MAINFREIGHT LIMITED
HALF YEAR RESULT
TO 30 SEPTEMBER 2019

Result Summary

Without IFRS 16: "apples with apples"			
Revenue	$1.500 billion	up 4.9%	(up 4.4% with FX)
EBITDA*	$119.11 million	up 9.9%	(up 9.7% with FX)
Net profit	$62.21 million	up 11.7%	(up 11.2% with FX)
Under IFRS 16: "apples with oranges"			
Revenue	$1.500 billion	up 4.9%	
EBITDA	$176.46 million	up 62.9%	
Net profit	$59.13 million	up 6.2%	

Under IFRS 16, total assets increase by $587.59 million to $2.203 billion

** EBITDA: Earnings before net interest expense, tax, depreciation, amortisation, abnormal items, royalties, share based payment expense, minority interest and associates*

MAINFREIGHT

First Half 2020 Review

- Satisfactory result reflecting improvements in Europe and Americas
- New Zealand and Australia contending with slowing economies and higher overhead costs
- Asia result disappoints, impacted by USA trade tariffs, Hong Kong disruptions and network expansion costs
- Trading into second half remains ahead of prior year

Dividend / Net Debt

DIVIDEND

Interim dividend of 25.0 cents per share
Books close 6 December 2019; payment on 13 December 2019
Increase of 3.0 cents or 13.6% over last year's interim dividend

NET DEBT

Net debt increase of $57.25 million (since 31/3/19) to $187.73 million
Gearing ratio at 17.5%, previously 13.5% (at 31/3/19)

Capital Management

NZ$ MILLION	THIS YEAR	LAST YEAR
Operating cash flow	73.96	71.00

- Capital expenditure totalled $90.53 million for the period, including
  - Land & Buildings $72.44 million
  - Plant & Equipment $10.98 million
  - Information Technology $ 7.11 million
- Estimated F20 full year capital expenditure $170 million
- Estimated F21 full year capital expenditure $190 million

Half Year Analysis: Revenue

$000	THIS YEAR	LAST YEAR	VARIANCE	
New Zealand: NZ$	362,571	343,120	5.7%	↑
Australia: AU$	360,423	341,703	5.5%	↑
USA: US$	244,039	237,154	2.9%	↑
Asia: US$	35,991	40,333	(10.8)%	↓
Europe: EU€	193,766	182,329	6.3%	↑
Total Group: NZ$	**1,500,466**	**1,430,994**	**4.9%**	↑
			(excl FX) 4.4%	↑

Half Year Analysis: EBITDA

$000	UNDER IFRS16 THIS YEAR	PRE IFRS16 THIS YEAR	PRE IFRS16 LAST YEAR	PRE IFRS16 VARIANCE	
New Zealand: NZ$	58,747	46,778	45,426	3.0%	↑
Australia: AU$	40,940	22,624	22,518	0.5%	↑
USA: US$	18,803	13,439	10,990	22.3%	↑
Asia: US$	3,543	2,794	3,172	(11.9%)	↓
Europe: EU€	23,702	13,898	10,405	33.6%	↑
Total Group: NZ$*	**176,457**	**119,113**	**108,342**	**9.9%**	↑
				(excl FX) 9.7%	↑

* Of the NZ$10.77 million increase in EBITDA, NZ$9.42 million was generated "offshore"

Product Performance

NZ$000		THIS YEAR	LAST YEAR	VARIANCE		VAR ex FX	
Group	Revenue	1,500,466	1,430,994	4.9%	↑	4.4%	↑
	EBITDA#	119,113	108,342	9.9%	↑	9.7%	↑
Transport	Revenue	759,107	720,252	5.4%	↑	5.5%	↑
	EBITDA#	70,859	67,733	4.6%	↑	4.8%	↑
Warehousing	Revenue	179,591	162,062	10.8%	↑	11.4%	↑
	EBITDA#	19,831	15,261	29.9%	↑	30.8%	↑
Air & Ocean	Revenue	561,768	548,680	2.4%	↑	1.0%	↑
	EBITDA#	28,423	25,348	12.1%	↑	10.0%	↑

 # EBITDA pre-IFRS 16

New Zealand

Revenue: $363m 5.7%
EBITDA: $47m 3.0%

- Slowing economic conditions
- Growth across all 3 divisions; better EBITDA improvement from Warehousing and Air & Ocean

- Transport
  - Established customer volumes lower than the year prior
  - Chemcourier inter-Island volumes down; more product warehoused in Christchurch
  - Continue to take market share
  - Rate review 1 August

New Zealand

- Air & Ocean
  - Revenue growth improvement: export/import, sea/air
  - Perishable market share gains

- Warehousing
  - Improving utilization across new sites assisting revenue and profitability
  - Now in 16 sites, up 3 – with additional sites planned

Australia

Revenue: AU$360m 5.5%
EBITDA: AU$23m 0.5%

- Revenue growth in all 3 divisions; poorest in Transport
- EBITDA improvement in Air & Ocean and Warehousing; Transport contribution down
- Celebrating 30 years in Australia in 2019

- Transport
  - Increased labour costs: team numbers and salary increases (Melbourne branches worst affected)
  - Gross margins improving – rate review Sep-19 assisting
  - Market share gains not enough to offset down-trading of current customer base
  - South Dandenong (Melbourne) development in planning phase

Australia

- Air & Ocean
  - Improved performance in Perishable sector assisting
  - Revenue growth in export sector
  - Import sea freight volumes less than same period last year
  - Gross margins improving

- Warehousing
  - Revenue and EBITDA improvement
  - Utilisation levels up in most sites
  - New Sydney site (Kookaburra) now at capacity
  - Construction underway for second site at Epping (Melbourne)

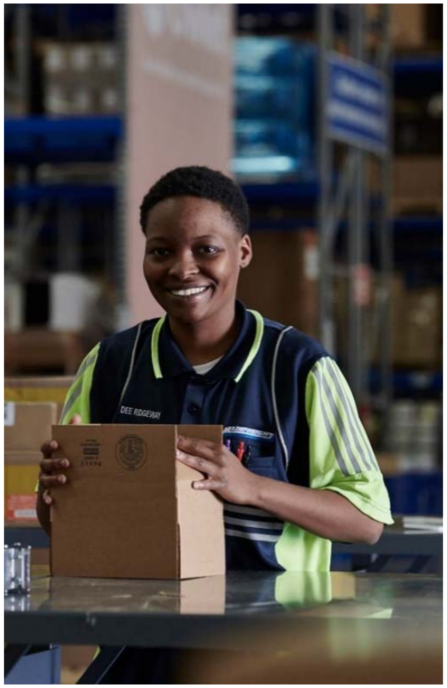
The Americas

Revenue: US$244m 2.9%
EBITDA: US$13m 22.3%

- Improvement in revenue across all 3 Mainfreight divisions; CaroTrans' revenue declined
- EBITDA improvement in all
- Transport
  - Improving margins with better fixed line-haul utilization
  - Continuing focus on LCL domestic freight growth – particularly "every day" freight
  - Stronger sales focus on FMCG freight verticals; exiting transactional/project business

The Americas

- Air & Ocean
  - Revenue growth subdued as air freight declines; prior year included pre-tariff volumes
  - Tariffs on China trade having an effect
  - Air freight initiatives to boost growth
- Warehousing
  - Utilisation improved with new customer gains
    - LA, Newark and Dallas at capacity
  - New sites opened: Seattle Jul-19; Californian Inland Empire Oct-19
  - Demand increasing for our improved sites and services



The Americas

- CaroTrans
  - EBITDA contribution much improved
    - Gross margin improvements
    - Container utilization
    - Repositioning cost management
  - Disappointing revenue levels
    - 2 lost customers (FCL and LCL)

Asia

Revenue: US$36m (10.8)%
EBITDA: US$3m (11.9)%

- USA import tariffs – volume moved has reduced by 30%
- Prior year included large pre-tariff airfreight shipments, not available this year
- Overhead costs up with new branches in Japan & Malaysia
- Increased sales team numbers
- Hong Kong riots disrupting outbound air freight
- Strong emphasis on Europe trade lane growth
- South Korea opportunity early 2020
- Development of Southeast Asia capability to meet shifting supply chain demand from China

Europe

Revenue: €194m 6.3%
EBITDA: €14m 33.6%

- Strong revenue and EBITDA contribution from Transport and Warehousing divisions
- Transport
  - Improving gross margins from
    - Cross-dock efficiencies
    - Improved PUD and line-haul truck utilization
  - Improving quality and transit schedules
  - Second NL cross-dock opened in Tilburg, Sep-19
  - Some downtrading by established customers offset by new customer gains

Europe

- Warehousing
  - Customer implementations completed in new warehouses of Born and Zaltbommel (NL)
  - Margin improvements through utilisation and labour efficiencies across network
  - Casual labour replaced with full time team members for quality and efficiency gains
- Air & Ocean
  - Decrease in air freight volume / revenue
  - Sea imports are increasing
  - Gross margin improvements assisting
  - Expect to open Barcelona (Spain) Jan-20

Land & Building Development Update

NZ$ MILLION	Half Year	Est. Full Year
Total Land & Buildings expenditure	72.44	122.00

Of note:

- Australia
  - South Dandenong (land purchase) $33.7 million
  - Adelaide (land purchase) $8.1 million
  - Epping (warehouse) land + construction $12.6 million
- New Zealand
  - Mt Maunganui/Mangatawa (transport facility) $10.0 million
  - Smaller branch extensions: Whangarei/Levin $4 million

Group Outlook

- Satisfying contributions continuing from Europe and Americas
  - America's sales growth must improve
- Asia unlikely to beat full prior year result
- New Zealand and Australia pre-Christmas volumes on the increase
- Network expansion to include South Korea and Spain
- Expectation of ongoing improvement through to financial year end

Financial Calendar F20/21

	DATE
F20 – 12 months ended 31 March 2020	27 May 2020
Annual Meeting of Shareholders	30 July 2020
Planning for Investor Day – Mt Maunganui	14 October 2020
F21 – 6 months ended 30 September 2020	11 November 2020

“Excellence is the gradual result of always striving to do better”