



**MADER**

## 2020 Interim Results

MADER GROUP LIMITED | 26 FEBRUARY 2020

# 1H20 Highlights

REVENUE  
**\$132.7 M**      **+ 20.2%**  
CHANGE (FROM 1H19)

ADJUSTED EBITDA<sup>1</sup>  
**\$16.0 M**      **+ 27.5%**

ADJUSTED EBIT<sup>1</sup>  
**\$13.0 M**      **+ 18.7%**

ADJUSTED NPAT<sup>1</sup>  
**\$8.7 M**      **+ 9.3%**

INTERIM DIVIDEND  
**1.5 cents**

- Successfully listed on the ASX
- Purely organic revenue growth of 20.2% made up of:
  - Revenue growth in all Australian regions
  - Strong revenue growth in USA
  - Decline in International revenues
- Contract extension with Rio Tinto
- Adjusted net profit after tax<sup>1</sup> increased from \$7.9M in 1H19 to \$8.7M in 1H20 (slightly below expectations at the time of IPO of \$9.0m)
- Strong balance sheet positions Mader Group well for continued growth in 2H20 and beyond
- Prospectus forecasts re-affirmed

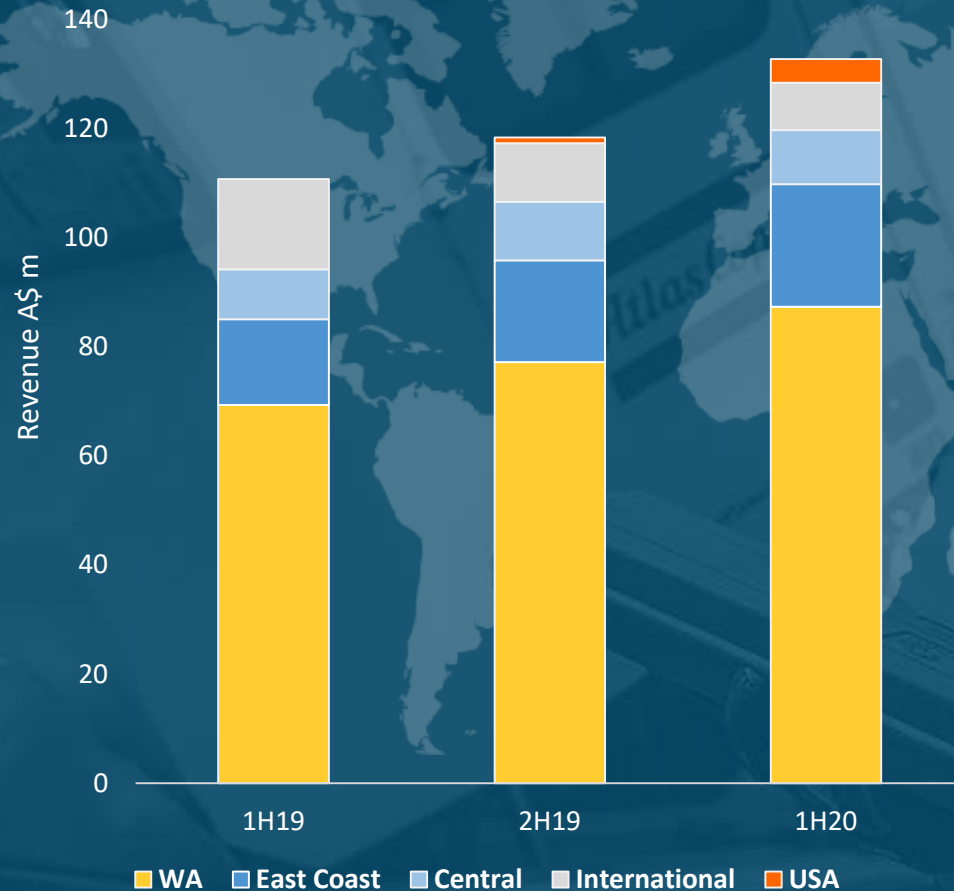
1. Includes income tax effected adjustments for One-off Offer Costs, Public company costs and the impact of AASB16; refer to reconciliation on slide 22.

# Group Outlook

## Financial Guidance and Outlook

- Revenue increased 20% on 1H19 from purely organic growth
- FY 2020 IPO Prospectus forecast re-affirmed, based on:
  - First half revenue and EBITDA ahead of expectations at the time of IPO
  - 1H20 adjusted net profit (\$8.7m) slightly below IPO forecast expectations (\$9.0m) due to reduced International (ex-US) contribution
  - Expected 2H20 NPAT of \$10.6m, driven by:
    - Revenues of \$23.5m in January 2020 (37% increase from January 2019)
    - Record recruitment in January 2020, spread across Australia and USA
    - Strong macro trends and ongoing unfilled demand from Australia and USA
    - Continued roll out of ancillary and complementary services in mature regions of high brand awareness
- Mader are positioned and established in key mining provinces across the globe showing increased production and maintenance spend

Revenue by Region



# Western Australia Outlook

## Financial Summary

- Western Region 1H20 revenue up 26% from 1H19
  - Pilbara 1H20 Revenue up 25%
  - Goldfields 1H20 Revenue up 36%
  - Perth Metro 1H20 Revenue up 10%
- Revenue in line with forecast; profit up on forecast
- Growth purely organic

## Outlook

- Strong demand for services expected to continue in the near term
- Continued scaling of ancillary and premium reactive services
- Trade upgrade division operational due to tightening labour market
- Management focus on margin improvement in areas of high brand awareness

Region  
Revenue up

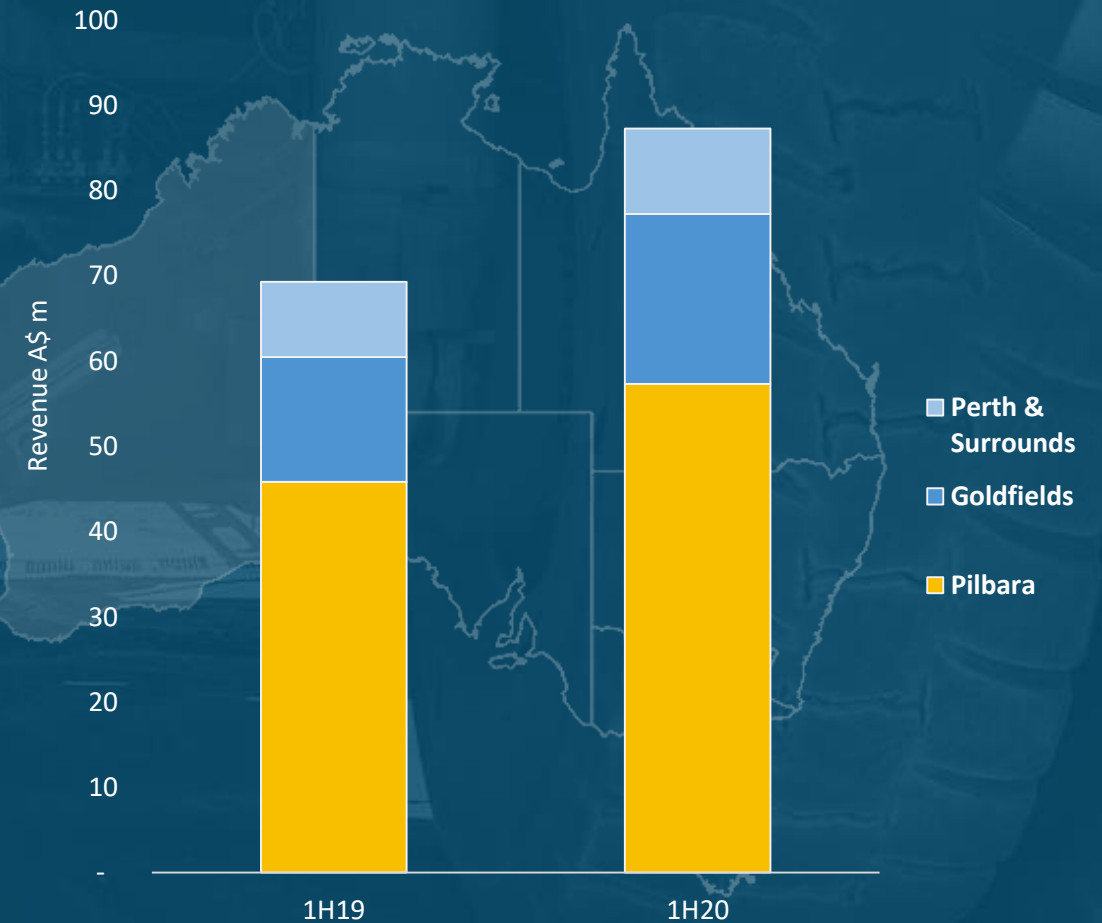
26% ↑  
From 1H19

Pilbara  
Revenue up

25% ↑  
From 1H19

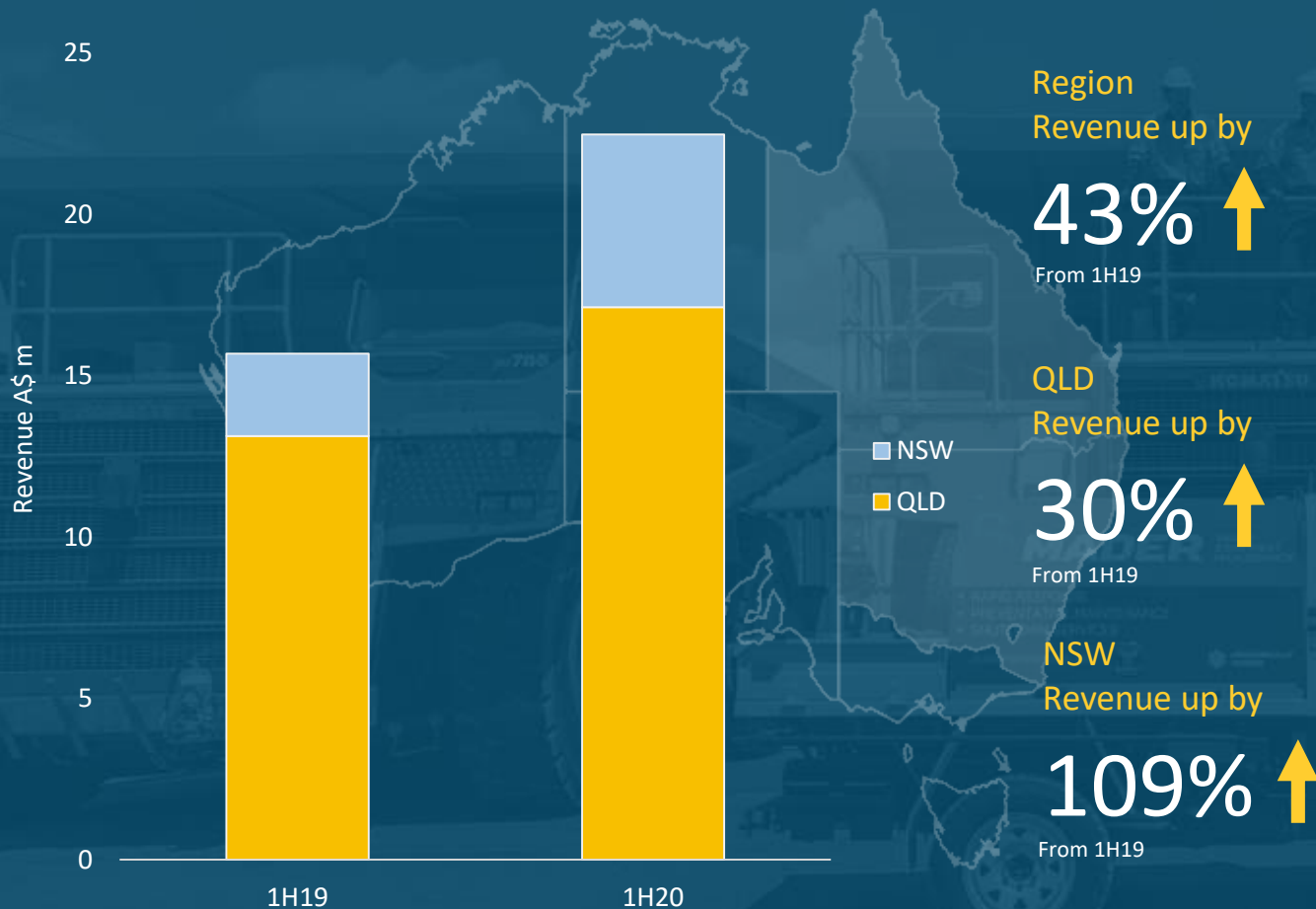
Goldfields  
Revenue up

36% ↑  
From 1H19





# Eastern Australia Outlook



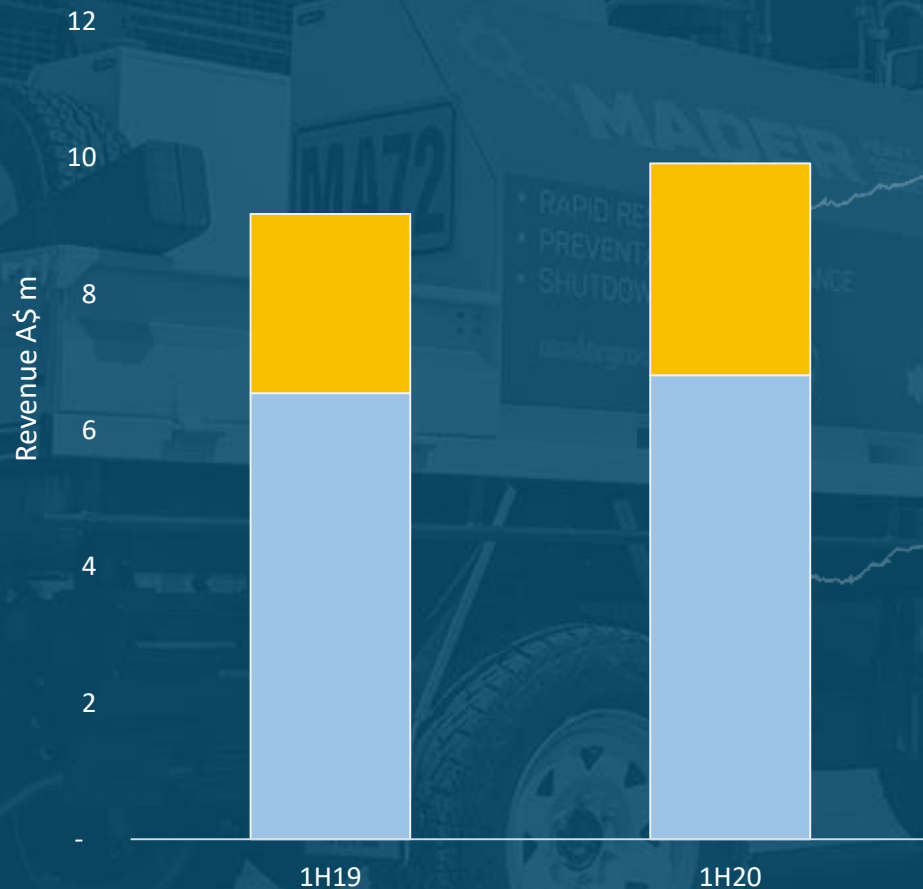
## Financial Summary

- Eastern Region 1H20 revenue up 43% from 1H19
  - QLD revenue up 30%
  - NSW revenue up 109%
- Revenue up on forecast
- Growth purely organic

## Outlook

- Demand in Bowen Basin and Hunter Valley regions to remain strong for core services
- Focussed on:
  - Roll out of ancillary services in Bowen Basin
  - Diversification into North QLD and Central West NSW
- Management focus on margin improvement
- Continued scaling benefits to occur through 2H20

# Central Corridor Outlook



Region  
Revenue up by

**8%** ↑  
From 1H19

Financial  
Summary

SA  
Revenue up by

**4%** ↑  
From 1H19

Outlook

NT  
Revenue up by

**18%** ↑  
From 1H19

- Steady revenue growth
- Recent division spin off (Q2 FY2020) to resource a management team with a dedicated regional focus in 2H20
- Currently 7.3% of group monthly turnover; focus to increase revenue in the SA and NT regions
- Field teams operational in SA and NT with a focus on reactive services

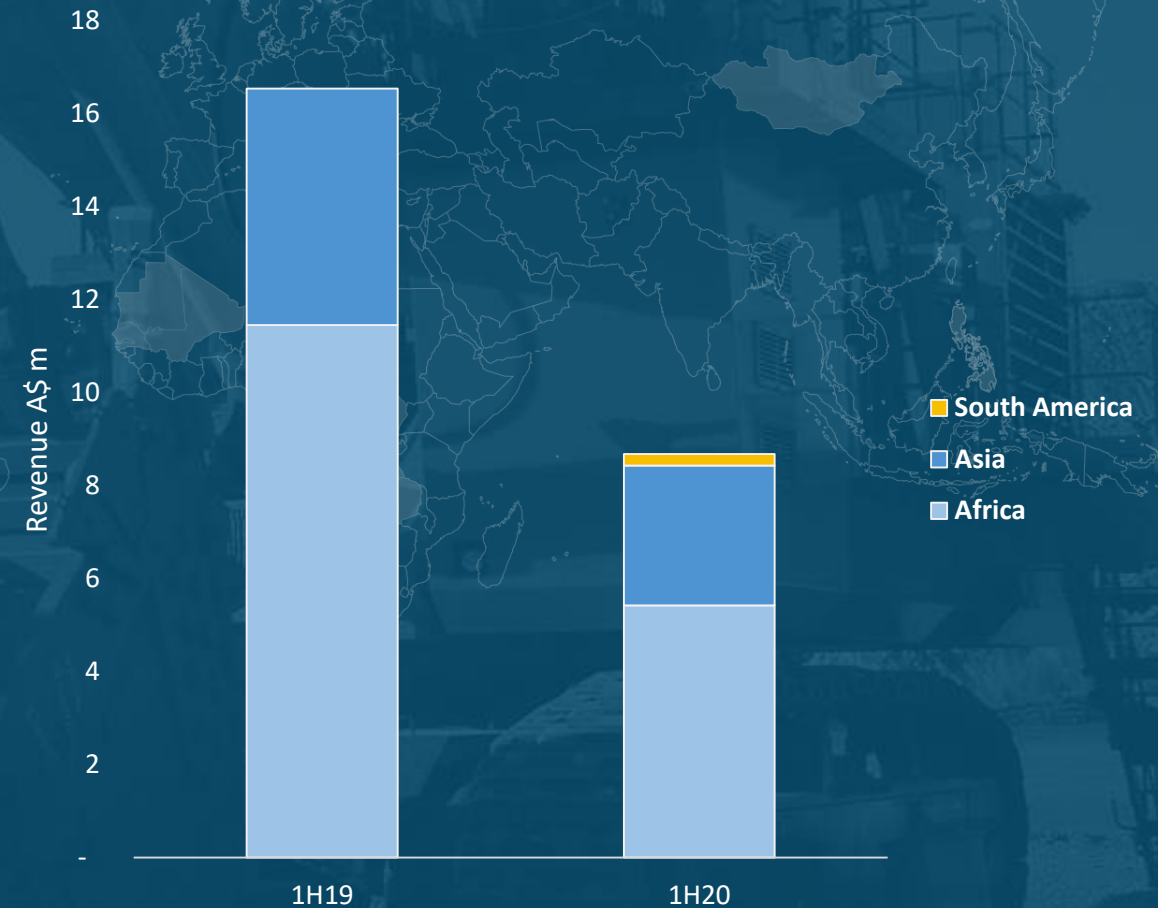
# International Outlook

## Financial Summary

- Revenue and profit softened in 1H20; expect further softening in Q3 FY2020 due to reduced contract volumes

## Outlook

- Contracts delivered in West Africa Q2 2020
- Contract in Southeast Asia delivered Q3 2020
- Expansion into PNG with further delivery of staff expected late Q3 FY2020
- Revenue softening in Mongolia for Q3 FY2020 as Oyu Tolgoi contract completed on 31 December 2019
- West and Central Africa remain most likely sources of larger scale work





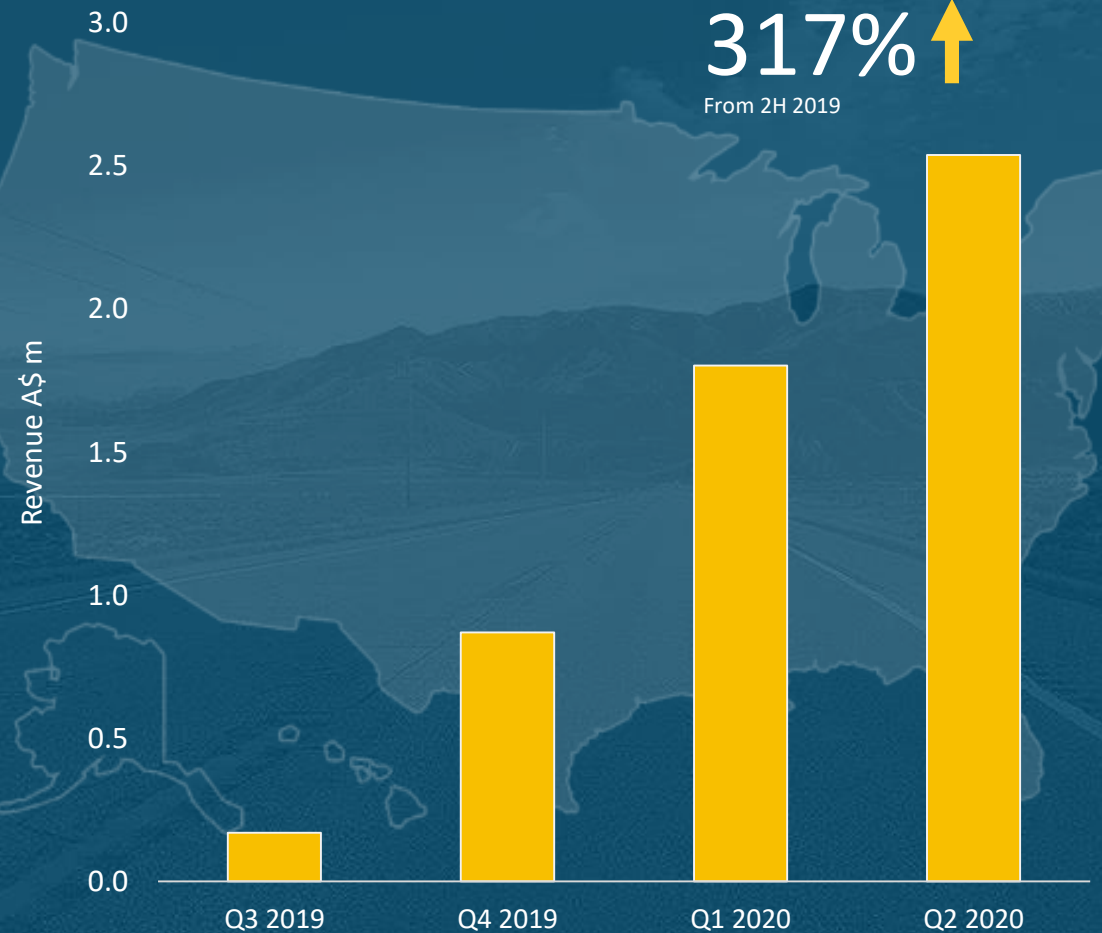
# United States of America Outlook

## Financial Summary

- 1H20 in profit
- Revenue and profit exceeding forecast
- 317% revenue growth from 2H19 to 1H20

## Outlook

- Strong organic growth into recently established regions, working at or venter access across 27 mine sites in the regions
  - Wyoming
  - Nevada
  - Arizona
  - Tennessee
- In negotiation with two large listed Nevada miners
- Strong recruitment environment
- USA in profit with scale benefits continuing month on month
- Fully organic start up
- Canadian expansion planning for FY21 commenced





# Profit & Loss

Currency: A\$'000

	1H19	1H20
Revenue	110,398	132,719
EBITDA	12,670	15,411
... EBITDA margin	11.5%	11.6%
EBIT	11,055	12,384
... EBIT margin	10.0%	9.3%
Net Profit Before Tax	10,595	11,510
... profit before tax margin	9.6%	8.7%
Net Profit After Tax	8,035	8,061
... profit after tax margin	7.3%	6.1%
Adjustments	(113)	600
Adjusted Net Profit After Tax <sup>1</sup>	7,921	8,661
... profit after tax margin	7.2%	6.5%

- First half revenue and EBITDA ahead of expectations at the time of preparing the FY20 prospectus forecast
- 1H20 adjusted NPAT (\$8.7m) slightly below expectations of \$9.0m forecast, driven by reduced relative contribution from International (ex-USA)
- Lower margin driven by decrease in International (Africa, Asia, South America) revenues

1. Includes income tax effected adjustments for One-off Offer Costs, Public company costs and the impact of AASB16; refer to reconciliation on slide 22.

# Balance Sheet

Currency: A\$'000

	FY 2019	1H20
Cash and cash equivalents	3,049	5,862
Receivables	54,494	54,739
Tax Assets	1,896	1,898
Other assets	1,773	4,137
Right of use of asset	-	2,165
Property, plant and equipment	26,247	29,714
<b>Total assets</b>	<b>87,459</b>	<b>98,515</b>
Payables	24,762	15,674
Borrowings	24,228	34,935
Provisions	1,140	1,265
Lease liabilities	-	2,178
Tax liabilities	3,160	2,871
<b>Total liabilities</b>	<b>53,290</b>	<b>56,923</b>
<b>Total equity</b>	<b>34,169</b>	<b>41,592</b>

- Simple balance sheet
- Principal asset is receivables
  - ~ 2.5x monthly revenue
- Property, plant and equipment primarily service vehicles with a fleet of over 500 vehicles
- Net debt is \$29.1m (< 1x forecast FY20 EBITDA)
  - Facilities available: \$41.1m
  - Debt drawn: \$34.9m
- Net debt target ~ 50% of receivables
  - 53% as at 31 December 2019 (seasonally high)



# Cashflow

Currency: A\$'000

	1H19	1H20
Earnings before interest and tax	11,055	12,384
Interest received (paid)	(667)	(934)
Income tax paid	(2,295)	(3,739)
Depreciation	1,615	2,742
Movement in payables	(6,317)	(9,135)
Movement in receivables	(9,357)	(245)
Other non-cash movements	789	2,652
<b>Net cash provided from operating activities</b>	<b>(5,177)</b>	<b>3,725</b>
Payment for plant and equipment (net of proceeds from sale of assets)	(8,264)	(5,948)
Proceeds from (payments for) shares in unlisted companies	515	-
Dividends paid	(4,000)	(3,280)
Proceeds from (repayment of) borrowings and lease payments	12,734	8,238
<b>Net cash flows during the period</b>	<b>(4,193)</b>	<b>(990)</b>
<b>Cash and cash equivalents at the end</b>	<b>4,032</b>	<b>5,862</b>

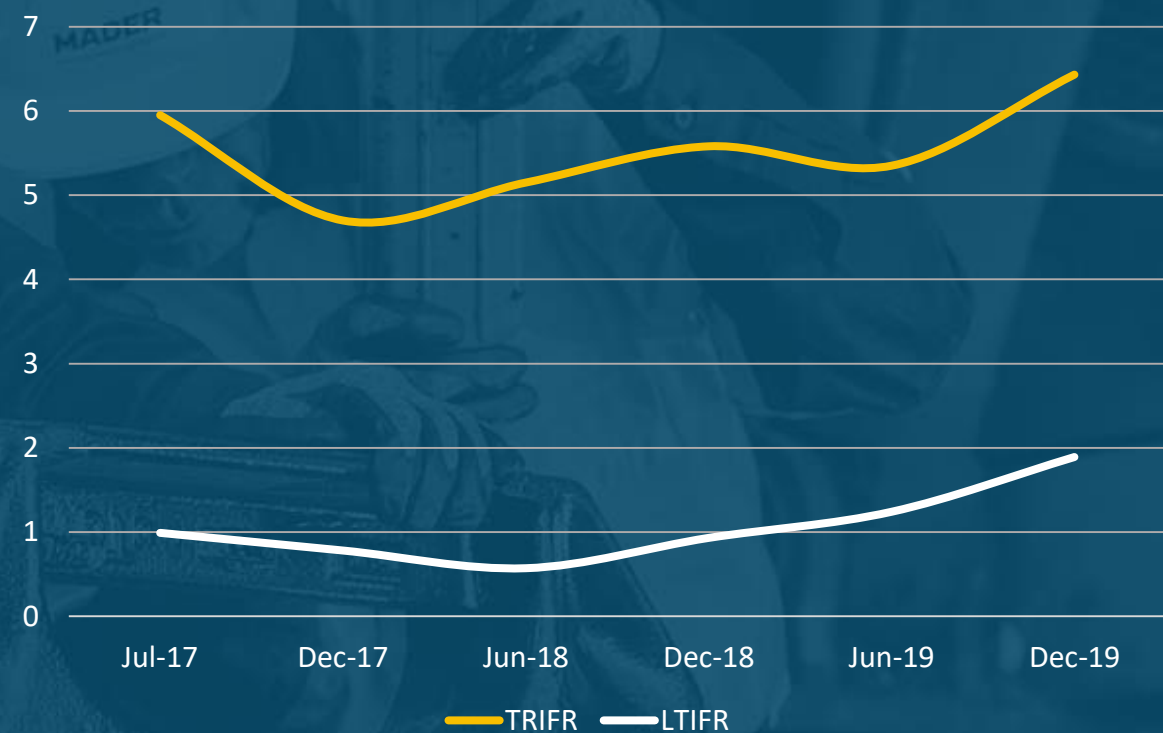
- Operating cash flow of \$3.7 million was a \$8.9 million improvement on 1H19.
- Operating cash flow before interest and tax (OCFBIT) of \$8.4 million represents an \$10.5 million increase on 1H19.
- Capital expenditure decreased by \$1.8 million in comparison to 1H19 to \$5.9 million, net of proceeds from the sale of assets, due to a reduced fleet purchasing program post a capital intensive FY2019.
- The Company ended the year with:
  - Cash of \$5.9 million, an increase of \$1.9 million as compared to 1H19
  - Net Debt of \$29.1 million, an increase of \$5.0 million as compared to 1H19
  - Net Debt at 31 December 2019 comprised total debt of \$34.9 million less cash of \$5.9 million.
- Dividend declared for March 2020
  - 1.5 cents per share - \$3.0m
  - ~ 35% of 1H20 adjusted NPAT

# Safety & People

Our goal is zero harm and we will continue to work with our employees and clients to achieve this.

- Total recordable injury frequency rate 6.4
- Lost time injury frequency rate 1.9
- Continuous improvement to HSE systems and process:
  - Implemented new app based technology to enhance our monitoring, reporting and training.
  - Strengthening our field leadership process and increasing time spent in the field.
  - Continued development of robust processes to support our employees and clients locally and internationally.
- Over 1.3 Million hours worked in 1H20

Injury frequency rates





# Appendices

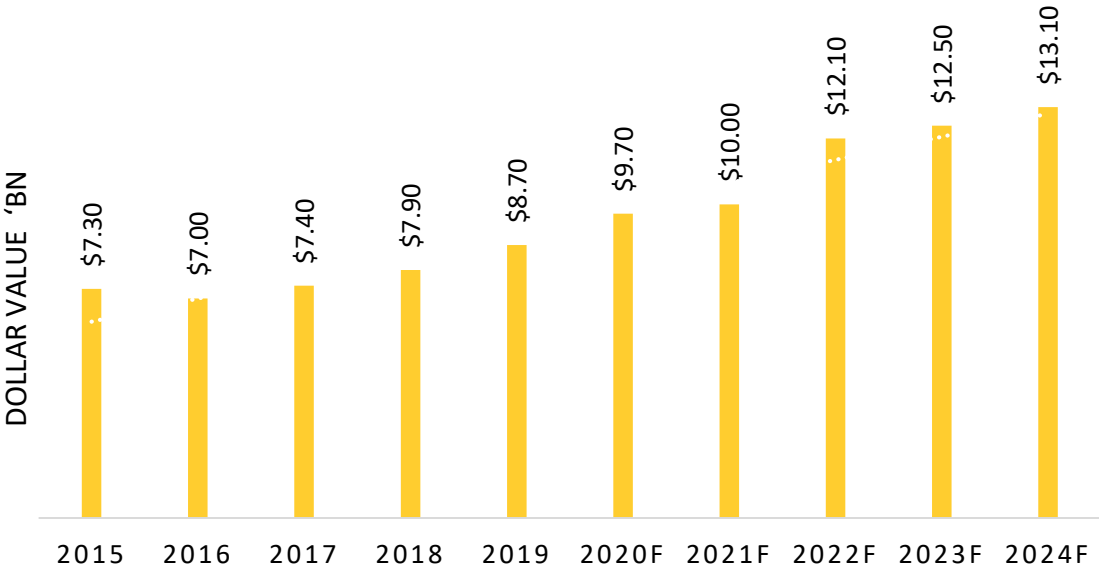


# Industry Outlook

**Growth in mining tonnes produced + aging fleets = increasing demand for maintenance labour**

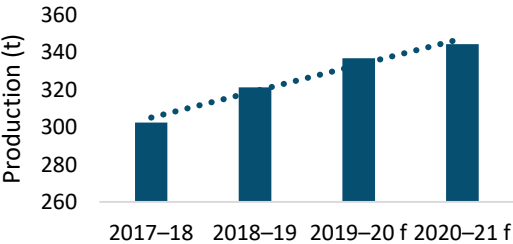
- A range of positive underlying trends for Mader:
- Increasing forecast mining maintenance expenditure
  - Ongoing production growth in key commodities
  - An industry trend for equipment to be used longer before replacement
  - Aging of mining equipment purchased during a period of peak capital investment in CY2011 and CY2012

Total Maintenance Expenditure (Mining)

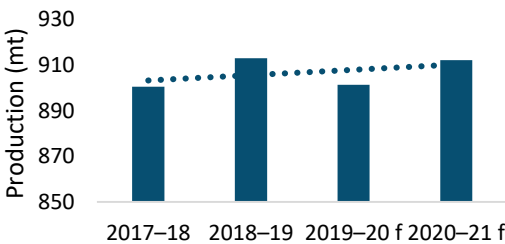


Source data: "BIS Oxford Economics" for Maintenance spend

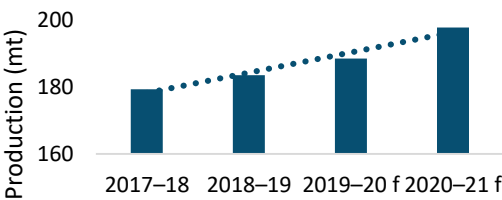
Gold Production



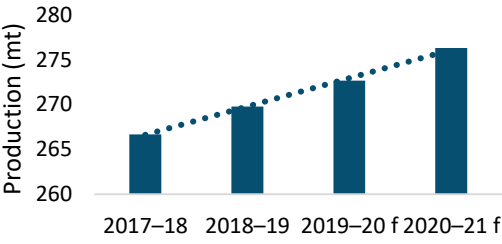
Iron Ore Production



Metallurgical Coal Production

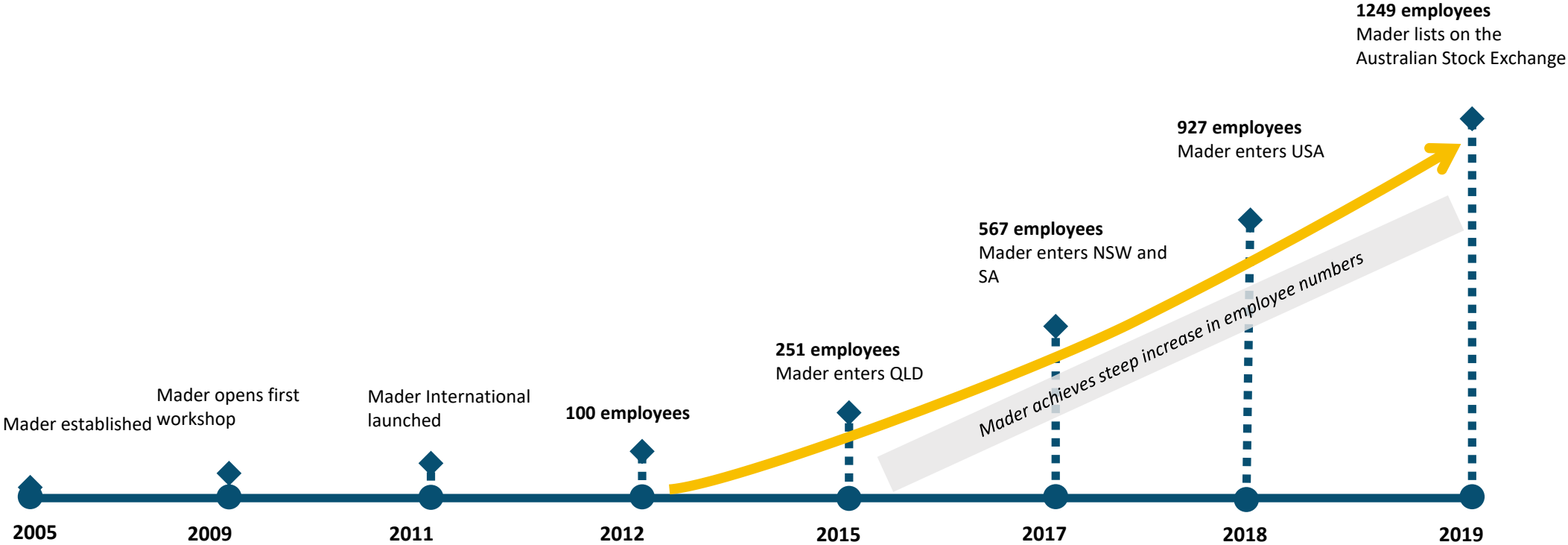


Thermal Coal Production



Source data: "Department of Industry, Innovation and Science" for Production charts

# Our Journey



# Expanding Global Platform

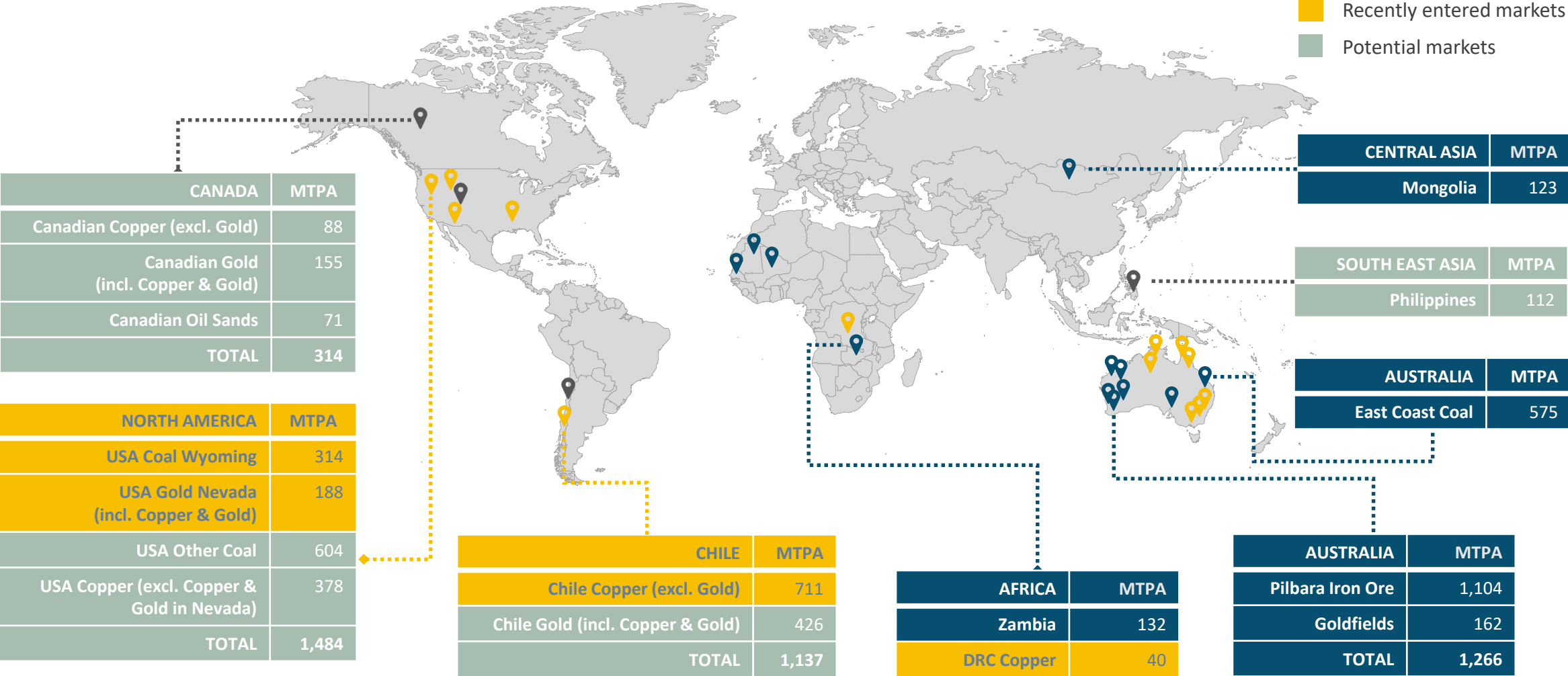




# Growth opportunities and addressable market

MTPA means Million Metric Tonnes Per Annum (FY2018 Run of Mine Production)


- Current markets
- Recently entered markets
- Potential markets



# Competitive Position

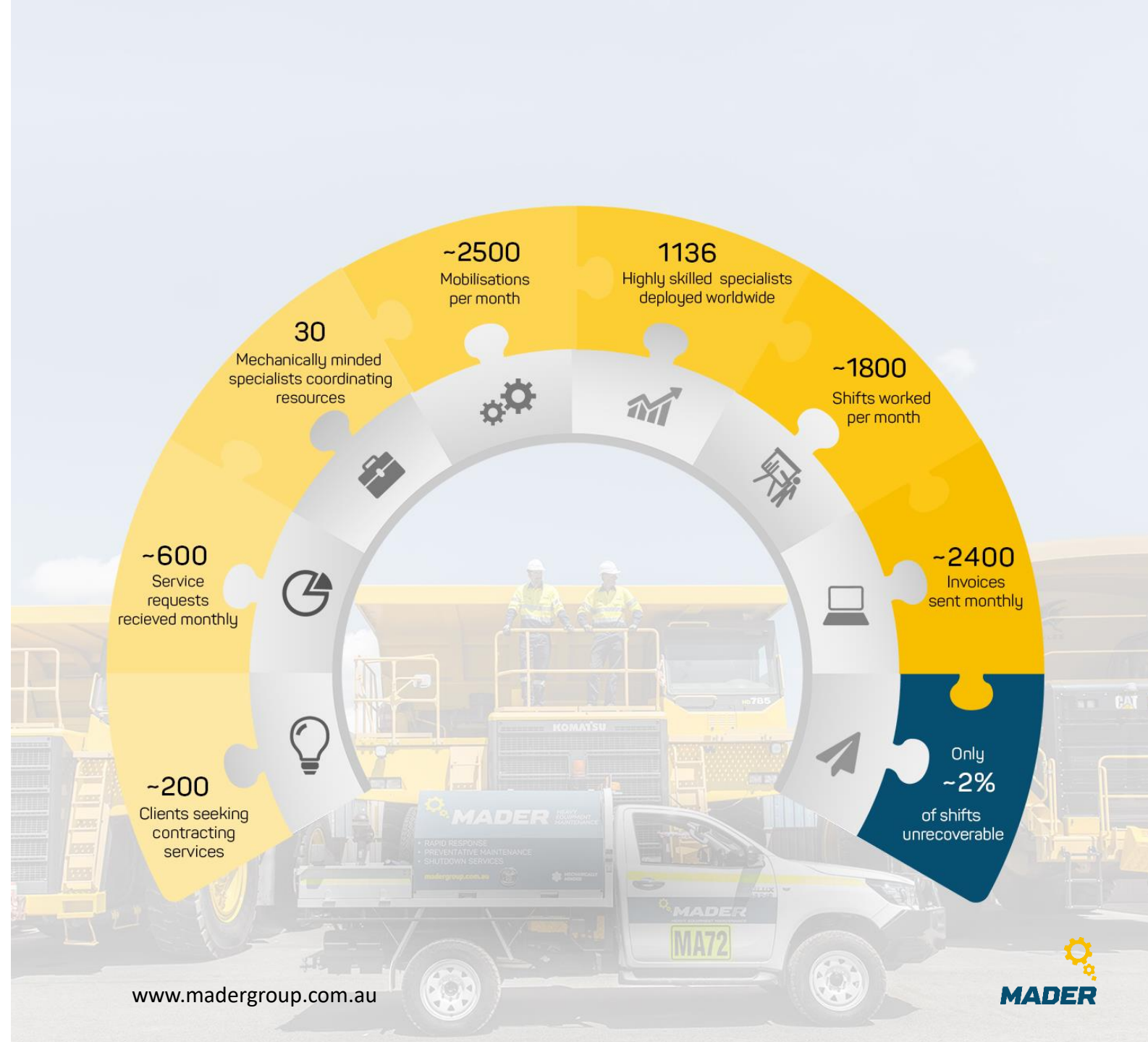
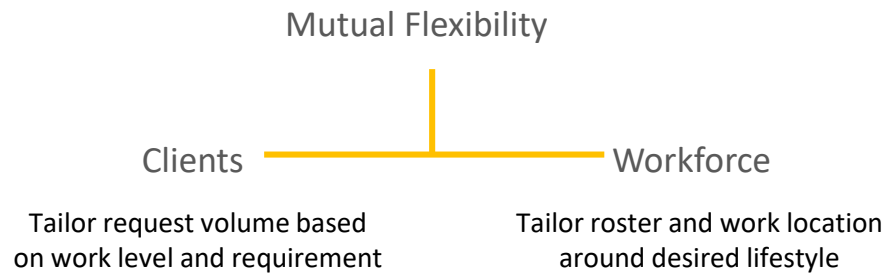
Mader believes it differs from its competitors on its combination of value, flexibility, quality and capacity.

Longstanding relationships with top tier mining customers are built on quality of service and a focus by the Mader Group on its people, culture and reputation.

MARKET POSITION	SMALL OPERATORS	LABOUR HOUSES		ORIGINAL EQUIPMENT MANUFACTURERS
VALUE	<ul style="list-style-type: none"> <li>Lower cost</li> </ul>	<ul style="list-style-type: none"> <li>Lower cost</li> </ul>	<ul style="list-style-type: none"> <li>Cheaper than OEMs</li> </ul>	<ul style="list-style-type: none"> <li>Higher cost</li> </ul>
FLEXIBILITY	<ul style="list-style-type: none"> <li>Limited in-house employees</li> <li>Response lag</li> </ul>	<ul style="list-style-type: none"> <li>No in-house employees</li> <li>Response lag</li> </ul>	<ul style="list-style-type: none"> <li>In-house employees</li> <li>Fast response</li> </ul>	<ul style="list-style-type: none"> <li>In-house employees</li> <li>Restricted to brand</li> </ul>
QUALITY	<ul style="list-style-type: none"> <li>Limited leadership</li> <li>Limited internal training</li> </ul>	<ul style="list-style-type: none"> <li>No leadership</li> <li>No internal training</li> </ul>	<ul style="list-style-type: none"> <li>Skilled leadership team</li> <li>Maintenance labour specialists</li> <li>Highly skilled employees</li> <li>Internal training</li> </ul>	<ul style="list-style-type: none"> <li>Equipment specialists</li> <li>Highly skilled employees</li> <li>Internal training</li> </ul>
CAPACITY	<ul style="list-style-type: none"> <li>Low capacity</li> <li>Small internal talent pool</li> </ul>	<ul style="list-style-type: none"> <li>Low capacity – must recruit to meet demand</li> </ul>	<ul style="list-style-type: none"> <li>High capacity - on demand</li> <li>Large talent pool</li> <li>Site support for different equipment brands</li> </ul>	<ul style="list-style-type: none"> <li>Site support for single manufacturer only</li> <li>Restriction to brand and geographical boundaries</li> </ul>

# System & Scheduling

Mader Group coordinators strategically pair skilled staff with corresponding projects that match their skillset and availability. This sophisticated scheduling system has been developed and continuously refined since the company's inception.



## Top Tier Client Base

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**BHP**

**RioTinto**



**Barminto**



**Peabody**  
ENERGY



**THIESS**





# Corporate Social Responsibility

Mader Group aim to empower communities, improve social dynamics and lessen inequality by sponsoring initiatives that support socio-economic development in remote areas and disadvantaged communities. We help fund a growing number of initiatives across the globe, with programs extending throughout Australia and into Asia, Africa and the US. In addition to providing financial aid our people also volunteer time to support local charities.



Ronald McDonald House



Solwezi Primary School Construction Project



Townsite Eagles Football Club

# Notes to financials

Currency: A\$'000		1H19	1H20
Statutory net profit after tax		8,034	8,061
Public company costs <sup>1</sup>		(228)	-
One-off offer costs <sup>2</sup>		201	856
Impact of accounting standard AASB 16		(134)	-
Impact of income tax <sup>3</sup>		48	(256)
Adjusted net profit after tax		7,921	8,661
Adjusted net profit margin		7.2%	6.5%

Mader Group Limited results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore are considered non-IFRS financial measures. The non-IFRS measures should only be considered in addition to and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

1. Public company costs include:

- The directors' estimate of incremental annual costs that the Mader Group will incur as a public listed company. These incremental costs include share registry fees, Executive Director, Non Executive Director remuneration, Directors' and Officers' insurance premiums, additional audit and legal fees, listing fees, investor relations costs as well as annual general meeting and annual report costs. The annual estimate of these costs is \$0.52 million (tax effected \$0.36 million);
- For 1H19, no Public Company costs were incurred. Therefore, as a normalisation adjustment to make 1H19 comparable with 1H20, \$0.23 million (\$0.16 million tax effected) has been included as an adjustment;
- For 1H2020, the net profit already includes Public Company Costs, therefore no adjustment is required.

2. One-off Offer costs incurred by Mader Group of \$0.86 million (\$0.60 million tax effected).

3. Income tax effect - An adjustment has been made to reflect the tax impact of the adjustments based on the Australian statutory corporate tax rate of 30%.



## Our Vision

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To be the outsourced provider of choice

- To maintain our superior customer service, people and culture
- To be the first choice place of employment for quality tradespeople in equipment maintenance
- To replicate and grow our business model

# Disclaimer

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# Mader Group Limited

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