

Freightways

Half Year Presentation

15 February 2010

This presentation relates to the Freightways Limited NZX announcement and media release of 15 February 2010.

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 unaudited financial statements prepared in accordance with NZ IFRS.

Presentation

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



Freightways

2010 Half Year Highlights

General Highlights

- A very satisfactory result overall in light of economic circumstances
- Success of strategies has meant impact of economic downturn has not been as serious as it might have otherwise been
- Despite strong focus on service quality and internal costs, FRE is still developing strategic growth opportunities
- External indicators are suggesting an improvement in the economy and positive signs have emerged in some areas of FRE

Normalising of Financial Result for Prior Comparative Period (PCP)

	Dec-08	Impact of	Dec-08
	\$000	5 extra	\$000
	(reported)	trading	(normalised)
		days	
Operating Revenue	177,392	(6,000)	171,392
EBITDA	36,120	(1,500)	34,620
EBITA	31,492	(1,500)	29,992
NPAT	16,892	(1,085)	15,807

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

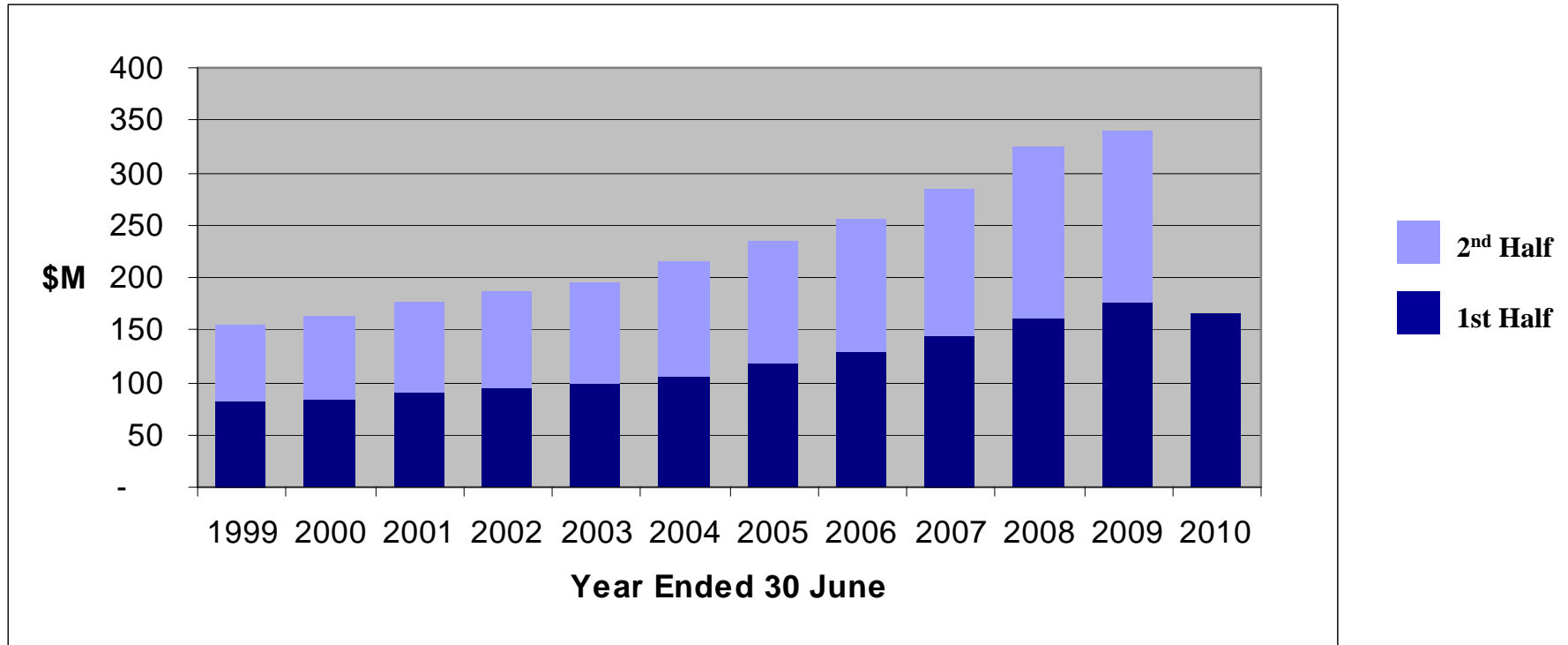
	Dec-09	Dec-08	Dec-08	Variance to
	\$000	\$000	\$000	normalised
		(reported)	(normalised)	%
Operating Revenue	164,919	177,392	171,392	(4%)
EBITDA	31,785	36,120	34,620	(8%)
EBITA	26,860	31,492	29,992	(10%)
NPAT	14,457	16,892	15,807	(9%)

NB: For the purposes of this presentation, Dec-08 amounts have been normalised to remove 5 extra trading days from the PCP (refer to the previous slide for normalisation breakdown).

Freightways

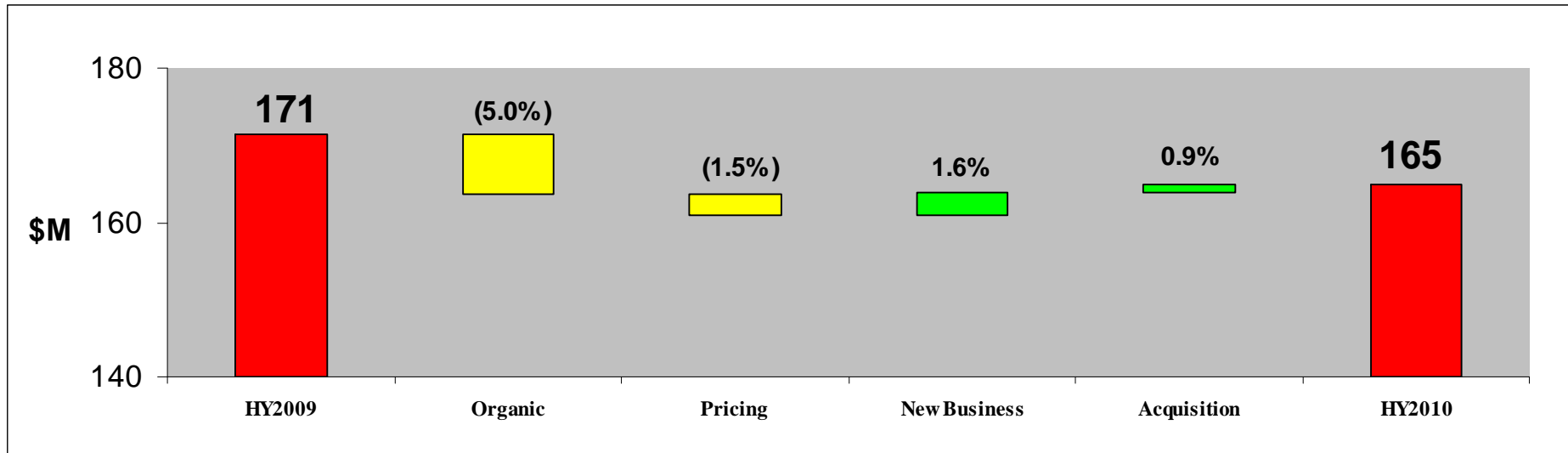
Operating Performance

Operating Revenue



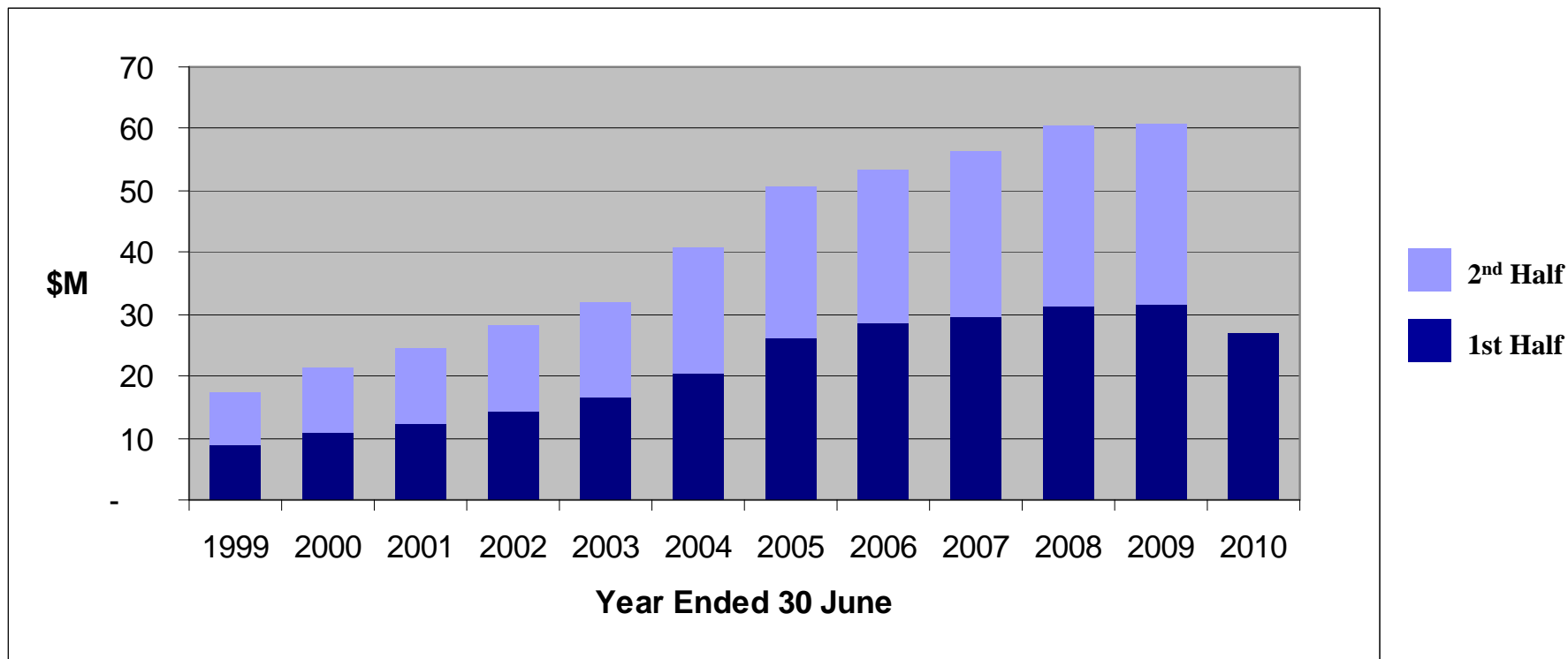
- 4% lower revenue compared to ‘normalised’ PCP (7% lower against reported HY2009)
- 10-year compound average annual revenue growth of 7%

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



Growth Drivers

EBITA

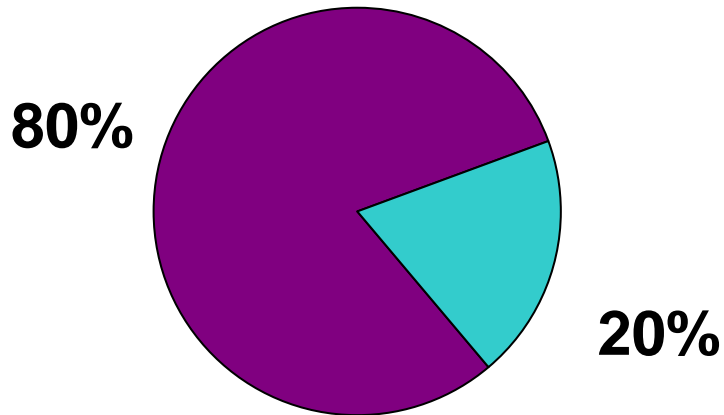


- 10% lower EBITA compared to 'normalised' PCP (15% lower against reported HY2009)
- 10-year compound average annual EBITA growth of 10%

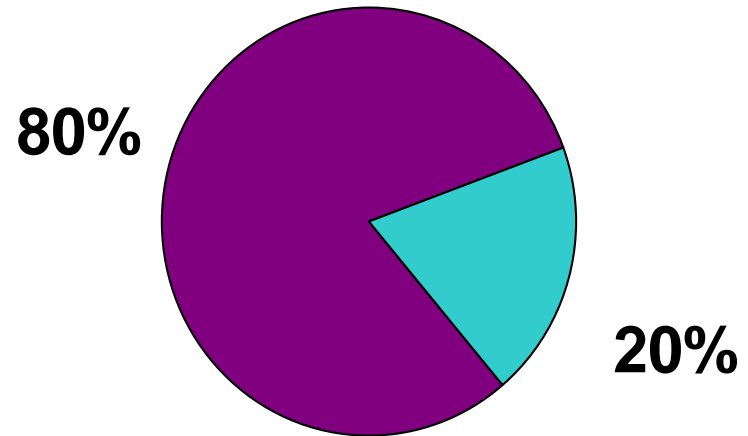
Business Segments

Operating Performance – Half Year ended 31 December 2009

Revenue



EBITA



-  Express Package & Business Mail
-  Information Management

Express Package & Business Mail

	Dec-09	Dec-08	Dec-08	Variance to
	\$000	\$000	\$000	normalised
		(reported)	(normalised)	%
Operating revenue	133,358	148,273	142,616	(6%)
EBITA	22,173	26,650	25,305	(12%)
Margin	17%	18%	18%	

NB: Dec-08 amounts are normalised to remove 5 extra trading days from the PCP.

Information Management

	Dec-09	Dec-08	Dec-08	Variance to
	\$000	\$000	\$000	normalised
		(reported)	(normalised)	%
Operating revenue	32,202	29,741	29,398	10%
EBITA	5,415	5,734	5,579	(3%)
Margin	17%	19%	19%	

NB: Dec-08 amounts are normalised to remove 5 extra trading days from the PCP.

Balance Sheet

- Total Assets consistent with PCP and FY09, except for \$12m in cash at FY09 since applied to debt reduction
- Total Liabilities reduced due to:
 - debt reduction, following FRE's capital management initiatives, and
 - a reduction in the derivatives liability balance
- Issued Capital increased this period by \$13m as a result of shares issued (i) under DRP on last dividend and (ii) under FRE ESOP

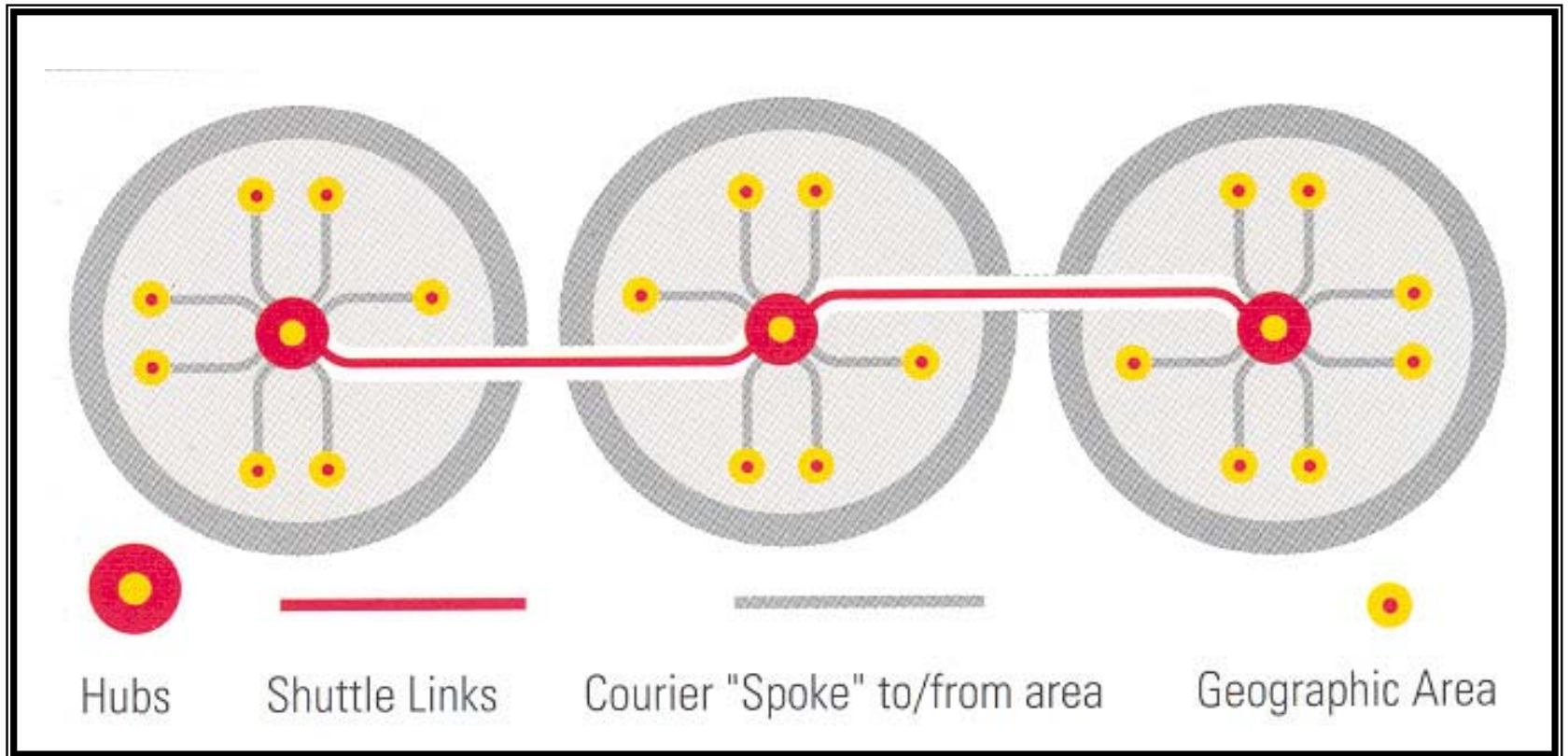
Cash Flows - Key Points

- Cash inflows from operating activities - \$8m down on PCP due to lower sales and an additional tax instalment this period
- Cash outflows from investing activities - \$25m lower due to lesser acquisition activity, no major capital investment and the repayment of a loan by an associated party
- Cash outflows from financing activities - \$20m of debt repaid as a result of capital management initiatives implemented over the last 9 months, including the DRP

Interim Dividend

- Interim dividend: 7.0 cps
- Imputation credits: 3.0 cps
- Supplementary dividend: 1.23 cps
- Record date: 12 March 2010
- Payment date: 31 March 2010
- No DRP offered in respect of the 2010 Interim Dividend

Business Strategy



Business Strategy

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

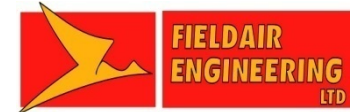
Express Package & Business Mail

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	
	Half Year	Full Year
	Actual	Forecast
	<hr/>	
Capital expenditure	\$6m	\$13m
Depreciation	\$5m	\$10m

Outlook

- Some positive signs emerging within FRE, albeit a sustained across-the-board improvement not yet evident, indicating continuing market volatility
- Overall impact on FRE of an improving economy expected to be gradual
- EP/BM division will benefit from recent quality market share wins, however it remains reliant on growth from existing customers to improve its performance
- IM division expected to continue to demonstrate earnings resilience, assisted by improving paper prices
- FRE continues to seek and develop strategic growth opportunities

Summary

- FRE has again demonstrated its resilience and delivered a very satisfactory result given the effects of an economic downturn
- Impact on FRE of an improving economy is expected to be gradual
- Subject to business factors beyond its control, FRE remains very well positioned to reap the benefits from a sustained, across-the-board improvement in the economy