

MAINFREIGHT LIMITED
Preliminary Half Year Announcement
For the Six Months ended 30 September 2023



Preliminary half year report on consolidated results (including the results for the previous corresponding half year).
This report has been prepared in a manner which complies with generally accepted accounting practice and fairly presents the matters to which the report relates and is based on unaudited financial statements.
The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

Income Statement
For the Six Months ended 30 September 2023

	Notes	Six Months Ended 30 Sept 2023 unaudited \$NZ000	Six Months Ended 30 Sept 2022 unaudited \$NZ000	Year ended 31 March 2023 audited \$NZ000
Total Revenue		2,355,042	3,003,333	5,675,709
Transport Costs		(1,304,577)	(1,895,050)	(3,444,287)
Labour Expenses		(538,549)	(520,152)	(1,023,106)
Other Expenses		(191,595)	(165,632)	(357,288)
Earnings before Finance Costs, Tax, Depreciation and Amortisation		320,321	422,499	851,028
Depreciation of Right to Use Assets		(85,204)	(70,562)	(155,359)
Finance Costs Relating to Lease Liabilities		(9,719)	(8,010)	(17,326)
Other Depreciation & Amortisation Expenses		(47,637)	(38,968)	(83,630)
Other Finance Costs		(2,924)	(3,247)	(7,315)
Profit before Taxation		174,837	301,712	587,398
Income Tax Expense		(50,287)	(84,694)	(160,922)
Net Profit for the Period		124,550	217,018	426,476
Earnings per share				
Basic and diluted earnings (cents per share)		123.69	215.51	423.52

Statement of Comprehensive Income
For the Six Months ended 30 September 2023

Net Profit for the Period	124,550	217,018	426,476
Other Comprehensive Income for the Period, Net of Tax			
<i>Other comprehensive income to be reclassified to profit/(loss) in subsequent periods</i>			
Exchange Differences on Translation of Foreign Operations	23,307	98,163	41,514
Income Tax Effect	217	1,149	1,420
Net Other Comprehensive income to be reclassified to profit/(loss) in subsequent periods	23,524	99,312	42,934
<i>Other comprehensive income not to be reclassified to profit/(loss) in subsequent periods</i>			
Revaluation of Land including Foreign Exchange Movements	632	3,971	1,625
Income Tax effect	-	-	(411)
Defined Benefit Pension Provision	(3)	(20)	157
Income Tax effect	1	3	(39)
Net Other Comprehensive income not to be reclassified to profit/(loss) in subsequent periods	630	3,954	1,332
Other Comprehensive Income for the Period, Net of Tax	24,154	103,266	44,266
Total Comprehensive Income for the Period, Net of Tax	148,704	320,284	470,742

The accompanying notes form part of these interim financial statements

	30 Sept 2023	30 Sept 2022	31 Mar 2023		30 Sept 2023	30 Sept 2022	31 Mar 2023
	unaudited	unaudited	audited		unaudited	unaudited	audited
	\$NZ000	\$NZ000	\$NZ000		\$NZ000	\$NZ000	\$NZ000
Current Assets				Current Liabilities			
Bank	234,548	260,857	341,991	Trade Creditors & Accruals	500,207	628,783	492,966
Trade Debtors	619,672	846,560	619,470	Employee Entitlements	107,822	139,594	147,311
Income Tax Receivable	28,265	-	22,411	Provision for Taxation	17,267	21,512	60,979
Properties Held for Sale	-	-	7,748	Lease Liability for Right of Use Assets	163,962	138,024	155,626
Other Debtors	56,198	92,273	66,295	Asset Finance Loans	9,456	9,241	9,258
	938,683	1,199,690	1,057,915		798,714	937,154	866,140
Non-current Tangible Assets				Non-current Liabilities			
Property	1,138,012	1,085,749	1,068,880	Bank Term Loan	181,013	256,678	186,788
Plant & Equipment	301,456	200,749	276,983	Employee Entitlements	4,127	2,985	4,085
Right of Use Assets	812,876	689,988	744,914	Lease Liability for Right of Use Assets	688,650	583,970	625,478
	2,252,344	1,976,486	2,090,777	Deferred Tax Liability	10,788	11,389	10,613
				Asset Finance Loans	23,212	21,201	23,134
					907,790	876,223	850,098
Non-current Intangible Assets				Total Liabilities	1,706,504	1,813,377	1,716,238
Software	57,834	52,465	54,638	Shareholders' Equity			
Goodwill	224,396	225,540	218,894	Share Capital	85,821	85,821	85,821
Other Intangible Assets	1,048	1,419	1,130	Retained Earnings	1,442,297	1,281,491	1,405,355
Deferred Tax Asset	20,104	19,722	19,693	Revaluation Reserve	210,583	212,708	209,951
	303,382	299,146	294,355	Foreign Currency Translation Reserve	49,339	82,193	25,815
				Defined Benefit Pension Reserve	(135)	(268)	(133)
Total Assets	3,494,409	3,475,322	3,443,047	Total Equity	1,787,905	1,661,945	1,726,809
				Total Liabilities & Equity	3,494,409	3,475,322	3,443,047

The accompanying notes form part of these interim financial statements

	Ordinary Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Defined Benefit Pension Reserve	Retained Earnings	Total Equity
	\$NZ000	\$NZ000	\$NZ000	\$NZ000	\$NZ000	\$NZ000
Six Months to 30 September 2023 (unaudited)						
Balance at 1 April 2023	85,821	209,951	25,815	(133)	1,405,355	1,726,809
Profit for the Period	-	-	-	-	124,550	124,550
Other Comprehensive Income	-	632	23,524	(2)	-	24,154
Total Comprehensive Income for the Period	-	632	23,524	(2)	124,550	148,704
Transactions with Owners in their Capacity as Owners						
Supplementary Dividends	-	-	-	-	(3,625)	(3,625)
Dividends Paid	-	-	-	-	(87,608)	(87,608)
Foreign Investor Tax Credit	-	-	-	-	3,625	3,625
Balance at 30 September 2023	85,821	210,583	49,339	(135)	1,442,297	1,787,905
Six Months to 30 September 2022 (unaudited)						
Balance at 1 April 2022	85,821	208,737	(17,119)	(251)	1,152,081	1,429,269
Profit for the Period	-	-	-	-	217,018	217,018
Other Comprehensive Income	-	3,971	99,312	(17)	-	103,266
Total Comprehensive Income for the Period	-	3,971	99,312	(17)	217,018	320,284
Transactions with Owners in their Capacity as Owners						
Supplementary Dividends	-	-	-	-	(3,523)	(3,523)
Dividends Paid	-	-	-	-	(87,608)	(87,608)
Foreign Investor Tax Credit	-	-	-	-	3,523	3,523
Balance at 30 September 2022	85,821	212,708	82,193	(268)	1,281,491	1,661,945
Twelve Months to 31 March 2023 (audited)						
Balance at 1 April 2022	85,821	208,737	(17,119)	(251)	1,152,081	1,429,269
Profit for the Period	-	-	-	-	426,476	426,476
Other Comprehensive Income	-	1,214	42,934	118	-	44,266
Total Comprehensive Income for the Period	-	1,214	42,934	118	426,476	470,742
Transactions with Owners in their Capacity as Owners						
Supplementary Dividends	-	-	-	-	(6,964)	(6,964)
Dividends Paid	-	-	-	-	(173,202)	(173,202)
Foreign Investor Tax Credit	-	-	-	-	6,964	6,964
Balance at 31 March 2023	85,821	209,951	25,815	(133)	1,405,355	1,726,809

	Six Months Ended 30 Sept 2023 unaudited \$NZ000	Six Months Ended 30 Sept 2022 unaudited \$NZ000	Year ended 31 March 2023 audited \$NZ000
Cash Flows from Operating Activities			
Receipts from Customers	2,738,057	3,564,724	5,894,809
Interest Received	-	-	2,767
Payments to Suppliers and Team Members	(2,439,349)	(3,140,401)	(4,931,112)
Finance Charge on NZ IFRS 16 Leases	(9,719)	(8,010)	(17,326)
Interest Paid	(2,924)	(3,247)	(10,082)
Income Taxes Paid	(99,260)	(121,630)	(181,851)
Net Cash Flows from Operating Activities	186,805	291,436	757,205
Cash Flows from Investing Activities			
Proceeds from Sale of Property, Plant & Equipment	10,113	1,625	9,843
Proceeds from Sale of Software	726	2	132
Purchase of Property, Plant & Equipment	(127,857)	(171,671)	(303,491)
Purchase of Software	(10,112)	(8,011)	(20,396)
Repayments from Team Members	-	3	3
Net Cash Flows from Investing Activities	(127,130)	(178,052)	(313,909)
Cash Flows from Financing Activities			
Proceeds of Long Term Loans	25,000	143,671	197,925
Dividend Paid to Shareholders	(87,608)	(87,608)	(173,202)
Repayment of Loans	(32,788)	(73,524)	(197,348)
Lease Payments NZ IFRS 16	(81,260)	(67,106)	(146,734)
Net Cash Flows from Financing Activities	(176,656)	(84,567)	(319,359)
Net Increase / (Decrease) in Cash and Cash Equivalents	(116,981)	28,817	123,937
Net Foreign Exchange Differences	9,539	29,782	15,796
Cash and Cash Equivalents at Beginning of Period	341,991	202,258	202,258
Cash and Cash Equivalents at End of Period	234,549	260,857	341,991
Comprised:			
Bank and Short Term Deposits	234,549	260,857	341,991
Bank Overdraft	-	-	-
	234,549	260,857	341,991

The accompanying notes form part of these interim financial statements

1 Corporate Information

The preliminary half year report announcement of Mainfreight Limited ("the parent") and its subsidiaries ("the Group") for the six months ended 30 September 2023 was authorised for issue in accordance with a resolution of the Directors.

Mainfreight Limited is a company limited by shares incorporated in New Zealand whose shares are publicly traded on the NZX Main Board (New Zealand Stock Exchange).

2 Accounting Policies

Accounting policies remain consistent with the prior year ended 31 March 2023 financial statements.

3 Required NZX Disclosures

	Six Months Ended 30 Sept 2023 unaudited	<u>Parent</u> Six Months Ended 30 Sept 2022 unaudited	Year ended 31 March 2023 audited
	Shares	Shares	Shares
Movements in Ordinary Shares on Issue			
Closing balance	100,698,548	100,698,548	100,698,548
Average balance during the period	100,698,548	100,698,548	100,698,548
	\$NZ000	\$NZ000	\$NZ000
Net Tangible Assets			
Net Tangible Assets	1,484,523	1,362,799	1,432,454
Net Tangible Assets per Security (cps)	1,474.22	1,353.34	1,422.52
Dividends Paid and Proposed			
Recognised Amounts			
Declared and Paid during the Period to Parent Shareholders			
Final Fully Imputed Dividend for 2023: 87.0 cents (2022: 87.0 cents)	87,608	87,608	
Unrecognised Amounts			
Interim Fully Imputed Dividend for 2024: 85.0 cents (2023: 85.0 cents)	85,594	85,594	

After the balance date, the above unrecognised dividends were approved by Directors' resolution dated 8 November 2023. These amounts have not been recognised as a liability as at 30 September 2023 but will be brought to account in the full year to 31 March 2024.

4 Segmental Reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses whose operating results are regularly reviewed by the entity's chief operating decision maker and for which discrete financial information is available.

The Group operates in the domestic supply chain (i.e. moving and storing freight within countries) and air and ocean freight industries (i.e. moving freight between countries).

New Zealand, Australia, The Americas and Europe are each reported to management as one segment as the businesses there perform both domestic and air and ocean services.

The segmental results from operations are disclosed below.

Geographical Segments

The following table represents revenue, margin and certain asset information regarding geographical segments for the six months ended 30 September 2023 and 30 September 2022.

	New Zealand	Australia	The Americas	Asia	Europe	Inter-Segment	Total
	\$NZ000	\$NZ000	\$NZ000	\$NZ000	\$NZ000	\$NZ000	\$NZ000
Six Months to 30 September 2023 (unaudited)							
Operating Revenue							
- Sales to Customers outside the Group	556,912	684,473	531,285	79,977	502,395	-	2,355,042
- Intersegment Sales	9,321	21,468	47,354	61,085	35,471	(174,699)	-
Total Revenue	566,233	705,941	578,639	141,062	537,866	(174,699)	2,355,042
PBT & Abnormal Items	61,086	61,087	19,606	10,725	22,333	-	174,837
Net Interest Expense	3,175	5,889	1,196	(82)	2,465	-	12,643
Depreciation & Amortisation	35,197	32,524	26,429	3,430	35,261	-	132,841
Capital Expenditure	50,103	21,232	23,445	1,907	30,443	-	127,130
Trade Receivables	133,971	188,316	134,347	39,936	176,884	(53,782)	619,672
Non-current Assets	944,636	700,930	399,566	25,139	485,455	-	2,555,726
Total Assets	1,062,073	927,933	677,850	151,693	728,642	(53,782)	3,494,409
Total Liabilities	417,258	431,823	387,482	82,088	441,635	(53,782)	1,706,504
Six Months to 30 September 2022 (unaudited)							
Operating Revenue							
- Sales to Customers outside the Group	644,599	771,856	891,421	159,147	536,310	-	3,003,333
- Intersegment Sales	10,745	33,905	68,097	117,833	44,366	(274,946)	-
Total Revenue	655,344	805,761	959,518	276,980	580,676	(274,946)	3,003,333
PBT & Abnormal Items	74,457	69,968	93,586	25,200	38,501	-	301,712
Net Interest Expense	2,395	4,493	2,842	43	1,484	-	11,257
Depreciation & Amortisation	30,167	26,864	21,995	2,293	28,211	-	109,530
Capital Expenditure	50,653	97,749	18,104	631	10,918	-	178,055
Trade Receivables	156,056	219,082	297,944	65,784	203,009	(95,315)	846,560
Non-current Assets	788,268	661,574	388,159	20,669	416,962	-	2,275,632
Total Assets	953,982	932,103	808,950	190,523	685,079	(95,315)	3,475,322
Total Liabilities	402,931	477,734	485,433	116,328	426,266	(95,315)	1,813,377

4 Segmental Reporting - continued

	New Zealand	Australia	The Americas	Asia	Europe	Total
	\$NZ000	\$AU000	\$US000	\$US000	€EU000	\$NZ000
Revenue Local Currency						
Six Months to 30 September 2023	556,912	632,932	324,828	48,898	282,195	2,355,042
Six Months to 30 September 2022	644,599	697,372	562,843	100,485	326,988	3,003,333
Growth	-13.6%	-9.2%	-42.3%	-51.3%	-13.7%	-21.6%
				Excluding FX Impact		-23.0%
PBT Local Currency						
Six Months to 30 September 2023	61,086	56,487	11,987	6,557	12,544	174,837
Six Months to 30 September 2022	74,457	63,216	59,090	15,911	23,474	301,712
Growth	-18.0%	-10.6%	-79.7%	-58.8%	-46.6%	-42.1%
				Excluding FX Impact		-42.5%
PBT to Revenue Margin						
Six Months to 30 September 2023	11.0%	8.9%	3.7%	13.4%	4.4%	7.4%
Six Months to 30 September 2022	11.6%	9.1%	10.5%	15.8%	7.2%	10.0%

Division Segments

The following table represents revenue and PBT in respect of the three main types of services for the six months ended 30 September 2023 and 30 September 2022.

	Domestic Transport	Warehousing	Air & Ocean	Total
	\$NZ000	\$NZ000	\$NZ000	\$NZ000
Six Months to 30 September 2023 (unaudited)				
Revenue	1,087,678	393,300	874,064	2,355,042
PBT & Abnormal Items	73,439	27,155	74,243	174,837
Six Months to 30 September 2022 (unaudited)				
Revenue	1,113,253	355,299	1,534,781	3,003,333
PBT & Abnormal Items	109,938	28,940	162,834	301,712

	30 Sep 2023 unaudited \$NZ000	30 Sep 2022 unaudited \$NZ000
Reconciliation between non-GAAP and the Income Statement		
Profit before Taxation for the Year	174,837	301,712
Finance Costs Relating to Lease Liabilities	9,719	8,010
Other Finance Costs	2,924	3,247
EBITA	187,480	312,969
Depreciation of Right of Use Assets	85,204	70,562
Other Depreciation and Amortisation Expenses	47,637	38,968
EBITDA (Adjusted)	320,321	422,499

EBITDA (adjusted) is defined as earnings before net interest expense, tax, depreciation, amortisation, and royalties (segment only; not Group).

There are no customers in any segment that comprise more than 10% of that segment's revenue.

Bank term loan is allocated based on segment net assets excluding bank term loan.

The geographical segments are determined based on the location of the Group's assets.