

3 April 2020

MaxiTRANS updates trading and withdraws guidance for FY20 due to COVID-19

Whilst MaxiTRANS has been performing in line with expectations throughout January and most of February, COVID-19 has impacted both the Parts division and Trailer Solutions. In the second half of February and through March, MaxiPARTS saw a decline in top line revenue whilst Trailer Solutions orders also declined significantly due to reduced freight volumes. Cash optimisation activities have resulted in a cash position better than expectations despite COVID-19 impact, further supporting group liquidity.

From 26 March, the New Zealand government has implemented restrictions on operation of businesses throughout the country. Whilst MaxiTRANS has been classified as an essential service and continues to operate, the supply chain remains somewhat variable and staff absence remains significantly higher since the announcement.

The Australian Federal government incentive announced on 12 March 2020 to increase the instant asset write off threshold from \$30,000 to \$150,000 (through to 30 June 2020) combined with the 15 month investment incentive (through to 30 June 2021) has seen an increase in Trailer Solutions orders. At this time, the Group is unable to determine the medium term effect of this incentive.

Given the effect of COVID-19 on the underlying MaxiTRANS business, the Board and Management are focusing on optimising cash generation and conservation over the coming period. Given the uncertainty arising from the COVID-19 outbreak, MaxiTRANS withdraws any guidance previously provided.

To this end, the Board of MaxiTRANS has determined that for a 4 month period commencing on 1 April 2020, the following changes will take place:

1. 20% reduction in Director's fees;
2. 25% reduction in Managing Director's cash payments made up of 20% deferral and 5% salary reduction; and
3. 20% salary deferral for other key management personnel.

Dean Jenkins, MaxiTRANS Managing Director and Chief Executive Officer said "MaxiPARTS and the broader MaxiTRANS business provide critical services to the community in supplying parts, service and trailers to the freight and logistics industry. The Group is focused on cash as the key financial metric in these uncertain times."

"The Group's first priority remains the safety of our staff, suppliers and customers and precautions have been taken to address COVID-19 concerns. The Group will continue to take further steps, including shut-down, if circumstances necessitate."

"Our team is dedicated to the ongoing support of our customers and the community though out these uncertain times."

Authorisation:

This announcement was authorised by the Board of MaxiTRANS Industries Limited.

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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.