MAINFREIGHT LIMITED
HALF YEAR RESULT
TO SEPTEMBER 2016
Result Summary

**Revenue**
Revenue up 2.5% to $1.14 billion
Excluding foreign exchange effects, 4.2% increase
An increase of $28.3 million

**EBITDA**
EBITDA at $86.35 million; increase of 20.6%
Excluding foreign exchange effects, 22.1% increase

**Net Surplus**
Net surplus after tax before abnormal items up 27.7% to $42.33 million

**Outlook**
Trading through October reflects similar financial improvements and we expect this to continue with strong pre-Christmas volumes
Dividend

Final dividend of 17.0 cents per share
Books close 9 December 2016; payment on 16 December 2016
3.0 cent increase reflects increased profitability
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>52.03</td>
<td>45.93</td>
</tr>
</tbody>
</table>

- Net capital expenditure totalled $27.91 million; of which $11.78 million was property development
- Expected full year capital expenditure ~$50 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>287,546</td>
<td>270,957</td>
<td>6.1% ↑</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>257,650</td>
<td>248,584</td>
<td>3.6% ↑</td>
</tr>
<tr>
<td>USA: US$</td>
<td>226,097</td>
<td>228,172</td>
<td>(0.9) ↓</td>
</tr>
<tr>
<td>Asia*: US$</td>
<td>31,448</td>
<td>21,650</td>
<td>45.3% ↑</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>136,475</td>
<td>130,771</td>
<td>4.4% ↑</td>
</tr>
</tbody>
</table>
| **Total Group: NZ$** | **1,142,437** | **1,114,141** | **2.5% ↑** | *(excl FX) 4.2% ↑*

* Inter-company totalled US$33.54 million for Asia  
  Revenue including inter-company for Asia up 32.9%
## Half Year Analysis: EBITDA

<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>37,163</td>
<td>28,989</td>
<td>28.2%</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>16,092</td>
<td>13,184</td>
<td>22.1%</td>
</tr>
<tr>
<td>USA: US$</td>
<td>9,812</td>
<td>9,385</td>
<td>4.5%</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>4,729</td>
<td>3,546</td>
<td>20.7%</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>7,650</td>
<td>5,900</td>
<td>29.7%</td>
</tr>
<tr>
<td><strong>Total Group: NZ$</strong></td>
<td><strong>86,348</strong></td>
<td><strong>71,582</strong></td>
<td><strong>20.6%</strong></td>
</tr>
</tbody>
</table>

(excl FX) 22.1% ↑
# Domestic vs Air & Ocean Performance

<table>
<thead>
<tr>
<th>NZ$000</th>
<th>THIS YEAR</th>
<th>LAST YEAR</th>
<th>VARIANCE</th>
<th>VAR EX FX</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group</td>
<td>Revenue</td>
<td>1,142,437</td>
<td>1,114,141</td>
<td>2.5%</td>
</tr>
<tr>
<td></td>
<td>EBITDA</td>
<td>86,348</td>
<td>71,582</td>
<td>20.6%</td>
</tr>
<tr>
<td>Domestic</td>
<td>Revenue</td>
<td>669,998</td>
<td>639,444</td>
<td>4.8%</td>
</tr>
<tr>
<td></td>
<td>EBITDA</td>
<td>60,562</td>
<td>47,448</td>
<td>27.6%</td>
</tr>
<tr>
<td>Air &amp; Ocean</td>
<td>Revenue</td>
<td>472,439</td>
<td>474,697</td>
<td>(0.5)%</td>
</tr>
<tr>
<td></td>
<td>EBITDA</td>
<td>25,786</td>
<td>24,134</td>
<td>6.8%</td>
</tr>
</tbody>
</table>

- Ocean shipping rate reduction of approximately $27 million
- Actual volumes increased:
  - Airfreight up 21%
  - Seafreight up 5%
New Zealand

- Revenue growth dominated by Domestic Transport and Logistics
- EBITDA improvement across all divisions
  - Better gross margins
  - Improved warehouse utilisation
  - Tighter control of overhead costs
- Transport
  - Freight volumes continue to be strong
  - Market share gains
  - Increased trading across “our” categories
  - Rail capacity issues currently, and expected to increase towards year end
    - More road and coastal shipping movements to offset
New Zealand

- Logistics
  - Utilisation much improved
  - Development costs in prior year assist
  - New customer gains continuing

- Air & Ocean
  - Revenue increases minimal – ocean freight rate effect
  - Import volumes stronger than exports
    - Currency
    - Network effects
Australia

- Revenue growth dominated by Domestic and Logistics operations
- EBITDA improvements across all divisions
  - However dominated by Logistics through efficiency and utilisation improvements
- Transport
  - Sales growth
  - Gross margin improvement
  - Overhead costs still require better management
    - New facilities (Epping) contributing
  - Sydney financial performance much improved
  - Chemcouriers development and profitability much enhanced
Australia

- Logistics
  - Utilisation of facilities at all time high
  - Efficiencies improving margins
  - Customer demand and new customer gains requiring expansion into new facilities (Sydney)
    - Additional 25,000m² – early 2018 (temporary premises leased until then)
- Air & Ocean
  - Gross margin improvements assisting profitability
  - Import revenues affected by ocean freight rates
  - Emerging signs of Perishable export growth
The Americas

- Regional revenue growth impacted by a decline in revenue from CaroTrans
- EBITDA growth driven by a strong performance in Air & Ocean and improvement from Domestic Transport
- Domestic Transport
  - Better overhead cost management and improving sales assisting net margins
  - Line-haul utilisation improving with sales growth
  - Use of third-party carriers declining
    - 30% decrease in this period
The Americas

- **Air & Ocean**
  - Strong profit performance added by airfreight volume from Asia in first three months
  - Market share gains continuing
    - Emphasis on development of European and Asian trade lanes
- **Logistics**
  - Still not yet profitable regionally, but utilisation improving – Los Angeles best performer to date
  - Pending gains will assist New Jersey warehouse development and profitability
The Americas

- CaroTrans
  - Revenue decline
    - Shipping rate deterioration and loss of LCL TEU volumes
    - Shippers loading more FCL than LCL freight due to ocean rate levels
  - Gross margin increase as loading efficiencies improve
  - October and November booking statistics improving
Asia

- Air export volumes and revenues significant part of regional revenue growth
  - EBITDA improvement driven by air export volume during first three months of period, however air export volumes declined in second three-month period as customer requirements changed to seafreight
- Hong Kong warehouse yet to be profitable
- Focus on sales development across USA and European trade lanes
Europe

- Revenue improvement across all three divisions – dominated by Logistics performance
- EBITDA performance aided by improving margins (particularly in Logistics) and improved cost management
- Forwarding/Transport
  - Better margins, and improvements in Belgian operations, are assisting
  - Sales development still not strong enough across network
Europe

- Logistics
  - Excellent utilisation and customer gains have supported increased profitability
  - Construction of additional leased warehousing in Netherlands underway, expect completion mid-2017
    - 12,000m² already committed
- Air & Ocean
  - Network coverage remains high priority
  - London profitable
  - German agency arrangements to be replaced for New Zealand/Australia with our own capability
Group Outlook

- October trading mirrors that of the previous six months; expecting this to continue into the second half
- Pre-Christmas volumes already strong within Domestic operations in New Zealand and Australia
- Likely rail capacity issues for New Zealand
- Network sales activities
  - Supply chain activity within regions and across global network continues to strengthen
- Confident of an improved full year
## Financial Calendar F17

<table>
<thead>
<tr>
<th>Event</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>F17 – 12 months ended 31 March 2017</td>
<td>30 May 2017</td>
</tr>
<tr>
<td>Annual Meeting of Shareholders</td>
<td>27 July 2017</td>
</tr>
<tr>
<td>F18 – 6 months ended 30 September 2017</td>
<td>15 November 2017</td>
</tr>
</tbody>
</table>