

MAINFREIGHT LIMITED

ANNUAL MEETING OF SHAREHOLDERS

28 JULY 2016



Result Summary

REVENUE

6.8%
2,285m
GROUP OPERATING REVENUE

EBITDA

8.7%
174.85m
GROUP EBITDA

NET PROFIT

7.7%
88.18m
GROUP NET PROFIT BEFORE
ABNORMAL ITEMS

DIVIDEND

8.8%
37.0¢
TOTAL DIVIDEND FOR YEAR

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: 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% ↑

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

Mainfreight Epping, Australia



Epping, Melbourne – completed April 2016



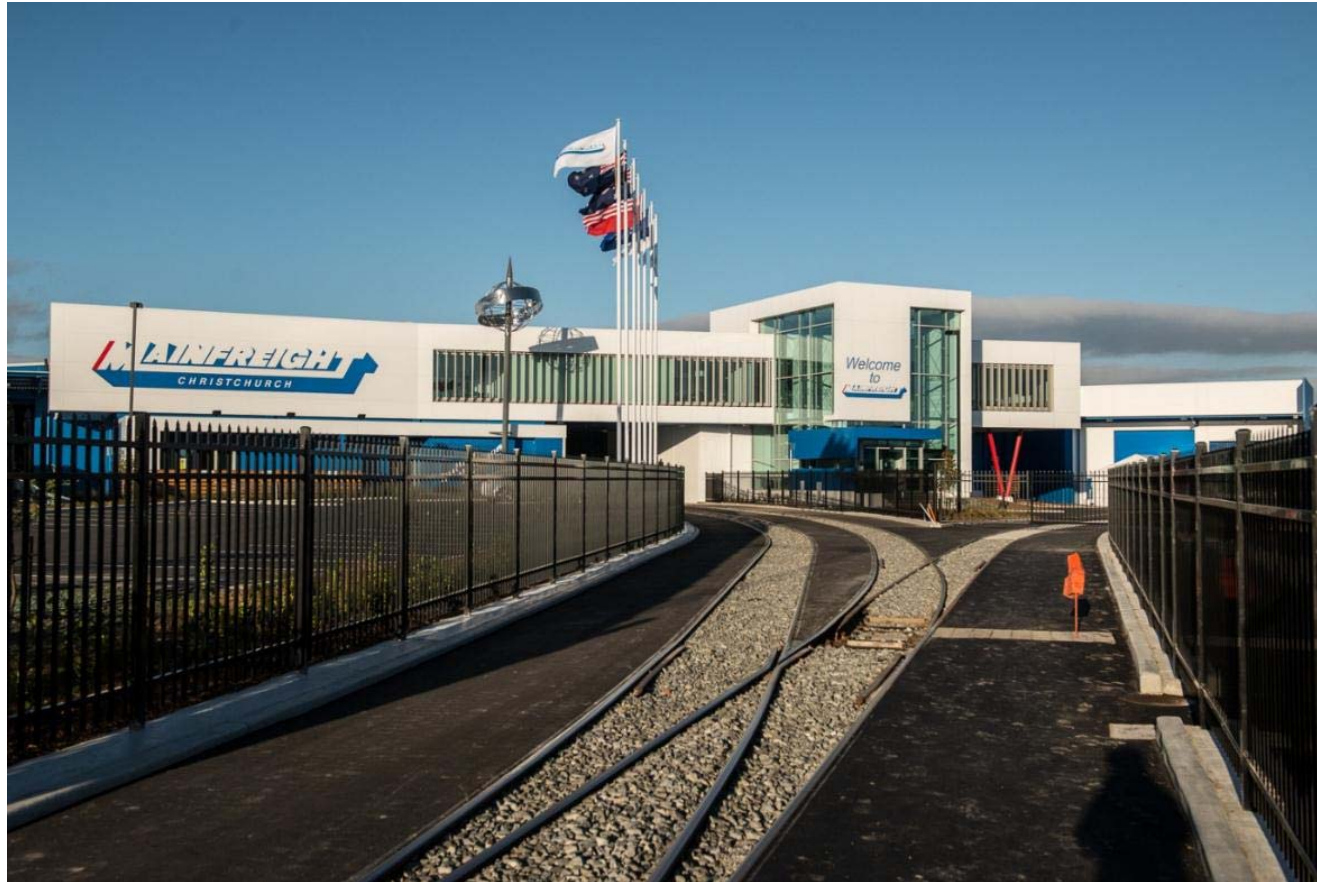
Mainfreight Hamilton, New Zealand



Hamilton – completed June 2015



Mainfreight Christchurch, New Zealand



Christchurch Rebuild – Completed May 2015



Capital Expenditure Expectations FY17

TOTAL CAPITAL – NZ\$ MILLION		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

No change to property strategy – a window of consolidation



New Zealand Building Projects



Christchurch Air & Ocean New Build – completion due 2017

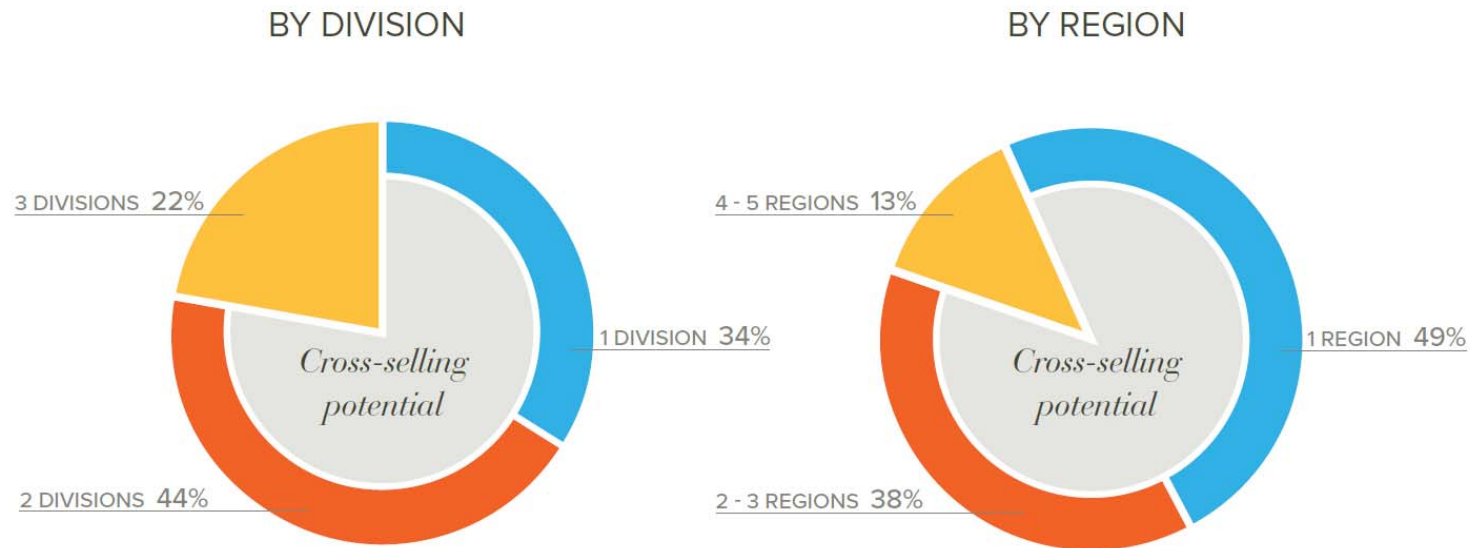


Domestic vs Air & Ocean Performance

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%	↑

Network Benefits

CROSS-SELLING OPPORTUNITIES SNAPSHOT OF TOP 500 CUSTOMERS



By Customer

- Across countries/cities
- Across products: Air & Ocean, Logistics, Domestic Forwarding

Geographically

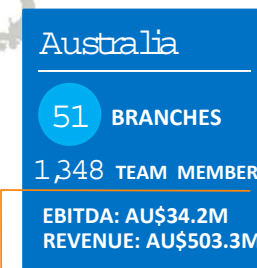
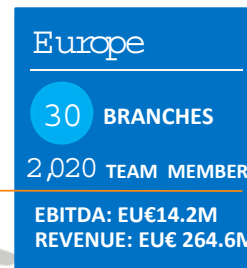
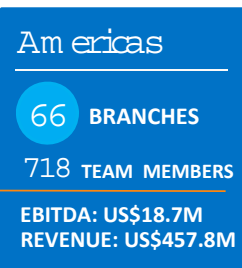
- Inter-Country – internationally
- Inter-City - domestically



Competitive Advantage – Why Customers are Saying Yes

- Our Culture:
 - Decisions (and ownership of service) are made as close to the customer as possible
 - Profit responsibility at branch level
 - Emphasis is on quality in all that we do
- Our Network:
 - Quality service under Mainfreight's control (not agents')
 - Consistency of service and products across regions
- Our Flexibility:
 - Sales-focused solutions to fit our customer's requirements
 - IT solutions developed for customer supply-chain visibility





21 Countries:

NZ , Australia , USA ,
Canada , M exico , Chile ,
China , H K , Taiw an ,
Singapore , Thailand ,
Vietnam , Netherlands ,
Belgium , France ,
Germ any , Rom ania ,
Poland , Ukraine , Russia ,
United K ingdom

Investment in Quality Facilities and Services

- Warehousing
 - High quality facilities – catering to customer requirements including the storage of food, beverage and FMCG products
 - Located alongside distribution centres to maximise supply chain efficiency
- Distribution/Transport facilities
 - Environmentally friendly facilities
 - High quality, specifically constructed to cater for transport efficiencies – road/rail
 - Personality and people friendly, providing the very best facilities for our people, to provide the best of service



Perishable Airfreight Facility, Melbourne





Warehouse, Los Angeles



Information Technology Development

- New Zealand/Australia
Implementation of upgraded Domestic software platform 2017/18
- Europe
Implementation of third party Forwarding software 2017/18
- Cyber Security
Review and monitoring to reduce exposure Ongoing
- Customers
Development for customer supply-chain monitoring Ongoing

New Zealand Outlook



- Stronger revenue, margin and profit momentum in first three months
- Rate review for October implementation
- Strong sales emphasis across all products
- Country management structure implemented
- Hamilton & Christchurch new facilities assisting quality and increased rail usage
- Reduced capital expenditure on property for remainder of year



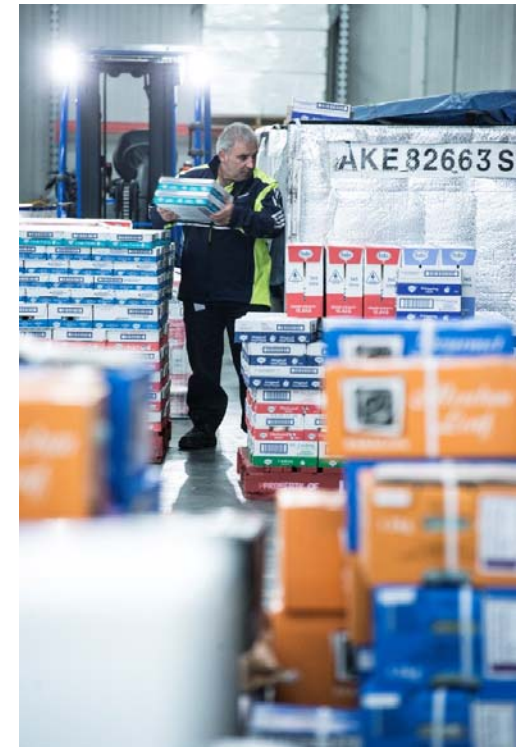
*Mainfreight 2Home
Business to Business Deliveries*



Australia Outlook



- Improving Domestic profit and revenue performance in first three months; requires further significant improvement
- Expectation of stronger sales growth across all products
- Significant Logistics (warehousing) opportunities currently under tender



Airfreight Tullamarine



Asia Outlook



- Results continued to be strong through first quarter – however airfreight ex Hong Kong reducing as predicted
- In-country sales growth remains key focus
- European trade lane development imperative



Mainfreight Taiwan



The Americas Outlook



MAINFREIGHT

- Air & Ocean results continuing to have good momentum
- Domestic results improving under new management structure and initiatives
- Logistics warehouses in LA, Dallas and Newark gaining customers, not yet fully utilised

CAROTRANS

- Management now reporting via new regional management structure for Americas
- Greater trade with Mainfreight Domestic
- Results yet to improve to satisfactory levels



Europe Outlook



- Ongoing improvement in financial results through first quarter
- Belgium Forwarding performance remains in need of an urgent fix
- New warehousing facility construction underway (leased) to cater for Logistics customer growth
- Sales growth improvement is highest priority
- Senior management changes bringing increased use of Mainfreight disciplines and culture
- Largest customer confirms commitment for a further 5 years



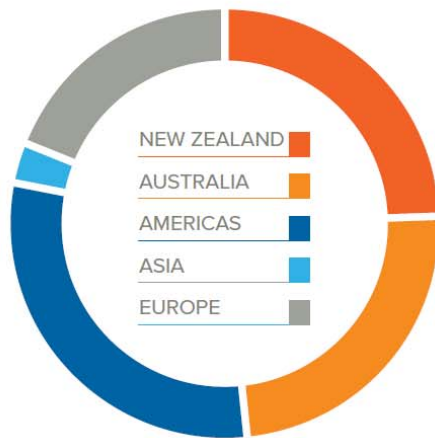
Port Operations, Emmerich am Rhein



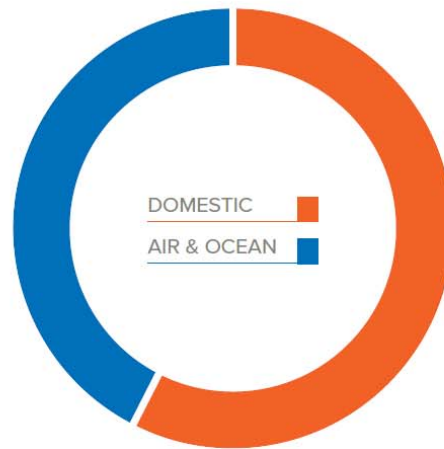
Sales Development

- Strong emphasis on sales growth
 - Particularly outside of New Zealand, where opportunities are many
 - Current salesforce capability and strength requires further improvement
 - Supply chain development across current customer base – network effect

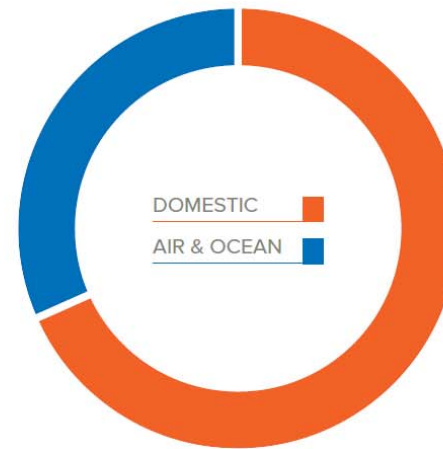
REVENUE BY REGION



REVENUE BY DIVISION



EBITDA BY DIVISION



Group Outlook

SHORT-TERM

- Current trading improved on year prior
- Confident of a stronger first half year result – April trading days assist
- Australia and Americas Domestic results improving
- Stronger sales emphasis in all markets with a focus on our network capability

Group Outlook ...

MEDIUM TO LONG-TERM

- Cross selling activity to our customers to aid network benefits
- Expect network benefits, geographically and by customer, to fuel continued growth
- Expect stronger Air & Ocean growth

Group Outlook ...

NETWORK

- Global network development to continue
 - Customer expectations will push us to open in more countries
 - Natural development of a global entity

Mainfreight Corporate Governance

- We are proud of the governance that guides our Company
- We do not blindly follow perceived best practice; in some cases the interests of the Company and its shareholders are not best-served by those guidelines
- We have applied the principles of good corporate governance and adopted robust measures that support our efforts to grow this magnificent Company, for the benefit of our team and shareholders around the world, for the next 100+ years



Mainfreight Corporate Governance

- Part of this is the ongoing review of our Board of Directors
- We are currently interviewing potential candidates (as we have done for some time)
 - Professional directors with multiple directorships need not apply
 - Successful candidates will fit and understand the Mainfreight culture
 - Egos are not needed; skill sets and contribution are key factors
- Refreshment of our Board is important for our ongoing development – however we do value tenure
- You will shortly hear from Bruce and Carl with their thoughts for the future



To Close

- Satisfactory performance and record result in past financial year
- Our expectations are to do better this coming year
- The benefits of our network strength will become more evident and influential
 - Our people, as much as our shareholders, must embrace the benefits of network expansion
- We are having a heap of fun ... we hope you are too!





Still

^ PAINTING THE WORLD BLUE,
ONE POT AT A TIME.

MAINFREIGHT

A final thought ...

- If you ever wondered why we remain committed to rail as an alternative mode of freight transport ...

