TIL LOGISTICS 2018 ANNUAL SHAREHOLDERS' MEETING

26 October 2018

Trevor Janes, Chairman

SLIDE 1. WELCOME

Good afternoon everyone. I'm Trevor Janes, Chairman of your company. Thank you for coming along to our first annual meeting as a listed company.

Before we get going, there are a few formalities I need to run through.

The closest emergency exit is in the far right corner of the conference room. The door leading out to the deck can be used to exit also. Please meet at the assembly point across the road on the corner of Hobson Street.

Restrooms are down the stairwell and to your right.

Now, I'm aware it's after 4 o'clock on a Friday afternoon, so we'll try to be as brief as possible.

Today, you'll hear from both myself and our CEO, Alan Pearson, on our company and the opportunities for our growth.

There will then be an opportunity for questions about the presentation. Please note that the only persons entitled to speak at the meeting are shareholders, proxy holders or corporate representatives of a shareholder.

We'll then move to the formal part of the meeting and the resolutions. Once the voting is completed and the meeting concluded, we invite you to stay and join the Board and management for refreshments.

You'll see we've brought along one of our driver training simulators. When we're through here, I invite you to test your truck-handling skills on it without 20 tonnes piling along behind you.

I would particularly like to welcome any Bethunes shareholders to the meeting. You may have been somewhat surprised last year to see your investment move from auction houses and stamp collections to transport and logistics, but we are working hard to ensure it is a rewarding transition for you.

SLIDE 2. BOARD AND MANAGEMENT

So, here we are. We've been listed for nearly a year now, and we've put in place a strong management structure and governance arrangements. You'll hear from our CEO, Alan Pearson, shortly, and you'll have the opportunity to hear from each of our Board members later at this meeting, when we come to the resolutions.

A quick introduction to the people up here with me – Alan Pearson our CEO, Lorraine Witten who is head of the audit and risk committee, Jim Ramsay, one of the original founders of TIL Logistics and now an executive director, Greg Kern, who helped steer the company through the reverse listing process last year and Danny Chan, a very experienced independent director.

Also here today is Greg Whitham, our chief financial officer and a number of our staff and advisers. Welcome to you all.

SLIDE 3. BECOMING A LEADING TRANSPORT AND LOGISTICS COMPANY

As I said in our recent Annual Report, it's been quite a journey to becoming a listed company. John Hooker started us off in 1869 with a wagon and two horses, but we really gained our national presence and our scale of operations with a cluster of acquisitions from 2013.

The logical next step was to access the capital markets to fund our growth plans.

SLIDE 4. JOINING THE NZX

Most of you will have read in the media that we initially examined an IPO. But we were advised the market conditions weren't right.

Among other things, some institutional investors indicated we weren't large enough. That did surprise me, given we've just reported sales revenue for the 2018 year of $325 million.

In last November's listing profile we gave prospective revenue for financial 2019 of $335 million.

The heavy haulage (Tranzcarr) acquisition we've just announced is currently generating another $15 million of annualised revenue …giving us annualised revenue of around $350 million.

That's hardly a small company!

So we proceeded with a reverse listing via Bethunes, and we're very pleased with the result.

SLIDE 5. TIL LOGISTICS GROUP

The company you own shares in is one of real substance. Owning physical assets may not be in fashion among tech-minded investors, but the assets we own are the sinews of the economy.

Business and consumers are always going to need things moved, stored and shifted. As the economy grows, freight will grow with it.

SLIDE 6. GROWTH DRIVERS AND OPPORTUNITIES

But we don't plan to cruise along and simply follow the GDP/freight link upwards.

Customers don't just want their goods moved from A to B. They increasingly demand a transport and logistics partner who can warehouse, move, and manage the links. On time, reliably, and at an acceptable cost.

With our scale, reach, and depth of expertise, we can work our assets and networks more efficiently, and keep our costs down.

We can expand by acquisition where it makes sense and adds long term value.

I'm confident that when I stand before you this time next year, we'll have a good story to tell.

Before I hand over, I'd like to tell you about the thinking behind the introduction of the Dividend Reinvestment Plan.

Long story short, TIL needs capital over time to pursue our growth strategy.

And inviting shareholders to reinvest some or all of their dividends conserves our cash. This is much cheaper than placing shares at a discount to professional investors, or raising capital by way of a rights issue.

We'll still go to the market, and/or to the bank, from time to time for the bigger ticket items, such as acquisitions.

But we're aware some shareholders don't need a cash income from their investment. And we can put that money to good use. It also allows our shareholders to build their shareholding at a discounted price and without the associated brokerage costs.

One of the reasons for the reverse listing was to provide the founders with a way to reduce their exposure to the company, while ensuring it had a strong future. With this in mind, two of our largest shareholders recently sold down a part of their holdings – Bowker Holdings which is the shareholding vehicle of some of the company's founders and Kern Group.

They both retain significant shareholdings, and remain supportive shareholders of the company.

SLIDE 7. MANAGEMENT PRESENTATION

I'll hand over now to Alan Pearson to take you through the past year and give you some more detail on what we're working on.

SLIDE 8. FY18 KEY EVENTS

Welcome everyone. For those of you I haven't met, I'll be around after the meeting, and I hope you'll be able to say hello and ask any questions you may have.

We have a few other members of the senior management team here today. You've met Greg Whitham, also here are:

- Richard Mather, the CEO for Move Logistics;
- Andy Stanley who is Pacific Fuel Haul's CEO who retires next year and the incoming division CEO, Stephen Owles;
- John Kyle CEO For TIL Freight;
- Warwick Bell, the new CEO for our recently acquired specialist business;
- Clayton Imbs who is CEO of International;
- Brent Leak, GM for NZL;
- Lee Banks, our group financial controller; and
- Allan Terris, Group GM Marketing.

Please feel free to introduce yourself to them after the meeting, they will be more than happy to chat with you about their different businesses.

I've been around this industry for a long time, in both private and public companies, although this is the first time I've headed a listed company. There's a whole range of aspects to a public listed company that are different from being private but probably the biggest difference is the level of disclosure. In my opinion, this is a good thing. This is your company and we want to make sure you are informed on our progress and performance.

We've covered the main events of the past year pretty comprehensively in the listing profile, in the half year and annual preliminaries and reports, and in our NZX announcements.

I won't labour the headline stuff, but there are a few aspects of the financials I'd like to take you through in a bit more depth.

SLIDE 9. YEAR ON YEAR UPLIFT

We didn't quite make the numbers we'd projected in our Prospective Financial Information last November. While that was disappointing, our results were still a solid advance on the March 2017 year.

As our recently acquired businesses came together, sales were up 38% year on year; EBITDA – adjusted for the costs of listing and share-based payments – was up 49%, and adjusted net profit was up 20%.

These were great results, driven in part by acquisitions as well as growth in our existing businesses, and reflect the value of our growth strategy.

SLIDE 10. PFI

Disappointingly, we were down against our PFI expectations which were set almost a year earlier. This was primarily due to higher operating expenses including:

- 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.

We also had an increase in the expected earnout for Move Logistics, given its positive performance.

SLIDE 11. SEGMENT REVENUE AND EARNINGS

Despite some curve balls from things we can't do much about, such as the weather and rising fuel and wage costs, each of our divisions turned in a solid performance.

Freighting remains our largest division, although our newer logistics businesses are giving it a run for its money.

SLIDE 12. THE TRANSPORT AND LOGISTICS SECTOR

We have talked about our opportunity in the transport and logistics sector quite a bit, but I thought it worth repeating for any newer shareholders in the room. While we live and breathe this every day, I'm aware that some people may not have the same exposure and understanding.

SLIDE 13. THE SECTOR

As Trevor has said, demand for freight and logistics closely follows GDP, and the Reserve Bank of New Zealand is forecasting strong GDP growth over the next two years.

SLIDE 14. FREIGHT BY MODE

Freight by road is the primary mode of transport in New Zealand and we don't see this changing.

While the current government is putting more investment into rail, we still have limited rail infrastructure and a high level of time sensitive, inland freight movements which are not suited for coastal shipping.

What we do expect to see is more multi-modal transport options, using a mix of transport options such as shipping, rail or road depending on a customer's needs.

Our expertise in the logistics sector means we are well set up to help our customers utilise the best option for specific freight loads.

SLIDE 15. WAREHOUSING AND 3PL

There is a growing trend for businesses to move their warehousing and logistics operations to third party logistics providers – or 3PL providers.

With our acquisition of MOVE last year, we established a real presence in this sector and are well able to benefit from this trend.

SLIDE 16. OUR STRENGTHS

Our strengths are…

Our diverse exposure to New Zealand industry – we're not dependent on any one particular sector.

We have a national network with regional strength, so we can offer our customers not only an end to end supply chain offer, but also a nationwide service.

We also have leading positions in niche market sectors such as Dangerous Goods and I'll talk more to this in a minute.

Finally and most importantly, we have strong customer relationships and have worked with many of our customers for years if not decades.

SLIDE 17. FREIGHTING

Let's now take a more detailed look at our business and the different divisions.

As the Chairman noted in the Annual Report, there are a lot of very small trucking companies in New Zealand, and they're finding the going tougher and tougher.

With five trucks or fewer, you don't have much clout to negotiate with suppliers.

The tighter regulatory environment for safety is welcome and overdue, but you need depth of admin and management just to comply with the letter of the law, let alone the spirit.

And your offer is limited to just shifting freight, probably with limited range and flexibility.

So for Freight, we're confident we'll see our client base continue to grow over time as businesses look for strong providers.

And we'll keep doing those things we can do well using our depth of management expertise and our financial resources.

Given rising wages and fuel prices, cost control is a big focus. And while we've always owned most of our fleet, we're now increasing the number of owner-operators and leasing trucks rather than owning them outright. This results in higher lease costs across the fleet, but we believe these are more than outweighed by other costs saved, and by increased flexibility.

We're also investigating opportunities to develop new services within the Group and our recent acquisition of the Specialised Transport and Lifting Group is a great example of this.

SLIDE 18. SLTG ACQUISITION

We announced the acquisition of Specialised Lifting and Transport Group at the beginning of this month. These are great businesses and offer multiple synergies with our existing offer.

While we have a really good existing heavy haulage business, Multi-Trans Heavy Haul, we never really had the scale we needed. The addition of Tranzcarr provides a step change for us in this sector and makes us one of the leading providers.

Machinery Movers is a new area for us – moving heavy equipment from place to place within an existing business, or transporting it across New Zealand. And Machinery Specialists provides advisory services for the transportation of over size items.

SLIDE 19. PACIFIC FUEL HAUL Z ENERGY

Another big achievement for us in this financial year has been the renewal of Pacific Fuel Haul's partnership with Z Energy. We have worked with Z for a number of years and have now signed a long term, exclusive strategic supply contract with increased volumes and wider distribution coverage.

This is a very specialised area and Pacific Fuel Haul is one of largest operators in the NZ fuel delivery market. Z Energy is one of our biggest customers, along with Farmlands.

As well as cartage of petrol, diesel and aviation fuel for Z and Caltex, we're also transporting crude oil and LPG for our customers.

SLIDE 20. INTERNATIONAL FREIGHTING

International freight forwarding is another specialist service we offer, with a particular specialisation in the oil and gas industry.

We arrange the transportation of freight domestically and internationally on behalf of our customers, leveraging our network of strategic alliances.

We see this as offering growth opportunity for our business, with good earnings potential. It will also benefit our domestic business as we transport freight to ports and airports.

SLIDE 21. LOGISTICS

Our Logistics business is quite new, to us. We bought MOVE only last year, but we'd been observing for some time before, that customers were getting out of the warehouse-owning business.

But just selling your warehouses to a property owner doesn't cut it.

Producers, manufacturers and retailers are looking for a partner who can "store" as well as "ship."

And they want a partner who can make the two functions work efficiently and seamlessly together.

And fit into their operations Just in Time, so they can tailor their production and make sure their shelves are never empty.

That's 3PL – Third Party Logistics. With Move, we now have a really strong 3PL offer and provide our customers with a full end to end supply chain solution, from pick up, transport and storage to delivery.

SLIDE 22. ASSET MANAGEMENT

Just a brief mention of asset management as you might have seen it mentioned in our annual report and financial results. This isn't something you'll see outside the business – it's an internal division that comprises the majority of our trucks and trailers. Revenue is generated from leasing of these assets to the businesses within our group.

SLIDE 23. THE OPPORTUNITY FOR TIL

Moving back to a Group focus.

Combining our seven businesses gives us opportunities to use our assets smarter, across the Group.

This basically means we can leverage our financial resources and bargaining power to help out our businesses at the operational level, and boost margins.

So, summing up, as shareholders in TIL you have exposure to a sector that's linked strongly to the growth of the economy.

But, as the Chairman said, we're not just riding the GDP escalator up. We have strong opportunities to grow our revenue and margins at a rate higher than the sector generally.

We're very aware of the current and future opportunities in the sector and we're making sure we're at the front of them.

SLIDE 24. REDUCING OUR FOOTPRINT

July this year saw the launch of the Climate Change Leaders Coalition, of which TIL Logistics Group is a founding member

As I have said in our Annual Report, this is not mere greenwashing. While we will always have some impact, due to the nature of our business, we are committed to lightening our foot print where we can.

In joining the Coalition, we also announced a number of specific initiatives:

- We became a cornerstone partner of Z Energy for the use of bio fuels across TIL's truck fleet in New Zealand
- We are implementing in-cab technology such as Eroad to monitor driver behaviour for fuel efficiency
- We are using selective catalytic reduction technology in our fleet to reduce emissions
- And we have invested in LED lighting across all TIL Logistics group warehouses.

SLIDE 25. HYDROGEN FUEL TECHNOLOGY

One of the trends that we feel it's worth keeping an eye on is the use of hydrogen as a fuel alternative.

Hydrogen technology offers a zero emission fuel solution – there's no combustion and the only emission is water vapour.

Some of NZ's top experts in the technology are in our backyard and we're supporting Hiringa to further investigate the use of hydrogen as a large scale fuel option.

SLIDE 26. OUTLOOK

It’s now been nearly a year since we joined the NZX, and as expected our evolution is taking its course.

We’ve identified some new investment opportunities which have associated costs that weren’t in the Prospective Financial Information. These are growth-oriented. What we can’t foresee of course are the externals, such as oil prices.

We’ve started the current year strongly.

We haven’t seen any affect from the lagging business confidence indicators and the Government’s investment in to the regions can only be good for our business.

The second half of the year will see us continuing to focus on what we are doing well – growing our businesses, building our customer base and identifying opportunities to leverage our strengths in the market.

We are expecting EBITDA for FY19 to be between $28m and $32m, taking into account the changes in the operating environment as previously advised, additional costs associated with increased leasing of trucks and the opening of new warehouses, and includes a partial year contribution from new acquisitions.

I’ll now hand you back to our Chairman now to take questions and conduct the formal business of the meeting.

ENDS