

Freightways Annual Shareholders Meeting Presentation

23 October 2024

Presenters:

Mark Cairns
Chairman

Mark Troghear
Chief Executive

Chairman's Address

Mark Cairns
Chairman



Agenda

1. Procedural Matters
2. Chairman's Review
3. CEO's Strategy and Trading Update
4. Questions
5. Resolutions

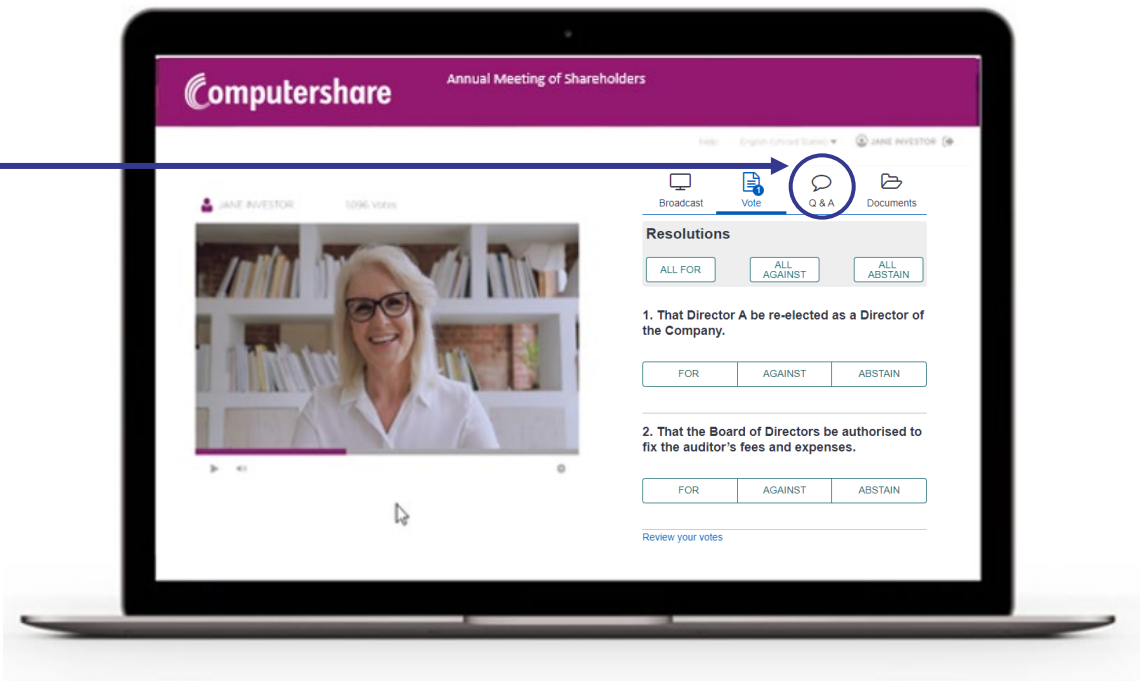


Shareholder & Proxy Holders Q&A Participation



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

- Select the Q&A tab on the right half of your screen at any time.
- Type your question into the relevant field and press “submit”
- If you need support, you can also add your query to the same Q&A tab and a Computershare representative will be in touch.
- Alternatively, call Computershare on **0800 650 034**

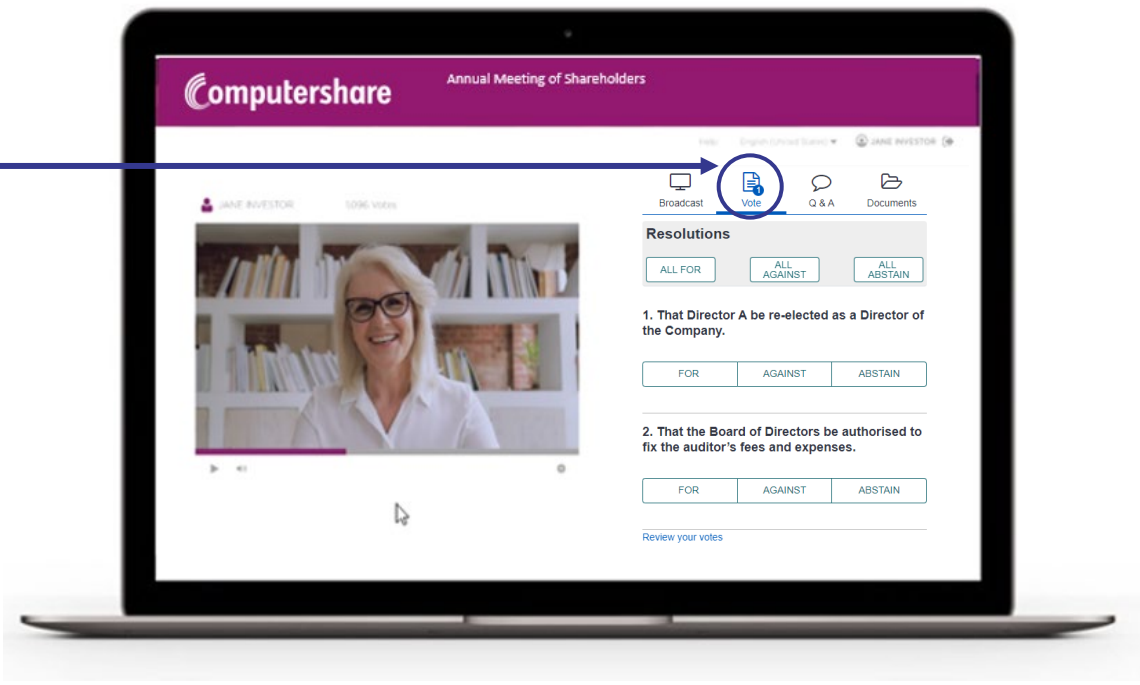


Shareholder & Proxy Holders Voting



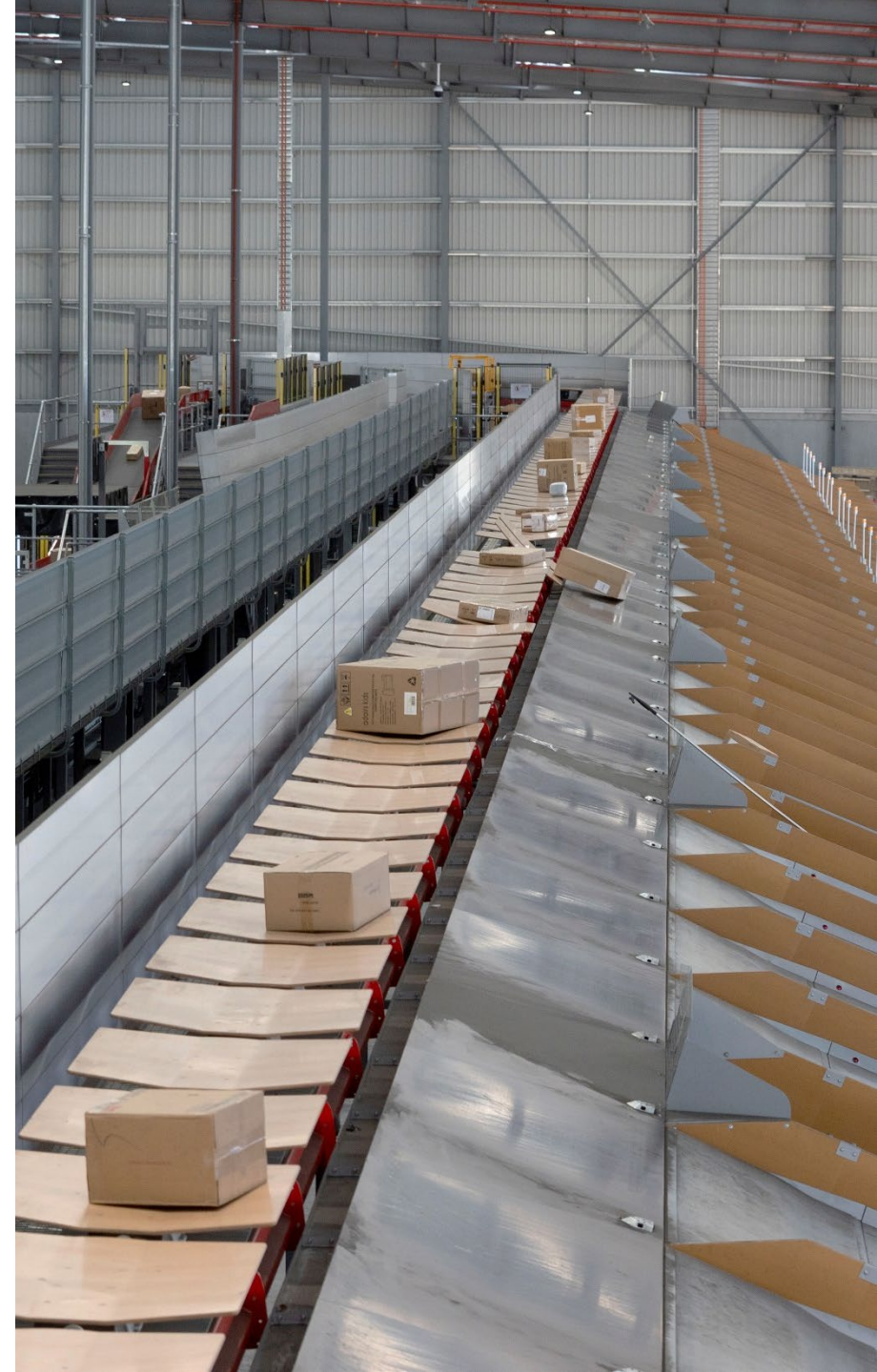
Click **Vote** and select your voting direction.

- 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'.



FY24 Performance

- The economic environment has been challenging in NZ and to a lesser extent Australia
- In that context the result is seen as resilient with a broad based same-customer decline in activity offset by;
 - Revenue growth – especially in Australia bolstered by the performance of Allied, and
 - Market share gains achieved in all of our businesses
- Labour markets were tight through the first half of FY24 but had eased and largely returned to normal by the end of the year
- During the year there was investment in;
 - Two oversize sortation systems for Allied Express,
 - A medical waste processing facility for Med-X in Victoria, and
 - A new Big Chill 3PL site at Ruakura



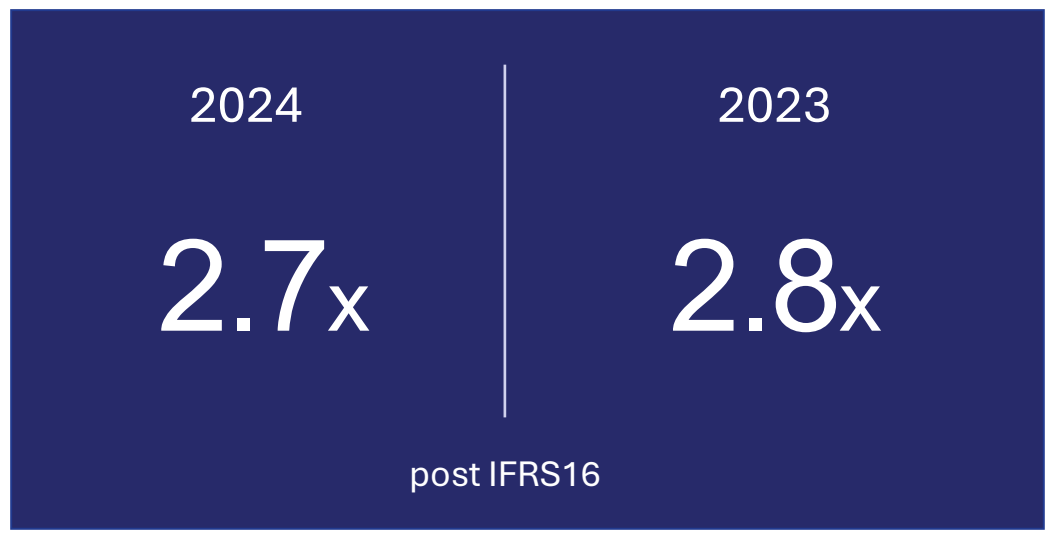
FY24 Group Highlights



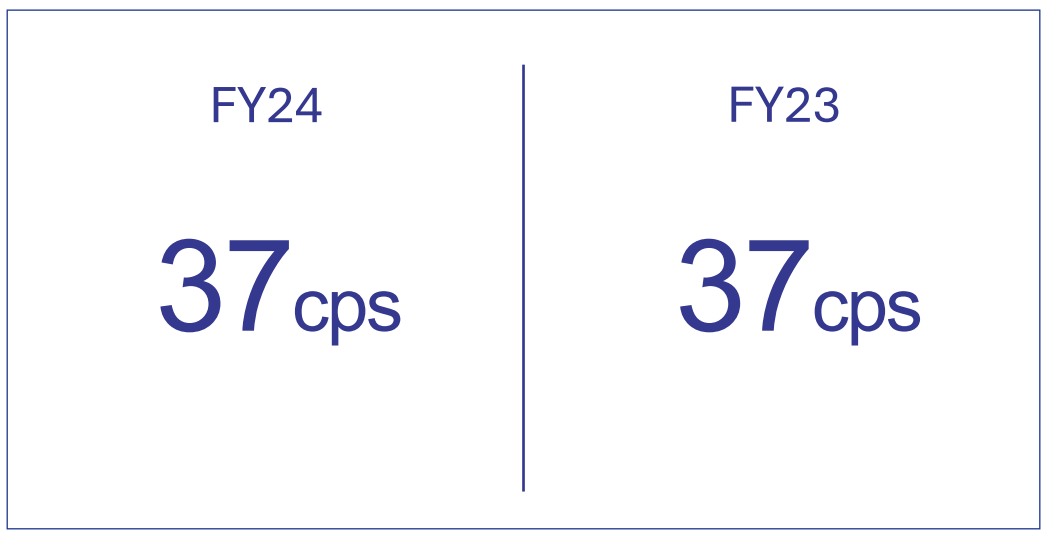
* Non-GAAP (Generally Accepted Accounting Principles)

Gearing and Dividend FY24

Net Debt | EBITDA



Dividend



cps - Cents Per Share

Climate Related Disclosures

- FRW released our first Climate Related Disclosure statement a few days ago, following 4 years reporting under the TCFD framework.
- This is a complex piece of work for a business structured as we are, with relatively autonomous business units and lean corporate teams. We are doing a lot of work to ensure the quality of the way we capture and report emissions as well as transition to a less GHG-intensive way of operating.
- The majority of our emissions are linked to the vans and trucks operated by our contractors. Key for us is to understand in detail the economics of different technologies available to them, and to provide the right remuneration, support and incentives to support their transition to lower emission vehicles.



Mark Rushworth

Retiring from the Freightways Board of Directors



NEW ZEALAND
COURIERS

60
YEARS

**Keeping New Zealand
Business Moving**

Since 1964

For personal use only

For personal use only



NEW ZEALAND
COURIERS
60
YEARS
SINCE
1964

Strategy & Trading Update

Mark Troghear
Chief Executive Officer



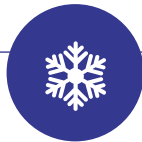
Three Horizons of Growth

Key Strategic Initiatives



Express Package

- B2B - national delivery
 - B2C - courier and mail
 - Oversize parcels
1. Project Evolve: deliver a pricing and billing platform to enable pricing for effort for local and other underpriced items
 2. Scale Oversize revenue in NZ and AU



Temperature Controlled

- Refrigerated national transport
 - Temperature controlled 3PL
 - Same day refrigerated delivery
1. Implementation of a new Transport Management System will provide improved visibility and performance data for customers
 2. Demand for Ruakura 3PL services has exceed expectations, objective is to scale to 95% utilisation by the end of FY25



Information Management

- Document Destruction
 - Digitalisation
 - E-Commerce 3PL
1. Drive market share gains in storage driven by cross-selling from Digitalisation
 2. New 2-year A\$15m digitisation project underway with a strong pipeline of project and annuity opportunities in both AU and NZ



Waste Renewal

- Document Destruction
 - Medical Waste
 - High-Value Waste Recycling
1. VIC processing plant will drive growth and be profitable in FY25
 2. Continue to source circular loop solutions for hard to recycle waste

Our ESG Update



SDG3 Good Health & Wellbeing

- Maintain high standards of Health & Safety in employment
- Target Injury Reduction year on year with a focus on critical risks



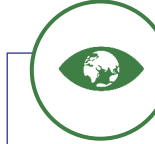
SDG8 Decent Work & Economic Growth

- Our commitment is to improve contractor return year on year
- Learning & Development. We will continue to invest in training our people so 80% or more of our promotions come from within.



SDG 9 Industry, Innovation & Infrastructure

- We aim to have a customer churn of less than 2% of revenue.
- We are committed to continued growth over three horizons.



SDG 13 Climate Action

- GHG Emissions. We are committed to reduce our emissions over time for Scope 1, 2 and 3.
- The average age of linehaul vehicles within our direct control is four years or less.
- Committed to assist in the development of the circular use of waste.

Q1 Trading Update



Q1 Consolidated Performance - Unaudited

- Revenue growth – driven by market share and price given subdued same-customer activity
- Yet to see any green-shoots in the NZ economy but things have not worsened for us
- Positive improvement in margin across the both divisions v the pcp
- Labour costs = up 3.5% for the year across FRW
- Corporate costs higher – mostly related to one-offs and CRD consultancy

	Notes	Q1 FY25 \$m	Q1 FY24 \$m	Change %
Operating Revenue		319.6	298.0	7.2
EBITDA (non-GAAP)	1	61.5	55.4	11.0
EBITA (non-GAAP)	2	39.6	36.5	8.5
NPAT	3	19.0	18.3	4.1

Notes:

- Results in this table are after adjustments for NZ IFRS16 (Leases).
 - Refer to appendices for reconciliation to results before NZ IFRS16.
1. Operating profit before interest, tax, depreciation and amortisation
 2. Operating profit before interest, tax and amortisation
 3. Net profit after tax

Q1

Express Package & Business Mail - Unaudited

- EPNZ performance commendable in depressed economic conditions
- Initiatives around efficiency, price & market share gains have driven performance
- Price up circa 5% in NZ EP
- Item count v LYR is flat for Q1 (excluding Temu)
- Allied benefitting from continued growth and efficiency from sortation
- Big Chill delivered revenue and earnings growth via 3PL, transport still flat
- Project Evolve (billing and courier pay system renewal) cost \$750k in Q1

	Notes	Q1 FY25 \$m	Q1 FY24 \$m	Change %
Operating Revenue		262.4	246.0	6.7
EBITDA (non-GAAP)	1	37.8	34.4	9.9
EBITA (non-GAAP)	2	33.4	30.4	9.9
EBITA Margin		12.7%	12.4%	

Notes:

- Results in this table are before adjustments for NZ IFRS16 (Leases).
 - Refer to appendices for reconciliation to results after NZ IFRS16.
1. Operating profit before interest, tax, depreciation and amortisation
 2. Operating profit before interest, tax and amortisation

Q1

Information Management - Unaudited

- A positive Med-X performance has assisted the IM division (versus a weaker pcp)
- Med-X VIC plant up and running and producing small profit
- Paper prices are stable on the pcp
- Digitisation work flowing through as expected
- Q1 FY24 had the headwind of the residual of a large NZ digitalisation project

	Notes	Q1 FY25 \$m	Q1 FY24 \$m	Change %
Operating Revenue		58.5	52.9	10.6
EBITDA (non-GAAP)	1	10.0	8.4	19.0
EBITA (non-GAAP)	2	7.8	6.4	21.9
EBITA Margin		13.3%	12.1%	

Notes:

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

1. Operating profit before interest, tax, depreciation and amortisation
2. Operating profit before interest, tax and amortisation

FY25

Outlook

- The economic climate is clearly still tough in NZ - we expect H1 to remain subdued and we are hopeful of a return to modest organic growth in H2 (aided by OCR drops, some sectors overlapping a soft pcp)
- AU is slightly more buoyant, but with no OCR cuts expected before Christmas
- Our focus is on restoring margins for both divisions in FY25 and FY26 as modest organic growth occurs. Progress has already been made in Q1 FY25
- Pleased with investments made in FY24 – Big Chill (Ruakura), MDX (Victoria), Allied (NSW and VIC sortation systems) – that will all yield benefits in FY25
- Active M&A pipeline of synergistic and complementary opportunities



Volumes expected to remain stable despite tough economic conditions.



Focus on restoring margins.



Disciplined M&A approach, with opportunities being explored.

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 any time.



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



Your question will be immediately submitted.

Resolutions

1. That Mark Cairns be re-elected as a director of Freightways
2. That Abigail Foote be re-elected as a director of Freightways
3. That Fiona Oliver be re-elected as a director of Freightways
4. That the directors are authorised to fix the Auditors' remuneration



1. Mark Cairns

Re-elected as a Director of Freightways





2. Abby Foote

Re-elected as a Director of Freightways





3. Fiona Oliver

Re-elected as a Director of Freightways





4. Auditors Remuneration

That the directors are authorised to fix the Auditors' remuneration



For personal use only

Questions or Other Business

For personal use only

Thank you.

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 full year ended 30 June 2024, which can be found in the Freightways full year results announcement available on the NZX and ASX platforms.

No offer or investment advice: This presentation is for information purposes only. It is not a product disclosure statement, prospectus or investment statement. Nothing in it constitutes an invitation to subscribe for shares, securities or financial products in Freightways, or financial product, legal, financial, investment, tax or any other advice or a recommendation. Any investor should consult their own professional advisors and conduct their own independent investigation of Freightways and the information contained in this presentation, including any statements relating to the future performance of Freightways. The information in this presentation is given in good faith and has been obtained from sources believed to be reliable and accurate at the date of this presentation.

Our non-GAAP information: Certain items of financial information included in this presentation are "non-GAAP" financial measures. These non-GAAP financial measures do not have a standardised meaning prescribed by New Zealand Accounting Standards and so may not be comparable to similarly named measures presented by other entities. Freightways believes that these measures provide useful information in measuring the financial position and performance of the Freightways business. However, undue reliance should not be placed on non-GAAP financial measures included in this presentation.

Forward looking statements: This presentation may include forward-looking statements regarding future events and the future financial performance of Freightways. Such forward-looking statements are based on current expectations and involve risks and uncertainties. Freightways cautions investors not to place undue reliance on these forward-looking statements, which reflect Freightways' views only as of the date of this presentation. Actual results may be materially different from those stated in any forward-looking statements. Freightways gives no warranty or representation as to its future financial performance or any future matter. The information in this presentation is current at the date of this presentation, unless otherwise stated. Freightways is not under any obligation to update this presentation after its release, whether as a result of new information, future events or otherwise.

Disclaimer: None of Freightways, its affiliates, or their respective advisers or representatives, give any warranty or representation as to the accuracy or completeness of the information contained in this presentation, and exclude their liability to the maximum extent permitted by law.

Appendices

Group Financial Summary – For the Financial Year Ended 30 June 2024

	Notes	FY24 \$m	FY23 \$m	Change %
Operating Revenue		1,209.2	1,121.6	7.8
EBITDA (non-GAAP)	1	229.1	214.9	6.6
EBITA (non-GAAP)	2	149.0	145.3	2.5
NPATA (non-GAAP)	3	83.6	86.6	(3.5)
NPAT	4	70.9	75.3	(5.8)
Basic Earnings Per Share (cents)		39.8	43.1	(7.7)

Notes:

- Results in this table are after NZ IFRS16 (Leases).
 - Pcp includes 9 months Allied contribution only
1. Operating profit before interest, tax, depreciation and amortisation
 2. Operating profit before interest, tax and amortisation
 3. Net profit after tax before amortisation
 4. Net profit after tax

Express Package & Business Mail – For the Financial Year Ended 30 June 2024

	FY24 \$m	FY23 \$m	Change %
Operating Revenue	999.1	911.1	9.7
EBITDA (non-GAAP)	181.9	169.8	7.1
EBITA (non-GAAP)	128.4	125.4	2.4
NPAT	76.6	78.1	(1.9)

Notes:

- Results in this table are after NZ IFRS16 (Leases).
- Pcp includes 9 months Allied contribution only

Information Management – For the Financial Year Ended 30 June 2024

	FY24 \$m	FY23 \$m	Change %
Operating Revenue	214.4	214.3	-
EBITDA (non-GAAP)	57.5	56.4	2.0
EBITA (non-GAAP)	32.3	32.7	(1.2)
NPAT	17.7	18.0	(1.7)

Notes:

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

Reconciliation of Post-NZ IFRS16 to Pre-NZ IFRS16 (Unaudited)

Freightways Group

Freightways Group	Q1 FY25	Q1 FY25	Q1 FY25	Q1 FY24	Q1 FY24	Q1 FY24
	\$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	319.6	-	319.6	298.0	-	298.0
EBITDA (non-GAAP)	61.5	(17.9)	43.6	55.4	(15.1)	40.3
EBITA (non-GAAP)	39.6	(3.0)	36.6	36.5	(2.5)	34.0
NPATA (non-GAAP)	22.1	0.8	22.9	21.6	0.9	22.5
NPAT (GAAP)	19.0	0.8	19.8	18.3	0.9	19.2

Notes:

- EBITDA, EBITA and NPATA are non-GAAP measures

Reconciliation of Pre-NZ IFRS16 to Post-NZ IFRS16 (Unaudited)

Express Package & Business Mail

Express Package & Business Mail	Q1 FY25 \$m	Q1 FY24 \$m	Change %
Operating Revenue	262.4	246.0	6.7
EBITDA (before NZ IFRS16)	37.8	34.4	9.9
Add: NZ IFRS16 adjustment	12.5	9.9	26.3
EBITDA (after NZ IFRS16)	50.3	44.3	13.5
EBITA (before NZ IFRS16)	33.4	30.4	9.9
Add: NZ IFRS16 adjustment	1.8	1.5	20.0
EBITA (after NZ IFRS16)	35.2	31.9	10.3

Notes:

- EBITDA and EBITA are non-GAAP measures

Reconciliation of Pre-NZ IFRS16 to Post-NZ IFRS16 (Unaudited)

Information Management

Information Management	Q1 FY25 \$m	Q1 FY24 \$m	Change %
Operating Revenue	58.5	52.9	10.6
EBITDA (before NZ IFRS16)	10.0	8.4	19.0
Add: NZ IFRS16 adjustment	5.3	5.1	3.9
EBITDA (after NZ IFRS16)	15.3	13.5	13.3
EBITA (before NZ IFRS16)	7.8	6.4	21.9
Add: NZ IFRS16 adjustment	1.1	1.0	10.0
EBITA (after NZ IFRS16)	8.9	7.4	20.3

Notes:

- EBITDA and EBITA are non-GAAP measures

Freightways Annual Shareholders Meeting Presentation

23 October 2024

Presenters:

Mark Cairns
Chairman

Mark Troghear
Chief Executive

ANNUAL SHAREHOLDERS MEETING

A. CHAIRMAN'S INTRODUCTION

Slide 1. Freightways - 23 October 2024, Annual Shareholders Meeting

Slide 2. Mark Cairns, Chairman

Nau mai, haere mai. Tena tatou katoa.

Good morning Ladies and Gentlemen. I am Mark Cairns, Chair at Freightways and it's my pleasure to welcome you to our 2024 Annual Shareholders Meeting. It's great to see you again and a warm welcome to those people joining us online also.

With us today, are my fellow directors; Mark Rushworth, Peter Kean, Abby Foote, David Gibson and Fiona Oliver. Abby, Fiona and I are standing for re-election and will address the meeting later today.

We will shortly be hearing from our Chief Executive, Mark Troghear. Also on the stage, we have our Chief Financial Officer, Stephan Deschamps and our General Counsel and Company Secretary, Nicola Silke. Other members of our Executive are also present in the room today and happy to chat with you over a sausage roll after the conclusion of the formal business this morning.

Also here today are the Company's Auditors, PricewaterhouseCoopers and the Company's external legal advisors, Mayne Wetherell.

We have a quorum of shareholders, so I declare the meeting open.

Firstly a few housekeeping matters:

The bathrooms are located on the first floor atrium.

In the unlikely event of an emergency, please evacuate immediately through the fire exit doors and gather at the assembly point in the carpark behind this building. Could I request that you take this opportunity to switch your mobile phones off, or onto silent please? Lastly, I note that we will be making an audio recording of the meeting which will be made available on the Freightways website.

[Slide 3.](#) **Agenda**

I would now like to run through the structure of the meeting:

I will begin with procedural matters, and then summarise some of the Company's highlights over the last Financial Year. I will then ask our Chief Executive Mark Troghear, to give an overview of the Company, update on strategy and current trading performance, and provide commentary on our outlook for the remainder of the financial year.

Following Mark's presentation and any questions relating to the management of the company, I will then introduce the formal resolutions as outlined in the Notice of Meeting.

The Financial Statements for the year ended 30 June 2024 are set out in the Company's Annual Report, released to shareholders in August. The

For personal use only

Company also released its first Climate-Related Disclosures earlier this week, for the year ended 30 June 2024.

Slide 4. **How to ask questions**

As set out in your meeting guide, any shareholder or proxy attending the meeting or participating online, is eligible to ask a question.

Can I ask please that shareholders give their name when speaking or asking questions, and to confirm if they are a shareholder or proxy holder. Roving microphones will be available. Please wait for the microphone prior to asking your question to ensure that your questions are conveyed to everyone present and also to those shareholders online.

If you are attending online, please select the Q&A tab on the right half of your screen anytime, then type your question into the field and press 'Send'.

Please note that while you can submit questions from now on, I will not address them until the relevant time in the meeting.

We may amalgamate questions of a similar nature. If, at the end of the meeting, you don't feel that your question was addressed, or you would like to discuss it further, please contact us via the Investor Contact on our website.

Should you require any assistance using the Computershare Online Platform, you can type your query in the Q&A tab in the same manner as typing a question and one of the Computershare team will reply to your

query via the chat function. Alternatively, you can call Computershare on 0800-650-034.

Slide 5. **How to Vote**

As usual, all of the resolutions put to shareholders today will be decided by way of a poll and the polls will be administered by our share registry, Computershare. The results of the polls will be announced via the stock exchanges after the close of the meeting.

If you are attending the meeting virtually and eligible to vote at this meeting, you will be able to cast your vote under the Vote tab when the resolutions are put. Once the voting has opened, the resolutions will allow votes to be submitted. To vote, simply select your voting direction from the options shown on 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, simply select 'Change Your Vote'. You have the ability to change your vote, up until the time I declare the voting closed. In order to provide you with enough time to vote, I will shortly open the voting for all resolutions.

Persons attending the meeting, who are not shareholders, proxy holders or corporate representatives of a shareholder, may not vote.

I now declare voting open on all items of business. The resolutions will now be open in the vote tab, please submit your votes at any time. I will give you a warning before I move to close voting.

I will remind everyone again of these two processes when we come to vote on the resolutions later in the meeting.

For personal use only

I would now like to speak briefly to some of the highlights of Freightways' 2024 year.

Slide 6. **FY24 Performance**

I think most people will agree, that the last year has been a challenging one against many economic headwinds. Against this backdrop, I am immensely proud of what our Freightways teams have achieved.

The macro-economic context, particularly in New Zealand, has seen a significant number of companies retrenching and business activity well below the previous year. Many sectors of the economy have been significantly impacted, but the diversification of our businesses has proven its worth, allowing us to achieve solid revenue growth. Australia has fared slightly better than New Zealand and it has been pleasing to see the benefits of our growing geographical diversification, where 35% of our revenue is now generated in Australia.

Labour shortages continued to impact early in the year, with almost double-digit labour cost increases for the second year running. The good news is that this trend has now eased, and we are finding it considerably easier to recruit for open positions, and the wage pressure has returned to historical levels.

We have continued to invest in our operations:

For personal use only

- We commissioned two state of the art sortation systems at Allied Express - in Melbourne and Sydney, that will allow us to manage significantly larger volumes at greater levels of productivity.
- After many months of delays, we finally received the approval to operate our Medical Waste facility in Victoria
- And we also opened our new temperature controlled 3rd Party Logistics, or 3PL, facility for Big Chill, in Ruakura, Hamilton.

These investments position our businesses well, to benefit from any economic recovery in the future.

Slide 7. **General highlights – Financials FY2024**

As previously mentioned, in a difficult macro-economic environment, especially in New Zealand, we achieved a solid 8% growth in revenue to \$1.2 billion.

This reflects a full year of our latest Australian acquisition, Allied Express, but also the growth of our Express Package businesses, driven by price increases and market share gains.

Our Earnings before Interest, Tax and Amortisation, or EBITA, grew at a slower pace, to \$149 million, representing a 2.5% increase. Two main factors influenced this:

1. Labour costs increased by more than 9% in FY24,
2. And secondly, the impact of our investments were expensed on the cost line, whilst the full revenue impact will only be captured in the coming financial year. Our new Temperature Controlled 3PL facility in Ruakura

For personal use only

opened in last October and was a net cost during the year. Our new medical waste treatment facility in Victoria was also impacted by delays in receiving the EPA license but is now fully operational.

Finally, our net profit was down 6% to \$70.1 million, with our interest expense increasing during the year largely due to increased lease liabilities. Our businesses are well positioned to benefit from the economic recovery we expect to see in New Zealand, along with our continued focus on winning new business at sustainable pricing.

[Slides 8. – Gearing and Dividend FY24](#)

Reflecting these results, we declared a Final Dividend of 19 cents per share, bringing the Total Annual Dividend to 37 cents per share, stable on the prior year. When setting the dividend, the Board is cognizant of the expectations of our shareholders and also of our balance sheet capacity. With debt currently close to the maximum level we are comfortable with, the Board decided to declare the Dividend at 75% of our earnings.

[Slides 9. – Climate Related Disclosures \(CRD\)](#)

Freightways has just released its FY24 Climate Related Disclosure statement. A significant amount of work has gone into this document after four years reporting under the Taskforce on Climate-Related Financial Disclosures or TCFD framework. The cost and effort required is not insignificant for Freightways, which operates a number of businesses, in different geographies, with lean corporate teams.

We are committed to continuing to work on ensuring the quality of our reporting, and more importantly ensuring that we support our contractors, who generate the majority of our emissions, to transition to lower emission vehicles.

Slide 10. Retirement of Mark Rushworth

Mark Rushworth will retire as a director with effect from the end of this meeting after nine years on the Board. I wish to personally acknowledge and thank Mark for his time and commitment to Freightways. Mark joined our board in September of 2015. Back then, Freightways had revenues of \$505 million and EBITA of \$88m. As Mark is retiring, the company has grown its revenues by 2.4 times whilst the EBITA has increased by 1.7 times, with Market Capitalisation almost doubling, and the share price increasing from \$5.27 to last night's close of \$9.75.

Slides 11 & 12. – NZ Couriers 60 Years

This November, New Zealand Couriers will have been delivering for Kiwi businesses for 60 years. A remarkable journey that began on November 5th, 1964. Evolving from modest beginnings with just two vans, to now being New Zealand's leading courier company, a part of publicly owned Kiwi powerhouse Freightways, and with a team of over 1,500 committed logistics professionals with branches nation-wide.

A business that continues to thrive and lead the way in a world increasingly impacted by eCommerce. Sixty years of dedication and growth in the courier industry!

I will now hand over to your Chief Executive, Mark Troghear.

Nga mihi nui.

Slide 13. Freightways – Mark Troghear, Chief Executive Officer

B. CHIEF EXECUTIVE OFFICER’S REVIEW AND TRADING UPDATE

Thank you Mark.

Welcome to those shareholders joining us for our 2024 ASM.

Also welcome those from the FRW team in the room, I would like to express my thanks to you and your teams for the outstanding work you have done over the past year.

I’ll talk to a brief summary of;

- FRW Strategy including our high level ESG goals,
- Provide a trading update for Q1, and
- Close with some comments on the outlook for the year ahead

Slide 14. Three Horizons of Growth – Key Strategic Initiatives

FRW operates a number of specialist logistics businesses which at their core: pick-up, process and deliver collectively over 100m items per annum.

These operations span express package & business mail, temperature-controlled distribution, information management and waste renewal.

For personal use only

- The first horizon is the base from which we established our operations. It provides the infrastructure, customer base and resources for our networks.
- The second, represents the activities we are rapidly scaling, leveraging the base established in horizon 1
- Horizon 3, represents future revenue streams which we are currently developing now, and that we expect to be material in 5 years' time.

Express Package and Business Mail:

1. Project Evolve: deliver a pricing and billing platform to enable pricing for effort for local and other underpriced items
2. Scale Oversize revenue in NZ and AU

Temperature Controlled:

1. Implementation of a new Transport Management System will provide improved visibility and performance data for customers
2. Demand for Ruakura 3PL services has exceed expectations, objective is to scale to 95% utilisation by the end of FY25

Information Management:

1. Drive market share gains in storage driven by cross-selling from Digitalisation
2. New 2-year A\$15m digitisation project underway with a strong pipeline of project and annuity opportunities in both AU and NZ

Waste Renewal:

1. VIC processing plant will drive growth and be profitable in FY25

2. Continue to source circular loop solutions for hard to recycle waste

Slide 15. Our ESG Update

FRW approach to ESG is to target our work on those areas where we and our stakeholders feel we can move the dial. The 4 SDG's presented on this slide are our primary areas of focus.

SDG 3. GOOD HEALTH AND WELLBEING

- Maintain high standards of Health & Safety in employment
- Target Injury Reduction year on year with a focus on critical risks

SDG 8. DECENT WORK AND ECONOMIC GROWTH

- Our commitment is to improve contractor return year on year
- Learning & Development. We will continue to invest in training our people so 80% or more of our promotions come from within.

SDG 9. INDUSTRY, INNOVATION AND INFRASTRUCTURE

- We aim to have a customer churn of less than 2% of revenue.
- We are committed to continued growth over three horizons.

SDG 13. CLIMATE ACTION

- GHG Emissions. We are committed to reduce our emissions over time for Scope 1, 2 and 3.
- The average age of linehaul vehicles within our direct control is four years or less.

- Committed to assist in the development of the circular use of waste.

Slide 16. Q1 Trading Update Cover

Slide 17. Consolidated Trading Performance - Q1 Unaudited and includes lease accounting

- Revenue growth – driven by market share and price given subdued same-customer activity
- Yet to see any green-shoots in the NZ economy but things have not worsened for us
- Positive improvement in margin across both divisions v the pcp
- Labour costs = up 3.5% for the year across FRW
- Corporate costs higher – mostly related to one-offs and CRD consultancy

Slide 18. Q1 Express Package & Business Mail Unaudited and excludes lease accounting

- EPNZ performance commendable in depressed economic conditions
- Initiatives around efficiency, price & market share gains have driven performance
- Price up circa 5% in NZ EP
- Item count v LYR is flat for Q1 (excluding Temu)
- Allied benefitting from continued growth and efficiency from sortation
- Big Chill delivered revenue and earnings growth via 3PL, transport still flat
- Project Evolve (billing and courier pay system renewal) cost \$750k in Q1.

Slide 19. Q1 Information Management – Unaudited and excludes lease accounting

- A positive Med-X performance has assisted the IM division (versus a weaker pcp)
- Med-X VIC plant up and running and producing small profit
- Paper prices are stable on the pcp
- Digitisation work flowing through as expected
- Q1 FY24 had the headwind of the residual of a large NZ digitalisation project

Slide 20. Outlook

- The economic climate is clearly still tough in NZ - we expect H1 to remain subdued and we are hopeful of a return to modest organic growth in H2 (aided by OCR drops, some sectors overlapping a soft pcp)
- AU is slightly more buoyant, but with no OCR cuts expected before Christmas
- Our focus is on restoring margins for both divisions in FY25 and FY26 as modest organic growth occurs. Progress has already been made in Q1 FY25
- Pleased with investments made in FY24 – Big Chill (Ruakura), MDX (Victoria), Allied (NSW and VIC sortation systems) – that will all yield benefits in FY25
- Active M&A pipeline of synergistic and complementary opportunities

I'd like to once again thank the experienced and committed teams of people who continue to be our greatest strength, their safety and well-being remains foremost in our minds.

Finally in closing I would like to acknowledge two of the FRW family who are moving on this year; I'd like to extend Management's congratulations and thanks to Mark Rushworth for his fine term at FRW as a Director.

I would also like to thank and acknowledge Devon Buckingham. Devon retires this Xmas after nearly 3 decades at FRW. Devon's is one of the characters of FRW that makes working here a delight and has a management style that makes him at ease with all that he comes into contact with. He has run the cutter at NZC for the last 6 years and has most definitely moved the business to a better place. We thank Devon and we know he won't be a stranger to his friends throughout FRW.

[\(Back to Mark Cairns\)](#)

[SLIDE 28. Ngā mihi nui \(thank you\)](#)

Well, that brings to an end this year's annual meeting.

To wrap up – This has been a solid year for Freightways, in a relatively difficult economic environment. We have continued to invest in the business, and I am confident that we are well positioned to deliver strong results as the economies in New Zealand and Australia recover.

I would now like to thank; my fellow Directors, our Chief Executive Mark and his Management Team, who have ably led our 6000 strong team, with an unwavering focus on “Moving you to a Better Place”.

But particularly, I would like to thank you, our shareholders for your belief and support of our Company.

I now declare the meeting closed and invite you to share some refreshments with the Board and Executive.

For personal use only

Nga mihi nui.

ENDS