



# Half Year Ended 30 June 2020 Results Presentation

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# Agenda

**01** Overview and COVID-19 update

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**02** Financial results

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**03** Business review and strategy

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**04** Summary and outlook

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**05** Q&A

# Half year results

Resilient performance despite the impact of COVID-19

Group Turnover	Adjusted PBT	Adjusted Operating Profit	Adjusted EPS	Net Cash
<b>£99.6m</b>	<b>£2.1m</b>	<b>£2.5m</b>	<b>1.03p</b>	<b>£4.3m</b>
-2.7%	+5%	+2%	-17.6%	+5%

Well placed going into traditionally stronger H2

NB: Figures are unaudited

# The resilient Xpediator business model



- ✘ Scalable and risk adjusted platform
- ✘ Asset light structure
- ✘ Global supply chain solutions for UK & European markets
- ✘ Positioned across UK and Europe with a particular expertise in Central & Eastern Europe
- ✘ Well diversified by customer and end market
- ✘ Cash generative business, strong balance sheet
- ✘ Over 14,000 customers, largest customer less than 2% of revenue

**Expanding portfolio of freight management companies offering complementary services**

# COVID-19 Impact

- Group revenue down 2.7% to £99.6m (2019: £102.4m)
  - Overperformance in Q120 offset by the impact on trading from COVID-19 in Q220
- Strong performance from Freight Forwarding division particularly in Central and Eastern Europe
- Transport Solutions and Logistics Warehousing both temporarily impacted
- Mix of temporary and permanent cost reductions made during H120 to counter the impact of COVID-19
  - £0.5m to become annualised savings
- Remain mindful of a second wave, but confident in business model and ability to adapt accordingly

NB: Figures are unaudited

# Financial Results

# Financial Highlights

Robust performance, softened by COVID-19 pandemic

- Group turnover of £99.6m (2019: £102.4m).
- Adjusted profit before tax result reflecting a resilient first-half performance.
- Adjusted Basic EPS of 1.03p (H1 2019 : 1.25p)
- As at 30 June 2020 net cash was £4.3m (31 December 2019: £7.0m) after paying £3.7m in deferred acquisition payments.
- Strong net cash generation from operations of £5.4m (2019: £5.5m).
- Interim dividend increased by 60.7% to 0.45 pence per share (H1 2019: 0.28 pence).
- Final deferred consideration of c.£0.7m to be paid in

H220  
NB: Figures are unaudited

Revenue



**£99.6 m**

2019: £102.4m

Adjusted  
Operating Profit



**£2.5 m**

2019: £2.4m

Gross Profit Marg



**24.8%**

2019: 24.2%

Adjusted PBT



**£2.1 m**

2019: £2.0m

Adjusted EPS



**1.03p**

2019: 1.25p

Net Cash



**£4.3 m**

2019: £4.1m

# Financial Summary

Half Year ended 30 June 2020

	2020 £m	2019 £m
<b>Revenue</b>	99.6	102.4
Gross Profit	24.7	24.8
Gross Profit %	24.8%	24.2%
<i>Adjusted Operating Margin</i>	<i>2.5</i>	<i>2.4</i>
<b>Adjusted Operating Profit Before Tax</b>	<b>2.1</b>	<b>2.0</b>
Statutory Adjustments	-1.8	-1.7
<b>Statutory Profit Before Tax</b>	<b>0.3</b>	<b>0.2</b>
<i>Group Effective Tax Rate</i>	<i>32.5%</i>	<i>46.3%</i>
Adjusted earnings per share	1.03	1.25
Statutory loss per share	-0.25	-0.04

NB: Figures are unaudited

# Adjusted Profit Before Tax to Statutory Profit Before Tax Reconciliation

Half Year ended 30 June 2020

	2020 £m	2019 £m
<b>Profit before tax (as reported)</b>	<b>0.3</b>	<b>0.2</b>
Exceptional items	0.7	0.7
Unwind and add back of discount on deferred consideration	0.2	0.2
Amortisation of intangibles	0.7	0.7
Additional incurred interest charge – IFRS 16	0.2	0.2
Total adjustments	1.8	1.8
<b>Adjusted profit before tax</b>	<b>2.1</b>	<b>2.0</b>

NB: Figures are unaudited

# Free Cash Flow and Net Debt Reconciliation

Half Year ended 30 June 2020

	2020 £m	2019 £m
<b>Profit before tax</b>	<b>0.3</b>	<b>0.2</b>
Depreciation and Amortisation	4.5	4.1
Increase in working capital	(0.3)	(0.2)
Interest Costs Tax Paid / Other	0.4	1.0
<b>Net cash generated from operating activities</b>	<b>4.9</b>	<b>5.1</b>
Capital Expenditure	(0.7)	(1.2)
Deferred Consideration Paid	(3.7)	-
Repayment on right-of-use assets	(3.6)	(3.6)
New Loans	1.4	(0.4)
Other	-	0.1
<b>Net cash outflow from financing activities</b>	<b>(6.6)</b>	<b>(5.1)</b>
Increase/(decrease) in cash	(1.7)	-
<b>Cash at 30 June</b>	<b>10.5</b>	<b>9.7</b>
<b>Net Cash/(Debt) Reconciliation</b>		
Cash at Bank	11.6	9.7
Overdraft	(1.1)	-
<b>Total Cash at Bank</b>	<b>10.5</b>	<b>9.7</b>
Confidential invoice discounting facility	(3.8)	(2.8)
Bank Loans	(2.4)	(2.8)
Right-of-use-assets liabilities	(26.2)	(30.3)
<b>Total debt</b>	<b>(32.4)</b>	<b>(35.9)</b>
<b>Total Net Debt</b>	<b>(21.9)</b>	<b>(26.2)</b>
<b>Net Cash excluding Right-of-use-assets</b>	<b>4.3</b>	<b>4.1</b>

NB: Figures are unaudited

# Business Review and Strategy

# The Group

## 3 Dedicated Service Divisions



## Geographical Revenue Split



## The Group in Numbers

-  £213.2 million revenues (FY 2019)
-  +1,100 employees
-  +14,000 diverse customer base
-  38 offices and warehouse facilities throughout the UK and Central Eastern Europe

# Strategy Overview

- ✘ Remain focused on developing core service proposition – freight forwarding & logistics
- ✘ Strong cash generation and operating margin enhancement are key priorities
- ✘ Technology capability investment ongoing but with greater cost scrutiny
- ✘ Underperforming business units under review
- ✘ Customer centric focused efforts in sales and client service
- ✘ Acquisitions remain key to future growth as well as continued organic growth
- ✘ Further cost savings to come through further business unit integrations

**COVID-19 has helped to refocus the business on core services**



# Freight Forwarding Division

Remained resilient during pandemic and is Brexit Ready for clients



Half year ended 30 June	2020	2019	
Revenue	£78.4m	£76.7m	+2.2%
Operating profit	£2.6m	£1.4m	+89.7%



## Sector performance

- Accounts for 79% of the Group’s revenue
- 89.7% increase in operating profit
- Includes £0.2m loss (2019: loss £0.3m) from e-commerce activities

## COVID-19 impact

- Particularly strong performance from CEE markets
- Covid-19 impact resulted in a reduction in activity in some markets and sectors e.g. high street fashion
- Offset by taking advantage of opportunities arising out of the pandemic and maturing of business units

## Strategic progress

- Delamode Baltics opens new 8,000 sqm cross dock in Lithuania
- Key service enhancements made
- Brexit Ready to support clients



# Warehousing & Logistics Division

Impact of COVID-19 masked strong performance of Pall-Ex Romania



Half year ended 30 June	2020	2019	
Revenue	£18.7m	£22.6m	-16.9%
Operating profit	£0.6m	£1.2m	-47.0%



## Sector performance

- Reflects a net negative impact of COVID-19 in the UK partly offset by general resilience in Romania
- Pall-Ex increased operating profit by 47% and warehouse activity in Romania increased operating profit by 90%
- UK warehousing and EMT challenged by market issues

## COVID-19 impact

- EMT exposure to UK high street reduced volumes
- Similarly, Import services impacted by reduced volumes in Southampton port

## Strategic progress

- New warehouse in Southampton on track to open in Q1 2021
- Braintree warehouse expected to return to profitability in 2021
- H2 expected to show good uplift on H1



# Transport Solutions Division

Natural slowdown during pandemic



Half year ended 30 June	2020	2019	
Revenue	£2.5m	£3.1m	-19.8%
Operating profit	£0.9m	£1.3m	-29.4%



## Sector performance

- Overall reduction in revenue and profits due to reduction in haulier traffic
- Gross billings in January and February were 5.5% ahead
- Gross billings decreased in Q2 by 34.9%

## COVID-19 impact

- Levels of transport traffic reduced in line with industrial production
- CEE governments chose to close borders creating long delays
- Net 13.6% decline in diesel volumes throughout Europe

## Strategic progress

- Volumes in June 21.1% down and July 10.8% down
- Expect volumes to return to normal levels in the second half of the year
- Increased success in sharing corporate intelligence across divisions

# Brexit Ready

The Group has been focused on positioning the business to support our clients through Brexit.

- ✘ Several significant customs clearance opportunities
- ✘ Investment in customs clearance staff in the UK & Romania
- ✘ Creation of a customs clearance control towers to manage and process customs formalities
- ✘ ETFS & AEO certification held within the Group, key requirement to deal with customs clearances
- ✘ Close relationships with HMRC and industry associations
- ✘ Investment in digital infrastructure to enhance data capabilities and customs processing

**Commercial opportunities will arise as a result of Brexit**

# Summary and Outlook

- ✘ Resilient first half performance

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- ✘ Focused on core services of the Group

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- ✘ Mix of geographies and services represents a unique combination

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- ✘ Confident in future demand

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- ✘ Focused on having the right growth disciplines, infrastructure and personnel to support profitable expansion

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- ✘ Strong second half of the year weighting

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**Well positioned to tackle future uncertainty and deliver a strong result for FY20**



**Robert Ross**  
Joint Interim CEO

**Danor Ionescu**  
Joint Interim CEO

Xpediator Plc  
710 Avenue West  
Skyline 120  
Braintree  
Essex, CM77 7AA

Email: [info@xpediator.com](mailto:info@xpediator.com)  
Tel: +44(0) 330 043 2395

[www.xpediator.com](http://www.xpediator.com)

**International Freight Management Group**