

Quarterly Operational Update – Q1 FY22

Perth, Australia – 26 October 2021: Mader Group Limited ('Mader') (ASX:MAD), a leading global provider of specialist heavy equipment maintenance services, is pleased to provide an update on its performance for Q1 FY22.

	Unit	Q1 FY22	Q1 FY21	Variance (\$)	Variance (%)
			(PCP)		
Revenue					
Australia	\$m	79.7m	63.5m	+16.2m	+26%
North America	\$m	8.7m	5.6m	+3.1m	+57%
Rest of World*	\$m	2.7m	0.6m	+2.1m	+307%
Total Revenue	\$m	91.1m	69.7m	+21.4m	+31%
EBITDA [^]	\$m	10.8m	7.3m	+3.5m	+47%
EBITDA Margin	%	11.9%	10.5%	+1.4%	+12%
Net Debt	\$m	18.8m	12.9m	+5.9m	+46%

[^] All amounts presented in the table above are in Australian Dollars and based on unaudited management accounts. * Rest of World includes Asia and Africa.

OVERVIEW:

- **Third consecutive quarter of record revenue growth.** Quarterly revenue of \$91.1m achieved, up 31% on the prior corresponding period ('PCP'), and up 5.4% on the previous quarter.
- Australia generated \$79.7m in revenue, up 26% vs PCP, largely driven by its **continued focus on service offering diversification.**
- **Mader expanded its operations across North America** to generate \$8.7m in quarterly revenue, up 61% vs PCP excluding foreign exchange movements (57% on an A\$ basis). North American **management team bolstered** during the quarter with senior managers relocated to the US and repositioned into **Canada to maintain strong growth.**
- Rest of World operations generated \$2.7m in quarterly revenue, up 307% vs PCP. Activity levels remain impacted by mobility and health restrictions.
- Trade Upgrade Apprenticeship Program recognised with a **Training Excellence Award** at the **2021 Australian Business Awards.**
- **National strategic support alliance established with Austin Engineering Ltd** (ASX:ANG); a market leader in the design and manufacture of load and haul solutions.
- **Net debt closed at \$18.8m**, down from \$23.9m in Q4 FY21.

Executive Director & Chief Executive Officer, Justin Nuich, said that Mader Group's ongoing strong performance was the result of continued delivery of the company's tactical growth strategy.

"Over the past few years, we have been positioning Mader for growth across a number of new service lines, geographies and markets. We have invested significantly in the business and are pleased to see the strategy delivering results on a number of fronts.

“We have built on existing relationships with customers to expand our global presence and ancillary service lines. This includes partnerships with original equipment manufacturers (OEMs) and a strategic alliance with Austin Engineering; the largest non-OEM manufacturer of load and haul engineering solutions in the world.

“We are proud to have received external recognition for our Trade Upgrade Apprenticeship Program, winning a Training Excellence Award at the 2021 Australian Business Awards. Established in 2019, our Mader Trade Up Program commenced its tenth intake during the quarter, with more than 120 Mechanics now inducted into the program.

“We continue to see accelerating growth in North America, with active operations across many of the country’s top mineral producing centres. We have bolstered and repositioned our management team in North America to maintain and drive operations in this large addressable market.

“Operations in our Rest of World segment continue to be impacted by mobility and travel restrictions however border restrictions are easing in some key regions of operation. Whilst the outlook in this segment remains uncertain, underlying demand for Mader Group’s expertise is strong due to an increasing maintenance deficit caused by the pandemic.”

OPERATIONAL UPDATE

Zero Harm

In Q1 FY22, Mader Group focused on improving driver safety across its growing fleet of service vehicles. The Company commenced a trial of vehicle ignition interlock devices and tested cutting-edge artificial intelligence technology to monitor driver fatigue and detect unusual driver behaviour. All vehicle technology operates in real-time to protect the wellbeing and safety of Mader Group’s large network of field technicians.

Australia

Australia’s operations generated \$79.7m in revenue during Q1 FY22, representing a 26% increase vs PCP, and another record revenue performance for a third consecutive quarter. During the period, Mader Group renewed several contracts to support major owner miner operations, OEMs and tier one mining contractors.

Service diversification was a key focus in the business’s growth strategy in Western Australia with Mader selected as a preferred supplier by two large owner miners for the provision of Automotive and High Voltage Electrical Specialists. Revenue generated from the business’s ancillary maintenance services increased 16% vs PCP and revenue generated from Mader’s infrastructure maintenance division increased by 79% vs PCP.

The Company executed a strategic support alliance with Austin Engineering to deliver technical fleet support through in-field maintenance and on-site warranty services. This new relationship will further support expansion in Mader’s ancillary service offerings in Western Australia, Queensland and New South Wales.

Increased global demand for quality Australian thermal and metallurgical coal accelerated operational growth on the East Coast. The Company received requests from customers bringing idle fleets of machinery back online as well as increased breakdown requests arising from maintenance deficits amassed during the softer commodity market. In line with market demand, Mader introduced dedicated excavator and drill rig support teams in Queensland

and New South Wales, and is now targeting growth potential in the infrastructure maintenance market with new personnel employed in Brisbane to drive business development.

During the quarter, Mader's Trade Upgrade Apprenticeship Program received a Training Excellence Award at the 2021 Australian Business Awards and commenced its tenth intake with more than 120 Mechanics now inducted into the program since establishment in 2019. This program continues to make a valuable contribution to the resources sector by developing skillsets for mechanical trades.

North America

Our North American operations returned A\$8.7m in revenue during Q1 FY22, up 61% vs PCP excluding foreign exchange movements (57% on an A\$ basis). The team has secured a steady customer pipeline in the United States through an ongoing focus on business development. Brand awareness is increasing with operations growing in several key mineral producing regions and new work scopes are scheduled to commence in USA's Midwestern and Southeastern regions in Q2 FY22.

Mader Group has bolstered and repositioned its management team to maintain strong growth and drive operations in this large emerging market. As part of these changes, the Group's Chief Operating Officer has relocated to the United States and an Operations Manager is now assigned to Canada for commencement in Q2 FY22.

Rest of World

Rising activity in Mader Group's Rest of World segment represented a 307% increase vs PCP, with \$2.7m in revenue delivered during Q1 FY22. The Company completed a long-term project for an open-pit Gold and Copper mine in Laos however continues to deliver recurring scopes of work throughout Africa, Asia and Papua New Guinea. Whilst customer demand is increasing due to a large maintenance deficit, operations across the segment remain impacted by mobility and work permit restrictions to varying degrees.

FINANCIAL POSITION

The Company's net debt closed at \$18.8m, down from \$23.9m in Q4 FY21. This reduction in net debt included the payment of the Company's final FY21 dividend of \$3m.

OUTLOOK

The Company is experiencing strong global demand for its expertise with service diversification and emerging markets expected to drive significant growth opportunities for the business.

The Group continues to adapt quickly to changing workforce mobility conditions to ensure uninterrupted services to its client base.

Operations in North America are accelerating steadily and this region is a significant pillar of the Group's long-term growth strategy.

Mader Group reaffirms previously announced FY22 guidance; revenue is expected to be in the range of \$355m to \$365m, delivering a forecast NPAT of between \$23m to \$25m.

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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 labour. The Company's well-established labour market platform allows it to connect a global network of over 240 mining and civil customers with a skilled in-house workforce of approximately 1,600 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

