

## Media release

19 August 2024

### **Freightways' results resilient despite tough economic environment**

Freightways (NZX: FRW) has today announced its annual result reporting net profit after tax of \$70.9 million for the FY24 year, despite tough economic conditions on both sides of the Tasman.

Overall, operating revenue showed good growth increasing by 7.8 per cent from last year and earnings before interest and tax were steady, increasing 1.8 per cent.

Compared to FY23, net profit after tax reduced by 5.8 per cent - principally due to a higher interest expense. The dividend for the full year was kept stable at 37 cents per share.

CEO Mark Troghear credits the resilience to Freightways' diversification and investment across complementary revenue streams, as well as not being solely reliant on New Zealand's economy.

"Our investment in Allied Express has delivered on our business case expectations, and with our reliability and reputation leading to market gains in the local Express Package (courier) businesses, we are well placed to go the extra mile as both markets recover."

In Australia, Allied Express' second year was characterised by healthy revenue growth driven partially by investment in state-of-the-art automation sortation systems implemented in NSW and Victoria alongside increased depot capacity.

Despite tough market dynamics in New Zealand that meant same-customer Express Package volumes were down around 5 per cent, the business balanced its exposure with both new customer gains and variable cost structures that flexed with demand.

Same-customer volumes also dropped 8 per cent for the company's temperature-controlled market (Big Chill) as consumers switched down their food choices. Again, this was mitigated to some extent by new business gains.

Troghear says the Big Chill network has intrinsically fixed costs meaning the impacts are higher when volumes drop however conversely, that same model can be leveraged to quickly restore margins once volumes improve.

It has built capacity to expand at the new 13,000sqm Big Chill facility in Ruakura and is also exploring opportunities for expansion of its 4PL ProducePronto same-day service into fast-food and cafe environments.

"Overall we are pleased that our ability to continue to build market share in core and new niches, while maintaining service levels and appropriately pricing products against the effort, has protected our bottom line."

Looking to the future, Freightways has been strategically building a 'third horizon' of business units across several different niches, including waste renewal and information management.

This year, the company's waste renewal brands were a mixed bag.

While document destruction brand Shred-X performed well, the Med-X team, which handles medical waste, was held back due to delays in regulatory approvals in Victoria which have now been resolved.

Troughear says despite challenges both sides of the Tasman, there is hope the worst has passed with an improving outlook for both Australia and New Zealand in 2025.

“We are hopeful that we have seen the worst across both economies. As always we are cautious while being poised to take advantage of merger and acquisition opportunities that benefit shareholders.”

**Freightways FY24 results by the numbers:**

- FY24 profit: **\$70.9m**, and FY24 EBITA: **\$149m**
- FY24 increase in overall operating revenue: 7.8%
- FY24 decrease in net profit: 5.8%
- FY24 increase in earning before interest and tax: 1.8%
- FY24 dividend stable at 37 cents per share

**Disclaimer**

Certain statements in this release constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and the anticipated or planned financial and operational performance of Freightways.

Although Freightways believes that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements are not guarantees or predictions of future performance and involve known and unknown risks, uncertainties and other important factors which may be beyond the control of Freightways or may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct and which could cause Freightways' actual results, performance, operations or results, to differ materially from any future results, performance, operations or achievements expressed or implied by such forward-looking statements. Accordingly, there can be no assurance that actual outcomes will not materially differ from these forward-looking statements and you should not place undue reliance on any forward-looking statements.

Freightways does not intend, and does not assume any obligation, to update any forward-looking statements in this release (whether as a result of new information, future events or results or otherwise), except as may be required by law or regulation.

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### ***About Freightways***

Freightways Group Limited (NZX: FRW) has varied business operations in New Zealand and Australia all focussed on pick up, process and delivery. They encompass: Express Logistics, Waste Renewal and Information Management. Split into three core portfolios, Express Package, Business Mail and Information Management. Listing on the NZX in September 2003, today its portfolio of brands includes: New Zealand Couriers, Post Haste Couriers, Big Chill, ProducePronto, Dataprint, DX Mail, SUB60, Stuck, Now Couriers, Kiwi Express Couriers, Castle Parcels, Security Express, Pass The Parcel, LitSupport, Allied Express, Shred-X, Med-X, TIMG, Freightways Information Services, Fieldair and Parceline.