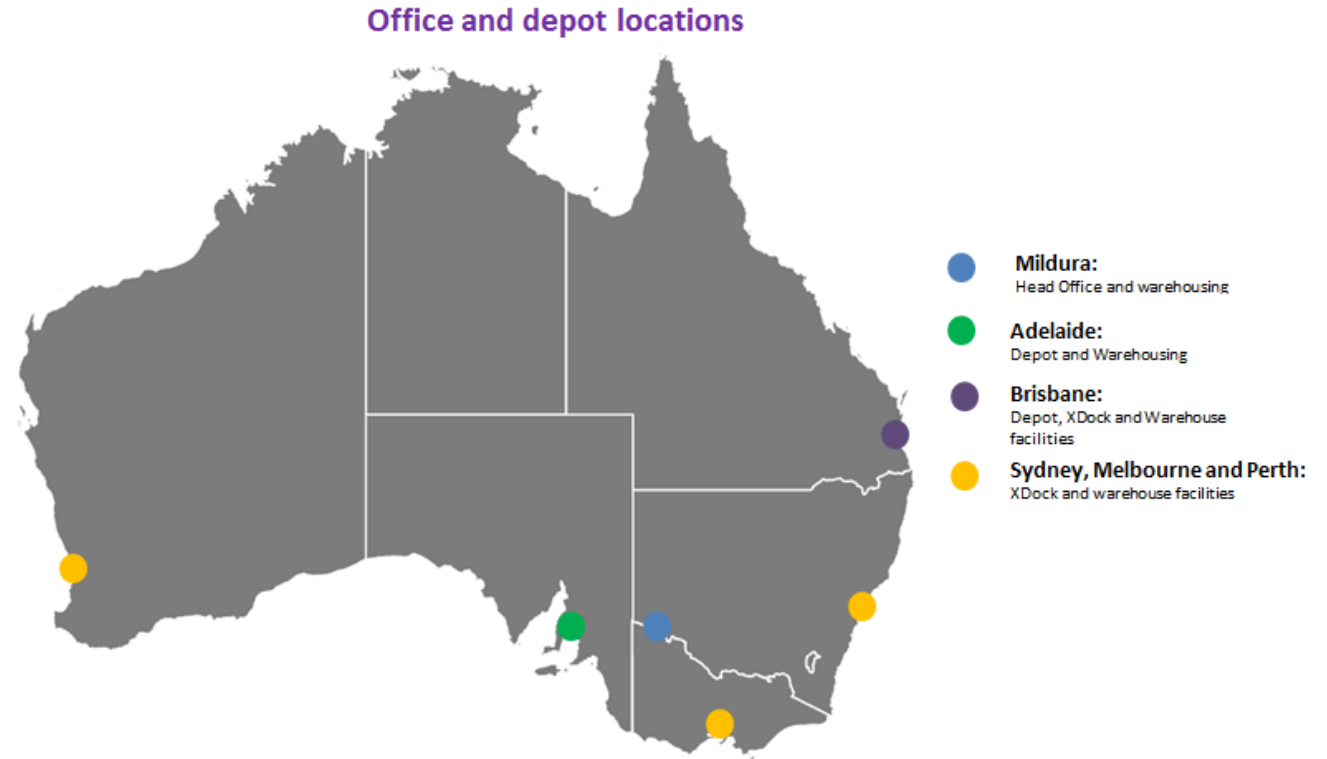




Ben Chatfield | CFO | GTS Freight Management

GTS Freight Group

- Commenced operation in 1980 - rapid growth over last 15 years
- GTS Freight Group is a privately owned full service logistics company based in Mildura Victoria, a key regional and capital city transport hub
- GTS Freight Group comprises:
 - **GTS Freight Management Pty Ltd**
 - **G1 Logistics Pty Ltd**
 - **G1 Refrigerated Logistics Pty Ltd**
- The GTS Group operates a nation-wide fleet of over 150 prime movers and over 450 trailers
- Group has a major focus on the Food Supply Chain and Wine and Beverage industry (glass and finished product)
- With a total storage capacity of >32,000m², the GTS Group is able to offer customers a fully integrated logistics solution, combining freight and warehousing services



GTS Freight Group major customers



TREASURY WINE ESTATES



AUSTRALIAN VINTAGE LTD



Accolade
Wines

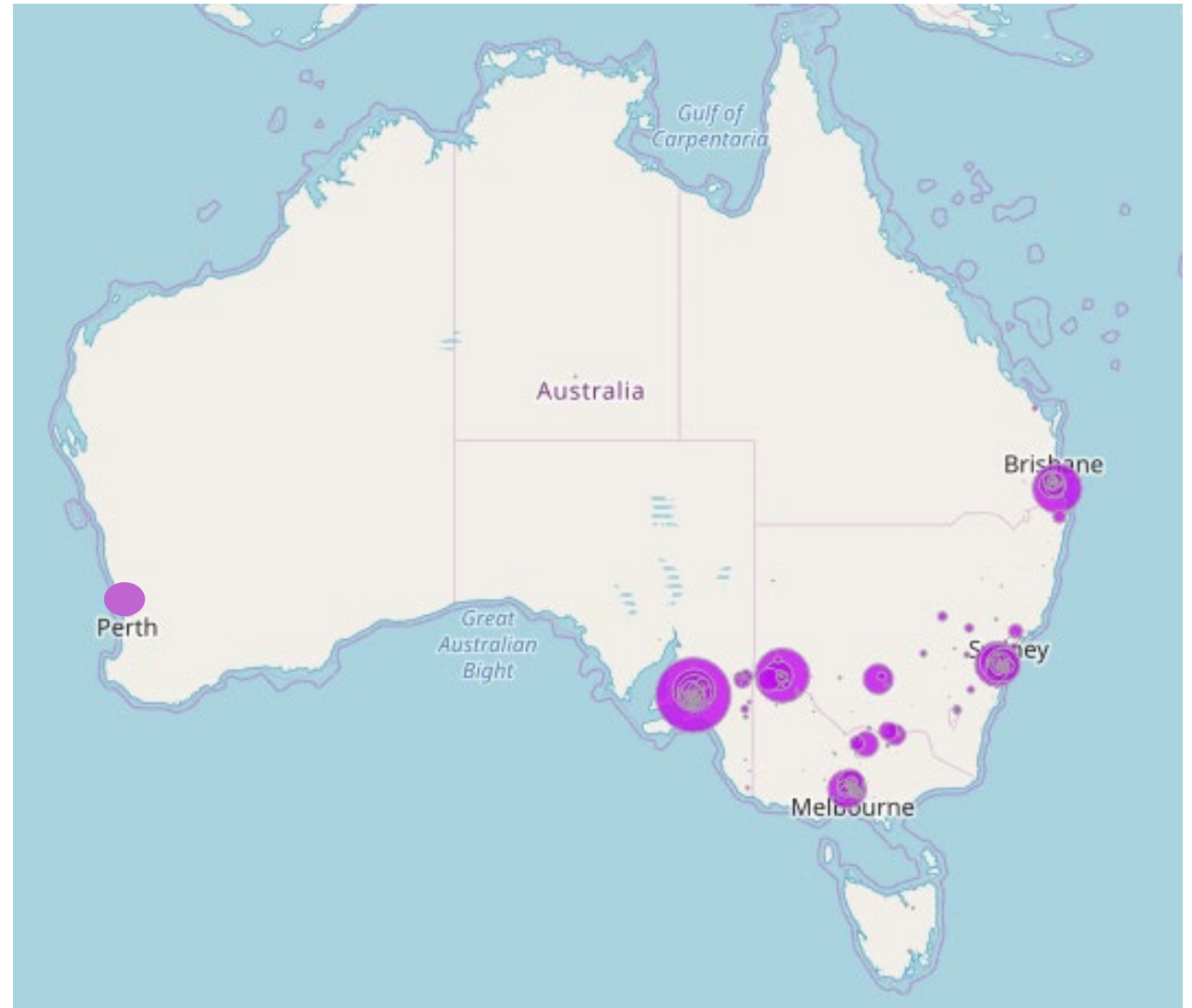


Pernod Ricard Australia

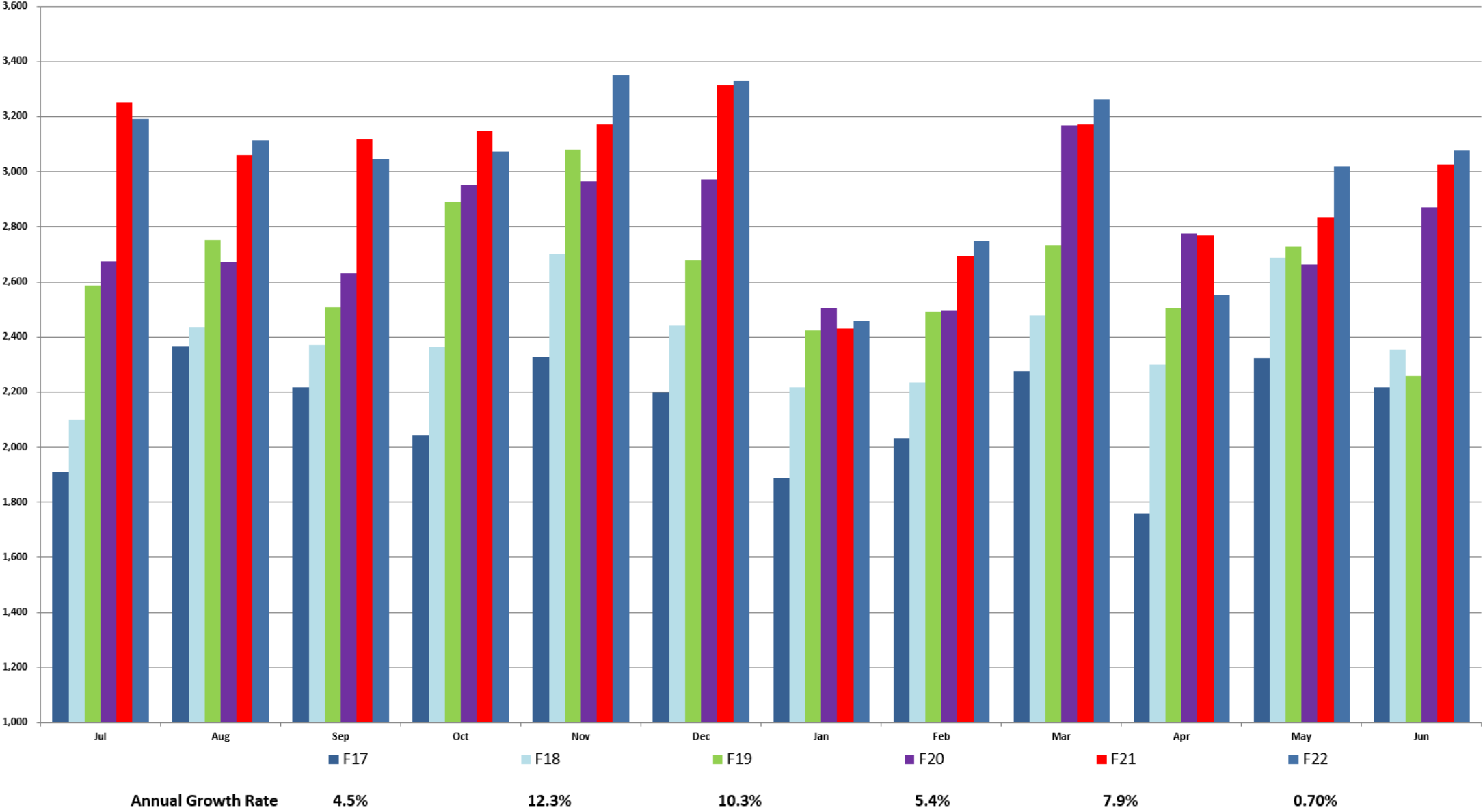


GTS Coverage

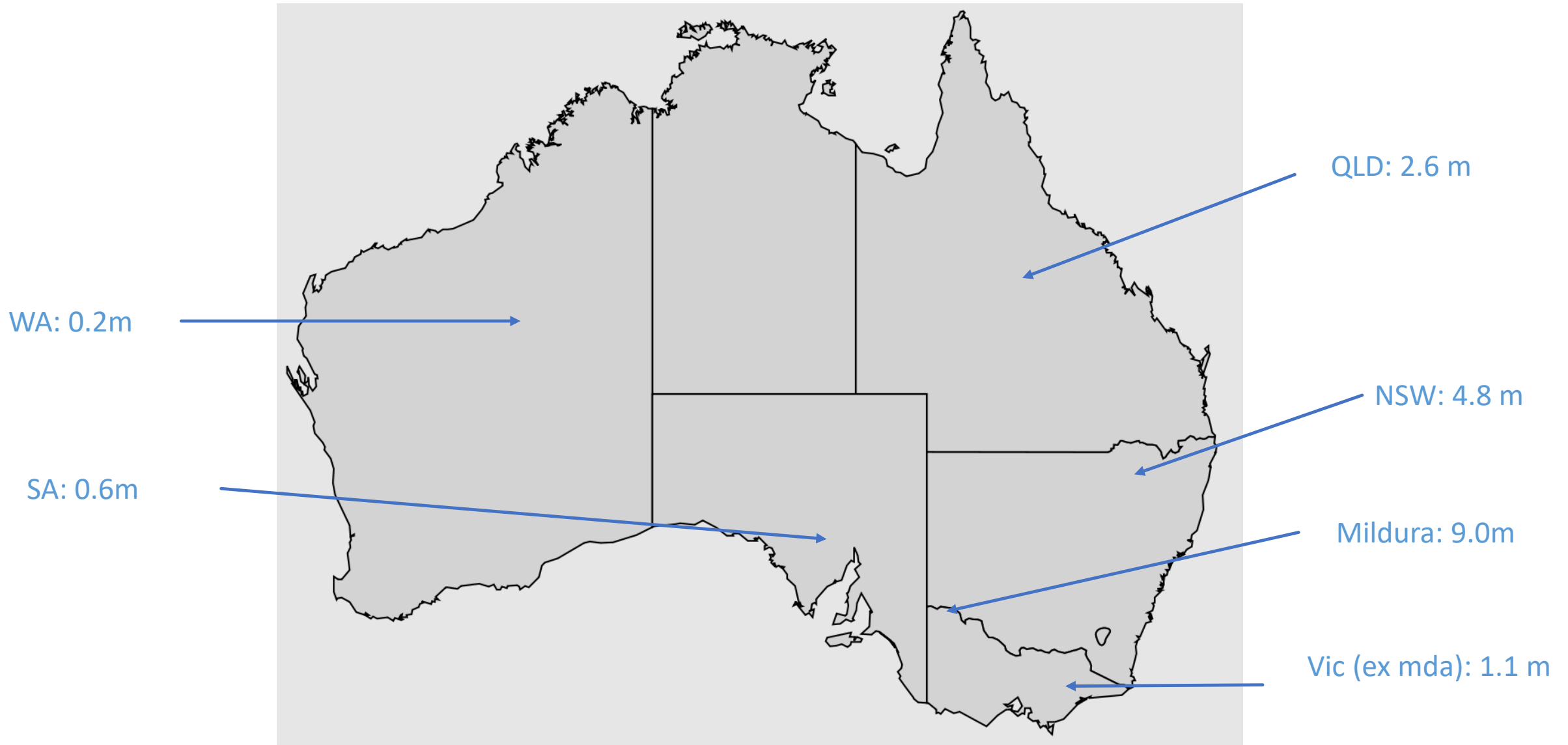
- GTS Freight Group operates on a national basis across the eastern seaboard (and also Perth)
- Less than 10% of revenue from Mildura
- Focus on Adelaide – Brisbane/Sydney lanes due to geographical location of headquarters and customer base
- Total of 37.1M Km travelled in F21 – Averaging over 148'km daily
- Resource allocation is challenging operationally – need to ensure correct freight mix



GTS Group – Production (km)



Annual Diesel Consumption Litres (2020)



2020 Total Diesel Consumption - 18,300,000 litres

Customer Demands

- **Major customers stipulate fleet requirements in contracts:**
 - Minimum Euro 5 or 6
 - Evidence of sustainability initiatives (i.e. tyre recapping)
- **Strong focus on reduction in emissions into the future:**
 - Woolworths: reduction of 65% by 2030
 - Coles: zero net gas emissions by 2050
- **What role does the transport industry play in this?**
 - Continued demand for road freight services into the future
 - Emission reductions via:
 - Higher capacity trailers (i.e. B-triples, Road Trains)
 - Improvements in prime mover emissions

Previous trials at GTS

Due to our very consistent freight volumes, GTS has taken part in a number of manufacturer field trials. 2 of the most recent are as follows:

- **Cummins/Kenworth Trial**

- GTS part of a long term field trial with X15e6 engine platform in Kenworth K200
- Cummins first Euro 6 equivalent engine
- Aim of trial was to maximise fuel efficiency
- Positive results (GTS purchased truck at end of trial)

- **Penske MAN Euro 6c trial**

- As part of our large purchase of Euro 6 MAN D38 prime movers, GTS was provided with the first Euro 6c Man prime mover in Australia as a long term demonstrator
- Euro 6c is the next level of emissions reductions.
- Long term tests very positive with an improvement in fuel efficiency from existing Euro 6 prime movers

Is Hydrogen an option for linehaul road transport?

- Fuel
 - Location of refuelling points – on road, on site (bulk), on site production, distances between facilities
 - Providers of hydrogen – who is supplying it? What does the national distribution network look like?
 - Cost of hydrogen? How does it compare to diesel?
 - Storage technology – can we safely and efficiently store hydrogen?
- Capacity
 - What range (KM) can be achieved?
 - What is the load rating of the prime mover? (currently our fleet is minimum of 90 tonnes gross)



Is Hydrogen an option for linehaul road transport?

- Servicing & Maintenance
 - Skillsets to service hydrogen trucks (already seeing skills shortages for diesel mechanics)
 - Service schedules (comparable with current fleet?)
 - On road support (what happens with on road breakdowns?)
- Performance
 - Average Trip Times
 - Driver acceptance
 - Fuel efficiency
- Safety Acceptance
 - Adequate training of technicians, drivers and emergency services personnel
 - Ignition source?

Is Hydrogen an option for linehaul road transport?

- Reliability
 - Need to be able to demonstrate real world reliability (DIFOT is our key KPI with customers)
 - Reliability has a major influence in our purchasing decision making process.
- Manufacturers
 - Traditional prime mover manufacturers do not currently offer hydrogen options in Australia.
 - Who are going to be the major players? What networks do they have in Australia?
 - Confidence in the manufacturer and product
- Cost of Equipment
 - What is the cost of a hydrogen power prime mover?
 - Do the ongoing benefits outweigh the upfront costs?

Potential trial of Hydrogen Prime Mover

- Given existing infrastructure, a trial would be best suited to regular point to point task with refuelling at each end.
- GTS Mildura depot to GTS Adelaide depot would be ideal route:
 - 800Km round trip
 - Large volumes of freight (consistency of freight)
 - High utilisation – potential of 2 return trips daily – 1,600km daily
 - Quality road network between depots
 - Ability to gather large volume of field trial data (fuel economy, reliability, trip times, driver feedback)
- Financial considerations:
 - GTS keen to explore possibility of long term field trial, however, would need financial support to make it commercially viable.
 - Approximate cost of existing prime mover is \$350,000. Cost of comparable hydrogen trucks likely to be 2 – 3 times this amount (this is still largely unknown due to the limited number of suppliers currently in the market).
 - Ongoing operating costs?
 - Guarantee of fuel supply



FREIGHT MANAGEMENT SINCE 1980

GTS

Thank you