



# FREIGHTWAYS ANNUAL SHAREHOLDERS MEETING

26 October 2023  
NZX | ASX : FRW

Freightways

# MARK CAIRNS

## Chairman

BE(Hons), BBS, MGMT, FEngNZ, CFInstD

## WELCOME AND INTRODUCTION



# Shareholder and Proxyholder Voting and Q&A Participation

## SHAREHOLDER & PROXYHOLDER VOTING

Once the voting has been opened, the resolutions and voting options will allow voting.

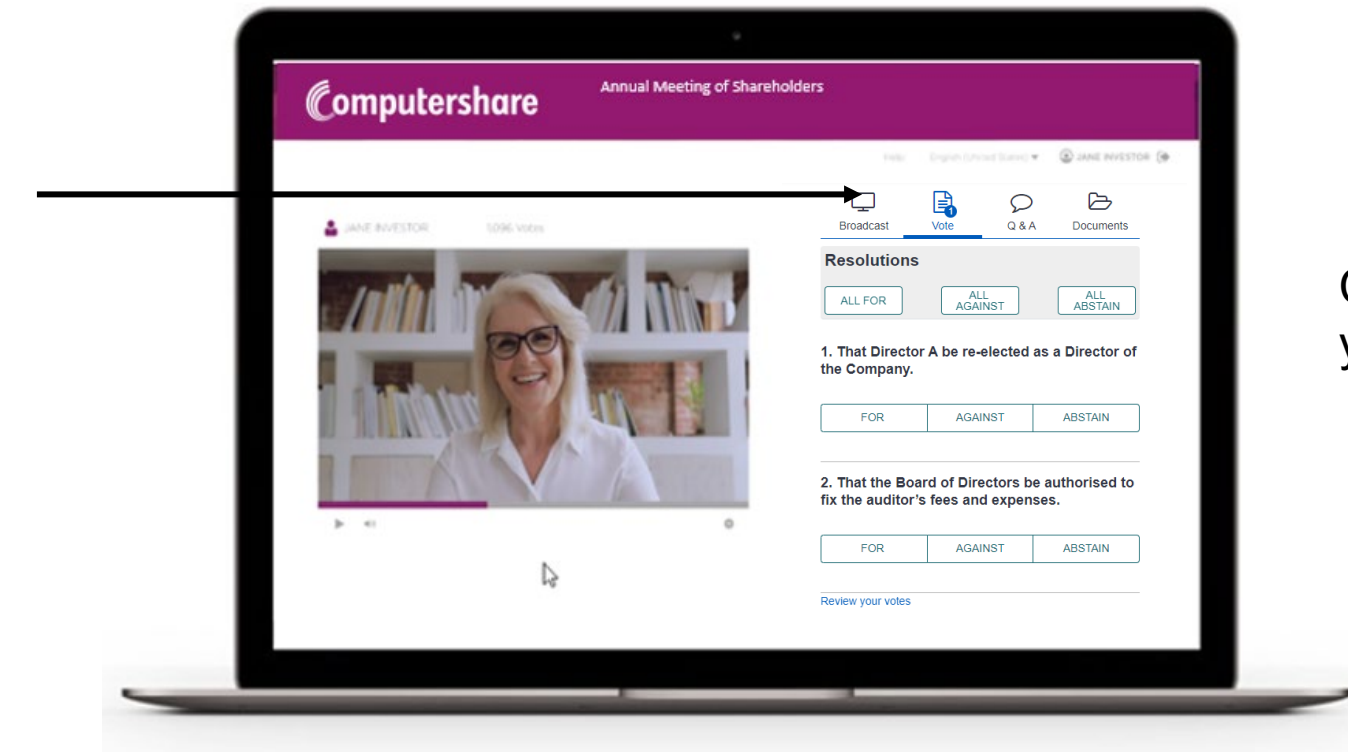
To vote, simply click on the **VOTE** tab, and select your voting direction from the options shown on the screen. You can vote for all resolutions at once or by each resolution.

Your vote has been cast when the tick appears. To change your vote, select 'Change Your Vote'.

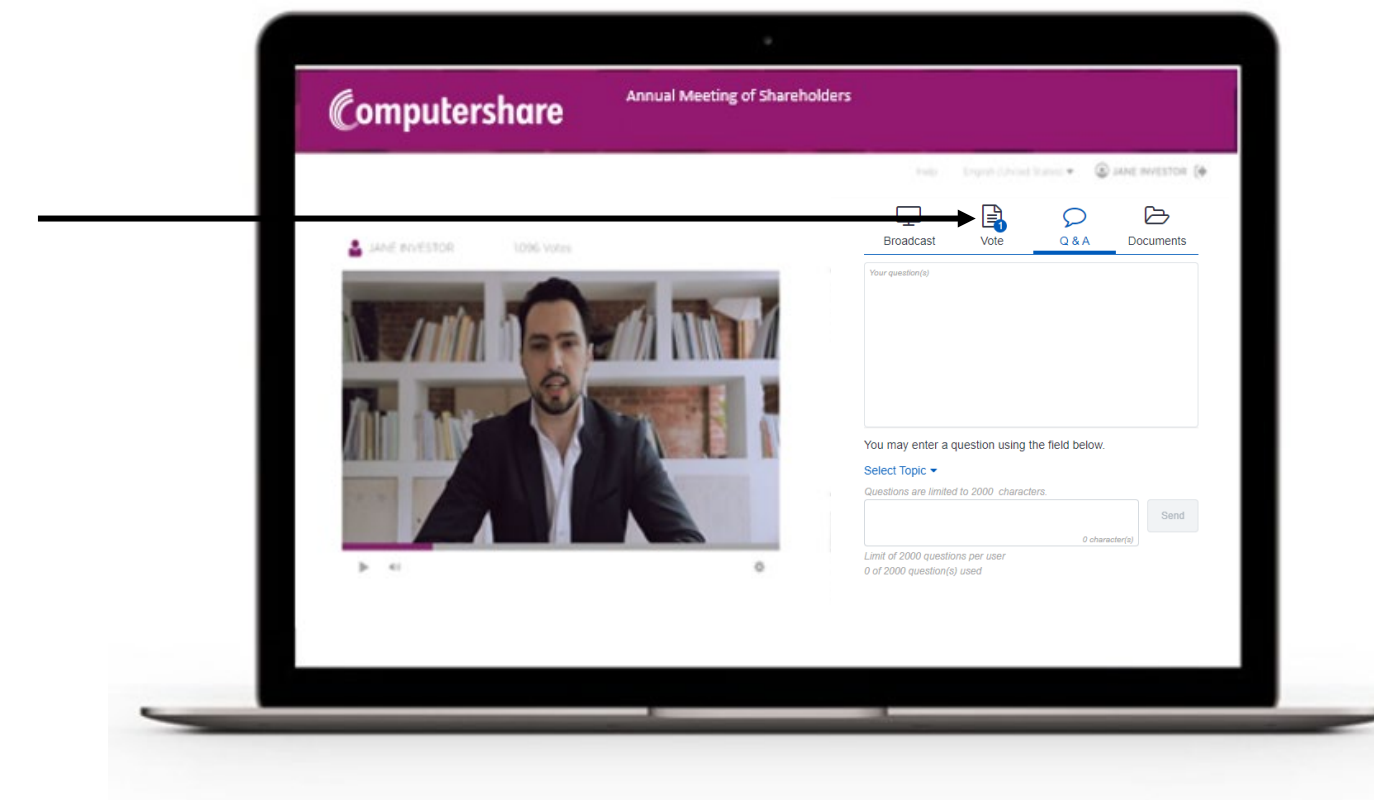
## SHAREHOLDER & PROXYHOLDER Q&A PARTICIPATION

WRITTEN 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.



Click **Vote** and select your voting direction.

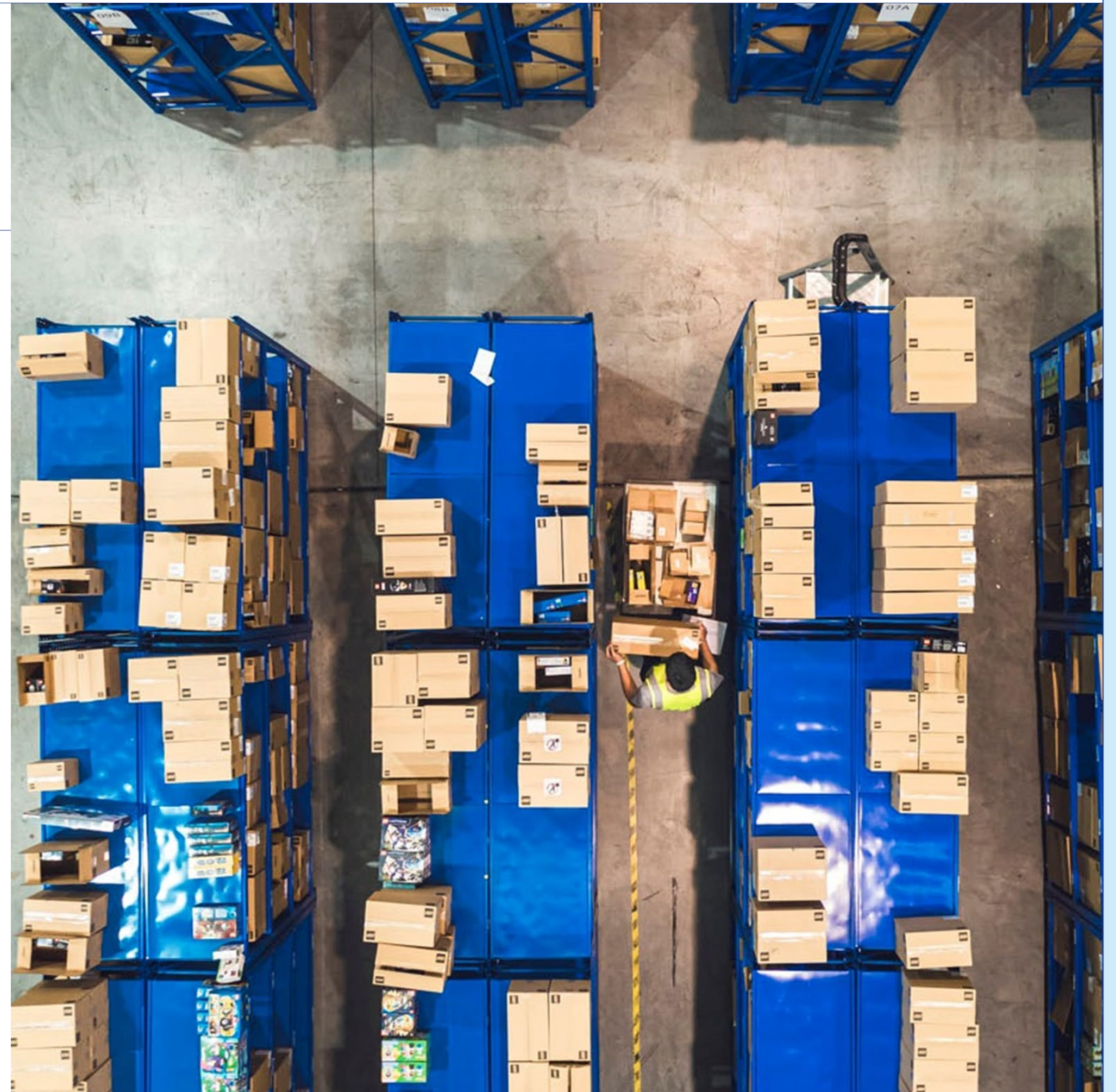


Click **Q&A** and select your voting direction.

# AGENDA

## Freightways Annual Shareholders Meeting

- Chairman's Welcome & Introduction
- CEO's Strategy and Trading Update
- Voting and Questions
- Resolutions



# FY23 HIGHLIGHTS



REVENUE GROWTH

▲ **29%**

ACROSS FREIGHTWAYS

REVENUE GROWTH

▲ **32%**

EXPRESS PACKAGE  
& BUSINESS MAIL

REVENUE GROWTH

▲ **15%**

INFORMATION MANAGEMENT

NPAT\* GROWTH

▲ **7%**

ACROSS FREIGHTWAYS

EBITA\*\* GROWTH

▲ **15%**

ACROSS FREIGHTWAYS

CASH FLOW

▲ **26%**

ACROSS FREIGHTWAYS

\* GAAP – Generally Accepted Accounting Principles (IFRS-compliant)

\*\* Non-GAAP

# DIVIDEND

Dividend Policy aligned with Capital Management Policy, balancing a few objectives -

## OBJECTIVES:

1. The setting of the dividend is subordinated to the overall capital structure of Freightways. When debt is considered high, the cash dividend will be reduced to allow for faster debt reduction
2. The dividend is set at a level that the Board expects to be sustainable in the medium term
3. Subject to the first two principles, the Board will aim to pay 75% to 80% of the NPATA adjusted for significant one-offs

Final dividend	19 CPS (37 CPS for the year)
Imputation credits	7.39 cps (fully imputed at 28% tax rate)
Supplementary dividend	3.3529 cps
Record date	15 September 2023
Payment date	2 October 2023
Dividend reinvestment plan	Offered with a discount of 2%

# MARK TROUGHEAR

## Chief Executive Officer

BMS, WAIKATO UNIVERSITY


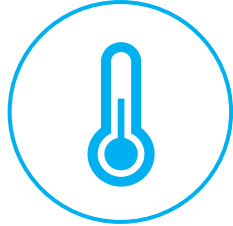
## STRATEGY AND TRADING UPDATE



# THREE HORIZONS OF GROWTH

— We move you to a better place —

OUR CAPABILITIES			
 <p><b>STRIVE FOR EFFICIENCY</b> NETWORK DENSITY</p>	 <p><b>DELIVER RELIABLY</b> ALWAYS DELIVER ON TIME</p>	 <p><b>LOVE OUR CUSTOMERS</b> SALES APPROACH &amp; CULTURE</p>	 <p><b>ACT LIKE AN ENTREPRENEUR</b> M&amp;A GROWTH / INNOVATION</p>

ACTIVITIES	HORIZON 1	HORIZON 2	HORIZON 3
<b>BUSINESS DIVISION</b>	<b>EXTEND AND DEFEND</b>	<b>GROW SCALE</b>	<b>ESTABLISH NEW LINES OF BUSINESS</b>
 <p><b>EXPRESS PACKAGE &amp; BUSINESS MAIL</b></p>	<p><b>B2B</b></p> <ul style="list-style-type: none"> <li>Focus on a profitable market share gains</li> <li>Improve the resilience of airfreight network</li> <li>Assess metropolitan “local” service levels, infrastructure costs and pricing</li> </ul>	<p><b>B2C</b></p> <ul style="list-style-type: none"> <li>Leverage our trans-Tasman presence for cross border eCommerce customers</li> <li>Maintain high levels of service to be able to command a premium for B2C deliveries</li> </ul>	<p><b>OVERSIZE (25KG+)</b></p> <ul style="list-style-type: none"> <li>Scale Oversize revenue in NZ</li> <li>New business teams to grow Allied’s market share in Oversize in AU</li> <li>Assess bolt-on M&amp;A opportunities in AU</li> </ul>
 <p><b>TEMPERATURE CONTROLLED LOGISTICS</b></p>	<p><b>NATIONAL DELIVERY</b></p> <ul style="list-style-type: none"> <li>Pursue market share opportunities as new infrastructure (trucks and depots) comes on stream</li> </ul>	<p><b>3PL</b></p> <ul style="list-style-type: none"> <li>Utilisation of 95% in Auckland</li> <li>Ruakura has now opened, targeting 50% utilisation by end of FY24</li> </ul>	<p><b>SAME DAY</b></p> <ul style="list-style-type: none"> <li>Roll out of national delivery for convenience stores</li> <li>Grow scale with new coolstore capacity brought on during 2023</li> </ul>



# THREE HORIZONS OF GROWTH

*We move you to a better place*

## OUR CAPABILITIES



**STRIVE FOR EFFICIENCY**  
NETWORK DENSITY



**DELIVER RELIABLY**  
ALWAYS DELIVER ON TIME







**LOVE OUR CUSTOMERS**  
SALES APPROACH & CULTURE



**ACT LIKE AN ENTREPRENEUR**  
M&A GROWTH / INNOVATION

ACTIVITIES	HORIZON 1	HORIZON 2	HORIZON 3
<b>BUSINESS DIVISION</b>	<b>EXTEND AND DEFEND</b>	<b>GROW SCALE</b>	<b>ESTABLISH NEW LINES OF BUSINESS</b>
 <p><b>INFORMATION MANAGEMENT</b></p>	<p><b>STORAGE</b></p> <ul style="list-style-type: none"> <li>Improvement in utilisation of existing warehouses through market share gains</li> <li>AU boxes now &gt;3m, strongest growth achieved in WA (up 7% year on year)</li> </ul>	<p><b>DIGITISATION</b></p> <ul style="list-style-type: none"> <li>Large scale digital project completed in NZ</li> <li>Digital revenues in AU up 39% for year, we will continue to target growth in AU and NZ</li> </ul>	<p><b>ECOMMERCE 3PL</b></p> <ul style="list-style-type: none"> <li>STOCKA eCommerce offering showing strong growth. To meet demand a new 3PL warehouse is expected to be added in June 2024</li> </ul>
 <p><b>WASTE RENEWAL</b></p>	<p><b>SECURE DESTRUCTION</b></p> <ul style="list-style-type: none"> <li>Paper prices likely to be more volatile in FY24</li> <li>Continued focus on market share gains</li> </ul>	<p><b>MEDICAL WASTE</b></p> <ul style="list-style-type: none"> <li>VIC processing plant built and awaiting EPA approval</li> <li>Target market share gains in VIC, NSW, QLD</li> </ul>	<p><b>HIGH VALUE WASTE</b></p> <ul style="list-style-type: none"> <li>Build profitability in SaveBoard after establishment year</li> <li>Target product destruction market</li> <li>Continue to source circular loop solutions for hard to recycle waste</li> </ul>

# Sustainability – Our Key FY24 Initiatives

SDG	FREIGHTWAYS KEY FY24 INITIATIVES
 <p data-bbox="619 540 1226 630"><b>SDG#3</b> <b>GOOD HEALTH &amp; WELLBEING</b></p>	<ul data-bbox="1412 540 3058 630" style="list-style-type: none"> <li>• Health and safety in employment: Injury reduction. TRIFR continues to reduce year on year</li> </ul>
 <p data-bbox="526 802 1319 892"><b>SDG#8</b> <b>DECENT WORK &amp; ECONOMIC GROWTH</b></p>	<ul data-bbox="1412 776 2958 930" style="list-style-type: none"> <li>• Our commitment is to improve Contractor earnings year on year</li> <li>• L&amp;D – We will continue to invest in training our people so 80% or more of our promotions come from within</li> </ul>
 <p data-bbox="646 1046 1202 1178"><b>SDG#9</b> <b>INDUSTRY, INNOVATION &amp; INFRASTRUCTURE</b></p>	<ul data-bbox="1412 1061 2572 1170" style="list-style-type: none"> <li>• We have a customer churn rate of &lt;2% of revenue</li> <li>• We are committed to continued growth in Horizon's 2 &amp; 3</li> </ul>
 <p data-bbox="746 1346 1102 1437"><b>SDG#13</b> <b>CLIMATE ACTION</b></p>	<ul data-bbox="1412 1260 3045 1528" style="list-style-type: none"> <li>• GHG emissions reduction with a target to reduce Scope 1, 2 &amp; 3 emissions by 50% by 2035, ensuring that our contribution to Global Warming is no greater than 1.5 degrees Celsius</li> <li>• The average age of linehaul vehicles (in our direct control) is 4 years or less</li> <li>• Commitment to assisting the development of circular re-use of waste</li> </ul>

# Carbon Emissions Reduction – Progress Update

TIMELINE	INITIATIVE	COMMENT
2023	Green building specification for new buildings	Discovery being completed on specification standards for all new buildings, including: <ul style="list-style-type: none"> <li>• Solar Panels</li> <li>• EV charging stations</li> <li>• Reticulating storm water</li> <li>• Recycled building materials</li> </ul>
2027	Rollover current aircraft fleet to new jets that achieve greater fuel efficiency	Currently exploring newer jet options that are more fuel efficient.
2029	100% of company cars are PHEV or EV	Charging infrastructure and increasing supply + operating costs are currently barriers to progress. Expect this to improve by 2025.
2030	Metro truck fleet are EV or alternate fuel	Charging infrastructure, limited-supply and high operating costs are still barriers to progress. Funding options to bridge additional cost of ownership being explored.
2030	Linehaul truck fleet begins to transition to alternate fuel cell	Hydrogen fuelling infrastructure, limited-supply and high operating costs are still barriers to progress. Funding options to bridge additional cost of ownership being explored. Close monitoring of new technologies in terms of: capability, safety, commerciality.
2028-2035	Light commercial fleet (vans) transitions to alternate fuel cell	Charging infrastructure, limited-supply and high operating costs are still barriers to progress. Funding options to bridge additional cost of ownership being explored. Close monitoring of new van models to assess for time/weight/range capabilities – current available options are very limited. Contractor incomes well-aligned to be able to transition.

# Q1 TRADING UPDATE



- In NZ, we have experienced a continuation of same-customer decline in volumes but in AU we have also seen the start of a similar slowdown in same-customer activity;
- Both markets have seen new business gains which are partially mitigating the underlying poor economic conditions;
- An easing of the labour market has been observed and we expect a lower rate of wage inflation from the back end of FY24 when new pay rates are applied;
- The Ruakura temperature-controlled facility has opened for Big Chill and customers will steadily be onboarded over the coming year;
- The delay in EPA licence for Med-X in VIC is delaying our recovery in Waste Renewal, we now expect approval in the new year;
- We are experiencing lower paper prices for recycled paper in both AU and NZ;
- A cost out / re-pricing programme at SRX initiated, expected to benefit H2.

## Q1 Consolidated Performance – Unaudited

	Note	Q1 FY24 \$m	Q1 FY23 \$m	Change %
Operating Revenue		298.0	237.4	25.5
EBITDA (non-GAAP)	(i)	55.4	49.5	11.9
EBITA (non-GAAP)	(ii)	36.5	34.0	7.4
NPATA (non-GAAP)	(iii)	21.6	21.0	2.9
NPAT (GAAP)	(iv)	18.4	19.3	(4.7)

### 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

- GAAP – Generally Accepted Accounting Principles (IFRS-compliant)
- Results in this table are after NZ IFRS16 (Leases). Refer to appendices for reconciliation to results before NZ IFRS16.

## Q1 Express Package & Business Mail – Unaudited and excludes lease accounting

	Q1 FY24 \$m	Q1 FY23 \$m	Change %
Operating Revenue	246.0	184.8	33.1
EBITDA (non-GAAP)	34.4	31.1	10.6
EBITA (non-GAAP)	30.4	27.9	9.0
EBITA Margin	12.4%	15.1%	

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

### NOTES

- i. GAAP – Generally Accepted Accounting Principles (IFRS-compliant)

## Q1 Information Management– Unaudited and excludes lease accounting

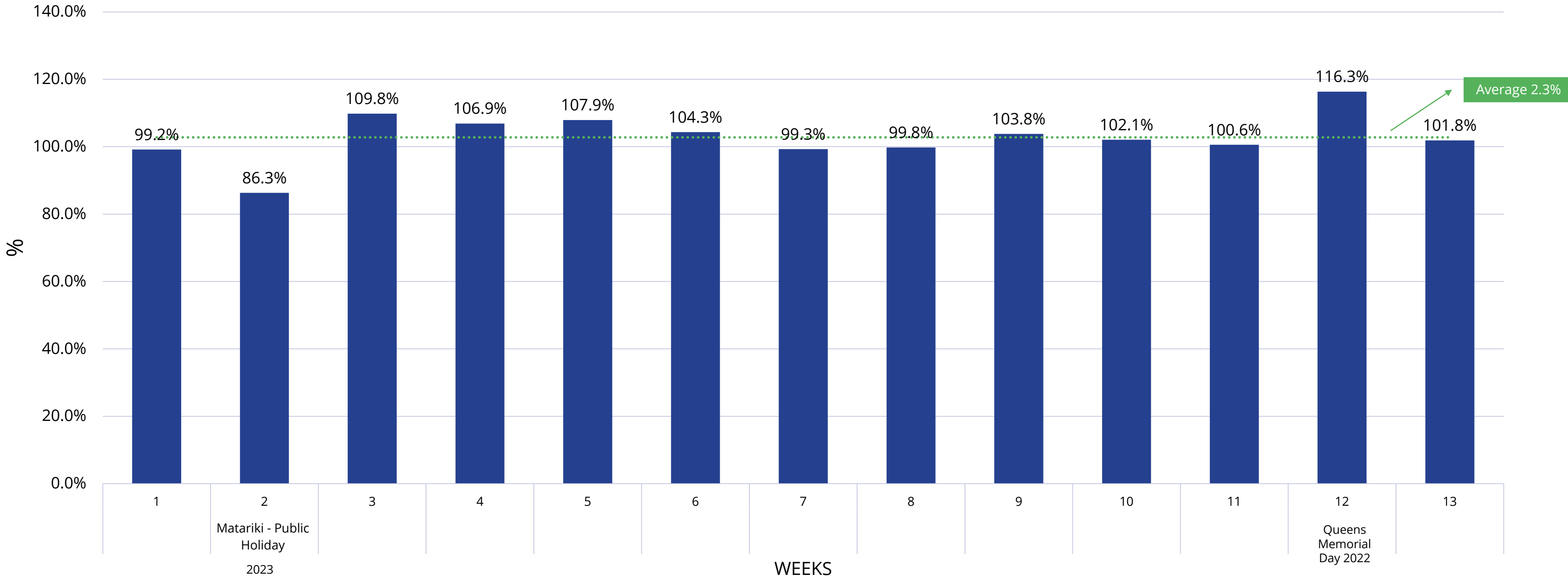
	Q1 FY24 \$m	Q1 FY23 \$m	Change %
Operating Revenue	52.9	53.6	(1.3)
EBITDA (non-GAAP)	8.4	9.7	(13.4)
EBITA (non-GAAP)	6.4	7.5	(14.7)
EBITA Margin	12.1%	14.0%	

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

### NOTES

- i. GAAP – Generally Accepted Accounting Principles (IFRS-compliant)

# NZ Network Courier Item Trend For Q1, FY24 as a % Of FY23





# CONCLUSION & OUTLOOK

- Existing customers continue to trade approximately 5% below the pcp (on average), new business has helped close some of that gap in both NZ and AU;
- We expect express volumes and paper pricing to continue their current soft trend in both NZ and AU over the course of the short term until signs of an economic recovery emerge;
- The economic environment seems to be worse than we were expecting. Whilst we will be trying to minimise its impact and adjust our cost base in a sustainable way, we now see a risk that EBITA will be at or below the level of last year.

**We have a highly experienced and committed team, many of whom have been with us for decades. Our people will continue to be our greatest strength regardless of the economic climate. As we enter a new year their safety and well-being remains foremost in our minds.**

- The tight labour market has eased in NZ over the past 3 months and we now have a higher number of applicants per role, we expect this to have a moderating effect on future wage inflation within our businesses, with most of the impact in FY25;
- We continue to assess a number of M&A opportunities for fit and value.

# QUESTIONS?

If you wish to ask a question, please simply raise your hand.

For those joining online, select the “Q&A” tab on the right half of your screen at anytime.

Type your question into the field and press “Send”.

Your question will be immediately submitted.



# RESOLUTIONS

- That Mark Rushworth be re-elected as a director of Freightways
- That Peter Kean be re-elected as a director of Freightways
- That the total quantum of the annual directors' fee pool be increased by \$107,855 from an aggregate of \$857,145 to an aggregate of \$965,000, such aggregate amount to be divided amongst the directors as they deem appropriate
- That the directors are authorised to fix the Auditors' remuneration



Resolution 1

# MARK RUSHWORTH

Re-elected as a director of  
Freightways.



Resolution 2

# PETER KEAN

Re-elected as a director of  
Freightways.



## Resolution 3

# ANNUAL DIRECTORS' FEE POOL

That the total quantum of the annual directors' fee pool be increased by \$107,855 from an aggregate of \$857,145 to an aggregate of \$965,000, such aggregate amount to be divided amongst the directors as they deem appropriate.



Resolution 4

# AUDITORS' REMUNERATION

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



# Disclaimer

## **READ THIS PRESENTATION WITH THE FINANCIAL STATEMENTS**

The financial results in this presentation should be read in conjunction with the financial statements for the year ended 30 June 2023, which can be found in the NZX preliminary results announcement.

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# APPENDICES



## Financial Summary - For the Financial Year Ended 30 June 2023

	Note	FY23 \$m	FY22 \$m	Change %
Revenue		1,121.6	873.1	28.5
EBITDA (non-GAAP)	i.	214.9	184.9	16.2
EBITA (non-GAAP)	ii.	145.3	126.5	14.8
NPATA (non-GAAP)	iii.	86.6	77.7	11.5
NPAT (GAAP)	iv.	75.3	70.2	7.3
Basic EPS (cents)		43.1	42.3	

### 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. Profit for the year attributable to shareholders.
- v. GAAP – Generally Accepted Accounting Principles (IFRS-compliant)

## Express Package & Business Mail – For the financial year ended 30 June 2023

	FY23 \$m	FY22 \$m	Change %
Operating Revenue	911.1	689.0	32.2
EBITDA (non-GAAP)	169.8	142.2	19.4
EBITA (non-GAAP)	125.4	107.5	16.7
EBITA Margin	13.8%	15.6%	
NPAT (GAAP)	78.1	70.0	11.6

### NOTES

- i. Results in this table are after NZ IFRS16 (Leases).

## Information Management – For the financial year ended 30 June 2023

	FY23 \$m	FY22 \$m	Change %
Operating Revenue	214.3	187.1	14.6
EBITDA (non-GAAP)	56.4	55.2	2.1
EBITA (non-GAAP)	32.7	33.1	(1.3)
EBITA Margin	15.3%	17.7%	
NPAT (GAAP)	18.0	18.2	(1.1)

### NOTES

- i. Results in this table are after NZ IFRS16 (Leases).

## Appendix. unaudited

FREIGHTWAYS GROUP	Note	Q1 FY24	Q1 FY24	Q1 FY24	Q1 FY23	Q1 FY23	Q1 FY23
		\$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		298.0	-	298.0	237.4	-	237.4
EBITDA (non-GAAP)	(i)	55.4	(15.1)	40.3	49.5	(11.7)	37.8
EBITA (non-GAAP)	(ii)	36.5	(2.5)	34.0	34.0	(2.0)	32.0
NPATA (non-GAAP)	(iii)	21.6	0.9	22.5	21.0	0.5	21.5
NPAT (GAAP)	(iv)	18.4	0.9	19.3	19.3	0.5	19.8

## Appendix. Reconciliation of Pre-NZ IFRS16 to Post-NZ IFRS16 (Unaudited)

EXPRESS PACKAGE & BUSINESS MAIL	Q1 FY24 \$m	Q1 FY23 \$m	Change %
Operating Revenue	246.0	184.8	33.1
EBITDA (before NZ IFRS16)	34.4	31.1	10.6
Add: NZ IFRS16 adjustment	9.9	6.9	44.3
EBITDA (after NZ IFRS16)	44.3	38.0	16.6
EBITA (before NZ IFRS16)	30.4	27.9	9.0
Add: NZ IFRS16 adjustment	1.5	1.0	50.8
EBITA (after NZ IFRS16)	31.9	28.9	10.5

### NOTES

- i. EBITDA and EBITA are non-GAAP measures

## Appendix. Reconciliation of Pre-NZ IFRS16 to Post-NZ IFRS16 (Unaudited)

INFORMATION MANAGEMENT	Q1 FY24 \$m	Q1 FY23 \$m	Change %
Operating Revenue	52.9	53.6	(1.3)
EBITDA (before NZ IFRS16)	8.4	9.7	(13.4)
Add: NZ IFRS16 adjustment	5.1	4.8	6.3
EBITDA (after NZ IFRS16)	13.5	14.5	(6.9)
EBITA (before NZ IFRS16)	6.4	7.5	(14.7)
Add: NZ IFRS16 adjustment	1.1	1.0	10.0
EBITA (after NZ IFRS16)	7.4	8.6	(14.0)

### NOTES

- i. EBITDA and EBITA are non-GAAP measures





# FREIGHTWAYS ANNUAL SHAREHOLDERS MEETING

26 October 2023  
NZX | ASX : FRW

Freightways