SILK LOGISTICS HOLDINGS

FY24 HALFYEAR RESULTS PRESENTATION

Presenters Brendan Boyd, MD & CEO Dani Aquilina, COO James Nicholias, CFO

FINANCIAL HIGHLIGHTS

Maintained growth in a challenging market

REVENUE

$276.5 million

$253.6m in 1HFY23

Growing customer base

UNDERLYING EBITDA

$47.7 million

$44.2m in 1HFY23

Sustainable earnings

UNDERLYING EBIT[1]

$18.2 million

$19.7m in 1HFY23

Resilient performance in difficult conditions

UNDERLYING NPAT

$7.6 million

$9.8m in 1HFY23

Statutory NPAT $6.2 million

CASH TO UNDERLYING EBITDA[1]

79.0% after capex

92.8% in 1HFY23

Strong cash generation

STRONG BALANCE SHEET

$22.2m Cash

Financial stability

1 Underlying EBIT(DA) represents EBIT(DA) post-AASB16 Leases and before significant items.

SNAPSHOT OF OPERATIONS

Extended national network, with a time-certain approach to customer service

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360,479 sqm

Container hardstand area

495,038 sqm

Total warehouse area [1]

68

Carrier partners nationally[2]

151,842

1HFY24 Billed Containers

154,816 in 1HFY23

77.4%

Avg. leased warehouse occupancy[3]

90.0% in 1HFY23

36,983

1HFY24 Billed Consignments

44,377 in 1HFY23

1,807

Total workforce[4]

22%

Females across the company employed workforce

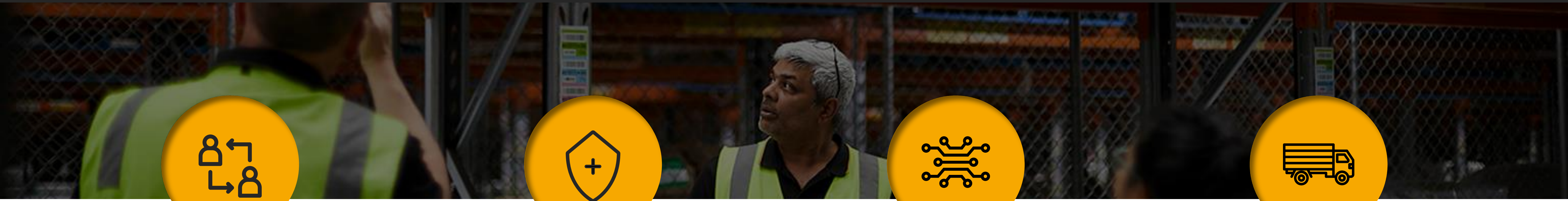
0.6 LTIFR[5]

Market leading safety performance

1 As at 31 December 2023; leased and managed sites.
2 As at 31 December 2023.
3 Silk Contract Logistics leased warehouses only .
4 Includes company employed (permanent, fixed term, casual), agency supplied labour and independent transport sub-contractor pool in week ending 31 December 2023.
5 LTIFR = Lost Time Injury Frequency Rate. LTIFR is reported as a rolling 12-month average to the end of the reporting period

ACHIEVEMENTS

Success against targeted KPIs underpins SLH growth



Customers

- New business wins of $23.6 million (annualised)
- Increase in trading customers to 594 from 569 at June 2023[1]
- Contracted recurring revenue of $367.9 million (versus $377.0 million at June 23)
- 72% of warehouse revenue from contracted customers

People, Safety & Governance

- Reduction in LTIFR to 0.6 (a reduction from 2.8 in FY23)
- Workplace Gender Equality & Workplace Diversity and Inclusion Action Plan approved by the Sustainability Committee and Board, with 2027 leadership targets
- ESG roadmap initiatives progressing with new 6-star green rated facility to open this year

Technology

- National roll-out of new customer service platform is near completion, which will improve insights into enquiry response and service delivery across our network
- Completed phase 1 of our Port Logistics, web-based control tower portal, empowering customers with valuable decision-making insights into their supply chain
- Upgraded private cloud infrastructure to drive customer growth and reduce carbon footprint

M&A

- Commenced integration of Secon, delivering cross-sell opportunities and providing east coast bulk logistics capability
- 101W delivered strong revenue growth and improved margins against prior periods
- FFS maintained revenues in the face of subdued import volumes and will benefit from Secon, as we drive share of wallet sales into WA with bulk logistics customers

1 Excludes Secon customers

ESG

Progressing our focus areas

ENVIRONMENTAL		
	Transportation and Distribution	Engaging in alternative fuel research and exploring client proposals that provide access to alternative and carbon neutral fuels.
		Developing a route, load and fleet optimisation improvement to reduce carbon intensity in transporting of goods.
	Energy	All new builds to be minimum 5-star Green Star rated. Early engagement for Greenstar 6 for Kenwick development and solar systems installed in two QLD sites and 1 in NSW.
		Continue to actively engage battery technology that supports emission reductions within our fleet. Potential electric reach stackers to be used in Brisbane.
	Waste and Recycling	Further expand newly implemented recycling and waste segregation program across all sites with training and resources for employee participation.

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.

FINANCIAL PERFORMANCE

HALF YEAR GROUP RESULTS SUMMARY

A disciplined cost focus, delivering sustainable performance

Sustained performance against market conditions

Maintained revenue in adverse market conditions

Variable cost model minimised margin impact

Ability to recover cost increases

Rationalised investment in overhead

Effective integration of acquired businesses

($m)	1HFY24	1HFY23	Change*
Revenue	276.5	253.6	9.0%
Underlying EBITDA[1]	47.7	44.2	7.9%
Underlying EBITDA margin %	17.3%	17.4%	(0.1)pp
Underlying EBIT	18.2	19.7	(7.6%)
Underlying EBIT margin %	6.6%	7.8%	(1.2)pp
Underlying NPAT	7.6	9.8	(22.4%)
Statutory NPAT	6.2	8.8	(30.0%)
Underlying free cash flow	14.3	18.1	(21.0%)
Underlying EPS (cents)	9.50	12.41	(23.4%)

* Change on margin % represents difference in percentage points (pp) from previous corresponding period
1 Includes post tax profit on fleet asset disposals.

RECONCILIATION

Statutory to underlying earnings

($m) *	EBITDA	D&A	EBIT	Finance Costs	PBT	Tax	NPAT
Statutory earnings	**46.8**	**30.1**	**16.6**	**8.6**	**8.1**	**1.9**	**6.2**
Add back/ (deduct)							
M&A[1]	0.6	-	0.6	-	0.6	0.0	0.6
Discontinued site costs[2]	0.2	-	0.2	-	0.2	0.1	0.1
Restructure costs[3]	0.1	-	0.1	-	0.1	0.0	0.1
Depreciation, amortisation & interest on fair value of acquired assets and liabilities[4]	-	0.6	0.6	0.3	1.0	0.3	0.7
Underlying earnings	**47.7**	**29.5**	**18.2**	**8.3**	**10.0**	**2.4**	**7.6**

1 Costs associated with the acquisition of Secon Freight Logistics which was completed 1 September 2023
2. Costs associated with the discontinued Kemps Creek, NSW site as announced on 14 November 2023
3. Costs associated with corporate restructure activities
4. Depreciation and amortisation on the fair value uplifts recognised from the provisional purchase price accounting on acquisition of Secon Freight Logistics so as to reflect the underlying contribution of the business before any provisional fair value uplifts. Interest expense relates to the unwind of the present value of the contingent consideration payable on acquisition of Secon Freight Logistics

* Totals and sub-totals may not add due to rounding to $ million

SEGMENT RESULTS

Agile business model underpinned operating leverage

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	Port Logistics			Contract Logistics			SLH Group		
($m)	1HFY24	1HFY23	Change*	1HFY24	1HFY23	Change*	1HFY24	1HFY23	Change*
Post-AASB16 Leases									
Revenue	175.1	150.0	16.7%	101.4	103.6	(2.1%)	276.5	253.6	9.0%
Expenses	151.9	129.0	17.8%	76.9	80.4	(4.4%)	228.8	209.5	9.2%
Underlying EBITDA[1]	23.2	21.0	10.5%	24.5	23.2	5.6%	47.7	44.2	7.9%
Underlying EBITDA margin %	13.2%	14.0%	*(0.8)pp*	24.2%	22.4%	*1.8pp*	*17.3%*	*17.4%*	*(0.1)pp*
Underlying EBIT[1]	12.4	13.2	(6.1%)	5.8	6.5	(10.8%)	18.2	19.7	(7.6%)
Underlying EBIT margin %	7.1%	8.8%	*(1.7)pp*	5.7%	6.3%	*(0.6)pp*	*6.6%*	*7.8%*	*(1.2)pp*

PORT LOGISTICS
151,842 **(1.9)%**
Billed Containers ***on pcp***

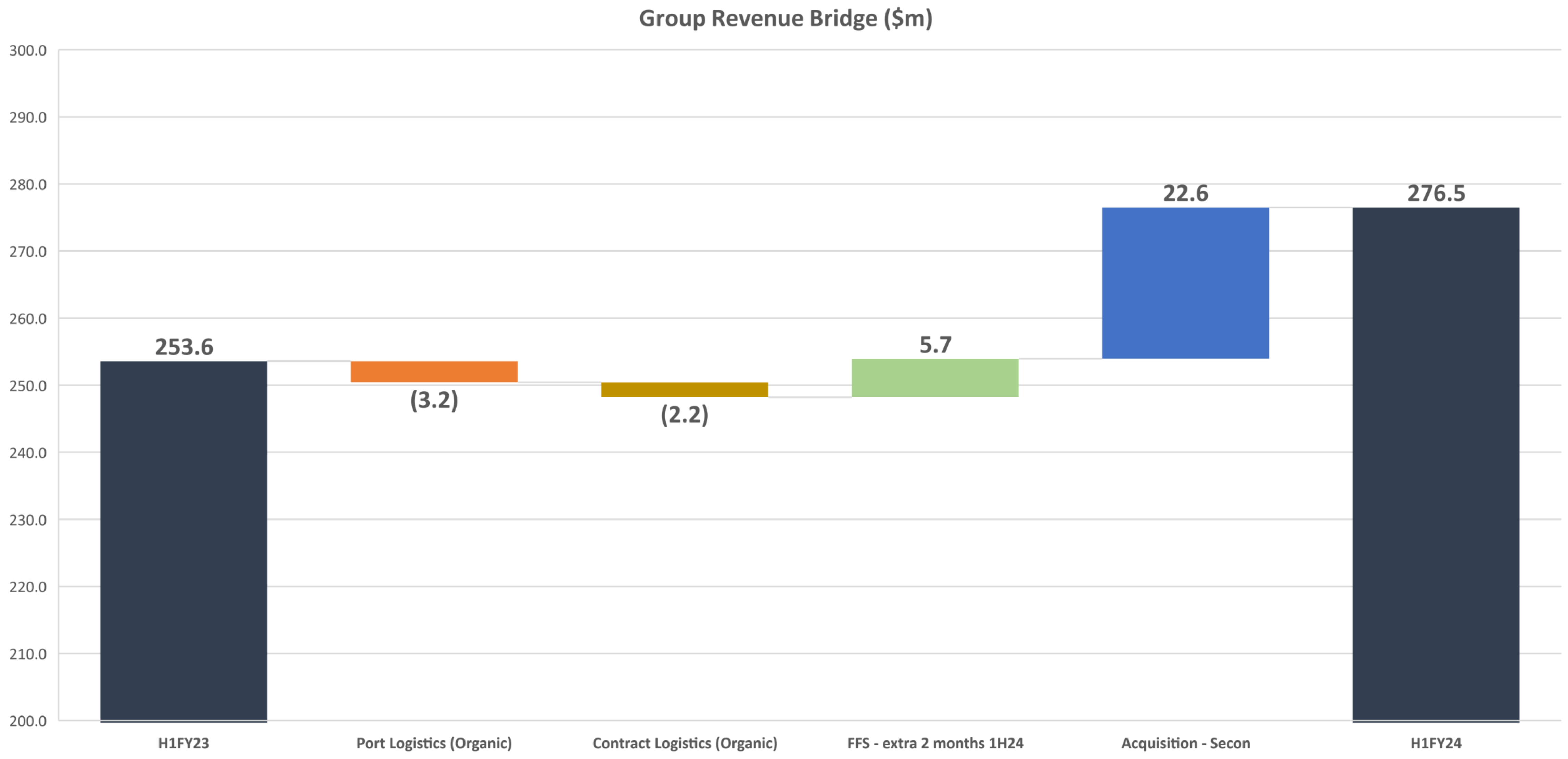
CONTRACT LOGISTICS
77.4% **(12.6%)**
Warehouse Utilisation ***on pcp***

CONTRACT LOGISTICS
36,983 **(16.7)%**
Billed Consignments ***on pcp***

1 Includes profit on disposal of fleet assets of $0.5 million (1HFY23 $0.5 million).
* Change on margin % represents difference in percentage points (pp) from prior period.

REVENUE GROWTH

Maintained revenue in the face of declining volume

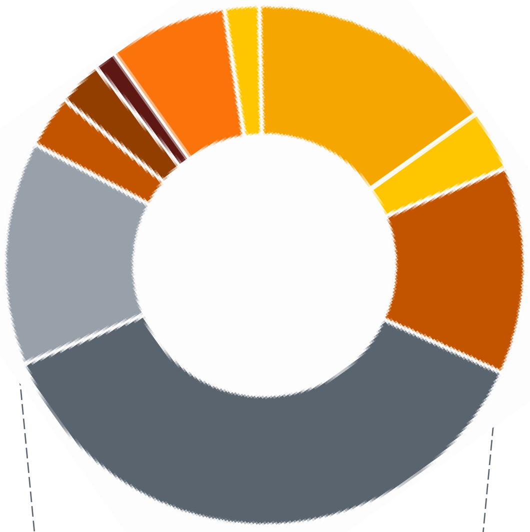


RESILIENT & DEFENSIVE CUSTOMER BASE

Long-term customer relationships a testament to Silk's customer-centric focus

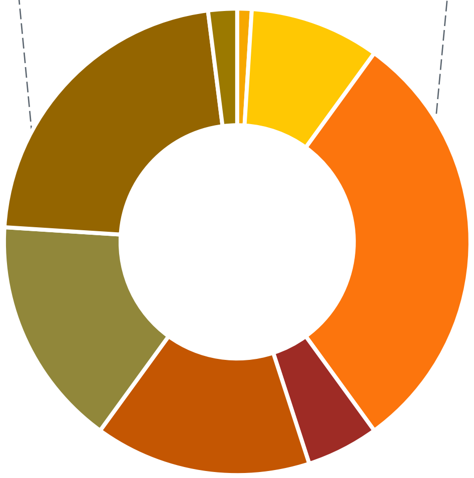
SILK REVENUE BY CUSTOMER MARKET CATEGORY

- Agriculture 7%
- Construction 2%
- Consumer Goods (General) 15%
- Consumer Goods (Personal) 4%
- Food 13%
- Freight Forwarding 37%
- Light Industrial 14%
- Other 3%
- Packaging 3%
- Specialist Retail 1%



UNDERLYING CUSTOMER MARKET CATEGORY FOR FREIGHT FORWARDER REVENUE

- Agriculture 1%
- Construction 9%
- Consumer Goods (General) 30%
- Consumer Goods (Personal) 5%
- Food 15%
- Light Industrial 16%
- Other 22%
- Packaging 2%



Sustained organic revenue growth in target customer market categories

- 12% year-on-year revenue growth from Silk's top 20 customers
- 39 new business wins - estimated annualised revenue of $23.6m
- 594 trading customers in H1 FY24, representing a 4% increase since June 2023[1]

Long-term customer relationships and contracted revenue

- 7.5 years - average tenure of contracted customers
- 95% of H1 FY24 revenue was generated from existing customers
- 58% contracted revenue from customers with a tenure greater than 4 years

Significant opportunity remains for integrated cross-sell

- 83% of existing customers currently use a single service only
- 77% of warehousing customers are using other 'Port-to-Door' services offered by Silk

1 Excludes Secon.

BALANCE SHEET

Discipline in asset and working capital management

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Statutory Balance Sheet

$m	As at 31 Dec-23	As at 25 Jun-23
Cash and cash equivalents	22.2	30.5
Trade, other receivables & assets	86.0	70.4
Total current assets	**108.2**	**100.8**
PP&E, right of use assets	233.6	185.3
Intangible & deferred tax assets	104.2	75.3
Total non-current assets	**337.8**	**260.5**
Total assets	**446.0**	**361.4**
Trade and other payables	(46.2)	(39.8)
Other financial liabilities	(6.7)	(5.6)
Lease liabilities	(49.3)	(48.2)
Other current liabilities	(14.3)	(13.4)
Borrowings	(17.2)	(13.9)
Total current liabilities	**(133.7)**	**(120.9)**
Lease liabilities	(171.6)	(142.3)
Other non-current liabilities	(17.0)	(5.7)
Borrowings	(39.8)	(17.1)
Total non-current liabilities	**(228.4)**	**(165.1)**
Total liabilities	**(362.1)**	**(286.0)**
Net assets	**83.9**	**75.4**
Issued capital	79.4	74.4
Retained earnings	27.7	24.0
Reserves	(23.2)	(22.9)
Total equity	**83.9**	**75.4**

Strong cash balance

$22.2 million cash

Fixed assets

"Asset right" strategy and capex discipline

Net Leverage[1]	
Jun-23	0.6x
Dec-23	1.5x

Gross Leverage[2]	
Jun-23	1.5x
Dec-23	2.1x

1 Net Leverage = (corporate debt, bank guarantees and hire purchase liabilities) less cash / underlying pre-AASB16 *Lease* EBITDA over proceeding 12 months (measured in accordance with bank finance facility covenant). Increase during the current period is primarily due to Secon acquisition and includes Secon deferred contingent consideration.
2.Gross leverage = (corporate debt, bank guarantees and hire purchase liabilities) / underlying pre-AASB16 *Lease* EBITDA over proceeding 12 months (measured in accordance with bank finance facility covenant). Increase during the current period is primarily due to Secon acquisition and includes Secon deferred contingent consideration.

CASH FLOW

Cash generation underpinned by disciplined approach to working capital

Recurring cash generation

Strong cash generation

Robust working capital practices

Strong debtor book - > 90 days aged debtors at 1.9%

Asset strategy and capital allocation

Net Capex of $2.9m

($m)	1H FY24	1H FY23
Underlying EBITDA	47.7	44.2
Lease payments	(29.6)	(24.7)
Underlying EBITDA (after lease payments)	18.1	19.5
Non-cash items	(0.5)	(0.4)
Changes in working capital	(1.5)	0.7
Net capex ^	(2.9)	(1.9)
Free cash flow before adjustment	13.2	17.9
Lease deferral impact	-	0.2
BAS and PAYG deferral impact	1.1	-
Underlying free cash flow (post capex)	**14.3**	**18.1**
Underlying free cash flow (post capex) / Underlying EBITDA (after lease payments) conversion	*79.0%*	*92.8%*
Underlying free cash flow (pre-capex)	**17.2**	**20.0**
Underlying free cash flow (pre-capex) / Underlying EBITDA (after lease payments) conversion	*95.2%*	*102.5%*

^ Net of proceeds from disposals and $2.3m reimbursed by a financier on entering into a progressive payment facility to finance the purchase of specialised MHE..

OUTLOOK

OPERATIONAL INITIATIVES

Sustainable revenue and profit growth

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1
Provide Market Leading Customer Experience

- Enhancing our customer experience through improved customer connectivity and service tools
- Phase 1 of our new Customer Control Tower well progressed and due to support Port Logistics in Q4

2
Extend Integrated Service Offering

- Focus on the development of our Distribution business allowing for new customer pull through
- Identified $165m in share of wallet opportunity across our top 40 customers

3
Grow In Value-Add Services & Sectors

- Added 2 new Secon customers with additional customers expected in 2H FY24
- Investment made in Secon through specialized debagging equipment, fleet and bonded storage licences

4
Expand Site Network Capability & Footprint

- 25,000 sqm of 6-star Greenstar rated facilities in Kenwick, WA (FY24)
- Increased hardstand (33,200 sqm) and warehousing (50,000 sqm) in Victoria through Secon
- Bulk capabilities expanded into NSW and QLD

5
Drive Operational Efficiency Improvement

- New Transport Management System for Distribution to roll out through Q3 establishing a strong platform for growth
- Investing in a best-in-class cyber security platform

BUSINESS ENVIRONMENT

Continued execution of five-year strategy, with investment for sustainable growth

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Risks	Opportunities
Inventory volatility	Expanded services and geographic capabilities
Global supply chains	Conversion of new business pipeline
Employee relations environment	Growing demand for visibility & analytic tools
Increasing input costs	Further industry rationalisation & consolidation (M&A)

FY24 EARNINGS GUIDANCE

Delivering sustainable performance against current trading conditions

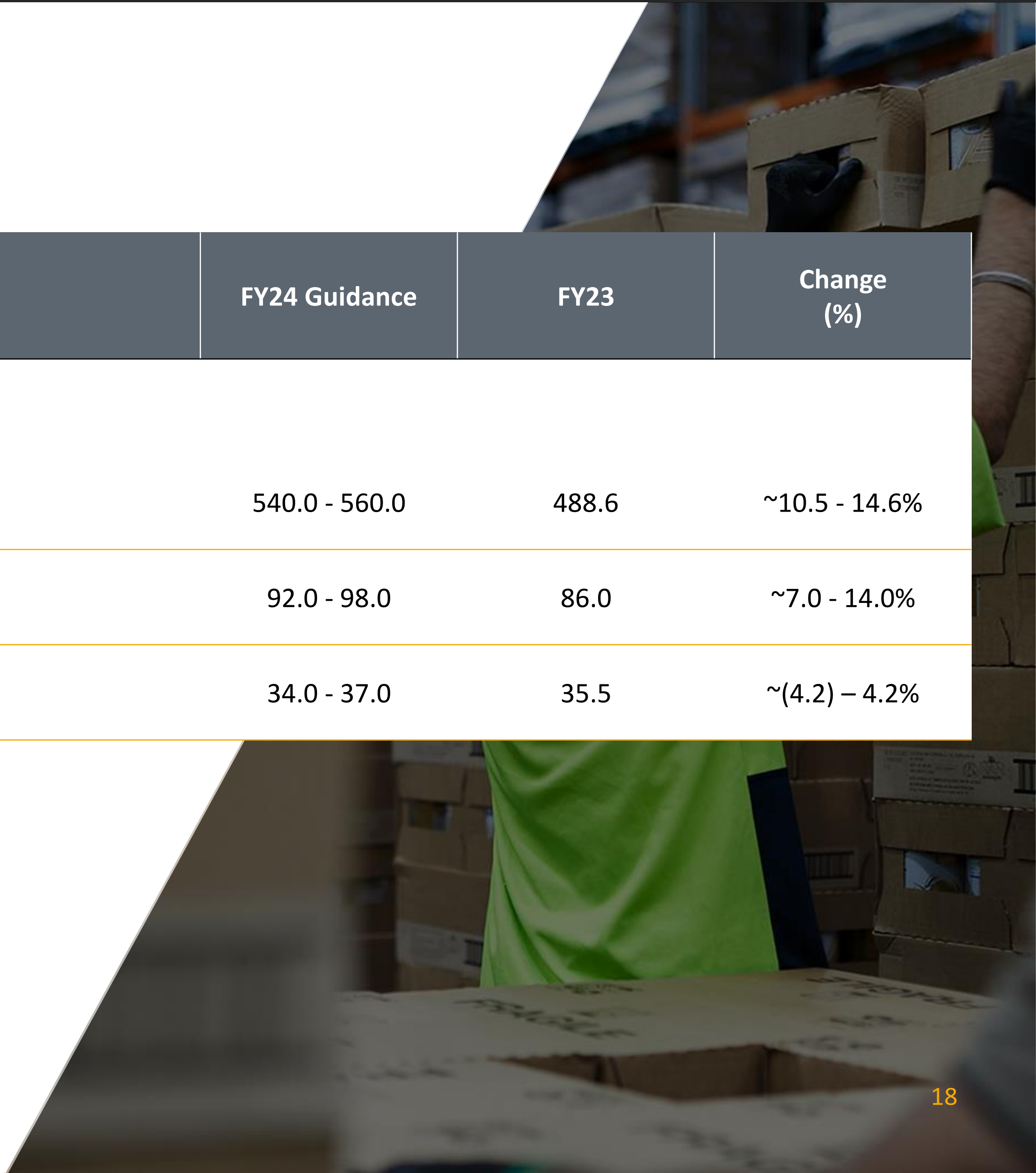
Based on our first half results and our progress to date in the second half, we are pleased to provide guidance for the full year to 30 June 2024 as follows:

- Revenue - $540.0 million - $560.0 million
- Underlying EBITDA - $92.0 million - $98.0 million
- Underlying EBIT $34.0 million - $37.0 million

Note:

- subject to no further adverse changes in economic conditions and the assumptions underpinning its FY24 forecasts
- trading conditions are expected to remain challenging for the remainder of FY24
- Silk maintains a positive outlook with respect to its business development pipeline and its customer value proposition to win further new business
- does not assume completion of any M&A opportunities
- includes the 2HFY24 impact from the lease accounting treatment of the new site lease at Kenwick, WA commencing March 2024 which, before taking into account any revenue contribution, will be an additional cost of c. $0.3m to EBITDA and c. $1.1m to EBIT
- Underlying earnings excludes the impact from provisional fair value uplift accounting adjustments on acquisition of Secon (refer to 1HFY24 statutory to underlying earnings reconciliation)

($m)	FY24 Guidance	FY23	Change (%)
Post-AASB16 Leases			
Revenue	540.0 - 560.0	488.6	~10.5 - 14.6%
Underlying EBITDA	92.0 - 98.0	86.0	~7.0 - 14.0%
Underlying EBIT	34.0 - 37.0	35.5	~(4.2) – 4.2%



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