

An aerial photograph of a winding asphalt road through a lush green landscape. Two yellow tanker trucks are visible on the road, one further ahead and one closer to the center. The road curves through grassy hills and dense vegetation. A semi-transparent circular graphic is overlaid on the right side of the image, containing the company name and presentation details.

1

# TIL LOGISTICS GROUP LIMITED

**Interim Results Presentation**  
**For the Six Months ended 31 December 2018**





# TIL LOGISTICS GROUP

- One of New Zealand's largest domestic freight and logistics platforms
- Nationwide network of branches, depots and warehouses and dedicated team of employees and contractors
- Comprehensive service offer across the supply chain: Freight, Bulk Liquids, Warehousing & Logistics, Specialist Lifting and Transport, and International Freight Forwarding

# 1H19 KEY EVENTS

**Pleasing period of business growth and increasing sales as TIL benefits from its bundled transport and logistics offer.**

- Renewal of two significant customer contracts, with Z Energy and Farmlands
- Asset acquisition of Specialised Lifting and Transport Group, strengthening existing offer and providing entry into a new sector
- Significant investment in expansion and development of five warehousing facilities to meet future demand. Tauranga opened Dec 18, four Auckland and Christchurch facilities to open in 2019
- Bundled transport and logistics offer is now starting to show dividends, and market share is growing, with a number of new customers and increasing demand from existing customers
- Establishment of Senior Leadership Team with Divisional CEOs, creation of new CEO, CIO and Group HR roles and appointment of Lee Banks as Chief Financial Officer
- Signatory to Climate Leaders Coalition and signing of Memorandum of Understanding with Hiringa Energy to investigate hydrogen fuel cell technology transport solutions

# 1H19 RESULTS OVERVIEW

- Sales revenue and total income continue to trend upwards, with particularly strong sales performances from Freighting and Warehousing & Logistics in 1H19.
- A two-month contribution was received from Specialised Lifting and Transport Group (SLTG) following its acquisition in November 2018, and included the usual seasonal slowdown in December.
- 1H19 EBITDA was in line with the previous first half year, despite increased operating costs (and excluding 1H18 non-trading costs).
- 1H19 NPAT was \$4.0m as the company continues to increase sales and invest into growth initiatives which will provide long term value.

**The increased operating costs noted in 2H18 have continued and are being closely managed:**

**Changes in the operating environment:** Fluctuating fuel prices; higher road user charges and regional fuel taxes, increased wage costs and higher costs for parts and equipment due to the lower exchange rate.

**TIL business initiatives:** Increased property rent costs (particularly due to expanded warehousing capacity), wages and fleet lease costs; establishment of Senior Leadership Team; higher repairs and maintenance as new fleet decisions were delayed while new contracts were finalised; and interest and depreciation associated with the acquisition of SLTG.

**Post-reverse listing:** Full period of corporate and governance costs (up\$1.1m on 1H18); higher debt levels post the reverse listing.

# 1H19 RESULTS SNAPSHOT

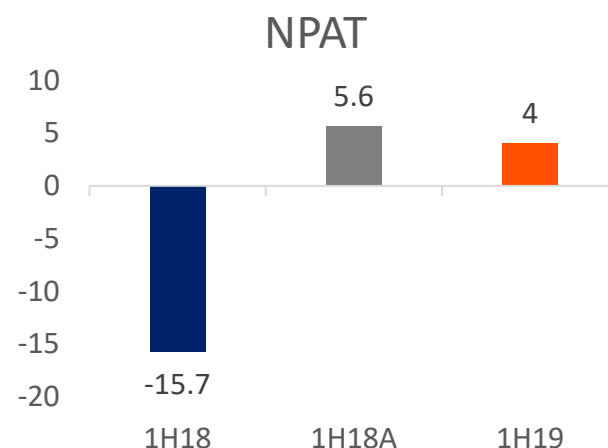
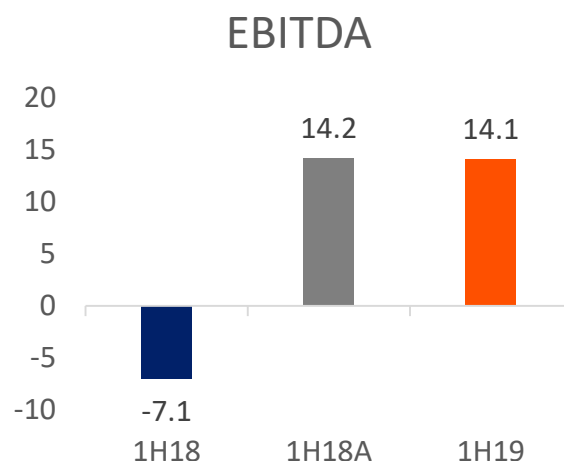
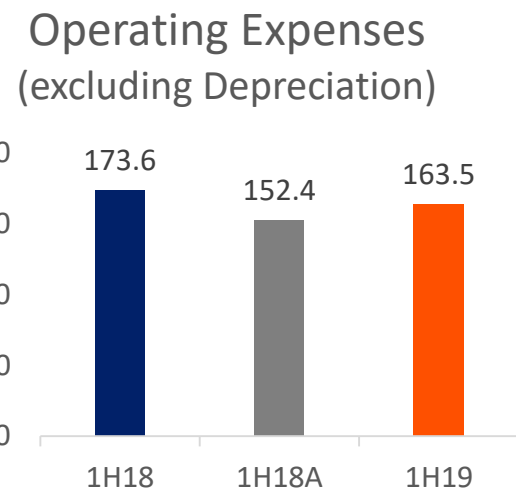
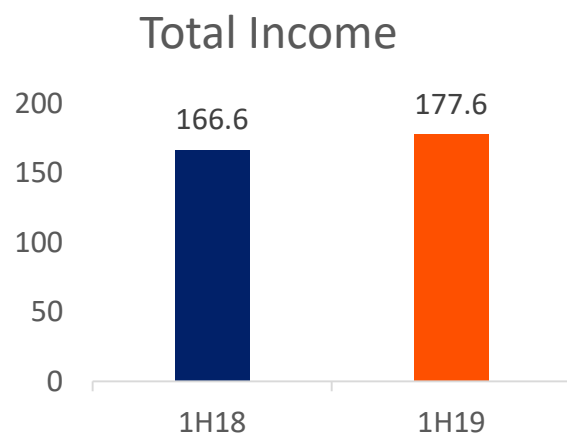
\$Millions	1H19	1H18
Sales Revenue	175.2	164.0
Total Income	177.6	166.6
EBITDA	14.1	(7.1)
Adjusted EBITDA	14.1	14.2
NPAT/NLAT	4.0	(15.7)
Adjusted NPAT	4.0	5.6
Net Operating Cashflow	16.5	8.1
Total Assets	187.1	159.9
Bank Debt	(87.8)	(80.8)
Dividend (cents per share)	2.5	-

Adjusted EBITDA and Adjusted NPAT exclude non-trading costs associated with the reverse listing process, share based payments and the revaluation of deferred consideration for acquisitions in the prior period (1H18: \$21.3m).

See the glossary slide for an explanation of non-GAAP information. A reconciliation of non-GAAP to GAAP measures is included in the 1H19 Financial Statements.

TIL Logistics Group has confirmed FY19 guidance to be EBITDA of \$28m to \$32m and NPAT of \$7.8m to \$8.8m, taking into account the higher operating and corporate cost base, the investment into new warehouses and a partial year contribution from new acquisitions.

# 1H19: 1H18 KEY MEASURES



Continuing trend of six month improvement in sales revenue and total income.

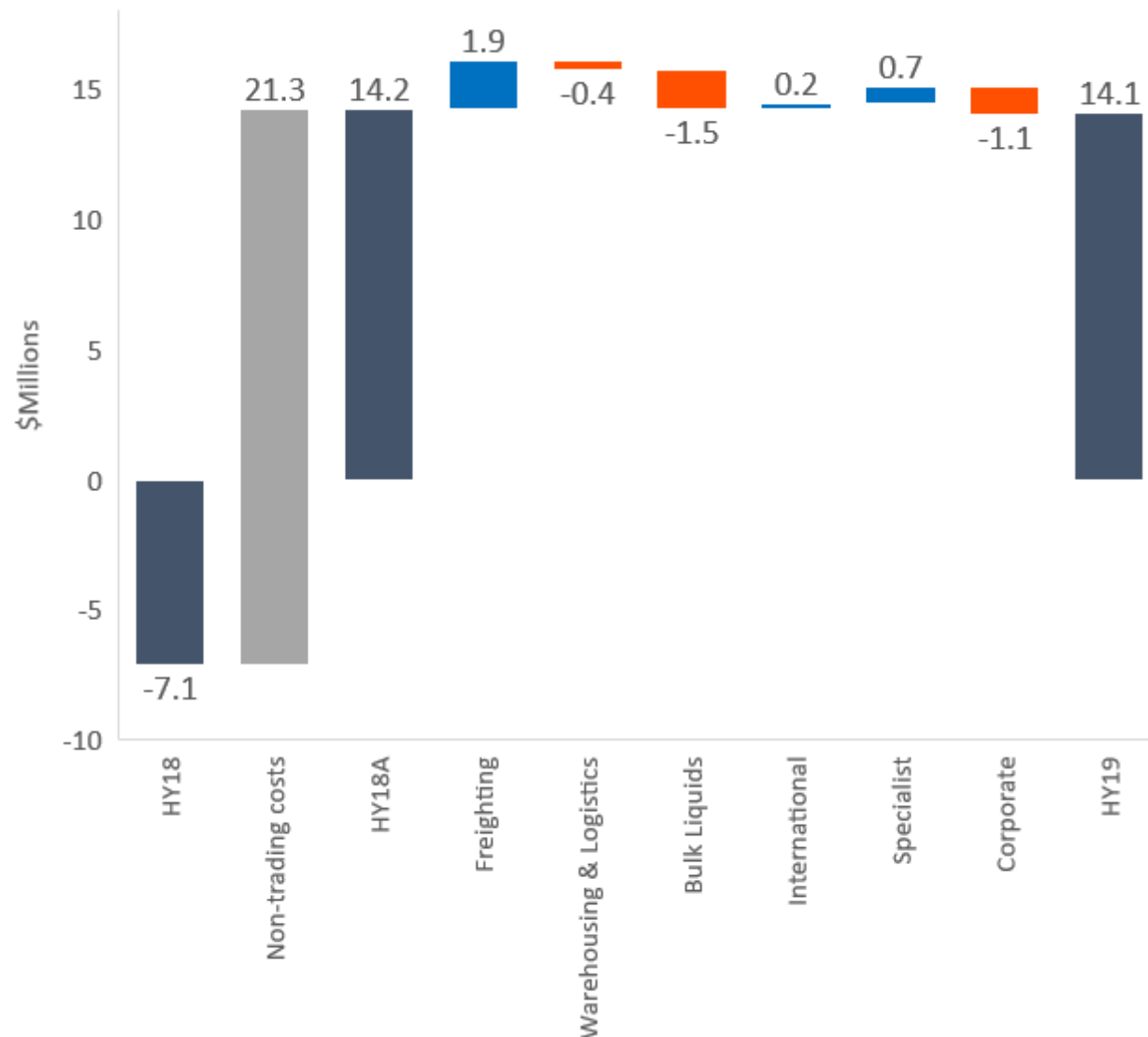
Operating expenses reflect full period of corporate and governance costs (up \$1.1m on 1H18) and higher operating cost base noted in 2H18. Some of the higher fuel costs have been offset through a supply contract with Z Energy as part of the renewed strategic partnership.

EBITDA (adjusted) in line with prior first half year and up on second half of FY18.

NPAT up on preceding six-month period; slightly down on 1H18 reflecting reverse listing in December 2017.

Adjusted EBITDA and Adjusted NPAT exclude non-trading costs associated with the reverse listing process, share based payments and the revaluation of deferred consideration for acquisitions in the prior period (1H18: \$21.3m)

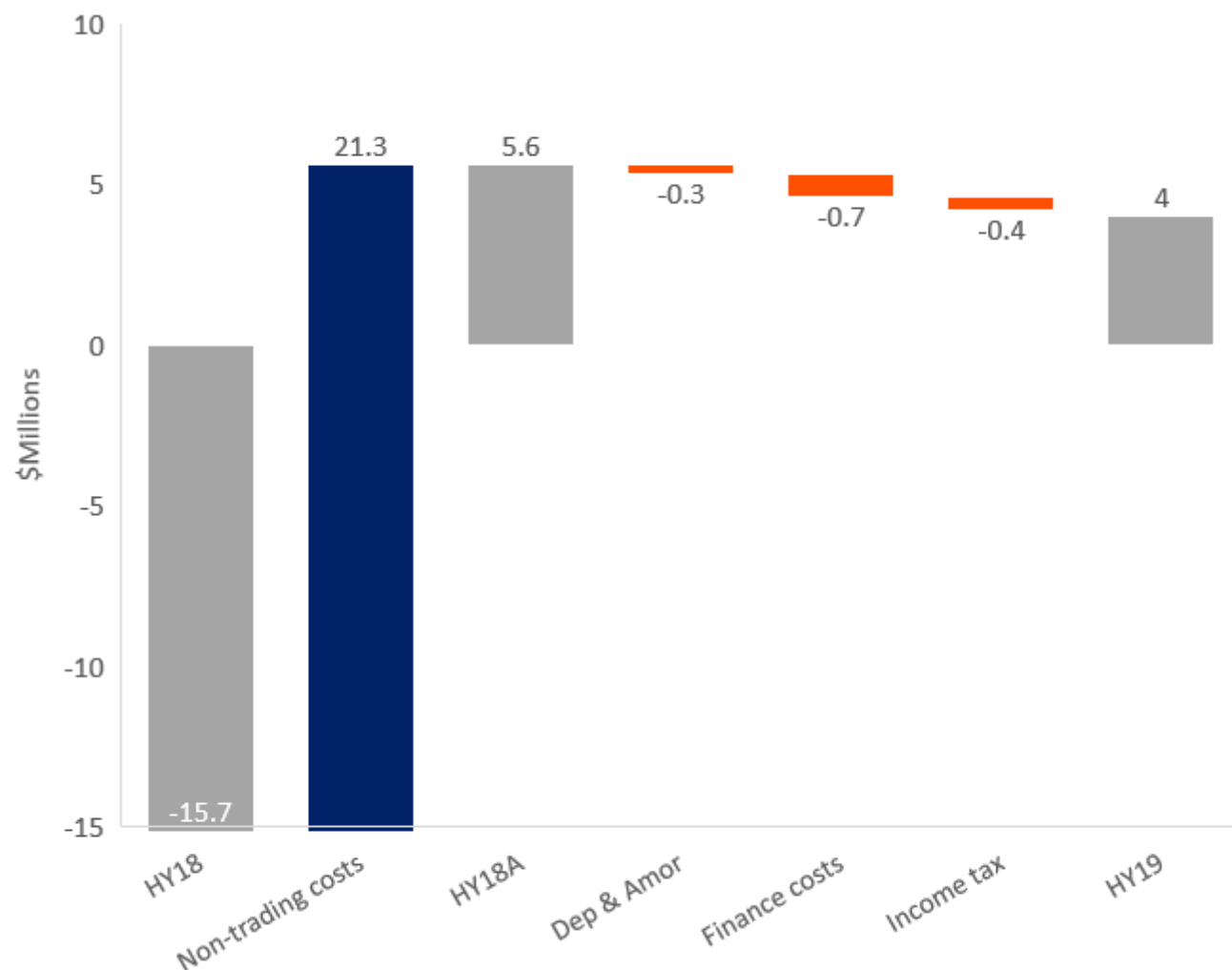
# 1H18: 1H19 EBITDA BRIDGE



**Excluding 1H18 non-trading costs, 1H19 EBITDA was in line with 1H18.**

- Focus on margins generated improving results in Freighting.
- Warehousing & Logistics reflects investment into new and expanded facilities leading to increased property costs, and the closure of a major customer impacting on NZL.
- Bulk Liquids reflects increased cost base, lower consumer demand due to high fuel prices and lower sale proceeds from used trucks. Margins are expected to improve in the second half.
- Positive performance from International and the recently expanded Specialist division.
- Increased corporate and governance costs (up \$1.1m on prior year) reflect a full six-month period as a listed company (compared to one month in 1H18) and the expanded leadership team.

# 1H18: 1H19 NPAT BRIDGE

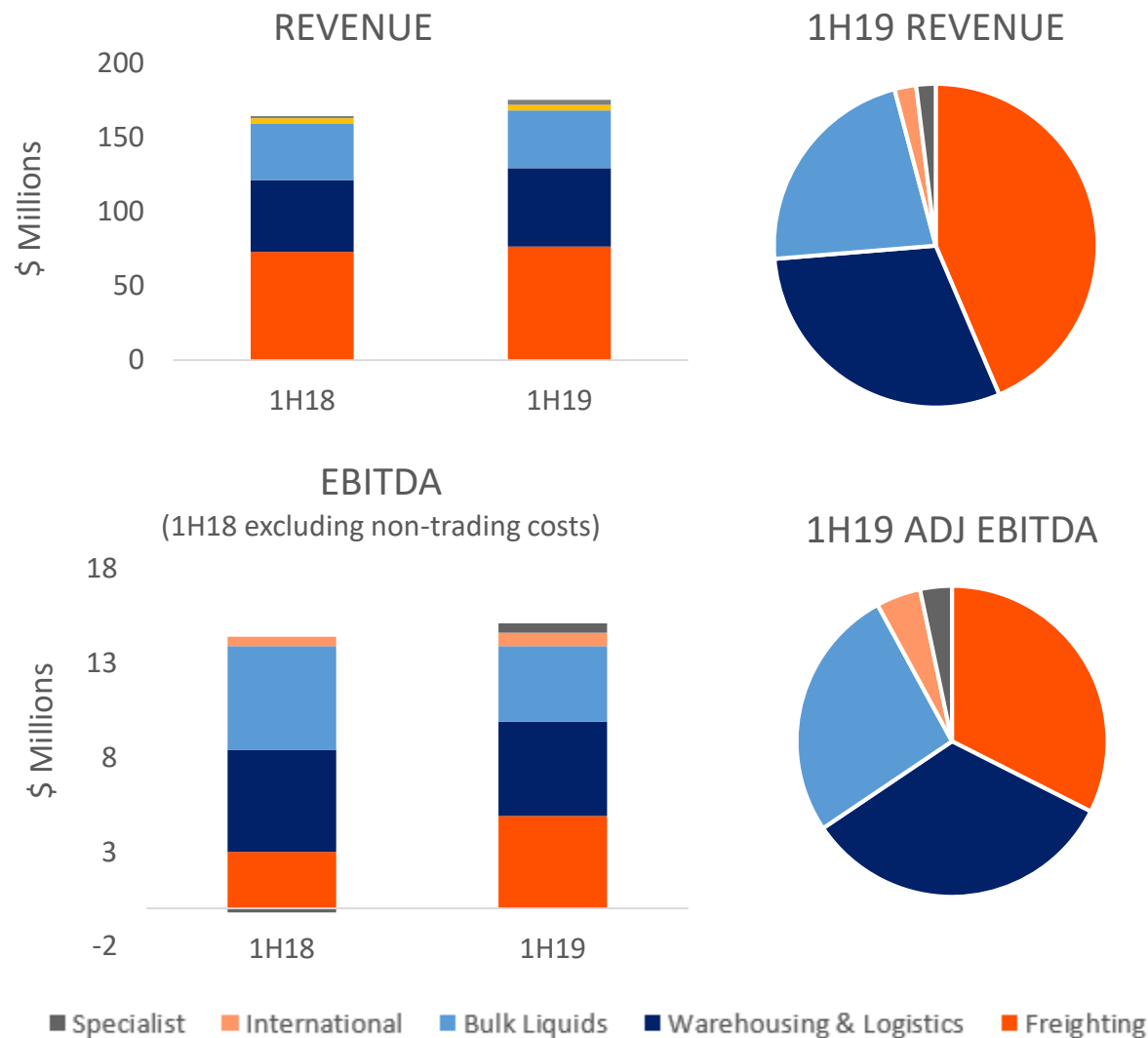


Compared to 1H18, the 1H19 result reflects:

- Increase in depreciation on capital expenditure and the SLTG acquisition, offset by reduction in depreciation on vehicle sale and leaseback programme.
- Finance costs increased due to higher debt levels following the borrowing incurred in December 2017 at the time of the reverse listing, and with ongoing investment into growth initiatives including new warehousing facilities and the acquisition of SLTG.
- The 1H18 result included a \$0.5m prior year tax adjustment.



# BUSINESS DIVISION REVENUE AND EBITDA



Segment reporting has been changed to five divisions to better reflect TIL's business operations.

Freighting, Warehousing & Logistics and Bulk Liquids are the main contributors to the group providing 96% of revenue and 91% of EBITDA.

Specialist and International are niche markets with growth potential.

Increased contribution from Specialist division following SLTG acquisition.

Opportunity to build market share and earnings across all sectors.

# DIVISION PERFORMANCE

---

Freighting

Warehousing & Logistics

Bulk Liquids

International

Specialist

# FREIGHTING

Revenue \$76.4m, +5%

EBITDA \$4.9m, +67%

- Focused effort on margin improvement is delivering stronger result
- Benefit from seasonal pre-Christmas demand for freighting
- Increased lease costs with more trucks now being leased rather than purchased outright
- Opportunity for growth due to market consolidation and through expansion of existing services





# WAREHOUSING & LOGISTICS

Revenue \$52.8m, +9%

EBITDA \$5.0m, -7%

- Slightly down on expectations due to:
  - Bottle necks at the Ports of Auckland which impacted on the flow of goods to Christchurch warehouses
  - A two-month delay in the opening of the new NZL warehouse in Tauranga. Pleasingly this opened on 1 December 2018, in time for the busy season
  - NZL was impacted by the loss of a major customer which closed down in late 2017
- Significant investment in new and expanded facilities will provide substantial capacity for future growth. Capital and set up expense will be incurred in FY19, with revenue upside in subsequent years

The new Rolleston warehouse is due to open its doors in April 2019, providing an additional 10,000 square metres of space





# BULK LIQUIDS

Revenue \$38.9m, +3%

EBITDA \$4.0m, -27%

- Renewal of two key customer contracts – with Z Energy and Farmlands
- Increased cost base to support renewed customer contracts
- More leasing of trucks leading to higher lease costs
- Fewer used trucks on-sold compared to the prior year
- Q1 impacted by lower consumer demand due to higher fuel prices; offset by new contracts with Caltex South Island and Foodstuffs in Q2
- Identified significant opportunity associated with non-fuel Bulk Liquid transport





# SPECIALIST

Revenue \$3.4m, +147%

EBITDA \$0.5m, +308%

Group of businesses specialising in heavy haulage and machinery lifting and transport

- Specialised Lifting and Transport Group acquired in November 2018, contributed \$0.5m EBITDA to the 1H19 result
- On track to realise synergies from 2H19 onwards
- Expanded offer and entry into new sector offers significant opportunity for TIL to grow market share
- Significant projects due to complete in 2H19; emerging opportunity associated with transport for windfarms





# INTERNATIONAL

Revenue \$3.8m, +3%

EBITDA \$0.7m, +29%

International freight forwarding with a specialisation in the oil and gas energy sector, ISO tank leasing and shipping and full agency services

- Positive six months with uplift in Oil & Gas activity in Taranaki
- Increase in revenue from Liquid Logistics due to higher demand for export tank containers
- Large potential market for International with investigations underway





# GROWTH DRIVERS AND OPPORTUNITIES

## **INCREASE SALES AND CUSTOMER DEMAND:**

- Promote TIL's bundled freight and logistics offer to new and existing customers
- Capture a greater proportion of existing customers' supply chains
- Offer specialised services to targeted customers

## **IMPROVE UTILISATION LEVELS OF EXISTING AND NEW NETWORKS:**

- Increase volumes on existing platform with minimal investment
- Strategic investment into expansion to capture current and future demand
- Intermodal expansion – utilisation of rail and coastal shipping

## **MINIMISE COSTS OF SERVICES PROVIDED:**

- Make the most of TIL Logistics' inherent operating leverage
- Leverage technology, exploit available cost efficiencies and scale

## **GROWTH THROUGH ACQUISITION**





# OUTLOOK

Activity levels across the industry remain high and long term outlook is positive

Continue to assess acquisition opportunities with several smaller bolt-on acquisitions currently under consideration

Investing in new warehousing with two more warehouses expected to open in 2H19

Identified growth opportunities in International freight forwarding, and non-fuel Bulk Liquid haulage.

Focus on organic growth - increasing freight volumes, improving utilisation, expanding the offer and driving efficiencies.

FY19 guidance confirmed as EBITDA of \$28m to \$32m and NPAT of \$7.8m to \$8.8m, taking into account the higher operating and corporate cost base, the investment into new warehouses and a partial year contribution from new acquisitions.

*“TIL’s expertise in the freight and logistics sector means we are well set up to meet all our customers’ needs. Our bundled transport and logistics offer is now starting to show dividends, and our market share is growing, with a number of new customers and increasing demand from existing customers.”*





# CONTACT

Alan Pearson

TIL Logistics Group Limited

Chief Executive Officer

Tel: 021 806 678

Email: [alan.pearson@til.kiwi](mailto:alan.pearson@til.kiwi)



# BOARD AND MANAGEMENT

## BOARD

---

- Trevor Janes, Independent Chair
- Greg Kern, Non-executive Director
- Lorraine Witten, Independent Director
- Danny Chan, Independent Director
- Jim Ramsay, Executive Director

TIL Logistics' Board comprises highly experienced Directors with particular strength in corporate governance and oversight of growing companies.

## GROUP EXECUTIVE TEAM

---

- Alan Pearson, CEO
- Lee Banks, CFO
- Deana Barnard, Group HR Manager
- Maurice Corkery, CIO
- Alan Terris, GM Group Marketing

### **Divisional CEOs**

- Stephen Owles, DCEO Bulk Liquids
- Jon Kyle, DCEO TIL Freight
- Clayton Imbs, DCEO International
- Richard Mather, DCEO Warehousing & Logistics
- Warwick Bell DCEO, Specialist Lifting

# GLOSSARY

- **Non-GAAP financial information:** TIL Logistics Group uses several non-GAAP measures when discussing financial performance. These include Earnings Before Interest, Tax, Depreciation and Amortisation, Share of (Loss)/Profit of Associates and Impairment of Goodwill (EBITDA), adjusted EBITDA excluding non-trading costs and adjusted Net Profit/Loss After Tax (NPAT/NLAT) excluding non-trading costs. Management believes that these measures provide useful information on the underlying performance of TIL Logistics' business. Reconciliations of the non-GAAP measures to GAAP measures, can be found in TIL Logistics Group's Financial Statements that are available on the company's website.
- **EBITDA** refers to Earnings Before Interest, Tax, Depreciation and Amortisation excluding income from associates. EBITDA is a non-GAAP profit measure.
- **NPAT/NLAT** refers to net profit/loss after tax.
- **Adjusted EBITDA/Adjusted NPAT:** Removes the impact of non-trading costs. The Board believes this provides a better reflection of the company's underlying performance.



# DISCLAIMER

This presentation has been prepared by TIL Logistics Group Limited (“TLL”). The information in this presentation is of a general nature only. It is not a complete description of TLL.

This presentation is not a recommendation or offer of financial products for subscription, purchase or sale, or an invitation or solicitation for such offers.

This presentation is not intended as investment, financial or other advice and must not be relied on by any prospective investor. It does not take into account any particular prospective investor’s objectives, financial situation, circumstances or needs, and does not purport to contain all the information that a prospective investor may require. Any person who is considering an investment in TLL securities should obtain independent professional advice prior to making an investment decision, and should make any investment decision having regard to that person’s own objectives, financial situation, circumstances and needs.

Past performance information contained in this presentation should not be relied upon as (and is not) an indication of future performance. This presentation may also contain forward looking statements with respect to the financial condition, results of operations and business, and business strategy of TLL. Information about the future, by its nature, involves inherent risks and uncertainties. Accordingly, nothing in this presentation is a promise or representation as to the future or a promise or representation that an transaction or outcome referred to in this presentation will proceed or occur on the basis described in this presentation. Statements or assumptions in this presentation as to future matters may prove to be incorrect.

A number of financial measures are used in this presentation and should not be considered in isolation from, or as a substitute for, the information provided in the TLL Listing Profile.

TLL and its related companies and their respective directors, employees and representatives make no representation or warranty of any nature (including as to accuracy or completeness) in respect of this presentation and will have no liability (including for negligence) for any errors in or omissions from, or for any loss (whether foreseeable or not) arising in connection with the use of or reliance on, information in this presentation.