

ASX ANNOUNCEMENT

Chief Executive Officer's Address to Shareholders

Perth, Australia - 29 November 2019: Mader Group Limited (**Mader**) (ASX:MAD).

Good morning all and welcome to Mader Group's first Annual General Meeting as an ASX listed company.

I am excited to stand here amongst this team who has contributed so much during the past 12 months; through navigating the ASX listing process to continuing momentum on a strong growing business while ensuring the Mader culture is maintained. External recognition of a great year was received when Mader was awarded Future of Mining's Mining Contractor of the Year.

Thank you to the Board; Jim, Luke, Craig and Justin. Your views and guidance are appreciated by everyone in the Mader team.

Mader is a people business at heart and I would now like to touch on that most important part of our business – people, including safety and culture. We have maintained our safety performance, with the Company's total recordable injury frequency rate during the year remaining steady at 5 injuries per million hours worked.

With strong growth in our workforce numbers, we must continue to focus on further training and development of our people to ensure that our people continue to develop personally and professionally, as well as ensuring the Mader culture continues to be strong. One program I would like to highlight is our ongoing work with Happiness Co. with the aim to improve pre-emptive mental health and awareness across our business.

I would now like to provide a brief overview of our financial performance for the year.

As announced on 30 October 2019 in our Annual Report to shareholders, revenues grew by 46% to \$229 million during the financial year. In addition to top line growth, earnings also increased substantially, and the business reported an underlying EBIT of \$21.6 million, up 39% on the prior year. Statutory NPAT increased to \$14.9 million and adjusted NPAT increased to \$15.2m (including adjustments for one-off offer costs, public company costs and the impact of AASB 16), up 31% on the prior year.

HEAD OFFICE

A1/ 2 George Wiencke Dr
Perth Airport WA 6105

T: (08) 9353 3393

F: (08) 9353 1966

madergroup.com.au



Revenue growth was purely organic and was evident in most regions through the delivery of over 2.3 million maintenance labour hours:

- Western Australia up 49% from FY2018;
- East coast of Australia up 92% from FY2018; and
- the central corridor of South Australia and Northern Territory up 58% from FY2018.

We also delivered services to the USA for the first time, commencing in the Powder River Basin area in January 2019 and generating revenues of \$1 million for the 2019 financial year.

The Group was able to leverage its balance sheet responsibly to deliver this growth, without raising any external capital. With a strong balance sheet, we are now well serviced to continue our growth trajectory over the coming years.

We plan to continue building on our current positive momentum over the next 12 months and beyond. The metrics of the broader industry around mining production, machine hours and usage, and total forecast mining maintenance expenditure in the regions that Mader has a presence leads us to forecast strong demand for maintenance services in the medium term. A continued roll out of related ancillary and complementary trade services to capture more of the addressable market in the regions where Mader has a presence is also a continuing priority.

We can confirm:

- Q1 FY2020 revenue exceeded the IPO Prospectus forecast; up 6% on Q4 FY2019 and 23% on the corresponding Q1 FY2019;
- Net profit (unaudited) is in line with the IPO Prospectus forecast; and
- A dividend is intended for March 2020, expected to be 1.5 cents per share.

In Western Australia, where the medium to long term mining production outlook remains robust and the expected maintenance spends forecast to increase, we expect moderate continued growth across our core services and strong growth in related and complimentary trades. Revenue growth for Q1 FY2020 was 6%.

We are also excited to continue to develop our relationships and increase our presence with a team more dedicated to the central corridor of Australia; namely South Australia and Northern Territory.

In Queensland and New South Wales, we also expect robust growth driven on the back of a strengthening Mader brand presence and strong market fundamentals around mining

HEAD OFFICE

A1/ 2 George Wiencke Dr
Perth Airport WA 6105

T: (08) 9353 3393

F: (08) 9353 1966

madergroup.com.au



production and machine usage. Combined revenue growth for the region in Q1 FY2020 is 21%.

Mader's international (Africa, Asia and South America) operations expect a softening in revenue for Q3 2020 as our Mongolian volumes are reduced and we re-engage these staff into our Australian operations. We expect Q3 and Q4 2020 to provide a greater return to the Group as we narrow down existing opportunities and focus on delivery through the central African copperbelt, leverage off existing contracts in west Africa, and further develop our presence in Papua New Guinea.

I would like to invite Mr Luke Mader to the floor to provide an update on our North American operations. Luke was the inaugural manager of the region and has recently returned to Australia.

Our North American operations are healthily exceeding forecast. We have rapidly grown into existing established markets in Wyoming, Nevada, Arizona and Tennessee. The US labour market has been receptive to the 'Mader' model and we expect a strong recruiting environment in the medium term. Clients have also shown a willingness to engage the 'Mader' model. The region has quickly established profitability with strong gross margins, which we expect to continue to scale and grow. The Group is planning for a further North American expansion into Canada in FY2021.

In closing, I would like to thank everyone in the Mader team for their commitment and strong contributions during the year.

I would also like to thank our shareholders, clients and suppliers for their ongoing support. Thank you.

-Ends-

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.

HEAD OFFICE

A1/ 2 George Wiencke Dr
Perth Airport WA 6105

T: (08) 9353 3393
F: (08) 9353 1966
madergroup.com.au



**Chief Executive Officer**

Patrick Conway
partick.conway@madergroup.com.au

Media Contact

Heidi Cuthbert
heidi.cuthbert@multiplier.com.au
+61 411 272 366

Investor Relations

investor.relations@madergroup.com.au

HEAD OFFICE

A1/ 2 George Wiencke Dr
Perth Airport WA 6105

T: (08) 9353 3393
F: (08) 9353 1966
madergroup.com.au

