



# MaxiTRANS Industries Limited

Year Ended  
30<sup>th</sup> June 2015



# 2015 Year in Review

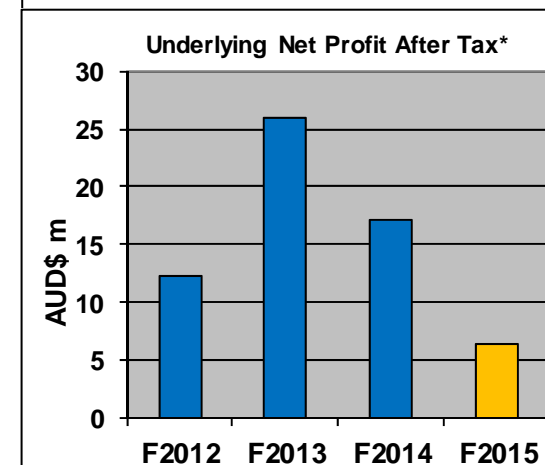
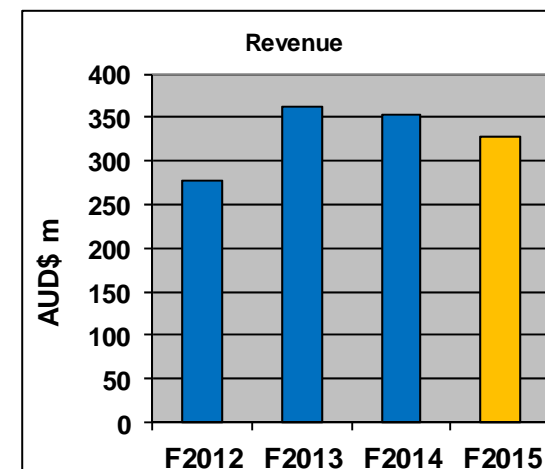


- Despite Australian trailer market declining by an estimated 25% in 2015, MaxiTRANS increased market share:
  - Revenue of \$329 million, down 6.5% on prior year - both Trailers and Parts & Service segments declined
  - Underlying NPAT attributable to MXI Equity Holders \$6.3 million in line with the trading update in April, '15
  - Reported NPAT attributable to MXI Equity Holders \$4.5 million after significant item relating to AZMEB impairment charge of \$2.6m (pre-tax)
- Profit adversely impacted by:
  - Low Australian trailer demand, particularly for tippers, driving intense pricing competition
  - Soft Australian trailer market mitigated by strong New Zealand performance
  - Parts:
    - Depressed market, particularly in Queensland due to continued drought and reduction in mining activity;
    - fall in demand from trailer builders and operators
    - Product recall initiated in H1 FY15 of \$2.45m (pre-tax)
- No final dividend - total dividend for the year 2.0 cents per share fully franked.

# Financial Highlights



	FY14 \$000	FY15 \$000	% change on FY14
Revenue	\$351,968	\$329,165	-6.5%
EBITDA*	\$30,594	\$16,247	-47%
NPBT*	\$23,172	\$8,079*	-65%
NPAT* attributable to MXI equity holders	\$17,075	\$6,303*	-63%



\*excludes Significant Item - AZMEB intangible impairment \$2.58m pre-tax (\$1.8m post tax)

# Financial Highlights (cont.)



	FY14 \$000	FY15 \$000	% change on FY14
Operating cash flow	\$16,612	\$12,138	-27%
Net debt	\$37,539	\$42,957	14%
Net debt/equity %	31%	36%	5 pts
EPS (basic) (cents)	9.26	2.43	-74%
EPS – Underlying (basic) (cents)	9.26	3.41	-63%
Total dividends declared (cents)	6.0	2.0	-67%
Total dividend as % of Underlying EPS (basic)	65%	59%	17pts



# Financial Highlights (cont.)



	\$000
<b>FY14 NPBT</b>	<b>\$23,172</b>
<b>Gross Profit (Trading)</b>	<b>(\$8,951)</b>
<b>Product Recall</b>	<b>(\$2,450)</b>
<b>Selling General &amp; Admin Expenses</b>	<b>(\$3,180)</b>
<b>Interest</b>	<b>(\$512)</b>
<b>FY15 NPBT*</b>	<b>\$8,079</b>

### SG&A Increase includes:

- Company owned NSW dealership commenced Q2 FY15
- Warranty costs
- Due diligence costs
- Legal expenses
- IT costs
- People & Travel costs

\*excludes Significant Item - AZMEB intangible impairment \$2.58m pre-tax

# Vans

**Maxi-CUBE**



- Strong demand for refrigerated vans in FY15, particularly in grocery and fresh produce sectors
- FY15 sales up 24 % on pcp.
- Significant cost reductions arising from continuous improvement program on vans enabled competitive pricing whilst retaining strong margins
- Strong customer service and high quality product combined with competitive pricing resulted in higher market share
- Order bank stronger at the end of FY15, up 22% on pcp with considerable opportunities still in the market.

*Maxi-CUBE delivered the first ever Performance Based Standards refrigerated van into QLD*

# Trailers



- Continued soft general freight market drove competitors to discount heavily to win business
- FY15 sales down 5% on pcp although overall market share improved by 6 percentage points in 2015
- Order bank 12% below pcp, creates more competitive lead times.
- Commencement of manufacturing continuous improvement program in FY 16 will yield significant benefits enabling greater pricing flexibility and margin enhancement



*Freightier AutoHold  
Released at the end of FY14 and  
continues to generate interest*

# Tippers



*New  
Hamelex  
White  
VersaBOLT*



*New Lusty  
EMS Drop  
Deck Chassis  
Tipper*



*AZMEB High  
Volume Side  
Tipper*

- Tipper market significantly depressed due to continued drought in Queensland and north western NSW and continued decline in resources and infrastructure activity
- Total tipper sales down 53% on pcp
- Order bank 30% lower than pcp
- Competitors pricing at minimal, if any, margins to win volume
- Initiatives to drive improved tipper performance:
  - Holistic waste sector strategy leveraging portfolio of tipper products including walking floors, ejector trailers and AZMEB high volume side tippers
  - New product development
    - VersaBOLT won Trailer of the Show at Brisbane Truck Show in May 2015
    - Lusty EMS Drop Deck Chassis Tipper providing greater carrying capacity.
    - Lusty EMS Stag walking floor
    - Hamelex White ejector trailer
  - As announced in August, 2015 AZMEB production to relocate to other facilities and closure of Bundaberg facility



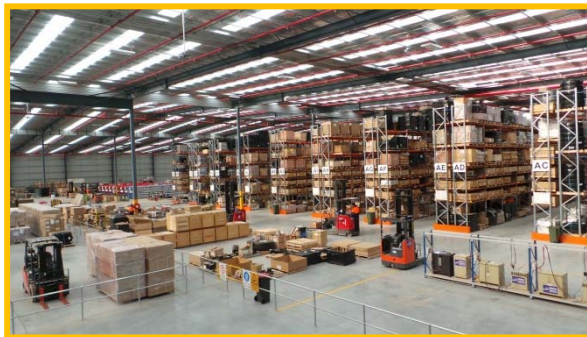
# New Zealand



*New Maxi-CUBE Slide-A-Sides ready for delivery*

- Continued strong NZ economy
- FY15 sales 39% up on pcp
- Market leader in refrigerated and dry freight vans
- Strong acceptance of Freighter products with sales improving 40% on pcp and representing 30% of total sales
- Improved efficiencies and procurement benefits enabling competitive pricing at strong margins and short lead times
- Outlook positive and well placed for growth.

# Parts & Service



*New MaxiPARTS warehouse and head office*



THE NEW MAXIPARTS ONLINE STORE CAN BE ACCESSED VIA DESKTOP COMPUTER, TABLET OR MOBILE, MEANING CUSTOMERS CAN ACCESS IT AT WORK OR ON THE GO



- FY15 Revenue 8% below pcg
  - One third of revenue generated in Queensland which has been severely impacted by drought and mining activity decline
- FY15 profit significantly down on pcg due to:
  - Overall market downturn impacting sales volume
  - Product recall of suspension product (\$2.45m)
  - Continued start-up losses at greenfield sites Mackay and Darwin
- Relocated to new head office and larger Victorian warehouse at reduced cost
- Business improvement initiatives:
  - Relaunch core suspension product back in the market
  - Continue to review product range
  - Target large fleet customers
  - Fleet customer inventory management and replenishment solution
  - Launched online parts purchasing portal
  - Completion of electronic parts catalogue

# Maxi-CUBE Tong Composites (MTC)

- Yangzhou, China (80% owned JV)



*MTC panels factory*



- FY15 Sales down 8% on pcp
- Heavy duty truck sales in China declined 33% in H2 FY15
- FY15 contribution impacted by:
  - Lower sales volume creating sub-optimal factory efficiency
  - Price competition in local market
  - Lower margin product mix
- Positive outlook:
  - Supplier of panel to growing NZ business
  - Supplying panel for MXI Australian van requirements
  - New value-added product innovation for local and overseas markets
  - Long term strong market demand (domestic and export).

# Dealerships & Joint Ventures



## MaxiTRANS SA(80%)

- FY15 revenue down 23% on pcp in a soft South Australian market

## Trailer Sales (36.67%)

- FY15 contribution down 32% on pcp due to weak Queensland market conditions





# Outlook FY16



- Further market share gains for the trailer business expected in FY16, particularly in vans with Maxi-CUBE holding a strong order book and opportunities
- Accelerate continuous improvement program across all manufacturing sites and products to reduce lead times and improve margins
- Opening of new company-owned NSW dealership early in FY16 should boost sales and market share in the NSW market
- New business initiatives and non-recurrence of product recall issues should yield significant profit improvement in MaxiPARTS
- Improvement in production volumes resulting from new products and quality improvements should result in improved performance from MTC China
- Strong market position and expanding product range should see the NZ business continue its strong growth momentum
- Leading market position places the Company in a strong position when market improves.

