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Adelaide Brighton Ltd

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16 April 2018

Dear fellow Shareholder

On behalf of the Board, I am pleased to invite you to Adelaide Brighton Limited's 2018 Annual General Meeting.

The AGM will be held at the InterContinental Adelaide, North Terrace, Adelaide, South Australia, commencing at 10am (Adelaide time) on Thursday 17 May 2018. The Notice of Meeting and Proxy Form are enclosed with this letter.

We encourage and look forward to our shareholders attending the AGM. Shareholders who cannot attend the AGM may appoint a proxy online at www.investorvote.com.au or by using the enclosed Proxy Form.

The items of business that will be considered at the AGM are:

- The financial report, directors' report and auditor's report;
- The re-election of Raymond Barro;
- The election of Vanessa Guthrie and Geoff Tarrant;
- The Managing Director's long term incentive award; and
- The remuneration report.

The Board recommends that shareholders vote in favour of all voting items. Full details are set out in the explanatory notes in the enclosed Notice of Meeting.

As previously announced, this will be my last AGM as Chairman. I am pleased to confirm that Zlatko Todorovski, who is an independent non-executive Director, will succeed me as Chairman at the conclusion of the meeting. I will retire from the Board after a short transition period.

Longstanding Director Graeme Pettigrew will retire at the AGM and will not seek re-election. The Board is grateful to Graeme for his positive and valuable contribution over the last thirteen years.

On behalf of the Board, I look forward to welcoming you to the 2018 AGM.

Leslie Hosking
Chairman

NOTICE OF ANNUAL GENERAL MEETING



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Notice is given that the 2018 Annual General Meeting of Adelaide Brighton Ltd (the Company) will be held at the Ballroom, Lower Level, InterContinental, North Terrace, Adelaide, South Australia 5000, on Thursday 17 May 2018 at 10.00am Adelaide time, for the purpose of transacting the business set out in this Notice.

Business

1 Financial Report, Directors' Report and Auditor's Report

To receive and consider the financial report, directors' report and the auditor's report for the financial year ended 31 December 2017.

Note: There is no requirement for shareholders to vote on this item

2 Election of Dr VA Guthrie

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Dr VA Guthrie, being a Director appointed since the last Annual General Meeting, and holding office only until the conclusion of this Annual General Meeting in accordance with rule 7.1(c) of the Company's constitution and, being eligible, is elected as a Director of the Company."

3 Election of Mr GR Tarrant

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr GR Tarrant, being a Director appointed since the last Annual General Meeting, and holding office only until the conclusion of this Annual General Meeting in accordance with rule 7.1(c) of the Company's constitution and, being eligible, is elected as a Director of the Company."

4 Re-election of Mr RD Barro

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That Mr RD Barro, being a Director of the Company who retires by rotation under rule 7.1(d) of the Company's constitution and, being eligible, is re-elected as a Director of the Company."

5 Issue of Awards to the Managing Director

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"That, for the purposes of ASX Listing Rule 10.14 and section 200B of the *Corporations Act*, approval be given to the grant of 233,063 Awards to Mr M Brydon, the CEO and Managing Director of the Company, under the Adelaide Brighton Executive Performance Share Plan (Plan) on the terms set out in the Explanatory Notes to this Notice of Annual General Meeting."

Voting exclusion statement

The Company will disregard any votes on Item 5:

- > that are cast in favour of Item 5 by or on behalf of Mr M Brydon or his associates (regardless of the capacity in which the vote is cast); and
- > that are cast as proxy by a person who is a member of the key management personnel on the date of the AGM or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- > in accordance with the directions on the proxy form; or
- > by the person chairing the meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though Item 5 is connected with the remuneration of the key management personnel.

6 Adoption of Remuneration Report

To consider and, if thought fit, pass the following resolution as a non-binding ordinary resolution:

"To adopt the Remuneration Report for the financial year ended 31 December 2017."

The Remuneration Report is set out on pages 50 to 69 of the 2017 Annual Report.

Note: This resolution is advisory only and does not bind the Directors or the Company.

Voting exclusion statement

The Company will disregard any votes cast on Item 6:

- > by or on behalf of a person who is a member of the key management personnel named in the remuneration report for the year ended 31 December 2017 or their closely related parties (regardless of the capacity in which the vote is cast); or
- > as proxy by a person who is a member of the key management personnel on the date of the AGM or their closely related parties.

However, votes will not be disregarded if they are cast as proxy for a person entitled to vote:

- > in accordance with the directions on the proxy form; or
- > by the person chairing the meeting, in accordance with an express authorisation in the proxy form to exercise the proxy even though Item 6 is connected with the remuneration of the key management personnel.

By order of the Board
Marcus Clayton
Company Secretary

16 April 2018

Explanatory notes to shareholders

Item 1

Financial Report, Directors' Report, Auditor's Report

The *Corporations Act* requires the financial report (which includes financial statements, notes to the financial statements and directors' declaration), the directors' report and the auditor's report to be laid before the Annual General Meeting.

There is no requirement for a formal resolution on this matter. Accordingly, there will be no formal resolution put to the meeting.

Shareholders will be given a reasonable opportunity at the meeting to raise questions on these reports and to make comments on the business, operations and management of the Company.

Item 2

Election of Dr VA Guthrie

Hon DSc, PhD, BSc (Hons)

Dr Guthrie, 57 years of age, was appointed to the Board as an independent non-executive Director on 8 February 2018.

Dr Guthrie brings more than 30 years' experience to the Board gained in the mining and resources industry where she performed a variety of roles covering operations, environment, community, indigenous affairs, corporate development and sustainability. She has previously held the position of CEO and Managing Director of Toro Energy Limited and Vice President Sustainable Development at Woodside Energy.

Dr Guthrie is currently Chair of the Minerals Council of Australia and a non-executive Director of Santos Limited, Vimy Resources Limited and the Australian Broadcasting Corporation.

The Board confirms its support for the election of Dr Guthrie as an independent Director of the Company, and with Dr Guthrie abstaining, recommends that shareholders vote in favour of Item 2.

Item 3

Election of Mr GR Tarrant

BBus

Mr Tarrant, 49 years of age, was appointed to the Board as a non-executive Director on 8 February 2018.

Mr Tarrant is a finance executive who brings over 25 years' experience to the Board gained in Australia, the United Kingdom and Asia. He is currently engaged in a corporate finance consultancy role with Deutsche Bank, where he has held a number of senior roles since 2002. Prior to this he held finance roles with Citigroup, National Australia Bank and Price Waterhouse.

Mr Tarrant is Chairman of Zuuse Limited, a cloud based construction software company.

Mr Tarrant is a minority shareholder with Barro Group Pty Ltd (an associate of the Company's substantial shareholder, Barro Properties Pty Ltd) in Vue Australia Pty Ltd which operates the East Coast Cement import facility in Newcastle, New South Wales.

Barro Properties Pty Ltd, together with its associates, has a relevant interest in 41% of the Company's issued capital.

The Board confirms its support for the election of Mr Tarrant as a Director of the Company, and with Mr Tarrant abstaining, recommends that shareholders vote in favour of Item 3.

The Board notes that Mr Tarrant, who was nominated by Barro Properties Pty Ltd, is not considered an independent Director.

Item 4

Re-election of Mr RD Barro

BBus, CPA, ASIS

Mr Barro, 53 years of age, joined the Board as a non-executive Director in August 2008. He is a member of the Safety Health and Environment Committee. Mr Barro brings over 28 years' experience in the premixed concrete, quarrying and construction materials industry to the Board. Mr Barro is also the Managing Director of Barro Group Pty Ltd.

Barro Group Pty Ltd is a significant shareholder in the Company, a joint venture partner through the Independent Cement and Lime Pty Ltd joint venture, and Barro Group Pty Ltd purchases goods from the Company's joint ventures, Independent Cement and Lime Pty Ltd and Sunstate Cement Limited. Barro Group Pty Ltd is also an associate of Barro Properties Pty Ltd which is a substantial shareholder of the Company.

The Board has reviewed the performance of Mr Barro, in particular in light of his role as Managing Director of Barro Group Pty Ltd and its significant shareholding in Adelaide Brighton Limited, together with the skills knowledge and experience he brings to the Board and contributions to discussions.

The Board confirms its support for the re-election of Mr Barro as a Director of the Company, and with Mr Barro abstaining, recommends that shareholders vote in favour of Item 4.

The Board notes that Mr Barro is not considered an independent Director.

Item 5

Issue of Awards to the Managing Director

Under ASX Listing Rule 10.14, shareholder approval is required for securities to be granted to the Managing Director under an employee incentive scheme. Accordingly, shareholder approval is sought for a grant of Awards to the CEO and Managing Director, Mr M Brydon, pursuant to and subject to Adelaide Brighton's Executive Performance Share Plan (Plan).

Approval is also sought under section 200B of the *Corporations Act* for the pro rata vesting of Awards granted to Mr Brydon upon cessation of his employment in circumstances other than where he resigns or the Company terminates his employment for cause.

This year's Awards will have a four year performance period over the period 1 January 2018 to 31 December 2021, with testing of the performance conditions and vesting available in May 2022.

The Board considers that it is important that the remuneration of the Managing Director and members of the senior executive team, including any long term incentive, be on the same terms to ensure a co-ordinated and consistent effort to achieving the Company's goals. Following the meeting, the Company will issue Awards to members of the senior executive team on similar terms to those proposed for Mr Brydon.

The key terms of the proposed grant of Awards to the Managing Director in respect of the 2018 Award is set out below. An overview of the Plan can be found on pages 64 and 65 of the Remuneration Report.

Number of Awards allocated	<p>If approval is obtained, Mr Brydon will be issued with 233,063 Awards (at no cost to Mr Brydon) under the Plan. This represents the long term incentive component of his 2018 remuneration package.</p> <p>The number of Awards to be allocated to Mr Brydon was determined at face value by dividing 100% of his fixed annual remuneration (being his maximum annual participation level in the Plan) by \$6.2974, being the volume weighted average price of the Company's shares over the 3 month period to 31 December 2017.</p> <p>Each Award is a right to one fully paid ordinary share in the Company.</p>	Performance hurdles (continued)	<p>The target growth rate over the performance period for 50% vesting is 5% per annum compound annual growth, with full vesting occurring where the growth rate equals or exceeds 10% per annum compound. The Awards vest on a straight line basis between these points.</p>
Date of grant	<p>If shareholder approval is obtained, the Awards will be formally granted to Mr Brydon no later than one month after the date of the meeting.</p>	Trading restrictions	<p>Vested Awards may be exercised at any time prior to 30 September 2022. Shares allocated on exercise of an Award are subject to the restrictions in the Company's share trading policy.</p>
Performance period and vesting	<p>The Awards are subject to a four year performance period, commencing on 1 January 2018 (which is the effective grant date) and ending on 31 December 2021.</p> <p>Any Awards which do not vest following testing of the performance hurdles at the end of the performance period will lapse.</p> <p>The earliest exercise date for those Awards which vest after the end of the performance period is 1 May 2022. Any vested but unexercised Awards will expire on 30 September 2022.</p>	Cessation of employment	<p>If Mr Brydon ceases employment with the Company before the end of the performance period, his Award entitlements (if any) will depend on the circumstances of cessation.</p> <p>All unvested Awards will lapse if Mr Brydon resigns or is terminated by the Company for cause.</p> <p>If his employment otherwise terminates before 1 May 2022, the Awards will vest on a pro rata basis determined by reference to the portion of the performance period elapsed, and subject to the satisfaction of the performance conditions, at the date of cessation. Any Awards that vest are able to be exercised for six months post termination, after which point they will lapse.</p>
Performance hurdles	<p>The Awards are subject to two performance hurdles which are independent and tested separately. The Board considers these performance hurdles to be appropriate as they link a proportion of Mr Brydon's remuneration to Company performance and the generation of shareholder value.</p> <p>Total Shareholder Return (TSR) hurdle</p> <p>50% of the Awards are subject to the TSR hurdle.</p> <p>This hurdle requires the Company's total shareholder return over the performance period to equal or exceed the growth in the median company of the S&P/ASX 200 Accumulation Index (excluding all GICS Financial companies and selected resources companies).</p> <p>No Awards will vest if the Company's TSR performance over the performance period is less than the 50th percentile. If performance is at the 50th percentile, then 50% of Awards will vest. Full vesting will occur at the 75th percentile, with pro rata vesting on a straight line basis between these points.</p> <p>Earnings Per Share (EPS) hurdle</p> <p>50% of Awards are subject to the EPS hurdle. The EPS hurdle measures the compound annual growth in the Company's earnings per share (as disclosed in the audited accounts) over the period from 31 December 2017 (ie. the base year) to the end of the 2021 financial year.</p>	Other required information - ASX Listing Rules	<p>Mr Brydon is the only Director of the Company entitled to participate in the Plan.</p> <p>Mr Brydon was appointed Chief Executive Officer of the Company in May 2014, followed by his appointment as Managing Director of the Company in November 2015.</p> <p>In accordance with the approval received from shareholders at the 2017 Annual General Meeting, 273,188 Awards were granted to Mr Brydon under the Plan during the 2017 financial year at no cost as part of his remuneration. Since this approval, no other Awards have been made under the Plan to Mr Brydon.</p>
		Other required information - section 200E Corporations Act	<p>The potential future value of Awards which may vest upon cessation of employment cannot currently be ascertained, as this benefit is dependent upon the number of Awards that vest at the time of cessation of employment, which will depend upon the portion of the performance period that has elapsed at the time employment ceases.</p>
			<p>The Board (excluding Mr Brydon) recommends that shareholders vote in favour of Item 5.</p>

(continued next column)

Item 6

Adoption of Remuneration Report - non-binding advisory vote

As required by the *Corporations Act*, the Board is presenting the Company's Remuneration Report for the financial year ended 31 December 2017 to shareholders for consideration and adoption by a non-binding advisory vote.

The Remuneration Report is set out on pages 50 to 69 of the 2017 Annual Report.

The Remuneration Report discusses:

- > the remuneration policy adopted by the Board;
- > the remuneration details of Key Management Personnel (KMP) (comprising each Director and certain members of the senior executive team);
- > how the Company's performance has driven remuneration outcomes for the 2017 financial year; and
- > the performance conditions that must be met prior to KMP executives deriving any value from the 'at risk' components of their remuneration.

The Remuneration Report has received positive support from shareholders in prior years and the content of the 2017 Remuneration Report remains largely unchanged.

We have also prepared the Remuneration Report in line with our objective of transparency in explaining our remuneration framework and practices and the link between Company and individual performance and incentive remuneration outcomes.

The vote on this resolution is advisory only and does not bind the Directors or the Company. Nevertheless, there will be a reasonable opportunity for discussion of the Remuneration Report at the meeting, and the Board will take into account this discussion and the outcome of the vote on this resolution when considering the future remuneration arrangements of the Company.

As a result of the provisions in the *Corporations Act* known generally as the 'two strikes rule', shareholders should note that the result of the vote on this resolution may impact the voting process at the Annual General Meeting next year. If 25% or more of the votes cast on this resolution are against the adoption of the 2017 Remuneration Report, this will be considered the 'first strike'. If a 'second strike' is cast against the Remuneration Report at next year's Annual General Meeting, this will trigger a vote on a resolution to spill the Board. Consequently, the Directors may need to stand for re-election.

The Board, therefore, encourages shareholders to apply the same level of diligence in relation to voting on this resolution as they do with the binding resolutions.

The Board recommends that shareholders vote in favour of Item 6.

Voting Information

Voting Entitlement

For the purposes of the meeting, shares will be taken to be held by the persons who are the registered holders at close of business on Tuesday 15 May 2018. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

Methods of Voting

Shareholders can vote in the following ways:

- > by attending the meeting and voting either in person, by attorney or, in the case of corporate shareholders, by corporate representative; or
- > by appointing a proxy to vote on their behalf using the form of appointment of proxy enclosed or online (refer below).

All your securities will be voted in accordance with your directions.

Voting by Proxy

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate. If a shareholder appoints a body corporate as a proxy, that body corporate will need to ensure that it:

- > appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the *Corporations Act 2001 (Cth)*; and
- > provides satisfactory evidence of the appointment of its corporate representative.

If such evidence is not received at least 48 hours before the meeting, the body corporate (through its representative) will not be permitted to act as a proxy.

A form of appointment of proxy is enclosed. To be effective, the document appointing the proxy (and a certified copy of the power of attorney, if any, under which it is signed) must be received by the Company at least 48 hours before the meeting. The documents should be lodged with the Company:

- > by mail to:
Computershare Investor Services Pty Limited
GPO Box 242, Melbourne VIC 3001
Australia

- > Alternatively you can fax your form to:
1800 783 447 (within Australia)
+ 613 9473 2555 (outside Australia)

- > **Vote online:** Shareholders can also cast their votes online at www.investorvote.com.au and follow the prompts. To use this facility you will need your Shareholder Reference Number (SRN) or Holder Identification Number (HIN), postcode and control number as shown on the proxy form. You will have taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.
- > **Custodian voting:** For Intermediary Online subscribers only (custodians) please visit www.intermediaryonline.com to submit your voting intentions.

A shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where more than one proxy is to be appointed or where voting intentions cannot be adequately expressed using the enclosed proxy form, an additional form of proxy is available on request from the Company.

A proxy may choose whether or not to vote on a show of hands or on a poll. If the proxy chooses to vote, the proxy must vote in accordance with the directions of a shareholder on the proxy form. If the proxy chooses not to vote on a poll, the Chairman of the Meeting must exercise the proxy in accordance with the directions of the shareholder on the proxy form (if any).

If a shareholder does not indicate on the proxy form the manner in which a proxy is to vote, then the proxy may vote as he thinks fit. The Chairman of the Meeting intends to vote all available undirected proxies in favour of each item of business.

Corporate shareholders

A representative of a company attending the meeting must present satisfactory evidence of his or her appointment to attend on its behalf, unless previously lodged with the Company.

Annual Report

Adelaide Brighton Limited's 2017 Annual Report is available at:
www.adbri.com.au/investors#reports