FY2024 HALF YEAR FINANCIAL RESULTS AND OUTLOOK

MLG is pleased to announce materially stronger first half profitability compared to HY2023, resulting from high revenue growth and a significant improvement in profit margin.

HIGHLIGHTS

- Statutory Revenue up 28.7% to $226.4 million, as compared to the prior corresponding period (pcp).
- Statutory Earnings before interest, tax, depreciation and amortisation (EBITDA) of $28.5 million (up 71.8% on pcp of $16.6 million).
- Statutory Net Profit After Tax (NPAT) up 174.4% to $7.1 million (pcp $2.6 million).
- 12.8% Pro Forma[1] EBITDA margin is materially higher than the second half of FY2023 which was 9.7%.
- Capital expenditure in line with expectations at $18.6 million (pcp $18.2 million) with sustaining capital expenditure of $9.0 million and growth capital expenditure of $9.6 million.
- Further reduction in financial debt and improved working capital position. Financial debt, including operating leases of $52.3 million and gearing ratio of 1.1x (Financial debt / last twelve months EBITDA)
- Continued high demand for services and organic demand for higher volumes supports positive outlook for FY2024.
- High growth outlook has deferred dividend decision for now.

MLG Oz Limited (ASX:MLG) ("MLG") is pleased to deliver its financial results for the half year ended 31 December 2023 (HY2024). The following table outlines our pro forma result which adjusts the statutory financial result for fuel tax credits and other income to offset these against cost of sales rather than show as revenue.

Pro Forma Statutory Financial Performance

$000's	Notes		Pro Forma Statutory HY24	Pro Forma Statutory HY23
Revenue				
Mine Site Services and Bulk Haulage		⬆ 23.5%	185,927	150,557
Crushing and Screening		⬆ 131.2%	37,180	16,080
Export Logistics		⬇ 97.6%	116	4,896
Total revenue	1	⬆ 30.1%	**223,223**	**171,532**
Costs of sales	1		(184,147)	(145,503)
Gross profit		⬆ 50.1%	**39,076**	**26,028**
General and administration		⬆ 12.0%	(10,551)	(9,422)
EBITDA		⬆ 71.8%	**28,525**	**16,606**
Depreciation			(15,268)	(10,915)
Loss on Sale of Assets			(765)	(73)
EBIT		⬆ 122.4%	**12,492**	**5,618**
Margins				
EBITDA		⬆ 32.0%	12.8%	9.7%
EBIT		⬆ 69.7%	5.6%	3.3%

1. Pro Forma offsets fuel tax credit revenue and other income against Costs of sales

MLG founder, and Managing Director, Mr Murray Leahy said: “We are very pleased to have delivered this material improvement in profitability and to have supported our clients in driving higher volumes. We remain committed to improving our margins to ensure our business remains sustainable over the longer term and the improvement in EBITDA margin to 12.8% is an important step in demonstrating this. The financial performance over the last 12 months has been steadily improving due to the efforts of our people and the decisions being made by our management teams. I am immensely proud of this result and the progress being made across the business.”

HY2024 BUSINESS PERFORMANCE

Statutory Revenue of $226.4 million was up $50.5 million (28.7%) on the pcp of $175.9 million. Net profit after tax increased from $2.6 million to $7.1 million reflecting higher margins and stronger profitability.

The growth in revenues is a result of both new work and higher rates applied to clients throughout the year. The tighter controls embedded in our contracts to manage rise and fall provisions has helped ensure rates are adjusted in a timely and effective manner leading to greater stability in operating performance across the opening months of the financial year.

Operationally MLG has continued to grow its employee numbers to sustain productivity and has successfully increased profit margins through strategic management of its portfolio, and tight control of costs.

Mine site services and bulk haulage

Revenue growth has been strongly driven by higher volumes and higher billing rates. Revenue from mine site services and bulk haulage was $185.9m up 23.5% from $150.6m in the pcp. Utilisation of equipment has been high throughout the period as a result of the increase in headcount available to operate equipment, and the demand from clients for higher volumes. While costs continue to rise through inflation, we have improved the contractual terms and frequency of rise and fall mechanisms across the majority of our contracts. This has enabled more frequent adjustments to invoices to reflect immediate changes in cost drivers.

Both organic growth within existing operations and new wins have contributed to the stronger revenue, however importantly margins have also improved across the group. A clear focus has been on controlling costs and driving productivity. The success of this has seen stronger profitability and more consistent profitability. Within sites we have managed to create greater transparency on maintenance activities and worked to drive improved decision making on procurement. More work is still required to aggregate our spending to drive greater savings but we are pleased with this overall improvement in margin.

Recruitment continues to be a main focus with the number of MLG employees increasing from 800 in December 2022 to 947 in December 2023 (up 18.4%), the majority of which are within the mine site services and haulage operations. In context it is important to also highlight the continued high turnover of staff across the industry, particularly within our road train drivers and operators which necessitates a very high level of recruitment to simply maintain our headcount let alone drive the growth we have achieved.

We continue to review our portfolio of operating sites for both productivity opportunities and in light of their long-term sustainability. This review considers our own performance and the appropriateness of the equipment we have dedicated to each site as well as the margins we are achieving. In some cases, we have agreed to end support for certain sites, where in others we have negotiated higher rates to reflect the operating costs associated with servicing that site. This portfolio focus is important in ensuring we target the best return and allocate appropriate capital. While we are confident that we have addressed the majority of the portfolio there remain some sites which are not meeting an appropriate return and as such will be the key points of negotiation in the second half of this financial year.

Crushing and screening

Revenues in our crushing and screening services were strongly higher at $37.2m up 131.2% from $16.1m in December 2022. The continued contribution from our large operation at Lithco No2's Bald Hill lithium operation continued to contribute a large portion of the revenue with the continuation of our presence at Fortescue and Koolan Island helping to materially increase the contribution of our crushing and screening business. We do note that the Lithco operation at Bald Hill ceased in January 2024 and as such a key priority for the business is to redeploy the people and staff into new opportunities, however in the short term we have maximised the internal crushing activities across our various quarries whilst preparing for new work.

Export logistics

The contribution from Export logistics has largely ended following the completion of our operations with Western Areas and FQM. Revenue was only $0.1m as compared to $4.9m in the pcp.

FY2024 OUTLOOK

Demand for MLG service offerings is showing no immediate signs of slowing, albeit we recognise the challenging commodity pricing environment currently being experienced across Lithium and Nickel producers. Our industry exposure to the gold sector continues to be a material factor in the ongoing demand for higher volumes and broader satellite mine coverage.

Further expansion in profit margin remains a key area of focus for MLG to ensure long term sustainability and an appropriate return on capital invested. While we have experienced a material improvement in margin across our first half of FY2024, we anticipate that our EBITDA margins will stabilise around 12.5% through the second half.

This is primarily due to the portfolio of work currently contracted. Performance will benefit from the mobilisation of the Gold Fields, Granny Smith project and the new civil projects at St Ives and Gruyere commencing in the second half but tempered by the reduction in contribution from Crushing and Screening following the completion of the Bald Hill project.

The group continues to progress business development opportunities for the redeployment of our crushing and screening assets into further project wins and continues to re-negotiate some further rate rises in older contracts. The combination of these changes in our portfolio and subject to any material new project wins indicate an outlook for a similar profitability to be achieved in the second half as compared to the first.

MLG founder, Managing Director and majority shareholder, Mr Murray Leahy said: “MLG is currently performing well in an environment with a high potential for continued growth. We have strengthened our operational capability and continue to focus on our delivery to clients. I am very pleased to see our margins trend up and delighted to have delivered a strong performance in the first half of FY2024”

MLG Oz Limited (ASX:MLG), ("MLG") is a founder led business which provides a range of services to mine sites, integrated around the needs of client's ore processing facilities. MLG is an Australian company based in Kalgoorlie, Western Australia, which provides integrated services across gold, iron ore, and other base metal clients throughout Western Australia and in the Northern Territory.

MLG's integrated business model offers clients a range of services under a single contractual framework. The breadth of services encompasses crushing and screening capabilities including build, own and operate models, contract crushing and screening services, crusher feed, and material management. The Company's integrated mine site service offering spans a range of capabilities including; on road and off road bulk haulage capacity, civil construction, road maintenance, rehabilitation work, vehicle maintenance, machine and labour hire, and end-to-end bulk commodity export logistics solutions. A dedicated facility at the Esperance Port supports export logistics services.

In addition to the provision of integrated service offerings above, MLG's 100%-owned quarries are strategically located near existing mining operations which facilitates the efficient supply of bulk construction materials (sand, and aggregate) to our clients.

This release contains certain forward looking statements and forecasts, including in relation to possible or assumed future performance, costs, dividends, rates, prices, revenue, potential growth of MLG Oz Limited, industry growth or other trend projections. Such statements are not a guarantee of future performance and involve unknown risks and uncertainties, as well as other factors which are beyond the control of MLG Oz Limited. Actual results and developments may differ materially from those expressed or implied by these forward looking statements, depending on a variety of factors. Subject to any continuing obligations under applicable law or any relevant stock exchange listing rules, in providing this information, the Company does not undertake any obligation to publicly update or revise any of the forward looking statements or to advise of any change in events, conditions or circumstances on which any such statement is based.

Authorised for release by the Board of Directors.

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