



MAINFREIGHT LIMITED

ANNUAL MEETING OF
SHAREHOLDERS

29 JULY 2015



Result Summary

REVENUE

6.8%
2,054.3m
GROUP OPERATING REVENUE

EBITDA

8.7%
162.2m
GROUP EBITDA

NET PROFIT

7.7%
83.5m
GROUP NET PROFIT BEFORE
ABNORMAL ITEMS

Our best ever results.



Full Year Analysis: Revenue

\$000	THIS YEAR	LAST YEAR	VARIANCE
New Zealand: NZ\$	542,667	505,189	7.4% ↑
Australia: AU\$	490,646	458,473	7.0% ↑
USA: US\$	422,163	363,565	16.1% ↑
Asia: US\$	44,230	37,704	17.3% ↑
Europe: EU€	259,711	250,721	3.6% ↑
Total Group: NZ\$	2,054,339	1,924,407	6.8% ↑
			(excl FX) 8.7% ↑

Full Year Analysis: EBITDA

\$000	THIS YEAR	LAST YEAR	VARIANCE
New Zealand: NZ\$	73,606	67,375	9.2% ↑
Australia: AU\$	37,239	35,191	5.8% ↑
USA: US\$	19,108	18,853	1.4% ↑
Asia: US\$	4,989	3,523	41.6% ↑
Europe: EU€	11,913	8,922	33.5% ↑
Total Group: NZ\$	162,195	149,187	8.7% ↑
			(excl FX) 10.4% ↑



Balance Sheet Summary

\$000	THIS YEAR	LAST YEAR
Total Assets	1,124,455	975,827
Shareholders Equity	508,618	442,220
Property, Plant & Equipment	497,244	403,591
... of which Property is	436,568	350,017
Net Debt	242,096	208,594
Gearing Ratio (Debt to Debt + Equity)	32.5%	32.1%

Total dividend per share increased from 32 cents to 34 cents



Capital Expenditure – FY16

Total Capital (NZ\$ million)		100.9
Property		
- CHH/ AKL (Westney) / HAM	Completion	14.3
- Sundry		2.3
- Hamilton	Disposal	(6.0)
- Christchurch (Air & Ocean)	Land/Building	5.7
- Christchurch (Owens)	Land	10.5
Total New Zealand		26.8
- AU Melbourne (Epping)	Building	43.0
- EU Romania	Building	3.1
Total Property		72.9
Other		28.0



Larapinta QLD

Capex for prior year: \$131 million of which property was \$100 million



New Zealand



REVENUE

2015: \$542.7m
2014: \$505.2m

EBITDA

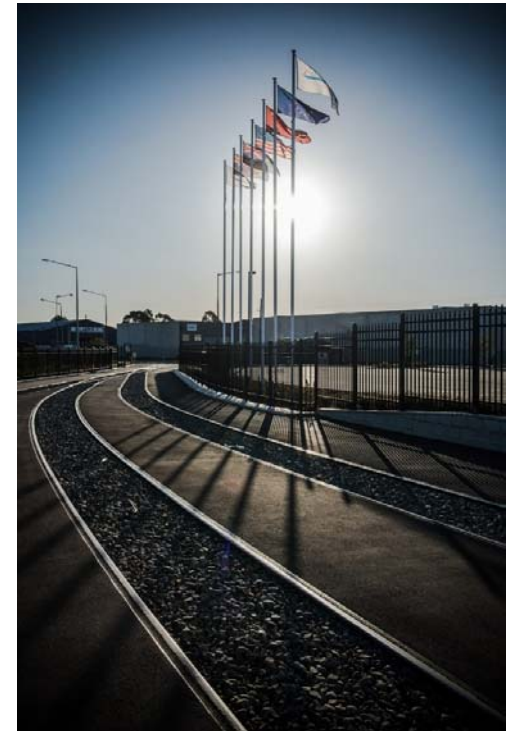
2015: \$73.6m
2014: \$67.4m

- Satisfactory performance across all divisions
- Domestic Transport volumes increased by additional 150k consignments
- Occupation of new facilities at Christchurch, Auckland and Hamilton from May 2015
- Logistics division saw reduced profits as construction disrupted utilisation and increased costs in Christchurch and Auckland

New Zealand ...



- The new warehouse facilities in Christchurch and Auckland will assist growth long-term
 - Flow over into Transport division
 - Specialist sectors, food, beverage, DIY, hazardous goods, and now perishable food products



Christchurch



New Zealand Building Projects



Christchurch Rebuild – Completed May 2015



New Zealand Building Projects



Westney Road – Ambient/Chilled warehouse completed May 2015



New Zealand Building Projects



Solar panel installation
170kWh capacity

Hamilton New Build – Completed June 2015



New Zealand Building Projects



Christchurch Air & Ocean New Build – completion due 2017



New Zealand – KiwiRail



- We remain strong supporters of the rail network in New Zealand
- We continue to invest in facilities on or near rail-serviced property
 - 14 sites currently rail served
 - Rail usage up 76% over past ten years
 - Further tonnage available to transfer from road to rail
- Appalled at Treasury suggestions during review period late last year
- Current and future roading infrastructure not capable of meeting our demands, let alone the industry's
- Would like to see more positive support for long-term rail infrastructure

New Zealand Outlook



Expect consistent improvement

- Logistics will face increased costs of new facilities, but are also gaining access to new markets and opportunities
- Transport also has new facility costs to meet, and our expectations are for further growth
- Air & Ocean continues to find growth



Auckland Airfreight



Australia (AU\$)



REVENUE

2015: \$490.6m
2014: \$458.5m

EBITDA

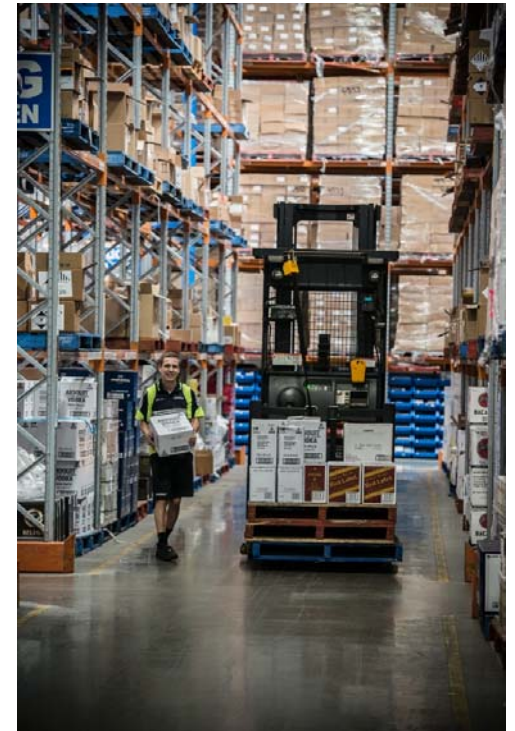
2015: \$37.2m
2014: \$35.2m

- Second-half performance from Domestic Transport and Logistics disappointed
 - Increased cost structures – labour / property costs
 - Margins impacted through under-utilised linehaul/ PUD (pick up and delivery) and new warehousing facilities
- Logistics utilisation affected by seasonal volume reduction (agriculture customers) and new facility costs
 - Gained significant duty free account (March start)
 - Additional large beverage and grocery accounts under tender

Australia ...



- New Transport and Logistics facilities under construction for Melbourne and Perth
 - Two branch domestic freight strategy for Melbourne
- Transport operations have introduced “limited carrier’s risk” for loss or damage (\$2,000 per unit) from 1st April



Logistics Australia



Australia Building Projects



***Epping, Melbourne – Completion due April 2016
19,800 m² of warehousing
16,250 m² of cross-dock (230 metres long)***





Australia Outlook



Increased sales activity needed to see revenues improve further

- Building costs will continue to impact results for Logistics and Transport in the short term
- Concern over Australian economic outlook in the short term
- Air & Ocean growth to continue
- First half result expected to disappoint

Expecting strong long-term growth; infrastructure investments assisting



Perishables Sydney



The Americas (US\$)



REVENUE

2015: \$422.2m
2014: \$363.6m

EBITDA

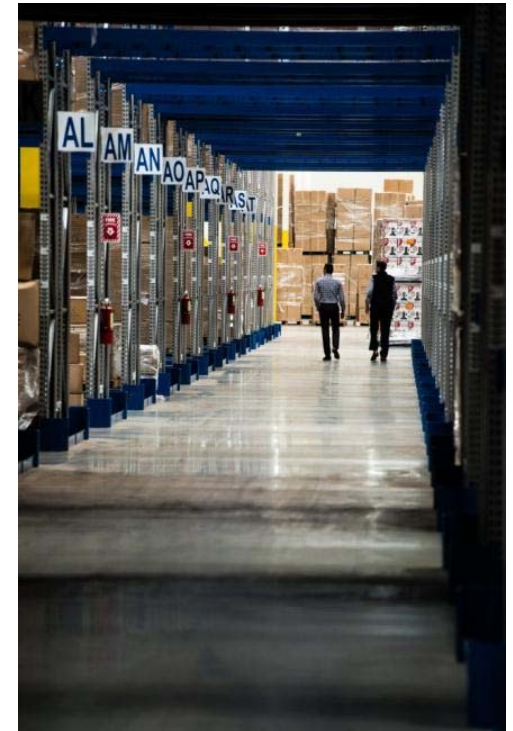
2015: \$19.1m
2014: \$18.9m

- Regional sales revenue much improved, driven by **Mainfreight** growth
 - Stronger domestic volumes
 - LCL – everyday freight
- Q4 saw volume (sales) slow
 - Large Air & Ocean account reduced air freight volumes and margin
 - Development of fixed road linehaul increased direct costs
- Expect fixed road linehaul network to increase to 100-plus routes per week – will continue to impact margin in the short-term

The Americas ...



- Some inter-modal (rail) being used successfully
- Separation of Logistics into standalone business/facilities
 - Los Angeles warehouse established – initial fixed cost
 - Newark/Dallas in planning stage
 - Attracting genuine large 3PL customer interest
- Air & Ocean growth improved, although margins disappointed
 - Substantial customer gains are underway



Logistics LA



The Americas ...



- **CaroTrans** profitability and revenue growth disappointed
 - Sales penetration / uptake poor
 - Margins compromised via poor operational management
 - Utilisation of containers
 - Port disruptions
 - Cargo repositioning
- Import development improving
 - Providing greater inbound control
 - Essential for offshore development



CaroTrans USA



The Americas – Capital Expenditure



- No property expenditure planned for 2016 financial year
 - All premises are currently leased; lease costs will increase as new Mainfreight facilities become operational – Dallas and New Jersey
 - As growth continues, an “owned” property strategy will become clearer

America – Operations



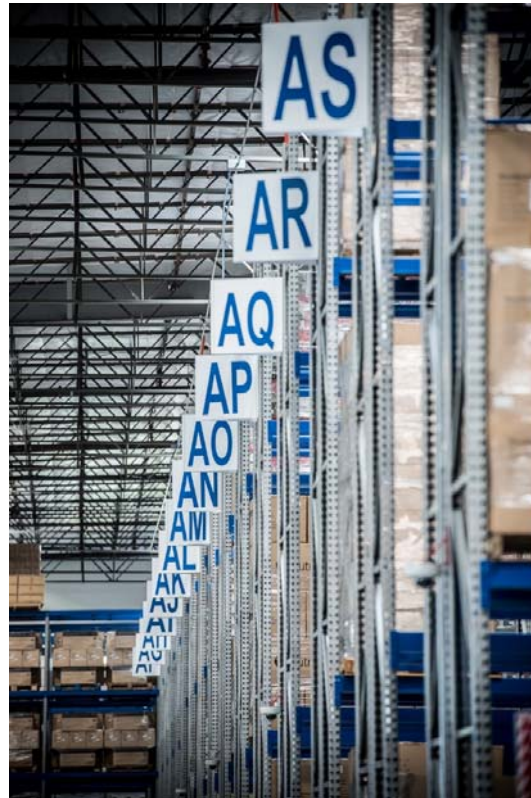
***Drayage (wharf cartage) operating off Long Beach Port;
currently 28 tractor units***



America – Operations



Everardo Torres, LA



René van Houtum, LA



America – Operations



Silvia Mueller-Thompson & Jessica Hayes, LA



The Americas Outlook



MAINFREIGHT

- Domestic linehaul and product development advancing
- Returns to date too small vis-à-vis the size of market
- Air & Ocean growth focused on Euro/Asia trade lanes
- Expect the new customer gains to assist growth expectations

CAROTRANS

- Operational efficiencies under review
- Sales growth expectations in the spotlight
- Expect similar performance year-on-year until better momentum is found

Europe (EU€)



REVENUE

2015: €259.7m
2014: €250.7m

EBITDA

2015: €11.9m
2014: €8.9m

- Improvement in sales and EBITDA performance
- Logistics is the biggest contributor, improving utilisation and margins (efficiency)
- Belgium management issues addressed
- Customer gains assisting Belgium turnaround, however
 - More to do to gain benefits
 - Still yet to find profitability

Europe ...



- Air & Ocean growth gaining traction
 - USA/Asia trade lane focus
- Bigger focus on sales capability and growth
 - 30% additional sales people (63 to 84 people)



Logistics 's-Heerenberg





Europe Operations



Technology enhances warehouse sophistication



Europe Operations



John Deere – tailored supply chain solutions



Europe Outlook



- Expect ongoing improvement across network
- More improvement still required, particularly Belgium/France
- Domestic freight volumes improving
- Air & Ocean growth as Asia/USA trade lanes are developed
- Logistics returns – improvement expected to continue; considerable amount of new business opportunity



Transport Netherlands



Asia (US\$)



REVENUE

2015: \$44.2m
2014: \$37.7m

EBITDA

2015: \$5.0m
2014: \$3.5m

- Good improvement in revenue growth and EBITDA
- Large increase in air freight volume
 - USA port disruptions assisted
 - Mostly ex Southern China / Hong Kong region
- Sales structure / numbers strengthened
 - More in-country sales volume
 - Expect this to continue

Asia ...



- New branches opened
 - Beijing – predominantly air freight
 - Khaosiang – southern Taiwan
- Vietnam close to opening
 - Business licence established; English version due
 - Expect to open second half of 2015
 - Recruiting underway
- Commitment made to 3PL warehousing facilities in Hong Kong



Patrick Kwok, Hong Kong



Asia Outlook



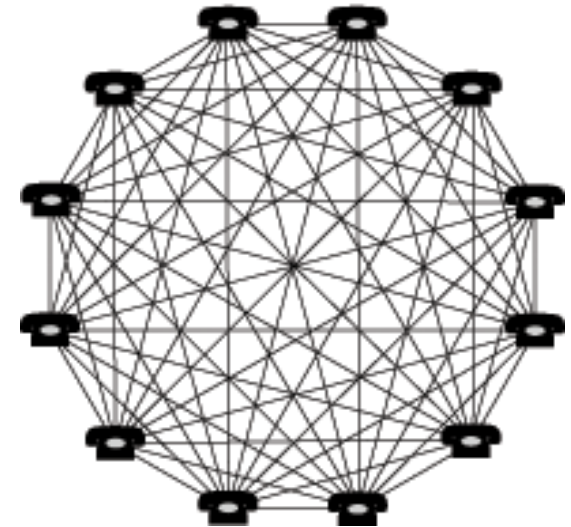
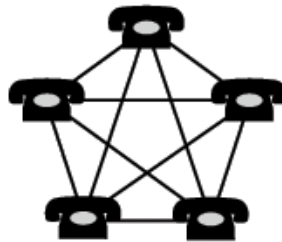
- Continuation of sales growth and EBITDA improvement
- Stronger focus on European trade lane growth
- Southeast Asian development continuing
 - Thailand profitable
 - Singapore growing
 - Vietnam presence will help US trade in particular



Yan Li (front) & Kathy Leung, Hong Kong

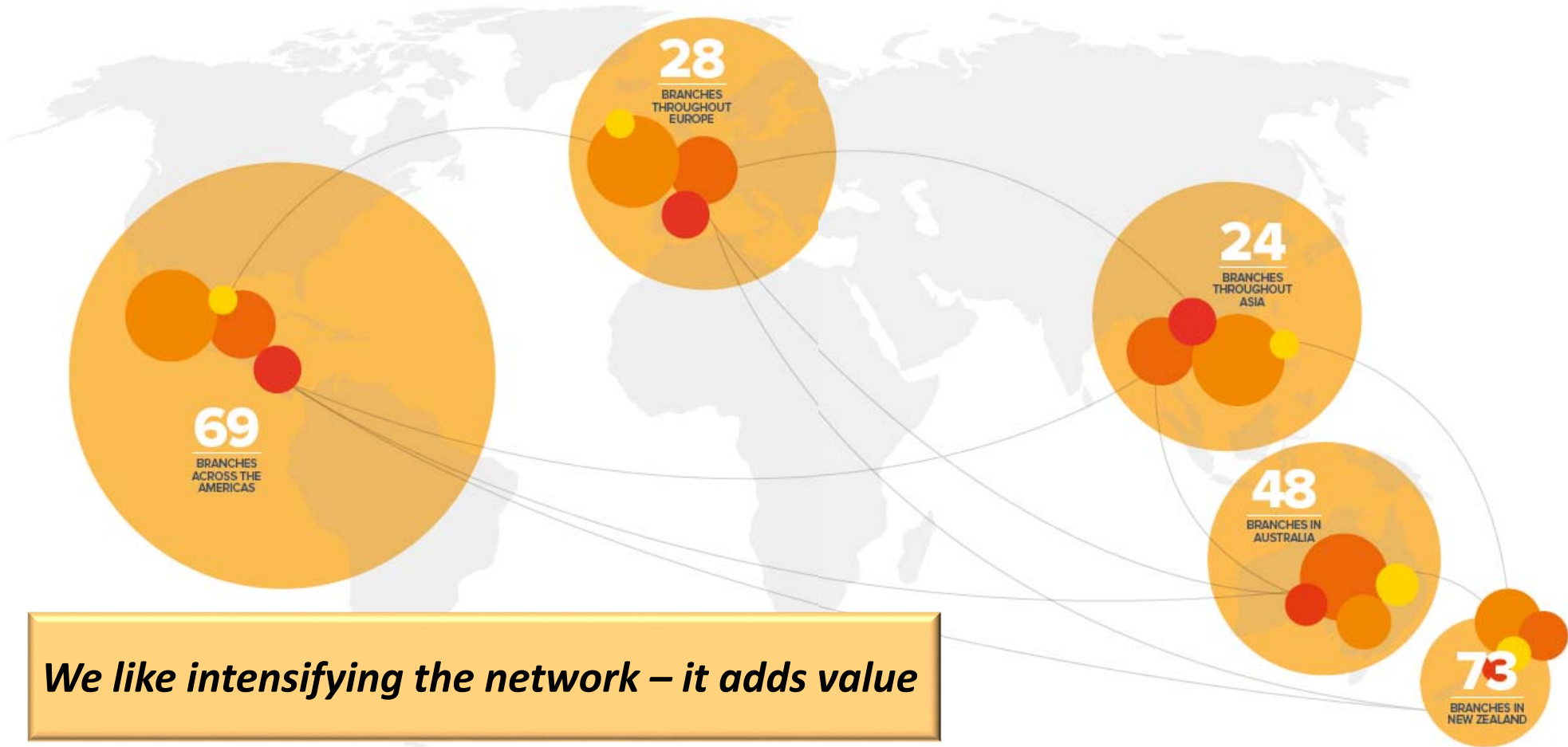


Network Growth Strategy – Metcalfe's Law



- Originally used to value telecommunications networks, Metcalfe's law states that: the value of a network grows as the square of the number of its users increase
- So, 2 can make only one connection; $5 = 10$ connections; $12 = 66$
- Globally, by country, by customer

Network Growth Strategy – Mainfreight’s Law



We like intensifying the network – it adds value



Global Network Growth Strategy

- Air & Ocean business continues to offer greatest potential for growth
- Preference is given to trading within the Group rather than through agents
 - Strengthens network
 - Improves ability to negotiate
 - Profit retained within the Group
- Developing our Perishable airfreight network
- Customers gained in Air & Ocean category provide land-based opportunities
 - Domestic freight
 - Warehousing
 - Fully supply chain activity



GLOBAL SUPPLY CHAIN OPPORTUNITIES

WE PICK UP

From our customers' points of origin and manage all import/export and customs processes.



WE WAREHOUSE, MANAGE & DISTRIBUTE

Our specialist facilities provide inventory management, information management, distribution and customised solutions.



WE TRANSPORT

Domestically and internationally, tailoring the most efficient combination of modes. We provide full visibility and information on consignment status right across the supply chain.



WE CONTRIBUTE

We not only provide our customers with real-time visibility for their products at every point across our network; we also tailor business solutions to customers' needs through data analytics, delivering efficiencies to optimise their supply chain management.



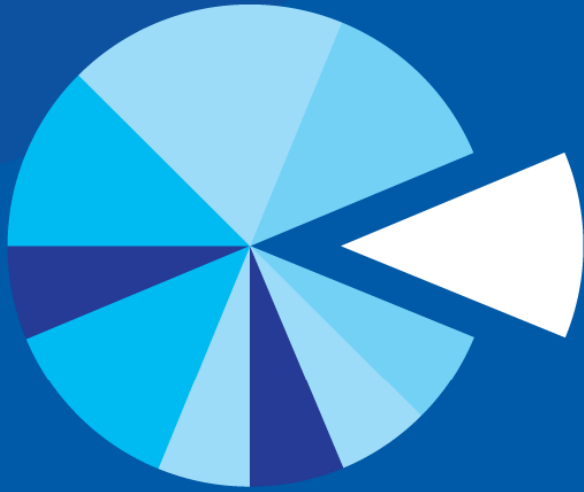
WE DELIVER

Including B2B and B2C.



OPPORTUNITIES FOR GROWTH

Currently the majority of our 30,000 customers use less than two of the Mainfreight Group's services. As our network continues to grow, so too does the opportunity to cross-sell these customers our fully integrated, end-to-end service.



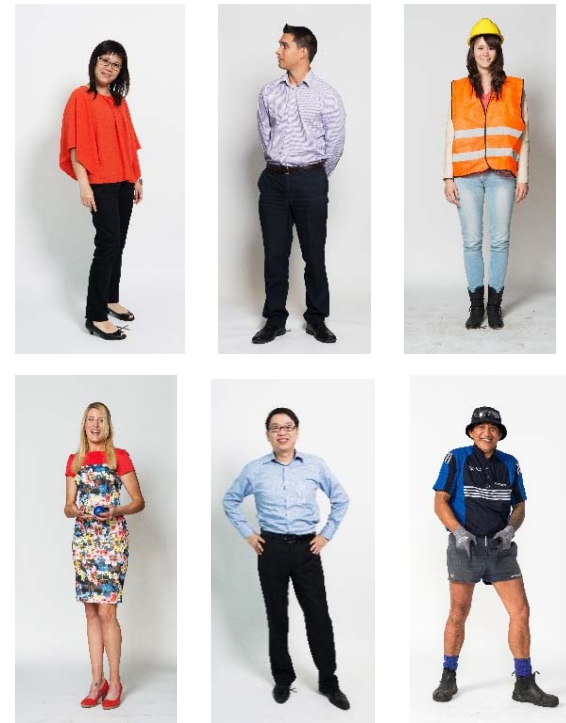
OPPORTUNITIES FOR GROWTH

Currently the majority of our 30,000 customers use less than two of the Mainfreight Group's services. As our network continues to grow, so too does the opportunity to cross-sell these customers our fully integrated, end-to-end service.



Our People

- Our greatest asset; our culture recognises this, ensuring leaders for the future
 - Targeted recruitment
 - Training – with focus on Leadership & Sales
 - Promotion from within
- Our team of 6,277 people in 242 branches around the world are expected to take on as much responsibility as possible



Our Latest “Legends” List

Ellen Mullery	45 years	Mainfreight Dallas
Peter Webster	45 years	Mainfreight IT Auckland
Lou Giacon	35 years	Mainfreight Wellington Driver
Louis Wijnen	35 years	Wim Bosman Logistics Geleen
Carol Brown	30 years	Mainfreight National Team NZ
William Brown	30 years	Mainfreight Air & Ocean Melbourne
Dianne Clemens	30 years	Mainfreight Air & Ocean National Team NZ
Bennie Dekkers	30 years	Wim Bosman Driver
William Kniest	30 years	Wim Bosman Crossdock 's-Heerenberg
Kiu Muller	30 years	Mainfreight Thames
Frank Tempels	30 years	Wim Bosman Driver
Jeanette Williams	30 years	Mainfreight Invercargill
Wilfried Wolbring	30 years	Wim Bosman Driver
Debbie Brady	25 years	Owens National Team
Grant Breach	25 years	Owens Christchurch Logistics
Martin Coenen	25 years	Wim Bosman Logistics 's-Heerenberg
Scott Eranger	25 years	Mainfreight New Jersey
Jürgen Fleuren	25 years	Wim Bosman Driver
Robert Jochoms	25 years	Wim Bosman Holdings 's-Heerenberg
Alan Kort	25 years	Wim Bosman Transport
Bradley Lahey	25 years	Mainfreight Brisbane
Fred Martens	25 years	Wim Bosman Clearance
Marc Mary	25 years	Wim Bosman Driver
Melinda Pickard	25 years	Mainfreight Perishables Sydney
Craig Radich	25 years	Mainfreight Auckland Owner Driver
Deborah Rumore	25 years	Mainfreight New Jersey
Andrew Smith	25 years	Mainfreight National Support Australia
Isabelle Vandenberghe	25 years	Wim Bosman Logistics 's-Heerenberg

Sheryl Waite	25 years	Daily Freight Auckland
Mladan Yagmich	25 years	Mainfreight Logistics Highbrook Auckland
Colin Brown	20 years	Daily Freight Christchurch Owner Driver
Rex Campbell	20 years	National Support Team New Zealand
Mario Farugia	20 years	Mainfreight Air & Ocean Springbank
Ken Harris	20 years	Mainfreight Wharf Wellington
Tony Inia	20 years	Owens Auckland
Erica Jaffray	20 years	Mainfreight Training Team New Zealand
Dianne La Velle	20 years	Mainfreight Logistics Melbourne
Mark Lane	20 years	Mainfreight Auckland Owner Driver
Bruce McKay	20 years	Mainfreight Logistics Manu St Auckland
Vanessa Maxwell	20 years	Mainfreight 2Home Auckland
Matthew Mudge	20 years	Mainfreight Air & Ocean Melbourne
Maureen Paine	20 years	Mainfreight Auckland
Marcel Peppelmen	20 years	Wim Bosman Driver
Leon Pirake	20 years	Mainfreight Auckland
Tony Roberts	20 years	Mainfreight Wharf Wellington Owner Driver
Julie Scott	20 years	Mainfreight Air & Ocean Tauranga
Lynette Sinden	20 years	Daily Freight Wellington
Ramon Starink	20 years	Wim Bosman Driver
Andy Taunga	20 years	Mainfreight Auckland
Andrew Thompson	20 years	Mainfreight Air & Ocean Auckland
John Valu	20 years	Mainfreight Logistics Railway Ln Auckland
Aline van Buiten	20 years	Mainfreight National Team Melbourne
Martine van Hyfte	20 years	Wim Bosman National Support Belgium
David Wang	20 years	Mainfreight Xiamen
Helen Watson	20 years	Mainfreight Perishables Christchurch



Board Structure

- Currently six experienced individuals
 - 3 Independents
 - Newest addition, Simon Cotter, 2½ years
- Board meetings
 - 5 full meetings per annum
 - Held in destinations throughout the network
 - Last meeting included five USA branch visits and four European branch visits in the space of 8 days' travel
- Experience is valued over perceived diversity and rotation expectations

Board Structure ...

- Constantly reviewing potential candidates and current Board capability
- Selection requires careful consideration, and will be based on skills and attributes
 - Business acumen
 - Vision
 - Global experience
- Where we are today is, in no small part, due to the capability and vision of these Directors

Mainfreight Leadership Depth Experience, Passion, Dedication



Liane Philipsen - EU
Regional Manager
Sales



Frans Zuidgeest - EU
National Manager
Netherlands Forwarding



Cary Chung - AS
Regional Manager
Sales



Linda Huang - AS
General Manager
China



John Eshuis
Global IT



Nathan Thomas - USA
VP Air & Ocean



René van Houtum - USA
VP Logistics



Dave Scott - AU
National Manager
Sales



Simon Hart - AU
National Manager
Logistics



Bryan "BJ" Curtis - AU
National Manager
Transport



Ben Fitts - NZ
National Manager
Air & Ocean



Nic Kay - NZ
National Manager
Sales



Mitch Gregor - NZ
Branch Manager
MF Auckland



Graeme Illing - NZ
Financial Controller
Mainfreight NZ

Group Outlook

SHORT-TERM

- Expect Australian domestic results to stall through first half of 2016 financial year – poor economic conditions
- Higher cost structures due to new facilities in New Zealand and Australia are short-term hurdles
- Better margin improvement being sought across all sectors
 - Cost management
- Sales growth is a key requirement with strong focus to achieve

Group Outlook ...

MEDIUM TO LONG-TERM

- Sufficient growth momentum across all markets
- New Zealand and Australian networks well developed and capable of strong long-term profitability
- Asia/USA/Europe
 - Sales growth expectations high – large market and network opportunities
 - Improving profitability, to outpace New Zealand/Australia in the long-term

Group Outlook ...

CAPITAL

- Capital investment in New Zealand/Australia properties will continue for next 3 years to provide sufficient infrastructure to produce competitive advantage
- European and USA capital investment likely in the medium term

NETWORK

- Global network development to continue
 - Customer expectations
 - Natural development of a global entity

To Close

- We have ambitions to be in every major trading nation of the world
 - The gaining of significant global accounts will assist us to open in more countries
- New Zealand, and now Australia, providing useful profit capability to assist our off-shore growth
 - 74% of revenue outside of New Zealand; 48% of revenue outside of Australasia
 - 55% of EBITDA outside of New Zealand; 30% of EBITDA outside of Australasia

To Close ...

- Acquisitions continue to be viewed and assessed, however
 - Must fit the Mainfreight jig-saw
 - Organic growth preferred – and 6% overall growth is not enough, we wish to see this increased
- Asia, USA, Europe
 - High expectations of all three



PAINTING THE WORLD BLUE,
ONE POT AT A TIME.

MAINFREIGHT