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ASX Announcement

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MAAS Group Delivers on Expectations with Strong FY21 Profit Result and Poised for Further Growth in FY22

Leading independent Australian construction materials, equipment and service provider Maas Group Holdings Limited (ASX:MGH) (MGH or the Group) today announced a net profit after tax of $34.2m for FY21 representing an increase of 67.1% from the prior year. Proforma EBITDA (non-IFRS measure) for FY21 was $75.9m which represented an increase of 17.3% growth from the prior year.

Financial Performance

	FY20	**FY21**	**Change**
	$M	**$M**	**%**
Statutory Revenue	193.4	277.6	43.4
Proforma Revenue	225.2	283.4	25.8
Statutory NPAT	20.7	34.6	67.1
Proforma NPAT	32.4[1]	39.7[1]	22.5
Statutory EBITDA	52.4	70.4	34.4
Proforma EBITDA	64.7	75.9	17.3
Final Dividend		3c/share final dividend declared– fully franked with DRP option. Total dividend for the year to 5c/share fully franked.	

Refer Appendix 1 for further details with respect to the reconciliation of Proforma EBITDA.

[1] refer MGH FY21 Results Presentation for reconciliation.

Analysis of Results

In announcing the Group's full year results, MGH Managing Director and CEO Wes Maas noted that the Group had delivered a strong result for FY21 which was at the top end of market expectations and previous profit guidance. Mr Maas highlighted that the Group had achieved significant growth through FY21 with double digit growth for all Group Revenue, NPAT and EBITDA metrics as summarised above. Mr Maas noted that all operating segments had performed well with Civil Construction and Hire and Real Estate divisions leading the way.

"This year will go down in history as a year of great significance and achievement for MGH" Mr Maas said. "From our successful listing on the ASX in December 2020 through to delivering these results today, we continually strive to, and have delivered, outstanding results for our shareholders through prudent and disciplined investment. We believe that this result illustrates the strength of our core businesses and we are ideally placed to continue to deliver sustained double-digit earnings growth for our shareholders through our approach of reinvesting capital into the business and expanding both our geographical footprint and vertical integration to maximise margin capture in growth markets".

Mr Maas stated that FY22 was expected to be particularly strong for the Construction Materials, Real Estate and Civil and Construction and Hire segments as market conditions remained strong in the regions notwithstanding the current COVID 19 outbreaks across New South Wales and other regions within Australia which at present have had minimal disruption to the Group's operations. Mr Maas anticipates similar earnings from its Manufacturing division for FY22 to FY21 if international borders restrictions remained due to COVID 19. He also noted that the Vietnamese manufacturing facility had significant capacity to grow once border restrictions were removed without the requirement for any further capital investment.

Mr Maas highlighted the strong outlook for the Construction Materials division for FY 22 with the Narrabri to North Star section of the Inland Rail commencing in August 2021. Mr Maas noted that this "once in a generation" project combined with the recent acquisitions of Amcor Quarries and Concrete, Willow Tree Gravel, Inverell Aggregates and Concrete and Redimix provided this segment with a strong operating and geographical footprint and the Company was ideally placed to capitalise on the strong market fundamentals and deliver strong growth for the Group in FY22. Mr Maas noted that quarry sales are expected to exceed 2m tonnes for FY22 with concrete sales of circa 100,000m^3 proforma annualised.

Mr Maas also noted that the Group's exposure to infrastructure spending and strong regional demand for services and real estate placed it in a strong position to continue to deliver future growth in both the Civil Construction and Hire and Real Estate segments. Mr Maas observed that strong market fundamentals together with the recent acquisitions of Amcor Excavations in Central Queensland and A1 Earthworx in Mudgee would further enhance the growth opportunities for FY 22 with the Civil Construction and Hire segment expecting EBITDA to grow a minimum of 25%

Mr Maas highlighted the continued strong demand for real estate within the regions with increasing sales interest for MGH's current residential projects in Dubbo, Orange, Mudgee and Tamworth. Mr Maas noted that the residential market had seen strong demand for land during FY21 with residential land settlements up 84% from the prior year to 230 settlements (FY20 125) with significant price escalation also being achieved. There have been a significant number of lot presales already achieved for FY22 with 300 settlements expected. Mr Maas also noted that the Group had recently secured future additional residential development opportunities in Dubbo, Orange, Griffith and Lithgow which will provide significant growth opportunities for the Group for FY23 and beyond.

Mr Maas also noted that the Commercial Development division had successfully delivered the Southlakes Childcare Centre Development in FY21 and had also obtained the development approval for its proposed industrial development at Tomago. Additionally, the Group secured further future development opportunities through the agreement to acquire mixed use sites in Dubbo. Fair value increments are expected to exceed $10m for FY22.

Mr Maas noted that in addition to the growth outlook for the Real Estate segment highlighted above, that the recently announced acquisitions of Maas Constructions, Maas Plumbing, Spacey Self Storage (all remaining subject to shareholder approval) and David Payne Constructions, provided the Group with increased product delivery capability and significant growth opportunities for FY22 and beyond.

Guidance

Notwithstanding the strong market fundamentals currently underpinning the Group which has MGH well placed to once again deliver strong earnings growth for FY22, Mr Maas confirmed that the Board has determined that in light of the current COVID 19 outbreak affecting New South Wales and other regions within Australia that it is not currently appropriate to provide formal FY22 earnings guidance.

Mr Maas stated that the acquisitions announced recently, once all completed, will add more than $22m per annum Proforma EBITDA[2]. The acquisitions did not make a material EBITDA contribution for FY21 but are expected to contribute strongly to FY22 and beyond.

The Group continues to explore earnings accretive acquisitions and has a number under evaluation that fit strict investment criteria consistent with the Group strategy.

Dividend

The Board has declared a final fully franked dividend of 3 cents per share taking the total dividends for FY21 to 5 cents per share (fully franked) which is in line with the proposed dividend payment outlined in MGH's IPO prospectus. The final dividend sits within the Group's previously advised guidance of a dividend payout ratio of 20%-40% of Cash NPAT. MGH will also provide shareholders with the opportunity to reinvest its dividends back into the company via the Group's Dividend Reinvestment Plan (DRP). Under the proposed terms of the DRP, shareholders who participate in the DRP will be offered new MGH shares at a 5% discount to the volume weighted average price (VWAP) for the 5 days immediately after the day after the record date. Details with respect to the dividend including relevant dates are contained in an Appendix 3A.1 which will be lodged separately to this announcement.

Banking Facilities Update

As previously announced on 28 June 2021, MGH has received credit approved term sheets from its banking group (comprising CBA and Westpac) to increase facilities for its Australian Operations from $160m to $200m. The new banking arrangements are currently in the final documentation phase with financial close expected over the coming weeks. The maturity date for the Cash Advance and Multi Option Facilities will be extended to 3 years from financial close.

In addition, MGH has received consent from its banking group to take an additional $100m of future project finance funding for nominated commercial development assets with these developments to

be separately funded by projected financiers under standalone project specific finance facilities with separate covenants and undertakings.

This announcement is authorised by the Board of Directors of MAAS Group Holdings Ltd.

An investor conference call will be presented on Thursday 26th August 2021 at 2.00pm.
Participants can register for the conference by navigating to
https://s1.c-conf.com/diamondpass/10016194-syw22k.html

Please note that registered participants will receive their dial in number upon registration.

About MAAS Group Holdings Limited

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

[2] Proforma EBITDA Contribution is based on historical unaudited accounts of the businesses acquired and being acquired and there may be differences between the accounting policies applied by these businesses and MAAS Group accounting policies. These acquisitions did not make a material contribution to the statutory EBITDA for FY21 but are expected to contribute strongly to FY22 and beyond.

Appendix 1 – Reconciliation of Proforma EBITDA

	FY20	**FY21**
Statutory EBITDA	52.4	70.4
Preacquisition EBITDA of Acquisitions	6.9	1.6
Non-Recurring Items	6.5	3.9
Alignment of Corporate Cost Structure	(1.1)	-
Proforma EBITDA	64.7	75.9

Refer to the Directors' Report of the MGH Financial Report for the year ended 30 June 2021 for further detail in relation to the reconciling items.

Forward looking statements

This announcement contains forward-looking statements, which address a variety of subjects including, for example growth prospects and financial performance. Statements that are not historical facts, including statements about our beliefs, plans and expectations, are forward-looking statements. Such statements are based on our current expectations and information currently available to management and are subject to a number of factors and uncertainties, which could cause actual results to differ materially from those described in the forward-looking statements. The Company's management believes that these forward-looking statements are reasonable as and when made. However, you should not place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. We do not undertake any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law or the ASX Listing Rules. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results, events, and developments to differ materially from our historical experience and our present expectations.