MAINFREIGHT LIMITED
HALF YEAR RESULT
TO SEPTEMBER 2012

Result Summary

- Revenue up 7% to $936.37 million (excluding FX)
  - Excluding Europe, revenue improved 9.5% (excluding FX)
- EBITDA down 4% to $61.06 million (excluding FX)
  - Excluding Europe, $52.74 million, up 15%
- Net surplus $27.74 million, down 5%
- European results:
  - Revenue down 1.4% to €122.35 million, reflecting organic sales growth replacing lost accounts
  - EBITDA down 50% to €5.26 million, reflecting margin loss and increased costs
- Interim dividend of 12 cents per share
  - Books close 7 December 2012; payment on 14 December 2012
- Pleasing results from Australasia, Asia, USA. Disappointment in European result

Cash Flow

NZ$ million	This Year	Last Year
Operating cash flow	31.3	31.9

- Operating cash flow reflects profit reduction
- Capex expectations:

	F13	**F14**
Property	$45 million	$67 million
Other	$20 million	$20 million

Capital Expenditure

NZ$000		F13	F14
NZ Property	Palmerston North Terminal	8,500	
	Invercargill Terminal	6,900	
	Christchurch Terminal	5,000	25,000
	Sundry Other	4,500	500
	Properties for Sale		(16,400)
	Hamilton Land		11,500
		24,900	**20,600**
AU Property	Brisbane Buildings	12,700	31,000
	Adelaide Purchase	5,500	
	Melbourne Land		15,000
		18,200	**46,000**
Sundry Rest of the World Property		1,500	
Total Property Capex		**44,600**	**66,600**
Non-property Capex		20,000	20,000
Total Capex		**64,600**	**86,600**

Half Year Analysis: Revenue

$000	This Year	Last Year	Variance	
New Zealand: NZ$	228,289	215,512	6%	↑
Australia: AU$	209,418	184,852	13%	↑
USA: US$	182,044	165,145	10%	↑
Asia: US$	14,749	15,396	4%	↓
Europe: EU€	122,356	124,065	1.5%	↓
Total Group: NZ$	**936,371**	**892,898**	**7%**	↑

Half Year Analysis: EBITDA

$000	This Year	Last Year	Variance	
New Zealand: NZ$	24,186	22,246	9%	↑
Australia: AU$	13,023	10,674	22%	↑
USA: US$	8,123	6,845	19%	↑
Asia: US$	1,373	1,152	19%	↑
Europe: EU€	5,255	10,588	50%	↓
Total Group: NZ$	**61,061**	**64,369**	**4%**	↓

New Zealand

- Revenue growth across both divisions (Domestic/Logistics and Air & Ocean)
- EBITDA performance positive in both divisions
- Domestic rate review effective 1 October is benefiting November weekly results
  - New Invercargill branch operational; November
  - Palmerston North branch; January 2013
  - Land for Hamilton – 7 hectares, rail served
  - Mainfreight 2Home launched, e-commerce trade increasing
- Large account gains for Air & Ocean; benefits from November on

Australia

- Domestic market share gains continue to assist growth
  - Pace of revenue growth has some negative gross margin impact
  - Cost structures increasing as labour and additional facilities (Brisbane and Melbourne) needed to cope with volumes
- Adelaide building improvements complete; Brisbane’s new facility about to go to tender, completion due first quarter 2014
- Air & Ocean showing moderate improvement in revenue and EBITDA

United States

- Overall result satisfactory; continues to be driven by Mainfreight improvement – second quarter flatter than expected, Oct/Nov MF USA stronger
- Mainfreight seeing good Air & Ocean division growth – now almost 50/50 split with Domestic
- New branches for Mainfreight in Toronto and Philadelphia; Mexico City due to open on 10th December
- CaroTrans revenue increased 3.6% over prior year; EBITDA on par
- New branches for CaroTrans in Seattle and Le Havre (France). Some disruption to November results as a consequence of Tropical Storm Sandy

Asia

- Result lacks punch
  - In-country revenue down 4%; lack of peak season volumes
  - Inter-company revenue up 64% to US$13.2 million
  - EBITDA up 19% principally due to strong inter-company trading (Mainfreight network)
- European trade lane development remains a high priority; only 30% of inter-company growth
- Asia/US dominating new revenue growth
- Airfreight growth strong – margin improvement as a result of better airline contract negotiations
- Seafreight rate structures still under pressure

Europe

- Replacement revenue gained across Dutch Transport, Logistics and Air & Ocean divisions
- Gross margins impacted in warehousing and forwarding as competition intensifies
- Air & Ocean revenue gains predominantly USA traffic; Asian volumes still well below expectations
- Warehousing utilisation improved to 80%; efficiencies yet to be seen to drive margin improvement
- Belgium
  - Transport improvements still unsatisfactory
  - Key warehousing contract re-signed for 3 years with additional opportunities

Europe …

- Eastern Europe / Russia – opportunities beginning to contribute to revenue/EBITDA
- Second half trading expected to be ahead of last year – slight improvements seen in October/November
- Divisional management structure/reporting changes in place and reflect European-wide responsibilities:
  - Forwarding (intra-Europe) Paul Looman
  - Logistics (warehousing) Dick Betlem
  - Air & Ocean Jon Gundy

Director Appointment

- Simon Cotter, aged 45
  - Director of Grant Samuel & Associates
  - Advised Mainfreight on M&A activity since 2003 (Owens acquisition)
  - Strong financial and analytical skills to complement current Board
- Board will comprise 7 Directors
  - 2 executive, 5 non-executive (of whom 4 are independent)
  - Brings diversity and allows for succession planning
- Appointment effective January 2013; Simon will stand for election at the July AGM

Outlook

- October/November trading ahead of prior year in all regions
- Strong sales activities assisting market share gains in all countries
- Country management structure focusing on global network expansion and productivity within the network
- Focus on developing stronger growth across Air & Ocean products
  - Linked all Air & Ocean network to single database

Financial Calendar F13/F14

	Release Date
F13 – 12 months ended 31 March 2013	29 May 2013
Annual Meeting of Shareholders	31 July 2013
F14 – 6 months ended 30 September 2013	12 November 2013