

MAINFREIGHT LIMITED

Half Year Result to 30 September 2023

Result Summary



- **Revenue** \$2.36 billion down 21.6 %
- **PBT** \$174.8 million down 42.1 %
- **Net Profit** \$ 124.55 million down 42.6 %
- **People** – 10,811 down 500
- **Branches** – 332 up 1
- **Countries** – 26 – no change

Half Year Overview



- Adjusted for foreign exchange impact, Group Revenue is down 23.0%, Profit before tax is down 42.5%, and Net profit is down 43.0%
- Bonus Accrual \$20 million v \$51 million last year
- Operating Cash flows declined from \$291.4 million to \$186.8 million and reflects the reduction in profitability for the period
- Volume stats
 - Sea Freight (TEU) down 16.9%
 - Air Freight (Kgs) up 2.7%
 - Transport (Tonnes) down 3.5%
- Climate Risk Report lodged with the NZX and is available on our website

Dividend



- Directors have approved an interim dividend of 85 cents per share
- Books close 8 December 2023
- Payment on 15 December 2023

“Balance sheet strength allows us to maintain at last year’s level”

Capital Management



Operating Cash Flow \$186.8 million v \$291.4 million last year
"Reflects reduction in profitability"



Net Capex \$127 million - \$94 million on property



Net Funds (Debt) reduction to \$20.9 million in funds, down from \$122.8 million at 31 March 2023
"Cash at hand"



Debt facilities \$499 million, undrawn \$317 million
Bank Facilities extended to 2028 in July



Future Capital Expenditure Update: F24 - 25

2024

NZ\$ MILLION	F24
Planned Capital Expenditure	\$272
■ Property	\$148
■ Fit-out costs	\$64
■ Non-property capex	\$60

2025

NZ\$ MILLION	F25
Planned Capital Expenditure	\$291
■ Property	\$151
■ Fit-out costs	\$80
■ Non-property capex	\$60

Property and Fit-out costs F24-F25

New Zealand	\$226 million
Australia	\$116 million
Americas	\$ 88 million
Europe and Asia	<u>\$ 13 million</u>
	<u>\$443 million</u>

Spend to September 2023 = \$127 million

Reduction of \$113m for 2024/25 from previous estimates due to re-prioritisation of future sites

CAPEX for 2024 / 2025 Reduction



Major items are:

(NZ\$)

- Europe

\$ 66 million

- Netherlands cross-dock land & building delayed until 2026

- Australia

- Perth land – deferred

\$ 32 million

- Brisbane Transport delayed until 2026

\$ 27 million

\$125 million

Current Trading Environment (Half Year Analysis)

NZ\$000		REVENUE*	VAR %	PROFIT BEFORE TAX	VAR %
New Zealand	NZ\$	556,912	13.6% ↓	61,086	18.0% ↓
Australia	AU\$	632,932	9.2% ↓	56,487	10.6% ↓
Americas	US\$	324,828	42.3% ↓	11,987	79.7% ↓
Europe	EU€	282,195	13.7% ↓	12,544	46.6% ↓
Asia	US\$	48,898	51.3% ↓	6,557	58.8% ↓
Group	NZ\$	2,355,042	21.6% ↓	174,837	42.1% ↓

* Inter-company revenue excluded

** Prior period our best-ever performance

Trading Update: Our 3 Core Products (NZ \$)



TRANSPORT

Revenue: \$1,087.68 million down 2%
PBT: \$ 73.44 million down 33%

September improvement in domestic Transport trading results across Australasia



WAREHOUSING

Revenue: \$393.30 million up 11%
PBT: \$ 27.16 million down 6%

Continues to improve across all regions excluding USA



AIR & OCEAN

Revenue: \$874.06 million down 43%
PBT: \$ 74.24 million down 54%

Reflection of Global Shipping and Airfreight rate reductions

Region Performance: New Zealand

- Transport
 - Volumes improving
 - September profitability is better than the year prior
- Warehousing
 - Continues to trade ahead of the year prior
 - A number of significant gains for new warehouses
 - Development continues for new sites in Auckland and Christchurch
- Air & Ocean
 - Satisfactory performance in light of the global slowdown
 - A number of new customer gains beginning to trade



Region Performance: Australia

- September trading continued to improve across Transport and Air & Ocean Warehousing slightly behind
- Moorebank site operational from 1 November – exiting overflow warehouses
- Industrial action across ports – of concern for all products leading into Christmas



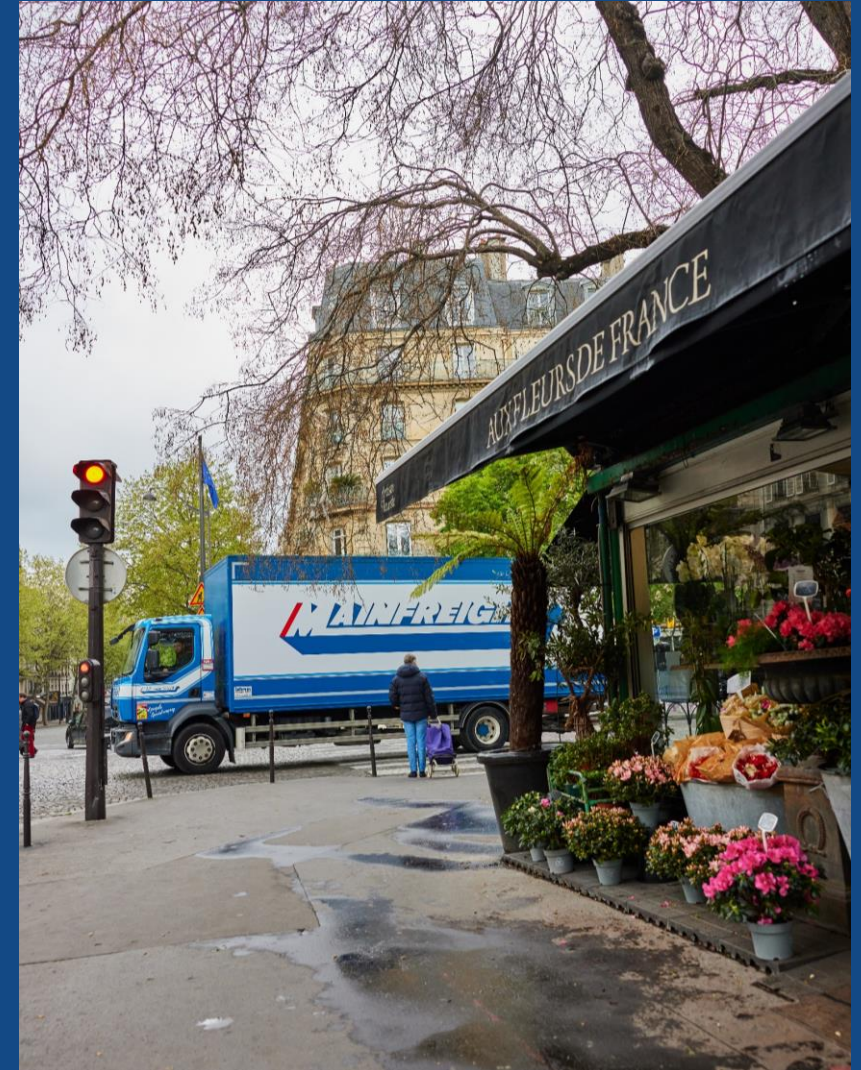
Region Performance: Americas

- Transport
 - Volumes on the increase – however, are marginally priced and impacting profitability
 - Senior leadership change – Mitch Gregor ex NZ
- Warehousing
 - Operations performing satisfactorily
 - The Dallas site is fully utilised and has reduced overflow sites
 - Additional capacity being secured in New Jersey alongside the current site to cater for customer growth
- Air & Ocean
 - Reducing dependence on Transpacific
 - Perishable operations up and running in LA with customer gains
- CaroTrans
 - LCL Growth deteriorating as low FCL rates replace the need for LCL consolidations
 - Agency changes in Asia to our own to develop the network



Region Performance: Europe

- Transport
 - Volume decrease is the largest of all our domestic activity
 - Rate review underway for January implementation
 - French performance disappointing
- Warehousing
 - Activity and profitability remain ahead of the year prior
 - Additional sites established and in planning mode for increased customer requirements
- Air & Ocean
 - Seen a deterioration in FCL sea freight (the majority of activity), however Airfreight and LCL sea freight has improved marginally
- Land acquisition for Netherlands cross-dock delayed until 2026 year



Region Performance: Asia

- Slowing freight demand in Transpacific ex China impacting performance
- SE Asia development and growth continuing satisfactorily – smaller markets to China
- A strong focus on European and Australasian growth to offset China exports
 - Includes stronger import growth and Asian-controlled tonnage
- Mumbai, India officially launched 26 October 2023
- Forward Airfreight bookings ex China on the increase leading into Christmas



Group Outlook



- A more normalised trading environment in front of us
- The level of sales activities is pleasing and provides confidence for the near future
- Volume increases in NZ and Australia are providing confidence
- Overhead cost structures are being managed well
- Capital Expenditure reductions prudent in current environment
- Whilst USA/Europe/Asia are not trading as well as we would expect, we are confident of our long-term strategies and execution in these markets
- Expect further improvement through our second half

To Close

F24 – 12 months ended 31 March 2024

Annual Meeting of Shareholders

F25 – 6 months ended 30 September 2024

TRADING DATES

29 May 2024

25 July 2024

13 November 2024

“Expect some form of normality to resume”