

ASX: LAU

13 March 2023

ASX Announcement

HY2023 Results Presentation - Lindsay Australia Limited

Attached is Lindsay Australia Limited's Results Presentation for the half-year ended 31 December 2022.

Authorised for release by:

Release authorised by Lindsay Australia Limited Board of Directors.

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LINDSAY AUSTRALIA

RESULTS PRESENTATION HY2023 (ASX: LAU)

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LINDSAY AUSTRALIA'S END-TO-END FOOD SUPPLY CHAIN SOLUTIONS

Lindsay Australia Ltd (ASX: LAU) is an integrated transport, logistics and rural supply company with a specific focus on servicing customers in the food processing, food services, fresh produce, agriculture and horticulture industries.

LINDSAY RURAL – Working with Australian growers



Expert Advice



Horticulture & Agronomy



Seeds



Irrigation & Fertilisers



Packaging

LINDSAY TRANSPORT – Providing total transport solutions



Transport



Rail



Logistics



Cold storage



Distribution

LINDSAY FRESH LOGISTICS – Managing storage and delivery



Warehousing



Bio-security



Ripening



Delivery



Import & Export

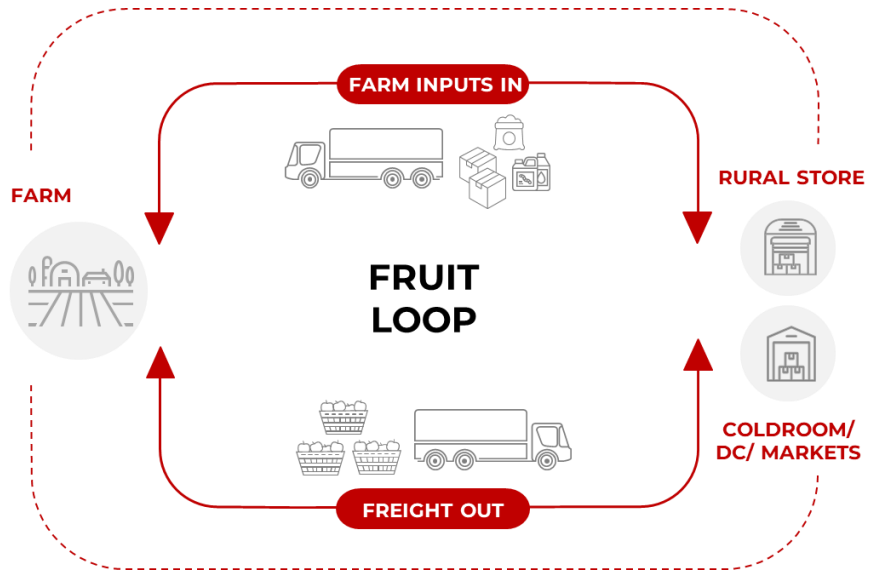
Core divisions, Rural and Transport (including Fresh Logistics) offer complementary products and services which support the key needs of customers throughout their production lifecycle.

The Lindsay end-to-end solution begins with offering expert agronomy advice and continues with a diverse range of products and services along the supply chain to help farmers grow, package, transport and distribute their produce throughout Australia and the world.

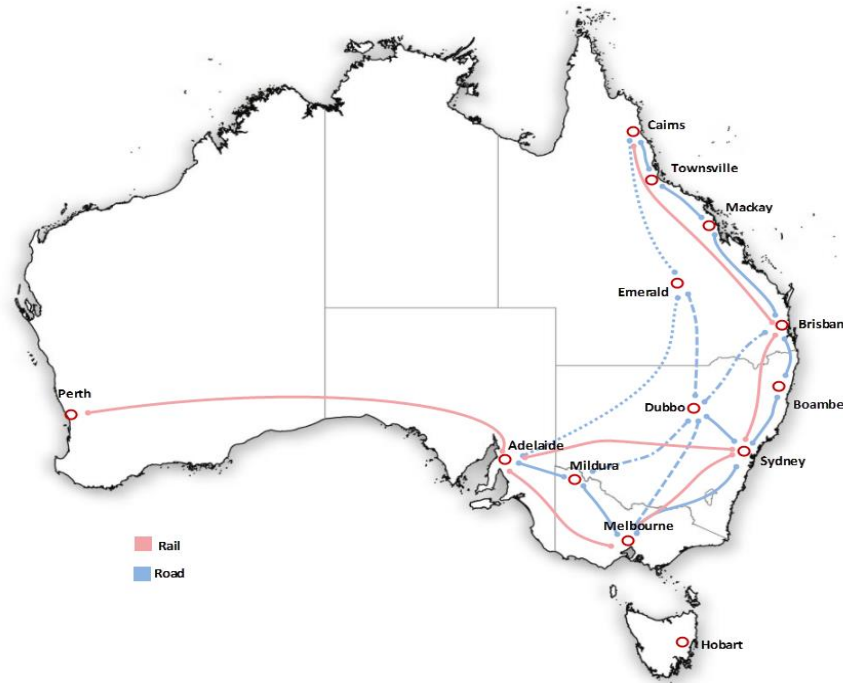
Lindsay's end-to-end solution is unique and offers customers a single point of contact.

THE LINDSAY END-TO-END SOLUTION

OUR VALUE CHAIN



NATIONAL FREIGHT LANE COVERAGE



LINDSAY KEY ASSETS

21 TRANSPORT DEPOTS/
COLD STORES NATIONALLY

21 RURAL STORES
NATIONALLY

308 PRIME MOVERS, 600 REEFER
TRAILERS, 403 REEFER CONTAINERS,
168 SKELS, 90 RIGIDS

c. 1,500 EMPLOYEES – c. 800 DRIVERS

OUR NATIONAL NETWORK

LINDSAY RURAL

Adelaide
Atherton
Ayr
Brisbane Retail
Brisbane Warehouse
Bowen
Brandon
Bundaberg
Childers
Coffs Harbour
Emerald
Gatton
Innisfail
Invergordon
Mareeba
Mildura

Mundubbera
Murwillumbah
Nambour
Stanthorpe
Tully
Woolgoolga

LINDSAY TRANSPORT

Adelaide
Ayr
Bowen
Brisbane
Bundaberg
Childers
Coffs Harbour
Emerald
Gatton

Innisfail
Mackay
Mareeba
Melbourne
Mildura
Mundubbera
Nambour
Perth
Stanthorpe
Sydney
Tully

LINDSAY FRESH

Brisbane Markets



CORPORATE SNAPSHOT

ASX Stock Code [LAU]

HY23 revenue	\$337.4m
HY23 underlying ¹ EBITDA	\$42.8m
Cash balance as at 31 Dec 2022	\$36.0m
Total borrowings ² as at 31 Dec 2022	\$127.4m
HY23 underlying ¹ earnings per share	\$0.057
HY23 dividends per share (unfranked)	\$0.019
Share price as at 10 Mar 2023	\$0.78
Shares on issue	302.8m
Unlisted share options over ordinary shares – Vested not yet exercised	400k
Unlisted share options over ordinary shares – Not yet vested	550k
Fully diluted market cap	\$240.7m

12-month share price performance and volume



Board of Directors and Key Management

KMP	Role
Mr Ian Williams	Non-Executive Director & Chair
Mr Michael Kim Lindsay	Managing Director and CEO
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	57.9m	19.1%
2	Mizikovsky Group	35.2m	11.6%
3	BKI Investment Company Ltd	16.8m	5.6%
4	National Nominees Limited	13.6m	4.5%
5	Lindsay Brothers S/F	11.3m	3.8%
Total Top 20		187.3m	61.9%

Notes:

¹ Refer to Appendix 1 for reconciliation of underlying figures

² Excludes AASB 16 property/other lease liabilities

³ As of 6th February 2023



OVERVIEW

HY23 KEY HIGHLIGHTS

Disciplined execution continues to deliver year on year record growth

OPERATING REVENUE \$337.4m up 23.2%	UNDERLYING EBITDA¹ \$42.8m up 36.2%	UNDERLYING PBT¹ \$24.6m up 64.5%	NET DEBT² \$91.0m down 12.0%	LTIFR³ 3.8% reduction
NET LEVERAGE RATIO⁴ 1.27x down 37.6%	ROIC⁵ 20.5% up 81.2%	UNDERLYING EPS¹ 5.7 cps up 63.2%	INTERIM DIVIDEND (unfranked) 1.9cps up 35.7%	FTEs⁶ 1,517 up 3.5%

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 under AASB 16 Leases.

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 2022/2021.

⁵ ROIC = Underlying EBIT/ Invested Capital. Invested Capital = Net debt + equity.

⁶ FTE – Full-time equivalent employee.

KEY HIGHLIGHTS – STRATEGIC DIRECTION

Our Ambition: Deliver annual revenues of \$1bn on a minimum \$100m EBITDA in the next 3 – 5 years as a leading provider of services and products to Australia's food and agriculture sectors.

HOW WE GET THERE



- Accelerate expansion of rail services as the rail operators add additional capacity to their networks.
- Organically grow road volumes, focusing on full/direct loading to optimise capacity.
- Diversify into new or unrepresented corridors.
- Develop new facilities in key growing regions to support future growth.
- Add additional cold chain capacity (Melbourne, Bundaberg, Perth, Adelaide, Brisbane, North Queensland).
- Maintain investments in assets, facilities, people and technology to deliver long term sustainable returns.



LINDSAY RURAL

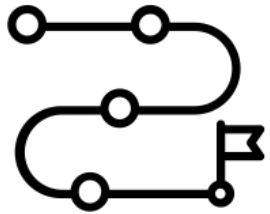
- Expand Rural's footprint into new regions, reducing the divisions reliance on the Queensland market – greenfield expansion into Invergordon in Q4 2023.
- Assess strategic M&A to accelerate growth in new markets and provide opportunities to introduce new products and services to the Lindsay Rural network.
- Build profitable market share in existing regions by offering premium services and leveraging Rural's unique Transport backed service offering.



- The Board has engaged a global search firm to recruit a new CEO following Kim Lindsay's announcement of intention to retire at the end of June 2023.
- Lindsay is well served by a competent and experienced senior leadership team to support the CEO transition.
- The Company will continue to look for value accretive M&A opportunities which align with strategic objectives.
- Continue to develop and deliver key business systems to support our future growth, drive efficiencies and improve customer experience.
- Prioritise Safety, People, Culture and Sustainability in 2023.

SUSTAINABILITY

Lindsay recognises the importance of reducing its carbon footprint. As a heavy user of diesel, Lindsay is very conscious of the effort required to meet this challenge.



Deliver ESG roadmap In 2023

- Lindsay will deliver its first ESG roadmap & sustainability strategy in 2023. This work will identify realistic and meaningful initiatives across all business units.

~93%

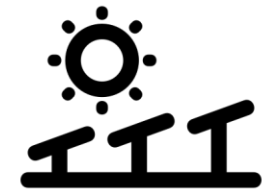
Scope 1 & scope 2 emissions arise from the use of diesel

- Fleet renewal continues to cycle the latest emission reducing technology throughout the Lindsay network.
- New fridge motors run ~30% more fuel efficient than previous models.
- Newer vehicles burn fuel more efficiently as a result of emission reducing technology and operational improvements.



Reducing our diesel consumption

- Growing rail volumes provides greener options for customers to transport freight, operating 4x¹ more carbon friendly than road.
- Increased implementation of larger 42 pallet trailer combinations will transport freight 5-8% more efficiently than 34 pallet B-doubles.
- Continued use of the latest low rolling resistant tyres reduces fuel consumption by ~3%.



Green facilities

- In 2023, solar power will be installed in three major sites. It is intended to incorporate solar into all new and existing sites where feasible.



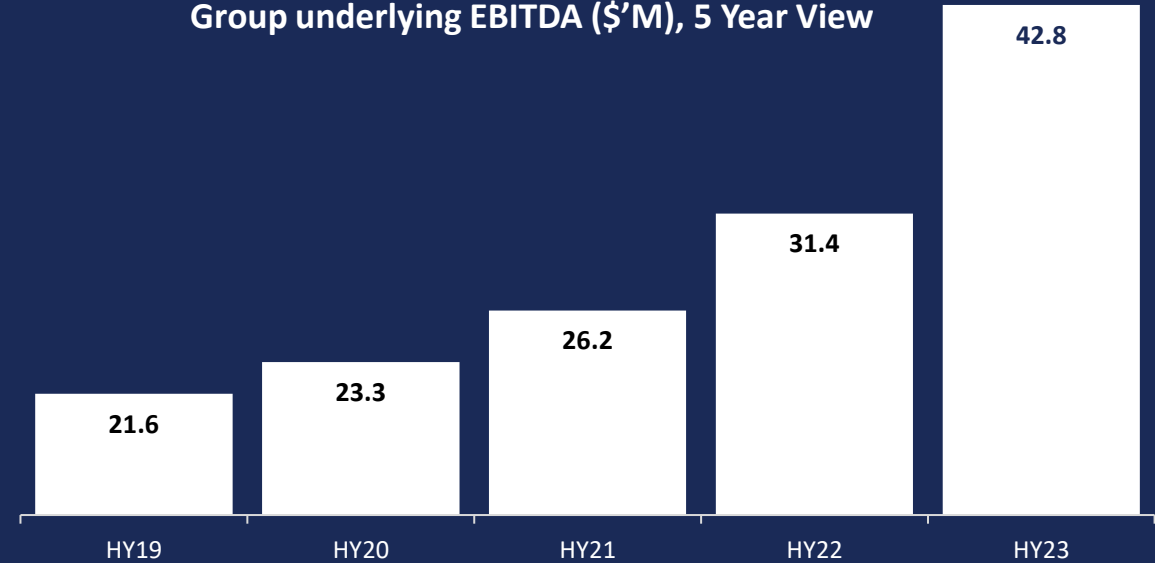
FINANCIAL HIGHLIGHTS

GROUP PERFORMANCE

HY23 underlying EBITDA Bridge (\$'M)



Group underlying EBITDA (\$'M), 5 Year View



Group revenues reached all time highs of \$337.4m (23.2%) supported by organic growth in road and rail, disciplined fuel price rise and fall recoveries and market share gains in Rural's key operating regions.

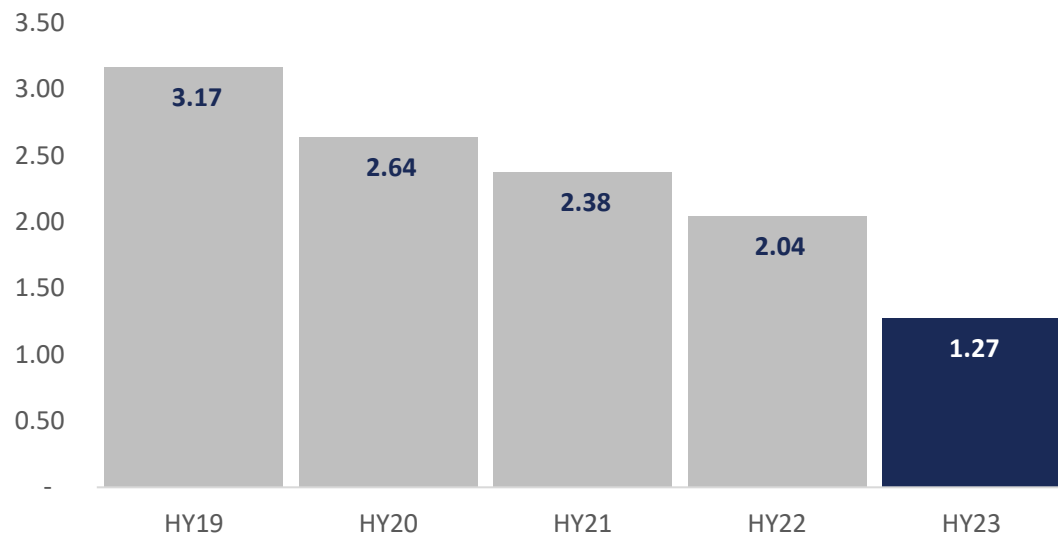
Record revenues combined with Lindsay's unique service offering helped the Group deliver record underlying EBITDA and EPS growth of 23.2% and 63.2%.

Lindsay's diversified service offering, together with organic growth, favorable trading conditions in the Transport sector, and a nationwide presence, mitigated the challenges arising from adverse weather and escalating cost pressures.

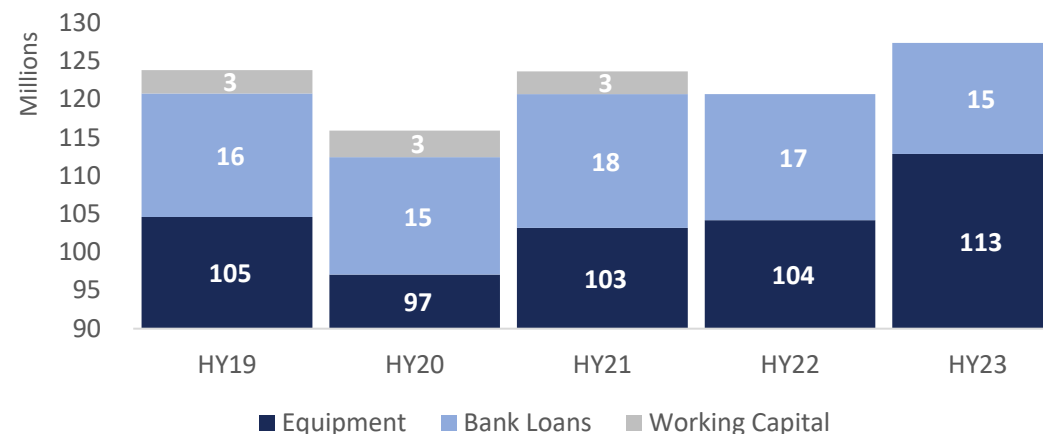
The Group expects to face on-going cost pressures from inflationary forces and a competitive labour market, particularly in logistics divisions but Lindsay is well placed to address these headwinds into the future.

DISCIPLINED CAPITAL ALLOCATION DELIVERS SUSTAINABLE GROWTH

Net Leverage Ratio



Group borrowings¹ (\$'M)



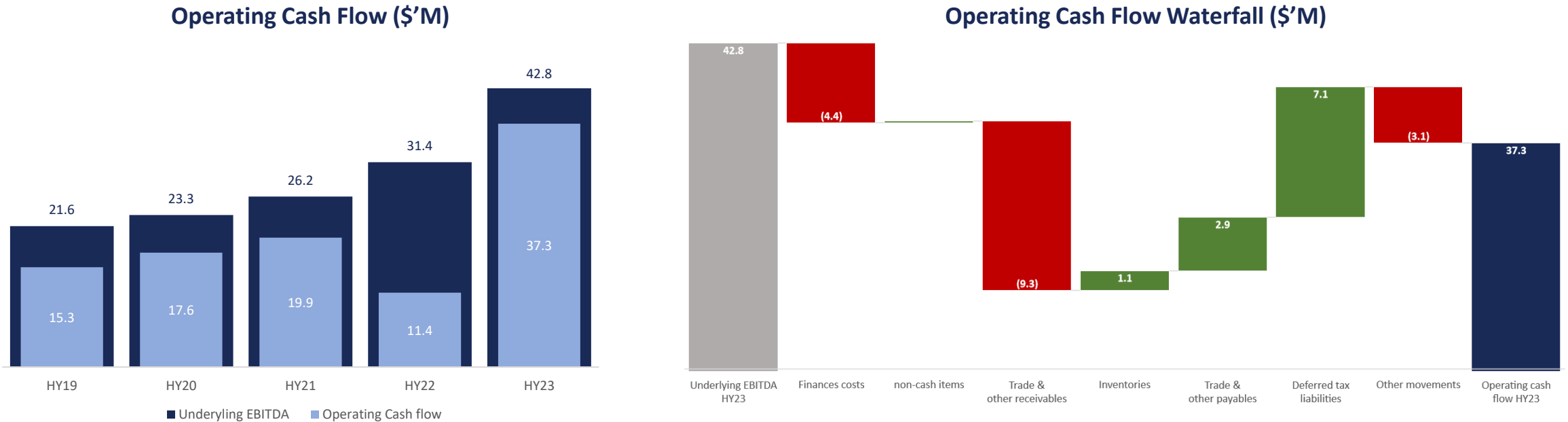
Net leverage continues to trend down as the Group delivers earnings growth and maintains a disciplined approach to capital allocation, supporting future growth and delivering ROIC² of 20.5% in the LTM.

During the period \$21.3m was invested in capex which included 27 refrigerated rail containers, 25 prime movers, 12 trailer sets and other plant and equipment. In 2H23, a further capex spend of c.\$20m - \$30m on road transport equipment and facilities is planned.

The Group's FY24 & FY25 capex plans will feature facility investments to increase capacity, annual fleet renewal c.\$20m - \$30m and support organic growth objectives across Road, Rail & Rural.

Lindsay's strong financial position and balance sheet positions the Group favourably to execute value accretive M&A opportunities and accelerate organic capital expenditure plans to capitalise on increased market demand due to industry consolidation.

CASH CONVERSION IMPROVES SIGNIFICANTLY



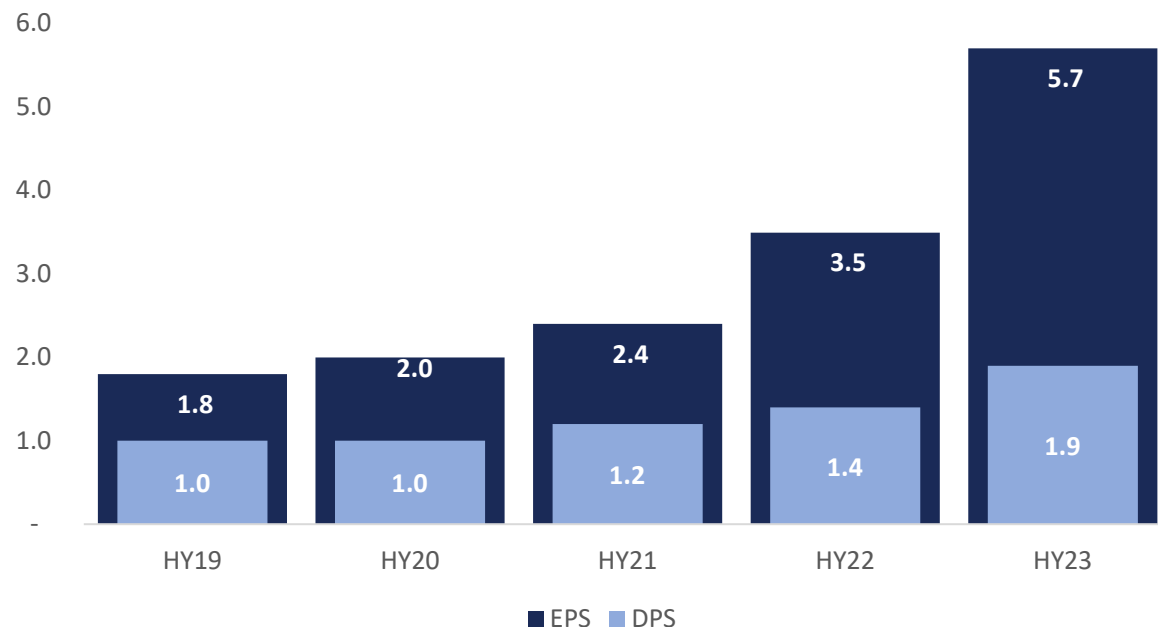
Net operating cash flows increased 228% to \$37.3m, resulting in cash conversion of 87% during the period compared to an average of 63% over the past four years. Cash flow conversion is expected to remain strong into the second-half.

Historically cash conversion has been weaker in first-half of the year due to seasonal factors. 1H23 saw an improvement in conversions due to stricter working capital management, emphasis on growth being supported by strong cash conversion and benefits from government-related income tax incentives.

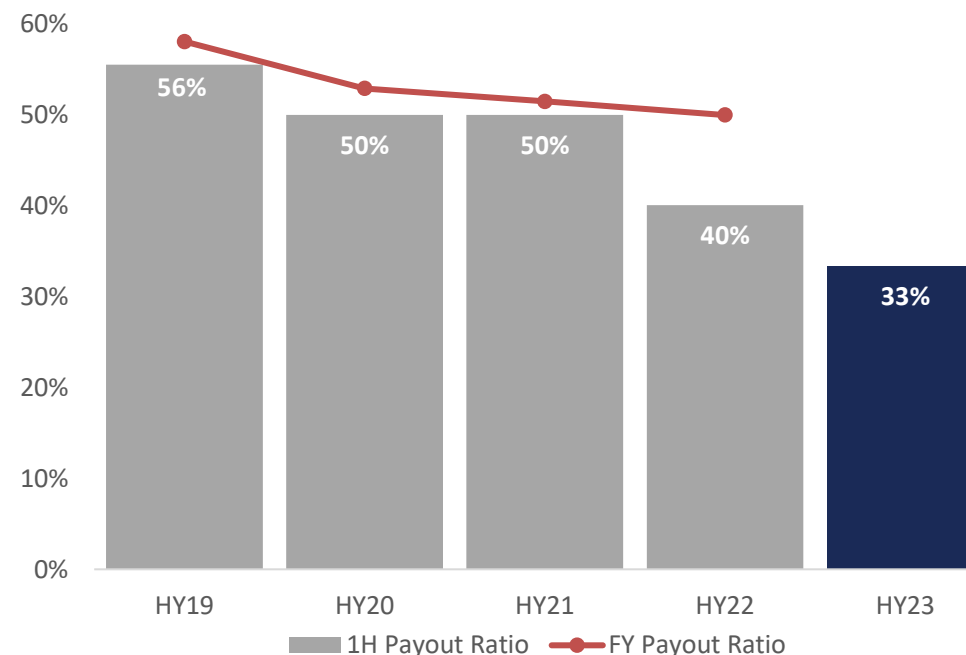
Due to the Government's temporary accelerated depreciation initiatives set to end this financial year, the Group has paid minimal income tax in recent years. As a result, the Group has recognised a Deferred Tax Liability (DTL) of \$20.6m. Starting in FY24, the DTL will begin to unwind, resulting in increased income tax payments over the coming financial years.

COMMITTED TO SHAREHOLDER RETURNS

Earnings per Share¹ vs Dividend per Share (cents)



Half-year & Full-year Payout Ratios¹



In line with commitments to deliver long-run sustainable returns and to reward shareholders, the Board is pleased to announce an unfranked dividend of 1.90 cps (+35.7%) for the half-year.

The 1H23 dividend results in a payout ratio¹ of 33%.

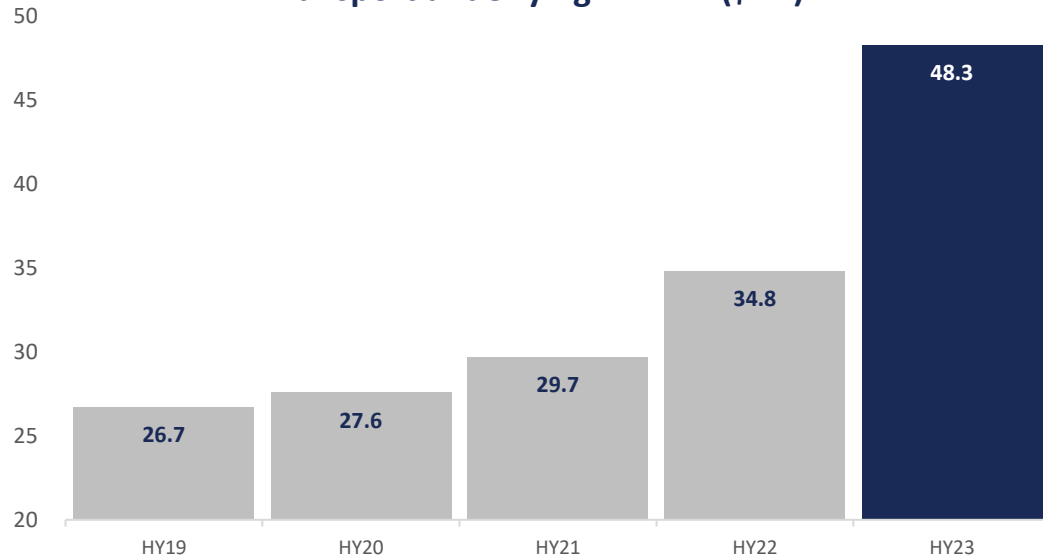
Starting from FY24, Lindsay will resume paying income tax and will have the option to pay partially or fully franked dividends in the future.

SEGMENT PERFORMANCE

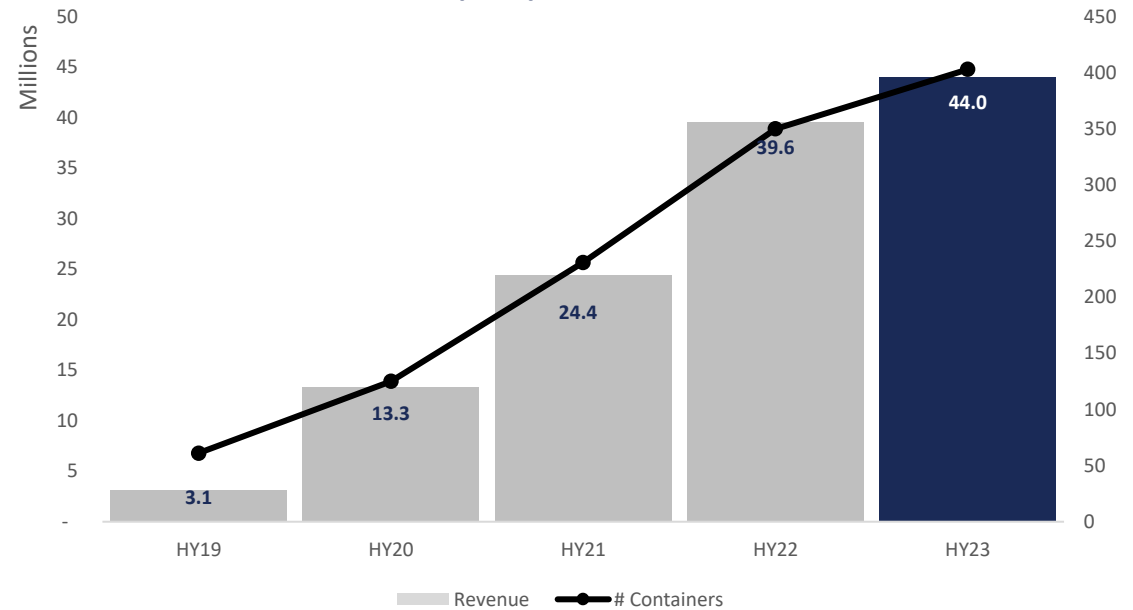


LINDSAY TRANSPORT

Transport underlying EBITDA (\$'M)



Rail revenue (\$'M) vs container fleet size



Lindsay's foremost priority across all divisions is safety. The Company continues to prioritise safety & compliance by investing in annual fleet renewal, increasing road monitoring and compliance resources and utilising the latest safety technology.

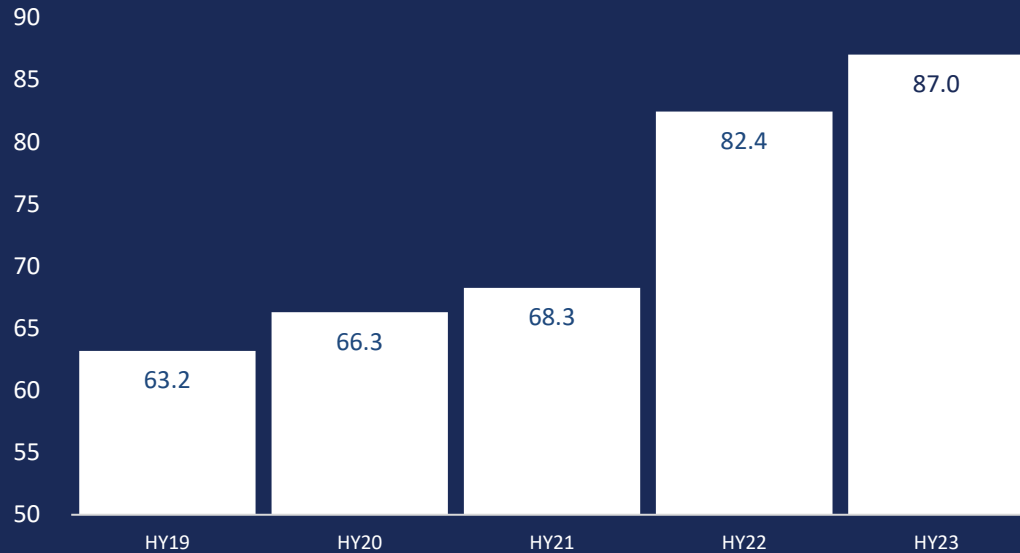
Transport delivered record half-year revenues of \$253.9m (+29.9%) through a combination of organic expansion in both the road and rail segments (+10.1% and +11.2%, respectively) and disciplined diesel price fluctuation recoveries.

Despite facing multiple challenges such as adverse weather, labour shortages, and cost pressures, Lindsay's diverse geographic presence, hybrid logistics offerings and delivery of organic growth enabled the division to achieve underlying EBITDA of \$48.3 million (38.8%).

Positive market dynamics arising from industry consolidation and equipment shortages have assisted in mitigating some of the headwinds impacting the logistics sectors.

LINDSAY RURAL

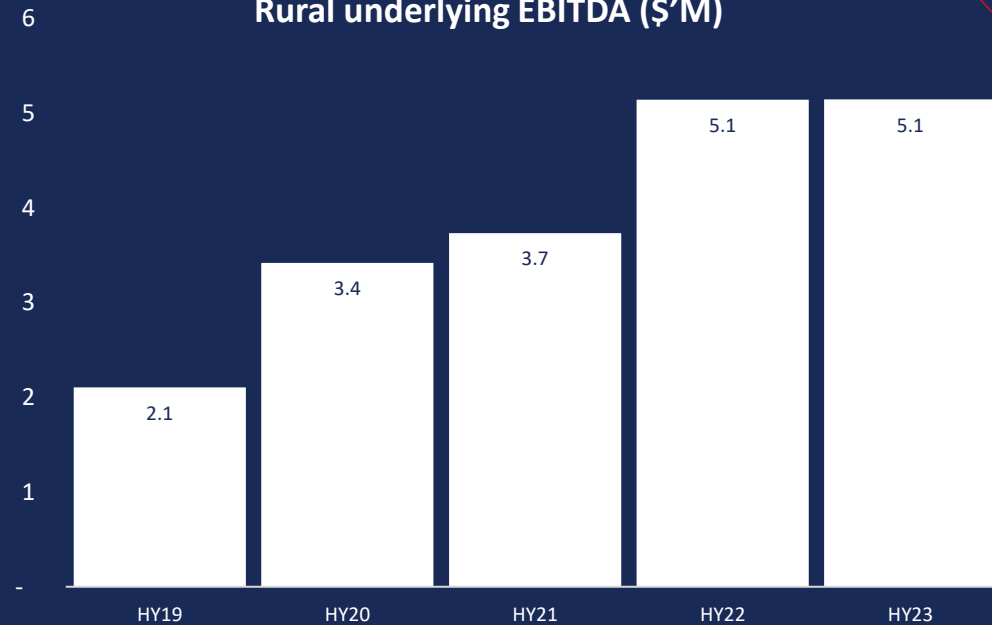
Rural external sales (\$'M)



Rural generated sales of \$87.1m, 5.6% up on the prior period despite some regions facing decreased demand due to unfavourable weather conditions.

The decline in demand was offset by the Division's efforts to expand its sales team and increase market share with existing customers through broader product offerings. No new stores were brought online during the period.

Rural underlying EBITDA (\$'M)



Rural's underlying EBITDA of \$5.1 million was on par with the prior period as shifts in product composition and inflationary cost pressures offset gains in sales.

To mitigate weather-related risks and reduce seasonal earnings, Rural aims to expand its geographical reach. In 2023, Rural intends to open a store in Invergordon, serving the broader area. The Group continues to evaluate organic and inorganic growth opportunities.

OUTLOOK



Lindsay remains confident of delivering Underlying EBITDA of between \$68 million and \$71 million in FY23.

The recent departure of a major player in the refrigerated transport market combined with further industry consolidation has resulted in an unprecedented surge in demand for logistics services. Lindsay is exploring several options to service the surge in demand in the market.

The Rural division is likely to face persistently challenging operating conditions in the upcoming months, as agricultural production in various growing regions gradually recovers from weather related disruptions.

The Group will continue to assess M&A opportunities that have a strategic fit, are earnings accretive and further diversify the Group's geographical reach and range of services.



CONTACT US

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APPENDIX

RECONCILIATIONS

Underlying results

1H 2023 (\$'000)	EBITDA	EBIT	Profit Before Tax	NPAT
Statutory Result	49,024	28,760	24,050	16,817
Depreciation right of use properties	(5,239)		-	-
Finance costs right-of-use properties	(1,591)	(1,591)	-	-
AASB 16 profit impact	602	602	602	602
Notional tax at 30%	-	-	-	(181)
Underlying Result	42,796	27,771	24,652	17,238

1H 2022 (\$'000)	EBITDA	EBIT	Profit Before Tax	NPAT
Statutory Result	39,200	20,043	17,503	12,235
Depreciation right of use properties	(5,070)			
Finance costs right-of-use properties	(1,727)	(1,727)		
AASB 16 profit impact	893	893	893	893
Reversal of fuel tax credit provision related to prior years	(1,866)	(1,866)	(1,866)	(1,866)
rever interest expense on fuel tax credit assessment related to to prior years			(1,546)	(1,546)
Notional tax at 30%				756
Underlying Result	31,430	17,343	14,984	10,472

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 2023 Half-Year Report for full details of underlying adjustments.

Key finance metrics

Net Borrowings (\$'000)	1H 2023	1H 2022
Reported borrowings	27,761	24,369
Lease liabilities	174,031	177,574
Property lease liabilities	(74,787)	(81,264)
Cash	(35,977)	(17,290)
Net Borrowings	91,028	103,389
Underlying EBITDA (LTM)	71,441	50,539
Net Leverage Ratio¹	1.27	2.04

ROIC (\$'000)	1H 2023	1H 2022
Net Borrowings	91,028	103,389
Equity	114,780	99,755
Invested Capital	205,808	203,144
Underlying EBIT (LTM)	41,998	22,941
ROIC²	20.5%	11.3%

EPS (\$'000)	1H 2023	1H 2022
Underlying NPAT	17,238	10,472
Weighted Average SOI	302,409	300,350
EPS³ (CPS)	5.7	3.5