

MAINFREIGHT LIMITED
FULL YEAR RESULT
TO 31 MARCH 2023



Result Summary

REVENUE

Revenue is \$5.68 billion
An increase of 8.8% or \$457 million (excluding FX up 4.2%)
Offshore revenues are now \$4.39 billion: 77.4%

PBT

Profit Before Tax is \$587.4 million
Increase of 20.0% or \$98.0 million (excluding FX up 14.9%)
Offshore PBT now \$418.0 million: 71.2%
ROR 10.3% v 9.4%

NET PROFIT

Net profit up 20.0% to \$426.5 million
No abnormals in F23 or F22

Full Year 2023 Overview

- Satisfactory overall result despite slower second half:
 - our third strongest ever.
- Disappointing US performance:
 - One-off costs of US\$3m to year end.
- Australia similarly affected by A\$4m one-off costs.
- Operating Cash Flow improvements \$504m to \$757m.
- Expect slower first six-months as volumes decline across most regions/products.
- We still have plenty going on:
 - Network development – Increased from 305 to 331 branches.
 - Capital Investment - \$676m through until 2025.
 - Sales activities/growth – Customer divisional trading increasing.



Dividend

DIVIDEND

Directors have approved a final dividend of 87.0 cents per share

Books close 13 July 2023

Payment on 21 July 2023

Full dividend for year 172.0 cents per share, 21.1% increase over the previous year



Discretionary Bonus

BONUS

Payable at Board's discretion to qualifying team members

\$79.9 million, down from \$94.20 million last year, a reduction of 15.2%

Reduction in line with profit growth decline across some branches/regions



Capital Management

NZ\$ MILLION	THIS YEAR	LAST YEAR
Operating cash flow	\$757.21	\$503.80

- Net capital expenditure totalled \$313.9 million for the period, including:
 - Land & Buildings \$163.1 million
 - Racking & Fit-out Costs \$70.4 million
 - Plant & Equipment \$60.2 million
 - Information Technology \$20.2 million

Capital Management continued

Net debt reduction of \$124 million to \$123 million in funds

NET FUNDS (DEBT) NZ\$000	THIS YEAR	LAST YEAR
Cash on Hand	341,991	202,258
Bank Term Loans	(186,788)	(176,005)
Asset Finance Loans	(32,392)	(27,321)
Net Funds (Debt)	122,811	(1,068)

Debt Facilities	\$510 million	\$494 million
Undrawn	\$323 million	\$318 million

Full Year Analysis: Revenue

\$000	THIS YEAR	LAST YEAR	VARIANCE	
New Zealand: NZ\$	1,284,860	1,130,399	13.7%	↑
Australia: AU\$	1,417,285	1,175,041	20.6%	↑
Europe: EU€	630,658	567,906	11.0%	↑
Americas: US\$	959,917	1,089,422	(11.9)%	↓
Asia: US\$	152,784	231,008	(33.9)%	↓
Total Group: NZ\$	5,675,709	5,218,259	8.8% (excl FX 4.2%)	↑

Americas/Asia – Revenue decline driven by volume and rate reductions in Air & Ocean

Full Year Analysis: Profit Before Tax

\$000	THIS YEAR	ROR	LAST YEAR	ROR	VARIANCE	
New Zealand: NZ\$	169,421	13.2%	136,479	12.1%	24.1%	↑
Australia: AU\$	136,796	9.7%	107,497	9.1%	27.3%	↑
Europe: EU€	46,860	7.4%	31,664	5.6%	48.0%	↑
Americas: US\$	89,248	9.3%	100,831	9.3%	(11.5)%	↓
Asia: US\$	29,101	19.0%	28,852	12.5%	0.9%	↑
Total Group: NZ\$	587,398	10.3%	489,381	9.4%	20.0%	↑
					(excl FX 14.9%)	

Asia – has improved gross margins (including intercompany revenue ROR 10.8% v 5.5%)
 Americas – A&O decline in trading volume. TPT – trading poor plus one-off costs of US\$3m.

2 Year Comparison

REVENUES	2023 \$000	Variance	2022 \$000	Variance	2021 \$000	% Increase Over 2 Yrs
Total Group First Half	3,003,333	32.1%	2,274,386	41.4%	1,608,861	86.7%
Total Group Second Half	2,672,376	-9.2%	2,943,873	52.1%	1,934,977	38.1%
Total Group Full Year	5,675,709	8.8%	5,218,259	47.2%	3,543,838	60.2%
PBT	2023 \$000	Variance	2022 \$000	Variance	2021 \$000	% Increase Over 2 Yrs
Total Group First Half	301,712	65.8%	181,986	78.0%	102,265	195.0%
Total Group Second Half	285,686	-7.1%	307,395	92.0%	160,142	78.4%
Total Group Full Year	587,398	20.0%	489,381	86.5%	262,407	123.8%

Product Performance

NZ\$000		THIS YEAR	LAST YEAR	VARIANCE	
Transport	Revenue	2,242,769	1,914,902	17.1%	↑
	Profit Before Tax	228,498	183,861	24.3%	↑
	ROR	10.2%	9.6%		
Warehousing	Revenue	750,179	583,821	28.5%	↑
	Profit Before Tax	65,374	55,262	18.3%	↑
	ROR	8.7%	9.5%		
Air & Ocean	Revenue	2,682,761	2,719,535	(1.4)%	↓
	Profit Before Tax	293,526	250,258	17.3%	↑
	ROR	10.9%	9.4%		

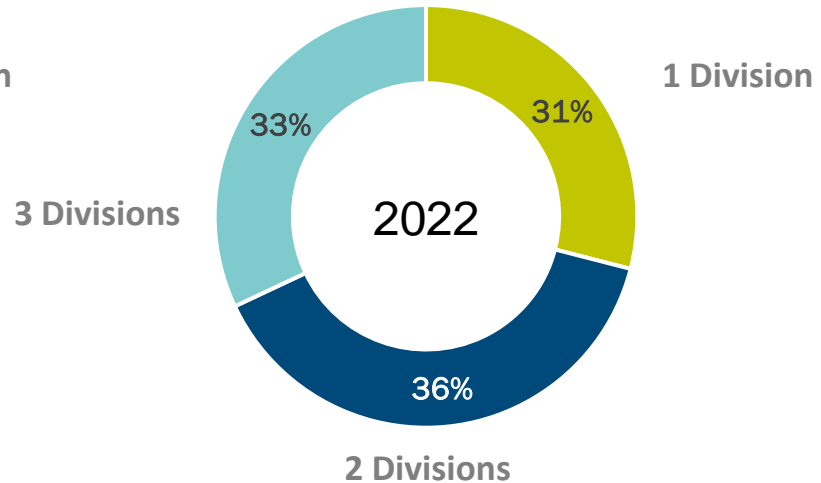
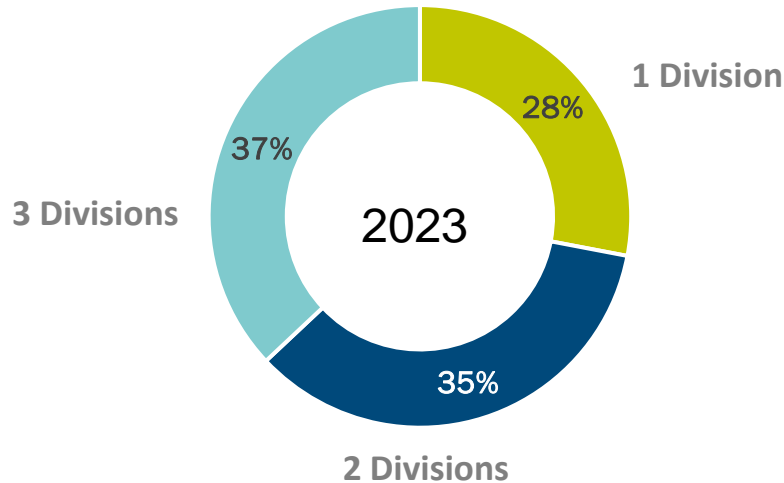
Volume Analysis

NZ\$000		THIS YEAR	LAST YEAR	VARIANCE	
Air & Ocean	Airfreight kilos (000s)	126,941	138,279	(8.2)%	↓
	Seafreight TEU	392,979	424,610	(7.6)%	↓
Fourth Quarter Air & Ocean volumes declined 4% & 17% respectively					
Transport	Tonnes	7,321,452	7,286,572	0.5%	↑
	Consignments	9,302,305	9,613,669	(3.2)%	↓
Warehousing	Footprint (m ²)*	1,041,016	929,502	12.0%	↑

*Additional 263,955m² of Warehousing footprint due over next 24 months

Customer Trading

- Top 500 Customers: Use of Mainfreight Divisions (Transport/Warehousing/Air & Ocean)



- Top 500 Customers using us in two or more Regions increased to 66% from 64%
- Top 500 Customers = 57% of total revenue (last year 56%)
- Of the 128 customers new to the Top 500, 71 previously sat in the 501-1000 range, 39 sat in the 1001+ range, and 18 are new customers.

New Zealand

Revenue	\$1,284m	13.7% up
Profit Before Tax	\$ 169m	24.1% up

ROR 13.2% v 12.1%

- Despite challenging infrastructure failings through weather and ferry disruptions, good momentum maintained.
- Network intensity increasing:
 - Whakatane / West Auckland
 - Cambridge / Auckland – 2023
 - Nelson / Blenheim / Auckland – 2024/25
 - Rotorua / Hastings – 2025/26
- Favona Warehouse 43,000 sqm opens June 2023.
- Air & Ocean still growing market share.
- Rate Review effective 1 May 2023.



Australia

Revenue AU\$1,417m 20.6% up
Profit Before Tax AU\$ 137m 27.3% up

ROR 9.7% v 9.1%

- Reasonable momentum across all products:
 - However, Warehousing year-end disappointed – includes one-off costs of AU\$4m
- Air & Ocean volumes remained consistent and, as with NZ, are continuing to grow market share.
- Transport volumes steady and market share opportunities being taken.
- Network intensified in Mackay, Orange, Dubbo. New sites opened in South Melbourne/Adelaide/Gold Coast.
- Warehousing increasing sites in Melbourne/Brisbane/Perth:
 - Utilisation reduction as new sites come online.
- Rate Review effective 1 April 2023.



Europe

Revenue EU€631m 11.0% up
Profit Before Tax EU€ 47m 48.0% up

ROR 7.4% v 5.6%

- Pleasing performance across all three divisions:
 - Good momentum outside of Netherlands – Belgium in particular.
- Transport branch network increasing:
 - Rotterdam/Tilburg – Netherlands
 - Katowice/Poznan – Poland
 - Land acquisition for new cross-dock in 's-Heerenberg under negotiation.
- Warehousing utilisation and pick activity reasonably satisfactory:
 - New sites planned for Netherlands & UK, extension in Romania.
- Air & Ocean – by region, our smallest operation:
 - Madrid and Verona to open increasing network to 18 branches.
- Rate Reviews applied 1 January 2023.



- Whilst PBT reasonably inline:
 - Revenue reduction as volumes and rates reduce dramatically
 - Large exposure to TPEB trade – China to USA
 - Airfreight reduction as air volume finds itself back in sea freight
- Margin improvement:
 - LCL freight growth
 - Pre-shipment activity increase
 - Freehand cargo growth – In-country customer decisions
- Network growth via:
 - New Country - Indonesia
 - New branches in Penang and Johor, Malaysia
 - Sales branches in Nanning and Dongguan, China
 - Warehouses in Malaysia, Thailand and Japan
 - India due to open August 2023



The Americas

Revenue

US\$960m

11.9% down

Profit Before Tax

US\$ 89m

11.5% down

ROR 9.3% v 9.3%

- Our poorest performing region:
 - One-off costs across Transport – US\$3m
 - Lack of customer depth in Transport has seen volumes deteriorate due to slowing economic conditions
 - Declining volumes and revenues in Air & Ocean
 - Airfreight declining as sea freight capacity becomes available
- Transport re-classification from Freight Forwarder to LTL Motor Carrier status.
- Two new cross-docks under construction:
 - Dallas – due late 2024
 - Chicago – due mid 2024
- Land acquisition in Chicago undergoing due diligence process.



The Americas

- Rate review effective 1 April 2023.
- Warehouse property consolidation / increase in capacity.
- Air & Ocean:
 - Airfreight division now separated
 - LA stand-alone facility with chillers to be operational July
 - CaroTrans increasing LCL consolidations and margins
- Leadership changes across:
 - Air & Ocean – Matt Gustafson
 - Warehousing – Andrew Coulton
 - Financial Controller – tba
- Senior team now located in Chicago.



Sustainability

- Gross carbon emissions (direct and indirect) have decreased 180,000 tonnes CO₂-e largely tied to reduction in Air & Ocean volumes.
- Freight emissions intensity were mixed; air and road factors marginally up 1.6% and 0.3%, ocean freight down 22.2%.
- Doubling branch solar generation capacity over the next 2 years.
- All new builds are incorporating rainwater capture and purification to drinkable standard.
- Sustainability Overview now available on our website.



“It matters to us”

Future Capital Expenditure Update: F24-F25

NZ\$ MILLION		F24	NZ\$ MILLION		F25
Planned Capital Expenditure		\$381	Planned Capital Expenditure		\$295
■ Property		\$237	■ Property		\$192
■ Fit-out costs		\$84	■ Fit-out costs		\$43
■ Non-property capex		\$60	■ Non-property capex		\$60

Property and Fit-out costs F24-F25:

NZ	\$192 million
Australia	\$176 million
Americas	\$ 97 million
Europe and Asia	<u>\$ 91 million</u>
	<u>\$556 million</u>

Group Outlook ...

- Expect a challenging six to twelve months against a strong PCP.
- Macroeconomic environment affecting volumes across all three products - Recalibration in inventory levels.
- Inflationary pressures impacting:
 - Cost management underway by branch
 - Hiring freeze in place
 - Wage and salary review applied across all regions April 1st
- Continuing to invest in network and infrastructure:
 - Strong balance sheet – net funds of \$123m
- April/May results impacted by short trading weeks and weather events in New Zealand.



Group Outlook ...

- Strong sales activities underway in each region:
 - Market share focus
 - Increasing our range of services to all customers
- Take advantage of the current environment to further improve our network and service levels.
- Remain confident of our medium to long term growth prospects.



Financial Calendar F24

DATE

Annual Meeting of Shareholders


27 July 2023

F24 – 6 months ended 30 September 2023

9 November 2023

F24 – 12 months ended 31 March 2024

29 May 2024



*We cannot direct
the wind, but we can
adjust the sails*