

18/08/2022

## ASX Announcement

### Results Presentation – Year Ended 30 June 2022

Attached is MaxiPARTS Limited's Results Presentation for the financial year ended 30 June 2022.

Authorised for release by the MaxiPARTS Limited Board of Directors.

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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.



## FY22 Full Year Results Presentation

**YOUR ONE-STOP  
SHOP FOR TRUCK  
AND TRAILER  
PARTS**





# FY22 HIGHLIGHTS

# FY22 Highlights



<b>Execution of Strategic Projects</b>	<ul style="list-style-type: none"><li>• Disposal of Trailer Solutions Business</li><li>• Acquisition of Truckzone Group</li></ul>
<b>Capital Distribution</b>	<ul style="list-style-type: none"><li>• 62.5 cent fully franked special Dividend paid December 21</li><li>• The business is pleased to return to a dividend paying position after a number of years with a fully franked final dividend of 2.50 cents per share declared with payment scheduled for 19<sup>th</sup> Sept</li></ul>
<b>Safety</b>	<ul style="list-style-type: none"><li>• Zero recordable injuries in FY22 H2 at traditional MXP sites</li><li>• Significant reduction in the number of reportable injuries (2) in acquired TZ sites since acquisition</li></ul>
<b>Underlying Growth</b>	<ul style="list-style-type: none"><li>• MaxiPARTS revenue and profit results at the mid to top end of the guidance range (refer to appendix)</li><li>• Total Revenue of \$157.4m (up 14.7%)</li><li>• 8.3% same store growth*</li><li>• 11.6% growth in MaxiPARTS Segment Profit (excluding corporate overheads)**</li></ul>
<b>Cash and Inventory Management</b>	<ul style="list-style-type: none"><li>• Net Cash of \$1.9m</li><li>• Inventory Values maintained in FY22 H2 over traditional MXP sites despite ongoing supply chain disruption</li><li>• \$1.3m excess inventory recovered from acquired TZ sites</li></ul>

\* Same store = Total MaxiPARTS excluding sales through acquired Truckzone sites and sales to the Trailer Solutions Business

\*\* see slide 19 for profit reconciliation

Total Revenue defined on slide 8



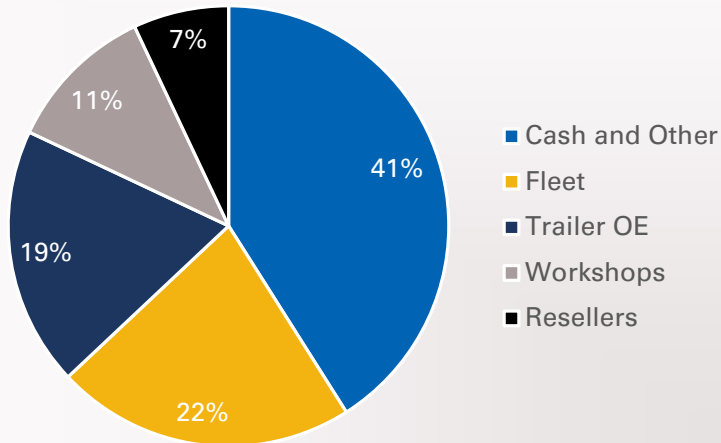
# **BUSINESS OVERVIEW**

# Business Overview

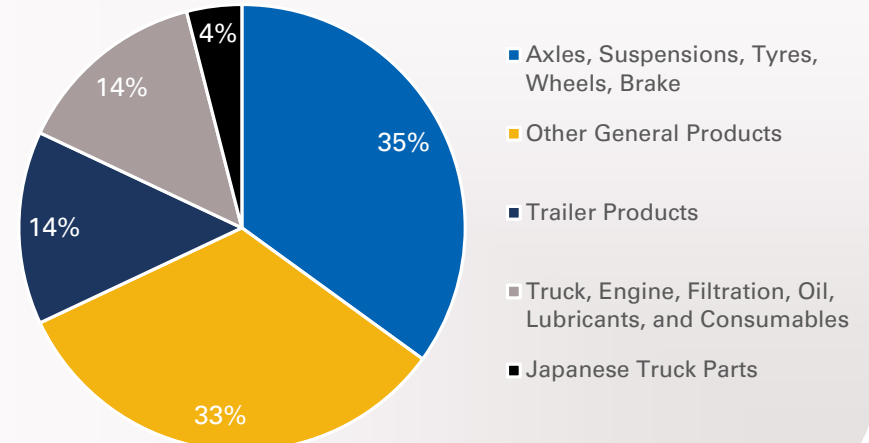


- Distributor of leading genuine brands as well as having an extensive range of aftermarket commercial vehicle parts
- One of Australia's largest importers of aftermarket commercial vehicle parts
- National footprint with 28 stores (as of June 2022) with two further store consolidations to take place in Q1
- Over 250 employees
- \$45m of inventory over 45,000 different stock keeping units throughout the network
- Over 11,500 individual account (excluding cash) customers
- Two established private label brands - MAXUS and Exxel

### Revenue by Customer Type



### Revenue by Product Group



Revenue data based on March to June 22 (including Truckzone acquisition)

# Business Overview



## National Store Network



## Private Brands



## Key Supplier Partnerships



The background is a dark blue gradient with a yellow triangle in the bottom right corner. It features faint, semi-transparent images of a bar chart, a line graph, and binary code (0s and 1s) scattered across the scene.

# FINANCIAL OVERVIEW



# FY22 Financial Overview



## Commentary

- 1 Revenue of \$157.4m increased by 14.7% from pcp, this includes an 8.3% growth in same store sales (excludes sales to ATSG) along plus 4 months of sales from the Truckzone acquisition. The strong growth demonstrating the strength in the underlying market and MaxiPARTS strong value proposition and adaptability and knowledge of staff to manage short term supply disruption
- 2 Sales to the ATSG owned Trailer Solutions business manufacturing division were materially in line with prior period. Sales to the Trailer Solutions business Service decreased compared to pcp, however this was expected due to the non-exclusive nature of the supply and MaxiPARTS was able to offset the decrease in revenue with reduced cost base for servicing the supply resulting in minimal impact to the EBITDA result
- 3 Segment profit pre-corporate cost of \$14.5m increased by 11.6% from pcp, representing a strong drop through to the bottom line for the increase in revenue growth
- 4 Reportable Profit / (Loss) for the period includes a loss from discontinued operations net of tax of (\$9.8m). FY21 included the significant favorable \$7.2m legal settlement related to the ERP Transform project

A\$M	FY22	FY21	Change	Change %
<b>Total Revenue</b>	<b>157.4</b>	<b>137.1</b>	<b>20.2</b>	<b>14.7%</b>
External Revenue	152.8	114.6	38.2	33.3%
<b>EBITDA including Corporate Cost</b>	<b>17.1</b>	<b>15.5</b>	<b>1.5</b>	<b>9.9%</b>
Corporate Cost Allocation included in Segment Profit <sup>1</sup>	3.1	2.4	0.7	28.4%
<b>EBITDA Pre-Corporate Cost</b>	<b>20.1</b>	<b>17.9</b>	<b>2.2</b>	<b>12.3%</b>
Depreciation and Amortisation	0.6	0.4	-	0.0%
Lease Depreciation	4.0	3.5	0.5	(14.2%)
<b>EBIT</b>	<b>15.6</b>	<b>14.0</b>	<b>1.6</b>	<b>11.3%</b>
Interest – Lease	1.1	1.0	0.1	7.2%
<b>MaxiPARTS segment profit excluding Corporate Cost</b>	<b>14.5</b>	<b>13.0</b>	<b>1.5</b>	<b>11.6%</b>
<b>MaxiPARTS segment profit including Corporate Cost<sup>1</sup></b>	<b>11.4</b>	<b>10.6</b>	<b>0.8</b>	<b>7.8%</b>
<b>Reportable Profit / (Loss) for the period</b>	<b>(4.9)</b>	<b>4.6</b>	<b>(9.5)</b>	<b>(206.9%)</b>

<sup>1</sup> Corporate Cost Allocation included in Segment profit / MaxiPARTS segment profit including Corporate cost: Corporate cost allocations in the FY21 and FY22 segment profit are a combination of historical corporate cost allocation methods for the Group's segment reporting with allocations to the Trailer solutions segment ceasing on the date of sale of the business, and standalone business support costs for the MaxiPARTS business (excluding unallocated corporate costs). Unallocated corporate costs are excluded from this table and is consistent with the prior year classification.

A profit bridge between MaxiPARTS segment profit to continued Operations and Reportable profit / (Loss) for the period has been included in the Appendix of this presentation.

Total Revenue includes segment revenue plus revenue to the trailer business before disposal

# Balance Sheet



## Commentary

- 1 Receivables and Payables for the FY21 comparative period include the Trade Debtors and Payables associated with the Trailer Solutions business, that the group has subsequently collected / paid following the divestment of the business. The growth since HY22 is reflective of the sales volume added from the Truckzone business. Closing payables position lower than "normal" as a result of excess inventory reductions (Truckzone recovery) in Q4 that has the impact of pushing cash into start of FY23.
- 2 Trade Receivables for FY22 include a receivable of \$2.5m in relation to the completion accounts process between MaxiPARTS and ATSG. The receivable is in dispute with ATSG and is currently going through the dispute resolution process available under the Asset Sale Agreement, with an independent expert expected to make a determination during the early stages of FY23.
- 3 The increase in inventory in H2 FY22 relates to the \$15.8m of inventory acquired with the Truckzone acquisition. MaxiPARTS underlying inventory was increased in H1 FY22 to support continued revenue growth and manage the uncertainty in the supply chain.
- 4 Other assets includes the \$4.0m deferred purchase price on the sale of the Trailer Solutions business to ATSG. The deferred receivable has a maximum term of two years from the completion date of 31 August 2021, with interest chargeable at 3% pa for the first 6 months, 5% pa for the next 6 months and 8% pa thereafter.
- 5 The increase in Right to Use Asset and Lease liabilities reflects \$9.7m of leases assumed as part of the Truckzone acquisition.

\$M	FY22	HY22	FY21
<b>Assets</b>			
Cash	11.9	6.6	22.4
Receivables	28.2	21.6	33.1
Inventory	45.1	30.7	27.1
Other Assets	5.1	4.7	0.3
PPE	3.4	1.7	1.9
Intangibles	9.0	7.6	7.6
Right to Use Asset	23.3	15.6	16.8
DTA/DTL	19.7	18.2	20.9
Assets held for sale	-	-	110.9
<b>Total Assets</b>	<b>145.6</b>	<b>106.9</b>	<b>241.1</b>
<b>Liabilities</b>			
Payables	25.8	23.0	45.1
Provisions and Entitlements	5.8	3.4	3.5
Lease Liability	24.5	16.6	17.6
Borrowings	10.0	10.0	17.3
Liabilities held for sale	-	-	75.2
<b>Total Liabilities</b>	<b>66.1</b>	<b>53.1</b>	<b>158.6</b>
<b>Net Assets</b>	<b>79.6</b>	<b>53.8</b>	<b>82.5</b>

# Cashflow



## Commentary

- 1 Operating cash outflow for the period of (\$11.7m) included (\$11.6m) outflow from the discontinued operations that included: (\$3.6m) of exit, separation, cyber fraud and litigation costs, (\$2.5m) outstanding payment from ATSG in relation to the completion account process and (\$5.5m) due to the operating performance of the Trailer Solutions business.
- 2 MaxiPARTS (continuing operations) generated an operating cashflow of (\$0.1m), which included (\$2.2m) investment in higher inventory levels over the period to ensure service level are maintained and to support continued growth of the MaxiPARTS operations during this time of global supply chain uncertainty. The supply to the Trailer Solutions business also transitioned to an external Trade Account for a one-off lag impact to operating cash flow. As outlined in a prior slide, lower closing payables pushes operating cash recovery into start of FY23.
- 3 The proceeds from the sale of the Trailer Solutions business and Trailer Solutions properties we utilised to pay a one-off Special Dividend of 62.5 cents per share, (\$22.0m) cash outflow, and repayment of (\$7.25m) in bank borrowings.
- 4 The assets of Truckzone were acquired for \$18.3m ( including \$15.8m of inventories). The acquisition was funded by a \$23.7m capital raise (net of fees), with the funds used towards the purchase price of the acquisition, transaction costs and provide the Group with working capital flexibility and funding further organic initiatives

\$M	FY22	FY21
Receipts from customers	217.2	413.9
Payments to suppliers and employees	(228.6)	(380.9)
Interest received	(0.3)	(1.2)
<b>Cashflow from Operating activities</b>	<b>(11.7)</b>	<b>31.8</b>
Payments for property, plant and equipment	(0.8)	(6.1)
Payments for intangibles	-	(1.0)
Dividends received	0.4	2.6
Acquisition of new business	(18.3)	-
Acquisition of Trout River, net cash <sup>1</sup>	(0.5)	-
Proceeds from sale of Trailer Solutions Business, net cash <sup>1</sup>	5.0	-
Proceeds from sale of Land and Buildings	25.5	-
<b>Cashflow from Investing activities</b>	<b>11.3</b>	<b>(4.6)</b>
Repayment of borrowings	(17.3)	(20.3)
Proceeds from borrowings	10.0	-
Proceeds from issue of share capital	23.7	-
Dividends paid	(22.0)	-
Payment of leases	(4.7)	(10.1)
<b>Cashflow from Financing activities</b>	<b>(10.1)</b>	<b>(30.3)</b>
<b>Net increase/(decrease) in cash</b>	<b>(10.6)</b>	<b>(3.1)</b>
Opening Cash on Hand	22.4	25.5
<b>Closing Cash on Hand</b>	<b>11.9</b>	<b>22.4</b>

<sup>1</sup> On 1 July 2021 the Group acquired 20% of the shares and voting interests in Trout River and as a result, the Group's equity interest in Trout River increased from 80% to 100%, granting it control of Trout River. Trout River was included in the sale of Trailer Solutions business to ATSG. Proceeds from sale of Trailer Solutions business, net of cash of \$4.9m represent total proceeds of \$7.3m, offset by \$2.3m of cash disposed of in Trout River



# TRUCKZONE GROUP ACQUISITION UPDATE

# Truckzone Acquisition Update



<b>Transaction</b>	<ul style="list-style-type: none"><li>• Completed 21<sup>st</sup> February 2022</li><li>• Final cash payment made on 3<sup>rd</sup> May 2022 (total cash payment of \$18.3m)</li></ul>
<b>Sales</b>	<ul style="list-style-type: none"><li>• \$13.6m of sales processed through acquired sites between 21<sup>st</sup> Feb 22 to 30<sup>th</sup> June 22</li><li>• Slower run rate through March and April (expected) as we completed stock takes and worked through data / system noise. 15% improvement in daily rate by June 22.</li><li>• Annual Sales based on June daily rate = \$42m (excludes Pakenham store now consolidated into Lynbrook)</li><li>• Sydney site slower due to historical staff movement however showing good signs of recovery. All other sites now tracking at or above historical levels</li></ul>
<b>Inventory</b>	<ul style="list-style-type: none"><li>• Recovery of excess inventory well progressed with \$1.3m reduction between acquisition and 30<sup>th</sup> June 2022</li><li>• Further recovery gains expected through FY23 as a result of both site consolidations and further adjustments to inventory management processes</li></ul>
<b>Supply Chain Synergies</b>	<ul style="list-style-type: none"><li>• Best buy / supplier consolidation benefits materializing as anticipated.</li><li>• Benefits from local suppliers starting to impact P&amp;L. Ongoing benefits from overseas supply expected through FY23 into FY24</li></ul>

# Truckzone Acquisition Update



<b>Product Growth Synergies</b>	<ul style="list-style-type: none"><li>• Process started in terms of training / stock re-allocation to drive incremental sales growth over coming years (expected growth to be realized over a 3-year period) as a result of expanded core product offering</li></ul>
<b>Staffing</b>	<ul style="list-style-type: none"><li>• Strong staff retention performance through ownership change</li><li>• Structural review completed in May 22 with heads / costs removed to match post implementation business case assumptions</li></ul>
<b>IT Systems</b>	<ul style="list-style-type: none"><li>• Day 1 trading on MaxiPARTS existing ERP was successful.</li><li>• Ongoing data consolidation to be completed over next 6 months (as planned) however no material impact on operations</li><li>• Email systems merged, Network scheduled for Q1 of FY23</li></ul>
<b>Site Consolidations</b>	<ul style="list-style-type: none"><li>• Pakenham (loss making store) consolidated into Lynbrook with site exit concluded in May 22</li><li>• Darra and Rocklea retail areas consolidated in June 22. Full site consolidation expected in October with completion of new site</li><li>• Perth stores consolidated in July 22</li></ul>



# STRATEGY

# Strategic Pillars







# OUTLOOK

  
MaxiPARTS  
Truck and  
Trailer Parts

# Outlook



- Market uncertainty remains (expected to impact most of FY23) due to well publicized challenges in terms of
  - global supply chain disruption
  - staffing shortages (COVID)
  - cost inflation and fuel prices
- Industry and underlying MaxiPARTS business has a track record of delivering consistent growth through the various cycles which we expect to continue despite the above challenges
  - Trading to start the FY in line with this expectation
  - Low double digit revenue growth on Non-ATSG Revenue base expected
- Decline in lower margin sales to previously owned Trailer business (ATSG) expected in FY23-H2 as both parties look to reduce future reliance. Reduction will be accompanied by cost and inventory reduction
- Inflationary pressures on key costs (Wages and leases) potentially will impact profit drop through rates in the short term
- Truckzone acquisition synergies expected to be materially in line with original estimates (larger benefit sitting in FY23-H2 than FY23-H1 with longer than traditional supply replenishment cycles)
- CAPEX in FY23 expected to be higher than normal levels at @\$1.5m with carry over Truckzone integration projects along with anticipated site relocations in Rocklea, Adelaide and Gladstone



# APPENDIX

# Appendix



## Bridge of H1 FY22 Segment Profit to Continued Operations and Profit / (Loss for the period)

\$M	FY22	FY21	Change
<b>MaxiPARTS Segment Profit before Corporate Cost</b>	<b>14.5</b>	<b>13.0</b>	<b>1.5</b>
Allocated Corporate Costs	(3.1)	(2.4)	(1.0)
<b>MaxiPARTS Segment profit<sup>1</sup></b>	<b>11.4</b>	<b>10.6</b>	<b>0.8</b>
<b>Continued Operations Profit Bridge</b>			
Unallocated Corporate Costs	(2.7)	(6.8)	4.1
Significant costs (non-underlying)	(1.4)	5.2	(6.5)
Segment vs. Continued Ops Difference	0.1	0.6	(0.5)
Interest – Finance costs	(0.1)	(1.2)	1.1
<b>Profit/Loss before income tax from continuing operations<sup>2</sup></b>	<b>7.3</b>	<b>8.3</b>	<b>(1.0)</b>
Income tax (expense) / benefit	(2.4)	(2.6)	0.2
<b>Profit / Loss from continuing operations</b>	<b>4.9</b>	<b>5.7</b>	<b>(0.8)</b>
Profit / Loss from discontinued operations net of tax	(9.8)	(1.1)	(8.7)
<b>Profit / (Loss for the period)<sup>2</sup></b>	<b>(4.9)</b>	<b>4.6</b>	<b>(9.5)</b>

<sup>1</sup> MaxiPARTS segment profit – refer to Note 14 Segment information of the FY22 Financial Statements

<sup>2</sup> Profit / (Loss) before income tax from continuing operations and Profit / (Loss for the Period) – refer to the consolidated statement of profit or loss on page 17 of the FY22 Financial Statements

## MaxiPARTS revenue and adjusted EBIT confirmation to market guidance

	MaxiPARTS ex. Truckzone	Approx. Truckzone	Total MaxiPARTS
<b>Revenue</b>	<b>143.8</b>	<b>13.6</b>	<b>157.4</b>
Adjusted EBIT (as per segment profit)	11.4	n/a	11.4
Add. Unallocated Corporate Costs	(2.7)	n/a	(2.7)
<b>Adjusted EBIT incl. Corporate Costs</b>	<b>8.7</b>	<b>n/a</b>	<b>8.7</b>

## MaxiPARTS issued the following guidance for FY22:

Revenue Guidance: \$141m - \$145m, excluding revenue from the Truckzone acquisition.  
Actual FY22 Revenue: MaxiPARTS revenue ex. Truckzone was \$143.8m

Adjusted EBIT Guidance: \$8.1m - \$8.7m. Adjusted EBIT was inclusive of corporate costs lease depreciation and lease interest. Truckzone profit was assumed to be immaterial for its impact on FY22 profit results.

Actual FY22 adjusted EBIT results: MaxiPARTS adjusted EBIT results was \$8.7m

Note: the acquired assets of the Truckzone business have been integrated into the MaxiPARTS operations and consolidated into the MaxiPARTS CGU for all future reporting.



# IMPORTANT INFORMATION



# IMPORTANT INFORMATION



This document should be read in conjunction with the periodic and continuous disclosure announcements of MaxiPARTS Limited (MaxiPARTS) that have been lodged with the ASX, in particular the financial report for the full-year ended 30 June 2022 (available at [www.asx.com.au](http://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 MaxiPARTS and its related bodies corporate (MaxiPARTS 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 MaxiPARTS' businesses, market conditions or results of operations, as actual results may vary in a material manner.

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