

Adrad Holdings lists on the ASX after \$22M IPO

Highlights

- Adrad Holdings lists on the ASX under code AHL after raising \$22.0 million at \$1.50 per share for an indicative market capitalisation of ~\$121 million
- The IPO received strong support from new and existing shareholders including institutional, professional and retail investors
- Adrad delivered \$130.4m FY22 revenue, with revenue CAGR of 19.3% since FY20
- FY22 delivered EBITDA and NPAT ahead of prospectus forecasts
- Adrad designs and manufactures innovative heat transfer solutions for industrial applications and manufactures, imports and distributes parts to the automotive aftermarket
- Growth driven by strong sales across both Aftermarket and Original Equipment (OE) segments despite COVID-19, global supply chain disruptions and floods
- New products and technologies in development to support growth opportunities into expanded international markets in Southeast Asia
- Positioned to adapt to the growing trend towards hybrid and full electric vehicles (EVs) as well as hydrogen-fuelled vehicles, which require more complex cooling systems.
- FY23 has commenced in line with management expectations. With COVID-19 impacts and volatility of input costs subsiding, Adrad is well positioned in FY23 and beyond.
- The Company will host an investor webinar on Tuesday 4 October 2022 at 9.15am AEST. [Click here to register.](#)

Overview

Automotive aftermarket and industrial original equipment (OE) heat transfer solutions provider **Adrad Holdings Limited** ('ASX:AHL', 'Adrad' or the 'Company') commences trading on the Australian Securities Exchange (ASX) today at 10.30am AEST following the successful completion of an initial public offering (IPO), which raised \$22.0 million.

Adrad has an indicative market capitalisation of \$121.0 million following the IPO, which included a primary raise of \$15.0 million and a \$7.0 million sell-down. The IPO received strong support from institutional, professional, and retail investors.

Founded in 1985, Adrad is an Australian based business which designs and manufactures innovative heat transfer solutions for industrial applications and also manufactures, imports and distributes aftermarket automotive parts for the Australian and New Zealand markets, as well as for OE customers globally.

The Company services all aspects of the engine cooling market across two major segments, Aftermarket and OE, with 496 employees across eight main sites and 16 warehouse locations in Australia, New Zealand and Thailand. It has a quality and diverse customer base and has established long-term relationships with large global original equipment manufacturers (OEMs) including Caterpillar, Kenworth, Cummins and Hitachi.

Adrad's Aftermarket segment has seen rapid expansion of its customer base via the establishment of its online channel in 2019, which directly targets mechanical workshops, in addition to its continued investment in product range with an expanding portfolio of aftermarket automotive parts.

Adrad has established a second manufacturing facility in Thailand for the OE segment and expanded its distribution footprint in Australia in the Aftermarket segment. The new Thailand manufacturing facility is focussed on growing sales in the power generation space in SE Asia, and is supported by the recent appointment of a Business Development Manager in the region and a Vietnam-based consultant.

The Company has plans to build its market share in the Aftermarket segment via continued growth of its online sales and continued expansion of its product range.

As the world moves away from traditional fuel combustion engines, Adrad is developing heat exchangers to support hydrogen fuel cells, where demand is starting to grow from high horsepower engine manufacturers. It is also working on sourcing heating and cooling systems for electric vehicles, while demand for other automotive parts such as compressors, brakes and filters is not expected to change as EVs become more prevalent.

Financial Performance

Adrad has a successful track record with revenue growing from ~\$91.6 million in FY20 to \$130.4 million in FY22, equating to a CAGR of 19.3% driven by strong revenue growth across both Aftermarket and OE segments despite challenges of COVID-19 disruptions, global supply chain disruptions and floods.

Adrad FY22 revenue was slightly below prospectus forecasts, largely as a result of COVID related impacts on OEM customers causing supply chain disruption resulting in build rates lower than anticipated in 2HFY22.

Adrad has grown EBITDA to \$16.4m in FY22, up from \$4.5m in FY20 reflective of increased revenue and margin expansion.

Pleasingly, this EBITDA number is 0.4% ahead of prospectus forecasts and NPAT was 6.8% ahead of prospectus forecasts.

Outlook

The start to FY23 is in line with management expectations. The Aftermarket segment revenue is performing positively against the same period in FY22 with an increase in volumes

Build rates in the OEM segment remain stable with the impact of supply chain disruptions reducing and underpinned by strong order books.

FY23 expectations are for less disruptions including the impact of COVID-19, floods and reduced impact of supply chain related events.

The benefits of strategic investment in FY22 and continued planned investment in FY23 should begin to be seen in the later part of FY23 and into FY24:

- In the Aftermarket segment, Adrad are targeting continued new customer acquisition, expansion of product range, extension of distribution footprint and development of the Natrad Trade Online platform into the New Zealand market.
- In the OEM segment, Adrad are targeting the development of sales of heat exchangers for power generation applications in Southeast Asia, and the expansion of the business development function across Thailand and Vietnam.

Current and ongoing investment is planned to drive continued growth in the business in its core markets in future years.

The Company is targeting a dividend payout ratio of 30% to 40% of NPAT and believes investment activity in FY23 will provide increased capacity and a platform for further growth for FY24 and beyond.

Morgans Corporate and Bell Potter were Joint Lead Managers to the IPO. Adelaide Equity Partners acted as the Company's corporate advisor.

Investor Webinar – 9.15am, Tuesday 4 October 2022 (AEST)

Adrad's Chief Executive Officer, Don Cormack and General Manager – Air Radiators, Jamie Baensch, will host a webinar to discuss an overview of the business and provide FY22 updates on Tuesday, 4 October at 9:15am (AEST). Please note that the webinar will be recorded, and a copy will be made available on Adrad's website shortly after it is completed. Registration can be completed via the link below:

https://us02web.zoom.us/webinar/register/WN_rvAB2PT_Qb-2YWmHGtPK6g

Investors can submit questions prior to the webinar to melanie@nwrcommunications.com.au or via the Q&A function on Zoom, during the webinar.

This announcement is authorised for release by the Board of Directors of Adrad Holdings Limited.

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For more information, please visit <http://adradholdings.com.au/>