

## CHAIRMAN'S REPORT

Adelaide Brighton reported record sales in 2017 of \$1,560 million but due to a number of one-offs, net profit after tax (NPAT) declined 2.3% to \$182.0 million. This represented basic earnings per share of 28.0 cents. Excluding the one-offs, NPAT increased 5.4% and earnings before interest and tax (EBIT) increased 7.8%, reflecting a positive underlying earnings performance.

In 2017 we progressed our strategy of growing our concrete and aggregates business through three attractive concrete and aggregates acquisitions in Victoria, South Australia and the Northern Territory. Adelaide Brighton also continued to invest in organic growth initiatives and worked hard on operational improvement, both important aspects of our long term strategy.

I am pleased to report to shareholders the Board declared and paid an increased final ordinary dividend of 12.0 cents per share and a final special dividend of 4.0 cents per share. Dividend payments for the 2017 financial year totaled 24.5 cents per share.

Adelaide Brighton maintains a strong balance sheet with the flexibility to fund acquisitions or other growth initiatives that add value for shareholders. Should the Board determine the Company has surplus capital we will, as a matter of policy, return it to shareholders.

We have strong employment and safety practices and we work with local communities, government and regulatory bodies to earn our social license to operate and ensure the business and its returns are sustainable.

Adelaide Brighton is committed to maintaining a safe, productive and healthy work environment. In 2017 our safety performance was impacted by the recognition of injuries within the acquisitions we made in the year. We have now introduced our safety training and systems to these business to bring them in line with the Group.

### Board

The Board recognises the importance of maintaining an appropriate mix of skills and experience that align with our corporate strategy. As part of our ongoing renewal program the Board appointed Vanessa Guthrie as an independent non-executive director in 2018. Geoff Tarrant, nominated by our major shareholder Barro Properties Pty Ltd, was also appointed as a non-executive director.

The majority of the Board remains independent, which is consistent with the Principles and Recommendations of the ASX Corporate Governance Council.

This is my final report as Chairman of Adelaide Brighton following the announcement in February 2018 that I will retire as Chairman at the conclusion of the Annual General Meeting, but will remain a Director. The Board has named Zlatko Todorcevski as Chairman Elect to take over from me. Zlatko was appointed an independent non-executive director in March 2017. He has more than 30 years of finance, strategy and planning experience in the oil and gas, logistics and manufacturing sectors and had made a strong contribution to the Board in his time at Adelaide Brighton.

I joined the Company as a Director in 2003 and was appointed Chairman in 2012. During almost six years as Chairman, Adelaide Brighton has delivered exceptional returns to shareholders while at the same time entering new markets and diversifying vertically.

It has been my privilege to serve as Adelaide Brighton's Chairman and I pass this honor to my successor, Zlatko Todorcevski, with confidence.

### In conclusion

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. I also thank our customers, shareholders and joint venture partners for their continuing loyalty and support.



Leslie Hosking  
Chairman

A handwritten signature in black ink that reads "Leslie Hosking". The signature is fluid and cursive.