



# Adelaide Brighton Ltd

## Investor presentation – acquisitions

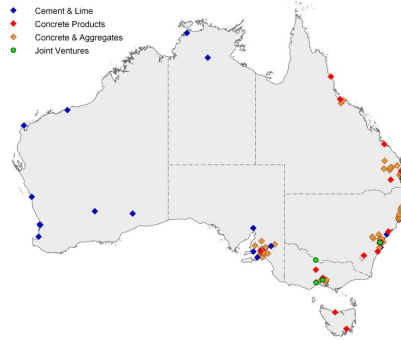
6 August 2014

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## Adelaide Brighton operations and strategy

- Consistent strategy has supported shareholder returns:
  - Cost reduction and operational improvements across the business
  - Development of the lime business to supply the resource and mineral processing sectors in WA, SA and NT
  - Focused and relevant vertical integration into downstream concrete, aggregates and concrete products businesses
- Acquisitions have provided a strong market position in downstream concrete and aggregates

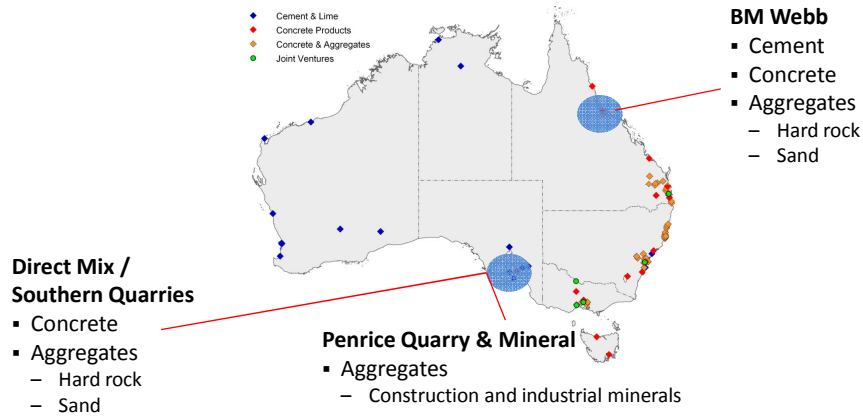


## Expansion of downstream operations

Consistent with Adelaide Brighton's strategy of vertical integration into downstream markets, the following acquisitions, totalling a combined purchase price of \$174 million (on a cash free, debt free basis) have been made:

- Direct Mix Concrete / Southern Quarries ("DMC")
- Penrice Quarry & Mineral ("Penrice Quarry")
- BM Webb Construction Materials ("Webb")

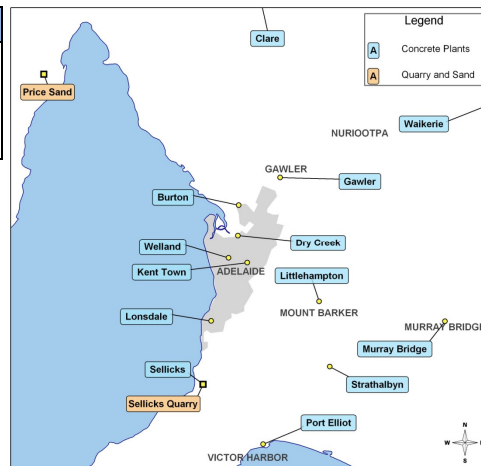
## Downstream expansion: South Australia and North Queensland



## Overview Direct Mix Concrete/Southern Quarries (DMC)

Volumes (per annum)	
<ul style="list-style-type: none"> <li>▪ Aggregates: - Hard rock</li> <li style="padding-left: 20px;">- Sand operations</li> </ul>	>1,000,000t
<ul style="list-style-type: none"> <li>▪ Concrete</li> </ul>	>200,000m <sup>3</sup>

- DMC is the largest independent concrete and aggregates business in South Australia
- Operations cover metropolitan and regional areas
- Assets include concrete plants, a hard rock quarry, a sand extraction operation and transport operations

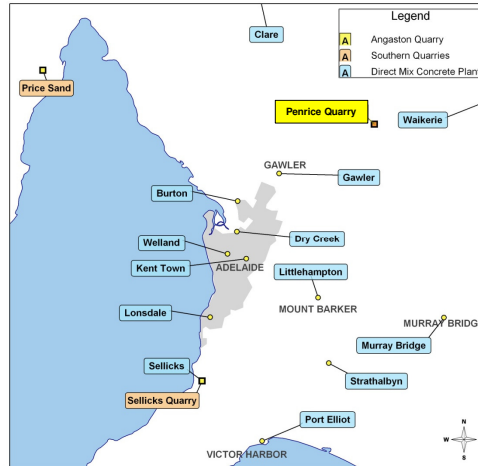


## Overview Penrice Quarry & Mineral (Penrice Quarry)

### Volumes (per annum)

- Aggregates Approx. 1,000,000t

- Penrice Quarry represents a strong strategic fit for Adelaide Brighton – supplying raw materials for lime and white cement manufacture at the Group’s Angaston plant
- Highly complementary to the Direct Mix and Southern Quarries market positions
- Significant source of aggregates for the premixed concrete and civil markets to Adelaide’s north

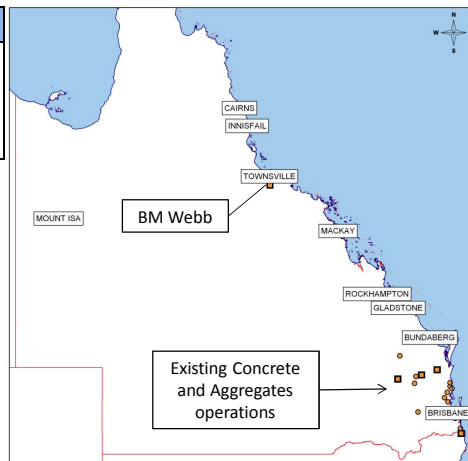


## Overview BM Webb Construction Materials (Webb)

### Volumes (per annum)

- Aggregates: – Hard rock } >100,000t
- Sand operations }
- Concrete >50,000m<sup>3</sup>

- Webb is an independent concrete and aggregates business based in Townsville
- Assets include a concrete plant, hard rock quarry, a sand extraction operation, transport operations and a cement import facility
- Provides opportunity for Adelaide Brighton to expand its cement distribution into the high growth north Queensland market



## Strategic rationale

### Direct Mix Concrete (DMC)

- Premixed concrete
  - Strong number 2 market position in South Australia
- Strategic aggregates position
  - Significant hard rock and sand operations
  - Over 50 years of hard rock and 30 years of sand reserves
  - Strong number 2 position covering the South Australian market
- Downstream integration benefits
  - Cement supplied by Adelaide Brighton
  - Underpins Birkenhead plant utilisation
- Cost synergies
  - Overhead synergy benefits



## Strategic rationale

### Penrice Quarry

- Major supplier of raw materials for lime and white cement manufacture to the Adelaide Brighton Angaston plant
- Supplies approximately one million tonnes per annum of high quality industrial minerals and aggregates - in excess of 30 years of useful life
- Complementary to DMC; aggregates for the premixed concrete and civil markets

### Contract renewal – long term cement supply agreement

- Long term supply agreement with another major independent premixed concrete customer in South Australia. Secures cement supply until mid 2021 on similar terms to previous agreement

### Webb

- Expansion into the north Queensland market with the ability to import and distribute cement into this market
- Established concrete business with long term hard rock and sand reserves



## Financial summary

### Funding

- Total acquisition purchase price of \$174 million including related transaction costs will be funded with existing cash and available facilities

### Valuation

- The purchase price represents a year one EV/EBITDA multiple of 9.8x

### Financial impact

- EPS accretive<sup>1</sup> from FY14
- Pro forma gearing at upper end of the target range 25%-45%

### Timing

- Penrice – completed
- Webb – completed
- DMC – completion expected August 2014

<sup>1</sup> Based on the expected operating results for the businesses being acquired, excluding the impact of transaction costs

