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Q2 FY24 Quarterly Operational Update & 1H FY24 Financial Performance

Perth, Australia – Tuesday, 30 January 2024. Mader Group Limited (ASX:MAD), a leading global provider of specialist technical services across multiple industries, provides the following update on its performance for Q2 FY24 ('Q2') and 1H FY24 ('1H').

	Q2 FY24	Q2 FY23	Variance (\$)	Variance (%)	1H FY24	1H FY23	Variance (\$)	Variance (%)
		(Q2 PCP)	(Q2)	(Q2)		(1H PCP)	(1H)	(1H)
Revenue								
Australia	141.0	111.8	29.2	26%	275.1	218.5	56.6	26%
North America	45.7	31.1	14.6	47%	94.2	57.4	36.8	64%
Rest of World	2.6	2.1	0.5	24%	5.1	4.5	0.6	13%
Total Revenue	189.3	145.0	44.3	31%	374.4	280.4	94.0	34%
Net Debt*	35.3	42.7	-	-	35.3	42.7	-	-
EBITDA	24.6	18.0	6.6	37%	48.5	33.8	14.7	43%
EBITDA Margin	13.0%	12.4%	-	-	13.0%	12.1%	-	-
NPAT	-	-	-	-	24.2	17.6	6.6	38%
NPAT Margin	-	-	-	-	6.5%	6.3%	-	-

* The applicable PCP for Net Debt is the period ended 30 June 2023.

All amounts presented in the table above and commentary below are based on preliminary unaudited financial information and are denominated in millions of Australian Dollars unless noted otherwise.

EXECUTIVE SUMMARY:

- **Mader delivered another record quarterly revenue** for the Group, closing Q2 with revenue of \$189.3m, **an increase of 31%** vs the prior corresponding period ('PCP').
- With this **continued momentum** in Q2, **Mader delivered revenue of \$374.4m for 1H FY24, an increase of 34%** vs PCP.
- The **Australian segment performed strongly** in Q2, delivering \$141.0m in revenue, **an increase of 26%** vs PCP.
- In Q2, the **North America business unit delivered on its strategic priorities**, generating revenue of \$45.7m for the quarter, **an increase of 47%** vs PCP (46% on a constant currency basis).
- Net debt closed at \$35.3m, **a 17% decrease from 30 June 2023**. The Group is **now targeting zero net debt over the medium-term** whilst maintaining strong ongoing growth and a dividend payout ratio of approximately one third of NPAT.
- **EBITDA margins remained strong throughout Q2, closing at 13.0%.**
- **NPAT continues to strengthen, closing 1H FY24 at \$24.2m (6.5% margin)** vs PCP \$17.6m at 6.3%.
- **1H FY24 EBITDA margins are expected to be 13.0%**, an increase on the 12.1% margin delivered in the PCP, **delivering total EBITDA of \$48.5m for 1H FY24, an increase of 43% vs PCP.**
- **Mader Group was awarded 'Employer of Choice' at the 2023 RISE Business Awards**, reflecting the Company's commitment to providing unparalleled career opportunities for its global workforce.
- Given macro-economic conditions and demand for services in multiple industries globally, **Mader reaffirms its confidence in delivering FY24 revenue of at least \$770m and NPAT of at least \$50m.**





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Executive Director and Chief Executive Officer, Justin Nuich said that he is pleased with Mader's Q2 results and the correlating 1H FY24 performance.

"With the second quarter of FY24 closed out, we have a clear line of sight on 1H FY24 and I'm happy with how the Group is maintaining delivery on its consistent high growth expectations, all whilst improving margins. This is a testament to the hard work and drive of our people around the globe.

"Our operations team are continuing to provide the highest quality services to our 350+ customers around the world all while being laser focused on safe, efficient operational delivery and disciplined use of capital.

"Our continued delivery against the Group's strategy would not be possible without our constant focus on zero harm. To this end, during Q2, a driver fatigue management system across our global fleet was approved, adding an extra layer of safety to our 1,200 vehicles worldwide.

"Our internal adventure division, Three Gears, has significantly expanded its efforts to offer thrilling trips across Australia for our workforce. With dedicated teams on both the West and East Coasts of Australia, we are now ensuring that our employees and their loved ones can enjoy a variety of memorable and rewarding adventures. Some exciting developments have been made to further our progress in launching these experiences in North America and New Zealand.

"Lastly, I'm pleased to announce that Mader Group was awarded 'Employer of the Year' at the 2023 RISE Business Awards. Reflecting our commitment to providing exceptional opportunities for our workforce, this is an outstanding achievement that we are very proud of."

OPERATIONAL UPDATE

Zero Harm

Mader remains geared for safety through a suite of expanded and dedicated programs, technology and systems. In Q2, following the completion of technology trials and selection of a preferred supplier, Mader approved a global rollout of a driver fatigue management system with installations to occur throughout 2024.

Australia

The Australian business produced \$141.0m in revenue for the quarter, a 26% increase vs PCP. The Group's core mechanical services experienced sustained demand across the country, with verticals in infrastructure maintenance, rail and ancillary all performing to expectations.

The Mader Maintenance Centre experienced an increase in activity, with the team successfully completing offsite repairs and rebuilds for multiple tier-one mining customers. The forward order book for the remainder of FY24 and beyond remains strong.

Mader's Trade Upgrade Program continues to work towards reducing the skills shortage gap, whilst providing opportunities for Light Vehicle and Heavy Road Transport Mechanics to gain their Mobile Plant Certification. Currently, there are over 220 active apprentices in the program, developing their skillsets alongside business units in Western Australia, New South Wales and Queensland.



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North America

North America generated revenue of \$45.7m during the quarter, an increase of 47% vs PCP. The fundamentals of the region remain robust, as both headcount and customer base continue to strengthen.

During the second half of Q2, the North American business experienced the finalisation of three large, fixed term work scopes, resulting in a short-term reduction in employee utilisation. Underlying customer demand and market macros remain strong. Growth across the segment is again trending positively, which demonstrates the resilience of diversified revenue streams. Further, an influx of new talent through the Global Pathways Program is expected into the region over the next few months, which will enhance future growth.

The Group's unparalleled Global Pathways Program will continue to harness a global talent pool with 150+ skilled expatriate technicians committed to new adventures. Of these 150+, over 90 are actively engaged, providing specialist services on-ground in North America. Another 60+ technicians are expected to mobilise throughout 2024, joining the team to support significant customer demand in the region.

The Mader Trade Upgrade Program, an 18-month apprenticeship for Automotive Service Technicians to become Heavy Equipment Technicians is officially scheduled to commence in February 2024. The program is aimed at widening Mader's talent pool to fulfil a significant unmet skills demand in Canada.

Rest of World

Providing support for three countries in Asia and Oceania over the quarter, Mader's Rest of World segment delivered revenue of \$2.6m, an increase of 24% vs PCP. A rise in customer demand led to an increase of activity in the Oceania region. The business unit will continue to position themselves as the go-to provider for specialist technical services, support and training.

FINANCIAL POSITION

The Group's net debt position closed the quarter at \$35.3m, a reduction from \$42.7m at 30 June 2023. This is a 17% decrease from FY23 and reflects the Group's continued cash flow conversion strength which is underpinned by robust working capital management.

The Group is now targeting zero net debt over the medium-term whilst maintaining strong ongoing growth and a dividend payout ratio of approximately one third of NPAT.

During Q2, Mader successfully renegotiated and renewed its long-term finance facilities within Australia. The renewal of these facilities provides expanded tenure of its working capital facility to support continued growth.

OUTLOOK

The Group is pleased with their ability to delivery against its strategic priorities throughout Q2, and the favourable position the business holds as it moves into 2H FY24.

Demand for Mader's service offerings remains robust and industry verticals are developing and maturing. Further, a significant pipeline from the Global Pathways Program will deliver a steady flow of skilled expatriate technicians to fulfil unmet demand over the course of the financial year.

Global macroeconomic trends and diverse revenue streams provide Mader with confidence in reaffirming FY24 guidance of at least \$770m revenue, and at least \$50m NPAT.





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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 3,000+ personnel on flexible, fit for purpose, and cost-effective terms. Mader was named Employer of the Year at the 2023 RISE Business Awards, 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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Approved for release by the Board of Mader Group Limited.

