



MAINFREIGHT LIMITED
FULL YEAR RESULT
TO MARCH 2016



Result Summary

NET SURPLUS

Net surplus after tax and before abnormal items up 5.6% to \$88.18 million

REVENUE

Revenue up 11.2% to \$2.28 billion
Excluding FX up 4.3%
An increase of \$230 million

EBITDA

Another record figure for EBITDA: \$174.85 million; up 7.8%
Excluding FX up 3.4%

OUTLOOK

Very satisfactory – with momentum carrying into new financial year



Dividend

DIVIDEND

Final dividend of 23.0 cents per share

Books close 15 July 2016; payment on 22 July 2016

Total dividend for year 37.0 cents per share, increase of 3.0 cents (8.8%) over the previous year

Capital Management

NZ\$ MILLION	THIS YEAR	LAST YEAR
Operating cash flow	130.27	113.65
■ Capital expenditure totalled \$93.2 million		
Land & Buildings: \$55.1 million, including:		
■ Melbourne Building (Epping)	\$44.2 million	
■ Hamilton Building	\$5.5 million	
■ Christchurch Rebuild	\$2.6 million	
■ Westney Road Extension	\$2.6 million	

Capital Management ...

Capital Expenditure Expectations FY17		NZ\$ million
Total Capital		49.6
Property		
Christchurch (Air & Ocean)	Land/Building	9.4
Sundry Building Completion	Building	2.2
Total New Zealand		11.6
AU Melbourne Completion	Building	2.2
EU Romania	Building	3.8
Total Property		17.6
Other		32.0



Epping VIC



Full Year Analysis: Revenue

\$000	THIS YEAR	LAST YEAR	VARIANCE
New Zealand: NZ\$	563,245	542,667	3.8% ↑
Australia: AU\$	503,256	490,646	2.6% ↑
USA: US\$	457,760	422,163	8.4% ↑
Asia: US\$	47,058	44,230	6.4% ↑
Europe: EU€	264,585	259,711	1.9% ↑
Total Group: NZ\$	2,284,807	2,054,339	11.2% ↑
			(excl FX) 4.3% ↑

Full Year Analysis: 2016 Revenue ... Including Inter-Segment Sales

	VARIANCE TO PRIOR YEAR	VARIANCE WITH INTERSEGMENT SALES
New Zealand: NZ\$	3.8%	4.0%
Australia: AU\$	2.6%	2.7%
USA: US\$	8.4%	8.0%
Asia: US\$	6.4%	35.9%
Europe: EU€	1.9%	2.8%
Total Group: NZ\$	11.2%	13.4%
	(excl FX) 4.3%	(excl FX) 5.9%

Full Year Analysis: EBITDA

\$000	THIS YEAR	LAST YEAR	VARIANCE
New Zealand: NZ\$	77,642	73,606	5.5% ↑
Australia: AU\$	34,199	37,239	(8.2)% ↓
USA: US\$	18,688	19,108	(2.2)% ↓
Asia: US\$	6,349	4,989	27.3% ↑
Europe: EU€	14,223	11,913	19.4% ↑
Total Group: NZ\$	174,847	162,195	7.8% ↑
			(excl FX) 3.4% ↑

Second Half Comparison: Revenue

\$000	2 ND HALF THIS YEAR	2 ND HALF LAST YEAR	VARIANCE
New Zealand: NZ\$	292,288	286,728	1.9% ↑
Australia: AU\$	254,672	254,432	0.1% ↑
USA: US\$	229,588	215,254	6.7% ↑
Asia: US\$	25,408	22,485	13.0% ↑
Europe: EU€	133,815	129,871	3.0% ↑
Total Group: NZ\$	1,170,666	1,067,238	9.7% ↑
			(excl FX) 3.2% ↑

Second Half Comparison: EBITDA

\$000	2 ND HALF THIS YEAR	2 ND HALF LAST YEAR	VARIANCE
New Zealand: NZ\$	48,653	43,712	11.3% ↑
Australia: AU\$	21,015	21,835	(3.8)% ↓
USA: US\$	9,032	9,075	2.5% ↑
Asia: US\$	2,804	2,751	1.9% ↑
Europe: EU€	8,323	6,721	23.8% ↑
Total Group: NZ\$	103,265	92,898	11.2% ↑
			(excl FX) 7.5%% ↑

Domestic vs Air & Ocean Performance

NZ\$000		THIS YEAR	LAST YEAR	VARIANCE	
Group	Revenue	2,284,807	2,054,339	11.2%	↑
	EBITDA	174,847	162,195	7.8%	↑
Domestic	Revenue	1,315,550	1,230,986	6.9%	↑
	EBITDA	119,949	120,197	(0.2)%	↓
Air & Ocean	Revenue	969,257	823,353	17.7%	↑
	EBITDA	54,898	41,998	30.7%	↑

New Zealand

- Satisfactory performance from all divisions
 - Better overhead cost management in H2
 - Improving gross margins
 - Sales revenue improvements from better cross-selling between divisions
- Domestic
 - Strong focus on continuing our quality improvements
 - Hamilton and Christchurch facilities assisting with quality and increased rail usage
- Logistics
 - New Auckland chilled site still under-utilised



Mainfreight Hamilton



New Zealand ...

- Air & Ocean
 - Continuing to grow NZ market share and revenues, despite low ocean rates
 - Strong performance in Ocean Imports and Perishable Export sectors
- Capex
 - Much reduced as new facilities find better utilisation
 - Additional rail-served land still required in Auckland, Tauranga and Dunedin
- Technology
 - New domestic software implementation expected April 2017



New Zealand ...

OUTLOOK

- Current performance to continue
- Revenue growth increases as supply chain activity improves across customer base

Australia

- Satisfactory performance from Air & Ocean and Logistics operations
- Disappointing performance from Domestic Transport operations
 - Higher overhead costs
 - Weaker margins from PUD management
 - Lower than expected revenue growth
- Logistics
 - High occupancy assisting utilisation
 - High activity levels assisting margin improvement
- Air & Ocean
 - Strong growth in exports, particularly Perishables
 - Gross margin improvements
 - Import control for UK trade-lane assisting UK expansion



Australia ...

- Melbourne and Perth facilities now occupied
 - Melbourne – our largest ever project
 - Warehouse utilisation ahead of expectations
 - Transport only just moved in
 - Perth – dedicated facility improving quality and capacity issues
- Technology
 - Domestic software upgrade to be completed after New Zealand implementation



Epping VIC



Australia ...

OUTLOOK

- Progress in Domestic financial performance; expect this to continue throughout 2017 financial year
- Further market share gains for Logistics and Air & Ocean businesses
- Stronger Domestic sales activity a priority
- Management focus on Sydney financial performance

The Americas

- Strong Mainfreight Air & Ocean performance overshadowed by Domestic and CaroTrans results
- Mainfreight Air & Ocean
 - Growth driven by air and sea import growth
 - Strong customer growth still to come
- Mainfreight Domestic
 - LCL freight volumes poor; requires better sales performance
 - Fixed line-haul now being better managed – margin opportunity still exists as volumes improve
 - New senior management
 - 90 road line-hauls per week (152 legs), servicing 40 significant cities



The Americas

- Mainfreight Logistics
 - Capability now in place: Los Angeles, Dallas, Newark, Chicago
 - Still yet to reach break-even; utilisation improving
- CaroTrans
 - Revenue affected by low ocean rates
 - Significantly suppressed
 - Our own sales activity not strong enough
 - Gross margin improvements through better container utilisation
 - Import growth is heartening
 - Agent network addressed to improve import growth
 - Expecting inland freight tonnage to assist Mainfreight line-haul utilisation



The Americas ...

OUTLOOK MAINFREIGHT

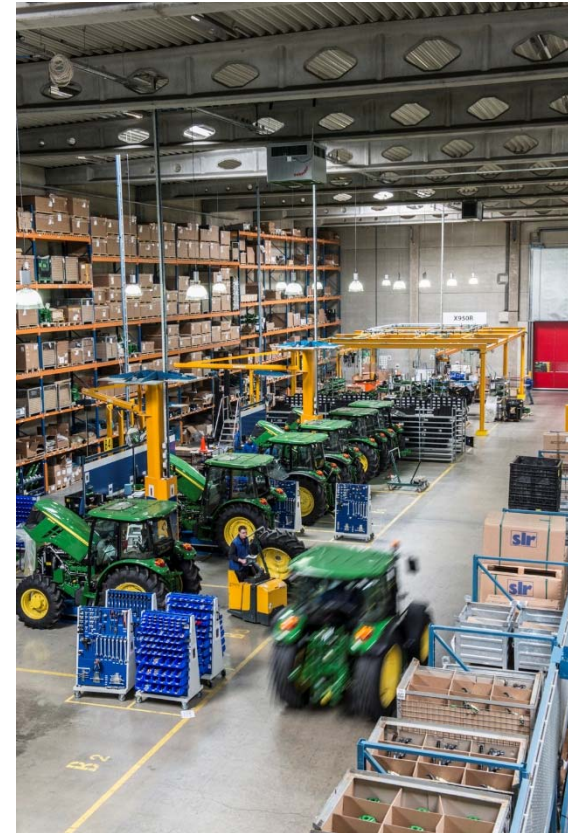
- Air & Ocean capability and profitability to further improve
- Domestic sales capability improving and sales pipeline now with substance

OUTLOOK CAROTRANS

- Likely to return similar result to that of 2016 financial year

Europe

- Continuing improvement in financial performance
 - Better gross margins
 - Improved overhead cost management
 - Sales growth still disappoints
- Logistics – continued improvement
 - Good utilisation of all sites
 - Increased activity
 - Better labour efficiencies
- Increased current customer activity and new customer gains requiring new facilities across Netherlands and Belgium
 - Construction to begin within next three months
 - All will be leased properties



Europe ...

- Forwarding & Transport
 - Small improvement seen in Belgium
 - New facilities required in:
 - Genk, Belgium (lease expiry)
 - Ostend, Belgium (location)
 - Netherlands sales growth requiring improvement
 - French performance improving
 - Balance of European Forwarding operations minimal improvements



Europe ...

- Air & Ocean
 - Good growth across Belgium and the Netherlands
 - French performance poor
 - Good German development
 - UK office opened and operating – focus on Australia, NZ and USA trade-lanes
- Technology
 - Domestic software upgrade currently being implemented



Europe ...

OUTLOOK

- Expect overall financial improvement to continue
- Stronger branch performance expected to assist Forwarding & Transport results
- Air & Ocean improvements on back of Mainfreight global network
- Logistics sales pipeline very strong – will assist cross-selling opportunities

Asia

- Steady approach to market producing satisfactory results
- Strong airfreight volume to USA has assisted Hong Kong development
 - This may abate during current year, replaced by an increase in seafreight volume
- Vietnam – Ho Chi Minh City opened and operating
- Now in 6 countries and have 19 branch operations across Asian network
- Hong Kong warehouse open and operating – not yet profitable



Asia ...

OUTLOOK

- In-country sales a high priority for further improvement
- Expecting a continuation of these financial improvements

Group Outlook

SHORT-TERM

- Current financial results improved on year prior providing confidence of a stronger first six months
- Australian Domestic improvements are evident
- American Domestic performance is encouraging
- Stronger sales activity focus across all regions

MEDIUM TO LONG-TERM

- Expect stronger Air & Ocean growth
- Cross-selling activity across global network and supply chain products to benefit network development

CAPITAL

- Expectations of lower capital spend on property for next 12 months

Financial Calendar F17

RELEASE DATE

Annual Meeting of Shareholders

28 July 2016

Investor Day – Melbourne

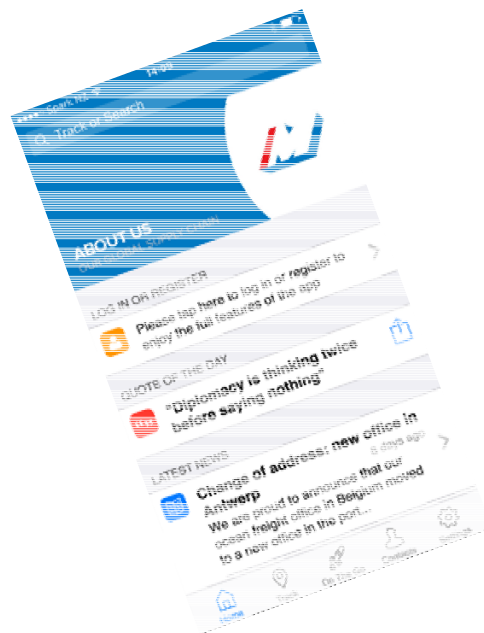
12 October 2016

F17 – 6 months ended 30 September 2016

9 November 2016

F17 – 12 months ended 31 March 2017

30 May 2017



Mainfreight app available

