MAINFREIGHT LIMITED
FULL YEAR RESULT
TO 31 MARCH 2020

Result Summary

Without IFRS 16: "apples with apples"		Variance	Variance (excl FX)
Revenue	$3.095 billion	up 4.8%	up 3.6%
EBITDA*	$281.01 million	up 9.3%	up 8.6%
Net profit before abnormals	$156.10 million	up 10.6%	up 9.9%
Under IFRS 16: "apples with oranges"		**Variance**	**Variance (excl FX)**
Revenue	$3.095 billion	up 4.8%	up 3.6%
EBITDA	$398.67 million	up 55.1%	up 54.2%
Net profit before abnormals	$147.98 million	up 4.9%	up 4.3%

- Under NZ IFRS 16, total assets increase by $618.04 million to $2.305 billion
- Abnormal items reflect a gain of $11.23 million; including a positive tax adjustment of $14.70 million, one-off redundancy costs in Europe of $0.51 million, and $2.96 million for final write-off of the European brand name.

** EBITDA (Adjusted): Earnings before net interest expense, tax, depreciation, amortisation, abnormal items, royalties (segment only; not Group)*

Full Year 2020 Review

- Satisfactory result, with only Asia behind year prior
- China close-down and COVID-19 pandemic impact
  Jan to Mar 2020: $6m on EBITDA, and $22m on Revenue
- Strong second half from Australia (has continued into April, May)
- Disappointed in sales growth at 4.8%

COVID-19 Effect on Trading: April / May Review

Total Company Weekly Results* (7 weeks: 1st April – 17th May)

Revenue	up $25.3 million	up 5.7% (down 0.3% excl FX)
Profit before tax	= $9.1 million	down $6.5 million

- Australian trading through partial lockdown a highlight – ahead of year prior
- Asia improving through April and May
- New Zealand trading worst affected; recovery in May
- Americas – effects apparent later; likely for longer
- Europe – mix of results; short trading weeks in April/May affecting profit before tax

** Estimates only, based on branch weekly profit & loss accounts*

Dividend

DIVIDEND

Based on improving trading results late April/May; reduced capital expenditure; cash flow and facility levels, Directors have approved final dividend of 34.0 cents per share – in line with the year prior

Record date 10 July 2020; payment on 17 July 2020

Full dividend 59.0 cents, an increase of 3.0 cents or 5.4% over last year's full dividend

Capital Management

NZ$ MILLION	THIS YEAR	LAST YEAR
Operating cash flow pre-NZ IFRS 16	200.16	197.42
Operating cash flow post-NZ IFRS 16	300.80	

- Net capital expenditure totalled $155.03 million for the period, including
  - Land & Buildings $111.72 million
  - Plant & Equipment $26.64 million
  - Information Technology $16.67 million
- Estimated F21 full year capital expenditure $80.00 million

Capital Management continued

NET DEBT

Net debt of $157.38 million, up $26.90 million from prior year

Gearing ratio at 14.0%, previously 13.5% at 31/3/19

Debt facilities total	$499.52 million
Undrawn	$234.79 million

COVENANTS

Banking covenants (still based on pre-IFRS 16 numbers)

- Interest Cover Ratio: EBIT / Net Interest
  40.01 times vs 2.75 minimum required
- Total Debt Cover Ratio: Net Debt / EBITDA
  0.64 times vs 3.75 maximum allowed

Full Year Analysis: Revenue

$000	THIS YEAR	LAST YEAR	VARIANCE	
New Zealand: NZ$	752,913	718,791	4.7%	↑
Australia: AU$	756,797	710,172	6.6%	↑
USA: US$	493,286	493,861	(0.1)%	↓
Asia: US$	61,364	74,448	(17.6)%	↓
Europe: EU€	401,390	376,279	6.7%	↑
Total Group: NZ$	**3,095,394**	**2,954,087**	**4.8%**	↑
			(excl FX) 3.6%	↑

Full Year Analysis: EBITDA

$000	POST IFRS16 THIS YEAR	PRE IFRS16 THIS YEAR	PRE IFRS16 LAST YEAR	PRE IFRS16 VARIANCE	
New Zealand: NZ$	139,767	115,889	110,556	4.8%	↑
Australia: AU$	99,579	61,797	55,372	11.6%	↑
USA: US$	39,107	28,006	26,111	7.3%	↑
Asia: US$	5,395	3,914	6,308	(37.9)%	↓
Europe: EU€	49,710	29,568	23,264	27.1%	↑
Total Group: NZ$*	**398,671**	**281,006**	**257,049**	**9.3%**	↑
				(excl FX) 8.6%	↑

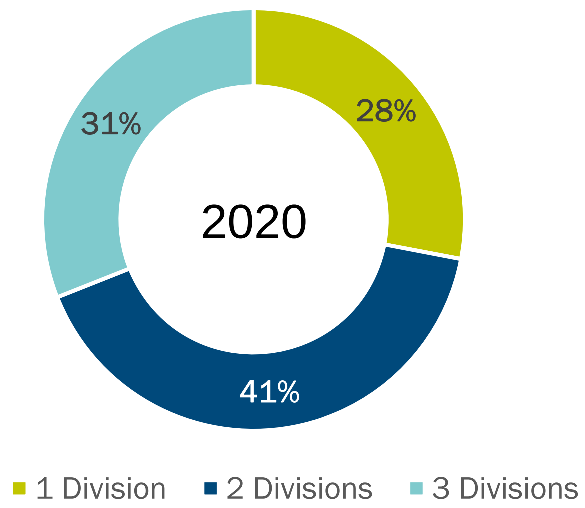
* Of the NZ$23.96 million increase in EBITDA, NZ$18.62 million was generated "offshore"

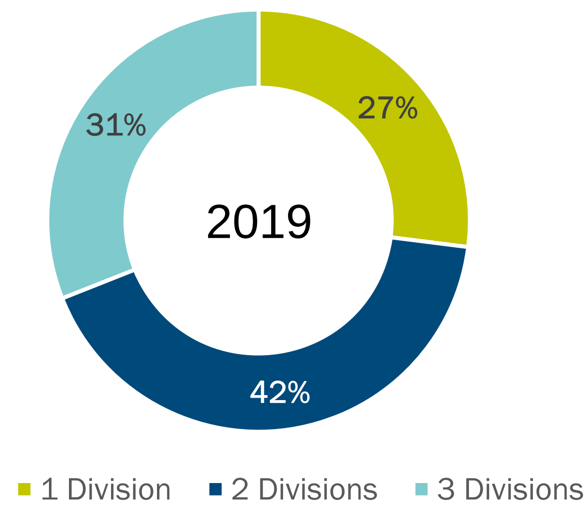
Product Performance

NZ$000		THIS YEAR	LAST YEAR	VARIANCE		VAR ex FX	
Transport	Revenue	1,576,320	1,450,942	8.6%	↑	7.9%	↑
	EBITDA *pre-IFRS16*	171,308	156,681	9.3%	↑	9.1%	↑
	EBITDA *post-IFRS16*	223,534					
Warehousing	Revenue	383,728	346,567	10.7%	↑	10.1%	↑
	EBITDA *pre-IFRS16*	50,526	37,282	35.5%	↑	35.0%	↑
	EBITDA *post-IFRS16*	101,961					
Air & Ocean	Revenue	1,135,346	1,156,578	(1.8)%	↓	(3.7)%	↓
	EBITDA *pre-IFRS16*	59,172	63,086	(6.2)%	↓	(8.0)%	↓
	EBITDA *post-IFRS16*	73,176					

Customer Trading

- Top 500 Customers = 57% of total revenue (last year 56%)
- Top 500 Customers: Use of Mainfreight Divisions (Transport/Warehousing/Air & Ocean)





- Increasing regional trading opportunities across country locations where possible

New Zealand

Revenue	**$753m**	**4.7%**
EBITDA pre-IFRS16	**$116m**	**4.8%**
EBITDA post-IFRS16	**$140m**	

- Acceptable result overall, lower growth than expected, higher overhead costs (salary increases)
- Construction of new Transport facilities at Mt Maunganui, Levin, Blenheim, Gore and Oamaru
- Additional Warehousing sites in Auckland; new contracts confirmed
- Air & Ocean continue to take market share

New Zealand: April/May 2020 Trading (7 weeks)

Revenue	**Decline of 16%**
Profit before Tax	**Break-even; down $7m**

- Trading improving into May for Transport and Warehousing; expect this to improve further
- Air & Ocean continued to increase revenues during lockdown via air charter services

Australia

Revenue	**AU$757m**	**6.6%**
EBITDA pre-IFRS16	**AU$62m**	**11.6%**
EBITDA post-IFRS16	**AU$100m**	

- Second half improvements particularly in Warehousing and Transport
- Increased warehouse footprint, supported by customer gains
- Air & Ocean steady, developing Perishable product slowly

Australia: April/May 2020 Trading (7 weeks)

Revenue	**Increase of 13%**
Profit before Tax	**AU$6m, up AU$4m**

- Australia's partial lockdown has provided steady revenue increases/market share gains
- Ongoing strong customer enquiry
- Expect these trends to continue

The Americas

Revenue	**US$493m**	**(0.1)%**
EBITDA pre-IFRS16	**US$28m**	**7.3%**
EBITDA post-IFRS16	**US$39m**	

- Improving margins in Transport saw EBITDA increase
- However disappointing revenue growth in Transport and Air & Ocean (trans-Pacific ex Asia volume decline)
- Warehousing providing good improvement, increasing footprint by 44%
- CaroTrans steady EBITDA progress
- Revenue growth a key strategy, particularly LCL FMCG (every day freight category)

The Americas: April/May 2020 Trading (7 weeks)

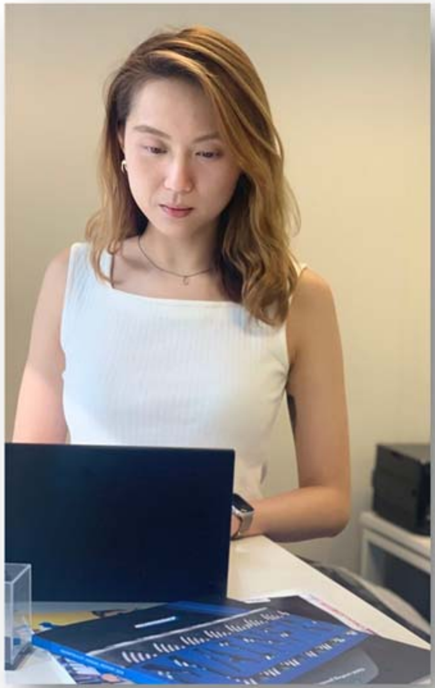
Revenue **In line with prior year**
Profit before Tax **US$1m, down US$2m**

- Transport revenue declining as "stay at home" rules became stronger
- Stronger Warehousing activity – deliveries to homes
- Air & Ocean activity in air charters inbound assisting revenue improvement – margins slimmer
- CaroTrans impacted at revenue and PBT level
- Expecting a slower, longer recovery from our US business compared to other parts of our network

Asia

Revenue	**US$61m**	**(17.6)%**
EBITDA pre-IFRS16	**US$3.9m**	**(37.9)%**
EBITDA post-IFRS16	**US$5.4m**	

- USA import tariffs reduced volume ex China
- Hong Kong civil unrest also impacted
- Pandemic with Chinese New Year shutdown affected fourth quarter earnings and revenue
- Southeast Asia network development with Japan and South Korea now contributing to a 9-country network in the region



Asia: April/May 2020 Trading (7 weeks)

Revenue	**Improvement of 41%**
Profit before Tax	**US$1.1m, up US$0.5m**

- Strong air charter activity assisting – NZ / US
- Spasmodic sea freight movements, multiple "blank" sailings, increasing
- Expecting continuation of air freight activity for a time

Europe

Revenue	**EU€401m**	**6.7%**
EBITDA pre-IFRS16	**EU€ 30m**	**27.1%**
EBITDA post-IFRS16	**EU€ 50m**	

- Improved Warehousing and Transport margin management
- Continued investment in sales and network capability, both Transport and Air & Ocean
  - Tilburg, Barcelona, Manchester new branches

Europe: April/May 2020 Trading (7 weeks)

Revenue **Declined by 5%**
Profit before Tax **Break-even, down EU€ 1m**

- Easter and May public holidays impacting freight volumes
- Early April full week trading saw acceptable revenue
- Easing of lockdowns across EU countries is seeing more freight volume enter our network
- Air & Ocean increased air freight volume

Land & Building Development Update: F20

NZ$ MILLION		
Total Land & Buildings Expenditure - 2020	111.7	

▪ Freight facility, Mount Maunganui	24.2
▪ Land and building, Whangarei	4.3
▪ Land, South Dandenong, Melbourne	32.6
▪ Warehouse facility, Epping, Melbourne	24.0
▪ Land, Epping, Melbourne	8.0
▪ Land, Adelaide	8.0
▪ Sundry Leasehold Alterations	4.9
▪ Sundry other property	5.7

Capital Expenditure Update: F21

NZ$ MILLION	
Planned Capital Expenditure	80
Mount Maunganui completion	13
Spring Creek, Gore, Levin	12
Epping completion	11
Sundry other property	6
Non-property capex	38

NZ$ MILLION	
Deferred Capital Expenditure	120
West Auckland	27
Hamilton Warehouse	10
Wellington	10
Mount Maunganui Warehouse	8
Auckland CFS, Queenstown land	14
Sundry other property NZ	4
Adelaide	36
South Dandenong	1
Non-property capex	10

Sustainability

- 2020 Annual Report will contain disclosure of our global carbon emissions inventories under ISO 14064-1:2018 (for calendar years ended 2019 and 2018)

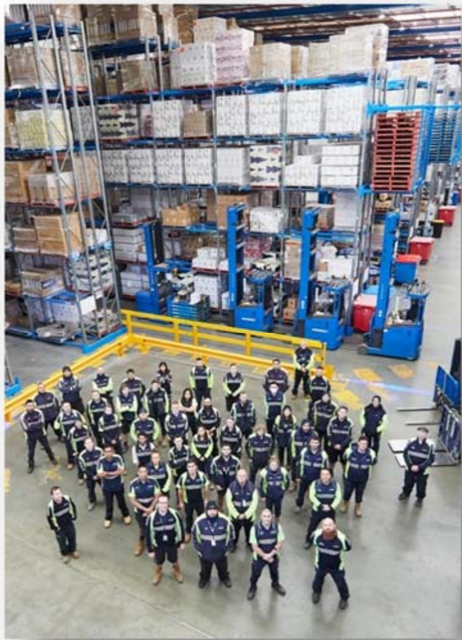
- Current footprint (2019 calendar year) is 1,662,867 tonnes CO2-e per annum, of which 97.68% is freight related

New Zealand Wage Subsidy

- The New Zealand business applied for and was granted $10.6 million in wage subsidies, paid on 16 April 2020
  - 1,526 people
  - Excluded Mainfreight Air & Ocean, and executive salaries
- While the business met the Government’s qualifying criteria, we have chosen to return the full amount
- We are supportive of the Government’s wage subsidy measures

Group Outlook

- The result of the past year is satisfactory, providing P&L strength and stability
- Impact of pandemic significant in April; May improving
- Maintaining operational and financial disciplines, no matter the improvement
- Sales activity strong
- Watchful for future economic downturn
- "Cautiously optimistic" for Mainfreight, in the words of our friends at Harbour Asset Management



Financial Calendar F21

	DATE
Annual Meeting of Shareholders	30 July 2020
F21 – 6 months ended 30 September 2020	11 November 2020
Planning for Investor Day – Mt Maunganui	14 October 2020
F21 – 12 months ended 31 March 2021	26 May 2021

"There are exceptions to social distancing"