

ASX Announcement

15 February 2024

Maas Group delivers record 1H result with underlying EBITDA¹ growth of 47% and cash conversion of 110% for the six months ended 31 December 2023.

FINANCIAL HIGHLIGHTS:

- Underlying Sales revenue up 32% to \$469.3m
- Underlying EBITDA up 47% to \$97.1m
- Cashflow conversion up 21ppt to 110%
- Underlying NPAT up 52% to \$38.5m
- Underlying EPS up 44% to 11.8 cents
- Statutory EPS up 35% to 10.4 cents
- Interim dividend declared of 3 cents per share, fully franked

Leading independent Australian construction materials, equipment, and service provider Maas Group Holdings (“MGH” or “the Company”) today announced its financial results for the half year ended 31 December 2023 (1H24).

MGH Managing Director and CEO Wes Maas said “We have delivered a record first half result with strong contributions from both our newly acquired and existing businesses. Pleasingly we achieved cash conversion of 110% reflecting focused working capital discipline.”

“We have made good progress on the capital recycling program with advanced negotiations on a number of commercial properties meaning we are on track to realise the \$70m target proceeds.”

“Normalisation of weather relative to the adversely impacted 1H23 saw strong performances from our Construction Materials and CC&H segments while increases in interest rates provided ongoing headwinds for our residential property business”.

“These strong results are a continuation of the impressive growth delivered by the business since listing. Over the five year period (1H20-1H24) MGH has achieved EBITDA CAGR of 34%. This track record of growth is a reflection of the values and owner mindset that is firmly embedded in our culture in conjunction with a strategically located asset base well positioned for the substantial renewable energy and infrastructure investment trends.”

¹Terminology changed from “Proforma” to “Underlying” to align with ASX peers. “Proforma” terminology used historically to highlight the add back of pre-acquisition earnings for businesses acquired during the IPO process and subsequently for businesses acquired under lock box arrangements. No changes have been made to the methodology of adjustments to statutory profit.

“Continuing our strategic investment in our Construction Materials business we have recently completed the acquisition of three high quality quarries. Expanding our Greater Melbourne presence, the acquisition of strategic, long-term quarry resources in a high-demand and depleting supply market is also highly complementary to Dandy’s existing quarry and concrete plant footprint in South-East Melbourne.”

Underlying Financial Results summary

	1H24	1H23	Change %
Revenue (\$m)	469.3	355.2	32%
EBITDA (\$m)	97.1	66.1	47%
EBIT (\$m)	71.2	45.5	56%
Net Profit After Tax (\$m)	38.5	25.3	52%
Earnings per share (cents)	11.8	8.2	44%
Operating cashflow conversion	110%	89%	+21 ppt

Review of operations:

In announcing the Company’s full year results, MGH Managing Director and CEO Wes Maas said that MGH had delivered strong overall results with the core operating industrial divisions, Construction Materials and CC&H the dominant drivers.

Construction Materials: EBITDA grew 109% to \$36.4m reflecting normalisation of weather relative to 1H23 and strong growth from both newly acquired and existing businesses. EBITDA margin of 20.5% was slightly above 1H23 driven by improved quarry margins (ASP and volume growth) offset by shift in revenue mix with proportionate increase from concrete, asphalt and spray seal.

Civil construction and hire (CC&H): EBITDA increased by 29.4% to \$38.8m as weather normalised relative to 1H23 and driven by growth in renewable energy related civil projects. EBITDA margins (1H24: 21.4% vs 1H23: 17.2%) were driven by revenue mix shift towards key civil projects.

Commercial Real Estate: EBITDA inclusive of fair value declined by 22% to \$15.6m with fewer completed projects and associated fair value adjustments in the half. EBITDA ex fair value adjustments increased by 6% to \$7.3m driven by solid growth across the commercial construction and building supplies businesses.

Residential Real Estate: While revenue decreased by 2% to \$43.6m driven by a reduction in external land settlements (1H24: 34 vs 1H23: 55), EBITDA inclusive of fair value adjustments increased by 123% to \$11.2m driven by an englobo land sale and improved gross profit per lot from a favourable estate and product mix.

Dividend

The Board has approved an interim dividend of 3.0 cents per share fully franked. This sits within the Company's dividend payout ratio target of 20-40% of Cash NPAT.

The Dividend Reinvestment Plan will not be implemented in respect of the interim dividend and further details in relation to the dividend and key dates will be released separately.

FY24 Priorities

- Safety – our top priority as a business is to reduce the incidence of workplace injury which increased in 1H24 after a strong period previously of improvement.
- Execution of the capital recycling program to achieve the \$70m target and look for further opportunities to realise capital in line with capital discipline and optimisation principles.
- Integration of acquired businesses with a focus on the Greater Melbourne quarry operations recently acquired alongside expansion of the Dandy quarries (Grantville – Sand, Yarra Valley – Hard Rock).
- Co-ordinated approach to target Renewable Energy Zone related projects and opportunities.
- Prudent management of costs and capex in residential business while preparing to capture expected strong growth as interest rates stabilise and consumer confidence rebounds.
- ESG - developing a roadmap to meet future sustainability reporting requirements (ASRS Standards)

FY24 Outlook

Based on current trading conditions being maintained and normal weather, reaffirm guidance for FY24 with Underlying EBITDA expected to be in the range of \$190m-\$210m.

Progress made in 1H24 and with advanced negotiations on a number of commercial properties, the capital recycling program is on track to achieve targeted \$70m proceeds.

Investor and analyst call

MGH will host an investor and analyst webcast today, Thursday February 15th 2024, at 9:00am (AEST). To join the webcast, register via the following link:

<https://webcast.openbriefing.com/mgh-hyr-2024/>

About MAAS Group Holdings Limited

MGH is a leading independent Australian construction materials, equipment and service provider with diversified exposures across the civil, infrastructure, mining and real estate end markets.

This release has been authorised to be given to ASX by the Board of Maas Group Holdings Limited. More detailed information regarding MGH's 1H24 results can be found in our 1H24 Results Presentation and the 1H24 Appendix 4D.

For analyst and investor information, please contact:

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