

Freightways

Full Year Presentation

16 August 2010

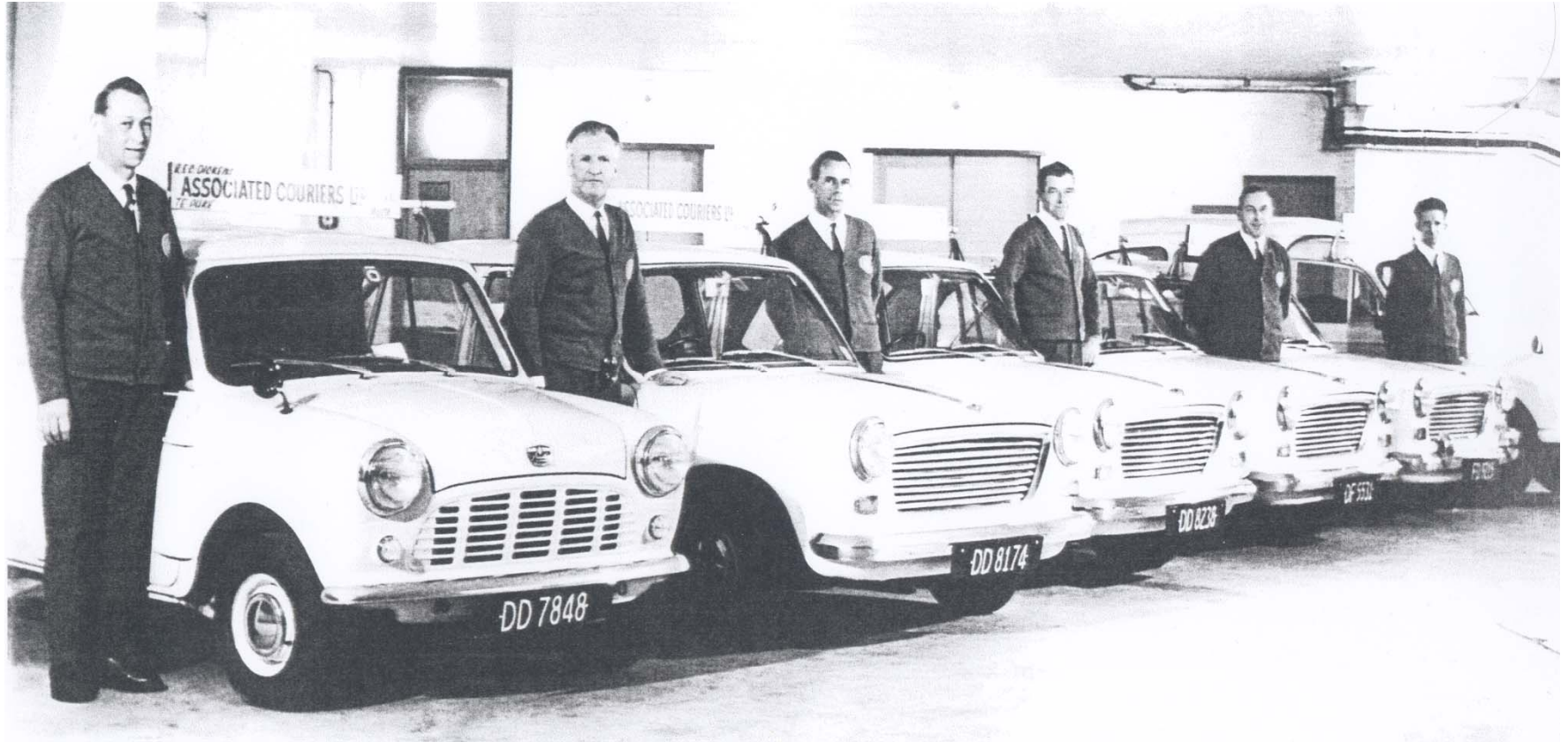
This presentation relates to the Freightways Limited NZX announcement and media release of 16 August 2010.

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

These full year results are drawn from audited financial statements prepared in accordance with NZ IFRS.

Presentation

- 2010 Full Year Highlights
- Operating Performance
- Business Strategy
- Outlook



Freightways

2010 Full Year Highlights

General Highlights

- Progressively improving performance, as evidenced by second half results
- Express Package & Business Mail division again proved its resilience, while introducing new services
- Information Management division continues to grow, aided by:
 - recent investment in geographical footprint and capacity
 - recurring revenues
 - industry growth, driven by increased outsourcing
 - market share gains

Normalising of Financial Results for Prior Comparative Period (PCP)

	Jun-09 \$000 (reported)	Impact of 5 extra trading days	Impact of sale of property	Jun-09 \$000 (normalised)
Operating Revenue	339,491	(6,000)	-	333,491
EBITDA	70,548	(1,500)	(4,000)	65,048
EBITA	60,971	(1,500)	(4,000)	55,471
NPAT	34,593	(1,085)	(4,000)	29,508

NB: 5 extra trading days in FY2009 arose due to the realignment of the annual accounting calendar, which is weekly-based, with the regular calendar month-ends.

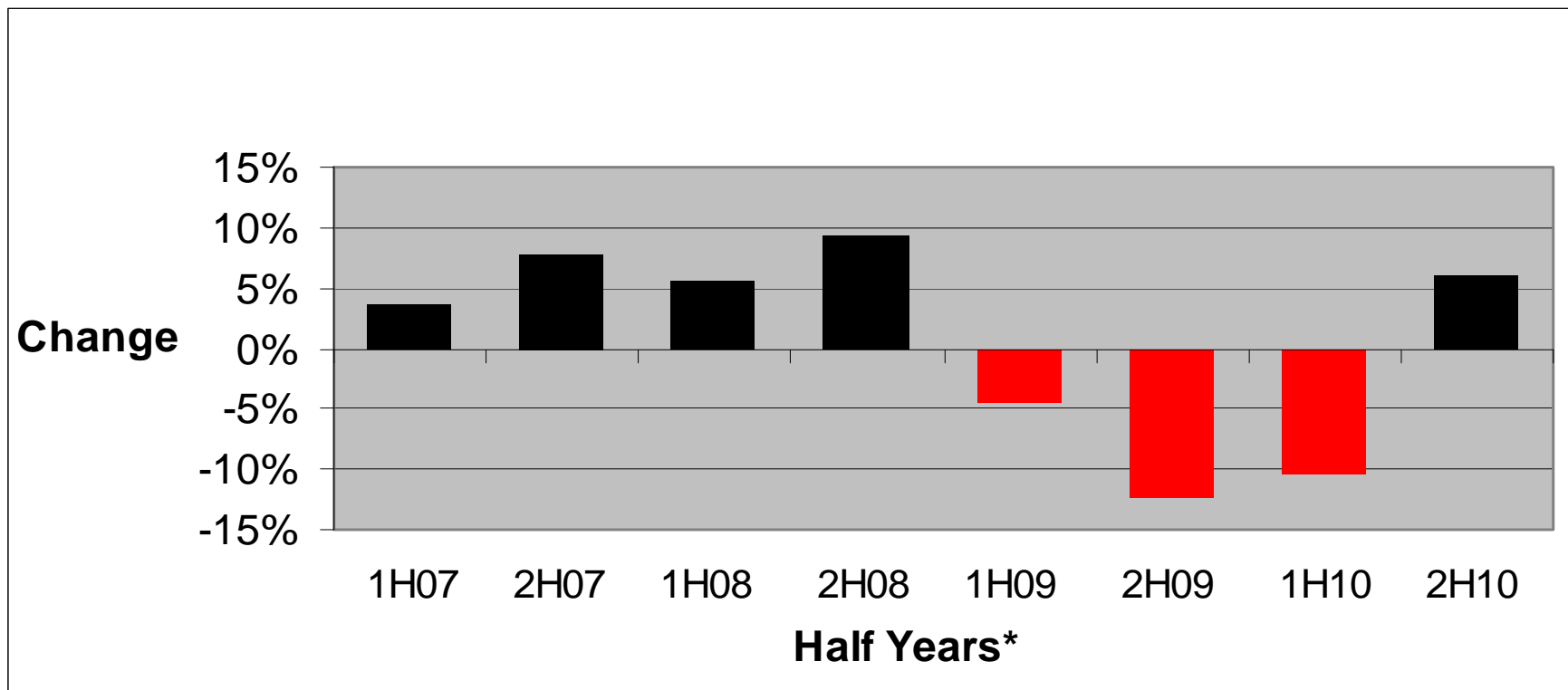
Financial Highlights

	Jun-10	Jun-09	Jun-09	Variance to
	\$000	\$000	\$000	normalised
		(reported)	(normalised) **	%
Operating Revenue	328,469	339,491	333,491	(2%)
EBITDA	63,742	70,548	65,048	(2%)
EBITA	53,881	60,971	55,471	(3%)
NPAT*	28,858	34,593	29,508	(2%)

* Jun-10 NPAT has been normalised to remove the impact of a non-cash tax charge of \$5,694k.

** Jun-09 amounts have been normalised as per the breakdown on the previous slide.

Half Year on Half Year EBITA Movements

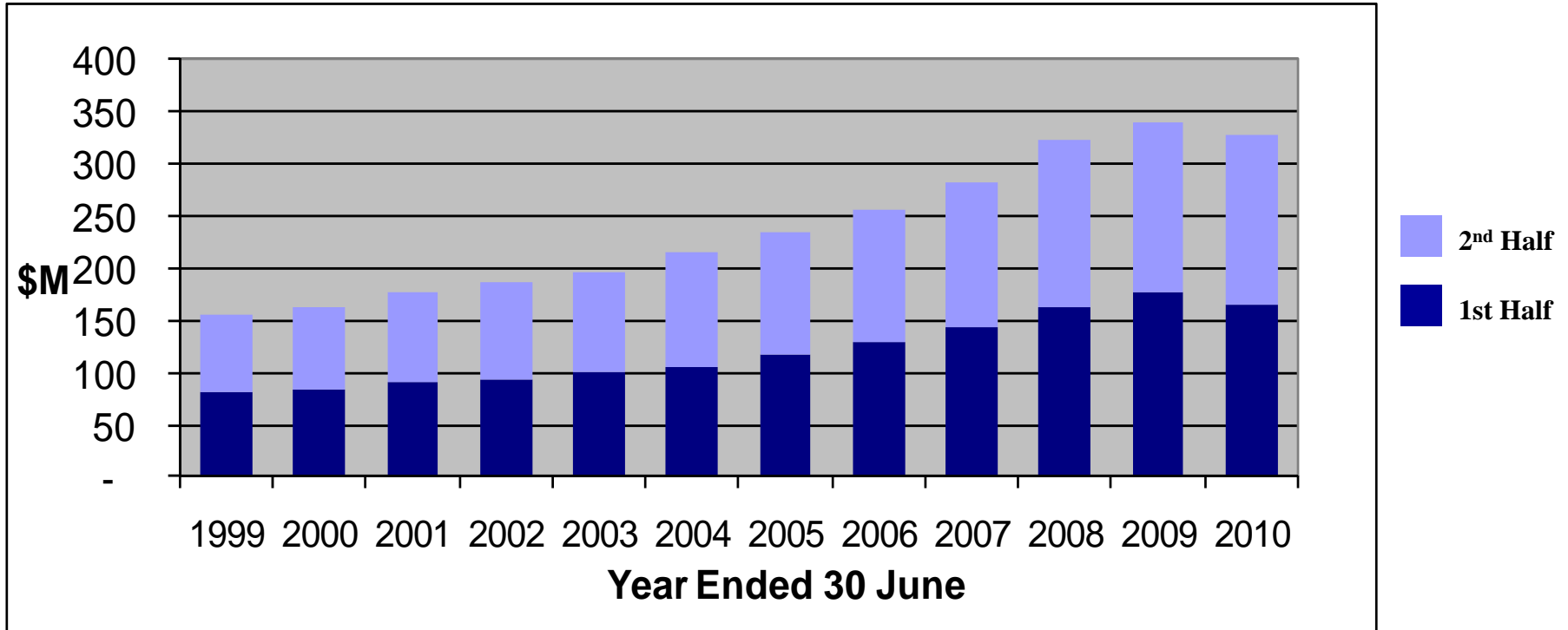


* FY09 amounts are normalised, as per the earlier slide.

Freightways

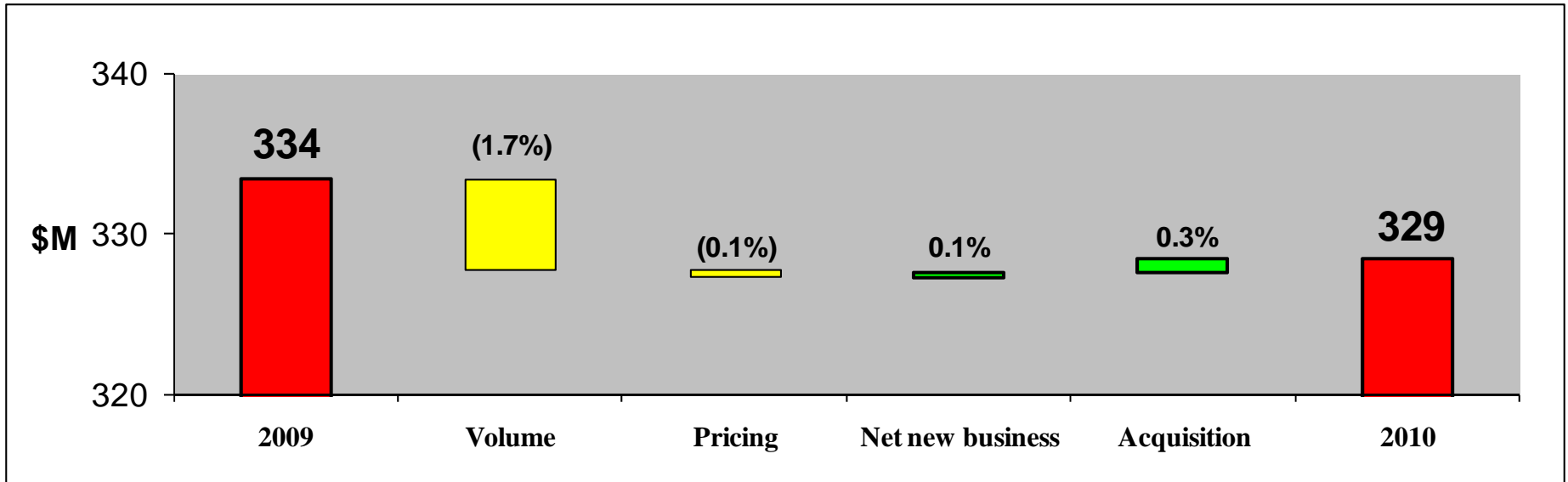
Operating Performance

Operating Revenue



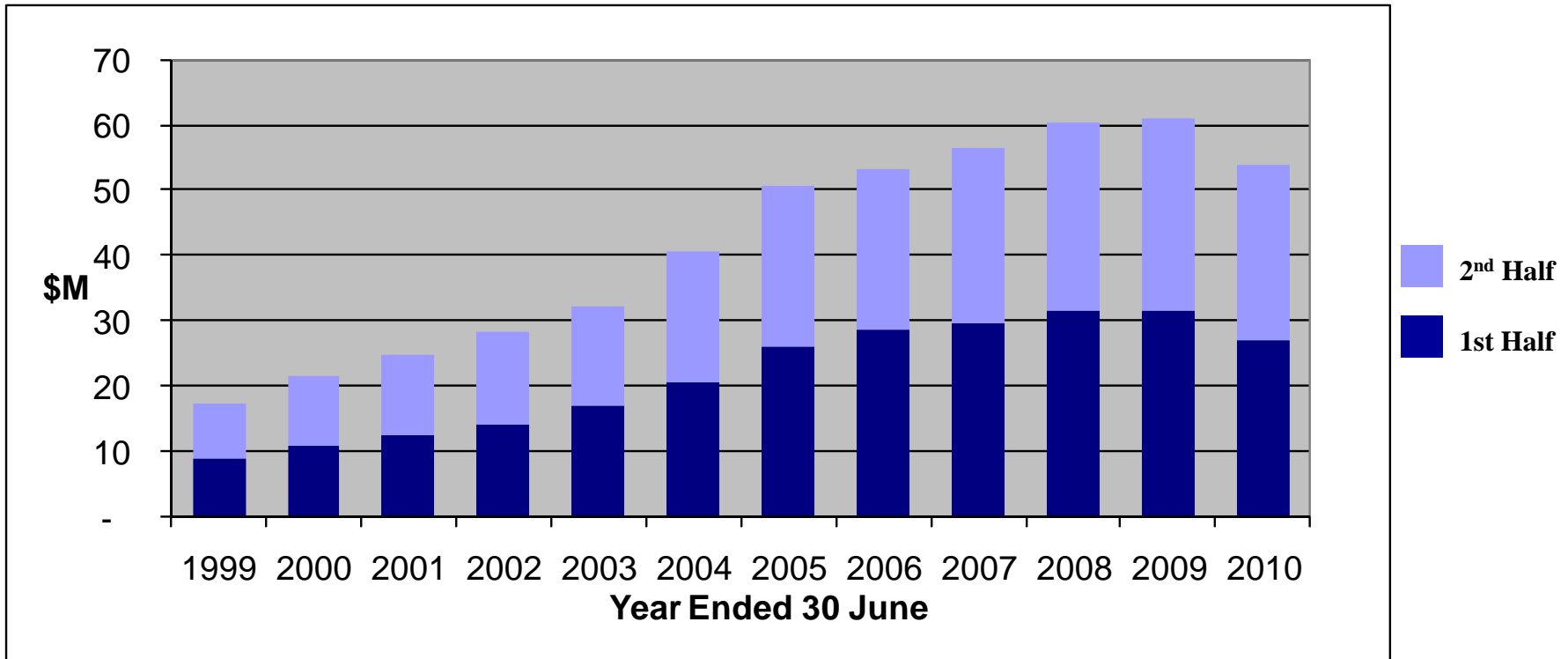
- 2% lower revenue compared to 'normalised' PCP (3% lower against reported FY2009)
- 10-year compound average annual revenue growth of 7%

Where Revenue Change Has Come From (compared to 'normalised' PCP)



Growth Drivers

EBITA

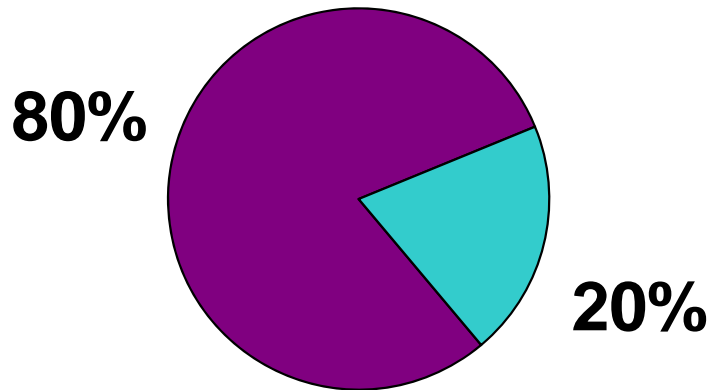


- 3% lower EBITA compared to 'normalised' PCP (12% lower against reported FY2009)
- 10-year compound average annual EBITA growth of 10%

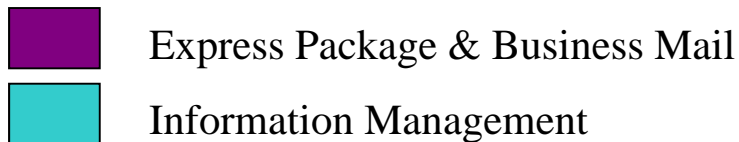
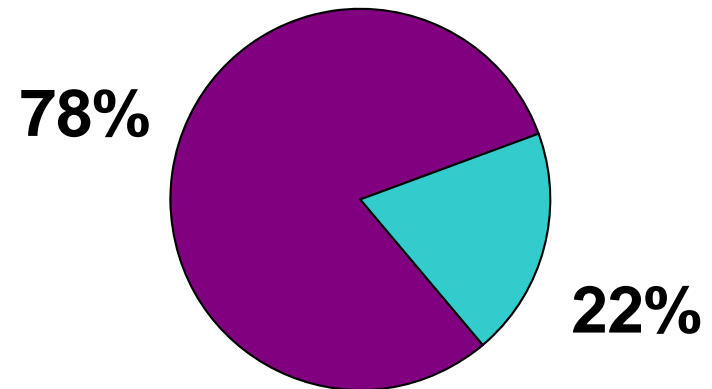
Business Segments

Operating Performance – Year ended 30 June 2010

Revenue



EBITA



Express Package & Business Mail

	Jun-10	Jun-09	Jun-09	Variance to
	\$000	\$000	\$000	normalised
		(reported)	(normalised)	%
Operating revenue	263,461	279,733	274,033	(4%)
EBITDA	48,852	52,703	51,303	(5%)
EBITA	43,240	46,914	45,514	(5%)
EBITA Margin	16%	17%	17%	

NB: Jun-09 amounts are normalised to remove 5 extra trading days from the PCP.

Information Management

	Jun-10	Jun-09	Jun-09	Variance to
	\$000	\$000	\$000	normalised
		(reported)	(normalised)	%
Operating revenue	66,241	60,961	60,661	9%
EBITDA	15,536	13,943	13,843	12%
EBITA	12,322	11,145	11,045	12%
EBITA Margin	19%	18%	18%	

NB: Jun-09 amounts are normalised to remove 5 extra trading days from the PCP.

Half Year on Half Year Growth

	1st Half	2nd Half	Full Year
<u>Express Package & Business Mail</u>			
Revenue	(6.5%)	(1.0%)	(3.8%)
EBITA	(12.3%)	4.0%	(5.1%)
<u>Information Management</u>			
Revenue	9.5%	8.6%	9.1%
EBITA	(3.6%)	27.8%	11.8%
<u>Consolidated</u>			
Revenue	(3.8%)	0.9%	(1.5%)
EBITA	(10.3%)	5.9%	(2.9%)

NB: Growth rates above are based on the normalised results

Balance Sheet

- Total Assets consistent with FY09, other than \$12m in cash at FY09 since applied to debt reduction
- Total Liabilities lower due to debt reduction following FRE's capital management initiatives and a reduction in the derivatives liability balance
- Issued Capital increased by \$13m following shares issued relating to:
 - FRE DRP on previous final dividend
 - FRE ESOP

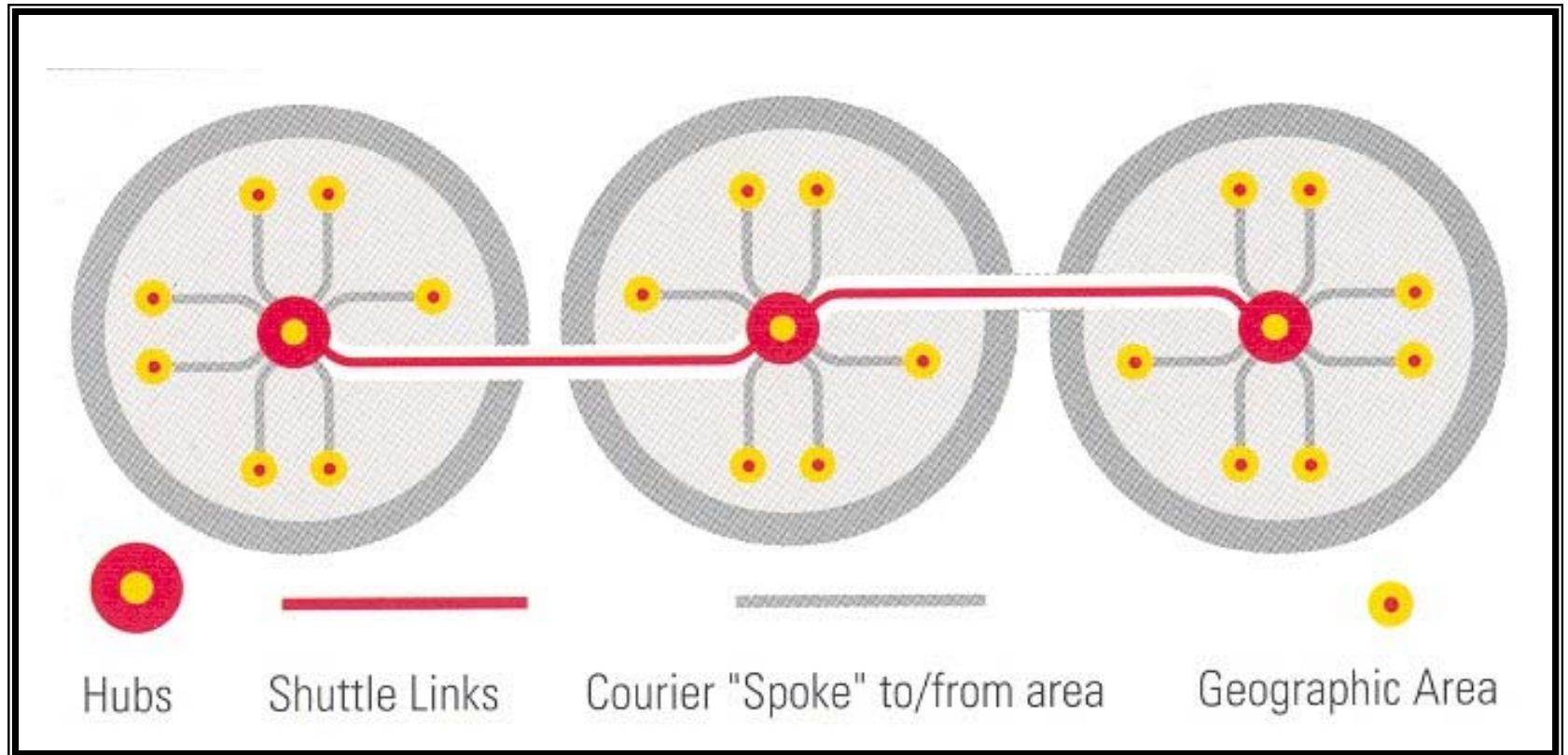
Cash Flows - Key Points

- Cash inflows from operating activities - \$9m down on PCP due to lower sales, higher borrowing costs and an additional tax instalment compared to the prior year
- Cash outflows from investing activities - \$24m lower due to far less acquisition activity, no major capital investment and the repayment of an advance made to an associated party in FY09
- Cash outflows from financing activities – bank debt reduced by \$25m

Final Dividend

- Final dividend: 7.0 cps
- Imputation credits: 3.0 cps
- Supplementary dividend: 1.23 cps
- Record date: 17 September 2010
- Payment date: 30 September 2010
- No DRP offered in respect of the 2010 Final Dividend

Business Strategy



Business Strategy

- Develop organic growth opportunities
- Positioning, People, Performance, Profit
- Explore complementary acquisition and alliance opportunities

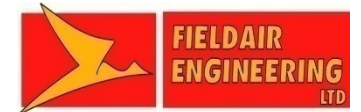
Express Package & Business Mail

Network courier

Point-to-point

Business mail

Support



Information Management Business Description

New Zealand NSW VIC QLD ACT SA WA

Document
Storage



Data Storage



Document
Destruction





Outlook



Capital expenditure

	2010	2011
Capital expenditure	\$12m	\$13m
Depreciation	\$10m	\$11m

Outlook

- Continuing gradual market improvement expected
- EP&BM division will benefit from quality market share wins, including revenue from innovative new services
- IM division will continue to benefit from recurring revenue streams and growing overall market, albeit new capacity to accommodate growth comes at a stepped cost
- Capital expenditure expected to be \$13m for FY11
- FRE continues to seek and develop strategic growth opportunities

Summary

- FRE has again demonstrated its resilience and delivered a result that, while below the prior year, is considered sound
- Impact on FRE of an improving economy is expected to be gradual
- Subject to business factors beyond its control, FRE remains particularly well positioned to reap the benefits from a sustained, across-the-board improvement in the economy