



MAINFREIGHT LIMITED

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MAINFREIGHT LIMITED

SCRIPTED ADDRESS AND PRESENTATION

24th Annual Meeting of Shareholders

4.00 pm, Tuesday 30 July 2019

CHAIRMAN'S ADDRESS

Welcome to our 41st Annual General Meeting since our beginnings in 1978, and our 24th since listing on the New Zealand Stock Exchange in 1996.

The year ended March 2019 produced the continuation of nine consecutive years of record results.

1. Record profits up \$29M to \$141M before abnormals.
2. Global sales up \$330M to \$2.95B – that represents sales in excess of close to \$57M per week.
3. Income tax payable for the year increased by \$9M to \$54M.
4. The discretionary bonus payable to our worldwide team increased by \$6.5M to \$27.2M
5. Our annual dividend paid to shareholders increased by \$11M to \$56M.
6. The average annual return from share growth, including dividends, over the past 10 years is 27.9%.

On November 6th this year, we will celebrate 30 years since our beginnings in Australia.

Breaking into the Australian market was probably the most difficult challenge in our history, apart from the beginnings of Mainfreight in the late 1970's and early 1980's in New Zealand. In Australia, over 2001-2003 we managed to lose close to AU\$20M – and it took huge effort and personal courage to recover, and eventually prosper.

Today we are a respected member of the Australian transport industry, and this year and in the future, are likely to generate more revenue than from New Zealand.

In our Annual Report (which I know you will all have read) I wrote “Could it be that a sharing of a percentage of the profits amongst the people who helped make them, should be an essential part of capitalism”?

In the last week, a New Zealand film “Capital in the 21st Century” has been showing at the New Zealand International Film Festival. The film is based on a book by French economist Thomas Piketty. The film, which is highly recommended, suggests that it is the accumulation of excessive capital (wealth) by too few members of society which has caused much destruction – from the French Revolution, the Russian Revolution, two world wars, the 1930’s depression, the 2008 Global financial crisis and the election of populist political leaders.

Following these events, the new leaders have promised a more equal society, but this has seldom happened.

Piketty suggests that the years 1950–1980 (a period perhaps well known to many Mainfreight shareholders here today) was a golden age of relative equality, and quite unique.

We are proud to advise our shareholders of the sharing of our success in the paying of, not only a profit sharing bonus, but also the full payment of our income taxes. We strongly believe that the payment of income taxes means that we are contributing to society – to health and education, roading etc. Individuals and companies which are not paying a fair share of taxes are enabling themselves to accumulate excessive wealth, and are not contributing to the welfare of their own countries.

Piketty suggests that the non-payment of taxes by some huge global companies, and by others registering themselves and their companies in various tax havens, robs governments of legitimate income and foments social unrest – and finally rebellion.

Many would agree.

How do we see the year ahead?

The year ended March 2019 was an extraordinary year – lifting our net profit before abnormals by 26%. We have much momentum, new projects and opportunities, and a belief that we can deal with – and sometimes even prosper – as business ebbs and flows, and great nations bicker at their own expense.

Climate change is the most serious challenge that the world as we know it is now facing. Dealing with this change must be tackled by individuals, organisations, business, governments and countries. We must not blame others, or wait until “they” do something. Every individual can and must contribute. Mainfreight will continue to do all that we can to deal with climate change.

In closing, I would again like to acknowledge our shareholders. Many of our larger investors have been long-term supporters, and we enjoy the long association with many of our smaller shareholders. We appreciate your loyalty, and emphasise our commitment to remaining a New Zealand-listed company.

Fellow shareholders, I would now like to ask the Group Managing Director, Don Braid, to give his presentation.

Group Managing Director’s Presentation

Please refer to separate PowerPoint slide presentation.

For further information, please contact Don Braid, Group Managing Director, telephone +64 9 259 5503, +64 274 961 637 or email don@mainfreight.com.