



Adelaide Brighton Ltd



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Half Year Results June 2001

**Presented by:
Phil Wright - CEO
Mark Hoad - CFO**

30/31 August 2001

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Overview Presented by:

**Phil Wright
Chief Executive**

30/31 August 2001

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Results Better Than We Expected

- **Profit ahead of internal expectations**
- **Interim dividend increased to 2 cents (franked to 13%)**
- **Cash flow strong at \$26.3 million for the latest half**
- **Gearing reduced sharply to 46.5%**
- **All merger benefits now available**
- **Cement prices increase during the half year**



The Half Year Result



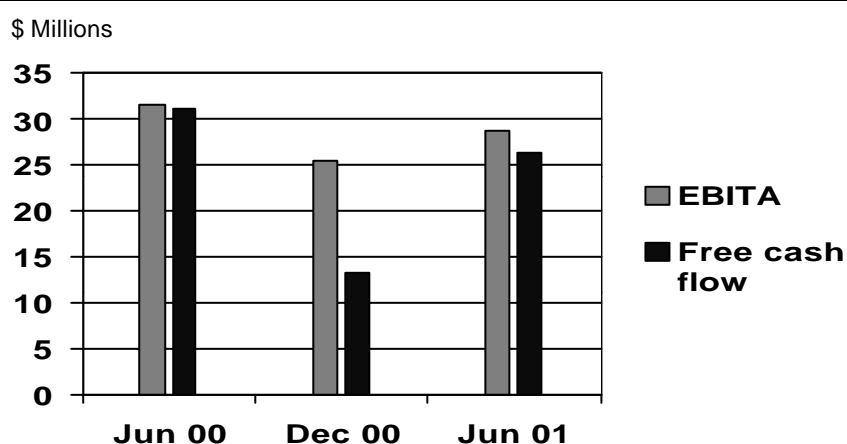
	Jun 01	Dec 00 ¹	Jun 00 ¹
Net Profit	<u>15.1</u>	<u>12.4</u>	<u>16.7</u>

- June half stronger than expected owing to:
 - Improved lime volumes
 - Cement price increases
 - Better cost performance
- Cash flow strong at \$26.3 million for the half
- Net debt reduced by \$19.2 million

¹Includes proforma adjustment for depreciation/depletion



EBITA and Cash Flow Increase



The Cement Market



- Concrete production 21% lower than half year to June 2000
- Largest falls – NSW (24%), Qld (29%), SA (23%), Tasmania (31%) and NT (26%)
- Australian cement production down by an estimated 15% to 3.3 million tonnes for June 01 half
- Current annualised rate of cement production is approximately 6.6 million tonnes
- Market expected to recover in late 2001 owing to improved housing starts



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Imports & Cycle Affect Sales



ABL SALES VOLUME:

- Cement 9.3% lower in half ended June 2001 compared to previous year
- Losses to imports continue but showing signs of slowing
- Lime 12.8% above previous half year – Iluka contracts should help sustain this lift

PRICES:

- Cement price increases have occurred in WA, SA, & Victoria. Eastern States expected to follow by September 2001
- Lime prices marginally up



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Volume/Price Offset Cost Reductions



ABL PRODUCTION (6 months):	June 01	June 00
Clinker	1077	1162
Cement	847	962
Lime	430	382

COSTS:

- Record Birkenhead campaign
- Geelong closed
- Cockburn Cement significant opportunities

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Dividend



- Interim dividend of 2 cents per share, franked to 13%. This compares to last year's interim of 1.5 cents, fully franked
- Dividend amounts to \$9.5 million, equivalent to 63% of net profit (49% pre-amortisation)
- Final dividend expected to be franked to similar level

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Capital Projects



- The three major projects associated with the Merger are near final completion except for:
 - Rehabilitation and subsequent disposal of the Geelong Cement land;
 - Rehabilitation of quarry (may take three years)
- Land sales to date have exceeded estimates.
- It is hoped to reduce further the previously announced \$5 million overrun on capital costs
- Tight discipline being applied re capital expenditure



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Financial Results Presented by:

Mark Hoad
Chief Financial Officer

30/31 August 2001

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Half Year Results



\$ millions	6 months to	
	June 01	June 00 ¹
Sales of goods and services	193.7	199.9
EBITA	28.2	30.9
Amortisation	(4.1)	(4.1)
Net Interest	(9.0)	(10.1)
Profit before tax	15.1	16.7
Tax	-	-
Net profit after tax	15.1	16.7
Earnings per share (cents)	3.2	3.5
Cash flow per share (cents)	5.6	6.5

¹Includes proforma adjustment for depreciation/depletion

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Analysis of Group EBIT



\$ millions	6 months to	
	June 01	June 00 ¹
Cement & lime - wholly owned	28.1	30.0
- joint ventures	2.2	3.0
	30.3	33.0
Other	1.4	0.8
Amortisation	(4.1)	(4.1)
Overheads	(3.5)	(2.9)
	24.1	26.8

¹Includes proforma adjustment for depreciation/depletion

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Tax Issues



- Tax charge expected to resume during 2004
- 2 cent dividend franked to 13% - previously suggested 20% , but based on forecast 1.5 cent dividend
- Franking beyond 2001 expected to be around 20% based on a rate of dividend of 2 cents. Will be less if dividend higher

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Strong Cash Flow from Operations

\$ millions	6 months to	
	June 01	June 00
Total cash generated	34.3	34.8
Less: Capital expenditure	(8.0)	(3.8)
Free cash flow	26.3	31.0
Less: Dividends paid	(7.1)	-
Net cash inflow	19.2	31.0
Debt repayment	25.3	24.7
Change in cash on hand	(6.1)	6.3
Change in net debt	19.2	31.0

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Balance Sheet – Strengthened Further

		6 months to	
		June 01	June 00
Net debt	(\$m)	208	234
Interest	(\$m)	(9)	(10)
Gearing			
Net debt to equity		46.5%	53.8%
Interest cover			
EBITA	(times)	3.1	3.1
EBITDA	(times)	4.6	4.6
NTA/share	(cents)	63.4	58.6

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Some Key Issues Presented by:

Phil Wright
Chief Executive

30/31 August 2001

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Dumping Inquiry Drags On

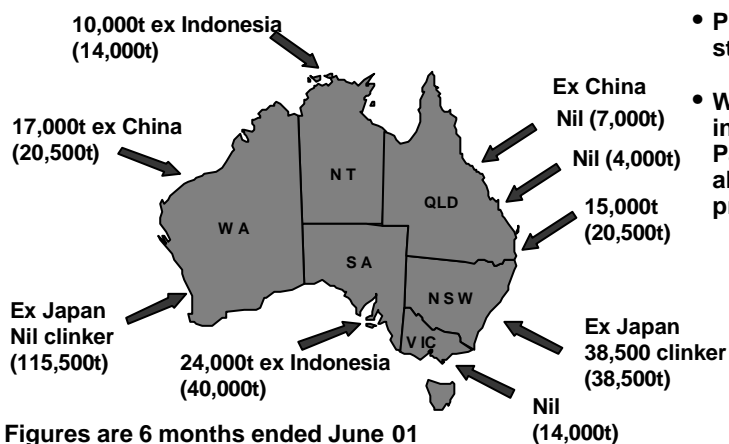


- Still no finding!!!
- Imports - main effect now is price suppression
- Customs issues paper
- Conclusion expected by no later than September 2001
- We remain optimistic of a successful outcome¹

¹ Not included in any present financial outlook

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Import Volumes Slow Markedly



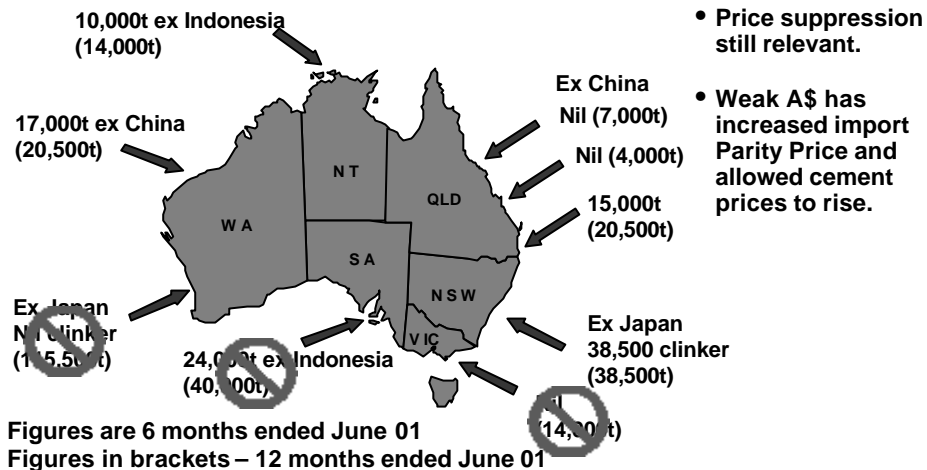
• Price suppression still relevant.

• Weak A\$ has increased import Parity Price and allowed cement prices to rise.

Figures are 6 months ended June 01
Figures in brackets – 12 months ended June 01

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Southern Imports Eliminated – Northern Exposure



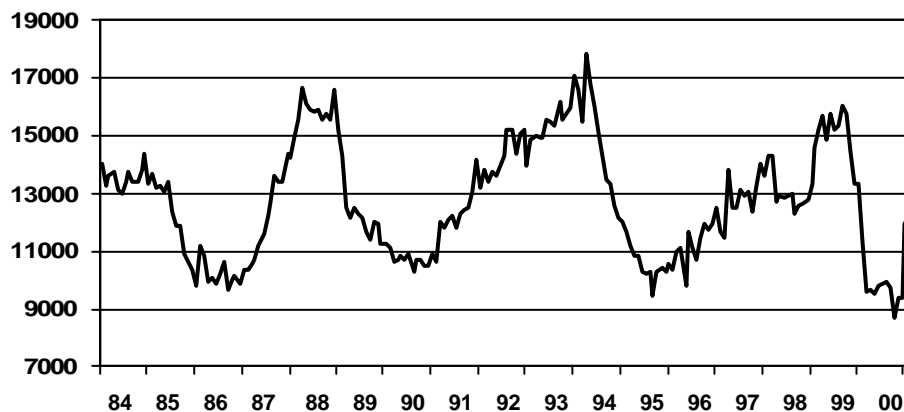
- Price suppression still relevant.
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Housing Upturn Expected



Dwelling units approved, seasonally adjusted



Source: Australian Bureau of Statistics

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Outlook Improving



- Full year result should be close to last year's result
- Strong growth in housing approvals creates a more favourable outlook for construction. 2002 should see recovery
- Recent sales successes helping:
 - Iluka contract – 30,000 tpa of lime
 - Alice Darwin – 30,000 tpa cement for 2 years
 - Granites (gold mine) – 30,000 tpa cement for 2 years
- Geelong closed – savings \$10 million + per annum



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Strategy



We are continuing to pursue our strategy based on:

- Developing strong management and operating capability;
- Reducing debt to provide capacity for new investment post 2001; and
- Remaining alert to opportunities for further improvements in industry structure

The fruits of this are expected to emerge in 2002 with the Company re-entering a growth phase in conjunction with an expected turn in the economic cycle



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