



Alan Pearson, Chief Executive Officer

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EXECUTIVE REVIEW

Amidst a favourable business and economic background, we have continued building your company at the Group and Divisional levels, passing a few more milestones along the way.

We had the pleasure of welcoming many of you to our first Annual Shareholders Meeting (ASM) in New Plymouth on 26 October. Around 40 shareholders attended and it was good to meet some of you, hear your views on TIL and watch a number of you test your skills on a driver training simulator. Shareholders voted overwhelmingly to appoint all of the Directors who have been serving you since TIL Logistics was formed and listed in December last year.

With our transition to an NZX-listed company it has been a natural time to establish a new Leadership Team structure. Some of our long-serving senior staff have taken the opportunity to retire and we would like to acknowledge and thank them for their significant contributions in building TIL to the leading company it is today.

A new generation has stepped up, both from within our ranks and externally. I'm very encouraged by the high calibre of the people we have been able to promote and attract. They are already making valuable contributions to our strategy and our operations.

At the divisional level, highlights from the latter half of 2018 have been the acquisition of heavy haulage business SLTG and the Memorandum of Understanding with Hiringa Energy to explore the development of hydrogen fuel. We give more detail on these in this newsletter.

The logistics industry is at full capacity. This is not unusual at this time of year. Both transport and warehousing services are fully utilised in the lead up to Christmas. In the New Year, I expect TIL to continue at full capacity during the first quarter and part of the second quarter due to the traditional peak seasons in agriculture, viticulture, tourism, construction and dairy.

The driver shortage means long hours are being worked and equipment and warehouses are at full stretch. Health & Safety (H&S) remains a priority and we continue to develop our H&S culture and systems, in particular making use of the opportunities technology provides for greater efficiency, reporting and oversight.

We expect to see economic growth continue across New Zealand. However, the reality is that costs in our industry will be higher than reflected in the Consumers Price Index (CPI). Increased fuel, wages, property, Road User Charges and council rates, and higher costs for parts, equipment, and tyres due to the lower exchange rate, mean costs will rise at a greater rate than the CPI.

Staying up to date with continual technology improvements is also coming at a cost but it delivers significant benefits to our business, from in-cab, trailer, and transport applications to warehouse systems. Smaller operators unable to invest into continually improving technology, or keep up with step improvements in safety and environmental needs, will find it difficult to compete other than on price. However, over time, even this will be challenged by customers' growing demands.

The market remains volatile and we will continue to monitor it carefully. We have indicated that we expect EBITDA (earnings before interest, tax, depreciation and amortisation) to be between \$28 million and \$32 million for the June 2019 year.

As 2018 turns into 2019, I wish all our shareholders and their families a safe and happy holiday, and look forward to reporting further solid progress in the New Year. ■



One of eight 235 tonne transformers en route to Benmore Sub Station as part of Transpower HVDC Pole 3 upgrade

NEED TO MOVE SOMETHING REALLY BIG? HEAVY HAUL MUSCLES UP

On 1 November we settled the \$19 million purchase of Specialist Lifting and Transport Group (SLTG), complementing our existing Multi-Trans Heavyhaul business.

The SLTG group of three companies adds revenue of around \$15 million and positions TIL Logistics as a leading heavy haul transport provider for New Zealand, Australia and the South Pacific.

The expanded business unit will be led by CEO Warwick Bell (profiled separately in this newsletter) and has around 75 staff.

Heavy haul – the transport of exceptionally large, unusually-shaped or heavy items such as transformers, bridges, boats and silo tanks – involves specialised equipment and highly-skilled, knowledgeable and dedicated people.

Multi-Trans never really had the scale TIL 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 TIL – moving heavy equipment from place to place within an existing business, or transporting it across New Zealand.

Machinery Specialists provides advisory services on the moving and transportation of very large items.

Heavy haulage and specialised freight businesses require scale, access to capital, and the depth of knowledge and networking needed to bring the right resources to bear on projects that each present unique challenges.

The four different businesses now under TIL's umbrella complement one another so that resources can be deployed to those units with the heaviest workloads.

The SLTG acquisition is expected to be immediately earnings-accretive, and dovetails with our strategic aim of offering customers an integrated suite of transport and logistics services.

Looking forward, Multi-Trans will continue to be busy in the electricity generation space. Across New Zealand, some 17 wind farms are currently consented or proposed and eight geothermal projects are planned or under development. ■

EMBEDDING TECHNOLOGY IN HEALTH & SAFETY

TIL recently signed an agreement with New Zealand technology company EROAD to incorporate EROADS's Ehubo2 hardware and software into TIL's vehicle fleets.

Better checks and systems mean safer working. This in-vehicle technology allows us to provide our drivers, fleet managers and customers with next-generation support for H&S compliance. It monitors

and reports on driver behaviour and practices, and provides coaching and real-time feedback to encourage positive behavioural change.

The contract covers more than 2,000 vehicles and trailers across all of TIL's divisions, upgrading the in-vehicle technology we already have in place and replacing some paper-based systems.

Embedding Ehubo2 exemplifies our approach to H&S, in which the safety of our employees and contractors, our customers' employees, and the public are paramount. ■

THE LATEST IN IN-VEHICLE TECHNOLOGY

EROAD's next generation in-vehicle hardware, EHubo2, offers multiple, easy-to-use applications on a single device, delivering better safety outcomes for your business and improving productivity and profitability.

- DriveBuddy provides real-time driver feedback with audio and visual alerts
- Interfaces with EROAD web application, Depot, to provide two-way messaging, fuel management, RUC purchase and display and driver behaviour reporting
- Personalisation and authentication for every driver



THINKING LONG-TERM – HYDROGEN FUEL CELLS

On 26 October we signed an MoU (Memorandum of Understanding) with Hiringa Energy, a Taranaki-based transport energy company, to develop hydrogen fuel cell technology in New Zealand.

The project will proceed in three phases.

In the first, from now until mid-2019, TIL and Hiringa will develop business cases for pilot projects and identify the key metrics for commercial scaling.

The second phase will pilot hydrogen fuel cell solutions for TIL's operations, with a target for initial vehicle trials in 2020.

All going well, phase three will see the rollout of hydrogen fuel cells to power TIL's vehicle

fleet, co-ordinated with investment in the development of refuelling infrastructure, which Hiringa is scoping and developing with a range of partners.

Around the world, considerable research is going into alternative technologies including electric vehicles, biofuels, and making fossil fuel-powered vehicles more efficient. Technology is also driving efficiencies in fleet scheduling and despatch, so that freight movements are accomplished with the minimum mileage driven.

TIL is monitoring all of these technologies and is investing where appropriate. Our investment with Hiringa will be modest until such time as hydrogen is proven as a commercially and environmentally sustainable transport fuel. ■



Front row (L-R): Brent Leak GM NZL; Alan Terris Group Marketing Manager; Lee Banks Group Financial Controller; Alan Pearson TIL Group CEO; Deana Barnard Group HR Manager.

Back row: Clayton Imbs CEO International; Steve McMahon GM MacAuleys; Warwick Bell CEO SLT; Jon Kyle CEO TIL Freight; Stephen Owles CEO Pacific Fuel Haul; Richard Mather CEO Move Logistics; Maurice Corkery Group CIO.

SHAPING THE FUTURE – THE SENIOR LEADERSHIP TEAM

The process of establishing our Group leadership team is now almost complete, and we were delighted to welcome several new faces to our strategy session held in Auckland on 7-8 November.

Warwick Bell attended as the new CEO of our Specialist Lifting & Transport division, which includes our existing Multi-Trans business plus our recent acquisitions.

Deana Barnard has joined us as Group General Manager, Human Resources. She still holds a Class 4 licence from her time running a haulage company in the UK operating trucks across Europe, and more recently managed the international HR function of a successful technology company employing staff around the globe.

Some managers who have been with us for a while, have also taken up positions in the Senior Leadership Team.

On 1 October Maurice Corkery started in his new role as Group Chief Information Officer. Maurice was appointed Information Technology Manager at MOVE Logistics in 2016, bringing with him 20 years of experience in business management, IT and commercial advisory.

Clayton Imbs has taken on the role as CEO of our International division, comprising Alpha Customs Services, Hooker Shipping, Liquid Logistics and TNL International. Clayton started work at Alpha in 1984, becoming Managing Director in 2006, and will now explore new business opportunities for International. His appointment leaves Alan Terris free to focus fully on the Group Marketing role and establish a marketing services team to support the divisional managers and their direct teams.

Our long-serving Pacific Fuel Haul CEO, Andy Stanley, retires in April next year and Stephen Owles took the division's reins in November. Stephen joined TIL in September 2017 as a consultant, having held senior positions across the supply chain including the international freight, 3PL logistics, warehousing and transport service sectors. ■

ON THE MOVE AND GROWING

MOVE Logistics is already a major player in the logistics and warehousing sector and now it's expanding even further, with three planned site developments to increase total warehousing capacity by 25%.

The first of these is in Highbrook Drive in Auckland, a busy industrial area. The extension of the existing warehouse has begun and will see pallet storage double to 19,000 pallets, extended container yard space and better site access.

Just down the road in East Tamaki, a new warehouse is being built and is due for completion in mid-2019. This will have the potential for 18,000 pallets, and is located in close proximity to Lion Nathan's brewing and bottling plant, one of MOVE's larger customers.

The third development is a new site in Rolleston, Christchurch, with stage one due for completion in February 2019. This will coincide with both the completion of the Southern Motorway extension and the lease expiry on the existing building. Stage two of this development should be completed in early 2021.

The Rolleston development is very much a strategic move to create capacity, grow our sector presence, attract a new range of customers and to broaden our services to customers. There are a number of potential benefits for our existing customers including reduced container transport costs, container triangulation benefits and reduced supply chain costs.

There is enormous demand for high quality warehousing and TIL will continue to look for opportunities to expand or develop new sites in targeted areas. ■

FMCG A KEY AREA FOR MOVE LOGISTICS

Fast Moving Consumer Goods (FMCG) including beverages, food and other grocery items, are a big part of MOVE's business and the company has developed a reputation for its tailored logistics and warehousing solutions. Lion Nathan is one of the company's larger customers. MOVE provides warehousing and also has a fleet of trucks and vans in both Auckland and Christchurch, delivering Lion's beverages to bars and outlets, and it provides a similar service for Independent Liquor. Grocery and supermarket suppliers are also benefitting from MOVE's services, including Bluebird, Suntory and Cerebos. So next time you're doing your shopping, keep in mind that your company has played an important part in making sure stock is on the shelf, where and when you need it. ■



INTRODUCING.... WARWICK BELL CEO SPECIALIST LIFTING & TRANSPORT

Gisborne-raised Warwick Bell started his working life as a Court Administrator, but quickly found his real enthusiasm when he was hired by Mogal Freight, which later became part of Owens Group.

He accepted an offer from Machinery Movers' Dave Carr in 1996, becoming the Managing Director.

The acquisition of a heavy haulage operation led to the creation of Tranzcarr Heavy Haulage, with Machinery Specialists added to provide expert advisory services. Along with Multi-Trans, all four businesses are now under the umbrella of TIL's Specialist Lifting & Transport division, with Warwick at their head.

Warwick's years at Tranzcarr saw him involved in the transport contracts for the Te Apiti wind farm in the Manawatu and Genesis Energy's e3p power station at Huntly.

But his biggest challenge was the relocation of BHP's entire ironsands processing plant at Taharoa in Waikato to a new site five kilometres away.

To achieve this, Tranzcarr had to haul sections of the plant weighing up to 1000 tonnes. This involved building the road over which they would be hauled, two landing areas and reinforcing a bridge.

Warwick is a past Chairman and Life Member of the Heavy Haulage Association, and has represented the industry on government consultation bodies.

Outside of work, he has been involved with surf lifesaving for 40 years, serving on the NZ Surf Lifesaving national board. Nowadays, he has stepped back a bit from surf lifesaving and, when he is not moving really big stuff, he can often be found on the golf course. ■



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.

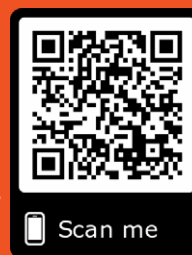
It's simple to sign up. Log in to <https://investorcentre.linkmarketservices.co.nz>

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, 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



UPCOMING KEY DATES

Half Year End: 31 December 2018
Results Announced: February 2019
Interim Report: March 2019