



## TRADING UPDATE

MaxiTRANS Industries Limited ('MXI') is Australia's largest supplier of road transport trailing equipment solutions.

In conjunction with the release of the results for the half year ended 31 December 2014 in February this year, the MXI Board advised shareholders that it expected continued soft economic conditions leading to subdued business confidence and that demand for heavy duty road transport equipment would remain low.

Following this update, continued drought conditions in Queensland together with the substantial decline in resources activity and a lack of infrastructure activity continues to have a significant detrimental impact on demand for tipper products. These widespread soft conditions have led to heavy price discounting across all of our brands to win orders, which together with cost pressures resulting from the weakening Australian dollar, is placing significant pressure on margins. To combat these headwinds, MXI has commenced a comprehensive Continuous Improvement program across its manufacturing facilities. The program has started to yield significant efficiency improvements and we expect further productivity gains to be realized which will enable us to compete harder in the market to profitably gain market share.

Amidst challenging market conditions, it is pleasing to advise that MXI has recently secured a number of large orders for Maxi-CUBE vans and has experienced improved Freighter trailer orders sufficient to ensure the business will finish the year with a robust order book.

The performance of our parts business, MaxiPARTS, is weaker as a result of the softer road transport market, drought conditions and the resources sector decline. This business has substantial exposure to Queensland, where revenue is significantly lower than the prior year. These conditions have prompted the closure of three underperforming Queensland stores. MaxiPARTS' profitability will also be significantly impacted by additional recall and warranty costs associated with the product recall announced in H1 FY15. However, despite the challenging market conditions, there are a number of exciting new growth initiatives that are about to be launched that should improve the future performance of the business.

In relation to our China joint venture, a softening local market has resulted in a sharp deterioration in demand for our products. Accordingly, the business is focusing on export opportunities to drive greater volumes through its facility to improve performance.

The New Zealand business continues to perform strongly which is evidenced by its leading market position, expanding product range and strong order bank. However, we have experienced slightly lower sales revenue as a result of a change in product mix which will impact its performance in H2 FY15.

As a result of these developments the Board is of the opinion that, based on unaudited internal management accounts and projections, net profit after tax for the full year ending 30 June 2015 is likely to be in a range of \$5.9m to \$6.9m which includes an additional provision of approximately \$1 million in relation to the product recall and warranty matter referred to above. Furthermore, the Company is also currently conducting a review of the carrying value of all assets at 30 June, 2015 in accordance with its policies and relevant accounting standards.

The Board remains confident that appropriate strategies and foundations are in place to manage current economic and market conditions and to provide the base for optimal financial performance as the markets for the company's products improve.



For more information please contact the Managing Director, Mr. Michael Brockhoff, or the Chief Financial Officer, Mr. Campbell Richards on (03) 8368 1100. Alternatively, you may wish to visit our website at [www.maxitrans.com.au](http://www.maxitrans.com.au).

**Michael Brockhoff**  
**Managing Director**  
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