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Adelaide Brighton Ltd
ACN 007 596 018

Adelaide Brighton Ltd
Extraordinary General Meeting 14 May 1999

Address by Peter Crowley, Executive Director Cement & Lime
The Rugby Group PLC

While there is some information in the Explanatory Memorandum about The Rugby Group I thought it would be useful to provide you with an overview of the company given the important decisions which you face about the future association between our companies.

The Rugby Group has a market capitalisation of approximately A$1.8 billion and sales of around A$2.7 billion.

As Richard has noted we are a building materials group with 2 divisions, joinery and our cement and lime division.

We have recently announced the decision to sell our international joinery business and concentrate our focus on our cement and lime business.

Rugby operates cement plants in the United Kingdom, Poland and Australia as well as Cockburn's large lime operation.

Rugby's commitment to cement and lime is evidenced by plant expansions currently underway in the United Kingdom, Poland and Jamaica as well as the recent major capital investment at Cockburn Cement. In all, Rugby has committed to new investment in our core cement and lime business has totalling A$650 million over the last 3 years.

Our very clear objective for the cement and lime business is to develop our assets into modern low cost operations. This low cost objective can only be achieved by combining modern plant with strong market positions. The Rugby Group sees the merged company meeting these investment criteria.

As Australia's largest cement and lime producer, the merged company provides the basis for further expansion in Australia and the Asian region.

Rugby has had a long association with the Australian cement and lime industries since founding Cockburn Cement in 1955.

Cockburn's main operations are at the Munster works where we produce clinker, cement and lime. More recently a new lime kiln was constructed at Dongara in 1997/98. The investment in new lime capacity totalled A$130 million over the last 3 years. Cockburn also operates a number of smaller satellite operations primarily for lime hydration and distribution.

The relative location of the Cockburn Cement and Swan Cement plants creates an obvious imperative for rationalisation which is addressed as an essential part of the restructuring proposal.

Richard has already mentioned the importance of the lime business to the future of Adelaide Brighton. There has been a steady increase in lime demand in Western Australia since 1983. A further strong increase is expected in 2000 following major expansion at Alcoa and Worsley's Alumina refineries near Perth.

Increased lime sales to the Alumina industry will drive Cockburn's earnings over the coming years.

Cockburn has long term lime supply contracts with both Alcoa and Worsley Alumina both of which are well advanced with new capacity expansions.

The merged company will be beneficiary of higher lime sales once these new Alumina operations are on line in early 2000.

Conclusion

The Rugby Group has a demonstrated commitment to the cement and lime industry and to Australia.

The merger of Adelaide Brighton with Cockburn Cement is entirely complementary and will create a strong focussed company capable of further growth which in turn will benefit existing Adelaide Brighton shareholders.