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28 February 2019

The Manager
Market Announcements
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Adelaide Brighton full year result ended 31 December 2018 - presentation

We attach copy of presentation slides being delivered by Adelaide Brighton's Chief Executive Officer, Nick Miller, and former Chief Executive Officer and Managing Director, Martin Brydon, during briefings on the Company's financial result for the full year ended 31 December 2018.

Yours faithfully

MRD Clayton
Company Secretary

For further information please contact:
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Adelaide Brighton Limited
Results Presentation
For the full year ended 31 December 2018
28 February 2019


Adelaide Brighton Limited
Agenda
Results overview:
Nick Miller, CEO
Martin Brydon, Former CEO and Managing Director
Financial results:
Darryl Hughes, Acting CFO
Strategy and outlook:
Nick Miller, CEO

Solid returns – underpinned by diversification

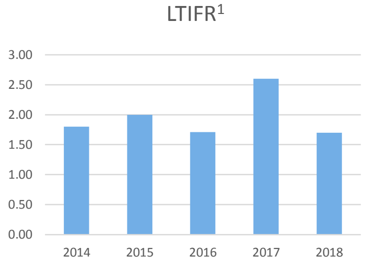
Revenue	Underlying EBIT	Underlying NPAT attributable to members
$1,631m	$273.5m	$191.0m
▲ 4.6%	▼ 5.7%	▼ 3.7%

ROFE	Basic EPS	Final dividend ordinary	Final dividend special
16.6%	28.5c	11.0c	4.0c
PCP 17.9%	▲ 1.4%	▼ 1 cent	unchanged

Safety performance

Safe, Sustainable Production

- LTIFR decreased 35% to 1.7 as a result of focussed injury prevention programs
- Safety hazard reports increased 65% at December 2018 compared to prior year
- Increase in proactive safety reporting indicates engagement and improved awareness of potential hazards
- Chain of Responsibility critical risk review verified effective controls in place
- Utilisation of the Employee Assistance Program continues to support the wellbeing of our employees and their families



[1] Lost time injury frequency rate (per million hours worked). Figures are total Adelaide Brighton numbers and cover employees and contractors.

Revenue and dividend growth in 2018

- Reported NPAT up 1.4%; Underlying NPAT down 3.7%
- Revenue up 4.6% — up 2.6% excluding acquisitions
- Improved volumes in most products; strong east coast; SA and NT stable; WA down
- Selling prices increased in cement, concrete and concrete products — although average cement price was down due to product mix
- Lower cement volumes in 2H18, sales mix and increased import costs impacted margins
- Lime volumes stable but margins lower in 1H18, with some recovery in 2H18
- Concrete margins improved, on higher volumes and prices, more than offsetting cost increases
- Acquisitions delivering on strategic and financial expectations
- Joint venture earnings up 6.1%, supported by favourable operating environments
- Operating cash flow increased 9.1% to $244.7m
- Conservative gearing, flexible balance sheet and strong shareholder returns
- Final ordinary dividend of 11.0 cents and special dividend of 4.0 cents , franked to 100%
- Total FY18 dividends 28.0 cents, franked to 100%

Overall demand environment stable

NSW
Demand strong
- Residential softening
- Non-residential up
- Significant infrastructure projects underway

Outlook: Stable

Vic
Demand strong
- Residential softening
- Non-residential activity stronger
- Infrastructure in pipeline

Outlook: Stable

WA
Stable
- Construction materials demand across all sectors stabilising
- Lime volumes stable

Outlook: Stable

South east Qld
Demand up
- Gold Coast and Sunshine Coast markets better
- Infrastructure projects

Outlook: Strengthening

SA
Demand improving
- Major infrastructure projects continuing

Outlook: Strengthening

NT
Stable
- Cement volumes stable
- Regional project demand for concrete and aggregates products stronger

Outlook: Stable

Highly focussed construction materials and lime business

Australian industry position

#1

- **Cement and clinker importer** *in Australia supplying all major markets*
- **Cement supplier** *in the resource rich states WA, SA and NT*
- **Lime producer** *in Australia*
- **Concrete products** *manufacturer*

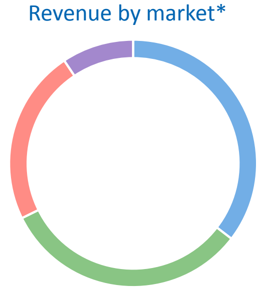
#2

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

#4

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

FY2018
Revenue by market*



32%	Engineering and infrastructure
32%	Residential
22%	Non-residential
14%	Mining operations

* Estimated share of FY2018 segmental revenue of $1,610m

Geographic and economic diversification
reduces risk and supports returns

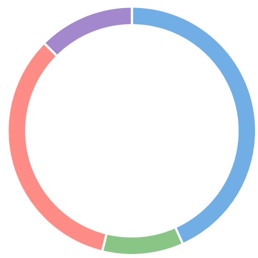
Operations

- Cement
- Lime
- Concrete and Aggregates
- Concrete Products

FY2018 Revenue by state*

WA	17%
NSW	21%
Vic	24%
SA	17%
Qld	16%
Other	5%

FY2018
Revenue by product group*

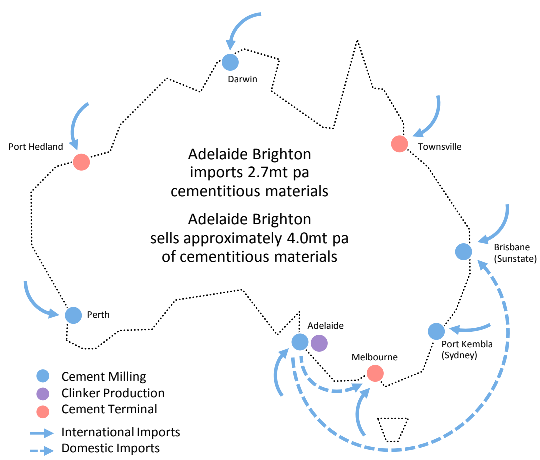


- 38% Cement
- 10% Lime
- 43% Concrete and Aggregates
- 9% Concrete Products

* Percentage of FY2018 segmental revenue of $1,610m

Cement production, import and distribution –
highly competitive supply to market

- Cement sales volume up 1.1%; selling prices up; average price impacted by regional sales mix
- Solid east coast demand; commencement SA major infrastructure demand
- Increased competition in SA and Qld from imported cementitious product
- Demand down in WA; stable in NT
- Energy costs reduced: higher gas costs offset by lower electricity under a new 5 year contract
- Import costs up on shipping and materials costs
- Angaston rationalisation and laboratory centralisation delivering benefits
- Domestic shipping contract – $2.0m benefit in 2018, rising to $2.5m annually from 2019
- Clinker volume switch from Sunstate to Port Kembla

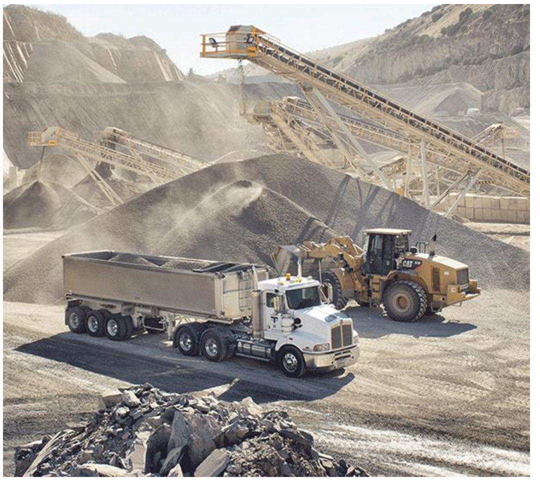


Market leading lime business – supporting resources sector growth

- The largest and lowest cost operations in Australia – total capacity 1.5m tonnes per annum
- Lime sales volumes stable compared to 2017
- Import pressures remain but Adelaide Brighton continues to defend its market position with reliable, high quality, cost competitive domestic production
- Lime selling prices up in 2H18, as foreshadowed, due to contractual pricing arrangements on higher coal prices
- Sales mix restrained average selling prices
- Low cost operations to benefit from long term growth of globally competitive WA alumina industry and the wider resources sector

Concrete and Aggregates – organic and acquisitive growth continues

- Concrete volumes increased 14% – excluding 2017 acquisitions, volumes up 9%
- All markets improved – eastern states strongest
- Concrete margins up, prices increased
- Aggregate volumes up 10% – strong markets and acquisitions
- Aggregates prices up in majority of markets; margins in premium products up but average prices and margins impacted by low value fill to projects
- Aggregates volumes and margins will improve as projects progress
- The 2017 acquisitions in Victoria, South Australia and Northern Territory performed to expectations
- Continue to actively progress growth strategy in concrete and aggregates
- Development approval for Austen Quarry modification confirmed – sales volume limit increase from 1.2 mtpa to 1.6 mtpa and improved flexibility of operating hours



Concrete Products – strengthened business in mixed market

- Revenue flat after softer second half
- Volumes decreased slightly overall on reduced project sales in Queensland; sales up in most other markets
- Average prices increased with improvement across all regions following strong focus on pricing disciplines
- Reduced production volumes impacted fixed cost recovery
- Ongoing plant upgrades to reduce energy costs and lift efficiencies
- Focus on product innovation and developments of new market segment opportunities
- EBIT increased 4.9% including property profits of $1.3m; EBIT down 8% excluding property

Joint ventures – solid performance

Joint Venture		Contribution $m 2018	Restated 2017	Change
ICL (50%)	Cement distribution • Victoria and New South Wales remain strong • Price increases reflective of demand	17.8	14.7	21.1%
Sunstate Cement (50%)	Cement milling and distribution • Lower volumes; efficiency improvement • Market remains competitive	11.6	11.9	(2.5)%
Others (50%)	Cement, concrete and aggregates	10.7	11.2	(4.5)%
Total	Overall increased contribution	**40.1**	**37.8**	**6.1%**

Adelaide Brighton Limited

Financial results

Darryl Hughes
Acting Chief Financial Officer

Financial summary

12 months ended 31 December	2018 $m	Restated[1] 2017 $m	Change pcp %
Revenue	1,630.6	1,559.6	4.6
Earnings before interest and tax, depreciation and amortisation	352.8	350.1	0.8
Depreciation and amortisation	(87.4)	(82.5)	5.9
Earnings before interest and tax (EBIT)	265.4	267.6	(0.8)
Net finance cost	(14.4)	(12.1)	19.0
Profit before tax	251.0	255.5	(1.8)
Tax expense	(65.8)	(72.7)	(9.5)
Non-controlling interests	0.1	(0.1)	
Net profit attributable to members	185.3	182.7	1.4
Basic earnings per share (cents)	28.5	28.1	1.4
Final ordinary dividend – fully franked (cents)	11.0	12.0	
Final special dividend – fully franked (cents)	4.0	4.0	
Net debt ($ millions)	424.8	371.6	
Leverage ratio (times)	1.2	1.1	
Gearing (%)	34.1%	29.8%	
ROFE underlying (%)	16.6%	17.9%	

[1] Restated numbers are due to a change in accounting policy on adoption of *AASB15 Revenue from Contracts with Customers* applied from 1 January 2018. As a result of the changes, prior year financial statements were restated

- Reported NPAT up 1.4%
- Revenue up 4.6% — up 2.6% excluding acquisitions
- Reported EBIT down 0.8% with Underlying EBIT down 5.7%
- Tax rate 26.2%
- Operating cash flow up 9.1%
- Net debt $424.8m at lower end of target range
- Net debt/EBITDA 1.2 times
- Conservative gearing, flexible balance sheet and strong shareholder returns
- Final ordinary dividend of 11.0 cents and interim special dividend of 4.0 cents, franked 100%

Underlying EBIT margin

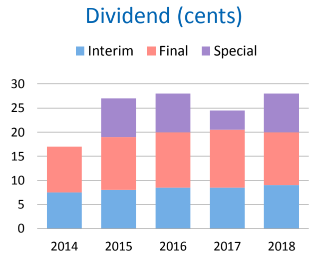
Key drivers	Margin %
Cement • Overall volumes improved in 2018 – stronger SA and east coast, stable WA and NT • Pricing higher in majority of markets. Average weighted price lower as result of sales mix	↓
Lime • Lime prices lower in 1H18 on pricing mechanism with alumina customers reflecting historical costs • Coal costs up • Pricing recovered in 2H18 to reflect coal costs	↓
Concrete • Concrete margins improved; volumes up 14%; price improvement	↑
Aggregates • Aggregate margins declined due to sale of lower value products, underlying margins up	↓
Concrete Products • Volumes stable and improved pricing • Lower production impacted fixed cost recovery; small property profits	↓
JV and associate contribution improved 6.1% • ICL – volumes and improvement performance • Sunstate – volume lower but improved efficiency	↑

Operating cash flow

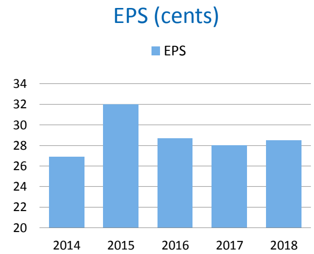
12 months ended 31 December	2018 $m	Restated 2017 $m
Net profit before tax	251.0	255.5
Earnings before interest and tax, depreciation and amortisation	352.8	350.1
Depreciation and amortisation	87.4	82.5
Income tax payments	(78.1)	(81.3)
Change in working capital	(14.8)	(23.3)
Net loss/(gain) on sale of assets	0.2	(10.4)
Other	(1.0)	1.2
Operating cash flow	244.7	224.2
Stay in business capex	(55.1)	(60.1)
Asset sales	5.3	17.7
Development capex	(59.7)	(29.0)
Dividends	(188.6)	(156.0)
Other	0.8	1.0
Net cash flow	(52.6)	(82.4)

- Strong operating cash flow a highlight
- Revenue growth complemented by improved working capital
  - Debtors lower, despite increase in revenue
  - Days outstanding declined to 48.5 days from 51.8 days
- Stay in business capex down slightly and development capex increased
  - 2 concrete plants in south east Qld
  - Additional cement storage capacity at Port Kembla
- Dividends paid increased

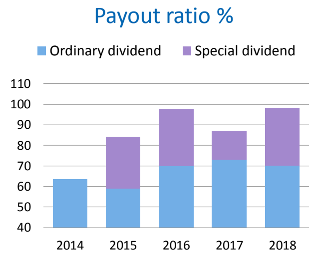
Shareholder returns



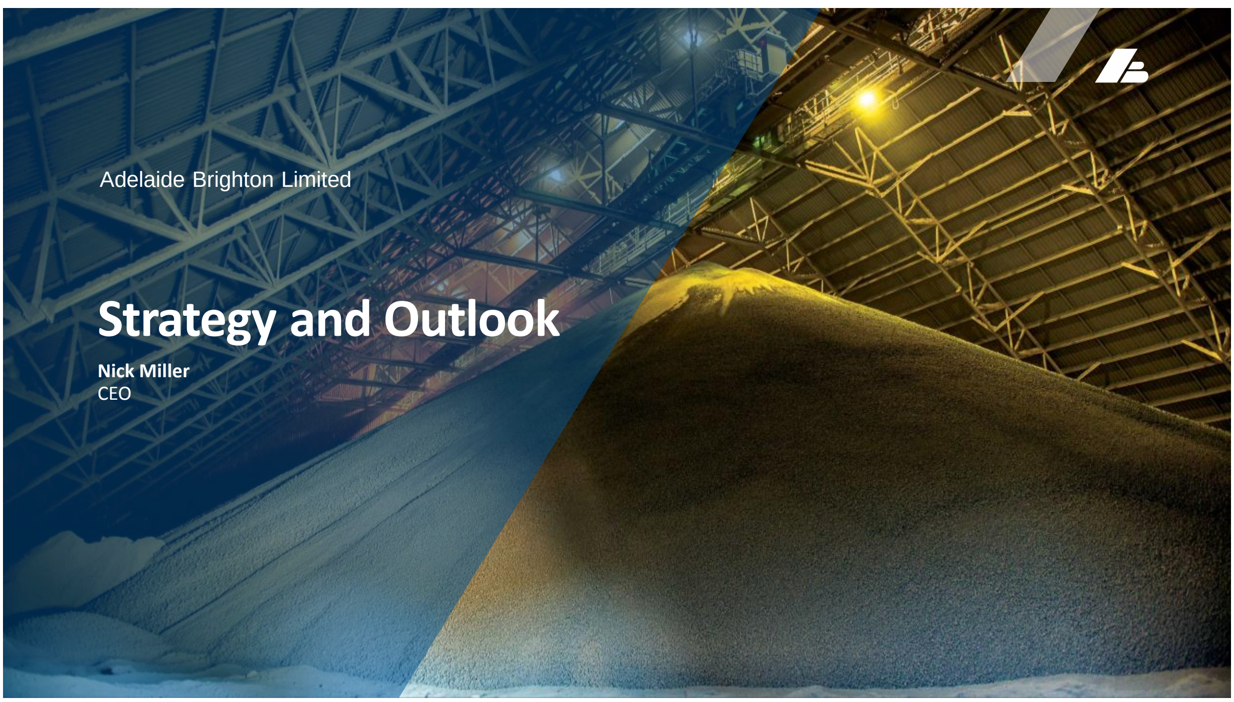
- Final ordinary dividend increased to 11.0 cents (fully franked)
- 4.0 cent final special dividend
- Total 2018 dividends 28.0 cents (fully franked)



- Basic EPS 28.5 cents
- Underlying EPS 29.3 cents



- Target payout for ordinary dividend remains 65% – 75% of basic EPS



Adelaide Brighton's strategy remains highly relevant

Consistent long term strategy supporting growth in shareholder value

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	• Market leading resource and cost position • Long term customer contracts and growth • Continuous improvement to maintain cost leadership
3	Focused and relevant vertical integration	• Diversified operations delivering long term value • Actively targeting strategic aggregates positions • Strong emphasis on shareholder value creation

Energy and sustainability

Relentless focus on energy efficiency and reduced carbon emissions

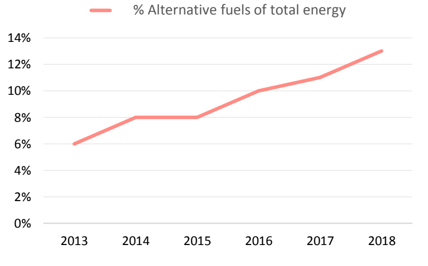
We aim to improve our carbon efficiency, reducing the level of greenhouse gases that we produce as a result of our use of energy and manufacturing processes.

- 30% increase in use of alternative cementitious materials in our products

Energy efficiency measures include:

- Reduced consumption through operational improvement – Munster, Angaston
- Increased use of alternative fuels – reduce reliance on traditional sources
- Utilising renewable energy sources wherever possible – major SA renewables electricity contract
- Growing use of alternative cementitious materials – slag capacity expansion at Port Kembla

Alternative fuels – energy consumption



Building shareholder value

Drivers of business and shareholder value

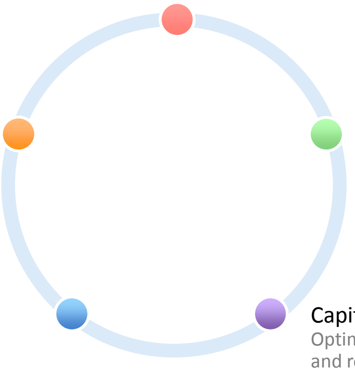
Financial performance
Delivering attractive return on capital

Market leadership
Maximise operating efficiencies

Capital management
Optimise utilisation of capital and returns

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

Risk management
Balance sheet, operational risks and organisational



2019 Outlook

Sales

- Demand for construction materials stable with residential lower, offset by non-residential, engineering and infrastructure
- Sales volumes of cement anticipated to be stable
- Western Australia and the Northern Territory stable
- South Australia improving and east coast markets healthy
- Lime sales volume stable on higher prices
- Price increases announced from 1 April for all products

Earnings

- Adelaide Brighton's portfolio approach to energy is anticipated to result in energy increase less than CPI
- Import material costs anticipated to increase circa $10m
- Outlook for joint ventures in Australia remains positive, although the competitive landscape could impact Sunstate
- Stay in business capex approximately $65m with development capex $35m to $55m in 2019 dependent on project timing
- No significant land sales likely in 2019
- Aim to maintain balance sheet flexibility and maximise returns to shareholders

Underlying profit

Underlying basis	Year ended 31 December 2018 $m	Restated[1] 2017 $m	Change pcp %
Revenue	1,630.6	1,559.6	4.6
Earnings before interest and tax, depreciation and amortisation	370.9	372.4	0.8
Depreciation and amortisation	(87.4)	(82.5)	5.9
Earnings before interest and tax	283.5	289.9	(5.7)
Net finance cost	(14.4)	(12.1)	19.0
Profit before tax	259.1	277.8	(6.7)
Tax expense	(68.2)	(79.3)	(14.0)
Net profit after tax	190.9	198.5	(3.8)
Non-controlling interests	0.1	(0.1)	
Net profit attributable to members	191.0	198.4	(3.7)
Basic earnings per share (cents)	29.4	30.5	(3.6)

1 Restated numbers are due to a change in accounting policy on adoption of *AASB15 Revenue from Contracts with Customers* applied from 1 January 2018. As a result of the changes, prior year financial statements were restated

- Underlying profit includes property profits but excludes transaction and restructuring costs

Reconciliation of underlying profit

Year ended 31 December $ million	2018			2017		
	Profit before tax	Income tax	Profit after tax	Profit before tax	Income tax	Profit after tax
Statutory profit/(loss)	**251.0**	**(65.8)**	**185.2**	255.5	(72.7)	182.8
Doubtful debts	**2.6**	**(0.8)**	**1.8**	17.7	(5.3)	12.4
Rationalisation of cement production	–	–	–	3.3	(1.0)	2.3
Corporate restructuring costs	**6.9**	**(2.0)**	**4.9**	0.8	(0.3)	0.5
Acquisition expenses	**(1.4)**	**0.4**	**(1.0)**	5.0	–	5.0
Fair value gain	–	–	–	(4.5)	–	(4.5)
Underlying profit/(loss)	**259.1**	**(68.2)**	**190.9**	277.8	(79.3)	198.5

- Costs of $2.6m associated with doubtful debts issue identified in 2H17
- Corporate restructuring costs from staff restructuring, including senior management
- Refund of acquisition costs in 2018

Finance expense

Year ended 30 June	2018 $m	Restated[1] 2017 $m
Interest charged	16.3	13.5
Unwinding of the discount on restoration provisions and retirement benefit obligation	1.1	1.1
Interest capitalised in respect of qualifying assets	(1.1)	(1.0)
Total finance expense	16.3	13.6
Interest income	(1.9)	(1.5)
Net finance expense	14.4	12.1
Interest cover (EBIT times)	18.4	22.1

[1] Restated numbers are due to a change in accounting policy on adoption of *AASB15 Revenue from Contracts with Customers* applied from 1 January 2018. As a result of the changes, prior year financial statements were restated

- Net finance costs of $14.4m reflected higher market interest rates and average borrowings

Working capital

		December 2018 $m	December 2017 $m	Variance %
Trade and other receivables (including JV's)		224.8	241.0	(6.7)
Inventories:	Cement and Lime	103.2	103.6	(0.4)
	Concrete and Aggregates	29.2	29.6	(1.4)
	Concrete Products	44.0	41.1	7.1
Total inventory		176.4	174.3	1.2

	December 2018 $m	December 2017 $m	Variance $m
Bad debt expense	1.0	18.3	(17.3)

- Trade debtors declined despite the higher revenue in the period, resulting in a decrease in debtor days outstanding
- Sustainable improvements to processes and management of debtors
- Inventories at more normal levels following increase at December 2017

Adoption of AASB 15
– Revenue from Contracts with Customers

- AASB 15 adopted from 1 January 2018; restated comparatives for the 2017 financial year
- In a limited number of circumstances, required to recognise revenue on a different basis
- This primarily relates to contracts with stepped pricing applying to a contract year, where the contract year is different to Adelaide Brighton's financial reporting period
- The standard has no impact on cash flow, nor total revenue recognised from any contract over the life of the contract
- Full year profit impact not material but more profit recognised in first half and less profit in second half

- Impact on Reported NPAT for FY18 and FY17:

Increase/(decrease)	2018 $m	2017 $m	Variance $m
Full year	(0.1)	0.7	(0.8)

Adelaide Brighton brands

Concrete and Aggregates	Cement and Lime	Concrete Products
Hy-Tec, Central, Penrice Quarry & Mineral, Direct Mix Concrete, Davalan Concrete, Resourceco Concrete, Peninsula Quarries, Southern Quarries	Adelaide Brighton Cement Ltd, Cockburn Cement, MCI, Northern Cement, Swan Cement	adbri MASONRY
Joint Ventures	**Joint Ventures**	**Joint Ventures**
Mawsons, Batesford Quarry	Sunstate Cement Ltd., aalborgportland, Independent Cement and Lime Pty. Ltd	Burrell Mining Services

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