



AVADA Group Limited HY22 Results

28 February 2022

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

Presenting today



Lance Hockridge

NON-EXECUTIVE
CHAIRMAN



Dan Crowley

MANAGING DIRECTOR
& CEO



Paul Fitton

CFO & COMPANY
SECRETARY

Agenda

- > Overview
- > Financials
- > Business outlook
- > Q&A
- > Appendix

The background of the slide is a photograph of a modern city street at night. Tall, illuminated skyscrapers line the street, and their lights reflect on the wet pavement. In the foreground on the right, a traffic light is visible, with its green light glowing brightly. The overall scene has a blue and purple color palette, giving it a futuristic or high-tech feel.

01

Overview

H122 at a glance

Operational and financial highlights

COMPLETION OF
ACQUISITIONS AND
LISTING ON ASX

PRO FORMA
REVENUE
\$69.2M

PRO FORMA
EBITDA
\$7.4M

CONTINUING TO
SECURE KEY
CONTRACT WINS
AND EXTENSIONS

ONGOING
IMPLEMENTATION
OF SYNERGIES AND
INTEGRATION

GROWING THE
FLEET AND TEAM
TO MEET DEMAND

CURRENT RUN RATE
AND PIPELINE
EXPECTED TO
DELIVER
CONTINUED
REVENUE GROWTH
IN H2

AVADA REAFFIRMS
FY22 PROSPECTUS
FORECAST

Business highlights

 **Essential**
provider to the
government, civil
services and
infrastructure industries

A PLATFORM FOR SOLID RETURNS & GROWTH OPPORTUNITY



Recurring and repeatable revenue from delivery of mandatory and essential services



Strong infrastructure tailwinds



Track record of delivering organic growth and expansion

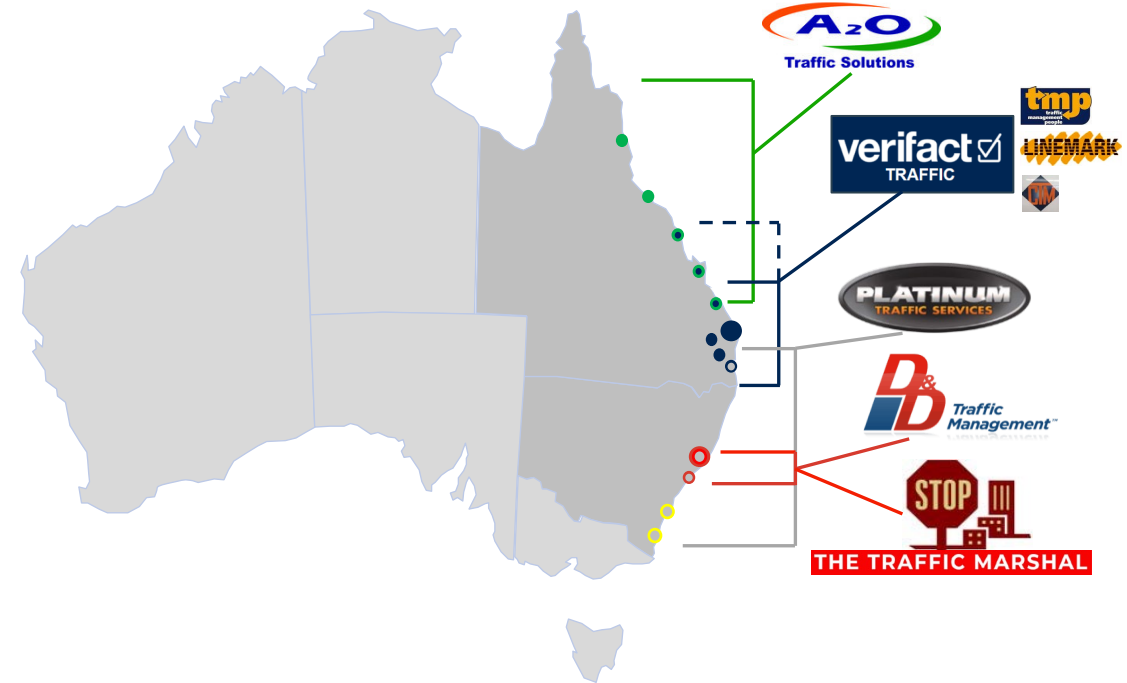


Fragmented sector ripe for consolidation

An overview of AVADA and traffic management

Traffic Management Services

Traffic plan designing and permit services	Site inspections/surveys, safety/risk audits, traffic management plans developed using industry software, etc.
Onsite traffic control	Managing road diversions/detours, road/lane/tunnel closures, pedestrian management, etc.
Equipment hire	Traffic control equipment for hire, such as road cones, arrow boards, temporary lights, emergency signs, variable message signs (VMS), stop/go systems, portable boom gates, truck mounted attenuators (TMAs), pedestrian barriers, portable traffic lights, personal protective equipment (PPE), etc.
Incident response	Use of specialised incident response vehicles and crew as first responders in the event of roadside hazards, accidents and emergencies



	Vehicles	Traffic Controllers	Depots
QLD	632	1,213	19
NSW	192	408	7
Total	824	1,621	26

02

Financials



Financial performance summary

Pro forma summary income statement

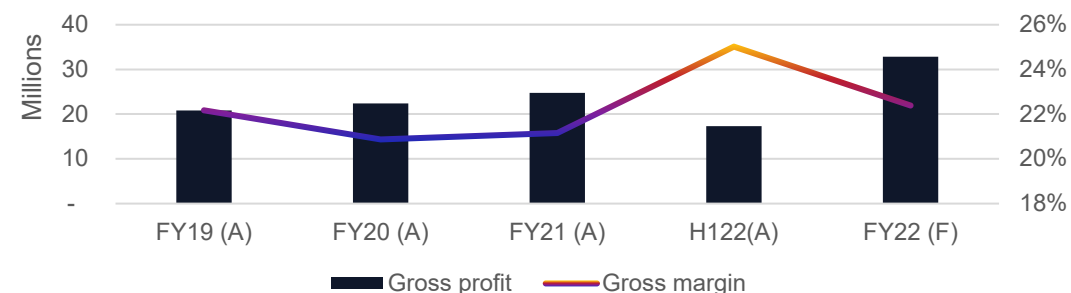
\$'000s	FY19A	FY20A	FY21A	H122A	FY22F
Revenue - organic	93,703	107,230	116,959	64,532	132,143
Revenue from acquisitions	-	-	-	4,717	14,488
Revenue (incl. other income)	93,703	107,230	116,959	69,249	146,631
Gross Profit	20,777	22,378	24,747	17,324	32,817
Gross margin	22%	21%	21%	25%	22%
Gross margin (excl. other income)	22%	20%	21%	22%	21%
EBITDA	8,269	9,558	11,540	7,428	15,511
EBITDA %	9%	9%	10%	11%	11%
Depreciation	(3,168)	(3,534)	(3,550)	(1,907)	(3,871)
NPATA	3,432	4,029	5,417	3,662	7,712
Vehicles (at period end)	592	635	657	824	847
Revenue per vehicle (H122 annualised) - \$'000s	158	169	178	168	173
Traffic controllers at period end	n/a	n/a	1,413	1,621	n/a

Notes:

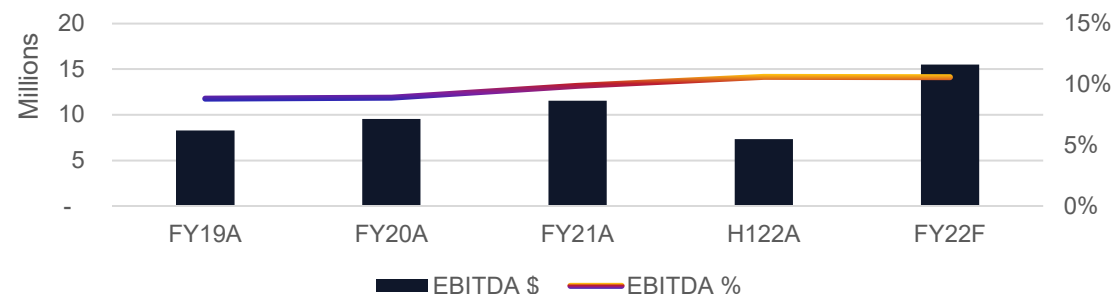
1. FY19A, FY20A, FY21A and FY22F are as presented in the AVADA Group Limited Prospectus dated 9 November 2021, the Supplementary Prospectus dated 23 November 2021 and the Second Supplementary Prospectus dated 7 November 2021 (together the Prospectus).
2. H122A has been prepared on a pro forma basis, consistent with the preparation of the FY22 forecast as presented in the Prospectus. H122A is unaudited and includes material adjustments which have not been subject to independent review. Refer to Appendix A for a reconciliation of H122A pro forma financial information.

Other income relates to COVID funding received under the NSW Government Job Saver scheme.

GROSS PROFIT & GROSS MARGIN

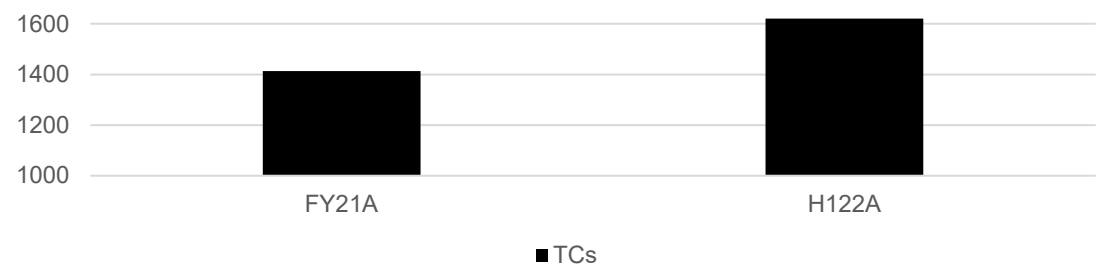


EBITDA & EBITDA %

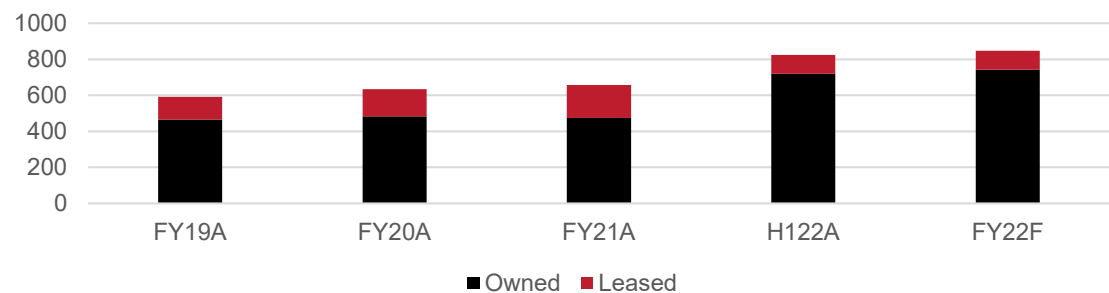


Financial performance summary

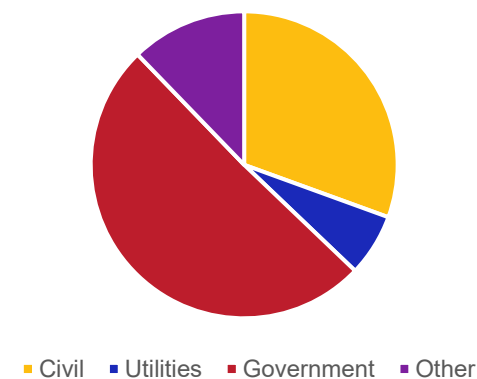
TRAFFIC CONTROLLERS



VEHICLES



CUSTOMER CATEGORIES (H122A)



Investment in fleet and recruitment gives increased vehicles and traffic controllers to support H2 revenue growth and beyond

Over 50% of revenue from the Government sector, typically being recurring maintenance contracts

Pro forma income statement

\$'000s	FY19A	FY20A	FY21A	H122A	FY22F
Revenue - Organic	93,703	107,230	116,959	64,532	132,143
Revenue - Acquisitions	-	-	-	4,717	14,488
Total Revenue	93,703	107,230	116,959	69,249	146,631
Cost of Sales	(72,927)	(84,851)	(92,212)	(51,925)	(113,815)
Gross Profit	20,777	22,378	24,747	17,324	32,817
Employee benefit expenses	(7,235)	(7,638)	(8,242)	(5,401)	(11,039)
General, Admin and Other Expenses	(5,273)	(5,182)	(4,965)	(4,494)	(6,267)
Operating expenses	(12,508)	(12,820)	(13,207)	(9,896)	(17,306)
EBITDA	8,269	9,558	11,540	7,428	15,511
Depreciation	(3,168)	(3,534)	(3,550)	(1,907)	(3,871)
Amortisation of intangible assets	(3,984)	(3,984)	(3,984)	(2,196)	(3,984)
EBIT	1,116	2,040	4,005	3,324	7,655
Net finance income / (expense)	(197)	(269)	(251)	(289)	(623)
Profit before tax	918	1,771	3,754	3,036	7,033
Tax expense	(276)	(531)	(1,126)	(911)	(2,109)
Net Profit after tax	643	1,240	2,628	2,125	4,923
Add back: amortisation (net of tax)	2,789	2,789	2,789	1,537	2,789
NPATA	3,432	4,029	5,417	3,662	7,712

FY19A, FY20A, FY21A and FY22F are as presented in the AVADA Group Limited Prospectus

H122A has been prepared on a pro forma basis, consistent with the preparation of the FY22 forecast as presented in the Prospectus. H122A is unaudited and includes material adjustments which have not been subject to independent review. Refer to Appendix A for a reconciliation of H122A pro forma financial information

Employee benefit expenses are performing slightly below the full year run rate due to forecast positions not yet filled

General, admin and other expenses are performing slightly ahead of the full year run rate

Balance sheet

000s	Pro forma Jun-21	Dec-21
Current Assets		
Cash and cash equivalents	0	2,156
Inventory	4	-
Trade and other receivables	14,553	13,794
Other current assets	1,016	1,808
Total current assets	15,573	17,758
Non-Current Assets		
Property, plant and equipment	9,096	12,469
Right-of-use assets	3,164	4,225
Intangible assets	67,763	60,896
Deferred tax assets	2,066	-
Other non current assets	-	123
Total non-current assets	82,089	77,713
Total assets	97,662	95,471
Current Liabilities		
Trade and other payables and accruals	(8,934)	(10,313)
Financial liabilities - current	(2,146)	(1,036)
Income tax payable	-	-
Employee related provisions	(2,630)	(2,808)
Total Current Liabilities	(13,710)	(14,157)
Non-Current Liabilities		
Financial liabilities	(16,008)	(16,691)
Deferred tax liability	(5,972)	(3,571)
Leases	(2,771)	(3,259)
Total Non-Current Liabilities	(24,751)	(23,521)
Total liabilities	(38,461)	(37,678)
Net assets	59,201	57,793
Total Equity	59,201	57,793

Jun-21 is as presented in the Prospectus and was prepared on a pro forma basis to reflect the impact of the acquisitions and listing as at 30 June 2021. Dec-21 reflects the reported balance sheet, extracted from the AVADA Group Limited half-year financial report

Increase in property, plant and equipment reflects the acquisitions of Customised Traffic Management No.2 Pty Ltd, Linemark Traffic Control Pty Ltd and Traffic Management People No. 2 Pty Ltd in September and October by Verifact Traffic Pty Ltd (\$2.3m)

Investment in fleet, in particular in Queensland of \$1.0m, will enhance the delivery capability of the Group

Other current assets includes prepayments in respect of insurance and workcover

Deferred tax assets have been combined with deferred tax liabilities at 31 December 2021

Intangible assets includes goodwill and intangible assets in respect to customer lists and brands

Financial liabilities – current includes the current portion of lease liabilities and drawdowns on the working capital facility at 31 December 2021

Financial liabilities – non-current includes contingent consideration in respect the earnout arrangements for D&D Services Pty Ltd and Verifact Traffic Pty Ltd and the draw down on the market rate loan to fund the acquisitions

03

Business outlook



Performance and growth strategies

Synergies

- Insurers engaged to implement group wide coverage
- Fuel supply negotiations on a group wide basis
- PPE & equipment supplier pricing being reviewed and negotiated on a group basis
- ISO accreditation and compliance being reviewed for supplier consolidation
- Rostering and vehicle tracking systems being reviewed for supplier consolidation

People and Assets

- Dedicated recruitment and training manager
- Proven recruitment and training strategy (90 new team members recruited and trained in the past three months) to be expanded throughout Queensland and New South Wales
- > 50 new vehicles delivered in H1
- National supplier agreement for fleet and equipment hire has been agreed to support the Group during periods of high volume

Clients

- Strong record of contract wins and extensions in H1 (refer overleaf)
- Review of current clients and strategies to identify opportunities to develop relationships and workflow with existing clients across the Group
- Opportunities identified to capitalise on geographical spread of the Group, supporting our clients in more areas with the resources of the Group

Acquisitions

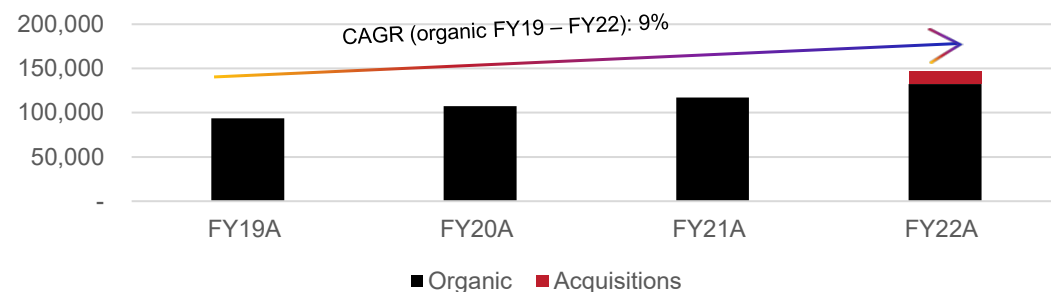
- Integration of Verifact acquisitions in H1 completed
- Continue to examine opportunities for further acquisitions nationally

Customer contracts - wins and completions

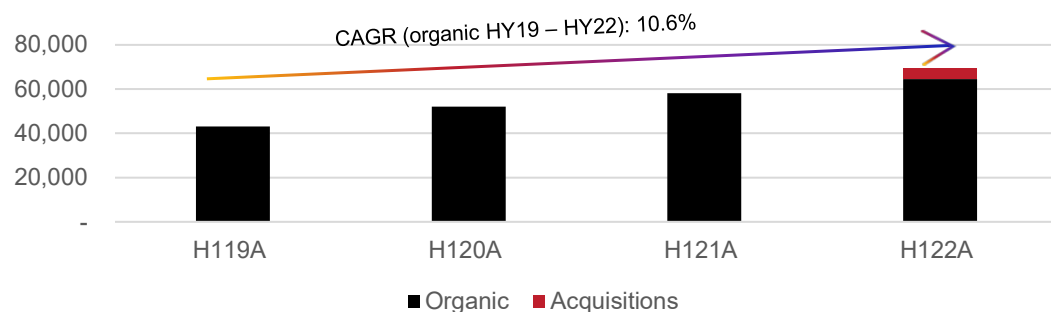


A history of delivering revenue growth and margin improvement

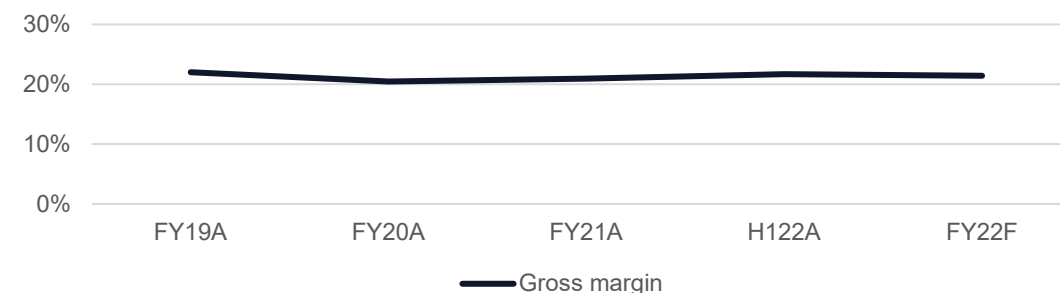
REVENUE GROWTH - FY



REVENUE GROWTH - HY



GM % *




* Excludes other income

EBITDA %



Trading update & business outlook

 **AVADA reaffirms the outlook for FY22 in line with the Prospectus**

Expected continued revenue growth in H222

Recruitment of over 90 traffic controllers in the past three months, with these recruitment initiatives to be expanded across the Group to support revenue growth

Investment in fleet for a stronger asset base at Dec-21 to deliver increased revenue in H222 and beyond

Continuing contract wins and retentions with more work from current client growth initiatives being identified and implemented

Assumption of minimal COVID disruptions in H2 and improved weather forecast (neutral La Nina conditions expected from Autumn)

Active margin improvement through synergies and input costs being pursued

04

Q&A





A

Appendix



Pro forma reconciliation

\$'000s	H122 Actual (a)	Pro forma adjustments ⁽²⁾								H122A Pro forma
		Pre acquisition trading (b)	Public company costs (c)	Management remuneration (c)	Related party arrangements (c)	Costs associated with the offer (c)	Founder shares (c)	Amortisation (d)	Normalisation adjustments (e)	
Traffic Management Revenue	2,937	63,792	-	-	(414)	-	-	-	-	66,315
Other Revenue	12	2,919	-	-	-	-	-	-	3	2,934
Total Revenue	2,949	66,711	-	-	(414)	-	-	-	3	69,249
Cost of Sales	(2,391)	(49,682)	-	-	-	-	-	-	147	(51,925)
Gross Profit	558	17,029	-	-	(414)	-	-	-	150	17,324
Employee benefit expenses	(815)	(5,032)	(279)	81	294	-	-	-	350	(5,401)
General and admin expenses	(7,274)	(2,492)	(21)	-	4	-	-	-	668	(9,115)
Other expenses	(203)	(2,289)	(119)	-	89	3,517	3,450	-	176	4,620
Operating expenses	(8,292)	(9,813)	(419)	81	386	3,517	3,450	-	1,193	(9,896)
EBITDA	(7,734)	7,217	(419)	81	(27)	3,517	3,450	-	1,343	7,428
Depreciation	(185)	(1,722)	-	-	-	-	-	-	-	(1,907)
Amortisation of intangible assets	(189)	-	-	-	-	-	-	(2,007)	-	(2,196)
EBIT	(8,108)	5,494	(419)	81	(27)	3,517	3,450	(2,007)	1,343	3,324
Net finance income / (expense)	(21)	(273)	-	-	-	-	-	-	5	(289)
Profit before tax	(8,129)	5,221	(419)	81	(27)	3,517	3,450	(2,007)	1,349	3,036
Tax expense ⁽¹⁾	1,316	(933)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(911)
Net Profit after tax	(6,813)	4,288	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2,125
Add back: amortisation (net of tax)	132	-	-	-	-	-	-	1,405	-	1,537
NPATA	(6,680)	4,288	N/A	N/A	N/A	N/A	N/A	N/A	N/A	3,662

Notes:

1. Pro forma tax expense calculated at 30% of profit before tax
2. Pro forma adjustments have not been subject to independent audit or review

Pro forma reconciliation

(a) Reported financial information for AVADA Group Limited for the six months ended 31 December 2021

(b) Adjustment to reflect the financial results of the subsidiaries for the period 1 July 2021 to 15 December 2021

(c) Pro forma adjustments are consistent with adjustments 1, 2, 3, 4 and 6 of table 5.6.2 of the Prospectus

(d) Amortisation of intangible assets for the period to 15 December 2021

(e) Normalisation adjustments reflect non-recurring transaction expenses incurred by the subsidiaries prior to acquisition, shares issued to management and directors and related expenses and prior period adjustments reflected on acquisition

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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