

Quarterly Operational Update – Q3 FY2021

Perth, Australia – 28 April 2021: Mader Group Limited (ASX:MAD), a leading global provider of specialist heavy equipment maintenance services, provides the following update on its performance for Q3 FY2021.

	Unit	Q3 FY2021	Q3 FY2020	Variance (\$)	Variance (%)
			(PCP)		
Revenue					
Australia	[\$m]	68.5m	63.4m	+5.1 m	+8.0%
North America	[\$m]	5.6m	4.4m	+1.2 m	+27%
Rest of World*	[\$m]	1.8m	4.0m	-2.2m	-55%
Total Revenue	[\$m]	75.9m	71.8m	+4.1m	+5.7%
EBITDA	[\$m]	8.4m	7.2m	+1.2m	+17%
EBITDA Margin	[%]	11.1%	10.1%	+1.0%	+9.9%
Net Debt	[\$m]	28.3m	26.7m	+1.6m	+6.0%

^ All amounts presented in the table above are based on unaudited management accounts. * Rest of World includes Asia, South America and Africa.

OVERVIEW:

- **Record quarterly revenue of \$75.9m delivered** – revenue increased by 5.7% vs the previous corresponding period (PCP).
- Total Recordable Injury Frequency Rate (TRIFR) **improved by 9.2%** vs PCP.
- In Australia, revenue of \$68.5m increased by 8.0% vs PCP; **reflecting the significant demand for Mader's services in all regions.**
- The North American market generated A\$5.6m in revenue, up 27% vs PCP. Mader commenced **work scopes in four new US states** during the period.
- **Preparations for operational delivery into Canada now substantially complete** with ongoing business development activities now the current focus to deliver revenue in this region in the short term.
- Mader's Rest of World segment continues to see a **rebound in activity**, returning A\$1.9m in revenue in Q3 FY2021, reflecting quarter on quarter revenue growth of 18.5%.
- **Significant levels of customer demand** continue to underpin a positive growth outlook for the business globally.

Executive Director & Chief Executive Officer, Justin Nuich, was proud to announce Mader Group's record quarterly revenue, commenting that the exceptional performance was a tribute to the business's robust business model and continued focus on sustainable, long-term growth.

"It gives me great pleasure to announce that Mader delivered record quarterly revenue and earnings for Q3 FY2021. Across the Group, Mader recorded its strongest performing quarter to date with revenue of \$75.9m, representing a 5.7% increase vs PCP."

“In Australia, we are seeing unprecedented levels of customer demand driven by strong commodity markets. Workforce confidence and mobility has returned to levels experienced prior to the pandemic and we are confident we will continue to expand into our core markets.”

“We are also focused on service diversification, with an enhanced focus on infrastructure services moving forward. Mader has an extensive site presence of over 350 sites across Australia. This significant footprint provides a solid platform to offer additional infrastructure or fixed plant services to our existing clients.”

“During the quarter we are pleased to have successfully expanded our Trade Upgrade Apprenticeship Program to encompass both the Western Australian and Queensland regions. This scalable program is an excellent opportunity for us to invest in the future of mining.”

“In North America, Mader commenced operations in several new states during the quarter, some of which represent the country’s key mineral production centres. We are assessing business development opportunities in Canada with the business unit now ready to commence operations once work scopes are secured.”

“Operations in our Rest of World segment continue to gain momentum, faster than initially anticipated when we re-entered this region in September 2020. To capitalise on customer demand Mader has safely accelerated operational deployments across multiple countries in Africa and Asia. Moreover, we are considering additional work scopes in new countries pending completion of risk assessments.”

OPERATIONAL UPDATE

Zero Harm

Mader Group’s Total Recordable Injury Frequency Rate (TRIFR) improved by 9.2% vs PCP. The solid safety performance is attributed to the ongoing development of the business’s internal safety systems including the continued roll out of an in-vehicle monitoring system for Mader’s service fleets and the enhancement of a custom-built mobile app which connects a highly remote and mobile workforce to Mader’s integrated safety systems.

Australia

Mader’s Australian operations returned \$68.5m in revenue during Q3 FY2021, representing an 8.0% increase vs PCP. There continues to be significant demand for Mader’s services across the country. Workforce mobility to confidence is improving to levels experienced prior to the pandemic.

During the period, the Company continued to diversify its Ancillary and Infrastructure Maintenance services; a range of complementary and value add services to Mader’s primary offering of mobile mechanical maintenance. Mader appointed a new management structure to its Infrastructure Maintenance business unit with a focus on securing customer requests for both process and non-process infrastructure, power generation plants and port and rail infrastructure. Revenue generated from the Company’s Infrastructure Maintenance business unit increased 31.5% vs PCP.

The quarter marked the completion of a number of key ancillary projects in the Pilbara including a maintenance contract supporting a large Integrated Mine and Railway Project and an Equipped Manual Vehicle (EMV) installation project for a tier one owner miner to upgrade their site’s Autonomous Hauling Systems. Ongoing demand for Mader’s ancillary service



offerings remain strong. Revenue generated from the business's Ancillary Maintenance services increased 16.9% vs PCP.

On the East Coast, operations expanded with solid growth for the quarter. Mader was selected to join a panel of preferred maintenance providers for a major owner miner with sizable operations in the region. This 3-year appointment provides Mader access to service eight mine sites. In addition, Mader has secured a range of new work scopes, diversifying the business's exposure to commodity markets. The Group's recent entry into Northern Queensland has proved particularly fruitful with a consistent workflow now established in the region.

Mader was pleased to expand its Trade Upgrade Program interstate, opening the training program to Apprentices in Queensland and Western Australia. To date, the program has enlisted 77 candidates with 13 qualifying as Dual Mechanics in Q3 FY2021 following successful completion of the 18-month intensive short-form apprenticeship.

North America

Operations in North America generated A\$5.6m in revenue during Q3 FY2021, an increase of 27% vs PCP. Mader was pleased to commence work in four new states including West Virginia, South Carolina, Montana and California; some of which represent major mineral production centres for the United States. Mader has now safely and successfully delivered services in 15 states across the country and is focussed on targeting key mining regions to capitalise on high growth potential.

During Q3 FY2021, the business grew its team of technicians by 22% in the United States and executed a fleet expansion plan which will see the team increase its service fleet to 80+ specialised mine spec crane trucks by Q1 FY2022. This fleet is expected to also support the Company's initial entry into Canada as service delivery to this region becomes operational.

Rest of World

Activity levels in Asia and Africa continued to rebound with the segment returning \$1.9m in revenue in Q3 FY2021. Whilst the segment saw a 52.2% fall in revenue vs PCP (due to the withdrawal of Mader's expatriate workforce during the initial stages of the COVID-19 pandemic), quarter on quarter growth was solid at 27%. During the quarter, Mader commenced operations in Mauritania and continued to carry out recurring scopes of equipment maintenance in Papua New Guinea, Laos, Mongolia and Zambia.

Demand for Mader's services internationally is increasing with a number of service requests received from new and existing customers. Sizable requests from a key customer in Papua New Guinea remained unfilled during the period due to travel restrictions imposed by the Australian Government.

FINANCIAL POSITION

Mader continues to deliver a solid financial performance reflective of a long-term strategy designed to unlock growth in highly attractive addressable markets. Deliverables during the quarter are in line with the business's 5-year compound annual growth rate of 25%+.

Net debt during the period increased to \$28.3m, up from \$19.9m at 31 December 2020. The \$8.4m increase reflects capital investments in North America (not debt financed) as well as the expected working capital investments required as the business continues to expand its revenue base.

OUTLOOK

Positive momentum across all reporting segments, growth investment initiatives and strong macro trends position the Company well for its next chapter of growth. The business maintains a diverse portfolio of blue-chip customers and a balanced exposure to high growth commodities.

In Australia, a large addressable market remains with growth expected to be driven by increased brand recognition across developing service areas and the continued scaling of Mader's Infrastructure and Ancillary Maintenance service lines.

In North America, the business is placing a targeted focus on business development and customer acquisition in the United States. Finance and procurement are now complete for entry into Canada with service vehicles primed to support inaugural operations.

The Rest of World segment is experiencing increasing customer demand, operations remain limited by the impacts of COVID-19. Mader is conducting risk and opportunity assessments for incoming requests on a case-by-case basis; with the health and safety of its people a key priority.

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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 to ASX by the Board of Mader Group Limited.

