Mainfreight Limited

Financial result for the three months ended 30 June 2012 (Unaudited)

Commentary
Mainfreight reports a net surplus after taxation of $12.41 million for the first three months of the 2013 financial year; a decrease of 15.2% on the previous year’s result of $14.64 million (before non-recurring costs).

EBITDA totalled $28.78 million, a decrease of 10.4% when compared to the prior year.

Total revenue (sales) increased by 3.4% to $465.02 million (excluding foreign exchange effects, this represents an increase of 6.7%).

For comparison purposes, results for the period excluding the European division saw sales improve 9.7% (excluding foreign exchange, 10.9%), and EBITDA improve 17.9% to $23.76 million (excluding foreign exchange, 19.0%).

Financial performance improved in all regions other than in our European operations where, as signalled, our first quarter performance is impacted by trading conditions and customer losses post-acquisition. It is expected that the poor performance from our European operations will continue through the first half of our financial year until the European summer holiday season is behind us, and new customer revenue is trading fully.

Business performance in New Zealand, Australia, Asia and the United States continues to deliver improved revenue growth and profitability. All four regions performed well in this period.

Divisional Performance (figures in local currencies)
As previously signalled, it is our intention to now report divisional performance by country rather than by division.
**New Zealand (NZ$)**
New Zealand EBITDA improved 12.2% to NZ$11.29 million, compared to the same period last year, with sales revenues increasing 7.4% to NZ$111.94 million. Both divisions, Domestic and Air & Ocean (previously known as International), showed improved results for the reporting period continuing the trends of the past.

Trading in July and August reflects similar levels of growth.

**Australia (AU$)**
Our Australian business units continue to find improvement, particularly our Domestic operations. EBITDA improved 19.6% to AU$5.11 million with sales improving 12.4% to AU$97.47 million.

Our Domestic operations are the standout performer in this region, where sales growth remains strong, exceeding 20%. In our Air & Ocean operations, we are seeing small improvements from the year prior and whilst this is satisfactory, stronger sales and EBITDA performance is expected.

Trading during July and August continues the trend in both operations.

**Asia (US$)**
Improved trading across most branch locations has seen revenue up 16.9% on the same period last year, to US$8.63 million, and an EBITDA increase of 30.2% to US$0.63 million.

Export growth in both sea and air freight dominates these improvements. Import volumes remain weak for us, and an area for improvement.

We continue to focus on stronger in-country sales to find more growth to and from this important market. European trade lane growth has not yet reached anticipated levels.
United States of America (US$)
Strong sales activity in Mainfreight USA’s Air & Ocean division has seen total US revenues improve 12.1% to US$91.62 million when compared to the same period last year. EBITDA performance improved a satisfactory 34.2% to US$4.08 million, again as a result of good growth from our Mainfreight operations.

Our wholesale NVOCC operator, CaroTrans, has seen small improvements in sales and EBITDA performance, and we expect further progress as strong sales activity extracts more market share.

Trading through July and August has seen these trends continue across both business units.

Europe (Euro €)
As we signalled at our recent annual meeting of shareholders, our European operations continued to experience disappointing revenues and margins due to lost logistics customers.

Revenues declined 4.8% from the year prior to €62.84 million and EBITDA reduced by 53.5% to €3.09 million. This EBITDA result was further hampered by poor results from our Belgium transport operations.

Whilst new customers have begun trading within our logistics operations, and improvements have been implemented across our Belgian transport business, the European summer holiday period has negated the benefits of these changes. September will see this seasonal effect improve.

We remain confident of the long-term benefits our European entry has provided, including the opportunities that are coming from global customers and the interaction between our trading entities across the world. Our strategy of strengthening the links between our operations in all countries provides competitive advantage and opportunity for much stronger growth than we have been capable of in the past.
**Group Operating Cash Flows**
Operating cash flows were NZ$22.86 million, a decrease of NZ$1.42 million reflecting the reduced profitability.

Capital Expenditure totalled NZ$13.03 million, of which NZ$9.01 million related to property development.

**Outlook**
Aside from our European performance, trading remains broadly in line with expectations, particularly the improvement shown by our Australian and USA operations.

We continue to be mindful of trading conditions around the world, and are managing our cost structures accordingly and vigorously pursuing sales growth.

Market share gain is the focus across all of our markets as we look for stronger revenue generation, particularly in our Air & Ocean sector.

Mainfreight will be moving to half-yearly reporting going forward, making this our last quarter report. Future reporting dates are as follows:
- Half year to 30 September 2012 will be reported on 13 November 2012;
- Full year to 31 March 2013 will be reported on 29 May 2013.

*For further information, please contact Don Braid, Group Managing Director, telephone +64 9 259 5503, +64 274 961 637 or email don@mainfreight.com.*