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ASX Announcement

24 February 2022

MGH Delivers as promised and announces strong growth, acquisitions, dividend and confirms guidance for FY22

Leading independent Australian construction materials, equipment, property and service provider Maas Group Holdings (MGH) today announced a Proforma EBITDA of \$40.1m for the half year ended 31 December 2021. This compares to a Proforma EBITDA of \$30.4m for the corresponding half year ended 31 December 2020 representing an increase of 31.9%, and having also delivered a 25.2% increase in statutory NPAT from the corresponding half year. Refer Appendix A for further details with respect to the reconciliation of Proforma EBITDA.

	1H21 \$M	1H22 \$M	Change %
Statutory NPAT	11.7	14.6	25.2
Proforma NPAT	15.7	16.6 ¹	5.7
Statutory EBITDA	26.9	36.9	37.2
Proforma EBITDA	30.4	40.1	31.9
Statutory EBIT	20.0	23.9	19.5
Proforma EBIT	23.2	26.7	15.1
Dividend	2c/share – fully franked		

¹refer MGH Results Presentation Half Year FY2022 for reconciliation.

Analysis of Result

In announcing the Group's half year results, MGH Managing Director and Group CEO Wes Maas said that MGH had enjoyed strong growth across all of its material business segments of Construction Materials, Civil Construction and Hire and Real Estate and that the solid performance for the half year was in line with expectations and previous market guidance.

Mr Maas highlighted:

- strong growth in Proforma EBITDA in the first half (compared to the corresponding period last year) of Construction Materials (growth of 70.1%), Civil Construction and Hire (growth of 27.3%) and Real Estate (growth of 26.3%).
- the company was well positioned for a strong FY22 having previously indicated that the forecast FY22 result was second half weighted in its previous market guidance of 9 November 2021 with an expectation that the second half would represent more than 65% of MGH's annual proforma EBITDA result.

- the Group retained its exposure to major infrastructure spending as well as strong regional demand for services and real estate and that the group was ideally positioned to capitalise on the strength of these markets through its previous and continued investment in its key segments in line with its strategy.
- a strong contribution from all segments for the remainder of the year in particular the Real Estate (material increase in residential settlements and commercial real estate contribution) and Construction Materials (increased quarry and concrete volumes) segments with the Civil, Construction and Materials segment expecting a similar result for the second half.
- recent investments in the Construction Materials and Real Estate segments will continue to provide the Group with an increasingly diversified segment earnings contribution going forward.
- MGH's strategic investment discipline and regional focus has provided the company with the ideal platform to achieve long term growth.
- significant forecast residential real estate settlements for the second half with the majority of these forecast settlements already contracted to deliver increased EBITDA contribution per lot given the escalation of sales prices achieved over the last 12 months.
- the performance of the Manufacturing segment has continued to be impacted by COVID 19 and global shipping and supply chain challenges during 1H22 with the situation with respect to these disruptions having now stabilised somewhat compared to 1H22 an improved performance is forecast for 2H22 and further growth for this segment expected in FY 23.

Acquisitions

The Company is pleased to announce it has executed agreements to acquire the Dubbo based Astley's Plumbing and Hardware business which will provide the group with security in relation to future supply chain of building materials. Although the contribution from the business will be immaterial for FY22, the acquisition represents a strategic measure in ensuring ready access to materials at commercial prices leveraging the national buyers' networks of Astley's and continue the Group's focus on vertical integration of essential services which assist the Group's strategy. Astley's will continue to service existing customers with a focus also to grow supply to both external and internal customers. Astley's is expected to settle on February 28, 2022 for approximately \$9.0 million which includes the freehold property assets.

The Company has also executed agreements for the acquisition of two leasehold quarry operations in Central Queensland (Dawson Quarries) for a total acquisition value of \$4.0 million.

In addition, the Company expects to be able to confirm the execution of agreements in the coming weeks in relation to the acquisition of further Quarry operations in Central Queensland previously referred to in Cleansing Statements with total purchase consideration of approximately \$30 million. The Company will continue to keep the market updated in relation to this potential acquisition.

The Group remains active in assessing acquisition opportunities which represent a strategic and operational fit for the Group's existing activities in its core Construction Materials, Real Estate and Civil, Construction and Hire segments.

Guidance

The Board had reconfirmed its previously announced guidance from 9 November 2021 for Proforma EBITDA of \$115m - \$125m for FY22 and notes that this guidance does not include the significant potential contributions from acquisition opportunities in the Central Queensland quarry market highlighted above.

Dividend

The Board has approved an interim dividend of 2 cents per share which will be fully franked. The full year target of a dividend payout ratio of 20-40% of Cash NPAT is retained.

The interim dividend is consistent with the corresponding period of the prior year.

As noted above and in previous guidance, it is forecast more than 65% of MGH's full year earnings will be derived in the second half of FY22 with a Board objective of annual dividend per share growth of 10%.

The Dividend Reinvestment Plan will remain in place for the interim dividend. Further details in relation to the dividend and key dates will be released separately.

Banking Update

All necessary documentation had been completed for the Company's previously announced increase of Corporate Debt Facilities from \$200m to \$300m. In addition, the increase in a separate permitted development finance capacity from \$50m to \$100m has also been completed.

This announcement is authorised by the Board of Directors of MGH

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.

Appendix 1 – Reconciliation of Proforma EBITDA

	1H21 (\$m)	1H22 (\$m)
Statutory EBITDA	26.9	36.9
Preacquisition EBITDA of Acquisitions ¹	1.5	1.0
Non-Recurring Expenses ²	2.0	1.9
Other ³	-	0.3
Total	30.4	40.1

¹Includes acquisitions subject to lockbox for FY22 (FY21 - acquisition of Macquarie Geotechnical);

² represents costs of business combinations for FY22 (FY21 includes one off costs such as costs of IPO preparation)

³Represents share based payments expense for FY22