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10 May 2019

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

Dear Sir/Madam

**Adelaide Brighton Limited – 2019 Annual General Meeting**

In accordance with Listing Rule 3.13.3, I attach a copy of the prepared addresses and presentation to be given by the Chairman and CEO at the Annual General Meeting of the Company to be held at 10.00 am today.

Yours faithfully

**Marcus Clayton**  
Company Secretary

FOR FURTHER INFORMATION:

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GROUP CORPORATE AFFAIRS ADVISER  
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## **2019 Annual General Meeting**

**Friday, 10 May 2019**

**Chairman's Address – Zlatko Todorcevski**

### **Year in review**

Adelaide Brighton continues to deliver strong returns to shareholders which are underpinned by our long term strategy.

For the majority of 2018, your Company was able to capitalise on the favourable demand for construction materials and lime while delivering on expectations for the three concrete and aggregates businesses acquired in 2017. Despite experiencing delay in supply to some of our customers' projects and adverse weather conditions, we achieved record revenues of \$1.6 billion (up 4.6%) and increased net profit after tax of \$185.3 million. As a result, your company increased earnings per share to 28.5 cents. Shareholders will be aware that we provided a market update yesterday. Nick Miller will provide further detail on our operational performance in 2018 and our current outlook for 2019 shortly.

Adelaide Brighton continues to maintain a strong and flexible balance sheet. With our focus on optimising operational efficiency and cost reduction, Adelaide Brighton is in a strong position to navigate through any softness in the construction sector and pursue robust shareholder returns through the cycle.

### **Shareholder returns**

A final ordinary dividend of 11.0 cents per share and a final special dividend of 4.0 cents per share were declared for the 2018 financial year, bringing total dividends declared and paid for the 2018 year to 28.0 cents per share, fully franked, representing a payout ratio of 98.2%.

The Board continually reviews its capital requirements and maintains flexibility to pursue investment opportunities where these deliver long term sustainable returns. When the Board determines the Group has surplus capital, we return it to shareholders in the most efficient method available.

### **Leadership**

The strong shareholder returns were delivered throughout a period of leadership transition which is a testament to the underlying strength of your business, the

outstanding capability of its people and the culture that has been fostered here over many decades.

On behalf of the entire Board and all shareholders in Adelaide Brighton, I would like to acknowledge Martin Brydon, who announced his intention to retire at last year's AGM and who departed in March this year after more than 30 years' of service with the Company. Martin has been an integral part of the Adelaide Brighton growth story and leaves the Company with very strong foundations and in very capable hands. We wish him all the best for the future.

Our CEO, Nick Miller, commenced with us in January this year, bringing extensive industry experience gained from his 25-year career which has included leadership roles at Broadspectrum and Fulton Hogan. I know you will all join me in welcoming Nick who has hit the ground running these last few months. Nick will address you all shortly and provide his early insights into Adelaide Brighton.

Other important leadership transitions include the internal promotion of Brett Brown to the role of Executive General Manager Concrete and Aggregates. Brett is a very experienced concrete and quarry executive, having worked in the sector for over 20 years. We also recently welcomed our new Chief Financial Officer, Theresa Mlikota, who commenced with us last month, bringing 30 years' experience in the mining, manufacturing and construction sectors.

The Board and I have every confidence that the highly experienced and skilled management team will support your Company's continued development and strong shareholder returns.

## **Remuneration**

Given the significant change we experienced in the executive team last year, it is important that I explain some of the one-off decisions the Board took and which are detailed in our remuneration report.

Firstly, I'd like to point out that, based on the proxy instructions that we have received, the Company will likely receive a first strike against the remuneration report at today's meeting, despite Barro Group confirming that they will vote in favour of the remuneration report. The Board is disappointed in this outcome particularly considering the circumstances the Company found itself in last year, which I'll touch on shortly.

The Board exercises due care in setting remuneration for executives, including the establishment of short term and long term objectives. The Board also exercises discretion in some instances where, and only when, the Board believes it is in the best interests of all shareholders and the Company to do so.

Shareholders will recall the Board exercised its discretion in the prior year and elected **not** to award any STI payment to the former CEO and CFO for the 2017 financial year.

More recently, on the resignation of the former CFO and the Executive General Manager Concrete and Aggregates last year, the Board exercised discretion and did

**not** make payments to those executives for LTI Awards that had not yet vested or STI for the period of the year they worked at Adelaide Brighton.

STI payments for 2018 ranged from 13.6% to 24.1% of their potential maximum for Key Management Personnel other than the former CEO. Although Adelaide Brighton delivered a stable underlying financial result, the Group financial component did not meet our target resulting in no payment for this element of the STI.

Turning now to Martin Brydon's leaving arrangements, the Board took great care in considering Martin's final remuneration package, firstly determining the legal entitlements with regard to Martin's retirement, and then exercising its discretion in determining the final payment. In recognition of the unprecedented level of change we experienced last year, including within both the Board and the executive management team, the Board considered it was critical to retain Martin until the commencement of a new CEO to ensure a smooth leadership transition. This was based on our desire to bring stability to the Company, and after discussions with many shareholders.

Martin announced his intention to retire last May and initially planned to retire in November 2018. However the Board requested he defer his retirement to provide stability during the CEO succession process. Martin agreed to this deferral, initially for an undefined period potentially extending well into 2019. In consideration of Martin's support, the Board resolved to vest Martin's 2016 and 2017 LTI Awards on his departure as permitted by Plan rules and shareholder approvals. This decision was also taken recognising that the Board elected **not** to award Martin any LTI grant in 2018 or a prorated entitlement to LTI for 2019, despite the fact he worked the entire 2018 year and into 2019.

The Board also varied Martin's 2018 financial year STI performance targets in May 2018 to focus him on assisting the Board with a smooth search and succession process for a new CEO and to assist with key executive retention during that process. In doing so, the Board recognised that this is an unusual step but felt that it was critical to stabilising the team and maintaining focus on the business while the search for a new CEO was underway. Martin fully met the Board's expectations in this respect and was awarded his full STI payment for the year.

Martin's 2015 LTI entitlements were tested on maturity with only 50% vesting, consistent with other LTI plan participants. This result was due to the Company achieving a TSR of 106.9% over the measurement period (in excess of the maximum target), while the compound annual EPS measure was less than the minimum EPS target.

Additionally, and recognising the risk of disruption to the business that leadership changes may have posed, the Board elected to implement a retention program for a small number of senior executives. As detailed in the Remuneration report, this retention program represents an acceleration of a portion of the incentive entitlements these executives already had and is **not** an incremental benefit. Any payments under the retention program will be deducted from future incentive plan entitlements.

At the same time, we also modified the Executive Service Agreements to ensure consistency in employment arrangements across key management personnel and to reflect current market practices. The incoming CEO and CFO were also engaged on Executive Service Agreements consistent with the other KMP.

Overall, the Board remains focused on delivering fair remuneration outcomes for executives that reflect the markets in which we operate and the need for alignment of outcomes with shareholders. Where appropriate, the Board will continue to exercise discretion to modify incentive outcomes where it feels it is appropriate to do so. We periodically review our remuneration strategy and incentive structures, which we are presently doing. We will continue to take shareholder feedback into account during this process.

## **Board, Governance and Culture**

There were a number of changes to the Board during 2018 with the retirement of Graeme Pettigrew, Les Hosking, and more recently Martin Brydon. We thank them all for their significant contributions.

Joining the Board during 2018 was Independent Non-Executive Director, Vanessa Guthrie, and Non-Executive Director and Nominee of the Barro Group, Geoff Tarrant. I thank both Vanessa and Geoff for their contributions to date and look forward to continuing our work together.

The majority of the Board remains independent, consistent with the principles and recommendations of the ASX Corporate Governance Council. Your Board also recognises the importance of Board renewal and maintaining an appropriate mix of skills, experience, and perspectives that align with our long term corporate strategy.

To this end, we also made changes to the way we organise the Board's responsibilities to better reflect our Company's objectives and contemporary corporate governance practice:

- The **People & Culture Committee**, which replaces the former Nomination, Remuneration and Governance Committee, reflects our commitment to prioritise our people and culture from the top.
- The scope of the **Safety, Health, Environment and Community Committee** has been expanded to increase the focus we have always had on the communities in which we operate.

Additionally, the Board monitors and reports on sustainability performance. While we are very proud of the substantial improvements we have made in energy efficiency and emissions reductions, which Nick will elaborate on shortly, we recognise the increasing expectations of our stakeholders with regard to climate change and energy. We have committed to reporting under the TCFD framework in our 2019 Sustainability Report, including the disclosure of sustainability risks, such as the impact of climate change.

Your Board believes that robust corporate governance practices and an effective risk management framework will contribute to the sustainable creation of long term value for shareholders.

In March of this year, your Board announced that Raymond Barro would transition into the role of Chairman following today's AGM. Raymond has a depth of industry knowledge and experience spanning more than 30 years. He has made a great contribution to Adelaide Brighton as both a Director and as an enduring, supportive shareholder and we look forward to his continued contribution as Chairman.

I will take on the role of Deputy Chairman and Lead Independent Director after today.

Barro Group has also nominated a third non-executive director, Rhonda Barro, for election at today's meeting.

All of the Directors of this Company, whether nominee or independent, support effective independent Board oversight for the benefit of all shareholders, which aligns with ASX Corporate Governance Council recommendations. As a result, your Directors have agreed to adopt a Board Governance Framework that ensures Adelaide Brighton's Board composition will remain majority independent for the foreseeable future, comprising four independent Directors, and three Barro Group nominees.

Further to this, the Governance Framework includes an enhanced Board Protocol – Potential Conflicts and Interests, which we also announced in March of this year. This protocol determines how actual or potential conflicts for all Directors will be managed, including interactions between the business interests of Adelaide Brighton and Barro Group.

In my role as Deputy Chairman and Lead Independent Director, I will continue to ensure that conflicts of interest are properly managed. All Directors are in unanimous support of the Protocol and agree it will support stability, in the best interests of all shareholders.

With this framework in place, I look forward to working with Raymond to ensure a smooth transition of the Chairmanship.

## **Federal Election**

It would be remiss of me, especially considering we have a federal election shortly, if I didn't touch on a number of extraneous factors that are impacting our Company.

First is the well reported topic of energy, both in terms of cost and availability. Nick will shortly touch on the actions we have taken to mitigate this impact to the degree possible but the ongoing lack of a national energy strategy that ensures industrial and retail customers have the necessary access to the energy we need at competitive prices is a blight on our economy. If we are to maintain a competitive manufacturing industry in Australia, urgent action is required to ensure reliable sources of energy, whether through reservation policies or other mechanisms, and at competitive prices.

Secondly, we find the continued lack of real appetite for fundamental tax reform as a missed opportunity. Tweaking around the edges whilst other jurisdictions take swift and decisive action does not deliver the stable, competitive and reliable fiscal environment that has been the hallmark of Australia in the past and that companies need in order to make long term investment decisions. The outcome is that Australia's past competitive economic advantage is fast being eroded as other countries move to create a more appealing fiscal environment.

## **Conclusion**

On behalf of your Directors, I acknowledge the hard work of all our employees in 2018, a year in which Adelaide Brighton delivered record revenues and strong dividends. Our employees have worked hard to deliver strong shareholder returns whilst supporting our many customers across multiple sectors.

I would also like to recognise my fellow Directors. 2018 was a challenging year in some regards but their commitment and willingness to apply their expertise and effort when required, has ensured our Company remains in a strong competitive position. I look forward to continuing to work with my fellow directors on your behalf not only to maintain Adelaide Brighton's success, but to continue to grow for the benefit of the company and our shareholders.

Finally, we take our responsibilities as a corporate citizen very seriously and believe that delivering on our sustainability objectives throughout the Company supports long term business performance. Adelaide Brighton is proud of its engagement with governments at all levels and regulatory bodies, especially those responsible for employment and safety practices. The added focus on community at Board level will only enhance the way in which we work with local communities. I would like to thank all our shareholders, our joint venture partners and, of course, our suppliers and customers for their continuing support of Adelaide Brighton.

ENDS

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## **2019 Annual General Meeting**

**Friday, 10 May 2019**

### **Chief Executive Officer's Address – Mr Nick Miller**

Good Morning Ladies and Gentlemen

I am delighted to be here today to address you for the first time as Chief Executive Officer of Adelaide Brighton Limited.

In the short time I have been at Adelaide Brighton, it has been evident that the quality of our people and our assets, combined with the successful execution of our long term strategy have underpinned attractive growth over an extended period. The 2018 results provide further evidence that the strategy remains effective.

#### **Safety**

Before going into greater detail on the 2018 operational performance, I would like to say a few words about Adelaide Brighton's safety performance.

Safety remains a key performance indicator across all divisions and at the Group level. Safety is not just about processes and procedures within a business, it is a culture.

Pleasingly, in 2018, our lost time injury frequency rate decreased 39% to 1.7 and our total recordable injury frequency rate decreased by 33% to 26, primarily as a result of injury prevention programs which were integrated into the acquisitions made in 2017 plus an increased focus on critical risk management and safety leadership by front line management across the business.

Despite these improvements, our total recordable injury frequency rate is at an unacceptable level. I am personally committed to continually improving our safety performance so that we send all employees and contractors home from work uninjured every day. As an indication of employee engagement on safety and improved awareness of potential hazards, proactive safety reporting increased by 65% in 2018.

We continue to invest in our safety development on our journey to Zero Harm. We genuinely believe that safe businesses deliver superior shareholder returns.



## **2018 operating highlights**

In 2018, construction markets continued to be strongest in New South Wales and Victoria.

Queensland and the Northern Territory experienced stable demand during the year, while demand in South Australia and Western Australia eased. Lime demand from the resources sector was stable.

Excluding Western Australia and Northern Territory, residential construction activity remained healthy during the year and the non-residential and infrastructure sectors improved.

In 2018, Adelaide Brighton was able to capitalise on the favourable demand environment for construction materials and lime, and grow revenue by 4.6% to \$1.6 billion, a record for the Company.

Net profit after tax increased 1.4% to \$185.3 million resulting in earnings per share increasing to 28.5 cents per share for the year.

Earnings before interest and tax of \$265.4 million was marginally lower than 2017, reflecting softer cement and lime earnings, not fully offset by improved concrete, aggregates and joint venture earnings.

Your Board declared a final ordinary dividend of 11 cents per share and a special dividend of 4 cents per share, bringing total dividends for the financial year to 28 cents per share including specials.

Strong cash flow was a feature of the 2018 results, supporting a healthy balance sheet and capacity to fund growth and deliver sustainable shareholder returns, in the form of dividends.

### **Focussed construction materials and lime business**

Turning to our operations, Adelaide Brighton's successful long term growth strategy includes geographic and product diversification. The Company has built leadership positions in the markets in which it operates to broaden exposure to Australia's economic growth.

Nationally, we are the number one cement and clinker importer, lime producer and concrete products manufacturer. We are the number two supplier of cement and clinker to the construction industry in Australia and our concrete and aggregates business is the number one or two player in a number of the local markets it serves and is number four nationally.

## **Geographic and product diversification**

Adelaide Brighton has operations coast to coast and a balanced exposure to all Australian states and territories.

The growth in our Concrete and Aggregates Division has reduced reliance on cement and lime markets in South Australia and Western Australia and increased exposure to the eastern seaboard states along with, South Australia and the Northern Territory.

The Company now derives almost half of its revenue from concrete, aggregates and concrete products and the remainder from its traditional markets of cement and lime.

As a result of this strategy, Adelaide Brighton is a more diversified Company, with a balanced portfolio which has the effect of reducing the overall company risk profile. Within the existing strategy there remains good opportunities for continued growth in geographic areas where full vertical integration has not yet been delivered.

## **Demand environment**

Overall the demand environment was supportive in 2018.

The residential sector in New South Wales and Victoria was robust in 2018. Non-residential building and infrastructure also played a role, as major transport projects ramped up.

South Australia was assisted by infrastructure activity.

Demand remained soft in Western Australia and the Northern Territory due to weak housing, fewer resource projects and reduced economic activity.

Lime demand from the resources sector was stable.

## **Cement**

Turning to the operational detail. Cement and clinker sales volumes increased 1.1% in 2018. Sales were stronger into east coast markets but declined in South Australia and Western Australia. This geographic mix also impacted average realised cement prices. We also experienced increased competition in South Australia and Queensland.

Cement selling prices increased in most markets but margins declined in the second half on reduced cement volumes, lower average realised prices and increased import costs.

For the first time in some years, our cement energy costs declined as a result of significant savings from our renewable electricity contract in South Australia. While natural gas prices increased in this market, overall our energy costs were lower.

Cement earnings were also assisted by the benefits from rationalisation and restructuring undertaken in South Australia in recent years. We are always looking at further opportunities for continuous improvement.

## **Lime**

Lime sales were stable in 2018 as Adelaide Brighton continued to supply the market with high quality and cost competitive product.

While improving in the second half, average lime prices were lower over the year due to a combination of sales mix and contractual pricing arrangements.

Our low operating cost in Western Australia positions us well to benefit from the long term growth of the mineral resources sector, including alumina, gold and nickel.

## **Concrete and Aggregates**

Adelaide Brighton continued to actively pursue its growth strategy in aggregates and concrete.

A number of organic growth projects were progressed in 2018 in a range of markets. Projects recently completed include a state-of-the-art indoor concrete plant servicing the Sydney central and inner surrounding areas and two concrete plants and a quarry to service the south east Queensland market.

Sales in concrete improved 14% compared to 2017, or 9% when the impact of acquisitions is excluded, with east coast markets particularly strong. Aggregate volumes increased 10%.

Concrete margins increased on higher volumes and prices. Pricing in aggregates improved in the majority of markets, however average margins were impacted by sales of lower value fill material to the early stages of infrastructure projects.

## **Concrete Products**

We remain the number one manufacturer and supplier of masonry products across Australia.

A focus on selling prices delivered price increases across all regions. However, margins were impacted by lower volumes particularly in commercial sales in Queensland.

Despite lower volume and margins, earnings increased slightly due to profits from the sale of surplus land. The Concrete Products Division continues to focus on operational improvements, product innovation and developing new market segment opportunities.

## **Joint Ventures**

Our Joint Ventures delivered a solid contribution of \$40.1 million to our 2018 performance with earnings up 6.1% overall.

The joint venture results were driven by a particularly robust result in our ICL cement distribution business and the Mawson Group, supported by favourable operating environments in Victoria and New South Wales.

Our joint venture businesses offer enhanced vertical integration with our fully owned operations, provide us with access to important markets and products and collaboration with other industry participants to build and maintain a sustainable construction materials sector.

## **Strategy**

Turning now to strategy, Adelaide Brighton's long standing strategy remains highly relevant. But there's always room to improve at the operational level.

The Company continues to deliver against its long term growth strategy of being cost competitive; with a focus on operational improvement; growth of the lime business and vertical integration opportunities into downstream aggregates, concrete, logistics and masonry businesses.

Pursuing efficiency gains will remain an important element of our long term growth.

In lime, demand is expected to grow over the medium term, with incremental output improvements and growth in demand from the Western Australian resources sector.

We continue to look for further downstream acquisition opportunities in our concrete and aggregates business, but as I mentioned earlier, organic projects remain an important element of our growth.

I look forward to working with the board and management team and applying my experience and perspective to explore and define new opportunities for improvement and growth at Adelaide Brighton.

## **Energy**

I would now like to touch briefly on energy, as it has a significant impact on efficiency and sustainability. Optimising energy efficiency will remain an important element of our approach to long term growth underpinning our competitiveness and the sustainability of our business. Since 2010, Adelaide Brighton has reduced CO<sub>2</sub> emissions by 30% through increased efficiencies and low emission fuels whilst increasing sales volumes.

In 2018, Adelaide Brighton made a number of operational improvements to mitigate rising energy costs and further reduce its carbon footprint, including:

- Rationalisation of oil well cement production in South Australia;
- Lifting sales of granulated blast furnace slag as an alternative cementitious material; and

- Establishing a renewable electricity supply contract in South Australia.

In 2018, approximately 25% of energy at the Birkenhead plant was sourced from alternative fuels. This year, we will again be looking closely at our energy supply arrangements as we look to renew and renegotiate our South Australian energy requirements and consider options to address challenges within the evolving gas market.

## **Environmental Social and Governance**

Adelaide Brighton operates in a highly regulated and environmentally sensitive industry that touches many people, their communities, and by its very nature, the environment in which we live and work.

The environmental performance and sustainability of our operations have always been central to Adelaide Brighton's long term success. Indeed, these issues are interwoven within our day-to-day operations - whether that be our attention to environmental issues impacting our lime operations; the importance of energy efficiency within our clinker and cement operations; or ongoing community consultation across our business.

Culturally, we seek to make a positive contribution to each of these areas, and we believe our actions can provide an enduring benefit to the communities in which we operate. Indeed, the ASX in the latest iteration of their Governance Principles, requires all companies to actively consider their standing in the community.

Many of you will have seen that each year we publish our Sustainability Report as part of our Annual Report, which summarises initiatives encompassing environment, safety, diversity and governance. If you have not already read this report, I encourage you to do so.

Given the increasing importance of these issues and their impact on our financial and operating performance, we anticipate increasing our focus on these matters. Specifically, we believe there are near and medium term opportunities for additional investment in sustainability, energy efficiency and community engagement.

## **Outlook**

Turning to the outlook for 2019, Adelaide Brighton expects overall demand for construction materials to be characterised by continued softening in residential construction. Particularly as construction activity in the multi-residential segment abates, following completion of projects already in the construction pipeline.

Increased competition from cement imports, driven by new market entrants, is placing pricing pressure on our cement businesses in South Australia and Queensland.

Raw material costs, in particular imported clinker and aggregates have risen, placing further pressure on margins.

Despite this, the long term outlook for construction materials remains robust, driven by population growth and ongoing bipartisan support for infrastructure investment.

As recently reported to the market, we expect our underlying net profit after tax<sup>1</sup>, excluding property, for 2019 to be 10 – 15% lower than the prior year of \$190.1 million.

While market conditions are expected to impact current year earnings, we will continue to focus on operational improvement and cost efficiency to mitigate the impact on earnings.

Adelaide Brighton has privileged assets which are difficult to replicate, it generates strong cash flows and the balance sheet is in excellent shape for continued growth. This provides us with flexibility to pursue new opportunities that arise in a challenging market.

## **Conclusion**

Finally, a significant thank you to all of our employees for their hard work and dedication in 2018 and for the very warm welcome I have received since joining the business in January.

Together, we intend to continue delivering attractive returns for shareholders and a sustainable future for Adelaide Brighton.

Thank you for your attendance here today and I look forward to meeting you at the conclusion of the meeting.

ENDS

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<sup>1</sup> Underlying NPAT is profit excluding significant items of revenue and expenses, such as the costs related to restructuring, rationalisation and acquisitions.



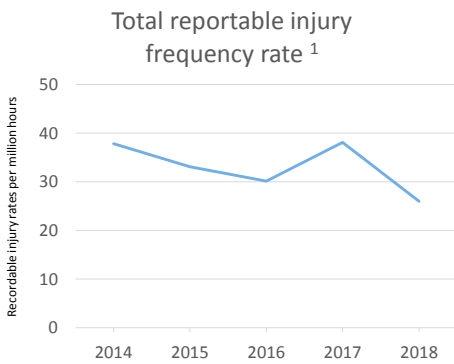
Adelaide Brighton Limited

# Annual General Meeting

10 May 2019

**Nick Miller**  
Chief Executive Officer

## Safety performance Safe, sustainable production



<sup>1</sup> Figures are total Adelaide Brighton numbers and cover employees and contractors





## Operating highlights

### Solid returns

<b>Revenue</b>  <b>\$1,631m</b> ▲ 4.6%	<b>Reported NPAT</b>  <b>\$185.3m</b> ▲ 1.4%	<b>Reported EBIT</b> attributable to members <b>\$265.4m</b> ▼ 0.8%
<b>Basic EPS</b>  <b>28.5c</b> ▲ 1.4%	<b>Final ordinary dividend</b>  <b>11.0c</b> ▼ 1 cent	<b>Special dividend</b>  <b>4.0c</b> unchanged



## Highly focused

### 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**

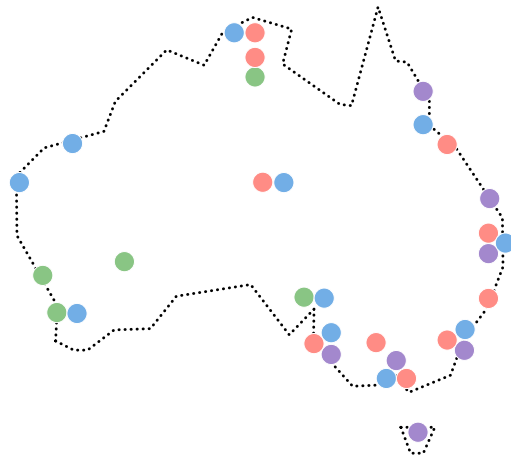
**Concrete and aggregates producer** *growing presence in major markets*



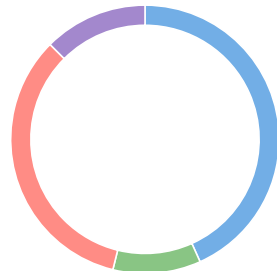




## Geographic and economic diversification Operations



2018  
Revenue by product group\*



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

\* Percentage of 2018 segmental operating revenue of \$1,610m



## Demand environment Supportive in 2018





## **Cement and lime** Low cost production



Adelaide Brighton Cement, Birkenhead plant in South Australia



Cockburn Cement, Munster lime plant in Western Australia



## **Concrete and Aggregates** Organic and acquisitive growth continues



Direct Mix Concrete, South Australia



Hy-Tec Concrete, eastern seaboard and Northern Territory



## Concrete Products

Product innovation and new market opportunities



## Joint Ventures

Industry collaboration



Sunstate Cement, Fishermans Island, Queensland



Independent Cement and Lime, Port Melbourne, Victoria



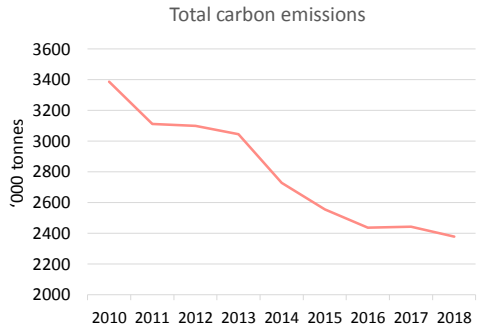
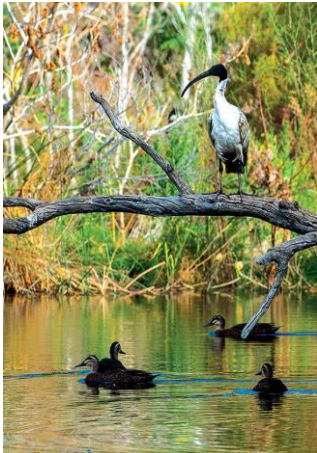
## Adelaide Brighton's strategy remains highly relevant

Consistent long term strategy supporting growth in shareholder value

- |  |   |
|--|---|
| <p><b>1</b> Cost reduction and operational improvement across the business</p> | <ul style="list-style-type: none"> <li>• Best practice operational performance</li> <li>• Import strategy to maximise asset utilisation</li> <li>• Focus on energy usage and procurement</li> </ul>                         |
| <p><b>2</b> Grow the lime business to supply the resources sector</p>          | <ul style="list-style-type: none"> <li>• Market leading resource and cost position</li> <li>• Long term customer contracts and growth</li> <li>• Continuous improvement to maintain cost leadership</li> </ul>              |
| <p><b>3</b> Focused and relevant vertical integration</p>                      | <ul style="list-style-type: none"> <li>• Diversified operations delivering long term value</li> <li>• Actively targeting strategic aggregates positions</li> <li>• Strong emphasis on shareholder value creation</li> </ul> |



## Energy and sustainability Underpinning competitiveness



## Environmental, social and governance

### Making a positive contribution



Water quality testing at Austen Quarry



Cockburn Cement, Munster tree planting day for Coogee Primary School

## 2019 Outlook



### Demand

- Further softening demand for construction materials most evident in the east coast residential market (Victoria and New South Wales)
- Competitive pressure from cement imports impacting volume and price in Queensland and South Australia
- Western Australia remains subdued
- Northern Territory impacted by lower demand
- Lime sales volume stable on higher prices

### Earnings

- Key raw material costs anticipated to increase
- Lower contribution from joint ventures driven by regional demand and competitive landscape for Sunstate Cement
- 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
- 2019 underlying NPAT<sup>1</sup>, excluding property, expected to be 10 - 15% lower than prior year

<sup>1</sup> Underlying NPAT is profit excluding significant items of revenue and expense, such as the costs related to restructuring, rationalisation and acquisitions

## Disclaimer

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

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Adelaide Brighton Limited

# Annual General Meeting

10 May 2019