

MAINFREIGHT LIMITED
FULL YEAR RESULT
TO 31 MARCH 2022



Satisfactory
A

Result Summary

REVENUE

Revenue is \$5.22 billion
An increase of 47.2% or \$1,674.42 million (excluding FX up 50.8%)
Offshore revenues are now \$4.09 billion: 78.3%

PBT

Profit before tax is \$489.38 million
Increase of 86.5% or \$226.97 million (excluding FX up 90.5%)
Offshore PBT now \$352.9 million: 72.1%

NET PROFIT

Net profit up 88.9% to \$355.40 million
No abnormals in F22 or F21

Full Year 2022 Overview

- Improved performance from all five regions
- Yes, Air & Ocean improvements are substantial, but so are the returns in our Transport and Warehousing divisions
- Capital expenditure commitment approximately \$540 million over next two years



Dividend

DIVIDEND

Directors have approved a final dividend of 87.0 cents per share

Books close 15 July 2022; payment on 22 July 2022

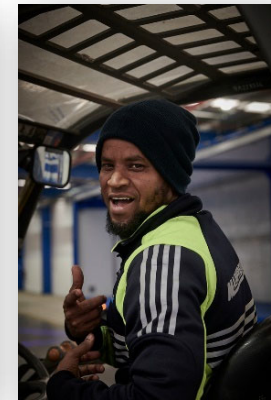
Full dividend for year 142.0 cents per share, increase 89.3% over the previous year



Discretionary Bonus

BONUS

Payable at Board's discretion to qualifying team members
Up 114.7% from \$43.88 million last year, to \$94.20 million



Capital Management

| NZ\$ MILLION | THIS YEAR | LAST YEAR |
|---------------------|-----------|-----------|
| Operating cash flow | \$503.80 | \$376.28 |

- Net capital expenditure totalled \$189 million for the period, including
 - Land & Buildings \$109 million
 - Racking & Fit-out Costs \$35 million
 - Plant & Equipment \$28 million
 - Information Technology \$17 million

Capital Management continued

NET DEBT

Net debt reduction of \$101.1 million to \$1.1 million

Debt facilities \$494 million

Undrawn \$318 million

PROPERTY

Property valuation now \$1.031 billion

Land revaluations rose \$67.6 million after tax – booked

Building revaluations rose \$26.0 million after tax – unbooked

Full Year Analysis: Revenue

| \$000 | THIS YEAR | LAST YEAR | VARIANCE |
|--------------------------|------------------|------------------|--|
| New Zealand: NZ\$ | 1,130,399 | 845,554 | 33.7% ↑ |
| Australia: AU\$ | 1,175,041 | 877,156 | 34.0% ↑ |
| Europe: EU€ | 567,906 | 427,522 | 32.8% ↑ |
| Americas: US\$ | 1,089,422 | 576,909 | 88.8% ↑ |
| Asia: US\$ | 231,008 | 104,284 | 121.5% ↑ |
| Total Group: NZ\$ | 5,218,259 | 3,543,838 | 47.2% ↑ (excl FX 50.8%) |

Full Year Analysis: Profit before Tax

| \$000 | THIS YEAR | LAST YEAR | VARIANCE | |
|--------------------------|----------------|----------------|-----------------|----------|
| New Zealand: NZ\$ | 136,479 | 97,814 | 39.5% | ↑ |
| Australia: AU\$ | 107,497 | 71,504 | 50.3% | ↑ |
| Europe: EU€ | 31,664 | 22,351 | 41.7% | ↑ |
| Americas: US\$ | 100,831 | 25,923 | 289.0% | ↑ |
| Asia: US\$ | 28,852 | 7,047 | 309.4% | ↑ |
| Total Group: NZ\$ | 489,381 | 262,407 | 86.5% | ↑ |
| | | | (excl FX 90.5%) | |

Prior Period Comparisons

| Positive/(Negative) Variances | Revenue | | | Profit Before Tax | | |
|----------------------------------|--------------|--------------|--------------|-------------------|--------------|--------------|
| | 1H 22 | 2H 22 | FY 22 | 1H 22 | 2H 22 | FY 22 |
| New Zealand | 31.6% | 35.4% | 33.7% | 28.2% | 46.6% | 39.5% |
| Australia | 30.2% | 37.1% | 34.0% | 45.7% | 53.8% | 50.3% |
| Europe | 34.4% | 31.5% | 32.8% | 77.8% | 25.0% | 41.7% |
| Americas | 78.0% | 97.0% | 88.8% | 309.7% | 278.8% | 289.0% |
| Asia | 157.0% | 96.7% | 121.5% | 189.2% | 465.0% | 309.4% |
| Total Group | 41.4% | 52.1% | 47.2% | 78.0% | 92.0% | 86.5% |

Product Performance

| NZ\$000 | | THIS YEAR | LAST YEAR | VARIANCE | |
|-------------|-------------------|-----------|-----------|----------|---|
| Transport | Revenue | 1,914,902 | 1,610,741 | 18.9% | ↑ |
| | Profit before tax | 183,861 | 140,527 | 30.8% | ↑ |
| Warehousing | Revenue | 583,821 | 452,116 | 29.1% | ↑ |
| | Profit before tax | 55,262 | 42,207 | 30.9% | ↑ |
| Air & Ocean | Revenue | 2,719,535 | 1,480,981 | 83.6% | ↑ |
| | Profit before tax | 250,258 | 79,673 | 214.1% | ↑ |

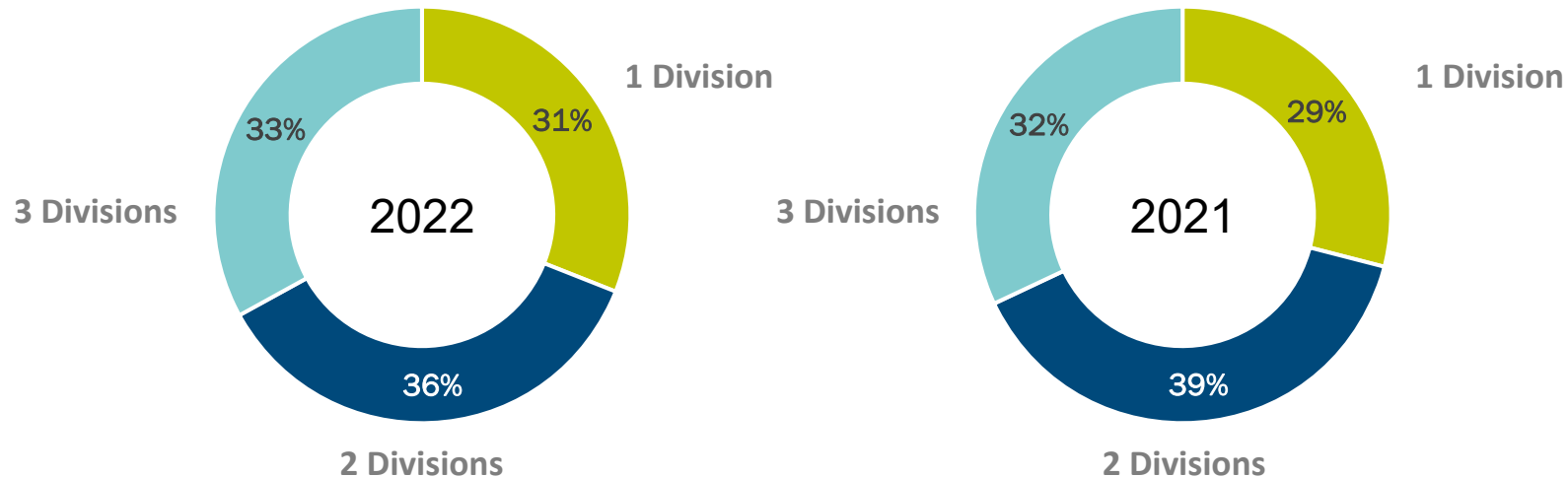
Volume Analysis

| NZ\$000 | | THIS YEAR | LAST YEAR | VARIANCE | |
|-------------|-----------------------------|-----------|-----------|----------|---|
| Air & Ocean | Seafreight TEU | 424,610 | 347,638 | 22.1% | ↑ |
| | Airfreight kilos (000s) | 138,279 | 114,736 | 20.5% | ↑ |
| Transport | Tonnes* | 7,286,572 | 7,660,242 | (4.9)% | ↓ |
| | Consignments | 9,613,669 | 9,010,213 | 6.7% | ↑ |
| Warehousing | Footprint (m ²) | 929,502 | 804,291 | 15.6% | ↑ |

* Excluding Europe, overall tonnage increased 12.9%; Europe has reduced FTL freight in favour of more LCL

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 69% from 64%
- Top 500 Customers = 56% of total revenue (last year 55%)
- Of the 146 customers new to the Top 500, 68 previously sat in the 501-1000 range, and 78 customers are either new altogether or sat outside the Top 1000

Mainfreight Network

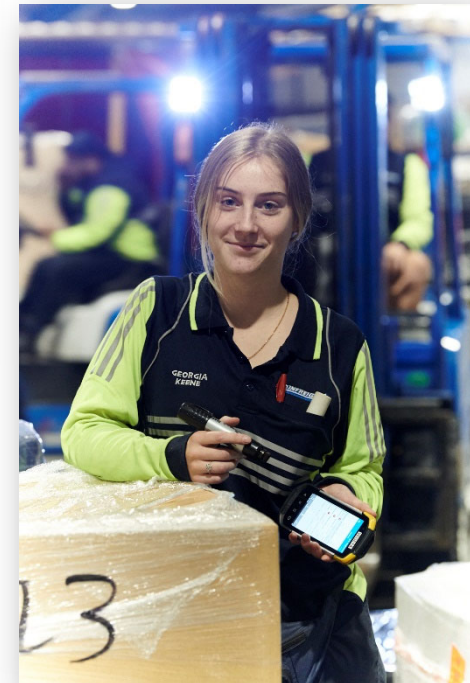
Our global network continues to benefit our customers, particularly with space allocations, rates and access to markets



New Zealand

| | | |
|-------------------|----------|-------|
| Revenue | \$1,130m | 33.7% |
| Profit before Tax | \$137m | 39.5% |

- Record volumes across all divisions
 - Significant home deliveries pre-Christmas
 - 4th quarter performance better than expected despite Omicron challenges
- Warehouse capacity exceeded
 - New temporary sites covering time lag to delivery of new sites: Auckland, Hamilton, Tauranga, Wellington, Christchurch
- Air & Ocean strongly skewed towards imports
- Trading post-year end steady and ahead of prior year



New Zealand

- 11 new land & building projects 2023/24
10 new lease facilities 2023/24
- New country leadership: Carl George
 - Promoted from within
 - 27 years with Mainfreight
 - Last role: GM New Zealand Transport



Australia

| | | |
|-------------------|------------|-------|
| Revenue | AU\$1,175m | 34.0% |
| Profit before Tax | \$107m | 50.3% |

- Significant financial improvement across Transport and Air & Ocean
- As with NZ, 4th quarter performance satisfactory despite Omicron challenges
- Warehousing improved, but not to the same extent – as additional warehouses taken on short-term leases for capacity requirements
- Regional network extended for Transport
 - Southwest Melbourne (Dandenong) and Adelaide sites due for completion last quarter of 2022



Australia

- Air & Ocean benefitting from increased air and sea volumes
 - Space constraints inhibiting growth
- Trading post-year end steady and ahead of prior year
- 4 new land & building projects 2023/24
25 new lease facilities 2023/24



Europe

| | | |
|-------------------|---------|-------|
| Revenue | EU€568m | 32.8% |
| Profit before Tax | EU€32m | 41.7% |

- Significant improvement in Air & Ocean performance
- Transport/Warehousing results satisfactory
 - Impacted by team isolating during pandemic
- Trading post-year end continues to see improvement in performance
- Network expansion progressing slowly; operations Russia closed
- 3 new building & property leases 2023/24



Asia

| | | |
|--------------------------|-----------------|---------------|
| Revenue | US\$231m | 121.5% |
| Profit before Tax | US\$29m | 309.4% |

- Volume surge across trans-Pacific east-bound trade lanes has assisted result
- Air and seafreight capacity tight, but greater space allocations than expected
- Southeast Asia performance very satisfactory
- Continuing to intensify network, within existing countries and adding Indonesia (Jakarta)
- Trading post-year end slightly reduced on year prior due to Shanghai lock-down
- 6 new leased buildings 2023/24



The Americas

Revenue US\$1,089m 88.8%
Profit before Tax US\$101m 289.0%

- Exceptional performance from Air & Ocean
 - Trans-Pacific east-bound trade lanes
 - Across both air and sea freight
- Warehousing increasing performance satisfactorily
 - Three new sites in Texas, Pennsylvania and Illinois
 - Pipeline well advanced for further growth
- Transport firmly focused on LTL development
 - 80% moved “in-house”
 - Owner Drivers: 210 and growing
 - Purpose-built USA cross-dock facilities will begin to be implemented



The Americas

- CaroTrans
 - Increased LCL volumes
 - Strong import bias
- Trading post-year end slightly reduced for Air & Ocean (Shanghai effect); Transport and Warehousing are trading satisfactorily
- 11 new leased sites 2023/24
- New country leadership: Jason Braid
 - Promoted from within
 - 25 years with Mainfreight
 - Last role: GM Air & Ocean Europe



Future Capital Expenditure Update: F22-F23

| NZ\$ MILLION | F23 |
|-----------------------------|-------|
| Planned Capital Expenditure | \$345 |

- Land & Property \$235
- Racking & Fit-out costs, Group \$65
- Non-property capex \$45

| NZ\$ MILLION | F24 |
|-----------------------------|-------|
| Planned Capital Expenditure | \$195 |

- Land & Property \$128
- Racking & Fit-out costs, Group \$20
- Non-property capex \$47

Sustainability (calendar years 2021 and 2020)

| CO ₂ EMISSIONS SOURCE | 2021 | 2020 | Var | Intensity Factor | |
|-----------------------------------|------------------|------------------|--------------|------------------|-------|
| | | | | 2021 | 2020 |
| Road / Rail | 473,930 | 467,101 | 1.5% | 49.65 | 58.46 |
| Air | 943,337 | 706,239 | 33.6% | 1.20 | 1.21 |
| Sea | 226,769 | 261,739 | (13.4)% | 0.09 | 0.12 |
| Indirect Freight Emissions | 1,644,036 | 1,435,079 | 14.6% | | |
| Direct Operational Emissions | 36,063 | 33,967 | 6.2% | | |
| Total Emissions | 1,680,099 | 1,469,046 | 14.4% | | |

*Carbon footprint growth overall, due to volume growth and change of mix of airfreight
All intensity factors have improved, ie reduced*

Group Outlook

- Expect supply chain congestion to continue well into 2022 calendar year
 - Shanghai, Russia/Ukraine adding to issues
 - USA port labor negotiations likely to impact throughput
 - Container/chassis shortages still affecting USA ports
 - Expect peak season ex Asia to coincide with volume release from Shanghai
- Air & Ocean rates to reduce but not to pre-2019 levels
 - Seafreight – mix of contract and spot rates, reaching parity
 - Shipping lines still tightly controlling space availability
 - Airfreight access increasing with belly space on passenger flights, however freighters required to assist
 - Expect 25% increase in global airfreight by 2025
 - Expectation our Air & Ocean volumes will continue to grow



Group Outlook ...

- Transport volumes and organic growth will see ongoing improvement in all regions
 - However driver shortages across Europe due to conflict in Ukraine
 - Maintaining strong focus on LCL volume growth
- Warehousing capacity increasing to cope with new customer demand
 - Expect “just in case” stock to reduce
 - Expect customers to source differently and focus on high margin stock
- Wage & salary review of 5+% applied from 1 April across all regions



Group Outlook ...

- Customer rate reviews applied, effective:
 - New Zealand 2 May 2022
 - Australia 1 April 2022
 - Europe 1 January 2022
 - Americas 1 June 2022
- Do not expect the same quantum of improvement this year to roll into next year's results
- Our network intensification assists Transport and Warehousing, and is a key differentiator for us globally in Air & Ocean
 - Domestically: all regions expanding their networks, including warehouses
 - Globally: Indonesia to open mid-2022; India and Nordic countries are of interest



Group Outlook ...

- As per regional commentary, April/May trading has produced improved results on the same period last year
- Despite inflation/recession concerns we remain confident of continued growth and improving performance



Financial Calendar F23

Annual Meeting of Shareholders

Investor Day – West Auckland Facility

F23 – 6 months ended 30 September 2022

F23 – 12 months ended 31 March 2023

DATE

28 July 2022

21 October 2022

10 November 2022

25 May 2023



*Face the challenge
with a smile*