

Adelaide Brighton Limited

## New South Wales Concrete and Aggregates

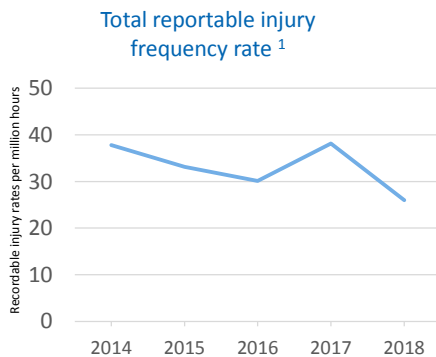
### CCZ Equities Austen Quarry site tour 12 June 2019

- Nick Miller  
Chief Executive Officer
- Brett Brown  
Executive General Manager, Concrete and Aggregates



## Safety performance

Safe, sustainable production



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



## 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**

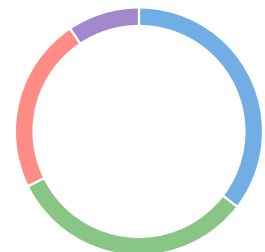
# #2

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

# #4

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

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

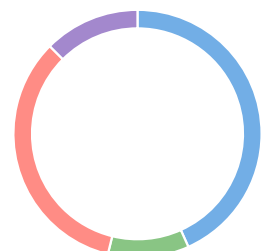
- Cement
- Lime
- Concrete and Aggregates
- Concrete Products



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

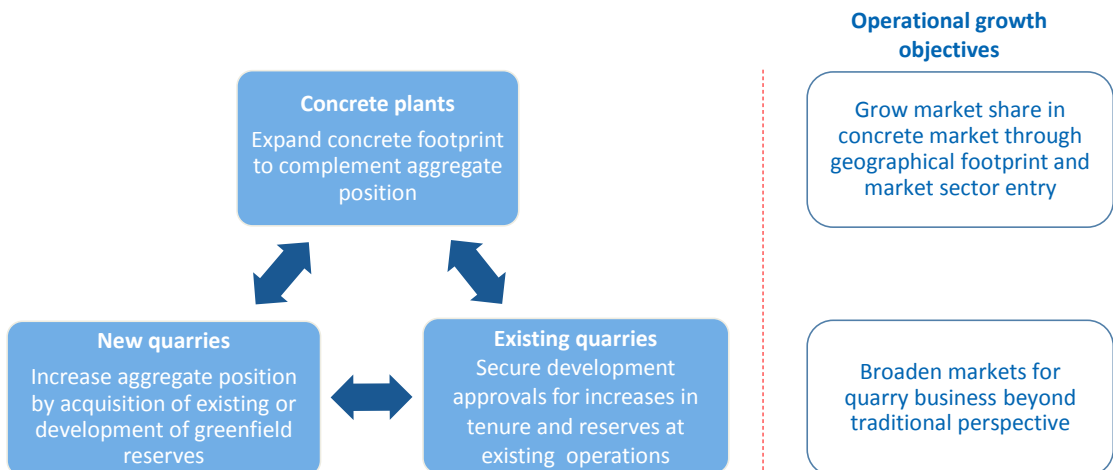
## Adelaide Brighton's strategy remains highly relevant



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> |

## Vertical integration - concrete and aggregates



## Vertical integration – infrastructure

\$100 billion Federal Government commitment over 10 years



Northern Connector, SA  
\$885 million  
Project in progress

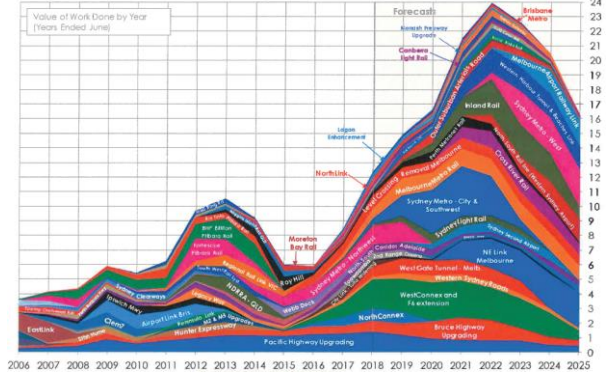


Obahn City Access Project, SA  
\$160 million  
Project completed



Tindal Air Base R8000, NT  
\$450 million  
Project in progress

Major Transport Infrastructure Projects - Australia



Source: Macromonitor Feb 2019 Forecasts

## Hy-Tec New South Wales

### Concrete

- 9 plants + 1 laboratory
- Targeted locations in key growth areas
- Annual concrete sales: circa 600K m<sup>3</sup>

### Aggregates

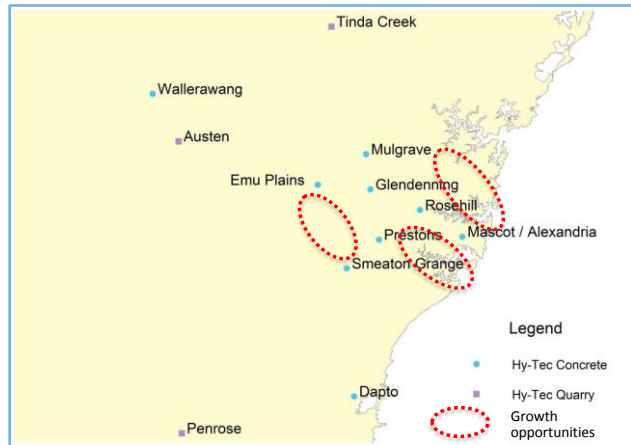
- 3 quarry operations
  - 1 hard rock quarry
  - 2 sand quarries
- Annual aggregate sales: circa 1.4 million tonnes

Employees: 191 (FTE) (incl 54 LOD)



## Growth opportunities – Sydney concrete market

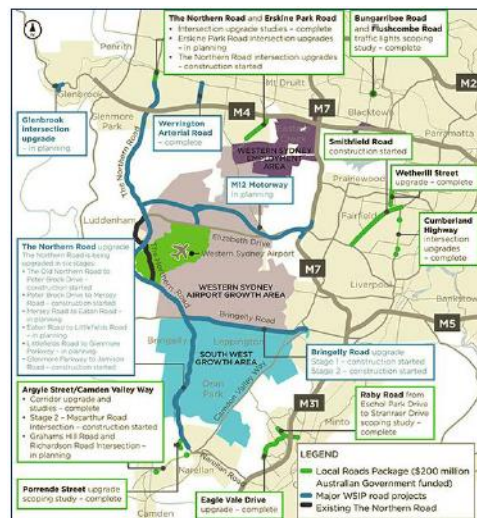
- A focus on infrastructure and the residential market has delivered strong market growth over the last four years with an estimated concrete market of >6M m<sup>3</sup> in 2018
- Hy-Tec is progressively targeting plant locations for high growth areas with infill plants to ensure ongoing supply
- Key growth areas under consideration – south west Sydney (Aerotropolis), north west Sydney (new transport infrastructure linkages) and city centres (residential density infill)
- Spending on infrastructure development in western Sydney over the coming decade is anticipated to be circa \$90 billion



## Growth opportunities - infrastructure

Western Sydney Infrastructure Plan involves major road and transportation linkages, including:

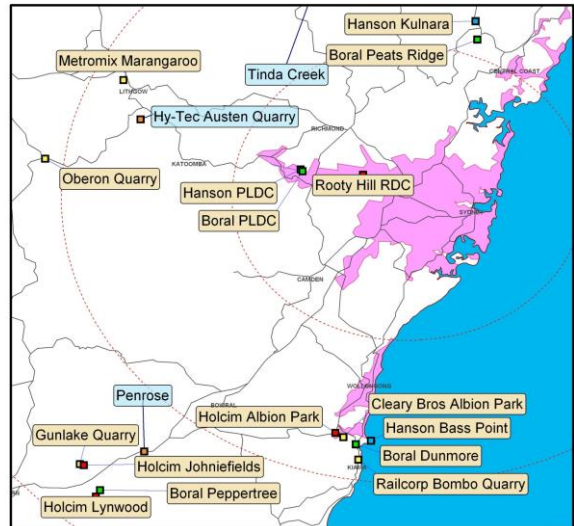
- Upgrade of The Northern Road to a minimum of four lanes from Narellan to Jamison Road, Penrith
- Construction of a new east-west motorway to the airport between the M7 Motorway and The Northern Road
- Upgrade of Bringelly Road to a minimum of four lanes between The Northern Road and Camden Valley Way
- Construction of the Werrington Arterial Road by upgrading Kent Road and Gipps Street to four lanes between the Great Western Highway and the M4 Motorway
- Upgrade of the intersection of Ross Street and the Great Western Highway
- A \$200 million package for local roads upgrades, to be delivered across four rounds over ten years



Western Sydney Infrastructure Plan  
Source: Department of Infrastructure, Transport, Cities and Regional Development

## Sydney aggregate market

- Aggregate and sand consumption for Sydney is circa 30-40 million tpa (6-8 tonnes/capita) with 11-12 million tonnes for concrete supply
- Sydney sand supply still transitioning following the closure of Penrith Lakes in 2016
- Significant investment by industry in new quarries that are further from market
- Hy-Tec is in a strong position to capitalise on this market change due to its low cost long term reserve positions in sand and aggregate
- Sydney aggregate supply will face a similar issue in next 10 – 15 years as existing resources immediately to the north and south of Sydney are depleted



## Hy-Tec quarry data

### Austen Quarry

- Hard rock aggregate source commonly known as Rhyolite
- 40 - 45 million tonnes approved extraction
- Approved 1.6 million tonnes per annum through to 2050
- Commenced operation in 2006 (primary operation), and stage of processing plant commissioned in 2007

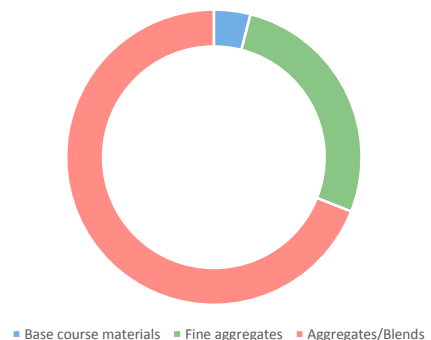
### Tinda Creek

- Estuary sand resource
- 6.3 million tonnes approved extraction
- Approved 300kt per annum through to 2045

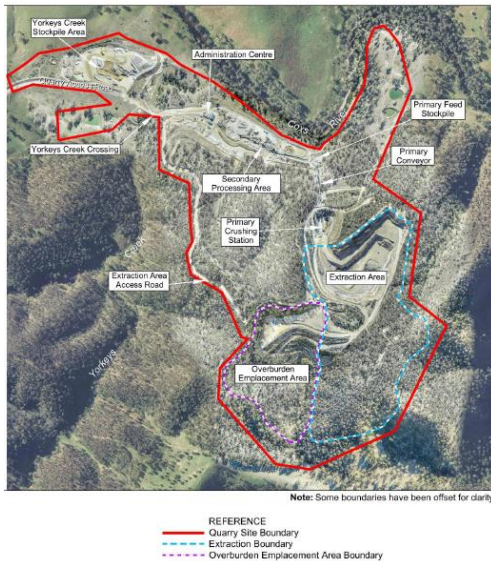
### Penrose Quarry

- Friable sandstone resource
- 8 million tonnes approved extraction
- Approved 550kt per annum through to 2023
- 15 - 20 million tonnes in potential reserves

Austen Quarry 2018 volume split



## Austen Quarry extension



A key factor in the successful operation of a quarry is the management of the resource, including:

- Ongoing management of the staging of extraction
- Management of relevant extraction consents
- Long term planning including quarry end-use

During 2018 Austen Quarry Stage 2 DA was approved:

- Providing access to an additional 38 - 40 million tonnes of resource
- Extending transport hours to 4:00am – 10:00pm
- Securing Hy-Tec long term position in the Sydney aggregates market

### Disclaimer

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