

**Freightways**

**Half Year Presentation**

**11 February 2008**

This presentation relates to the Freightways Limited NZX announcement and media release of 11 February 2008.

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

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

# Presentation

- 2008 Half Year Highlights
- Operating Performance
- Business Strategy
- Outlook



**Freightways**

**2008 Half Year Highlights**

# General Highlights

- Core businesses have performed well in a challenging domestic marketplace
- Emerging businesses have delivered outstanding growth
- Recently acquired Australian businesses have delivered against expectations and created a platform for further growth
- FRE has delivered another record result

# Financial Highlights

	<b>Dec-07</b>	<b>Dec-06</b>	<b>Increase</b>
	<b>\$000</b>	<b>\$000</b>	<b>%</b>
<b>Operating revenue</b>	161,897	144,273	12%
<b>EBITD</b>	35,111	32,976	6%
<b>EBIT</b>	31,374	29,712	6%
<b>NPAT</b>	16,765	16,446	2%
<b>Dividend (cents per share)</b>	9.5 cents	9 cents	6%

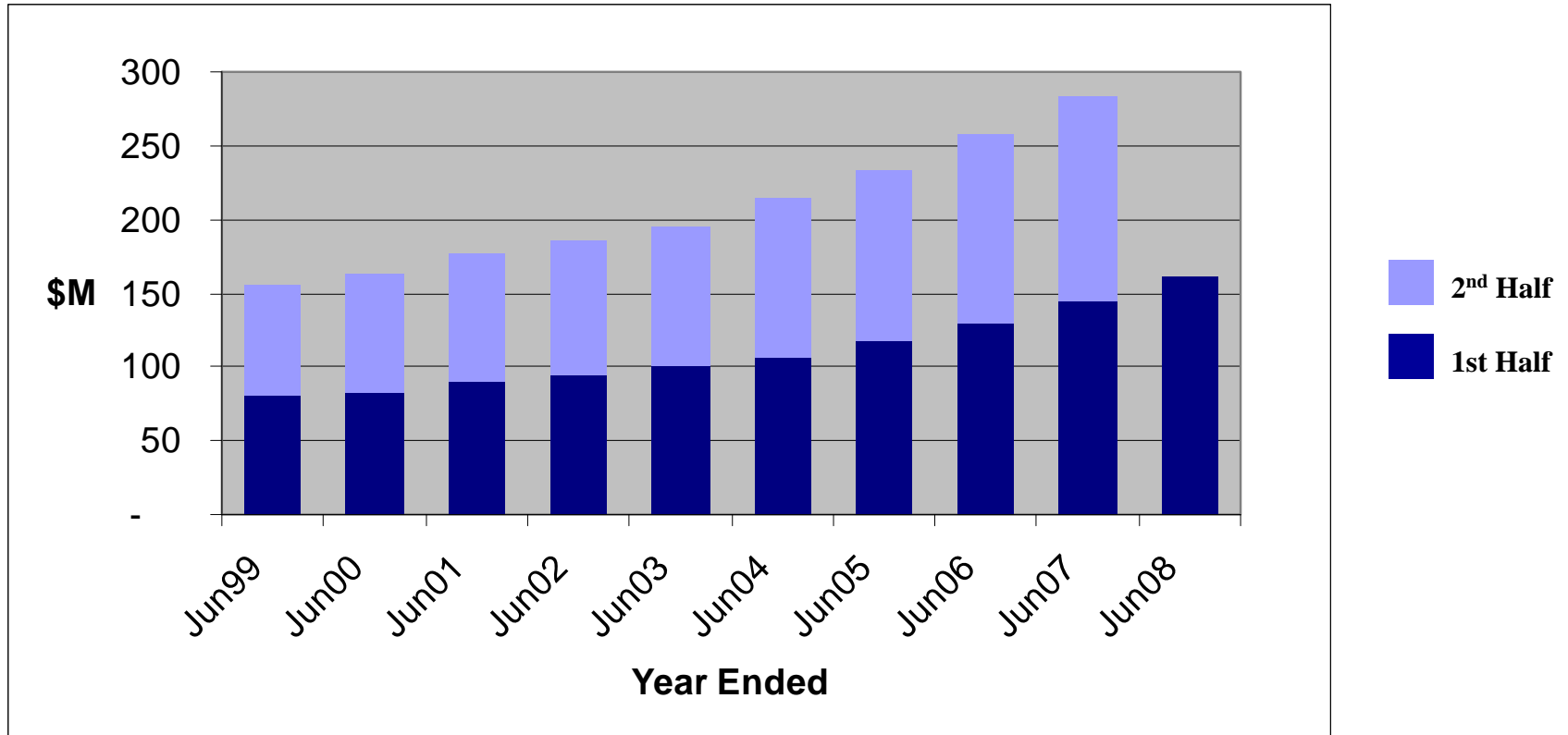
**(NB. All results above exclude goodwill amortisation per NZ IFRS)**

**Freightways**

**Operating Performance**

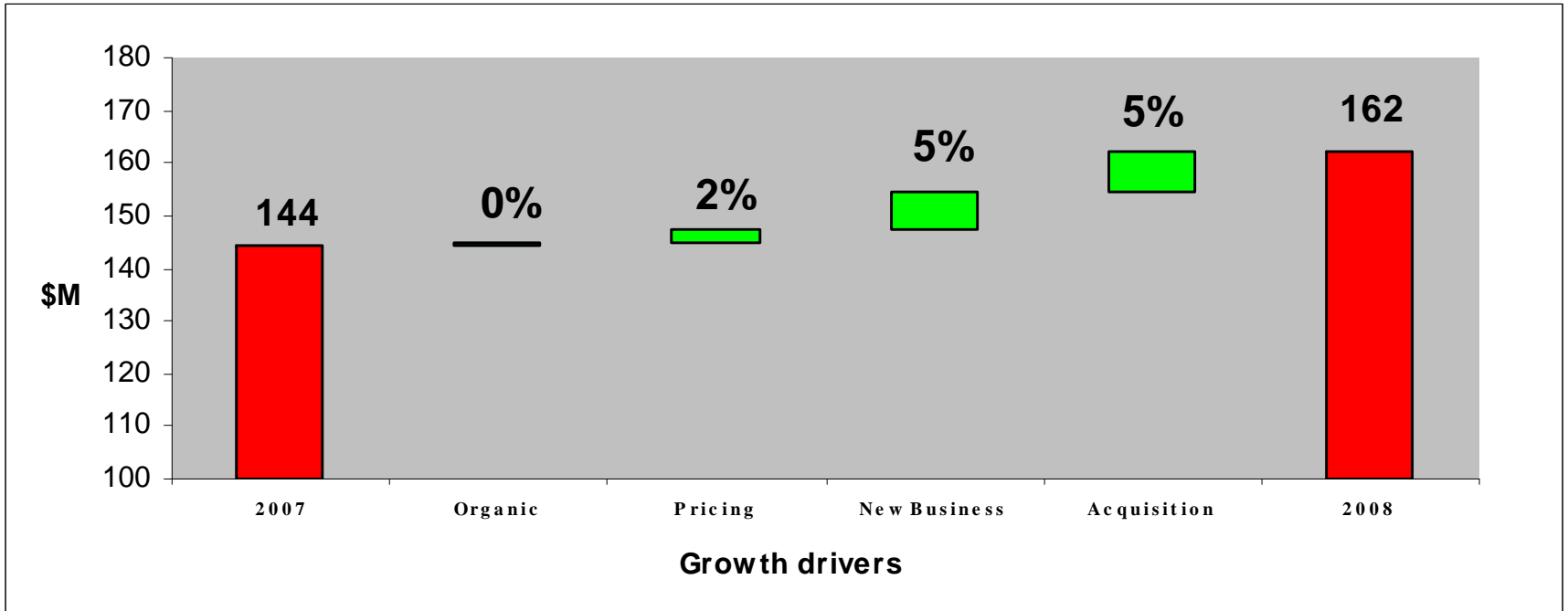


# Operating Revenue

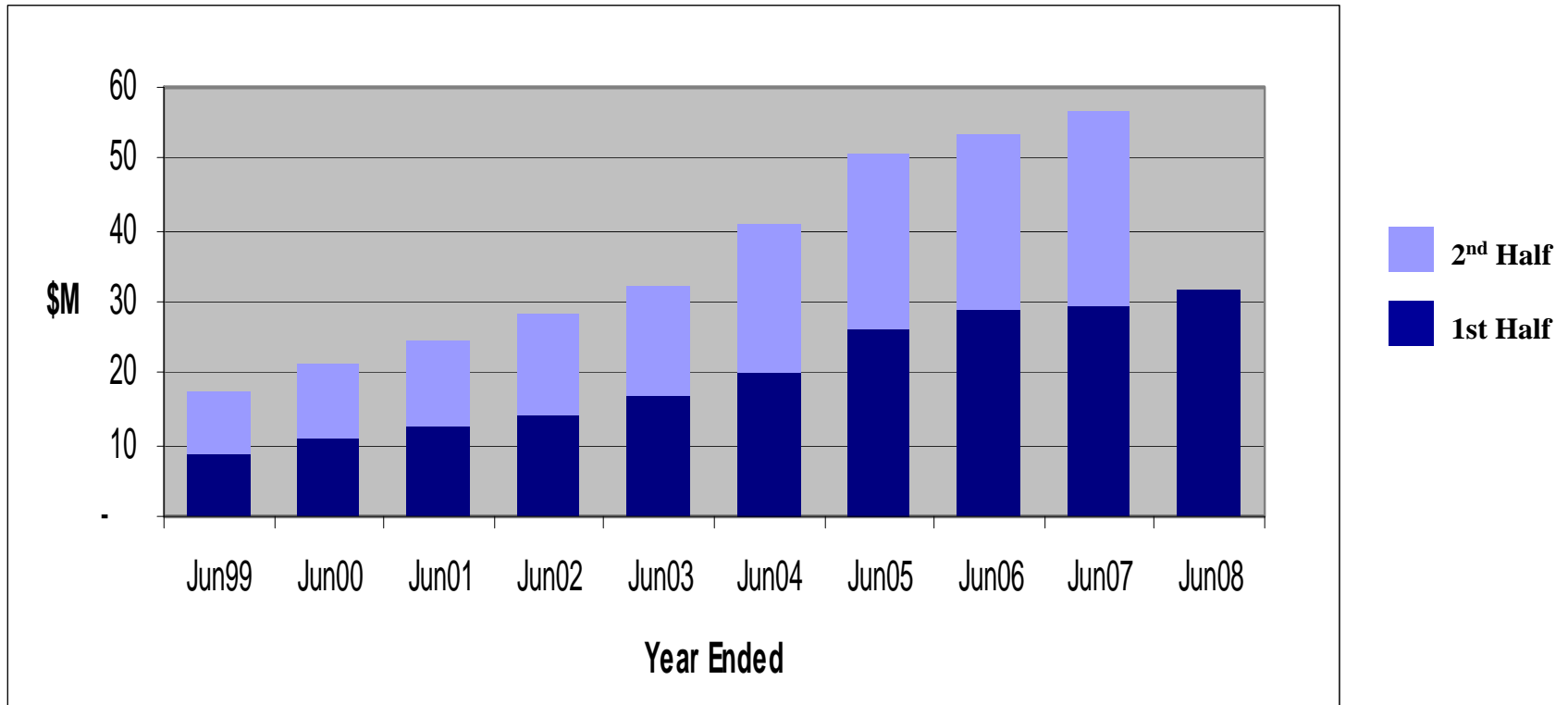


- 12% revenue growth compared to 2007
- 5-year compound average annual revenue growth of 10%

# Where Revenue Growth Has Come From



# EBIT

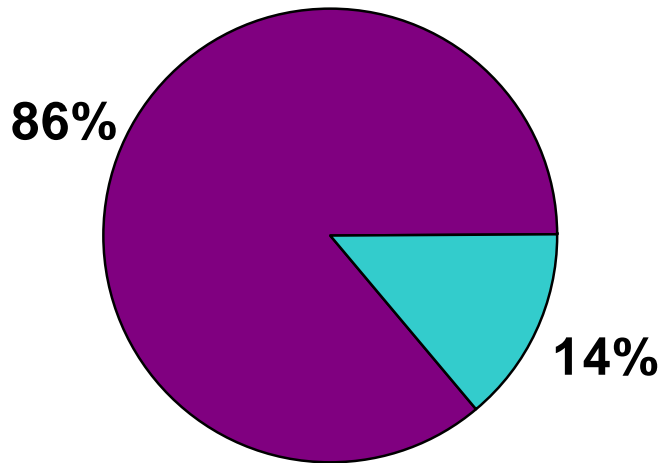


- 6% EBIT growth compared to 2006
- 5-year compound average annual EBIT growth of 13%

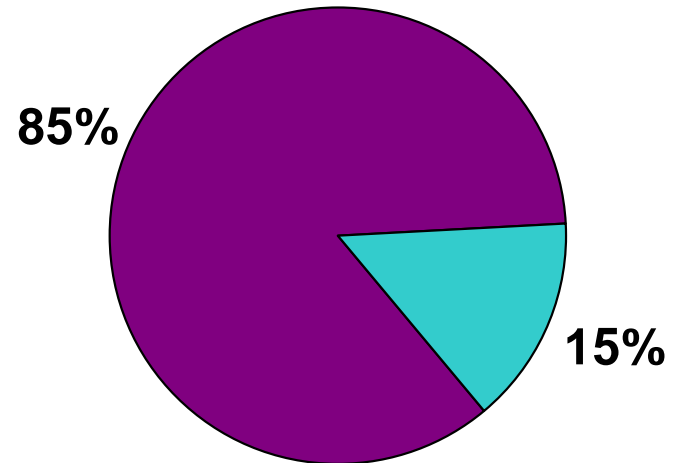
# Business Segments

Operating Performance - Half Year to 31 Dec-07

Revenue



EBIT



# Express Package and Business Mail

	<b>Dec-07</b>	<b>Dec-06</b>	<b>Increase</b>
	<b>\$000</b>	<b>\$000</b>	<b>%</b>
<b>Operating revenue</b>	140,102	131,251	7%
<b>EBIT</b>	27,250	26,868	1%
<b>Margin</b>	19%	20%	

# Information Management

	<b>Dec-07</b>	<b>Dec-06</b>	<b>Increase</b>
	<b>\$000</b>	<b>\$000</b>	<b>%</b>
<b>Operating revenue</b>	22,418	13,601	65%
<b>EBIT</b>	4,750	3,234	47%
<b>Margin</b>	21%	24%	

# Balance Sheet

- Negative working capital position continues
- Increase in fixed assets of \$3m (net of depreciation)
- Increase in bank borrowings of \$20m
- Increase in intangibles of \$16m
- Initial recognition of derivatives fair value at \$4m

# Cash Flows

- Cash generated from operations of \$32m
- Capital expenditure of \$6m
- Payments for acquisitions of \$21m
- Borrowings increased by \$20m during the period



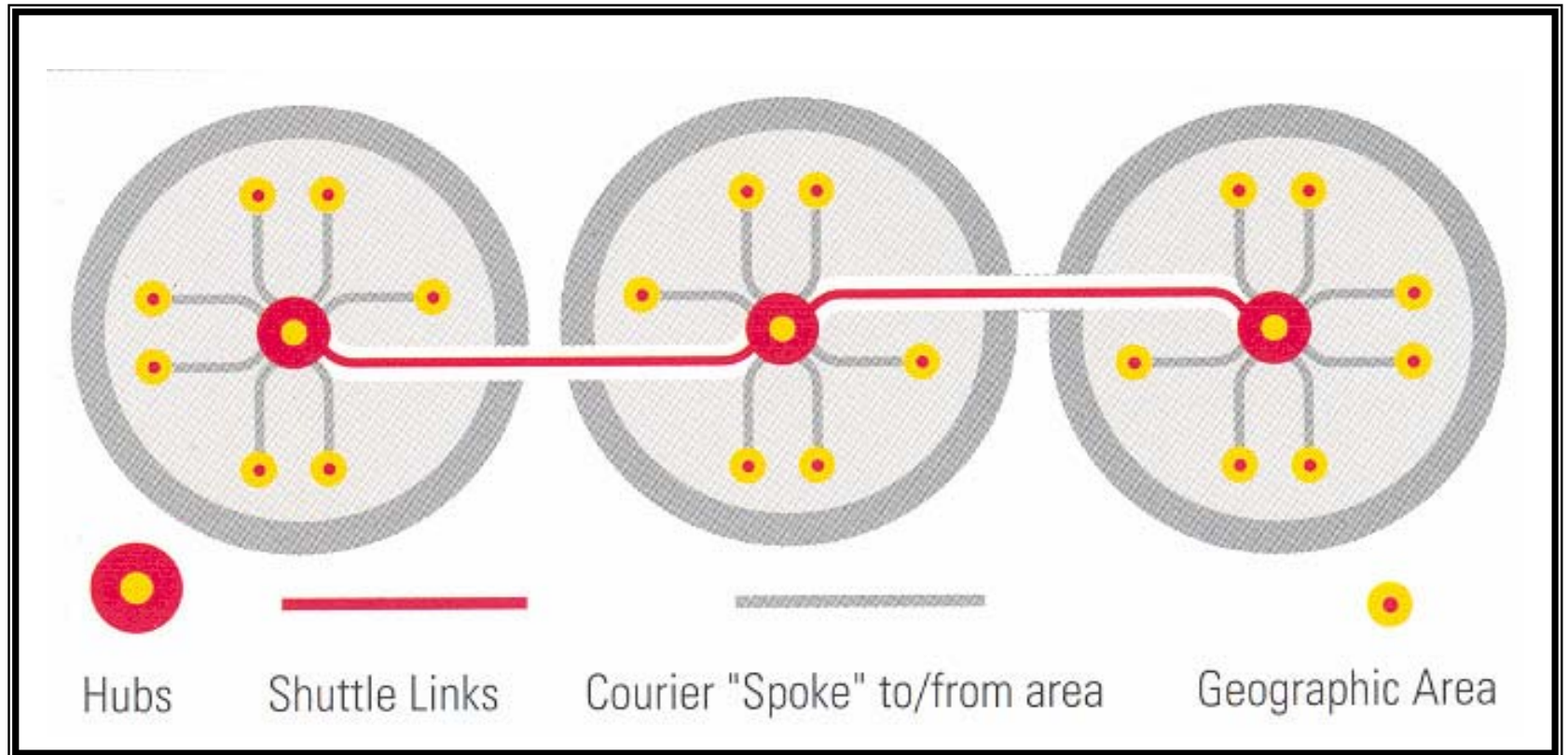
# Dividends

	<b>Dec-07</b>	<b>Jun-07</b>	<b>Dec-06</b>	<b>Jun-06</b>
Dividend declared	<b>\$12.2m</b>	\$11.6m	\$11.6m	\$11.2m
Cents per share	<b>9.50</b>	9.00	9.00	8.75

## Key points:

- Increase in cents per share of 6% compared to Half Year 2007
- Fully Imputed
- Record date: Friday, 14 March 2008
- Payment date: Monday, 31 March 2008

# Business Strategy



# Business strategy

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

# Outlook



# Capital expenditure

	2008	
	Half Year Actual	Full Year Forecast
Capital expenditure	\$6.0m	\$14m
Depreciation	\$3.8m	\$8m

- 2008 forecast capex includes \$5m towards the development of the Porirua land purchased in December 2006
- 2008 depreciation reflects progressive capitalisation of investment in core IT

# Outlook

- Core business expected to deliver sound performance in line with recent trends
- Emerging businesses expected to deliver strong growth on both sides of the Tasman
- Investment in people, infrastructure and customer service initiatives (competitive advantage) will continue
- Characteristics of competitive environment expected to remain unchanged
- All subsidiaries well positioned to accommodate growth

# Summary

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