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31 May 2012

Company Announcements Australian Securities Exchange Exchange Centre 20 Bridge Street SYDNEY NSW 2000

Dear Sir/Madam

CHAIRMAN AND MANAGING DIRECTOR'S ADDRESSES TO SHAREHOLDERS

Attached are the Chairman's and Managing Director's addresses to be delivered to the AGM of Ludowici Limited today 31 May, 2012 commencing at 11.00am.

Yours sincerely

Mark Day

Company Secretary

Attachment



Dear Shareholder

Here follows my address and the Managing Director's address for delivery at today's Annual General Meeting.

Chairman's Address 2012 AGM Ludowici Limited

It is my pleasure to welcome shareholders to Ludowici's 120th AGM being held in the company's 154th year of operation. It is also exactly one hundred years ago that the company was first listed in February 1912. This year we have delayed the Annual General meeting to coincide with the Extraordinary General meeting that we held immediately prior to this meeting. It has been a truly extraordinary start to 2012 for Ludowici starting with the offer from FLSmidth in January to buy Ludowici, followed by a counterbid and now with this morning's EGM vote on the Scheme of Arrangement agreement to sell the Company to FLSmidth, but more on that later.

Despite these events it is important that some time is taken today to summarise the year in review.

Ludowici's performance in 2011 consolidated the strong gains made in 2010 with unchanged revenue at approximately \$220m and a record underlying EBITDA of \$27m which was an improvement of 5.7% over 2010. The Net Profit after Tax was impacted by higher tax and was somewhat lower than the 2010 result. During the year, the company raised approximately \$10 million in a Rights Issue and the proceeds of this issue have in part been used to support growth projects in particular the new manufacturing facilities in China and to facilitate the debt funding of the acquisition of the Meshcape business in Africa. These growth initiatives will be discussed in more detail in the Managing Director's address.

As I stated in my address to last year's AGM, it is my belief that Ludowici's strong market position in both the mineral processing capital equipment market and our growing consumables capability gives the company an advantage over a number of our competitors. Over the past five years Ludowici has maintained a consistent strategic direction focused on being a pure play company servicing the global mineral processing industry. Underpinning this strategic direction has been the ongoing drive to increase the proportion of consumables sales in our product mix, improve our customer offering through innovation and to reduce our unit costs. The implementation of this strategy has obviously delivered a great outcome for Ludowici with sales increasing over 60% over the past 5 years and underlying profit growing by nearly 250%. Much of this growth has been delivered over the past three years as the implementation of the strategy took effect and this performance has obviously caught the eye of some of the world's largest companies operating in the mineral processing space.

It is my belief that Ludowici is poised for even more rapid growth especially as part of the FLSmidth group of companies. Through the past five months I have been intimately involved in discussions with various senior executives from FLSmidth and I am convinced that FLSmidth is a natural owner for Ludowici. I have formed this view from both the objective view that the two companies' product portfolios are exceptionally complementary and from my observations of the culture of the FLSmidth team. I believe that the Ludowici and FLSmidth cultures are very compatible. From the perspective of what this means for Ludowici people, I have no

doubt that there will many new opportunities for our staff as the business grows rapidly over the coming years.

On behalf of all shareholders, I would like express my deep appreciation to Ludowici's employees for the business that they have built over the past 154 years. It is obviously true that Ludowici of today is the culmination of the contributions of past and present staff and in particular I would like to thank the Ludowici team that has driven the rapid growth of the last five years. This team is literally spread around the world and without their efforts, Ludowici shareholders would not be enjoying the benefit of increase in value of the company flowing from the offer of FLSmidth to acquire Ludowici. I would like to especially thank, on your behalf Patrick Largier for his stewardship of this business and his clarity of vision in where we need to be.

The final dividend for 2011 of 11 cents per share was paid on 9 May 2012. The total ordinary dividends paid for the year was 21 cents per share which were fully franked and represent an increase of 5% on the previous year. As previously advised, in the event of the sale of Ludowici to FLSmidth going ahead, your Directors have undertaken to consider a further extraordinary fully franked dividend of up to 45 cents per share. The amount of any such dividend together with the 11 cents above would be deducted from the final price paid by FLSmidth for each Ludowici share. The results of this consideration by the Ludowici Board of Directors will be communicated to shareholders once a decision has been made.

I would like to record my thanks to the Ludowici Board for their many contributions to the growth and prosperity of Ludowici over the years in various executive and non executive roles.

Finally, Ludowici has been around for many years and has been actively supported by the Ludowici family and the many other shareholders through good times and more troubled times. In particular I appreciated the support of the family and shareholders during our growth initiatives over the past year. This support and the injection of capital from our shareholder base allowed the company to grow with the attendant value creation.

It has been my privilege to have served as a director and more lately Chairman of this company.

Thankyou

Managing Director's Address 2012 AGM - Ludowici Limited

It is once again my pleasure to present my Managing Director's report for Ludowici.

There is no doubt that we live in interesting times both in the external world and within Ludowici. Externally the general business environment remains challenging and although the mining industry is not immune to some of the negative forces buffeting the global economy, I am nevertheless very pleased Ludowici is operating in the relatively buoyant mining and mineral processing arena. Internally we have obviously had a very interesting start to 2012 with the various bids for the company culminating in the shareholder vote at this morning's EGM. Through this whole process we have worked hard to ensure that Ludowici continued to focus on growing its business and delivering cost effective, innovative products and solutions to our customers.

As mentioned in the Chairman's address we finished 2011 with revenue roughly equivalent to 2010 and a record EBITDA profit. The year was one of challenges and successes. These are spelled out in some detail in my Review of Operations in the 2011 Annual Report. Some of the challenges included floods, changing of distribution arrangements in China and the strength of the Australian dollar. Some of the successes included the good performance of the acquired Rojan business and the robust organic growth delivered by various Ludowici businesses. In addition we continued to focus on building the capacity of Ludowici to deliver future growth. The particularly noteworthy activities included the African acquisition, the development of low cost manufacturing capability and our ongoing drive to use innovation to deliver customer value.

I would like to touch on each of these in a little more depth. It has been a core underlying part of Ludowici's strategy that we need to continually improve our cost base to remain competitive in our industry. Over the years we have continued to improve the efficiency of our manufacturing processes and in late 2010 we started to invest in manufacturing capacity in lower cost environments. Our new Indian manufacturing facility in Chennai was brought online over the first quarter of 2011 and we commenced the establishment of a significantly expanded manufacturing facility in Qingdao in China during the final quarter of 2011. This facility is being brought online in 2012.

In August 2011, we completed a long planned expansion in Africa with the acquisition of the Meshcape business. This business turns over approximately \$20m per annum and supplies a range of consumable products to the mineral processing and related industries. This acquisition not only gave us significantly greater scale in Africa but also continued to increase the proportion of repeatable consumable sales in Ludowici's product mix.

Innovation is very important to Ludowici's long term future and our ability to deliver even better products and services to our customers. The ongoing commercial success of the reflux classifier in 2011 continued into 2012. This has been very pleasing with the receipt of several large orders for reflux classifiers in late 2011. There is an extensive trial program underway and we are confident that this technology will deliver significant benefits to mineral process circuits for a number of different commodities.

The business building activities that have been undertaken over the past three to four years have delivered particularly pleasing results with revenue showing a cumulative average growth ratio of 14% per annum for each year from 2008. The underlying net

profit increase has been even more impressive at an average growth rate of 56% per annum since 2008. Some of this profit and revenue growth has come from acquisitions and to fund these we have issued equity twice over the past three years, however even taking into account these new shares, Ludowici's underlying earnings per share has increased by an average of 36% per annum for the last three years.

This business growth has been driven by Ludowici's employees and I would like to thank them for delivering these great results and look forward to continuing growth into the future.

While increasing revenue and profits are important to the business, I am also pleased that our safety performance improved in 2011 with our lost time frequency rate improving by 47% and the recordable case rate was 18% better than in 2010.

The offer that FLSmidth has made to buy Ludowici clearly demonstrates the value that has been created in Ludowici and provides a very good external measure of the success of the implementation of Ludowici's strategy to develop a leading global business servicing the worldwide mineral processing industry.

Ludowici's profit performance for the year to date has been in line with the Company's internal budget (excluding one off costs associated with the proposed acquisition of Ludowici). The budget always anticipated that the first half of 2012 would be weaker than the equivalent period last year with the second half substantially stronger. Given the large orders received earlier this year, it is remains the Board's current expectation that 2012 overall profit (excluding the once off costs associated with the proposed sale of the company) will be greater than 2011.

Looking forward, I believe that there is further strong growth potential in Ludowici particularly within the FLSmidth group of companies. This growth will deliver opportunities for Ludowici employees, benefits to our customers and increased scope to our suppliers to grow their businesses.

My thanks go to the global Ludowici team for their efforts which resulted in another strong year and to all staff who have gone the extra mile to make the company as successful as it is.

In conclusion, I would like to thank the Ludowici shareholders for supporting the company's growth and to the Ludowici Board for their advice and contribution to the success of Ludowici. In particular, I would like to thank Ludowici's Chairman, Phil Arnall for his ongoing support and guidance as well as his direct involvement in the negotiations over the last few months as we have worked through the various approaches made to acquire Ludowici.

Thank you

Thank you

Phil Arnall Chairman