

*Level 1  
157 Grenfell Street  
Adelaide SA 5000*

*GPO Box 2155  
Adelaide SA 5001*



*Adelaide Brighton Ltd  
ACN 007 596 018*

*Telephone (08) 8223 8000  
International +618 8223 8000  
Facsimile (08) 8215 0030  
[www.adbri.com.au](http://www.adbri.com.au)*

21 February 2008

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

Dear Sir/Madam

**RESULTS FOR YEAR ENDED 31 DECEMBER 2007**

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 year ended 31 December 2007.

Yours faithfully

**MRD Clayton**  
Company Secretary



**Adelaide Brighton Ltd**

**Result for the year ended  
31 December 2007**



**Mark Chellew  
Managing Director & CEO**

**21 February 2008**

## **Agenda**

---

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



Adelaide Brighton Ltd

## Overview

**Mark Chelley**  
Managing Director & CEO

2007 full year financial result



## Performance highlights - summary

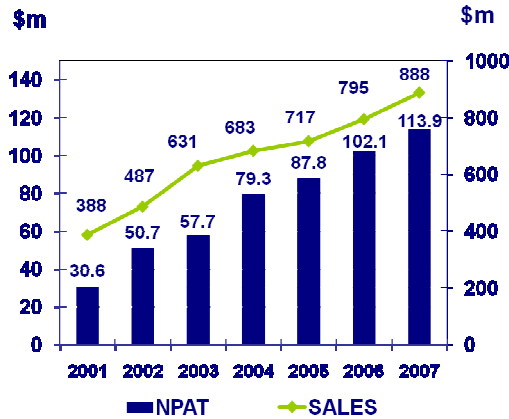
**Lime, cement and aggregates growth and improved operating performance drives a further record result**

\$m	2007	2006	% change
Sales	888.4	794.7	11.8
EBIT	171.3	148.8	15.1
NPAT	113.9	102.1	11.5
<b>Cents</b>			
EPS	21.0	18.8	11.7
Final dividend	9.0	7.5	20.0
Full year dividend	15.0	12.5	20.0
Special dividend	3.5	6.0	

2007 full year financial result



## Performance highlights: sales and earnings

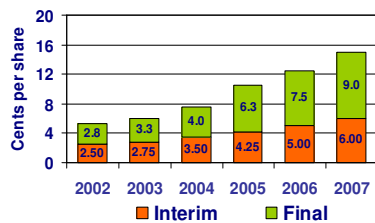


- Sixth year of continued sales and earnings growth
- Continued growth in ABL's cement and lime core markets
- Margins maintained despite key fuel and electricity inflationary pressures
- Cement and lime OIP first time contribution
- C&M Brick EBIT reversal: weak NSW market & one off costs

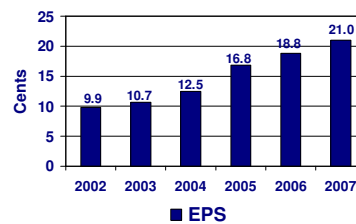
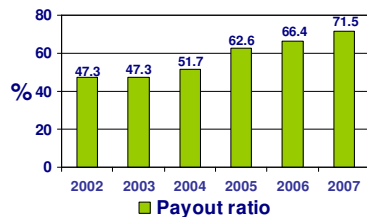
2007 full year financial result



## Performance highlights – shareholders returns



- Continued growth in underlying dividend
- 2007 15.0c, (20%) increase over 2006
- Payout ratio increased to 71.5%
- Full year 3.5c special dividend (6.0c pc)
- 30.6% in shareholder return in 2007
- 33.0% CAGR in TSR since 2001
- Sustained gross dividend yield



2007 full year financial result



## Key profit drivers

- Adelaide Brighton's geographic and industry spread in the construction and resource sectors
- Cement and Lime operational improvement programme
- Lime volume and margin growth from the Western Australian resource sector +300kt by end 2012 on 2007 base
- Successful management of rising fuel and energy costs
- Stable operating performance and improved output
- Additional flexible import supply contracts with hedged freight and material costs
- Improved Hy-Tec operating performance and record result
- Emerging aggregates volumes through Austen Quarry and Hurd Haulage
- C&M volume and contribution decline in New South Wales

2007 full year financial result



## Cement / concrete volumes and pricing

State	Volume	Price
NSW	Continued decline impacts C&M Brick, Hy-Tec and ICL	Concrete prices CPI+ increases
VIC	Continued robust demand from engineering and infrastructure	Cement prices holding - target 2008 Q1 increase Concrete prices CPI+ increases
QLD	Volume gains in Sunstate and Hy-Tec - strong market demand	Cement pricing delayed Q1 2008 increase Concrete prices CPI+ increases realised
SA	Robust residential and engineering increasing BHP off take	Price increases realised cover cost increases
WA	Softening residential but continued growth in resource and infrastructure sectors	Price increases realised cover cost increases

2007 full year financial result



## Lime volumes and pricing

State	Volume	Price
WA	Increasing in line with five year predictions 2007 +6.5% over pcp	+ 9% as short term contracts expire
SA	Level demand with growth potential	+ 5% recovering underlying inflation
NT	Strong resources demand covered by secondary supply from South Australia	+ 5% recovering underlying inflation

2007 full year financial result



## Strategy overview – vertical integration

- **Focused and relevant vertical integration**
  - **Downstream concrete – cement pull through**
    - Kancon, Port Mini Mix, Hastings (Jan 2008)
  - **Concrete products – long term growth in higher margin market sectors**
    - SA progress, NSW challenges market and new entrant
  - **Aggregates and sand – Austen Quarry plus future aligned acquisitions**
    - Austen earnings positive 2008
    - Hurd Haulage – north east NSW
    - Mawsons – north east VIC
  - **Geographic and market spread – balanced portfolio and leverage**

2007 full year financial result



## Strategy overview – lime development

- Lime earnings development
  - Resource sector growth +6.5% 2007
  - Projected volume increases of 295k tonne by 2012
  - OIP programme to increase Munster kiln output
  - Further potential for WA lime price increases over the next five years
  - Mataranka in Northern Territory at capacity
  - Feasibility study for \$40m kiln expansion to meet future Ranger demand
  - Angaston SA covering NT peak demand

2007 full year financial result

11 

## Lime demand – major projects

Project	'000t	2008	2009	2010	2011	2012	2013	2014	Total
Hismelt Stage 1	20								20
Alcoa Wagerup 3rd Train				30	45	20	20		115
Boddington Gold			10	5					15
BHP Ravensthorpe Nickel	15	10	15						40
Hismelt Stage 2								50	50
Worsley Expansion 2					50	10			60
Ranger			10	20					30
Tiwest			5						5
South Australian projects				5	10	15	20	30	80
<b>TOTAL</b>		<b>35</b>	<b>35</b>	<b>75</b>	<b>105</b>	<b>45</b>	<b>40</b>	<b>80</b>	<b>415</b>
<i>Incremental totals</i>			<i>70</i>	<i>145</i>	<i>250</i>	<i>295</i>	<i>335</i>	<i>415</i>	

2007 full year financial result

12 

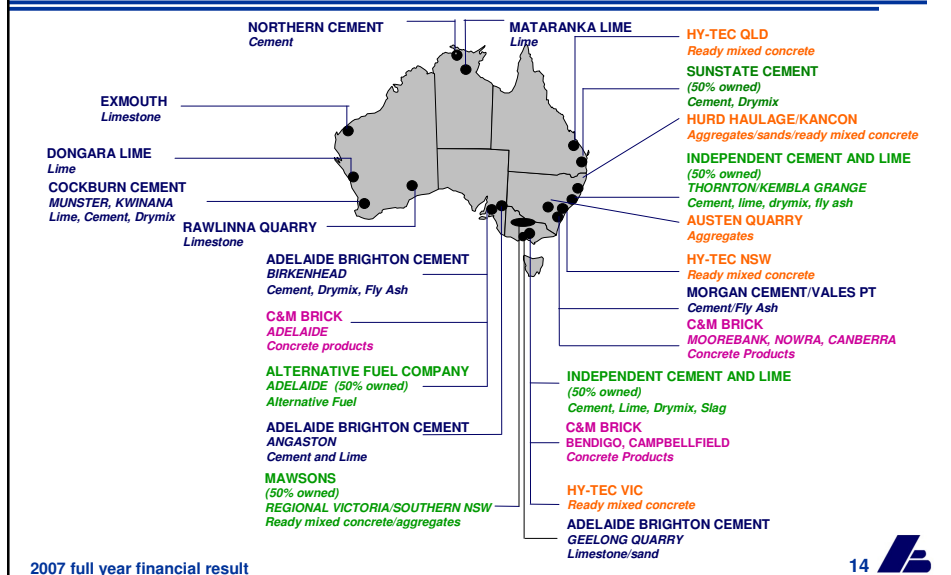
## Strategy overview – 2007 – 2011 operational improvement

- **Cement and lime**
  - \$2.5m cost down delivery in 2007
  - \$22.5m EBIT cement and lime improvement over the next four years
  - \$45m capital investment programme underway
  - Lime and cement reliability and process improvement plans in progress:
    - Raw material flow shellsand conveying
    - Lime kiln 5 and 6 cyclone build up
    - Coal firing Munster kiln 6 - feasibility to extend to cement kilns
  - Defers need for permanent switch of cement kilns to lime production until 2012
  - Maintains margins using own manufacture versus import

2007 full year financial result



## Adelaide Brighton's geographic spread



2007 full year financial result





## Divisional review

## Cement and Lime

**Stable operating performance and logistics supply expertise key in meeting increased market demand**

- **Sales and logistics**
  - **Increased cement sales volumes met by increase in cement mill output using clinker imports**
  - **Cement and lime price rises recover inflationary cost increases (fuel, electricity, materials & labour)**
  - **Lime volumes increase**
    - Resource sector expansion - alumina and steel
    - Loss of one 30kt account due to ore change
  - **Long term import clinker supply contract success**
    - Flexible supply to QLD, VIC, NT and WA
    - Additional long term clinker and slag supply contracts signed
    - Strength of AUS \$ has increased hedging horizon to 3 – 6 months
  - **WA and QLD port constraints continuing**

## Cement and Lime

### Key energy supply and pricing challenges managed

- **Operational performance**
  - Birkenhead output maintained at 1.3mt capacity
  - Lime output increased by 4.8%
  - Mataranka lime at capacity
  - Sunstate reaches capacity
  - ICL storage and Sunstate capacity expansions completed/underway
- **Cost inflation was a key challenge**
  - SA electricity prices rise by 40% (\$3.8m) despite peak price demand management
  - WA gas price rises by 10% (\$2.1m) - severe gas constraints
  - Munster \$19m coal mill investment commissioned 31 Dec 2007
  - Long term coal and rail freight contracts in place
- **Rising global clinker pricing and high freight costs drive up IPP**

2007 full year financial result

17 

## Concrete and Aggregates

### Record earnings due to QLD growth and materials cost optimisation and aggregates development

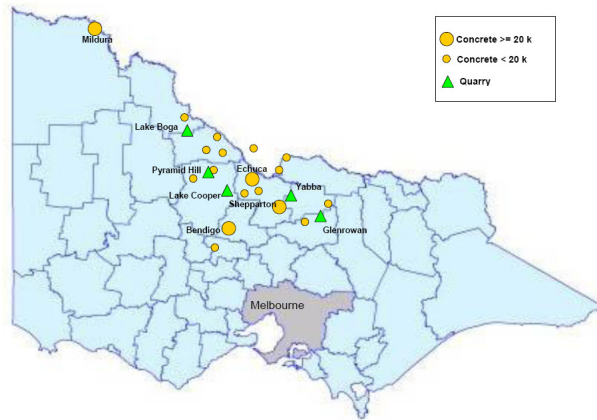
- **Sales and marketing**
  - NSW: continued market weakness though pricing discipline maintained
  - QLD: strong demand from buoyant market
  - VIC: limited sales price recovery
- **Operations**
  - Established Hy-Tec CBD capabilities
  - Mixer truck fleet optimisation
  - Lorry owner drivers deliver distribution efficiencies
  - Margin improvement – further improvement in mix designs
  - Aggregates growth in NSW - Austen Quarry, Hurd Haulage

2007 full year financial result

18 

## Mawsons operations

Acquired 50% mid December 2007. Established business with strong regional presence in Northern Victoria



2007 full year financial result

19 

## Concrete Products

NSW volume decline and one off costs depress EBIT

- **Sales and marketing**
  - NSW market weakness – sales volume and price decline
  - VIC first half weakness, second half improvement
  - SA buoyant on commercial and consumer demand
- **Operations**
  - NSW overcapacity actions underway to address fixed cost base
  - \$2.2m of restructuring costs impact 2007 performance
  - \$1.1m prior year inventory overvaluation corrected in 2007
  - Rationalised management structure will provide the base for 2008 performance recovery

2007 full year financial result

20 

## Quarry development

### Quarry development potential in a three to ten year horizon

- **Feasibility study on Exmouth lime JV quarry**
  - Limestone reserves in Exmouth WA
  - Potential to serve Gorgon field pipeline development
  - Modest (circa \$5m) potential for a three year EBIT stream
  - Loading and docking facility development a key outcome
  
- **Quarry end use**
  - Long term planning potential for Geelong quarry development (JV partner participation)
  - Clean fill remediation potential versus expensive cut and fill
  - Current legal dispute on the variation to contract price on the cost of the Geelong factory site demolition / remediation

## 2007 summary

- Adelaide Brighton continues to enhance its status as a leading producer of construction materials and lime
- Record result in 2007 as cement and lime volumes, pricing and operational improvements offset fundamental inflationary pressures
- Increased shareholder returns through increased dividend and share price growth
- Resource sector - lime demand increasing in line with projections and pricing targets being progressively realised
- Cement and lime plant performance excels at higher levels overall
- Successful actions taken to mitigate acute WA gas pricing and supply constraints
- Hy-Tec aggregates development underway



Adelaide Brighton Ltd

## Financial results

**Andrew Poulter**  
**Chief Financial Officer**

2007 full year financial result

23

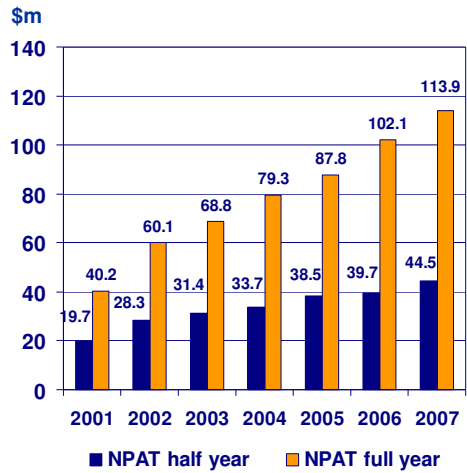
## Summary earnings

<b>Year to 31 December</b>	<b>2007 \$m</b>	<b>2006 \$m</b>	<b>Change %</b>
Sales revenue	888.4	794.7	11.8
EBITDA	223.9	201.0	11.4
EBIT	171.3	148.8	15.1
Net interest	(21.7)	(15.2)	(42.8)
Profit before tax	149.6	133.6	12.0
Tax expense	(35.7)	(31.0)	(15.6)
Net profit after tax	113.9	102.6	
Minority interest C&M	-	(0.5)	
Net profit attributable to members	113.9	102.1	11.5

2007 full year financial result

24

## Profit growth – half and full year

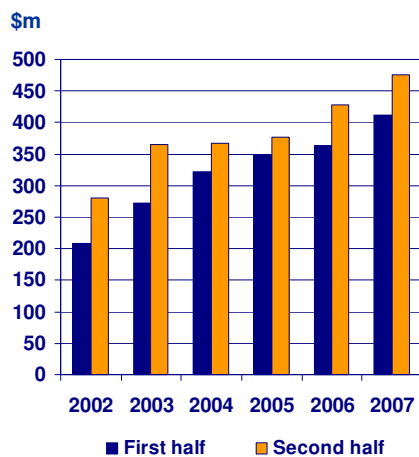


- Second half NPAT growth similar to first half
- 2007 maintenance +\$4.3m higher in H2 2007
- Offset by a \$2.9m increase R&D project claims over 2006

2007 full year financial result



## Half year sales growth



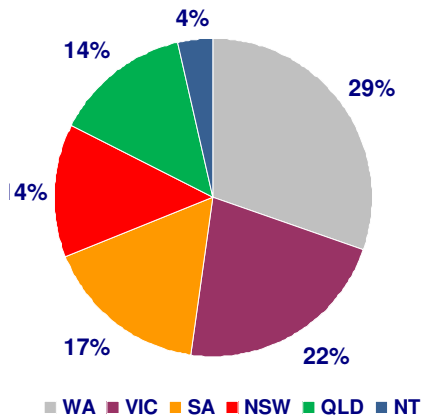
- Second half seasonality is still prevalent
- Benefit also from first half price increases
- Growth predominantly in lime and cement
- Austen Quarry internal sales (growth) not reflected in statutory accounts

2007 full year financial result



## Sales – geographical segmentation 2007

Sales by state including 50% of share through JV's



- WA continued growth in lime and cement
- QLD and VIC growth on market demand and JV partner pull through
- QLD sales equal NSW for the first time
- SA lower average growth rate

2007 full year financial result

27 

## C&M Brick

**NSW market weakness 2007 restructuring and one off costs acutely impact 2007 EBIT**

12 months ended 31 December	2007	2006	Variance %
<b>\$m</b>			
<b>Sales</b>	82.5	88.2	(6.5)
<b>EBITDA</b>	6.1	13.1	
<b>NPAT</b>	2.0	8.8	
<b>Profit margin</b>	2.4%	10.0%	
<b>Normalised EBIT*</b>	5.3	7.7	

\* For one off 2007 restructuring and prior year costs

2007 full year financial result

28 

## Joint venture: ICL and Sunstate Cement

**Sunstate Cement: 25% NPAT growth - sales volume and pricing  
ICL : 17% NPAT growth - sales volume**

ABL 50% Share	2007	2006	Variance
12 months ended 31 December			%
\$m			
Sales	209.0	185.2	12.9
EBITDA	38.5	31.6	21.8
NPAT	26.4	21.6	22.8
Profit margin	12.6%	11.6%	

2007 full year financial result



## Operating cash flow 2007

**Strong, stable operating cash flows  
Working capital under control - sales drive increase**

12 months to 31 December	2007	2006
\$m		
Net profit before tax	149.6	133.6
Depreciation	52.4	51.8
Income Tax	(44.5)	(34.2)
Change in working capital	(13.8)	(1.2)
JV equity profit less dividend received	(5.7)	(2.7)
Other provisions	2.4	(3.0)
Operating cash flow	\$140.4	\$144.3

2007 full year financial result



## Working capital

### Working capital control mitigated increases due to business growth

\$m	2007	2006	%
<b>Sales</b>	<b>888.4</b>	<b>794.7</b>	<b>+11.8%</b>
<b>Accounts receivable</b>	<b>128.8</b>	<b>119.7</b>	<b>+7.6%</b>
<b>Days sales outstanding</b>	<b>48.1</b>	<b>50.3</b>	
<b>Bad debt expense</b>	<b>(0.4)</b>	<b>(0.4)</b>	
<b>Inventories: Cement and Lime</b>	<b>54.4</b>	<b>53.8</b>	
<b>Concrete Products</b>	<b>23.0</b>	<b>24.8</b>	
<b>Concrete and Aggregates</b>	<b>6.9</b>	<b>2.2</b>	
<b>Total inventory</b>	<b>84.3</b>	<b>80.8</b>	<b>+4.3%</b>

2007 full year financial result

31 

## Free cash flow and net debt 2007

### Capital spend includes \$14.5m business assets, increased investments

12 months to 31 December \$m	2007	2006
<b>Operating cash flow</b>	<b>140.4</b>	<b>144.3</b>
<b>Capital expenditure</b>	<b>(81.1)</b>	<b>(81.5)</b>
<b>Proceeds on sale of fixed assets</b>	<b>1.8</b>	<b>2.4</b>
<b>Free cash flow</b>	<b>61.1</b>	<b>65.2</b>
<b>Investments and Joint Venture loans</b>	<b>(47.2)</b>	<b>(4.1)</b>
<b>Dividends paid</b>	<b>(106.0)</b>	<b>(61.2)</b>
<b>Debt assumed from acquisitions</b>	<b>(4.3)</b>	
<b>Net debt increase</b>	<b>(96.4)</b>	<b>(0.1)</b>

2007 full year financial result

32 

## Capital investment

### Increase in development and reduction in sustaining capital expenditure

<b>Capital expenditure</b>	<b>\$81.1m (2006 \$81.5m)</b>
<b>Less business asset acquisitions</b>	<b>\$14.5m</b>
<b>Underlying capital expenditure</b>	<b>\$66.6m</b>
– <b>Sustaining</b>	<b>\$30.2m</b>
– <b>Development</b>	<b>\$36.4m</b>
• Angaston kiln upgrade	
• Austen Quarry completion	
• Munster coal milling, handling and firing	
• Morgan Cement material handling and cement storage / despatch systems	
<b>Depreciation</b>	<b>\$52.4m (2006 \$51.8m)</b>

2007 full year financial result

33 

## Finance expense

### Increase in average net borrowings and interest rates 2006 Austen Quarry capitalisation effect

\$m	2007	2006
<b>Bank interest charged</b>	<b>23.1</b>	<b>17.3</b>
<b>Unwinding of discount on defined benefit super plan and remediation provisions</b>	<b>2.6</b>	<b>3.0</b>
<b>Interest capitalised on Austen Quarry</b>	<b>(0.1)</b>	<b>(2.4)</b>
<b>Exchange gains on forex contracts</b>	<b>(0.8)</b>	<b>-</b>
<b>Total finance expense</b>	<b>24.8</b>	<b>17.9</b>
<b>Interest income</b>	<b>(3.1)</b>	<b>(2.7)</b>
<b>Net finance expense</b>	<b>21.7</b>	<b>15.2</b>

2007 full year financial result

34 

## Borrowings and gearing

### Gearing at mid point of 40% – 60% range

		2007	2006
Net debt	(\$m)	323.3	226.9
Interest	(\$m)	(21.7)	(15.2)
Gearing - Net debt / equity		48.4%	33.6%
Net debt / EBITDA		1.4	1.1
Interest cover (EBIT)	(times)	7.9	8.4
Net tangible assets / share	(cents)	0.93	0.94
Return on capital employed		11.5%	11.4%

2007 full year financial result

35 



Adelaide Brighton Ltd

## Outlook

**Mark Chellew**  
**Managing Director & CEO**

2007 full year financial result

36 

## Outlook

---

- 2008 cement demand forecast - sustained at 2007 levels
- Further growth in lime
- Sales price increases targeted to recover inflationary cost pressures
- Acquisitions performing to plan – 2008 contribution
- First time contribution from Mawsons
- Cement and lime OIP delivery on target
- Further growth in earnings forecast for 2008
- ABL's fully franked dividend growth will be sustained by earnings growth and strong operating cash flows