ASX Announcement

ADBRI
Building Australia since 1882

27 February 2024

Media Release - Adbri Reports Full Year 2023 Results

We attach Media Release in relation to the Company's financial results for the full year ended 31 December 2023.

Authorised for release by the Board.

For further information please contact:

Jared Gashel
Chief Financial Officer
+61 478 281 043
investors@adbri.com.au

Jon Snowball
Domestique
Media Advisor
+61 477 946 068
jon@domestiqueconsulting.com.au

Media Release

27 February 2024

ADBRI REPORTS FULL YEAR 2023 RESULTS

Adbri Limited ("Adbri" or "the Company") (ASX: ABC) today reported results for the twelve months ended 31 December 2023 ("FY23").

Financial headlines

- Revenue[1] increased to $1.92 billion, up 13.1% on the prior year
- Statutory EBITDA was $297.4 million, up 5.2%, while underlying[2] EBITDA was $311.0 million, up 30.9% on FY22
- Underlying EBITDA margin increased to 16.2% up 220 basis points, driven by pricing and cost discipline
- Statutory NPAT attributable to members of Adbri was $92.9 million, down 9.5% on FY22, while underlying NPAT was $111.7 million, up 43.8% on FY22
- Leverage[3] at 2.2 times, trending closer to target range
- The Board has decided not to declare a final dividend considering the capital requirements for the Kwinana Upgrade and current elevated leverage

Highlights

- Delivered operational efficiencies through new decentralised business model, supported by renewed management team
- Launched branded lower carbon products to the market, improving customer choice
- Improved customer experience through the use of enhanced sales and analysis systems and tools that are supporting pricing traction
- Committed to world class hybrid electric battery limestone vessel to deliver efficiencies at Birkenhead and support our net zero emissions goal

Adbri's Chief Executive Officer, Mark Irwin, said:

"Adbri has recorded a strong full year performance and continues to make significant progress on reshaping the business. Our renewed leadership team is focused on delivering value through margin management and the efficient use of capital.

We delivered significant revenue and earnings growth, underpinned by improved customer experience and pricing.

Our performance reinforces that we are building a strategically positioned, disciplined and responsive organisation. We expect our Kwinana Upgrade Project to be operational by the end of 2024, supporting operational efficiencies and is well positioned for future growth in market demand.

Pleasingly, we recorded an improved safety performance as we embed our culture of Work Safe, Home Safe. We continued to decarbonise our operations and products, with the successful launch of our lower carbon concrete and cement range and a planned world class hybrid electric battery limestone vessel from 2026, supporting increased lower carbon production at Birkenhead."

[1] Reference Appendix 4E Note 2 Segment Reporting. Total revenue includes freight, royalties and concrete testing revenue.
[2] Underlying measures exclude property (profit)/expense and significant items
[3] Leverage ratio = net debt/underlying EBITDA. Net debt is calculated as total borrowings, inclusive of capitalised borrowing costs, less cash and cash equivalents and excludes lease liabilities

Strong demand for Adbri's products across our diverse geographical footprint

In FY23, Adbri experienced continued strong demand for its products. Cement, concrete and aggregates delivered volume growth compared to the year ended 31 December 2022 ("FY22") across our key markets.

Earnings overview

Adbri delivered a robust 13.1% increase in revenue to $1.92 billion driven by improved pricing discipline across product lines and modest volume growth.

Underlying[4] EBITDA was $311.0 million, an increase of 30.9% against FY22 with underlying[4] EBITDA margins increasing 220 basis points to 16.2%. Underlying[4] NPAT was $111.7 million, up 43.8% on FY22. Our strong performance was the result of strong demand for our cement, concrete and aggregates products across key markets, with pricing and cost discipline supporting the improved earnings.

Statutory EBITDA was $297.4 million, up 5.2% against FY22. Statutory NPAT was $92.9 million, down 9.5%, as the prior year benefited from $40.3 million of property profits relating to Moorebank and Rosehill land.

The earnings contribution from joint ventures and joint operations (JVOs) was up 17.6% on FY22 to $32.8 million, reflecting the strategic role our JVOs play in diversifying our earnings and expanding our customer base.

Operating review

Products	Revenue (vs FY22)	FY23 performance drivers
Cementitious material	Up 7.8%	• Third consecutive year of revenue growth as a result of improved pricing and volumes • Strong demand across most sectors, particularly in NSW and SA
Lime	Up 9.6%	• Improved pricing with a majority of customers across all states and markets • Demand in WA impacted by wet winter weather conditions and mine closures in non-alumina sector
Concrete	Up 20.3%	• Benefited from price increases implemented in second half of FY22 and in FY23 • Increased demand across most regions, with the exception of QLD, from the commercial, infrastructure and civil market segments
Aggregates	Up 19.6%	• Full year benefit of implemented price increases • Strong demand from the infrastructure sector, especially in NSW
Masonry	Up 9.1%	• Significant increase in contracting revenue and margin recovery • Small decline in volumes due to lower independent retail demand

Cash flow and financial position

Operating cash flow of $215.0 million improved $48.6 million compared to FY22, primarily driven by increased profitability in FY23.

Capital expenditure increased relative to FY22 to $316.2 million; and included stay-in-business capital of $128.6 million and development capital of $187.6 million. 88.4% of development capital for the year related to the Kwinana Upgrade project, with key commissioning targeted to commence in the Q2 2024.

Net debt increased by $105.7 million over the reporting period to $682.1 million at 31 December 2023, representing a leverage ratio[5] of 2.2 times underlying[4] EBITDA and an interest cover[6] of 14.5 times underlying[4] EBITDA. As expected, the leverage ratio[5] is outside the Group's target range of 1.0 – 2.0 times due to the Kwinana Upgrade project. Adbri remains well within banking covenant thresholds and has considerable liquidity to support investment in the project.

The Board has decided not to declare a final dividend considering the capital requirements for the completion of the Kwinana Upgrade project and the elevated leverage position at 31 December 2023.

Sustainability and climate change

During 2023, Adbri improved its safety performance, resulting in a TRIFR[7] reduction of 10% to 7.1 at 31 December 2023. In addition, we also made good progress across all three pillars of our sustainability strategy including both our short and medium-term emission reduction targets. The Company is well underway to further reduce emissions, supported by initiatives such as the replacement of the Company's Accolade II limestone vessel with a hybrid electric battery vessel in 2026, continued phasing out of

[4] Underlying measures exclude property (profit)/expense and significant items
[5] Leverage ratio = net debt/underlying EBITDA. Net debt is calculated as total borrowings, inclusive of capitalised borrowing costs, less cash and cash equivalents and excludes lease liabilities7
[6] Interest cover = underlying EBITDA (excludes property and significant items)/net finance costs
[7] Total Reportable Injury Frequency Rate (TRIFR) is the number of recordable injuries per million of man hours worked, including employees and contractors

coal at the Munster lime operations and approval to further increase the use of refuse derived fuel at Birkenhead. Adbri also launched its lower carbon cement and concrete range, EvoCem™ and Futurecrete®, and engaged with the Government on the Safeguard Mechanism Reforms and Carbon Leakage Review.

Update on the Scheme of Arrangement

Today Adbri announced that the Company has entered into a Scheme Implementation Deed with CRH ANZ Pty Ltd and CRH plc (CRH) whereby CRH has agreed to acquire, via a Scheme of Arrangement, 100% of Adbri shares that the Barro Group does not currently own for $3.20 per share in cash. This represents a 41% premium to the undisturbed closing price on 15 December 2023.

Adbri's Independent Directors unanimously recommend shareholders vote in favour of the Scheme.[8]

The entry into a Scheme Implementation Deed follows Adbri's announcement on 18 December 2023 that the Company had entered into a process and exclusivity deed with CRH and Barro Group Pty Ltd (together with its associates, Barro Group) to progress a potential transaction following receipt of a non-binding indicative offer.

FY24 priorities

- Enhancing safety leadership culture remains the highest priority, with key focus areas including psychological wellbeing
- Progressing Kwinana Upgrade project delivery with the aim to be operational by the end of FY24
- Complete Western Australian lime strategy review that reflects the current operating environment and changing demand profile from customers in the alumina and mining sectors. This review includes assessing optimal production levels at the Munster site, evaluating a business case for a potential lime import facility at Munster utilising existing infrastructure and analysis of opportunities for the Company's surplus land holdings at Munster.
- Optimising supply processes in concrete and aggregates to match demand, including upgrades in South Australia and the embedment of new plants in western Sydney and south-east Melbourne
- Growing brand awareness and demand for Adbri's lower carbon concrete and cement ranges
- Ongoing review of Adbri's property portfolio, including applying a highest and best use focus for surplus property

FY24 outlook

Adbri expects demand for its products, with the exception of lime, to remain strong and broadly in line with FY23.

The Company expects pricing and cost discipline to support margin expansion.

Capital expenditure to be between $270 and $290 million, inclusive of Kwinana Upgrade Project capital.

The Kwinana Upgrade Project is scheduled to be operational by the end of 2024, with a lower capital cost estimate of between $370 and $400 million.[9]

[8] In the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the proposed transaction in the best interests of Adbri's independent shareholders

[9] Compares to previous estimate of between $385 and $420 million, both estimates exclude capitalised interest and accounting adjustments

-ENDS-

Authorised for release by the Board.

For further information please contact:

Jared Gashel
Chief Financial Officer
+61 478 281 043
investors@adbri.com.au

Jon Snowball
Domestique
Media Advisor
+61 477 946 068
jon@domestiqueconsulting.com.au