

## ASX ANNOUNCEMENT

### Mader Group's Q1 revenue exceeds forecast, net profit on target

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#### KEY HIGHLIGHTS

- Revenue ahead of forecast for Q1 FY2020
  - Net profit\* for Q1 FY2020 in line with IPO prospectus guidance
  - Strong growth in US operations
  - Macro trends remain robust
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**Perth, Australia - 29 November 2019:** Mader Group Limited (**Mader**) (ASX:MAD) has exceeded forecast revenue for Q1 FY2020 and confirms that its estimated net profit\* for Q1 FY2020 is in line with the forecast in the Company's IPO Prospectus lodged with the ASX on 30 September 2019. Revenue for Q1 FY2020 was A\$67.1m, representing a 6% quarterly increase from Q4 FY2019 (A\$63.5m).

Following its listing on the ASX in October 2019, the Company has continued to capitalise on its position as a leading global provider of quality tradespeople for the maintenance of mobile mining equipment. Most mining regions are showing robust growth in maintenance expenditure.

The Company is pleased to provide the following regional update:

#### North America

Revenue in the United States increased from A\$0.87m in Q4 FY2019 to A\$1.80m in Q1 FY2020, an increase of 107%. Operations in the United States are profitable\* seven months after commencement of customer engagement in the region.

Mader is now forecasting strong organic growth in its US operations, with its systems and culture now well embedded. The Company is working at 27 mine sites across Wyoming, Nevada, Arizona, Tennessee and New Mexico. The United States labour market is receptive to the Mader model and the Company is actively recruiting quality personnel.

Encouraged by the growth in the United States market, Mader has commenced planning for an expansion into the Canadian market in FY21.

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## **Western Australia**

Mader's home state remains a key market, with moderate growth and solid demand expected to continue for the Company's core services.

Demand for complementary ancillary trades continues to increase as the Company adds to its service offerings in established markets.

The Company recorded a quarterly revenue increase of 6% in WA in Q1 2020 (from A\$41.2m in Q4 FY2019 to A\$43.8m in Q1 FY2020).

## **Queensland & New South Wales**

The Mader brand is growing in awareness and presence in the recently penetrated markets of Queensland and New South Wales, marking the Company's transition to a nationally recognised mining services company.

The Company recorded a 21% increase in revenue in QLD/NSW in Q1 FY2020 (from A\$9.6m in Q4 FY2019 to A\$11.6m in Q1 FY2020).

## **International (Africa, Asia and South America)**

The International operations softened in Q1 FY2020 with further softening expected in Q2 FY2020 due to reduced contract volumes. The Company recorded a 26% decrease in revenue in the International segment (from A\$6.4m in Q4 FY2019 to A\$4.7m in Q1 FY2020).

In the short term, a reallocation of staff to Australian contracts has occurred ensuring skilled employees are retained.

The Company has recently entered new contracts in West Africa in Q2 FY2020 and is negotiating for further scopes of work in Central Africa and Southeast Asia which is expected to lead to a stronger Q3 and Q4 FY2020.

Mader will continue to focus on the delivery of its services to the central African copper-belt, leveraging existing client relationships in West Africa, as well as further development of the work commenced in Papua New Guinea.

## **Dividend intended**

Mader re-affirms intent to pay an interim dividend in March 2020 of 1.5 cents per share, fully franked.

*\* Net profit is based on unaudited management accounts.*

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### **About Mader Group Limited**

The Mader Group (ASX:MAD) is Australia's largest independent maintenance labour service provider for heavy mobile equipment. Now operating in over 15 regions across 8 countries, the Company has a demonstrated history of sustained revenue and earnings growth since inception in 2005. The Mader Group's well established and leading position in the market allows it to service a broad global network of over 200 customers. Mader group was named 2019 Mining Contractor of the Year by Mining Monthly.

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