MAINFREIGHT LIMITED
FULL YEAR RESULT
TO MARCH 2015
Result Summary

NET SURPLUS
Net surplus after tax and before abnormal items up 7.7% to $83.48 million

REVENUE
Revenue up 6.8% to $2.05 billion
Excluding FX up 8.7%
An increase of $130 million

EBITDA
Another record figure for EBITDA: $162.20 million; up 8.7%
Excluding FX up 10.4%
All regions ahead of last year

OUTLOOK
Satisfactory – expecting weakness in Australia over the next six months, otherwise confident of further improvement
Final dividend of 20.0 cents per share
Books close 10 July 2015; payment on 17 July 2015
Total dividend for year 34.0 cents per share, increase of 2.0 cents (6.25%) over the previous year
## 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>113.65</td>
<td>120.37</td>
</tr>
</tbody>
</table>

- Abnormal gain of $12.15 million in last year’s numbers
- Capital expenditure totalled $130.90 million

Land & Buildings: $100.3 million, including:

- Christchurch Rebuild $20.4 million
- Westney Road Extension $25.2 million
- Hamilton Land $7.8 million
- Hamilton Building $22.4 million
- Brisbane Completion $5.0 million
- Melbourne Land (Epping) $14.8 million
## Capital Expenditure Expectations FY16

<table>
<thead>
<tr>
<th>Capital Expenditure</th>
<th>NZ$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Capital</strong></td>
<td>104.4</td>
</tr>
<tr>
<td><strong>Property</strong></td>
<td></td>
</tr>
<tr>
<td>- CHH/ AKL (Westney) / HAM</td>
<td>Completion</td>
</tr>
<tr>
<td>- Sundry</td>
<td></td>
</tr>
<tr>
<td>- Hamilton</td>
<td>Disposal</td>
</tr>
<tr>
<td>- Christchurch (Air &amp; Ocean)</td>
<td>Land/Building</td>
</tr>
<tr>
<td>- Christchurch (Owens)</td>
<td>Land</td>
</tr>
<tr>
<td>- Auckland (Southdown Ln)</td>
<td>Building</td>
</tr>
<tr>
<td><strong>Total New Zealand</strong></td>
<td>30.3</td>
</tr>
<tr>
<td>- AU Melbourne (Epping)</td>
<td>Building</td>
</tr>
<tr>
<td>- EU Romania</td>
<td>Building</td>
</tr>
<tr>
<td><strong>Total Property</strong></td>
<td>76.4</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td>28.0</td>
</tr>
</tbody>
</table>
### Full 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>542,667</td>
<td>505,189</td>
<td>7.4% ↑</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>490,646</td>
<td>458,473</td>
<td>7.0% ↑</td>
</tr>
<tr>
<td>USA: US$</td>
<td>422,163</td>
<td>363,565</td>
<td>16.1% ↑</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>44,230</td>
<td>37,704</td>
<td>17.3% ↑</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>259,711</td>
<td>250,721</td>
<td>3.6% ↑</td>
</tr>
<tr>
<td><strong>Total Group: NZ$</strong></td>
<td><strong>2,054,339</strong></td>
<td><strong>1,924,407</strong></td>
<td><strong>6.8% ↑</strong></td>
</tr>
<tr>
<td>(excl FX)</td>
<td></td>
<td></td>
<td>8.7% ↑</td>
</tr>
</tbody>
</table>
# Full 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>73,606</td>
<td>67,375</td>
<td>9.2%</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>37,239</td>
<td>35,191</td>
<td>5.8%</td>
</tr>
<tr>
<td>USA: US$</td>
<td>19,108</td>
<td>18,853</td>
<td>1.4%</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>4,989</td>
<td>3,523</td>
<td>41.6%</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>11,913</td>
<td>8,922</td>
<td>33.5%</td>
</tr>
<tr>
<td><strong>Total Group: NZ$</strong></td>
<td><strong>162,195</strong></td>
<td><strong>149,187</strong></td>
<td><strong>8.7%</strong></td>
</tr>
</tbody>
</table>

(excl FX) 10.4% ↑
## Second Half Comparison: Revenue

<table>
<thead>
<tr>
<th>$000</th>
<th>2&lt;sup&gt;ND&lt;/sup&gt; HALF THIS YEAR</th>
<th>2&lt;sup&gt;ND&lt;/sup&gt; HALF LAST YEAR</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand: NZ$</td>
<td>286,728</td>
<td>262,042</td>
<td>9.4%</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>254,432</td>
<td>234,227</td>
<td>8.6%</td>
</tr>
<tr>
<td>USA: US$</td>
<td>215,254</td>
<td>185,446</td>
<td>16.1%</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>22,485</td>
<td>19,172</td>
<td>17.3%</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>129,871</td>
<td>125,973</td>
<td>3.1%</td>
</tr>
<tr>
<td><strong>Total Group: NZ$</strong></td>
<td><strong>1,067,238</strong></td>
<td><strong>971,708</strong></td>
<td><strong>9.8%</strong></td>
</tr>
</tbody>
</table>

(excl FX) 9.6%
<table>
<thead>
<tr>
<th>$000</th>
<th>2(^{nd}) HALF THIS YEAR</th>
<th>2(^{nd}) HALF LAST YEAR</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand: NZ$</td>
<td>43,712</td>
<td>39,720</td>
<td>10.1% ↑</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>21,835</td>
<td>21,110</td>
<td>3.4% ↑</td>
</tr>
<tr>
<td>USA: US$</td>
<td>9,075</td>
<td>10,450</td>
<td>(13.2)% ↓</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>2,751</td>
<td>1,703</td>
<td>61.5% ↑</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>6,721</td>
<td>4,954</td>
<td>35.7% ↑</td>
</tr>
<tr>
<td><strong>Total Group: NZ$</strong></td>
<td><strong>92,898</strong></td>
<td><strong>85,885</strong></td>
<td><strong>8.2% ↑</strong></td>
</tr>
<tr>
<td>(excl FX)</td>
<td></td>
<td></td>
<td><strong>8.4% ↑</strong></td>
</tr>
</tbody>
</table>
New Zealand

- Satisfactory performance across all divisions
- Domestic Transport volumes increased by additional 150k consignments
- Occupation of new facilities at Christchurch, Auckland and Hamilton from May 2015
- Logistics division saw reduced profits as construction disrupted utilisation and increased costs
- New warehouse facilities in Christchurch and Auckland will assist growth long-term
  - Flow over into Transport division
  - Specialist sectors, food, beverage, DIY, hazardous goods, and now perishable food products
Air & Ocean division again increased revenues across all modes
- Increasing market share inbound Asia trade lanes and dry air exports
- Air & Ocean network intensified – greater rural sector presence – small Dunedin acquisition
- New Air & Ocean facilities planned at Christchurch Airport location
New Zealand ...

**OUTLOOK**

Expect consistent improvement across all divisions

- Logistics will face increased costs of new facilities, but will also gain access to new markets
- Air & Ocean will continue its growth, particularly ex Asia
Second-half performance from Domestic Transport and Logistics disappointed
- Increased cost structures – labour / property costs
- Margins impacted through under-utilised linehaul/PUD (pick up and delivery) and new warehousing facilities
- Logistics utilisation affected by seasonal volume reduction (agriculture customers) and new facility costs
  - Gained significant duty free account (March start)
  - Additional large beverage accounts under tender
Australia ...

- New Transport and Logistics facilities under construction for Melbourne and Perth
  - Two branch domestic freight strategy for Melbourne
- Transport operations have introduced “limited carrier’s risk” for loss or damage ($2,000 per unit) from 1st April
Australia ...

- Air & Ocean profitability continues to improve
  - Market share increasing inbound
  - Perishable capability now in Melbourne, Sydney and Brisbane, and assisting outbound volumes
  - Management change in place – looking for increased pace of growth

Air & Ocean, Eagle Farm QLD
Increased sales activity needed to see revenues improve further
- Building costs will continue to impact results for Logistics and Transport in the short term
- Concern over Australian economic outlook in the short term
- Air & Ocean growth to continue
- First half result expected to disappoint

Expecting strong long-term growth; infrastructure investments assisting
Regional sales revenue much improved, driven by Mainfreight growth
  - Stronger domestic volumes
  - LCL – everyday freight
Q4 saw volume (sales) slow
  - Large Air & Ocean account reduced air freight volumes and margin
  - Development of fixed road linehaul increasing direct costs
Expect fixed road linehaul network to increase to 100-plus routes per week – will continue to impact margins
Some inter-modal (rail) being used
The Americas

- Separation of Logistics into standalone business/facilities
  - Los Angeles warehouse established – initial fixed cost
  - Newark/Dallas in planning stage
- Air & Ocean growth improved, although margins disappointed
  - Substantial customer gains expected next 3 months
The Americas ...

- CaroTrans profitability and revenue growth disappointed
  - Sales penetration / uptake poor
  - Margins compromised via poor operational management
    - Utilisation of containers
    - Port disruptions
    - Cargo repositioning
- Import development improving
  - Providing greater inbound control
  - Essential for offshore development
The Americas ...

OUTLOOK MAINFREIGHT
- Domestic linehaul and product development advancing
- Returns to date too small vis-à-vis the size of market
- Air & Ocean growth focused on Euro/Asia trade lanes
- Expect new customer gains to assist growth expectations

OUTLOOK CAROTRANS
- Operational efficiencies under review
- Sales growth expectations in the spotlight
- Expect similar performance year-on-year until greater momentum is found
Europe

- Improvement in sales and EBITDA performance
- Logistics is the biggest contributor, improving utilisation and margins (efficiency)
- Belgium management issues addressed
- Customer gains assisting Belgium turnaround
  - More to do to gain benefits
- Air & Ocean growth gaining traction
  - USA/Asia trade lane growth
- Bigger focus on sales capability and growth
  - 30% additional sales people (63 to 84 people)
Europe ...

OUTLOOK

- Expect ongoing improvement across network
- More improvement still required, particularly Belgium/France
- Domestic freight volumes improving
- Air & Ocean growth as Asia/USA trade lanes are developed
- Logistics returns – improvement expected to continue
Asia

- Good improvement in revenue growth and EBITDA
- Large increase in air freight volume
  - USA port disruptions assisted
  - Mostly ex Southern China / Hong Kong region
- Sales structure / numbers strengthened
  - More in-country sales volume
  - Expect this to continue
- New branches opened
  - Beijing – predominantly air freight
  - Khaosiung – southern Taiwan
- Vietnam will be next country
  - Business licensing underway
  - Expect to open second half of 2015
Asia...

OUTLOOK

- Continuation of sales growth and EBITDA improvement
- Stronger focus on European trade lane growth
- Southeast Asian development continuing
  - Thailand profitable
  - Singapore growing
  - Vietnam presence will help US trade in particular
Group Outlook

SHORT-TERM

- Expect Australian domestic results to stall through first half of 2016 financial year – cost structure ratios to be addressed
- Ongoing improvement expected across balance of business excluding CaroTrans

MEDIUM TO LONG-TERM

- Sufficient growth momentum across all markets

CAPITAL

- Capital investment in New Zealand/Australia properties will continue for next 3 years to provide sufficient infrastructure

NETWORK

- Global network development to continue as demand requires
<table>
<thead>
<tr>
<th>Event</th>
<th>Release Date</th>
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<tbody>
<tr>
<td>Annual Meeting of Shareholders</td>
<td>29 July 2015</td>
</tr>
<tr>
<td>F15 – 6 months ended 30 September 2015</td>
<td>10 November 2015</td>
</tr>
<tr>
<td>F15 – 12 months ended 31 March 2016</td>
<td>26 May 2016</td>
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