



## MaxiTRANS reports improved profit

MaxiTRANS is pleased to report a net profit after tax attributable to equity holders of \$10.7 million representing a 104% increase in reported net profit after tax and a 22% increase in underlying net profit after tax attributable to equity holders for the year ended 30 June 2017.

(A\$'000)	Year ended 30/06/17	Year ended 30/06/16	% Increase
<b>Sales revenue</b>	<b>340,072</b>	<b>340,179</b>	-
<b>EBIT<sup>1, 2</sup></b>	<b>16,836</b>	<b>9,175</b>	<b>83%</b>
Interest expense	(2,316)	(2,359)	
<b>Net profit before tax</b>	<b>14,520</b>	<b>6,816</b>	<b>113%</b>
Tax expense	(3,475)	(1,320)	
<b>Net profit after tax</b>	<b>11,045</b>	<b>5,496</b>	<b>101%</b>
Non-controlling interests	(350)	(261)	
<b>Net profit attributable to MXI equity holders</b>	<b>10,695</b>	<b>5,235</b>	<b>104%</b>
<b>Underlying net profit attributable to MXI equity holders<sup>2,3</sup></b>	<b>10,695</b>	<b>8,752</b>	<b>22%</b>
<b>EPS (basic) (cents per share)</b>	<b>5.78</b>	<b>2.83</b>	<b>104%</b>
<b>Underlying EPS (basic) (cents per share)<sup>2,3</sup></b>	<b>5.78</b>	<b>4.73</b>	<b>22%</b>

1. EBIT refers to profit for the period before income tax expense and finance costs.

2. Non-IFRS measures have not been subject to audit or review by external auditors.

3. 2016 numbers represents net profit attributable to MXI equity holders excluding the after tax value of the Lusty EMS and Hamelex White impairment charge of \$3.079m and closure cost of the Bundaberg facility of \$0.438m.

- **Increased profitability in Australian Trailer business offset by continued market uncertainty in NZ**
- **Strong profit uplift in Parts & Components business from new business initiatives**
- **Continued strong growth from China business**
- **MaxiTRANS is well positioned for growth**
  - **Strong order bank in Australian Trailer business (double prior period)**
  - **Strategic research and development alliance with two leading universities**
  - **Expect improvement in New Zealand from increased orders**
  - **Further growth in local and export markets for China business**

### GROUP FINANCIAL RESULTS

Revenue of \$340.1 million is consistent with the prior year. A 2% revenue growth from the Australian Trailer business was offset by a 27% decline in revenue from the New Zealand Trailer business resulting in revenue for the Trailers segment remaining flat on the prior year.

A 1.2% increase in MaxiPARTS revenue and a 3% increase in revenue from our China business delivered an overall revenue increase of 1.4% for the Parts & Components segment.

Underlying net profit before tax for the Trailer segment declined 16% comprising a 6.7% improvement in the Australian trailer business which was more than offset by a 94% decline in New Zealand profitability due to the continued market uncertainty resulting from the transport regulation changes affecting trailer dimensions.

The Parts & Components segment net profit before tax improved 45%, driven by a significant improvement in the Australian MaxiPARTS business.

## **SEGMENT RESULTS**

### **TRAILER BUSINESSES**

#### **Australia**

General market conditions have started to improve with trailer registrations increasing slightly in 2016 after two years of decline. MaxiTRANS managed to hold its leading market share position, achieving a 3% increase in unit sales.

The Company's diverse product portfolio assisted in maintaining its market share position and improved profit result. Strong infrastructure construction activity, most notably in NSW and increased crop production, drove a 74% increase in tipper sales. However, sales of the Freighter general freight products declined during the year as market confidence remained subdued. While sales of the Maxi-CUBE refrigerated vans were also lower, this was partly due to the abnormally high sales in the prior year.

The contract awarded during the year to build 395 refrigerated vans and trailers for Coles Supermarkets commenced in the last quarter, however, it did not make a material contribution to the financial performance for the year. The increase in build rate to satisfy this order was a significant part of the working capital increase at the end of the year. The order will be largely satisfied during the first half of FY18 and as such, we would expect a corresponding improvement in working capital in FY18.

Reflecting our focus on developing value-added solutions for our customers, we were proud to receive a number of awards for product innovation at the Brisbane Truck Show in May 2017, the largest truck show in Australia.

We are also pleased to announce that we acquired the minority interest in our South Australian dealership, Transport Connection, during the year, facilitating the continued development of our national trailer dealership business model. This business is now wholly owned by MaxiTRANS.

#### **New Zealand**

The market uncertainty resulting from the transport regulation changes affecting trailer dimensions which impacted the FY16 result continued to impact the FY17 result. These changes were enacted in February 2017, however, orders did not improve until late in the year. As a result, both revenue and profit significantly declined. We expect a significant improvement in FY18 as orders improve.

### **PARTS & COMPONENTS BUSINESSES**

#### **Australia**

After experiencing two years of decline, external revenue for the MaxiPARTS business increased by 1.2%. Traction gained from new business initiatives, in particular the technology-enabled MaxiSTOCK customer managed inventory system and the proprietary suspension system, AirMAX, more than offset the further decline in Queensland. MaxiSTOCK has experienced strong market acceptance and is delivering above 20% like-for-like sales growth from customers embracing this technology.

Additionally, improved product pricing discipline and strong overhead management saw profit

grow significantly ahead of revenue.

### **China (80% owned by MaxiTRANS)**

Our China panel business continued to grow, with revenue increasing by 15% and profit improving by 12% on a constant currency basis. New products launched in FY17 should provide opportunities for further growth in local and export markets in future years.

### **DIVIDENDS**

The Board has resolved that a fully-franked final dividend for FY17 of 1.5 cents per share will be paid on 13 October 2017. The Company paid an interim fully-franked dividend of 2.0 cents per share in April, 2017, representing a full year payout ratio of 60% of reported net profit after tax attributable to MaxiTRANS shareholders.

### **OUTLOOK**

MaxiTRANS remains well positioned to grow in FY18.

With an order bank at the end of the year double the size from the prior corresponding period, the Australian trailer business will benefit from the delivery of trailers from the Coles Supermarkets contract in the first half of FY18 and the New Zealand business is expected to see improvements with a stable regulatory environment. This increase in build rate to record levels will create further opportunities to implement operational efficiency initiatives across the business.

We expect continued strong demand for tippers as infrastructure construction continues and whilst the current weather outlook for crop production looks favourable, this is unpredictable and susceptible to change.

We have not yet seen any meaningful commencement of the equipment replacement cycle, hence the average age of the Australian trailer fleet continues to increase. As business confidence improves, we expect this cycle to commence.

We are excited to announce that MaxiTRANS has formed a strategic alliance with Monash and Federation Universities to enhance our research and development activities. Via this new collaborative agreement, we aim to further push the boundaries of trailer design and construction to increase the industry's efficiency and environmental sustainability. The agreement will provide MaxiTRANS with valuable independent insights via both universities' world-class research facilities, people and capabilities to validate and expand on our initiatives. Additionally, it presents university students with the opportunity to work on relevant commercial projects and form networking connections that may lead to future career paths, delivering mutual benefit to all parties.

As new initiatives are introduced across the MaxiPARTS business, including the introduction of new products into the portfolio, as well as the realisation of benefits from cost saving measures, we expect to see further growth and improved profitability from this business.

**Robert Wylie**  
Chairman

**Dean Jenkins**  
Managing Director

**25 August, 2017**