PRELIMINARY FULL YEAR REPORT ANNOUNCEMENT

Mainfreight Limited
For Full Year Ended 31 March 2019

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 2019

	Note	2019 $000	2018 $000
Operating Revenue		2,953,414	2,616,189
Interest Income		673	511
Total Revenue		2,954,087	2,616,700
Transport Costs		(1,791,573)	(1,605,459)
Labour Expenses Excluding Share Based Payments		(612,641)	(538,483)
Occupancy Expenses		(83,850)	(73,192)
Depreciation and Amortisation Expenses		(53,107)	(47,788)
Other Expenses		(208,301)	(183,941)
Finance Costs		(7,541)	(7,567)
Profit Before Abnormal Items and Taxation for the Year		197,074	160,270
Income Tax on Profit Before Abnormal Items		(55,990)	(48,266)
Net Profit Before Abnormal Items for the Year		141,084	112,004
Abnormal Items	4	(4,965)	(7,224)
Income Tax on Abnormal Items	4	1,505	2,898
Abnormal Items After Taxation	4	(3,460)	(4,326)
Profit Before Taxation for the Year		192,109	153,046
Income Tax Expense		(54,485)	(45,368)
Net Profit for the Year		137,624	107,678

Earnings per share for profit attributable to the ordinary equity holders of the company are:

		Cents	Cents
Basic Earnings Per Share:	Total Operations	136.67	106.93
Diluted Earnings Per Share:	Total Operations	136.67	106.93

Statement of Comprehensive Income for the Year Ended 31 March 2019

	2019	2018
Net Profit for the Year	137,624	107,678
Other Comprehensive Income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange Differences on Translation of Foreign Operations	1,144	(1,978)
Income Tax effect	(1,006)	3,371
Net Other comprehensive income to be reclassified to profit (loss) in subsequent periods	138	1,393
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Revaluation of Land including Foreign Exchange Movements	43,506	638
Income Tax effect	(4,106)	-
Net Other comprehensive income not to be reclassified to profit (loss) in subsequent periods	39,400	638
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Defined Benefit Pension Provision	(93)	325
Income Tax effect	23	(137)

Balance Sheet as at 31 March 2019

	Note	2019 $000	2018 $000
Current Assets			
Bank		115,184	80,521
Trade Debtors		389,376	361,737
Income Tax Receivable		200	270
Properties Held for Sale		-	7,852
Other Receivables		55,304	60,811
		560,064	511,191
Non-current Assets			
Property		547,641	483,488
Plant & Equipment		118,988	98,822
Software		51,052	49,374
Goodwill		208,522	207,919
Brand Names		3,807	7,863
Other Intangible Assets		6,581	9,164
Deferred Tax Asset		6,234	8,882
		942,825	865,512
TOTAL ASSETS		1,502,889	1,376,703
Current Liabilities			
Bank		4	36
Trade Creditors & Accruals		314,925	298,916
Employee Entitlements		62,832	53,373
Provision for Taxation		18,868	12,323
Finance Lease Liability		2,246	2,077
		398,875	366,725
Non-current Liabilities			
Bank Term Loan		238,653	270,753
Employee Entitlements		2,815	3,634
Deferred Tax Liability		19,473	21,526
Finance Lease Liability		4,758	4,507
		265,699	300,420
Shareholders' Equity			
Share Capital		85,821	85,821
Retained Earnings		673,931	583,359
Revaluation Reserve		89,371	51,254
Foreign Currency Translation Reserve		(10,506)	(10,644)
Defined Benefit Pension Reserve		(302)	(232)
TOTAL EQUITY		838,315	709,558
TOTAL LIABILITIES AND EQUITY		1,502,889	1,376,703

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

Statement of Changes in Equity for the Year Ended 31 March 2019

2019

$000	Ordinary Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Defined Benefit Pension Reserve	Retained Earnings	Total
Balance at 1 April 2018	85,821	51,254	(10,644)	(232)	583,359	709,558
Profit for the Year	-	-	-	-	137,624	137,624
Transfer of Revaluation Reserve fc	-	(1,283)	-	-	1,283	-
Other Comprehensive Income	-	39,400	138	(70)	-	39,468
Total Comprehensive Income for the Year	-	38,117	138	(70)	138,907	177,092
Transactions with Owners in Their Capacity as Owners:						
Supplementary Dividends	-	-	-	-	(1,879)	(1,879)
Dividends Paid	-	-	-	-	(48,335)	(48,335)
Foreign Investor Tax Credit	-	-	-	-	1,879	1,879
Balance at 31 March 2019	85,821	89,371	(10,506)	(302)	673,931	838,315

2018

$000	Ordinary Shares	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Defined Benefit Pension Reserve	Retained Earnings	Total
Balance at 1 April 2017	85,821	50,616	(12,037)	(420)	518,982	642,962
Profit for the Year	-	-	-	-	107,678	107,678
Other Comprehensive Income	-	638	1,393	188	-	2,219
Total Comprehensive Income for the Year	-	638	1,393	188	107,678	109,897
Transactions with Owners in Their Capacity as Owners:						
Supplementary Dividends	-	-	-	-	(1,497)	(1,497)
Dividends Paid	-	-	-	-	(43,301)	(43,301)
Foreign Investor Tax Credit	-	-	-	-	1,497	1,497
Balance at 31 March 2018	85,821	51,254	(10,644)	(232)	583,359	709,558

Cash Flow Statement for the Year Ended 31 March 2019

	Note	2019 $000	2018 $000
Cash Flows From Operating Activities			
Receipts from Customers		2,931,037	2,580,429
Interest Received		673	511
Payments to Suppliers and Team Members		(2,674,532)	(2,388,030)
Interest Paid		(7,541)	(7,567)
Income Taxes Paid		(52,214)	(45,107)
NET CASH FLOWS FROM OPERATING ACTIVITIES		197,423	140,236
Cash Flows From Investing Activities			
Proceeds from Sale of Property, Plant & Equipment		14,048	4,507
Proceeds from Sale of Software		50	46
Repayments by Team Members		8	213
Purchase of Property, Plant & Equipment		(87,673)	(51,509)
Purchase of Software		(15,603)	(17,726)
Advances to Team Members		(3)	(10)
Establishment of Franchises and Acquisition of Subsidiaries		-	(250)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(89,173)	(64,729)
Cash Flows From Financing Activities			
Proceeds of Long Term Loans		320	1,974
Proceeds of Share Issues		-	-
Dividend Paid to Shareholders		(48,335)	(43,300)
Repayment of Loans		(26,755)	(28,441)
NET CASH FLOWS FROM FINANCING ACTIVITIES		(74,770)	(69,767)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		33,480	5,740
Net Foreign Exchange Differences		1,215	380
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		80,485	74,365
CASH AND CASH EQUIVALENTS AT END OF PERIOD		115,180	80,485
Comprised			
Bank and Short Term Deposits		115,184	80,521
Bank Overdraft		(4)	(36)
		115,180	80,485

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 year ended 31 March 2019 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 financial statements, except for the adoption of new standards effective 1 April 2018, namely :
NZ IFRS 9 Financial Instruments: Classification and Measurement - the impact of this standard did not have a material impact on the financial statements.

NZ IFRS 15 - Revenue from Contracts with Customers - the 2018 year has been restated with a reduction of revenue of $2,160,000, profit before tax was reduced by $302,000 and after tax by $215,000. The impact upon opening (1 April 2017) net assets and equity of the Group is calculated as a reduction of equity of $2,640,000.

3 Required NZX Disclosures

Movements in Ordinary Shares on Issue

	2019 Shares	2018 Shares
Closing Balance	100,698,548	100,698,548
Average Balance During Year	100,698,548	100,698,548

Net Tangible Assets

	2019 $000	2018 $000
Net Tangible Assets	619,405	484,612
Net Tangible Assets per Security (cps)	615.11	481.25

Net Tangible Assets includes Software and Deferred Tax Assets and Liabilities.

Dividends Paid and Proposed

	2019 $000	2018 $000
Recognised Amounts		
Declared and Paid During the Year to Parent Shareholders		
Final Fully Imputed Dividend for 2018: 26.0 cents (2017: 24.0 cents)	26,182	24,168
Interim Fully Imputed Dividend for 2019: 22.0 cents (2018: 19.0 cents)	22,153	19,133
	48,335	43,301
Unrecognised Amounts		
Final Fully Imputed Dividend for 2019: 34.0 cents (2018: 26.0 cents)	34,238	26,182

After the balance date, the above unrecognised dividends were approved by directors' resolution dated 27 May 2019. These amounts have not been recognised as a liability in 2019 but will be brought to account in 2020.

6 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 accounting policies of the operating segments are the same as those described in the notes in note 2 with the exception of deferred tax and the fair value of derivative financial instruments which are not reported on a monthly basis.
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 2019 and 31 March 2018.

	New Zealand	Australia	The Americas	Asia	Europe	Inter-Segment	2019 $000
Operating Revenue							
- Sales to customers outside the group	718,791	760,844	725,200	109,321	639,931	-	2,954,087
- Inter-segment sales	(590)	18,646	54,544	77,409	37,578	(187,587)	-
Total Revenue	718,201	779,490	779,744	186,730	677,509	(187,587)	2,954,087
EBITDA	110,556	59,323	38,342	9,263	39,565	-	257,049
Depreciation & Amortisation	22,638	8,163	6,565	657	15,084	-	53,107
Capital Expenditure	48,595	20,767	9,112	1,325	23,477	-	103,276
Trade Receivables	89,966	98,431	103,439	17,571	102,169	(22,200)	389,376
Non-current Assets	423,238	193,231	91,048	11,802	223,506	-	942,825
Total Assets	548,788	322,949	218,750	52,762	381,840	(22,200)	1,502,889
Total Liabilities	210,262	142,957	113,099	24,392	196,064	(22,200)	664,574

	New Zealand	Australia	The Americas	Asia	Europe	Inter-Segment	2018 $000
Operating Revenue							
- Sales to customers outside the group	666,039	674,679	608,846	117,308	549,828	-	2,616,700
- Inter-segment sales	294	18,631	40,811	64,084	30,228	(154,048)	-
Total Revenue	666,333	693,310	649,657	181,392	580,056	(154,048)	2,616,700
EBITDA	98,531	54,002	26,621	6,883	29,077	-	215,114
Depreciation & Amortisation	21,174	7,173	5,786	644	13,011	-	47,788
Capital Expenditure	33,463	7,860	6,495	240	21,173	-	69,231
Trade Receivables	85,475	92,321	94,181	15,212	93,488	(18,940)	361,737
Non-current Assets	372,010	175,197	83,823	11,094	223,388	-	865,512
Total Assets	473,466	299,529	200,561	50,897	371,190	(18,940)	1,376,703
Total Liabilities	202,686	146,995	114,872	22,245	199,287	(18,940)	667,145

Product Segments

The following table represents revenue and EBITDA regarding the three main types of services for the years ended 31 March 2019 and 31 March 2018.

	Domestic Transport	Warehousing	Air & Ocean Forwarding	2019 $000
Revenue	1,450,942	346,567	1,156,578	2,954,087
EBITDA	156,681	37,282	63,086	257,049

	Domestic Transport	Warehousing	Air & Ocean Forwarding	2018 $000
Revenue	1,297,013	289,080	1,030,607	2,616,700
EBITDA	128,382	33,142	53,590	215,114

Reconciliation between Segment EBITDA and the Income Statement	2019 $000	2018 $000
Profit from Operations Before Abnormal Items and Taxation for the Year	197,074	160,270
Interest Income	(673)	(511)
Derivative Fair Value Movement	-	-
Non-cash Share Based Payment Expense	-	-
Finance Costs	7,541	7,567
Depreciation & Amortisation	53,107	47,788
EBITDA	257,049	215,114

EBITDA is defined as earnings before net interest expense, tax, depreciation, amortisation, abnormal items, royalties, share based payment expense, minority interests and associates.

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.

4 Abnormal Items

During the year the Group had $4,965,000 of abnormal expenses (2018 $7,224,000). The related after tax expense was $3,460,000 (2018 $5,048,000).
In the year the Group had no abnormal gains (2018 nil). The related after tax gain was nil (2018 $722,000).

These items comprised of:

2019 Year		Pre-Tax $000	Tax $000	After Tax $000
Brand Name Impairment	***	(3,912)	978	(2,934)
Redundancies		(1,053)	527	(526)
		(4,965)	1,505	(3,460)

2018 Year		Pre-Tax $000	Tax $000	After Tax $000
Brand Name Impairment	***	(3,763)	941	(2,822)
Redundancies		(3,461)	1,235	(2,226)
Tax Rate Changes		-	722	722
		(7,224)	2,898	(4,326)

*** With the process of rebranding our European operations to Mainfreight underway it was decided to impair the purchased brand of Wim Bosman by one third in the 2019 financial year (2018 one third). This impairment entry has no cash impact.

5 Annual Report and Annual Meeting

The annual report is expected to be available on 26 June 2019.
The Annual Meeting is to be held at the Barrel Hall, Villa Maria Estate, 118 Montgomerie Road, Mangere, Auckland at 4.00pm on Thursday 30 July 2019.

APPENDIX 7 – NZSX Listing Rules

EMAIL: announce@nzx.com

Notice of event affecting securities

NZSX Listing Rule 7.12.2. For rights, NZSX Listing Rules 7.10.9 and 7.10.10
For change to allotment, NZSX Listing Rule 7.12.1, a separate advice is required

Number of pages including this one (Please provide any other relevant details on additional pages)

Full name of Issuer	Mainfreight Limited
Name of officer authorised to make this notice	Tim Williams
Authority for event, e.g. Directors' resolution	Directors Resolution
Contact phone number	(09) 259 5500
Contact fax number	(09) 270 7402
Date	27 / 5 / 2019

Nature of event
Tick as appropriate

Bonus Issue ☐ *If ticked, state whether:* *Taxable* ☐ */ Non Taxable* ☐ *Conversion* ☐ *Interest* ☐ *Rights Issue Renouncable* ☐
Rights Issue non-renouncable ☐ Capital change ☐ Call ☐ Dividend ☒ If ticked, state whether: Interim ☐ Full Year ☒ Special ☐ DRP Applies ☐

EXISTING securities affected by this

If more than one security is affected by the event, use a separate form

Description of the class of securities	Ordinary Shares
ISIN	NZMFTE0001S9

If unknown, contact NZX

Details of securities issued pursuant to this event

If more than one class of security is to be issued, use a separate form for each class

Description of the class of securities

ISIN

If unknown, contact NZX

Number of Securities to be issued following event

Minimum Entitlement

Ratio, e.g 1 *for* 2 *for*

Conversion, Maturity, Call Payable or Exercise Date

Enter N/A if not applicable

Treatment of Fractions

Tick if pari passu ☐ *OR provide an explanation of the ranking*

Strike price per security for any issue in lieu or date Strike Price available.

Monies Associated with Event

Dividend payable, Call payable, Exercise price, Conversion price, Redemption price, Application money.

In dollars and cents

Amount per security (does not include any excluded income)	$0.34000000
Source of Payment	Revenue
Excluded income per security (only applicable to listed PIEs)	
Currency	NZ $
Total monies	$34,237,506

Supplementary dividend details - NZSX Listing Rule 7.12.7

Amount per security in dollars and cents	$0.06000000
Date Payable	19 July, 2019

Taxation

Amount per Security in Dollars and cents to six decimal places

In the case of a taxable bonus issue state strike price	$
Resident Withholding Tax	0.02361111
Imputation Credits (Give details)	0.13222222
Foreign Withholding Tax	$
FWP Credits (Give details)	

Timing (Refer Appendix 8 in the NZSX Listing Rules)

Record Date 5pm *For calculation of entitlements -*	12 July, 2019
Application Date *Also, Call Payable, Dividend / Interest Payable, Exercise Date, Conversion Date. In the case of applications this must be the last business day of the week.*	19 July, 2019
Notice Date *Entitlement letters, call notices, conversion notices mailed*	
Allotment Date *For the issue of new securities. Must be within 5 business days of application closing date.*	

OFFICE USE ONLY
Ex Date:
Commence Quoting Rights:
Cease Quoting Rights 5pm:
Commence Quoting New Securities:
Cease Quoting Old Security 5pm:

Security Code:

Security Code: