

FLIWAY ANNUAL SHAREHOLDERS MEETING

CHAIRMAN'S ADDRESS: CRAIG STOBO

Slide 1. Fliway – 19 October 2016, Annual Shareholders Meeting

Good afternoon everyone. My name is Craig Stobo and I am the Chairman of Fliway's Board of Directors. On behalf of the Directors and Executive Team, I would like to extend a very warm welcome to you all. We especially welcome any new shareholders to the second annual shareholder meeting of Fliway as a listed entity on the New Zealand Stock Exchange.

Today we are going to be updating you on our results through to 30 June 2016, the end of our second financial year subsequent to our listing on the 9th of April 2015.

When we listed, we provided the market with forecasts regarding our expectations for the Company's performance and so we will also update you on the progress against the second set of milestones contained within those forecasts.

Before we proceed with the meeting, I would like to cover a few points of house-keeping and safety. As a matter of courtesy please turn your mobile phones to silent. In the event of an emergency or if we need to evacuate the building, please follow the direction of our staff. The fire exits are located both behind you, back out the door and to the right, and in front of you and to the left. The assembly point is down in Fort Lane. Bathrooms are located behind you, out and to the right. In case of a medical emergency, our staff or a member of the team here are your first point of call.

Slide 2. Disclaimer

[no script]

Slide 3. Agenda

So now as we get underway I will run through the agenda for today's meeting.

I will begin by introducing the Fliway Board and the Executive Team to you, and then summarise some of the Company's 2016 highlights.

I will then ask Duncan Hawkesby, Fliway's Managing Director, to provide a more detailed review of the Company's trading performance, including strategy and outlook.

Following these presentations there will be an opportunity to ask any questions you may have regarding the performance of the Company.

We will then move to the formal business of the meeting and I will introduce the resolutions. The items of business and the resolutions to be considered by shareholders at this meeting are contained in the Notice of Meeting, which was lodged with the New Zealand Stock Exchange and mailed to shareholders on 21 September 2016. Polls will be held in respect of the resolutions put to shareholders. I am pleased to confirm that a quorum is present and therefore declare that the 2016 Annual Shareholder Meeting of Fliway is duly constituted and I declare it open.

Slide 4. Separator slide: Chairman's Address

[no script]

Slide 5. Chairman's Introduction: Board of Directors

Your Directors at the table are:

Alan Isaac. Alan was appointed a Director in February 2015 and assisted with the listing of the business in April 2015. He is an experienced professional director with an extensive background in accounting and finance and is a former national Chairman of KPMG. Alan was made a Companion of the New Zealand Order of Merit in 2013 for services to cricket and business. An accountant by training, with widespread corporate experience, Alan is currently Chairman of McGrath Nicol and Acurity Health Group and is a director of publicly listed companies Opus International Consultants and Scales Corporation in addition to a number of private and public sector roles.

Duncan Hawkesby, Fliway's Managing Director. Duncan has spent the last 10 years with Fliway after purchasing the Company in 2006 from the founder Craig Magee. Duncan, via The D&G Hawkesby Trust, remains the single largest shareholder in the business, holding some 54% of the Company's shares.

And finally, I was appointed Chairman of Fliway in February 2015 ahead of its initial public offering in April and assisted the business through the listing process. I have worked as a diplomat, economist, investment banker and as a CEO. I am now a professional director and in addition to chairing Fliway, I am Chairman of Precinct Properties, AIG Insurance NZ and the Local Government Funding Agency. I also hold directorships in a number of private commercial companies.

I retire by rotation today and am standing for re-election, I will speak to that resolution later in the meeting.

Slide 6. Chairman's Introduction: Executive Team

Also present today are the members of the Fliway Executive Team who I would like to introduce to you:

Jim Sybertsma is Fliway's Chief Financial Officer and Company Secretary. Jim has 30 years accounting and commercial experience and was appointed to his current role just over 8 years ago.

We welcome Jon Gundy, who is our newly appointed General Manager of Fliway's International division. Jon is a veteran of the freight forwarding industry having held senior leadership roles in the International Air & Ocean sector for some 20 years, both in NZ and Internationally.

And we are also joined by Colin Burrow, Chief Information Officer of Fliway and Kate Bacchus, GM People who both bring extensive capability to the Executive Team.

Apologies are from Cameron Mckeown, General Manager of Fliway's Domestic division. Cam is also a veteran of the freight and logistics industry with some 23 years' experience within the Fliway business. He is currently travelling overseas.

This Executive Team has considerable experience, both with Fliway and in the wider industry. It is a particular strength of Fliway that it is able to identify and promote talent from within, not only in these senior roles, but across many occupations within the greater Company.

The Company's Auditors, Deloitte, are represented here today and the Company's legal advisors Bell Gully are represented here today also.

The Financial Statements for the year ended 30 June 2016 are set out in the Company's Annual Report that was released to shareholders last month.

I would now like to speak briefly to some of the highlights of Fliway's 2016 year.

Slide 7. FY16 Highlights

The last 12 months has seen Fliway make good progress on strategic, financial and operational fronts. The business operated for half the year in a Prospective Financial Information (PFI) period through to 31 Dec 2015. That forecast was put in market when we listed in April 2015 and was exceeded at NPAT level by 17.4%.

Good customer engagement has seen Fliway strengthen and deepen relationships with existing customers and successfully enter new sectors of the freight market during the year.

This business is a strong generator of free cashflow and the combination of tight working capital management and improved earnings meant the directors were able to go to the top of the dividend range of 70% of NPAT.

Also pleasing was the operational delivery of this result by the business units themselves. In particular the Domestic division improved capacity management and expanded its capacity to facilitate further growth. Operational key performance indicators were excellent in the warehousing division and this led to improved financial performance within that business unit and even higher levels of customer service.

Slide 8. FY16 Financial Highlights

2016 was a mixed year, delivering slightly lower revenue than the previous year while still managing to produce another record year for earnings. Underlying Earnings before Interest, Tax, depreciation and Amortisation (or EBITDA) for Fliway of \$10.8 million last year, was up on the previous year by 20.5% and is the highest the company has achieved to date. Revenue of \$82.6 million declined by 1.8% over the prior year, due mainly to a reduced pass through of lower fuel costs and lower ocean shipping rates in the International business.

We use underlying earnings measures which adjust for the significant costs involved in listing a business and the on-going costs associated with being a listed business, a transition Fliway made last year. There is a need to adjust historical years profit numbers in order for all financial periods to be comparable. We call these adjusted numbers “Underlying” numbers which is another way of saying they are comparable across the years.

You can see from the table, in all financial measures other than revenue, the business exceeded the prior years and I can tell you that is also true of the PFI numbers to Dec 2015, the end of our PFI period.

In the 2016 financial year, Fliway has produced an NPAT of \$5.6 million, significantly ahead (albeit 6 months later) of the MAT Dec 2015 NPAT contemplated in the PFI of \$4.546 million.

Slide 9. FY16 Dividend

The improved earnings, combined with solid working capital management and disciplined capital expenditure mean Directors have been able to take a strong view on the dividend, as I mentioned in the highlights.

In February, the Board declared an interim dividend of 3.3 cents per share. This dividend, was based on the Company's full year forecast and in line with the dividend policy of paying out 50 to 70% of annual NPAT, with a weighting of 30% to 40% being paid in the first half.

As a result of the stronger financial performance, Directors were able to approve a final, fully imputed dividend of 5.35 cents per share which will be paid to shareholders tomorrow.

In total for the past year, fully imputed dividends of 8.65 cents per share will have been paid to shareholders. At the issue price of \$1.20 when Fliway listed, this would represent a gross yield of 10%, and is a satisfying return for shareholders.

Fliway has delivered a record full year earnings result in 2016. The Directors acknowledge the outstanding work and ongoing dedication of the Fliway team of people throughout New Zealand. I would now like to hand over to Duncan Hawkesby, Managing Director of Fliway to address the meeting.

MD REVIEW: DUNCAN HAWKESBY

Slide 10. MD Review

Thanks very much Craig. Good morning everyone and thank you for taking the time to come along to our Annual Shareholder Meeting. Today I'd like to recap on what Fliway does, briefly overview our strategy and look at the highlights of our FY16 performance. I will then review the business' capital program, year-end debt levels and balance sheet capacity followed by a more detailed look into the operational performance of each division. Lastly I will discuss the outlook for the business in the period ahead.

Slide 11. MD Review – 1. Business Description

Fliway is a freight & logistics business and has been operating in New Zealand for some 40 years. Our core strength is in providing a seamless and often tailored global supply chain solution to our customers. Domestically we operate transport and warehousing while internationally, we provide both air and ocean freight. So we can take care of our customer's freight from origin, all the way to the end customer here in New Zealand.

We also have a joint venture in NZ with UPS which is the world's largest package delivery company. Our JV with UPS is part of the global UPS express package network.

So looking across our business, we employ **over 400 people**, we operate over 170 vehicles, and we have a footprint of 15 sites from Whangarei in the North, to our newest depot, Alexandra in the South.

Slide 12. MD Review – 1. Business Description Cont'd

Looking now, at how we are structured, this slide shows how we think about Fliway as 3 business units.

Fliway International is our freight forwarding business. It facilitates export & import activity across both ocean & air freight – and provides customs brokerage.

Our Domestic business encompasses Warehousing - and Transport. Warehousing is often referred to as third party logistics or 3PL – where we effectively operate as our client's warehouse and distribution centre.

And Transport involves the pickup and delivery of goods across the country.

UPS-Fliway is the joint venture. It is an international express courier business – so it's typically dealing with packages that are less than 25kg.

Slide 13. 2. Strategy

Moving now to strategy. At Fliway, we are very focused on earnings growth. We target 3 specific avenues to achieve that:

Firstly: Optimising Capacity – we are a capacity management business, and our ability to closely match capacity with demand determines our performance both operationally and financially.

Secondly: We look to grow our existing business by selling more services to existing customers and growing our market share by providing leading technology and outstanding service at competitive rates.

Thirdly: Entering new markets - we continue to look to diversify into complementary new markets or sectors, including through acquisitions.

Underpinning these growth strategies are our Health & Safety and People policies which are at the forefront of everything we do. We employ **over 400 people**, and we operate businesses with lots of moving parts so the driving objectives for our Health & Safety and

People Strategies are:

- 1) Getting the basics right
- 2) Simplifying what we do
- 3) Building an engaged culture

Slide 14. 3. MD Review - Financial Highlights - Divisional EBITDA

So lets look at the financials. Looking at the EBITDA movement year on year by division, we can see that our domestic business, the JV and our Head office function all exceeded the prior year earnings performance or impact.

The Domestic business unit had a great year and out-performed the previous year, particularly in the first half in the Transport division where capacity management was significantly improved on the prior year for that period. The warehousing division also made strong improvements on last year as revenues lifted, we got improved utilisation rates from product storage and good variable cost management on activity revenue, boosting earnings.

International was 7.7% behind last year, as a result of a nearly 5% reduction in revenue and some margin being competed away. This is a business unit that is being impacted by lower shipping rates, lower volumes from existing customers and is operating in a highly competitive environment at present.

Whilst Head Office on the surface appears to have reduced in cost, there was a reversal of a provision relating to a past dispute that was no longer required and was therefore released.

Overall, FY16 Underlying EBITDA was up 20.5% on last year and for the 12 months to the end of our PFI period at December 2015, Fliway Underlying EBITDA was 10.6% ahead of the PFI forecast at that point.

Slide 15. MD Review - 4. Capital management – Capital Expenditure

Moving on now to capital expenditure –you will remember we came to market as a fully invested business having spent nearly \$9m over the two year period ahead of listing. At the time of listing, we told you our intention was to reduce ongoing annual capital expenditure

from where it had been, down to approximately the level of depreciation and amortisation in the business, on an ongoing basis.

In FY2016 capital expenditure did reduce. Net capital expenditure, which is net of disposals, was \$2.469 million and compared to D&A of \$2.087 million. Whilst capex did not come completely down to the level of D&A, there was an element of growth capital in the two projects noted on the slide – the replacement warehouse management system (which will deliver operational benefits) and the capital spent on the new Christchurch site which is larger and will deliver increased earnings from our Christchurch operation.

In conclusion on capex, we remain comfortable where we finished for the FY16 period and feel that the additional capex invested, yielded improved earnings. Going forward we will have the same attitude, where capital will be deployed where there is the opportunity to make good returns on that capital.

Slide 16. MD Review - 4. Capital management cont'd – Net Debt

Our net debt position of \$5.8 million as at 30 June represents gearing of 0.53 times EBITDA. The improved earnings, continued focus on maintaining the working capital level and considered use of capital expenditure all meant, despite strong dividend payments, debt reduction was possible.

Whilst we have in our cash forecasts a dividend payment tomorrow for \$2.4 million, our bank facility allows up to \$18.0 million in debt subject to covenants being met – so we have good balance sheet capacity.

Slide 17. MD Review – 5. Operational Performance – Domestic

Moving on now to look at some of the detail in operational performance for each of our divisions.

Starting with Domestic where total revenue was 0.2% below last year as a result of continued lower fuel recovery, the Dick Smith Electronics receivership and general customer trading levels.

In the Transport segment, our Fuel Adjustment Factor (or FAF), which is driven off pump prices averaged 3.7% last year. In the FY15 period the FAF was 5.9%. A lower FAF clearly has an adverse impact to revenue, so all other things being equal, our revenue would have declined by 2.2% based on the change in this mechanism alone.

In 2015 we made some good gains in optimising capacity by gaining some backload customers with the full year effect of those gains now coming through in the results.

And as I mentioned earlier, we came to market having invested in operating fleet, and we continue to see payback through a lower cost base of operating the fleet. Investment in the new Christchurch facility has delivered gains for the transport business with improvements in the overall site efficiency.

In our Logistics segment, our strong management team have continued to deliver improved results off the back of good revenue growth and solid operating cost management. Operational performance in this business unit was validated via the key performance indicator of Inventory Record Accuracy (IRA) which hit a new high within the year.

Logistics also relocated to a new Christchurch premise, 4 months after the Transport operation, with the new facility yielding

immediate benefits as existing customers consumed additional space contemporaneously.

Slide 18. MD Review – 5. Operational Performance cont'd – International

In our International Division, revenue was 4.9% lower than the prior year. Looking at the market as a whole, we are seeing a continuation of a trend that commenced last year. Lower shipping rates, lower volumes from customers and a highly competitive environment is all creating lower revenue in this sector.

The business has a new General Manager, Jon Gundy, and under Jon's new leadership the business unit remains focused on retaining customers through the delivery of exceptional service, bringing on new customers and ensuring its cost base is optimised. Jon joined the business in July of this year.

EBITDA margins in our International freight forwarding business were down from 13.7% last year to 13.5% in the year under review, but still remain ahead of the 13.0% in FY2014. A good outcome given the competitive environment and resultant margin pressure.

Fliway International's key objectives for FY17 remain unchanged, to grow its customer base, maintain cost disciplines and continue to align its business offering alongside the other operating divisions of the Fliway Group.

Slide 19. MD Review – Operational Performance Cont'd – UPS-Fliway Joint Venture

Our joint venture with UPS continues to deliver sound results.

In recent times the JV has had some good wins in export volume, which combined with good cost management has seen earnings in this business unit exceed the prior year by 12.3% at NPAT level.

In addition, we received tax paid dividends for the last 12 months of \$750 thousand which was below last year as increased working capital requirements absorbed the cash headroom in the JV. This is a timing issue and does not impact the quantum of the JV's earnings.

Slide 20. MD Review – 5. Operational Performance Cont'd – Head Office

Head office costs benefitted from the write back of a provision taken out to cover the potential cost of a customer dispute. The provision originally taken out in the FY15 period, was not required and was written back in FY16, reversing against Head Office costs. Underlying costs in the finance, HR and IT functions of our business were up on last year by 5.6%, due to the record profitability of the financial results leading to management bonuses, increased Health & Safety investment and resource, and additional investment in IT, in line with our strategy of gaining efficiencies from the use of technology.

Financing costs changed in quantum and nature, largely due to lower average net debt but also as we revised our debt facility to ensure it remains a fully re-drawable facility. This means we need to pay line fees now but it does enable efficient management of net debt without any loss of capacity or flexibility.

Slide 21. 6. Outlook

Turning now to our outlook and what we see ahead.

The way to increase earnings in our business is to maximise the utilisation of the assets, whether that is trucks or sheds or people, they all need to be full and busy if we are to make good returns.

To that end we continually strive to deepen and strengthen relationships with customers to ensure we are getting all their work, we look to ensure we don't get capacity holes opening up in our networks or sheds, and we continue to look at other sectors where we believe our operating model has relevance and is attractive.

Slide 22. 6. Outlook

Looking forward we expect revenue to be softer but we will look to offset that with a better cost performance as we have been doing throughout the last two years. Part of the reason we see a softer revenue outlook ahead is because we have already advised you of the likely impact of the customer loss we experienced in July 2016, this, is in addition to the demise of Dick Smith Electronics last year and a fiercely competitive environment in freight forwarding, make growing the revenue line challenging.

To date, we have managed to improve our profit position despite revenue fluctuations and we will continue to drive costs hard in the business to mitigate the impact of any revenue bumps. Business revenue lines are seldom linear and ours is no different.

There is much work to do and we are excited about the road ahead. Our increased profile post listing and our stated intention to seek out growth through acquisitions is presenting us with some opportunities and we will continue to work through those.

On that note I would like to conclude and thank my fellow directors for their support and counsel this year. I'd also like to thank all of Fliway's people and our customers.

I'll now hand you back to Craig Stobo to run through remainder of the meeting.

Slide 23. Chairman's Address

Thank you Duncan. Just to recap and reinforce Duncan's message, it has been a record year and whilst the outlook is challenging we have a great platform in the Fliway business.

On behalf of the directors I would also like to thank the Fliway Executive and the wider team for 2016, a milestone year. In addition, I would like to acknowledge the support of our valued customers.

Slide 24. Ordinary Business - Questions

We will now open the meeting for questions relating to the annual report, financial statements and other matters raised in Duncan's and my presentation. Can I remind members here today that only shareholders, proxy holders or shareholder company representatives are able to speak. In addressing the Chair with questions, this is a fairly small room I'm sure we can all hear you, please state your name and advise whether you are a shareholder, proxy holder or shareholder company representative. Having said that, members of the board and management will be having a cup of coffee or tea after the meeting has closed and I'm sure we would be happy to engage any other persons who wish to have any discussions relating to matters that they might wish to raise. So, let's open the meeting up to questions, do we have any please?

[Manage question and answer process]

[Note: Discussion at this point is limited to matters arising from the annual report and financial statements or to matters raised through the Chair/CEO presentations. Questions should be directed through the Chair rather than to an individual. The Chair may redirect the question to a director or member of the Executive Team or to the Auditor etc at his discretion.]

Thank you.

Slide 25. Resolutions

There being no further questions, we will now move on to the formal part of the meeting and there are a series of resolutions that we need to put to the shareholders to be voted on. The resolutions and accompanying explanatory notes were set out in the Notice of Meeting and may only be voted on by shareholders either in person or by postal vote, proxy holders and shareholder company representatives.

Proxies have been appointed for the purpose of this meeting in respect of approximately 500,000 ordinary shares. As was indicated on the proxy form, where proxy discretion has been given, the Directors, and I as Chairman, intend to vote those proxies we have received in favour of resolutions 1 and 2 set out in the Notice of Meeting.

Voting on the agenda items will be by show of hands.

We will proceed according to the following. I will state each resolution, we will then hold a discussion on the resolution if there are any. We will then present the proxy results that we will show you on the slide and I will then ask you vote by way of a show of

hands and we will move on to the next resolution. Given the first resolution pertains to my re-election **I will ask my fellow Independent Director Alan Issac to table this.**

Slide 26. Resolution 1: Re-election of Directors

Thank you Craig. Resolution 1, as you can see on the screen, is to re-elect Mr Craig Stobo as a director. He, as required by the constitution retires by rotation at this meeting but he has offered himself for re-election and his re-election offer is unanimously supported by the remaining members of the Board. His biographical details are contained in the notice of meeting. I now move that Craig Stobo, who retires by rotation and, being eligible and offers himself for re-election, be re-elected as a Director of the Company. Thank you.

[Craig Stobo to address the meeting]

Do we have any discussion on the resolution please?

Slide 27. Resolution 1: Re-election of Directors [with proxies]

So, if there are no more comments at all, I will now put up the proxies that have been received. The word discretionary means that the proxy holders have given the voting to the Chairman and I will vote in favour of the motion. You can see those votes for, against or discretionary and the total. So can I now ask you to raise your hand if you are in favour of the resolution. Thank you. Please raise your hand if you are against the resolution. Thank you.

I declare the resolution passed, And now invite our Chairman to continue.

Slide 28. Resolution 2: Auditor

Thanks Alan. We will now proceed to the next resolution, which is that the Directors be authorised to fix the auditor's remuneration which I will move.

We now have the motion available for discussion if anyone wishes to make a point, or not.

Slide 29: Auditor [with proxies]

So, if there are no more comments at all, I will now put the proxies that have been received.

I've mentioned the discretionary vote before and I will be voting using those proxies in favour of the motion. So can I now ask you to raise your hand if you are in favour of the resolution. Thank you. Please raise your hand if you are against the resolution. Thank you. I declare the resolution passed.

Slide 30. Directors Fees

The company operates a "pool approach" to Directors fees, as was approved by shareholders and declared at the time of listing.

The fees for the Independent Chairman have been reviewed, and increased from \$80,000 to \$90,000 per annum.

The fees for our other Independent Director and Chair of the ARC remain unchanged at \$60,000 per annum.

Moving forward the Board will give consideration to the continuation of the current practice of the review and payment of independent director fees from the \$300,000 disclosed pool, to the alternative approach of an annual vote on individual director's fees.

Slide 31 - General Business

So it is at this stage having concluded the formal part of the meeting that again I open the meeting for any matters of general business again related to shareholders, proxy holders of shareholder company representatives on the business of the day.

So before we have a cup of coffee, do I have any other matters anyone wishes to raise please?

[Manage question and answer process]

Well now ladies and gentlemen, that concludes our 2016 shareholder meeting and I will now close the meeting. Thank you for attending today. We are pleased with the progress that has been made in FY16 and since the time we listed. We have confidence and support of our Executive Team in the outlook ahead. On behalf of the Board, we thank you for your support of Fliway and look forward to that continuing. I therefore formally declare this Annual Shareholder Meeting closed and I welcome you to join us in some refreshments. Thank you everyone.