



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

Dividend

DIVIDEND

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

NZ\$ MILLION	THIS YEAR	LAST YEAR
Operating cash flow	113.65	120.37
<ul style="list-style-type: none">■ Abnormal gain of \$12.15 million in last year's numbers■ Capital expenditure totalled \$130.90 million<ul style="list-style-type: none">Land & Buildings: \$100.3 million, including:<ul style="list-style-type: none">■ 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 Management ...

Capital Expenditure Expectations FY16		NZ\$ million
Total Capital		104.4
Property		
- CHH/ AKL (Westney) / HAM	Completion	14.3
- Sundry		2.3
- Hamilton	Disposal	(6.0)
- Christchurch (Air & Ocean)	Land/Building	5.7
- Christchurch (Owens)	Land	10.5
- Auckland (Southdown Ln)	Building	3.5
Total New Zealand		30.3
- AU Melbourne (Epping)	Building	43.0
- EU Romania	Building	3.1
Total Property		76.4
Other		28.0



Larapinta QLD

Full Year Analysis: Revenue

\$000	THIS YEAR	LAST YEAR	VARIANCE
New Zealand: NZ\$	542,667	505,189	7.4% ↑
Australia: AU\$	490,646	458,473	7.0% ↑
USA: US\$	422,163	363,565	16.1% ↑
Asia: US\$	44,230	37,704	17.3% ↑
Europe: EU€	259,711	250,721	3.6% ↑
Total Group: NZ\$	2,054,339	1,924,407	6.8% ↑
			(excl FX) 8.7% ↑

Full Year Analysis: EBITDA

\$000	THIS YEAR	LAST YEAR	VARIANCE
New Zealand: NZ\$	73,606	67,375	9.2% ↑
Australia: AU\$	37,239	35,191	5.8% ↑
USA: US\$	19,108	18,853	1.4% ↑
Asia: US\$	4,989	3,523	41.6% ↑
Europe: EU€	11,913	8,922	33.5% ↑
Total Group: NZ\$	162,195	149,187	8.7% ↑
			(excl FX) 10.4% ↑

Second Half Comparison: Revenue

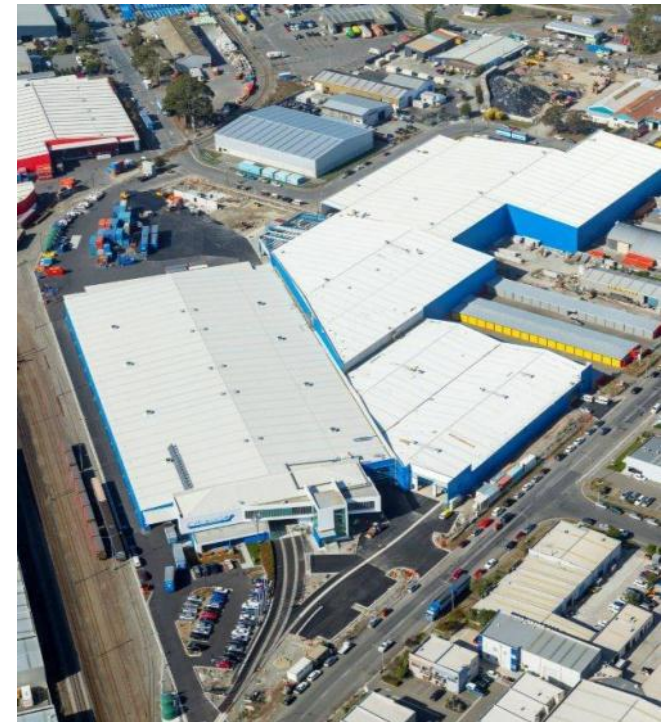
\$000	2 ND HALF THIS YEAR	2 ND HALF LAST YEAR	VARIANCE
New Zealand: NZ\$	286,728	262,042	9.4% ↑
Australia: AU\$	254,432	234,227	8.6% ↑
USA: US\$	215,254	185,446	16.1% ↑
Asia: US\$	22,485	19,172	17.3% ↑
Europe: EU€	129,871	125,973	3.1% ↑
Total Group: NZ\$	1,067,238	971,708	9.8% ↑
			(excl FX) 9.6% ↑

Second Half Comparison: EBITDA

\$000	2 ND HALF THIS YEAR	2 ND HALF LAST YEAR	VARIANCE
New Zealand: NZ\$	43,712	39,720	10.1% ↑
Australia: AU\$	21,835	21,110	3.4% ↑
USA: US\$	9,075	10,450	(13.2)% ↓
Asia: US\$	2,751	1,703	61.5% ↑
Europe: EU€	6,721	4,954	35.7% ↑
Total Group: NZ\$	92,898	85,885	8.2% ↑
			(excl FX) 8.4% ↑

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



Christchurch Rebuild Complete

New Zealand ...

- 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

Australia

- 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



Prestons NSW - extension

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

Australia ...

OUTLOOK

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

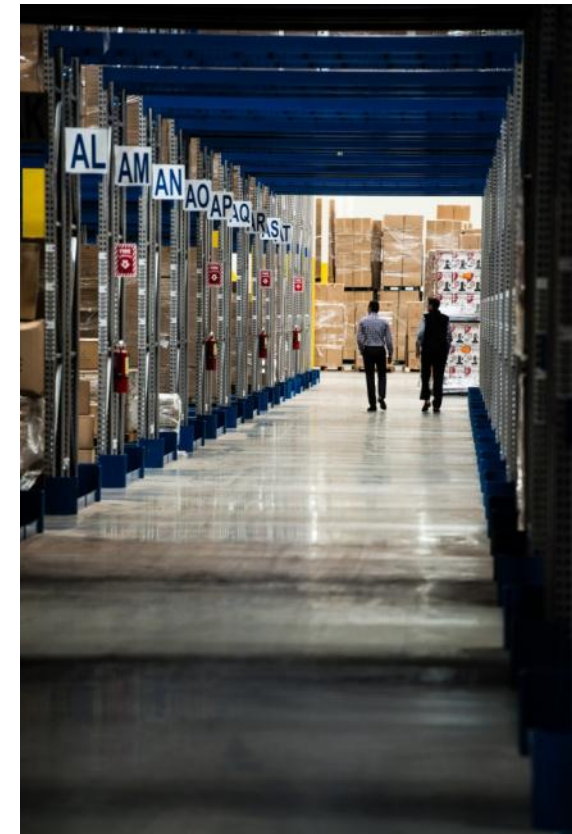
The Americas

- 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

Financial Calendar F16

Annual Meeting of Shareholders

F15 – 6 months ended 30 September 2015

F15 – 12 months ended 31 March 2016

RELEASE DATE

29 July 2015

10 November 2015

26 May 2016