



# AVADA Group Limited

## FY23 Results Presentation

30 August 2023

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# FY23 Highlights

- Ongoing profitability initiatives implemented in first-half
- Strong second-half trading performance
- Strategic acquisitions expanding operating footprint

**Underlying FY23  
EBITDA  
\$16.1m**

**Underlying FY23  
Revenue  
\$183.2m**

**7% revenue growth  
from existing  
business**

**Gross margin  
improvement  
achieved in H2FY23**

**Centralisation of  
business functions  
creating operational  
efficiencies through  
shared service  
model**

**Significant  
investment in  
leadership structure  
and capability**

**Expansion into  
Victoria with the  
acquisition and  
integration of  
Construct Traffic**

**Expansion into New  
Zealand with the  
acquisition and  
integration  
(ongoing) of  
Wilsons Traffic**

**Entry into  
indigenous services  
joint venture –  
Bilingarra**





01

# Business overview

# Operating metrics

Strong foundations for sustained value creation through geographic reach and scale

	VEHICLES	TRAFFIC CONTROLLERS	DEPOTS
QLD	538	1,216	19
NSW	203	486	7
VIC	145	318	1
NZ	71	118	3
TOTAL	957	2,138	30

Excludes STA Traffic Management,  
Data as at 30 June 2023

# Building momentum

Delivering operational efficiencies and strategic acquisitions across multiple geographies

19

DEPOTS



7

DEPOTS

2

DEPOTS



3

DEPOTS

## ACQUISITION SYNERGIES

- FY23 acquisitions added:
  - 4 depots
  - > 430 traffic controllers
  - > 210 vehicles

Building scale in Victoria with binding agreement to acquire STA Traffic Management

Entry into indigenous services joint venture - Bilingarra



The background of the slide is a long-exposure photograph of a city street at night. Tall, modern buildings with glass facades are visible, reflecting city lights. The street is dark, but there are colorful light trails from cars, primarily in shades of green and yellow. On the right side of the image, there is a glowing green wireframe overlay of a traffic light, with the bottom light illuminated. The overall color palette is dark with vibrant green and blue highlights.

02

# Financial overview

# Income statement

Underlying results for the 2023 financial year reflect ongoing initiatives which were implemented in the first half to improve profitability, supported by trading conditions (including weather patterns) returning to the long-term average

\$'000s	FY21 Underlying	FY22 Underlying	FY23 Underlying
Revenue - existing operations	116,959	139,154	148,523
Revenue from FY23 acquisitions	-	-	34,748
<b>Revenue (incl. other income)</b>	<b>116,959</b>	<b>139,154</b>	<b>183,271</b>
<b>Gross profit</b>	<b>24,747</b>	<b>31,766</b>	<b>38,436</b>
<i>Gross margin</i>	21.2%	22.8%	21.0%
<i>Gross margin (excl. other income)</i>	21.0%	21.0%	21.0%
<b>EBITDA</b>	<b>11,540</b>	<b>12,550</b>	<b>16,128</b>
<i>EBITDA %</i>	9.9%	9.0%	8.8%
Depreciation	(3,550)	(4,725)	(6,745)
Net finance income / (expense)	(251)	(614)	(2,613)
<b>NPATA</b>	<b>5,417</b>	<b>5,047</b>	<b>4,739</b>
Vehicles (period end)	657	828	957
Revenue per vehicle (\$000s)	\$178	\$168	\$192
Traffic controllers at period end	1,413	1,689	2,138

- Growth in revenue from existing operations of 7% from \$139.2m to \$148.8m (\$5.1m related to full year impact of acquisitions in FY22)
- Gross margin of 22% achieved in H2 compared to 20% in H1 reflecting operational initiatives implemented
- Increase in revenue per vehicle reflecting improved utilisation and fleet management
- Depreciation includes \$0.6m accelerated charges which will be non-recurring and \$1.3m depreciation over right-of-use assets, predominantly for depots

FY21 underlying is as presented in the AVADA Group Limited Prospectus dated 9 November 2021, the Supplementary Prospectus dated 23 November 2021 and the Second Supplementary Prospectus dated 7 November 2021 (together the Prospectus)

FY22 Underlying is as presented in the AVADA Group Limited FY22 Results Presentation dated 31 August 2022

FY23 - Refer to Appendix A for reconciliation of FY23 Audited results to FY23 Underlying. Underlying results include Construct as if it had been acquired on 1 July 2022 and Wilsons from acquisition date, being 5 May 2023



# Balance sheet

Improved profitability and net working capital management in the second half of FY23 has resulted in an improved net current asset position to \$6.7m. The reduction in net assets reflects \$8m of contingent consideration in respect of acquisitions

Net financial debt at 30 June 2023 was \$32m

\$'000s	Jun-22	Jun-23
<b>Current assets</b>		
Cash and cash equivalents	2,751	10,834
Trade debtors and other current assets	20,112	27,986
	<b>22,863</b>	<b>38,820</b>
<b>Non-current assets</b>		
Property, plant and equipment	22,378	28,019
Other non current assets	44,572	63,353
	<b>66,950</b>	<b>91,372</b>
<b>Total assets</b>	<b>89,813</b>	<b>130,192</b>
<b>Current liabilities</b>		
Trade and other payables and accruals	12,840	18,303
Financial liabilities - current	3,931	2,980
Other current liabilities	4,739	10,821
	<b>21,510</b>	<b>32,104</b>
<b>Non-current liabilities</b>		
Financial liabilities	7,057	40,915
Other non-current liabilities	9,161	10,715
	<b>16,218</b>	<b>51,630</b>
<b>Total liabilities</b>	<b>37,728</b>	<b>83,734</b>
<b>Net assets</b>	<b>52,085</b>	<b>46,458</b>
Net current assets	1,353	6,716

- Improved trading and debtor management has resulted in strong cash generation during H2FY23
- Increase in trade debtors primarily reflects increases from acquired businesses and increased revenue, with a decrease in debtor days across the group
- Movement in other non-current assets relates to intangible assets and goodwill recognised on the acquisition of Construct Traffic and Wilsons Traffic Management
- Increase in trade and other payables relates to acquired businesses (\$3.5m) and increased GST payable owing to increased trading
- Other current liabilities includes \$6m of contingent consideration in respect of the acquisition of Wilsons Traffic Management and employee related provisions
- Other non-current liabilities includes deferred tax liabilities and contingent consideration
- Financial liabilities includes lease liabilities of \$4.8m

Reflects audited balance sheet and prior year comparable as reflected in the Appendix 4E dated 30 August 2023

The background of the slide is a photograph of a modern city street at night. Tall, illuminated skyscrapers line the street, and light trails from moving vehicles are visible on the road. In the foreground on the right, a traffic light is shown with a glowing green light. The entire scene is overlaid with a semi-transparent blue grid pattern.

03

# Trading update and outlook

# Trading update and outlook

Based on the current trading outlook, and assuming a continuation of long-term average weather conditions and prevailing industry demand and macro-economic factors, the Company is forecasting underlying EBITDA of between \$20m and \$22m for the 2024 financial year

Trading conditions in early FY24 remain stable with the second half of FY23

Strong organic revenue growth with gross margins remaining stable

Acquired businesses performing in line with budget

Continued focus on operational efficiencies





A

# Appendices



# Underlying earnings reconciliation

\$'000s	Underlying adjustments						
	FY23 Statutory (a)	Construct Pre acq. Trading (b)	Construct deal costs (c)	Non-reoccurring/ Non-operating items (d)	Contingent Consideration (e)	Impairment of Intangibles (f)	FY23 Underlying (g)
Traffic Management Revenue	177,002	5,974					182,976
Other Revenue	295						295
<b>Total Revenue</b>	<b>177,297</b>	5,974	-	-	-		<b>183,271</b>
Cost of Sales	(140,215)	(4,620)					(144,835)
<b>Gross Profit</b>	<b>37,082</b>	1,354	-	-	-		<b>38,436</b>
Employee benefit expenses	(13,755)			77			(13,678)
General and admin expenses	(6,129)		502	2,140			(3,487)
Other expenses	(6,961)	(447)		305	1,960		(5,143)
<b>Operating expenses</b>	<b>(26,845)</b>	<b>(447)</b>	<b>502</b>	<b>2,522</b>	<b>1,960</b>		<b>(22,308)</b>
<b>EBITDA</b>	<b>10,237</b>	<b>907</b>	<b>502</b>	<b>2,522</b>	<b>1,960</b>		<b>16,128</b>
Depreciation and amortisation	(13,549)					3,194	(10,355)
<b>EBIT</b>	<b>(3,312)</b>	<b>907</b>	<b>502</b>	<b>2,522</b>	<b>1,960</b>	<b>3,194</b>	<b>5,773</b>
Net finance income / (expense)	(2,613)						(2,613)
<b>Profit before tax</b>	<b>(5,925)</b>	<b>907</b>	<b>502</b>	<b>2,522</b>	<b>1,960</b>	<b>3,194</b>	<b>3,160</b>
Tax expense <sup>(1)</sup>	295	N/A	N/A	N/A	N/A	N/A	(948)
<b>Net Profit after tax</b>	<b>(5,630)</b>	<b>907</b>	<b>502</b>	<b>2,522</b>	<b>1,960</b>	<b>3,194</b>	<b>2,212</b>
Add back: amortisation (net of tax)	N/A	N/A	N/A	N/A	N/A	N/A	2,527
<b>NPATA</b>	N/A	N/A	N/A	N/A	N/A	N/A	<b>4,739</b>

(1) – Underlying tax expense calculated at 30% of profit before tax

# Underlying earnings reconciliation

(a) Audited financial information for AVADA Group Limited for the twelve months ended 30 June 2023

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(b) Adjustment to reflect the financial results of Construct Traffic as if it were acquired on 1 July 2022

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(c) Adjustments reflect non-recurring transaction expenses associated with the acquisition of Construct Traffic

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(d) Adjustments reflect non-recurring and non-operational transaction expenses associated with the acquisition of Construct Traffic and Wilsons Traffic Management, including stamp duty on the transfer of vehicles, costs associated with other M&A activity and non-recurring restructuring costs

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(e) An expense of \$1.8m in respect of the increase in contingent consideration payable for the Verifact Traffic Pty Ltd acquisition

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(f) An impairment expense of \$3.2m in respect of the goodwill and intangible assets of The Traffic Marshal

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Pro forma and normalisation adjustments have been sourced from the underlying accounting records of AVADA Group Limited and its subsidiaries. Adjustments have not been subject to audit or independent review.

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