

Market Guidance Exceeded & Quarterly Operational Update – Q4 FY22

Perth, Australia – 27 July 2022: Mader Group Limited (ASX:MAD), a leading global provider of specialist technical services across multiple industries, provides the following update on its performance for Q4 FY22 ('Q4').

	Unit	Q4 FY22	Q4 FY21	Variance (\$)	Variance (%)
			(PCP)		
Revenue					
Australia	\$m	99.5m	77.0m	22.5m	+29%
North America	\$m	16.9m	6.8m	10.1m	+149%
Rest of World*	\$m	2.3m	2.6m	-0.3m	-12%
Total Revenue	\$m	118.7m	86.4m	32.3m	+37%
EBITDA	\$m	15.1m	11.5m	+3.6m	+31%
EBITDA Margin	%	12.7%	13.2%		
Net Debt	\$m	25.7m	23.3m		

All amounts presented in the table above are based on unaudited management accounts. In addition, these amounts represent underlying operating results and as such exclude the gain on sale of Mader's investment in associate (refer to ASX announcement dated 31 January 2022).

OVERVIEW:

- Mader reports another record quarterly performance, with revenue of \$118.8m, up 21% quarter on quarter and 38% vs the prior corresponding period ('PCP'). The strong performance is attributed to exceptional customer demand and a further expansion of service offerings across multiple industries.
- The delivery of this quarterly revenue takes FY22 revenue to \$402.1m (unaudited), exceeding previous market guidance of revenue of at least \$370m and representing year on year revenue growth of 32%. The Company reaffirms FY22 NPAT will exceed at least \$24m and expects to release its audited NPAT results on 23 August 2022.
- Revenue generated by the Australian business during the quarter was \$99.5m, up 29%. Demand for core mechanical and ancillary service offerings remained strong.
- The North American segment delivered \$16.9m, up 149% on the PCP (143% on a constant currency basis) and 22% vs Q3 FY22. Market growth was largely driven through an increase in demand for core services across the United States.
- Recently introduced organic start-ups in the Canadian mining market and the United States energy sector performed well. Both start-ups continue to target new, large, addressable markets for the business.
- A dedicated focus on workforce safety saw a series of education and training initiatives launched, including online training modules through Mader's bespoke employee engagement app.
- Mader was named a finalist in the 2022 Australian HR Awards for Best Workplace Flexibility highlighting Mader's unique workplace flexibility and global pathways initiatives.
- Solid foundations have been laid for growth across global mining, industrial and energy sectors. Geographical and service line expansion opportunities provide a positive outlook for growth in FY23.

Executive Director and Chief Executive Officer, Justin Nuich commented that Mader's financial results represent an exceptional outcome for the final quarter of FY22 and close out the financial year on a solid platform as the Company enters FY23.

"We continued to deliver on our strategic growth priorities throughout Q4; proactively addressing opportunities around the globe whilst maintaining a targeted focus on providing superior technical services for our customers.

"For the financial year, the Group has delivered revenue of \$402.1m (unaudited), 32% above the previous financial year and above the already upgraded revenue guidance of at least \$370m. To exceed our revenue guidance by 9% is a testament to our team and the unique business model that we continue to deploy across the world into new and existing markets.

"Our Australian business has delivered improved revenue through geographical and service line expansion with our core mechanical offerings being complemented by our ancillary and infrastructure maintenance products.

"Our operations across North America continue to accelerate as new business development opportunities are identified. We are pleased with the foundations laid for future growth in this large addressable market.

"Looking ahead to the new financial year, I am optimistic about the trajectory of the business as we continue to execute and deliver on our strategy. We are backed by favourable economic conditions and a hard-working team that will see us deliver consistent, compounding returns for shareholders."

OPERATIONAL UPDATE

Safety Update

Education and training were a key focus during the quarter. The business rolled-out a global online learning system through its custom mobile app with a series of safety-focused training modules. Pleasingly, Mader's TRIFR significantly improved during FY22 which is a testament to the ongoing development of Mader's safety processes, systems and communication.

Australia

Mader's Australian operations delivered \$99.5m in revenue during the quarter, an increase of 29% vs PCP. Consistent, strong demand for the Group's core service offerings and expansion of the business' ancillary and infrastructure maintenance divisions were key drivers behind the revenue growth.

Revenue generated by Mader's ancillary business unit increased by 38% vs PCP. Demand for the Group's light vehicle and heavy road transport products have contributed to the revenue profile for these service lines.

Mader's infrastructure maintenance division delivered revenue growth of 177% vs PCP. Actively working across five states in Australia, the division expanded its service capabilities to deliver supervised shutdown solutions for its customers.

Nearing completion, the business is finalising the relocation of its Perth workshop to a new, custom-built 3,400m² maintenance facility. The first of several rebuilds commenced in early Q1 FY23.



On Australia's East Coast, Mader saw increased activity across all regions and service lines, with the Group's hard rock equipment maintenance service expanding its customer base in response to demand.

During the quarter, Mader's Trade Upgrade Apprenticeship program commenced two new intakes; one in Western Australia, and one in Queensland.

North America

The North American market generated \$16.9m in revenue, up 149% vs PCP (143% on a constant currency basis). This growth was driven by client diversification and an increase in demand for core product and supplemental offerings. Leveraging off its growing brand name and reputation, the United States team serviced existing and new customers, with a strong pipeline for new work scopes developing.

Geographical expansion into Canada continued with recurring scopes of work and new service agreements secured in Alberta and the Northwest Territories. A program to deliver highly skilled expatriate technicians to Canada is underway, with additional field service vehicles ordered in anticipation of future headcount growth.

Focused on expanding its regional service delivery, Mader Energy continued to build on its customer base during the period. The newly launched organic start-up operated in multiple states across three major shale basins. A second order of service trucks was delivered during the quarter to support an expanded field service capability.

Rest of World

The Rest of World segment delivered \$2.3m in revenue. The quarter saw the business receive demand for support in parts of Africa and Asia for existing and new customers. This will see Mader's specialist team provide further equipment maintenance and training and mentoring in Q1 FY23.

FINANCIAL POSITION

The Company's net debt increased to \$25.7m, up from \$17.4m in Q3 FY22. The increase was representative of continued capital investment, particularly in North America as the operations in this market expanded.

OUTLOOK

Strong demand coupled with favourable industry dynamics pave the path for a positive outlook in FY23. Over the past 12 months, the Group has laid a solid foundation for growth across its service lines and geographical markets.

Mader's highly adaptable business model continues to be disruptive across the mining, industrial and energy sectors globally, with the business maintaining a strong balance sheet, positive cashflow and low capital intensity that allows it to capitalise on significant market opportunities as they present.

Mader is expecting to release its audited FY22 results on 23 August 2022.

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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. Today, the Company's well-established labour market platform allows it to connect a global network of over 240 mining, civil and energy customers with a skilled in-house workforce of approximately 2,200+ personnel on flexible, fit for purpose, and cost-effective teams. Mader was named 2021 Contract Miner of the Year at the Australian Mining Prospect Awards, 2021 Most Trusted Mining and Civil Contractor by the Australian Enterprise Awards and Employer of the Year at the 2021 RISE Business Awards sponsored by Business News.

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Approved for release by the Board of Mader Group Limited.

