MAINFREIGHT LIMITED
HALF YEAR RESULT
TO 30 SEPTEMBER 2020

Result Summary

REVENUE

Revenue up 7.2% to $1.61 billion (excluding FX up 5.2%)
An increase of $108.39 million, compared to the same period last year
Offshore revenues made up 76.4% of total revenue

PBT

Profit before tax at $102.26 million, up 23.4% or $19.42 million
Excluding FX up 21.7%

Dividend / Net Debt / Discretionary Bonus

DIVIDEND

Interim dividend of 30.0 cents per share
Books close 11 December 2020; payment on 18 December 2020
Increase of 20.0% over the previous year's interim dividend

NET DEBT

Gearing ratio improved from 14.0% at 31 March 2020 to 10.4%
Net debt reduction of $41.90 million (since 31/3/20) to $115.48 million

First Half 2021 Review

- Results in line with October trading update
- Satisfactory result reflecting strong performance in Australia and New Zealand, supported by improvement from Asia
- Europe and Americas are behind the previous comparable period; Oct/Nov trading showing improvement
- Second half expected to remain ahead of prior year

MAINFREIGHT

Capital Management

NZ$ MILLION	THIS YEAR	LAST YEAR
Operating cash flow	$188.51	$123.08

- Capital expenditure totalled $54.83 million for the six-month period, including
  - Land & Buildings $31.32 million
  - Plant & Equipment $16.01 million
  - Information Technology $ 7.50 million

Capital Expenditure Update

NZ$ MILLION	Half Year	Est. Full Year	Est. Next Year
Total Capital Expenditure	$55	$103	$114

- Additional land in Auckland - $23.5 million in current year
- Next year – significant property projects:

  Australia
  - Adelaide $27 million
  - South Dandenong (start) $7 million

  New Zealand
  - Auckland $18 million
  - Other North Island $7 million
  - South Island $6 million

Half Year Analysis: Revenue

$000	THIS YEAR	LAST YEAR	VARIANCE	
New Zealand: NZ$	378,895	362,571	4.5%	↑
Australia: AU$	403,210	360,423	11.9%	↑
Asia: US$	42,942	35,991	19.3%	↑
Americas: US$	248,016	244,039	1.6%	↑
Europe: EU€	193,779	193,766	0.0%	-
Total Group: NZ$	**$1,608,861**	**$1,500,466**	**7.2%**	↑
			(excl FX) 5.2%	↑

Half Year Analysis: Profit Before Tax

$000	THIS YEAR	LAST YEAR	VARIANCE	
New Zealand: NZ$	37,500	34,632	8.3%	↑
Australia: AU$	30,559	14,960	104.3%	↑
Asia: US$	3,976	2,497	59.2%	↑
Americas: US$	8,500	9,769	(13.0)%	↓
Europe: EU€	7,069	8,046	(12.1)%	↓
Total Group: NZ$	**$102,265**	**$82,848**	**23.4%**	↑
			(excl FX) 21.7%	↑

Product Performance

NZ$000		THIS YEAR	LAST YEAR	VARIANCE		VAR ex FX	
Group	Revenue	1,608,861	1,500,466	7.2%	↑	5.2%	↑
	PBT	102,265	82,848	23.4%	↑	21.7%	↑
Transport	Revenue	746,578	746,241	0.0%	-	(1.7)%	↓
	PBT	57,446	45,673	25.8%	↑	24.4%	↑
Warehousing	Revenue	214,503	192,457	11.5%	↑	8.8%	↑
	PBT	16,124	12,692	27.0%	↑	24.6%	↑
Air & Ocean	Revenue	647,780	561,768	15.3%	↑	13.2%	↑
	PBT	28,695	24,483	17.2%	↑	15.2%	↑

New Zealand

Revenue: $379m 4.5%
PBT: $37m 8.3%

- Strong domestic consumer demand has seen freight tonnage internationally and domestically increase
- Ongoing new customer gains (flight to quality) and volume increases from existing customers sees record freight tonnage in **Transport** division
- Consumer demand and congestion in supply chain has created inventory shortages. New significant customer gains to benefit **Warehousing** utilisation from November onwards
- **Air & Ocean** division benefiting from import and export volumes. Shipping and airline space difficult to access
- Expect pre-Christmas volume surge, likely across a shorter timeframe due to congestion issues

Australia

Revenue: AU$403m 11.9%
PBT: AU$31m 104.3%

- Sustained market share growth and improved network efficiency has produced a strong first-half result
- **Transport** division has improved gross margin, managed overhead costs well, and continues to find sales growth. Network intensification to continue
- **Warehousing** has maintained good utilization across the 6-month period, albeit the last 3 months has seen inventory levels deteriorate. 3rd Sydney warehouse (15,000 m^2) to open Dec-2020
- Improving **Air & Ocean** profitability has been pleasing; margins under some pressure
- Expect ongoing improvement, particularly with the re-opening of Victoria

Asia

Revenue: US$43m 19.3%
PBT: US$4m 59.2%

- Airfreight development has assisted the improved Asian performance
- Strong air charter work related to Covid-19 supplies assisted early in the half
- Southeast Asian branches performing better
- Hong Kong still recovering, particularly Seafreight due to border closure
- Whilst equipment and space shortages continue, we still expect ongoing improvement for remainder of the year

The Americas

Revenue: US$248m 1.6%
PBT: US$9m (13.0)%

- Q1 performance lower than expected; Q2 has seen improvement
- Whilst **Transport** volumes have been difficult to grow during lockdowns, this is now improving alongside healthy customer gains in LTL sector
- **Air & Ocean** activity strengthening in the last month or two
- **Warehousing** has seen good growth, and has increased footprint to 110,000m2. Additional site development likely based on increased customer enquiry
- Expect Q2 improvements to flow through into full-year result

The Americas

- **CaroTrans**
  - Wholesale LCL trade impacted globally, and has reduced revenue and profitability
  - Renewed focus on container loading efficiency and increased sales activity to combat poor performance
  - Small improvements in August/September
  - Expect full-year result to be less than prior year

Europe

Revenue: €194m 0.0%
PBT: €7m (12.1)%

- A steady performance from Transport and Air & Ocean has offset poor Warehousing activity
- **Transport** in line with year prior after good improvements previously. Covid-19 lockdown has stalled the momentum
- **Warehousing** inventory levels have declined, due to consumer demand, shipping delays and manufacturing capacity. Some improvement through September/October
- **Air & Ocean** performance continues to improve
- Domestic freight volumes have continued despite current European lockdowns. Monitoring closely and will adjust overheads should we see activity levels decline into Christmas

Group Outlook

- Satisfactory first half
- Expect these current trends to continue into an improved full-year result
- Australasian activity remains strong with pre-Christmas volumes expected to be similar or above the prior year’s
- Supply chain congestion widespread; impact felt across domestic and international networks
- New customer growth pleasing across all regions, providing further confidence
- Reinvigorating land and building projects in line with expectations for ongoing growth

Financial Calendar F21/22

	DATE
F21 – 12 months ended 31 March 2021	26 May 2021
Annual Meeting of Shareholders	29 July 2021
F22 – 6 months ended 30 September 2021	11 November 2021

"It is not necessary to do extraordinary things to get extraordinary results"