

MOVE 1H24 TRADING UPDATE

Transport and logistics group, MOVE Logistics Group Limited (NZX/ASX: MOV), has provided a trading update for the six months ending 31 December 2023 (1H24).

In summary:

- Economic and sector headwinds continue to impact on customer volumes, costs and growth opportunities, with softer 1H24 result expected.
- Comprehensive cost out programme has been escalated, to drive efficiency and operating excellence.
- 1H24 Normalised EBITDA is expected to be between \$11.5m and \$12.5m, reflecting lower customer demand, the ongoing re-set of the Freight business, the start-up of the Oceans service and reduced Fuels volumes. In addition, some project work undertaken by the Specialist division has been delayed and pushed into future periods. These projects remain ongoing.
- Second half year expected to benefit from increased new business leads and participation in RFP processes for MOVE's Freight and Logistics businesses, and as gains start to be realised from Project Blueprint initiatives commenced in 1H24. MOVE will provide a further update when it reports its half year results in February 2024.

Economic and sector headwinds continue to impact on the sector, with inflationary cost pressures and slowing consumer spending dampening down demand and driving competitive pricing pressure, particularly for Freight and Warehousing. Retail and construction have been particularly hard hit, both of which are important customer sectors for MOVE.

MOVE is continuing to execute on Project Blueprint, a dual pathway of short and long term initiatives to reshape and strengthen the business, and drive growth. Given economic recovery is taking longer than anticipated, a comprehensive cost out programme has been escalated to drive efficiency and operating excellence.

As previously advised, the re-set of the Freight business is ongoing with a short-term reduction in earnings as it transitions towards a more efficient, higher margin business model. The business is being right sized to create a leaner, more efficient structure which can be scaled as the growth strategy takes hold. The priority is on rebuilding activity, with a restructured sales team led by a new National Sales Manager generating increased new business leads and participation in RFP processes for MOVE's Freight and Logistics businesses.

The pilot of MOVE's new trans-Tasman shipping offer this year has been faced with challenges but has demonstrated there is good potential customer demand. A number of costs associated with the pilot programme will be recognised in the FY24 results. The trans-Tasman service and opportunities are being assessed to ensure value is maximised as the company focuses on core business and following MOVE's withdrawal from a proposed coastal shipping service.

CEO Craig Evans said: “Our initial focus is to recover to prior performance levels, and then longer term, to exceed and outperform. Frustratingly, the speed at which we have been able to execute on our growth strategy has been hampered by headwinds affecting the logistics sector, which have been longer and tougher than anticipated. We continue to tightly manage all areas within our control and are positioning ourselves to take advantage of increasing demand as economic conditions improve.

“Despite current trading conditions, we continue to see real growth opportunities for our business and are moving at pace to take advantage of these. MOVE’s key commercial stakeholders remain supportive of the company’s strategy and ongoing execution of Project Blueprint. We are positive about the future for MOVE and our teams remain committed to delivering solutions that meet and exceed our customers’ expectations in these challenging conditions.”

ENDS

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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.