

# MOVE LOGISTICS GROUP LIMITED

## 1H24 RESULTS

23 February 2024



# OUR VISION

To be the preferred  
freight and logistics  
company in  
Australasia

# / 1H24 RESULTS SNAPSHOT

<p>INCOME</p> <p><b>\$159.4m</b></p> <p>1H23: \$180.0m</p>	<p>EBITDA Normalised<sup>1</sup></p> <p><b>\$13.2m</b></p> <p>1H23: \$24.7m</p>	<p>EBIT Normalised<sup>1</sup></p> <p><b>\$(8.6)m</b></p> <p>1H23: \$3.0m</p>	<p>NLAT<sup>2</sup></p> <p><b>\$(10.7)m</b></p> <p>1H23: \$(3.3)m</p>
<p>LTIFR</p> <p><b>11.21</b></p> <p>1H23: 15.37</p>	<p>CAPEX</p> <p><b>\$1.5m</b></p> <p>1H23 \$13.4m</p>	<p>GEARING</p> <p><b>20.8%</b></p> <p>1H23: 23.5%</p>	<p>FREE CASHFLOW</p> <p><b>\$18.3m</b></p> <p>1H23: \$18.1m</p>

1H23 restated to include Specialist division following decision to retain the business

1. Normalised EBITDA and Normalised EBIT exclude non-controlling interest and non-trading adjustments of \$0.9m pre-tax related to asset impairment & restructuring the business (1H23: \$1.0m). 1H24 EBITDA before non-trading was \$12.3m.
2. Attributable to owners of the company

**Economic and sector headwinds driving subdued customer volumes and impacting on costs and short term growth opportunities. Reflects first three months of Project Blueprint.**

- Normalised EBITDA result above guidance
- NLAT reflects ongoing Freight reset and investment into Project Blueprint ahead of expected gains
- Continue to tightly manage all areas within MOVE's control
- Positive safety metrics

# / 1H24 SUMMARY

## Economic headwinds driving softer demand across the industry

### Operating Environment

- Economic and sector headwinds tougher and for longer than anticipated. Hampering execution speed of growth strategy and driving softer customer demand
- Retail and construction sectors particularly affected, which are important customer sectors for MOVE
- Increased competitive and customer pricing pressure
- Although easing, inflationary cost pressure remains high

### Initiatives and Events

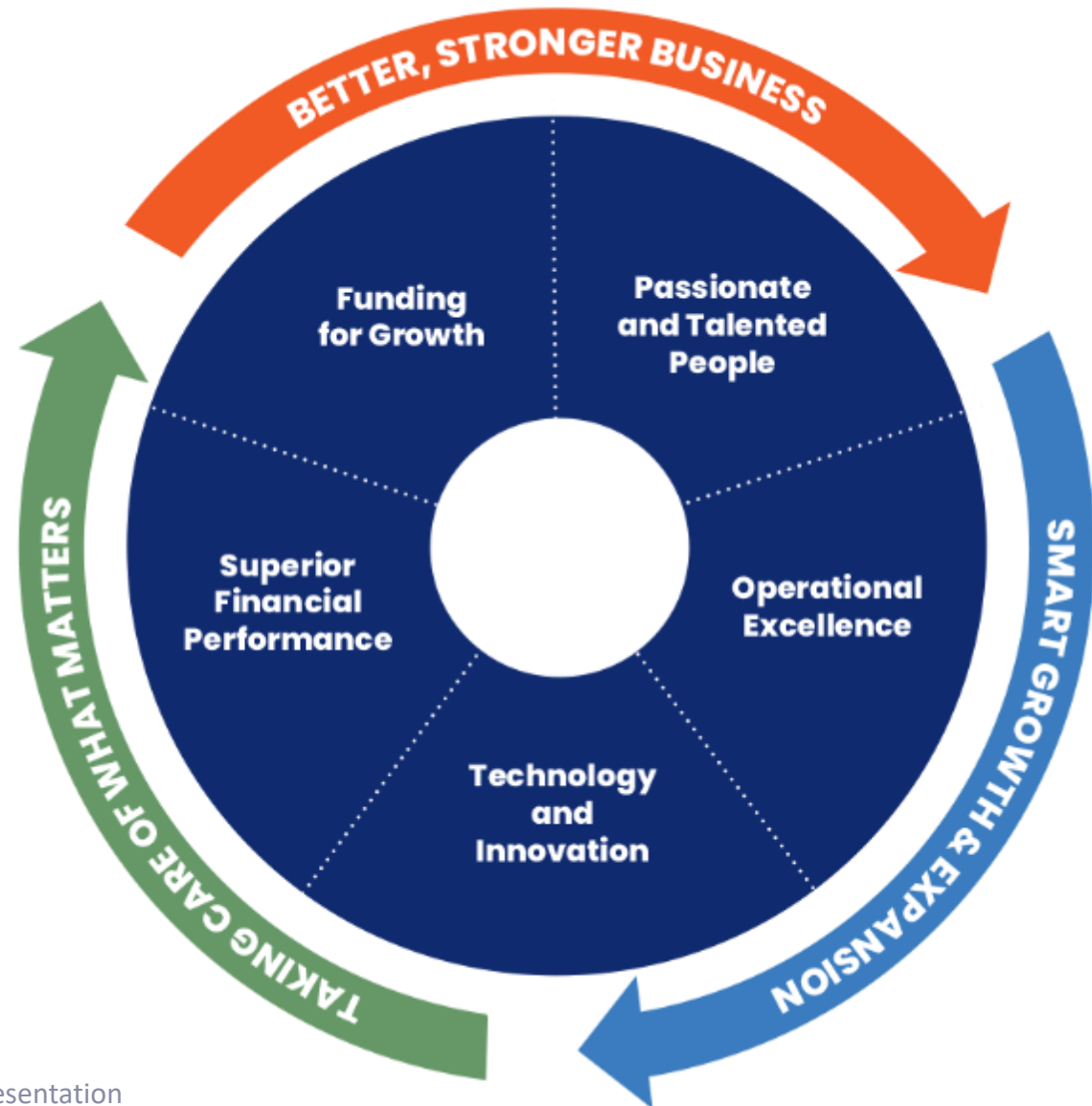
- Continue to execute on Project Blueprint including ongoing reset of Freight business
- Accelerated comprehensive cost out programme with benefits to be seen from 2H24
- Investment into nationwide sales resource driving increasing sales activity and momentum
- Pilot of Trans-Tasman Oceans service on-going
- Specialist heavy haulage well positioned for increasing interest in alternative energy projects

# STRATEGY FOR GROWTH

**Our Vision: To be the preferred freight and logistics provider in Australasia**

**Our Mission: To keep our customers moving**

**Our Mantra: Customer, Safety, Team**





# PROJECT BLUEPRINT

12–18 month dual pathway programme of short and long term initiatives to reshape and strengthen the business, and drive organic growth. First three months completed in 1H24.

## PRIORITIES

### RESHAPE AND STRENGTHEN THE BUSINESS Immediate benefit

- Comprehensive review of operating costs and structure
- Maximise performance, productivity and utilisation
- Strengthen supply chain offering
- Continue transition to asset light model

### DRIVE ORGANIC GROWTH Short to medium term benefit

- Investment in nationwide sales resource
- Careful customer acquisition
- Focus on building base volumes while allowing capacity for higher margin business
- Primary focus on organic growth and collaboration across the industry

# PROJECT BLUEPRINT INITIATIVES

We have identified what needs to be done across the business to achieve success and have a clear plan in place. Early benefits are being seen from the work underway.

## BETTER STRONGER BUSINESS

- Continuation of the Freight improvement programme
- Accelerated comprehensive cost out programme from December 23
- Optimisation of network and workforce to drive productivity and utilisation
- Digital transformation continuing including new Transport Management System
- Increased collaboration across the group to deliver end to end supply chain solutions
- Pilot of new trans-Tasman shipping service on-going - demonstrating good potential customer demand; new leadership from November 2023
- Increasing integration of rail into transport solutions – cost efficient, lower carbon emissions

## SMART GROWTH & EXPANSION

- Investing in and expanding core competencies to drive organic growth
- Investment in nationwide sales resources - New National Sales Manager and strengthened nationwide sales team
- Decentralised business model putting our business closer to our customers

## TAKING CARE OF WHAT MATTERS

- Continuing improvement in safety metrics
- Engaged workforce
- Continue to strengthen leadership teams and empower branch leadership



# / FINANCIAL RESULTS





# / 1H24 GROUP SUMMARY

\$Millions	1H24	1H23
Total Income	159.4	180.0
Normalised EBITDA <sup>1</sup>	13.2	24.7
Normalised EBIT <sup>1</sup>	(8.6)	3.0
Normalised NLAT <sup>1</sup>	(9.6)	(1.7)
Reported NLAT <sup>2</sup>	(10.7)	(3.3)
EPS (cents)	(8.36)	(2.85)
Free cashflow	18.3	18.1
Net Debt	16.9	21.6

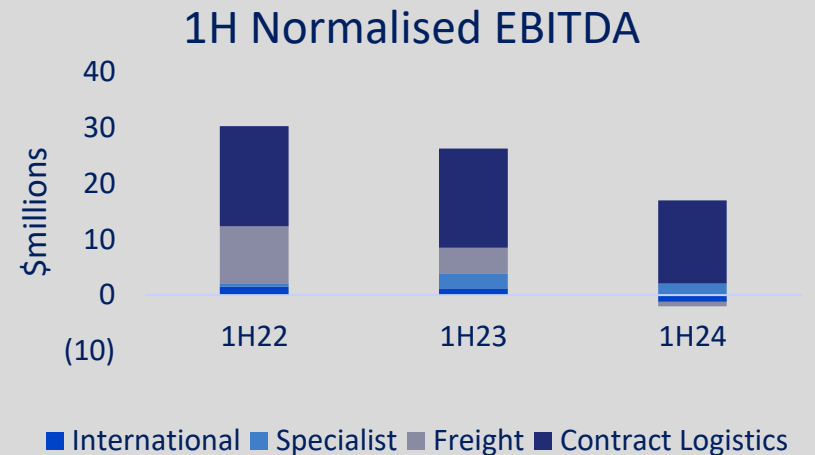
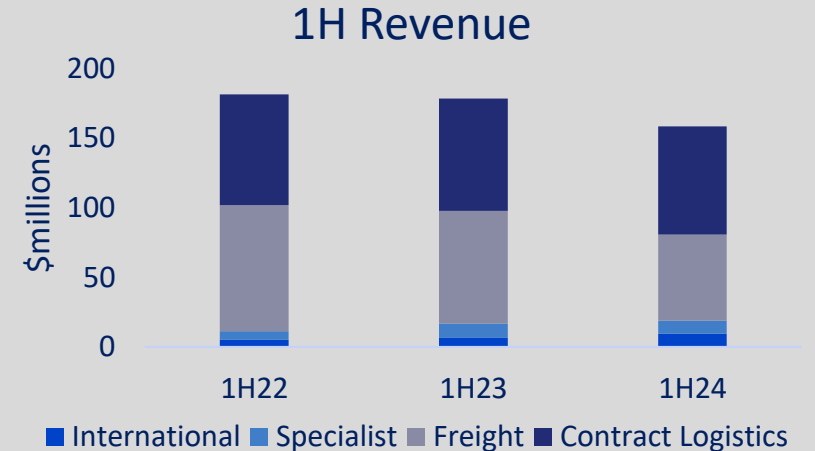
1. Normalised EBITDA, Normalised EBIT and Normalised NLAT excludes NCI and non-trading adjustments of \$.9m pre-tax related to restructuring and resetting the business as part of the strategic plan (1H23: \$1.0m)
2. Attributable to owners of the company

Results reflect:

- First three months of Project Blueprint
- Customer volumes impacted by economic headwinds
- Ongoing reset of Freight business with short term earnings reduction as it transitions to more efficient, higher margin business
- Investment into future growth initiatives including Oceans and technology
- Focus on cost efficiencies, working capital management and customer value proposition

# Business Performance

- **FREIGHT:** Reset programme ongoing with short term reduction in earnings as previously advised; business being right sized to create a leaner, more efficient structure – benefits from cost out programme expected from 2H24; priority on rebuilding revenue - positive sales activity being seen.
- **CONTRACT LOGISTICS:** Period of softer customer demand for warehousing and reduced Fuels volumes. Maintaining focus on utilisation and profitable contracts in environment of pricing pressure.
- **INTERNATIONAL:** Pilot of new shipping service – good potential customer demand; new GM Oceans. Vessel repair now completed following significant mechanical breakdown.
- **SPECIALIST:** Strong pipeline of work. Some project work delayed and pushed into future periods. These projects remain ongoing. Well positioned for increase in alternative energy projects.



# NORMALISED EBITDA



*Normalised EBITDA excludes non-trading adjustments of \$.9m pre-tax related to restructuring and resetting the business as part of the strategic plan. Further details included in appendix to this presentation.*

- **FREIGHT:** Ongoing Freight reset; accelerated cost out programme with some short term impact – benefits expected from 2H24
- **CONTRACT LOGISTICS:** Softer short term customer demand for warehousing and reduced Fuels volumes.
- **INTERNATIONAL:** Pilot of new shipping service \$(2.2)m. Vessel back in service from December following significant mechanical breakdown.
- **SPECIALIST:** Some project work delayed and pushed into future periods.
- Flat corporate costs year on year

# / CASH FLOW

\$000s	1H24	1H23
Normalised EBITDA excl. non cash items	13,158	24,424
Non trading - cash items	(396)	3
Working capital movement	2,908	5,308
<b>Net operating cashflows</b>	<b>15,670</b>	<b>29,735</b>
Capital expenditure	(1,436)	(12,441)
Sale of PPE (excluding loss/gains)	4,015	781
Net capital expenditure	2,579	(11,660)
<b>Free cash flow</b>	<b>18,249</b>	<b>18,075</b>
Acquisitions/Advances to Associates	-	-
<b>Net cash flow before financing and tax</b>	<b>18,249</b>	<b>18,075</b>
Net interest payments	(4,691)	(4,638)
Tax payments	(623)	(504)
Dividends (non-controlling interests)	(120)	-
<b>Cash flow before movements in net debt</b>	<b>12,815</b>	<b>12,933</b>
<b>EBITDA cash conversion</b>	<b>122.8%</b>	<b>121.7%</b>

## Cash conversion remains stable despite challenging trading

- Cash conversion of 123% remains stable and in line with last year, despite earnings decline
- Continued positive working capital movement and operating cashflows
- Free cash flow remains consistent YoY
- Net capital expenditure decreased by \$14.2m as a result of reduced capital needs to support lower level of earnings and moving towards a leased/asset light model

# CAPEX

Capital Expenditure (\$m)		
	1H24	1H23
Fleet	1.2	2.5
Ship	-	8.5
Technology	0.1	1.7
Other	0.2	0.7
<b>TOTAL</b>	<b>1.5</b>	<b>13.4</b>

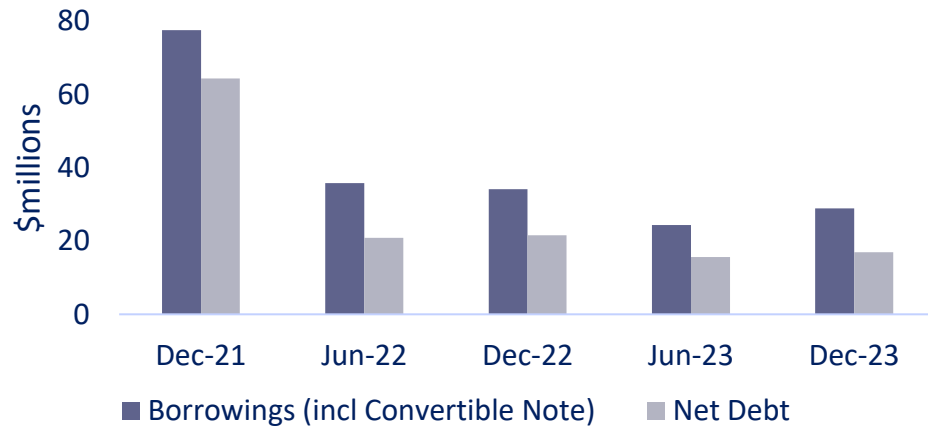
Leased fleet additions	
1H24	1H23
\$13.5m	\$5.5m

## Focus on maximum utilisation of existing assets; continued move to asset light model

- Asset light model supporting the balance sheet and building resilience in the supply chain
- Capital expenditure deferred and/or leasing of assets due to cashflow constraints
- Replacement program still in progress via a leasing strategy and fleet right sizing
- Transport Management System project (FuselT) to be rolled out across the network in 2H24

# / BALANCE SHEET

Significant reduction in Net Debt



\$000s	1H24	1H23
Net Debt	16,889	21,584
Gearing	20.8%	23.5%
Working Capital Ratio	1.28	1.27

## Reduction in net debt

- \$5.3m reduction in net debt following conversion of convertible note and from cashflows
- Bank facilities with revised covenants enabling runway for Project Blueprint short and long term initiatives
- Solid working capital ratio





# LOOKING FORWARD



# STRONG LEADERSHIP TEAM

Leading our pathway to success



Craig Evans  
CEO  
Appointed Feb 2023



Lee Banks  
CFO  
Appointed Jul 2013



Anthony Barrett  
CIO  
Appointed Apr 2022



Rachel Hustler  
GM People & Culture  
Appointed Jul 2023



Ricky Clark  
National Sales Manager  
Appointed Oct 2023



James Watters  
COO Contract Logistics  
Appointed Nov 2021



Justin Marshall  
National Freight Manager  
Appointed Mar 2022



Anthony Brown  
GM Oceans  
Appointed Dec 2023



Warwick Bell  
GM Specialist Lifting  
Appointed Dec 2018



# LOOKING AHEAD

## Market outlook:

- Continuation of current economic and sector conditions expected in the short term
- New opportunities for MOVE as procurement becomes a greater focus for customers
- Increasing investment in renewable energy projects – MOVE’s Specialist heavy haulage is a leader in this sector
- Supply chain sustainability and carbon emissions becoming of increasing importance to customers

## Business Outlook:

- Short term focus to recover to prior performance levels. Longer term to exceed and outperform
- Project Blueprint - embedding change, improving productivity, driving revenue and delivering customer service excellence. Benefits expected from 2H24
- Building resilience through asset light business model
- Well priced and positioned to take advantage of businesses seeking quality supply chain partner
- Increasing use of Rail delivering carbon efficiencies
- Identified productivity and growth opportunities and moving at pace to take advantage of these

# APPENDICES

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# Non-GAAP Reconciliation

\$Millions	1H24	1H23
<b>Net profit/(loss) before income tax (GAAP measure)</b>	<b>(14.19)</b>	<b>(2.91)</b>
Add back:		
Share of loss of associates	-	0.06
Net finance costs	4.71	4.86
Restructuring costs	0.39	(0.11)
Share acquisition costs	-	0.11
Goodwill and asset impairment	0.49	1.02
Depreciation & Amortisation	21.82	21.62
<b>EBITDA excluding non-trading items (non-GAAP measure)</b>	<b>13.22</b>	<b>24.65</b>
<b>Net profit/(loss) after income tax (GAAP measure) attributable to owners</b>	<b>(10.67)</b>	<b>(3.31)</b>
Add back:		
Non-controlling interests	0.34	0.59
Other non-trading expenses, net of tax:		
Goodwill and asset impairment	0.49	1.02
Restructuring costs	0.28	(0.11)
Share acquisition costs	-	0.11
<b>Net profit/(loss) after tax excluding non-trading items (non-GAAP measure)</b>	<b>(9.56)</b>	<b>(1.70)</b>

MOVE Logistics Group uses several non-GAAP measures when discussing financial performance and the Board and Management believes this provides a better reflection of the company's underlying performance.

## Glossary:

- EBITDA: Earnings before interest, tax, depreciation, amortisation excluding income and impairment from associates
- Normalised EBITDA: EBITDA before non trading costs
- Normalised EBIT: Normalised EBITDA less depreciation and amortisation
- Free cash flow: EBITDA excluding non-cash items plus movements in working capital, less net capital expenditure
- Net debt: interest bearing liabilities less cash and cash equivalents
- Operating cash conversion: cash generated from operations as a %age of EBITDA less non-cash items
- Working Capital Ratio: Current Assets excluding held for sale / Current Liabilities excluding borrowings and held for sale
- LTIFR: Lost time injury frequency rate

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