

## Media release

22 August 2022

### Freightways result coincides with major trans-Tasman transaction

Freightways has today announced its annual result, reporting profits of \$70.2 million for the FY22<sup>1</sup> year as well as a A\$160 million transaction with Allied Express, one of Australia's largest independently owned courier and express freight providers.

Overall FY22 revenue reached \$873.1 million, a 9 per cent increase year-on-year, with EBITA of \$130.2 million, a 1 per cent increase year-on-year. Profit for the year was also up by 4.1 per cent (this excludes the impact of the last payment due for the 2020 acquisition of Big Chill Distribution), and total CapEx for the year was \$24.7 million.

Freightways will be paying a final dividend of 19cps, bringing the full year dividend to 37cps, 3.5cps higher than last year.

The company is confident that the transaction with Allied Express sets the platform for future growth as it marks not only a significant entry point to the Australian market but a step into a new niche or third horizon of growth thanks to the specialised logistics capabilities of Allied Express.

"This transaction gives us a successful model for enhancing our offering on both sides of the Tasman, leveraging Freightways' core capabilities in express pick up, processing and delivery while creating a niche in oversized freight at the same time," says Freightways CEO Mark Troughear.

He comments on the results that; despite challenges with frontline workforce numbers, supply chain and the labour market due to Covid-19, surges in demand and spikes in new customers following lockdowns provided a reasonable year-end result for the NZX-listed company and increased the company's market share overall.

"As with many other businesses, our frontline workforce was heavily impacted by Omicron and labour shortages with our teams affected by up to 30 per cent absenteeism through contracting the virus at times. Our customers were also affected, and it resulted in softer volumes in the 2<sup>nd</sup> half of the year."

"This impact was offset to a large extent by market share gains, surges in volume when restrictions lifted and tailwinds from businesses in our network including Big Chill Distribution and Med-X which continue to be standout performers," he says.

He also credits the result with the escalation of the listed company's three horizons of growth strategy.

"Freightways never stands still. Our first horizon services, developed over decades, are the backbone of our business, but our team is also focused on the future. Looking at how we grow 2<sup>nd</sup> and 3<sup>rd</sup> horizon businesses is important for the company so that we can serve Kiwis better while growing our revenue."

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<sup>1</sup> Freightways' FY22 year ends 30 June 2022

## **Allied Express**

Allied Express boasts a national presence in Australia with the ability to deliver 98 per cent of its volume within its own infrastructure, alongside a network of agents capable of servicing smaller towns and rural areas allowing an opportunity to enter the Australian express package market at scale.

“Allied Express has established a strong and highly competitive position in the Australian market over 40 years in specialised logistics. Its ability to handle larger items sets it apart from others with a service that is highly desired by both SMEs and large corporates and has benefitted from the recent acceleration of eCommerce,” says Troughear.

The McDowell family (the shareholders of Allied Express) will become substantial shareholders in the enlarged Freightways group (with an approximately 6% shareholding in Freightways on completion of the transaction) and will continue to work in the business to support growth plans and ensure continuity of personnel for all key stakeholders.

Subject to customary completion adjustments the transaction price of A\$160 million will be funded by A\$100 million Freightways share issuance to the McDowell family and A\$60 million of cash drawn from Freightways’ debt facilities.

“We look forward to welcoming the Allied Express team to the Freightways family and leveraging each other’s experience and know-how” says Mark.

Freightways expects the transaction to complete on or after 30<sup>th</sup> September 2022.

### **Freightways FY22 Results by the Numbers:**

- FY22 profit: \$73.9 million, and FY22 EBITA: \$130.2 million (both excluding the impact of the last payment due for the 2020 acquisition of Big Chill Distribution)
- FY22 year-on-year profit increase: 4%
- FY22 CapEx: \$24.7 million
- Dividend: 19cps, bringing the full year dividend to 37cps, 3.5cps higher than last year

### **The Allied Express Transaction:**

- A\$160m Transaction price for 100% of the shares in Allied Express. The Freightways shares will be issued to the McDowell family at an issue price of \$9.66 per share, based on the VWAP of Freightways shares calculated over the period of 10 trading days up to and including 18 August 2022, adjusted to exclude the cash amount of the dividend payable on 3 October 2022. A\$50m of the shares issued to the McDowell family will be subject to an escrow on sale for a period of 12 months following completion, and A\$25m of those shares will then remain subject to an escrow on sale for a further period of 12 months thereafter.
- is expected to be EPS accretive to Freightways from completion
- is expected to deliver in excess of A\$20m EBITA in FY23 on a full year basis

Subject to customary completion adjustments the Transaction price of A\$160m will be funded by:

- A\$100m Freightways share issuance to the McDowell family; and
- ~A\$60m of cash drawn from Freightways debt facilities

### **Allied Express by the numbers:**

- FY23 forecast revenue: A\$215m and EBITA: A\$20.5m
- National footprint with leased depots in all major Australian cities
- 700 contractors
- 450 staff
- 1,750 clients ranging from SMEs to large corporates

**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 and Allied Express.

Although Freightways believes that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the 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, 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, except as may be required by law.

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***About Freightways***

Freightways Limited (NZE: FRE) 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, Produce Pronto, Dataprint, DX Mail, SUB60, Stuck, Now Couriers, Kiwi Express Couriers, Castle Parcels, Security Express, Pass The Parcel, Lit Support, Shred-X, Med-X, TIMG, Freightways Information Services, Fieldair Holdings Limited and Parceline.