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Adelaide Brighton Ltd
ACN 007 596 018

13 November 2017

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

DOUBTFUL DEBTS PROVISION

Adelaide Brighton (ASX:ABC) advises that it has identified certain financial discrepancies which relate to transactions under which a small number of customers may have underpaid for product supplied to them. The Company is investigating the matter fully, including the possible involvement of an employee of the Company, with the assistance of forensic accountants KPMG.

While the investigation is still in process, based on the information currently available, it appears that there may have been deliberately hidden underpayments by customers over a sustained period, which may have a negative impact on FY17 EBIT currently estimated to be up to \$14 million, less the impact of any recoveries which may be made. Pending completion of the investigation and subject to any recovery action, it is likely that an additional provision for doubtful debts of \$14 million will be made. No material cash flow impact is expected.

The matter was identified under Adelaide Brighton's existing compliance and risk management systems and processes. The Company is strengthening these further in the light of this matter.

The Company has reported this matter to its auditors and will co-operate with relevant authorities as appropriate as the investigation proceeds.

Excluding the one-off impact of this issue (which the Company will be taking action to recover), Adelaide Brighton confirms guidance for full year 2017 underlying profit after tax (excluding property) of between \$188 million and \$198 million.

Investors/media:

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