



Mainfreight: INVESTOR DAY
20 June 2018

*Special people
Special company*

Agenda

- 10.15am Welcome Don Braid
- 10.20am Europe Ben Fitts
- 10.30am New Zealand Craig Evans
- 10.40am Asia Cary Chung
- 10.50am Americas John Hepworth
- 11.00am Australia Rodd Morgan
- 11.10am Technology Kevin Drinkwater
- 11.20am People Martin Devereux
- 11.30am Capital Expenditure Tim Williams
- 11.40pm Summary and Q&A Don Braid
- 12.00pm Depart for Bus Tour *Lunch on bus*



Europe Ben Fitts



Europe: Overview – Structure

	BRANCHES	TEAM MEMBERS
■ Forwarding & Transport	17	1,130
General Manager: Frans Zuidgeest		
National Sales Manager: By Country		
■ Logistics	6	965
General Manager: Liane Philipsen		
National Sales Manager: Hubert Kamphuis		
■ Air & Ocean	11	136
General Manager: Jason Braid		
National Sales Manager: Jake Pascoe		
Total:	34	2,231



Europe: Overview – Core Business / Result Overview

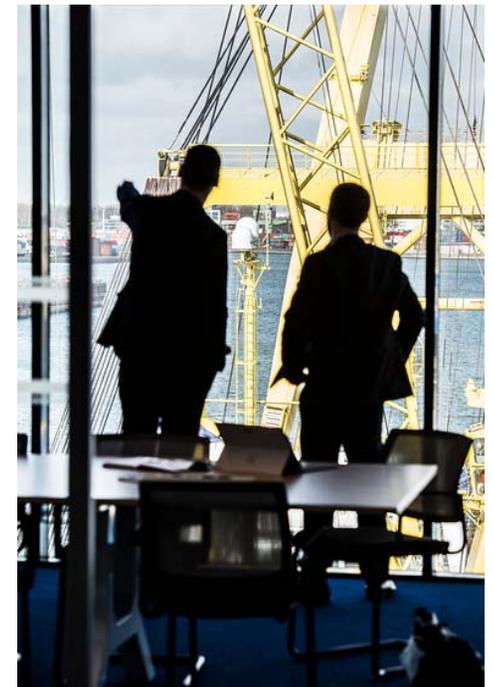
- Forwarding & Transport
 - Groupage, LTL, FTL
 - Serviced through own and partnered network
- Warehousing:
 - The Netherlands, Belgium, Romania
 - Multi-customer sites, large amount of customer and activity variety
- Air & Ocean:
 - Sea and air freight consolidation
 - FCL import and export
 - Customs brokerage

- Across 10 countries
- Supply chain focused
- Sales growth of 15.0% (growth across each division)
- EBITDA growth of 3.1%



Europe: Development Focus – Short to Medium-Term

- Network development and intensification across each division
 - Branches of high quality closer to customers
 - Network capable of producing consistently strong results
 - Improved quality and handling efficiency
 - Focus on network cargo, consolidated freight
 - Balanced profitability
- Accelerated renewal of trucks and trailers to further establish Mainfreight branding on the road
- Recruitment and development of an exceptional Team through the Future Leaders program
- Consolidation of recent expansion



Europe: Development Focus – Long-Term

- Further expansion opportunities in Eastern Europe once Benelux profitability is acceptable
- Own operations where location or volumes deem this to be logical
- Expansion of full supply chain offer in countries where we are present with only one or two divisions



Europe: Strengths & Weaknesses

- Strengths
 - Internal promotion, starting on the dock
 - Team that understand and care about the business and our customers
 - Strong supply chain offer in NL, BE and RO benefits each division
- Weaknesses
 - Profitability improving but still low, particularly in Belgium
 - Scale in relation to market in some countries
 - Reliance on European network partners



New Zealand Craig Evans



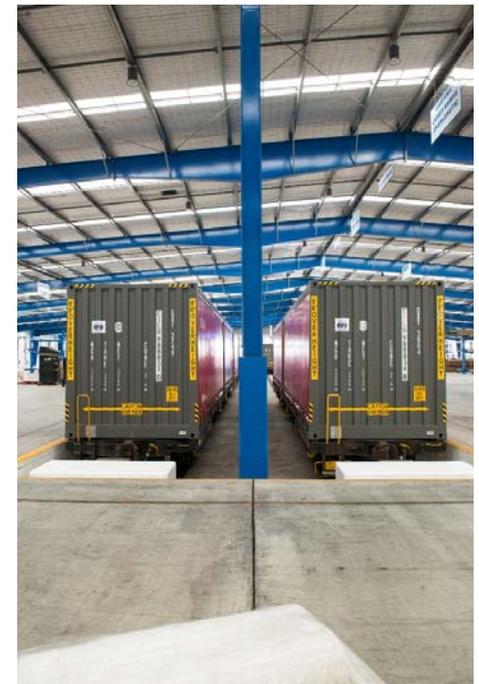
New Zealand: Overview – Structure

	BRANCHES	TEAM MEMBERS
■ Transport General Manager: Carl George	38	1,808
■ Logistics General Manager: Mitch Gregor	13	254
■ Air & Ocean General Manager: Nic Kay	16	210
■ New Zealand Sales National Sales Manager: Rob Croft		
Total:	66	2,272



New Zealand: Overview – Core Business / Result Overview

- Highly specialised warehousing and distribution centres
 - DIY
 - FMCG
 - Dangerous goods
 - Inventory of all kinds – from open carton unit picking to full cross-docking activities
- Multiple national freight networks utilising road, rail and sea
 - General freight – less than container loads (LCL)
 - Specialist in dangerous goods distribution
 - Specialist business-to-business and business-to-home delivery
 - Full truck load division (FTL)
- Air & Ocean: Imports / Exports / Customs
 - Perishables
 - International LCL & FCL
 - Wholesale forwarding (CaroTrans)
 - Container unpack stations



New Zealand: Development Focus – Short to Medium-Term

- Strengthen strategic alliances
 - Courier
- Continue to develop our bulk agricultural / commodity sector business
 - Innovative equipment
 - Specific business focus
- Continue to intensify the network with Transport and Air & Ocean operations
 - Influence freight decisions at both origin and consignee level
 - Expansion of our specialist business-to-home network
 - Whakatane and Levin identified as immediate regional opportunities
- Commission stand-alone Logistics operations in Wellington, Tauranga and Hamilton



New Zealand: Development Focus – Long-Term

- **Logistics - 2022**
 - Multiple locations of high density warehousing; including ambient and chilled
 - Inbound and outbound fed by Mainfreight
- **Transport - 2022**
 - Service every town and community – daily in-house
 - 4+ sub or joint branches converted into stand-alone branches
 - 40+ stand alone branch network
 - Multiple linehaul capability – road / rail / sea
- **Air & Ocean - 2022**
 - Regional expansion of branch network alongside Transport
 - Strong focus on developing export / import freight from within Mainfreight's global network
 - Ensuring all imports are serviced via Mainfreight's Logistics and Transport network
 - Increase temperature control assets to expand Perishables



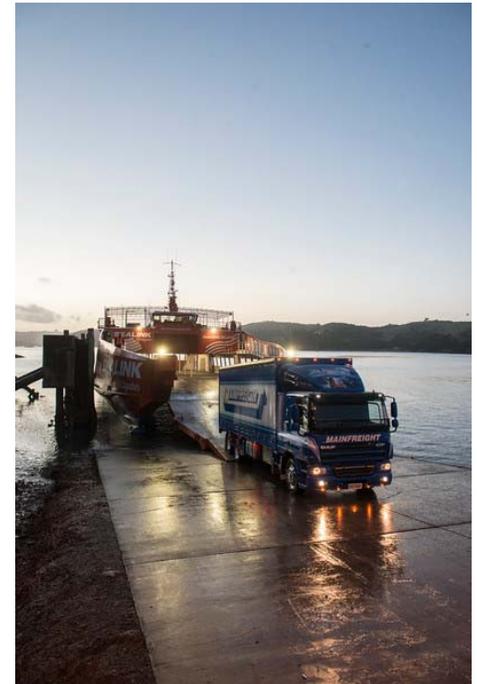
New Zealand: Strengths & Weaknesses

■ Strengths

- Comprehensive national network and service capability
- Total supply chain offering
 - Supply chain engineering
 - High degree of IT competency and investment
 - Global reach
- Continued long-term growth opportunities
 - Diversification of Logistics capability
 - Ability and reach to positively react to unexpected events e.g. Kaikoura

■ Weaknesses

- Industry leader responsibilities
- Developing talent quickly enough to manage growth
- Sourcing professional drivers



ASIA

Cary Chung

Chengdu

Beijing



Tianjin

Qingdao



Shanghai



Ningbo



Xiamen



Shenzhen



Taipei



Kaohsiung



Guangzhou



Hong Kong



Thailand



Vietnam



Singapore



Asia: Overview – Structure

	BRANCHES	TEAM MEMBERS
▪ Air & Ocean	14	263
Hong Kong		
Singapore		
Vietnam		
Taiwan		
Thailand		
China		
▪ Logistics	3	12
Hong Kong		
Shanghai		
Singapore		
▪ Carotrans	5	55
▪ Regional Support Team	-	24
General Manager: Cary Chung		
Regional Sales Manager: Billy Zhang		
Total:	22	354



Asia: Overview – Core Business / Result Overview

- Airfreight
 - International and Intra-Asia access
 - Direct BSA with direct & deferred services
 - Consolidation services
- Seafreight
 - Daily full container load & less than container load services
 - Buyer's & sellers consolidation
 - Project shipments
- Customs Clearances & Inspections Expertise
- Logistics Services
 - Contract Logistics (4PL)
 - Warehousing, Order Management, Order Fulfillment, Value-Added Services, Contract Logistics



Asia: Development Focus – Short to Medium-Term

- Develop our sales force across ALL Asia branches including Regional Sales representation in China, Taiwan, Vietnam and Singapore
- Greater focus on Imports where most decision making is here in Asia
- Intercompany focus is our first priority; Mainfreight to Mainfreight network
- Target verticals where there is high demand in Asia, eg Food & Beverage, Healthcare & Hi-Tech
- Consolidation services for Air Console and Ocean groupage within Asia
- Own operations in Malaysia & Japan



Asia: Development Focus – Long-Term

- Own operations in all major Asian Countries
 - Air & Ocean focus
- To have at least 40% of Asian team to be Commercially focused
- To have all key gateway branches to be US1M+
- To develop our value-added service to complement our Air & Ocean customers
 - Contract Logistics to become a stand-alone P&L
- To develop our Asia Future Leader's program
- Continue to develop & promote our Mainfreight culture across Asia



Asia: Strengths & Weaknesses

- We have strong team in Asia, average team members are with us 2+ years
- Strong operations & customer services
- Our brand awareness has become stronger and able to compete against international freight forwarders in this part of the world

- Lack of commerciality from our Branch Managers
- Not enough commercial team on the ground for day-to-day freight
- Not enough depth in second tier branches
- Not enough internal promotion



AMERICAS

John Hepworth



Americas: Overview - Structure



	BRANCHES	TEAM MEMBERS
<ul style="list-style-type: none"> ■ Transport General Manager: Shawn Roach 	22	285
<ul style="list-style-type: none"> ■ Logistics General Manager: René van Houtum National Sales Manager: Dallas Wymes 	5	81
<ul style="list-style-type: none"> ■ Air & Ocean General Manager: Nathan Thomas National Sales Manager: Nick Vernald 	15	193
<ul style="list-style-type: none"> ■ CaroTrans General Manager: Chris Wilson 	14	232
<ul style="list-style-type: none"> ■ Franchises Austin, Baltimore, Boston, Hartford, Milwaukee, Orlando, Reno, San Antonio, San Francisco 	9	-
Total:	67	791



Americas: Overview – Core Business

- Global logistics provider: Transport, Logistics (warehousing), Air & Ocean
- CaroTrans: Wholesale NVOCC – sea freight, import and export of LCL and FCL
- Focus on developing everyday freight; Food grade, FMCG, DIY goods
- Transport provider across North America – defined day services
- Developing our network within the Americas



Americas: Development Focus – Short to Medium-Term

- **Logistics**

- 4 stand-alone sites that are 72% utilized; total footprint 59,500 m²
- Expansion into FMCG/beverage markets

- **Transport**

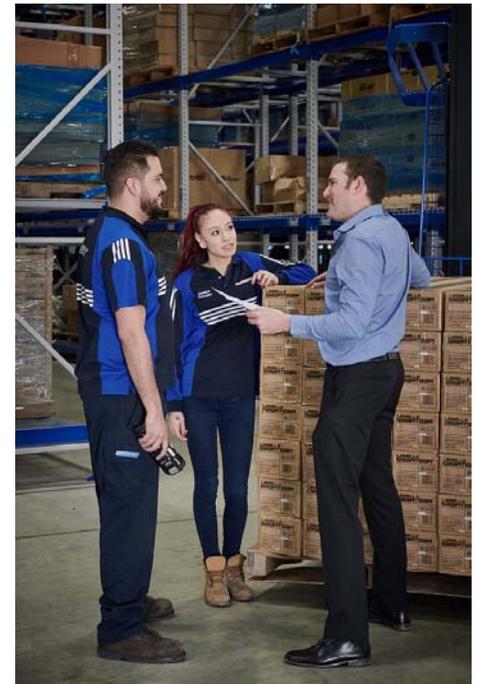
- New cross-docks for Newark, Toronto and San Diego
- Continued expansion of line-haul: 40 locations with 129 line-hauls with 174 legs – top six cities a priority
- Owner drivers: 136. 35% of our business travels on our line haul network

- **Air & Ocean**

- Developing consolidations for dedicated Mainfreight trade lanes
- TSA-approved status allows loading of our own air units in Dallas, Chicago and Los Angeles

- **CaroTrans**

- Management changes / sales focus
- Adopting Mainfreight decentralization and culture



Americas: Development Focus – Long-Term

- **Logistics**
 - Will need additional site in Los Angeles and New Jersey
- **Transport**
 - Continued growth in our 6 major markets will support network freight growth
 - Expand line-hauls and local PUD solutions across the country
- **Air & Ocean**
 - Strong branch network within USA to complement and add growth to global network
 - Customer-focused technology – visibility/order management system
- **CaroTrans**
 - Focus on capturing more significant share of the USA wholesale market



Americas: Weaknesses and Strengths

Weaknesses

- Sales growth is key; momentum is building
- Culture still needs to evolve

Strengths

- Future Leader program now developing team members into sales and leadership roles
- Logistics warehousing is a cut above opposition
- Transport – quality is a key market differentiator
- Air Ocean – Mainfreight-to-Mainfreight lanes key focus
- We can compete against the big players and often are more attractive to use due to customer service ethic and our operational flexibility



Australia Rodd Morgan



Australia: Overview – Structure

	BRANCHES	TEAM MEMBERS
<ul style="list-style-type: none"> ■ Air & Ocean General Manager: Grant Draper National Sales Manager: Brendan Ryan 	14	344
<ul style="list-style-type: none"> ■ Owens Transport National Manager: Mike Reid National Sales Manager: James Bennett 	4	164
<ul style="list-style-type: none"> ■ Logistics General Manager: Simon Hart National Sales Manager: Aladin Basic 	10	309
<ul style="list-style-type: none"> ■ Transport General Manager: Bryan Curtis National Sales Manager: Steve Turner 	27	920
<ul style="list-style-type: none"> ■ Australian Sales AU Group Sales Manager: Dave Scott 		

Total:

55

1,784*

*Includes Group Team of 47



Australia: Overview – Core Business / Result Overview

- **Air & Ocean**

Air, Sea, Import, Export - LCL & FCL, Customs, Perishables
Wholesale Forwarding (CTO)

- **Logistics (Warehousing)**

Inventory Management, Complex High Activity Pick/Pack, Food Grade, DIY, Hazardous, General

- **Transport**

Day Definite, Australia-wide LCL, Metro, Full Load, Hazardous (Chemcouriers), Wharf Cartage (Owens), Road, Rail, Coastal Shipping

- **Integration**

Global Visibility, Project Logistics, Supply Chain Analysis, EDI Business Solutions

Revenue \$624M 16.6% Sales Growth in all divisions

EBITDA \$50M 18.0% Only A & O marginally behind



Region: Development Focus – Short to Medium-Term

- **Air & Ocean**
Focus on LCL. Grow margin. Develop deep Airfreight capability. Continue Perishable development & grow export volume beyond 24%
- **Logistics**
Consolidate/digest recent capacity expansion. Seek complex high value/ volume beverage & hazardous goods opportunities
Evaluate technologies that can help with quality/productivity
- **Transport**
Maintain recent sales momentum. Drive margins & reduce overheads relative to Sales. Finalise new depot design to help move more freight with same building size & team numbers in same time frame. Continue Network growth. Develop Chemcouriers service (hazardous goods). Regain mojo in Sydney operations.



Region: Development Focus – Long-Term

- Maintain Sales growth rate
- Drive ROR beyond 8%
- More rear loading & freight on rail
- Further expansion of Australian network & quality to fit seamlessly with our other global operations & customer expectations.
- Build nationwide hazardous goods storage capability
- People – Natural behaviours, Recruitment. Refine & develop our Culture
- 75% of Team to have worked 2+ years in each division
- Further enhance our image & presentation



Region: Strengths & Weaknesses

- Perishables & Sydney Transport have lacked profitability recently
- Margin pressure in Air & Ocean
- Transport quality needs to continue to improve along with overhead management
- Isn't quite the scale yet for all hazardous deliveries to be done within Chemcouriers network & still need bigger hazardous Logistics capability
- Full supply chain logistics capability – we own branches in most major regions
- Flat management structure & “branch manager is king” philosophy – aids long-term quality & profitability
- Extensive & growing ground-based network with good & improving facilities
- Now well-established, respected & consolidated reputation as a high quality provider
- Team full of youth, ambition & intelligence – Our Future Leaders



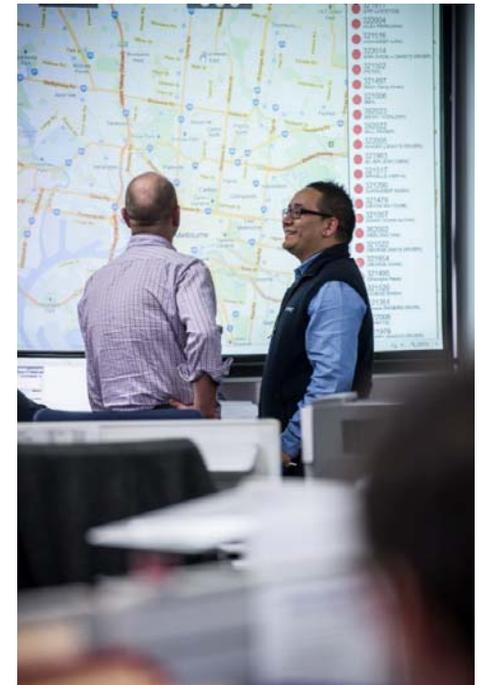
Technology

Kevin Drinkwater



Global Technology : Overview

- Annual spend NZ\$52.2m
- Total capital expenditure NZ\$21.6m
 - Includes NZ\$17.3m on software
 - Software developed in NZ is NZ\$12.8m
- 119 team members globally
- 3 critical operational system types
 - Transport
 - Logistics: Warehouse Management System (WMS)
 - Air & Ocean
- Critical support system types
 - Website
 - Customer Portal – Mainchain
 - CRM
- Many other supporting systems including email



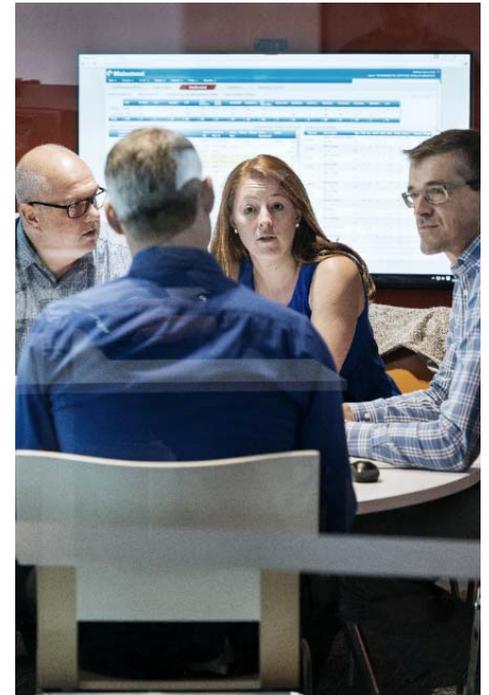
Global Technology: Critical System Overview

System Type	Region	MF Owned	Hosted
Transport			
Mainstreet	AU/NZ/US	Yes/Yes	NZ
Mainmove/ TREX/ NaviTrans	EU	No/Yes/No	EU
Warehouse			
MIMS	AU/Asia/NZ/US	Yes	NZ
MarcCS	EU	No	EU
Air and Ocean			
Cargowise	Global	No	US - Cloud
CaroTrack	CaroTrans USA/ Chile	Yes	US
Accounting			
OnAccount	AU/NZ/USA	No	NZ
Navision	EU	No	EU
Cargowise	Global Air & Ocean	No	USA
Support			
Mainfreight.com	Global	Yes	NZ
Mainchain	Global	Yes	NZ/EU/US
Mainsale (CRM)	Global	Yes	NZ



Global Technology : Core Systems

- Customer Facing
- Security and Processing
- Operational
- Support



Key Initiatives – Short to Medium Term

Risk Management

- Asset Protection
- Disaster Recovery Initiatives
- Emerging Privacy Regulations

Software Initiatives

- Transport Management Systems
 - Mainstreet Implementation **Complete NZ 2017, AU 2018**
 - Stable Platform to build from
 - Mainmove Implementation EU – completion end CY 2019
- Enhanced Customer Products
 - Mainchain Ultra /Mainchain OMS
 - Predictive Analytics
- Cloud



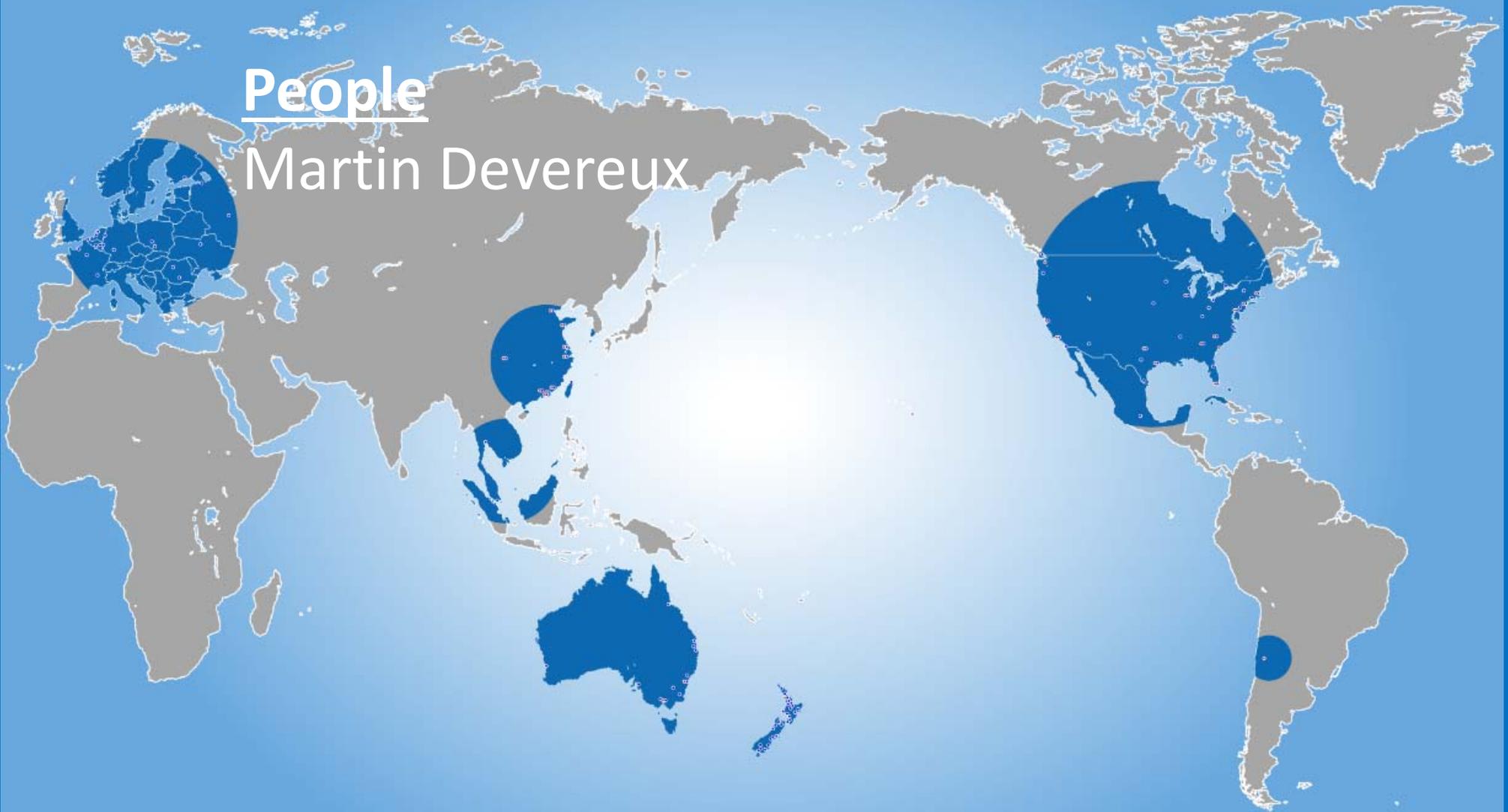
Global Technology: Key Initiatives – Long-Term

- Digitisation of Freight
 - Air and Ocean
 - Blockchain
- Predictive Modeling
- Mobility / IOT
- Flexibility
- Cloud
 - Reporting
 - Websites



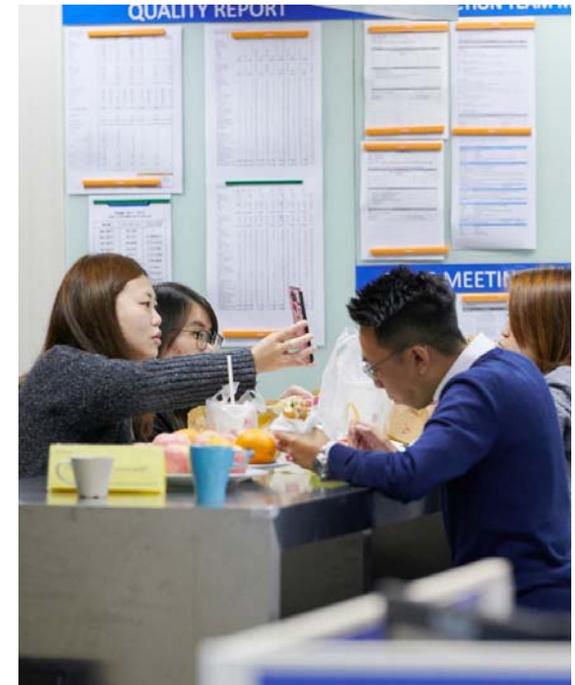
People

Martin Devereux



Training & Development: Overview – Structure

	TEAM MEMBERS
■ New Zealand Manager: Rachel Hustler Locations: Auckland & Christchurch	11
■ Australia Manager: Shona Taylor Locations: Melbourne, Sydney, Adelaide	14
■ Europe Manager: Courtney Bould Locations: The Netherlands & Belgium	5
■ The Americas Manager: Raewyn Glamuzina Locations: Los Angeles & Chicago	5
■ Asia Manager: Wendy Niu Locations: Guangzhou, Shanghai & Hong Kong	2
Total:	37



People & Development: Overview – Our role

- Guardianship of our culture around the world
- Attract, develop and retain talent
- Develop global leaders
- Champion and support workplace safety
- Train our team to be excellent in all they do
- Assess operational quality and cultural benchmarks



People Development Focus – Short to Medium-Term

- Further development of future leader program across Asia
- Gender diversity and seeing more women in roles of significance
- Development of both future leaders and operational role models
- Driver academies
- Being Easy to Deal With
- Broadening eLearning capabilities
- Stronger recruitment channels for youth not choosing tertiary educations



People Development Focus – Long Term

- Focus on competence development not role development
- Harnessing an ageing workforce
- Creation of career pathways for youth
- Facilitating global career paths
- Focus on cultural awareness and diversity i.e. better understanding our brothers and sisters abroad
- Driving learning and development as close to the work floor as possible and as real as possible eg. VR and Augmented Reality



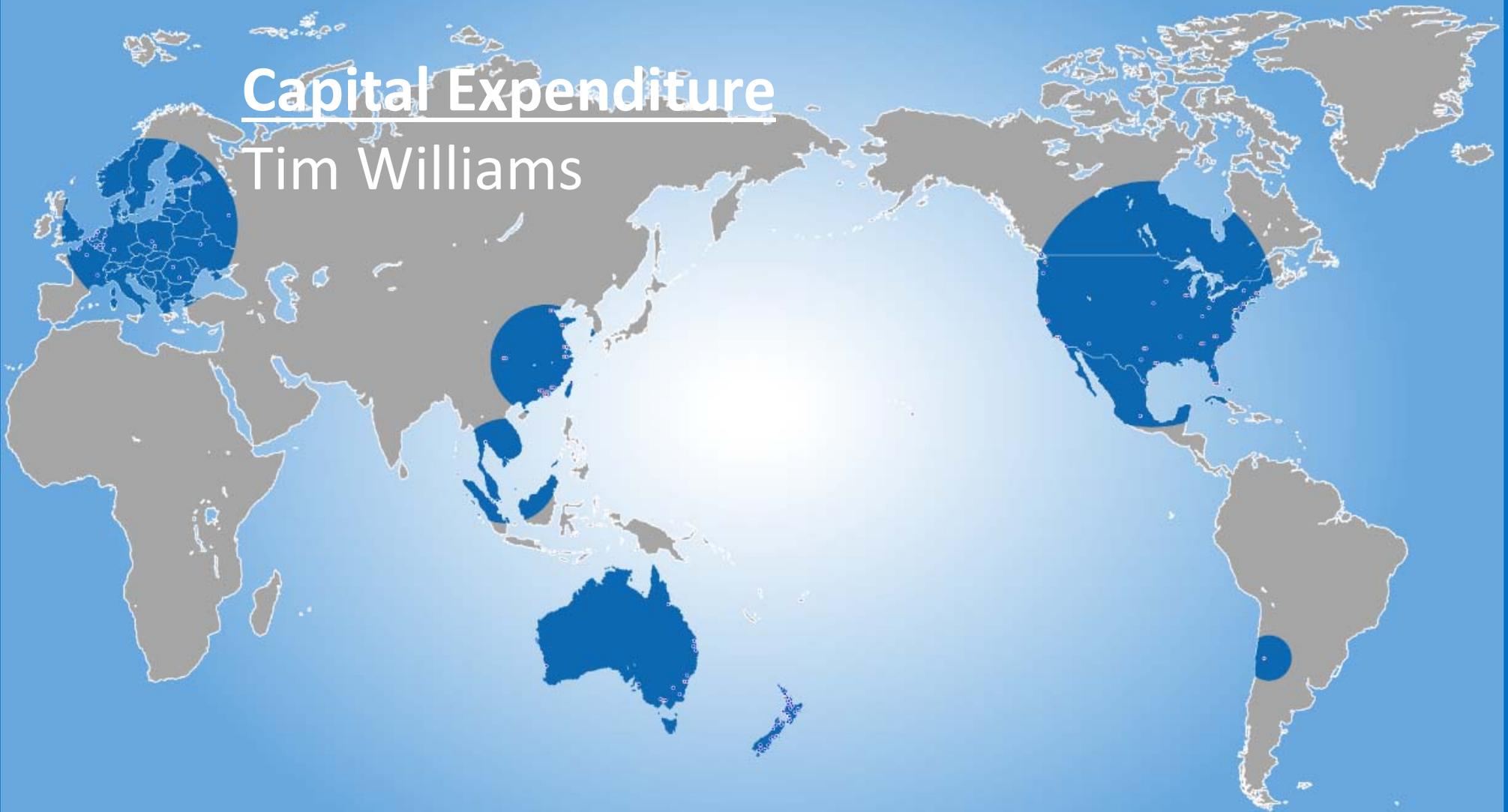
Region: Strengths & Weaknesses

- Weakness
 - Alignment of our culture worldwide
- Strength
 - Our people investment



Capital Expenditure

Tim Williams



Group Property Strategies

- Invest in high quality facilities leased or owned – network intensification
- Understand size and location requirements before owning
- Endeavour to land bank for growth – difficulties in relocating domestic terminals
- Look to own specialised buildings, primarily in domestic transport
- Build warehouses adjacent to freight terminals
- Air & Ocean offices and stand-alone warehouses – largely generic and can be readily leased



Group Property Strategies – continued

- NZ and Australian market well understood and priority for ownership
- Europe and USA both require more understanding, growth and acceptable business improvement
- Asia is Air & Ocean and will remain leasing



Capital Management

Capital Expenditure Expectations FY19		NZ\$ million	NZ\$ million
Property			
Auckland	Land	17.2	
Whangarei	Buildings	5.5	
Blenheim	Land/Buildings	5.0	
Mount Maunganui	Buildings	3.0	
Other sundry	Buildings	4.5	Total NZ 35.2
Melbourne (x2)	Land	40.1	
Adelaide	Land	8.7	
Melbourne	Buildings	4.4	
Other sundry	Buildings	4.2	Total AU57.4
Netherlands (x2)	Alterations	10.2	
Belgium	Alterations	2.5	Total EU 12.7
Total Property			105.3
Other			45.0
Total Capital			150.3



New Zealand Capex – 2019 and 2020

New Zealand – NZ\$000	Property Capex	FY19	FY20
Auckland - Hobsonville*	Settlement of land purchase	17,233	
Whangarei	Building extension & Warehouse	5,500	
Blenheim	Purchase & Refurb inc Land	5,000	
Mt Maunganui	New Freight Terminal	3,000	27,000
Auckland - Airfreight	New Chillers + Solar Project	2,440	
Auckland - Titi Street	Container Terminal Wharf	2,000	3,000
Nelson	New Freight Terminal on leasehold land		10,000
Wellington - Old Toll Site#	Purchase of building & Demolition		4,000
Rotorua%	Land		3,000
		35,173	47,000

* Build not expected before 2021 year. Build cost approx \$25m

New Build not expected before 2021 year. Build cost approx \$15m

% Build not expected before 2021 year. Build cost approx \$8m



Australia Capex – 2019 and 2020

Australia – AU\$000	Property Capex	FY19	FY20
Adelaide	Land	7,967	
Adelaide	Building Cost		19,000
Dandenong South*	Land	29,540	
Dandenong South	Building Cost		20,000
Epping	Land	7,385	
Epping	Building Cost	4,000	11,000
Leased Facilities			
Logistics - 4 sites	Racking & Fitout	2,300	
Transport - 8 sites	Fitout / Relocations	1,610	
		52,802	50,000

* Balance of estimated build cost expected to be \$35,000,000 in 2021



Committed New Leases

	New Zealand	Australia	Europe	Americas
New sites	4	7	4	3
Locations	Auckland, Mt Maunganui Wellington Blenheim	Sydney Melbourne Brisbane Perth Newcastle Toowoomba Wollongong	<u>Netherlands</u> Born Zaltbommel 's-Heerenberg <u>Belgium</u> Ghent	Chicago Newark Toronto
Total rent pa	NZ\$1.45m	AU\$9.67m	€4.28m	US\$2.40m
Additional rent in F19 (approx/ timing)	NZ\$0.42m	AU\$6.59m	€3.19m	US\$1.91m



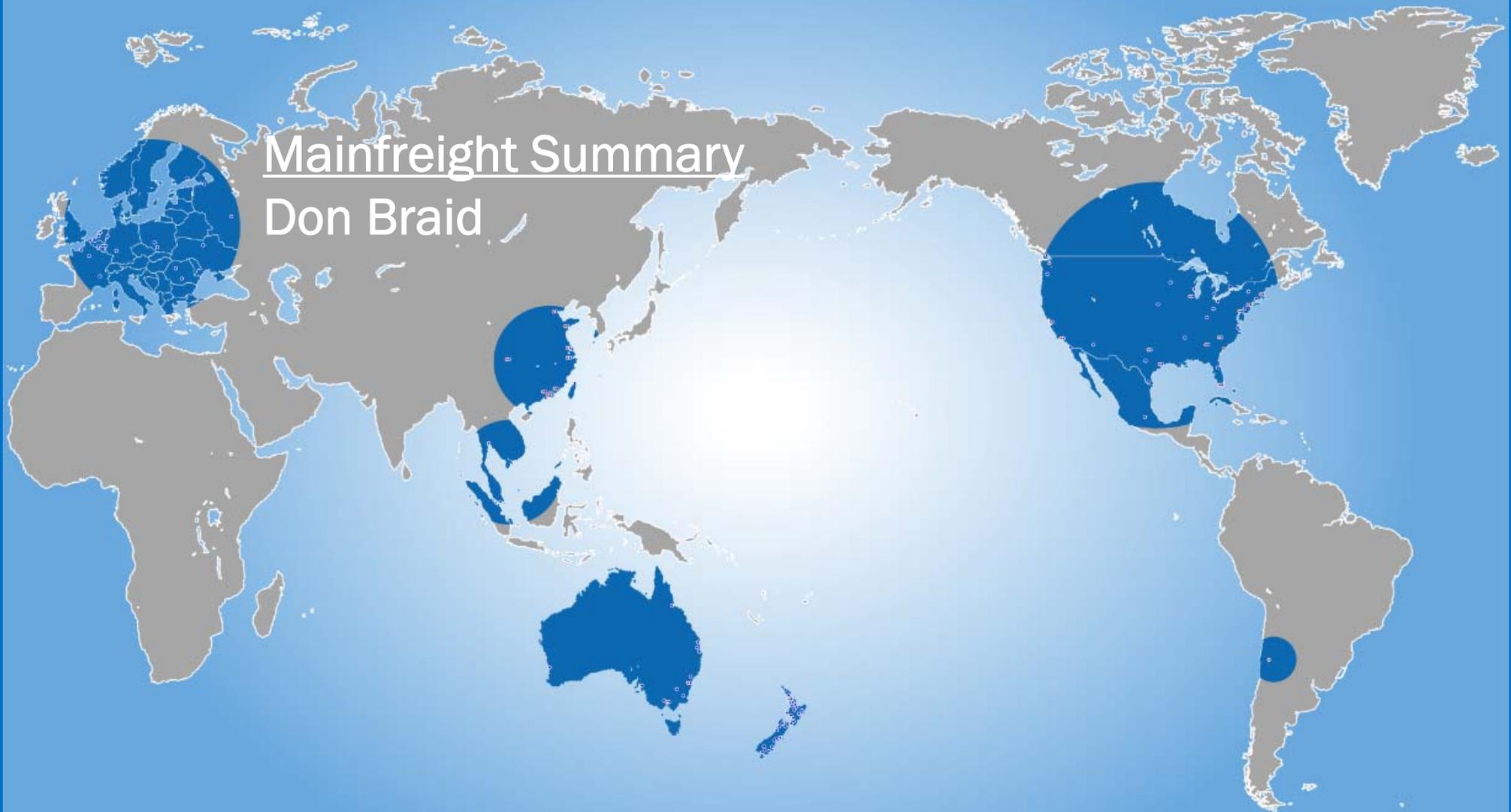
IFRS 16 - Leases

- Fundamentally changes the way in which lessors account for leases
- Commences 31 March 2020 financial statements
- Records a right of use asset and a lease liability for each lease
- Lease cost in P&L replaced by depreciation of right of use assets and interest on lease liabilities
- Cash flow changed to principal portion and interest portion
- Modelling done on 2018 figures indicates (NZ\$):
 - Total assets and liabilities to increase in the order of \$400m
 - EBITDA to increase in the order of \$85m
 - PAT will initially decrease by less than \$5m
- Currently no restating of prior years will be permitted



Mainfreight Summary

Don Braid



OUR GROWING GLOBAL NETWORK

BRANCHES:

247

COUNTRIES:

22

NZ, Australia, USA, Canada, Mexico, Chile, China, Hong Kong, Taiwan, Singapore, Thailand, Vietnam, Netherlands, Belgium, France, Germany, Romania, Poland, Ukraine, Russia, United Kingdom, Italy



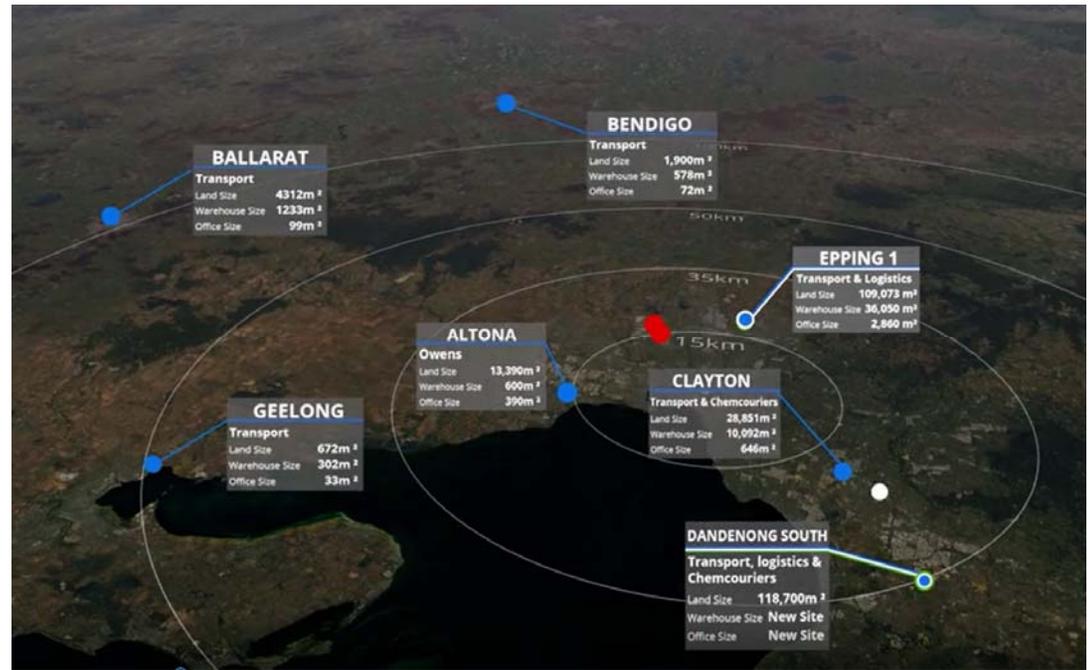
Network Intensification



Globally



Within Countries



Within Cities

Over Customers' Supply Chains



Supported With:

- High quality services – measured and shared
- Highly engaged people – our culture counts
- Technology – visibility / uncomplicated / internally controlled
- Decision-making close to the customer
- Decentralised structure – management and responsibility



Customer Profile

- Dry FMCG style
 - Food, Beverage, Retail, Consumer DIY
 - Some perishable (airfreight)
- Regional/country specific and multi-national
- More trading across borders
 - Trading across our products – supply chain management
- Linked via intelligent and useful software
- Freight focused



Infrastructure Investment

- Land and buildings
 - 2018/19 \$105 million expected capital spend
- Leased and owned – as appropriate
- Purpose built
 - Image
 - Quality
 - Efficiencies



Expectations / Outlook

- Continue to apply our principles of managing for the long-term
- Ongoing capital investment and leasing: infrastructure to accelerate growth
- Promotion from within and adherence to our culture – all countries
- Long-term organic growth vs acquisition – preferred
- Customer relationships / quality of service – key differentiator
- Expect momentum to continue
 - Short-term impacts on (unadjusted) EBITDA as new sites are delivered through 2019/2020
 - Emphasis remains on strong revenue and EBITDA improvement

