Half Year Presentation

14 February 2011

This presentation relates to the Freightways Limited NZX announcement and media release of 14 February 2011.

As such it should be read in conjunction with, and is subject to, the explanations and views contained in those releases.

These half year results are drawn from unaudited financial statements prepared in accordance with NZ IFRS.

Agenda

- 2011 Half Year Highlights
- Operating Performance
- Business Strategy
- Outlook

2011 Half Year Highlights

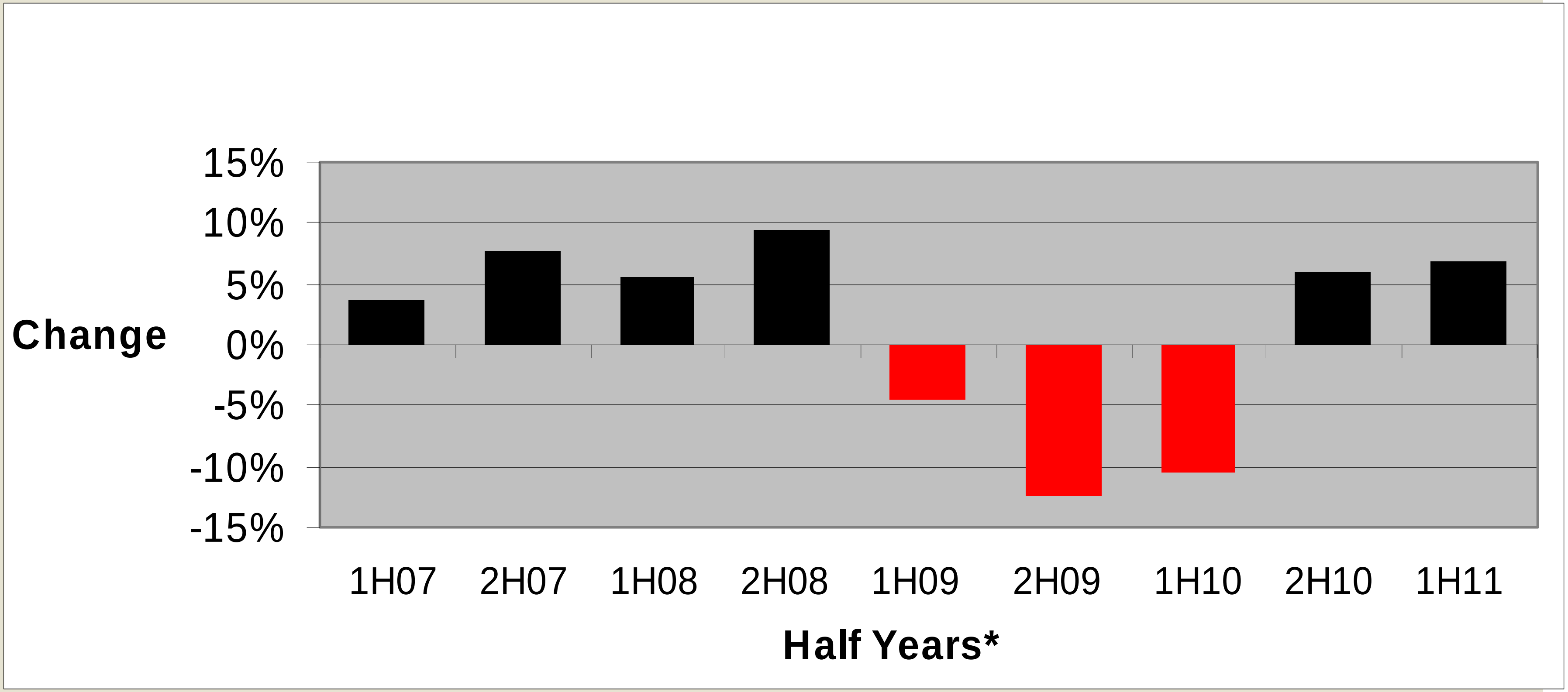
General Highlights

- Successful execution of service, cost and growth strategies, along with a return to increasing volumes from many customers, have combined to deliver a very positive financial result
- Express Package & Business Mail division again demonstrated its ability to deliver double digit EBITA growth in Q2
- Information Management division continues its excellent revenue and earnings growth
- New operations started-up in NSW, WA and SA now means FRE can offer a nationwide Information Management service to its Australian customers

Financial Highlights

	Dec-10 $M	Dec-09 $M	Variance %
Operating Revenue	176	165	7%
EBITDA	34	32	6%
EBITA	29	27	7%
NPAT	16	14	9%

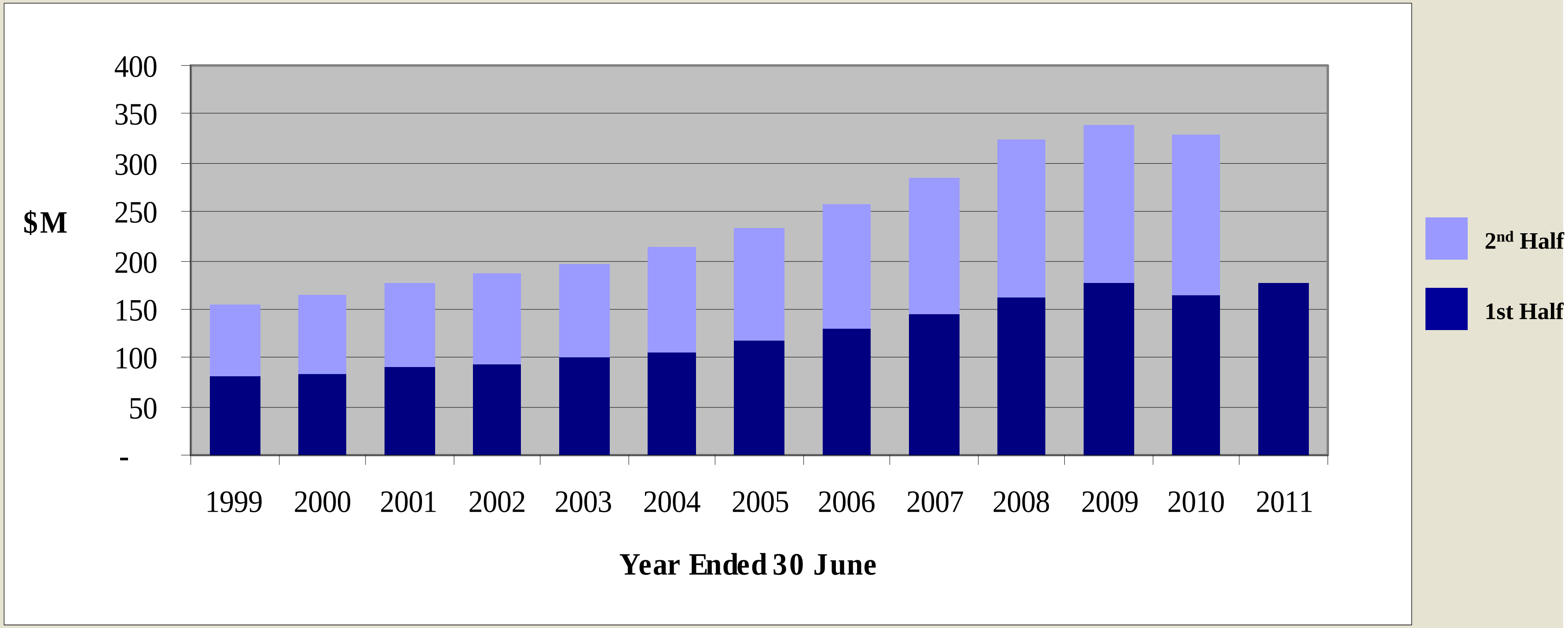
Half Year on Half Year EBITA Movements



* FY09 amounts are normalised, as per previous announcements and presentations.

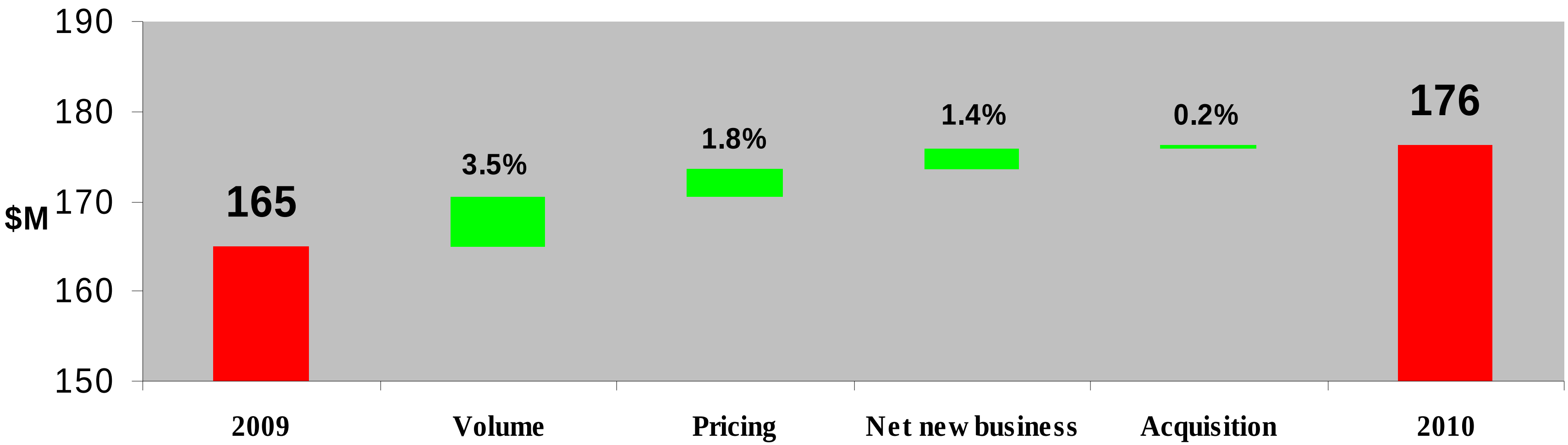
Operating Performance

Operating Revenue



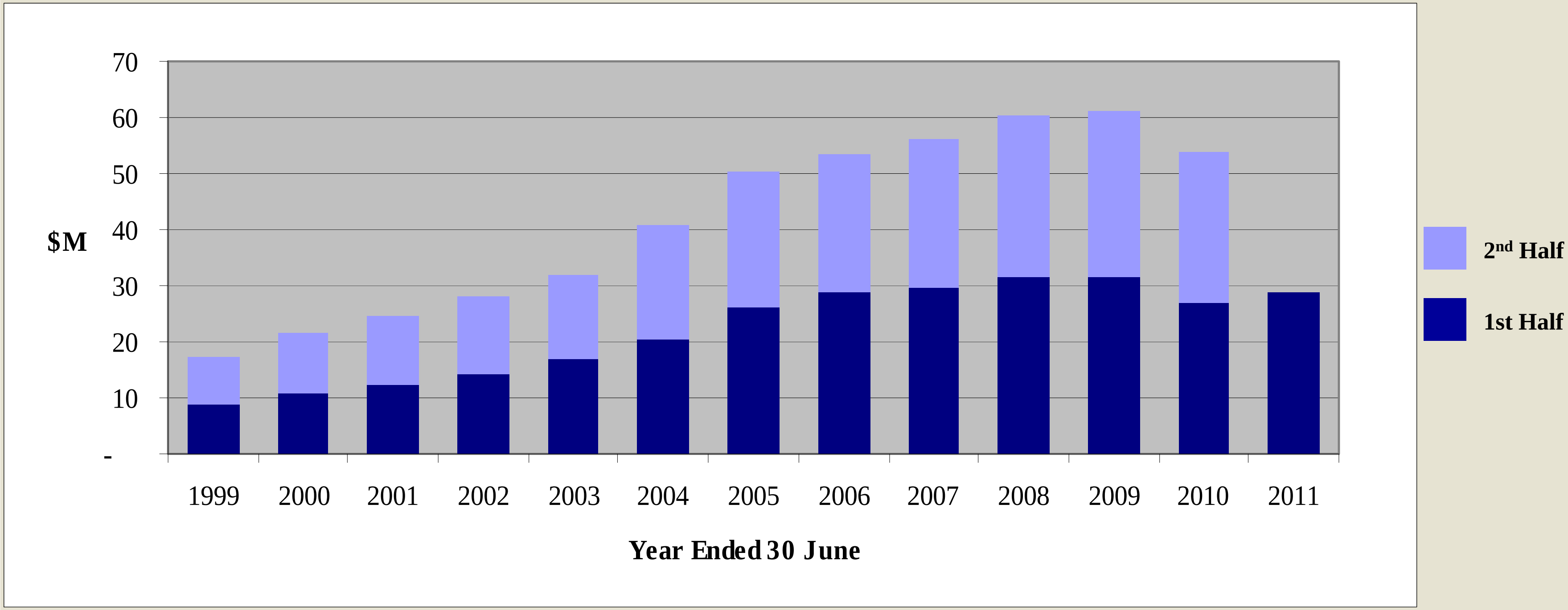
- 7% higher revenue compared to PCP
- 10-year compound average annual revenue growth of 7%

Where Revenue Growth Has Come From



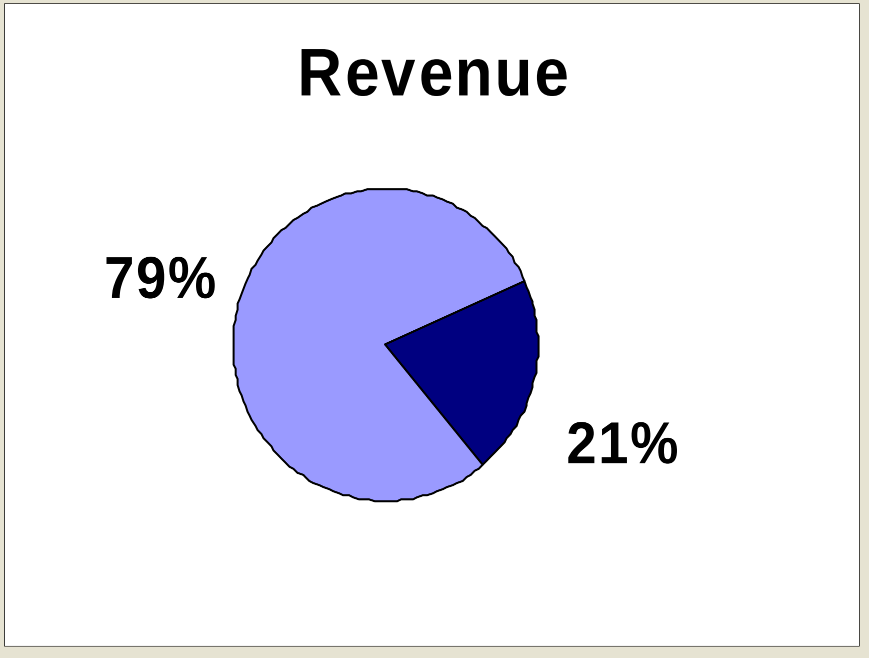
Growth Drivers

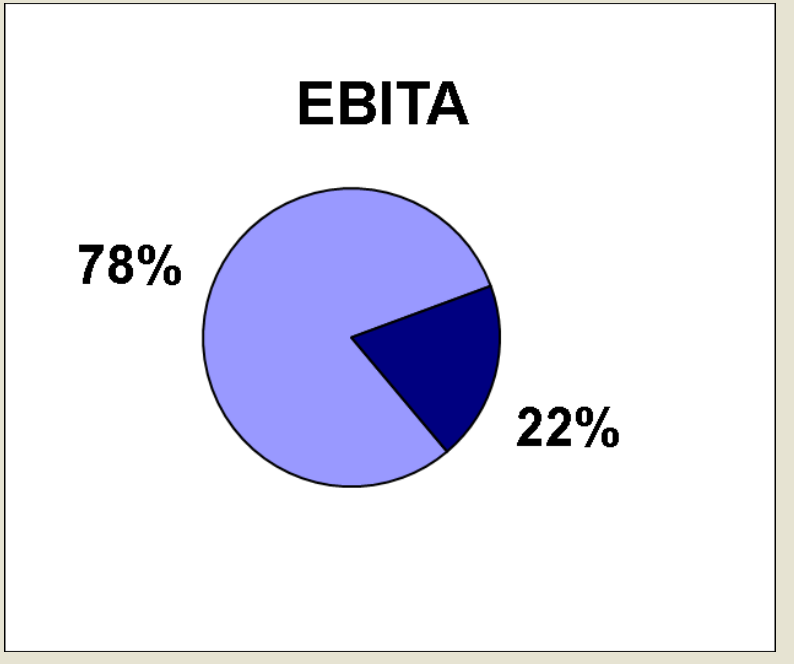
EBITA



- 7% higher EBITA compared to PCP
- 10-year compound average annual EBITA growth of 10%

Business Segments
Operating Performance
Half Year ended 31 December 2010





Express Package & Business Mail

Information Management

Express Package & Business Mail

	Dec-10 $M	Dec-09 $M	Variance %
Operating revenue	140	133	5%
EBITDA	26	25	3%
EBITA	23	22	5%
EBITA Margin	17%	17%	

Information Management

	Dec-10 $M	Dec-09 $M	Variance %
Operating revenue	37	32	14%
EBITDA	8	7	21%
EBITA	7	5	22%
EBITA Margin	18%	17%	

Balance Sheet

- Total Assets above FY10 by $14m, mainly due to translation using the stronger AUD exchange rate at period end
- Total Liabilities increase of $5m since FY10 mostly driven by the exchange rate impact of translating AUD bank debt and $3m improved value of financial derivatives since FY10
- No significant changes in issued capital during half year
- Debt to debt & equity ratio has remained at 49% since FY10

Cash Flow – Key Points

- Cash <u>inflows</u> from operating activities - $5m up on PCP due to higher sales and lower interest and tax payments (due to timing)

- Cash <u>outflows</u> from investing activities - $5m higher due to a small acquisition and the repayment of an advance in the PCP, made to an advance made to an associated party in FY09

- Cash <u>outflows</u> from financing activities – lower by $10m compared to PCP. During PCP $9m of capital was raised and $20m of bank debt repaid

Interim Dividend

- Interim dividend: 7.25 cps
- Imputation credits: 3.1 cps
- Supplementary dividend: 1.28 cps
- Record date: 11 March 2011
- Payment date: 31 March 2011
- No DRP offered in respect of the 2011 Interim Dividend

Strategy

Business Strategy

- Develop organic growth opportunities
- Positioning, People, Performance, Profit
- Explore complementary acquisition and alliance opportunities

Express Package & Business Mail

Network Courier	Point - to - Point	Business Mail	Support
NEW ZEALAND COURIERS	KIWI EXPRESS COURIERS	DX MAIL Dedicated to Business Communication	FIELDAIR HOLDINGS LTD AIR FREIGHT NZ LTD FIELDAIR ENGINEERING LTD
POST HASTE delivering excellence · people. service. package.	SUB60 Trust it to us...		
CASTLE PARCELS	SECURITY EXPRESS		Parceline Express Ltd
NOW COURIERS	stuck.co.nz POWERED BY FREIGHTWAYS		FIS Freightways Information Services Limited
PASS THE PARCEL			

Information Management

	New Zealand	NSW	VIC	QLD	ACT	SA	WA
Document Storage	ARCHIVE SECURITY	ARCHIVE SECURITY	ARCHIVE SECURITY	ARCHIVE SECURITY	ARCHIVE SECURITY	ARCHIVE SECURITY	ARCHIVE SECURITY
Data Storage	DATA SECURITY	DATA BANK	DATA BANK	DATA BANK	DATA BANK	DATA BANK	DATA BANK
Document Destruction	DDS Document Destruction	SHRED-X	SHRED-X	SHRED-X	SHRED-X	SHRED-X	SHRED-X

Capital Expenditure

	2010 Actual	2011 Forecast
Capital expenditure	$12m	$13m
Depreciation	$10m	$11m

Freightways

Outlook

Outlook

- Cautiously optimistic about a further improving marketplace and consequently further improving FRE performance
- If recent EP&BM division revenue growth can be maintained, similar earnings improvement to that achieved in the first half is expected in the future
- IM division will continue to benefit from recurring revenue streams and growing overall market, albeit investment in new capacity will result in a near term reduction in margin
- Capital expenditure expected to be $13m for FY11
- FRE continues to seek and develop strategic growth opportunities

Conclusion

- FRE has delivered a half year result that demonstrates sound progress and is above the prior period in all respects

- This result again demonstrates the resilience of FRE, the positive features of the markets it operates in and the high quality of its subsidiary businesses and teams of people

- Subject to business factors beyond its control, FRE is well positioned to reap benefits from further market improvement