

FLIWAY GROUP LIMITED ANNUAL SHAREHOLDERS MEETING 2016

19 OCTOBER 2016



FLIWAY
DELIVERING TRANSPORT SOLUTIONS

A FLIWAY PRESENTATION IMPORTANT NOTICE

This presentation supplements our full year financial statements to 30 June 2016 and should be read subject to and in conjunction with the financial statements. The Fliway Investment Statement and Prospectus dated 6 March 2015 (as amended 19 March 2015) is available via the Investors section on our website, www.fliway.com. All references to currency are to New Zealand dollars unless otherwise stated.

This presentation contains forward-looking statements and projections. These reflect our current expectations based on what we think are reasonable assumptions but for any number of reasons these assumptions may prove incorrect. We give no warranty or representation as to our future financial performance or any future matter. Except as required by law or NZX listing rules, we are not obliged to update this presentation after its release, even if things change materially.

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A FLIWAY PRESENTATION AGENDA

1. Chairman's Address
2. Managing Director's Review
3. Ordinary Business
4. Resolutions
5. General Business



A FLIWAY PRESENTATION CHAIRMAN'S ADDRESS

CRAIG STOBO



A FLIWAY PRESENTATION

CHAIRMAN'S INTRODUCTION

BOARD OF DIRECTORS



Alan Isaac, Independent Director

Craig Stobo, Independent Chairman

Duncan Hawkesby, Managing Director

A FLIWAY PRESENTATION

CHAIRMAN'S INTRODUCTION

EXECUTIVE TEAM

Jim Sybertsma, Chief Financial Officer

Cameron Mckeown, General Manager, Domestic

Jon Gundy, General Manager International

Colin Burrow, Chief Information Officer

Kate Bacchus, General Manager People

A FLIWAY PRESENTATION FY16 HIGHLIGHTS

STRATEGIC

EARNINGS PER SHARE
12.4 CENTS

CASH DIVIDEND PER
SHARE 8.65 CENTS

IMPROVED PENETRATION
WITH EXISTING
CUSTOMERS

NEW MARKET SECTORS
ENTERED, SOME
STRONGLY

FINANCIAL

FY16 EARNINGS TO DEC 15
EXCEEDED PFI FORECASTS
NPAT +17.4%

WORKING CAPITAL
MANAGEMENT AND
EARNINGS LIFT
TRANSLATED TO
INCREASED CASH FLOWS

OPERATIONAL

IMPROVED CAPACITY
MANAGEMENT IN
DOMESTIC BUSINESS UNIT

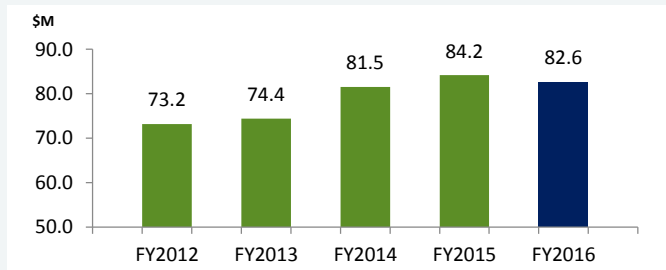
WAREHOUSING SITE
MOVE IN CHRISTCHURCH
TO **ACCOMMODATE**
GROWTH

WAREHOUSING OPERATIONAL
PERFORMANCE **EXCELLENT**

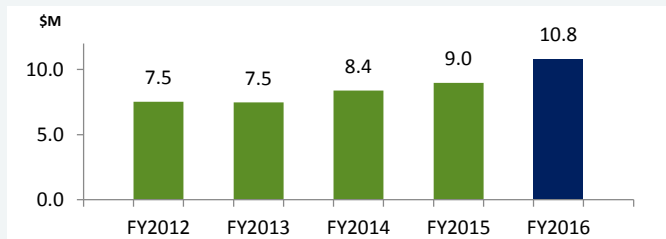
A FLIWAY PRESENTATION

FY16 FINANCIAL HIGHLIGHTS

FLIWAY GROUP REVENUE



FLIWAY GROUP EBITDA*



* Underlying EBITDA

	FY2012	FY2013	FY2014	FY2015	FY2016	Var
NZ\$Million's						
Revenue	73.197	74.391	81.511	84.169	82.644	-1.8% ▼
Underlying EBITDA	7.534	7.465	8.380	8.980	10.817	20.5% ▲
Underlying EBIT	6.000	6.100	6.897	6.830	8.602	26.0% ▲
Underlying NPAT	3.561	3.618	4.426	3.995	5.616	40.6% ▲

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

FY16 DIVIDENDS

INTERIM DIVIDEND OF
3.3 CENTS PER SHARE
AHEAD OF PFI FORECAST

FINAL DIVIDEND OF
5.35 CENTS PER SHARE
REFLECTING PROFIT LIFT

FULL YEAR DIVIDEND OF
8.65 CENTS PER SHARE
EQUATES TO A GROSS YIELD
OF 10% AT THE LISTING PRICE
OF \$1.20 / SHARE

FINAL DIVIDEND

- Imputation credits: 2.0806 cps (at 28% tax rate)
- Fully imputed at 28% tax rate
- Record date: 30 September 2016
- Payment date: 20 October 2016

A FLIWAY PRESENTATION MANAGING DIRECTORS REVIEW

DUNCAN HAWKESBY

1. Business Description
2. Strategy
3. Financial Highlights
4. Capital Management
5. Operational Performance
6. Outlook



A FLIWAY PRESENTATION

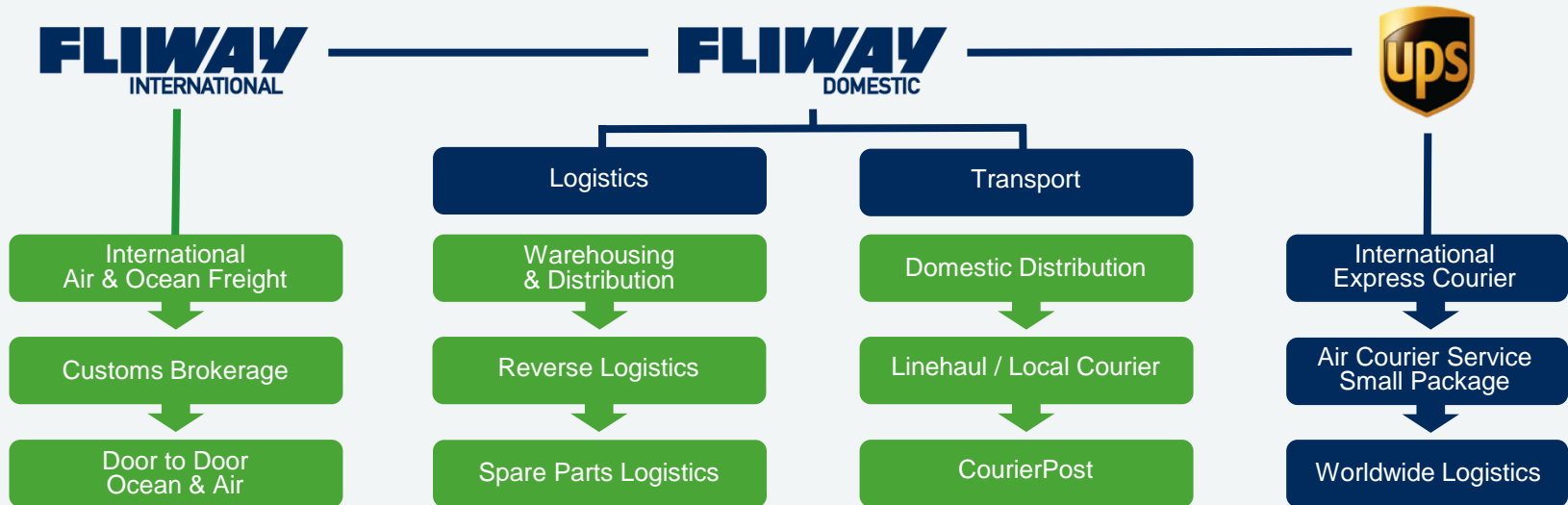
1. BUSINESS DESCRIPTION

SEAMLESS GLOBAL SUPPLY CHAIN SOLUTIONS



1. BUSINESS DESCRIPTION CONT'D

INTERNATIONAL FREIGHT, WAREHOUSING & DOMESTIC DELIVERY B2B or B2C



A FLIWAY PRESENTATION

2. STRATEGY



OPTIMISING CAPACITY

To maximise operating leverage, including through using its capacity efficiently and gaining efficiencies from the use of technology.



GROWING EXISTING BUSINESS

Fliway is a leading provider of specialised transport and warehousing in a number of sectors. Fliway plans to continue to invest in business development initiatives to target increased customer and market penetration in these existing sectors.



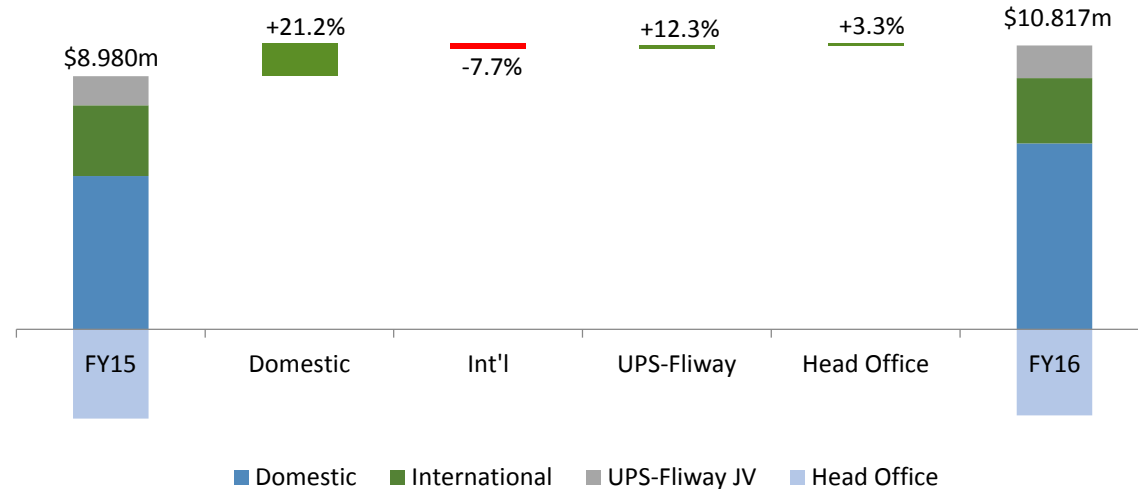
ENTERING NEW MARKETS

Fliway has specialist equipment, facilities and expertise which is distinct from its competitors. Fliway intends to leverage this equipment and expertise to target sectors which the business does not currently operate in.

A FLIWAY PRESENTATION

3. FINANCIAL HIGHLIGHTS

DIVISIONAL UNDERLYING EBITDA



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

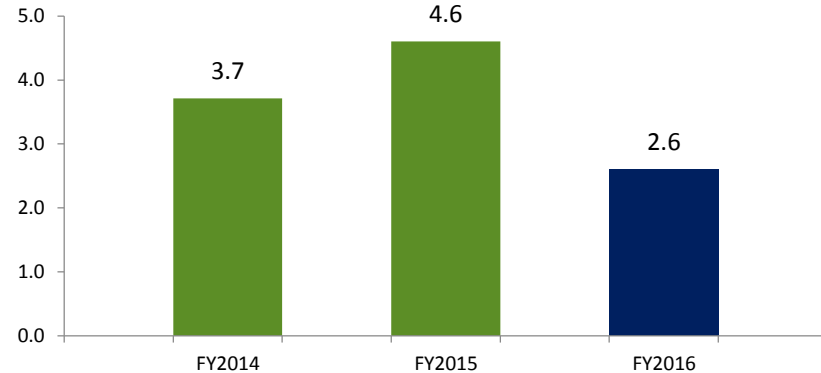
A FLIWAY PRESENTATION

4. CAPITAL MANAGEMENT

CAPITAL EXPENDITURE

- Investing for growth:
 - Logistics warehouse management system
 - New Christchurch site
- Net Capex \$2.469m, Depn/amort \$2.087m, reflects steady state
- Growth capex only where superior returns available

\$M GROSS CAPEX

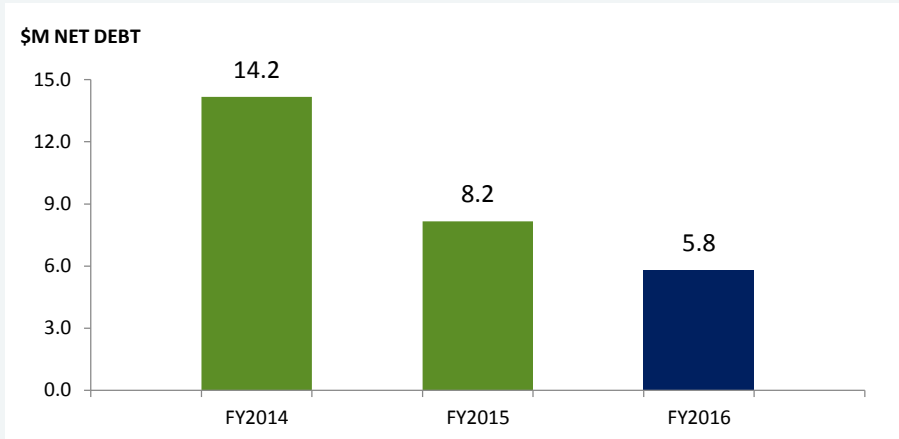


A FLIWAY PRESENTATION

4. CAPITAL MANAGEMENT CONT'D

NET DEBT

- Improved cash profit
- Debt facility all now re-drawable
- Flat working capital position on LYR
- Capital expenditure now normalised
- Dividends paid in last 12M \$2.598m



A FLIWAY PRESENTATION

5. OPERATIONAL PERFORMANCE

DOMESTIC

- Revenue impacted by Dick Smith closure
- Transport revenues impacted by lower fuel
- Transport cost base continued to improve
- Capacity utilisation improved
- Warehousing growing ahead of expectations
- Warehousing management delivering improved profitability
- Christchurch relocated to 5,000 sqm shed allowing for further growth

DOMESTIC	FY2014	FY2015	FY2016	Var
NZ\$Million's				
Revenue	52.608	55.810	55.681	-0.2% ▼
EBITDA	8.007	8.390	10.170	21.2% ▲
EBITDA %	15.2%	15.0%	18.3%	

A FLIWAY PRESENTATION

5. OPERATIONAL PERFORMANCE

INTERNATIONAL

- FY16 Revenue weaker than FY15:
 - Depressed sea freight pricing
 - Customer loss
 - Lower volumes
- Challenging outlook remains

INTERNATIONAL	FY2014	FY2015	FY2016	Var
NZ\$Million's				
Revenue	28.903	28.359	26.962	-4.9% ▼
EBITDA	3.765	3.873	3.574	-7.7% ▼
EBITDA %	13.0%	13.7%	13.3%	

A FLIWAY PRESENTATION

5. OPERATIONAL PERFORMANCE

UPS-FLIWAY JOINT VENTURE

- Improving export revenue
- Cost control delivering profit ahead of expectations
- Dividend reduced - working capital lift retained in the JV

UPS-FLIWAY	FY2014	FY2015	FY2016	Var
NZ\$Million's				
EBITDA (50%)	1.282	1.593	1.789	12.3% ▲
NPAT (50%)	0.915	1.138	1.276	12.1% ▲
DIVIDEND REC'D	0.900	0.950	0.750	

A FLIWAY PRESENTATION

5. OPERATIONAL PERFORMANCE

HEAD OFFICE

- Accrued dispute de minimis
- Investment in Health & Safety
- Management bonus

FINANCING

- Total net Financing improvement over prior year, debt lowered by 29.3%
- Interest rate derivatives revaluation negative impact remains
- Bank facility fees swapped out of EBIT
- Facility set for maximum flexibility

HEAD OFFICE	FY2014	FY2015	FY2016	Var
NZ\$Million's				
Reported EBITDA	(4.264)	(6.663)	(4.717)	29.2% ▼
Underlying Adjustments				
- Listing costs adjustment	-	2.035	-	
- Annual PLC assoc costs	(0.420)	(0.320)	-	
- Non-recurring costs	0.020	0.072	0.001	
Underlying H.O. EBITDA	(4.664)	(4.876)	(4.716)	3.3% ▼
Dispute de minimis		0.175	(0.249)	
Adjusted EBITDA	(4.664)	(4.701)	(4.965)	-5.6% ▲
NET FINANCING COSTS				
Net Interest expense	(0.741)	(0.857)	(0.411)	52.0% ▲
Finance charges	(0.091)	(0.071)	(0.160)	-125.4% ▼
Gain/(Loss) on swaps	0.089	(0.344)	(0.230)	33.1% ▲
Total Net Financing:	(0.743)	(1.272)	(0.801)	37.0% ▲

A FLIWAY PRESENTATION

6. OUTLOOK

MOVING AHEAD THROUGH TARGETED GROWTH

- Look to sell to capacity in our network and secure new customers
- Continue to target stronger and deeper relationships with existing customers
- Utilising 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



A FLIWAY PRESENTATION

6. OUTLOOK

- Tougher macro-economic conditions
- Some customers facing trading challenges
- Softer revenue but our profit position has strengthened
- Customer loss as announced in June 2016
- We have a conservative balance sheet with gearing at 0.6 times EBITDA



A FLIWAY PRESENTATION CHAIRMAN'S ADDRESS

CRAIG STOBO

- Fliway has delivered a sound result for FY16
- Outlook is challenging, but Fliway has a solid platform
- The Directors thank the Fliway team for their hard work and acknowledge the support of our valued customers



ORDINARY BUSINESS

QUESTIONS



RESOLUTIONS



RESOLUTION 1

RESOLUTION 1: RE-ELECTION OF DIRECTORS

- That Craig Stobo, who retires by rotation and, being eligible and having offered himself for re-election, be re-elected as a Director of the Company.

Craig Stobo to address the meeting



RESOLUTION 1

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Resolution 1	For	Against	Discretionary	Total	Abstain
Proxies and Postal votes	356,775	1,000	139,400	497,175	4,000



RESOLUTION 2

RESOLUTION 2: AUDITOR

- That the Directors be authorised to fix the auditor's remuneration.



RESOLUTION 2

RESOLUTION 2: AUDITOR

- That the Directors be authorised to fix the auditor's remuneration.

Resolution 2	For	Against	Discretionary	Total	Abstain
Proxies and Postal votes	258,275	101,500	135,400	495,175	6,000



DIRECTORS FEES

- Current pool set on 5th March 2015 is \$300,000
- Chairmans fees increased \$80k to \$90k p.a.
- Independent director and chair of ARC unchanged at \$60k p.a.
- Board reviewing pool approach



GENERAL BUSINESS



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FLIWAY
DELIVERING TRANSPORT SOLUTIONS

THANK YOU



A FLIWAY PRESENTATION

FINANCIAL HIGHLIGHTS

Reconciliation to Underlying measures

	FY2014	FY2015	FY2016	Var
NZ\$Million's				
Reported NPAT	4.786	2.190	5.616	156.4% ▲
Add Back:				
Income tax	1.520	1.215	1.684	-38.6% ▼
Financing expenses	0.652	1.201	0.801	33.3% ▲
Reclassified finance cost	0.091	0.071	-	
Gross up UPS-Fliway to EBIT	0.347	0.438	0.501	14.4% ▲
Equate for listing:				
- Listing costs adj	-	2.035	-	
- Annual PLC assoc costs	(0.500)	(0.320)	-	
Underlying EBIT	6.896	6.830	8.602	25.9% ▲
Depreciation	1.454	2.038	2.093	
Loss on Sale	0.030	0.112	0.122	
Underlying EBITDA	8.380	8.980	10.817	20.5% ▲

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