MAINFREIGHT LIMITED
FULL YEAR RESULT
TO 31 MARCH 2019
Result Summary

Revenue up 12.9% to $2.95 billion (excluding FX up 10.8%)
An increase of $337.39 million
Offshore revenues now exceed $2.24 billion

EBITDA

EBITDA at $257.05 million, up 19.5% or $41.94 million
Excluding FX up 18.0%

Net surplus after tax before abnormal items up 26.0%
to $141.08 million
Dividend / Net Debt / Discretionary Bonus

**DIVIDEND**
- Final dividend of 34.0 cents per share
- Books close 12 July 2019; payment on 19 July 2019
- Total dividend for year 56.0 cents per share, increase of 11.0 cents or 24.4% over the previous year

**NET DEBT**
- Gearing ratio improved from 21.7% to 13.5%
- Net debt reduction of $66.37 million to $130.48 million

**BONUS**
- Payable at Board’s discretion to qualifying team members
- Up 31.6% to $27.2 million
Capital Management

### Operating Cash Flow

<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>197.4</td>
<td>140.2</td>
</tr>
</tbody>
</table>

- Capital expenditure totalled $89.2 million, with Land & Buildings $30.8 million, Plant & Equipment $42.8 million, and Information Technology $15.6 million

- Estimated F20 depreciation: $54.0 million
## Capital Management ...

<table>
<thead>
<tr>
<th>Capital Expenditure Expectations FY20</th>
<th>NZ$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property</td>
<td></td>
</tr>
<tr>
<td>New Zealand</td>
<td>54</td>
</tr>
<tr>
<td>Australia</td>
<td>108</td>
</tr>
<tr>
<td>Europe</td>
<td>3</td>
</tr>
<tr>
<td>Total Property</td>
<td>165</td>
</tr>
<tr>
<td>Other</td>
<td>48</td>
</tr>
<tr>
<td>Total Capital</td>
<td>213</td>
</tr>
</tbody>
</table>
## Full Year Analysis: Revenue

<table>
<thead>
<tr>
<th>Country</th>
<th>THIS YEAR</th>
<th>LAST YEAR</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand</td>
<td>NZ$ 718,791</td>
<td>666,039</td>
<td>7.9%</td>
</tr>
<tr>
<td>Australia</td>
<td>AU$ 710,172</td>
<td>623,268</td>
<td>13.9%</td>
</tr>
<tr>
<td>USA</td>
<td>US$ 493,861</td>
<td>435,264</td>
<td>13.5%</td>
</tr>
<tr>
<td>Asia*</td>
<td>US$ 74,448</td>
<td>83,863</td>
<td>(11.2)%</td>
</tr>
<tr>
<td>Europe</td>
<td>EU€ 376,279</td>
<td>336,110</td>
<td>12.0%</td>
</tr>
<tr>
<td><strong>Total Group</strong></td>
<td><strong>NZ$ 2,954,087</strong></td>
<td><strong>2,616,700</strong></td>
<td><strong>12.9%</strong></td>
</tr>
</tbody>
</table>

(excl FX) 10.8%  

* Inter-company totalled US$52.72 million for Asia, up from US$45.81 million  
  Revenue including inter-company for Asia is down 1.9%
## Full Year Analysis: EBITDA

<table>
<thead>
<tr>
<th></th>
<th>THIS YEAR</th>
<th>LAST YEAR</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand: NZ$</td>
<td>110,556</td>
<td>98,531</td>
<td>12.2%</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>55,372</td>
<td>49,887</td>
<td>11.0%</td>
</tr>
<tr>
<td>USA: US$</td>
<td>26,111</td>
<td>19,031</td>
<td>37.2%</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>6,308</td>
<td>4,921</td>
<td>28.2%</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>23,264</td>
<td>17,775</td>
<td>30.9%</td>
</tr>
<tr>
<td><strong>Total Group: NZ$</strong>*</td>
<td><strong>257,049</strong></td>
<td><strong>215,114</strong></td>
<td><strong>19.5%</strong></td>
</tr>
</tbody>
</table>

(excl FX) 18.0%

* Of the NZ$42 million increase in EBITDA, NZ$30 million is generated “offshore”
## Second Half Comparison: Revenue

<table>
<thead>
<tr>
<th></th>
<th>2nd HALF THIS YEAR</th>
<th>2nd HALF LAST YEAR</th>
<th>VARIANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Zealand: NZ$</td>
<td>375,671</td>
<td>349,172</td>
<td>7.6%</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>368,469</td>
<td>330,355</td>
<td>11.5%</td>
</tr>
<tr>
<td>USA: US$</td>
<td>256,707</td>
<td>232,206</td>
<td>10.6%</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>34,115</td>
<td>46,252</td>
<td>(26.2)%</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>193,951</td>
<td>173,599</td>
<td>11.7%</td>
</tr>
<tr>
<td><strong>Total Group: NZ$</strong></td>
<td><strong>1,523,093</strong></td>
<td><strong>1,391,117</strong></td>
<td><strong>9.5%</strong></td>
</tr>
</tbody>
</table>

(excl FX) 8.6%
#### Second Half Comparison: EBITDA

<table>
<thead>
<tr>
<th></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$</td>
<td>65,130</td>
<td>60,085</td>
<td>8.4%</td>
</tr>
<tr>
<td>Australia: AU$</td>
<td>32,854</td>
<td>29,058</td>
<td>13.1%</td>
</tr>
<tr>
<td>USA: US$</td>
<td>15,121</td>
<td>10,589</td>
<td>42.8%</td>
</tr>
<tr>
<td>Asia: US$</td>
<td>3,136</td>
<td>2,895</td>
<td>8.3%</td>
</tr>
<tr>
<td>Europe: EU€</td>
<td>12,859</td>
<td>9,372</td>
<td>37.2%</td>
</tr>
<tr>
<td>Total Group: NZ$</td>
<td>148,707</td>
<td>126,348</td>
<td>17.7%</td>
</tr>
<tr>
<td>(excl FX)</td>
<td></td>
<td></td>
<td>17.1%</td>
</tr>
</tbody>
</table>
## Product 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><strong>Group</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>2,954,087</td>
<td>2,616,700</td>
<td>12.9%</td>
<td>10.8%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>257,049</td>
<td>215,114</td>
<td>19.5%</td>
<td>18.0%</td>
</tr>
<tr>
<td><strong>Transport</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,450,942</td>
<td>1,297,013</td>
<td>11.9%</td>
<td>10.2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>156,681</td>
<td>128,382</td>
<td>22.0%</td>
<td>21.2%</td>
</tr>
<tr>
<td><strong>Warehousing</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>346,567</td>
<td>289,080</td>
<td>19.9%</td>
<td>17.5%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>37,282</td>
<td>33,142</td>
<td>12.5%</td>
<td>10.9%</td>
</tr>
<tr>
<td><strong>Air &amp; Ocean</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>1,156,578</td>
<td>1,030,607</td>
<td>12.2%</td>
<td>9.6%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>63,086</td>
<td>53,590</td>
<td>17.7%</td>
<td>14.9%</td>
</tr>
</tbody>
</table>
New Zealand

Revenue:  $719m  7.9%
EBITDA:  $111m  12.2%

- Network contribution
- Transport
  - Network intensification continues; reaching smaller regional areas
  - Mt Maunganui, South and West Auckland projects underway
  - Continuing to take market share
- Logistics
  - Opened in Cromwell
  - Construction underway for leased Hamilton site
  - Planning for Mt Maunganui
  - Ninth warehouse for Auckland opened – post-result
  - Large solar installation to assist chilled warehouse in Auckland
New Zealand

- **Air & Ocean**
  - Continuing to take inbound market share
  - Perishables capability improved with investment in Auckland
  - Regional branches contributing

- **New Zealand Outlook**
  - Sales pipeline reasonably full
  - Increased overheads likely a drag in first half
    - Increased salaries again at lower end of pay scale
    - Ongoing capital investment
  - Expect improved results year on year
Australia

Revenue: AU$710m 13.9%
EBITDA: AU$55m 11.0%

- Slower start; improved finish
- Transport
  - Implementation of Mainstreet (software platform) – without issue, slower start
  - Network growth, remains a priority
  - Sydney’s second cross-dock advancing; rail capable
- Logistics
  - New business opportunities necessitating more warehouses
  - Consolidation of 3 temporary sites into 1; 26,000 m2 Sydney
  - Beverage sector exposure increasing
  - Dangerous goods; retail sector opportunities to complement Chemcouriers’ competency
Australia

- Air & Ocean
  - Stronger push for more export growth vs import
  - LCL focus/capability required to grow this sector
  - Perishable market capability to feature medium-term

- Australia Outlook
  - Transport network to continue its expansion
  - Sales pipeline requires more effort / supply chain initiatives
  - Increased salaries again at lower end of pay scale
  - Conscious of a slowing economy; slower revenue growth last quarter
The Americas

Revenue: US$494m 13.5%
EBITDA: US$26m 37.2%

- Improvement across all three Mainfreight divisions

- Transport
  - Improving sales (particularly in first half) and more direct line-haul assisting profit
  - Still a large volume of freight with third parties – requires change
  - More direct line-haul committed between our major hubs
The Americas

- Logistics/Warehousing
  - Improving performance and utilisation from Los Angeles and Newark warehouses assisting profitability
  - Sales pipeline relatively strong for Dallas and Los Angeles
  - New warehouse for Atlanta and expansion to Seattle

- Air & Ocean
  - Opened in Salt Lake City and Santiago (Chile) – total branches now number 16
  - Establishing sales desks in other Transport locations
  - Strong emphasis on LCL consolidation for global network
The Americas

- CaroTrans
  - Improved processes and freight utilisation – further improvement needed
  - Better alignment of overseas agencies
  - Stronger sales focus/management appointments
  - Margin improvement – more expected

- Americas Outlook
  - Sales / Sales / Sales – still a weakness
  - Conscious of China/USA trade lane volatility
Europe

Revenue: €376m 12.0%
EBITDA: €23m 30.9%

- Transport performance key to overall improvement
- Transport
  - Improving line-haul utilisation, cross-dock management and deliveries in Netherlands provided much-improved results
  - Partnership relationships for “other” European country deliveries enhanced
  - Belgium and France improving – Romania developing
- Logistics
  - 2 new warehouses commissioned; utilisation and profitability improving
  - Increasing supply chain opportunities with warehouse customers
  - Profit per m² requires improvement
Europe

- **Air & Ocean**
  - Opened in Hamburg, Germany – sea freight focus (air freight for Frankfurt)
  - Pleasing progress in the UK and Italy
  - Air & Ocean network within Europe now 12 branches
  - Work to do in Belgium and France

- **Europe Outlook**
  - More sales effectiveness needed
  - Increasing sales personnel numbers
  - Defer warehousing development until full utilization and margins achieved
  - Brand awareness improving /assisting
  - More supply chain initiatives with customers required
Asia

Revenue: US$74m (11.2)%
EBITDA: US$6m 28.2%

- Exited poor performing air freight revenue
- Air & Ocean
  - Focus on improving margins – exiting of wholesale air freight
  - Sales desks to assist in-country growth – 2nd tier cities
  - Expect USA/China trade-lane issues to impact trade volumes – unpredictable
  - Intra-Asia trade volumes increasing
- Asia Outlook
  - Diversification of network into ASEAN region will assist to offset USA trade-lane issues and provide more regional growth to Mainfreight network globally
  - Airlines/shipping lines withdrawing capacity on trans-Pacific
Strategic Initiatives

- Network intensity - ongoing
  - Within cities
  - Within countries
  - Globally
Strategic Initiatives - continued

- Top 500 Customers = 56% of total revenue
- Top 500 Customers: Use of Mainfreight Divisions (Transport/Warehousing/Air & Ocean)

- Increasing regional trading opportunities across country locations where possible
Group Outlook

**SHORT-TERM**

Expect ongoing improvement, although reduced trading days in April has had an impact

IFRS 16 Lease Capitalisation – estimated impact for 2020 Year

- Increased Assets and Liabilities $579 million
- Increased EBITDA $105 million
- Reduced PBT $8 million

**MEDIUM TO LONG-TERM**

Supply chain sales initiatives across total network, delivering better than average growth

Network to develop further

**CAPITAL**

Investment in property requires ~$350 million in F20 and F21

Therefore estimated net debt F20 of $200 million; F21 $264 million
Financial Calendar F20

Annual Meeting of Shareholders 30 July 2019
F20 – 6 months ended 30 September 2019 13 November 2019
F20 – 12 months ended 31 March 2020 27 May 2020
Smile - it will warm their hearts or piss them off - either way you win!