



**SILK**  
LOGISTICS  
HOLDINGS

# **SILK LOGISTICS HOLDINGS**

## **Annual General Meeting**

**21 November 2024**

**Presenters**

**Terry Sinclair, Chair**

**John Sood, MD & CEO**





# CHAIR'S ADDRESS



# SCHEME IMPLEMENTATION DEED

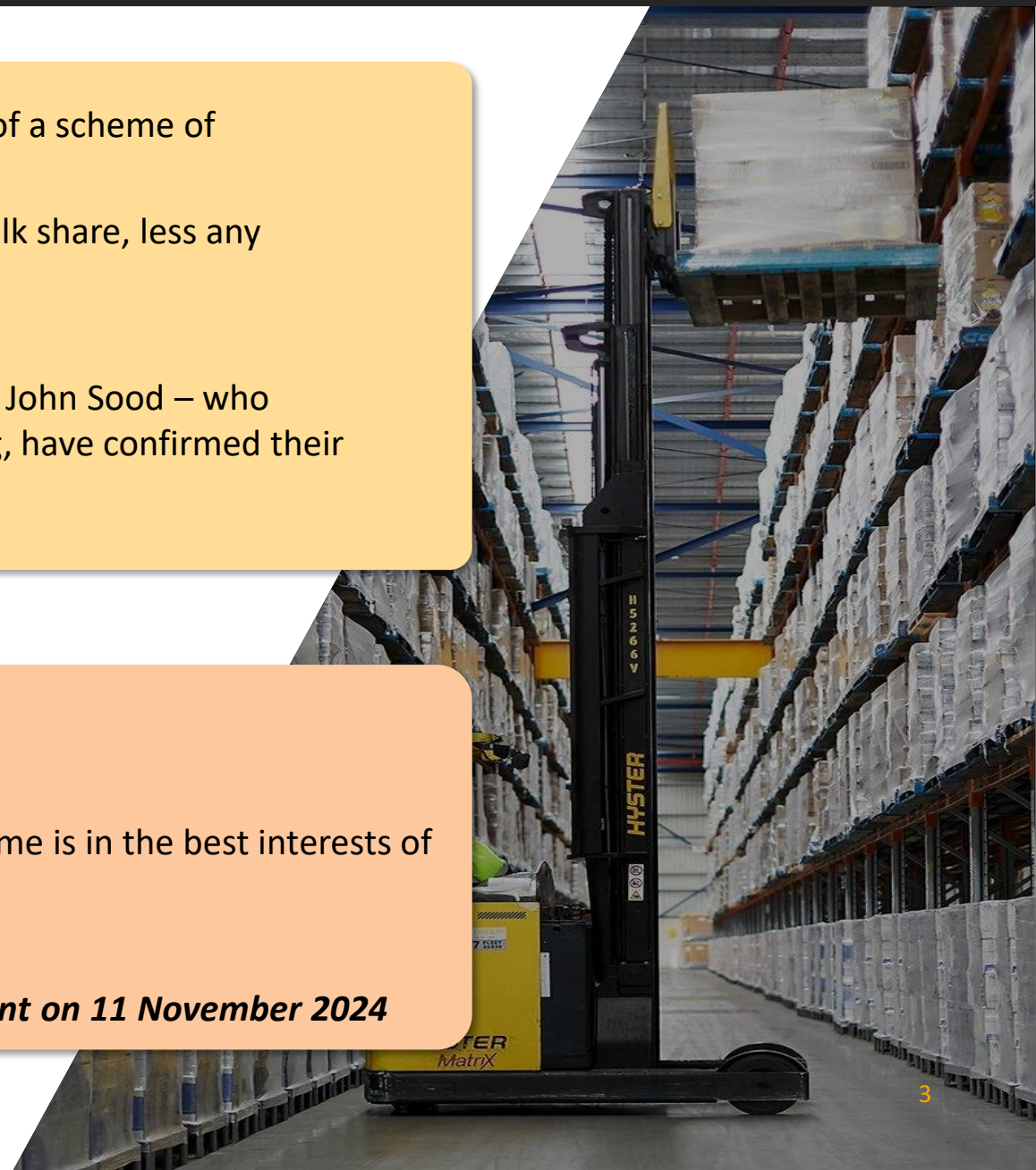
Silk entered into a Scheme with DP World Australia Limited



- DP World Australia is seeking to acquire 100% of Silk's issued share capital by way of a scheme of arrangement.
- Under the Scheme, Silk shareholders will receive cash consideration of \$2.14 per Silk share, less any dividends declared or paid prior to implementation of the Scheme.
- The Scheme Consideration represents a 45.6% premium to last close
- Silk's three largest shareholders – Tor Investment Management, Brendan Boyd and John Sood – who collectively hold or control approximately 46% of Silk's ordinary shares outstanding, have confirmed their intention to vote in favour of the scheme.

- The Scheme is subject to certain conditions, including (but not limited to):
  - the receipt of regulatory approvals from FIRB, ASIC and ASX
  - an Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of Silk shareholders

***Current details relating to the Scheme, remain limited to Silk's ASX announcement on 11 November 2024***







# CEO'S REPORT



# FINANCIAL HIGHLIGHTS

Resilience and growth in challenging market conditions

## REVENUE

**\$556.4 million**

*13.9% increase from FY23*

**National integrated service offer**



## UNDERLYING EBITDA<sup>1</sup>

**\$95.4 million**

*11.0% increase from FY23*

**Growing share of wallet**

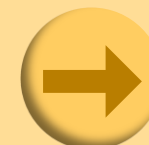


## UNDERLYING EBIT<sup>1</sup>

**\$34.8 million**

*2.0% decrease from FY23*

**Adapted to external headwinds**



## RESILIENT BALANCE SHEET

**\$82.4m NAV**

**\$27.1m Cash**

**Financial stability with cash reserves**



## CASH TO UNDERLYING EBITDA<sup>1</sup>

**131.1% pre capex**

*85.8% in FY23*

**Strong cash generation**



## SECON REVENUE

**\$59.5 million**

*10-months contribution*

**Performing ahead of expectations**



<sup>1</sup> Underlying EBIT/ EBITDA represents EBIT/ EBITDA post-AASB16 Leases and before significant items. Significant items are set out on slide 13.



# FY24 ACHIEVEMENTS

Success against target KPIs underpins SLH growth



## Customers<sup>1</sup>

- 8% year-on-year revenue growth from Silk's top 20 customers
- New business wins of \$55.72 million (annualised)<sup>2</sup>
- 11.6% YoY increase in trading customers to 635
- Contracted recurring revenue of \$425.5 million (versus \$352.0 million in FY23)
- 84% of warehouse revenue from contracted customers
- NPS improvement to 20 (vs 2 in FY23)



## People, Safety & Governance

- Reduction in LTIFR to 1.65 (a 45.2% YoY reduction on 3.01 in FY23)
- Kenwick site achieved 6-star green rating
- A 20.7% increase in females employed



## Technology

- Delivered phase one of investment in our web-based control tower portal
- Developed a data service layer connecting to our core systems include API capability to allow customers to self service
- Upgraded private cloud footprint reducing our carbon emissions and ensuring high levels of redundancy and security of our core systems



## M&A

- Acquired Secon Freight Logistics, delivered \$59.5million in revenue within 10-months
- Expanded Secon into 3 additional states with operations now in Sydney, Brisbane and Perth

<sup>1</sup> All Customer information excludes Secon unless otherwise stated  
<sup>2</sup> Includes new revenue won by Secon since its acquisition in September 2023

# EXPANDING CAPABILITIES - SECON

Expansion into new bulk logistics segments to capture greater share of wallet

- Transportation and discharge of bulk homogenous goods such as sugar, plastics and grains with specialist tipping and rotary pumping equipment
- Delivered \$59.5 million in revenue over 10-months
- Operations expanded from 2 Victorian sites (at time of acquisition) to Sydney, Brisbane & Perth delivering national capability
- 27 new clients onboarded in FY24
- Supporting share of wallet strategy; onboarded 2 national clients with more than one service offering
- Specialised equipment such as tipping trailers and pump trucks required but otherwise leveraging Silk's existing prime mover fleet
- Commenced implementation of automated solutions
- Strong pipeline for FY25





# FINANCIAL PERFORMANCE





# FY24 GROUP RESULTS SUMMARY

Earnings driven by revenue growth and a disciplined cost focus

## 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)	FY24	FY23	Change *
<b>Post-AASB16 Leases</b>			
Revenue	556.4	488.6	13.9%
Underlying EBITDA <sup>1</sup>	95.4	86.0	11.0%
Underlying EBITDA margin %	17.2%	17.6%	(0.4)pp
Underlying EBIT	34.8	35.5	(2.0%)
Underlying EBIT margin %	6.3%	7.3%	(1.0)pp
Underlying NPAT	11.5	15.9	(27.7%)
Statutory NPAT	7.4	16.4	(54.8%)
Underlying free cash flow	32.6	24.5	33.4%
Underlying EPS (cents)	14.2	20.2	(29.6%)
Significant items (after tax) <sup>2</sup>	(4.1)	(0.5)	713.7%

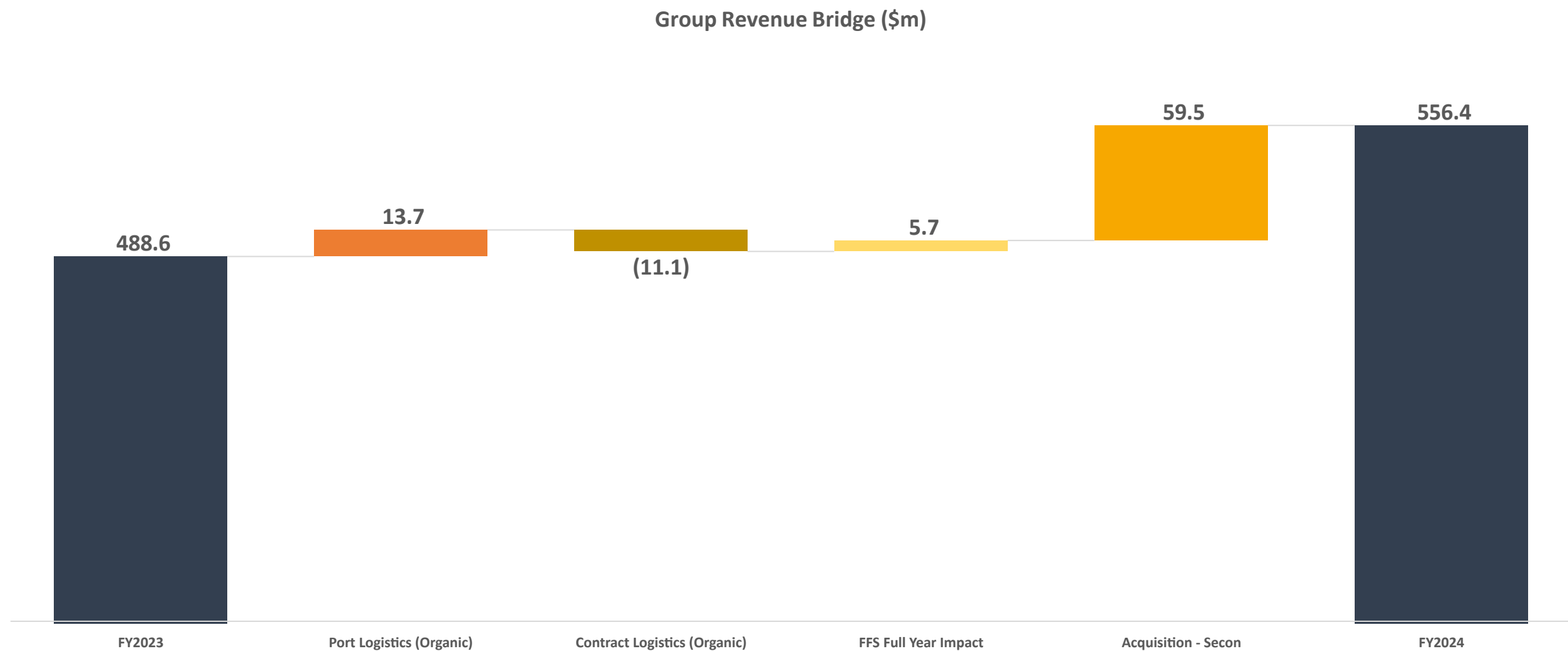
\* Change on margin % represents difference in percentage points (pp) from prior period

<sup>1</sup> Includes post tax profit on fleet asset disposals.

<sup>2</sup> Significant items are profit or loss items associated with merger and acquisitions activities, discontinued site costs and capital restructures or certain one-off events included in reporting periods that are not reflective of underlying business activities. FY23 significant items included change in value of contingent consideration \$2.2 million (gain) and acquisition related expenses of \$1.7 million.

# REVENUE GROWTH

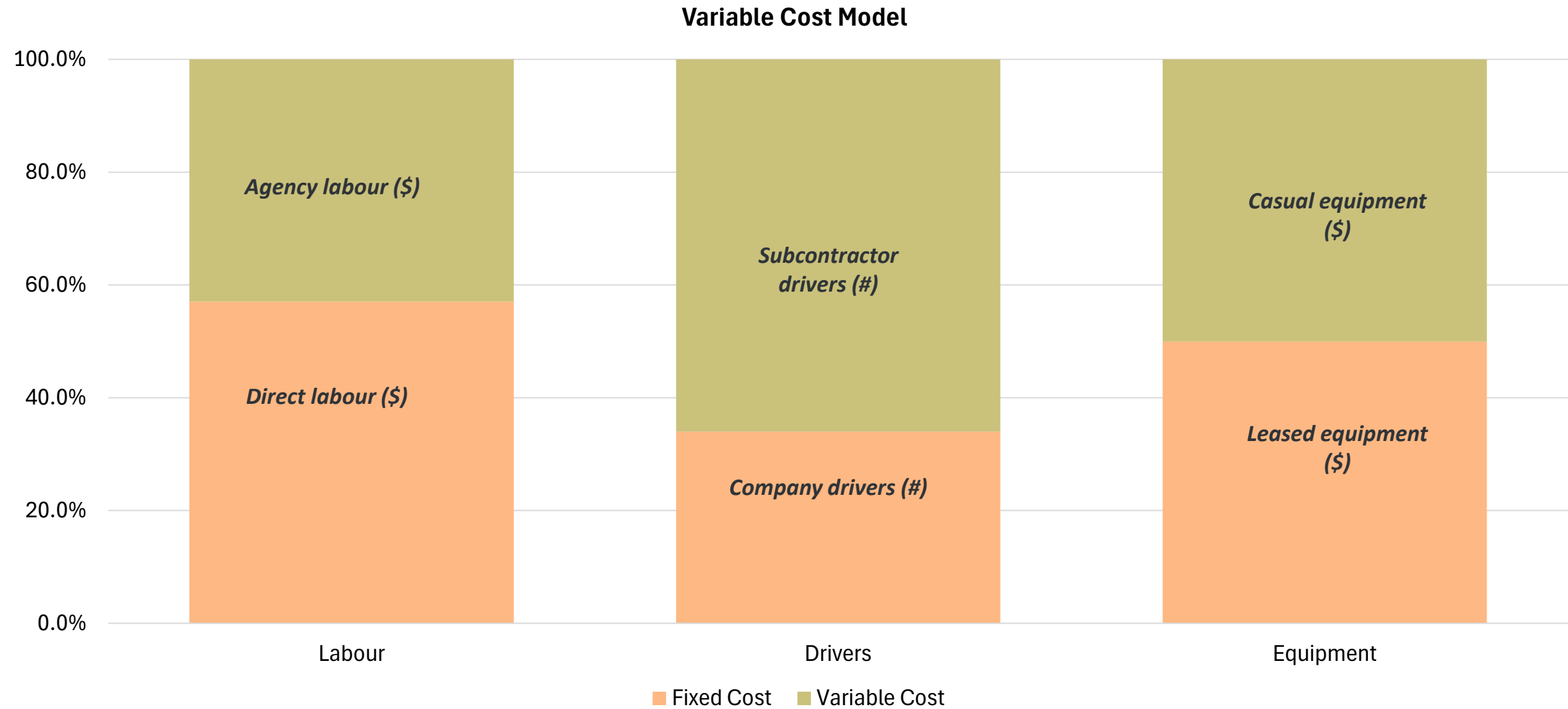
Underpinned by organic growth (4%) and acquisitions (96%)





# BUSINESS MODEL ADAPTS TO CONDITIONS

Variable cost model and disciplined yield management





# APPENDICES





# RECONCILIATION

Statutory to underlying earnings



(\$000's) *	EBITDA	D&A	EBIT	Finance Costs	PBT	Tax	NPAT
<b>Statutory earnings</b>	<b>92,687</b>	<b>62,235</b>	<b>30,452</b>	<b>20,071</b>	<b>10,403</b>	<b>2,988</b>	<b>7,415</b>
<b>Add back/ (deduct)</b>							
M&A <sup>1</sup>	773	-	773	-	773	29	744
Discontinued site costs <sup>2</sup>	1,039	-	1,039	-	1,039	56	983
Restructure costs <sup>3</sup>	937	-	937	-	937	281	656
Depreciation, amortisation & interest on fair value of acquired assets and liabilities <sup>4</sup>	-	(1,585)	1,585	(832)	2,417	725	1,692
<b>Underlying earnings</b>	<b>95,436</b>	<b>60,650</b>	<b>34,786</b>	<b>19,239</b>	<b>15,569</b>	<b>4,079</b>	<b>11,490</b>

\* Totals and sub-totals may not add due to rounding to \$000's

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



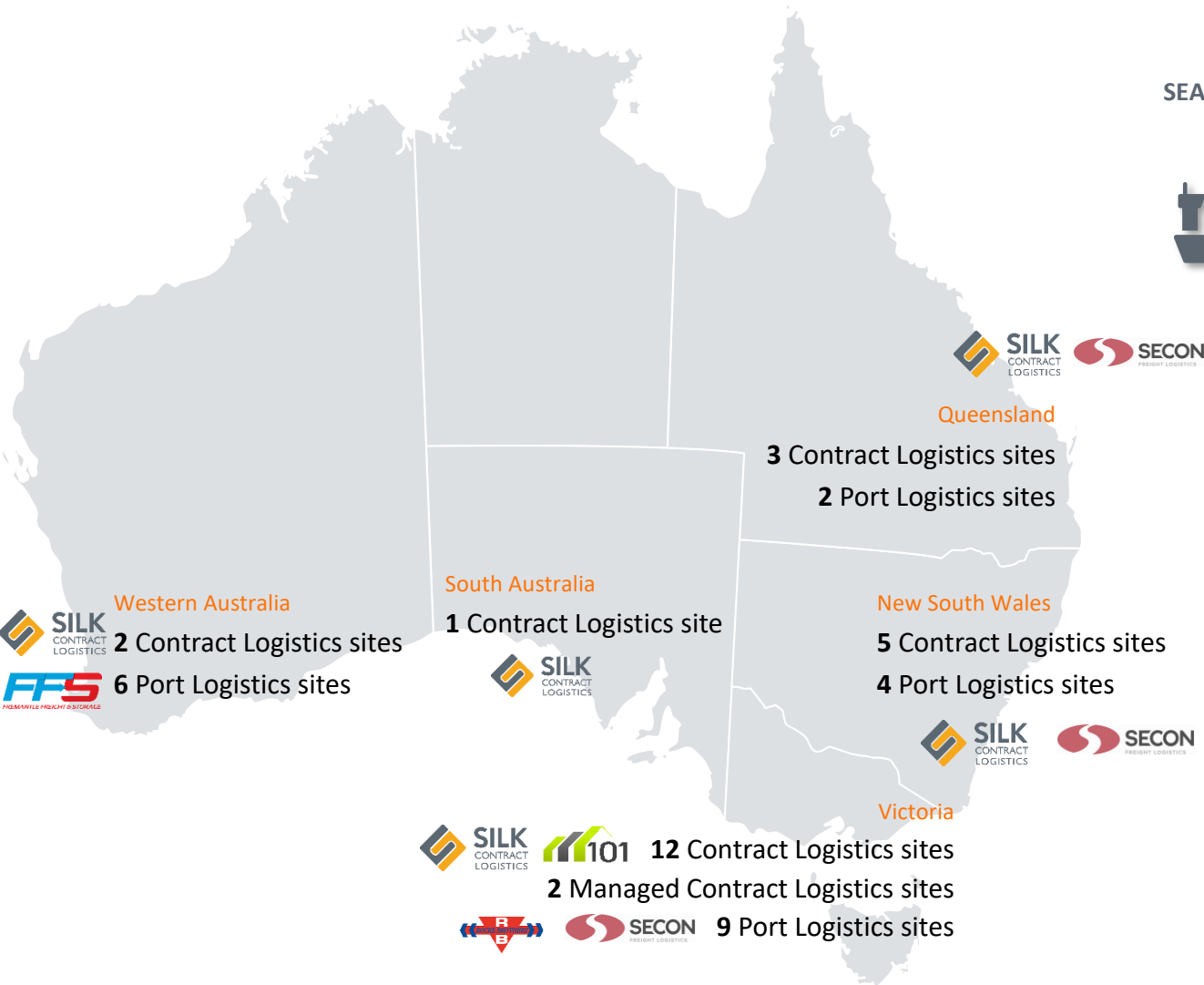
# ABOUT SILK





# NATIONAL PORT-TO-DOOR CAPABILITY

46 operational sites strategically positioned across 5 States



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## CONTACT US

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[investor@silklogistics.com.au](mailto:investor@silklogistics.com.au)  
[silklogisticsholdings.com.au](http://silklogisticsholdings.com.au)

**Investor Relations**  
Melanie Singh  
[melanie@nwrcommunications.com.au](mailto:melanie@nwrcommunications.com.au)