



SILK
LOGISTICS
HOLDINGS

SILK LOGISTICS HOLDINGS

Annual General Meeting

15 November 2023

Presenters

Terry Sinclair, Chair

Brendan Boyd, MD & CEO



ACKNOWLEDGMENT OF COUNTRY

Silk acknowledges and pays respect to the Traditional Custodians of the land on which we operate, live and gather as a team.

We recognise their continued connection to Country and Culture.

We pay respect to Elders past, present and emerging.

FINANCIAL HIGHLIGHTS

REVENUE



\$488.6 million

23.8% increase from FY22

UNDERLYING EBIT¹



\$35.5 million

14.5% increase from FY22

NEW BUSINESS WINS

\$65.8 million

Increase of \$19.2m on FY22

GEARING²



0.6 times

Net Debt to EBITDA leverage ratio

*Prior to Secon Freight Logistics acquisition
and FFS earn-out in FY24*

¹ Underlying EBIT(DA) represents EBIT(DA) post-AASB16 Leases and before significant items. Significant items are profit or loss items associated with mergers and acquisitions activities, capital restructures or certain one-off events included in reporting periods that are not reflective of underlying business activities. FY23 significant items includes change in value of contingent consideration \$2.2 million (gain) and acquisition related expenses of \$1.7 million. FY22 significant items include – IPO-related costs \$2.2m, pre-IPO share-based payments \$1.8m, business acquisition costs \$0.8m and net income of \$2.4m on novation of NSW land purchase agreement.

² EBITDA calculated on a pre-AASB16 basis. Purchase card facility classified as borrowings in the statutory balance sheet has been excluded from net debt to EBITDA leverage ratio.

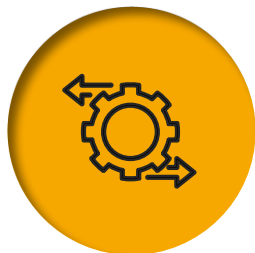


FY23 HIGHLIGHTS



Financial Performance

- Achieved record revenue and profit in FY23
- Delivered significant revenue growth in both operating segments
- Retained capacity for growth capex and targeted acquisitions



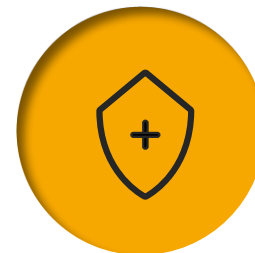
Operations

- Effective variable cost management
- Diversified integrated service offer – entry into bulk logistics
- Diversifying geographic presence



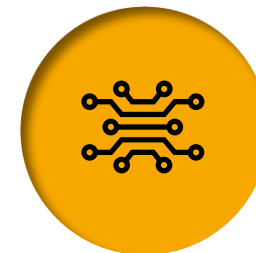
Customers

- Grew Top 20 customer revenue by 15%
- Win new business of \$65.8 million (annualised)
- Contracted recurring revenue of \$352.0 million (v. \$267.8 million pcp)
- Increased number of traded customers by 10%



People, Safety & Governance

- Reduction in LTIFR to 2.8 (36.4% YoY reduction on pcp)
- Delivered Workplace Gender Equality & Workplace Diversity and Inclusion Action Plans
- Completed carbon emission baselining for FY24 target setting



Technology

- Improved customer experience through tech solutions
 - ✓ Control tower portal
 - ✓ data analytics
 - ✓ Self-Service portal
- Enhanced systems security



Acquisitions

- Completed acquisitions –
 - ✓ Secon Freight Logistics - Sep 2023
 - ✓ Fremantle Freight & Storage ('FFS') – Sep 2022
- Progressed Integrations –
 - ✓ 101Warehousing
 - ✓ FFS
- Disciplined M&A focus



FINANCIAL PERFORMANCE



FY23 GROUP RESULTS SUMMARY

Revenue growth and continued investment



Revenue growth from existing and new customers



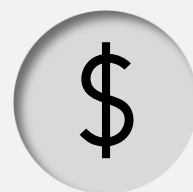
Variable cost model to minimise margin impact



Ability to pass through cost increase



Continued investment in people and capability



Effective integration of acquired businesses

(\$m)	FY23	FY22	Change*
Post-AASB16 Leases			
Revenue	488.6	394.7	23.8%
Underlying EBITDA ¹	86.0	71.0	21.1%
Underlying EBITDA margin %	17.6%	18.0%	(0.4)pp
Underlying EBIT	35.5	31.0	14.5%
Underlying EBIT margin %	7.3%	7.9%	(0.6)pp
Underlying NPAT	15.9	15.8	0.6%
Statutory NPAT	16.4	13.4	22.4%
Underlying free cash flow	30.8	28.9	6.8%
Underlying EPS (cents)	20.2	20.6	(1.9%)
Significant items (after tax) ²	(0.5)	2.4	-

* Change on margin % represents difference in percentage points (pp) from prior period

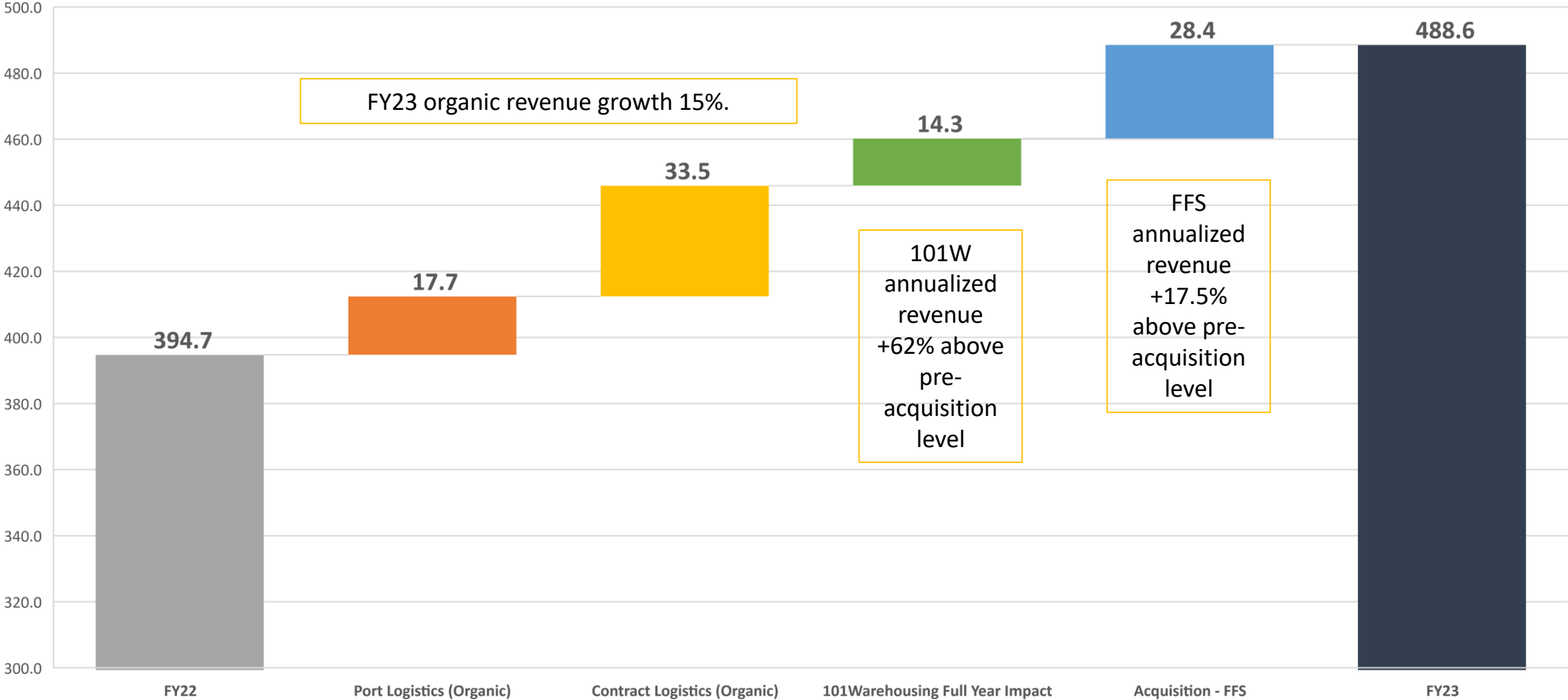
¹ Includes post tax profit on fleet asset disposals.

² Includes add-back of \$2.0m pallet provision tax effected

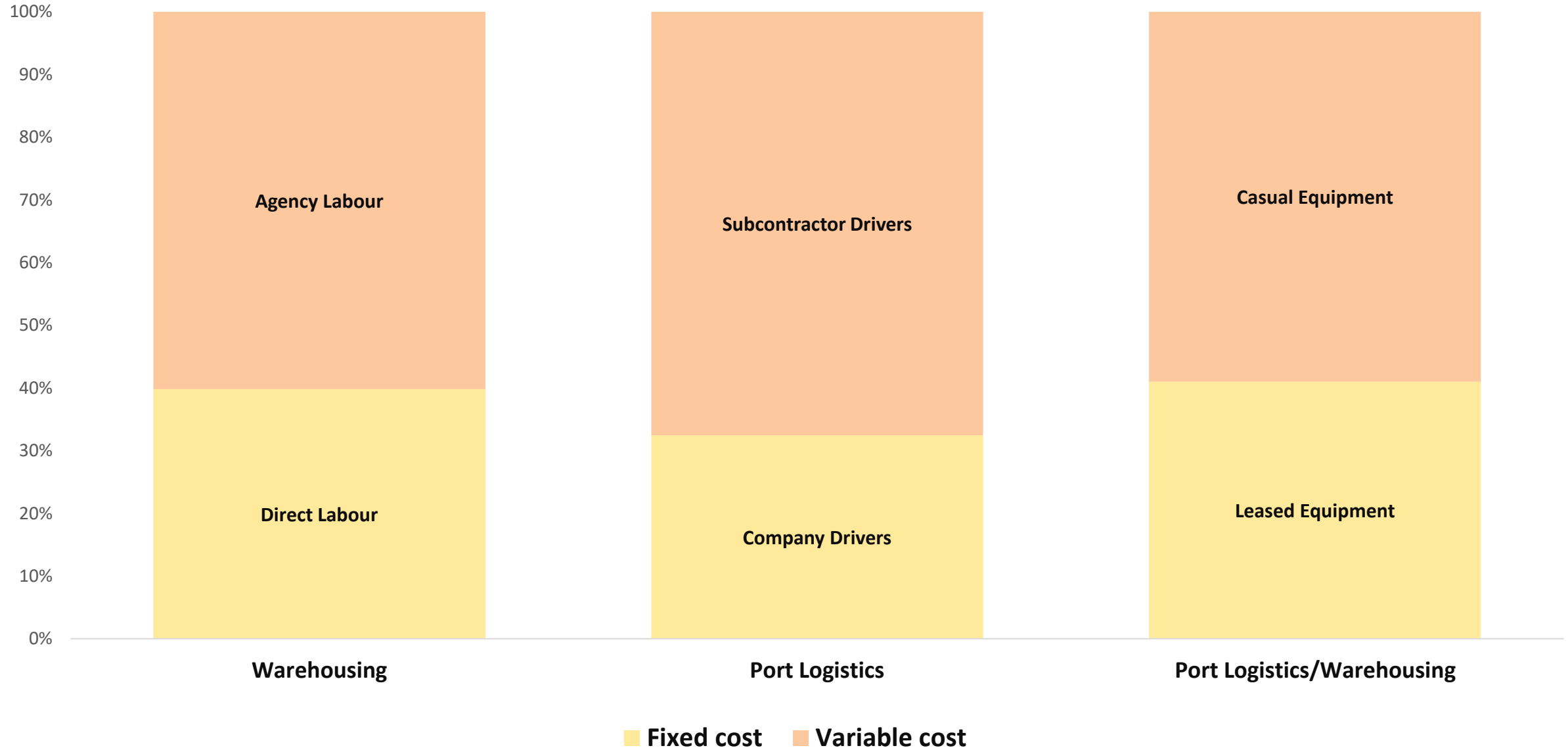
REVENUE GROWTH



Group Revenue Bridge (\$m)



VARIABLE COST MODEL



Secon Freight Logistics (acquired September 2023)

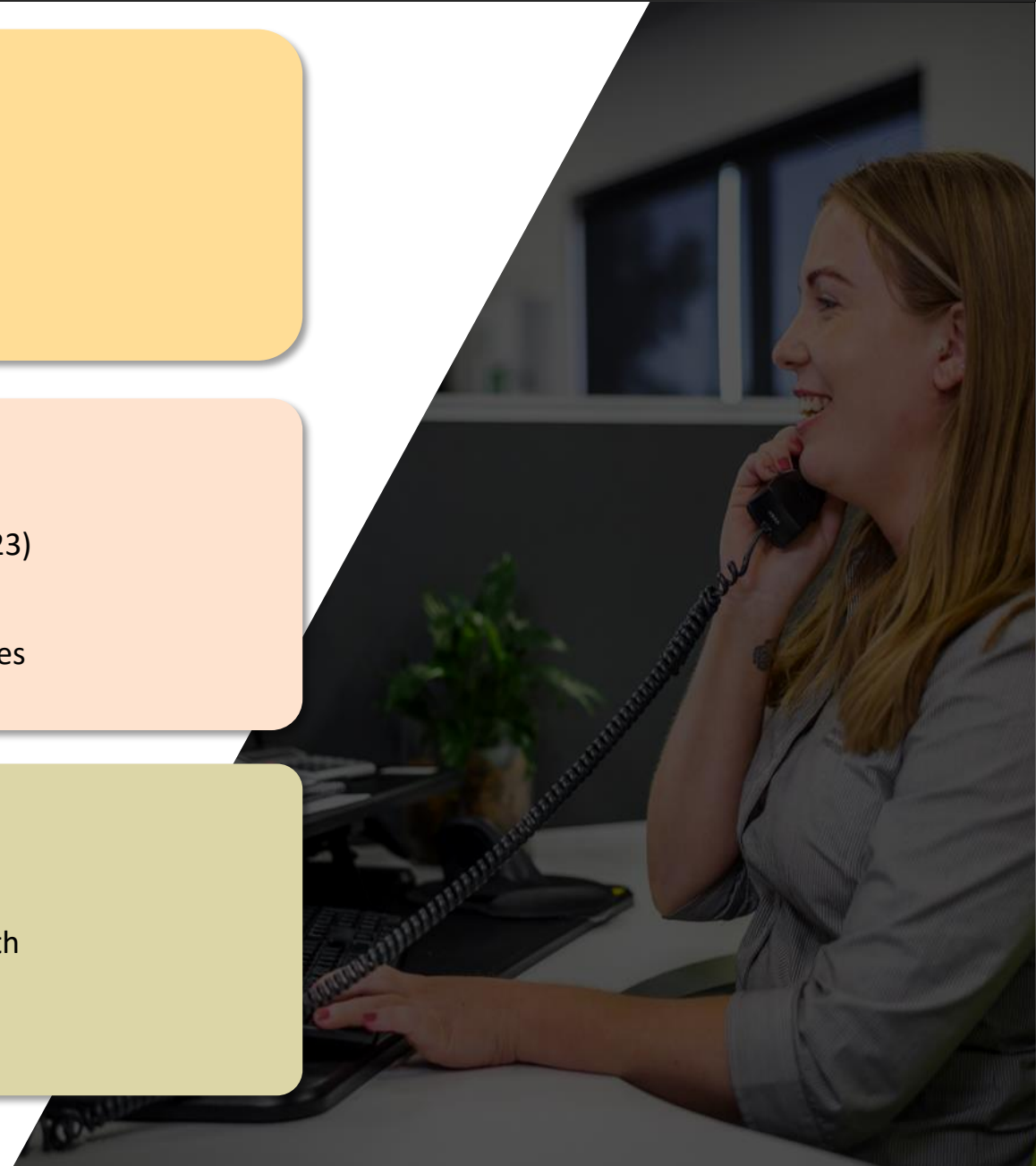
- Specialised bulk logistics and bonded warehouse services
- Annualised revenues c. \$65 million
- Upfront cash consideration \$35 million (\$30 million debt; \$5 million equity)
- Two-year earnout period

Fremantle Freight & Storage (acquired September 2022)

- Revenue in line with expectations at \$28.4 million (10 months post-acquisition in FY23)
- Revenue synergies to crystallise with East / West platform
- National bulk logistics opportunities through combined FFS and Secon bulk capabilities

101Warehousing (acquired February 2022)

- FY23 revenue of \$39.0 million, a \$15.0 million (62%) increase post-acquisition
- New 31,000 sqm warehouse opened for fast growing consumer goods customer, with warehouse automation implementation underway
- Two new customers onboarded, generating \$5.0 million annualised revenue



NON-IFRS UNDERLYING PROFIT RECONCILIATION



SLH - Year ended 25 June 2023

(\$m)	EBITDA	D & A	EBIT	Finance Costs	PBT	Tax	NPAT
Statutory earnings	86.5	(50.5)	36.0	(12.4)	23.6	(7.2)	16.4
Add back / (deduct):							
Acquisition & related expenses	1.7	-	1.7	-	1.7	(0.0)	1.7
Change in value of deferred consideration	(2.2)	-	(2.2)	-	(2.2)		(2.2)
Underlying earnings	86.0	(50.5)	35.5	(12.4)	23.1	(7.2)	15.9

SLH - Year ended 26 June 2022

	EBITDA	D & A	EBIT	Finance Costs	PBT	Tax	NPAT
Statutory earnings	68.7	(40.1)	28.6	(8.2)	20.4	(7.0)	13.4
Add back / (deduct):							
Initial public offer related costs	3.1	-	3.1	-	3.1	-	2.1
Acquisition & related expenses	0.8	-	0.8	-	0.8	-	0.8
Pre-IPO share-based payments	1.8	-	1.8	-	1.8	-	1.8
Income on novation of NSW land purchase agreement	(3.4)	-	(3.4)	-	(3.4)	-	(2.4)
Underlying earnings	71.0	(40.1)	30.9	(8.2)	22.7	(6.9)	15.7



STRATEGIC OUTLOOK





Silk expects to continue to grow revenue and earnings in FY24, broadly in-line with market consensus and subject to no further adverse changes in economic conditions



Ongoing integration of acquired businesses, realising synergies and targeting investments to deliver sustainable growth



Focus on executing our customer service delivery, cross-sell integrated service offer and achieving operating efficiencies



FIVE-YEAR STRATEGIC PLAN



Our Ambition

Grow to \$1bn revenue

Our Focus

Providing high-quality services to customers with complex national port-to-door logistics needs

Our Strategic Pillars

1

Provide Market Leading Customer Experience



2

Leverage Integrated Service Offering



3

Grow In Value-Add Services & Sectors



4

Expand Site Network Capability & Footprint



5

Drive Operational Efficiency



Our Enablers

People and Leadership

Industry Leading Technology

M&A Strategy, Execution and Integration

Well Positioned in ESG

Unaudited initial FY23 baseline.

ENVIRONMENTAL	Transportation and Distribution	Explore fuel alternative trials with industry and government to address transport fuel emissions.
		Engage with subcontractors to deliver a transition to minimum Euro 6 Emissions Standards.
		Route, load and fleet optimisation improvement to reduce carbon intensity in transporting of goods.
	Energy	All new builds to be minimum 6-star Green Star rated, as designed for new warehouse under development in Kenwick, WA.
		Continue to actively engage battery technology that supports emission reductions within our Materials Handling Equipment ('MHE') fleet.
	Waste and Recycling	Further grow newly implemented recycling and waste segregation program across all sites with training and resources for employee participation.

Silk has baselined emissions:

Scope	Emissions (tCO ₂ -e)
Scope 1	23,731
Scope 2	7,054
Scope 3	43,322
Total	74,108

and set a roadmap to achieve attainable targets

SOCIAL & GOVERNANCE	People, Processes and Technology	Strengthen employee awareness, establish sustainable processes and leverage available green technologies to build on emissions reductions.
		Further build gender diversity in the business by achieving 40% females in executive leadership roles (defined as CEO-1) by 2027, 40% females in leadership roles (defined as CEO-2) by 2030.
		Upgrade our private cloud infrastructure to keep pace with growth, reduce our storage footprint , and lower energy consumption.

Does not include Secon Freight Logistics (acquired Sep 2023)



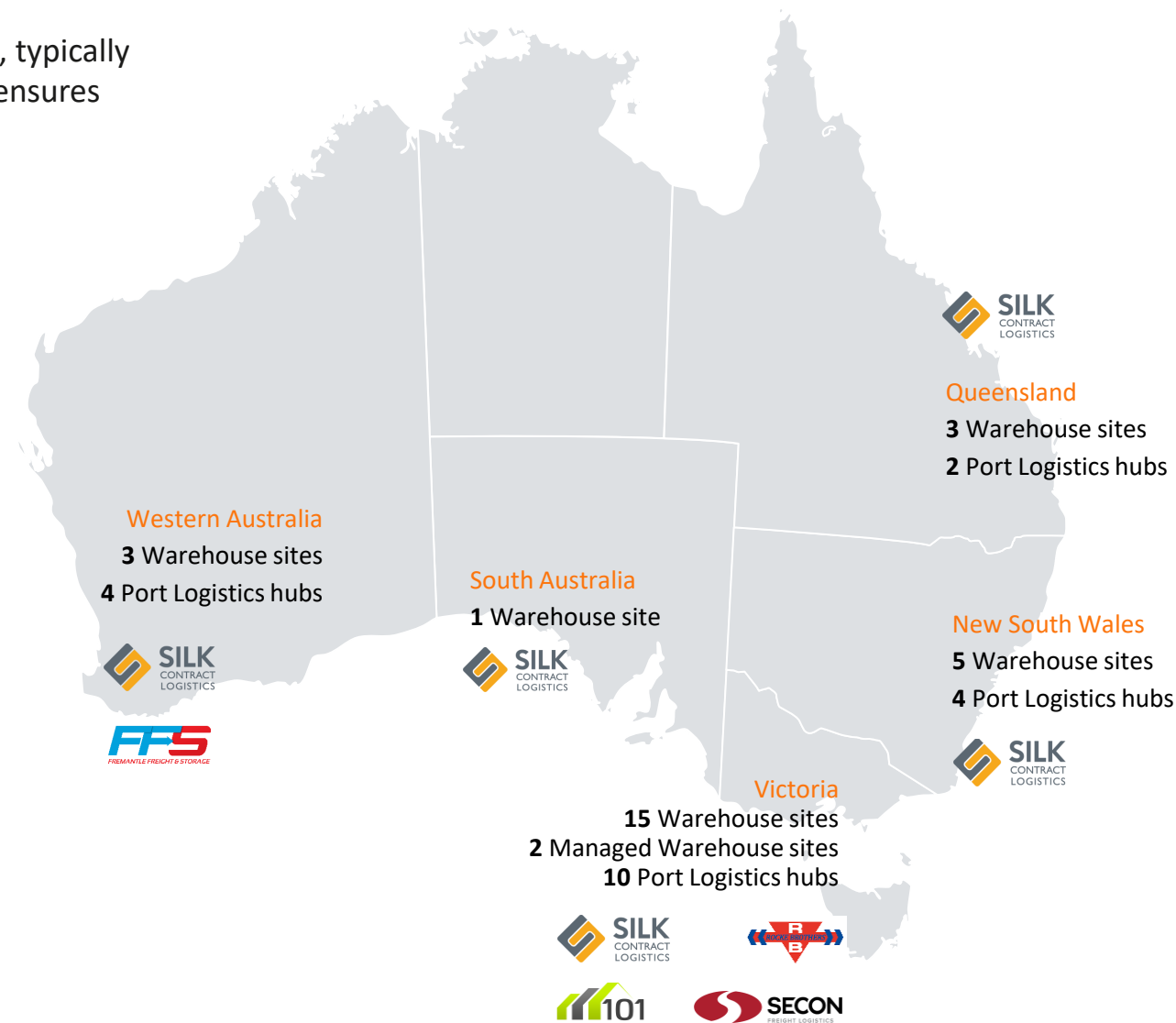
ABOUT SILK



SILK LOGISTICS HOLDINGS



Silk's 49 operational facilities are strategically located in all major Australian capital cities, typically with good access to container ports. This provides a distinct competitive advantage and ensures the efficient and cost-effective servicing of our customer base on a national scale.



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SINCLAIR**

NON-EXECUTIVE
CHAIR



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BOYD**

MANAGING
DIRECTOR
AND
CHIEF EXECUTIVE
OFFICER



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CONTACT US

investor@silklogistics.com.au
silklogisticsholdings.com.au

Investor Relations
Melanie Singh
melanie@nwrcommunications.com.au