

Freightways

Half Year Presentation

7 February 2007

This presentation relates to the Freightways Limited NZX announcement and media release of 7 February 2007.

As such, it should be read in conjunction with, and is subject to, the explanations and views contained in those releases.

Presentation

- 2007 Half Year highlights
- Operating performance
- Business strategy
- Outlook



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2007 Half Year Highlights

General Highlights

- Resilience of business model evident in result despite the challenging operating environment
- ‘Core’ express package business on a par with last year, ‘Emerging’ Business Mail and Information Management businesses achieving growth expectations
- DataBank Australia acquisition delivered to expectation

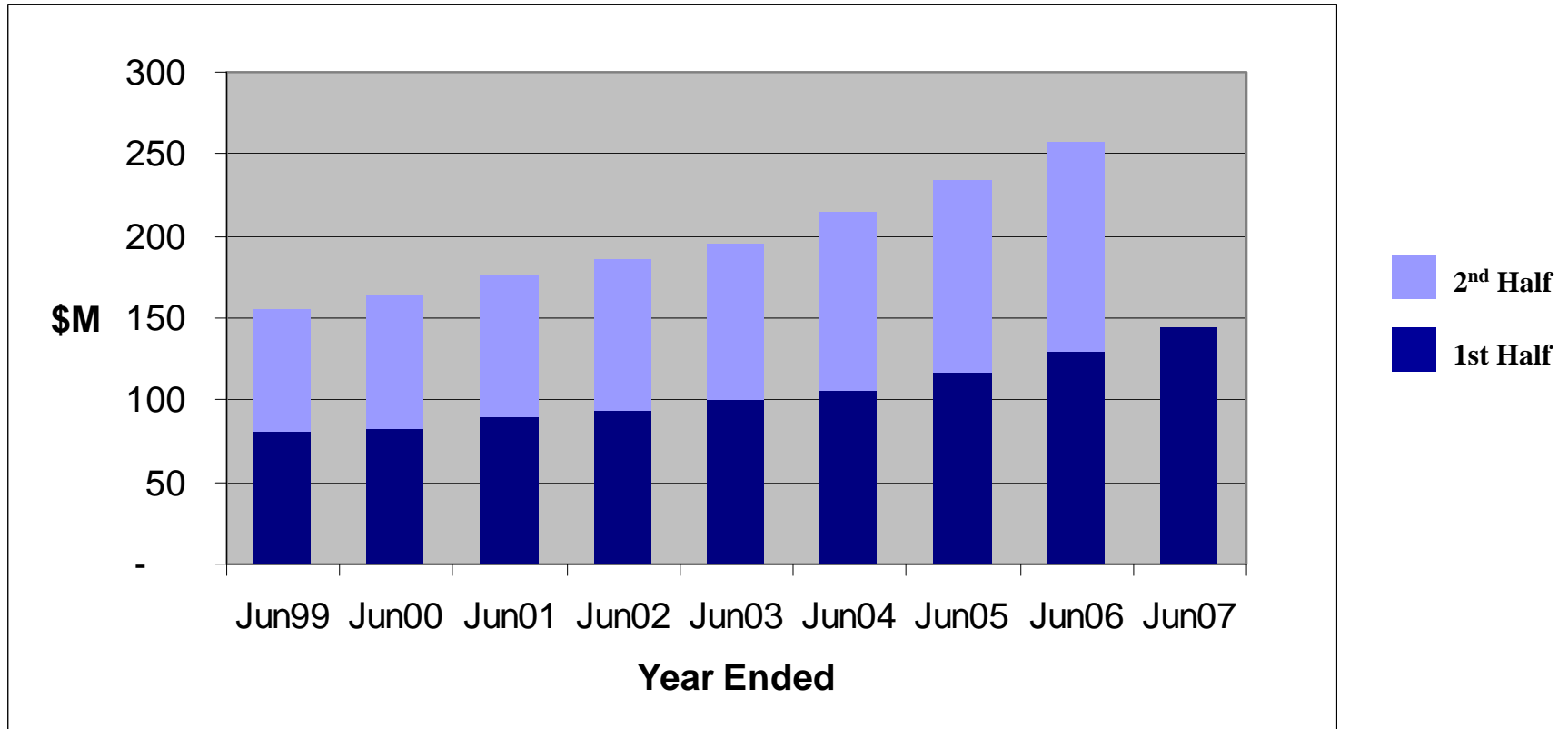
Financial Highlights

	Dec-06	Dec-05	variance
	\$000	\$000	%
Operating revenue	144,273	129,796	11%
EBITDA	32,990	31,043	6%
EBITA	29,727	28,668	4%
NPATA	16,486	16,006	3%
Earnings per share (NPAT)	11 cents	11 cents	

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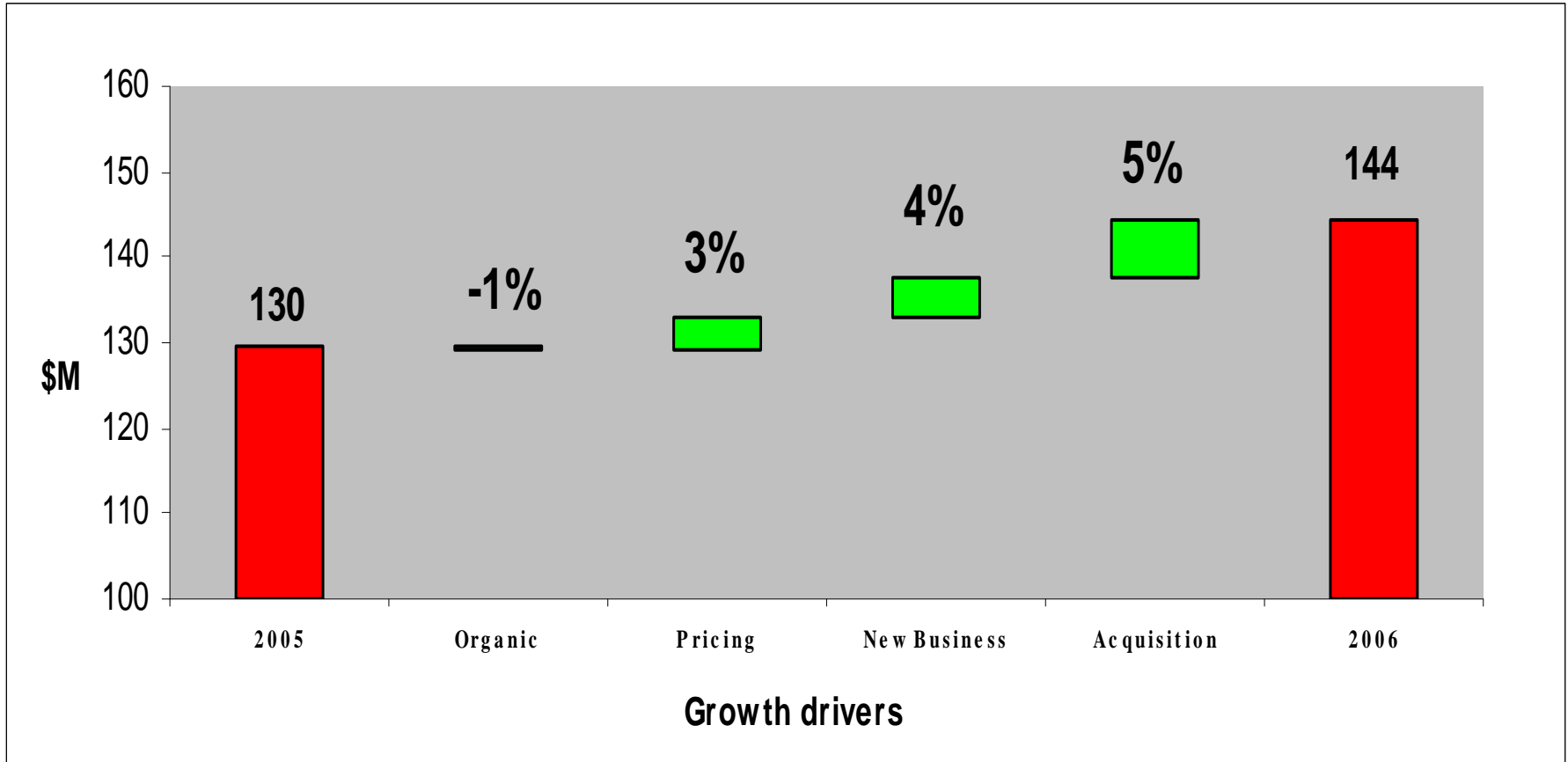
Operating Performance

Operating Revenue

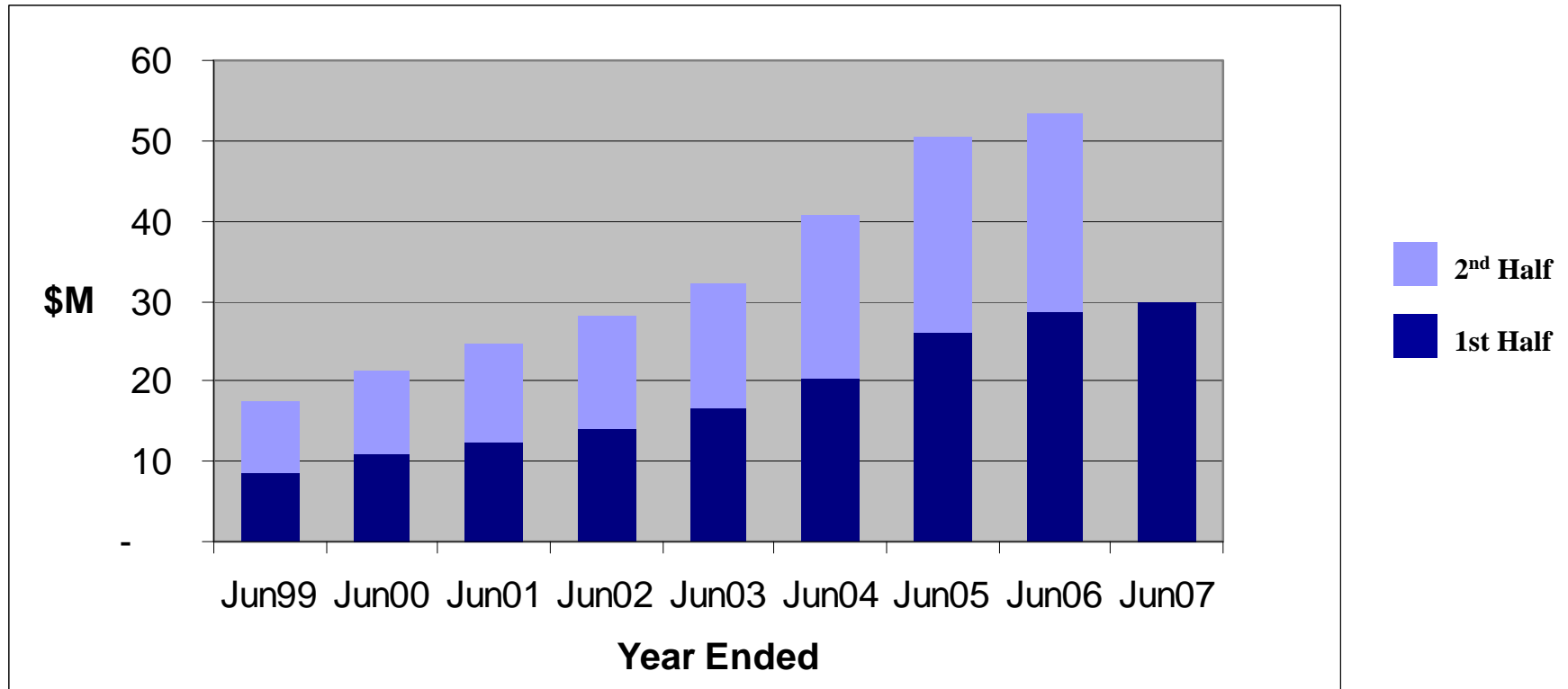


- 11% revenue growth compared to 2006
- 5-year compound average annual revenue growth of 9%

Where Revenue Growth Has Come From



EBITA



- 4% EBITA growth compared to 2006
- 5-year compound average annual EBITA growth of 16%

Drivers of EBITA Growth

- Business mix
- Margin integrity
- Cost control
- Acquisition activity
- Incremental investment

Balance Sheet

- Negative working capital position continues
- Increase in intangibles of \$18m (net of amortisation), due to acquisition of DataBank and Pete's Post
- Increase in fixed assets of \$11m (net of depreciation)
- Increase in bank borrowings of \$24m
- Goodwill amortised over 20 years (\$6m annual charge)

Cash Flows

- Cash generated from operations of \$29m
- Capital expenditure at expectation of \$4m for the half year, excluding the unplanned \$8m paid for the Wellington facility and expansion land
- Payments for acquisitions of \$22m this half year
- Borrowings increased by \$24m this half year

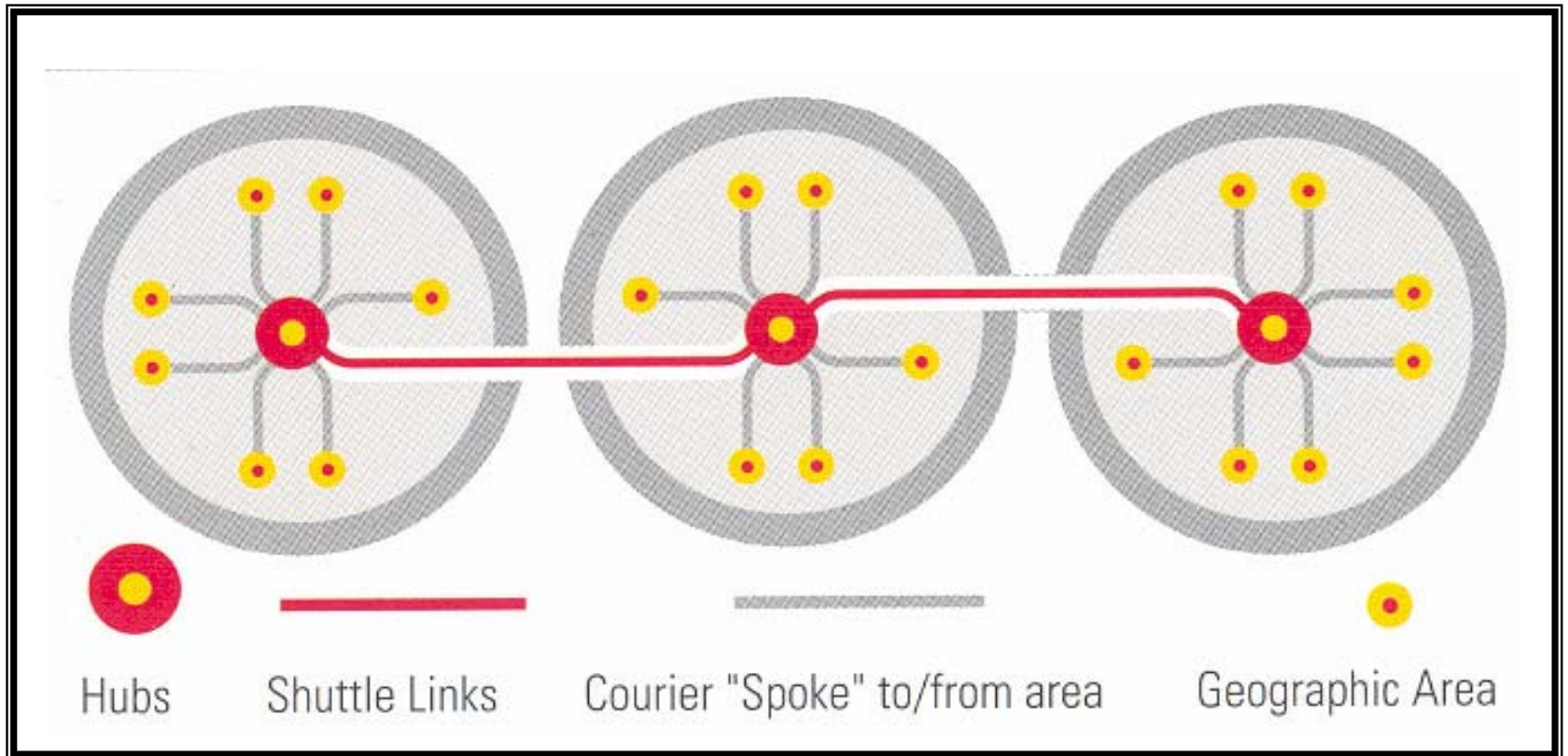
Dividends

	Dec-06	Dec-05	Dec-04	Dec-03
Dividend declared	\$11.6m	\$10.9m	\$9.45m	\$7.25m
Cents per share	9.00	8.50	7.50	5.85

Key points:

- Fully Imputed
- Record date 16 March 2007
- Payable 31 March 2007

Business Strategy



Business strategy

- Continued development of growth opportunities in Freightways' existing three markets
- Positioning, People, Performance, Profit
- Explore complementary growth opportunities
- Invest in IT and infrastructure

Outlook



Capital expenditure

	2007	
	Half Year Actual	Full Year Forecast
Capital expenditure	\$12m	\$18m
Depreciation	\$3m	\$7m

- 2007 includes stepped investment in property, core IT infrastructure and capex requirements for newly acquired DataBank

Outlook

- Near-term performance will continue to be influenced by NZ economic conditions
- Investment in people, infrastructure and customer service initiatives (competitive advantage) will continue
- Characteristics of competitive environment expected to remain unchanged
- Consistent application of proven market strategies
- All subsidiaries well positioned to accommodate growth

Summary

- ✓ Strong successful business
- ✓ Positioned to deliver continuing earnings growth
- ✓ Delivering an attractive dividend yield