Full year reported NPAT increased 1.4%, to $185.3 million. Underlying EBIT, which excludes one-offs, eased 5.7% on 2017 to $273.5 million. Underlying NPAT of $191.0 million was down 3.7% on 2017.

Sales and profits

Revenue increased 4.6% to a record of $1,630.6 million, reflecting continued growth in east coast markets, improved pricing and the first full year contribution of acquisitions completed in 2017. Excluding the acquisitions, revenue increased 2.6% on 2017.

Adelaide Brighton's reported net profit after tax (NPAT) increased 1.4% to $185.3 million in 2018. Underlying NPAT of $191.0 million, which excluded restructuring and transaction costs, was down 3.7% on 2017. Property profits contributed $0.9 million to NPAT in 2018, compared to $8.4 million in 2017. Excluding property profits, Underlying NPAT was essentially flat compared to 2017 at $190.1 million.

Earnings before interest and tax (EBIT) decreased 0.8% from the prior year to $265.4 million on an EBIT margin of 16.3%. Underlying EBIT, which excludes restructuring and transaction costs, declined 5.7% to $273.5 million.

Joint arrangements and associate earnings increased from $37.8 million in 2017 to $40.1 million in 2018, reflecting improved demand and higher construction material prices on the east coast of Australia.

Net finance costs increased from $12.1 million to $14.4 million in 2018 due to higher market interest rates and higher average borrowings.

The effective tax rate decreased from 28.5% to 26.2% in 2018 due to the higher contribution from post-tax earnings of joint ventures and lower non-deductible expenses associated with acquisitions, compared to 2017. Adelaide Brighton continues to expect its effective tax rate to be in the range of 27% to 28%, although it may be lower in periods when capital losses related to property sales are recognised.

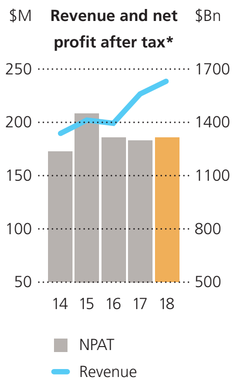
EBIT margins

Underlying EBIT margins declined from 18.5% to 16.8% in 2018, reflecting reduced cement and lime earnings and lower property profits more than offsetting earnings growth in concrete, aggregates and joint ventures.

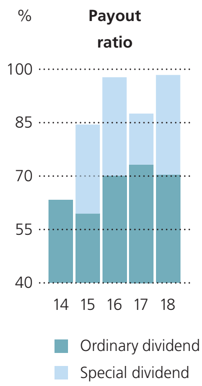
Increased import costs, and a lower average selling price due to geographic sales mix, impacted cement margins. Our cement business receives a lower price on the east coast where growth is currently strongest, but some of this comes back to us through the equity accounted earnings of our joint ventures.

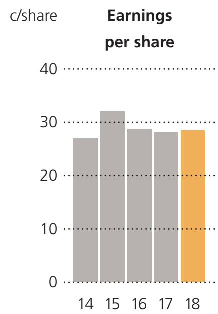
In Lime, the renewal of a contract for coal in Western Australia resulted in higher energy costs from 1 January 2018, which impacted lime margins in 1H18. However, these were partially offset by higher prices and the benefit from renegotiated gas supply contract in 2H18.

In Concrete and Aggregates, margins increased in 2018 on higher volumes and prices. While average aggregates margins declined due to strong sales of low value fill products, margins increased in premium aggregates for concrete and asphalt making, supported by higher volume and prices.



*Restated numbers are due to a change in accounting policy on adoption of *AASB15 Revenue from Contracts with Customers* applied from 1 January 2018. As a result of the changes, prior year financial statements were restated





In Concrete Products, EBIT increased 4.9% to $10.7 million, but this included $1.3 million in property profits (2017: nil).

Strong demand on the east coast of Australia supported an increased contribution from the joint venture operations.

Strong Cash Flow

Cash flow from operations increased by $20.5 million on 2017 to $244.7 million, supported by strong sales performance and improvements to working capital management.

Enhanced processes and management of collections from customers resulted in a reduction in trade debtor balances despite higher revenue in the period.

Capital expenditure of $115 million declined $55 million compared to 2017, due to the timing of acquisition spending during the year, partially offset by a higher investment spending on development capital. In 2018, capital expenditure occurred on 27 projects above $1 million in value, comprising stay in business capex of $55 million, development projects of $58 million and acquisitions of $2 million.

Proceeds from the sale of assets were $5.3 million, a decline of $12.4 million on 2017, driven by the reduced property sales. Dividend payments increased by $32.6 million over 2017 as a result of the higher dividends declared.

Strong balance sheet

Adelaide Brighton's low gearing, strong cash flow and consistent returns provide it with stability and funding flexibility.

In total, Adelaide Brighton has bank debt facilities of $590 million spread across three of Australia's major trading banks. The average tenure of the facilities has increased from 2.2 to 2.4 years as a result of a facility renegotiation in 2018.

The Board considers a leverage ratio of between 1.0 to 2.0 times 12-month trailing Underlying EBITDA is an appropriate target range. Under this measure, net debt was 1.2 times 12-month trailing Underlying EBITDA at 31 December 2018.

The net debt to book equity gearing ratio was 34.1% at 31 December 2018 and remains close to the midpoint of the target range for that measure of 25% to 45%.

Attractive shareholder returns

Adelaide Brighton has a conservative approach to capital management with the following broad objectives:

> Ensure an efficient balance sheet to optimise cost of capital and thereby shareholder returns through utilisation of a prudent level of debt;
> Maintain an investment grade rating to optimise funding cost;
> Retain balance sheet flexibility to fund capital projects and acquisitions; and
> Distribute surplus capital to shareholders in an efficient manner.

Total dividends (ordinary and special) declared with respect to the 2018 financial year were 28.0 cents per share, fully franked, an increase of 14% on 24.5 cents per share (fully franked) with respect to 2017.

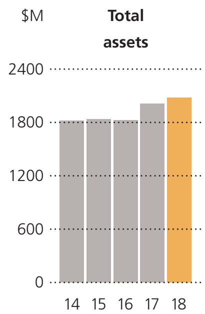
Ordinary dividends declared of 20.0 cents represented a payout of 70% of 2018 basic earnings per share (EPS) of 28.5 cents. This is consistent with Adelaide Brighton's dividend policy of ordinary dividends of 65-75% of basic EPS.

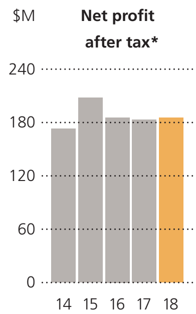
Including special dividends of 8.0 cents, total dividends declared for 2018 of 28.0 cents represent a payout of 98% of 2018 basic EPS. The Dividend Reinvestment Plan remains suspended given the Company's strong cash flow and low gearing.

Return on funds employed, while slightly down on 2017, remained healthy at 16.6%. This reflects a strong return on capital employed and remains significantly ahead of the Company's cost of capital.

Reconciliation of underlying net profit after tax excluding property

$ million	*2018*	*2017*
Underlying net profit after tax	*191.0*	*198.4*
Property profit	*0.9*	*8.4*
Underlying net profit after tax excluding property	*190.1*	*190.0*





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