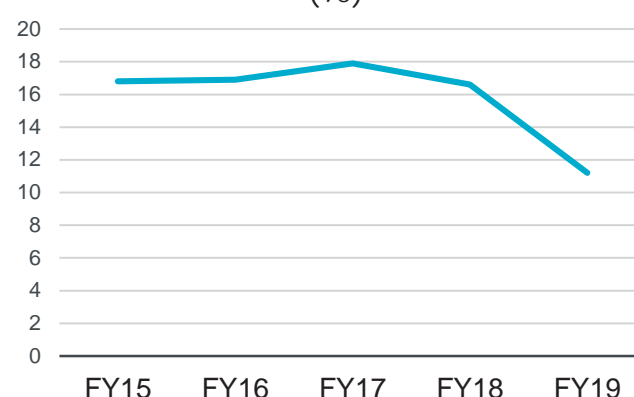
- › Balance sheet remains strong
- › Leverage of 1.5 times and gearing at 35.4%, both middle of target range. Leverage target 1.0 – 2.0 times, gearing 25 - 45%
- › Underlying improvement in working capital and cash flow in 2H20
- › Lease asset and liability recognised following adoption of AASB16
- › Pre-tax impairments totalled \$96.1 million, including:
 - Inventory \$24.5 million
 - PPE \$55.0 million
 - Asset retirement \$ 3.0 million
 - Intangibles/other \$13.6 million

OPERATING CASH FLOW

12 MONTHS ENDED 31 DECEMBER	2018 (\$M)	2019 (\$M)
Net profit / (loss) before tax	251.0	63.4
Depreciation, amortisation and impairment	87.4	189.7
Net income tax payments	(78.1)	(53.4)
Change in working capital	(5.5)	22.8
Net loss/(gain) on sale of assets	0.2	(0.4)
Other	(10.3)	(28.9)
Operating cash flow	244.7	193.2
Stay in business capex	(55.1)	(43.3)
Asset sales	5.3	4.7
Development capex	(59.7)	(48.3)
Dividends	(188.6)	(97.8)
Other	0.8	(5.3)
Net cash flow before debt funding	(52.6)	3.2

- › Operating cash flow impacted by lower earnings, aided by improved working capital management and lower tax payments
- › Development capital expenditure includes investment in the Pinkenba concrete plant, Birkenhead drymix plant upgrade and Scotchy Pocket quarry which is now operational
- › Major stay in business capital includes shutdown expenditure for cement and lime operations and mobile fleet replacements
- › The 2018 final and special dividends were paid during the period totaling \$97.8 million, funded out of debt and cash reserves

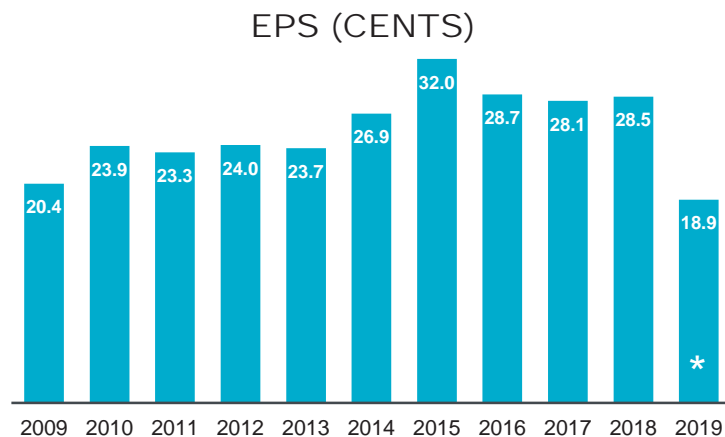
CAPITAL MANAGEMENT

LEVERAGE RATIO
(NET DEBT / EBITDA)INTEREST COVER
(EBITDA / NET INTEREST)DEBT FACILITY MATURITY
(\$M)UNDERLYING ROFE
(%)

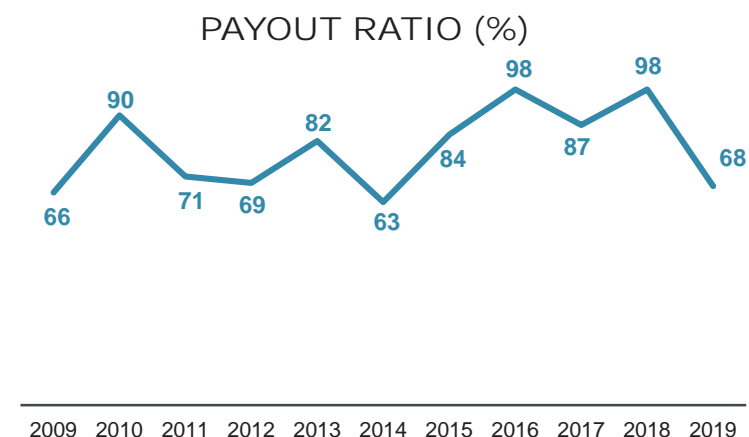
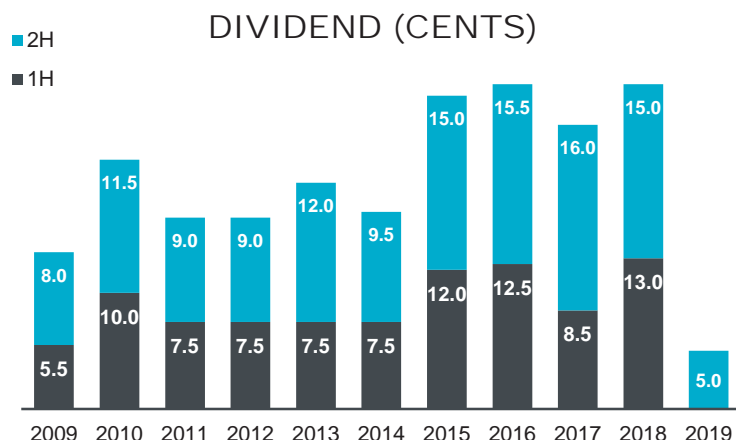
- › Credit metrics remain investment grade
- › Leverage increased following payment of dividends, but remains well within target range
- › Interest cover remains strong, despite reduction in earnings
- › Debt facilities increased to \$900 million, average tenure increasing to 5.7 years, providing the Group with funding stability and flexibility to pursue growth opportunities
- › ROFE of 11.2% has declined as a result of lower earnings, but remains ahead of the cost of capital.

* Underlying earnings exclude significant items. Refer slide 15 for reconciliation to reported earnings

SUSTAINABLE SHAREHOLDER RETURNS



* Underlying earnings per share



Stable earnings profile

- › High quality and uniquely positioned asset base delivering sustainable earnings over the long-term.
- › Softer market demand expected to prevail in the near term. However, business remains robust with balance sheet ready to respond to projected increase in demand over the medium term.
- › Underlying EPS 18.9 cents per share
- › Reported basic EPS decreased to 7.3 cents per share as a result of lower underlying earnings and an after tax impairment charge of \$69.8 million

Source: Adelaide Brighton

Returns to shareholders strong

- › Strong dividend history, with surplus capital routinely returned to shareholders
- › Balance sheet managed to optimise capital efficiency while considering near-term reinvestment and growth opportunities
- › Final fully franked dividend for 2019 of 5.0 cps declared
- › Final and special dividend payment for 2018 made in April 2019 totaled \$97.8 million

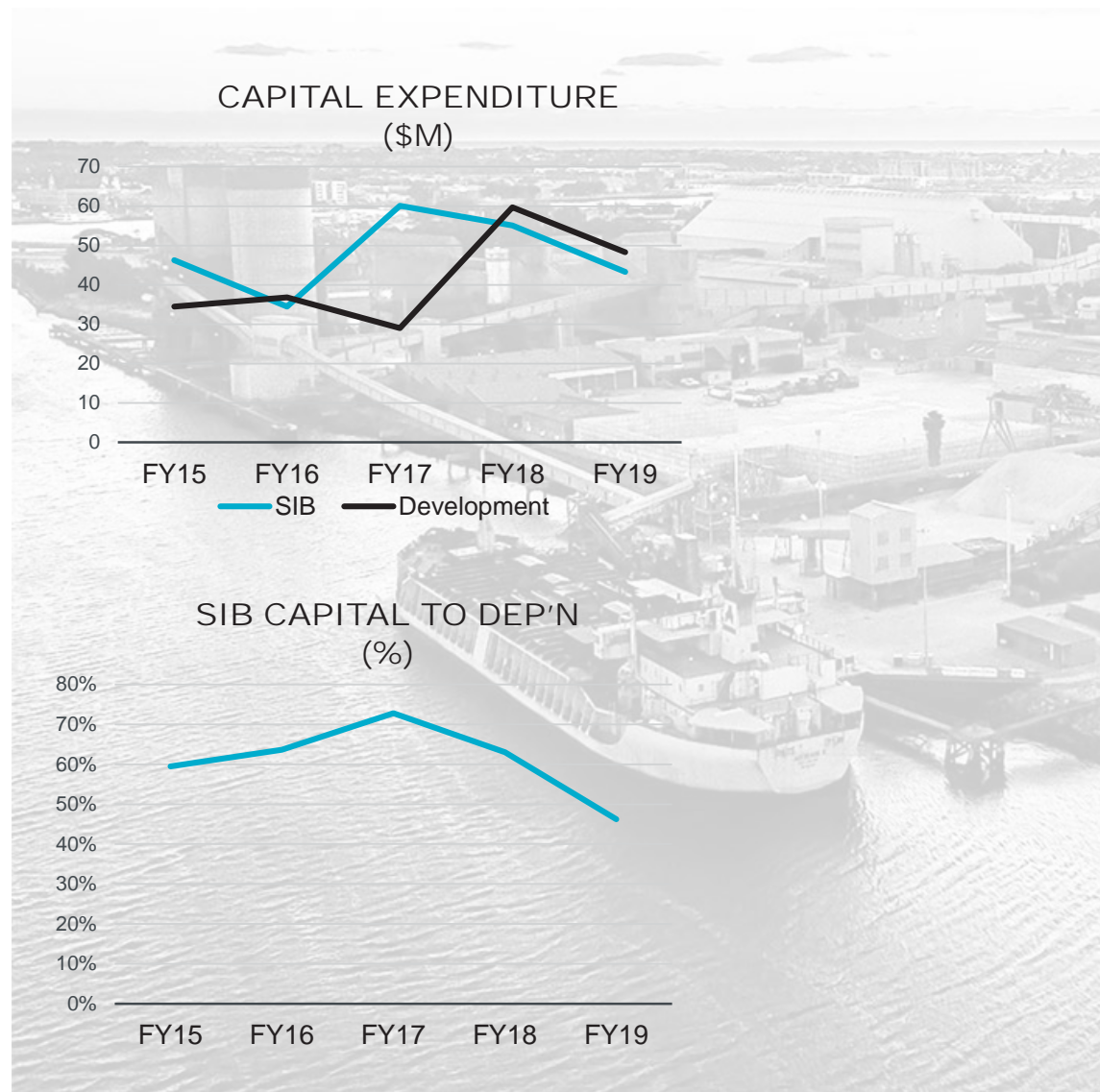
Source: Adelaide Brighton

Dividend policy

- › Payout ratio for 2019 of 68%
- › Average payout ratio previous 4 years has exceeded 90% - increasing leverage and gearing
- › Flexible dividend policy targeting payout ratio of 65 – 75%, which delivers surplus capital back to shareholders over the longer term, whilst maintaining prudent balance sheet position and recognising investment opportunities

Source :Adelaide Brighton

CAPITAL EXPENDITURE



Re-investing in the business

- › Development expenditure in the last 5 years includes investment in vertical integration, focused acquisitions, greenfield and brownfield projects
- › SIB capital spending compared to depreciation has ranged between 46 – 73% over the past 5 years
- › Re-investment in operating assets required to ensure ongoing profitability
- › Near-term projects include refurbishment of the Accolade vessel and potential upgrade of cement grinding facilities at Kwinana (WA)

Major Projects in 2019

- › Scotchy Pocket quarry – greenfield quarry at northern end of the Sunshine Coast, Qld. Commissioned in July 2019, servicing internal concrete plants on the Sunshine Coast and external market
- › Pinkenba concrete plant – greenfield concrete plant located near the Port of Brisbane, servicing the Brisbane CBD and east Brisbane. Commissioning anticipated 1Q20
- › Birkenhead drymix facility – upgrade of drymix packing plant at Birkenhead, SA. Improvement in costs and product quality

A man wearing a yellow hard hat and safety glasses, smiling and looking upwards. He is wearing an orange high-visibility shirt. The background shows a construction site with scaffolding under a clear blue sky.

Adelaide Brighton Ltd

STRATEGY AND OUTLOOK

NICK MILLER
CHIEF EXECUTIVE OFFICER



BUSINESS IMPROVEMENT AND GROWTH STRATEGY

Right size,
reduce costs and
improve
**operational
efficiency**

Grow the
lime
business

Grow
**concrete &
aggregates**

Enhance
capability in
infrastructure

Actively manage
land
holdings

Operate in a **safe and sustainable** manner for the **long term benefit**
of our **shareholders**, our **customers**, our **team members** and the **community**

IMPROVE OPERATIONAL EFFICIENCY AND COST

Adelaide Brighton is Australia's largest cement and clinker importer and Australia's second largest producer






Unmatched cement and clinker distribution network underpins competitive long-term position

Cost-out program 'on-target' to deliver \$30 million in gross cost savings

OPPORTUNITY

- › Right size overhead and fleet
- › Rationalise operational footprint
- › Recycle capital for investment
- › Improve supply chain efficiency in procurement, transport, storage and distribution
- › Improve utilisation of alternative fuels and cementitious materials
 - Use imported materials where demand exceeds the Company's manufacturing capacity
 - Seek opportunities to use supplementary cementitious materials (e.g. ground granulated blast furnace slag and fly ash) in the production of concrete to enhance durability, reduce natural resource consumption and reduce environmental impacts
 - Manage energy costs and operating risks – targeting use of lower cost alternatives through 50% substitution of fuel supply to the Birkenhead (SA) plant in the medium-term and increased use of supplementary cementitious materials

OPERATIONAL EFFICIENCY AND COST

Import model 	Operational efficiency 	Transport 	Shared service 	Procurement 
<ul style="list-style-type: none"> › Alternative raw materials increased by 8% during the year. › Flexible shipping requirements reset for 2020 in order to reduce costs. 	<ul style="list-style-type: none"> › RDF usage increase from 25 to 26%. Higher levels being trialed in consultation with EPA. › Workforce 'right sized' with 4% reduction in employee numbers. › One concrete plant mothballed to date. Quarry under review. Plant sharing strategies during low volume periods. › Overtime and leave being actively managed. › Solar initiatives activated. 	<ul style="list-style-type: none"> › Flex ownership model to maximise cost efficiency. › Modest investment in transport fleet to deliver cost efficiencies now in process. › Optimisation of LOD v owned fleet requirements undertaken. › Key transport contracts renegotiated with good savings being achieved. › Improved pallet recovery management. 	<ul style="list-style-type: none"> › Centralisation of functional support to standardise and automate processes and to reduce costs underway. › Rationalisation of corporate office footprint in progress. 	<ul style="list-style-type: none"> › Procurement now centralised to standardise and automate process and to reduce costs. › Partnering / reciprocal trade to maximise cost efficiencies for raw materials such as aggregates and sand. › Group buying strategies now delivering cost savings in aggregates, transport/cartage, fuels, packaging, pallets and travel.

Gross cost savings \$30 million

Market driven cost headwinds \$20 million

2020 NET TARGET COST SAVING \$10 MILLION

GROW LIME

The Western Australian alumina sector represents about 70% of Western Australian lime demand and remains among the lowest cost alumina producers in the world

OPPORTUNITY

- › Lime business underpinned by low cost mineral resources (secured by a State Agreement Act and long-term statutory approvals)
- › Munster lime plant is a low cost operation with two lime kilns (among the largest globally), with available capacity.
- › Well positioned for growth in line with mining sector demand
- › 2019 saw record highs for Australian dollar gold price. Nickel price expected to rise as a result of higher consumption and Indonesia's restrictions on nickel ore
- › Australia's gold mine production is forecast to grow by 4.9 per cent in 2019–20, and then by a further 2.7 per cent in 2020–21. Capricorn Metals' Karlawinda gold mine project in Western Australia (annual production of 4.0 tonnes) is expected to be commissioned in March 2021.¹
- › New projects and expansions in nickel support increased production outlook for nickel. Australia hosts 26% of world nickel resources and is the 6th largest producer in the world, much of this in Western Australia
- › WA Alumina capacity remains low cost against backdrop of low alumina price – but Australian production outlook remains stable

¹ Source: Department of Industry, Science, Energy and Resources. Resource and Energy Quarterly, December 2019.

VERTICAL INTEGRATION

Downstream integration and diversification continues to provide significant strategic revenue and cost benefits via the pull through of cement and aggregate volumes



OPPORTUNITY

- › Opportunity to continue acquiring high quality, complementary concrete and aggregate businesses in key growth corridors
- › New Swanbank and Larapinta concrete plants, located in south-east Queensland, commissioned and operational
- › The Pinkenba plant, located on the eastern fringe of the Brisbane central business district, is expected to complete in the first quarter of 2020 and will provide the Company with access to Brisbane city projects
- › Scotchy Pocket quarry (Sunshine Coast) commenced sales in July 2019 – well positioned to supply aggregate materials to projects in the area, including the upgrade of the Bruce Highway
- › Austen Quarry at Hartley (in Western Sydney growth corridor) approved annual sales volume limit increased to 1.6 million tonnes, providing headroom to supply infrastructure.
- › Vertically integrated build-out opportunities being considered in south-east Queensland. Badgerys Creek land now secured for concrete plant footprint expansion in Greater Western Sydney.

FOCUS ON INFRASTRUCTURE

Adelaide Brighton has demonstrated infrastructure delivery capability in markets where it is fully integrated – cement, aggregates and concrete



OPPORTUNITY

- › Our ability to deliver into large scale infrastructure projects is strongest where Adelaide Brighton has a fully integrated offering – cement, aggregates and concrete
- › Commitment to invest and expand capability within the business with National Infrastructure Business Development Manager now engaged
- › Construction of roads, highways, subdivisions and bridges is a key driver of construction materials
- › Major infrastructure projects expected to support construction materials demand over the next five years
- › Adelaide Brighton's focus will be on horizontal infrastructure in the greater western Sydney corridor, Victorian regional and south-east Queensland markets
- › Continuation of defence infrastructure delivery in SA and NT

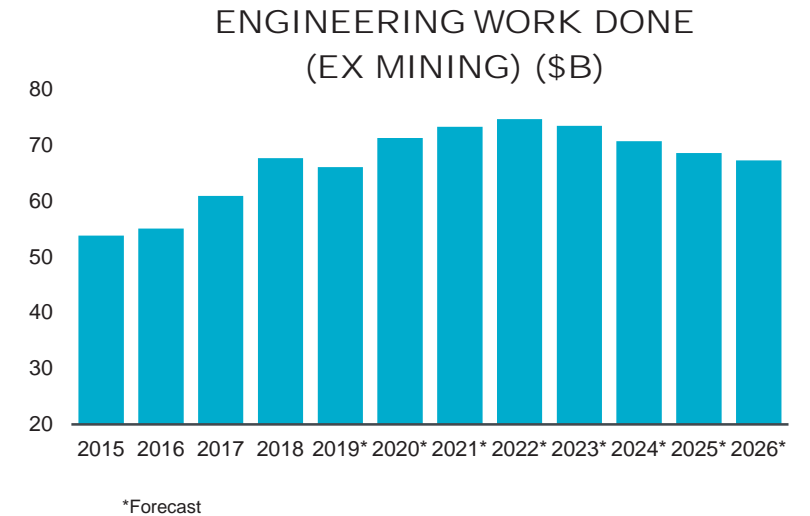
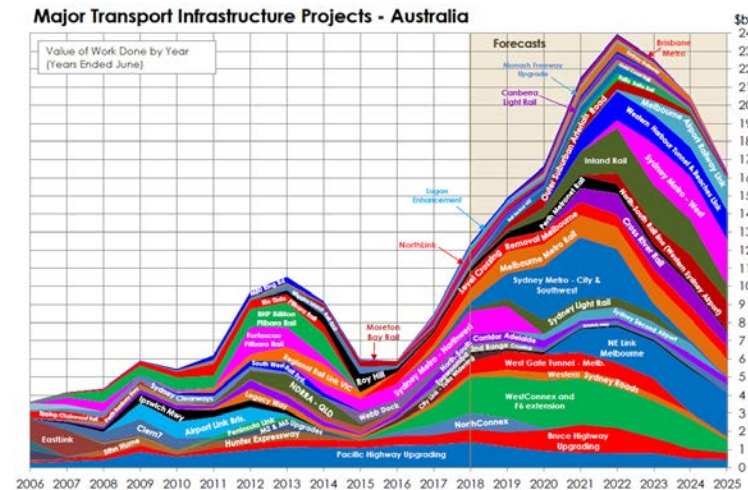
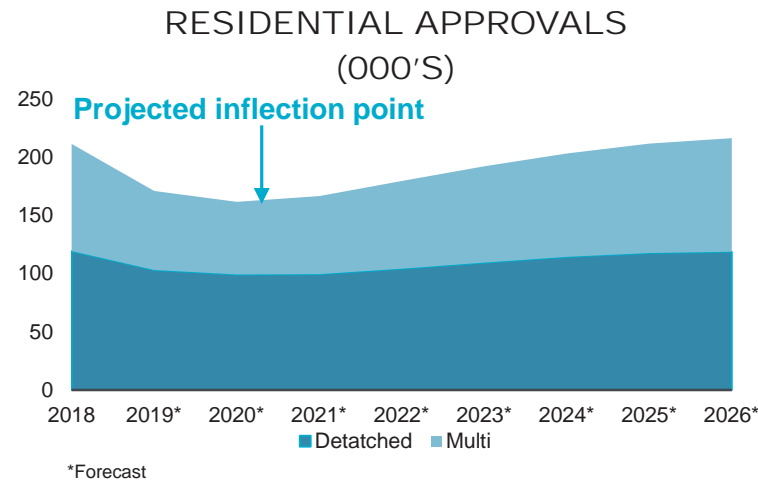
ACTIVELY MANAGE LAND HOLDINGS

Adelaide Brighton will accelerate development and sale of its surplus land holdings

OPPORTUNITY

- › The Company's land portfolio provides a significant earnings and value creation opportunity over the medium to long-term
- › Smaller, surplus land holdings have been identified and are being prepared for sale as an efficient recycling of capital in the near term.
- › Larger land holdings are being considered for higher value use and further development, potentially with experienced partners.
- › Scale opportunities including Batesford Quarry. Adelaide Brighton's landholding of circa 530 hectares is part of the Western Geelong Growth Area, with a framework plan approved by Geelong City Council in 2019. Council hearings for interested parties, have now taken place. The outcomes of these hearings will be known following deliberations by the council.
- › Geelong Hilltop land demolition works in progress to clear site for future development.

PROJECTIONS



Long-term outlook remains strong

- › Residential approvals continue to be challenging in near-term
- › Access to finance and confidence remains low but is expected to improve in 2021
- › Long-term outlook for population growth, which will drive the demand for residential and infrastructure construction, remains strong, particularly on the eastern seaboard of Australia.

Source: Macromonitor

Pipeline of infrastructure investment

- › Pipeline of infrastructure work supports long-term demand for construction materials
- › Strong support across levels of government for investment
- › Timing of commencement and spend rate of projects difficult to predict

Source: Macromonitor

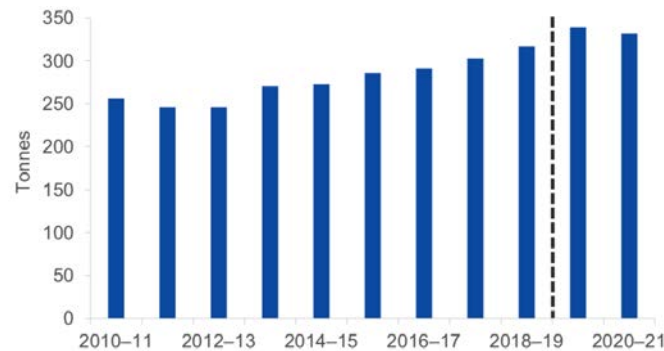
Infrastructure spending continues

- › Infrastructure spending expected to remain at substantially elevated levels for more than five years
- › Significant number of projects have either commenced or are in the planning stages, with bipartisan support for investment across all tiers of government

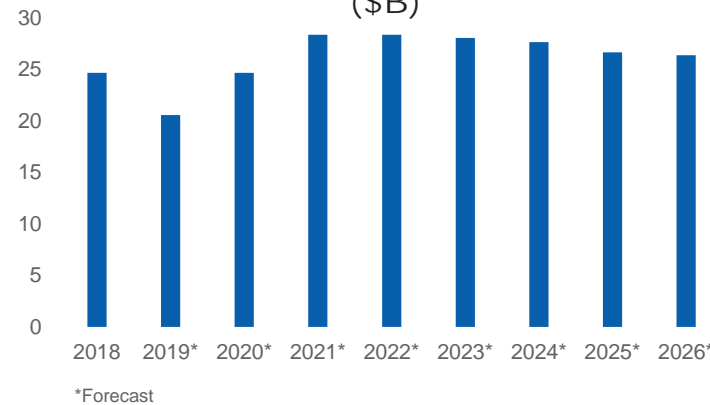
Source: Macromonitor

PROJECTIONS

OUTLOOK FOR GOLD



VALUE OF MINING WORK DONE (\$B)



WA ALUMINA PRODUCTION AND PRICE



Price for gold and nickel supports growth

- › Pricing for gold remains at historic highs, particularly in AUD terms
- › Nickel price recovering with strong outlook for WA production
- › Activity in sector looks to support further demand for cement and lime, particularly in WA

Source: Department of Industry, Science, Energy and Resources Resource and Energy Quarterly, December 2019

Improved mining investment

- › New mining investment will begin following 2019, driven by iron ore and gold production capacity expansion
- › Growth outlook is strong in our key markets of Western Australia and the Northern Territory over the long-term.
- › The Group's Western Australian and Northern Territory operations, deliver key contributions to the Group's profitability and have remained robust through the cycle, supported by a low cost and competitive resources sector.

Source: Macromonitor

Stable outlook for Alumina

- › Projections for Alumina volumes are stable
- › Low cost Australian operations well placed to weather recent decline in price which is expected to stabilise

Source: Department of Industry, Science, Energy and Resources Resource and Energy Quarterly, December 2019

2020 MARKET OUTLOOK

Competitive pressures and subdued construction markets in 2020

Mining sector demand expected to grow again, driven by demand from new gold and nickel projects

- › WA market for cement and lime expected to grow in 2020 driven by resources sector demand. New gold and nickel projects improve outlook for lime and cement.
- › Early signs of recovery in Qld market, driven by resources and construction activity. However, increased market capacity in both cement and concrete will impact pricing. Sunstate volumes will be impacted by our joint venture partner settling supply agreements with third parties.
- › SA cement market rebased following entry of import competition, with prices stabilising in 2H19. Underlying demand expected to be marginally lower following completion of infrastructure projects.
- › NSW residential demand recovery not expected until 2021
- › Vic stable as a result of current infrastructure projects, combined with demand from the industrial and commercial sectors
- › Improved penetration into infrastructure progressing, however project timing means no immediate addition to volumes until 2021.
- › NT to decline marginally following completion of projects
- › Cost pressures remain, with anticipated increase to costs of \$20 million offset by cost-out program savings in 2020 of \$30 million which remain on target

OVERALL SUMMARY

Robust and sustainable business

- › Quality asset base delivering superior returns to shareholders
- › Low cost production with market leading position
- › Broad geographic footprint across mining and construction
- › Safe and sustainable

Demand Outlook

Construction

- › Continued softening in residential construction market with expected inflection point in 2021
- › Infrastructure pipeline to support east coast demand for construction materials over next five years

Mining

- › Iron ore, nickel and gold expansion to increase demand for cement and lime in WA in the near term
- › Alumina demand for lime to remain stable over the medium term with potential to increase in the long-term

Guidance

- › Construction markets remain subdued in 2020, competitive pressures to persist
- › Soft start to 2020 with bushfires / extreme weather
- › 2020 NPAT expected to be 10% lower than 2019 underlying result, based on early assessment of markets
- › Impacts of coronavirus being monitored

Capital Expenditure

- › Anticipate capital expenditure in 2020 of approximately \$130 million, including growth capital for land for future development of concrete plant in Western Sydney
- › Kwinana upgrade in project feasibility. Circa incremental \$150 million spend over 2 – 3 years

Balance sheet and dividend policy

- › Refinancing in 2019 provides increased tenure and headroom for growth opportunities
- › Flexible dividend policy, which delivers surplus capital back to shareholders over the longer term. Board target payout ratio remains at 65 – 75%

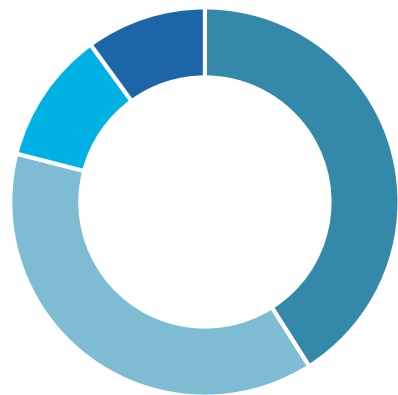


APPENDICES



ECONOMIC DIVERSIFICATION

FY2019
REVENUE BY PRODUCT



- 41% Concrete and aggregates
- 38% Cement
- 11% Lime
- 10% Concrete products

FY2019
REVENUE BY MARKET



- 50% Non-residential & engineering
- 32% Residential
- 18% Mining operations

FY2019
REVENUE BY STATE



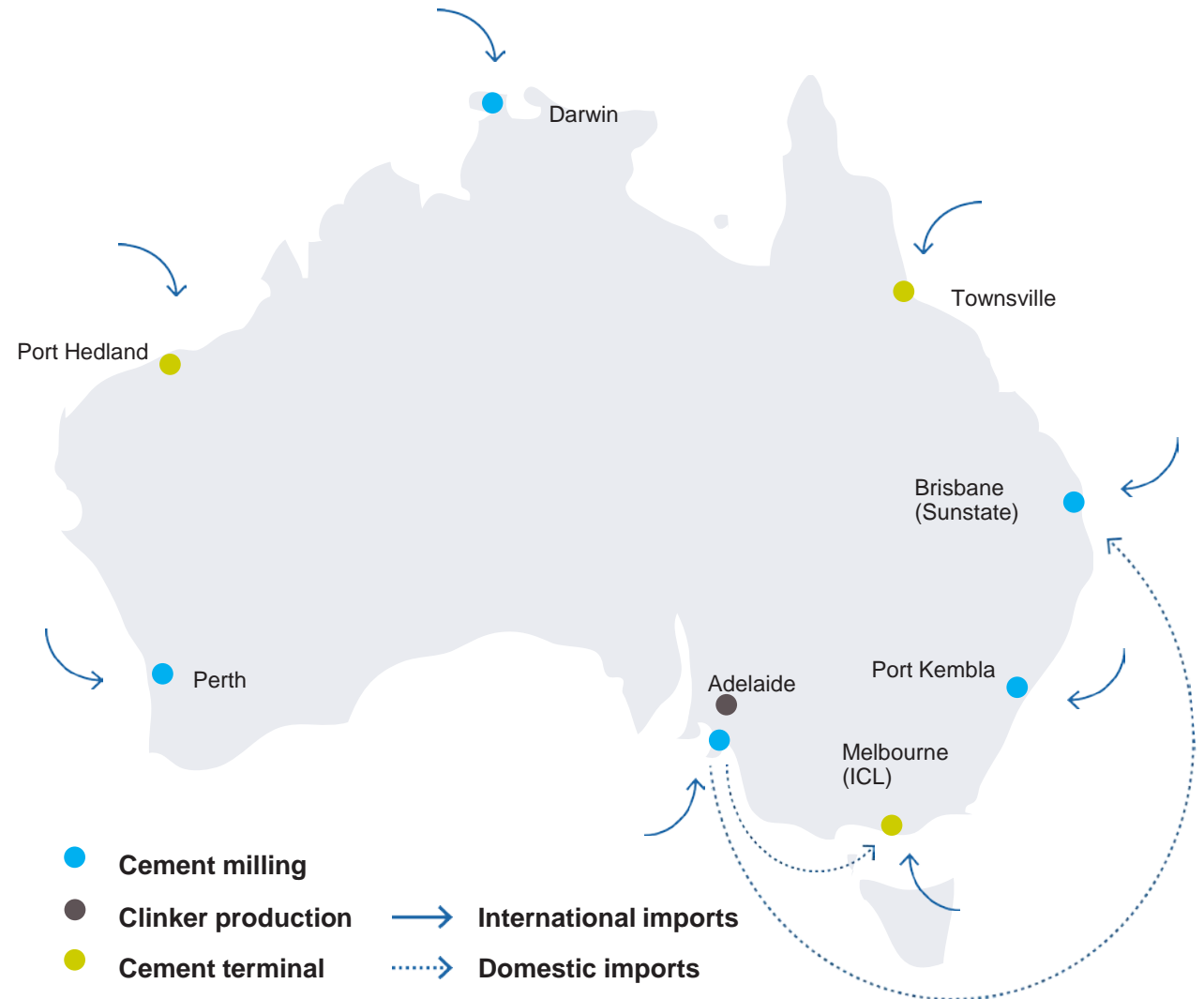
- 24% Victoria
- 20% New South Wales
- 19% Western Australia
- 16% South Australia
- 16% Queensland
- 5% Other



CEMENT PRODUCTION , IMPORT AND DISTRIBUTION

In 2019 Adelaide Brighton's

- › Imports of cementitious materials totalled 2.6 million tonnes
- › Sales of cementitious materials more than 4.3 million tonnes



FINANCE EXPENSE

12 MONTHS ENDED 31 DECEMBER	2018 (\$M)	2019 (\$M)
Interest charges	16.3	17.0
Unwind of discount on leases	-	3.0
Unwinding of the discount on restoration provisions and retirement benefit obligation	1.1	0.9
Interest capitalised in respect of qualifying assets	(1.1)	(0.8)
Total finance expense	16.3	20.1
Interest income	(1.9)	(1.6)
Net finance expense	14.4	18.5
Interest cover (underlying EBIT times) ¹	19.0	10.1

- › Net finance expense increased by \$4.1 million to \$18.5 million
- › The benefit from lower market interest rates was more than offset by:
 - Higher average net debt
 - Interest expense on leases following application of AASB16

¹ EBIT for interest cover excludes significant items

REPORTED PROFIT

12 MONTHS ENDED 31 DECEMBER	2018 (\$M)	2019 (\$M)	CHANGE PCP (%)
Revenue	1,630.6	1,517.0	(7.0)
Earnings before depreciation, amortisation, impairment, interest and tax	352.8	271.6	(23.0)
Depreciation, amortisation and impairment	(87.4)	(189.7)	117.0
Earnings before interest and tax	265.4	81.9	(69.1)
Profit before tax	251.0	63.4	(74.7)
Tax (expense)	(65.8)	(16.2)	(75.4)
Minority interest	0.1	0.1	-
Net profit attributable to members	185.3	47.3	(74.5)
Basic earnings per share (cents)	28.5	7.3	(74.4)

- › Reported net profit after tax of \$47.3 million, down 74.5%
- › Significant items of \$75.7 million, including an impairment charge of \$69.8 million after tax
- › Underlying NPAT of \$123.0 million

WORKING CAPITAL

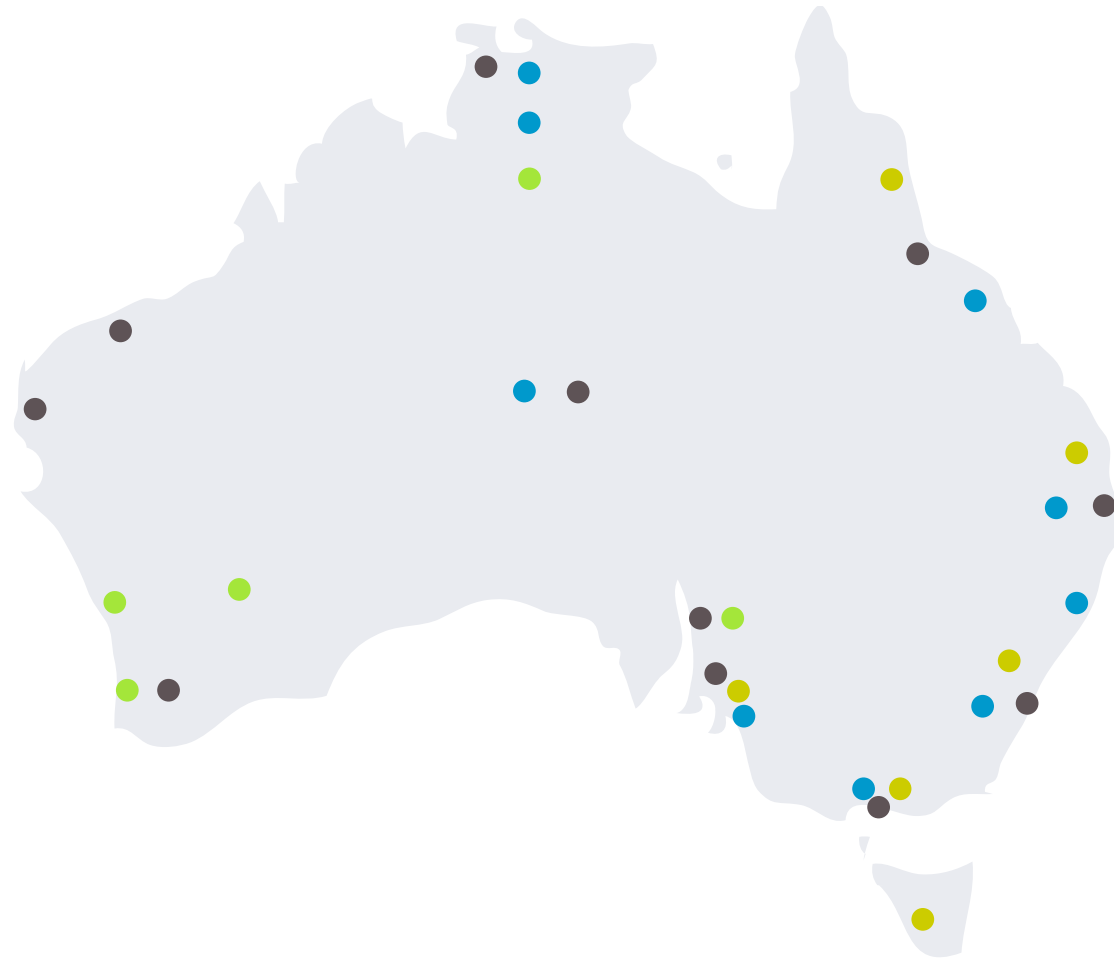
AS AT 31 DECEMBER	2018 (\$M)	2019 (\$M)	VARIANCE (%)
Trade and other receivables (including JV's)	224.8	218.7	(2.7)
Inventories: Cement and Lime	103.2	98.8	(4.3)
Concrete and Aggregates	29.2	25.0	(14.4)
Concrete Products	44.0	31.4	(28.6)
Total inventory	176.4	155.2	(12.0)
YEAR ENDED 31 DECEMBER	2018 (\$M)	2019 (\$M)	VARIANCE (%)
Bad debt expense	1.0	0.6	(40.0)

- › Collections management a focus for December. Lower trade receivables a reflection of lower sales and improved customer collections since 30 June 2019.
- › Inventory lower due to impairment charge of \$24.5 million and tighter management of stock levels.
- › Expected to improve in 2021, following consumption of stockpiles, during Accolade refurbishment

GEOGRAPHIC DIVERSIFICATION

OPERATIONS

- Cement
- Lime
- Concrete and aggregates
- Concrete products



ADELAIDE BRIGHTON BRANDS

Concrete and Aggregates

Cement and Lime

Concrete Products



Northern Cement



Joint ventures

Joint ventures

Joint ventures



Independent Cement and Lime Pty. Ltd



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