

*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)*

22 February 2007

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

Dear Sir/Madam

**RESULTS FOR YEAR ENDED 31 DECEMBER 2006**

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 2006.

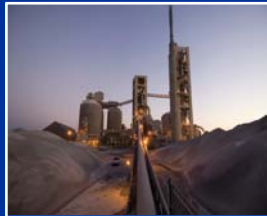
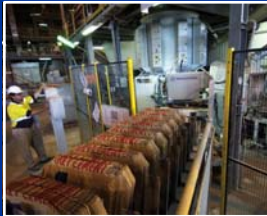
Yours faithfully

**MRD Clayton**  
Company Secretary



**Adelaide Brighton Ltd**

## **Results for the year ended 31 December 2006**



## **Agenda**

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





Adelaide Brighton Ltd

## Overview

**Mark Chellew**  
**Managing Director**

2006 Full year results

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## Performance highlights - earnings

**Record result driven by a strong second half sales and operational performance**

Sales	\$791.2m	+ 10.3%	Increased demand from WA , QLD and NT - stable SA & VIC. Positive sales pricing
EBITDA	\$200.6m	+ 10.8%	EBITDA margin level at 25.3%
EBIT	\$148.8m	+ 11.0%	
EBIT Margin	18.8%	+ 0.6%	Sales price and operational improvements fully recover cost increases
NPAT	\$102.1m	+ 12.3%	Includes \$4.1m one off credit for tax consolidation and Premier Resources carried forward losses

2006 Full year results

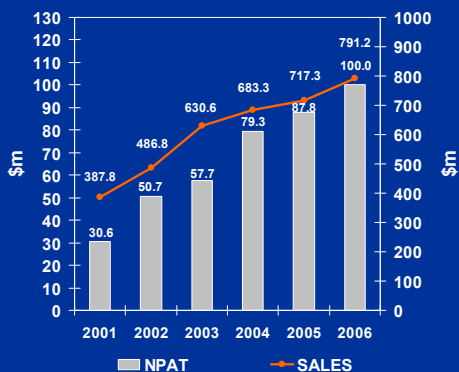
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## Performance highlights - sales and earnings

### Strong NPAT growth - pre tax consolidation benefits



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

2006 Full year results

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Adelaide Brighton Ltd

## Performance highlights – shareholder returns

42.6% increase in effective shareholder return in 2006\*

29.4% CAGR in shareholder return since 2001

	2006	2005	% increase
Final dividend (cents)	7.5	6.25	+ 20.0
Total dividend (cents)	12.5	10.5	+ 19.0
Special dividend (cents)	6.0		
Gross dividend yield at \$2.81 (December closing) (%)	9.4	6.8	
Earnings per share (cents)	18.8	16.8	+ 11.9

\* Based on dividends declared and share price at 31 Dec

2006 Full year results

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## Strategy overview – vertical integration

- **Focused and relevant vertical integration**
  - Downstream concrete – cement pull through
  - Concrete products – long term growth in higher margin market sectors
  - Aggregates and sand – Austen Quarry plus future aligned acquisitions
    - Earnings negative until 2008
    - Hy-Tec NSW aggregates now self sufficient
    - Contract secondary crushing until Q2 2007
    - Rising aggregate prices will enhance future earnings
  - Geographic and market spread – balanced portfolio and leverage

## Strategy overview – lime development

- **Lime earnings development**
  - Alumina, steel, gold and other resources sector growth
  - Rawlinna limestone quarry acquisition from Loongana in WA
  - Projected volume increases of 320k tonne by 2012
  - Potential for WA lime price increases over the next five years
  - Estimated differential between current average lime pricing of:
    - \$40/tonne for potential locally manufactured lime using imported limestone and
    - Up to \$75/tonne for small shipments of imported bagged lime
  - Margin improvement required to sustain longer term investment in lime manufacture

## 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>			<b>98</b>	<b>118</b>	<b>198</b>	<b>286</b>	<b>326</b>			

2006 Full year results

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## Strategy overview – 2007 – 2011 operational improvement

- **Cement and lime - plant capacity increases**
  - \$25m EBIT cement and lime improvement over the next four years
  - \$45m capital investment includes important environmental advances
  - Lime and cement reliability and process improvement plans now in place
    - Instigated from a comprehensive kiln & mill benchmarking exercise
    - Substantiated by specific measurable capacity improvement projects
  - Defers need to switch cement kilns to lime production until 2012
  - Maintains margins using own manufacture versus imports
  - Complemented by “Cost down/cost compression” programme

2006 Full year results

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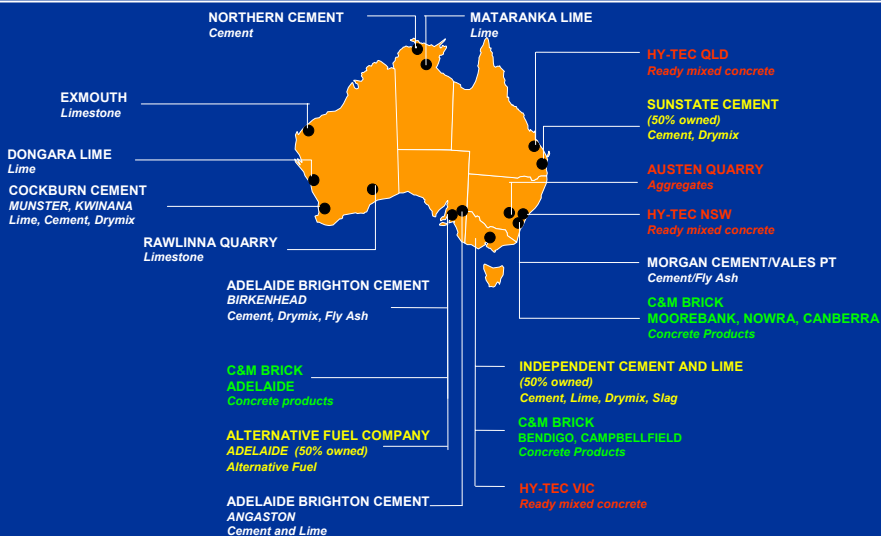
  
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## Strategy overview – 2007 – 2011 operational improvement

- **C&M Brick – plant upgrades and product development**
  - Plant upgrades complete - 2006 margin improvement
  - Successful new products - grow concrete products market segment
  - Limited exposure to new grey block market entrants
- **Hy-Tec concrete – distribution and mix design**
  - Mixer fleet optimisation - increased distribution efficiency
  - Enhanced concrete mix designs - delivering improved margins and quality
  - Hy-Tec VIC raw materials cartage - investment returns realised



## Strategy overview Adelaide Brighton's geographical spread



## 2006 Cement volumes and pricing

State	Volume	Price
NSW	Market at bottom of cycle - impacts C&M, Hy-Tec and ICL	Positive pricing in C&M and Hy-Tec
VIC	Continued robust demand	Limited price improvement
QLD	Volume improvement on increased demand – Sunstate & Hy-Tec	Price increases recover input costs
SA	Robust residential & engineering, reduced Olympic Dam backfill binder off-take	Price increases cover CPI +
WA	Continued strong growth in all sectors - resources, engineering infrastructure and residential	Price increases cover CPI +

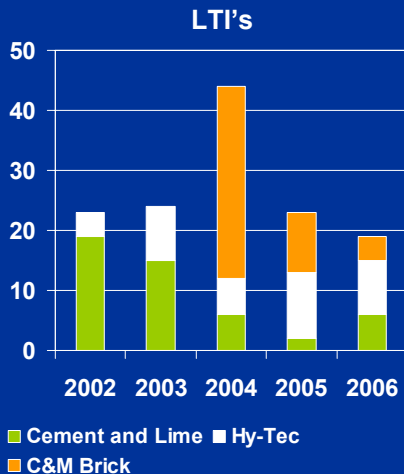
## Lime volumes and pricing

State	Volume	Price
WA	Alumina - second half recovery Non Alumina - HISmelt improving Goldfield demand from Kalgoorlie Loongana Lime Pty Ltd exit market	At inflation linked to cost recoveries
SA	Increase from Olympic Dam	At contractual pricing
NT	Increased demand from resource sector	At inflationary levels



## Divisional Review

## Divisional review: safety performance



- Overall reduction
- C&M and Hy-Tec progress
- Now delivering real EBIT benefit
- ABL systems embedded
- Effective return to work management
- Cultural change developing



## Divisional review: Cement and Lime

### Increased sales volumes and pricing deliver improved EBIT

- **Sales and logistics**
  - Increased cement sales volumes met by increased WA production plus imports
  - Cement price rises recovered inflationary cost increases (fuel, electricity, materials & labour)
  - Lime volumes increase
    - Resource sector expansion - alumina & steel
    - Market exit of Loongana Lime - new customer base
  - Long term import clinker supply contract success
    - Flexible supply to QLD, NT, NSW & WA
    - Effective hedge against shipping rate increases



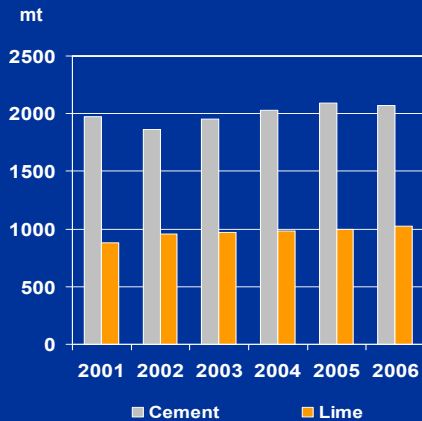
## Divisional review: Cement and Lime

### Improved operating performance delivers record cement and lime production

- **Operational Performance**
  - Birkenhead output maintained at 1.3mt capacity
  - Munster No. 5 lime kiln refurbishment
  - Munster clinker output increased
  - Angaston record cement outputs - Brightonlite and speciality cements
  - WA gas price rises at over double CPI
    - Gas supply constraints
    - Coal substitution to meet energy needs
- **Environmental improvement**
  - Birkenhead 3 year plan advanced clinker transport and raw material storage and handling
  - Munster shellsand wash plant design commenced
  - Local community liaison further developed

## Divisional review: Production

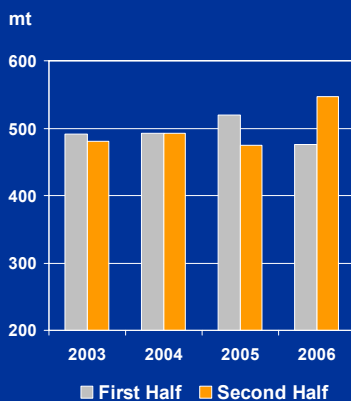
### Sustained clinker and increased lime output



- Clinker output complemented by increased imports
- Lime output increased – met market demand

## Divisional review: Lime output

### Increased second half output meets higher market demand



- Production output met increased second half demand
- Maintenance work brought forward into first half
- Maintenance costs lower in second half
- Coal use mitigates gas supply constraint

# Divisional review – Concrete and Aggregates

## Hy-Tec – improved margins deliver record EBIT performance

- Sales and marketing
  - NSW: continued market weakness though pricing discipline maintained
  - QLD: improved demand v 2005 (Q1 weather)
  - VIC: limited sales price recovery
- Operations
  - Growing reputation - Hy-Tec CBD capabilities
  - Enhanced management experience and expertise
  - Centralised business systems - improved management information and quality control
  - Real distribution efficiencies
    - Mixer truck utilisation and LOD fleet balance
    - Hy-Tec VIC - raw materials cartage brought in-house
  - Margin improvement - improved mix designs
  - Aggregates self sufficiency in NSW - Austen Quarry



# Divisional review – Concrete Products

## C&M delivers a \$5.8m EBIT recovery through performance improvement

- Sales & Marketing
  - NSW, VIC & SA market weakness – sales volume decline
  - Pricing maintained with some sector improvement
  - Full product range production capability by state
  - Intra state distribution costs substantially reduced
  - Campbellfield 'wet cast' product range rationalised
- Operations
  - Operational improvement underpins a \$5.8m EBIT recovery
  - Plant upgrades completed and exceeding target benefits from production yields and manning
  - Continued improvement in safety – bottom line benefit



C&M well positioned for future market growth in NSW, VIC and SA

## 2006 Summary

- Adelaide Brighton has enhanced its status as a leading producer of construction materials and lime
- Record result as cement and lime volumes, pricing and operational improvements offset fundamental inflationary pressures
- Increased shareholder returns through increased dividend and share price
- Resource sector - lime demand increasing
- Cement and lime plant performance excels at higher levels overall
- Successful actions taken to mitigate acute WA gas pricing and supply constraints
- Hy-Tec and C&M Brick operational improvements deliver



Adelaide Brighton Ltd

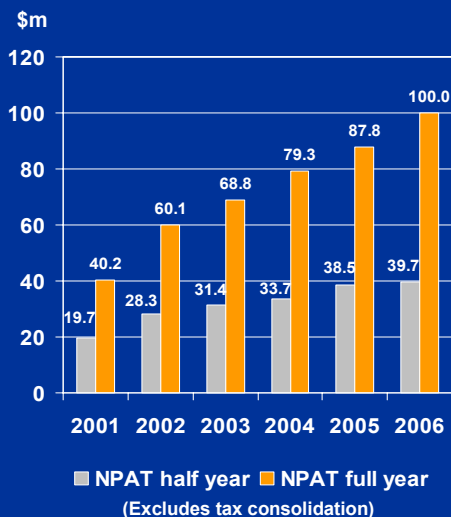
## Financial Results

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

## Summary Earnings

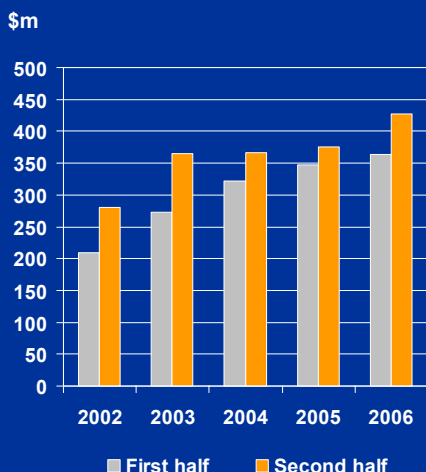
Year to 31 December	2006 \$m	2005 \$m	Change %
Sales revenue	791.2	717.3	10.3
EBITDA	200.6	181.1	10.8
EBIT	148.8	134.1	11.0
Net interest	(15.2)	(14.0)	8.6
Profit before tax	133.6	120.1	11.2
Tax expense	(33.1)	(32.3)	2.5
Net profit after tax pre tax consolidation	100.5	87.8	13.9
Minority interest C&M	(0.5)	-	
Tax consolidation benefit	2.1	3.1	
Net profit attributable to members	102.1	90.9	12.3

## Profit growth – half and full year



- 2006 first half suppressed by completion of all major maintenance by end May
- Successful completion provided sound successful base for second half performance
- Increased cement and lime volumes in second half also underpinned the result

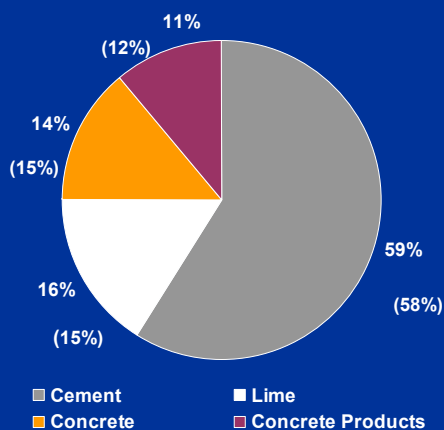
## Half year sales growth



- 2003 second half C&M Rocla acquisition
- Steady first half growth from 2004
- Relatively stable second half sales until 2006
- Strong second half 2006 cement and lime demand

## Sales - product segmentation 2006

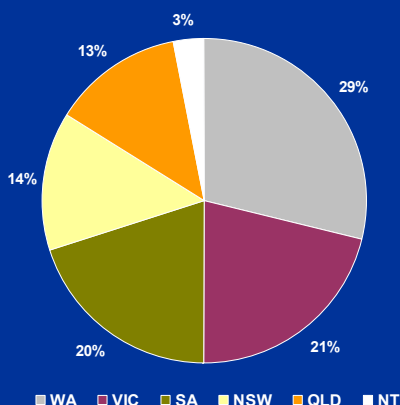
### Sales to outside entities and to JV's



- Increase in cement share
- WA residential engineering & resource sector strength
- Lime demand increased
- Concrete products NSW & VIC weakness partly offset by positive pricing
- Concrete QLD increase offsets other regional weaknesses

## Sales - geographical segmentation 2006

Sales by state including share through JV's



- Balanced geographical spread
- WA sector increase by 2% over pcp
- Sunstate growth close to NSW
- NSW base placed to benefit from market upturn

## Joint ventures: ICL and Sunstate

- Sunstate improvement – sales volume & pricing
- ICL level - sales improvement offset by higher cement costs

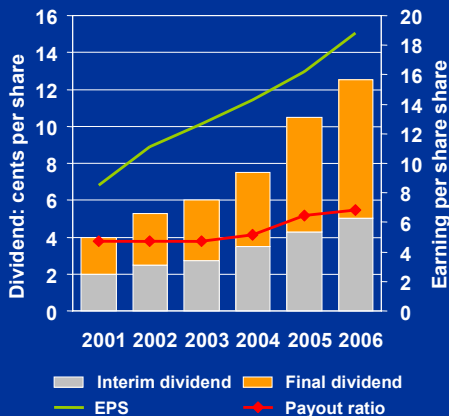
ABL 50% Share Year ended 31 December (\$m)	2006	2005	Variance %
Sales	185.2	169.7	9.1
EBITDA	31.6	28.9	9.3
NPAT	21.5	19.6	9.7
Net ABL investment	58.1	52.6	10.4
Net profit margin	11.6%	11.5%	

# C&M Earnings

Earnings improvement driven by operational performance  
Sales price increase recovers raw material cost increases

Year to 31 December	2006 \$m	2005 \$m	Change %
Sales revenue	88.2	91.2	(3.3)
EBITDA	13.1	7.3	79.5
EBIT	8.8	3.0	193.3
EBIT Margin	10.0%	3.3%	

# Earnings and dividend per share



- Continued dividend growth
- Consistent increase in EPS
- Payout ratio increased to 66.4%, middle of 65% - 75% target range
- 6.0 cents per share special dividend equates to near 100% payout ratio for 2006

## Cash flow 2006

**Strong operating cash flow - \$20.9m increase**

Year to 31 December \$m	2006	2005
Net profit before tax	133.6	120.1
Depreciation	51.8	47.0
Income Tax	(34.2)	(28.0)
Change in working capital	(1.2)	(16.3)
Movements in tax balances	(0.6)	1.1
JV equity profit less dividend received	(2.7)	(2.4)
Other provisions movement	(2.4)	1.9
<b>Operating cash flow</b>	<b>144.3</b>	<b>123.4</b>

## Cash flow 2006

**Borrowings level at \$226.9m**

- \$41.7m increase in free cash flow over 2005
- \$21.2m lower capital expenditure
- \$15.4m increase in dividends paid

Year to 31 December \$m	2006	2005
Operating cash flow	144.3	123.4
Capital expenditure	(81.5)	(102.7)
Proceeds on sale of fixed assets	2.4	2.9
<b>Free cash flow</b>	<b>65.2</b>	<b>23.6</b>
Investments and JV loans	(4.1)	(9.5)
Dividends paid	(61.2)	(45.8)
<b>Net debt increase</b>	<b>(0.1)</b>	<b>(31.7)</b>

## Capital investment

- Capital expenditure \$81.5m (2005 \$102.7m)
  - Austen Quarry phase 1 & 2
  - Rawlinna limestone quarry acquisition
  - Angaston kilns 1 & 3 upgrade
  - Munster lime kiln 5 cyclones
  - Hy-Tec VIC raw material distribution
  - Birkenhead clinker and raw material handling
  - Birkenhead kiln major components
  - *Accolade II* refit - 3 year maritime certificate
  - Woodman Point shellsand wash plant
- Underlying sustaining expenditure \$43.7m
- Depreciation \$51.8m (2005 \$47.0m)
  - % Sustaining / Depreciation 84.4%
- 2007 Capital Expenditure pre acquisitions \$70.0m

## Balance sheet: borrowings and gearing

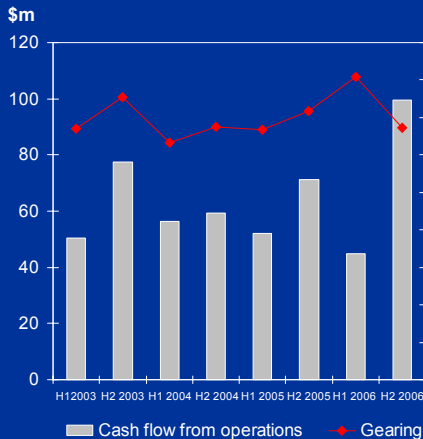
- Net debt comfortably within \$340m facilities
- Gearing\* below ABL 40% – 60% target range

		2006	2005
Net debt	(\$m)	226.9	226.8
Interest	(\$m)	(15.2)	(14.0)
Gearing - Net debt / equity		33.6%	35.8%
Gearing - Net debt / debt + equity		25.2%	26.4%
Net debt / EBITDA		1.1	1.3
Interest cover (EBIT)	(times)	9.8	9.6
Net tangible assets / share	(cents)	\$0.94	\$0.87

\* Net debt to equity

# Free cash flow and gearing

- Strong second half cash flows



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

# Taxation

- Tax expense before tax consolidation benefits \$33.1m (\$32.3m)
- \$4.1m of non recurring tax benefit in 2006
- Effective rate 23.2% (26.9%)

2006 Reconciliation	\$m	Rate %
Base charge / % rate	(40.1)	30.0
Sunstate dividend franking credits	4.4	3.3
R&D tax benefits	0.6	0.5
Premier loss benefits and non recurring adj	2.0	1.4
Tax consolidation benefits	2.1	1.6
<b>Tax expense / effective rate</b>	<b>(31.0)</b>	<b>23.2</b>



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## Outlook

**Mark Chellew**  
**Managing Director**

## Outlook - Market

- **ABL has greater exposure to the growth resource, engineering and infrastructure sectors than its peers**
- **Forecast for 2007 is level cement demand and growth in lime from the resource sector**
- **2007 pricing should recover inflationary cost increases**
- **ABL has high growth prospects in both volume and margin growth in the lime business over the next five years**
- **ABL expects further growth in EBIT in 2007**



## Outlook - Performance

- **Cement and Lime operational improvement programme**
  - Planning completed 2006, programme launch in 2007
  - Will deliver \$25m annual EBIT benefit, progressively from 2008 to 2011
- **Hy-Tec will continue to make operational progress in NSW, QLD and VIC and is poised for NSW market growth**
- **C&M Brick well placed for future market recovery in NSW and VIC from a lean operating base**
- **ABL's fully franked dividend growth will be sustained by strong operating cash flows and tightly controlled capital expenditure**

**Adelaide Brighton is a leading Australian integrated construction materials and lime producing company heavily focussed on the growing resources, engineering and infrastructure sectors.**

**Adelaide Brighton is well positioned to supply all mainland states from its home manufacturing base complemented by long term supply contracts for imported clinker and cementitious materials.**