

22 February 2024

FY24 Half-Year Results

MaxiPARTS Limited (ASX: MXI) today announced its financial results for the half-year ended 31 December 2023.

Highlights

- Revenue \$111.7m, 12.7% growth to pcp
- Underlying MaxiPARTS revenue growth at 12.5% to pcp
- EBITDA of \$10.7m, 21.6% growth to pcp and EBITDA % of 9.6% increased by 70 bps from pcp of 8.9%.
- Execution of strategic agenda, with both commitment and focus to delivering on organic programs and delivery of two acquisitions with strong strategic alignment
- Maintained consistent dividend distribution in accordance with the Groups policy through aggressive acquisition cycle post separation of the trailer business

Group results summary

A\$M	HY24	HY23	Change	Change %
External Revenue	111.7	99.1	12.6	12.7%
Total Revenue	111.7	99.1	12.6	12.7%
EBITDA	10.7	8.8	1.9	21.6%
EBITDA %	9.6%	8.9%	0.7%	7.8%
Depreciation & Amortisation	(0.8)	(0.5)	(0.4)	
Lease Depreciation	(3.2)	(2.2)	(1.0)	
EBIT	6.6	6.1	0.6	9.2%
EBIT %	6.0%	6.1%	-0.1%	-1.7%
Interest - Lease	(0.9)	(0.6)	(0.3)	
Interest - Finance Costs	(0.7)	(0.3)	(0.4)	
Profit Before Tax before significant items	5.1	5.1	(0.1)	-1.4%
Significant Items	(0.7)	(0.1)	(0.6)	
Profit Before Tax from Continued Operations	4.3	5.0	(0.7)	-14.2%
Income Tax Expense	(1.5)	(1.3)	(0.2)	
Profit After Tax from Continued Operations	2.8	3.7	(0.9)	-23.8%
Discontinued Operations Net of Tax	(2.4)	0.4	(2.8)	
Reportable Profit / (Loss) for the period	0.4	4.1	(3.7)	-89.6%

Dividends

The directors are pleased to announce a fully franked interim dividend of 2.57 cents per share. The record date is 29 February 2024, with the payment date being 26 March 2024. The company's dividend re-investment plan with a 2.5% discount will apply.

Review of operations

MaxiPARTS external sales of \$111.7m increased by \$12.6m, or 12.7%, over external sales from the prior corresponding period (pcp) of \$99.1m. Sales growth for the groups underlying MaxiPARTS operations revenue was 12.5% for the period and was achieved through growth in sales from organic programs, effective management of pricing and success in acquiring new customers. Trading for the

half started strongly in the Q1 period, however December trading was weaker than the normal seasonal slowdown, which flowed through to the profit performance for the half. Sales to the formerly owned Trailer Solutions business declined by (52%) from the pcp and was in line with expectations and previously communicated outlooks. Sales from the newly acquired Independent Parts business for the period (one month trading) was \$3.3m and Förch Australia, including one month of sales from Förch Brisbane, was \$7.1m.

MaxiPARTS reported a net profit before tax from Continuing Operations of \$4.3m for the period, this represented a decrease from \$5.0m in the pcp. When excluding significant items (costs associated with the acquisition completed during the period) the Group reported an adjusted net profit before tax from Continuing Operations of \$5.1m, compared to \$5.1m in pcp. The Group reported 21.6% growth in the Earnings before Interest, tax, depreciation and amortisation (EBITDA), with EBITDA of \$10.7m, compared to \$8.8m pcp, and pleasingly the EBITDA% increased to 9.6% (up from 8.9% in pcp), demonstrating solid improvement in the product margin mix on increased sales and focus on cost base during a time of high inflation. The Group did experience an increase in the cost base below the EBITDA line in areas of Lease Depreciation & Lease Interest from acquisitions, lease extensions and enhancement of the store network; Depreciation and Amortisation with acquired fixed assets and amortisation relating to the Förch Australia identifiable intangible asset, and interest – finance costs due to increased debt to fund acquisitions and increased interest rates.

The reportable profit for the period, including discontinued operations, was \$0.4m, a decrease from \$4.1m in the pcp. The Groups' discontinued operations reported a loss of (\$2.4m) for the period, that includes a (\$3.2m) impairment of the \$6.4m assets related to the receivable on the purchase price and the vendor finance loan to ATSG, the buyer of the Trailer Solutions business. MaxiPARTS has provided further details on these items in the notes of these accounts, along with the most recent update on the ongoing dispute that was the subject of an ASX announcement released on 30 January 2024.

On 31st May 2023, MaxiPARTS acquired 80% of Förch Australia Pty Ltd, a distributor of workshop consumables predominately focused on automotive and commercial vehicle workshops and holds an exclusive Australian distribution agreement for all FÖRCH product. At the end of FY23, Förch Australia operated from two sites (Perth & Melbourne), and one independent distributor (Brisbane), Förch Brisbane. The business and assets of Förch Brisbane were acquired by Förch Australia on the 30 November 2023 for a purchase consideration of \$2.1m. The Förch Australia segment reported \$7.1m of sales for the period, with the Group focusing on implementing an accelerated investment plan for the segment to grow rapidly in the east coast of Australia by leveraging the larger MaxiPARTS business infrastructure and balance sheet to invest in inventory and staff in order to improve the national distribution of the product, focus on cross-over customer base and expanding into secure large national and multi-site accounts.

On the 30 November 2023, MaxiPARTS acquired 100% of Nineteen Group Pty Ltd and Independent Parts Pty Ltd, collectively referred to as 'IP' for a purchase consideration of \$28.9m, net of cash. IP is a commercial truck and trailer parts distribution business with operations in Western Australia (WA), that is highly complementary to existing MaxiPARTS operations, and will add significant scale to the WA operations with 4 retail sites (3 to remain post consolidation) and embedded operations in key mining regions. Post acquisition, the IP operations have been quickly integrated into the greater MaxiPARTS group, this includes consolidation of the management structure, consolidation of the Perth retail stores, the amalgamation of the MaxiPARTS WA and IP business onto the one ERP and joining of purchasing and shared services functions.

The two acquisitions during the period were funded from \$16.2m in proceeds, net of costs from a capital raise completed in November 2023, through existing cash and a \$10.0m extension of the Group's

current debt facility, taking the Groups total loan facility to \$30.0m. The Group reported a closing net debt balance of (\$18.0m), an increase in debt of \$17.0m from the year-ended 30 June 2023.

Cashflow from operating activities of \$2.7m represented a first half investment in working capital in the MaxiPARTS operations and Förch Australia segments. Inventories increased during the half to \$70.1m, an increase \$18.3m from the year ended 30 June 2023 balance of \$51.8m, with \$11.9m relating to acquisitions in the period, \$2.0m increase in Förch Australia and a \$4.4m increase in MaxiPARTS operations, the latter typically sees an increase in inventories held in December over the full-year June position due to seasonality (Lunar New Year disruption) in the procurement cycle. The increased inventory, excluding seasonality component, relates to supporting accelerated growth in Förch Australia and continued low double-digit growth in the MaxiPARTS segment. Management will continue to focus on optimisation of inventory as it delivers on both integration activities for the recent acquisitions and continued delivery of the Groups organic programs.

Outlook

With the prevailing economic uncertainty caused by the recent interest rate increases and ongoing inflationary pressure, like many other businesses, MaxiPARTS, finds itself navigating a period of heightened unpredictability. Despite these challenges, the parts industry has traditionally exhibited resilience throughout various economic cycles, and we are continuing to observe strong underlying activity levels.

Trading during December and January seasonal slowdown was weaker than internal expectations, but January still represented strong year-on-year growth over the corresponding pcp for the underlying MaxiPARTS business, as well as through acquired growth through Förch Australia and IP. February trading across the business has demonstrated a strong volume recovery after the seasonal slowdown but a level of uncertainty remains with the Groups full year outlook with varied views and results being reported in the general wider economy, in particular in the retail and construction markets.

The Group maintains its previously communicated outlook with:

- Low double digit revenue growth in the underlying MXP business on a full year basis,
- Low double digit revenue growth of acquired IP and Forch Brisbane business in H2 2024, when compared to the FY23 turnover announced at the time of acquiring the businesses,
- Greater than 20% revenue growth in the Förch Australia business,
- Continued decline in low margin revenue to ATSG (the previously owned Trailer solutions business) as we approach the end of the supply agreement, which is contracted to end in August 2024,
- EBITDA margin % to achieve greater than 10% for H2 2024

The Group has completed a series of acquisitions over the last 2 years that we believe provide significant opportunities to provide continued growth, along with improved operating margins. The second half of the year will see the Group continue to focus on integration activities in relation to the recent acquisitions and delivery of organic growth projects.

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.
