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ASX Announcement

FY23 Results Presentation – Half Year Ended 31 December 2022

Attached is MaxiPARTS Limited's Results Presentation for the half year ended 31 December 2022.

Authorised for release by the MaxiPARTS Limited Board of Directors.

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About MaxiPARTS Limited

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

MaxiSAFE
Send all our people home safely

MaxiPARTS®

PART OF EVERY JOURNEY

FY23 H1 RESULTS PRESENTATION

FY23 H1 HIGHLIGHTS

FY23 H1 Highlights

Safety

- Zero recordable injuries in FY23 H1

Capital Distribution & EPS

- Dividend growth: 3.17 cps for FY23 H1 (26.8% increase on H2 FY22)
- EPS growth: 7.77 cents for FY23 H1 (3.7% increase over pcp and includes the first full half following the acquisition of Truckzone assets and capital raise)

Cash

- Net Cash of $5.9m, an increase of $4.0m from FY22 adding further balance sheet strength and flexibility to pursue additional growth initiatives

Sales & Profit Growth

- Total Revenue of $99.1m (up 36.5%)
- EBITDA of $8.8m (up 39.5%) and EBITDA% of 8.9% increase of 0.2% over pcp
- Truckzone acquisition delivering financial returns as anticipated

Execution of Strategic Projects

- Truckzone Group integration continues to perform in line with expectations
    - Focus remains on targeting the cost synergies identified and foundations are in place for accelerated revenue growth from the enhanced product range
- New site set for H2 FY23 in South Perth

FINANCIAL OVERVIEW

FY23 H1 Financial Overview

Commentary

1 Revenue of $99.1m increased by 36.5% from pcp.
The growth is attributable to:

- The impact of the expanded site network following the acquisition of the Truckzone business back in Feb-22, which saw the addition of 7 stores (post consolidation) to the network.
- Increases in the sell prices across the Group's product range, through effective pass-through of supplier product increases to the end customer.
- Growth from organic programs and success in acquiring new customers.

2 EBITDA of $8.8m increased by 39.5% from pcp, and EBITDA % of 8.9% increased from 8.7% in pcp primarily a result of the increase in top line revenue and improved GP%.

- EBITDA % improvement as a result of revenue scale benefits and an increase in product margins through a combination of the result of organic growth initiatives for higher margin product lines, supply chain synergies, price management and the lower margin sales to ATSG forming a lower percentage of the overall group sales.
- partly offset by cost inflation of wages, site costs and freight, and the impact of the integration of the Truckzone sites that have a lower EBITDA margin % than the existing Group.

3 Profit Before tax before significant items of $5.1m was an increase of 36.2% over pcp.

A$M	HY23	HY22	Change	Change %
Total Revenue * (1)	**99.1**	**72.6**	**26.5**	**36.5%**
EBITDA	**8.8**	**6.3**	**2.5**	**39.5%**
EBITDA % (2)	**8.9%**	**8.7%**	**0.2%**	**1.9%**
Depreciation & Amortisation	0.5	0.2	0.2	120.6%
Lease Depreciation	2.2	1.8	0.4	(23.5%)
EBIT	**6.1**	**4.3**	**1.8**	**42.4%**
Interest - Lease	0.6	0.4	0.2	47.7%
Interest - Finance Costs	0.3	0.1	0.3	(258.0%)
Profit Before Tax before significant items (3)	**5.1**	**3.8**	**1.4**	**36.2%**
Significant Items **	0.1	(0.7)	0.8	112.2%
Profit Before Tax	**5.0**	**4.4**	**0.6**	**13.4%**
Income Tax Expense	(1.3)	(1.7)	0.3	19.2%
Profit After Tax from Continued Operations	**3.7**	**2.8**	**0.9**	**32.7%**
Discontinued Operations Net of Tax	0.4	(9.6)	10.0	104.6%
Reportable Profit / (Loss) for the period	**4.1**	**(6.9)**	**11.0**	**158.8%**

Notes:
* Total revenue for HY22 of $72.6m includes $4.6m of inter-company sales to the divested Trailer Sales division, which had been eliminated in the reported Profit & Loss for the half-year ended 31 December 2022. It has been reinstated in the table to give an accurate comparison basis
** ($0.6m) of one-off gains related to a provision release of former Trailer Exec Bonus provisions is disclosed in the Significant items in HY22, reclassified from EBITDA (corporate costs) in the above table

Balance Sheet

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Commentary

1. Strong cash performance for the period, with a net cash position of +$5.9m, an increase of $4.0m from the year-ended 30 June 2022. $2.5m repayment of borrowings during the period.

2. HY23 Receivables of $23.1m is lower to comparative period of Jun-22 as a result of December sales reflecting the traditional slower trading period through the holidays as well as some earlier than traditional payment cycles from key customers. Receivables includes $2.4m (also in pcp balance) from ATSG linked to the completion accounts and determined by the independent accountant. See detailed accounts and recent ASX announcement in relation to status of current dispute.

3. Inventory increased during the half to $47.8m, an increase of $2.7m from inventory held at year-ended 30 June 2022. The increase was expected and as a result of planned short-term increases in shipments before Lunar New Year, investment in key programs (Japanese) and inventory to support the realised sales growth. These were partly offset by recovery of excess stock lines acquired through the Truckzone acquisition.

4. Financial assets includes the $4.0m deferred purchase price on the sale of the Trailer Solutions business to ATSG. The deferred receivable is due for payment by 31 August 2023 and currently has an 8% Interest charge.

5. Provisions & Entitlements includes a $2.0m provision (also in pcp) for the estimated future outlay for the Customer Trailer warranty associated with the contract of sale of the Trailer Solutions business to ATSG.

6. MaxiPARTS maintains the use of carried forward tax losses that are estimated to cover > 3 years trading results

$M		HY23	FY22
Assets			
Cash	1	13.4	11.9
Receivables	2	23.1	28.2
Inventory	3	47.8	45.1
Other Assets		0.8	0.3
Financial asset	4	4.0	4.0
PPE		3.8	3.4
Intangibles		9.0	9.0
Right to Use Asset		22.8	23.3
DTA/ DTL	6	19.7	20.5
Total Assets		**144.2**	**145.6**
Liabilities			
Payables		23.6	25.8
Provisions & Entitlements	5	6.1	5.8
Lease Liability		24.4	24.5
Borrowings	1	7.5	10.0
Total Liabilities		**61.5**	**66.1**
Net Assets		**82.7**	**79.6**

Cashflow

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Commentary

1. Strong cash flow generation from operating activities for HY23 of $8.4m. Comparative period of HY22 distorted from the sale of the Trailer Solutions division.

2. Capex for the HY23 of ($0.9m) included the capex associated with the final integration activities of the Truckzone business, such as a new mezzanine level at the main Truganina DC and re-branding.

3. Dividend paid in HY23 represents the final dividend for FY22. The comparative period represents the Special Dividend paid upon the sale of the Trailer Solutions division.

4. The group used free cashflow of ($2.5m) to pay down borrowings during the period. The group still maintains a $10.0m loan facility limit with CBA and this is sufficient to support the business in its current form.

$M	HY23	HY22
Receipts from customers	114.1	148.4
Payments to suppliers and employees	(105.3)	(161.7)
Interest received		
Interest and other costs of finance paid	(0.3)	(0.1)
Cashflow from Operating activities 1	**8.4**	**(13.4)**
Dividends received	-	0.4
Capex 2	(0.9)	(0.7)
Proceeds from divestment of Trailer Solutions division	-	30.0
Cashflow from Investing activities	**(0.9)**	**29.7**
Lease Payments	(2.5)	(2.9)
Dividend / Special Dividend paid 3	(1.0)	(22.0)
Repayment of borrowings 4	(2.5)	(7.3)
Cashflow from Financing activities	**(6.0)**	**(32.1)**
Net increase/(decrease) in cash	**1.5**	**(15.9)**
Opening Cash on Hand	11.9	22.4
Closing Cash on Hand	**13.4**	**6.6**

TRUCKZONE GROUP ACQUISITION UPDATE

Truckzone Acquisition Update

Site Consolidations

- Site consolidations for Pakenham / Lynbrook and Perth are now complete (May-22 and Jul-22)
- Rocklea / Darra retail completed in Jun-22, with full site consolidation with the Brisbane DC scheduled for May/Jun-23 when the new Richlands site comes online
- Re-branding all complete
- Senior management and support staff integrated seamlessly

Supply Chain Synergies

- Best buy / supplier consolidation benefits materializing as anticipated, and the Group continues to leverage increased scale to negotiate further improvements
- MaxiPARTS gross margins % increased by 1.2% in HY23 vs pcp, in part a result of these best-buy initiatives

Product Growth Synergies

- Trailer product (MaxiPARTS core) to Truckzone sites tracking ahead of plan
- General Truck (Truckzone core) to MaxiPARTS sites is progressing but marginally behind to plan, with stock availability the main reason for the lag
- Japanese product range across total network is tracking to plan and we expect to see the growth start to accelerate now stocking levels have improved and the main Truganina DC warehouse support comes online at the start of H2 2023.
- Specific marketing program linked to Japanese range commenced Feb-23

Inventory

- Recovery of excess inventory well progressed and on track to plan
- Targeting a further rationalization of $0.5m - $0.75m during this half, through improvement of stocking strategies with main Truganina DC and the final site consolidation in Brisbane region

NETWORK STATUS

Re-branding

MaxiPARTS

Truckzone → MaxiPARTS

MaxiPARTS Brand Refresh

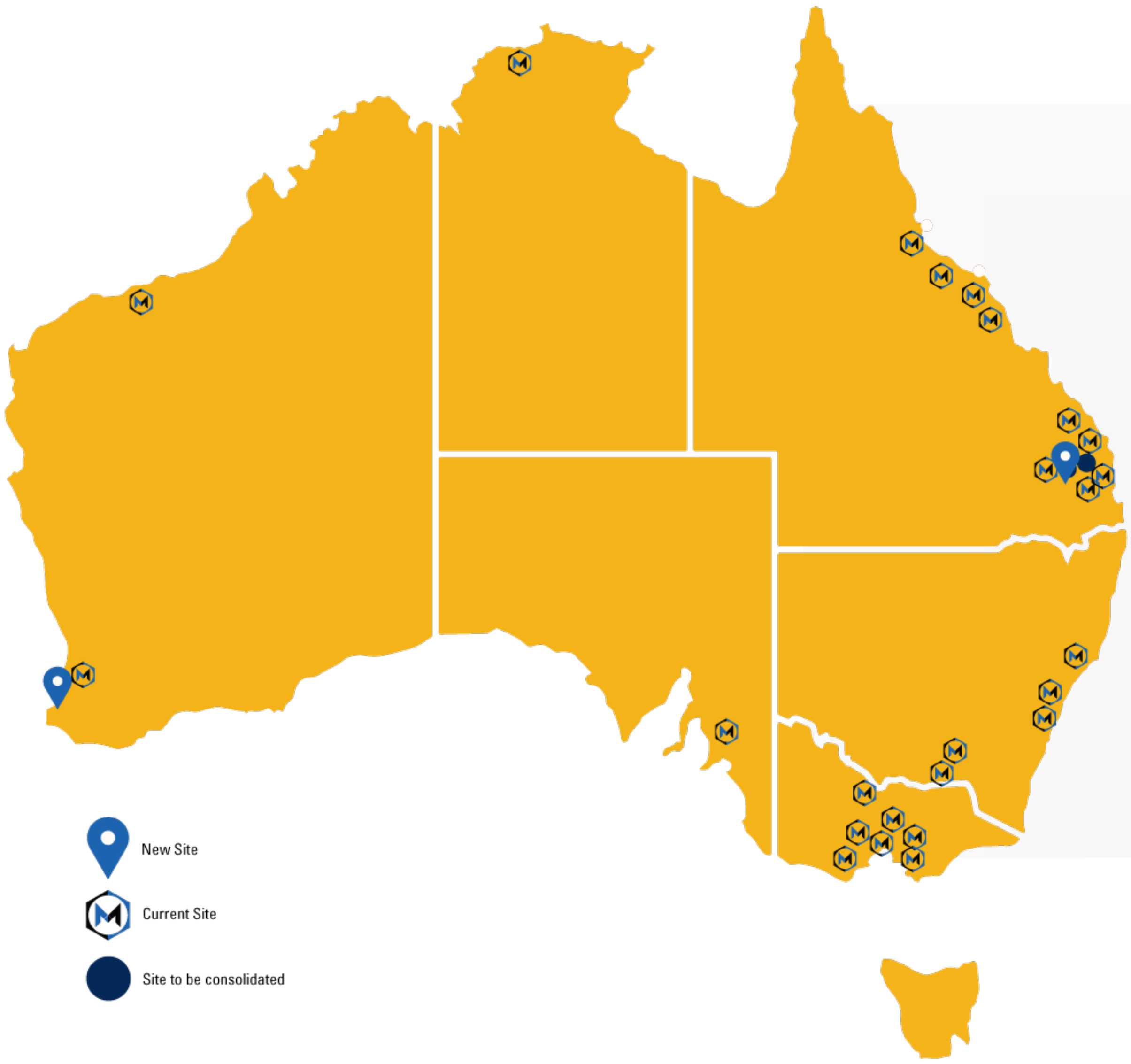
Eagle Farm, QLD

Ipswich, QLD

Wetherill Park, NSW

Mackay, QLD

National Network



QUEENSLAND

BURPENGARY
DARRA
EAGLE FARM
GLADSTONE
IPSWICH
MACKAY
PARKINSON
ROCKHAMPTON
ROCKLEA
TOWNSVILLE
YATALA

NEW SOUTH WALES

ALBURY
INGLEBURN
WARNERVALE
WAGGA WAGGA
WETHERILL PARK

VICTORIA

BALLARAT
BENDIGO
CAMPBELLFIELD
GEELONG
LYNBROOK
SUNSHINE WEST
TRUGANINA

WESTERN AUSTRALIA

PERTH
PORT HEDLAND
BIBRA LAKE

NORTHERN TERRITORY

DARWIN

SOUTH AUSTRALIA

ADELAIDE

Darra: Will consolidate to new Richlands site in Q4
Gladstone: Relocated to new site in December 22
Rocklea: Will relocate to new Richlands site in Q4
Bibra Lake: New retail site expected to commence trading on April 2023

OUTLOOK

Outlook

- MaxiPARTS outlook remains in line with the previously communicated statements.
- Despite the well published economic uncertainty as a result of higher inflation and interest rate increases, the commercial vehicle parts market has yet to see any negative movements.
- Activity has recovered well from the slower holiday trading periods to start the second half of FY23, and continuing on from the growth we experienced in the first half of the year, we expect to deliver low double digit revenue growth for the financial year on the combined MaxiPARTS / Truckzone business (with Truckzone normalised for the full year and excluding the sales to ATSG).
- As per previous guidance, we expect to see a decline in lower margin sales to the previously owned Trailer business (ATSG) in FY23-H2 as both parties look to reduce future reliance. Reduction will be accompanied by cost and inventory reduction.
- Inflationary pressures remain however a large portion of these cost base increases have already been absorbed in the H1 results.
- Truckzone acquisition cost synergies expect to continue in line with original estimates (larger benefit sitting in FY23 H2 than FY23 H1). Revenue synergies associated with the enhanced combined product range will gain traction during FY23 H2, though many initiatives will take 2-3 years to reach maturity.
- During FY23 H2 it is expected we will complete the consolidation of the Brisbane-based Darra and Rocklea existing sites into a new store located in Richlands. The new site in WA, South Perth is expected to commence trading in Q4.

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).

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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