

23 August 2024

ASX Announcement

Results Presentation – Year Ended 30 June 2024 - Updated

Attached is MaxiPARTS Limited's Results Presentation for the year ended 30 June 2024.

Page 27 of the original presentation – Appendix slide - Lease Depreciation and Interest Bridge was missing chart data and this has now been updated.

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.



FY24 Full Year Results



Our Brands & Background

Overview





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



29 branches across Australia and multiple customer embedded on-site operations



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



Western Australia workshop is one of the largest dedicated driveline rebuilding workshops for heavy vehicles



Over 162,000 parts available across the network and over 19,500 parts available to order online



Two established private label brands

Supply partnerships with industry leading brands



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



Exclusive Australian FÖRCH product distribution agreement runs to April 2030, providing 80,000 lines of German products.



Higher EBITDA margins than traditional MaxiPARTS business expected moving forward which will contribute to lifting overall Group margins as scale is obtained.



Ability to accelerate scale through National expansion and gain market share:

- Förch Australia current revenue < \$20m
- Largest (primary) competitor > \$175m



Locations in Perth, Brisbane and Melbourne



Product Range

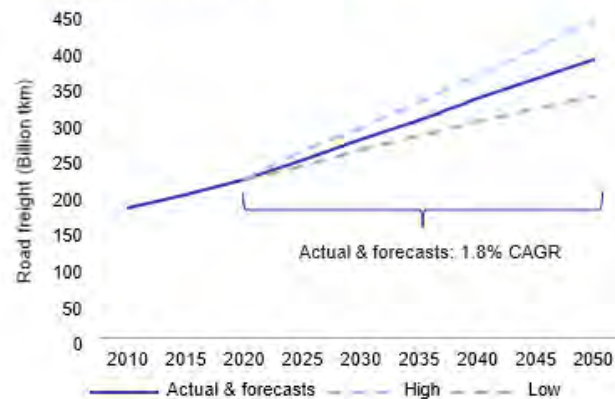
- Fasteners
- Hardware
- Chemicals
- Abrasives
- Hose Clamps
- Brass Fittings
- Adhesives
- Sump Plugs and Washers
- Tools
- Assortment Kits
- Cleaning & Accessories
- Workshop Essentials
- Drilling, Tapping & Cutting
- Body Clips
- Storage
- Electrical
- Truck Range
- PPE Safety
- Bolt Racks

Our Market

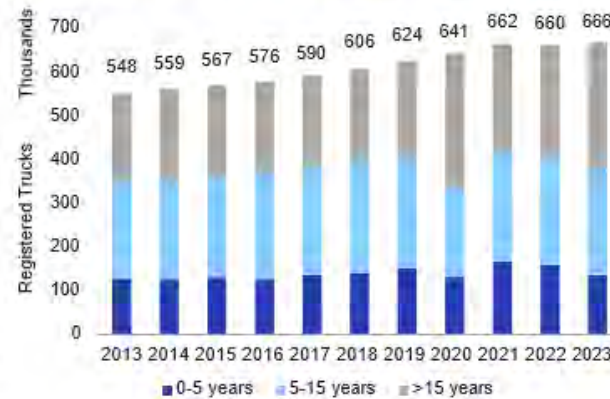


- Historical underlying market growth driven by increased road freight task
 - Ongoing growth forecast in the road freight volumes
- Australian Commercial Vehicle Parts market estimated to be circa \$2b+
- Non-OEM market share has grown over time
- Recent period of industry consolidation benefiting businesses like MaxiPARTS

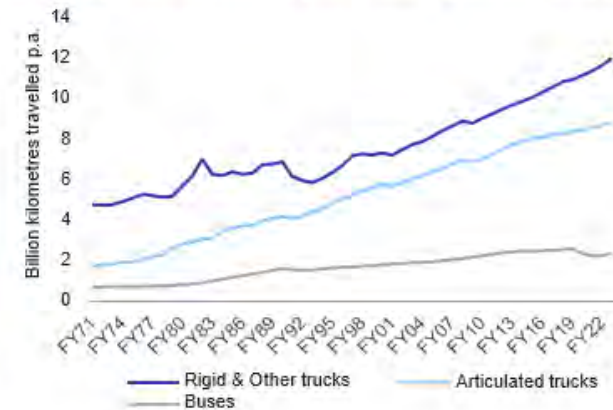
Solid demand for road freight



Truck fleet is growing, but also ageing

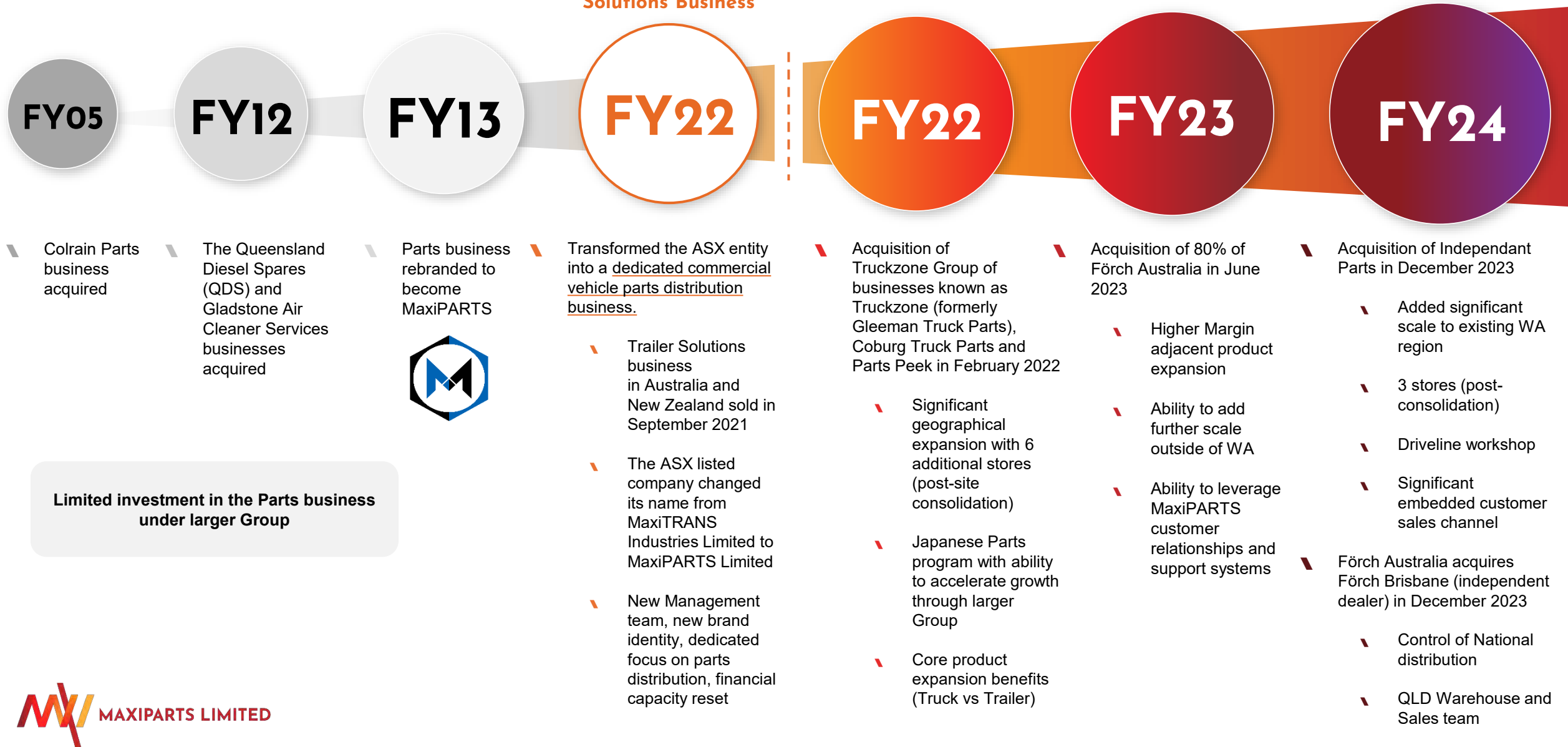


Average km travelled p.a is also growing ('000s)



Source: Company, MA Moelis Australia, FactSet

Our Evolution



Growth & Diversification

FY24



Revenue % based on H2 FY24, including Förch Australia and excluding sales to previously owned Trailer Solutions business.

FY24

Highlights & Results

Our Progress in FY24

STRATEGIC ACQUISITIONS

- ✓ Diversifying and growing revenue base
- ✓ Independant Parts (IP): Dec-23
 - ✓ 3 retail sites (post-consolidation)
 - ✓ Embedded on-site operations
- ✓ Förch Brisbane: Dec-23
 - ✓ Control of national distribution
- ✓ Further benefits to be realised
 - ✓ Growth in Japanese Parts
 - ✓ Growth in embedded operations
 - ✓ Growth in Förch business
 - ✓ Improved operating margins

MAXIPARTS

- ✓ 41% growth in higher margin Japanese Parts program
- ✓ Bibra Lake (WA) – (May-23), profitable in first full year of operations
- ✓ Relocation to larger sites in Adelaide (SA) and Port Hedland (WA)
- ✓ Further key customer expansion
- ✓ Ongoing focus on gaining supply chain leverage
- ✓ Inventory reduction programs in H2 resulting in 4.3% reduction vs H1

FÖRCH AUSTRALIA

- ✓ 20% + YOY sales growth
- ✓ Investment in sales team, customer solutions and inventory
- ✓ Ideal national distribution network (3 sites) completed
- ✓ National Customer acquisition both through MXP relationships and external
- ✓ Building stability in core people, process & systems

MARKET

- ✓ Slowdown in demand in H2 FY24 across the east coast
- ✓ The WA market remained strong
- ✓ Volatility across embedded operations linked to larger specific site changes. Overall customer relationships remain strong.
- ✓ Increased pricing competition and ongoing cost inflation

Delivering Revenue and EBITDA Growth

Financial Highlights

Revenue

+243.9M

Up 20.9% on FY23

EBITDA

\$23M

Up 24.4% on FY23

EBITDA Margin of **9.5%**
Up 0.3% on FY23

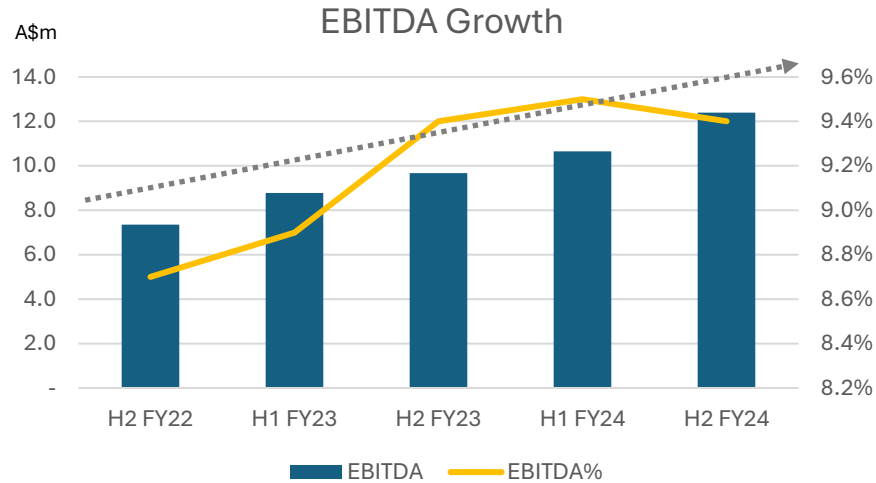
Operating cash flow of **\$10.6m**
Down from \$15.1m in FY23

EPS from continuing operations of **10.73 cps**
Down from 15.53 cps in FY23

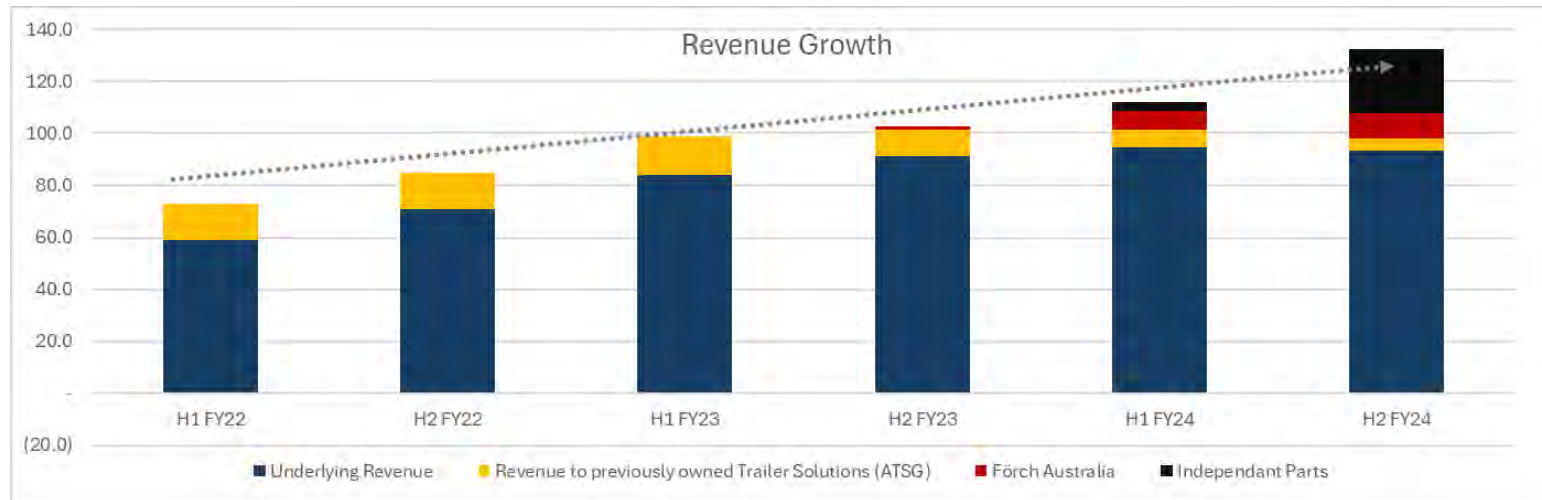
Net debt of **\$15.9m** representing a leverage
ratio of **0.7x**
Increased from \$1m in FY23

Full year dividend of **5.14 cps** full franked
Down from 6.39 cps in FY23

Delivering Consistent Growth Over Time



- EBITDA CAGR growth of 29.8%
- Improvements driven by both acquisitions and organic programs
- Ongoing focus on margin improvement

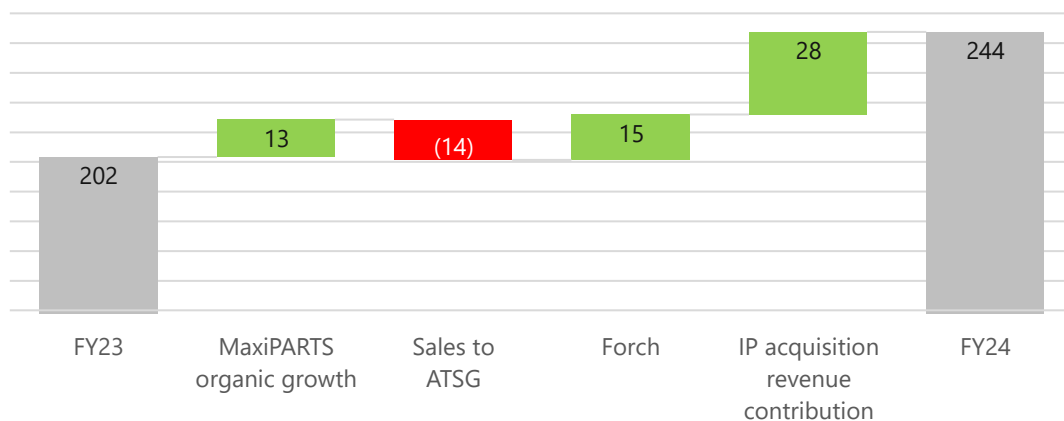


- CAGR of 26.8%
- CAGR of 36.2% when excluding sales to ATSG
- Reliance on revenue stream to ATSG (lower margin) at separation replaced through both acquisitions and organic growth

FY24 Financials

1. Revenue of \$243.9m increased by 20.9% from pcp.
2. EBITDA of \$23.0m increased by 24.4% from pcp, and EBITDA margin of 9.5% increased by 30 bps, demonstrating strong pull through from the top line growth and managing to improve margins in a softer market.
3. NPBTA (net profit before tax and amortisation) of \$10.9m, includes increased finance costs and lease costs (see appendix for further details).
4. Significant items of \$1.1m related to transaction and integration costs associated with the acquisitions of IP and Förch Brisbane and are non-recurring in nature.

Revenue bridge FY23 to FY24



Note: Revenue from IP acquisition is an approximate value, due to IP integration into the MaxiPARTS segment.

A\$M		FY24	FY23	Change %
Revenue	1	243.9	201.7	20.9%
EBITDA	2	23.0	18.5	24.4%
EBITDA %		9.5%	9.2%	3.0%
Depreciation and Interest		(12.1)	(7.6)	
NPBTA	3	10.9	10.9	(0.0%)
Amortisation		(0.7)	(0.0)	
Significant Items	4	(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%)

Notes:

*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 Trailor Solutions Business and associated legal expenses as well as \$0.7m for the repayment of funding to the QLD State Government.

Balance Sheet

1. Receivables and Payables have grown in line with growth and acquisitions.
2. Inventory increased during the year to \$67.1m, an increase of \$15.3m from inventory held at FY23. Refer to appendix for further details.
3. Financial assets includes the \$3.2m, net of impairment, on completion receivable and the deferred sale price on the sale of the Trailer Solutions business to ATSG.
4. The increase in Intangibles is associated with acquisition of IP and Förch Brisbane (refer to appendix for further information on the Business Combinations for these acquisitions).
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 sites in Richlands (QLD), Adelaide (SA) and Port Hedland (WA), market rate increase on lease extension for Truganina main DC, and newly acquired sites.
6. MaxiPARTS DTA includes \$10.6m income tax losses carried forward.

A\$M		FY24	HY24	FY23
Assets				
Cash		13.6	12.0	14.0
Receivables	1	35.2	29.4	28.7
Inventory	2	67.1	70.1	51.8
Other Assets		1.5	4.2	1.8
Financial asset	3	3.2	3.2	6.4
PPE		6.1	6.4	4.2
Intangibles	4	37.6	36.9	18.8
Right to Use Asset	5	35.3	38.2	32.8
DTA/DTL	6	12.7	15.1	14.8
Total Assets		212.3	215.4	173.3
Liabilities				
Payables	1	34.8	35.6	32.2
Provisions & Entitlements		7.3	7.8	6.4
Lease Liability		38.7	41.1	34.8
Borrowings		29.5	30.0	15.0
Total Liabilities		110.3	114.5	88.4
Net Assets		102.0	100.9	84.9
Net Cash/ (Debt)		(15.9)	(18.0)	(1.0)

Cashflow

- Cash conversion of 69% in FY24, compared to 91% in FY23, as result of:
 - Increase in inventory to support growth in Forch and WA operations
 - FY23 one-off working capital benefit from Truckzone excess inventory reduction
 - Lower closing trade payables in FY24 for inventory reduction program in H2 that has delivered improved cash conversion in Q1 FY25
 - Expecting to see cash conversion lift in FY25

A\$M	FY24	FY23
Gross Operating cash flow	15.9	16.9
EBITDA	23.0	18.5
Cash conversion %	69%	91%

- Cash outflows relating to discontinued operations, acquisition transaction costs and increased borrowings impacted FY24 cash generation. Income tax paid relates to the Forch Australia entity.
- The Group remains a capital light business, with no expected change to capital requirements in FY25
- Acquisition of IP & Förch Brisbane during the period, with acquisitions funded by both debt and equity. Refer to appendix for additional information on the business combination.

A\$M		FY24	FY23
Receipts from customers		269.1	220.2
Payments to suppliers and employees		(253.2)	(203.3)
Subtotal: Gross operating cash flow	1	15.9	16.9
Cash outflow on discontinued operations		(1.4)	(1.1)
Significant items		(1.1)	(0.4)
Income tax refund/(paid)		(0.8)	0.3
Interest and other costs of finance paid		(1.9)	(0.7)
Cashflow from Operating activities	2	10.6	15.1
Payments for property, plant and equipment	3	(1.4)	(1.6)
Acquisition of Förch Australia		-	(9.0)
Acquisition of Independant Parts		(28.9)	-
Acquisition of Förch Brisbane & Mandurah	4	(2.1)	-
Cashflow from Investing activities		(32.4)	(10.6)
Repayment of borrowings		(0.5)	(5.0)
Proceeds from borrowings	4	15.0	10.0
Proceeds from issue of share capital		16.2	-
Dividends paid		(2.3)	(2.2)
Cash contributions from NCI		0.4	-
Payment of leases		(7.4)	(5.2)
Cashflow from Financing activities		21.4	(2.4)
Net increase / (decrease) in cash		(0.3)	2.1
Opening Cash on Hand		14.0	11.9
Closing Cash on Hand		13.6	14.0

Capital Management

- Current leverage ratio of 0.7 times is well within the Group's capital management targets
- Loan balances to reduce by \$2.0m in FY25 (\$0.5m amortising quarterly)
- Ability to apply free cash flow to further reduce debt and reduce interest expense

- Fully franked final dividend of 2.57 cents per share, in line with interim dividend
- Dividend Reinvestment Plan (DRP) remains available at a discount of 2.5%
- Franking credits of \$4.6m (post final dividend)

A\$m	FY24	FY23
Total borrowing facility	29.5	20.0
Facility drawn	29.5	15.0
Utilisation ratio %	100%	75%
Cash	13.6	14.0
Net Debt	15.9	1.0
Leverage Ratio (times)	0.7	0.1

Dividends (cents per share)	FY24	FY23
Interim	2.57	3.17
Final	2.57	3.22
Full Year Dividend	5.14	6.39

Acquisition Updates

Independant Parts (IP)

Acquisition Update

- Results in line with expectations (7 months reported in FY24)
- Underlying WA market remains strong
- Integration work completed in FY24
 - Perth site consolidated with existing MaxiPARTS site
 - Port Hedland site relocated into new facility
 - Rebranding completed
 - Safety culture and processes implemented
 - MaxiPARTS (WA) and IP ERP merged to allow easier intra-state transacting
 - IT Network and infrastructure consolidated into overall MaxiPARTS network
- National ERP consolidation in FY25
- Initial supply chain synergies in line with estimates (to be realised FY25 onwards)
- MaxiPARTS product roll out through new stores partially complete with further benefits anticipated in FY25
- Japanese Parts roll out currently in process
- Additional embedded sites implemented (both in and outside of WA) at the end of the FY with key customers



Bunbury (WA)

Förch Australia

Acquisition Update

- Positive customer (both MaxiPARTS and external) engagement in relation to National expansion.
 - 21% YOY sales growth from Förch Australia*
 - 3% YOY sales growth from Förch Brisbane**
 - Multiple national customer roll out programs implemented over the period
- Growth rates higher than the traditional MaxiPARTS organic growth rates anticipated being maintained into FY25 and beyond.
- Initial investment made in H1 FY24 across staff, customer solutions and inventory to support ongoing growth (in particular outside of WA) impacted margins in FY24.
- Staff and inventory levels maintained (as opposed to further investment) in H2, which is planned to be maintained into FY25 to allow consolidation and margin recovery.
- Förch Melbourne warehouse consolidated into MaxiPARTS Truganina Sept 23. Original warehouse subleased out with cost offset from Apr-24.
- Brisbane warehouse and sales team fully integrated into Förch Australia structure and systems.

*FY24 vs FY23 adjusted for sales to entities now part of Group

**Dec – Jun comparative periods to link to ownership period

\$
\$16.9m
Reported Revenue



39

Sales Employees
(in line with H1)



\$5.8m

Inventory Value
(5.6m H1)



Market Expectations and Areas of Focus

Organic Project Focus in FY25

OUR MARKETS

- 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 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.

OUR FOCUS

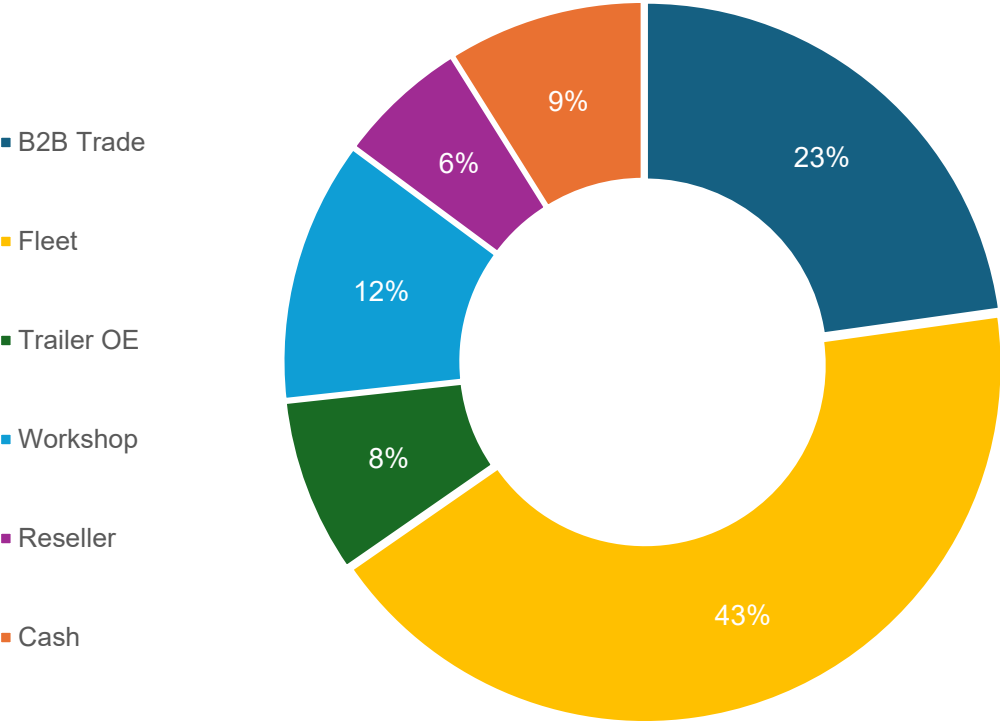
- Continued focus on revenue and margin improvement initiatives from the Group's recent acquisitions and organic programs anticipated to grow EBITDA margins into low double digits in the medium term.
- Maintaining balance sheet flexibility to respond to market conditions and have an active capital management 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.

APPENDIX

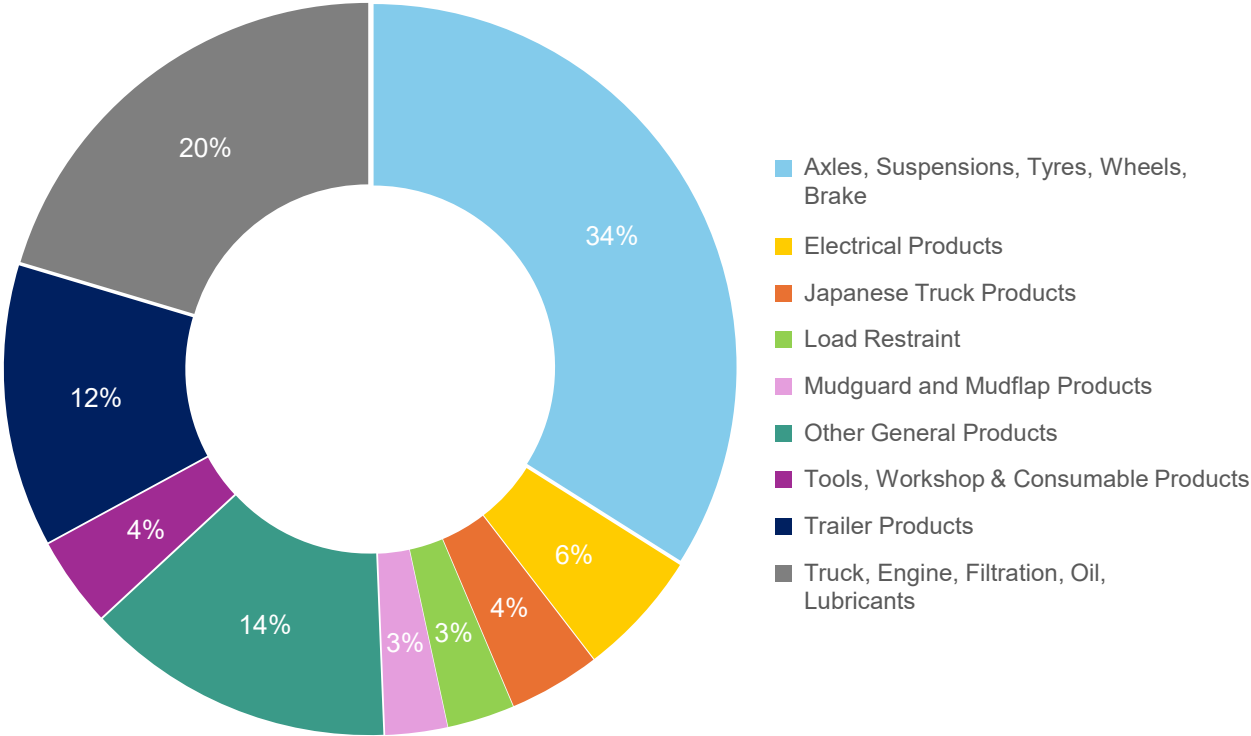
Revenue by Customer and Product Groups



Revenue by Customer Type



Revenue by Product Classification



FY24 Acquisitions: IP and Förch Brisbane

Independant Parts (IP)

A\$M	\$'000
Cash & Cash equivalents	0.4
Trade Receivables	7.4
Inventories	10.3
Right to Use Asset	1.4
Property, plant and equipment	1.5
Prepayments	0.7
Identified Intangible - Customer Relationships	3.4
Deferred tax asset	0.3
Total assets	25.4
Trade Creditors	(6.8)
Deferred tax liability	(1.0)
Lease Liability	(1.5)
Other Payables	(0.8)
Employee Entitlements	(0.8)
Total Liabilities	(10.9)
Total identifiable net assets at fair value	14.4
Goodwill	14.8
Purchase consideration transferred	29.2
Purchase consideration transferred, net of cash	28.9

Notes to segment table:

- IP business combination is completed at reporting date.
- IP has been integrated into the MaxiPARTS Operations reporting segment.
- Refer to below table for details on the Identifiable intangible assets.

Intangible Assets

Identifiable intangible assets

Customer Relationships	3.4
Deferred Tax Liability	(1.0)
Customer Relationships (tax effect)	2.4
Goodwill	14.8
Total Intangibles	18.3

Amortisation

Assessed Useful life (years)	10
Amortisation p.a.	(0.3)
Amortisation less DTL p.a.	0.1
Amortisation (after DTL) p.a.	(0.2)

Förch Brisbane

A\$M	\$'000
Inventories	1.0
Right to Use Asset	0.1
Property, plant and equipment	0.5
Other	0.0
Total assets	1.7
Lease Liability	(0.1)
Hire Purchase	(0.5)
Employee Entitlements	(0.1)
Total Liabilities	(0.7)
Total identifiable net assets at fair value	0.9
Goodwill	1.2
Purchase consideration transferred	2.1
Purchase consideration transferred, net of cash	2.1

- Förch Brisbane business combination is completed at reporting date and has been integrated into the Förch Australia reporting segment.
- Förch Australia acquisition (in FY23) recorded an identifiable intangible asset for the Distribution agreement of \$6.4m (\$4.5m after DTL), with a useful life of 14 years. Annualised amortisation of \$0.5m (\$0.4m after DTL).

Segment Split

A\$M	Revenue			EBITDA			EBITDA%		
Segment	FY24	FY23	Change	FY24	FY23	Change	FY24	FY23	Change
MaxiPARTS Operations	227.7	200.5	13.6%	22.0	18.4	19.1%	9.6%	9.2%	0.4%
Förch Australia	16.9	1.2	1307.3%	1.1	0.1	1194.7%	6.4%	7.0%	(0.6%)
Eliminations	(0.7)	-		-					
Total Group	243.9	201.7	21%	23.0	18.5	24%	9.5%	9.2%	0.3%

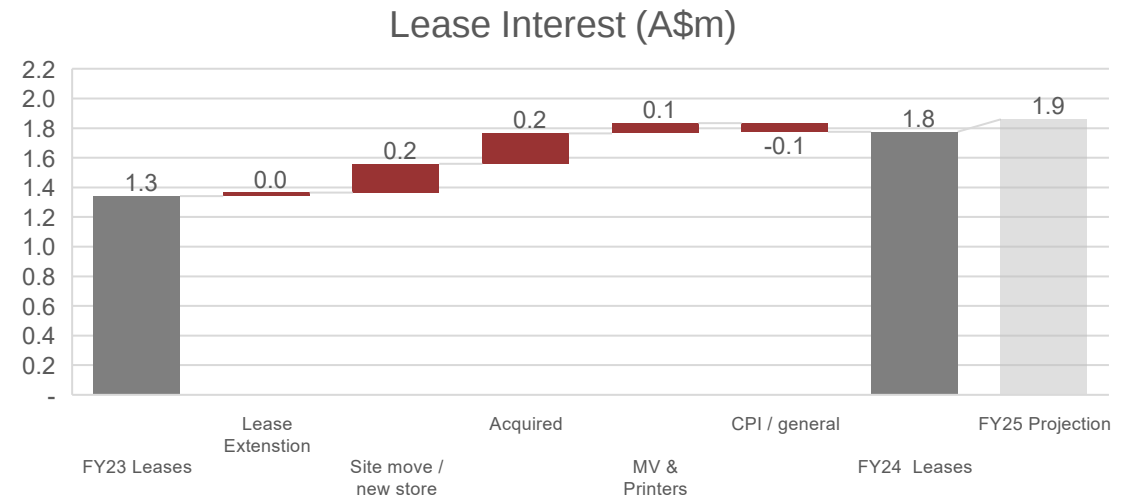
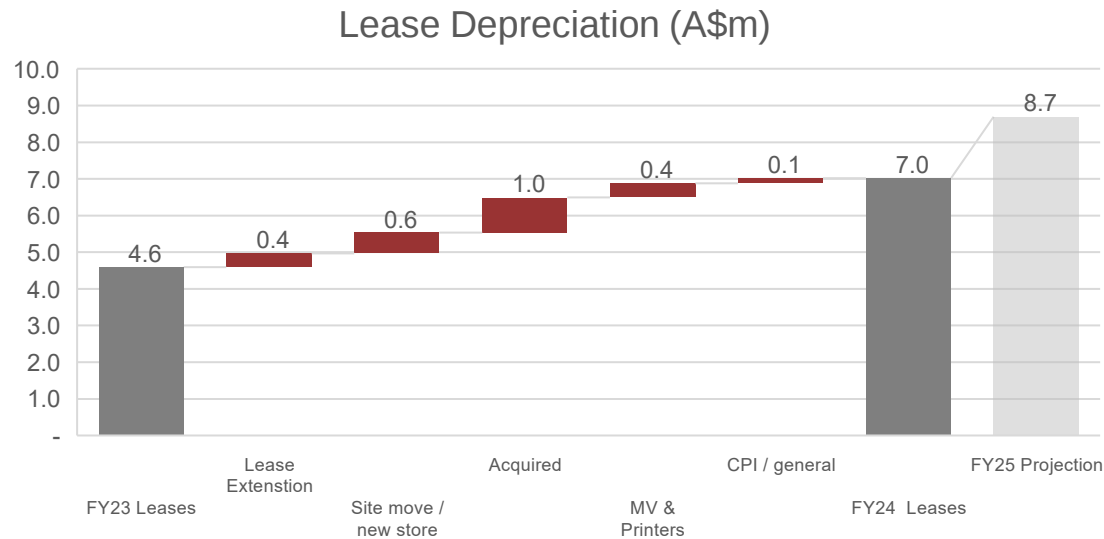
Inventory Year on Year

	FY24	FY23
Underlying MaxiPARTS	51.0	49.1
Independant Parts Acq	10.3	-
Förch Australia	4.8	2.6
Förch Brisbane Acq	1.0	-
Total Inventory	67.1	51.8

Notes to segment table:

- MaxiPARTS Operations segment includes IP acquisition
- Forch Australia segment includes Förch Brisbane acquisition
- Eliminations represents the sales between MaxiPARTS Operations and Förch Australia segment

Lease Depreciation and Interest Bridges

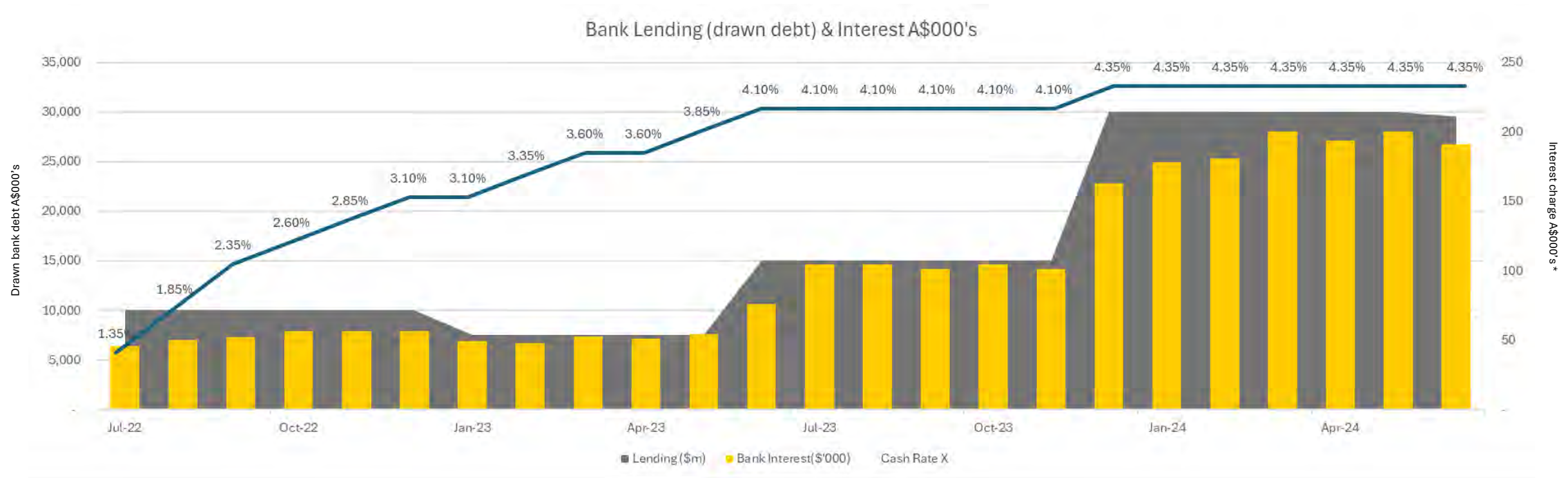


Change projected for FY25 relate to:

- ✓ Renewal of Forklift hire fleet across the Group (this will be a transfer from opex to lease line items in the P&L)
- ✓ Motor Vehicles YoY growth
- ✓ Market rate increase on lease extension for main Vic DC
- ✓ Port Hedland new location (partial YoY impact for acquisition timing, as well as large site)
- ✓ CPI and other
- ✓ Annualisation of acquired businesses

Interest - Finance Cost

MaxiPARTS Bank Debt (drawn) and interest charges and published cash rate by month.



*Interest charge includes interest charges and line fees for debt availability

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 2024 (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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