



NZX RELEASE

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FLIWAY REVISED EARNINGS GUIDANCE

Fliway advises that it now expects FY17 revenue to exceed the \$82.6 million achieved in FY16, with 2H17 revenue estimated to be approximately 4.8% ahead of the \$38.8 million achieved in the prior comparable period.

However, as signaled in February, the company is working to manage capacity issues. Fliway continues to experience transport volumes significantly ahead of prior periods and with linehaul equipment availability remaining reduced, this has led to short term fleet capacity constraints. As a result, Fliway is having to utilise higher cost external freight capacity to support the increased volumes. This is a temporary measure, until Fliway's own fleet capacity is expanded, with new equipment expected to be delivered progressively over the next 6 months. Labour market conditions have also remained tight and Fliway has continued to place considerable effort into effective recruitment practices as we look to grow our workforce.

In addition, Fliway's earnings contribution from UPS-Fliway, the joint venture with UPS, has been reduced as a result of the conscious strategy designed to improve the cost of delivering a package in New Zealand in order to drive growth. The import package volumes are lifting but the growth is currently not enough to offset the changes made in the joint venture compensation model.

As a result, EBITDA for FY17 is now expected to be in the range of \$8.0 to \$8.3 million with NPAT expected to be in the range of \$3.5 to \$3.8 million, down from the earlier expectation of \$4.2 to \$4.4 million.

Fliway revenue continues to grow, with a strong pipeline and high rates of conversion evident throughout the second half of FY17, continuing the trend from 1H17. Growth in revenue is critically important to developing the company's longer term earnings potential and delivering on our scale and efficiency objectives. Fliway will continue to invest in capacity to service these increased volumes.

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