ASX Announcement

ADBRI
Building Australia since 1882

23 February 2021

Adbri full year result ended 31 December 2020 - Presentation

We attach presentation slides being delivered by Adbri's Chief Executive Officer, Nick Miller, and Chief Financial Officer, Theresa Mlikota, during briefings on the Company's financial result for the full year ended 31 December 2020.

Authorised for release by the Board.

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Results presentation

Full year ended 31 December 2020

23 February 2021

We acknowledge Aboriginal and Torres Strait Islander peoples as the Traditional Owners of the lands and waters of Australia. We recognise their continuing custodianship of Country and culture and pay respect to their Elders past, present and emerging.

Who we are

Nick Miller

Chief Executive Officer

About Adbri

ADBRI

Adbri has been building a better Australia since 1882.

We're known for being always ready to deliver high performance products on time, every time. We provide cement, lime, concrete, aggregates, concrete products and industrial minerals that last the test of time.

We have a portfolio of respected brands and a national footprint.

What we stand for

Our Purpose

Building a better Australia

Our Promise

Always Ready

Our pillars

Safety

We put safety first

We care about each-other's wellbeing

We live by our Life Saving Rules

Work Safe, Home Safe

Customer Focus

We deliver on our promises

We are agile in meeting our customers' needs

We build long-term partnerships that add value

We act with integrity

Inclusivity

We work together

We embrace differences

We respect and listen to each other

We empower our people

Sustainable Growth

We create value for our investors and our communities

We contribute to a sustainable future

We learn and innovate

We invest in our people

Results summary and business review

Nick Miller

Chief Executive Officer

Results summary

- **Robust profit performance in the context of a challenging environment**
  - Reported profit after tax increased by 98.1% to $93.7 million
  - Underlying profit after tax of $115.6 million decreased by 6.0%, but outperformed original guidance by 4.4%
  - Market demand, weather events and COVID-19 impacts drove revenue down by 4.1% to $1.45 billion
  - Effective cost control resulted in improved underlying EBITDA - margins increased to 18.7% inclusive of COVID-19 costs totalling $6.5 million
  - Pre-tax, non-cash impairment of $21.7 million and restructuring provisions of $5.0 million primarily resulting from the announcement of cessation of Alcoa contract
  - Fully franked final dividend of 7.25 cps approved – bringing total dividends for the year to 12.0 cps, representing a payout ratio of 68% of underlying earnings
- **Strong cash flow and balance sheet**
  - Operating cash flow increased by $63.0 million to $256.2 million
  - Debtors and inventory well managed with DSO improving by 3.3 days
  - Net debt declined to $372.1 million, gearing improved to 30.5%, leverage improved to 1.4x underlying EBITDA
- **Strategic investments continue to form a significant part of the Group's capital program**
  - Badgerys Creek land purchased – development progressing
  - Scotchy Pocket and Pinkenba operations completed and ramping up volumes in key growth markets
  - Kwinana Upgrade Project approved – projected to deliver year 1 savings of ~$19.0 million from mid-2023 following commissioning

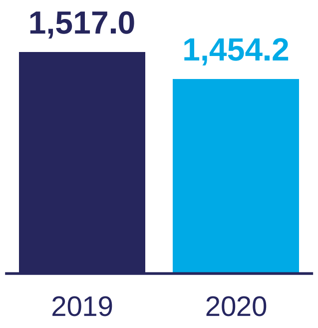
Results summary

- **Proactively managing COVID-19**
  - Business now operating in managed risk environment with increased health and safety protocols
  - Mining and construction sectors “open for business” with only minor disruption to our operations
  - Non-interest cost impact of COVID-19 totalled $6.5 million
  - Government JobKeeper support has been repaid and GST deferrals now aligned
- **Safety and sustainability metrics show outstanding improvement**
  - TRIFR reduced by 47.2% to 5.6[(1)]
  - GHG emissions reduced by 2.3%
- **Outlook remains robust**
  - Outlook for construction materials demand remains robust in 1H21, however is less certain in 2H21, due to timing of infrastructure projects
  - Strong production outlook for gold, nickel, iron ore and alumina
  - Competition continues to be strong with potential for downward pressure on pricing, although pricing was stable in 2020
  - 2H21 earnings expected to be lower due to cessation of Alcoa contract from July 2021, as well as loss of cement sales following the expected commissioning of a competitor’s terminal in NSW
  - Cost-out program expected to deliver $20.0 million in pre-tax cost savings, offset partially by cost headwinds of $10.0 million. COVID impacts expected to be lower
  - January trading was ahead of expectations and February has commenced strongly (excluding Victoria during lockdown)
  - We do not intend to provide specific guidance, due to the inherent market uncertainty associated with COVID-19 and the timing of major infrastructure projects

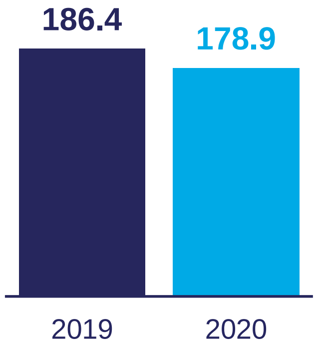
(1) Adbri is adopting the Office of the Federal Safety Commissioner (OFSC) methodology from 2020. TRIFR for 2019 has been adjusted to reflect the change in methodology for comparability

Financial summary

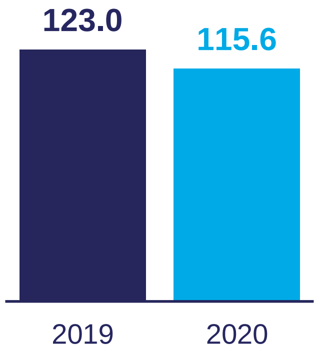
Revenue ($m)



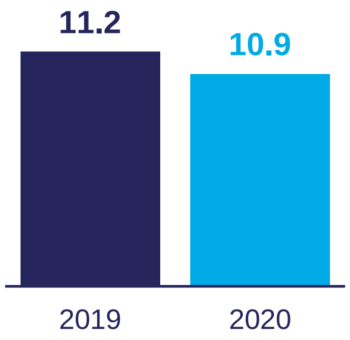
Underlying EBIT[1] ($m)



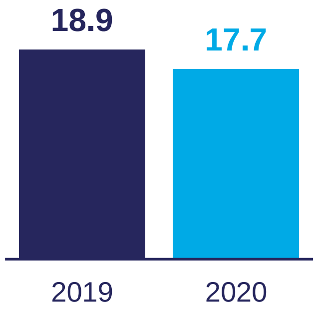
Underlying NPAT[1] ($m)



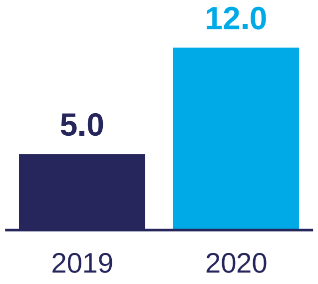
Underlying ROFE[1] (%)



Underlying EPS[1] (cents)



Declared / Approved DPS (cents)



(1) "Underlying" EBIT, NPAT, ROFE and EPS exclude significant items. Refer slide 23 for reconciliation to reported earnings

Contributing to a sustainable future

Safety

47.2%

improvement in TRIFR[1]

Carbon emissions

2.3%

reduction in GHG

Alternative fuel usage

200

basis points increase in usage as a proportion of fuel in SA

Staff engagement

70%

engagement rate

Diversity and inclusion

Reflect RAP approved and implemented

Community investment

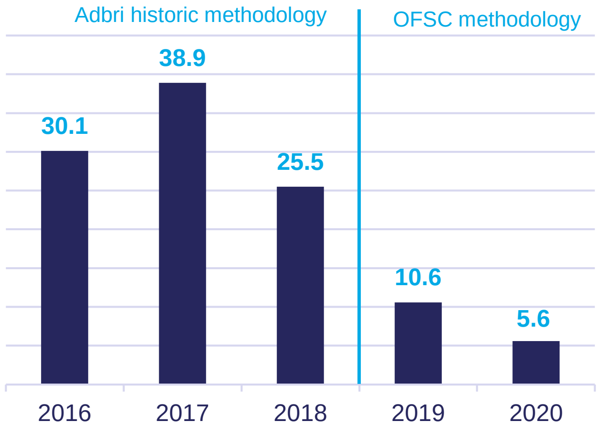
3

Aboriginal and Torres Strait Islander organisation sponsorships

(1) OFSC methodology utilised from 2020, including 2019 comparative

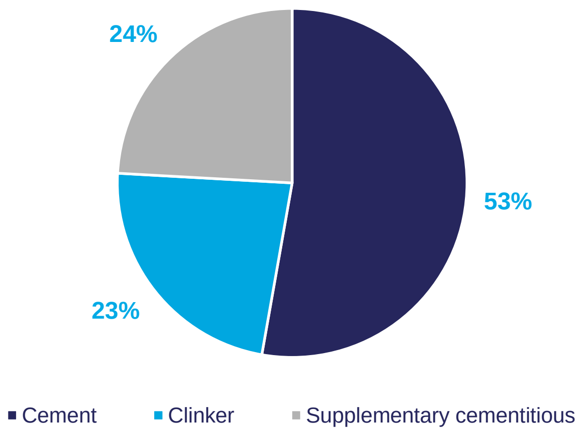
Contributing to a sustainable future

TRIFR(1)

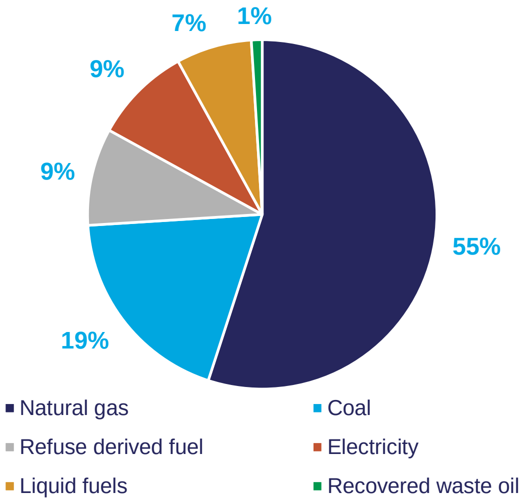


CARBON EMISSIONS (MILLION TONNES)

CEMENTITIOUS MATERIALS

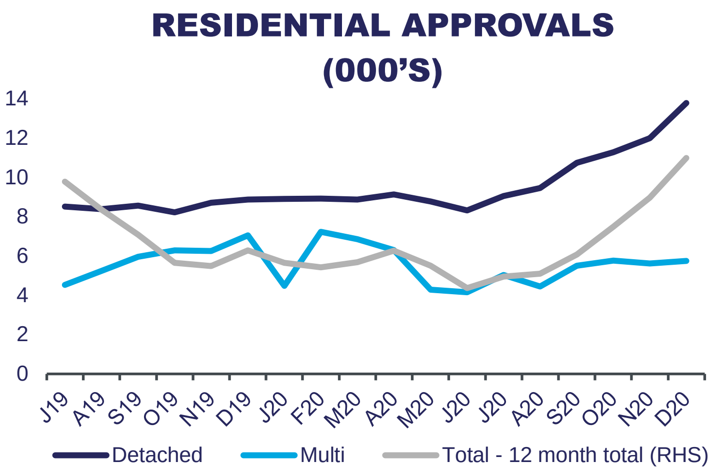


ENERGY BY SOURCE

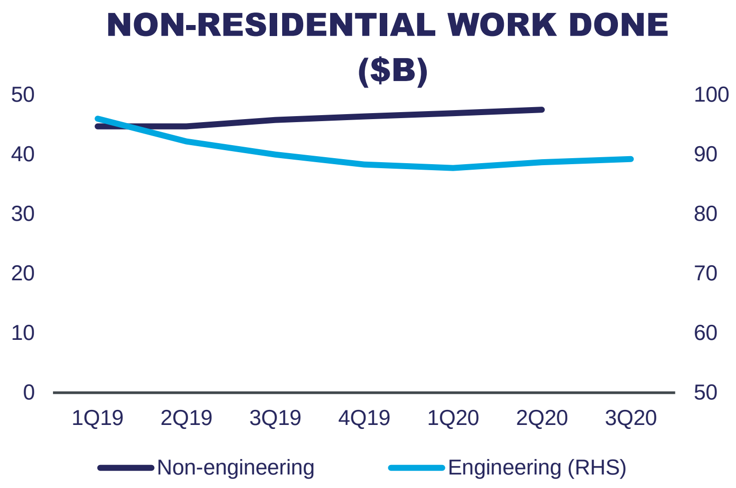


(1) Total Reportable Injury Frequency Rate (TRIFR) is the number of recordable injuries per million man hours worked. Adbri's TRIFR includes employees and contractors. OFSC methodology utilised from 2020, including 2019 comparative

Operating conditions



Source: ABS

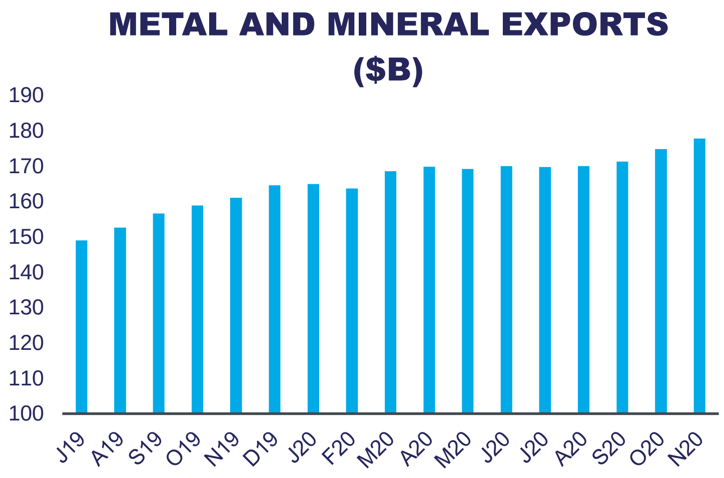


Source: ABS 3Q20 data not available

Construction

- Housing approvals increased by 5.2% yoy driven by HomeBuilder stimulus and state-based Government incentives. This is expected to drive increased demand for construction materials in the first half of 2021
- Lower demand for concrete and cement in 2020 was driven by an oversupply of multi-residential dwellings and weather events in NSW, the completion of infrastructure projects in SA and NT and increased competition in QLD. Demand for aggregates grew, particularly in the second half, driven by demand from subdivision and infrastructure activity
- Government stimulus is expected to support increased demand for construction materials for infrastructure works at the local, state and federal level. Record 10-year land transport infrastructure spending planned, $100.0 billion from 2020-21 by the Federal Government

Source: LBMA

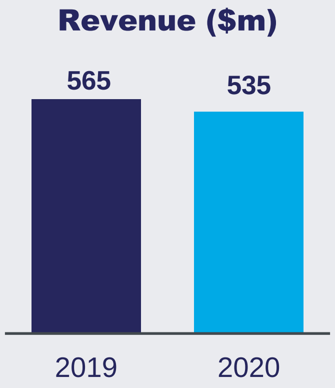


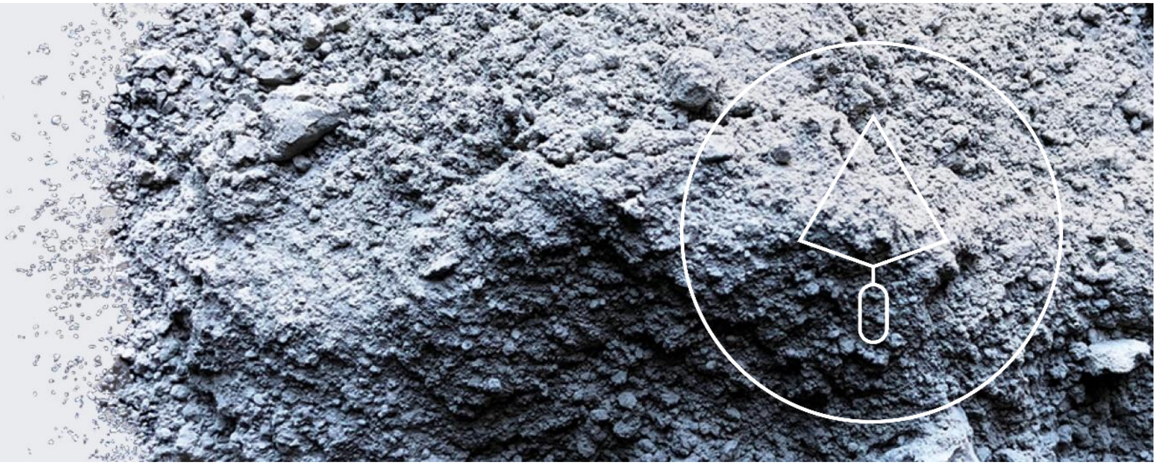
Source: ABS

Mining

- Mining activity continued largely unabated
- Demand for cement from the mining sector continued to grow, largely driven by development / expansion activities in gold and iron ore. Lime demand continued to be buoyed by demand from gold and nickel producers
- Exploration expenditure in iron ore, gold and nickel increased during the period, driving a strong demand outlook for traditional customers, with WA the centre of exploration activity in Australia
- Production outlook for gold, iron ore and nickel remains strong, driven by higher demand and prices:
  - Gold - Boddington increased production, Karlawinda and Penny Gold mines expected to commence mining over the next 18 months
  - Nickel - New projects, expansions and restarts are expected to drive Australia's nickel volumes – Kambalda (Mincor) and Nickel West (BHP), Savannah (Panoramic)
  - Iron Ore - Pilbara expansion projects to meet increased Chinese demand

Cement

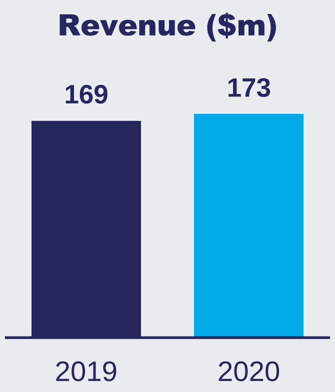


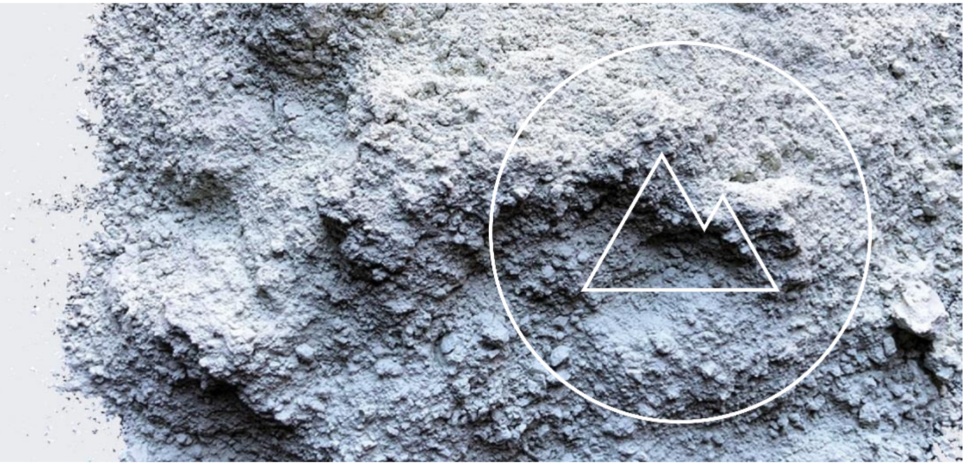


East coast cement demand was impacted by weather events and subdued residential demand, particularly in NSW

- Cement revenue declined by 5.3%, with lower volumes being experienced in NSW due to the oversupply of multi-residential dwellings, and in SA and the NT due primarily to lower demand from infrastructure projects
- WA demand increased due to mining activity
- Victorian demand was stronger than anticipated driven by commercial building
- Cement pricing was reasonably stable across all states, with some moderation in QLD. Average selling prices were supported by increased sales of packaged and bulker bag products. Pricing in the NSW market was reasonably stable in spite of significantly lower demand
- The outlook for cement remains positive, buoyed by Government stimulus which will drive residential and infrastructure demand in 2021. Mining demand is expected to continue to grow on the back of expansion, development and mine restart activity across nickel, gold and iron ore

Lime

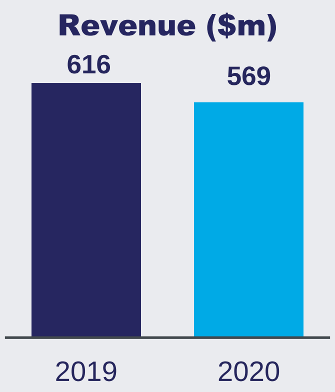




The non-alumina sector continues to grow on the back of increased gold and nickel production

- Lime revenue rose by 2.4%, driven by higher volumes from the WA non-alumina sector which partially offset lower volumes in SA and the NT, and lower pricing which declined by 1.8%
- Lime volumes continue to be supported by the mining sector which has grown on the back of increased production in gold and nickel
- The announced cessation of the Alcoa contract is expected to impact production and earnings more fully from July 2021, with a reduction of approximately 500,000 tonnes per annum
- Cost mitigation strategies were formulated and a strategic review of the lime business conducted, with the Company’s preferred strategy being to increase exposure to the growing quicklime market segment and to remain a key supplier to the mining and infrastructure sectors

Concrete and aggregates



Aggregate volumes have been supported by demand from subdivision and infrastructure activity

Lower residential demand and severe weather events in the early part of the year, particularly in NSW and QLD, drove lower revenues for concrete

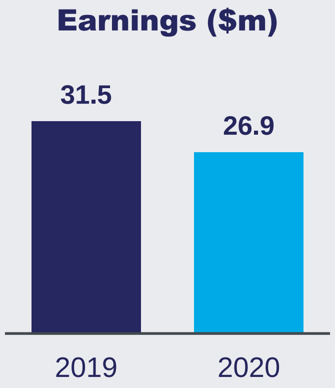
- Revenue decreased by 7.6% driven by lower residential demand, particularly in the NSW market which continues to experience oversupply in the multi-residential market. Severe weather events in early 2020 also impacted NSW and QLD demand
- Concrete volumes were also impacted by lower infrastructure demand, particularly in SA and the NT, following completion of key projects
- Concrete and aggregate prices remained largely stable across the nation, with the exception of the NT, although higher volumes of lower value aggregates drove average aggregate prices down
- Lower sales volumes were countered by significant cost-out initiatives which resulted in higher margins for the Concrete and Aggregates business
- The demand outlook for concrete and aggregates is robust, with the benefit of a strong residential order book, following the release of the HomeBuilder grant scheme. Infrastructure projects are also expected to increase demand in the medium-term, with major spending announced in all states and territories

Concrete products

The Concrete Products business benefitted from increased retail demand driven by home renovations and improvements

- Revenue increased by 2.7% driven by increased retail product sales, despite an overall reduction in volumes
- Higher margin product sales and cost-out initiatives drove higher earnings
- Momentum behind the Group's environmental brick initiative slowed during the period, consistent with slowing demand in the residential sector. Marketing activity has now intensified in conjunction with Federal Government's HomeBuilder stimulus and infrastructure spend
- The business has invested in carbon emission reduction activities through initiatives such as solar power at four of its major production facilities. This results in a reduction in grid electricity usage by up to 22% at these sites
- The short-term outlook for demand from home renovation and improvement activity remains positive, particularly as domestic discretionary consumer spending remains somewhat confined to Australian borders

Joint ventures



Contributions from joint ventures were lower, driven by lower earnings from Sunstate

- Earnings contribution from joint ventures declined by $4.6 million, driven primarily by a lower contribution from Sunstate
- Strong demand from Victoria drove ICL and Mawsons earnings, which were 4.1% and 32.1% respectively higher than the prior period. Regional demand in Victoria is expected to benefit from HomeBuilder stimulus packages into 2021
- Aalborg earnings declined due to COVID-19 lockdown restrictions
- Sunstate earnings remain subdued whilst offtake from our joint venture partner is limited. Queensland demand is expected to improve, driven by residential demand in areas such as the Sunshine Coast
- Regional demand generally is expected to improve as demand for home ownership away from city centres appears to be gaining traction

Financial review

Theresa Mlikota

Chief Financial Officer

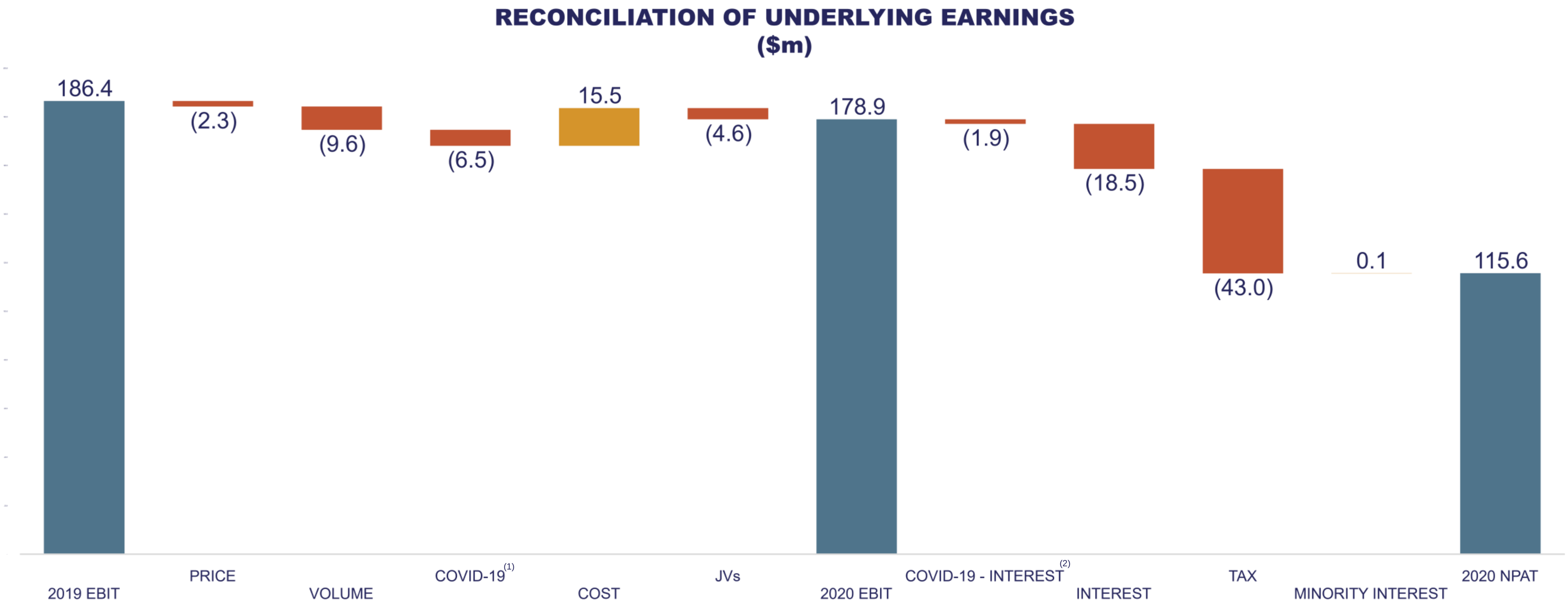
Income statement – underlying*

12 months ended 31 December	2019 ($m)	2020 ($m)	Change PCP (%)
Revenue	1,517.0	1,454.2	(4.1)
Earnings before depreciation, amortisation, impairment, interest and tax	280.0	272.3	(2.8)
Depreciation, amortisation and impairment	(93.6)	(93.4)	(0.2)
Earnings before interest and tax	186.4	178.9	(4.0)
Profit before tax	167.9	158.5	(5.6)
Tax (expense)	(45.0)	(43.0)	(4.4)
Minority interest	0.1	0.1	-
Net profit attributable to members	123.0	115.6	(6.0)
Basic earnings per share (cents)	18.9	17.7	(6.3)

* Underlying earnings exclude significant items. Refer slide 23 for reconciliation to reported earnings

- Market demand and severe weather events early in the year impacted overall demand, particularly in the NSW and QLD markets
- Strong demand in WA was driven by increased mining activity
- Completion of infrastructure projects in SA and the NT, reduced overall demand for our products in these states
- Pricing across our product range remained relatively stable in most states, with the exception of the NT where volumes are typically project driven
- Cost-out targets were exceeded resulting in margins remaining stable, in spite of lower volumes
- Interest expense increased as a result of debt being fully drawn to protect against COVID-19 uncertainty. Debt drawn in March was repaid in September, resulting in lower closing net debt
- Tax expense decreased on lower earnings. Effective tax rate of 27.1% increased marginally due to the decline in taxed contribution from joint ventures

Profit drivers

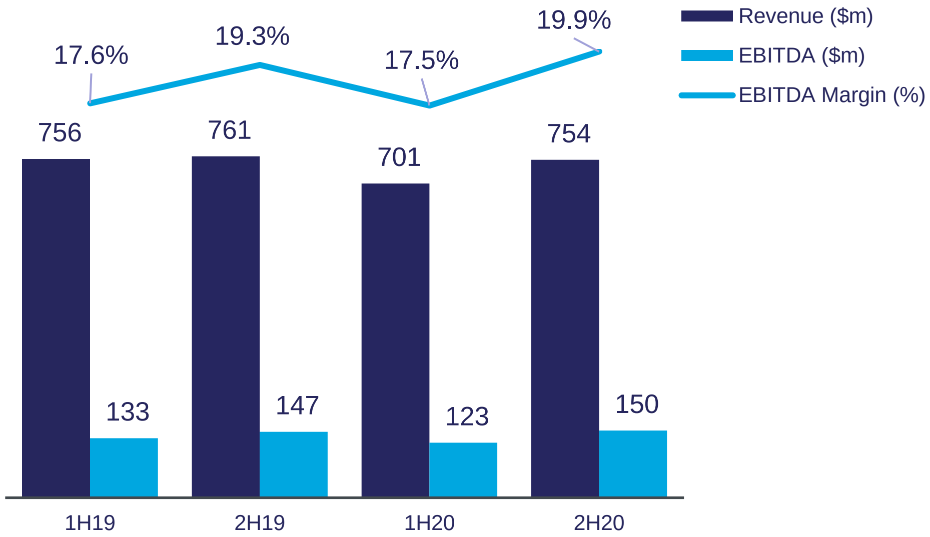


(1) Includes costs associated with management of COVID-19 risks to ensure business continuity (security, sanitiser stations, separation of control rooms, work from home establishment costs and shutdown interruptions)
(2) Debt facilities were fully drawn during the period to protect against COVID-19 uncertainty. Debt drawn in March was repaid in September, resulting in lower closing net debt

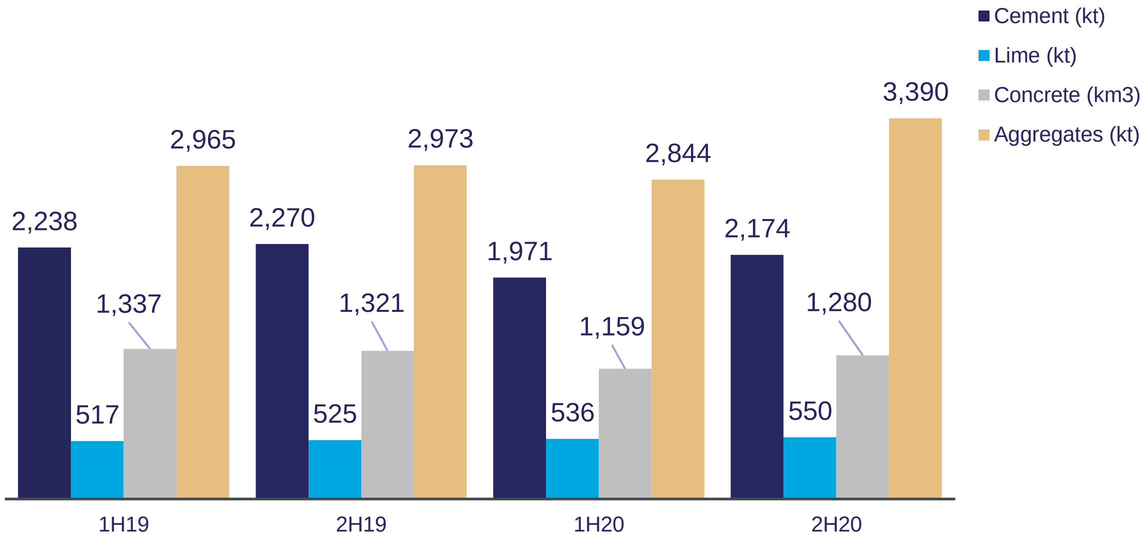
Financial review

H1 v H2 Performance

REVENUE(1) & UNDERLYING EBITDA(1)



VOLUME



2H19 v 2H20

- 2H20 lime and aggregate volumes up 4.8% and 14.0% respectively on pcp
- 2H20 concrete and cement volumes down 3.1% and 4.2% respectively on pcp
- Cost-out initiatives have enabled the business to improve margins despite cost headwinds and slower east coast demand
- Uniquely diverse geographical spread of operations across Australia. Mining demand provides counterbalance to east coast construction
- Exposure to regional construction markets in VIC, NSW and Sunshine Coast in QLD provides a key point of difference in delivering a more stable earnings profile
- 1H20 impacted by weather events and lockdowns

(1) Figures rounded to nearest $ million

Reconciliation of underlying profit

12 months ended 31 December	2019 ($m)			2020 ($m)		
	Profit before tax	**Income tax**	**Profit after tax**	**Profit before tax**	**Income tax**	**Profit after tax**
Underlying profit attributable to members	**168.0**	**(45.0)**	**123.0**	**158.6**	**(43.0)**	**115.6**
Minority interest	(0.1)	-	(0.1)	(0.1)	-	(0.1)
Underlying profit	**167.9**	**(45.0)**	**122.9**	**158.5**	**(43.0)**	**115.5**
Impairment	(96.1)	26.3	(69.8)	(21.7)	6.5	(15.2)
Doubtful debts	(0.9)	0.3	(0.6)	(2.7)	0.8	(1.9)
Corporate restructuring costs	(7.1)	2.1	(5.0)	(6.9)	2.1	(4.8)
Acquisition expenses	(0.4)	0.1	(0.3)	-	-	-
Statutory profit	**63.4**	**(16.2)**	**47.2**	**127.2**	**(33.6)**	**93.6**
Minority interest	0.1	-	0.1	0.1	-	0.1
Statutory profit attributable to members	**63.5**	**(16.2)**	**47.3**	**127.3**	**(33.6)**	**93.7**

- Impairment in 2020 relates primarily to Munster lime assets being placed into care and maintenance, following announcement of the cessation of the Alcoa lime contract. Minor impairments have also been taken in relation to mothballed assets as a result of optimising the Group's production footprint
- Doubtful debt charges relate to debts raised in periods prior to 2020, with excellent debtor recovery experience in 2020
- Corporate restructuring costs include redundancy and one-off employment costs. In 2020, a $5.0 million restructuring provision has been taken up in relation to the closure of lime kiln 5 at Munster. Cost savings are expected to be generated in future periods as a consequence of these redundancies

Balance sheet

12 months ended 31 December	2019 ($m)	2020 ($m)
Cash and cash equivalents	116.8	94.0
Receivables	218.7	200.7
Inventories	155.2	152.1
Property, plant and equipment	1,033.7	1,059.1
Joint arrangements and associate	184.8	197.8
Other assets	444.5	419.2
Total assets	**2,153.7**	**2,122.9**
Payables	144.9	172.0
Borrowings	540.1	466.1
Lease liabilities	87.6	88.7
Provisions	100.5	102.7
Other	83.3	71.4
Total liabilities	**956.4**	**900.9**
Shareholders' equity	**1,197.3**	**1,222.0**

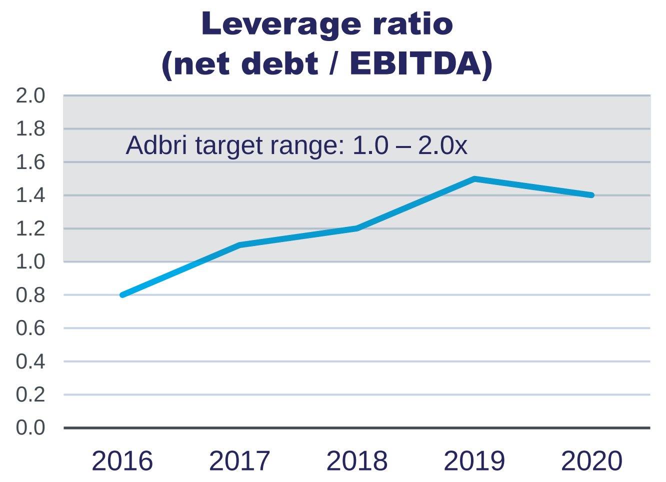
- Strong balance sheet continues to provide liquidity and flexibility during period of ongoing uncertainty
- Debt metrics remain investment grade, within company-imposed limits and well within bank covenants
  - Net Debt of $372.1 million reduced by $51.2 million
  - Leverage improved from 1.5 to 1.4 times underlying EBITDA
  - Gearing improved from 35.4% to 30.5%
  - ND/ND+E improved from 26.1% to 23.3%
  - Interest cover decreased from 15.1 to 13.3 times underlying EBITDA
- Debt facilities were fully drawn for a period to manage COVID-19 uncertainty, increasing cash reserves. Net repayment during the period of $75.0 million
- Operating working capital actively managed with cash benefit of $48.2 million
  - Debtors days decreased by 3.3 days to 45.8 days
  - Inventory levels managed against high demand for retail products and raw materials stockpile built in anticipation of Accolade refurbishment
  - GST payments deferred in H1 have now been made and were offset by income tax refunds

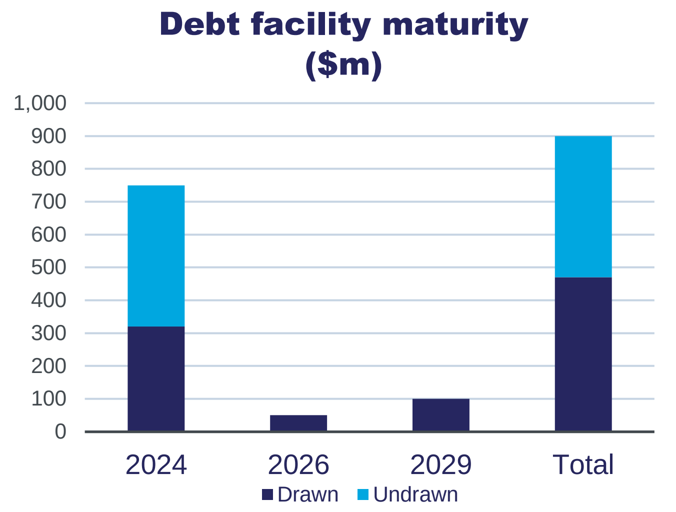
Operating cash flow

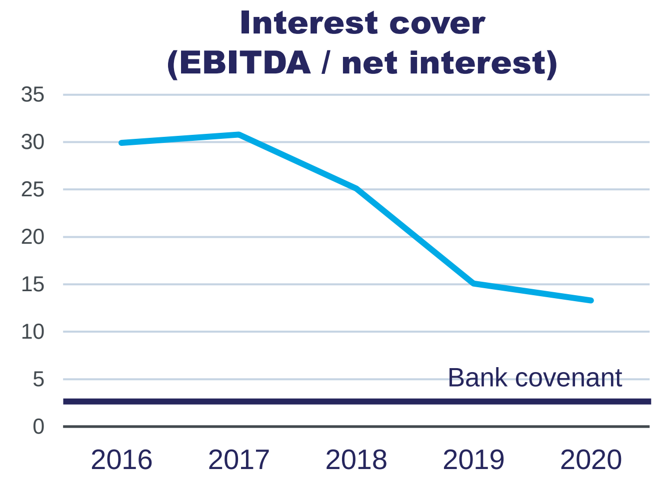
12 months ended 31 December	2019 ($m)	2020 ($m)
Net profit / (loss) before tax	**63.4**	**127.2**
Depreciation, amortisation and impairment	189.7	115.1
Net income tax payments	(53.4)	(18.8)
Change in working capital / provision / tax	22.8	38.8
Net loss / (gain) on sale of assets	(0.3)	(0.3)
Other (non-cash add backs including remediation, capitalised interest)	(29.0)	(5.8)
Operating cash flow	**193.2**	**256.2**
Stay-in-business capex	(43.3)	(78.9)
Asset sales	4.7	4.5
Development capex	(48.3)	(57.5)
Dividends	(97.8)	(63.6)
Other (lease payments, JV loans, shares issued)	(5.3)	(8.2)
Net cash flow before debt funding	**3.2**	**52.5**

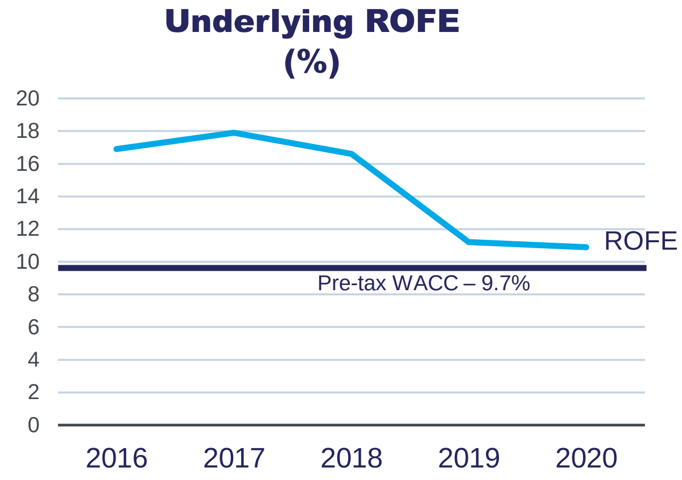
- Strong operating cash flow driven by active working capital management and lower tax payments
- Decline in pre-tax impairment from $96.1 million in 2019 to $21.7 million in 2020
- Income tax payments lower due to benefit of tax refunds and lower earnings
- Capital expenditure increased:
  - Stay-in-business included: relocation of Melbourne South Wharf concrete plant, refurbishment of Birkenhead 30,000 tonne silo, advanced spending for Accolade dry-dock, deposit on land in Rosehill (Sydney) to relocate concrete plant subject to compulsory acquisition by NSW Government
  - Development included: strategic land acquisitions, completion of Pinkenba concrete plant, production efficiency spending
- Lower dividend payments in line with prior period earnings

Capital management







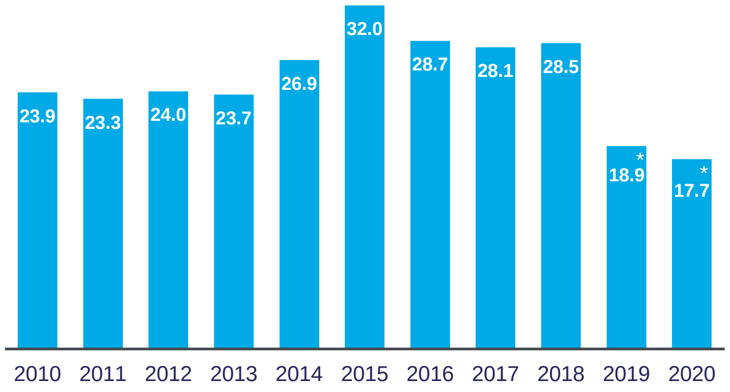


- Investment grade metrics and balance sheet flexibility continue to be maintained
- Leverage and gearing improved and at lower end of preferred range
- Liquidity remains strong, debt maturity averages 4.6 years
- Significant headroom within debt covenants
- Underlying Return on Funds Employed stable at 10.9% and above cost of capital, despite difficult market conditions
- Long-term ROFE improvement
  - Kwinana upgrade
  - Development of downstream land investments
  - Ongoing cost-out

Financial review

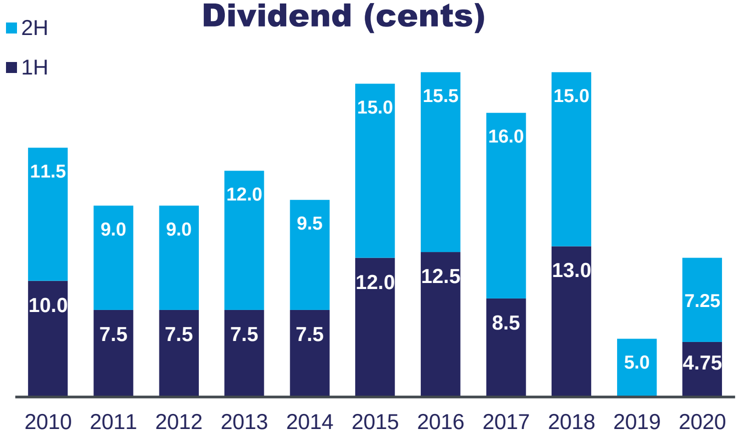
Sustainable shareholder returns

EPS (cents)

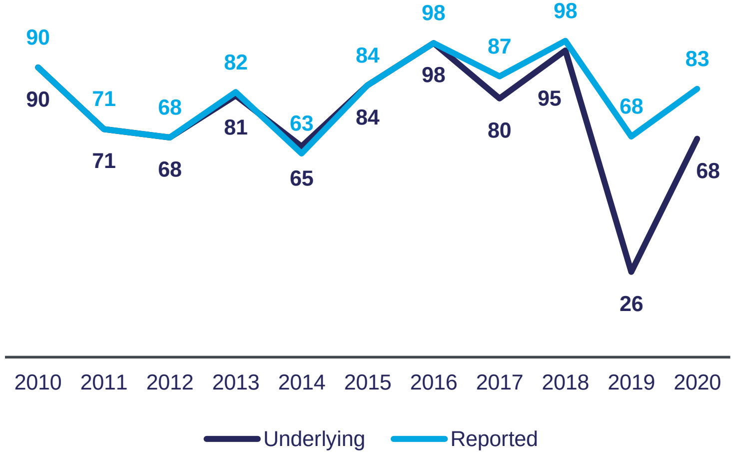


* Underlying earnings per share

Dividend (cents)



Payout ratio (%)



Stable earnings profile

- Long-term earnings reflect robust business model and diverse portfolio of assets
- Softness in residential construction, weather events and COVID-19 impacting earnings over more recent periods
- Geographic spread of operations and products well placed to participate in Government stimulus measures – HomeBuilder and infrastructure spend
- Diversity of revenue across mining provides good countercyclical balance to east coast construction markets

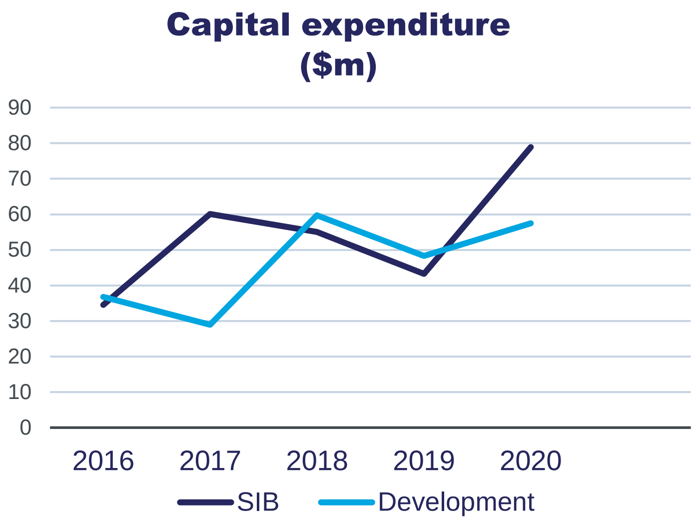
Returns to shareholders

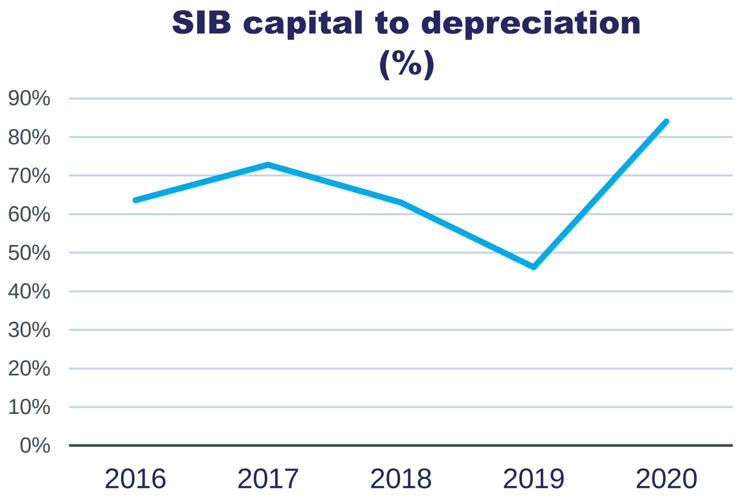
- Strong balance sheet, cash flows and earnings performance underpin payment of a final dividend to shareholders
- Dividends utilised to return excess capital to shareholders
- Payout reflects capital position and future capital needs of the business – particularly considering future investment in Kwinana and development of downstream opportunities

Dividend policy

- Board dividend policy 65 - 75% of earnings, subject to future capital needs
- Total 2020 dividends of 12.0 cents per share represents a payout ratio of 68% of underlying earnings and 83% of reported earnings
- Balanced capital structure to maximise value to shareholders
- Franking account in excess of $130.0 million

Capital expenditure





Re-investing in the business

- Total capital investment spending in 2020 of $136.4 million, an increase of $44.8 million on 2019
- SIB increased to 84% of depreciation due to higher re-investment required to maintain long-life assets
- Development capital includes investment for future growth including strategic land acquisitions, increase in cement blending capabilities and plant efficiency upgrade

Major Projects in 2020

- Purchase of land at Badgerys Creek for future concrete plant to service the Western Sydney Aerotropolis
- Acquisition of quarry reserves to provide long-term security (Sellicks Quarry)
- Completion of greenfield / brownfield development capital projects, including Scotchy Pocket quarry, Pinkenba concrete plant and Birkenhead dry-mix packing plant upgrade
- Purchase of long-lead capital items (engine, gearbox) for Accolade refurbishment occurring in 1H21
- Relocation of South Wharf (Port Melbourne) concrete plant

Strategy and outlook

Nick Miller

Chief Executive Officer

Business improvement and growth strategy

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

Cost-out program exceeded expectations with cost savings of $35.5 million identified and implemented, against backdrop of cost headwinds of $20.0 million

2021 program targeting $20.0 million in savings against cost headwinds of $10.0 million

Kwinana Upgrade Project expected to deliver almost $19.0 million in Y1 cost savings post commissioning from mid-2023

Building a cost-competitive business

2020

	$M
Cost-out achieved	35.5
Cost headwinds	(20.0)
Net savings	15.5

Key drivers

- Import Model
- Procurement
- Shared Services
- Transport
- Workforce Planning
- Operational Efficiency

2021

	$M
Cost-out target	20.0
Cost headwinds	(10.0)
Net savings	10.0

Key drivers

- Procurement
- Gas Purchases
- Shared Services
- Org. Redesign
- RDF Usage
- Operational Efficiency

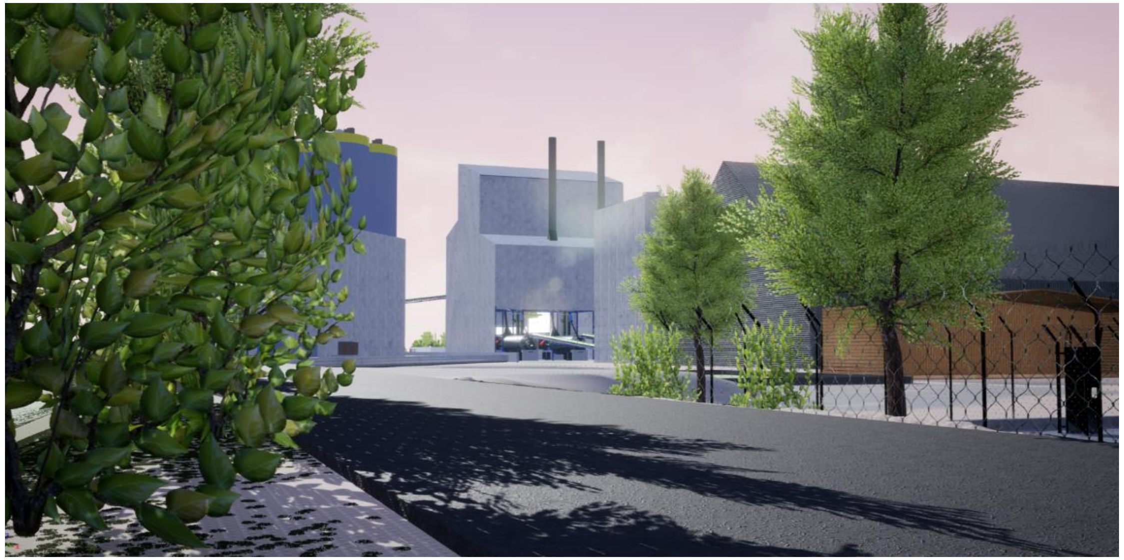
Beyond 2021

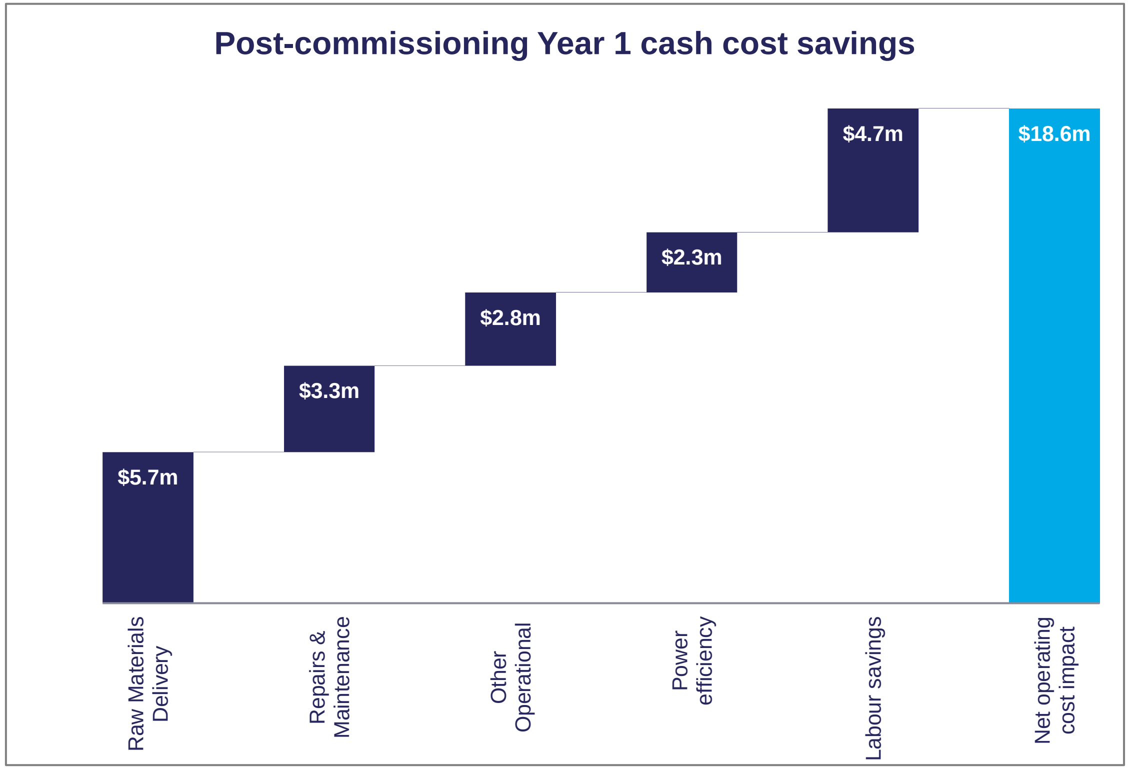
- Tech & Innovation
- RDF Usage
- Kwinana Upgrade

Kwinana Upgrade

Key Metrics

- Capex - $199.0 million
- Year 1 cash cost savings post-commissioning of ~$19.0 million
- Net present value in excess of $125.0 million
- Internal rate of return in excess of 15%





Transform Lime

Outlook for lime demand from mining sector remains strong buoyed by production forecasts for nickel and gold

Opportunity

- During the period, the Group undertook a strategic review of its lime business, following notice Alcoa would not review its lime supply contract beyond June 2021
- The loss of the Alcoa volumes to import competition will substantially reduce sales volumes, with consequential impacts to production and workforce requirements at our Munster site
- In addition to cost mitigation initiatives, the strategic review explored a range of options and opportunities, with the objective of increasing shareholder value
- The Group’s preferred strategy is to increase our exposure to the growing quicklime market and to remain a key supplier to the mining and infrastructure sectors. At its core, this will involve expanding the Group’s current local strong manufacturing footprint which will provide customers with enhanced quality outcomes whilst remaining competitive with imports
- In strengthening our local manufacturing footprint, we expect to achieve a better customer experience through stable and reliable manufacturing outcomes and less supply chain disruption risk. This should drive improved shareholder value through strong long-term customer relationships

Transform Lime: Customer-focused with broad product range

- Management are now pursuing the development of feasibility studies for several exciting high-grade prospects for our lime business including:
  - The development of a lime kiln operation in Kalgoorlie with raw material supply to be drawn from our high quality Rawlinna deposit, currently in care and maintenance
  - Increasing production capacity at our Dongara site
  - Exploring limestone supply options for the reactivation of a lime kiln operation at our Kwinana site
  - The development of our various associated land holdings

Existing Capacity

Site	Capacity 000's t	% Avail. Lime	Target Market
Munster	1,150	78 - 80	Au, Ni, Alumina
Dongara	110	86	Au, Ni
Angaston	47	86	Infrastructure, Au, Cu, Pb
Mataranka	30	76	Mothballed

High-Grade Options – subject to feasibility studies

Site	Capacity 000's t	% Avail. Lime	Est. Capex $m	Target Market
Kalgoorlie Kiln	200	90	80	Au, Ni, rare earths
Dongara Expansion	200	86	110	Alumina, Au, Ni
Kwinana Kiln	100	90	15	Alumina

Vertical integration

Greenfield and brownfield projects in conjunction with potential acquisitions provide growth opportunities across our vertically-integrated and diversified business model

Opportunity

- Greenfield projects successfully delivered in 2020 include the Scotchy Pocket quarry and Pinkenba concrete plant
- In-fill opportunities of high-quality concrete and aggregate businesses
  - Acquisition in 2020 of Badgerys Creek land provides opportunity to service growing Western Sydney market centred on the Western Sydney Aerotropolis. Planning schemes for the region are progressing and work on development application is underway
  - Acquisition of additional reserves adjacent to Sellicks Hill quarry secures long-term aggregates supply in SA
  - Aggregate reserves in south-east QLD to complement concrete and cement position
- Complementary adjacent industries to maximise pull-through value of upstream products continues to be under review
- Vertical integration opportunities through our joint ventures are also being evaluated focusing on regional opportunities

Focus on infrastructure

State and Federal stimulus measures focused on infrastructure add to existing backlog of projects over near and medium-term

Forrestfield Airport Link, Perth WA

Opportunity

- State and Federal Government COVID-19 stimulus measures include spending on infrastructure projects to assist in job creation
  - Mix of “shovel ready” and major projects to support short and longer term activity in the construction sector
  - Pipeline of projects is strong, with Adbri focus on tenders that can be serviced by cost-competitive, fully integrated operations
  - Adbri’s integrated operations are well placed for announced infrastructure spending in east coast metro markets, regional Victoria through Mawsons and metro and regional markets in SA and the NT
- Additional resourcing to enhance capabilities servicing infrastructure recruited throughout 2020. Team now complete, bidding tender pipeline and engaging with customers
- Supply volumes to infrastructure projects anticipated to grow as successful tenders transition to construction activity

Actively manage land holdings

Opportunity

Land value realisation opportunities are extensive

Land activities focused on properties in Geelong region

- Hilltop land: Remaining silos from the Geelong cement plant were demolished in 2020. Planning concepts progressing and discussions with potential development partners underway
- Batesford quarry: Geelong City Council progressed with framework plan and precinct structure plans with the completion of public hearings. Quarry forms part of the Western Geelong Growth Area. Continue to operate site as an active quarry, generating contribution while planning progresses

Maximise value of surplus land for shareholders

Land Value

Potential Realisation Opportunities[4]

	NON-STRATEGIC SURPLUS LAND	FUTURE OPERATIONS	STRATEGIC SURPLUS LAND	EXISTING OPERATIONS
Strategy	Divest	Fast track DA to accelerate vertical integration	Develop higher value options	Develop higher value options
Horizon	2 – 3 years	2 – 5 years	5 – 10 years	10 – 20 years
Potential Value Realisation	> $50 million[1]	> $100 million[2]	> $300 million[1]	> $200 million[3]

(1) Potential value realisation from disposal of land deemed surplus to existing operational requirements
(2) Potential value realisation from development of acquired land for future operations and/or partial disposal
(3) Potential value realisation from development of land currently in use at existing operations which may become surplus to operational requirements
(4) To be read in conjunction with the disclaimer on slide 49

Key items - 2021 outlook

Construction and mining sector activity continues to improve. HomeBuilder stimulus will support demand in the near-term

Government infrastructure packages will drive medium-term demand for Adbri's products

Population growth and expansion of mining sector will continue to drive long-term demand

COVID-19 creates ongoing uncertainty which requires active management

- Strong Government stimulus and support for construction and mining sectors remaining 'open for business'
- Mining sector demand underpinned by strong production outlook in gold, nickel, iron ore and alumina
- Construction materials demand remains robust in 1H21 supported by HomeBuilder and State Government stimulus, 2H21 less certain due to timing of infrastructure projects
- Increased competition may place downward pressure on pricing, although pricing was stable in 2020
- 2H21 earnings expected to be lower following cessation of Alcoa lime contract (from July 2021) as well as the loss of cement sales from NSW competitor – after-tax impact ~ $16.0 million
- Cost-out program, targeting $20.0 million in savings, offset by $10.0 million in cost headwinds
- COVID impacts expected to be lower in 2021 due to one-off items in 2020
- Capex for 2021 expected to be in the order of $200.0 million, including ~ $75.0 million for Kwinana Upgrade and ~$40.0 million in development capital
- Surplus land sales - $20.0 – 30.0 million in proceeds over the next 2 years
- Kwinana Upgrade Project is expected to deliver ~ $19.0 million in EBITDA savings in its first year of operation post-commissioning
- January trading was ahead of expectations and February has commenced strongly with the exception of the impact of the Victorian lockdown
- At this stage, we do not intend to provide specific guidance, due to the inherent uncertainty associated with COVID-19 and the timing of major infrastructure projects.

Appendices

Appendix 1

Economic diversification

FY2020

Revenue by product

- 42% Concrete and aggregates
- 37% Cement
- 12% Lime
- 9% Concrete products

FY2020

Revenue by market

- 45% Non-residential & engineering
- 37% Residential
- 18% Mining operations

FY2020

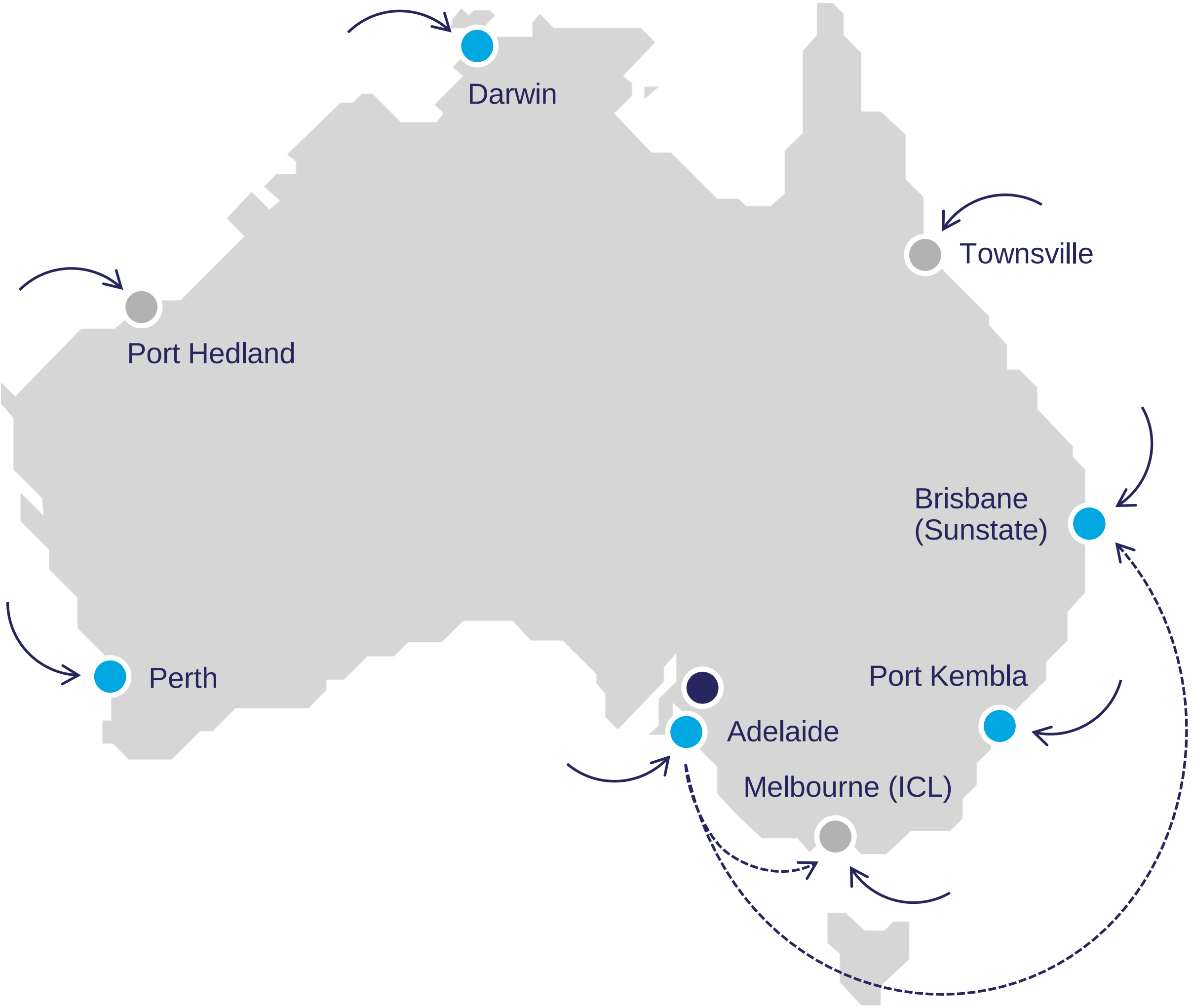
Revenue by state

- 25% Victoria
- 22% Western Australia
- 18% New South Wales
- 16% Queensland
- 15% South Australia
- 4% Other

Cement production, import and distribution

In 2020 Adbri:

- **Imported 2.3 million tonnes of cementitious materials**
- **Sold 4.1 million tonnes of cementitious materials**



- Cement milling
- Clinker production
- Cement terminal
- International imports
- Domestic imports

Finance costs

12 months ended 31 December	2019 ($m)	2020 ($m)
Interest expense	17.0	19.7
Unwinding of discount on leases	3.0	3.1
Unwinding of the discount on restoration provisions and retirement benefit obligation	0.9	0.3
Interest capitalised in respect of qualifying assets	(0.8)	(0.5)
Total finance expense	20.1	22.6
Interest income	(1.6)	(2.2)
Net finance expense	18.5	20.4
Interest cover (underlying EBITDA times)[1]	15.1	13.3

- Higher net finance expense due to:
  - Debt facilities were fully drawn for part of 2020 to manage liquidity given uncertainty with COVID-19
  - Interest earned on higher cash balances as a result of liquidity buffer did not offset higher interest costs
- Interest cover remains strong and well within banking covenants

1 EBITDA for interest cover excludes significant items

Reported profit

12 months ended 31 December	2019 ($m)	2020 ($m)	Change PCP (%)
Revenue	1,517.0	1,454.2	(4.1)
Earnings before depreciation, amortisation, impairment, interest and tax	271.6	262.7	(3.3)
Depreciation, amortisation and impairment	(189.7)	(115.1)	(39.3)
Earnings before interest and tax	81.9	147.6	80.2
Profit before tax	63.4	127.2	100.6
Tax (expense)	(16.2)	(33.6)	107.4
Minority interest	0.1	0.1	-
Net profit attributable to members	47.3	93.7	98.1
Basic earnings per share (cents)	7.3	14.4	97.3

- Improvement in earnings compared to 2019 is due to a $74.4 million pre-tax reduction in impairment:
  - 2019 pre-tax impairment of $96.1 million recognised reflecting impairment testing updated for outlook and reassessment of carrying values
  - 2020 pre-tax impairment of $21.7 million primarily as a result of the decision to mothball Munster kiln 5 following the conclusion of the lime supply contract to Alcoa in June 2021

Working capital

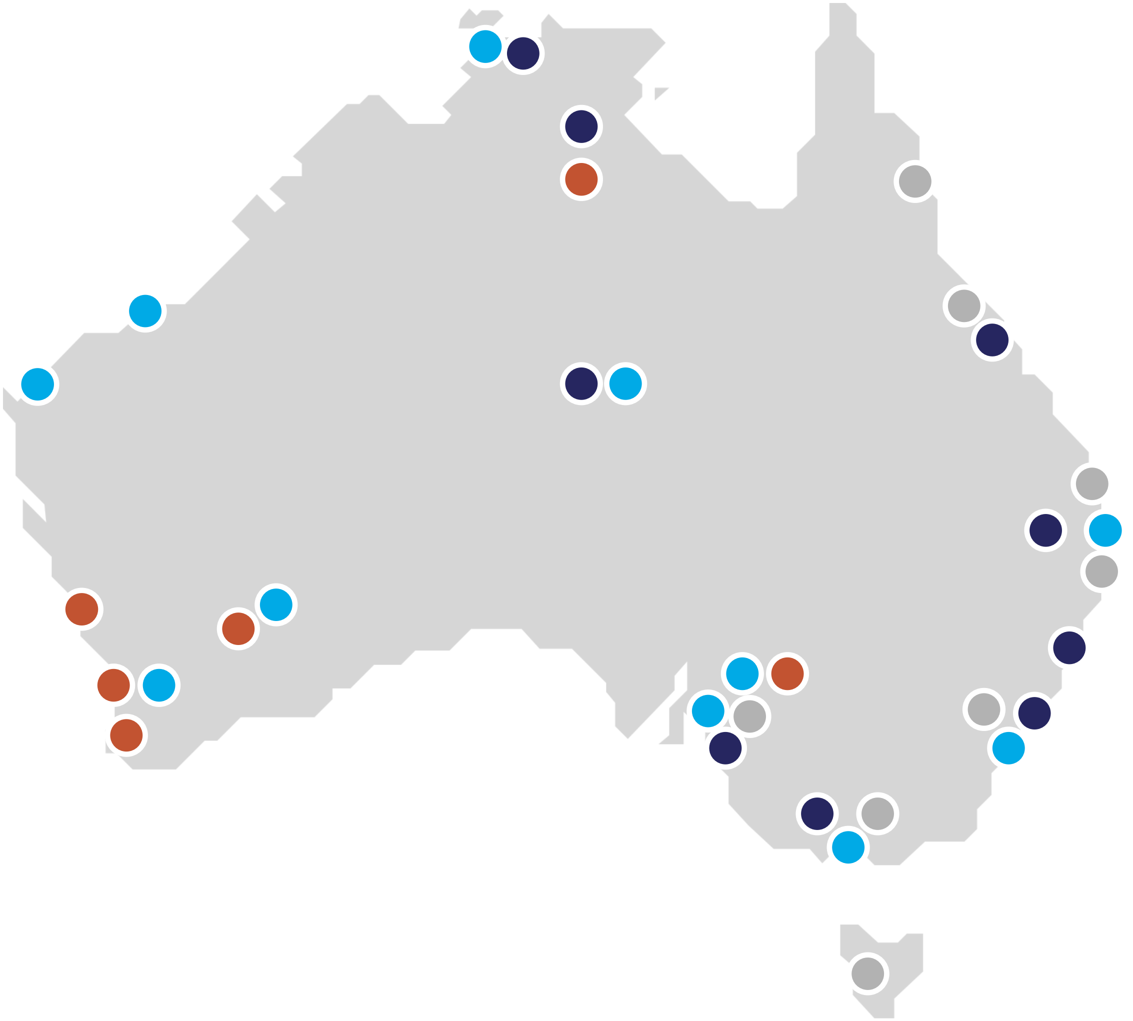
As at 31 December 2020		2019 ($m)	2020 ($m)	(Favourable) / unfavourable (%)
Trade and other receivables (including JV's)		218.7	200.7	(8.2)
Inventories:	Cement and Lime	98.8	97.7	(1.1)
	Concrete and Aggregates	25.0	24.8	(0.1)
	Concrete Products	31.4	29.6	(5.7)
Total inventory		155.2	152.1	(2.0)
Year ended 31 December		**2019 ($m)**	**2020 ($m)**	**(Favourable) / unfavourable (%)**
Bad debt expense		0.6	-	(100.0)

- Debtor days reduced by 3.3 days as part of tighter credit management during COVID-19
- Bad debt write-off related to prior periods (with no specific provision being raised for 2020 sales transactions)
- Stockpiling in preparation for the Accolade refurbishment required raw material stocks at Birkenhead to be maintained at higher levels
- However, levels reduced overall during period as part of improved working capital management

Appendix 6

Geographic diversification

ADBRI



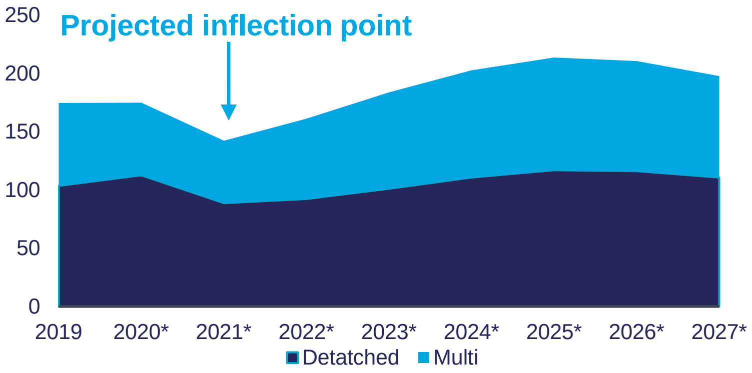
Operations

- Cement
- Lime
- Concrete and aggregates
- Concrete products

Appendix 7

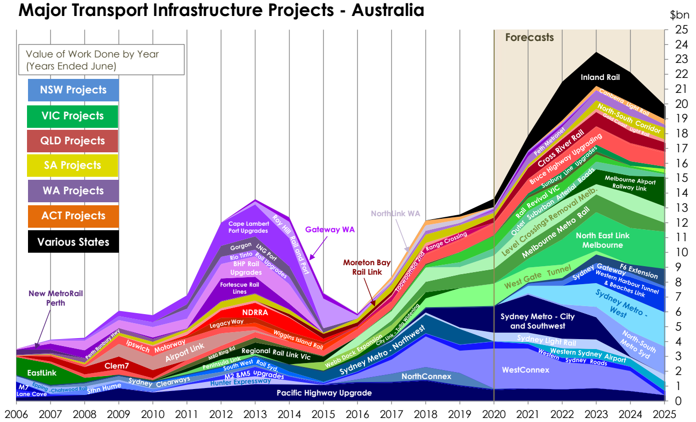
Projections

Residential approvals (000's)



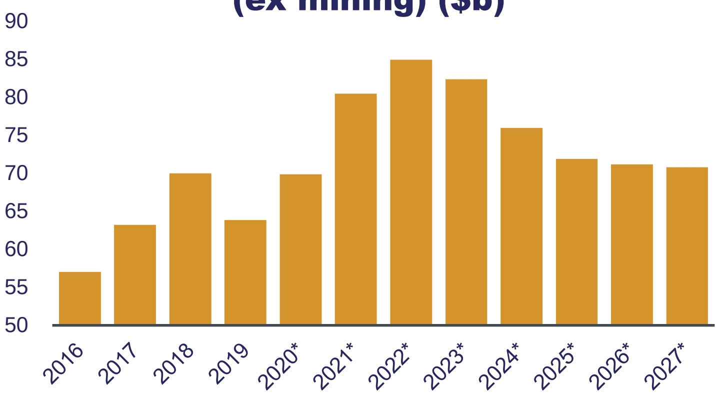
*Forecast

Major Transport Infrastructure Projects - Australia



Note: This chart includes projects with a value of work done greater than $300 million in any single year

Engineering work done (ex mining) ($b)



*Forecast

Long-term outlook remains strong

- Long-term residential construction supported by population growth
- HomeBuilder program lifted approvals in 2020
- Slowing approvals from 2018 have been exacerbated by lack of immigration, however this is expected to revert to stronger growth post COVID-19 pandemic

Source: Macromonitors: 'Australian construction outlook – Overview' December 2020

Pipeline of infrastructure investment

- COVID-19 stimulus measures announced by Federal and State Governments have added to the existing infrastructure pipeline
- Expectation of near-term delivery of projects as part of the focus on 'shovel-ready' projects by Government

Source: Macromonitors, 'Transport and Infrastructure' August 2020

Infrastructure spending continues

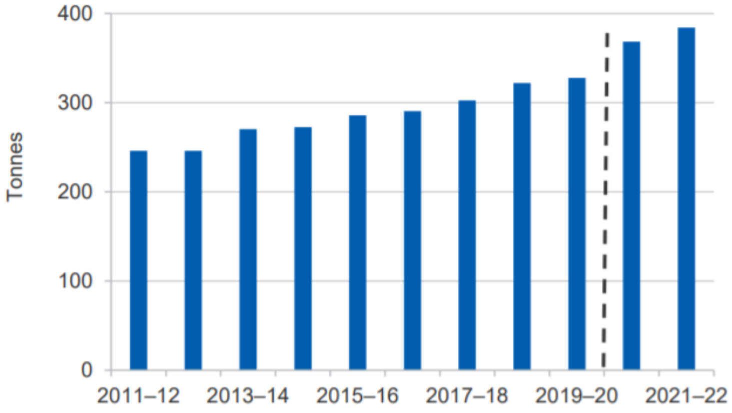
- Infrastructure work has declined since 2018 despite the pipeline of projects
- Long-term demand for construction materials from infrastructure is expected to grow

Source: Macromonitors: 'Australian construction outlook – Overview' December 2020

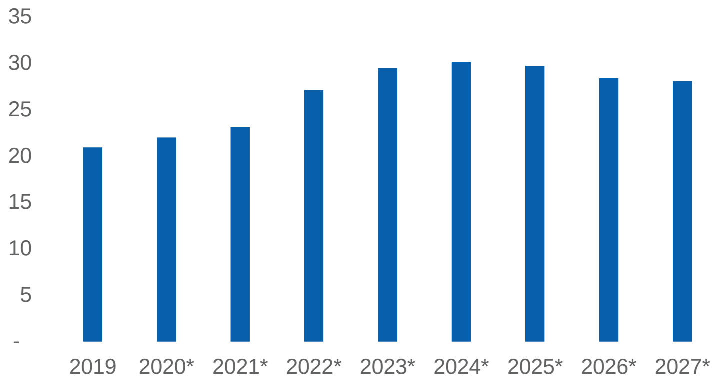
Appendix 8

Projections

Outlook for gold

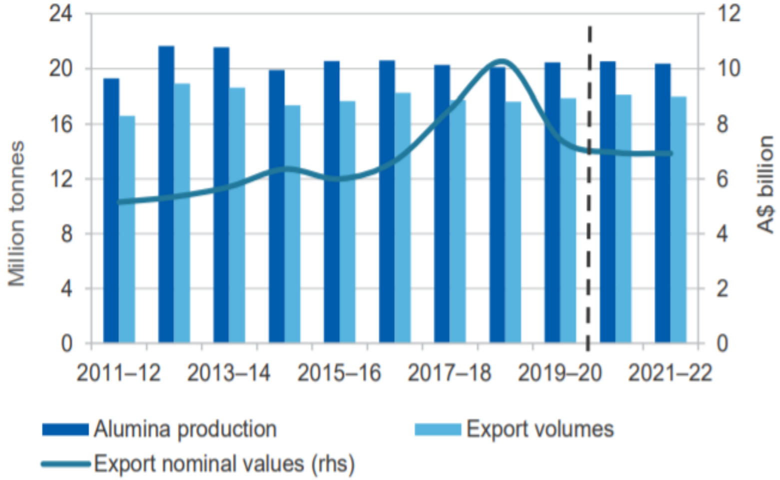


Value of mining work done ($b)



*Forecast

Australian alumina production and price



Price for gold and nickel supports growth

- Gold production forecast to increase as global prices remain robust, supporting re-opening of mothballed mines and new operations
- Nickel developments supported by push for development of batteries across electricity

Source: Department of Industry, Science, Energy and Resources Resource and Energy Quarterly December 2020

Improved mining investment

- Demand from mining forecast to grow to 2024
- Mining activity supports demand for:
  - Cement – mine development and backfill binder
  - Lime – minerals processing and water management

Source: Macromonitors: 'Australian construction outlook – Overview' December 2020

Stable outlook for alumina

- Global demand and cost profile of local operations supports stable volumes from Australian alumina producers

Source: Department of Industry, Science, Energy and Resources Resource and Energy Quarterly December 2020

Appendix 9

Adbri brands

Concrete, Aggregates and Masonry

HY-TEC

CENTRAL PRE-MIX CONCRETE

Penrice Quarry & Mineral

DIRECT MIX CONCRETE

Davalan Concrete

SOUTHERN QUARRIES

PENINSULA QUARRIES

adbri MASONRY

Cement and Lime

Adelaide Brighton Cement Ltd

MCI

COCKBURN CEMENT

Northern Cement LIMITED

Swan Cement

Joint ventures

MAWSONS

BATESFORD QUARRY GEELONG

Joint ventures

Sunstate Cement Ltd.

aalborgportland CEMENTIR HOLDING

Independent Cement

Joint ventures

Burrell Mining Services

adbri.com.au

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