

ASX Announcement

17 August 2023

Maas Group delivers record FY23 result with strong Proforma EBITDA growth of 30%

Financial highlights

- **ProForma EBITDA up 30% to \$163.1m**
- **ProForma EBIT up 27% to \$120.0m**
- **ProForma¹ NPAT up 13% to \$68.9m**
- **Statutory² NPAT2 up 6% to \$65.5m**
- **Proforma EPS up 2% to 21.7 cents³**
- **Proforma Operating Cash⁴ up 96% to \$116.6m, Proforma Cash Conversion 88% (FY22 56%)⁵**
- **Final dividend declared of 3 cents per share, fully franked**

Leading independent Australian construction materials, equipment, and service provider Maas Group Holdings (“MGH” or “the Company”) today announced its financial results for the financial year ended 30 June 2023 (FY23).

MGH Managing Director and CEO Wes Maas said, “We have delivered another record result with proforma EBITDA at the high end of the previously guided range, driven through growth and contributions from both our existing and newly acquired businesses and delivering a proforma cash conversion of 88%.”

“The second half of FY23 saw the normalisation of weather conditions which helped drive strong performances from our Construction Materials and Civil, Construction and Hire (CCH) segments while the persistent and sharp increases in interest rates impacted our residential property business”.

“These strong results are a testament to the resilience of our business model and a reflection of the Company’s disciplined focus on investment and the values and owner mindset that is firmly embedded in our culture.”

“Our disciplined return on capital focus has assisted in delivering this record result and our continued long-term perspective saw further strategic investment in our Construction

¹ Refer FY23 Results Presentation for reconciliation from Proforma NPAT

² Statutory NPAT before minority interest

³ Proforma EPS by dividing proforma NPAT by weighted average shares

⁴ Proforma Operating Cash pre land inventory investments and tax

⁵ % of EBITDA before fair value gains, land inventory investment and tax

Materials and Commercial Real Estate segments, which will help underpin our long term future growth.”

Proforma financial results summary

	FY22	FY23	Change %
Revenue (\$m)	539.1	801.0	49%
EBITDA (\$m)	125.1	163.1	30%
EBIT (\$m)	94.2	120.0	27%
Net Profit After Tax (\$m)	61.2	68.9	13%
Earnings per share (cents)	21.3	21.7	2%
Operating cashflow conversion	56%	88%	32%

Review of operations

In announcing the Company’s full year results, MGH Managing Director and CEO Wes Maas said that MGH had delivered strong overall results with four of the five operating segments delivering impressive growth, with the residential real estate segment negatively impacted by the sharp interest rate rises and consequent challenging market conditions. Further details in relation to segment performance are noted below.

- **Construction Materials:** Proforma EBITDA grew 82% to \$52.0m reflecting strong growth from both newly acquired and existing businesses. Proforma EBITDA margin of 23% consistent with FY22 with strength in 2H23 (24.6%) offsetting the impact of an adverse weather impacted 1H23 (19.6%). Price discipline saw ASP growth offsetting cost pressures.
- **Civil Construction and Hire:** Proforma EBITDA increased by 38% to \$68.7m driven by solid contributions from newly acquired businesses (Schwarz – acquired July 22) in addition to organic growth of existing businesses (22% growth). Proforma EBITDA margins (FY23: 18% vs FY22: 20%) were driven by revenue mix shift including a higher proportion of sales from contracting revenue (Civil & Electrical).
- **Commercial Real Estate:** Proforma EBITDA increased by 69% driven by fair value gain on investment properties, attributable to purchasing discipline and planning outcomes successfully secured. Excluding fair value gains Proforma EBITDA increased by 51% driven by growth across the existing commercial construction and building supplies businesses.
- **Residential Real Estate:** Proforma EBITDA inclusive of fair value adjustments decreased by 56% to \$12.8m driven by a reduction in land settlements (FY23: 181 vs FY22: 270 including build to rent) and lower gross profit per lot driven by estate and product sales mix.

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- **Manufacturing:** Proforma EBITDA increased by 129% to \$4.1m driven by normalisation of operations and supply chains after the previous period of COVID disruption.

Dividend

The Board has approved a final dividend of 3.0 cents per share fully franked. This increases the full year dividend per share to 6.0 cents which represents a 9% increase on the prior year and in line with the Company's dividend payout ratio target of 20-40% of cash NPAT.

A Dividend Reinvestment Plan will not be implemented in respect of the final dividend. Further details in relation to the dividend and key dates will be released separately.

Trading conditions

- Infrastructure and renewable energy related projects continue to drive strong demand across the Construction Materials and Civil Construction and Hire businesses. Q423 saw strong volume and prices.
- Cost inflation pressures have moderated but persist, and price discipline is paramount to maintain product margins.
- Interest rate rises have continued to be a headwind for Residential Development with subdued consumer confidence levels.

Outlook

Trading for FY24 is forecast to remain broadly consistent with 2H23 run rate on an annualised basis.

Factors contributing to FY24 outlook include:

- Strong external secured project pipeline across CCH and Commercial Construction
- Strategically located quarries to take advantage of key infrastructure and renewable energy projects already commenced and forecast to commence during FY24
- Capital recycling program targeted to realise \$70m+
- Expectation that external land lot settlements will remain consistent with FY23 in the residential business
- Full year contributions from acquired businesses (Schwarz, Dandy, Austek).

The Company expects to provide a further update on trading conditions and outlook at its Annual General Meeting, the details of which will be released in the near future.

FY24 Strategy and priorities

The Company has and continues to deliver on its core strategy which has delivered a record result in FY23. Key priorities for FY24 include:

- Ongoing return on capital discipline remains at the centre of all decision making
- Focused on operational excellence, extracting synergies across the portfolio and driving organic growth
- Ongoing integration of acquired companies and identification of further efficiencies

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- Prudently managing costs and capex in residential to adjust to near term realities
- Execution of capital recycling opportunities (\$70m+ in FY24) to maintain capital flexibility with gearing in the range 2-3x EBITDA
- Broadening and deepening of internal leadership talent across the Group.

Investor and analyst call

MGH will host an investor and analyst conference call today, Thursday August 17th 2023, at 10:00am (AEST). To join the call, register via the following link:

<https://registrations.events/direct/OCP60413>

This ASX announcement was authorised by The Board of Directors of MGH.

For further information, please contact Candice O'Neill, Company Secretary of MGH on (02) 5852 1800 or companysecretary@maasgroup.com.au.

About Maas Group Holdings Limited

MGH is a leading independent Australian construction material, equipment and service provider with diversified exposures across the civil, infrastructure, mining and real estate markets.

Maas Group Holdings Limited

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