



Freightways



FULL YEAR RESULTS

14 August 2017

AGENDA



- Highlights
- Operating Performance
- Final Dividend
- Business Strategy
- Outlook
- Conclusion





HIGHLIGHTS

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

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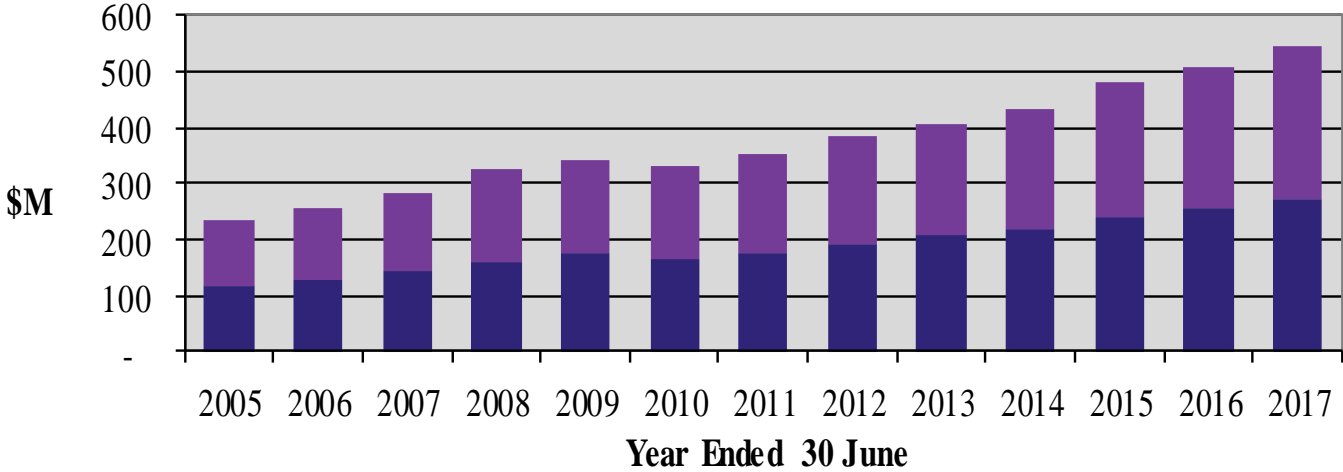
NON-RECURRING ITEMS

- 2017: A non-recurring benefit before tax of \$5.6m (no tax applicable) relating to previously accrued final acquisition payables that are no longer expected to be required. A non-recurring cost before tax of \$1.9m (\$1.3m after tax) relating to the relocation of the TIMG business in Sydney
- 2016: A total non-recurring charge of \$6.3 million (\$4.6 million after tax) relating to the write-down of the carrying value of the Convair fleet of aircraft and related spares

OPERATING PERFORMANCE



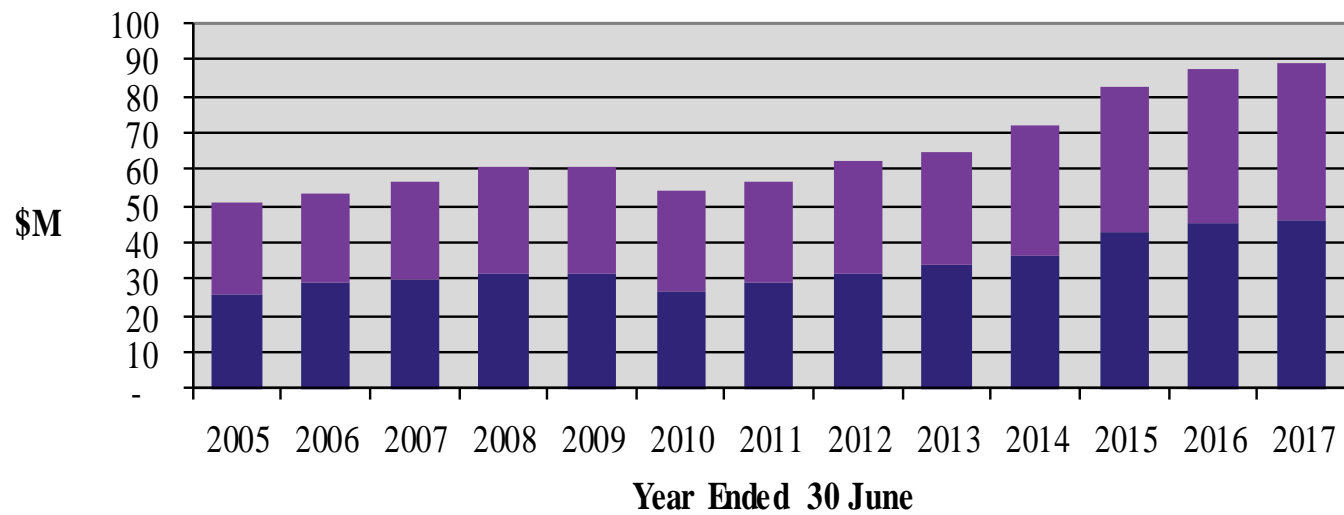
Operating Revenue



2nd Half
1st Half



EBITA



NB: This graph represents the operating profit before interest, tax and amortisation of intangibles, exclusive of any non-recurring items

2nd Half

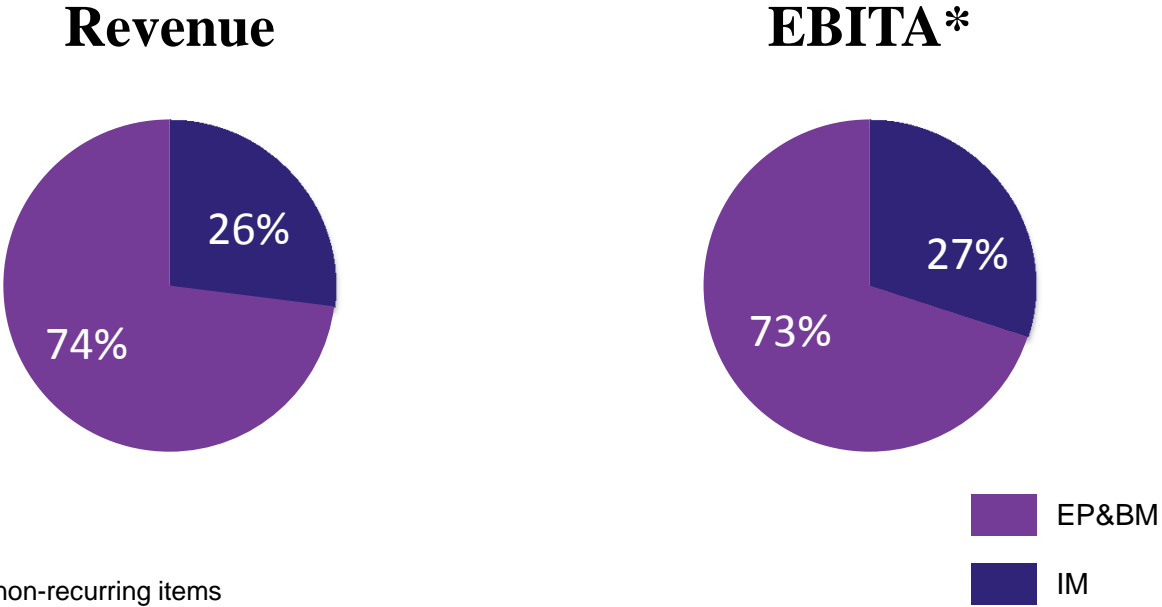
1st Half

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Business Segments Operating Performance

(Year ended 30 June 2017)



* Excluding non-recurring items



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

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A horizontal bar composed of four colored segments: cyan, purple, dark purple, and orange.

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

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BALANCE SHEET – KEY POINTS

- Total Assets have increased since FY16 by \$30m, primarily as a result of capacity investment (\$12m), particularly at the new Christchurch hub, and for enhanced IT solutions. Intangible assets in respect of the LexData acquisition of \$5m and higher trade and other receivables due to increased activity (\$8m) also contributed to higher recorded assets.
- Total Liabilities have increased since FY16 by \$8m, due to a combination of items, including higher accounts payable (\$6m), higher borrowings of \$7m and a reduction in the fair value of derivative financial instruments (\$4m), reflecting the progressive increase in medium to long-term floating interest rates relative to the fixed rates of these instruments.
- No significant changes in issued capital during the year.
- Gearing ratio has remained consistent at approximately 40% during the year.

CASH FLOWS – KEY POINTS

- Cash generated from operations of \$100m was \$7m above the PCP. Net cash inflows from operating activities (i.e. after deducting interest and tax payments) were \$4m above the PCP at \$65m, reflecting the net impact of lower interest, but higher tax on improved earnings.
- Cash outflows from investing activities were up \$11m on the PCP, driven by increased capital expenditure, plus \$2m more in acquisition payments compared to the PCP.
- The \$15m decrease in cash outflows from financing activities compared to the PCP mostly reflects drawing \$7m of bank borrowings during the year to assist with funding of capital expenditure and the LexData acquisition, compared to the PCP when \$12m of debt was repaid.

CAPITAL EXPENDITURE & DEPRECIATION

	2017 Full Year Actual \$M	2018 Full Year Forecast \$M
Capital Expenditure	24.1	16.9
Depreciation	11.7	13.9

FINAL DIVIDEND



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


















BUSINESS STRATEGY





BUSINESS STRATEGY

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

EXPRESS PACKAGE & BUSINESS MAIL

Network Courier	Point-to-Point	Business Mail	Support
			
			
			
			
			

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	

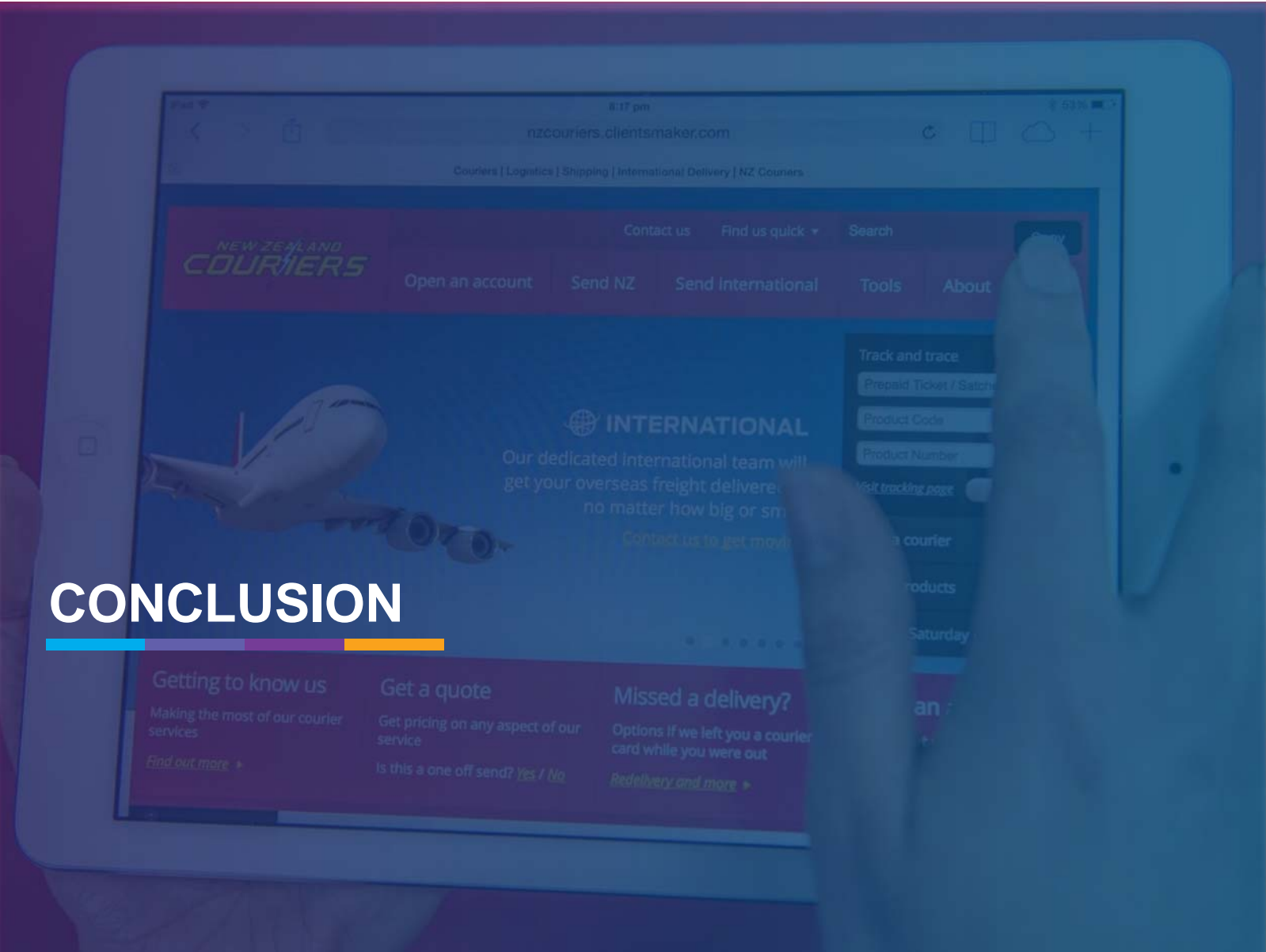


OUTLOOK



OUTLOOK

- The markets in which Freightways operates remain positive.
- Volumes and activity expected to increase during 2018 from both existing and new customers.
- Freightways is again targeting 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 are expected from TIMG Australia following the completion of the Sydney relocation in 2017
- Capital expenditure of approximately \$17 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



CONCLUSION



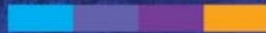
CONCLUSION

- Evident in this result are the:
 - strength of Freightways business models
 - expertise of our team of people
 - positive features of the markets we operate in

- Directors acknowledge the outstanding work and ongoing dedication of the Freightways team of people, particularly following the North Canterbury earthquake



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