

FLIWAY GROUP LIMITED ANNUAL SHAREHOLDERS MEETING 2017

19 OCTOBER 2017



FLIWAY
DELIVERING TRANSPORT SOLUTIONS

A FLIWAY PRESENTATION IMPORTANT NOTICE

This presentation supplements our full year financial statements to 30 June 2017 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.

Some of the financial information in this presentation has not been prepared in accordance with generally accepted accounting practice ("GAAP"). In particular, we show Underlying EBIT and EBITDA. If needed, investors should get advice on how our non-GAAP information relates to our GAAP results.

This presentation is for information purposes only. It is not an offer of securities, or a proposal or invitation to make any such offer. It is not investment advice or a securities recommendation, and does not take into account any person's individual circumstances or objectives. Every investor should make an independent assessment of Fliway on the basis of expert financial advice.

Distribution of this presentation (including electronically) may be restricted by law. You should observe all such restrictions which may apply in your jurisdiction. To the maximum extent permitted by law, we will not be liable, whether in tort (including negligence) or otherwise, to you or any other person in relation to this presentation, including any error in it.

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 FY17 OVERVIEW

STRATEGIC

EARNINGS PER SHARE

8.6 CENTS

CASH DIVIDEND PER
SHARE 6.0 CENTS

2H FY17 SALES GROWTH

+8.7% OVER PCP

BOTH DIVISIONS

UPS RELATIONSHIP

WIDENED

ADDITIONAL WORK GAINED

FINANCIAL

RESULT IMPACTED BY ONE-
OFF EVENTS

CUSTOMER LOSS

KAIKOURA EARTHQUAKE

EXCESS TRANSPORT
CAPACITY **COSTLY GIVEN**
RAIL TO ROAD DEMAND

INCREASED REVENUES
EQUATE TO **WORKING**
CAPITAL LIFT

OPERATIONAL

SUB-SCALE COURIER

OPERATION EXITED

LOWERED JV COST BASE

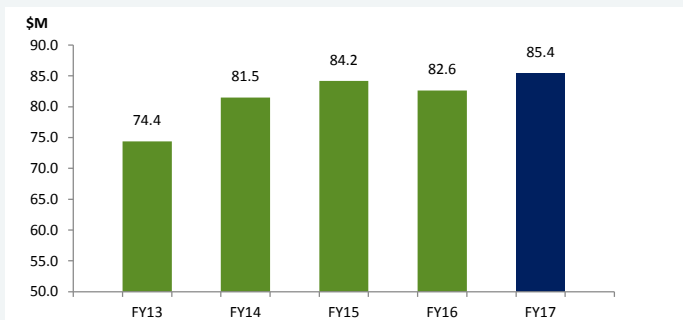
CAPACITY ADDED IN
TRANSPORT TO
ACCOMMODATE GROWTH

TECHNOLOGY ENHANCEMENTS

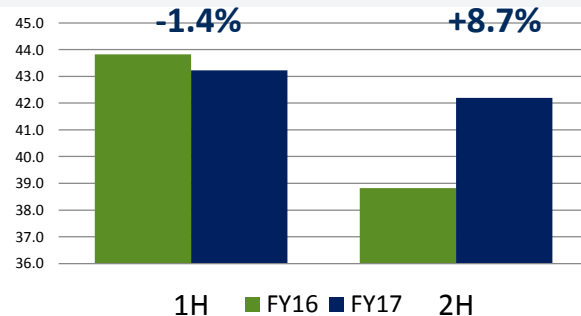
ACROSS THE GROUP

A FLIWAY PRESENTATION FY17 FINANCIAL OVERVIEW

FLIWAY GROUP REVENUE



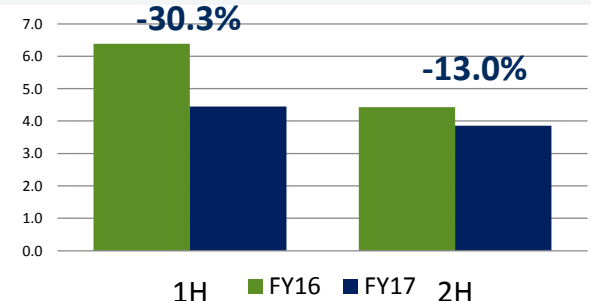
Half year splits



FLIWAY GROUP UNDERLYING EBITDA



Half year splits



A FLIWAY PRESENTATION FY17 DIVIDENDS

INTERIM DIVIDEND OF
2.0 CENTS PER SHARE

FINAL DIVIDEND OF
4.0 CENTS PER SHARE
REFLECTING IMPROVED
SECOND HALF

FULL YEAR DIVIDEND OF
6.0 CENTS PER SHARE
EQUATES TO A GROSS YIELD
OF 6.9% AT THE LISTING PRICE
OF \$1.20 / SHARE

FINAL DIVIDEND

- Imputation credits: 1.5556 cps (at 28% tax rate)
- Fully imputed at 28% tax rate
- Record date: 8 September 2017
- Payment date: 15 September 2017

A FLIWAY PRESENTATION MANAGING DIRECTORS REVIEW

DUNCAN HAWKESBY

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



A FLIWAY PRESENTATION

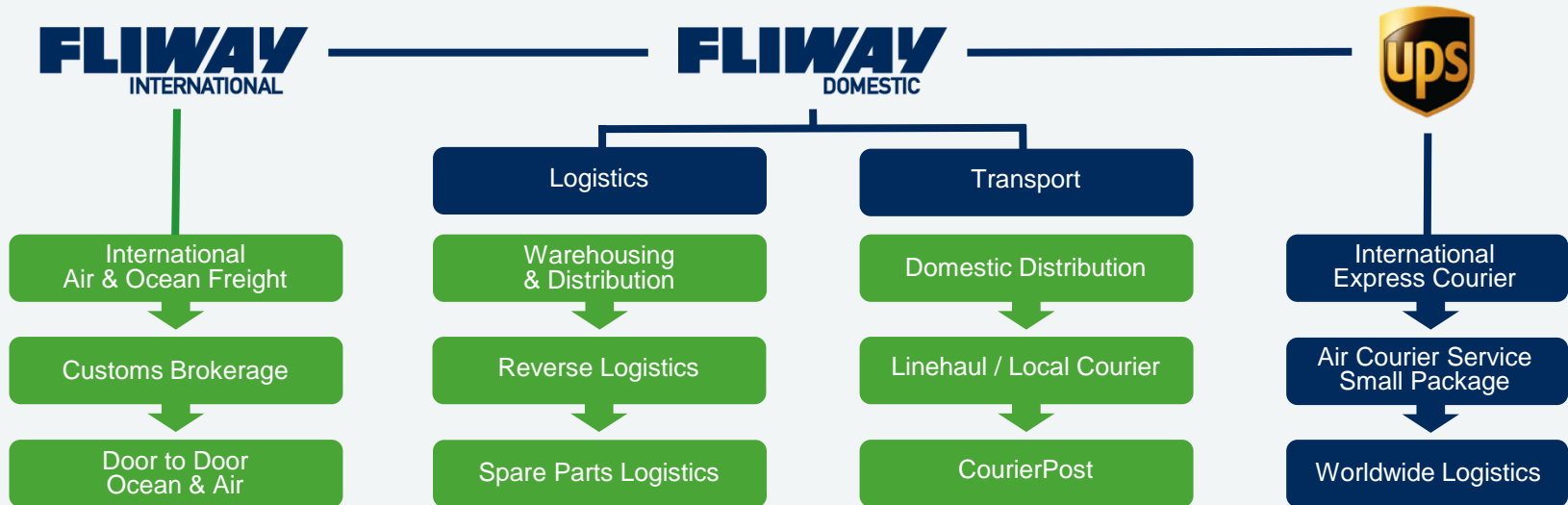
1. BUSINESS DESCRIPTION

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.



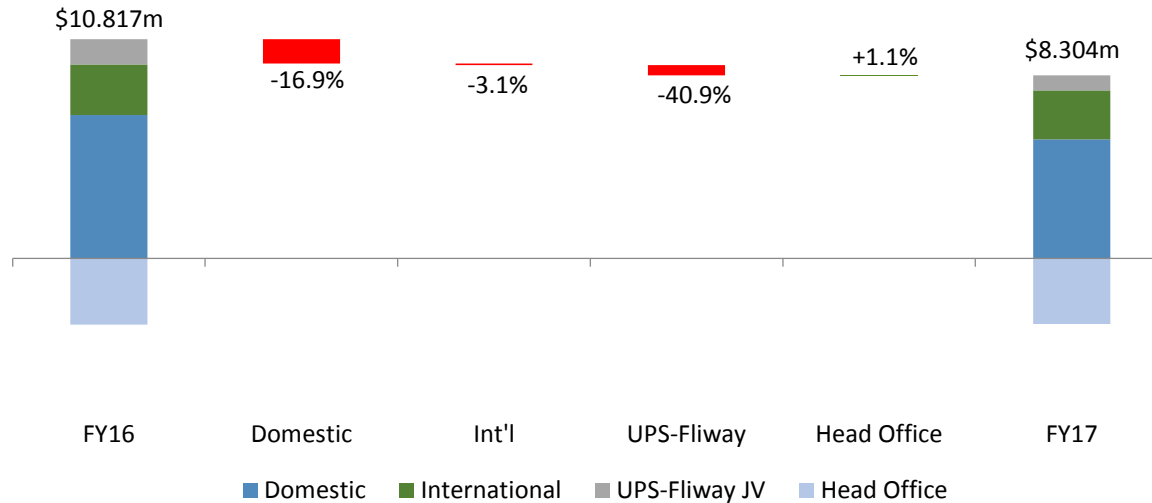
ENTERING NEW MARKETS

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 OVERVIEW

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

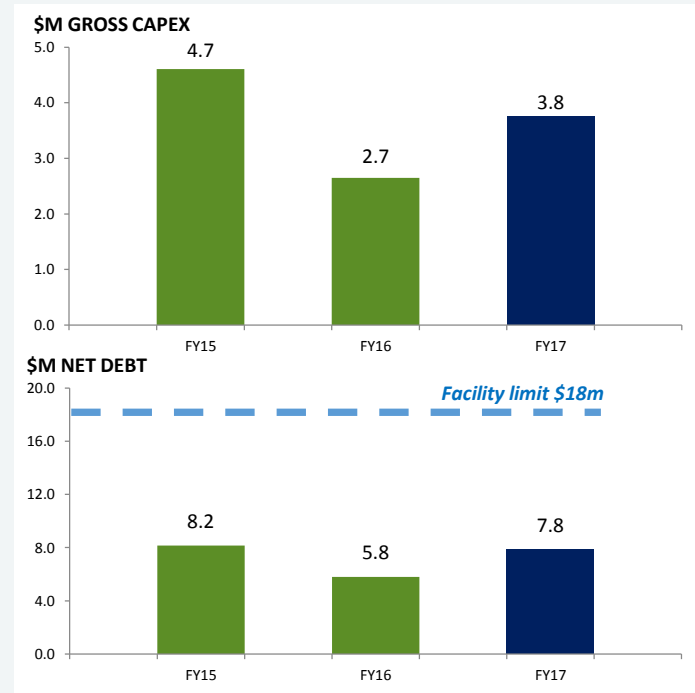
4. CAPITAL MANAGEMENT

CAPITAL EXPENDITURE

- Investing for growth:
 - Logistics warehouse management system
 - Extended Auckland site by 6,000sqm
 - Additional network capacity

NET DEBT

- Cash profit lower, dividends paid in last 12M \$3.340m
- Strong balance sheet well positioned to capture targeted growth opportunities
- Working capital position pushed by growing revenue
- Capital expenditure ahead of D&A required to accommodate revenue growth



A FLIWAY PRESENTATION

5. OPERATIONAL PERFORMANCE

DOMESTIC

- Transport volume levels ahead of last year despite customer loss
- One-off events and capacity constraints impact on performance of Transport:
 - Freight volumes outside network capacity meant higher cost delivery solutions
 - Capacity impacted by Kaikoura earthquake, restructure (customer loss), lane mix change and linehaul equipment availability
- Warehousing 2H17 revenues up on last year +8.5% with good cost management delivering improved EBITDA
- A number of new customers across Domestic required increased warehouse capacity in Auckland by an additional 6,000 sqm (20%) in Q3 to accommodate this growth
- Exited sub-scale courier business

DOMESTIC	FY15	FY16	FY17	Var
NZ\$Million's				
Revenue	55.810	55.682	57.699	3.6% ▲
Underlying EBITDA	8.390	10.170	8.448	-16.9% ▼
EBITDA %	15.0%	18.3%	14.6%	

Half year splits

DOMESTIC	1H16	2H16	1H17	2H17
NZ\$Million's				
Revenue	29.217	26.465	28.981	28.718
Underlying EBITDA	5.894	4.276	4.2710	4.177
EBITDA %	20.2%	16.2%	14.7%	14.5%

A FLIWAY PRESENTATION

5. OPERATIONAL PERFORMANCE

INTERNATIONAL

- Strong customer focus and new customer wins meant 2H17 revenue up 9.1% on last year
- EBITDA broadly in line with last year
- Team performing well under new leadership
- Strengthened network and carrier relationships
- Rolling out technology enhancements for customers

INTERNATIONAL	FY15	FY16	FY17	Var
NZ\$Million's				
Revenue	28.359	26.962	27.722	2.8% ▲
Underlying EBITDA	3.873	3.575	3.462	-3.1% ▼
EBITDA %	13.7%	13.3%	12.5%	

A FLIWAY PRESENTATION

5. OPERATIONAL PERFORMANCE

UPS-FLIWAY JOINT VENTURE

- FY17 Import volume up 11.4% on last year
- Cost base and compensation in the JV has been reset to a lower level, to drive import growth
- Lower contribution from the JV vs last year driven by:
 - Growth in import volumes, but on lower compensation
 - Export volumes down on last year
- Strategic focus to continue to grow inbound volumes

UPS-FLIWAY	FY15	FY16	FY17	Var
NZ\$Million's				
EBITDA (50%)	1.593	1.789	1.058	-40.9% ▼
NPAT (50%)	1.147	1.282	0.760	-40.7% ▼
DIVIDEND REC'D	0.950	0.750	0.500	

A FLIWAY PRESENTATION

5. OPERATIONAL PERFORMANCE

HEAD OFFICE

- Investment in Health & Safety
- No Management incentive FY17
- Dispute provision reversed in FY16

FINANCING

- Total Net Financing cost reduced 32.6%
- Interest rate derivatives revaluation negative impact remains albeit lower impact
- Finance charges reflect a full year of having a redrawable facility for maximum flexibility

HEAD OFFICE	FY15	FY16	FY17	Var
NZ\$Million's				
Reported EBITDA	(6.663)	(4.718)	(4.664)	1.1% ▼
Underlying Adjustments				
- Listing costs adjustment	2.035	-	-	
- Annual PLC assoc costs	(0.320)	-	-	
- Dispute de minimis	0.175	(0.249)	-	
- Non-recurring costs	0.008	-	-	
Underlying H.O. EBITDA	(4.765)	(4.967)	(4.664)	6.1% ▼
Depreciation	0.160	0.117	0.118	
Loss on sale	0.071	0.001	-	
Underlying H.O. EBIT	(4.996)	(5.085)	(4.782)	6.0% ▼
NET FINANCING EXPENSES				
Net Interest expense	(0.857)	(0.411)	(0.304)	26.0% ▼
Finance charges	(0.071)	(0.160)	(0.204)	-27.5% ▲
Gain/(loss) on swaps	(0.344)	(0.230)	(0.032)	86.1% ▼
Total Net Financing:	(1.272)	(0.801)	(0.540)	32.6% ▼

A FLIWAY PRESENTATION

6. OUTLOOK

- Strong revenue outlook with new customer wins in both International and Domestic
- Fliway looking to deliver improved results in FY18 and build on the gains made in 2H17.
- Focused on improving capacity utilisation and cost management to improve margins
- Continuing to build on the improved 2H17 financial performance
- Balance sheet gearing at 0.94x EBITDA allows for targeted growth



A FLIWAY PRESENTATION

6. OUTLOOK

- Initiatives undertaken in FY17 strengthened the business and position it to capitalise on further revenue growth
- Margin challenged by short term capacity constraints in transport, forecast to be resolved within 1H18
- Continue to actively evaluate acquisition opportunities



A FLIWAY PRESENTATION CHAIRMAN'S ADDRESS

CRAIG STOBO

- FY17 was a tough year for Fliway, despite this we delivered a sound result and positioned the business to capitalise on future growth
- Fliway has a solid platform with strong recent business development wins adding to prospects
- 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 Alan Isaac, who retires by rotation and, being eligible and having offered himself for re-election, be re-elected as a Director of the Company.

Alan Isaac to address the meeting



RESOLUTION 1

RESOLUTION 1: RE-ELECTION OF DIRECTORS

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

Resolution 1	For	Against	Discretionary	Total	Abstain
Proxies and Postal votes	4,872,120	46,799	285,017	5,203,936	5,000



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	4,779,919	170,300	253,717	5,203,936	5,000



GENERAL BUSINESS



FLIWAY GROUP LIMITED ANNUAL SHAREHOLDERS MEETING 2017

19 OCTOBER 2017



FLIWAY
DELIVERING TRANSPORT SOLUTIONS

THANK YOU



THANK YOU

