



**MADER**

Annual General Meeting

MADER GROUP LIMITED | 26 NOVEMBER 2020



CEO's Address

**Patrick Conway**



# 15 Years in Operation



Mader Group celebrates 15 years at the forefront of the mining industry

We are proud of our track record of sustained organic growth and strong operational performance over the past 15 years.

Mader Group has achieved several significant milestones during the period, including a successful initial public offering on the Australian Securities Exchange in October last year.

Since inception, Mader Group has established a leading position in the heavy equipment maintenance sector and gained invaluable experience operating in 17 countries spanning 4 continents.



# Board of Directors



**Jim Walker**  
Non-Executive  
Chairman

Over 45 years' experience in the resources sector. Former MD of WesTrac, Director of Seven Group Holdings and National Hire Group. Former Non-Exec Chairman of Macmahon Holdings. Currently Chairman of Austin Engineering, Australian Potash, State Training Board, Wesley College, WA Motor Museum and Deputy Chairman of RAC WA.



**Luke Mader**  
Founder and  
Executive Director

Founder of Mader Group. Trade qualified with 20 years' experience in the mining services industry. Cultivated a 1,400+ workforce after realising an underserved 'niche' whilst working in marketing for a Caterpillar dealer network.



**Patrick Conway**  
Executive Director and  
Chief Executive Officer

Bachelor of Commerce, CPA and a Graduate Diploma in Corporate Governance. Background in Public Practice accounting and business advisory including 4 years' experience on a West African gold development project.



**Craig Burton**  
Non-Executive  
Director

A venture capital investor in emerging companies, projects and businesses. A track record of providing financial backing and strategic advice to successful business teams and start-up entrepreneurs.



**Justin Nuich**  
Non-Executive  
Director

Over 20 years' experience in the mining, oil & gas industries. MBA and a Graduate Diploma of Maintenance Management. Currently General Manager of Assets with Mineral Resources and Director Operations at Salt Lake Potash. Formerly held senior roles with FMG and BHP.



# FY2020 Highlights

MADER GROUP LIMITED

---

# FY2020 Highlights

REVENUE CHANGE (FROM FY2019)  
**\$274 M** + 20%

EBITDA<sup>1</sup>  
**\$33.1 M** + 30%

EBIT<sup>1</sup>  
**\$26.4 M** + 22.2%

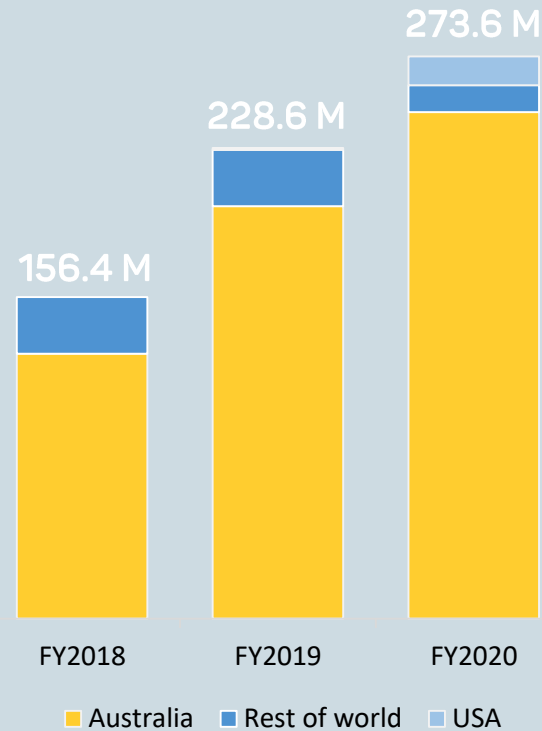
ADJUSTED NPAT<sup>1</sup>  
**\$ 18.1 M** + 18.9%

FY2020 DIVIDENDS  
 1.5 cents per share Paid 17 Mar 2020  
 1.5 cents per share Paid 17 Sept 2020

1. Includes income tax effected adjustments for One-off Offer Costs and the impact of AASB16; refer to reconciliation on Financial Notes slide in Appendices.



## REVENUE BY REGION (AU\$)



Entirely **ORGANIC GROWTH** driven by continued diversification with no external capital



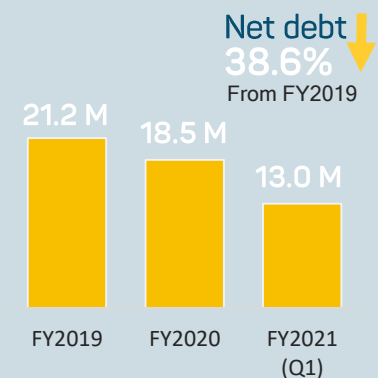
## AWARD RECOGNITION

**EMPLOYER OF CHOICE**  
 2020 AWARD FINALIST  
 (WINNER TBA Q2 FY21)

**CONTRACT MINER OF THE YEAR**  
 2020 AWARD FINALIST  
 AUSTRALIAN MINING PROSPECT AWARDS

**SAFE VEHICLES**  
 2020 AWARD FINALIST  
 AUSTRALASIAN FLEET CHAMPION AWARDS

**FLEET PRODUCT SAFETY**  
 2020 AWARD FINALIST  
 AUSTRALASIAN FLEET CHAMPION AWARDS



ADJUSTED EPS  
 FY2020 **9.0c**

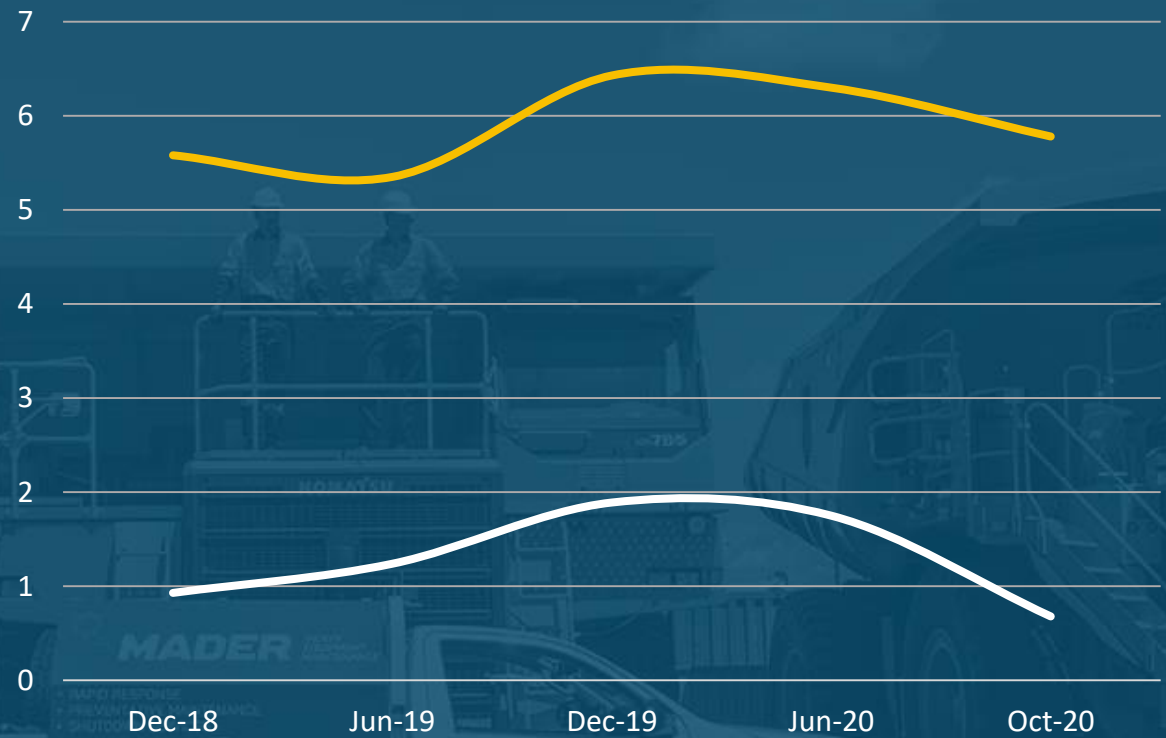
EMPLOYEES  
 FY2020 **1,400+**

HOURS WORKED  
 FY2020 **2.7M+**

# Safety & People



Injury frequency rates



- TRIFR: Total recordable injury frequency rate
- LTIFR: Lost time injury frequency rate



# Operations and Results

MADER GROUP LIMITED

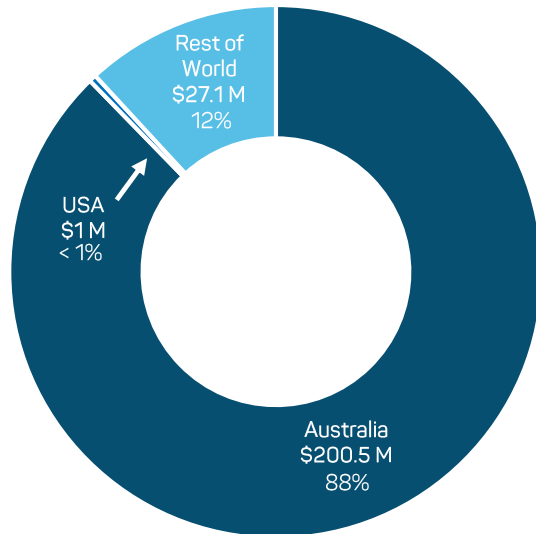
---



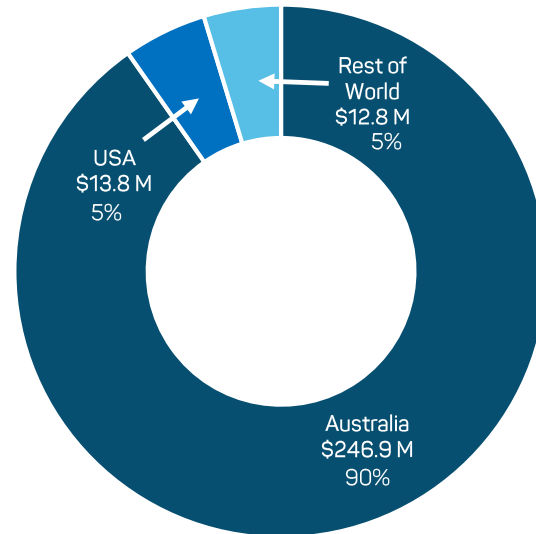
# Overview of Operations



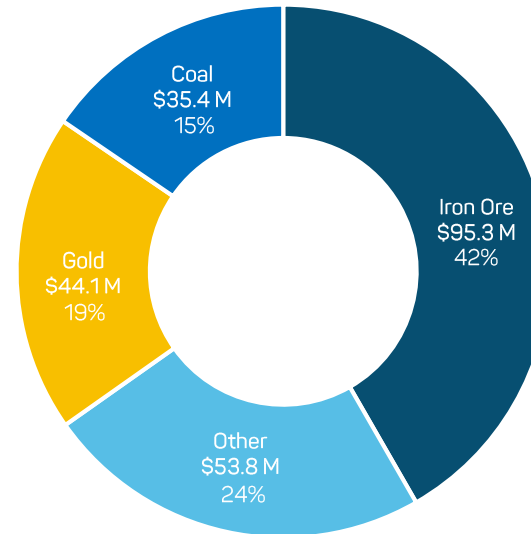
Revenue by region FY19



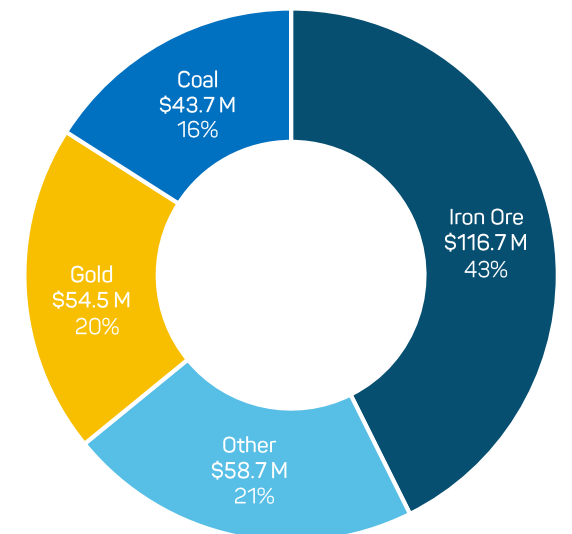
Revenue by region FY20



Revenue by commodity FY19



Revenue by commodity FY20



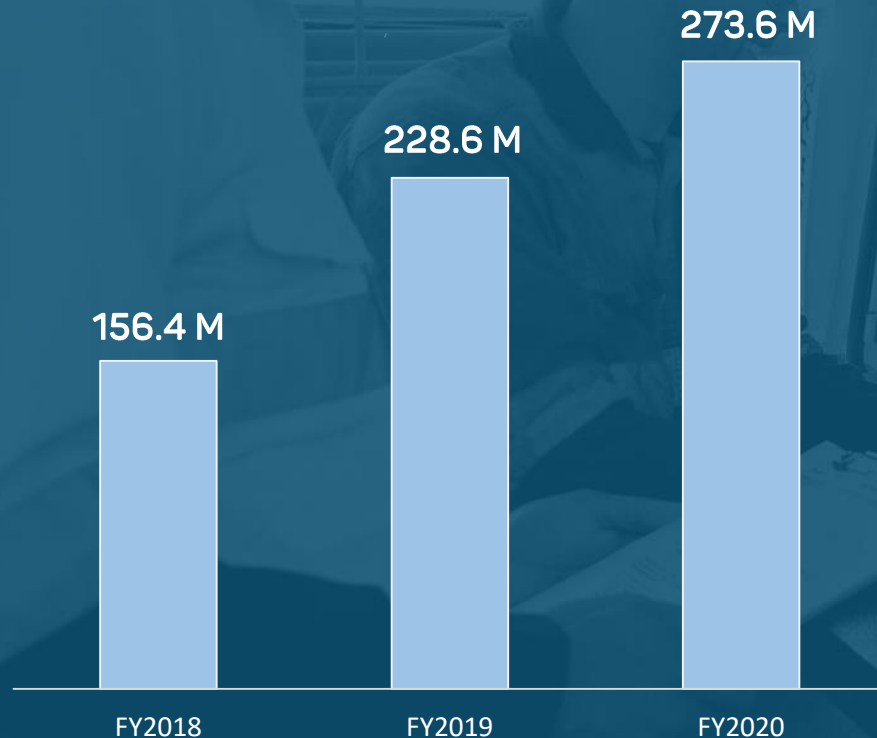
# Australia

Revenue growth of

**23%** ↑

From FY2019

Revenue AU\$



## Financial Summary

- FY2020 revenue of \$246.5m, up 23% from FY2019
- Ancillary and complementary services returned year on year revenue growth of 41% in Western Australia
- Q1 FY2021 revenue in Australia was up 5% vs PCP

## FY2021 Outlook

- High levels of customer demand continue to deliver strong revenue in all regions in Western Australia
- Labour mobility expected to improve as state border restrictions ease
- Targeting a return to pre-COVID-19 margin levels in 2H2021
- Continued scaling of ancillary services in Western Australia
- Perth workshop has secured a large forward order book which will see it operate at full capacity until close of FY2021
- Tightening labour market in WA offset by a scalable Trade Upgrade Apprenticeship Program with third intake on boarded in Q1 FY2021. Additional intakes scheduled to commence in FY2021 and eligible for the apprenticeship wage subsidies from the Australian Government
- Strong recruitment environments presented in New South Wales and Queensland
- Diversification strategy adopted targeting Northern Queensland and Central West New South Wales. Market penetration strategy supported by plans to relocate Mader Group's Queensland office to Brisbane in Q2 FY2021



**MADER**

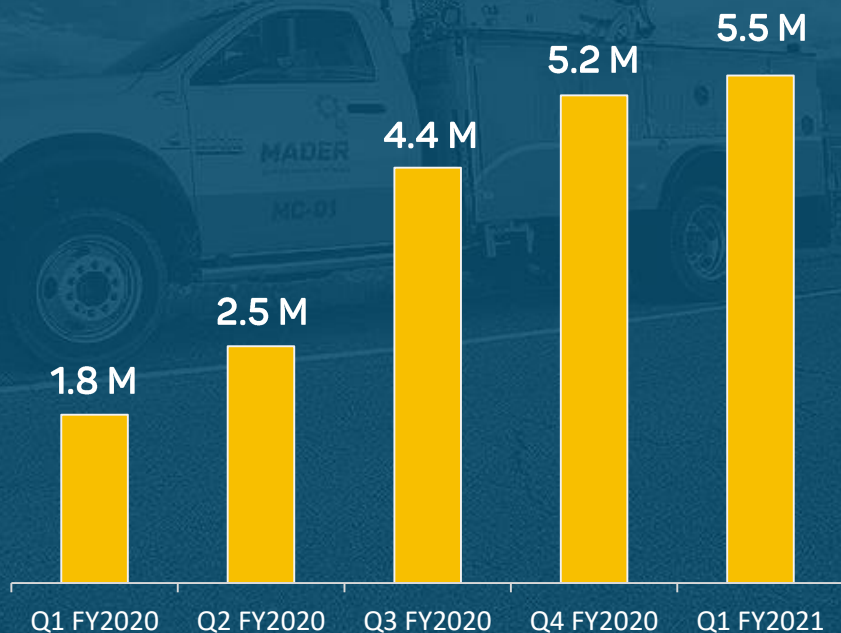
# United States of America

FY2020 Revenue growth of

1,242%↑

From FY2019

Revenue AU\$



## Financial Summary

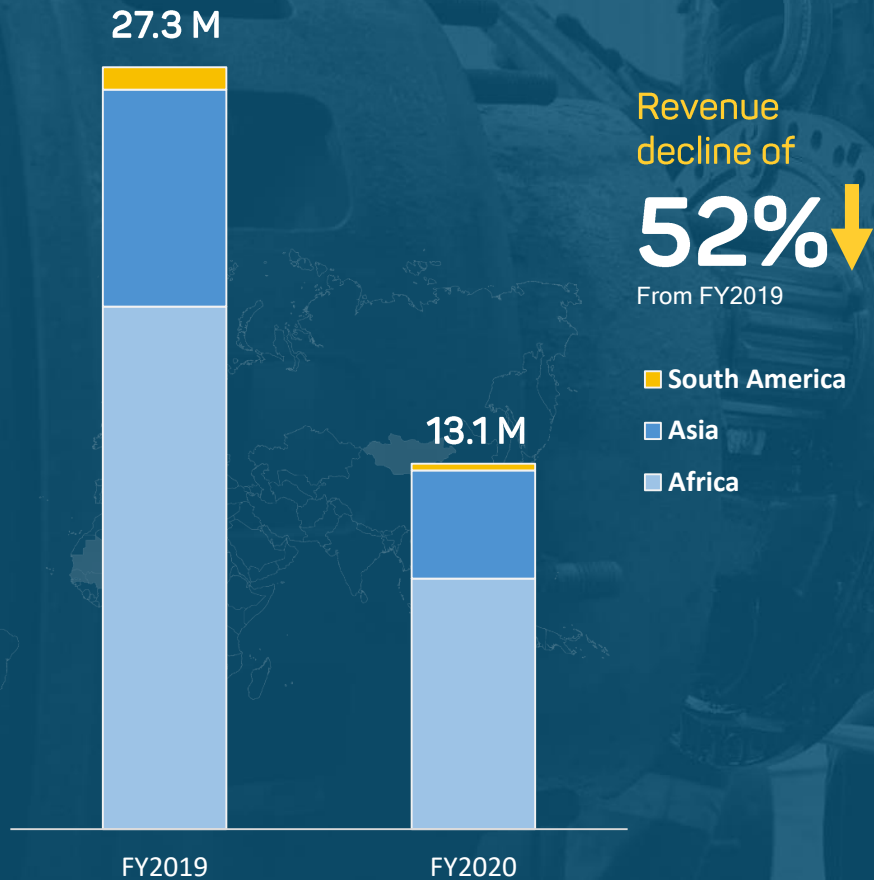
- Fully organic start up returned higher than forecast revenue of \$AU14m in FY2020
- USA operations profitable with scale benefits continuing month on month
- FY2020 average quarterly revenue growth of 60%
- Q1 FY2021 revenue of \$AU5.4m in USA, up 200% vs PCP and an 8% increase quarter on quarter (15% increase excluding AUD/USD foreign exchange movements)

## FY2021 Outlook

- Concentrating the focus of operations on, but not limited to, strong commodity markets of gold, copper and zinc
- Revenue growth underpinned by the continued strong recruitment of local, high-quality labour which represents 90%+ of the total US workforce
- New contracts commenced in Texas, Florida and Nevada in Q1 FY2021
- Positive outlook with operations team confirmed to commence work scope with several new customers in Q2 FY2021 across a number of new regions
- Expansion of service fleet planned in response to strong growth prospects with fleet expected to double by close of Q3 FY2021
- Strategic resources added to local operations to assist with service delivery and growth
- Continued due diligence underway for planned entry into Canada, with goals to be operational by the end of FY2021

# Rest of World

## Revenue AU\$



## Financial Summary

- Revenue declined by 52% in FY2020, largely as a result of a pause in our International operations (non-USA) due to COVID-19 impacts
- Q1 FY2021 revenue of \$0.6m (\$0.4m in September FY2021) in Rest of World operations, down 87% vs PCP

## FY2021 Outlook

- Services delivered in Mongolia, Chile, The Philippines, Papua New Guinea, Laos and Central/West Africa including Mauritania, Senegal, Cote d'Ivoire, The Democratic Republic of the Congo and Zambia in FY2020
- Global travel restrictions have temporarily limited our Rest of World operations however demand remains strong and we expect that activity levels will normalise when international travel resumes
- Targeted focus on the delivery of services to Eastern Asia with former customers re-engaged and recurring scopes of work underway in Papua New Guinea and Laos
- New work scopes commenced in Mongolia in Q2 FY2021
- During Q1 FY2021, the Company provided limited services in Africa, with a small team mobilised to assist an existing customer in Zambia

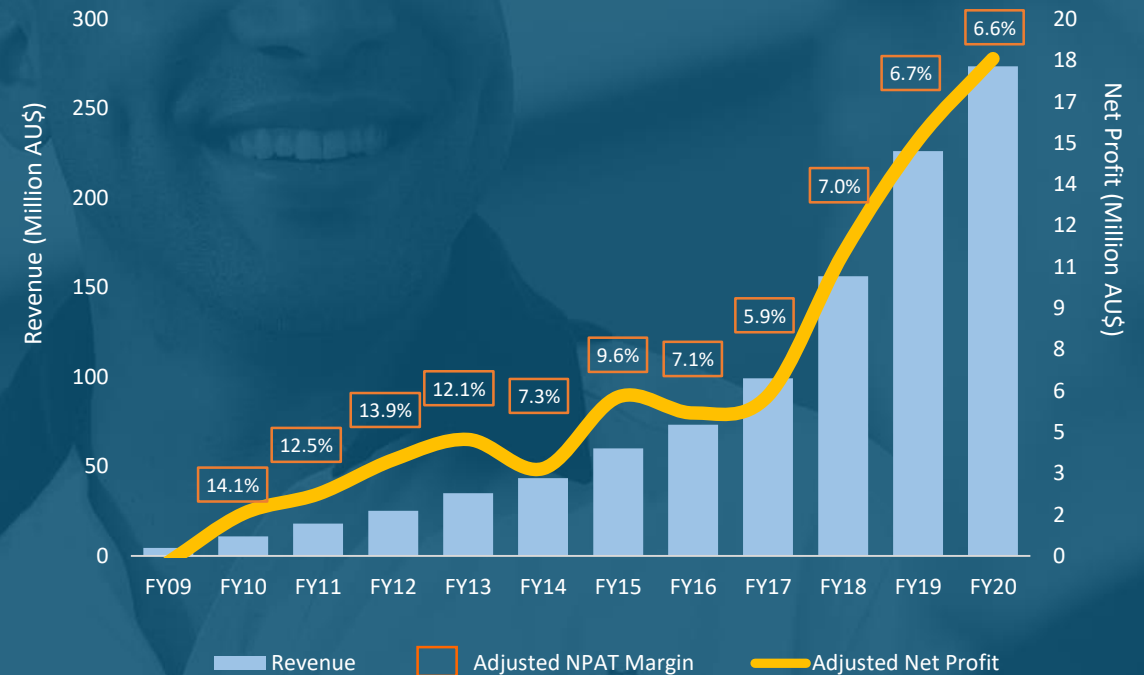
# Profit & Loss

| Currency: A\$'000                          | FY2019  | FY2020  |
|--|---------|---------|
| Revenue                                    | 228,645 | 273,547 |
| EBITDA                                     | 25,454  | 33,026  |
| <i>EBITDA margin</i>                       | 11.1%   | 12.1%   |
| EBIT                                       | 21,628  | 26,424  |
| <i>EBIT margin</i>                         | 9.5%    | 9.7%    |
| Net Profit After Tax                       | 14,900  | 17,504  |
| <i>Profit after tax margin</i>             | 6.5%    | 6.4%    |
| Adjustments                                | 289     | 554     |
| Adjusted Net Profit After Tax <sup>1</sup> | 15,189  | 18,058  |
| <i>Profit after tax margin</i>             | 6.7%    | 6.6%    |

- Strong year on year revenue growth of 19.6%
- Increased EBITDA margins driven by continued diversification and expansion to new regions
- The short-term impacts of workforce mobility restrictions due to border controls began to ease during 1H2021 with continued improvements expected throughout FY2021

1. Includes income tax effected adjustments for One-off Offer Costs and the impact of AASB16; refer to reconciliation on Financial Notes slide in Appendices.

Strong **ORGANIC**  
revenue growth  
From FY2015 **36%**



# Balance Sheet

| Currency: A\$'000             | June 2019     | June 2020      |
|-------------------------------|---------------|----------------|
| Cash and cash equivalents     | 3,049         | 6,456          |
| Receivables                   | 54,495        | 55,049         |
| Tax Assets                    | 1,896         | 1,970          |
| Other assets                  | 1,820         | 2,104          |
| Right of use of asset         | -             | 2,587          |
| Property, plant and equipment | 26,247        | 32,542         |
| <b>Total assets</b>           | <b>87,507</b> | <b>100,708</b> |
| Payables                      | 24,809        | 18,897         |
| Borrowings                    | 24,228        | 24,915         |
| Provisions                    | 1,140         | 1,905          |
| Lease liabilities             | -             | 2,587          |
| Tax liabilities               | 3,161         | 4,287          |
| <b>Total liabilities</b>      | <b>53,338</b> | <b>52,591</b>  |
| <b>Total equity</b>           | <b>34,169</b> | <b>48,117</b>  |

- Property, plant and equipment consists primarily of service vehicles with a fleet of over 500 vehicles including 41 vehicles in USA, depreciated over 5 years
- Reduction in net debt during FY2020 to \$18.5 million, down from \$29.1 million at 31 December 2019
- Net debt further reduced during Q1 FY2021 closing at \$13.0m, an improvement of \$5.5m from 30 June 2020, reflecting a continued focus on capital management
- New financing arrangements with NAB executed in September 2020 which include a working capital facility of \$37m (and an asset finance facility of \$25m)
- Facilities ensure access to sufficient working capital and equipment finance as the business grows



# Looking Ahead

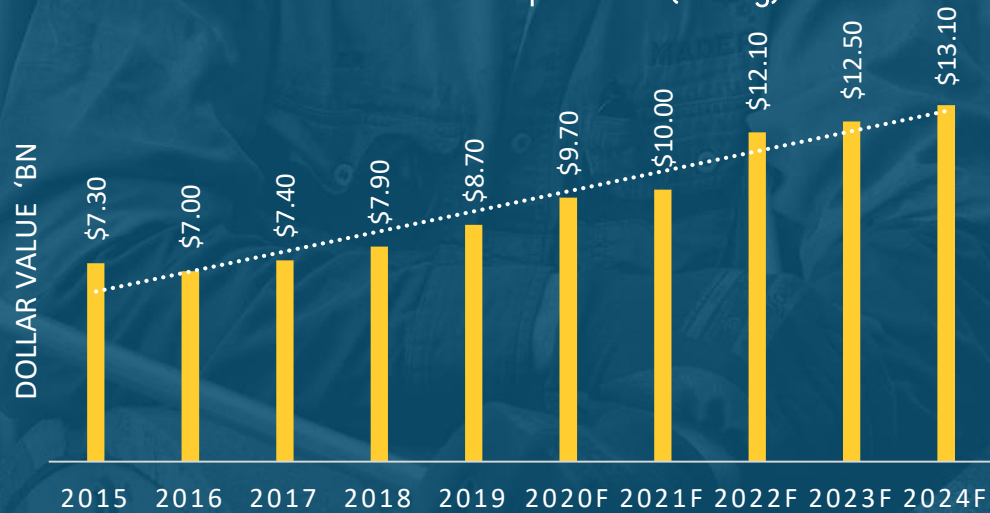
MADER GROUP LIMITED

---

# Industry Outlook

Growth in mining tonnes produced + aging fleets  
= increasing demand for maintenance labour

Total Maintenance Expenditure (Mining)



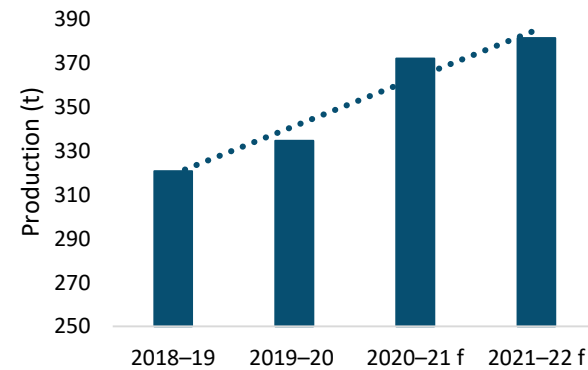
Source data: "BIS Oxford Economics" for Maintenance spend

Ongoing growth trends in market for Mader's services

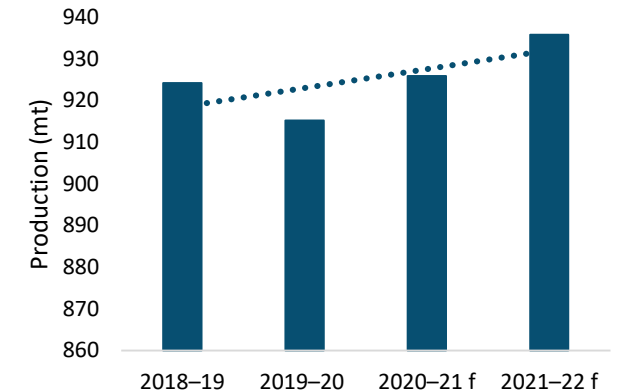
- Increasing forecast mining maintenance expenditure
- Ongoing production growth in key commodities
- An industry trend for equipment to be used longer before replacement
- Significant capital investment in 2011 - 2012 has resulted in an aging mining equipment fleet for many mining companies



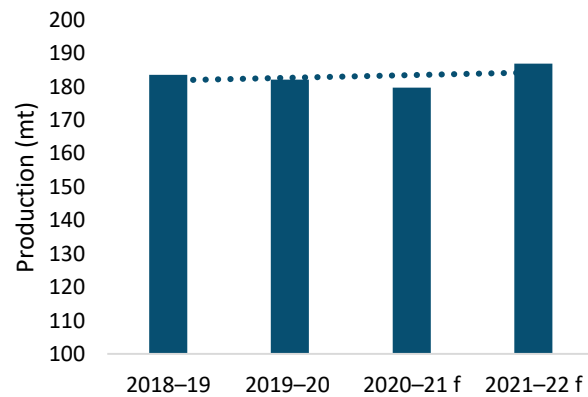
Gold Production



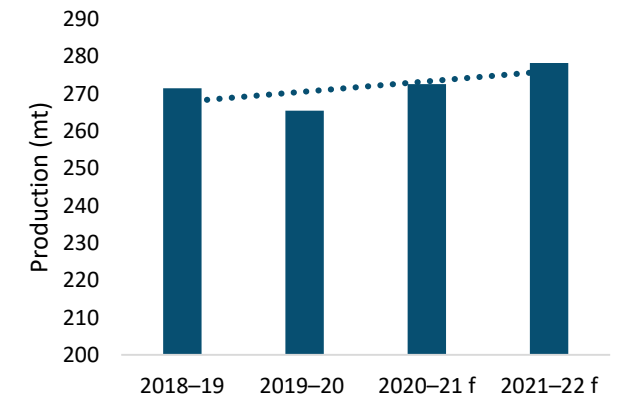
Iron Ore Production



Metallurgical Coal Production



Thermal Coal Production

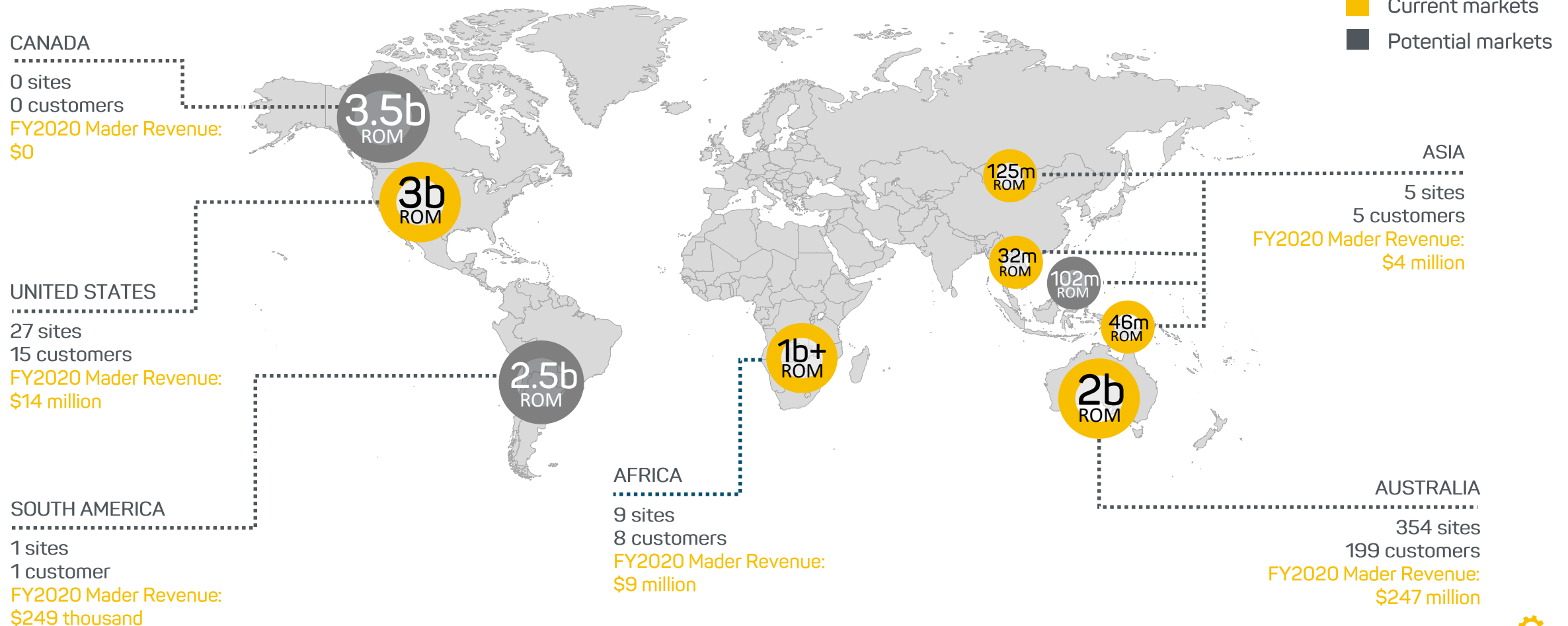


Source data: "Australian Government: Department of Industry, Innovation and Science" for Production charts



# Growth opportunities and addressable market

ROM: CY2020 Run of Mine Production in Metric Tonnes (source: GlobalData Intelligence Center)



Site and customer information relates to operations carried out in FY2020

# Corporate Snapshot



1400+ Global workforce

185m Market Cap

600+ Service vehicles supporting the industry

200m Shares on Issue

200+ Strong customer base

\$0.925 Share Price  
*Price at market close on 25 Nov 2020*

9.9 P/E Ratio  
*Average FY2021 broker consensus*

15 YEARS' OF EXPERIENCE WITH TRACK RECORD OF DELIVERY

PROVEN DISRUPTIVE BUSINESS MODEL & SUCCESSFUL ROLL OUTS

RELATIVELY LOW CAPITAL INTENSITY

ORGANIC & SUSTAINABLE GROWTH PROSPECTS

LARGE ADDRESSABLE MARKETS & SIGNIFICANT UPSIDE

CONNECTED TO PRODUCTION CYCLE & POSITIVE INDUSTRY TRENDS

UNIQUE PEOPLE & CULTURE FOCUS

SIMPLE BALANCE SHEET & FINANCIAL FLEXIBILITY

## Group Outlook

### AUSTRALIA

- Targeting significant levels of unfilled customer demand throughout Western Australia as border restrictions continue to ease
- Large addressable markets remain for ancillary maintenance services with continued scaling and a dedicated focus on fixed plant, port and rail maintenance
- Strong recruitment environments in New South Wales and Queensland presents headcount growth opportunities

### REST OF WORLD

- Strong levels of customer demand throughout target regions. Continuing to assess risks to health and safety prior to entering new jurisdictions

### NORTH AMERICA

- Strong growth trends expected to continue in a large remaining addressable market
- Strategy to be operational in Canada by Q4 FY2021

### STRATEGIC DIVERSIFICATION

- Developing plans for bolt-on acquisitions that add strategic value to the Mader business
- Continuing to assess ancillary service and related industry opportunities



# Disclaimer

This presentation has been prepared by Mader Group Limited (ACN 159 340 397) “**Mader**”, “**Mader Group**” and the “**Company**”). The information contained in this presentation is for information purposes only.

The information contained in this presentation is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. Please note that, in providing this presentation, Mader has not considered the objectives, financial position or needs of any particular recipient. Mader strongly suggests that investors consult a financial advisor prior to making an investment decision.

No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Mader, their respective related bodies corporates, shareholders, directors, officers, employees, agents or advisors, nor any other person accepts any liability, including, without limitation, any liability for any loss arising from the use of information contained in this presentation.

This presentation may include “forward looking statements”. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Mader and their respective officers, employees, agents or associates that may cause actual results to differ materially from those expressed or implied in such statement. Actual results, performance or achievements may vary materially from any projections and forward looking statements and the assumptions on which those statements are based. Mader assumes no obligation to update such information.

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The securities of Mader have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (Securities Act) or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States except in compliance with the registration requirements of the Securities Act and any other applicable securities laws or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws.



# Appendices

MADER GROUP LIMITED

---

# Operating Cashflow

| Currency: A\$'000   | FY2019         | FY2020        |
|---|----------------|---------------|
| Earnings before interest and tax                                      | 21,628         | 26,424        |
| Interest received (paid)  | (1,475)        | (1,513)       |
| Income tax paid   | (2,800)        | (6,354)       |
| Depreciation  | 3,826          | 6,602         |
| Movement in payables  | 3,703          | (4,600)       |
| Movement in receivables   | (15,128)       | (555)         |
| Other non-cash movements  | 204            | 397           |
| <b>Net cash provided from operating activities</b>                    | <b>9,958</b>   | <b>20,401</b> |
| Payment for plant and equipment (net of proceeds from sale of assets) | (15,911)       | (12,861)      |
| Proceeds from (payments for) shares in unlisted companies             | 484            | -             |
| Dividends paid  | (9,161)        | (4,280)       |
| Proceeds from (repayment of) borrowings and lease payments            | 9,435          | 147           |
| <b>Net cash flows during the period</b>                               | <b>(5,195)</b> | <b>3,407</b>  |
| Cash and cash equivalents at the end of the period                    | 3,049          | 6,456         |

- Operating cash flow of \$20.4 million was a \$10.4 million improvement on FY2019
- Operating cash flow before interest and tax (OCFBIT) of \$28.3 million represents a \$14.2 million increase on FY2019
- Capex decreased by \$3.0 million compared to FY2019. Capex was above IPO Prospectus forecast of \$9.7 million due to higher than forecast growth in USA. The USA fleet increased to 41 vehicles, all in active service
- Net debt reduced from \$29.1 million at 31 December 2019 to \$18.5 million at the end of the financial year. Subsequent to year end and at the end of Q1 FY2020, net debt has been further reduced to \$13.0 million
- Dividends paid:
  - 1.5 cents per share - \$3.0m (paid in March 2020)
  - 1.5 cents per share - \$3.0m (paid in September 2020)
  - Payout ratio of 33.3%

# Notes to financials

Currency: A\$'000

|                                       | FY2019 | FY2020 |
|---------------------------------------|--------|--------|
| Statutory net profit after tax        | 14,900 | 17,504 |
| Public company costs <sup>1</sup>     | (228)  | -      |
| One-off offer costs <sup>2</sup>      | 908    | 856    |
| Impact of accounting standard AASB 16 | (267)  | (65)   |
| Impact of income tax <sup>3</sup>     | (124)  | (237)  |
| Adjusted net profit after tax         | 15,189 | 18,058 |
| Adjusted net profit margin            | 6.6%   | 6.6%   |

Mader Group Limited results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore are considered non-IFRS financial measures. The non-IFRS measures should only be considered in addition to and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

1. Public company costs include the directors' estimate of incremental annual costs that the Mader Group will incur as a public listed company:

- These incremental costs include share registry fees, Executive Director, Non Executive Director remuneration, Directors' and Officers' insurance premiums, additional audit and legal fees, listing fees, investor relations costs as well as annual general meeting and annual report costs;
- For FY2019, no Public Company costs were incurred. Therefore, as a normalisation adjustment to make FY2019 comparable with FY2020, \$0.23 million (\$0.16 million tax effected) has been included as an adjustment;
- For FY2020, the net profit already includes Public Company Costs, therefore no adjustment is required.

2. One-off Offer costs incurred by Mader Group of \$0.86 million (\$0.60 million tax effected).

3. Income tax effect - An adjustment has been made to reflect the tax impact of the adjustments based on the Australian statutory corporate tax rate of 30%.