



## MAINFREIGHT LIMITED

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### **STOCK EXCHANGE ANNOUNCEMENT**

12 October 2016

### **MFT: MAINFREIGHT INVESTOR DAY PRESENTATION**

Mainfreight Limited provides a copy of its presentation to analysts and investors at its Investor Day held at Mainfreight Epping, Victoria, Australia.

Ends

Don Braid  
Group Managing Director

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Mainfreight: INVESTOR DAY  
12 October 2016

*Special people  
Special company*

# Agenda

- 9.00am Welcome Don Braid
- 9.15am Site Tour Rodd Morgan
- 10.15am Morning Tea
- 10.30am Australia Rodd Morgan
- 10.45am New Zealand Craig Evans
- 11.00am Asia Michael Lofaro
- 11.15am Americas John Hepworth
- 11.30am Europe Ben Fitts
- 11.45am Technology Kevin Drinkwater
- 12.00pm Summary and Q&A Don Braid
- 12.30pm Lunch / Depart





**Global Team**



**Don Braid**  
Group MD



**Carl Howard-Smith**  
Director &  
General Counsel



**Tim Williams**  
Group CFO



**Kevin Drinkwater**  
Group CIO



**Martin Devereux**  
Group Team  
Development



# Epping Facility Statistics

- Cost: AU\$58.5m
- Dates:
  - Land Settled February 2014
  - Project completed April 2016
- Size:
  - *Total Site Area: 10.9HA (427m x 280m)*
  - *Total Building Area: 46,449 sq.m*
- Environmental factors:
  - Generator, 100 kW solar system, rainwater harvesting, EMS, thermal paint, T5 lighting, sensor lighting
  - Electric forklifts: 40 chargers including 6 fast chargers
- Team benefits:
  - Skybridge, lifts, commercial grade canteen, gym, open plan office, natural lighting, secure parking



# Epping Facility Statistics

## Transport:

Freight Facts (per annum)	Inbound	Outbound
Con/notes	24,636	62,532
Total m3	69,734m3	116,193m3
Total KG	18.6M	26.1M

## Logistics:

Logistics Facts (Jan to Sep 2016)	
Current utilization	57%
Pallets Inwards	25,830
Pallets Outwards	12,665
Inwards containers received	724
Orders picked	66,323



# Australia

## Rodd Morgan



# Australia: Overview – Structure

	BRANCHES	TEAM MEMBERS
■ <b>Transport</b> General Manager: Bryan Curtis National Sales Manager: Steve Turner	25	716
■ <b>Logistics</b> General Manager: Simon Hart National Sales Manager: Aladin Basic	8	192
■ <b>Air &amp; Ocean</b> General Manager: Grant Draper National Sales Manager: Brendan Ryan	13	315
■ <b>Owens Transport</b> National Manager: Mike Reid National Sales Manager: James Bennett	4	132
■ <b>Australian National Sales Manager:</b> Dave Scott		
<b>Total:</b>	<b>50</b>	<b>1,388*</b>

*\*Includes Group team of 33*





# Australia: Overview – Core Business

Part of our Complete global supply chain logistics network

- Air & Ocean:  
Air, Sea, Import, Export, Customs, Perishables
- Warehousing:  
Pick, Pack, Inventory Management, Food Grade & Hazardous
- Transport:  
Day Definite, Australia Wide, Metro, Full Load, Hazardous (Chemcouriers), Wharf Cartage (Owens), Road, Rail, Shipping.
- Integration:  
Global Visibility, Project Logistics, Supply Chain analysis, EDI Business Solutions



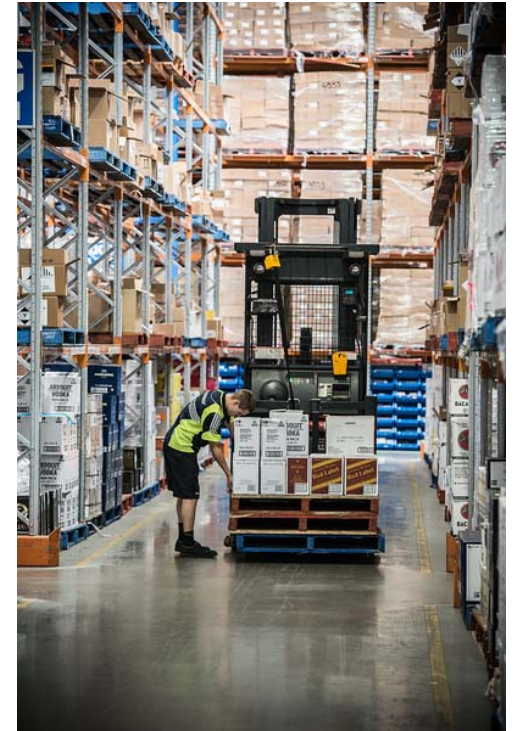
# Australia: Development Focus – Short to Medium-Term

## Air & Ocean

- Return toward double digit growth:-
  - Increased sales activity & team numbers (need 4 people)
  - More targeted prospecting
  - Leverage existing customers
  - Focus on trade lanes where we have our own operations
- Grow export volumes as a percentage of sales from 23%
- Development of perishables capability

## Logistics

- Increase beverages & hazardous goods market share
- Continue developing account management programs – customer retention & continuous improvement
- Finalise new pre lease warehouse Sydney & Brisbane soon after



# Australia: Development Focus – Short to Medium-Term

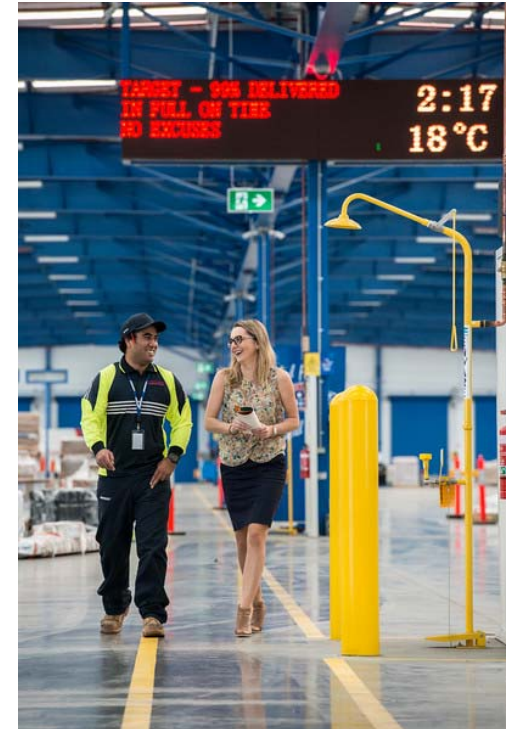
## Transport (including Owens)

- Find profit in our 5 loss making branches (was 10 last year)
- Return to double digit growth
  - Recruitment & development of bright young sales people – fill gaps (need 25 people)
  - Work rate, training & better prospect targeting
- Finalise new leased facilities in Newcastle, Albury, Canberra & Owens Melbourne
- Continue improving our quality
  - Operations cadets
  - Account management
  - KPI – measurement & reaction – 94.1% DIFOT
  - Reduce reliance on regional agents delivering 25% of freight
  - Claims payments program (QAP)



# Australia: Development Focus – Long-Term

- Own operations in all significant regional towns (approx 10 towns)
  - 100% of all deliveries completed by Mainfreight, not agents
  - Assists quality, presentation & growth
- Generate more profit than NZ by 2021
- 75% of our team to have worked 2+ years in each product
- Nationwide hazardous goods storage capability
- Continue to refine & develop our culture
  - Positive Action Team Meetings
  - Quality, morale, profit
  - Decision making on floor
  - Profit better than previous period
- Continue to develop our Australian network & quality to fit seamlessly with our other global operations & customer expectations



# Australia: Weaknesses & Strengths

- Have lacked sales growth recently
- Transport quality needs to continue to improve
- Lack of facilities & capability in Hazardous logistics – but is developing
- Domestic IT development (Mainstreet 2018 will address)
- Full supply chain logistics capability. Own branches in customers major trading areas
- Extensive ground based network to complete last mile deliveries from anywhere in the world
- Right Facilities. Allows for improved margin, quality & growth without further investment
- Rapidly developing image. Helps increase growth momentum.

\*We have a real confidence in what we have created here.



# New Zealand Craig Evans



# New Zealand: Overview – Structure

	<b>BRANCHES</b>	<b>TEAM MEMBERS</b>
■ <b>Transport</b> General Manager: Carl George	35	1640
■ <b>Logistics</b> General Manager: Mitch Gregor	11	236
■ <b>Air &amp; Ocean</b> General Manager: Nic Kay	13	187
■ <b>New Zealand Sales</b> National Sales Manager: Rob Croft		
<b>Total:</b>	<b>72</b>	<b>2063</b>



# New Zealand: Overview – Core Business

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





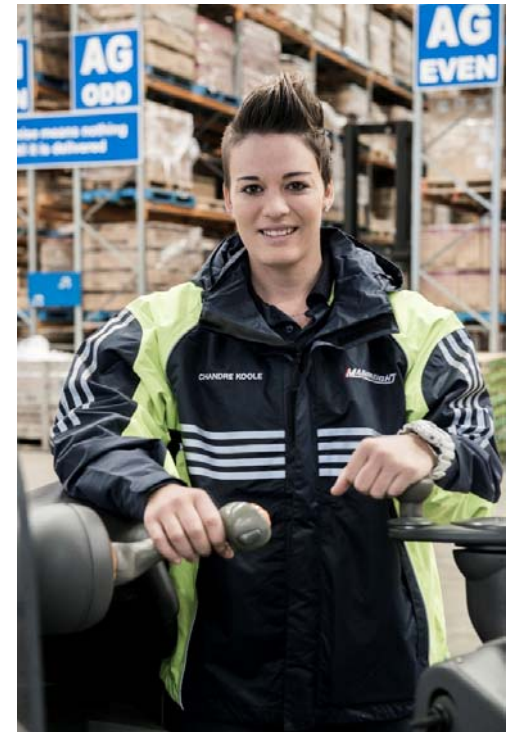
# New Zealand: Development Focus – Short to Medium-Term

- Formation of strategic alliances
  - Courier
  - Temperature controlled sector
- Capture new business in the bulk agriculture/commodity sector
  - Innovative equipment
  - Specific business focus
- Continue to intensify the network with Transport and Air & Ocean operations;
  - Influence freight decisions at both origin and at the consignee level
- Commission stand-alone Logistics operations in Wellington & Tauranga



# New Zealand: Development Focus – Long-Term

- Logistics - 2020
  - Multiple locations of high density warehousing, including ambient and chilled
  - Inbound and outbound fed by Mainfreight
- Transport - 2020
  - Service every town, community, daily in-house
  - 40+ branch network
  - Multiple line-haul capability – road/rail/sea
- Air & Ocean - 2020
  - Expansion of branch network
  - Strong focus on developing export/import freight from within Mainfreight global network
  - Ensuring all imports are serviced via Mainfreight Logistics and Transport network



# New Zealand: Strengths & Weaknesses

- Strengths
  - Comprehensive national network and service capability
  - Total supply chain offering;
    - Supply chain engineering
    - High degree of IT competence and investment
    - Global reach
  - Continued long-term growth opportunities
    - Diversification of Logistics capability
- Weaknesses
  - Industry leader responsibilities
  - Developing talent quick enough to manage growth
  - Sourcing professional drivers



# ASIA


## Michael Lofaro

Chengdu 

Beijing   Tianjin

Qingdao 

  Shanghai

 Ningbo

Xiamen 

Shenzhen   Taipei

Guangzhou    

Hong Kong  

 Kaohsiung

Thailand 

 Vietnam

 Singapore

 **MAINFREIGHT**

 **CaroTrans**

# Asia: Overview – Structure

	BRANCHES	TEAM MEMBERS
<ul style="list-style-type: none"> <li>■ <b>Asia - Air &amp; Ocean</b> <ul style="list-style-type: none"> <li>Hong Kong      Taiwan</li> <li>Singapore      Thailand</li> <li>Vietnam          China</li> </ul> </li> </ul>	14	236
<ul style="list-style-type: none"> <li>■ <b>Warehouse / Logistics</b></li> </ul>	1	20
<ul style="list-style-type: none"> <li>■ <b>CaroTrans</b></li> </ul>	5	55
<ul style="list-style-type: none"> <li>■ <b>Regional Support Team</b> <ul style="list-style-type: none"> <li>General Manager Asia: Michael Lofaro</li> <li>General Manager China: Cary Chung</li> </ul> </li> </ul>	-	37
<b>Total:</b>	<b>20</b>	<b>348</b>



# Asia: Overview – Core Business

- **Sea Freight**
  - Daily Full Container Load & Less Than Container Load Services
  - Buyer's & Seller's Consolidation
  - Project Shipments
- **Air Freight**
  - International and Domestic access
  - Services – Full coverage of carrier choices, including premium, secondary and deferred
  - Consolidation Services
  - Sea – Air Services
- **Logistics Service**
  - Multi-Model – Intra-Asia Road freight, Rail, Sea & Air, 3PL
  - Warehousing, Information Management, Value Added Services, Contract Logistics
  - Transportation services, Door to Door service – via 3<sup>rd</sup> party providers
- **Customs Clearance**



# Asia: Development Focus – Short to Medium-Term

- Develop our network and trade lane mix, technology offerings and value added services
- Targeting Automotive, Food & Beverage, Fast-Moving Consumer Goods, Healthcare & Hi-Tech
- Build “Domestic” Products
  - Cross Border Transport – Build Cross Border network between China / Hong Kong / Association of Southeast Asian Nations (ASEAN)
- To be a significant air freight consolidator and groupage provider for the Group’s global network
- Intercompany revenue: drive is to have external revenue greater than internal
  - FY, 2014/15, Total Revenue: US\$80 M (I/C: US\$36 M)
  - FY, 2015/16, Total Revenue: US\$108 M (I/C: US\$61 M)
- To have Intra Asia groupage service
- 71 (or 20%) of our total team dedicated to sales/commercial roles



# Asia: Development Focus – Long-Term

- Develop a business that emulates Group's global Network capabilities
- A business that generates more of its own revenue and contributes to the company's global network both geographically and by customer





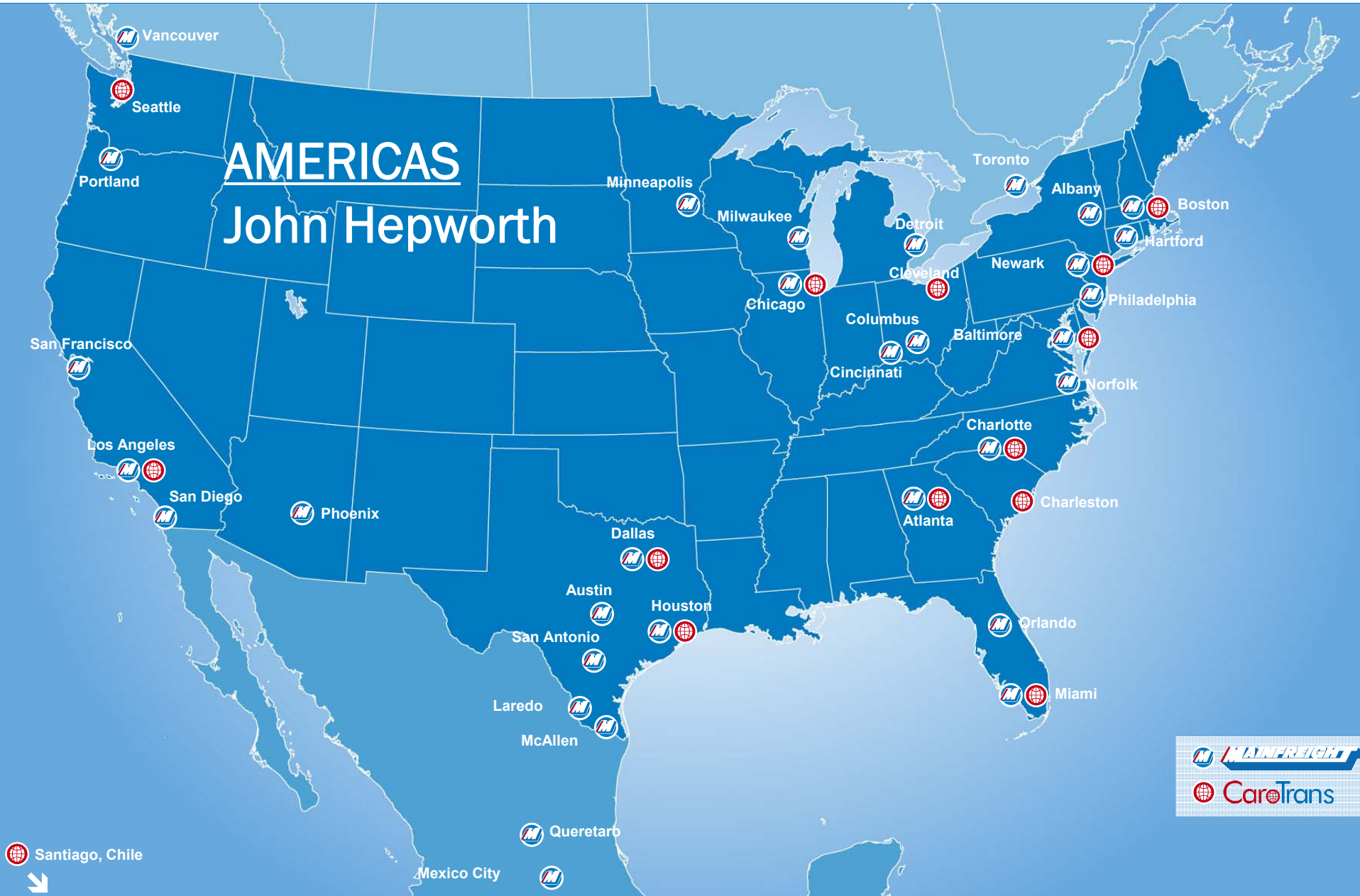
# Asia: Opportunities / Weaknesses

- **Mainfreight currently operates in 6 locations in Asia being – Hong Kong, China, Taiwan, Singapore, Thailand and Vietnam**
  - There are 22 countries in 'Asia' where Mainfreight still has the opportunity to grow
- **Asia Sales team: developing more import, Intra Asia and network sales activities with emphasis on Europe and USA**
- **We are currently heavily skewed towards Air and Ocean services, and will continue to be until ready to move**



# AMERICAS

## John Hepworth



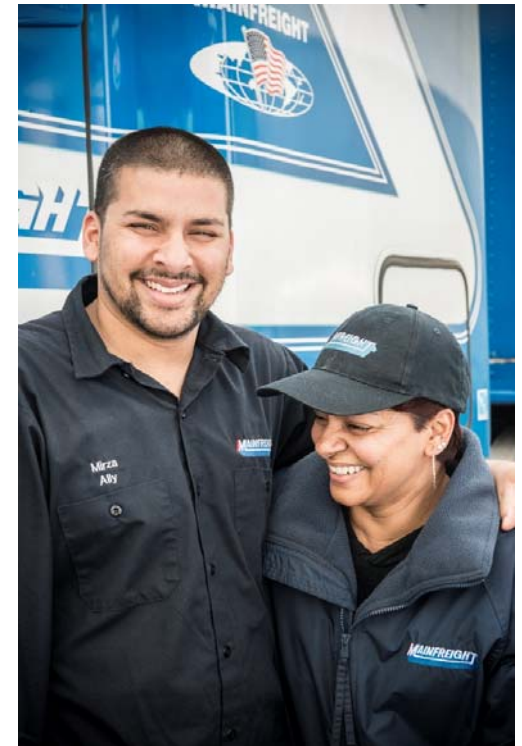
# Americas: Overview - Structure

	BRANCHES	TEAM MEMBERS
<ul style="list-style-type: none"> <li>■ <b>Transport</b>                      General Manager: Shawn Roach                      National Sales Manager: Tom Valentine</li> </ul>	22	293
<ul style="list-style-type: none"> <li>■ <b>Logistics</b>                      General Manager: René van Houtum                      National Sales Manager: Dallas Wymes</li> </ul>	5	32
<ul style="list-style-type: none"> <li>■ <b>Air &amp; Ocean</b>                      General Manager: Nathan Thomas                      National Sales Manager: Nick Vernald</li> </ul>	17	169
<ul style="list-style-type: none"> <li>■ <b>CaroTrans</b>                      General Manager: Greg Howard <i>(not pictured)</i>                      National Sales Manager: Chris Wilson</li> </ul>	14	236
<ul style="list-style-type: none"> <li>■ <b>Franchises</b>                      Austin, Baltimore, Boston, Cincinnati, Hartford,                      Milwaukee, Orlando, San Antonio, San Francisco</li> </ul>	9	-
<b>Total:</b>	<b>67</b>	<b>730</b>



# Americas: Overview – Core Business

- Complete supply chain solutions: Transport, Logistics (warehousing), Air & Ocean
- Focus on developing Food grade, FMCG, DIY goods
- Complex Logistics: case picking, item picking, value-added services
- Total visibility: technology supports customer visibility across the supply chain
- Developing our network sales, both globally and within the Americas



# Americas: Development Focus – Short to Medium-Term

- **Logistics**
  - Chicago – standalone facility
- **Transport**
  - Mexico Border – open El Paso
  - Continued expansion and density of line-haul: all 5 main hubs to have twice-weekly service with each other. Two main drivers
    - Redirect 3<sup>rd</sup> party usage to line-haul: 30% moved into our line-haul
    - CaroTrans support with their repositioning cargo.
  - Develop extensive network of owner drivers throughout USA, both in cities and line-hauls ... “Paint the freeways blue”



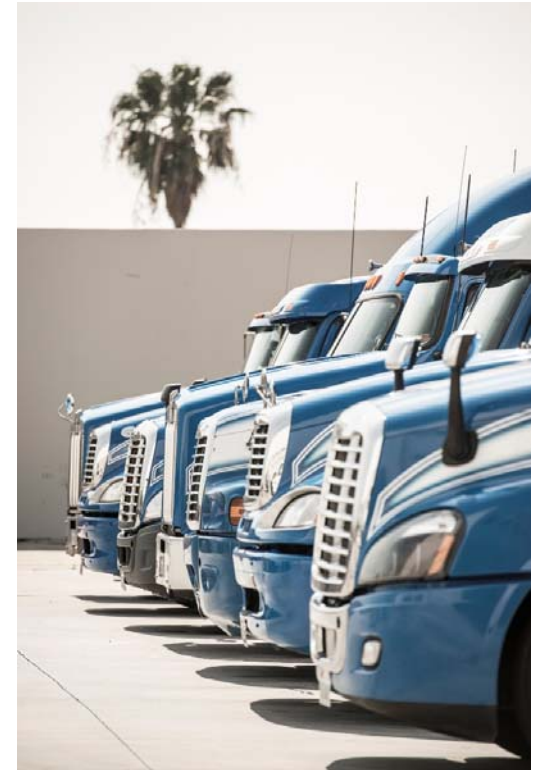
# Americas: Development Focus – Short to Medium-Term ...

- **Air & Ocean**
  - Develop consolidations for both sea and air to and from our dedicated trade lanes
  - Strengthen our branch network
- **CaroTrans**
  - Focus on new sales
  - Container utilization



# Americas: Development Focus – Long-Term

- **Logistics**
  - Expand throughout major US cities
- **Transport**
  - Develop extensive line-haul and PUD (pick-up and delivery) network
  - High quality LCL freight services.
- **Air & Ocean**
  - Strong branch network within USA to complement and add growth to global network.



# Americas: Development Focus – Long-Term ...

## ■ CaroTrans

- Focus on capturing significant share of the USA wholesale market
- Relevance to Network
  - Strong sea freight volumes – attractive to shipping companies
  - Expansive network of groupage containers globally
  - Support Mainfreight line-haul program

## ■ South America

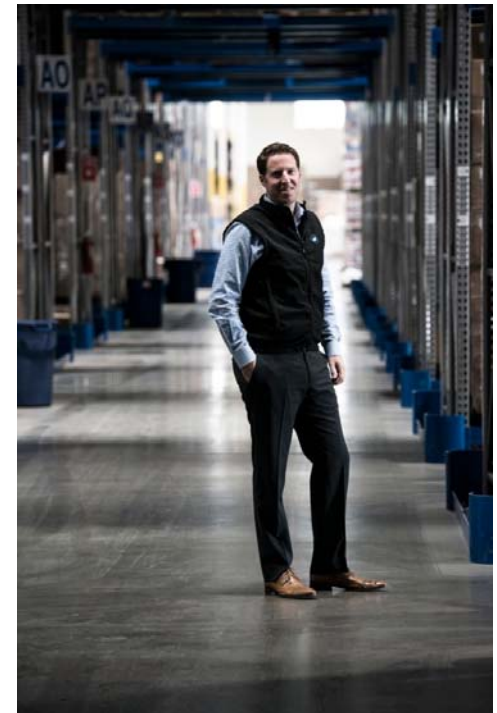
- South American operations will be considered based on customer requirements





# Americas: Weaknesses and Strengths

- Not enough sales people – need more internal development of team members into sales
- Develop more depth within our branches
- Sales growth is key
  
- We have invested in building our network for transport and warehouses for logistics. Now need to grow into the investment
- Air & Ocean division first in the world to be 100% approved in Cargowise accreditation. Brings data efficiencies
- Logistics warehousing is a cut above our opposition in quality, IT, and cleanliness of our sites
- We can compete against the big players and often are more attractive to use due to customer service ethic and our flexibility



# Europe Ben Fitts



# Europe: Overview – Structure

	<b>BRANCHES</b>	<b>TEAM MEMBERS</b>
■ <b>Transport</b> General Manager: Frans Zuidgeest	15	1057
■ <b>Logistics</b> General Manager: Dick Betlem	5	780
■ <b>Air &amp; Ocean</b> General Manager: Jason Braid	10	112
■ <b>European Sales</b> Director: Liane Philipsen		71
<b>Total:</b>	<b>30</b>	<b>2020</b>



# Europe: Overview – Core Business

- Managed Warehousing
- Domestic and pan-European LTL (groupage) and FTL services
- Air & Ocean freight
- Full supply chain solutions



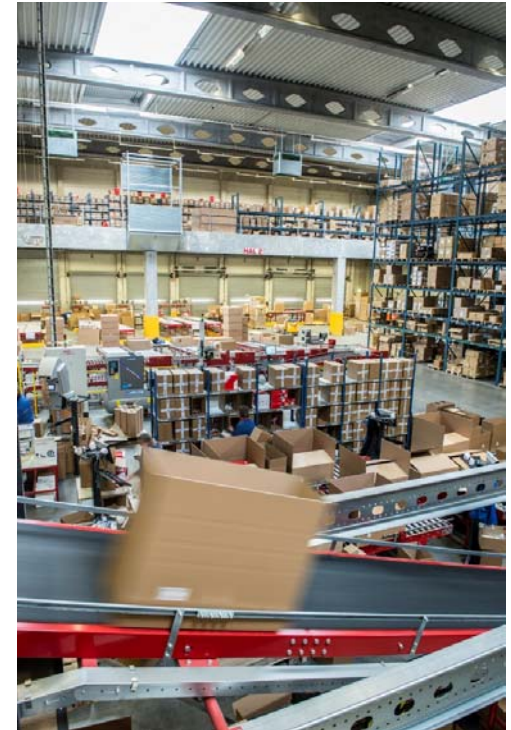
# Europe: Development Focus – Short to Medium-Term

- **Logistics**

- New warehouse development 's-Heerenberg - 18,000sqm
- Warehouse extension Ploesti, Romania (5,000sqm)
- Improving efficiencies for large customers recently implemented

- **Forwarding**

- New Cross Dock in Genk, Belgium. Reviewing options in Oostende
- Improving profitability in Belgium and The Netherlands
- Increased groupage services to and from Romania and Poland feeding our network



# Europe: Development Focus – Short to Medium-Term

- **Air & Ocean**
  - London Air & Ocean Branch making good progress and in profit
  - Likely expansion in Germany and possibly Czech Republic
  - Focus on network sales, particularly USA and Asia
  - Increased air freight consolidations between EU/USA and EU/Asia
- Focus on sales growth across all business units



# Europe: Development Focus – Long-Term

- Increased network density across Europe
- Increased service offering in Poland (3PL), Czech Republic
- More groupage linehaul running between Mainfreight network
- Continue to expand logistics footprint as customer gains dictate
- Further development of Air & Ocean network in Germany
- Owner Driver model possibilities - Testing Poland international drivers
- Volume flows by market will determine expansion opportunities e.g. Southern Europe.



# Europe: Strengths & Weaknesses

- Strengths
  - Team that understands the business
  - Depth of talent
  - Strong logistics offering provides a base for supply chain expansion
  - Network coverage and supply chain offering in The Netherlands and Belgium
  - Branch Manager group now strong
  - Exposure to global customers now benefiting Mainfreight network. European relationships play an important part.
- Weaknesses
  - Very competitive market places pressure on margin
  - Still too small in Eastern Europe
  - Sales growth below our expectations



# Technology

Kevin Drinkwater



# Global Technology : Overview

- Annual spend NZ\$46.5m, 2.03% of revenue (vs LY \$38.8m, 1.89%)
- Total capital expenditure NZ\$19.5m (\$15.0m)
  - Includes NZ\$15.7m on software
  - Software developed in NZ is NZ\$8.1m
- 85 team members globally
- 3 critical operational system types
  - Transport
  - Logistics: Warehouse Management System (WMS)
  - Air & Ocean
- 5 critical support system types
  - Web
  - Accounting
  - Customer Portal
  - Issue Management
  - CRM
- Many other supporting systems including email



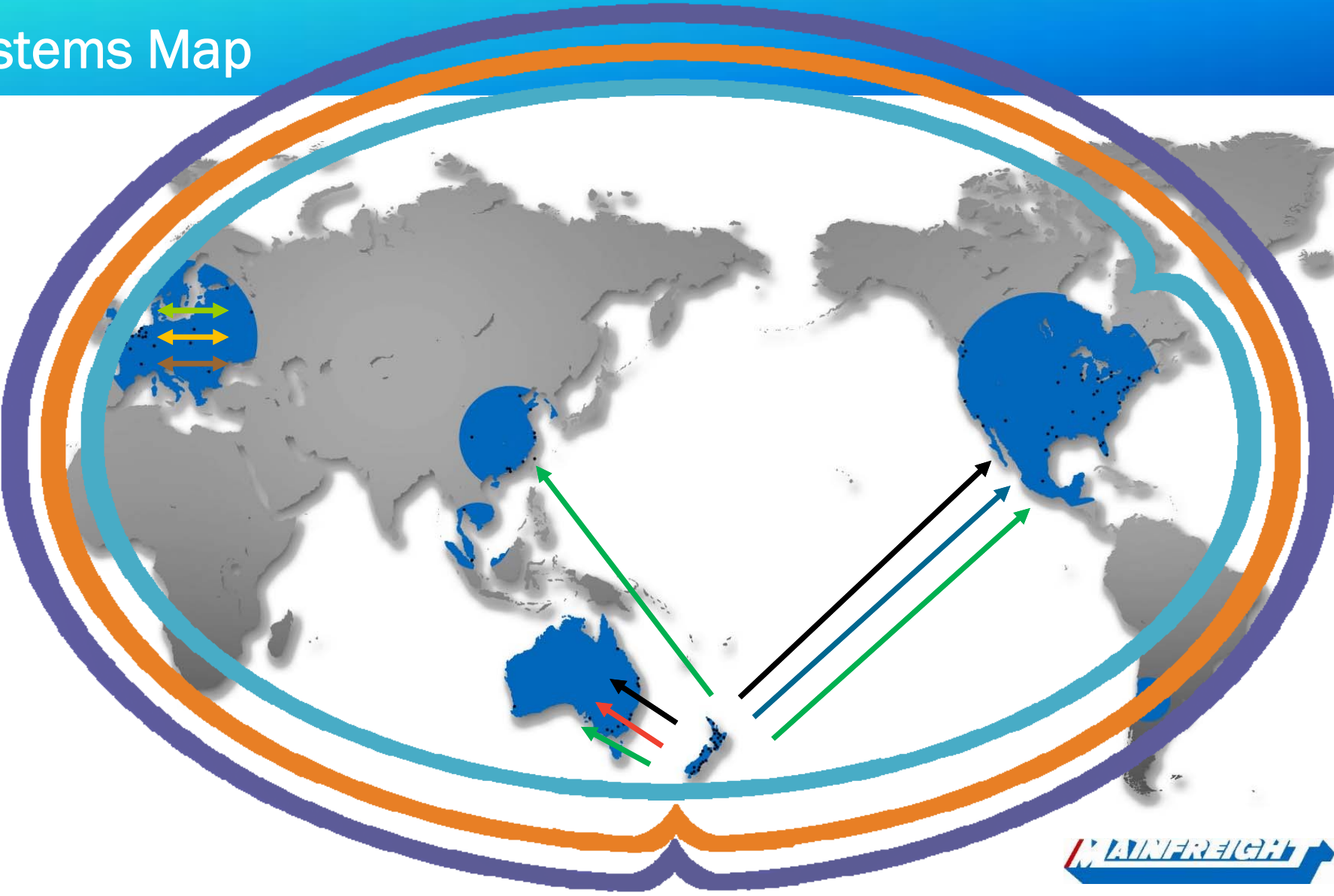
# Global Technology: Critical System Overview

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



# Critical Systems Map

- Mainchain
- mainfreight.com
- Mainstreet
- Maintrak
- Mainmove
- Mainsale
- OnAccount
- Navision
- MIMS
- MarcCS
- Cargowise



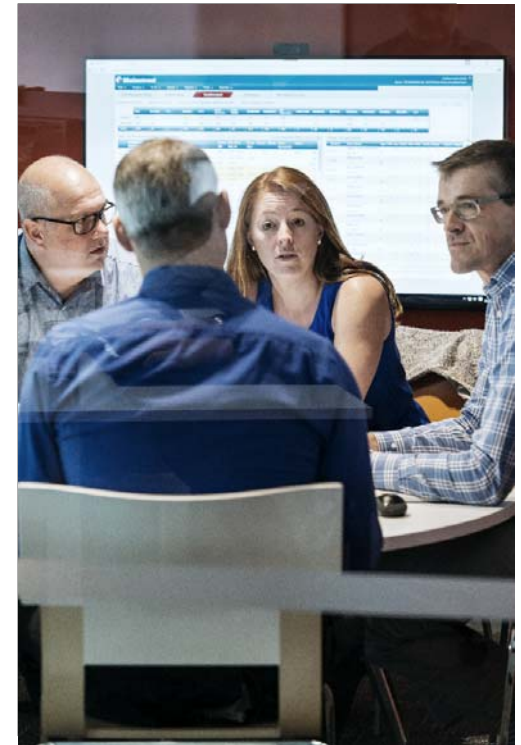
# Global Technology : Key Initiatives – Short to Medium Term

## Risk Management

- Asset Protection
- Ongoing Hardware Investment
  - Data Centre Hardware Refresh

## Software Initiatives

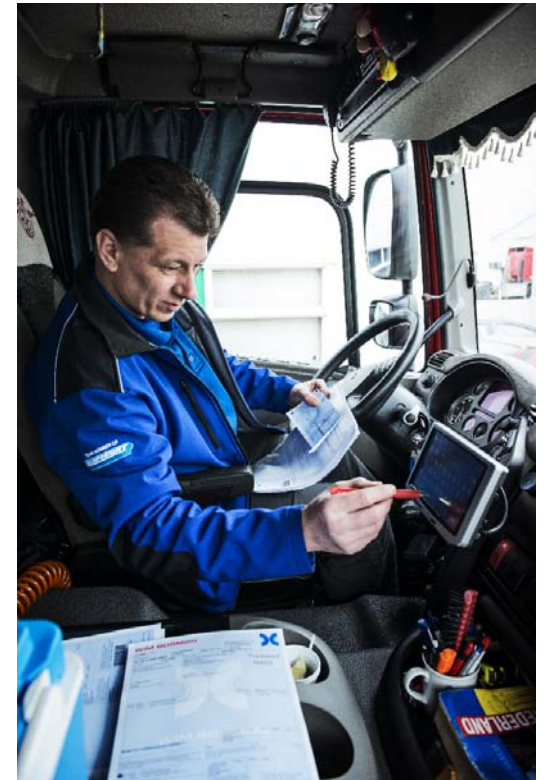
- Transport Management Systems
  - Mainstreet Implementation NZ 2017, AU 2018
  - Mainmove Implementation EU – completion end CY 2017
- Intelligent Assets
  - Mainchain Ultra – taking the product to market
- Customer Order Management System
  - Mainchain OMS – taking the product to market



# Global Technology: Key Initiatives – Long-Term

Initiatives that move us forward

- Monetisation of Data / Systems
- Digitisation of Freight
- Flexibility of our Technology Offering
- Cloud



# SUMMARY AND Q&A

Don Braid



**Americas**

67 BRANCHES

730 TEAM MEMBERS

**Europe**

30 BRANCHES

2,020 TEAM MEMBERS

**Asia**

20 BRANCHES

**Australia**

50 BRANCHES

1,388 TEAM MEMBERS

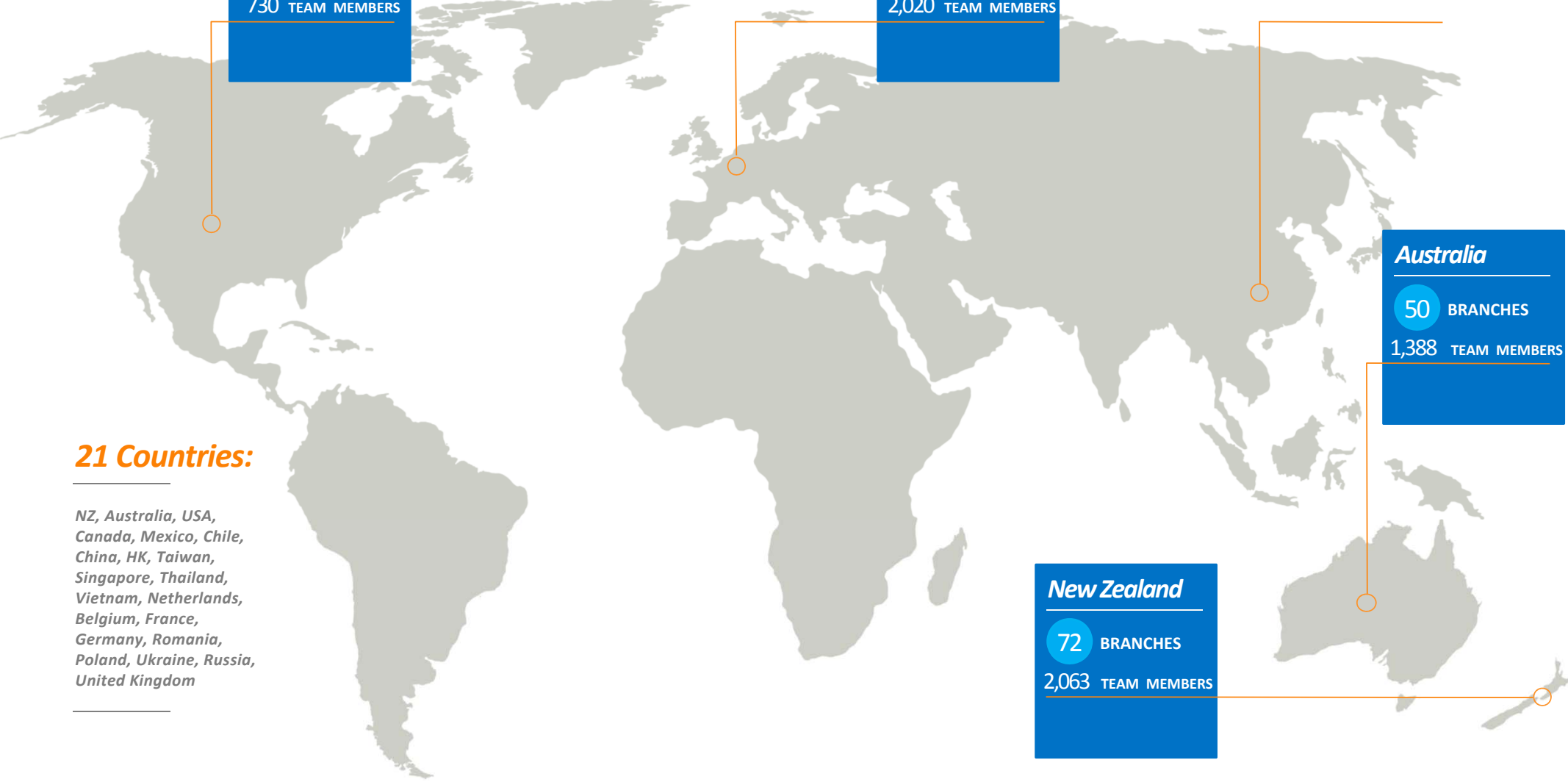
**New Zealand**

72 BRANCHES

2,063 TEAM MEMBERS

**21 Countries:**

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





# Key Attributes

- Intensive regional networks capable of delivering full supply chain capability
  - Transportation,
  - Warehousing (Logistics), and
  - Air & Ocean
- Supported by
  - High quality service
  - Flexible structure
  - Clear visibility for our customers



# Our People and Culture

- Mainfreight culture is a key feature of capability and development
- Responsibility and decision-making as close to the customer as possible
- Decentralised management with P&L responsibility in each branch location
- Generally asset-light model, however property ownership key
- Promotion from within
- Long-term view: 100-year mentality
- Training and development managed in-house
- Information sharing
  - Detailed KPI analysis, including weekly P&L
  - Bonus
  - Integrity



# Sales Growth – Key Driver

- Currently not enough sales resource to take full advantage of opportunities
  - Particularly in our larger markets
  - Internal promotion to sales roles to maintain quality and performance
- Significant obstacle to immediate growth
- Strong emphasis across all divisions to improve sales capability
  - Including supply chain initiatives across network
- Our offering is finding support with customers
  - Flexibility / decision making
  - Quality / customer service
  - Competitive



# Network

- Intensity in each region
- Geographically – globally
  - Trade lanes – Australasia / Asia / Americas / Europe
  - Minimise agent influences – profit / quality / efficiencies / capabilities
- By Customer
  - Multi-national customers having confidence to trade across our geographic regions
- By Product
  - Attracting customers to utilise full supply chain capability
    - Air & Ocean
    - Warehousing
    - National distribution



# Building Our Global Network

- Thinking about and understanding
  - Size
  - Global connectedness
- Understanding the value of the network and connectedness
- Continuing to build the network:
  - Where next? Other geographic regions
  - How and why? Likely at the request of customers / freight volumes
- Network protocols
  - Our rules and expectations



## To Close

- Exposure to our regional and senior management team and their
  - Competencies
  - Strategies
  - Contribution to the network
- Infrastructure quality demonstrated through Epping site visit
- Global influences / network benefits
- Growth opportunities