

3 November 2021

**MaxiPARTS Limited**  
**2021 Annual General Meeting**  
**Chairman's and Managing Director's Addresses**

Attached are the Chairman's Address, Managing Director's Address and presentation to be delivered at today's Annual General Meeting.

Authorised by:

**Peter Loimaranta**  
**Managing Director & CEO**  
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Contact:

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**About MaxiPARTS Limited**

MaxiPARTS Limited (ASX:MXI) is one of the largest suppliers of truck and trailer parts to the road transport industry in Australia.



**3 November 2021**

**MaxiPARTS Limited**  
**2021 Annual General Meeting**  
**Chairman's Address**

I would like to start by thanking our staff, as I did last year. I recognised their efforts in keeping everyone safe and enabling our operations to continue serving our customers despite the ravages of Covid-19. I did not expect that I would be repeating that this year. The ongoing uncertainties, inconvenience and stresses on family life has not been easy but our people have continued to respond magnificently and deserve our sincere thanks.

Last year we said that we would: continue our focus on cashflows and the Balance Sheet, focus on assets in the portfolio and achieving best returns and focus on the efficient use of Capital.

This resulted in the Sale of The Trailer Solutions business, announced on 23 July. Thank you, shareholders, for your overwhelming support and approval of this transaction at our EGM on 27 August.

In fact since the end of financial year 2021 the market capitalisation of MaxiTRANS has increased approximately five-fold as this focus resulted in better cashflows and ultimately the business restructure.

The Annual Report and Financial Statements presented to you today are significantly impacted by the need to report the Trailer business as Assets and Liabilities Held for Sale. The highlights are NPAT of \$4.6m and a Balance Sheet Net Cash position of \$5.2m.

As announced last week, although as previously announced, the sale of the Trailer Solutions Business and associated properties have completed, the completion adjustment process and other post-transaction items remain in process and as such the expected timing of the payment of the Special Dividend has been delayed. The Company will provide further updates as to the timing of the Special Dividend as this process progresses.

The Company does not expect there to be any change to the value of the Special Dividend which is also still anticipated to be fully franked

With the intended special dividend picking up both the FY21 trading result and benefits from the sale of the trading business, the business expects to return to a consistent dividend distribution policy in FY22 and beyond, as outlined in the investor pack released on 26 July 2021.

Peter will discuss shortly the performance of our ongoing Parts business.

Given the substantial changes that have occurred recently I would now like to deviate from the well-trodden path for these speeches. After the changes of the last few months and our recent EGM, I have decided today to focus on a few key topics on which, as a board, we are firmly focussed.

I want to discuss the strategic path forward for the MaxiPARTS business and also update you on our board renewal program.

**Strategy**

Over the last few years our MaxiPARTS business has been very focussed on efficiency in our operations and developing leaders from within the business. While this has been necessary given the capital constrained nature of the broader business over a number of years, it has delivered to you

a business which is very operationally capable, aware of the daily details required to run a national distribution business and well aware of the range of levers which can be pulled depending on the challenges of the day. While we will work with the management team over the coming months to define in some detail our strategic plan, we already know some high-level aspects of what will be included.

The operational excellence focus will remain:

- We believe our inventory profile is as good as anyone in our peer group. We will continue to focus on driving further gains in inventory management, which in the short term will help us navigate the well documented challenges in the global supply chain and maintain service levels for our customers; and in the longer term, drive further improvements in stock turns and improved return on investment.
- In an industry which has quite a bit of staff turnover, we are proud to be a leader in driving both the diversity agenda for our industry and developing our own leaders. Over the last few years internal recruitment for Branch Manager and Assistant Manager positions has been increased significantly. Our people know they can grow and learn within MaxiPARTS.
- How we approach the market has evolved dramatically over the last 3 years: first we delivered the MaxiSTOCK inventory management solution then, through COVID, we developed a very successful click and collect model, and just last month we rolled out a new e-commerce platform. We intend to continue the evolution of our customer facing capability over the coming years.

And with a strong balance sheet after the sale of the trailer manufacturing business we also believe it is time to more aggressively grow our remaining revenue streams. Peter will add some colour to these items later, but as a board we feel there is an appropriate balance between organic and inorganic growth. We will not focus on either in isolation of the other, but we will review all plans under a lens of sensible investment with appropriate returns.

We have a desire to continue growth of our product lines within commercial vehicle aftermarket parts and to expand geographic reach where we are sure scale in each branch is achievable. We remain open to achieving these either organically or inorganically.

### **Board renewal**

As I discussed with you at last year's AGM, we have now actively started our board renewal program with Jim Curtis, Sam Hogg and Joe Rizzo stepping off the board over the last 12 months. Greg Sedgwick and Gino Butera have joined us and bring an experience set very much aligned to the future MaxiPARTS business, and of course Peter Loimaranta has joined the Board as the CEO and MD. Mary Verschuer has also very successfully taken on the critical role of Chair of the Audit and Risk Management Committee. I am confident this board has the skills to take MaxiPARTS to the next level.

Dean Jenkins will retire from the business at the end of this month. Since joining MaxiTRANS as CEO and MD, on 1 March 2017, Dean has successfully guided the company through some key challenges. Dean, your intense focus on safety, people and values has changed this company for the better forever. The Board and Shareholders have much to thank Dean for. As Chairman it has been a pleasure working with you and we wish you well in your next endeavour.

### **Jim Curtis**

He could have played football for Chelsea but instead he chose to come to Australia with his young bride and built Australia's largest transport equipment business. If you haven't already done so, I recommend that you read the tribute to Jim in this year's Annual Report. It is a fabulous story but arguably no surprise. Over the last 13 years that I have served on this Board with you Jim, I have come to know your boundless energy, tenacity, good humour and good grace, but it is your innovative streak that is most impressive. Always coming up with new ideas and better ways to build trailers, you think out of the box. It has been my honour and pleasure to work with you and I wish

you and Valerie continued happiness. I know MaxiPARTS will not be far from your thoughts. Jim,  
thank you on behalf of all of us.

-END-



**3 November 2021**

**MaxiPARTS Limited**  
**2021 Annual General Meeting**  
**Managing Director's Address**

It is an honour to make my first Managing Director's address to shareholders.

Given the significant change with the sale of the Trailer Solutions business, this address will obviously have a different focus to what has previously been presented. I will look to outline some of the key FY21 group achievements but will predominantly focus on the go forward MaxiPARTS business.

To start, however, I think it is important to discuss the impacts of the COVID-19 pandemic.

We are very fortunate that the impacts of the COVID-19 pandemic on our business from a financial point of view have been relatively minor compared to a number of other industries and businesses. That said, the ongoing effort and focus to effectively manage the constantly changing landscape has been challenging and the additional pressure on all of our staff as a result, whether they are required to be onsite as an essential worker or working from home in a support role, has been significant. The way our business and staff have adapted to quickly moving into and out of different operating structures as government restrictions change, has been incredible.

To echo our Chair's statement, we are extremely appreciative and thankful to all of our staff for their effort and flexibility in allowing the business to continue to operate in an effective and safe way through this time.

As a result of addressing all the physical safety requirements very early in the process, as the COVID 19 pandemic has extended we have been able to increase our focus and support around the mental health of our employees and have implemented various initiatives including:

- conducting online health and wellbeing sessions with external speakers
- increasing the presence of our Employee Assistance Program (EAP)
- creating inter-departmental virtual catchups
- introducing a healthy body and mind program
- regular communication around changes
- increasing the number and availability of mental health first aiders.

In further support of the increased mental health challenges facing our communities and business, MaxiTRANS has been an active supporter of the RUOK day for the past 5 years. It was extremely pleasing to be able to continue our support of this day under the MaxiPARTS banner in September this year. We once again used the day as a reminder to ask each other RUOK but also donated 1% of our sales on the day (\$7000) to the RUOK organization.

When looking at our overall safety performance of the group (historical business), while the occurrence of the more severe injuries did reduce (18% down) in the year, the same cannot be said for all injuries in our business with Total Recordable injuries increasing by 24%. We recognise this is unacceptable.

The Total Recordable Injury Frequency Rate (TRIFR) for the group finished the year at 20.1 injuries per million hours worked. The ongoing MaxiPARTS business recorded a total recordable injury frequency rate (TRIFR) for FY21 of 9.3.

Within MaxiPARTS we have recently re-assessed our key health and safety risks. Based on this we have developed and are implementing an improvement plan that has reset priorities and is focused on addressing key risks associated with the parts distribution business we have moving forward.

## **FY21 Results**

As our Chair discussed, the presentation of our FY21 accounts is significantly impacted by the need to report the Trailer Solutions business as assets held for sale.

The Group continued its focus on cash generation and debt reduction throughout FY21, finishing the year with a net cash position of \$5.2m, which is a reduction of \$17.3m from a net debt position of \$12.1m in FY20. The reduction in net debt included a reduction of \$20.25m in bank debt, enabled through strong operating cash inflows of \$31.8m, or \$21.7m after lease payments. The cash inflows for the year included a \$7.2m payment in settlement of the TRANSform ERP litigation.

The Australian Trailer Solutions operations were assisted in the first quarter of the financial year with the continuation of the Government assistance JobKeeper program totalling \$4.6m. The JobKeeper assistance was materially the same as that received in FY20 and related solely to the Trailer Solutions business.

As a result of improved activity as the capital equipment market cycled out of the very low position we saw in FY20 and the consistent growth in the MaxiPARTS business, the Group achieved:

- An 11% increase in total Revenue to \$352.8m; and
- Underlying net profit after tax of \$10.5m, a \$10m increase on FY20.

## **MaxiPARTS Proforma Financials**

Instead of working through a traditional earnings bridge of the Trailer Solutions business, my focus from here is to discuss the underlying MaxiPARTS business.

As previously disclosed, we have prepared a proforma profit and loss statement for the MaxiPARTS business that takes account of the underlying MaxiPARTS business, the expected ongoing business support costs that previously sat in the group accounts and the revenue and cost reclassifications that result from the ongoing supply agreement with the Trailer Solutions business that was executed as part of the sale process.

In the following slides I will talk about the revenue and profit improvements seen over a 5 year period.

Looking at FY21, MaxiPARTS saw stable revenue growth of \$6.5m (5.1%) which, when combined with strong margin and cost management, resulted in a proforma EBIT result of \$8.7m, which was a 31.8% increase on FY20.

One ongoing benefit to the future business from the sale transaction that I believe is important to highlight is the fact MaxiPARTS will have approximately \$25m of revenue tax losses to carry forward and offset against future profits.

Despite being capital constrained as the Group's focussed on addressing the previous cash and balance sheet challenges, the MaxiPARTS business has successfully delivered revenue growth at a compounded annual average of 7% over the last 5 years.

The growth over this period has come from a consistent store network with no acquisitions or new site openings taking place, but instead a strong focus on organic initiatives involving both product range expansion and various customer solutions.

In a similar fashion to the FY21 profit improvement, over the last 5 years MaxiPARTS has been able to combine consistent revenue growth that has generated operating leverage, with a strong margin and cost management approach to generate a 29% compounded annual EBITDA growth, before corporate cost allocation and before the adoption of the AASB16 accounting standard.

### **Strategy Update**

As demonstrated by the 5-year revenue and profit trends, MaxiPARTS has successfully implemented a range of organic initiatives. As we move forward as a standalone parts business we intend to continue to maintain a strong organic strategic improvement program.

As our Chair outlined, MaxiPARTS already operates with industry leading inventory turn rates with a further 5% improvement achieved in FY21. However due, to the critical nature of inventory management to our business, both in terms of operational performance and return on capital, it is an area in which we will continue to focus on improvement initiatives.

We believe our staff already represent the best in the industry, but to support a growing business, we need to ensure we have an appropriate employee development program in place. Over the last 2 years we have seen many MaxiPARTS staff take part in specifically developed front line leadership courses and pleasingly, over recent years we have made more internal promotions to branch manager and assistant branch manager roles than we have made external appointments.

We also recognise that having a diverse and inclusive business provides both financial and social benefits and we have an active diversity and inclusion program, that includes being an active member of NAWO (National Association of Women in Operations).

Pleasingly we now have a diverse executive management team in respect of gender, skills and experience.

Although representing only a very small portion of our current business, we recognise our industry is changing, and having a strong E-Commerce presence is critical as we move forward. In September we launched our new E-commerce platform that caters for both business to business customers as well as business to consumer customers. Although just launched and with further work around search engine optimisation, further data development and a dedicated marketing program in progress, we have already seen increases in both web traffic and online sales.

With a stronger balance sheet in place we expect to recommence our network development program and add additional stores in a stable and consistent way over the coming years, where we believe the local market offers the ability to operate with the required scale. Unfortunately we have had to exit the site commitment we had in Erskine Park due to the developer's inability to gain the appropriate zoning permits (no cost or investment incurred) which has delayed our plans. However we still expect to enter this particular area in the coming months as well as implement further network expansion projects before the end of the financial year.

In addition to the organic initiatives, MaxiPARTS does expect to participate in the industry consolidation through future acquisitions.

Acquisitions will not sit as a standalone strategic initiative but as a method of accelerating strategic programs in both the core product expansion or distribution network. We believe any acquisition will need to make both strategic and financial sense and be accompanied by a strong integration plan.

We have been pleasantly surprised by the pipeline of opportunities which have developed since we announced the sale of the Trailer Solutions business. While we have nothing concrete yet, we remain confident of adding value through this program in both the short and long term horizons.

### **Outlook**

The FY22 half year accounts, like the recent annual statements, will include the underlying MaxiPARTS operations but also a variety of abnormal items including trading results from the Trailer Solutions operations before the completion of the sale, as well as separation costs and a mix of pre-sale and post-sale corporate overhead.

The start of FY22 has seen an increase in the disruption caused by COVID with extended lockdowns in NSW and Victoria, changing requirements around vaccination requirements further impacting existing labour shortages in much of the transport and manufacturing sector, and ongoing global supply challenges impacting stock availability for much of the industry.

Despite these challenges, the underlying MaxiPARTS business has continued to perform well and at this point in time, is tracking in line with our expectations.

-END-





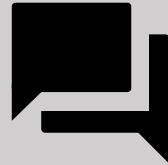
# MaxiPARTS Limited Annual General Meeting 2021



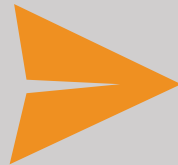
# ONLINE ATTENDEES – TEXT QUESTION PROCESS



When the question function is available, the messaging tab will appear at the top of the screen



To submit a question, type your question in the “Ask a question” box and press the send arrow



Your question will be sent immediately for review



123-456-789

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MESSAGING

VOTING

Messaging

Ask a question



**Moderator**

Type your question in the box above and then press the send arrow. Please include the number of the resolution at the beginning of your question. Questions may be moderated or amalgamated if there are multiple questions on the same topic

# ONLINE ATTENDEES – AUDIO QUESTION PROCESS



When the audio questions line is available, a link will appear on the home tab titled **Asking Audio Questions**

If you would like to ask an audio question, **pause the meeting broadcast** and click on the link

You will be prompted to enter your name and the topic of your question before being placed in the audio questions queue

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## Instructions

### Watching the Webcast

Press **play** to begin the broadcast. Ensure your device isn't muted and the volume is turned up. On mobile devices, the broadcast can be minimised and audio will continue to play.

### Asking Text Questions

Select the **MESSAGING** tab at the top of this page, then type your question in the box provided and press the send arrow.

### Asking Audio Questions

If you would like to ask a question verbally, **pause the broadcast** and then click **HERE**. You will be connected to the audio questions line where you can listen to the meeting while waiting to ask your question. Please return to this page if you have any issues.

### Voting

When voting opens, a **VOTING** tab will appear at the top of the screen. Selecting this tab will open a list of resolutions, select **For**, **Against** or **Abstain** to cast your vote. There is no enter or send button. You may however cancel your vote and enter a new selection while voting is open.

# ONLINE ATTENDEES – VOTING



When open, the vote will be accessible by selecting the voting tab at the top of the screen



To vote simply select the direction in which you would like to cast your vote. The selected option will change colour.

For



Against



Abstain



There is no submit or send button, your selection is automatically recorded. You can change your mind or cancel your vote any time before the poll is closed

123-456-789

HOME

MESSAGING

VOTING

Poll Open

You have voted on 0 of 2 items

Resolution 1

Select a choice.

For



Against



Abstain



CANCEL

Question 2

Select a choice.

Yes



No



Unsure



# BOARD OF DIRECTORS



James Curtis  
Deputy Chairman,  
Non-Executive Director



Rob Wylie  
Chairman, Non-Executive



Peter Loimaranta  
Managing Director & CEO



Mary Verschuer  
Director, Non-Executive



Greg Sedgwick  
Director, Non-Executive



Gino Butera  
Director, Non-Executive



A semi-truck with a long trailer is driving on a road towards the right. The scene is set at sunset or sunrise, with a bright sun low on the horizon, creating a lens flare effect. The sky is filled with dark, dramatic clouds. The landscape consists of rolling hills and a dirt road. The entire image has a blue color overlay.

# CHAIRMAN'S ADDRESS

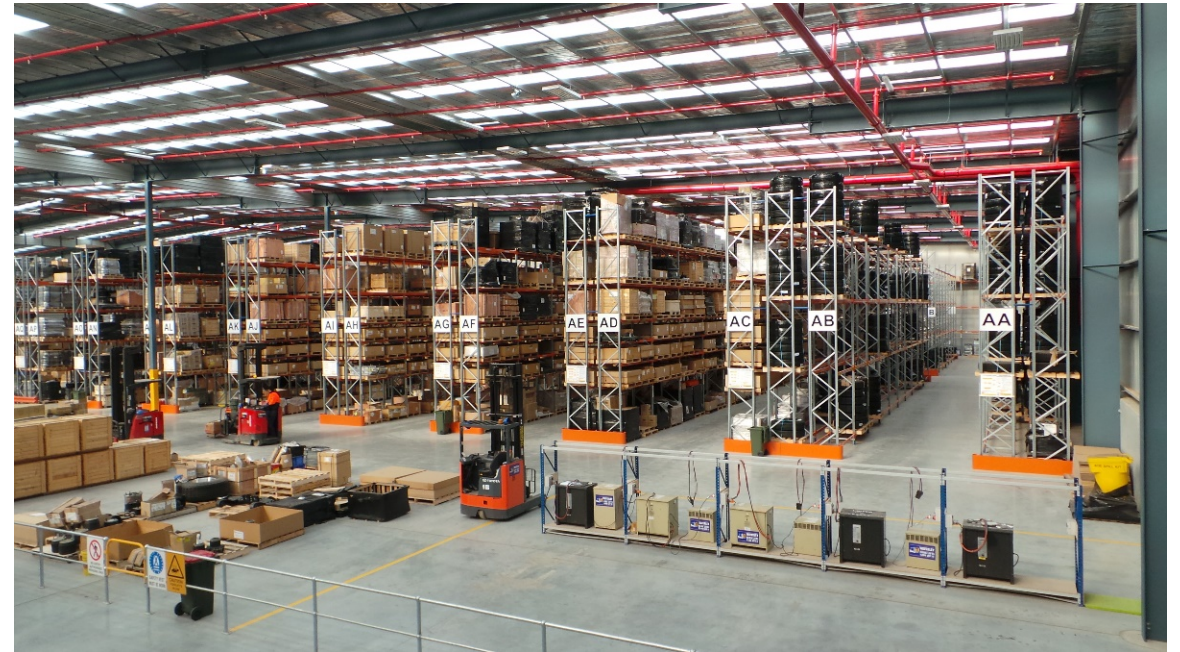


# MANAGING DIRECTOR'S ADDRESS



# FY21 RESULTS

- **Further strengthening of the Balance Sheet** which resulted in a **Net cash position of \$5.2m**, a **\$17.3m** improvement on the **\$12.1m net debt position** in the prior year
- Operating **Cashflow of \$31.9m**
- **External sales of \$352.8m**, up 11%
- **Underlying EBITDA of \$27.1m**, up 84%
- **Underlying Net Profit after tax (NPAT) of \$10.5m** an improvement of **\$10m** on the prior year
- **\$7.2m** Cash inflow following settlement of the Transform litigation
- Significant event subsequent to balance date with the announcement of the **sale of the trailer solutions business**







# PROFORMA MaxiPARTS BUSINESS

# MaxiPARTS PROFORMA INCOME STATEMENTS – KEY FINANCIALS

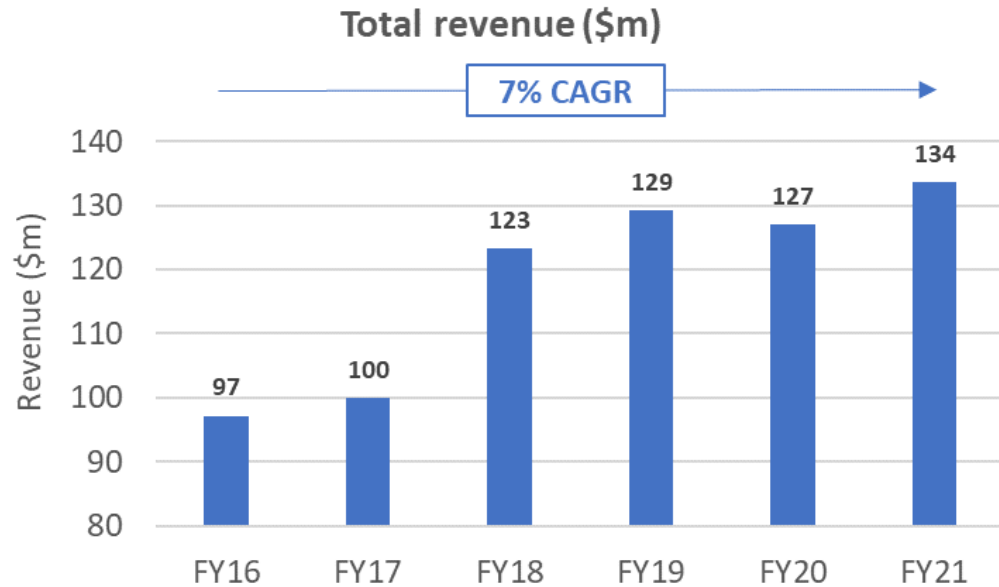
\$mil	FY20	FY21
Revenue	127.0	133.5
<b>EBITDA (pre-corporate costs)</b>	<b>15.7</b>	<b>17.5</b>
Centralised functional/ support costs transitioned to standalone MaxiPARTS	(5.0)	(5.0)
<b>Pro forma EBITDA</b>	<b>10.7</b>	<b>12.5</b>
<b>Pro forma EBITDA margin %</b>	<b>8.4%</b>	<b>9.3%</b>
Depreciation & Amortisation	(0.5)	(0.4)
Depreciation - Right of Use Assets	(3.6)	(3.5)
<b>Pro forma EBIT</b>	<b>6.6</b>	<b>8.7</b>

Continued operating leverage benefits

- 5.1% Revenue Growth
- 11.5% EBITDA Growth
- 31.8% Proforma EBIT Growth

\$25m of Revenue tax losses carried forward to be offset against future years earnings

# MaxiPARTS REVENUE - PROFORMA



Total revenue includes sales to MaxiTRANS trailer business, in line with post-sale treatment. Average sales to Trailer manufacturing and service business over past 5 years: \$19m. FY18 to FY21 revenue excludes Panel Masta and reflects assumption that 75% of current parts revenue sold through the service business is retained post-transaction.

## 7% compound annual revenue growth FY16 – FY21

- Consistent track record of growth over extended period
- FY20 impacted by lower Trailers activity and COVID, before FY21 uplift in parts revenue associated with Trailers recovery
- Growth from existing store network - Previous capital constraints has resulted in no new stores or acquisitions over this period

## Key growth drivers:

- Product range extensions
- Strengthened relationships with fleet operators
- Full realisation of benefits from historical greenfield sites and acquisitions
- Consolidation of elements of MaxiTRANS group supply chain through MaxiPARTS from FY18 onwards (broadly in line with post-sale transitional arrangements)

# MaxiPARTS EBITDA

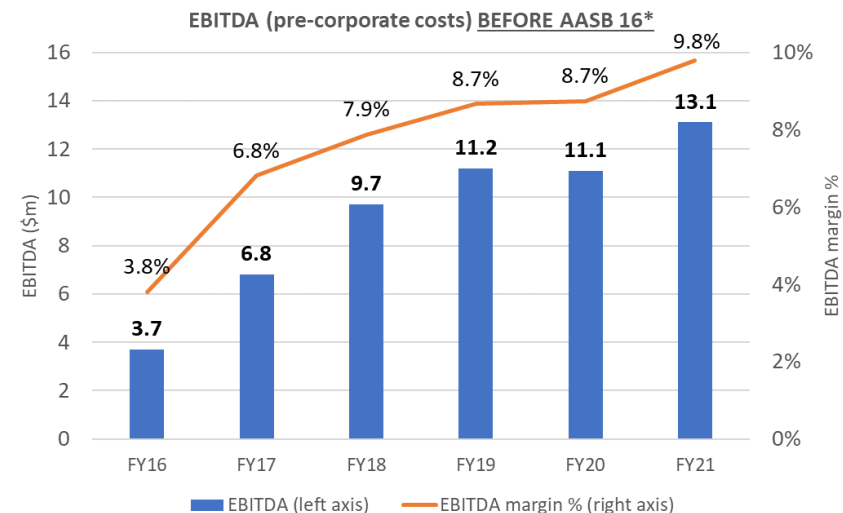
29% compound annual EBITDA growth FY16 – FY21 (pre-corporate costs, before AASB 16 impacts)

## Key drivers of FY21 EBITDA increase (18%) over FY20:

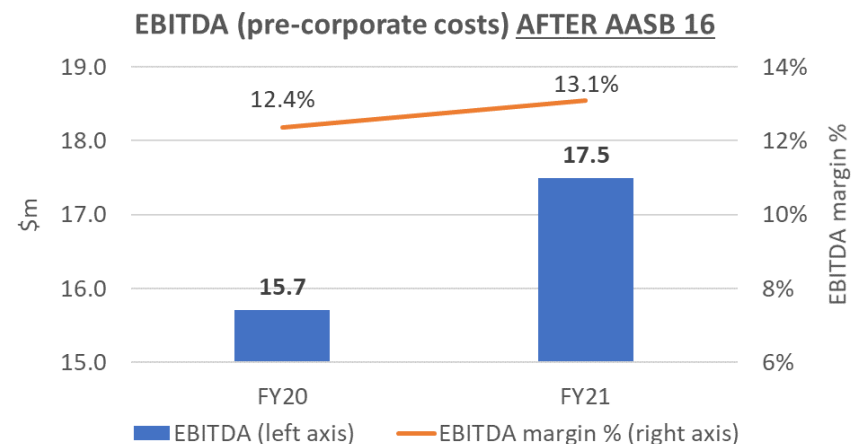
- 5% revenue increase, linked to Trailers recovery and higher external sales to other customers
- Consistent year on year gross margins, despite higher portion of lower margin sales to Trailers and increased product costs on many items
- Flat cost base year on year

## Key drivers of FY16 to FY21 margin improvement:

- Operating leverage benefits from product and customer revenue growth initiatives
- Strong cost control focus
- Diversification into higher margin product groups (North American engine and European truck parts)



\* FY20 and FY21 EBITDA (pre-corporate costs and before AASB 16 impacts) of \$11.1m and \$13.1m, respectively, equate to FY20 and FY21 EBITDA (pre-corporate costs and after AASB 16 impacts) of \$15.7m and \$17.5m, respectively



Note - FY20 EBITDA of \$15.7m reflects Derrimut rent which will be classified as external post-transaction. FY20 EBITDA per previously announced segment disclosure was \$16.1m, with Derrimut rent classified as internal





# STRATEGY UPDATE

# STRATEGY – ORGANIC INITIATIVES

Existing initiatives will continue to drive revenue growth, profit improvement and working capital management.

## Over last five years MXI has successfully executed its strategic priorities:

- Increasing sales
  - Product range extensions
  - Strengthened relationships with fleet operators
- Improving profitability
- Optimising working capital

## The business continues to focus on these priorities with new initiatives in:

- Operational excellence
  - Inventory management
  - Supply chain optimisation
- Organisational development
- Organic growth projects based around both product and fleet customers
- Ecommerce – new platform to drive online sales
- Distribution network expansion and development

# STRATEGY - ACQUISITIONS

MaxiPARTS is well positioned to play an active role in consolidation of commercial vehicle aftermarket parts industry; M&A a key component of our short-term growth strategy.



Short-term M&A focus expected to be limited to commercial parts for road transport within Australia. In medium term, expect to broaden focus to include other B2B parts sectors and markets outside Australia.





# OUTLOOK



# 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**

# FORMAL BUSINESS



# 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 2021.

# ADOPTION OF THE REMUNERATION REPORT

That the Company's Remuneration Report for the year ended 30 June 2021 be adopted.

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

<b>For</b>	<b>Against</b>	<b>Proxy's discretion</b>	<b>Abstain</b>
12,533,634	1,121,232	133,569	43,931
90.9%	8.13%	0.97%	

# RE-ELECTION OF DIRECTOR, GREG SEDGWICK

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

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

<b>For</b>	<b>Against</b>	<b>Proxy's discretion</b>	<b>Abstain</b>
18,874,480	81,811	134,335	50,197
98.87%	0.43%	0.7%	

# RE-ELECTION OF DIRECTOR, GINO BUTERA

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

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

<b>For</b>	<b>Against</b>	<b>Proxy's discretion</b>	<b>Abstain</b>
18,776,303	152,555	152,445	59,520
98.4%	0.8%	0.8%	



# GRANT OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR & CEO

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

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

<b>For</b>	<b>Against</b>	<b>Proxy's discretion</b>	<b>Abstain</b>
17,664,672	1,189,235	133,389	153,527
93.04%	6.26%	0.7%	



# UPDATE TO CONSTITUTION

That the Constitution be amended as set out in the document tabled at the meeting and signed by the Chairman for identification, with effect from the close of the meeting.

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

<b>For</b>	<b>Against</b>	<b>Proxy's discretion</b>	<b>Abstain</b>
16,028,825	2,863,924	133,569	114,505
84.25%	15.05%	0.7%	

