Adelaide Brighton Limited

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Martin Brydon
Managing Director and Chief Executive Officer

Adelaide Brighton Limited

Overview of the business

Adelaide Brighton – an industry leader

A leading Australian integrated construction materials and lime producing company with balanced exposure across mining and construction sectors

- Leader in cement imports, lime, and concrete products, number two national position in cement and leading regional positions in concrete and aggregates
- Operations in all states and territories and1400 employees
- Supplies cement to all mainland states from domestic manufacturing and coastal import facilities
- Strong cash flow and low gearing
- Positive financial outlook supported by market demand, cost initiatives and further property sales
- Track record of strong growth through investment and operational improvement
- Continue to assess opportunities for growth
- Financial stability, flexibility and prudent capital management remain key

Key information*

ASX Code: ABC
Share price: A$5.02

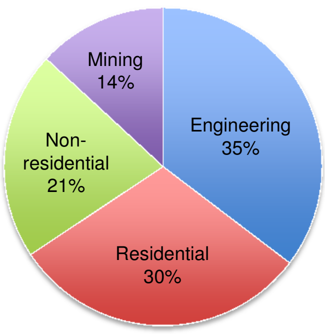
Market Cap: A$3.25 billion
Index: S&P/ASX 100

EPS (2015): A$0.323 (underlying)
Dividends (2015): A$0.19 Ordinary
A$0.08 Specials

* Market Statistics as at 1 April 2016

Diversified business

2015 Revenue by market



Australian industry position

#1

- Lime producer in the minerals processing industry
- Concrete products producer
- Cement and clinker importer with unmatched channels to market

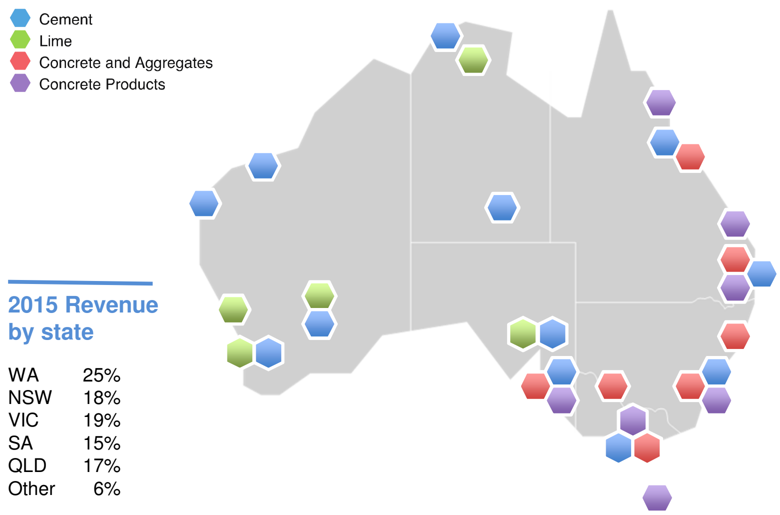
#2

- Cement and clinker supplier to the Australian construction industry

#4

- Concrete and aggregates producer

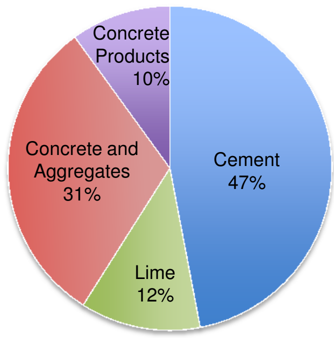
Adelaide Brighton operations



2015 Revenue by state

WA	25%
NSW	18%
VIC	19%
SA	15%
QLD	17%
Other	6%

2015 Revenue by product group[1]



1 Percentage of 2015 revenue of $1,413.1 million

Demand overview – 2015

NSW
Demand strong

- Strength in residential
- Infrastructure projects

VIC
Improved demand

- Led by multi-residential

WA
Stable market

- Residential subdued
- Project volumes declined
- Lime sales increased

South East QLD
Improving market

- Supported by residential
- Favourable geographic mix; Gold Coast and Sunshine Coast

SA
Stable – bottom of cycle

- Residential stable
- Decline in sales to mining operations
- Infrastructure projects commenced early 2016

NT
Demand weaker

- Declining cement sales to resource projects
- Lime sales recovered to large customer

Full year 2015 performance highlights

Revenue	Underlying EBIT[1]	Underlying NPAT[1] attributable to members
$1,413.1m ↑	$300.3m ↑	$209.2m ↑
2014: $1,337.8m — 5.6%	2014: $245.2m — 22.5%	2014: $166.5m — 25.6%

Basic EPS	Final ordinary dividend	Final special dividend
32.0c ↑	11.0c ↑	4.0c ↑
2014: 26.9c — 19.0%	2014: 9.5c — 15.8%	2014: Nil

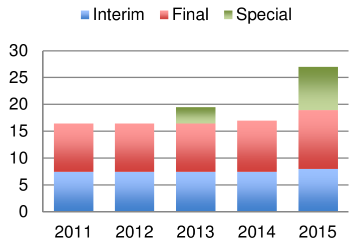
1 Underlying results have been adjusted for significant items.
An explanation of the adjustments and EBIT reconciliation to statutory results is provided on slide 26

2015 financial results

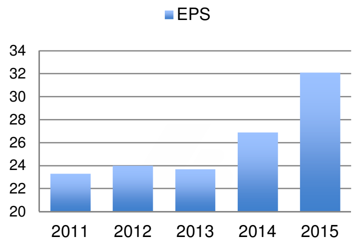
- Healthy residential construction activity and acquisitions lifted revenue
- Excluding property, EBIT supported by acquisitions, volume growth, price increases and cost reduction
- Our core businesses are all performing well with operational improvement a driver
- Acquisitions delivering in line with expectations
- Strong cash flow and reduced gearing to 24.6%
- Fully franked dividends 27.0 cents for the year
- Positive outlook supported by market demand, cost initiatives and further property sales
- Continue to assess opportunities for implementing the strategy
- Financial stability, flexibility and prudent capital management remain key

Shareholder returns

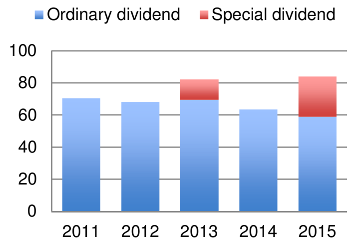
Dividend (cents)



EPS (cents)



Payout ratio %



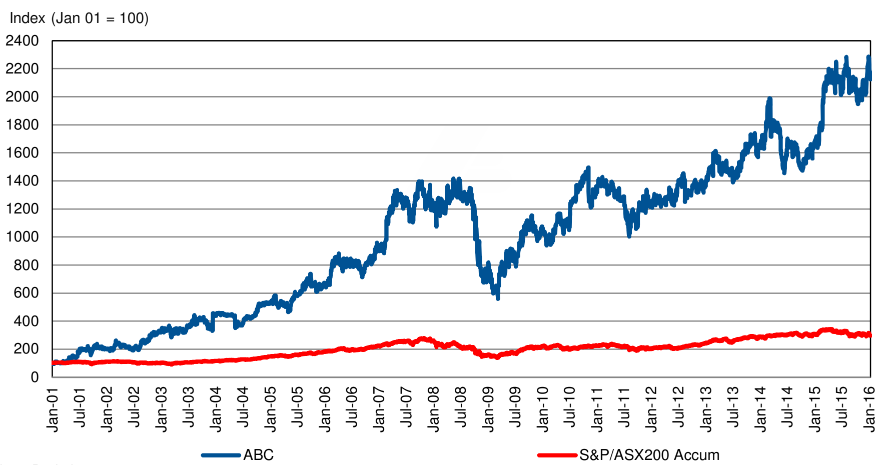
- Final ordinary dividend up 1.5 cents to 11.0 cents (fully franked)
- Final special of 4.0 cents
- Total dividends 27.0 cents (fully franked)

- Basic EPS 32.0 cents, underlying EPS 32.3 cents

- Target payout remains 65% - 75% of basic EPS

Long term shareholder returns

ABC share price plus dividends reinvested vs S&P/ASX Accumulation Index



Source: ASX/First Advisers Pty Ltd

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Operations and strategy

Consistent long term strategy

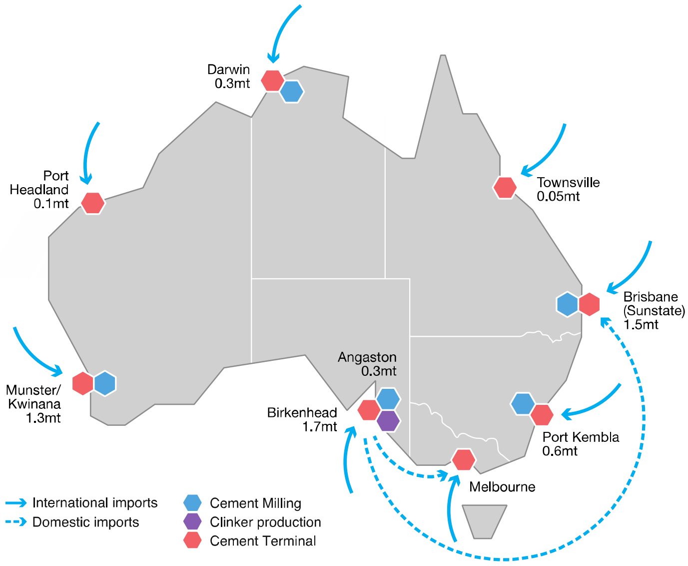
Strategy has delivered strong shareholder returns

1	Cost reduction and improvement across the business	• Corporate restructure • Rationalisation of inefficient production • Import strategy
2	Grow the lime business to supply the resources sector	• Environmental and capacity upgrades • Lowest cost producer • Long term customer contracts
3	Focused and relevant vertical integration	• Acquisition synergies achieved • Aggregates focus to underpin returns

Continual improvement – Cement

Manufacture and import strategy

- World class production facility in SA fully utilised
- Model provides supply flexibility through cycle
- Imports exceeded 2.1mt in 2015; more than 20% of market demand
- Unmatched logistics footprint with highly competitive and flexible long term supply arrangements
- Virtual capacity: variable import cost structure allows full loading of Birkenhead through cycle
- Further opportunities for business improvement



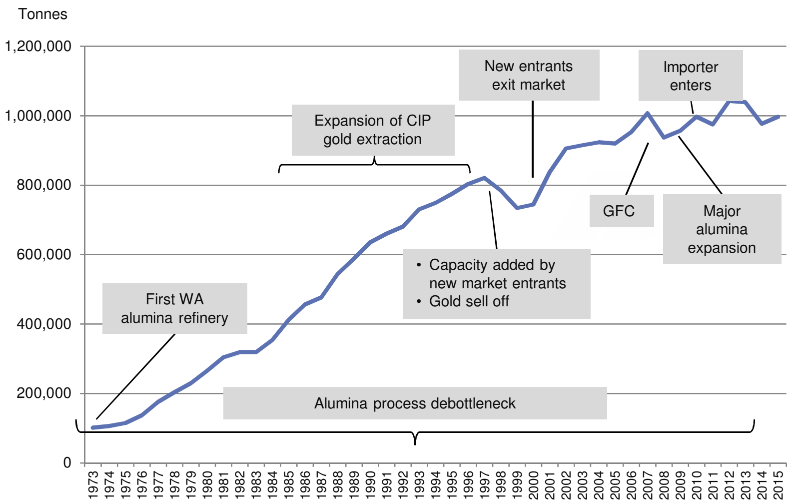
Lime – unique position in growth market

- Alkaline neutralising agent in mineral processing
- Growth through expansion of globally competitive WA resources sector
- Kilns amongst the largest in the world and low cost resource reserves with long term statutory approvals
- Critical input to WA alumina and gold sectors
- Alumina (70% of WA demand)
  - — assessing further 15% upgrade to production underpinned by low cost position
  - — contracted price increases
- Gold (20% of WA demand)
  - — projects restarting/expanding given gold price rise and A$ decline
  - — smaller customers attract selling price premium

2015 Revenue

12%

ABL WA lime sales history



Source: ABL

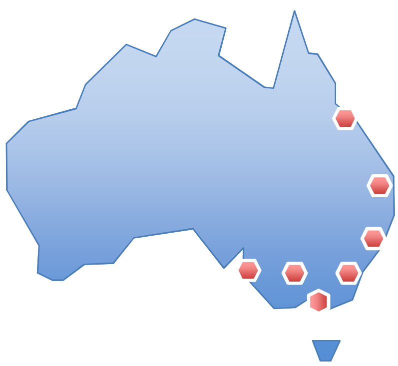
- Consistent demand growth driven long term improvement
- 7% of WA market supplied by dumped imports
- WA alumina 12% of global supply
- Bottom quartile costs globally – long term supply contracts
- Gold sector improving
- WA ~80% of Australian gold production and ~8% of global production

Vertical Integration – Concrete and Aggregates

- Leading positions in highly localised heavy materials markets
- Improved demand supported by residential construction and commercial projects
- Earnings from 2014 acquisitions in line with expectations and positioned for demand recovery
- Synergies in overhead, systems, logistics, procurement and marketing in line with plan
- Adelaide Brighton systems and processes supported rapid and efficient integration of new businesses and operational improvement
- Continue to look for further growth opportunities where it adds value for shareholders

2015 Revenue

31%



Concrete Products

- Very positive turnaround story in Concrete Products
- The leading supplier of concrete masonry products to the residential and commercial construction sectors in eastern part of Australia
- Business improvement program – rationalisation of production facilities and restructuring assisted earnings
- Strong demand from residential and commercial construction
- Industry rationalisation and improving asset utilisation has improved industry fundamentals
- Full year EBIT up 75% and further improvement possible

2015 Revenue

10%

Joint arrangements

- Adelaide Brighton owns a number of significant joint-arrangements in production and distribution of cement products, concrete and aggregates
- Provides access to a number of important high growth markets and has delivered attractive returns over time
- Earnings have been under pressure due to demand weakness in certain markets, primarily Victoria and south east Queensland
- Demand recovery in these markets places these businesses well to deliver improvements

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Outlook

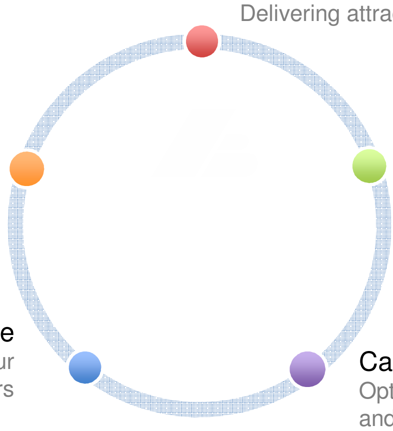
Building shareholder value

Drivers of business and shareholder value

Financial performance
Delivering attractive return on capital

Risk management
Balance sheet
and operational risks

Market leadership
Maximise operating
efficiencies



Governance and social licence
Licence to operate for our
shareholders and stakeholders

Capital management
Optimise utilisation of capital
and returns

Outlook

- Sales volume of cement, clinker and lime expected to be slightly higher in 2016
- Price increases anticipated in cement, clinker, aggregates, concrete, concrete products and lime
- Price increases supported by improving industry utilisation and weaker A$
- Import costs are expected to increase by approximately $8 million; hedged to December 2016
- Gas costs are expected to decrease overall
- Efficiency improvements remain a priority
- Property proceeds of $30 million to $40 million anticipated over the next two years and in excess of $140 million over next decade
- As always, we will look to participate in industry consolidation where it adds value
- We seek to ensure the balance sheet is efficiently utilised while retaining the flexibility to fund long term growth
- Prudent capital management remains an important part of this approach

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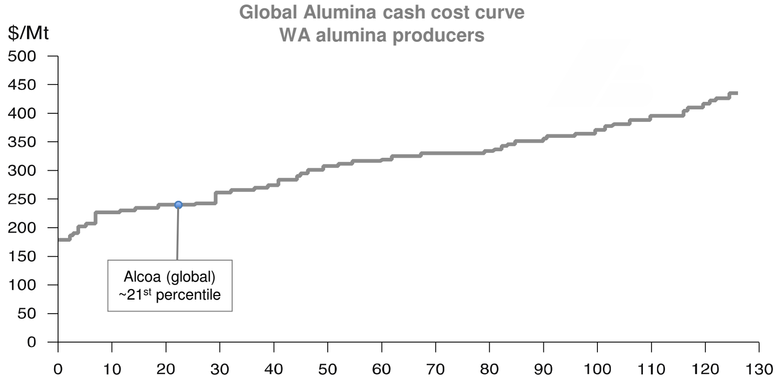
Supplementary information

Lime demand drivers – alumina

- **Alumina represents 70% of WA lime demand**
- **WA refineries are in the bottom quartile of the cash cost curve with lower cost of manufacture on global scale**

Global Alumina cash cost curve
WA alumina producers



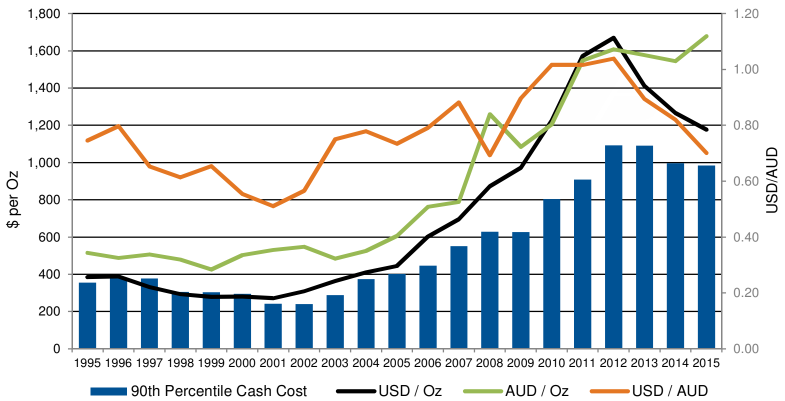
Source: Company reports and ABL estimate

- WA alumina represents ~12% global capacity. Major customer's largest bauxite reserves are in Australia
- Long term lime supply contracts with two alumina customers
- Lower AUD and lower cost of gas in WA further improves competitiveness
- Environmental approval granted for capacity expansion by major Alumina customer – potential for 40ktpa lime sales

Lime demand drivers – gold

- **Lime demand from gold sector improving**
- **Gold represents 20% of WA lime demand**

Gold price versus cash cost – 20 year history



Source: Australian Minerals Council and ABL

Australian gold production

- Circa 80% of Australian gold production in WA
- WA has ~8% of world's gold production

Financial summary – statutory basis

12 months ended 31 December	2015 $m	2014 $m	Change pcp %
Revenue	**1,413.1**	**1,337.8**	**5.6**
Depreciation, amortisation and impairments	(77.8)	(75.0)	3.7
Earnings before interest and tax (EBIT)	**298.6**	**247.5**	**20.6**
Net finance cost	(13.0)	(15.0)	(13.3)
Profit before tax	**285.6**	**232.5**	**22.8**
Tax expense	(77.8)	(59.9)	29.9
Net profit after tax	**207.8**	**172.6**	**20.4**
Non-controlling interests	0.1	0.1	–
Net profit attributable to members	**207.9**	**172.7**	**20.4**
Basic earnings per share (cents)	32.0	26.9	19.0
Final ordinary dividend – fully franked (cents)	11.0	9.5	15.8
Final special dividend – fully franked (cents)	4.0	–	
Net debt ($ millions)	297.2	359.7	
Gearing (%)	24.6%	31.6%	

- Statutory NPAT up 20.4% to $207.9 million
- Statutory EBIT up 20.6% supported by property profits
- Tax expense up strongly due to significant items last year
- Final ordinary dividend 11.0 cents and final special dividend 4.0 cents
- Total dividends for year 27.0 cents per share, 84% payout
- Net debt $297.2 million and gearing of 24.6%

Underlying earnings reconciliation

12 months ended 31 December	2015 $m	2014 $m
Statutory EBIT	**298.6**	**247.5**
Munster rationalisation of clinker production	–	7.6
Corporate restructuring	1.3	5.4
Acquisition expenses	0.6	6.2
Fair value gain on acquisition	(0.2)	(17.8)
Claim settlement	–	(3.7)
Underlying EBIT	**300.3**	**245.2**

Measure of profit that excludes significant items to highlight underlying performance

- Fewer significant items in 2015
- Property profits are considered part of normal activities and therefore excluded from significant items

Joint arrangements

ICL (50%)

Cement distribution

- Lower contribution due to higher input costs
- Better second half performance with volumes and prices rising and costs down
- Victorian demand improved and high level of demand maintained in New South Wales

Sunstate Cement (50%)

Cement milling and distribution

- Stronger demand, however reduced sales to shareholders
- Price increases assisted but markets remain competitive

Aalborg Portland Malaysia (APM) (30%)

Specialty cement manufacturer

- Earnings declined due to slower than anticipated commissioning of capacity expansion

Mawsons (50%)

Concrete and aggregates

- Earnings declined marginally from strong 2014 levels due to a slowdown in major projects, weaker residential and competitive pressures across markets

Financial summary – 10 year history

Year Ended	Dec	Dec'[2]	Dec	Dec'[1]	Dec	Dec	Dec	Dec	Dec	Dec
(A$ million unless stated)	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Statements of financial performance										
Sales revenue	1,413.1	1,337.8	1,228.0	1,183.1	1,100.4	1,072.9	987.2	1,022.4	888.4	794.7
Depreciation, amortisation and impairments	(77.8)	(75.0)	(70.6)	(65.2)	(57.8)	(52.8)	(56.8)	(56.8)	(52.4)	(51.8)
Earnings before interest and tax	298.6	247.5	222.7	222.1	219.8[3]	216.2	185.3	189.1	171.3	148.8
Net interest earned (paid)	(13.0)	(15.0)	(14.1)	(14.6)	(17.0)	(14.0)	(16.7)	(33.8)	(21.7)	(15.2)
Profit before tax, abnormal & extraordinary items	285.6	232.5	208.6	207.5	206.4	202.2	168.6	155.3	149.6	133.6
Tax expense	(77.8)	(59.9)	(57.5)	(54.6)	(58.0)	(50.8)	(45.4)	(34.5)	(35.7)	(31.0)
Profit from discontinued operations	–	–	–	–	–	–	–	–	–	–
Non-controlling interests	0.1	0.1	–	0.1	–	0.1	(0.1)	–	–	(0.5)
Net profit after tax attributable to members	207.9	172.7	151.1	153.0	148.4	151.5	123.1	120.8	113.9	102.1
Group balance sheet										
Current assets	403.1	387.4	390.2	363.7	307.8	274.1	308.8	290.8	233.1	224.7
Property, plant & equipment	986.1	994.2	889.7	902.5	851.0	760.6	774.3	801.9	742.5	694.2
Receivables	32.9	32.7	31.4	29.6	27.2	30.4	30.4	28.4	29.5	27.5
Investments	142.2	139.9	138.5	129.0	97.2	87.7	72.5	67.6	66.9	40.8
Intangibles	272.9	266.4	183.9	184.8	183.0	179.1	169.0	169.4	164.4	164.6
Other non-current assets	1.3	0.0	0.0	3.5	0.0	0.0	0.0	0.0	2.7	22.9
Total assets	1,838.5	1,820.6	1,633.7	1,613.1	1,466.2	1,331.9	1,355.0	1,358.1	1,239.1	1,174.7
Current borrowings & creditors	123.9	122.7	105.4	115.0	99.2	106.4	106.5	98.4	145.5	125.8
Current provisions	55.4	44.2	105.8	78.5	34.5	52.6	55.4	44.5	49.5	54.1
Non-current borrowings	329.5	390.1	259.1	299.3	258.7	150.2	200.5	410.5	281.9	210.7
Deferred income tax & other non-current provisions	122.4	126.9	101.6	114.4	116.7	88.4	95.6	102.8	94.3	109.1
Total liabilities	631.2	683.9	571.9	607.2	509.1	397.6	458.0	656.2	571.2	499.7
Net assets	1,207.3	1,136.7	1,061.8	1,005.9	957.1	934.3	897.0	701.9	667.9	675.0

1. Restated for changes to accounting policies (Note 42 to the 2013 Financial Statements)
2. Restated for final acquisition accounting values for businesses purchased in 2014

Financial summary – 10 year history

Year Ended	Dec	Dec'[2]	Dec	Dec'[1]	Dec	Dec	Dec	Dec	Dec	Dec
(A$ million unless stated)	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**
Share capital	729.2	727.9	699.1	696.6	694.6	692.7	690.4	540.4	514.0	513.3
Reserves	1.2	3.3	4.3	2.1	2.3	2.6	2.9	3.5	14.5	13.3
Retained profits	474.3	402.8	355.6	304.4	257.3	236.0	200.6	155.0	136.4	139.8
Shareholders' equity attributable to members of the Company	1,204.7	1,134.0	1,059.0	1,003.1	954.2	931.3	893.9	698.9	664.9	666.4
Non-controlling interests	2.6	2.7	2.8	2.8	2.9	3.0	3.1	3.0	3.0	8.6
Total shareholders' funds	1,207.3	1,136.7	1,061.8	1,005.9	957.1	934.3	897.0	701.9	667.9	675.0
Share information										
Net Tangible Asset Backing ($/share)	1.44	1.34	1.38	1.29	1.22	1.19	1.15	0.97	0.93	0.94
Return on funds employed	19.8%	17.7%	17.0%	18.0%	19.4%	20.0%	17.3%	18.0%	18.1%	16.7%
Basic earnings per share (¢/share)	32.0	26.9	23.7	24.0	23.3	23.9	20.4	22.2	21.0	18.8
Diluted earnings (¢/share)	31.9	26.8	23.4	23.8	23.2	23.7	20.3	22.0	20.8	16.4
Total dividend (¢/share) (fully franked)	27.0	17.0	19.5	16.5	16.5	21.5	13.5	15.0	18.5	18.5
Interim dividend (¢/share) (fully franked)	8.0	7.5	7.5	7.5	7.5	7.5	5.5	6.5	6.0	5.0
Final dividend (¢/share) (fully franked)	11.0	9.5	9.0	9.0	9.0	9.0	8.0	8.5	9.0	7.5
Special dividend (¢/share) (fully franked)	8.0	–	3.0	–	–	5.0	–	–	3.5	6.0
Gearing	24.6%	31.6%	23.4%	30.9%	26.0%	15.9%	19.6%	55.3%	48.4%	33.6%

1. Restated for changes to accounting policies (Note 42 to the 2013 Financial Statements)
2. Restated for final acquisition accounting values for businesses purchased in 2014

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