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ADELAIDE BRIGHTON LTD TO RESTRUCTURE

The Directors of Adelaide Brighton Ltd announce a major restructuring which will transform Adelaide Brighton into a much larger and stronger competitor in the Australian cement and lime markets. The restructuring will create a strong partnership with The Rugby Group PLC, a United Kingdom based company with substantial international cement and lime operations. Under the terms of the restructuring Rugby Group will emerge with a 55% stake in the enlarged Adelaide Brighton.

DETAILS OF THE RESTRUCTURING

The restructuring involves the following elements:

- **Merger with Rugby Group's Australian cement and lime operation**

Adelaide Brighton will merge its operations with Rugby Group's Australian subsidiary, Cockburn Cement. Adelaide Brighton will acquire Cockburn Cement for \$230 million, the consideration for which will be the issue of 200 million shares to Rugby Group at \$1.15 per share. Rugby Group will emerge with a 55% interest in the merged group. At the time of acquisition Cockburn Cement will have net borrowings of \$95 million most of which will be owed to Rugby Group on normal commercial terms.

- **Acquisition of outstanding 49% interest in ABCL**

Adelaide Brighton will move to 100% ownership of its main operating subsidiary, Adelaide Brighton Cement Limited, by acquiring the 49% stake held by Australian Cement Holdings (to be effected by a reduction of capital by ABCL), a joint venture between CSR and Pioneer. The amount payable to ACH is \$82.9 million cash subject to completion adjustments. In conjunction with this transaction CSR, Pioneer and ACH will enter into new long term cement purchase contracts with Adelaide Brighton.

- **Capital raising of \$81.2 million**

A capital raising to raise \$81.2 million will be undertaken to fund the acquisition of 49% of ABCL. A fully underwritten renounceable 3 for 10 rights issue will be made to existing shareholders and convertible noteholders at 70 cents per share and a placement will be made to Rugby Group at 70 cents per share. The rights issue will raise \$39.2 million and the placement will raise \$42 million. The rights issue will follow shareholder approval for the restructuring. The rights issue is underwritten by Salomon Smith Barney Australia Securities Pty Limited.

▪ **Distribution to Shareholders**

A distribution by way of capital return will be made to existing Adelaide Brighton shareholders of 3.5 cents per share immediately following completion of the restructuring. Shares issued to Rugby Group and pursuant to the rights issue will not participate in this distribution. The distribution is, in part, in recognition of the fact that Adelaide Brighton will not pay a dividend in respect of the year ending 30 June 1999.

The elements of the restructuring are conditional upon each other. No component of the restructuring will proceed unless all the other components also proceed. The restructuring is also conditional on regulatory approvals and Adelaide Brighton and Rugby Group shareholder approval.

The restructuring will allow a series of rationalisation initiatives to be implemented.

BENEFITS FOR ADELAIDE BRIGHTON

The expected benefits of the restructuring are significant for Adelaide Brighton and its shareholders. The restructuring will result in Adelaide Brighton becoming a larger, financially stronger, more competitive and more diversified business, enhancing Adelaide Brighton's earnings potential and ability to grow its business.

In particular the expected benefits are:

Rationalisation of operations leading to significant cost savings: The merged company will implement a number of measures to rationalise the company's operations. Rationalisation is expected to result in increased operating profit of \$23 million per annum before tax. This is in addition to the savings expected under the Business Improvement Program at the Birkenhead plant initiated in October 1998. The rationalisation will result in a business focused on two large and cost effective plants, Adelaide Brighton's cement plant at Birkenhead and Cockburn Cement's lime plant in Perth;

Enhancement and diversification of earnings: the merged company will become the largest producer of lime in Australia as well as the largest independent cement producer in Australia. Cockburn Cement's lime business is underpinned by long term contracts with leading alumina manufacturers and represents a significant diversification of earnings, reducing Adelaide Brighton's exposure to the building cycle.

Financial size and strength: Adelaide Brighton will be transformed from a company with a market capitalisation of approximately \$130 million to more than \$400 million. The merged company will have total assets of \$970 million, with earnings before interest, tax and amortisation of goodwill of approximately \$82.9 million for 1999 on a proforma basis. The restructuring will strengthen the balance sheet, enabling Adelaide Brighton to rationalise its operations and pursue new growth opportunities.

Enhanced competitive position: the merged company will be better positioned to compete in the Australian cement industry as it will be underpinned by lower costs, improved financial strength and valuable long term cement supply contracts.

Greater control of the core business: moving to 100% ownership of ABCL will give Adelaide Brighton complete control of its core business and its strategic direction.

Strategic partnership: a strategic partnership with Rugby Group will be formed. The merged company will be the focus of future regional expansion by Rugby Group as opportunities arise.

Mr Malcolm Kinnaird, Adelaide Brighton's Chairman, said:

"The restructuring offers shareholders the opportunity to participate in a larger and stronger company. It will enhance earnings potential and allow a significant rationalisation of Adelaide Brighton and Cockburn Cement's operations. The restructuring will provide Adelaide Brighton with the competitive strength to build a prosperous and secure future."

"This restructuring is the culmination of over two years of comprehensive review of Adelaide Brighton's strategic direction by its Board and management. We have considered a wide range of options. The directors believe the restructuring represents the best opportunity available to generate value for Adelaide Brighton shareholders over the medium and long term."

Mr Peter Johnson, chief executive of Rugby Group said:

"The merger of Cockburn Cement with Adelaide Brighton is a key step in Rugby Group's growth strategy of creating strong regional cement and lime businesses around the world. The combination of Adelaide Brighton and Cockburn Cement will result in a company with world class cement and lime assets and provides the opportunity for substantial benefits from the rationalisation initiatives."

The independent expert, Ernst & Young Corporate Finance, appointed by Adelaide Brighton has found the Restructuring is fair and reasonable to Adelaide Brighton shareholders not associated with Rugby Group nor associated with Rugby Group.

RATIONALISATION INITIATIVES

The restructuring is expected to allow a series of rationalisation initiatives to be implemented. These initiatives are expected to result in savings of approximately \$23 million per annum before tax. These initiatives include:

- closure of Adelaide Brighton's Geelong Works. This will take approximately 18 months to implement from completion of the restructuring and will result in annual savings of approximately \$11.5 million;
- elimination of overlap in the merged company's cement and lime operations in Western Australia and head office functions. These initiatives will generate annual savings of approximately \$11.5 million and will be progressively achieved over a 12 to 18 month period.

All other operations of the merged company will be reviewed following the restructuring. Regrettably, the rationalisation initiatives will necessarily result in a reduction in the workforce particularly as a result of the closure of the Geelong Works. As far as possible, these changes will be achieved through natural attrition and voluntary redundancies.

BOARD AND MANAGEMENT

It is envisaged that there will be seven directors on the board of the restructured Adelaide Brighton. Messrs Malcolm Kinnaird, Chris Harris and Richard Hammond will remain on the board while Messrs Neil Hamilton and Richard England will retire after having made a valuable contribution to Adelaide Brighton. Mr Malcolm Kinnaird will be the chairman of the merged company. Mr Richard Hammond will continue as managing director for a period of time to complete the restructuring. Mr Peter Crowley, Rugby Group's cement and lime operations director and Mr David Harding, Rugby Group's

finance director will join the board as Rugby Group's representatives. Mr Crowley has been Managing Director of Cockburn Cement until his recent appointment as executive director of The Rugby Group – Cement & Lime Division. Mr Harry Perkins has been invited to join the board following completion of the restructuring. A further Australian non-executive director will be appointed.

IMPLEMENTATION OF THE RESTRUCTURING

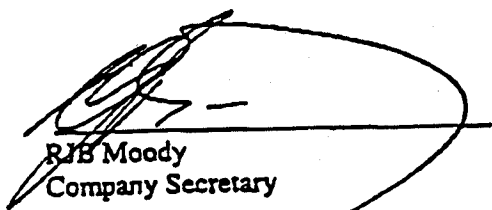
Implementation of the restructuring is subject to a number of conditions, including:

- authorisation by the Australian Competition and Consumer Commission;
- Foreign Investment Review Board approval;
- approval of Adelaide Brighton shareholders at an extraordinary meeting;
- approval of Rugby Group shareholders at an extraordinary meeting;
- completion of the capital raising; and
- no material adverse change to either Adelaide Brighton's or Cockburn Cement's business.

Documents for the shareholder meeting are expected to be dispatched to shareholders next week with the shareholders' meeting expected to be held on 14 May 1999. Rugby Group is expected to hold its shareholder meeting shortly after Adelaide Brighton's shareholder meeting. The company expects that both the ACCC authorisation and FIRB approval will be granted prior to Adelaide Brighton shareholder meeting. The restructuring will not proceed until these approvals are granted. Assuming these approvals are obtained within the normal timeframe, the restructuring is expected to be completed by 30 June 1999.

Grant Samuel & Associates is advising Adelaide Brighton. Merrill Lynch is advising Rugby Group.

Signed



RJB Moody
Company Secretary

30 March 1999

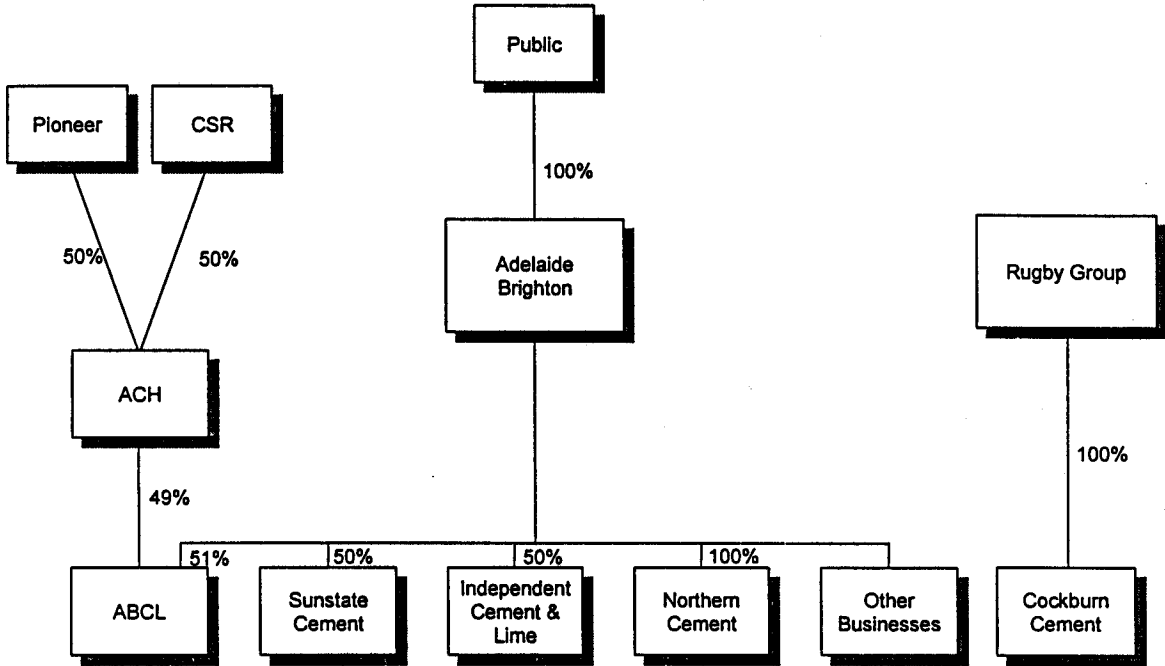
For Further Information

Mr Richard Hammond
Managing Director
Adelaide Brighton Limited

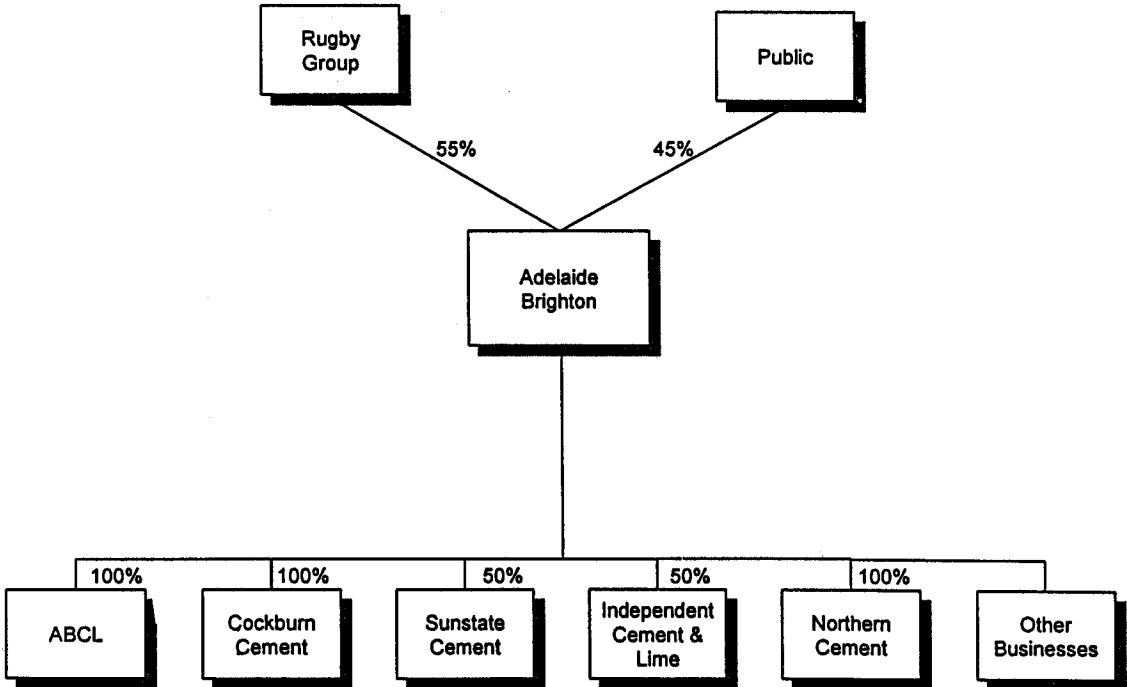
Contact via:
Ms Luba Przedworski
(08) 8223 8005
0418 535 636

EFFECT ON CORPORATE STRUCTURE

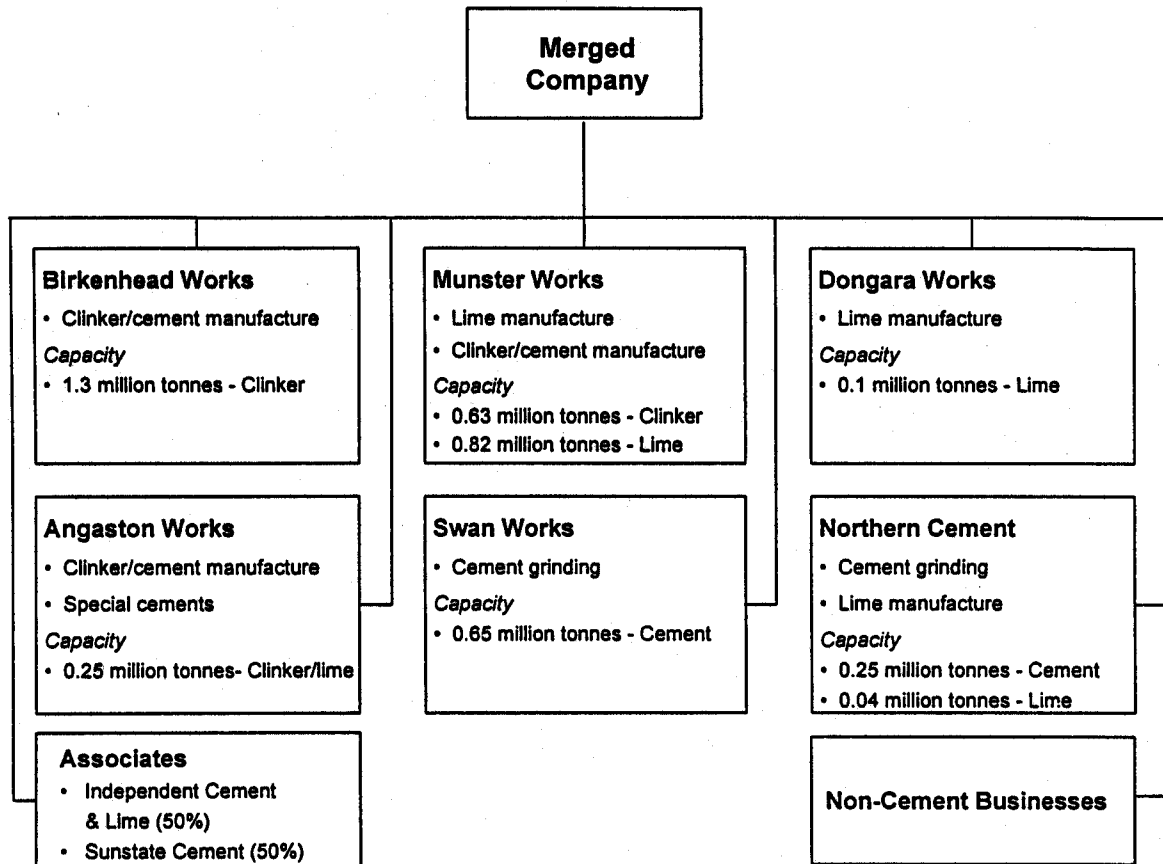
Before Restructuring



After Restructuring



MERGED COMPANY STRUCTURE*



* After implementation of the rationalisation initiatives.

EFFECT ON ISSUED CAPITAL

The issued capital of Adelaide Brighton will increase from 157.4 million shares to 473.4 million shares. Following the restructuring, Rugby Group will be the largest shareholder in Adelaide Brighton with a 55% shareholding.

Impact of Restructuring on Issued Capital						
	Before Restructuring		After Purchase of Cockburn Cement, before Rights Issue and Placement		After Restructuring, Rights Issue and Placement¹	
	Number (millions)	%	Number (millions)	%	Number (millions)	%
Rugby Group	–	–	200.0	56.0	260.0	54.9
Other shareholders	157.4	100.0	157.4	44.0	204.7	43.3
Convertible noteholders	–	–	–	–	8.7	1.8
Total issued capital	157.4	100.0	357.4	100.0	473.4	100.0

- Note: (1) Assumes convertible noteholders take up their entitlement to the rights issue.
 (2) No allowance is made for the potential issue of shares under Adelaide Brighton's Executive Performance Share Plan.

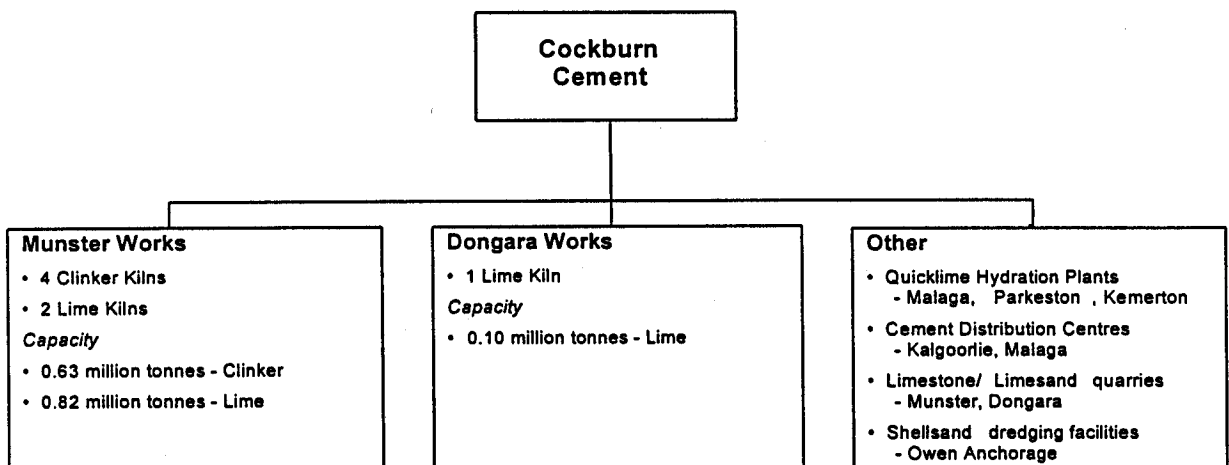
PROFILE OF COCKBURN CEMENT

Cockburn Cement was established by Rugby Group in the 1950s to produce cement predominantly for the Perth construction industry. Its cement operations have expanded significantly and it is now the largest producer of cement in Western Australia. Cockburn Cement has capacity to produce 630,000 tonnes of clinker per annum (approximately 700,000 tonnes of cement per annum).

In 1973 Cockburn Cement entered into the production of lime, largely in response to increased demand from the local alumina industry. The continued expansion of the alumina industry over that term coupled with increased use of lime in other mineral processing industries has seen its lime operations grow substantially. Cockburn Cement is now Australia's largest producer of lime products with approximately 90% of the Western Australia lime market. Cockburn Cement has invested approximately \$130 million in new lime capacity in the last three years.

Cockburn Cement has two principal plants one at Munster, south of Perth and the other at Dongara near Geraldton on the north west coast of Western Australia. Cockburn Cement also has a number of quicklime hydration plants, cement distribution centres and quarries across Western Australia. Cockburn Cement employs approximately 350 people. Cockburn Cement's facilities and their locations are shown below:

Cockburn Cement - Operations Overview



Cockburn Cement's proforma earnings over the past three years and forecast for the year ending 31 December 1999 are summarised below:

Cockburn Cement – Proforma Historical Financial Performance				
	Years ended 31 December (\$ millions)			
	1996	1997	1998	1999F³
Gross sales revenue	133.7	149.8	153.5	128.1 ²
EBITDA	36.5	41.1	46.1	44.3
Depreciation and amortisation	(6.5)	(6.7)	(10.6)	(13.4)
EBITA	30.0	34.4	35.5	30.9
Statistics				
<i>EBITDA margin</i>	27.3%	27.4%	30.0%	<i>nm</i>
<i>EBITA margin</i>	22.4%	23.0%	23.1%	<i>nm</i>

- Notes
- (1) Adjusted to reflect only the business to be acquired by Adelaide Brighton.
 - (2) Net sales revenue. In 1998, gross sales revenue (which is used for statutory purposes) was approximately \$17.1 million greater than net sales revenue.
 - (3) Based on assumptions and limitations which will be set out in documents to be sent to shareholders.

The cement and clinker operations of Cockburn Cement are supported by supply relationships established with the major building products companies in Western Australia. Cockburn Cement's major cement customers are CSR and Boral with whom it has supply contracts which underpin sales through to the year 2000. Cockburn Cement supplies clinker to the Buckeridge Group, pursuant to a five year supply agreement entered into in 1997, and to Boral who in turn have the clinker milled by the Buckeridge Group.

The mineral processing industry, in particular the alumina industry, is the principal user of lime. Cockburn Cement has long term contracts with more than 10 years to run with the major quicklime users including Alcoa of Australia and Worsley Alumina. These two customers represent approximately 65% of Cockburn Cement's total lime sales.

Lime demand in Australia is expected to grow. Growth will be driven primarily by the expansion initiatives currently being undertaken by the Australian aluminium industry with Alcoa of Australia and Worsley Alumina both significantly increasing the capacity of their operations in Western Australia.

PROFILE OF RUGBY GROUP

The Rugby Group is a United Kingdom based company with a listing on the London Stock Exchange. Rugby Group has interests in United Kingdom, United States of America, Australia, Holland, Poland, Czech Republic and Jamaica and employs more than 10,000 people worldwide. Rugby Group has a market capitalisation in excess of £700 m (A\$1.86 bn) and has total sales in excess of £1 bn (A\$2.7 bn).

Over the last three years, the Group's strategy has been to refocus its operations, restructuring through the disposal of non-core activities. As a result of this restructuring Rugby Group now has two well-established business groups in cement and lime and joinery.

■ Cement & Lime

Rugby Group produces cement in the United Kingdom, Poland and Australia, is a major producer of quicklime for resource based industries in Australia and is currently building a new lime kiln in Jamaica to supply the alumina industry. In the United Kingdom Ash Resources is the major producer of pulverised fuel ash for the concrete industry and has recently announced the acquisition of a fly ash business in the Czech Republic.

In the United Kingdom, Rugby Cement has some 20% share of the market. The Rugby Group is currently investing in a new works in Rugby with an annual capacity of 1.35 million tonnes which, when commissioned in mid 1999, will account for 50% of Rugby Cement's total United Kingdom production. In Poland, Rugby Group has a 49% shareholding in Cementownia Chelm, where major investment in a new 1.6 million tonnes per annum kiln is due for commissioning in mid 1999. Rugby Group has options to obtain a majority shareholding in Chelm by 2000.

In Australia, Rugby Group conducts its cement and lime business through Cockburn Cement.

■ Joinery

Rugby Joinery in the United Kingdom is the largest United Kingdom manufacturer of timber doors, windows and other joinery products. The European Joinery Division in Holland is the market leader in the production of both timber and PVCu windows, the company also produce a wide range of doors and staircases. Rugby Building Products in the United States process and distribute a range of building products and other construction materials across the United States. Rugby Group's Australian joinery operation, Stegbar Pty Ltd, produce a range of windows and doors as well as being a major supplier of wardrobes and shower screens. Rugby Group are in discussions with a number of parties that may lead to the sale of the majority of the joinery division.

Rugby Group is now seeking to achieve growth in its cement and lime interests by developing regional clusters of businesses based around its existing, strong Rugby companies. Over the last three years Rugby Group has committed over £250 m (A\$650 m) to major capital investments in its cement and lime businesses.

FINANCIAL HIGHLIGHTS

Set out below is summary proforma information assuming the restructuring was completed at 1 January 1999. The information presented is based on assumptions and limitations which will be set out in documents to be sent to shareholders. This is indicative information only, as the restructuring is not expected to be completed until 30 June 1999.

Merged Company - Key Financial Indicators		
	Adelaide Brighton Standalone	Merged Company Proforma¹
Market Capitalisation (\$ millions)		
At a theoretical ex-rights price of \$0.86 ²	135.4	407.1
At a share price of \$1.15 (the issue price to Rugby Group)	181.0	544.4
Profit & Loss (year ending 31 December 1999) (\$millions)		
Net sales revenue ³	280.1	407.0
EBITDA	73.8	123.0
EBITA	45.8	82.9
Net profit after tax and outside equity interests and before abnormal items	13.4	34.2
Statistics		
Return on total assets (EBITA/Total assets)	7.4%	8.6%
Return on capital employed (EBITA/Capital employed)	9.2%	10.9%
Balance Sheet (as at 31 December 1998) (\$ millions)		
Total assets	622.2	969.8
Capital employed ⁴	496.5	764.3
Shareholders' equity attributable to members	183.4	447.0
Net tangible assets attributable to members	171.3	270.9
Net borrowings	209.9	312.9
Number of shares	157.4	473.4
Gearing		
Net borrowings/Net borrowings plus shareholders' equity (as at 31 December 1998)	42.3%	40.9%
Interest cover (1999 Proforma)		
EBITDA/Net Interest	5.1x	5.8x
EBITA/Net Interest	3.2x	3.9x

- Note:
- (1) Based on merger benefits of \$7.5 million expected to be achieved progressively over the first year following implementation of the Restructuring.
 - (2) Theoretical ex-rights price based on an assumed cum rights price of \$0.91
 - (3) Reported sales revenue will be significantly higher than net sales revenue as it includes certain freight costs and reflects sales under product swap agreements. In 1998 net sales revenue for Adelaide Brighton was approximately \$58.5 million lower than gross sales revenue and for Cockburn Cement was approximately \$17.6 million lower.
 - (4) Net assets plus net borrowings.

Impact of Restructuring on EPS (before goodwill amortisation & abnormal items)

	Adelaide Brighton Standalone Unadjusted	Adelaide Brighton Standalone Adjusted ²	Merged Company Proforma	Change from unadjusted	Change from adjusted
Year ended 31 December 1998					
(cents/share)					
First 12 months rationalisation benefits	7.2	6.8	8.4 ¹	16.7%	23.5%
Full rationalisation benefits	7.2	6.8	10.9 ¹	43.1%	60.3%
Year ending 31 December 1999					
(cents/share)					
First 12 months rationalisation benefits	9.5	9.0	9.4	-1.1%	4.4%
Full rationalisation benefits	9.5	9.0	11.8	24.2%	31.1%

Note: (1) Assumes transaction completed as at 1 January 1998.
(2) Adjusted for dilutionary impact of rights issue assuming a cum rights share price of 91 cents.

RATIONALISATION

The restructuring will allow a series of rationalisation initiatives to be implemented which are expected to result in savings of approximately \$23 million per annum before tax. These savings are in addition to the savings expected to be achieved under the Business Improvement Program at the Birkenhead plant initiated on October 1998 based on advice from Booz Allen & Hamilton. The rationalisation initiatives fall into two broad categories:

- **Closure of the Geelong Works**

The closure of the Geelong Works, which will take approximately 18 months to implement, is expected to result in significant savings. The Geelong Works is a high cost wet plant. Following the closure, the Victorian market will be serviced by cement produced at the lower cost Birkenhead Works. These savings will partially be offset by the effect of reduced sales as a result of the reduced capacity (but the lost sales are almost entirely low margin exports) and the funding costs of associated capital expenditure at the Birkenhead Works and the Melbourne Cement Facility (partly owned by Independent Cement & Lime). The net benefit to earnings, once the closure is completed, is expected to be approximately \$11.5 million per annum.

- **Elimination of Overlap**

Adelaide Brighton and Rugby Group have, with the assistance of Booz-Allen & Hamilton, identified a number of initiatives to rationalise the cement and lime operations in Western Australia and head office functions. These initiatives are expected to generate annual savings of approximately \$11.5 million. The savings are expected to be progressively achieved over a 12 to 18 month period.

A review of the other cement and lime operations of the Merged Company will be conducted following implementation of the restructuring in an effort to identify additional rationalisation savings. In particular, rationalisation of off-white and specialty cement production at the Munster Works in Western Australia and at the Angaston Works in South Australia will be explored. Adelaide Brighton's other businesses not directly involved in cement manufacturing and distribution will also be subject to review.

LONG TERM CONTRACTS WITH ACH, PIONEER, CSR

- ACH will enter into new long term contracts with ABCL for the purchase of cement in South Australia and Western Australia on behalf of CSR and Pioneer. These contracts will replace ABCL's existing contracts with CSR and Pioneer which are due to expire by the end of 2002.
- CSR and Pioneer will enter into new long term contracts for the purchase of cement in the Northern Territory from Northern Cement, a wholly owned subsidiary of Adelaide Brighton.
- ACH's existing contract with ABCL for the purchase of 150,000 tonnes of clinker per annum until December 2002, which would otherwise be terminable on the acquisition of ACH's 49% interest in ABCL, will remain in place.
- the new supply contracts with ACH, CSR and Pioneer will provide long term security for a substantial proportion of ABCL's sales volume. The present contracts with ACH, CSR and Pioneer expire during 2002. ACH has indicated that it will not renew its contract and there is no certainty of continuity of purchasing by CSR and Pioneer. The new contracts have been negotiated in the context of Adelaide Brighton acquiring unfettered control of ABCL. The new contracts will apply until the end of 2008 and involve higher volumes than presently contracted. The directors believe that these new contracts substantially underpin long term sales volumes for Adelaide Brighton and address what has been a significant point of vulnerability for ABCL.

CAPITAL RAISING

(i) The Rights Issue of ordinary Shares

- Amount \$39.2 million
- Issue price 70 cents
- Number of shares 47.3 million shares
- Entitlement 3 shares for every 10 shares or convertible notes held
- Ranking New shares issued will rank equally with existing ordinary shares but will not be entitled to the 3.5 cent capital distribution
- Underwriter The issue is fully underwritten by Salomon Smith Barney Securities Pty Limited for a fee of 3.25% of the amount underwritten
- Underwriting out clauses Contains the usual out clauses including
 - the all ordinaries index remains for 2 days at 85% or less of the level on the day Underwriting Agreement is executed
 - the authorisation sought from the ACCC not being granted
 - the restructuring not proceeding

- Indicative timetable

Event	Date
Shareholder meeting	14 May 1999
Commencement of rights trading	21 May 1999
Record date to determine entitlement to new shares	27 May 1999
Rights offer closes	25 June 1999
Allotment of new shares	30 June 1999

(ii) Placement of shares to Rugby Group

- Amount \$42 million
- Issue price 70 cents
- Number of shares 60 million
- Ranking New shares issued will rank equally with existing ordinary shares but will not be entitled to the 3.5 cent capital distribution
- Conditions The placement is conditional on the restructuring proceeding