

27 April 2023

Kwinana Upgrade Project Update

Adbri Limited (“Adbri” or “the Company”), refers to its announcement on 2 December 2022 regarding its Kwinana Upgrade Project (“the Project”) and further update at the FY22 Results announcement on 28 February 2023.

Following completion of a detailed review around engineering design, schedule and budget, the remaining capital commitment for project completion (excluding commitments to end of March 2023) is now estimated to be between approximately \$185 million - \$220 million, which includes allowances and contingency of approximately \$28 million. The increase takes the total project cost estimate to between \$385 million - \$420 million¹, up from both the original estimate of approximately \$200 million in December 2020 and our subsequent market updates. As at the end of March 2023, Adbri had committed \$199 million for the Project, with \$143 million spent.

As advised previously, these increases have been driven by a combination of external factors including the escalating cost of construction, constraints on available labour and supply chain challenges. Further, as the final design details of the purchased equipment have now been completed, structural and piping quantities have proven greater than originally anticipated, further impacting on procurement and construction costs and hours.

The review has confirmed that the Project remains on track for target commissioning in Q2 2024, with the new plant expected to be fully operational in Q3 2024.

Adbri CEO Mark Irwin said:

“While we are disappointed the project cost is materially higher than initially forecasted, we remain confident the Kwinana Upgrade will support solid returns over the long term. The Project continues to have a positive NPV. We have used this review period to also strengthen our project delivery team, adding experience and capability.

The consolidation of Adbri’s two existing cement production sites in Western Australia into a single, world class facility at Kwinana positions Adbri to take advantage of continued growth in the local market. We also expect to deliver greater operational savings than originally forecasted.”

-ENDS-

Authorised for release by the Board.

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¹ Excluding capitalised interest and accounting adjustments