

Half Year Financial Results – 1H FY2021

Perth, Australia – 23 February 2021: Mader Group Limited (ASX:MAD), a leading global provider of specialist heavy equipment maintenance services, is pleased to provide an update on its performance for 1H FY2021.

| | Unit | 1H FY2021 | 1H FY2020 | Variance (\$) | Variance (%) |
|----------------|-------|-----------|-----------|---------------|--------------|
| | | | (PCP) | | |
| Revenue | | | | | |
| Australia | [\$m] | 127.4 | 119.8 | +7.6m | +6.4% |
| North America | [\$m] | 11.6 | 4.3 | +7.3m | +166% |
| Rest of World* | [\$m] | 2.1 | 8.7 | -6.6m | -75% |
| Total Revenue | [\$m] | 141.2 | 132.7 | +8.5m | +6.4% |
| EBITDA^ | [\$m] | 16.3 | 16.0 | +0.3m | +1.9% |
| EBITDA Margin | [%] | 11.6 | 12.1 | -0.5% | -4.1% |
| NPAT^ | [\$m] | 8.71 | 8.66 | +0.0m | +0.6% |
| Net Debt | [\$m] | 19.9 | 18.5 | +1.4m | +7.0% |

* Rest of World includes Asia, South America and Africa.^ EBITDA / NPAT for 1H FY2020 includes adjustments to NPAT related to one-off costs. For details, refer to the Appendix of accompanying presentation released 23 February 2021.

OVERVIEW:

- **Revenue increased by 6.4%** versus the previous corresponding period (PCP), driven by strong customer demand for our specialist heavy equipment maintenance services. Revenue growth excluding the Rest of World business unit was up 12.0% on PCP.
- The Group continues to adapt to and proactively manage workforce readiness and mobility, which **positively impacted margins**, particularly throughout Q2 of FY2021.
- Total Recordable Injury Frequency Rate (TRIFR) **improved by 6%** vs PCP.
- The Australian business continues to experience **high levels of customer demand**, partially unfilled due to ongoing labour mobility challenges.
- To mitigate the labour challenges in the Australian operations, the Company has **implemented a number of initiatives**, including an expansion of its Trade Upgrade Apprenticeship Program and established an integrated national recruitment program.
- The North American market continues to deliver significant revenue growth, up 166% on the PCP and an **advanced due diligence program** is in place to enter Canada by the end of FY2021.
- Our Rest of World segment experienced a 75% fall in revenue vs PCP due to international travel restrictions as a result of COVID-19, pleasingly this business unit saw a **rebound in operational delivery** with quarter on quarter revenue growth of 157%.
- **1.5 cent fully franked interim dividend** confirmed for the period ending 31 December 2020, record date of 3 March 2021 and scheduled for payment on 17 March 2021.
- **Net debt is currently \$19.9m**, up marginally from \$18.5m at 30 June 2020.
- **Mader invested significantly** in its personnel, operational fleet and workforce readiness capabilities. This has laid a **solid foundation from which to capitalise** on substantial unfilled global customer demand.

Newly appointed Executive Director & Chief Executive Officer, Justin Nuich, commented that the 1H FY2021 period laid a solid foundation for Mader Group to deliver on its growth potential in a number of key markets.

“Having sat on the Board since 1 January 2019, it’s been a pleasure to observe the Company’s growth as it navigates new and existing markets with strategic purpose. Over the past six months the team have stepped up to deliver certainty for our workforce and superior value for our customers despite the ongoing challenges of COVID-19.”

“Our performance during the period comprised many exciting operational moves including several additions to the Company’s leadership structure in line with our diversification strategy.”

“Australian operations continue to provide the core of our business. Strengthening commodity markets are driving demand for our highly skilled workforce. We are continuing to invest in our people to ensure we have the capacity to meet the demand we are seeing domestically.”

“Our global operations provide significant growth opportunities. We have plans to considerably expand our presence in the United States and have progressed due diligence to enter Canada, which has a sizeable addressable market.”

“The first half of FY2021 marked a period of consolidation and normalisation as our business units adapted to operate efficiently and effectively within the limits of COVID-19 impacted markets.”

“I believe the future for our business is incredibly bright and I look forward to delivering on the full potential I believe this business has to offer our customers and shareholders.”

HALF YEAR PERFORMANCE AND OPERATIONAL UPDATE

Zero Harm

Mader Group’s Total Recordable Injury Frequency Rate (TRIFR) improved by 6% vs PCP over 1H FY2021 and was pleased to receive a high commendation for its vehicle safety systems in the Australasian Fleet Champions Awards in November. Mader continues to implement initiatives to further improve the safety performance of the Group.

Australia

Activity levels in our Australian market were strong for the six months to 31 December 2020. Revenue growth of 6.0% versus the PCP was underpinned by the continued geographical expansion of Mader’s service areas and accelerating growth in WA’s ancillary services; a range of complementary and value add services to our core offering of mechanical maintenance.

Growth in ancillary services continued during the period with a 23% increase in ancillary revenue across the Australian region.

During the period, Mader secured a 25% equity interest in Western Plant Hire (WPH) for \$3.5 million. WPH is a mobile plant hire provider with a broad client base in Western Australia. Through this strategic, long term investment, Mader hopes to leverage the market leading positions of both companies to deliver enhanced service offerings for new and existing clients.

Further service diversification was achieved through the introduction of new services throughout Western Australia, including specialised drill and breakdown support in the Goldfields, electrical support in the Midwest and a large EMV (Equipped Manual Vehicle) installation project commenced for a tier one owner miner to upgrade their site's Autonomous Hauling Systems in the Pilbara. Demand for infrastructure maintenance services also increased, with the business unit returning 27% growth vs PCP.

On the East Coast, our New South Wales operations recorded its strongest revenue performance to date during 1H FY2021. The East Coast management team completed the relocation of its head office to Brisbane to improve access to Mader's customers and workforce.

Mader continued to mitigate Western Australia's labour shortages through a series of initiatives, including the expansion of its Trade Upgrade Program which comprised 41 Apprentices at 31 December 2020 with an additional 30 Apprentices scheduled to commence by the close of FY2021. Mader also established a national integrated marketing and recruitment program designed to identify and employ high quality candidates.

North America

The Company's North American operations continue to deliver on high growth potential, particularly in major mining regions on USA's East and West Coast. Revenue in the United States increased to A\$11.6m in 1H FY2021, a 166% increase versus the PCP.

The United States strengthened its market position over the period, achieving further diversification of its customer base and geographical footprint, entering Alaska, Florida, Illinois and Texas. The pipeline for further customer acquisition is well established in the United States, placing our operations in a strong position to continue its growth trajectory.

Due diligence to launch operations organically in Canada is advanced with the large addressable market across multiple commodities, representing a significant opportunity for Mader Group. Capital has been allocated for the Canadian market in Q4 FY2021 and local procurement and financing is underway.

Rest of World

Throughout 1H FY2021, the Company has selectively re-entered Africa and Asia following the decision to withdraw its expatriate workforce in response to the COVID-19 outbreak in FY2020.

Mader is pleased to report revenue of A\$2.1m in 1H FY2021, having secured recurring scopes of work in Papua New Guinea, Laos, Zambia and Mongolia with small teams mobilised in each region to assist customers. The Company is in its final stages of mobilisation for maintenance labour in Mauritania with the work scope set to commence in early 2H FY2021. Whilst the segment saw a 75% fall in revenue vs PCP; quarter on quarter revenue increased 157% as activity levels regained momentum.

A rebound in customer demand across Africa and Asia highlights a clear recovery in international markets and equipment maintenance expenditure, however Mader expects to continue to service customers in a limited capacity as it prioritises the health and wellbeing of its people.

FINANCIAL POSITION

Mader delivered a solid result in 1H FY2021 with its financial performance highlighting the further stabilisation of the global conditions as markets adapt to operate within the limits of the COVID-19 landscape. Mader ended the half year with net debt of \$19.9m, marginally up from \$18.5m at the close of the PCP. Net debt is inclusive of capital expenditure of \$3.5m related to the acquisition of WPH.

Mader continued to invest in growth during the period with \$4.5m invested in expanding the Group's service vehicle fleet.

INTERIM DIVIDEND

Mader declared an interim fully franked dividend of 1.5 cents per share on 22 February 2021, representing a payout ratio of 34%. The total value of the dividend payment is \$3.0m. The record date is 3 March 2021 with a payment date of 17 March 2021.

OUTLOOK

Revenue growth is expected to continue as Mader executes numerous initiatives to drive its next chapter of growth.

In Australia, Mader's exposure to gold and iron ore in particular is driving considerable levels of customer demand in its core services. Mader is focussed on the continued scaling of its ancillary and infrastructure maintenance services.

In North America, large addressable markets remain in both the United States and Canada. Mader has advanced due diligence to launch operations organically in Canada by the close of FY2021 and has committed human resources and capital to facilitate this growth.

Demand for highly skilled labour is growing in our Rest of World business unit however we will continue to assess new opportunities on a case-by-case basis to ensure the utmost safety of our people and our customers.

In summary, positive momentum across the business is expected to accelerate in line with strengthening demand from maintenance cycle tailwinds and significant exposure to large addressable markets. Mader's strong financial position and enhanced operational structure well positions the business to capitalise on the significant potential upside.

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About Mader Group Limited

Mader Group Limited (ASX:MAD) is a global leader in the provision of heavy equipment and infrastructure maintenance. The Company's well-established labour market platform allows it to connect a global network of over 200 mining and civil customers with a skilled in-house workforce of approximately 1,400 trade-persons on flexible, fit for purpose, and cost-effective terms. Mader Group was named 2021 Most Trusted Mining and Civil Contractor by the Australian Enterprise Awards.

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Approved for release by the Board of Mader Group Limited

