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24 August 2023

ASX Announcement

Results Presentation – Year Ended 30 June 2023

Attached is MaxiPARTS Limited's Results Presentation for the financial year ended 30 June 2023.

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.

About Förch Australia

Förch Australia is a distributor of workshop consumable parts, predominately in the automotive and commercial vehicle markets, and is the exclusive Australian Distributor of FÖRCH products.





MAXIPARTS LIMITED

FY23 FULL YEAR RESULTS



FY23 HIGHLIGHTS



FY23 Financial Highlights



Capital Distribution & EPS

- Return to consistent fully franked Dividend Distribution

H2 FY22	2.5 cents
H1 FY23	3.17 cents
H2 FY23 (<i>declared</i>)	3.22 cents

- EPS Growth from continued operations of 29.5% to 15.53 cents per share



Capital Management & Cash

- Debt Facility renegotiated to provide additional funding for acquired business and extension on maturity of debt out to May 26
- Strong Operating Cash Flow Performance of \$15.1m



Sales Growth

- Revenue pushed over \$200m for first time
- 28.1% increase YOY
- Underlying Revenue growth accelerated in H2



Profitability

- Growth in Profit Before Tax (Continued Operations) of 43.8% YOY to \$10.5m
- EBITDA % of 9.2% increased by 20 bps from pcp of 9.0%



Execution of Strategic Projects

- Network investment resulting in a significant increase in national site capacity
- Adjacent Product acquisition of Förch Australia (Jun 23) that is immediately earnings accretive



Truckzone Integration

- Completion of branch rebrand, IT systems, data consolidation, safety processes, site consolidations
- Increased sales volume in underperforming sites (Wetherill Park, Eagle Farm, Rockhampton)
- Growth in Trailer products in TZ stores and Japanese Product nationally progressing in line with expectations
- Supply Chain benefits being realised materially in line with expectations – translating to GP% increase YOY



Diversity

- Significant increase in Female representation:
 - Total Company basis move from 15% to 21%
 - Sales and Operations area moving from 7% to 14%
 - Gender balance reached for NED with first female Chair appointed



Safety

- 73% YOY reduction in TRIFR to 4.3

FINANCIAL OVERVIEW

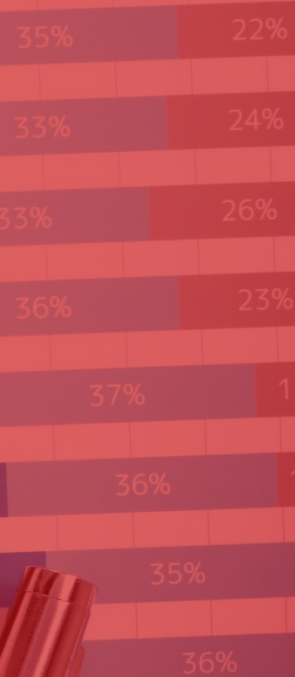
Fig.1



Fig.2



Fig.3



FY23 Financial Overview

Commentary

- 1 Revenue of \$201.7m increased by 28.1% from pcp (FY22 was a 14.8% increase from FY21 revenue of \$137.1m). The sales growth is a result of:
 - full-year impact of the expanded site network following the acquisition of the Truckzone business back in February 2022, which saw the addition of 7 stores (post consolidation) to the network
 - growth from organic product and customer programs focused on gaining market share
 - increases in selling prices across the group's product range, through effective pass-through of supplier product increases to the end customer
 - the newly acquired Förch Australia business contributed \$1.2m of sales to the Group for the period (1 month of sales)
- 2 Sales to the ATSG owned Trailer Solutions business manufacturing declined by 10.4% for the period, with all of the decrease coming in the second half of the year. The decline was expected and has previously been communicated in our Outlook guidance
- 3 EBITDA of \$18.5m increased by 31.1% from pcp, and EBITDA margin of 9.2% increased by 20 bps from pcp of 9.0%, which was a combination 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, and price management,
 - a decline in 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 dilutive impact of the integration of the Truckzone sites that had a lower EBITDA margin
- 4 Profit Before Tax from Continued Operations of \$10.5m was an increase of 43.8% over pcp
- 5 Reportable Profit / (Loss) for the period of \$6.0m includes a loss from discontinued operations net of tax of (\$1.4m) for costs associated with closing out auditing, tax, other run-off and compliance costs, FY22 tax true-up and legal fees associated with the ATSG dispute

A\$M	FY23	FY22	Change	Change %
External Revenue	201.7	152.8	48.9	32.0%
Total Revenue*	201.7	157.4	44.3	28.1%
EBITDA	18.5	14.1	4.4	31.0%
EBITDA %	9.2%	9.0%	0.2%	2.3%
Depreciation & Amortisation	1.0	0.6	0.4	
Lease Depreciation	4.6	4.0	0.6	
EBIT	12.9	9.6	3.3	34.8%
EBIT %	6.4%	6.1%	0.3%	5.3%
Interest - Lease	1.3	1.1	0.2	
Interest - Finance Costs	0.7	0.3	0.3	
Profit Before Tax before significant items	10.9	8.1	2.7	33.7%
Significant Items**	(0.4)	(0.8)	0.4	
Profit Before Tax from Continued Operations	10.5	7.3	3.2	43.5%
Income Tax Expense	(3.2)	(2.4)	(0.7)	
Profit After Tax from Continued Operations	7.4	4.9	2.5	50.2%
Discontinued Operations Net of Tax	(1.4)	(9.8)	8.4	85.8%
Reportable Profit / (Loss) for the period	6.0	(4.9)	10.9	221.3%

Notes:

* Total revenue for FY22 of \$157.4m includes \$4.6m of inter-company sales to the divested Trailer Sales division, which had been eliminated in the reported Profit & Loss for the full-year ended 30 June 2023. 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

Commentary

- 1 FY23 Receivables of \$31.2m is higher than comparable FY22 period due to increased trading volume and \$1.5m of receivables for Förch Australia. HY23 balance is lower due to seasonal slower trading period in December as well as some early payments from a key customer (from their normal payment cycle). Receivables includes \$2.4m (also in pcp balance) from ATSG. See financial report for latest status of the dispute with ATSG.
- 2 Inventory increased during the year to \$51.8m, an increase of \$6.7m from inventory held at year-ended 30 June 2022. The increase includes \$2.8m of inventory for Förch Australia, and \$3.9 increase in MaxiPARTS to support the underlying revenue growth and to support strategic initiatives for high growth revenue streams, such as the Japanese Parts program.
- 3 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.
- 4 The increase in Intangibles is associated with acquisition of Förch Australia with \$6.4m (\$4.5m net of DTL) identifiable intangible asset for the Forch Germany distribution agreement and \$3.4m of goodwill
- 5 The growth in Right to Use Asset and the corresponding Lease Liability reflects the increased investment in improving MaxiPARTS national network with a larger site in Richlands (QLD), new site at Bibra Lakes (WA) and relocation of Gladstone (with the exited sites coming out of expired or monthly leases), and the acquisition of Förch Australia with property leases in Perth & Melbourne.
- 6 MaxiPARTS maintains the use of carried forward tax losses that are estimated to cover > 3 years trading results.
- 7 Payables increase reflects the increased trading volume and inventory investment and \$1.3m of creditors for Förch Australia, and there was a (\$1.2m) reclassification of foreign supplier payment reclassified to prepayments at 30 June 2023, and not in pcp.
- 8 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.

A\$M	FY23	HY23	FY22
Assets			
Cash	14.0	13.4	11.9
Receivables 1	31.1	23.1	28.2
Inventory 2	51.8	47.8	45.1
Other Assets	1.8	0.8	0.3
Financial asset 3	4.0	4.0	4.0
PPE	4.2	3.8	3.4
Intangibles 4	18.8	9.0	9.0
Right to Use Asset 5	32.8	22.8	23.3
DTA/DTL 6	14.5	19.7	20.5
Total Assets	172.9	144.2	145.6
Liabilities			
Payables 7	31.8	23.6	25.8
Provisions & Entitlements 8	6.4	6.1	5.8
Lease Liability 5	34.8	24.4	24.5
Borrowings	15.0	7.5	10.0
Total Liabilities	88.0	61.5	66.1
Net Assets	84.9	82.7	79.6
Net Cash/ (Debt)	(1.0)	5.9	1.9

Notes:

- Appendix includes further details on Förch Australia business combination

Commentary

- 1 Strong cash flow generation from operating activities for FY23 of \$15.1m. Comparative period of FY22 distorted by the sale of the Trailer Solutions division.
- 2 Capex for FY23 of (\$1.6m) includes Capex associated with the final integration activities of the Truckzone business (rebranding, Mezzanine) and network improvements.
- 3 The Group acquired an 80% stake in Förch Australia during the period for a purchase price net of cash of \$9.0m. The acquisition in FY22 was for the assets for the Truckzone business (funded by the proceeds for issue of share capital for \$23.7m).
- 4 Dividend paid in FY23 represents the interim dividend for HY23 and final dividend for FY22. The comparative period represents the Special Dividend paid upon the sale of the Trailer Solutions division.
- 5 Borrowings increased during the period by a net \$5.0m, with an increase in the Group's bank facilities from \$10.0m to \$20.0m during the period (undrawn facility of \$5.0m at 30 June 23). The increase in debt funding was used to acquire Förch Australia.

A\$M	FY23	FY22
Receipts from customers	220.2	217.2
Payments to suppliers and employees	(204.8)	(228.6)
Interest and other costs of finance paid	(0.4)	(0.3)
Cashflow from Operating activities	15.1	(11.7)
Dividends Received	-	0.4
Payments for property, plant and equipment	(1.6)	(0.8)
Acquisition of new business	(9.0)	(18.3)
Proceeds from divestment of Trailer Solutions division	-	30.0
Cashflow from Investing activities	(10.6)	11.3
Payment of leases	(5.2)	(4.7)
Dividend / Special Dividend paid	(2.2)	(22.0)
Proceeds from issue of share capital	-	23.7
Repayment of borrowings	(5.0)	(17.3)
Proceeds from borrowings	10.0	10.0
Cashflow from Financing activities	(2.4)	(10.1)
Net increase / (decrease) in cash	2.1	(10.6)
Opening Cash on Hand	11.9	22.4
Closing Cash on Hand	13.9	11.9

An aerial photograph of a complex multi-level highway interchange, featuring several overpasses and ramps. The image is heavily stylized with a red and orange color overlay, creating a dramatic, high-contrast effect. The text 'OPERATIONAL UPDATE' is centered in white, bold, sans-serif font across the middle of the image.

OPERATIONAL UPDATE

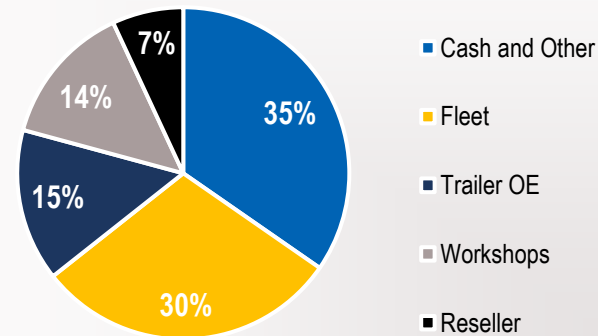
Growth in Core Customer and Product Areas - FY23 vs FY22



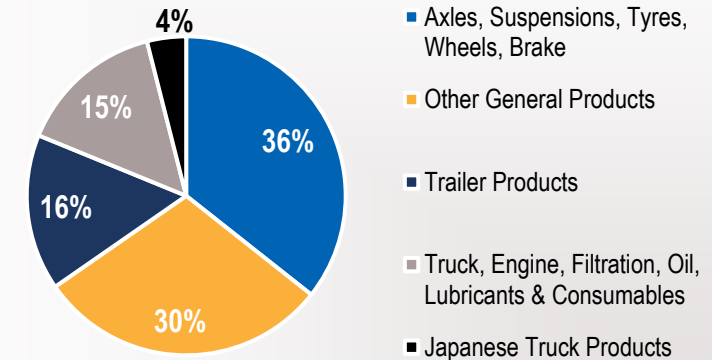
Revenue Growth Projects

- Underlying Revenue growth of 11.5% after normalizing FY22 for Truckzone acquisition
- Accelerated growth in H2 vs H1 as initiatives gain traction
- Growth in Fleet and Workshop customer segments resulting from targeted sales program
- Growth in Japanese Truck Parts as a result of initiatives since the Truckzone acquisition
 - Accelerating revenue base with H2 being 31% higher than H1 despite less trading days

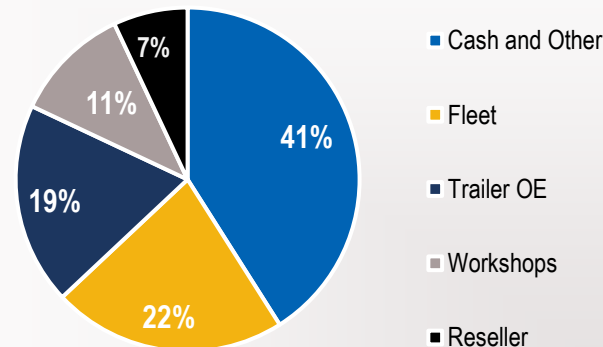
FY23 Revenue by Customer Type



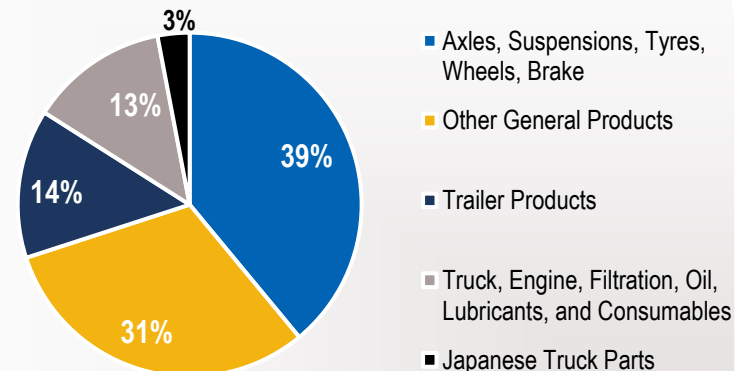
FY23 Revenue by Product Group



FY22 Revenue by Customer Type



FY22 Revenue by Product Group (restated)



Revenue data based on March to June period in each FY
 Revenue by Product Group FY22 Full year results presentation vs FY22 restated

Investment in Site Infrastructure to Drive & Support Future Growth



- MaxiPARTS and Truckzone Perth Site consolidation (July 22)
- Truganina Mezzanine Storage (Nov 22)
 - Increase storage capacity at National DC
 - Warehouse efficiency gains compared to acquired Wetherill Park site
 - Ability to adjust Wetherill Park racking layout to improve retail area and warehouse storage for general parts (in Process)
- Gladstone store relocated (Dec 22)
- Bibra Lake store opening (May 23)
- Rocklea / Darra Consolidation into new Richlands site and State DC (June 23)
 - Uplift in DC capacity
 - Richlands 4,031m² vs Rocklea 2,484m²
- Adelaide site relocation (in process to complete end of Q1 FY24)
 - Increased warehouse capacity and enhanced road frontage



Förch Status and Priorities



- Acquisition completed 1st June 2023 with completion accounts agreed and reflected in full year accounts
- June trading in line with expectations at \$1.2m Revenue and \$0.27m Profit Before Tax and Minority Interests
- Interest from MaxiPARTS customer base has been strong
- Focus items for the next 6 months that are expected to drive revenue and profitability growth in H2 FY23 and future years include:
 - Recruitment and onboarding of additional sales resources (predominately outside of WA)
 - Sales Team increased from 19 to 28 since completion
 - Dedicated Training resource appointed to help on boarding process
 - E-Commerce system development and launch (expected to launch in Q3 FY24)
 - MaxiPARTS retail stocking strategy to drive brand awareness

STRATEGY



Strategic Pillars



The image features a person in a dark suit and tie, seen from the chest up, pointing their right index finger towards a large, prominent, upward-pointing arrow. This large arrow is the central focus and is rendered in a lighter shade of red. The background is a solid, deep red color. Scattered across the lower half of the image are numerous smaller, upward-pointing arrows of varying sizes and orientations, all in the same red color as the background. The word "OUTLOOK" is written in a clean, white, sans-serif font, centered horizontally and partially overlaid by the large arrow.

OUTLOOK

Outlook



- The parts industry has traditionally exhibited resilience throughout various economic cycles and we are continuing to **observe strong underlying activity levels** throughout this period of economic uncertainty
- Subject to economic conditions, we anticipate our underlying MaxiPARTS Operations revenue to **continue to grow at low double-digit rates**
 - Continued focus on revenue synergies associated with the Truckzone acquisition, with many of the initiatives expected to take 2 - 3 years to reach maturity
 - Price management to recover ongoing supplier cost inflation
 - Projects to drive market share gains
- We anticipate a continued **reduction in low margin sales** to the formerly owned Trailer Solutions Business, resulting in a larger YOY reduction in FY24
- The above two items will somewhat offset, resulting in a flatter revenue line for the business in FY24 than has been seen recently before the underlying growth rates show through as stronger total growth rates in FY25 and beyond
- Key non-product cost areas such as freight, salary & wages and operating lease costs are expected to continue to increase in line with national inflationary levels
- Anticipated growth in the Förch Australia business to be **> 20%** as we invest in expanding the national sales team with the bulk of the benefit coming in the second half of FY24
- The Group expects the combined outcome of the above to result in **strengthening key performance metrics** such, as EBITDA% / EBIT%, as the combined growth in underlying MaxiPARTS operations and Förch Australia revenue more than offset the continued inflationary pressure on the Group's cost base and the reduction in the lower margin sales to the ATSG Trailer business



APPENDIX

Förch Australia Balance Sheet and Treatment of Intangibles



A\$M	\$'000
Cash & Cash equivalents	0.2
Trade Receivables	1.5
Inventories	2.8
Right to Use Asset	2.7
Property, plant and equipment	0.2
Intangible assets *	6.4
Deferred Tax Assets	0.1
Total assets	13.9
Trade Creditors	(1.3)
Lease Liability	(2.7)
Other Payables	(0.2)
Hire Purchase	(0.1)
Employee Entitlements	(0.2)
Tax provision	(1.9)
Total Liabilities	(6.7)
Total identifiable net assets at fair value	7.1
Non-controlling interest (20% of net assets)	(1.4)
Goodwill	3.4
Purchase consideration transferred	9.1
Purchase consideration transferred, net of cash	9.0

Portion of Intangible asset allocated to Distribution Agreement with future amortisation

Intangible Assets

Identifiable intangible assets

Distribution Agreement	6.4
Deferred Tax Liability	(1.9)
Distribution Agreement (tax effect)	4.5
Goodwill	3.4
Total Intangibles	9.8

Amortisation

Assessed Useful life (years)	14
Amortisation p.a.	(0.5)
Amortisation less DTL p.a.	0.1
Amortisation (after DTL) p.a.	(0.4)

Operating EBITDA (AASB16 Impact)

Increased impact of AASB16 in FY23 with site investment and timing of lease extensions

A\$M	FY23	FY22	Change
<u>AASB16 Lease Information</u>			
Depreciation expense of right-of-use assets	4.6	4.0	0.6
Interest expense on lease liabilities	1.3	1.1	0.2
Total Lease Expense	5.9	5.1	0.9
Payments	(5.2)	(4.7)	(0.6)
Cash difference	0.7	0.4	0.3
EBITDA	18.5	14.1	4.4
Cash Lease adjustment	(5.2)	(4.7)	(0.6)
Operating EBITDA	13.3	9.5	3.8
Operating EBITDA % of Sales	6.6%	6.0%	0.6%

Revenue Breakdown

A\$M												
	H1 FY23				H2 FY23				Full Year			
	H1 FY23	H1 FY22	Variance	Variance %	H2 FY23	H2 FY22	Variance	Variance %	FY23	FY22	Variance	Variance %
Underlying Revenue	84	59	26	44%	91	71	21	29%	176	129	46	36%
Revenue to previously owned Trailer Solutions business	15	14	1	7%	10	14	(4)	(28%)	25	28	(3)	(10%)
Förch Australia					1	0	1		1			
Total Revenue	99	73	27	37%	103	85	18	21%	202	157	43	27%
Sales to Trailer Solutions business previously eliminated when part of same Group		(5)			0	0	0			(5)		
Reported Revenue	99	68	27	39%	103	85	18	21%	202	153	49	32%

Revenue growth in H2 vs H1 despite H2 having fewer trading days, demonstrating an accelerating revenue profile in the underlying business.

Normalisation of Truckzone sites	Full Year			
	FY23	FY22	Variance	Variance %
Total Underlying Revenue	176	129	46	35.6%
Actual Revenue to TZ sites in FY22 results		-14		
Assumed full year TZ revenue based on \$42m (June FY22 run rate)		42		
Normalised Underlying Revenue	176	157	18	11.5%

An aerial photograph of a complex multi-level highway interchange, featuring several overpasses and ramps. The image is heavily stylized with a red color overlay, creating a sense of urgency or intensity. The text 'BUSINESS OVERVIEW' is centered in white, bold, sans-serif font.

BUSINESS OVERVIEW

National Footprint



MaxiPARTS is one of Australia's leading independent commercial vehicle parts distribution companies.

National footprint with 27 branches (as of July 2023)

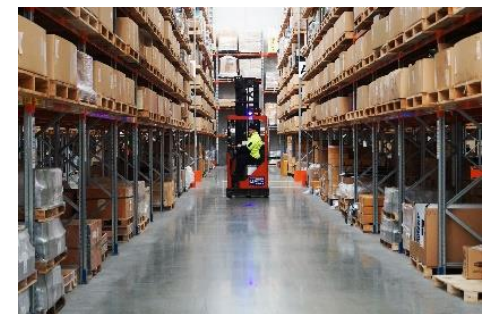
Distributor of leading genuine brands as well as having an extensive range of aftermarket commercial vehicle parts

Over 162,000 parts available across the network

One of Australia's largest importers of aftermarket commercial vehicle parts

\$50m of inventory and over 45,000 different stock keeping units throughout the network

Over 16,500 parts available to order online



Two established private label brands

Förch Australia is one of Australia's leading direct selling companies for workshop, installation and fastening products for trade and industrial companies.



Exclusive Distributor in Australia of FÖRCH products with over 80,000 lines of quality German products available



Market leading stock fill rates



Locations in Perth and Melbourne with third party distributor in Brisbane



Product Range

- Fasteners
- Hardware
- Chemicals
- Abrasives
- Hose Clamps and Brass Fittings
- Adhesives
- Sump Plugs and Washers
- Tools
- Assortment Kits
- Cleaning and Accessories
- Workshop Essentials
- Drilling Tapping and Cutting
- Body Clips
- Storage
- Electrical
- Truck Range
- PPE Safety
- Bolt Racks



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 2023 (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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This presentation contains non-IFRS financial information including EBITDA (earnings before interest, tax, depreciation and amortization) and EBIT (earnings before interest and tax). EBITDA and EBIT are reported to provide improved clarity of the Group's underlying business performance. Non-IFRS financial information contained in this document has not been subject to audit or review.

