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ADDRESS TO SHAREHOLDERS CEO DAVID CLARKE RINKER GROUP LIMITED AGM 2005 18 July 2005

Last year was another year of substantial progress for Rinker, and another year of strong, consistent growth. One of the most pleasing aspects of the result was the improvement in return on funds employed¹ for the group as a whole and across all segments.

Return on funds employed is a pre-tax measure that shows how hard we are working each dollar of capital invested in the business.

For the group, the return in US\$ was over 24 per cent, up from 17 per cent in the prior year. For Rinker Materials, the US subsidiary, the return rose from 18 to almost 27 per cent, while for Readymix, the Australian business, it went from 17 to 20 per cent. These are very satisfactory results.

Return on funds employed		
Year ended March 05	YEM05	YEM04
Aggregates	22.0%	17.4%
Cement	32.3%	27.0%
Concrete, block & asphalt	29.0%	19.1%
Concrete pipe & products	23.3%	15.2%
Rinker Materials (US\$)	26.7%	17.9%
Readymix (A\$)	19.9%	17.1%
Rinker Group Limited (US\$)	24.3%	17.1%

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I was particularly pleased to see the improvement in our US concrete pipe business, with the return on funds employed moving from 15 to 23 per cent.

This is a business that was not performing well a few years ago. It is much more geographically spread out than the rest of our US business, and many of its markets do not have the same underlying strengths of Florida or Arizona – that is, high demographic growth and strong fiscal positions. Last year, the business was also hit by a huge hike in the price of steel – used as reinforcing in most of our pipes.

However, a concerted effort by the new management team under Duncan Gage sharply reduced costs, closed some loss-making operations, and was able to lift prices last year. Volumes were also up about five per cent as state government finances improved in many of its markets.

Sales and EBIT growth		
Year ended March 05	Sales	EBIT
Aggregates	+ 13%	+25%
Cement	+ 12%	+14%
Concrete, block & asphalt	+ 20%	+69%
Concrete pipe	+ 12%	+54%
Rinker Materials (US\$)	+16%	+48%
Readymix (A\$)	+12%	+21%
Rinker Group Limited (US\$)	+16%	+43%

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The end result was that sales grew 12 per cent and EBIT 54 per cent – a great effort. I would like to thank the pipe team for all their hard work to get there.

All other segments of the group also performed well last year, as you can see from the slide. This was despite very significant cost increases incurred by all of our businesses.

For the US aggregates operations, fuel, electricity and supply costs, especially tyres and steel, were up strongly. Large off-road tyres are in such short supply that we have been getting new equipment - like the loader on the screen - delivered from the factory without them. So, in the interim, we have resorted to using more second-hand tyres and a new – but shorter-life -- tyre. It has been quite a challenge keeping our equipment moving!

Construction activity in Florida is extremely strong and we are close to capacity in our aggregates business there. Last year we boosted volumes three per cent and we are installing a new dragline in our FEC quarry in Miami to deliver another 1.5 million tons a year, once it is up and running later this year.

Overall, last year's aggregates volumes rose two per cent while prices were up over eight per cent.

The Florida-based cement business also performed well under difficult circumstances.

We produce around two million tons of cement a year and import another two million tons. Costs rose sharply last year – electricity, coal and particularly ocean freight – which was up over 50%. However, price increases, combined with operational improvement or productivity savings, were enough to offset the cost increases and improve margins slightly.

Temporary problems at competitors' cement plants and shortages of imported cement meant that supply in Florida could not keep up with demand – and cement was on allocation - that is, rationed - during part of the year. Fortunately, Rinker Materials was able to keep our two mills running well, and maintain supply, so we were able to minimize excessive disruption to our customers.

Concrete, block and asphalt became the largest contributor to our US profits last year, earning almost US\$200 million in EBIT.

The Florida, Arizona and Nevada construction markets grew very strongly again – particularly housing - but also helped by the beginning of a recovery in commercial or non-residential construction. Volume gains, together with several concrete price increases during the year, helped offset substantial cost increases.

Across Rinker Materials, concrete volumes were up six per cent and block 13 per cent.

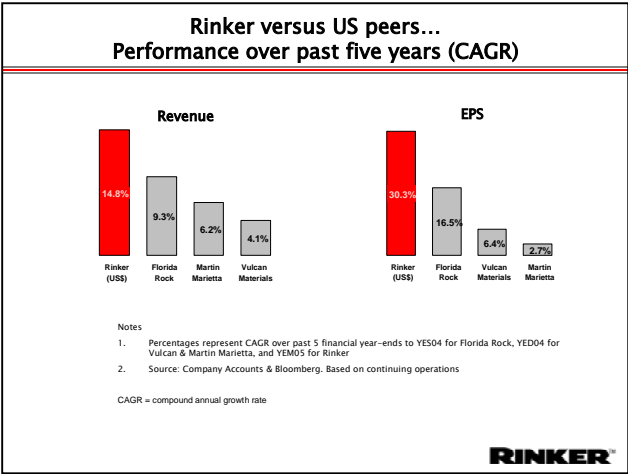
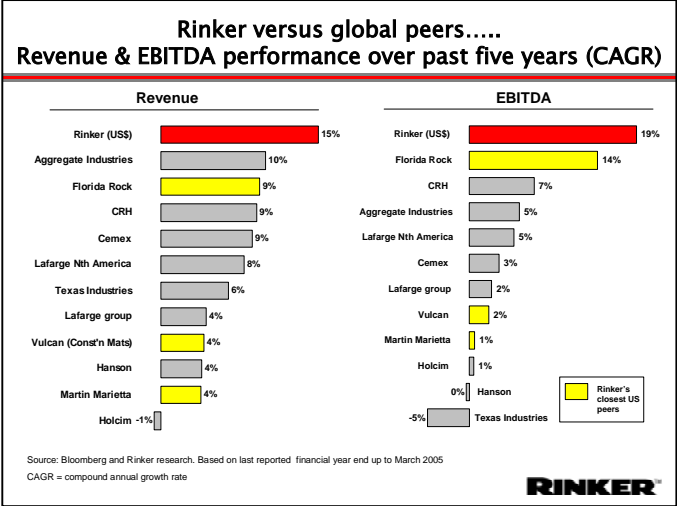
Turning to Australia, the Readymix business again performed well to lift profit by 21 per cent, on top of a 33 per cent increase the previous year.

Margins and return on funds employed were up strongly again and the business is now earning its cost of capital in almost all of our operations.

Construction activity was up across all segments last year with commercial and civil increases stronger than residential. We expect commercial and civil to be even stronger in this current year -- offsetting an expected decline in residential activity.

Overall, it was another good year for Rinker and we were able to add to our track record of consistent, solid growth and performance. Including proforma data prepared for the demerger, we can now demonstrate that over the past five years, Rinker has delivered compound growth in sales of 15 per cent a year, growth in EBIT of 23 per cent a year and growth in EBITDA – that is, earnings before interest tax, depreciation and amortisation – of 19 per cent a year.

The slide shows how we compare against our global peers on those measures.



This next slide shows our five year performance against our closest peers – that is, our US competitors Florida Rock, Martin Marietta and Vulcan.

Our mission is to deliver growth in revenue, EBITDA, shareholder value and total shareholder return within the top quartile of our industry.

We have been able to do that over the past few years and we are committed to continuing that level of performance.

There are a number of factors that give us confidence about the future and our ability to keep delivering top quartile returns.

These include:

- The bulk of our business is situated in strong, high growth markets with a history of strong construction activity compared to the US overall
- We hold leading market positions in almost every market in which we operate
- Our focus is on being the low cost operator
- We have a track record of value-adding acquisitions and organic growth
- We are committed to adding shareholder value – right through the organisation, and
- We hold strategic assets and positions in many of our markets which are difficult to replicate.

The first point refers to the bulk of our business being located in strong high growth markets. Around 50 per cent of our US sales revenue comes out of Florida, another 15 per cent from Arizona and a further five per cent from Nevada.

That means around two thirds of our US revenue comes from the three fastest growing states in the US, according to the latest projections from the US Census Bureau. Based on population forecasts to 2030, the Bureau says Nevada will continue as the fastest growing state, followed by Arizona and then Florida in third position. The Bureau says Florida will have overtaken New York as the third largest state in the US over the next 25 years.

In Australia, which accounts for a further 20 per cent of group sales, immigration has more than doubled in the past decade and national population growth is now around 1.2 per cent a year, about the same as the US. We are particularly strong in markets like south-east Queensland – which has similar characteristics to Florida.

Because we know that there is a direct correlation between population growth and construction activity, all this gives us confidence about the future.

For the past 15 years, put-in-place construction activity in Florida has shown average **real** growth of eight per cent a year and in Arizona 10 per cent a year. That is well above the US average of three per cent.

People continue to move to these locations because of the weather, house prices are relatively cheap compared to say California or the north-eastern US, and new jobs are being created month after month.

Florida has no state income taxes and arguably has the strongest state fiscal position. Both Arizona and Nevada are also in strong financial health.

The second point is our strong market positions. We are the number one operator in our industry in Florida, Arizona and Nevada – and more than 90 per cent of our US revenue comes from markets where we are either number one or two.

Third, we aim always to be the low cost operator and to remain highly competitive with all of our peers. Keeping costs down enables us to better manage margins and customer expectations. We aim every year to offset inflationary costs in our business with operational improvement and productivity gains – and most years we do so. Last year our savings totalled US\$49 million – enough to offset general inflation -- but not the abnormal cost increases in materials and energy.

This cost focus extends to ongoing downturn planning. We regularly update a comprehensive plan detailing actions to take in the event of an economic slowdown. That is, precisely how to cut costs quickly and efficiently. Fortunately we haven't had to use these plans....but they are there if needed.

Fourth, we have a track record of value-adding acquisitions and organic development of our business.

Since 1998, we have invested over US\$1.7 billion in over 40 acquisitions – almost all of them in the US. I think you can see the results of those acquisitions in the performance of Rinker Materials over the past eight years – very strong and consistent growth, and improved margins.

Last year we made seven small acquisitions, which we could easily “bolt-on” to existing operations.

Our focus for acquisitions and other growth opportunities is the US, although we expect to do some further small but value-adding acquisitions in Australia.

We have people in the US specifically looking at growth opportunities, and all of our managers across the US are involved in the process.

We have also invested significantly in organic development to ensure we continue to service our customers as they grow. Last year we invested over US\$90 million in new quarry reserves, trucks to expand our fleet, and five new concrete and block plants – four in the US and one in Australia.

This organic development is low risk and relatively low cost, but it can produce excellent returns.

Fifth, our people understand the importance and relevance of shareholder value right through the organization. They understand the need to generate an adequate return on every dollar of invested capital, and to manage carefully every aspect of their funds employed, including working capital and new capital investment.

To support that way of thinking, our incentives and targets are based around shareholder value.

And finally, we hold strategic assets and positions in many of our markets that are difficult to replicate. We have for example the largest quarry in the United States in Miami, the FEC quarry. It is extremely efficient, with electronic tagging of customer trucks and computerised controls, which deliver a total loading and turnaround time for customers of less than 10 minutes.

And over the years we have developed a distribution system to support our downstream concrete and block assets in Florida, which is one of the most efficient and cost effective in the US.

In Arizona, we hold strong market positions based on a comprehensive network of operations to service our customers with high quality product.

So all of these factors give us confidence about the future. In addition to that, the outlook is positive in almost all of our markets.

The Chairman mentioned our first quarter results announced this morning. These are very pleasing results that reflect the fundamental strengths of our business which I just outlined. However, they are also unusual and they reflect unusual circumstances at the moment in the US.

The dramatic cost escalation in areas such as ocean freight, fuel and steel sparked unscheduled price increases for our products, as we needed to offset the higher costs. But it is rare to have three price increases in a 12-month period in our products. We do not expect to see this continuing as we move forward. Nor do we expect to continue reporting abnormal profit increases -- of the order of 50 per cent every quarter.

Looking at the construction forecasts for the US, there is a general expectation that housing will decline this calendar year – although there is little sign of it, particularly in our major markets. Housing construction for the year to May was up seven per cent over the prior 12 months.

However we - like the major forecasters - are cautious and continue to expect a decline over the next 12 to 18 months.

There is a general view however that any decline will be modest and largely offset by an improvement in non-residential construction and the ongoing strong levels of infrastructure activity.

Our major markets of Florida and Arizona are also underpinned by the ongoing demographic movements. For example, 1,000 new people each day are moving into Florida.

Overall, as the Chairman indicated, we are now forecasting a 30 per cent lift in operational earnings before interest and tax for the US business this year. For ReadyMix, we are looking for profits to remain at the record high levels we reported last year.

Our priorities for this year are:

- Firstly, to improve our safety, occupational health and environmental performance....Occupational illness and vehicle incidents were down last year but overall injury rates were up slightly. We are determined to reach our goal of Zero4Life.
- Our second priority is to continue growing through organic investment and acquisitions, as well as in the base business.
- Third, to continue the rate of performance improvement which you have seen, relative to our competitors, and finally
- To deliver ongoing cost savings through operational improvement projects, aimed at reducing the impact of higher materials, energy and freight costs.

In conclusion, we look forward to another year of strong growth, and trust that your investment in Rinker will continue to deliver satisfactory returns over the long term.

Thank you.

NOTES:

1. Reconciliation of Return on Funds Employed (ROFE)

Return on funds employed represents previous 12 months' EBIT divided by end of period funds employed.

US\$ million	Funds			Funds		
	EBIT	Employed	ROFE	EBIT	Employed	ROFE
Year ended 31 March	2005	2005	2005	2004	2004	2004
Aggregates	172.1	783.0	22.0%	138.2	796.0	17.4%
Cement	109.0	337.3	32.3%	95.5	354.1	27.0%
Concrete, block, asphalt	197.2	679.1	29.0%	116.4	608.3	19.1%
Concrete pipe and products	81.5	349.0	23.3%	53.1	348.1	15.2%
Other	18.3	13.3	n/a	(11.4)	79.8	n/a
Total Rinker Materials	578.1	2,161.7	26.7%	391.8	2,186.3	17.9%
Readymix	140.4	739.5	19.0%	110.1	699.9	15.7%
Corporate	(11.8)	5.7	n/a	(9.2)	1.6	n/a
Consolidated Rinker group	706.7	2,906.9	24.3%	492.7	2,887.8	17.1%

A\$ million	Funds			Funds		
	EBIT	Employed	ROFE	EBIT	Employed	ROFE
Year ended 31 March	2005	2005	2005	2004	2004	2004
Aggregates	233.7	1,015.1	23.0%	200.9	1,054.0	19.1%
Cement	147.1	437.4	33.6%	137.6	468.9	29.3%
Concrete, block, asphalt	265.3	880.4	30.1%	166.9	805.5	20.7%
Concrete pipe and products	111.3	452.6	24.6%	78.6	460.9	17.1%
Other	24.5	17.2	n/a	(16.0)	105.5	n/a
Total Rinker Materials	781.9	2,802.7	27.9%	568.0	2,894.8	19.6%
Readymix	191.1	958.7	19.9%	158.3	926.9	17.1%
Corporate	(15.9)	7.4	n/a	(13.0)	2.1	n/a
Consolidated Rinker group	957.1	3,768.8	25.4%	713.3	3,823.8	18.7%