



MAINFREIGHT LIMITED

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MAINFREIGHT LIMITED

13 November 2024

Financial result for the six months ended 30 September 2024 (Unaudited)

Commentary

Mainfreight is pleased to confirm our half-year financial results to 30 September 2024. This result is marginally better than our estimated guidance released during our Texas Investor Day on 7 October 2024.

Result Summary

Revenue	NZ\$2.55 billion	up 8.4%
Profit before tax (PBT)	NZ\$161.2 million	down 7.8%
Net profit	NZ\$114.56 million	down 8.0%

- Adjusted for foreign exchange impact Group Revenue is up 9%, PBT is down 7.7% and Net profit is down 7.9%.
- Operating cash flows increased from \$186.8 million to \$191.7 million.
- An interim dividend of 85 cents per share has been set by the Directors.

This result has been well signalled during our Investor Day briefing. The small improvements in PBT occurred across all regions. However, the majority came from the New Zealand business units.

Freight volumes and warehousing utilisation have all increased on the prior period.

This improvement in profitability during our second quarter is expected to continue into the second six months of our financial reporting period.

Group Operating Cash Flows

Operating cash flows were \$191.7 million up from \$186.8 million in the prior comparative period. Cash collection continues to be satisfactory.

Net funds (debt) increased to (\$88.1 million) from \$21.6 million.

Debt facilities total \$499 million, of which \$302 million remain undrawn.

Net capital expenditure totalled \$121.3 million for the half year period to September 2024. Expenditure on property was \$70.9 million. Capital expenditure is expected to decline further to \$204 million to 31 March 2025 (from \$233 million signalled at our Investor Day in October). This reflects delayed property and construction settlement dates.

Dividend

The Directors have approved a final dividend of 85 cents per share, fully imputed at the 28% company tax rate. With the record date on 13 December 2024, payment will be made 20 December 2024.

Product Performance (NZ\$)

Transport	Revenue:	\$1.11 billion	up 2.0%
	PBT:	\$73.6 million	in line
	Volumes	(Tonnage)	up 6%
Warehousing	Revenue:	\$411 million	up 4.4%
	PBT:	\$21.1 million	down 22.4%
	Total square metres in line with prior period		
Air & Ocean	Revenue:	\$1.03 billion	up 18.0%
	PBT:	\$66.5 million	down 10.4%
	Sea freight (TEU) up 6%, Airfreight (kgs) up 9%		

Divisional Performance (figures in local currencies)

New Zealand

Revenue	NZ\$554 million	in line
PBT	NZ\$47.5 million	down 22%

A small 2% improvement from our Investor Day estimates in our PBT result across our New Zealand businesses. Largely because of improvements in our **Transport** results. Continuing weakness in the New Zealand economy has contributed to flat revenue growth, despite ongoing market share gains. Increased overheads associated with new building facilities in Auckland contributes to the lower profit result. Transport volumes, while increased, continue to be imbalanced towards North to South transits, impacting returns.

High utilisation has been maintained in our **Warehouses** – improving profitability. Additional capacity for consumer goods and for the dangerous goods sector will be available early 2025. This capacity is providing new business opportunities.

Air & Ocean margins continue to be impacted as shipping rates and schedules continue to fluctuate. Focus remains on high yielding LCL freight consolidations.

Trading through October, and now into November, has provided small incremental improvements in profitability.

Australia

Revenue	AU\$759 million	up 20%
PBT	AU\$60.9 million	up 8%

Increasing our market share, in what is still a challenging economy, has provided healthy revenue growth and a satisfactory increase in profitability. New customer gains across all three divisions have offset any customer downtrading.

Transport volumes continue to increase as we improve our service levels and increase our network coverage into more regional areas of Australia.

Project revenue has added to a satisfactory result for our **Air & Ocean** network, albeit at lower margins than we would like. Project and perishable air freight development provides ongoing confidence, despite the reduction in import sea freight volumes.

Warehousing profitability is improving as utilisation and better efficiencies begin to contribute to improving margins. New customer gains, particularly in our Moorebank Sydney facility, have assisted.

Trading post this half year result has seen further ongoing improvement.

Europe

Revenue	€291 million	up 3%
PBT	€13.7 million	up 9%

A satisfactory performance from our European operations, particularly from our **Transport** business, alongside an improving performance from our **Air & Ocean** division.

A satisfactory **Transport** performance was limited to the Netherlands and Belgium, with improvement still required in France and Poland.

Unfortunately, **Warehousing** performance has disappointed, with lower utilisation and activity levels as customers down trade. This included the additional capacity added in the Netherlands and Romania impacting our performance.

Air & Ocean activity continues to improve with ocean and air imports ahead of exports.

Trading during October and November remains satisfactory.

Asia

Revenue	US\$65 million	up 34%
PBT	US\$5.9 million	down 9%

Stronger than expected export volume growth has assisted this result. Unfortunately, it has come at weaker margin levels. Development of air freight capability continues. Southeast Asian development has again taken advantage of the movement of manufacturing from China. Albeit, China remains our top profit performing country within the region. **Warehousing** performance disappointed.

Trading post the result has seen small profit improvements on the prior period.

The Americas

Revenue	US\$347 million	up 7%
PBT	US\$8.4 million	down 30%

A disappointing overall profit result as our performances in **Transport** and **CaroTrans** continue to impact our result. While **Transport** volumes are showing improvement, margins continue to be impacted by fixed road linehaul development to aid and improve our service quality. Network expansion, including the opening of new transport cross-docks in Texas and Illinois, will assist our sales development.

Warehousing is providing satisfactory results. However, we still require a stronger approach to more customers utilising our **Transport** and **Air & Ocean** networks as part of our supply chain offering.

Air & Ocean volumes are satisfactory with ongoing improvements providing confidence. **CaroTrans** LCL consolidations and agent network improvements are developing, albeit slowly.

Trading post the result continues the current level of profitability. As we have noted previously, we expect our USA development to take time.

Outlook

Challenging trading conditions continue across all the regions where we are located. Our profitability performance reflects those conditions. However, we remain very active in our sales activities, attracting and retaining customers across our supply chain service offering.

The associated revenue and tonnage increases provides confidence of further improvement in our results for the next six months and beyond.

Careful management of our capital expenditure associated with our property and network development has seen some expenditure delayed into the following two years. Likewise, new property leasing commitments are aligned with customer growth expectations.

We remain well positioned to continue to find market share opportunities and to take advantage of improving economic conditions as they occur across our international network.

Mainfreight will release its financial results for the full 2025 financial year on 29 May 2025.

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