

ANNUAL SHAREHOLDERS MEETING

A. CHAIRMAN'S INTRODUCTION

Slide 1. Freightways – 26 October 2017, Annual Shareholders Meeting

Slide 2. 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 3. 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 2017 highlights. I will then ask Dean Bracewell, Freightways' Managing Director, 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 Managing Director's presentation and direct them through the Chair. Any questions related to resolutions should be asked when we consider those resolutions.
- Following the Managing Director'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 70 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 and 4 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 3 relating to Directors' fees, the Directors, including myself, will not be able to vote on resolution 3 on behalf of the proxy.

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

Your Directors are:

- Dean Bracewell, Freightways' Managing Director. As was announced to the market in August, Dean has decided that the time is right for him to step aside from Freightways. Dean joined the company in 1978 and was appointed Managing Director in 1999. During his tenure, Dean has led a team that has achieved significant growth and shareholder value accretion.
- Kim Ellis. Kim was appointed a Director in August 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, and has developed businesses in both New Zealand and Australia. Kim is now a professional director working with both private and listed companies. Kim is Chairman of Metlifecare, Sleepyhead Group and NZ Social Infrastructure Fund and a director of Port of Tauranga.
- Mark Rushworth. Mark was appointed a Director in September 2015. Mark has extensive experience in the technology sector, with a decade's governance experience, predominantly in the high tech and innovation space. An electrical engineer by training, with widespread operations and marketing experience, he spent 4 years on the senior executive team of Vodafone NZ through until 2010, where among other things he had executive accountability for the fixed line business and as executive director of marketing. Mark previously served as CEO of Pacific Fibre, internet provider ihug and most recently, New Zealand's digital payments business Paymark Limited.
- Peter Kean. Peter was appointed a Director in July 2016. Peter brings to Freightways many years of senior executive experience with the Lion group of companies in both New Zealand and Australia. Peter's last executive roles were as Managing Director of Lion Nathan New Zealand and Managing Director of Lion Dairy and Drinks, based in Melbourne. Peter retired from Lion in 2014 and has since developed his career in governance. Peter is also a Director of Sanford Limited, the New Zealand Rugby Union and a number of private companies.
- I was appointed a Director of Freightways ahead of its IPO in 2003 and elected Chairman in 2010. I am a Chartered Accountant and full-time professional director with previous roles in a number of large organisations. I am currently a Director of Contact Energy Limited and Real Journeys Limited and Independent Chair of the Audit & Risk Management Committee of both Christchurch City Council and Auckland Council. I am a former president of the New Zealand Institute of Chartered Accountants and was made a Companion of the New Zealand Order of Merit in 2007.

- Our 6th Director, Mark Verbiest, regrets that he has had to give his apologies to shareholders for his inability to attend today. Mark was recently appointed to the board of Meridian Energy, which unfortunately already had its AGM set down for this morning. He is required to stand for election at that meeting. Mark has been a Director of Freightways for more than 7 years. A lawyer by training, he has widespread experience in the capital markets and digital & technology businesses. Mark will complete his term as Chairman of Spark at the end of this year, is Chairman of Willis Bond Capital Partners (a private equity fund) and sits on the boards of ANZ Bank NZ, Meridian Energy (as noted) and MyCare (a digital services company in the health sector). Mark is also a member of NZ Treasury's Advisory Board and Commercial Operations Advisory Board and is a consultant to law firm Simpson Grierson.

Also at the table are:

- Mark Royle, Freightways' Chief Financial Officer and Company Secretary. Mark was appointed to these roles 17 years ago, having spent a number of years prior to that with Freightways' then Australian owner. As a member of the senior executive team, Mark is a key contributor to the strategic direction and performance of the Company. Mark has over 30 years accounting and commercial experience of which 13 years were with a major international chartered accounting firm.
- And it is my pleasure to introduce to you Mark Troghear, who will assume the role of Chief Executive Officer in January 2018. One of Freightways' strengths is its succession depth and your Board was delighted to have been able to make this key appointment from within the Freightways team, after a robust external process. I'll let Mark further introduce himself to you.

Thank-you Sue and good morning. And I'm equally delighted to have been appointed to the CEO role. I joined Freightways in 1996 as a sales rep for New Zealand Couriers and have worked through a number of sales, marketing and general management roles over the subsequent 21 years.

I am currently responsible for overseeing the Information Management division in NZ and Australia (which includes our newest acquisition in the medical waste industry). I also look after a number of our NZ-based businesses in the Express Package & Business Mail division.

My primary objective as CEO will be to work with our very capable team to build on the successful performance of the company through the execution of our core strategies. These strategies include; realising organic growth opportunities in both the Business to Business niche and the fast growing Business to Consumer niche of the market, driving the acceleration of growth in our new suite of digital Information Management services and continuing to pursue complementary acquisitions and alliances (including those in the medical waste industry).

On behalf of the Freightways team around both NZ and Australia, I'd like to acknowledge and thank Dean for his outstanding contribution to the business over many decades.

Thank-you Mark. Mark will be leading a team of 3,800 people in New Zealand and Australia. By way of an introduction to some of these people on our wider team and what they do, we will now play a short video from Freightways' largest subsidiary business, New Zealand Couriers. The video includes some footage of Freightways' new automated facility in Christchurch.

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 approximately 17 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 Pip Greenwood.

The Financial Statements for the year ended 30 June 2017 are set out in the Company's Annual Report that was released to shareholders last month.

I would now like to speak briefly to some of the financial highlights of Freightways' 2017 year. I will then ask Dean Bracewell to address you.

Slide 4. General highlights – 2017

The strength of the underlying volume growth in the Express Package & Business Mail division, with consistent month-on-month growth, was a clear highlight of Freightways' again positive overall result. This volume is representative of a positive economy, but it is also representative of the winning of good quality market share and the successful execution of pricing strategies to offset rising costs.

The company has recently invested significantly in capacity to accommodate current and expected future volumes. The projects related to this investment, particularly in Christchurch, in Sydney, and in relation to both aircraft and IT, have all been successfully completed.

The North Canterbury earthquake had a major impact on the operations of the company. The execution of robust contingency plans ensured the least possible service disruption to customers. Our team's quick reaction to the issue, their creation of additional capacity and restoration of service to customers was outstanding.

The performance of our information management businesses, other than TIMG Australia (that demonstrated improved results in the second half), was another highlight of the year.

Slide 5. Financial highlights – 2017

This slide presents the reported 2017 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. And EPS refers to earnings per share.

The 2017 non-recurring items are comprised of a benefit before tax of \$5.6 million relating to final acquisition payments no longer expected to be required, and a cost of \$1.9 million relating to the relocation of the TIMG business in Sydney. 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 \$545 million for the 2017 full year was 7.9% higher than the prior comparative period.

EBITA of \$89.3 million was 1.9% higher than the prior comparative period.

Consolidated NPAT of \$56.6 million was 4.1% higher than the prior comparative period.

EPS for the full year (and again exclusive of non-recurring items) was 36.5 cents per share, an improvement of 3.9% on the prior comparative period.

Overall, and particularly given the challenges to the company during the year, Freightways delivered another sound annual result.

Slide 6. Express Package & Business Mail division - 2017 performance

Volume growth throughout the year was consistently strong, particularly so in the peak month of December. This growth created pressure on the service capability of this division at a time when it was transitioning to a new model of freighter aircraft, relocating its South Island freight hub and implementing wide-reaching operational contingencies in the aftermath of the North Canterbury earthquake.

A decision in February to introduce additional airfreight capacity through regularly operating an extra return flight of a 737-400 aircraft and/or the chartering of a Convair aircraft was made to provide essential capacity for the greater than anticipated airfreight volume and for maintenance of service quality. While this additional airfreight capacity comes at a cost, due to it not being immediately fully-utilised, it is required to ensure a sustainable premium service offer. The possibility

of adding a fourth freighter aircraft to our fleet in the New Year is currently being investigated.

Auckland's growth North and West of the city has led to a decision to run a twin-city operation within the greater metropolitan area. As such, new premises have been leased in Albany to accommodate the current and expected growth in volume from these areas for many years to come. These new premises will complement and effectively extend the life of the existing site in Penrose.

Overall volume mix is gradually changing as consumers increasingly shop online, resulting in Business to Consumer - or B2C - deliveries growing faster than Business to Business - or B2B - deliveries. A wide range of initiatives are being implemented to ensure these B2C deliveries are completed as efficiently as possible and to the satisfaction of customers.

Freightways' business mail operator, DX Mail, again extended its postal delivery network to several additional locations around New Zealand to satisfy the increasing demand for overnight and 5-day per week delivery of standard-priced letters.

2017 certainly had its challenges for our express package & business mail division, but despite these it performed very well and once again increased its year-on-year earnings.

Slide 7. Information Management division - 2017 performance

Good results from Shred-X and TIMG New Zealand were in contrast to the performance from TIMG Australia, which did not meet our expectation.

Within TIMG Australia, its LitSupport business performed at the bottom end of the range of expectations set at the time of acquiring the business, and below the prior comparative period. The possibility of this outcome was anticipated at the time of acquisition and hence the purchase price payment for this business was structured to reduce Freightways' financial risk should it occur. This pricing structure saw the LitSupport vendors refund part of the initial purchase price. Restructuring of the LitSupport business (completed during November and December 2016) and the winning of a number of new contracts did, as expected, improve LitSupport's performance in the second half of the 2017 financial year.

The relocation of three Sydney-based information management businesses into a single purpose-built facility in Sydney was completed in the second half of the year, on time and within budget.

Demand for the broad suite of services offered by TIMG in Australia and New Zealand and the e-destruction services offered by Shred-X continues to gain momentum. It is expected that these new revenue streams, that now also include the collection and destruction of Medical Waste following our recent acquisition

in Sydney, will become an increasingly important part of the overall information management division's revenue and earnings in the near to medium term.

The North Canterbury earthquake also had significant repercussions for this division, leading to the need to replace racking in our major Porirua site. The project to remediate this site will continue for the next 12 months. Freightways has comprehensive insurance which will cover the cost of this project.

Slide 8. Final Dividend - 2017

The Directors declared a final dividend of 14.75 cents per share, fully imputed, which was paid at the start of this month. This represented a pay-out of approximately \$22.9 million compared with \$22.5 million for the pcp; a 2% 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 9. Corporate Governance

The New Zealand Stock Exchange released a new Corporate Governance Code in May this year that will take effect during 2018. As a responsible corporate citizen, Freightways is naturally in compliance with the existing Code. The introduction of a small number of new policies, some enhancements to existing policies and a range of additional disclosures will ensure compliance with this new Code by the required date of 30 June 2018. In this regard, new and revised policies will be presented on a refreshed Freightways website in coming months and in future annual reports and our website will include disclosures to meet the requirements of the new Code.

I'll now call on Dean Bracewell to address the meeting.

Slide 10. Freightways – Dean Bracewell, Managing Director

B. MANAGING DIRECTOR'S REVIEW AND TRADING UPDATE

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

Slide 11. Managing Director's presentation agenda

My presentation will discuss some of the features of the industries that Freightways works in and its businesses. I will then touch on Freightways' over-arching business strategy, before finishing with an update on recent trading performance and our outlook for the remainder of the year ahead.

Slide 12. Express Package & Business Mail

Slide 13. Express Package & Business Mail (brands)

The multi-brand strategy that we operate in the express package industry targets different niches of the market, including urgent one hour delivery, premium through economy metropolitan, overnight to 2-day nationwide and international deliveries. Our brands are highly-regarded and some of the most well-known in the industry.

We pick up items typically up to 25 kilograms from a broad range of businesses and individuals and deliver to businesses and homes throughout New Zealand and overseas.

We also deliver letters overnight and 5 days per week in most urban locations throughout New Zealand through our DX Mail business. Our DataPrint business provides physical and digital transactional mailhouse services.

Our support businesses of Fieldair (which provides airfreight services), Parceline (which operates our inter-city road linehaul network) and Freightways Information Services (which provides our businesses with IT support and innovation) all play a key part in the success of the express package & business mail division.

Our services are achieved by the coming together of teams of people and infrastructure that includes vans, trucks, aircraft, a nationwide branch network and technology that provides real-time visibility of key stages of the delivery process to our customers.

The express package & business mail division currently contributes around 70% of the revenue and earnings of the Freightways group.

Slide 14. Information Management

Slide 15. Information Management (brands)

TIMG provides both physical and digital information management services, including document and data archiving, workflow solutions, document imaging and conversion, media restoration, online back-up, disaster recovery, e-discovery

and digital mailrooms, to name a few. The demand for both the physical and digital services we offer continues to increase in New Zealand and Australia.

We also collect paper from businesses, shred and bale it, and then sell it to paper mills, which recycle it. In Australia, these secure document destruction services are provided nationwide by Shred-X.

As announced, we have recently acquired a Medical Waste business which opens up a new growth market for us. This business will be overseen by our Shred-X team which has been successful in developing its business from a single state operation 10 years ago to now being Australia's largest secure document destruction business, with operations in all states and territories of Australia.

The Information Management division contributes approximately 30% of Freightways' revenue and earnings.

Slide 16. Business strategy

Slide 17. Business strategy

Freightways' strategy contains several key elements. At a high level these are:

- First, and most importantly, our organic growth strategy to enhance capability and service levels wherever possible within each of Freightways' existing businesses to ensure the retention of existing customers and to grow market share.

In this regard, our recent investment in capacity in both divisions and in IT is designed to ensure we are able to accommodate and service forecast growth from both our Business to Business and Business to Consumer customers, both of which present many opportunities for the Company.

Disruption, whether in the form of new competition or new ways of servicing customers, is viewed by us as creating more opportunity than risk for Freightways, both in contributing to the growth of the overall market and through enabling greater service efficiencies. Certainly in time to come we will be talking with customers about autonomous vehicles in the air and on the road, of an electric fleet of commercial vehicles, of increasing automation within our operations and having far greater connectivity through our IT systems. As a company, Freightways has a long and successful history of adapting to change and of innovating alongside customer demand.

- Second, our ongoing strategy to diversify the Company into related industries, including through acquisitions and alliances, to further strengthen the earnings base and increase the Company's resilience to adverse economic cycles.

An example of this is our recent entry into the medical waste industry. While only a relatively small initial investment, we do naturally plan to grow our presence in this industry.

- Third, our strategy to diversify activity away from a sole reliance on the domestic New Zealand market. This has been achieved by establishing and building scale in our operations throughout Australia over the past 10+ years.

We have made great progress in Australia and have much more to do to increase the utilisation of the capacity that we have invested in.

The strategies I have outlined are designed to sustain Freightways' profitability and continue to deliver long-term value to shareholders.

Slide 18. Trading update

These next 2 slides present the long-term performance of your Company.

Slide 19. Operating revenue

This slide shows Freightways' revenue results since its IPO in 2003.

Slide 20. EBITA

Our operating earnings (or EBITA) results over the same period are equally sound.

Slide 21. Consolidated financial performance – Q1 result

This slide provides Freightways' financial performance for the 1st quarter period from 1 July to 30 September 2017.

To enable an accurate comparison of the underlying operating performance of the company, the 2016 EBITDA and EBITA results are presented exclusive of a net \$542,000 benefit, being the difference between a \$934,000 non-cash benefit relating to earn-out payments not required to be paid and \$392,000 of one-off costs relating to the relocation of our Sydney businesses. The net benefit after tax excluded from the 2016 NPATA and NPAT is \$660,000.

Consolidated operating revenue of \$143.2 million was 7% higher than the prior comparative period.

EBITDA of \$26.9 million and EBITA of \$23.6 million were 8.1% and 6.4% higher than the prior comparative period, respectively.

Consolidated NPATA of \$15.5 million and NPAT of \$15 million were 6.5% and 6.4% higher than the prior comparative period, respectively.

This first quarter result represents a sound start to the financial year, the highlights being; the strong revenue growth in the express package & business mail division, the completion of our transition to new premises in Christchurch and the stepped earnings improvement in the information management division.

Slide 22. Express Package & Business Mail division – Q1 result

Revenue growth in this first quarter has increased above the positive growth experienced throughout the prior comparative period. Operating costs include the higher cost of recent investment in additional airfreight capacity and premises, including related one-off transition costs during the quarter to complete the merger of the operations of four of our businesses in Christchurch into a single operating team. When compared to the prior comparative period, there has been an increase of approximately \$0.3 million in depreciation relating to our newly-commissioned automation equipment and related IT. The EBITDA and EBITA increases above the prior comparative period reflect a sound first quarter start to the 2018 financial year.

Slide 23. Information Management division – Q1 result

The 2016 earnings result presented for this division has been adjusted, as I just described in respect of the consolidated result.

Sound revenue growth and improved performance at TIMG AU, including from its subsidiary business of LitSupport, contributed to this strong earnings result. Also included in this quarter's result is the first month's trading from our new Medical Waste business, acquired effective from 1 September and which is trading to expectation.

Slide 24. Outlook

Slide 25. Outlook (key points)

The markets in which Freightways operates in both New Zealand and Australia remain positive. The increased volume and activity, compared to the prior comparative period, that is evident in this trading update has provided a sound start to the 2018 financial year. Accordingly, Freightways continues to target year-on-year earnings growth.

Within the express package & business mail division, investment has been made in capacity, for both airfreight and larger premises on Auckland's North Shore. New Zealand Couriers will relocate there during October 2017, followed by Post Haste and Castle Parcels in July 2018. This capacity, which is not initially fully-utilised, comes at some cost, but enables us to better service current volumes and projected growth. Within the information management division, the better results

currently being achieved at TIMG Australia, compared to the prior comparative period, are expected to continue to contribute to the overall positive performance of this division.

Overall capital expenditure for the 2018 financial year is now expected to be approximately \$14 million. Operating cash flows are expected to remain strong throughout the 2018 financial year.

Strategic growth opportunities, including acquisitions and alliances that complement existing capabilities, will be executed where they make commercial sense.

This will be the last occasion that I will address you as the Managing Director of Freightways. I have had a wonderful career with this great company. Thank-you, our shareholders, for your support throughout my tenure and thank-you in advance for your continued support of Mark and the wider Freightways team. I am leaving our company in very capable hands.

Thank-you.

Slide 26. Dean Bracewell

It is appropriate that we reflect today, at Dean's final meeting with shareholders, on the extraordinary achievements of Freightways under Dean's long and successful tenure.

Slide 27. Achievements since listing in 2003

Dean lead Freightways through its IPO in 2003 at a listing price of \$1.60 and an initial market cap of \$0.2 billion to the latest share price of around \$7.60 and market cap of \$1.2 billion.

Dean's relentless focus on organic growth and strategic investment in acquisitions and operating capacity, combined with strong business disciplines, has generated a compound annual growth rate of 15% for shareholders over this period.

Dean's focus on developing internal talent and capability, together with his long period of notice, allows Freightways to continue without interruption while transitioning its leadership.

It is my pleasure on behalf of Shareholders, to extend thanks and gratitude to Dean for his very substantive contribution to Freightways over a long and successful career with the Company.