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27 September 2012

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

Dear Sir/Madam

We attach copy of presentation being delivered during investor tours at Adelaide Brighton's Western Australian and South Australian operations on Thursday 27 and Friday 28 September, 2012.

Yours faithfully

**Marcus Clayton**  
Company Secretary

FOR FURTHER INFORMATION:

MS LUBA ALEXANDER, GROUP CORPORATE AFFAIRS ADVISER TELEPHONE 08 8223 8005 OR 0418 535 636

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## **Adelaide Brighton Ltd Analyst / Investor Tour**

**27 September 2012 - Perth  
28 September 2012 - Adelaide**

### **Disclaimer**

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## Agenda

### Western Australia

- **Business overview** Mark Chellew
- **Strategy development**
- **Performance overview**
- **Cement and Lime Division** Martin Brydon
- **WA and NT operations** Michael Williams
- **Outlook** Mark Chellew

### South Australia

- **SA and NSW operations** Michael Williams

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## Overview

**Mark Chellew**  
**Managing Director and CEO**

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## Our business

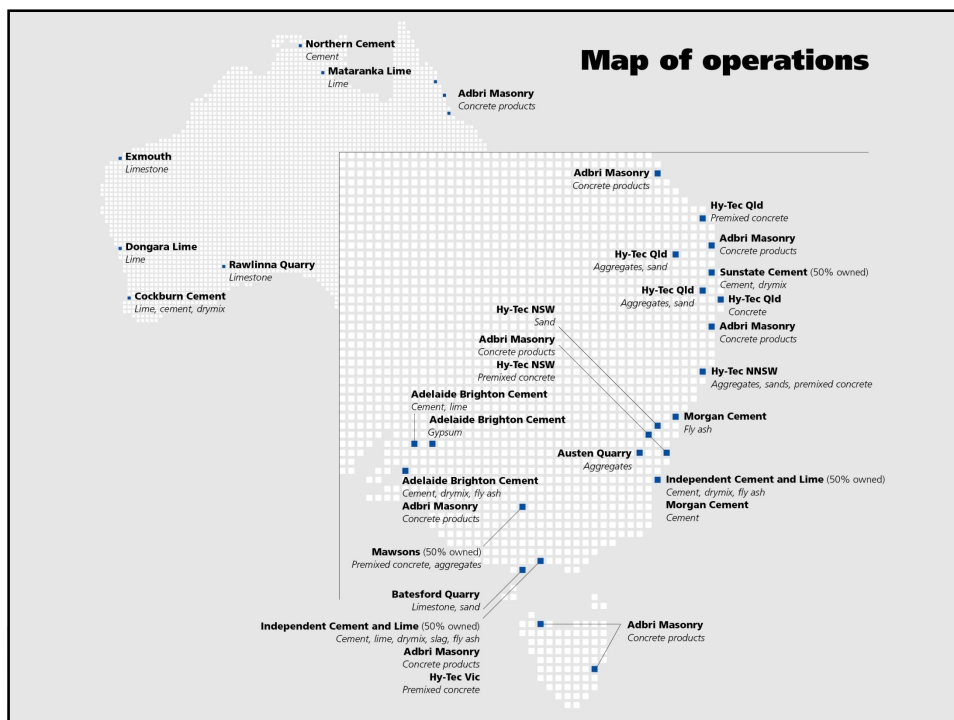
- A leading Australian integrated construction materials and lime producing company with balanced exposure across mining and all construction sectors
- An S&P/ASX200 company with operations in all states and territories; 1,600 employees; approximately AUD1.9 billion market capitalisation
- Well positioned to supply cement to all mainland states from its domestic manufacturing base, coastal supply and import facilities
- Market leader in lime in Australia, and 9th largest producer on world scale
- The second largest supplier of cement and clinker in Australia
- Market leader in concrete masonry products and an emerging position in aggregates and ready mixed concrete
- Adelaide Brighton is highly cash generative with low gearing and balance sheet capacity for organic and acquisitive growth

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## Map of operations



## Divisional review

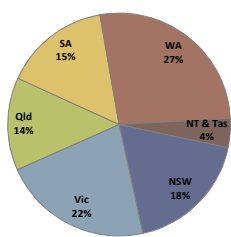
Concrete & Aggregates	Cement & Lime	Concrete Products
 	    	
Joint Ventures	Joint Ventures	Joint Ventures
 	 	
<b>Revenue 22%</b>	<b>Revenue 68%</b>	<b>Revenue 10%</b>

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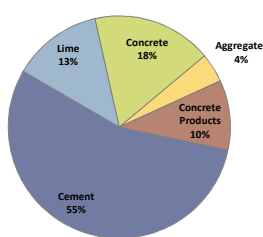
## Adelaide Brighton revenue analysis

- 70% of revenue from Cement and Lime operations
- Balanced exposure to mining and all construction sectors
- Exposure in all states with WA, SA and Vic being key geographic markets

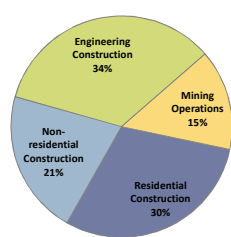
Revenue - by state



Revenue - by product group



Revenue split - by segment



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## Consistent long term strategy

- Consistent strategy over the last decade has supported long term shareholder returns:
  - Cost reduction and operational improvement
  - Lime development
  - Focused and relevant vertical integration
- Cement – investment to expand milling capacity
- Lime – capacity expansion and improvements in environmental performance

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## Contract renewal underpins utilisation

- Cement supply agreement with major cement customer:
  - Currently covers supply for WA to 31 Dec 2012 and SA to 31 Dec 2013
  - Following agreement in principle, cautiously confident of securing supply on not materially different terms for WA and SA to 31 Dec 2014
- Lime supply contract with major WA alumina producer formally executed:
  - Covers supply for periods ranging between five and ten years from 1 July 2011
  - Some of the contracted volume is not committed, which opens the possibility of imports from other suppliers
  - We expect to supply circa 100% of the customer's requirements in 2012
- Supply to ICL agreed in principle subject to ICL unit-holder approval
  - While negotiations have been protracted with some issues still unresolved, we are cautiously confident that supply arrangements which expire mid-2013 will be renewed on not materially different terms

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## Performance highlights

6 months ended		30 June 2012	30 June 2011	% change
Revenue	\$m	550.3	507.9	8.3
EBIT	\$m	98.5	92.4	6.6
EBITDA	\$m	129.4	119.3	8.5
NPAT attributable to members	\$m	67.5	61.5	9.8
EPS	Cents	10.6	9.7	9.3
Interim dividend	Cents	7.5	7.5	0.0

		As at 30 June 2012	As at 30 June 2011
Net debt	\$m	287.6	220.6
Gearing – net debt/equity	%	29.7	23.9

- Current debt facilities total \$500 million. Balance sheet strength and flexibility for further value enhancing organic and acquisitive growth

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## Performance overview

- Cement**
  - Robust demand from resources and mining in WA and NT, and infrastructure projects in SA
  - Offset by weakness in the residential sector and east coast wet weather
  - Significant planned cyclical maintenance completed in first half
  - Price increases in line with expectations
- Lime**
  - High plant utilisation at the Munster (WA) lime kilns and increased production at the Dongara (WA) lime facility
  - Lime sales volumes higher with strong demand from the resource sector
  - Prices improved due to price reset on supply contract with major alumina customer from 1 July 2011

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## Performance overview (continued)

- Concrete and Aggregates
  - Market weakness and unusually wet weather conditions in the eastern states impacted first half premix volumes in concrete and aggregates
  - Price benefit from 1 April 2012 helped to offset rising costs. Further progress expected to be realised from this price rise in 2H 2012
- Concrete Products
  - Soft demand from residential construction and slow retail activity
  - Development of innovative and lower cost products strengthened product range

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## EBIT Margins

**Reported EBIT margin decreased from 18.2% to 17.9%**

	Impact on EBIT margin %
Gain on acquisition reduces future tax payments by \$7.6 million	↑
Redundancy costs of \$2.3 million – savings from 2H 2012	↓
Improved lime prices and volumes	↑
Low margin transport revenue increased Group revenue by 3.6%	↓
Import profitability declined by approximately \$3 million	↓
JV equity accounted contribution reduced by \$2.2 million	↓
Depreciation increased by \$4 million	↓
Bad debt provision increased by \$1 million	↓

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## Cement and Lime overview

**Martin Brydon**  
**Executive General Manager**  
**Cement and Lime**

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## Cement and Lime Division

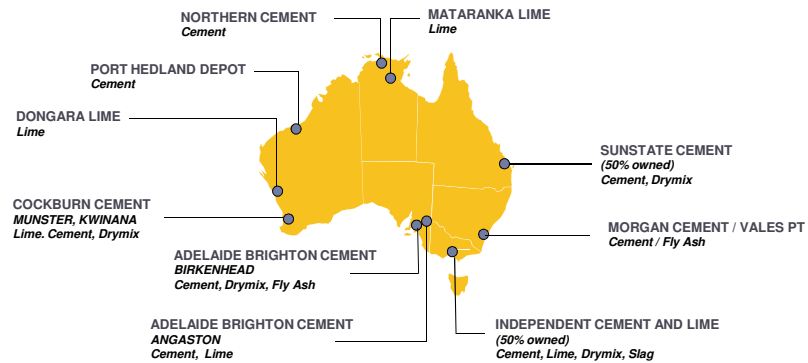
- Annual turnover: circa \$750 million
- Annual cement sales: 3.16mt
- Annual lime sales: 1.10mt
- Number of employees: 586 (FTEs)
- Safety performance: 3.8 LTIFR (end June 2012)

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## Cement and Lime Division



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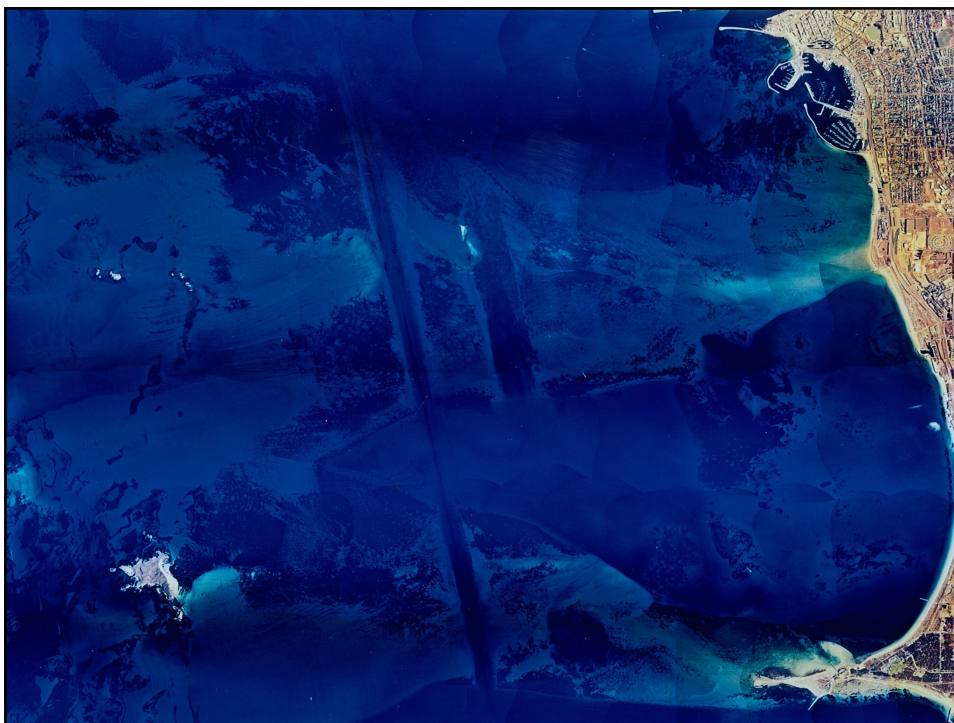
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## Cement and Lime Division - Imports

- Cement
  - Circa 430ktpa (Taiwan/Thailand/China)
- Clinker
  - Circa 725ktpa (Japan)
- Blast furnace slag
  - Circa 410ktpa (Japan)
- 2012 cementitious total: 1.56mtpa
- 2016 cementitious total: >2.00mtpa

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## **Cement and Lime WA and NT operations**

**Michael Williams**  
**General Manager Operations –**  
**Cement and Lime**



## Cockburn Cement

- World scale lime manufacturing facility at Munster
- Security of Munster shellsand supply through State Agreement Act (2031)
- Additional lime capacity at Dongara with ability to expand (large resource)
- Long term supply agreements in place with large alumina customers
- Clinker and cement footprint is flexible through utilisation of both Munster and Kwinana milling capacity and long term secure clinker imports
- Ability to substitute domestic clinker production with imported clinker to optimise energy and carbon cost
- Mitigated recent community dust and odour issues through Kiln 6 exhaust bag filter, upcoming Kiln 5 bag filter and other initiatives

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## Western Australia operating sites



- Products
  - Clinker
  - Cement
  - Quicklime
  - Hydrated lime
  - Blended cement products

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## Munster site

- Cement
  - 2 wet process clinker kilns (total capacity 450ktpa)
  - 2 cement mills (total capacity 630ktpa)
- Quicklime
  - 2 lime kilns (total capacity 1.1mtpa)
- Raw materials and fuel
  - Limestone from adjacent freehold land
  - Shellsand dredged from Owen Anchorage
  - Other fringe raw materials purchased externally (gypsum own supply)
  - Fuels: coal and natural gas
- Woodman Point
  - Wash plant for dredged sand

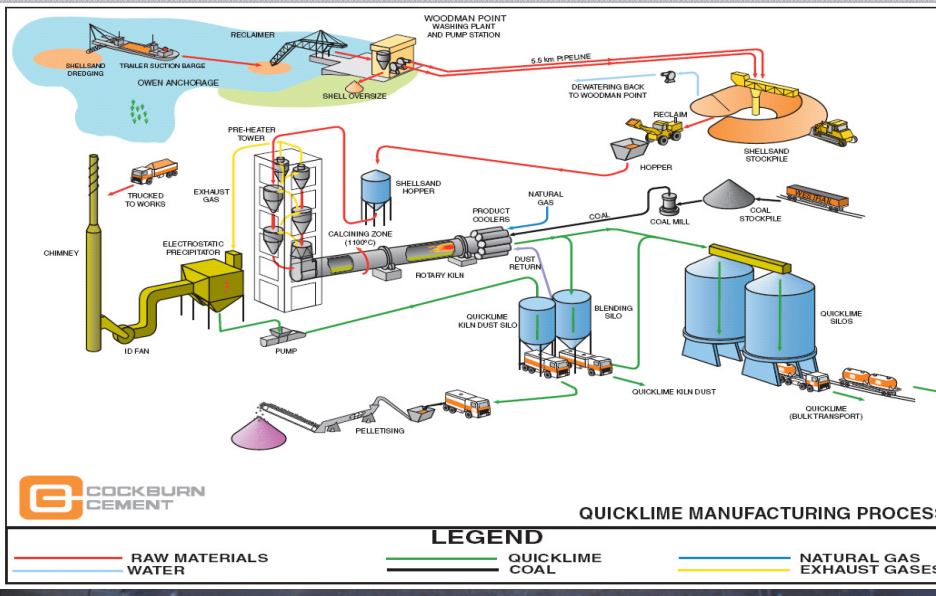


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## Quicklime process





## Kwinana site

- Cement production
  - 2 cement/slag mills (total capacity 360ktpa)
  - Cement blending, packing and distribution
    - » Slag dryer (capacity 175ktpa)
    - » Packaged product (capacity 200ktpa)
- Hydrated lime
  - 1 hydration plant (capacity 40ktpa)



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## Other WA operational sites

- Dongara
  - 1 lime kiln (capacity 100Ktpa)
  - Lime sand raw material
  - Fuel is waste oil and gas
  - Supplies Murchison and North Eastern Goldfields (via Kalgoorlie depot)
- Kemerton
  - 1 lime hydration plant (capacity 18ktpa)
- Port Hedland
  - Cement Importing facility
  - Debagging bulker bags, storage and despatch



*Dongara*



*Kemerton*

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## Darwin and Mataranka sites

- Northern Cement, Darwin
  - 250ktpa capacity cement grinding mill
  - Newly commissioned slag dryer
  - Produces GP cement and slag blended cements
  - Bagging plant
  - Clinker imported from Japan
- Mataranka
  - Located 400km south of Darwin
  - 2 lime kilns – total 35ktpa capacity
  - Utilises waste oil as fuel
  - Limestone mined locally



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## Cockburn Cement - key initiatives

- Lime investment - expansion and environmental
  - Two recent projects delivered environmental improvements and 100ktpa additional capacity at Munster (to total of 1.1mtpa)
    - » The \$24 million bag filter on Kiln 6 to reduce dust emissions was successfully commissioned in March 2012 – has improved kiln stability and run time
    - » The \$10 million cooler bag house for Kiln 6 was commissioned early September 2012
  - Underway
    - » \$18 million for a bag filter on Kiln 5 (one of the 2 lime kilns at Munster) to improve dust emissions and satisfy changes to the operating licence required by mid 2013. This will also increase the kiln's output (circa 60ktpa)
- Woodman Point jetty upgrade – ensures long term life of jetty (completed August 2012)
- Environmental Improvement Plan
- Community consultation

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## Munster Quarry 9 – potential land realisation



- Munster limestone quarry – Quarry 9
- Quarry 9 is shown as the area marked in red on the aerial photograph opposite
- Economic reserves estimated at 5-10 years
- Approximately 25km south of Perth city centre – high growth corridor
- Surrounding area has a mix of residential, commercial, tip, market gardens and regional park
- Council tip is reaching capacity to the southern boundary
- Kwinana industrial area to the south
- Australian Marine Complex to the west
- Indicative developable area of 87ha

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**Mark Chellew**  
**Managing Director and CEO**

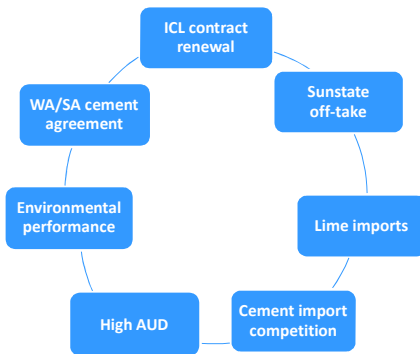
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## Key profit and operational challenges

- ICL contract renewal nearing completion - approval of both unit holders required prior to completion
- Sunstate Cement – risk of further reduction in shareholder off-take
- Threat of small scale opportunistic lime imports in WA and strong AUD impacting non-alumina pricing
- Cement import risk in NT and north west WA
- High AUD limits the scope for cost recovery for any domestic manufacturer – potential impact on bulk and bagged cement prices
- Munster licence changes – Kiln 5 bag house filter by mid 2013 – spend of circa \$18m
- Completion of a cement supply agreement for WA and SA to the end of 2014 - agreed in principle



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## Carbon tax implications

- Adelaide Brighton is committed to lowering its carbon emissions and has significantly reduced its carbon footprint in Australia over the last 10 years
- As the largest importer of cement and clinker into Australia, ABL is in a strong position relative to our domestic cement and clinker competitors to deal with the potentially rising cost of local production given the introduction of a carbon tax
- Considering the carbon tax and high AUD, Adelaide Brighton expects it will significantly mitigate the impact of the carbon tax over the next five years by:
  - Enhancing its import flexibility
  - Reducing reliance on domestic manufacture
  - Increasing the use of alternative fuels and cementitious substitutes
- Due to timing of contractual pricing clauses and planning for changes to import facilities, significant mitigation expected in 2013/2014
- Estimated impact of carbon tax in 2012 circa \$2.7 million on net profit after tax, before mitigation (circa \$5 million, before mitigation in the first 12 months of the scheme)
- The carbon tax is unlikely to have any material impact on the long term growth strategy

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## 2012 Outlook

- 2012 cement and clinker sales volumes to be similar to 2011
- Demand remains robust in SA due to projects, and in WA and NT demand driven by mining and resource projects
- Continued weakness in residential and non-residential sectors
- Full year lime sales volumes are expected to be higher than 2011
- Benefit from increased lime prices – due largely to improved pricing to major alumina customer in WA which was effective from 1 July 2011
- Australian concrete market expected to remain weak through 2012
- Concrete and aggregates pricing expected to improve – 1 April 2012 price rise
- Weakness in concrete masonry market expected to continue due to difficult conditions in the east coast commercial and multi-residential sectors

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## 2012 Outlook

- As plants are rationalised and quarries reach the end of their useful life, it is possible to realise circa \$100 million revenue over the next 2-10 years from the sale of surplus land
- Strong Australian dollar, competitive pressures and risk of imports in some markets may limit scope for cement price increases
- 2H 2012 imports hedged; forex outcome for 2012 expected to be similar to 2011
- Reduced off-take from Sunstate Cement 's 50% shareholder expected to reduce 2012 net profit after tax by approximately \$2 million
- Carbon tax impact on 2012 net profit after tax expected to be circa \$2.7million, before mitigation
- Cost management focus across the Group continues
- Subject to market conditions and the timing of cement sales to major projects, full year 2012 NPAT expected to be between \$145 and \$155 million

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## Cement and Lime SA and WA operations

**Michael Williams**  
**General Manager Operations –**  
**Cement and Lime**

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## South Australia and New South Wales operating sites

- Products
  - Clinker
  - Cement
  - Quicklime and hydrated lime
  - Blended cement products
  - Fly ash



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## Birkenhead site

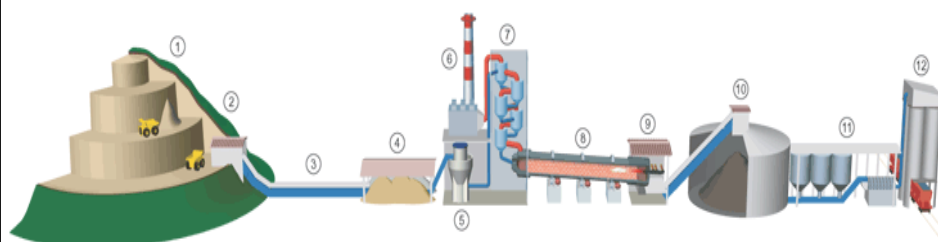
- Birkenhead capacity:  
1.3mtpa of clinker, 1.2mtonnes pa of cement (1.95mt in 2013)
- Supplies the South Australian and Victorian markets with bulk and bagged cement products
- Limestone sourced from ABL's quarry at Klein Point (Yorke Peninsula)
- 7,500kt of limestone transport daily via *Accolade II* to Birkenhead
- Seaborne supply capability:
  - Clinker to Sunstate in Qld
  - Cement to Independent Cement and Lime in Victoria
- Cement packaging facility for GP and blended cement products
- Drypack bagged cement blending and packing facility
- Fuels used – natural gas, waste wood (biofuel), carbon waste
- Environmental Improvement Program and Community Liaison Group

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## Dry cement making process



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## Angaston and Port Kembla sites

### Angaston

- Clinker: 2 kilns (one semi-dry and one wet) – 230kt pa capacity
- Lime: 1 kiln – 50ktpa capacity
- Cement: 2 cement mills – total 260kt pa capacity
- Bagging plant (Brightonlite, Hydrated lime)
- Raw materials sourced locally from Penrice (limestone) and own quarries (clay, shale, soapstone)
- Speciality products: off white cement, oil well cement, backfill binder, lime
- Fuel used: natural gas

### Port Kembla

- Cement: 3 mills – 700ktpa capacity
- Clinker sourced from Boral and/or imports

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## Birkenhead operational improvement

- \$60 million Birkenhead expansion
  - A new fully enclosed ship loading facility incorporating best available dust collection technology - improved environmental performance (completed June 2012)
  - A new cement mill (CM 7) which will increase cement milling capacity by about 50% to 750kt of cement pa
  - An upgrade of the raw materials handling system for cement milling. This will allow the relocation of raw material open stockpiles to an undercover storage facility improving environmental performance
  - Installation of a slag dryer and product silo to enable the introduction of granulated blast furnace slag blended cement to the South Australian market – reduces the greenhouse footprint per tonne of cement
  - Reduces Group's reliance on imported cement
  - Granulated Blast Furnace Slag replaces proportion of clinker
  - Little total carbon impact – clinker capacity maintained but tCO<sub>2</sub>/t product decreases
  - Expected to improve EBIT by \$10-\$12 million per annum from mid 2013, subject to market demand

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