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28 August 2014

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

Dear Sir/Madam

**Adelaide Brighton half year report June 2014 – media statement**

We attach a media statement covering Adelaide Brighton's half year report to June 2014 for release to the market.

Yours faithfully

**MRD Clayton**  
**Company Secretary**

FOR INFORMATION:

MS LUBA ALEXANDER  
GROUP CORPORATE AFFAIRS ADVISER  
TELEPHONE 0418 535 636



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## MEDIA STATEMENT

28 August 2014

Half year to:	Jun 2014 (\$m)	Jun 2013 (\$m)	Change (%)
<b>Statutory</b>			
Revenue	602.0	579.3	3.9
Earnings before interest and tax ("EBIT")	78.3	89.6	7.0
NPAT attributable to members	51.2	60.9	(15.9)
<b>Underlying</b>			
Revenue	602.0	579.3	3.9
Underlying EBIT	92.5	92.6	(0.1)
Underlying NPAT attributable to members	61.2	63.0	(2.9)
Cash flow from operations	25.8	89.3	(71.1)
Basic earnings per share (cents)	8.0	9.6	(16.7)
Interim dividend – fully franked (cents/share)	7.5	7.5	-
Net debt/equity (%)	32.1	30.8	
Interest cover (EBIT times)	10.9	16.6	

### Record half year revenue supported by housing and project activity

- Record half year revenue of \$602.0 million, up 3.9%, supported by housing and projects
- Statutory net profit declined to \$51.2 million due to a number of one-off charges
- Underlying net profit after tax was \$61.2 million, down 2.9%
- Cement and lime sales volumes declined slightly but cement prices improved
- Aggregates, concrete and masonry delivered improved margins and earnings
- Operational improvement programs continued to delivered benefits
- Interim dividend of 7.5 cents fully franked

### Result discussion

Australian construction materials and industrial lime producer Adelaide Brighton Limited (ASX code: ABC), has announced record revenue for the half year ended 30 June 2014, supported by improved prices, recovering east coast housing demand and resilient major project activity.

Underlying net profit of \$61.2 million was down 2.9% on the previous corresponding period (pcp), while underlying earnings before interest and tax ("EBIT") was little changed on the first half of 2013.

Statutory net profit after tax and earnings per share declined on pcp due to a number of one-off restructuring and transaction costs. The restructuring of certain cement operations and corporate functions is expected to deliver significant benefits going forward.

The interim dividend of 7.5 cents (fully franked) is in line with the first half of 2013. Gearing of 32.1% at half year end was conservative, providing the capacity to fund our recently announced acquisitions, while interest cover was a strong 10.9 times.

Chief Executive Officer of Adelaide Brighton, Mr Martin Brydon, said, "Record half year sales is highly encouraging and reflects the benefits of our exposure to a diverse range of markets. Despite overall sales volumes declining slightly, the east coast housing recovery generally offset softness in some local markets while rising prices lifted revenues.

"Our aggregates, concrete and masonry operations enjoyed solid earnings growth from strengthening demand and prices, augmented by our business improvement program and highlighting the value of our integrated strategy.

"The lime business was held back in the first half by short term industry pressures in the minerals sector. The demand and return outlook for the business remains positive."

### **Strategic developments**

"We continue to pursue the consistent strategy that has delivered attractive returns for shareholders for more than a decade. This has involved a mix of organic investment, greenfields projects and acquisitions in cement, lime and downstream," said Mr Brydon.

"We completed our \$112 million organic investment program to improve efficiency and environmental performance in the cement and lime business, which is already delivering returns. On 6 August we announced three exciting acquisitions at a cost of \$174 million to significantly expand our presence in aggregates, concrete and logistics in South Australia and Queensland.

"The acquisitions provide unique long term assets that will enhance Adelaide Brighton's competitive position and lift our national annual aggregates production to more than 6 million tonnes per annum, placing us at No.4 in the Australian aggregates market. Our balance sheet will be more efficiently utilised but gearing will remain in line with our conservative target range against the strong cash flow generation provided by our core businesses.

"In the coming year, Adelaide Brighton will continue to actively assess internal and external growth opportunities, that align with our strategy and deliver strong returns to shareholders.

### **Outlook**

"Demand for cement and clinker in 2014 is expected to be similar to 2013. Projects in Western Australia and the Northern Territory and a residential recovery are anticipated to offset weakness in the non-residential sector and a decline in infrastructure and health activity in South Australia.

"Lime sales volumes for 2014 are likely to be down by around 5% on last year although average prices are expected to improve due to long term contract renewal.

"Further land sales over the next three years are expected to deliver significant cash flow and profit, some of which could assist earnings in the next 6 to 12 months.

"One-off significant items are expected to be \$18 million pre-tax for the full year, delivering cost savings of around \$8 million pre-tax in 2014 and \$11 million pre-tax in 2015.

"Adelaide Brighton expects 2014 full year underlying net profit after tax will be in the range of \$153 million to \$163 million and anticipate that the total 2014 ordinary dividend will be maintained at 16.5 cents fully franked." said Mr Brydon.

### **For further information please contact:**

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### **About Adelaide Brighton**

Adelaide Brighton Limited (ASX code: ABC) is a leading construction materials and lime producing Group of companies which supplies the Australian infrastructure, building and resources industries. The Company has 1600 employees and market leading positions in cement and clinker, lime and concrete masonry and is an emerging force in pre-mixed concrete and aggregates. Adelaide Brighton is the largest importer of cementitious materials into Australia and through its efficient import supply chain has access to every mainland capital city market.