

Silk's resilience delivers continued growth

Silk Logistics Holdings Limited (ASX: SLH) ('Silk' or the 'Company') is pleased to announce its half year results for the period ended 31 December 2023 ('1H FY24').

Half Year Highlights

- Revenue of \$276.5 million, an increase of 9.0% on the prior corresponding period ('pcp')
- Underlying EBITDA^{1,2} of \$47.7m, an increase of 7.9% on the pcp
- Underlying EBIT¹ of \$18.2m, compared to \$19.7m in the pcp
- Strong cash generation, with 79.0% (post capex) cash to underlying EBITDA (after lease payments)
- Increase in trading customers to 594, compared to 569 at June 2023³
- Completed acquisition of specialised Port Logistics business - Secon
- Lost Time Injury Frequency Rate ('LTIFR') of 0.6, an improvement from 2.8 in FY23⁴

Half Year FY24 Results

Silk reported revenue of \$276.5 million for the first half of FY24, representing a 9.0% increase on pcp. This was underpinned by \$23.6 million in (annualised) new business wins and an increase in trading customers to 594 (excluding Secon Freight Logistics ('Secon')). Despite industry headwinds, Silk remained focused on driving operational efficiencies, winning new customers and capturing a greater share of existing customer spend. Underlying EBITDA¹ was \$47.7m, increasing 7.9% compared to pcp. Underlying EBIT¹ was \$18.2 million, decreasing 7.6% compared to pcp and underlying NPAT was \$7.6 million, a reduction of 22.4% against pcp, primarily driven by additional right-of-use (property lease) depreciation expense. The Company remained resilient during the half and was able to maintain underlying EBITDA margins as a result of its variable cost business model.

Silk Managing Director & CEO Brendan Boyd said, "First half trading conditions were mixed and were characterised by strong export volumes, improved warehouse handling and distribution margins, and new Secon customers onboarded. These positives were balanced with an extended inventory adjustment period, subdued import container volumes and sustained cost pressures.

Our ability to deliver on revenue and maintain our Underlying EBITDA margin highlights the strength and agility of our business model. As we enter the second half of FY24, our focus remains on driving cost efficiencies and delivering on our strong customer service ethos. We will continue integrating Secon and extending capability to other states which has already delivered cross-sell opportunities and new business wins. We anticipate further recent Secon customer wins will onboard from the commencement of FY25.”

Outlook

Silk continues to focus on the prevailing market conditions. It expects to deliver revenue and underlying EBITDA growth in FY24, subject to no further adverse changes in economic conditions and the assumptions underpinning its FY24 forecasts.

Silk provides its full year guidance:

- Revenue - \$540.0m - \$560.0m
- Underlying EBITDA⁵ - \$92.0m - \$98.0m
- Underlying EBIT⁵ - \$34.0m - \$37.0m.

Full year guidance 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).

Trading conditions are expected to remain challenging for the remainder of FY24. Silk will focus on preserving profitability through increased operational efficiencies, driving organic growth and integration of acquired businesses to realise synergy benefits. Silk maintains a positive outlook with respect to its business development pipeline and its customer value proposition to win further new business.

Results webinar

Silk Managing Director & CEO, Brendan Boyd, CFO, James Nicholias, and COO, Dani Aquilina will host a webinar at **9:30am (AEDST), today, Tuesday, 27 February**. Please note, the webinar will be recorded, and a copy will be made available on Silk’s website shortly after it is completed.

Webinar link:

<https://events.teams.microsoft.com/event/8fe5d377-bcb2-4054-b3ee-d6b65a040c5a@4f91adec-4dca-4788-ab6a-6c60ba5bb9e0>

Investors can submit questions prior to the webinar to melanie@nwrcommunications.com.au or do so via the Q&A function on Teams, during the webinar.

This announcement is authorised for release by the Board of Directors of Silk Logistics Holdings Limited.

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For more information, please visit <https://www.silklogisticsholdings.com.au/>

1. Underlying EBIT(DA) represents EBIT(DA) post-AASB16 Leases and before significant items.
2. Refer to slide 9 of the 1H FY24 Investor Presentation for the Statutory to Underlying Earnings Reconciliation
3. Excludes Secon Freight Logistic customers
4. LTIFR is reported as rolling 12-month average to the end of the reporting period.
5. FY24 underlying EBIT(DA) and is calculated on the same basis as 1H FY24 as referred to in footnote 2