



LINDSAY AUSTRALIA
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ASX:LAU

25 February 2024

ASX Announcement

HY24 Result Presentation - Lindsay Australia Limited

Attached is Lindsay Australia Limited's Results Presentation for the half year ended 31 December 2023.

Authorised for release by:

Release authorised by Lindsay Australia Limited Board of Directors.

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Lindsay Australia Limited
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-END-



LINDSAY RURAL

Clay McDonald (CEO) & Justin Green (CFO)

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LINDSAY AUSTRALIA
RESULTS PRESENTATION HY2024 (ASX:LAU)

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OVERVIEW



MARKET OVERVIEW



Market Overview

- Large fragmented markets (+\$5bn¹)
- Positive market trends underpinning refrigerated freight demand
- Opportunities to capture market share driven by industry consolidation and changing operating conditions
- Long term market conditions positive for scale players with strong balance sheets



Defensive

- Markets demonstrate resilience through cycles with volumes skewed to non-discretionary categories
- Diversified network & portfolio provides protection to adverse weather events and disruptions
- Delivering food and produce is an essential service

Notes:

¹ Per IBIS World and internal research



KEY HIGHLIGHTS

Road and rail underpin Lindsay's positive first half results.

OPERATING REVENUE

\$417.9m

up 23.9%

UNDERLYING EBITDA¹

\$52.1m

up 21.7%

UNDERLYING NPAT¹

\$19.6m

up 13.9%

NET DEBT²

\$120.6m

up 12.5%

LTIFR³

17.3

up 2.3%

NET LEVERAGE RATIO⁴

1.21x

down 4.9%

ROIC⁵

23.5%

up 14.7%

UNDERLYING EPS¹

6.3 cps

up 11.3%

HALF YEAR DIVIDEND

2.1 cps

up 10.5%

(HY24 interim 2.1 cps franked,
HY23 interim 1.9 cps unfranked)

FTEs⁶

1,797

up 18.4%

Notes:

¹ Refer to Appendix 1 for reconciliation of underlying figures. Underlying figures exclude the impact of AASB 16 and significant items that are non-recurring or items incurred outside of ordinary operations.

² Net debt excludes property/other lease liabilities recognised with the adoption of AASB 16. Prior corresponding period refers to 30 June 2023.

³ Lost Time Injury Frequency Ratio (LTIFR) on a rolling 12-month basis.

⁴ Net Leverage ratio = Net Debt/Underlying EBITDA as at 31 December 2023

⁵ ROIC = Underlying EBIT/ Invested Capital LTM. Invested Capital = Net debt + equity.

⁶ FTE – Full-time equivalent employee.



LINDSAY AUSTRALIA
LIMITED



SAFETY & SUSTAINABILITY



Safety & Compliance

- Investment in safety leadership and capability - new Head of Safety, Risk and Compliance
- Continuing to build out Lindsay's safety and compliance team to better support operations
- Investing in technology and tools to improve safety outcomes



Sustainability

- Developing an ESG strategy and roadmap to 2030
- Transition to electric material handling fleet underway
- Implementing solar program across Lindsay network
- During the half rail kilometres of 44m exceeded road (+35%), providing 2-3x¹ more carbon efficient freight movements

Notes:

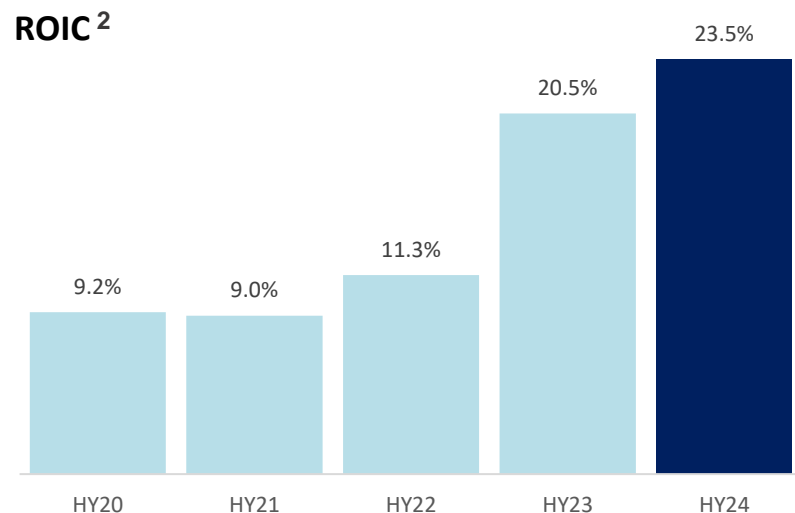
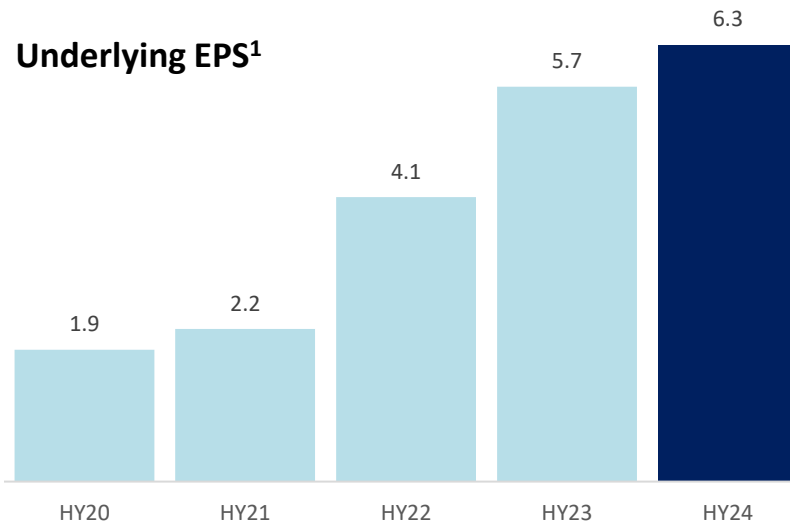
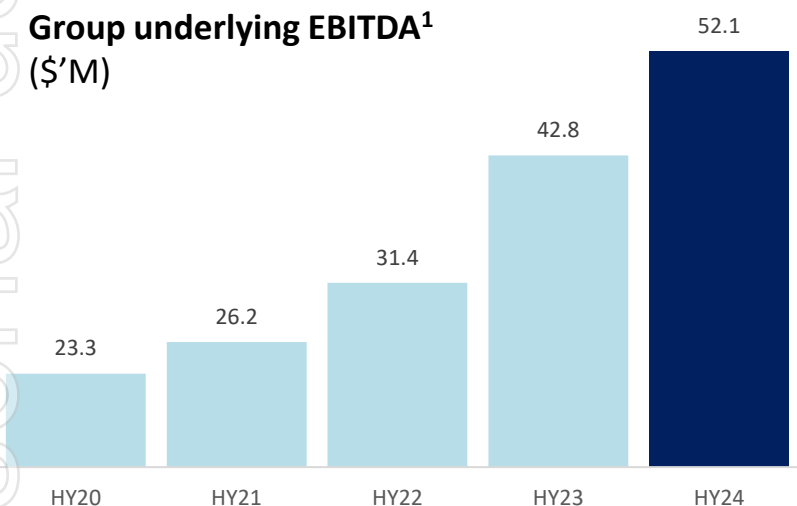
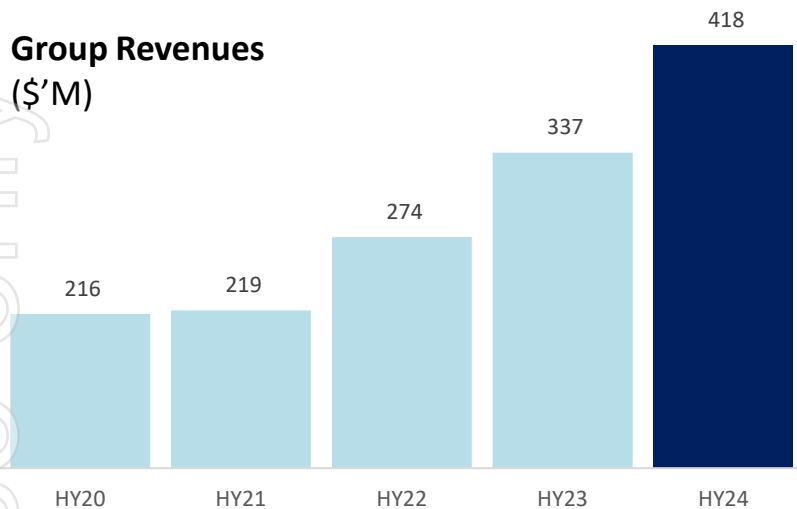
¹ Per Pacific National carbon calculator



FINANCIAL HIGHLIGHTS

HY24 KEY HIGHLIGHTS

Road and rail underpin Lindsay's positive first half results.



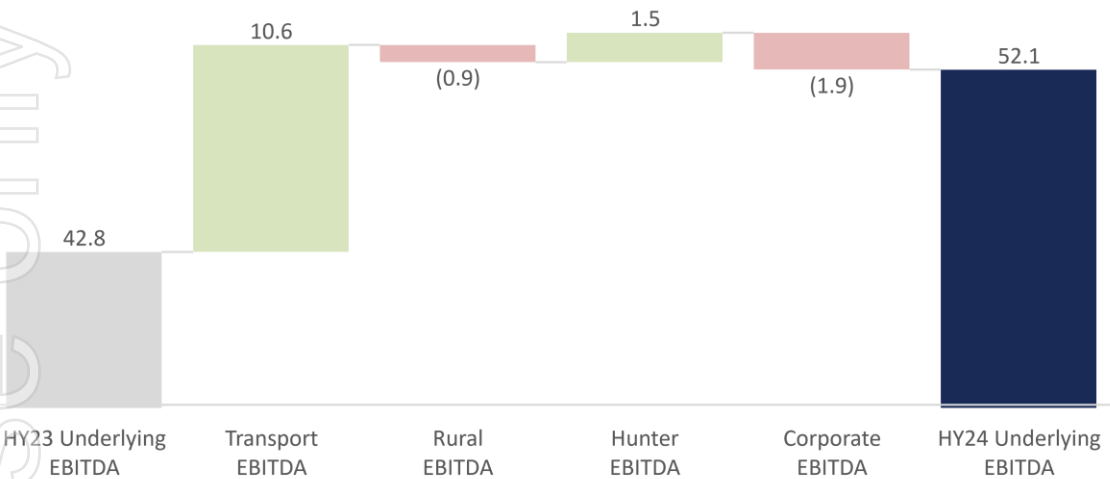
Notes:

¹ Refer to Appendix 1 for reconciliation of underlying figures. Underlying figures exclude the impact of AASB 16 and significant items that are non-recurring or items incurred outside of ordinary operations.

² ROIC = Underlying EBIT / Invested Capital. Invested Capital = Net debt + equity.

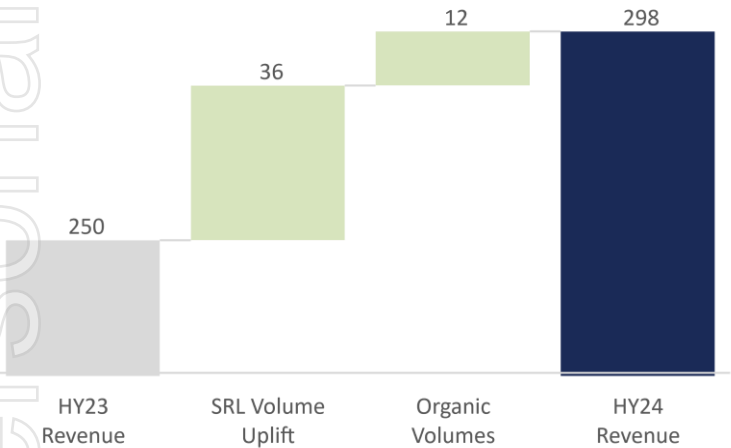
GROUP PERFORMANCE

HY24 underlying EBITDA¹ Bridge
(\$'M)




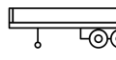


- **Transport** EBITDA¹ of \$58.9m up 21.8% on the prior corresponding period (pcp) driven by increased volumes in both road and rail segments, retaining elevated 2H23 volumes and continuing to capture market share.
- **Rural** EBITDA¹ was down \$0.9m or 17.2% to \$4.1m, impacted by adverse weather events and reduced demand for rural products and services.
- **Hunters** generated EBITDA¹ of \$1.5m from ~5 months trade, lower than anticipated following persistent wet weather and softer economic conditions. The underlying Hunters business remains of high quality and will continue to play a key role in diversifying and creating value for the Rural business in the long run.
- **Corporate** costs increased \$1.9m as corporate and support functions continue to transform to support the growth of the business.

HY24 Transport Revenue Bridge
(\$'M)

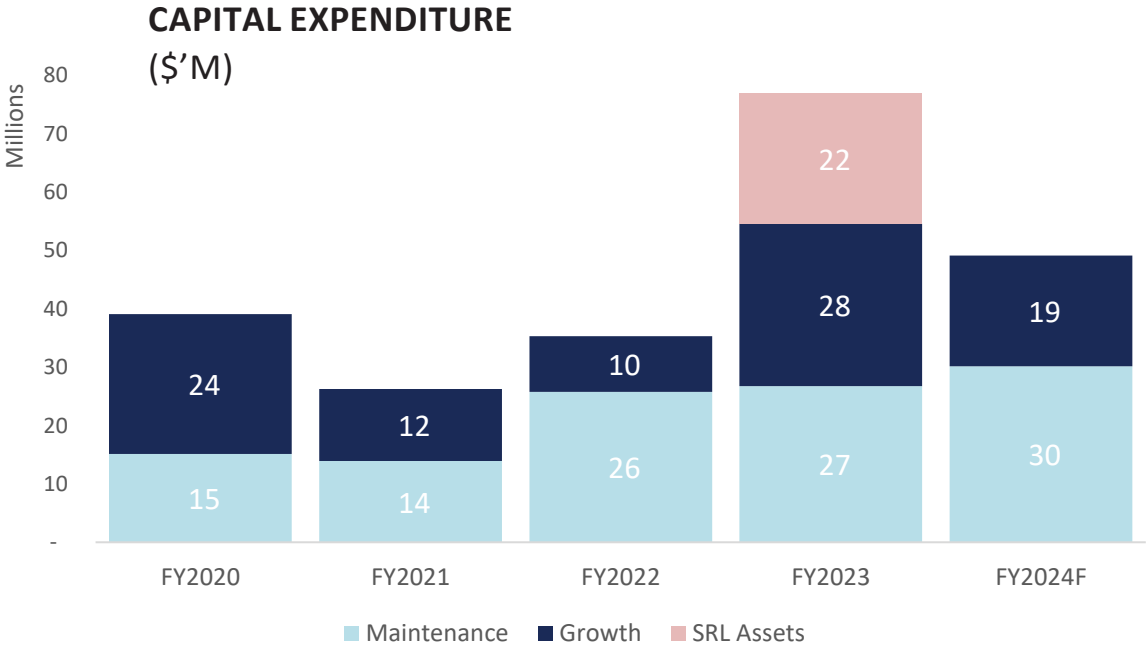


Notes:
¹ Underlying figures exclude the impact of AASB 16 and significant items that are non-recurring or items incurred outside of ordinary operations.

CAPITAL EXPENDITURE

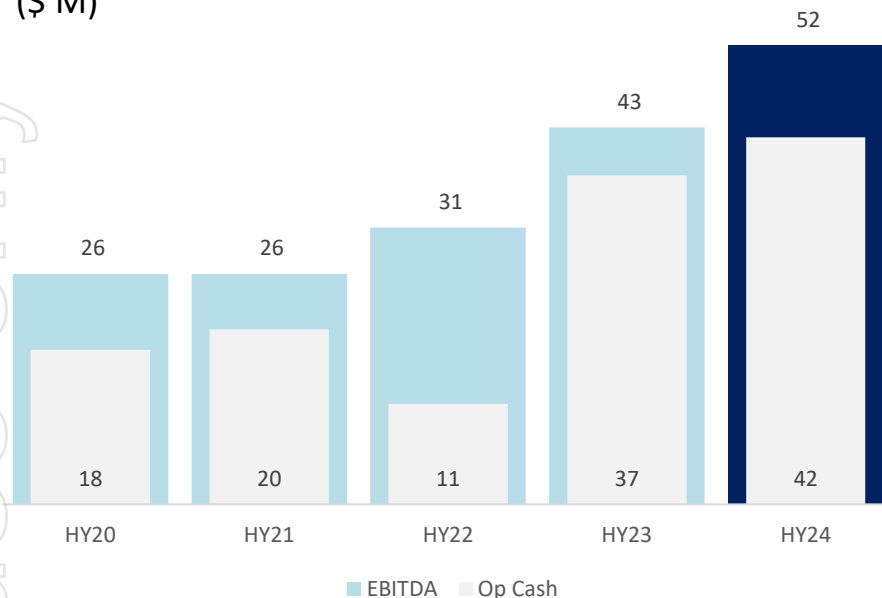
| KEY CAPITAL | FY2023 ¹ | FY2024F |
|--|---------------------|---------|
| Items | Actual | Planned |
|  <div>Prime Movers</div> | \$27.5m | \$15.4m |
|  <div>Reefer Trailers</div> | \$21.0m | \$13.9m |
|  <div>Rail Assets</div> | \$15.2m | \$2.5m |
|  <div>Facilities</div> | \$3.2m | \$9.9m |

- 1H24 Capital plan included \$25.6m in investments across property, plant and equipment.
- FY24 Capital plan rebalanced down to \$49m, from the planned \$59m following efficiency gains, extended life across Transport’s fleet and successful integration of SRL assets.
- The rebalance includes upscaled investment in facilities by \$6m in FY24.

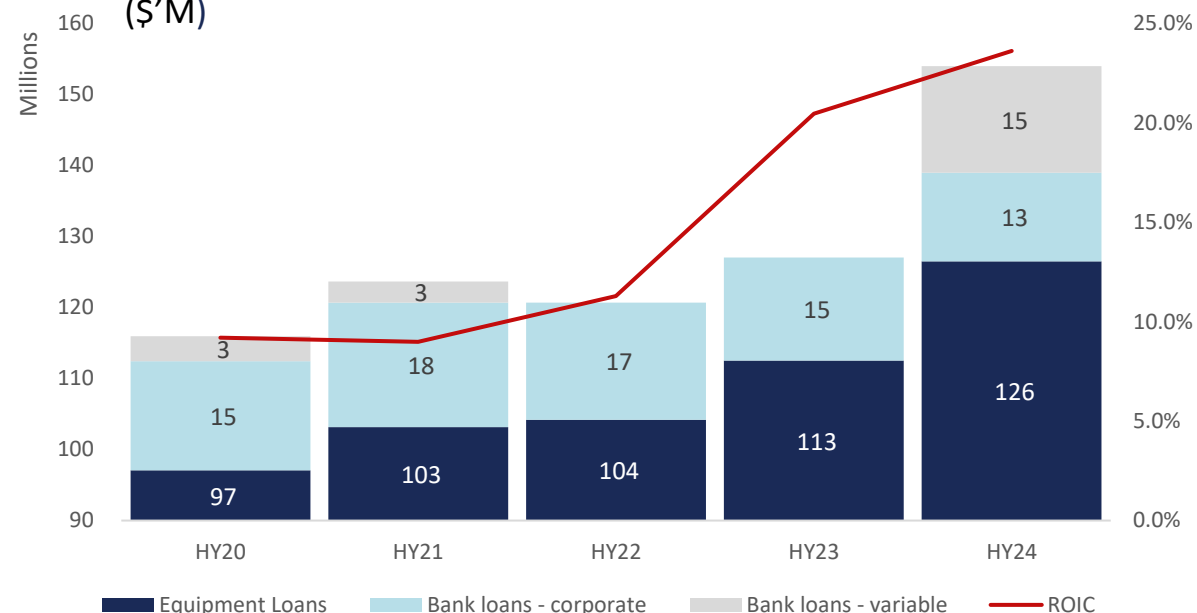


CASH FLOW & BORROWINGS

Operating Cash Flow (\$'M)



Group Borrowings¹ (\$'M)



Notes:

¹ Group borrowings excludes property/other lease liabilities accounted for under AASB 16.



Cash Conversion

- Operating cash conversion was 80% (87% pcpc), due to working capital fluctuations which are expected to improve in the second half of the year.
- Lindsay will make lower income tax payments for the rest of the year until the FY24 Group tax return is filed in December 2024.
- Post the FY24 tax return the Group will begin to unwind current and deferred tax liabilities of \$36m through accelerated tax payments.

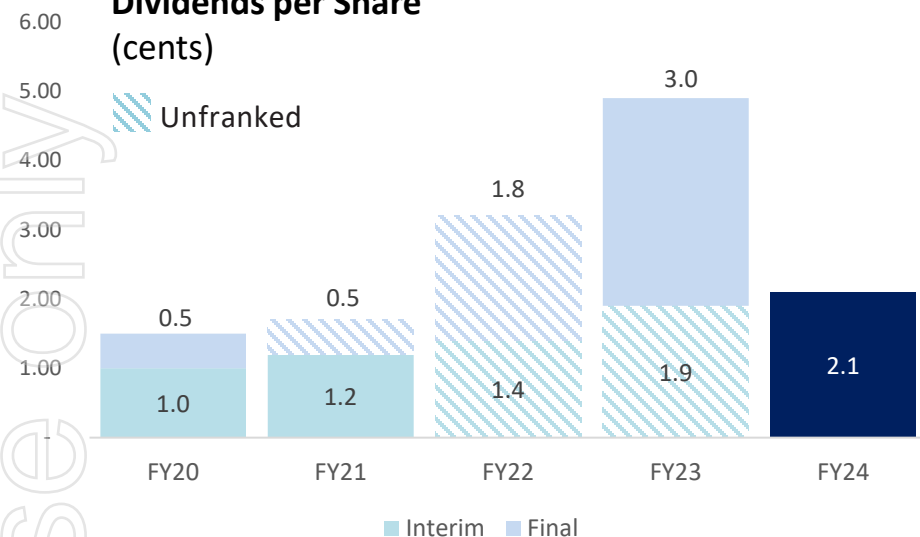


Borrowings

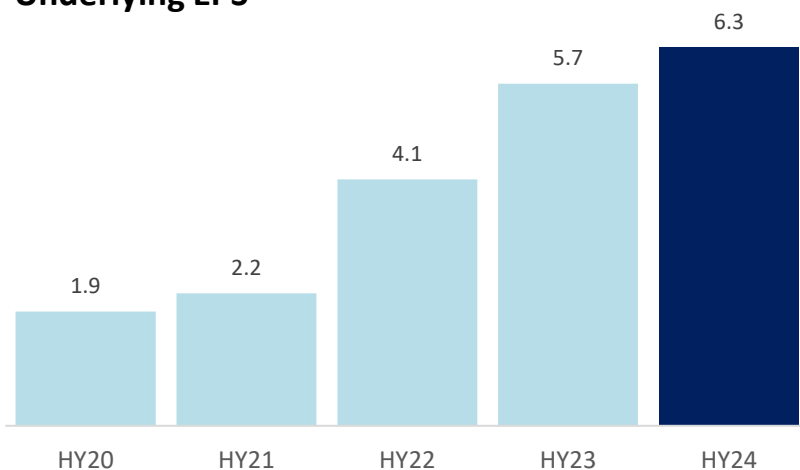
- Borrowings rose \$27.0m to \$154m including funding \$20m of the SRL asset purchase and \$43.5m in new equipment finance over the past twelve months.
- Earnings drove a 4.9% improvement in net leverage to 1.21x and uplift in ROIC to 23.5% from 20.5% in the pcpc
- Strength of balance sheet and borrowing capacity provides flexibility to capitalise on future opportunities.

DIVIDENDS

Dividends per Share (cents)



Underlying EPS¹



Dividends

- Declared interim 2.1 cps dividend (HY24 fully franked, HY23 unfranked) up 10.5% on the prior year and a payout ratio¹ of 33% (HY23 33%).
- Future dividends expected to be fully franked.



Capital Allocation

Capital allocation framework:

1. Sustaining the business including funding on-going maintenance capex requirements
2. Growth and transformation initiatives
3. Return surplus capital to shareholders, currently through dividends

Notes:

¹Refer to Appendix 1 for reconciliation of underlying figures. Underlying figures exclude the impact of AASB 16 and significant items that are non-recurring or items incurred outside of ordinary operations.



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OUTLOOK



Market Dynamics

- Expect near term market pressures, but remain confident that long term value of scale, service offering, and expertise is well positioned to succeed through the cycles.
- Intermodal rail capacity increasing with new entrants.
- Anticipate further industry consolidation in both transport and rural sectors.



FY2024 outlook

- In transport, retain elevated volumes and continue to grow organically.
- Regional transport and rural sales may experience lower growth due to the lag effect of wet weather and lighter plantings in some Queensland regions.
- Expect trading conditions in Hunters to progressively return to normal levels.
- Develop targeted transformation opportunities to drive efficiencies.
- On track to deliver FY24 underlying EBITDA c.13% above FY23 record result but at lower end of the guidance range of \$102m- \$108m.



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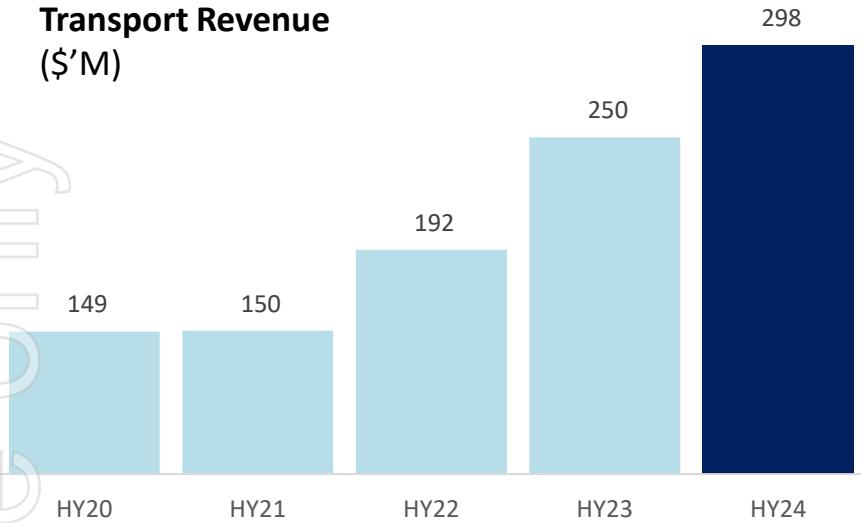
APPENDIX

SEGMENT PERFORMANCE

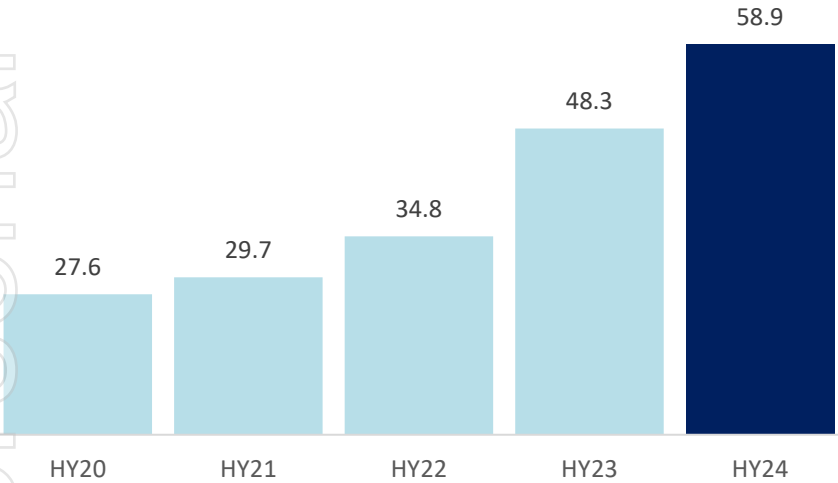


LINDSAY TRANSPORT

Transport Revenue
(\$'M)



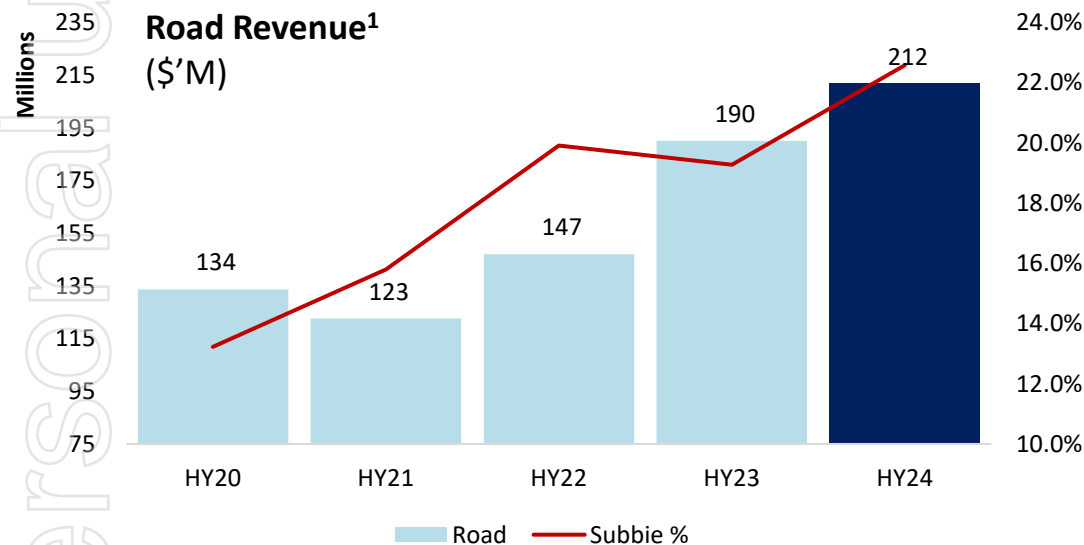
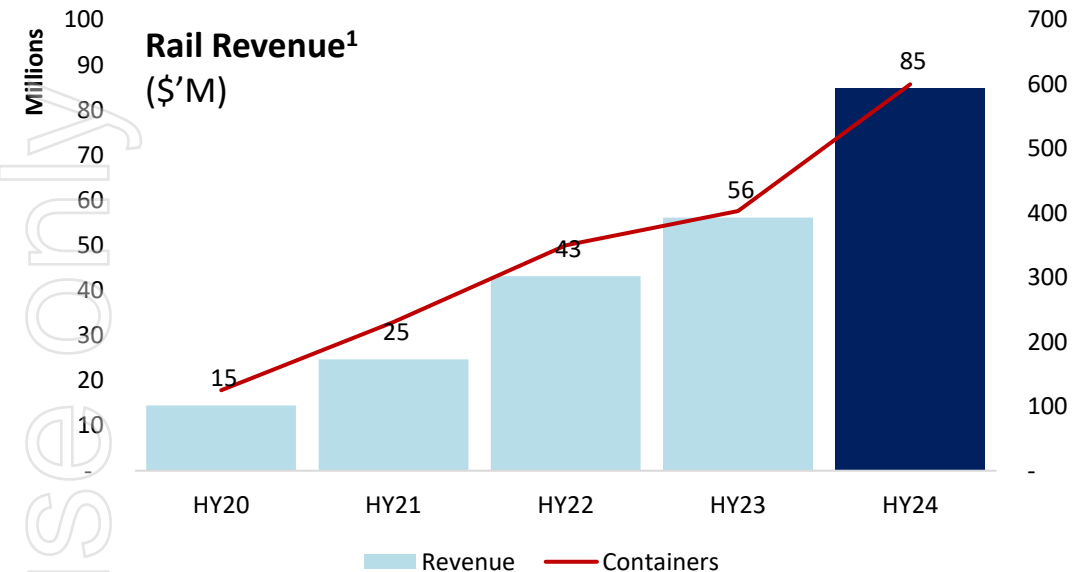
Transport underlying EBITDA¹
(\$'M)



Network & operating resilience

- Revenues grew 19.1% to \$298.3m despite declining fuel prices, network disruptions and uncertain trading conditions, highlighting the resilience in Transport’s network and multi modal service offering.
- Growth was supported by the retention of road and rail volumes post SRL’s collapse and additional organic growth of 5% on the pcg
- Achieved record EBITDA of \$58.9m (+21.8%) supported by top-line growth and 2.3% margin improvement

LINDSAY TRANSPORT



Rail division

- Rail revenue rose 43.5% following the retention of volumes post SRL collapse, organic growth of 10% on the pcp driven by new tender wins and conversion of road to rail freight and an increase in container fleet from 404 to 600
- Entry of new rail operators into the non-bulk intermodal market will continue to support underlying market conditions



Road division

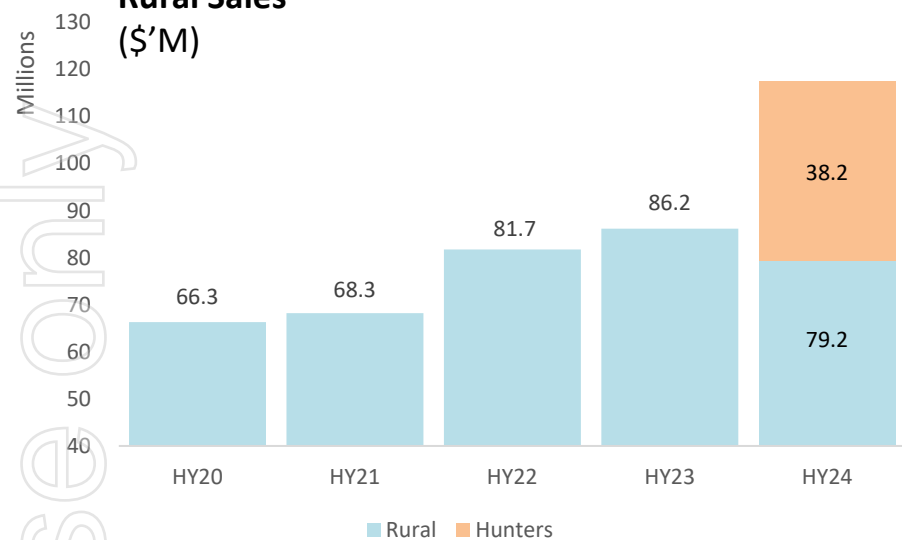
- Road revenues grew 11.4% or \$21.6m driven by similar factors to rail and 5% growth in organic volumes.
- Historically, a large proportion of road revenues have been generated by regional centres, today 55% of road volumes are generated between metro-to-metro movements focusing on fundamentally non-discretionary freight.
- Addition of new facilities will provide opportunities to continue to capture market share

Notes:

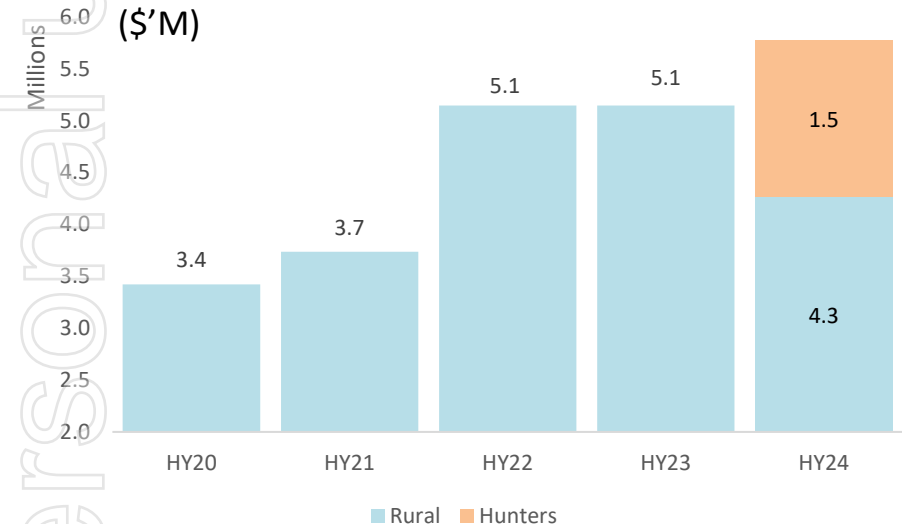
¹ Revenue includes fuel recoveries

LINDSAY RURAL & HUNTERS

Rural Sales
(\$'M)



Rural underlying EBITDA¹
(\$'M)



Rural

- Sales decreased 8.1% or \$6.9m impacted by prolonged wet weather in key horticultural regions and lower realised prices for produce impacting demand for rural products and services
- EBITDA¹ decreased 17.2% continuing to face persistent industry headwinds, increasing CODB and recovering from adverse weather events.
- Packaging sales were up \$3.1m on the pcp (25% of total sales) offsetting some pressures related to freight charges and inflationary pressures moderating the decline in other farm input categories.



Hunters

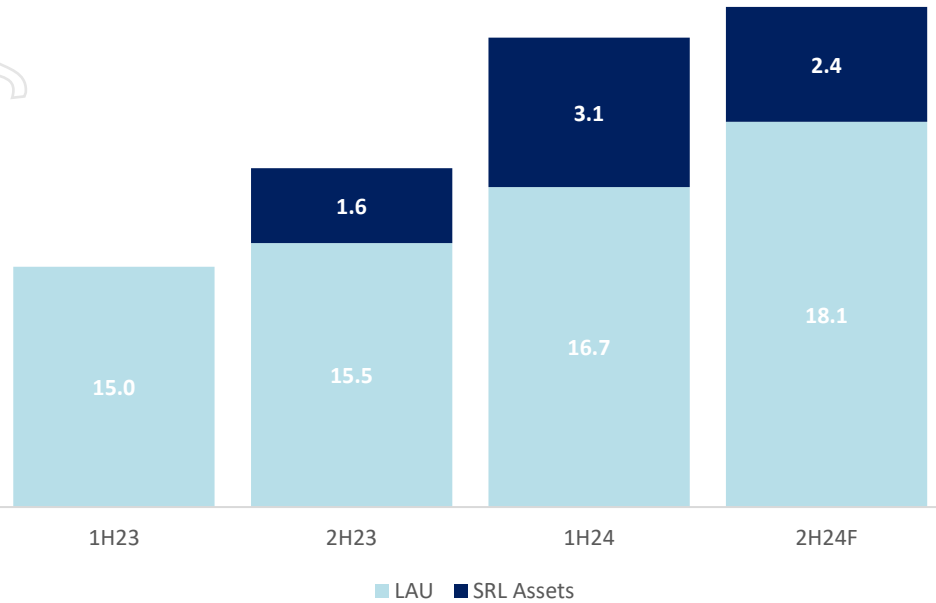
- Hunters generated sales of \$38.2m underlying EBITDA was \$1.5m for the first five months, impacted by weaker economic conditions and prolonged wet weather in Victoria.
- Acquisition of Hunters builds on the Group's key initiatives to diversify geographically and providing additional scale to the existing Rural operations.

Notes:

¹ Underlying figures exclude the impact of AASB 16 and significant items that are non-recurring or items incurred outside of ordinary operations.

ACCELERATED DEPRECIATION

DEPRECIATION¹
(\$'M)



- In March 2023 Lindsay acquired \$22m of 2nd Hand SRL Assets
- A large portion of the assets are being depreciated at accelerated rates due to their age
- As a result, we expect additional depreciation¹ of c.\$5.5m related to the SRL assets in FY24

Notes:
¹ Excludes depreciation on right of use properties



RECONCILIATIONS

Underlying results

| 1H 2024 (\$'000) | EBITDA | EBIT | PBT | NPAT |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Statutory Result | 59,032 | 32,094 | 26,231 | 18,079 |
| Depreciation right of use properties | (7,107) | | | |
| Finance costs right-of-use properties | (2,048) | (2,048) | | |
| AASB 16 profit impact | 720 | 720 | 720 | 720 |
| M&A | 930 | 930 | 930 | 930 |
| D365 | 560 | 560 | 560 | 560 |
| Notional Tax | | | | (663) |
| | 52,087 | 32,256 | 28,441 | 19,626 |

| 1H 2023 (\$'000) | EBITDA | EBIT | PBT | NPAT |
|---------------------------------------|---------------|---------------|---------------|---------------|
| Statutory Result | 49,024 | 28,760 | 24,050 | 16,817 |
| Depreciation right of use properties | (5,229) | | | |
| Finance costs right-of-use properties | (1,591) | (1,591) | | |
| AASB 16 profit impact | 602 | 602 | 602 | 602 |
| Notional Tax | | | | (181) |
| | 42,806 | 27,771 | 24,652 | 17,238 |

Notes:

¹ Net Leverage Ratio = Net Borrowings/Underlying EBITDA

² ROIC = Underlying EBIT/Invested Capital

³ EPS = Underlying NPAT/Weighted Average Shares On Issues

Refer 2024 Half Year Report for full details of underlying adjustments.

Key finance metrics

| Net Borrowings (\$'000) | 1H 2024 | 1H 2023 |
|---------------------------------------|----------------|---------------|
| Reported borrowings | 39,059 | 27,761 |
| Lease liabilities | 207,597 | 174,031 |
| Property lease liabilities | (92,692) | (74,787) |
| Cash | (33,364) | (35,977) |
| Net Borrowings | 120,600 | 91,028 |
| Underlying EBITDA (LTM) | 99,542 | 71,441 |
| Net Leverage Ratio¹ | 1.21 | 1.27 |

| ROIC (\$'000) | 1H 2024 | 1H 2023 |
|------------------------------|----------------|----------------|
| Net Borrowings | 120,600 | 91,028 |
| Equity | 145,633 | 114,780 |
| Invested Capital | 266,233 | 205,808 |
| Underlying EBIT (LTM) | 62,607 | 41,998 |
| ROIC² | 23.5% | 20.5% |

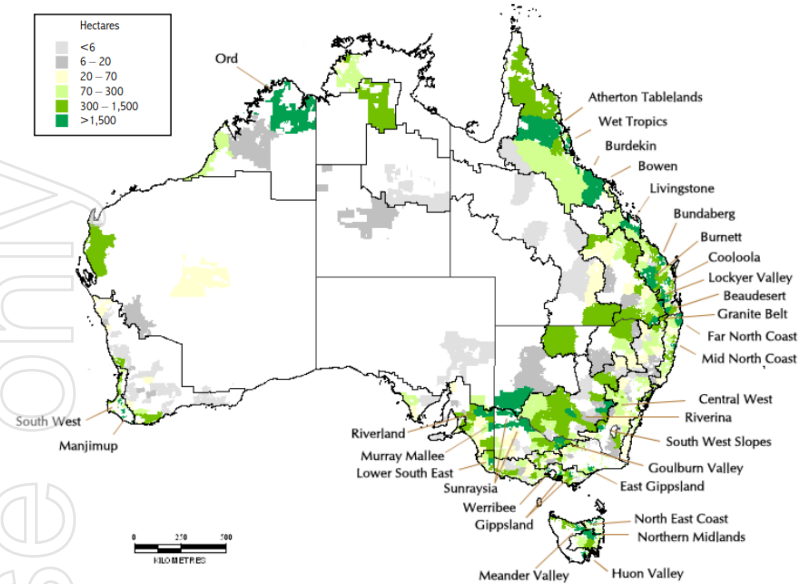
| EPS (\$'000) | 1H 2024 | 1H 2023 |
|------------------------------|------------|------------|
| Underlying NPAT | 19,626 | 17,238 |
| Weighted Average SOI | 309,435 | 302,409 |
| EPS³ (CPS) | 6.3 | 5.7 |

LINDSAY AUSTRALIA OVERVIEW

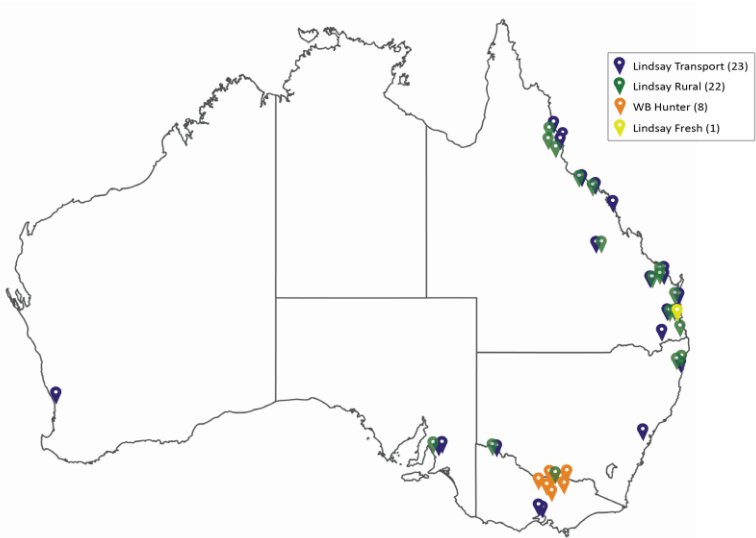


LINDSAY NETWORK - DIVERSIFYING & BUILDING RESILIENCE

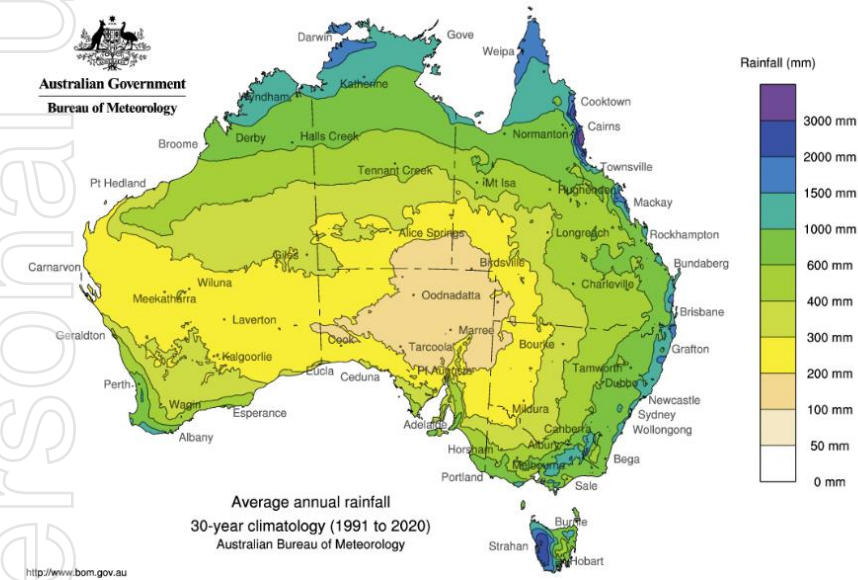
KEY HORTICULTURE REGIONS BY DENSITY



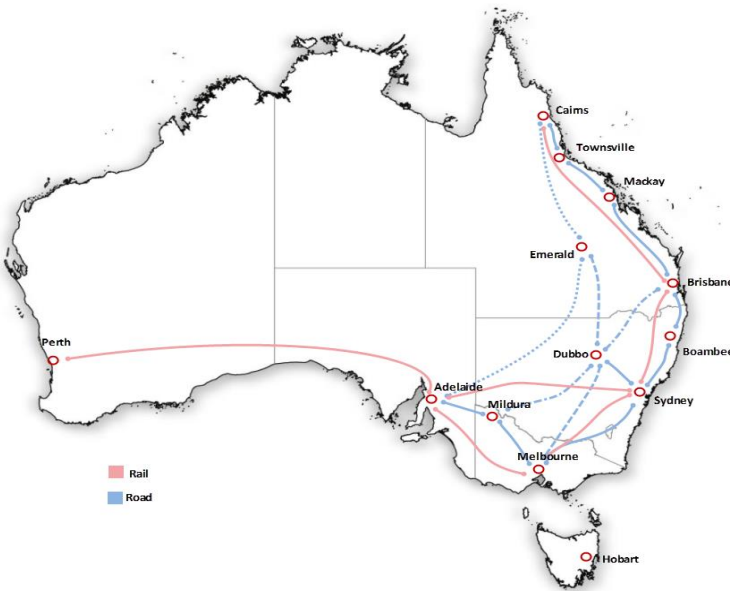
GROUP LOCATIONS



AVERAGE ANNUAL RAINFALL (1991 – 2020)



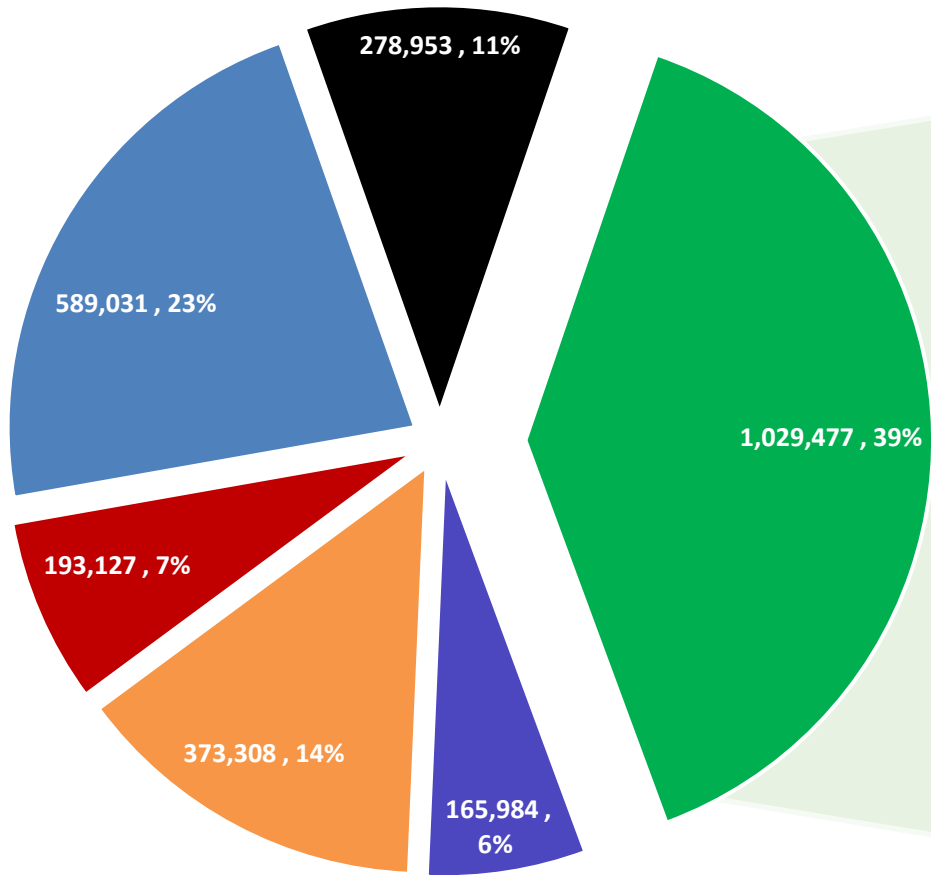
MAJOR FREIGHT LANES



FEEDING THE NATION

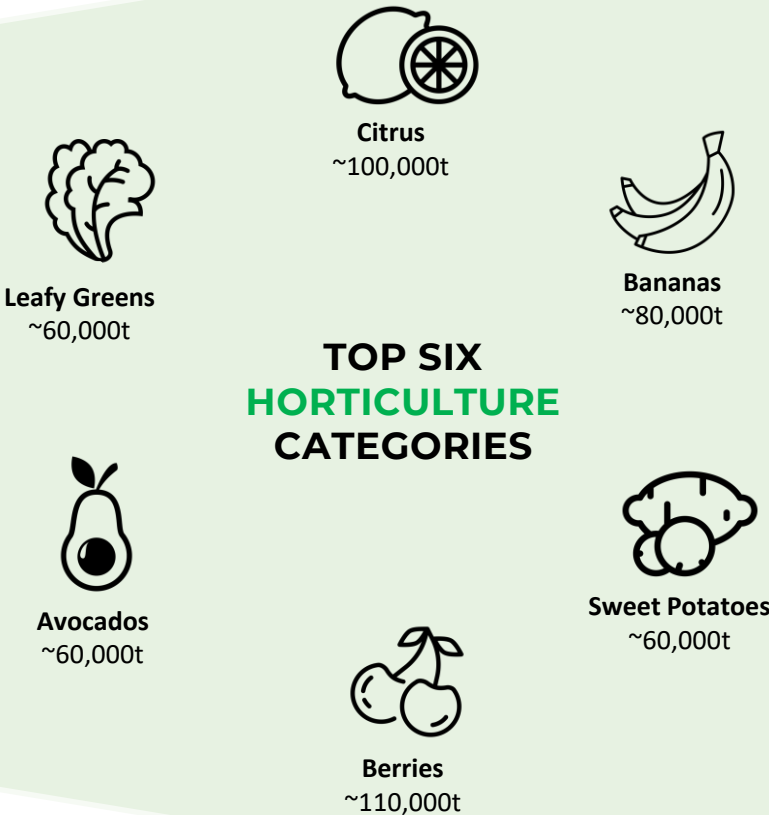
TONNES¹ OF FREIGHT BY COMMODITY
LAST TWELVE MONTHS

- Chiller
- Frozen
- Produce
- Confectionary
- Ambient
- Meat & Seafood



We move ~15% of the horticulture produced in Australia annually

TOP SIX HORTICULTURE CATEGORIES



¹ Estimated tonnage moved annually

CORPORATE SNAPSHOT

ASX:LAU Overview

| | |
|---|-----------------|
| HY24 revenue | \$417.9m |
| HY24 underlying ¹ EBITDA | \$52.1m |
| Cash balance as at 31 Dec 2023 | \$33.4m |
| Total borrowings ² as at 31 Dec 2023 | \$154.0m |
| HY24 underlying ¹ earnings per share | \$0.063 |
| HY24 dividends per share (franked) | \$0.021 |
| Share price as at 20 Feb 2024 | \$1.14 |
| Shares on issue as at 20 Feb 2024 | 311.6m |
| Market Capitalisation | \$355.0m |

12-month share price performance and volume



Board of Directors and Key Management

| KMP | Role |
|---------------------|---|
| Mr Ian Williams | Non-Executive Director & Chair |
| Mr Clayton McDonald | Chief Executive Officer |
| Mr Robert Green | Non-Executive Director |
| Mr Matthew Stubbs | Non-Executive Director |
| Mr Stephen Cantwell | Non-Executive Director |
| Mr Craig Baker | Chief Operating Officer |
| Mr Justin Green | CFO and Company Secretary |
| Mr Broderick Jones | Group Legal Counsel and Company Secretary |

Top shareholders³

| Rank | Name | Units | % |
|---------------------|--|---------------|--------------|
| 1 | Washington H Soul Pattinson and Co Ltd | 51.9m | 16.7% |
| 2 | National Nominees Limited | 21.8m | 7.0% |
| 3 | BKI Investment Company Ltd | 17.1m | 5.5% |
| 4 | Mizikovsky Group | 16.9m | 5.4% |
| 5 | J P Morgan Nominees Australia Limited | 15.2m | 4.9% |
| Total Top 20 | | 181.2m | 58.1% |

Notes:

¹ Refer to page 20 for reconciliation of underlying figures

² Excludes AASB 16 property/other lease liabilities

³ As of 20th February 2024