

## MOVE LOGISTICS GROUP RESULTS FOR YEAR ENDED 30 JUNE 2022

### LAYING THE FOUNDATIONS FOR GROWTH

*All financials in NZD, including continuing operations only<sup>1</sup>*

- Revenue of \$349.1m with Underlying EBITDA of \$54.3m, in line with guidance (\$53-56m)
- Solid progress being made on two year programme to reset the company to deliver growth
- Freight improvements starting to land, Contract Logistics reset and poised for growth, strong performance from International
- Traversing challenging operating environment in FY22 including increasing inflationary pressure, supply chain disruption and impact of pandemic on customer trading levels
- Priority focus in FY23 on Freight reset programme, market growth in targeted customer segments and expansion of MOVE's multi-modal offer, particularly in coastal and trans-Tasman shipping
- Well positioned with clear strategy, strengthened balance sheet, experienced leadership team and ambitious growth targets to deliver shareholder value. Early stage growth initiatives underway with returns expected to build from FY23 onwards.
- Announced today the acquisition of the assets of Fluidex Transport Limited, a leading bulk liquids and bulk dry powder transport provider operating throughout New Zealand.

Transport and logistics group, MOVE Logistics Group Limited (NZX/ASX: MOV), has reported earnings in line with guidance for the 12 months ended 30 June 2022 (FY22), as it continues with its two year programme to reset the company to deliver growth.

Executive Director of MOVE, Chris Dunphy, said: "We started a journey under the MOVE brand in July 2021. We are working our assets smarter, investing in what matters and driving better returns for our business. We have redefined our strategy and have set ambitious growth targets that will deliver value for our shareholders. We are putting the foundations in place that will allow us to expand our market presence and optimise our earnings. While there is still work to be done, we are confident we have the people, the strategy and the passion to achieve our goals."

The reset programme is delivering improvements in the Freight business, while Contract Logistics is now in a strong position and poised for growth. International volumes recovered to pre-covid levels, with strong revenue and earnings increases reflecting record ocean freight pricing.

#### **FY22 Strategic Progress**

- Board refresh, diversification of shareholder register including addition of several Australian institutions, dual listed on ASX from 1 July 2022
- New leadership team with extensive industry experience
- Business reset and restructure complete with benefits now being seen
- Strengthened balance sheet with significant reduction in debt

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<sup>1</sup> Continuing operations excludes Specialist due to the planned divestment of this division. FY21 has been restated to exclude discontinued operations.

- Transition to asset light model underway with Owner Drivers now comprising 39% of Freight drivers (FY21: 32%).
- Good progress being made on Freight reset, with timeline extended by 6 to 12 months due to supply chain disruptions and cost pressures
- Growth initiatives underway including entry into coastal and trans-Tasman shipping and expansion in targeted customer segments where MOVE has existing strength
- Focus continues on ESG and decarbonisation with initiatives underway

## **FY22 Financial Results**

Audited results were in line with guidance provided in May 2022, with normalised EBITDA of \$54.3m. The focus on margin improvement continues to be a priority as the company looks to generate long term, sustainable earnings growth.

The operating environment increased pressure on the business in FY22, with increasing costs and as normal trading levels were impacted for many customers. Trading volumes in Freight and Fuel were below expectations, reflecting the impact of Covid-19 on fuel deliveries in 1H22.

Continuing global supply chain disruptions have led to a delay in MOVE's asset replacement programme, with lead times for the delivery of new trucks significantly extended. This is resulting in increased maintenance costs on existing assets. Operating costs, particularly fuel, parts and labour, have increased with inflation, with some offset following the pricing review and reset undertaken by MOVE in the first half of the year.

However, these conditions have also provided opportunities to grow MOVE's market share as competitors start to wane. MOVE is well resourced to take advantage of changes in the sector to grow both organically and through bolt on acquisitions.

The company has reported on continuing operations which exclude Specialist due to the planned divestment of this division. FY21 results have been restated to exclude discontinued operations.

Revenue of \$349.1m (an increase of \$16.8m on the prior year) benefitted from the ability to pass through rising costs, particularly rising fuel costs.

Normalised EBITDA was in line with the prior year, with normalised EBIT of \$12.2m, a 9% increase year on year.

MOVE reported a normalised net profit after tax (before non-controlling interests) of \$0.4m, up from a loss of \$(0.2)m in the prior year<sup>2</sup>. Reported net loss after tax including discontinued operations was \$(4.2)m (FY21: \$0.9m)<sup>3</sup> and includes costs of \$3.4m relating to restructuring and resetting the business.

A capital raise in November 2021 helped strengthen the financial structure of the company with net debt reduced from \$64.3m to \$20.9m and a gearing ratio of 22.3% as at 30 June 2022.

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<sup>2</sup> Normalised EBITDA, Normalised EBIT and Normalised NPAT exclude non-trading adjustments of \$3.4m pre-tax related to restructuring and resetting the business as part of the strategic plan (FY21: \$1.5m)

<sup>3</sup> Including discontinued operations; attributable to owners of the company

Results are expected to considerably improve in FY23 as the Freight reset continues, Contract Logistics builds on the work done in the last year and International capitalises on new opportunities.

Some of the growth initiatives under development are now starting to land, with early benefits expected to be seen in FY23. In particular, the company is embarking upon coastal and trans-Tasman shipping, which further expands MOVE's multi-modal offer. MOVE Oceans provides more choice for customers and helps to reduce carbon emissions by moving multiple truckloads onto ships.

The company has also been identifying particular customer sectors where it can build on its existing footprint to provide a high quality integrated solution across customer supply chains, including Viticulture, Dairy, Beverages and Aquaculture. MOVE has today announced the acquisition of the business and assets of Fluidex Transport Limited. This complements MOVE's existing fuel and bulk liquids logistics business and supports MOVE's strategy to further grow and enhance integrated supply chain solutions for targeted customer sectors including dangerous goods and food grade commodities such as oils, wine and dairy.

A digital transformation has commenced which will provide benefit across the company. New leadership is also bringing a fresh perspective and in-depth industry expertise to MOVE.

Chair of MOVE, Lorraine Witten, said: "The last year has been one of re-shaping the business and defining a clearer more focused service. We are now positioned for the next phase with a stronger balance sheet, and a talented team to drive profitable growth. The priorities for FY23 are to continue to improve our Freight division and transitioning to an asset light model, implement digital systems, execute growth in priority customer segments and build our multi-modal offer, particularly in shipping. While there is still work to be done we continue to be confident in the future potential for MOVE."

ENDS

**For further information, please contact:**

Chris Dunphy  
Executive Director  
Phone: +61 417 888 930  
Email: [Chris@movelogistics.com](mailto:Chris@movelogistics.com)

Lee Banks  
Chief Financial Officer  
Phone: +64 27 525 2876  
Email: [Lee.Banks@movelogistics.com](mailto:Lee.Banks@movelogistics.com)

For media assistance, please contact: Jackie Ellis t: + 64 27 246 2505 e: [jackie@ellisandco.co.nz](mailto:jackie@ellisandco.co.nz)

**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.