



16 February 2012

Mr J Bracic
Director Operations 1
International Trade Remedies Branch
Australian Customs and Border Protection Service
Customs House
5 Constitution Avenue
Canberra
Australian Capital Territory 2601



commercial international

By email

Dear John

Chememan Co Ltd - alleged dumping of quicklime from Thailand Profitability and prospects of applicant

We refer to our submissions in this matter - particularly that of 3 February 2012 - in which we addressed the proposition of "threat of material injury" in this matter in relation to our client's exportations of quicklime.

We have attached the latest Deutsche Bank Company Alert dated 16 February 2012 ("the DBA newsletter") concerning Adelaide Brighton Limited ("ABL"). As you know, Cockburn Cement, the applicant in this matter, is a "member of the Adelaide Brighton group".

The DBA newsletter reports that Adelaide Brighton is operating with great success. Of particular relevance to the threat analysis are the following details:

- sales of cement, lime and concrete have increased by 3.3%;
- EBIT (earnings before interest and tax) on cement, lime and concrete have improved from 20.8% to 21.3%; and
- lime volumes and prices are expected to improve.

These results, Deutsche Bank says, are "largely the result of higher lime prices". And, as noted, increased lime volumes are expected.

The applicant in this matter is a highly profitable industry, which has not suffered material injury by reason of alleged dumping. It demonstrates continued and increasing prosperity. Furthermore, in this case there are no indicators of a change in circumstances which would give credence to the proposition that material injury is threatened, whether on a serious, imminent and reasonably foreseeable basis, or indeed on any other factual basis.

The DBA newsletter provides timely, highly relevant and objective evidence in support of our

previous submissions.

The Australian industry in this matter is in a strong financial position, and that strength is forecast to continue.

Any continued exportations of our client's quicklime do not pose a foreseeable and imminent threat of material injury to the Australian industry, and we strongly submit that no other conclusion is open on the evidence.

This letter and its attachment are non-confidential and may be placed on the public file in this investigation.

Yours sincerely



Daniel Moulis
Principal

Att

16 Feb 2012 - 09:47:42 AM EST

Global Markets Research

COMPANY ALERT

Adelaide Brighton

CY11 First Impressions - In line

Breaking News

Buy

Reuters:ABC.AX Exchange:ASX Ticker:ABC

Price (AUD)	2.96
Price target (AUD)	3.70
52-week range (AUD)	2.43 - 2.41
Market cap (USDm)	2,009
Shares outstanding (m)	635.2
Daily volume (USDm)	3.28
Net debt/equity (%)	22.3
Book value/share (AUD)	1.49
Price/book (x)	2.0

FYE 12/31	2010A	2011E	2012E
Sales (AU-Dm)	1,242	1,255	1,297
Net profit (AUDm)	151.5	148.6	164.7
EPS (AUD)	0.24	0.23	0.26
PER (x)	12.5	12.6	11.4
Yield (net) (%)	7.2	6.4	7.5

ABC reported CY11 results today in line with DB and consensus expectations. CY11 NPAT of \$148.4m compares with DB forecasts of \$148.6m and consensus of \$149m. Management also announced a final dividend of 9cps, however management elected not to pay a special dividend this year (DB expecting 2.5cps), citing higher capex and acquisition spend in 2011.

On a divisional basis:

Cement, Lime & Concrete - Sales \$1084.2m (+3.3%), EBIT \$225.2m (+0.7%), EBIT margin 20.8% vs 21.3% in CY10. Importantly the 2H EBIT margin increased to 22.5% vs 1H of 18.8% - we suspect this is largely the result of higher lime prices, which were effective 2HCY11. Management advised Cement and Lime volumes were supported by demand from the resource sector which is offsetting a weak residential sector in cement.

Concrete Products - Sales \$120.2m (-8.6%), EBIT \$1.8m (-52.6%), EBIT margins 1.5% vs 2.9% in CY10. 2H EBIT of \$3m compares with a loss of -\$1.2m in 1H. Concrete and Aggregates sales demand increased due to four recent acquisitions and successful price increases. Masonry Products continues remain difficult due to a weak residential sector.

JVs - NPAT increased in CY11 to \$35.7m vs CY10 of \$32.1m. The key driver of this increase was an improvement to ICL NPAT, largely due to an increase to VIC demand (+23% yoy).

Outlook - Management provided a similar outlook to this time last year (CY10 results) for "similar" cement demand in CY12 vs. CY11, driven by the mining and resource sectors (residential expected to remain weak). Further, Lime volumes are expected to improve marginally and pricing is also expected to improve given contract renewals. Concrete Masonry is expected to remain weak.

We do not expect CY12 consensus expectations for yoy NPAT growth of 8.7% to change materially given the potential implications from improved pricing environment for Lime.

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