

Quarterly Operational Update – Q3 FY23

Perth, Australia – 27 April 2023. Mader Group Limited (ASX:MAD), a leading global provider of specialist technical services across multiple industries, provides the following update on its performance for Q3 FY23 ('Q3').

	Unit	Q3 FY23	Q3 FY22	Variance (\$)	Variance (%)
			(PCP)		
Revenue					
Australia	[\$m]	119.6	82.2	37.4	45%
North America	[\$m]	34.4	13.8	20.6	149%
Rest of World	[\$m]	1.6	2.1	(0.5)	-24%
Total Revenue	[\$m]	155.6	98.1	57.5	59%
EBITDA	[\$m]	17.7	11.6	6.1	53%
EBITDA Margin	[%]	11.4%	11.8%		
Net Debt*	[\$m]	42.4	50.9		

*All amounts presented in the table above are based on unaudited management accounts. * For balance sheet items such as net debt, the PCP is the period ended 31 December 2022.*

EXECUTIVE SUMMARY:

- Mader Group delivered yet **another record quarterly performance**, generating total revenue of \$155.6m in Q3, **an increase of 59% versus the prior corresponding period** ('PCP').
- The Group's Australian operations **delivered revenue of \$119.6m, an increase of 45% on the PCP. Customer demand for all services remained at robust levels** with the Group's operational and project teams continuing to **deliver strong net headcount growth** throughout the quarter.
- In North America, **headcount growth coupled with new customer engagement across diverse commodities in multiple geographical regions** enabled the segment to **deliver \$34.4m of revenue, up 149% vs PCP** (135% on a constant currency basis).
- The Group's **Canadian operations expanded**, closing the quarter with 120+ technicians actively supporting customers across four provinces and territories. Mader's unparalleled **Global Pathways Program continues to support headcount growth** in the region. Further, the first Canadian technician is ready to be relocated to Australia, a key milestone in the two-way transfer program.
- **Mader was named a finalist at the SEEK Talent Acquisition Recognition (STAR) Awards for 'Best Candidate Experience Initiative'** recognising Mader's significant investments in workplace culture.
- Mader heads into the final quarter of FY23 with **confidence in its ability to deliver on its upgraded financial guidance** and **reaffirms its FY23 guidance of revenue of at least \$580m, delivering an NPAT of at least \$37m.**



Executive Director and Chief Executive Officer, Justin Nuich described the Group's performance in Q3 as pleasing, having achieved an eleventh consecutive quarter of record revenue growth.

"Each quarter I am continually impressed with the Group's ability to achieve compounding financial results whilst remaining laser focused on safety and culture. The Group's revenue growth of 59% versus the PCP is exceptional and a testament to our strong, culture-led business.

"The team's ability to apply our proven service delivery model across multiple industry verticals and regions demonstrates the strength of our unique value proposition as it is deployed into new markets. As these new service lines grow and become sizeable contributors to the Group, the compounding effect will magnify.

"Our unparalleled Global Pathways Program continues to deliver incredible employee opportunities with a large number of additional skilled technicians completing their transfers from Australia to Canada during the quarter. We've also identified our first Canadian for relocation to Australia, a key milestone as we expand this two-way transfer program to provide global employment opportunities for our people.

"Further, Mader was named a finalist at the SEEK Talent Acquisition Recognition (STAR) Awards for 'Best Candidate Experience Initiative.' This award recognises our incredible team, who are passionate about building unmatched lifestyle experiences for our people. These cultural initiatives including adventure and global career programs are unique in the industries we operate in.

"A key pillar of our cultural investment program is our adventure division, Three Gears, which completed an Australia-wide adventure campaign during the quarter. Led by our General Manager Culture, this program engaged our people across several states and territories – from mountain biking in McLaren Vale, sailing in the Whitsundays and taking Rottnest by storm, the adventures were designed with morale, connection and fun in mind.

"Lastly, I would like to close by thanking our outgoing Non-Executive Chairman, Mr Jim Walker for his contributions to the Group. Over the years Jim has provided steadfast guidance and stewardship, and we were lucky to have had his expertise on the Board since IPO. On behalf of myself, the Board and the wider Mader team, we wish him all the best for the future and thank him for his contribution to the business over many years."

OPERATIONAL UPDATE

Zero Harm

Mader's focus on safety continued during the quarter. Additional training and safety campaigns were deployed to further educate the workforce on preventative injury measures. Mader also developed a set of additional safety communication tools which are accessible via its proprietary employee mobile app. As the business scales its largely remote workforce,



connectivity and expeditious communication remains a key element in ensuring workplace safety.

Australia

The Australian segment generated \$119.6m of revenue in Q3, an increase of 45% on the PCP with this region now representing 77% of total Group revenue.

The Group's core mechanical service offering expanded on the West and East Coast of Australia as customer demand remained at very strong levels.

Infrastructure maintenance and ancillary services continued to develop their service offerings to new and existing customers in their respective industries. Infrastructure maintenance performed strongly and has now established a national presence with operations in most states and territories.

In the Perth Mader Maintenance Centre (an offsite rebuild and repair facility) activity increased due to new customer engagement. The forward order book was expanded during the period and the facility is now operating consistently at nameplate capacity.

Mader's Trade Upgrade Apprenticeship Program had a busy quarter, with four intakes commencing within the period and three intakes graduating. The newest group of 26 graduates, now dual-trade technicians, will join teams across operations throughout Australia.

North America

Operations in North America gained quarter-on-quarter momentum, reporting revenue of \$34.4m, up 149% vs PCP (135% on a constant currency basis).

In the United States, further growth was driven through a diversified customer and commodity base. The business unit saw an increase in requests for planned maintenance outages in both ad hoc and long-term service deliveries.

Demand for Mader's specialist services remain strong in Canada, with the team now active in four provinces and territories; Alberta, Nunavut, Ontario and North West Territories. Technician headcount exceeded 120 at quarter end and continued to grow with the application of Mader's recruitment techniques in local markets. This was then further supplemented by the Global Pathways Program with a further ~40 Australians pipelined to be mobilised into the region by the end of FY23.

With a focus on business development, recruitment and retention, Mader Energy has continued to grow organically, with their team delivering field maintenance to a number of customers in multiple states and shale formations

Rest of World

The Group's Rest of World segment generated revenue of \$1.6m in Q3, a decrease of 24% vs PCP. The business unit is active in four countries across Asia and Oceania and has recently been engaged to supply product specialists to a large underground Original Equipment Manufacturer in Mongolia. Further business development strategies will be implemented to promote growth in this segment.

FINANCIAL POSITION

The Group's net debt position closed at \$42.4m, a reduction from \$50.9m at 31 December 2022.

During calendar year 2022, the business acquired a number of service vehicles ahead of operational requirements, in response to global supply chain challenges. This decision was made to ensure continuity of growth, given the uncertainty of fleet availability. Towards the second half of 1H FY23 global fleet availability improved, effectively reducing capital expenditure requirements.

Q3 trade receivable collections improved with days sales outstanding closing at 65 days, an improvement of 1.05 days on the previous quarter. This improvement reduced Mader's drawing on working capital facilities, which also improved the net debt position.

TRANSITION OF CHAIRMAN

On 21 April 2023, Non-Executive Chairman Mr Jim Walker stepped down from the Board. Mr Walker held the Non-Executive Chairman position since Mader's IPO in October 2019. His significant contribution and guidance were highly valued throughout his tenure. Executive Director, Mr Luke Mader, has since taken on the position of Executive Chairman. The Company continues to assess the Board composition.

OUTLOOK

Following three consecutive quarters of revenue growth, all whilst maintaining stable operating margins, Mader enters the final quarter of FY23 well positioned to achieve its upgraded financial guidance of at least \$580m in revenue and at least \$37m in NPAT.

The Company has worked diligently to expand operations geographically and diversify its service offerings across multiple significant industry verticals. Driven by an exceptional team, Mader is widely recognised as a culture-led business and continues to attract top-tier talent on a global scale.

The compounding effect of additional revenue streams, coupled with robust talent acquisition and retention, is expected to support continued organic growth for the remainder of FY23 and beyond.





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About Mader Group Limited

Mader Group Limited (ASX:MAD) is a global leader in the provision of specialist technical services across multiple industries. Today, the Company's well-established labour market platform allows it to connect a global network of over 350 customers to a skilled in-house workforce of approximately 2,500+ personnel on flexible, fit for purpose, and cost-effective terms. Mader was named Large Business of the Year at the 2022 RISE Business Awards, 2022 Employer of Choice by the Australian Business Awards, received an excellence award for Workplace Flexibility at the 2022 Australian HR Awards and were named finalists for Best Candidate Experience Initiative at the 2023 SEEK STAR Awards.

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Approved for release by the Board of Mader Group Limited.

