

## **Mainfreight Enters Agreement to Purchase Wim Bosman Group**

Mainfreight is pleased to announce that it has entered into a sale and purchase agreement to purchase the Netherlands-based Wim Bosman Group.

The Wim Bosman Group is one of the largest privately-owned, integrated transport and logistics providers in the Netherlands and Belgium with 14 branches across six European countries, with more than 1,000 transport units, more than 275,000m<sup>2</sup> of warehouse and cross docking facilities and approximately 1,414 team members. The Group provides transportation and logistics services across Europe utilizing road, sea and air transportation. Third party warehousing services are an attractive feature of the supply chain activities offered to its customers.

The acquisition is a strong strategic fit for Mainfreight and will provide an excellent platform for Mainfreight to expand its business and service offering globally.

Mainfreight's presence in the European community will provide increasing services and opportunities to its existing and future customers from New Zealand, Australia, Asia and the USA.

### **Purchase Price**

The initial purchase price for the Wim Bosman Group is €110 million (approximately NZ\$205 million). A further earn out payment of up to €10 million will be payable if the Wim Bosman Group achieves EBITDA of at least €20 million for the year ending 31 December 2011, giving a maximum purchase price of €120 million.

EBITDA for the Wim Bosman Group for the year ended December 2010 was €19.4 million (unaudited) on sales revenues of approximately €240 million.

Mainfreight expects that the transaction will be accretive to its earnings per share.

### Funding the Acquisition – New Loan Facilities

The acquisition of the Wim Bosman Group will be funded by bank debt. In addition to raising the additional debt required to fund the acquisition, Mainfreight has taken the opportunity to refinance its existing bank debt facilities on more favourable terms by entering into new loan facilities.

These new facilities are five year multi-currency facilities which allow for borrowings up to approximately NZ\$415 million (based on current exchange rates).

Mainfreight has elected to debt fund the acquisition in preference to an equity-raising due to significant balance sheet capacity and the lower cost of debt relative to the cost of equity.

Following the acquisition, Mainfreight's gearing ratio of net debt to net debt plus equity is expected to be approximately 48%. The current gearing ratio pre-acquisition is approximately 17.5%.

Cash flow generation from the combined entity, post-acquisition, will be more than sufficient to service interest costs and debt reduction.

The new funding arrangements will allow for expansion under more favourable terms and covenants, with additional headroom for future capital requirements.

### Key Benefits

The key benefits of the acquisition to the Mainfreight Group are:

- The establishment of a significant footprint within Europe with a well established, quality business, producing sound profits.
- The timing of the acquisition is favourable to Mainfreight's long-term European strategic initiatives.

- The Wim Bosman Group provides opportunities to further expand Mainfreight's international global network enhancing European capability for its customers.
- The Wim Bosman Group has experience and expertise in supply chain logistics which will enhance the development of the Mainfreight Group's equivalent business.
- The structure and culture of the Wim Bosman Group is very similar to that of Mainfreight with an emphasis on customers, teamwork and quality.

### Conditions

Completion of the acquisition is subject to a number of conditions including:

1. Mainfreight shareholder approval by Special Resolution. A special meeting of Mainfreight shareholders is scheduled to be held on 24 March 2011. A notice of meeting containing further information on the purchase and the new loan facilities is expected to be sent to shareholders on 9 March.
2. The sellers obtaining necessary consents and approvals from parties to various material arrangements. These include consents from certain lessors, alliance partners and fleet financiers.
3. Wim Bosman, the founder of the Wim Bosman Group, entering a service agreement with the Wim Bosman Group for a period until 31 December 2011.
4. All amounts owing between the Wim Bosman Group and the sellers and their related parties having been settled.
5. Encumbrances over the shares in the companies and the assets of the Wim Bosman Group being released.

## Completion

The completion date is scheduled for 1 April 2011 unless a deferral is required should all conditions not be satisfied. The long stop date by which all conditions must be satisfied is 30 April 2011.

This acquisition is a significant step in the development and growth of Mainfreight. Wim Bosman Group is a well-respected, profitable organisation which will provide Mainfreight with a significant European presence and opportunity to further grow its supply chain logistic services throughout the world.

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