

18 December 2023

Adbri enters into Process Deed following proposal from CRH and the Barro Group

- Adbri has received a non-binding indicative proposal from CRH and the Barro Group at a price of \$3.20 cash per share, a 41% premium to last close
- Adbri has entered into a process and exclusivity deed with CRH and the Barro Group in order to progress a potential transaction
- Subject to agreement of a binding Scheme Implementation Agreement on terms acceptable to the parties, the intention of the Independent Board Committee is to unanimously recommend the proposal, in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the scheme of arrangement is fair and reasonable and in the best interests of Adbri shareholders

Indicative proposal

Adbri Limited (ASX: ABC) ("Adbri" or "the Company") advises that it has entered into a process and exclusivity deed ("Process Deed") with CRH ANZ Pty Ltd ("CRH") and Barro Group Pty Ltd (together with its associates, "Barro Group"), following the receipt of a non-binding indicative proposal to acquire 100% of the issued shares of Adbri that the Barro Group does not currently own, by way of a scheme of arrangement ("Proposal"). Under the Proposal, it is proposed that Adbri shareholders other than the Barro Group would receive \$3.20 per share in cash.

CRH and the Barro Group have informed Adbri that they have agreed terms on which they propose to implement the Proposal, subject to CRH obtaining joint bid relief from ASIC on acceptable terms. CRH and the Barro Group have notified Adbri that this agreement makes CRH and the Barro Group associates under the *Corporations Act 2001* (Cth) and also gives CRH an interest in the Adbri shares currently owned by the Barro Group, which represents 42.7% of the issued capital. CRH will separately disclose a 4.6% interest in Adbri via a cash-settled derivative.

The Proposal implies an equity valuation of approximately \$2.1 billion for Adbri and represents:

- a 41.0% premium to Adbri's undisturbed closing price of \$2.27 per share on 15 December 2023;
- a 51.9% premium to Adbri's one-month volume weighted average price ("VWAP") of \$2.11 per share up to and including 15 December 2023; and
- a 56.2% premium to Adbri's three-month VWAP of \$2.05 per share up to and including 15 December 2023.

CRH and the Barro Group have informed Adbri that the Proposal represents its best and final price in the absence of a competing proposal.

The Proposal is subject to a number of conditions including:

- no material adverse changes to the business;
- CRH completing satisfactory due diligence;
- Foreign Investment Review Board ("FIRB") approval; and
- the Adbri independent directors unanimously recommending and committing to vote in favour of the Proposal (in the absence of a superior proposal and subject to an independent expert concluding, and continuing to conclude, that the transaction is fair and reasonable and in the best interests of Adbri shareholders).

Any cash amount of dividends, buyback or distributions announced or declared by Adbri after the date of the Proposal would be deducted from the Proposal price.

There is no certainty that the Proposal will lead to a binding proposal for consideration by Adbri shareholders.

Independent Board Committee intention

Given the involvement of the Barro Group, Adbri established an Independent Board Committee ("IBC") comprising its independent non-executive directors and chaired by Samantha Hogg, Lead Independent Director, to evaluate the Proposal and, if applicable, progress the transaction. The Barro Group nominee directors, Raymond Barro (Chairman), Rhonda Barro and Geoff Tarrant, have recused themselves from the Adbri Board and all Board Sub-Committees while the Proposal is under consideration.

The IBC, in consultation with its financial and legal advisers, has carefully considered the Proposal and determined that it is appropriate for Adbri to enter into a Process Deed and grant CRH and the Barro Group access to a period of exclusivity until 28 February 2024, unless terminated earlier in accordance with its terms, to allow CRH to perform due diligence and to enable the parties to continue discussions in order to determine if acceptable transaction terms can be agreed.

The exclusivity provisions in the Process Deed are summarised in Appendix A including a "matching right" regime in respect of any proposal received by Adbri during the exclusivity period which the IBC considers may lead to a superior outcome for Adbri shareholders.

Next steps

Subject to agreement of a binding scheme implementation agreement on terms acceptable to the parties, the intention of the IBC is to unanimously recommend the Proposal as being in the best interests of Adbri's shareholders in the absence of a superior proposal and subject to the independent expert concluding that the Proposal is fair and reasonable and therefore in the best interests of the non-Barro Group shareholders.

Adbri shareholders do not need to take any action at this time. The IBC will continue to keep shareholders updated in accordance with its continuous disclosure obligations.

Adbri has engaged J.P. Morgan and Barrenjoey as its financial advisers and Herbert Smith Freehills as its legal adviser.

-ENDS-

Authorised for release by the Board.

About CRH

CRH (NYSE: CRH, LSE: CRH) is the leading provider of building materials solutions that build, connect and improve our world. Employing c.75,800 people at c.3,160 operating locations in 29 countries, CRH has market leadership positions in both North America and Europe. As the essential partner for road and critical utility infrastructure, commercial building projects and outdoor living solutions, CRH's unique offering of materials, products and value-added services helps to deliver a more resilient and sustainable built environment. The company is ranked among sector leaders by Environmental, Social and Governance (ESG) rating agencies. A Fortune 500 company, CRH's shares are listed on the NYSE and LSE.

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Appendix A – Summary of key terms of exclusivity provisions

1.1 No shop restriction

During the Exclusivity Period, Adbri must not, and must ensure that its representatives do not, directly or indirectly solicit, encourage, initiate or invite any expressions of interest, discussions or proposals in relation to, or which may reasonably be expected to lead to, an actual, proposed or potential Competing Proposal, or communicate to any person any intention to do any of these things.

1.2 No talk restriction

Subject to the fiduciary exception described below, during the Exclusivity Period, Adbri must not, and must ensure that its representatives do not negotiate or enter into, or participate in any negotiations or discussions with any other person regarding, an actual, proposed or potential Competing Proposal or any agreement, understanding or arrangement that may be reasonably expected to encourage or lead to a Competing Proposal, even if that person's Competing Proposal was not directly or indirectly solicited, invited, encouraged or initiated by Adbri or any of its representatives or the person has publicly announced the Competing Proposal, or communicate to any person any intention to do any of these things.

1.3 No due diligence restriction

Subject to the fiduciary exception described below, Adbri must not, and must ensure that none of its representatives, directly or indirectly facilitate or permit any person (other than CRH) to undertake due diligence investigations (including by making available non-public information) in respect of any member of the Adbri group, or any of their businesses, assets or operations, in connection with or with a view to obtaining or which could reasonably be expected to lead to such person providing a Competing Proposal.

1.4 Fiduciary exception

The no talk and no due diligence restrictions do not apply to the extent that it restricts Adbri, its subsidiaries or any of their representatives from taking or refusing to take any action with respect to a bona fide actual, proposed or potential Competing Proposal (in relation to which there has been no contravention of these exclusivity provisions) provided that the Adbri Board has determined, in good faith, after:

- (a) consultation with its financial advisors, that the Competing Proposal is, or could reasonably be considered to become, a Superior Proposal; and
- (b) receiving written legal advice from its external legal advisers experienced in transactions of this nature, that compliance with the no talk and no due diligence restrictions (as applicable) would be reasonably likely to constitute a breach of any director's fiduciary or statutory obligations.

1.5 Notification obligation

During the Exclusivity Period, Adbri must promptly (and, in any event, within 1 business day) notify CRH in writing of any:

- (a) expression of interest, discussion or proposal made by any person to it or any of its representatives in relation to an actual, proposed or potential Competing Proposal, and as part of that notification will provide all material details of the approach (including the key terms of any Competing Proposal); and
- (b) request for information relating to Adbri, or its businesses or operations which Adbri has reasonable grounds to suspect may relate to an actual, proposed or potential Competing Proposal, and must disclose to CRH the identity of the party making the request and the details of the request.

During the Exclusivity Period, Adbri must also notify CRH in writing promptly after becoming aware of any material developments in relation to any actual, proposed or potential Competing Proposal, including in respect of any of the information previously notified to CRH under the notification obligation.

1.6 Matching right

If, during the Exclusivity Period, Adbri receives a Competing Proposal, Adbri must:

- (a) not, and must procure that each of its representatives do not, enter into any agreement, understanding or commitment in respect of that Competing Proposal (other than a confidentiality agreement); and
- (b) ensure that no member of the Adbri Board publicly recommends, or states that they intend to recommend, that Competing Proposal or a proposed or potential Competing Proposal,

unless each of the following conditions have been satisfied:

- (c) the Adbri Board, acting in good faith in order to satisfy what it considers to be its statutory and fiduciary duties (having received written advice from its external legal advisers), determines that the Competing Proposal is, or would be reasonably likely to be, a Superior Proposal;
- (d) Adbri has provided CRH with the material terms and conditions of the Competing Proposal, including price and the identity of the third party making the Competing Proposal;
- (e) Adbri has given CRH 3 business days after the date of the provision of the required information to provide a matching or superior proposal to the terms of the Competing Proposal; and
- (f) either CRH has not announced or provided to Adbri a proposal before the end of the 3 business day period, or CRH has announced or provided to Adbri a proposal before the end of the 3 business day period and the Adbri Board has determined, in good faith, that the proposal would not provide an equivalent or superior outcome to Adbri shareholders compared with the Competing Proposal and Adbri has notified CRH in writing of that conclusion.

Each successive material improvement to any Competing Proposal will constitute a new Competing Proposal for the purposes of the requirements of the notification obligation and matching right.

1.7 Matching or superior CRH proposal

If, in accordance with its matching right, CRH provides to Adbri a proposal and the Adbri Board determines it would provide an equivalent or superior outcome to Adbri shareholders as a whole compared with the Competing Proposal, then for a period of 3 business days after Adbri delivers to CRH notice of its determination, Adbri and CRH must use their reasonable endeavours to agree the transaction documentation required to implement the CRH proposal as soon as reasonably practicable.

1.8 Key defined terms

Competing Proposal means any proposal, offer or transaction (whether existing before, on or after the date of this deed) which, if entered into or completed in accordance with its terms, would result in any third party (either alone or together with one or more third parties), other than CRH and its associates (as defined in the *Corporations Act 2001* (Cth)):

- (a) acquiring Voting Power (as defined in the defined in the *Corporations Act 2001* (Cth) in Adbri of more than 10% or otherwise acquiring a legal or economic interest in more than 10% of the Adbri shares (including through one or more derivative contracts);
- (b) acquiring Control (as defined in s 50AA of the *Corporations Act 2001* (Cth)) of or merging with Adbri or a material member of the Adbri group;
- (c) acquiring, becoming the holder of or having a right to acquire all or a substantial part of the assets of the Adbri group (as a whole), or otherwise acquiring a legal or economic interest in such assets; or
- (d) entering into any agreement, arrangement or understanding requiring Adbri to abandon, or otherwise fail to proceed with, the transaction,

whether by way of a takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale, lease or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual listed company (or other synthetic merger), deed of company arrangements, any debt for equity arrangement or other transaction or arrangement.

Exclusivity Period means the period starting on the date of the process deed and ending on the earlier of:

- (a) 5:00pm on 28 February 2024; and
- (b) termination of the process deed in accordance with its terms.

Superior Proposal means a bona fide written Competing Proposal which the Adbri Board, acting in good faith, determines:

- (a) is reasonably capable of being completed taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all legal, regulatory and financial matters the Adbri Board considers relevant; and
- (b) would be, or would be reasonably likely to be, more favourable to Adbri shareholders than the latest proposal provided by CRH to Adbri, taking into account all aspects of the Competing Proposal and the latest proposal provided by CRH to Adbri that the Adbri Board considers relevant.