25 October 2019

2019 Annual General Meeting

Chairman's Address and Managing Director's Presentation

Attached is a copy of the Chairman's Address and the Managing Director's Presentation to be delivered at today's Annual General Meeting.

Amanda Jones
Company Secretary

About MaxiTRANS Industries

MaxiTRANS Industries Limited (ASX:MXI) is one of the largest suppliers of truck and trailer parts to the road transport industry in Australia. MaxiTRANS is also the largest supplier of locally manufactured, high quality heavy road transport trailer solutions, including trailer repairs and service, in Australia and New Zealand.

MaxiTRANS INDUSTRIES LTD (ABN 58 006 797 173) 346 BOUNDARY ROAD DERRIMUT VICTORIA 3026 AUSTRALIA T: +61 (0) 3 8368 1177

25 October 2019

MaxiTRANS Industries Limited
2019 AGM
Chairman's Remarks

I will start with a brief overview of the current position of our Company and our strategic progress. I will then hand to Dean who will discuss in detail the operational performance of the company for Financial Year 2019.

Financial Year 2019 was a difficult year.

Having experienced a difficult first half due to the implementation of the ERP System we expected a strong second half. However the weak economic conditions in our end markets resulted in a downturn in orders with an associated reduction in revenue. We regard the annual result overall as unacceptable.

Revenues of $352m were down 14% on prior year.

We reported a loss after tax of $17.7m after a number of significant items.

These significant items included, the sale of our China business, the sale and leaseback of our Queensland Factory and the sale and leaseback of our New Zealand factory as well as the implementation and impairment of our ERP system. All in all a very busy year.

Underlying NPAT was $4.8m, down 52% on prior year.

Business conditions

MaxiPARTS continued to perform well, improving both revenue and earnings, however Trailer Solutions experienced lower sales as a result of challenging market conditions and the comparative impact of the large one-off Coles contract in FY18.

The severe drought conditions clearly impacted our agricultural products and while there is a lot of talk about infrastructure our customers in this segment are not purchasing capital equipment either as they wait for activity in these projects to increase.

Overall we put the market conditions down to a lack of confidence in the economy and our customers (particularly the smaller ones) are not convinced that low interest rates or tax incentives are initiatives that will encourage investment.

The Australian trailer fleet continues to age. This time last year we thought that this trend was about to reverse, however that has not eventuated.

The decision not to pay a dividend was driven by a combination of heavy TRANSform Capital expenditure over the prior year and weaker trading due to the challenging economic environment.

Strategy
As the leading provider in our markets, our overall strategy continues to be to partner with operators in the freight transport business to improve efficiency and effectiveness and to reduce operator risk.

Operational excellence

As you are aware, the core of the new ERP system has now been implemented but not without significant costs to the business, exacerbated by the amount of time, that was not foreseen, to complete its long overdue introduction. The final module will be tested in FY20 and implemented mostly in FY20. The previous systems were at an end of life point and replacement was essential in order to mitigate significant risk to the business.

We acknowledge that we spent too much money on this system, which we believe is fundamentally driven by the incorrect solution decision in 2014. While this decision was ours, it was formed on the basis of expert advice at the time which has subsequently been shown to be wrong. Additional expenditure was ultimately needed to develop the system to the point we have today – a system which we will ultimately benefit from.

However, once we embarked on this journey, it became clear that the trajectory could neither be adapted midway, nor its costs curtailed. We do remain bolstered by the fact that the new system has removed the existing risk to the business and has been a necessary step in delivering the benefits of our operational excellence strategy in the longer-term.

As was the goal for FY19, manufacturing efficiency improved in both NZ and Ballarat plants and despite reducing volumes the Ballarat plant recorded excellent efficiencies in quarter 4 of the financial year. Annual efficiency improved by 7% over the network. Perhaps even more pleasing was a 48% reduction in recordable injuries in the year, an example of our value of "sending our people home safely" in action.

Growth in existing markets

In spite of the current difficult climate, there are several positives about which we can be confident and together still deliver on our strategy of growth in existing markets.

MaxiPARTS continues to grow in strength and demonstrates itself as a first class distribution asset representing 49% of Group segment profit after corporate allocation. This growth goes some way in offsetting the softer order intake for new trailers being experienced during this downturn.

Moreover, we can be further confident in relation to the introduction of Trout River Live bottom Trailers into the group - expanding our portfolio of market leading brands and meeting our internal expectations since acquisition. As self-regulation increases within the infrastructure sector, it is resulting in greater demand for safer solutions, such as that provided by live bottom trailers.

Growth in new markets

While not abandoned, our ambitions in China and South East Asia are on hold, given current trading conditions at home. The exception to this is New Zealand where the sale and leaseback of our facility in Auckland will facilitate the expansion of our service capacity and potentially facilitate the future creation of a more efficient production capability. Our Christchurch service business also continued to grow.

Organisation Development and Corporate Image

I'm pleased that we are making good progress towards increasing engagement and building gender diversity within MaxiTRANS. Our employee engagement levels increased by 9% in FY19, and we have maintained a level of 24.4% women in our senior leadership team.

Our focus this year was primarily on senior management positions because we believe that this is where we can drive change towards diversity of thinking and inclusive leadership. We continue to invest in leadership programs to give our leaders at all levels the skills to drive a consistent culture throughout MaxiTRANS.

Capital Management

Given current trading conditions our capital management focus in the short term will continue to be reduction of debt. Net debt was reduced to $32m at 30 June, 2019.

Outlook

Recently the Reserve Bank Governor remarked that he saw some early signs of better economic outlook. At this time, however, we do not see any signs of change to current difficult market conditions.

The directors acknowledge and accept that our shareholders will be disappointed with this year's result.

We thank you for your ongoing support. We remain resolute and confident that we are correctly positioned to come through this period stronger and better prepared and look forward to an improving market.

As always, we acknowledge and thank all of our people for their hard work and dedication

I would also like to thank our customers, suppliers and you our shareholders for your continued support.

[end]

MaxiTRANS Industries Limited

2019 Annual General Meeting

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

MANAGING DIRECTOR'S ADDRESS

FY19 HIGHLIGHTS

Our People & Community

Total Injury Frequency Rate (TIFR)

From FY18 to current rolling 12 month TIFR

↓ 48%

Women in senior management roles

24.4%

2018 Employee Engagement Score

↑9%

Our Business

Programs & systems launched

- Launched leadership development programs for all frontline Managers, as well as Executive and Senior Management Teams
- Manufacturing ERP system went live 2 October 2018
- Launched employee recognition program (recognising employees living the MaxiTRANS values)

FY19 Revenue

$352m

↓13.9%

MaxiPARTS Revenue

4.9% ↑

on PCP

Manufacturing efficiency

7% ↑

in last 12 months

Capital Reallocation

Sale of MTC and acquisition of Trout River Australia.

Sale & Leaseback of Richlands and NZ properties.

Net Debt

↓20%

At MaxiTRANS, we are leading our industry to become safer and more efficient, so that our customers can better deliver the needs of a nation

- One of the largest suppliers of truck and trailer parts to the road transport industry in Australia through the MaxiPARTS wholesale and retail network
- Australia's largest supplier of locally manufactured, high quality engineered road transport trailer solutions including trailer repairs, service and rental
- A major player in the New Zealand road transport trailer industry

FY19 RESULTS

- **External sales** of **$352.5m**, down 13.9% on PCP.
- **Underlying net profit after tax** (NPAT) of **$4.8m**.
- **Underlying EBITDA** of **$14.2m**.
- **Capital reallocation**
  - Sale of **MTC** – underperforming venture due to increased competition, product commoditization, and input cost increases
  - Purchase of **Trout River Australia** – leading manufacturer of live bottom trailers in Australia
  - Completed sale and leaseback of Richlands manufacturing facility and Auckland manufacturing and service facility

FINANCIAL OVERVIEW

A$M	FY19	FY18	% Change
External Revenue*	**352.5**	**409.3**	**-13.9%**
EBITDA	**14.2**	**20.9**	**-32.4%**
Depreciation & Amortisation	(5.5)	(4.8)	15.3%
EBIT	**8.6**	**16.1**	**-46.5%**
Interest Expense	(2.6)	(2.5)	5.7%
NPBT	**6.0**	**13.6**	**-56.1%**
Tax	(1.2)	(3.6)	-67.5%
Non-Controlling Interest	0.0	0.1	-100.0%
NPAT (Underlying)	**4.8**	**10.1**	**-52.5%**
Significant Items (after tax)	(22.5)	0.0	N/A
Reported NPAT	**(17.7)**	**10.1**	**-274.7%**
Net Debt	**31.7**	**41.0**	**-22.6%**

*Based on total operations; including discontinued operations.

- Results
  - Weak economic conditions throughout the Australian economy had an adverse impact on both MaxiTRANS business segments.
  - MaxiPARTS increased revenue and underlying EBITDA over PCP by 4.9% and 15.8% respectively
  - Trailer Solutions experienced revenue decline of 19.4% on the PCP
  - The New Zealand business improved profitability as a result of increased service revenues, better warranty performance and manufacturing efficiency
  - Trout River Australia, which was acquired in December 2018, is now successful integrated into the MaxiTRANS business and has met all internal business expectations.

- Significant items:
  - Includes: Impairment of TRANSform Software Intangible asset; Loss on sale of disposal of business (MTC); ERP system implementation OPEX; Transaction costs associated with the Trout River Australia acquisition, disposal costs for the sale and leaseback of Richlands and Auckland properties and Redundancy / Restructuring costs

TWO COMPLEMENTARY AND WELL POSITIONED BUSINESSES

MaxiPARTS Differentiators

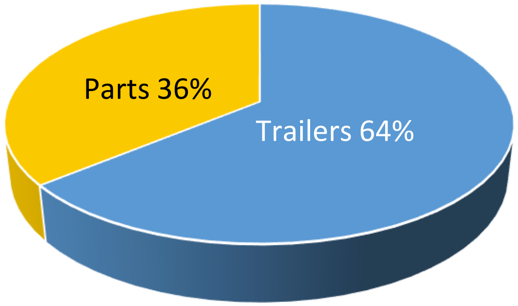
A national store footprint in the right locations

Unique technology enabled customer solutions

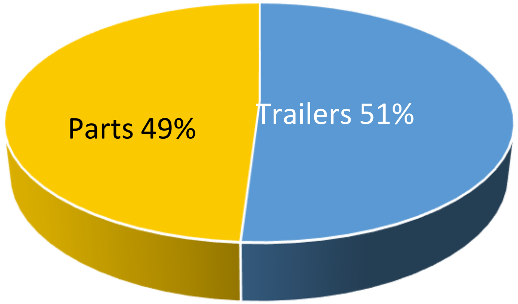
Scale benefits from being associated with the largest trailer manufacturer

Breadth of range and product expertise

FY19 Segment Revenue Contribution*



FY19 Segment EBITDA Contribution**



Trailers Differentiators

Strong brand heritage and reputation

Broadest range of products, national distribution and service capability

Innovation driving leadership in product safety and quality

Multiple manufacturing sites across two Australian states and NZ

* % of Continuing Operations

** % of Continuing Operations and excludes unallocated corporate expenses

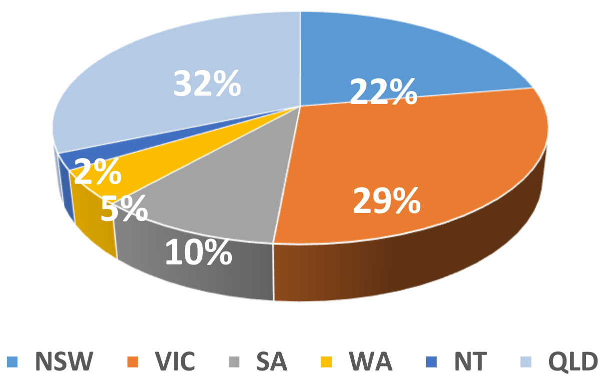
MAXIPARTS

EXTENSIVE RANGE OF PARTS/CONSUMABLES AND EXPERTISE

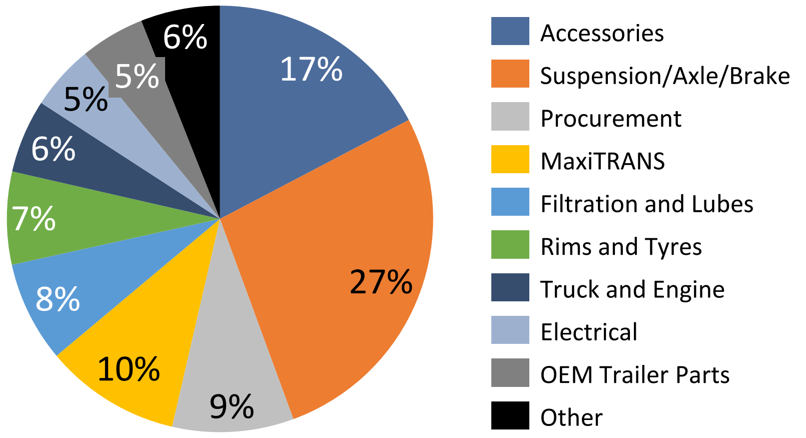
- 20 locations nationally
- Portfolio includes trailer parts, after-market truck and engine parts / consumables
- In excess of 180,000 products in the portfolio, including many leading brands, as well as specialty products procured to meet customers' specific needs
- Rejuvenation of portfolio has included higher-margin, value added products

Castrol Alemlube NARVA POWERDOWN

FY19 Revenue by State



FY19 Revenue by Product



TRAILERS

A DIVERSE PORTFOLIO OF BRANDS EXPOSED TO MULTIPLE SEGMENTS OF THE ECONOMY




Bulk Transport

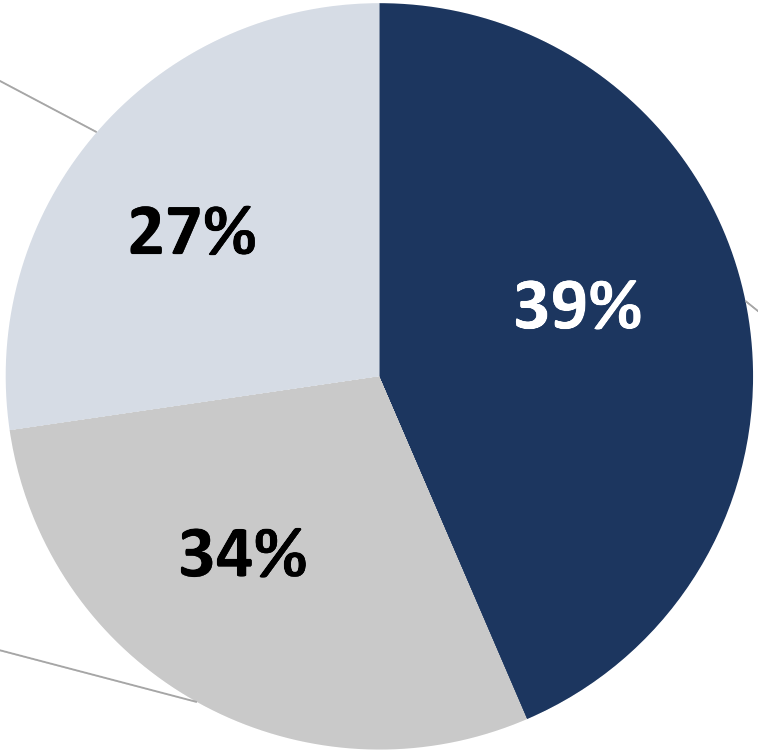
- Infrastructure
- Housing Starts
- Agriculture
- Waste
- Mining
- Population Growth


Food & Grocery

- Population Growth
- Consumer Spending

PRODUCT REVENUE CONTRIBUTION FROM NEW TRAILER SALES

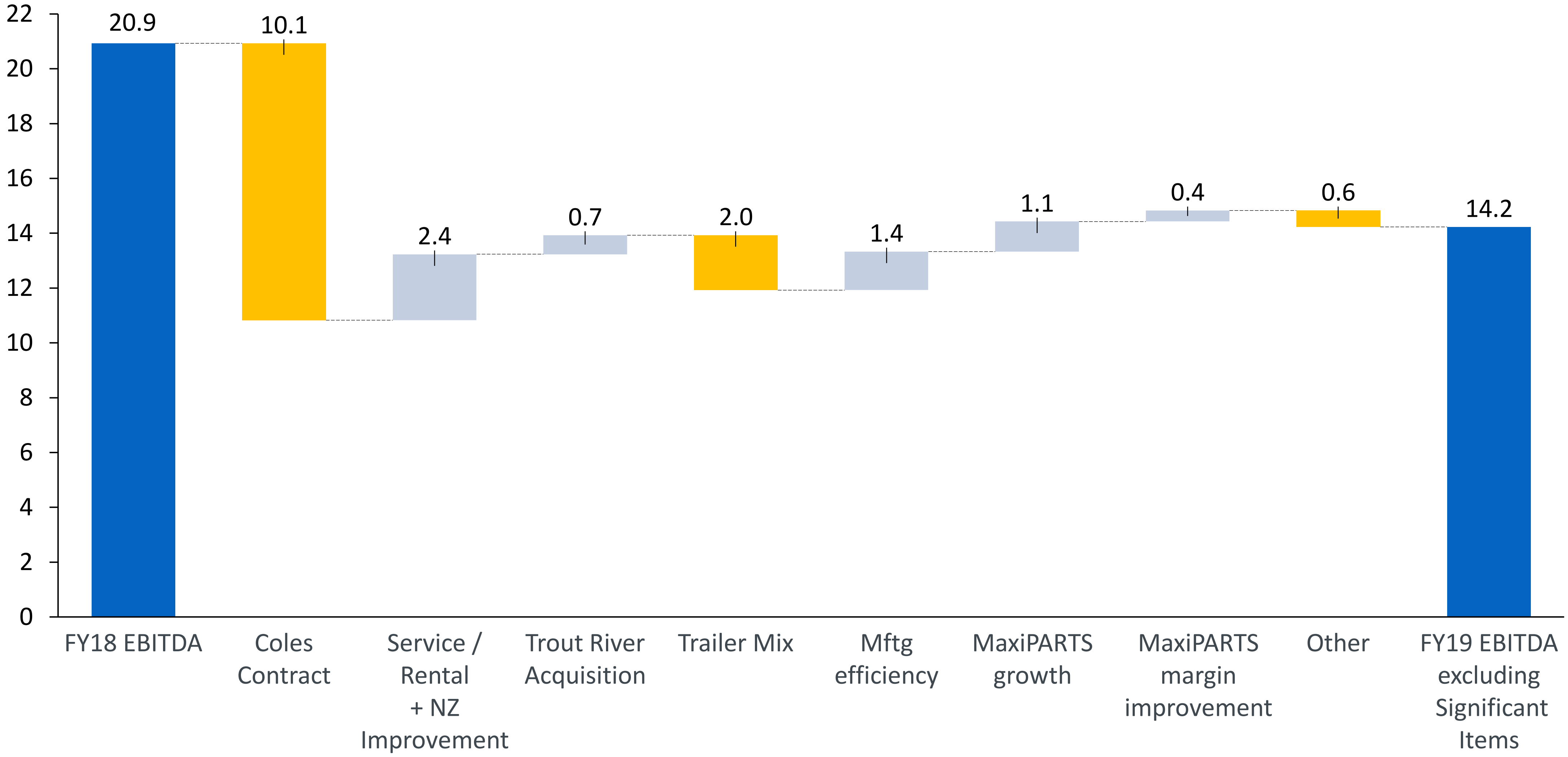
(3 YEAR AVE)



General Freight

- Population Growth
- Consumer Spending
- Infrastructure
- Mining
- Import/Export
- Manufacturing

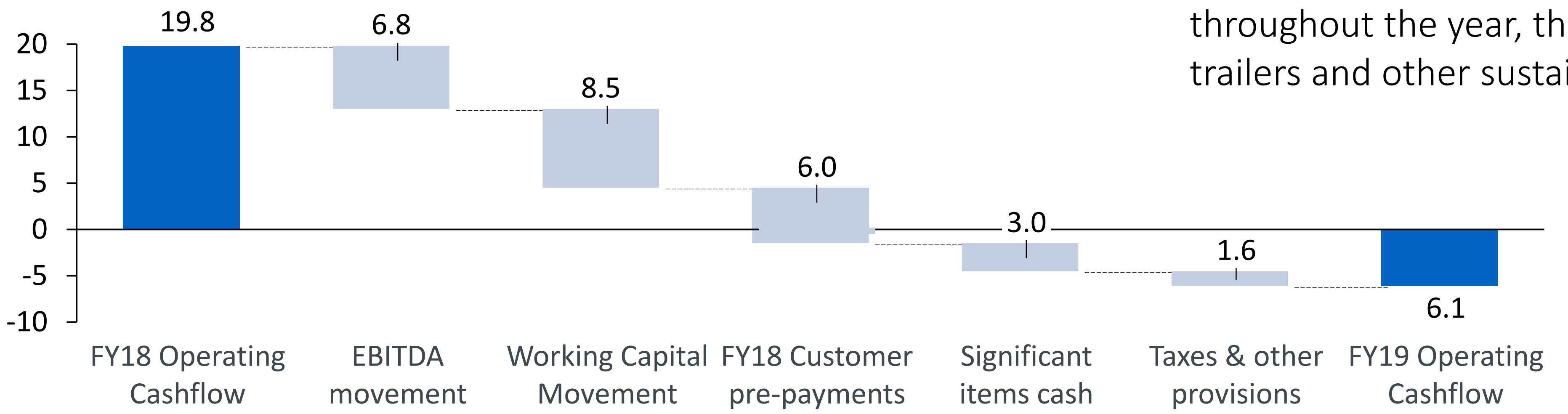
EARNINGS BRIDGE



CASHFLOW

A$M	FY19	FY18
EBITDA ^	14.2	20.9
Change in Working Capital	(9.1)	5.4
Other	(11.1)	(6.6)
Operating Cashflow	**(6.1)**	**19.8**
Dividends Paid	(2.8)	(6.5)
Dividends Received	1.4	1.0
CAPEX	(13.7)	(14.5)
Other	0.0	(0.1)
Free Cashflow	**(21.2)**	**(0.3)**

^ FY19 EBITDA excluding significant items



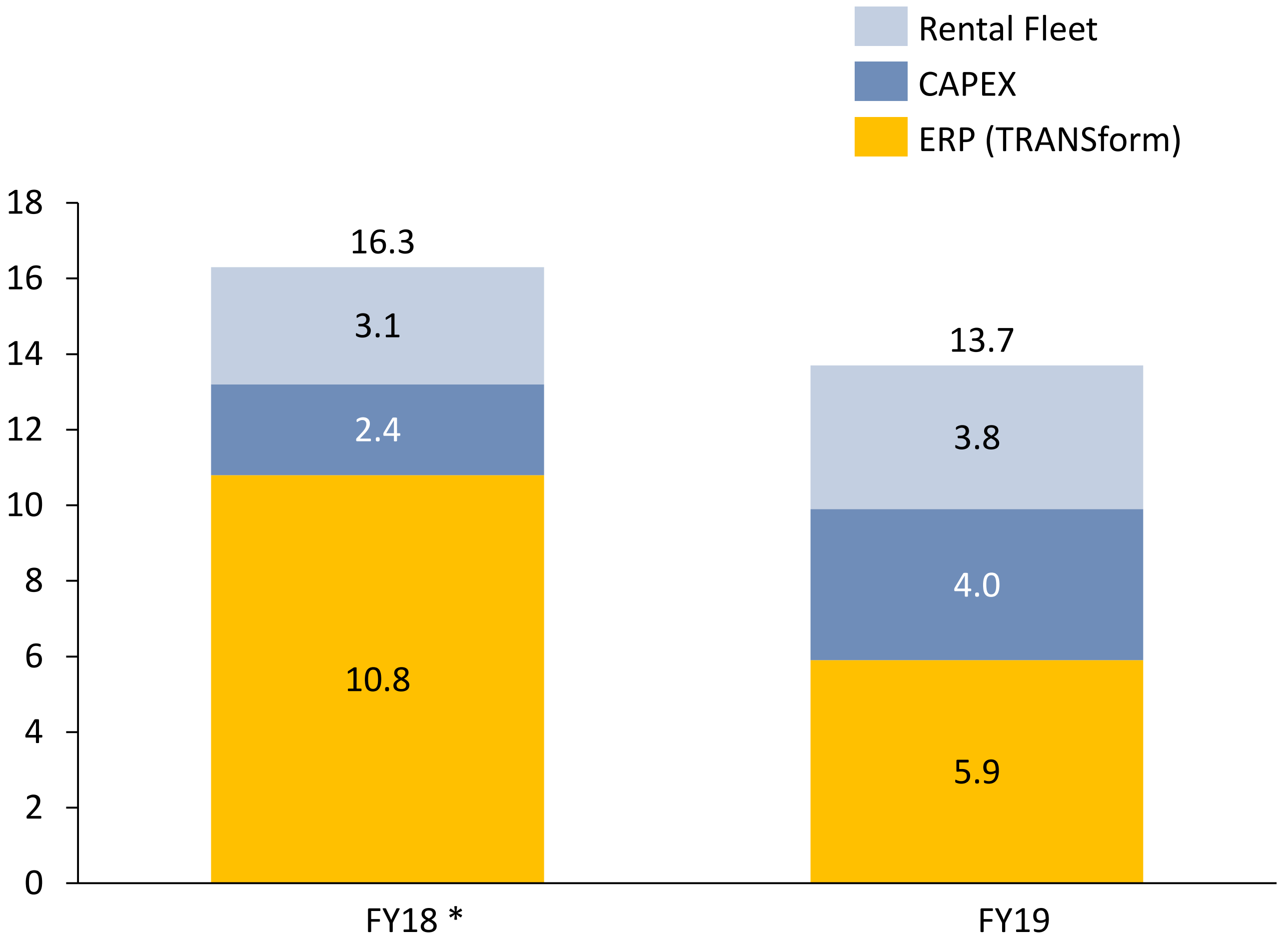
- Operating cash outflow due to higher debtors with a higher mix of fleet customers and a decrease in deferred revenue (i.e. customer deposits received in advance)
- Sale of MTC funded purchase of Trout River Australia
- Capital allocation review resulted in the sale and leaseback of Queensland & Auckland facilities assisting to reduce net debt to $32m at 30 June 2019
- Capital expenditure consisted of the continued development and rollout of the TRANSform project throughout the year, the expansion of rental fleet of trailers and other sustaining capital items

BALANCE SHEET

A$M	FY19	FY18
Receivables	42.4	39.1
Inventories	59.3	57.7
Total Current Assets	**118.1**	**130.1**
PP&E	41.7	93.7
Intangible Assets	44.3	34.3
Total Non-Current Assets	**108.2**	**134.1**
Payables	44.6	47.3
Interest Bearing Loans	0.3	0.8
Total Current Liabilities	**59.8**	**74.8**
Total Non-Current Liabilities	**44.7**	**53.6**
Net Assets	**121.8**	**135.8**

- Increase in debtors due to higher mix of fleet customers
- Decrease in Property, Plant and Equipment due to reclassification of ERP system from PP&E to intangible assets and subsequent impairment, and sale of Richlands and Auckland properties
- Decrease in non-current liabilities due to reduced borrowings

CAPEX



* FY18 Rental Fleet includes $1.8m non-cash transfer investment

- Significant investment in new IT systems (ERP and associated systems) over past 5 years
- ERP go-live in Manufacturing (Q2 FY19) and rest of business to follow in FY20
- Operating benefits from combination of common systems and processes as well as continuous improvement activities to be obtained from FY19
- Capital Investment in Trailer Rental Fleet over FY18 and FY19 of approximately 100 trailers

Combination of reduction in CAPEX and realisation of operating benefits to generate strong operating cashflows in future years

BUSINESS UNIT PERFORMANCE

SEGMENT EARNINGS – MaxiPARTS

A$M	FY19	FY18	FY17	FY16	FY15
Total Revenue	133.5	127.4	99.9	97.2	103.1
External Revenue	106.9	101.9	88.8	88.0	94.7
EBITDA excl Corporate Costs	11.2	9.7	6.8	3.7	1.2
EBITDA Margin % excl Corp Costs	10.5%	9.5%	7.7%	4.2%	1.3%
EBITDA^	8.7	9.0	6.1	2.4	0.3
EBITDA Margin %	8.1%	8.8%	6.9%	2.7%	0.3%

FY16 – FY19 results excluding MTC as disposed of in FY19
Corporate costs allocated on a consistent FY19 basis

- MaxiPARTS continues to become a larger share of the MaxiTRANS business.
- As a high quality distribution asset, MaxiPARTS represents 41% of total segment profit contribution before corporate costs, up from 29% at the end of FY18.
- Revenue improvements were largely a result of continued success selling an integrated MaxiTRANS solution to fleet customers and new product introduction through the retail network.
- Gross margin improved slightly with new product (truck/engine lines), cost control and margin management at sale.

SEGMENT EARNINGS – TRAILERS (AUSTRALIA & NZ)

A$M	FY19	FY18	FY17	FY16	FY15
Total Revenue	240.5	298.5	233.9	235.4	223.1
External Revenue	240.2	290.9	232.2	233.5	221.3
EBITDA excl Corporate Costs	16.2	23.3	20.4	9.2	12.7
EBITDA Margin % excl Corp Costs	6.8%	8.0%	8.8%	3.9%	5.7%
EBITDA^	8.9	19.5	16.6	4.8	9.2
EBITDA Margin %	3.7%	6.7%	7.2%	2.0%	4.2%

Corporate costs allocated on a consistent FY19 basis

- Revenue growth in FY18 was principally driven from the Coles contract.
- Adjusting for the Coles contract, the Australian trailer solutions revenue decreased 2% on PCP due to softer economic conditions, particularly in H2 2019.
- Unadjusted FY19 EBITDA is down 30.3% on PCP; however, if the Coles impact is excluded, EBITDA is up 23% on PCP.
- The new ERP system went live in all MaxiTRANS Australian manufacturing sites in October 2018.
- Manufacturing Direct labour efficiency in FY19 versus FY18 improved by 7%.
- Trout River acquisition is fully integrated into the MaxiTRANS business and has met all internal business expectations.
- New Zealand revenue was down 23%, however EBITDA grew by 180% on PCP, through improved service margins and improvement in efficiency levels

AUSTRALIAN TRAILERS

- Market growth – New trailer registrations in 2019 4% lower than 2018. The final quarter of 2019 was 15% lower than Q4 2018.
- Average age of trailer fleet increased from 11.99 to 12.24 years.
- Long run market share still stable after accounting for end market variations.

GENERAL FREIGHT

- Unit sales 14% higher but significant negative product mix effect
- Order book at Jun-19 53% down on Jun-18
- Base model range launched H2 FY18, now approximately 22.3% of volume

FOOD & GROCERY

- Unit sales down 44% on PCP, excluding Coles contract unit sales down 3%
- Order book at Jun-19 47% down on Jun-18

BULK TRANSPORT

- Unit sales 29% lower than historical highs of FY18 due predominantly to East Coast drought and slower infrastructure expenditure
- Order book at Jun-19 85% down than Jun-18

CAPITAL ALLOCATION

China

- MTC sale finalised in November 2018. Sale resulted in a loss of $1.6m (inclusive of costs).
- The funds released by this transaction subsequently allowed the Group to fund the acquisition of 80% of Trout River Australia

Trout River Australia

- Acquisition to be completed in two tranches: 80% for $5.9m in cash (completed in December ’18) and 20% by 30 June 2021 under an earn-out arrangement.

Richlands and Auckland, New Zealand

- The Board decided to release capital from the sale and leaseback of Richlands and Auckland, and the Group has now executed contracts for the sale and leaseback. For Richlands, the facility will be relocated following the development of a new purpose-built, more efficient, leased facility over the next 12 months. For Auckland, a long-term lease has been negotiated for the site with a development option with the landlord that would see a new factory built on undeveloped land on the site.

MaxiTRANS Footprint

- Continue to review manufacturing footprint to balance future growth needs, address single site reliance on Ballarat, and enable best use of capital.

STRATEGY UPDATE – BUILDING ON SOLID FOUNDATIONS

STRATEGIC INITIATIVES DRIVING VALUE

Our Strategy : Partner with operators in the freight transport business to improve efficiency and effectiveness. Add value by reducing customers' operating risks.

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

Organisational development & corporate image

Operational excellence

Growth in new markets

Growth in existing markets

ENABLERS

GENERATORS

VALUE CREATION

Industry Leader

- Trusted business partner
- Safety & efficiency
- Employer of choice

Earnings & cash flow growth

Improving return on capital

Key focus areas for FY20

VALUE ENABLERS:
ORGANISATIONAL DEVELOPMENT AND CORPORATE IMAGE

GOAL

- An organisation empowered to grow in The MaxiTRANS Way
- Build on industry leadership position focussing on safety & efficiency

Key Driver

1 Embed The MaxiTRANS Way

- ✓ Launched tailored training programs designed to build leadership capability, founded on our core values and competencies
- ✓ Launched employee recognition program
- ✓ Send all our people home safely. 48% reduction in our Total Injury Frequency Rate (TIFR) from FY18 to the current rolling 12 month TIFR
- ✓ 9% increase in employee engagement from 2017
- ✓ Increased collaboration through quarterly Executive and Senior Leadership workshops
- ✓ Monthly site collaboration events

VALUE GENERATOR: OPERATIONAL EXCELLENCE

GOAL Drive efficiency and margin improvement

Key Drivers

1. Implement ERP system and continuous improvement initiatives
   - ✓ ERP system went live in all MaxiTRANS Australian manufacturing sites in October 2018
2. Implement common end to end business processes and quality management system
   - ✓ Year on Year savings at operating level in excess of $2m across Australia and NZ manufacturing
3. Optimise supply chain efficiencies and footprint
   - ✓ New warehouse in Ballarat optimises material flow
   - ✓ Material savings driving gross margin improvement

VALUE GENERATOR: GROWTH IN EXISTING MARKETS

GOAL Revenue growth; improved asset utilisation

Key Drivers

1. Grow national market share in trailers
   - ✓ Expand footprint: Trout River
   - ✓ New products: Base model now approximately 22.3% of General Freight sales
2. Increase volume in parts business
   - ✓ Integrated MaxiTRANS/large fleet relationships driving volume increase
3. Grow share in service
   - ✓ 3 new 24 hour breakdown vans launched successfully.
   - ✓ EBIT $500k up against PCP on same revenue

VALUE GENERATOR: GROWTH IN NEW MARKETS

GOAL Establish longer term growth drivers and geographic diversification

Key Drivers

1 Target opportunities in Fleet Management
- ✓ Rental fleet meeting internal targets

2 Value accretive growth in China
- ✓ Deferred until market recovers in Australia

3 Evaluate other Asian growth markets
- ✓ Deferred until market recovers in Australia

OUTLOOK

FY20 OUTLOOK

- MaxiTRANS continues to see customer sentiment decline. Economic uncertainty, the impact of drought on the agricultural sector and a generally sluggish construction segment has resulted in further deteriorating end market conditions.

- While order intake in the Australian trailer business started the financial year close to our expectations, the last 5-6 weeks has seen a significant and rapid decline nationally. MaxiTRANS operates in a cyclical end market and current volume expectations are now at or around GFC (2009) and post mining boom levels (2015). Whilst quotation activity remains at levels consistent with the last 9 months, the time to convert has increased and when overlaid with continued strong demand for short term rentals via our rental business it reinforces a general decline in market confidence. MaxiPARTS also continues to see underlying market levels approaching 10% below prior periods.

- MaxiTRANS will manage the overall cost base in a manner commensurate with overall revenue and volumes. Given the ongoing improvements in manufacturing efficiencies we remain resolute and confident that we are correctly positioned to come through this period stronger and better prepared and look forward to an improving market.

QUESTIONS

Financial Statements and Reports

To receive and consider the financial report, the directors’ report and the auditors’ report for the Company and its controlled entities for the year ended 30 June 2019.

Adoption of the Remuneration Report

That the Company's Remuneration Report for the year ended 30 June 2019 be adopted.

Adoption of the Remuneration Report

Valid proxies have been received in respect of this resolution as follows:

For	Against	Proxy's discretion	Abstain
52,393,655	17,204,978	2,413,641	1,136,791
72.76%	23.89%	3.35%	

Re-election of Director – Samantha Hogg

That Samantha Hogg, who retires in accordance with the Company's Constitution and being eligible for re-election, is re-elected as a Director of the Company.

Re-election of Director – Samantha Hogg

Valid proxies have been received in respect of this resolution as follows:

For	Against	Proxy's discretion	Abstain
79,262,537	11,472,308	2,418,641	1,359,385
85.09%	12.31%	2.60%	

Re-election of Director – Mary Verschuer

That Mary Verschuer, who retires in accordance with the Company's Constitution and being eligible for re-election, is re-elected as a Director of the Company.

Re-election of Director – Mary Verschuer

Valid proxies have been received in respect of this resolution as follows:

For	Against	Proxy's discretion	Abstain
79,401,945	12,103,627	2,418,641	588,658
84.53%	12.89%	2.58%	

Grant of Performance Rights to the Managing Director

For the purposes of Listing Rule 10.14, to approve the grant of performance rights to Mr Dean Jenkins, Managing Director and Chief Executive Officer, as described in the Explanatory Memorandum.

Grant of Performance Rights to the Managing Director

Valid proxies have been received in respect of this resolution as follows:

For	Against	Proxy's discretion	Abstain
72,076,080	19,238,679	2,412,741	785,371
76.90%	20.52%	2.58%	

POLL

BOARD OF DIRECTORS AND MANAGEMENT

Rob Wylie	Chairman, Non-Executive Director
James Curtis	Deputy Chairman, Non-Executive Director
Dean Jenkins	Managing Director & CEO
Samantha Hogg	Non-Executive Director
Joseph Rizzo	Non-Executive Director
Mary Verschuer	Non-Executive Director

Tim Bradfield	Chief Financial Officer
Trevor Negus	Group GM Manufacturing
Peter Loimaranta	Group GM International
Amanda Jones	Company Secretary
Andrew McKenzie	Group GM Sales & Marketing
Angelique Zammit	Group Human Resources Manager
Jerry Cade	Head of IT & Group Supply Manager