

## Capital raising

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## Summary



ABL has announced an equity raising for up to A\$100 million to enhance financial flexibility:

- Institutional placement (up to \$75 million underwritten)
- Share purchase plan for eligible retail shareholders

Prudent, proactive strategy:

- Strengthens balance sheet – pro forma gearing at lower end of target range
- Provides headroom to pursue accretive acquisition and organic growth opportunities
- Positions for cyclical upturn

ABL continues to provide an attractive exposure to the Australian building products sector:

- Leading market positions
- Defensive business model
- Sound cash flows and balance sheet

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## Offer details



### Institutional placement

- Up to \$75 million underwritten<sup>1</sup>, plus oversubscriptions
- Fixed offer price of \$1.78 per share
  - 11.9% discount to Adelaide Brighton's closing price on 7 April 2009
- New shares will rank equally with existing Adelaide Brighton shares which are currently trading ex-dividend (in respect of the FY08 dividend)
- Underwritten by Credit Suisse (Australia) Ltd

### Share purchase plan

- Open to eligible Australian and New Zealand retail shareholders
- Subscriptions for up to \$10,000 worth of Adelaide Brighton shares, subject to expected ASIC/ASX relief
- No brokerage or transaction costs
- Offer price to be at placement price, or lower of placement price and 5% discount to VWAP over set pricing period, subject to ASX requirements
- Not underwritten

<sup>1</sup> The underwritten amount could range between approximately \$65 million to \$75 million, depending on the level of participation of Barro Group Pty Ltd and Barro Properties Pty Ltd in the placement, as Barro's participation will require a waiver from ASX

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## Investment highlights



### Leading Australian integrated construction materials and lime producing company

- #1 in lime and masonry products manufacture, #2 in cement
- Emerging positions in aggregates and ready mixed concrete



### Defensive business model, positioned to withstand cycle

- Vertical integration, supported by geographic and market spread
- Long-term supply contracts for imported clinker and cementitious materials



### Strong earnings and dividend performance

- Seven years continuous growth in revenue and earnings
- Sustained dividend yield with targeted payout ratio of 65-75% of earnings



### Conservatively geared

- Sound cash flows and balance sheet, with further deleveraging expected in 2009
- No major refinancing until June 2010



### Longer-term outlook remains robust

- Continued growth in core markets
- Government infrastructure stimuli package, first home owners grant
- Divisional profit optimisation initiatives

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## Adelaide Brighton Ltd market position



- Market leadership in cement and lime in SA, WA and NT
- Strategic cement positions in NSW, QLD and VIC
- Balanced construction sector sales
  - Residential, engineering and infrastructure
- Resource sector exposure to cement and lime
  - Mining sector WA and SA
  - Stable alumina and gold lime demand
- Selective downstream positions in:
  - Hy-Tec concrete – QLD, NSW and VIC
  - Austen Quarry and Hurd Haulage – aggregates NSW
  - Mawsons Group – aggregates and concrete VIC

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## ABL financial performance – FY08 results



- Record sales and profits – full year dividend maintained

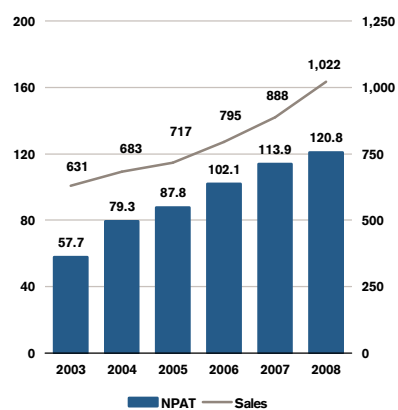
Year to 31 December	2008 \$m	2007 \$m	Change %
Sales revenue	1,022.4	888.4	15.1
EBITDA	245.9	223.9	9.8
EBIT	189.1	171.3	10.4
Net interest	(33.8)	(21.7)	(55.8)
Profit before tax	155.3	149.6	3.8
Tax expense	(34.5)	(35.7)	3.4
Net profit attributable to members	120.8	113.9	6.1
EPS (cents)	22.2	21.0	5.7
Full year dividend (cents)	15.0	15.0	
Special dividend (cents)	-	3.5	

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## ABL financial performance – seven year trend



(\$ in millions)



- Seventh year of continued sales and earnings growth
- Continued growth in ABL's core cement markets
- Lime demand falls due to Varanus impacts and weaker resource sector demand
- Gas price escalation mitigated by coal fuel strategy in WA
- First time, second half contribution from Hanson Building Products

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## ABL financial performance – FY08 drivers



- ABL's geographic and industry spread in the construction and resource sectors
- Further growth in cement sales +9%, peaking mid year
- Cement price increases at CPI levels
- Average lime price increase 7% – non alumina sector driven
- Varanus Island explosion
  - Lime sales constraints
  - Electricity cost
- Management of gas price escalation in WA
- Increased interest expense – cash rate and bank margins
- Australian dollar weakness Q4 impact
- Resource sector weakening
- Hanson Building Products acquisition performing to forecast

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## Pro forma capital structure and gearing



- Pro forma for \$75 million institutional placement, gearing expected to fall to circa 40%, at the lower end of ABL's 40-60% target range
  - Further deleveraging through placement oversubscriptions and SPP
- Comfortably within all covenants
- Loan facilities successfully renegotiated in June 2008
  - \$310 million expiring June 2010, \$210 million expiring June 2011

		2008	2008 PF \$75m equity placement
Net debt	(\$m)	387.8	312.8
Equity	(\$m)	701.9	776.9
Gearing – net debt/equity		55.3%	40.3%
Net debt/EBITDA		1.6	1.3
Net tangible assets/share	(cents)	97	102

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## 2009 outlook



- Based on previous recessionary cycles, ABL is preparing for a one to two year decline in construction activity of between 10% - 20%
- First homeowner stimulus working – post June 2009 support under review
- Upside regarding Government infrastructure stimuli, though timing is uncertain – estimated Q4 2009
- Lime weakness in non alumina, nickel and steel – alumina and gold sector resilience
- Positive cement price increase outcomes \$9-15/tonne Jan-May 2009
- Cash rate decreases provide immediate benefit – ABL does not currently hedge interest rate risk
- Focused profit optimisation plans engaged by all Divisions – target reduction \$10m
- Capital expenditure – curtailed to essential sustaining and short payback investments
- ABL will sustain sound cash flows and balance sheet