

ASX Announcement

21 August 2024

MAAS GROUP DELIVERS RECORD FY24 RESULT AT UPPER END OF GUIDANCE WITH UNDERLYING EBITDA GROWTH of 27% AND CASH CONVERSION OF 88%

Financial highlights

- **Underlying Revenue up 11% to \$881.9m**
- **Underlying EBITDA¹ up 27% to \$207.3m**
- **Cashflow conversion at 88%²**
- **Underlying NPAT up 22% to \$84.3m**
- **Underlying EPS³ up 18% to 25.7 cents**
- **Statutory EPS up 8% to 22.3 cents**
- **Final dividend declared of 3.5 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 2024 (FY24).

MGH Managing Director and CEO Wes Maas said “In spite of some headwinds we have delivered another record result with underlying EBITDA at the high end of the previously guided range, with 88% of overall growth attributable to our existing businesses⁴. Pleasingly we achieved strong cash conversion reflecting continued working capital discipline.”

“Our agreement in February with National Storage (ASX: NSR) for the sale of 9 self storage properties and joint venture to develop future self-storage projects enabled us to exceed the FY24 asset recycling targets providing a strong cash infusion. Notably, realised proceeds were in excess of book value validating previously recognised fair value gains.”

“These strong results are a continuation of the impressive growth delivered by the business since listing. Over the five year period (FY20-FY24) MGH has achieved EBITDA CAGR of 34%. This track record of growth is a reflection of the values and owner mindset that is firmly embedded in our culture in conjunction with a strategically located asset base well positioned for the substantial renewable energy and infrastructure investment trends.”

¹% of underlying EBITDA before fair value gains, land inventory investment and tax

²Refer FY24 Results Presentation for reconciliation from Underlying NPAT

³Underlying EPS by dividing underlying NPAT by weighted average shares

⁴Existing businesses classified as any business owned or acquired prior to 30 June 2023

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“We continue to see compelling opportunities in the Construction Materials business and in addition to the acquisition of three high quality quarries (Melbourne East quarries) in February, in May we added well established pre-mix concrete operator Economix. These acquisitions further strengthen our Greater Melbourne footprint and provide a strong integrated position in a high demand and depleting supply market.”

Underlying Financial Results summary

	FY24	FY23	Change %
Revenue (\$m)	881.9	795.3	11%
EBITDA (\$m)	207.3	163.1	27%
EBIT (\$m)	154.1	120.0	28%
Net Profit After Tax (\$m)	84.3	68.9	22%
Earnings per share (cents)	25.7	21.7	18%
Operating cashflow conversion	88%	88%	-

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 the core operating industrial divisions, Construction Materials and CC&H the dominant contributors accounting for 70% of overall EBITDA.

- **Construction Materials:** EBITDA grew 54% to \$80.2m with existing businesses accounting for 82% of the growth and newly acquired businesses (Wade Quarry Services, Melbourne East Quarries, Economix) contributing \$5m. EBITDA margin of 22.3% was slightly below FY23 driven by shift in revenue mix with proportionate increase from concrete, asphalt and spray seal partially offset by improved quarry margins (ASP and volume growth).
- **Civil Construction and Hire (CC&H):** Overall EBITDA grew by 9% to \$75.0m driven by growth in renewable energy related civil projects offsetting weakness in the Electrical business where a number of significant transmission projects were delayed. EBITDA margins (FY24: 22.0% vs FY23: 18.5%) were driven by revenue mix shift towards higher margin key civil projects.
- **Commercial Real Estate:** EBITDA inclusive of fair value declined by 10% to \$37.7m with fewer completed projects and associated fair value adjustments. EBITDA ex fair value adjustments decreased by 1% to \$15.3m driven by reduced revenues across the existing commercial construction and building supplies businesses.

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\$50m in proceeds were realised from development projects (including self-storage) which were in excess of book value as part of the capital recycling initiatives.

- **Residential Real Estate:** While revenue decreased by 6% to \$84.7m driven by a reduction in external home builds, EBITDA ex fair value gains increased by 123% driven by an englobo sale (1H), higher external land settlements (FY24:129 vs FY23: 126) and stronger land margins.

Dividend

The Board has approved a final dividend of 3.5 cents per share fully franked. This increases the full year dividend per share to 6.5 cents which represents an 8.3% 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 and further details in relation to the dividend and key dates will be released separately.

Successfully completes debt syndication process

MGH is also pleased to announce the recent successful completion of a debt syndication process, increasing its Australian debt facilities to \$730 million, with the legacy asset financing facility of \$165 million to be paid down under existing terms, representing an overall increase of \$295 million from the current facilities and extends maturity to 1 January 2028. The syndication was oversubscribed and expands the lending group to six banks including a number of domestic and international banks. Commonwealth Bank of Australia (ASX: CBA) was Major Lead Arranger and Bookrunner.

The extended Facilities will be used to fund general corporate purposes, capital expenditure, working capital, property development funding and permitted acquisitions from time to time. The increased facilities will be subject to similar covenants and undertakings as the existing facilities.

Commenting on the syndication completion, Wes Maas said "The strong demand, reflected in increased facilities and lengthened maturity not only provides capital flexibility but also is a powerful endorsement of the underlying positive financial position of the Group."

Trading conditions

- Infrastructure and renewable energy related projects continue to drive strong demand for Construction Materials.
- Renewable energy projects including commencement of transmission projects underpinning demand for Civil Construction and Hire business.
- Demand and pricing for Childcare, Self-storage and Industrial projects remains robust and reflective in prices achieved through the asset recycling program.
- Elevated Interest rate levels impacting consumer confidence suppressing near term residential land sales and development.

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Outlook

- Expectation of continued solid revenue and profit growth in FY25⁵
- Factors contributing to the FY25 outlook include:
 - Strong external project pipeline across Civil Construction & Hire and Commercial Construction
 - Strategically located quarries to take advantage of key infrastructure and renewable energy projects already commenced and forecast to commence during FY25
 - Delayed electrical transmission projects which have impacted Electrical service business in FY24 are expected to ramp up over FY25 and beyond.
 - Recently contracted commercial property development sales of \$65m underpins strong outlook for capital recycling
 - Expectation that external residential land lot settlements will show flat/modest improvement over FY24 given current interest rates environment
 - Full year contribution from FY24 acquisitions (Melbourne East quarries, Wade Quarry Services, Economix)
- Consistent with prior years we expect to provide further update on trading conditions and outlook at the Annual General Meeting

⁵ Risks to outlook: Project delays/cancellations, intensifying competition causing market share loss/ price pressure, sustained/higher interest rates further depressing residential property activity, adverse weather

Investor and analyst call

MGH will host an investor and analyst conference call today, Wednesday August 21st 2024, at 09:00am (AEST). The briefing webcast can be accessed using the following link:

<https://webcast.openbriefing.com/mgh-fyr-2024/>

Participant Q&A registration: <https://sl.c-conf.com/diamondpass/10040055-80gzdh.html>

About MAAS Group Holdings Limited

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

This release has been authorised to be given to ASX by the Board of Maas Group Holdings Limited. More detailed information regarding MGH's FY24 results can be found in our FY24 Results Presentation and the FY24 Appendix 4E.

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