

TIL LOGISTICS DELIVERS SALES UPLIFT IN ALL SECTORS FOR HALF YEAR

For the six months to 31 December 2018 (1H19)

- TIL Logistics Group has delivered a period of business growth with increasing sales across all business sectors.
- Excluding 1H18 non-trading costs, 1H19 EBITDA was in line with the previous first half year as expected, despite a continuation of the higher operating costs noted in 2H18, increased corporate costs following the reverse listing and ongoing investment in growth initiatives and acquisitions which will provide long term value for TIL.
- The company has reported a 1H19 NPAT of \$4.0m reflecting a full period of operation as a listed company and associated costs, increased interest expense due to higher debt levels post the reverse listing, and interest and depreciation expenses associated with the acquisition of Specialised Lifting and Transport Group in November 2018.
- The Board is confident in the company's progress and strategy and has declared a half year dividend of 2.5 cents per share.
- The company has confirmed it remains on track to achieve FY19 guidance of EBITDA of \$28m to \$32m and NPAT of \$7.8m to \$8.8m.

\$Millions	1H19	1H18 ¹
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	-

New Zealand freight and logistics company, TIL Logistics Group Limited (NZX: TLL, "TIL"), has reported a period of business growth and increasing sales as it benefits from its bundled transport and logistics offer.

This is the first time the company has reported on a full first-half period as a listed company, following the completion of the reverse listing in December 2017. Highlights for 1H19 include the renewal of two significant customer contracts (with Z Energy and Farmlands), acquisition of Specialised Lifting and Transport Group (SLTG), the establishment of the Senior Leadership Team, investment in new warehouse capacity and organic business growth.

¹ 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)

Sales revenue and total income continued to trend upwards, with particularly strong sales performances from Freight and Warehousing & Logistics due to high pre-Christmas demand for both transport and warehousing across New Zealand, as expected. A two-month contribution was received from SLTG following its acquisition in November 2018, which included the usual seasonal slowdown in December.

Compared to 1H18, the 1H19 result reflects a full period of operation as a listed company, with a full six months of corporate costs (up \$1.1m on 1H18), including the expanded leadership team and increased governance costs.

The increased operating costs noted in 2H18 have continued into this year and continue to rise at a faster rate than CPI. As previously advised, changes in the operating environment have seen higher fuel prices, road user charges and regional fuel taxes, increased wage costs and higher costs for parts and equipment due to the lower exchange rate. TIL has offset some of the higher fuel costs through a supply contract with Z Energy as part of the renewed strategic partnership.

In addition, TIL's own growth initiatives as well as operational changes have seen an increase in property rent costs, wages and fleet lease costs. In particular, the expansion of warehousing facilities has seen property costs increase, however, the company now has substantial additional capacity to meet future demand. TIL is also leasing more trucks rather than buying them, which has seen lease costs increase, and is benefitting from the establishment of an expanded Senior Leadership Team during the period including the creation of new CEO, CIO and Group HR roles.

Despite the additional costs (and excluding FY18 non-trading costs), 1H19 EBITDA was in line with the previous year.

Debt levels increased following the borrowing incurred in December 2017 at the time of the reverse listing, and with ongoing investment in growth initiatives including new warehousing facilities and the acquisition of SLTG. The 1H18 result also included a \$0.5m prior year tax adjustment.

TIL has reported a 1H19 net profit after tax of \$4.0m as it continues to increase sales and invest in growth initiatives which will provide long term value.

The Board remain confident in the company's progress and strategy and has declared a half year fully imputed dividend of 2.5 cents per share.

Outlook

With growing demand for professional and expert transport and logistics solutions, TIL is well positioned to take advantage of market dynamics and growth opportunities. Management will continue to focus on growing the business, both by strengthening existing services and entering new sectors.

Several smaller bolt-on acquisitions are currently under consideration and TIL is investing in five new warehousing facilities to meet future demand. One warehouse at Tauranga opened at the start of December 2018 while two more warehouses in Christchurch and Auckland will open from April 2019, with a further two by the end of 2019. The company has also identified growth opportunities in International freight forwarding, and non-fuel Bulk Liquid haulage.

Second half performance is expected to be in line with the first half. The company confirms 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.

CEO of TIL, Alan Pearson, said: "Customers are increasingly demanding a transport and logistics partner who can provide a safe and sustainable New Zealand-wide transport, storage and metro delivery service. 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.

"With our scale, reach, and depth of experience, we can work our assets and networks more efficiently and manage our costs. We have the financial strength to expand by acquisition where it adds long term value and we remain focused on growing our existing businesses by building our customer base and providing a wider range of services."

ENDS

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About TIL Logistics Group Limited (TLL)

TLL is one of the largest domestic freight and logistics businesses in New Zealand, with a nationwide network of branches, depots and warehouses. TLL's activities include transporting and warehousing freight throughout New Zealand and co-ordinating freight movements offshore with the assistance of international alliances. TLL also has a specialist Bulk Liquids division which is one of the largest operators in the New Zealand fuel delivery market.