

Annual Shareholders Meeting 2017

Freightways





Sue Sheldon  
Chairman

# Agenda •

1. Chairman's Introduction
2. Managing Director's Review and Trading Update
3. Resolutions

A photograph of the Freightways House building, a modern structure with a light-colored facade and large glass windows. The building is partially obscured by green trees in the foreground. The sky is a clear, bright blue.

**Freightways House**

# General Highlights •



Strength of underlying volume growth and margins in the Express Package & Business Mail division

Completion of significant projects to budget and within timetable that ensure important future capacity for both divisions

Execution of robust contingency plans that ensured least possible service disruption to customers, as a result of the North Canterbury earthquake

Performance of our Information Management businesses; other than TIMG Australia, which demonstrated improved results in the second half of the year

# Financial Highlights

	Note	2017 \$M	2016 \$M	Increase %
Revenue		545.3	505.4	7.9
EBITA (before non-recurring items)	(i)	89.3	87.7	1.9
Non-recurring items		3.7	(6.3)	
EBITA	(ii)	93.0	81.4	14.3
NPAT (before non-recurring items)	(iii)	56.6	54.4	4.1
Non-recurring items after tax		4.3	(4.6)	
NPAT	(iv)	60.9	49.8	22.3
Basic EPS (cents) (before non-recurring items)		36.5	35.1	

## NOTES

- (i) Operating profit before interest, tax and amortisation, before non-recurring items
- (ii) Operating profit before interest, tax and amortisation
- (iii) Net profit after tax (NPAT), before non-recurring items
- (iv) Profit for the year attributable to the shareholders

# Express Package & Business Mail

	Jun-17 \$M	Jun-16 \$M	Change
Operating Revenue	402.6	370.3	8.7%
EBITDA*	70.4	66.5	5.8%
EBITA*	65.3	62.1	5.1%
EBITA Margin*	16.2%	16.8%	

\* Excluding non-recurring items

# Information Management

	Jun-17 \$M	Jun-16 \$M	Change
Operating Revenue	144.2	136.8	5.4%
EBITDA*	32.7	33.2	(1.5)%
EBITA*	27.7	28.4	(2.7)%
EBITA Margin*	19.2%	20.8%	

\* Excluding non-recurring items

# Final Dividend

- Final dividend: 14.75 cps
- Imputation credits: 5.7361 cps (at 28% tax rate)
- Supplementary dividend: 2.6029 cps
- Record date: 15 September 2017
- Payment date: 2 October 2017
- No DRP was offered in respect of this dividend



# Corporate Governance

- New NZX Corporate Governance Code
- A small number of new policies and new disclosures are required
- FRE will be in compliance with this new Code by the required date of 30 June 2018

# Dean Bracewell

Managing Director



# Agenda

1. Industry Overview and Business Description
2. Business Strategy
3. Trading Update
4. Outlook



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Express Package & Business Mail

**Freightways**

# Express Package & Business Mail.

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Point-to-Point

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COURIERS**

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HOLDINGS  
LTD**

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NZ LTD**

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**PASS THE PARCEL**





**FIS** Freightways Information  
Services Limited

**Freightways**

# Information Management



# Information Management.

		 
Manage	Transform	Destroy
Archive Security	Imaging & document capture	Secure destruction
DataBank & Data Security	Automated accounts payable	eDestruction
FileSaver	Workflow Solutions	Product destruction
Secure Distribution Services	Digital mailroom	Paper recycling
LitSupport – Bureau Services	LitSupport - eDiscovery	

# Business Strategy •





# Business Strategy.

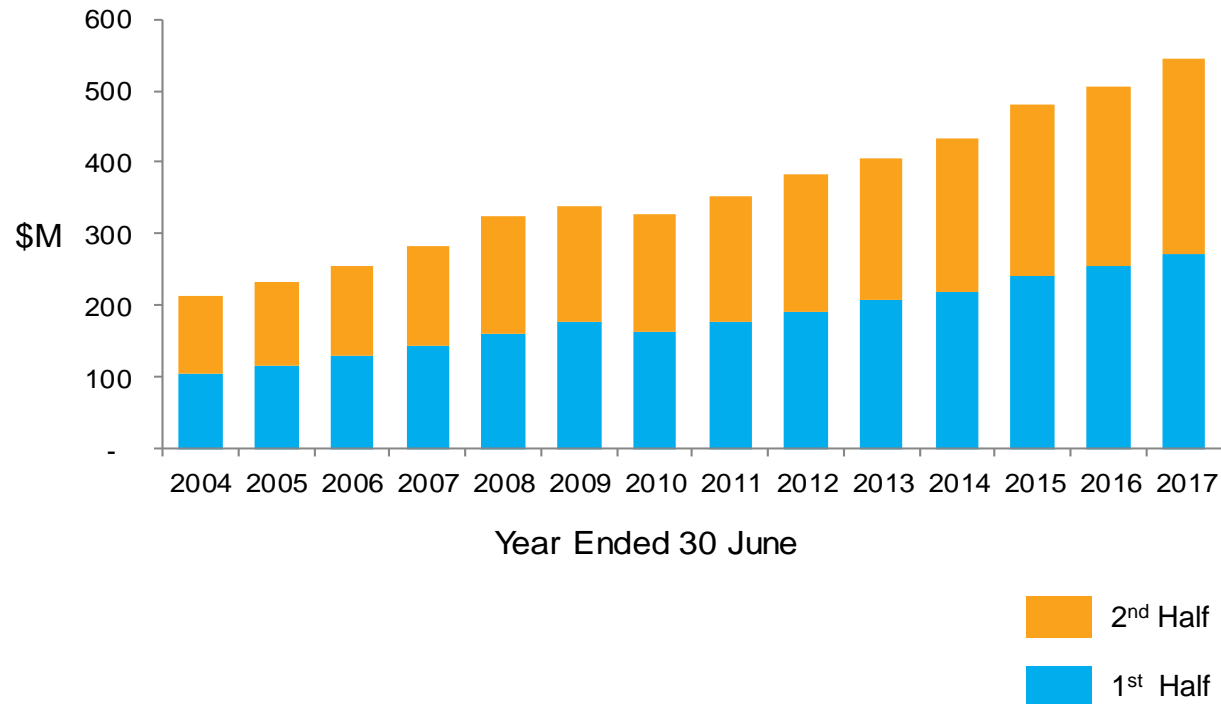
- Execute organic growth opportunities
  - Positioning, People, Performance, Profit
- Diversification by industry
- Diversification by geography
- Execute complementary acquisition and alliance opportunities



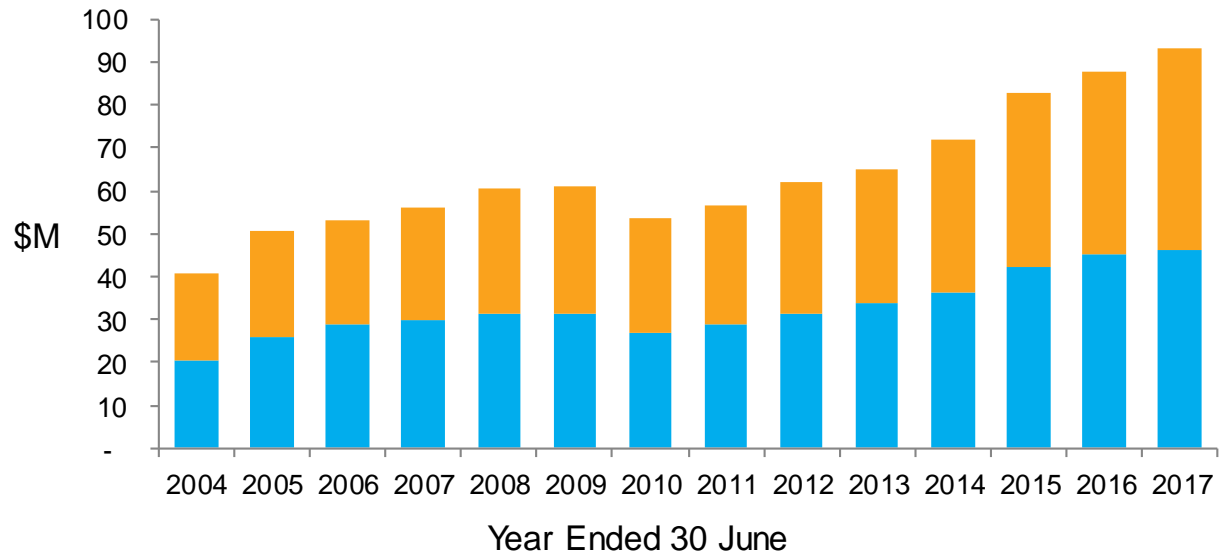
Trading Update •

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# Operating Revenue.



# EBITA.



# Consolidated Financial Performance

	Quarter ended:		
	Sep-17 \$000	Sep-16 \$000	Increase
Operating Revenue	143,236	133,868	7.0%
EBITDA*	26,938	25,917	8.1%
EBITA*	23,561	22,137	6.4%
NPATA*	15,515	14,566	6.5%
NPAT*	15,051	14,148	6.4%

\* Excluding non-recurring items

# Express Package & Business Mail.

	Quarter ended:		
	Sep-17 \$000	Sep-16 \$000	Increase
Operating Revenue	105,340	98,218	7.3%
EBITDA	18,185	17,317	5.0%
EBITA	16,537	16,159	2.3%
EBITA Margin	15.7%	16.5%	

# Information Management •

	Quarter ended:		
	Sep-17 \$000	Sep-16 \$000	Increase
Operating Revenue	38,379	35,937	6.8%
EBITDA*	9,245	7,995	15.6%
EBITA*	7,923	6,783	16.8%
EBITA Margin*	20.6%	18.9%	

\* Excluding non-recurring items

# Outlook .





# Outlook

- The markets in which Freightways operates in remain positive
- Increased volume and activity evident in this trading update has provided a sound start to the 2018 financial year
- Freightways continues to target year-on-year earnings growth
- Express Package & Business Mail: Investment in capacity will be made in both airfreight and premises to accommodate current volumes and growth
- Information Management: Better results currently being achieved at TIMG Australia are expected to continue to contribute to the overall positive performance of this division
- Capital expenditure of approximately \$14 million will be invested to support growth initiatives. Cash flows expected to remain strong throughout 2018
- Strategic growth opportunities, including acquisitions and alliances, will be executed where they make commercial sense

Dean Bracewell.



# Achievements since listing in 2003

- Compound Annual Growth Rate (CAGR): **15% p.a.**
- Total Shareholder Return (TSR): **>600%**





Questions •

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# Resolutions

- Re-election of Directors
- Approval of Directors' Fees
- Authority to fix Auditor's Remuneration

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