



MaxiTRANS Industries Limited

Annual
General Meeting
24th October, 2014



FREIGHTER

Maxi-CUBE



LUSTY EMS

HamelexWhite



MaxiPARTS

PANEL Masta

2014 Year in Review

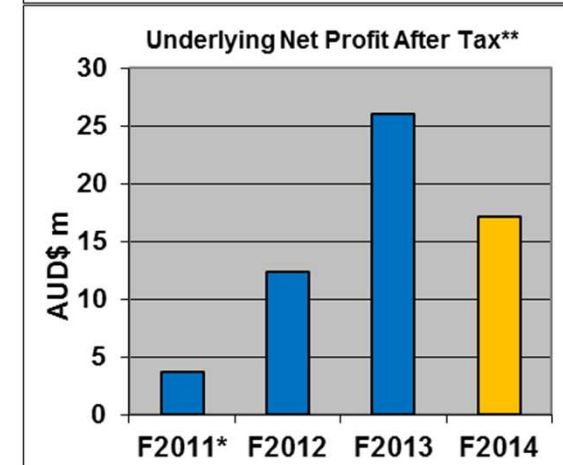
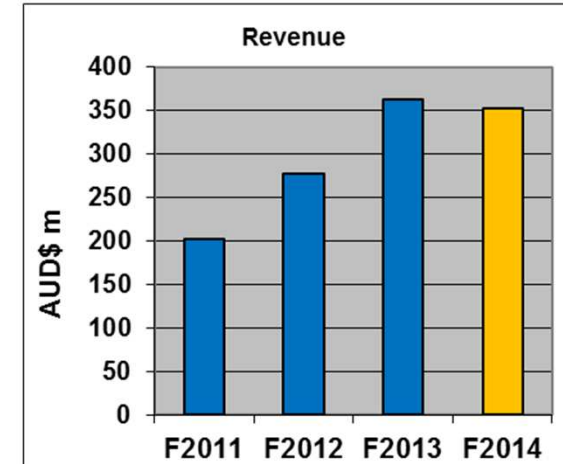


- A soft and challenging market resulting in:
 - Revenue of \$351 million, down 3% on prior year
 - NPAT attributable to MXI Equity Holders \$17 million in line with the trading update in April, '14
- Margins adversely impacted by:
 - Low trailer demand driving intense pricing competition
 - Parts market depressed by fall in demand from all major sectors along with a number of non-recurring items
 - Start up losses on commissioning new China facility
- Continued strategic growth with four parts stores opened or acquired and two greenfield parts stores established
- Final dividend of 2.25 cents fully franked brings total dividend for the year to 6.0 cents fully franked.

Financial Highlights



	FY13 \$000	FY14 \$000	% change on FY13	FY11 - FY14 CAGR
Revenue	\$362,534	\$351,968	-3%	20.2%
EBITDA	\$44,219	\$30,594	-31%	40.0%
NPBT	\$36,358	\$23,172	-36%	74.7%
NPAT attributable to MXI equity holders	\$25,965	\$17,075	-34%	60.0%



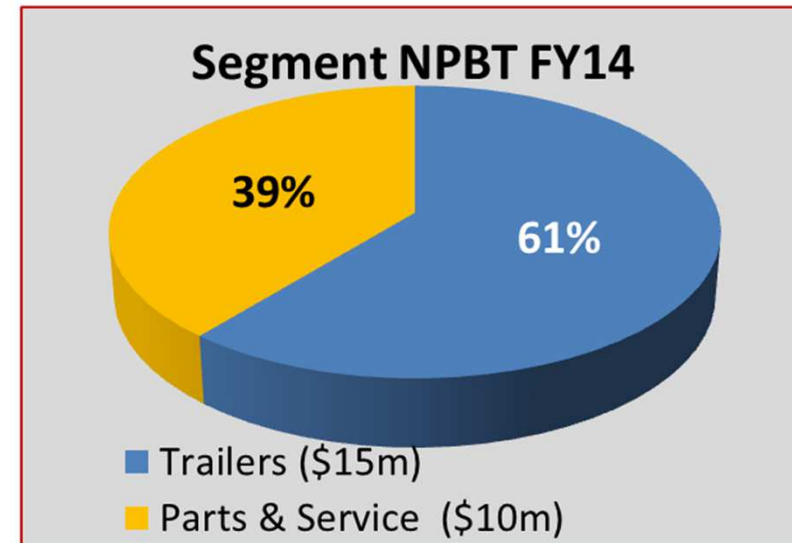
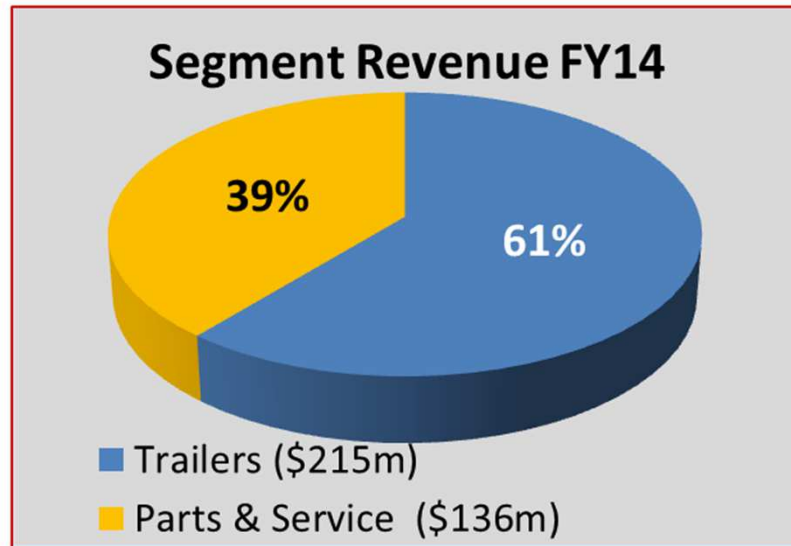
* Excludes impairment charges and restructuring
 ** Underlying NPAT attributable to Equity Holders

Financial Highlights (cont.)



	FY13 \$000	FY14 \$000	% change on FY13
Operating cash flow	\$23,543	\$16,612	-29%
Net debt	\$24,601	\$37,539	52.6%
Net debt/equity %	21%	31%	10 ppts
EPS (basic) (cents)	14.11	9.26	-34.4%
Total dividends declared (cents)	8.5	6.0	-29.4%
Total dividend as % of EPS (basic)	60%	65%	4.8ppts

Parts & Service continues to grow contribution to Group results



- Parts & Service contributed 39% of the group result, up from 35% in FY13
- Non-recurring items dampened Parts & Service profit contribution in FY14
- Expect Parts & Service contribution to continue to increase

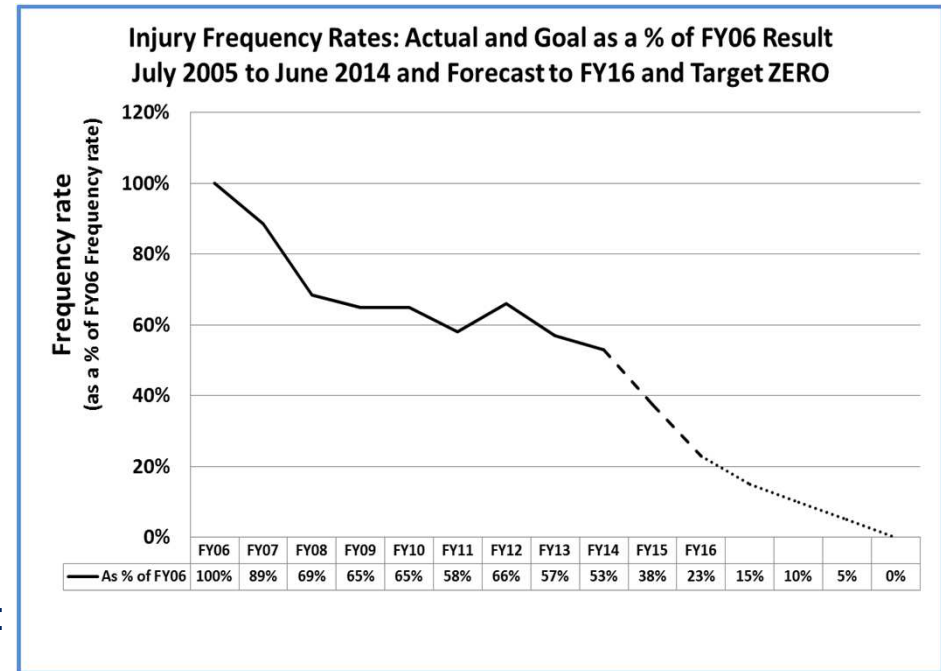
Major Achievements in FY14



- Continued to build national parts network:
 - Acquisition of three parts stores to expand NSW footprint:
 - Central Coast (Warnervale)
 - Dubbo
 - Wagga Wagga
 - Relocated NSW warehouse and opened new retail store in Ingleburn
 - Opened new greenfield stores:
 - Mackay, north Queensland
 - Darwin, Northern Territory
- Commenced major “MaxiSAFE” program to significantly improve workplace health and safety outcomes across the organisation
- Commenced a business transformation program, “Project TRANSform”, involving the implementation of a new ERP system (JD Edwards) to replace thirteen legacy IT systems and streamlining business processes
- Entered into new, larger, syndicated debt facilities providing greater funding certainty at a lower cost.

MaxiSAFE Program

- 47% reduction in injury frequency achieved since FY06
- But, gains have plateaued
- **MaxiSAFE Program:**
 - Operating for 12 months so far
 - Targeting 60% reduction in injury rates from FY13 levels by FY16
 - Ultimate target: ZERO INJURIES
 - Working with DuPont Sustainable Solutions:
 - To develop a world class safety culture
 - To drive injury rates down
 - Implementing significant operational changes to the management of safety at all levels from the Board to the shop floor.



 **MaxiSAFE**
ZERO Injuries - EVERY Day

Project TRANSform



- Outdated core IT system no longer supported
- Multiple legacy IT systems (13) to be replaced with a single ERP system
- Benefits:
 - Streamline business processes and management
 - Create operational efficiencies
 - Reduce operational risk
- Currently at the “design and build” stage
- Implementation commences early 2015 on a site by site basis with Queensland manufacturing site first go-live
- Not just an IT system - it incorporates:
 - Cultural change
 - Structural change
 - Better information = Better outcomes.

Vans

Maxi-CUBE



New Maxi-CUBE Premium Pack

- FY14 unit sales 7.7 % below FY13 but positive mix had revenue 4% above FY13
- Maxi-CUBE Premium Pack successfully launched in Q3 '14
- Current order bank flat on pcp.



New 26 Pallet Maxi-CUBE Reefer

Trailers



*AutoHold closing system
(4 patents on the overall design)*



- FY14 sales revenue down 8% on FY13
- Competitors discounting heavily punished margins
- New AutoHold trailer well received by the market with orders taken prior to year end
- Current order bank up 53% on pcp.



*Sugar Cane Transfer Units
(53 units sold to QUBE)
Showing side shifting of cane bins onto rail cars*

Tipppers

LUSTY EMS

AZMEB
BULK TRANSFER SYSTEMS

HamelexWhite

MaxiTRANS



New Low Tare Hamelex White steel tipper



New Hamelex White Ejector Trailer for SITA

- Most sectors depressed in FY14:
 - Agriculture adversely affected by drought in Queensland and north western NSW
 - Resources investment decline as projects come online and few new projects in the pipeline
 - General lack of infrastructure project pipeline
- Total tipper sales revenue down 18% on FY13
- Competitors pricing at minimal, if any, margins to win volume
- New low tare, high payload, Hamelex White steel tipper launched (Q3 '14)
- New ejector trailer developed for waste transfer industry (SITA) (Q4 '14)
- Current order bank down 49% on pcp.

New Zealand



New Freightor B-Train



New Freightor stock awaiting delivery

- Strong NZ economy
- FY14 sales revenue 48% up on FY13
- Market penetration being achieved with new Freightor strategy & product development
- Improved efficiencies at new factory → more capacity & shorter lead times
- Van and trailer markets strengthening
- Current order bank up 81% on pcp
- Outlook positive and well placed for growth.

Parts & Service



*MaxiPARTS Darwin
(& images below)*



- FY14 Revenue in line with pcp
 - Gladstone decline offset by acquisitions and greenfield stores
 - Australian service and repairs business stronger than prior year
- FY14 profit significantly down on pcp due to:
 - Overall market downturn impacting margins
 - High exposure to other trailer builders / repairers, infrastructure, resources and agriculture sectors, all of which are softening
 - Non-recurring items:
 - Short term withdrawal of key product from market
 - Start-up losses at greenfield sites
 - Acquisition costs
- Opened two greenfield stores (Mackay & Darwin) to capitalise on new market opportunities
- Acquired and opened four retail stores in NSW.

Maxi-CUBE Tong Composites (MTC)

- Yangzhou, China (80% owned JV)



New MTC Panels factory



- FY14 revenue in line with pcp
- FY14 contribution adversely affected by relocation to new factory:
 - Shutdown old factory
 - Implement new technology at factory requiring testing and commissioning
 - Short term production inefficiencies
- Positive outlook:
 - Production rates now above old factory
 - Improved quality
 - Improving efficiencies
 - Growing market demand (domestic and export).

Dealerships & Joint Ventures



Transport Connection (80%)

- FY14 revenue up 60% on FY13 (accounting for Oct 2012 to June 2013 only)
- FY14 contribution up 5% on FY13 (accounting for Oct 2012 to June 2013 only)
 - Challenging market
 - Heavy discounting
 - Over-supply

Trailer Sales (36.67%)

- FY14 contribution down slightly on pcp
- Appointed Hamelex White distributor for all of Qld (previously only North Qld)
- Appointed AZMEB dealer for North Qld.



Outlook FY15

- Australian Trailer and Parts markets continue to soften:
 - Continued drought, soft resources sector and slow infrastructure activity significantly impacting tipper demand and parts market in particular
 - Business activity has continued to soften across Australia since June
- Ongoing optimisation of manufacturing facilities, process improvement and rigid cost control should partially offset margin declines
- China: Anticipate continued increase in production volumes
- NZ: Strong economy and expanded product range will continue to benefit the business
- Diverse product portfolio is providing some cushioning
- Company well positioned to capitalise on any improvement in market conditions
- Expect 1H15 to be significantly below prior corresponding period with NPAT to be in the range of \$4.5m to \$5.3m.

