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

28 February 2018

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

Dear Sir/Madam

Adelaide Brighton full year report to December 2017 - presentation

We attach copy of slides being shown by Martin Brydon, Chief Executive Officer and Managing Director of Adelaide Brighton Ltd, during briefings on the Company's financial result for the full year ended December 2017.

Yours faithfully

MRD Clayton
Company Secretary

For further information please contact:

Luba Alexander
Group Corporate Affairs Adviser
Telephone 0418 535 636
Email luba.alexander@adbri.com.au


Adelaide Brighton Limited
Results Presentation
For the full year ended 31 December 2017
28 February 2017


Adelaide Brighton Limited
Agenda
Results overview:
Martin Brydon, CEO and Managing Director
Financial results:
Michael Kelly, CFO
Strategy and outlook:
Martin Brydon, CEO and Managing Director

Strong dividends

Revenue	NPAT attributable to members	Underlying NPAT Ex-property attributable to members
$1,560m	$182.0m	$189.3m
▲ 11.7%	▼ 2.3%	▲ 5.3%

Basic EPS	Final ordinary dividend	Special dividend
28.0c	12.0c	4.0c
▼ 2.4%	+4.3%	unchanged

Results highlights FY17

- Strong revenue growth despite weakness in WA and NT
- Concrete and aggregates now 39% of revenue and significant earnings contributor
- Strong east coast markets for construction materials
- Margins lower in cement and concrete products, slightly lower in lime and higher in concrete and aggregates
- Joint ventures earnings up strongly on stronger east coast cement markets
- Reported NPAT down slightly due to number of one-offs including transaction and restructuring costs, a product quality issue and doubtful debts
- Underlying NPAT increased 5.4% and ex-property increased 5.3%
- Operating cash flow remains healthy but working capital increased late in the period to fund strong sales
- Concrete and aggregates acquisitions made in 2017 performing in line with expectations
- Conservative gearing, flexible balance sheet and strong shareholder returns
- Final ordinary dividend increased to 12.0 cents and special dividend 0f 4.0 cents, making 24.5 cents fully franked for the year

Construction materials – demand environment supportive

NSW
Demand strong
- Residential robust
- Non-residential up
- Infrastructure improving

Outlook: **Strong**

VIC
Demand strong
- Led by multi-residential
- Non-residential improving
- Infrastructure in pipeline

Outlook: **Strong**

WA
Construction weaker
- Residential and non-residential weak
- Resources subdued
- Lime slightly down

Outlook: **Stabilising**

South east QLD
Demand up
- Gold Coast and Sunshine Coast markets better
- Infrastructure projects

Outlook: **Strengthening**

SA
Return to growth
- Major infrastructure projects commenced with solid pipeline

Outlook: **Strengthening**

NT
Demand weaker
- Construction of major resource projects completed
- Regional projects stronger for concrete and aggregates products

Outlook: **Stabilising**

Adelaide Brighton is a highly focused construction materials and lime business

Australian industry position

#1

- **Cement and clinker importer** *in Australia supplying all major markets*
- **Lime producer** *in Australia*
- **Concrete products** *manufacturer*

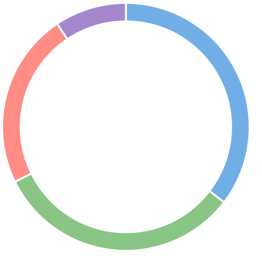
#2

- **Cement and clinker supplier** *to the Australian construction industry*

#4

- **Concrete and aggregates producer** *building presence in major markets*

FY2017 Revenue by market*



34% Engineering
31% Residential
24% Non-residential
11% Mining operations

* Percentage of FY2017 segmental revenue of $1,549 million

Geographic and economic diversification supports returns

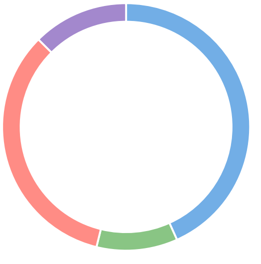
Operations

Cement
Lime
Concrete and Aggregates
Concrete Products

FY2017 Revenue by state*

WA	19%
NSW	21%
VIC	27%
SA	13%
QLD	16%
Other	4%

FY2017 Revenue by product group*



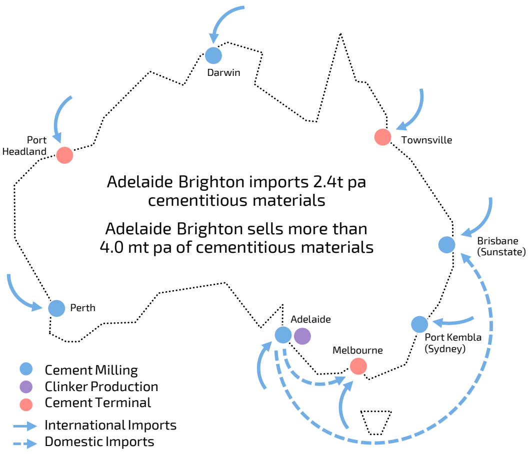
41% Cement
11% Lime
39% Concrete and Aggregates
9% Concrete Products

* Percentage of FY2017 segmental revenue of $1,549 million

Cement production, import and distribution - strong sales growth

Efficient manufacture and import model

- Cement & clinker sales volume increased 9%
- Imports of cementitious product of 2.4 mt in 2017
- Continued strong east coast demand and return to growth in South Australia
- Demand declined in 2017 in Western Australia and the Northern Territory. Western Australia stabilised in second half
- Selling prices increased; average price stable due to geographic mix; also reflected in higher JV earnings
- Energy costs up circa $4m but mitigation helped
- Import costs declined $12m: procurement, currency
- Quality issue $3.6m impact: fully resolved
- Limestone vessel issues cost $3m
- Angaston rationalisation reduced energy and other costs with $2.8m savings in 2017 and $1m to come



Concrete and Aggregates – significant growth

- Vertical integration strategy – share of revenue more than doubled in 5 years
- Concrete volumes increased by more than one-third in 2017 on strong east coast demand and acquisitions
- Like for like concrete prices rose 3%
- Aggregate volumes strong due to acquisitions, existing volumes stable, average prices up >5%
- Recovery in South Australian infrastructure demand offset reduced volumes of lower value quarry products
- Revenue, EBIT and margins in existing business improved significantly on higher volumes, strong pricing outcomes and control of costs
- Acquisitions in Melbourne, Adelaide and Northern Territory performing to expectations

Concrete and aggregates growth – meeting expectations

Concrete and aggregates acquisitions

- Concrete and aggregates strategic acquisitions – $85.2m investment
- 6.8x EBITDA excluding transaction costs
- Revenue and EBIT enhanced in 1H17 by March acquisition of Central Pre-Mix :
  - 5 concrete plants and 1 quarry serving Melbourne metro market
- Davalan, late June, strengthens leading SA position:
  - 4 concrete plants in Adelaide
  - Highly complementary; adds scale and synergies in overhead, logistics and raw materials
- NT concrete and aggregates acquired July:
  - 4 concrete plants and 2 quarries
  - Strong integrated business near bottom of cycle
- Businesses performing to expectations

Central Campbellfield site

Unique lime business – unique world-scale assets

- Adelaide Brighton's total lime capacity is 1.5m tonnes per annum. Munster plant is one of largest & lowest cost operations globally
- Lime sales volumes down slightly in 2017 due to reduced sales to non-alumina sector
- Average selling prices lower due to pricing mechanism with major customers that reflects recent production cost savings (mainly natural gas in 2016)
- Intensifying competition from importers constrained prices in the non-alumina sector
- Margins decreased slightly due to lower average prices; operating costs up slightly
- Prices subject to inflationary increases in 2018 under long term contract arrangements
- In addition, rising energy costs, mainly coal, anticipated in 2018 will be reflected in contract price mechanisms over subsequent periods

Concrete Products – business improvements continue

- Revenue down 1.1% to $147.6m
- Retail sales remained positive, commercial impacted by project timing and multi-residential weaker
- Wet weather and delayed projects in 1H17 but recovery in 2H17
- EBIT down from $11.4m to $10.2m in 2017 due to lower sales volumes and resulting lower production efficiency
- Further efficiencies in medium term from tolling, general improvements, transport and product innovation
- New $3m automated sleeper walling plant in Stapylton, Queensland, offering operating efficiencies and growth potential
- A growing customer for the cement, sand and aggregates businesses
- Optimistic on outlook in the medium term

Joint ventures – strong growth on east coast demand

Joint Venture		Contribution $m 2017	Contribution $m 2016	Change
ICL (50%)	Cement distribution • Demand across Victoria and New South Wales remain strong • Margins improved on volume and price increases • Late 2H17 a price rise to recoup higher input costs	14.7	10.5	40%
Sunstate Cement (50%)	Cement milling and distribution • Improved volumes and prices • Market remains highly competitive	11.9	11.0	8%
Others (50%)	Cement, concrete and aggregates • Strong demand and prices for high value aggregates products • APM earnings affected by rising energy costs	11.2	9.4	19%
Total	Overall strong contribution	**37.8**	**30.9**	**22%**

Energy
– further portfolio enhancements

- Electricity costs were $4m higher in 2017
- New SA energy agreements provide continued certainty of supply at competitive prices
- Agreement with Beach Energy Limited for supply of gas
- Agreement with Infigen Energy Limited for supply of electricity requirements at Birkenhead and Angaston and Klein Point Quarry on the Yorke Peninsula
- Rationalisation of oil well cement production at Angaston improved energy efficiency in 2017
- In 2018, Adelaide Brighton expects energy costs in cement and lime to increase by $6m compared to 2017
- In South Australia, savings are expected in electricity but higher gas costs are anticipated, while in Western Australia, coal costs are also anticipated to increase

Proactive energy strategy

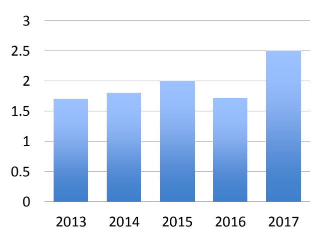
- Portfolio approach to energy supply
- Reduced consumption – operational improvement
- Utilisation of alternative cementitious materials
- Utilisation of alternative fuels – targeting 30% of 6PJ consumption in SA
- Short term demand management
- Proactive approach to cost recovery in the market
- Financial strategies, where it adds value
- 5 year contract in place for South Australian electricity

Safety performance

'Safety Leaders – Everyone, Everyday'

- Hazard identification and awareness, together with 'Near Miss' reporting continues to grow through focused efforts by all sites
- LTIFR increased to 2.5 as a result of:
  - Reclassification of exiting injuries where conservative medical treatment was ineffective, requiring surgery
  - Employee injuries in 3 business acquisitions in 2017. Training and systems now embedded to bring in line with the Group
- 'Site Pass' (part of our contractor engagement system) rolled out in 2017. Assists us to improve contractor management across the Group
- Utilisation of Employee Assistance Program continues to grow

LTIFR[1]



1 Lost time injury frequency rate (per million hours worked). Figures are total ABL numbers and cover employees and contractors.

Financial summary

12 months ended 31 December	2017 $m	2016 $m	Change pcp %
Revenue	**1,560.0**	**1,396.2**	**11.7**
Depreciation, amortisation and impairments	(82.5)	(78.1)	5.6
Earnings before interest and tax (EBIT)	**266.5**	**266.1**	**0.2**
Net finance cost	(12.1)	(11.5)	5.2
Profit before tax	**254.4**	**254.6**	**(0.1)**
Tax expense	(72.3)	(68.4)	5.7
Net profit after tax	**182.1**	**186.2**	**(2.2)**
Non-controlling interests	(0.1)	0.1	(200.0)
Net profit attributable to members	**182.0**	**186.3**	**(2.3)**
Basic earnings per share (cents)	28.0	28.7	(2.4)
Final ordinary dividend – fully franked (cents)	12.0	11.5	4.3
Final special dividend – fully franked (cents)	4.0	4.0	–
Net debt ($ millions) at period end	371.6	288.5	
Gearing (%) at period end	29.8%	23.6%	
Return on funds employed (including property)	16.7%	17.5%	
Return on funds employed (underlying)	18.1%	17.6%	

- Revenue up 11.7% (or 5.9% excluding acquisitions)
- Reported EBIT up 0.2% and Underlying EBIT up 7.8%
- Significant items relate to restructuring, transaction costs and an increase in doubtful debts provision
- A number of one-off events
- Tax rate 28.7%
- Net debt $372m and gearing of 29.8%
- Significant acquisition activity in concrete and aggregates
- Increased final ordinary dividend 12.0 cents; special 4.0 cents
- Total payout ratio 80.6% versus underlying profit
- ROFE remains strong

Underlying EBIT margin

Key drivers	Margin %
Cement • Higher market prices offset by higher proportion of lower priced sales to JVs • Volumes up 11% – stronger SA and east coast, weaker WA and NT • Costs – a number of one-off items and energy costs offset the benefit of lower import costs and operational improvement	↓
Lime • Average prices lower due to pricing mechanism with alumina customers reflecting lower lime production costs • Volumes down slightly and costs marginally higher	↓
Concrete and Aggregates • Volume strong, selling prices up and cost discipline • Acquisitions performing to expectations	↑
Concrete Products • Solid finish to year but lower earnings • Pricing improved	↓
JV and associate net profit contribution grew 22% to $37.8m • ICL – volumes, prices and costs better • Sunstate – improved pricing and higher volumes	↑

- Underlying EBIT margin declined from 19.2% to 18.5% in 2017
- Underlying cement margins lower:
  - impacted by energy; a quality issue; limestone ship costs and unfavourable sales mix
  - partially offset by lower import costs; operational improvements and stronger volumes and prices
- Lime margins down slightly due to lag in pricing mechanism
- Concrete and Aggregates margins up on higher volumes and prices
- Joint operations strong on volume in east coast cement markets and price rises

Cash flow

12 months ended 31 December	2017 $m	2016 $m
Net profit before tax	254.4	254.6
Depreciation, amortisation & impairment	82.5	78.1
Income tax	(81.3)	(62.8)
Change in working capital	(22.2)	(4.9)
Net loss/(gain) on sale of assets	(10.4)	(8.4)
Other	1.2	(8.2)
Operating cash flow	224.2	248.4
Stay in business capex	(60.1)	(49.7)
Asset sales	17.7	23.2
Development capex	(29.0)	(36.8)
Acquisitions	(80.2)	-
Dividends	(156.0)	(178.5)
Other	1.0	2.6
Net cash flow	(82.4)	9.2

- Pretax profit stable
- Operating cash flow impacted by timing of import shipments and receipts from customers at year end
- Lower dividends paid
- Higher tax payments
- Capex stable overall
- Lower asset sales
- Significant acquisition activity

Working capital

			December 2017	December 2016	Variance %
Trade and other receivables		$m	241.0	204.6	(17.8)
Inventories:	Cement and Lime	$m	103.6	96.1	(7.8)
	Concrete and Aggregates	$m	29.6	21.9	35.2
	Concrete Products	$m	41.1	42.2	(0.3)
Total inventory		$m	174.3	160.2	8.8
			December 2017	**December 2016**	**Change $m**
Bad debt expense		$m	18.3	0.7	17.6

- Timing of customer receipts and import shipments increased receivables and inventories respectively
- Bad debt expense increased by $17.6m
- Processes and systems strengthened further

Free cash flow and net cash flow

12 months ended 31 December	2017 $m	2016 $m
Operating cash flow	224.2	248.4
Capital expenditure – stay in business	(60.1)	(49.7)
Proceeds of sale of assets	17.7	23.2
Free cash flow	181.8	221.9
Capital expenditure – acquisitions and investments	(80.2)	–
Capital expenditure – development	(29.0)	(36.8)
Joint Venture and other loans	(2.5)	(1.4)
Dividends paid – Company's shareholders	(156.0)	(178.5)
Proceeds on issue of shares	3.5	4.0
Net cash flow	(82.4)	9.2

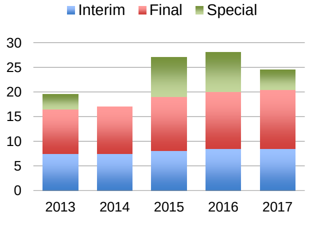
- Capital expenditure of $169.3m includes:
  - $80m for acquisitions
  - Stay in business capital of $60m
  - Organic development $29m
- Lower dividend payments given no first half special
- Facility maturity extended
- Net debt increased over year due to acquisitions but declined significantly since half year
- Gearing at the lower end of the target range

Provision for doubtful debts

- In late 2017 Adelaide Brighton became aware of certain financial discrepancies which relate to transactions whereby it has been underpaid for products supplied
- The Company has now completed its analysis with the assistance of forensic accountants KPMG and as a result the 2017 EBIT result includes a doubtful debt provision of $17.1m and $0.6m of expenses associated with the internal investigation
- The matter was identified under Adelaide Brighton's existing compliance and risk management systems and processes
- Investigations are ongoing and Adelaide Brighton is continuing its efforts to recover amounts due
- Steps taken to further strengthen its internal controls across the Group to ensure systems in place to prevent this from re-occurring

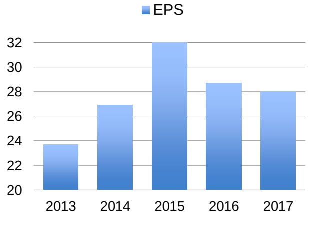
Shareholder returns

Dividend (cents)



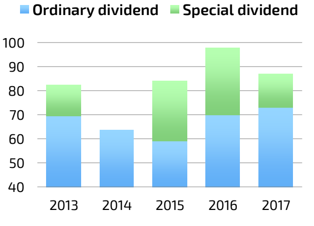
- Full year ordinary dividend increased to 12.0 cents (fully franked)
- 4.0 cent special dividend
- Total 2017 dividends 24.5 cents (fully franked)

EPS (cents)



- Basic EPS 28.0 cents
- Underlying EPS 30.4 cents

Payout ratio %



- Target payout for ordinary dividend remains 65% – 75% of basic EPS

Adelaide Brighton Limited

Outlook

Martin Brydon
CEO and Managing Director

Governance – Board changes

Chairman Elect

Independent Director, **Mr Zlatko Todorcevski,** will become Chairman of the Board at the conclusion of the Annual General Meeting in May 2018

Retiring Chairman

Current Chairman, **Mr Leslie Hosking**, intends to retire as a Director during his current term

New Directors

Dr Vanessa Guthrie and **Mr Geoff Tarrant** joined the Adelaide Brighton Board in February 2018 as non-executive Directors under the Board's renewal program.

Consistent with the ASX Corporate Governance Council's Principles and Recommendations, a majority of the Board remains independent

New director profiles

Dr Guthrie has more than 30 years' experience in the mining and resources industry and is currently Chair of the Minerals Council of Australia and a non-executive Director of Santos Limited, Vimy Resources Limited and the Australian Broadcasting Corporation.

Dr Guthrie is considered independent.

Mr Tarrant is a finance executive with over a 25 years' experience gained in Australia, the United Kingdom and Asia. He is currently engaged in a corporate finance consultancy role with Deutsche Bank, where he has held a number of senior roles since 2002 primarily in mergers and acquisitions and capital markets.

Mr Tarrant was nominated by Barro Properties Pty Ltd and is not considered independent.

Adelaide Brighton's highly focused strategy

Consistent long term strategy delivering returns		
1	Cost reduction and operational improvement across the business	• Best practice operational performance • Import strategy to maximise asset utilisation • Focus on energy usage and procurement
2	Grow the lime business to supply the resources sector	• Unique resource and cost position • Long term customer contracts and growth • Continuous improvement to maintain cost leadership
3	Focused and relevant vertical integration	• Operational performance to realise long term value • Targeting strategic aggregates positions • Strong emphasis on shareholder value creation

Operational improvement and growth investment

Operational improvement

- Ongoing improvement key driver of value
- Circa $90m annualised savings in 5 years from rationalisation and improvement
- $11m in new savings delivered in 2017, including $3m in energy
- Rationalisation of Angaston oil well cement to deliver $3.8m in total annual savings
- In addition, $12m savings in 2017 from transport, shipping and materials purchasing
- Strong focus on energy costs including alternative fuels, procurement and consumption

Acquisitions

- More than $240m investment in acquisitions over 5 years
- Met targets, diversified earnings and provided benefits to other businesses

Organic growth

- Invested >$90m in low risk/high return organic growth projects in the last 5 years

Property – capital management

- Operational improvement program released more than $97m of surplus land in the last 5 years
- More than $100m in proceeds expected in next decade from program

Outlook

Sales

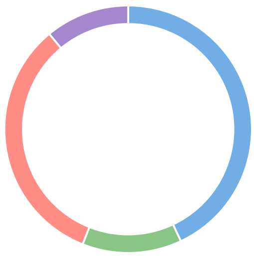
- Sales volumes of cement and clinker are anticipated to be higher in 2018
- Stronger demand in SA and the east coast and stable demand in WA and NT
- Lime sales volumes expected to be marginally lower due to imports
- Concrete and aggregates sales volumes expected higher on east coast and SA infrastructure
- Acquisitions made in 2017 to add further sales and earnings in 2018
- Prices expected to increase in cement, lime, concrete and aggregates

Earnings

- Joint venture operations in Australia to continue to benefit from strong demand and price increases
- Angaston to reduce costs by further $1m and further rolling improvements across company
- Import costs to increase by $3m in 2018 on higher materials costs
- Energy costs anticipated to increase $6m in 2018 but much of this passed on to customers under long term arrangements
- No significant land sales expected in 2018
- Aim to maintain balance sheet flexibility and maximise returns to shareholders

Concrete and aggregates now 39% of group revenue - acquisitions and stronger east coast markets

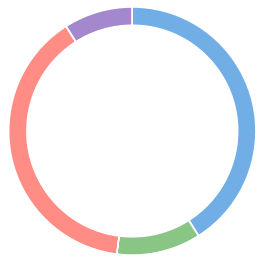
FY2016
Revenue by product group*



- 43% Cement
- 13% Lime
- 33% Concrete and Aggregates
- 11% Concrete Products

* Percentage of FY2016 segmental revenue of $1,365.8m

FY2017
Revenue by product group*



- 41% Cement
- 11% Lime
- 39% Concrete and Aggregates
- 9% Concrete Products

* Percentage of FY2017 segmental revenue of $1,549.0m

Underlying profit

	12 months ended 31 December		
Underlying basis	**2017 $m**	**2016 $m**	**Change pcp %**
Revenue	1,560.0	1,396.2	11.7
Depreciation and amortisation	(82.5)	(78.1)	5.6
Earnings before interest and tax (“EBIT”)	288.8	268.0	7.8
Net finance cost	(12.1)	(11.5)	5.2
Profit before tax	276.7	256.5	7.9
Tax expense	(78.9)	(69.0)	14.3
Net profit after tax	197.8	187.5	5.5
Non-controlling interests	(0.1)	0.1	(200.0)
Net profit attributable to members (“NPAT”)	197.7	187.6	5.4
Basic earnings per share (EPS) (cents)	30.4	28.9	5.2

- Underlying profit excludes significant items including transaction, additional doubtful debts provision and restructuring costs but includes property profits

Finance expense

12 months ended 31 December	2017 $m	2016 $m
Interest charged	13.5	12.3
Exchange (gains)/loss on foreign currency forward contracts	-	0.2
Unwinding of the discount on restoration provisions and retirement benefit obligation	1.1	1.1
Interest capitalised in respect of qualifying assets	(1.0)	(0.6)
Total finance expense	13.6	13.0
Interest income	(1.5)	(1.5)
Net finance expense	12.1	11.5
Interest cover (EBIT times)	22.0	23.1
Net debt/EBITDA (times)	1.06	0.84

- Higher interest charge due to slight increase in borrowing margins and higher average debt

Adelaide Brighton Brands

Concrete & Aggregates

Cement & Lime

Concrete Products

Joint Ventures

Joint Ventures

Joint Ventures

Building shareholder value

Drivers of business and shareholder value

Financial performance
Delivering attractive return on capital

Market leadership
Maximise operating efficiencies

Capital management
Optimise utilisation of capital and returns

Governance and social licence
Licence to operate for our shareholders and stakeholders

Risk management
Balance sheet and operational risks

Disclaimer

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Head office
Adelaide Brighton Ltd
Level 1, 157 Grenfell Street
Adelaide SA 5000
Australia

GPO Box 2155
Adelaide SA 5001
Australia