MAINFREIGHT LIMITED
FULL YEAR RESULT
TO MARCH 2014

MAINFREIGHT

Result Summary

NET SURPLUS	Net surplus after tax and abnormal items up 36% to $89.94 million Highest ever result Abnormals $12.15 million
REVENUE	Revenue up 2.1% to $1.92 billion Excluding FX up 4.8% An increase of $38.3 million
EBITDA	EBITDA at record level $149.19 million; increase of 8.5% Excluding FX up 11.7% All regions ahead, other than Europe – down 5.6%, however second half much improved
OUTLOOK	Pleasing result – confident outlook

Dividend

DIVIDEND

Final dividend of 19.0 cents per share
Books close 11 July 2014; payment on 18 July 2014
Total dividend for year 32.0 cents per share, increase of 5.0 cents (18.5%) over the previous year

Capital Management

NZ$ MILLION	THIS YEAR	LAST YEAR
Operating cash flow	120.37	83.17

- Reflects increased profitability and working capital stability
- Capital expenditure totalled $78.66 million

Land & Buildings	$55.8 million
▪ Christchurch Rebuild	$18.8 million
▪ Brisbane New Build	$24.3 million
▪ Adelaide Renovation	$3.7 million
Land & Building Disposals	$15.0 million
▪ Wellington	$5.0 million
▪ Melbourne – Clayton	$10.0 million

Capital Management …

Capital Expenditure Expectations FY15		NZ$ million
Total Capital		**$128**
Property		
- Christchurch	Completion	$12
- Auckland (Westney Rd)	Extension	$16
- Hamilton	Land & Building	$28
- Dunedin	Building	$10
- Hamilton	Disposal	$(7)
- Palmerston North	Disposal	$(2)
New Zealand		**$57**
- Brisbane	Completion	$5
- Melbourne	Land(2) & Building	$41
Australia		**$46**
Total Property		**$103**
Other		**$25**

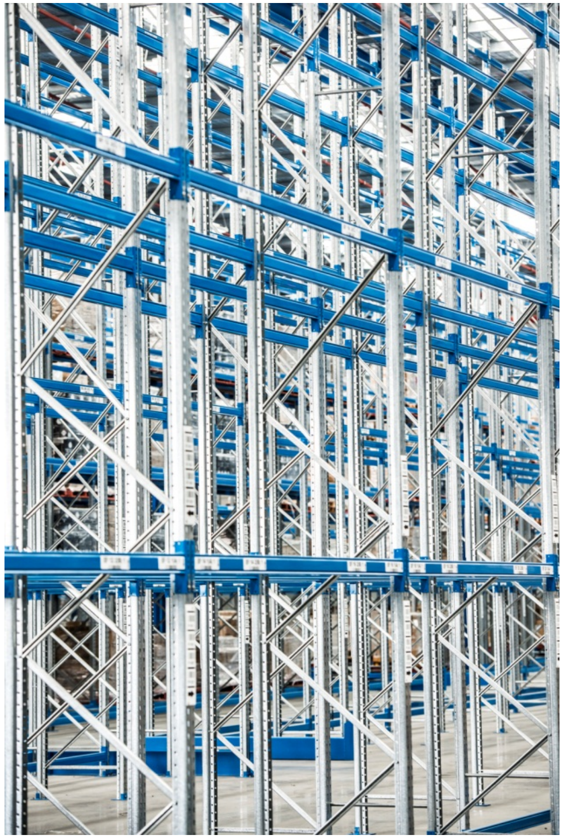
Larapinta QLD

Capital Management …

FUNDING

Debt Restructure and Refinancing

- Four banks vs two:
  - CBA
  - Westpac
  - HSBC
  - BTMU (Bank of Tokyo-Mitsubishi)
- Debt facilities to $450 million from $390 million
- New headroom $1 million
- Reduced cost
- Five year term (evergreen)
- Interest cover 17.14 x



Full Year Analysis: Revenue

$000	THIS YEAR	LAST YEAR	VARIANCE	
New Zealand: NZ$	505,189	473,870	6.6%	↑
Australia: AU$	458,473	433,229	5.8%	↑
USA: US$	363,565	357,487	1.7%	↑
Asia: US$	37,704	29,900	26.1%	↑
Europe: EU€	250,721	244,740	2.4%	↑
Total Group: NZ$	**1,924,407**	**1,885,672**	**2.1%**	↑
			(excl FX) 4.8%	↑

Full Year Analysis: EBITDA

$000	THIS YEAR	LAST YEAR	VARIANCE	
New Zealand: NZ$	67,375	59,924	12.4%	↑
Australia: AU$	35,191	30,458	15.5%	↑
USA: US$	18,853	16,920	11.4%	↑
Asia: US$	3,523	2,603	35.3%	↑
Europe: EU€	8,922	9,456	(5.6)%	↓
Total Group: NZ$	149,187	**137,454**	**8.5%**	↑
			(excl FX) 11.7%	↑

Second Half Comparison: Revenue

$000	2ND HALF THIS YEAR	2ND HALF LAST YEAR	VARIANCE	
New Zealand: NZ$	262,042	245,581	6.7%	↑
Australia: AU$	234,227	223,811	4.7%	↑
USA: US$	185,446	175,442	5.7%	↑
Asia: US$	19,172	15,151	26.5%	↑
Europe: EU€	125,973	122,385	2.9%	↑
Total Group: NZ$	**971,708**	**949,301**	**2.4%**	↑
			(excl FX) 5.5%	↑

Second Half Comparison: EBITDA

$000	2ND HALF THIS YEAR	2ND HALF LAST YEAR	VARIANCE	
New Zealand: NZ$	39,720	35,738	11.1%	↑
Australia: AU$	21,110	17,435	21.1%	↑
USA: US$	10,450	8,797	18.8%	↑
Asia: US$	1,703	1,230	38.4%	↑
Europe: EU€	4,954	4,202	17.9%	↑
Total Group: NZ$	**85,885**	**76,393**	**12.4%**	↑
			(excl FX) 16.3%	↑

New Zealand

- Satisfactory performance across all divisions
- Domestic Transport volumes increased by additional 200k consignments
- Challenging period with reduced rail and ferry services October to December – continues today
- FMCG sector, hardware and building-related tonnage dominated Transport freight profile
- Logistics division improved warehouse utilisation; similar sectors to Transport
- New warehouse facilities in Christchurch and Auckland to assist growth
  - Auckland: ambient, chilled and frozen food
  - Flow over into Transport division

Christchurch Rebuild

New Zealand …

- Air & Ocean division increased revenues across all modes
  - Increased market share inbound Asia trade lanes
  - Air & Ocean network intensified – greater rural sector presence
- Christchurch rebuild completion eagerly awaited; due May 2015
- Hamilton land purchase and development; May 2015

New Zealand …

OUTLOOK

Expect consistent improved performance across all divisions

- Entry into supply chain opportunities around grocery category
- Logistics will face increased costs of new facilities
- Air & Ocean will continue its growth, particularly ex Asia

Australia

- Reasonable performance across all divisions
  - Becoming a significant contributor to the Group’s profitability
  - Domestic operations (Transport and Logistics) continuing to lift market share
  - Focus on high quality freight and warehousing services is a factor
  - Expect quality to improve further
- Transport operations removed parcel freight mid-year
  - Annualised revenue of $12 million exited
  - Consultation process with customers
  - Parcels created inefficiencies for network and margins; significant improvement once completed

Prestons NSW - extension

Australia …

- Chemcouriers business well-established and growing
  - Demand
  - Expect contributions to be strong
- Logistics growth continuing
  - Financial improvement pleasing
  - New facilities to aid growth
    - Sydney 13,250 m^2
    - Brisbane 12,790 m^2

    (World-wide total = 450,000 m^2)

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Australia …

- Air & Ocean profitability improved
  - Market share increasing
  - Perishable capability now in Melbourne, Sydney and Brisbane
  - New Brisbane facilities assisting
  - Sales Revenue improved despite decline in ocean rates ex Asia

Air & Ocean, Eagle Farm QLD

Australia …

OUTLOOK

Increased sales activity to see revenues improve further

- Domestic margins increasing with exit from parcels
- Building costs may impact first half results for Logistics and Transport slightly
- Quality improvement through new facilities – Sydney, Brisbane, Adelaide
- Air & Ocean growth to continue

Expecting strong long-term growth; infrastructure investments assisting

The Americas

- Sales revenue increase is disappointing at 1.7%
  - Ocean freight rate fluctuations
  - Domestic sales performance poor
- CaroTrans improved margins
  - Better container utilisation
  - Improved linehaul negotiation
  - Growth of imports: 16% of revenue vs 13% last year
- CaroTrans increased groupage services
  - From China, Korea and France
  - Initiated services into the Caribbean
- Western Europe a priority for CaroTrans
  - Capability to drive growth into and from EU

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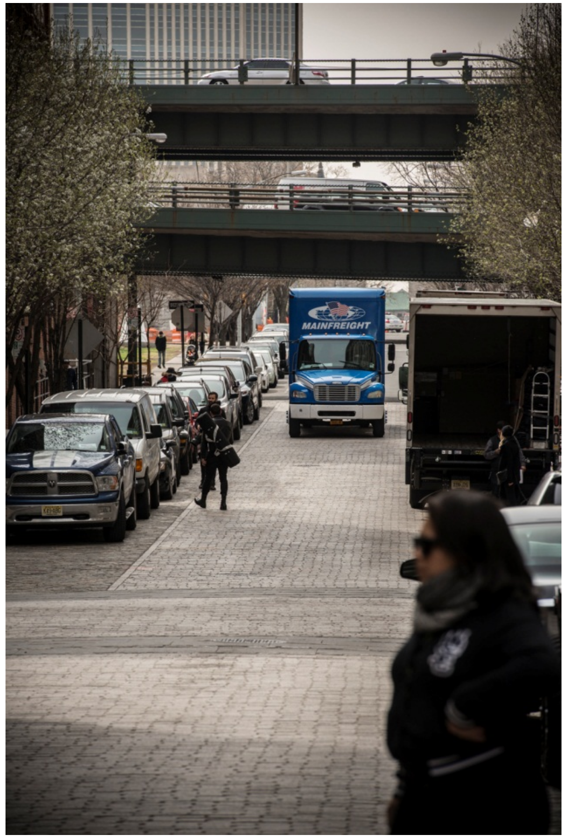
The Americas …

- Mainfreight Domestic performance less than satisfactory
  - Improved in the last quarter
  - Introduced greater volumes of LTL (everyday freight)
  - Commitment to more direct linehaul
    - LA/Dallas/Atlanta; LA/Newark
    - Chicago/Toronto; Chicago/Miami; Chicago/LA
    - Atlanta/Dallas/LA
    - Newark/Chicago
  - New branch McAllen TX for Mexico/USA development
- 3PL warehousing services requiring development
  - Purpose-built facilities
  - Removal of warehousing from freight facilities over time



The Americas …

- Mainfreight Air & Ocean – much improved margin growth
  - Network focusing on air and sea modes
  - European and Asian trade lane growth a priority; Mainfreight network preferred over agents
  - Additional sales capability developing

The Americas …

OUTLOOK MAINFREIGHT

- Mainfreight USA sales growth expected to be stronger, and margin improvement as road linehaul routes become effective
- Entry into 3PL warehousing to bolster supply chain activity and opportunity
- Expect Air & Ocean business to grow substantially as they target Europe trade lanes

OUTLOOK CAROTRANS

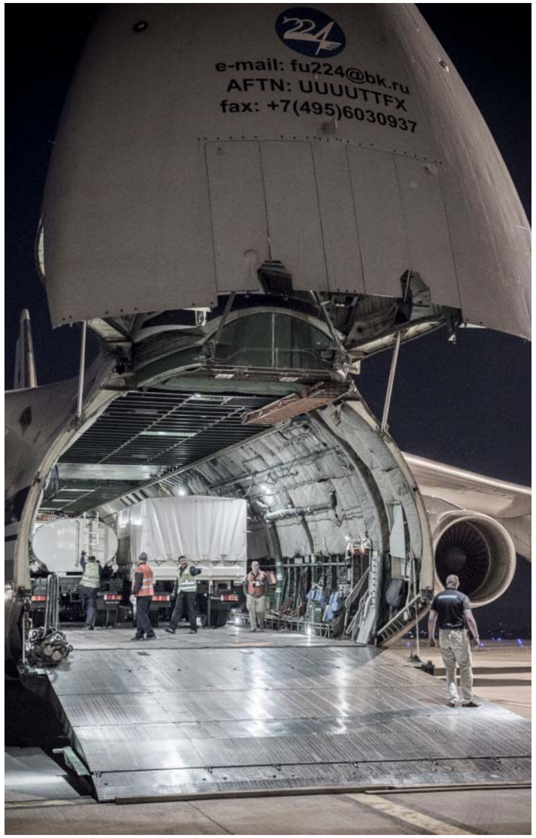
- CaroTrans expect similar year on year returns
  - Work to do on European entry
  - Import growth key strategic initiative

Europe

- Full year sales improved 2.4% to €250.72 million
  - Logistics and Air & Ocean revenue growth
  - Domestic Forwarding growth inhibited by freight rates and Belgian performance
- EBITDA fell short, 5.6% to €8.92 million
  - Second half EBITDA growth improving; up 17.9% year on year
  - Right-sizing of Belgium operations assisting (closure of Antwerp Forwarding branch)
- Pan-European Forwarding/Logistics units improving
  - Customer gains – food sector
  - “Last-round” status in large multi-national tenders

Europe …

- New technology commitments
  - Transport
  - Logistics
- Air & Ocean performance improving however still in a loss position
  - Opened in Germany for USA and Asia trade lanes
  - Lyon will be third French operation



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Europe …

OUTLOOK

We see ongoing improvement from Europe in the medium to long term

- Belgium cost-out initiatives will improve Forwarding results
- Improvements from pan-European sales activity already showing in early FY15 results
- Air & Ocean growth to be maintained, expect profitability this year
- Logistics continuing to see better margin and sales levels
    - Sales opportunities remain strong

Asia

- Continued improvement in financial performance
  - Finally, improving sales performance
- Network expansion saw opening of first Thailand branch
  - Expect to open second branches in Thailand and in Taiwan
  - Airfreight operation for Beijing
  - Will relocate Singapore branch to Changi Airport
- Trade lane growth to and from USA is pleasing
- Southeast Asia network is a priority
  - Regional management structure
  - Vietnam, Malaysia and Philippines under consideration

Asia …

OUTLOOK

Strong growth of the last year expected to continue

- Southeast Asian development
- Asia / Europe trade lane growth

Group Outlook

SHORT-TERM

- Expect all regions to out-perform last year – ongoing
- Capex for New Zealand/Australia of $100+ million to complete infrastructure required for growth

MEDIUM TO LONG-TERM

- Expect Asia, USA and Europe to provide significant growth
- Air & Ocean to play a bigger role
- Australia likely to exceed New Zealand earnings

ACQUISITION

- We continue to be inquisitive
- Likely to be offshore

FUNDING

- New banking arrangements provide a good platform for additional investment

Financial Calendar F15

	RELEASE DATE
Annual Meeting of Shareholders	30 July 2014
F15 – 6 months ended 30 September 2014	11 November 2014
F15 – 12 months ended 31 March 2015	27 May 2015