

*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*

26 August 2004

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

Dear Sir/Madam

RESULT FOR THE HALF YEAR ENDED 30 JUNE 2004

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 2004.

Yours faithfully

MRD Clayton
Company Secretary



Adelaide Brighton Ltd

Half Year Result June 2004

26 August 2004



Adelaide Brighton Ltd

Overview

Mark Chellew
Managing Director



Agenda

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



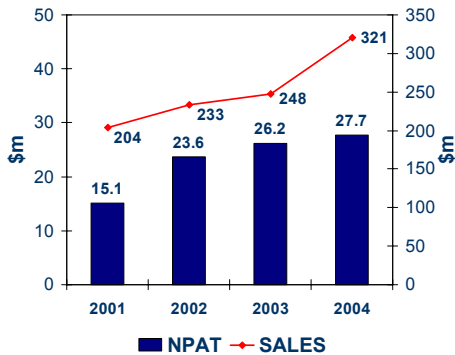
Performance highlights

- Net profit after tax increased to \$27.7m
- Increase in sales revenue of 21% resulting from strong demand for cement and concrete and incorporation of C&M
- Cement pricing level v 2003
- EBIT at \$44.6m includes first half earnings from C&M \$4.1m
- Earnings per share increased to 5.1 cents
- Interim dividend increased to 3.5 cents, franked to 100%



Sales and profit growth – half years to 2004

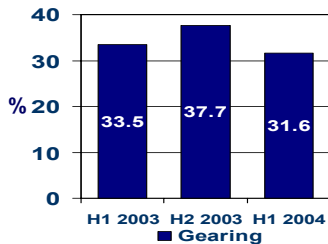
ABC Growth Half Years 2001 - 2004



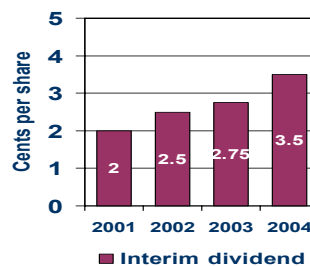
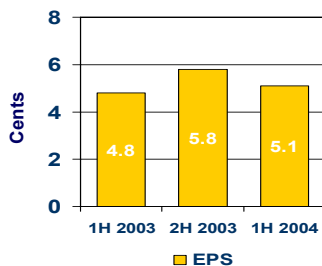
- Continued increases through both acquisitive and organic growth
- Underlying improvement in NPAT in 2004
- 2004 cement growth partially dependent upon lower margin imports



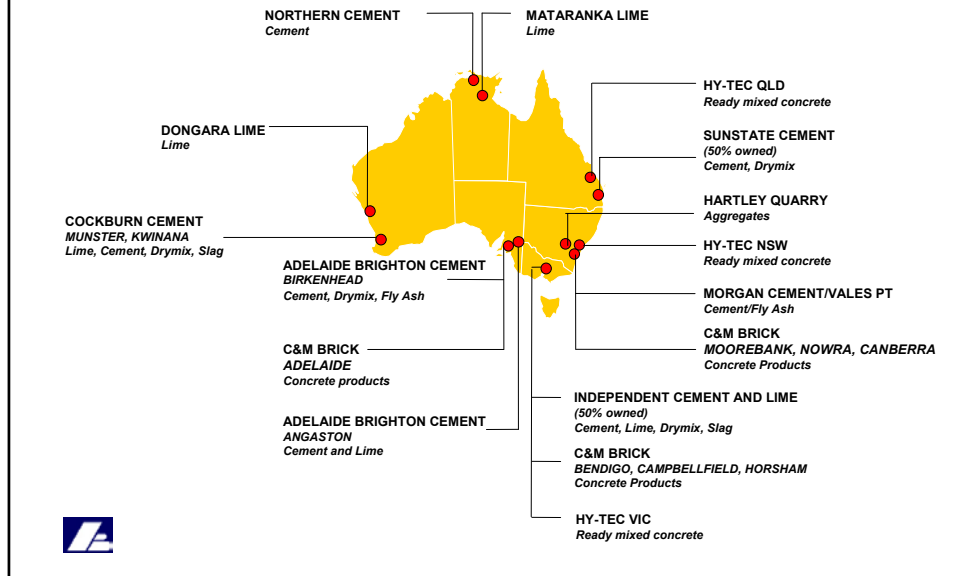
Performance highlights: shareholder returns



- Gearing 31.6% (net debt/equity)
- Strong balance sheet
- EPS increase to 5.1 cents, up 6.3%
- Continued increase in interim dividend



Strategy - Adelaide Brighton geographical spread



Strategy overview

- **Focused and relevant vertical integration**
 - Concrete, Aggregates, Concrete Products
- **Lime business development**
 - Alumina and mining sector growth
- **Operational improvement & cost reduction**
 - Alternative fuels programme

Strategy: Vertical integration

- **Strategic positioning improved through downstream acquisitions in concrete masonry products**
- **Backward integration into aggregates**
- **Growth sectors**
 - Queensland & New South Wales markets
 - Renovations
 - Infrastructure, mining, construction activity



Strategy: Lime business development

- **Steady demand and growth from resource sector**
- **Hismelt steel, Telfer gold mine contracts**
- **Continuous monitoring of potential opportunities to develop our lime business**
- **Mining developments provide medium term opportunities**
- **Capacity improvements through process optimisation**
 - +200kt target increase



Strategy: Cost reduction & performance improvement

- **Cement and Lime**
 - Alternative fuel delays - JV negotiations uncertainty re Boral bid
 - JV formed with Resourceco in June 2004
 - Alternative fuels now positioned as the future key driver
 - 10% substitution Birkenhead 2004 - target 33%
- **C&M**
 - Plant investment to upgrade & optimise production
 - Former Rocla business combination under C&M brand
- **Hy-Tec Concrete**
 - Plant structure rationalisation
 - Systems and support overhead reduction potential



Strategy: Alternative fuels & raw materials

- **Birkenhead**
 - Black sand
 - Demolition wood
 - Carbon powder
- **Annualised savings target \$8m over 2001 base**
- **JV - Alternative Fuel Company Pty Ltd**
- **Overall alternative fuel usage - wood and powder**
 - 4 tph in pilot phase, target 6 tph H2 2004
 - 16 tph in full scale, 33% substitution Q2 2005
- **Environmental improvements at Munster base for future Western Australia permits**





Adelaide Brighton Ltd

Financial Results

Andrew Poulter
Chief Financial Officer



13

Half Year Result June 2004

Summary earnings

6 months ended 30 June	2004	2003	Change
A\$m			%
Sales Revenue	330.4	272.5	21.2
EBITDA	73.6	70.8	3.9
EBIT	44.6	43.9	1.6
Net interest	(6.2)	(5.7)	(9.2)
Profit before tax	38.4	38.2	0.5
Tax expense	(10.1)	(12.0)	15.8
Net profit after tax	28.3	26.2	7.9
Minority interest	(0.5)	(0.0)	
Net profit attributable to Members	27.7	26.2	6.2
EPS cents	5.1	4.8	6.3
DPS cents – (franking %)	3.5 (100%)	2.75 (60%)	27.2



14

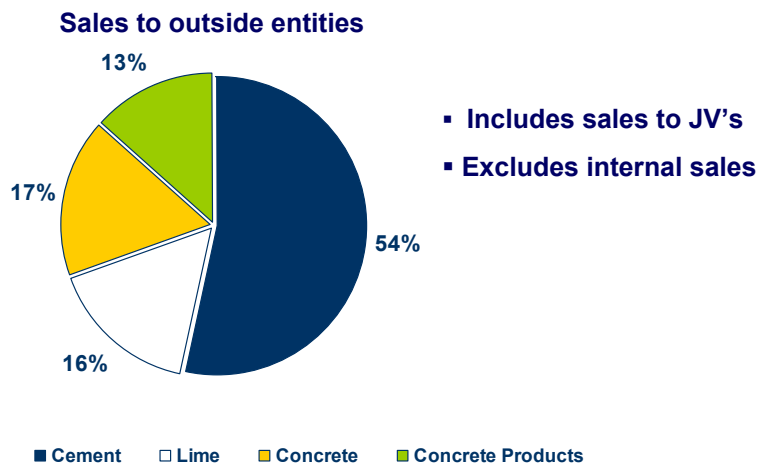
Half Year Result June 2004

Key EBIT variances June 30 : Underlying improvement

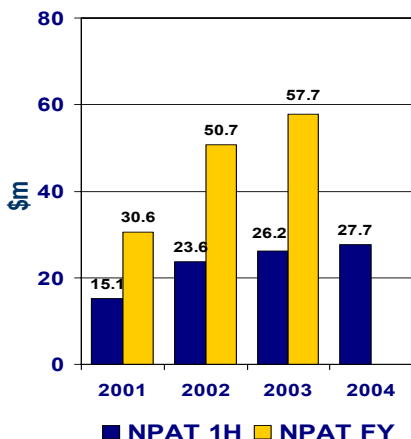
	\$m
EBIT June 2004	44.6
Add:	
Boral bid costs	3.1
Maintenance costs	6.2
Import freight and logistics	2.3
	56.2
Less:	
Sale of Pavement Technology	(1.5)
C&M EBIT first time contribution	(4.1)
Underlying June 2004 EBIT	50.6
EBIT June 2003	43.9
Underlying % improvement	15.3%



Turnover segmentation to June 2004



Profit growth – half years to 2004



- Seasonality due to the timing of maintenance programmes
- Sales seasonality for cement and concrete products
- First time \$4.1m EBIT contribution from C&M
- One off costs and benefits key to understand underlying profitability
- NPAT benefit from lower accounting tax charge



Performance measures

6 months ended June (\$m)	June 04	June 03
Sales	330.4	272.5
Gross profit	64.0	62.9
Administration	25.0	21.0
NOPAT	28.3	26.2
Minority interest	(0.5)	-
Net profit to members	27.7	26.2
Net assets	585.6	575.6
Gross profit margin	19.4%	23.0%
Return on net assets (rolling 12 month)	10.1%	9.6%



Joint Venture performance: volume driven improvement

6 months ended June (\$m)	June 04	June 03
Sales	77.7	64.7
EBITDA	12.9	7.9
NPAT	7.5	5.2
Net ABL investment	47.3	42.7
Profit margin	15.9%	8.0%
Return on investment (rolling 12 month)	43.4%	40.1%



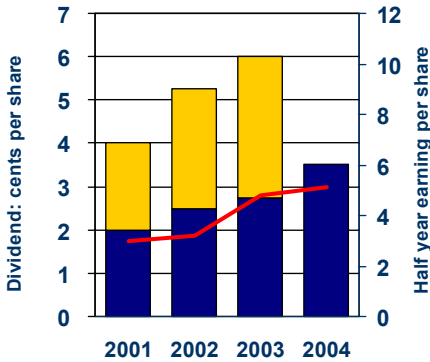
Tax and interest

- **Tax expense \$10.1m (\$12.0m)**
 - Effective rate 27%
 - Close out prior year position
- **Interest \$6.2m (\$5.7m)**
 - Higher average level of borrowing resulted in increased interest charges
- **Tax Consolidation for 2004**
 - Simplifies tax filing
 - Significant potential to increase tax asset base
 - Possible increase in tax depreciation & lower future tax charge
 - Revaluations completed in May
 - Note 'technical' contingent tax liability \$20m



Earnings and Dividend per share

■ Interim dividend ■ Final dividend
 — Half year EPS

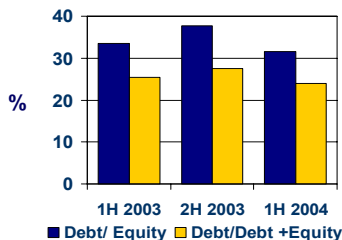
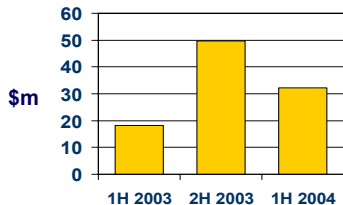


- Consistent increase
- Pay out ratio maintained
- Fully franked



Free cash flow and gearing: a strong balance sheet

■ Free Cash Flow



- Cash flow from operations \$56.3m (pcp 2003 \$50.3m)
- Increase in free cash flow to \$32.3m (2003 \$18.3)
- Interest cover 7.2 times v 7.7 times in 2003
- Accounting gearing reduced to 31.6% (2003 33.5%)
- Enterprise gearing reduced to 24.0% (2003 25.4)



Cash flow to 30 June 2004

6 months (\$m)	June 04	June 03
Cash flow from operations	56.5	50.1
Capital expenditure	(24.5)	(32.2)
Proceeds from asset sales	0.3	0.2
Free cash flow	32.3	18.1
Acquisitions	(0.5)	(6.2)
Equity raising	-	-
Dividends paid	-	(14.9)
Net debt inflow (outflow)	32.8	(3.0)



Capital investment

- **Capital expenditure \$24.5m (2003 \$32.2m)**
 - Birkenhead burner management system
 - Angaston raw materials & dispatch
 - C&M Nowra plant and former Rocla plant upgrades
- **Reduction achieved through tight controls**
- **Depreciation \$23.9 (2003 \$22.2m)**
- **Planned investments H2**
 - Birkenhead alternative fuels handling
 - C&M Adelaide plant upgrade
 - Munster environmental programme
 - Jetty & reclaimer upgrade of Woodman Point in WA



Balance sheet: Borrowings & Gearing

		June 04	June 03
Net debt	(\$m)	185.1	184.9
Interest	(\$m)	(6.2)	(5.7)
Gearing - Net debt/equity		31.6%	33.5%
Gearing- Net debt / debt + equity		24.0%	25.4%
Interest cover EBIT	(times)	7.2	7.7
NTA/share	(cents)	\$0.78	\$0.72



Adelaide Brighton Ltd

Divisional Review

Mark Chellew

Managing Director



Adelaide Brighton

- **A significant employer in all mainland states**
- **The only national cement supplier**
- **1,365 employees**
- **Building linkages between four divisions**
 - **Cement and Lime**
 - **Concrete**
 - **Concrete products**
 - **Aggregates and materials**
- **Development of core safety culture and systems**



Cement demand

- **Continued strong demand in New South Wales and South Australia**
- **Improved demand in Western Australia and Queensland**
- **Demand from Victoria maintained**
- **Increased sales of backfill binder cements to mining industry in Southern and Western Australia**
- **Level cement prices 2004 v 2003**
- **Strong performance from JV's; ICL and Sunstate Cement**
- **Increased cement and clinker imports principally for JV's**



Cement operations

- All manufacturing plants operating at capacity
- Increased clinker production achieved through capital investment - optimising plant efficiencies
- 5% improvement in clinker output versus 2003
- 2004 - record single monthly outputs achieved for both Birkenhead & Munster
- Higher maintenance costs in the first half due to timing of annual shutdowns
- Higher freight costs for imports borne by ABL
 - logistics pressures – shipping availability
 - tightening of incremental import availability - cement and clinker



Lime

- Level demand first half awaiting Hlsmelt & Telfer
- Underlying strong demand continues from mining and resource sectors
- Capital investment used to remove known bottlenecks at Munster to increase capacity
- Upgrade to Woodman Point jetty & reclaimer to allow outsourcing of dredging
- Environmental investment programme 2004 – 06 kiln 5 ESP and clinker handling



Lime use

- **Core commodity, its many uses form the base for future demand:**
 - **Stabilisation: road surfaces sub soil binder & workability**
 - **Water treatment: hardness reduction & sewage treatment**
 - **Steel production: flux combines with impurities to form slag**
 - **Metallurgical process: copper, alumina, magnesium, gold**
 - **Building and construction: mortars, plaster**
- **An important balance to ABL product portfolio**



Concrete

- **Steady progress in all markets**
- **Sales price gains offset by increased sand and aggregate prices**
- **Mascot and North Melbourne plants are now quality, scale suppliers to commercial & CBD sectors**
- **Hy-Tec meeting strategic objectives**
 - **Cement pull through in Victoria**
 - **NSW & QLD market growth**
- **Queensland performance exceeding expectations**

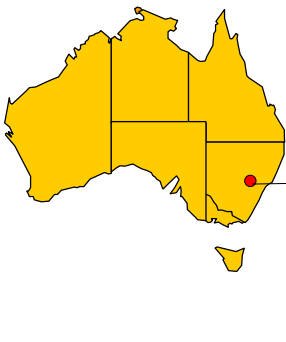


Concrete masonry products

- C&M first half 2004 EBIT contribution in line with acquisition assumptions
- Operational performance upgrades of former Rocla plants either complete or in progress
- Nowra NSW plant commissioned in July 2004
- Adelaide plant major upgrade underway
- C&M product range now distributed from all locations
- New product development programme ongoing - key to sector growth



Aggregates and recycling



HARTLEY QUARRY
Aggregate reserves

- Hartley Quarry estimated 200 million tonnes reserves
- Final stages of design and planning for build commissioning of Hartley Quarry
- Strategic sand reserves in WA – currently considering market entry methodology
- Alternative Fuel Company JV with Resourceco in SA





Adelaide Brighton Ltd

Outlook



35

Half Year Result June 2004

Outlook - Market

- **Cement demand expected to continue at current robust levels for next two years**
- **Demand from commercial, engineering and infrastructure sectors expected to offset downturn in residential sector**
- **Import availability will continue to tighten & prices strengthen**
- **Cement price increases in all regions \$5 - \$10 effective Q3 2004**
- **Scope for further price increase in 2005**
- **Forward demand for lime encouraging - mining and resource sector demand expected to show steady growth**



36

Half Year Result June 2004

Outlook – performance & profitability

- Confidence in second half volume demand
- Plant maintenance programmes largely complete
- Cement pricing benefit from Q4 increases
- Full year on track to meet recent consensus NPAT of \$62-\$66m
- Further continued improvement projected for 2005



37

Half Year Result June 2004



Adelaide Brighton Ltd

Half Year Result June 2004

26 August 2004