MAINFREIGHT LIMITED
HALF YEAR RESULT
TO SEPTEMBER 2014
Result Summary

**NET SURPLUS**
Net surplus after tax before abnormal items up 16.7% to $33.65 million

**REVENUE**
Revenue up 7.8% to $987.10 million
Including foreign exchange effects, 3.6% increase
An increase of $34.40 million

**EBITDA**
EBITDA at $69.30 million; increase of 13.1%
Including foreign exchange effects, 9.4% increase
All five regions contributed positively

**OUTLOOK**
Satisfactory result; expect more of the same for the full year result
Dividend

Interim dividend of 14.0 cents per share
Books close 5 December 2014; payment on 12 December 2014
An increase of 1.0 cent per share over the previous year’s interim dividend
## Capital Management

<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>35.38</td>
<td>42.67</td>
</tr>
</tbody>
</table>

- Reflects abnormal gain in last year’s figures of $11.96 million; cash collections are satisfactory
- Net capital expenditure totalled $70.22 million
- Expected full year capital expenditure $123 million
## Half Year Analysis: Revenue

<table>
<thead>
<tr>
<th></th>
<th>THIS YEAR</th>
<th>LAST YEAR</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand: NZ$</td>
<td>255,939</td>
<td>243,147</td>
<td>5.3%</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>236,214</td>
<td>224,246</td>
<td>5.3%</td>
</tr>
<tr>
<td>USA: US$</td>
<td>206,909</td>
<td>178,119</td>
<td>16.2%</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>21,745</td>
<td>18,532</td>
<td>17.3%</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>129,840</td>
<td>124,748</td>
<td>4.1%</td>
</tr>
<tr>
<td><strong>Total Group: NZ$</strong></td>
<td><strong>987,101</strong></td>
<td><strong>952,699</strong></td>
<td><strong>3.6%</strong></td>
</tr>
</tbody>
</table>

(excl FX) 7.8%
## 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$</td>
<td>29,894</td>
<td>27,655</td>
<td>8.1% ↑</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>15,403</td>
<td>14,081</td>
<td>9.4% ↑</td>
</tr>
<tr>
<td>USA: US$</td>
<td>10,033</td>
<td>8,403</td>
<td>19.4% ↑</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>2,238</td>
<td>1,820</td>
<td>23.0% ↑</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>5,192</td>
<td>3,968</td>
<td>30.8% ↑</td>
</tr>
<tr>
<td><strong>Total Group: NZ$</strong></td>
<td><strong>69,297</strong></td>
<td><strong>63,302</strong></td>
<td><strong>9.4% ↑</strong></td>
</tr>
</tbody>
</table>
New Zealand

- Revenue growth satisfactory for the region
- Domestic Transport – strong contribution to revenue
  - Volumes good – heading into peak season
  - KiwiRail capacity expected to be better than last year
  - Metro and 2Home divisions incurring increased costs to cope with growth
- Strong focus on high quality service, particularly during peak period

New Hamilton Facility
New Zealand

- Logistics – revenue same as prior year
  - Construction of new facilities causing disruption and congestion
- Air & Ocean – revenues impacted by ocean freight rate decline
  - Volumes increased and market share has strengthened
  - Dunedin acquisition (post result) will increase capability
Australia

- Satisfactory performance across the region – expect similar results for next six months of trading
  - Sales capability still lacking; to be boosted for new financial year
- Domestic Transport operations driving revenue growth
  - New facilities bedded in and supporting improved performance
- Air & Ocean – performance comparable to prior year
  - Growth in new business during second quarter
  - New Perishable facilities providing sales opportunities
Australia

- Logistics
  - Inventory holding less than prior year
  - Exposure to Ag sector
  - New facilities and increased capacity
  - Significant accounts gained; trading to begin in last quarter of F15
The Americas

- Regional revenue and EBITDA growth driven by Mainfreight rather than CaroTrans
- Mainfreight
  - Domestic Transport volumes increasing, providing better facility and linehaul utilisation
  - Increased committed linehaul between all major branches
  - Transport sales activity remains strong, with expectations for significant new revenue in Q4
  - Air & Ocean development continues, supporting our own global network
The Americas

- Mainfreight
  - Logistics warehousing business – standalone sites in LA, Dallas and Newark
  - Customer development focus; expect good long-term growth in this category
- CaroTrans – disappointing first half; revenues in line with prior year, EBITDA reduced as margins decline
  - LA/West Coast port performance impacting
    - Export and Import delivery services – potential to harm peak season retail sales
  - EBITDA lost ground unlikely to be regained by year end
Europe

- First quarter performance significantly improved; July/August holiday period saw gains eroded, however October/November better
- Forwarding business marginally ahead across all nations other than Belgium
  - Belgian sales and margin poor
  - Focus on management and structural changes to lift performance
Europe

- Logistics business providing sales growth and strong EBITDA contribution through efficiencies
- Air & Ocean business now established in 9 locations across 5 countries
- Air & Ocean sales emphasis supports regional revenue growth
Asia

- Stronger sales focus beginning to deliver better growth; will add additional capability over time
- All branches in China now profitable
  - New opportunities expected with imminent Customs licence
- Hong Kong performance disappointing; stronger emphasis on imports, airfreight and margin
- Southeast Asia growth underway, albeit small
  - Significant sales tender opportunities
- Expect current trends to continue into the new year
Group Outlook

- We continue to expect an acceptable full year performance
- Peak season volumes will assist
- Australian growth slightly behind expectations as sales capacity requires bolstering and new facility costs dent margins
- Mainfreight USA on target to deliver on short-term expectations
- Europe still a long-term option albeit getting improvement
- New Zealand and Asia performing well
- Capital expenditure in line with expectations
Financial Calendar F15

F15 – 12 months ended 31 March 2015
Annual Meeting of Shareholders
F16 – 6 months ended 30 September 2015

<table>
<thead>
<tr>
<th>Event</th>
<th>Release Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>F15 – 12 months ended 31 March 2015</td>
<td>27 May 2015</td>
</tr>
<tr>
<td>Annual Meeting of Shareholders</td>
<td>29 July 2015</td>
</tr>
<tr>
<td>F16 – 6 months ended 30 September 2015</td>
<td>10 November 2015</td>
</tr>
</tbody>
</table>