MAINFREIGHT LIMITED HALF YEAR RESULT TO SEPTEMBER 2018

Result Summary

REVENUE

Revenue up 16.8% to $1.43 billion
(excluding foreign exchange effect, up 13.2%)
An increase of $205.41 million

EBITDA

EBITDA at $108.34 million, up 22.1%
(excluding foreign exchange effect, up 19.3%)
An increase of $19.58 million

NET SURPLUS

Net surplus after tax before abnormal items up 30.7% to $55.90 million

OUTLOOK

Trading through October, and into November continues current trends
It is our expectation that pre-Christmas volumes will be strong across our global network

First Half 2019 Review

- Satisfactory performance from all five regions
- Sales growth strong; new business and growth from existing customers
- New Zealand domestic network – resumption of full rail access
- Improvement in profit contribution from Air & Ocean divisions
- New Zealand & Australia contended with higher overheads
  - Salary increases, for those at the lower end of pay range
  - Software implementation (Australia Domestic Transport)

Dividend

DIVIDEND

Interim dividend of 22.0 cents per share

Books close 7 December 2018; payment on 14 December 2018

3.0 cent increase on prior year's interim dividend reflecting improved profitability and confidence for full year result

Capital Management

NZ$ MILLION	THIS YEAR	LAST YEAR
Operating cash flow	71.00	57.15

- Net capital expenditure totalled $40.19 million; of which $21.14 million is property development and $7.96 million is software development
- Expected full year capital expenditure ~$148 million
  On track with signalled land and property developments for 2019/2020

Half Year Analysis: Revenue

$000	THIS YEAR	LAST YEAR	VARIANCE	
New Zealand: NZ$	343,120	316,867	8.3%	↑
Australia: AU$	341,703	292,914	16.7%	↑
USA: US$	237,154	203,058	16.8%	↑
Asia: US$	40,333	37,612	7.2%	↑
Europe: EU€	182,329	162,511	12.2%	↑
Total Group: NZ$	**1,430,994**	**1,225,583**	**16.8%**	↑
			(excl FX) 13.2%	↑

Half Year Analysis: EBITDA

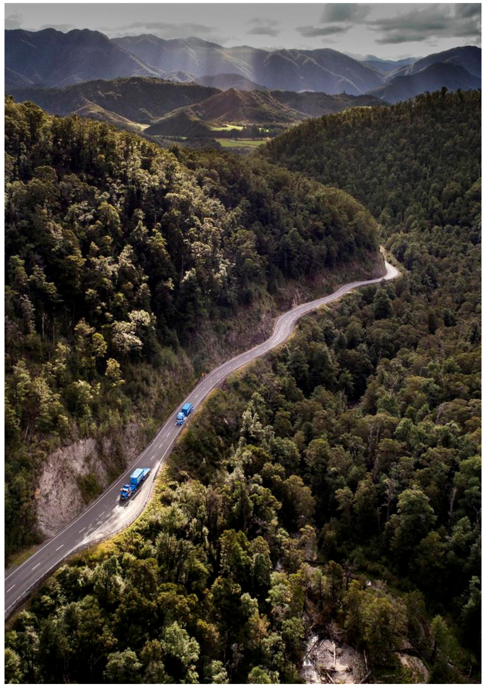
$000	THIS YEAR	LAST YEAR	VARIANCE	
New Zealand: NZ$	45,426	38,446	18.2%	↑
Australia: AU$	22,518	20,829	8.1%	↑
USA: US$	10,990	8,442	30.2%	↑
Asia: US$	3,172	2,025	56.6%	↑
Europe: EU€	10,405	8,403	23.8%	↑
Total Group: NZ$	**108,342**	**88,766**	**22.1%**	↑
			(excl FX) 19.3%	↑

New Zealand

Revenue: NZ$343m 8.3%
EBITDA: NZ$45m 18.2%

- Revenue growth across all three divisions
- EBITDA improvements in Domestic Transport and Air & Ocean; Logistics at similar levels to prior period

- **Transport**
  - Regional growth and profitability a highlight of the result
  - Resumption of Main Trunk Line rail service has assisted over the year prior, although still constrained
  - Owner driver rate increases to take effect November 2018
  - Further KiwiRail rate increases to take effect early in 2019



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New Zealand

- **Air & Ocean**
  - Steady revenue and EBITDA improvements
  - Regional development and contributions are a highlight; expect to replicate this offshore
  - Southeast Asian volume via Mainfreight network vs agencies
  - Improved chiller facilities post-result to capture more perishable freight opportunities
- **Logistics**
  - Increased lease costs on additional sites kept profit on par with prior period
  - Planning underway for new Hamilton warehouse

Australia

Revenue: AU$342m 16.7%
EBITDA: AU$23m 8.1%

- Strong revenue growth across all three divisions
- EBITDA improved – however impacted in first half by:
  - Increased overheads (labour, building leases)
  - Gross margins predominantly steady on year prior

- **Transport**
  - Increased labour costs fully absorbed heading into 2nd half
  - More emphasis on multi-modal transport (rail, coastal)
  - Stronger growth expectations for Chemcouriers
  - Expect to develop 2nd cross-dock in Brisbane
  - Regional expansion continues; Tasmania imminent

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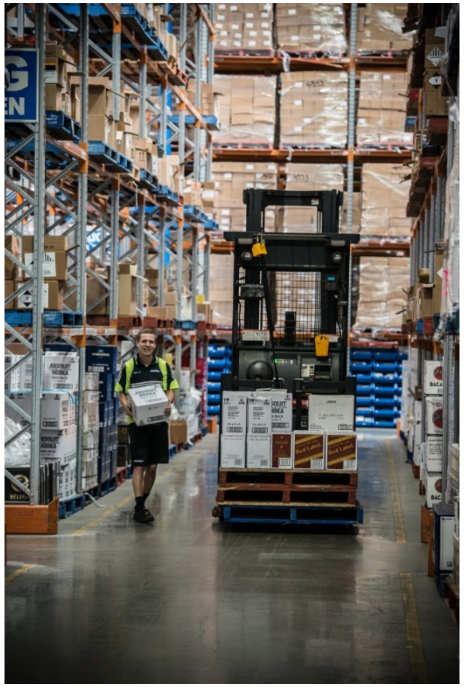
Australia

- **Logistics**
  - EBITDA improvement; despite short-term lease requirements to cope with growth
  - Large Sydney site ready year end (Kookaburra Rd, Prestons)
  - Planning underway for additional Melbourne site at Epping
  - Current growth rate will require additional 50,000m^2 by 2021
- **Air & Ocean**
  - Better revenue growth; however gross margins under pressure
  - Strong focus on developing stronger airfreight presence
  - Southeast Asian outbound volumes consolidating in Mainfreight network vs agencies
  - Enhanced chiller facilities in Sydney post-result will help perishable airfreight growth



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The Americas

Revenue: US$237m 16.8%
EBITDA: US$11m 30.2%

- Revenue levels improved in all 3 divisions
- EBITDA increase driven by marked improvement in Transport and Logistics; Air & Ocean EBITDA impacted by margin pressure

- **Domestic Transport**
  - Finally a breakthrough in LCL development across our top 6 locations, bringing improved performance
  - New cross-docks in New Jersey & Toronto assisting
  - Strong emphasis on improved quality to support growth initiatives

The Americas

- **Logistics**
  - Better profit contributions from 4 of the 5 warehouses
  - Utilisation high in Los Angeles & Newark
  - New warehouse in Chicago a significant improvement on previous facility
  - Sales growth rates strong and likely to provide momentum to additional facilities
- **Air & Ocean**
  - Excellent sales growth, however EBITDA impacted by poor margins
  - October/November have seen margins improve slightly
  - Expect year end profitability to be improved
  - Trade sanctions on eastbound trans-Pacific not yet affecting our volumes

The Americas

- **CaroTrans**
  - Strong focus on sales has seen revenues improve
  - EBITDA result assisted by better margin management
    - Container utilization
    - Improved inland repositioning cost management

Asia

Revenue: US$40m 7.2%
EBITDA: US$3m 56.6%

- Growth in both inter-company (MFT network) and in-country sales saw revenues improve
  - Including inter-company sales, growth was 17.3%
- Better cost control and margin management assisted EBITDA improvement
- Inter-Asia growth and improved trade with Europe continuing
- Opened in Malaysia, post-result
- Japanese business licences approved; expect to be operating early in the New Year
- Singapore trade-lane development operating very well for Mainfreight network

Europe

Revenue: EU€182m 12.2%
EBITDA: EU€10m 23.8%

- Revenue & EBITDA improvement aided by good performance from Air & Ocean and Transport
- **Forwarding/Transport**
  - Improved gross margins assisting
  - Belgium cross-dock challenges remain
    - Genk improving
    - Ghent, a work in progress
    - New facilities are a vast improvement
- **Logistics**
  - Development of new sites and new customer implementations saw EBITDA result dip slightly
  - Zaltbommel warehouse in Netherlands to implement customers from December 2018

Europe

- **Air & Ocean**
  - Sales growth pleasing
    - Sales pipeline initiatives very good
    - Developing bigger sales team
  - More to do to improve returns in Germany and Belgium
  - Asia trade-lane development pleasing

Land & Building Development Update

▪ Total Land & Buildings expenditure to Sep-18	$21.1 million
▪ Expected year-end spend	$103.0 million

Of Note:

- New Zealand
  - Land purchase West Auckland completed post-result
  - Mt Maunganui site development ongoing – Jan-20 completion
- Australia
  - Land purchases in Adelaide and Melbourne (x2) expected in 2nd half
  - Logistics Sydney – Dec-19 completion of facility (leased)
- Europe
  - Born, NL warehouse – completed and operational
  - Zaltbommel, NL warehouse – Dec-18 completion

Group Outlook

- Pleasing contributions from all regions; pre-Christmas freight volumes strong
- Second half prior period stronger than first; therefore improvements may be muted compared to first half
- Infrastructure investment continues to improve facilities and further intensify network development
- Expect ongoing development of global network as opportunities present
- Key areas of development and focus include:
  - LCL freight growth for Air & Ocean – both modes
  - Improvement of profitability per m^2 throughout all Logistics warehouses
  - Business culture strengthening in USA/Europe
  - Sales growth in all 5 regions
  - Ongoing cross-selling to customers for additional products and regions

Financial Calendar F19/F20

	DATE
F19 – 12 months ended 31 March 2019	28 May 2019
Annual Meeting of Shareholders	30 July 2019
F20 – 6 months ended 30 September 2019	13 November 2019