

# TIL LOGISTICS GROUP LIMITED

**ANNUAL SHAREHOLDERS' MEETING  
26 OCTOBER 2018**



# 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.

## EXECUTIVE LEADERSHIP

---

- Alan Pearson, CEO  
Alan has over 35 years commercial experience in both public and private companies, including ten years as Managing Director of Halls Group Limited, which is one of New Zealand's largest transport & logistics companies (primarily involved with temperature controlled supply chains for both domestic and export food markets)
- Greg Whitham, CFO
- Alan Terris, International & Group Marketing Director



# BECOMING A LEADING NZ TRANSPORT & LOGISTICS COMPANY

- 1869 – John Hooker sets up business as an “Ox Conductor”. Buys an express  
1925 (wagon) and 2 horses and set up as a General Carrier. In 1883, begins shipping agency work for Northern SS Co Buys first motor Truck in 1916.
- 1925 Hooker Bros Ltd is formed
- 1936 Last horses replaced by trucks. By 1952, the fleet is 16 lorries with a staff of 26
- 1976 Sold/Merged with TNL (Newman's Group)
- 1987 - Newmans sell Freight companies to Transpac. In 1988, Transpac goes  
1988 broke
- 1989 Hooker Bros bought back by Taranaki owners
- 1989 - Ongoing M&A activity to build a leading position in the New Zealand  
2017 transport sector
- 2017 Establishes strong presence in the logistics sector, creating an end to end customer supply chain
- Dec 2017 Listed on NZX via a reverse listing with Bethune Investments.



# JOINING THE NZX

- Long term exit strategy for founders, that would ensure the continuance and growth of the company and attract a professional Executive Team to lead the company into the future
- **Alternatives to listing:** Continue as private – not practical; Dismantle and sell – reluctant; Sell group – Trade and Private Equity interest
- Comprehensive process undertaken to consider alternatives and complete reverse listing
- **Reverse listing met the partner and company's needs:** Allows for controlled exit for partners; Ability to attract highly experienced CEO and Directors; More robust governance model; Allows for staff participation; Opens up the business to other interested parties

## THE RESULT

- A listed entity – anyone can share in the fortunes of TIL Logistics Group
- Platform which enables the future growth of the company
- We remain New Zealand owned and operated and in control of our destiny







## TIL LOGISTICS GROUP

- One of New Zealand's largest domestic freight and logistics platforms
- Nationwide network of branches, depots and warehouses with 60 locations and over 185,000m<sup>2</sup> of warehousing space
- Dedicated team of over 1,700 employees and contractors
- Fleet of some 930 trucks, 1,216 trailers, 310 forklifts and 179 light vehicles with the acquisition of Specialised Lifting and Transport Group
- Operates one of the largest petroleum product Dangerous Goods (DG) road tanker fleets in the country



# GROWTH DRIVERS AND OPPORTUNITIES

## **INCREASE THE VOLUME OF FREIGHT TRANSPORTED BY TIL:**

- Selectively target new customers that align with TIL Logistics' platform
- Capture a greater proportion of existing customers' supply chains

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

- Increase volumes on existing platform with minimal investment
- Intermodal expansion – utilisation of rail and coastal shipping

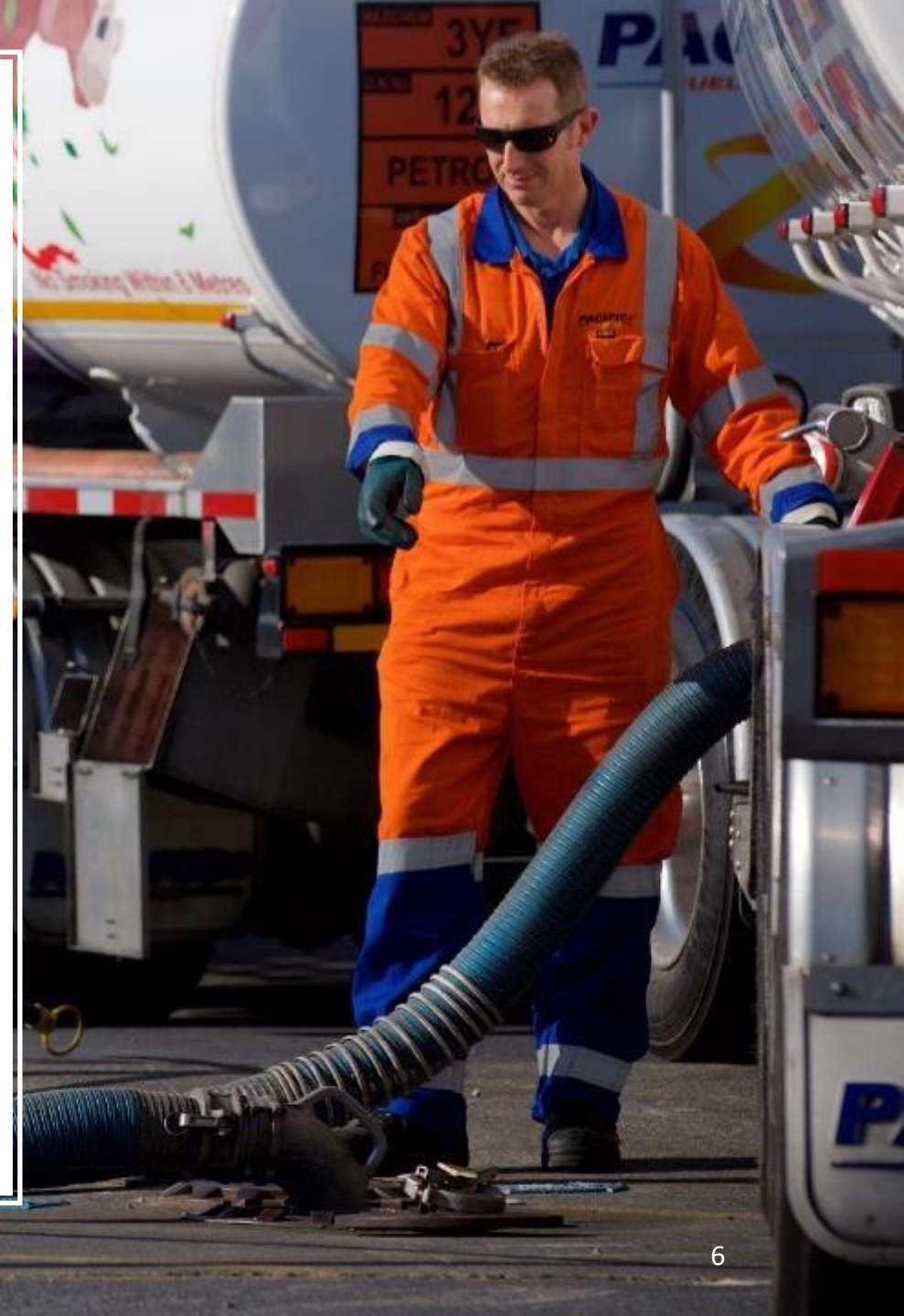
## **OFFER CUSTOMERS A BROADER RANGE OF SERVICES:**

- Ability to offer a full range of logistics services

## **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**



# Management Presentation

---

Alan Pearson

# FY18 KEY EVENTS

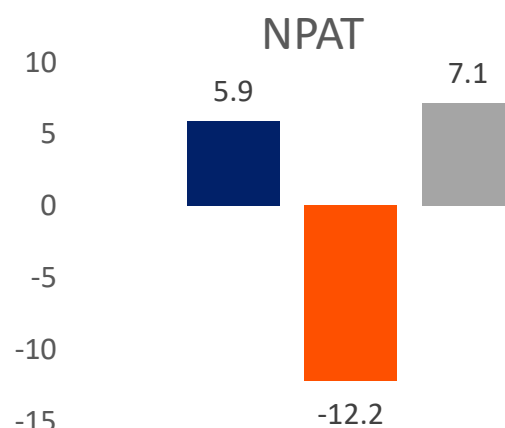
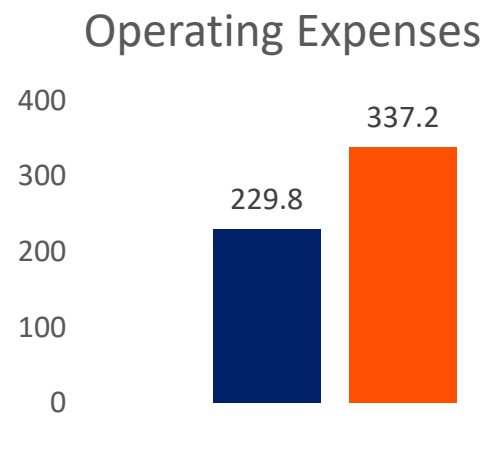
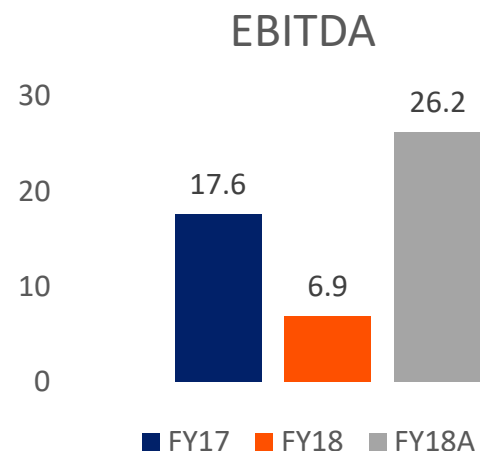
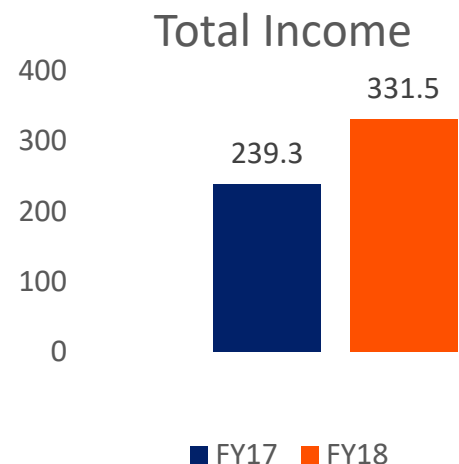
**Busy year with highlights being the successful reverse listing transaction and expansion of Logistics division**

- Significantly expanded Warehousing and Logistics offer - successful integration of acquired businesses
- Implemented a new Warehouse Management System throughout MOVE sites
- Negotiated a number of major new customer contracts (including renewal of partnership with Z Energy post-year end)
- Continued to upgrade the Fleet with around 90 new vehicles, including trucks and trailers, entering the operation
- Completed reverse listing on 6 December 2017, changed name to TIL Logistics Group Limited (NZX: TLL) and appointment of a new Board including three independent Directors
- Alan Pearson commenced as the new TIL Logistics Group CEO from March 2018
- Year on year uplift in results, mainly driven by acquired businesses, however down on PFI due to increased operating expenses and other business and operational factors not included in PFI



# YEAR ON YEAR UPLIFT

On an adjusted basis excluding non-trading costs



**Total income \$331.5m**

**Sales revenue \$325.6m, up 38% YoY**

Strong sales in 1H18 carried through into 2H18

Reflects benefit of new business acquisitions and expanded Logistics offer

**EBITDA \$6.9m**

Operating expenses impacted by rising fuel prices, increased wage and rent cost and higher fleet lease costs

**Adjusted EBITDA\* \$26.2m, up 49% YoY**

**NLAT \$(12.2)m**

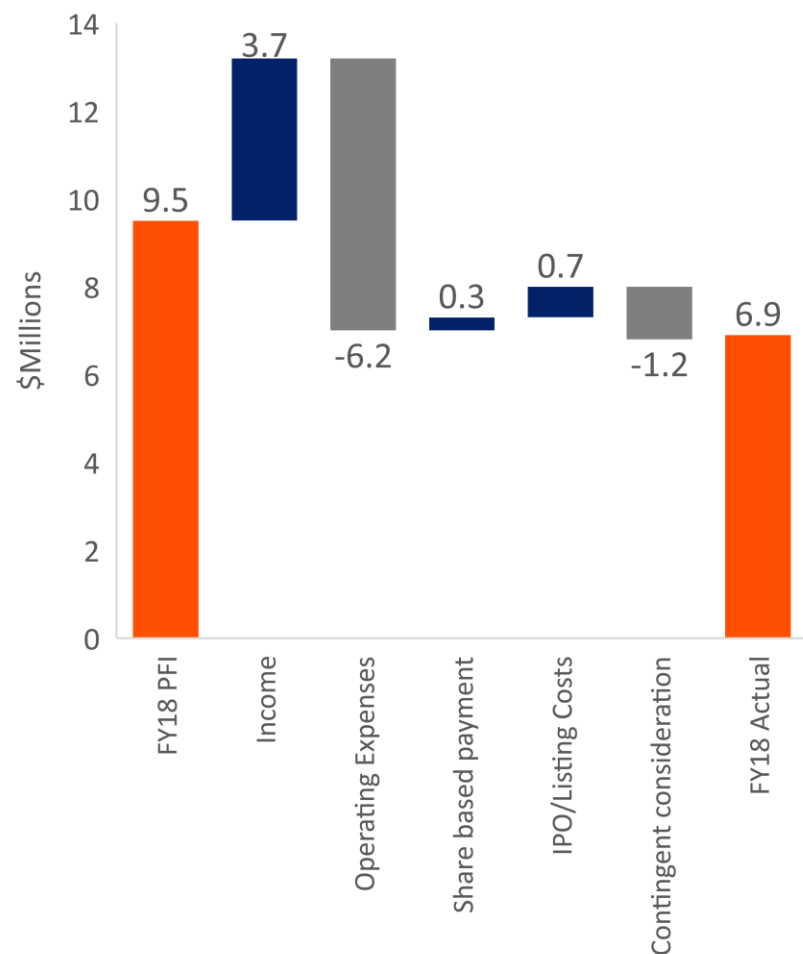
**Adjusted NPAT\* \$7.1m, up 20% YoY**

**Dividend 2.3 cents per share for second six months of FY**

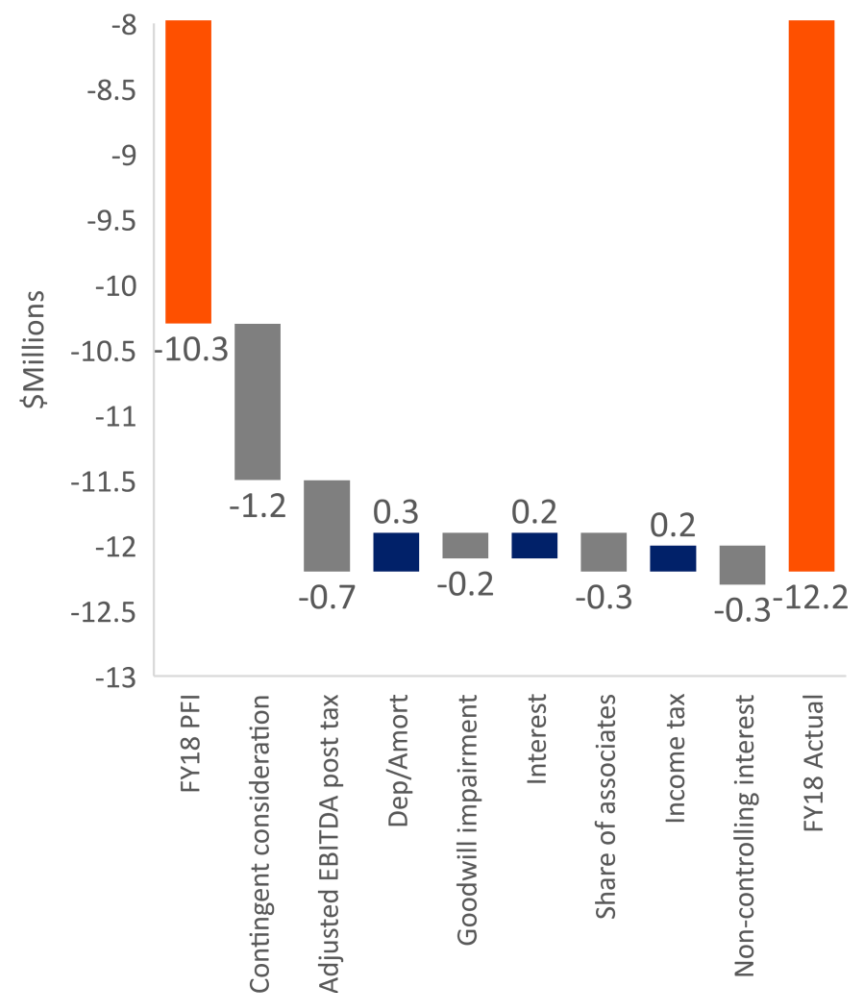
- Non-trading costs of \$6.5m associated with the reverse listing process and \$11.6m in share based payments (as noted in the PFI) and \$1.2m relating to revaluation of deferred consideration for acquisitions in the prior period.
- See the glossary slide for an explanation of FY18 EBITDA, adjusted EBITDA and adjusted NPAT.
- Non-GAAP information: A reconciliation of non-GAAP to GAAP measures is included in the FY18 Financial Statements.

# FY18 PFI TO REPORTED EBITDA AND NPAT

FY18 PFI: FY18 REPORTED EBITDA  
BRIDGE



FY18 PFI: FY18 REPORTED NPAT  
BRIDGE

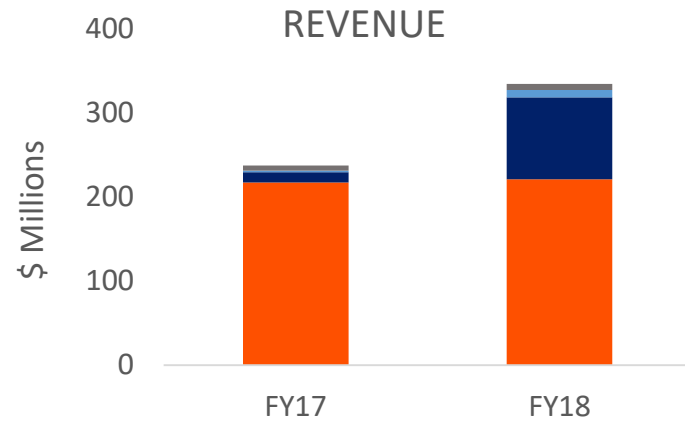


**Operating expenses were higher than PFI forecast due to:**

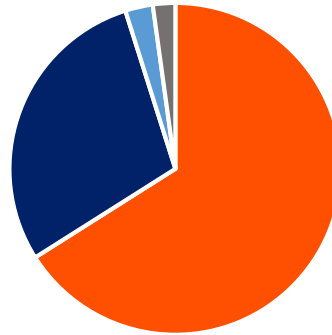
- Rising fuel prices;
- Increased wage costs as an acute shortage of drivers has led to increased wage rates across the industry;
- Increased property rent costs reflecting additional warehouse capacity; and
- Higher fleet lease costs with TIL now leasing more trucks rather than purchasing them outright.



# SEGMENT REVENUE AND EARNINGS

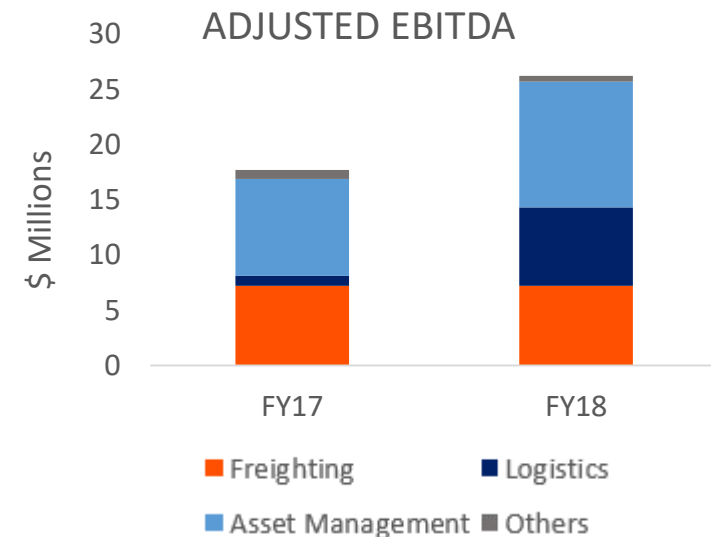


**FY18 REVENUE**

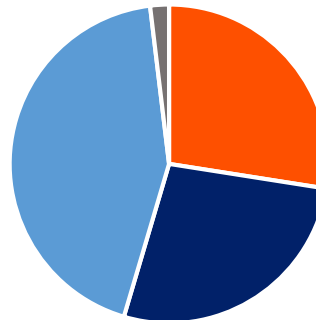


**Freighting:** Solid performance from existing businesses. Initiatives in place to drive sales growth

**Logistics:** Primarily comprises NZL Group and Move Logistics, acquired in late FY17, both of which are performing well



**FY18 ADJ EBITDA**



**Asset Management:** Earnings generated from leasing of trucks and trailers to TIL Logistics businesses

**Other:** Includes small contribution from freight forwarding services.

# THE TRANSPORT AND LOGISTICS SECTOR

---

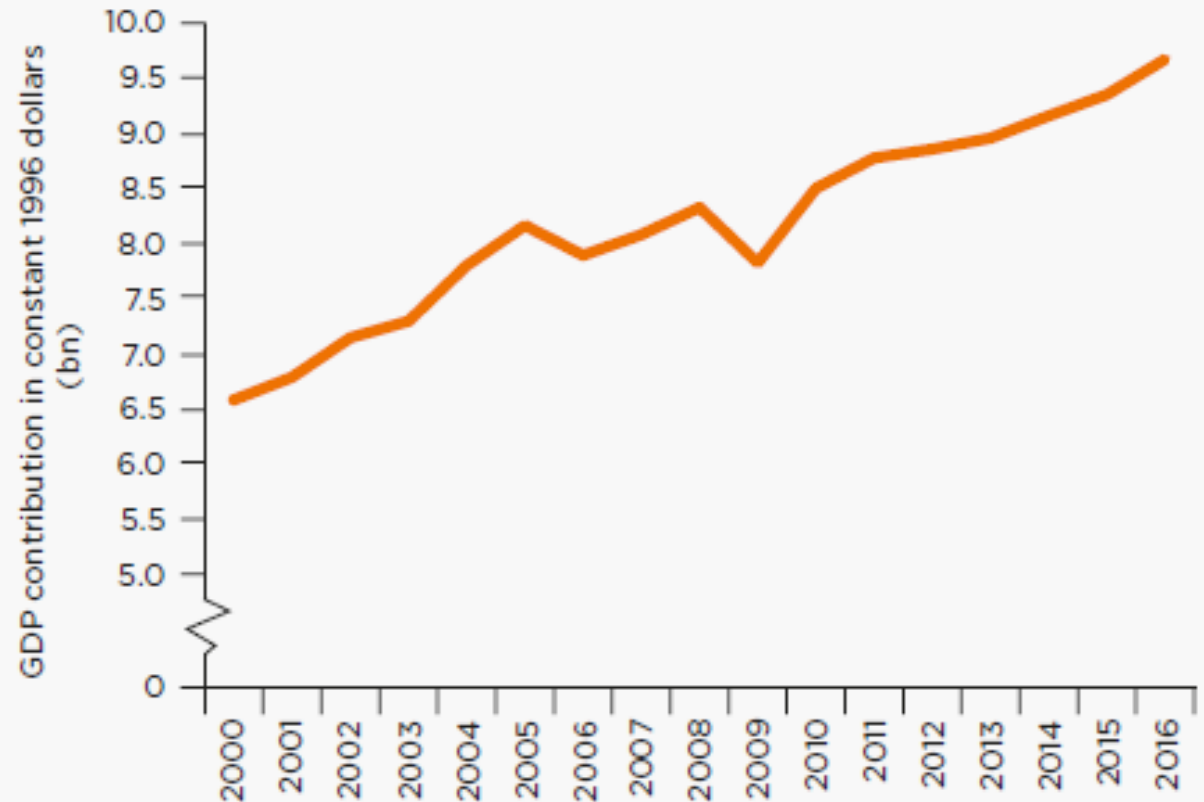


# THE SECTOR

- Highly competitive with a large number of operators
- Amount of freight activity in New Zealand is principally driven by:
  - the level of business activity or GDP
  - international trade in and out of New Zealand
  - overall population levels.
- Trend for businesses to utilise third party logistics (3PL) providers
- RBNZ anticipating 2.6% growth in 2018 increasing to >3% growth per annum in GDP in 2019 and 2020

Reserve Bank of New Zealand Monetary Policy Statement, August 2018

## TRANSPORT AND LOGISTICS INDUSTRY GROWTH

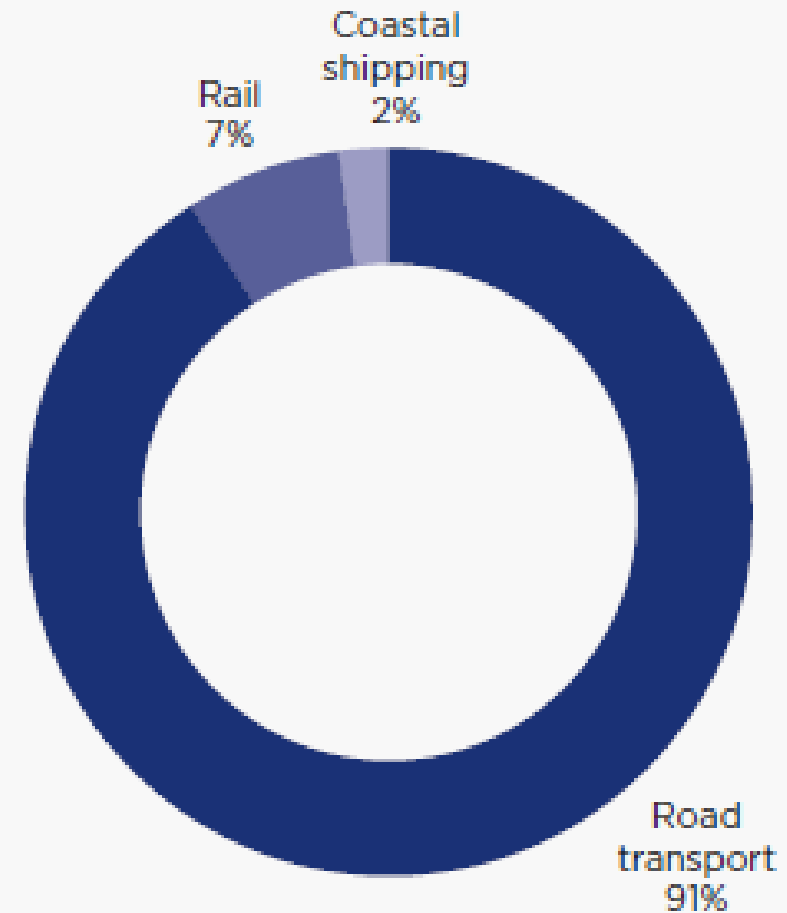


Source: Ministry of Transport

# NEW ZEALAND FREIGHT BY MODE

- Primary mode of freight in New Zealand is by road
- TIL primarily utilises road transportation but can utilise rail or coastal shipping for freight transport where it makes economic sense
- Road freight is expected to increase by almost 60% over the next 30 years

National Freight Demand Study 2014



Source: National Freight Demand Study 2014.



# WAREHOUSING AND THIRD PARTY LOGISTICS

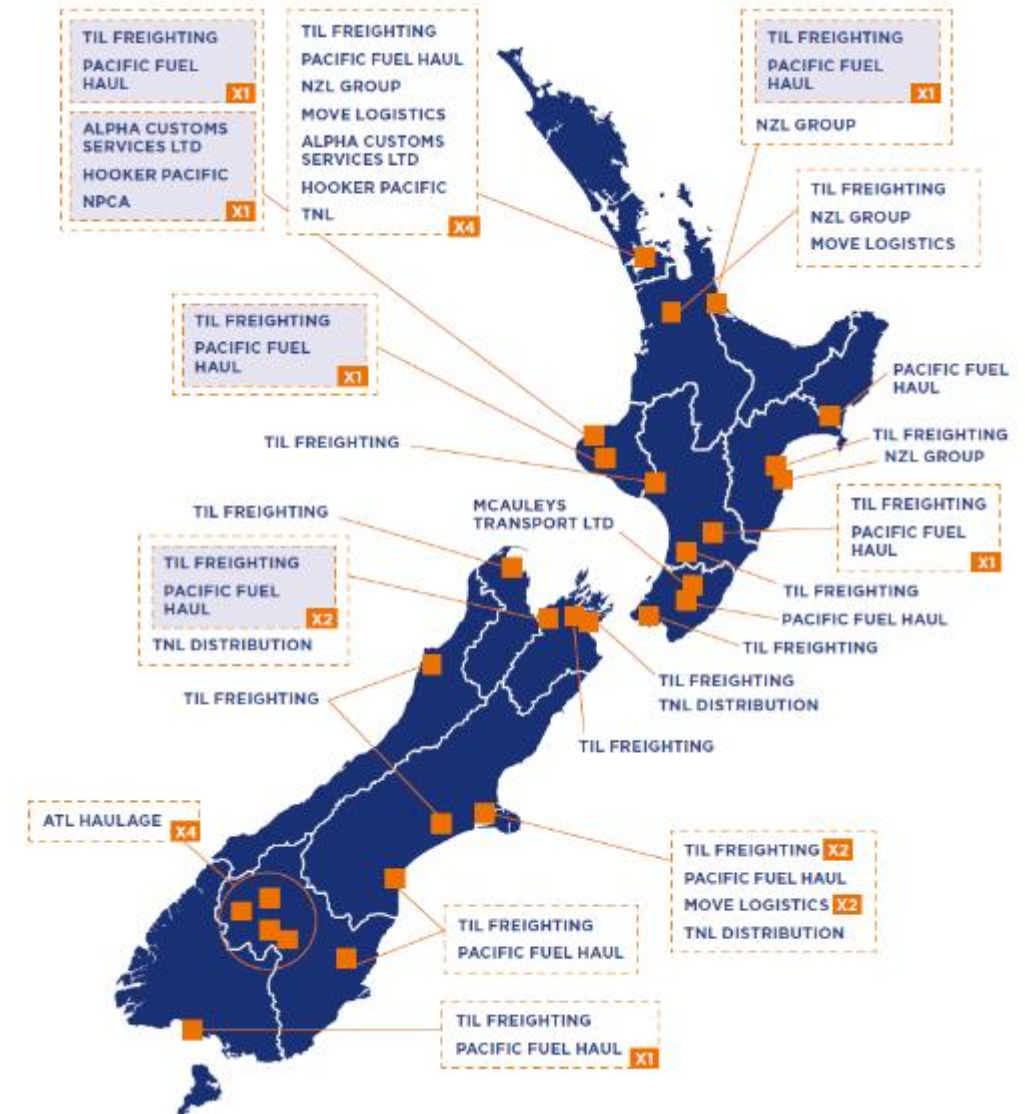
- An increasingly important part of the transport picture, particularly in NZ
- Growing demand for full services 3PL providers
- 3PL services include transportation, warehousing, cross-docking, inventory management, packaging and freight forwarding





# TIL'S STRENGTHS

- Diverse customer base and sector activities create broad-based exposure to economic growth
- Nationwide network built on foundations of regional strength
- One of only a few operators providing a comprehensive nationwide service offering
- End to end transport and logistics supply chain solutions
- Leading market positions in niche sectors such as dangerous goods and specialised transport
- The heritage of TIL's brands contributes to strong customer loyalty across multiple regions





# FREIGHTING

**TIL Logistics is one of the largest freight transport companies in New Zealand and has a nationwide network with regional strength and speciality services**

## OPPORTUNITIES:

- Grow the client base
- Expansion of specialist trucking operations
- Develop new services within the Group
- Increase the number of owner-operators within the fleet

## FY19 INITIATIVES:

- Continue to grow the client base
- Focus on cost reduction, efficiency and waste minimisation projects including careful management of rising wage and fuel costs
- Investigating opportunities to develop new services within the Group. Focus on expansion of specialist trucking operations – recent acquisition of Specialised Transport and Lifting Group
- Increase the number of owner-operators within the fleet
- Initiatives are in place to drive productivity improvements, with benefits expected to flow through in FY19.

FY18 Revenue \$220.8m  
(68% of group revenue)

FY18 Adjusted EBITDA  
\$7.2m



# SPECIALISED LIFTING AND TRANSPORT GROUP

- Tranzcarr Heavy Haulage – movement of heavy and over-dimensional items throughout NZ and overseas
- With Multi-Trans HeavyHaul, makes TIL Logistics one of the leading heavy haul providers in NZ
- Machinery Movers – extraction, transportation and installation of large machinery. New opportunity for the company
- Machinery Specialists– advisory services
- Currently generating annualised revenue of \$15 million





# PACIFIC FUEL HAUL

- One of the largest operators in the New Zealand fuel delivery market
- Specialist fuel distribution equipment, highly trained and Dangerous Goods certified staff



# INTERNATIONAL FREIGHTING

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

## OPPORTUNITIES:

- Growth organically or by acquisition
- Objective to materially increase TIL International's earnings and consequently drive increased volume through the TIL network

TNL International was heavily involved in shipping in containers from Lisbon, Cape Town, Melbourne and Hong Kong during the Volvo Ocean Race, and shipping them back out to Philadelphia, Gothenburg, Punta Arenas and Brazil for the next stages.





# LOGISTICS

**TIL Logistics' expanded warehousing offering provides tangible opportunities for increased customer engagement and growth**

## OPPORTUNITIES:

- Grow customer base
- Acquisition of complementary bolt-on businesses
- Cross sell 3PL offer within the Group

## FY19 INITIATIVES:

- Continue to attract and retain customers
- Expect to realise benefits from new customer contracts in FY18 including Ports of Auckland and Lyttelton Port
- Three new warehouse openings planned for FY19, taking total capacity to 195,000m<sup>2</sup>



Revenue \$97.3m (30% of group revenue)  
Adjusted EBITDA \$7.1m



## ASSET MANAGEMENT

Comprises the majority of the Group's trucks and trailers. Revenue generated from leasing of assets to TIL Logistics Group businesses

- Increased assets and earnings reflecting expanded TIL Logistics Group portfolio of businesses
- MOVE's Southern Fleet Lease company added in FY18

FY18 Adjusted EBITDA \$11.4m





# THE OPPORTUNITY FOR TIL

- Leverage scale and nationwide network
- Diverse exposure to NZ industry – grow our presence across a number of different sectors
- End to end supply chain offer
- Strength in niche positions eg Dangerous Goods
- Significant opportunity for continued growth, both organic and by acquisition





# 2017 Climate Change Statement

For the generations after us, for the country we love, for the viability of our businesses, we are ambitious for action on climate change. If we act now we can forge a path to create a future that is low-emission, positive for our businesses and economy, and inclusive for all New Zealanders. We are committed to playing our part to make that future real. If we don't, our competitiveness is at risk.

We take climate change seriously in our business:

- We measure our greenhouse gas emissions and publicly report on them
- We set a public emissions reduction target consistent with keeping within 2° of warming
- We work with our suppliers to reduce their greenhouse gas emissions

We believe the transition to a low emissions economy is an opportunity to improve New Zealand's prosperity:

- We support the Paris Agreement & New Zealand's commitment to it
- We support introduction of a climate commission and carbon budgets enshrined in law





# HIRINGA ENERGY

## ZERO EMISSION ENERGY



Zero tailpipe emissions



Lower running costs



Quick refuelling



Instant torque



Less maintenance and longer vehicle life



High vehicle availability



Use renewable energy



Quiet



Efficient



# OUTLOOK

FY19 EBITDA expected to be between \$28m and \$32m

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

Additional \$2.5m in costs and investments expected in FY19, compared to PFI

- Commissioning of three new warehouses for MOVE
- Investment into technology, people, health & safety
- Additional fleet leasing

Half yearly dividend payments expected to continue in FY19, in line with dividend policy

Continue to assess acquisition opportunities

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

*"There is growing demand for high quality, end to end freight and logistics supply chain solutions, and TIL has the reputation, expertise and capability to take advantage of this."*

Trevor Janes, Chairman



# SHAREHOLDER DISCUSSION

---

# RESOLUTIONS

---



# RESOLUTIONS

## AUDITORS

- RESOLUTION 1: That the Directors be authorised to fix the fees and expenses of PricewaterhouseCoopers as the Company's auditor.

## DIRECTOR ELECTIONS

- RESOLUTION 2: That Trevor Janes, who retires as a Director in accordance with the Company's constitution and, being eligible, offers himself for election by shareholders, be elected as a Director of the Company.
- RESOLUTION 3: That James Ramsay, who retires as a Director in accordance with the Company's constitution and, being eligible, offers himself for election by shareholders, be elected as a Director of the Company.
- RESOLUTION 4: That Gregory Kern, who retires as a Director in accordance with the Company's constitution and, being eligible, offers himself for election by shareholders, be elected as a Director of the Company.
- RESOLUTION 5: That Lorraine Witten, who retires as a Director in accordance with the Company's constitution and, being eligible, offers herself for election by shareholders, be elected as a Director of the Company.
- RESOLUTION 6: That Danny Chan, who retires as a Director in accordance with the Company's constitution and, being eligible, offers himself for election by shareholders, be elected as a Director of the Company.

# OTHER BUSINESS

## CLOSE OF THE MEETING

---

Results of the voting will be released to the NZX

Presentations available online at [www.til.kiwi](http://www.til.kiwi)

# GLOSSARY

- **Pro forma historical financial information** has been sourced from audited and unaudited financial statements and management reports that are available on the TIL Logistics Website under Investor Centre/TIL Transaction. Details of consolidation and other pro forma adjustments can be found in the Supplementary Financial Information on the TIL Logistics website under Investor Centre/TIL Transaction.
- **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 FY18 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 and pro forma EBITDA are non-GAAP profit measures. TIL considers that pro forma EBITDA, which normalises performance for certain structural changes within the business and removes the impact of a number of non-recurring items, allows for a better comparison of operating performance over the historical and PFI period and for comparison with that of other company. Reconciliations between pro forma EBITDA and GAAP profit measures are contained within the Supplementary Financial Information.
- **FY18 EBITDA** is Earnings Before Interest, Tax, Depreciation and Amortisation, Share of (Loss)/Profit of Associates and Impairment of Goodwill (EBITDA)
- **NPAT/NLAT** refers to net profit/loss after tax. Pro forma NPAT in FY2015-FY2018F represents NPAT after allowing for pro forma adjustments as discussed under the heading "Financial Information Presented" above. There are no pro forma adjustments included in the FY2019F NPAT. Pro forma NPAT is a non-GAAP measure. Reconciliations between pro forma NPAT and GAAP profit measures are contained within the Supplementary Financial Information.
- **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.
- **Pro forma net cash flows from operating activities** is a non-GAAP profit measure. Pro forma net cash flows from operating activities have been calculated as net cash flows from operating activities adjusted for the cash impact of the pro forma adjustments. The Supplementary Financial Information contains reconciliations between pro forma net cash flows from operating activities and GAAP profit measures.



# 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 (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.