



HY25 Results

Reporting for the period ending 31 December 2024

Presenters:

Mark Troghear

Chief Executive Officer

Stephan Deschamps

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HY25



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Outline

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Freightways' Brands

	Express Package & Business Mail	Temperature Controlled	Information Management	Waste Renewal
Overview	<p>B2B - national delivery</p> <p>B2C - courier and mail</p> <p>Oversize parcels</p>	<p>Refrigerated national transport</p> <p>Temperature controlled 3PL</p> <p>Same day refrigerated delivery</p>	<p>Document Storage</p> <p>Digitalisation</p> <p>E-Commerce 3PL</p>	<p>Document Destruction</p> <p>Medical Waste</p> <p>High-Value Waste Recycling</p>
Brands	<div></div>	<div></div>	<div></div>	<div></div>
	EP & BM HY25 external revenue: \$545m		IM HY25 external revenue: \$117m	

Financial Summary & Capital Management

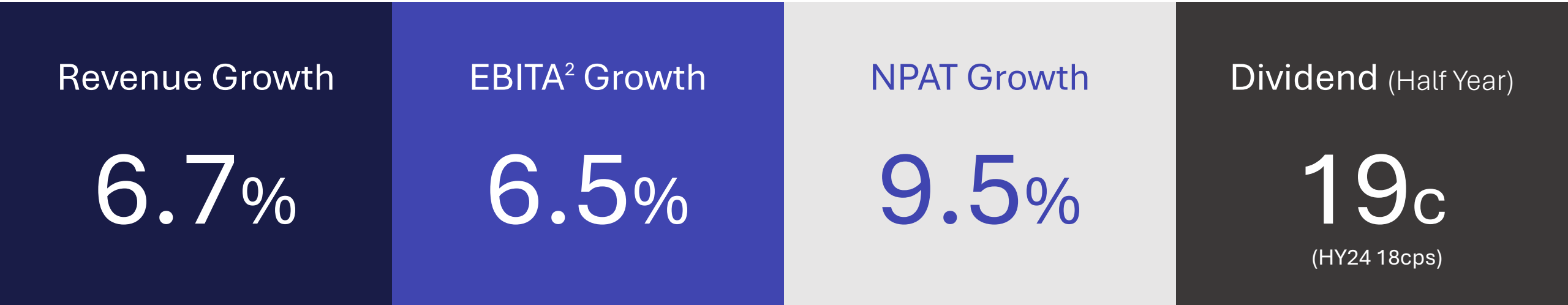
Presenter:

Stephan Deschamps

Chief Financial Officer

52YE

HY25 Group Highlights



NOTES

- 1. Metrics shown relative to pcp
- 2. Non-GAAP (Generally Accepted Accounting Principles)

HY25 Consolidated Performance

	Notes	HY25 \$m	HY24 \$m	Change %
Operating Revenue		662.1	620.7	6.7
EBITA (non-GAAP)	1	86.0	80.8	6.5
EBITA margin		13.0%	13.0%	-
NPAT	2	44.7	40.9	9.5
NPAT margin		6.8%	6.6%	2.6
Basic Earnings Per Share (cents)		25.0	23.0	8.7

Notes:

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

1. Operating profit before interest, tax and amortisation
2. Net profit after tax

HY25 Performance Overview:

- Solid result in a macro-economic environment that is still challenging
- Performance from all businesses through peak was very strong
- Express Package (EP) has performed well with solid market share gains and a well executed pricing round
- Same customer activity levels are still negative on the pcp in NZ
- Costs have normalised – particularly labour costs with few vacancies
- Ruakura 3PL is now at 76% utilisation but with lower-than-expected activity levels
- Victorian medical waste facility is operational, revenue is up 20% despite the delay to a decision on a large tender
- One off costs of \$2.1m from Evolve and Workers Compensation cost related to previous periods at Shred-X

Capital Management and Dividend Policy

Capital Management Principles

- Targeting solid Investment Grade credit profile, at a level that minimises the cost of capital
- Net Debt / EBITDA between 2.0x and 3.0x post IFRS16

Dividend Policy

- Dividend Policy aligned with Capital Management Policy, balancing several objectives:
 - 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
 - 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

Interim Dividend

19CPS

(HY24 18cps)

Imputation credits	7.39 cps (fully imputed in NZ at 28% tax rate)
Supplementary dividend	3.3529 cps
Record date	7 March 2025
Payment date	1 April 2025
Dividend Reinvestment Plan	Not operating for this dividend

Divisional Performance

Presenter:

Mark Troghear

Chief Executive Officer

52%
KPI



HY25 Express Package & Business Mail Result

	Notes	HY25 \$m	HY24 \$m	Change %
Operating Revenue		547.2	517.1	5.8
EBITA (non-GAAP)	1	80.0	71.4	12.0
EBITA margin		14.6%	13.8%	5.8
NPAT	2	49.6	43.8	13.2

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HY25 Performance Overview:

- EPBM divisional revenue up 5.8% on the pcp
- EPBM EBITA is up 12% on pcp
- Service performance was strong across all business through peak
- Market share gains in all businesses
- Big Chill performance slightly improved on pcp despite negative same-customer transport revenue (-2%), due to a better new business performance and higher 3PL utilisation.
- Allied handled higher volumes, with better operational efficiencies as a result of investment in automation.
- DX Mail delivered strong improved performance on pcp supported by improved pricing, market share gains and operational efficiencies
- The smaller premium point-to-point segment impacted by recession with lower volume
- EBITA % margin improved by 80bp

HY25 NZ Express Package Metrics

Same-Customer Volumes

▼ 3.9%

H1 FY25

Average Price Per Item

▲ \$8.86

At December '24,
excluding surcharges

EP Courier Pay Average

\$502

Per courier / per day

PFE Per Residential Item

▲ \$1.70

Surcharge per residential item
at December '24

B2C Items

▲ 21%

As a percentage of total items

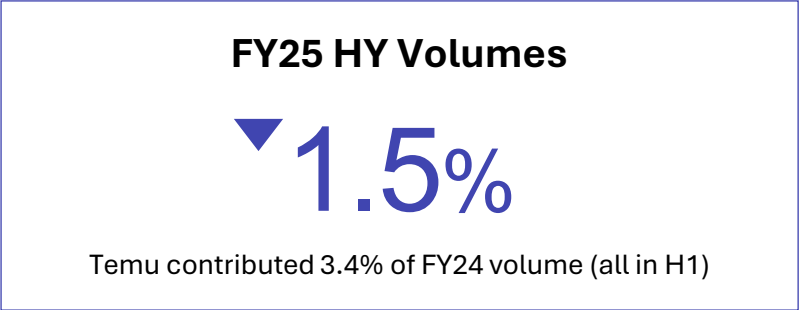
Fleet Vacancies (wage drivers)

<1%

Of Total Fleet

HY25 NZ Express Package Volume

NZ Network Express
Item Trend
Compared to the PCP



FY24 H2 Volumes	▼ 1.9%
FY24 H1 Volumes	▲ 1.6%



New Zealand

Other EP Volumes:

- NZ Network market share gains of c. 4% helped offset same-customer decline
- Woolworths has now fully exited the business (from September)
- Big Chill Transport revenue up 6% on pcg overall
- Oversize courier freight revenue now at a ~\$10m p.a. run rate

HY25 AU Express Package Volume

AU Network Express Item Trend

Compared to the PCP

FY25 HY Volumes

▲ 8%

FY24 H2 Volumes ▲ 9%

FY24 H1 Volumes ▲ 13%



Australia

- Allied service delivery performance improved in H1, increased customer confidence resulted in 7.6% organic and new business revenue growth (particularly from eCommerce customers)
- The new automated sortation systems and an increased focus on operating costs have assisted the Allied result
- Good pipeline of new business prospects for remainder of FY25

HY25 Information Management & Waste Renewal Result

	Notes	HY25 \$m	HY24 \$m	Change %
Operating Revenue		117.6	105.7	11.3
EBITA (non-GAAP)	1	15.5	15.4	0.6
EBITA margin		13.2%	14.6%	(9.5)
NPAT	2	8.5	8.3	2.4

Notes:

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1. Operating profit before interest, tax and amortisation
2. Net profit after tax

HY25 Performance Overview:

- IM revenue was up 11.3% on the pcg overall with a mixed performance across the various lines of business:
 - Document storage and activity revenue grew by 2% despite the recessionary environment in NZ
 - Digital in AU generated more revenue than document storage and activity combined for the first time (up 32% on the PCP)
 - Medical Waste revenue was up 20% for the HY but is still pending VIC tender outcome
 - One off NZ\$1.2m cost incurred in H1, with Workers Compensation cost related to previous periods at Shred-X
- EBITA was flat on last year, with margins dropping by 140bp, primarily impacted by one off costs



Strategy Update

Presenters:

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Chief Executive Officer

Neil Wilson

General Manager, FRW

Aaron Stubbing

General Manager, EP

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Big Chill, NZ

3 Horizons of Growth | Express Package & Business Mail

Overview:

- B2B - overnight national network delivery - courier and mail
- B2C - overnight and economy delivery - courier and mail
- Oversize parcels

Express Package Brands:



Horizon 1. Extend And Defend | B2B

- Focus on a profitable market share gains
- Continue to ensure service is a differentiator for customers in NZ
- Assess metropolitan “local” pricing and infrastructure costs
- Expand DX Mail automation into South Island delivering operational efficiencies and further growing new business opportunities
- Evolve spend still on track for \$5m in FY25

Horizon 2. Grow Scale | B2C

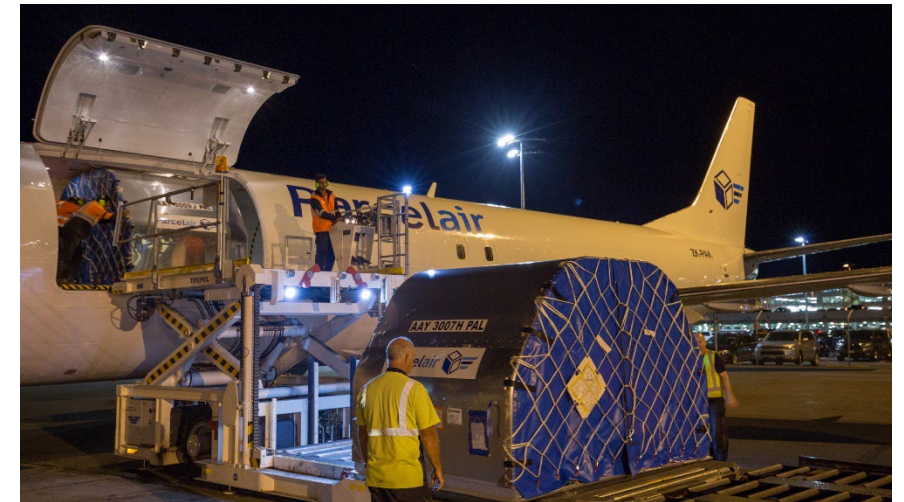
- Maintain high levels of service to be able to command a premium for B2C deliveries

Horizon 3. Establish New Lines of Business | Oversize (25kg+)

- Scale Oversize revenue in NZ
- New business teams now fully in place at Allied and delivering expected performance
- Leverage improved service quality at Allied to achieve further market share gains
- Assess bolt-on M&A opportunities in AU

Airfleet Strategy Update

- Over time we will continue the transition of our fleet from the current four aircraft (three 737-400s and one 737-800) to three 737-800s.
- 737-800's have higher carrying capacity and are more fuel efficient
- There will be some one off costs at the point of transition expected to be no more than \$2m in aggregate. But we would expect cost savings in the long run
- The upgrade programme will further progress as the current leases with Airwork expire or earlier as circumstances may dictate.
- The programme can be implemented on short notice and with minimal operational impact.
- In the meantime, we are closely monitoring the situation with our partner Airwork



3 Horizons of Growth | Temperature Controlled

Overview:

- Refrigerated national transport
- Temperature controlled 3PL
- Same day refrigerated delivery

Temperature Controlled Brands:



Horizon 1. Extend And Defend | National Delivery

- Pursue market share opportunities leveraging new infrastructure, technology and improved service performance
- Implementation of Big Chill *Connect* (new Transport Management System) has delivered improved visibility across the network. Phase 2 to support efficiencies is near completion

Horizon 2. Grow Scale | 3PL

- Demand for Ruakura 3PL services has exceed expectations, profitable from Q1 2024, aim to scale to 90% utilisation by the end of FY25
- Modelling future 3PL facilities to determine whether either (or both) provide required ROIC. Strong customer demand in both locations

Horizon 3. Establish new lines of business | Same Day (ProducePronto)

- Continue to win new customers and leverage existing capability within the Big Chill network where appropriate
- Ensure that step change costs associated with strong growth are managed and new business secured supports any additional infrastructure costs
- Expand offering into the quick service restaurant and convenience retail sectors

3 Horizons of Growth | Information Management

Overview:

- Document Destruction
- Digitalisation
- E-Commerce 3PL

Information Management Brands:



Horizon 1. Extend And Defend | Storage

- Archive revenues and margins forecasted to grow through a combination of pricing and new business. New customer growth expected to be stronger in AU assisted by health and government verticals
- Focus on filling AU spare warehouse capacity (82% utilised nationwide)
- Media volumes are flat on pcp but activity is reducing. Focus on maintaining media activity margins through pricing for effort approach and explore alternative uses for vaults

Horizon 2. Grow Scale | Digitisation

- Large existing workstreams across government and health sectors in AU continue to deliver strong growth. Focus on aligning digital processing on a monthly basis with additional resources needed to support.
- Successful projects completed to date are helping TIMG's digital credentials. Implement larger sales teams to further capitalise on this opportunity

Horizon 3. Establish new lines of business | eCommerce 3PL

- Utilise spare records storage capacity to grow our SME targeted eCommerce fulfilment offer
- On track to provide \$4m additional 3PL / last mile delivery revenue for full year FY25 (77% increase on pcp)

3 Horizons of Growth | Waste Renewal

Overview:

- Document Destruction
- Medical Waste
- High-Value Waste Recycling

Waste Renewal Brands:



Horizon 1. Extend And Defend | Secure Destruction

- Implementing new pricing strategies to restore margin in locations where the density of collections have changed
- Continued focus on market share gains

Horizon 2. Grow Scale | Medical Waste

- Target 25% revenue growth through market share gains in VIC, NSW, QLD in FY25 (HYTD = 20%)
- VIC tender outcome still to be advised (expected in Q4)

Horizon 3. Establish new lines of business | High Value Waste

- Build profitability in SaveBOARD, recently secured Codemark certification in NZ will assess volume growth
- Target product destruction market
- Continue to source circular loop solutions for hard to recycle waste

Disciplined Approach to M&A

Acquisition Strategy and Investment Criteria

- Well defined target characteristics
- Acquisitions aligned with strategy & operating culture
- Disciplined approach to acting on opportunities

In HY25

- Completed the Produce Pronto Earnout, integrated more fully into Big Chill
- Acquired small WA based IT Asset Disposal business, TGR, to strengthen Shred-X capabilities
- Built relationships with a pipeline of AU targets
- Have seen more stressed businesses in the last year due to the economic climate



Acquired in 2022 for A\$160m.

Revenue and EBITA have improved year on year and delivered above the business case.

Further investment made to expand capacity - automation and larger facilities in Sydney, Melbourne, Perth, Adelaide and Brisbane.

Assisted the launch of a similar Oversize service in NZ, Revenue run rate of \$10m p.a.

Outlook

Presenter:

Mark Troghear

Chief Executive Officer

52%
KPI

Outlook

- Volume in the HY was as expected and we expect that it will be a slow grind for the economy to provide some organic growth in NZ in H2
- The AU economy is slightly more buoyant
- Our focus remains on restoring margins for both divisions in FY25 and FY26 as modest organic growth occurs and market share gains are realised
- Big Chill's Ruakura facility is contributing positively to earnings although in FY25 we expect only modest organic growth in Temperature Controlled transport
- We now expect additional Medical Waste revenue to be delayed to Q4
- Labour cost increases are controlled and will be just above 3% for the year
- Full Year Capex expected to be steady at \$35m including for trucks, IT capital projects and NZ mechanisation
- Continuous focus on the transition of our airfleet, particularly given Airworks' challenges
- We have invested c. \$1m (opex) in a new pricing / billing and courier pay system in H1 with another \$4m expected in H2
- We are assessing M&A opportunities to leverage our presence in AU

Volumes expected to grow as the economy improves

Focus on restoring margins

Disciplined M&A approach

Freightways

Q & A

52%
KPI

Appendices

52 K E

Appendix – Reconciliation of Post-IFRS16 to PRE-IFRS16 (unaudited)

FREIGHTWAYS GROUP		HY25 (\$m)			HY24 (\$m)		
	Notes	Post NZ IFRS16	NZ IFRS16 adjustment	Pre NZ IFRS16 (non-GAAP)	Post NZ IFRS16	NZ IFRS16 adjustment	Pre NZ IFRS16 (non-GAAP)
Operating Revenue		662.1	-	662.1	620.7	-	620.7
EBITDA (non-GAAP)	1	130.5	(36.4)	94.1	119.5	(31.6)	87.9
EBITA (non-GAAP)	2	86.0	(6.1)	79.9	80.8	(5.7)	75.0
NPATA (non-GAAP)	3	51.0	1.8	52.8	47.3	1.8	49.1
NPAT	4	44.7	1.8	46.5	40.9	1.8	42.7

NOTES

- Results in this table are unaudited

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

Appendix – Reconciliation of Post-IFRS16 to PRE-IFRS16 (unaudited)

EXPRESS PACKAGE & BUSINESS MAIL	Notes	HY25 (\$m)	HY24 (\$m)	Change (%)
Operating Revenue		547.2	517.1	5.8
EBITDA (after NZ IFRS16)	1	110.6	97.0	14.0
Less: NZ IFRS16 adjustment		(25.5)	(20.9)	22.0
EBITDA (before NZ IFRS16)		85.1	76.0	12.0
EBITA (after NZ IFRS16)	2	80.0	71.4	12.0
Less: NZ IFRS16 adjustment		(4.0)	(3.5)	14.3
EBITA (before NZ IFRS16)		76.0	68.0	11.8

NOTES

- Results in this table are unaudited

- Operating profit before interest, tax, depreciation and amortisation (non-GAAP)
- Operating profit before interest, tax and amortisation (non-GAAP)

Appendix – Reconciliation of Post-IFRS16 to PRE-IFRS16 (unaudited)

INFORMATION MANAGEMENT & WASTE RENEWAL	Notes	HY25 (\$m)	HY24 (\$m)	Change (%)
Operating Revenue		117.6	105.7	11.3
EBITDA (after NZ IFRS16)	1	28.6	27.9	2.5
Less: NZ IFRS16 adjustment		(10.8)	(10.6)	1.9
EBITDA (before NZ IFRS16)		17.8	17.3	2.9
EBITA (after NZ IFRS16)	2	15.5	15.4	0.6
Less: NZ IFRS16 adjustment		(2.2)	(2.2)	-
EBITA (before NZ IFRS16)		13.3	13.2	0.8

NOTES

- Results in this table are unaudited

1. Operating profit before interest, tax, depreciation and amortisation (non-GAAP)
2. Operating profit before interest, tax and amortisation (non-GAAP)

Project Evolve | Express Package

Overview:

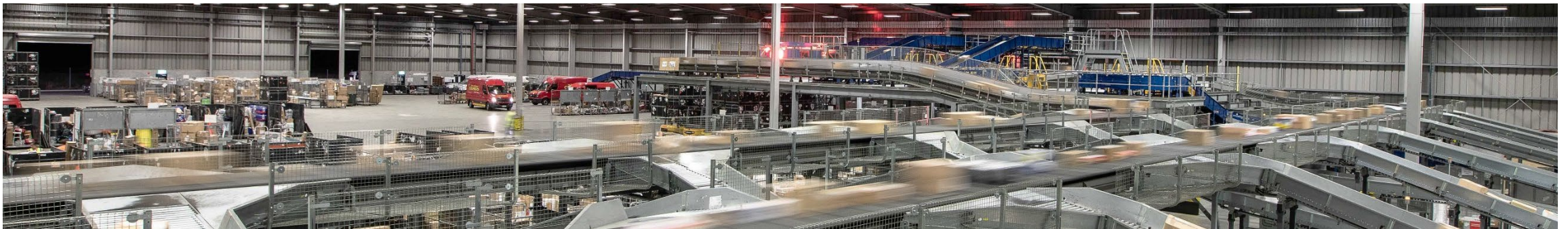
- Project Evolve is a staged multi-year investment in modernising pricing, billing and courier pay systems that support the NZ Express Package business.

Expected Implementation Costs:

- FY25 c. \$5m
- FY26 c. \$5m
- Expected payback in c. 4.5 years
- Under current accounting standards, this is treated as an expense

Benefits:

- Designed to improve our ability to efficiently Price for Effort (differentiate our pricing on the basis of effort) for a range of transactions. It will enable, for example:
 - differential pricing for local items based on distance travelled and size
 - efficient charges for re-handling of items in the network
- Enable differential payment to couriers for effort
- Modernise customer invoicing with flexibility in invoice presentation, consolidation and payment options



Local Courier Network Courier Pricing | Express Package

Background

- Pricing structure always been a flat rate per item up to 25kg / 0.125m³
- Local pricing has not kept in step with congestion, geographical spread of cities and the size of the average item travelling through networks
- City boundaries have grown. In 1996 Auckland was 65km (Papakura to Orewa), it is now 125km (Pukekohe to Wellsford) and growing
- Increased infrastructure required to deliver effectively across larger cities (satellite depots, shuttle trucks, people)

Solution

- Charge based on distance, size and complexity to maintain margin and remunerate couriers for effort and ensure pricing reflects that effort and resources required to deliver locally – especially in NZ's larger cities



Average local rates have increased only modestly in the last 25 years, whereas city boundaries and costs have increased significantly.

**Average Auckland
Local Rate is**

1/3

Of the price charged in
Sydney, Melbourne &
Brisbane