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31 August 2016

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

Dear Sir/Madam

Adelaide Brighton half year report to 30 June 2016 – media statement

We attach a media statement covering Adelaide Brighton's half year report to 30 June 2016 for release to the market.

Yours faithfully

MRD Clayton
Company Secretary

For further information please contact:

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MEDIA STATEMENT

31 August 2016

ADELAIDE BRIGHTON ANNOUNCES INCREASE IN HALF YEAR DIVIDENDS TO 12.5 CENTS

Leading construction materials and lime producer Adelaide Brighton (ASX: ABC) today reported its financial results for the half year ended 30 June 2016, announcing a 0.5 cent increase in interim ordinary dividend to 8.5 cents per share and a special dividend of 4.0 cents per share, both franked to 100%.

Statutory Net Profit After Tax (NPAT), which includes property transactions, was $77.1 million for the period, representing Basic Earnings Per Share (EPS) of 11.9 cents.

Excluding property transactions, NPAT for the half year was $75.8 million, up 7.8% compared to the previous corresponding period (pcp), and excluding property transactions, Earnings Before Interest and Tax (EBIT) rose 6.6% to $110.6 million versus pcp, reflecting revenue and margin growth and stronger contribution from joint ventures.

Revenue of $686.0 million was 1.2% higher than pcp. Improved prices and strong demand in New South Wales, Victoria, Queensland and South Australia more than outweighed the effect of slowing demand in Western Australia and the Northern Territory.

FINANCIAL SUMMARY – Statutory basis	**6 months ended 30 June**		
($million)	**2016**	**2015**	**% change pcp**
Revenue	**686.0**	**678.1**	**1.2**
Depreciation and amortisation	(40.1)	(37.9)	5.8
Earnings before interest and tax (“EBIT”)	**110.8**	**116.8**	**(5.1)**
Net finance cost[2]	(6.1)	(6.5)	(6.1)
Profit before tax	**104.7**	**110.3**	**(5.1)**
Tax expense	(27.6)	(27.7)	(0.4)
Net profit after tax	**77.1**	**82.6**	**(6.7)**
Non-controlling interests	-	-	-
Net profit attributable to members (“NPAT”)	**77.1**	**82.6**	**(6.7)**
Basic earnings per share (EPS) (cents)	11.9	12.8	(7.0)
Ordinary dividends per share – fully franked (cents)	8.5[4]	8.0	
Special dividends per share – fully franked (cents)	4.0[4]	4.0	
Net debt[3] ($ million)	345.4	346.1	
Gearing (%)[1]	29.1%	29.8%	

1 *Net debt/equity*

2 *Net finance cost is the net of finance costs shown gross in the Income Statement with interest income included in revenue*

3 *Net debt is calculated as total borrowings less cash and cash equivalents*

4 *Record Date is 15 September 2016, with payment on 12 October 2016*

RESULTS SUMMARY

- Revenue up 1.2% to $686.0 million on healthy residential construction activity and selling price increases
- Excluding property profits, NPAT up 7.8% to $75.8 million and excluding property transactions, EBIT up 6.6% to $110.6 million on higher margins
- Statutory EBIT down 5.1% and statutory NPAT down 6.7% to $77.1 million due to fewer property transactions in the half
- Operating cash flow up 16.5% to $97.6 million and gearing 29.1% at 30 June
- Basic EPS down 7.0% but, excluding property up 7.6%
- Ordinary interim dividend of 8.5 cents and special dividend of 4.0 cents, fully franked

Revenue of $686.0 million for the half year ended 30 June 2016 was 1.2% higher than 1H15, despite cement and lime volumes declining slightly compared to 1H15, supported by strong volumes and prices in concrete, aggregates and concrete products. Robust demand continued on the east coast of Australia and the South Australian market returned to demand growth.

Excluding property transactions, NPAT was up 7.8% to $75.8 million, reflecting revenue and margin growth and a stronger contribution from joint ventures. Excluding property, EBIT grew 6.6% to $110.6 million and EBIT margins expanded from 15.3% in 1H15 to 16.1% in 1H16.

Stronger earnings in lime, concrete products, concrete, aggregates and the joint ventures were positive for the Group's EBIT margin. Energy costs, a focus for improvement, have overall across the Group declined in the first half of 2016 by $7 million. However, a temporary spike in South Australian electricity prices in July 2016 will impact second half 2016 results by approximately $3 million, before tax. Nonetheless, total Group energy costs for 2016 are expected to be $9 million less than pcp.

Declining cement volume in Western Australia and the Northern Territory and higher cement import costs due to a weaker Australian Dollar also negatively impacted margins.

Adelaide Brighton chief executive Martin Brydon said that this result highlights the benefits of the company's long term growth strategy.

"This is a pretty solid set of numbers, despite facing headwinds in several markets, which illustrate the benefits of our strategy to grow leading positions in a range of related markets and products, and to focus strongly on costs and returns," Mr Brydon said.

Strategic developments

A number of strategic initiatives are expected to continue to support returns for the balance of 2016 and beyond:

- The 2014 and 2015 acquisitions in concrete and aggregates
- Improvement and growth in the lime business
- Focus on energy efficiency and alternative fuels
- Operational improvement in concrete products
- Surplus land sales

"The contribution from the investment in aggregates in the last three years is a feature of 2016 and reflects the realisation of our long term vertical integration strategy. This business is now a major contributor to shareholder returns.

"Adelaide Brighton's long term strategy has delivered industry leading growth and shareholder returns and the Company continues to explore alternatives to grow shareholder value," Mr Brydon said.

Outlook

Mr Brydon said that, for the 2016 full year, the Company expects sales volume of cement and clinker to be less than in 2015. Sales volumes of premixed concrete, aggregates, concrete products are expected to be significantly higher and lime volumes similar to the prior year.

Prices rises are expected in a number of products in the second half, given strong demand and industry utilisation in several key markets.

“Our strategy is to ensure that the balance sheet is efficiently utilised while retaining the flexibility to fund long term growth, and, as always, Adelaide Brighton will look to participate in industry consolidation where it adds value for shareholders.

“We expect full year NPAT to be in the range of $190 million to $200 million, including an estimated $7 million net profit after tax from property transactions.

“We look forward to a solid finish to the year and to maintaining our practice of enhancing shareholder returns through improving business profitability and active capital management as we continue to realise the benefits of our long term growth strategy,” Mr Brydon said.

For further information, please contact:
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About Adelaide Brighton

Adelaide Brighton Limited (ASX code: ABC) is a leading construction materials and lime producing Group of companies which supplies the Australian infrastructure, building and resources industries. The Company has 1400 employees and market leading positions in cement and clinker, lime and concrete masonry and is an emerging force in pre-mixed concrete and aggregates. Adelaide Brighton is the largest importer of cementitious materials into Australia and through its efficient import supply chain has access to every mainland capital city market.