

ANNUAL SHAREHOLDERS MEETING

A. CHAIRMAN'S INTRODUCTION

Slide 1. Freightways - 29 October 2020, Annual Shareholders Meeting

Slide 2. Mark Verbiest, Chairman

Shareholders and guests, welcome to Freightways' Annual Shareholders Meeting. I am Mark Verbiest and I am the Chairman of Freightways.

Today we are running this physical meeting, but also a Virtual Meeting over the internet. Welcome to all those online as well.

Before we proceed, for those in the room here today, I would like to point out some housekeeping matters. The bathrooms are located along the corridor. In the unlikely event of an emergency, you will be required to evacuate and assemble outside the building in a designated safe area. Should this occur please exit the room through the rear doors and follow the directions of Eden Park staff. Please also take this opportunity to switch your mobile phones to silent.

Slide 3. Agenda

I would now like to run through the structure of the meeting.

- I will begin with procedural matters, introduce the Freightways Board and some of the team to you, and then summarise some of the Company's 2020 highlights. I will then ask Mark Troughear, Freightways' Chief Executive Officer, to provide an overview of the Company, an update on current trading performance and a commentary on our outlook for the rest of the financial year.
- I ask that you hold all questions about the performance of the Company until the close of the CEO's presentation and direct them through me. Any questions related to formal resolutions outlined in the Notice of Meeting should be asked when we consider those resolutions.
- Following the CEO's presentation and questions relating to the management of the company, I will introduce the formal resolutions as outlined in the Notice of Meeting and polls will be held in respect of them. The polls will be conducted following the meeting.
- The Notice of Meeting, which includes the explanatory notes, was circulated to all shareholders and I intend to take it as read.

The Company's constitution prescribes a quorum requirement of 3 shareholders. As a quorum is present, the meeting is duly constituted and I declare it open.

Proxies have been appointed for the purpose of this meeting in respect of approximately 70.5 million ordinary shares. As was indicated on the proxy form, where proxy discretion has been given, the Directors, and I as Chairman, intend to vote those proxies we have received in favour of the 2 resolutions set out in the Notice of Meeting. As requested by the New Zealand Shareholders Association, we will not disclose the voting of valid proxies received for each resolution before shareholders vote today, and as usual we will declare the outcome of the polls after the meeting on the NZX.

Today's meeting is also being held online via the Lumi platform. This allows Shareholders, Proxies and Guests to attend the meeting online via live webcast.

Like our shareholders in the room, online shareholders and proxies can ask questions and submit votes. To ask a question press on the speech bubble icon.

Voting today will be conducted by way of a poll on both items of business. In order to provide you enough time to vote, I will shortly open voting for both resolutions.

For those attending online, once I open the voting, and if you are eligible to vote at this meeting, a new polling icon will appear.

Selecting this icon will bring up a list of resolutions and present you with your voting options. To cast your vote simply select one of the options. There is no need to hit a submit or enter button as the vote is automatically recorded. You do have the ability to change your vote, up until the time I declare voting closed.

If you are attending this meeting in person voting will be by way of poll, which means it will be a secret ballot and you will need to complete your voting forms.

Persons attending the meeting, who are not shareholders, proxy holders or corporate representatives of a shareholder, may not vote.

I now declare voting open on all items of business. The polling icon will soon appear to our online attendees, so please submit your votes at any time. I will give you a warning before I move to close voting.

I would now like to introduce those at the table with me, online in the case of Andrea Staines:

Your Directors are:

- Kim Ellis - Kim was appointed a Director in 2009, having spent 28 years in chief executive roles in a number of sectors, including 13 years as Managing Director of Waste Management NZ Limited. Kim is Chairman of Metlifecare, Green Cross Health and NZ Social Infrastructure Fund and has other directorships, including Port of Tauranga.

- Abby Foote - Abby joined the Board in 2018 and is qualified in both law and accounting. She brings to the Board over 10 years' of governance experience, including time spent in senior management roles. Abby is currently Chair of Z Energy and a director of TVNZ and Sanford Limited.
- Mark Rushworth - Mark was appointed a Director in 2015 and has extensive experience in the technology sector, with a decade's governance experience, predominantly in the high tech and innovation space. He has widespread operational and marketing experience. He spent 4 years on the senior executive team of Vodafone NZ and has previously served as CEO of Pacific Fibre, ihug and Paymark. Mark is currently CEO of private equity-owned UP Education.
- Peter Kean - Peter was appointed a Director in 2016, bringing to Freightways many years of senior executive experience with the Lion group of companies in both New Zealand and Australia. After retiring from Lion in 2014 he has developed a career in governance. Peter is also a Director of Sanford Limited and a number of private companies.
- Andrea Staines - Andrea is a professional director based in Australia and was appointed to the Board in August 2018. Andrea has 12 years' governance experience on the Boards of a range of Australian entities, mostly in the transport and retail services sectors, having previously held senior management roles in the airline industry, in particular. She is currently a director of Sealink Travel (Australia), UnitingCare Queensland, Acumentis and was recently appointed as Deputy Chair of Australia Post. As announced through the NZX recently, Andrea will be retiring as a Director of Freightways at the end of today's meeting. Andrea felt she needed to balance her commitments, following the increased demands from her Australia Post appointment. The Board wishes to thank Andrea for her significant contribution while on the Board and wishes her all the very best for the future.
- I was appointed a Director of Freightways in February 2010 and elected Chairman in 2018. I am a lawyer by training and have widespread corporate legal experience in private practice, having also spent over 7 years on the senior executive team of Telecom NZ through until mid-2008, where among other things I had executive accountability for two business units. I'm currently Chairman of Meridian Energy and a director of ANZ Bank New Zealand. I'm also a member of the Advisory Board of The Treasury.

The Board is conscious of the need for continuity of experience and Board renewal and will continue the search for new directors.

Also at the table are:

- Stephan Deschamps, Freightways' Chief Financial Officer and Company Secretary. Stephan joined the Freightways senior leadership team six months

ago in the midst of the Covid-19 crisis. Stephan has previously held a number of senior finance roles; most recently as acting-CFO of Air New Zealand. Stephan also spent 14 years at Fonterra, including 2 regional CFO roles in Latin America and China; and

- Mark Troughear, Freightways' Chief Executive Officer, who was appointed to the role of CEO in January 2018. Mark has been with Freightways in various senior executive roles for approximately 25 years and has a comprehensive knowledge of the group's operations across all divisions in New Zealand and Australia.

Also present today are representatives from the Freightways executive team who you will be able to meet following the meeting. This executive team has considerable experience, often in more than one Freightways business, and has an average tenure at Freightways of around 20 years per executive.

The Company's Auditors, PricewaterhouseCoopers, are represented here today by Leo Foliaki and the Company's legal advisors, Russell McVeagh, are represented here today by David Raudkivi.

The Financial Statements for the year ended 30 June 2020 are set out in the Company's Annual Report that was released to shareholders last month. This year's Annual Report continues the practice of recent years in giving shareholders and other interested parties a lot more information about what we do at Freightways. As for all of you, this year has been unique and COVID-19 as well as the public health response to it, have had a significant impact on the operations of FRE. In the Annual Report, we provide detailed information on how the Company was impacted and how we responded. I would like to convey how impressed the Board has been by how each and everyone employee and contractor of FRE responded to the circumstances. Everyone went the extra mile to make sure we not only looked after the welfare of our team, but also provided outstanding service to our customers, including pivoting into Trans-Tasman airfreight when that opportunity arose. We also completed our largest acquisition to date, Big Chill Distribution, and I am very pleased to say that this new part of FRE is performing extremely well.

The intent is to continually improve our reporting to you, our shareholders, on the matters we think are most relevant to our business.

I would now like to speak briefly to some of the financial highlights of Freightways' 2020 year. I will then ask Mark Troughear to address you.

Slide 4. General highlights - 2020 (cover slide)

Slide 5. Highlights and COVID impact

Our response to COVID and the 1st lockdown included a number of key decisions:

Firstly looking after our staff by implementing safe working procedures including the provision of protective equipment and the implementation of contactless delivery;

We also needed to quickly adjust the cost base of our businesses with measures such as staff and management and directors taking pay and fees cuts respectively. Through the various levels of lockdown our staff moved to provide support where it was most required to ensure our customers were well served;

We adjusted our network and reduced linehaul and airfreight sectors, and rostered couriers to match volume;

Finally, we moved quickly to protect our balance sheet and make sure we had sufficient cash to face whatever a range of liquidity scenarios. This included increasing our banking facilities temporarily by \$50m, paying the half year dividend through a Dividend Reinvestment Plan and partially completing the acquisition of Big Chill with new shares.

Slide 6. Express Package & Business Mail - 2020

Despite COVID, the EP division of FRE experienced a solid year. The key highlights of the year are:

- Steady increases in organic volume up until March 25th (when Level 4 lockdown began in New Zealand) generated encouraging revenue and margin gains;
- As New Zealand moved through lockdown levels 4 to 2, we experienced a dramatic change in our business mix with business deliveries generally declining and home delivery (B2C) increasing to make up around half of all deliveries performed. We also delivered a significant number of charitable food boxes and care packages at cost. By June, this B2C proportion had moderated from around half of all deliveries back to 24%, and it has remained roughly 4% higher than pre- COVID-19;
- COVID has accelerated a trend that was expected before the epidemic, and for which we had been preparing through our Pricing For Effort (PFE) programme. B2C deliveries attract lower margins than B2B, but this situation is improving and we expect to continue to make progress in this area over the coming years;
- Pricing for Effort (PFE) of 73c per item has thus helped considerably through the heightened B2C volumes our brands have experienced since level 3 lockdown;
- Courier pay was impacted by the COVID-19 lockdown period, being 2% behind last year's average of \$103k p.a. per contractor. Self-employed contractors were able to draw on the government wage subsidy if their income dropped by 30%

in a given month YoY contractor incomes have increased on average by 10%, ie, the contractor model is working well for our people and us;

- We acquired Big Chill on the 1st April. Big Chill initially suffered a 22% decline in revenue through level 4 and 15% through level 3. Business conditions had improved by June, with the last month of the year delivering revenue growth of 15% on the pcp;
- Through Q4 we provided 1.4m kgs of international trans-Tasman airfreight capacity as part of the Government's International Airfreight Capacity Scheme. The profitability of this service depends heavily on the degree of utilisation. This has varied, as the Australian States transition through various phases of lockdown but is overall a positive contributor to performance. Chasing this opportunity is an example of the entrepreneurial culture that is part of the Freightways DNA.
- The volume trajectory for Business Mail followed a similar trend to that of Express Package. Despite a 30% reduction in mail volumes during the months of April and May overall, DX Mail recovered by the end of the year. This growth was achieved through market share gains obtained on the basis of better and more frequent mail delivery services;

Slide 7. Information Management and Secure Destruction- 2020

- Storage revenue was solid through the year and particularly resilient to the impacts of COVID-19. However, the number of new archives coming into facilities virtually halted as lockdowns occurred in New Zealand and Australia;
- Collection and retrieval of archives and media tapes reduced by 90% in New Zealand and by about 25% in Australia in the last quarter of the year;
- Our litigation support services – in particular print and copy services - were also heavily impacted as lawyers vacated their offices as a result of COVID-19 and have remained working from home, in many cases reducing the demand by up to 50% for printed material.
- There have been positive signs of recovery in New Zealand, but Australia will take longer to recover because staff in many organisations continue to work from home. CBD areas in particular are still devoid of many of their office staff
- Our Medical waste collection business in Australia has also seen significant growth on the back of on-going demand from public and private health and age care facilities.

Slides 8. Financial Summary - 2020

This slide presents the reported 2020 result and the underlying trading result compared to the prior comparative period, including and excluding the impact of non-recurring items. EBITA refers to earnings (or operating profit) before interest, tax and amortisation. NPAT refers to net profit after tax. EPS refers to earnings per share. The FY20 results are measured including the impact of IFRS16.

Consolidated operating Revenue in FY20 was \$631m, 2.5% above last year. Before the non-recurring items, EBITA of \$98m was 1% above last year if we include the impact of IFRS16 in the FY20 results, but 4% below last year on the same accounting basis (i.e. excluding the impact of IFRS16). Finally, before non-recurring items, NPAT of \$56m was 8% lower than last year including the impact of IFRS16, (4% lower than last year on the same accounting basis).

To be noted, our results include close to \$16m of wage subsidies received by some of our businesses in New Zealand and Australia. These subsidies were used to maintain staff employed during the significant drop in activity observed from April 2020.

FY20 also included a total of \$9.6m of non-recurring items before tax that negatively impacted results. While these non-recurring items were included in the full year financial statements contained in your annual report, we believe for the purposes of assessing the underlying year-on-year operational performance of Freightways, these one-off items should be excluded and accordingly have been excluded for this presentation and my commentary so far. The next slide presents more details about these one-offs

Slides 9. Non recurring items

The most significant non-recurring item is linked to our IM business in Australia, and more specifically its Litigation Support operations. Recognising that many lawyers are now operating in a much more paperless fashion, we decided the appropriate course was to impair the value of our investment in TIMG by \$5.8m. We have also accelerated our investment in a number of digital projects and systems, and as a result, recognised that older versions of our software and systems were obsolete and had to be written off, for a total of \$3.3m. Other non-recurring items were less significant.

Slide 10. 2020 performance by division

Reflecting the trends I have described earlier, our EP and BM division saw an increase of revenue in FY20, with a 4.7% increase to \$474m. The EBITA margin was stable at 16%, leading to an EBITA of almost \$76m. The EBITA was \$3.7m higher than last year.

In contrast, the IM business saw revenue drop by 3.5% to \$159m, whilst margins weakened as many activities dropped during the lockdown and reached 14%, delivering an EBITA of \$22.4m, almost \$7m lower than the previous year.

Slide 11. Final Dividend - 2020

The Board felt it was prudent not to declare a final dividend for the year ended 30 June 2020 due a combination of factors.

The first one was the highly uncertain economic and operating environment Freightways was facing, and the consensus at the time which remains today, is that the full economic impact is yet to be felt in both New Zealand and Australia.

In addition, with many of our staff having been directly impacted through reduced hours or pay, and some of the businesses having received wage subsidy, the board felt paying a final dividend might have a negative impact on engagement.

Finally, the Board wanted to demonstrate its absolute focus on protecting the balance sheet.

For all of these reasons it was felt not declaring a final dividend was the right thing to do. Having said that, the Board envisages a resumption of dividends in the current financial year, subject to a continuation of current trading conditions.

I'll now call on Freightways' CEO, Mark Troghear, to address the meeting.

Slide 12. Freightways – Mark Troghear, Chief Executive Officer

B. CHIEF EXECUTIVE OFFICER'S REVIEW AND TRADING UPDATE

Thanks Mark and thank-you ladies and gentlemen for coming along today.

Slide 13. Chief Executive Officer's presentation agenda

I will talk to FRE's;

- Business Strategy
- ESG Initiatives
- Trading Update
- Outlook

Slide 14. Play Video

Before commencing my presentation, I would like to play a short video which well summarises the tremendous performance of the business through COVID lockdowns in the eyes of our customers.

Slide 15. Strategy

Slide 16. Express Package

- Pricing For Effort: Stage II has been launched effective 1st August at an additional 50c per item
- We have elected to levy a modest 1.9% price increase across all services to help our customers recover from Covid lockdown impacts
- NOW Couriers same-day-guaranteed service has been launched in Auckland
- Streamlined IT systems will be launched to continue to improve customer experience
- Big Chill will leverage the new 3PL facility in Auckland as well as increased network capacity in Wellington and Hawkes Bay

Slide 17. Business mail

- Continue to expand our network to meet customer demand and achieve greater efficiencies through scale
- Provide customers with a multi-channel offer (digital and physical mail)
- Provide high levels of service at premium prices

Slide 18. Information Management

- Target alternate storage revenue streams in NSW and WA while Archives continue to be slow to transition in
- Continue to grow Digitisation which will largely shift from FY20 to FY21, there are significant opportunities in the pipeline for FY21 & FY22
- Develop new services to market to our large NZ and AU customer bases

Slide 19. Secure Destruction

- Continue to target market share gains in all lines of business
- Target new waste streams to divert from landfill
- Use a combination of acquisition, alliance and start-ups to grow scale in NZ and AU
- Generate transport efficiencies across the Shred-X and Med-X fleets

Slide 20. SDG3

FRE has also made good progress on a number of ESG initiatives which we have categorised under the United Nations SDG's. I will give some detail on a few of these programmes

- Over 1,000 of our people have joined The Movement
- 250 Leaders attended Mental Health Awareness training in FY20
- LTIFR - 9 Injuries reported in FY20

Slide 21. SDG8

- 10% increase in contractor income YOY Q1 through increased payments and productivity gains
- 200 Aspiring Leaders attended development training – out of those attended there was a 50:50 gender mix.

Slide 22. SDG9

- The Startery – New product development team
- EP productivity improvement increased by 4.5% in items per route
- Expanded our medical footprint – provided critical capacity in FY21

Slide 23. SDG13

- Freightways is listed within the Top 10 carbon reducers by Toitu Envirocare for FY20.
- We have run Electric vehicle trials and implemented fleet modernisation and run rationalisation initiatives.
- Freightways is a member of the Love NZ Soft Plastic Recycling Scheme.

Slide 24. Q1 trading update (cover)

Slide 25. Trading commentary

It is important to consider that FY21 has 53 weeks of trade given our use of a 4-4-5 accounting calendar and Q1 reflects this extra week representing approximately \$2.5m in EBITA. Q1 FY21 also reflects the inclusion of Big Chill and a number of other smaller acquisitions which were not part of the group in the prior period.

After the lockdown impact of Q4 FY20, FRE has seen a promising recovery across its operations, and the Q1 results are significantly better than the same period last year. In fact revenue is up 35% and EBITA has increased by 49% v's the same

period last year. It is satisfying to see that we have been able to efficiently adjust to the new trading environment, we have found ways to mitigate activities that are still impacted by the COVID pandemic such as demand for trans-Tasman airfreight services, an increase in the proportion of B2C deliveries and increased demand for medical waste services. We have been able to maintain our quality of service, gain market share, pay contractors more and strengthen our margins.

Slide 26. Express Package and Business Mail

Our EP division as delivered very strong results in Q1. Revenue, including Big Chill and the extra week was 46% higher than last year at \$168m, whilst our margins improved, allowing us to deliver an EBITA 56% higher than last year, at \$27.3m.

Firstly, the first quarter of the new financial year has seen a strong recovery of volume from Q4 last year, with the number of items handled on average 11% higher than the same period last year. This is the combination of higher organic growth as companies and consumers are now selling and purchasing more online, but also market share gains, as our high level of services and delivery have attracted new customers to us. The proportion of B2C is also slightly higher, but this is mitigated by the increase in PFE, that has now reach 87c per item. This has also allowed us to improve the average incomes of our couriers, which have increased by around 10% on average from the same time last year.

Our new acquisition, Big Chill, is also delivering strong results, and last year's investment in a temperature controlled 3PL facility is performing well ahead of the business plan.

Our business mail volumes have also recovered from Q4, to reach volumes comparable to the same period last year.

Slide 27. IM

Our IM business continues to be impacted by a number of trends that were accelerated by the COVID pandemic, including many companies now relying on a number of employees working from home and therefore reduced use of paper for archives and destruction.

However, our teams in NZ and Australia have worked hard to mitigate these trends, including by reducing the cost base of the operation, increasing productivity and seeking new revenue streams, be they digitisation, medical waste or other high value waste recycling opportunities.

We have had particularly strong growth in medical waste in Q1 driven by the situation in Victoria.

Overall, our revenue was 5% higher at \$44m, whilst EBITA was 33% higher at \$7.9m.

Slide 28. Outlook Cover Page

Slide 29. Outlook

The first quarter of FY21 has been pleasing, as we have seen all the hard work of our teams pay off. The business has proven that it can adapt to a fast-changing operating environment to provide long term sustainable returns to our shareholders.

We will continue to leverage the entrepreneurial spirit of our teams, and our deep knowledge of the industries in which we operate, to ensure we continue to demonstrate an extremely high level of service, and that this is rewarded by customers.

Whilst the future economic environment remains highly uncertain, we are encouraged by the strong trading results achieved in the first quarter of FY21 which reflect improved margin, organic growth and market share gains in all of our businesses

We expect that;

- In Express Package, volume will be impacted by any slowdown in macro-economic activity;
- In Information Management, whilst storage revenues are resilient, activity-based revenue recovery will be dependent on the number of people returning to offices, especially in areas affected by lockdowns such as Victoria.

We have learnt from the last 6 months and will react quickly to any volume change by adjusting our cost base to protect our margins while preserving a level of service that leads the market.

We will also continue review the portfolio of services we provide with a view to delivering superior long-term value to shareholders.

We expect that COVID will continue to provide challenges as well as opportunities for new services, market share gains & accretive acquisitions.

I'd like to take a final opportunity to extend my thanks to the teams of people we have across NZ and Australia for the sacrifices many have made and their efforts that see us performing day in and day out for our customers.

Thank-you.