
ASX Announcement

20 November 2024

2024 Annual General Meeting – Managing Director and CEO’s Address

Good morning, everyone, and thank you for being here today. I am pleased to speak with you as AVADA’s Managing Director and CEO, and I’m proud to represent such a resilient and dedicated team.

Year in review

FY24 saw AVADA continue to enhance its strong operational foundations, with the successful execution of several key initiatives which position the Company well for long-term growth.

Reflecting on the achievements of the year, AVADA successfully completed the acquisition of STA Traffic Management in October 2023. This core acquisition delivered the Company with an expanded presence and greater market share in Victoria, strongly complementing AVADA’s significant operating footprint and delivering further diversification in the client base.

AVADA successfully integrated its New Zealand operations, creating opportunities to expand through the South Island and develop national relationships.

In addition, in May 2024, AVADA announced it was undertaking an Operational Review to identify opportunities to rebalance the operational base and ensure sufficient capacity to deliver on long-term growth objectives. The outcomes from this review determined that consolidating our independent trading operations into a single operating structure would create opportunities to realise further operating efficiencies and revenue synergies.

Under the single AVADA Traffic brand, the Company can further capitalise on its core competitive advantages of national scale which is now comprised of more than 2,100 traffic controllers, 1,050 vehicles, and 25 depots. AVADA’s ongoing commitment to optimising its operational base is reflective of its overarching objective to deliver industry-leading client service.

A strong client base

In FY24, AVADA saw strong and consistent work profiles and execution through all regions supported by recurring maintenance works and infrastructure and construction project pipelines.

Our efforts remain centred on growing our client base, which remains diversified across Australia and New Zealand. AVADA continues to service recurring civil works, maintenance and planned infrastructure projects across government and private clients.

A significant portion of our revenue stems from government-related projects and maintenance programs. This sector remains a key part of our business, and we continue to build on our strong and long-term relationships with government clients in our operating jurisdictions. While we acknowledge from time to time that short-term revenue challenges may exist in a geographic region which can affect the region's value, what we know for certain is that providing a consistent and high standard of service is critical to ensuring long-term stability and demand for AVADA's traffic management capabilities.

AVADA Traffic is now supporting over 63 local councils and continues to win long-term road and infrastructure support projects such as the M7/M12 highway integration upgrade in Western Sydney and the Snowy Hydro project. We are also in active discussions with several clients in relation to national supplier contract arrangements which represent attractive revenue opportunities for AVADA.

Safety

I want to touch on safety, recognising the challenges and risks our workforce face daily when working on and around roads and reemphasise that the wellbeing of our employees, clients, and community is, and always will be, our highest priority. Building and maintaining a strong safety culture is at the core of our business and AVADA continues to place utmost importance on education, vigilance, and awareness.

Our people

I would also like to highlight that our commitment to safety extends beyond operational concerns. We are committed to creating a workplace that's not only physically safe but also free from discrimination, harassment, and bullying. It is important for us to foster a safe and inclusive workplace culture where everyone feels valued, respected, and empowered. Our vision is about much more than compliance — it's about building a collaborative and supportive environment on every site where every employee can bring their best selves to work.

The industry

Across the sector we continue to manage changes in the prevailing market conditions, characterised by regulatory changes, tightened labour markets, union involvement, and inflationary pressures.

Austroroads, the association of the Australian and New Zealand transport agencies, is currently undertaking an initiative to harmonise the Traffic Control industry across Australia. Whilst we support the efforts of Austroroads, the transition is driving some short-term disruption and uncertainty within the traffic control industry. This Austroroads initiative aligns with AVADA's objectives to lift the safety, compliance and governance within this fragmented cottage industry.

AVADA expects there to be increasing involvement and impact from unions in the industry, as discussions around salary and safety gain momentum. We remain committed to working collaboratively with unions to maintain positive relations while balancing cost efficiencies.

Our ability to tender on some Victorian infrastructure projects remains challenged while the State Government has a mandate for unionised labour. However, we continue to work with our clients on other opportunities available within Victoria. The recently appointed LNP Government in Queensland has also announced the suspension of the Best Practice Industry Conditions (BPIC) for new major government projects. We will be monitoring the impacts of this on future pipeline opportunities in the market.

AVADA holds significant experience in managing regulatory and union dynamics, with a seasoned leadership team and highly capable management team. We remain well-positioned to navigate these conditions and deliver on our growth objectives.

Looking forward

The traffic management industry has a strong five-year market outlook, with a significant pipeline of projects, especially as infrastructure development continues to expand. AVADA's position as a nationally scaled operator with a growing track record of high-quality customer service, means it will continue to be a key beneficiary of these robust sectoral tailwinds.

AVADA is also seeing significant opportunity to build strong commercial relationships with private operators, who require traffic management providers capable of delivering solutions on a national scale. Recently, AVADA secured a preferred supplier arrangement with leading construction company BMD, which I see as a testament to our capabilities and is reflective of the benefits of operating under the single AVADA Traffic brand.

Within the industry, AVADA is continuing to see that clients are favouring corporatised operators over independent providers due to more robust governance structures and enhanced transparency in financial reporting and quality assurance processes. As the only publicly listed traffic management company in Australia and New Zealand, AVADA's adherence to ASX standards of safety, governance and reporting place it in good stead to grow market share in line with these trends.

In closing, I want to thank everyone who plays a part in AVADA's journey. Thank you to our team for your ongoing dedication and commitment. I want to acknowledge our customers, we're grateful for the trust you place in us to deliver safe and effective traffic management solutions. To our shareholders, thank you for your ongoing support and confidence in AVADA.

Thank you. I'll now hand back to our Chairman.

This announcement is authorised for release by the Board of Directors of AVADA Group Limited.

About AVADA Group Limited

AVADA Group is a leading, independent, Australian traffic management operator and ancillary service provider with an established and extensive network throughout Queensland, New South Wales, Victoria, and New Zealand. AVADA Group provides services to government clients and major contractors in the civil infrastructure and maintenance sector.

Visit us at avadagroup.com.au

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Forward-Looking Statements

This announcement contains forward-looking statements, including references to expected outcomes. Forward-looking statements are not guarantees of future performance or events and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond AVD's control. Readers are cautioned not to place undue reliance on forward-looking statements