NZX and Media Release
28 August 2015

FLIWAY GROUP DELIVERS IPO FORECAST RESULT

FINANCIAL RESULTS FOR THE TWELVE MONTHS ENDED 30 JUNE 2015

HIGHLIGHTS:

- FY15 earnings exceeded FY15 PFI forecasts, NPAT up 33.0% on PFI
- Improved capacity management in the domestic business unit
- Core financial objectives achieved with revenue up 3.3% from FY14
- Warehousing site move in Auckland to accommodate growth
- Wellington shed capacity filled
- Dividend of 1.9 cents per share, in line with PFI forecast
- Special dividend of 0.5 cents per share, reflecting lower offer costs

New Zealand Freight and Logistics business Fliway Group Limited (NZX:FLI), reports earnings for the 12 months ended 30 June 2015 ahead of the forecasts made at the time of its April 2015 initial public offering (IPO).

$000's, Audited	FY15 Actual	FY15 PFI[1]	Variance %	FY14 Actual	Variance %
Sales Revenue	84,169	85,265	(1.3)%	81,511	3.3%
Operating Profit	3,459	3,007	15.0%	6,033	(42.7)%
Net Profit after Tax	2,190	1,646	33.0%	4,786	(54.2)%
Pro-Forma EBIT[2]	6,870	6,620	3.8%	6,835	0.5%
Pro-Forma EBITDA[3]	8,909	8,692	2.5%	8,289	7.5%

1. PFI is the prospective financial information included in the Prospectus dated 6 March 2015 (as amended on 19 March 2015)
2. EBIT is earnings before interest and tax and is a non-GAAP measure and is reconciled below
3. EBITDA is earnings before interest, tax, depreciation and amortisation and is a non-GAAP measure and is reconciled below

Group revenue of $84.2 million for the year was ahead of FY14 by 3.3 per cent, and pro-forma EBITDA of $8.9 million for the year was up by 7.5 per cent. As forecast, reported net profit after tax (NPAT) of $2.2 million was lower than the prior year due to one off costs related to listing on the NZX and a number of non-cash IFRS adjustments.

Fliway Group Chairman, Craig Stobo said: “This is a sound first result as a listed company. Fliway has continued to demonstrate earnings growth in the International freight forwarding and express package businesses, improved capacity management in the domestic business unit, and delivered on its core financial objectives.”

Comparing performance against prospective financial information (PFI), reported NPAT for the year was 33.0 per cent above the forecasted $1.6 million. This was principally as a result of offer costs being $0.5 million lower than allowed for in the PFI. Pro-forma EBITDA was 2.5 per cent ahead of the company's PFI forecast of $8.7 million, with results from the domestic division and the joint venture delivering ahead of forecast. Revenues were 1.3% lower than the PFI forecast of $85.3 million as a result of a reduced fuel adjustment factor in the domestic business and lower shipping rates in the international freight forwarding market.

OPERATIONAL PERFORMANCE

Within the domestic business unit, in the second six months of FY15, the Transport division improved its operating costs as a result of the capital investment of the past two years and continuing to pursue the strategy of selling to capacity in the network.

In the logistics division, a site move to larger warehouse premises was required in Auckland to facilitate growth from existing customers and the acquisition of a new customer. In Wellington, where the Fliway warehouse was previously operating below capacity, a new customer was signed up resulting in that warehouse now being fully utilised.

In a further property transaction, an agreement to lease was executed in June for a new site in Christchurch that will deliver a larger, more efficient Transport dock and provide additional warehousing capacity in FY16. The new site will allow the company to facilitate the growth in customer warehousing requirements within the Christchurch market

The Fliway international business unit has seen lower revenue than forecast as a result of reduced shipping rates, and some customer churn. The volatile pricing on shipping rates, combined with lower volumes meant the International business unit experienced softer revenue during the last quarter of FY15, and this will likely continue in FY16. The International division remains focused on bringing on new customers and ensuring its cost base is optimised.

The UPS-Fliway joint venture business unit has delivered a strong contribution to the group result with growth in revenue ahead of forecast. Cost control discipline continues to ensure that revenue gains are maximised.

GROUP CASH FLOWS

Operating cash flows for the year were $5.7 million, ahead of FY14 by $0.4 million and ahead of forecast by $3.0 million as working capital levels were below anticipated levels mainly due to strong debt collection rates which pushed debtor days down and reduced absolute accounts receivable balances.

Net capital expenditure totalled $4.3 million, above forecast by $0.3 million mainly as a result of the capital costs associated with the exit and relocation of an Auckland warehouse to a larger facility.

NET DEBT

A combination of lower offer costs and improved working capital has resulted in Fliway having a better cash position than forecast in the PFI, with net debt of $8.2 million as at 30 June 2015 compared to forecast net debt of $10.7 million. The forecast contemplated reducing the interest bearing debt to $12.5 million. This action would have resulted in $2.5 million of the bank debt facility being unable to be redrawn, therefore the decision was taken to maximise flexibility and capacity by retaining more in cash.

DIVIDEND

Consistent with PFI and relating only to the earnings period from the 9th of April 2015 (IPO date) to 30 June 2015, Fliway's directors have approved the payment of a maiden dividend of 1.9 cents per share with respect to ongoing earnings and a special dividend of 0.5 cents per share reflecting the lower costs involved in the IPO of the business (fully imputed for New Zealand shareholders). The dividends are payable on 20 October 2015 to shareholders recorded on the share register as at 5pm (New Zealand time) on 30 September 2015.

Fliway Group's Managing Director, Duncan Hawkesby said: "FY15 has been a milestone year for Fliway. We successfully completed our $25 million Initial Public Offering which allowed us, amongst other things, to reduce our term loan facilities, providing us with greater flexibility to capitalise on future growth opportunities."

OUTLOOK

Fliway's Chairman further commented: "We reaffirm the December 2015 IPO earnings forecast. Whilst we expect revenue will be softer than PFI forecast for 1H16, our cost position is strengthening. We will continue to seek to increase our penetration with existing customers as well as pitching for work in new sectors, and looking to grow strategically through acquisitions. We look forward to meeting many of our new shareholders at our Annual Shareholders Meeting to be held on 23 October 2015."

For further information contact:

Duncan Hawkesby
Managing Director
Ph: +64 (0) 21 882 882

Jim Sybertsma
Chief Financial Officer
Ph: +64 (0) 275 716 464

ABOUT FLIWAY

Listed on NZX (NZX:FLI), Fliway is one of NZ's largest fully integrated logistics providers. We offer seamless global supply chain solutions – from international freight to warehousing & domestic delivery to business or the home. We have a great team of over 400 people, backed by a strong network of global partners & built off an extensive New Zealand footprint. www.fliway.co.nz

APPENDIX: EXPLANATION OF NON-GAAP FINANCIAL INFORMATION, RECONCILIATION BETWEEN REPORTED EARNINGS AND PRO-FORMA EARNINGS

Fliway monitors its profitability using the non-GAAP financial measures of EBIT and EBITDA. The use of EBIT removes the effects of the Fliway Group's capital structure and tax position and the impact of certain non-cash items (fair value movements in financial instruments and other gains or losses on the sale of assets). The use of EBITDA also further removes the effect of depreciation and amortisation.

A reconciliation between EBIT, EBITDA and NPAT is presented below. The measures are not defined by NZ GAAP, IFRS, or any other body of accounting standards and therefore Fliway's calculation of these measures may differ from the similarly titled measures presented by other companies. These measures are intended to supplement the NZ GAAP measures presented in Fliway's financial information. They should not be considered in isolation and are not a substitute for NZ GAAP measures.

Pro Forma EBITDA and Pro Forma EBIT are non-GAAP profit measures which reflect a number of historical and prospective Pro Forma adjustments.

Fliway uses EBITDA to evaluate the operating performance of the business without the impact of depreciation, amortisation, capital structure and the tax position. Fliway also uses EBIT to evaluate the operating performance over time without the impact of the capital structure and Fliway's tax position.

Fliway considers that it is common practice to evaluate profitability based on both EBITDA and EBIT which allow for a better comparison of operating performance with that of other companies in comparison to NZ GAAP measures, although caution should be exercised as other companies may calculate EBITDA and EBIT differently.

In addition, EBIT and EBITDA also include the attributed EBIT or EBITDA from Fliway's 50% interest in UPS-Fliway as set out below.

$000's	FY15 Actual	FY15 PFI	Variance %	FY14 Actual	Variance %
Reported Operating Profit	3,459	3,007	15.7%	6,033	(42.7)%
Adjust for:					
Listing Costs	2,035	2,505	-18.8%	-	n.a.
Public Company Costs (Full Year Effect)	-320	-320	0%	-500	(36.0)%
UPS-Fliway EBIT	1,584	1,399	11.9%	1,272	24.5%
Loss on sale	112	29	-286.2%	30	273.3%
Pro-Forma EBIT	**6,870**	**6,620**	**3.8%**	**6,835**	**0.5%**
Depreciation*	2,039	2,072	-1.6%	1,454	40.2%
Pro-Forma EBITDA	**8,909**	**8,692**	**2.5%**	**8,289**	**7.5%**

* Depreciation charge includes UPS-Fliway depreciation