

14 May 2020

Trading and Funding update

Freightways Limited (“Freightways”) is providing an update on trading conditions during Alert Level 4 and Level 3 lockdown in New Zealand until the end of April, and for the same time period in Australia.

Trading

Across the Group, revenue dropped on average by about 32% during the month of April, but showed a steady improvement through that period of time, both in volume and in the type of activity being performed.

Express Package:

Volume initially declined by more than 60% as New Zealand entered Alert Level 4 lockdown. The mix of business was significantly different during Alert Level 4, with deliveries to consumers (B2C) being higher, and a greater proportion of lower-priced local deliveries than prior to the start of Alert Level 4. Activity has steadily improved over the weeks following and returned to just below half of previous volume by the end of Alert Level 4. The commencement of Alert Level 3 saw a significant increase in activity as business customers returned to online operations and processed a backlog of orders, with the number of items on some days approximating Christmas peak levels. This also saw the share of business deliveries (B2B) increase again, although not to the pre-Alert Level 4 levels.

Big Chill Distribution Limited (Big Chill):

Big Chill, the temperature-controlled delivery company acquired by Freightways in April 2020, which had been trading ahead of its prior year results before Covid-19, saw a drop of volume of about 22% during Alert Levels 4 and 3. We expect Big Chill’s volumes to improve as hospitality outlets reopen in Alert Level 2.

Information Management Group of businesses (IM):

The IM business in New Zealand and Australia saw a more limited drop in activity during Alert Levels 4 and 3 of circa 30%.

Mark Troughear, CEO of Freightways, stated that “While it was pleasing to see our depots and couriers busy again under Alert Level 3, the future remains uncertain. Not knowing what impact a weaker economic environment will have on our activity levels does make it difficult to project forward activity levels.”

Air cargo

Freightways was selected by the Ministry of Transport to provide trans-Tasman air cargo services between New Zealand and Australia to assist New Zealand exporters and importers. These operations will start in mid-May 2020 and, depending on demand, could provide up to 10 daily flights across the Tasman, for a period of at least 2 months.

Funding

Freightways has reached agreement with its banking syndicate to increase the funding facilities available to the Company by NZD50m to provide further liquidity should it be required, as well as to extend certain existing facilities that mature in 2021 by an additional 2 years. This, in addition to the partial settlement of the Big Chill acquisition with Freightways shares, should mean that the Company has ample liquidity available for the foreseeable future.

“There has been a strong focus on reviewing various scenarios for the purpose of assessing funding, liquidity and business requirements and ensure we are well placed to cope with the economic situation as it develops. Freightways has been very nimble in adjusting its operations and cost base since the Covid19 crisis started and we will continue to adapt to changes in the level of activity,” said Mr Troughear.

People

The safety of our people, both employees and contractors, remains our utmost priority. Freightways has implemented contactless deliveries and strict health & safety protocols to provide a safe working environment for all operations.

For further information please email:

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