

ASX: LAU

28 August 2023

ASX Announcement

FY2023 Result Presentation - Lindsay Australia Limited

Attached is Lindsay Australia Limited's Results Presentation for the financial year ended 30 June 2023.

Authorised for release by:

Release authorised by Lindsay Australia Limited Board of Directors.

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Clay McDonald (CEO) & Justin Green (CFO)



LINDSAY AUSTRALIA
RESULTS PRESENTATION FY2023 (ASX: LAU)

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Information contained in this presentation has not been audited. Notwithstanding this, the presentation contains disclosures which are extracted or derived from the Annual Financial Report for the year ended 30 June 2023 which was reviewed by the Group’s independent auditor.



OVERVIEW

GROUP AT A GLANCE FY2023

350

TRUCKS

700

REEFER TRAILERS

+650

CONTAINERS

+31

SITES & STORES

+3.3k

CUSTOMERS

+65m

TRUCK KMs P.A.

+70m

RAIL KMs P.A.

1,650

EMPLOYEES

+\$670m

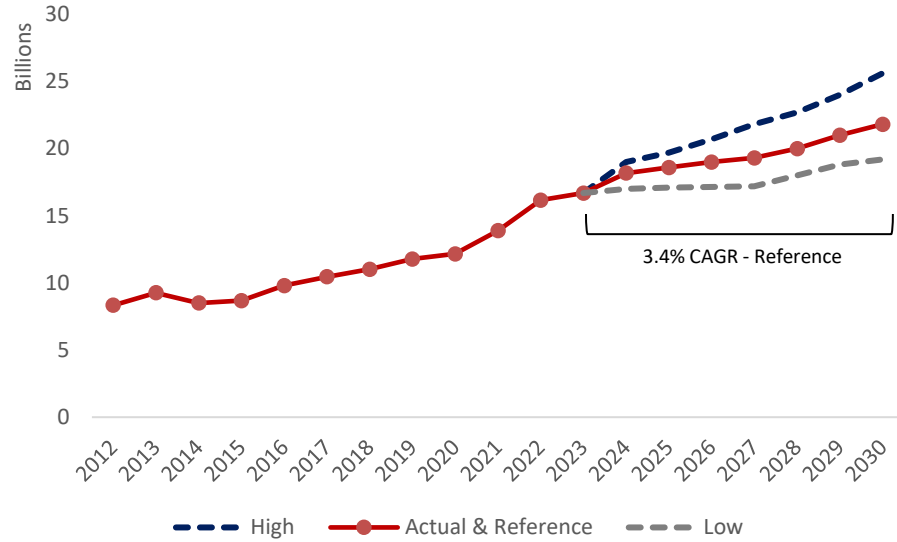
GROUP REVENUE



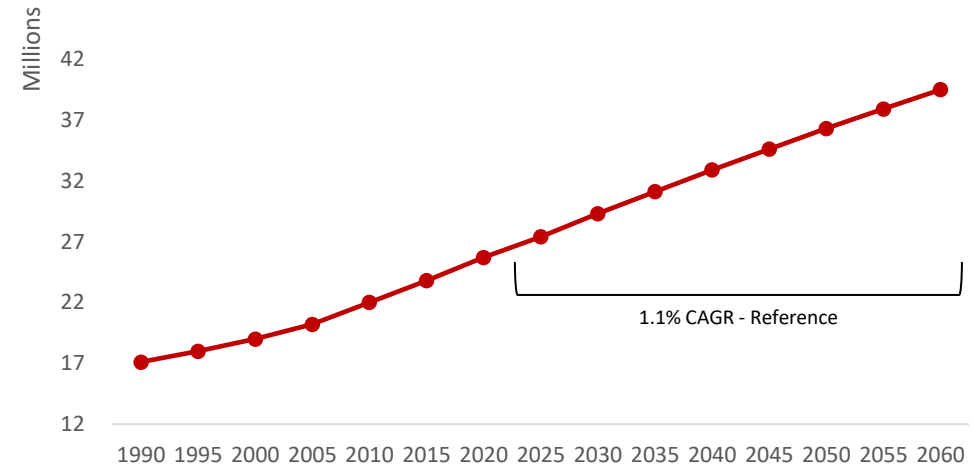
STRONG MACRO CONDITIONS

1 Centre for International Economics (CIE), Contribution of Australian horticulture industry (July 2023)
 2 Australian Treasury, Intergenerational Report (2023)
 3 BIRTE, Australian aggregate freight forecasts (November 2022)

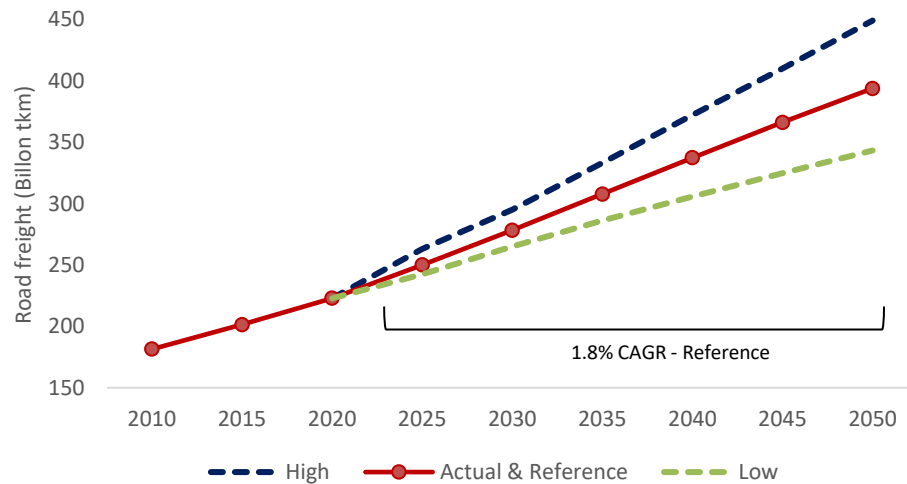
Projected horticulture GVP forecasts¹



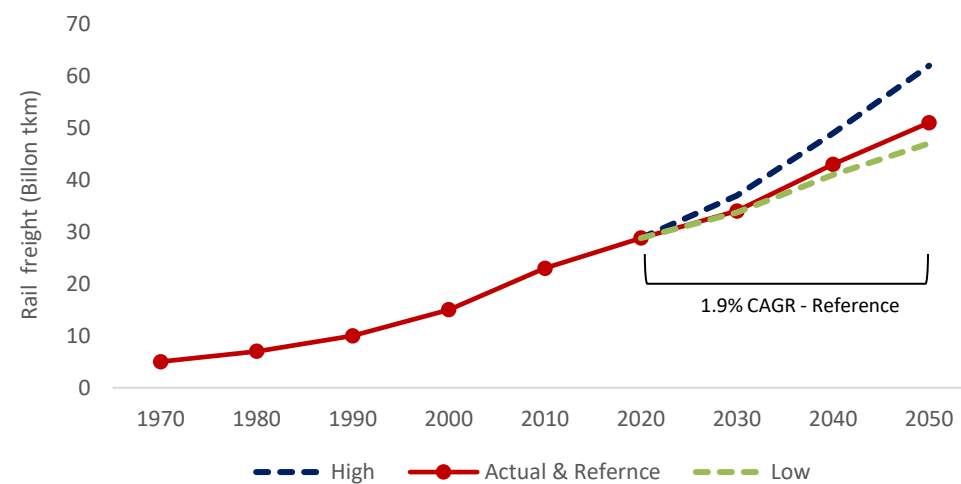
Population level projections²



Forecast aggregate road freight volumes³



Forecast interstate non-bulk rail freight volumes³



STRATEGIC HIGHLIGHTS

ROAD

RAIL

RURAL

KEY TARGETS

- 1/ Organically grow road volumes & inorganically diversify
- 2/ Add additional cold chain capacity
- 3/ Fleet expansion & replacement

- 1/ Develop rail solutions for customers
- 2/ Increase rail capacity, service frequency & destination options
- 3/ Improve utilisation

- 1/ Expand into new regions & markets
- 2/ Increase market share
- 3/ Broaden product offering

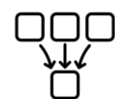
PROGRESS

- 1/ Volumes moved up +25% 2H vs 1H, continuing to explore M&A opportunities
- 2/ Additional cold chain capacity in Adelaide, Bundaberg, Mackay & Melbourne (Q2 FY24)
- 3/ Increased road fleet: 44 Trucks, 80 Trailers & continued replacement program

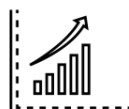
- 1/ Increased rail fleet 404 to 650¹
Melbourne rail depot (Q2 FY24), search underway for new Perth site
- 2/ Increased rail revenue to 25% of total Transport revenue

- 1/ WB Hunter acquisition adds strategic entry point into VIC and NSW, exploring further M&A opportunities
- 2/ 4% growth in FY23
- 3/ Acquisition broadens product offering, exploring alternative offerings

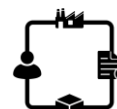
INDUSTRY DYNAMICS



Industry consolidation



Rising output & demand



Supply chain resilience



Labour shortages



New rail operator entering market



Rising competition

KEY HIGHLIGHTS

Road, Rail & Rural strategy sets platform for transformative year

OPERATING REVENUE \$676.2m up 22.3%	UNDERLYING EBITDA¹ \$90.3m up 50.2%	UNDERLYING PBT¹ \$52.3m up 95.2%	NET DEBT² \$107.1m up 8.1%	LTIFR³ 11.1 down 27.3%
NET LEVERAGE RATIO⁴ 1.19x down 27.9%	ROIC⁵ 24.8% up 58.5%	UNDERLYING EPS¹ 12.1 cps up 95.3%	FULL YEAR DIVIDEND 4.9 cps up 53.1% (Final 3 cps franked, interim 1.9 cps unfranked)	FTEs⁶ 1,592 up 6.6%

Notes:

¹Refer 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 with the adoption of AASB 16.

³ Lost Time Injury Frequency Ratio (LTIFR) on a rolling 12 month basis.

⁴ Net Leverage ratio = Net Debt/Underlying EBITDA as at 30 June 2023/2022.

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

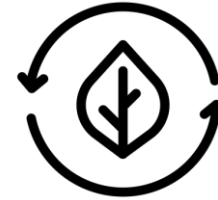
⁶ FTE – Full-time equivalent employee.

SAFETY & SUSTAINABILITY



Safety & Compliance

- Ongoing investment in team, resources, and technology.
- "Seeing eye" machines installed in 100% of our prime movers.
- Consistent replacement program to integrate the latest safety features into our fleet.



Sustainability

- Developing an ESG strategy and roadmap to 2030.
- Completed FY2022 Carbon Footprint analysis.
- Increase freight movements on rail; 4x¹ more carbon friendly than road. Implementation of larger more efficient trailer combinations.
- 12% of Prime Mover fleet using Euro 6; replacement program will continue to cycle more Euro 6 units over time.

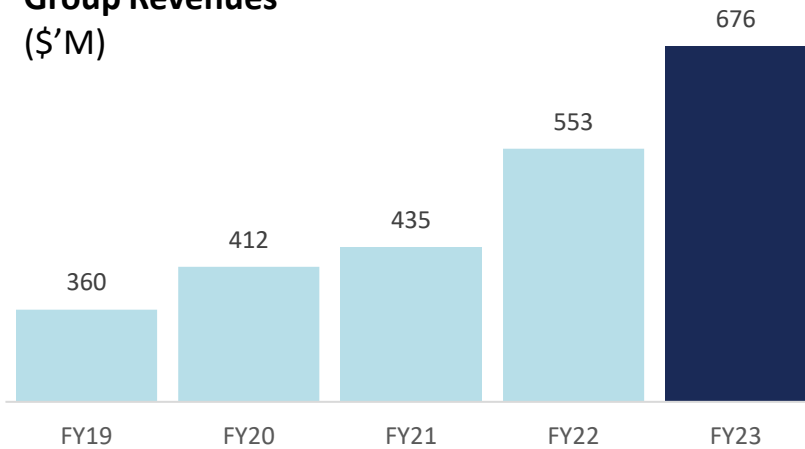


FINANCIAL HIGHLIGHTS

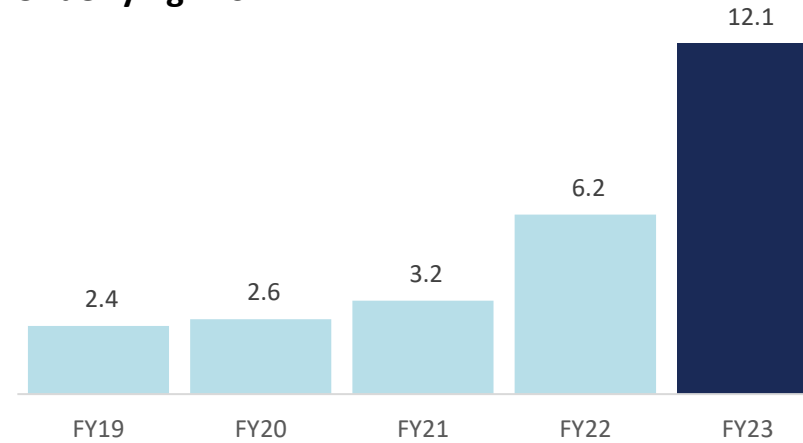
FY2023 KEY HIGHLIGHTS

Road, Rail & Rural strategy sets platform for transformative year

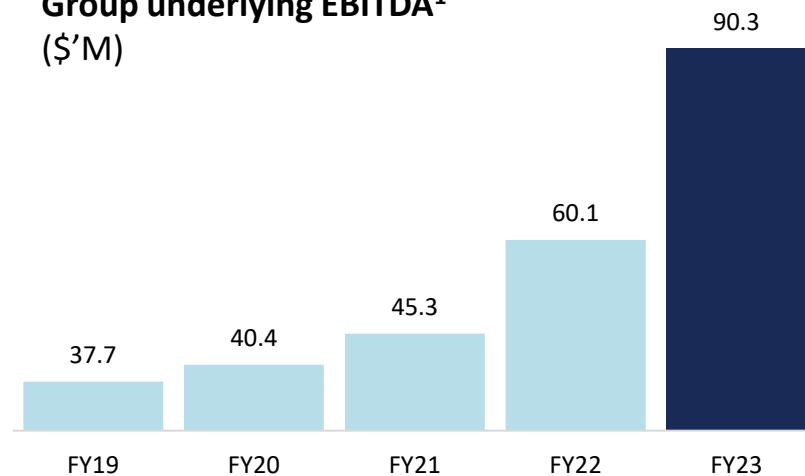
Group Revenues (\$'M)



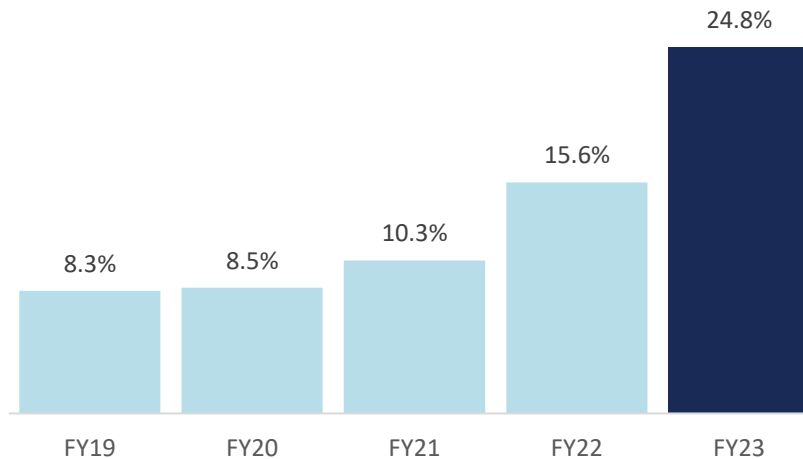
Underlying EPS¹



Group underlying EBITDA¹ (\$'M)



ROIC²



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

GROUP PERFORMANCE

FY23 underlying EBITDA¹ Bridge (\$'M)



Transport Dynamics



Rural Dynamics




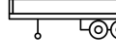


COMMENTARY

- Transport** delivered record EBITDA¹ up 52.7%, driven by strong contributions from the Road and Rail divisions, supported by positive industry dynamics, sustained investment and nationally diversified network.
- Rural** EBITDA¹ down 9.5% in a challenging backdrop of trading conditions, the division's focus on horticulture markets limited downside exposure.
- Corporate** costs increased \$3.5m as the Group continued to build out our management team and internal capabilities.

Notes:

¹ Underlying figures exclude the impact of AASB 16 and significant items that are non-recurring or items incurred outside of ordinary operations.

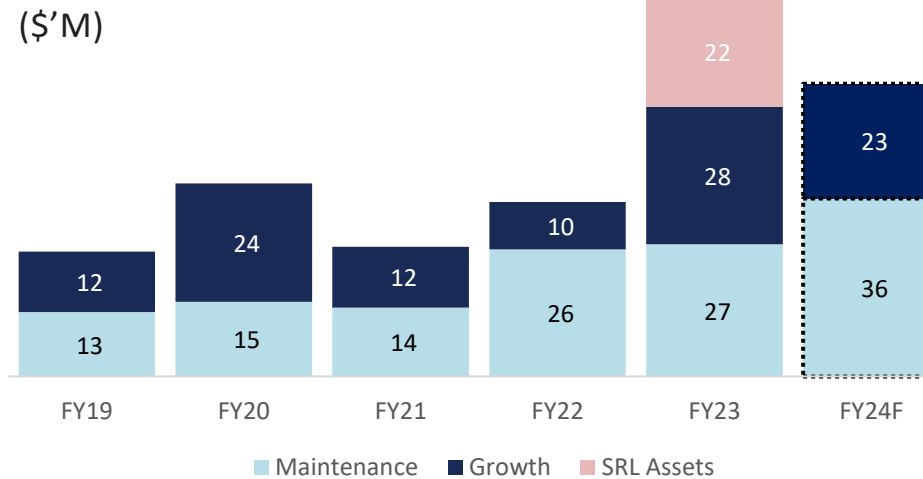
CAPITAL EXPENDITURE

KEY CAPITAL ITEMS	FY2023 ¹	FY2024F
 Prime Movers	\$27.5m	\$21.7m
 Reefer Trailers	\$21.0m	\$18.4m
 Rail Assets	\$15.2m	\$9.4m
 Facilities	\$3.2m	\$4.0m

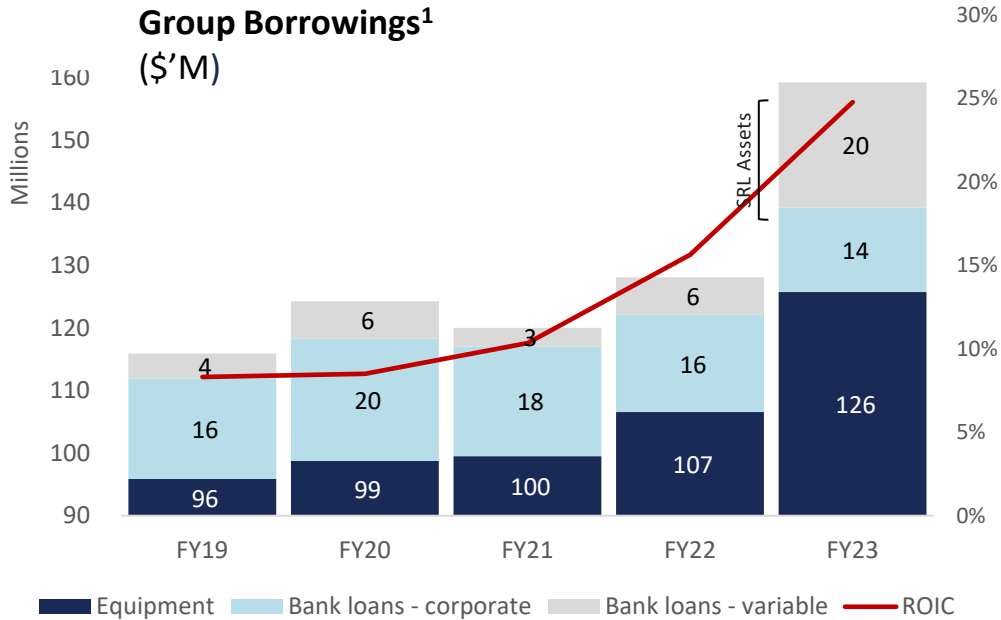
COMMENTARY

- Consistent investment in maintaining and expanding fleet.
- Acquired \$22.3m in second hand assets post the collapse of major refrigerated competitor, Scotts Refrigerated Logistics (SRL).
- Forecast \$36m maintenance capex for prime mover and rail fleet and \$23m growth capex on new trailing equipment and facilities in FY24.
- Capital allocation remains focused on delivering long run sustainable returns.

CAPITAL EXPENDITURE



BORROWINGS



Improving Metrics

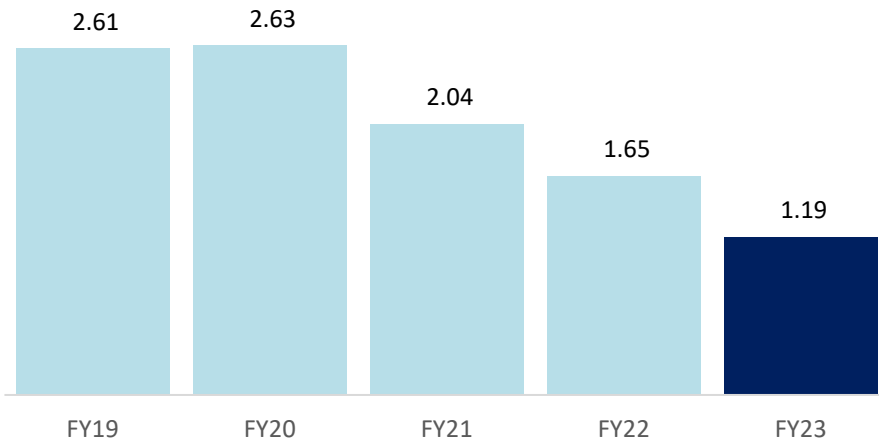
- Disciplined capital allocation combined with earnings growth delivered record net leverage of 1.19x [Target <1.5x].
- Record ROIC of 24.8% attributable to strategic capital investments and strong returns.



Borrowings

- Borrowings rose \$31.1m to \$159.0m.
- Funded \$20m of the SRL asset purchase and \$48m in new equipment finance.
- Comfortable headroom exists to fund future planned capex programs.

Net Leverage Ratio²



Balance Sheet

- Strength of balance sheet and borrowing capacity provides flexibility to capitalise on future opportunities.

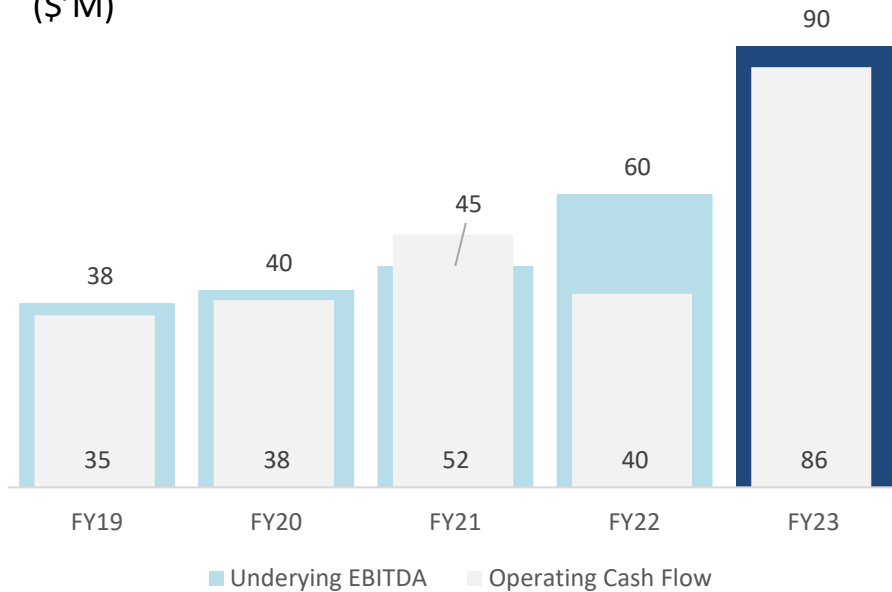
Notes:

¹ Group borrowings excludes property/other lease liabilities accounted for under AASB15.

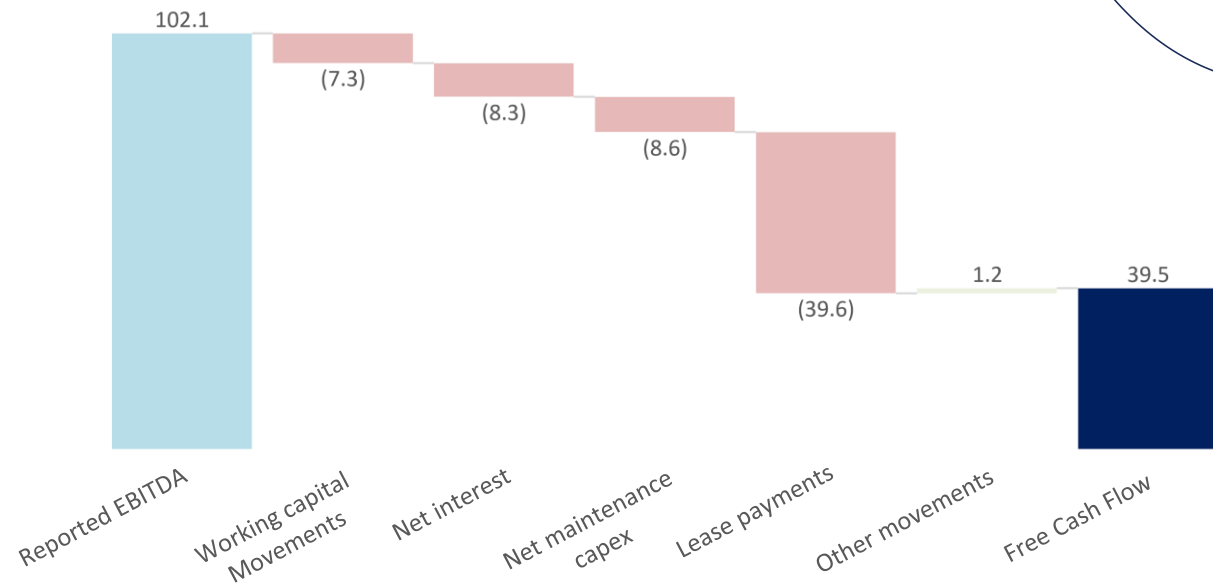
² Net debt excludes property/other lease liabilities recognised with the adoption of AASB 16.

CASH FLOW

Operating Cash Flow (\$'M)



Free Cash Flow¹ (\$'M)



Cash Conversion

- 95% operating cash conversion.
- Generated \$39.5m in free cash flow¹.
- Projected positive cash flow will sustain our maintenance programs, drive growth initiatives, and return additional capital to shareholders.



Deferred tax

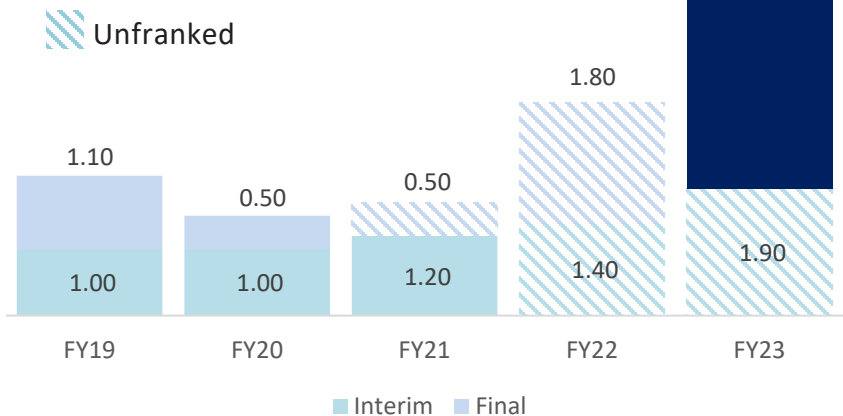
- No tax payments made in FY23 due to the temporary full expensing (TFE) incentives, leading to a \$15m DTL.
- With TFE concluding in FY23, forecast increased tax payments from FY24 as the \$28m DTL linked to TFE unwinds.

Notes:

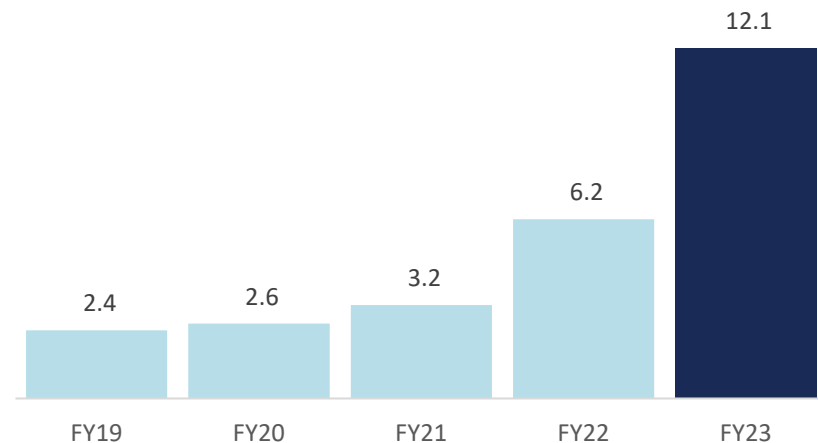
¹ Free cash flow = Operating cash flow – maintenance capex – lease payments. Maintenance capex excludes \$3.1m in equipment loans related to asset finance. The associated repayments of \$1.7m are included in lease payments.

DIVIDENDS

Dividends per Share (cents)



Underlying EPS¹



Dividends

- Declared final 3 cps dividend (fully franked) up 53% on the prior year and a payout ratio¹ of 41%.
- Acquisition of WB Hunter provides access to \$8.1m in franking credits.
- Future dividends expected to be fully franked.



Capital Allocation

Capital allocation framework:

1. Fund on-going maintenance capex requirements
2. Growth & transformation initiatives
3. Return surplus capital to shareholders, currently through dividends

Notes:

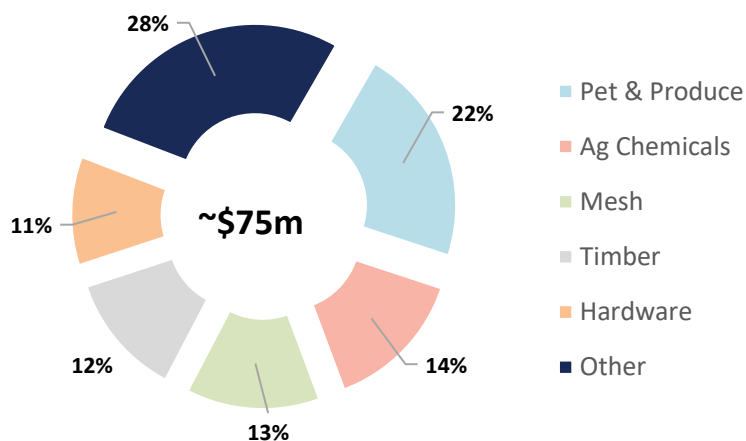
¹Refer to Appendix 1 for reconciliation of underlying figures. Underlying figures exclude the impact of AASB 16 and significant items that are non-recurring or items incurred outside of ordinary operations.

WB HUNTER ACQUISITION

Rural Sales (\$'M)

Pro forma (PF)	Lindsay Rural FY23	Hunter FY23PF	Rural Division FY23PF
Revenue	\$163.0m	\$100.3m	\$263.2m
EBITDA	\$9.9m	\$5.5m	\$15.4m

Retail Store¹ Sales Mix (%)



Key Metrics

- Acquired for an enterprise value of \$34.6m in August 2023.
- Expected to deliver high single digit accretion pre-synergies in pro-forma FY24.
- Low capital requirements with strong ROIC.



Diversified products

- Diversified product and service offering.
- Cross sell & synergy opportunities to leverage increased product range across both businesses to provide customers better services.



Region expansion

- Strategic entry point into northern Victoria & southern New South Wales across Hunter network of 8 stores.
- Platform to continue to expand Rural division across new markets through a trusted brand.

Notes:

¹Excludes commodity division sales

OUTLOOK



Market Dynamics

- Market dynamics remain positive.
- Strategically positioned to capitalise on current market opportunities, leveraging our scale, reach and unique service offering supported by the strength in our balance sheet.
- Anticipate further industry consolidation in both Transport and Rural sectors.



FY2024 outlook

- Continued momentum from FY23 into early FY24.
- Focus on enhancing operating efficiencies, reducing core business costs, and pursuing value-adding greenfield, transformational, or bolt-on acquisition opportunities for sustainable growth.





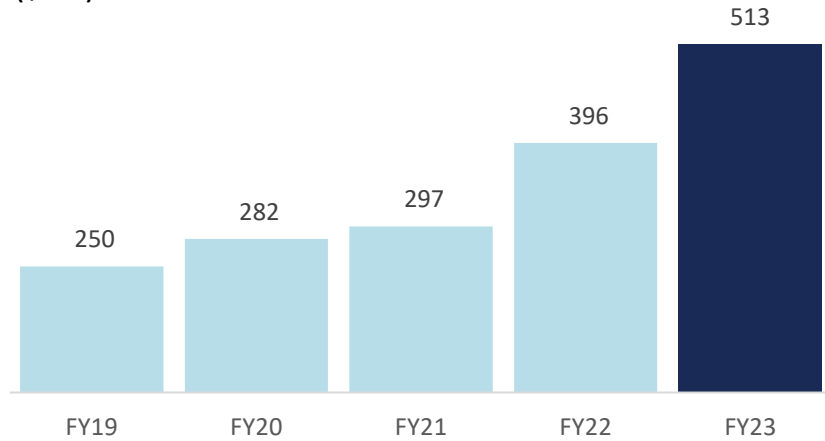
APPENDIX

SEGMENT PERFORMANCE

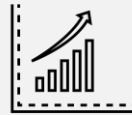
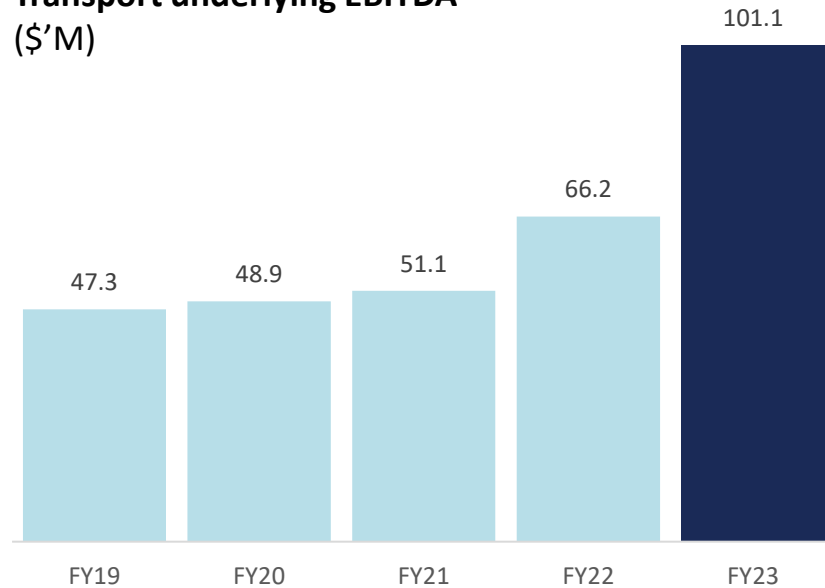


LINDSAY TRANSPORT

Transport Revenue (\$'M)



Transport underlying EBITDA¹ (\$'M)



Surge in demand

- Transport's revenues grew 29.5% driven by significant demand in road and rail services, industry consolidation and high fuel levy recoveries due to increased diesel prices.
- Achieved a record EBITDA of \$101.1m (+52.7%) due to rail expansion, road investment, and geographical diversification, further amplified by the exit of a key competitor.



Rising cost of doing business (CODB)

- Experiencing CODB rises driven by inflation, supply constraints, and labour shortages.
- CODB counteracted through price recovery, targeting high value work and streamlining operations.
- Supply has started to reenter the market, creating pressure on rates on some freight lanes.
- Continue to differentiate offering high quality services through our national network and unique integrated service offering to sustain and capture market share.



Cold chain capacity

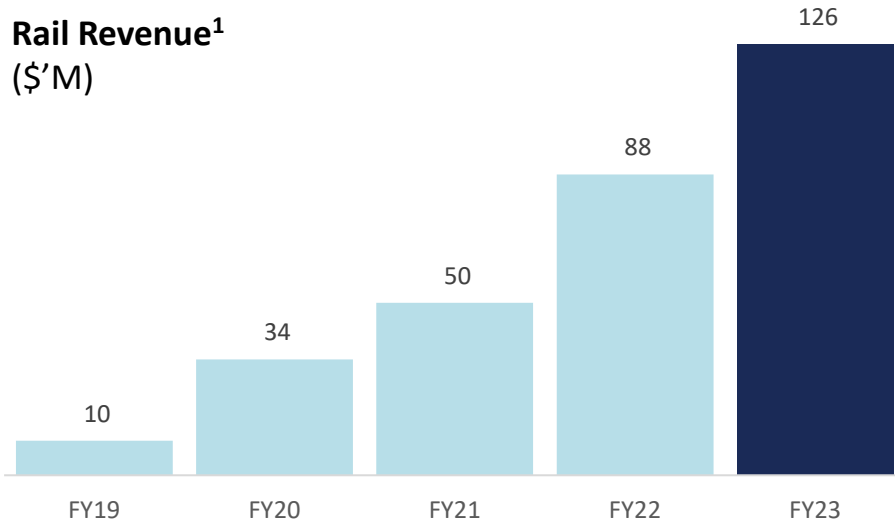
- Growth in some regions limited by available cold chain capacity.
- Expanded capacity in Adelaide (Q1 FY24), Bundaberg, and Mackay; a second Melbourne location is underway (Q2 FY24), bolstering our capability for future growth.
- Prioritising the establishment of a new site in Perth, targeting the end of 2024 to significantly boost our rail capacity.

Notes:

¹ Underlying figures exclude the impact of AASB 16 and significant items that are non-recurring or items incurred outside of ordinary operations.

LINDSAY TRANSPORT

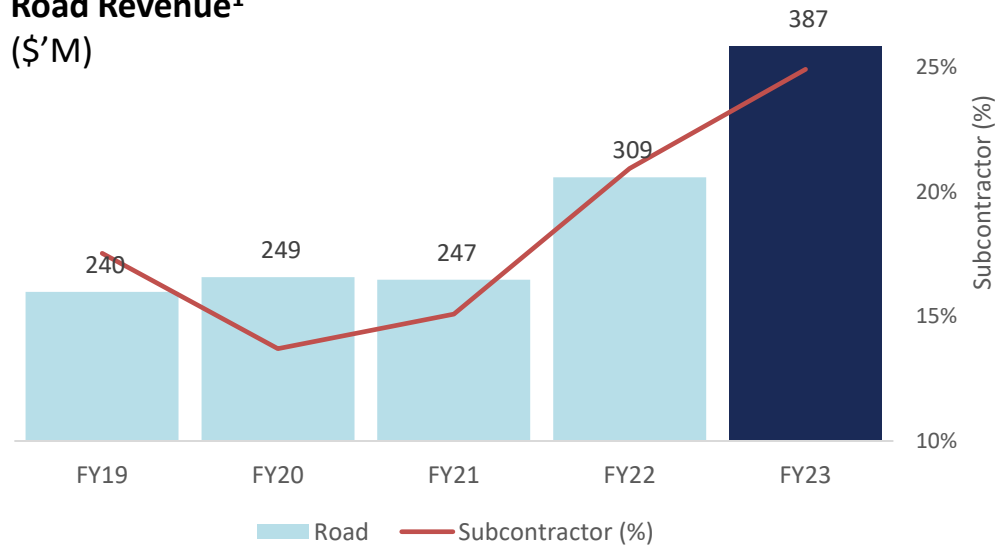
Rail Revenue¹ (\$'M)



Rail division

- Rail revenue rose 43.4% driven by consolidation, rising utilisation, high fuel recoveries and fleet expansion from 404 to 650 rail boxes.
- Continue to integrate recently acquired rail assets
- Additional facilities will boost rail capacity.
- Entry of additional rail operators into the non-bulk intermodal market will bring additional capacity to the sector.

Road Revenue¹ (\$'M)







Road division

- Road revenues up 25.6% benefitting from similar tailwinds to rail, expansion of road fleet by 44 prime movers and additional subcontractor usage.
- High demand for food-related products persists, as other segments of the logistics sector experience a downturn.
- Investment in larger road combinations and expansion of trailer fleet, will continue to improve utilisation and support increasing customer demand.
- National logistics capabilities and high service offering continues to differentiate from competitors.

Notes:

1 Revenue includes fuel recoveries

FLEET OVERVIEW

	KEY ASSETS	FY2022 Fleet Size [Avg Age]	FY2023 Fleet Size [Avg Age]	Expected Life
Road Assets	 Prime Movers	303 [4.4 yrs.]	350 [4.1 yrs.]	7 – 10 years
	 Reefer Trailers	620 [8.3 yrs.]	700 [8.0 yrs.]	+15 years
Rail Assets	 Reefer Containers	404 [2.5 yrs.]	650 ¹ [5.4 yrs.]	+15 years
	 Skel Trailers	185 [4.5 yrs.]	350 [10.0 yrs.]	+20 years



Capital investment

- Consistent investment in fleet ensuring safety, reliability and fuel efficiency [maintain prime movers < 5 years].
- Largest refrigerated fleet in Australia.
- Expansion into rail continues to drive ROIC with longer life and lower capital cost assets.



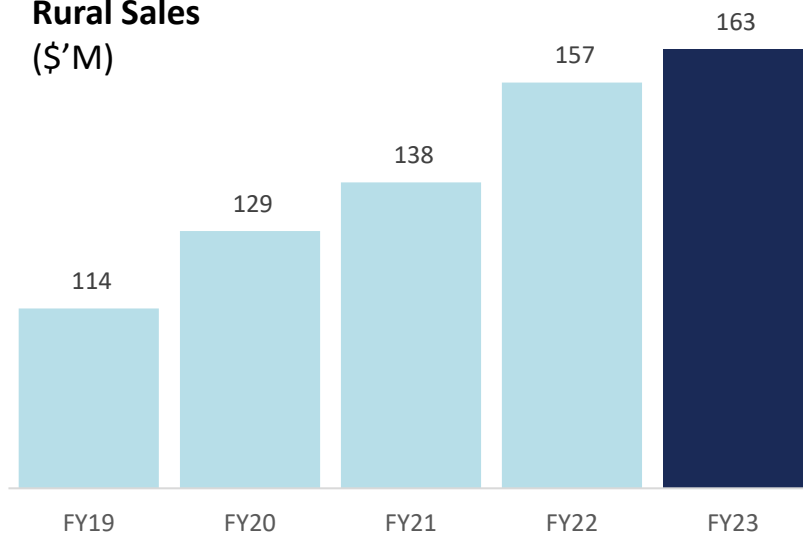
SRL asset acquisition

\$22.3m SRL Asset acquisitions included:

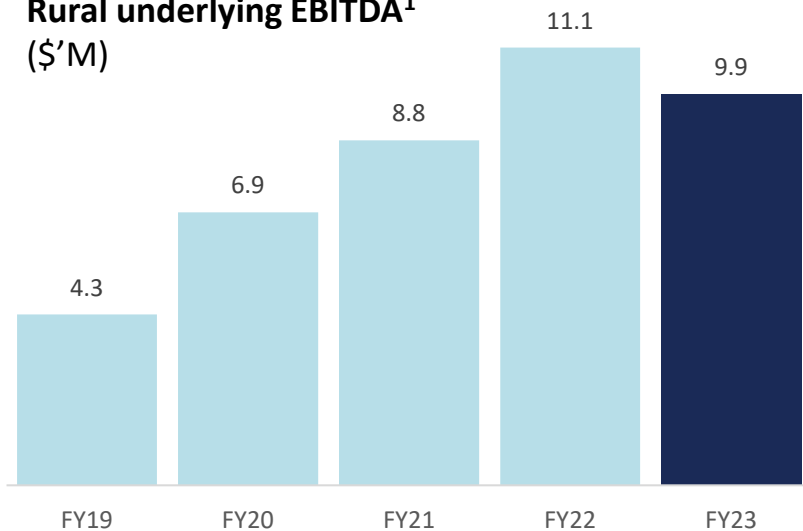
- 44 short haul prime movers
- rail assets including 372 containers (250 operational) and 185 skel trailers
- 22 local rigids and other support equipment

LINDSAY RURAL

Rural Sales (\$'M)



Rural underlying EBITDA¹ (\$'M)



Results overview

- Sales increased 4.0% to \$163.0m supported by expanded sales team and emphasis on high value horticulture regions.
- EBITDA¹ decreased 10.7% impacted by volatile price movements, inventory overhang in a declining market and rising CODB primarily related to wages and freight costs.
- Downside exposure from challenging trading conditions was limited due to the divisions focus on horticulture.



Integrated value

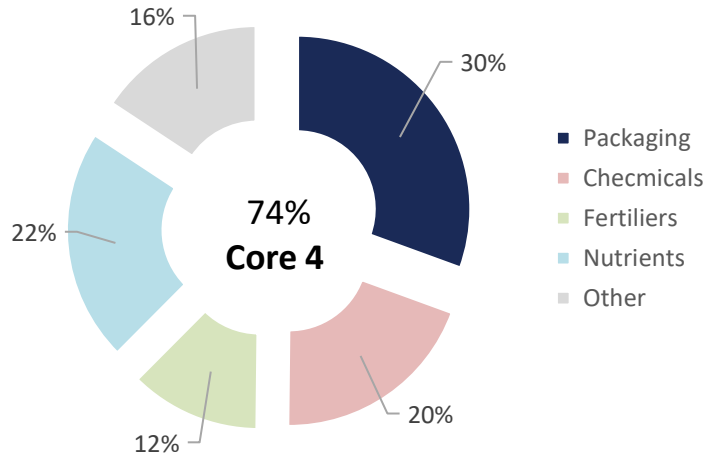
- Demand for Transport services positively benefitted Rural as customers look to bundle logistics and rural services together.
- Rural continues to drive utilisation of Transport services through the fruit loop by providing inputs into high output regions.

Notes:

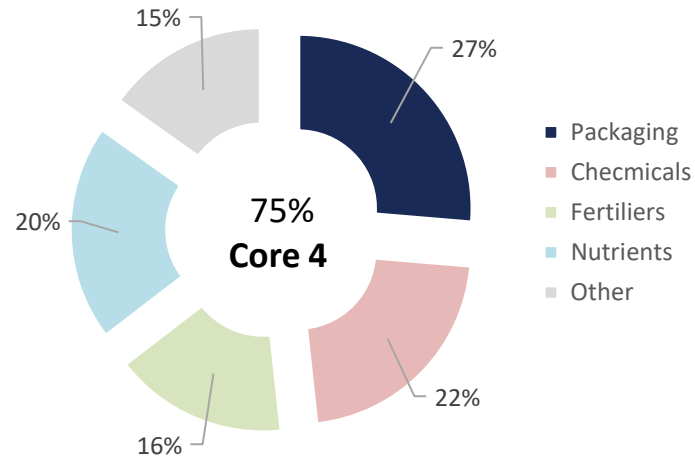
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LINDSAY RURAL

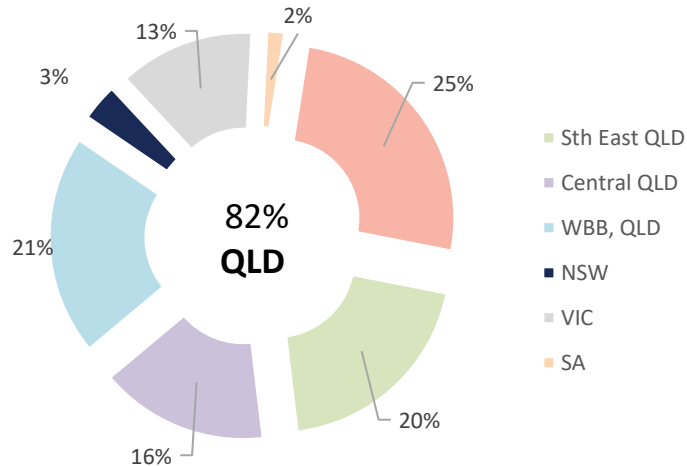
Rural FY19 Sales Mix (%)



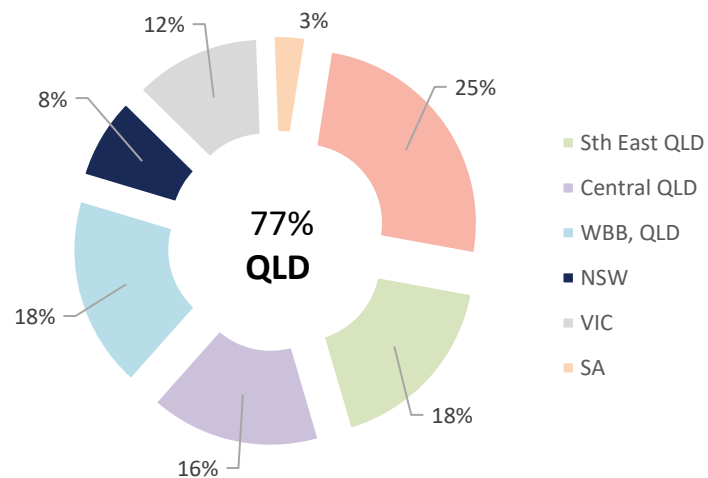
Rural FY23 Sales Mix (%)



Sales FY19 by Region (%)



Sales FY23 by Region (%)



Product Mix

- 75% of sales driven from core four (packaging, chemicals, fertilisers & nutrients).
- One of the largest independent packaging retailers in Australia.
- Hunter acquisition bolsters product offering.



Geographic diversification

- 77% of sales generated in Queensland.
- Horticulture focus limits exposure to downside risk of El Nino.
- Hunters acquisition decreases QLD concentration to 50%.

Notes:

Core 4 = Packaging, Chemicals, Fertilisers & Nutrients
WBB = Wide Bay-Burnett Region, Queensland

LINDSAY AUSTRALIA OVERVIEW



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



LINDSAY TRANSPORT – Providing total transport solutions



LINDSAY FRESH LOGISTICS – Managing storage and delivery



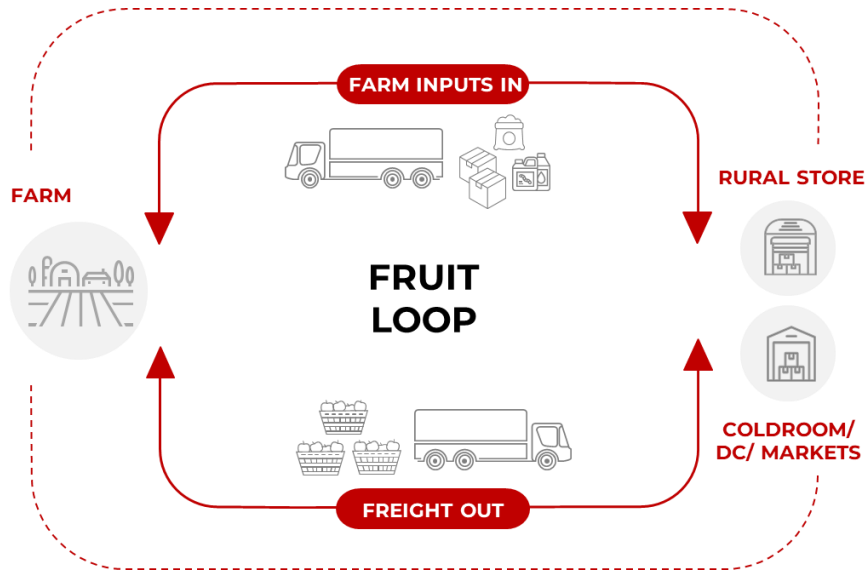
Core divisions, Rural and Transport (including Fresh Logistics) offer complementary products and services which support the key needs of customers throughout their production lifecycle.

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.

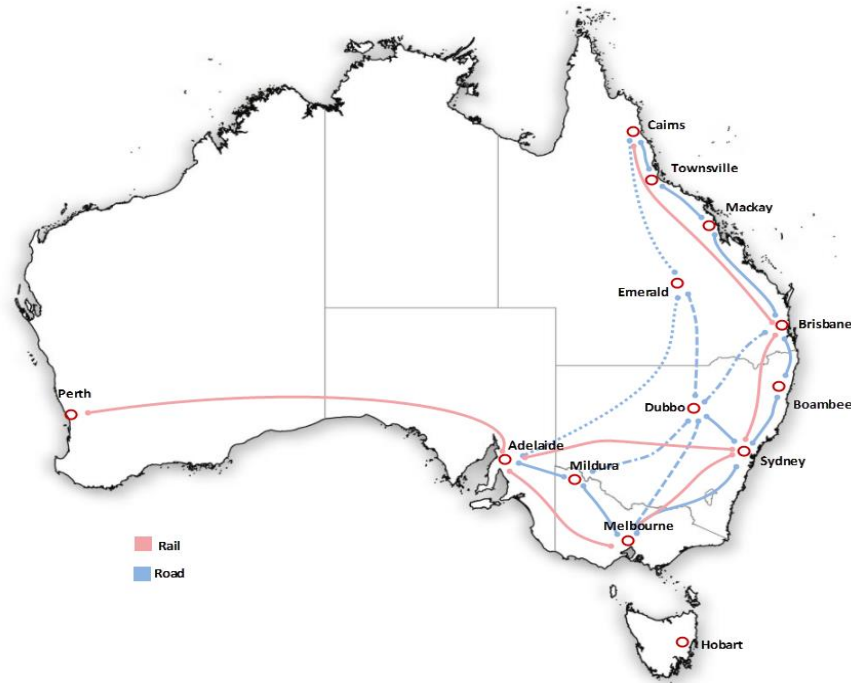
Lindsay's end-to-end solution is unique and offers customers a single point of contact.

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

350 PRIME MOVERS, 700 REEFER
TRAILERS, 450 REEFER CONTAINERS,
350 SKELS, 120 RIGIDS

1,650 EMPLOYEES – 850 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]

FY23 revenue	\$676.2m
FY23 underlying ¹ EBITDA	\$90.3m
Cash balance as at 30 June 2023	\$52.0m
Total borrowings ² as at 30 June 2023	\$159.0m
FY23 underlying ¹ earnings per share	\$0.121
FY23 dividends per share	\$0.049
Share price as at 25 Aug 2023	\$1.17
Shares on issue as at 25 Aug 2023	309.9m
Market Capitalisation	\$361.0m

12-month share price performance and volume



Board of Directors and Key Management

KMP	Role
Mr Ian Williams	Non-Executive Director & Chair
Mr Clayton McDonald	Chief Executive Officer
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	55.7m	18.0%
2	Mizikovsky Group	16.9m	5.5%
3	BKI Investment Company Ltd	16.8m	5.4%
4	Citicorp Nominees Pty Ltd	16.7m	5.4%
5	National Nominees Limited	15.8m	5.1%
Total Top 20		182.7m	60.2%

Notes:

¹ Refer to Appendix 1 for reconciliation of underlying figures

² Excludes AASB 16 property/other lease liabilities

³ As of 18th August 2023

RECONCILIATIONS

Underlying results

2023 (\$'000)	EBITDA	EBIT	PBT	NPAT
Statutory Result	101,294	58,461	49,397	34,517
Depreciation right of use properties	(10,704)	-	-	-
Finance costs right-of-use properties	(3,198)	(3,198)	-	-
AASB 16 profit impact	1,081	1,081	1,081	1,081
Fuel tax credit provision relating to prior years	(1,204)	(1,204)	(1,204)	(1,204)
CEO Transition	1,150	1,150	1,150	1,150
Facility reinstatement costs from Bundaberg Fire	583	583	583	583
ScottsRL asset acquisition costs	616	616	616	616
Merger & Acquisition costs	633	633	633	633
Notional tax at 30% on underlying adjustments	-	-	-	(858)
Underlying Result	90,251	58,122	52,256	36,518

2022 (\$'000)	EBITDA	EBIT	PBT	NPAT
Statutory Result	72,781	34,167	27,541	19,230
Depreciation right of use properties	(10,108)	-	-	-
Finance costs right-of-use properties	(3,373)	(3,373)	-	-
AASB 16 profit impact	1,503	1,503	1,503	1,503
Fuel tax credit provision relating to prior years	(1,866)	(1,866)	(1,866)	(1,866)
Interest on fuel tax credit assessment relating to prior years	-	-	(1,546)	(1,546)
Facility reinstatement costs	1,138	1,138	1,138	1,138
Notional tax at 30% on underlying adjustments	-	-	-	231
Underlying Result	60,075	31,569	26,770	18,690

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 Annual Report for full details of underlying adjustments.

Key finance metrics

Net Borrowings (\$'000)	2023	2022
Reported borrowings	45,916	32,570
Lease liabilities	188,120	173,905
Property & Other Lease Liabilities	(75,012)	(78,402)
Cash	(51,973)	(29,041)
Net Borrowings	107,051	99,032
Underlying EBITDA	90,251	60,075
Net Leverage Ratio¹	1.19	1.65

ROIC (\$'000)	2023	2022
Net Borrowings	107,051	99,032
Equity	127,372	102,915
Invested Capital	234,423	201,947
Underlying EBIT	58,122	31,569
ROIC²	24.8%	15.6%

EPS (\$'000)	2023	2022
Underlying NPAT	36,518	18,690
Weighted Average SOI	302,696	300,794
EPS³ (CPS)	12.1	6.2
DPS	4.9	3.2
Payout Ratio	41%	52%



CONTACT US

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