



MADER

FY2019 CEO AGM Presentation

MADER GROUP LIMITED | 29 November 2019

CEO's Address

Patrick Conway



Board of Directors



Jim Walker
Non-Executive
Chairman

Over 45 years' experience in the resources sector. Former MD of WesTrac, Director of Seven Group Holdings, and National Hire Group. Former Non-Exec Chairman of Macmahon Holdings. Currently Chairman of Austin Engineering, Australian Potash, State Training Board, Wesley College, WA Motor Museum, and Deputy Chairman of RAC WA.



Luke Mader
Founder and
Executive Director

Founder of Mader Group. Trade qualified with 20 years' experience in the mining services industry. Cultivated a 1000+ workforce after realising an underserved 'niche' whilst working in marketing for a Caterpillar dealer network.



Craig Burton
Non-Executive Director

A venture capital investor in emerging companies, projects and businesses. A track record of providing financial backing and strategic advice to successful business teams and start-up entrepreneurs.



Patrick Conway
Executive Director and
Chief Executive Officer

Bachelor of Commerce, CPA and a Graduate Diploma in Corporate Governance. Background in Public Practice accounting and business advisory including 4 years' experience on a West African gold development project.



Justin Nuich
Non-Executive
Director

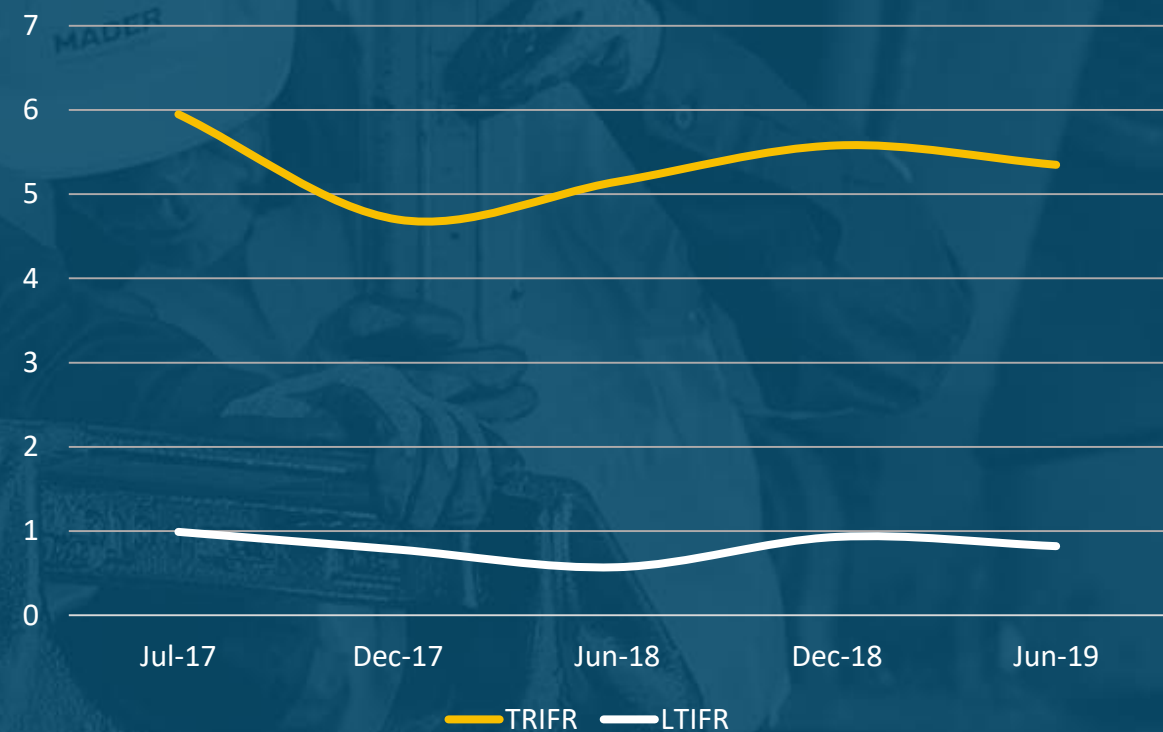
Over 20 years' experience in the mining and oil & gas industries. MBA and a Graduate Diploma of Maintenance Management. Has held senior roles with FMG and BHP and is currently the General Manager of Assets with Mineral Resources.

Safety & People

Our goal is zero harm and we will continue to work with our employees and clients to achieve this.

- Total recordable injury frequency rate 5.35
- Lost time injury frequency rate 0.82
- Continuous improvement to HSE systems and process:
 - Implemented new technology to enhance our monitoring, reporting and training.
 - Strengthening our field leadership process and increasing time spent in the field.
 - Continued development of robust processes to support our employees and clients locally and internationally.
- Over 2.4 Million hours worked in FY 2019

Injury frequency rates



FY2019 Highlights

REVENUE
\$228.6 M

YOY REVENUE GROWTH
46.4%

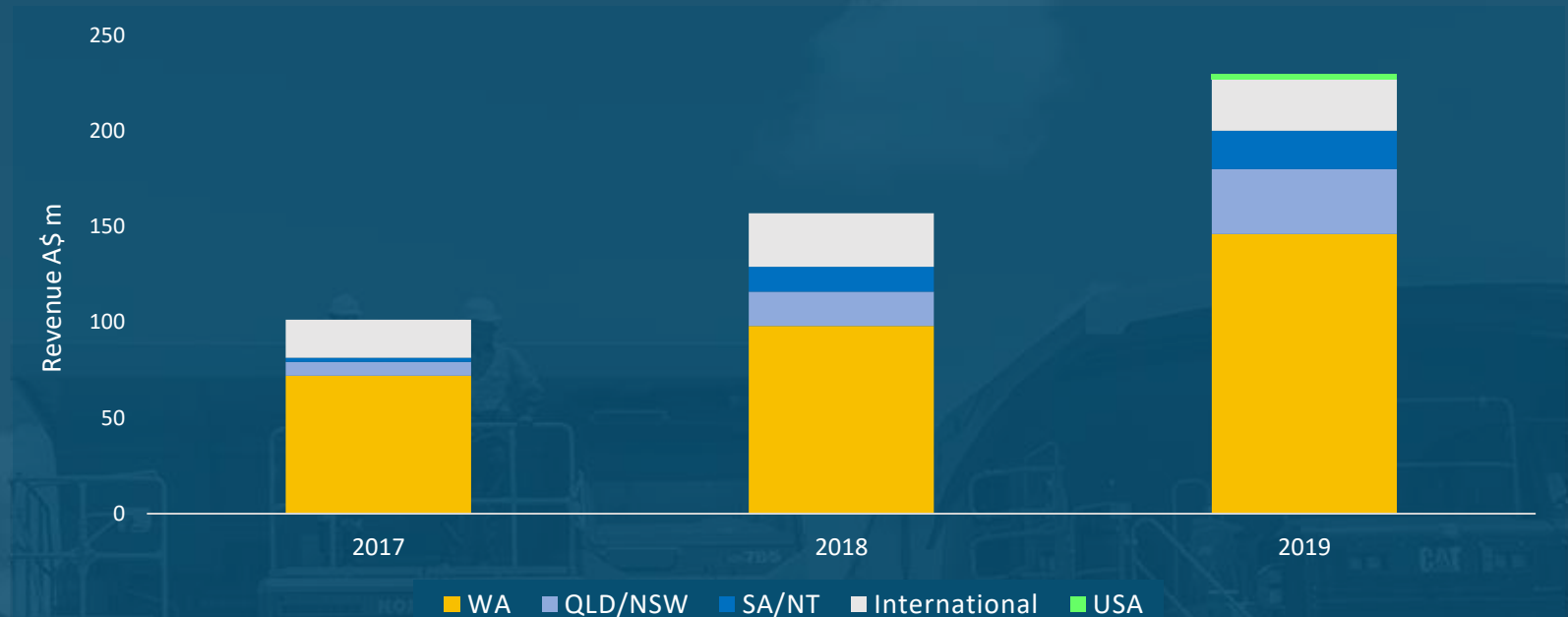
EBITDA
\$25.5 M

EBIT
\$21.6 M

ADJUSTED NET PROFIT AFTER TAX
\$15.2 M*

* Includes income tax effected adjustments for Public Company Costs, and One-off Offer Costs

Revenue by Region



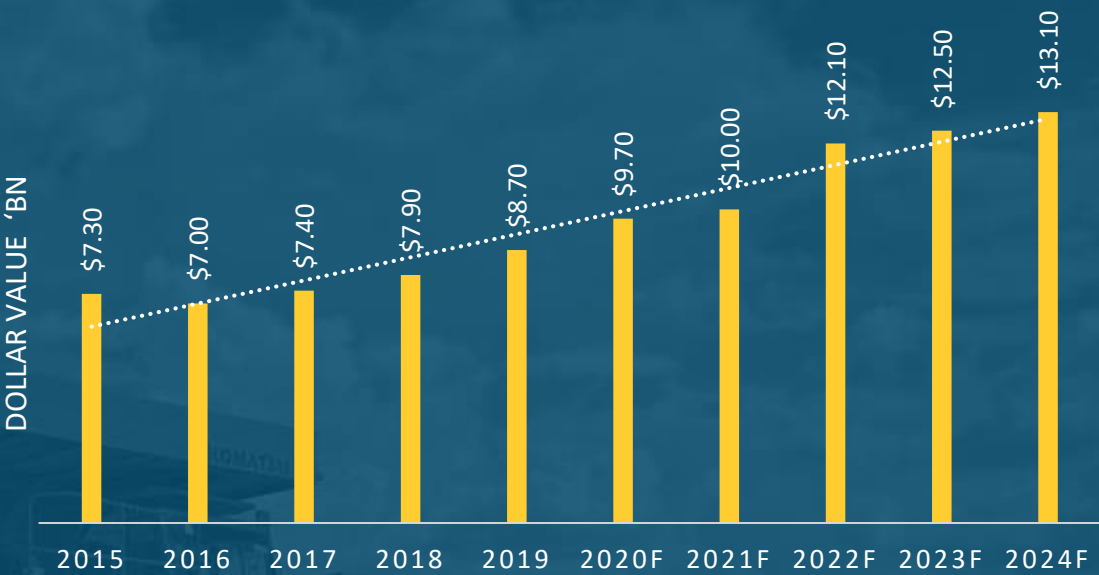
- Officially listed on the ASX
- Awarded Future of Mining's Mining Contractor of the Year
- The purely organic growth in revenue and profit was achieved by expansion into new markets and the addition of new ancillary services
- Net profit after tax increased from \$11.4m in FY2018 to \$14.9M in FY2019 (which is in-line with the IPO Prospectus forecast)
- Strong balance sheet with significant financial flexibility position Mader Group well for continued growth in FY2020 and beyond

Industry Outlook

Growth in mining tonnes produced + aging fleets = increasing demand for maintenance labour

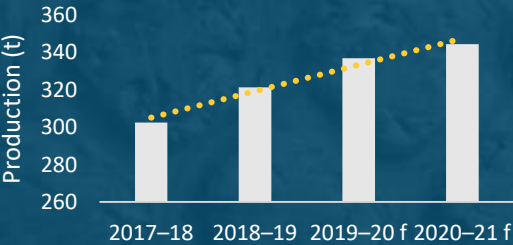
- A range of positive underlying trends for Mader:
- Increasing forecast mining maintenance expenditure
 - Ongoing production growth in key commodities
 - An industry trend for equipment to be used longer before replacement
 - Aging of mining equipment purchased during a period of peak capital investment in CY2011 and CY2012

Total Maintenance Expenditure (Mining)

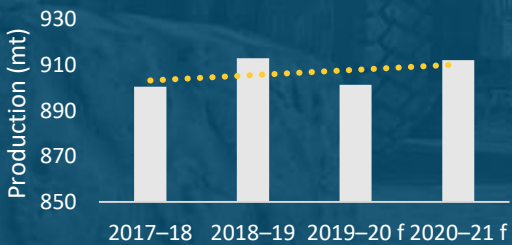


Source data: "BIS Oxford Economics" for Maintenance spend

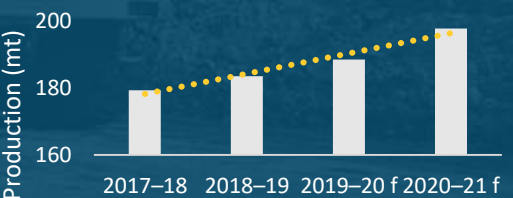
Gold Production



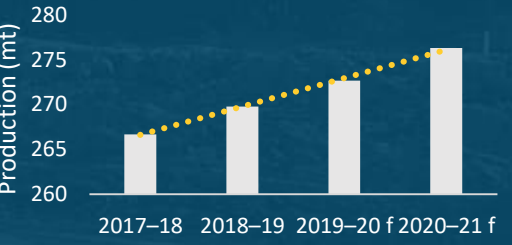
Iron Ore Production



Metallurgical Coal Production



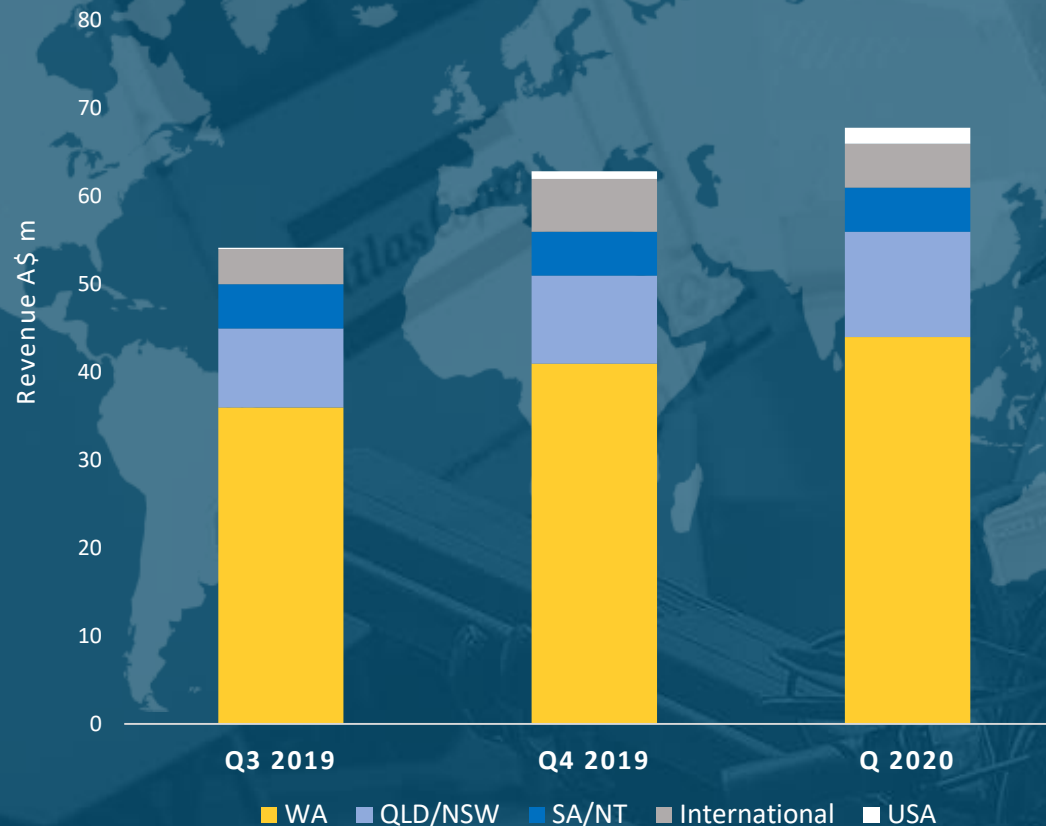
Thermal Coal Production



Source data: "Department of Industry, Innovation and Science" for Production charts

Group Outlook

Revenue by Region



REVENUE UP

23% ↑

From Q1 2019

REVENUE UP

6% ↑

From Q4 2019

Financial Guidance

- Group net profit* in line with prospectus forecast.
 - Revenue up 6% from Q4 2019
 - Revenue up 23% from Q1 2019
 - Purely organic growth
- Dividend intended for March 2020 – 1.5c per share

Outlook

- Mader are positioned and established in key mining provinces across the globe showing increased production and maintenance spend
- Focusing on scaling into markets that have been recently penetrated
- Continued roll out of ancillary and complementary services in mature regions of high brand awareness

* Based on unaudited management accounts

Western Australia Outlook

Financial Guidance

- Western Region Q1 FY2020 revenue up 6% from Q4 FY2019
 - Pilbara Quarterly Revenue up 9%
 - Goldfields Quarterly Revenue up 9%
 - Perth Metro down 10%

Outlook

- Revenue up on forecast
- Profit* up on forecast
- Growth purely organic
- Strong demand for services expected to continue in the near term
- Continued scaling of ancillary and premium reactive services
- Trade upgrade division operational due to tightening labour market
- Management focus on margin improvement in areas of high brand awareness

Region
Revenue up

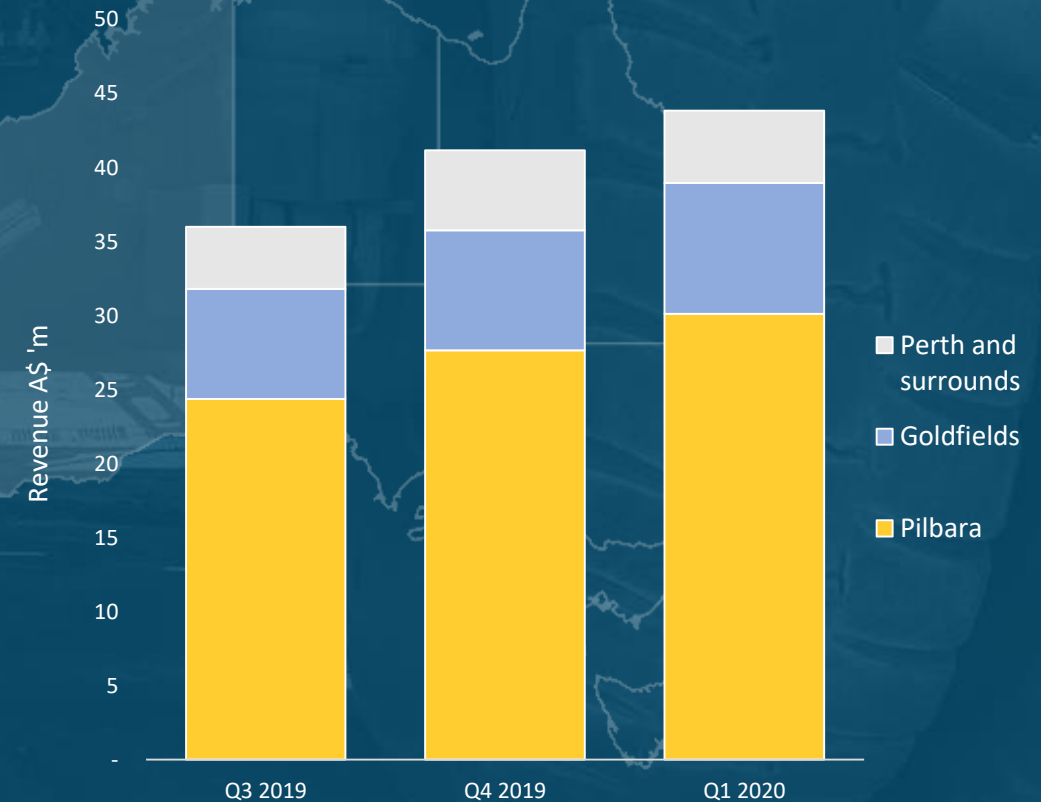
6% ↑

Pilbara
Revenue up

9% ↑

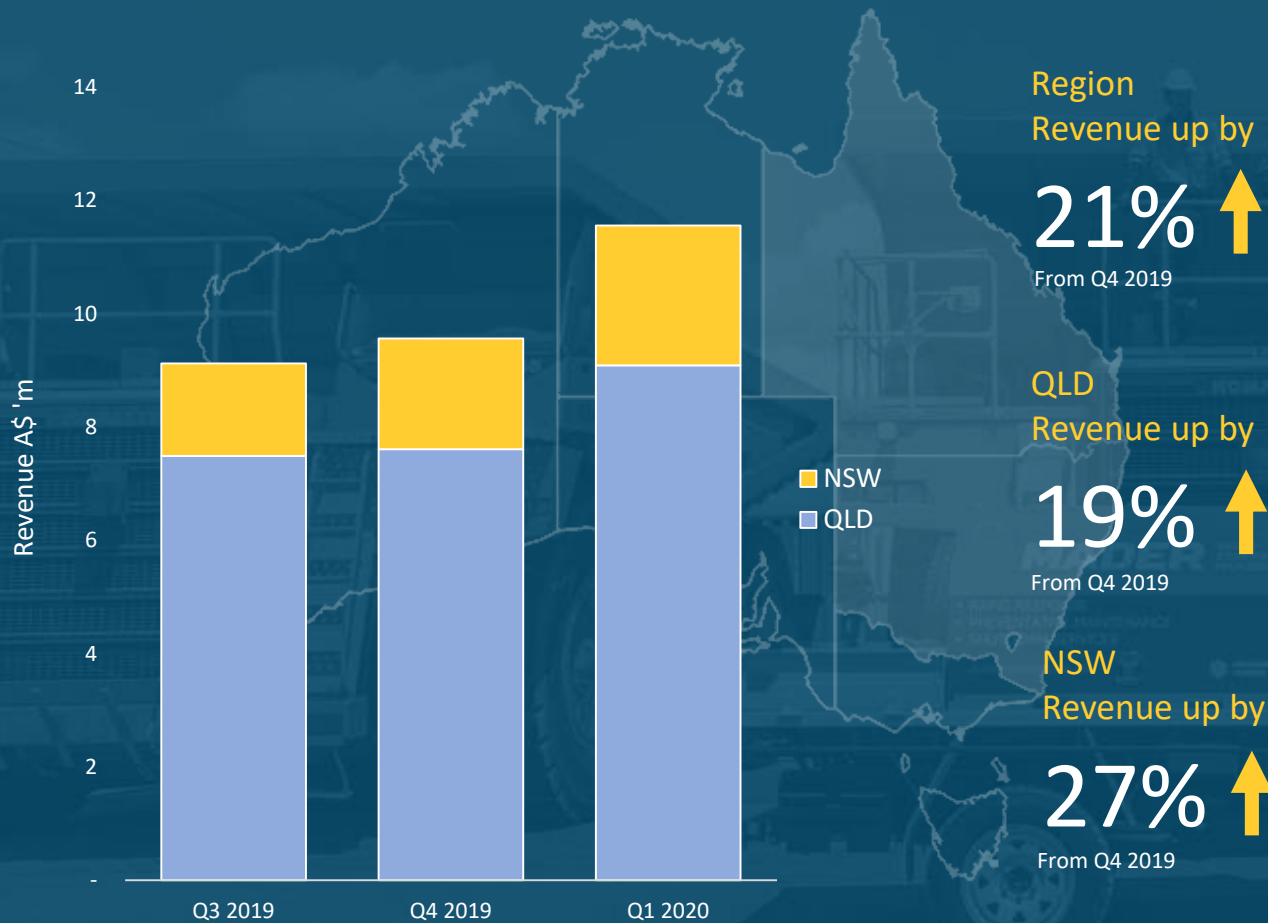
Goldfields
Revenue up

9% ↑



* Based on unaudited management accounts

East Coast Outlook



Financial Guidance

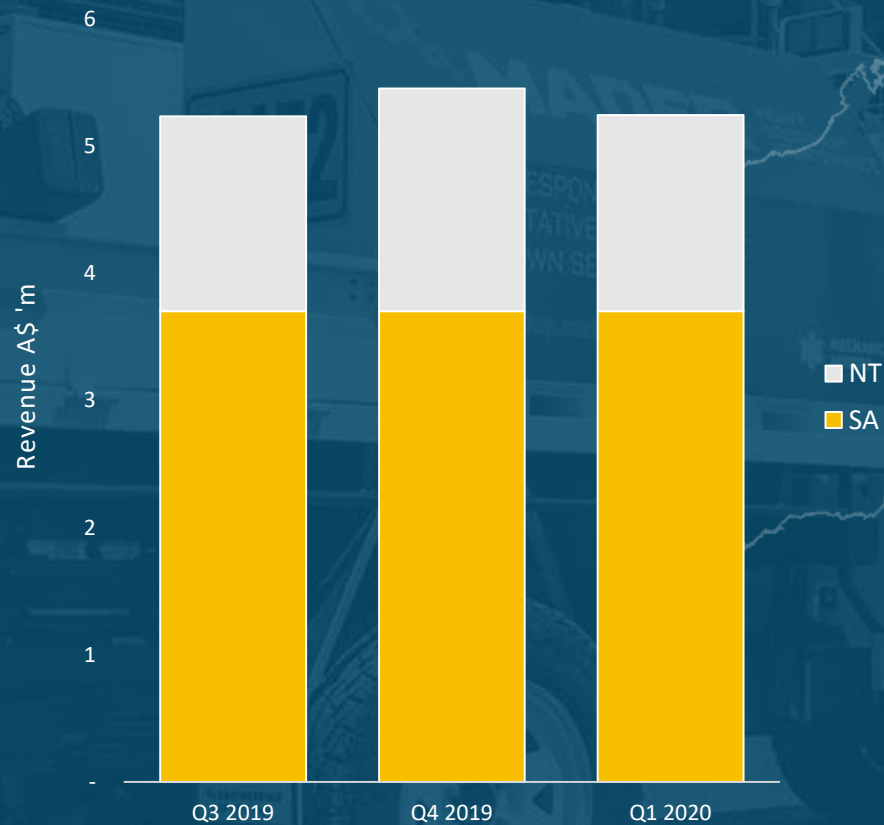
- Eastern Region Q1 FY2020 revenue up 21% from Q4 FY2019
 - QLD revenue up 19%
 - NSW revenue up 27%
- Revenue and profit* up on forecast
- Growth purely organic

Outlook

- Demand in Bowen Basin, Surat Basin and Hunter Valley regions to remain strong for core services
- Continued roll out of ancillary services in Bowen and Surat Basin regions
- Focus on continued penetration into Hunter region and Mt Isa hard rock
- Management focus on margin improvement in areas of high brand awareness
- Continued scaling benefits to occur through Q2 FY2020 to Q4 FY2020

* Based on unaudited management accounts

Central Corridor Outlook



Financial Guidance

- Steady revenue
- Recent division spin off (Q2 FY2020) to resource management team with a dedicated regional focus in Q2 FY2020

Outlook

- Currently 8% of group monthly turnover; focus to increase revenue in the SA and NT regions
- Field teams operational in SA and NT with a focus on reactive services

International Outlook

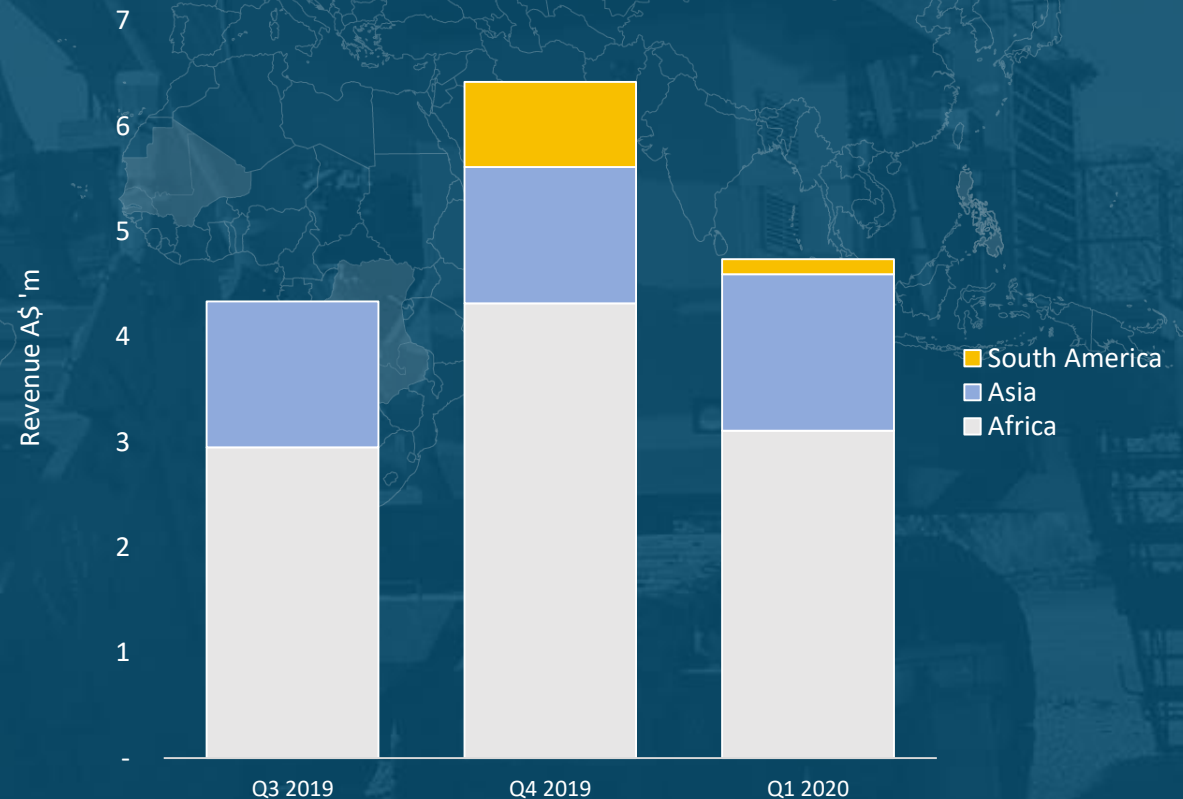
Financial Guidance

- Revenue and profit* softened in Q1 FY2020; expect further softening in Q2 FY2020 due to reduced contract volumes.

Outlook

- Revenue softening in Mongolia for Q3 FY2020
- Re-allocation of internal employees to Australian contracts has occurred, skilled employees retained
- New contracts expected to come on line:
 - Q2 FY2020 West Africa
 - Q3 and Q4 FY2020 Central Africa & SE Asia
- Renewed management focus on central African copper belt Northern Zambia/Southern DRC
- Medium term expansion focus on PNG with work commenced in country

* Based on unaudited management accounts



United States of America Outlook

Financial Guidance

- Q1 FY2020 in profit*
- Revenue and profit* exceeding forecast
- 107% revenue growth from Q4 FY2019 to Q1 FY2020

Outlook

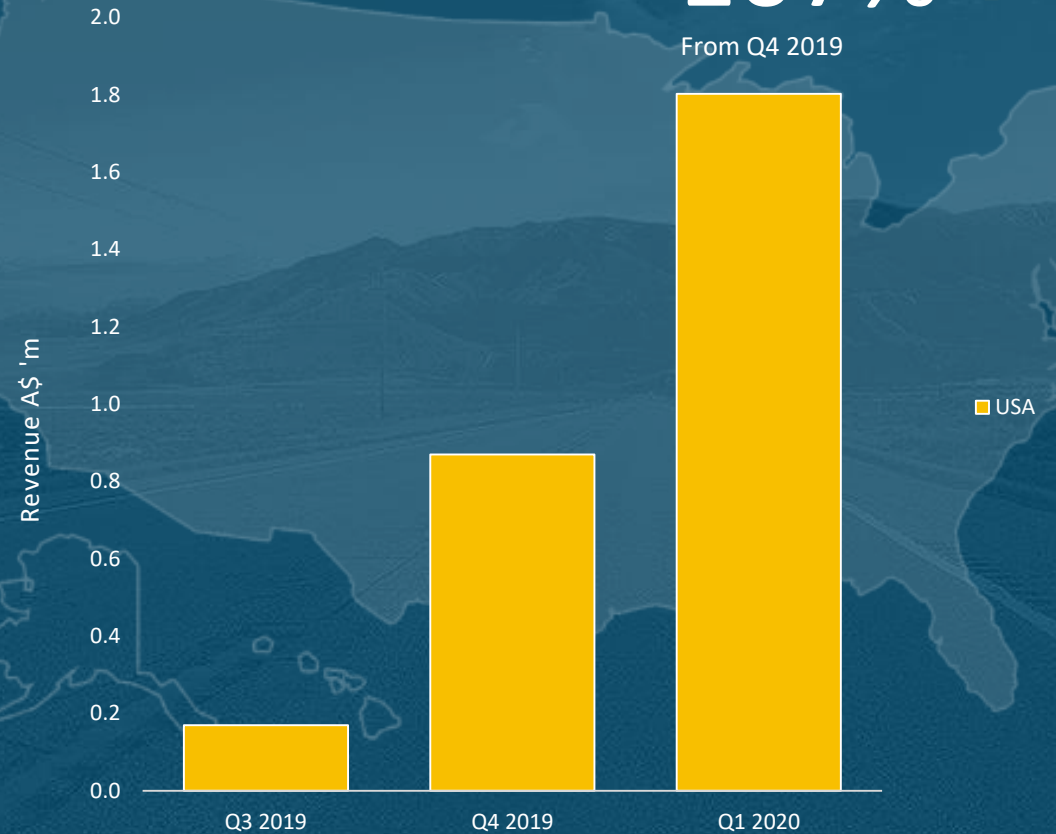
- Strong organic growth into recently established regions, working at or vender contracts across 27 mine sites in the following regions
 - Wyoming
 - Nevada
 - Arizona
 - Tennessee
 - New Mexico
- Strong recruitment environment
- Client base regularly utilizing Mader maintenance services
- USA in profit with scale benefits continuing month on month
- Fully organic start up
- Canadian expansion planning for FY21 commenced

* Based on unaudited management accounts

Revenue growth of

107% ↑

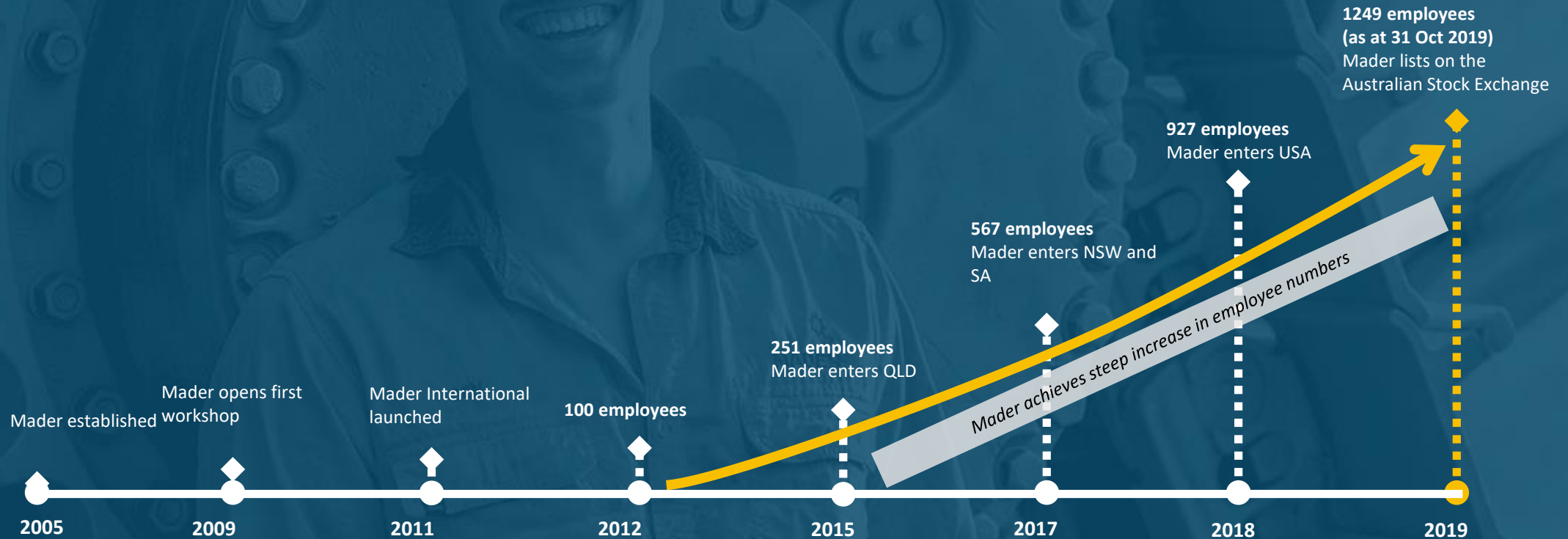
From Q4 2019



Appendices



Our Journey



Expanding Global Platform



Competitive Position

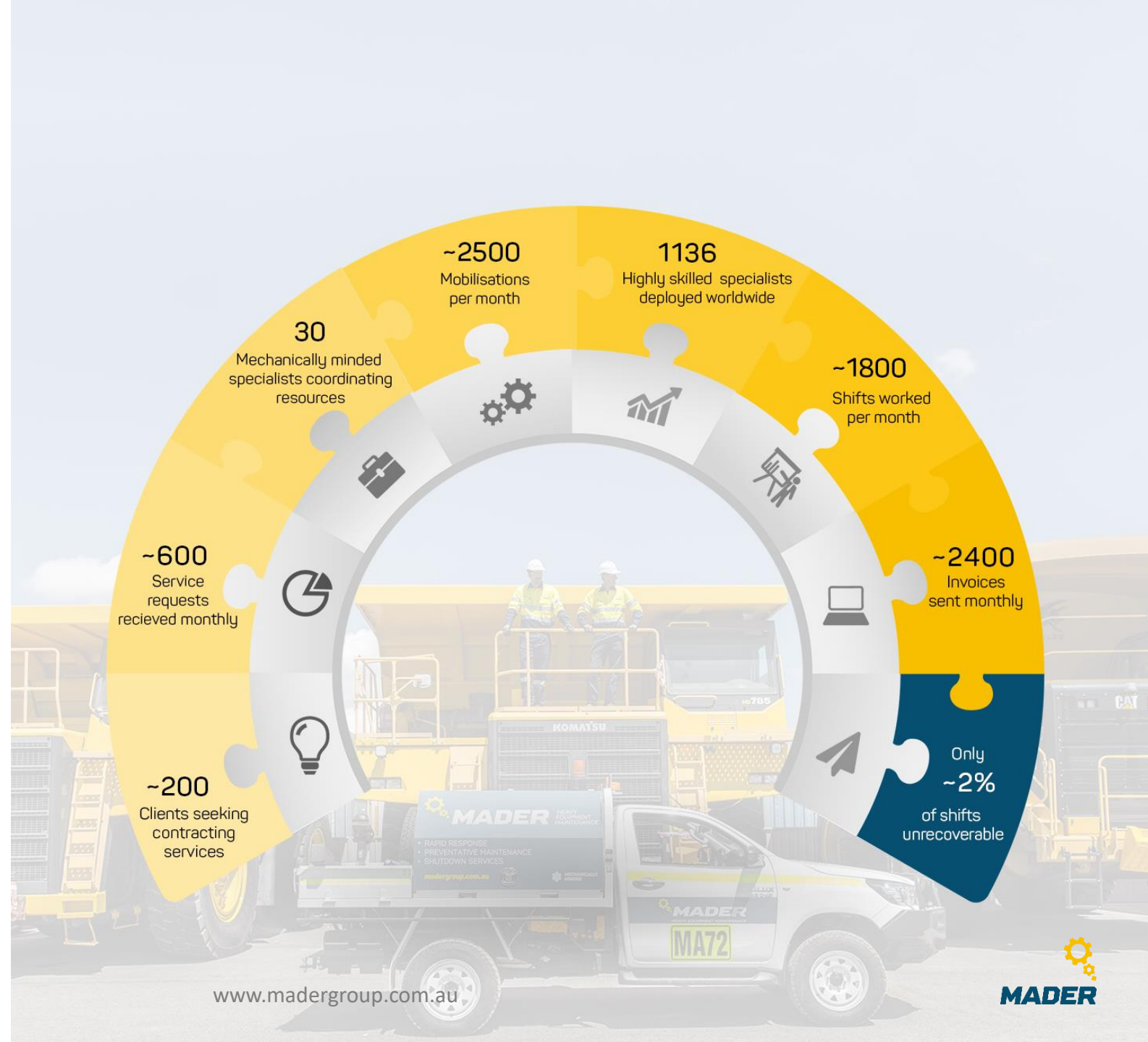
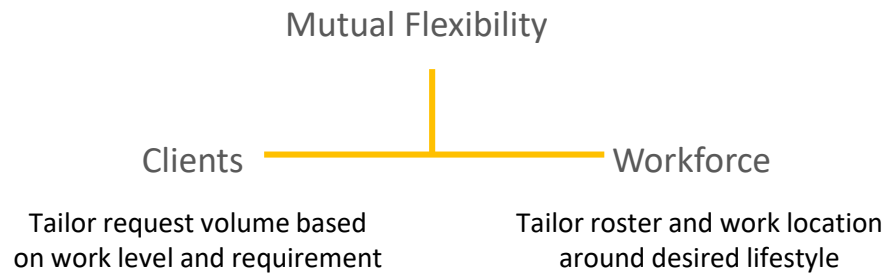
Mader believes it differs from its competitors on its combination of value, flexibility, quality and capacity.

Longstanding relationships with top tier mining customers are built on quality of service and a focus by the Mader Group on its people, culture and reputation.

MARKET POSITION	SMALL OPERATORS	LABOUR HOUSES		ORIGINAL EQUIPMENT MANUFACTURERS
VALUE	Lower cost	Lower cost	Cheaper than OEMs	Higher cost
FLEXIBILITY	- Limited in-house employees - Response lag	- No in-house employees - Response lag	- In-house employees - Fast response	- In-house employees - Restricted to brand
QUALITY	- Limited leadership - Limited internal training	- No leadership - No internal training	- Skilled leadership team - Maintenance labour specialists - Highly skilled employees - Internal training	- Equipment specialists - Highly skilled employees - Internal training
CAPACITY	- Low capacity - Small internal talent pool	Low capacity – must recruit to meet demand	- High capacity - on demand - Large talent pool - Site support for different equipment brands	- Site support for single manufacturer only - Restriction to brand and geographical boundaries

System & Scheduling

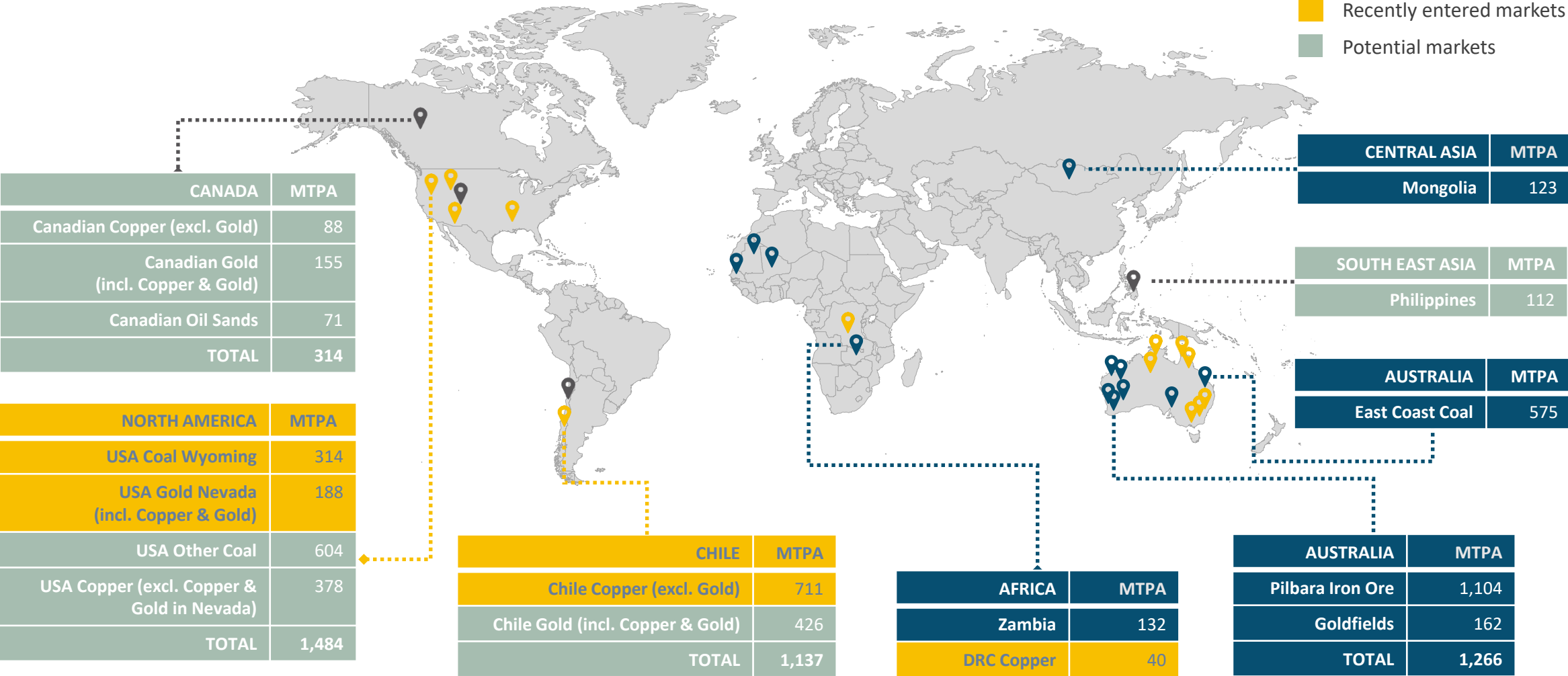
Mader Group coordinators strategically pair skilled staff with corresponding projects that match their skillset and availability. This sophisticated scheduling system has been developed and continuously refined since the company's inception.



Growth opportunities and addressable market

MTPA means Million Metric Tonnes Per Annum (FY2018 Run of Mine Production)

- Current markets
- Recently entered markets
- Potential markets



Top Tier Client Base

BHP

RioTinto



THIESS



Corporate Social Responsibility

Mader Group aim to empower communities, improve social dynamics and lessen inequality by sponsoring initiatives that support socio-economic development in remote areas and disadvantaged communities. We help fund a growing number of initiatives across the globe, with programs extending throughout Australia and into Asia, Africa and the US. In addition to providing financial aid our people also volunteer time to support local charities.



Ronald McDonald House



Solwezi Primary School Construction Project



Townsite Eagles Football Club

Profit & Loss

Currency: A\$'000	Historical			Forecast
	FY17	FY18	FY19	FY20
Revenue	99,252	156,208	228,645	279,176
... % growth	35.2%	57.4%	46.4%	22.1%
EBITDA	10,174	18,603	25,454	33,836
... EBITDA margin	10.3%	11.9%	11.1%	12.1%
EBIT	8,440	15,551	21,628	28,097
... EBIT margin	8.5%	10.0%	9.5%	10.1%
Net Profit Before Tax	8,181	15,023	20,419	26,287
... profit before tax margin	8.2%	9.6%	8.9%	9.4%
Net Profit After Tax	6,206	11,353	14,900	18,853
... profit after tax margin	6.3%	7.3%	6.5%	6.8%
Adjustments	(384)	(379)	289	457
Adjusted Net Profit After Tax ¹	5,822	10,974	15,189	19,310
... adjusted profit after tax margin	5.9%	7.0%	6.6%	6.9%

Notes:

1. Includes adjustments for Offer Costs expensed, Public Company costs and the impact of AASB 16

Balance Sheet

Currency: A\$'000			Jun 18	Jun 19
Cash and cash equivalents			8,246	3,049
Receivables			39,366	54,495
Tax Assets			1,701	1,896
Other assets			2,854	1,820
Property, plant and equipment			12,736	26,247
Total assets			64,903	87,507
Payables			18,388	24,809
Borrowings			14,794	24,228
Provisions			696	1,140
Tax liabilities			243	3,161
Total liabilities			34,123	53,338
Total equity			30,780	34,169

Cash Flow

Currency: A\$'000	Historical			Forecast
	FY17	FY18	FY19	FY20
Earnings before interest and tax	8,440	15,551	21,628	28,097
Interest received (paid)	(347)	(489)	(1,475)	(1,139)
Income tax paid	(2,649)	(4,159)	(2,800)	(7,432)
Depreciation	1,734	3,052	3,826	5,196
Movement in payables	2,412	10,862	3,703	772
Movement in receivables	(4,746)	(14,268)	(15,128)	(11,603)
Other non-cash movements	(1,019)	(1,543)	204	24
Net cash provided from operating activities	3,825	9,006	9,958	13,915
Payment for plant and equipment	(3,673)	(8,659)	(15,911)	(9,783)
Proceeds from (payments for) shares in unlisted companies	(10)	(539)	484	-
Dividends paid	-	(3,000)	(9,161)	(6,280)
Proceeds from (repayment of) borrowings	4,014	6,590	9,435	2,302
Net cash flows during the period	4,156	3,398	(5,195)	154
Cash and cash equivalents at the end	4,792	8,246	3,049	3,353

Notes to financials

Currency: A\$'000	Historical			Forecast
	FY17	FY18	FY19	FY20
Statutory net profit after tax	6,206	11,353	14,900	18,853
Public company costs ¹	(523)	(523)	(228)	-
One-off offer costs ²	-	-	908	671
Impact of accounting standard AASB 16	(26)	(19)	(267)	(18)
Impact of income tax ³	165	163	(124)	(196)
Adjusted net profit after tax	5,822	10,974	15,189	19,310
Adjusted net profit margin	5.9%	7.0%	6.6%	6.9%

Mader Group Limited results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore are considered non-IFRS financial measures. The non-IFRS measures should only be considered in addition to and not as a substitute for, other measures of financial performance prepared in accordance with IFRS.

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. The annual estimate of these costs is \$0.52 million (tax effected \$0.36 million);
- For FY2018, no Public Company costs were incurred. Therefore, as a normalisation adjustment to make FY2018 comparable with FY2019, \$0.52 million (\$0.36 million tax effected) has been included as an adjustment;
- For FY2019, the net profit already includes \$0.29 million (\$0.21 million tax effected) Public Company Costs. Therefore, additional \$0.23 million (\$0.16 million tax effected) is included as an adjustment to FY2019 net profit.

2. One-off Offer costs incurred by Mader Group of \$0.91 million (\$0.64 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%.

4. The Directors have considered the impact of AASB 9 and AASB 15 and do not expect these standards to have an impact on the financial position or results of the Group.



Our Vision

To be the outsourced provider of choice

- To maintain our superior customer service, people and culture
- To be the first choice place of employment for quality tradespeople in equipment maintenance
- To replicate and grow our business model

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Mader Group Limited

