

24 August 2018

MaxiTRANS announces decision to sell MTC

MaxiTRANS Industries Limited (ASX:MXI) is Australia's leading supplier of safe and efficient trailing equipment solutions and spare parts to the road transport industry.

As outlined in the FY2018 annual results released today, MaxiTRANS has made the decision to sell its panel manufacturing business in China (MTC) as a result of a review of capital returns across the MaxiTRANS' businesses. With increasing product commoditisation in China and rising input costs, it is unlikely the business will generate acceptable returns on the capital invested.

MaxiTRANS has commenced the sale process and is currently in discussions for a potential sale of the MTC business. MaxiTRANS will make an announcement once a formal sale agreement has been finalised.

MaxiTRANS expects any sale transaction will include a long-term supply agreement for the continuing supply of products to the group by MTC.

The MTC business has been challenged due to input cost increases which, when combined with increased competition and product commoditisation, has resulted in compressed trading margins.

Before reaching the decision to sell the MTC business, the Board reviewed a range of potential projects and initiatives to improve the profitability of MTC, however all of these involved significant capital investment which would result in returns and payback periods less favourable than other strategic initiatives that exist for the group.

MaxiTRANS remains committed to the strategic initiative of "Growth From New Markets" (specifically Asia, including China). Over the last 12 months, MaxiTRANS has dedicated specific resources to this area and plans to continue developing a range of projects as part of this growth initiative.

Dean Jenkins
Managing Director & CEO