



MAINFREIGHT LIMITED  
HALF YEAR RESULT  
TO SEPTEMBER 2011



# Overview

<b>NZ\$ million</b>	<b>Revenue</b>	<b>EBITDA</b>	<b>Net Profit (before Abnormals)</b>
Result to 30 September 2011	892.90	64.37	29.59
Year on year variance	38%	83%	80%
Year on year (excluding Europe)	5%	31%	45%

- Interim dividend declared of 12.0 cents per share; 41% of net profit
  - Increase of 3.0 cents per share
  - Books close 9 December 2011; payment on 16 December 2011
- Excluding European contributions, revenue up 5%, EBITDA up 31%
- Australian Domestic result is a highlight



# Financial Summary

NZ\$ million	This Year	Last Year	Variance	Ratio*	
				This Year	Last Year
Group Revenue – New Zealand	215.5	194.1	11%	24%	30%
– Offshore	677.4	450.8	50%	76%	70%
Total Group Revenue	892.9	644.9	38%		
Net Surplus New Zealand	11.5	8.5	34%	39%	52%
Net Surplus Offshore	18.1	8.0	129%	61%	48%
Net Surplus before Abnormals	29.6	16.5	80%		
Abnormals	(0.5)	–	–		
Group Net Surplus	29.1	16.5	77%		
EBITDA – New Zealand	22.3	17.8	25%	35%	51%
– Offshore	42.1	17.3	143%	65%	49%
Total Group EBITDA	64.4	35.1	83%		

\* Ratio of Offshore vs New Zealand



# Debt

<b>NZ\$ million</b>	<b>Sep-11</b>	<b>Mar-11</b>
Term borrowings	284.0	97.1
Finance lease	5.9	0.5
Deposits	(44.8)	(50.1)
Total	245.1	47.5

- Interest cover 11.9 times
- Net debt to EBITDA 1.73 times

# Cash Flow

NZ\$ million	This Year	Last Year
Operating cash flow	31.9	28.2

- Working capital movement included bonus payout \$9m higher than prior year
- Net capex \$29.2 million (\$19.1 million property)
  - Wellington NZ\$9m
  - Paris €1m
  - Romania €2m
  - Ostende €1m
- Property capex for next six months \$28 million
  - Brisbane AU\$15m
  - Adelaide AU\$2m
  - Palmerston North NZ\$5m
  - Invercargill NZ\$2m
- Property sales \$10 million (under negotiation)



# Half Year Analysis: Revenue

\$000	Revenue		
	This Year	Last Year	Variance
NZ Domestic: NZ\$	152,426	136,828	11%
NZ International: NZ\$	63,086	57,326	10%
AU Domestic: AU\$	95,585	82,473	16%
AU International: AU\$	89,267	92,349	(3)%
USA: US\$	165,145	149,041	11%
Asia: US\$	15,396	13,386	15%
Europe: EU€	124,065	0	—
<b>Total Group: NZ\$</b>	<b>892,898</b>	<b>644,940</b>	<b>38%</b>

- European revenues increased 4% over prior year



# Half Year Analysis: EBITDA

\$000	EBITDA		
	This Year	Last Year	Variance
NZ Domestic: NZ\$	19,641	15,611	26%
NZ International: NZ\$	2,605	2,158	21%
AU Domestic: AU\$	8,123	4,780	70%
AU International: AU\$	2,551	2,211	15%
USA: US\$	6,845	4,739	44%
Asia: US\$	1,152	1,289	(11)%
Europe: EU€	10,588	0	–
<b>Total Group: NZ\$</b>	<b>64,369</b>	<b>35,133</b>	<b>83%</b>

- European EBITDA decreased 5% over prior year



# New Zealand

<b>NZ\$ million</b>	<b>This Year</b>	<b>% of Rev</b>	<b>Last Year</b>	<b>% of Rev</b>
Sales revenue	215.51		194.15	
EBITA	17.58	8.2%	13.28	6.8%
EBITDA	22.25	10.3%	17.77	9.2%

- Increased revenue and profit contributions from all divisions



# New Zealand Domestic

<b>NZ\$ million</b>	<b>This Year</b>	<b>% of Rev</b>	<b>Last Year</b>	<b>% of Rev</b>
Sales revenue	152.43		136.83	
EBITA	15.08	9.9%	11.25	8.2%
EBITDA	19.64	12.9%	15.61	11.4%

- Sales growth: 2/3 new business (market share); 1/3 increased trading
  - Increased trading from top 100 customers
  - Primarily in Food & Beverage, Agriculture and supporting industries
  - Smaller customers showing minimal growth



# New Zealand Domestic ... continued

- Rail services to Wellington from Auckland only
  - 3 units per day
  - South Island to commence in New Year
- Logistics volumes strong through September and October
  - Customer gains contribute
  - Increased stock-turns from Agriculture, Hardware & DIY, and Food sectors



# New Zealand International

<b>NZ\$ million</b>	<b>This Year</b>	<b>% of Rev</b>	<b>Last Year</b>	<b>% of Rev</b>
Sales revenue	63.09		57.33	
EBITA	2.50	4.0%	2.03	3.5%
EBITDA	2.61	4.1%	2.16	3.8%

- Import and Export growth – air freight and sea freight
- Perishable volume only category with nil growth over prior year
- Strong Trans-Tasman volumes
- Increasing Asia market share
- Developing European, however still small
- Strong USA volumes inbound – cars, automotive parts



# Australia

<b>AU\$ million</b>	<b>This Year</b>	<b>% of Rev</b>	<b>Last Year</b>	<b>% of Rev</b>
Sales revenue	184.85		174.82	
EBITA	9.46	5.1%	5.78	3.3%
EBITDA	10.67	5.8%	6.99	4.0%

- Sales growth across Domestic and Logistics divisions
- Profitability improvement across all divisions – notably Domestic

# Australian Domestic

AU\$ million	This Year	% of Rev	Last Year	% of Rev
Sales revenue	95.59		82.47	
EBITA	7.24	7.6%	3.94	4.8%
EBITDA	8.12	8.5%	4.78	5.8%

- Sales growth: 2/3 new business; 1/3 increased trading
  - As with New Zealand, strong focus on Food & Beverage, Agricultural and Hardware/DIY sectors
  - No exposure to mining, garments, electronics sectors
- Operational improvements assisting margins
- Brisbane property negotiations continuing
- Strong profit contributions from Sydney, Melbourne and Brisbane branches



# Australian International

<b>AU\$ million</b>	<b>This Year</b>	<b>% of Rev</b>	<b>Last Year</b>	<b>% of Rev</b>
Sales revenue	89.27		92.35	
EBITA	2.22	2.5%	1.83	2.0%
EBITDA	2.55	2.9%	2.21	2.4%

- Sales growth impeded by poor export volume – particularly air freight
  - Import volumes steady
  - Customer loss impacted Customs revenues
  - Improving revenues in October
- Margin improvement across Customs and Imports assists EBITDA



# United States

<b>US\$ million</b>	<b>This Year</b>	<b>% of Rev</b>	<b>Last Year</b>	<b>% of Rev</b>
Sales revenue	165.15		149.04	
EBITA	5.73	3.5%	3.66	2.5%
EBITDA	6.85	4.2%	4.74	3.2%

- Improving performance from Mainfreight USA



# United States – Mainfreight USA

US\$ million	This Year	% of Rev	Last Year	% of Rev
Sales revenue	98.55		82.76	
EBITA	2.15	2.2%	(0.55)	(0.7)%
EBITDA	2.88	2.9%	0.24	0.3%

- Revenue growth assisted by market share gains
  - Revenue split: Domestic 57%; International 43%
- Divisional split effective September
  - Domestic / International
  - Separate P&L and structure
  - Specialists vs generalists (trade lane development)
- “Everyday” freight growth in Domestic operations





# United States – CaroTrans

US\$ million	This Year	% of Rev	Last Year	% of Rev
Sales revenue	66.59		66.28	
EBITA	3.58	5.4%	4.21	6.4%
EBITDA	3.96	6.0%	4.50	6.8%

- Static revenues reflecting less than expected FCL traffic and rate reductions across trade lanes – 2<sup>nd</sup> quarter performance at last year's levels
- Import growth being targeted
- Container utilisation key priority
- New branches for Dallas and Seattle
- Chile trading with small growth



# Asia

<b>US\$ million</b>	<b>This Year</b>	<b>% of Rev</b>	<b>Last Year</b>	<b>% of Rev</b>
Sales revenue	15.40		13.39	
EBITA	1.02	6.6%	1.20	9.0%
EBITDA	1.15	7.5%	1.29	9.6%

- Revenue growth primarily US bound, small European growth on account of Bosman
- Margins under pressure with air freight commitments to US – yields very low
- Branch development continues with opening of Qingdao

# Europe

€ million	This Year	% of Rev	Last Year	% of Rev
Sales revenue	124.07		119.88	
EBITA	6.27	5.1%	7.21	6.0%
EBITDA	10.59	8.5%	11.21	9.4%

- Second quarter impact from July/August holiday period
- September/October trading satisfactorily
- Air & Ocean (International) performance poor
  - New management from New Zealand (Jon Gundy)
  - Trade lane development USA / Asia / Europe underway
- Logistics performance deteriorating due to loss of customers
  - New business opportunities available
- Strong growth in Eastern European countries continues
  - Russia / Romania

# Outlook

- Third quarter trading remains strong
- Product mix and worldwide network development will assist us to withstand current global economic uncertainties
- Strong focus on gaining more market share in larger economies
- Further network expansion continues to be evaluated

## Financial Calendar

### Quarter

Q3 – 9 months ended 31 December 2011

Q4 – 12 months ended 31 March 2012

### Release Date

14 February 2012

30 May 2012

