

Custom Coaches (Sales) Pty Ltd ACN 000 237 678  
Custom Coaches Pty Ltd ACN 111 744 560  
(All Administrators Appointed)  
("the Companies" / "Custom Coaches")

**First Creditors' Meetings**

**Wednesday 11 June 2014 3.00pm AEST**

**Rydges Hotel Parramatta**

# First Creditors' Meetings

Custom Coaches (Sales) Pty Ltd ACN 000 237 678

Custom Coaches Pty Ltd ACN 111 744 560

(All Administrators Appointed)

("the Companies")

Opening of the meeting by the Chairperson

Vaughan Strawbridge, Deloitte – Joint Administrator

# Introduction by Chairperson

Chairperson: Vaughan Strawbridge, Joint Administrator

Tim Norman – Deloitte, Joint Administrator

Date of Appointment: 30 May 2014

# Agenda

- Purpose & Process
- Formalities
- Appointments
- Actions since appointment
- Operations
- Financials
- Sale of business
- Questions
- Voting/resolutions
- Creditors' Committee Appointment
- Any other resolutions
- Questions and any other business
- Closure

## Purpose & Process

Voluntary Administrations are a flexible and cost effective form of administration with the stated aim to:

*“maximise the chances of a business continuing in existence or at the very least, provide a better return to creditors” (Section 435A)*

A Voluntary Administrator can only be appointed by

- The company
- A secured creditor
- A Liquidator of the company, or
- A Provisional Liquidator of the company

## Purpose & Process

Section 438A - The primary function of an Administrator is to investigate the affairs of the company as soon as practicable, and form an opinion as to whether:

- The company enter into a Deed of Company Arrangement
- The administration end and control of the company be returned to the directors, or
- The administration end and the company be wound up

# Purpose & Process

## The process has four distinct phases:

- Administrators' appointment & First Meeting
- Investigation period
- Second (439A) Meeting of creditors
- Implementation of the agreed course of action

# Purpose & Process

## The Second (439A) Meeting:

The Administrators will have conducted an investigation into the affairs of the company

Creditors have the benefit of the Administrators' report and must resolve which of the three alternatives they wish the company to adopt

1. The company enter into a Deed of Company Arrangement
2. The administration end and control of the company be returned to the directors, or
3. The administration end and the company be wound up



## Purpose & Process

The 439A (Second) Meeting is to be held within five business days from the end of the convening period (20 business days from the date of the Administrators appointment)

You will receive

- notice of meeting
- Administrators' report to creditors

Purpose of the meeting is to resolve one of the following:

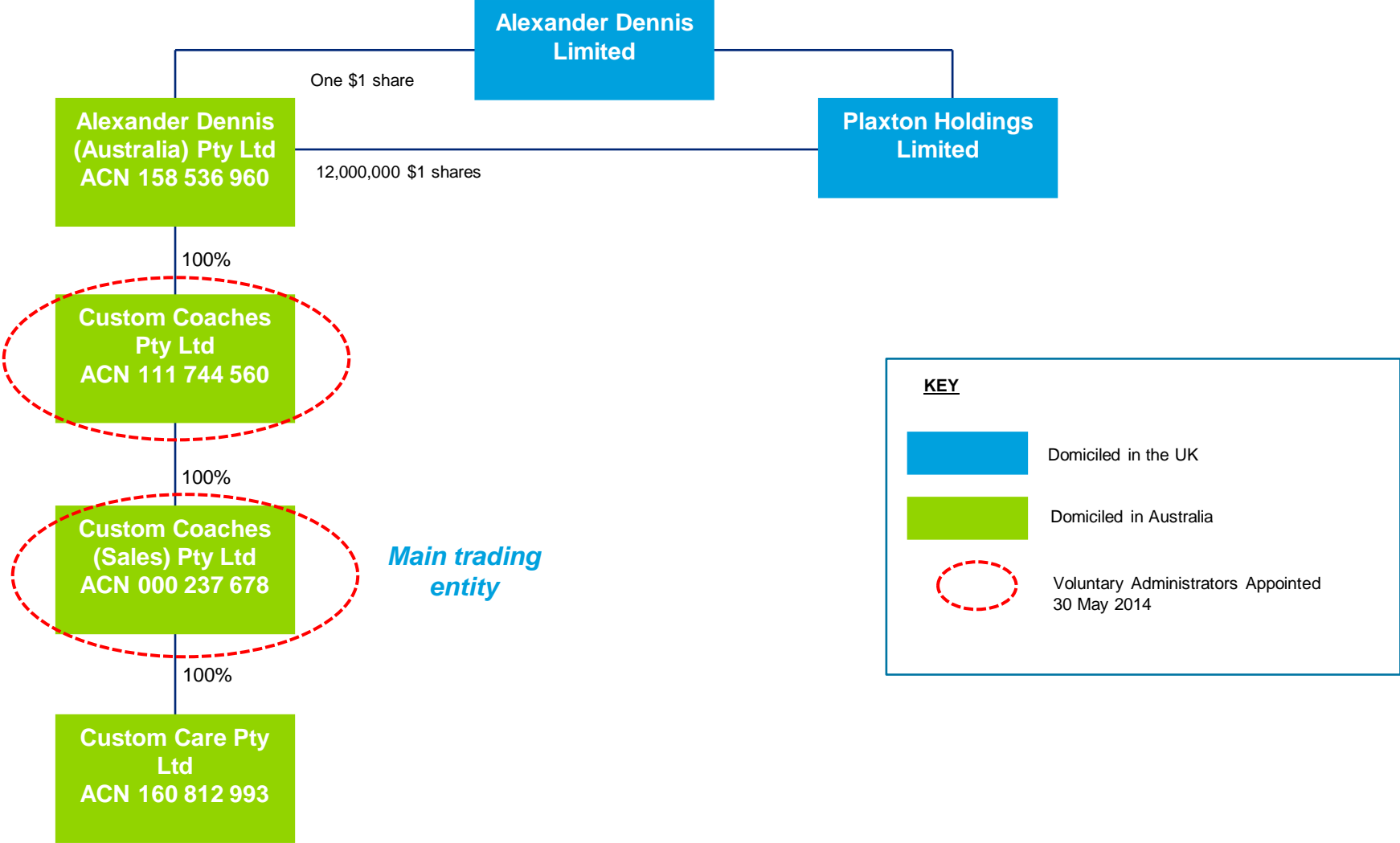
- The company enter into a Deed of Company Arrangement
- The administration end and control of the company be returned to the directors, or
- The administration end and the company be wound up

# Formalities

- Attendance Register and Observers
- Notice of Meeting
- Convenience for creditors
- Declaration of Quorum for each company
- Meetings to be held concurrently
- Independence of Administrators
- Proxies received
- ASIC comment
- Administrators' comment regarding employees

# Appointments

## Group structure



# Actions since appointment

## Statutory compliance

- ASIC filings
- Convening first meeting
- Notices to creditors and employees
- Statutory advertising

## Employees

- Meetings with employees
- Calculation of employee entitlements
- Employee redundancies

## Trading business

- Majority of time has been spent trading the business to conserve its value for sale (production facilities in Sydney and Adelaide)

## Sale of business

- Further information regarding a potential sale will be presented later in the meeting

## Statement from the Parent Company

As a result of deteriorating trading conditions and a significant reduction in demand for route buses in the Australian market, it is with great regret that Custom Coaches has today been placed into Voluntary Administration. This decision has not been taken lightly and during the Administration period ADL will continue to work with the Administrator to explore opportunities to continue trading and supporting customers in the Australian market.

Since the acquisition of Custom Coaches in 2012 the ADL Group has worked tirelessly with the employees at Custom to turn the business around whilst financially supporting the business with significant cash injections of many millions of dollars. However, due to a change in buying patterns and despite our best endeavours it is now clear that market conditions are unlikely to improve in the near future and as a consequence we cannot continue to fund on-going losses.

ADL still strongly believes in Custom products, the team in Australia and the Custom brand and is hopeful that the improvements in quality and delivery performance recognised in the market place will help in finding a potential solution.

It is with real sadness that we have taken this action and we remain hopeful that a solution may be found over the coming weeks.

**Colin Robertson Chief Executive, Alexander Dennis**

# Financial Analysis – Profit and Loss account

## Summary Profit and Loss

| \$'000                     | FY14           |                |                | FY13            | FY12           |
|----------------------------|----------------|----------------|----------------|-----------------|----------------|
|                            | 4mths ACT      | 8mths Fcast    | Total          | 12mths          | 18mths         |
| Volume                     | 32             | 174            | 206            | 243             | 367            |
| <b>Sales</b>               | <b>10,316</b>  | <b>43,168</b>  | <b>53,484</b>  | <b>68,018</b>   | <b>105,829</b> |
| Cost of sales              | (7,993)        | (32,022)       | (40,015)       | (59,417)        | (88,038)       |
| <b>Gross margin</b>        | <b>2,322</b>   | <b>11,146</b>  | <b>13,468</b>  | <b>8,602</b>    | <b>17,790</b>  |
| <i>GM%</i>                 | 22.5%          | 25.8%          | 25.2%          | 12.6%           | 16.8%          |
| Overheads                  | (6,647)        | (12,504)       | (19,152)       | (19,436)        | (25,102)       |
| <b>Net profit / (loss)</b> | <b>(4,325)</b> | <b>(1,358)</b> | <b>(5,683)</b> | <b>(10,834)</b> | <b>(7,312)</b> |
| Operating margin           | (41.9%)        | (3.1%)         | (10.6%)        | (15.9%)         | (6.9%)         |

Over the last 42 months Custom Coaches has generated losses of c.\$24m

# Financial Analysis – Balance sheet (30 May 2014)

|                    |   |   | \$'000          |
|--------------------|---|---|-----------------|
|                    |   |   | 30-May-14       |
| <b>Assets</b>      | Fixed assets                                    | Tangible Assets                             | 5,361           |
|                    |   | Tangible Assets Depreciation                | (1,474)         |
|                    |   | Intangible Assets Net Book Value            | 803             |
|                    | <b>Fixed assets Total</b>                       |   | <b>4,689</b>    |
|                    | Stock   | Stock - Raw Materials                       | 9,758           |
|                    |   | Stock - Work In Progress                    | 3,516           |
|                    |   | Stock - Finished Goods Stock                | 1,406           |
|                    | <b>Stock Total</b>                              |   | <b>14,681</b>   |
|                    | Total Trade Debtors                             | Trade Debtors - Gross External              | 5,663           |
|                    |   | <b>Trade Debtors - Gross External Total</b> | <b>5,663</b>    |
|                    |   | Bad Debt Provision                          | (67)            |
|                    | <b>Total Trade Debtors Total</b>                |   | <b>5,596</b>    |
|                    | Total Other Debtors                             | Other Debtors                               | 12              |
|                    |   | Prepayments Others                          | 1,105           |
|                    | <b>Total Other Debtors Total</b>                |   | <b>1,117</b>    |
|                    | Bank  | Bank - Other                                | 2,558           |
|                    | <b>Bank Total</b>                               |   | <b>2,558</b>    |
|                    | <b>Assets Total</b>                             |   | <b>28,641</b>   |
| <b>Liabilities</b> | Total Trade Creditors                           | Trade Creditors External                    | (4,240)         |
|                    |   | GRNI  | (1,017)         |
|                    |   | Trade Creditors Inter Co                    | (768)           |
|                    | <b>Total Trade Creditors Total</b>              |   | <b>(6,025)</b>  |
|                    | Total Other Creditors / Accruals                | Holiday Pay Accrual                         | (4,715)         |
|                    |   | Other                                       | (1,846)         |
|                    | <b>Total Other Creditors / Accruals Total</b>   |   | <b>(6,561)</b>  |
|                    | Total Creditors Due after One Year              | Finance Lease Creditor > 1 Year             | (801)           |
|                    |   | LT Inter Co Creditor                        | (52,565)        |
|                    | <b>Total Creditors Due after One Year Total</b> |   | <b>(53,366)</b> |
|                    | Total Provisions                                | Deferred Tax                                | 2,406           |
|                    |   | Warranty Provisions                         | (847)           |
|                    | <b>Total Provisions Total</b>                   |   | <b>1,559</b>    |
|                    | <b>Liabilities Total</b>                        |   | <b>(64,393)</b> |
|                    | <b>Net Assets / (Liabilities)</b>               |   | <b>(35,752)</b> |

# Employee summary

## Employee head count

| FT Employees             | NSW        | SA        | QLD      | VIC      | Total       |
|--------------------------|------------|-----------|----------|----------|-------------|
| Employees on Appointment | 184        | 94        | 3        | 1        | <b>282</b>  |
| Redundancies             | (30)       | (19)      | (1)      | (1)      | <b>(51)</b> |
| Resigned                 | (1)        | -         | -        | -        | <b>(1)</b>  |
| <b>Remaining</b>         | <b>153</b> | <b>75</b> | <b>2</b> | <b>-</b> | <b>230</b>  |

## Employee entitlements

| \$             | Annual Leave     | Long service leave | Redundancy     | Notice         | Total            |
|----------------|------------------|--------------------|----------------|----------------|------------------|
| Retained       | 997,319          | 1,879,597          |                |                | <b>2,876,916</b> |
| Redundant (VA) | 242,477          | 398,515            | 983,206        | 281,399        | <b>1,905,597</b> |
| Resigned       | 3,791            | -                  | -              | -              | <b>3,791</b>     |
| <b>Total</b>   | <b>1,243,586</b> | <b>2,278,113</b>   | <b>983,206</b> | <b>281,399</b> | <b>4,786,305</b> |



## **Sale of business**

### **Administrators' attempts to achieve a going concern sale of the business:**

- Fast track sale and marketing campaign commenced day 1
- Advertisement for sale in the Australian Financial Review 6 June 2014
- Data-room setup and running
- Seeking offers by 4 July 2014
- A number of parties are on the buyer list and have been contacted by Deloitte

# Questions

- From the floor

# Voting/Resolutions

## Resolutions on a company-by-company basis

Motions to be resolved on the voices, unless a poll is demanded (Regulation 5.6.19, 5.6.20)

### A poll could be demanded by:

- The Chairperson; or
- At least two persons entitled to vote; or
- A person representing not less than 10%

# Creditors' Committee Appointment

## Resolution – Committee of Creditors

Custom Coaches (Sales) Pty Ltd

“That a committee of creditors of Custom Coaches (Sales) Pty Ltd be formed in accordance with section 436E(1) of the Corporations Act 2001, comprising the following members...”

### Note:

Ideally all groups of creditors should be represented on the Committee, including:

- Trade creditors
- Employees

# Creditors' Committee Appointment

## Resolution – Committee of Creditors

Custom Coaches Pty Ltd

A committee of creditors is not recommended for this entity as it appears to be a non-trading holding company for Custom Coaches (Sales) Pty Ltd [please note the lease at SA is with Custom Coaches Pty Ltd]

## Any other resolutions

- Administrators appointed 30 May 2014
- Creditors may remove Administrators and appoint someone else as Administrator (Section 436E(4))
- Other nominations

# Closure

- Any other business
- Meeting closed

# Deloitte.