MAINFREIGHT LIMITED
HALF YEAR RESULT
TO SEPTEMBER 2017

Result Summary

REVENUE

Revenue up 7.3% to $1.23 billion
Foreign exchange effect negligible
An increase of $83.15 million

EBITDA

EBITDA at $88.77 million, up 2.8%
An increase of $2.42 million

NET SURPLUS

Net surplus after tax before abnormal items up 1.1% to $42.77 million

OUTLOOK

Trading through October, and into November reflects further financial improvements and we expect this to continue with strong pre-Christmas volumes across the global network

Dividend

DIVIDEND

Interim dividend of 19.0 cents per share

Books close 8 December 2017; payment on 15 December 2017

2.0 cent increase on prior year's interim dividend reflects profitability and confidence for full year result

Capital Management

NZ$ MILLION	THIS YEAR	LAST YEAR
Operating cash flow	57.15	52.03

- Net capital expenditure totalled $32.34 million; of which $7.68 million is property development, $11.0 million is software development, and the balance plant and equipment across Europe, New Zealand and Australia
- Expected full year capital expenditure ~$60 million
  Below initial expectations as land settlements likely in the 2019 financial year

First Half Review

- A difficult first half; less than satisfactory performance in Asia and Americas

  Inhibitors included:

	Region	EBITDA Impact
▪ Easter trading effect	NZ/AU	NZ$2.8 million
▪ Kaikoura earthquake transit issues	NZ	NZ$3.0 million
▪ Air freight tonnage reduction	AS/US	US$3.7 million
▪ Establishment costs of new warehouse	EU	EU€0.6 million
▪ Software implementation	NZ/EU	NZ$1.1 million

- Sales growth of 7.3%
- Strong market share gains and profitability in Australia
- September/October improved trading in all regions

Half Year Analysis: Revenue

$000	THIS YEAR	LAST YEAR	VARIANCE	
New Zealand: NZ$	316,867	287,546	10.2%	↑
Australia: AU$	292,914	257,650	13.7%	↑
USA: US$	203,058	226,097	(10.2)%	↓
Asia*: US$	37,612	31,448	19.6%	↑
Europe: EU€	162,511	136,475	19.1%	↑
Total Group: NZ$	**1,225,583**	**1,142,437**	**7.3%**	↑
			(excl FX) 7.4%	↑

* Inter-company totalled US$19.10 million for Asia, down from US$33.54 million
  Revenue including inter-company for is Asia down 12.7%

Half Year Analysis: EBITDA

$000	THIS YEAR	LAST YEAR	VARIANCE	
New Zealand: NZ$	38,446	37,163	3.5%	↑
Australia: AU$	20,829	16,092	29.4%	↑
USA: US$	8,442	9,812	(14.0)%	↓
Asia: US$	2,025	4,729	(52.7)%	↓
Europe: EU€	8,403	7,650	9.8%	↑
Total Group: NZ$	**88,766**	**86,348**	**2.8%**	↑
			(excl FX) 2.8%	↑

New Zealand

Revenue: $317m 10.2%
EBITDA: $39m 3.5%

- Revenue growth continues to be dominated by Transport
  - Excluding Disruption Surcharge, revenue increase at 6.5%
- EBITDA improvement across all divisions, however subdued in Transport as:
  - Inter-Island volumes decline
  - Higher roading costs for inter-island volume
  - Increased labour costs for inter-island movements
  - Costs associated with software implementation

New Zealand

- Transport
  - Continues to gain market share
  - Commencement of rail services (first week of November)
  - Pre-Christmas volumes very strong
  - Expectations of a strong second half
  - Prior year second half impacted by earthquake
- Logistics
  - Opened additional warehouse in Christchurch to offset inter-island freight delays/supply chain efficiencies
  - Utilisation and activity levels strong leading into Christmas
- Air & Ocean
  - Revenue levels up year on year
  - Import volumes continue to outweigh exports

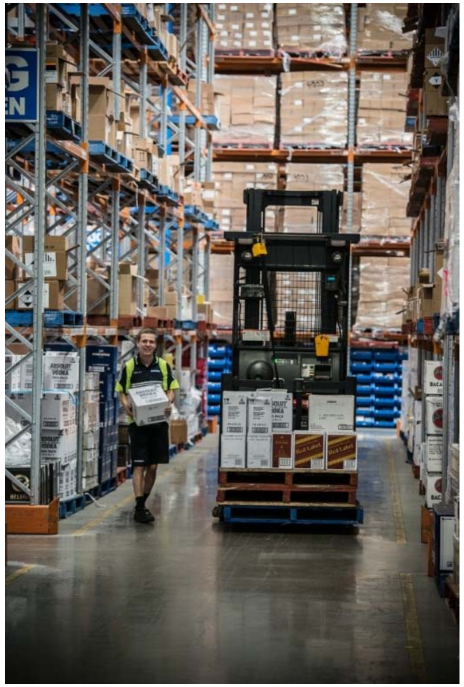
Australia

Revenue: $293m 13.7%
EBITDA: $21m 29.4%

- Strong sales and EBITDA growth in Transport and Logistics; Air & Ocean sales growth and EBITDA contribution muted
- Transport
  - Sales growth strong
  - Net margin improvements
  - Market share gains as quality of service increases
  - Expansion of network
    - Bendigo, November 2017
    - Toowoomba, early in 2018
  - Cautious about management of volumes through peak period

Australia

- Logistics
  - Activity and utilisation levels continue to improve
  - Land acquisition remains high on agenda
    - Melbourne x2
    - Adelaide
    - Brisbane (leased)
  - Sales growth continues
- Air & Ocean
  - Sales growth less than expected
  - Focus on Mainfreight trade-lane development continues
  - Expectation of improving performance



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The Americas

Revenue: $203m (10.2)%
EBITDA: $8m (14.0)%

- Disappointed at lack of overall progress
- Trading expectations across all 3 divisions did not materialise; small improvements in October
- Domestic
  - Sales gains in every day freight has not adequately replaced freight forwarding losses
  - Strong focus on getting six key hubs profitable
- Logistics
  - Customer gains continue; Newark facility benefiting
  - New warehouse for Chicago – leased – 20,000m^2

The Americas

- Air & Ocean
  - If abnormal prior year airfreight account excluded, shows market share gains, just not quickly enough
  - CaroTrans revenue decline halted
    - Focus on core USA branch improvements in profit and quality

Asia

Revenue: $38m 19.6%
EBITDA: $2m (52.7)%

- EBITDA performance yet to improve from year end 2017
- In-country revenue gains are at lower margins
- Loss of inter-company airfreight revenue (USA) impacted margins
- Senior management change brings strong focus on branch profitability improvements

Europe

Revenue: €163m 19.1%
EBITDA: €8m 9.8%

- Pleasing revenue improvement across all three divisions
- Logistics
    - Successfully implemented new warehouse (NL) in June; new warehouse opened in Ghent (BE) in September
    - Sales pipeline/customer gains provide further confidence
    - New warehouse in Born (NL) will open in March 2018

Europe

- Forwarding/Transport
  - Revenue growth contributed to operational pressure
  - Network capacity issues throughout Europe on the increase – rate reviews underway
  - New dock in Genk (BE) to assist cross-dock congestion in ‘s-Heerenberg
- Air & Ocean
  - Revenue growth in both imports and exports
  - USA heavily weighted; Asia growing
  - Network expansion in Italy; further branches likely to open in Germany in 2018

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Group Outlook

- Indicators for first five weeks of second half show further profit improvement
- The inhibitors present in the first half are reduced/eliminated
- Expectations are for a stronger second half versus the prior comparative period
- Confidence of an improved full year result

Financial Calendar F17

	DATE
F18 – 12 months ended 31 March 2018	29 May 2018
Taking expressions of interest for Europe Investor Day	20 June 2018
Annual Meeting of Shareholders	26 July 2018
F19 – 6 months ended 30 September 2018	14 November 2018