

## NZX MARKET RELEASE

2 February 2022

### MAINFREIGHT LIMITED – TRADING UPDATE

Mainfreight Limited (NZX: MFT) is pleased to provide this trading update in the interests of keeping the market informed, providing insight into supply chain congestion (both domestically and internationally), and the effects of the Covid-19 Omicron outbreaks across the regions within which Mainfreight operates.

#### Financial Trading Update

Today's information covers 43 weeks of trading and is based on 1 April 2021 to 31 December 2021 monthly financial statements, plus weekly financials for January 2022:

| Segmental by Region            |             | This Year        | Last Year        | Var        | This Year      | Last Year      | Var        |
|--------------------------------|-------------|------------------|------------------|------------|----------------|----------------|------------|
|                                |             | Revenue*         | Revenue*         |            | PBT            | PBT            |            |
|                                |             | \$000            | \$000            | %          | \$000          | \$000          | %          |
| New Zealand                    | <b>NZ\$</b> | 902,081          | 673,838          | 34%        | 103,217        | 74,556         | 38%        |
| Australia                      | <b>AU\$</b> | 939,573          | 707,347          | 33%        | 86,640         | 59,082         | 47%        |
| Americas                       | <b>US\$</b> | 841,078          | 451,306          | 86%        | 74,230         | 18,911         | 293%       |
| Europe                         | <b>EU€</b>  | 451,514          | 334,211          | 35%        | 22,432         | 13,245         | 69%        |
| Asia                           | <b>US\$</b> | 203,314          | 92,117           | 121%       | 24,035         | 7,100          | 239%       |
| <b>Total Mainfreight Group</b> | <b>NZ\$</b> | <b>4,134,917</b> | <b>2,848,150</b> | <b>45%</b> | <b>372,019</b> | <b>200,763</b> | <b>85%</b> |

  

| Segmental by Product           |             | This Year        | Last Year        | Var        | This Year      | Last Year      | Var        |
|--------------------------------|-------------|------------------|------------------|------------|----------------|----------------|------------|
|                                |             | Revenue*         | Revenue*         |            | PBT            | PBT            |            |
|                                |             | \$000            | \$000            | %          | \$000          | \$000          | %          |
| Transport                      | <b>NZ\$</b> | 1,536,806        | 1,294,404        | 19%        | 141,652        | 108,065        | 31%        |
| Warehousing                    | <b>NZ\$</b> | 465,896          | 368,661          | 26%        | 43,700         | 32,059         | 36%        |
| Air & Ocean                    | <b>NZ\$</b> | 2,132,215        | 1,185,085        | 80%        | 186,667        | 60,639         | 208%       |
| <b>Total Mainfreight Group</b> | <b>NZ\$</b> | <b>4,134,917</b> | <b>2,848,150</b> | <b>45%</b> | <b>372,019</b> | <b>200,763</b> | <b>85%</b> |

\* Excludes Inter-company revenue



## **Commentary**

These financial results are not a surprise, rather a continuation of the increasing freight volumes and trends seen in our first-half results. They are also a reflection of the improving financial performance across our Asia, Europe and Americas businesses.

International shipping and airfreight continue to be impacted by congestion, and with demand far exceeding supply, freight rates remain elevated.

Covid-19/Omicron restrictions have impacted service levels through absenteeism in our Australia, Europe and Americas operations. At the time of release, we have yet to see any impact in our New Zealand and Asia businesses, albeit China's border restrictions are tightening.

We expect elevated freight volumes to continue as the calendar year progresses, with managing service levels on behalf of our customers a key priority.

## **Regional Overview**

### **New Zealand**

#### **Partial Alert Levels | Auckland border restrictions during the period**

A vaccination mandate for all of our New Zealand team members became effective on 17 January 2022. Preparations continue for absenteeism as a consequence of the Omicron variant outbreak.

Domestic **Transport** volumes remain at elevated levels compared to prior periods, with 2021 Christmas volumes the largest on record.

Our **Warehousing** business sees demand at its highest levels as customers look to increase their stock holdings. Additional facilities are providing capacity and we have new Warehousing building projects underway in Hamilton and Auckland.



**Air & Ocean** freight demands remain strong both inbound and outbound. Space restrictions continue with most major shipping lines selectively allocating space.

## **Australia**

### **A variety of restrictions during the period largely influenced by Omicron**

Trading across all three products maintained the momentum of the half-year. However congestion issues due to Omicron infection and isolation rates saw services restricted in our Sydney operations late-December and into January. As a consequence, the financial performance in our **Transport** branches was affected during this time. Service levels have since improved. Volumes are expected to remain strong through to year-end.

**Warehousing** volumes are consistent; new facility construction is underway in Sydney, Perth, Adelaide and Melbourne, with additional sites being sought in Brisbane.

Our **Air & Ocean** division's activity reflects volumes and space restrictions experienced elsewhere in the world.

## **Europe**

### **High Omicron infection rates across Europe from December**

While team numbers have been reduced as the virus infection levels restrict work access, our European operations are maintaining satisfactory service levels and financial performance is pleasing.

Our **Transport** performance is satisfactory with volumes improving into our seasonal peak post-January. **Warehousing** volumes are on the increase with inquiries for additional space continuing to be strong. New customer gains see a further 10,000 pallets awaiting implementation.



As with our global network, **Air & Ocean** volumes continue to be elevated, particularly imports from Asia. Trans-Atlantic growth is a key priority to offset capacity constraints out of Asia.

## **Asia**

### **Varying Covid-19 restrictions across all countries**

**Air & Ocean** volumes increased significantly reflecting the global demand out of Asia. Space constraints remain with shipping lines. Airfreight space and rate levels fluctuate, depending on seasonality and volume demand. Forward bookings post-Chinese New Year (31 January to 6 February) remain encouraging.

We expect to open our first Indonesia branch in Jakarta in mid-2022.

## **The Americas**

### **Restrictions continuing as a consequence of Omicron**

Elevated volume levels in our **Air & Ocean** business continue for both Mainfreight and CaroTrans, predominantly inbound into the USA. CaroTrans has experienced a surge of demand for LCL space which is assisting revenue and profit levels.

In our **Transport** division, volumes and financial performance are improving, with the expectation of more growth in this sector.

Our **Warehousing** business has seen strong demand for space, with utilisation and activity levels continuing to improve. New branches in Dallas, LeHigh Valley (Pennsylvania) and Toronto are performing satisfactorily, and additional larger sites are being sought for Los Angeles and Newark.



## **Global Air & Ocean Trade-Lanes**

These remain congested with shipping lines continuing to allocate space on a when-available basis. Rate structures remain elevated with expectations this will continue for some time to come.

Port congestion and restricted container equipment supply, particularly across Asia and the USA, remains a concern and is contributing to the congestion issues.

We continue to lobby shipping lines for space availability on behalf of our customers – with some success, including finding alternative solutions where possible.

However, some of the customer growth we are experiencing may be limited by these conditions in the short term.

## **To Close**

A satisfactory year-to-date result. Navigating constraints due to Omicron-enforced absenteeism remains a priority for us. Meeting our current customer service requirements is a key objective through to year-end.

Our intensive network model, with multiple branches and warehouses, provides us with access to alternatives, should we encounter infection issues at specific sites. Contactless delivery with increased safety protocols, and split shifts in our warehouses, are also being applied in preparation for further Covid-19 disruption.

Our full year financial results to 31 March 2022 will be released to the market on Thursday 26 May 2022.

Ends

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