



**MADER**

2020 Full Year Results

MADER GROUP LIMITED | 27 AUGUST 2020

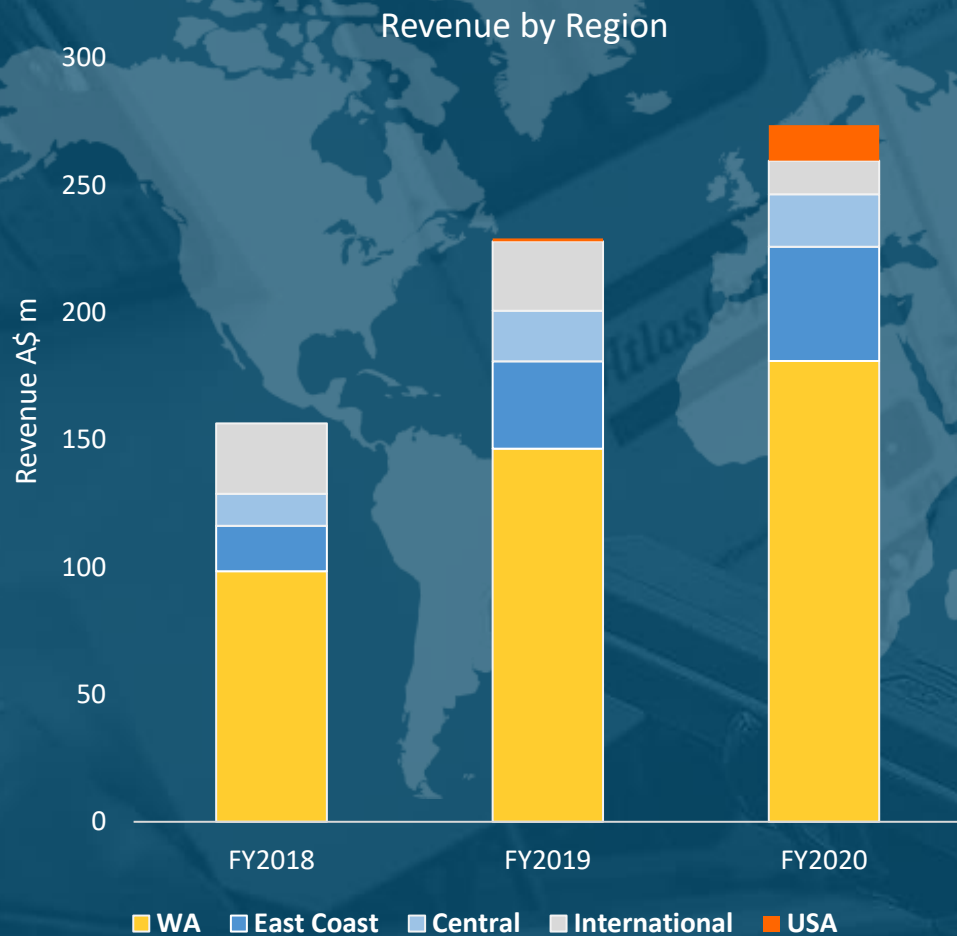
# FY2020 Highlights

REVENUE	CHANGE (FROM FY2019)
<b>\$274 M</b>	<b>+ 20%</b>
ADJUSTED EBITDA <sup>1</sup>	
<b>\$33.1 M</b>	<b>+ 30%</b>
ADJUSTED EBIT <sup>1</sup>	
<b>\$26.4 M</b>	<b>+ 22.2%</b>
ADJUSTED NPAT <sup>1</sup>	
<b>\$ 18.0M</b>	<b>+ 18.9%</b>
FY2020 DIVIDEND	
<b>1.5 cents</b>	Paid Mar 2020
<b>1.5 cents</b>	Confirmed 17 Sept 2020

- Successfully listed on the ASX in October 2019
- Purely organic revenue growth of 20% made up of:
  - Revenue growth in all Australian regions
  - Higher than forecast growth in USA and NSW
  - Decline in revenue in Africa and Asia
- Reduction in net debt to \$18.5 million at 30 June 2020, down 57.3% from \$29.1 million at 31 December 2019
- Underlying earnings of \$33.1m, representing a 30% increase from \$25.4m EBITDA in FY2019
- Continued scaling of ancillary services to complement our core service capabilities. Ancillary services achieved year on year revenue growth of 41% in WA
- Mader selected as a finalist for the Australian HR Awards 2020, Employer of Choice (>1000 Employees) category. Winner to be announced in Q2 FY2021
- Strong balance sheet positions Mader Group well for continued growth in FY2021 and beyond

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



- Strong macro trends position Mader for continued growth on a global scale:
  - Mader is well placed to deal with the challenges of COVID-19
  - Positive outlook for maintenance sector with continued strong demand for services
  - Mining provinces globally show increased production and maintenance spend
  - High market share in strong commodity markets
- Regional outlook for FY2021:
  - Ongoing growth in USA, QLD and NSW supported by strong recruitment environments
  - Continued development of ancillary strategy to capitalise on growth potential in mature regions
  - Steady growth in WA with strong demand expected in WA's Pilbara and Goldfields regions and a dedicated focus to increase the delivery of people to WA's Midwest Region
  - Tightening labour market in WA offset by a scalable Trade Upgrade Apprenticeship Program with third intake commencing Q2 FY2021
  - Strategy to return limited service to customers in Africa and Asia
  - Canadian expansion delayed to assess COVID-19 impacts and capitalise on opportunities with growth potential in USA's Eastern States

# Western Australia Outlook

## FY2020 Summary

- Western Australia revenue of \$181m, up 24% from FY2019
- Continued scaling of ancillary and complementary services achieved year on year revenue growth of 41% in WA

## FY2021 Outlook

- Preferred maintenance supplier for Roy Hill, and contract extensions with Rio Tinto, BHP Iron Ore, BHP Olympic Dam, Nickel West and Fortescue Metals Group
- Supplier for John Holland on Fortescue Metals Group's Eliwana Integrated Railway Project
- Partnered with BHP Iron Ore to maintain their train load out fleet and maintenance workshop at Eastern Ridge
- Strong demand for services expected, particularly from gold and iron ore regions
- Dedicated focus on increased delivery of people to Western Australia's Midwest and Kimberley Regions
- Tightening labour market offset by scalable Trade Upgrade Apprenticeship Program with next intake commencing Q2 FY2021
- Operations remain affected by workforce availability limitations and some extra costs due to COVID-19

Region  
Revenue up

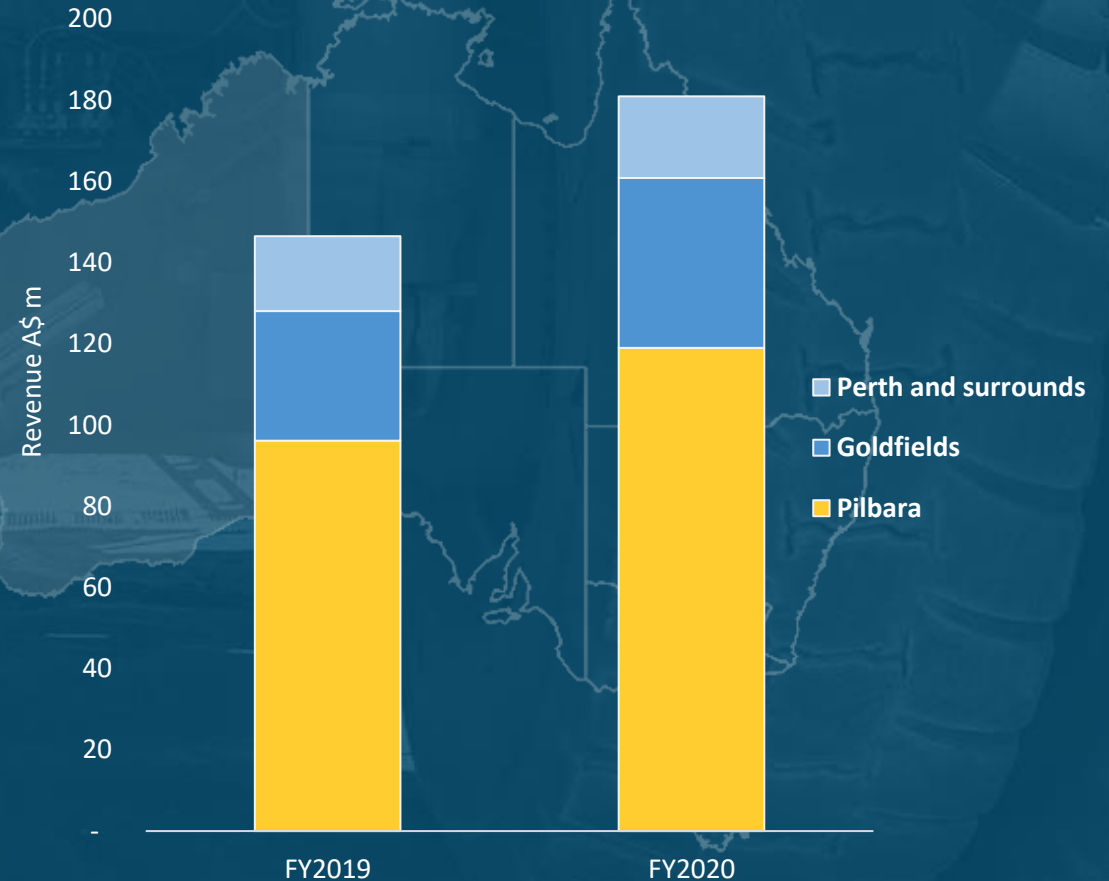
24% ↑  
From 2019

Pilbara  
Revenue up

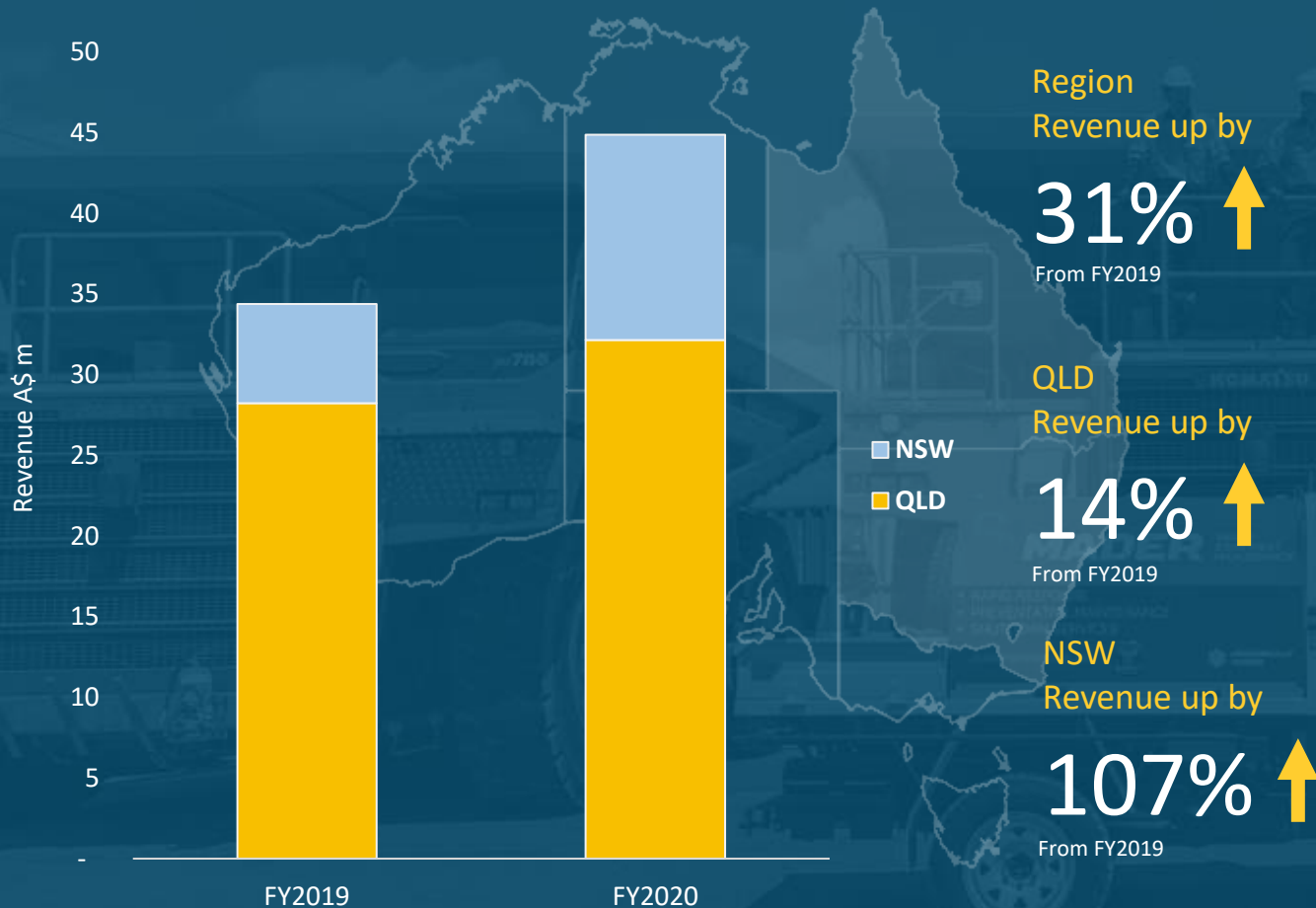
24% ↑  
From 2019

Goldfields  
Revenue up

31% ↑  
From 2019



# Eastern Australia Outlook



## FY2020 Summary

- Eastern Region revenue of \$45m, up 31% from FY2019
  - QLD revenue up 14%
  - NSW revenue up 107%

## FY2021 Outlook

- Market sentiment in QLD is softer due to coal price movements. In response:
  - QLD continues to diversify its market share to reduce its risk profile
  - QLD has adopted a strategy to capitalise on a favourable recruitment environment
- NSW operations have been less affected and remain focused on margin improvement and growth in the Hunter Valley and Central West regions
- Continued diversification into North QLD and Central West NSW
- Continued scaling benefits to occur through FY2021

# United States of America Outlook

## FY2020 Summary

- Fully organic start up returned higher than forecast revenue and profit of \$A14m
- USA operations profitable with scale benefits continuing month on month
- FY2020 average quarterly revenue growth of 60%.

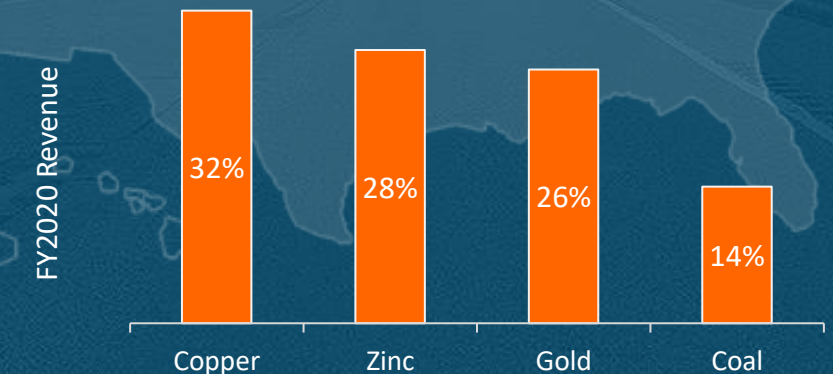
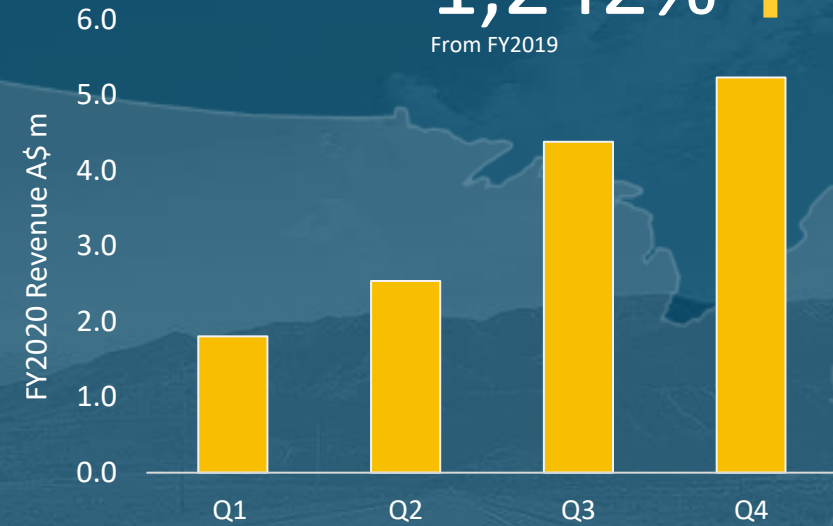
## FY2021 Outlook

- Strong growth prospects with new contracts commencing in Texas, Florida and Nevada in Q1 FY2021
- Operating in strong commodity markets of gold, copper and zinc. No revenue derived from coal in 2H20
- Fleet increase from 16 to 41 vehicles, which have been actively delivering service to customers to 30 mine sites:
  - Nevada
  - Arizona
  - Wyoming
  - Tennessee
  - Texas
  - Florida (Q1 FY2021)
- Strong recruitment environment
- Canadian expansion delayed to assess COVID-19 impacts and capitalise on opportunities with growth potential in USA's Eastern States

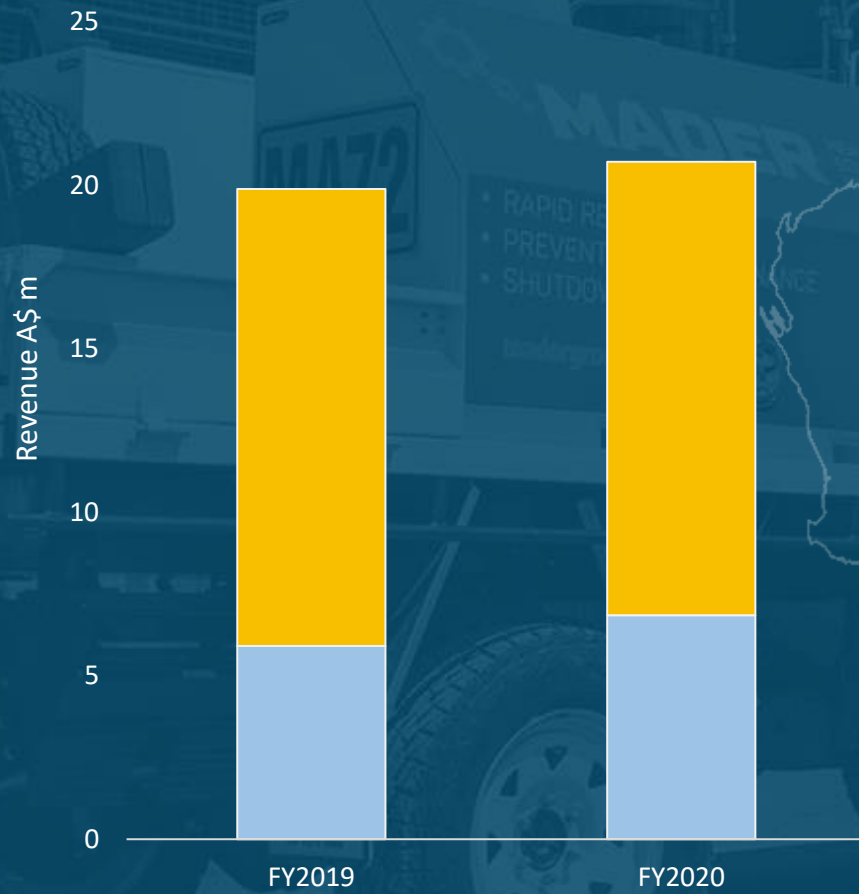
Revenue growth of

1,242% ↑

From FY2019



# Central Australia Outlook



Region  
Revenue up by

4% ↑  
From 2019

SA  
Revenue down by

1% ↓  
From 2019

NT  
Revenue up by

16% ↑  
From 2019

## FY2020 Summary

- Central Region revenue of SA and NT comprised \$21m, up 4% from FY2019
- Steady growth in the NT and a slight decline in revenue in SA
- Numbers reduced in SA due to workforce rationalisation at Olympic Dam
- Commenced new workscope at a large open pit operation in NT and increased support for major underground operations

## FY2021 Outlook

- Positive response to newly resourced, dedicated regional management teams
- Field teams operational in SA and NT with a focus on reactive services

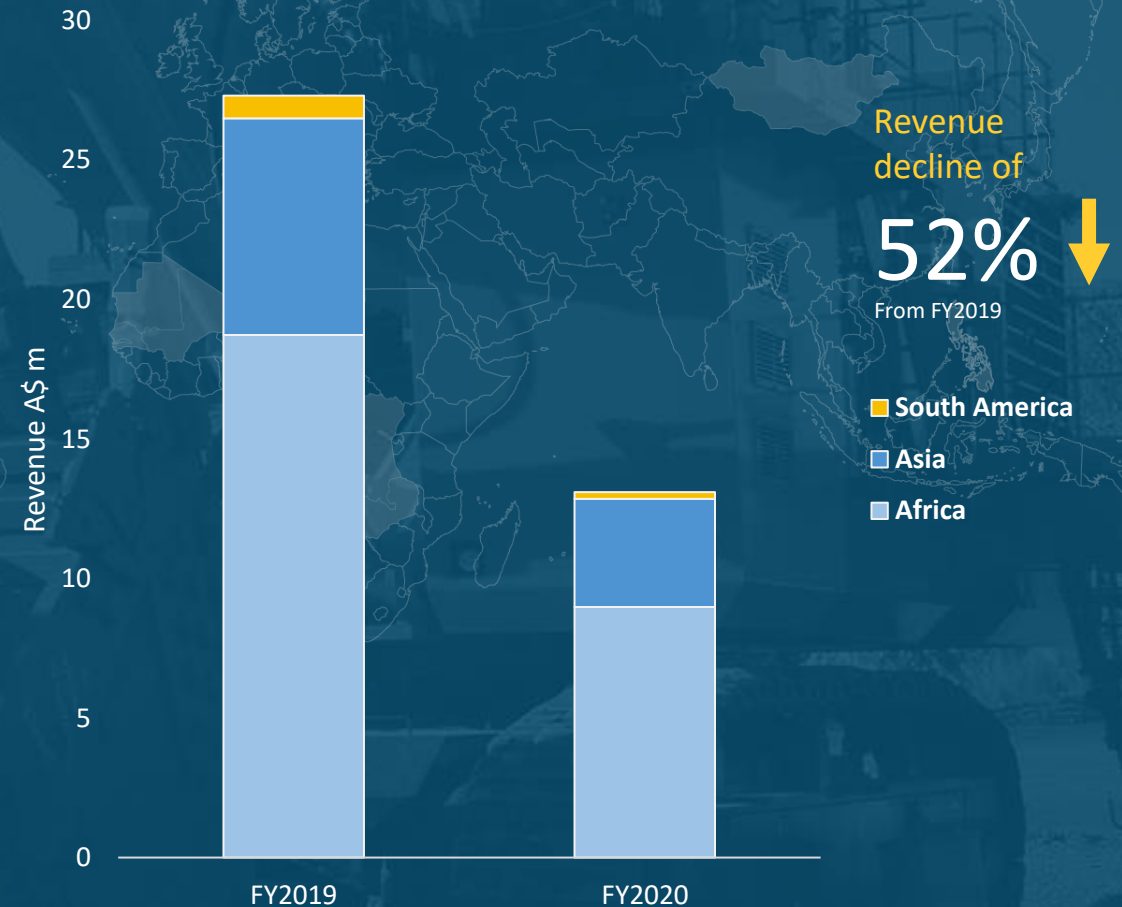
# International Outlook (non-USA)

## FY2020 Summary

- Revenue declined by 52% in FY2020 as a result of a pause in our International operations (non-USA) due to principal COVID19 impacts
- Mader withdrew its expatriate workforce from Africa and Asia, largely re-mobilising them in Australia
- New worksopes delivered in Chile, Philippines and Papua New Guinea during the financial year
- Services delivered in Mongolia, Laos and Central/West Africa including Mauritania, Senegal, Cote d'Ivoire, Democratic Republic of the Congo and Zambia

## FY2021 Outlook

- Currently implementing plans to step back into Africa and Mongolia markets pending effective management strategies to keep our people safe
- Mader has recommenced operations in Laos and secured new workscope in Papua New Guinea (Q1 FY2021)





# Profit & Loss

<i>Currency: A\$'000</i>	FY2019	FY2020
Revenue	228,645	273,547
EBITDA	25,454	33,026
<i>... EBITDA margin</i>	<i>11.1%</i>	<i>12.1%</i>
EBIT	21,628	26,424
<i>... EBIT margin</i>	<i>9.5%</i>	<i>9.7%</i>
Net Profit Before Tax	20,419	24,911
<i>... profit before tax margin</i>	<i>8.9%</i>	<i>9.1%</i>
Net Profit After Tax	14,900	17,504
<i>... profit after tax margin</i>	<i>6.5%</i>	<i>6.4%</i>
Adjustments	289	554
<b>Adjusted Net Profit After Tax<sup>1</sup></b>	<b>15,189</b>	<b>18,058</b>
<i>... profit after tax margin</i>	<i>6.6%</i>	<i>6.6%</i>

- Steady margin driven by decrease in International (Africa, Asia, South America) revenues offset by scaling in the USA
- Revenue and EBITDA slightly below expectations at the time of preparing the FY20 prospectus forecast
- Adjusted NPAT impacted by COVID-19 and reduced relative contribution from International (ex-USA)

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

	June 2019	June 2020
Cash and cash equivalents	3,049	6,456
Receivables	54,495	55,049
Tax Assets	1,896	1,970
Other assets	1,820	2,104
Right of use of asset	-	2,587
Property, plant and equipment	26,247	32,542
<b>Total assets</b>	<b>87,507</b>	<b>100,708</b>
Payables	24,809	18,897
Borrowings	24,228	24,915
Provisions	1,140	1,905
Lease liabilities	-	2,587
Tax liabilities	3,161	4,287
<b>Total liabilities</b>	<b>53,338</b>	<b>52,591</b>
<b>Total equity</b>	<b>34,169</b>	<b>48,117</b>

- Simple balance sheet
- Principal asset is receivables
  - ~ 2.4x monthly revenue
- Property, plant and equipment primarily service vehicles with a fleet of over 500 vehicles including 41 vehicles in USA in FY2020
- Reduction in net debt to \$18.5 million at 30 June 2020, down 57.3% from \$29.1 million at 31 December 2019
- Net debt is \$18.5m (< 0.6x FY20 EBITDA)
  - Facilities available: \$41.6m
  - Debt drawn: \$24.9 m
- Net debt target ~ 50% of receivables
  - 53% as at 31 Dec 2019
  - 34% as at 30 June 2020

# Cashflow

<i>Currency: A\$'000</i>	<b>FY2019</b>	<b>FY2020</b>
Earnings before interest and tax	21,628	26,424
Interest received (paid)	(1,475)	(1,513)
Income tax paid	(2,800)	(6,354)
Depreciation	3,826	6,602
Movement in payables	3,703	(4,600)
Movement in receivables	(15,128)	(555)
Other non-cash movements	204	397
<b>Net cash provided from operating activities</b>	<b>9,958</b>	<b>20,401</b>
Payment for plant and equipment (net of proceeds from sale of assets)	(15,911)	(12,861)
Proceeds from (payments for) shares in unlisted companies	484	-
Dividends paid	(9,161)	(4,280)
Proceeds from (repayment of) borrowings and lease payments	9,435	147
<b>Net cash flows during the period</b>	<b>(5,195)</b>	<b>3,407</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>3,049</b>	<b>6,456</b>

- Operating cash flow of \$20.4 million was a \$10.4 million improvement on FY2019
- Operating cash flow before interest and tax (OCFBIT) of \$28.3 million represents a \$14.2 million increase on FY2019
- Capex decreased by \$3.0 million compared to FY2019. Capex was above IPO Prospectus forecast of \$9.7 million due to higher than forecast growth in USA. The USA fleet increased to 41 vehicles, all in active service
- The Company ended the year with:
  - Cash of \$6.5 million, an increase of \$3.0 million as compared to FY2019
  - Net Debt of \$18.5 million at 30 June 2020, a decrease of \$2.7 million as compared to FY2019. Net debt comprised total debt of \$24.9 million less cash of \$6.5 million
- Dividend instalments:
  - 1.5 cents per share - \$3.0m (paid in March 2020)
  - 1.5 cents per share - \$3.0m (confirmed to be paid in September 2020)
  - Payout ratio of 33.3%

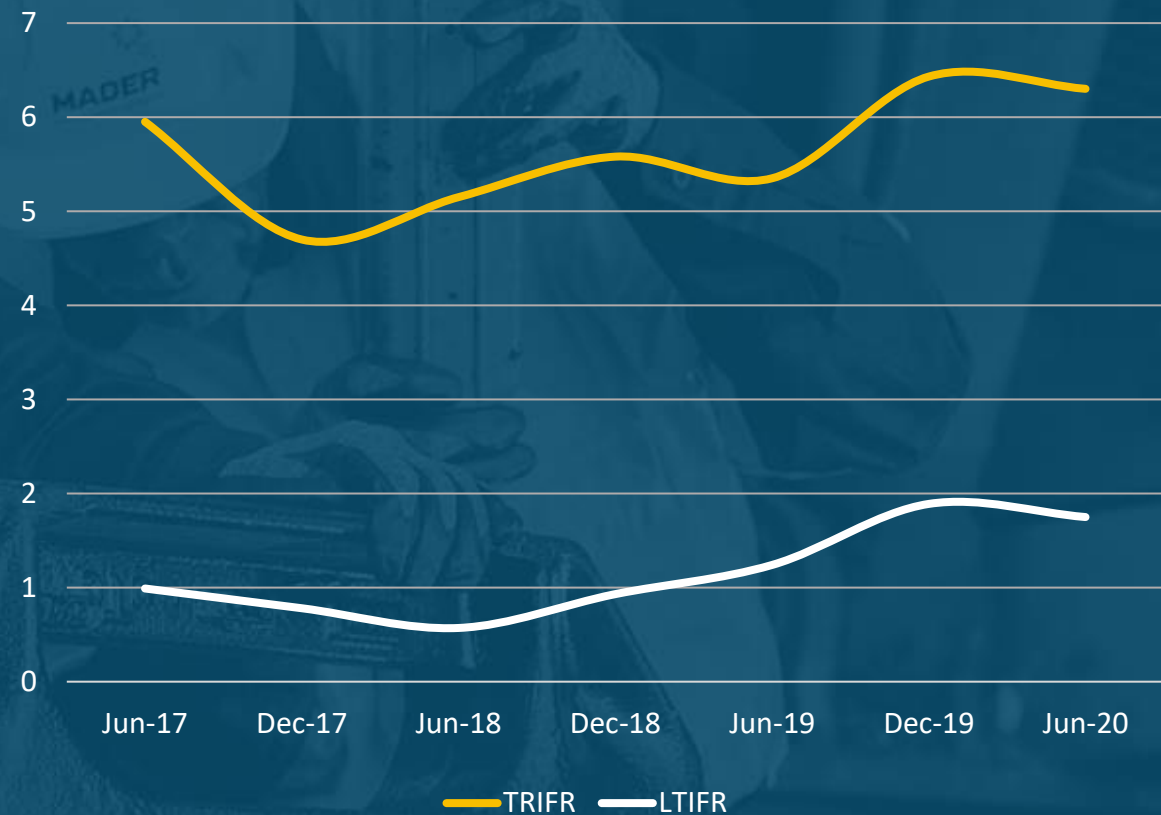
# Safety & People

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

- Total recordable injury frequency rate 6.3
- Lost time injury frequency rate 1.75
- 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
  - Monthly 'Mader Day' events held to raise safety awareness and build teamwork and safety driven culture

- Over 2.7 Million hours worked in FY2020

Injury frequency rates





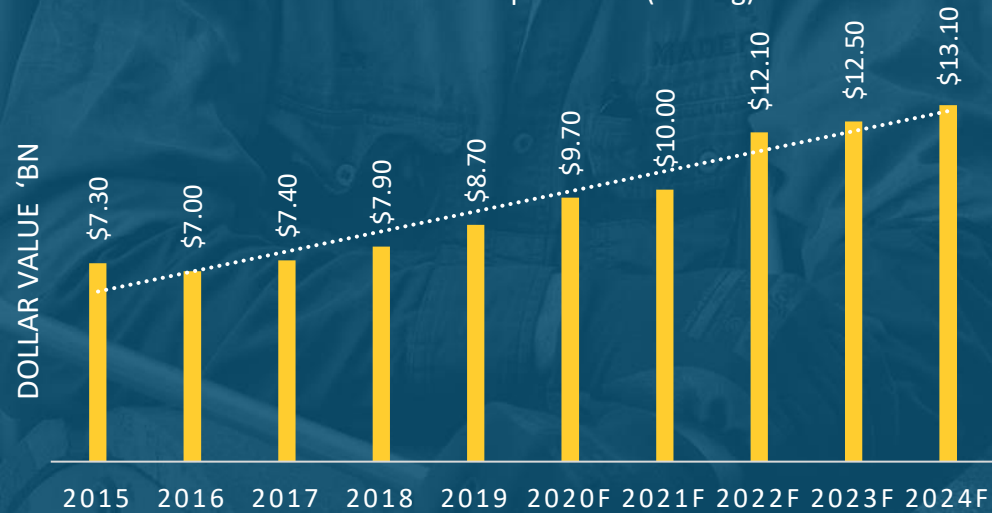
# Appendices

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# Industry Outlook

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

Total Maintenance Expenditure (Mining)

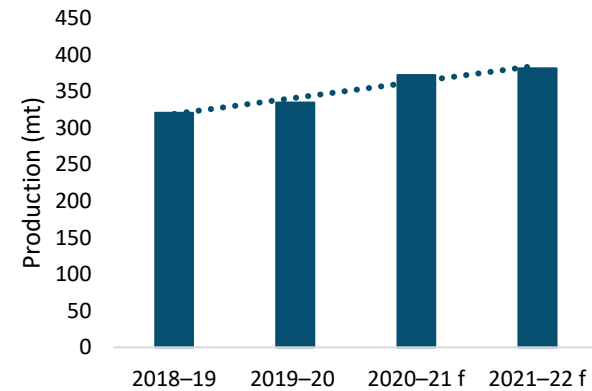


Source data: "BIS Oxford Economics" for Maintenance spend

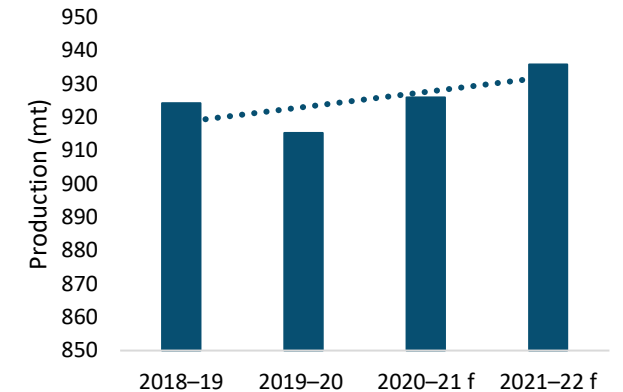
A range of positive underlying trends for Mader:

- 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

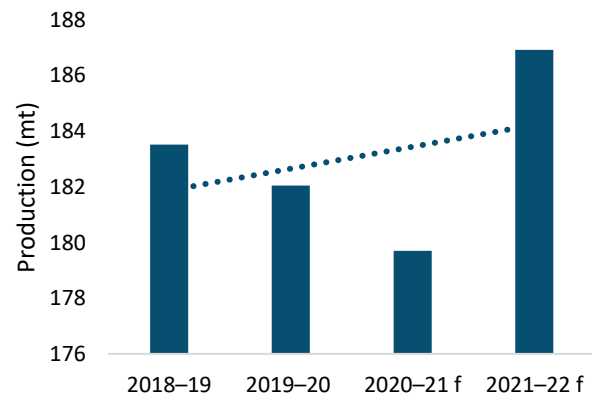
Gold Production



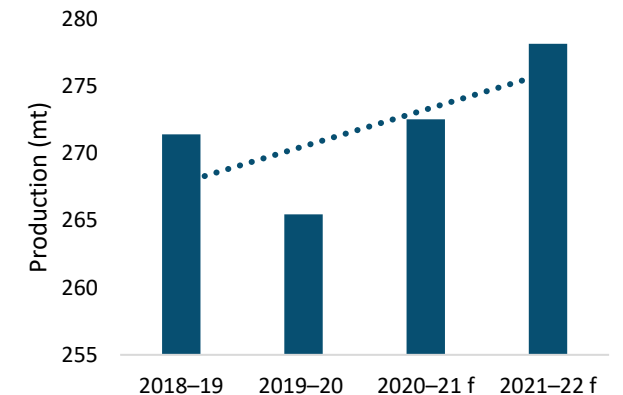
Iron Ore Production



Metallurgical Coal Production

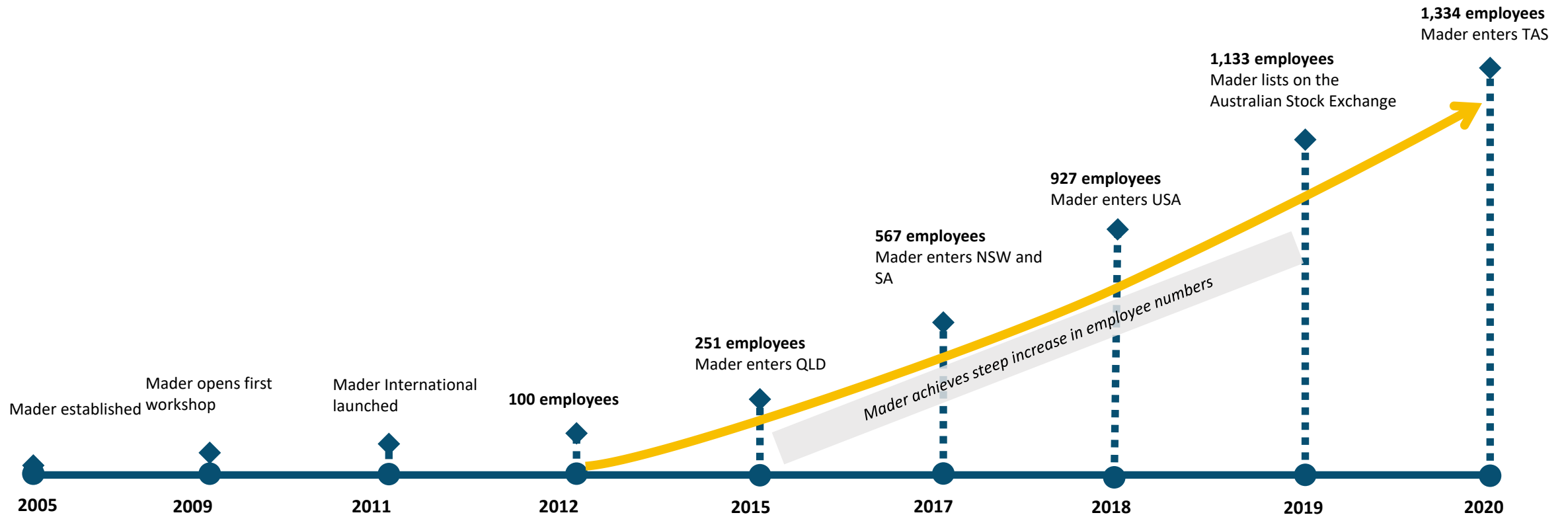


Thermal Coal Production

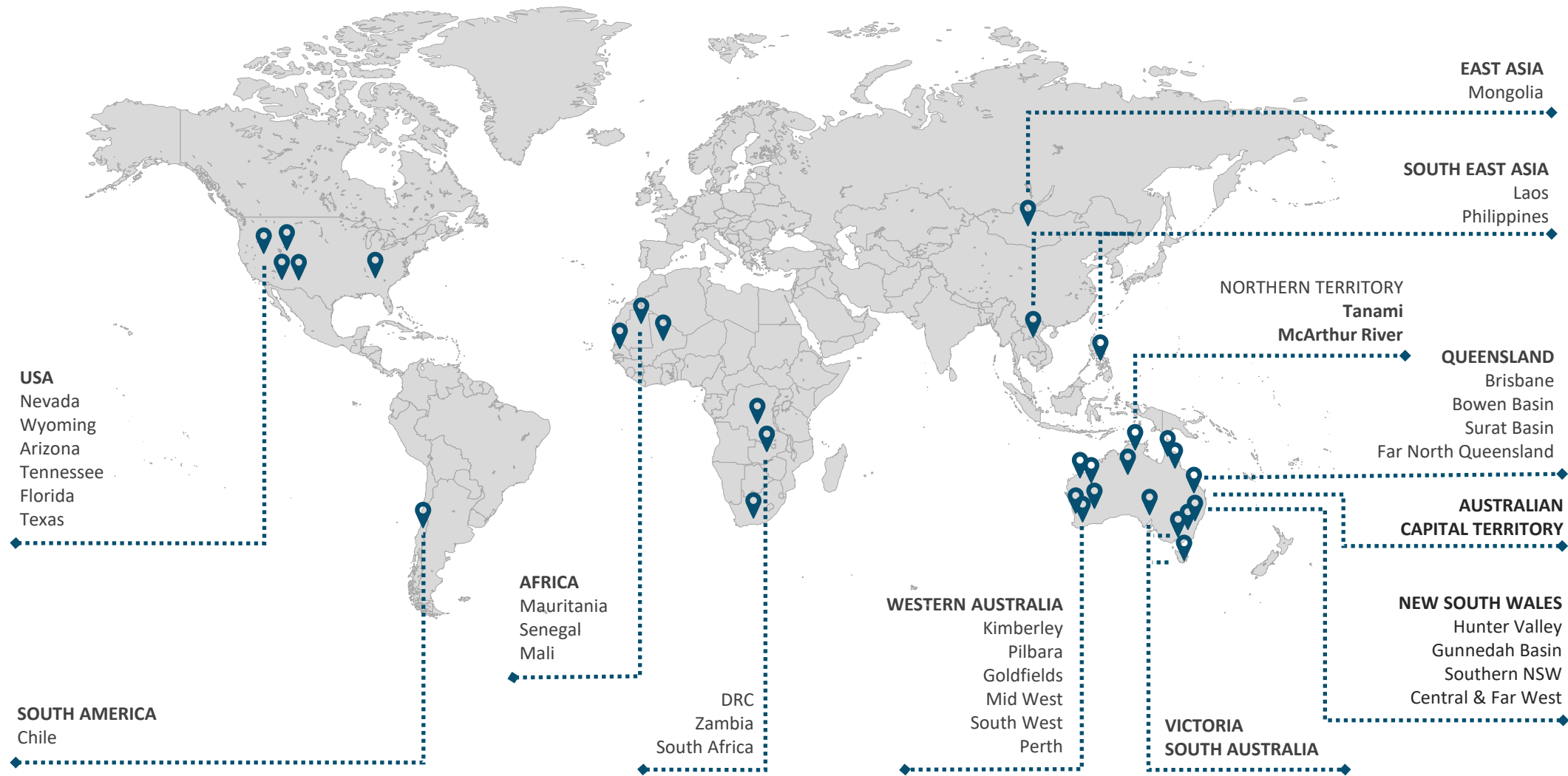


Source data: "Australian Government: Department of Industry, Innovation and Science" for Production charts

# Our 15 Year Journey



# Expanding Global Platform

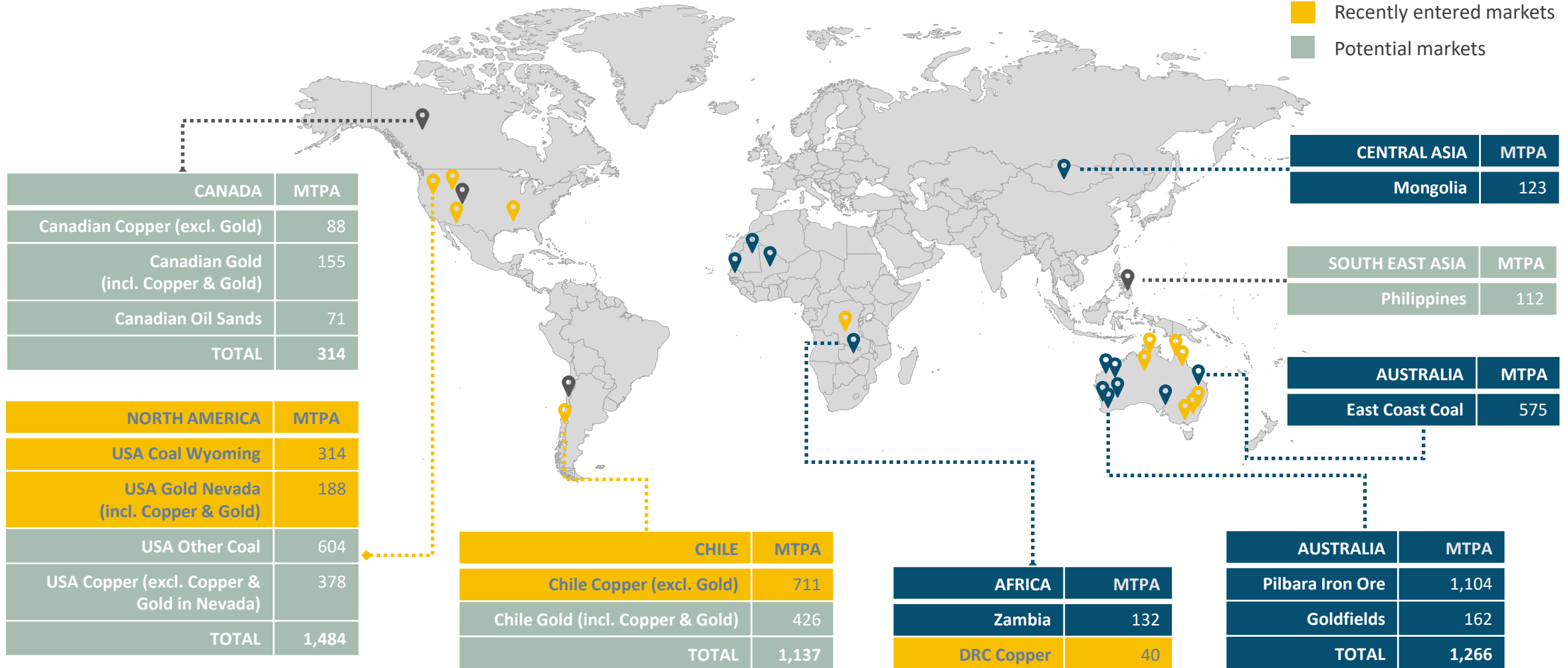




# Growth opportunities and addressable market

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


- Current markets
- Recently entered markets
- Potential markets



# Competitive Position

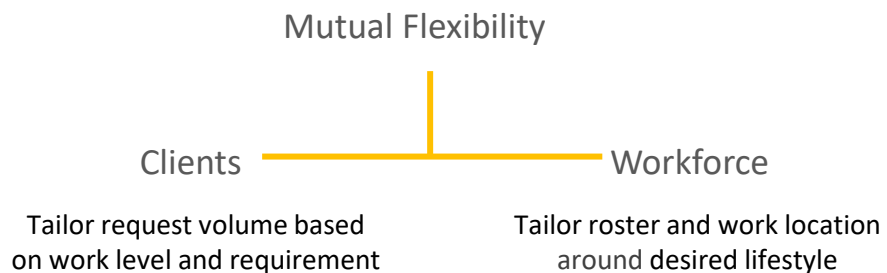
Mader believes it differs from its competitors on its combination of value, flexibility, quality and capacity.

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
<b>VALUE</b>	<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>
<b>FLEXIBILITY</b>	<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>
<b>QUALITY</b>	<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>
<b>CAPACITY</b>	<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

**BHP**

**RioTinto**

**THIESS**

**Barrminco**

  
**BARRICK**

  
**NEWMONT™**

  
**ROY HILL**

  
**MACMAHON**

**Peabody**  
ENERGY

  
**FMG**

  
**CITIC PACIFIC**

**JOHN  
HOLLAND**

  
**DownerEDi  
Mining**

# 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.



'Home for Dinner' Volunteer Program  
Ronald McDonald House Charities Perth, WA, Australia



Roxby Council Community Awards  
Roxby, SA, Australia



Townsite Eagles Football Club Sponsorship  
Tom Price, WA, Australia

# Notes to financials

Currency: A\$'000

	FY2019	FY2020
Statutory net profit after tax	14,900	17,504
Public company costs <sup>1</sup>	(228)	-
One-off offer costs <sup>2</sup>	908	856
Impact of accounting standard AASB 16	(267)	(65)
Impact of income tax <sup>3</sup>	(124)	(237)
Adjusted net profit after tax	15,189	18,058
Adjusted net profit margin	6.6%	6.6%

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.

- 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;
  - For FY2019, no Public Company costs were incurred. Therefore, as a normalisation adjustment to make FY2019 comparable with FY2020, \$0.23 million (\$0.16 million tax effected) has been included as an adjustment;
  - For FY2020, the net profit already includes Public Company Costs, therefore no adjustment is required.
- One-off Offer costs incurred by Mader Group of \$0.86 million (\$0.60 million tax effected).
- 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

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



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# Mader Group Limited

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