HANSON PLC
Form 20-F
March 01, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 20-F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2006

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission file number 333-109672

HANSON PLC

(successor to Hanson Building Materials Limited)
(Exact Name of Registrant as Specified in Its Charter)

n/a
(Translation of Registrant s name into English)

England and Wales
(Jurisdiction of incorporation or organization)

1 Grosvenor Place
London SW1X 7JH, England
(Address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
American Depositary Shares	The New York Stock Exchange, Inc.
Ordinary Shares of £0.10 each	The New York Stock Exchange, Inc.*
5.25% Notes due 2013**	The New York Stock Exchange, Inc.
6.125% Notes due 2016	The New York Stock Exchange, Inc.

* Listed, not for trading, but only in connection with the registration of American Depositary Shares, pursuant to the requirements of the Securities and Exchange Commission.

** Issued by Hanson Australia Funding Limited, an indirect wholly owned subsidiary of the Registrant, and guaranteed as to certain payments by the Registrant.

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

736,968,849 Ordinary Shares of £0.10 each were in issue.

Indicate by check mark whether the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Echange Act of 1934.

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):.

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer

Indicate by check mark which financial statement item the registrant has elected to follow.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a Shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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Group financial highlights

Group turnover*□	+11.2%	Operating profit□#	+15.1%	Profit before taxation□	+12.0%
2006 v 2005 change		2006 v 2005 change		2006 v 2005 change	

Summary statistics for the year ended December 31, 2006

	2006	2005	% change 2006 v 2005	2004	% change 2005 v 2004
Group turnover*□	**£4,132.7m**	£3,715.7m	11.2	£3,383.0m	9.8
Operating profit□#	**£562.7m**	£488.8m	15.1	£423.4m	15.4
Profit before taxation□	**£480.8m**	£429.3m	12.0	£347.3m	23.6
Profit for the year	**£401.5m**	£387.6m	3.6	£264.2m	46.7
Net cash inflow from operating activities	**£445.5m**	£471.2m	(5.5)	£507.5m	(7.2)
Net debt	**£1,397.3m**	£989.6m	41.2	£695.2m	42.3
Gearing**	**51.2%**	37.0%	14.2ppts	28.8%	8.2ppts
Earnings per share □ basic	**56.0p**	53.2p	5.3	36.0p	47.8
Dividend per share□	**21.8p**	20.0p	9.0	18.15p	10.2

Total shareholder return v FTSE 100

From January 1, 2004 to December 31, 2006

Marke capital at

£5 bill

Decem 2006

Based o share pr 770.5p

* Excluding joint-ventures and associates

□ Continuing operations

Before impairments

** Net debt divided by total equity

□ Interim dividend paid and final dividend recommended

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Since completing our demerger in 1997, we have become one of the world's leading heavy building materials companies.

We rank within the top 25 companies in the FTSE 100 for the increase in total shareholder value achieved over the past ten years.*

Our aim is to create further sustainable, long-term value for our shareholders over the next ten years.

Hanson is a public limited company listed on the London and New York Stock Exchanges and registered in England & Wales. This is the report and accounts for the year ended December 31, 2006. It complies with UK regulations and incorporates the annual report on Form 20-F to meet US regulations. For more information please refer to the inside back cover.

* Between January 1, 1997 and December 31, 2006 based on those constituents of the FTSE 100 at December 31, 2006 which were also listed on the London Stock Exchange at January 1, 1997. Total shareholder return (TSR) shows the return on investment a shareholder receives over a specified time frame. It includes both the change in share price and dividends received, assuming they are reinvested to purchase additional shares.

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Divisional highlights 2006

Group divisions

Aggregates North America

Group turnover*

Operating profit#

VolumeØ

Aggregates: 144.9m mt

Asphalt: 4.7m mt

Ready-mixed concrete: 3.2m m^3

Cement: 1.6m mt

Mineral reserves and resources
(aggregates)

Buildi

Group

Operat

Volume

Concre

Bricks:

Roof til

Minera
(clay)

Total years of production 92	**Total y** 49
Employees^ 6,600	**Emplo** 7,10

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Divisional highlights

Building Products UK	Australia and Asia Pacific	Continental Europe
Group turnover*□	**Group turnover*□**	**Group turnover*□**
Operating profit□#	**Operating profit□#**	**Operating profit□#**
VolumeØ Bricks: 715m Aggregate blocks: 7.7m spu	**VolumeØ** Aggregates: 38.0m mt Asphalt: 3.4m mt Ready-mixed concrete: 8.6m m^3	**VolumeØ** Aggregates: 30.9m mt Asphalt: 0.6m mt Ready-mixed concrete: 4.3m m^3
Mineral reserves and resources (clay)	**Mineral reserves and resources** (aggregates)	**Mineral reserves and resources** (aggregates)
Total years of production 83	**Total years of production** 49	**Total years of production** 28
Employees^	**Employees^**	**Employees^**

3,100	4,400	1,300

* Excluding joint-ventures and associates

** Net debt divided by total equity

 Continuing operations

Before impairments

^ The total number of employees at the year end, excluding joint-ventures and associates, rounded to the nearest 100

ø Including share of joint-ventures and associates

m = millions

m mt = millions of metric tonnes

ts = thousand of squares (squares = 100 square feet)

m m^3 = millions of cubic metres

m spu = millions of standard production units

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Chairmans statement

Firmly focused on value creation

Mike Welton
Chairman, Hanson PLC

February 24, 2007 marks our ten year anniversary since we completed the last demerger. Since then, we have grown to become a world leader in heavy building materials and we continue to deliver shareholder value.

Hansons primary objective is to create sustainable, long-term value for our shareholders. In the ten years to December 31, 2006, our total shareholder return (TSR) was 316%, ranking us in the top 25 companies in the FTSE 100. This means an investment of £100 in Hanson on January 1,1997 was worth £416 at the end of 2006. As we mark our tenth anniversary, we are delighted with the value we have created in the last ten years.

Our strategy

Our strategy remains straightforward. We will continue to focus on heavy building materials in selected markets. Our product range and location of operations provides us with end use and geographic diversification through the construction cycles. Within each local market, we aim to develop a strong network of operations from which to supply our customers. We are driven and incentivised to increase the economic value of the group through margin management and capital investment. We have a good track record of adding value through acquisitions and remain committed to a targeted acquisition programme. Financial discipline is a key strength which we will seek to maintain.

2006 highlights

The operating performance in 2006 highlights the fundamental strengths of our business. Our business seeks to deliver value over the long term by leveraging our asset positions, including 17.8 billion metric tonnes of mineral reserves and resources, alongside pricing discipline and cost control.

Investments in 2006 were significant. First, the acquisitions we completed are intended to provide an excellent strategic fit, extending our product range whilst expanding and strengthening our operations. Secondly, the increase in our capital

investment programme takes advantage of productivity improvement opportunities, which we believe will deliver significant value in the medium term.

Returns to shareholders

Total shareholder return in 2006 was 24%, compared to 13% for the FTSE100. We are confident in our ability to increase the long-term value of the business and hence propose a final dividend of 15.35p per share for 2006. This would result in a total dividend declared for 2006 of 21.8p, an increase of 9% compared to 2005. During 2006, we continued our share buyback programme, repurchasing 9.96 million shares for £64.1m.

Board of Directors

The Board has a strong balance of skills and experiences. During the year, Jonathan Nicholls left and we thank him for his contribution to the development of the Group during his tenure at Hanson. We are pleased that Pavi Binning joined as his successor as Finance Director. He brings with him a wealth of experience, having been Chief Financial Officer at telent plc, formerly Marconi Corporation PLC, and I am sure that he will make a positive contribution to Hanson.

Corporate governance

We remain committed to exercising high standards of corporate governance with open and transparent reporting. Our Annual Report incorporates a review of the group□s activities during the year, including financial performance, key performance indicators and a description of principal risks and uncertainties facing the group. We also remain compliant with Section 404 of the US Sarbanes-Oxley Act as well as with the Combined Code.

Corporate responsibility

Health and safety in the workplace and respect for our communities is of prime

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Chairman's statement

importance. In 2006, the Board formally endorsed its approach to health and safety with a group policy statement. We also take our environmental responsibilities seriously. Our key areas of focus are to increase our resource and energy efficiency, reduce CO_2 emissions, manage our land holdings to provide habitats for wildlife and be a responsible neighbour. Addressing sustainability also provides opportunities for new products and services, which we develop through innovation, partnerships and acquisitions.

Our people

We have 25,900* people worldwide who have made Hanson a world leader through hard work and determination to succeed. I would like to thank them for their dedication and commitment. Investment in our people remains paramount. We will continue to shape and develop our own talent by providing career development opportunities.

Outlook

We believe our strategy is delivering shareholder value. Our physical assets, including our mineral reserves, our people and our track record give us confidence for the future.

Mike Welton
Chairman, Hanson PLC

Total shareholder return v FTSE 100

From January 1, 2004 to December 31, 2006

Dividend per share

Interim dividend paid and final dividend recommended

* Excluding joint-ventures and associates

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Chief Executives overview

A year of good progress on all fronts

Alan Murray
Chief Executive, Hanson PLC

2006 has been a record year. Acquisitions are performing well and our selling price discipline has been maintained.

2006 performance summary

2006 has been a record year for Hanson, with operating profit#increasing by 15.1% to £562.7m, following an increase of 15.4% in 2005.

We have maintained earnings growth momentum. Acquisitions made in 2006 added £47.9m to operating profit#. Property profitsincreased by £17.8m to £32.7m (£14.9m) . Heritage[1] operating profit#from our six divisions increased by £12.2m. Strong selling price discipline led the heritage improvement, recovering significant input cost increases as well as reflecting the underlying economic value of our long-term mineral reserves. Group operating margin*#increased by 0.7ppts to 12.8% (12.1%) .

In 2006, more than half of our operating profit#was generated in North America.

Our North American Aggregates division delivered an excellent result, with operating profit#30.7% ahead of 2005. This was led by strong selling price discipline and a good performance from acquisitions made in the year, most notably Material Service Corporation. We achieved an average aggregates price increase of 12.1%, reflecting both additional input cost increases and the increasing scarcity of mineral reserves in some of the US markets.

2006 was a good year for our North American Building Products division, increasing operating profit#by 12.8% over 2005. Acquisition earnings, most notably from PaverModule in Florida, and operating profit#increases in Pipe and Precast and Roof Tile, more than offset a reduction in operating profit#from our Brick operations due to weakening of the residential market. The majority of our products are sold into the infrastructure, industrial and commercial construction sectors which remain robust.

Our businesses in the UK are performing well in a challenging market.

In UK Aggregates, the asphalt market was particularly difficult in 2006. Our asphalt volumes decreased by nearly 10% and significant cost increases could not be fully recovered through selling price rises. Despite this, the division increased operating profit#by 13.2%, benefiting from the acquisition of Civil and Marine in March 2006, and from strong selling price discipline and cost control.

Encouragingly, the UK Building Products division improved its earnings in the second half of the year compared to the second half of 2005. Difficult trading conditions were experienced in 2006, largely due to weak brick demand in the repair, maintenance and improvement (RMI) sector. Operating profit#increased by £5.2m, or 13.8%, including additional property profits of £6.8m.

Another good performance was delivered by the Australia and Asia Pacific division, supported by strong selling price increases and buoyant demand in Western Australia and Queensland. In addition, results from Malaysia and Hong Kong improved.

Good progress was made in Continental Europe, with a 9.5% increase in operating profit#in 2006.

Capital investment

Our plant upgrade programme has continued this year, driving cash spent on capital investment up to £288.6m, an increase of £96.8m compared to last year and representing 155.8% of depreciation. Investments include additional mineral reserves and replacement of plant and equipment. We have also invested in new plants and significantly upgraded existing plants, particularly in the USA, to add value through increased production efficiency and product quality. These improvements also provide a more comprehensive product offering and enhanced customer service.

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Acquisitions

We paid a total of £558.0m to invest in 16 acquisitions during 2006. Civil and Marine, acquired in March for £248.1m, completes our product integration in the UK, making us the UK's leading supplier of GGBS (ground granulated blast furnace slag), a high quality cement substitute with significant environmental benefits. Material Service Corporation, acquired in June for £166.3m, is one of the leading aggregates producers in Illinois. PaverModule, our Florida-based concrete paver company acquired in January, forms the basis of a new product offering for our North America Building Products division. The other transactions included operations in North America, UK, Austria and Spain.

Customers

We continue to work with our customers to provide high levels of service and product quality throughout the group. All of our employees play an important part in this customer focus. This includes specification advice from our sales teams, product quality assurance and new solutions from our operational teams, on-time delivery from our distribution teams and administrative support from our finance and IT specialists.

Safety

Safety remains a priority and it should never be compromised. We are committed to achieving high standards of health, safety and welfare for our employees, contractors, customers and visitors.

Operating outlook

Our North America divisions have a broad geographic spread and end use balance. This should result in stable overall demand for our products in 2007, albeit against a strong first half of 2006. There are some signs of improvement in brick demand in our Building Products UK division. Elsewhere, demand is expected to remain stable.

Operating profit*# by division
Year ended December 31, 2006 (%)

Acquisition spend
(cash payments)

£558m

* Excluding joint-ventures and associates
# Continuing operations

We aim to continue to maintain our selling price discipline to recover input cost increases and to reflect the underlying value of our mineral reserves.

Our capital investment in new plant and equipment is expected to increase by around £100m in 2007 against 2006 to support ongoing productivity programmes.

The pipeline of potential acquisitions appears encouraging, particularly in North America. Overall, we expect to make further progress in 2007.

Operating profit #reconciliation
2006 v 2005

Capital expenditure*

(cash payments)

£289m

Before impairments
1 Heritage operating profit excludes acquisitions owned for less than 12 months

Alan Murray
Chief Executive, Hanson PLC

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A decade of delivery...

1997
1997 saw the final demerger of a series of four companies with the distribution of shares in the Energy Group PLC to shareholders on February 24, 1997. The remaining companies within Hanson are now firmly focused on our new sector, building materials.

1998
The transformation of Hanson into a unified company: Cornerstone has become "Hanson Building Materials America" and ARC has become "Hanson Quarry Products Europe." All operations will share the new visual identity.

1999
A strong performance from our North American operations, supported by higher capital expenditure and bolt-on acquisitions was the foundation for another encouraging set of results.

2000
2000 has been a year of significant growth for Hanson. The acquisition of Pioneer in May was a major deal for Hanson and accelerated our strategy of growth through investment to establish strong local market positions.

2001
The group delivered a strong performance in profit growth. The USA will continue to be a focus for investment. With our strengthened balance sheet, we have the capacity to resume our value-adding bolt-on acquisition programme.

2002
Over the past five years we have demonstrated our ability to deliver value from bolt-on acquisitions. This remains our preferred route for growing the Company.

2003
2003 was a challenging year for Hanson. A more resilient trading environment in the USA, price increases, a newly restructured US management team and ongoing cost reductions measures should ensure a return to growth.

2004
2004 was a good year for Hanson, thanks to the hard work of our people. Our strategy remains straightforward. We will stay focused. We intend to generate cash, invest in the business and maintain financial discipline.

2005
In 2005, we have delivered double digit earnings growth, completed a significant number of valuable acquisitions and increased our returns t

2006