

# FLIWAY GROUP LIMITED HALF YEAR RESULTS PRESENTATION

For the six months ended 31 December 2015

23 FEBRUARY 2016



**FLIWAY**  
DELIVERING TRANSPORT SOLUTIONS

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This presentation supplements our half year financial statements to 31 December 2015, it should be read subject to and in conjunction with the financial statements and our Investment Statement and Prospectus dated 6 March 2015 (as amended 19 March 2015). That material is available via the Investors section on our website, [www.fliway.com](http://www.fliway.com). All references to currency are to New Zealand dollars unless otherwise stated.

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# A FLIWAY PRESENTATION AGENDA

1. 1H16 Highlights
2. Financial
3. Capital Management
4. Operational Performance
5. Strategy and Outlook
6. Conclusion



# A FLIWAY PRESENTATION

## 1. HIGHLIGHTS

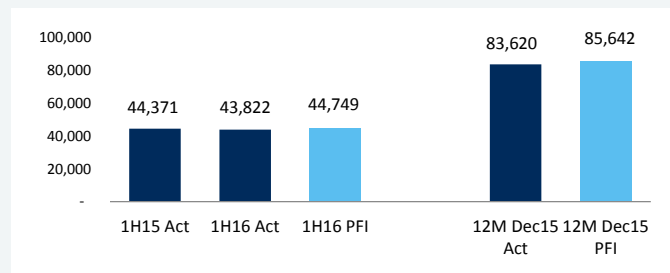
### 1H16 HIGHLIGHTS

- Earnings well ahead of forecast
  - 1H16 Pro-Forma NPAT of \$3.580m, 25% ahead of PFI, 60% up on LYR
  - 1H16 Pro-Forma EBITDA of \$6.325m, 14% ahead of PFI, 34% up on LYR
  
  - 12MDec15 Pro-Forma EBITDA of \$10.526m, 11% ahead of PFI
- Continued improved capacity management in the Domestic business unit
- New Christchurch site construction completed in time, delivering efficiency and capacity for growth
- Interim dividend of 3.3 cents per share, based on earnings per share of 7.9 cents

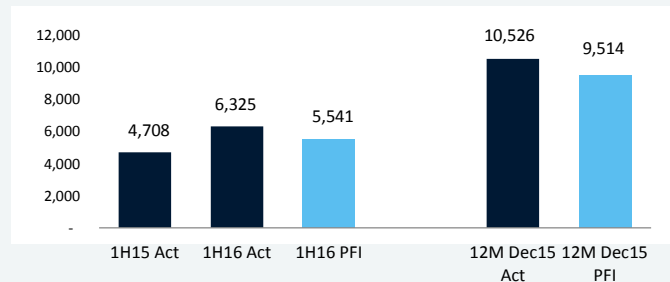
# A FLIWAY PRESENTATION

## 1. HIGHLIGHTS

### FLIWAY GROUP REVENUE



### FLIWAY GROUP EBITDA



NZ\$000's	1H15	1H16	1H16	% chg.	12M Dec 15		% chg.
	Act	Act	PFI		Act	PFI	
Revenue	44,371	43,822	44,749	-2.1%	83,620	85,642	-2.4%
Pro-Forma EBITDA	4,708	6,325	5,541	14.2%	10,526	9,514	10.6%
Pro-Forma EBIT	3,833	5,316	4,329	22.8%	8,354	7,107	17.5%
Pro-Forma NPAT	2,240	3,580	2,865	25.0%	5,335	4,546	17.4%

Note: EBITDA = Earnings before net finance expense, tax, depreciation of tangible assets and amortisation of intangibles, and includes contribution from UPS-Flway.

# A FLIWAY PRESENTATION

## 2. FINANCIAL HIGHLIGHTS

### DIVISIONAL EBITDA

NZ\$000's	1H15	1H16	1H16	% chg.	12M Dec 15		% chg.
	Act	Act	PFI		Act	PFI	
Domestic	4,067	5,895	5,167	14.1%	10,218	8,998	13.6%
International	2,145	1,962	2,011	-2.4%	3,690	3,814	-3.3%
Joint Venture	836	852	726	17.4%	1,609	1,306	23.2%
Head Office	- 2,339	- 2,384	- 2,363	-0.9%	- 4,991	- 4,604	-8.4%
<b>Pro-Forma EBITDA</b>	<b>4,708</b>	<b>6,325</b>	<b>5,541</b>	<b>14.1%</b>	<b>10,526</b>	<b>9,514</b>	<b>10.6%</b>

Note: EBITDA = Earnings before net finance expense, tax, depreciation of tangible assets and amortisation of intangibles, and includes contribution from UPS-Flway.

# A FLIWAY PRESENTATION

## 3. CAPITAL MANAGEMENT

### CAPITAL EXPENDITURE

- IT expenditure is phasing of the roll out of the new Logistics warehouse management system
- New Christchurch site incurred IT and setup costs of \$187k not forecast
- 12M Capital expenditure    \$1.975m
- 12M Depreciation/Amort    \$2.172m

### NET DEBT

- Improved cash profit
- Facility converted, all \$18m now re-drawable
- Good working capital position
- Lower capital expenditure
- Dividend payment of \$1.5m April '16

CAPEX NZ\$000's	1H16		
	Act	PFI	Var
Trucks & Vans	613	750	18.3%
Truck & Trailer	-	-	0.0%
IT	209	450	53.6%
Other	183	-	0.0%
Disposals	- 91	-	0.0%
<b>Total CAPEX</b>	<b>914</b>	<b>1,200</b>	<b>23.8%</b>

NET DEBT NZ\$000's	1H16		
	Act	PFI	Var
Cash	3,438	3,607	4.7%
Debt	- 9,800	- 12,500	21.6%
<b>Net Debt</b>	<b>- 6,362</b>	<b>- 8,893</b>	<b>28.5%</b>

# A FLIWAY PRESENTATION

## 4. OPERATIONAL PERFORMANCE

### DOMESTIC

- Transport cost base continued to improve ahead of forecast levels
- Transport revenues impacted by lower fuel
- Capacity utilisation improved
- Warehousing growing ahead of forecast
- Warehousing management delivering improved profitability
- Relocating to 5,000 sqm shed and exiting 3,000 sqm shed in Christchurch in February 2016

DOMESTIC NZ\$000's	1H15	1H16			12M Dec 15		
		Act	PFI	Var	Act	PFI	Var
Revenue	29,428	29,217	29,447	-0.8%	55,599	56,466	-1.5%
Pro Forma EBIT	3,387	4,984	4,145	20.2%	8,215	6,961	18.0%
Pro Forma EBITDA	4,067	5,895	5,167	14.1%	10,218	8,998	13.6%
EBITDA %	13.8%	20.2%	17.5%	2.6%	18.4%	15.9%	2.4%



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## 4. OPERATIONAL PERFORMANCE

### INTERNATIONAL

- Revenue weaker than expected and flat compared to 1H15 through:
  - Depressed sea freight pricing
  - Lower volumes
- Challenging outlook ongoing

INTERNATIONAL NZ\$000's	1H15	1H16			12M Dec 15		
		Act	PFI	Var	Act	PFI	Var
Revenue	14,943	14,605	15,302	-4.6%	28,021	29,177	-4.0%
Pro Forma EBIT	2,097	1,926	1,938	-0.6%	3,602	3,667	-1.8%
Pro Forma EBITDA	2,145	1,962	2,011	-2.5%	3,690	3,814	-3.3%
EBITDA %	14.4%	13.4%	13.1%	0.3%	13.2%	13.1%	0.1%

# A FLIWAY PRESENTATION

## 4. OPERATIONAL PERFORMANCE

### UPS-FLIWAY JOINT VENTURE

- Improving export revenue
- Cost control delivering profit ahead of forecast
- Dividend delayed, now expected in the second half of FY16

UPS-FLIWAY NZ\$000's	1H15	1H16			12M Dec 15		
		Act	PFI	Var	Act	PFI	Var
EBITDA (50%)	836	852	726	17.4%	1,609	1,306	23.2%
NPAT (50%)	602	613	515	19.0%	1,158	925	25.2%
TAX PAID DIVIDEND	450	-	450	N.A.	500	900	-44.4%

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## 4. OPERATIONAL PERFORMANCE

### HEAD OFFICE

- Adverse cost impact due to re-drawable facility line fee moving out of interest line
- Executive bonus accrual
- IT recharges discontinued

### OTHER

- Interest rate derivatives revaluation cost \$44k more than forecast for 1H16
- Financing favourable by 23.7% as net debt lower than forecast and the line fee on the committed facility goes above the line in Head Office

HEAD OFFICE NZ\$000's	1H15	1H16			12M Dec 15		
		Act	PFI	Var	Act	PFI	Var
EBITDA	- 2,339	- 2,384	- 2,363	-0.9%	- 4,991	- 4,604	-8.4%
Dispute de minimis	-	250	-		75	-	
Pro Forma EBITDA	- 2,339	- 2,634	- 2,363	-11.5%	- 5,066	- 4,604	-10.0%
Pro Forma EBIT	- 2,483	- 2,692	- 2,467	-9.1%	- 5,139	- 4,802	-7.0%

# A FLIWAY PRESENTATION

## 5. STRATEGY

### MOVING AHEAD THROUGH TARGETED GROWTH

- Look to sell to capacity in our network and secure new customers
- Continue to target increased relationships with existing customers
- Capacity for growth with new warehousing space in Christchurch
- Looking to develop business in new sectors
- Working to build an engaged, high performance culture, focused on our vision of 100% home safely



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## 5. OUTLOOK

- Softer revenue but our profit position has strengthened
- Tougher macro-economic conditions
- Some customers facing trading challenges
- We have a conservative balance sheet with gearing at 0.7 times EBITDA



# A FLIWAY PRESENTATION

## 6. CONCLUSION

- Fliway has exceeded prospectus earnings forecast, in both reporting periods
- Delivered strong payback on the capital invested prior to NZX listing
- Outlook is challenging, but Fliway is a solid platform
- Continue to actively evaluate acquisition opportunities
- The Directors thank the Fliway team for their hard work and acknowledge the support of our valued customers



# THANK YOU

