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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 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.



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:

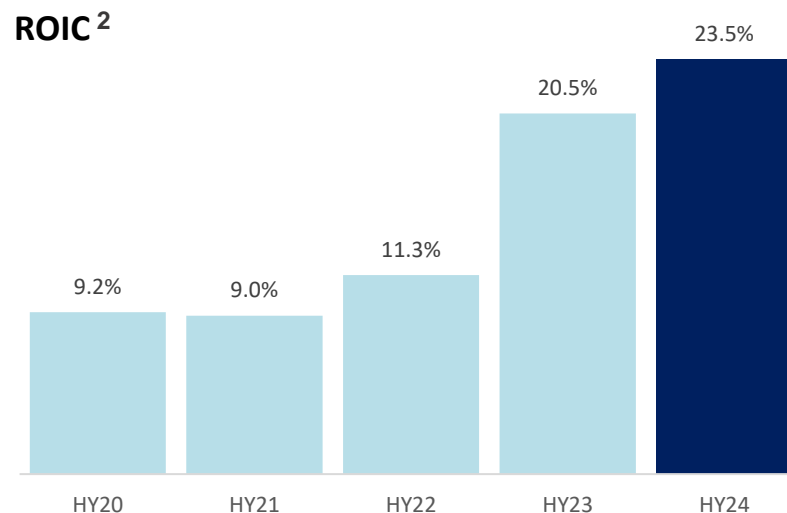
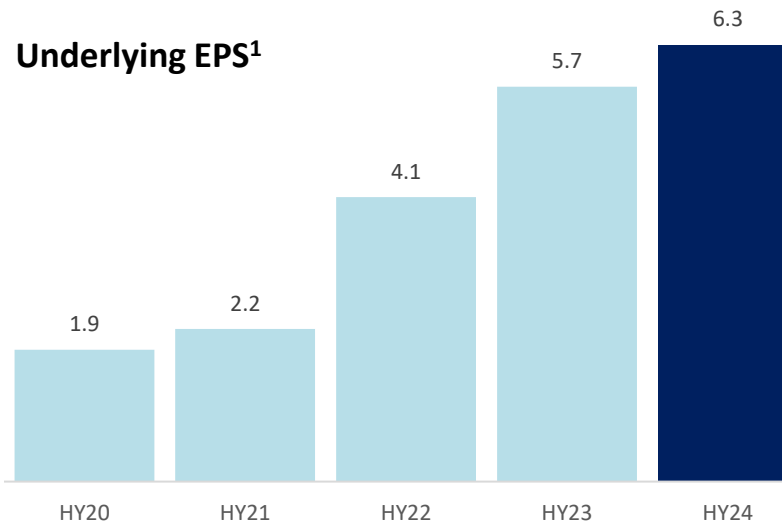
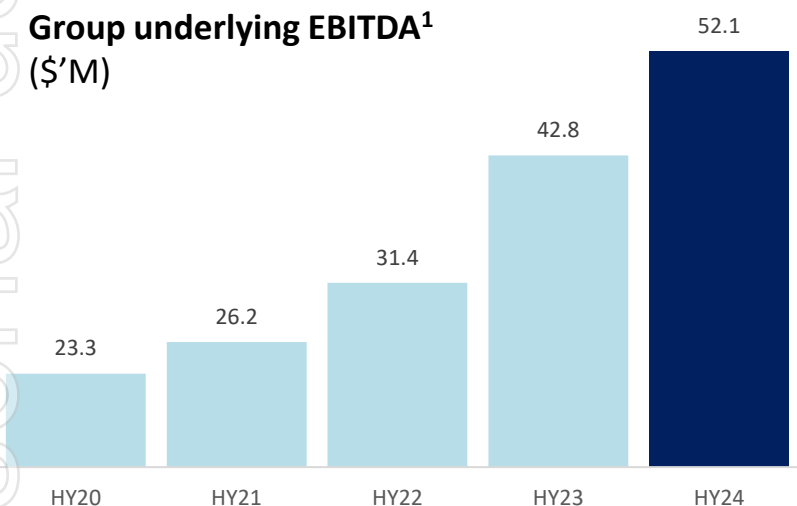
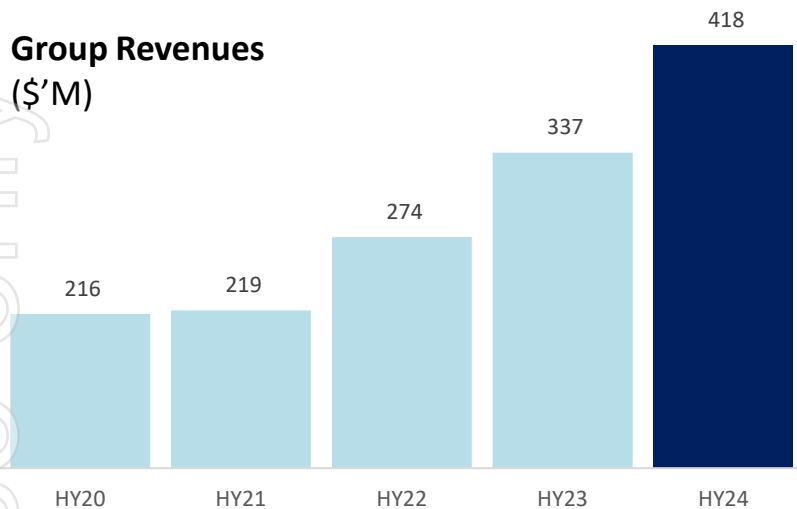
¹ Per Pacific National carbon calculator



FINANCIAL HIGHLIGHTS

HY24 KEY HIGHLIGHTS

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



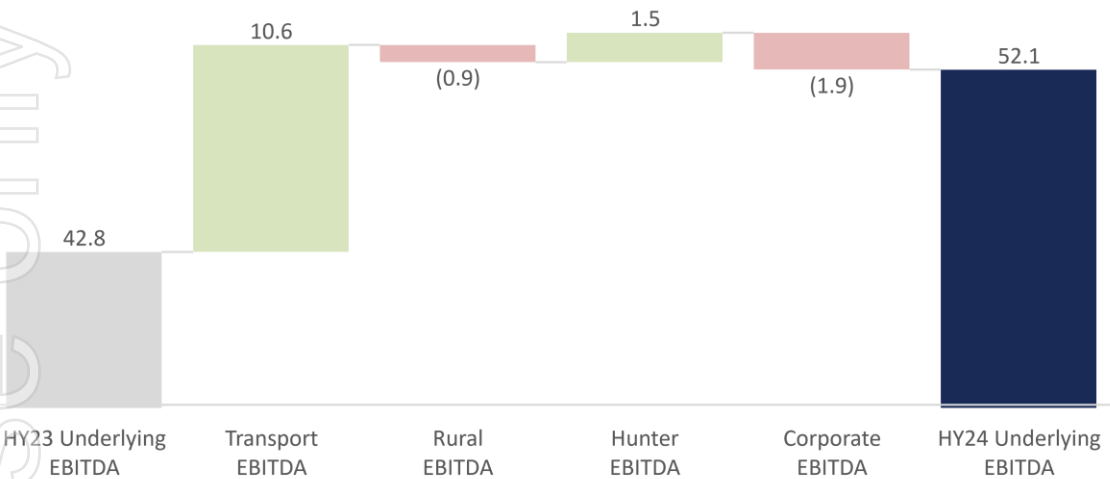
Notes:

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.

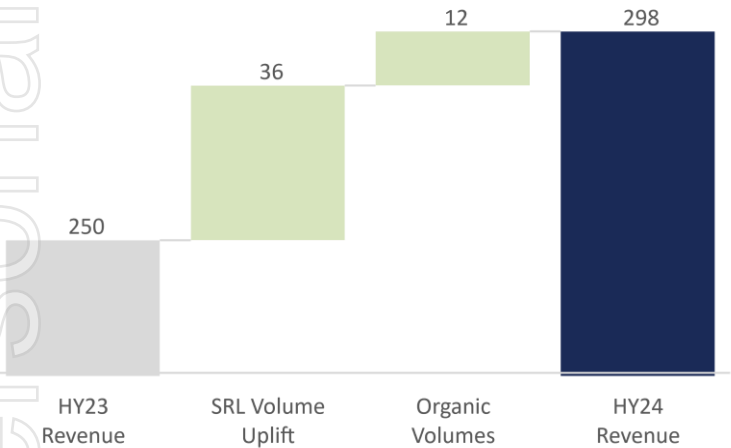
GROUP PERFORMANCE

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

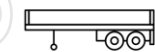
KEY CAPITAL FY2023¹ FY2024F

Items Actual Planned



Prime Movers

\$27.5m \$15.4m



Reefer Trailers

\$21.0m \$13.9m



Rail Assets

\$15.2m \$2.5m

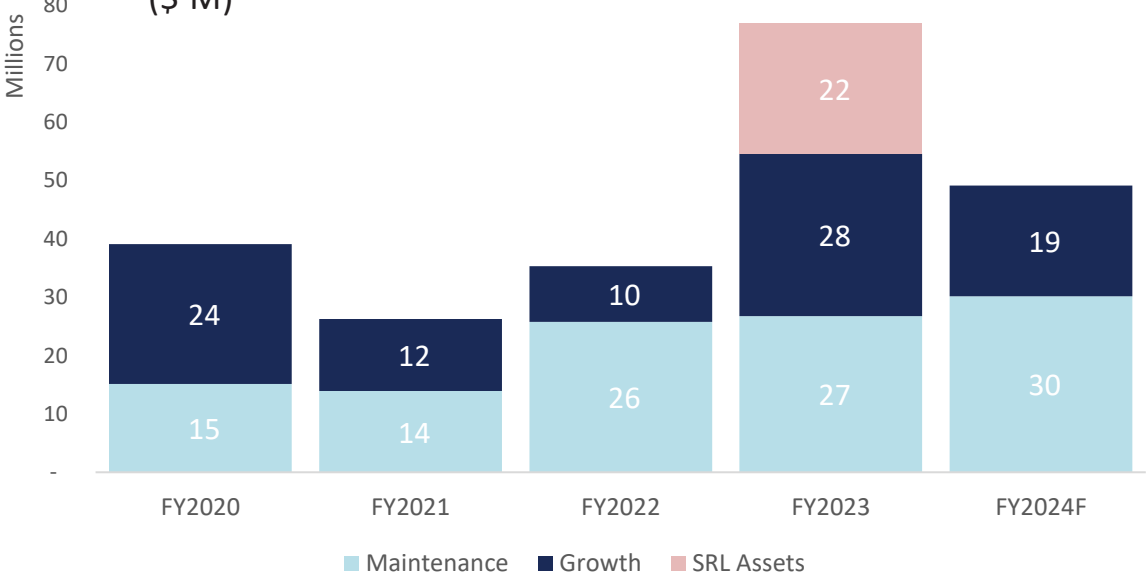


Facilities

\$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.

CAPITAL EXPENDITURE (\$'M)

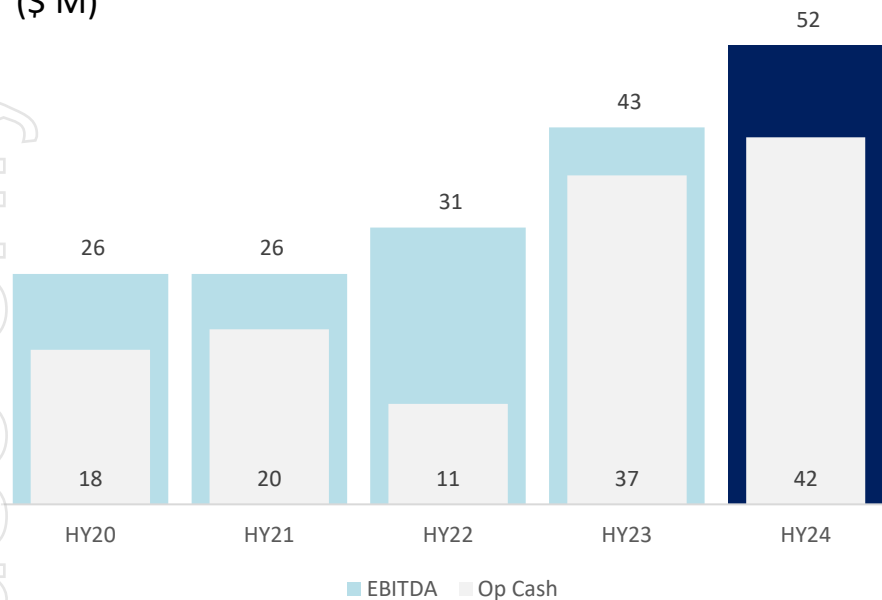


Maintenance Growth SRL Assets

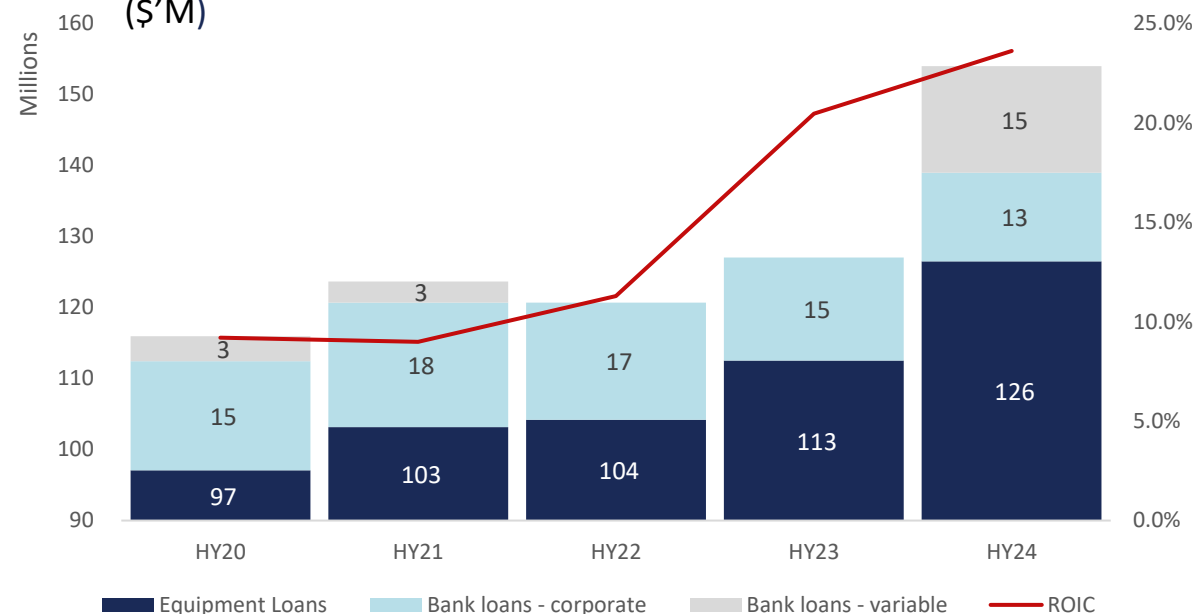
Notes:
¹ FY2023 Key capital items excludes SRL asset purchase.

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.

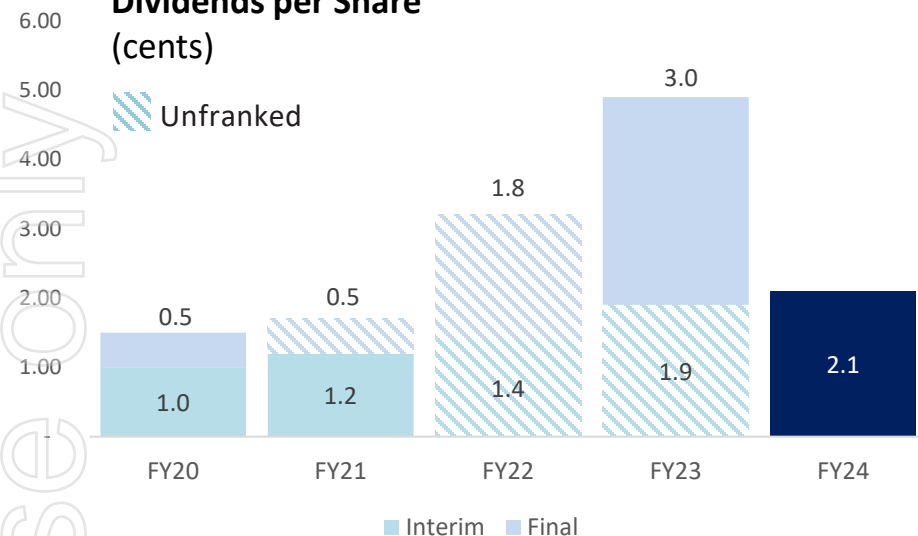


Borrowings

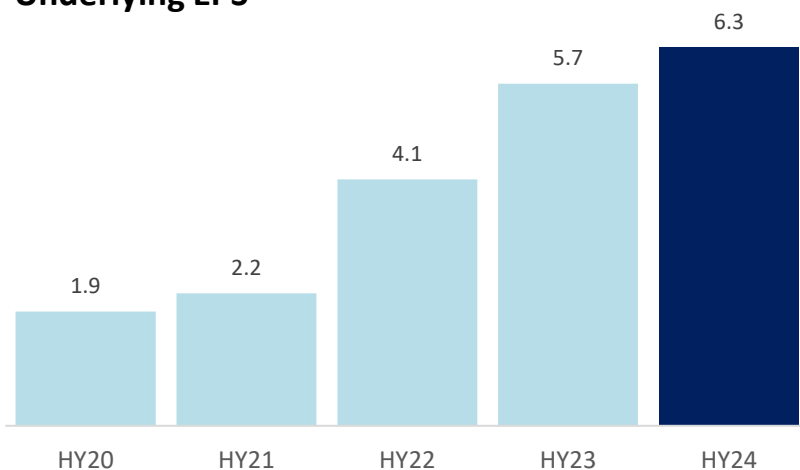
- Borrowings rose \$27.0m to \$154m including funding \$20m of the SRL asset purchase and \$43.5m in new equipment finance over the past twelve months.
- Earnings drove a 4.9% improvement in net leverage to 1.21x and uplift in ROIC to 23.5% from 20.5% in the pcpc
- Strength of balance sheet and borrowing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

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.





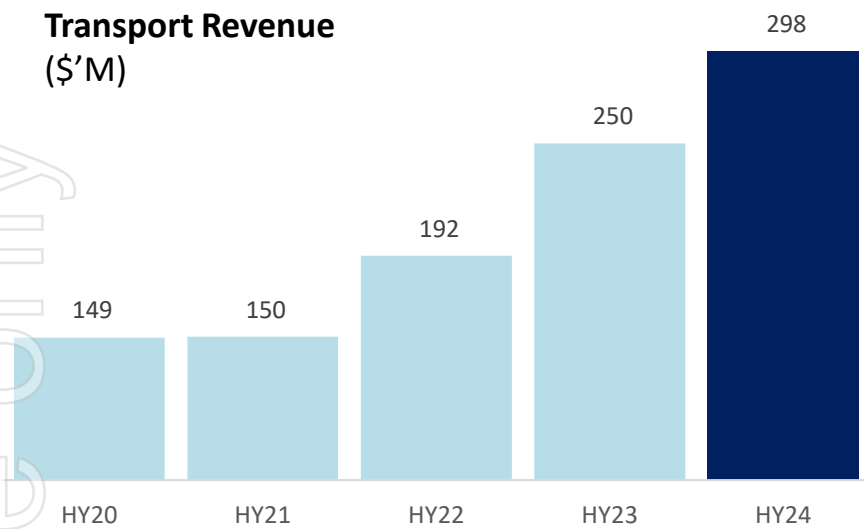
APPENDIX

SEGMENT PERFORMANCE

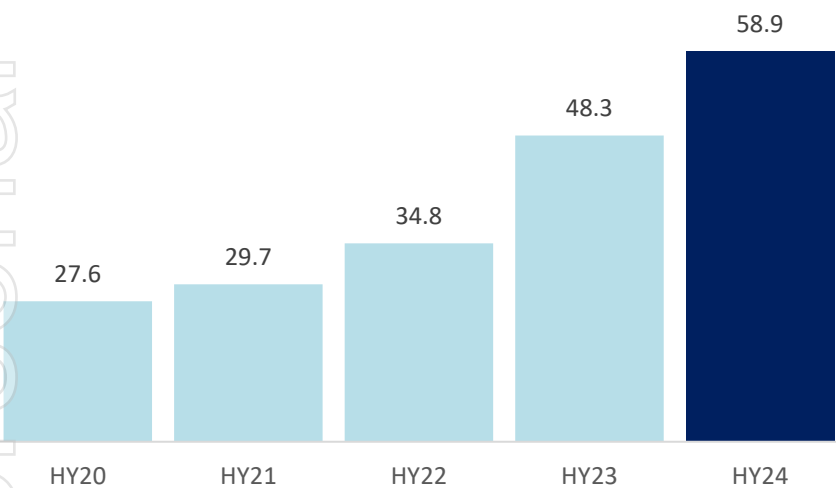


LINDSAY TRANSPORT

Transport Revenue
(\$'M)



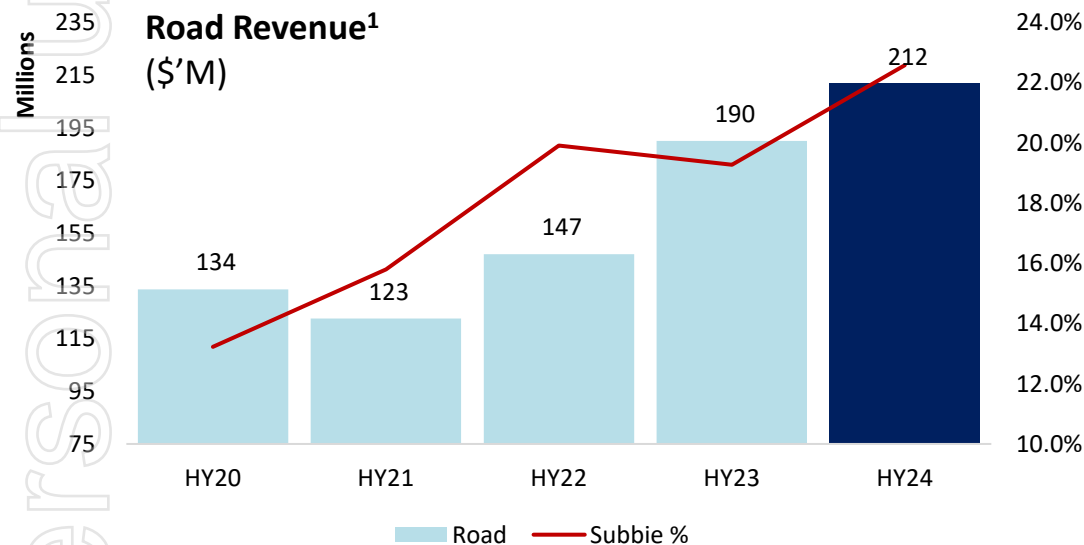
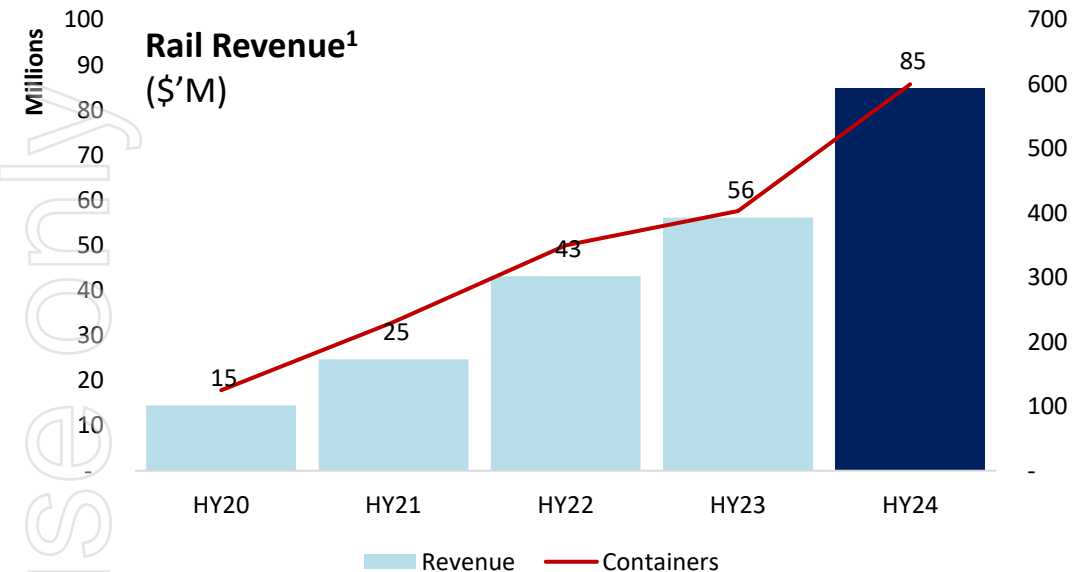
Transport underlying EBITDA¹
(\$'M)



**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



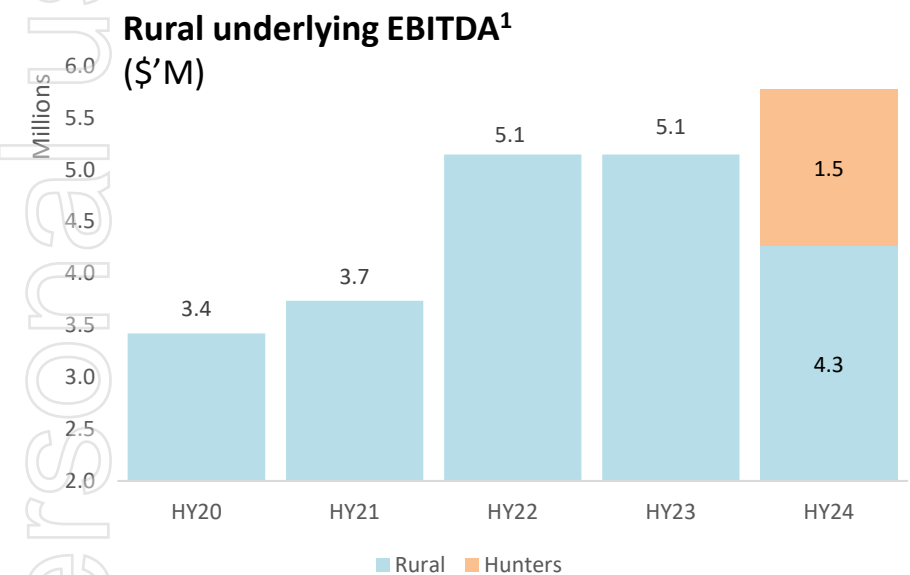
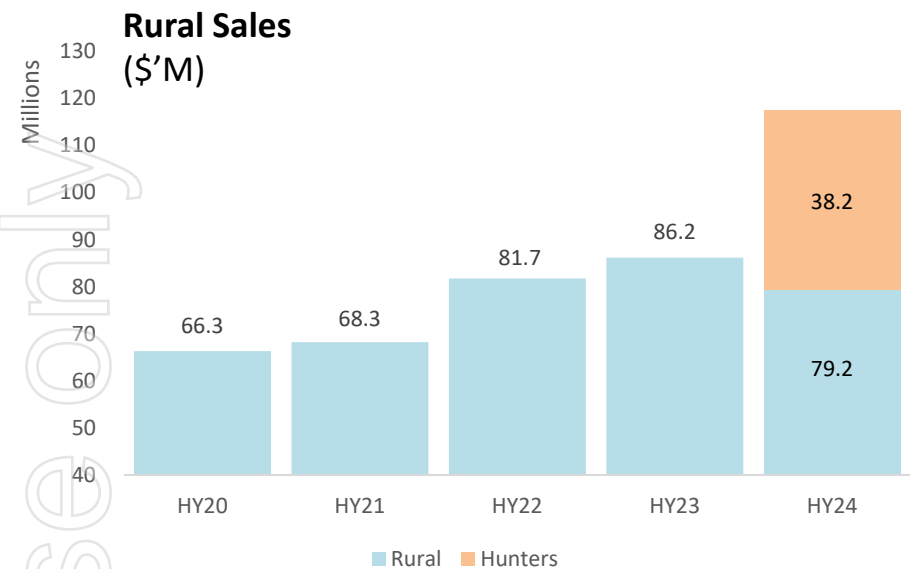
Road division

- 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



- 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.

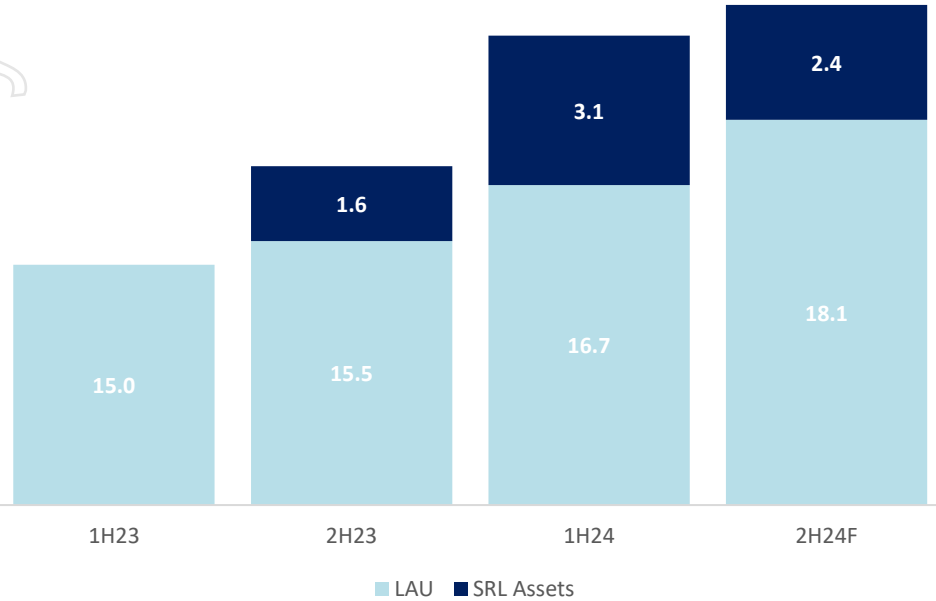


- Hunters generated sales of \$38.2m underlying EBITDA was \$1.5m for the first five months, impacted by weaker economic conditions and prolonged wet weather in Victoria.
- Acquisition of Hunters builds on the Group's key initiatives to diversify geographically and providing additional scale to the existing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

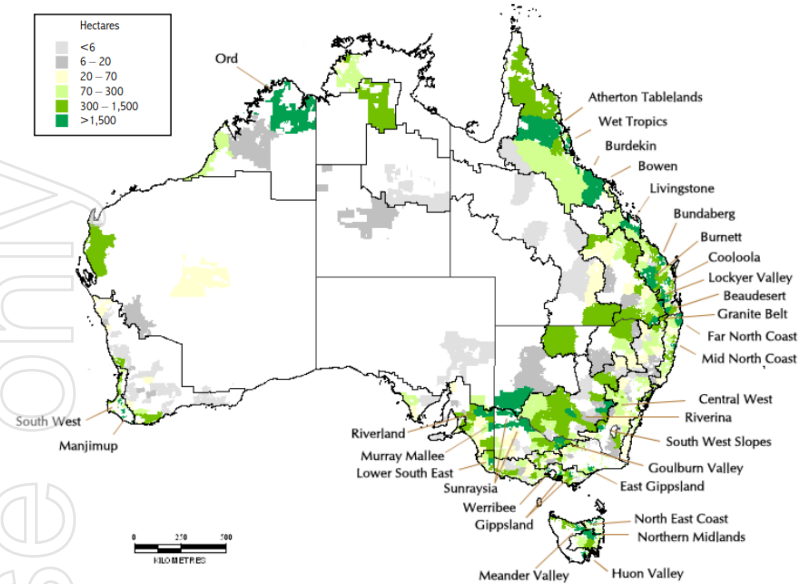
EPS (\$'000)	1H 2024	1H 2023
Underlying NPAT	19,626	17,238
Weighted Average SOI	309,435	302,409
EPS³ (CPS)	6.3	5.7

LINDSAY AUSTRALIA OVERVIEW

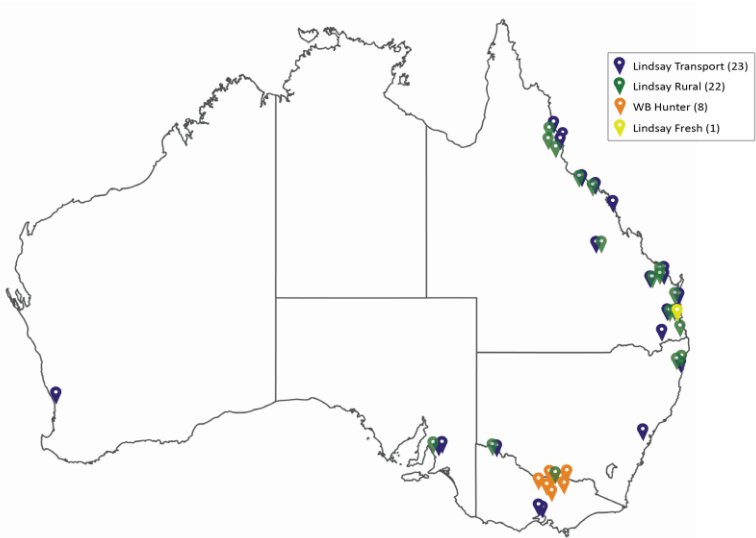


LINDSAY NETWORK - DIVERSIFYING & BUILDING RESILIENCE

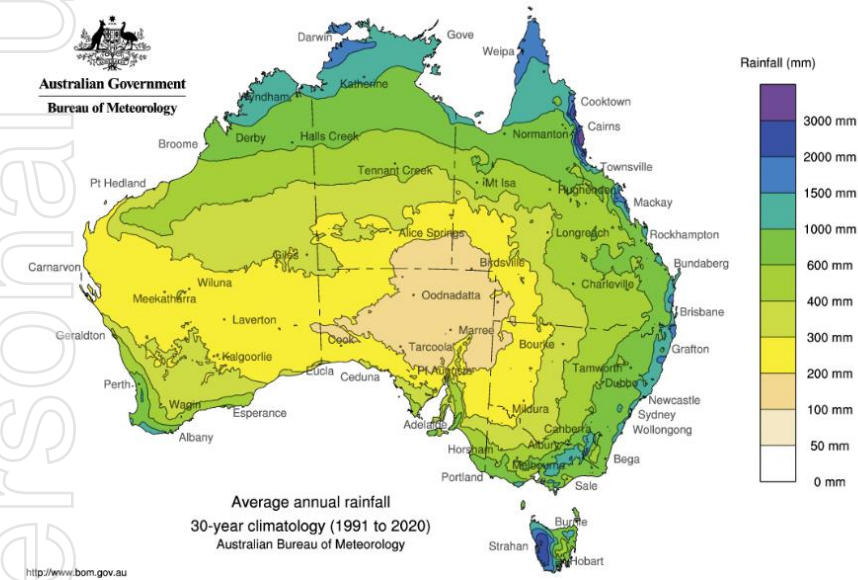
KEY HORTICULTURE REGIONS BY DENSITY



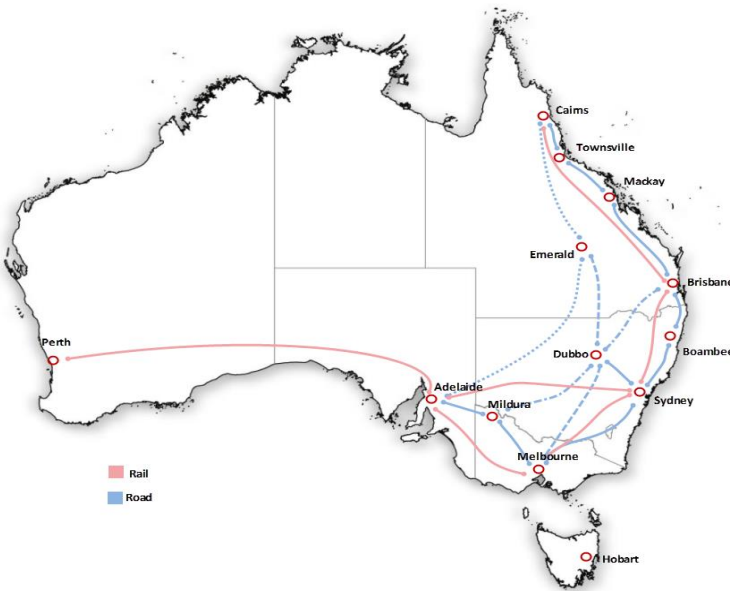
GROUP LOCATIONS



AVERAGE ANNUAL RAINFALL (1991 – 2020)



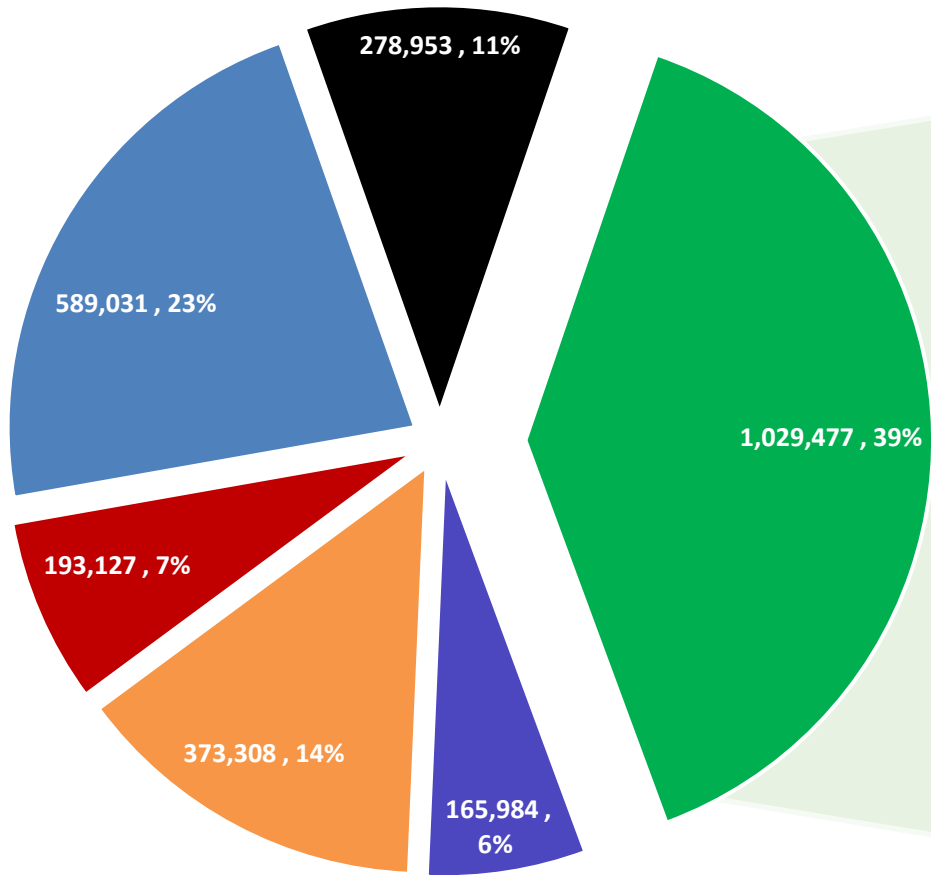
MAJOR FREIGHT LANES



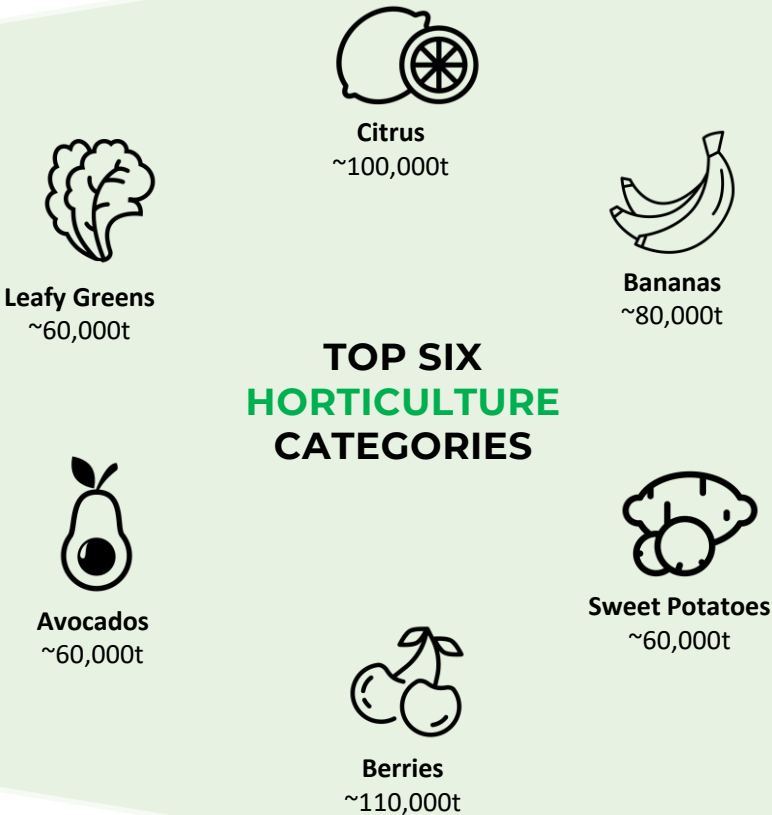
FEEDING THE NATION

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



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