

SILK LOGISTICS HOLDINGS



A leading integrated port-to-door logistics partner for some of the world's best-known brands

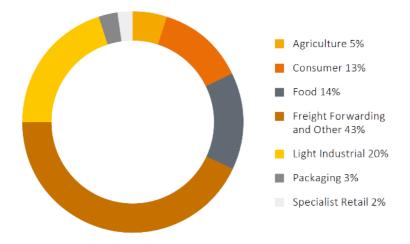
Silk's 47 operational facilities are strategically located in all major Australian capital cities, typically with good access to container ports. This provides a distinct competitive advantage and ensures the efficient and cost-effective servicing of our customer base on a national scale.

WHARF CARTAGE WAREHOUSING

DISTRIBUTION



Silk FY22 revenue by market category



SILK CONTRACT LOGISTICS

Western Australia

2 Warehouse sites

3 Port Logistics hubs

4 Warehouse sites

2 Port Logistics hubs

Queensland



South Australia

1 Warehouse site

SILK CONTRACT LOGISTICS

New South Wales

7 Warehouse sites

2 Port Logistics hubs









13 Warehouse sites5 Managed Warehouse sites8 Port Logistics hubs

Victoria

FY22 IN REVIEW

Achievements meeting and exceeding targets





Financial Performance

- Significant revenue growth across all service lines
- Maintained margins in challenging industry and market conditions
- High operating cashflow conversion



Operations

- Expansion into B2C / e-commerce
- Increased warehouse occupancy
- Rapid growth in distribution revenue
- Ongoing growth in container volumes

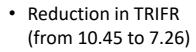


Customers

- New business wins of \$46.6 million (annualised)
- Renewed customer contracts (\$27.6 million)
- Recurring (contracted) revenue of \$186.9 million



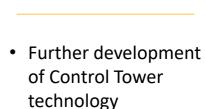
People, Safety & Governance



- Board approval of Employee Share Plan
- 30% increase in female appointments to key roles
- Five-year ESG roadmap approved



Technology



- Ongoing build of analytic and reporting capabilities
- Investment in best practice cyber security initiatives



Acquisitions

- 101Warehousing acquisition
- Kemps Creek novation
- Fremantle Freight & Storage ('FFS') terms agreed
- Strong pipeline of acquisitions

FY22 IN REVIEW

Operational and financial outperformance



REVENUE

\$394.7 million

increase of 22.1% versus FY21

Strength of integrated platform

CASH TO UNDERLYING EBITDA¹

97.5%

Focus on asset-right strategy

BILLED CONTAINERS

301,875

6.5% increase on FY21



UNDERLYING EBIT¹

\$31 million

Increase of 27.6% versus FY21

Earnings growth in both segments

STRONG BALANCE SHEET

\$32 million Cash

Firepower for acquisitions and expansion

AVG. LEASED WAREHOUSE OCCUPANCY²

85.0%

Versus 77.9% in FY21



UNDERLYING NPAT GROWTH

45%

\$15.8m versus \$10.9m in FY21

Substantial operating leverage

20.6 CPS

pcp 14.5 cps

DPS of 8.49 cps (yield of 4.2%)1

BILLED CONSIGNMENTS

75,807

46.1% increase on FY21















FY22 EARNINGS SNAPSHOT

Earnings driven by revenue growth and a disciplined cost focus



(\$m)	FY22	FY21	Change*	FY22 Prospectus Forecast
Post-AASB16 Leases				
Revenue	394.7	323.3	22.1%	339.4
Underlying EBITDA	71.0	61.1	16.2%	62.2
Underlying EBITDA margin %	18.0%	18.9%	(0.9)pp	18.3%
Underlying EBIT	31.0	24.3	27.6%	25.9
Underlying EBIT margin %	7.9%	7.5%	0.4рр	7.6%
Underlying NPAT	15.8	10.9	45.0%	13.3
Statutory NPAT ¹	13.4	8.4	59.5%	13.3
Underlying free cash flow ¹	30.7	22.4	37.5%	19.7
Underlying EPS (cents) ¹	20.6	14.5	42.1%	N/A
Significant items (after tax) ¹	2.4	2.5		

REVENUE GROWTH & MARGIN PROTECTION



Time-certain service offer resonating with market



Share of wallet opportunities captured from existing customers



New customers won and onboarded



Focus on cost recovery and operating leverage to drive margin expansion



Growth in warehousing capacity and increased occupancy in FY22



Focus on renewals and re-contracting existing customers

¹ Refer to page 8 in SLH FY22 Full Year Results Investor Presentation for more details.

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

STRONG START TO FY23

New customer wins have delivered a solid start to the year



Customer / Revenue Growth

- Top 20 customers trading up year-on-year
- 7 cross-sells (new services to existing customers)
- Leased warehouse occupancy levels above 85% target
- Strong agriculture season driving export volumes
- Disciplined yield management program recovering higher input costs
- FFS contribution from 1 September 2022

New Business Wins

- The active pipeline as at end of October is \$56.8 million (current conversion rate 1:2)
- 2 new customer wins with integrated (multiple) services
- Focus on filling upcoming warehouses (Kemps Creek, and Kenwick 2)
- Over 115,000 sqm of new capacity in FY23 and FY24



COMPLETION OF FFS ACQUISITION

Acquisition successfully completed with integration underway





Acquisition of FFS completion announced on 1 September 2022

- Funded through cash reserves and acquisition senior debt facility (NAB)
- Completion consideration \$23.6 million
- Subject to NWC adjustments to be completed in November
- Earn-out payment due October 2023



Strategic priority

- Extends Silk's national Port Logistics coverage
- Includes niche services such as fumigation capability and bonded facilities



Financial accretion

- Annual revenue of \$29 million
- Significant cross-sell opportunities
- EPS accretion from FY23



ESG

Objectives and targets are being established in FY23



Area		Area	Progress to date		
Assets		Heavy Vehicles	 Procured latest Euro standard models of fleet Developed a strategy for fleet transition of sub-contractor vehicles 		
		Lifting Equipment	 Committed to increasing electrified MHE fleet Committed to transitioning reach stackers to electric powered 		
	-	Medium / Light Vehicles	Committed to reducing carbon emissions of carrier network through organisation of LTL		
Facilities	二	Energy and Sustainability	 Ensured new sites have greater energy efficiency ratings Upgraded lighting to LED Explored solar options on new sites 		
	÷	Water	Committed to reducing water usage		
	دي	Waste and Recycling	 Committed to introducing a recycling program and measuring total versus recycled waste Circular / hiring model used for pallets 		
Other	7	Offering	 Committed to including and improving green credentials in Silk brand positioning and offering 		
	●→ ◆ ↓ ■←●	People, Processes & Technology	 Communication of sustainability and waste initiatives to employees Committed to developing an environmental system and aligning to ISO 14001 standards 		
	*	Diversity, Equity & Inclusion	 Increase in female appointments to management and key roles Increase in cultural and social diversity 		

FIVE-YEAR GROWTH STRATEGY

Sustainably grow revenue, earnings and capability



OUR AMBITION

Focus on organic growth, new services, geographic expansion, targeted acquisitions and investment in people, processes and technology

CLEAR GROWTH DRIVERS



Share of Wallet Growth

- Capture port-to-door service offering demand
- Share of customer wallet across states and services



New Services & Segments

- Comprehensive service suite for quality mid-market customers
- Scale to meet eCommerce demand
- Higher margin services



Site Network Expansion

- New sites and capacity including NSW, QLD, WA
- International expansion
- Optimise across network
- Site technology and automation



Strategic & Transformational M&A

- Strategic acquisitions to expand service offering
- Scale and liquidity
- Geographic expansion
- Bespoke technology

ENABLED BY



Customer Experience

- Strong customer service levels
- Proactive relationship management
- Customer experience technology



Industry Leading People & Culture

- Industry leading recruitment and EVP
- Talent management and skills development
- · The Silk Way culture
- Capability in acquisitions & integrations



Technology & Efficiency

- Invest in best-in-class technology and analytics
- Continuous process and efficiency improvement



Sustainability Transformation

- Implementation and reporting of ESG strategy
- Retain strong safety record
- Continue to drive diversity and inclusion

OUTLOOK

Silk well-positioned to navigate industry and economic headwinds



- Subject to no material adverse change in current economic conditions (including in respect of Silk's market, customers, suppliers and resources), Silk expects to grow revenue and underlying earnings in FY23
- Macro risks to earnings have been identified, assessed and are being managed diligently

Key FY23 achievements and targets include:



Integrations

FFS and
101Warehousing
well progressed;
synergies
being realised



Continued investment

in technology solutions and cybersecurity systems



Automation

Robotics solution delivery well progressed (for retail and e-commerce)



ESG roadmap

Targets and plans established for program commencing in FY24



New facilities

Additional 115,000 sqm warehouse capacity being delivered (FY23-25)



Talent

Continued investment in talent, with a platform for sustainable growth



SUSTAINABLE GROWTH, INNOVATION AND INTEGRITY



Business Services Growth Company of the Year 2022



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