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16 August 2012

The Manager
Market Announcements
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Adelaide Brighton half year report June 2012 – presentation

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 June 2012.

Yours faithfully

MRD Clayton
Company Secretary

FOR INFORMATION: MS LUBA ALEXANDER
GROUP CORPORATE AFFAIRS ADVISER
TELEPHONE 0418 535 636

Disclaimer

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Agenda

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

Overview

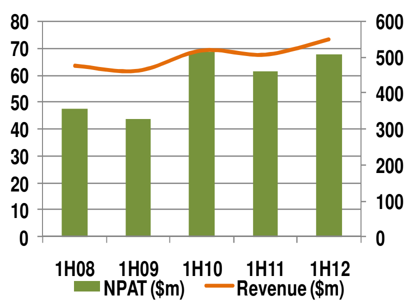
Mark Chellew

Managing Director and CEO

Performance highlights

$m	30 June 2012	30 June 2011	% change
Revenue	550.3	507.9	8.3
EBIT	98.5	92.4	6.6
PBT	90.2	84.5	6.7
NPAT attributable to members	67.5	61.5	9.8
Cents			
EPS	10.6	9.7	9.3
Interim dividend	7.5	7.5	0.0

Revenue and earnings

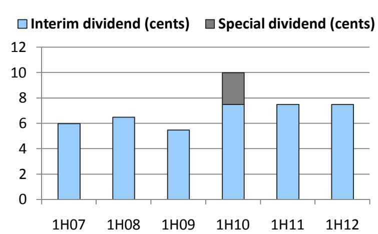


- First half revenue $550.3 million, up 8.3%
- Project work in WA, SA and NT offset weakness in the residential sector
- Transport, which is low margin, increased Group revenue by 3.6%. Project work in remote areas tends to be lower margin
- Lime pricing and volumes improved
- EBIT increased 6.6% to $98.5 million
- EBIT includes $7.6 million gain on fair value accounting and redundancy costs of $2.3 million
- NPAT $67.5 million, an increase of 9.8%

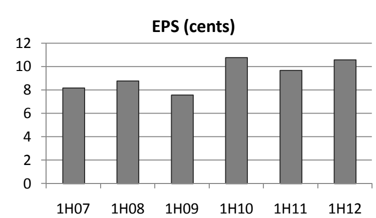
Key profit drivers

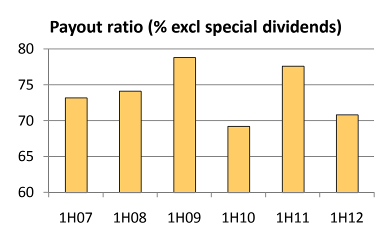
- Demand from resources and projects in SA, WA and NT offset weakness in the residential sector
- Market weakness in south east Queensland and Victoria
- Import profitability declined by circa $3 million, due to increased imported cement costs and reduced clinker sales to Sunstate Cement
- Price increases in most products in line with expectations
- Lime sales volumes higher
- Lime prices up due to price reset effective from 1 July 2011 on supply to a major alumina customer
- $7.6 million gain on fair value accounting
- Redundancy costs of $2.3 million

Shareholder returns



- 7.5 cent interim dividend, 100% franked
- EPS 10.6 cents, up from 9.7 cents
- Dividend payout ratio of 70.8%
- Targeted payout ratio of 65% to 75%





Consistent long term strategy

- Consistent strategy over the last decade has supported long term shareholder returns:
  - Cost reduction and operational improvement
  - Lime development
  - Focused and relevant vertical integration
- Cement – investment to expand milling capacity
- Lime – capacity expansion and improvements in environmental performance

Operational improvement continues

- Operational improvement
  - Adelaide Brighton has an ongoing focus on cost management across the Group, with particular emphasis on energy efficiency and reduction of our carbon footprint
  - The company will continue to evaluate its domestic footprint compared to the potential enhancement of import flexibility
  - Clinker and lime manufacturing facilities running at capacity
  - Expansion of Birkenhead cement milling capacity
  - Investment in Munster lime Kiln 6 brings capacity benefits and environmental improvements

Operational improvement in cement

- Expansion of Birkenhead (South Australia) cement milling capacity
  - $60 million for the expansion of cement milling capacity by 750,000 tpa
  - Little carbon impact – clinker capacity maintained
  - Will reduce Group reliance on imported cement
  - Environmental benefits will be achieved through improved dust collection from the upgrade of ship loading facilities
  - Expected to improve EBIT by $10-$12 million per annum from mid-2013, subject to finalisation of ICL contracts and market demand
  - Total expenditure of $37 million to 30 June 2012, including completion of the ship loading facilities

Lime development

- Lime investment - expansion and environmental
  - Two projects delivering environmental improvements and 100,000 tonnes per annum capacity at Munster, Western Australia
    - » The $24 million bag filter on kiln 6, which will reduce dust emissions was successfully commissioned in March 2012
    - » The $10 million cooler bag house for kiln 6, which will expand capacity to meet expected future demand from the resources sector in WA, is expected to be commissioned by the end of August 2012
  - Underway
    - » $18 million - for a bag filter on kiln 5 (which is the second of the two lime kilns at Munster) to improve dust emissions and satisfy changes to the operating licence required by mid-2013

Contract renewal underpins utilisation

- Cement supply agreement with major cement customer:
  - Currently covers supply for WA to 31 Dec 2012 and SA to 31 Dec 2013
  - Following agreement in principle, cautiously confident of securing supply on not materially different terms for WA and SA to 31 Dec 2014
- Lime supply contract with major WA alumina producer formally executed:
  - Covers supply for periods ranging between five and ten years from 1 July 2011
  - Some of the contracted volume is not committed, which opens the possibility of imports from other suppliers
  - We expect to supply circa 100% of the customer's requirements in 2012
- Supply to ICL agreed in principle subject to ICL unit-holder approval
  - While negotiations have been protracted with some issues still unresolved, we are cautiously confident that supply arrangements which expire mid-2013 will be renewed on not materially different terms

Divisional reviews

Cement

- Cement sales increased marginally:
  - Robust demand from resources and mining in WA and NT, and infrastructure projects in SA
  - Offset by weakness in the residential sector and east coast wet weather
- Average net selling price for cement increased
- Increased transport revenue due to increased sales into remote areas
- Significant planned cyclical maintenance completed in first half
- Maintenance costs marginally lower than pcp
- Clinker production up at Munster and down at Birkenhead
- Import profitability declined by circa $3 million
  - Increased imported cement costs and reduced clinker sales to Sunstate Cement
  - Positive currency impact of $1 million

Lime

- Lime sales volumes higher in first half 2012 due to strong demand from the resource sector
- Prices improved due to price reset on supply contract with major alumina customer from 1 July 2011
- High plant utilisation at the Munster (WA) lime kilns and increased production at the Dongara (WA) lime facility

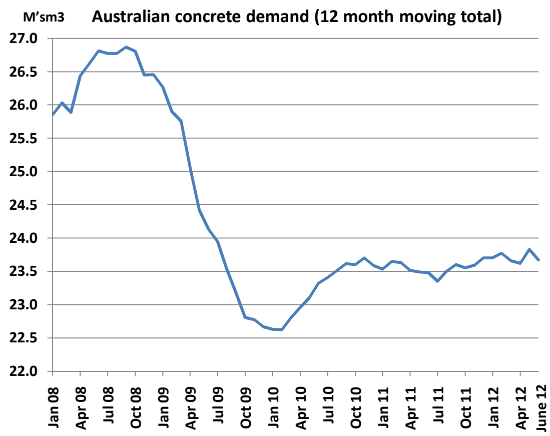
Concrete and Aggregates

- Excluding the impact of 2011 acquisitions, premixed concrete volumes were lower than pcp as a result of:
  - Market weakness
  - Unusually wet weather conditions in the eastern states
- Aggregates volumes also impacted by market weakness and wet weather
- Demand from the Pacific Highway upgrade resulted in strong volumes from the northern NSW quarries
- Benefit from concrete and aggregate price increase from 1 April 2012 – helped to offset rising costs. Further progress expected to be realised from this price rise in 2H 2012
- Continued focus on control of quarry and concrete production costs, including raw materials, transport costs and overheads

Concrete Masonry Products

- Soft demand from residential construction and slow retail activity, exacerbated by wet weather on the east coast
- Despite these pressures, sales revenue increased by 2.3% due to improved pricing
- Cost management programs resulted in savings in overheads and production costs which also assisted margins
- Development of innovative and lower cost products has strengthened product range

Market demand



- The 2010 recovery appeared to plateau in 2011
- Project work, mainly resources and mining is offsetting weakness in commercial and residential
- National concrete market expected to remain flat for the remainder of 2012

Source: ABS and estimate by ABL

Financial results

Michael Kelly

Chief Financial Officer

Summary earnings

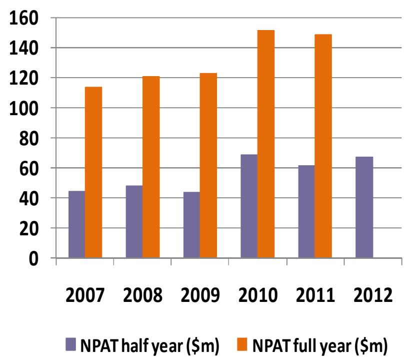
6 months ended 30 June	2012 $m	2011 $m	Change %
Revenue	550.3	507.9	8.3
EBITDA	129.4	119.3	8.5
EBIT	98.5	92.4	6.6
Net interest	(8.3)	(7.9)	5.1
Profit before tax	90.2	84.5	6.7
Tax expense	(22.7)	(23.1)	(1.7)
Non-controlling interests	-	0.1	(100.0)
Net profit attributable to members	67.5	61.5	9.8

EBIT Margins

Reported EBIT margin decreased from 18.2% to 17.9%

	Impact on EBIT margin %
Gain on acquisition reduces future tax payments by $7.6 million	↑
Redundancy costs of $2.3 million – savings from 2H 2012	↓
Improved lime prices and volumes	↑
Low margin transport revenue increased Group revenue by 3.6%	↓
Import profitability declined by approximately $3 million	↓
JV equity accounted contribution reduced by $2.2 million	↓
Depreciation increased by $4 million	↓
Bad debt provision increased by $1 million	↓

NPAT

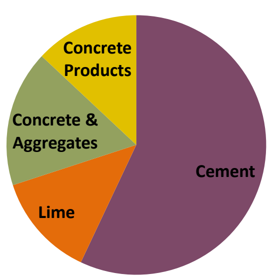


- Profit typically higher in second half:
  - Seasonality of construction activity; reduced activity in January
  - Shutdown expenditure generally weighted to first half

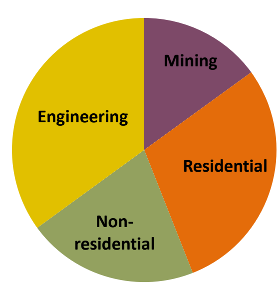
Adelaide Brighton revenue analysis

- 70% of revenue from Cement and Lime operations
- Major exposure to engineering construction and mining sectors
- WA, SA and Victoria are key geographic markets

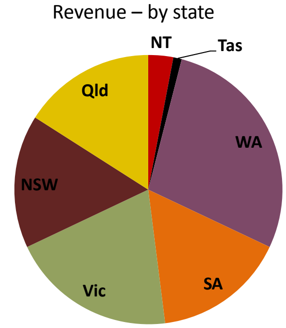
Revenue - product group



Revenue - by segment



Revenue – by state



Joint ventures

ICL, Sunstate, Mawsons, Burrell Mining and Batesford Quarry

ABL 50% share 6 months ended 30 June	2012 $m	2011 $m	Variance %
Sales	136.6	137.0	(0.3)
EBITDA	22.5	26.1	(13.8)
NPAT	14.4	16.6	(13.3)
Profit margin (%)	10.5	12.1	

- ICL: $2.2 million decline in earnings
  - Volume decline due to residential weakness and completion of projects
  - Cement margins declined due to pressures in bulk and bagged pricing
- Sunstate Cement: earnings steady
  - Poor market conditions in south east Queensland
  - Pricing pressures remain due to impact of new market entrant
- Mawsons: reduced earnings
  - Easing of demand from flood restoration and water management projects

Operating cash flow 1H 2012

6 months ended 30 June	2012 $m	2011 $m
Net profit before tax	90.2	84.5
Depreciation and amortisation	30.9	26.9
Income tax	(23.0)	(38.6)
Change in working capital	(5.2)	(16.8)
Joint Venture equity profit less dividend received	(5.0)	(7.1)
Gain on fair value accounting	(7.6)	-
Other	(0.1)	1.1
Operating cash flow	80.2	50.0

Working capital

		June 2012	Dec 2011	Variance %
Trade and other receivables (including JV's)	$m	177.5	168.9	5.1
Days sales outstanding	Days	48.2	46.2	4.3
Inventories: Cement and Lime	$m	78.4	72.8	7.7
Concrete and Aggregates	$m	18.4	16.0	15.0
Concrete Masonry Products	$m	40.0	39.1	2.3
Total inventory	$m	136.8	127.9	7.0

		June 2012	June 2011	Variance %
Bad debt expense	$m	1.0	-	-

Free cash flow and net debt

6 months ended 30 June	2012 $m	2011 $m
Operating cash flow	80.2	50.0
Capital expenditure – stay in business	(31.0)	(33.3)
Proceeds of sale of fixed assets	2.1	0.5
Free cash flow	51.3	17.2
Capital expenditure - acquisitions	-	(5.6)
Capital expenditure – development	(33.5)	(13.0)
Investments and Joint Venture loans	0.3	2.5
Dividends paid – Company's shareholders	(57.3)	(73.3)
Dividends paid – outside equity interests	-	(0.2)
Net cash flow	(39.2)	(72.4)

Finance expense

6 months ended 30 June	2012 $m	2011 $m
Bank interest charged	9.5	7.3
Exchange (gains) / losses on foreign current forward contracts	-	0.4
Unwinding of the discount on restoration provisions and retirement benefit obligation	1.3	1.5
Interest capitalised in respect of qualifying assets	(1.0)	(0.2)
Total finance expense	9.8	9.0
Interest income	(1.5)	(1.1)
Net finance expense	8.3	7.9
Interest cover (EBIT times)	11.9	11.7

Borrowings and gearing

		30 June 2012 $m	30 June 2011 $m
Net debt	$m	287.6	220.6
Net interest	$m	(8.3)	(7.9)
Gearing – net debt/equity	%	29.7	23.9
Net debt/EBITDA[1]	Multiple	1.0	0.8
Net tangible assets/share	Cents	1.23	1.17
Return on funds employed[2]	%	18.9	20.4

[1] **Net debt at 30 June 2012/EBITDA for 12 months to 30 June 2012**

[2] **EBIT for 12 months to 30 June 2012/Average funds employed over the 12 months to 30 June 2012**

- Current debt facilities total $500 million. Balance sheet strength and flexibility for further value enhancing organic and acquisitive growth

Outlook 2012

Mark Chellew

Managing Director and CEO

Carbon tax implications

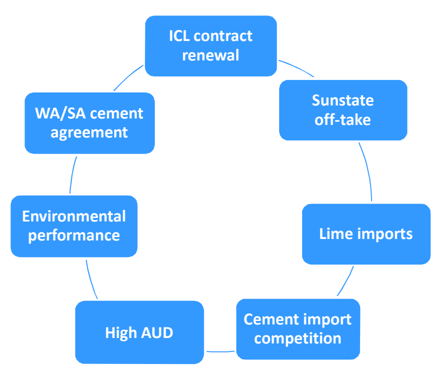
- Adelaide Brighton is committed to lowering its carbon emissions and has significantly reduced its carbon footprint in Australia over last 10 years by:
  - Use of supplementary cementitious materials such as fly ash and slag
  - Use of alternative fuels and raw materials
  - Changes to cement standards
  - Closure of inefficient clinker facilities
  - Developing its capability to import cementitious materials
- As a result of investment in import supply chain over the last 20 years, we are now the largest importer of cement and clinker into Australia
- This places us in a strong position relative to our domestic cement and clinker competitors to deal with the potentially rising cost of local production given the introduction of a carbon tax

Carbon tax implications

- Considering the carbon tax and high AUD, 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
- Due to timing of contractual pricing clauses and planning for changes to import facilities, significant mitigation expected in 2013/2014
- Estimated impact of carbon tax in 2012 of circa $2.7 million on net profit after tax, before mitigation (circa $5 million, before mitigation in the first 12 months of the scheme)
- The carbon tax is unlikely to have any material impact on the long term growth strategy
- Continuation of successful long term growth strategy with investment in cement, lime and downstream operations

Key profit and operational challenges

- ICL contract renewal nearing completion - approval of both unit holders required prior to completion
- Sunstate Cement – risk of further reduction in shareholder off-take
- Threat of small scale opportunistic lime imports in WA and strong AUD impacting non-alumina pricing
- Cement import risk in NT and north west WA
- High AUD limits the scope for cost recovery for any domestic manufacturer – potential impact on bulk and bagged cement prices
- Munster licence changes – kiln 5 bag house filter by mid 2013 – spend of circa $18m
- Completion of a cement supply agreement for WA and SA to the end of 2014 - agreed in principle



2012 Outlook

- 2012 cement and clinker sales volumes to be similar to 2011
- Demand remains robust in SA due to projects, and in WA and NT demand driven by mining and resource projects
- Continued weakness in residential and non-residential sectors
- Full year lime sales volumes are expected to be higher than 2011
- Benefit from increased lime prices – due largely to improved pricing to major alumina customer in WA which was effective from 1 July 2011
- Australian concrete market expected to remain weak through 2012
- Concrete and aggregates pricing expected to improve – 1 April 2012 price rise
- Weakness in concrete masonry market expected to continue due to difficult conditions in the east coast commercial and multi-residential sectors

2012 Outlook

- As plants are rationalised and quarries reach the end of their useful life, it is possible to realise circa $100 million revenue over the next 2-10 years from the sale of surplus land
- Strong Australian dollar, competitive pressures and risk of imports in some markets may limit scope for cement price increases
- 2H 2012 imports hedged; forex outcome for 2012 expected to be similar to 2011
- Reduced off-take from Sunstate Cement 's 50% shareholder expected to reduce 2012 net profit after tax by approximately $2 million
- Carbon tax impact on 2012 net profit after tax expected to be circa $2.7million, before mitigation
- Cost management focus across the Group continues
- Subject to market conditions and the timing of cement sales to major projects, full year 2012 NPAT expected to be between $145 and $155 million