

ANNUAL SHAREHOLDERS MEETING

A. CHAIRMAN'S INTRODUCTION

Slide 1. Freightways - 25 October 2018, Annual Shareholders Meeting

Slide 2. Heritage slide

Slide 3. Sue Sheldon, Chairman

Shareholders and guests, welcome to Freightways' Annual Shareholders Meeting. My name is Sue Sheldon and I am the Chairman of Freightways' Board of Directors.

Slide 4. Agenda

Before we get underway I will 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 2018 highlights. I will then ask Mark Troughar, Freightways' Chief Executive Officer, to provide a review of the Company and an update on current trading performance.
- 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 the Chair. Any questions related to resolutions should be asked when we consider those resolutions.
- Following the CEO's presentation, I will introduce the resolutions as outlined in the Notice of Meeting. Again this year, polls will be held in respect of the resolutions put to shareholders. 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 you can see this requirement is met. 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 66 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 resolutions 1, 2, 3 and 5 set out in the Notice of Meeting. As also indicated on the proxy form, unless directed how to vote by the shareholder giving the proxy in respect of resolution 4 relating to

Directors' fees, the Directors, including myself, will not be able to vote on resolution 4 on behalf of the proxy.

I would now like to introduce those at the table with me:

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, Sleepyhead Group and NZ Social Infrastructure Fund and has a number of other directorships, including Port of Tauranga.
- Abby Foote. Abby joined the Board in June this year and is qualified in both law and accounting. She brings over 10 years' of governance experience, including time spent in senior management roles. Abby is currently a Director of Z Energy, The Museum of NZ Te Papa Tongarewa and Sanford Limited.
- 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, the New Zealand Rugby Union and a number of private companies.
- 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 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 a Director of a number of small technology start-up companies.
- Andrea Staines. Andrea is a professional director based in Australia and was appointed to the Board in August this year. 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.
- Mark Verbiest. Mark has been a Director of Freightways for more than 8 years. A lawyer by training, he has widespread experience in the capital markets and digital & technology businesses. Mark is Chairman of Willis Bond Capital Partners and sits on the boards of ANZ Bank NZ, Meridian Energy and MyCare. Mark is also a member of NZ Treasury's Advisory Board and Commercial Operations Advisory Board.

- I was appointed a Director of Freightways ahead of its IPO in 2003 and elected Chairman in 2010. I am a full-time professional director with previous roles in a number of large organisations. I am currently Chair of Regenerate Christchurch and a Director of Real Journeys. As previously announced, my retirement from the Board is effective at the end of this meeting.

Also at the table are:

- Mark Royle, Freightways' Chief Financial Officer and Company Secretary. Mark was appointed to these roles 18 years ago. Mark is a key contributor to the strategic direction and performance of the Company, with over 30 years accounting and commercial experience, including 13 years at a major international chartered accounting firm.
- Mark Troghear, 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 over 20 years and has a comprehensive knowledge of the group's operations across both the Express Package & Business Mail division and the Information Management division.

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 almost 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 2018 are set out in the Company's Annual Report that was released to shareholders last month. You will have noted quite a change to our Annual Report. This year, for the first time, we have endeavoured to give shareholders and other interested parties a lot more information about what we do at Freightways. At the same time, we have started to report on our environmental footprint, using the Sustainable Development Goals developed by the United Nations. Our CEO will talk to you about work on intensification of our network and fleet flexibility – work towards reducing our environmental impact.

We have written about the importance of our people, including our independent contractor network, to give insight into how these essential relationships work, and how we value career advancement, reward and safety for all our people. We also describe our work towards being a good corporate citizen, especially amongst the communities we work in.

I would now like to speak briefly to some of the financial highlights of Freightways' 2018 year. I will then ask Mark Troghear to address you.

Slide 5. General highlights – 2018 – cover slide

Slide 6. General highlights - 2018

The latest full year's results for the year ended 30 June 2018 reflect the ongoing strength of the Freightways businesses.

The express package & business mail division delivered a solid result while it continued to invest in capacity to handle current and future volume growth. Further investment was also made in IT resources to accelerate system development and project implementation.

The information management division saw earnings from its developing Australian operations reach par with its New Zealand business, highlighting the division's success in leveraging a national footprint on each side of the Tasman to drive current earnings and position it for further growth, including in particular its recent expansion into the medical waste industry in Australia. Ongoing growth in the division's digital service offerings was underpinned by the winning of a major data collection and transformation project which was successfully completed and is leading to new opportunities in that space.

Slide 7. Financial highlights - 2018

This slide presents the reported 2018 result and the underlying trading result compared to the prior comparative period, 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 2018 non-recurring items are comprised of a non-taxable benefit of \$1.6 million relating to reversing an accrued final acquisition payment no longer expected to be required, and a non-taxable \$1 million gain relating to recording the replacement of earthquake-damaged racking funded by insurance proceeds. While these non-recurring items are 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.

Consolidated operating revenue of \$581 million for the 2018 full year was 6.5% higher than the prior comparative period.

EBITA of \$94 million was 4.9% higher than the prior comparative period.

Consolidated NPAT of \$60 million was 5.3% higher than the prior comparative period.

EPS for the full year (and again exclusive of non-recurring items) was 38.4 cents per share, an improvement of 5.2% on the prior comparative period.

Overall, the full year result delivered year-on-year revenue, earnings and dividend growth.

Slide 8. Express Package & Business Mail division - 2018 performance

As mentioned, this division produced a sound result, while investing in its network capacity. Volume growth has led to supplementing the jet airfreight fleet with a chartered Convair aircraft. Moving into larger facilities in Christchurch and Auckland's North Harbour is also reflective of volume growth and now positions the division with quality capacity for the near to medium term.

In pursuit of this division's stated objective to be a technology leader in its industry, Freightways IT team was expanded and embraced an agile approach to project management and deployment of IT-enabled solutions and initiatives. This saw further improvement in Freightways internal systems and customer-facing applications and is expected to support enhanced services and profitability in the years ahead.

Also during the latest financial year, the express package businesses continued to experience the ongoing shift in business mix toward Business to Consumer - or B2C - deliveries, from the traditional core Business to Business - or B2B - deliveries. A number of key strategies have been developed in regard to handling the growing B2C deliveries and Mark Trougher will speak to these shortly.

Freightways' business mail operator, DX Mail, had a challenging second half and ultimately returned lower earnings compared to the prior year. Although DX Mail's volumes have grown overall, a change in business mix between high and low margin mail has affected its level of earnings. There continues to be strong demand for DX Mail's overnight and 5-day per week delivery of standard-priced letters.

Year-on-year earnings growth for this division in 2018 was an excellent contribution to Freightways results.

Slide 9. Information Management division - 2018 performance

A highlight for the Information Management division in 2018 was seeing all its core brands improve their financial results compared to the prior year.

In respect of the physical storage of records and computer media, The Information Management Group - or TIMG - improved the utilisation of its archive storage sites on both sides of the Tasman and is still experiencing ongoing organic growth in its customers' box holdings. While computer tape volumes stored remained robust, the activity of swapping out tapes with customers' IT departments slowed markedly. The growing range of digital services offered by TIMG saw increasing

revenue in 2018 and, as noted, the winning of a major data collection & transformation project bolstered this part of TIMG's business.

Secure document destruction revenues at TIMG in New Zealand and Shred-X in Australia increased during 2018, but were also supplemented by growing revenue from e-destruction, i.e. destroying computer hard drives and peripheral equipment. The recent move into the medical waste industry in Australia, through an initial acquisition in New South Wales, also delivered to expectations and bodes well for the information management division's future growth aspirations.

The information management division also made a solid contribution to Freightways' 2018 full year results.

Slide 10. Final Dividend - 2018

The Directors declared a final dividend of 15.25 cents per share, fully imputed, which was paid at the start of this month. This represented a pay-out of approximately \$23.7 million compared with \$22.9 million for the pcp; a 3.5% increase. The full year's dividend pay-out was in line with the Company's dividend policy of paying 75% of annual NPATA, excluding any non-cash, non-recurring items.

The Dividend Reinvestment Plan - or DRP - was not offered in relation to this dividend. As a capital management tool, the application of the DRP will continue to be reviewed for each future dividend.

The strength of Freightways' business models, the expertise of its people and the positive features of the markets it operates in were once again evident in this full year result.

The Directors acknowledge the outstanding work and ongoing dedication of the Freightways team of people throughout New Zealand and Australia.

Slide 11. Corporate Governance

The New Zealand Stock Exchange released a new Corporate Governance Code in 2017 that took effect for Freightways for the first time during 2018. As a responsible corporate citizen, Freightways is naturally in compliance with this new Code. In addition, many of you may have already noticed Freightways has revamped its website to make navigating to information about Freightways' policies, and approach to governance, easier and clearer. I referred earlier to the new look Freightways' Annual Report released last month. If you haven't seen the latest Annual Report please take the time to view it on Freightways' website. I think you'll find it informative.

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

Slide 12. Freightways – Mark Troghear, Chief Executive Officer

B. CHIEF EXECUTIVE OFFICER'S REVIEW AND TRADING UPDATE

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

Slide 13. Chief Executive Officer's presentation agenda

- Business Strategy:
 - Express Package & Business Mail
 - Information Management
- ESG Initiatives
- Trading Update
- Outlook

Slide 14. Video

Slide 15. Express Package & Business Mail Brands

Slide 16. Express Package & Business Mail

1. Residential Network Review
 - Assess the opportunities across our various brands to improve our delivery density, productivity and courier earnings
 - Our objective is to improve our residential delivery productivity by at least 5%
2. Pricing for Effort
 - Recognise the lower density, the extra effort required, and therefore the cost incurred, for delivering to residential addresses and price these items accordingly.
 - Our objective is to improve our pricing per item to fund higher courier pay as well as to improve B2C margins

Slide 17. Express Package & Business Mail (continued)

3. Visibility and Data Analytics
 - Improve visibility for customers and receivers on the progress of their deliveries and improve reporting on every aspect of our business for our teams.
 - Our objective is to improve customer and receiver satisfaction and enable our teams with accurate and timely data to improve efficiency and service quality

Slide 18. Information Management Brands

Slide 19. Information Management

1. Facility Utilisation
 - Warehouse utilisation was 61% in Australia and 81% in NZ at the end of 2018.
 - Our Objective 83% NZ FY19, 70% AU FY19

Slide 20. Information Management (continued)

2. Growth in Digital Services
 - Invest in further sales & marketing resource to be able to scale-up our digital revenue streams, which are currently circa 10% of revenue for this division
 - Our goal is to grow the revenue for these services and, through that scale, drive improved EBITA margins
3. Secure Destruction / Medical Waste
 - Develop the niches within Secure Destruction and Medical Waste through start-ups, alliances and acquisitions to provide a national, high quality service offering to our customers
 - Our goal is to establish a new arm of growth for Freightways

Slide 21. Acquisitions and Alliances

1. Acquisitions completed in 2018
 - Bolt-on Secure Destruction business in NSW
 - Records Management business in VIC
 - Medical Waste business in NSW which allows us to establish a starting point in medical and sanitary collection and disposal services
2. Acquisitions completed in Q1, 2019
 - Bolt-on Secure Destruction business in WA
 - Medical Waste business in VIC
 - 75% share in a Digital Online back-up business servicing NZ & Australia
3. Continue to explore opportunities to add bolt-on acquisitions to current lines of business, as well as acquisitions which are complementary to our business model

Slide 22. ESG Initiatives (chart)

1. Matrix

Slide 23. ESG Initiatives

2. Materiality assessment:
 - SDG 3 Good health and well-being
 - SDG 8 Decent work and economic growth
 - SDG 9 Industry, innovation and infrastructure
 - SDG 13 Climate action
 - SDG 16 Peace, justice and strong institutions

Slide 24. ESG Initiatives

3. Highlights
 - SDG 3: Installed Guardian Seeing Machines into the cabs of our linehaul fleet
 - SDG 8: Implemented a programme to provide a pathway for School leavers and long term unemployed into the workforce
 - SDG 8: Implemented Employee Assistance Programme across NZ and AU
 - SDG 8: Implemented The Movement Wellbeing campaign across Post Haste
 - SDG 9: Census (TIMG NZ), Express Refrigerated Services (MSL), InMotion (DAP)
 - SDG13: Introduction of a fleet of 737's achieved significantly lower emissions
 - SDG 16: New annual report format, commitment to increasing non financial measures

Slide 25. Key Sustainable Developmental Goals

4. Courier earnings (SDG 8)
 - Average courier revenue = NZ\$95,000 per annum
 - Significant improvements to point-to-point and residential incomes over the past 6 months
 - Trial of a new courier pay model at Post Haste
 - Aspiration that couriers earn superior incomes

Slide 26. Q1 Trading Update Cover Page

Slide 27. Q1 Consolidated Performance

Consolidated operating revenue of \$155.1million was 8.3% higher than the prior comparative period.

EBITDA of \$27.6 million and EBITA of \$23.9million were 2.5% and 1.4% higher than the prior comparative period, respectively.

Consolidated NPATA of \$15.6 million and NPAT of \$15.1 million were both 0.2% higher than the prior comparative period.

Slide 28. Q1 Express Package & Business Mail

Slide 29. Q1 Information Management

Slide 30. Outlook

1. Increased demand for services in both divisions
2. Continue to target year on year earnings growth for FRE
3. Expect by the end of 2019 that our pricing and efficiency initiatives for B2C are gaining traction
4. Investing for the future in terms of IT, sales and marketing resource
5. Capital expenditure of \$20-22m forecast for 2019
6. Continue to explore complementary acquisition opportunities

Thank-you.

(CLOSE OF MEETING)

Before I bring the meeting to a close, I would like to thank shareholders for their support over the 15 years I have been first a director since the IPO in 2003, and then as Chairman from 2010 to date. Freightways demonstrates that length of service alone is not a sufficient measure of the effectiveness of either executives or the Board. In assessing succession, shareholders should instead look to performance, strategy, the management of risk, future thinking and the overall mix and depth of capability to determine the effectiveness of senior management and governance.

Since listing in 2003, Freightways can demonstrate listing at a market price of \$1.60 vs the latest price of around \$7.30, market capitalisation at listing of \$200m vs capitalisation today in excess of \$1bn and a compound annual growth rate in excess of 14%.

It has been gratifying to transition the leadership of the business to Mark as CEO over the last year. He is making great progress with his team, and focussing on the future, innovation and efficiency with the strong disciplines established previously under Dean Bracewell's leadership.

It is now time for the leadership of the Board to also transition in line with the Board's succession plan. I am delighted that the Board has chosen Mark Verbiest as its Chairman going forward. Mark is a very experienced director and Chair, having already chaired one of New Zealand's largest listed companies. In view of Mark's deep knowledge of the Freightways business and his understanding of its market environment, I am sure that the transition will be seamless, and that Mark will continue to be a prudent steward of your investment.

I will now invite Mark Verbiest to speak to you briefly on his intentions as Chairman, and then to close the meeting.

Mark Verbiest to acknowledge Sue Sheldon's contribution.

I now bring the meeting to a close and invite you to join your Directors and the Freightways Executive Team for some light refreshments.

Thank-you.