



18 Month Report

for the period ended

December 2000



15/16 March 2001



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for the period ended

December 2000

PRESENTED BY

Phil Wright - CEO
Chris Foll - CFO

IN ATTENDANCE

Mark Hoad - new CFO effective from 22 March

15/16 March 2001



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Overview

PRESENTED BY

Phil Wright
Chief Executive

15/16 March 2001



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Change Of Year End

- Year end changed from June to December therefore 18 month period
- Unequal periods and changes following the merger, make comparative analysis difficult
- We have included unaudited proforma results for the twelve months ended Dec 2000 and 1999, restated to reflect consistent accounting policies
- This review focuses on the unaudited twelve months results
- The twelve months ended Dec 1999 include Cockburn Cement for six months



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Results Better Than We Expected

- Profit increase 22% (depreciation/depletion on like for like basis)
- Cash flow strong at \$44 million for the latest year (\$77 million since merger 18 months ago)
- Gearing reduced to 51.8%
- Merger benefits being achieved
- Birkenhead best production rate for three years
- Final dividend declared – 1.5 cents per share fully franked, bringing total to 3.0 cents fully franked



The Half Year Result

- December 2000 profit below previous 2 halves:

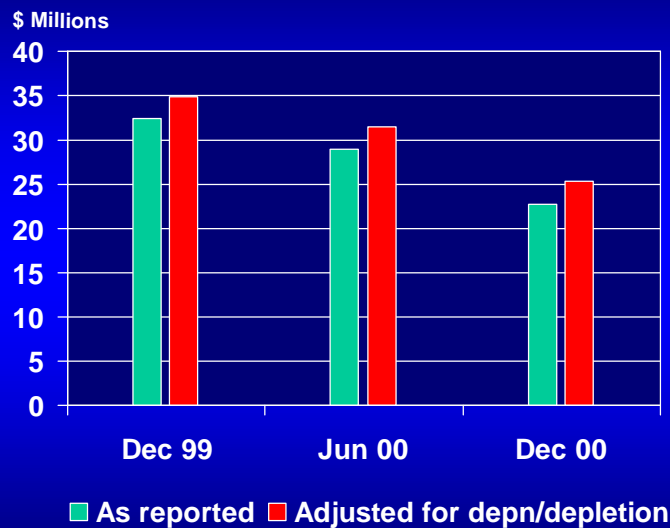
	Dec 00	Jun 00	Dec 99
Profit after tax (pre-abnormals)	11.8	17.3	17.4
'Import effect' (compared to latest half)	-	<u>(4.5)</u>	<u>(8.0)</u>
After 'import effect'	<u>11.8</u>	<u>12.8</u>	<u>9.4</u>

- In addition, cement volume down. Offsetting this:
 - Lime volumes improved in latest half
 - Better cost performance
- Free cashflow \$13 million after rationalisation capex.
Net debt reduced \$6 million + dividend paid





EBITA Trend - Down but Bottoming



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The Cement Market

- Concrete production strong for 1st half; falls 14% in second half. Overall, 2000 same as 1999
- Largest falls in last 6 months - NSW and Qld (15%); Vic (10%)
- Cement demand peaked in the latter part of 1999 and has been reducing since
- Australian cement production down by 1.3% to 7.6 million tonnes in the year to December 2000
- We expect this to fall to 6.5 to 6.7 million tonnes in 2001 - with large falls already experienced, the last 6 months was not too far off this rate



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Imports & Cycle Affect Sales

ABL SALES VOLUME:

- Cement 8.5% lower. Loss to imports increased by 130,000 tonnes to a loss of 230,000 tonnes in 2000
- Lime steady - increase in alumina offsets decline in gold

PRICES:

- Cement prices have been stable since mid year. Direction is now upwards
- Lime prices marginally up, with escalation a portion of CPI



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Volume/Price Offset Cost Reductions

ABL PRODUCTION (12 months):	Dec 00	Dec 99
Clinker	2140	2210
Cement	1800	1940
Quicklime	790	790

COSTS:

- Merger benefits realised in West
- Geelong to close June 2001. Some benefits already achieved, balance to come after closure



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Dividend

- Final dividend of 1.5 cents per share, fully franked bringing year to 3.0 cents fully franked
- Franking credits reassessed allowing fully franked final dividend
- Total \$14.2 million, equivalent to 48% of net profit pre-abnormals
- Utilises remaining franking credits



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Capital Projects

Reduction expected in Eastern rationalisation project - overrun less than \$5 million. Further reduction possible

- Melbourne Cement Terminal and upgrade at Birkenhead well advanced
- Geelong plant site under contract for disposal
- Geelong quarry planning well advanced
- Systems project scaled-back

Tight discipline being exercised with respect to capital



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Financial Results

PRESENTED BY

Chris Foll
Chief Financial Officer

15/16 March 2001

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Significant Issues

- ? 18 month results compared to 12 month not meaningful
- ? Two items benefit second half EBIT by net \$5.1?million
- ? Results for years 2000 and 1999 adjusted to enable like for like comparison
- ? Nil Tax

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Changed Depreciation & Depletion

- Economic lives of major plant and machinery changed - reduced depreciation \$6.3 million
- Revised limestone depletion policy - increased charge by \$1.2 million

Profit after tax effect:	12 months	6 months ended		
	Dec 00	Dec 00	Jun 00	Dec 99
Profit prior to adjustment	24.0	9.2	14.8	14.9
Depn/depletion adjustment	<u>5.1</u>	<u>2.6</u>	<u>2.5</u>	<u>2.5</u> ¹
As Restated	<u>29.1</u>	<u>11.8</u>	<u>17.3</u>	<u>17.4</u>

¹ For comparative purposes only. This amount has not been adjusted back to profits



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ABL - 18 Month Results

	Dec 2000 \$m	H3 \$m	H2 \$m	H1 \$m	June 1999 \$m
Sales	624.7	185.7	216.2	222.8	313.6
EBIT	77.0	23.7	24.9	28.4	35.1
<i>- Restated for comparison</i>		21.2	27.4		
PAT (before abnormals)	44.0	14.3	14.8	14.9	11.5
<i>- Restated for comparison</i>		11.8	17.3		
EPS (cents)	9.2	2.5	3.6	3.1	7.3



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Financial Results - 12 Months

	12 months to	
	Dec 00	Dec 99 ¹
Sales	<u>401.9</u>	<u>378.7</u>
Group EBIT	48.6	48.3
Net interest	(19.5)	(18.3)
Profit before tax & abnormals	29.1	30.0
Tax	-	(3.0)
Outside equity interest	<u>-</u>	<u>(3.2)</u>
Core net profit after tax	29.1	23.8
Abnormals	<u>-</u>	<u>(49.1)</u>
Net profit after tax and abnormals	<u>29.1</u>	<u>(25.3)</u>

¹ includes Cockburn for 6 months and proforma adjustment for depreciation/depletion



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Analysis of Group EBIT

	12 mnth			12 mnth
	Dec 00	H2	H1	Dec 99 ¹
Cement & lime - wholly owned	55.4	24.8	30.6	49.2
- joint ventures	<u>5.6</u>	<u>2.6</u>	<u>3.0</u>	<u>8.8</u>
	61.0	27.4	33.6	58.0
Other	1.5	0.7	0.8	0.3
Amortisation	(8.2)	(4.1)	(4.1)	(4.1)
Overheads	<u>(5.9)</u>	<u>(2.8)</u>	<u>(2.9)</u>	<u>(5.7)</u>
	<u>48.6</u>	<u>21.2</u>	<u>27.4</u>	<u>48.3</u>

¹ includes Cockburn for 6 months and proforma adjustment for depreciation/depletion



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Abnormal Items

(after tax and outside equity interests)

	12 Months to	
	Dec 2000	Dec 1999
	\$m	\$m
Rationalisation and restructuring	(0.3)	(36.0)
Write down of investments	1.0	(4.4)
Discontinued operations	-	(9.8)
One off project costs	(2.7)	-
Other	-	(1.1)
Other receipts	<u>2.0</u>	<u>2.2</u>
	-	(49.1)

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Tax - Important Contributor

- Nil tax charge
- Complicated tax regime - some uncertainty with new consolidation regime still undefined
- At 31 December 2000 potential tax effect benefit of approximately \$25 million, but conservative approach - only \$9 million recognised on balance sheet

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Strong Cash Flow from Operations

	12 Months to	
	Dec 2000	Dec 1999
	\$m	\$m
Total cash generated	68.9	48.3
Less: Capital expenditure	<u>(24.7)</u>	<u>(11.2)</u>
Free cash flow	44.2	37.1
Less: Capital return/dividends paid	(7.1)	(5.5)
Debt repayment	<u>(27.9)</u>	<u>(22.9)</u>
	9.2	8.7
Cash balance in CCL acquired	<u>-</u>	<u>9.2</u>
Increase in cash on hand	<u>9.2</u>	<u>17.9</u>
Change in net debt	37.1	(40.8)

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Balance Sheet - Strengthened Further

		12 Months to	
		Dec 2000	Dec 1999
		\$m	\$m
Net debt	(\$m)	228	265
Interest	(\$m)	(19)	(18)
Gearing			
: Net debt to equity		51.8%	62.4%
Interest Cover			
: EBITA	(times)	2.9	2.7
: EBITDA	(times)	4.4	4.4
NTA / Share	(cents)	0.61	0.55

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Some Key Issues

PRESENTED BY

Phil Wright
Chief Executive

15/16 March 2001

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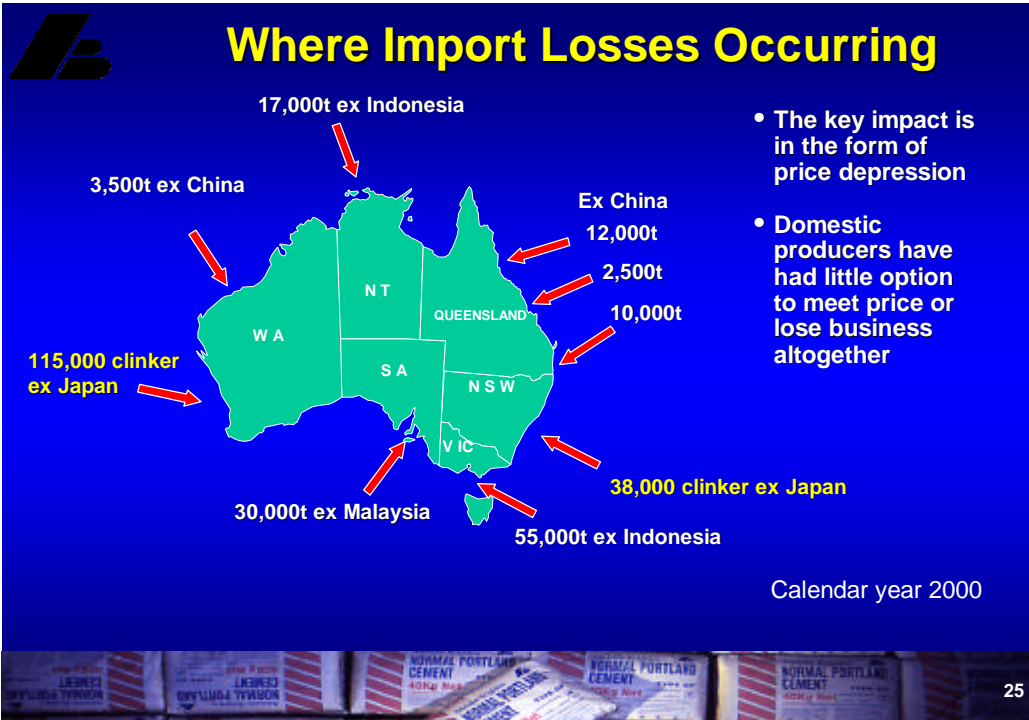


Dumping Inquiry Drags On

- 20 months and still no finding!!!!
- Imports continue
- December 2000 - Minister rejects Customs findings and issued a directive re:
 - rules in relation to emerging economies (China)

Impossible to predict how long before a conclusion.
However, we remain optimistic of a successful outcome
and call made for resolution by 30 June 2001

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Outlook Better Beyond Current year

- 2001 should see the bottom of the Company's earnings cycle with results expected to be lower than the year just completed
- Outlook probably more in line with the last half of last year
However: Pricing provides some potential upside.
 The company will continue to be profitable and operating cashflow should be strong
- 2002 should see recovery



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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