



new  
growth

full year results

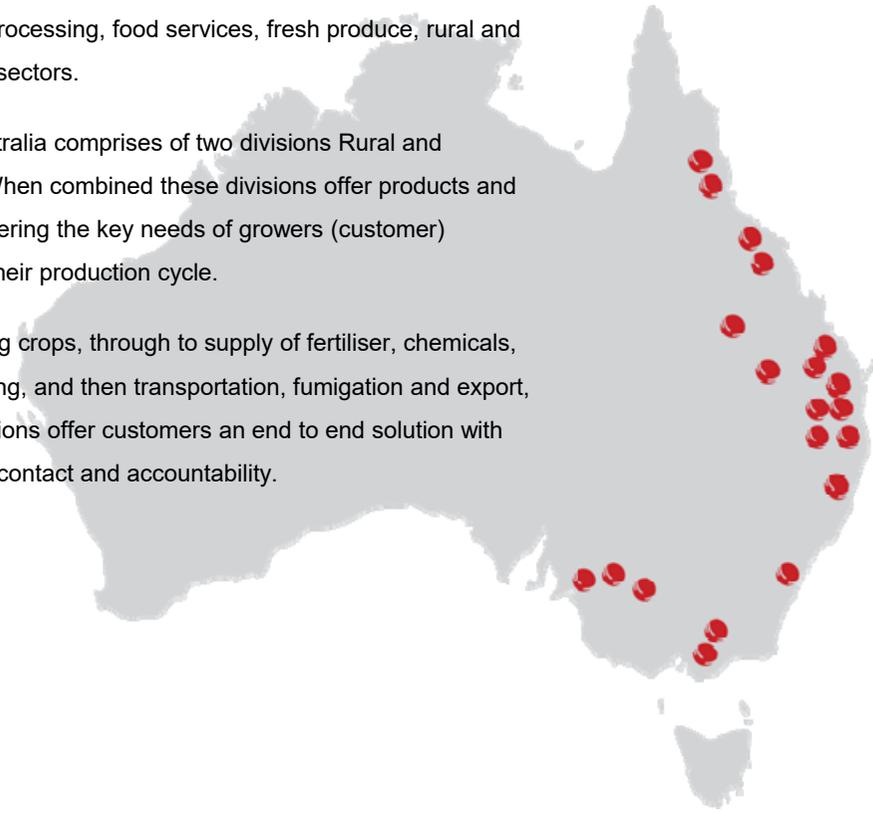
September 2017

# Our Business

Lindsay Australia is an integrated transport, logistics and rural supply company with a specific focus on servicing customers in the food processing, food services, fresh produce, rural and horticultural sectors.

Lindsay Australia comprises of two divisions Rural and Transport. When combined these divisions offer products and services covering the key needs of growers (customer) throughout their production cycle.

From planting crops, through to supply of fertiliser, chemicals, and packaging, and then transportation, fumigation and export, the two divisions offer customers an end to end solution with one point of contact and accountability.



# Our Sites

## Transport

- Adelaide
- Bowen
- Brisbane
- Bundaberg
- Coffs Harbour
- Emerald
- Gatton
- Innisfail
- Mackay
- Mareeba
- Melbourne
- Mildura
- Mundubbera
- Nambour
- Stanthorpe
- Sydney
- Tully

## Rural

- Lindsay Rural
- Brisbane Warehouse
- Berri
- Bowen
- Brandon
- Bundaberg North
- Bundaberg Wyllie
- Childers
- Coffs Harbour
- Emerald
- Gatton
- Innisfail
- Leeton
- Mareeba
- Adelaide
- Mildura
- Mundubbera
- Murwillumbah
- Nambour
- Invergordon
- Stanthorpe
- Tully

## Lindsay Fresh Logistics

Brisbane Markets

# The Lindsay Solution



Lindsay Australia's business units share common customers within the horticulture industry which gives the Group a strategic advantage by providing a unique end-to-end service solution.

With the recent addition of the Lindsay Fresh Logistics facility, Lindsay Australia continues to build on the Lindsay Solution by increasing our service offerings to our customers and now provides an integrated logistics service from port to paddock and everything in-between.

# group overview



Last year the Group achieved an operating **profit after tax of \$6.43 million** and grew operating revenue to \$332.8 million



# Last year's Results - Group Overview

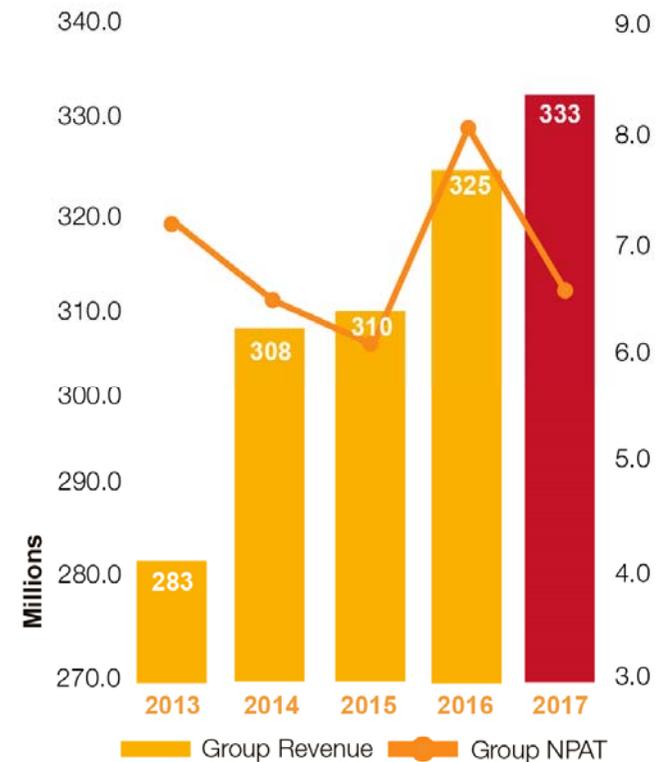
Group Overview	2017	2016	Variance	% Change
	\$'000	\$'000	\$'000	
Operating Revenue	332,858	324,796	8,062	2.5%
EBITDA	35,904	35,690	214	0.6%
Depreciation & Amortisation	(22,086)	(19,642)	(2,443)	12.4%
EBIT	13,818	16,048	(2,229)	(13.9%)
Finance Costs	(5,483)	(4,644)	(839)	18.1%
Income Tax	(1,909)	(3,331)	(1,422)	(42.7%)
<b>Reported NPAT</b>	<b>6,426</b>	<b>8,072</b>	<b>(1,646)</b>	<b>(20.4%)</b>
<b>Key Stats &amp; Operating Figures</b>				
NPAT Margin	1.9%	2.5%	(0.6%)	(22.3%)
EPS	2.2 cents	2.8 cents	(0.6 cents)	(21.4%)
Capital Expenditure	35,160	58,129	(22,969)	(39.5%)
Operating Cashflow	39,726	29,789	9,937	33.4%
Property, Plant and Equipment	161,125	153,204	7,921	5.2%
Borrowings	120,715	110,567	10,148	9.2%
Gearing Ratio	58.3%	56.7%	1.7%	2.9%
Interest Coverage	2.52	3.46	(.94)	(27.1%)
<b>Divisional Contribution</b>				
Transport	25,153	22,768	2,385	10.5%
Rural	3,405	3,544	(139)	(3.9%)

- 2017 was a challenging year for the Group. Unfavourable weather events, a flat domestic consumer environment and competitive pressures impacted the result.
- The Group's integrated network and geographic spread helped reduce the fallout from the external environment.
- Losses in North Queensland and increased fixed costs temporarily outweighed the return on a number of recent investments which impacted the business's bottom line.
- Despite challenging operating conditions, the Group continued to deliver the strategic plan paving the way for new growth in coming years.
- The Board declared a final dividend of 0.08 cents which will result in a payout of 72.6% of NPAT. The high payout ratio reflects the Groups view that 2017 was a challenged year with better years ahead.

# Controlling our destiny

- We are not just relying on favorable weather to improve profit. Controllable actions taken include customer alignment, investment to strengthen the network, continual systems improvement and maximising asset utilisation.
- While it is early days we have seen positive signs in the first two months of the financial year that these initiatives are supporting and growing our business.
- Aligning to customers who value refrigerated transport ensures adequate return on cold chain investments made such as cold rooms, trailers and export facilities.
- Where cold freight is unavailable for repositioning equipment, lower revenue, ambient freight is moved.
- Greater freezer capacity has attracted customers who value unbroken cold chain logistics and longer term cold storage. These customers require consistent year round freight, which in turn helps reduce volatility associated with produce seasonality.

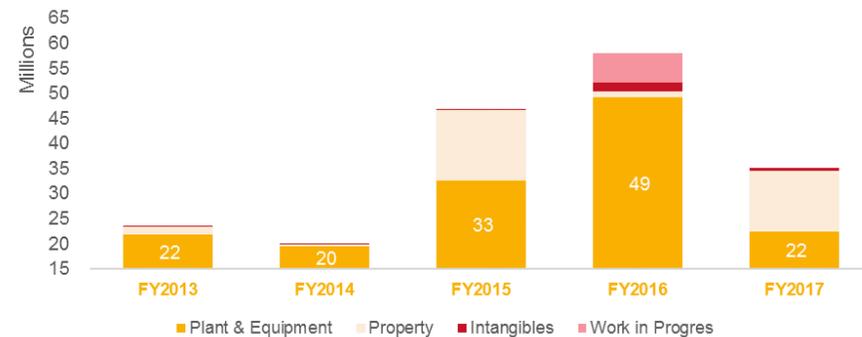
## Revenue & NPAT



# Investing for new growth

- During the 2017 financial year, the Group spent \$35.16 million on assets (capital expenditure).
- These assets centred around completing Transport and Rural sites in Mareeba and Brisbane, sustaining fleet and implementation of an integrated Transport Management System (TMS).
- Sustaining a modern fleet of prime movers below an average age of 5 years requires the purchase of approximately 55 vehicles per year.
- The benefits of a fleet renewal are seen in improved safety outcomes and vehicle operating costs. The Group's sustaining spend was estimated between \$22.0 and \$23.0 million for the financial year.
- In 2018 the Group is concentrating on maximising the return on the investments in property, plant and equipment. Planned capital expenditure will be used to maintain fleet size and age and continue to invest in systems.
- The Group continues to search and evaluate possible options for a new Sydney depot.
- Further updates on first quarter business activity will be provided at the Annual General Meeting.

## Capex Spend



Capex Expenditure	2017	2016	2015	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Property	12,125	1,175	13,990	351	1,552
Plant & Equipment	22,470	49,209	32,679	19,591	21,943
Intanigbles	566	1,805	52	51	167
Work In Progress		5,939			
<b>Total Capex</b>	<b>35,161</b>	<b>58,128</b>	<b>46,721</b>	<b>19,993</b>	<b>23,662</b>

# Working Capital

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- The Group's cash balance improved by \$15.02 million during the year, driven by an increase in cash flows from Operating Activities.
- The increase in Operating cash was a direct result of improved working capital management relating to inventory, debtors and creditors.
- The cash movement was also skewed by use of an offset account in 2016 showing lower debt and cash balance.
- Continual focus on maintaining and improving inventory and debtors will ensure working capital moves inline with top line growth to ensure a healthy cash flow year round.

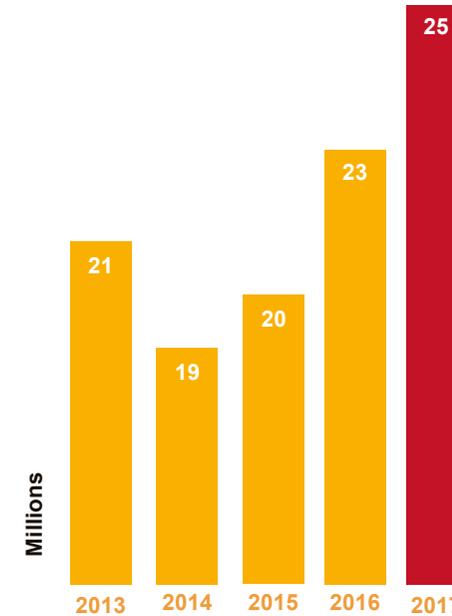
# segment results



# Transport

- Transport's profit of \$25.2 million was up 10.5% on the previous corresponding period (pcp), underpinned by the new systems and processes implemented during the year.
- Over the year Transport focused on utilising the new TMS, adapting to shifts in customer transport requirements and implementing cost cutting projects, the benefits of which will start flowing through in the 2018 financial year.
- Improvements in tracking and monitoring systems supported additional fuel tax credits that were identified and claimed during the year. We expect the new systems to provide continual improvements.
- Maximising asset utilisation is key to the division's profitability. Actions taken to support the 2018 result include revising the existing customer base to rebalance towards higher margin cold freight while taking into account optimising freight flows. The Rural division also supports gaining freight into regional towns.

## Transport Profit



Transport	2017	2016	Variance Change	
	\$'000	\$'000	\$'000	%
External Sales	227,400	224,331	3,069	1.4%
Profit	25,153	22,768	2,385	10.5%

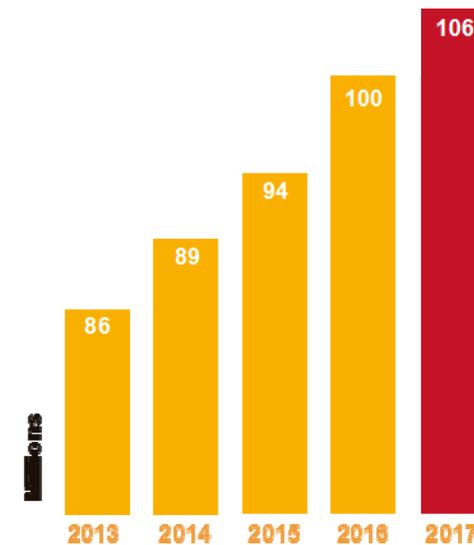
\*Refer to Prime Movers (PM) which do linehaul work

# Rural

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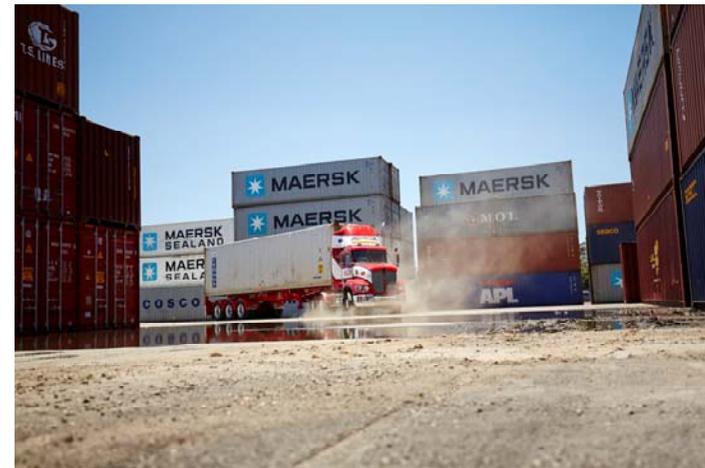
- Rural's external sales grew \$5.0 million on the pcp, with stores in the South and North Queensland performing positively despite the poor weather conditions.
- Profitability decreased 3.9% due to a rise in fixed costs associated with the Brisbane site consolidation and supply chain improvements. These improvements will provide future scalability as sales grow and control stocking costs in regional areas.
- Looking to 2018, the division will focus on going back to basics managing stock, holding margins and building on established current footprint.
- The division will continue to build on it's recent success in working capital management by maintaining a strict focus on inventory and debtor management.
- Review pricing across all product lines ensuring positive cost recovery and push towards higher margin product sales.
- Leverage Transport's empty running to gain a competitive advantage into under utilised areas.

## Rural External Sales



# Lindsay Fresh Logistics

- Our integrated logistics solution is reaching maturity, delivering produce around the world.
- The facility moves up to 1,200 pallets per day and is capable of moving over 700 sea & air containers per month.
- LFL continues to work with overseas customers and local growers by providing easier access to export markets through the use of our integrated service offering.
- During the year we increased the amount of owned export freight and expect to build on this over the coming months.



# Lindsay Way, Our Values

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*Each of these elements is individually significant but in combination they are the basis of how we operate everyday to build a sustainable business for the future.*

**SAFETY ALWAYS** Choose to make safety a personal value; think SAFE, act SAFE, be SAFE.



We have an obligation to our team mates and the public to operate safely.

There is nothing we do that is worth hurting ourselves or others over. Our friends and family drive, and work alongside us every day, this is a privilege we take very seriously. We are all responsible for communicating and rectifying any issues that may harm ourselves, our people or community.

**PEOPLE FOCUSED** Dedicated to the development and support of current and future employees.



We know that to be successful we must work together to meet the changing needs of our customers. We recognise that people are the cornerstone of the Lindsay Group's success, and we have a pride in our past and face the future with dedication and passion for our industry and company. We expect individuals to be responsible and take ownership of their behaviour to improve safety outcomes, productivity and protect the reputation of the Lindsay Group.

**CUSTOMER AND SUPPLIER ORIENTATED** Maintain and improve the high level of service provided to both our customers and suppliers.



Our customers and suppliers are an important component to the success and reputation of the Lindsay Group. They are our partners and we value both the long-term relationships we have developed with existing customers and the new ones we continue to build.

# Lindsay Way, Our Values

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*Each of these elements is individually significant but in combination they are the basis of how we operate everyday to build a sustainable business for the future.*



**INDUSTRY INNOVATORS** Constantly challenge ourselves to provide and develop new innovations.

Innovation is the key to improving not only our business but the industry and is essential in sustaining the Lindsay Group's growth and profitability. To ensure we continue to maintain these relationships and improve productivity we strive to; deliver state of the art technological efficiencies, expanded services and provide holistic solutions to customers without compromising safety, quality or our people.



**VALUE FAMILY** Committed to recognising the importance and value of family life.

We don't just see an employee, we see a family and we recognise it is the families that support our employees. We offer support, and seek to promote and look after the wellbeing of our people and families beyond the workplace. We want everyone to get home safely.



**COMMUNITY SUPPORTIVE** Involved and supportive of our local community.

We want to play an active role in making every community in which we operate, a better place to live and work. We are aware that the ongoing vitality of our local community has a direct impact on the long term sustainability of our business. We continually engage with our people, suppliers, customers and community to ensure productive relationships within and outside our workplaces are maintained and continually strengthened.



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