

19 May 2022

Adbri Limited – 2022 Annual General Meeting

In accordance with Listing Rule 3.13.3, attached is a copy of the prepared addresses and presentation to be given by the Chairman, and Managing Director & CEO at the Annual General Meeting of the Company to be held at 10.00am AEST today.

Authorised for release by Marcus Clayton, Company Secretary.

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About Adbri

Adbri Limited (ASX: ABC) is a leading Australian construction and building materials company that manufactures and distributes cement, lime, concrete, aggregates, masonry products and industrial minerals. Established in 1882 and formerly known as Adelaide Brighton, Adbri is a vertically integrated business operating 63 quarries and 108 concrete plants across Australia. The group employs more than 1,500 people and serves customers in the residential and non-residential construction, engineering construction, infrastructure, alumina production and mining markets through its portfolio of 18 brands.

adbri.com.au



2022 Annual General Meeting

Thursday, 19 May 2022

Chairman's Address – Raymond Barro

Before we come to the formal business of this Annual General Meeting, I will make some general comments on the Company's performance and the year under review.

This will be followed by a presentation from Nick Miller.

This year Adbri celebrates 140 years since William Lewis founded the Brighton Cement Works.

From those early days when our founders were the first in Australia to manufacture Portland cement, we have grown and diversified to become a leading producer of cement, lime, concrete, aggregates and masonry products that are helping build a better Australia.

In 2021, your Company delivered a robust financial result. Our reported net profit after tax attributable to members for the year increased by 25% to \$116.7 million.

Adbri's products experienced strong demand across all sectors including residential, commercial, infrastructure and mining. This supported increased

sales volumes for all products, except lime, with revenue rising to \$1.57 billion. An increase of 8% on the prior year.

This was achieved against the backdrop of significant COVID related challenges including industry-wide shutdowns. I am extremely proud of how our people responded so they could deliver on our promise of being *Always Ready*.

Nick will provide a more detailed overview of our financial performance and strategic progress shortly.

Looking ahead, we expect strong conditions to continue across the construction, infrastructure and mining sectors. Government stimulus for infrastructure development and residential demand supports a strong outlook. Nationally, residential construction approvals were at record levels, indicating a continued strong pipeline.

Adbri's robust financial performance and healthy balance sheet underpinned the Board's decision to approve a fully franked final dividend of 7.0 cents per share.

Total fully franked dividends of 12.5 cents per share were paid for the 2021 financial year, representing a payout ratio of 68.5% of underlying earnings. This is in line with the Board's target range of 65-75% of underlying earnings and reflects the capital requirements for the Kwinana Upgrade project in Western Australia.

Capital requirements are constantly reviewed by the Board and whenever it is determined there is surplus capital, we will work to return it to shareholders via the most efficient means available.

Also, it has been a very active year for Adbri as we deliver on our sustainability initiatives.

Following our commitment at last year's AGM, we released our Net Zero Emissions Roadmap which marks a pivotal point in Adbri's history as we transition to a low carbon economy.

The Roadmap builds on our strong performance to date, with a 32% reduction in operational greenhouse gas emissions since 2010, and more than \$50 million invested in projects delivering abatement outcomes over the past decade.

In the Roadmap, we have set new medium-term 2030 targets for cement, lime and electricity, providing greater transparency on the main sources of our emissions and our actions to reduce them.

Between 2030 to 2050, breakthrough technologies will be essential to Adbri reaching our long-term net zero emissions goal. To close the technology gap for our hard-to-abate clinker and lime manufacturing, we are partnering with leading technology developers, research organisations and industry partners in our endeavours to commercialise at scale breakthrough technologies.

Our entire sustainability approach is built on strong relationships with our people, customers, suppliers, partners, shareholders, government and the

communities where we operate. Collaboration with these stakeholders forms a key action as we look to progress our net zero goal.

We firmly believe that successful implementation of our Net Zero Emissions Roadmap will deliver value to our shareholders. I encourage you to read the Roadmap and we look forward to sharing our progress with you.

Your Board remains committed to the Corporate Governance Principles and Recommendations of the Australian Securities Exchange's Corporate Governance Council, including maintaining a majority of Independent Non-executive Directors.

Over the past 12-months we have appointed two new Independent Non-executive Directors.

Michael Wright joined your Board in June last year. Those who attended our 2021 Annual General Meeting, would have had the opportunity to meet Michael.

In March this year we also welcomed Samantha Hogg following an externally facilitated selection process. Samantha is an experienced director and former executive having held senior leadership positions across the transport, infrastructure, energy and resources sectors. Her most recent executive role was Chief Financial Officer of Transurban Group. We look forward to drawing upon her experience and insights as the business continues to deliver on its growth agenda.

Later in today's proceedings Michael and Samantha will be up for election.

Also, in October 2021 Nick was appointed to the Board. You will all be very familiar with Nick, given he has been our Chief Executive Officer since 2019, and is instrumental in setting our transformational agenda.

On behalf of your Board, I'd also like to acknowledge the significant contribution of Ken Scott-Mackenzie who retires at the conclusion of today's Annual General Meeting. Ken has been a Director of your company since 2010, and for a significant portion of this time has Chaired the Board's Safety, Health, Environment and Sustainability Committee. Thank you Ken.

On behalf of the Adbri Board, I would also like to thank Nick, the executive team and all our employees for their continued efforts. Thanks to their dedication, Adbri finished 2021 as a more profitable, more resilient and more sustainable company.

I would also like to acknowledge my fellow Directors and thank them for their continued counsel and contributions.

Strong demand is expected to continue in the construction and resources sectors, and Adbri remains a strong and competitive business.

We are focused on transformation and sustainable growth, supporting strong shareholder returns.

Finally, I would like to thank you, our shareholders, for your continued support.

That concludes my address, and I will now hand over to Nick.

Managing Director & CEO Address – Nick Miller

Good morning, Shareholders and guests.

I'm pleased to provide you with an overview of your Company's 2021 performance.

OUR BUSINESS AT A GLANCE

As Raymond has already mentioned, we made solid progress across all divisions during the year. I continue to be inspired by the quality of our people who have delivered for our customers, shareholders and communities, while demonstrating a commitment to Adbri's purpose of Building a Better Australia.

Adbri has a deep and rich history of delivering for its stakeholders since 1882, and we remain well positioned for growth as our efficiency initiatives continue to yield benefits.

With our origins dating back 140 years, we continue to make a genuine contribution to Australia. In 2021, our economic contribution survey showed that Adbri contributed approximately \$3.2 billion gross value add to the Australian economy, and directly and indirectly supported over 11,000 full-time equivalent Australian positions.

OUR STRATEGIC PILLARS

Our four guiding pillars of Safety, Customer Focus, Inclusivity and Sustainable Growth are at the core of our business decisions.

They have supported many of our achievements during 2021 and have placed us in a strong position for 2022 and the future.

Before I go into detail on Adbri's financial performance, I would like to say a few words on Adbri's safety and sustainability performance.

SAFETY

The safety of our people, customers and communities is of paramount importance to Adbri.

Disappointingly, we did not achieve our 10% year-on-year improvement in our total recordable injury frequency rate, TRIFR. TRIFR increased by 12% to 6.3 – this equates to an additional 3 recordable injuries compared to the year prior.

We had an increase in recordable injuries within our contractor group, reflecting the increase in maintenance and capital projects undertaken during the year. As such, we strengthened our return-to-work safety campaign, and are increasing our safety engagement with our contractor cohort.

Lead indicators, including an increase in the number of visible leadership walks and a 73% increase in critical control verifications, support a longer-term trend of safety improvement and demonstrate our teams' focus and commitment to our Work Safe, Home Safe vision.

Since 2019, our TRIFR has reduced overall by 41%.

NET ZERO BY 2050

We launched our Net Zero Emissions Roadmap on the 2nd of May 2022. Some of you may have participated in the launch event or have reviewed our Roadmap document.

Adbri accepts climate change science and the need to take collective action to reduce emissions. As an Australian manufacturer, we operate two emissions-intensive and hard-to-abate processes: the integrated manufacture of clinker and cement; and lime production. Cement, concrete, lime, aggregates and masonry products help build the homes and infrastructure that are essential for Australia's economy.

Since 2010, Adbri has reduced our Scope 1 and Scope 2 operational emissions by 32% and our goal is to achieve net zero emissions by 2050. Our Roadmap sets out our targets and the actions that we will progress as we strive to decarbonise our business.

The emissions data contained in the Roadmap is reported as a 30 June year, consistent with regulatory reporting requirements.

The Roadmap includes our existing short-term target, a 7% absolute reduction in Scope 1 and Scope 2 operational emissions by 2024, against our 2019 baseline. We are tracking well against this target having already delivered a 4% reduction as at the end of June 2021.

Importantly, the Roadmap provides our new medium-term 2030 targets for cement, lime and electricity, the main sources of our emissions. These include:

- A 20% reduction in net cement emissions intensity by 2030 versus our 2020 baseline
- A 10% reduction in lime emissions intensity by 2030 versus our 2020 baseline; and
- A 100% zero emissions electricity supply by 2030.

Our initial focus is on Scope 1 and Scope 2 emissions. We are yet to set a Scope 3 emissions target. We intend to do so in the future once we have done more work to understand our Scope 3 emissions, which we disclosed for the first time last year.

2021 also marked the beginning of the Group's involvement as a core partner in the Heavy Industry Low-carbon Transition CRC, and Material and Embodied Carbon Leaders Alliance.

In our sector, where emissions are difficult to abate, technology developments and partnerships with industry, government and research institutions will be critical as we develop our pathway to net zero by 2050.

Understanding investor expectations is also key to our collaboration. We welcome our engagement with groups such as Climate Action 100+ and the Investor Group on Climate Change, and the positive feedback they have provided on our Roadmap.

We intend to report on our progress against the short and medium-term targets annually in our Sustainability Report.

FINANCIAL SUMMARY

I would now like to provide you with an overview of your Company's financial performance for the year ending 31 December 2021.

COVID continued to disrupt the market. State Governments announced short-term shutdowns of the construction industry in New South Wales, Victoria, South Australia and Northern Territory. However, despite the challenges, Adbri remained strong across our key end markets.

Outside government-mandated shutdowns, the infrastructure, commercial, residential construction and home renovation markets grew in all states, with demand for construction materials supported by government stimulus measures.

Pleasingly, we delivered robust financial results for the full year that supported improved returns for our shareholders. We recorded full year revenue of \$1.57 billion, 8% higher than the prior year, driven by volume growth across all of our products apart from lime.

We anticipated the drop in year-on-year lime volumes, which we were able to partially mitigate through ongoing transitional supply arrangements agreed with Alcoa until January 2023, in addition to several new or extended lime supply contracts with non-alumina customers.

Your management team continued to execute on its planned cost reduction program with discipline, delivering gross savings of \$26.1 million. However, the Group experienced a number of COVID-related earnings impacts including

lockdowns, increased demurrage and the delayed return from drydock maintenance of our limestone supply ship, the MV Accolade.

Notwithstanding those headwinds, we recorded underlying earnings before interest and tax of \$178.3 million, stable with the prior corresponding period. Reported Net Profit After Tax attributable to members was \$116.7 million, a 25% increase on 2020.

As at 31 December 2021, Adbri's balance sheet reported net debt of \$437.4 million including cash on hand of \$124.7 million. Combined with the extension of our \$950 million debt facility announced after the year end, we have significant flexibility and headroom to pursue future opportunities for value creation.

OUR STRATEGY

Our strategy is focused on transformation and sustainable growth.

We continue to actively address opportunities to reduce our costs and improve our operational efficiency, while prudently investing for sustainable growth.

During the year, we built out our vertically integrated position. Our Mawsons joint venture acquired the Milbrae concrete and aggregate business, broadening its footprint in regional New South Wales.

This was followed by the purchase of Metro Quarry Group through a 50/50 joint venture with Barro Group in Victoria. And in late 2021, we announced the acquisition of Zanows to increase our concrete and quarry footprint in the South

East Queensland market. This transaction was completed on the 1st April 2022.

Construction activities are underway at the Kwinana Upgrade project. This project will consolidate Adbri's two existing cement production facilities in Western Australia into a single more efficient and modern facility. It will increase our annual cement production capacity to 1.5 million tonnes and deliver substantial cost savings when commissioned.

We are making strong headway in winning work in the infrastructure sector. Tender bids submitted in 2021 resulted in a win ratio of 47% for concrete and aggregates, demonstrating our cost competitive offering and our focus on opportunities where we have a competitive advantage. Some of our project successes include:

- the Bruce Highway Cooroy to Curra upgrade and the Brisbane International Airport apron, in Queensland; and
- the Western Access Road works at Tindal Airbase in the Northern Territory.

The tender pipeline remains robust, with bipartisan support for infrastructure funding.

In lime, we progressed our strategy to transform the lime business and to increase exposure to the growing quicklime market in Western Australia.

We successfully completed a Pre-Feasibility Study for a new Kalgoorlie kiln using limestone from Adbri's significant Rawlinna deposit. The Board has

signed off on a Definitive Feasibility Study, with a final investment decision anticipated in early 2023.

Adbri's land strategy is designed to maximise value for shareholders through either development or divestment of land surplus to our requirements. In December 2021, we completed the sale of our Hilltop site in Geelong for total consideration of \$11 million.

The Group will continue to identify opportunities for our surplus land portfolio and has completed an RFP process with land developers to identify potential partners and options.

2022 Outlook

Looking ahead we expect strong demand to continue in the construction and resources sectors. Although rain events in Queensland and New South Wales disrupted operations, demand in other states continued.

Activity in the residential construction sector underpins a strong order book until at least the middle of the year, while multi-residential projects are also expected to support demand.

Heightened activity in the commercial and industrial sectors, and our increasing exposure to the pipeline of infrastructure projects, will support the need for construction materials, balanced against labour and supply chain challenges.

Earnings from lime will reflect reduced volumes to Alcoa, although this will be partially offset by increased domestic supply to the mining sector, and improved pricing from recent contracts.

Targeted incremental gross savings of \$10 million in 2022, will help mitigate cost increases for items such as pallets, shipping, fuel, labour and west coast gas. Since we last reported, the impact of the Ukrainian crisis on shipping and fuel in particular, has been evaluated. We are looking to recover fuel, and other inflationary cost increases, in a July price increase for concrete and quarry products across all markets.

For our cement and lime business most of our significant contracts have inbuilt fuel price recovery mechanisms. Renewal of new cement and lime contracts are also seeing higher net selling prices to cover current inflationary cost pressures.

Capital expenditure of \$250–\$300 million in 2022 includes approximately \$150 million for the Kwinana Upgrade project.

With regards to the Kwinana project, where sourcing challenges have arisen due to the Ukrainian crisis, we have worked closely with our suppliers to source from alternative regions.

We also expect net proceeds of at least \$20 million from the sale of property.

Growth in underlying earnings is expected, driven by increased contributions from cement, concrete, aggregates, masonry and joint ventures, as well as contributions from recently acquired businesses and profit from property sales.

In conclusion, I'd like to extend my thanks to the Board of Directors and the broader Adbri team for your dedication, responsiveness and flexibility that

allowed us to deliver on Adbri's promise. Combined with the Group's vertically integrated business model and balanced geographic exposure, our people's hard work meant Adbri performed well in a year challenged by COVID disruption.

I also extend my appreciation to our customers, contractors, suppliers, joint venture partners and communities in which we operate.

To our shareholders thank you for your ongoing support and I look forward to continuing to work with you as we progress the Company's strategic goals as together we build a better Australia.

I'd now like to hand back to our Chairman, Raymond Barro.



The Meeting will commence shortly. Mr Brendan Kerin is conducting a smoking ceremony for Shareholders and guests.

Annual General Meeting

19 May 2022





We acknowledge the Gadigal people of the Eora Nation, the traditional custodians of this land where we host today's meeting in Sydney.

We recognise their continuing custodianship of Country and culture and pay respect to their Elders past, present and emerging.

Introduction and
Address

Raymond Barro
Chairman



Address

Nick Miller

**Managing Director and
Chief Executive Officer**



Our Business at a Glance

An industry pioneer since 1882


Adbri produces and distributes cement, lime, concrete, aggregates, masonry products and industrial minerals that have helped build a better Australia for nearly 140 years.

Today, Adbri is proudly one of this country's largest cement, lime and concrete producers.

 **1,500**
people

 **200+**
national locations¹

Building a Better Australia – Always Ready

 **#1** Lime producer in the mineral processing sector

 **#2** Cement and clinker supplier to construction sector

 **#1** Concrete masonry products supplier

 **#4** Concrete and aggregates producer



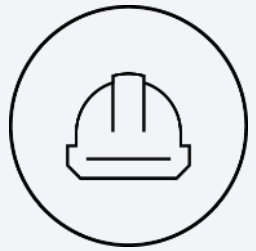
2021 Financials

\$1.57b
Revenue

\$116.7m
Reported net profit after tax attributable to members

\$2.3b
Total Assets

1. Location numbers include JV's



Safety

We put safety first

We care about each other's wellbeing

We live by our Life Saving Rules

Work Safe, Home Safe



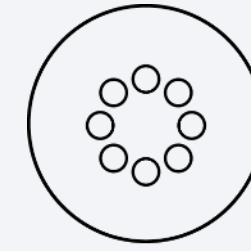
Customer focus

We deliver on our promises

We are agile in meeting our customers' needs

We build long-term partnerships that add value

We act with integrity



Inclusivity

We work together

We embrace differences

We respect and listen to each other

We empower our people



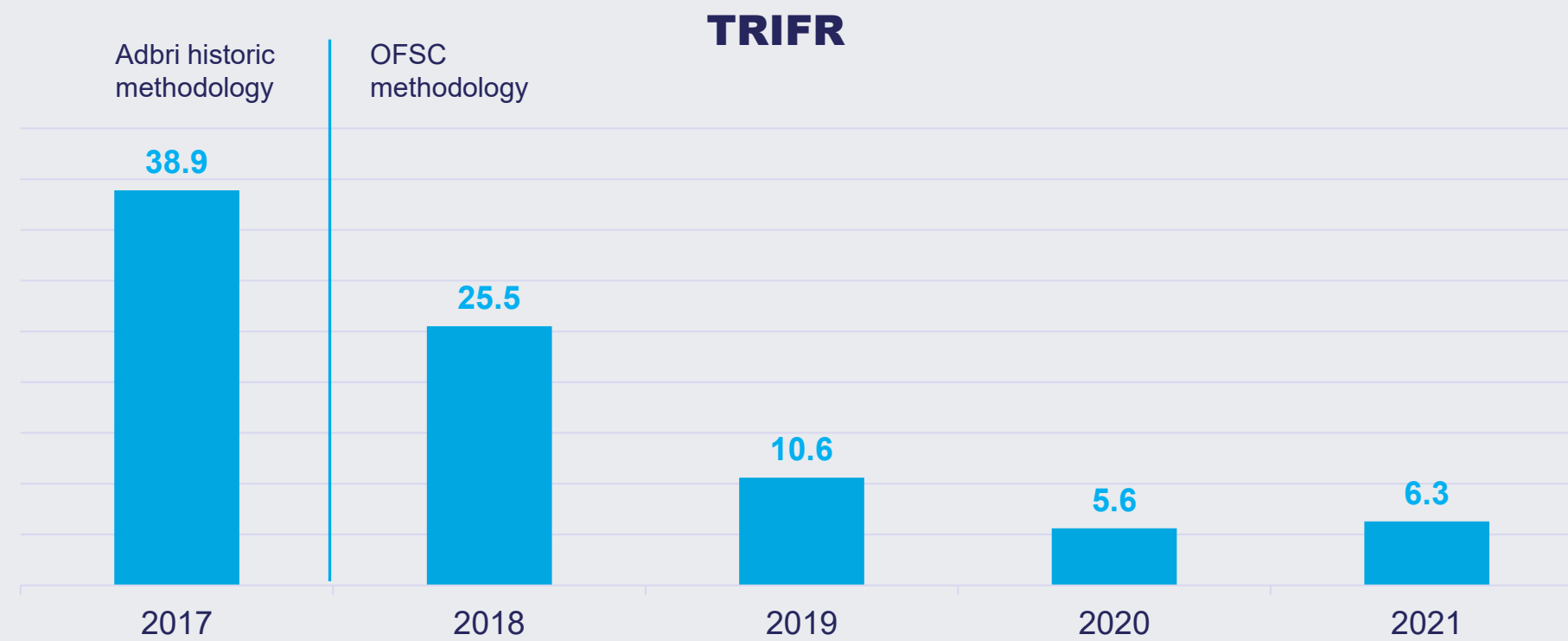
Sustainable growth

We create value for our investors and our communities

We contribute to a sustainable future

We learn and innovate

We invest in our people



41% reduction in TRIFR since the introduction of our Step Change program

- TRIFR in 2021 was 6.3, up 12% on 2020. As such, we did not meet our TRIFR target of a 10% reduction each year. Our work on safety is never done. We are resolved to continue with a laser-like focus on our safety performance. We made good progress on other safety lead indicators. New disclosures on safety include:
 - Visible leadership walks – a significant increase in the number of walks from 218 in 2020 to 611 in 2021
 - Critical control verifications in field – an increase from 699 in 2020 to 1,210 in 2021
- We supported our employees' wellbeing with an EAP and up to 10 days supplementary paid COVID leave per state, where sites closed to comply with restrictions or respond to reduced customer demand

Net Zero by 2050 is core to our strategy

Our short-term 2024 target

Scope 1 and 2 emissions

7%

absolute reduction target by FY24 vs FY19

4%

reduction achieved since FY19

32%

reduction achieved since FY10

Our medium-term 2030 targets

Cement

20%

reduction in cement emissions intensity
kg CO₂e net/tonne of cement from a
FY20 baseline of 557kg CO₂e net/tonne

Lime

10%

reduction in lime emissions intensity
kg CO₂e/tonne of lime from a FY20
baseline of 1,100kg CO₂e/tonne

Electricity

100%

zero emissions electricity from a
FY20 baseline of zero

Our actions

Reduce emissions

- Improve process and energy efficiency
- Increase use of alternative fuels
- Increase use of supplementary cementitious materials (SCMs)
- Grow expertise in breakthrough technologies

Create new products

- Develop new SCMs
- Innovate and develop lower carbon products
- Launch Environmental Product Declarations (EPDs) to inform choice
- Create product awareness to grow market demand

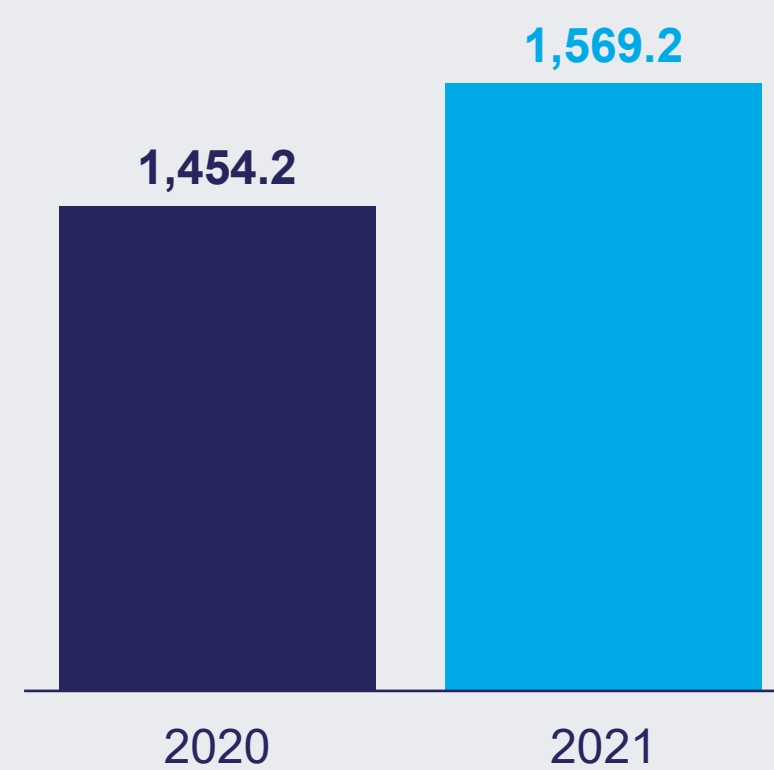
Collaborate with key partners

- Technology partners: innovation across our operations
- Customers: new product specifications
- Governments: policy settings
- Suppliers: inputs into our processes
- Joint venture partners: knowledge sharing and shared goals

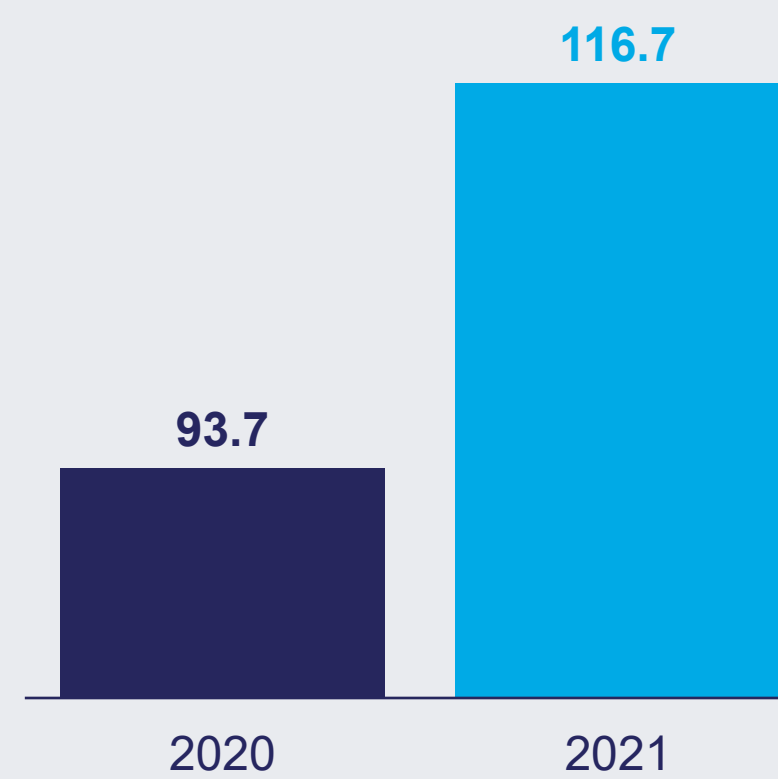
Our long-term 2050 goal

Net zero emissions

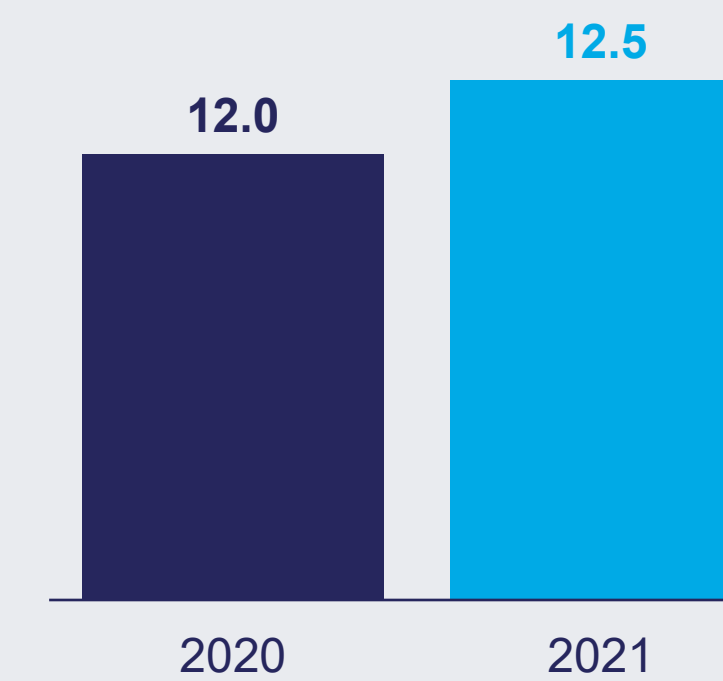
Revenue (\$m)



Reported NPAT (\$m)



Approved DPS (cents)



Our strategy and key strategic initiatives

Operate in a **safe and sustainable** manner for the **long-term benefit** of our **shareholders**, our **customers**, our **team members** and the **community**

Right size, reduce costs & improve operational efficiency



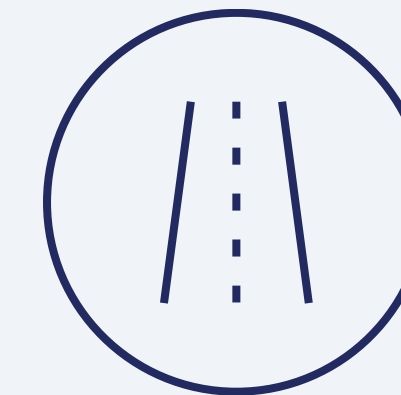
Transform the Lime business



Grow Concrete & Aggregates



Enhance capability in infrastructure



Actively manage land holdings



Continued strong demand from the construction and resource sectors

Ongoing cost headwinds anticipated

Growth in underlying earnings expected in 2022

- Rain events across Queensland and New South Wales disrupted operations, while demand in other states continued
- Demand for Adbri products:
 - Cement, Concrete, Aggregates and Masonry**
 - Residential and commercial construction buoyant across all states
 - Multi-residential activity increasing
 - Healthy pipeline of infrastructure projects
 - Strong order book visibility
 - Lime**
 - Volumes anticipated to reduce by around 7% vs pcp, entirely driven by the decrease in Alcoa volumes
 - Pricing expected to improve with new customers seeking reliable local supply as a result of supply chain disruptions
- Incremental gross cost savings of more than \$10 million, will partially mitigate ongoing cost headwinds in areas including: pallets, shipping, labour, west coast gas supply, fuel and raw material prices. Mid-cycle price adjustments to address additional cost pressures, created by Ukraine crisis (fuel, raw materials and shipping)
- Capex investment in the order of \$250-\$300 million for 2022, including \$150 million for Kwinana Upgrade project
- Net proceeds from surplus land sales expected to be at least \$20 million over next year
- Growth in underlying earnings expected, driven by increased contributions from cement, concrete, aggregates, masonry, joint ventures, as well recently acquired businesses and profit from property sales.

Annual General Meeting

19 May 2022



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Disclaimer

This presentation has been prepared by Adbri Limited ACN 007 596 018 for information purposes and for the purposes of the 2022 Annual General Meeting only. The information in this presentation is current as at 19 May 2022. It is in summary form and is not necessarily complete. It should be read together with the annual report (including audited financial statements) for the year ended 31 December 2021, which was released to the ASX on 24 February 2022.

The presentation contains forward looking statements or statements of opinion. These may include statements regarding the company's intent, belief or expectations regarding the Company's business and operations (including any statements related to or affected by the ongoing impact of the COVID 19 pandemic), market conditions, results, outlook, strategy and financial condition. 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, and actual results, circumstances and developments may differ materially from those expressed or implied in this presentation.

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