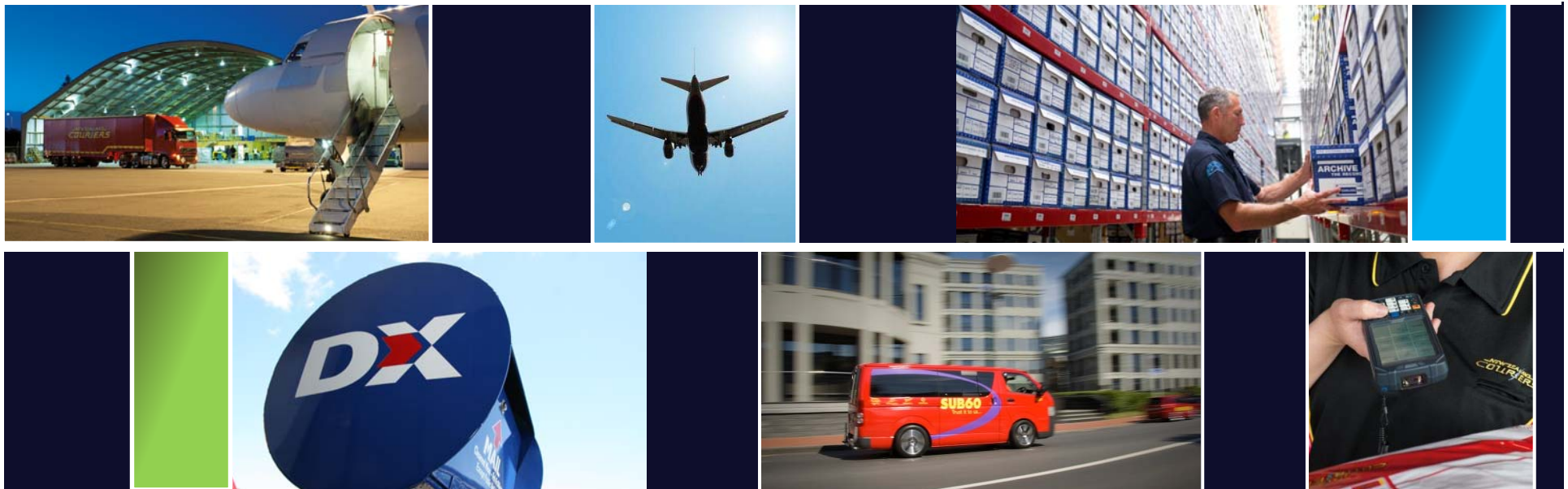


Freightways Full Year Presentation

13 August 2012



This presentation relates to the Freightways Limited NZX announcement and media release of 13 August 2012

As such, it should be read in conjunction with, and is subject to, the explanations and views contained in those releases

This full year result is drawn from audited financial statements prepared in accordance with NZ GAAP

Agenda

- 2012 Full Year Highlights
- Operating Performance
- Business Strategy
- Outlook



2012 Full Year Highlights



General Highlights

- Result above the prior year in all respects and a record for the company
- Successful execution of growth strategies across both divisions
- Recent acquisitions add further depth to FRE's presence in the Australasian IM market
- Reduced funding costs following re-negotiation of finance facilities

Financial Highlights

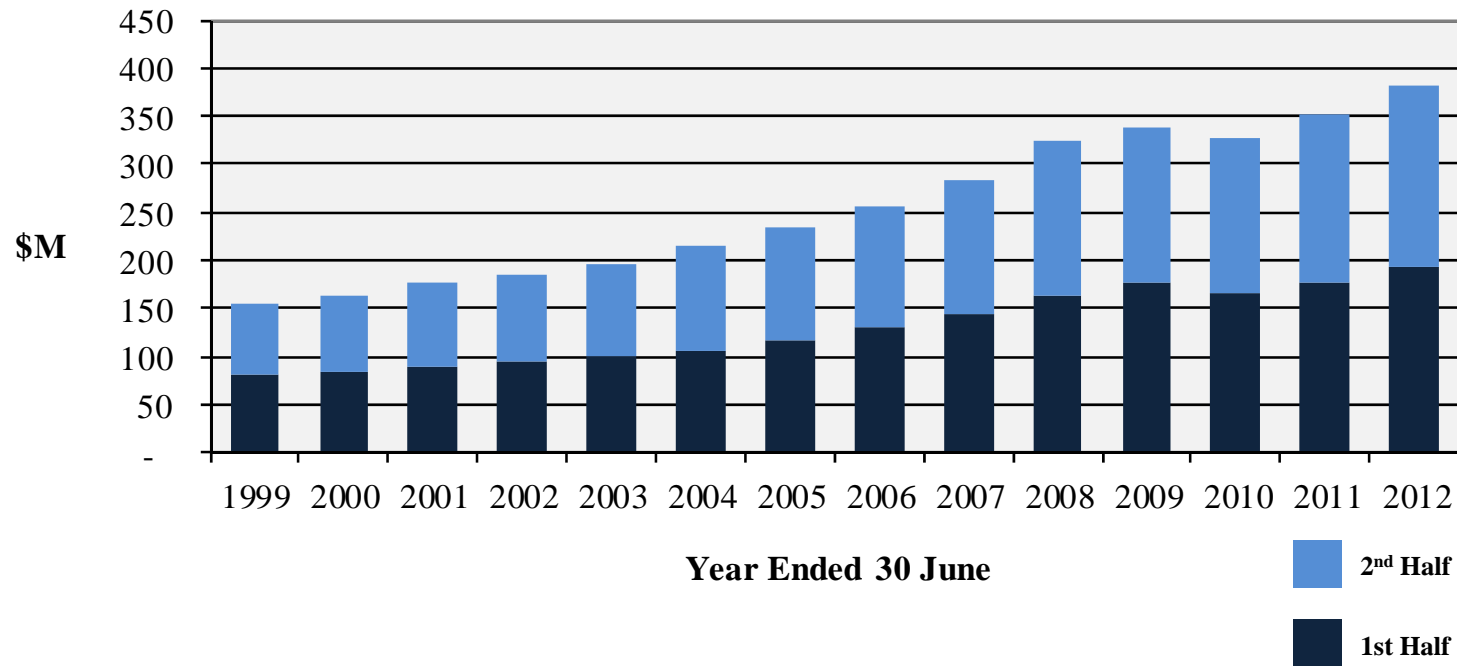
	Jun-12 \$M	Jun-11 \$M	Increase %
Operating Revenue	382	353	8%
EBITDA*	72	66	9%
EBITA*	62	57	9%
NPAT*	36	31	17%

* June-12 excludes non-recurring earthquake income \$1.5m (\$1.0m net of tax)
 (June-11 excludes non-recurring earthquake costs \$1.3m (\$0.9m net of tax))

Operating Performance

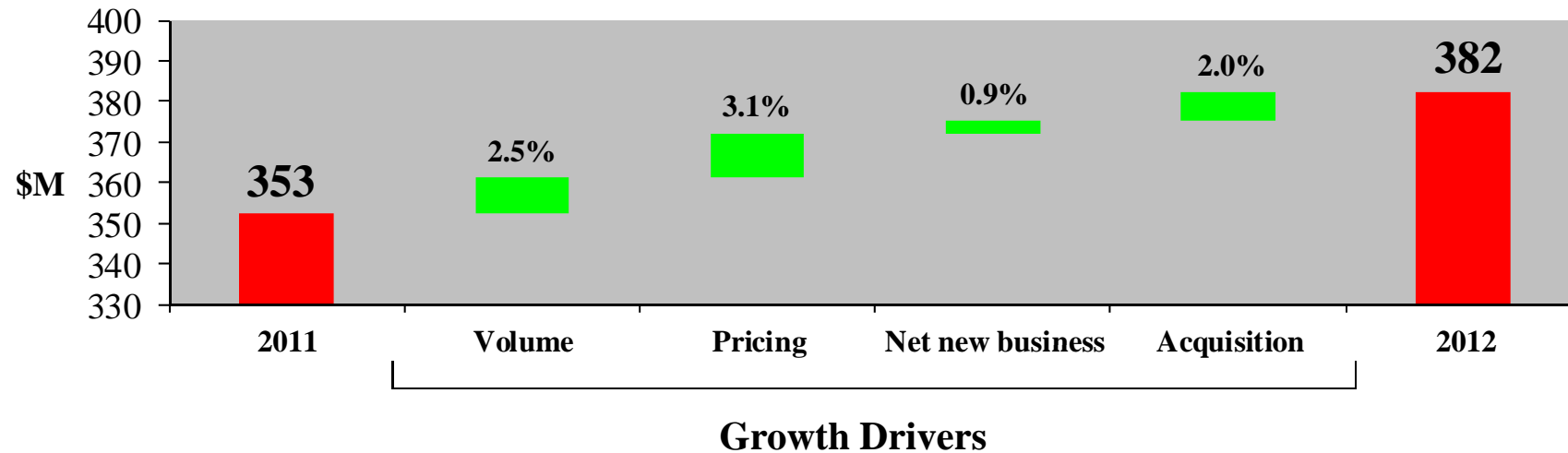


Operating Revenue

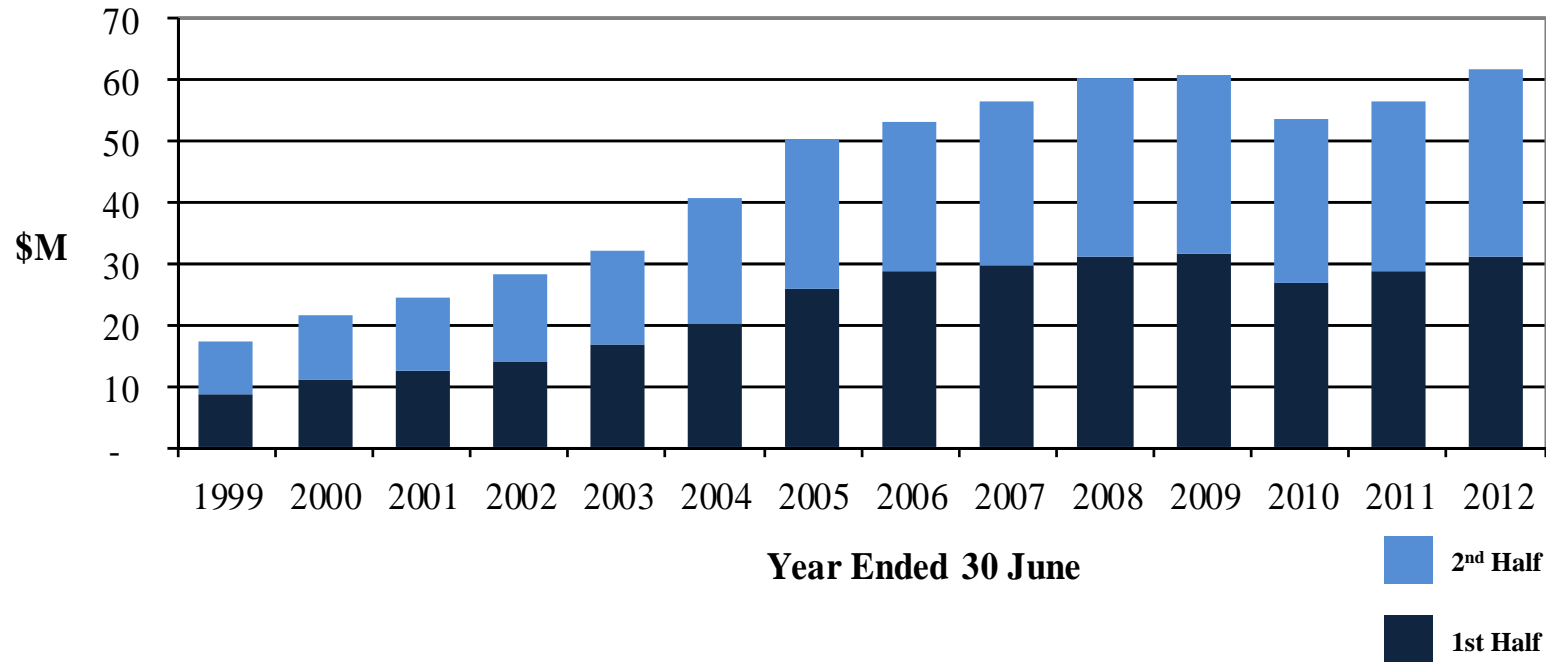


- 8% higher revenue compared to PCP
- 10-year compound average annual revenue growth of 7.5%

Where Revenue Growth Has Come From



EBITA*



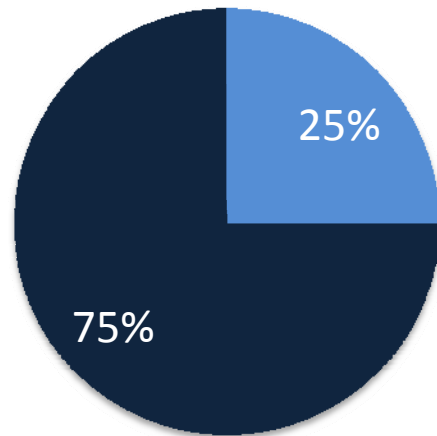
- 9% higher EBITA compared to PCP
- 10-year compound average annual EBITA growth of 8%

* FY2012 excludes non-recurring net earthquake insurance proceeds of \$1.5m (FY2011 excludes non-recurring net earthquake costs \$1.3m)

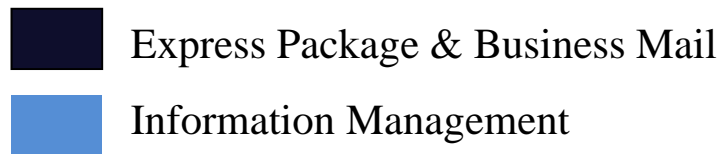
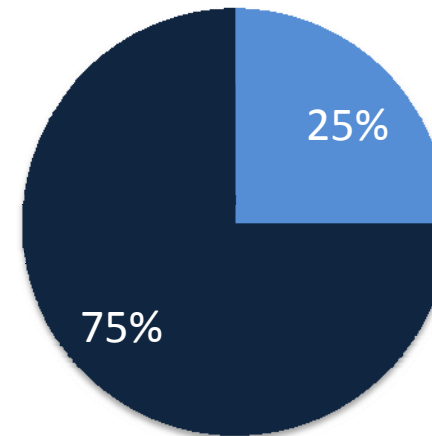
Business Segments

Operating Performance (Full year to 30 June 2012)

Revenue



EBITA



Express Package & Business Mail

	Jun-12 \$M	Jun-11 \$M	Increase %
Operating Revenue	292	278	5%
EBITDA	53	50	7%
EBITA	48	45	8%
EBITA Margin	17%	16%	

Information Management

	Jun-12 \$M	Jun-11 \$M	Increase %
Operating Revenue	92	76	21%
EBITDA	21	17	18%
EBITA	16	14	18%
EBITA Margin	18%	18%	

Balance Sheet – Key Points

- Total Assets and Total Liabilities have increased since FY11 by \$38m and \$33m, respectively, primarily as a result of acquisition payments of \$22m and capital expenditure of \$15m
- Bank borrowings have increased since FY11 by NZD11m and AUD8m; largely to fund acquisitions
- No significant changes in issued capital during the year
- Debt to debt & equity ratio of 50% (48% in FY11) in part reflecting additional borrowings to fund acquisitions
- Fair value of derivative financial instruments has increased as a liability since FY11 as market interest rates fall further below FRE's fixed interest rates

Cash Flow – Key Points

- Cash inflows from operating activities - \$7m up on PCP due to improved trading performance
- Cash outflows from investing activities - \$22m higher than PCP as a consequence of acquisitions completed during the year
- Cash outflows from financing activities – lower by \$20m compared to PCP as a result of cash inflows from increased borrowings to fund acquisitions

Subsequent Event – Final Dividend

- Interim dividend: 9.5 cps
- Imputation credits: 4.07 cps
- Supplementary dividend: 1.6765 cps
- Record date: 14 September 2012
- Payment date: 1 October 2012
- No DRP offered in respect of the 2012 Final Dividend

Finance Facilities Renewal

- Multi-currency facilities: NZD110m & AUD70m
- Syndication: Existing 3 banks continue as lenders
- Effective date: 1 September 2011
- Maturity profile: Spread evenly across 3, 4 and 5 year tranches
- Pricing: Improved by 110 points
- Banking covenants: Unchanged

Strategy



Business Strategy

- Develop organic growth opportunities
- Diversification: Industry and Geography
- Positioning, People, Performance, Profit
- Explore complementary acquisition and alliance opportunities

Express Package & Business Mail

Network Courier	Point-to-Point	Business Mail	Support
			
			
			
			
			

Information Management

	New Zealand	Australia
Document Storage		 
Data Storage		
Document Destruction		

Capital Expenditure

	2012 Actual	2013 Forecast
Capital Expenditure	\$15m	\$14m
Depreciation	\$10m	\$12m

Outlook



Outlook

- Potential further adverse impact on NZ and Aust economies as a result of issues relating to the global economy that will inevitably influence our business performance, nevertheless we expect gradual overall improvement in the sectors that we operate in, as has been experienced recently
- If EP&BM growth from existing customers can be maintained, earnings improvement is expected to be sustained
- IM expected to deliver sound year-on-year earnings improvement despite capacity investment and lower paper prices
- FRE continues to seek and develop strategic growth opportunities

Conclusion



Conclusion

- FRE has delivered a result that is above the prior year in all respects and a record for the company
- This result again demonstrates the resilience of FRE, the positive features of the industries it operates in, the high quality of its subsidiary businesses and its teams of people
- Subject to business factors beyond its control, FRE is well positioned to reap benefits from further market improvement

Freightways Full Year Presentation

13 August 2012

