International Post Corporation

Freightways buys Allied Express in Australia expansion deal

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Leading New Zealand express delivery group Freightways is expanding in Australia with the A$160 million acquisition of Allied Express, a sizeable courier and express freight provider.

The deal, announced today (Aug 22) along with its annual financial results, will broaden Freightways's geographical presence and range of services in its neighbouring market, where it already has some business activities.

Freightways will pay the current owners, the McDowell family, A$160m for 100% of the shares in Allied Express. This will be funded by a A$100m Freightways share issuance to the McDowell family, who will thus become substantial shareholders in the enlarged Freightways group (with an approx. 6% shareholding), along with A$60m in cash.

Nationwide network

Freightways said the acquisition, expected to be completed on or after 30th September 2022, 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 activity.

Allied Express, with 450 employees and 700 contractors, provides delivery services through a network of leased depots in all major Australian cities. It expects revenues of A$215m and operating profits (EBITA) of A$20.5m in the current 2022/23 financial year.

Attractive niche market

"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," explained CEO Mark Troughear.

"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," he added.

Source: CEP-Research