

## MOVE FY24 RESULTS FOR THE YEAR ENDED 30 JUNE 2024

Transport and logistics group, MOVE Logistics Group Limited (NZX/ASX: MOV), has released its audited results for the year ended 30 June 2024.

- Group performance and results below aspirations; significant improvements being targeted in FY25 with new leadership and fast-tracked change programme
- Revenue down 13% to \$301.7m as a result of lower market and customer activity
- Net loss after tax for the year of \$(48.1)m<sup>1</sup>, including pre-tax, non-trading adjustments of \$19.7m
- Normalised EBITDA of \$27.6m, and Normalised EBT of \$(25.7)m<sup>2</sup>
- Reduction in net operating cashflow (including rent and leases) to \$(5.1)m

The results reflect underperformance of the Group, exacerbated by the recessionary environment which impacted customer demand and further highlighted the need to right-size and improve efficiencies within the organisation. A group wide change programme has been developed and is now being executed at pace to drive financial improvement.

Chair of MOVE, Julia Raue, said: “MOVE’s results this year are clearly disappointing. We acknowledge that we were too slow to react to the recessionary environment which has been stronger for longer than expected, and reduce costs to match activity levels.

“We are now moving urgently to drive change and improvement. We have engaged with independent advisors to ensure we have validated the challenges and opportunities within the business as well as the external factors that have impacted MOVE’s performance. A comprehensive change programme has been developed to replace Project Blueprint and experienced executive, Paul Millward, has been appointed to lead the turnaround. We are moving ahead with a refreshed Board and leadership team and are united in our focus to execute the change programme with urgency.”

MOVE’s success relies on three factors, which will improve financial performance and importantly, build shareholder value. These form the foundation of the change programme:

- Recalibrating operations - ensuring MOVE’s operational structure is appropriate for the size and scale of the business, cost-effective and efficient, while retaining the flexibility to scale up to meet increased demand and deliver quality customer service
- Profitable revenue growth - investment into sales capabilities, accelerating profitable revenue opportunities and dynamic pricing disciplines
- Balance sheet resilience – priority focus on cashflow generation and capital management

The change programme is targeted to deliver a significant improvement in normalised EBT in FY25, and a return to profitable normalised EBT in FY26, and is supported by the company’s financiers. In particular, the network and fleet optimisation is expected to deliver a turnaround in the Freight division’s performance.

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<sup>1</sup> *Attributable to owners of the company*

<sup>2</sup> *Normalised EBITDA and Normalised EBT exclude non-controlling interest and non-trading adjustments of \$19.7m pre-tax related to asset impairment, settlement & restructuring cost (FY23: \$1.7m). For more information, see Appendix slide in FY24 Results Presentation.*

Julia said: “The Board remains confident in MOVE’s underlying value and strong customer offer. Over the last two years we have made good progress in core areas that matter – enhancing our multi-modal, end to end supply chain, building a strong group culture and creating a strong brand presence across the country, supported by our national network. The work done by advisors confirms that MOVE’s underlying business fundamentals are sound. Long term macro trends remain positive for the industry, with demand growth alongside government investment in transport infrastructure. MOVE is well positioned to deliver expert logistics solutions across a range of sectors.”

### **FY24 Financial Performance**

Subdued customer activity and customer losses in a recessionary environment saw revenue reduce 13% year on year to \$301.7m. Costs increased as a result of inflation and following 1H24 investment in the business in anticipation of an economic recovery.

The result includes non-cash impairments of \$17.3m on the carrying value of the Atlas Wind vessel which is being held for sale and goodwill in the warehousing business. Excluding these and other non-trading costs (totalling \$19.7m), Normalised EBITDA<sup>3</sup> was down 41% to \$27.6m, primarily as a result of lower revenue and costs being too high for activity. In line with guidance, 2H24 Normalised EBITDA was ahead of 1H24. Including non-trading costs, the company has reported a Net Loss after Tax of \$(48.1)m.

The priority for the Board is to restore positive adjusted net operating cashflow (inclusive of rent and lease payments), which was \$(5.1)m in FY24.

Net debt increased by \$1.4m to \$17.0m, with total bank debt of \$36.0m (inclusive of \$9m bank guarantees). MOVE is finalising new funding arrangements with ANZ Bank and Pacific Invoice Finance which will support the change programme as well as corporate and working capital requirements. Total equity was \$23.4m as at 30 June 2024.

### **Looking Forward**

The change programme, which commenced in July 2024, is performing to plan with early wins including expanded customer sales activity and good progress in the Freight turnaround.

Julia Raue said: “We are moving at pace to recalibrate the business, adapting it for current market conditions, and making it more efficient and fit for the future. We expect substantial progress over FY25 to restore cashflow and improve earnings, with initial results to be seen from 2H FY25. Costs associated with the change programme will impact in FY25.”

MOVE is targeting positive adjusted net operating cashflow and a significant improvement in normalised EBT in FY25, and a return to normalised EBT profit in FY26.

“MOVE is one of the largest transport and logistics providers in New Zealand. We have a nationwide network with a strong regional and metro presence, the ability to provide an end to end supply chain solution, an experienced and passionate team, and a commitment to customer excellence. The work we are doing now will reset our company, leverage MOVE’s strengths, realise its considerable potential and grow shareholder value. As a Board, we are holding ourselves and our team to account, and will keep shareholders and the market informed on our progress.”

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Approved for release by Julia Raue, Chair MOVE Logistics Group

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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.