MAAS

ASX Announcement

24 October 2024

Managing Director's Annual General Meeting Address

ASX: MGH ('Maas Group Holdings Limited', 'Maas Group', 'MGH', 'the Company', 'the Group')

I am proud to report that Maas Group has delivered another record performance for FY24, driven by robust profit growth and continued strong cash flow, including over $70 million generated through strategic asset recycling. This result highlights our disciplined capital allocation and the unwavering dedication of our team, whose commitment forms the bedrock of our corporate culture. Notably, our growth has been achieved both organically and through successful strategic acquisitions that have further strengthened the Group's competitive position.

Strategic Initiatives

FY24 was a pivotal year for Maas Group. Our asset recycling initiatives generated substantial cash flow, enabling us to reinvest in higher-return opportunities. A key example of this strategy is our agreement with National Storage (ASX: NSR) announced in February to sell nine self-storage development assets above book value, validating our revaluation processes and creating capital efficient options for future growth. The completion and sale of commercial developments will provide recurring cash flow, allowing for further reinvestment and growth, particularly in our Construction Materials segment.

Financial Results & Capital Investment

- We have been growing our business and capabilities through cycles for over 20 years. Since listing we have grown the geographic spread of our businesses as well as deepened the capability within our segments. We now have 5 years of published full year results as a listed entity. At the corporate level Maas Group has delivered an EBITDA cumulative annual growth rate of 34% while the Construction Materials and Civil Construction and Hire divisions which account for around 70% of EBITDA today, have grown at 46% and 22% respectively.
- Our FY24 results saw record results once again for the Group with year-on-year Underlying EBITDA growth of 27%. Underlying EBITDA of $207 million was at the upper end of the previously announced guidance range of $190 million - $210 million in spite of a number of challenges.
- Adjusting for $5 million contributed to EBITDA from businesses acquired in FY24 we were still pleasingly above the midpoint of guidance range. Our growth was primarily

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Maas Group Holdings Limited
ACN 632 994 542 | **ABN** 84 632 994 542
20L Sheraton Road, Dubbo NSW 2830, Australia
Telephone +61 2 5852 1800 | **Email** info@maasgroup.com.au

from existing businesses with the core operating industrial divisions Construction Materials and Civil Construction and Hire delivering around 70% of overall Group EBITDA.

- Notably our disciplined focus on working capital saw cashflow conversion at 88% with Operating Free Cashflow for the year just under $150m up from $33m in FY23.
- Our business is asset backed with tangible assets growing to $1.4bn including the residential land bank of 8000 lots, recognized on our balance sheet at historical cost of around $15k per lot.

The strong cashflow performance has seen our leverage ratio fall further to 2.4x, below the midpoint of our target range and our capital position has been strengthened through the successful debt syndication process completed in August, which pleasingly was oversubscribed and sees the banking group increased from two to six.

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Culture

At Maas, our culture of commitment and care has been vital to our growth. We have focused on maintaining our core values as we expand geographically and in headcount.

Our commitment to safety remains paramount, supported by our Health and Safety Strategy. This year, we saw a 16% increase in the Lost Time Injury Frequency Rate (LTIFR), but the overall trend since FY21 reflects a 37% decrease. We believe this increase is reflective of the business's growth and we continue to focus on mitigating risks and improving safety outcomes.

We are also committed to developing and retaining talent. In FY24, we provided 82 apprenticeship and traineeship positions and continued the rollout of the "Maas Edge" leadership program to 155 managers, reinforcing our leadership and growth objectives.

Diversity & Inclusion

Our progress on diversity and inclusion is ongoing, with 31% of our senior executive roles now held by women. We remain focused on improving representation across the Group and supporting Indigenous participation including training initiatives.

Community Engagement

Maas Group remains deeply engaged with the communities where we operate. In FY24, we supported several community initiatives, including fundraising for Dolly's Dream and sponsoring events such as the Dubbo Macquarie Titan Mud Run. These activities reflect our commitment to making our communities better places to live.

Environmental Sustainability

In FY24, Maas continued its commitment to sustainability. Our Environmental Management Framework (EMF) guides our efforts to reduce environmental impacts and respond to climate change. Key achievements include:

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- **Lower Carbon Offerings:** We trialed low-carbon concrete products and increased the use of recycled asphalt.
- **Waste Minimisation:** Our Queensland operations incorporated the End of Waste Framework to increase recycled materials.
- **Alternative Fuels:** Austek used over 158,000 litres of alternative fuels, reducing reliance on conventional diesel.

We are also preparing to meet new climate-related disclosure requirements in 2025, ensuring transparency in our environmental practices.

Governance

Maas is committed to responsible corporate governance and has adopted the ASX Corporate Governance Principles and Recommendations. The Board, supported by various committees, oversees the integration of sustainability into our business strategies and risk management.

Trading Conditions Update

- Continued momentum in the Construction Materials business where price discipline across the industry remains evident. Integration of internal aggregate supply to Economix Concrete (acquired end of May) has been successfully implemented.
- A number of renewable energy related projects that were expected to contribute to revenues in the first half have been delayed primarily impacting the Civil Construction and Hire segment. These projects are expected to contribute to the second half and beyond as the scope of projects and associated substantial opportunities remain intact.
- Our Residential Real Estate segment has seen settlements and inquiries at levels above a year ago but is still impacted by subdued consumer confidence and high interest rates.
- Our Commercial Real Estate asset recycling program has seen strong progress with over $65m in sales and proceeds to be received in the first half.

FY25 Outlook

Guidance for FY25 is for Underlying EBITDA in the range of **$215m - $245m.**

Due to the above-mentioned project delays, timing of fair value adjustments and englobo sale of residential land, earnings will be weighted to 2H25.

Capital recycling program now expected to realise in excess of $100m in cash proceeds in FY25.

Factors considered in the FY25 guidance range include:

- Normalised weather outlook allowing operations to achieve average historical utilisation levels.
- Competitive intensity remains stable with rational pricing maintained.

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- Expecting improved momentum in the renewables sector which impacted primarily on Civil Construction and Hire Segment in 1H25. Projects are now expected to contribute to 2H25 and beyond.
- Expectation that external land lot settlements will be in the range of 150-180 (including build-to-rent sales).

Longer-term Outlook

Maas' longer-term outlook and business fundamentals remain strong and unchanged from previous commentary. While some renewable energy related projects have encountered delays, the overall scope of the projects and opportunity is unchanged with the duration of energy transition expected to extend for longer than previously forecast.

- Our Construction Materials segment will integrate and optimise the Greater Melbourne hub to drive revenue, cost and capex synergies. We also continue to focus on lean manufacturing and leveraging significant contract opportunities around our quarry locations including major renewable projects. We remain active in pursuing M&A opportunities that meet our strategic and return on capital objectives.
- Our Civil Construction and Hire segment also remains focused on delivering contracts and securing a pipeline of renewable and major infrastructure jobs.
- The Residential segment is well-positioned to leverage when the market inevitably returns with a solid pipeline of approved developments ready to meet demand.
- Our Commercial Real Estate portfolio will benefit from the high market demand for our core asset classes – including industrial, self-storage and childcare assets. We will continue to drive our asset recycling program to maximise return on capital.
- Our Manufacturing and Sales segment will continue to streamline and focus its product range around core, high-demand markets while driving increased volume out of our Vietnamese manufacturing facility.

I assure our shareholders of my continued dedication and passion for growing the Company and I am confident that alongside the Board and the leadership team, we will continue to deliver what we have promised.

I am excited about the future of Maas as we continue to propel forward, focused on achieving our goals and delivering for our shareholders, employees, customers and communities.

Wes Maas

Managing Director & Chief Executive Officer

This release of this announcement was authorised by Candice O'Neill, Company Secretary. For further information, please contact Candice O'Neill, Company Secretary of MGH on (02) 5852 1800 or companysecretary@maasgroup.com.au.

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About Maas Group Holdings Limited

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

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