ASX Announcement

25 August 2021

Adbri half year results ended 30 June 2021 - Presentation

We attach the 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 results for the half year ended 30 June 2021.

Authorised for release by the Board.

-ENDS-

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Domestique Media Advisor

Results presentation

ADBRI
Building Australia since 1882

Half year ended 30 June 2021

25 August 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.

Results summary and business review

Nick Miller

Chief Executive Officer

Results summary

- **Improved demand driving profit performance**
  - Reported profit after tax increased by 94.5% to $56.6 million
  - Underlying profit after tax of $55.0 million up 15.5%
  - Demand from eastern seaboard markets lifted volumes, revenue up by 7.4% to $752.3 million
  - Leveraging higher revenue and focus on cost control resulted in improved underlying EBITDA margins – increasing from 17.5% to 17.7%
  - Fully franked interim dividend of 5.5 cents per share approved, representing a payout ratio of 65.3% of underlying earnings
- **Strong balance sheet**
  - Operating cash flow down $39.5 million to $76.8 million primarily due to COVID-19 stimulus measures in 1H20 that reversed by the end of 2020
  - Debtors continue to be well managed with debtors days improving by 5.2 days compared to December 2020
  - Net debt of $411.9 million, $39.8 million higher than December 2020 and in line with June 2020
  - Credit metrics remain within the Board's target range - gearing(1) 33.3%, leverage(2) 1.5x underlying EBITDA
  - Bank covenants well within limits
    - Net debt / (net debt + equity) - 25.0%
    - Interest cover(3) – 14.1 times underlying EBITDA
- **Delivering on strategic initiatives**
  - Growth in non-alumina customer base for lime, including Northern Star's Super Pit and Newmont's Boddington mine
  - Formal agreement reached with Alcoa to supply lime to their Wagerup facility until the end of September 2021
  - Mawsons joint venture agreed to acquire the Milbrae concrete, aggregates, and crushing business from 1 July 2021, subject to completion
  - Kwinana upgrade project is underway – award of key subcontractors, ramp-up in activity in 2H21
  - Land RFP and sales processes underway – source of significant value uplift

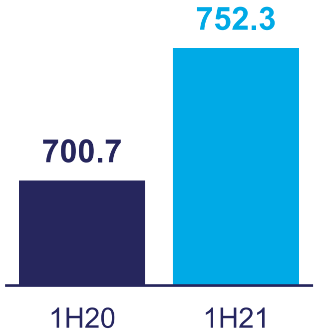
(1) Gearing defined as net debt/equity, net debt is calculated as total borrowings less cash and cash equivalents. Lease liabilities recognised under AASB 16 are excluded from net debt
(2) Leverage defined as net debt/trailing 12-month underlying EBITDA
(3) Interest cover defined as 12-month trailing EBITDA/net finance costs. Net finance cost is the net of finance costs shown gross in the consolidated income statement and interest income included in other gains/losses

Results summary

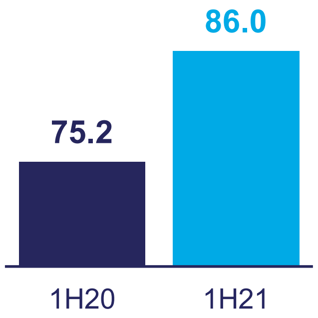
- **Sustainability a key pillar to Adbri's purpose**
  - Adbri announced its aspiration - net zero carbon emissions by 2050
  - Alternate fuel usage at Birkenhead a key initiative to reduce carbon emissions – increased kiln fuel substitution rate from average of 25% in 2020 to a run-rate of 39.1% achieved in June 2021. Targeting 50% by 2025
  - TRIFR reduced 20.5% to 6.6 since June 2020
- **Positive outlook despite near term uncertainties**
  - Government stimulus measures anticipated to support demand throughout 2H21, however COVID-19 restrictions create uncertainty
  - Demand from mining sector remains strong with positive outlook for gold, nickel, iron ore and alumina
  - The Company has shown resilience with July and August sales volumes in line with, or ahead of company expectations in all markets, except NSW and SA due to COVID-19 lockdowns
  - 2H21 earnings will be impacted by previously announced reduction of lime volumes to Alcoa, anticipated commencement of competing cement import terminal in NSW, and COVID-19 impacts including, limitations on construction activity and increased costs caused by the delayed return of the Accolade from its drydock in Singapore
  - The uncertainty brought about by the Delta strain of COVID-19, makes it difficult to provide any further update on the Company's financial outlook at this time

Financial summary

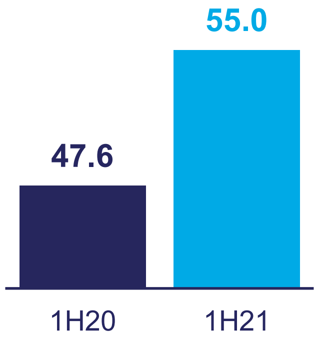
Revenue ($m)



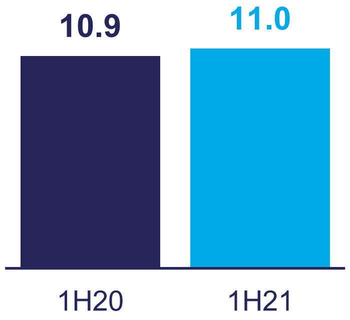
Underlying EBIT[1] ($m)



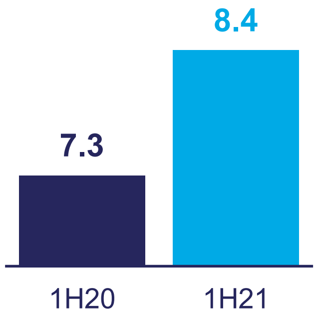
Underlying NPAT[1] ($m)



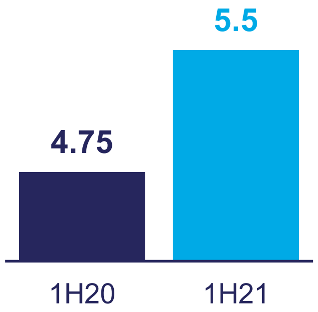
Underlying ROFE[1] (%)



Underlying EPS[1] (cents)

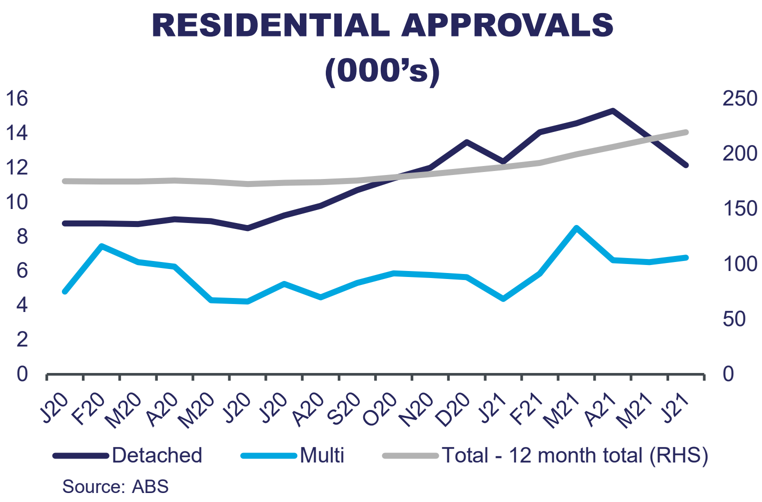


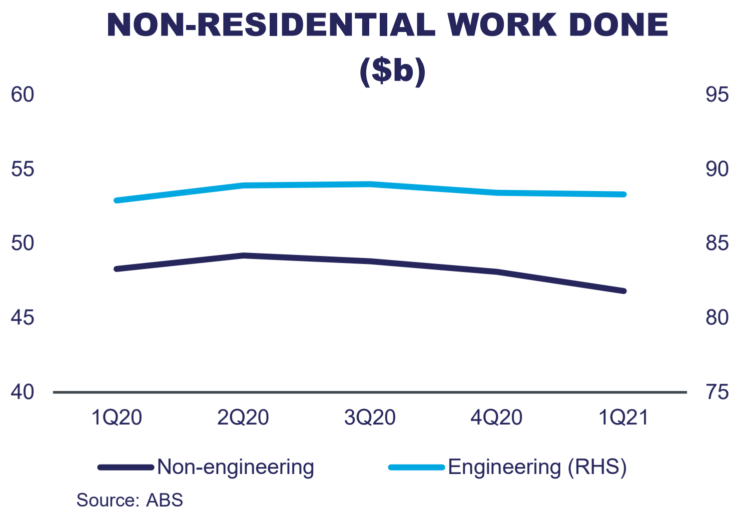
Approved DPS (cents)



(1) "Underlying" EBIT, NPAT, ROFE and EPS exclude significant items. Refer slide 18 for reconciliation to reported earnings

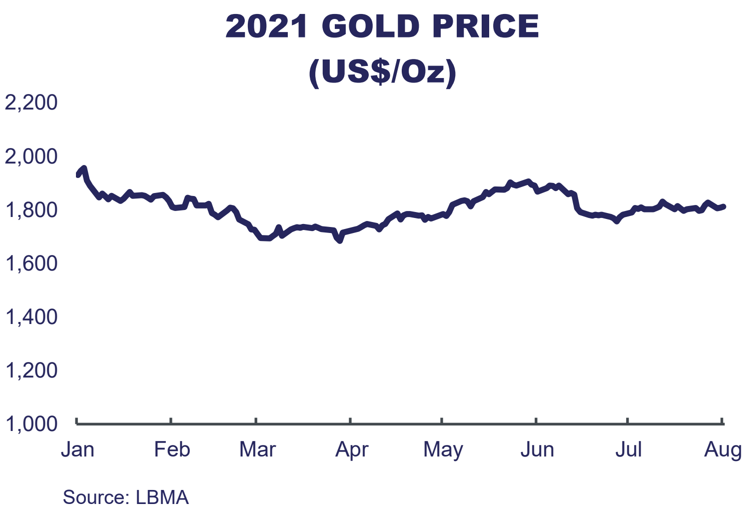
Operating conditions

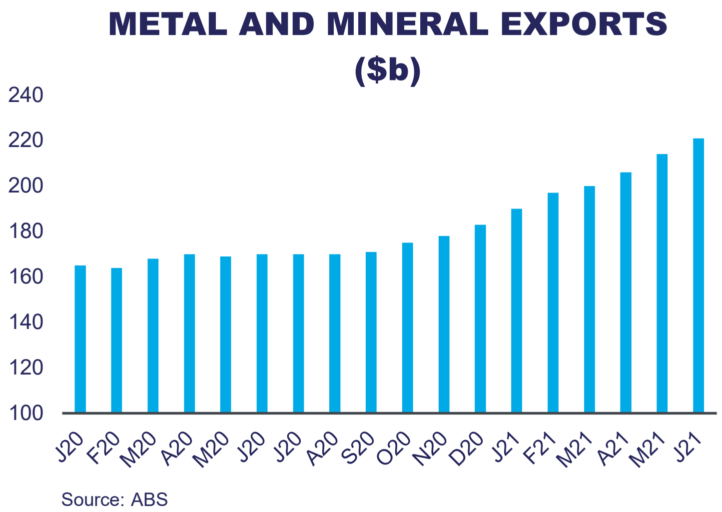




Construction

- HomeBuilder stimulus and state-based Government incentives have driven an increase in detached housing approvals that peaked in April 2021 at the close of the Federal Government scheme. Multi-residential approvals have stabilised following several years of decline
- Higher approval levels converted to an increase in demand for construction materials in late 2020 that continued into 1H21 and will support demand in 2H21
- Planned infrastructure spending as part of stimulus measures has resulted in an increase in the tender pipeline, however this has not translated into work done due to the time lag between announcement and construction activity that consumes construction materials
- The level of tendering activity indicates that demand for materials over the medium term will benefit from infrastructure construction





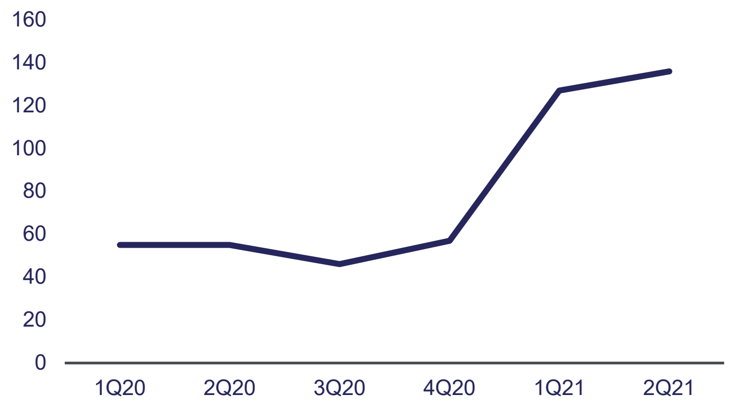
Mining

- Mineral prices have remained buoyant, supporting increased production from existing mines and exploration for new mines
- The value of metal and mineral exports has increased in 2021, supported by demand and record prices for iron ore
- Development and expansion activities in gold and iron ore are providing demand for cement
- Lime demand continued to be buoyed by demand from alumina, gold and nickel producers
- Longer term demand for cement and lime is supported by new mines coming on line. Expenditure on exploration for minerals in the March 2021 quarter, increased 13.7% on December 2020 and 19.9% on March 2020, driven by gold price

Contributing to a sustainable future

TRIFR(1)

VISIBLE LEADERSHIP WALKS

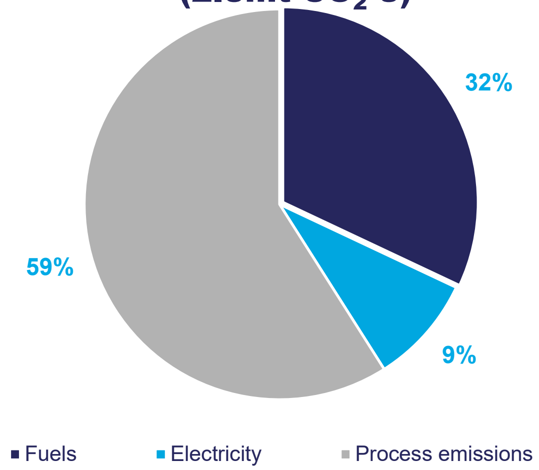


Safety

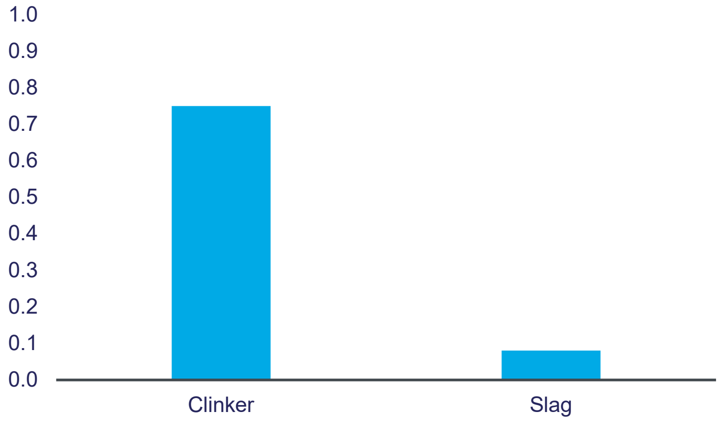
- TRIFR, a lagging safety indicator of 6.6 at June 2021 increased from 5.6 at December 2020, however improved by 20.5% compared to June 2020
- Adbri's 'Step Change' program continues the cultural alignment of the business to our safety vision of 'Work Safe, Home Safe'.
- Key achievements during 1H21 include:
  - Visible leadership walks have increased 139%
  - Reporting of hazards and near misses has increased 18%
  - Critical risk control audits increased 115%

(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

ADBRI EMISSIONS PROFILE (2.3mt CO_2-e)



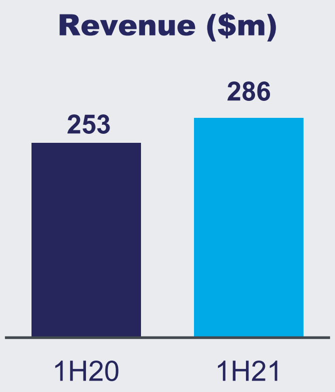
RELATIVE EMISSIONS (tCO_2-e / t)



Climate change

- The Group announced its aspiration to be net zero of carbon emissions by 2050
- Adbri is developing a net zero carbon emission roadmap, providing medium and long-term goals
- Adbri's emissions profile includes 59% from hard to abate process emissions, where technological advancement in areas such as carbon capture and storage will be required
- Increased use of alternate fuels at Birkenhead will reduce annual emissions from this site
- Supplementary cementitious materials are a current initiative to reduce emissions as they offer a lower emissions profile than traditional Portland cement produced from clinker. The Group has a target to increase alternate raw materials over 5 years by 20%. As an example, slag, a by-product from the production of steel, has about 1/10th of the emissions of clinker
- Assessment of alternative raw materials continues across a range of sources

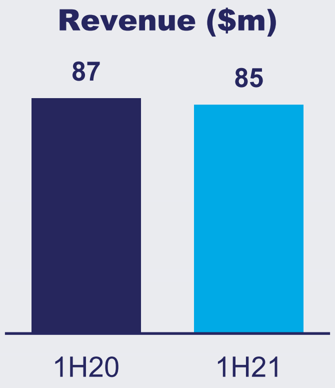
Cement



Cement and clinker volumes increased due to higher demand from east coast markets, recommencement of supply to a major customer in South Australia and demand from mining customers

- Cement revenue increased by 13.0%, with the increase in housing approvals translating into demand in the eastern states, driving an increase in volumes of 10.6%
- The comparative period (1H20) was negatively impacted by bushfires, floods and smoke, particularly in New South Wales and Queensland, benefitting the comparison
- Volumes in South Australia increased as a result of the Group recommencing supply to a major customer and strong demand from mining customers
- Victorian demand increased as construction activity remained robust, particularly residential construction
- Residential construction and higher offtake by our Sunstate joint venture partner increased volumes into the Queensland market
- Demand in Western Australia remained strong, with overall stable volumes

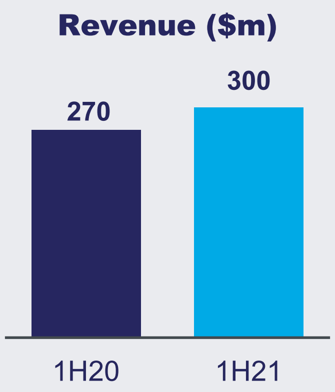
Lime



Demand from the non-alumina sector continues to grow, offset by a marginal decline in pricing in line with contractual price resets

- Lime revenue remained stable with increases in volume being offset by slight price reductions mainly due to the loss of volumes to ERA in the Northern Territory and contractual price resets
- Volumes increased with supply to new customers, where the Group was successful in displacing imported materials, and higher volumes during the period to alumina customers
- New customers included Evolution's Mungari gold operation and Newmont's Boddington mine, while the Group expanded its supply to Northern Star's Super Pit

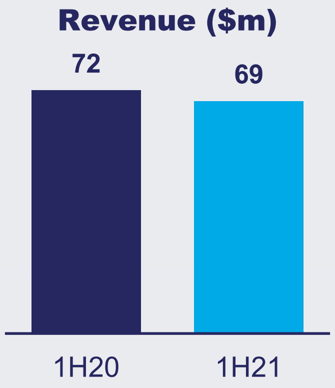
Concrete and aggregates

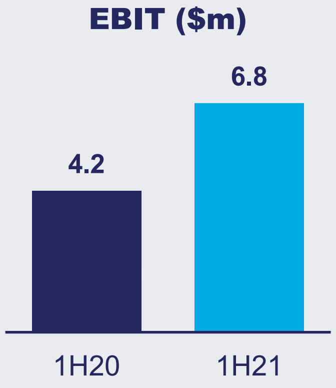


Concrete and aggregate volumes benefitted from residential construction demand and infrastructure demand in South Australia and Queensland

- Revenue increased by 11.1% as a result of demand from residential construction, particularly in New South Wales and Queensland where the impact of severe weather events in early 2020 curtailed demand
- Concrete volumes increased 7.1%, with higher volumes across all markets, except Victoria, where delayed commencement of a number of projects impacted sales volume
- Infrastructure projects supported volumes in Queensland, South Australia and the Northern Territory
- Improved market demand did not translate to a positive price environment, with concrete prices stable overall. Increased pricing in Victoria and South Australia offset modest declines in New South Wales and Queensland
- Demand for aggregates improved as a result of increased concrete volumes, and infrastructure projects including Scotchy Pocket quarry supply to the Cooroy to Curra by-pass, north of Brisbane
- Aggregate prices increased due to demand for higher value concrete aggregates

Concrete products





Demand for concrete products reverted to normal trading with reduced household discretionary spending being directed to renovations and improvements

- Revenue decreased by 4.3% due to product mix with lower sales to the retail sector and lower demand for products from the Burrell Mining joint venture
- Renovation driven demand in 2020 drove an increase in sales volumes through these channels as people upgraded their homes. Retail sector products are typically higher value, with the reversion to more normal trading levels in 1H21 impacting average prices
- Operational efficiencies, including lower cartage costs and centralisation of administrative resources more than offset the decline in revenue, with EBIT increasing to $6.8 million

Joint ventures

Joint venture contributions increased as ICL, Sunstate and Mawsons performance improved on higher demand

- Earnings contribution from joint ventures increased by $3.0 million compared to the prior corresponding period
- Stronger underlying demand and higher offtake by our joint venture partner led to a strong trading result for Sunstate. Residential construction activity and early stage spending on infrastructure assisted in improved demand in Queensland
- Increased demand in both New South Wales and Victoria led to a 2.0% increase in revenue for ICL. Cost control improved ICL's EBIT margins, delivering an increased contribution to Adbri earnings of 4.9% to $8.6 million
- Mawsons' contribution to earnings increased 16.7% to $3.5 million, supported by an increase in residential construction in regional Victoria and strong demand for quarry products supplied to road and rail projects across the region
- Aalborg earnings increased due to easing of COVID-19 lockdown restrictions experienced during 1H20

Financial review

Theresa Mlikota

Chief Financial Officer

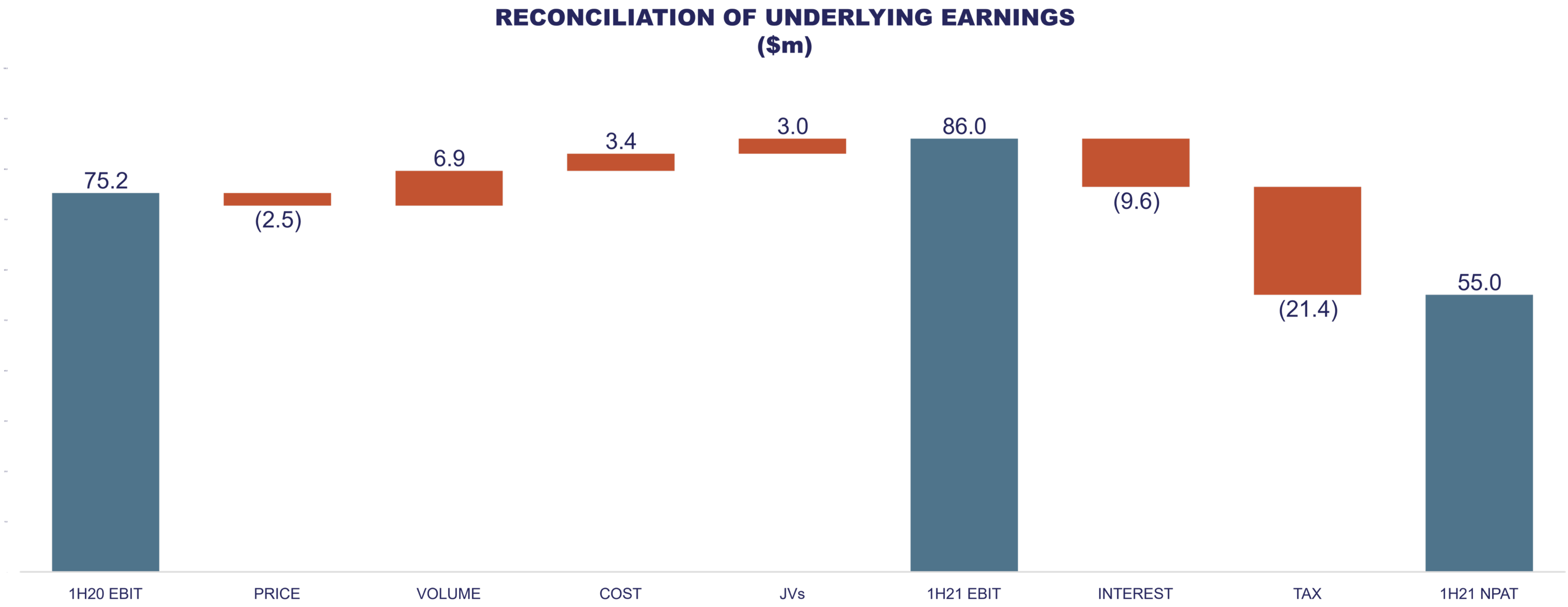
Income statement – underlying*

6 months ended 30 June	2020 ($m)	2021 ($m)	Change pcp (%) Fav / (Unfav)
Revenue	700.7	752.3	7.4
Earnings before depreciation, amortisation, interest and tax	122.5	133.1	8.7
Depreciation, amortisation and impairment	(47.3)	(47.1)	0.4
Earnings before interest and tax	75.2	86.0	14.4
Net finance cost	(9.9)	(9.6)	3.0
Profit before tax	65.3	76.4	17.0
Tax (expense)	(17.7)	(21.4)	(20.9)
Minority interest	-	-	-
Net profit attributable to members	47.6	55.0	15.5
Basic earnings per share (cents)	7.3	8.4	15.1

- Revenue increased as a result of improved demand across most products, particularly in New South Wales and Queensland
- Lime pricing declined in accordance with contractual arrangements, while average cement price increased marginally. Concrete and aggregate prices were stable overall
- Cost out measures and the leverage of higher revenue increased EBITDA margins from 17.5% to 17.7%
- Net finance cost improved as a result of lower total borrowings in 2021 compared to 2020. In 1H20, Adbri fully drew on debt facilities to provide liquidity during COVID-19. This was repaid in 2H20
- Tax expense increased due to improved earnings and an increase in contribution from wholly owned companies. This increased the effective tax rate from 27.1% to 28.0%
- EPS increased 15.1% in line with higher earnings

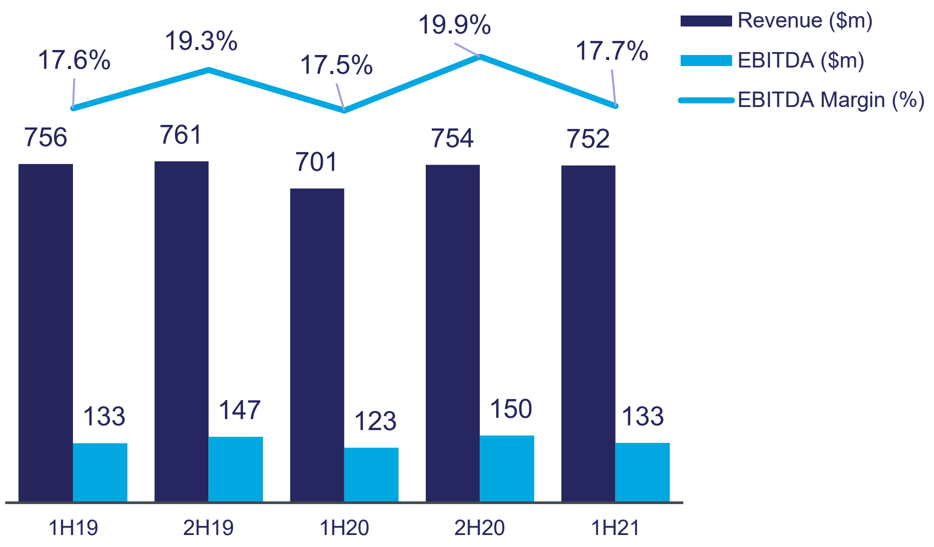
* Underlying earnings exclude significant items. Refer slide 18 for reconciliation to reported earnings

Profit drivers

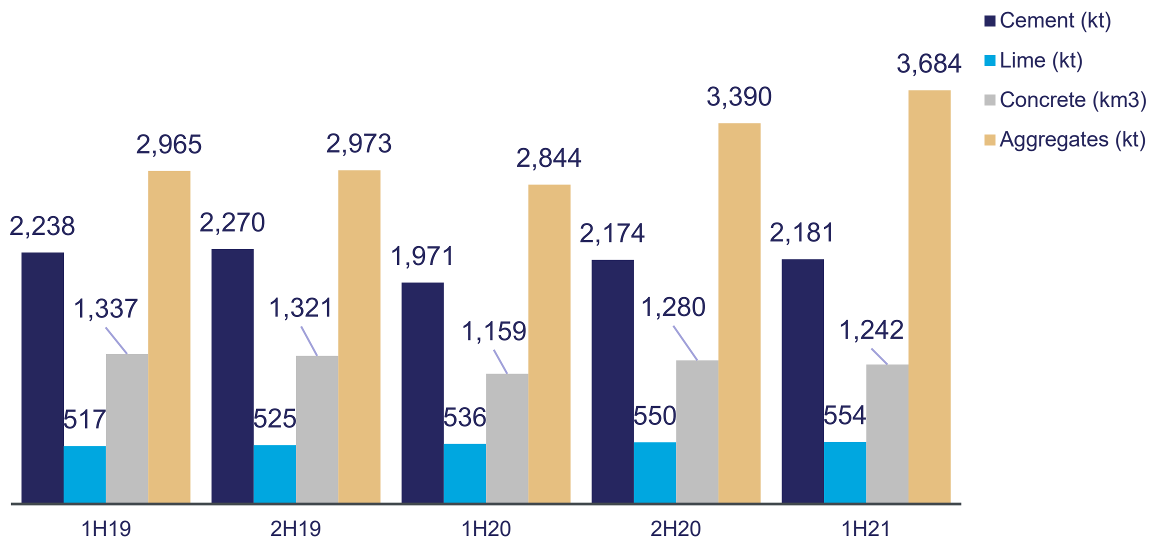


H1 v H2 Performance

REVENUE(1) & UNDERLYING EBITDA(1)



VOLUME



1H20 v 1H21

- Volume up across all products - cement, lime, concrete and aggregate volumes up 10.6%, 3.4%, 7.1% and 22.3% respectively on pcp
- Significant growth in aggregates driven by strong residential and infrastructure demand
- Leverage of increased revenue and cost-out initiatives led to higher margins despite cost headwinds
- Improvement in east coast markets driving higher demand, supported by strong mining sector in SA, WA and NT
- 1H20 impacted by weather events

(1) Figures rounded to nearest $ million

Reconciliation of underlying profit

6 months ended 30 June	2020 ($m)			2021 ($m)		
	Profit before tax	Income tax	Profit after tax	Profit before tax	Income tax	Profit after tax
Underlying profit attributable to members	**65.3**	**(17.7)**	**47.6**	**76.4**	**(21.4)**	**55.0**
Impairment	(20.5)	6.2	(14.3)	-	-	-
Change in loss provision	(0.1)	-	(0.1)	4.4	(1.3)	3.1
Corporate restructuring costs	(5.9)	1.8	(4.1)	(2.1)	0.6	(1.5)
Statutory profit	**38.8**	**(9.7)**	**29.1**	**78.7**	**(22.1)**	**56.6**
Minority interest	-	-	-	-	-	-
Statutory profit attributable to members	**38.8**	**(9.7)**	**29.1**	**78.7**	**(22.1)**	**56.6**

- 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 were also taken in relation to mothballed assets as a result of optimising the Group's production footprint
- Following successful litigation, the Group recovered $8.4 million (net of GST) relating to financial discrepancies identified in 2017. A net credit of $4.4 million was recognised after deducting the carrying value of related debtors balances and recovery costs
- Corporate restructuring costs include redundancy and one-off employment costs. In 2020, a $5.0 million restructuring provision was taken up in relation to the closure of lime kiln 5 at Munster

Balance sheet

As at	Dec 2020 ($m)	Jun 2021 ($m)
Cash and cash equivalents	94.0	74.7
Receivables	200.7	226.7
Inventories	152.1	151.3
Property, plant and equipment	1,059.1	1,075.3
Joint arrangements and associate	197.8	208.3
Other assets	419.2	435.2
Total assets	**2,122.9**	**2,171.5**
Payables	172.0	180.0
Borrowings	466.1	486.6
Lease liabilities	88.7	88.3
Provisions	102.7	102.5
Other	71.4	76.5
Total liabilities	**900.9**	**933.9**
Shareholders' equity	**1,222.0**	**1,237.6**

- Balance sheet remains strong
- Debt metrics remain investment grade and well within bank covenants providing flexibility to manage uncertainty caused by COVID-19
  - Net Debt of $411.9 million stable compared to June 2020, increase on December 2020 following payment of 2020 final dividend
    - Leverage(1) stable at 1.5 times underlying EBITDA
    - Gearing(2) 33.3%
    - ND/ND+E 25.0%
    - Interest cover 14.1x
- Operating working capital well controlled
  - Debtors days decreased by 5.2 days to 40.6 days. Total debtor balances outstanding increased as a result of higher revenue
  - Inventory balances declined as a result of lower Birkenhead limestone stock, with slight increases in other businesses

(1) Leverage defined as net debt/trailing 12-month underlying EBITDA. Net debt is calculated as total borrowings less cash and cash equivalents. Lease liabilities recognised under AASB 16 are excluded from net debt.
(2) Gearing defined as net debt/equity

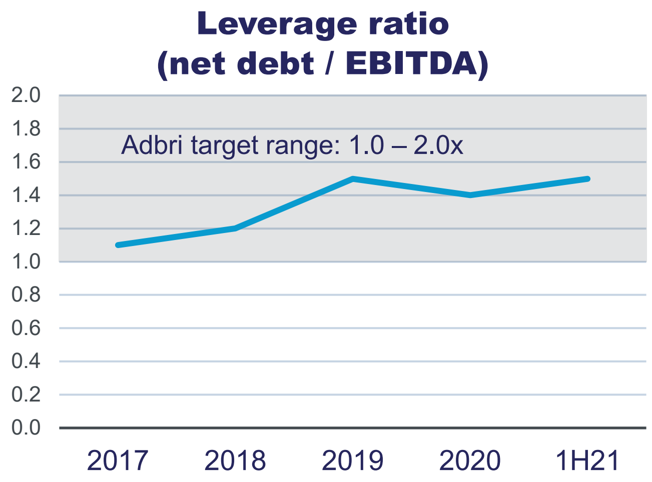
Operating cash flow

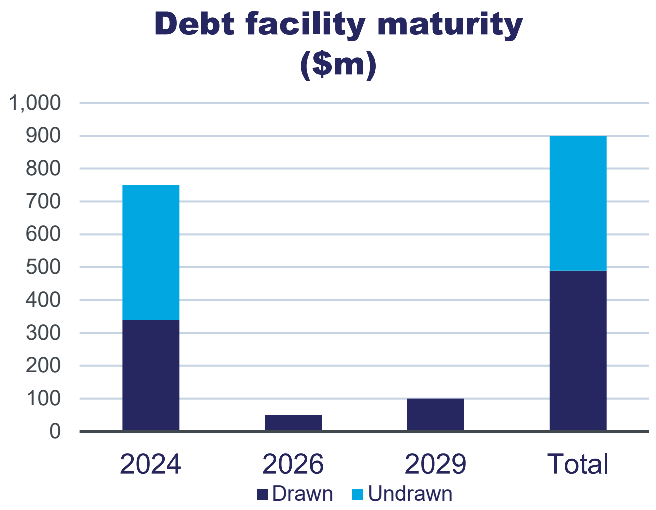
ADBRI

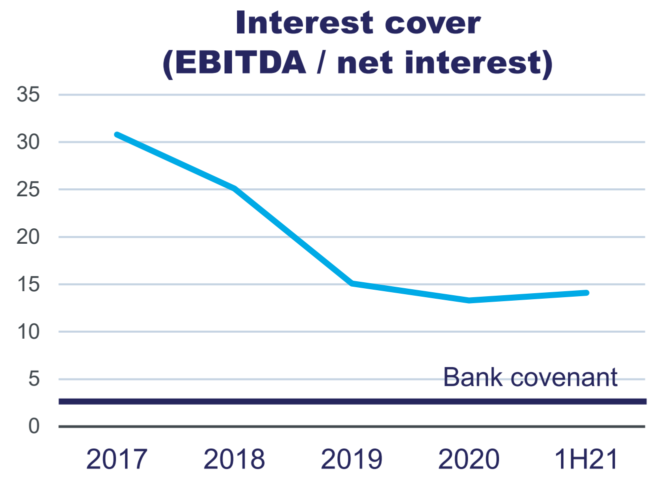
6 months ended 30 June	2020 ($m)	2021 ($m)
Net profit / (loss) before tax	**38.8**	**56.6**
Depreciation and amortisation	47.3	47.1
Impairment	20.5	-
Net income tax payments	(7.7)	(15.0)
Change in working capital / provision / tax	16.0	(24.2)
Net loss / (gain) on sale of assets	(0.8)	0.8
Other (non-cash add backs including remediation, capitalised interest)	2.2	11.5
Operating cash flow	**116.3**	**76.8**
Stay-in-business capex	(31.1)	(51.8)
Asset sales	2.0	1.7
Development capex	(42.1)	(15.8)
Dividends	(32.6)	(47.3)
Other (lease payments, JV loans, shares issued)	(2.8)	(2.6)
Net cash flow before debt funding	**9.7**	**(39.0)**

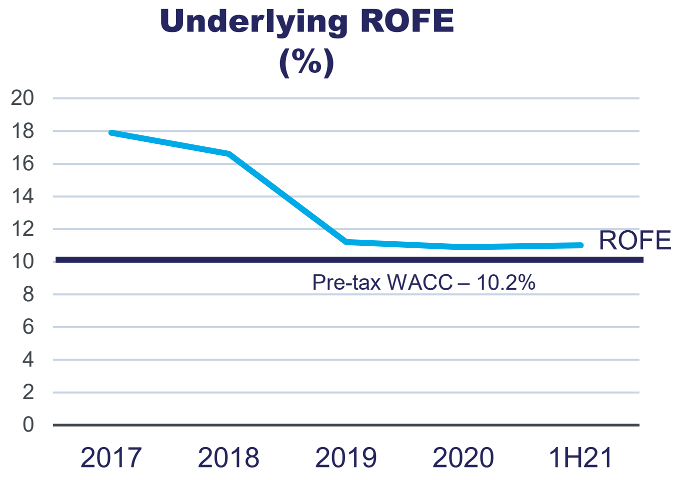
- Changes in operating cash flow driven primarily by increased receivables in line with increased sales
- Decline in pre-tax impairment from $20.5 million in 2020 to no impairment in 2021
- Income tax payments higher due to higher earnings and COVID-19 tax relief measures in the prior comparative period which totaled approximately $30 million
- Capital expenditure increased:
  - Stay-in-business included: Refurbishment of the Accolade, replacement of the Kiln 4 tyre at Birkenhead, replacement mobile plant, Cement Mill 7 bearing replacement, replacement land for the Rosehill concrete site compulsory acquisition and conveyor overhauls
  - Development included: strategic land acquisitions, Tertiary Air Dust re-use innovation project, commencement of spend on Kwinana Upgrade and Scotchy Pocket access and capacity
- Higher dividend payments in line with prior period earnings

Capital management



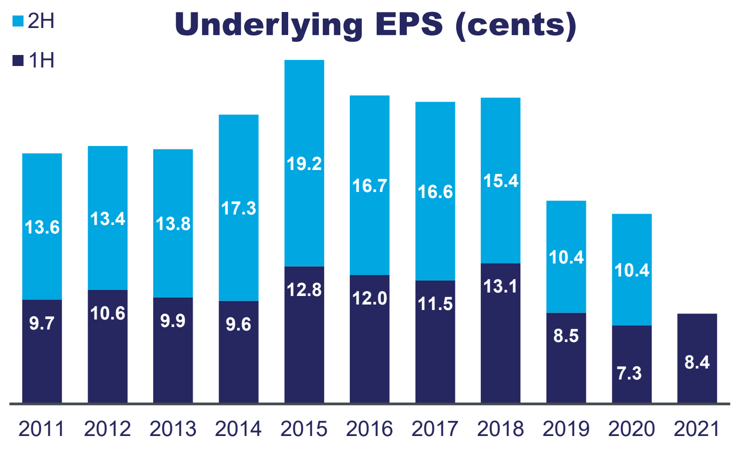


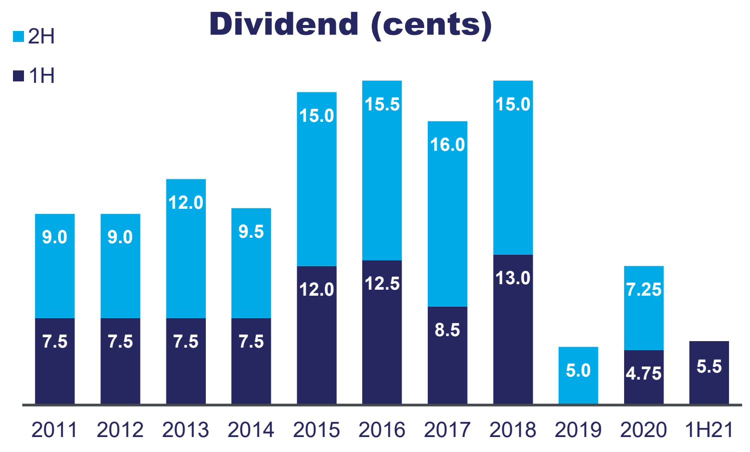


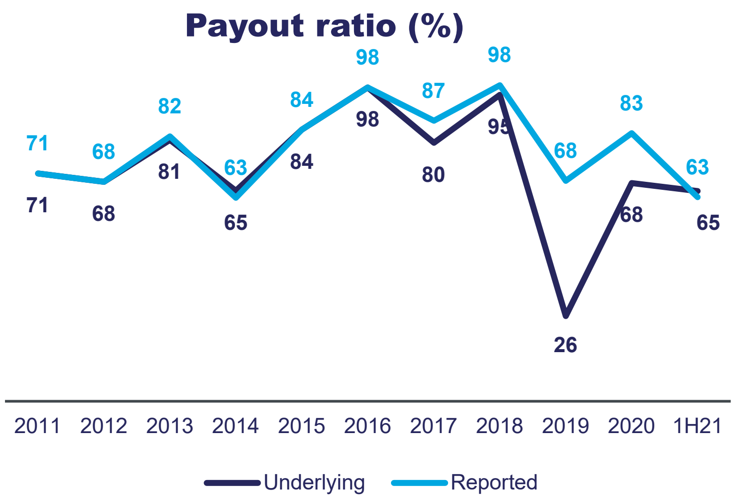


- Investment grade metrics and balance sheet flexibility continue to be maintained
- Leverage and gearing consistently low and at the lower end of the preferred range
- Liquidity remains strong, debt maturity averages 4.1 years
- Significant headroom within debt covenants
- Underlying Return on Funds Employed stable at 11.0% and above cost of capital
- Long-term ROFE improvement
  - Kwinana Upgrade cost savings
  - Development of downstream land investments
  - Cost-out programs
  - Increased use of RDF
  - Low-cost gas supply

Sustainable shareholder returns







Stable earnings profile

- Spread of operations supplying construction materials and lime across Australia servicing the construction and mining sectors support stable earnings
- Operations are well placed to participate in Government stimulus measures – HomeBuilder and over $130 billion in infrastructure spend expected in the next 2 years in Adbri's contestable markets
- Recovering residential demand and strong mining lifted 1H21 earnings

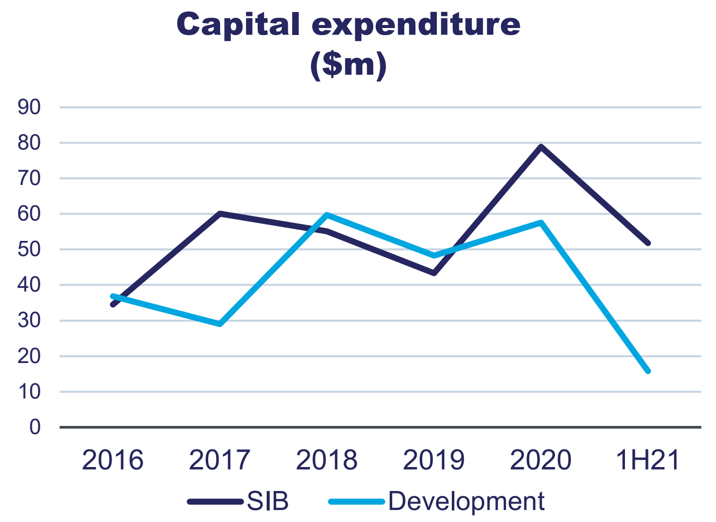
Returns to shareholders

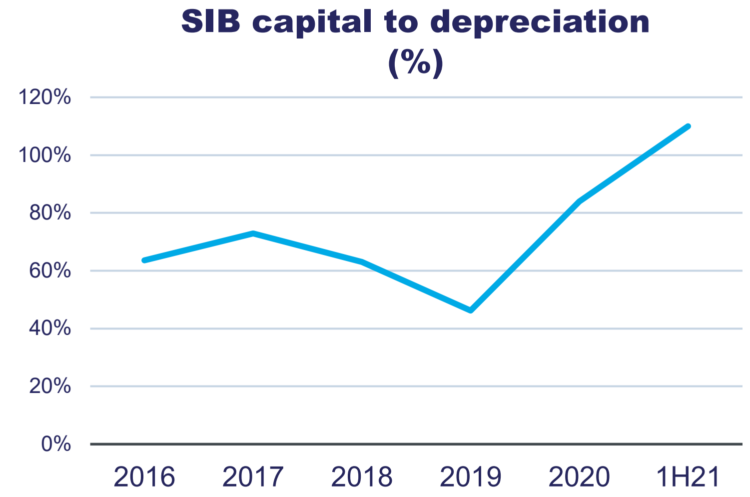
- Strong balance sheet supports payment of dividend, with credit metrics at the mid-point of the Board's target range and significant headroom to bank covenants
- Payout at lower end of the Board target range reflects capital position and future capital needs of the business – particularly considering future investment in Kwinana Upgrade and development of downstream opportunities

Dividend policy

- Board dividend policy 65 - 75% of earnings, subject to future capital needs
- 2021 fully franked interim dividend of 5.5 cents per share represents a payout ratio of 65.3% of underlying earnings and 63.4% of reported earnings
- Franking account of $132.5 million

Capital expenditure





Re-investing in the business

- Total capital investment in 2021 of $68 million to date
- SIB increased to 110% of depreciation due to the refurbishments of Accolade and the Kiln 4 tyre at Birkenhead
- Development capital includes investment for future growth including strategic land acquisitions, increases in capacity, plant efficiency upgrades, Kwinana Upgrade and energy efficiency

Major Projects in 2021

- Purchase of land to relocate Rosehill concrete plant servicing greater Sydney Metro area
- Pursuit of innovative projects including re-use of Tertiary Air Dust, Lime Kiln Dust, and increased Refuse Derived Fuel
- Expansion of capacity at Scotchy Pocket, Rockbank and Pinkenba
- Refurbishment of Accolade and the Kiln 4 tyre at Birkenhead
- Kwinana Upgrade expected to deliver $19 million in year 1 savings post commissioning

Strategy and outlook

Nick Miller

Chief Executive Officer

Business improvement and growth strategy

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

Operational improvement and cost reduction

Key drivers of cost savings:

Group Cost-Out	The Group's cost-out program delivered savings through procurement, shared services, organisational restructure and operational efficiencies. Ongoing review for cost saving opportunities
Kwinana Upgrade	Kwinana Upgrade Project to deliver circa $19 million in cash cost savings following commissioning in mid 2023, increasing over time as productivity improves
RDF Usage	Usage of RDF, a lower cost fuel source than natural gas, has increased following EPA licence approval. RDF usage has increased from 25% in 2020 to run rate of 39.1% at June 2021. 2025 target of 50% with current licencing up to 45%
SCM Strategy	Increased use of supplementary cementitious materials (SCMs) that reduce reliance on higher cost materials, lower carbon emissions and help the circular economy
Energy Purchases	Renegotiated contracts for supply of gas start to deliver benefits in 2021, increasing in 2023 with recently announced contract secured to 2029
Birkenhead Benchmarking	Benchmarking Birkenhead production process for cement against international best practice, identifying savings from the whole of product life-cycle - "mine to market"

Cost-out program has delivered $35.5 million in gross savings in 2020, $15.5 million net of headwinds

On target to deliver $20.0 million in gross savings in 2021, $10.0 million net of headwinds

Operational improvement and cost reduction

Gross cost efficiencies targeted to reach almost $100 million[(1),(2)] by 2025

Key Assumptions:

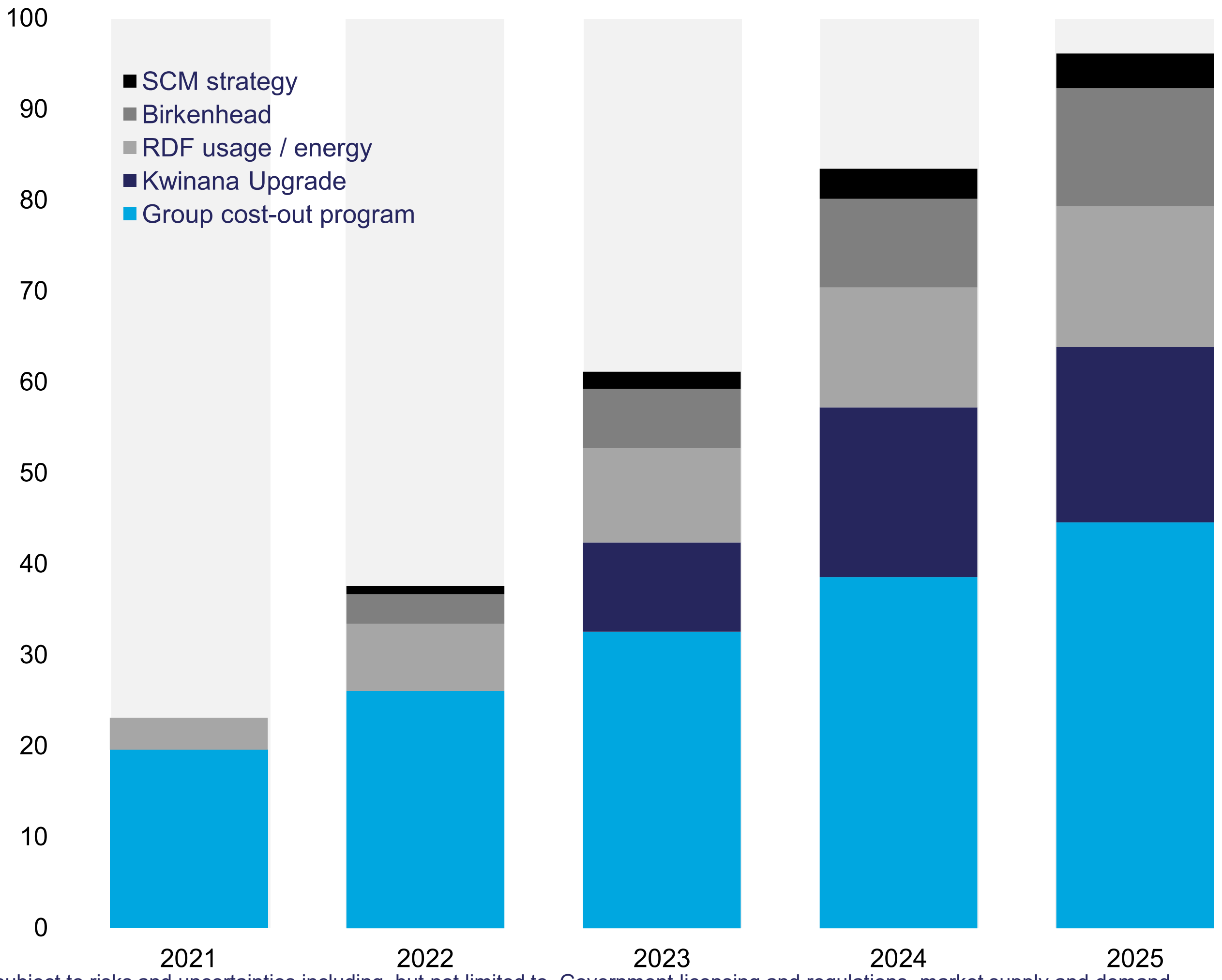
Group cost-out program – 2020 delivered $35.5 million in gross savings. 2021 baseline a further ~$20 million in cost savings. Future incremental savings projected at ~$6 million per annum targeting organisational structure, operational technology savings, pallet cost recovery and process benchmarking for concrete and aggregates

Kwinana Upgrade – modelled estimates for project business case include cost savings on reduced labour, transportation, power, repairs and maintenance and other operational efficiencies

RDF usage/energy – baseline energy cost savings sourced in 2021 rising to 2023 and secured through to 2029. RDF savings targeting 50% RDF usage by 2025 versus current run-rate of 39%. Current EPA licencing allows up to 45%. Targeted RDF usage partially relies on alternate source of RDF, which the kiln is currently not licenced to use

Birkenhead process benchmarking – targeting $10/t – from quarrying activities, through to production and delivery to customer. Early benchmarking suggests that opportunities exist to deliver this level of saving

Supplementary Cementitious Materials – 5-year target to increase tonnage used by 20%. Target is subject to market demand and supply



(1) Assumptions based on Management's assessment current at the date of this document which may change subject to risks and uncertainties including, but not limited to, Government licensing and regulations, market supply and demand, availability of kiln/calciner fuels and supplementary cementitious materials, changing market conditions, costs and pricing, completion of capital projects and availability of funding
(2) Gross cost efficiencies are exclusive of cost headwinds and do not represent a forecast

Transform Lime

Supply of transitional volume to Alcoa's Wagerup operation secured beyond 30 June

New customers seeking reliable supply, secured during period

Importers now under cost and supply chain pressures due to challenging shipping market

Lime feasibility studies continue to be developed with preferred strategy expected to be delivered in late 2021

Opportunity

- The Group continues to develop its options to increase its exposure to the quicklime market and will be better positioned to articulate its preferred strategy in late 2021
- Feasibility studies for several exciting prospects for our Western Australian lime business are being developed including:
  - the development of a lime kiln operation in Kalgoorlie;
  - the development of a lime kiln operation in Bunbury;
  - the reactivation of a lime kiln operation in Kwinana; and
  - the development of our various associated land holdings
- During the period, the Company secured 3-year contracts for the supply of 75,000 tonnes p.a. of lime to Northern Star and 20,000 tonnes p.a. of lime to Boddington for Newmont
- Shipping rates and reliability, especially in container market, posing a major challenge for importers, highlighting value of Adbri's reliable and cost-effective supply
- Alcoa contract was to terminate on 30 June 2021. However, a formal agreement has been reached with Alcoa to supply lime to their Wagerup facility until the end of September 2021, with commercial discussions well advanced for continuation of supply until the end of January 2022
- Kiln 5 now expected to be mothballed in Q421

Vertical integration

ADBRI

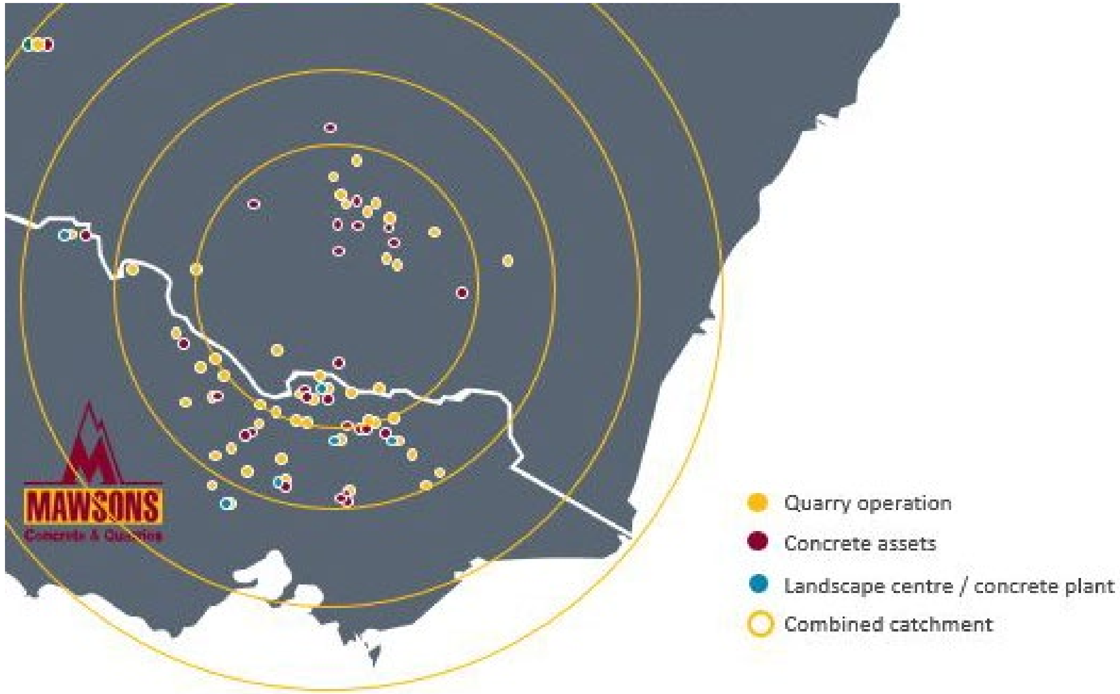
Opportunities are being pursued in line with vertically-integrated business model, encompassing greenfield and brownfield projects in addition to acquisitions and joint ventures

Opportunity

- Greenfield projects successfully delivered in 2019 / 2020 include the Scotchy Pocket quarry and Pinkenba concrete plant, both ramped-up during 2021
- 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
  - Aggregate reserves in south-east Queensland and Victoria to complement concrete and cement position are in due diligence
- Existing aggregate and cement operations in eastern states have capacity to supply further volume to integrated concrete operations
- Reviews continue across complementary adjacent industries to maximise pull-through value of upstream products
- Vertical integration opportunities through our joint ventures are also being evaluated focusing on regional opportunities

Vertical integration

Our Mawsons joint venture has agreed to acquire the Milbrae concrete and aggregate business from 1 July 2021, subject to completion, which is aligned with Adbri's vertical integration strategy



Mawsons is anticipated to complete the acquisition of the Milbrae concrete, aggregates and crushing business in September 2021, with an effective sale date of 1 July 2021

Milbrae operate 7 concrete plants and 13 quarries

Milbrae is a complementary business to Mawsons, highly aligned to the product offering of the existing business and providing a geographical expansion into the Riverina region of New South Wales

Post completion, the Mawsons business will operate concrete and quarries from Seymour (Vic) to the south, to Hillston (NSW) to the north, Cootamundra (NSW) to the east to Broken Hill (NSW) to the west

Synergies expected through procurement and operational efficiencies including transport

Focus on infrastructure

Tender pipeline for projects is significant, with over $130 billion projected to come to market within the next 2 years, in Adbri's contestable market

Opportunity

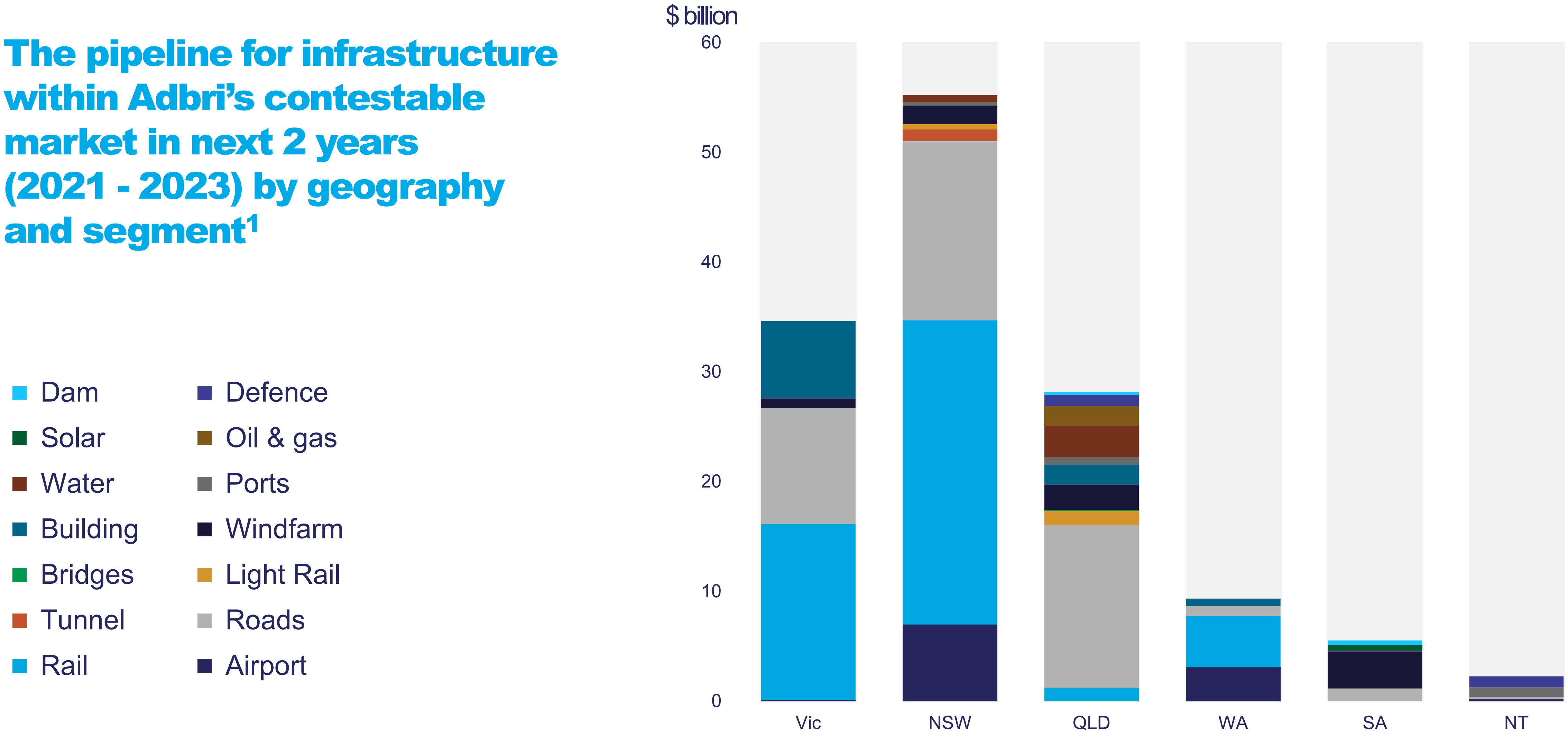
State and Federal governments have announced significant stimulus focused on job creation through the construction of infrastructure

Time lag between announcement and construction activities that drive demand for construction materials has meant projects have not significantly impacted demand to date

Tender pipeline for projects is significant, with over $130 billion of identified projects within the Group's contestable market that are projected to come to market within the next 2 years

Focus on infrastructure

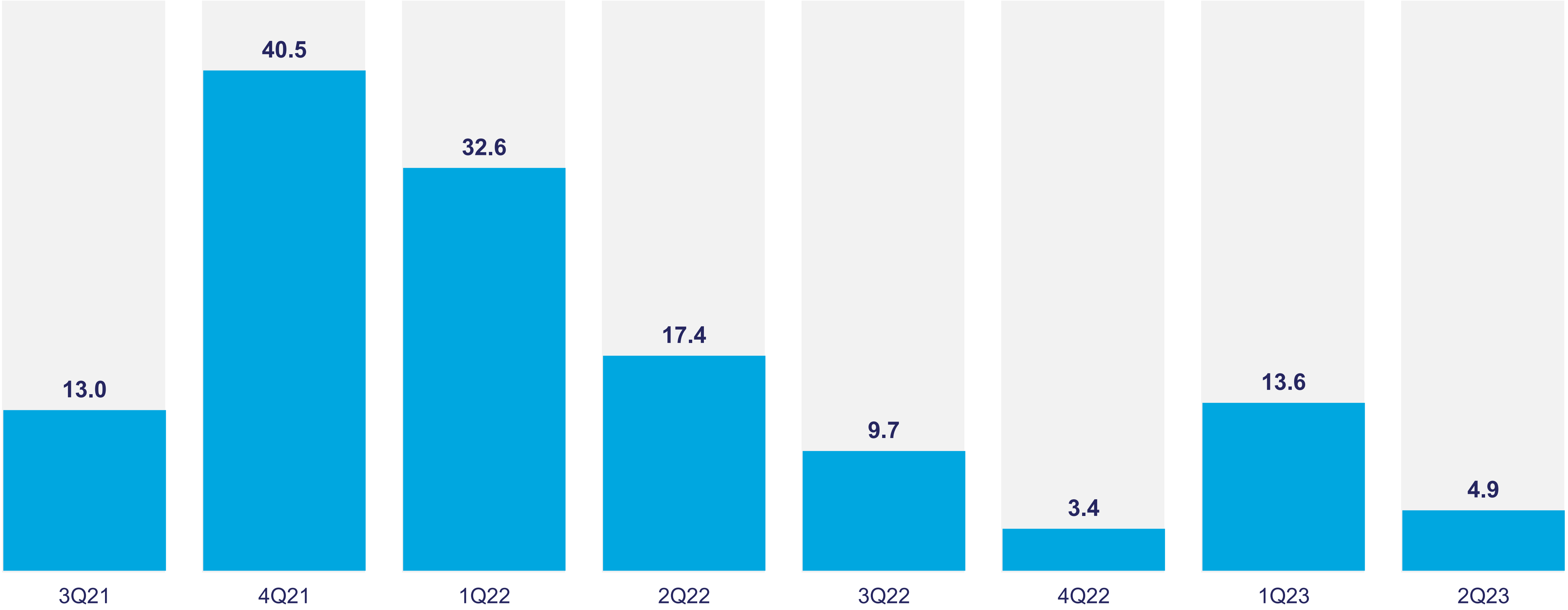
The pipeline for infrastructure within Adbri's contestable market in next 2 years (2021 - 2023) by geography and segment[1]



(1) Adbri analysis of infrastructure announcements. Data relates to projects within contestable market areas for the Group

Focus on infrastructure

Timing of Adbri's contestable infrastructure bidding to 2023 ($b)[1]



(1) Adbri analysis of infrastructure announcements. Data relates to projects within contestable market areas for the Group

Focus on infrastructure

Targeted tendering has delivered strong win ratio of 35% for concrete and aggregates in last 6 months

Opportunity

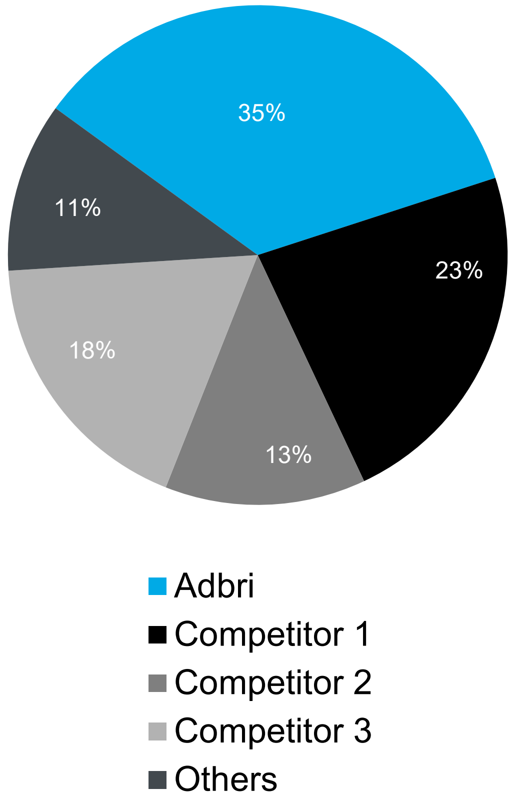
Infrastructure projects expected to be bid in the next two years include spending across a range of segments

Significant bid pipeline for transport projects (rail, road, tunnels and bridges), energy and other building works

Adbri has a strong network of assets and capabilities to service infrastructure projects

Targeted bidding in Adbri's contestable markets, where the Group enjoys a strong vertically integrated position, has resulted in a strong win ratio whilst optimising tendering resources

Concrete & Aggregates win / loss last 6 months[1]



(1) Adbri analysis of infrastructure announcements. Data relates to projects within contestable market areas for the Group

Focus on infrastructure

Infrastructure projects won in last 12 months

Project Description	Region	Product	Estimated Completion
Bruce Highway - Cooroy to Curra: Stage 1	QLD	Aggregates, Asphalt Aggregates	FY 2023
Camp Kerr Army Base Road Upgrade	QLD	Aggregates	FY 2021
Brisbane Airport, International Apron, Pavement Rectification	QLD	Concrete	FY 2022
Tramworks Replacement Program	VIC	Concrete	FY 2022
Osborne North Development Project - Platform Land Based Test Facility	SA	Concrete	FY 2022
Tindal Airbase - Stage 6 - Early Works	NT	Concrete	FY 2021
Alice Springs Airport (Aircraft Storage)	NT	Aggregates	FY 2021
Western Access Road - Tindal	NT	Aggregates	FY 2022
US Ordinance Building	NT	Concrete & Aggregates	FY 2021

Land development business strategy

Adbri is actively seeking to maximise shareholder value from a number of current and future surplus land assets focussing on developing long-term annuity streams

Current activities are focussed on development of full optionality for the Group's land portfolio

Land activities in progress

- Desktop valuation for key land assets completed
  - Value analysis considered recent or historic feasibility studies, valuations, consultant reports and modelling prepared for individual properties provided by Adbri
  - Previous offers or proposals received for individual properties have also been considered as an indication of value
  - Market conditions will impact values and timing of realisation with greater certainty for near term projects
- RFP process undertaken in late July / early August issued to major reputable developers to determine options to maximise value from Adbri's land portfolio which may include: development of land to rent or divest (with joint venture partners); sale and leaseback; and / or divestment
- Land Disposals/Acquisitions/Developments
  - Hilltop land in Geelong - EOI and sale targeting late 2021 / early 2022
  - Batesford quarry – Gazettal on 6 May 2021 for our 550 hectare site as part of Western Geelong Growth Area
  - Badgerys Creek – development application in process targeting 2022
  - Rosehill Land – compulsory acquisition by NSW government with valuation pending

Land development business strategy

Adbri's land portfolio presents a significant opportunity to uplift shareholder value with a focus on developing long-term annuity streams

Property	Strategy	21	22	23	24	25	26	27	28	29	30	31	
Hilltop	Divest[1]	Divest ▶											
Property 1	Divest[1]		Divest ▶										
Property 2	Divest[1]		Divest ▶										
Property 3	Divest[1]		Divest ▶										
Property 4	Develop to divest/ divest[1]	Develop ▶		Divest ▶									
Property 5	Divest[1]			Divest ▶									
Property 6	Develop to rent / divest / leaseback[1]	Develop ▶	Rent / Divest / Leaseback ▶										
Property 7	Develop to rent / divest / leaseback[2]		Rezone / Develop ▶		Rent / Divest / Leaseback ▶								
Property 8	Develop to divest[2]			Operate ▶		Rezone / Develop ▶						Divest ▶	
Property 9	Develop to rent / divest[2]				Operate / Rezone / Develop ▶							Rent / Divest ▶	
Property 10	Operate / develop to divest[2]				Operate ▶			Rezone / Develop ▶				Divest ▶	
Property 11	Operate / develop to rent / divest[2]							Operate / Rezone / Develop ▶				Rent / Divest ▶	
Non-strategic				Divest – non-strategic ▶	**>$50M**								
Future operations					Future operations ▶	**>$100M**							
Strategic surplus / develop												Strategic surplus / Develop ▶	**>$300M**
Existing operations / develop												Existing operations / Develop ▶	**>$200M**

(1) Property not subject to rezoning, development or government approvals to achieve projected value
(2) Property subject to successful rezoning, development and government approvals to achieve projected value and may also be subject to development funding
(3) Market conditions will impact values and timing of realisation with greater certainty for near term projects
(4) Strategy represents Management's current assessment. Future strategy may differ from current representation

2021 Outlook

HomeBuilder stimulus and low interest rate environment will continue to support near-term demand

Vaccination roll-out will provide greater certainty for construction activity

Infrastructure spend will drive medium-term demand

Population growth and expansion of mining sector through investment in exploration will continue to drive long-term demand

COVID-19 uncertainty expected to continue for balance of 2021

- Government stimulus measures are anticipated to continue to benefit from demand for construction materials in 2H21
- The Company has shown resilience, with sales volumes in line with, or ahead of, Company expectations during July and August across all jurisdictions except New South Wales and South Australia, which were both interrupted by COVID-19 restrictions
- The Group's cost-out program is likely to deliver, slightly better than anticipated savings due to securing low-cost energy contracts, which will benefit H2 earnings as well as earnings well into the future (2029). The Company's cost programs are targeted to deliver almost $100 million[(1),(2)] in gross cost savings over the next 5 years, exclusive of cost headwinds
- H2 earnings are traditionally higher than H1 due to seasonality. However, H2 earnings will be negatively impacted by the reduction in Alcoa volumes, the anticipated commencement of a competing cement import terminal in New South Wales, and COVID-19 impacts including, limitations on construction activity and increased costs caused by the delayed return of the Accolade from its drydock in Singapore
- Capital expenditure will increase in 2H21 through spending on the Kwinana and Accolade projects. Total capex for the year is expected to be approximately $200 million
- Surplus land sales - $20 – 30 million in proceeds over the next 2 years. Expected sale of Hilltop land in late 2021 or early 2022
- The uncertainty brought about by the Delta strain of COVID-19, makes it difficult to provide any further update on the Company's financial outlook at this time

(1) Assumptions based on Management's assessment current at the date of this document which may change subject to risks and uncertainties including, but not limited to, Government licensing and regulations, market supply and demand, availability of kiln/calciner fuels and supplementary cementitious materials, changing market conditions, costs and pricing, completion of capital projects and availability of funding
(2) Gross cost efficiencies are exclusive of cost headwinds and do not represent a forecast

Appendices

Appendix 1

Economic diversification

1H21

Revenue by product

- 41% Concrete and aggregates
- 39% Cement
- 11% Lime
- 9% Concrete products

1H21

Revenue by market

- 48% Non-residential & engineering
- 36% Residential
- 16% Mining

1H21

Revenue by state

- 25% Victoria
- 22% Western Australia
- 17% New South Wales
- 17% Queensland
- 15% South Australia
- 4% NT & Tasmania

Appendix 2

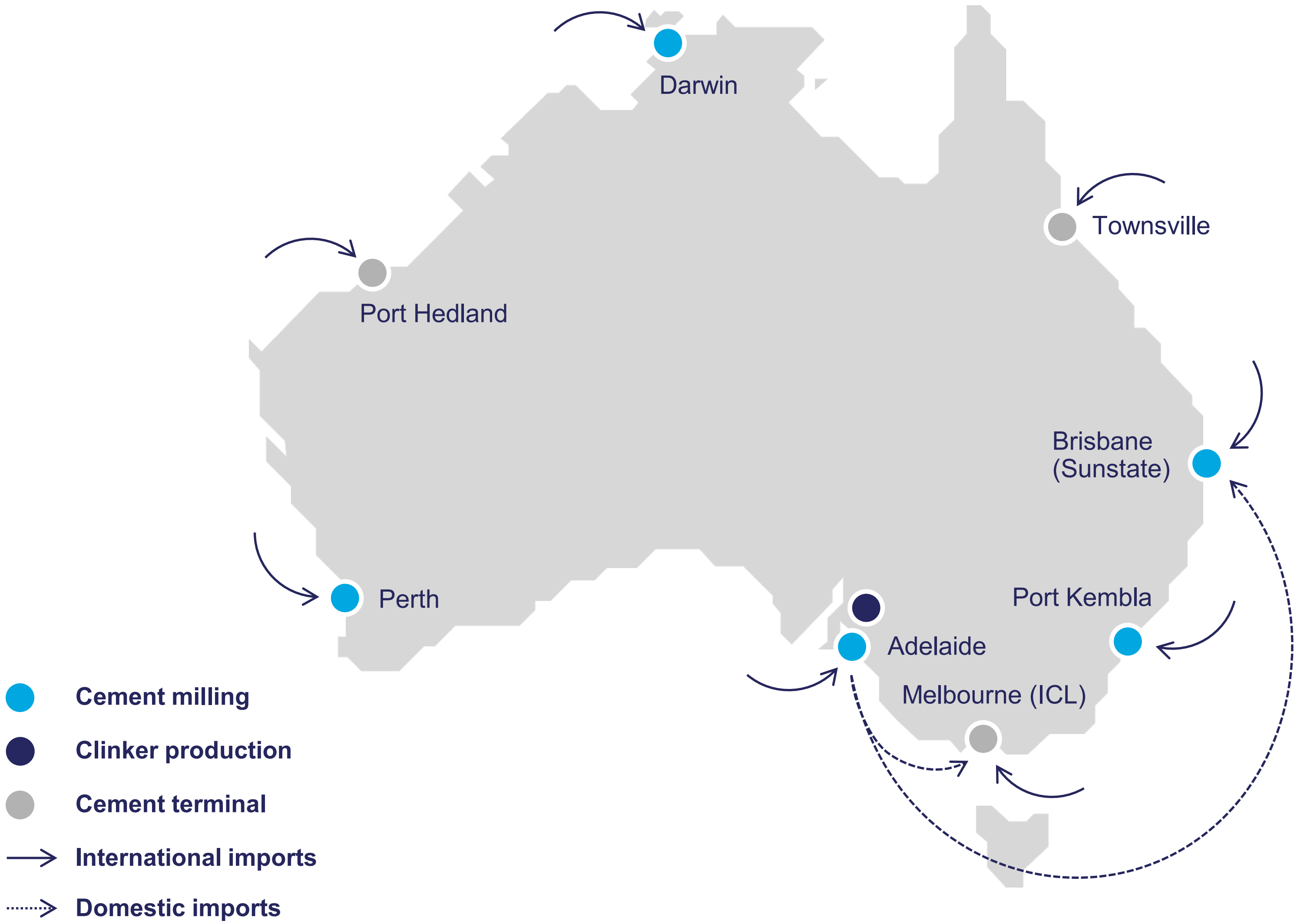
Cement production, import and distribution

In 2020 Adbri:

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

In 1H21 Adbri:

- **Imported 1.4 million tonnes of cementitious materials**
- **Sold 2.2 million tonnes of cementitious materials**



Finance costs

6 months ended 30 June	2020 ($m)	2021 ($m)
Interest expense	9.8	8.0
Unwinding of discount on leases	1.5	1.5
Unwinding of the discount on restoration provisions and retirement benefit obligation	0.3	0.6
Interest capitalised in respect of qualifying assets	(0.4)	(0.3)
Total finance expense	11.2	9.8
Interest income	(1.3)	(0.2)
Net finance expense	9.9	9.6
Interest cover (underlying EBITDA times)[1]	12.4	14.1

- Lower net finance expense due to:
  - Lower use of debt facilities noting that in 2020 they were fully drawn to manage liquidity given uncertainty of COVID-19
  - Lower interest earned on lower cash balances
- Interest cover remains strong and well within banking covenants

(1) EBITDA for interest cover excludes significant items

Appendix 4

Reported profit

6 months ended 30 June	2020 ($m)	2021 ($m)	Change pcp (%)
Revenue	700.7	752.3	7.4
Earnings before depreciation, amortisation, impairment, interest and tax	116.5	135.4	16.2
Depreciation, amortisation and impairment	(67.8)	(47.1)	30.5
Earnings before interest and tax	48.7	88.3	81.3
Net finance cost(1)	(9.9)	(9.6)	3.0
Profit before tax	38.8	78.7	102.8
Tax (expense)	(9.7)	(22.1)	(127.8)
Minority interest	-	-	-
Net profit attributable to members	29.1	56.6	94.5
Basic earnings per share (cents)	4.5	8.7	93.3

- Improvement in earnings compared to 2020 is due to improved revenue driven by market growth, improved cost efficiencies and nil impairment compared to the prior year
- 2020 pre-tax impairment of $20.5 million reflecting impairment of Munster Kiln 5

(1) Net finance cost is the net of finance costs shown gross in the consolidated income statement and interest income included in other gains/ losses

Working capital

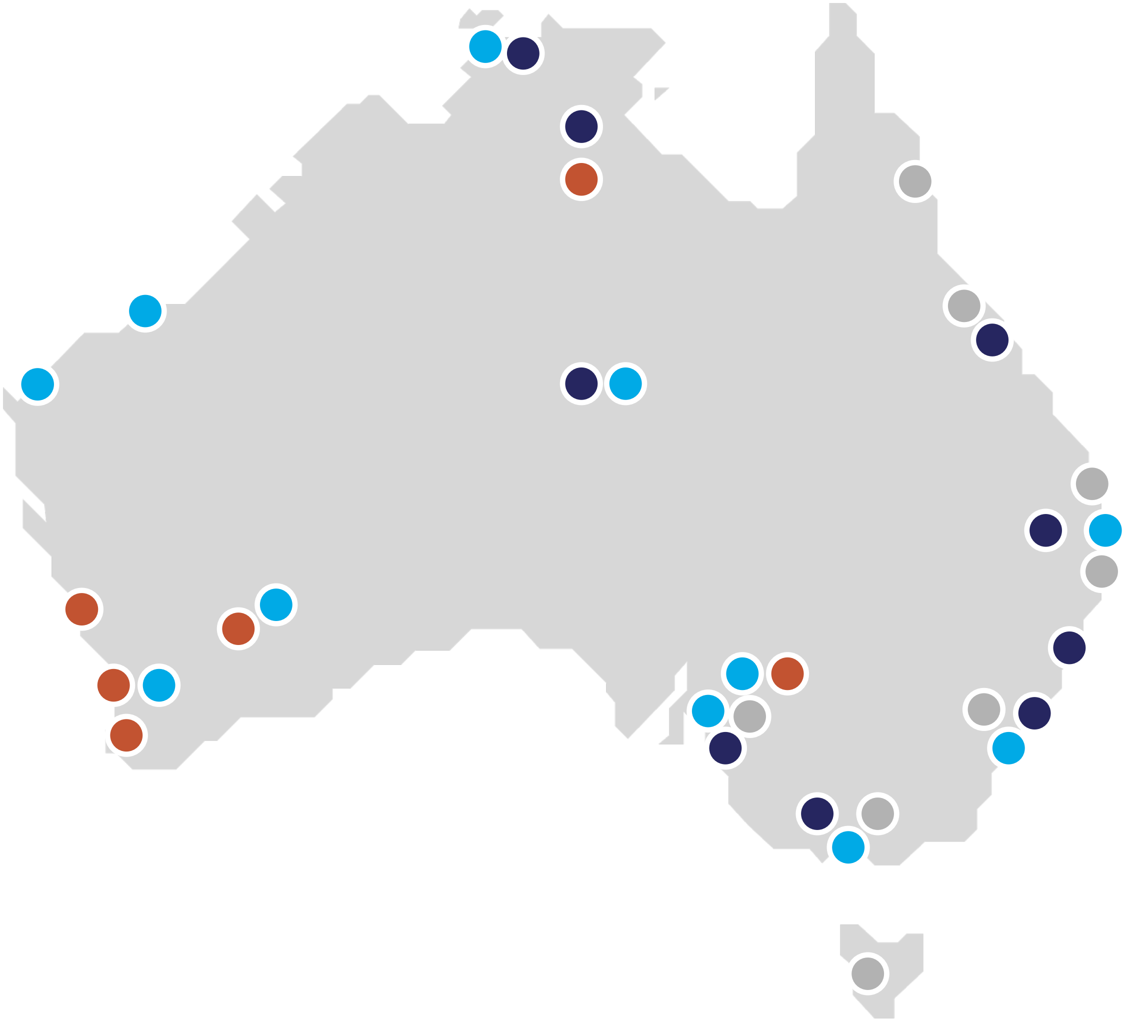
As at		Dec 2020 ($m)	2021 ($m)	(Favourable) / unfavourable (%)
Trade and other receivables (including JV's)		200.7	226.7	13.0
Inventories:	Cement and Lime	98.2	96.1	(2.2)
	Concrete and Aggregates	24.8	25.1	1.2
	Concrete Products	29.1	30.1	3.4
Total inventory		152.1	151.3	(0.5)
6 months ended 30 June		**2020 ($m)**	**2021 ($m)**	**(Favourable) / unfavourable (%)**
Bad debt expense		0.1	1.3	N/A

- Debtor days reduced by 5.2 days from December 2020 driven by tighter credit management and partial recovery of outstanding debt from 2017
- Bad debt provisioning increased in line with increased sales
- Inventory levels increased marginally in Concrete Products and Concrete & Aggregates in line with increased sales. Decreases in Cement & Lime driven by utilisation of raw materials during the refurbishment of the Accolade

Geographic diversification

Operations

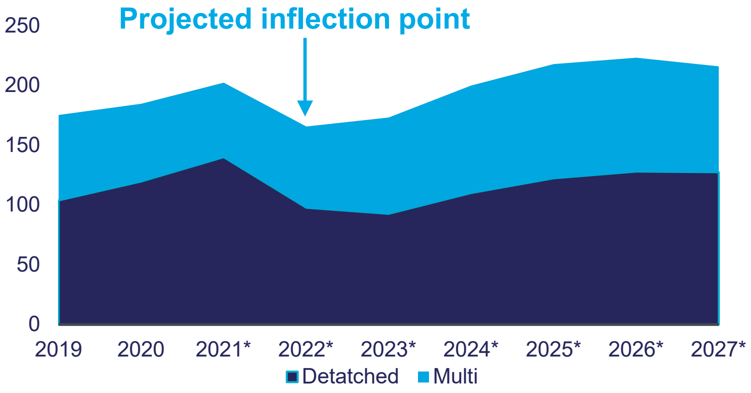
- Cement
- Lime
- Concrete and aggregates
- Concrete products



Appendix 7

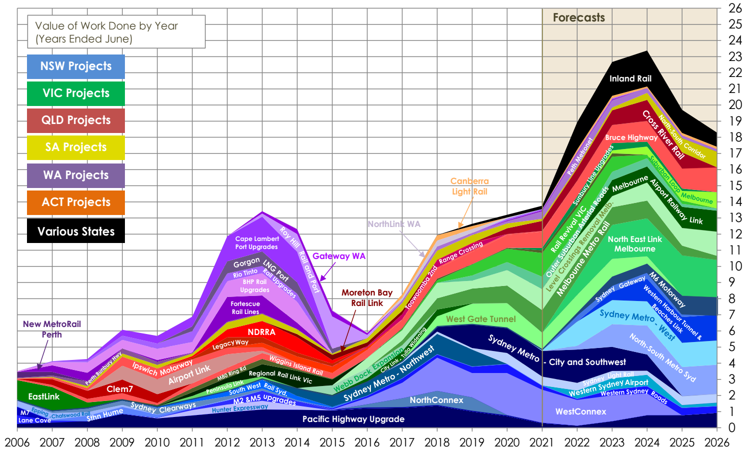
Projections

Residential approvals (000's)



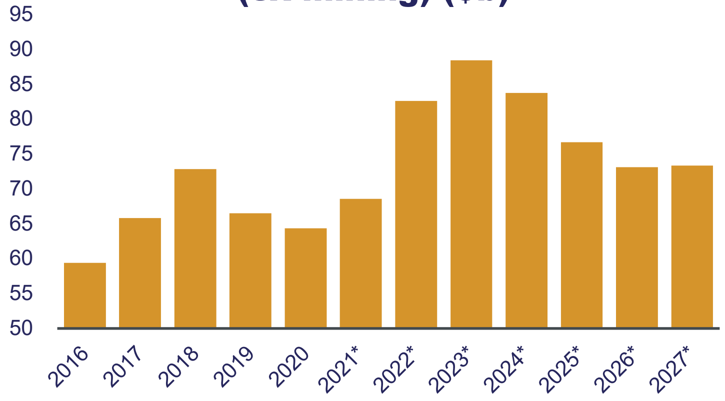
*Forecast

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

- HomeBuilder program lifted approvals in 2020 and early 2021
- Approvals post 2021 expected to slow due to pull forward by HomeBuilder and lower of immigration likely until vaccination roll-out
- Longer term demand positive with population growth

Source: Macromonitors: 'Australian construction outlook – Overview' June 2021

Pipeline of infrastructure investment

- COVID-19 stimulus measures announced by Federal and State Governments have added to the existing infrastructure pipeline
- Tender activity growing as projects progress through to procurement stage

Source: Macromonitors, 'Transport and Infrastructure' August 2021

Infrastructure spending to pick up speed

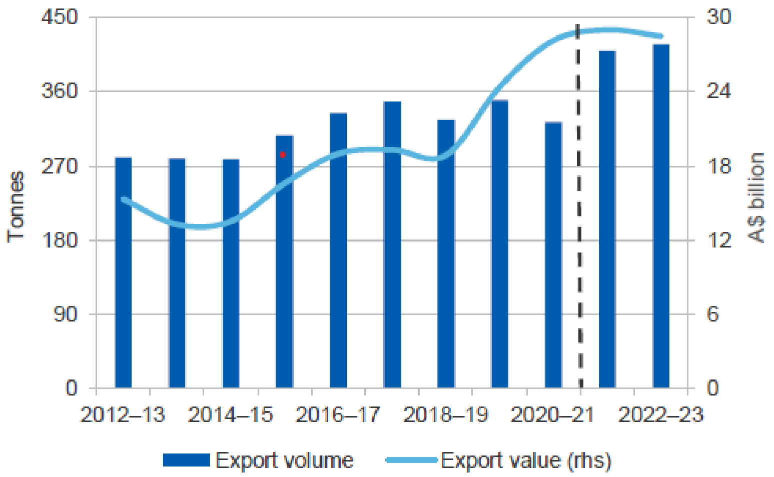
- Infrastructure work done has moderated following a peak in 2018, however projects are anticipated to start in the near term, lifting demand for construction materials
- Long-term demand for construction materials from infrastructure is expected to grow, remaining at elevated levels until at least 2027

Source: Macromonitors: 'Australian construction outlook – Overview' June 2021

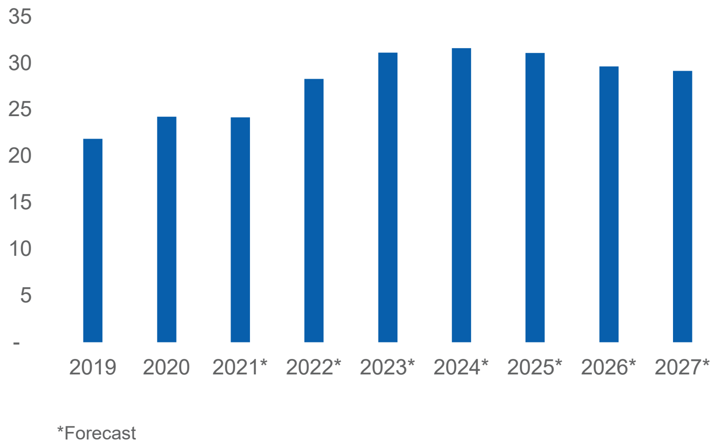
Appendix 8

Projections

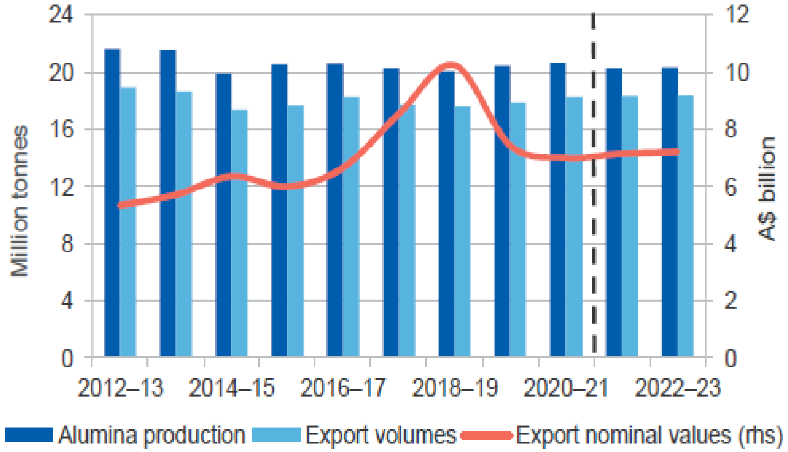
Outlook for gold



Value of mining work done ($b)



Australian alumina production and price



Price for gold and nickel supports growth

- Step change increase in gold production volumes forecast with global prices supporting re-opening of mothballed mines and new operations. Exploration expenditure for gold has increased since 2015
- Nickel developments supported by push for development of battery power

Source: Department of Industry, Science, Energy and Resources Resource and Energy Quarterly June 2021

Mining investment increasing

- 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' June 2021

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 June 2021

Adbri brands

ADBRI

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

About 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

ADBRI

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

adbri.com.au

ADBRI
Building Australia since 1882

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