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22 August 2018

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 2018 – media statement

We attach a media statement covering Adelaide Brighton's half year report to 30 June 2018 for release to the market.

Yours faithfully

MRD Clayton
Company Secretary

For further information please contact:

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MEDIA STATEMENT

22 August 2018

ADELAIDE BRIGHTON ANNOUNCES RECORD HALF YEAR RESULTS AND DIVIDENDS OF 13.0 CENTS

Leading construction materials and lime producer Adelaide Brighton (ASX: ABC) today reported record half year results for the period ended 30 June 2018, declaring an increased interim ordinary dividend of 9.0 cents per share and an interim special dividend of 4.0 cents per share, both franked to 100%.

Adelaide Brighton CEO and Managing Director, Martin Brydon, said the strong revenue growth shows Adelaide Brighton is capturing the benefits improved demand across residential, non-residential and infrastructure in Victoria, New South Wales, Queensland and South Australia, and stable demand in Western Australia and the Northern Territory.

“It’s really pleasing to deliver record half year financial results and dividends for our shareholders. Revenue, EBIT, net profit, cash flow and dividends were all first half records.

“Our strategy to diversify geographically and vertically through a combination of acquisitions, organic growth projects and business improvement, is delivering attractive revenue, earnings and cash flow growth and strong shareholder returns.

“EBIT return on funds employed increased to a healthy 18% in the half. Our balance sheet is in great shape and we’re pleased to declare fully franked half year dividends of 13.0 cents, comprising an increased half year ordinary dividend of 9.0 cents and a special dividend of 4.0 cents,” said Mr Brydon.

Results summary

- Half year revenue of $807.2 million was 11.7% higher than 1H17. Underlying strength in the east coast markets of New South Wales, Queensland and Victoria continued to drive revenue. Excluding the acquisitions completed in 2017, revenue grew 7.7% on 1H17.
- Net profit after tax (NPAT) increased 17.7% on 1H17 to $84.5 million. Underlying NPAT, which excludes the impact of significant items, increased 9.8% to $85.2 million.
- Earnings before interest and tax (EBIT) increased 15.3% on 1H17 to $122.5 million.
- Underlying EBIT, which excludes one-offs, increased 9.3% to $123.5 million supported by improved volumes and prices and improved operating efficiency offsetting an increase in energy costs.
- Operating cash flow increased 39.4% on 1H17, to $107.6 million.
- Net debt to equity gearing declined to 33.7% with net debt increasing marginally to $414.5 million.
- Basic earnings per share (EPS) increased 18.2% to 13.0 cents. The Board declared an interim ordinary dividend of 9.0 cents per share, compared to 8.5 cents for 1H17, and a special dividend of 4.0 cents per share, compared to nil for 1H17.

Operational overview

Demand improved in New South Wales, Victoria, Queensland and South Australia compared to 1H17, while Western Australia and Northern Territory were stable. Residential construction remained robust and non-residential and infrastructure were stronger, with major infrastructure projects moving to the construction phase. Demand for lime from the resources sector was stable.

Total cement sales volumes increased 7.6% on 1H17 and margins were higher. Volumes remained particularly strong in Melbourne and Sydney, supported by the commencement of the construction phase of infrastructure and commercial development such as office towers, further supported sales in thee markets.

Cement prices increased in the majority of markets. Import costs were adversely affected by higher shipping and material procurement costs and the weakening Australian dollar.

Concrete and aggregates volumes increased by more than 20% compared to 1H17. Excluding acquisitions, concrete volumes increased 7%. All markets improved, with the eastern states strongest, supporting improved concrete and aggregates prices and higher concrete margins. Aggregates margins were temporarily impacted by sales of lower value fill material to the early stage of infrastructure projects.

Concrete Products revenue increased 4.1% on 1H17 and EBIT was stable with growth strongest in New South Wales, offsetting the Queensland market, where commercial demand has been slower. Average prices increased by more than CPI with improvement across all regions. As is typical for this business, a stronger second half is expected.

Lime sales were similar to 1H17 with margins temporarily affected by increased energy costs that are expected to be recovered through higher selling prices.

The joint venture operations continue to benefit from the strong demand in east coast markets for cement, clinker, concrete and aggregates, growing earnings a combined 9.9% compared to 1H17.

Financial summary - Statutory basis	**6 months ended 30 June**		
		Restated[1]	
($million)	**2018**	**2017**	**% change**
Revenue	**807.2**	**722.9**	**11.7**
Depreciation, amortisation and impairments	(43.7)	(41.5)	5.3
Earnings before interest and tax (“EBIT”)	**122.5**	**106.2**	**15.3**
Net finance costs[2]	(6.7)	(5.5)	21.8
Profit before tax	**115.8**	**100.7**	**15.0**
Tax expense	(31.3)	(28.9)	8.3
Net profit after tax	**84.5**	**71.8**	**17.7**
Non-controlling interests	–	–	–
Net profit attributable to members (“NPAT”)	**84.5**	**71.8**	**17.7**
Basic earnings per share (“EPS”) (cents)	13.0	11.0	17.7
Dividends per share – fully franked (cents)	13.0[3]	8.5	52.9
Net debt[4] ($ million)	414.5	407.4	
Leverage ratio (times)[5]	1.1	1.2	
Gearing[6] (%)	33.7%	34.3%	

1 Restated due to a change in accounting policy on adoption of *AASB15 Revenue from Contracts with Customers* applied from 1 January 2018.

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

3 Includes interim ordinary dividend of 9.0 cents per share and interim special dividend of 4.0 cents per share for 1H 2018.

4 Net debt is calculated as total borrowings less cash and cash equivalents.

5 Leverage ratio is net debt / trailing 12 months EBITDA.

5 Net debt/equity

Strategic developments

Adelaide Brighton continues to implement its long-term growth strategy with investment in operating efficiency and operational improvement; growth of the lime business to supply the Australian resources sector; and both organic and acquisitive vertical integration opportunities in integrated aggregates, concrete, logistics and masonry businesses.

Managing costs across Adelaide Brighton's operations has remained an important driver of shareholder returns. Further improvements are expected to be realised in cement manufacturing and logistics, and the growing utilisation of alternative fuels and cementitious materials.

In executing its strategy, Adelaide Brighton has invested more than $260 million in acquisitions and $100 million in organic growth and improvement projects in the last five years, while it has released just under $100 million in capital from surplus land sales.

Mr Brydon said, "In addition to our successful acquisitions, organic projects have been an important contributor to growth. In particular, Adelaide Brighton has a well established practice of taking long term positions on strategic quarry resources and other greenfields investments that complement existing assets.

"We have a number of organic growth projects underway across the country and we have just received approval to expand production at our Austen Quarry to supply the strong Sydney market. Austen is a great example of the value of taking long term positions and growing businesses over time".

Outlook

For the balance of 2018, Adelaide Brighton expects strong demand for construction materials.

Sales volume of cement is anticipated to be higher in 2018, with stable demand in Western Australia and the Northern Territory and improving demand in South Australia and the east coast.

Concrete and aggregate volumes are also expected to increase, compared to 2017, on the east coast and benefit from South Australian infrastructure projects.

Lime sales volume is expected to be similar to 2017 and prices are anticipated to improve in the second half of 2018 compared to the first half of the year.

The joint venture operations in Australia should continue to benefit from stronger demand and higher prices.

The operational improvement program is expected to deliver further costs savings but import costs are expected to be $3 million higher and energy costs $6 million higher over the full year 2018, compared to 2017.

Proceeds from the sale of land in the next 10 years could realise in excess of $100 million, however no significant land sales are expected in 2018.

Adelaide Brighton aims to optimise shareholder returns by maintaining an efficient balance sheet, while retaining the flexibility to fund long term growth opportunities. Prudent capital management will remain an important part of this approach.

Full year Underlying NPAT is anticipated to be in the range of $200 million to $210 million.

Mr Brydon, who is retiring towards the end of the year after more than 30 years in the industry, said he was pleased to see the Company performing so well.

"Adelaide Brighton has a tremendous group of high quality people who have worked very hard to make this Company the success that it is today and I will miss them greatly. With good people, businesses and customers, I'm sure Adelaide Brighton has a very bright future**."**

For further information please contact:

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