

## NZX RELEASE

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### TRADING UPDATE AND COMPLETION OF BIG CHILL ACQUISITION

#### Trading Update

Freightways' businesses in NZ are all classed either as essential services or suppliers to an essential service (such as our Information Management businesses which support hospitals and Government Departments). This means that our networks are open for business for medical and pharmaceutical markets, as well as the movement of perishable food items and home delivery of groceries.

In March, prior to Level 4 lockdown, we experienced strong trading, with volume up 3% YoY in Express Package (EP). It is early into the lockdown, but we have seen a 65% decrease in hub & spoke EP volumes in the first few days of lockdown. We expect our dedicated networks to remain at constant levels and home delivery of food to increase. We expect business mail volumes to decline. Information Management will have a drop in activity (which is 67% of the division's total revenue), but storage revenue (which is 33% of the division's total revenue) will remain intact.

We are able to reduce our direct cost structure to reflect the reduced volumes and have taken decisive action on this, including accessing Government subsidies.

It is too early to predict the impact on full year results, as essential services definitions are changing almost daily – which affects our customers' ability to operate. We will provide an update when we know more. In the interim the company has good cash and committed funding availability and the ability to pull levers to increase liquidity if the lockdown is extended significantly.

#### Completion of Big Chill Acquisition

On 30 October 2019, Freightways announced it had entered into a sale & purchase agreement to acquire Big Chill Distribution Limited (Big Chill, or the Acquisition).

Further to the Overseas Investment Office approval announced on 16 March 2020, Freightways now announces that the acquisition of Big Chill was completed today. To support our liquidity during this disruptive period, we have agreed with the vendors of Big Chill to part settle the acquisition with \$30m of Freightways shares.

Freightways Chief Executive Officer, Mark Trougher, said "we are pleased to have completed the acquisition of Big Chill and look forward to working alongside Big Chill's founders and senior management as we integrate the business into Freightways and develop a strategic new vertical for our business. In these challenging times, Big Chill is demonstrating strong earnings resilience, which was a factor in our investment decision. We are proud to now own a critical component of New Zealand's food supply chain"

The attached presentation sets out additional information on the trading update and the Big Chill acquisition.

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