

Results announcement

(for Equity Security issuer/Equity and Debt Security issuer)

Results for announcement to the market		
Name of Issuer	Mainfreight Limited	
Reporting Period	12 months to 31 March 2021	
Previous Reporting Period	12 months to 31 March 2020	
Currency	NZD	
	Amount (000s)	Percentage Change
Revenue from Continuing Operations	\$3,543,838	14.5%
Total Revenue	\$3,543,838	14.5%
Net Profit/(Loss) from Continuing Operations	\$188,110	18.2%
Total Net Profit/(Loss)	\$188,110	18.2%
Interim/Final Dividend		
Amount per Quoted Equity Security	\$0.45000000	
Imputed Amount per Quoted Equity Security	\$0.07941176	
Record Date	9/07/2021	
Dividend Payment Date	16/07/2021	
	Current Period	Prior Comparable Period
Net tangible assets per Quoted Equity Security	\$8.2706	\$6.6199
A brief explanation of any of the figures above necessary to enable the figures to be understood		
Authority for this Announcement		
Name of person authorised to make this announcement	Tim Williams, Chief Financial Officer	
Contact person for this announcement	Tim Williams	
Contact phone number	+64 9 259 5510	
Contact email address	tim@mainfreight.com	
Date of release through MAP	26/05/2021	

Unaudited financial statements accompany this announcement.

PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

Mainfreight Limited For Full Year Ended 31 March 2021

Preliminary full year report on consolidated results (including the results for the previous corresponding full 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**, which are in the process of being audited. The Listed Issuer has a formally constituted Audit Committee of the Board of Directors.

Income Statement for the Year Ended 31 March 2021

	Note	2021 \$000	2020 \$000
Operating Revenue		3,543,531	3,094,736
Interest Income		307	658
Total Revenue		<u>3,543,838</u>	<u>3,095,394</u>
Transport Costs		(2,141,744)	(1,803,460)
Labour Expenses		(723,444)	(670,103)
Other Expenses		(211,836)	(222,502)
Earnings before Interest Costs, Tax, Depreciation, Amortisation and Abnormal Items		<u>466,814</u>	<u>399,329</u>
Depreciation of Right of Use Assets		(113,938)	(111,877)
Finance Costs Relating to Lease Liabilities		(16,225)	(17,021)
Other Depreciation and Amortisation Expenses		(68,460)	(57,852)
Other Finance Costs		(5,784)	(6,326)
Profit Before Abnormal Items and Taxation for the Year		<u>262,407</u>	<u>206,253</u>
Income Tax on Profit Before Abnormal Items		(74,297)	(58,278)
Net Profit Before Abnormal Items for the Year		<u>188,110</u>	<u>147,975</u>
Abnormal Items	4	-	(4,783)
Income Tax on Abnormal Items	4	-	1,309
Abnormal Tax Item - Reversal of deferred tax liability on buildings	4	-	14,700
Abnormal Items After Taxation		<u>-</u>	<u>11,226</u>
Profit Before Taxation for the Year		262,407	201,470
Income Tax Expense		(74,297)	(42,269)
Net Profit for the Year		<u>188,110</u>	<u>159,201</u>
Earnings per share for profit attributable to the ordinary equity holders of the company are:			
Basic and Diluted Earnings Per Share:	Total Operations	Cents	Cents
		186.81	158.10

Statement of Comprehensive Income for the Year Ended 31 March 2021

	2021	2020
	\$000	\$000
Net Profit for the Year	188,110	159,201
Other Comprehensive Income		
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>		
Exchange Differences on Translation of Foreign Operations	(22,545)	23,850
Income Tax Effect	(2,782)	3,323
Net Other comprehensive income to be reclassified to profit or loss in subsequent periods	<u>(25,327)</u>	<u>27,173</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Revaluation of Land including Foreign Exchange Movements	55,814	1,233
Income Tax Effect	(5,324)	-
Net Other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>50,490</u>	<u>1,233</u>
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>		
Defined Benefit Pension Provision	(159)	(228)
Income Tax Effect	40	57
Net Other comprehensive income not to be reclassified to profit or loss in subsequent periods	<u>(119)</u>	<u>(171)</u>
Other Comprehensive Income for the Year, Net of Tax	25,044	28,235
Total Comprehensive Income for the Year, Net of Tax	213,154	187,436

Balance Sheet as at 31 March 2021

	2021 \$000	2020 \$000
Current Assets		
Bank	139,555	116,140
Trade Debtors	489,246	420,839
Income Tax Receivable	251	2,937
Other Receivables	89,531	73,129
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	718,583	613,045
Non-current Assets		
Property	755,566	652,639
Plant & Equipment	162,597	123,936
Right of Use Assets	567,956	615,250
Software	53,510	53,542
Goodwill	208,626	226,566
Other Intangible Assets	1,607	4,578
Deferred Tax Asset	18,461	15,038
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	1,768,323	1,691,549
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TOTAL ASSETS	2,486,906	2,304,594
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Current Liabilities		
Bank	-	6
Trade Creditors & Accruals	412,826	339,562
Employee Entitlements	91,997	69,565
Provision for Taxation	30,344	19,207
Lease Liability for Right of Use Assets	118,158	124,128
Asset Finance Loans	9,198	2,732
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	662,523	555,200
Non-current Liabilities		
Bank Term Loan	210,000	267,698
Employee Entitlements	2,922	2,887
Deferred Tax Liability	6,571	6,654
Lease Liability for Right of Use Assets	467,276	502,734
Asset Finance Loans	22,568	3,082
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	709,337	783,055
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TOTAL LIABILITIES	1,371,860	1,338,255
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Shareholders' Equity		
Share Capital	85,821	85,821
Retained Earnings	897,383	773,720
Revaluation Reserve	141,094	90,604
Foreign Currency Translation Reserve	(8,660)	16,667
Defined Benefit Pension Reserve	(592)	(473)
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TOTAL EQUITY	1,115,046	966,339
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TOTAL LIABILITIES AND EQUITY	2,486,906	2,304,594
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The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity for the Year Ended 31 March 2021

2021			Foreign	Defined		
\$000	Ordinary	Asset	Currency	Benefit	Retained	Total
	Shares	Revaluation	Translation	Pension	Earnings	
		Reserve	Reserve	Reserve		
Balance at 1 April 2020	85,821	90,604	16,667	(473)	773,720	966,339
Profit for the Year	-	-	-	-	188,110	188,110
Other Comprehensive Income	-	50,490	(25,327)	(119)	-	25,044
Total Comprehensive Income for the Year	-	50,490	(25,327)	(119)	188,110	213,154
Transactions with Owners in Their Capacity as Owners:						
Supplementary Dividends	-	-	-	-	(2,132)	(2,132)
Dividends Paid	-	-	-	-	(64,447)	(64,447)
Foreign Investor Tax Credit	-	-	-	-	2,132	2,132
Balance at 31 March 2021	85,821	141,094	(8,660)	(592)	897,383	1,115,046

2020			Foreign	Defined		
\$000	Ordinary	Asset	Currency	Benefit	Retained	Total
	Shares	Revaluation	Translation	Pension	Earnings	
		Reserve	Reserve	Reserve		
Balance at 1 April 2019	85,821	89,371	(10,506)	(302)	673,931	838,315
Profit for the Year	-	-	-	-	159,201	159,201
Other Comprehensive Income	-	1,233	27,173	(171)	-	28,235
Total Comprehensive Income for the Year	-	1,233	27,173	(171)	159,201	187,436
Transactions with Owners in Their Capacity as Owners:						
Supplementary Dividends	-	-	-	-	(2,413)	(2,413)
Dividends Paid	-	-	-	-	(59,412)	(59,412)
Foreign Investor Tax Credit	-	-	-	-	2,413	2,413
Balance at 31 March 2020	85,821	90,604	16,667	(473)	773,720	966,339

Cash Flow Statement for the Year Ended 31 March 2021

	2020 \$000	2020 \$000
Cash Flows From Operating Activities		
Receipts from Customers	3,459,132	3,092,861
Interest Received	307	658
Payments to Suppliers and Team Members	(2,992,486)	(2,705,526)
Finance Charge on NZ IFRS 16 Leases	(16,225)	(17,021)
Interest Paid	(5,784)	(6,326)
Income Taxes Paid	(68,662)	(63,846)
NET CASH FLOWS FROM OPERATING ACTIVITIES	376,282	300,800
Cash Flows From Investing Activities		
Proceeds from Sale of Property, Plant & Equipment	3,529	4,930
Proceeds from Sale of Software	-	52
Purchase of Property, Plant & Equipment	(104,048)	(143,286)
Purchase of Software	(18,030)	(16,728)
Advances to Team Members	(2)	-
NET CASH FLOWS FROM INVESTING ACTIVITIES	(118,551)	(155,032)
Cash Flows From Financing Activities		
Proceeds of Long Term Loans	62,054	40,554
Dividend Paid to Shareholders	(64,447)	(59,412)
Repayment of Loans	(118,073)	(32,421)
Lease Payments NZ IFRS16	(107,125)	(100,644)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(227,591)	(151,923)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	30,140	(6,155)
Net Foreign Exchange Differences	(6,719)	7,109
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	116,134	115,180
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>139,555</u>	<u>116,134</u>
Comprised		
Bank and Short Term Deposits	139,555	116,140
Bank Overdraft	-	(6)
	<u>139,555</u>	<u>116,134</u>

The accompanying notes form an integral part of these financial statements.

1 Corporate Information

The preliminary full year report announcement of Mainfreight Limited ("the parent") and its subsidiaries ("the Group") for the full year ended 31 March 2021 were 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 2020 financial statements.

3 Required NZX Disclosures

	<u>Parent</u>	
<i>Movements in Ordinary Shares on Issue</i>	2021	2020
	Shares	Shares
Closing Balance	100,698,548	100,698,548
Average Balance During Year	100,698,548	100,698,548
<i>Net Tangible Assets</i>	2021	2020
	\$000	\$000
Net Tangible Assets	832,842	666,615
Net Tangible Assets per Security (cps)	827.06	661.99
Net Tangible Assets excludes Software and Deferred Tax Assets.		
<i>Dividends Paid and Proposed</i>	2021	2020
	\$000	\$000
Recognised Amounts		
Declared and Paid During the Year to Parent Shareholders		
Final Fully Imputed Dividend for 2020: 34.0 cents (2019: 34.0 cents)	34,237	34,237
Interim Fully Imputed Dividend for 2021: 30.0 cents (2020: 25.0 cents)	30,210	25,175
	64,447	59,412
Unrecognised Amounts		
Final Fully Imputed Dividend for 2021: 45.0 cents (2020: 34.0 cents)	45,314	34,238

After the balance date, the above unrecognised dividends were approved by directors' resolution dated 25 May 2021.

4 Abnormal Items

Abnormal items are determined in accordance with the principles of consistency, relevance and clarity. Transactions considered for classification as abnormal items include acquisition and disposal costs; impairment or reversal of impairment of assets; business integration; and transactions or events outside of the Group's ongoing operations that have a significant impact on reported profits.

During the year the Group had no abnormal expenses (2020 \$4,783,000). The related after tax expense was nil (2020 \$3,474,000).

In the year the Group had no abnormal gains (2020 nil). The related after tax gain was nil (2020 \$14,700,000).

These items comprised of:

<u>2021 Year</u>	<u>Pre-Tax</u> <u>\$000</u>	<u>Tax</u> <u>\$000</u>	<u>After Tax</u> <u>\$000</u>
	-	-	-
	-	-	-
<u>2020 Year</u>	<u>Pre-Tax</u> <u>\$000</u>	<u>Tax</u> <u>\$000</u>	<u>After Tax</u> <u>\$000</u>
Brand Name Impairment	(3,949)	987	(2,962)
Redundancies	(835)	322	(513)
Building Depreciation Taxation	-	14,701	14,701
	(4,784)	16,010	11,226

5 Annual Report and Annual Meeting

The annual report is expected to be available on 25 June 2021.

The Annual Meeting is to be held at 4.00pm on Thursday 29 July 2021; venue to be advised.

5 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 years ended 31 March 2021 and 31 March 2020.

Year Ended 31 March 2021	New Zealand	Australia	The Americas	Asia	Europe	Inter-Segment	Total \$000
Operating Revenue							
- Sales to customers outside the group	845,554	939,340	859,647	155,392	743,905	-	3,543,838
- Inter-segment sales	2,199	25,773	50,574	160,354	44,708	(283,608)	-
Total Revenue	847,753	965,113	910,221	315,746	788,613	(283,608)	3,543,838
PBT & Abnormal Items	97,814	76,573	38,627	10,501	38,892	-	262,407
Net Interest Expense	6,289	7,267	4,948	143	3,055	-	21,702
Depreciation & Amortisation	48,411	46,910	27,779	3,086	56,212	-	182,398
Capital Expenditure	73,612	18,503	9,859	1,418	18,686	-	122,078
Trade Receivables	107,640	129,358	140,222	52,032	105,504	(45,510)	489,246
Non-current Assets	672,691	473,197	229,823	17,862	374,750	-	1,768,323
Total Assets	805,375	640,163	410,136	92,505	584,237	(45,510)	2,486,906
Total Liabilities	348,340	379,753	272,829	52,965	363,483	(45,510)	1,371,860
Year Ended 31 March 2020	New Zealand	Australia	The Americas	Asia	Europe	Inter-Segment	Total \$000
Operating Revenue							
- Sales to customers outside the group	752,913	796,545	761,950	94,786	689,200	-	3,095,394
- Inter-segment sales	396	20,352	48,421	73,489	38,133	(180,791)	-
Total Revenue	753,309	816,897	810,371	168,275	727,333	(180,791)	3,095,394
PBT & Abnormal Items	87,691	51,344	30,881	5,236	31,101	-	206,253
Net Interest Expense	5,277	8,301	5,045	153	3,913	-	22,689
Depreciation & Amortisation	46,799	45,164	24,481	2,945	50,340	-	169,729
Capital Expenditure	62,225	71,497	9,025	1,126	16,141	-	160,014
Trade Receivables	83,982	105,889	119,361	24,618	110,812	(23,823)	420,839
Non-current Assets	560,315	451,269	236,302	17,765	425,898	-	1,691,549
Total Assets	665,587	590,187	385,118	64,399	623,126	(23,823)	2,304,594
Total Liabilities	299,026	364,160	258,797	33,125	406,970	(23,823)	1,338,255

Division Segments

The following table represents revenue and PBT regarding the three main types of services for the years ended 31 March 2021 and 31 March 2020.

Year Ended 31 March 2021	Domestic Transport	Warehousing	Air & Ocean Forwarding	Total \$000
Revenue	1,610,741	452,116	1,480,981	3,543,838
PBT & Abnormal Items	140,527	42,207	79,673	262,407
Year Ended 31 March 2020	Domestic Transport	Warehousing	Air & Ocean Forwarding	Total \$000
Revenue	1,550,299	409,749	1,135,346	3,095,394
PBT & Abnormal Items	119,682	34,317	52,254	206,253

Reconciliation between non-GAAP and the Income Statement

	2021 \$000	2020 \$000
Profit Before Taxation for the Year	262,407	201,470
Abnormal Items	-	4,783
Profit Before Abnormal Items and Taxation for the Year	<u>262,407</u>	<u>206,253</u>
Interest Income	(307)	(658)
Finance Costs Relating to Lease Liabilities	16,225	17,021
Other Finance Costs	5,784	6,326
EBITA	<u>284,109</u>	<u>228,942</u>
Depreciation of Right of Use Assets	113,938	111,877
Other Depreciation and Amortisation Expenses	68,460	57,852
EBITDA (adjusted)	<u>466,507</u>	<u>398,671</u>

EBITDA (adjusted) is defined as earnings before net interest expense, tax, depreciation, amortisation, abnormal items 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.