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28 February 2019

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

Dear Sir/Madam

Adelaide Brighton full year result to 31 December 2018– media statement

We attach a media statement covering Adelaide Brighton's full year result to 31 December 2018 for release to the market.

Yours faithfully

MRD Clayton
Company Secretary

For further information please contact:

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MEDIA STATEMENT

28 February 2019

ADELAIDE BRIGHTON ANNOUNCES INCREASED REVENUE AND DIVIDENDS FOR 2018

Leading construction materials and lime producer Adelaide Brighton (ASX: ABC) today reported results for the full year ended 31 December 2018, declaring a final ordinary dividend of 11.0 cents per share and a final special dividend of 4.0 cents per share, both franked to 100%.

Adelaide Brighton CEO, Nick Miller, said "Increased revenue in 2018 reflects Adelaide Brighton capitalising on the favourable demand environment for construction materials and lime as well as the delivery on expectations for the concrete and aggregates acquisitions made in 2017.

"East coast construction markets were strong in 2018, South Australia and the Northern Territory were flat and Western Australia was down, while lime demand from the resources sector was stable.

"In the short time I've been CEO, I've observed the detailed work behind Adelaide Brighton's long term strategy which has been very successful, underpinning strong growth and shareholder returns. Today's results provide further evidence that the strategy to diversify and grow earnings is working.

"Strong operating cash flow was a feature of these results, which ensures a healthy balance sheet and the capacity to fund growth and sustain attractive shareholder returns. Dividends for 2018 increased 14% on 2017 to 28 cents, reflecting the board's confidence in the financial position and outlook", Mr. Miller said.

Results summary

- Revenue increased 4.6% to $1,630.6 million, reflecting the benefit of acquisitions made in 2017 as well as demand across the residential, non-residential and infrastructure sectors and stable lime demand.
- NPAT increased 1.4% to $185.3 million, while EBIT of $265.4 million was 0.8% lower than 2017.
- Excluding significant items such as acquisition costs and restructuring expenses, Underlying EBIT declined 5.7% to $273.5 million, reflecting softer cement and lime earnings not fully offset by strong concrete, aggregates and joint venture earnings.
- Operating cash flow increased 9.1% to $244.7 million – higher sales coupled with improved working capital management.
- The balance sheet remained strong, with net debt to equity gearing of 34.1% at period end and a leverage ratio of 1.2 times.
- Basic earnings per share increased 1.4% to 28.5 cents. The Board declared a final ordinary dividend of 11.0 cents and a special dividend of 4.0 cents, fully franked.

Operational overview

The demand environment remained favourable in 2018. New South Wales and Victoria experienced robust demand for construction materials, demand increased in Queensland and stabilised in the Northern Territory. Demand eased in South Australia and Western Australia.

Excluding Western Australia and the Northern Territory, residential construction activity remained healthy during the year and the non-residential and infrastructure sectors continued to improve. Demand for lime from the resources sector was stable.

Overall cement and clinker sales volume increased 1.1% compared to 2017. Sales were stronger into east coast markets but declined in South Australia and Western Australia, which affected average realised prices.

Cement selling prices increased in most markets but cement margins declined in the second half on reduced cement volumes, lower average realised prices and increased import costs.

Sales in Concrete and Aggregates improved 14% compared to 2017, or 9% when the impact of acquisitions is excluded, with east coast markets particularly strong.

Concrete margins increased on higher volumes and prices. Pricing in Aggregates improved in the majority of markets, however margins were impacted by sales of lower value fill to early stage infrastructure projects.

Lime sales were stable in 2018 as Adelaide Brighton continued to supply the market with reliable, high quality and cost competitive product. While improving in the second half, average lime prices were lower over the year due to a combination of sales mix and contractual pricing arrangements.

The Australian joint venture operations benefited from the strong demand in east coast states for cement, clinker, concrete and aggregates to support an overall 6.1% increase in joint venture earnings in 2018.

Financial summary- Statutory basis	**12 months ended 31 December**		
($million)	**2018**	**2017**	**% change pcp**
Revenue[1]	**1,630.6**	**1,559.6**	**4.6**
Earnings before interest and tax, depreciation and amortisation	352.8	350.1	0.8
Depreciation and amortisation	(87.4)	(82.5)	5.9
Earnings before interest and tax ("EBIT")	**265.4**	**267.6**	**(0.8)**
Net finance cost[2]	**(14.4)**	(12.1)	19.0
Profit before tax	**251.0**	**255.5**	**(1.8)**
Tax expense	(65.8)	(72.7)	(9.5)
Net profit after tax	**185.2**	**182.8**	**1.3**
Non-controlling interests	0.1	(0.1)	(200.0)
Net profit attributable to members ("NPAT")	**185.3**	**182.7**	**1.4**
Basic earnings per share ("EPS") (cents)	28.5	28.1	1.4
Ordinary dividends per share – fully franked (cents)	20.0	20.5	
Special dividends per share – fully franked (cents)	8.0	4.0	
Net debt[3] ($ million)	424.8	371.6	
Leverage ratio (times)[4]	1.2	1.1	
Gearing[5] (%)	34.1%	29.8%	

[1] Restated numbers are due to a change in accounting policy on adoption of *AASB15 Revenue from Contracts with Customers* applied from 1 January 2018. As a result of the changes, prior year financial statements were restated.

[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] Leverage ratio is net debt / trailing 12 months EBITDA.

[5] Net debt/equity.

Strategic developments

Adelaide Brighton continues to deliver against its long term growth strategy of cost reduction and operational improvement; growth of the lime business and vertical integration opportunities into downstream aggregates, concrete, logistics and masonry businesses.

Optimising efficiency will remain a driver of shareholder returns with ongoing improvements targeted across the operations.

In energy efficiency, Adelaide Brighton benefited from savings from a new renewable energy supply agreement signed in 2017, increased utilisation of alternative fuels in its production plants, and greater use of environmentally friendly alternative cementitious materials in its key products.

Lime demand is expected to grow over the medium term, in line with incremental output improvements and growth in the Western Australian resources sector. Adelaide Brighton's leading cost position and substantial capacity means it is well placed to benefit from this growth.

In addition to its active pursuit of further downstream opportunities, organic projects remain a driver of growth. Organic projects recently completed include two concrete plants to service the south east Queensland market and additional storage capacity at our Port Kembla cement grinding operations to service the New South Wales market.

Commenting on strategy, Mr Miller said, "Adelaide Brighton's strategy remains highly relevant. But there's always room to continue delivering improvement at the operational level.

"I look forward to working with the management team on applying my experience and perspective to explore and define new opportunities for improvement and growth at Adelaide Brighton, within the successful long term strategy."

Outlook

In 2019, Adelaide Brighton expects overall demand for construction materials to be stable, with growth in non-residential, engineering and infrastructure demand largely offset by declines in residential.

Construction demand in east coast markets is expected to remain healthy and stable in Western Australia and the Northern Territory. Volumes in South Australia are likely to be assisted by demand from projects and mining.

The joint venture operations in Australia are expected to benefit from stable volumes, although Sunstate Cement is anticipated to face increased competition in Queensland.

"While there are likely to be regional and sectoral variances, we are expecting a broadly stable demand environment in construction materials and lime in 2019.

"Alongside our vertical integration strategy, we remain focussed on the numerous organic growth opportunities within our portfolio which is considered when we review our capital management.

"This should be supportive of our efforts to implement our strategy and continue to grow long term value for shareholders," Mr Miller said.

ENDS

For further information please contact:

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