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31 August 2016

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

Dear Sir/Madam

**Correction to June 2016 Half Year Result Presentation**

We refer to the "*Results Presentation for Half Year ended 30 June 2016*" released earlier this morning, and correct errors as described below.

Slides 17 and 26 incorrectly show the figure for Net Cash Flow 2016 \$m as "48.0". The correct figure is "(48.0)" and that is the figure which should have been set out on slides 17 and 26.

The historical position shown in two bar graphs on slide 18 is not correct. In the bar graph "*EPS (cents)*", the bar "1H14" incorrectly depicted 9.6 cents EPS. The correct figure is 8 cents. In the bar graph "*Payout ratio %*", the bar "1H13" incorrectly depicted ordinary dividend payout ratio of 69.6% plus special dividend payout ratio of 12.7% (total 82.3% depicted). The correct 1H13 figure is ordinary dividend payout ratio of 78.1%, with no special dividend.

A corrected June 2016 Half Year Result Presentation is attached.

Yours faithfully

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

For further information please contact:

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Group Corporate Affairs Adviser  
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Adelaide Brighton Limited



# Results Presentation

For the half year ended 30 June 2016  
31 August 2016

A photograph of three white concrete mixer trucks with orange and blue 'HY-TEC' branding parked on a wet, reflective industrial surface at dusk. In the background, there are large industrial silos and structures. The scene is illuminated by the trucks' headlights and ambient light from the sky.

# 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



# 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

# 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

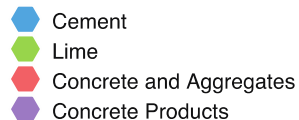
## NT Demand weaker

- Declining cement sales to resource projects
- Lime stable



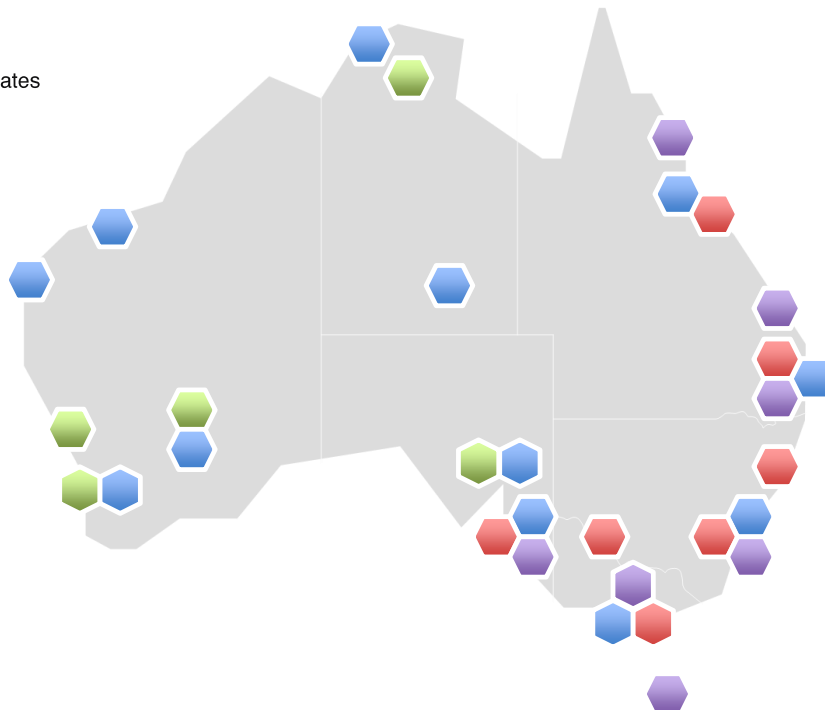
# Divisional review

# Adelaide Brighton operations

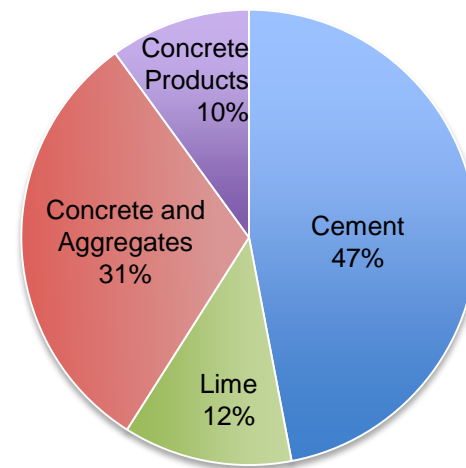


## FY2015 Revenue by state<sup>1</sup>

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



## FY2015 Revenue by product group<sup>1</sup>



<sup>1</sup> Percentage of FY2015 revenue of \$1,413.1 million



- 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



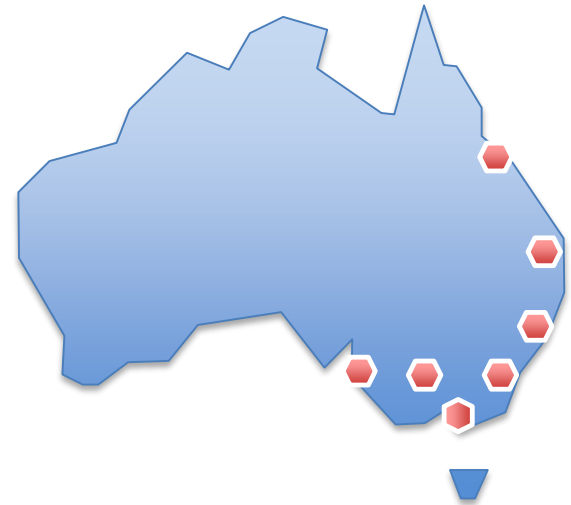
- Lime sales volumes declined marginally
- Non-alumina demand continued to recover; alumina sector softer on customer operational requirements
- Average selling price in line with inflation
- Higher prices and lower costs increased margins
- Cost savings achieved in energy, maintenance and transport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



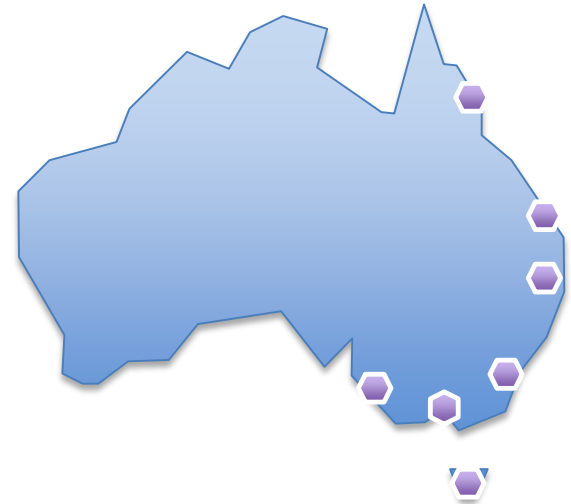
# Concrete and Aggregates



- 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 Australian and Queensland ahead of expectations at time of acquisition



- 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





## 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





- 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



# Financial results

**Michael Kelly**  
Chief Financial Officer

# Financial summary



6 months ended 30 June	2016 \$m	2015 \$m	Change pcp %
<b>Revenue</b>	<b>686.0</b>	<b>678.1</b>	<b>1.2</b>
Depreciation, amortisation and impairments	(40.1)	(37.9)	5.8
<b>Earnings before interest and tax (EBIT)</b>	<b>110.8</b>	<b>116.8</b>	<b>(5.1)</b>
Net finance cost	(6.1)	(6.5)	(6.1)
<b>Profit before tax</b>	<b>104.7</b>	<b>110.3</b>	<b>(5.1)</b>
Tax expense	(27.6)	(27.7)	(0.4)
<b>Net profit after tax</b>	<b>77.1</b>	<b>82.6</b>	<b>(6.7)</b>
Non-controlling interests	–	–	–
<b>Net profit attributable to members</b>	<b>77.1</b>	<b>82.6</b>	<b>(6.7)</b>
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

# Reported EBIT margins



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

<b>6 months ended 30 June</b>	<b>2016 \$m</b>	<b>2015 \$m</b>
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)
<b>Operating cash flow</b>	<b>97.6</b>	<b>83.8</b>
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
<b>Net cash flow</b>	<b>(48.0)</b>	<b>13.9</b>

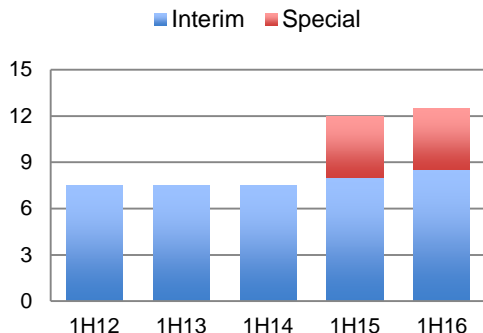
- Strong cash flow:
  - Increased tax payments
  - Stable working capital
  - Lower property sale proceeds
  - Increased growth capex:
    - Concrete footprint
    - Quarry reserves
    - Cement product offering
  - Increased dividends



# Shareholder returns

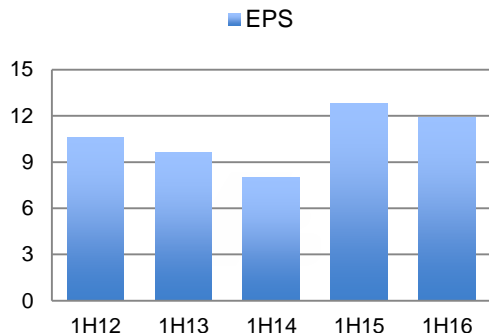


## Dividend (cents)



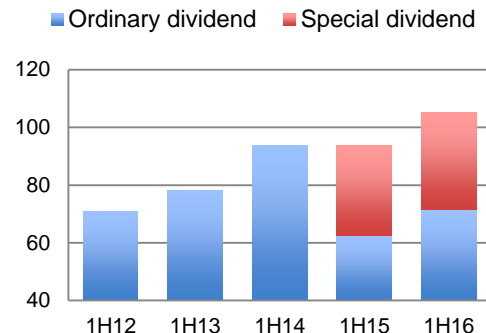
- Interim ordinary dividend up 0.5 cents to 8.5 cents (fully franked)
- Special of 4.0 cents
- Total dividends 12.5 cents (fully franked)

## 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

A photograph of three white concrete mixer trucks with orange and blue 'HY-TEC' branding parked on a wet, reflective surface at dusk. In the background, there are large industrial silos and structures. The scene is illuminated by the trucks' headlights and ambient light from the sky.

# Strategy and outlook

**Martin Brydon**  
CEO and Managing Director

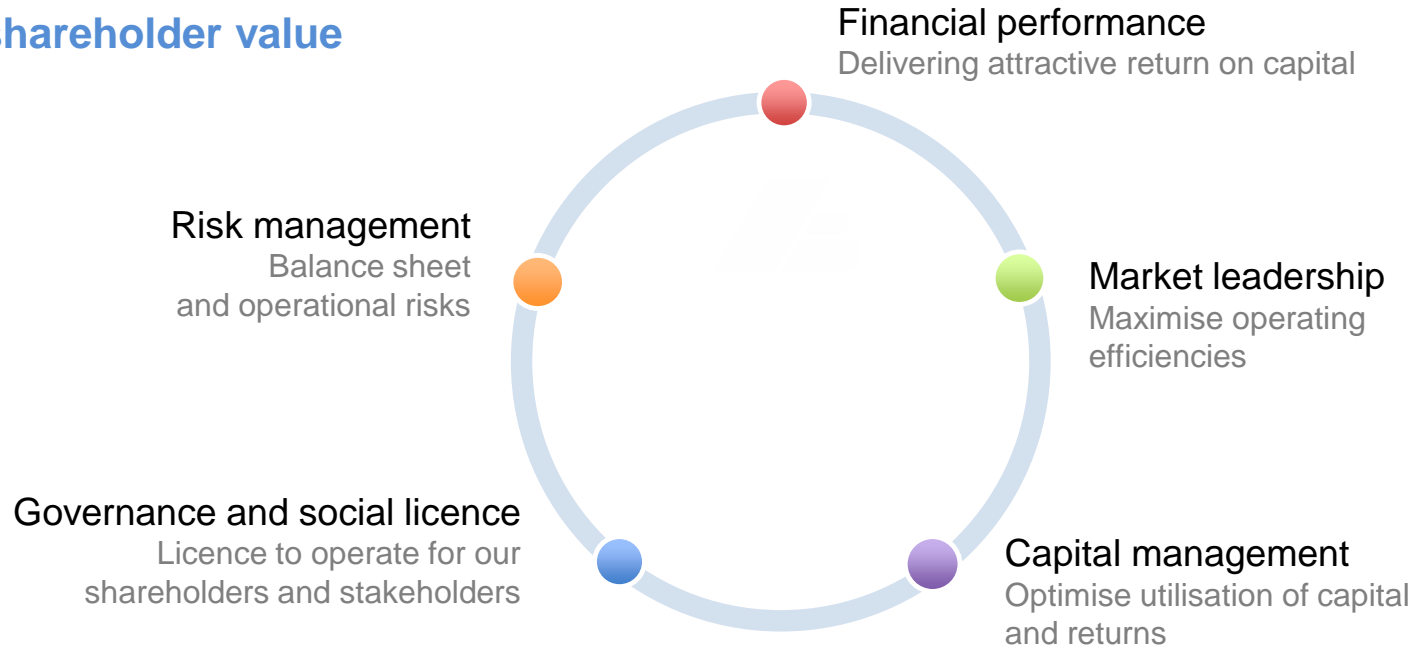


## Strategy has delivered strong shareholder returns

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



## Drivers of business and shareholder value





- 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

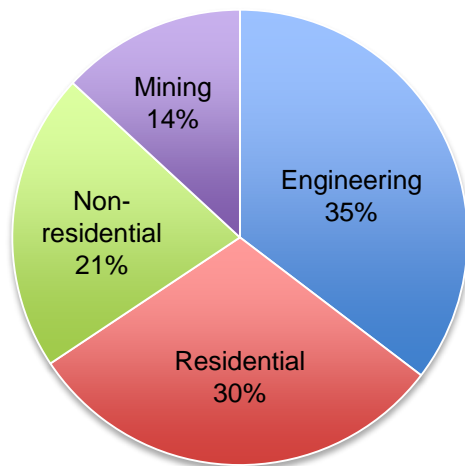


A photograph of three white concrete mixer trucks with orange and blue 'HY-TEC' branding parked on a wet, reflective surface at dusk. The trucks are numbered 365, 366, and 393. In the background, there are large industrial silos and structures. The scene is illuminated by the trucks' headlights and ambient light from the setting sun.

# Supplementary information



**FY2015<sup>1</sup>**  
**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

<sup>1</sup> 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)

# 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

# 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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