Adelaide Brighton

Transformation . . .
strengthening our position as an integrated construction materials and lime producing company

Mark Chellew, Managing Director

Outline

- Overview of Adelaide Brighton
- Strategy
- Operating Divisions
- Current operating conditions
- Threats and opportunities
- Outlook
- Adelaide Brighton – continued transformation

Adelaide Brighton – a strong future

- A leading supplier of cement and lime in Australia
- Emerging position in ready mixed concrete
- No 2 in Australian concrete masonry products market
- Strategic aggregate reserves
- Market capitalisation approximately $660 million
- Total employees 1400
- Turnover circa $500 million

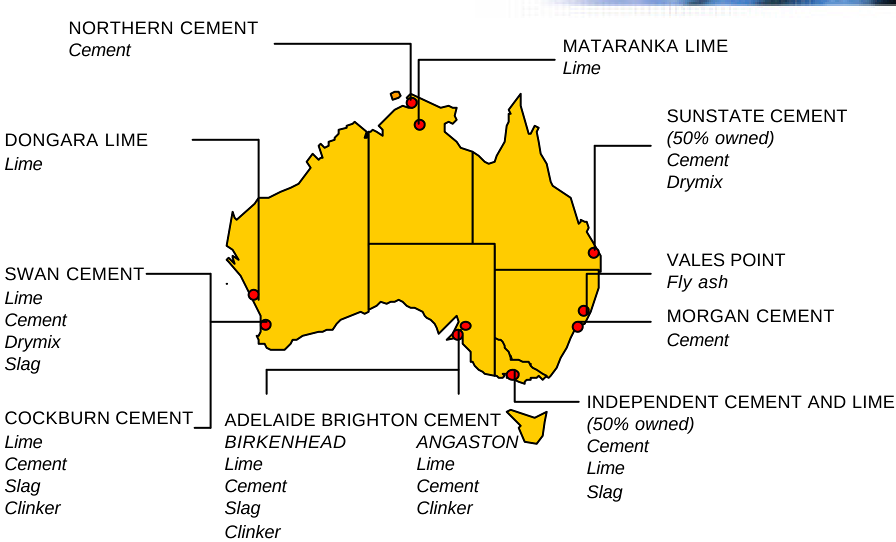
Strategy

- Adelaide Brighton will be the leading low cost producer of cement and lime in Australia and Oceania
- We will participate in further select downstream activities in order to enhance profitability
- We will seek out further profitable opportunities to develop our lime business

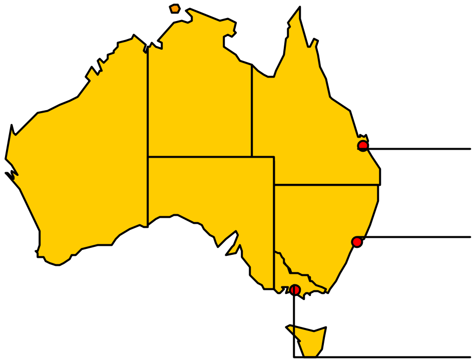
Divisions

- Cement and lime
- Concrete
- Concrete masonry products
- Aggregates

Cement and lime



Concrete



HY-TEC CONCRETE

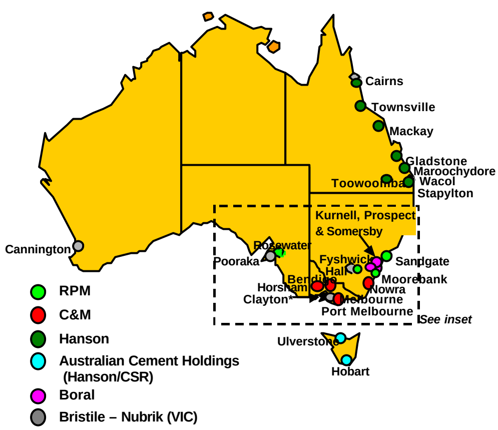
4 Ready mixed concrete plants
220k m³

9 Ready mixed concrete plants
450k m³

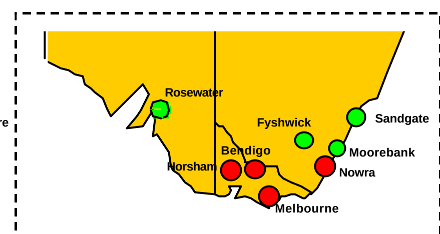
8 Ready mixed concrete plants
350k m³
Plus North Melbourne under construction

Concrete masonry products

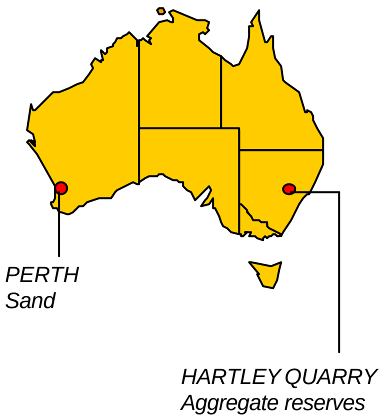
National concrete products manufacturing facilities



RPM and C&M manufacturing facilities



Aggregates



- Hartley Quarry estimated 200 million tonnes reserves
- Penrith Lakes Scheme depletion end of 2010
- Downstream position significant use of aggregates in Qld, Vic, SA and NSW
- Strategic sand reserves in WA – currently considering market entry methodology

Current operating conditions

- Current trading conditions robust
- Rising Australian dollar is having no observable influence on imports at the present time, but are monitoring closely
- Evolving relationship with Global Cement to service remote markets in Australia. Global Cement is the only significant importer of cement into Australia at present besides the majors. The relationship provides access to expertise and facilities in bulk bag import market
- Premier meeting strategic objectives, providing cement pull through in Victoria and giving options for growth in NSW
- Hartley quarry likely to come on line over next two years while Penrith Lakes scheme expected to be depleted of rock by 2007 and sand by 2010

Current operating conditions

- Neil Mansell performing above expectations. Cement volume will be fully transferred to Sunstate by end of year
- C&M and Rocla are performing above expectations with some innovative new masonry products to be launched in 2004
- Recently purchased Rocla Flyash in Australia for circa $5 million. ABL on sold transport business to Titan for circa $2 million
  - Provides ABL security of supply of fly ash in NSW and 10% of NSW fly ash market. Other 90% controlled by Flyash Australia
  - This gives us further growth options as use of alternative cementitious materials grows over coming decade as NSW becomes potentially capacity restrained in clinker making facilities

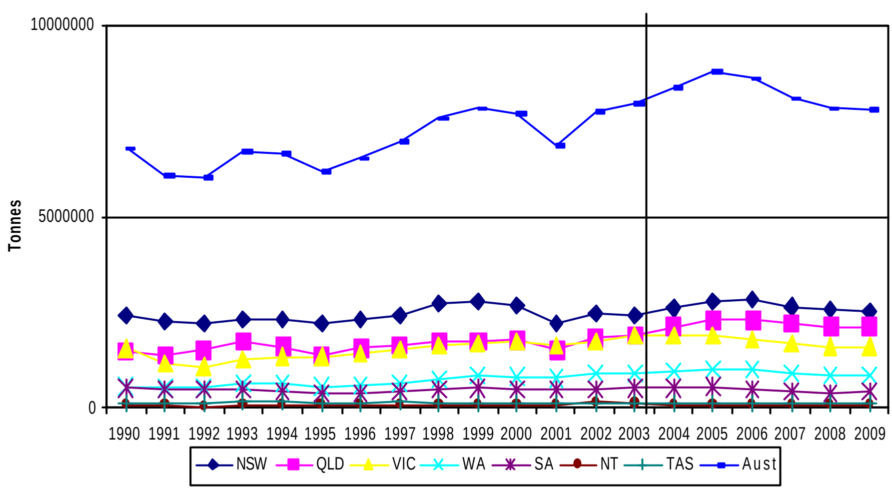
Current operating conditions

- Birkenhead currently operating reliably at annualised 1.3mt clinker after upgrade mid year
- Tests to date at Birkenhead have significantly increased confidence in alternative fuels programme
- EPA approval for alternative fuels for Birkenhead – first four weeks of operation gives us increasing confidence and potential certainty of $8m per annum savings
- Programme to save $20 million per annum in total by end of 2005/2006 on track

Threats and opportunities

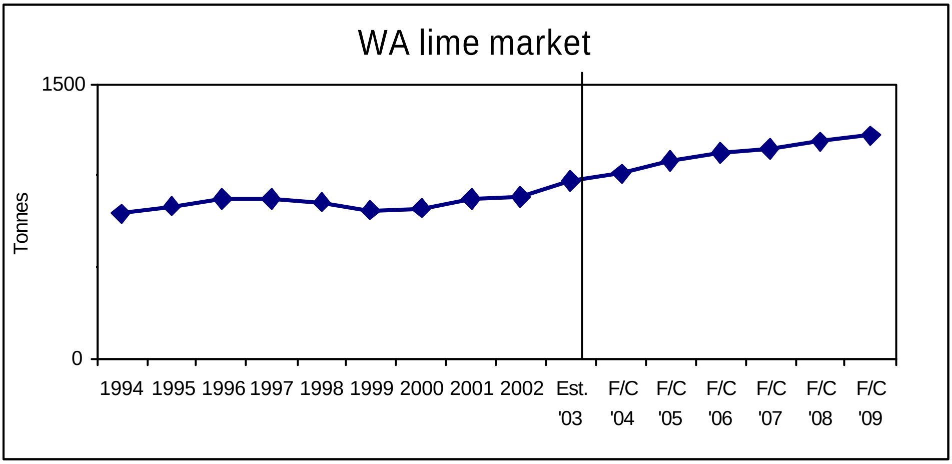
	Threats	Opportunities
▪ Import parity pricing	✓	?
▪ Port Kembla operations		
– potentially low cost		✓
– long term industry expansion opportunity		✓
▪ Aggregate prices	✓	✓
▪ Lime continuing growth		✓
▪ Loongana threat	✓ ?	

Outlook:
Australian cement demand



Source: ABL

Outlook: WA lime demand



Source: ABL

Outlook: Market conditions

- Market conditions to remain at current robust levels in cement
- Demand from engineering and non-residential expected to offset potential lower activity in residential sector
- Demand from mining and resource sectors should continue to be strong
- Lime demand is expected to increase over next four years as Telfor, Hismelt and Alumina expansion occurs
- Despite rising A$, import competition has not yet materialised. Industry concentration in downstream markets along with rising shipping freight charges from Asia ameliorates the effect of the strong A$

Outlook: Profitability

- Further benefit from cost reduction programme
- Benefit from a full year's ownership of our concrete businesses
- Benefit from part year ownership of concrete masonry products businesses
- Overall, expect steady growth in cement and lime demand up to 2005/2006
- Based on current expectations we continue to be confident that 2003 full year NPAT will meet previous guidance of between $55 million and $56 million

Transformation . . .

Strengthening its position as an integrated construction materials and lime producing company

- Cost reduction programme embedded in organisation
- Continuing focus on lime business development
- Multiple platforms for focussed and relevant growth of downstream operations