

# Chairman's report

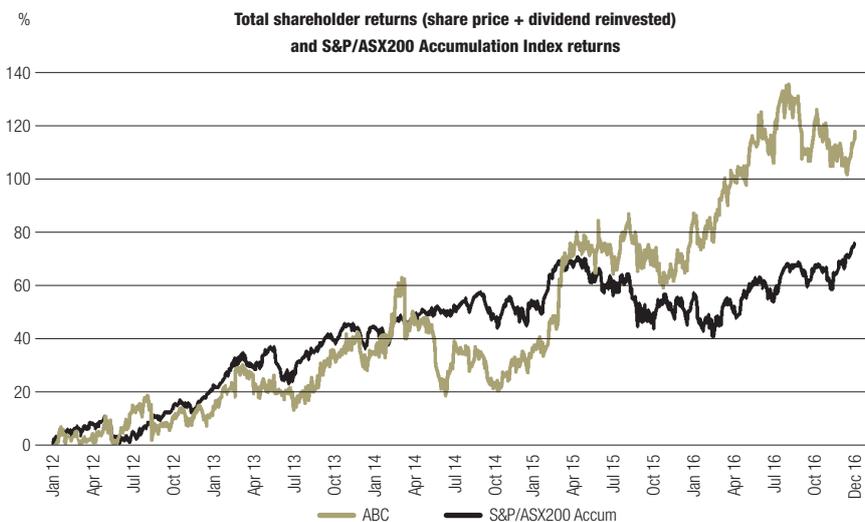
The success of Adelaide Brighton's consistent long term strategy is reflected in increased shareholder returns. The Company reported a 10.4% decrease in net profit after tax (NPAT) to \$186.3 million primarily due to lower property profits compared to the previous year. Excluding the impact of property sales, which were lower due to the timing of land transactions, NPAT increased 3.1% and EBIT increased 1.6% on the strong levels of 2015. Basic earnings per share were 28.7 cents.

Adelaide Brighton's diversified business model and focus on operational improvement supported the Group's long term growth strategy despite weaker markets in Western Australia and the Northern Territory and higher energy costs.

We made good progress during the year on growing long term shareholder value through our strategy of organic improvement and profitable acquisitions and continue to examine new opportunities for growth.

I am pleased to report to shareholders that the Board declared and paid an increased final ordinary dividend of 11.5 cents per share and a final special dividend of 4.0 cents per share, taking total dividends paid for 2016 to 28.0 cents per share, fully franked.

Adelaide Brighton seeks to maximise financial stability while at the same retaining the flexibility to fund accretive acquisitions and other growth initiatives. When the Board determines that the Group has surplus capital, as a matter of policy we act to return it to shareholders, which may take the form of special dividends.



Source: ASX/First Advisers Pty Ltd

Adelaide Brighton is committed to maintaining a safe, productive and healthy work environment. We believe safe businesses also deliver the best returns for shareholders and I'm pleased to report our safety performance improved in 2016.

A proactive approach to sustainability, working with our local communities, government and regulatory bodies also optimises outcomes for the Company and its stakeholders.

The Board recognises the importance of Board renewal and maintaining an appropriate mix of skills, experience, and perspectives that aligns with corporate strategy.

In March 2017, Zlatko Todorcevski was appointed a non-executive Director. Mr Todorcevski has more than 30 years finance, strategy and planning experience in the oil and gas, logistics and manufacturing sectors in Australia and overseas, and will be a valuable addition to the Board.

On behalf of your Directors, I acknowledge the hard work and commitment of the executive management team led by Martin Brydon and of all employees over the last year which has been one of steady growth for Adelaide Brighton.

The Board is especially pleased that we have been able to further increase rewards to our loyal shareholders through the payment of higher ordinary dividends.

I thank our shareholders, our joint venture partners and of course our customers for their continuing support.



Leslie Hosking  
Chairman