

Quarterly Operational Update – Q4 FY21

Perth, Australia – 28 July 2021: Mader Group Limited (ASX:MAD), a leading global provider of specialist heavy equipment maintenance services, is pleased to provide an update on its performance for Q4 FY21.

	Unit	Q4 FY21	Q4 FY20	Variance (\$)	Variance (%)
			(PCP)		
Revenue					
Australia	\$m	77.0m	63.8m	+13.2m	+21%
North America	\$m	6.8m	5.2m	+1.6m	+30%
Rest of World*	\$m	2.6m	0.4m	+2.2m	+568%
Total Revenue	\$m	86.4m	69.4m	+17.0m	+24%
EBITDA [^]	\$m	11.5m	8.5m	+3.1m	+36%
EBITDA Margin	%	13.2%	12.1%	+1.1%	+8.9%
Net Debt	\$m	23.3m	18.4m	+4.9m	+27%

[^] All amounts presented in the table above are in Australian Dollars and based on unaudited management accounts. * Rest of World includes Asia, South America and Africa.

OVERVIEW:

- **Record quarterly revenue of \$86.4m**, up 24% on the prior corresponding period (PCP), and up 14% on the previous quarter. Second consecutive quarter of record quarterly revenue.
- **FY21 revenue of \$304m, above consensus forecasts, and up 11% vs FY20.**
- Revenue generated in Australia increased to \$77.0m, up 21% vs PCP, driven by **high levels of customer demand**. Revenue up \$8.7m, up 13% vs Q3 FY21 indicating growing momentum throughout the business.
- In North America, **quarterly revenue increased to A\$6.8m**, up 45% vs PCP excluding foreign exchange movements (30% on an A\$ basis). **Preparations for operational delivery into Canada now complete** with customer negotiations well advanced.
- Rest of World operations generated A\$2.6m in revenue, up 568% vs PCP. **Growth across active regions has continued to be impressive** despite mobility and health restrictions.
- **Revenue growth delivered and sustainable profit margins maintained** due to the unique Mader business model which is broadly protected from labour market conditions due to our in-house skilled labour and flexible pricing terms on which it is engaged by customers.
- **Continued growth in activity levels** across the global mining industry and improving personnel mobility levels continue to **underpin a positive growth outlook for the business** into FY22.

Reflecting on Mader Group's quarterly performance, Executive Director & Chief Executive Officer, Justin Nuich, commented that the Company closed the financial year with strong momentum in activity levels.

“On the back of two consecutive quarters of record revenue growth, we close our books for the financial year with \$304m in revenue and with a strong earnings result to follow. This is very pleasing and reflects the strength of our labour-focussed business model.

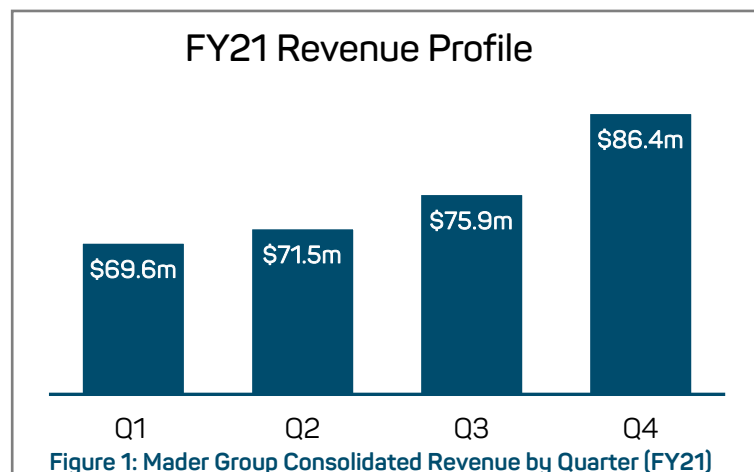
“Our operations are more flexible and adaptable than ever, housing a dynamic in-house workforce of more than 1,600 skilled tradespersons deployed across nearly 400 sites globally. In all locations, we have prioritised the needs of our customers and our people, safely delivering over 3.4 million hours of specialised equipment maintenance for FY21.

“In Australia, we experienced growth right across the business with particularly pleasing results in our infrastructure and ancillary maintenance service lines. Both service areas remain a key focus in our business strategy as we continue to scale through diversification of our service offerings.

“In North America, we renewed contracts with several key customers following increased customer demand across multiple states. Preparations are now complete for entry into Canada and we look forward to delivering work in this large addressable market.

“Customer demand within our Rest of World operations continue to ramp up however our ability to deliver services is limited by ongoing mobility and work permit constraints. We are pleased to be assisting customers in five countries across Asia and Africa and are working through health and safety assessments in a number of new jurisdictions.

“In summary, we are delighted to present yet another record quarterly result. I would like to thank our workforce for their effort over the past year. We commence the new financial year with favourable economic conditions supported by positive structural tailwinds and an exceptional team.”



OPERATIONAL UPDATE

Zero Harm

During the period, the Company continued to develop its internal safety systems to ensure the health and wellbeing of a largely remote workforce. Mader prioritised the continued roll out of a bespoke in-vehicle monitoring system for its service fleet, seeing considerable improvement in driver behaviour over the quarter.

Mader also commenced trialling its safety-focused mobile app to its North American workforce. The platform, which is already widely accessible to our employees within Australia, is designed to connect Mader employees to our digitally integrated safety processes, resources and Company alerts.

Australia

Mader’s Australian operations generated \$77.0m in revenue during Q4 FY21, representing a 21% increase vs PCP, and the highest revenue quarter reported during the financial year.

Within our Australian operations, Mader Group's infrastructure and ancillary maintenance service lines remain a key focus in the business's growth strategy.

Continued diversification saw the Company expand its ancillary service offerings. Moving into climate control support for mobile equipment, Mader supported a renewable energy project in a bid to convert diesel electric haul trucks, exploration drills and locomotives into zero emissions technology. Mader also worked with a local OEM to conduct offsite rebuilds for plant conveyors and mills. Revenue generated from the business's ancillary maintenance services increased 21% vs PCP and by 12% vs PCP for its infrastructure maintenance services.

Our core service areas also gained traction during the quarter leading to the expansion of its infield maintenance operations for heavy mobile equipment, driven by high customer demand across Australia. In Western Australia, this included growth in its Rapid Response team and specialised equipment maintenance offerings.

On the East Coast, strong commodity price performance over the quarter saw the Company significantly increase its workforce to meet growing customer demand. A targeted regional diversification strategy has enabled the business to expand its market share with revenue up 19% vs PCP across Queensland and New South Wales.

Mader safeguarded the intellectual property related to its workforce coordination software via the purchase of the technology solution from the third-party supplier. This represents a potential additional competitive advantage and will ensure the continued delivery of fast, flexible and cost-effective workforce allocation and coordination.

We added 36 tradespeople to our Trade Upgrade Program over the quarter, bringing the program's total to 92 since inception. In Q4 FY21, training was delivered in Western Australia and Queensland with a campaign successfully implemented to engage female participation and drive diversity in the resources sector.

North America

Our North American operations returned A\$6.8m in revenue during Q4 FY21, representing an 30% increase vs PCP. Customer demand in the United States remained strong with operations active in 11 states during the quarter, largely major mineral producing states.

In North America, our recruitment activities accelerated with solid growth in our workforce during the quarter. Mader renewed contracts with several key customers during the period and expects growing customer demand to drive an increase in operational output across multiple states in the new financial year.

The division's 80th specialised service vehicle is confirmed to arrive in Q1 FY22, with another 50 set to be delivered during FY22 in line with North America's fleet expansion program and continued growth expectations in this large addressable market.

With preparations for operational delivery into Canada now complete, Mader is in a position to capitalise on significant market potential throughout the North American continent.

Rest of World

The Group's Rest of World segment returned A\$2.6m in revenue during Q4 FY21, representing a 568% increase vs PCP. Whilst operations remain impacted by labour mobility challenges and local government work permit restrictions, the Company delivered recurring scopes of work in five countries across Africa and Asia.

FINANCIAL POSITION

Mader Group ended the quarter with net debt of \$23.3m, up \$4.9m from PCP. The moderate increase on the PCP reflects the significant revenue growth between Q3 and Q4 FY21 requiring an increase in the investment in working capital for the business.

FY22 OUTLOOK

Our disruptive business model continues to roll out into a large addressable market that has an appetite for significant additional capacity. All of our core business divisions continue to grow and our strategy of building new divisions that address new geographic locations or that provide additional trades and services is driving further growth.

We are seeing structural advances in the Australian market as large owner-miners continue to develop multibillion-dollar resource projects, ultimately increasing the size of the maintainable mining fleet.

Our focus and extensive experience in securing and developing new talent continues to drive solid growth in our global workforce. This is further supported by our internal Trade Upgrade Program and bespoke national recruitment campaigns.

Ongoing revenue growth and stable margins are expected to continue throughout FY22.

- end -

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 200 mining and civil customers with a skilled in-house workforce of approximately 1,600 trade-persons on flexible, fit for purpose, and cost-effective terms. Mader Group was named 2021 Most Trusted Mining and Civil Contractor by the Australian Enterprise Awards.

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

