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31 August 2016

The Manager
Market Announcements
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Adelaide Brighton half year report to 30 June 2016 - presentation

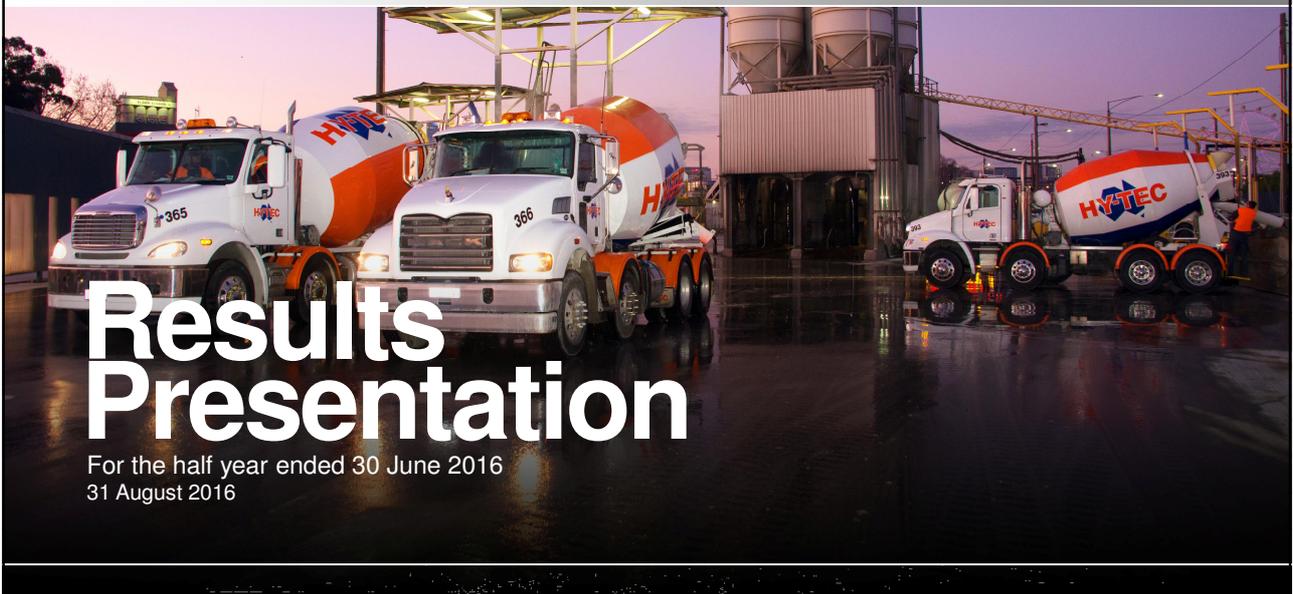
We attach copy of slides being shown by Martin Brydon, Chief Executive Officer of Adelaide Brighton Ltd, during briefings for analysts on the Company's financial result for the half year ended 30 June 2016.

Yours faithfully

MRD Clayton
Company Secretary

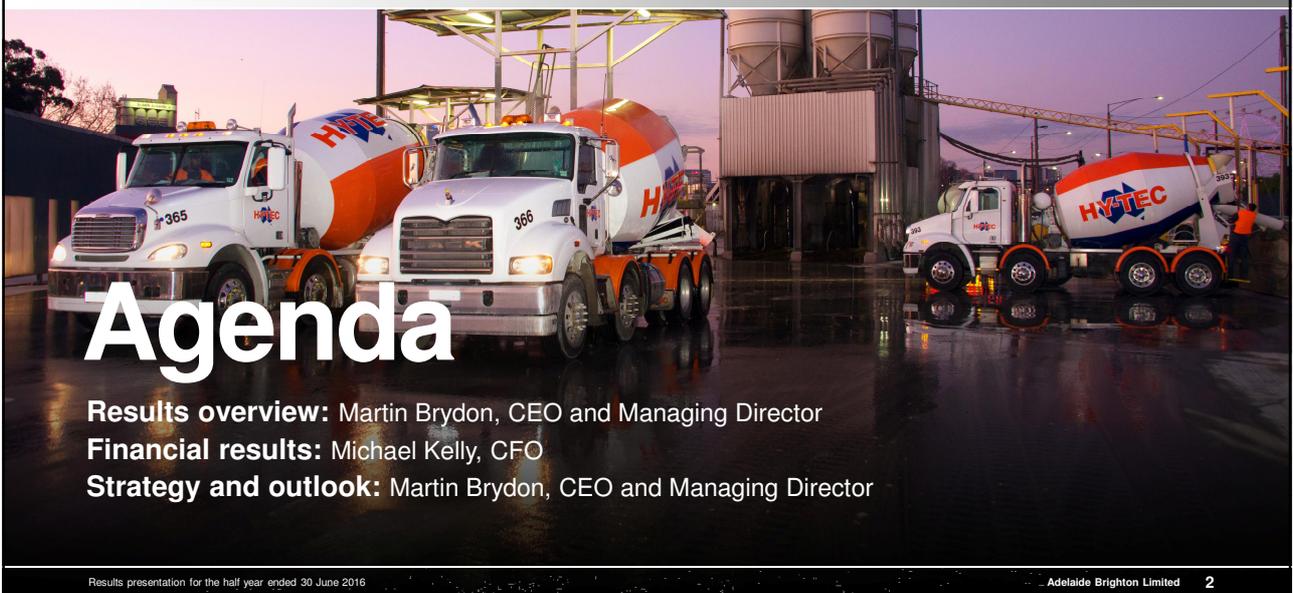
For further information please contact:

Luba Alexander
Group Corporate Affairs Adviser
Telephone 0418 535 636
Email luba.alexander@adbri.com.au



Results Presentation

For the half year ended 30 June 2016
31 August 2016



Agenda

Results overview: Martin Brydon, CEO and Managing Director

Financial results: Michael Kelly, CFO

Strategy and outlook: Martin Brydon, CEO and Managing Director

2016 half year performance highlights



Revenue

\$686.0m
1H15: \$678.1m

↑
1.2%

NPAT

attributable to members

\$77.1m
1H15: \$82.6m

↓
6.7%

NPAT ex-property

attributable to members

\$75.8m
1H15: \$70.3m

↑
7.8%

Basic EPS

11.9c
1H15: 12.8c

↓
7.0%

Interim ordinary dividend

8.5c
1H15: 8.0c

↑
6.3%

Special dividend

4.0c
1H15: 4.0c

Results presentation for the half year ended 30 June 2016

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2016 half year result



- Excluding property profits, EBIT up 6.6% and NPAT up 7.8% on first half of 2015
- Profitability improved in concrete, aggregates, concrete products, lime and joint ventures
- Reduced energy and other costs supported Group margins
- Cement margins eased due to higher costs and lower demand in WA and NT
- SA and Qld acquisitions performing ahead of expectations
- Strong cash generation and low gearing
- Fully franked dividends 12.5 cents
- Continue to invest for growth and assess opportunities
- Financial stability, flexibility and prudent capital management remain key

Results presentation for the half year ended 30 June 2016

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2016 half year – Demand overview



NSW Demand strong

- Residential strong
- Non-residential up
- Infrastructure – road and rail

VIC Demand up

- Led by multi-residential
- Non-residential improving

WA Construction weaker

- Residential subdued
- Non-residential weak
- Project volumes declining
- Lime marginal decline

South east QLD Demand up

- ABL favourable geographic mix; Gold Coast and Sunshine Coast markets

SA Return to growth

- Major infrastructure projects commenced early 2016
- Increased sales to mining
- Residential improving

NT Demand weaker

- Declining cement sales to resource projects
- Lime stable

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Divisional review

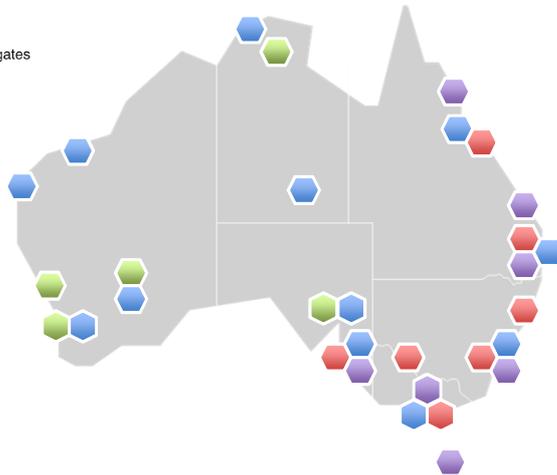
Adelaide Brighton operations



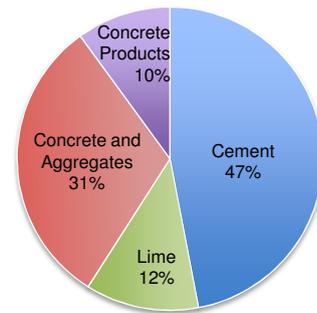
- Cement
- Lime
- Concrete and Aggregates
- Concrete Products

FY2015 Revenue by state¹

WA	25%
NSW	18%
VIC	19%
SA	15%
QLD	17%
Other	6%



FY2015 Revenue by product group¹

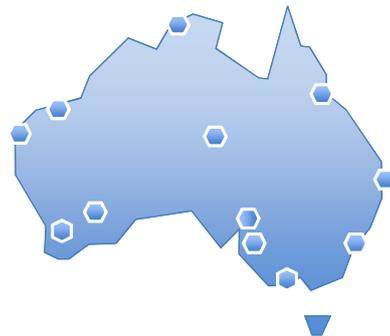


¹ Percentage of FY2015 revenue of \$1,413.1 million

Cement



- Cement and clinker sales volume decreased marginally
- Continued strong east coast demand and return to growth in South Australia
- Reduced cement demand in Western Australia and the Northern Territory
- Cement margins down on lower average price, slightly reduced volume and higher import costs due to A\$
- Energy costs (gas and electricity prices) up in cement but cost savings provided some buffer



Lime



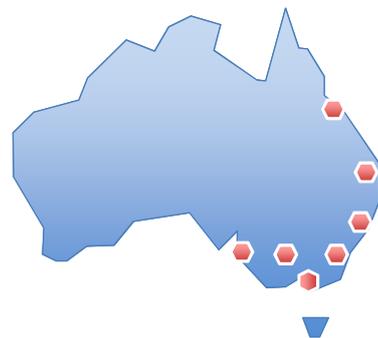
- Lime sales volumes declined marginally
- Non-alumina demand continued to recover; alumina sector softer on customer operational requirements
- Average selling price in line with inflation
- Higher prices and lower costs increased margins
- Cost savings achieved in energy, maintenance and transport
- Energy significant reduction in gas price
- Reduced labour costs providing efficiency opportunities with service providers



Concrete and Aggregates



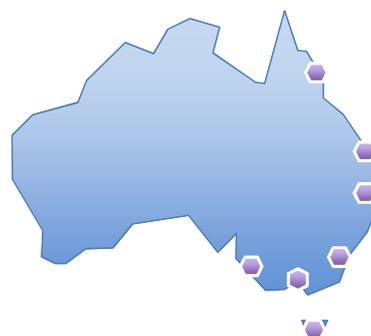
- Volumes up in all concrete and aggregates markets
- Sales volumes of concrete and aggregates strong in New South Wales, Victoria and Queensland
- South Australia volumes up
- Concrete prices up 3.4%
- Aggregate selling prices up more than CPI and Sydney supply tightening
- Margins improved on higher volumes and prices and cost reductions
- Lower diesel prices and focus on transport efficiency
- Profitability of 2014 and 2015 acquisitions in South Australia and Queensland ahead of expectations at time of acquisition



Concrete Products



- Revenue up 6.7% on stronger residential and commercial sales and CPI selling price rises
- Sales volume increased in all operating regions
- Concrete products EBIT increased 18.8% on 1H15
- EBIT margins higher on improved volumes, prices and operational efficiency
- Further efficiency from tolling, general improvements, transport efficiencies
- Product innovation offers exciting revenue opportunities
- Growing customer for the cement, sand and aggregates businesses



Joint ventures



ICL (50%)

Cement distribution (Vic and NSW)

- Demand across Victoria and New South Wales remained strong, stretching supply capabilities
- Margins improved due to price increases combined with a decrease in input costs
- ICL's contribution to Group net profit increased 56.7% on pcp to \$4.7 million

Sunstate Cement (50%)

Cement milling and distribution (south east Qld)

- Improved volumes and price increases, despite the market remaining highly competitive
- 14% increase in net profit contribution

Aalborg Portland Malaysia (APM) (30%)

Specialty cement manufacturer

- Equity accounted NPAT increased \$1.3 million
- Volumes and costs improved with resolution of issues following plant upgrade

Mawsons (50%)

Concrete and aggregates

- Earnings improved slightly due to higher margin sales to a project
- Continued competitive pressures and soft demand in regional markets

Energy opportunity



- Net energy cost savings in 1H16 were \$7 million and anticipated to be \$9 million for the full year
- Energy costs declining but regional variations
- Higher SA gas costs but not as bad as once anticipated
- Markedly lower gas prices in WA
- Spike in SA electricity prices July 2016 impacting grinding costs \$3 million
- Confluence of events
- Expanded Victoria/South Australia Interconnect capacity and better industry management to lower risk

Proactive energy strategy:

- Reduced consumption – operational improvement;
- Alternative fuels – targeting 30% of 6PJ consumption in SA;
- Short term consumption management;
- Portfolio approach to energy supply; and
- Financial strategies, where it adds value

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Financial results

Michael Kelly
Chief Financial Officer

Financial summary



6 months ended 30 June	2016 \$m	2015 \$m	Change pcp %
Revenue	686.0	678.1	1.2
Depreciation, amortisation and impairments	(40.1)	(37.9)	5.8
Earnings before interest and tax (EBIT)	110.8	116.8	(5.1)
Net finance cost	(6.1)	(6.5)	(6.1)
Profit before tax	104.7	110.3	(5.1)
Tax expense	(27.6)	(27.7)	(0.4)
Net profit after tax	77.1	82.6	(6.7)
Non-controlling interests	–	–	–
Net profit attributable to members	77.1	82.6	(6.7)
Basic earnings per share (cents)	11.9	12.8	(7.0)
Final ordinary dividend – fully franked (cents)	8.5	8.0	6.3
Final special dividend – fully franked (cents)	4.0	4.0	
Net debt (\$ millions)	345.4	346.1	
Gearing (%)	29.1%	29.8%	

- Modest increase in revenue
- Excluding property, NPAT up 7.8% and EBIT up 6.6% and margins up
- Tax rate up slightly to 26.4%
- Net debt \$345.4 million and net debt to equity of 29.1%
- Strong operating cash flow
- Interim ordinary dividend 8.5 cents and special dividend 4.0 cents
- Total dividends for half 12.5 cents per share fully franked

Results presentation for the half year ended 30 June 2016

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Reported EBIT margins



Key drivers	Margin %
Cement margins <ul style="list-style-type: none"> • Prices slightly lower – ICL rise and fall reflects lower costs at Birkenhead • Volumes declined marginally – WA and NT down but other states up • Costs unfavourable – higher energy and forex but lower oil, transport and services 	↓
Lime margins improved significantly <ul style="list-style-type: none"> • Prices up at CPI, volumes declined marginally versus H1 2015 • Costs significantly lower; energy, transport, contractor services 	↑
Concrete and Aggregates – volume better, selling prices up significantly, cost discipline	↑
Concrete Products – volume, prices, improved efficiency	↑
JV and associate contribution improved 48% – largely cement driven <ul style="list-style-type: none"> • ICL – prices, costs and margins better, volumes stable • Sunstate – prices, volumes and costs better • APM – improved production with upgrade fully commissioned 	↑
Property	↓

- Reported EBIT margin eased from 17.2% to 16.2%
- Excluding property, EBIT margin up from 15.3% to 16.1%
- EBIT margin supported by reduced energy and other costs
- Total Group energy costs \$7 million lower in 1H16 versus pcp
- Volumes and prices up in concrete, aggregates and concrete products
- Joint operations improved on volume and price

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Cash flow



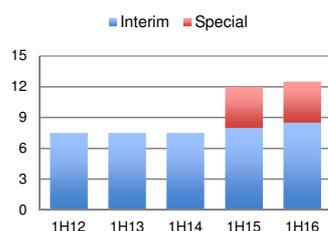
6 months ended 30 June	2016 \$m	2015 \$m
Net profit before tax	104.7	110.3
Depreciation, amortisation & impairment	40.1	37.9
Income tax	(38.2)	(29.9)
Change in working capital	(0.4)	(19.6)
Net loss/(gain) on sale of assets	0.1	(13.3)
Other	(8.7)	(1.6)
Operating cash flow	97.6	83.8
Stay in business capex	(29.7)	(21.5)
Asset sales	1.9	17.6
Development capex	(25.1)	(7.4)
Dividends	(97.3)	(61.6)
Other	4.6	3.0
Net cash flow	48.0	13.9

- Strong cash flow:
 - Increased tax payments
 - Stable working capital
 - Lower property sale proceeds
 - Increased growth capex:
 - Concrete footprint
 - Quarry reserves
 - Cement product offering
 - Increased dividends

Shareholder returns

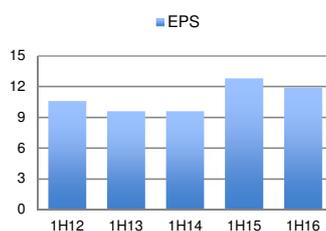


Dividend (cents)



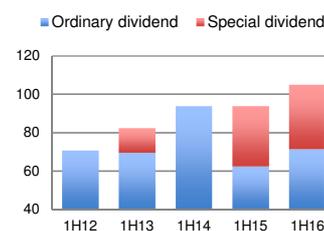
- Interim ordinary dividend up 0.5 cents to 8.5 cents (fully franked)
- Special of 4.0 cents
- Total dividends 12.5 cents (fully franked)

EPS (cents)

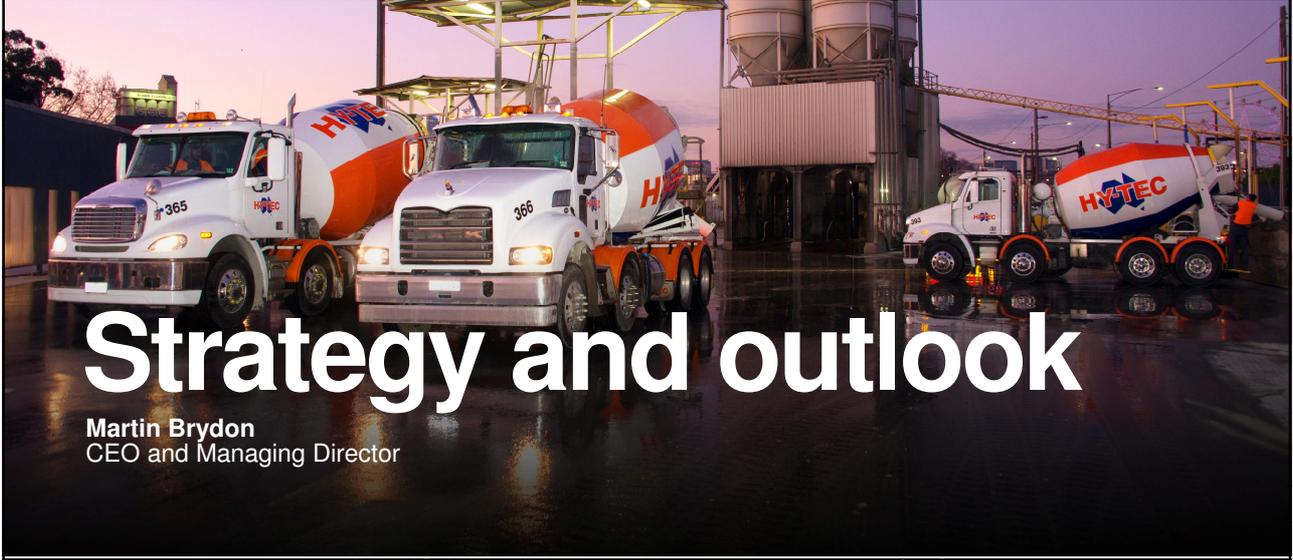


- Basic EPS 11.9 cents
- EPS ex property 11.7 cents, up 7.6%

Payout ratio %



- Ordinary dividend payment represents payout ratio 71.4%
- Target payout for ordinary dividend remains 65% – 75% of basic EPS



Strategy and outlook

Martin Brydon
CEO and Managing Director

Consistent long term strategy



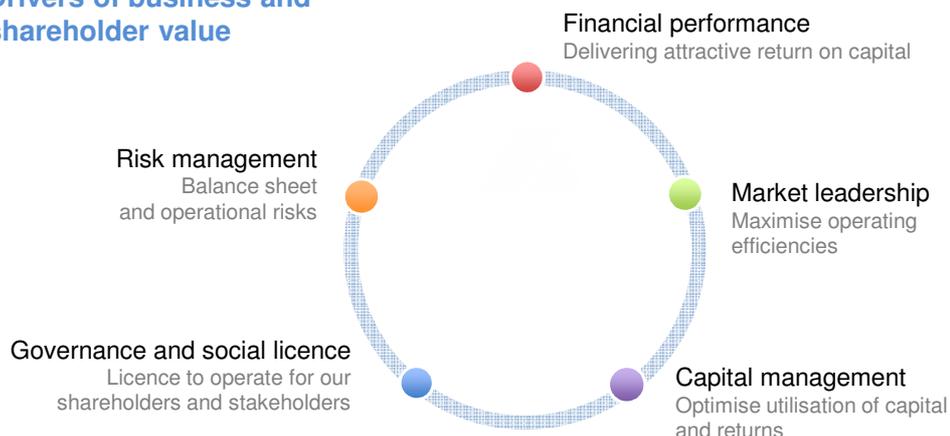
Strategy has delivered strong shareholder returns

- | | |
|---|---|
| 1 Cost reduction and operational improvement across the business | <ul style="list-style-type: none">• Best practice operational performance• Import strategy to maximise asset utilisation• Focus on energy usage and procurement |
| 2 Grow the lime business to supply the resources sector | <ul style="list-style-type: none">• Unique resource and cost position• Long term customer contracts and growth• Continuous improvement to maintain cost leadership |
| 3 Focused and relevant vertical integration | <ul style="list-style-type: none">• Operational performance to realise long term value• Targeting strategic aggregates positions• Strong emphasis on shareholder value creation |

Building shareholder value



Drivers of business and shareholder value



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Outlook



- Lime sales volumes expected similar to 2015 but margins higher, assisted by lower costs
- Cement and clinker volume to be less than 2015
- Premixed concrete and aggregates sales volumes anticipated to be significantly higher
- Concrete products sales expected to increase in 2016
- Strong demand and high utilisation supportive of further price increases in certain markets
- Import costs expected to increase approximately \$6 million in 2016
- Net energy cost savings anticipated to be \$9 million in 2016
- Energy efficiency remains an operational priority
- Property proceeds of about \$20 million expected in 2016, with profit after tax approximately \$7 million
- We seek to ensure the balance sheet is efficiently utilised while retaining the flexibility to fund long term growth
- Given strength in cash flow, year end gearing may be at the lower end of the preferred range of 25% – 45%
- Adelaide Brighton expects full year NPAT will be in the range of \$190 million to \$200 million, including an estimated \$7 million net profit after tax from property transactions

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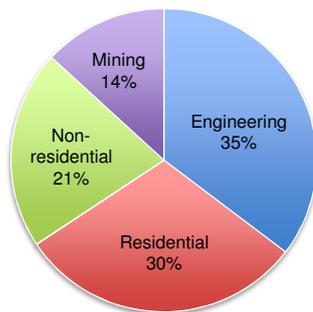


Supplementary information

Diversified business



FY2015¹
Revenue by market



Australian industry position

#1

- Lime producer in the minerals processing industry
- Concrete products producer
- Cement and clinker importer with unmatched channels to market

#2

- Cement and clinker supplier to the Australian construction industry

#4

- Concrete and aggregates producer

¹ Estimates of revenue composition by end market and major products are updated at year end. As such figures relate to the estimates for full year 2015 rather than 1H16.

Working capital



		June 2016	December 2015	Variance %
Trade and other receivables (including JV's)	\$m	202.4	207.3	(2.3)
Days sales outstanding	Days	45.9	45.6	0.6
Inventories:				
Cement and Lime	\$m	97.4	97.9	(0.5)
Concrete and Aggregates	\$m	21.2	21.0	1.0
Concrete Products	\$m	40.6	42.5	(4.5)
Total inventory	\$m	159.2	161.5	1.4
		June 2016	June 2015	Variance %
Bad debt expense	\$m	0.1	0.3	(66.7)

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Free cash flow and net cash flow



6 months ended 30 June	2016 \$m	2015 \$m
Operating cash flow	97.6	83.8
Capital expenditure – stay in business	(29.7)	(21.5)
Proceeds of sale of assets	1.9	17.6
Free cash flow	69.8	79.9
Capital expenditure – acquisitions and investments	–	–
Capital expenditure – development	(25.1)	(7.4)
Joint Venture and other loans	0.6	0.2
Dividends paid – Company's shareholders	(97.3)	(61.6)
Proceeds on issue of shares	4.0	2.8
Net cash flow	48.0	13.9

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Finance expense



6 months ended 30 June	2016 \$m	2015 \$m
Interest charged	6.4	7.5
Exchange (gains)/loss on foreign currency forward contracts	0.2	(0.3)
Unwinding of the discount on restoration provisions and retirement benefit obligation	0.5	0.4
Interest capitalised in respect of qualifying assets	(0.2)	(0.3)
Total finance expense	6.9	7.3
Interest income	(0.8)	(0.8)
Net finance expense	6.1	6.5
Interest cover (EBIT times)	18.2	18.0



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