



Alan Pearson, Chief Executive Officer

## EXECUTIVE REVIEW

**W**hile the current talk around town may be around increasing Government investment into rail, freight by road will always be in high demand in New Zealand. At TIL, we run our business to serve our customers, including providing multi-mode transport options where, for example, freight may be moved from warehouse to loading dock by truck, then by rail or ship, and then by truck again to its final destination.

Traffic flow can tell us a lot about economic conditions, particularly trucking traffic which is a real time and real-world proxy for economic activity – and more so in the New Zealand economy, where a large proportion of freight is moved by road. The ANZ truckometer for May 2019 shows that after a slow start to the year, heavy traffic numbers have started to lift again of late, consistent with ANZ's expectation that economic growth will bottom out around the middle of the year.

Road safety remains a priority for us. We want to keep our people and other road users safe on the road and technology is playing an increasingly vital role. We have recently announced an agreement with Autosense for driver training and in-cab technology (which you can read more about in this newsletter) and also have strict requirements ensuring our drivers only work regulated hours and take mandatory breaks. We provide ongoing training and compensate our drivers well for their expertise and specialised skills.

Understanding behaviour for our own drivers and the public in general is our greatest challenge for effective driver management and vehicle interaction. We see visual and human sensing technology as a key contributor to improve our safety strategy for our staff and the wider public. With the European Commission recommending that camera-based driver monitoring technology be mandated to enhance safety in cars, vans, trucks and buses from 2022, we may not be far away from similar considerations here in New Zealand as vehicle manufacturers are moving to integrate Driver Management Systems as a safety standard.

Our investment into in-cab technology such as Autosense and ERoad is part of a wider move to ensure we utilise modern technologies which allow us to better serve our customers and our staff. This includes a new Warehouse Management System (Paperless) across all TIL's warehouses, various support systems in Finance, HR and CRM and most recently, a new Transport Management System, which will act as the 'control tower' for our business.

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FEEHELY, SAFETY &  
ENVIRONMENT MANAGER

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Each of our Divisions has performed well over the year. Recent highlights include the expansion of warehouse capacity to meet demand, and the signing of a three-year agreement with a large New Zealand company to service their ethanol transport needs. We have identified a number of opportunities to expand our offer and grow demand from both new and existing customers, including in our Bulk

Liquid division. In line with this, we are introducing a new brand for this division, "Pacific Liquid Logistics", with sub-brands for each of our service areas – Fuel, Edible, Chemical and Fuel.

We look forward to keeping you updated on our progress, with our results for the year ended 30 June 2019, due to be announced by the end of August. ■



## PACIFIC LIQUID LOGISTICS SIGNS THREE YEAR ETHANOL CONTRACT

Ethanol is a by-product of the dairy industry and is used for industrial purposes and in beverages. Lactanol is the world's leading expert in producing sustainable, high-quality ethanol from whey. The quality of the milk it comes from is important and the whey used by Lactanol comes from naturally grass-fed New Zealand cows, world-renowned for unmatched standards of quality and purity. Approximately half the ethanol produced by Lactanol is used in New Zealand and the remainder is sent offshore.

Because it's a highly flammable liquid, specialist training and trucks are required to transport ethanol from the Lactanol plant to storage facilities, and that's where Pacific Liquid Logistics (PLL) expertise comes into play.

In March 2019, PLL was awarded a three-year contract by Lactanol to service its ethanol transportation needs. This is the second significant contract win for PLL in the last twelve months, following the signing of a long term, exclusive, strategic supply contract with Z Energy in July 2018.

PLL will be collecting and carting approximately 15 million litres of ethanol every year from the Lactanol plants in Edgecombe, Tirau and Reparoa and transporting it to bulk storage facilities in Mount Maunganui, Auckland and the South Island. The containers used to export ethanol are also provided by TIL, through its Liquid Logistics business. ■

**PACIFIC**   
LIQUID LOGISTICS EDIBLE





TIL Logistics Group CEO, Alan Pearson, with Autosense CEO, Charles Dawson

## TIL LEADING THE WAY IN ROAD SAFETY

Ensuring safety on the road for TIL's drivers and other road users is a priority for TIL Logistics Group. We invest significantly in technology and training to support our road safety culture and have recently signed an agreement with driver safety solutions provider, AutoSense.

The agreement will see AutoSense providing induction, ongoing online driver training and in-cab simulator training to TIL drivers as well as installing Seeing Machines' Guardian technology in over 1,000 of TIL's fleet vehicles.

Distraction and fatigue are human factors – everyone at some point suffers from this but when you are driving this could have tragic consequences. Guardian is a real-time driver fatigue and distraction solution that is scientifically proven to reduce fatigue events by upwards of 90% ([click to view the demonstration video](#)).

Guardian is often referred to as having a “buddy in the cab”. The technology monitors driver behaviour and eye patterns and provides immediate intervention to the driver when fatigue or distraction starts to take hold. Audio alarms and seat vibration alerts are activated instantaneously to warn the driver to re-focus their attention to the road.

Footage is only ever recorded if an ‘event’, such as prolonged eye-closure or unacceptable head movement, is detected and it is then sent to the business’ fleet manager for them to action if required. This allows for additional training or support to be put in place for the driver, and in a

world where the driver is often wrong until proven otherwise, the technology takes the ambiguity away, allowing a quick and clear investigation.

We are also investing in continuous driver professional development. Utilising the AutoSense mobile truck simulator, we are able to evaluate all our drivers on an annual basis and offer targeted coaching and professional development where required.

AutoSense Ambassador, Greg Murphy, has applauded TIL's focus on road safety, saying “The transport industry is the lifeblood of the economy and the Guardian technology is designed and proven to support the industry and the drivers by lowering the chances of a crash. I really commend TIL for getting on board and making such a commitment to driver training and driver safety within their organisation. This ultimately improves road safety for all road users.” ■

“With more than 860 drivers on the road around New Zealand, having the best possible training, health and safety culture and systems is an imperative for TIL. We welcome new technologies, such as those provided by Autosense, which allow for better training, greater efficiencies, reporting and oversight. Our priority is to ensure our drivers get home safely and keep the communities in which they drive safe as well and our investment is a small price to pay to ensure safer roads.”

**Alan Pearson, TIL Group CEO**

## SLTG: MOVING BIG THINGS IS WHAT WE DO WELL

Moving big things is what the Specialist Lifting and Transport Group (SLTG) does best. Earlier this year, SLTG was contracted to move a 330 tonne gas turbine from the decommissioned Contact Energy power station in Otahuhu, Auckland to the Port. Following eight weeks of planning, including gaining NZTA permits for road closures and traffic diversions, the gas turbine made the journey overnight, taking seven hours to make the 15km journey.

Eighteen crew were involved in the job which required roads and bridges to be temporarily strengthened with steel plates as the truck rolled over them. The mammoth move was successfully completed, with the gas turbine delivered to the Port of Auckland and offloaded into the hull of the ship using trailer hydraulics. The turbine is now safely on its way to Germany. ■



## NEW TECHNOLOGY PLATFORM TO PROVIDE COMPLETE VISIBILITY FOR STAFF AND CUSTOMERS

In a world where supply chains have become increasingly complex, freighting companies need a robust, always-available transportation management system (TMS) that not only handles the orchestration of freight but also optimises activity in a way that reduces costs and meets delivery targets.

Following the acquisition of multiple businesses with their own TMS systems, TIL is now moving its Freight businesses to a single TMS platform. The solution, provided by BluJay, a global leader in logistics software, will give TIL staff and customers complete visibility of freight movements through the logistics chain.

The TMS is akin a control tower in an airport, and harnesses everything in the business together. It will allow the company to realise tremendous synergies in customer service, route optimisation, load planning, real time delivery confirmation and automatic billing, along with electronic logbook and driver fatigue management and a range of other benefits. Staff will benefit from improved management tools for enhancing delivery performance, cost control, revenue capture, driver welfare, improved safety and the establishment of an overall 'control tower' for our 1000 odd trucks and trailers across New Zealand.

We are excited about this next phase in our technological advancement. This modern transport system will create a step change from what has been our past very dependable and reliable inhouse TMS system, which has supported some parts of our company very well. However, being a technology owner and developer had to come to end as it became more challenging to support systems that compete with those systems arising from large scale, specialised IT companies. We look forward to our new era. ■





30 Highbrook Drive, East Tamaki



32 IPort Drive, Rolleston

## LOGISTICS: EXPANDING WAREHOUSE SPACE TO MEET CUSTOMER DEMAND

The past months have been very busy for the MOVE Logistics teams, with a focus on expanding the national warehouse footprint to meet customer demand.

In April, stage one of the new Rolleston facility in Christchurch was opened. This new facility has 10,000sqm of warehousing space as well as office space for the Christchurch based team. Stage two of the facility has commenced and another 10,000sqm of warehousing space will come on line in early 2020.

One of the warehouse's key benefits is its location next to the Midland inland port and it is served by a rail connection directly from the Lyttleton Port. As a

result, a significant amount of container movements will be taken off the road.

Sustainability was a consideration during the development. The new site has been equipped with the latest in smart lighting technology to save on electricity and LPG forklifts are in the process of being replaced with electric forklifts. As part of the stage two development, solar panels will be installed to further reduce MOVE's environmental impact.

In Auckland, the extension to the Highbrook warehouse has been completed, adding another 6,000 sqm to MOVE's warehousing footprint in Auckland. Again, all of the lighting has been changed to LED with an upgraded smart system to ensure that the lights are only on when needed, conserving electricity consumption. Like Christchurch, LPG forklifts are in the process of being replaced with electric units. ■

## GETTING ESSENTIAL EQUIPMENT TO WHERE ITS NEEDED

TIL International offers international freight forwarding services, with a particular specialisation in the oil and gas industry.

Recently, the team at Alpha Customs have been busy managing the freight forwarding, logistics and paperwork for Tamarind Resources' development drilling at the Tui field, located offshore New Zealand.

As well as the mobilisation of over 1,000 cubic metres seafreight and more than 35 tonnes airfreight of equipment from Perth, Houston and Europe in preparation for the Tamarind programme, Alpha Customs has also been responsible for all the NZ Customs clearance for the drilling rig, the COSL "Prospector", and support vessels.

The rig is self-propelled and will transit to New Zealand under its own power. It is currently in transit from Norway and, following a voyage of approximately four months, is expected to reach the well site location shortly. ■



## INTRODUCING DWANE FEEHELY, GROUP SAFETY AND ENVIRONMENT MANAGER

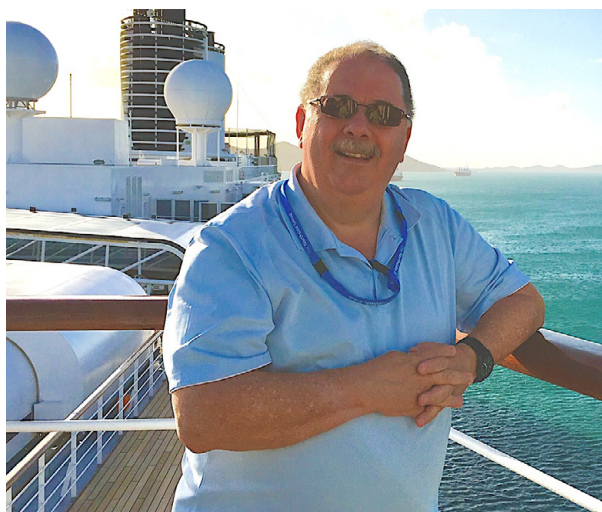
Dwane is the newest addition to the TIL Logistics senior leadership team, taking up his role in June 2019. Safety is a critical part of TIL's business and culture, with a goal for 'every employee to go home safe'. Likewise, protecting and managing environmental impact is also important.

Dwane is a senior risk and safety manager with significant hands-on experience spanning the logistics, manufacturing, industrial, energy and related industries. His mantra is 'Think Safe, Be Safe, Home Safe' and he believes that all initiatives should align with the concept of "No Harm to People, Assets or the Environment."

It has been shown many times over that organisations with effective safety programs have many tangible benefits, such as healthier and happier teams, more productive employees, better customer satisfaction, enhanced brand recognition and perception, reduced cost to the business and improved quality outcomes.

He holds a view that changing dynamics in the workforce are very real as automation takes people out of harsh, hazardous and often difficult working environments and is progressively taking over many repetitive, manual tasks. We are seeing a shift to workers becoming more sedentary in their jobs and with more interaction with a screen and keyboard. These challenges will necessitate a change in approach to workplace health and safety and environmental management.

Having lived in Australia and Singapore and worked across Asia Pacific, Dwane has a love of travel. But his proudest achievement is being a "foster" parent for a number of years, assisting 12 kids to get a better start for their future. ■



### SHAREHOLDER COMMUNICATIONS: GO ELECTRONIC

We encourage our shareholders to receive communications from us by email. This may include the annual report, share transaction statements, dividend payment advice, shareholder meeting notices and other company related material.

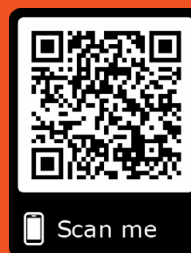
It's simple to sign up. Log in to <https://investorcentre.linkmarketservices.co.nz>

and update your details. You will require your CSN/Holder Number and Authorisation Code (FIN) to securely access and update your shareholding details. If you have previously set-up a Link Investor Centre Portfolio, you can use your email and password to access your shareholding details. While there, you can also update other details including change of address, banking instructions and IRD number.

Alternatively, you can email [enquiries@linkmarketservices.com](mailto:enquiries@linkmarketservices.com), provide your CSN/ shareholder number and confirm you want to receive TIL communications by email.

### STAY UP TO DATE WITH ENEWS

You can also register to receive news and updates from TIL Logistics Group as we release them to the market. Please note, this is a separate service offered by TLL. To sign up, scan the QR code or visit [www.til.kiwi/investor-centre-menu/til-newsletter-signup.html](http://www.til.kiwi/investor-centre-menu/til-newsletter-signup.html)



### UPCOMING KEY DATES

**FY19 Financial Year End:** 30 June 2019

**FY19 Results:** By end August 2019

**Annual Meeting:** 23 October 2019  
New Plymouth