

Market Guidance Exceeded & Quarterly Operational Update – Q4 FY23

Perth, Australia – Tuesday, 25 July 2023. Mader Group Limited (ASX:MAD), a leading global provider of specialist technical services across multiple industries, provides the following update on its performance for Q4 FY23 ('Q4').

	Unit	Q4 FY23	Q4 FY22	Variance (\$)	Variance (%)
			(PCP)		
Revenue					
Australia	[\$m]	130.5	99.5	31.0	31%
North America	[\$m]	40.4	16.9	23.5	139%
Rest of World	[\$m]	2.0	2.3	(0.3)	-13%
Total Revenue	[\$m]	172.9	118.7	54.2	46%
EBITDA	[\$m]	23.5	15.1	8.4	56%
EBITDA Margin	[%]	13.6%	12.7%		
Net Debt	[\$m]	42.7	50.9*		

All amounts presented in the table above are based on unaudited management accounts. * For balance sheet items such as net debt, the PCP is the period ended 31 December 2022.

EXECUTIVE SUMMARY:

- Generating revenue of \$172.9m in Q4, **Mader delivered another record quarterly performance, an increase of 46% versus the prior corresponding period ('PCP') and 11% growth quarter on quarter.**
- FY23 revenue closed at \$608.8m (unaudited), exceeding Mader's twice-upgraded market guidance of revenue of at least \$580m (initially \$510m+, upgraded in October 22 to \$550m+ and further upgraded in February 23 to \$580m+).** This represents **year on year growth of 51%**.
- Mader reaffirms its FY23 NPAT will be at least \$37m** (initially \$33m+, upgraded in October 22 to \$35.5m+ and further upgraded in February 23 to \$37m+). Mader expects to release its audited NPAT results on Tuesday, 22 August 2023.
- Customer demand for core services in Australia remained strong,** delivering revenue of \$130.5m, **an increase of 31% vs PCP.** Mader continues to **experience success in the market penetration of new vertical service offerings.**
- The **North American segment delivered \$40.4m of revenue, a 139% increase vs PCP (123% on a constant currency basis).** **Continued momentum within North America** was delivered through **expansion into new regions and an expanded customer base.**
- Net debt closed the financial year at \$42.7m (unaudited),** a reduction of \$8.2m since December 2022 reflecting strong operating cashflows in 2H FY23.





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Executive Director and Chief Executive Officer, Justin Nuich commented that the Group's exceptional performance in Q4 had closed out the financial year in a strong position and positioned the Group well for FY24.

"The last quarter of FY23 delivered an exceptional result of \$172.9m in revenue, and notably our twelfth consecutive quarter of record revenue growth. Outperforming market guidance, we delivered \$608.8m of revenue for the year (unaudited), a 51% increase year on year. This reflects the strength and resilience of our core businesses operations and highlights our focus on building out industry verticals in line with our strategic plan.

"Across the globe our performance has exceeded expectations, characterised by strong growth in the Australia segment coupled with continued expansion throughout North America. We have achieved outstanding early growth in Canada, with business development and local recruitment efforts performing well above expectations. We are now operating in five provinces and territories in the region with ~160 skilled technicians catering to strong customer demand.

"Investing in our people, our two culture-led programs Global Pathways and Three Gears, continue to enhance the Mader employment experience for our global workforce. Providing opportunities on and off site, Global Pathways has allowed Mader to mobilise 65 expatriate technicians to operations in Canada. Three Gears, our internal culture division has engaged our workforce through a variety of thrilling experiences; canyoning, camping, hiking and more, all whilst providing an opportunity for our workforce to build relationships and comradery.

"Looking ahead to the new financial year, we are pleased with the foundations that have been laid over the last 12 months across multiple industries and regions. We are well positioned to leverage our expertise and continue to expand on our market share across multiple verticals. With a dedicated team, culture-led approach and the support of a unique business model we are optimistic about our ability to drive sustainable growth well into the future."

OPERATIONAL UPDATE

Zero Harm

During the quarter, Mader continued to invest in its safety systems with a focus on incident reporting, investigations and group wide safety-related communications. In addition, Mader initiated a trial of in-vehicle fatigue and driver monitoring systems to address vehicle-based risks. The Group closed out the financial year with a TRIFR that improved 14% year on year.

Australia

The Australian segment delivered \$130.5m in revenue, up 31% vs PCP. The core business performed strongly with demand for heavy equipment maintenance continuing to exceed Mader's ability to supply services across the Group's national customer base.

One of Mader's strategic growth drivers, infrastructure maintenance, continued to expand its customer base and regional presence during the quarter. A milestone for the period was the business unit successfully delivering a major shutdown for a new customer in the Hunter Valley region of New South Wales.



Mader's presence in the rail, road transport, and marine industries continued to strengthen over the quarter, with the divisions expanding their reach and reputation. Demand for electrical services grew steadily, particularly in the autonomous haulage space, where a team of electrical specialists supported a customer on a large-scale project. New opportunities are being actively pursued through business development, with a focus on further market penetration.

Mader's tailored Trade Upgrade program welcomed three groups of new apprentices during the quarter; one in Western Australia and two in Queensland. Over FY23, more than 60 qualified, heavy-duty technicians were delivered to Mader's existing service lines. With more than 200 dual-trade technicians graduating since its inception four years ago, and a further 208 on track for completion over the next 18-months, the program will continue to address a long-term structural underinvestment in the training of technicians throughout the resources industry.

The Group's Mader Maintenance Centre continues to establish itself in the Perth market with work scopes delivered for new tier-one mining clients during the quarter. The facility is well positioned for the new financial year with a strong rebuild pipeline indicating a promising outlook for continued growth.

North America

Strong momentum carried the North America segment into Q4, generating revenue of \$40.4m, up 139% vs PCP (123% on a constant currency basis).

Over the quarter, the Group expanded its service offerings within the United States, capturing new regions and covering a diverse range of commodities. As the market evolves, the business units' ancillary services will be expanded to complement current service offerings to existing customers.

Demand for Mader's technical specialists remains strong in Canada with work now commenced in five provinces and territories; British Columbia, Alberta, Ontario, Nunavut and North West Territories. With ~160 technicians now mobilised throughout Canada the business unit is focussed on diversification of commodity exposure into the new financial year. 65 expatriates from Australia and New Zealand have now been mobilised through Mader's unparalleled Global Pathways program into North America.

Rest of World

The Group's Rest of World segment reported revenue of \$2.0m for the quarter with specialist maintenance and technical advisory provided for customers throughout Asia and Oceania. Despite the 13% decrease vs PCP, the segment experienced a slight increase of 25% quarter on quarter, as work was secured with new and existing customers.





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COMMUNITY & SOCIAL RESPONSIBILITY

During the quarter, Mader successfully conducted their first 'Intro to Mining' sessions as part of the community-focused education program, Tools for Life. The company actively engaged with local secondary schools in the Perth metropolitan area, extending an invaluable opportunity to students to expand their industry knowledge and gain practical technical experience. Mader is passionate about equipping the next generation with the tools they need to thrive as future technicians in the industries they operate.

FINANCIAL POSITION

The Group's net debt position closed the financial year at \$42.7m. This is a 16% reduction on net debt at 31 December 2022 and reflects strong cash flow conversion throughout 2H FY23 and diligent working capital management.

COMPANY SECRETARY

Ms Shannon Coates has resigned as Company Secretary effective from 25 July 2023. The Company expresses its gratitude to Ms Coates for her contribution to the business since its 2019 initial public offering. The Company confirms that existing Joint Company Secretary Ms Sarah Wilson will continue as Company Secretary. For the purposes of ASX Listing Rule 12.6 Ms Sarah Wilson will be the person responsible for communications between the Company and ASX.

OUTLOOK

Whilst skills shortages continue to pervade the industries in which Mader operates, the Company's culture-led business model prioritises building a business that is 'made for its people', effectively positioning Mader as a first-class employer desired by technical specialists across various industries. This differentiating factor, when coupled with significant addressable markets in new and existing regions, places Mader well for the new financial year and beyond.

Mader expects to release its audited FY23 results on Tuesday, 22 August 2023.

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About Mader Group Limited

Mader Group Limited (ASX:MAD) is a global leader in the provision of specialist technical services across multiple industries. Today, the Company's well-established labour market platform allows it to connect a global network of over 350 customers to a skilled in-house workforce of approximately 2,500+ personnel on flexible, fit for purpose, and cost-effective terms. Mader was named Large Business of the Year at the 2022 RISE Business Awards, 2022 Employer of Choice by the Australian Business Awards, received an excellence award for Workplace Flexibility at the 2022 Australian HR Awards and were named finalists for Best Candidate Experience Initiative at the 2023 SEEK STAR Awards.

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