



# BUILT ON PRIDE

## Half Year Ended 31st December, 2017



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## H1 FY2018 highlights

### Our values

Send all our people home safely • A balanced focus on customers and results • Enable and empower people to achieve results • Be honest, forthright and ethical in our dealings • Encourage collaboration and deep seated accountability • Become better every day in all that we do

H1 FY18 revenue

**\$214m**



Trailer order book (excl. Coles)

**↑ 17%**



Operating cash flow



**245%** ↑

Trailer unit sales

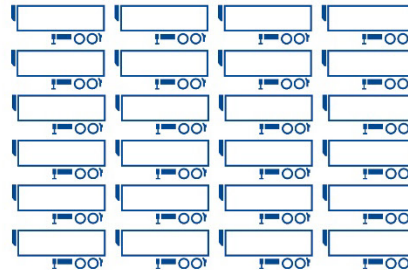
**↑ 46%**



2017 market share



**180 bps** ↑



**Coles**

386 trailer order on-track

Net profit after tax attributable to MXI equity holders\*

**↑ 27%**

**100+**

Jobs created in regional Victoria



**Executing corporate strategy and driving change**

Operational excellence • Organisational development • Growth in existing business • Growth in new markets • Corporate image



**50+**

R&D projects in pipeline



MaxiSTOCK sales growth

**↑ 36%**



011213253851

(Measured against pre-MaxiSTOCK customer sales)



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# KEY THEMES FROM H1 FY18 RESULT



- MaxiTRANS delivers double digit growth
  - Revenue \$214.1m – up 25% on pcp
  - NPAT \$7.7m – up 27% on pcp
- Segment profit
  - Trailer Business up 40%
  - Parts & Components up 12%
- Operating cashflow (excl. capex) \$6.9m
- MaxiTRANS well positioned for further growth
  - Order books (excluding remaining Coles units) up 17% on pcp
- Market share growth in 2017 assisted by Coles contract
- Unchanged interim dividend of 2 cents per share fully-franked

pcp = prior corresponding period



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# FINANCIAL OVERVIEW

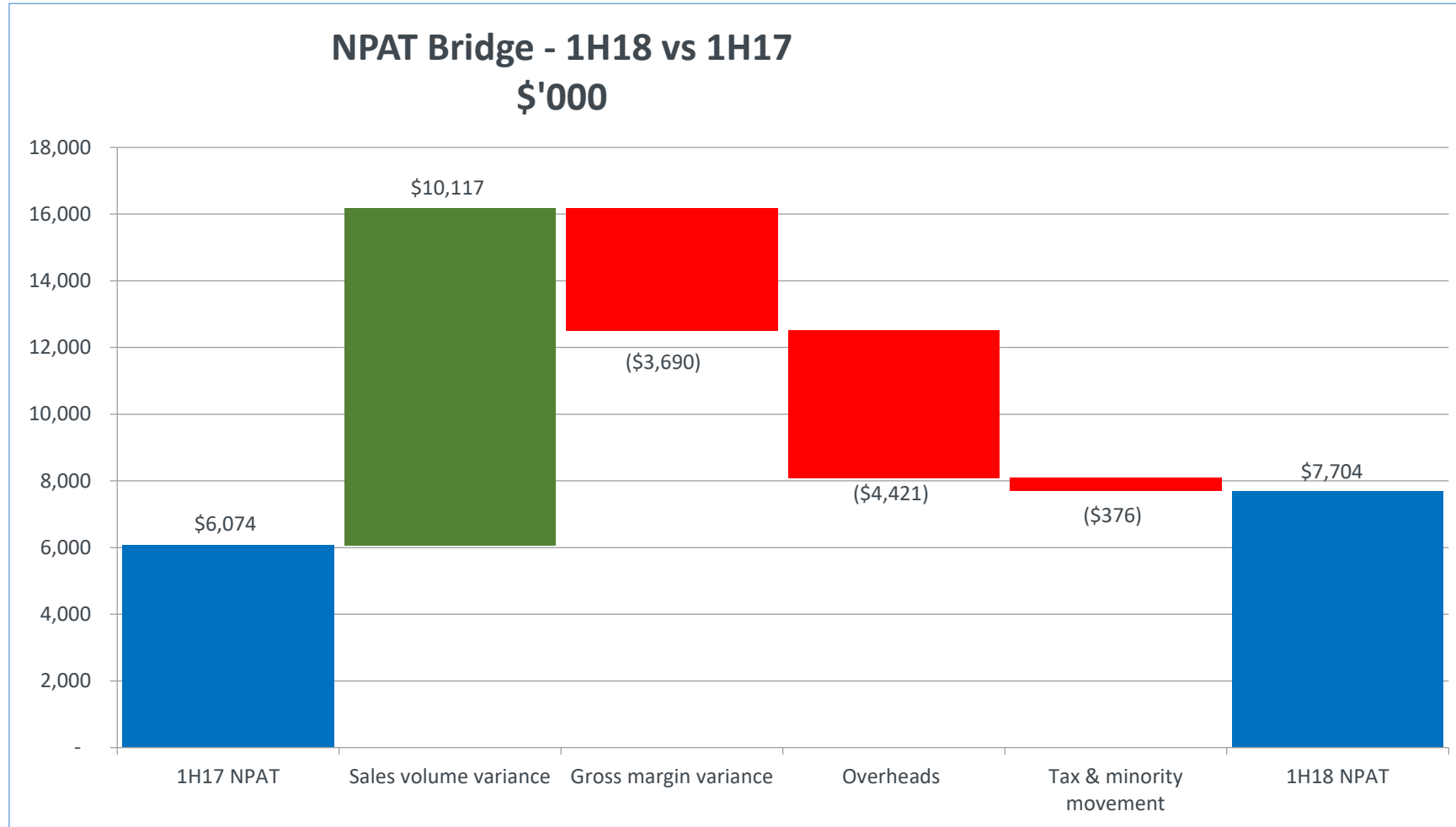


A\$M	1H17	1H18	% Change
External Revenue	171.6	214.1	24.8
EBITDA	12.3	14.5	17.9
D&A	(2.4)	(2.6)	(8.3)
EBIT	9.9	11.9	20.2
Interest Expense	(1.2)	(1.2)	-
NPBT	8.7	10.7	23.0
Tax	(2.3)	(2.9)	(26.1)
Non-Controlling Interest	(0.3)	(0.1)	66.7
NPAT (Underlying)	6.1	7.7	26.8
Significant Items	-	-	N/A
Reported NPAT	6.1	7.7	26.8
Net Debt	(36.1)	(42.8)	(18.6)

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# EARNINGS BRIDGE – NPAT UP 27%



- Sales volume growth assisted by Coles contract
- Gross margin decline:
  - Higher mix on lower margin products
  - Lower gross margins in Trailer business than Parts business
- Overhead increase principally due to higher NZ warranty costs and headcount increases to support growth
- Improved operating leverage

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# CASHFLOW



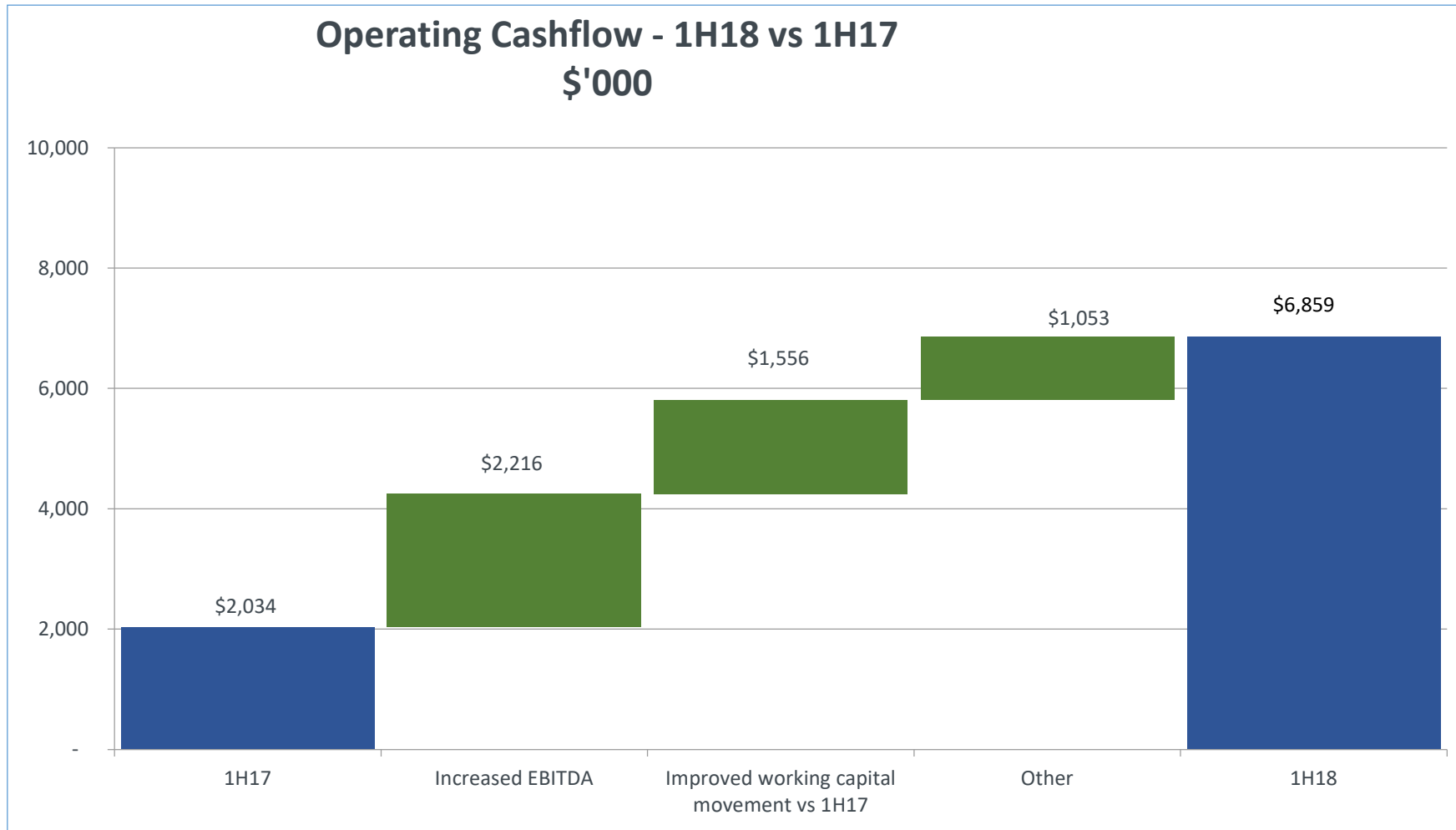
A\$M	1H17	1H18	% Change
EBITDA	12.3	14.5	17.9
Change in Working Capital	(5.3)	(3.8)	28.3
Other	(5.0)	(3.8)	24.0
<b>Operating Cashflow</b>	<b>2.0</b>	<b>6.9</b>	<b>245.0</b>
Dividends Paid	(2.0)	(2.8)	(40.0)
Dividends Received	0.4	0.6	50.0
CAPEX	(4.4)	(6.1)	(38.6)
Other	0.1	0.1	-
<b>Free Cashflow *</b>	<b>(3.9)</b>	<b>(1.4)</b>	<b>64.1</b>

\* excludes cashflow from external borrowings

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# CASHFLOW (CONTINUED)



- Improved cashflow from trading activities
- Favourable working capital movement in H1 FY18 vs pcp

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# SEGMENT EARNINGS – TRAILERS



A\$M	1H17	1H18	% Change
Total Revenue	116.5	159.6	37
External Revenue	116.0	154.0	32.7%
NPBT	8.8	12.3	39.8%
NPBT Margin %	7.6	7.7	

- Revenue growth from both Australian and NZ businesses
- As expected, gross margins slightly below prior year due to higher mix toward lower margin products, principally Coles related
- Profit impacted by adverse warranty claims in NZ

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# GENERAL FREIGHT – FREIGHTER PRODUCTS



- Unit sales up 35% v pcp (25% up excluding Coles)
- Improving demand from greater customer confidence
- MaxiTRANS gained good share of fleet replacement programs undertaken by major fleets
- Order book 70% up on pcp



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# FOOD & GROCERY - MAXI-CUBE PRODUCTS



- Unit sales up 143% v pcp (flat unit sales excluding Coles)
- Coles contract tracking to budget and schedule
- Excluding Coles, order book down 32% v pcp, partially due to capacity constraints in delivering Coles contract
- Significant opportunities remain in the market



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# AGRICULTURE - TIPPERS



- 18% increase in tipper sales driven by expected buoyant winter crop conditions
- Unit sales significantly higher than average of prior three years
- Order book lower than pcp



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# CONSTRUCTION - TIPPERS



- 6.5% decrease in tipper sales
- Unit sales still significantly higher than average of prior three years
- Order book lower than pcp – to be expected given initial ramp-up for new projects in prior year (particularly NSW)



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# NEW ZEALAND



- Major customers winning new contracts and regulation change drove 77% increase in unit sales v pcp
- Volume growth more than offset by significant warranty claims adversely impacting profit
- Order book up 61% v pcp



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# SEGMENT EARNINGS – PARTS & COMPONENTS



A\$M	1H17	1H18	% Change
Total Revenue	62.5	75.0	20
External Revenue	55.6	60.1	8.1
NPBT	4.2	4.7	11.9
NPBT Margin %	6.7	6.3	

- Revenue growth principally driven by MaxiPARTS business
- Strong profit growth from MaxiPARTS offset by profit decline from MTC China

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# MAXIPARTS



- External revenue growth from:
  - MaxiSTOCK customer inventory management system continues to represent a growing proportion of sales
  - Focus on serving major fleets – comprehensive product range and national store network
- Margin decline due to higher mix of sales to MaxiTRANS business units to service production requirements at lower margins
- Expect further growth from major fleet program



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# MAXI-CUBE TONG COMPOSITES (CHINA)



- Revenue growth of 12% on a constant currency basis (7% on reported currency basis)
- Margin adversely impacted by:
  - Delivery of significant order from China Post at reduced margins
  - Material price increases not able to be passed on in the short term



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# OUTLOOK



- Entering 2H18 with strong Australian and New Zealand order book and further opportunities
- Expect further growth from MaxiPARTS business
- MTC China to work on margin improvement in H2

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# EXECUTING CORPORATE STRATEGY AND DRIVING CHANGE



- Operational excellence
- Organisational development
- Growth in existing business
- Growth in new markets
- Corporate image

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**MaxiPARTS**

# CORPORATE STRATEGY – TRANSFORMATIONAL CHANGE IS UNDERWAY



- Multiple operational excellence initiatives under way
- New ERP to go live in Manufacturing in mid-2018. Trailer sales / service, MaxiPARTS and NZ scheduled to go live H2 FY19
- Healthy product development pipeline with more than 50 projects in progress or awaiting initiation
- Numerous organisational development initiatives in progress including talent development, culture and employee engagement
- Feasibility work being undertaken on new market opportunities in China and SE Asia
- Investment in strategic growth projects commenced

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