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19 August 2010

Company Announcements Office  
Australian Securities Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

**RESULTS FOR HALF YEAR JUNE 2010**

We attach copies of slides being shown by Mark Chellew, Managing Director of Adelaide Brighton, during briefings for analysts on the company's financial result for the half year ended 30 June 2010.

Yours faithfully

**MRD Clayton**  
Company Secretary

FOR FURTHER INFORMATION:      MS LUBA ALEXANDER  
GROUP CORPORATE AFFAIRS ADVISER  
TELEPHONE 0418 535 636



## Agenda

- Performance highlights
- Strategy development
- Divisional review
- Financials
- Outlook



## Overview

**Mark Chellew**  
**Managing Director and CEO**

Adelaide Brighton Ltd – June 2010 half year result

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## Performance highlights

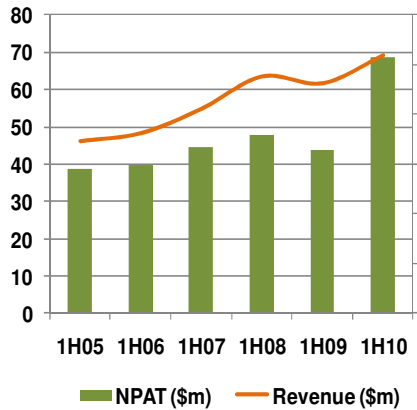
<b>\$m</b>	<b>30 June 2010</b>	<b>30 June 2009</b>	<b>% change</b>
Revenue	519.4	463.2	12.1
EBIT	98.7	71.3	38.4
PBT	92.1	60.5	52.2
NPAT attributable to members	68.8	43.9	56.7
<b>Cents</b>			
EPS	10.8	7.6	42.1
Interim dividend	7.5	5.5	36.4
Special dividend	2.5	-	100.0

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## Revenue and earnings



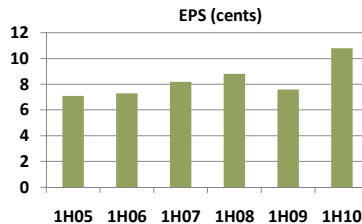
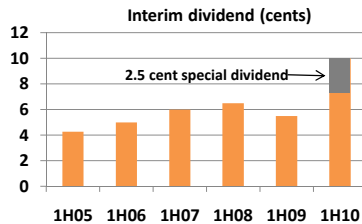
- Revenue up 12.1%
- Strong demand primarily from infrastructure and resources in SA and WA
- Benefit of cost management programs helped offset increased energy costs
- Reduced interest expense due to lower borrowings
- Higher Australian dollar positively impacted import margins
- Cement and Lime price increases assisted recovery of higher input costs
- NPAT increased 56.7%

Adelaide Brighton Ltd – June 2010 half year result

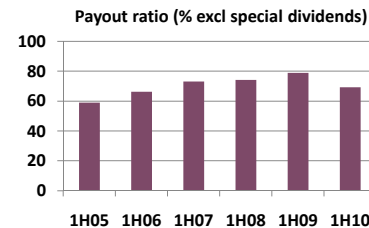
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## Shareholder returns



- 7.5 cent interim dividend
- 2.5 cent special dividend given strong cash flows, gearing and availability of franking credits
- EPS up 42.1%
- Ordinary dividend payout ratio of 69%



Adelaide Brighton Ltd – June 2010 half year result

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## Key profit drivers

- Cement sales strong – primarily from infrastructure projects in SA and the resources sector WA
- Favorable geographic and industry spread an important driver of demand
- Lime demand up marginally – stronger non-alumina demand
- Price increases in most products covered input cost increases
- Reduced interest expense as a result of reduced borrowings
- Benefit from higher Australian dollar on import margins

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## Consistent long term strategy

- Focused and relevant vertical integration
  - » Selective expansion of downstream businesses to underpin cement asset utilisation and drive returns through the value chain
  - » Fully vertically integrated position in NSW
  - » Adelaide Brighton continues to evaluate potential acquisition opportunities
- Cost reduction and operational improvement
  - » Focus on cost management across the Group with particular emphasis on energy efficiency and sustainability
  - » Cement and Lime manufacturing facilities running at capacity
  - » Successful import strategy
  - » Assessing \$40 - \$50 million expansion of Birkenhead, SA, cement milling capacity to reduce reliance on imported cement

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## Consistent long term strategy

- Lime development

- » Evaluation of lime capacity expansion including:

- Assessing a \$40 - \$50 million expansion of the Mataranka, NT, lime assets to provide additional 50,000 tones per annum production capacity
    - Board has approved \$24 million upgrade of kiln 6 at Munster, WA – heat exchanger and bag filter – environmental and throughput benefits
    - Consideration of phased investment of up to \$15 million in the lime production facilities at Munster over the next two years to improve plant throughput



## Divisional reviews



## Cement

- Cement sales higher – stronger than the 6% growth in national market
- Favorable geographic exposure to SA and WA – better than east coast
- On average, cement prices rose in line with inflation, buffering cost increases
- Cement margins improved:
  - » Benefits from cost management program offset increased energy costs
  - » Cement producing assets operated at capacity – clinker production 7% above pcp
- Sales volumes in excess of domestic production met through imports of clinker and cement - long term successful import strategy
- Stronger Australian dollar in first half 2010 improved import margins



## Lime

- WA alumina sector demand stable
- Stronger demand from WA non-alumina sector — marginally increased lime volumes
- Lime price increases achieved more than covered input cost increases
- Lime kiln production fully utilised at Munster WA, Angaston SA and Mataranka NT
- Threat of small scale lime imports into WA remains
- Cautiously confident of long term position given low cost structure



## Concrete and Aggregates

- Premixed concrete volumes up in line with east coast market increase of 4%
- Improved aggregate sales:
  - » Hy-Tec northern NSW operations supply to Pacific Highway upgrade
  - » Austen Quarry expanding into external markets
- Concrete pricing stable in first half 2010
- Use of alternative raw materials and management of mix designs helping to reduce concrete production costs
- Continued focus on mixer truck capacity and utilisation to improve cost structure

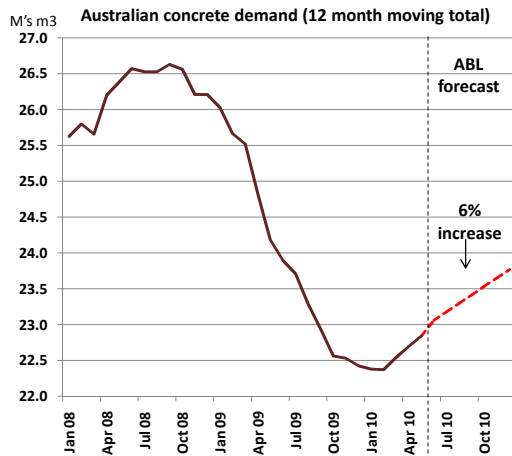


## Concrete Masonry Products

- Weakness in Qld market lead to Adbri Masonry overall product volumes down by 4% on pcp
- Strong competition within concrete masonry market
- Price increases achieved met inflationary cost pressures
- Output volumes have been adjusted to meet market demand nationally
- Effective working capital management saw stock levels reduced
- Adbri Masonry EBIT of \$0.8 million up \$1.1 million from (\$0.3) million on same revenue



## Market demand



- Concrete market peaked in mid 2008 after seven years of growth
- Downturn of about 15% over approximately 18 months
- National concrete market up by 6% in 1H 2010 on pcp
- Expect market to be up by circa 6% in calendar 2010 versus 2009

Source: ABS and estimate by ABL

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## Financial results

**Michael Kelly**  
**Chief Financial Officer**

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## Summary earnings

6 months ended 30 June	2010 \$m	2009 \$m	Change %
Revenue	519.4	463.2	12.1
EBITDA	125.4	100.5	24.8
EBIT	98.7	71.3	38.4
Net interest	(6.6)	(10.8)	38.9
Profit before tax	92.1	60.5	52.2
Tax expense	(23.3)	(16.7)	(39.5)
Minority interest	-	0.1	-
Net profit attributable to members	68.8	43.9	56.7

Adelaide Brighton Ltd – June 2010 half year result

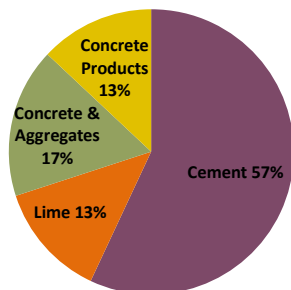
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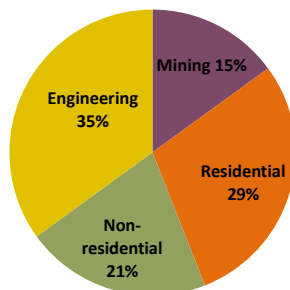
## Adelaide Brighton revenue analysis

- 70% of revenue from Cement and Lime operations
- Major exposure to engineering and mining sectors
- WA and SA are key geographic markets

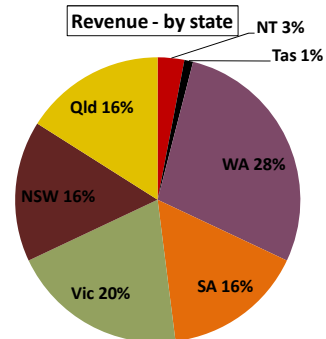
Revenue - product group



Revenue - by segment



Revenue - by state



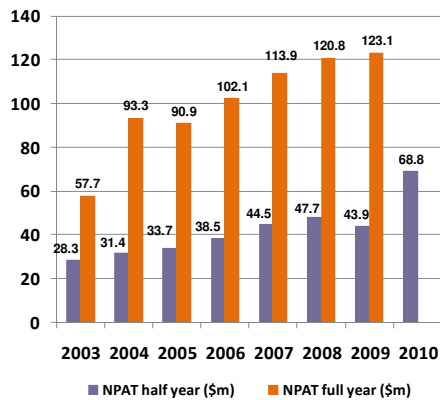
Source: estimated by ABL

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## Profit – half and full year



- Historically second half earnings higher due to seasonality of sales and shutdown timing
- Sales typically higher in second half
- Timing of planned maintenance skewed toward first half
- 2H 2010 earnings expected to be higher than first half – however spread not expected to be as great as previous years



## Joint ventures

ICL, Sunstate , Mawsons, Burrell Mining and Batesford Quarry

ABL 50% share 6 months ended 30 June	2010 \$m	2009 \$m	Variance %
Sales	130.2	124.3	4.7
EBITDA	20.1	18.9	6.3
NPAT	15.2	12.2	24.6
Profit margin (%)	11.7	9.8	

- ICL: improved earnings as result of increased demand for cement in Victoria and better margins
- Sunstate Cement: stable earnings
  - » Volume weakness in SE Qld, offset by decrease in clinker transfer (input) prices
  - » Pricing pressures remain in SE Qld due to impact of new market entrant
- Mawsons: increased earnings from improved margins and sales as result of strong demand from infrastructure projects and mining sector in regional Vic



## Operating cash flow 2010

6 months ended 30 June	2010 \$m	2009 \$m
Net profit before tax	92.1	60.5
Depreciation and amortisation	26.7	29.2
Income tax	(26.9)	(19.3)
Change in working capital	(13.7)	(4.8)
JV equity profit less dividend received	(11.8)	(2.0)
Other provisions	3.5	(4.4)
Operating cash flow	69.9	59.2



## Working capital

		June 2010	Dec 2009	Variance %
Trade receivables (including JV's)	\$m	158.5	146.0	8.6
Days sales outstanding	Days	46.5	47.6	2.3
Bad debt expense	\$m	-	(3.7)	-
Inventories: Cement and Lime	\$m	70.2	63.5	10.6
Concrete and Aggregates	\$m	10.1	9.1	11.0
Concrete Masonry Products	\$m	35.4	35.2	0.6
Total inventory	\$m	115.7	107.8	7.3



## Free cash flow and net debt

6 months ended 30 June	2010 \$m	2009 \$m
Operating cash flow	69.9	59.2
Capital expenditure	(27.6)	(18.7)
Proceeds of sale of fixed assets	0.3	2.8
Free cash flow	42.6	43.3
Investments and Joint Venture loans	2.6	1.0
Dividends paid	(50.7)	(29.1)
Proceeds from issue of shares, net of trans. costs	-	111.4
Movement in net debt (increase)/decrease	(5.5)	126.6
Net debt	180.9	261.4



## Finance expense

6 months ended 30 June	2010 \$m	2009 \$m
Bank interest charged	6.4	9.2
Exchange (gains) / losses on foreign current forward contracts	(0.3)	1.1
Unwinding of the discount on restoration provisions and retirement benefit obligation	1.5	1.5
Total finance expense	7.6	11.8
Interest income	(1.0)	(1.0)
Net finance expense	6.6	10.8
Interest cover (EBIT times)	15.0	6.6



## Refinancing

- Refinanced \$150 million of \$310 million funding facilities expiring at end of June 2010
- Considering strong cash flow, investment plans and holdings costs, total funding facilities were reduced from \$520 million to \$360 million
- Facilities secured with three leading Australian banks: CBA, NAB and Westpac
- Facilities provide balance sheet flexibility with capacity for potential acquisitions and organic growth
- Debt facility maturity dates are now:

June 2011 \$m	June 2012 \$m	31 January 2014 \$m	Total \$m
210	80	70	360



## Borrowings and gearing

		30 June 2010 \$m	30 June 2009 \$m
Net debt	(\$m)	180.9	261.4
Net interest	(\$m)	(6.6)	(10.8)
Gearing – net debt/equity	%	19.8	31.4
Net debt/EBITDA	\$m	1.4	2.6
Net tangible assets/share	Cents	1.16	1.15
Return on funds employed	%	18.1	13.4



## Outlook 2010

**Mark Chellew**  
**Managing Director and CEO**



## Outlook

- Continued focus on management of costs across all divisions
- Emphasis on energy use efficiency and sustainability
- National concrete market expected to be up circa 6% in full year 2010 compared to 2009
- Concrete pricing is stable on east coast – potential for improved margins if October price increases are successful
- Continued weakness in the concrete masonry market in the second half due to depressed commercial and multi-residential segments
- Adbri Masonry full year earnings before interest and tax is expected to be marginally higher than 2009



## Outlook

- Expect continued strong demand for cement for the remainder of 2010
- Demand from infrastructure projects in SA and the resource sector in WA forecast to continue in the second half 2010
- The Australian dollar is expected to have a positive impact on earnings
- Lime demand is expected to be higher than 2009 as a result of demand from non-alumina sector
- Uncertainty around some cement and lime supply contracts expiring at the end of 2010 and during 2011, however Adelaide Brighton is cautiously confident of renewal on acceptable terms
- Based on current market conditions, Adelaide Brighton expects a net profit after tax for 2010 of between \$140 and \$150 million

