

# FLIWAY GROUP LIMITED ANNUAL RESULTS PRESENTATION

FULL YEAR RESULT TO 30 JUNE 2016

23 AUGUST 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](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. FY16 Highlights
2. Financial Highlights
3. Capital Management
4. Operational Performance
5. Strategy and Outlook
6. Conclusion



# A FLIWAY PRESENTATION

## 1. HIGHLIGHTS

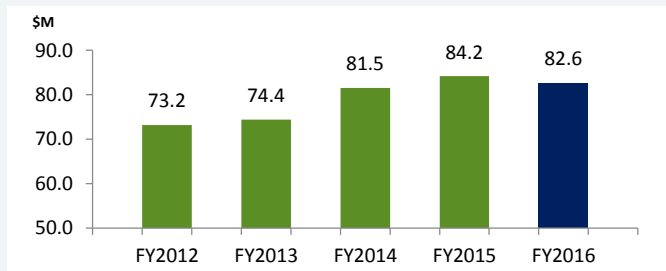
### FY16 HIGHLIGHTS

- Earnings well ahead of FY15
  - FY16 NPAT of \$5.616m, up 156.4% from \$2.190m in FY15
  - Underlying NPAT of \$5.616m, 40.6% ahead of FY15 underlying NPAT of \$3.995m
  - FY16 Underlying EBITDA of \$10.817m, 20.5% ahead of FY15 underlying EBITDA of \$8.980m
- Net debt reduced 29.5% on FY15 to \$5.8 million at 30 June 2016
- Working capital management and earnings lift translated to increased cash flows
- Continued improved capacity management in the Domestic business unit
- New Christchurch site construction, delivering efficiency and capacity for growth
- New GM appointed for the International business unit
- Final dividend of 5.35 cents per share, taking the full year fully imputed dividend to 8.65 cents per share

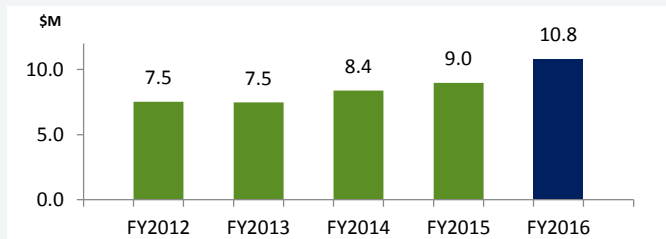
# A FLIWAY PRESENTATION

## 1. 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

## 2. FINANCIAL HIGHLIGHTS

### Reconciliation to Underlying measures

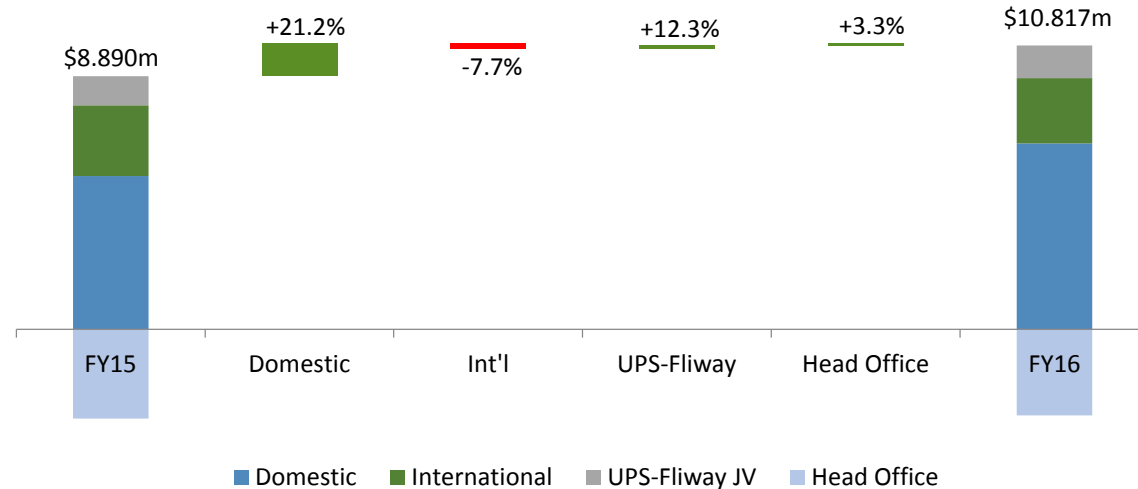
	FY2014	FY2015	FY2016	Var
NZ\$Million's				
Reported NPAT	4.786	2.190	5.616	156.4% ▲
<b>Add Back:</b>				
Income tax	1.520	1.215	1.684	-38.6% ▼
Financing expenses	0.652	1.201	0.801	33.3% ▲
Reclassified finance cost	0.091	0.071	-	
Gross up UPS-Fliway to EBIT	0.347	0.438	0.501	14.4% ▲
Equate for listing:				
- 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.

# A FLIWAY PRESENTATION

## 2. 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

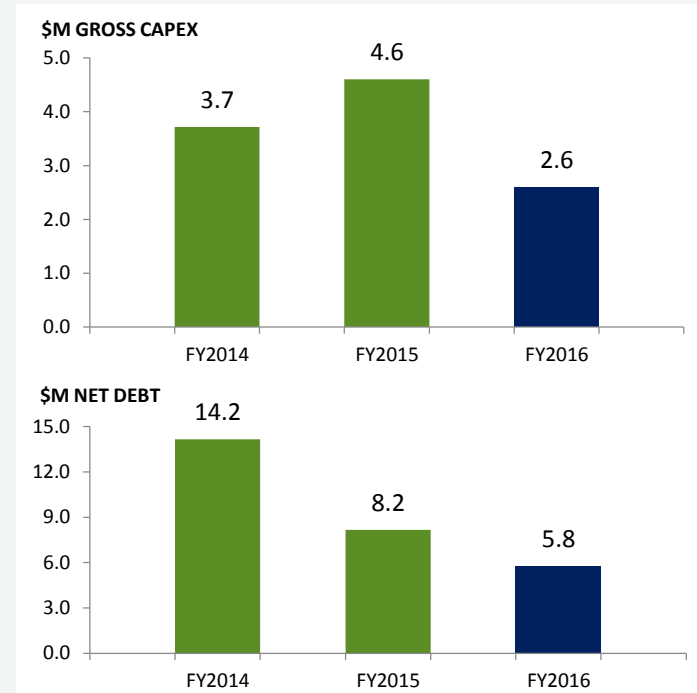
## 3. CAPITAL MANAGEMENT

### 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

### NET DEBT

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





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## 4. 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%	

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## 4. 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%	

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## 4. 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	

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## 4. 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	(4.115)	(6.663)	(4.717)	29.2% ▼
Underlying Adjustments				
- Listing costs adjustment	-	2.035	-	
- Annual PLC assoc costs	(0.500)	(0.320)	-	
- Non-recurring costs	0.020	0.008	-	
Underlying H.O. EBITDA	(4.595)	(4.940)	(4.717)	4.5% ▼
Depreciation	0.120	0.160	0.117	
Underlying H.O. EBIT	(4.715)	(5.100)	(4.834)	5.2% ▼
- Dispute de minimis	-	0.175	(0.249)	
<b>NET FINANCING COSTS</b>				
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

## 5. STRATEGY

### 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



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## 5. 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

## 6. CONCLUSION

- Fliway has delivered a sound result for FY16
- Outlook is challenging, but Fliway has 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

