



**MADER**

## Appendix 4E

### Preliminary final report

### Period ended on 30 June 2020

#### Name of entity

Mader Group Limited

#### ABN or equivalent company reference

51 159 340 397

Reporting Period: Full year ended 30 June 2020

Previous Corresponding Period: Full year ended 30 June 2019

#### Results for announcement to the market

		Change		30 June 2020 \$A'000	30 June 2019 \$A'000
Revenues from ordinary activities	up	19.6%	to	273,547	228,645
Profit from ordinary activities after tax attributable to the members of the Mader Group	up	17.5%	to	17,504	14,900
Adjusted Net Profit for the period attributable to members of the Mader Group	up	18.9%	to	18,058	15,189
EBITDA from continuing operations	up	29.8%	to	33,026	25,452
EBIT from continuing operations	up	22.2%	to	26,424	21,627
				<b>30 June 2020 \$/share</b>	<b>30 June 2019 \$/share</b>
Net tangible asset backing per ordinary security				0.50	0.51

#### Dividends paid or recommended

An interim dividend of 1.5 cents per Share fully franked paid in 17 March 2020.

A final dividend of 1.5 cents per Share fully franked confirmed for payment in 17 September 2020.

#### Entities over which control has been lost during the period

Not applicable.

#### Entities over which control has been gained during the period

Not applicable.

- End -

#### HEAD OFFICE

A1/ 2 George Wiencke Dr  
Perth Airport WA 6105

T: (08) 9353 3393

F: (08) 9353 1966

madergroup.com.au



The financial data in this report is in the process of being audited, pending completion of the Company's statutory financial report and the issue of the accompanying independent auditor's report. The audit process has not identified any material adjustments or misstatements that require the financial data included in this preliminary final report to be corrected.

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## Review of Operations

On behalf of the Directors, I am pleased to report the FY2020 financial results for the Mader Group.

Total revenue grew by 19.6% over the corresponding year to \$274 million. The Company's consolidated adjusted net profit after tax (NPAT) improved to \$18.0 million, representing a 18.9% increase from \$15.2 million in FY2019. The growth in earnings was driven by:

- Increased demand in regions where the Mader already operates (both existing and new customers). Mader believes there remains significant revenue growth potential in all regions in which Mader currently operates;
- Expansion to new addressable markets where usage of heavy mobile equipment is significant;
- Continued scaling of ancillary services to complement the Mader Group's core service capabilities. Ancillary services achieved year on year revenue growth of 41% in WA; and
- The Group delivered over 2.7 million hours of specialised contract labour, an increase of 0.6 million hours over the prior year (2.1 million hours).

The Group has delivered a strong financial performance with increases in revenue and growth recorded for the financial year ended 30 June 2020 (FY2020).

## Earnings

<b>Currency: A\$ '000</b>	<b>FY2020</b>	<b>FY2019</b>	<b>Change</b>	
<b>Profitability:</b>				
Revenue	273,547	228,645	44,901	19.6%
EBITDA	33,026	25,454	7,572	29.8%
EBITDA %	12.1%	11.1%	1.0%	
EBIT	26,424	21,628	4,796	22.2%
EBIT %	9.7%	9.5%	0.2%	
Net profit after tax	17,504	14,900	2,604	17.5%
Adjusted net profit after tax	18,058	15,189	2,869	18.9%

## Adjusted Profitability

	<b>FY2020</b>	<b>FY2019</b>
Statutory net profit after tax	17,504	14,900
Public company costs <sup>1</sup>	-	(228)
One-off offer costs <sup>2</sup>	856	908
Impact of accounting standard AASB 16	(65)	(267)
Impact of income tax <sup>3</sup>	(237)	(124)
Adjusted net profit after tax	18,058	15,189
Adjusted net profit margin	6.6%	6.6%

1. Public company costs include the directors' estimate of incremental annual costs that the Mader Group will incur as a public listed company:
  - These incremental costs include share registry fees, Executive Director, Non-Executive Director remuneration, Directors' and Officers' insurance premiums, additional audit and legal fees, listing fees, investor relations costs as well as annual general meeting and annual report costs;
  - For FY2019, no Public Company costs were incurred. Therefore, as a normalisation adjustment to make FY2019 comparable with FY2020, \$0.23 million (\$0.16 million tax effected) has been included as an adjustment;

- For FY2020, the net profit already includes Public Company Costs, therefore no adjustment is required.
- 2. One-off Offer costs incurred by Mader Group of \$0.86 million (\$0.60 million tax effected).
- 3. Income tax effect -An adjustment has been made to reflect the tax impact of the adjustments based on the Australian statutory corporate tax rate of 30%.

EBITDA (of \$33.0 million) and EBIT (of \$26.4 million) excluding one-off offer costs and the impact of AASB16 grew by 29.8% and 22.2% respectively.

Underlying EBITDA margin of 12.1% reflected strong operational performance together with ongoing investment in our people to further reinforce our platform for sustainable growth.

## Cashflow

<b>Currency: A\$ '000</b>	<b>FY2020</b>	<b>FY2019</b>
Operating cashflow	20,401	9,958

Net operating cashflow of \$20.4 million (FY2019: \$10.0 million) reflected the strong operational performance. Net capital expenditure of \$12.9 million (FY2019: \$15.9 million) represented a \$3.0 million decrease from the previous financial year and a \$3.2 million increase over the IPO Prospectus Forecast (\$9.7 million) due to higher than forecast growth in the USA.

## Segment Revenue

<b>Currency: A\$ '000</b>	<b>FY2020</b>	<b>FY2019</b>	<b>Change</b>	
Australia	246,908	200,540	46	23.1%
All other	12,813	27,075	(14)	(52.7%)
USA	13,826	1,030	13	1,242.3%
<b>Total revenue</b>	<b>273,547</b>	<b>228,645</b>	<b>45</b>	<b>19.6%</b>

## Summary of Operations by Segment

### Australia

The Mader Group in Australia provides specialised contract labour for the maintenance of heavy mobile and fixed plant equipment in the resources industry from an in-house pool of skilled employees. The services provided include maintenance labour, field support (site labour with support vehicles and tools), shutdown teams for major overhauls, offsite repairs and maintenance workshop, training of maintenance teams, and a range of complementary ancillary services.

Headquartered in Perth, the Australian Group have regional offices in Kalgoorlie (WA), Mackay (QLD), Hunter Valley (NSW), and opened its newest office in Adelaide (SA) in February 2020. The Mader Group's Australian operations actively supply specialist contract labour in all states and territories. The Group also has a workshop in Perth which supports offsite repairs. The workshop also houses a component rebuild program and specialised tool hire with products available to customers nationally.

- Revenue for the year was A\$246.9m, as compared to A\$200.5m in FY2019.

## United States of America

The Mader Group substantially grew its operations in the USA during the financial year, providing specialised contract labour for the maintenance of heavy mobile equipment across five states. Its USA operations continue to scale benefits returning an average quarterly revenue growth of 60%. Supporting several major customers in the resources industry, the USA operations are active in the strong commodity markets primarily copper, gold and zinc. The services provided include maintenance labour, field support (site labour with support vehicles and tools) and shutdown teams for major overhauls.

The USA Group is headquartered in Colorado, and supplied specialist contract labour during the year in, Nevada, Texas, Arizona, Tennessee and Wyoming.

- Revenue for the year was A\$13.8m, as compared to A\$1.0m in FY2019.
- The USA operations delivered over 73,319 hours of specialised contract labour during the year to 30 June 2020, up from 10,593 hours in its inaugural year of operation which commenced in January 2019.

## Other Segments

The Mader Group International (non-USA) provides specialised contract labour for the maintenance of heavy mobile equipment in the resources industry from an in-house pool of skilled employees. The services provided include maintenance labour, field support (site labour with support vehicles and tools), shutdown teams for major overhauls and training of maintenance teams.

During the year, new worksopes were delivered in Chile, the Philippines and Papua New Guinea. Additionally, specialist contract labour was supplied to existing customers in Mongolia, Laos, Mauritania, Senegal, Cote d'Ivoire, Democratic Republic of the Congo and Zambia.

- Revenue for the year was A\$12.8m, as compared to A\$27.1m in FY2019.
- Mader International withdrew its expatriate workforce from Africa and Asia during the principal impacts of COVID-19, largely re-mobilising them in Australia. The decision was made to protect the health and safety of its workforce. To date, there have been no confirmed cases of COVID-19 among the Mader Group's employees.

## Business Outlook for FY2021

Closing the year with a solid balance sheet, the Mader Group is well positioned to continue its growth trajectory. The Company delivers flexible, fit for purpose and cost effective maintenance solutions to its customers and forecasts high demand for its services in the year ahead.

- Strong macro trends position Mader for continued growth on a global scale:
  - Mader is well placed to deal with the challenges of COVID-19
  - Positive outlook for maintenance sector with continued strong demand for services
  - Mining provinces globally show increased production and maintenance spend
  - High market share in strong commodity markets
- Outlook by region:
  - Ongoing growth in USA, QLD and NSW supported by strong recruitment environments
  - Steady growth in WA with strong demand expected in WA's Pilbara and Goldfields regions and a dedicated focus to increase the delivery of people to WA's Midwest Region
  - Continued development of ancillary strategy to capitalise on growth potential in mature regions
  - Tightening labour market in WA offset by a scalable Trade Upgrade Apprenticeship Program with third intake commencing Q2 FY2021
  - Strategy to return limited service to customers in Africa and Asia
  - Canadian expansion delayed to assess COVID-19 impacts and capitalise on opportunities with growth potential in USA's Eastern States



**Patrick Conway**  
Chief Executive Officer  
Mader Group

**Mader Group Limited (ABN 51 159 340 397) and controlled entities**

Results for announcement to the market

Preliminary Final Report for the year ended 30 June 2020

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Mader Group Limited  
 Consolidated statement of profit or loss and other comprehensive income  
 For the year ended 30 June 2020

	NOTE	2020 \$'000	2019 \$'000
Revenue	3	273,547	228,645
Cost of sales		(218,804)	(180,721)
<b>Gross profit</b>		<b>54,743</b>	<b>47,924</b>
Distribution expense		(246)	(104)
Marketing expenses		(813)	(780)
Administration expenses		(27,104)	(24,727)
Other operating expenses		(532)	(825)
<b>Operating profit</b>		<b>26,048</b>	<b>21,488</b>
Finance costs		(1,735)	(1,490)
Other income	3	598	421
<b>Profit before income tax</b>		<b>24,911</b>	<b>20,419</b>
Income tax expense		(7,407)	(5,519)
<b>Profit for the year</b>		<b>17,504</b>	<b>14,900</b>
<b>Other comprehensive income/(loss)</b>			
<i>Items that may be reclassified to profit or loss</i>			
Foreign currency translation differences		724	(349)
<b>Total comprehensive income for the year</b>		<b>18,228</b>	<b>14,551</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (cents per share)	6	8.75	8.76

The accompanying notes form part of these financial statements

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Mader Group Limited  
Consolidated statement of financial position  
As at 30 June 2020

	NOTE	2020 \$'000	2019 \$'000
<b>Current assets</b>			
Cash and cash equivalents		6,456	3,049
Trade and other receivables		55,049	54,495
Other assets		1,712	1,403
Current tax assets		122	-
<b>Total current assets</b>		<b>63,339</b>	<b>58,947</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	32,542	26,247
Right of use of asset		2,587	-
Other assets		392	417
Deferred tax assets		1,848	1,896
<b>Total non-current assets</b>		<b>37,369</b>	<b>28,560</b>
<b>Total assets</b>		<b>100,708</b>	<b>87,507</b>
<b>Current liabilities</b>			
Trade and other payables		18,897	24,809
Lease liabilities		491	-
Provisions		1,905	715
Tax liabilities		3,190	2,611
Borrowings		13,765	14,364
<b>Total current liabilities</b>		<b>38,248</b>	<b>42,500</b>
<b>Non-current liabilities</b>			
Lease Liabilities		2,096	-
Provisions		-	425
Deferred tax liabilities		1,097	549
Borrowings		11,150	9,864
<b>Total non-current liabilities</b>		<b>14,343</b>	<b>18,838</b>
<b>Total liabilities</b>		<b>52,591</b>	<b>53,338</b>
<b>Net assets</b>		<b>48,117</b>	<b>34,169</b>
<b>Equity</b>			
Issued capital	8	2	2
Reserves		(433)	(1,157)
Retained earnings		48,548	35,324
<b>Total equity</b>		<b>48,117</b>	<b>34,169</b>

The accompanying notes form part of these financial statements

Mader Group Limited  
 Consolidated statement of changes in equity  
 For the year ended 30 June 2020

	Note	Issued Capital	Retained Earnings	Reserves	Total
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2019</b>		2	35,324	(1,157)	34,169
<b>Comprehensive income/(loss)</b>					
Profit for the year		-	17,504	-	17,504
Other comprehensive income/(loss) for the year		-	-	724	724
<b>Total comprehensive income/(loss) for the year</b>		-	17,504	724	18,228
<b>Transactions with owners, in their capacity as owners</b>					
Dividends paid or provided for	6	-	(4,280)	-	(4,280)
<b>Total transactions with owners</b>			(4,280)		(4,280)
<b>Balance at 30 June 2020</b>		2	48,548	(433)	48,117

	Note	Issued Capital	Retained Earnings	Reserves	Total
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2018</b>		2	31,586	(808)	30,780
<b>Comprehensive income/(loss)</b>					
Profit for the year		-	14,900	-	14,900
Other comprehensive income/(loss) for the year		-	-	(349)	(349)
<b>Total comprehensive income/(loss) for the year</b>		-	14,900	(349)	14,551
<b>Transactions with owners, in their capacity as owners</b>					
Dividends paid or provided for	6	-	(11,162)	-	(11,162)
<b>Total transactions with owners</b>			(11,162)	-	(11,162)
<b>Balance at 30 June 2019</b>		2	35,324	(1,157)	34,169

The accompanying notes form part of these financial statements

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**Mader Group Limited**  
**Consolidated statement of cash flows**  
**For the year ended 30 June 2020**

NOTE	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	272,994	213,518
Payments to suppliers and employees	(244,510)	(199,285)
Interest received	(1,513)	15
Finance costs	(216)	(1,490)
Income tax paid	(6,354)	(2,800)
<b>Net cash provided by operating activities</b>	<b>20,401</b>	<b>9,958</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of plant and equipment	1,108	749
Payments for plant and equipment	(13,969)	(16,660)
Payments for purchase of shares in unlisted companies	-	(416)
Proceeds from sale of shares in unlisted companies	-	900
<b>Net cash (used in) investing activities</b>	<b>(12,861)</b>	<b>(15,427)</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(4,280)	(9,161)
Payment of lease liabilities	(540)	-
Proceeds from promissory note	846	-
Proceeds from (repayment of) finance mortgage borrowings (net) <sup>1</sup>	(1,531)	1,262
Proceeds from chattel mortgage borrowings	12,003	-
Repayment of chattel mortgage borrowings	(10,631)	8,173
<b>Net cash provided by/(used in) financing activities</b>	<b>(4,133)</b>	<b>274</b>
<b>Net increase/(decrease) in cash held</b>	<b>3,407</b>	<b>(5,195)</b>
<b>Net foreign exchange difference</b>	<b>-</b>	<b>(2)</b>
<b>Cash at the beginning of the financial year</b>	<b>3,049</b>	<b>8,246</b>
<b>Cash at the end of the financial year</b>	<b>6,456</b>	<b>3,049</b>

1. Debtors finance has been reclassified as finance mortgage borrowings.

The accompanying notes form part of these financial statements

## 1. Basis of Preparation

The financial report is a general purpose report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. The financial statements and notes also comply with International Financial Reporting Standards.

The financial report has been prepared on a historical cost basis unless otherwise stated in the notes. The financial report is presented in Australian dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191.

## 2. Going concern

The Directors have prepared the preliminary final report on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlements of liabilities in the ordinary course of business. The Directors believe that at the date of releasing the preliminary final report, there are reasonable and supportable grounds to believe the consolidated entity has sufficient funds to meet its obligations as and when they fall due and are of the opinion that the use of the going concern basis remains appropriate.

## 3. Revenue

	2020 \$'000	2019 \$'000
Operating Revenue		
- Maintenance services	260,434	214,688
- Hire recoveries	1,793	2,119
- Direct expense recoveries	11,320	11,838
<b>Total operating revenue</b>	<b>273,547</b>	<b>228,645</b>
Other income		
- Interest income	6	15
- Other income	592	406
<b>Total other income</b>	<b>598</b>	<b>421</b>

## 4. Expenses

	2020 \$'000	2019 \$'000
<i>Expenses</i>		
Depreciation	6,602	3,826
Employee benefits expense	168,602	149,568
Rental expense of operating leases	963	1,153
One-off offer costs	856	908
<i>Finance costs</i>		
Interest on debts and borrowings	472	537
Finance charges payable under finance leases and hire purchase contracts	1,047	687
<b>Total interest expense</b>	<b>1,519</b>	<b>1,224</b>
Other finance costs	216	266

<b>Total finance costs</b>	<b>1,735</b>	<b>1,490</b>
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## 5. Earnings per share (EPS)

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Basic and diluted earnings per share (cents)	8.75	8.76
Earnings used in the calculation of basic and diluted earnings per share (\$,000)	17,504	14,900
<b>Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	200,000,000	170,000,001

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

## 6. Dividends

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash dividends on ordinary shares declared and paid:</b>		
Dividends declared and paid during the year	4,280	11,162
<b>Total dividends</b>	<b>4,280</b>	<b>11,162</b>

## 7. Property Plant and Equipment

	<b>Buildings and property</b>	<b>Office furniture and equipment</b>	<b>Plant equipment and motor vehicles</b>	<b>Low value pool</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2020</b>					
Cost	631	1,307	48,111	236	50,286
Accumulated depreciation	(148)	(543)	(16,873)	(179)	(17,744)
<b>Carrying value as at 30 June 2020</b>	<b>483</b>	<b>764</b>	<b>31,238</b>	<b>57</b>	<b>32,542</b>
<b>2019</b>					
Cost	600	1,179	36,231	209	38,219
Accumulated depreciation	(70)	(426)	(11,318)	(158)	(11,972)
<b>Carrying value as at 30 June 2019</b>	<b>530</b>	<b>753</b>	<b>24,913</b>	<b>51</b>	<b>26,247</b>

## 8. Issued Capital

	2020 \$'000	2019 \$'000
Fully paid ordinary shares 200,000,000 (2019: 200,000,000)	2	2

## 9. Contingent liabilities

There are no contingent liabilities other than bank guarantees that are issued to third parties arising out of dealings in the normal course of business.

## 10. Events after the end of the period

Subsequent to 30 June 2020, the Directors declared a final dividend of 0.015 cents per share.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it had affected the international operations for the consolidated entity up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintain social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

There have been no other matters or circumstances that have arisen after the balance sheet date that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

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