

# MAINFREIGHT LIMITED

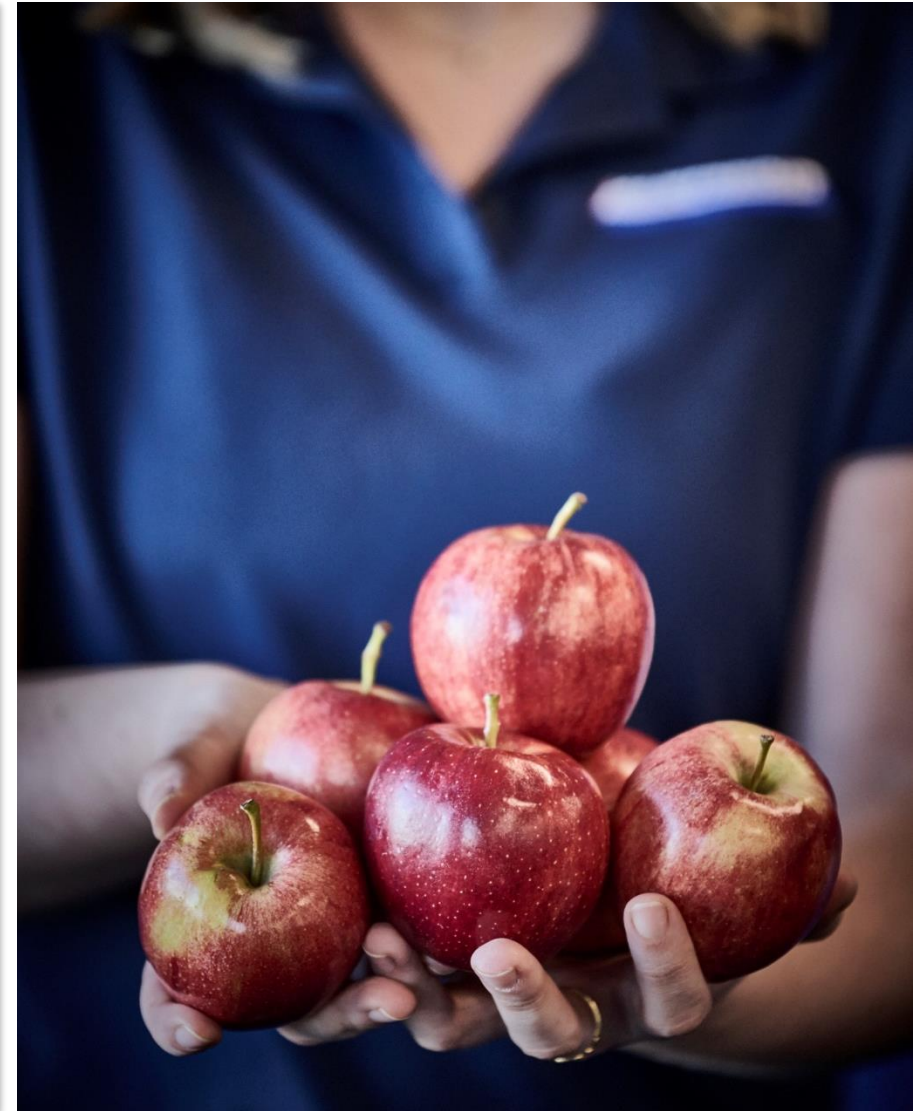
ANNUAL MEETING OF SHAREHOLDERS

25 JULY 2024



## The Numbers ... Financial Year 2024 (last year)

- **Revenue** down 17% to \$4.72 billion from \$5.68 billion
- **PBT** down 33% to \$395 million from \$587 million
- **Net Profit** down 35% to \$278 million from \$426 million
  - Deferred Tax on buildings - \$69 million (noncash)
- **People** down 667 to 10,644
- **Branches** up 6 to 337
- **Countries** up 1 to 27
- **Dividend** – final dividend of 87 cents per share
  - Takes full year dividend to \$1.72 per share
- **Discretionary Bonus** - \$25 million, down 68%



# Full Year Overview



- **We expected to do better**
  - New Zealand and Australia were OK
  - Asia/The Americas/Europe disappointed
- **Why?**
  - Lease obligations on overflow warehousing
  - Decreasing freight volumes saw utilisation across all products decline
  - Overhead cost structures inflated as a consequence of historical growth
    - Team members
    - Owner drivers
- **However**
  - We continue to invest capital to expand and improve our network
  - Despite the demanding operating environment, we are experiencing improvement
  - We have grown a bigger business, with more customers, and greater capability
  - The results of 2024 surpass results from 2021 significantly
  - 2022/2023 abnormally high increases in revenue and profit

## 3 Year Comparison

REVENUES	2021 NZ\$	2024 NZ\$	% Increase over 3 years
Total Group Full Year	3.54b	4.72b	28.6%
PBT	2021 NZ\$	2024 NZ\$	% Increase over 3 years
Total Group Full Year	262.4m	395.4m	40.4%



*"A new base to grow from"*

# Capital Management – Financial Year 2024

\$

Operating Cash Flow \$505 million v \$757 million  
*“Cash collection was satisfactory”*



Net Capex \$254 million - \$128 million on property  
*“Still investing in the future”*



Net funds (debt) reduction to \$22 million in funds  
*“Cash at hand”*



Bank debt of \$148 million – from a total available facility of \$501 million



*“Balance sheet looks OK!”*

# Network Growth



## Branches

337 - up 6



## Countries

27 – up 1

## Team members

Americas	1,659
Europe	3,072
Asia	509
Australia	2,543
New Zealand	2,861

## People

10,644

*“667 people less as freight volumes reduced”*

# The Network – “A strategic advantage”

## Revenue

Australia	AU\$1,294.2m
New Zealand	NZ\$1,124.1m
The Americas	US\$ 639.1m
Europe	EU€ 557.2m
Asia	US\$ 96.5m



*“The Mainfreight team helping each other”*

# Future Capital Expenditure Update: FY25 - 26

NZ\$ MILLION	FY25
<b>Planned Capital Expenditure</b>	<b>\$255</b>
▪ Property	\$149
▪ Fit-out costs	\$ 47
▪ Non-property capex	\$ 59

NZ\$ MILLION	FY26
<b>Planned Capital Expenditure</b>	<b>\$254</b>
▪ Property	\$152
▪ Fit-out costs	\$ 42
▪ Non-property capex	\$ 60

Property and Fit-out costs FY25-26	
New Zealand	\$159 million
Australia	\$104 million
Americas	\$ 83 million
Europe and Asia	<u>\$ 44 million</u>
	<b>\$390 million</b>

*"High quality facilities and intensifying our network"*



# Planned Development for FY 2025 / 2026

## New Zealand

- **7 Transport facilities**

- New Plymouth – Extension (Owned)
- Palmerston North – Additional (Owned/leased)
- Auckland Daily Freight (Owned)
- Nelson (Owned)
- Blenheim (Owned)
- Hastings (Owned)
- Whanganui (Leased)

- **3 Warehouses**

- Beach Road, Auckland (Owned)
- Savill South, Auckland (Leased)
- Christchurch (Leased)





## BEACH ROAD, Auckland

Hazardous facility – all classes  
34,108 sqm  
Completion expected early 2025

*“Provides opportunity alongside Chemcouriers”*



## ALDERMAN PLACE, Auckland

Container handling facility  
Wharf /Tankers/CaroTrans  
47,147 sqm  
Rail served ex Ports of Auckland

*"The link between Transport and Air & Ocean"*



## OWENS – HUGO JOHNSON DRIVE, Auckland

Transport Cross-Dock  
Daily Freight 1 year / Owens future site  
Rail served  
35,197.9 sqm

*“Long awaited improvements for Daily Freight and Owens”*



## 2HOME, SAVILL DRIVE, Auckland

**M2Home Cross-Dock and Warehouse**  
**27,570 sqm Cross-Dock**  
**10,500 sqm Warehouse**  
**Completion expected August 2024**

*"Meeting the demands of our developing consumer goods division"*

# Planned Development for FY 2025 / 2026

## Australia

- **2 Transport Cross-Docks**
  - Townsville (Leased)
  - Willawong (Owned)
- **2 Air & Ocean / Wharf facilities**
  - Melbourne Airport (Leased)
  - Port of Brisbane (Leased)





**BRISBANE NEW TRANSPORT CROSS-DOCK  
– ARTIST IMPRESSION**

**Transport Cross-Dock  
34 rear loading doors  
15,298 sqm  
Completion expected early 2026**

*“Less square metres – more efficient and better use of capital”*



**SYDNEY, MOOREBANK, AUSTRALIA'S  
LARGEST INTERMODEL PRECINCT**

**Sydney Warehouse  
55,000 sqm, 66,000 plts  
Rail and Road served  
Temp controlled / Hazardous goods capable**

*"70% utilized with more inquiry than we can handle"*



# Planned Development for FY 2025 / 2026

## Americas

- 2 Transport Cross-Docks
  - Dallas (Leased)
  - Chicago (Leased)

## Europe

- 2 Transport Cross-Docks
  - Amsterdam (Leased)
  - Mechelen, Belgium (Leased)



## DALLAS TEXAS NEW TRANSPORT CROSS-DOCK

**Transport Cross-Dock**  
**78 Doors**  
**5,387 sqm**  
**Completion expected late 2024**

*"A bold step forward in the USA"*



## CHICAGO NEW TRANSPORT DOCK

**Transport Cross-Dock**  
**74 Doors**  
**4,374 sqm**  
**Completion expected late 2024**

*"And another step forward"*

# Sustainability



## Investing in sustainable infrastructure

- 8.4 MW in solar generation (2.6MW added over the past year)
- 9.5 MWh in battery storage (4.5 MWh added over the past year)
- Rainwater capture and filtration (over seven million litres in storage added over the past two years)

## Lowering the impact of our operations

- 84% (up 4%) of forklifts electric
- 46% (up 3%) of car fleet hybrid and electric
- 1% (33) of truck fleet hybrid and electric – more on order

## Bringing our partners along for the journey

- Over 500 customers using our Carbon Tracking Platform (up from 50)

## Assessment and disclosure of climate risks

- NZ Climate related disclosure report published
- Work underway for Australian and European disclosures

*“Since 2018, we have reduced gross emissions by 10% while doubling the size of our business”*

# Current Trading Environment (15 Weeks: 1 April - 14 July 2024)

NZ\$000		REVENUE*	VAR %	PROFIT BEFORE TAX	VAR %
New Zealand	NZ\$	315,114	-1.3% ↓	25,092	-20.1% ↓
Australia	AU\$	428,558	17.5% ↑	32,754	7.0% ↑
Americas	US\$	194,034	3.4% ↑	3,231	-52.1% ↓
Europe	EU€	176,512	3.4% ↑	6,507	-3.2% ↓
Asia	US\$	37,640	31.4% ↑	3,318	-17.9% ↓
Group	NZ\$	1,478,736	8.5% ↑	83,164	-11.2% ↓

\* Inter-company revenue excluded



*“Revenue growth is pleasing. Management of margin and overheads will be the magic”*

# Trading Update: Our 3 Core Products (15 weeks) NZ\$

## Transport



Revenue: \$672.1 million up 8.3%  
PBT: \$ 39.3 million up 4.1%

## Warehousing



Revenue: \$233.4 million up 3.0%  
PBT: \$9.4 million down 30.0%

## Air & Ocean



Revenue: \$573.3 million up 11.2%  
PBT: \$34.5 million down 19.0%

# Trading Update Summary

- **Transport**

- Satisfactory growth across Australia
- New Zealand experienced reduction in volumes post May. Higher Transport costs
- European Transport has seen reasonable improvement in volumes and profitability
- USA Transport seeing marginal improvement. Still a long-term fix

- **Warehousing**

- Satisfactory performances in New Zealand / USA
- Australian improvements satisfactory – more is expected
- European utilisation disappointing – customer gains assisting

- **Air & Ocean**

- Australian performance a highlight – Project business assisting
- New Zealand activity is disappointing with export volumes lower than expected
- USA/Asia volumes improving – margins under pressure
- European development continues
- Expecting an earlier peak season
- Ocean freight rates have increased, but not to levels of 2022/2023
- Equipment shortages from Asia remains frustrating



# Trading Update Summary: Our Progress



- Concerted sales activities / campaigns across network
  - June sales activity a highlight
  - 3,892 new business opportunities
  - 307 new customer gains
- Good momentum in Australia – expect Australia to become our biggest profit earner
- Improvements in European Transport, USA Warehousing and Air & Ocean
- New Zealand increasing range of services and improving linehaul efficiencies
- Asia focused on margin improvement
- Network expansion to be carefully managed as we look to improve returns



## To Close



- Sales opportunities in all markets are substantial

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- We continue to remain confident in our medium to long term growth opportunities

*Thank you*

