

## ASX Announcement

25 November 2022

## Acquisitions Update

Maas Group Holdings Limited (ASX:MGH) provides the following update with respect to acquisitions.

### 1. MGH announces Strategic Acquisition to enter Construction Materials market in Victoria

MGH is pleased to announce that it has entered into a binding agreement to acquire Dandy Premix (Dandy). Dandy is an integrated construction materials business in south-east Melbourne operating five concrete plants, a sand quarry and a hard rock quarry.

This acquisition enables MGH to establish a significant presence in a substantial market with a good growth outlook underpinned by continuing strong construction and infrastructure spend.

The agreement, which is an agreement to acquire shares and assets, is subject to various third-party consents and customary completion conditions with the transaction expected to complete by the end of December 2022. This acquisition was previously noted in MGH's cleansing statement of 13 October 2022.





Dandy's five concrete plants are strategically located in the growth corridor of south-east Melbourne, servicing the suburbs of Dandenong, Cranbourne, Pakenham, Tyabb and surrounds. The plants together produce more than 300,000m<sup>3</sup> of concrete per annum. Dandy supplies concrete to commercial, industrial, and residential building customers as well as to major infrastructure projects. Dandy is currently supplying the south-east portion of Melbourne's Level Crossing Removal Project.

Dandy's sand quarry is located at Grantville and supplies approximately 300,000 tonnes per annum of sand to Dandy's concrete plants and other customers. The quarry's new permit will enable production to be lifted to 800,000 tonnes per annum and gain access to significant long-term reserves.

Dandy's hard rock quarry is located in the Yarra Valley and supplies approximately 300,000 tonnes per annum of aggregates and other quarry products to Dandy's concrete plants and other customers.

The acquisition also includes a large owned fleet of agitators and tippers, significant freehold quarry land and a workshop with fabrication capability.



The total consideration for the acquisition is \$85.0m (Acquisition Consideration), comprised of \$76.5m in cash (Cash Consideration) and \$8.5m of shares in MGH (Share Consideration) determined at the 5-day VWAP at completion. \$2.5m of the Share Consideration will be issued at completion with the remainder issued in equal share tranches annually over the next three years.

The Cash Consideration will be funded from existing cash reserves and debt facilities.



Further cash consideration may be payable, contingent on a new permit being achieved for the Yarra Valley Quarry to access long-term reserves (Contingent Consideration).

Due to the expected timing of completion of the acquisition it is not expected to provide a material contribution to the EBITDA of MGH for FY23 but going forward is expected to be earnings per share accretive and contribute strongly to earnings in FY24 and beyond.

MGH Managing Director and CEO Mr Wes Maas said, "this acquisition represents a significant step in the expansion of our construction materials business, establishing a new hub for MGH in Victoria. The Dandy acquisition gives us a strategic, integrated position in the Melbourne market at a time when it is experiencing record levels of infrastructure investment and a favourable outlook for construction materials. I'm very excited by the growth potential of this business".

## 2. Other Acquisitions Update

MGH continues to remain disciplined in assessing new acquisition opportunities that will meet its targeted returns on capital and is also progressing several capital management initiatives including taking advantage of capital recycling opportunities. The Company's capital management strategy is to seek to maintain a capital structure that enables it to balance the allocation of capital between investment in the business, including through acquisitions, and the provision of sustainable and growing returns to shareholders.

MGH advises that with respect to the proposed acquisitions in the Construction Materials segment mentioned in the Company's recent Cleansing Notice of 13 October 2022 (Cleansing Notice):

- a) it has entered into a binding agreement to acquire Dandy Premix as per above; and
- b) MGH has decided not to proceed with the second construction materials business acquisition disclosed in the Cleansing Notice as MGH has determined it would not meet our required return on capital within a suitable period.

MGH is continuing to assess the following proposed acquisitions in the Commercial Real Estate segment, noted in the Cleansing Notice:

- a) A commercial construction, manufacturing and development business; and
- b) A commercial development site in Newcastle, New South Wales.

MGH will provide an update to the market in relation to these potential acquisitions and whether they will proceed as appropriate.

This ASX announcement was authorised by The Board of Directors of MGH.

For further information, please contact Candice O'Neill, Company Secretary of MGH on (02) 5852 1800 or [companysecretary@maasgroup.com.au](mailto:companysecretary@maasgroup.com.au).

### About Maas Group Holdings Limited

MGH is a leading independent Australian construction material, equipment and service provider with diversified exposures across the civil, infrastructure, mining and real estate end market.