

**Freightways**

**Full Year Presentation**

**6 August 2007**

This presentation relates to the Freightways Limited NZX announcement and media release of 6 August 2007.

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

# Presentation

- 2007 highlights
- Operating performance
- Business strategy
- Outlook



**Freightways**

**2007 Highlights**

# General Highlights

- Core businesses have performed soundly in a challenging domestic marketplace
- Emerging businesses have delivered strong growth
- Acquisitions have established FRE's presence in the Australian market
- FRE has delivered another record result

# Financial Highlights

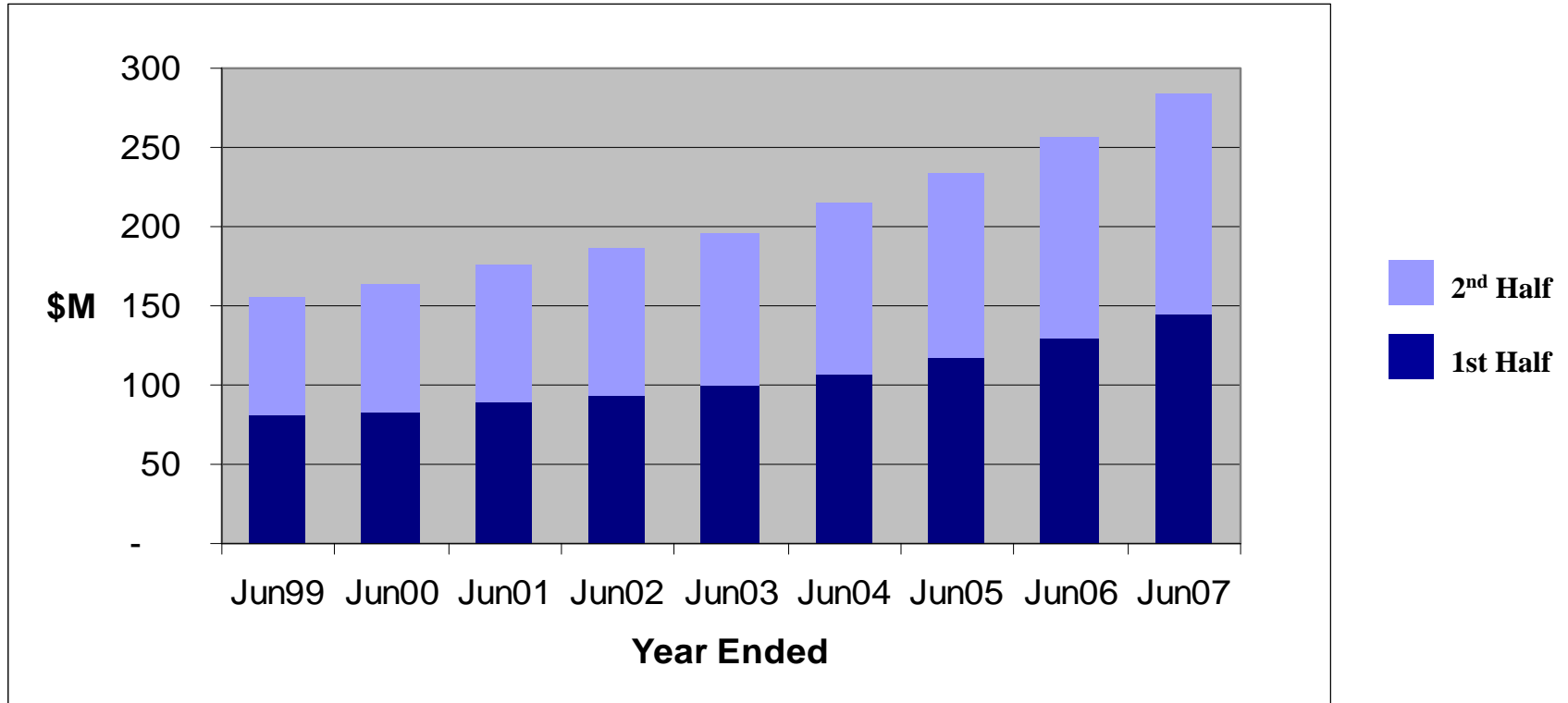
	<b>2007</b>	<b>2006</b>	<b>variance</b>
	<b>\$000</b>	<b>\$000</b>	<b>%</b>
<b>Operating revenue</b>	283,447	256,689	10%
<b>EBITDA</b>	62,929	58,318	8%
<b>EBITA</b>	56,531	53,360	6%
<b>NPAT</b>	25,091	24,306	3%
<b>NPATA</b>	30,901	29,276	6%
<b>Earnings per share (NPAT)</b>	20 cents	19 cents	5%

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**Operating Performance**

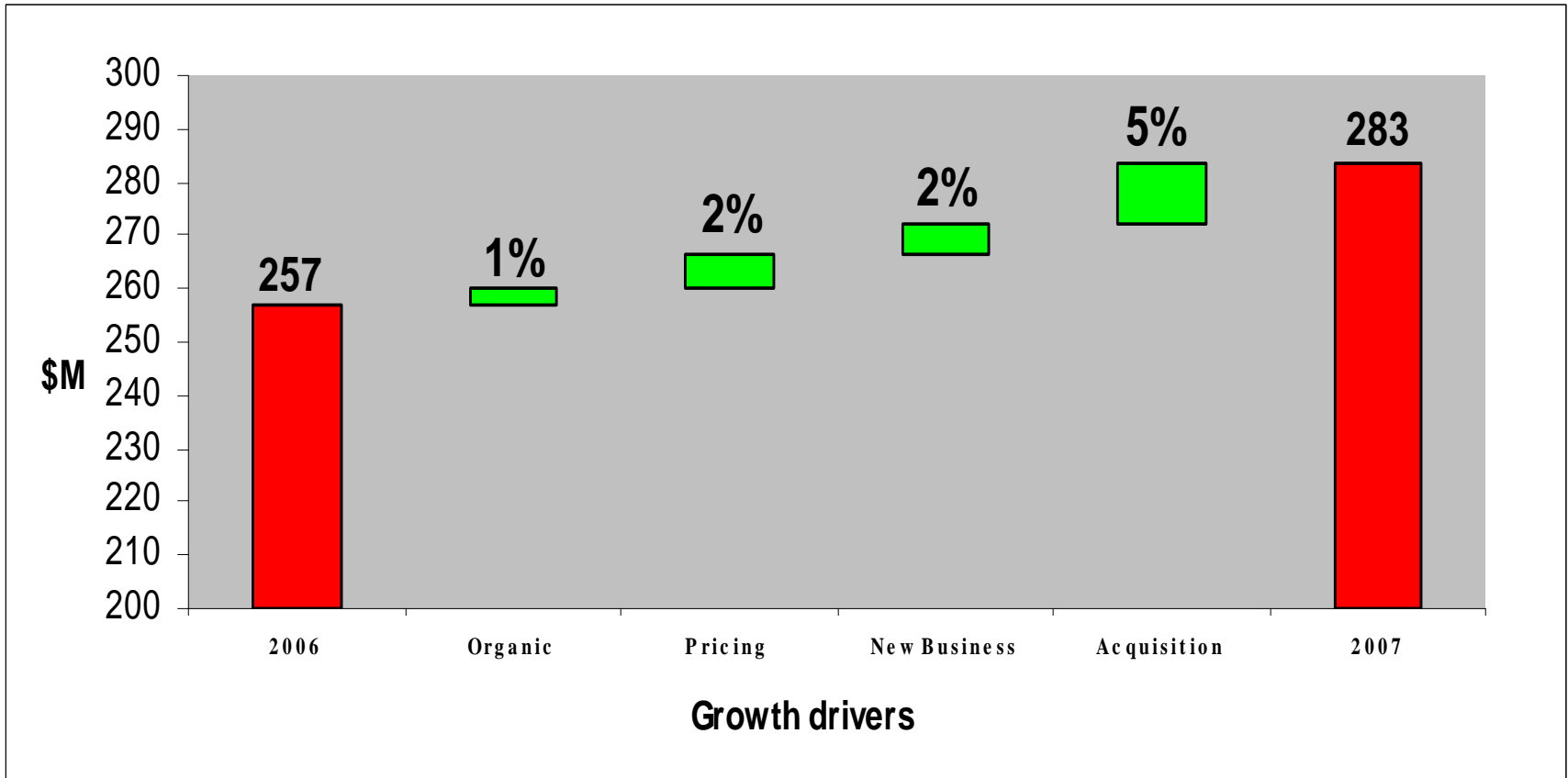


# Operating Revenue

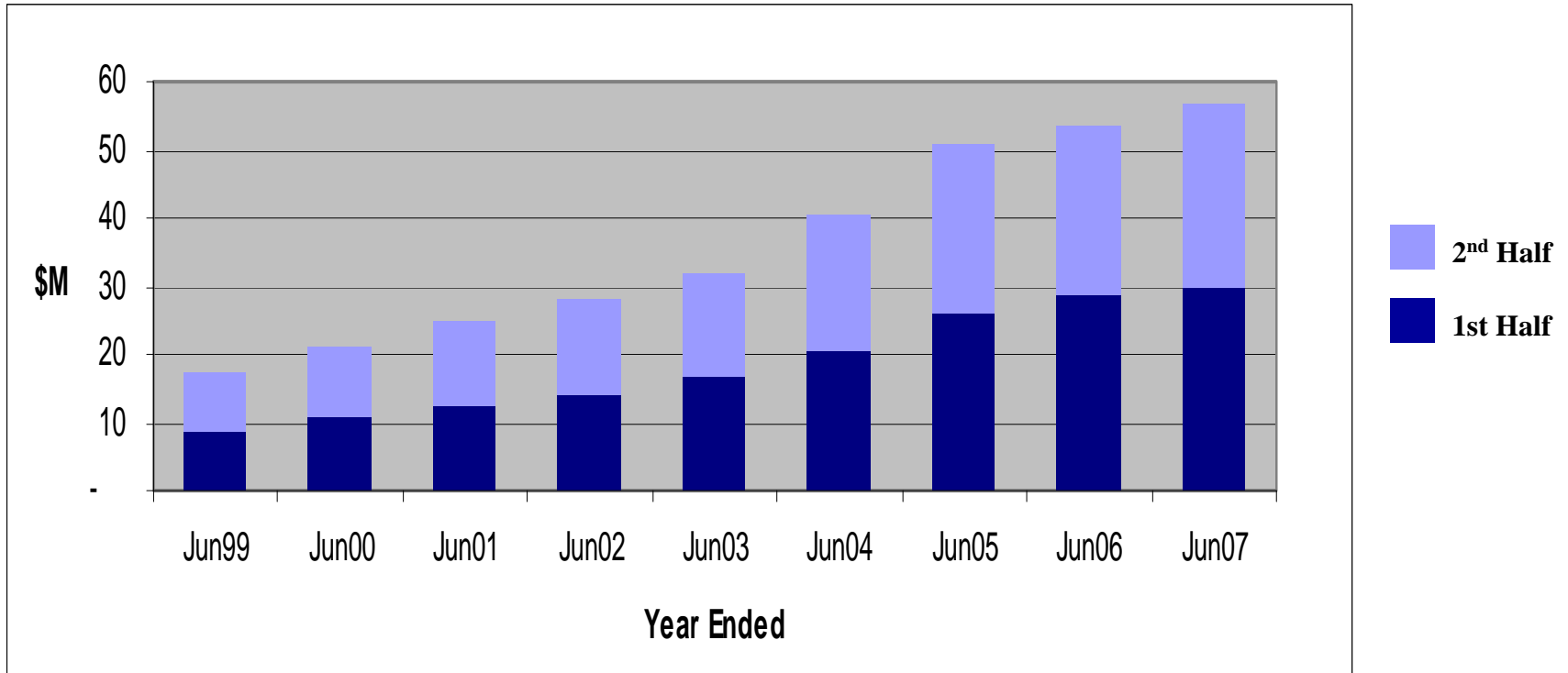


- 10% revenue growth compared to 2006
- 5-year compound average annual revenue growth of 9%

# Where Revenue Growth Has Come From



# EBITA



- 6% EBITA growth compared to 2006
- 5-year compound average annual EBITA growth of 15%

# Drivers of EBITA Growth

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

# Balance Sheet

- Negative working capital position continues
- Increase in fixed assets of \$12m (net of depreciation)
- Increase in bank borrowings of \$25m
- Goodwill amortised over 20 years (\$6m annual charge)
- Increase in brands of \$11m

# Cash Flows

- Cash generated from operations of \$62m
- Capital expenditure of \$18m
- Payments for acquisitions of \$24m
- Borrowings increased by \$25m during the year

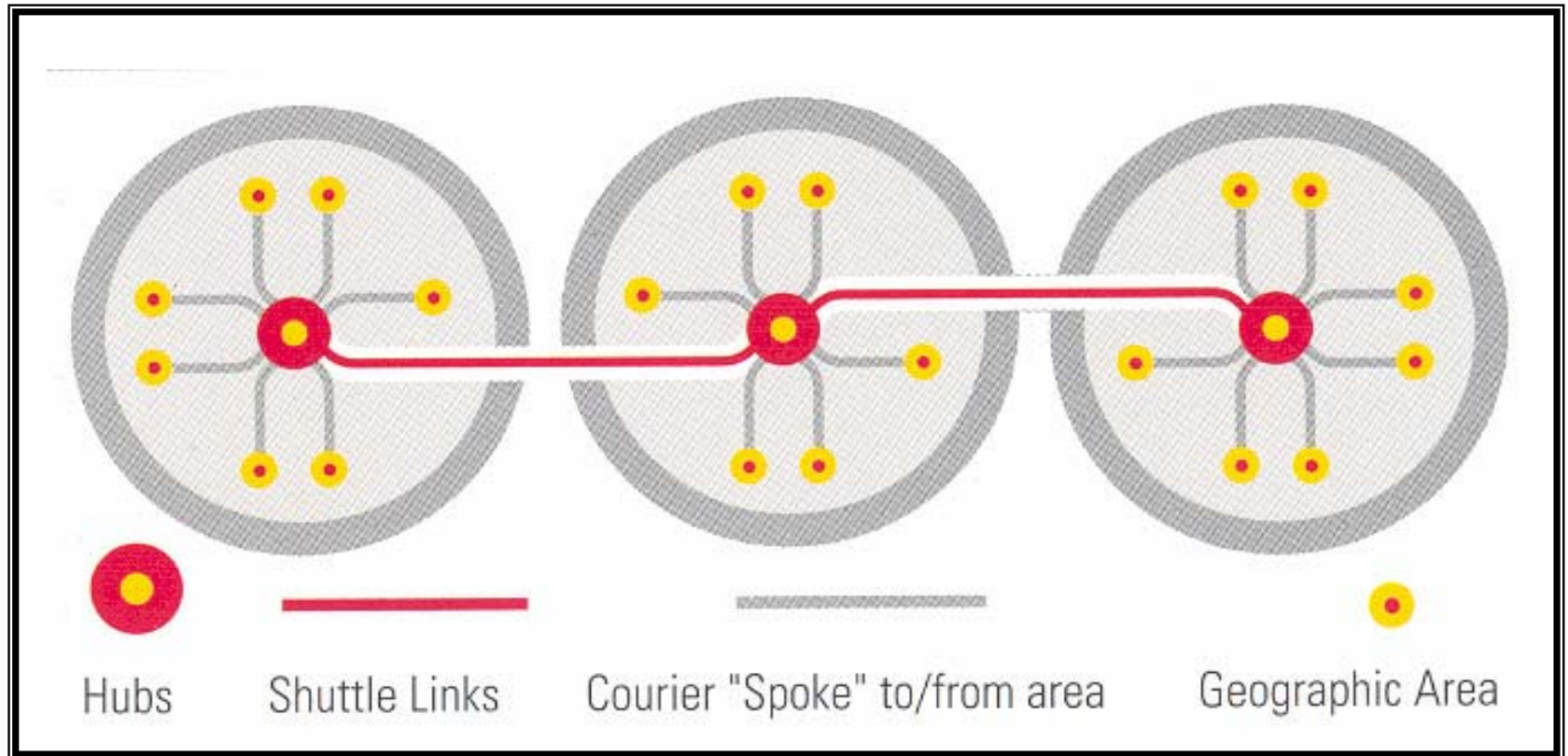
# Dividends

	<b>Jun-07</b>	<b>Dec-06</b>	<b>Jun-06</b>	<b>Dec-05</b>
Dividend declared	<b>\$11.6m</b>	\$11.6m	\$11.2m	\$10.9m
Cents per share	<b>9.00</b>	9.00	8.75	8.50
Full year (cps)	<b>18.00</b>		<b>17.25</b>	

## Key points:

- Increase of 3% compared to 2006
- Fully Imputed
- Record date: Friday, 14 September 2007
- Payment date: Monday, 1 October 2007

# Business Strategy





# Business strategy

- Continued development of organic growth opportunities in Freightways' existing three markets
- Positioning, People, Performance, Profit
- Explore complementary acquisition opportunities

# Progress - Australia

- July 2006                      Acquire DataBank (NSW, VIC)
- January 2007                Start-up DataBank Queensland
- July 2007                      Acquire Shred-X (QLD)  
   Acquire Victoria Paper Recyclers  
   Acquire DD & PR (QLD)
- Support development and growth of acquired businesses
- Continue to explore complementary acquisitions

# Outlook



# Capital expenditure

	<b>2008</b>	<b>2007</b>
	<b>Forecast</b>	<b>Actual</b>
Capital expenditure	\$15.0m	\$17.8m
Depreciation	\$8.0m	\$6.4m

- 2007 capex included \$8m Porirua land & buildings purchased
- 2008 depreciation reflects progressive capitalisation of investment in core IT

# Outlook

- Near-term performance will 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 market specific strategies
- All subsidiaries well positioned to accommodate growth
- Recent Australian acquisitions will assist FRE platform for growth and diversify its earnings

# Summary

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