

CRAIGS

INVESTOR DAY
PRESENTATION



Freightways



A HERITAGE
THAT
STARTED
IN 1964

Freightways

AGENDA

1

WHO WE ARE

2

TRACK RECORD

STRATEGIC
OPPORTUNITIES

3

4

PERFORMANCE
OUTLOOK

WHO WE ARE

4000+
STAFF AND
CONTRACTORS

INCREDIBLE
TENURE OF
TEAMS

BUSINESS
OWNERS WHO
WORK THEIR
NICHES

TASKED
WITH FINDING
OPPORTUNITIES
TO GROW

WHO WE ARE



NZ
~70%

OFFSHORE
~30%



LISTED IN
2003

6800+
SHAREHOLDERS

OUR LINES OF BUSINESS

EXPRESS PACKAGE



NEW ZEALAND COURIERS
POST HASTE COURIERS
CASTLE PARCELS
NOW COURIERS
SUB60
KIWI EXPRESS
SECURITY EXPRESS

BUSINESS MAIL



DX MAIL
DATAPRINT

INFORMATION MANAGEMENT



TIMG AUSTRALIA &
NEW ZEALAND

SECURE DESTRUCTION



SHRED-X
MED-X
TIMG NZ

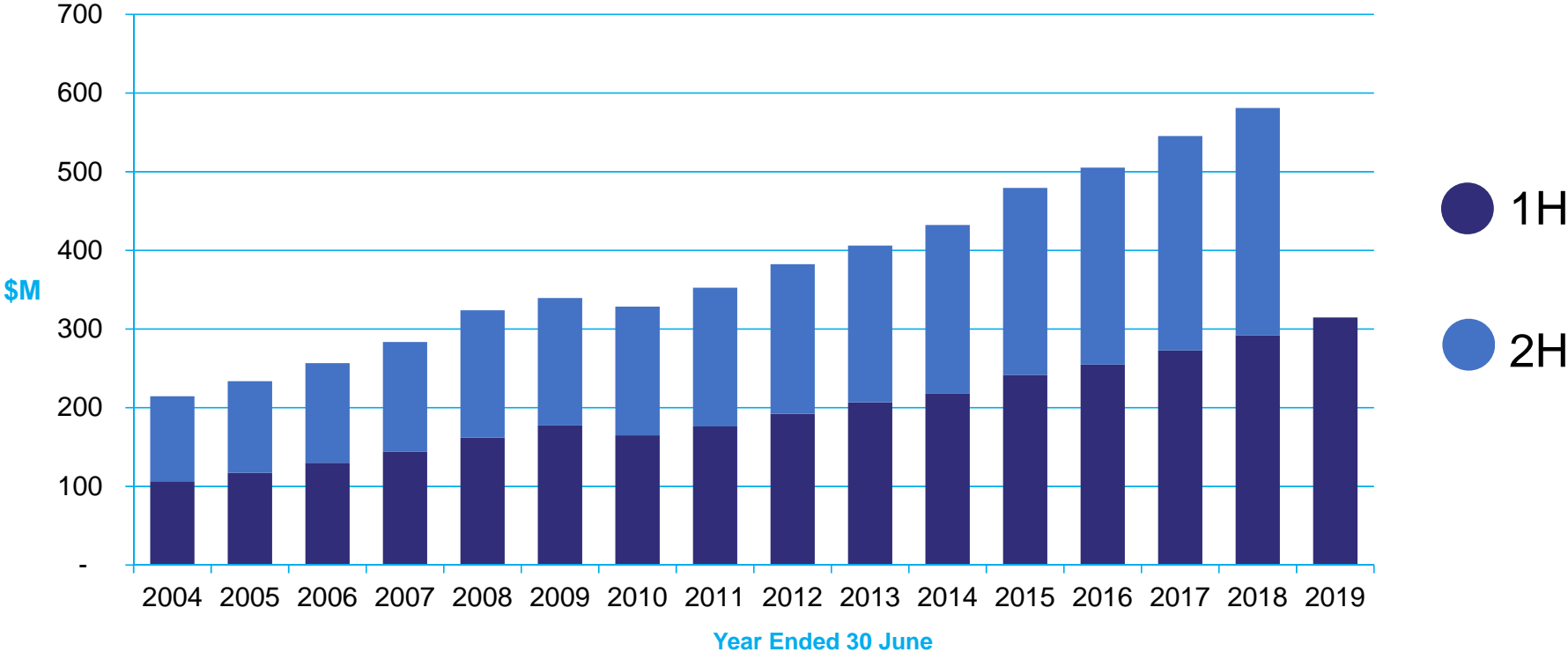
FREIGHTWAYS ARE EXPERTS IN...



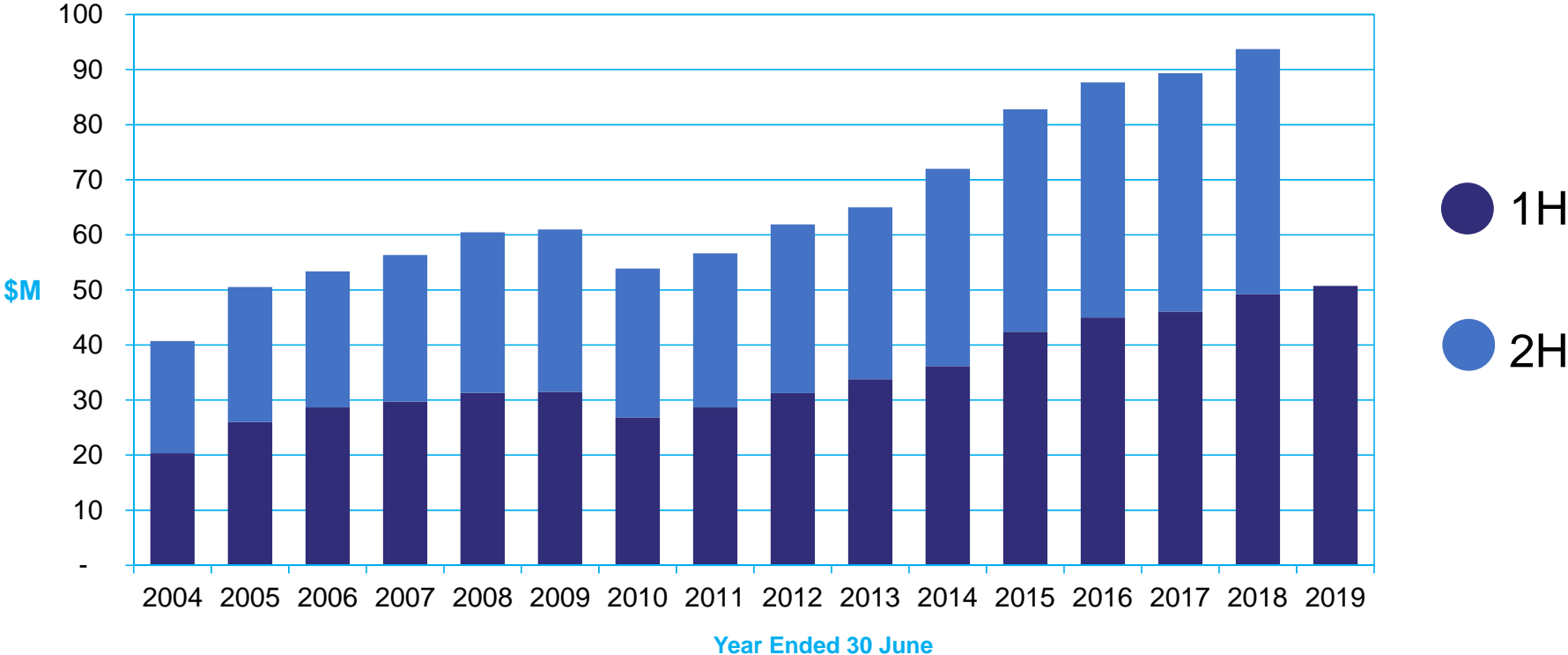
TRACK RECORD



OPERATING REVENUE

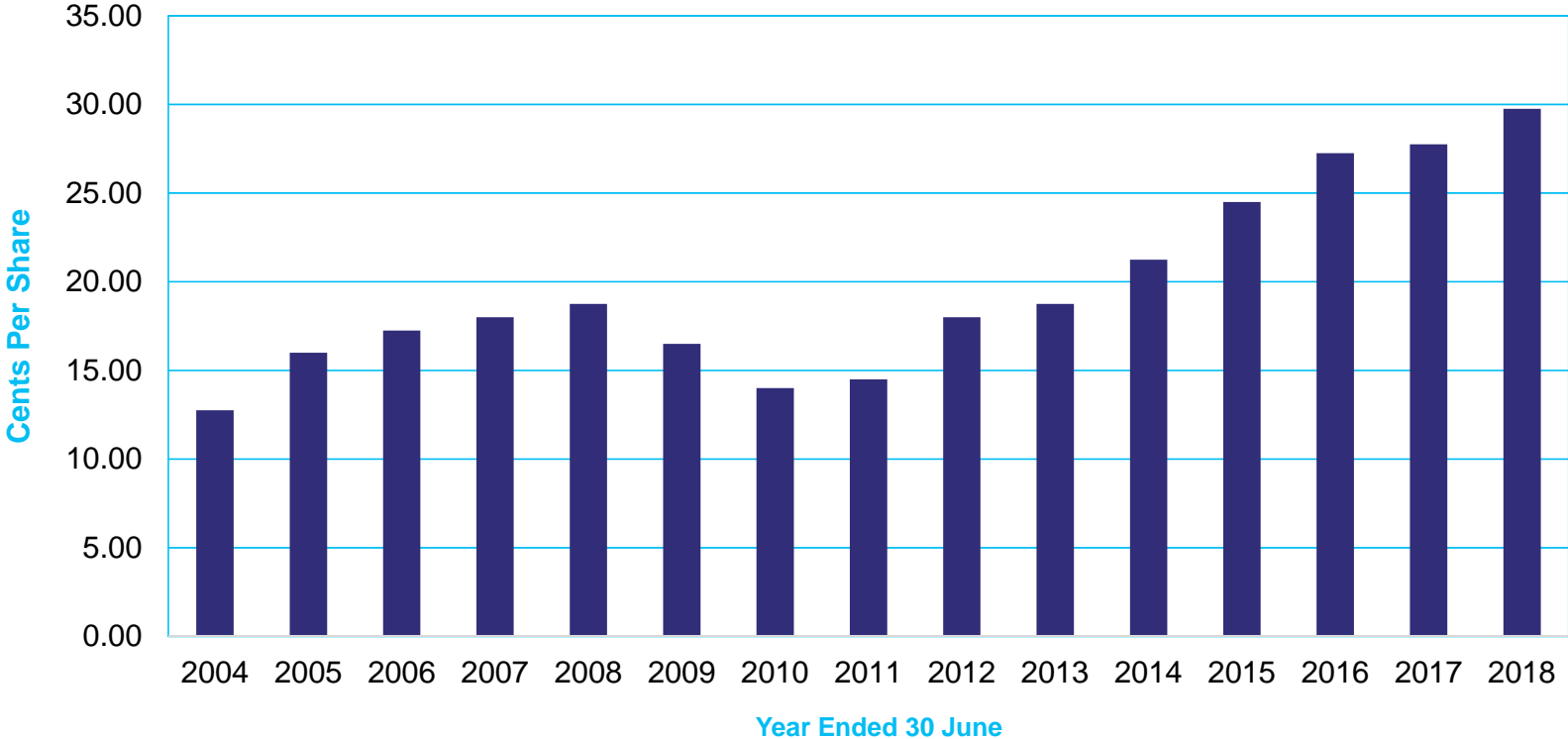


EBITA



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

DIVIDEND PAYMENT HISTORY



STRATEGIC OPPORTUNITIES



EXPRESS PACKAGE

ABOUT US

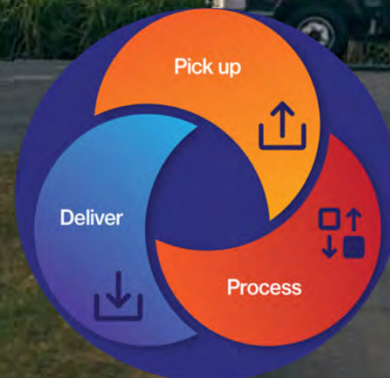
- #1 by market share and industry profitability
- B2B 75% of our volume, grows around GDP levels, stable and loyal customer base whose businesses are built around our networks
- B2C (Residential deliveries), 25% of our business, market growing at around 10% YoY
- Relatively consolidated market
FRE, NZ Post, PBT, Fastway

OPPORTUNITY

- Last mile is more expensive to deliver to – which results in lower margins
- B2C growth is challenging courier businesses globally

STRATEGY

- Requires a different pricing proposition
- Requires better visibility for receivers
- Pricing for effort / aided by technology to identify residential addresses
- Notifications to receivers to reduce re-work
- Improve productivity by merging multi brand runs
- Multi year programme to improve margin and productivity
- Bring the market with us



BUSINESS MAIL

ABOUT US

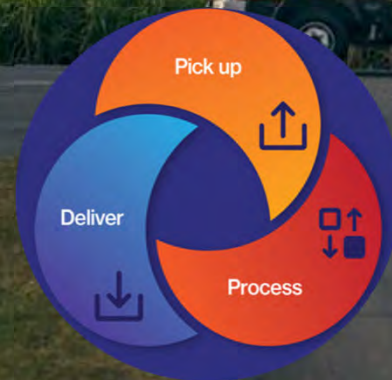
- Only operator competing with NZ Post after the market was deregulated in 1996
- 10% market share
- Overnight delivery
- Strong regional offer
- Leading mailhouse providing digital and physical mail services

OPPORTUNITY

- Continue to target customers who require superior service and a combination of digital and physical mail delivery services

STRATEGY

- Build out the network to meet demand – remain nimble and influenced by customer demand
- Promote our digital mailhouse services to new customers



INFORMATION MANAGEMENT

ABOUT US

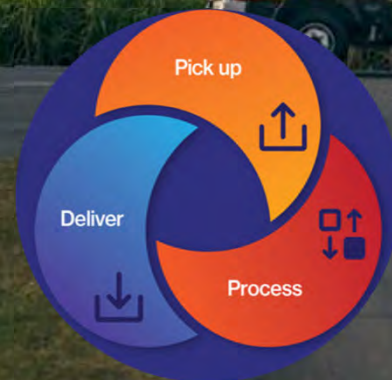
- NZ is a high margin business, 82% utilisation
- AU is growing well in document storage. Earns lower margins due to lower utilisation of facilities ~ 65%
- Customers can be hard to transition but are sticky and provide annuity revenue streams
- Consolidated market now in AU and NZ

OPPORTUNITY

- Improve margins in AU through improved facility utilisation
- Sell new services to the same customers

STRATEGY

- Expand utilisation of our facilities to 90% over 3 years
- Help customers transition from paper to digital technology
- Start with paper heavy businesses, govt departments, hospitals, large corporates



SECURE DESTRUCTION

ABOUT US

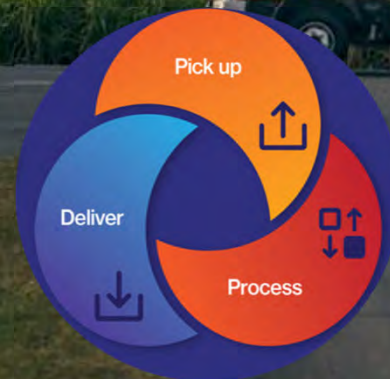
- Came from nowhere to become #1 in AU (and longstanding #1 in NZ)
- Built a business which recycles and securely destroys 47,000T of paper per annum
- Business has a long tail – given the number of archives in storage
- Core capabilities: efficient pick-up, processing and delivery

OPPORTUNITY

- Move into adjacent markets which require efficient:
 - ✓ pick up,
 - ✓ processing (separation, shredding, baling) and
 - ✓ delivery (selling into commodity markets)

STRATEGY

- Target business customers
 - ✓ electronic waste
 - ✓ medical waste
 - ✓ coffee cups
 - ✓ plastic and paper
 - ✓ textiles
- Use a combination of acquisition and start-ups
- NZ and AU



PERFORMANCE OUTLOOK



PERFORMANCE OUTLOOK

FY19

- Slowing same-customer growth for Express Package in the second half of FY19, particularly in March and April
- We have re-secured the Group's largest customer for another 3-year term, but at discounted rates which will flow through FY20
- Increased investment in growing the Shred-X collection and processing network to take advantage of new business growth opportunities

PERFORMANCE OUTLOOK

FY20

Risks

- NZ Post has established a new pricing regime for bulk mail that directly targets the areas that DX delivers to and which will require DX to offer lower prices to retain this work
- We expect softer organic Express Package B2B growth based on trading in the 2nd half of FY19
- Paper pricing for non-contracted paper in FY20 is expected to fall by around 15%

Opportunities

- Pricing For Effort has been communicated to customers over the past month with good levels of understanding and acceptance
- Express Package Competitor price rises look to be higher than in previous years
- The pipeline for both new customers and acquisition opportunities is healthy

THE FUTURE AT FREIGHTWAYS

EXPRESS PACKAGE



Express Package business is fuelled by profitable B2C services and B2B growth (organic, market share, niche exploitation)

BUSINESS MAIL



Business Mail is heavily digital and complemented by high priced / high value physical mail services

INFORMATION MANAGEMENT



Information Management business generating strong cash flows from physical services, augmented by faster growing digital services

SECURE DESTRUCTION



A secure destruction and recycling business driven by customer's desires to collect, process and re-use valuable commodities

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