

ASX Announcement

30 August 2023

AVADA GROUP LIMITED ANNOUNCES FY23 RESULTS

In its first full year as an ASX-listed company, leading traffic management operator, AVADA Group Limited (ASX: **AVD**) released its audited FY23 results today, reporting underlying EBITDA of \$16.1m, an increase of 28% over FY22, driven by organic growth, strategic acquisitions and ongoing operational efficiencies.

Highlights

- Statutory revenue of \$177m (FY22: \$72.9m) and statutory NPAT of (\$5.6m) (FY22: (\$12.5m)).
- Underlying NPATA of \$4.7m (FY22: \$5.0m).
- Underlying revenue of \$183.2m, an increase of 32% (FY22: \$139.1m).
- Underlying EBITDA of \$16.1m, an increase of 28% on (FY22: \$12.6m).
- Expanded operating presence with strategic acquisitions completed during the financial year:
 - o Construct Traffic to establish a presence in Victoria.
 - o Wilsons Traffic Management to enter the New Zealand market.
- Established Bilingarra, Indigenous traffic management joint venture.
- Significant investment in leadership structure and capability.
- Created shared services model to drive operational efficiencies and organic growth.

Underlying trading performance improved through the second half with a return to long term average trading conditions and operational improvements

AVADA delivered strong and consistent performance, supported by strong demand for traffic management services for recurring maintenance and utilities projects and a robust pipeline of infrastructure spending. Weather conditions also returned to the long-term average, reducing project interruptions and enabling a return to expected work volumes.

The two acquisitions completed during the financial year expanded the Company's operations footprint into Victoria and New Zealand, and contributed to improved financial performance. Trading results were included for Construct Traffic from 26 August 2022 and Wilsons Traffic Management from 5 May 2023.

During the year, the Company laid the foundations for sustained value creation by centralising business support functions across the portfolio to create operational efficiencies and incentivise organic growth. A turnkey integration model was also developed to streamline the process of integrating acquisitions to improve business performance.

Audited statutory loss includes non-recurring items of \$7.4m

The loss for the year for the Group after providing for income tax (net loss after tax or NPAT) amounted to \$5.6m (2022: loss \$12.5m).

The statutory loss includes other expenses of \$1.96m which resulted from an increase in the fair value of the contingent consideration financial liability upon the acquisition of subsidiary companies; impairment of intangible assets of \$3.2m (in respect of The Traffic Marshal); and \$2.2m of costs incurred by the Company in undertaking acquisitions and M&A activity.

The first half of FY23 saw a continuation of the challenges from FY22 in respect of weather, most significantly across New South Wales and particularly Sydney, which recorded its wettest year on record. Inflationary pressures and wage rate increases resulted in some initial margin erosion which was addressed during the first half with rate negotiations being implemented with our clients, combined with improved monitoring of fleet and equipment utilisation and rostering, and commencement of some shared services functions throughout the Group.

A return to long term average weather and trading conditions has seen results returning to expected levels during the second half of FY23, with gross margin increases reflecting the operational initiatives implemented.

FY24 forecast earnings

The focus of the business in the 2024 financial year will continue to be organic growth, cost efficiencies and margin improvements. The Company also continues to assess potential acquisition targets in line with its growth strategy.

The Board has reaffirmed its previous guidance, forecasting underlying EBITDA of between \$20m and \$22m for FY24. The guidance is based on the continuation of the current trading outlook and long-term average weather conditions, and prevailing industry demand and macro-economic factors.

This announcement is authorised for release by the Board of Directors of AVADA Group Limited.

About AVADA Group Limited

AVADA is Australia's largest listed integrated traffic management provider, with established operations throughout Queensland, NSW, Victoria and New Zealand servicing major public and private sector clients.

With an extensive network of more than 30 Depots, 950 vehicles and 2,000 dedicated employees the Group is well positioned in the integrated traffic management and associated civil sectors.

Visit us at avadagroup.com.au

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