28 February 2020

Results Presentation – Half Year Ended 31 December 2019

Attached is MaxiTRANS Industries Limited's Results Presentation for the half-year ended 31 December 2019.

Authorised for release by the MaxiTRANS Industries Limited Board of Directors

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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 Limited – H1 FY20 Investor Presentation

H1 FY20 OVERVIEW

- As has been the case for a number of reporting periods, safety performance continues to improve with trailing 12 month injury rates improving by over 20%
- Revenue down 11.8% for continuing operations (14.3% from PCP total revenue)
- Trailers revenue has declined $26.0m or 19.9%, broadly in-line with the overall decline in the addressable market in H1 FY20
- MaxiPARTS has continued to perform well in a difficult market with total revenue declining by 1.9%. The underlying market has declined by approximately 5%, however this has been offset with increased revenue from organic growth initiatives via the retail network and growth in integrated MaxiTRANS solution to fleet customers
- The Group has implemented several cost saving initiatives, including staff redundancies which have reduced the operating costs by $10.6m on an annualised basis of which $2.2m has been realised in H1 FY20
- The downturn in the end market has necessitated the need to impair assets based on the short-term market outlook. The impairment of $15.4m was driven by the recoverable amount of the Trailers CGU and at the Group level

FINANCIAL OVERVIEW

A$M	1H19	1H20	Change	% Change
External Revenue *	190.7	163.5	(27.2)	(14.3%)
EBITDA (Underlying) #	**8.5**	**6.5**	**(1.9)**	**(22.8%)**
Depreciation & Amortisation	(2.5)	(5.5)	(3.0)	(120.0%)
EBIT (Underlying)	**6.0**	**1.0**	**(4.9)**	**(82.7%)**
Interest Expense #	(1.3)	(2.2)	(0.9)	(71.3%)
NPBT (Underlying)	**4.7**	**(1.2)**	**(5.9)**	**(125.5%)**
Tax	(1.0)	1.2	2.2	226.7%
Non-Controlling Interest	-	-	-	-
NPAT (Underlying)	**3.7**	**0.0**	**(3.7)**	**(99.0%)**
Significant Items (after tax)	(2.6)	(14.4)	(11.8)	(453.8%)
Reported NPAT	**1.1**	**(14.4)**	**(15.5)**	**(1413.3%)**
Net Debt	52.2	30.2	(22.0)	42.2%

* 1H19 includes $5.4m of revenue from discontinued operations
# 1H20 inclusive of AASB16 Lease accounting: Lease Depreciation $3.4m; Lease Interest $1.1m

- Operating performance in HY20 was challenging with a significant decline in the external market leading to a decline in trailer order intake
- Trailer Solutions revenue has declined by 19.9% or $26.0m, Parts revenue has declined by 1.9% or $1.3m from PCP
- A strong focus on managing the Groups costs in line with the declining end market has seen the group reduced operating costs, including redundancies, by an annualized $10.6m of which $2.2m has been realised in H1 FY20
- Significant items (after tax) includes the following:
    - Impairment losses $12.3m
    - Redundancy costs $1.2m
    - Litigation costs $0.9m

CASHFLOW

A$M	1H19	1H20	Change	% Change
EBITDA #	5.6	6.5	0.9	16.7%
Change in Working Capital	(2.4)	2.7	5.1	214.4%
Other	(2.9)	(2.8)	0.1	1.9%
Operating Cashflow	**0.3**	**6.4**	**6.1**	**2045.6%**
Dividends Paid	(2.8)	-	2.8	100.0%
Dividends Received	0.6	1.1	0.5	90.7%
CAPEX *	(9.2)	(1.8)	7.4	80.0%
Payment of Rent #	-	(4.1)	(4.1)	(100.0%)
Free Cashflow	**(11.1)**	**1.6**	**12.7**	**114.4%**

* Capex includes both PP&E and Intangibles (TransFORM / EquipIQ)
# 1H20 Inclusive of AASB16 accounting: Payment of rent reported separately from EBITDA compared to PCP

- Significant reduction in Capital Expenditure inclusive of Transform / EquipIQ expenditure
- Favourable change in working capital with improved debtor collections along with the reduction in trading volume
- Nil dividends paid in H1 FY20
- $3.5m received in tax returns refunds
- $1.8m reduction in net debt from free cashflow

BALANCE SHEET

A$M	Dec-18	Jun-19	Dec-19
Receivables	36.7	42.4	36.8
Inventories	62.7	59.3	62.0
Total Current Assets	**126.3**	**118.1**	**114.3**
PP&E	55.8	41.7	34.4
Intangible Assets **	70.7	35.0	27.8
Right of use asset #	-	-	44.7
Total Non-Current Assets	**138.2**	**98.9**	**130.1**
Payables	47.5	44.6	41.7
Interest Bearing Loans *	61.2	0.3	1.3
Lease Liability #			7.3
Total Current Liabilities	**125.1**	**59.8**	**64.1**
Interest Bearing Loans	0.3	43.7	37.5
Lease Liability #	-	-	43.6
Total Non-Current Liabilities	**5.2**	**44.7**	**82.1**
Net Assets	**134.3**	**112.5**	**98.2**

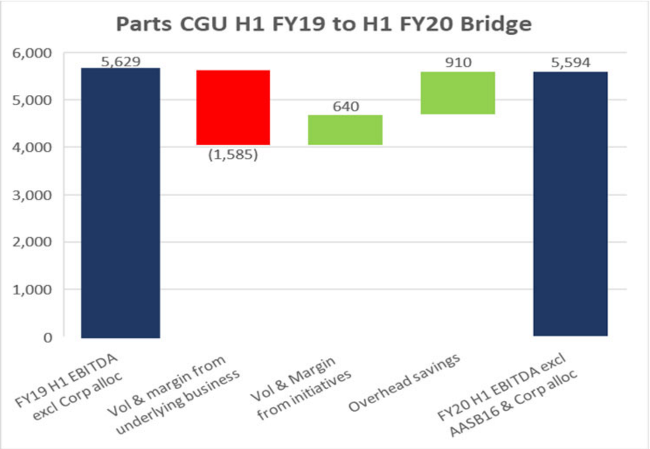
Adoption of AASB 16 Lease accounting using the modified retrospective approach, Balance sheet includes for the first time in H1 20 the addition of Right to Use Asset and Lease Liability
* In Dec-18 Bank Loans of $60.0m classified as current due to a breached leverage rate. Based on Group complying with all covenants at both Jun-19 and Dec-19 the debt classified as non-current
** Restatement of Jun-19 intangible asset balance

- Reduction of Debt by $6.0m ($22.0m since H1 2019)
- Reduction in PP&E due to Sale and Leaseback of the Trailers Rental Fleet ($4.3m) and Impairment (below)
- Impairment of $15.4m at the Trailers CGU and Group level was allocated across the following asset Groups:
  - Goodwill - $4.9m (Trailers $1.2m; Parts $3.7m)
  - Other Intangibles - $2.5m (Trailers)
  - PP&E - $2.3m (Trailers)
  - Right of use asset $5.7m (Trailers)
- Right to use asset of $44.7m (inclusive of impairment) and Lease liability of $50.1m representing operating leases across the group

SEGMENT EARNINGS - MAXIPARTS

A$M	1HFY20	2HFY19	1HFY19	FY19	FY18	FY17	FY16	FY15
Total Revenue	67.7	64.4	69.0	133.5	127.4	99.9	97.2	103.1
External Revenue	59.0	51.9	55.1	106.9	101.9	88.8	88.0	94.7
EBITDA excl Corporate Costs & AASB 16	5.6	5.6	5.6	11.2	9.7	6.8	3.7	1.2
EBITDA Margin % excl Corp Costs & AASB16	9.5%	10.8%	10.2%	10.5%	9.5%	7.7%	4.2%	1.3%
EBITDA	4.0	3.6	5.1	8.7	9.0	6.1	2.4	0.3
EBITDA Margin %	6.7%	6.8%	9.3%	8.1%	8.8%	6.9%	2.7%	0.3%

- MaxiPARTS is a high-quality distribution business that continues to become larger part of the MaxiTRANS business, representing 41.4%, up from 36.2% in PCP
- The decline in the profit from the underlying market of $1.6m represents margin pressure in the market driven by the inability to pass on all inventory costs increases to customers
- To offset the pressure on underlying market, sales and profitability was improved via an increase in volume from the growth initiatives of selling integrated MaxiTRANS solution to fleet customers and new product introduction through the retail network of $0.6m, coupled with overhead savings of $0.9m



TRAILERS

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

MaxiTRANS®


Bulk Transport

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


Food & Grocery

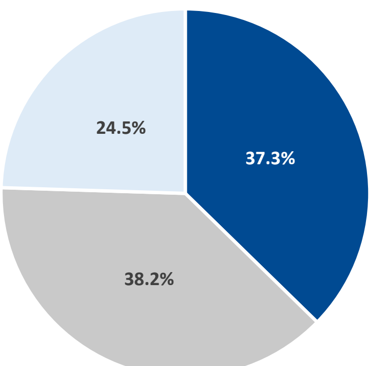
- Population Growth
- Consumer Spending


General Freight

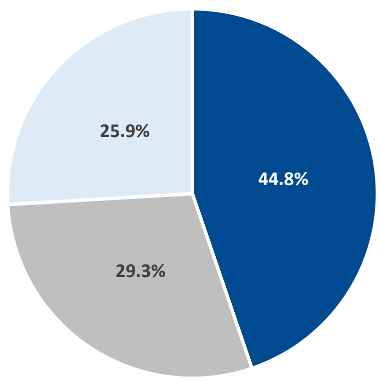
- Population Growth
- Consumer Spending
- Infrastructure
- Mining
- Import/Export
- Manufacturing

Revenue

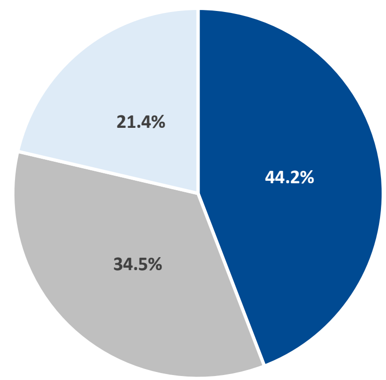
Full Year FY18



H1 FY19



H1 FY20



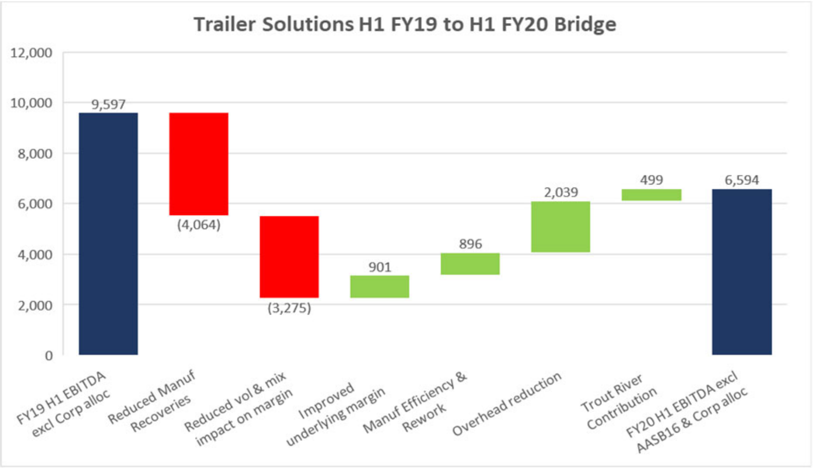
FREIGHTER® Maxi-CUBE® HamelexWhite® LUSTY EMS® Trout River® AZMEB® BULK TRANSFER SYSTEMS PEKI MaxiPARTS®

SEGMENT EARNINGS - TRAILERS

A$M	1HFY20	2HFY19	1HFY19
Total Revenue	104.6	109.9	130.6
External Revenue	104.5	110.0	130.2
EBITDA excl Corporate Costs & AASB16	6.6	6.6	9.6
EBITDA Margin % excl Corp Costs & AASB16	6.3%	6.0%	7.4%
EBITDA	2.1	1.7	7.1
EBITDA Margin %	2.0%	1.6%	5.5%

FY19	FY18	FY17	FY16	FY15
240.5	298.5	233.9	235.4	223.1
240.2	290.9	232.2	233.5	221.3
16.2	23.3	20.4	9.2	12.7
6.8%	8.0%	8.8%	3.9%	5.7%
8.9	19.5	16.6	4.8	9.2
3.7%	6.7%	7.2%	2.0%	4.2%

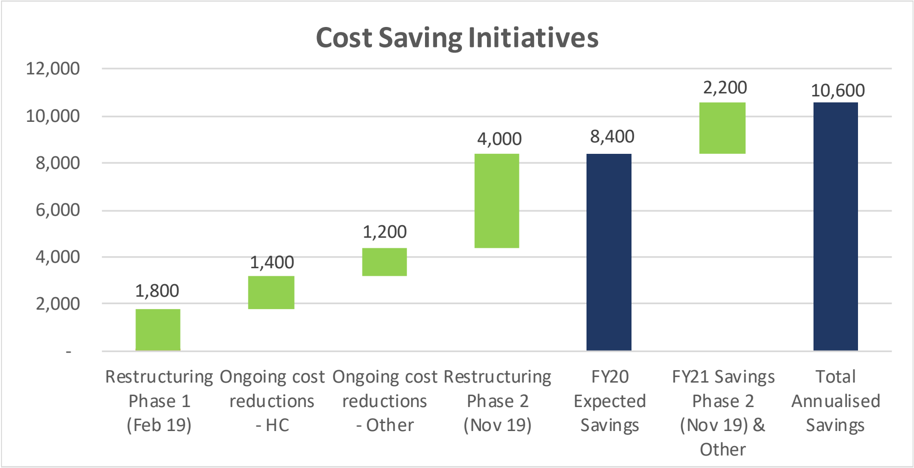
- A difficult H1 2020 for the Trailers division with revenue declining by 19.9% over the PCP driven by a continued decline in the external trailer market
- Profitability was impacted by both reduced volume and mix of ($3.3m) as well as reduced manufacturing recoveries of ($4.1m)
- The volume impacts was offset through improved manufacturing efficiency and rework of $0.9m, reduction in overhead costs of $2.0m as well as improved underlying margin of $0.9m
- The Trout River acquisition contributed $0.5m



COST SAVING INITIATIVES

The group has proactively responded to the changing market:

- Restructuring (Phase 1) actions taken in Feb 19 will deliver $1.8m of savings in FY20
- Ongoing cost reductions throughout FY20 are expected to deliver $1.4m of headcount savings and $1.2m of other savings through a focus on headcount and supply/IT chain, with $0.2m in FY21
- Significant restructuring (Phase 2) undertaken in Nov 19 is expected to deliver $4.0m of savings throughout FY20 and $2.0m of savings in FY21



FREIGHTER Maxi-CUBE HamelexWhite LUSTY EMS Trout River AZMEB PEKI MaxiPARTS

OUTLOOK

- General economic conditions have continued to be challenging with new trailer registrations rapid slowing over H1 FY20, which looks set to remain at low levels for at least H2 FY20
- Recent quotation levels have shown a slight improvement in Australia compared to the last 12 months performance, however the order profile currently remains consistent with recent months
- The Group will see the ongoing benefit in H2 FY20 of the cost savings initiatives executed and realised in part in H1 FY20
- The New Zealand order book is stronger which points to improving performance in H2 FY20
- MaxiParts is expected to deliver a consistent result with full year FY19 as a result of ongoing initiatives with fleet customers as well as organic growth of new products. No change in the underlying market is anticipated
- The Group's focus will remain on cash generation and cost management while the end market is expected to remain depressed
- The COVID-19 virus is a risk to the Group due to the effect it will likely have on the broader economy. The Group's supply chain for manufacturing trailers has a strong local manufacturing footprint and the Parts supply chain has an internal buffer that counters current delays in overseas supply

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

IMPORTANT INFORMATION

This document should be read in conjunction with the periodic and continuous disclosure announcements of MaxiTRANS Industries Limited (MaxiTRANS) that have been lodged with the ASX, in particular the financial report for the half-year ended 31 December 2019 (available at www.asx.com.au).

This document contains forward looking statements. Forward looking statements, opinions and estimates contained in this document involve a number of risks, assumptions and contingencies, many of which are beyond the control of MaxiTRANS and its related bodies corporate (MaxiTRANS Group) and which are subject to change without notice. It is believed that the expectations reflected in these forward looking statements, opinions and estimates are reasonable but there can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on any forward looking statements regarding our belief, intent or expectations with respect to MaxiTRANS' businesses, market conditions or results of operations, as actual results may vary in a material manner.

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This presentation contains non-IFRS financial information including EBITDA (earnings before interest, tax, depreciation and amortisation) and EBIT (earnings before interest and tax). EBITDA and EBIT are reported to provide improved clarity of the group's underlying business performance. Non-IFRS financial information contained in this document has not been subject to audit or review.

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