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12 November 2009

The Manager  
Company Announcement Office  
Australian Securities Exchange Limited  
Exchange Centre  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

We attach copy of slides being presented by Mr Andrew Poulter, Chief Financial Officer, at the Deutsche Bank Emerging Companies Housing Recovery Seminar on 12 November 2009.

Yours faithfully

**Marcus Clayton**  
Company Secretary



**Deutsche Bank  
Emerging Companies Housing Recovery Seminar**

**12 November 2009**

**Presented by:  
Andrew Poulter  
Chief Financial Officer**



## **Agenda**

- **ABL profile and history**
- **ABL financial performance**
- **Australian cement markets and industry structure**
- **ABL market position and geographical spread**
- **ABL strategic drivers**
- **Australian dwelling approvals**
- **ABL borrowings and cash flow**
- **2009 market and outlook**

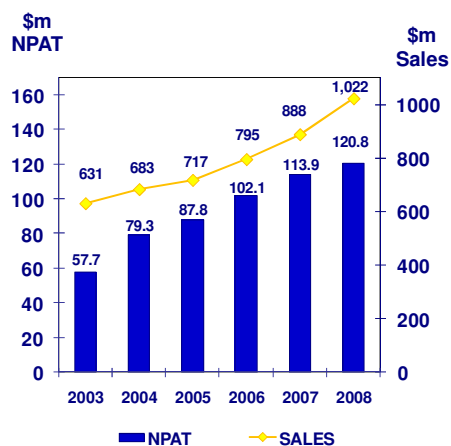
## Adelaide Brighton profile

- A leading Australian integrated construction materials and lime producing company with high exposure to the engineering, infrastructure and resource sectors
- An S&P/ASX 200 company with operations in all states and territories, 1,500 employees - \$1.7bn Aus 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 manufacture in Australia, and the second largest supplier of cement
- Ninth largest lime producer on world scale
- Market leader in concrete masonry products and an emerging position in aggregates and ready mixed concrete
- ABL is highly cash generative with low gearing and balance sheet capacity for future organic and acquisitive growth
- ABL TSR performance July 2001 to October 2009 - number three in the ASX200

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## Historical sales and earnings

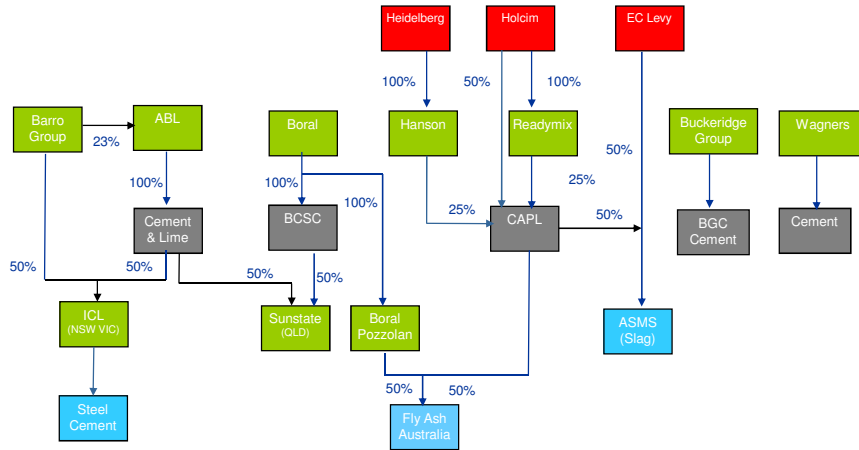


- Seventh year sales and earnings cycle peaked mid 2008
- 2009 cement demand down circa 15% ytd
- 2009 earnings impact mitigated by reducing lower margin imports
- Cement and lime operations running at capacity
- Lime demand level due to alumina and gold demand

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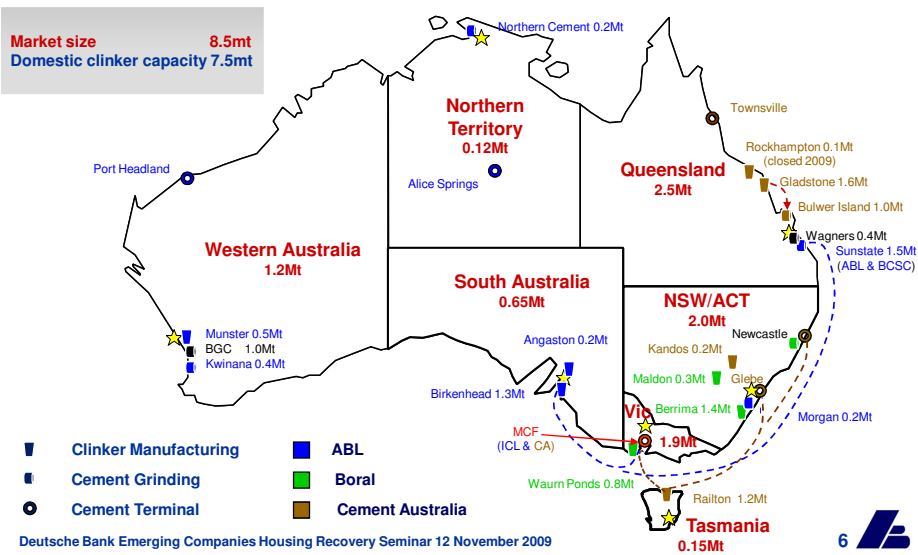
# Australian cement industry ownership



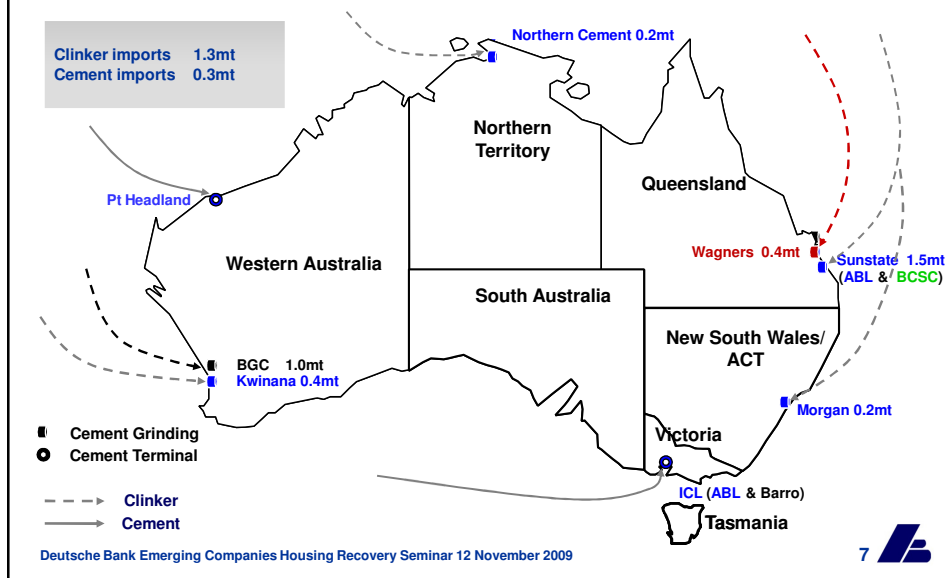
**Glossary**  
 ABL: Adelaide Brighton Ltd  
 BPS: Building Products Supplies  
 BCSC: Blue Circle Southern Cement  
 ASMS: Australian Steel Mill Services  
 ICL: Independent Cement & Lime  
 CAPL: Cement Australia Pty Ltd

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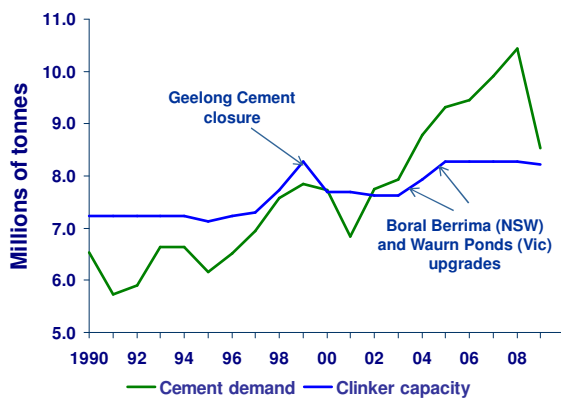
# Australian cement industry 2009



## Imported cement / clinker flows 2009

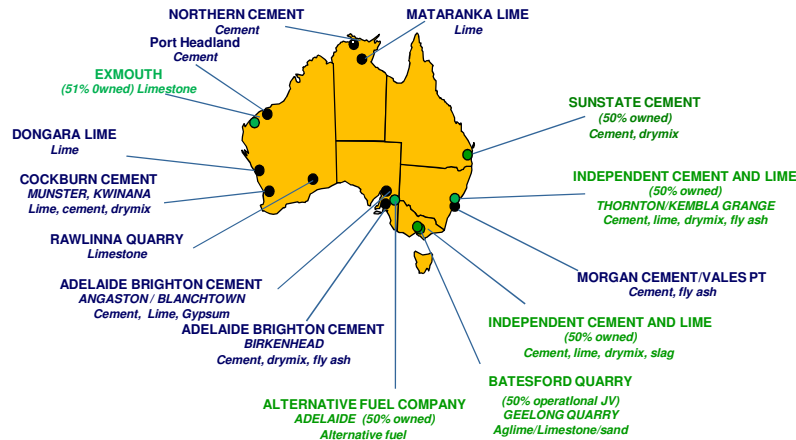


## Australian capacity and demand



- Industry has been at full capacity until 2009
- Qld and NSW market declines have created under utilisation in these states
- Wagner's mill has also taken volume in Qld
- In 2009 Cement Australia have closed Rockhampton (100kt) and mothballed one Kandos kiln (250kt)
- ABL buying volume from majors displacing imports

## Adelaide Brighton's cement and lime geographical spread



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## Key Adelaide Brighton market position

- **Market leader in cement and lime in SA, WA and NT**
- **Eastern states competitors, Boral and Cement Australia (Holcim - Heidelberg) are key cement customers in WA and SA**
- **Strategic cement positions in NSW (Morgan) and in Qld and Vic through the Sunstate (Boral) and ICL (Barro) JV's**
- **Resource sector exposure to cement and lime demand:**
  - Mining sector in WA, SA and NT circa 8% national cement sales
  - Increasing lime demand from alumina and gold resource sectors
  - Uranium mining potential in SA (Olympic Dam) and NT (ERA Ranger expansion)
  - LNG expansions e.g. Gorgon

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## Adelaide Brighton strategy

- **Focused and relevant vertical integration**
  - Aggregates and sand. Austen Quarry aggregates. Northern NSW growth.
  - Concrete: fully vertically integrated position in NSW in combination with Morgan mill and Austen Quarry
  - Masonry products: Australian market leader
- **Lime development**
  - Key resource sector exposure in WA, SA and NT: alumina, gold, uranium and copper
  - Lime is low input cost compound essential for base metal manufacture
- **Cost reduction and operational improvement**
  - Target \$15m EBIT benefit
  - WA: strategic switch to coal in 2008 to displace higher cost gas
  - Increased use of alternative fuels to supplement natural gas

## Outlook – market

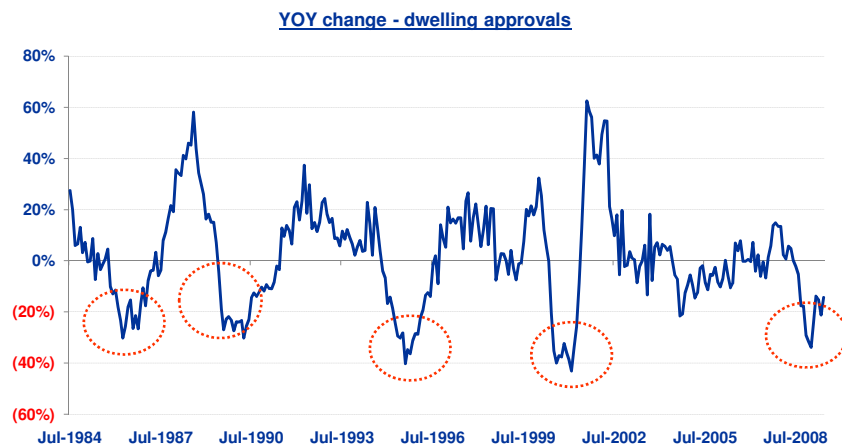
- There is growing consensus that the current Australian economic downturn has bottomed out and was milder than predicted
- ABL cement sales volume projections down circa 15% over 2008 with favourable geographic mix v circa 20% nationally
- ABL lime demand projected level
  - weakness in non alumina, (nickel and steel) offset by alumina and gold sector strength (circa 85% of demand)
- Aggregates demand level. Supported by larger road contracts and Mawsons in regional Victoria
- Masonry products now showing some seasonal recovery from a cyclically low base
- Key recovery drivers will come from the residential and infrastructure sectors
- Commercial construction weak recovery timing still uncertain

## Outlook – residential

- Residential construction activity increasing
  - Government first/new homeowner stimulus will drive residential construction activity from Q4 2009
  - Recent new home sales will stimulate new build sector
  - Housing affordability index lowest since 2002
- Population growth driving housing inventory shortages
- Average house prices up 4.2% in June quarter (first increase since March 08) - Consumer confidence at 10 year highs
- Three month rolling average housing approvals have begun to recover from January lows
- Recent cash rate rise signals may temper activity to some degree

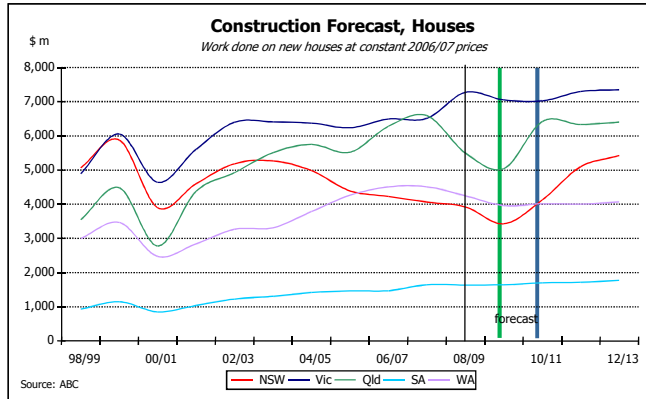
## Australian dwelling approvals

The 2009–10 downturn is mirroring previous cyclical lows



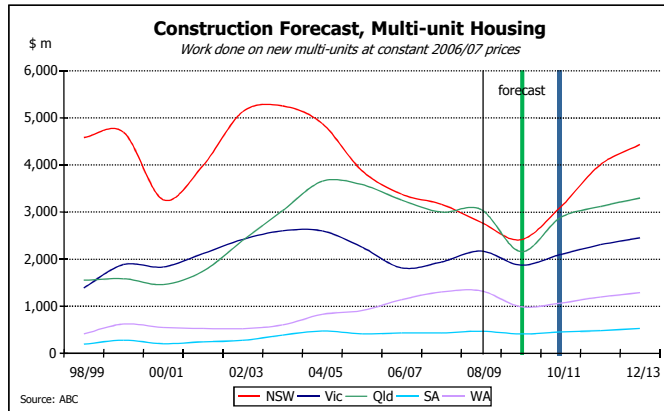
# Australian dwelling approvals

**Residential construction predicted to increase in NSW and Qld from first half 2010**



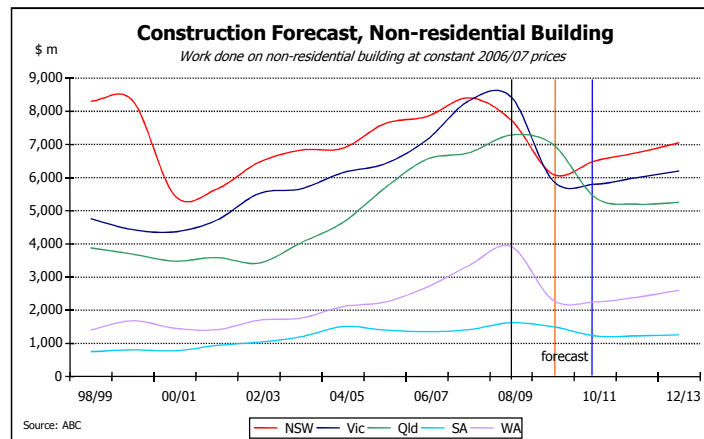
# Australian dwelling approvals

**Multi unit housing recovery from first half 2010**



## Australian dwelling approvals

Slow recovery in non residential from mid 2010  
Non residential is the main recovery concern

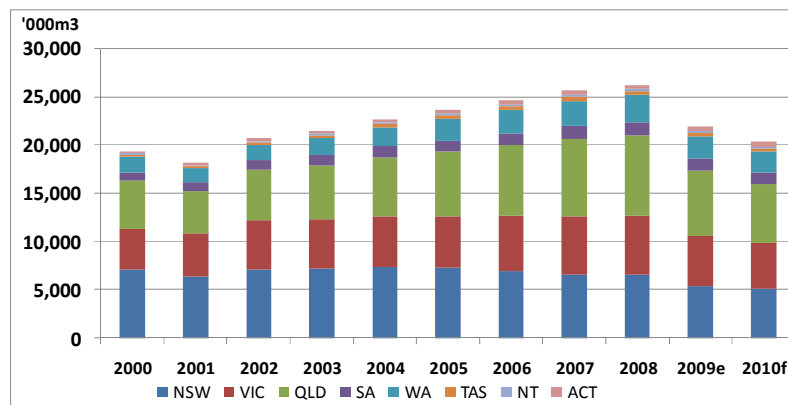


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## Australian concrete production

Demand will enter 2010 at cyclically low levels  
2010 recovery will not be sufficient to recover 2009 levels  
ABL has had lesser exposure to NSW decline



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## Outlook – commercial and infrastructure

- **\$28.8bn government infrastructure stimulus package**
  - Construction (\$14.1bn) and repair (\$2.1bn) of primary and secondary school infrastructure
  - Social housing construction and repair (\$1.0bn)
  - 14 road and 17 rail projects (\$2.3bn)
  - Additional state investment added to attract federal expenditure
- **Schools infrastructure - funding allocated for 10,701 projects. Construction now underway**
- **Four road projects including the \$451m SA Northern Expressway and the \$900m Western ring road in Melbourne have commenced**
- **Seasonally adjusted non residential building approval value growth – driven by Government education spending**
- **However, private commercial construction activity continues to weaken due to lack of project financing**

## Outlook ABL debt profile

ABL has \$510m of debt facilities with its three principal Australian banks CBA, NAB and Westpac. ABL refinanced its debt nine months early in June 2008:

\$310m expires on 30 June 2010

\$210m expires on 30 June 2011

Year end 31 December 2009 debt projection \$225m

Each bank will participate in refinancing of 2010 facilities in Q1 2010

Common banking covenants:

Ratio	Measure
Liquidity	EBIT / interest
Leverage	Debt/ (debt + equity)
Net tangible assets	

ABL operates well within all three ratios

## 2009 ABL Outlook

- Focused profit optimisation plans engaged in Q4 2008 by all Divisions - secure \$15m EBIT benefit v 2008
- Benefits from lower cash rate and \$113.5m share placement – finance expense will be circa \$15m below 2008
- Increase in 2009 free cash flow through effective working capital management and capital expenditure constraint
- Rising A\$ beneficial for second half import cost – however, may limit potential for future upside in domestic prices
- Year end gearing will be below 25%
- ABL's 2009 dividend will be fully franked, toward the lower end of the Board's preferred 65% – 75% payout ratio range
- ABL's net profit after tax guidance for 2009 \$105m - \$115m