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LINDSAY AUSTRALIA LIMITED

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ASX / MEDIA ANNOUNCEMENT

LINDSAY AUSTRALIA ANNOUNCES 34.7% PROFIT BEFORE TAX GROWTH IN FY18

BRISBANE, 23 August 2018: Integrated transport, logistics and rural supply company Lindsay Australia Limited (ASX: LAU) today announced strong financial results from its network of stores and depots for the 12 months ended 30 June 2018 delivering profit before tax of $11.2 million representing growth of 34.7%.

RESULT HIGHLIGHTS

- Operating revenue growth of 8.3% to $360.5 million supported by strategic investment in key facility upgrades and expansions in prior financial years.
    - Lindsay Rural reported revenue growth of 4.2% with a good performance across its 22 rural locations mitigating the impact of adverse weather conditions in the Wide Bay-Burnett region which impacted results during the first half.
    - Lindsay Transport delivered solid revenue growth of 10.2%, largely driven by increased utilisation rates, customer additions, pricing increases and fuel levy recoveries
- Continued investment in fleet renewal and upgrades to deliver operational efficiencies and drive long-term profitable growth.
    - Capital expenditure of $29.7 million during FY18 primarily relating to fleet renewal and upgrades to deliver customer efficiencies, safety improvements and maintenance savings.

RESULT SUMMARY

During the previous financial year, the company benefited from a non-recurring fuel tax credit of $6.2 million relating to prior periods. Removing the impact of this benefit, underlying profit before tax grew to $11.2 million. On a reported basis, profit before tax grew 34.7% on FY17 which included the fuel tax credit benefit. Reported net profit after tax (NPAT) grew 25.4% to $8.0 million. The normalised[1] tax rate remained steady at 30%.

Lindsay Rural reported a divisional profit contribution of $3.0 million representing a decline of 12.1%. The decline was largely due to the loss of high margin revenue from the Wide Bay-Burnett region which was impacted by adverse weather in the first half. Encouragingly revenue across the portfolio improved 4.2% in FY18 as the division continued to grow its customer base and refine its product sales mix.

Lindsay Transport reported a divisional profit contribution of $28.4 million in FY18, an increase of 13.0%. Excluding the fuel tax credits in FY17, underlying segment contribution increased $9.3 million or 49.7%. This solid result was achieved despite volatile fuel pricing throughout the year.

[1] Normalised tax expense is without the inclusion of variable Research and Development (R&D) tax offsets. The Groups continuous development of new software, systems, processes and equipment to support the Transport sector entitles the Group to R&D tax offsets. In FY18 tax expense was reduced by R&D tax offsets of $214k. In FY17 tax expense was reduced by tax offsets of $202k and the over provision of tax in prior years of $433k also relating to R&D. Excluding these items normalised tax rate remained at approximately 30%.”

Disciplined and strategic investment in expansion and fleet over prior periods has been key to delivering financial growth across the Group. In FY18 the Group invested a further $23 million[2] in fleet renewal and upgrades that will not only deliver maintenance and efficiency savings but also improved safety which remains paramount.

A number of key projects also reached completion during FY18. The Brisbane market facility upgrade (completed May 18) will support export growth and drive volume across multiple fresh food categories. The Off Road Bulk Fuel project (completed June 18) expanded the Group's bulk storage facilities with new refuelling facilities in strategic locations including Mareeba, Townsville, Emerald and Dubbo. These tanks coupled with an upgraded fuel management system will remove reliance on service stations and facilitate improved fuel cost management.

More recently, the purchase in July of a distribution facility in Bowen (Central Queensland) will further support the Group's strategy of a diversified horticultural and customer mix.

Lindsay Australia CEO, Kim Lindsay, commented on the results:

"We are pleased to announce a strong set of results for the 12 months to 30 June 2018. Our Transport division produced an outstanding result despite volatile fuel pricing throughout the year. This result is testament to our focus on improved utilisation rates and investment in latest technology and fleet upgrades."

"The Rural division performed well despite significant headwinds in the first half as adverse weather impacted the Wide Bay-Burnett region. We continue to focus on investing in a diversified portfolio to mitigate horticultural risk. This proved successful with Mareeba, Brisbane and Adelaide all delivering double digit revenue growth due to strategic investment in these locations and the resulting customer and volume additions."

"The year ahead will see further geographic expansion with a greenfield cold storage project in Perth providing the national network desired by our existing eastern seaboard customers. A new purpose built distribution hub in Sydney is also planned. Subject to final approvals we expect the project to complete in 2020, significantly increasing cold storage capacity and delivering first-in-class driver accommodation, workshop facilities and bulk fuel storage."

"We have seen a good start to the 2019 financial year and remain confident in delivering another year of growth for our shareholders. With our recent capacity additions, technology upgrades and strategic investments, we expect to deliver net profit after tax growth in the region of 10-12% subject to no adverse weather and unforeseen events. The current drought conditions in some parts of regional Australia are not expected to have a material impact on future earnings."

DIVIDEND

In line with increased earnings, the Board has declared a final fully franked dividend of 1.0 cents per share. This represents a full year fully franked dividend of 1.8 cents per share, up from 1.6 cents per share (fully franked) in FY17.

– END –

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[2] Included as part of the FY18 $29.7 million capex spend