

ASX: LAU

CHAIRMAN'S ADDRESS

Annual General Meeting

26 October 2018

For Lindsay Australia the 2018 financial year was positive in many ways. The Group generated record revenue of \$360 million and delivered earnings growth of 25% with significant improvements in the underlying result. The results were achieved despite volatile fuel pricing and seasonal weather events adversely impacting the Group's performance throughout the year.

Key to the success for 2018 was the additional earnings from investing in facilities in prior years. Mareeba, Brisbane and Adelaide sites when combined contributed 50% of the Transport revenue growth.

A number of projects were completed during 2018 which will further support earnings growth in 2019 and beyond. In May, the \$2.5 million refrigeration upgrade at our Brisbane markets facility was completed, providing growth opportunities for various domestic produce categories and expanding the export capacity. In June, we completed the \$1.5 million Off Road Fuel project, expanding our bulk storage capacity with fuel new tanks in strategic locations. These tanks, coupled with an upgraded fuel management system will remove reliance on service stations and improve fuel cost management.

The 2019 financial year will be another significant year of progress. The Group expanded its regional footprint in July with the addition of a depot in Bowen, Central Queensland. Operations in Perth will also commence this year, completing the Lindsay Australia national service offer to all major capital cities. The Perth facility will be supported by the addition of 35 refrigerated rail containers and equipment at a cost of \$5.6 million. A new Sydney distribution facility is also planned, subject to approvals and agreements being obtained, construction will commence this year with completion in the 2020 financial year. The Sydney facility will further deliver operational efficiencies and increase the service offer to customers with increased chiller and freezer storage.



LINDSAY AUSTRALIA
LIMITED

ABN 81 061 642 733

152 Postle Street
Acacia Ridge QLD 4110

Locked Bag 2004
Archerfield Qld 4108

P: 07 3240 4900 F: 07 3054 0240
www.lindsayaustralia.com.au

Capital expenditure this year will also focus on safety. Providing a safe work environment for all employees and stakeholders is a priority for the Group. New driver alert systems are being trialed and are planned to be rolled out to all interstate vehicles in the 2nd half of this financial year. The driver fatigue and distraction management devices, will support the long haul drivers to get them home safely.

Looking ahead we have seen a good start to this financial year, despite a continuation of fuel price instability and some unexpected industry challenges such as the strawberry debacle. We remain committed to delivering another year of growth for our shareholders driven by our recent capacity additions, technology upgrades and strategic investments. Given the encouraging start to this year we remain well placed to meet full year 2019 market guidance of 10% to 12% Net Profit After Tax.

I would like to thank the Group's dedicated staff who go above and beyond normal expectations every day and who remain key to the success of Lindsay Australia.

Finally I would like to thank my fellow directors for their continued commitment and dedication to Lindsay Australia. A special thanks to Greg Farrell who is retiring from the board after this meeting. Greg has been a valued member since his appointment in 2005. Greg's broad industry knowledge and his in-depth understanding of the transport industry has been invaluable to the business during this time. On behalf of the board and all Lindsay shareholders we thank Greg for his contribution.

Thank you Ladies and Gentlemen



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