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

#### **ADELAIDE BRIGHTON INVESTOR NEWSLETTER**

Attached for release to the market is a copy of an investor newsletter dispatched to Adelaide Brighton Ltd shareholders today.

FOR FURTHER INFORMATION:

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# Investor News

Adelaide Brighton Investor News  
October 2014



## Welcome to the Adelaide Brighton investor newsletter

I am pleased to report that your company is in a strong position: we posted record revenues in the half year to June 2014, maintained underlying net profit after tax, continue to pay healthy dividends and have a strong balance sheet.

Given the scope of our operations, it can be challenging to get a full appreciation of Adelaide Brighton, but our integrated structure is fundamental to our success. This newsletter is designed to give you a better understanding of what we do and how it adds to the value of your shareholding in Adelaide Brighton.

Underpinning all we do is a well established and consistent strategy which has been delivering good returns to our shareholders. The strategy has three principal elements: cost reduction and operational improvement, growing the lime business and targeted downstream vertical integration into aggregates, concrete, and masonry.

I was appointed CEO this year but I've been with Adelaide Brighton for 15 years and have over 30 years experience in the construction materials sector. Our strategy very much reflects my long term involvement with the Company. I am committed to this strategy – it is improving efficiency, reducing our impact on the environment and setting up the Company for a strong and growing future.

That said, your Board and management team continually try to take an "over-the-horizon" view of the business to anticipate potential opportunities and roadblocks. That longer term approach has resulted in Adelaide Brighton's position as Australia's number one supplier of lime and saw us announce three acquisitions in August at a cost of \$174 million.

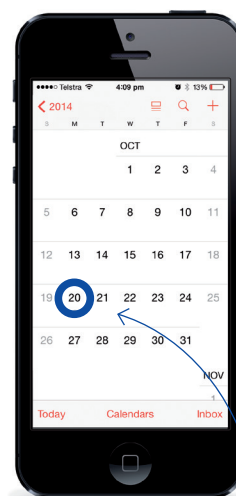


Direct Mix, Southern Quarries and the Penrice quarry in South Australia together provide a scale entry to the South Australian concrete, aggregates and sand market. These two business are complementary and they secure long term access to reserves of high quality industrial minerals and aggregates. The Webb acquisition, a smaller, fully integrated cement, aggregates and concrete business in Townsville offers the potential to expand into the attractive north Queensland market.

I am sometimes asked why we buy these downstream businesses. The answer is that aggregates is an attractive long term business and concrete operations are an important distribution channel for both aggregates and cement. When we assess these investments we consider value through all parts of the construction materials supply chain.

I am delighted to be heading Adelaide Brighton's excellent management team and I look forward to keeping you, our valued investors, informed about the business. We have a lot of which to be proud and I commit my energy to managing a business that continues to reward you for being a shareholder.

**Martin Brydon** CEO



### Interim Dividend

# 7.5c

Fully franked, paid on October 20

### Financial highlights The half year to June 2014

- Record half year revenue of \$602m, up 3.9%, supported by housing and projects
- Statutory net profit declined to \$51.2m due to a number of one-off charges
- Underlying net profit after tax was \$61.2 million, down 2.9%
- Cement and lime sales volumes declined slightly but cement prices improved
- Aggregates, concrete and masonry delivered improved margins and earnings
- Operational improvement programs continued to deliver benefits
- Interim dividend of 7.5 cents fully franked

## An emerging force in concrete and aggregates

Chances are when driving on a major highway, inspecting a new or renovated house, or walking on a set of concrete pavers, you're looking at an Adelaide Brighton product. It's testimony to the Company's success that so many Australians come into contact with our products every day.

Our annual production of aggregates will exceed

**6m**  
tonnes.

Adelaide Brighton has three business Divisions – **Cement and Lime; Concrete Products and Concrete and Aggregates**. All Divisions are growing organically and at the same time we are building on the vertical integration strategy.

Vertical integration strengthens our business and makes it more resilient. Acquisitions that consume significant quantities of cement (such as concrete and concrete masonry products) are joined to our existing sources of supply.

Adelaide Brighton is an emerging force in premixed concrete and aggregates. Following the recent acquisitions, our annual production of aggregates will exceed six million tonnes, placing us at number 4 in the industry on a national level.

We have meaningful aggregates and concrete positions that service metropolitan and regional markets in South Australia, New South Wales, Victoria and Queensland, complementing our cement production and distribution capability in these markets.

▲ Aggregate processing at Austen Quarry at Hartley in New South Wales



▼ "Hy-Tec" – Adelaide Brighton's premixed concrete brand in eastern Australia

The acquisition of downstream concrete and aggregates businesses in South Australia and Queensland and the Penrice Quarry is consistent with the vertical integration strategy.

We supply growing demand from Australia's construction and infrastructure industries for high quality premixed concrete and aggregates. Customers are diverse, ranging from developers of multi-residential and commercial projects to major contractors working on State and Federal Government infrastructure projects.

In the half year to June 2014, increases in volumes, margins and earnings were achieved and, in some cases, average selling prices exceeded CPI growth. Profitability was further supported by higher volumes and efficiency gains.

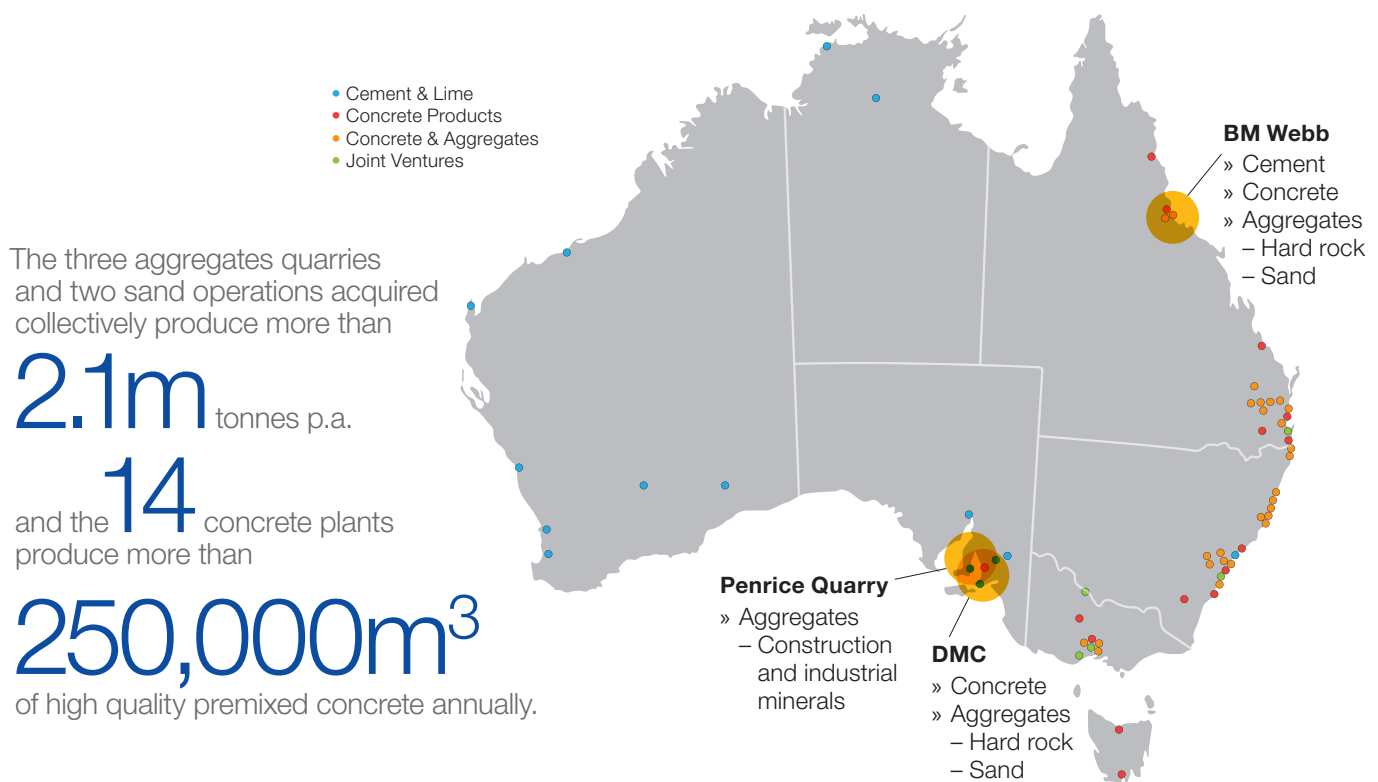
▲ Penrice Quarry, South Australia



## Acquisition strategy drives wealth creation

Execution of our growth strategy involves investment in a mixture of organic growth, greenfields projects and acquisitions. Adelaide Brighton assesses the returns, growth and risk characteristics of each prospective investment. These reflect the nature of the investment and the potential it offers for value creation as part of the Group. All projects must meet internal hurdles for shareholder wealth creation.

### Downstream expansion: South Australia and North Queensland



Three key acquisitions announced recently will significantly expand Adelaide Brighton's sources of aggregates and sand and our presence in the downstream construction materials market. The acquisitions, for a total purchase price of \$174 million, are:

- » Direct Mix/Southern Quarries ('DMC') in South Australia
- » BM Webb Construction Materials ('Webb') in North Queensland
- » Penrice Quarry & Mineral ('Penrice Quarry') in South Australia

**DMC** operates 13 concrete plants under the Direct Mix brand and manages a significant hard rock quarry and sand operation under its Southern Quarries brand. Overall, DMC is the largest independent aggregates and premixed concrete supplier to the Adelaide building, construction and infrastructure market.

**Webb** is an independent concrete and aggregates business based in Townsville. Its assets include a concrete plant, hard rock quarry, a sand extraction operation and a cement import facility.

The **Penrice Quarry** acquisition complements the DMC purchase. Penrice Quarry is a high quality marble deposit for the supply of raw materials for lime and white cement manufacture at Adelaide Brighton's Angaston plant in South Australia and provides a major source of aggregates for the premixed concrete and civil markets to Adelaide's north.

The three aggregates quarries and two sand operations acquired by Adelaide Brighton collectively produce more than 2.1 million tonnes p.a. and the 14 concrete plants produce more than 250,000m<sup>3</sup> of high quality premixed concrete annually.

## Reducing emissions wins Environmental Award

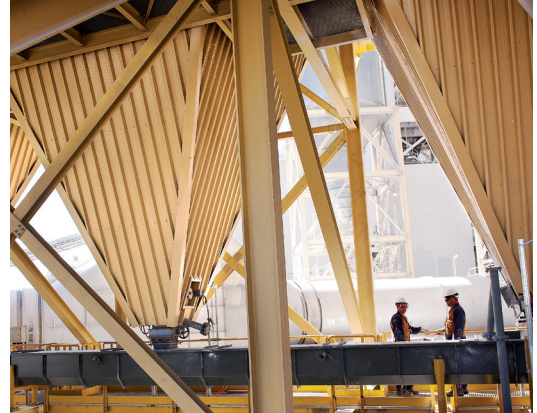
Sustainable principles and practices, innovation and continuous improvement in environmental performance are a natural part of business at Adelaide Brighton and help ensure the Company's long term success in a changing world.

Adelaide Brighton's Cockburn Cement plant at Munster in Western Australia recently won an award for environmental innovation for dramatically reducing particulate emissions through the use of advanced new technology.

The award, from industry body Cement, Concrete and Aggregates Australia (CCAA), recognised the installation of baghouse filters on Munster's two lime kilns, which has seen particulate emissions slashed by 90% and 93% respectively. This is significantly below the licensing limit, set by WA's Department of Environment and Conservation.

The lime kilns at Munster have been producing lime as a standalone product since 1973. Lime is used in the alumina refining industry, gold mining and other resources projects, building and construction, as well as water purification and neutralisation. Cockburn Cement's Munster plant is the largest quicklime production facility in Australia, producing about one million tonnes per annum.

▲ Kiln 5 baghouse at Cockburn Cement Munster in Western Australia



The project was a significant investment for Adelaide Brighton in reducing the impact of its operations on the environment. The project took three years and cost \$42 million. Munster's lime kilns now have the latest in emission control technology and the strictest particulate emission limits for this type of industry in the world.

The baghouse system substantially reduces dust emissions by providing a physical barrier between the process and stack that removes particulates from the exhaust stream whether the kiln is online or not.

An integral part of the project is keeping the local Munster community informed of the environmental performance of the plant. Emissions from the kiln stacks are continuously monitored with real time data showing lime kiln emissions published on the Munster plant's community website.

## Helping indigenous students pursue a legal career

Adelaide Brighton is assisting young indigenous students pursue a career in law by contributing to the funding of the Indigenous Law Student Mentoring Program.

### Contact details

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The Mentoring Program began in 2005 as an initiative of the Aboriginal Issues Sub-Committee of the Law Society of South Australia and supports indigenous law students during their undergraduate study and helps them transition to legal practice.

The program's goal is to increase the number of indigenous legal practitioners in the State and is open to all indigenous law students in South Australia from the beginning of their legal education through to their early years of practice.

The program also aims to provide an opportunity for legal practitioners in South Australia to participate in and contribute to the professional development of prospective practitioners in a voluntary capacity as well as educate the legal profession generally



▼ Staff and students of the Indigenous Mentoring Program

and the wider professional community about the potential of indigenous law graduates to contribute to the profession and society generally.

The mentoring program has consistently grown since its establishment and currently supports a majority of the roughly 30 indigenous law students presently studying at the three South Australian law schools (as well as some recent graduates) in active mentoring relationships. The program also engages around 30 legal professionals in mentoring and other support capacities.

Adelaide Brighton is proud to contribute to the development of future generations through its partnership with the Indigenous Law Student Mentoring Program.