



# LINDSAY AUSTRALIA

*Half year results 6 months ended 31 December 2017*



# Lindsay Australia services



## Lindsay Rural

Lindsay Rural supplies more than 750 farmers with an extensive range of agricultural products including packaging, fertilisers, chemicals, and irrigation equipment



## Lindsay Transport

Delivering more than 1.6 million tonnes of freight to over 5,000 customers along Australia's east coast each year, earning its reputation as a respected refrigerated transport company.



## Lindsay Fresh Logistics

Lindsay Fresh Logistics, a transport and logistics provider, located in the Brisbane Markets, providing unloading, cross-docking, storage, ripening, fumigation and import/export services.



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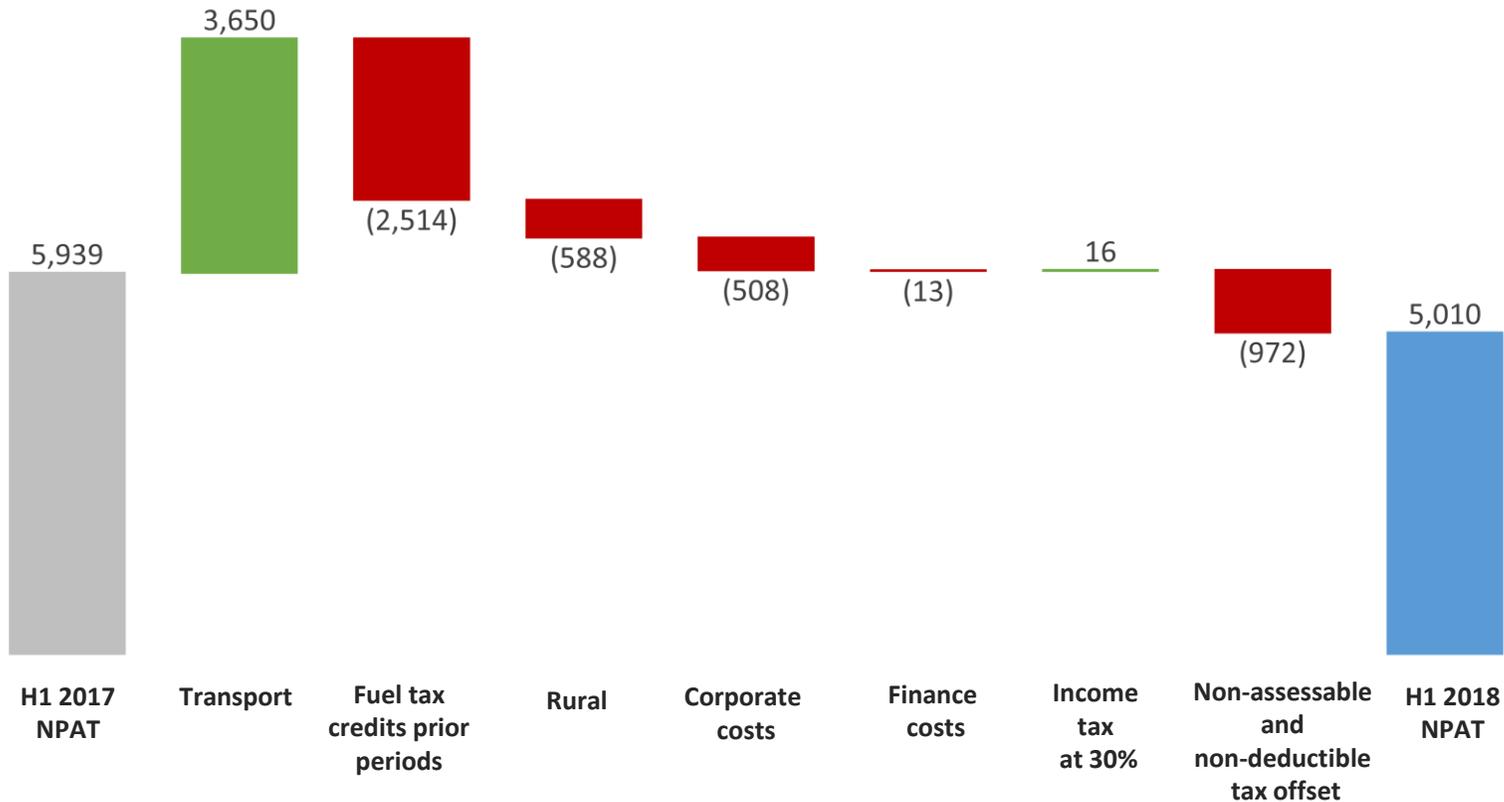
# Group Result



# Group financials

\$'000	H1 2018	H1 2017	% Change
Revenue	191,611	177,143	8.2%
Operating Expenses	171,967	156,211	10.1%
<b>EBITDA</b>	<b>19,644</b>	<b>20,932</b>	<b>(6.2%)</b>
Depreciation & Amortisation	9,384	10,712	(12.4%)
<b>EBIT</b>	<b>10,260</b>	<b>10,220</b>	<b>0.4%</b>
Finance Costs	2,626	2,639	(0.5%)
<b>Profit Before Tax</b>	<b>7,634</b>	<b>7,581</b>	<b>0.7%</b>
Income Tax	2,624	1,642	59.8%
<b>Reported NPAT</b>	<b>5,010</b>	<b>5,939</b>	<b>(15.6%)</b>
Underlying NPAT <sup>i</sup>	5,010	4,179	19.9%
EPS	1.7 cps	2.0 cps	(15.0%)
Underlying EPS <sup>i</sup>	1.7 cps	1.2 cps	41.7%

# Period highlights

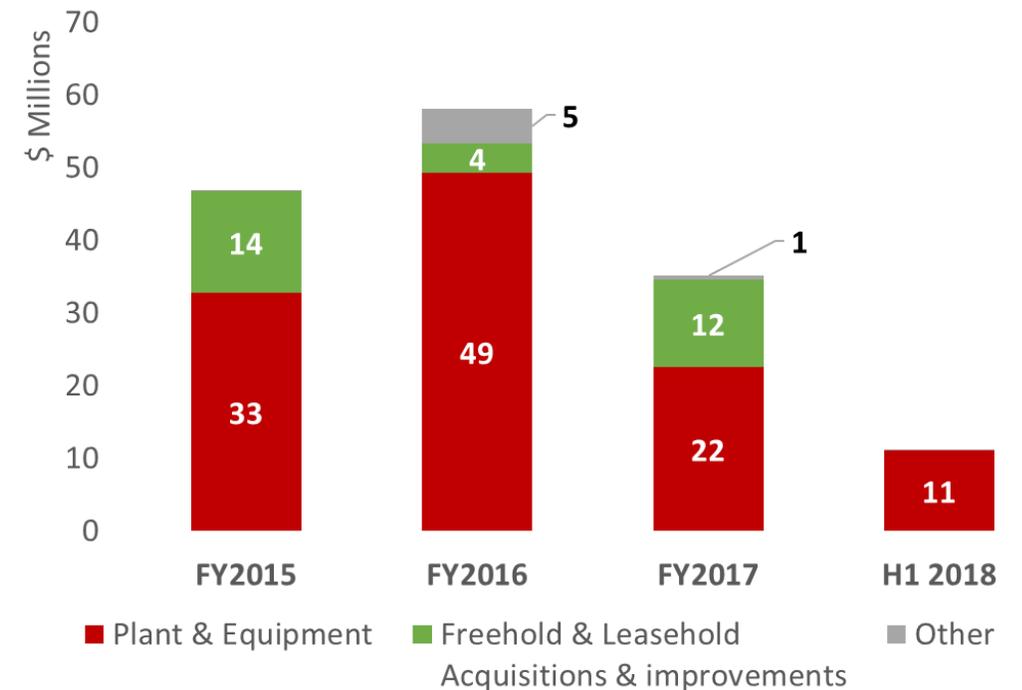


- Underlying<sup>i</sup> NPAT of \$5.0 million representing 19.9% growth with increased revenue of 8.2%
- Revenue and profit growth was supported by diversified product and service offerings through geographically spread network
- Transport achieved EBIT growth of 29.0% excluding prior period fuel tax credits
- Commenced export trials of Lindsay Connect business model

# Capital investment

- During FY2015 to FY2017 \$140 million has been invested into the business including plant and equipment, IT and infrastructure
- Further \$11 million invested in H1 2018
- Major projects completed include Brisbane (Postle St, Acacia Ridge), Mareeba, Adelaide and new Transport Management Software (TMS)
- Average Prime mover fleet age of 4.4 years and Trailer age of 5.5 years
- These investments have started to deliver positive returns and position the business for continued growth in the coming years
- Current growth capex plans include developing a new facility in Sydney, expanding with a new site in Bowen, upgrades to Transport Fuel Management System (FMS) including RFID, new fuel tanks and modifications to LFL to improve export capabilities.

## Capital expenditure breakdown



# Capital planning

FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	Capital Item
				In development		Lindsay Fresh Logistics
Completed						Acquired Haacks Transport (Tully)
	Completed					Mildura depot & rural store
	Completed					Acquired Pennisi rural business (Burdekin)
		Completed				Adelaide depot
		In development	Completed			TMS upgrade & in vehicle telematics
		In development	Completed			Mareeba depot & rural store
		In development	Completed			Brisbane depot (Postle St)
				Planned		Bowen depot
				In development	Planned	Fuel Project - FMS upgrade, Tanks & RFID
				In development	Planned	Sydney depot
	Completed	Completed	Completed	Planned	Planned	Fleet renewal program

Completed
  Planned

In development

# Return on investments

- Recent investments have started to generate significant growth as a result of increased capacity and improvements in vehicle and site utilisation
- Fleet renewal program continues to have positive effects on reducing maintenance and fuel costs and gives drivers access to reliable vehicles with up to date safety standards
- IT improvements continue to drive positive change, enhancing our customer offerings and delivering cost efficiencies and enhanced business reporting

Depot	HY Revenue Growth	Completed
Mildura	33%	FY2014
Adelaide	38%	FY2016
Mareeba	37%	FY2017
Brisbane	14%	FY2017



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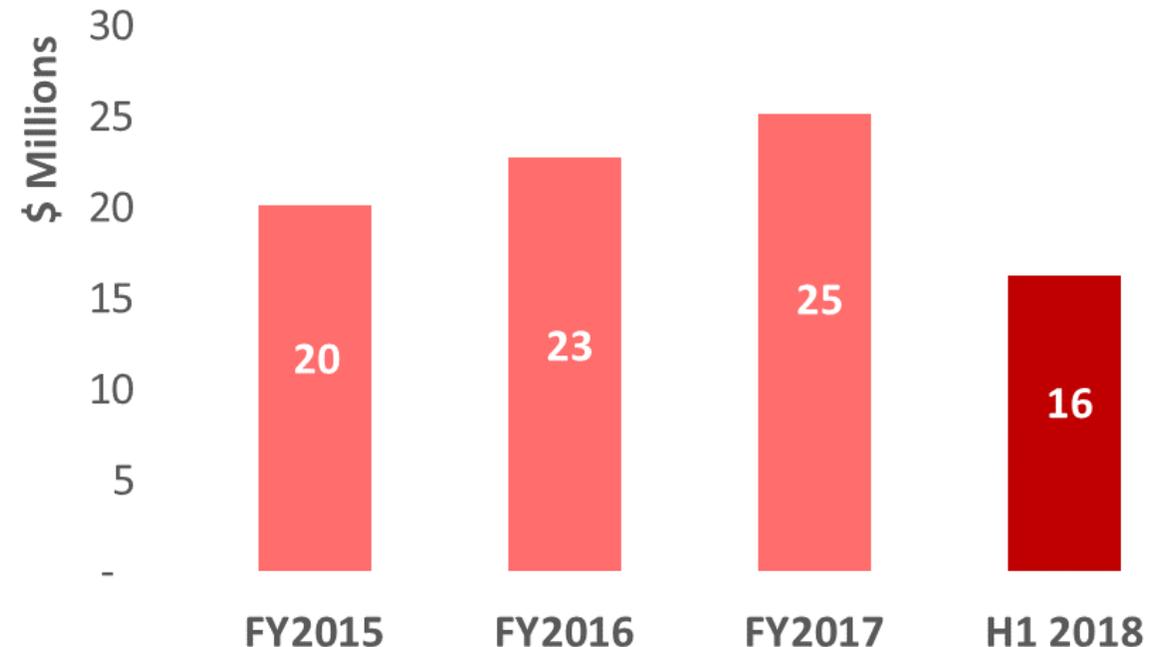
# Segment Results



# Lindsay Transport

- Transport delivered revenue (including internal revenue) of \$130.4 million representing growth of 8.7%
- Excluding the benefit of the fuel tax credit in the prior corresponding period, underlying profit for transport grew 29.0%
- This growth was achieved through improvements in capacity utilisation combined with new customer additions and higher revenue yields
- Strongest areas for growth were in regions where the business has recently made capital investments including Adelaide, Mareeba, Mildura and Brisbane

## Lindsay Transport Contribution



# Lindsay Fresh Logistics

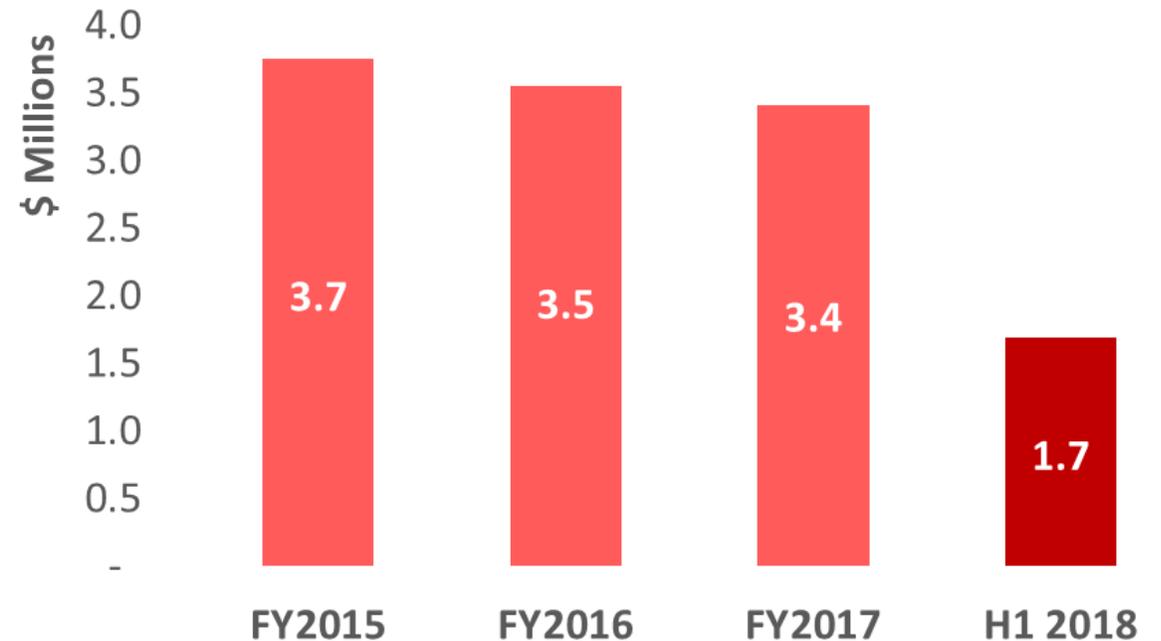
- LFL continues to grow and support the underlying transport business moving up to 1,200 domestic pallets per day and up to 700 sea and air containers per month
- Modifications to existing cold rooms will continue to develop import and export capabilities
- Evaluating options to expand the LFL model into other states



# Lindsay Rural

- Rural delivered revenue (including internal revenue) of \$63.1 million representing growth of 10.7% driven by sales in North Queensland
- Both sales and profit were impacted by adverse weather conditions across the Wide Bay region during the 2<sup>nd</sup> quarter of the 2018 financial year
- As a result of the weather conditions and lower margin revenue mix, Rural contribution decreased \$0.6 million on the previous corresponding period to \$1.7 million
- Rural continues to play a key role in the Group's end-to-end service offering, reducing freight imbalances in horticulture areas

## Lindsay Rural Contribution



# Lindsay Connect

- Began first trials of Lindsay Connect business model
- Lindsay connect provides premium fresh Australia produce direct from the farm to overseas customers
- Leverages off current infrastructure and expertise to enter into export markets with significant potential for growth
- Requires minimal amount of capital expenditure





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Lindsay Way



# Lindsay way, our values

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

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.



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