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Adelaide Brighton Ltd
ACN 007 596 018

18 August 2011

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

Dear Sir/Madam

Adelaide Brighton half year report June 2011 –media statement

We attach a media statement covering the half year report to June 2011 for release to the market.

Yours faithfully

MRD Clayton
Company Secretary

FOR INFORMATION: MS LUBA ALEXANDER
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MEDIA STATEMENT

18 August 2011

Adelaide Brighton announces June 2011 half year net profit of $61.5 million
Interim ordinary dividend 7.5 cents per share

- REVENUE: $507.9 MILLION – DOWN 2.2% ON PREVIOUS CORRESPONDING PERIOD (PCP)
- EBIT: $92.4 MILLION – DOWN 6.4%
- PROFIT BEFORE TAX: $84.5 MILLION – DOWN 8.3%
- NET PROFIT ATTRIBUTABLE TO MEMBERS: $61.5 MILLION, DOWN 10.6%
- INTERIM ORDINARY DIVIDEND: 7.5 CENTS, FULLY FRANKED, PAYABLE 10 OCTOBER 2011
- EPS: 9.7 CENTS, 10.2% LOWER THAN PCP
- OPERATING CASH FLOW: $50.0 MILLION, DOWN $19.9 MILLION
- NET DEBT: $220.6 MILLION ($180.9 MILLION IN PCP)
- GEARING: 23.9% (19.8% PCP)

In line with earlier guidance to the Australian Securities Exchange, Adelaide Brighton Ltd today announced a net profit after tax of $61.5 million for the half year ended 30 June 2011, a decrease of 10.6% over the previous corresponding period (pcp).

Directors have declared a fully franked interim dividend of 7.5 cents per share payable on 10 October 2011. This ordinary interim dividend is in line with the pcp but represents an increased payout ratio to 77.6%.

Adelaide Brighton Chairman, Mr Chris Harris, said “the Directors were pleased to be able to maintain the ordinary dividend at the same level as the previous period despite the decrease in net profit after tax. The decision reflects Adelaide Brighton’s strong cash flow generation, low gearing and positive outlook on future earnings.

“Investments in organic growth projects and acquisition activity in 2011 is expected to be higher than in previous years and for that reason, Directors opted not to pay a 2011 interim special dividend. However, depending on circumstances, the Board will consider payment of special dividends in future.”

Commenting on the June 2001 result, Adelaide Brighton Managing Director, Mark Chellew, “this is a satisfactory result in line with guidance.

“Demand from the mining sector helped offset weaker residential activity, lower sales of cement to a major customer in Western Australia and the temporary suspension of operations by a major lime customer in the Northern Territory. Excluding the Northern Territory impact, lime volumes were in line with the previous corresponding period. Sales to this customer resumed in June 2011.

“Premixed concrete volumes were in line with the improved east coast market and first half concrete and aggregate prices were up.

“Due to soft housing and retail activity, trading conditions in the concrete masonry market remain difficult and have been exacerbated by very wet weather conditions in some regions along the east coast of Australia,” Mr Chellew said.

Carbon tax

Adelaide Brighton has already significantly reduced its carbon footprint by using alternative fuels and sourcing alternative raw materials. The company has closed inefficient clinker facilities and is now the largest importer of cement and clinker into Australia, reinforcing a strong position relative to domestic cement and clinker competitors to meet the potentially rising costs of local production.

It is estimated that the impact on profit after tax in the first full 12 months of the scheme will be circa $5 million before mitigation. In light of the proposed carbon tax and the strong Australian dollar, Adelaide Brighton expects it will significantly mitigate the impact of the carbon tax over the next five years by enhancing its import flexibility, reducing reliance on domestic manufacture, increasing the use of alternative fuels and cementitious substitutes, such as fly ash, slag and limestone, and other measures.

Mr Chris Harris said the company believed that the carbon tax, as proposed, would not have any significant impact on the successful growth strategy of the past decade.

Strategic developments

Adelaide Brighton continues its successful long term strategy of operational improvement, growth in the lime business and vertical integration into downstream markets. The $60 million investment in cement milling capacity at Birkenhead (South Australia) and $34 million of capital expenditure on kiln 6 at Munster (Western Australia) are progressing as planned.

In line with Adelaide Brighton's strategy of focused and relevant vertical integration the Company has made four acquisitions to date in 2011 for a total consideration of $47 million, representing 7.3 times estimated 2011 annualised EBITDA. Businesses acquired year to date are:

- KMM – concrete and aggregate business in Kingaroy, Queensland.
- South Coast Equipment – concrete operation in Wollongong, New South Wales.
- Hammercrete – concrete and quarry in south east Queensland and northern New South Wales.
- Mundubbera – concrete business acquired in August 2011.

Outlook

Adelaide Brighton anticipates:

- Overall demand for cement across Australia in 2011 to be similar to 2010 levels. However, due to the timing of infrastructure and resource projects, Adelaide Brighton cement volumes are likely to be higher in the second half.
- Full year lime sales volumes are expected to be approximately the same as 2010 (after allowing for the temporary shutdown of major customer in the Northern Territory in the first half of 2011).
- Weakness in the concrete masonry market may continue in 2011 due to difficult conditions in the residential and retail segments.
- Price increases in lime, concrete and aggregates and concrete masonry products are expected to be realised in the second half of 2011.

"The Company is confident on future earnings due to its strong exposure to infrastructure and resources and expects a net profit after tax in the range of $144 to $152 million for the full 12 month period to December 2011," Mr Chellew added.

FOR FURTHER INFORMATION CONTACT: LUBA ALEXANDER
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