ANNEXURE B: INDEPENDENT ADVISER'S REPORT

Fliway Group Limited

Independent Adviser's Report in relation to the proposed acquisition of Fliway Group Limited

November 2017

KordaMentha confirms that it:

(a) has no conflict of interest that could affect its ability to provide an unbiased report; and

(b) has no direct or indirect pecuniary or other interest in the proposed transaction considered in this report, including any success or contingency fee or remuneration, other than to receive the cash fee for providing this report.

KordaMentha has satisfied the Takeovers Panel, on the basis of the material provided to the Panel, that it is independent under the Takeovers Code for the purposes of preparing this report.

Independent New Zealand firm internationally affiliated with KordaMentha

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1 Terms of the Proposed Transaction

1.1 Introduction

Fliway Group Limited (**Fliway** or **the Company**) is a New Zealand incorporated company listed on the NZX Main Board. It is one of New Zealand's largest specialised transport and logistics companies with a nationwide presence and global freight forwarding relationships.

On 26 October 2017, Fliway announced the signing of a Scheme Implementation Agreement under which the parties agreed to implement a court-approved scheme of arrangement (**the Scheme**) to effect the sale of all of the outstanding shares in Fliway to Yang Kee Group (New Zealand) Pty Limited, a wholly owned New Zealand subsidiary of Yang Kee Logistics PTE Limited (**Yang Kee**).

Yang Kee is one of Singapore's largest privately owned logistics companies. In 2017, Yang Kee is expected to generate revenues in excess of S$200 million with approximately S$300 million in net assets expected by the end of 2017. It employs approximately 600 people in 32 offices across 12 countries and provides services and solutions in warehousing, freight forwarding, customers clearance and project logistics management.

Fliway is subject to the Takeovers Code (**Code**). While there is no legal requirement under the Code for an Independent Adviser's Report (**the Report**) in relation to the Scheme, the practice of the Takeovers Panel requires a report before it will consider issuing a no-objection statement to the Court as part of its process of considering whether to approve the Scheme.

1.2 The Scheme

1.2.1 Consideration

The proposed consideration is $1.22 cash per Fliway share.

1.2.2 Conditions

The Scheme is conditional on:

- The approval of shareholders by the requisite majorities under the Companies Act.
- The approval of the High Court in accordance with the Companies Act.
- Other conditions for the benefit of Yang Kee, that may be waived at its discretion, that are relatively common in transactions of this type, including amongst other items that there are no material adverse changes to Fliway.

1.2.3 Other features of the Scheme

Whilst Fliway cannot solicit any superior alternative proposal, should one eventuate it can respond and facilitate an alternative transaction.

Should a superior alternative proposal eventuate then Yang Kee has the right to match that proposal.

The Independent Directors have recommended the Scheme. However, under certain circumstances, including if an alternative superior proposal is recommended and transacted upon, then Fliway may be required to pay a break fee to Yang Kee of $750,000 plus any amounts paid to Fliway or its legal advisors in connection with Fliway's response to Yang Kee's proposal.

Yang Kee is obligated to pay Fliway $750,000 in the event that Fliway terminates the Scheme Implementation Agreement as a result of a material breach by Yang Kee.

1.3 Shareholder Approval

The Scheme requires the approval of both:

- 75% of all votes cast by shareholders in each interest class (for the purposes of the Scheme all Fliway shareholders are expected to form a single interest class); and
- 50% of the total voting rights attaching to Fliway shares (whether voted or not).

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The Shareholder Meeting to consider the Scheme is proposed to be held in early December 2017.

The Independent Directors of Fliway (Craig Stobo and Alan Isaac) support the Scheme and recommend that Fliway shareholders vote in favour of the Scheme, subject to no superior alternative proposal arising.

Each Director of the Board of Fliway, including the Independent Directors, has indicated that he or she will be voting the Fliway shares that they control in favour of the Scheme, subject to no superior alternative proposal arising.

1.4 Purpose of the Report

Fliway has requested that the Takeovers Panel issue a "no-objection statement" in relation to the Scheme which will then be presented to the High Court to assist with its deliberations.

The practice of the Takeovers Panel (except in very limited circumstances) is to require the preparation of an independent report before it will consider issuing a no-objection statement. It is also customary practice in New Zealand for an independent report to be provided to shareholders when considering a transaction of the nature of the Scheme.

Accordingly, the Independent Directors of Fliway have appointed KordaMentha to prepare the Report setting out our view of the merits of the Scheme. Our appointment was subsequently approved by the Takeovers Panel.

The Report has been prepared to assist Fliway shareholders to consider the merits of the Proposed Transaction and is being sent to shareholders of Fliway together with the **Notice of Meeting**.

Shareholders should read the Notice of Meeting issued by Fliway in conjunction with the Report.

Voting on the Scheme is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders. Shareholders will need to consider these consequences and, if appropriate, consult their own professional adviser.

1.5 Other

The sources of information, to which we have had access and upon which we have relied, are set out in Appendix 1 of this report.

This report should be read in conjunction with the statements and declarations set out in Appendix 2 regarding our independence, qualifications, general disclaimer and indemnity and the restrictions upon the use of this report.

References to '$', dollars or cents are to New Zealand dollars, unless specified otherwise. References to financial years or 'FY' mean Fliway's financial year end 30 June unless specified otherwise.

Please note, tables may not add due to rounding.

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2 Merits of the Proposed Transaction

Where an offeror makes a takeover offer under the Takeovers Code, the target company is required to obtain an independent adviser's report on the merits of the offer. This requires the independent adviser to consider issues wider than just valuation. We have prepared this Report in respect of the Scheme as if it was a merits report on a takeover offer under the Takeovers Code.

The term 'merits' has no definition either in the Takeovers Code itself or in any statute dealing with securities or commercial law in New Zealand. While the Takeovers Code does not prescribe a meaning of the term 'merit', it suggests that merits include both positives and negatives in respect of the Offer. We have adopted this approach in this Report in respect of the Scheme.

2.1 Fliway

Fliway operates under two key segments Fliway Domestic, which undertakes the warehousing and transport of freight in New Zealand; and Fliway International, which organises transportation and border clearance for international freight. Fliway also has a 50% share in United Parcel Service – Fliway (NZ) Limited (**UPS-Fliway**), which is a joint venture with UPS that arranges the pick-up and delivery of express international packages.

Fliway Domestic is different from many other transport operators, as it focuses on sectors where customer demands are significant and includes the transport of freight that is often difficult to handle, fragile or of high value. To service this requirement, Fliway operates hard-sided vehicles, hand loads goods (avoiding the use of forklifts and pallets) and is more likely to be actively involved in the deployment of equipment than many of its competitors.

Fliway's domestic operations contribute the largest portion of income, but are also more capital intensive given Fliway's trucks are owned by the Company.

Table 2.1 summarises the financial performance for Fliway between FY12–FY17 (actuals) and FY18 (budget) excluding UPS-Fliway.

Table 2.1: Group financial performance, excluding UPS-Fliway ($ million)

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Budget
Revenue	73.2	74.4	81.5	84.2	82.6	85.4	91.8
EBITDA (excl. UPS JV)	6.3	6.0	7.0	7.4	9.0	7.2	9.2
EBIT (excl UPS JV)	**4.9**	**4.7**	**5.6**	**5.2**	**6.8**	**4.9**	**6.8**
Operating Margin	6.7%	6.3%	6.8%	6.2%	8.3%	5.7%	7.4%

Source: Fliway 2015 Prospectus, Annual Reports and Management Accounts

Fliway has budgeted $6.8 million earnings before interest and tax (**EBIT**) in FY18, in line with its FY16 financial performance and 38% ahead of its FY17 performance. The improvement between FY17 and FY18 is primarily due to an expected improvement in the performance of its Fliway Domestic operations.

Fliway's domestic transport operations suffered in FY17, in large part due to:

- **Loss of customer** – Fliway lost its second largest customer in June 2016, just prior to FY17.
- **Kaikoura earthquake** – The Kaikoura earthquake caused disruption to Fliway and other New Zealand transport businesses. Fliway imposes a natural disaster surcharge; however, this only partly offset the additional costs.

Figure 2.1 shows UPS-Fliway's financial performance for FY14–FY17 (actuals) and FY18 (budget).

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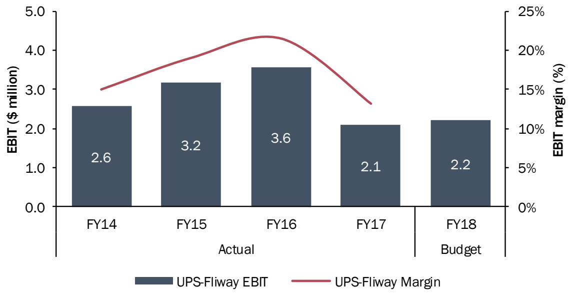
Figure 2.1: Financial performance summary – UPS-Fliway



Source: Management Accounts and Annual Reports

UPS-Fliway underwent a structural shift in FY17, with a lowering of the compensation rates.

In our view, the near-term outlook for the UPS-Fliway joint venture and International operations is for relatively flat financial performance, with limited growth achieved historically. There is potential for growth in the Domestic business, partly due to a recovery from a poor FY17 result. However, there are risks for the Domestic business, including key customer concentration and the operating leverage that Fliway has due to it owning its vehicle fleet. We also note Fliway has high property lease costs, which is a relatively fixed cost and provides further operating leverage (e.g. premise lease costs in FY17 were $5.5 million, relative to total EBIT of $4.9 million excluding the UPS JV).

Fliway management advise that the business has no immediate need, nor plans, to raise capital via either debt or equity.

2.2 Standalone valuation of Fliway

We have assessed the standalone value of Fliway's equity at between $1.04 and $1.24 per share, with a midpoint of $1.14 per share.

The calculation is set out at Table 2.2:

Table 2.2: Capitalisation of earnings valuation ($ thousand, unless indicated otherwise)

	Low	High
Fliway EBIT – core operations	5,900	6,800
EBIT Multiple	8.5x	8.5x
Enterprise value (excl. UPS-Fliway)	**50,150**	**57,800**
UPS-Fliway EBIT	2,200	2,200
EBIT multiple	6.0x	7.0x
Shareholding percentage	50%	50%
UPS-Fliway	**6,600**	**7,700**
Combined enterprise value	56,750	65,500
Less net debt	(9,300)	(9,300)
Equity value	47,450	56,200
Shares (thousands)	45,438	45,438
Value per share	**$1.04**	**$1.24**

The following factors are relevant when considering the value of Fliway's shares:

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- We have assessed Fliway's Enterprise Value (**EV**) based on the sum of:
  - Fliway's core operations, valued based on normalised EBIT between $5.9 million and $6.8 million, and an earnings multiple of 8.5x EBIT.
  - Fliway's share of UPS-Fliway, valued based on $2.2 million normalised EBIT and an earnings multiple range of 6.0x–7.0x EBIT. Fliway has a 50% shareholding in the joint venture.
- The range of $1.04 to $1.24 per Fliway share represents the pro rata value of 100% of Fliway, and therefore includes a premium for control.

Fliway does not own the buildings it occupies. To make it more comparable to some of its peers, such as Mainfreight, we have adjusted Fliway's earnings and EV, assuming Fliway purchased the land and buildings from which it operates[1]. Based on our indicative analysis, Fliway would have an EBIT multiple approximately 40% higher were it to purchase its buildings. This means the hypothetical value of Fliway would have an implied adjusted earnings multiple (comparable to Mainfreight) of 12.0x EBIT. While still less than Mainfreight's earnings multiple of 15.8x EBIT, we consider this residual variance to be reasonable given the other differences between the companies (scale, historical growth and relative exposures to different markets).

Yang Kee's proposed consideration of $1.22 per Fliway share is towards the high-end of our valuation range.

Fliway's share price has declined following its listing in April 2015 at $1.20 per share and has traded broadly within a range of $0.91 per share to $1.20 per share.

Yang Kee's proposed consideration represents a premium of 13% to the share price of $1.08, prior to the announcement of the Scheme as well as a 16% premium to Fliway's one-month VWAP.

2.3 Fliway's majority shareholder intends to vote for the Scheme

Fliway's majority shareholder The D&G Hawkesby Trust intends to vote all of its Fliway shares in favour of the Scheme, subject to no superior proposal arising. The D&G Hawkesby Trust is associated with Fliway's Managing Director Duncan Hawkesby and holds approximately 54.1% of Fliway's total shares on issue.

The support of the D&G Hawkesby Trust significantly increases the probability that shareholders will approve the Scheme. Nonetheless, each shareholder is entitled to vote for or against the Scheme and the support of the majority shareholder does not make it certain that the Scheme will be approved.

2.4 Alternatives

Fliway shareholders could choose to vote against the Scheme, either on the basis that they prefer to be shareholders in a standalone Fliway or in the expectation that they might realise superior value through an alternative change of control transaction in the future.

The immediate consequence of a decision to reject the Scheme and to pursue a standalone strategy would be the reversal of any positive effect on the share price that has been caused by the announced possibility of the Scheme. On 26 October 2017, the trading day after the Scheme was announced, the Fliway share price increased from $1.08 to $1.19 per Fliway share.

The longer term consequences of a decision to reject the Scheme are less clear. In our view, the near-term outlook for the UPS-Fliway joint venture and International operations is for relatively flat financial performance, with limited growth achieved historically. There is potential for growth in the Domestic business, partly due to a recovery from a poor FY17 result. However, there are risks for the Domestic business, including key customer concentration and the operating leverage that Fliway has due to it owning its vehicle fleet.

It is possible that Fliway shareholders may be able to realise greater value through a change of control transaction in the future. However, it would be presumptive to assume that one will eventuate. We understand that no alternative proposal has been forthcoming and that there are very few potential acquirers of Fliway, given its specialised freight services. In any event, there is nothing to prevent any potential alternative acquirer from announcing its interest in an acquisition of Fliway at some

[1] Fliway pays approximately $5.5 million rent per annum to occupy its land and buildings. For our analysis, we have assumed Fliway purchased the land and buildings at an average rental yield of 7.5%, and this was debt funded. The debt funding would increase enterprise value by approximately $73 million. We have assumed an increase in building depreciation at 1.5% of the purchase price (broadly equivalent to Mainfreight's building depreciation). The net impact would be a $4.4 million increase to Fliway's EBIT ($5.5 million less rent, and $1.1 million more depreciation) with offsetting increased interest costs.

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time before the Fliway shareholders' meeting at which shareholders will vote on the Scheme. In the absence of such a counter-offer, Fliway shareholders could have some confidence that there are no superior alternative transactions involving some third party currently unknown.

2.5 Likelihood of Yang Kee increasing its proposed consideration

Unless a more attractive alternative proposal from an as yet unidentified third party is forthcoming, we consider it unlikely that Yang Kee will increase its proposed consideration. The Scheme's proposed consideration has accepted by the majority shareholder and is towards the high-end of our valuation range.

2.6 Summary

For shareholders deciding whether to approve the Scheme, key issues to be considered when assessing the merits of the Scheme include:

- The proposed consideration of $1.22 per Fliway share sits within our assessed standalone valuation range of $1.04 to $1.24 per Fliway share. Furthermore, the proposed consideration is towards the high end of our valuation range.
- Fliway's majority shareholder, which is associated with Fliway's Managing Director Duncan Hawkesby, intends to vote all of its Fliway shares in favour of the Scheme, subject to no superior proposal arising.
- If shareholders do not approve the Scheme, Fliway will continue to be listed on the NZX. In the absence of any other factors, there is a real prospect that Fliway's share price may recede from current levels.
- As at the time of our report going to print, no superior alternative proposal has been forthcoming and we understand that there are very few potential acquirers of Fliway, given its specialised freight services. In any event, there is nothing to prevent any potential alternative acquirer from announcing its interest in an acquisition of Fliway at some time before the Fliway shareholders' meeting at which shareholders will vote on the Proposed Transaction. In the absence of such a counter-offer, Fliway shareholders could have some confidence that there are no superior alternative transactions involving some third party currently unknown.
- The proposed consideration is a premium of 13% above the share price of $1.08 prior to the Scheme being announced.

In our view, unless a superior proposal is forthcoming, the positives of approving the Scheme outweigh the negatives. In particular, the proposed consideration is within our assessed valuation range and furthermore lies towards the high-end of our valuation range.

Voting to approve the Scheme

Voting to approve the Scheme is a matter for individual shareholders based on their own views as to value and future market conditions, risk profile, liquidity preference, portfolio strategy, tax position and other factors. In particular, taxation consequences will vary widely across shareholders and we note the proposed consideration may vary between shareholders given their respective tax position. Shareholders will need to consider these consequences and, if appropriate, consult their own professional adviser.

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3 Industry Overview

Fliway operates in the New Zealand transport industry which, for the purposes of comparability with Fliway's operating divisions, can be segmented into Domestic (Transport and Delivery; and Logistics); and International.

3.1 Domestic

3.1.1 Transport and Delivery

This sector involves the transport of freight from business to business (**B2B**) and more increasingly, with growing online shopping, business to customer (**B2C**). Given New Zealand's reliance on trade, a considerable proportion of New Zealand's domestic transportation involves the transport of goods to and from major ports.

Figure 3.1 illustrates the freight and delivery market and shows that Fliway's primary freight operations are 'general freight' and 'specialised freight' as well as some courier services through its JV with UPS (discussed below).

Figure 3.1: Freight market segments and areas in which Fliway operates

Market segments	Bulk freight Full truck load	General freight Full truck load & less than full truck load	Specialised freight Less than full truck load	Courier
Types of freight	• Coal • Timber • Petroleum • Milk powder	• Packaged goods • Cars • Cloths	• Specialised electronics • Dangerous goods • Refrigeration • Liquids	• Small packages (<25kg) • Home deliveries
Characteristics	• Standardised consignments • Bulk handling facilities	• Standard drive-through freight yard and forklift	• Requires more 'service' than typical freight • Fragmented market • Specialised facilities i.e. hard sided trucks with tail lifts, cross docks	• Time sensitive • Fleet tailored to small volume, high value freight • After hours delivery
Value of service	• Low	• Low	• High	• Highest
Operators	• Rail • Coastal shipping • Large freight companies		• Specialised operators • High barrier to entry	• Couriers
Logistics and warehousing	• Provider of 3PL • Prescriptive EDI and SKU management • Integrated and non-integrated facilities		• Spare parts • Customisable EDI and SKU management • Integrated facilities in Auckland and Christchurch	
International transport	• Global networks • Prescriptive delivery and pricing structure		• Independent freight forwarders • Trusted global relationships • Flexibility to secure best outcome for customers	

Source: Fliway Prospectus

The value of service for 'specialised freight' is typically higher than for general freight, as more specialised equipment and facilities are required. Categories such as milk, coal and timber are generally transported through bulk freight services, which involve more rail and coast shipping modes and offer a lower value of service from operators.

Figure 3.2 shows that road is the dominant transport mode in New Zealand, this is partly due to shorter distances within regions that cannot be completed economically by rail or coastal shipping. Total revenues reached $7.3 billion in the 2016-17 year as operators continued to benefit from rising freight volumes over the past five years[2].

[2] IBISWorld, Road Freight Transport in New Zealand, April 2017

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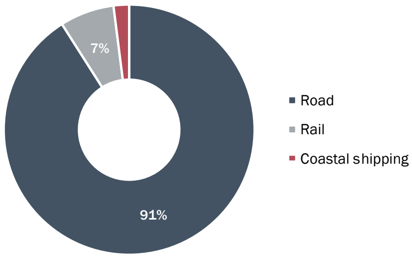
Figure 3.2: Domestic transport mode



Source: Ministry of Transport, National Freight Demand Study

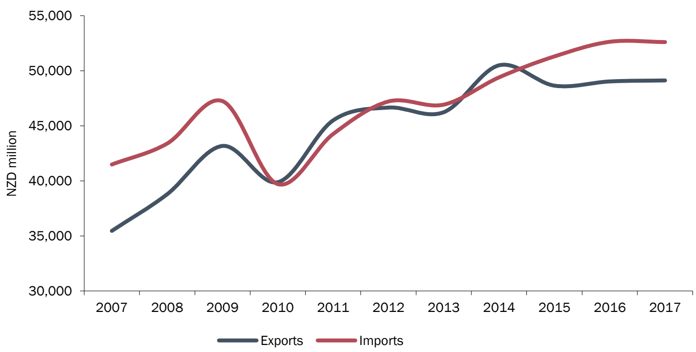
Freight revenue is expected to continue its stable historical trend over the next five years, forecasted at an annual growth rate of 1.4%[3].

Key drivers

Road freight is a key service in the New Zealand economy and is influenced by the following drivers:

- **Cost to serve** – defined as the cost of road transport (including fuel). Increases in the cost to serve predominately lead to growth in industry revenue as this industry is price inelastic. Movements in fuel prices are typically able to be passed onto customers as a surcharge without a significant loss of demand. Conversely, a reduction in fuel prices is expected by customers to be included in pricing to remain competitive.
- **Imports and exports** – goods imported and exported to and from New Zealand are required to be transported to major ports and regions. This creates substantial influence over demand for freight services. New Zealand's total trade (imports and exports) has increased 30% (by value) over the past 10 years as illustrated in figure 3.3 below.[4]

Figure 3.3: Overseas Merchandise Trade by value



Source: Statistics New Zealand, 28 September 2017

- **Wholesale trade** – wholesalers require road freight services to transport their goods to retailers. However, there is a trend for increasing internalisation of transport services for manufacturers and retailers and this poses a risk to intermediaries such as Fliway.[5]

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[3] IBISWorld, Road Freight Transport in New Zealand, April 2017
[4] Statistics New Zealand, accessed 28 September 2017
[5] IBISWorld, Road Freight Transport in New Zealand, April 2017

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- **Population** – is expected to grow by 15% in New Zealand over the next 12 years[6]. Consequently, with an increasing population, consumer demand and consumption are expected to increase. Further, with a growing online population ordering direct from businesses, supply chains will need to shift to cater for the expected growth in B2C services.

Market Competition

- The domestic road freight industry currently has approximately 3,900 providers. The number of operators has decreased approximately 12% over the past five years, primarily due to consolidation as larger businesses acquire smaller operators.[7]
- Continued investment in IT infrastructure, such as traffic monitoring systems and GPS, of the larger operators will impact those small operators who are unable to invest, resulting in the potential for smaller operators to fall behind in terms of productivity and efficiency of operations. This may result in these operators being unable to compete on price in the market which is a major factor of competition.
- Economies of scale of providing an integrated full service supply chain are expected to see the market become more concentrated as the larger businesses continue to put pressure on and acquire those smaller operators. The number of operators is expected to decline 2.1% annually over the next five years.[8]

3.1.2 Logistics

There is an increasing shift towards the outsourcing of warehousing and distribution services, also referred to as 'third party logistics' or '3PL' or 'logistics'. This allows customers to benefit from flexible inventory capacity requirements as business operations fluctuate due to demand, seasonality or other factors.

Logistics can be a significant part of a customer's supply chain and customers can benefit from outsourcing this to third party logistics providers by utilising their scale, specialised staff and investment in physical and IT infrastructure. Furthermore, demand is expected to increase with operators offering other valued added services such as labelling and assembly operations to produce finished products. Revenue for warehousing and logistics in New Zealand increased over the past five years at 4.1% annual growth[9].

Key drivers

Logistics is an industry growing from customer demand which is influenced by:

- **Wholesale trade demand** – businesses that purchase from manufacturers to sell to consumers require storage before they are transported on. Wholesale trade activity is expected to increase leading to expected revenue increases.
- **Online shopping demand** - the rise of online retailing on a national and global scale by existing bricks-and-mortar retailers and new online only platforms has accelerated demand in this industry requiring more warehousing space and logistics solutions.
- **Total imports and exports** – goods being held in transit generally require storage before they are moved into or out of the country.
- **Manufacturing demand** – manufacturers require warehousing to store raw materials or finished goods.

[6] Statistics New Zealand, accessed 27 September 2017
[7] IBISWorld, Road Freight Transport in New Zealand, April 2017
[8] IBISWorld, Road Freight Transport in New Zealand, April 2017
[9] IBISWorld, Warehousing and Storage Services in New Zealand, August 2017

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3.2 International

International freight involves freight forwarding services as well as management of customs documentation and processes.

Freight forwarders often acquire capacity with large scale transport operators and repackage that capacity which is used to service individual customers international trade requirements.

International freight can also involve handling customer legal requirements to ensuring that documentation for trade is sufficient, including customs clearances etc.

Key drivers

International freight forwarding and customer agency is exposed to external factors on a national and global economic level, as identified below:

- **Import values** – Changes in merchandise import values has a direct impact on the demand for services from this industry. Imports are generally affected by foreign exchange rates and consumer confidence.
- **Export values** – The level of export trade activity and value influences the demand of freight forwarders and customs agencies. Export merchandise is expected to grow over the next five years with rising international trade driven by:
  - Trade liberalisation in South East Asian countries, reducing tariffs on New Zealand exports.
  - A new Free Trade Agreement (**FTA**) with the United Kingdom is expected once they have seceded from the European Union.
  - Increasing trade relationship with China (NZ's second largest trading country) including extending the current FTA, agreed to by China.
- **Machinery capital expenditure** – An increase in private capital expenditure on machinery and equipment required locally increases the demand on importing from overseas countries, as was seen during the Canterbury rebuild, and is expected to continue to increase.

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4 Fliway Profile

4.1 Business Overview

Fliway was established in 1977 and has grown to be one of New Zealand's larger independent and locally owned specialised transport and logistics companies, with a nationwide presence and strong global freight forwarding relationships.

Figure 4.1: Timeline of key events in Fliway's formation

1977	Fliway established in Titirangi, Auckland
1988	UPS Agency relationship established
1998	UPS-Fliway joint venture commenced
2004	First warehousing operations begin
2007	Acquisition of DTC Holdings Transport
2015	Initial public offering with an issue price of $1.20 per share

Today, Fliway has over 400 staff, a fleet of over 170 vehicles and a footprint of 12 transport branches and 5 logistics warehouses spread throughout New Zealand. It also has several longstanding relationships, with international transport operators and a joint venture with UPS.

Figure 4.2 illustrates Fliway's operating structure and key sources of income. Fliway operates under two key segments Fliway Domestic, which undertakes the warehousing and transport of freight in New Zealand; and Fliway International, which organises transportation and border clearance for international freight. Fliway also has a 50% share in UPS-Fliway, which arranges the pick-up and delivery of express international packages.

Figure 4.2: Fliway operating segments

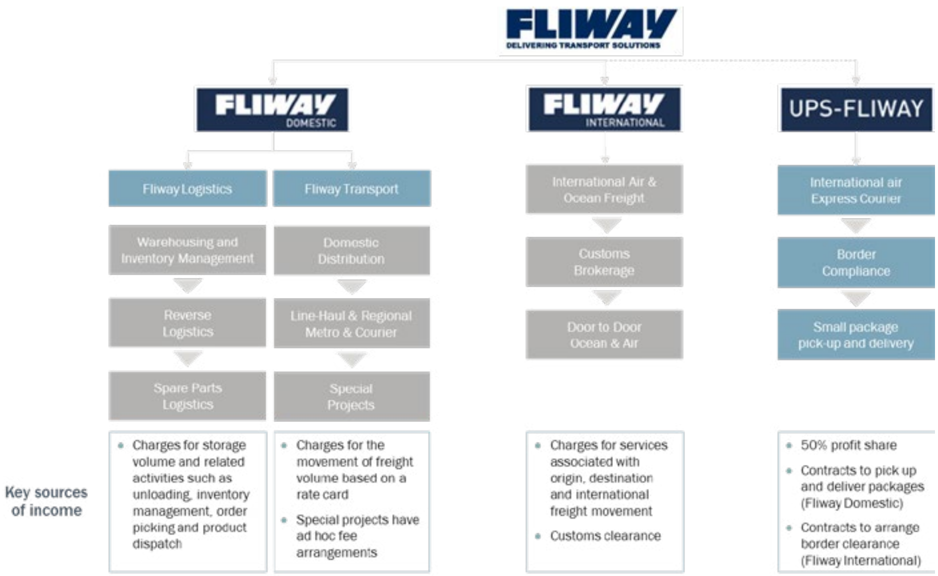

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Figure 4.3 and 4.4 show that Fliway's domestic operations contribute the largest portion of income, but are also more capital intensive. Fliway also earns a material portion of its income from the International and UPS-Fliway operations and these businesses are less capital intensive, as freight movements for these segments are generally undertaken by third parties.

Figure 4.3: FY17 EBIT by segment (pre-corporate)

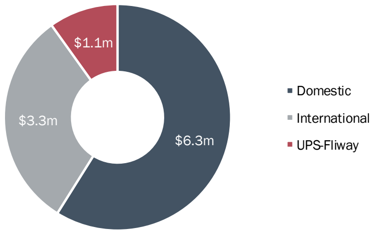
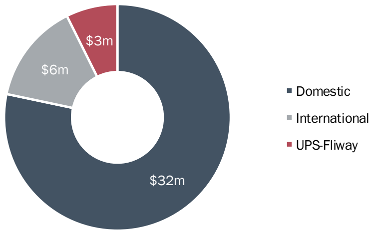


Figure 4.4: FY17 net operating assets by segment



4.2 Financial Performance

Table 4.1 summarises the Group financial performance for Fliway between FY12–FY17 (actuals) and FY18 (budget). The periods FY12–FY14 include pro forma adjustments. These adjustments are set out and explained in Fliway's 2015 Prospectus and 2015 Annual Report.

Table 4.1: Group financial performance, excluding UPS-Fliway ($ million)

	FY12 Actual	FY13 Actual	FY14 Actual	FY15 Actual	FY16 Actual	FY17 Actual	FY18 Budget
Revenue	73.2	74.4	81.5	84.2	82.6	85.4	91.8
EBITDA (excl. UPS JV)	6.3	6.0	7.0	7.4	9.0	7.2	9.2
EBIT (excl UPS JV)	**4.9**	**4.7**	**5.6**	**5.2**	**6.8**	**4.9**	**6.8**
Operating Margin	6.7%	6.3%	6.8%	6.2%	8.3%	5.7%	7.4%

Source: Fliway 2015 Prospectus, Annual Reports and Management Accounts

Fliway has budgeted $6.8 million EBIT in FY18, in line with its FY16 financial performance and 38% ahead of its FY17 performance. The improvement between FY17 and FY18 is primarily due to an expected improvement in the performance of its Fliway Domestic operations.

Principal assumptions underpinning the FY18 budget include:

- Inflation of 2% per annum, which affects rent costs and general expenses.
- Salary and wage inflation of 3%.
- Domestic business EBIT is expected to increase due to recovering from the impact of the Kaikoura earthquakes as well as increased revenue (driven by a small number of new customers) and an expected improved margin (resulting from improved efficiency).
- International business EBIT is expected to remain relatively flat as a result of increased revenue being largely offset by increased salary and other costs.
- Overheads forecast at current run rates plus inflation.
- Reduced depreciation costs as computer software comes to the end of its accounting life and replacement is not yet necessary.

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4.2.1 Fliway Domestic

Fliway Domestic operates through two business units:

- **Fliway Transport** – transportation of goods throughout New Zealand
- **Fliway Logistics** – warehousing and distribution services, including inventory management.

The service offerings of Fliway Logistics and Fliway Transport are complementary, affording opportunities for Fliway to provide one unit's services to the other unit's customers. This supports the retention of customers, in part because changing logistics providers (warehousing and inventory management) can be a time-consuming process for customers.

Fliway Domestic is different from many other transport operators, as it focuses on sectors where customer demands are significant and includes the transport of freight that is often difficult to handle, fragile or of high value. To service this requirement, Fliway operates hard-sided vehicles, hand loads goods (avoiding the use of forklifts and pallets) and is more likely to be actively involved in the deployment of equipment than many of its competitors.

Fliway Transport

Fliway undertakes 'line-haul' services between its 12 transport branches, using heavy truck and trailer units, as well as local transport using its smaller 'metro' vehicles. Fliway's line-haul fleet is managed centrally, with most trucks operated under fixed cost per kilometre maintenance contracts and owned no longer than seven years. Fliway's Metro fleet is managed by local branch managers and is maintained in their respective domiciled region.

Fliway owns and operates all its trucks and trailers, as opposed to an owner-driver model.

While Fliway's fleet set-up is ideally suited to specialised freight, it is not suited to bulk freight. Management advise that labour productivity is typically lower than an owner-driver model and Fliway's hard sided vehicles are less suited to palletised freight. This might limit Fliway's opportunities to expand its customer base, but likely also offers a barrier to other operators entering its existing market niche.

Fliway's transport revenue has increased slowly over the past eight years, from $35.1 million to $42.8 million between FY10 and FY17, this represents compound annual growth rate of 3.8% per annum. However, over this period, Fliway's earnings margins have decreased, so that its earnings have been relatively static.

Fliway Logistics

Fliway Logistics provides fully out-sourced warehousing and distribution services from five facilities, three in Auckland, one in Wellington and one in Christchurch. Services include:

- racked and bulk storage;
- 'reverse logistics' where Fliway manages product returns from retail locations back to Fliway's warehouses; and
- 'spare parts logistics' where Fliway manages organisations' spare parts function.

Almost all Fliway Logistics' customers are serviced by other Fliway business units, in particular Fliway Transport.

Logistics customers tend to be very sticky, given the difficulty of moving inventory from one supplier to another and the investment necessary to integrate IT systems. This can make it difficult to quickly win new customers, unless there is a compelling market proposition from a supplier, but it also provides a level of protection from losing customers.

Fliway has steadily increased its revenue from logistics operations over the past eight years, from $9.1 million to $15.0 million between FY10 and FY17, this represents compound annual growth rate of 7.4% per annum.

ANNEXURE B: INDEPENDENT ADVISER'S REPORT (CONTINUED)

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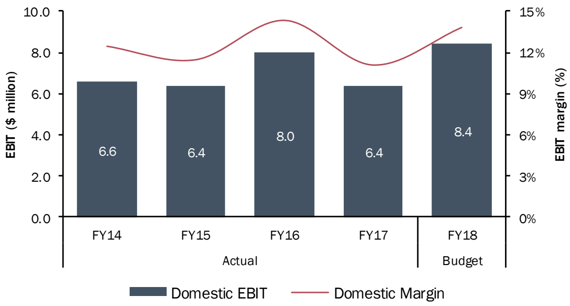
Domestic financial performance

Figure 4.5 shows that Fliway Domestic performed relatively poorly in FY17, due to a decline in its Transport earnings.

Figure 4.5: Financial performance summary – Fliway Domestic



Source: Management Accounts

Fliway's domestic transport operations suffered in FY17, in large part due to:

- **Loss of customer** – Fliway lost its second largest customer in June 2016, just prior to FY17. Despite this, Fliway increased its revenue in FY17. However, the replacement revenue earned a lower margin than that which had been generated from the previous customer.
- **Kaikoura earthquake** – The Kaikoura earthquake caused disruption to Fliway and other New Zealand transport businesses. The earthquake disabled the rail network transferring a significant amount of freight onto road transport, this resulted in Fliway needing to redeploy its own trucks to affected areas, reducing network efficiency and in some cases requiring subcontract to other entities at relatively high rates. Fliway imposes a natural disaster surcharge; however, this only partly offset the additional costs.

These issues do highlight risks with Fliway's Domestic business, including:

- Reliance on key customers; and
- Owning its own fleet increases Fliway's operating leverage which means relatively small changes in gross profit can materially impact its profitability.

In FY18, Fliway is budgeting a partial recovery for Transport and continued growth for Logistics. The budgeted increase in earnings between FY17 and FY18 is due to increased revenue (new customers) as well as an expected improved margin (resulting from improved efficiency).

4.2.2 Fliway International

Fliway International's activities are centred on coordinating inbound and outbound international sea and air freight. Fliway also provides freight forwarding services for cross-trade goods, which do not originate or transit through New Zealand at any point. Fliway does not deliver freight outside of New Zealand, but has agency relationships with international transport businesses to fulfil these services on behalf of Fliway's customers.

Fliway has an in-house customs brokerage team of 11 people, which arranges clearing of customs and border compliance paperwork at New Zealand and international destinations. Fliway handles approximately 9,000 international shipments and 96,000 customs clearances (imports and exports to/from New Zealand) for more than 170 customers per annum.

These arrangements can involve several logistics parties. For example, the customer may have a direct relationship with a shipping line, with Fliway effectively taking over the management of supply chain once the goods arrive at a New Zealand port.

Fliway international arranges:

- Freight to be moved from producer to port

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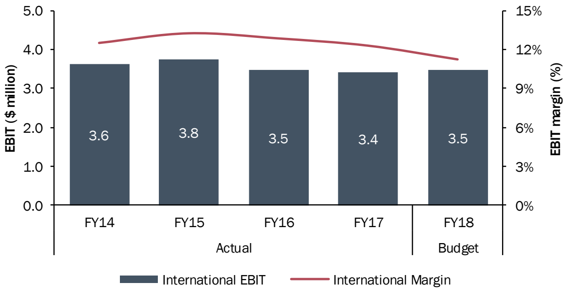
- Loading of freight to carrier
- Clearing of customs at both New Zealand and end destination (for exports)
- Unloading of freight from vessel
- Delivery to end destination.

Fliway International provides freight forwarding and customs brokerage services to a range of customers servicing many industries, including electronics, aviation, medical, fitness and motor vehicles.

International financial performance

Figure 4.6 shows that Fliway International's financial performance has declined slightly since FY14.

Figure 4.6: Financial performance summary – Fliway International



Source: Management Accounts

Fliway International has had relatively stable earnings over the past four years, albeit with a small deterioration and the outlook is also for flat financial performance for FY18.

The international freight forwarding industry is highly competitive, and Fliway's international operations have suffered from some margin pressure in recent years.

Fliway has budgeted a slight increase in international earnings in FY18. This increased revenue is expected from customer wins, but Fliway expects margin pressure to continue.

4.2.3 UPS-Fliway Joint Venture

UPS-Fliway is a 50/50 joint venture between Fliway and UPS, one of the world's largest package delivery companies. The joint venture was established in 1998. Both UPS and Fliway have equal representation on the joint venture's board.

UPS-Fliway is a small-package express courier business. Packages sent to and from New Zealand through the UPS international sales network must use the UPS-Fliway joint venture in New Zealand.

The joint venture employs approximately 30 staff. Day-to-day operations are overseen by UPS management. Fliway Transport arranges domestic deliveries and pickups for UPS-Fliway, and Fliway International provides customs brokerage services.

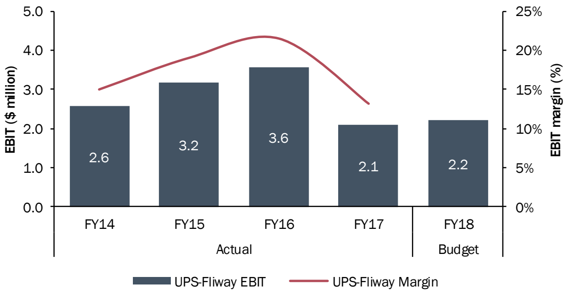
UPS-Fliway financial performance

Figure 4.7 shows UPS-Fliway's financial performance for FY14–FY17 (actuals) and Fliway's expectations for FY18 (budget). Fliway includes 50% of UPS-Fliway's EBIT or EBITDA in its own reported 'Underlying EBIT' and 'Underlying EBITDA' amounts.

ANNEXURE B: INDEPENDENT ADVISER'S REPORT

(CONTINUED)

Figure 4.7: Financial performance summary – UPS-Fliway



Source: Management Accounts and Annual Reports

UPS-Fliway underwent a structural shift in FY17, with a lowering of the compensation rates. This resulted in the joint venture being paid less per unit volume. We understand this was a UPS initiative to lower inbound pricing and was reflective of the need to be more competitive to stimulate growth for the JV.

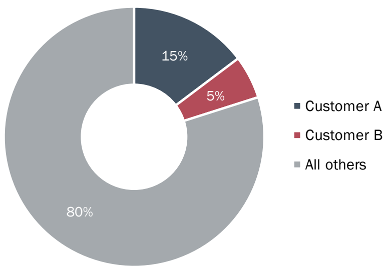
FY18 budget is based on Fliway's expectations for FY18 and assumes performance in line with FY17.

The joint venture arrangement between UPS and Fliway is perpetual in nature. We also understand from Fliway that the joint venture is mutually beneficial to both parties. We expect that the joint venture is unlikely to make excessive profits as this would indicate that it is over-charging UPS and/or Fliway (which would not be in their own respective interests).

4.3 Customers

Fliway has some key customer risk for two customers but is otherwise lowly concentrated with over 1,000 individual customers spanning across their three operating segments. There are two customers that exceed 5% of Fliway's total revenue, with the largest customer representing approximately 15%. In June 2016, Fliway lost its second largest, high margin, customer due to consolidating with an existing provider. The customer contributed approximately 5% to its total revenue which had a material impact on its FY17 profitability, as discussed.

Figure 4.8: Fliway's Customers as a % of Revenue – 12 months ended 30 April 2017



Source: Management Accounts

4.4 Summary of Financial Performance

In our view, the near-term outlook for the UPS-Fliway joint venture and International operations is for relatively flat financial performance, with limited growth achieved historically. There is potential for growth in the Domestic business, partly due to a recovery from a poor FY17 result. However, there are risks for the Domestic business, including key customer concentration and the operating leverage that Fliway has due to it owning its vehicle fleet. We also note Fliway has high property lease costs,

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which is a relatively fixed cost and provides further operating leverage (e.g. premise lease costs in FY17 were $5.5 million, relative to total EBIT of $4.9 million).

4.5 Financial Position

Table 4.2 summarises the financial position of Fliway.

Table 4.2: Financial Position ($ thousand)

	Sept 2017
Receivables and prepayments	12,365
Creditors, accruals and provisions	(7,733)
Net tax payable	(590)
Net working capital (excl. financing)	**4,042**
Property, plant and equipment	11,019
Goodwill	23,046
Other intangible assets	1,072
Deferred tax	432
Net operating assets	**39,612**
Cash and cash equivalents	1,204
Bank borrowings	(10,300)
Other debt/derivatives	(195)
Net cash/(debt)	**(9,291)**
Investment in associate and joint ventures	2,464
Net assets	**32,785**
Net Tangible Assets (net assets less intangibles and JV)	6,203
Net Tangible Assets per share	13.7c

Source: Annual Report

Key points which should be considered when reviewing the balance sheet include:

- Fliway has a positive net working capital balance, with accounts receivable only partly offset by accounts payable.
- Over two thirds of Fliway's property, plant and equipment is the ownership of their vehicle transport fleet, with the remaining assets including office equipment, furniture and fittings and computer equipment.
- Goodwill relates to the acquisition of Fliway by parties associated with Duncan Hawkesby in October 2006.
- Fliway had $9.3 million net debt as at 30 September 2017
- Net tangible assets per share as at 30 September 2017 was 13.7 cents.

ANNEXURE B: INDEPENDENT ADVISER'S REPORT
(CONTINUED)

4.6 Cash Flow

4.6.1 Capex

Table 4.3 shows Fliway's historical capital expenditure and depreciation.

Table 4.3: Capital expenditure and depreciation ($ thousand)

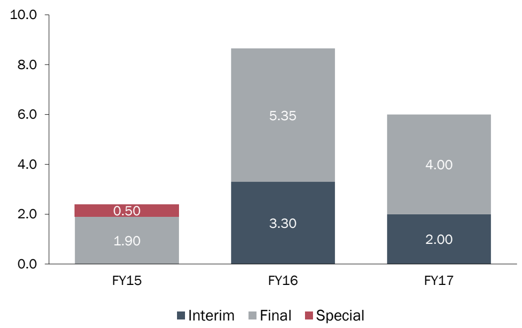
	2014 Actual	2015 Actual	2016 Actual	2017 Actual
Purchase of property, plant and equipment	3,714	4,605	2,600	3,373
Sale of property, plant and equipment	(297)	(264)	(131)	(246)
Net capital expenditure	**3,417**	**4,341**	**2,469**	**3,127**
Depreciation and amortisation	1,445	2,030	2,087	2,414
Net capital expenditure as a proportion of depreciation and amortisation	**236%**	**214%**	**118%**	**130%**

Fliway has budgeted for capital expenditure of $3.6 million and depreciation and amortisation of $2.4 million in FY18. Fliway management consider that long run capital expenditure to maintain its asset base will be approximately $3.4 million per annum, which is around $1 million higher than the annual accounting depreciation charge and consistent with the average amount of capital expenditure incurred between FY14 and FY17.

4.6.2 Dividends

Fliway has paid total dividends (fully imputed) of 8.65 cents per share in FY16 and 6.00 cents per share in FY17. The decline in dividend between FY16 and FY17 broadly aligned with a decline in earnings per share from 12 cents per share to 9 cents per share.

Figure 4.9: Fliway dividends (cents per share)



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4.7 Capital Structure and Ownership

Fliway has 45,437,910 ordinary shares on issue; and as at 25 October 2017, there were more than 1,000 registered shareholders. The top 20 shareholders accounted for 76.3% of the ordinary shares on issue.

Table 4.4: Share register as at 25 October 2017

Shareholder	Investor type	Shares	Percentage
Duncan Hawkesby & Gretchen Hawkesby	Managing Director	24,604,576	54.1%
New Zealand Central Securities Depository Limited	Retail	4,385,275	9.7%
Ace Finance Limited	Retail	803,500	1.8%
FNZ Custodians Limited	Retail	754,481	1.7%
Xinwei Investment (NZ) Limited	Retail	650,000	1.4%
Custodial Services Limited	Retail	624,835	1.4%
Forsyth Barr Custodians Limited	Retail	618,781	1.4%
Yong Zhong	Retail	467,836	1.0%
Chin Hwa Wu Yu	Retail	300,000	0.7%
Hsiao Pau Yu & Chin Hwa Wu Yu	Retail	300,000	0.7%
Roger John Williams	Retail	202,000	0.4%
Ronald James Woodrow	Retail	130,000	0.3%
Peter James Stewart	Retail	120,000	0.3%
Peter Bruce Sadler	Retail	100,901	0.2%
Brian Kelly Limited	Retail	100,000	0.2%
John Cameron & Susan Cameron	Retail	100,000	0.2%
Philip Meads & Janette Meads & Thomas Wright	Retail	100,000	0.2%
Roger Johnson & Cynthia Johnson	Retail	100,000	0.2%
Joe Longson & Peter Attewell & Margaret Longson	Retail	99,940	0.2%
William Aldridge & Gillian Aldridge	Retail	86,464	0.2%
Top 20 shareholders		**34,648,589**	**76.3%**
Remaining shareholders		10,789,321	23.7%
Total		**45,437,910**	**100.0%**

The major shareholder is Duncan Hawkesby and Gretchen Hawkesby (as trustees of the D&G Hawkesby Trust) who own 54.1% of Fliway. The remaining shares are widely held by retail investors either directly or through custodial services.

ANNEXURE B: INDEPENDENT ADVISER'S REPORT (CONTINUED)

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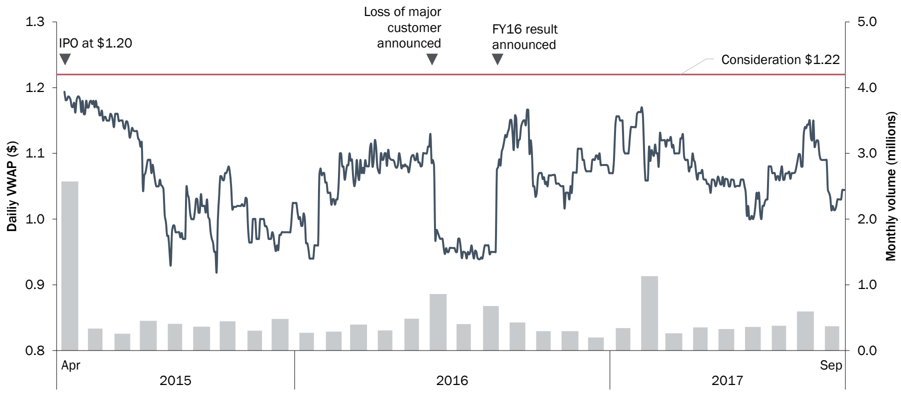
4.8 Share Price Performance

Figure 4.10 illustrates the share price and volume for Fliway shares since Fliway listed on the NZX Main Board in April 2015.

Figure 4.10: Fliway's share price and volume on NZX Main Board



Source: Capital IQ

Fliway's share price has declined following its listing in April 2015 at $1.20 per share and has traded broadly within a range of $0.91 per share to $1.20 per share. The share price decreased in June 2016 when the loss of a major customer was announced. This subsequently reversed when a better than expected FY16 result was announced in August 2016. Fliway Shares are widely held by retail shareholders.

Table 4.5: VWAP and volume to 25 October 2017

	Share Price Low	Share Price High	VWAP	Volume (million)	Proportion of Issued Capital
One month	$1.03	$1.08	$1.05	0.2	0.4%
Three months	$1.01	$1.18	$1.08	1.2	2.7%
Twelve months	$0.99	$1.18	$1.08	4.9	10.7%

Source: Capital IQ

Approximately 4.9 million Fliway Shares traded in the 12 months ended 25 October 2017, at prices between $0.99 and $1.18. The Offer Price of $1.22 per share represents a:

- premium of 13% to the share price of $1.08 on 25 October 2017;
- premium of 16% to the VWAP of $1.05 in the month ended 25 October 2017;
- premium of 13% to the VWAP of $1.08 in the three months ended 25 October 2017; and
- premium of 13% to the VWAP of $1.08 in the twelve months ended 25 October 2017.

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5 Valuation

5.1 Approach

There are four methodologies commonly used for valuing businesses:

- Discounted Cash Flow (**DCF**) analysis;
- Capitalisation of earnings;
- Estimate of proceeds from an orderly realisation of assets; and
- Industry rules of thumb.

These valuation methodologies are detailed at Appendix 3.

Each of these valuation methodologies is appropriate in different circumstances. A key factor in determining which methodology is appropriate is the actual practice commonly adopted by purchasers of the type of businesses involved.

We have adopted the capitalisation of earnings approach as the primary methodology to estimate the market value of Fliway. We consider this approach appropriate because Fliway's earnings have been relatively consistent over many years, indicating a degree of predictability.

We have undertaken two crosschecks to the capitalisation of earnings approach:

- **Property-adjusted earnings multiple:** Fliway does not own the land and buildings from which it operates, whereas many of its peers (e.g. Mainfreight) have a substantial investment in land and buildings. The effect of owning land and buildings is to shift the 'riskiness' of the business operations to be closer to that of a property investment company. Land and buildings typically have a lower yield than Fliway, which means that were Fliway to purchase its land and buildings, it's earnings multiple would be expected to be higher than it would otherwise. We have adjusted the earnings multiple implied by our capitalisation of earnings valuation, to make it comparable to a business which owns its land and buildings; and considered whether this multiple is reasonable, when compared to Fliway's peers.
- **Net tangible assets:** Many transport businesses have substantial property, plant and equipment. To the extent that these businesses earn an adequate return on investment, they will tend to be valued based on a multiple of earnings. However, where a business is performing poorly, it's value based on a multiple of earnings will often fall to below the value of its assets on a stand-alone basis. This can be observed with some of the listed Australian transport operators shown in Appendix 4 (Table A4.2). As a crosscheck, we have considered Fliway's net tangible assets, and compared to the value implied by our capitalisation of earnings valuation.

In circumstances such as the Proposed Transaction, our preference is generally to use the DCF and earnings multiple approaches to crosscheck one another. In undertaking a DCF valuation considerable judgement is needed in estimating future cash flows and the valuer generally places significant reliance on medium to long term projections prepared by management. Fliway does not prepare forecasts beyond the current year budget that reflect management's best expectation of how the business will perform. Therefore, we have not been able to undertake a DCF valuation, which is common for businesses of a comparable size to Fliway.

Any valuation, by its very nature, must attribute a current value that reflects the expected future financial performance of the subject business. Consequently, information regarding the expected future performance, such as financial projections, is vital to the valuation exercise. We have relied on the budget for FY18 prepared by Fliway management and approved by the Fliway board.

ANNEXURE B: INDEPENDENT ADVISER'S REPORT
(CONTINUED)

5.2 Capitalisation of Earnings

5.2.1 Earnings Multiple

To undertake a capitalisation of earnings valuation, it is necessary to determine an appropriate earnings multiple, which is then applied to an estimate of earnings.

Comparable earnings multiples are generally derived by benchmarking the entity being valued using transaction evidence available for comparable companies. Transaction evidence is typically sourced from:

- Earnings multiples based on the current share price of comparable listed companies.
- Earnings multiples based upon recent acquisitions of comparable companies.

Observed trading multiples need to be adjusted for factors such as relative size, growth, profitability, and risk. Also, observed transactions for listed entities are generally for small parcels of shares, and therefore typically exclude a premium for control that would normally apply to a 100% shareholding.

We have considered the earnings multiples for transport businesses based in New Zealand and Australia, many of which are larger than Fliway, have a greater investment in property, are exposed to different industries, and have different business models (owner-driver versus company owned vehicles).

When applying the capitalisation of earnings approach, many different earnings or cashflow measures can be applied. Commonly adopted multiples include EBITDA multiples, EBIT multiples and price earnings multiples. Price earnings multiples are commonly used in the context of the sharemarket. EBITDA and EBIT multiples are more commonly used in valuing whole businesses for acquisition purposes where gearing is in the control of the acquirer.

The choice between different earnings multiples is typically not critical and should give a similar result. EBITDA can sometimes be preferable if depreciation or non-cash charges distort earnings or make comparisons between companies difficult. However, care needs to be taken of factors such as level of capital expenditure needed for the business and the key differences between the subject company being valued and other comparable companies being used as valuation benchmarks.

We have adopted EBIT multiples to value Fliway, primarily because this should reduce (albeit not eliminate) the impact of the difference between Fliway's business model (company owned vehicles) and that of some of its peers (owner-driver vehicles). This cost of vehicles under an owner-driver model is as an operating expense (paid to contractors), whereas under a company-owned vehicles model, the part of the costs is in capital expenditure.

Comparable acquisition multiples

Figure 5.1 illustrates the earnings multiples for transactions involving broadly comparable Trans-Tasman transport and logistics companies (a description of the transactions is also set out in full in Appendix 4). These transactions have been selected based on the following criteria:

- the target company primary business is providing transport and/or logistics services
- the target company is based in either Australia or New Zealand
- the target company has an enterprise value above $5 million
- the acquirer held 100% of the target company on completion of the transaction.

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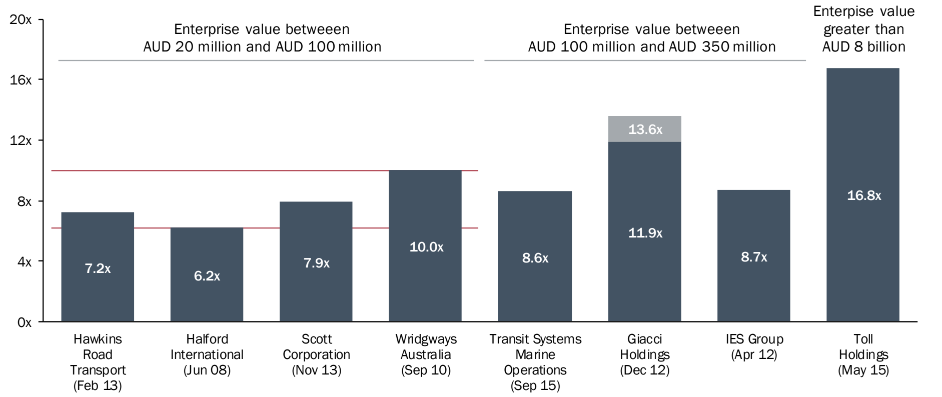
Figure 5.1: Acquisitions of transport and logistics companies – EBIT multiples[10]



Source: Capital IQ, independent advisers' reports and companies' announcements

The following factors are relevant when considering the acquisition multiples:

- Acquisition multiples typically include a premium for control, which usually reflects expected synergies, as well as the prevailing economic environment and other non-quantifiable factors.
- Many of the businesses acquired own substantial amounts of land and buildings. This contrasts with Fliway, which leases its properties. Businesses which own their own land and buildings typically have a lower weighted average cost of capital, and therefore higher EBIT multiples.
- All the identified transactions are in Australia, where they tend to be heavily dependent on the mining and petroleum industries. These industries have been depressed in recent years and this has weighed on the performance of the transport and logistics companies which service these industries.
- The comparable businesses are generally exposed to a range of different industries, with the most common being the resource sector, or fuel transportation.
- The acquisition multiples shown in Figure 5.3 are generally historical multiples, based on the companies' earnings in the most recently available 12 months prior to the transaction, with some of the earnings having been normalised by the companies involved in the transactions. Typically, assuming business earnings are increasing, forecast earnings multiples are lower than historical earnings multiples.
- Toll Holdings transacted at 16.8x normalised EBIT. We consider Fliway should have a significantly lower EBIT multiple than Toll Holdings, because it is significantly smaller and much less diversified.
- Excluding Toll Holdings, the comparable businesses were acquired for earnings multiples which range between 6.2x and 11.9x EBIT; and have median of 8.6x EBIT.
- For comparable businesses acquired at an enterprise value between AUD 20 million and AUD 100 million, the earnings multiples range between 6.2x and 10.0x EBIT; and have a median of 7.5x EBIT.

Comparable trading multiples

Figure 5.2 illustrates the forecast earnings multiples for broadly comparable Trans-Tasman transport and logistics companies which are currently listed (a description of the transactions is also set out in full in Appendix 4). We have selected these comparable companies based on the following criteria:

- the listed company primary business is providing transport and/or logistics services
- the listed company is based in either Australia or New Zealand
- the listed company has an enterprise value above $5 million

[10] Companies ordered by increasing EBIT.

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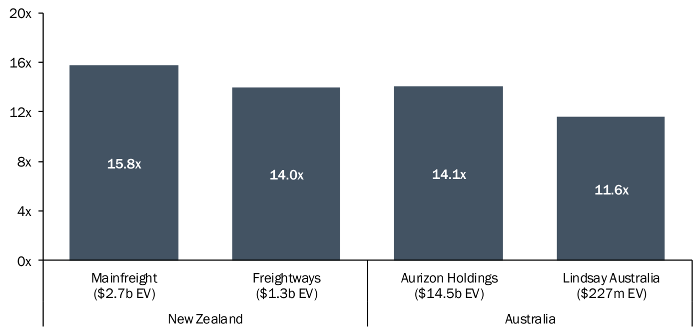
INDEPENDENT ADVISER'S REPORT
(CONTINUED)

- the listed company does not appear financially distressed (i.e. does not have materially more debt than equity). This is because such entities' reported values of debt and equity cannot be relied upon.

Figure 5.2: Selected listed transport and logistics companies – Forecast EBIT multiples[11]



Source: Capital IQ and the companies' financial accounts

There are fundamental differences between Fliway's operations and those of the comparable companies, including infrastructure sector mix; the mix of construction versus design services provided; growth prospects; and most notably size.

Mainfreight is a large diversified New Zealand based transport and logistics company which has extensive international operations. Mainfreight has experienced robust historical growth, increasing EBIT at 9.5% per annum between 2013 and 2017; and is forecast to continue to have robust growth over the next three years[12]. Mainfreight also has an extensive investment in land and buildings ($590 million at book value). We would expect Mainfreight to trade at a substantially higher EBIT multiple than Fliway.

Freightways is a Trans-Tasman business based in New Zealand. Freightways has express package delivery and information management operations. Freightways has experienced strong earnings growth in recent years, particularly in its Information Management operations. We would expect Freightways to trade at a substantially higher EBIT multiple than Fliway.

Aurizon Holdings provides integrated heavy haul freight railway services in Australia. This business is substantially larger than even Mainfreight. Given the nature of Aurizon's rail operations, a part of its business is a material part of its business is a monopoly, which has a regulated return. This significantly lowers the business risk faced by Aurizon (when compared to many other transport operators), but also limits the opportunity for organic growth. We would expect Aurizon to trade at a substantially higher EBIT multiple than Fliway.

Lindsay Australia provides transport, logistics, and rural supply services to the food processing, food services, fresh produce, rural, and horticultural sectors in Australia. Lindsay Australia's financial performance has declined in recent years, and its NTA per share is currently 1.5x its share price. One broker follows Lindsay Australia, and it is forecasting a 35% increase in EBIT for FY18. These factors indicate Lindsay is being priced with option-like characteristics (material upside if it recovers, and limited downside if it does not). We consider these factors mean Lindsay is a useful indicator of valuation but does not provide a direct comparison to Fliway.

We set out a wider range of comparable listed companies at Appendix 4. However, most of those companies have EBIT multiples much higher than Mainfreight. Investigation of these other comparable companies generally shows they have very low Price to NTA ratios, indicating that their financial earnings are low (relative to their invested assets), and they are being valued based either on an expected strong recovery in earnings, or net realisable assets. For completeness, we have considered Fliway's NTA as a broad crosscheck to our valuation.

[11] Companies ordered by increasing EBIT, converted to New Zealand dollars using current exchange rates.
[12] Median EBIT forecast by brokers indicates Mainfreight will have 11.9% compound annual growth over the next three years.

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Selection of earnings multiple range

We have assessed an earnings multiple for Fliway (excluding UPS-Fliway) at between 8.0x and 9.0x EBIT. For the purpose of our valuation, we have adopted the mid-point of this range. We have arrived at our estimate of an earnings multiple for Fliway, after considering:

- Comparable transactions under AUD 350 million have generally occurred between 7.2x and 10.0x EBIT (one outlier above, and one below this range). The median for transactions of similar size to Fliway[13] is 7.5x EBIT.
- The two New Zealand businesses which are broadly comparable (Mainfreight and Freightways) are large, have diversified operations and have experienced robust growth in recent years.
- Fliway's earnings have not shown material growth over the last six years, albeit there has been some volatility in its earnings and it is budgeting a stronger result in FY18, in line with its FY16 performance.
- Fliway does not own the land and buildings from which it operates.
- Fliway has some key customer concentration, and given its high fixed costs, losing a customer can have an immediate material impact on its business. Against this, Fliway has established its business to cater to its customers specific requirements, which means it should generally have strong customer retention.
- Fliway's ongoing capital expenditure requirements are in excess of its accounting depreciation charge.
- The size of Fliway's transport operations, relative to the comparable companies (both listed and acquired).
- The control premium that would apply to a 100% shareholding.

We have applied an earnings multiple of between 6.0x and 7.0x to UPS-Fliway's EBIT. This is less than the multiple applied to Fliway's core business, to account for a lack of control (50% ownership, and UPS controls operations).

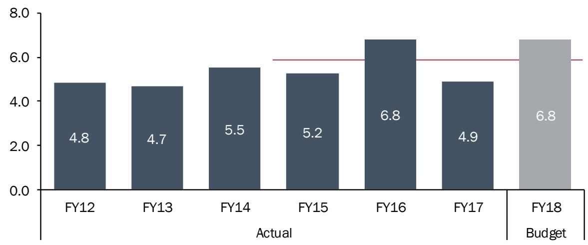
[13] Between AUD 20 million and AUD 100 million

ANNEXURE B: INDEPENDENT ADVISER'S REPORT (CONTINUED)

5.2.2 Normalised Earnings

Fliway's earnings, excluding UPS-Fliway, are illustrated at Figure 5.3.

Figure 5.3: Fliway EBIT excluding UPS-Fliway ($ million)



Source: KordaMentha analysis

The principal assumptions underpinning the FY18 budget are set out at section 4.2 of the Report and include:

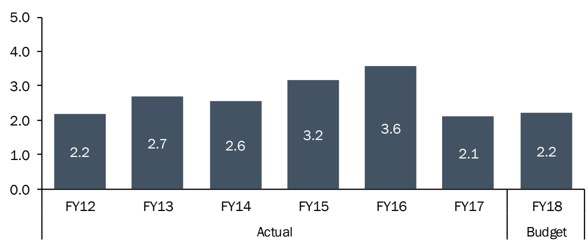
- Inflation of 2% per annum, which affects rent costs and general expenses.
- Salary and wage inflation of 3%.
- Domestic business EBIT is expected to increase due to recovering from the impact of the Kaikoura earthquakes as well as increased revenue (driven by a small number of new customers) and an expected improved margin (resulting from improved efficiency).
- International business EBIT is expected to remain relatively flat as a result of increased revenue being largely offset by increased salary and other costs.
- Overheads forecast at current run rates plus inflation.
- Reduced depreciation costs as computer software comes to the end of its accounting life and replacement is not yet necessary.

For our valuation, we have estimated Fliway's Normalised EBIT at between $5.9 million and $6.8 million, based on:

- Fliway's average EBIT over the last three years as well as FY18 Budget is $5.9 million.
- Fliway has budgeted $6.8 million EBIT in the current year.

We have estimated the UPS-Fliway joint venture's EBIT at $2.2 million per annum. This is equal to the current FY18 budget and slightly more than was earned in FY17. FY18 budget assumes financial performance broadly equal to that achieved in FY17. We note commercial terms were renegotiated in FY17 and therefore earlier years are not indicative of future financial performance.

Figure 5.4: UPS-Fliway EBIT ($ million)



Source: KordaMentha analysis

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5.2.3 Summary of Capitalisation of Earnings valuation

We have assessed the standalone value of Fliway's equity at between $1.04 and $1.24 per share, with a midpoint of $1.14 per share. The calculation is set out at Table 5.1:

Table 5.1: Capitalisation of earnings valuation ($ thousand, unless indicated otherwise)

	Low	High
Fliway EBIT – core operations	5,900	6,800
EBIT Multiple	8.5x	8.5x
Enterprise value (excl. UPS-Fliway)	**50,150**	**57,800**
UPS-Fliway EBIT	2,200	2,200
EBIT multiple	6.0x	7.0x
Shareholding percentage	50%	50%
UPS-Fliway	**6,600**	**7,700**
Combined enterprise value	56,750	65,500
Less net debt	(9,300)	(9,300)
Equity value	47,450	56,200
Shares (thousands)	45,438	45,438
Value per share	**$1.04**	**$1.24**

The following factors are relevant when considering the value of the Fliway's shares:

- We have assessed Fliway's EV in the range of $56.7 million to $65.5 million, based on the sum of:
  - Fliway's core operations, valued in the range $50.1 million to $57.8 million based on normalised EBIT between $5.9 million and $6.8 million, and an earnings multiple of 8.5x EBIT.
  - Fliway's share of UPS-Fliway, valued in the range $6.6 million to $7.7 million based on $2.2 million normalised EBIT, an earnings multiple range of 6.0x–7.0x EBIT, and Fliway's 50% shareholding in the joint venture.
- Net Debt is based on Fliway's net debt as at 30 September 2017.
- Fliway has 45,438,910 shares on issue, as at the date of this report.
- The range of $1.04 to $1.24 per Fliway share represents the pro rata value of 100% of Fliway, and therefore includes a premium for control.

Crosschecks to value

Fliway does not own the buildings it occupies. To make it more comparable to some of its peers, such as Mainfreight, we have adjusted Fliway's earnings and EV, assuming Fliway purchased the land and buildings from which it operates[14]. Based on our indicative analysis, Fliway would have an EBIT multiple approximately 40% higher were it to purchase its buildings. This means any value of Fliway would have an implied adjusted earnings multiple (comparable to Mainfreight) of 12.0x EBIT. While still less than Mainfreight's earnings multiple of 15.8x EBIT, we consider this residual variance to be reasonable given the other differences between the companies (scale, historical growth and relative exposures to different markets).

We have also considered Fliway's net tangible assets. This is important because those comparables shown in Appendix 4 which have recently performaned poorly tend to be valued based on their underlying assets (rather than their earnings). Fliway has $15.5 million operating assets, excluding goodwill and intangibles, which compares to our enterprise value range of $56.8 million to $65.5 million. This indicates Fliway should not be valued on its assets, as its earnings imply a much greater value.

[14] Fliway pays approximately $5.5 million rent per annum to occupy its land and buildings. For our analysis, we have assumed Fliway purchased the land and buildings at an average rental yield of 7.5%, and this was debt funded. The debt funding would increase enterprise value by approximately $73 million. We have assumed an increase in building depreciation at 1.5% of the purchase price (broadly equivalent to Mainfreight's building depreciation). The net impact would be a $4.4 million increase to Fliway's EBIT ($5.5 million less rent, and $1.1 million more depreciation) with offsetting increased interest costs.

ANNEXURE B: INDEPENDENT ADVISER'S REPORT (CONTINUED)

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Appendix 1: Sources of Information

Documents relied upon

Key information which was used and relied upon, without independent verification, in preparing this report includes the following:

- Fliway FY18 Budget
- Fliway's Annual Reports for 2015, 2016 and 2017
- Fliway's historical management accounts for FY12–FY17
- Fliway's IPO prospectus
- Fliway's investor updates and market announcements for 2016 and 2017
- Fliway's share register and trading information
- Corporate strategy documents prepared by Fliway
- Broker reports on Fliway prepared Forsyth Barr
- Capital IQ
- Comparable companies' announcements and annual reports
- Ministry of Transport, National Freight Demand Study, March 2014
- Statistics New Zealand, accessed 28 September 2017
- IBISWorld, Road Freight Transport in New Zealand, April 2017
- IBISWorld, Warehousing and Storage Services in New Zealand, August 2017
- IBISWorld, Customs Agency and Freight Forwarding Services in New Zealand, August 2017.

We have also had discussions with Fliway's management in relation to the nature of Fliway's business operations, and the known risks and opportunities for the foreseeable future.

Reliance upon information

In forming our opinion we have relied upon and assumed, without independent verification, the accuracy and completeness of all information that was available from public sources and all information that was furnished to us by Fliway and its advisers. We have no reason to believe any material facts have been withheld.

We have evaluated that information through analysis, enquiry and examination for the purposes of forming our opinion but we have not verified the accuracy or completeness of any such information. We have not carried out any form of due diligence or audited the accounting or other records of Fliway. We do not warrant that our enquiries would reveal any matter that an audit, due diligence review or extensive examination might disclose.

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Appendix 2: Qualifications and declarations

Qualifications

KordaMentha is an independent New Zealand Chartered Accounting practice, internationally affiliated with the KordaMentha group. The firm has established its name nationally through its provision of professional financial consultancy services with a corporate advisory and insolvency emphasis, and because it has no business advisory, audit or tax divisions, avoids any potential conflicts of interest which may otherwise arise. This places the firm in a position to act as an independent adviser and prepare independent reports.

The persons responsible for preparing and issuing this report are Michael Stiassny (BCom, LLB, CA); Shane Bongard (BCom (Hons)); and Shaun Hayward (BCom, BProp). All have significant experience in providing corporate finance advice on mergers, acquisitions and divestments, advising on the value of shares and undertaking financial investigations.

Disclaimers

It is not intended that this report should be used or relied upon for any purpose other than as an expression of KordaMentha's opinion as to merits of the proposed transaction. KordaMentha expressly disclaims any liability to any Fliway equity security holder that relies or purports to rely on the Report for any other purpose and to any other party who relies or purports to rely on the Report for any purpose.

This report has been prepared by KordaMentha with care and diligence and the statements and opinions given by KordaMentha in this report are given in good faith and in the belief on reasonable grounds that such statements and opinions are correct and not misleading. However, no responsibility is accepted by KordaMentha or any of its officers or employees for errors or omissions however arising (including as a result of negligence) in the preparation of this report, provided that this shall not absolve KordaMentha from liability arising from an opinion expressed recklessly or in bad faith.

Indemnity

Fliway has agreed that, to the extent permitted by law, it will indemnify KordaMentha and its partners, employees and officers in respect of any liability suffered or incurred as a result of or in connection with the preparation of this report. This indemnity does not apply in respect of any negligence, misconduct or breach of law. Fliway has also agreed to indemnify KordaMentha and its partners, employees and officers for time incurred and any costs in relation to any inquiry or proceeding initiated by any person except where KordaMentha or its partners, employees and officers are guilty of negligence, misconduct or breach of law in which case KordaMentha shall reimburse such costs.

Independence

KordaMentha does not have at the date of this report, and has not had, any shareholding in, or other relationship, or conflict of interest with Fliway that could affect its ability to provide an unbiased opinion in relation to this transaction. KordaMentha will receive a fee for the preparation of this report. This fee is not contingent on the success or implementation of the proposed transaction or any transaction complementary to it. KordaMentha has no direct or indirect pecuniary interest or other interest in this transaction. We note for completeness that a draft of this report was provided to Fliway and its advisers, solely for the purpose of verifying the factual matters contained in the Report. While minor changes were made to the drafting, no material alteration to any part of the substance of this report, including the methodology or conclusions, were made as a result of issuing the draft.

Consent

KordaMentha consents to the issuing of this report, in the form and context in which it is included, in the information to be sent to Fliway shareholders. Neither the whole nor any part of this report, nor any reference thereto may be included in any other document without the prior written consent of KordaMentha as to the form and context in which it appears.

ANNEXURE B: INDEPENDENT ADVISER'S REPORT (CONTINUED)

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Appendix 3: Valuation Methodologies

There are four methodologies commonly used for valuing businesses:

- Discounted Cash Flow (**DCF**) analysis;
- Capitalisation of earnings;
- Estimate of proceeds from an orderly realisation of assets; and
- Industry rules of thumb.

Each of these valuation methodologies is appropriate in different circumstances. A key factor in determining which methodology is appropriate is the actual practice commonly adopted by purchasers of the type of businesses involved.

Discounted cash flow

It is a fundamental principle that the value of an asset or business is represented by its expected future cash flows, discounted to present value at a rate which reflects the risk inherent in those cash flows. This approach, referred to as the DCF methodology, is particularly suited to situations where a business is in a growth phase or requires significant additional investment to achieve its projected earnings.

The DCF methodology requires considerable judgement in estimating future cash flows and the valuer generally places significant reliance on medium to long term projections prepared by management. The DCF valuation methodology can also be very sensitive to changes in underlying assumptions. Notwithstanding these limitations, DCF valuations are appropriate where current earnings are not representative of reasonable expectations of future earnings.

Capitalisation of earnings

The capitalisation of earnings methodology requires an assessment of the maintainable earnings of the business and the selection of an appropriate capitalisation rate, or earnings multiple. This methodology is most appropriate where there is a long history of relatively stable returns and capital expenditure requirements are neither large nor irregular. In practice, it is often difficult to obtain accurate forecasts of future cash flows and therefore the capitalisation of earnings methodology is often used as a surrogate for the DCF methodology.

Realisation of assets

The realisation of assets approach is based on an estimate of the proceeds from an orderly sale of assets. This methodology is more commonly applied to businesses that are not going concerns. The valuation result reflects liquidation values and typically attributes no value to any goodwill associated with on-going trading.

Industry rules of thumb

In some industries, businesses are valued using well established 'rules of thumb'. Generally these rules of thumb are used as a cross-check for other valuation methodologies.

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Appendix 4: Valuation Evidence

Comparable Transactions

Table A4.1 shows EBIT multiples for completed acquisitions of Trans-Tasman transport and logistics companies within the last 10 years.

Table A4.1: Comparable transport and logistics company transactions

Date	Target	Acquirer	Primary Location	Enterprise Value $ millions	EBIT multiple[15]
Sep 2015	Transit Systems (Marine)	SeaLink Travel Group	Australia	AUD 125	8.6x
May 2015	Toll Holdings	Japan Post Bank	Australia	AUD 8,057	16.8x
Nov 2013	Scott Corporation	K&S Corporation	Australia	AUD 84	7.9x
Feb 2013	Hawkins Road Transport	Scott Corporation	Australia	AUD 14	7.2x
Dec 2012	Giacci Holdings	Qube Logistics	Australia	AUD 128–146	11.9x–13.6x
Apr 2012	IES Group	McAleese Group	Australia	AUD 309	8.7x
Sep 2010	Wridgways Australia	Sante Fe Transport	Australia	AUD 87	10.0x
Jun 2008	Halford International[16]	Mainfreight	Australia	AUD 21	6.2x
Median					**8.7x**

Source: Capital IQ, financial statements and announcements and research reports

The comparable transactions are described below.

Transit Systems (Marine operations) – SeaLink Travel Group

SeaLink agreed to acquire the marine operations of Transit Systems for AUD 130 million in September 2015. Transit Systems' marine operations operated passenger and vehicle ferries in Australia.

Toll Holdings – Japan Post Bank

Japan Post Bank agreed to acquire Toll Holdings (Toll) for AUD 6.5 billion in February 2015, where Toll was subsequently delisted from the ASX. Toll retained its name and is now an operating division under Japan Post Bank's global operations. Toll provides fully integrated freight and logistics through its multiple subsidiaries and divisions, predominately throughout Australasia, Europe and the Middle East.

Scott Corporation– K&S Corporation

K&S Corporation acquired Scott Corporation (Scott) for AUD 43 million in cash and stock in November 2013. Scott provides transportation services predominately of hazardous and bulk materials by road, rail and coastal shipping in Australia. It also operates logistics services through its warehousing and distribution segments.

Scott Corporation owned minimal land and buildings (relative to its total value).

Hawkins Road Transport – Scott Corporation

Hawkins specialised in the distribution of fuel and petroleum products to the mining, aviation and retail consumer sectors in Australia. Hawkins had key customer concentration and key contracts in place for a limited period of time at the date of the acquisition.

[15] To the extent possible, multiples are based on historical earnings over the last 12 months of available earnings for the company, adjusted for any key anomalies identified by the target company or its independent expert at the time of the transaction.
[16] EBIT multiple is a KordaMentha estimate based on a disclosed 6x EBITDA multiple; and approximately $1,000,000 fixed assets acquired, for which we have assumed $200,000 depreciation per annum.

ANNEXURE B: INDEPENDENT ADVISER'S REPORT (CONTINUED)

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Giacci Holdings – Qube Logistics Holdings

Giacci was a family owned company and was acquired by Qube in February 2012.

Giacci provided bulk haulage, handling and storage services in Australia. It also owned strategic sites, including some land which was surplus to operating requirements. At the time of the acquisition, Qube advised the market that Giacci offered significant 'cross sell' opportunities across both businesses' customer bases.

The purchase price included AUD 18 million of deferred consideration, subject to earnings. The low-end of the multiple range in Table A4.1 excludes deferred consideration, and the high end includes 100% of the deferred consideration.

IES Group – McAleese Group

IES Group provided transport and other logistics services to the resource, energy, aviation and chemical industries, primarily in Australia. The acquisition expanded and diversified McAleese's operations to include bulk haulage and liquid fuel distribution.

Wridgways Australia – Sante Fe Transport

Sante Fe Transport along with EAC Moving & Relocation Services, acquired Wridgways Australia in September 2010.

Wridgways Australia provided removal, relocation and storage services for households and businesses, such as the hotel and resorts industry, including all packing and unpacking.

Halford International – Mainfreight

In July 2008, Mainfreight exercised a call option to acquire Halford International for AUD 21 million. Halford International provided logistical solutions including freight forwarding and customs brokerage in Australia and internationally. Halford International also provided warehouse and distribution services. The company now operates as a subsidiary of Mainfreight.

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Comparable Companies

Table A4.2 shows EBITDA multiples for publicly listed companies in the transport and logistics industry in New Zealand and Australia. These companies are multi-disciplinary companies who operate across multiple sub sectors in the industry and are generally much larger than Fliway, with the exception of Lindsay Australia, CTI Logistics and Chalmers.

Table A4.2: Comparable transport and logistics companies

Primary location	Company	Enterprise Value $ millions[17]	EBITDA multiples		EBIT multiples		Price/ NTA
			LTM[18]	NTM[19]	LTM	NTM	
New Zealand	Mainfreight Limited	2,735	14.6x	12.5x	17.8x	15.8x	6.6x
	Freightways Limited	1,333	13.4x	12.1x	15.2x	14.0x	NM
Australia	Aurizon Holdings Limited	14,474	9.1x	8.7x	15.1x	14.1x	2.0x
	Qube Holdings Limited	5,034	22.6x	16.4x	51.2x	28.8x	2.2x
	K&S Corporation Limited	359	6.5x	n/a	29.1x	n/a	1.1x
	Lindsay Australia Limited	227	6.6x	5.1x	20.8x	11.6x	1.5x
	CTI Logistics Limited	118	7.9x	n/a	18.6x	n/a	1.2x
	Chalmers Limited	34	7.8x	n/a	36.6x	n/a	0.7x
Median			**8.5x**	**12.4x**	**19.6 x**	**14.3 x**	**1.5x**

Source: Capital IQ, financial statements and announcements and research reports

The comparable companies are described below.

Mainfreight

Mainfreight provides supply chain logistics solutions in New Zealand, Australia, the Americas, Asia, and Europe. It offers warehousing, domestic distribution, and international air and ocean freight forwarding services.

The company was founded in 1978 and is based in Auckland, New Zealand.

Freightways

Freightways provides express package and business mail services, and information management services primarily in New Zealand and Australia. It operates through express package and business mail, information management, and corporate segments. The company provides network courier services under brands such as, New Zealand Couriers, Post Haste Couriers, Castle Parcels and NOW Couriers brands. The company offers its services through its network, as well as through alliances with international express package operators.

Freightways Limited was founded in 1964 and is based in Penrose, New Zealand.

K&S Corporation

K&S Corporation provides transportation and logistics, contract management and warehousing and distribution, and fuel distribution services primarily in New Zealand and Australia. The company operates in three segments: Australian Transport, Fuels, and New Zealand Transport. It provides road, rail, and coastal sea forwarding for full and break bulk loads. The company also manages distribution services, as well as provides equipment and personnel. Further, the company transports bulk solids, liquids, and dangerous goods by road, rail, and sea; and aviation refuelling services and aviation fuel supply solutions to airports and bulk fuel customers.

K&S Corporation is headquartered in Truganina, Australia.

[17] Enterprise value converted to New Zealand Dollars.
[18] Last Twelve Months – based on available financial accounts and Capital IQ.
[19] Next Twelve Months – based on broker forecasts sourced from Capital IQ.

ANNEXURE B: INDEPENDENT ADVISER'S REPORT (CONTINUED)

Aurizon Holdings

Aurizon Holdings operates an integrated heavy haul freight railway operator in Australia. It transports various commodities, such as mining, agricultural, industrial, and retail products; and retail goods and groceries across small and big towns and cities. In addition, it transports bulk freight for miners, primary producers, and the manufacturing industry.

Aurizon Holdings is headquartered in Brisbane, Australia.

Qube Holdings

Qube Holdings provides logistics services for clients in import and export cargo supply chains in Australia. The company's Logistics segment offers services relating to the import and export of containerized cargo. This segment provides various services, which includes physical and documentary processes and tasks of the import/export supply chain, such as road and rail transport of containers to and from ports, operation of full and empty container parks, customs services, warehousing, and international freight forwarding, as well as bulk rail haulage services. Its Ports & Bulk segment offers logistics services relating to the import and export of non-containerized freight with a focus on automotive, bulk, and break bulk products; and an integrated logistics solution for the automotive industry.

Qube Holdings is based in Sydney, Australia.

Lindsay Australia

Lindsay Australia provides transport, logistics, and rural supply services to the food processing, food services, fresh produce, rural, and horticultural sectors in Australia. It operates through transport and rural segments. The transport segment is involved in the cartage of general and refrigerated products, and ancillary sales. The Rural segment sells and distributes a range of agricultural supply products.

The company is headquartered in Acacia Ridge, Australia.

CTI Logistics

CTI Logistics provides transport and logistics services in Australia. It operates through three segments: Logistics, Transport, and Property. The company offers transport services, such as couriers, parcels, taxi trucks, fleet management, heavy haulage, line haul, and freight forwarding services. It also provides warehousing and distribution services, including contracted distribution centre, overflow warehousing, temperature controlled storage, pick and pack, bulk product storage and stock control management services.

CTI Logistics is based in West Perth, Australia.

Chalmers

Chalmers provides road transportation, logistic, warehousing, tank and container storage in Australia. It operates through Transport, Containers, and Property segments. The company offers container transportation services primarily for importers and exporters. It also provides logistic services, including packing and unpacking general and specialized cargo that comprises machinery, steel, wine, personal effects, and food stuffs; and handling of break bulk steel products. In addition, the company offers quarantine services; warehousing and distribution, cross docking/LCL deliveries and in-transit storage and reefer monitoring services. Further, it operates container parks that provide integrated container service facilities comprising handling, repair, sale, washing, and lining of containers.

Chalmers is headquartered in Yarraville, Australia.