

***We move you to  
a better place.***

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*Freightways Annual Shareholders Meeting Presentation*

28 October 2021

NZX : FRE

**Freightways**

*Chairman's Introduction*



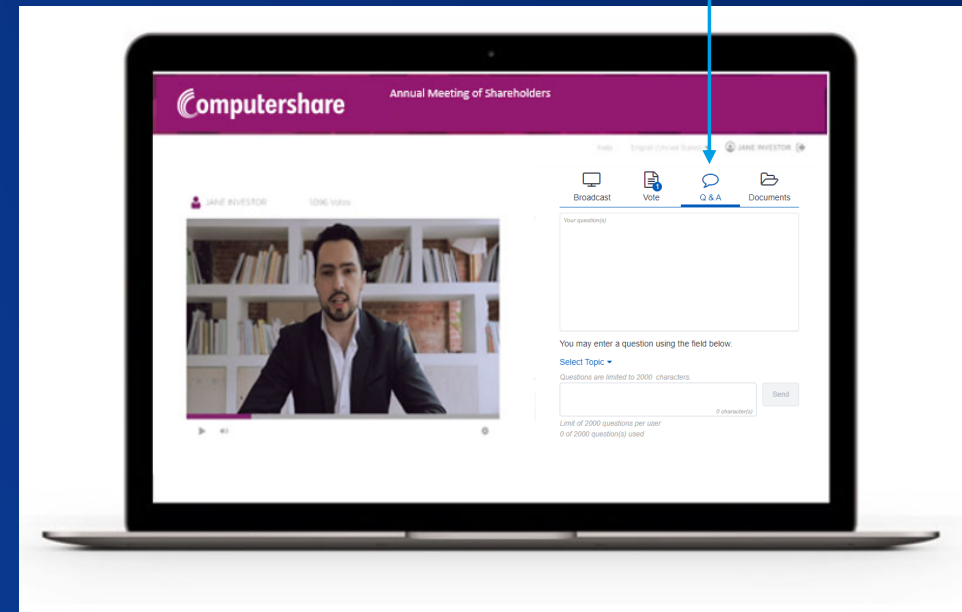
## Shareholder and Proxyholder Q&A Participation

### How to submit QUESTIONS

- Questions may be submitted ahead of the meeting. If you have a question to submit during the live meeting, please select the Q&A tab on the right half of your screen at anytime. Type your question into the field and press submit. Your question will be immediately submitted.

### Help

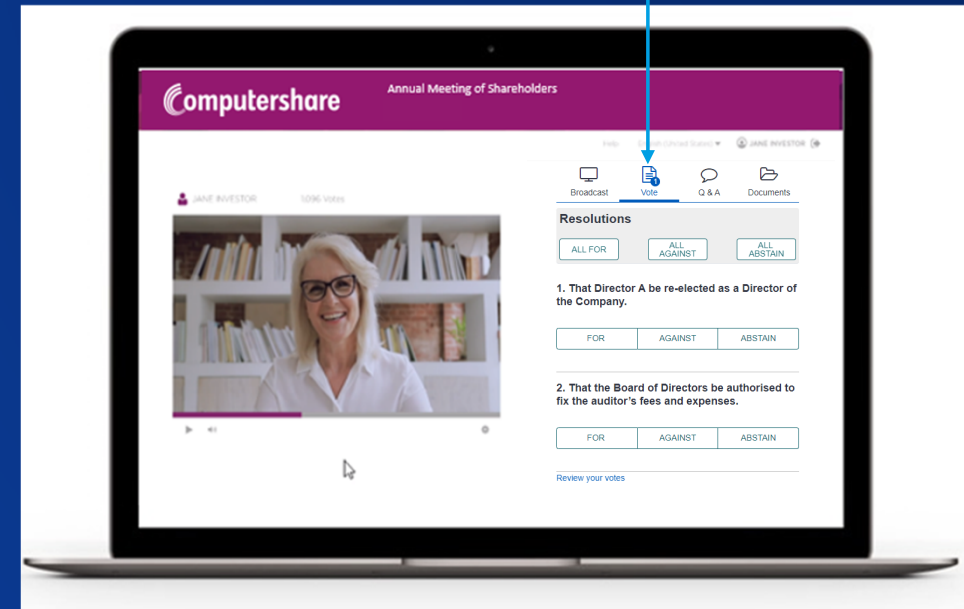
- The Q&A tab can also be used for immediate help. If you need assistance, please submit your query in the same manner as typing a question and a Computershare representative will respond to you directly.



## Shareholder and Proxyholder Voting

### How to VOTE

- Once the voting has been opened, the resolutions and voting options will allow voting.
- To vote, simply click on the Vote tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.
- Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.



# 2021 ANNUAL SHAREHOLDERS MEETING AGENDA

1. Chairman's introduction
2. CEO's review & trading update
3. Voting and questions
4. Six Resolutions

## Directors and Management



**Mark Verbiest**  
*Chairman*



**Abby Foote**  
*Director*



**Fiona Oliver**  
*Director*



**Kim Ellis**  
*Director*



**Mark Cairns**  
*Director*



**Mark Rushworth**  
*Director*



**Peter Kean**  
*Director*



**Mark Troughear**  
*Chief Executive*

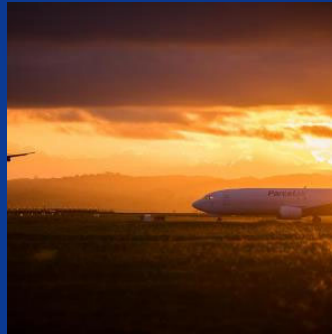


**Stephan Deschamps**  
*Chief Financial Officer*

## FY21 Highlights



**\$800.5m Revenue  
grew 27%**



**\$130.5m EBITA grew  
33.5% (i)**



**\$72.7m NPAT grew  
29.7% (ii)**



**43.9 cents EPS  
grew 23.7% (iii)**



**\$23m accrual for  
BCD final payment**



**33.5cps total dividend  
for the year**

### NOTES

- i. Operating profit before interest, tax and amortisation, before change in fair value of contingent consideration – BCD and other income & expenses.
- ii. Net profit after tax (NPAT), before change in fair value of contingent consideration – BCD and other income & expenses.
- iii. Earnings per share (EPS), before change in fair value of contingent consideration – BCD and other income & expenses. EPS is 30 cents per share (on par with FY20) including the BCD contingent consideration and other income & expenses.

*(i) and (ii) above are non-GAAP (Generally Accepted Accounting Principles) results. For a reconciliation to GAAP results, refer to the Appendix.*

## FY21 Highlights



Pricing for Effort up  
\$0.71c



Average Courier  
remuneration  
improved by 8%



4.8% reduction in  
injuries



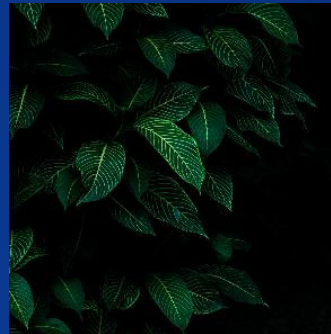
On target to reduce  
fossil-based virgin  
plastic use by 70%



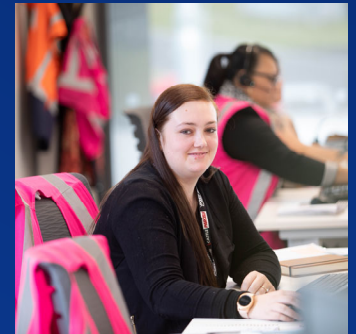
Express Package  
B2B and B2C  
volumes increased  
by 15%



32 new business  
ideas assessed  
through *The Startery*



Developed a science-  
based target  
for carbon reduction  
of 50% by 2035



DIFOT (delivery in  
full on time) rate of  
97-99%

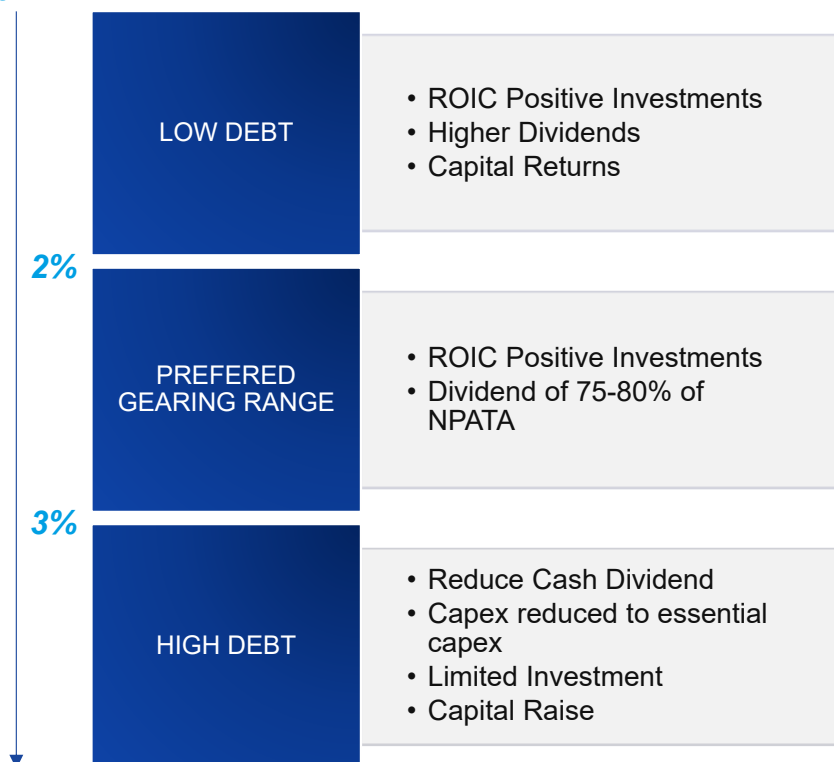


# Capital Management Policy

## Capital Management Principles

Targeting solid Investment Grade credit profile, at a level that minimises the cost of capital. Range of Net Debt / EBITDA between 2x and 3x.

### Debt/EBITA



## Dividend Policy

### **Dividend Policy aligned with Capital Management Policy, balancing a number of objectives:**

The setting of the dividend is subordinated to the overall capital structure of FRE. When debt is considered high, the cash dividend will be reduced to allow for fast debt reduction;

The dividend is set at a level that the Board expects to be sustainable in the medium term

Subject to the first two principles, the Board will aim to pay 75% to 80% of the NPATA adjusted for significant one-offs

## CEO's Trading Update



# The Freightways Blueprint

Why

How

What



Vision  
Why we do what we do

Freightways Principles & Capabilities  
How we do it

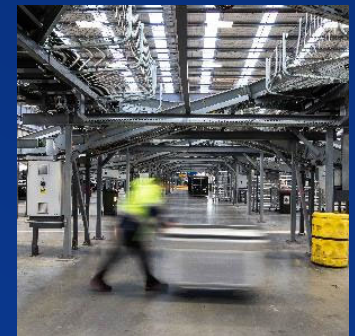
Purpose  
What we do

Stakeholders

- Our customers
- Our shareholders
- Our team
- Our communities

## Strategy

- Ensure we are pricing our services reflective of the effort required – to generate a return and remunerate our contractors well. Our focus remains on PFE for local, residential and large freight over the coming year.
- Enable SME eCommerce businesses by providing a suite of tools and services to meet market need.
- Leverage our service advantage to pick-up market share in EP&BM.
- Expand our Temperature-Controlled market share and develop our 3rd Horizon of Growth in this market capitalising on the acquisition of **ProducePronto**.
- Grow digital (BPO) services for Information Management clients in AU & NZ.
- Execute our strategy to add high-value waste streams to our collection and processing networks (SaveBoard, Medical Waste).
- Use **The Startery** to develop complementary services that provide Horizon 2 or 3 growth opportunities for our existing businesses.



## Strategy

### *ProducePronto*

- Ownership from November 1, 2021
- Complementary to Big Chill
- Same day express delivery of fresh and frozen food to businesses and convenience food outlets
- Growth pathway will leverage Big Chill and EP assets
- \$10m purchase price with potential earn-out of up to \$4m over 3 years

### *SaveBoard*

- Currently 22% shareholder increasing to 36% in March 2022 when AU set up commences
- Converts packaging waste into building products
- Expected to produce first boards at the end of 2021
- 2 sites – Hamilton and Sydney
- Complementary to our Waste Renewal business which focuses on circular economy solutions for high value waste streams



## SDG Update

### Key areas of focus;

- Health and safety in employment – injury reduction
- Providing opportunities for career advancement and earnings improvement for our staff and contractors
- Development of new adjacent business services which grow our revenues and provide opportunities for our people
- Reduction of emissions with a target to reduce carbon emissions by 50% by 2035
- Reduction of plastic packaging waste by 70% over the coming year

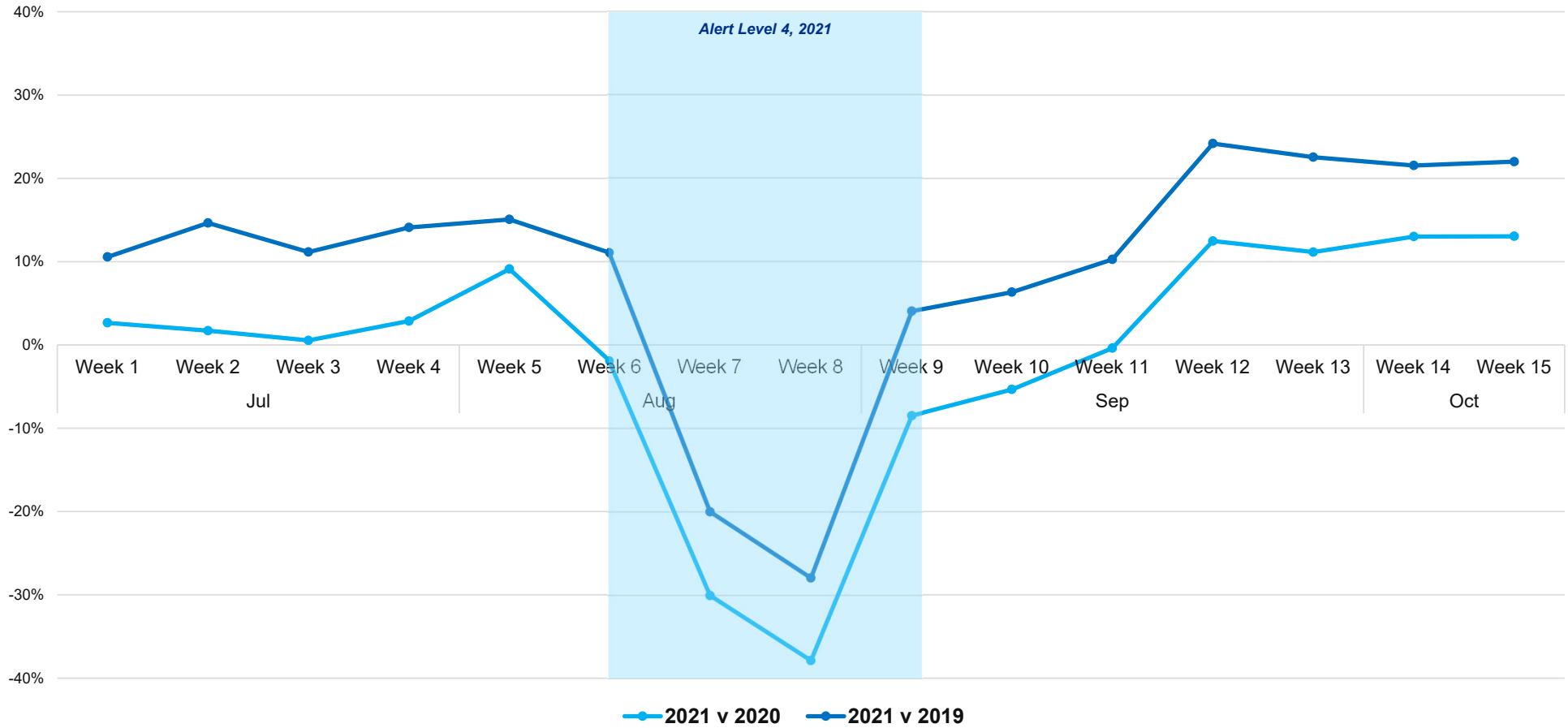


# Q1 TRADING UPDATE

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# EP Item Growth YoY

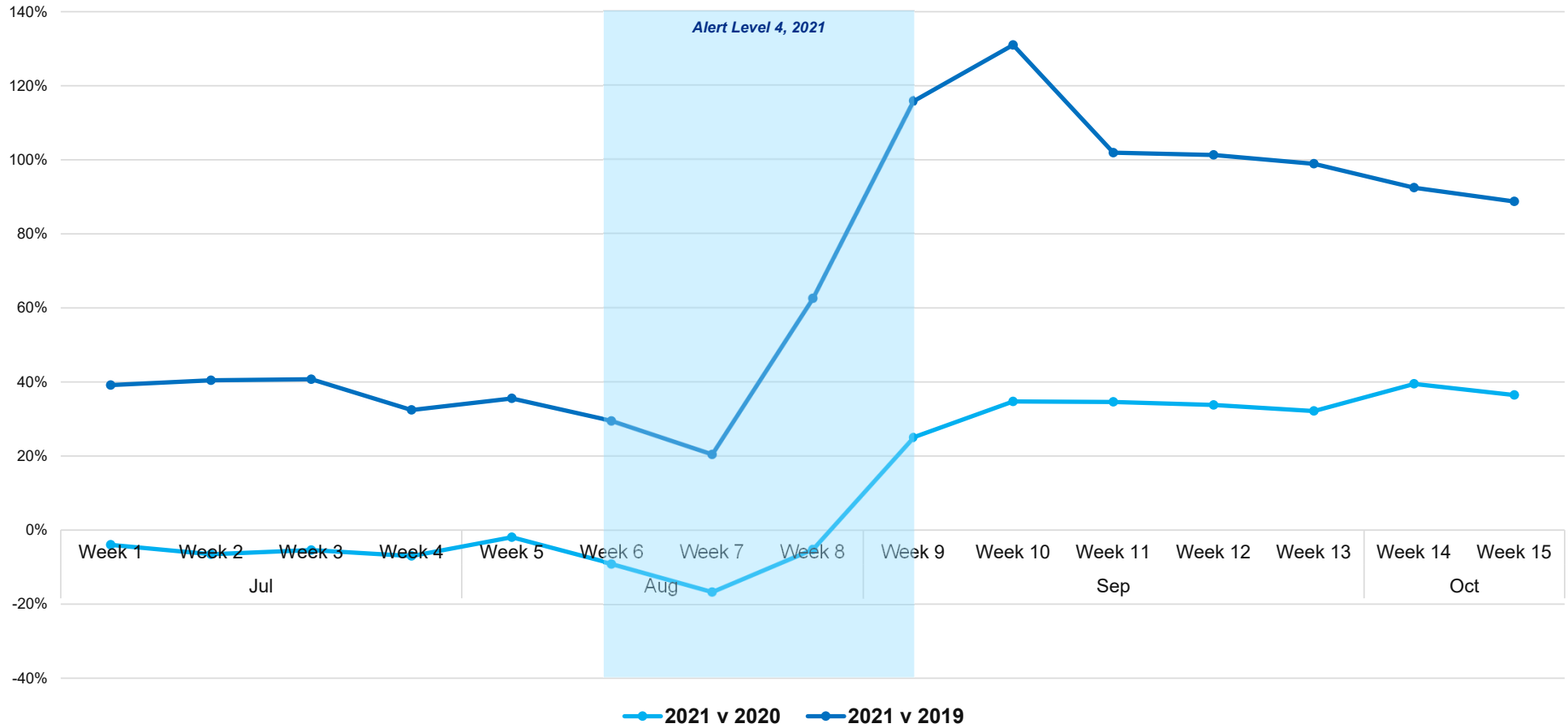
(Network couriers only)





# EP B2C Growth YoY

(Network couriers only)



## Q1 Consolidated Performance

UNAUDITED

	Note	Q1 FY22 \$m	Q1 FY21 \$m	Change %
Operating Revenue		203.1	211.7	(4.1)
EBITDA	(i)	45.5	49.4	(7.9)
EBITA	(ii)	31.6	34.8	(9.2)
NPATA	(iii)	19.9	21.1	(5.7)
NPAT	(iv)	18.1	19.2	(5.7)

- *Freightways uses a 4-4-5 weeks accounting calendar. In the first quarter of FY21, there was one extra week compared to FY22. Revenue and EBITA are respectively **\$12.4m** and **\$2.1m** for the extra week.*
- *The New Zealand Covid Level 4 lockdown in August - September 2021 is estimated to have resulted in EBITA that is **\$4.5m** lower than the prior comparative period.*
- *The Australian Covid lockdown in the first quarter of FY22 is estimated to have resulted in EBITA that is **\$0.4m** lower than the prior comparative period.*

### NOTES

- Operating profit before interest, tax, depreciation and amortisation
- Operating profit before interest, tax and amortisation
- Net profit after tax before amortisation
- Net profit after tax

## Q1 Express Package & Business Mail

UNAUDITED AND EXCLUDES LEASE ACCOUNTING

	Q1 FY22 \$m	Q1 FY21 \$m	Change %
Operating Revenue	160.5	168.4	(4.7)
EBITDA	28.0	30.2	(7.3)
EBITA	25.1	27.3	(8.1)
EBITA Margin	15.6%	16.2%	

- *Freightways uses a 4-4-5 weeks accounting calendar. In the first quarter of FY21, there was one extra week compared to FY22. Revenue and EBITA are respectively **\$11.6m** and **\$1.9m** for the extra week.*
- *The New Zealand Covid Level 4 lockdown in August - September 2021 is estimated to have resulted in EBITA that is **\$3.9m** lower than the prior comparative period.*

Results in this table are before NZ IFRS16 (Leases) and are accordingly non-GAAP. Refer to appendix for reconciliation to results after NZ IFRS16 which complies with GAAP.

GAAP – Generally Accepted Accounting Principles (IFRS-compliant)

## Q1 Information Management

UNAUDITED AND EXCLUDES LEASE ACCOUNTING

	Q1 FY22 \$m	Q1 FY21 \$m	Change %
Operating Revenue	43.0	43.8	(1.8)
EBITDA	9.0	9.9	(9.1)
EBITA	7.1	7.9	(10.1)
EBITA Margin	16.5%	18.1%	

- *Freightways uses a 4-4-5 weeks accounting calendar. In the first quarter of FY21, there was one extra week compared to FY22. Revenue and EBITA are respectively **\$0.8m** and **\$0.2m** for the extra week.*
- *The New Zealand Covid Level 4 lockdown in August - September 2021 is estimated to have resulted in EBITA that is **\$0.6m** lower than the prior comparative period.*
- *The Australian Covid lockdown in the first quarter of FY22 is estimated to have resulted in EBITA that is **\$0.4m** lower than the prior comparative period.*

Results in this table are before NZ IFRS16 (Leases) and are accordingly non-GAAP. Refer to appendix for reconciliation to results after NZ IFRS16 which complies with GAAP.

GAAP – Generally Accepted Accounting Principles (IFRS-compliant)

# OUTLOOK

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## Outlook

- While Q1 was affected by the level 4 lockdown in NZ and the continued restrictions on businesses operating in both NZ and Australia we remain confident that we will achieve earnings growth for the company in FY22.
- We have been encouraged by the increase in volumes driven by eCommerce activity and market share gains in Express Package as NZ has moved into level 3 and below.
- We are also pleased with the growth in Medical Waste in Australia and while we expect that to ease as the situation in Victoria improves it should occur at the same time as businesses reopen in Melbourne and Sydney CBD's - restoring activity for our information management and document destruction services.
- We remain conscious that even the best laid plans can be influenced by macro factors that we are less able to control:
  - > A tight labour market putting upward pressure on labour costs,
  - > Current and potential lockdowns in AU & NZ,
  - > A constrained supply chain which could continue to disrupt the flow of goods coming into NZ and ultimately impact the volumes we receive from our customers.
- We will continue to review the portfolio of services we provide with a view to delivering superior long-term value to shareholders through short, medium and long-term initiatives.
- The company will continue to consider acquisition opportunities that are complementary to our existing operations and capabilities.



## Resolutions

1. That **MARK CAIRNS** be elected as a Director of Freightways.
2. That **FIONA OLIVER** be elected as a Director of Freightways.
3. That **ABBY FOOTE** be re-elected as a Director of Freightways.
4. That **PETER KEAN** be re-elected as a Director of Freightways.
5. That the total quantum of the annual Directors' fee pool be increased by \$161,100 from an aggregate of \$696,045 to an aggregate of \$857,145, such aggregate amount to be divided amongst the Directors as they deem appropriate.
6. That the Directors are authorised to fix the Auditors' remuneration.

Broadcast Vote Q & A Documents

### Resolutions

ALL FOR ALL AGAINST ALL ABSTAIN

1. That Director A be re-elected as a Director of the Company.

FOR AGAINST ABSTAIN

2. That the Board of Directors be authorised to fix the auditor's fees and expenses.

FOR AGAINST ABSTAIN

[Review your votes](#)

Broadcast Vote Q & A Documents

Your question(s)

You may enter a question using the field below.

Select Topic ▾

Questions are limited to 2000 characters.

0 character(s) Send

Limit of 2000 questions per user  
0 of 2000 question(s) used

# ***RESOLUTION 1.***

> Election of Mark Cairns.





## ***RESOLUTION 2.***

> Election of Fiona Oliver.



## ***RESOLUTION 3.***

> Re-election of Abby Foote.



## ***RESOLUTION 4.***

> Re-election of Peter Kean.



## Resolutions

### RESOLUTION 5.

That the total quantum of the annual Directors' fee pool be increased by \$161,100 from an aggregate of \$696,045 to an aggregate of \$857,145, such aggregate amount to be divided amongst the Directors as they deem appropriate.

### RESOLUTION 6.

That the Directors are authorised to fix the Auditors' remuneration.

# VOTING AND QUESTIONS

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## APPENDIX:

### RECONCILIATION OF GAAP TO PRE-NZ IFRS16 AND OTHER EXPENSES FOR THE YEAR ENDED 30 JUNE 2021

FREIGHTWAYS GROUP	FY21 \$m	FY20 \$m	Change %
Operating Revenue	800.5	630.9	26.9
EBITDA (GAAP)	164.6	135.1	21.8
Add: Change in fair value of contingent consideration – Big Chill Distribution Limited (BCD)	23.0	-	
Add: Other expenses	-	9.6	
EBITDA (before change in fair value of contingent consideration and other expenses)	187.6	144.7	29.6
Less: NZ IFRS16 adjustment	(42.2)	(33.7)	25.2
EBITDA (before NZ IFRS16, change in fair value of contingent consideration and other expenses) – non-GAAP	145.4	111.0	31.0
EBITA (GAAP)	107.5	88.2	21.9
Add: change in fair value of contingent consideration – BCD	23.0	-	
Add: Other expenses	-	9.6	
EBITA (before change in fair value of contingent consideration and other expenses)	130.6	97.8	33.5
Less: NZ IFRS16 adjustment	(7.0)	(5.3)	32.1
EBITA (before NZ IFRS16, change in fair value of contingent consideration and other expenses) – non-GAAP	123.6	92.5	33.6

#### NOTES

GAAP – Generally Accepted Accounting Principles (IFRS-compliant)



**APPENDIX:***RECONCILIATION OF GAAP TO PRE-NZ IFRS16 AND OTHER EXPENSES FOR THE YEAR ENDED 30 JUNE 2021*

EXPRESS PACKAGE & BUSINESS MAIL	FY21 \$m	FY20 \$m	Change %
Operating Revenue	633.0	474.4	33.4
EBITDA (GAAP)	142.8	98.3	45.3
Add: Other expenses	-	3.3	100
EBITDA (before other expenses)	142.8	101.6	40.6
Less: NZ IFRS16 adjustment	(24.6)	(16.1)	52.8
EBITDA (before NZ IFRS16 and other expenses) – non-GAAP	118.2	85.5	38.2
EBITA (GAAP)	109.5	74.4	47.2
Add: Other expenses	-	3.3	100
EBITA (before other expenses)	109.5	77.7	40.9
Less: NZ IFRS16 adjustment	(3.4)	(1.8)	88.9
EBITA (before NZ IFRS16 and other expenses) – non-GAAP	106.1	75.9	39.8

**NOTES**

GAAP – Generally Accepted Accounting Principles (IFRS-compliant)

**APPENDIX:***RECONCILIATION OF GAAP TO PRE-NZ IFRS16 AND OTHER EXPENSES FOR THE YEAR ENDED 30 JUNE 2021*

INFORMATION MANAGEMENT	FY21 \$m	FY20 \$m	Change %
Operating Revenue	170.7	158.7	7.6
EBITDA (GAAP)	50.8	41.8	21.5
Add: Other expenses	-	5.3	100
EBITDA (before other expenses)	50.8	47.1	7.9
Less: NZ IFRS16 adjustment	(17.4)	(17.5)	(0.6)
EBITDA (before NZ IFRS16 and other expenses) – non-GAAP	33.4	29.6	12.8
EBITA (GAAP)	29.0	20.6	40.8
Add: Other expenses	-	5.3	100
EBITA (before other expenses)	29.0	25.9	12.0
Less: NZ IFRS16 adjustment	(3.6)	(3.4)	5.9
EBITA (before NZ IFRS16 and other expenses) – non-GAAP	25.4	22.5	12.9

**NOTES**

GAAP – Generally Accepted Accounting Principles (IFRS-compliant)

## Financial Summary

FOR THE YEAR ENDED 30 JUNE 2021

	Note	FY21 \$m	FY20 \$m	Change %
Revenue		800.5	630.9	26.9
EBITA, before change in fair value of contingent consideration – Big Chill Distribution Limited (BCD) and other income & expenses (non-GAAP)	i.	130.5	97.8	33.4
Change in fair value of contingent consideration – BCD		(23.0)	-	
Other income & expenses		-	(9.6)	
EBITA	ii.	107.5	88.2	21.9
NPAT, before change in fair value of contingent consideration – BCD and other income & expenses (non-GAAP)	iii.	72.7	56.0	29.8
Change in fair value of contingent consideration – BCD		(23.0)	-	
Other income & expenses, net of tax		-	(8.6)	
NPAT - GAAP	iv.	49.6	47.4	4.6
Basic EPS (cents) (before change in fair value of contingent consideration – BCD and other income & expenses)		43.9	35.5	23.7

### NOTES

- i. Operating profit before interest, tax and amortisation, before change in fair value of contingent consideration – BCD and other income & expenses.
- ii. Operating profit before interest, tax and amortisation.
- iii. Net profit after tax (NPAT), before change in fair value of contingent consideration – BCD and other income & expenses.
- iv. Profit for the half year attributable to shareholders.
- v. GAAP – Generally Accepted Accounting Principles (IFRS-compliant)

## APPENDIX:

(UNAUDITED)

FREIGHTWAYS GROUP	Note	Q1 FY22	Q1 FY22	Q1 FY22	Q1 FY21	Q1 FY21	Q1 FY21
		\$m	\$m	\$m	\$m	\$m	\$m
		Post NZ IFRS16	NZ IFRS16 adjustment	Pre NZ IFRS16 (non-GAAP)	Post NZ IFRS16	NZ IFRS16 adjustment	Pre NZ IFRS16 (non-GAAP)
Operating Revenue		203.1	-	203.1	211.7	-	211.7
EBITDA	(i)	45.5	(10.4)	35.1	49.4	(11.1)	38.3
EBITA	(ii)	31.6	(1.7)	29.9	34.8	(1.8)	33.0
NPATA	(iii)	19.9	0.7	20.6	21.1	0.7	21.8
NPAT	(iv)	18.1	0.7	18.8	19.2	0.7	19.9

### NOTES

- i. Operating profit before interest, tax, depreciation and amortisation
- ii. Operating profit before interest, tax and amortisation
- iii. Net profit after tax before amortisation
- iv. Net profit after tax

## APPENDIX:

### RECONCILIATION OF PRE-NZ IFRS16 TO POST-NZ IFRS16 (UNAUDITED)

EXPRESS PACKAGE & BUSINESS MAIL	Q1 FY22 \$m	Q1 FY21 \$m	Change %
Operating Revenue	160.5	168.4	(4.7)
EBITDA (before NZ IFRS16)	28.0	30.2	(7.3)
Add: NZ IFRS16 adjustment	6.2	6.6	(6.1)
EBITDA (after NZ IFRS16)	34.2	36.9	(7.3)
EBITA (before NZ IFRS16)	25.1	27.3	(8.1)
Add: NZ IFRS16 adjustment	0.9	0.8	12.5
EBITA (after NZ IFRS16)	26.0	28.1	(7.5)

**APPENDIX:**

## RECONCILIATION OF PRE-NZ IFRS16 TO POST-NZ IFRS16 (UNAUDITED)

INFORMATION MANAGEMENT	Q1 FY22 \$m	Q1 FY21 \$m	Change %
Operating Revenue	43.0	43.8	(1.8)
EBITDA (before NZ IFRS16)	9.0	9.9	(9.1)
Add: NZ IFRS16 adjustment	4.2	4.4	(4.5)
EBITDA (after NZ IFRS16)	13.2	14.3	(7.7)
EBITA (before NZ IFRS16)	7.1	7.9	(10.1)
Add: NZ IFRS16 adjustment	0.8	1.0	(20.0)
EBITA (after NZ IFRS16)	7.9	8.9	(11.2)

**THANKYOU.**

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