



21 August 2020

Results Presentation –Year Ended 30 June 2020

Attached is MaxiTRANS Industries Limited's Results Presentation for the financial year ended 30 June 2020.

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.

MaxiSAFE
Send all our people home safely




MaxiTRANS Industries Limited

FY2020 Investor Presentation



FY20 HIGHLIGHTS






FY20 highlights

Female promotions

↑ 20%




Total Injury Frequency Rate (TIFR)

From FY19 to current rolling 12 month TIFR

↓ 35%

83% improvement since FY15




Our People & Community

Balance Sheet Prudence

- Net Debt reduced by \$19.9m (62%)
- Operating Cash flow improved to \$31.4m

FY20 Revenue


\$317.6m



MaxiPARTS Revenue


1.5% ↑

on PCP



Manufacturing efficiency

Generated \$3.9m in FY20



Our Business

FY20 RESULTS



- Strengthened Balance Sheet resulted in Net Debt reducing by \$19.9m to \$12.1m, down from \$32m
- Operating Cashflow increased to \$31.4m
- External sales of \$317.6m, down 9.9% with MaxiPARTS maintaining its consistent performance
- Underlying EBITDA of \$14.7m (\$5.3m pre-AASB16)
- Underlying Net Profit after tax (NPAT) of \$0.5m
- Responding to a challenging environment
 - Cost Reduction program implemented which resulted in \$8.4m of realised savings in the year with another \$1.6m to be realised in the FY21 year
 - Strong focus on working capital with reductions in inventory (\$0.9m) and debtors (\$15.8m) combined with an increase in deferred revenue (\$1.4m)



FINANCIAL OVERVIEW



A\$M	FY20 Reported	FY20 Pre AASB16	FY19 Reported **	Pre AASB16 YoY %
External Revenue*	317.6	317.6	352.5	-9.9%
EBITDA (Underlying)	14.7	6.2	14.2	-56.5%
Depreciation & Amortisation	(10.9)	(4.0)	(5.8)	-31.5%
EBIT (Underlying)	3.8	2.2	8.4	-73.9%
Interest Expense	(4.5)	(2.1)	(2.6)	-22.1%
NPBT (Underlying)	(0.7)	0.1	5.7	-97.9%
Tax	1.2	1.0	(0.9)	-207.8%
NPAT (Underlying)	0.5	1.1	4.8	-77.4%
Significant Items (after tax)	(36.0)	(36.0)	(31.8)	13.1%
Reported NPAT	(35.5)	(34.9)	(27.0)	29.3%
Net Debt	12.1	12.1	32.0	-62.2%

Results

- MaxiPARTS business held up well in the current market increasing revenue by 1.5%
- Trailer Solutions experienced revenue decline of 15.4%
- To counter the market decline, the business executed a dramatic cost reduction program. This resulted in \$8.4m of realised savings in the year with further \$1.6m to be realised in the FY21 year
- A strong focus on cash generation has enabled MaxiTRANS to reduce its Net Debt by over 60%

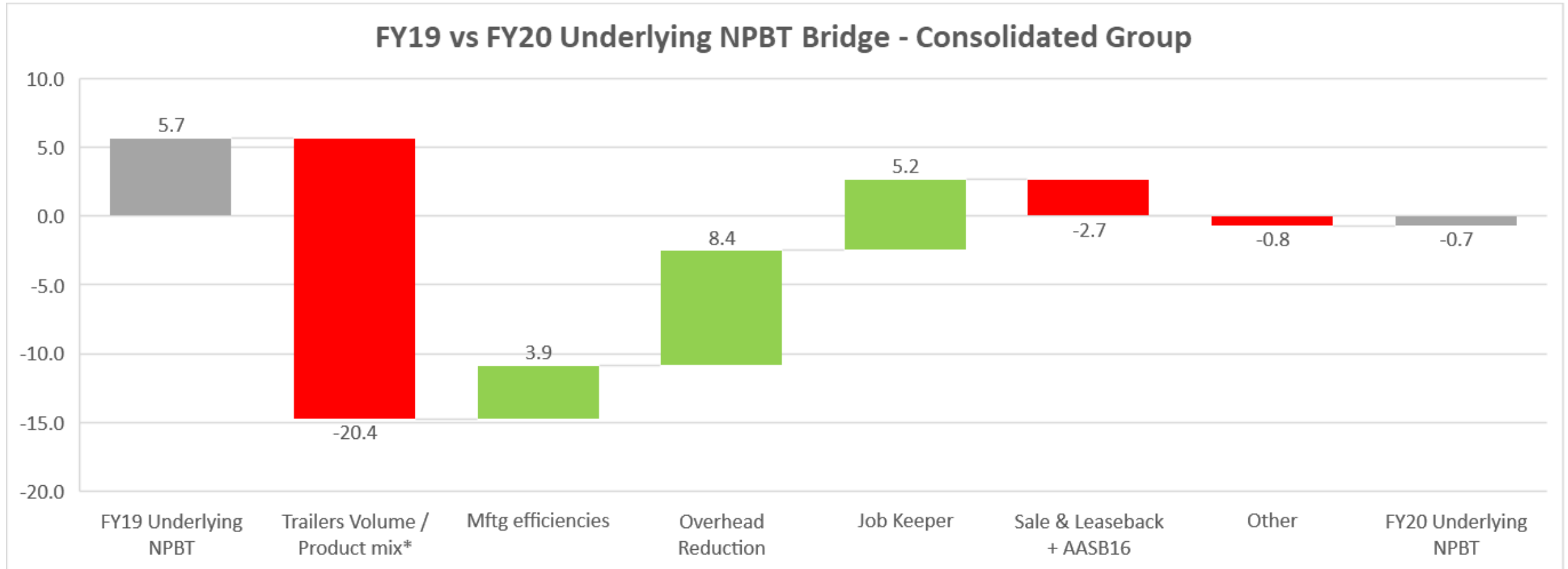
Significant items:

- 2020 further Impairment of asset

* FY19 Based on total operations, including discontinued operations

** FY19 results have been re-stated with the inclusion of Impairment of Goodwill for \$9.34m

EARNINGS BRIDGE



* Whilst not quantified, the impact of COVID-19 on the business is considered in this section

CASHFLOW

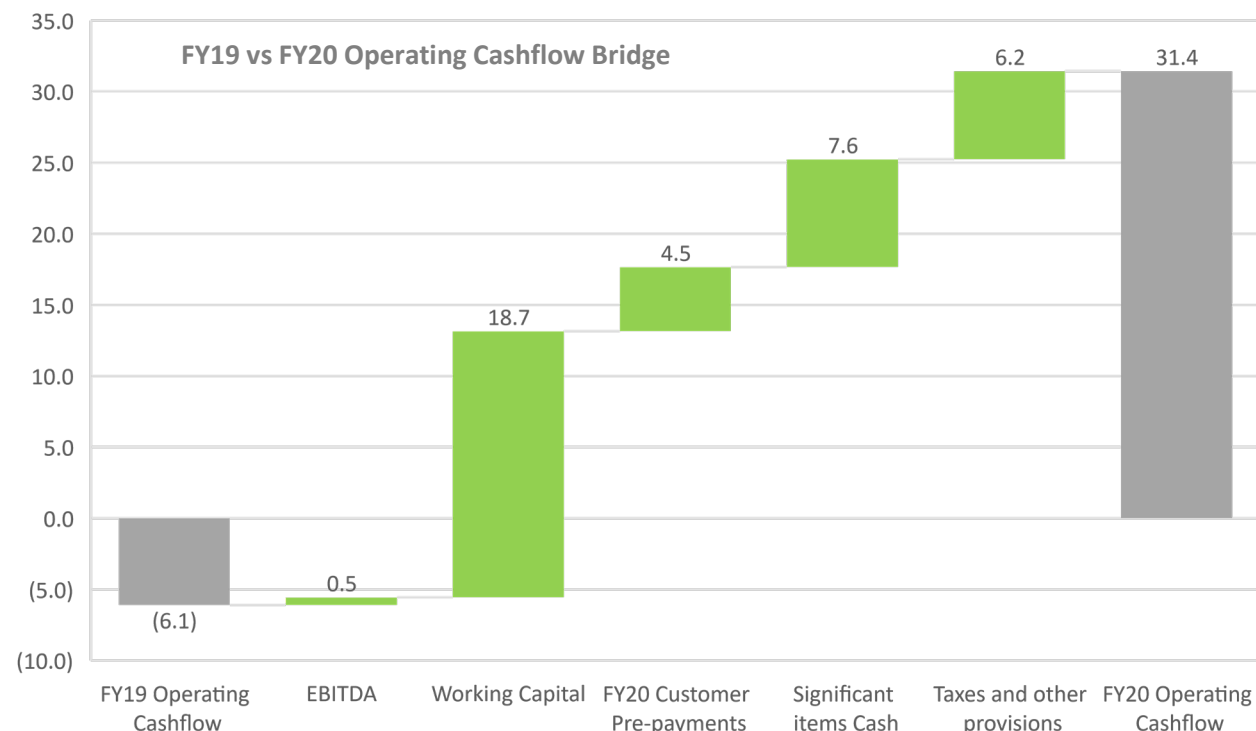


A\$M	FY19	FY20
EBITDA (Underlying)	14.2	14.7
Change in Working Capital	(9.1)	14.1
Other	(11.1)	2.6
Operating Cashflow	(6.1)	31.4
Dividends Paid	(2.8)	0.0
Dividends Received	1.4	2.2
CAPEX	(13.2)	(5.4)
Lease Payments *	0.0	(8.5)
Other	0.0	0.0
Free Cashflow	(20.7)	19.8

Operating cashflow improved significantly through FY20, predominantly driven by:

1. Executing Working Capital initiatives; and
2. Focused costs and CAPEX reduction program.

* Lease payments included within EBITDA in FY19 (pre-AASB16 Leases standard change)



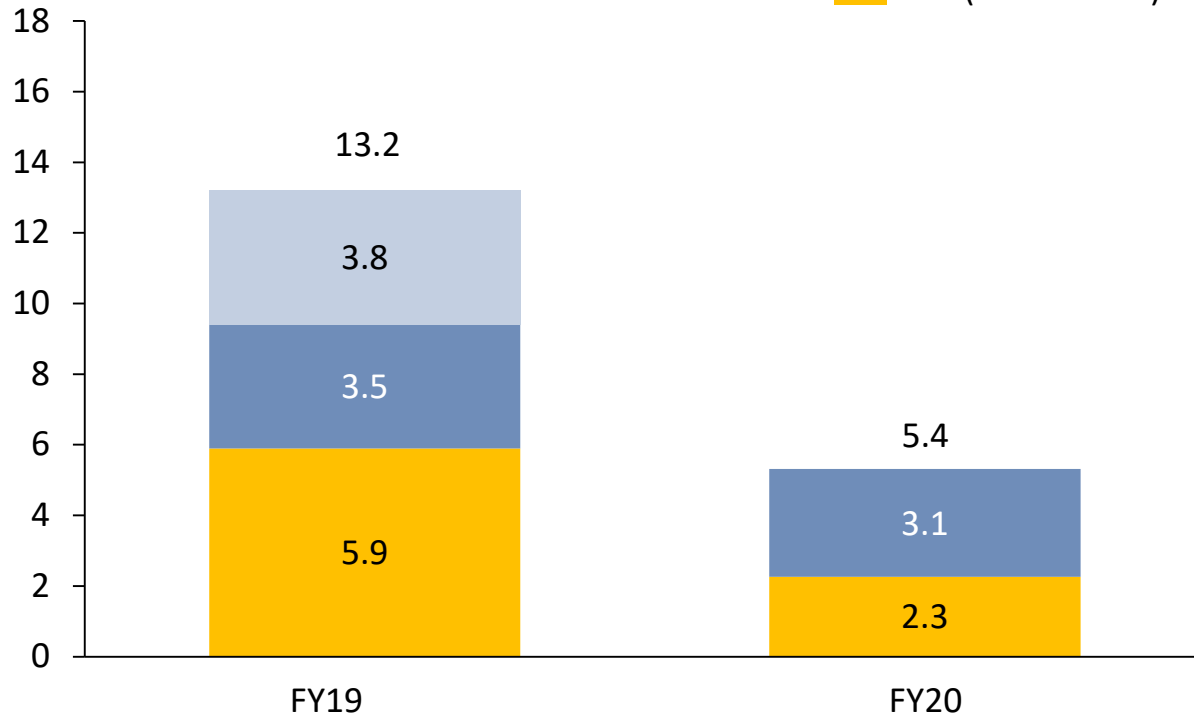
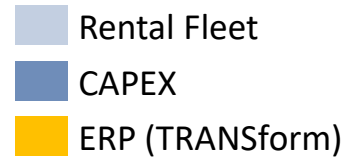
BALANCE SHEET



A\$M	FY19	FY20
Cash	11.9	25.5
Receivables	42.4	26.5
Inventories	59.3	58.4
Total Current Assets	118.1	114.3
PP&E	41.7	29.5
Intangible Assets	35.0	21.6
Total Non-Current Assets	98.9	107.3
Payables	44.6	41.2
Total Current Liabilities	59.8	65.3
Interest Bearing Loans	43.9	37.6
Total Non-Current Liabilities	44.7	78.2
Net Assets	112.5	78.1

- A dedicated focus on cash generation has significantly strengthened MaxiTRANS Balance Sheet with Cash at Bank up +200% over FY19
- Interest Bearing Loans have reduced by 15%
- Assets have been impaired by \$44.5m
- Non Current Liabilities have increased due the accounting treatment of leases under AASB16

CAPEX



- Challenging economic conditions drew increased focus on balancing CAPEX and operational needs
- IT systems (ERP and associated systems) investment to conclude in FY21
- ERP Live in Manufacturing with rest of Trailer Solutions H1 FY21. The planned roll out to MaxiPARTS has been delayed to post FY21
- Operating benefits from combination of common systems and processes as well as continuous improvement activities being generated

RELOCATION TO CAROLE PARK (BRISBANE)



- FY21 will see MaxiTRANS relocate its Queensland Manufacturing operations from Richlands to a purpose built facility at Carole Park (Brisbane)
- Relocation will generate manufacturing efficiencies of +\$2.3m pa plus add product portfolio flexibility
- Net CAPEX of \$4m
- Relocation to occur Q2 FY21



BUSINESS UNIT PERFORMANCE

TWO COMPLEMENTARY BUSINESSES



MaxiPARTS Differentiators

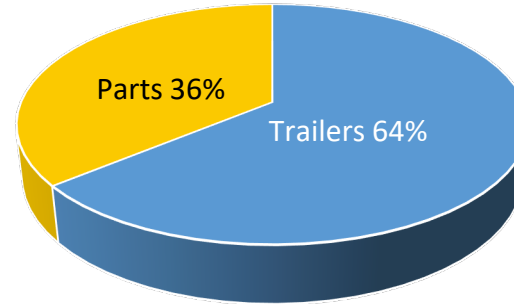
A national store footprint in the right locations

Unique technology enabled customer solutions

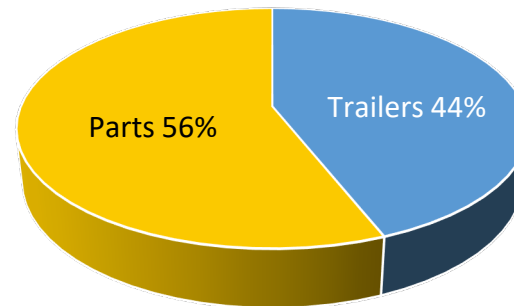
Scale benefits from being associated with the largest trailer manufacturer

Breadth of range and product expertise

FY20 Segment Revenue Contribution



FY20 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

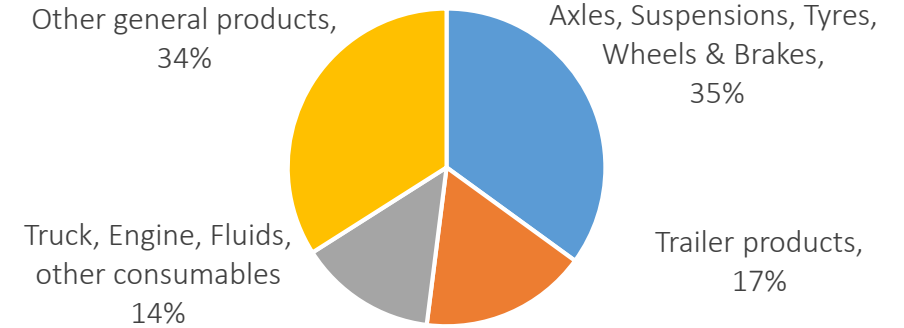
MAXIPARTS

EXTENSIVE RANGE OF PARTS/CONSUMABLES AND EXPERTISE

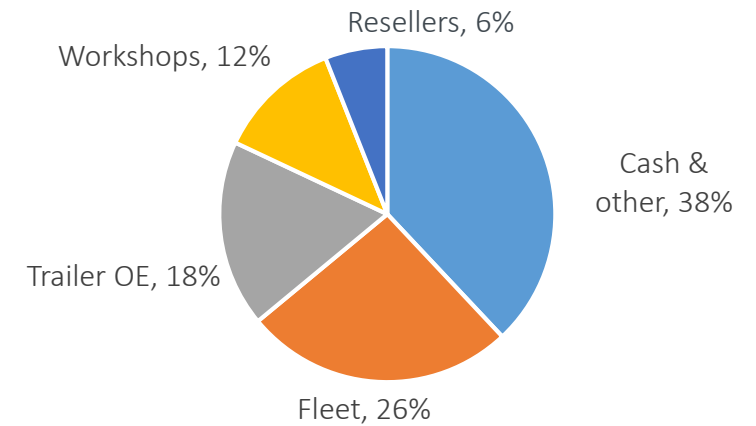
- Distribution of leading genuine brands as well as extensive range of aftermarket commercial vehicle parts
- One of Australia / New Zealand’s largest importers of aftermarket commercial vehicle parts
- National footprint of 20 stores
- Over 30,000 SKUs / Over 145,000 parts in the database
- Over 10,000 individual account customers (ex Cash accounts)
- Established own private label called Maxus



FY20 Revenue by Product classification



FY20 Revenue breakdown by Customer Type



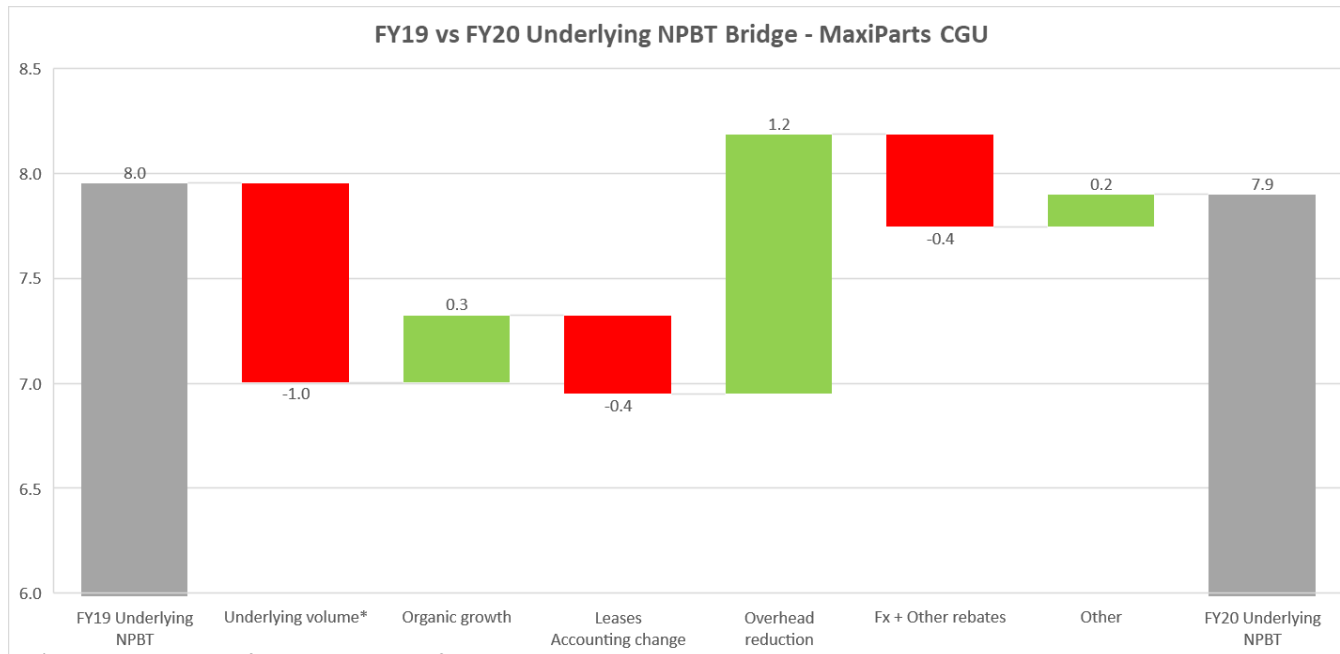
SEGMENT EARNINGS – MaxiPARTS



A\$M	FY20 Reported	FY20 pre-AASB16	FY19	FY18	FY17	FY16
Total Revenue	130.8	130.8	133.5	127.4	99.9	97.2
External Revenue	114.4	114.4	112.7	101.9	88.8	88.0
EBITDA excl Corporate Costs	16.0	11.7	11.2	9.7	6.8	3.7
EBITDA Margin % excl Corp Costs	14.0%	10.2%	9.9%	9.5%	7.7%	4.2%
EBITDA (Underlying)	13.2	8.8	8.7	9.0	6.1	2.4
EBITDA Margin %	11.5%	7.7%	7.7%	8.8%	6.9%	2.7%
NPBT (Underlying)	7.9	8.3	8.0	7.9	6.2	2.4

MaxiPARTS continues to become a larger share of the MaxiTRANS business.

- As a high-quality distribution asset, MaxiPARTS represented 56% of total segment EBITDA in FY20, up from 45% in FY19
- FY20 Revenue slightly above FY19 levels despite COVID impact in H2



* Whilst not quantified, the impact of COVID-19 on the business is considered in this section

TRAILERS

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

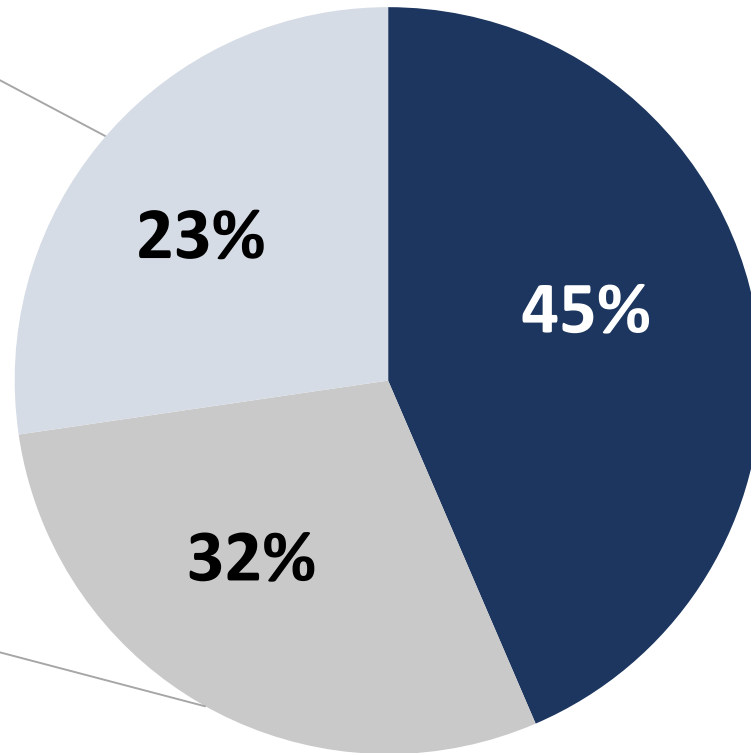


Bulk Transport

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



FY20 PRODUCT REVENUE CONTRIBUTION



General Freight

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



Food & Grocery

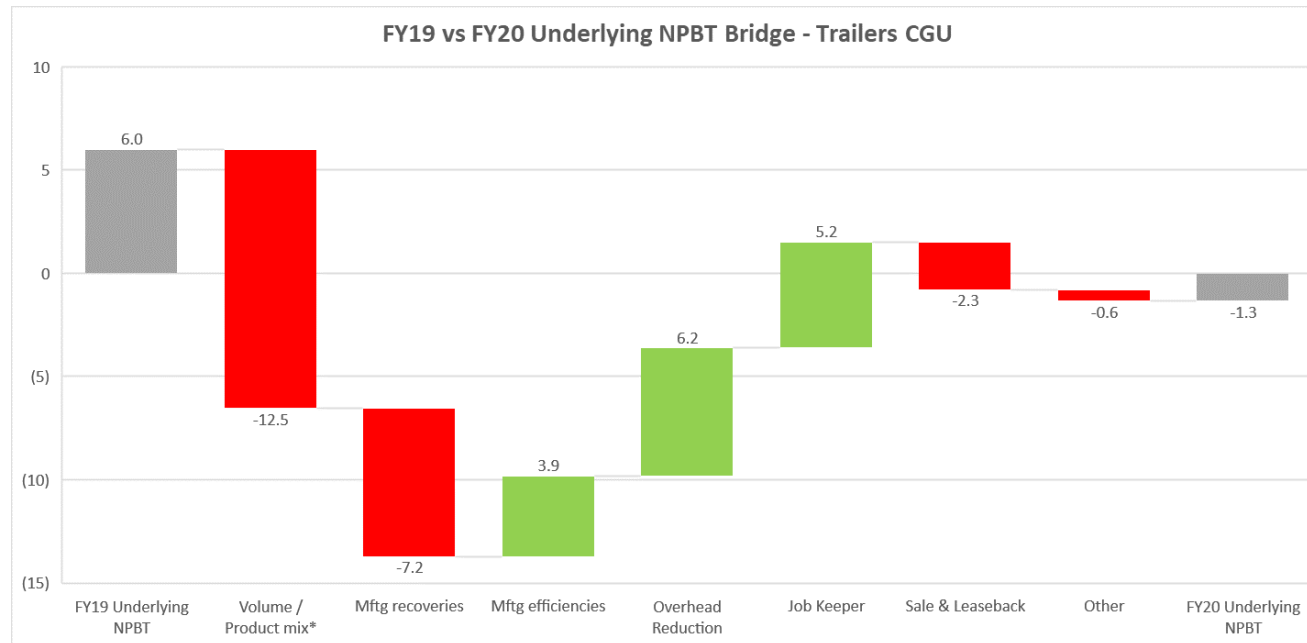
- Population Growth
- Consumer Spending



SEGMENT EARNINGS – TRAILERS (AUSTRALIA & NZ)



A\$M	FY20 Reported	FY20 pre-AASB16	FY19	FY18	FY17	FY16
Total Revenue	205.5	205.5	240.5	298.5	233.9	235.4
External Revenue	203.2	203.2	240.2	290.9	232.2	233.5
EBITDA excl Corporate Costs	14.6	10.2	16.2	23.3	20.4	9.2
EBITDA Margin % excl Corp Costs	7.2%	5.0%	6.7%	8.0%	8.8%	3.9%
EBITDA (Underlying)	5.5	1.3	8.9	19.5	16.6	4.8
EBITDA Margin %	2.7%	0.6%	3.7%	6.7%	7.1%	2.1%
NPBT (Underlying)	(1.3)	(0.9)	6.0	15.8	14.0	1.9



* Whilst not quantified, the impact of COVID-19 on the business is considered in this section

- Revenue declined by 15.4% over FY19 principally due to external market forces, with H2 2020 revenue up on H1
- The fixed cost nature of Trailer Solutions impacted segment EBITDA with a ~40% decline on FY19
- Cost Reduction program implemented to mitigate the impact of the revenue decline generated \$8.4m of realised savings in the year
- Trailer Solutions eligible for the Federal Government Job Keeper / Wage Subsidy and received \$5.15m in Q4 2020

STRATEGY UPDATE – FOCUSING ON THE NEAR TERM

STRATEGIC ACTIVITY TO FOCUS ON NEAR TERM



Whilst maintaining consistent pathways of strategy the scope has been refined to ensure we underpin continued focus on balance sheet prudence:

- **Operational excellence** - ensure the group's systems and processes deliver high quality, cost effective products and services, with a focus on margin over chasing market share
- **Growth** - Leverage market leading position to optimise opportunities in MaxiPARTS
- **People** – Continue investing in Inclusion and Diversity programs, supported by continuation of our front line and senior leaders' development program
- **Return on Assets** - Actively review the most efficient use of the group's assets to deliver the best return on our shareholders' investment
- **Safety** - Continued focus on improving our safety performance to not only ensure we send our people home safely but that MaxiTRANS' products design also sends our customer's people home safely.

OUTLOOK

FY21 OUTLOOK



- While the ongoing impacts of COVID-19 remain very uncertain in both near and medium term, MaxiTRANS will remain focused on efficient use of capital and shorter-term financial controls. Investment in any new growth programs will be constrained for the foreseeable future.
- **MaxiPARTS** continues to perform well in these challenging times and remains well positioned to be an active part of the Commercial Vehicle Aftermarket Parts segments consolidation after COVID-19.
 - This remains MaxiTRANS strategic growth platform into the future.
 - After a rapid reduction in revenue early in the COVID-19 pandemic, MaxiPARTS revenue grew consistently to finish the year at volumes which were comparable to pre-COVID-19 levels. As infection rates fluctuate in the Australian community MaxiTRANS expects a level of short-term volatility, although the experience of H2 FY20 supports return to trend performance quite quickly.
- In the **Trailer Solutions** business, recent rains support what is likely to be one of the better South East Australian grain crops in recent years with an associated increase in MaxiTRANS bulk tipper segment.
 - Recent quotation levels have been higher than the last 12 months, when combined with a sustained conversion rate this has resulted in an improved order-book position heading into FY21 being 40% higher than PCP.
 - Counter to this the New Zealand order book remains low as customers defer ordering off the back of economic concerns.
- The COVID-19 virus and associated economic impacts remains a risk to the Group.

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 full-year ended 30 June 2019 (available at www.asx.com.au).

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