

Freightways Half Year Presentation

13 February 2012



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This presentation relates to the Freightways Limited NZX announcement and media release of 13 February 2012

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

This half year result is drawn from unaudited financial statements prepared in accordance with NZ IFRS

Agenda

- 2012 Half Year Highlights
- Operating Performance
- Business Strategy
- Outlook



2012 Half Year Highlights



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General Highlights

- Positive financial performance above prior year in all respects
- Recent acquisitions have added further depth to FRE's presence in the Australasian IM market
- Reduced funding costs following re-negotiation of finance facilities
- Successful execution of growth strategies in both EP&BM and IM divisions

Financial Highlights

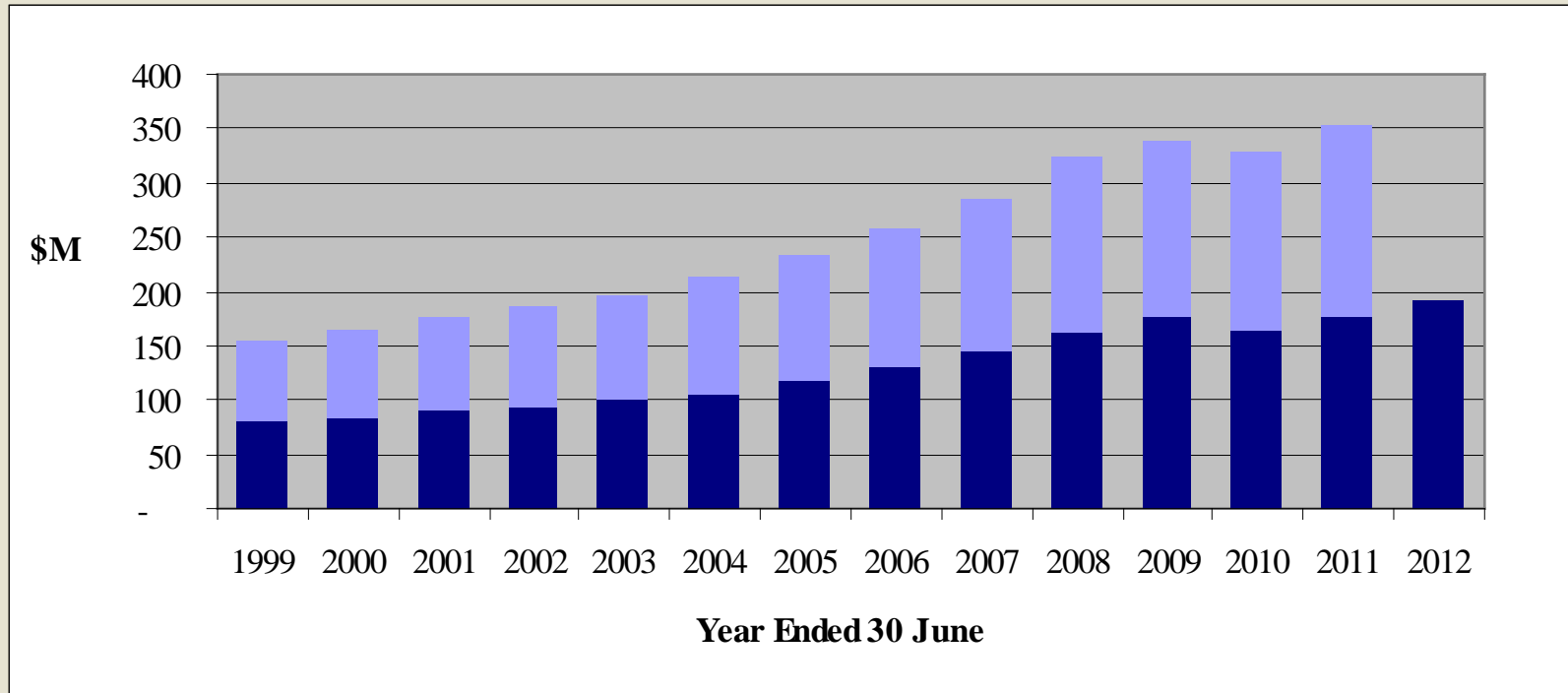
	Dec-11	Dec-10	Variance
	\$M	\$M	%
Operating Revenue	192.2	176.2	9%
EBITDA*	36.3	33.5	8%
EBITA*	31.3	28.7	9%
NPAT*	18.3	15.8	16%

* Dec-11 excludes non-recurring earthquake insurance proceeds received of \$1m (\$0.7m after tax)

Operating Performance



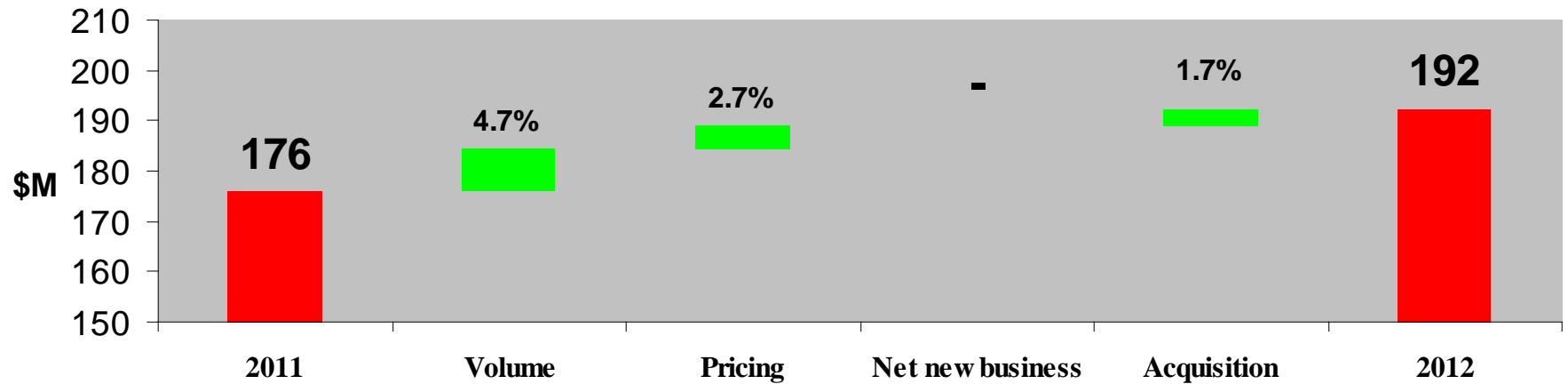
Operating Revenue



- 9% higher revenue compared to PCP
- 10-year compound average annual revenue growth of 7%

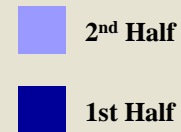
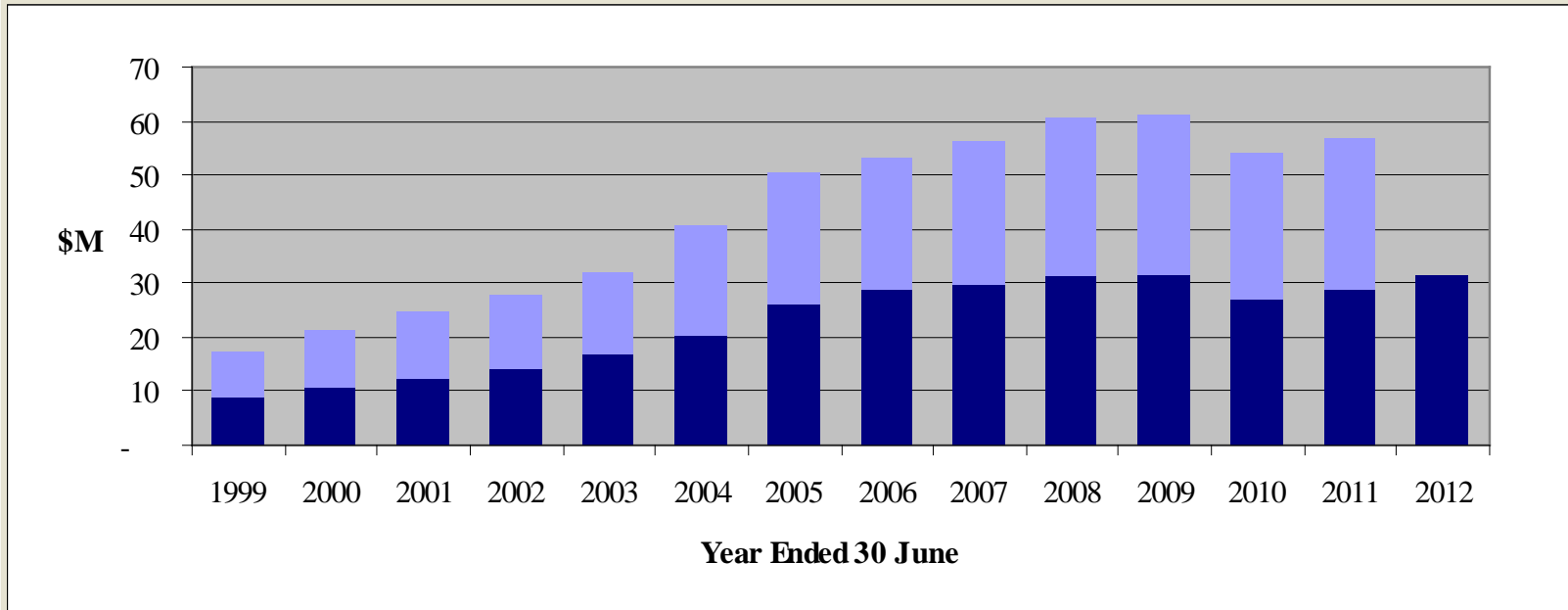


Where Revenue Growth Has Come From



Growth Drivers

EBITA*



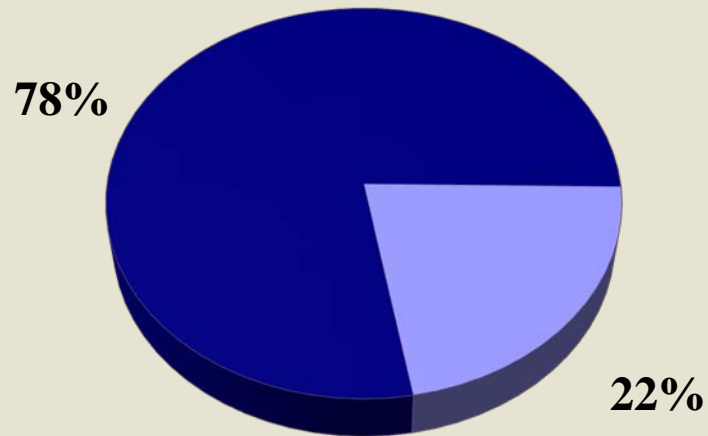
- 9% higher EBITA compared to PCP
- 10-year compound average annual EBITA growth of 8%

*HY 2012 excludes non-recurring earthquake insurance proceeds of \$1m
(FY2011 excludes \$1.3m net earthquake costs)

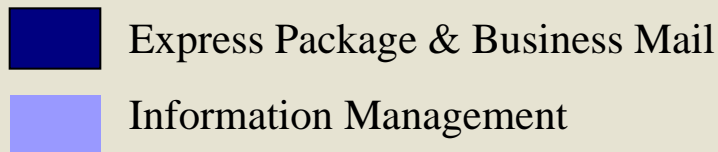
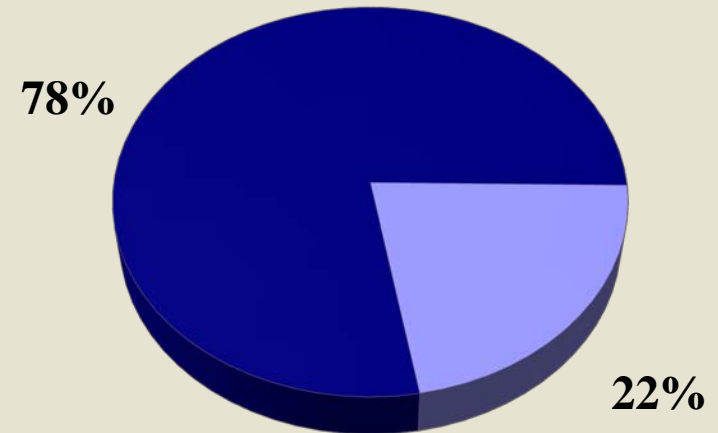
Business Segments

Operating Performance (Half year to 31 December 2011)

REVENUE



EBITA



Express Package & Business Mail

	Dec-11	Dec-10	Variance
	\$M	\$M	%
Operating revenue	149.4	140.3	6%
EBITDA	27.9	25.7	9%
EBITA	25.5	23.4	9%
EBITA Margin	17%	17%	

Information Management

	Dec-11	Dec-10	Variance
	\$M	\$M	%
Operating revenue	43.6	36.5	19%
EBITDA	9.2	8.4	10%
EBITA	7.2	6.6	9%
EBITA Margin	17%	18%	

Balance Sheet – Key Points

- Total Assets and Total Liabilities have increased since FY11 by \$32m and \$28m, respectively, primarily as a result of acquisition payments of \$21m and capital expenditure of \$7m
- Bank borrowings have increased since FY11 by NZD10m and AUD6m; largely to fund acquisitions
- No significant changes in issued capital during the half year
- Debt to debt & equity ratio has increased to 51% (from 49%) since FY11 due to additional borrowings to fund acquisitions
- Fair value of derivative financial instruments has increased as a liability since FY11 as market interest rates fall further below FRE's fixed interest rates

Cash Flow – Key Points

- Cash inflows from operating activities - \$5m up on PCP due to improved trading performance
- Cash outflows from investing activities - \$20m higher than PCP as a consequence of acquisitions completed during the period
- Cash inflows from financing activities – higher by \$18m compared to PCP as a result of increased borrowings to fund acquisitions

Subsequent Event – Interim Dividend

- Interim dividend: 8.5 cps
- Imputation credits: 3.64 cps
- Supplementary dividend: 1.5 cps
- Record date: 16 March 2012
- Payment date: 30 March 2012
- No DRP offered in respect of the 2012 Interim Dividend

Finance facilities renewal

- Multi-currency facilities: NZD110m & AUD70m
- Syndication: Existing 3 banks continue as lenders
- Effective date: 1 September 2011
- Maturity profile: Spread evenly across 3, 4 and 5 year tranches
- Pricing: Improved by 110 points
- Banking covenants: Unchanged

Business Strategy



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Business Strategy

- Develop organic growth opportunities
- Diversification: Industry and Geography
- Positioning, People, Performance, Profit
- Explore complementary acquisition and alliance opportunities

Express Package & Business Mail

Network Courier



Point-to-Point



Business Mail



Support



Information Management

New Zealand

Australia

Document Storage



Data Storage



Document Destruction



Capital Expenditure

	2012 Half Year Actual	2012 Full Year Forecast
Capital expenditure	\$7m	\$20m
Depreciation	\$5m	\$11m

Outlook



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Outlook

- Continued gradual improvement in markets FRE operates in
- If EP&BM growth from existing customers can be maintained, earnings improvement is expected to be sustained
- IM transitioning through a period of significant capacity investment and expected to deliver sound year-on-year earnings improvement
- FRE continues to seek and develop strategic growth opportunities

Conclusion



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Conclusion

- FRE has delivered a strong half year result that is above the prior year in all respects
- This result again demonstrates the resilience of FRE, the positive features of the markets it operates in and the high quality of its subsidiary businesses and teams of people
- Subject to business factors beyond its control, FRE is well positioned to reap benefits from further market improvement