

# Freightways Annual Shareholders Meeting Presentation

23 October 2024

Presenters:

**Mark Cairns**  
Chairman

**Mark Troghear**  
Chief Executive

# Chairman's Address

**Mark Cairns**  
Chairman



# Agenda

1. Procedural Matters
2. Chairman's Review
3. CEO's Strategy and Trading Update
4. Questions
5. Resolutions



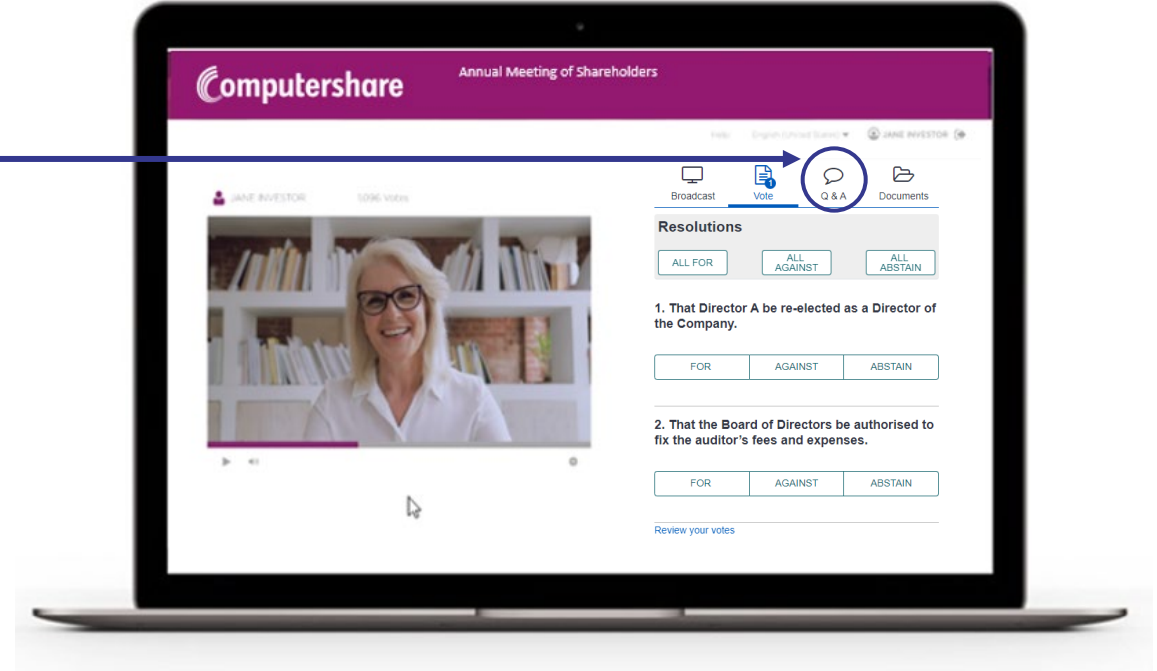
## Shareholder & Proxy Holders

# Q&A Participation



Click **Q&A** and select your voting direction.

- Select the Q&A tab on the right half of your screen at any time.
- Type your question into the relevant field and press “submit”
- If you need support, you can also add your query to the same Q&A tab and a Computershare representative will be in touch.
- Alternatively, call Computershare on **0800 650 034**



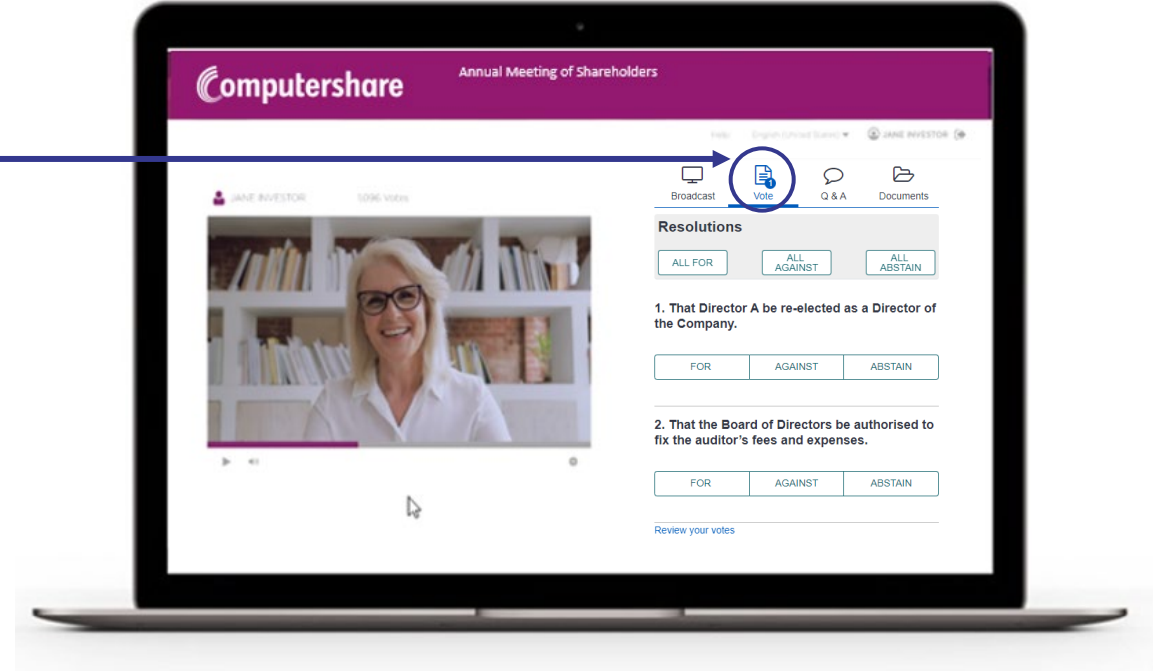
## Shareholder &amp; Proxy Holders

# Voting



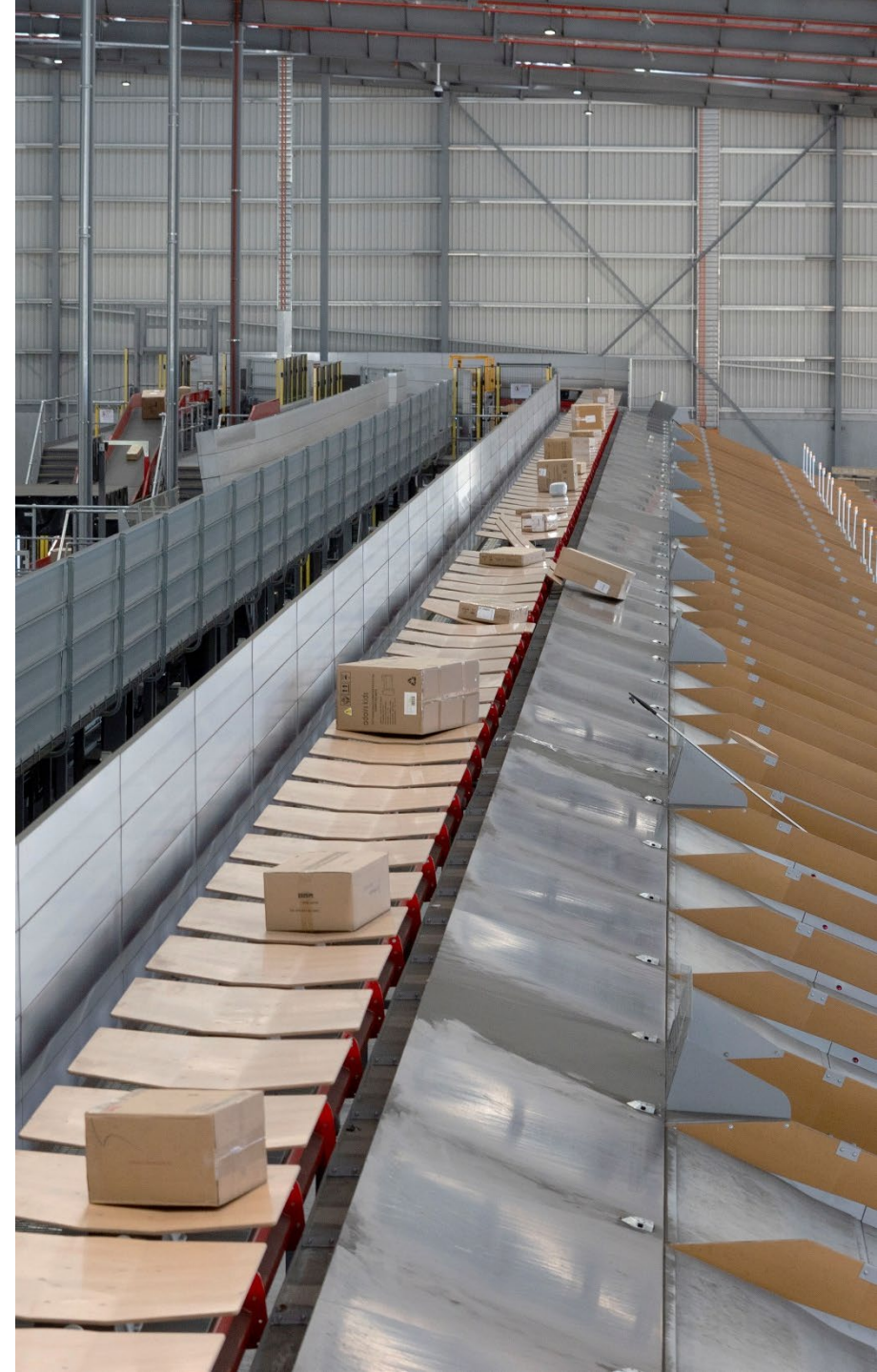
Click **Vote** and select your voting direction.

- Once the voting has been opened, the resolutions and voting options will allow voting.
- To vote, simply click on the **VOTE** tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.
- Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.



## FY24 Performance

- The economic environment has been challenging in NZ and to a lesser extent Australia
- In that context the result is seen as resilient with a broad based same-customer decline in activity offset by;
  - Revenue growth – especially in Australia bolstered by the performance of Allied, and
  - Market share gains achieved in all of our businesses
- Labour markets were tight through the first half of FY24 but had eased and largely returned to normal by the end of the year
- During the year there was investment in;
  - Two oversize sortation systems for Allied Express,
  - A medical waste processing facility for Med-X in Victoria, and
  - A new Big Chill 3PL site at Ruakura



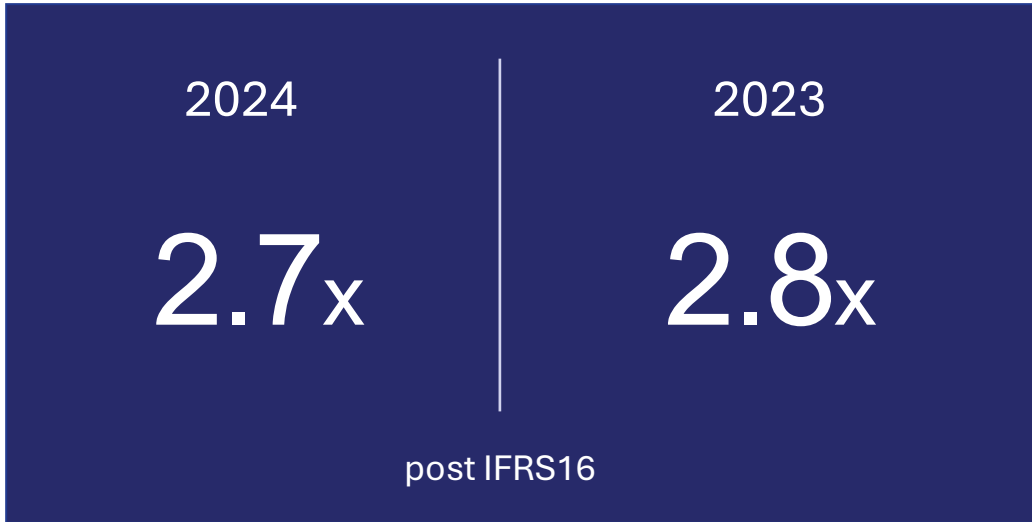
## FY24 Group Highlights



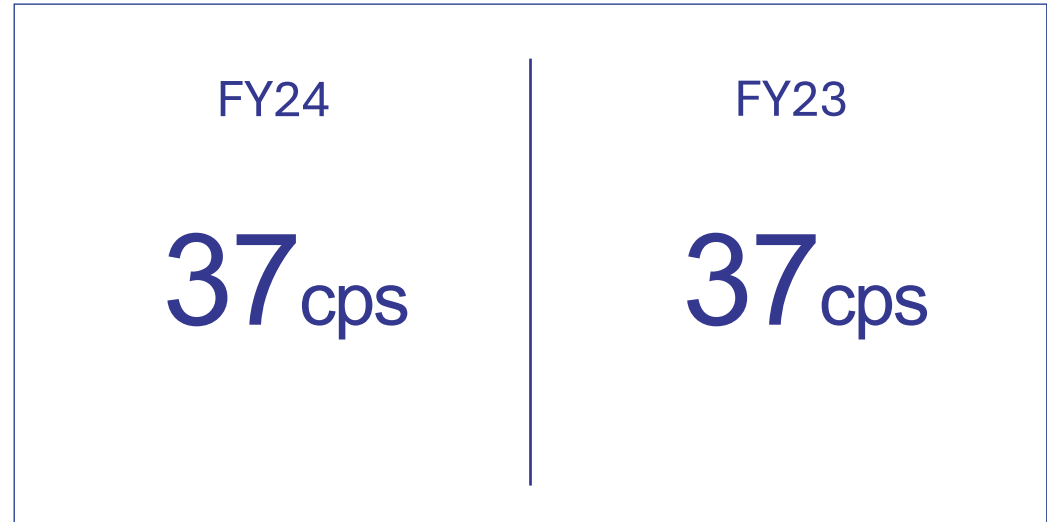
\* Non-GAAP (Generally Accepted Accounting Principles)

# Gearing and Dividend FY24

## Net Debt | EBITDA



## Dividend



cps - Cents Per Share



## Climate Related Disclosures

- FRW released our first Climate Related Disclosure statement a few days ago, following 4 years reporting under the TCFD framework.
- This is a complex piece of work for a business structured as we are, with relatively autonomous business units and lean corporate teams. We are doing a lot of work to ensure the quality of the way we capture and report emissions as well as transition to a less GHG-intensive way of operating.
- The majority of our emissions are linked to the vans and trucks operated by our contractors. Key for us is to understand in detail the economics of different technologies available to them, and to provide the right remuneration, support and incentives to support their transition to lower emission vehicles.



# Mark Rushworth

Retiring from the Freightways Board of Directors



*NEW ZEALAND*  
**COURIERS**

**60**  
**YEARS**

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**Keeping New Zealand  
Business Moving**

**Since 1964**

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NEW ZEALAND  
COURIERS  
**60**  
YEARS  
SINCE  
1964

# Strategy & Trading Update

**Mark Troghear**  
Chief Executive Officer



## Three Horizons of Growth

# Key Strategic Initiatives



### Express Package

- B2B - national delivery
- B2C - courier and mail
- Oversize parcels

1. Project Evolve: deliver a pricing and billing platform to enable pricing for effort for local and other underpriced items
2. Scale Oversize revenue in NZ and AU



### Temperature Controlled

- Refrigerated national transport
- Temperature controlled 3PL
- Same day refrigerated delivery

1. Implementation of a new Transport Management System will provide improved visibility and performance data for customers
2. Demand for Ruakura 3PL services has exceed expectations, objective is to scale to 95% utilisation by the end of FY25



### Information Management

- Document Destruction
- Digitalisation
- E-Commerce 3PL

1. Drive market share gains in storage driven by cross-selling from Digitalisation
2. New 2-year A\$15m digitisation project underway with a strong pipeline of project and annuity opportunities in both AU and NZ



### Waste Renewal

- Document Destruction
- Medical Waste
- High-Value Waste Recycling

1. VIC processing plant will drive growth and be profitable in FY25
2. Continue to source circular loop solutions for hard to recycle waste

# Our ESG Update



## SDG3 Good Health & Wellbeing

- Maintain high standards of Health & Safety in employment
- Target Injury Reduction year on year with a focus on critical risks



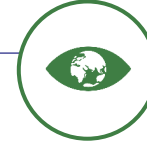
## SDG8 Decent Work & Economic Growth

- Our commitment is to improve contractor return year on year
- Learning & Development. We will continue to invest in training our people so 80% or more of our promotions come from within.



## SDG 9 Industry, Innovation & Infrastructure

- We aim to have a customer churn of less than 2% of revenue.
- We are committed to continued growth over three horizons.



## SDG 13 Climate Action

- GHG Emissions. We are committed to reduce our emissions over time for Scope 1, 2 and 3.
- The average age of linehaul vehicles within our direct control is four years or less.
- Committed to assist in the development of the circular use of waste.

# Q1 Trading Update





## Q1 Consolidated Performance - Unaudited

- Revenue growth – driven by market share and price given subdued same-customer activity
- Yet to see any green-shoots in the NZ economy but things have not worsened for us
- Positive improvement in margin across the both divisions v the pcp
- Labour costs = up 3.5% for the year across FRW
- Corporate costs higher – mostly related to one-offs and CRD consultancy

	Notes	Q1 FY25 \$m	Q1 FY24 \$m	Change %
Operating Revenue		319.6	298.0	7.2
EBITDA (non-GAAP)	1	61.5	55.4	11.0
EBITA (non-GAAP)	2	39.6	36.5	8.5
NPAT	3	19.0	18.3	4.1

**Notes:**

- Results in this table are after adjustments for NZ IFRS16 (Leases).
  - Refer to appendices for reconciliation to results before NZ IFRS16.
1. Operating profit before interest, tax, depreciation and amortisation
  2. Operating profit before interest, tax and amortisation
  3. Net profit after tax

Q1

## Express Package & Business Mail - Unaudited

- EPNZ performance commendable in depressed economic conditions
- Initiatives around efficiency, price & market share gains have driven performance
- Price up circa 5% in NZ EP
- Item count v LYR is flat for Q1 (excluding Temu)
- Allied benefitting from continued growth and efficiency from sortation
- Big Chill delivered revenue and earnings growth via 3PL, transport still flat
- Project Evolve (billing and courier pay system renewal) cost \$750k in Q1

	Notes	Q1 FY25 \$m	Q1 FY24 \$m	Change %
Operating Revenue		262.4	246.0	6.7
EBITDA (non-GAAP)	1	37.8	34.4	9.9
EBITA (non-GAAP)	2	33.4	30.4	9.9
EBITA Margin		12.7%	12.4%	

**Notes:**

- Results in this table are before adjustments for NZ IFRS16 (Leases).
- Refer to appendices for reconciliation to results after NZ IFRS16.

1. Operating profit before interest, tax, depreciation and amortisation
2. Operating profit before interest, tax and amortisation

Q1

## Information Management - Unaudited

- A positive Med-X performance has assisted the IM division (versus a weaker pcp)
- Med-X VIC plant up and running and producing small profit
- Paper prices are stable on the pcp
- Digitisation work flowing through as expected
- Q1 FY24 had the headwind of the residual of a large NZ digitalisation project

	Notes	Q1 FY25 \$m	Q1 FY24 \$m	Change %
Operating Revenue		58.5	52.9	10.6
EBITDA (non-GAAP)	1	10.0	8.4	19.0
EBITA (non-GAAP)	2	7.8	6.4	21.9
EBITA Margin		13.3%	12.1%	

**Notes:**

- Results in this table are before adjustments for NZ IFRS16 (Leases).
- Refer to appendices for reconciliation to results after NZ IFRS16.

1. Operating profit before interest, tax, depreciation and amortisation
2. Operating profit before interest, tax and amortisation

FY25

## Outlook

- The economic climate is clearly still tough in NZ - we expect H1 to remain subdued and we are hopeful of a return to modest organic growth in H2 (aided by OCR drops, some sectors overlapping a soft pcp)
- AU is slightly more buoyant, but with no OCR cuts expected before Christmas
- Our focus is on restoring margins for both divisions in FY25 and FY26 as modest organic growth occurs. Progress has already been made in Q1 FY25
- Pleased with investments made in FY24 – Big Chill (Ruakura), MDX (Victoria), Allied (NSW and VIC sortation systems) – that will all yield benefits in FY25
- Active M&A pipeline of synergistic and complementary opportunities



Volumes expected to remain stable despite tough economic conditions.



Focus on restoring margins.



Disciplined M&A approach, with opportunities being explored.

## Questions



If you wish to ask a question, please simply raise your hand.



For those joining online, select the “Q&A” tab on the right half of your screen at any time.



Type your question into the field and press “Send”.



Your question will be immediately submitted.

## Resolutions

1. That Mark Cairns be re-elected as a director of Freightways
2. That Abigail Foote be re-elected as a director of Freightways
3. That Fiona Oliver be re-elected as a director of Freightways
4. That the directors are authorised to fix the Auditors' remuneration



# 1. Mark Cairns

Re-elected as a Director of Freightways





## 2. Abby Foote

Re-elected as a Director of Freightways







# 3. Fiona Oliver

Re-elected as a Director of Freightways





## 4. Auditors Remuneration

That the directors are authorised to fix the Auditors' remuneration



# Questions or Other Business

**Thank you.**

# Disclaimer

**Read this presentation with the financial statements:** The financial results in this presentation should be read in conjunction with the financial statements for the full year ended 30 June 2024, which can be found in the Freightways full year results announcement available on the NZX and ASX platforms.

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# Appendices

## Group Financial Summary – For the Financial Year Ended 30 June 2024

	Notes	FY24 \$m	FY23 \$m	Change %
Operating Revenue		1,209.2	1,121.6	7.8
EBITDA (non-GAAP)	1	229.1	214.9	6.6
EBITA (non-GAAP)	2	149.0	145.3	2.5
NPATA (non-GAAP)	3	83.6	86.6	(3.5)
NPAT	4	70.9	75.3	(5.8)
Basic Earnings Per Share (cents)		39.8	43.1	(7.7)

**Notes:**

- Results in this table are after NZ IFRS16 (Leases).
  - Pcp includes 9 months Allied contribution only
1. Operating profit before interest, tax, depreciation and amortisation
  2. Operating profit before interest, tax and amortisation
  3. Net profit after tax before amortisation
  4. Net profit after tax

## Express Package & Business Mail – For the Financial Year Ended 30 June 2024

	FY24 \$m	FY23 \$m	Change %
Operating Revenue	999.1	911.1	9.7
EBITDA (non-GAAP)	181.9	169.8	7.1
EBITA (non-GAAP)	128.4	125.4	2.4
NPAT	76.6	78.1	(1.9)

**Notes:**

- Results in this table are after NZ IFRS16 (Leases).
- Pcp includes 9 months Allied contribution only



## Information Management – For the Financial Year Ended 30 June 2024

	FY24 \$m	FY23 \$m	Change %
Operating Revenue	214.4	214.3	-
EBITDA (non-GAAP)	57.5	56.4	2.0
EBITA (non-GAAP)	32.3	32.7	(1.2)
NPAT	17.7	18.0	(1.7)

**Notes:**

- Results in this table are after NZ IFRS16 (Leases).

## Reconciliation of Post-NZ IFRS16 to Pre-NZ IFRS16 (Unaudited)

### Freightways Group

Freightways Group	Q1 FY25	Q1 FY25	Q1 FY25	Q1 FY24	Q1 FY24	Q1 FY24
	\$M	\$M	\$M	\$M	\$M	\$M
	POST NZ IFRS16	NZ IFRS16 ADJUSTMENT	PRE NZ IFRS16 (NON-GAAP)	POST NZ IFRS16	NZ IFRS16 ADJUSTMENT	PRE NZ IFRS16 (NON-GAAP)
Operating Revenue	319.6	-	319.6	298.0	-	298.0
EBITDA (non-GAAP)	61.5	(17.9)	43.6	55.4	(15.1)	40.3
EBITA (non-GAAP)	39.6	(3.0)	36.6	36.5	(2.5)	34.0
NPATA (non-GAAP)	22.1	0.8	22.9	21.6	0.9	22.5
NPAT (GAAP)	19.0	0.8	19.8	18.3	0.9	19.2

**Notes:**

- EBITDA, EBITA and NPATA are non-GAAP measures

## Reconciliation of Pre-NZ IFRS16 to Post-NZ IFRS16 (Unaudited)

### Express Package & Business Mail

Express Package & Business Mail	Q1 FY25 \$m	Q1 FY24 \$m	Change %
Operating Revenue	262.4	246.0	6.7
EBITDA (before NZ IFRS16)	37.8	34.4	9.9
Add: NZ IFRS16 adjustment	12.5	9.9	26.3
EBITDA (after NZ IFRS16)	50.3	44.3	13.5
EBITA (before NZ IFRS16)	33.4	30.4	9.9
Add: NZ IFRS16 adjustment	1.8	1.5	20.0
EBITA (after NZ IFRS16)	35.2	31.9	10.3

**Notes:**

- EBITDA and EBITA are non-GAAP measures

## Reconciliation of Pre-NZ IFRS16 to Post-NZ IFRS16 (Unaudited)

**Information Management**

Information Management	Q1 FY25 \$m	Q1 FY24 \$m	Change %
Operating Revenue	58.5	52.9	10.6
EBITDA (before NZ IFRS16)	10.0	8.4	19.0
Add: NZ IFRS16 adjustment	5.3	5.1	3.9
EBITDA (after NZ IFRS16)	15.3	13.5	13.3
EBITA (before NZ IFRS16)	7.8	6.4	21.9
Add: NZ IFRS16 adjustment	1.1	1.0	10.0
EBITA (after NZ IFRS16)	8.9	7.4	20.3

**Notes:**

- EBITDA and EBITA are non-GAAP measures

# Freightways Annual Shareholders Meeting Presentation

23 October 2024

Presenters:

**Mark Cairns**  
Chairman

**Mark Troghear**  
Chief Executive