

22 August 2024

FY24 Annual Year Results

MaxiPARTS Limited (ASX: MXI) today announced its financial results for the full-year ended 30 June 2024.

Highlights

- Full year results at the upper end of guidance range
- EBITDA growth of 24.4% YOY to \$23.0m
- EBTIDA % of 9.5% increased by 30 bps from pcp of 9.2%
- Total Revenue of \$243.9m up 20.9% versus pcp
- A final, fully franked dividend declared of 2.57 cents per share for FY24.
- EPS from continued operations 10.73 cents per share
- Operating cash flow performance of \$10.6m

Group results summary

A\$M	FY24	FY23	Change %
Revenue	243.9	201.7	20.9%
EBITDA	23.0	18.5	24.4%
EBITDA %	9.5%	9.2%	3.0%
Depreciation and Interest	(12.1)	(7.6)	
NPBTA	10.9	10.9	(0.0%)
Amortisation	(0.7)	(0.0)	
Significant Items	(1.1)	(0.4)	
NPBT- Continued Operations	9.2	10.5	(12.7%)
Income Tax Expense	(3.6)	(3.2)	
NPAT - Continued Operations	5.6	7.4	(24.0%)
NPAT - Discontinued Ops *	(2.8)	(1.4)	
Reportable Profit / (Loss)	2.8	6.0	(53.6%)

*Discontinued operations loss of \$2.8m (FY23: \$1.4m) is made up of a \$3.2m impairment of the financial assets relating to the sale of the Trailer Solutions Business and associated legal expenses as well as \$0.7m for the repayment of funding to the QLD State Government.

Dividends

The Directors are pleased to announce a fully franked final dividend of 2.57 cents per share which is in line with the 1H FY dividend. The record date is 29 August 2024, with the payment date being 19 September 2024. The company's dividend re-investment plan with a 2.5% discount will apply.

The full year, fully franked dividend total is 5.14 cents.

Operating & Financial Review

In FY24, MaxiPARTS has delivered record revenue (since separation from the Trailer Solutions business) of \$243.9m, up 20.9% on FY23. The revenue growth was achieved in part through the acquisitions of Independent Parts (“IP”) and the full year impact of the Förch Australia acquisition (and the smaller Förch Brisbane asset purchase), along with continued commitment to organic growth initiatives through continued network and product expansion. The growth in MaxiPARTS Operations was subdued by a slowdown in the general transport activity on the east coast of Australia, as was the subject of a trading update released by the group on 14 May 2024.

EBITDA (‘Earnings before interest tax depreciation, amortisation & significant costs’) of \$23.0m was up 24.4% on FY23, and EBITDA margin of 9.5% improved from 9.2% in FY23. Net profit (from continued operations) before significant items and tax of \$10.3m was down 5.8% on FY23, a result of increases in finance lease interest, depreciation and amortisation (from acquisitions) and higher finance costs due to higher interest rates and a higher average debt balance in relation to the acquisitions completed during the year.

The statutory net profit after tax was \$2.8m, a decrease from \$6.0m in the prior comparative period (‘pcp’), this includes a loss of (\$2.8m) for discontinued operations.

MaxiPARTS Operations

At the end of FY24, MaxiPARTS operated from 29 sites and along with the integration activities for IP, continued to drive growth through organic projects, strengthening the national network and servicing of our customer base. This included achieving 41% growth in sales of the Japanese product range, the new organic site in Bibra Lakes (WA) reaching profitability in its first 12 months from opening, relocation of the Adelaide (SA) and Port Hedland (WA) sites to larger locations and continued focus on securing and servicing key accounts on a national basis, including combined MaxiPARTS and Förch product offerings.

In FY24, MaxiPARTS Operations segment achieved revenue of \$227.7m (FY23: \$200.5m), a growth of 13.6% compared to FY23, with 7.1% coming from growth in the underlying operations. Revenue of approximately \$28m came from the acquired IP business part-year contribution, and sales to the formerly owned Trailer Solutions business, as expected, declined by (\$13.5m) or -54%, from pcp. EBITDA of \$22.0m increased by 19.1% over pcp, and EBITDA margins of 9.6% increased by 0.4%.

It was a mixed result for the segment for the period, with the growth in underlying revenues dampened in the second half with a slowdown in transport activity on the east coast of Australia, combined with increased pricing pressure and ongoing cost inflation. The acquisition of IP performed in line with expectations, and overall activity in the west coast of Australia remained strong.

Förch Australia

The Förch Australia segment reported revenues of \$16.9m (FY23: \$1.2m), with the Group focusing on implementing an accelerated program for the segment to grow rapidly on the east coast of Australia by leveraging the larger MaxiPARTS business infrastructure and balance sheet to invest in inventory, distribution and sales reps with the focus on: improving the national distribution of the product; targeting cross-over customers (with MaxiPARTS); and securing large national and multi-site accounts.

The segment achieved EBITDA of \$1.1m (FY23: \$0.1m), and EBITDA margins of 6.4% (FY23: 7.0%). The above-mentioned accelerated growth plan enabled the division to deliver on the targeted revenue growth, however, the additional cost base primarily associated with expanding the sales force, impacted the profitability for the period. The existing investment is expected to continue to deliver

further revenue growth next year, which should drop through to improved profitability and profit margins for both the segment and the Group.

Financial Position

Investing and Financing activities

MaxiPARTS completed a capital raise in November 2023, issuing 7.0m of new shares and raising \$16.2m in proceeds, net of costs. The proceeds were used to fund the acquisitions of IP and Förch Brisbane. The balance of funding for the acquisitions was funded through a \$10.0m increase in the Group's debt facility along with utilisation of existing undrawn debt on the facility and cash.

The Group reported a closing net debt balance of \$15.9m, an increase of \$14.9m from the year-ended 30 June 2023 this represents a leverage ratio of 0.7 times, which is well within the Group's capital management targets.

The Groups total Loan facility at 30 June 2024 is \$29.5m and is fully drawn. The loan amortises at \$0.5m per quarter. The facility is sufficient to support the business in its current form, and the Group will look to apply free cash flow to reduce the drawn debt ahead of the amortising schedule in FY25.

Cash Generation & Capital Management

Operating cashflow of \$10.6m, or \$15.9m when excluding finance interest, taxes, discontinued operations and significant items, was generated from an EBITDA of \$23.0m, a cash conversion of 69% (FY23: Operating Cashflow of \$16.9m; EBITDA \$18.5m, 91% cash conversion). Inventory increased during the period by \$4m (excluding acquired inventory) to support the national growth in Förch, and selected growth areas in the MaxiPARTS segment for selected areas, primarily in WA. FY23 working capital benefited from the excess inventory reduction program linked to the Truckzone acquisition, which was reflected in the movements in trade payables when comparing the periods, and lower closing FY24 trade payables resulting from inventory reduction program in H2, that will be seen in Q1 FY25 cash conversion. Significant items, outflows related to Discontinued Operations, increases in Group finance costs and taxes paid for Förch Australia also impacted cash conversion for the current year.

Likely developments and expected results of operations

MaxiPARTS, like many other businesses, finds itself navigating a period of heightened unpredictability, as experienced in H2 FY24 with the softening of general transport activity across the east coast of Australia, increase in competitive pricing pressures, as well as ongoing cost inflation.

The parts industry has traditionally exhibited resilience throughout various economic cycles, which offers some level of comfort when considering the bottoming out of the current cycle, however when factoring in market expectations from exiting a period of pro-longed growth, MaxiPARTS enters FY25 with caution and is focused on the challenge ahead.

MaxiPARTS expectations for the markets it operates in are as follows:

- Demand in the short term remains inconsistent given the general economic uncertainty, however, we do expect this to stabilise and return to historical levels in the medium to longer-term.
 - The markets on the east coast continue to be soft in the short term (consistent with general economic activity) limiting growth potential, despite ongoing implementation of our strategic growth initiatives.
 - Overall, the west coast market remains buoyant, with MaxiPARTS well-placed following the IP acquisition to support the growth of its customers in Perth and regional centres.
 - The WA Mining market continues to fluctuate across various mine owners and minerals. The constant changes in this space make it difficult to predict volumes for the Group's embedded operations; though we are confident that the business has the relationships and operational
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success factors in place to enable us to deliver on long- term sustainable growth

- Förch Australia operates within similar market factors to MaxiPARTS, so we therefore expect similar market challenges as mentioned above. The main differentiating factor for Förch Australia is the significantly larger opportunity to grow market share through investment and initiatives from a business with a historically smaller market share

MaxiPARTS remains focused on driving the following items over the next 12 months:

- Continued focus on revenue and margin improvement initiatives from the Group's recent acquisitions and organic programs anticipated to grow EBITDA margins into low double digits in the medium term.
- Maintaining balance sheet flexibility to respond to market conditions and having an active capital management plan.
- Finalise integration activities from the recent acquisitions, primarily around: IT, systems and support functions.
- Drive revenue and profit growth in the Förch Australia segment following investments made in the sales force and distribution centres in FY24.

The Group also expects that revenue associated with the ATSG supply contract will end on 31 August 2024.

The Group believes the delivery of the above will continue to strengthen key financial metrics such, as EBITDA / EBIT margins, and improve the return on invested capital.

Authorised by the Board of MaxiPARTS Limited.

Peter Loimaranta
Managing Director & CEO
(03) 9368 7000
ea@maxiparts.com.au

Liz Blockley
CFO and Company Secretary
(03) 9368 7000
cosec@maxiparts.com.au

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.
