

## MOVE FULL YEAR RESULTS FOR THE 12 MONTHS ENDED 30 JUNE 2023

### CONTINUING TO RESHAPE AND STRENGTHEN THE BUSINESS TO SUPPORT GROWTH

- FY23 revenue of \$347.7m and Normalised EBITDA<sup>1</sup> of \$47.4m reflects investment in future growth initiatives, moderating consumer demand in response to economic conditions, the ongoing Freight improvement programme and weather events.
- Investment in future growth includes new trans-Tasman shipping service, fleet upgrade, technology and talented people.
- New CEO commenced in February 2023 - indepth business review completed and legacy issues are being addressed.
- Initiation of Project Blueprint in Q423, a 12 to 18 month dual pathway programme to reshape and strengthen the business, and drive organic growth.

Transport and logistics group, MOVE Logistics Group Limited (NZX/ASX: MOV), has reported its results for the year ending 30 June 2023 (FY23).

The FY23 financial results reflect a moderation in customer demand in response to economic conditions, a soft performance from Freight as the improvement programme continues, and the impact of weather events, as well as inflationary pressure increasing the cost to serve. All businesses, excluding Freight, delivered revenue gains, with Contract Logistics, MOVE's largest division, delivering a solid year on year performance, helping to offset a disappointing result from the Freight division.

Following the appointment of Craig Evans as CEO in February 2023, an indepth business review was conducted. In late FY23, MOVE embarked on Project Blueprint, a 12 to 18 month dual pathway programme to reshape and strengthen the business, and drive organic growth.

CEO Craig Evans commented: "Project Blueprint will create a strong launch pad to support our future growth ambitions, with a more efficient, higher margin business model, that capitalises on MOVE's strengths. We are focused on organic growth, through careful customer acquisition and a focus on building base volumes while allowing capacity for higher margin business. Alongside this is our strategy to reshape our business. This will provide more immediate financial benefit for the business and involves a comprehensive review of our operating costs and structure to ensure we are best placed to maximise our performance while the growth strategy takes hold.

"Initiatives already in play are delivering early benefits, including improved cost disciplines, stronger leadership across the business and a continuing transition from silo businesses to a unified group which allows us to better service our customers and enhances our end to end supply chain solution. The Freight improvement programme remains in progress and the gains from this will be a key driver of improving financial returns."

Excluding Freight, MOVE's businesses all delivered year on year revenue increases, with group EBITDA reflecting inflationary pressure on costs, investment into digital tools and piloting of new initiatives, including MOVE's new Oceans trans-Tasman shipping service.

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<sup>1</sup> Normalised EBITDA excludes non-trading adjustments of \$1.7m pre-tax related to restructuring and resetting the business as part of the strategic plan. Further details and reconciliation included in appendix to the FY23 Results presentation.

FY23 income was down 4.5% year on year to \$347.7m. Normalised EBITDA<sup>1</sup> was \$47.4m including a \$3.4m impact from investment in future growth initiatives. MOVE reported a Net Loss After Tax of \$(7.2)m<sup>2</sup>.

Freight was the biggest contributor to the softer result, with a decrease in revenue driven in part by the rate realignment in FY22, as well as the unexpected loss of a customer contract of \$11m in annualised revenue, from December 2022. A key focus in 2H23 has been on rebuilding activity, with an expanded sales team established in late FY23.

Following a review, the Specialist business was reintegrated into the Group and FY22 results have been restated to include Specialist. It had a strong year following Covid impacts in FY22 and is a high performing business which delivers robust margins.

Tight control of costs and disciplined working capital management supported free cash flow of \$35.4m. Under Project Blueprint, a programme has been commenced to right-size the Freight business for current demand, while preserving the ability to scale for growth. This is expected to deliver cost benefits from FY24.

Net capital expenditure increased in FY23 with the acquisition of the new vessel (\$8.5m) and continued investment in technology. The year on year increase reflects a prudent approach to balance sheet management during the pandemic.

Net debt reduced by 25% to \$15.6m as a result of the conversion of the convertible note in June 2023 and from strong operating cashflows. MOVE has a solid balance sheet which will support the company through the economic cycle.

## **Outlook**

The softer economic conditions and inflationary pressures are expected to prevail into FY24, along with the usual slowdown of activity prior to an election. While this will inevitably lead to a reduction in activity levels across the freight and logistics sectors, MOVE's focus remains on embedding change, improving productivity, driving revenue and delivering customer service excellence.

Craig said: "Businesses are telling us they want a strong alternative in the market; a provider who is focused on New Zealand customers, with a breadth of product and service capability, and who can move quickly to deliver a solution that is tailored to their needs. MOVE is well positioned to meet their expectations. We remain committed to delivering exceptional value to our customers, nurturing our talented team, and ensuring the long-term success and prosperity of our company."

Chair of MOVE, Lorraine Witten, said: "While there is still more work to be done, we continue to steadfastly pursue our strategy which centres around three core areas – building a better, stronger business; smart growth and expansion; and taking care of what matters. The work we are doing is creating a more resilient business and will lead to sustainable long term earnings growth.

"Our aim is to have a positive impact on our people, communities and environment and we are focused on those areas where we can drive meaningful change. Health & safety remains a priority for all our people and we are pleased to report a continuing improvement in safety metrics for the third year in a row.

"On behalf of the Board, we would like to acknowledge and thank our people for all they have done for our business over the past year. As part of our recognition of the contribution our people make to our business,

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<sup>2</sup> Attributable to owners of the company

the Board intends to implement a company-wide cash profit sharing scheme that aligns incentives for the MOVE team with the company's financial performance. Details on this will be announced in due course."

ENDS

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**About MOVE Logistics Group Limited (MOV)**

MOVE is one of the largest domestic freight and logistics businesses in New Zealand, with a nationwide network of branches, depots and warehouses.