MAINFREIGHT LIMITED
HALF YEAR RESULT
TO SEPTEMBER 2013
Result Summary

- Revenue up 1.7% to $952.70 million (excluding FX, up 4.0%)
  - Steady growth in New Zealand, Australia and Asia
  - Disappointing result from USA and Europe
- EBITDA $63.30 million, up 3.7% (excluding FX, up 6.1%)
- Net surplus before abnormal items $29.87 million, up 7.7%
  - Abnormals total $11.96 million after tax
- European results:
  - Revenue in line with previous year
  - EBITDA down 24.5%; low-margin accounts and level of fixed cost within the business
- Interim dividend of 13 cents per share
  - Books close 6 December 2013; payment on 13 December 2013
## Cash Flow

<table>
<thead>
<tr>
<th>NZ$ million</th>
<th>This Year</th>
<th>Last Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating cash flow</td>
<td>42.67</td>
<td>31.28</td>
</tr>
</tbody>
</table>

- Total capex $29.17 million, of which property development accounted for $20.37 million
## Half Year Analysis: Revenue

<table>
<thead>
<tr>
<th>$000</th>
<th>This Year</th>
<th>Last Year</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand: NZ$</td>
<td>243,147</td>
<td>228,289</td>
<td>6.5% ↑</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>224,246</td>
<td>209,418</td>
<td>7.1% ↑</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>18,532</td>
<td>14,749</td>
<td>25.6% ↑</td>
</tr>
<tr>
<td>USA: US$</td>
<td>178,119</td>
<td>182,044</td>
<td>2.2% ↓</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>124,748</td>
<td>122,356</td>
<td>2.0% ↑</td>
</tr>
<tr>
<td><strong>Total Group: NZ$</strong></td>
<td><strong>952,699</strong></td>
<td><strong>936,371</strong></td>
<td><strong>1.7% ↑</strong></td>
</tr>
</tbody>
</table>

Excluding FX, Group Revenue up 4.0%
# Half Year Analysis: EBITDA

<table>
<thead>
<tr>
<th></th>
<th>This Year</th>
<th>Last Year</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand: NZ$</td>
<td>27,655</td>
<td>24,186</td>
<td>14.3%</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>14,081</td>
<td>13,023</td>
<td>8.1%</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>1,820</td>
<td>1,373</td>
<td>32.6%</td>
</tr>
<tr>
<td>USA: US$</td>
<td>8,403</td>
<td>8,123</td>
<td>3.5%</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>3,968</td>
<td>5,255</td>
<td>24.5%</td>
</tr>
<tr>
<td><strong>Total Group: NZ$</strong></td>
<td><strong>63,302</strong></td>
<td><strong>61,061</strong></td>
<td><strong>3.7%</strong></td>
</tr>
</tbody>
</table>

Excluding FX, Group EBITDA up 6.1%
New Zealand

- EBITDA and Revenue improvement across all divisions
- Domestic freight volumes continue to strengthen
  - Expect strong Christmas volume increases
  - Rate review successful
  - Interislander ferry disruption; expecting KiwiRail to assist via other modes although slower transit times expected
- Logistics/warehousing at maximum capacity
  - Additional facilities in planning process (Auckland)
  - Stage one of Christchurch facility reconstruction assisting
New Zealand ...

- Air & Ocean continuing to gain market share
  - FCL volumes down
  - Growth in LCL, Air-freight and Import volumes in particular
  - October/November trading up 9.6% EBITDA
Australia

- EBITDA and Revenue improvement dominated by Air & Ocean and Logistics
- Domestic Transport revenue and EBITDA at prior comparable period levels, as effects of parcel freight were addressed
  - Parcel removal saw loss of annualised revenues of AU$10 million (from June 2013 onwards)
  - Improvement in gross margin: 2+ points
  - Improvement in cost management (PUD)
  - Growth of Chemcouriers business pleasing
Australia ...

- Logistics business – additional costs in September due to new customers and warehousing changes
  - Profitability continuing to improve
  - New warehouse sites in Brisbane and Sydney will assist growth aspirations/requirements
- Air & Ocean – growth as Asian seafreight rates hold steady
  - Gross margins on par with prior year
  - Airfreight growth across Export and Import trades
  - Strong Seafreight Import growth
- Trading across all divisions further improved in October, and now into November
Asia

- Better than expected result from Asia
  - Good growth in both Air and Sea Imports
  - Gross margins much improved
  - Taiwan contributing satisfactorily
  - All branches ahead of prior year
- Expect more growth from in-country sales as new sales teams become effective
- European trade lanes are a key focus for growth
- Asia/Australasia seafreight rates holding steady
- Asia/US airfreight space limited (Technology)
Americas

- CaroTrans contributing to EBITDA performance
  - Low Export FCL volume affecting revenue
  - Strong margins for LCL container utilisation assisting profitability
  - Import volumes up in both FCL and LCL; now at 14% of total revenue
Mainfreight
- Domestic and Air & Ocean revenues flat
- Gross margins improved in both products
- Overhead cost structures increased, new branch development
  - Initiatives in place to better manage cost structures
- Stronger sales focus required for both Domestic and Air & Ocean
  - Sales team dedicated to each division
- Expect stronger performance from the 6 key branches
- New Domestic operating software up and running, with limited disruption
Europe

- Disappointing result as competitive landscape and economic slowdown inhibit growth/recovery
- Retention of customers is key
- Revenue growth has occurred in Logistics and Air & Ocean; up 14.8% and 8.6% respectively. Forwarding down 3.5%
- Overhead cost structures up in Logistics as new customers introduced
- Gross margins flat in Forwarding and Air & Ocean; down 1.5% in Logistics (food & beverage)
- Restructured sales teams – new management for Forwarding and Air & Ocean
Europe ...

- New Forwarding technology implementation in F15
- Will intensify Dutch domestic network for more efficiencies
- Belgium restructure seeing improved returns
  - Less people from April 2014
  - One less facility (Wommelgem)
  - Consolidation of Ostend site from two facilities to one
- Consolidation of our current position is key; management team focused on business improvement and sales growth
Outlook

- October and November (one week) sees EBITDA and revenue growth for New Zealand, Australia, Asia and CaroTrans USA
- Europe and Mainfreight USA still flat performance
- Expect Mainfreight USA to have stronger fourth quarter
- European initiatives will take longer to positively impact the P&L
- Stronger second half expected for Group results
- Earnings for full year expected to be an improvement on the prior year
Financial Calendar F14/F15

F14 – 12 months ended 31 March 2014
Annual Meeting of Shareholders
F15 – 6 months ended 30 September 2014

Release Date
28 May 2014
30 July 2014
11 November 2014