



AVADA Group Limited

FY23 Results Presentation

30 August 2023

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Authorised for release by the Board of Directors of AVADA Group Limited

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**

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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



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

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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
Revenue (incl. other income)	116,959	139,154	183,271
Gross profit	24,747	31,766	38,436
<i>Gross margin</i>	21.2%	22.8%	21.0%
<i>Gross margin (excl. other income)</i>	21.0%	21.0%	21.0%
EBITDA	11,540	12,550	16,128
<i>EBITDA %</i>	9.9%	9.0%	8.8%
Depreciation	(3,550)	(4,725)	(6,745)
Net finance income / (expense)	(251)	(614)	(2,613)
NPATA	5,417	5,047	4,739
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
Current assets		
Cash and cash equivalents	2,751	10,834
Trade debtors and other current assets	20,112	27,986
	22,863	38,820
Non-current assets		
Property, plant and equipment	22,378	28,019
Other non current assets	44,572	63,353
	66,950	91,372
Total assets	89,813	130,192
Current liabilities		
Trade and other payables and accruals	12,840	18,303
Financial liabilities - current	3,931	2,980
Other current liabilities	4,739	10,821
	21,510	32,104
Non-current liabilities		
Financial liabilities	7,057	40,915
Other non-current liabilities	9,161	10,715
	16,218	51,630
Total liabilities	37,728	83,734
Net assets	52,085	46,458
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

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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



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Appendices

Underlying earnings reconciliation

\$'000s	Underlying adjustments							FY23 Underlying (g)
	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)		
Traffic Management Revenue	177,002	5,974						182,976
Other Revenue	295							295
Total Revenue	177,297	5,974	-	-	-	-	-	183,271
Cost of Sales	(140,215)	(4,620)						(144,835)
Gross Profit	37,082	1,354	-	-	-	-	-	38,436
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)
Operating expenses	(26,845)	(447)	502	2,522	1,960			(22,308)
EBITDA	10,237	907	502	2,522	1,960			16,128
Depreciation and amortisation	(13,549)						3,194	(10,355)
EBIT	(3,312)	907	502	2,522	1,960		3,194	5,773
Net finance income / (expense)	(2,613)							(2,613)
Profit before tax	(5,925)	907	502	2,522	1,960		3,194	3,160
Tax expense ⁽¹⁾	295	N/A	N/A	N/A	N/A	N/A	N/A	(948)
Net Profit after tax	(5,630)	907	502	2,522	1,960		3,194	2,212
Add back: amortisation (net of tax)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,527
NPATA	N/A	N/A	N/A	N/A	N/A	N/A	N/A	4,739

(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

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

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

(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

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

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

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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