
Adelaide Brighton Limited
Credit Suisse Annual Asian Investment Conference
Hong Kong, 19-22 March 2018
Martin Brydon
Chief Executive Officer and
Managing Director


Adelaide Brighton Limited
Overview of the business

Highly focused Australian construction materials and lime business

Strong shareholder returns through growth investment and operational improvement

Our businesses:

- Pure play on Australia with broad based exposure to construction and mining sector
- Leading cement and clinker manufacturer and distributer
- Significant concrete and aggregates business
- World class lime business
- Leading concrete products manufacturer

Maximise returns through financial stability, flexibility and prudent capital management

Key information*

ASX Code:	ABC
Share price:	A$6.77
Market Cap:	A$4.4 billion
Index:	S&P/ASX 100
EPS (2017):	28.0 cents (Basic)
Dividends (2017):	20.5 cents Ordinary 4.0 cents Special

*As at 16 March 2018

Broad based exposure to Australian economic growth

Australian industry position

#1

- **Cement and clinker importer** *in Australia supplying all major markets*
- **Lime producer** *in Australia*
- **Concrete products** *manufacturer*

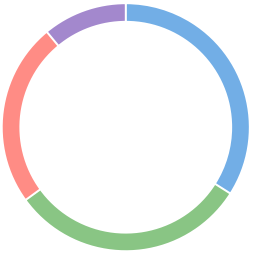
#2

- **Cement and clinker supplier** *to the Australian construction industry*

#4

- **Concrete and aggregates producer** *building presence in major markets*

FY2017 Revenue by market*



- 34% Engineering
- 31% Residential
- 24% Non-residential
- 11% Mining operations

* Percentage of FY2017 segmental revenue of $1,549 million

Geographic and product diversification

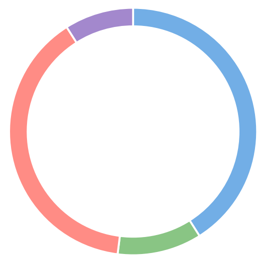
Operations

- Cement
- Lime
- Concrete and Aggregates
- Concrete Products

FY2017 Revenue by state*

WA	19%
NSW	21%
VIC	27%
SA	13%
QLD	16%
Other	4%

FY2017 Revenue by product group*



41%	Cement
11%	Lime
39%	Concrete and Aggregates
9%	Concrete Products

* Percentage of FY2017 segmental revenue of $1,549 million

Leading national, regional and local brands

Concrete & Aggregates

HY-TEC, CENTRAL, Penrice Quarry & Mineral, DIRECT MIX CONCRETE, Davalan Concrete, PENINSULA QUARRIES, SOUTHERN QUARRIES

Cement & Lime

Adelaide Brighton Cement Ltd, COCKBURN CEMENT, MCI, Northern Cement, Swan Cement

Concrete Products

adbri MASONRY

Joint Ventures

MAWSONS, batesford quarry

Joint Ventures

Sunstate Cement Ltd., aalborgportland, Independent Cement and Lime Pty. Ltd

Joint Ventures

Burrell Mining Services

Construction materials – demand environment supportive

NSW

Demand strong

- Residential robust
- Non-residential up
- Infrastructure improving

Outlook: **Strong**

VIC

Demand strong

- Led by multi-residential
- Non-residential improving
- Infrastructure in pipeline

Outlook: **Strong**

WA

Construction weaker

- Residential and non-residential weak
- Resources subdued
- Lime slightly down

Outlook: **Stabilising**

South east QLD

Demand up

- Gold Coast and Sunshine Coast markets better
- Infrastructure projects

Outlook: **Strengthening**

SA

Return to growth

- Major infrastructure projects commenced with solid pipeline

Outlook: **Strengthening**

NT

Demand weaker

- Construction of major resource projects completed
- Regional projects stronger for concrete and aggregates products

Outlook: **Stabilising**

Strong dividends and shareholder returns

Revenue	NPAT attributable to members	Underlying NPAT Ex-property attributable to members
$1,560m	$182.0m	$189.3m
▲ 11.7%	▼ 2.3%	▲ 5.3%

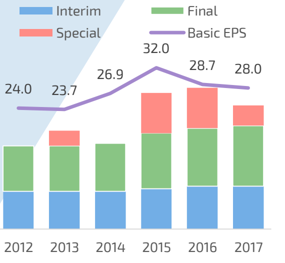
Basic EPS	Final ordinary dividend	Special dividend
28.0c	12.0c	4.0c
▼ 2.4%	+4.3%	unchanged

2017 highlights

- Strong revenue growth despite weakness in WA and NT
- Underlying NPAT increased 5.4% and underlying EBIT up 7.8%
- Reported NPAT impacted by a number of one-offs including transaction and restructuring costs, a product quality issue and doubtful debts
- Concrete and aggregates now 39% of revenue and significant earnings contributor
- Strong east coast markets for construction materials
- Margins lower in cement and concrete products, slightly lower in lime and higher in concrete and aggregates; joint ventures growing strongly

- Robust operating cash flow supports acquisitions, debt reduction and strong dividends
- Conservative gearing, flexible balance sheet and strong shareholder returns
- Underlying EBIT ROFE 18.1%
- Final ordinary dividend increased to 12.0 cents and special dividend of 4.0 cents, making 24.5 cents fully franked for the year
- Dividends have been a key driver of strong shareholder returns over long term

Dividends and EPS



- Total 2017 dividends 24.5 cents (fully franked)
- Target payout ratio 65% – 75% of basic EPS
- Target gearing 25% – 45% net debt to equity

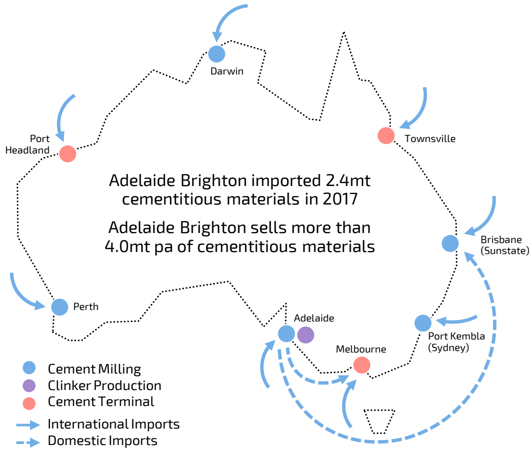
Adelaide Brighton's highly focused strategy

Consistent long term strategy delivering returns		
1	Cost reduction and operational improvement across the business	• Best practice operational performance • Import strategy to maximise asset utilisation • Focus on energy usage and procurement
2	Grow the lime business to supply the resources sector	• Unique resource and cost position • Long term customer contracts and growth • Continuous improvement to maintain cost leadership
3	Focused and relevant vertical integration	• Operational performance to realise long term value • Targeting strategic aggregates positions • Strong emphasis on shareholder value creation

Cement production, import and distribution - strong sales growth

Efficient manufacture and import model

- World class SA production – fully utilised
- Unmatched cement and clinker distribution network underpins competitive long term position
- Cost competitive and capital efficient import and domestic production model supports returns through cycle: e.g. WA
- Cement & clinker sales volume increased 9% in 2017 driven by east coast demand and SA demand
- Imports a record 2.4mt in 2017, more than 20% of Australian consumption
- Virtual capacity – variable import cost structure allows full loading of Birkenhead through cycle
- Surplus land released over last decade by rationalisation of domestic production
- Ongoing improvement: cement rationalisation $3.8m annual savings; flexing import capability



Concrete and Aggregates – significant growth

- Vertical integration strategy – share of Group revenue more than doubled to 39% in 5 years
- Integrated operations capture returns through the value chain, drive efficiencies and secure markets for upstream operations
- Significantly increased east coast exposure where demand outlook remains robust
- Geographic and product diversification benefits
- Concrete volumes up more than a third in 2017 on strong demand and acquisitions
- Demand growth and price rises, particularly in aggregates, further lifted revenue
- Margins in existing business improved significantly on higher volumes, strong pricing and cost control
- Acquisitions performed to expectations
- Continue to examine opportunities for growth with preference for strategic aggregates positions
- Outlook positive

Concrete and aggregates growth – meeting expectations

Concrete and aggregates acquisitions

- Concrete and aggregates strategic acquisitions – $85.2m investment
- 6.8x EBITDA excluding transaction costs
- Revenue and EBIT enhanced in 1H17 by March acquisition of Central Pre-Mix :
  - 5 concrete plants and 1 quarry serving Melbourne metro market
- Davalan, late June, strengthens leading SA position:
  - 4 concrete plants in Adelaide
  - Highly complementary; adds scale and synergies in overhead, logistics and raw materials
- NT concrete and aggregates acquired July:
  - 4 concrete plants and 2 quarries
  - Strong integrated business near bottom of cycle
- Businesses performing to expectations

Central Campbellfield site

Concrete Products – business improvements continue

- Wet weather and delayed projects in 1H17 but recovery in 2H17
- Retail sales remained positive, commercial impacted by project timing and multi-residential weaker
- EBIT down slightly to $10.2m in 2017 due to lower sales volumes
- Further efficiencies in medium term from tolling, general improvements, transport and product innovation
- New $3m automated sleeper walling plant in Stapylton, Queensland, offering operating efficiencies and growth potential
- A growing customer for the cement, sand and aggregates businesses
- Optimistic on outlook in the medium term

Unique lime business – unique world-scale assets

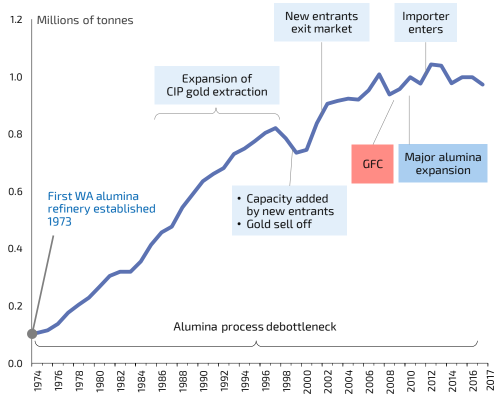
- Adelaide Brighton's total lime capacity is 1.5m tonnes per annum; Munster plant is one of the largest & lowest cost operations globally
- Only WA producer – low cost long term resource; key supplier to minerals processing sector
- WA alumina 70% of lime demand; gold and other minerals impacted by imports
- Improved returns and added value through significant efficiency and environmental projects
- Intensifying competition from importers constraining prices in the non-alumina sector
- Margins decreased in 2017
- Prices subject to inflationary increases in 2018 under long term contract arrangements
- In addition, rising energy costs, mainly coal, anticipated in 2018 will be reflected in contract price mechanisms over subsequent periods

Lime demand drivers – alumina

- Alumina represents 70% of WA lime demand
- WA refineries are in the bottom quartile of the cost curve

- Western Australia represents 12% of global alumina capacity
- Long term lime supply contracts with two alumina customers
- Reduced cost of gas in WA further improves competitiveness
- Alumina expansions could add 15% to WA lime demand

Adelaide Brighton WA lime sales



Source: Adelaide Brighton

Operational improvement and growth investment

Operational improvement

- Ongoing improvement key driver of value
- Circa $90m annualised savings in 5 years from rationalisation and improvement
- $11m in new savings delivered in 2017, including $3m in energy
- Rationalisation of Angaston oil well cement to deliver $3.8m in total annual savings
- In addition, $12m savings in 2017 from transport, shipping and materials purchasing
- Strong focus on energy costs including alternative fuels, procurement and consumption
- SA electricity and gas contracts in 2017 provide increased security of supply at competitive prices

Acquisitions

- >$240m investment in acquisitions over last 5 years
- Met targets, diversified earnings and provided benefits to other businesses

Organic growth

- Invested >$90m in low risk/high return organic growth projects in last 5 years

Property – capital management

- Operational improvement program released >$95m of surplus land over 5 years
- >$100m in proceeds expected over next decade

Governance – Board changes

Chairman Elect

Independent Director, **Mr Zlatko Todorcevski,** will become Chairman of the Board at the conclusion of the Annual General Meeting in May 2018

Retiring Chairman

Current Chairman, **Mr Leslie Hosking**, intends to retire as a Director during his current term

New Directors

Dr Vanessa Guthrie and **Mr Geoff Tarrant** joined the Adelaide Brighton Board in February 2018 as non-executive Directors under the Board's renewal program

Consistent with the ASX Corporate Governance Council's Principles and Recommendations, a majority of the Board remains independent

New director profiles

Dr Guthrie has more than 30 years' experience in the mining and resources industry and is currently Chair of the Minerals Council of Australia and a non-executive Director of Santos Limited, Vimy Resources Limited and the Australian Broadcasting Corporation.

Dr Guthrie is considered independent.

Mr Tarrant is a finance executive with over a 25 years' experience gained in Australia, the United Kingdom and Asia. He is currently engaged in a corporate finance consultancy role with Deutsche Bank, where he has held a number of senior roles since 2002 primarily in mergers and acquisitions and capital markets.

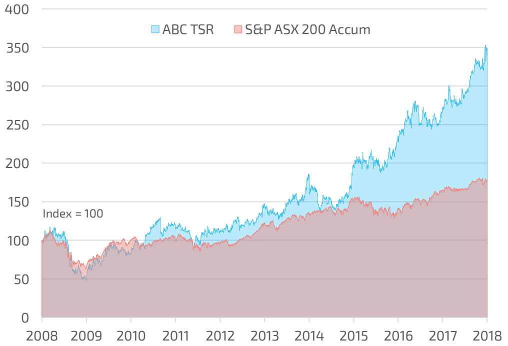
Mr Tarrant was nominated by Barro Properties Pty Ltd and is not considered independent.

Summary – leading integrated construction materials and lime company

Consistent strategy – strong returns

- Successful long term strategy – underlying EBIT ROFE improved to 18.1% in 2017
- Consistent strategy of operational improvement and vertical integration
- Pursuing both organic and acquisitive growth opportunities
- Balance sheet efficiently utilised while retaining flexibility to fund growth
- In 2018, demand environment supportive and outlook positive
- Where the Board considers capital exceeds strategic requirements, shareholder returns remain a priority

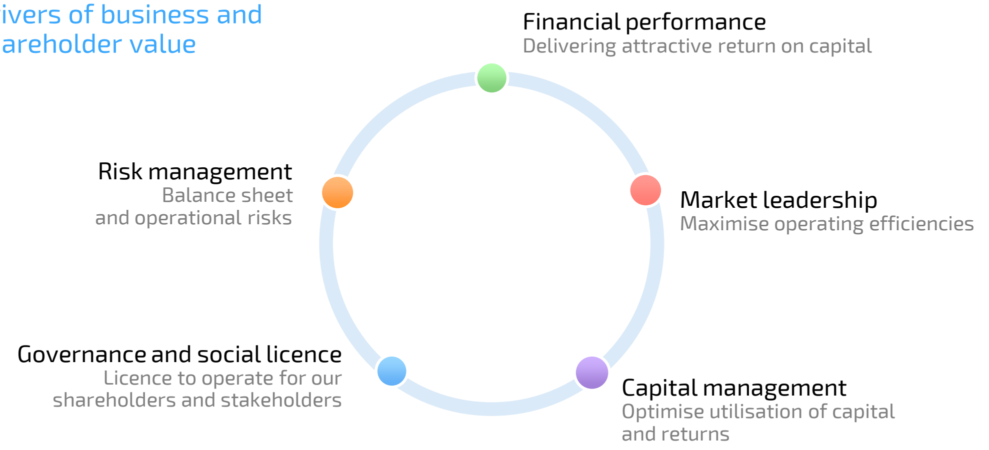
Total shareholder return accumulation over 10 years – assumes dividend reinvestment



Source: Factset

Building shareholder value

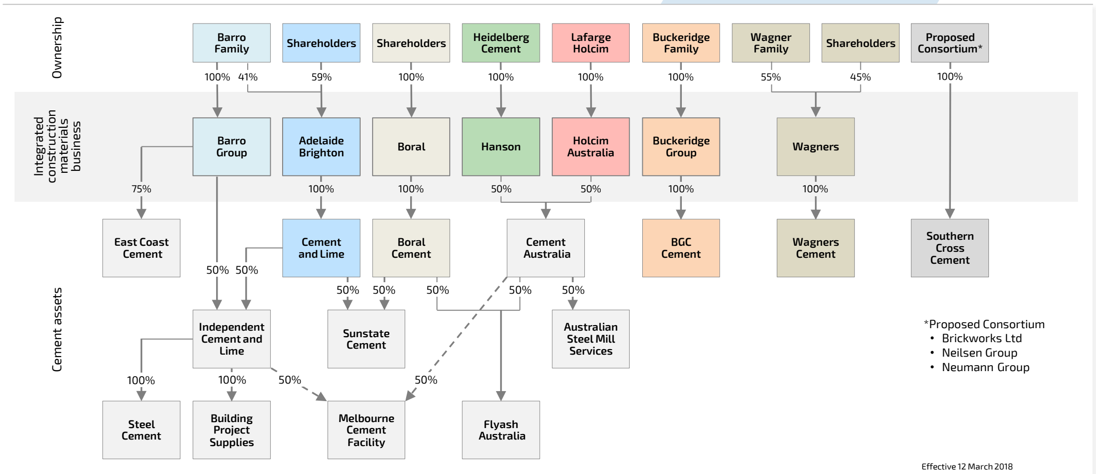
Drivers of business and shareholder value



Joint ventures – strong growth on east coast demand

Joint Venture		Contribution $m 2017	Contribution $m 2016	Change
ICL (50%)	**Cement distribution** • Demand across Victoria and New South Wales remain strong • Margins improved on volume and price increases • Late 2H17 a price rise to recoup higher input costs	14.7	10.5	40%
Sunstate Cement (50%)	**Cement milling and distribution** • Improved volumes and prices • Market remains highly competitive	11.9	11.0	8%
Others (50%)	**Cement, concrete and aggregates** • Strong demand and prices for high value aggregates products • APM earnings affected by rising energy costs	11.2	9.4	19%
Total	Overall strong contribution	**37.8**	**30.9**	**22%**

Australian cement industry structure



Financial summary

12 months ended 31 December	2017 $m	2016 $m	Change pcp %
Revenue	**1,560.0**	**1,396.2**	**11.7**
Depreciation, amortisation and impairments	(82.5)	(78.1)	5.6
Earnings before interest and tax (EBIT)	**266.5**	**266.1**	**0.2**
Net finance cost	(12.1)	(11.5)	5.2
Profit before tax	**254.4**	**254.6**	**(0.1)**
Tax expense	(72.3)	(68.4)	5.7
Net profit after tax	**182.1**	**186.2**	**(2.2)**
Non-controlling interests	(0.1)	0.1	(200.0)
Net profit attributable to members	**182.0**	**186.3**	**(2.3)**
Basic earnings per share (cents)	28.0	28.7	(2.4)
Final ordinary dividend – fully franked (cents)	12.0	11.5	4.3
Final special dividend – fully franked (cents)	4.0	4.0	–
Net debt ($ millions) at period end	371.6	288.5	
Gearing (%) at period end	29.8%	23.6%	
Return on funds employed (including property)	16.7%	17.5%	
Return on funds employed (underlying)	18.1%	17.6%	

- Revenue up 11.7% (or 5.9% excluding acquisitions)
- Reported EBIT up 0.2% and Underlying EBIT up 7.8%
- Significant items relate to restructuring, transaction costs and an increase in doubtful debts provision
- A number of one-off events
- Tax rate 28.7%
- Net debt $372m and gearing of 29.8%
- Significant acquisition activity in concrete and aggregates
- Increased final ordinary dividend 12.0 cents; special 4.0 cents
- Total payout ratio 80.6% versus underlying profit
- ROFE remains strong

Underlying EBIT margin

Key drivers	Margin %
Cement • Higher market prices offset by higher proportion of lower priced sales to JVs • Volumes up 11% – stronger SA and east coast, weaker WA and NT • Costs – a number of one-off items and energy costs offset the benefit of lower import costs and operational improvement	↓
Lime • Average prices lower due to pricing mechanism with alumina customers reflecting lower lime production costs • Volumes down slightly and costs marginally higher	↓
Concrete and Aggregates • Volume strong, selling prices up and cost discipline • Acquisitions performing to expectations	↑
Concrete Products • Solid finish to year but lower earnings • Pricing improved	↓
JV and associate net profit contribution grew 22% to $37.8m • ICL – volumes, prices and costs better • Sunstate – improved pricing and higher volumes	↑

- Underlying EBIT margin declined from 19.2% to 18.5% in 2017
- Underlying cement margins lower:
  - impacted by energy; a quality issue; limestone ship costs and unfavourable sales mix
  - partially offset by lower import costs; operational improvements and stronger volumes and prices
- Lime margins down slightly due to lag in pricing mechanism
- Concrete and Aggregates margins up on higher volumes and prices
- Joint operations strong on volume in east coast cement markets and price rises

Free cash flow and net cash flow

12 months ended 31 December	2017 $m	2016 $m
Operating cash flow	224.2	248.4
Capital expenditure – stay in business	(60.1)	(49.7)
Proceeds of sale of assets	17.7	23.2
Free cash flow	181.8	221.9
Capital expenditure – acquisitions and investments	(80.2)	–
Capital expenditure – development	(29.0)	(36.8)
Joint Venture and other loans	(2.5)	(1.4)
Dividends paid – Company's shareholders	(156.0)	(178.5)
Proceeds on issue of shares	3.5	4.0
Net cash flow	(82.4)	9.2

- Capital expenditure of $169.3m includes:
  - $80m for acquisitions
  - Stay in business capital of $60m
  - Organic development $29m
- Lower dividend payments given no first half special
- Facility maturity extended
- Net debt increased over year due to acquisitions but declined significantly since half year
- Gearing at the lower end of the target range

Financial summary – 10 year history

Year Ended	Dec	Dec	Dec	Dec[2]	Dec	Dec[1]	Dec	Dec	Dec	Dec
(A$ million unless stated)	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Statements of financial performance										
Sales revenue	1,560.0	1,396.2	1,413.1	1,337.8	1,228.0	1,183.1	1,100.4	1,072.9	987.2	1,022.4
Depreciation, amortisation and impairments	(82.5)	(78.1)	(77.8)	(75.0)	(70.6)	(65.2)	(57.8)	(52.8)	(56.8)	(56.8)
Earnings before interest and tax	266.5	266.1	298.6	247.5	222.7	222.1	219.8[1]	216.2	185.3	189.1
Net interest earned (paid)	(12.1)	(11.5)	(13.0)	(15.0)	(14.1)	(14.6)	(17.0)	(14.0)	(16.7)	(33.8)
Profit before tax, abnormal & extraordinary items	**254.4**	**254.6**	285.6	232.5	208.6	207.5	206.4	202.2	168.6	155.3
Tax expense	(72.3)	(68.4)	(77.8)	(59.9)	(57.5)	(54.6)	(58.0)	(50.8)	(45.4)	(34.5)
Non-controlling interests	(0.1)	0.1	0.1	0.1	–	0.1	–	0.1	(0.1)	–
Net profit after tax attributable to members	**182.0**	**186.3**	207.9	172.7	151.1	153.0	148.4	151.5	123.1	120.8
Group balance sheet										
Current assets	474.8	390.1	403.1	387.4	390.2	363.7	307.8	274.1	308.8	290.8
Property, plant & equipment	1,037.2	978.4	986.1	994.2	889.7	902.5	851.0	760.6	774.3	801.9
Receivables	37.3	34.4	32.9	32.7	31.4	29.6	27.2	30.4	30.4	28.4
Investments	160.3	151.2	142.2	139.9	138.5	129.0	97.2	87.7	72.5	67.6
Intangibles	299.9	270.3	272.9	266.4	183.9	184.8	183.0	179.1	169.0	169.4
Other non-current assets	3.5	2.3	1.3	0.0	0.0	3.5	0.0	0.0	0.0	0.0
Total assets	2,013.0	1,826.7	1,838.5	1,820.6	1,633.7	1,613.1	1,466.2	1,331.9	1,355.0	1,358.1
Current borrowings & creditors	146.1	117.4	123.9	122.7	105.4	115.0	99.2	106.4	106.5	98.4
Current provisions	58.7	50.6	55.4	44.2	105.8	78.5	34.5	52.6	55.4	44.5
Non-current borrowings	428.9	309.6	329.5	390.1	259.1	299.3	258.7	150.2	200.5	410.5
Deferred income tax & other non-current provisions	131.1	129.0	122.4	126.9	101.6	114.4	116.7	88.4	95.6	102.8
Total liabilities	764.8	606.6	631.2	683.9	571.9	607.2	509.1	397.6	458.0	656.2
Net assets	1,248.2	1,220.1	1,207.3	1,136.7	1,061.8	1,005.9	957.1	934.3	897.0	701.9

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	Dec	Dec[2]	Dec	Dec[1]	Dec	Dec	Dec	Dec
(A$ million unless stated)	**2017**	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**
Share capital	733.1	731.4	729.2	727.9	699.1	696.6	694.6	692.7	690.4	540.4
Reserves	1.9	2.9	1.2	3.3	4.3	2.1	2.3	2.6	2.9	3.5
Retained profits	510.6	483.3	474.3	402.8	355.6	304.4	257.3	236.0	200.6	155.0
Shareholders' equity attributable to members of the Company	1,245.6	1,217.6	1,204.7	1,134.0	1,059.0	1,003.1	954.2	931.3	893.9	698.9
Non-controlling interests	2.6	2.5	2.6	2.7	2.8	2.8	2.9	3.0	3.1	3.0
Total shareholders' funds	1,248.2	1,220.1	1,207.3	1,136.7	1,061.8	1,005.9	957.1	934.3	897.0	701.9
Share information										
Net Tangible Asset Backing ($/share)	1.46	1.46	1.44	1.34	1.38	1.29	1.22	1.19	1.15	0.97
Return on funds employed	16.7%	17.5%	19.8%	17.7%	17.0%	18.0%	19.4%	20.0%	17.3%	18.0%
Basic earnings per share (¢/share)	28.0	28.7	32.0	26.9	23.7	24.0	23.3	23.9	20.4	22.2
Diluted earnings (¢/share)	27.9	28.6	31.9	26.8	23.4	23.8	23.2	23.7	20.3	22.0
Total dividend (¢/share) (fully franked)	24.5	28.0	27.0	17.0	19.5	16.5	16.5	21.5	13.5	15.0
Interim dividend (¢/share) (fully franked)	8.5	8.5	8.0	7.5	7.5	7.5	7.5	7.5	5.5	6.5
Final dividend (¢/share) (fully franked)	12.0	11.5	11.0	9.5	9.0	9.0	9.0	9.0	8.0	8.5
Special dividend (¢/share) (fully franked)	4.0	8.0	8.0	–	3.0	–	–	5.0	–	–
Gearing	29.8%	23.6%	24.6%	31.6%	23.4%	30.9%	26.0%	15.9%	19.6%	55.3%

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

Disclaimer

This presentation has been prepared by Adelaide Brighton Limited ACN 007 596 018 for information purposes only.

The presentation may contain forward looking statements or statements of opinion. No representation or warranty is made regarding the accuracy, completeness or reliability of the forward looking statements or opinion, or the assumptions on which either is based. All such information is, by its nature, subject to significant uncertainties outside of the control of the Company. To the maximum extent permitted by law, the Company and its officers do not accept any liability for any loss arising from the use of the information contained in this presentation. The information included in this presentation is not investment or financial product advice. Before making any investment decision, you should seek appropriate financial advice, which may take into account your particular investment needs, objectives and financial circumstances. Past performance is no guarantee of future performance.

Head office

Adelaide Brighton Ltd
Level 1, 157 Grenfell Street
Adelaide SA 5000
Australia

GPO Box 2155
Adelaide SA 5001
Australia