

Quarterly Operational Update – Q2 FY22 & Increased Market Guidance

Perth, Australia – 31 January 2022: Mader Group Limited ('Mader') (ASX:MAD), a leading global provider of specialist heavy equipment maintenance services, is pleased to provide an update on its performance for Q2 FY22.

AU\$	Unit	Q2 FY22	Q2 FY21	Variance (\$)	Variance (%)
			(PCP)		
Revenue					
Australia	\$m	80.5m	63.8m	+16.7m	+26%
North America	\$m	10.6m	6.2m	+4.4m	+71%
Rest of World	\$m	3.0m	1.5m	+1.5m	+100%
Total Revenue	\$m	94.1m	71.5m	+22.6m	+32%
EBITDA	\$m	11.8m	9.0m	+2.8m	+31%
EBITDA Margin	%	12.5%	12.6%	-0.1%	-0.5%
Net Debt	\$m	22.3m	19.9m	+2.4m	+12%

Note: All amounts presented in the table above are denominated in Australian Dollars and based on unaudited management accounts.

OVERVIEW:

- Mader reports its fourth consecutive quarter of record revenue, delivering \$94.1m, up 32% on the prior corresponding period ('PCP').
- Based on the **continued growth in customer demand** across the global mining industry Mader upgrades its FY22 guidance to **revenue of at least \$370m** delivering a **forecast NPAT of at least \$24m**.
- The Australian business generated \$80.5m in revenue, up 26% vs PCP. This growth is attributed to **strong commodity prices leading to increasing demand** for services on the East Coast and **sustained high demand** across all key mining regions in Western Australia, South Australia and the Northern Territory.
- North American operations expanded over the quarter to generate \$10.6m in revenue, up 71% vs PCP (up 74% excluding foreign exchange movements). **First revenue in Canada was secured through work scopes in Fort McMurray, Alberta.**
- Rest of World operations generated \$3.0m for the quarter, up 100% vs PCP. Activity levels remain steady however growth is impacted by ongoing mobility and health restrictions.
- Organic start-up, **Mader Energy**, launched to diversify revenue streams and target large addressable markets within the oil and gas industry across North America. The venture aims to **accelerate Mader's expansion in North America.**
- Mader recently completed the sale of its 25% equity interest in Western Plant Hire Holdings Limited ('WPH'), **generating post-tax cash inflows of ~\$7m**. The proceeds from the investment sale will be **re-invested in growth capital.**
- Mader recognised as the **Employer of the Year** at the **2021 RISE Business Awards.**

Executive Director and Chief Executive Officer, Justin Nuich, commented that Mader's continued expansion of its existing services has resulted in continued revenue growth across all segments.

"We are pleased to deliver another quarter of record revenue. This solid growth has provided us with the confidence to increase our guidance for FY22 to revenue of at least \$370m delivering a forecast NPAT of at least \$24m.

"Importantly this growth in revenue has been delivered with consistent margins despite a number of headwinds including workforce mobility and health restrictions. It is a testament to our people who have successfully navigated these challenges.

"The introduction of our mechanical service offerings within the oil and gas industry throughout North America is the latest campaign to expand our global presence. The fundamentals of the industry are highly comparable to our core operations, presenting an attractive market to deploy our flexible tap-on, tap-off business model.

"Lastly, I am very proud to announce that Mader was named the Employer of the Year at the 2021 RISE Business Awards sponsored by Business News. At Mader we invest heavily in our people and culture to guarantee our employees access to meaningful, long-term careers. This award is a testament to this investment."

OPERATIONAL UPDATE

Zero Harm

In Q2 FY22, Mader commenced the roll out of its custom-built mobile app to its workforce across North America. The app connects its network of remote employees to company news, important alerts and safety tools. Mader also developed an internal system to track and securely monitor employee vaccination statuses where required by local government mandates or regulation. This new system will enable the business to navigate evolving COVID-19 regulations whilst quickly and efficiently satisfying customer requirements.

Australia

Increased activity levels saw Mader's Australian operations return \$80.5m in revenue, representing a 26% increase vs PCP. The Company's operations on the East Coast and Mader's infrastructure maintenance services were key growth drivers during the period and continue to receive positive feedback from customers.

During the period, Mader was awarded a five-year contract by a major owner miner to install Autonomous Haulage Systems (AHS) across their light and heavy vehicle fleet in the Pilbara region. At its peak, this contract could see Mader maintain up to 500 pieces of equipment per annum. Across Australia, revenue from the Company's ancillary services increased 10% vs PCP.

The Company's infrastructure maintenance division delivered strong revenue growth during the quarter, increasing 63% versus PCP. The team is now delivering infrastructure maintenance across four states; Western Australia, Queensland, South Australia and the Northern Territory.

On the East Coast, operational growth was aided by strong commodity prices and increased customer requests. During the quarter Mader introduced a dedicated Hard Rock division,

focusing specifically on hard rock mineralisation and its associated equipment maintenance requirements.

In Western Australia, activity in Perth's maintenance workshop included several major rebuilds for key customers based in the Eastern States. In response to increasing demand Mader has secured a custom-built 3,400m² facility which is due for completion in mid-2022. The economics of this new world-class facility are underpinned by a confirmed forward order book of 28 machine rebuilds in FY23, valued at more than \$20m.

During the quarter Mader entered into an agreement to divest its 25% equity interest in WPH, a Western Australian based mobile plant hire provider. Since its acquisition circa 12 months ago the WPH investment has performed well and delivered solid returns. The decision to divest was based on capital allocation rationale with the disposal delivering post-tax cash inflows of ~\$7m. This capital will be redeployed to fund growth activities. Completion occurred in late January 2022 with all profits to be excluded from the underlying financial result for FY22. On this basis the sale will not impact Mader's guidance.

During the quarter, Mader's Trade Upgrade Apprenticeship Program started its tenth intake, with a total of 128 Mechanics now inducted since the program's inception in 2019. Demand for the program is growing on the East Coast, with a large market for Trade Upgrade Mechanics emerging. This program continues to make a valuable contribution to the resources sector by upskilling mechanical tradespeople and providing sustainable, long-term solutions to the industry.

North America

North American operations returned \$10.6m in revenue during Q2 FY22, up 71% vs PCP (74% excluding foreign exchange movements). In the United States the business experienced strong demand from existing customers for additional support. The Canadian service line delivered first revenue during the quarter through a recurring work scope in Alberta.

In anticipation of continued growth throughout the region, a new fleet of service vehicles has been ordered as business development and recruitment work-flow trends positively. Additional experienced operational management have been repositioned throughout North America to ensure the Group is able to maximise its market share in this significant market.

Mader Energy, a newly formed business unit, was launched to target oil and gas industry opportunities throughout North America. Initial business development activities will focus on upstream and midstream operators throughout the Permian, Barnett, Eagle Ford, Woodford and Haynesville shale formations located across Texas, Oklahoma, New Mexico, Louisiana, Mississippi, Arkansas and Kansas.

The organic start-up, based in Fort Worth Texas, aims to accelerate Mader's expansion in North America through the introduction of new revenue streams. Several Master Services Agreements have been executed including one with a major multinational oil and gas company and first work scopes have been delivered in Q3 FY22.

Rest of World

The Rest of World segment experienced an increase in revenue during Q2 FY22, representing a 100% increase vs PCP, delivering \$3.0m. During the period, Mader continued a long-term project for an open-pit gold mine in West Africa. The Company will continue to deliver recurring scopes of work in other parts of Africa and throughout the Asian and Pacific

regions. Due to a widening maintenance deficit caused by the pandemic, the demand for Mader's specialists is steadily increasing. However, government restrictions continue to cause mobility challenges and work permit difficulties.

FINANCIAL POSITION

The Company's net debt closed at \$23.3m, up from \$19.9m in Q2 FY21. The modest increase in net debt is related to the ongoing investment in growth capital for the North American businesses.

During the quarter Mader completed a refinance of its debt facilities. The restructured facilities have extended the tenure and reduced borrowing costs. The new facilities increase overall borrowing capacity within Australia through dedicated working capital, asset finance and growth facilities. The agreed structure also supports additional borrowing capability outside of Australia to complement the development of the North American business.

OUTLOOK & MARKET GUIDANCE

During the first half of FY22 Mader has reported revenue totalling \$185m, an increase of 31% on the PCP. Importantly, this revenue growth has been delivered with improved profit margins and EBITDA growth of 38% on the PCP.

Current market conditions provide Mader with the confidence that demand for its services will continue throughout 2H FY22 and it is on this basis that revenue for FY22 is now expected to be at least \$370m, delivering a forecast NPAT of at least \$24m.

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About Mader Group Limited

Mader Group Limited (ASX:MAD) is a global leader in the provision of heavy equipment and infrastructure maintenance labour. The Company's well-established labour market platform allows it to connect a global network of over 240 mining and civil customers with a skilled in-house workforce of approximately 1,700+ personnel on flexible, fit for purpose, and cost-effective terms. Mader was named 2021 Most Trusted Mining and Civil Contractor by the Australian Enterprise Awards and Employer of the Year at the 2021 RISE Business Awards sponsored by Business News.

Contacts

Chief Executive Officer

Justin Nuich
justin.nuich@madergroup.com.au

Chief Financial Officer

Paul Hegarty
paul.hegarty@madergroup.com.au

Investor Relations & Media

Natasha Marti
natasha.marti@madergroup.com.au

Approved for release by the Board of Mader Group Limited