

Quarterly Operational Update – Q1 FY23 & Upgraded FY23 Guidance

Perth, Australia – 25 October 2022: Mader Group Limited (ASX:MAD), a leading global provider of specialist technical services across multiple industries, provides the following update on its performance for Q1 FY23 ('Q1').

	Unit	Q1 FY23	Q1 FY22	Variance (\$)	Variance (%)
			(PCP)		
Revenue					
Australia	[\$m]	106.6	79.7	+26.9	+34%
North America	[\$m]	26.3	8.7	+17.6	+202%
Rest of World	[\$m]	2.4	2.7	-0.3	-11%
Total Revenue	[\$m]	135.3	91.1	+44.2	+48%
EBITDA	[\$m]	15.8	10.8	+5.0	+46%
EBITDA Margin	[%]	11.7%	11.9%	-0.2%	
Net Debt	[\$m]	34.2	26.7*	+7.5	

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 quarter ended 30 June 2022.

OVERVIEW:

- **Mader Group commenced FY23 strongly**, delivering quarterly revenue of \$135.3m, producing another record quarter and an increase of 48% vs the prior corresponding period ('PCP').
- The Australian business delivered revenue of \$106.6m, up 34% vs PCP. **Demand for services was strong across multiple verticals**, including Mader's core mechanical services, ancillary service lines and infrastructure maintenance.
- The North American segment generated \$26.3m of revenue for the quarter, an increase of 202% on the PCP (185% on a constant currency basis). An **expanded customer base** saw the United States increase the volume of work delivered. Mader's **Canadian operations experienced rapid headcount growth**, supported by the Global Pathways Initiative, Mader's inhouse expatriate program.
- Rest of World operations delivered \$2.4m in revenue, with **business development activities** conducted in multiple regions during the quarter.
- Mader received an excellence award for workplace flexibility at the **2022 Australian HR Awards** in Sydney. A testament to the Group's commitment to providing exceptional flexibility and career pathways.
- **Favourable Q1 results and client demand across multiple sectors** has provided Mader the confidence to **upgrade FY23 financial guidance**. In line with **forecast global growth, revenue is expected to be at least \$550m, with an NPAT of at least \$35.5m.**



Chief Executive Officer and Executive Director, Justin Nuich said that the positive, early signs of FY23 are very pleasing, and have allowed the Group to establish a solid base to continue delivering on Mader's strategic priorities.

"We have started the new financial year strongly, producing yet another record quarterly performance. Our Australian business continues to deliver pleasing growth and our North American operations have gone from strength-to-strength.

"A particular highlight for the quarter has been our impressive growth in Canada, which was largely supported by improved international workforce mobility, allowing us to mobilise employees to the region through our unparalleled Global Pathways Initiative.

"This program is one of a kind and currently unmatched within the industry. Opening up meaningful opportunities for our employees and providing them access to a variety of roles around the globe. We take great pride in being a culture-led business, and this initiative, alongside our internal adventure program positions us as an employer of choice.

"Providing enhanced experiences for our people, both professionally and personally is key to building a dedicated and engaged workforce, who are empowered to provide superior support for our ever-growing network of global customers.

"FY23 will see us continue to invest in our people whilst diligently addressing opportunities in new markets; ultimately leading to compounding returns for investors. Backed by current conditions and the forecast global growth of our operations, I am pleased to announce that we have upgraded FY23 revenue guidance to at least \$550m which will deliver at least \$35.5m NPAT."

OPERATIONAL UPDATE

Safety Update

Workforce connectivity remains a core focus, with the consolidation of safety procedures through Mader's digital platforms a key to improving safety processes. The business further enhanced its In Vehicle Monitoring Systems across its global fleet of service vehicles to provide a safer driving experience for the workforce. Furthermore, the Group's safety performance continued to trend positively, a reflection of Mader's commitment to working towards zero harm.

Australia

The Australian business started FY23 strongly, reporting \$106.6m in revenue for the quarter. An increase of 34% vs PCP, the segment experienced sustained demand for core service offerings and consistent demand for infrastructure maintenance and ancillary services, two of the Group's growth platforms.

Mader's infrastructure maintenance division continues to deliver, experiencing an increase of 106% vs the PCP. Providing support across five states in Australia, this business unit is expanding its national footprint with multiple new and existing customers.

Currently reported within the ancillary segment, Mader's rail services delivered an improved quarter of growth, providing wagon, track and locomotive maintenance for customers across Western Australia and New South Wales.

The Perth-based Mader Maintenance Centre was commissioned during the quarter, with a number of rebuilds already completed for tier one mining customers. The forward order book continues to expand, effectively repositioning the facility as a destination for major turnkey offsite rebuilds and repairs. Further, the increased workshop capacity has and will continue to allow the business to expand its in-house apprenticeship opportunities.

Mader's Trade Upgrade Apprenticeship Program completed two new intakes during the period. Supporting a constantly evolving industry and skills shortage, to date the program has produced 54 high quality dual trade-technicians, now working with a number of Mader's customers across Australia.

North America

Mader Group's North American segment continues to experience impressive growth, delivering \$26.3m in revenue, an increase of 202% vs PCP (185% on a constant currency basis).

In the United States, Mader's market presence developed as the team continued to build relationships with new and existing customers. Growth within the customer base has resulted in an increase in the volume of service delivery for the Group's core services.

Rapid headcount growth in Canada was a highlight for the period, with the workforce now supporting customers across Alberta and the North West Territories. Mader's Global Pathways Initiative when coupled with significant unmet demand in the region will continue to drive the rapid establishment of this business unit as skilled expatriate technicians are deployed to the region.

Mader Energy continued to perform to expectations as it establishes itself in this new sector. Quarter-on-quarter revenue growth was pleasing, as the business unit continues to diversify its customer base. Most recently, Mader Energy expanded its operations into the Marcellus shale formation, marking the first time the business unit has operated in this region.

Rest of World

The Rest of World segment generated \$2.4m in revenue for Q1 FY23. Mader remains focussed on strategically rebuilding this segment, with business development conducted in multiple regions during the period. The site visits were well received, with the team engaging in face-to-face meetings for the first time since international travel restrictions eased.

During a recent trip, Mader also took the opportunity to visit the Kijilamatambo Primary School in Solwezi, Zambia. After funding and assisting in the construction of new classroom blocks in 2018, Mader revisited the school to provide educational support materials for the first time since the COVID-19 pandemic.

FINANCIAL POSITION

Net Debt closed at \$34.2m, an increase on the previous quarter (June 22: \$26.7m) due to continued expansion of the Group's revenue base which required an investment of working capital.

OUTLOOK

The continued step change in quarter-on-quarter revenue growth into Q1 is a result of the business deploying its culture-led business model into new markets. This approach, in conjunction with an unwavering focus on identifying and selecting the best talent ensures that the business stands out from its competitors as an employer of choice, and as a critical business partner for customers.

Foundations have been laid for a strong FY23 performance. The Group will continue to deliver against its strategic priorities to expand service lines and address new markets across the globe.

Based on a strong first quarter, Mader is pleased to provide upgraded financial guidance for FY23, in response to industry demand and growth globally across operations. Revenue is now forecast to be at least \$550m, delivering an NPAT of at least \$35.5m.

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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 2,200+ personnel on flexible, fit for purpose, and cost-effective terms. Mader was named 2022 Employer of Choice by the Australian Business Awards and received an excellence award for Workplace Flexibility at the 2022 Australian HR Awards.

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