



Market Announcement

MACA Determines that the NRW Indicative Non-Binding Conditional Proposal is Not Superior to the Thiess Cash Offer

MACA Limited ('**MACA**') (ASX:MLD) has concluded its assessment of the non-binding, conditional and indicative proposal received from NRW Holdings Limited ('**NRW**', ASX:NWH) proposing that NRW acquire all the shares in MACA by way of scheme of arrangement ('**NRW Indicative Proposal**').¹

After careful consideration of the NRW Indicative Proposal as a whole, and of each of its components, and after taking professional advice and liaising confidentially with NRW, the MACA Board has unanimously concluded that the NRW Indicative Proposal is **NOT SUPERIOR** to the existing conditional off-market takeover offer from Thiess Group Investments Pty Ltd ('**Thiess**') to acquire all MACA shares ('**Thiess Cash Offer**').²

Key reasons for the MACA Board's conclusion are summarised as follows:

1. **Consideration:** The NRW Indicative Proposal contemplates that only 50% of the aggregate consideration payable to MACA shareholders as a whole will be in cash. Consequently, the value ultimately to be delivered to MACA shareholders is uncertain given that the NRW Indicative Proposal does not lock in the scrip component at a certain price, but rather it will fluctuate with changes in the NRW share price from time to time.³

The total consideration contemplated in the NRW Indicative Proposal based on what NRW refers to as the Default Option,⁴ being consideration comprising of 50% cash and 50% scrip consideration, was as follows, based on historical pricing analysis:

- a. \$1.085 per MACA share based on the NRW closing price on 11 August 2022 which was \$2.26 per NRW share. This was 5.9% higher than the Thiess Cash Offer.
- b. \$1.016 per MACA share at the 30 day VWAP up to and including 11 August 2022 of \$1.972 per NRW share which was 0.9% lower than the Thiess Cash Offer.

¹ NRW's announcement to the ASX of 18 August 2022 entitled 'NRW Confirms Non-Binding Indicative Proposal To Acquire MACA Limited' ('**NRW Announcement**') refers to the NRW Indicative Proposal.

² Pursuant to Thiess' First Supplementary Bidder's Statement announced to the ASX on 9 August 2022.

³ Refer to footnote 1 on page 1 of the NRW Announcement.

⁴ Refer to page 2 of the NRW Announcement.



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- c. \$1.004 per MACA share at the 60 day VWAP up to and including 11 August 2022 of \$1.922 per NRW share which was 2.1% lower than the Thiess Cash Offer.
- d. \$0.984 per MACA share at the VWAP of \$1.841 per NRW share for the period from 11 August 2021 up to and including 11 August 2022 which was 4% lower than the Thiess Cash Offer.

The value ultimately to be delivered to MACA shareholders is uncertain given that 50% of the aggregate consideration⁵ will be NRW shares which may be delivered to MACA shareholders 3 to 4 months after any potential scheme of arrangement is announced.⁶ In the 12 months preceding the NRW Indicative Proposal the closing price of NRW shares varied from a low of \$1.51 on 27 January 2022, to a high of \$2.28 on 11 March 2022.

2. **Uncertainty of funding:** The NRW Indicative Proposal indicated that the cash component of the consideration for MACA shares was not funded. NRW has provided a financier's "letter of interest", specifying that debt funding commitments are subject to due diligence and formal credit and underwriting approvals.

NRW's (and its financier's) due diligence requests of MACA included requests for commercially sensitive and contractually confidential information. NRW is a competitor of MACA.

3. **Conditionality:** The NRW Indicative Proposal was a non-binding indicative proposal, was subject to conditions and there was no certainty that giving NRW (and its financier's) access to MACA to do due diligence would result in a binding offer or the execution of a scheme of arrangement implementation agreement. The NRW Announcement omitted some of the conditions of the NRW Indicative Proposal.⁷

⁵ At an NRW share price of \$2.26.

⁶ Refer to Annexure A of the NRW Announcement.

⁷ In addition to the conditions mentioned in the NRW Announcement, entry into a binding implementation agreement was stated, in the NRW Indicative Proposal, to be subject to no further dividends or distributions being paid and no further equity being issued by MACA. Further, the NRW Indicative Proposal stated that completion of the proposed acquisition of MACA would be subject to conditions, which were anticipated to be:

- ACCC providing written confirmation that it does not object to the NRW Indicative Proposal;
- No prescribed occurrences;
- No issue of convertible securities, derivatives or other rights; and
- Approval of MACA's shareholders by the requisite majority and the Court.



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The NRW Indicative Proposal would require MACA shareholders to assume a number of risks that are not common to the Thiess Cash Offer, which were taken into account by the MACA Board when assessing the NRW Indicative Proposal.

4. **MACA welcomed further discussions:** Notwithstanding the concerns in relation to the NRW Indicative Proposal, MACA informed NRW that if NRW could remove or reduce the risks that the NRW Indicative Proposal asked MACA shareholders to assume and increase the total consideration offered, then MACA considered that there was a basis for further discussion, and would have welcomed such discussion. The MACA Board did not state (as alleged in the NRW Announcement) that MACA "does not propose to engage in further discussions in respect of the Merger Proposal in the form presented".

MACA will continue to keep the market informed in accordance with its disclosure obligations.

Recommendation unchanged

Consequently, the Directors of MACA have not changed their recommendation that MACA shareholders accept the Thiess Cash Offer, in the absence of a superior proposal and subject to the Independent Expert concluding, and continuing to conclude, that the Thiess Cash Offer is fair and reasonable (or not fair but reasonable) to the MACA shareholders.

MACA shareholders should be aware that, as detailed in Thiess' First Supplementary Bidder's Statement announced on 9 August 2022, if you accept the Thiess Cash Offer in respect of your MACA shares you will not be able to sell those MACA shares or otherwise deal with the Rights⁸ attaching to those MACA Shares, subject to:

1. you being able to revoke your acceptance at any time while the FIRB Condition outlined in the First Supplementary Bidder's Statement has not been fulfilled (MACA understands, based on the absence of announcements to the contrary by Thiess, that the FIRB Condition has not yet been fulfilled); and
2. your limited statutory rights to withdraw your acceptance in certain circumstances,

(see section 9.7(d) of the First Supplementary Bidder's Statement).

⁸ Rights include all accretions, rights or benefits of whatever kind attaching to or arising from or in respect of the MACA shares, whether directly or indirectly, including without limitation all rights to receive dividends (but not including any attaching franking credit), to receive or subscribe for shares, units, notes, options or other securities and to receive all other distributions or entitlements declared, paid, made or issued by MACA or any subsidiary of MACA after 26 July 2022.



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Timing

The Thiess Cash Offer is currently open for acceptance by MACA Shareholders.

MACA is in the process of preparing its Target's Statement in relation to the Thiess Cash Offer. The Target's Statement, which will include an Independent Expert's Report and its conclusion, is expected to be made available to MACA shareholders by late August 2022.

By waiting until the Target's Statement has been issued, this will allow MACA shareholders time to consider their alternatives and make a decision before the Thiess Cash Offer is scheduled to close at 7pm (AEST) on 12th September 2022, unless the Thiess Cash Offer is extended or withdrawn by Thiess in accordance with the Corporations Act.

This ASX announcement has been authorised for release by the Board of MACA Limited.

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About MACA | MACA Limited is an ASX-listed contracting group providing services to the mining and construction industries. Employing in excess of 3,000 people, MACA specialises in contract mining and crushing, civil construction and infrastructure maintenance, and mineral processing solutions.