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PLC

SHARES   
**Growth and  
Innovation**  
F O R U M



29 January 2019



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# Presentation Team

**Stephen Blyth** Chief Executive Officer

**Stuart Howard** Chief Finance Officer

# The Xpediator Model

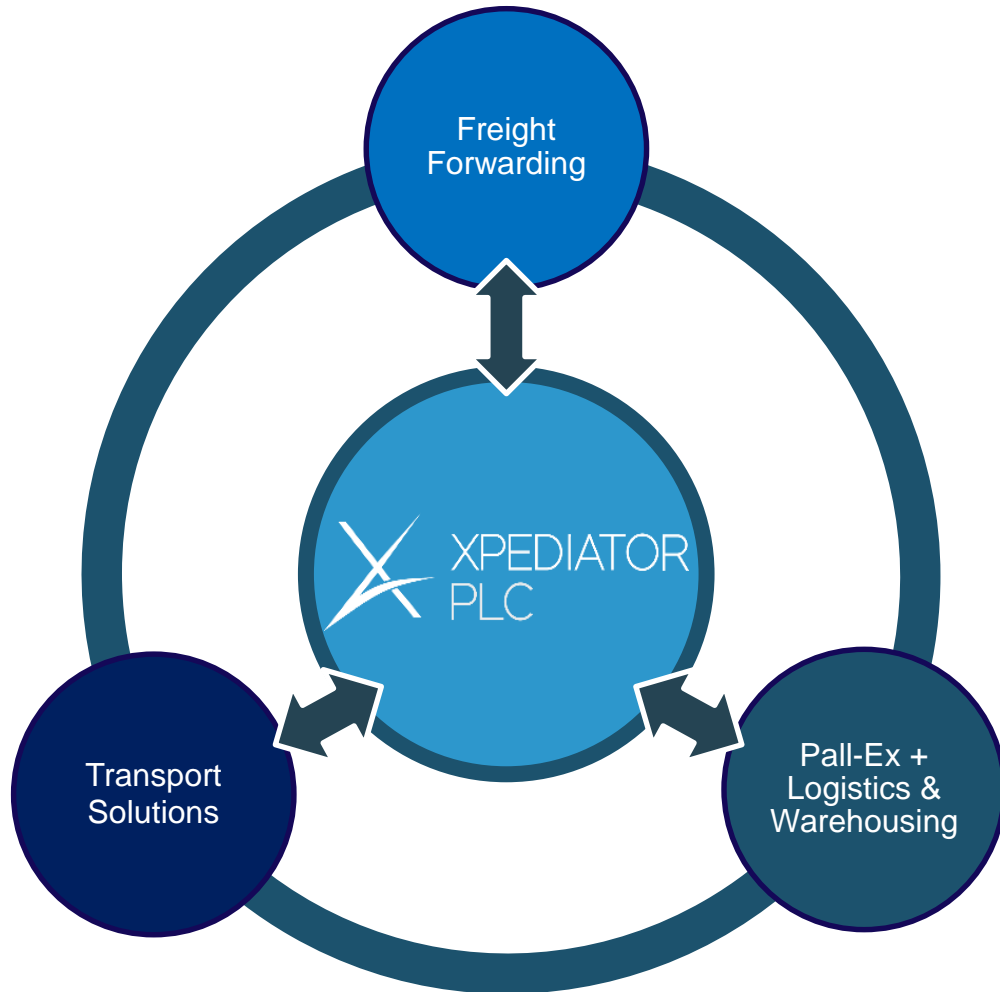
## Why Transport?

- Demand for transport services is high
- Fragmented marketplace and supply chain
- Markets growing across CEE region
- Consumer led growth drivers, e.g. e-commerce

## Why Xpediator?

- Freight management specialist operating across UK and Europe with a particular focus and expertise in the CEE market
- Asset light broker with low fixed overheads
- Acting as a consolidator in a fragmented marketplace
- Increased scale leading to increased buying power
- Cross-selling within expanding group – provides organic growth opportunities

# Our Structure



## Freight Forwarding

- Provided under the Delamode brand
- Specialises in connecting CEE countries and the UK
- Includes Group's EshopWeDrop eCommerce division

## Transport Solutions

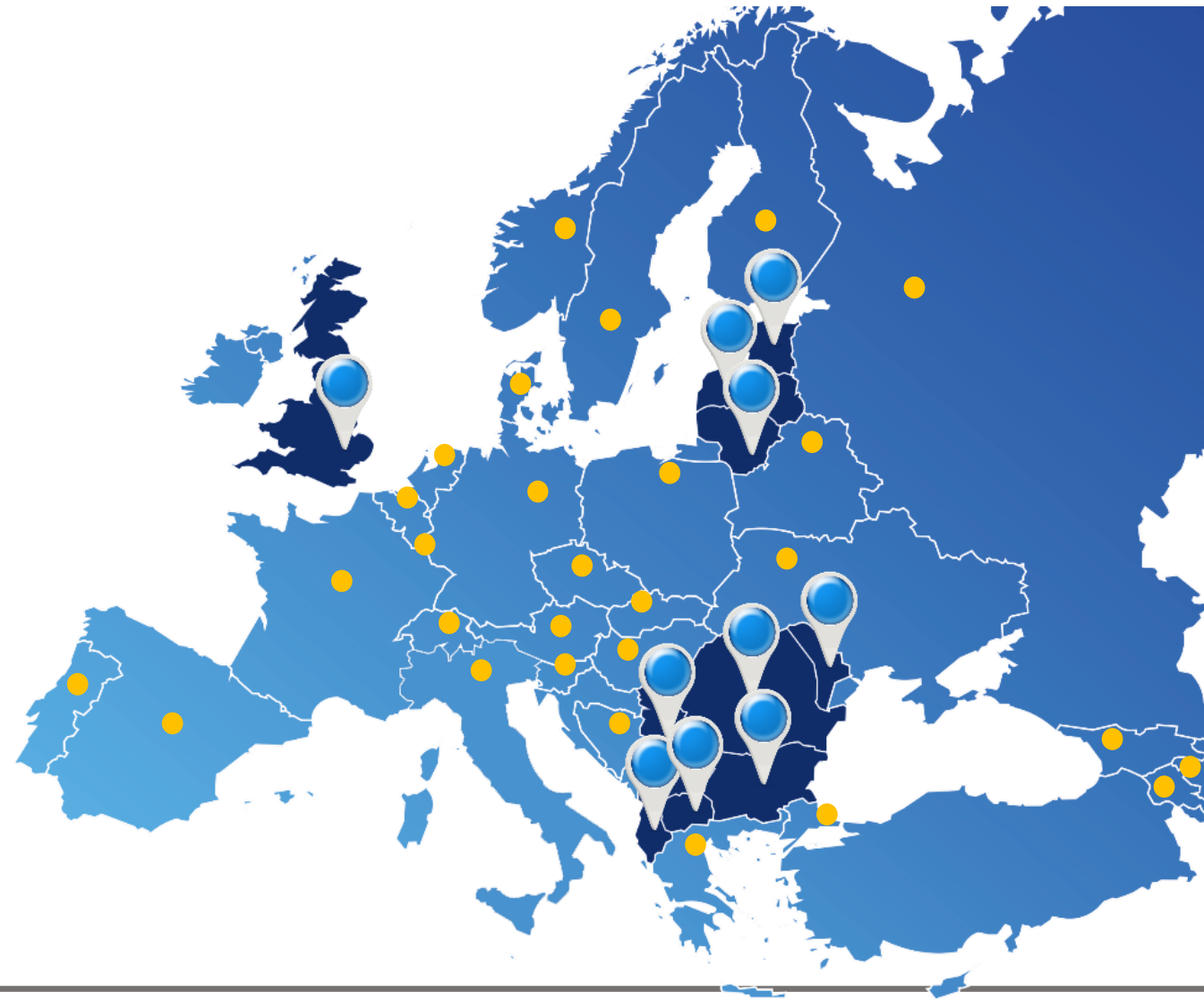
- Trading under the Affinity brand
- Provides bundled fuel & toll cards, financial and support services for hauliers in southern Europe

## Logistics & Warehousing

- Distribution hubs in the UK and southern Europe
- Pallet distribution services, master franchisee of Pall-Ex in Romania
- EMT, the London based fashions logistics operator

# European Coverage

- Established in 1988
- 940+ employees
- 10 dedicated country European offices
- 38 European operational sites
- 12,000+ customers
- 3,000+ hauliers



# H1 2018 Financial Highlights

	H1 2017	H1 2018	Growth
<b>Revenue</b>	£49.1m	£78.9m	<b>+61%</b>
<b>Operating Profit</b>	£1.0m	£2.3m	<b>+133%</b>
<b>Profit after tax</b>	£0.5m	£1.7m	<b>+240%</b>
<b>Basic EPS</b>	0.50p	1.29p	<b>+155%</b>
<b>Interim dividend per share</b>	0.35p	0.42p	<b>+20%</b>

## Of the £29.8m revenue growth

- £14.6m (49%) was organic, and;
- £15.2m (51%) was acquisition led.

# Diversified Customer base

- Well established customer relationships
- Limited customer concentration risk – largest generates <2% Group revenue
- 12,000+ live customers (up c.20% since IPO)





# Acquisition Strategy

## Acquisition Strategy

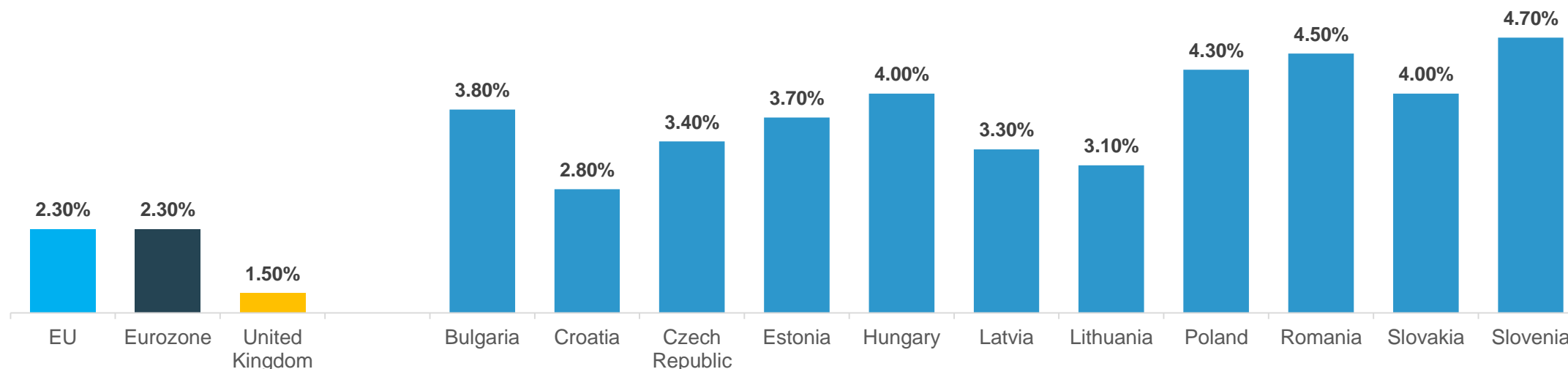
- Take advantage of highly fragmented market
- Expand geographically, growing the Group's existing strong presence in CEE
- Extend capabilities, developing air and sea freight services towards providing one-stop solution for customers
- Ability to cross-sell and drive efficiencies across the Group's existing platform

## Acquisitions

- Four completed since IPO: Anglia, Regional, Benfleet and ISL
- Collectively these acquisitions have integrated well and contributed strongly
- Appointment of Simon Youd, Head of M&A and Integration

# Operating in Growth Markets

2018 YEAR ON YEAR GDP GROWTH %



- Romania has one of the highest forecast GDP growth in Europe
- Developing Romania as a major regional supply chain hub for the Group
- Together with targeting other high growth neighbouring countries
- Brexit a potential opportunity

\* Source ec.europa.eu

# Brexit – an Opportunity

- Brexit outcomes unknown, yet whatever the outcome our customers will need to transport goods in and out of the UK
- Navigating the new environment will require logistics expertise
- Consequently we have:
  - Formed an internal Brexit team with extensive hard border experience
  - Prepared for both WTO and increased physical checking processes at borders
  - Established a presence in major ports and airports alongside gaining Authorised Economic Operator status and customs licences
- Well placed to take advantage of potential opportunities



# Freight Forwarding

- Largest business – asset light broking model
- Specialises in connecting CEE with rest of Europe
- Trading performance: Revenue H1 2018 £65.4m (H1 2017 £39.1m), Operating profit H1 2018 £1.0m (H1 2017 £0.7m)
- Proprietary database of 3,000 hauliers
- One stop solution in UK & Romania
- Investing to develop e-forwarding strategy



## eCommerce

### EshopWedrop

- Award winning, low cost delivery service
- Enables customers to purchase products from online e-tailers in the USA, Europe and soon Asia
- Franchises in 11 countries
  - EshopWedrop.HK to launch in Feb (destination & origin market)

### Regional Express

- Approved service provider to Amazon Global Selling
- Organises VAT registration, accounting support and returns management for overseas Amazon customers
- Increased volumes for USA customers
- Commenced returns management service out of Germany

# Transport Services

- Long-term agent of DKV in Romania and the Balkans for supply of fuel cards
- “One stop” solution including: roadside assistance and ferry bookings
- Trading performance: Revenue H1 2018 £3.1m (H1 2017 £2.2m), Operating profit H1 2018 £1.2m (H1 2017 £1.1m)
- Servicing database of c. 2,000 Eastern European hauliers (1,200 at IPO) and c.14,000 trucks (c.8,000 cards in issue at IPO)
- Expand service offering:
  - Affinity Leasing, with partners
  - Affinity Insurances, with partners



# Logistics & Warehousing

## Logistics & Warehousing

- Trading performance: Revenue H1 2018 £10.5m (H1 2017 £7.7m), Operating Profit H1 2018 £0.3m (H1 2017 £0.2m)
- 90,000+ sqm of shared user space (39,000 sqm at IPO)
- Expand e-fulfilment service solution and cross-border e-commerce
- Expand warehouse capacity and develop returns logistics offering

## Pall-Ex Romania

- 25-year master franchise licence awarded in 2012
- Romanian palletised network, now handling 58,000+ pallets p/m delivered to customers (2017: 41,000)
- Fast-growing high performing franchise



**PALLEX**  
ROMANIA



**IMPORT SERVICES**  
THE FUTURE OF LOGISTICS



**delamode**  
International Logistics



# Positioned for Future Growth

- Established scalable platform to support expanding business lines, services and geographies
- Combination of UK, Europe and particular CEE expertise is a key point of differentiation and opportunity
- Strong market fundamentals indicating continued high demand for Group services
- Asset light model, low fixed costs with no customer concentration risk
- Strong board and senior management team
- Confident in ability to source capacity to manage forecast increase in demand





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# Senior Management

## BOARD OF DIRECTORS



Non Executive  
Director  
Rob Riddleston



Non Executive  
Chairman  
Alex Borrelli



Non Executive  
Director  
Geoff Gillo



Chief Executive  
Officer  
Stephen Blyth



Chief Financial  
Officer  
Stuart Howard

## OPERATIONAL BOARD (in addition to CEO and CFO)



Divisional COO  
Freight Forwarding  
Shaun Godfrey



Divisional COO  
Logistics  
Danor Ionescu



Divisional COO  
Affinity  
Dana Antohi



Chief Information  
Officer & COO of  
eCommerce  
Michael Grange



Group Head of M&A  
& Integration  
Simon Youd

# Consolidated Income Statement

£'000	HY 2018*	HY 2017*	FY 2017
<b>Revenue</b>	<b>78,879</b>	<b>49,063</b>	<b>116,297</b>
<b>Gross profit</b>	<b>16,830</b>	<b>11,674</b>	<b>28,111</b>
<i>Gross profit margin</i>	<i>21.3%</i>	<i>23.8%</i>	<i>24.2%</i>
<b>Operating profit</b>	<b>2,345</b>	<b>1,007</b>	<b>3,089</b>
<b>Operating profit before exceptional items</b>	<b>1,689</b>	<b>1,338</b>	<b>4,001</b>
<i>Operating profit before exceptional items margin</i>	<i>2.1%</i>	<i>2.7%</i>	<i>3.4%</i>
<b>Profit before tax</b>	<b>2,161</b>	<b>711</b>	<b>2,436</b>
Basic & diluted EPS (pence)	1.29	0.50	1.64

- Underlying revenue growth 29.8%
- Organic growth across all three divisions
- EshopWedrop activity contributing to group profits
- Pall-Ex Romania continues to grow with an average of 45,000 pallets per month distributed

\*unaudited

# Consolidated Balance Sheet

£'000	At 30 June 2018*	At 30 June 2017*	At 31 December 2017
<b>Non current assets</b>			
Intangible assets	14,439	7,997	15,168
Property, plant and equipment	1,713	1,368	1,600
Trade and other receivables	2,112	181	149
Investments and deferred tax	289	217	197
	<b>18,553</b>	<b>9,763</b>	<b>17,114</b>
<b>Current assets</b>			
Trade, other receivables and inventories	54,447	39,765	51,806
Cash and cash equivalents	5,988	6,927	7,385
	<b>60,435</b>	<b>46,692</b>	<b>59,241</b>
<b>Current liabilities</b>			
Trade and other payables	50,764	41,943	51,018
Deferred consideration	1,955	-	1,840
Interest bearing loans and borrowings	3,725	5,657	2,545
	<b>56,711</b>	<b>47,600</b>	<b>55,403</b>
<b>Net current assets</b>	<b>3,724</b>	<b>(908)</b>	<b>3,838</b>
<b>Non-current liabilities</b>			
Deferred tax liability	1,374	804	1,209
Deferred consideration	601	-	1,666
Interest bearing loans and borrowings	2,810	3,084	3,309
<b>Total liabilities</b>	<b>61,496</b>	<b>47,600</b>	<b>61,587</b>
<b>Net assets</b>	<b>17,492</b>	<b>3,864</b>	<b>14,768</b>

\*unaudited

- Acquisition of Anglia increases non current assets by £1.6m
- Goodwill in Benfleet write down by £1.9m mitigated by £2.0m (FV) receivable from vendors due Dec 2020 latest
- Increased early payments to suppliers to optimise the early payment discount.
- Increased borrowing from UK CID facility to help with working capital growth
- Net asset position increased by £2.7m from 31 December 2017.
- H1 cash position £6.0m down from £7.4m 31 December 2017

# Consolidated Cash Flow

£'000	HY 2018*	HY 2017*	FY 2017
<b>Net cashflows from operating activities</b>	2,355	1,340	3,956
Movement in inventories	8	10	(6)
Movement in trade and other receivables	325	(11,179)	(17,208)
Movement in trade and other payables	(2,806)	11,710	16,043
Interest and tax paid	(583)	(521)	(1,132)
<b>Net cash generated from operations</b>	<b>(701)</b>	<b>1,360</b>	<b>1,653</b>
<b>Cash flows from investing activities</b>			
Purchase of tangible and intangible fixed assets and investments	(195)	(338)	(771)
Acquisition of subsidiary, net of cash acquired	(1,352)	(2,500)	(5,835)
Interest received	14	2	12
Other cashflows from investments activities	34	(38)	55
<b>Net cash from investing activities</b>	<b>(1,499)</b>	<b>(2,874)</b>	<b>(6,539)</b>
<b>Cash flows from financing activities</b>			
New loans in year	1,029	4,183	1,198
Loan repayments in year	(348)	(794)	(696)
Issue of ordinary shares for cash	-	-	7,184
Dividends paid	-	-	(350)
Transactions with non-controlling interests	(3)	(193)	(209)
Non-controlling interests Dividends paid	(55)	(104)	(107)
<b>Net cash from financing activities</b>	<b>623</b>	<b>3,092</b>	<b>7,020</b>
<b>Increase/(decrease) in cash during the year</b>	<b>(1,577)</b>	<b>1,578</b>	<b>2,134</b>

**\*unaudited**

- Cash out flow from operating profit H1 reflects increased early payments to suppliers.
- Prompter payments to DKV to allow increased growth in East and West Balkans.
- Net debt position H1 = £0.5m reduced from net cash position of £1.5m 31 December 2018