ASX Announcement

30 August 2022

ASX CEO Connect - Presentation

Attached are the presentation slides being given by Adbri Limited's (ASX: ABC) Chief Financial Officer, Theresa Mlikota, today 30 August 2022 at ASX CEO Connect August 2022.

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Authorised for release by Marcus Clayton, Company Secretary.

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ASX CEO Connect

ADBRI
Building Australia since 1882

30 August 2022

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 140 years.

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

1,500
people

200+
national locations[1]

1. Location numbers include JV's

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

1H22 headlines

Revenue

$812.4m

Underlying EBIT[2,3,4]

$79.8m

Underlying NPAT[2,3,4]

$54.3m

Underlying ROFE[2,3,4,5]

9.3%

Underlying EPS[2,3,4]

8.3 cents

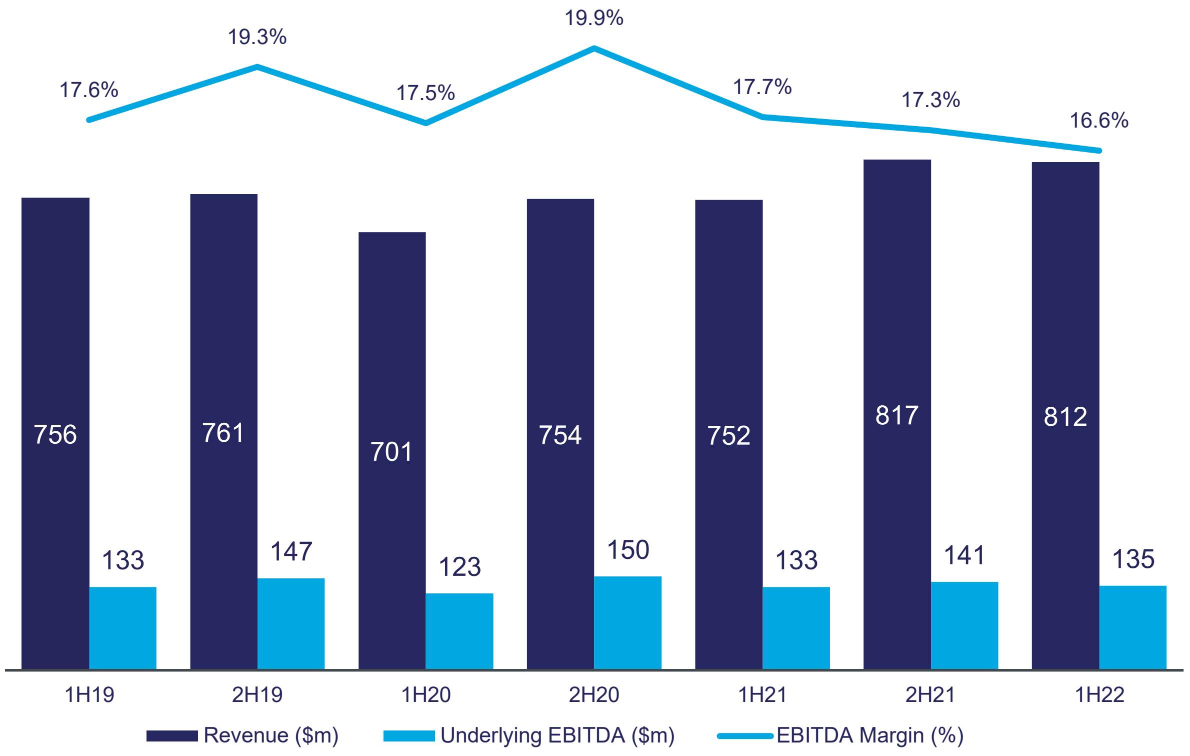
Approved DPS

5.0 cents

2. Underlying Earnings before interest and tax (EBIT), Net profit after tax (NPAT), Return on funds employed (ROFE) and Earnings per share (EPS) include property profits and exclude significant items. Refer to Appendix for reconciliation of underlying earnings to statutory earnings
3. Property profits relate to gain on Rosehill land compulsorily acquired and excludes gain on disposal of plant and equipment of $8.6 million (pre-tax) and $5.9 million (post tax) which is included in statutory and underlying profit
4. Significant items are non-recurring items of revenue and expenses, such as the costs related to restructuring, rationalisation and acquisitions
5. Underlying return on funds employed – 12-month underlying EBIT/average monthly funds employed (net assets excluding cash, borrowings and lease liabilities)

Earnings trend

Revenue and Underlying EBITDA[6,7]



Robust demand

continued in the construction and mining sectors. Volumes remained strong despite significant disruption from severe weather events on the east coast of Australia

Revenue growth

driven by robust demand across construction and mining sectors and improved pricing

Margin compression

due to wet weather and cost inflation, with price rises lagging cost inflation

6. Underlying EBITDA and underlying EBITDA margin include property profits and exclude significant items. Significant items are non-recurring items of revenue and expenses, such as the costs related to restructuring, rationalisation and acquisitions.
7. 1H22 property profits included in underlying EBITDA is $11.6 million.

Figures rounded to the nearest $ million

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

1H22 Strategic milestones

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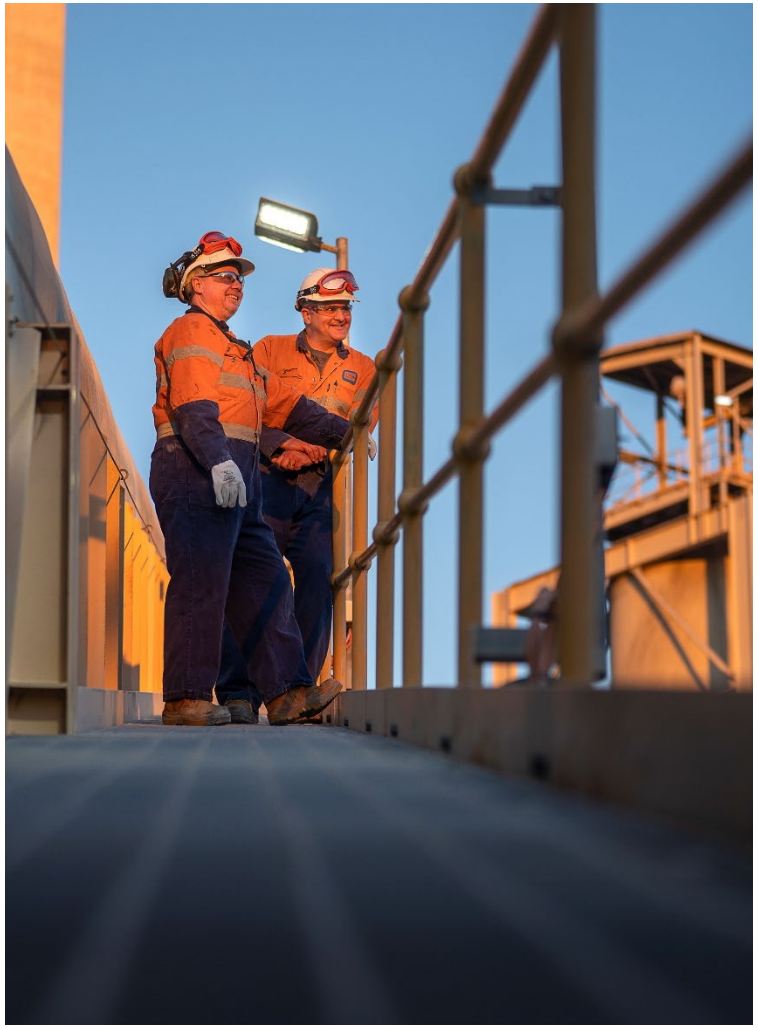
Reduce cost and improve operational efficiency

- The cost reduction program has delivered $7.5 million in gross savings for the period, only partially offsetting inflationary pressures
- Alternative fuel use at Birkenhead has increased, with the substitution rate up to 39% (up from 35% in 2022), reducing reliance on natural gas and exposure to the energy market
- Kwinana Upgrade project circa 25% complete, committed procurement is now approximately 75% complete and the project is on schedule for commissioning in mid-2023. Taking into consideration known inflationary and supply chain pressures, the project cost is expected to be circa 15% higher than originally forecast

Transform the lime business

- Continued execution of the lime recovery strategy, building volumes from new and existing customers. Lime volumes for the half were 446kt, indicating an annual run-rate in the order of 890kt
- Lime pricing is expected to improve as customers, previously reliant on imports, turn to domestic manufacturers for reliable supply and service
- The definitive feasibility study for the Kalgoorlie kiln is progressing, with mine planning and front-end engineering design underway, and on-track for completion in 1H23



1H22 Strategic milestones

Grow concrete and aggregates

- Zanows' acquisition – building out Adbri's sand, gravel and hard rock quarry and concrete plant footprint in the growing South East Queensland market
- Integration of Milbrae operations in regional New South Wales into the Mawsons joint venture progressing
- B&A Sands acquisition in Victoria now providing security of sand supply

Enhance capability in infrastructure

- Completion of the Brisbane International Airport apron concrete works, our first major airside project in recent times and a key part of our expansion into the infrastructure sector
- Initial supply of 230,000t of quarry material and 2,000m^3 of concrete to the Northern Territory RAAF Base Tindal project, with significant volumes to continue
- Infrastructure growth journey continues with a 29% win ratio on tenders bid in 1H22 and awarded. Order book increased by circa 30% since 31 December 2021

Actively manage land holdings

- Rosehill compulsory acquisition completed, while a small parcel of land at Kewdale, Western Australia is anticipated to be settled in 2H22
- The sale process for the Moorebank masonry site in New South Wales initiated
- Rehabilitation of the Batesford quarry in Victoria is progressing in parallel with assessment of development options with the local council and potential partners

Net Zero by 2050 is core to our strategy

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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 $C0_2e$ net/tonne of cement from a FY20 baseline of 557kg CO_2e net/tonne

Lime

10% ↘
reduction in lime emissions intensity kg $C0_2e$/tonne of lime from a FY20 baseline of 1,100kg CO_2e/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

2H22 Outlook

The uncertainty in the current economic and operating environment makes it difficult to provide quantitative guidance at this time. Subject to these uncertainties, demand for our products from the residential, infrastructure, commercial and mining sectors is expected to remain strong in 2H22. Further out-of-cycle price increases will assist Adbri in actively managing inflationary pressures, with pricing traction key to our ability to deliver.

- Cement - we anticipate strong demand, although building and project completion timelines are being extended due to materials and labour shortages.
- Lime - sales volumes are anticipated to be stable in H2 versus H1. Lime pricing is expected to improve with new customers seeking reliable domestic supply due to supply chain disruptions experienced by importers.
- Concrete and Aggregates - demand is expected to remain strong to the end of the year, and with weather abating in New South Wales, this will be buoyed by the commencement of delayed projects and flood recovery works.
- Masonry - softness in retail spending is expected to impact demand, with increased interest rates impacting household discretionary spend.
- Gross cost savings of circa $10.0 million for the year, will only partially offset ongoing cost headwinds in areas including pallets, shipping, labour, power, fuel and raw material prices.
- Excluding business acquisitions, 2022 capex investment is estimated to be approximately $300.0 million, including circa 40% for the Kwinana Upgrade project.
- Proceeds from land sales for Rosehill and Kewdale are expected to be in excess of $20.0 million for the year, with the compulsory acquisition of Rosehill now complete. The sale process for Moorebank has commenced.
- We expect growth in underlying earnings for 2H22, driven by increased contributions from cement, concrete, aggregates, masonry, joint ventures and recent business acquisitions, subject to weather, inflationary headwinds and traction with out-of-cycle pricing. This reflects the benefits of a resilient and diversified business model, strong market demand and Adbri's position as a local manufacturer.

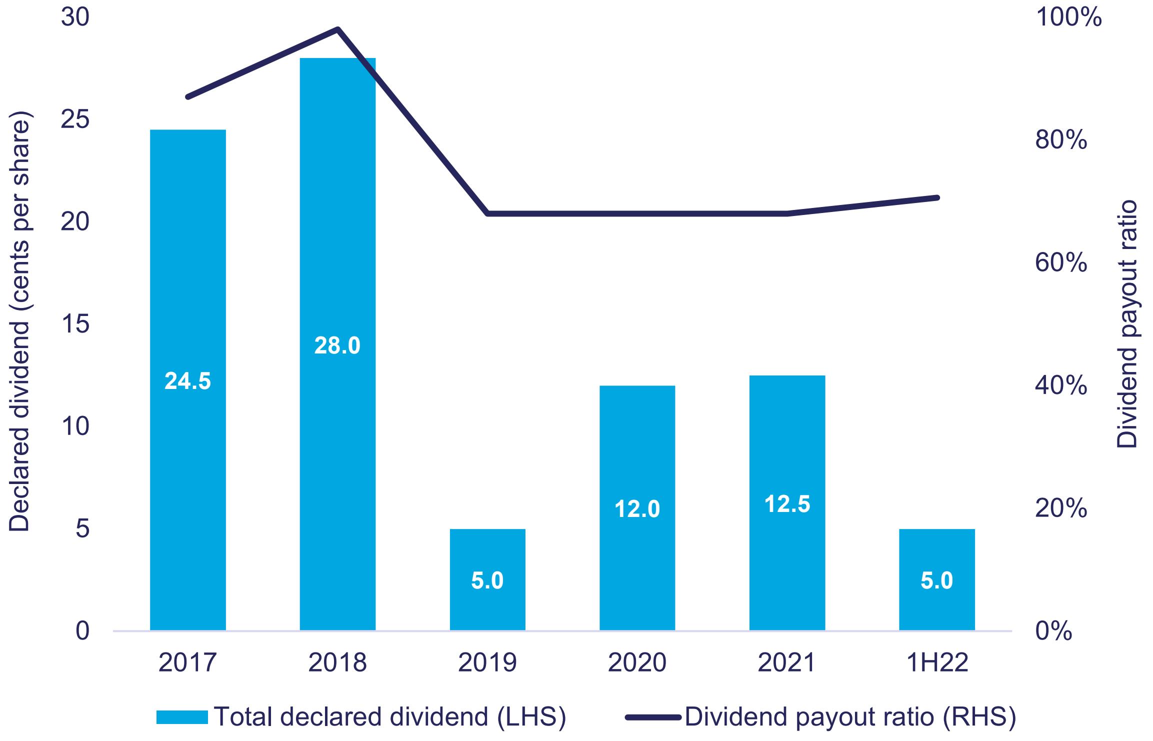
Creating shareholder value

Dividend policy

- The Board maintains a sustainable dividend policy, targeting a payout ratio of 65-75% of underlying earnings (excluding property profits)

Strong execution against long-term growth strategy

- Geographic and product diversity
  - De-risks earnings volatility
- Vertical integration strategy
  - Creating future earnings growth
- Net Zero Emission Roadmap
  - Preparing Adbri for the future and creating a competitive advantage
- Lime strategy
  - Strong growth prospects through gold and rare earths
- Land strategy
  - Maximising value of our landholdings for shareholders through development and divestment



Questions

Appendix

Reconciliation of statutory to underlying earnings

6 months ended 30 June	2022 ($m)		
	Profit before tax	**Income tax**	**Profit after tax**
Statutory earnings before interest and tax (EBIT)	71.0		
Significant items	8.8		
Underlying EBIT	79.8		
Statutory net profit after tax (NPAT)	60.9	(12.8)	48.1
Change in loss provision	0.1	-	0.1
Corporate restructuring & strategy costs	4.1	(1.2)	2.9
Acquisition expenses	4.6	(1.4)	3.2
Underlying NPAT (including property profits)	69.7	(15.4)	54.3
Property profits*	(11.6)	3.5	(8.1)
Underlying NPAT (excluding property profits)	58.1	(11.9)	46.2

* Property profits relate to gain on Rosehill land compulsorily acquired and exclude gain on disposal of plant and equipment of $8.4 million (pre-tax), $5.9 million (post-tax) which is included in statutory and underlying profit

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