

# Freightways Annual Shareholders Meeting

27 October 2011



Freightways

# Sue Sheldon

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Chairman

Freightways

# Agenda

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- Chairman's Introduction
- Managing Director's Review and Trading Update
- Resolutions



# General Highlights - 2011

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- Express Package & Business Mail division again demonstrated its ability to deliver double digit EBITA growth in Q2 and Q4
- New operations started-up in NSW, WA and SA now means FRE can offer a nationwide Information Management service to its Australian customers
- Information Management division continues its excellent revenue and earnings growth
- FRE again demonstrates its resilience to the challenges of nature and the economy

# Financial Highlights - 2011

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	<b>Jun-11</b>	<b>Jun-10</b>	<b>Variance</b>
	<b>\$M</b>	<b>\$M</b>	<b>%</b>
<b>Operating Revenue</b>	353	329	7%
<b>EBITDA*</b>	66	64	4%
<b>EBITA*</b>	57	54	5%
<b>NPAT*</b>	31	29	7%

\* Jun-11 excludes non-recurring earthquake costs \$1.3m (\$0.9m net of tax)

Jun-10 NPAT excludes one-off abnormal tax charge \$5.7m

# Final Dividend - 2011

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- Final dividend: 7.25 cps
- Imputation credits: 3.11 cps
- Supplementary dividend: 1.28 cps
- Record date: 16 September 2011
- Payment date: 30 September 2011
- DRP not offered in respect of the 2011 Final Dividend

**Dean Bracewell, Managing Director**

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**Review and Trading Update**

**Freightways**

# Managing Director's Presentation

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- Industry overview and business description
- Business strategy
- Trading update
- Outlook



# Express Package & Business Mail

## Industry Overview and Business Description



# Express Package & Business Mail Industry Overview

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- Services embedded in supply chains of businesses
- Consolidated industry structure
- Growth underpinned by demand for Just-in-Time supply
- Market has expanded as postal operators transition traditional 'parcel' volume to 'express packages'

# Express Package and Business Mail

## Business Description

Network Courier



Point to Point



Business Mail



Support



# Information Management

## Industry Overview and Business Description



# Information Management






















## Industry Overview

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- Accelerating growth opportunity driven by:
  - Demand for expert management of business data
  - Risk management
  - Compliance requirements
  - Lower cost outsourcing
- Recurring revenue streams
- Consolidated industry structure



# Information Management Business Description

	New Zealand	NSW	VIC	QLD	ACT	SA	WA
<b>Document Storage</b>							
<b>Data Storage</b>							
<b>Document Destruction</b>							

# Business Strategy

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# Business Strategy

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

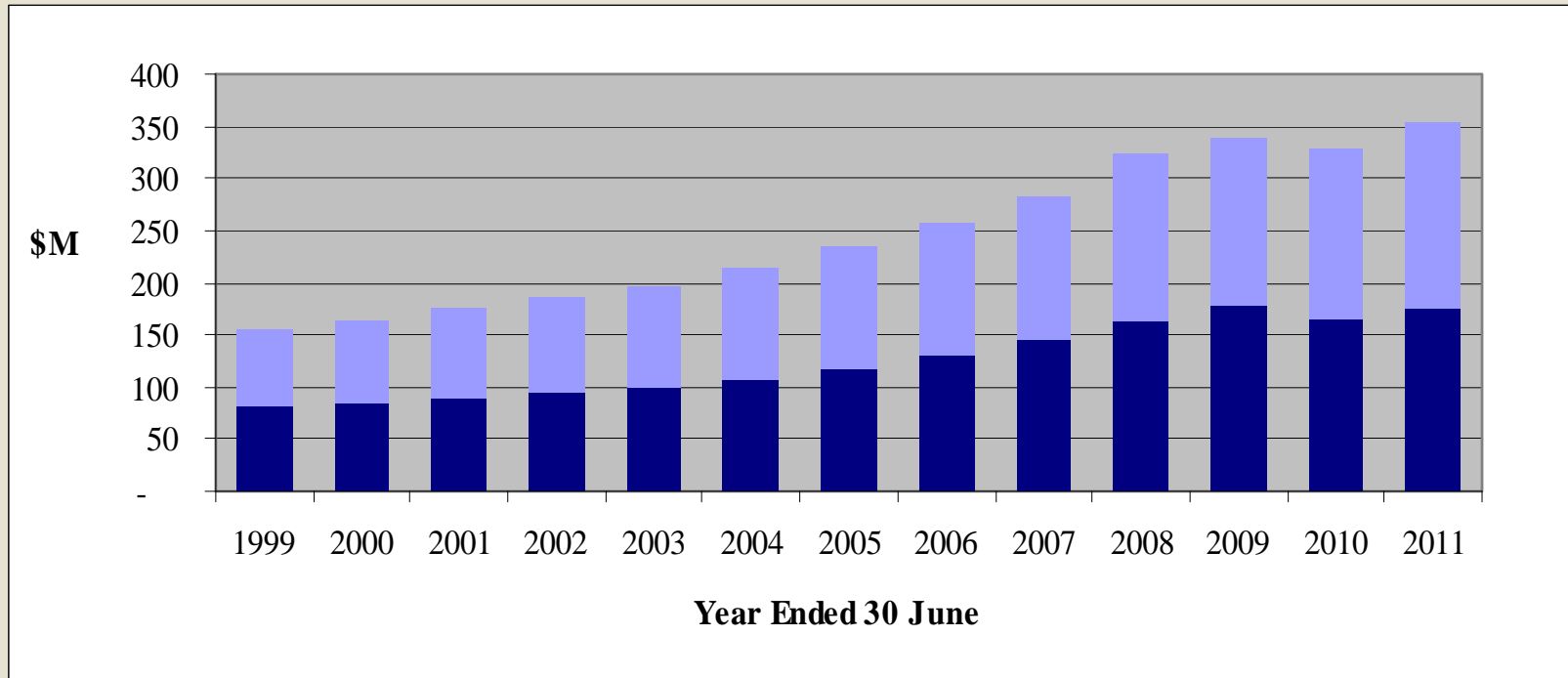


# Trading Update

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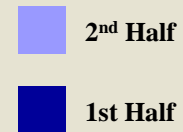
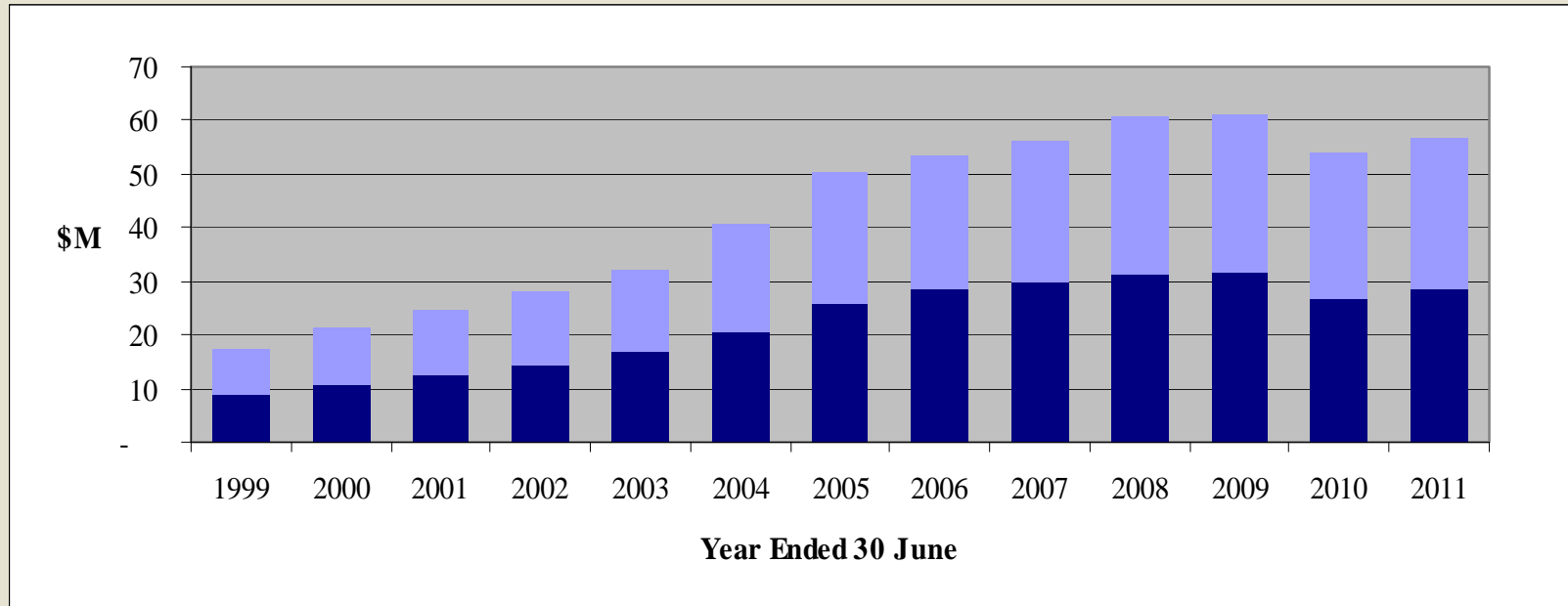
# Operating Revenue



- 8% higher revenue compared to PCP
- 10-year compound average annual revenue growth of 7%



# EBITA\*



- 5% higher EBITA compared to PCP
- 10-year compound average annual EBITA growth of 9%

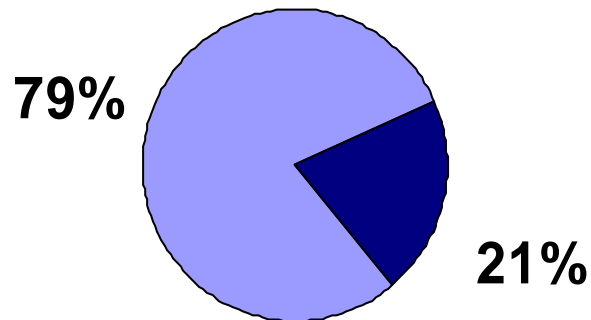
\*2011 excludes non-recurring earthquake costs \$1.3m

# Business Segments

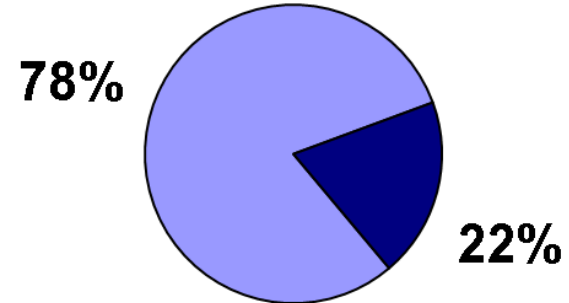
## Operating Performance (Year Ended 30 June 2011)

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### Revenue



### EBITA



# Current Financial Performance

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	<u>Qtr ended 30 September</u>		
	<b>2011*</b>	<b>2010</b>	<b>Variance</b>
	<b>\$000</b>	<b>\$000</b>	<b>%</b>
<b>Revenue</b>	93,317	85,381	9%
<b>EBITDA</b>	16,648	15,410	8%
<b>EBITA</b>	14,187	13,014	9%
<b>NPAT</b>	8,037	6,743	19%

NB: - 2011 numbers are drawn from unaudited management accounts.

\* Excludes one-off \$0.9m benefit (\$0.6m net of tax) from insurance proceeds

# Recent Acquisition Activity

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- Acquired IMNZ, effective 1 October 2011
- Revenue \$12m, EBITA pre-synergies of \$1.5m in first 12 months
- Acquisition cost \$12.7m (US\$10m)
- IMNZ being fully merged with Freightways subsidiary OSS
- Synergies will include relocation of IMNZ Wellington operations to the OSS Porirua facility
- Acquisition has strategic benefits and is immediately EPS positive

# Outlook

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# Outlook

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- Continued gradual improvement in FRE's market segments expected, with consequently improving FRE performance
- If recent EP&BM growth can be maintained, year-on-year improvement is expected to be sustained
- IM transitioning through a period of significant capacity investment, with accompanying stepped lease costs and an initial reduction in margin.
- Capital expenditure expected to be \$18m for FY12, including a one-off \$4m refurbishment on FRE's primary Auckland site
- FRE continues to seek and develop strategic growth opportunities



# Questions

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# Resolutions

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- Re-election of Directors
- Approval of Directors' fees
- Authority to fix Auditors' remuneration

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