

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

Mainfreight Limited For Full Year Ended 31 March 2019

Preliminary full year report on consolidated results (including the results for the previous corresponding full year). This report has been prepared in a manner which complies with generally accepted accounting practice and fairly presents the matters to which the report relates and is based on unaudited financial statements, which are in the process of being audited. The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

Income Statement for the Year Ended 31 March 2019

	Note	2019 \$000	2018 \$000
Operating Revenue		2,953,414	2,616,189
Interest Income		673	511
Total Revenue		2,954,087	2,616,700
Transport Costs		(1,791,573)	(1,605,459)
Labour Expenses Excluding Share Based Payments		(612,641)	(538,483)
Occupancy Expenses		(83,850)	(73,192)
Depreciation and Amortisation Expenses		(53,107)	(47,788)
Other Expenses		(208,301)	(183,941)
Finance Costs		(7,541)	(7,567)
Profit Before Abnormal Items and Taxation for the Year		197,074	160,270
Income Tax on Profit Before Abnormal Items		(55,990)	(48,266)
Net Profit Before Abnormal Items for the Year		141,084	112,004
Abnormal Items	4	(4,965)	(7,224)
Income Tax on Abnormal Items	4	1,505	2,898
Abnormal Items After Taxation	4	(3,460)	(4,326)
Profit Before Taxation for the Year		192,109	153,046
Income Tax Expense		(54,485)	(45,368)
Net Profit for the Year		137,624	107,678

Earnings per share for profit attributable to the ordinary equity holders of the company are:

		Cents	Cents
Basic Earnings Per Share:	Total Operations	136.67	106.93
Diluted Earnings Per Share:	Total Operations	136.67	106.93

Statement of Comprehensive Income for the Year Ended 31 March 2019

Net Profit for the Year		137,624	107,678
Other Comprehensive Income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
Exchange Differences on Translation of Foreign Operations		1,144	(1,978)
Income Tax effect		(1,006)	3,371
Net Other comprehensive income to be reclassified to profit (loss) in subsequent periods		138	1,393
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Revaluation of Land including Foreign Exchange Movements		43,506	638
Income Tax effect		(4,106)	-
Net Other comprehensive income not to be reclassified to profit (loss) in subsequent periods		39,400	638
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Defined Benefit Pension Provision		(93)	325
Income Tax effect		23	(137)

Balance Sheet as at 31 March 2019

	Note	2019 ₹000	2018 ₹000
Current Assets			
Bank		115,184	80,521
Trade Debtors		389,376	361,737
Income Tax Receivable		200	270
Properties Held for Sale		-	7,852
Other Receivables		55,304	60,811
		<hr/>	<hr/>
		560,064	511,191
Non-current Assets			
Property		547,641	483,488
Plant & Equipment		118,988	98,822
Software		51,052	49,374
Goodwill		208,522	207,919
Brand Names		3,807	7,863
Other Intangible Assets		6,581	9,164
Deferred Tax Asset		6,234	8,882
		<hr/>	<hr/>
		942,825	865,512
		<hr/>	<hr/>
TOTAL ASSETS		1,502,889	1,376,703
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Current Liabilities			
Bank		4	36
Trade Creditors & Accruals		314,925	298,916
Employee Entitlements		62,832	53,373
Provision for Taxation		18,868	12,323
Finance Lease Liability		2,246	2,077
		<hr/>	<hr/>
		398,875	366,725
Non-current Liabilities			
Bank Term Loan		238,653	270,753
Employee Entitlements		2,815	3,634
Deferred Tax Liability		19,473	21,526
Finance Lease Liability		4,758	4,507
		<hr/>	<hr/>
		265,699	300,420
Shareholders' Equity			
Share Capital		85,821	85,821
Retained Earnings		673,931	583,359
Revaluation Reserve		89,371	51,254
Foreign Currency Translation Reserve		(10,506)	(10,644)
Defined Benefit Pension Reserve		(302)	(232)
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TOTAL EQUITY		838,315	709,558
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TOTAL LIABILITIES AND EQUITY		1,502,889	1,376,703
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The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 March 2019

2019

\$000	Ordinary Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Defined Benefit Pension Reserve	Retained Earnings	Total
Balance at 1 April 2018	85,821	51,254	(10,644)	(232)	583,359	709,558
Profit for the Year	-	-	-	-	137,624	137,624
Transfer of Revaluation Reserve to Other Comprehensive Income	-	(1,283)	-	-	1,283	-
Other Comprehensive Income	-	39,400	138	(70)	-	39,468
Total Comprehensive Income for the Year	-	38,117	138	(70)	138,907	177,092
Transactions with Owners in Their Capacity as Owners:						
Supplementary Dividends	-	-	-	-	(1,879)	(1,879)
Dividends Paid	-	-	-	-	(48,335)	(48,335)
Foreign Investor Tax Credit	-	-	-	-	1,879	1,879
Balance at 31 March 2019	85,821	89,371	(10,506)	(302)	673,931	838,315

2018

\$000	Ordinary Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Defined Benefit Pension Reserve	Retained Earnings	Total
Balance at 1 April 2017	85,821	50,616	(12,037)	(420)	518,982	642,962
Profit for the Year	-	-	-	-	107,678	107,678
Other Comprehensive Income	-	638	1,393	188	-	2,219
Total Comprehensive Income for the Year	-	638	1,393	188	107,678	109,897
Transactions with Owners in Their Capacity as Owners:						
Supplementary Dividends	-	-	-	-	(1,497)	(1,497)
Dividends Paid	-	-	-	-	(43,301)	(43,301)
Foreign Investor Tax Credit	-	-	-	-	1,497	1,497
Balance at 31 March 2018	85,821	51,254	(10,644)	(232)	583,359	709,558

Cash Flow Statement for the Year Ended 31 March 2019

	Note	2019 \$000	2018 \$000
Cash Flows From Operating Activities			
Receipts from Customers		2,931,037	2,580,429
Interest Received		673	511
Payments to Suppliers and Team Members		(2,674,532)	(2,388,030)
Interest Paid		(7,541)	(7,567)
Income Taxes Paid		(52,214)	(45,107)
		197,423	140,236
NET CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Flows From Investing Activities			
Proceeds from Sale of Property, Plant & Equipment		14,048	4,507
Proceeds from Sale of Software		50	46
Repayments by Team Members		8	213
Purchase of Property, Plant & Equipment		(87,673)	(51,509)
Purchase of Software		(15,603)	(17,726)
Advances to Team Members		(3)	(10)
Establishment of Franchises and Acquisition of Subsidiaries		-	(250)
		(89,173)	(64,729)
NET CASH FLOWS FROM INVESTING ACTIVITIES			
Cash Flows From Financing Activities			
Proceeds of Long Term Loans		320	1,974
Proceeds of Share Issues		-	-
Dividend Paid to Shareholders		(48,335)	(43,300)
Repayment of Loans		(26,755)	(28,441)
		(74,770)	(69,767)
NET CASH FLOWS FROM FINANCING ACTIVITIES			
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		33,480	5,740
Net Foreign Exchange Differences		1,215	380
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		80,485	74,365
		115,180	80,485
CASH AND CASH EQUIVALENTS AT END OF PERIOD			
Comprised			
Bank and Short Term Deposits		115,184	80,521
Bank Overdraft		(4)	(36)
		115,180	80,485

The accompanying notes form an integral part of these financial statements.

1 Corporate Information

The preliminary full year report announcement of Mainfreight Limited ("the parent") and its subsidiaries ("the Group") for the year ended 31 March 2019 were authorised for issue in accordance with a resolution of the Directors.

Mainfreight Limited is a company limited by shares incorporated in New Zealand whose shares are publicly traded on the NZX Main Board (New Zealand Stock Exchange).

2 Accounting Policies

Accounting policies remain consistent with the prior year financial statements, except for the adoption of new standards effective 1 April 2018, namely :

NZ IFRS 9 Financial Instruments: Classification and Measurement - the impact of this standard did not have a material impact on the financial statements.

NZ IFRS 15 - Revenue from Contracts with Customers - the 2018 year has been restated with a reduction of revenue of \$2,160,000, profit before tax was reduced by \$302,000 and after tax by \$215,000. The impact upon opening (1 April 2017) net assets and equity of the Group is calculated as a reduction of equity of \$2,640,000.

3 Required NZX Disclosures

Movements in Ordinary Shares on Issue

	2019 Shares	2018 Shares
Closing Balance	100,698,548	100,698,548
Average Balance During Year	100,698,548	100,698,548

Net Tangible Assets

	2019 \$000	2018 \$000
Net Tangible Assets	619,405	484,612
Net Tangible Assets per Security (cps)	615.11	481.25

Net Tangible Assets includes Software and Deferred Tax Assets and Liabilities.

Dividends Paid and Proposed

	2019 \$000	2018 \$000
Recognised Amounts		
Declared and Paid During the Year to Parent Shareholders		
Final Fully Imputed Dividend for 2018: 26.0 cents (2017: 24.0 cents)	26,182	24,168
Interim Fully Imputed Dividend for 2019: 22.0 cents (2018: 19.0 cents)	22,153	19,133
	<hr/> 48,335	<hr/> 43,301

Unrecognised Amounts

Final Fully Imputed Dividend for 2019: 34.0 cents (2018: 26.0 cents)	34,238	26,182
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After the balance date, the above unrecognised dividends were approved by directors' resolution dated 27 May 2019. These amounts have not been recognised as a liability in 2019 but will be brought to account in 2020.

Product Segments

The following table represents revenue and EBITDA regarding the three main types of services for the years ended 31 March 2019 and 31 March 2018.

	Domestic Transport	Warehousing	Air & Ocean Forwarding	2019 \$000
Revenue	1,450,942	346,567	1,156,578	2,954,087
EBITDA	156,681	37,282	63,086	257,049

	Domestic Transport	Warehousing	Air & Ocean Forwarding	2018 \$000
Revenue	1,297,013	289,080	1,030,607	2,616,700
EBITDA	128,382	33,142	53,590	215,114

Reconciliation between Segment EBITDA and the Income Statement

	2019 \$000	2018 \$000
Profit from Operations Before Abnormal Items and Taxation for the Year	197,074	160,270
Interest Income	(673)	(511)
Derivative Fair Value Movement	-	-
Non-cash Share Based Payment Expense	-	-
Finance Costs	7,541	7,567
Depreciation & Amortisation	53,107	47,788
EBITDA	<u>257,049</u>	<u>215,114</u>

EBITDA is defined as earnings before net interest expense, tax, depreciation, amortisation, abnormal items, royalties, share based payment expense, minority interests and associates.

There are no customers in any segment that comprise more than 10% of that segment's revenue.

Bank term loan is allocated based on segment net assets excluding bank term loan.

The geographical segments are determined based on the location of the Group's assets.

4 Abnormal Items

During the year the Group had \$4,965,000 of abnormal expenses (2018 \$7,224,000). The related after tax expense was \$3,460,000 (2018 \$5,048,000).

In the year the Group had no abnormal gains (2018 nil). The related after tax gain was nil (2018 \$722,000).

These items comprised of:

<u>2019 Year</u>		<u>Pre-Tax</u> <u>\$000</u>	<u>Tax</u> <u>\$000</u>	<u>After Tax</u> <u>\$000</u>
Brand Name Impairment	***	(3,912)	978	(2,934)
Redundancies		(1,053)	527	(526)
		<hr/>		
		(4,965)	1,505	(3,460)
		<hr/>		
<u>2018 Year</u>		<u>Pre-Tax</u> <u>\$000</u>	<u>Tax</u> <u>\$000</u>	<u>After Tax</u> <u>\$000</u>
Brand Name Impairment	***	(3,763)	941	(2,822)
Redundancies		(3,461)	1,235	(2,226)
Tax Rate Changes		-	722	722
		<hr/>		
		(7,224)	2,898	(4,326)
		<hr/>		

*** With the process of rebranding our European operations to Mainfreight underway it was decided to impair the purchased brand of Wim Bosman by one third in the 2019 financial year (2018 one third). This impairment entry has no cash impact.

5 Annual Report and Annual Meeting

The annual report is expected to be available on 26 June 2019.

The Annual Meeting is to be held at the Barrel Hall, Villa Maria Estate, 118 Montgomerie Road, Mangere, Auckland at 4.00pm on Thursday 30 July 2019.

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10. For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required.

Number of pages including this one
(Please provide any other relevant details on additional pages)

Full name of Issuer:

Name of officer authorised to make this notice: Authority for event, e.g. Directors' resolution:

Contact phone number: Contact fax number: Date:

Nature of event Tick as appropriate

Bonus Issue If ticked, state whether: Taxable / Non Taxable Conversion Interest Rights Issue Renounceable

Rights Issue non-renounceable Capital change Call Dividend If ticked, state whether: Interim Full Year Special DRP Applies

EXISTING securities affected by this *If more than one security is affected by the event, use a separate form*

Description of the class of securities: ISIN: *If unknown, contact NZX*

Details of securities issued pursuant to this event *If more than one class of security is to be issued, use a separate form for each class*

Description of the class of securities: ISIN: *If unknown, contact NZX*

Number of Securities to be issued following event: Minimum Entitlement: Ratio, e.g. 1 for 2 for

Conversion, Maturity, Call Payable or Exercise Date: *Enter N/A if not applicable* Treatment of Fractions:

Strike price per security for any issue in lieu or date Strike Price available: Tick if *pari passu* OR provide an explanation of the ranking:

Monies Associated with Event *Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.*

In dollars and cents

Amount per security (does not include any excluded income): Source of Payment:

Excluded income per security (only applicable to listed PIEs):

Currency: Supplementary dividend details - NZSX Listing Rule 7.12.7:

Total monies: Date Payable:

Taxation *Amount per Security in Dollars and cents to six decimal place:*

In the case of a taxable bonus issue state strike price: \$ Resident Withholding Tax: Imputation Credits (Give details):

Foreign Withholding Tax: \$ FWP Credits (Give details):

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm For calculation of entitlements:

Application Date Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.

Notice Date Entitlement letters, call notices, conversion notices mailed:

Allotment Date For the issue of new securities. Must be within 5 business days of application closing date.

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:
Security Code:

