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Adelaide Brighton Ltd
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MEDIA STATEMENT

16 February 2012

Adelaide Brighton announces net profit after tax of $148.4 million

HIGHLIGHTS

- RECORD REVENUE OF $1,100.4 MILLION, AN INCREASE OF 2.6% OVER PCP
- RECORD EARNINGS BEFORE INTEREST AND TAX OF $223.4 MILLION, 3.3% UP ON PCP
- PROFIT BEFORE TAX OF $206.4 MILLION, 2.1% UP ON PCP
- NET PROFIT ATTRIBUTABLE TO MEMBERS OF $148.4 MILLION, DOWN 2.0% ON PCP
- EARNINGS PER SHARE OF 23.3 CENTS
- CASH FLOW FROM OPERATIONS DECREASED BY $33.5 MILLION TO $155.0 MILLION
- GEARING AT 26.0% DUE TO HIGHER LEVELS OF CAPITAL AND ACQUISITONS
- INTEREST COVER A SATISFACTORY 13.1 TIMES
- FINAL ORDINARY DIVIDEND OF 9.0 CENTS FULLY FRANKED (PCP – FINAL ORDINARY DIVIDEND 9.0 CENTS, FULLY FRANKED) MAKING A TOTAL ORDINARY DIVIDEND FOR 2011 OF 16.5 CENTS FULLY FRANKED

Leading Australian construction materials and lime producing Group Adelaide Brighton Ltd, announced today record revenues of $1,100.4 million for the year ended 31 December 2011. Net profit after tax attributable to members was $148.4 million, a marginal decrease of 2.0% as a result of a higher effective tax rate compared with the prior corresponding period (pcp).

Earnings per share for the full year were 23.3 cents compared with 23.9 cents for the previous corresponding period.

Directors have declared an unchanged fully franked final ordinary dividend of 9.0 cents per share payable on 10 April 2012. Ordinary full year dividend of 16.5 cents is in line with the pcp and represents a payout ratio of 70.8%.

Chairman, Mr Chris Harris, said “The Directors are pleased to maintain total ordinary dividends at the same level as the previous period despite a marginal decrease in net profit after tax. This decision reflects Adelaide Brighton’s strong cash flow generation, low gearing and the Company’s successful long term strategy to grow shareholder value”.

“Investments in organic growth projects and acquisition activity were higher in 2011 and for that reason, the Board decided not to pay a 2011 final special dividend.”

“Net debt at the year end was $248.4 million bringing net debt to equity gearing to 26.0% which is at the lower end of the Board’s targeted range of 25% to 45%” Mr Harris said.

Commenting on Adelaide Brighton Ltd’s 2011 full year result, Managing Director, Mark Chellew, said “This is a good result despite the challenging market conditions experienced in 2011.”

“The Company’s record revenue was achieved largely as a result of demand from mining and resources and projects in South Australia and Western Australia and the continued strength of construction activity in Victoria.”

“Adelaide Brighton’s clinker kiln capacity was fully utilised during the year with the Company meeting sales volumes in excess of domestic production through our successful long term import strategy.”

“Overall, lime demand was generally in line with the previous year with lime kilns fully utilised in Western Australia, South Australia and Northern Territory servicing primarily the mining and resources sector.”

"Cost management programs delivered benefits of $23 million helping offset increased costs of energy and labour".

"Premixed concrete and aggregate volumes increased largely as a result of four acquisitions completed during 2011. Aggregates sales benefited by supply to the Pacific Highway upgrade and profit growth was supported by higher plant throughput."

Mr Chellew added "due to soft housing and commercial activity, trading conditions remain difficult in the concrete masonry market with Adbri Masonry EBIT of $1.8 million down from $3.8 million. Continued weakness in the Queensland market was exacerbated by very wet weather along the east coast of Australia."

Strategic developments

In line with Adelaide Brighton's continuing successful long term strategy to grow shareholder value, the Company is currently investing approximately $94 million to improve efficiency, sustainability and environmental performance in the Cement and Lime Division in Western Australia and South Australia.

In addition, the downstream strategy continues in the Concrete and Aggregates Division with several bolt-on acquisitions completed in 2011. The Company will continue to pursue both organic and acquisitive growth in a measured and low risk manner in order to maximise shareholder value. As previously advised, Adelaide Brighton expects to realise circa $100 million from its significant land bank.

Carbon Tax

Adelaide Brighton is committed to reducing its carbon emissions. The company has significantly reduced its carbon footprint in Australia through the use of supplementary cementitious materials such as fly ash and slag, the use of alternative fuels and changes to cement standards and has closed inefficient clinker plants and consistently developed its capability to import cementitious materials.

Following the Australian Government's announcement of a carbon tax effective from 1 July 2012, it is estimated that the impact on the Group's after tax profit in 2012 will be circa $2.7 million before mitigation.

Outlook

Adelaide Brighton anticipates:

- Demand for cement in 2012 to be similar to 2011 levels.
- Lime sales volumes in 2012 are expected to be marginally higher than 2011.
- Weakness in the concrete masonry market is expected to continue in 2012 due to difficult conditions in the commercial and multi-residential segments.
- Ongoing focus on cost management across the Group.

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