

## 1H FY23 Results & Upgraded Financial Guidance

**Perth, Australia – 21 February 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 1H FY23.

	Unit	1H FY23	1H FY22	Variance (\$)	Variance (%)
			(PCP)		
Revenue					
Australia	[\$m]	218.5	160.2	+58.3	+36%
North America	[\$m]	57.4	19.3	+38.1	+198%
Rest of World	[\$m]	4.4	5.7	-1.3	-21%
Total Revenue	[\$m]	280.3	185.2	+95.1	+51%
EBITDA	[\$m]	33.8	21.2	+12.6	+60%
EBITDA Margin	[%]	12.1%	11.4%		
Net Debt*	[\$m]	50.9m	26.7m		

*Note: All amounts presented in the table above are denominated in Australian Dollars. \* For balance sheet items such as net debt, the PCP is the period ended 30 June 2022.*

### EXECUTIVE SUMMARY:

- Mader Group delivered record half year revenue of **\$280.3m, an increase of 51%** vs the prior corresponding period ('PCP'), attributed to continued expansion of its service lines across the globe.
- Due to sustained customer demand and complementary macro trends across multiple sectors, Mader has **upgraded FY23 guidance to revenue of at least \$580m, delivering an NPAT of at least \$37m.**
- In North America, the Canada and Mader Energy business units continue to target large, addressable markets. **Rapid headcount growth** in Canada was driven by **proven recruitment techniques** locally and Mader's expanding **Global Pathways Program**.
- With culture at the forefront of operations, Mader delivered a series of **meaningful community initiatives** and was named the **Large Business of the Year at the 2022 RISE Business Awards.**
- Net debt closed at \$50.9m, an increase from 30 June 2022 (\$26.7m). The increase is attributed to growth in working capital requirements to support the continued revenue growth of the Group.
- Increasing by 20% vs PCP, a 2.4 cent fully franked interim dividend has been confirmed for the period ending 31 December 2022, with a record date of 7 March 2023 and payment date of 6 April 2023.



Mader Group Executive Director and Chief Executive Officer, Justin Nuich reported that the business continues to perform above expectations with high aspirations for future success.

“Mader’s operational strengths stem from a culture-led business model that has been refined over many years. It has empowered us to create meaningful careers for our people, including unparalleled opportunities that are key to attracting and retaining the best workforce across the industries we operate in.

“We continue to hit record financial targets and significant cultural and operational milestones that move us progressively closer to delivering on our upgraded financial guidance.

“Today, we are proud to provide quality technical services to more than 335+ customers across a widening set of industry verticals worldwide and will focus on optimising delivery in these markets.

“North America, in particular has been a real success story for this half year, with our team now supporting a client-base in the United States and Canada. Headcount in Canada has been boosted by our Global Pathways Program, which was utilised in the period to transfer skilled technicians from Australia to North America.

“Our people are the driving force behind our business and I am humbled to be surrounded by a dedicated team both in the office and the field. Our purpose extends beyond delivering value to our shareholders; we are dedicated to providing a superior service to customers, unmatched opportunities for our people, and a lasting difference for the communities we operate in.”

## HALF YEAR PERFORMANCE AND OPERATIONAL UPDATE

### Safety Update

Mader’s safety performance continued to improve, reaching a record low TRIFR at the end of the half year period. Several safety-focused projects and campaigns were delivered, with a zero-harm goal embedded into all operations and implemented through strong frontline leadership and safety interactions. Continued enhancement of driver processes and development of In Vehicle Monitoring Systems for more than 1,000 support vehicles worldwide remained a key focus for the business.

### Australia

The Australian business experienced revenue growth of 36% vs PCP, generating \$218.5m in 1H FY23. Whilst the Group’s core mechanical services performed steadily, it was the infrastructure and ancillary service lines that contributed to growth levels, increasing by 92% and 104% respectively.

Over the period, the infrastructure maintenance division provided support to new and existing customers across five states in Australia, expanding their geographical reach and successfully completing their largest fixed plant shutdown to date.

The Group's ancillary services; including electrical, fabrication, rail, heavy road transport and other supporting trades grew in line with demand for the specialised products. In particular, rail services performed strongly, with wagon, track and locomotive maintenance delivered for customers in Western Australia and New South Wales.

The Perth-based Mader Maintenance Centre was commissioned in the period, with a number of rebuilds and repairs completed for a range of tier-one customers nationwide. The facility is positioned as a destination for major end-to-end projects, with the forward order book and ability to provide apprenticeship opportunities expanding.

Mader's Trade Upgrade Program saw four cohorts of apprentice's qualify as dual-trade technicians over the six-month period, three in Western Australia and one in Queensland. The program will continue to provide an effective solution for the skills shortage within an evolving industry.

### **North America**

Mader's North American segment progressed over the half year, reporting revenue of \$57.4m, an increase of 198% vs PCP (173% on a constant currency basis).

In the United States, developing relationships with new and existing customers was a key focus for the business unit, and saw the team provide specialist maintenance services across multiple states. Diversifying service lines, industries and commodity markets will be a focus for the remainder of FY23.

The Group's operations in Canada went from strength-to-strength, with a milestone of circa 100 skilled technicians now mobilised to the region. Headcount growth was driven by the application of proven recruitment techniques locally and further boosted by Mader's Global Pathways Program – an initiative that deploys skilled technicians to opportunities around the world. A pipeline of 60+ additional technicians are set to be deployed into Canada, which will well-position the business to fulfil significant unmet demand in the region.

Mader Energy remains dedicated to developing customer relationships and expending its geographical service delivery across a range of shale formations. Whilst growth has been positive to date, the business unit will continue to grow organically in line with headcount and new customers.

### **Rest of World**

Mader's Rest of World operations delivered \$4.4m over 1H FY23, providing specialist support and training to customers in five countries across Africa, Asia and Oceania. Although the segment experienced a 21% decline in revenue vs PCP, Mader remains focused on strategically rebuilding the business unit.

## COMMUNITY ENGAGEMENT

In 1H FY23, Mader enhanced its 'Tools for Life' Program and will continue to deliver meaningful improvement in the lives of people that are connected to its services around the globe.

During the period, a team of Mader personnel completed the Cancer 200 Ride for Research in Perth, Western Australia, with the business and generous corporate sponsors raising more than \$75,000 for the Harry Perkins Medical Institute.

Further, the Group's CEO, Justin Nuich, participated in the Strong Minds, Strong Mines boxing match to raise awareness for mental health and funds for the Group's chosen charity partner, the Kijilamatambo Primary School in Solwezi, Africa. The team raised over \$25,000 that will be used for repairs, building maintenance and classroom materials.

## FINANCIAL POSITION

The Group's net debt position closed out the half year period at \$50.9m, an increase of \$24.2m from the net debt level as at 30 June 2022.

This increase is attributed to growth in working capital requirements due to:

- Continued growth in Group revenue - the increased working capital requirements stem from the difference in timing between the Group's payroll (every 14 days) and receipts from customers (days sales outstanding 65 days).
- The expansion of the Group's offsite rebuilds and repair service offering at the Mader Maintenance Centre has more than doubled the working capital requirements of this business unit.
- The exceptional growth rates in North America in addition to the nature of the services provided has also increased the level of working capital required, particularly in Canada.

These three factors have resulted in an increase in the level of working capital required to support the continued revenue growth of the Group.

Mader has secured long-term finance facilities in the United States in addition to increasing existing facilities in Australia during the half year. These facility limit increases, in addition to the regimented deployment of working and growth capital provides Mader with the confidence to increase leverage in line with growth in revenue and earnings.

## INTERIM DIVIDEND

Mader declared an interim fully franked dividend of 2.4 cents per share on 21 February 2023, representing a net profit payout ratio of 27%. The total value of the dividend payment is \$4.8m. The record date is 7 March 2023 with a payment date of 6 April 2023.

## OUTLOOK

Mader has the opportunity to accelerate growth in multiple significant addressable markets across the core business and recently established service lines in new and existing regions.

The compounding effect of these additional revenue streams will support continued strong growth for the Group throughout the second half of FY23. Based on this Mader upgrades its FY23 guidance to revenue of at least \$580m, delivering an NPAT of at least \$37m.

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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 and received an excellence award for Workplace Flexibility at the 2022 Australian HR Awards.

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Approved for release by the Board of Mader Group Limited.

