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2 May 2007

The Manager  
Company Announcements Office  
Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir/Madam

We attach copy of presentation being shown by Mr Mark Chellew, Managing Director, at the Macquarie Securities Australian Conference today for release to the market.

Yours faithfully

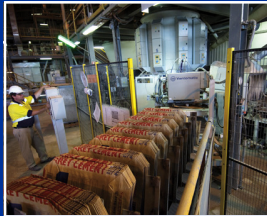
**Marcus Clayton**  
Company Secretary



**Adelaide Brighton Ltd**

**Macquarie Securities Australian Conference  
2 May 2007**

**Presented by: Mark Chellew, Managing Director**



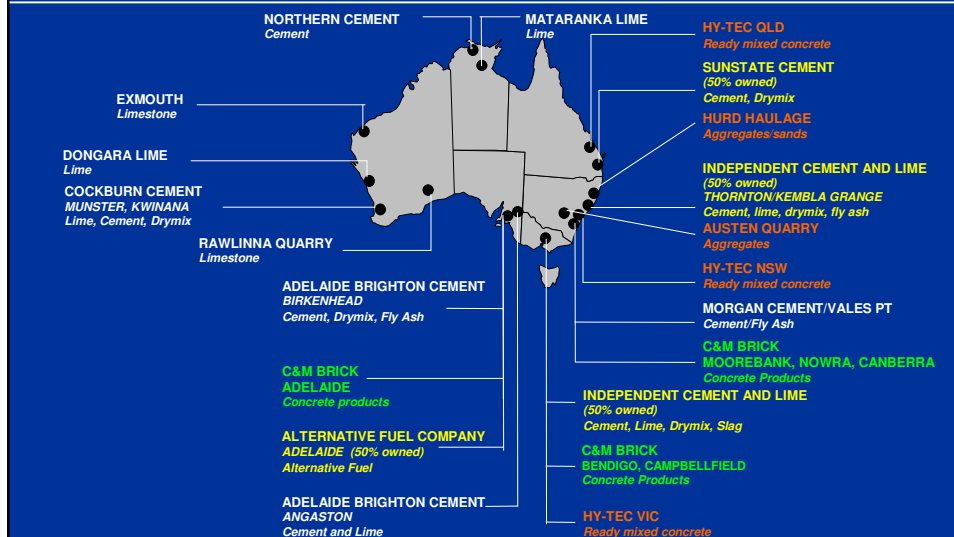
## **Agenda**

- **Profile and geographic spread**
- **Strategy overview**
- **2006 financials**
- **Divisional review and markets**
- **Outlook**

## Adelaide Brighton profile

- Leading Australian integrated construction materials and lime producing company, heavily focussed on the growing resources, engineering and infrastructure sectors
- Well positioned to supply all mainland states from its domestic manufacturing base complemented by long term supply contracts for imported clinker and cementitious materials
- S&P/ASX 200 company with market capitalisation around \$2 billion
- 1,300 employees with operations in all mainland states and territories
- Market leader in lime manufacture in Australia, number two position in cement and concrete products and modest position in the ready mixed concrete market

## Adelaide Brighton's geographical spread



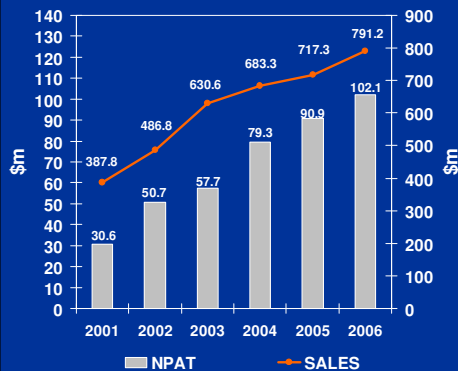
## Strategy overview

- **Focused and relevant vertical integration**
  - Downstream concrete – cement pull through
  - Concrete products – long term growth in higher margin market sectors
  - Upstream into aggregates and sand
- **Lime business development**
  - Alumina, steel, gold and other resources sector growth
- **Operational improvement programme**
  - \$25m EBIT cement and lime improvement over the next four years
  - Lime and cement reliability and process improvement plans

## Financial performance – 2006 summary

• Record sales revenue	\$791.2 million – 10.3% increase
• Record net profit after tax	\$102.1 million – 12.3% increase
• 19.0% increase in full year dividend	12.5 cents per share
• Special dividend, fully franked	6.0 cents per share
• Earnings per share increased	18.8 cents (16.8 cents pcg)
• Operating cash flow increased	16.9% to \$144.3 million
• Gearing reduced	33.6% (down from 35.8% pcg)
• Interest cover increased	9.8 times on an EBIT basis (9.6 times pcg)

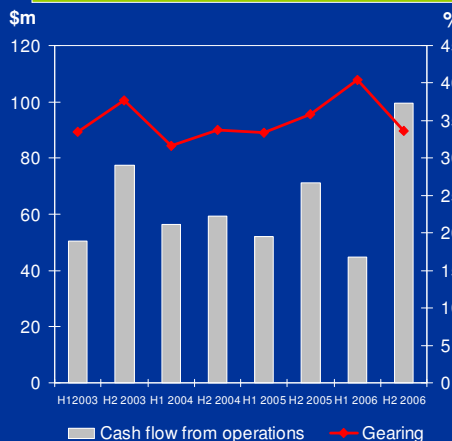
## Financial performance - six year trend



- Continued robust demand in core Adelaide Brighton markets
- Growth in cement and lime volume and price
- EBIT margins maintained despite acute energy cost increases in Western Australia
- Operational and logistics improvement delivering returns in C&M Brick and Hy-Tec

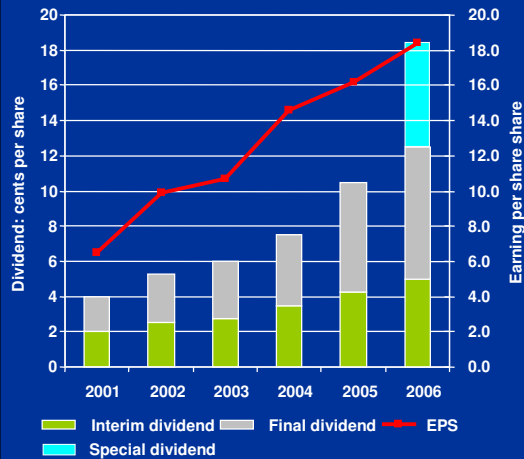
## Free cash flow and gearing

### Strong second half cash flow from operations



- Exceptionally strong second half cash flows
- First half suppressed by maintenance programmes
- Benefit from effective working capital management
- Gearing reduced to 33.6%
- 2007 – continued focus on working capital management

## Earnings and dividend per share



- Continued dividend growth
- Consistent increase in EPS
- Payout ratio increased to 66.4%. Within target range 65% - 75%
- 6.0 cents per share special dividend equates to near 100% payout ratio for 2006
- Effective use of franking credits

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## Financial performance overview

- Adelaide Brighton has enhanced its status as a leading producer of construction materials and lime
- Record 2006 result as cement and lime volumes, pricing and operational improvements offset fundamental inflationary pressures
- Increased shareholder returns through both dividend and share price growth
- Cement and lime plant performance excels at near capacity levels
- Successful actions taken to mitigate acute Western Australian gas pricing and supply constraints
- Hy-Tec and C&M Brick operational improvements

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## Divisional review

### Cement and Lime



### Concrete and Aggregates

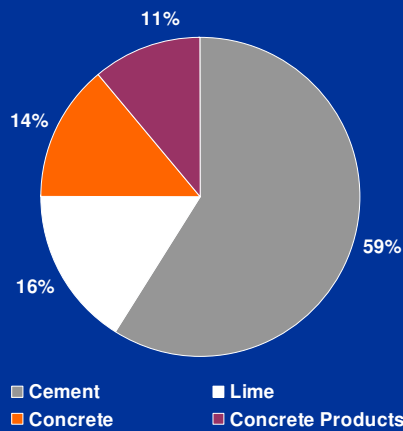


### Concrete Products



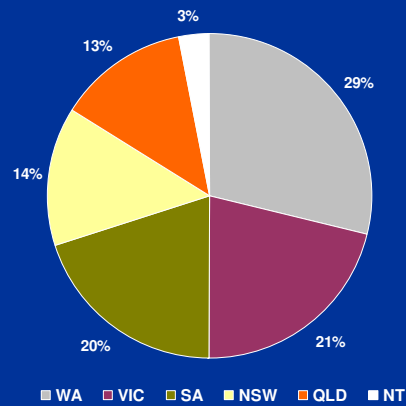
### Product segmentation

Sales to outside entities and to JV's



### Geographical segmentation

Sales by state including share through JV's



## Market overview

- **Cement**
  - South Australia and Western Australia: demand remains robust
  - Further growth in Queensland market
  - Strong demand from Victoria
  - New South Wales: Weaker 1Q demand
- **Lime**
  - Forecast 320kt increase in demand by end 2012
  - Underlying strong demand continues from the mining and resource sectors
  - Expanded customer base in Kalgoorlie, Western Australia
- **Concrete and aggregates**
  - Continued strong demand in Queensland
  - Increased CBD work in Melbourne
  - New South Wales weakness continuing
- **Concrete products**
  - Weaker demand in 1Q in New South Wales and Victoria, level demand South Australia

## Cement and Lime

- All cement and lime manufacturing plants operating at or close to capacity. Record production in 2006
- Cement capacity: 2.4 million tonnes per annum
- Lime capacity: 1.1 million tonnes per annum
- Adelaide Brighton has market leadership positions in cement and lime in South Australia, Western Australia and Northern Territory and strategic cement positions in New South Wales, Queensland and Victoria
- End use markets:
  - residential, engineering, infrastructure and resource sectors
  - Resource sector expansion driver in increased lime demand
- Long term flexible clinker and cement import supply contracts

## Lime demand – major projects

### Incremental volumes over 2006 - timing of projects key

Project	'000t	2007	2008	2009	2010	2011	2012	2013	2014	Total
Hismelt Stage 1		15	20							35
Alcoa Pinjarra Expansion		20								20
Alcoa Wagerup 3rd Train					40	45	20			105
Boddington Gold				10	5	3				18
BHP Ravensthorpe Nickel		8	15	10	5					38
Hismelt Stage 2								50	50	100
Worsley Expansion 1										0
Worsley Expansion 2 (feasibility)					10	20	20			50
Ranger					20	20				40
Loongana Customers		20								20
<b>TOTAL</b>		<b>63</b>	<b>35</b>	<b>20</b>	<b>80</b>	<b>88</b>	<b>40</b>	<b>50</b>	<b>50</b>	<b>426</b>
<i>Incremental totals</i>			<i>98</i>	<i>118</i>	<i>198</i>	<i>286</i>	<i>326</i>			

## Cement and Lime

- Commencement of major cement and lime contract negotiations over next six months
  - Supply of cement to Rinker / Hanson following expiry of existing contracts at end of 2008
  - Supply of lime to major alumina customers as they reach upper volume limits of current contracts
- ABL is the major importer of cementitious materials in Australia
  - Rising Australian dollar has cheapened these materials however it has also made bulker bags from potential import competitors cheaper
  - Sea freight rates remain high which ameliorates impact of rising Australian dollar and potential import competition
- Operational improvement programme implemented early 2007 – \$25 million additional EBIT benefit progressively from 2008 to 2011

## Selected major contracts

Product	Expiry	Approx Annual Volume '000t
Quicklime	2009	50
	2011	500
	2014	150
Cement	2008	450
	2011	80
	2012	800

## Concrete and Aggregates

- Operations in Queensland, New South Wales and Victoria under the Hy-Tec brand
- Total output one million cubic metres of ready mixed concrete annually
- Growing reputation - CBD capabilities
- Service precast, civil projects, industrial, commercial, high rise and residential
- Improved margins delivered record EBIT performance in 2006
- Improved mix designs - use of alternate materials
- Experienced management with industry expertise
- Emerging aggregates position in NSW
  - Self sufficiency in New South Wales – Austen Quarry
  - Hurd Haulage Pty Ltd acquisition

## Austen Quarry



- 200 million tonnes aggregates potential reserves. 120 km west of Sydney
- Important future strategic supply of aggregates to the western Sydney market
- High quality aggregate
- Road base approval from the Roads and Traffic Authority in NSW
- Phase 2 – tertiary crushing and screening plant commissioned end 1Q 2007

## Concrete Products

- Number two position nationally in the concrete products market with C&M operations in New South Wales, South Australia and Victoria
- Plant upgrades completed and exceeding target benefits from production yields and manning
- Full product range production capability by state – concrete blocks, pavers, retaining walls, concrete bricks and segmental retaining walls
- Solid improvement in safety – bottom line benefit
- C&M well positioned for future market growth in New South Wales, Victoria and South Australia



## Outlook

- Adelaide Brighton has greater exposure to the growth resource, engineering and infrastructure sectors than its peers
- Forecast for 2007 is level cement demand and continued growth in lime from the resource sector
- 2007 pricing and operational improvement should cover inflationary cost increases
- Adelaide Brighton has high growth potential in both volume and margins in the lime business over the next five years
- Adelaide Brighton expects further growth in EBIT in 2007