MAINFREIGHT LIMITED

SCRIPTED ADDRESSES BY

THE CHAIRMAN AND MANAGING DIRECTOR

17th Annual Meeting

4.00 pm, Thursday 26 July 2012

CHAIRMAN'S ADDRESS

Ladies and Gentlemen, your Company has performed satisfactorily in the past year.

Our profits have increased by 39% on the previous year, and global sales are up by 35%.

In the previous year, when reading out these results, the net after tax profit had increased by 21% and global sales by 19%.

In the past five years since 2007, net profit has increased by 62% and sales by 99%.

There are few companies in New Zealand which can compare with these year-on-year results, nor the results achieved through the global financial crisis.

As we emphasise each year, we are here for the long haul and we continue to invest in our future; in our people, in new facilities, new businesses, and new operations.

Our growth strategy has been to have strong businesses in other countries. These businesses then operate between themselves. This gives us real competitive advantage against opposition companies who are reliant on agents to follow up sales leads, or perform services.

For this reason it is disappointing that some commentators regard it as a negative that we are "in Europe" or "in the USA" or "wherever". The very fact that we are in those places assists in the activity and profits of all the other countries in which we operate.

In the same way that the real story cannot be measured by looking at calendar operating quarters, it is also a mistake to have a country by country focus. All are inextricably linked with each other, and contributing to each other's profit and success.

We strive to do and be the best at everything we do. Two very visible examples are our "Annual Report" and our "Team's Board Report" which you should all have received. These are written and produced in-house by Don Braid and his team. We are very proud of these communications, and hope you as recipients read and enjoy them.

We believe that austere and unpredictable trading conditions are likely to continue for many years, and that these conditions must be regarded as the "new normal".

The world Mainfreight Team takes considerable pleasure working in this tough environment. It suits our people, our leaders and our personality. The results do our talking for us.

Fellow shareholders, I would now like to ask the Group Managing Director, Don Braid, to present his report.

Group Managing Director's Report

Ladies and Gentlemen

Thank you for this opportunity to share with you our performance over the past year and our thoughts for the future.

The past twelve months have been defining for your Company.

We established a footprint in Europe and completed a full year of trading in our newly-acquired business there, and at the same time we continued to find growth and profitability in the majority of our other business units around the world.

Sales revenue now exceeds $1.8 billion producing an EBITDA of $138 million, and a net profit of nearly $66 million.

These results are satisfactory and in line with our expectations. Certainly the momentum we created in the previous twelve months has assisted this growth, and of course the first year's contribution from the European business.

The European contribution, with an EBITDA return of €16.5 million did disappoint us. The loss of three key Logistics accounts impacted our earnings. However, we were able to offset this by not reaching the trigger point for payment of an agreed earn-out of €10 million to the vendor.

Unfortunately, while two of the three account losses were known during due diligence, the third and largest came as a surprise.

Our team in Europe has worked hard all year to replace this lost revenue and profitability, gaining three significant Logistics accounts and numerous smaller Transport customers.

The fourth quarter's performance last year, and likely that of the first half of this year are negatively affected by the lost business, however we are confident that the new customers gained and the improvements we are bringing to the business, will see performance in Europe deliver satisfactory financial results.

The significance of establishing ourselves in Europe should not be underestimated:

- It adds to our global footprint;
- Multi-national customers are looking for global supply chain competency;
- It exposes us to the three largest freight markets in the world and the trade between them, namely:
  - Asia,
  - USA and
  - Europe.

Just this week we have been accepted as the successful tenderer for the Australian distribution of a large global business who is a customer with us in Europe. The opportunities to build and develop these relationships for the benefit of all our businesses is exciting.

In addition to getting established in Europe, in this past year:

- We have a far better understanding of European logistics and the strengths and weaknesses of our business there;
- We have strengthened our network with offices opened in Lyon, France; Hamina, Finland; Moscow, Russia; Cluy, Romania; and a small FTL operation in some unpronounceable town in Poland.
- We have found improved performance in Belgium, reducing the Transport hubs from three to two;

- We are rationalising our agency relationships throughout Europe to better reflect the Group’s activities and volumes;

- And finally, we have established new Air & Ocean branches in Brussels, Paris and Amsterdam – and post year-end we opened a CaroTrans office in Le Havre, France. We are yet to see profit in the Air & Ocean operations in Europe, but expect this to develop in the coming year. The Air & Ocean operations have all been re-branded as Mainfreight (with the exception of our CaroTrans Le Havre office) to link with our global Air & Ocean network.

Throughout the rest of our business units we have had satisfactory performance.

Business improvements in Mainfreight USA include the separation of the Domestic and Air & Ocean profit centres. This brings a stronger focus on each sector.

Domestic freight sales will concentrate on Fast Moving Consumer Goods, particularly food and beverage. The US domestic freight market is very large and we are focusing on the full potential available.

International or, as we now wish to refer to it, Air & Ocean, has found good sales growth momentum and has a significant focus on our Asian and European trade lanes. Again, our market share in these trades is small and we have a significant way to go to take full advantage of the opportunities.

CaroTrans' revenue and margin levels were below our expectations as lower export volumes negatively affected performance. A stronger focus on growing import volumes into the US and improving our margins are high priorities in this coming year.

The US market continues to be of significance for us, offering opportunities of a similar scale to those available in Europe. Our structure allows us to tap into this potential from various vantage points and we expect to see ongoing growth in the coming year.

Our Asian operations disappointed, with average profitability in this past year, as we struggled to find suitable air freight capacity at the right price, and endured ongoing volatility in sea freight pricing.

It is our intention to counter this under-performance with greater sales effectiveness within Asia to gain more in-country sales revenue and to bring further development to our logistics and supply chain capability within the region.

Closer to home, our Australian and New Zealand business units performed well. Both delivered increased profitability, and in Australia our domestic freight revenue growth has been very satisfactory.

We continue to extend our range of products and services for our many customers within the region and have a strong focus on food, beverage and DIY-related sectors.

This continued strong growth has seen a requirement to invest in new facilities across both countries. During the year we completed the new Wellington facility which is already receiving and sending more than 50 rail wagons each week north and south bound.

New depots in Palmerston North and Invercargill will be completed by the end of 2012, and contracts have been awarded for the rebuild of our Christchurch facilities. Brisbane land has been purchased and construction will likely start before October. Adelaide will have a rebuild and we hope to finally secure land in Melbourne this year, where we are currently completing due diligence on a 10 hectare site.

Warehousing and Logistics in both countries have seen a surge in utilisation, with both operations requiring additional warehousing facilities to meet demand. All new facilities will be built to the high European standards we have inherited, providing for food quality and pharmaceutical grade warehousing.

Our overall performance in these past 12 months has met our expectations and we would hope yours as well.

However we are under no illusions – we could have done better, and have each of our business units working hard for more improvement, as we progress with our developments around the world.

There is no point in blaming or ignoring the world economic climate. It is what it is, and what we have today is likely to be the operating environment for a while to come.

It is our intention to adapt to that, increasing our sales revenue through high quality logistics and freight services for our customers worldwide, while managing our cost structures and margin performance in line with this sales growth.

Our first quarter's performance for the 2013 year will be released to the market on August the 9th. Within these results we will see an improved performance from the Group excluding the European contribution. This improvement is less than our high expectations but nonetheless is better than the year prior.

The European operations will achieve a result similar to fourth quarter performance, which is below the year prior by a considerable amount as we work to implement our new warehousing accounts. Trading will continue to improve from July onwards, however the full benefit of those new customers will not be seen until September when the seasonal low of European holidays is past.

We have reported quarterly since listing. Whilst this provided earnings transparency during our development years in New Zealand and Australia, particularly where seasonality is consistent and easy to explain, in our view it is now appropriate to move to half-yearly reporting to better reflect trading patterns of a global organisation. This will eliminate the inconsistencies that have been a focus of quarter on quarter comparisons.

We remain focused on our long-term success and will not be deterred by short-term quarterly hiccups. We have much to do to improve further and the team around the world is full of energy and passion to continue the development of our company.

We remain proud of what we are building and look forward to your continued support.

Thank you