

ASX: CLX



Half year December 2020 Financial Results

February 2021



*This announcement has been authorised for release to
the ASX by the CTI Logistics Limited Board of Directors*

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1 December 2020 Headlines

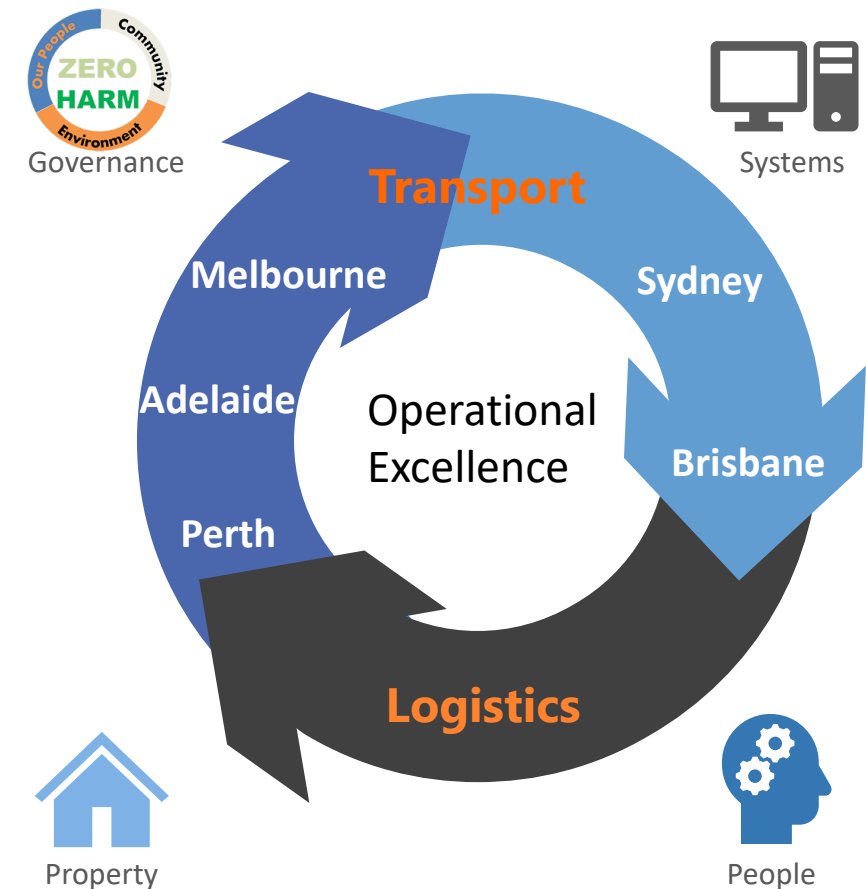
Strong cash flow, improved margins, operational investment

- ✓ **Strong cash flows:** Higher than expected margins in transport and logistics, increased volumes and significant operating leverage, as well as a strong focus on working capital and cost control
- ✓ **Debt reduction:** Long term debt reduction of \$7.8m, reducing gearing to 55% (including AASB 16 lease liabilities)
- ✓ **Additional activity:** Improving retail sales, increased activity within QLD warehousing, significant volume increases of interstate freight into WA and increasing online volumes had a positive earnings impact
 - This momentum more than offset the negative impacts of lockdown inefficiencies, driver shortages in WA, and supply chain disruptions due to interstate rail delays and cancellations
- ✓ **Improved utilisation:** Customers adjusted their supply chains in response to changing border restrictions by increasing product holdings across more locations, which resulted in improved warehouse utilisation
- ✓ **Upgraded sites:** Continued to grow the national footprint, including relocation of a CTI Interstate transport depot in NSW and a warehousing facility in SA to support immediate efficiencies and planned future growth
- ✓ **Investment:** Focused investment in transport equipment to improve utilisation and running costs

2 Strategic Direction

Profitable growth, maximise utilisation, national footprint

- **Drive earnings growth:** Organic growth amid increased demand for transport and logistics services across Australia, operational efficiencies, continued focus on winning quality revenue and maximising asset utilisation
- **National expansion:** Leverage the GMK flooring business and CTI Interstate freight footprint to continue the buildout of an integrated national transport and warehousing operation for local and national clients
- **Property portfolio:** Optimise the national property portfolio including owner-occupied property and quality leased facilities within strategic locations
- **Property returns:** Develop remaining 95,000sqm of strategic landholding at Hazelmere WA, consolidating complementary operations to reduce leasing footprint and drive productivity¹
- **Systems:** Implement industry leading integrated warehouse and transport management systems, supported by skilled personnel, to drive operational efficiencies and superior customer service



Note 1: Company-owned facility in Hazelmere WA presently covers 54,000sqm (total site is 149,000sqm)

3 December 2020 Financial Performance

Headline Results for the half year to 31 December 2020

Leasing standard AASB 16 adopted

Revenue

\$118.6m

FY19: \$109.8m Up 8%

EBITDA

\$19.7m

FY19: \$14.2m Up 39%

NPBT

\$6.8m profit

FY19: \$1.2m profit Up 453%

NPAT

\$5.2m profit

FY19: \$1.1m profit Up 362%

EPS

6.93 cps profit

FY19: 1.50 cps profit Up 362%

DPS

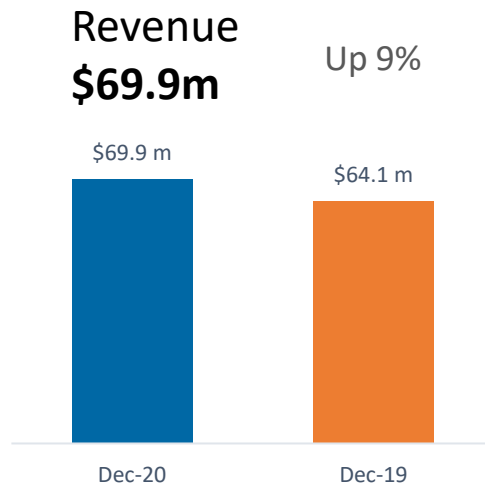
2.0 cps

FY19: 0 cps

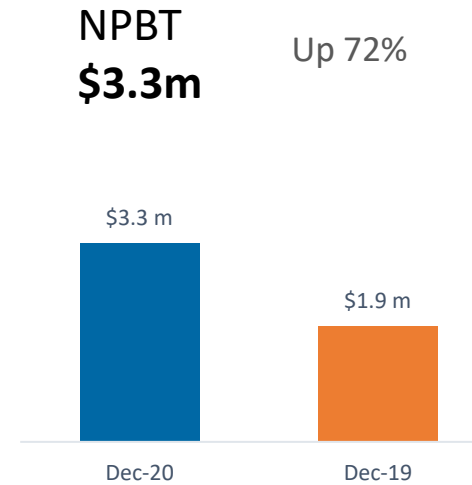
Note: December 2020 EBITDA and NPBT includes JobKeeper receipts of \$1.3m pre tax

4 December 2020 Financial Review

Transport Segment



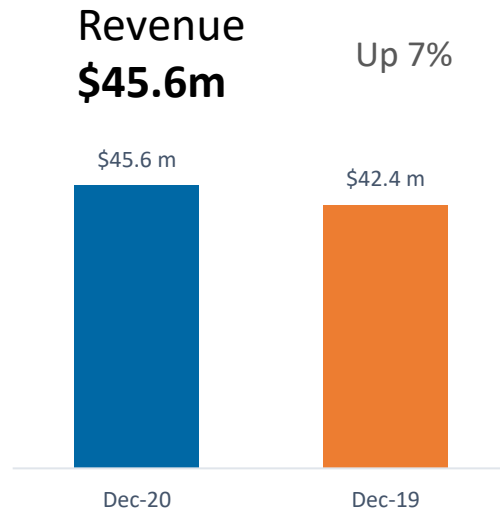
- Revenue up 9% on last year
- Interstate freight revenue has continued to grow on both new and existing lanes into WA
- WA metro and regional freight volumes have benefited from increased inbound volume into WA
- Parcel revenue has grown in part due to COVID activity and increased home deliveries
- WA courier volumes have fallen by 10%



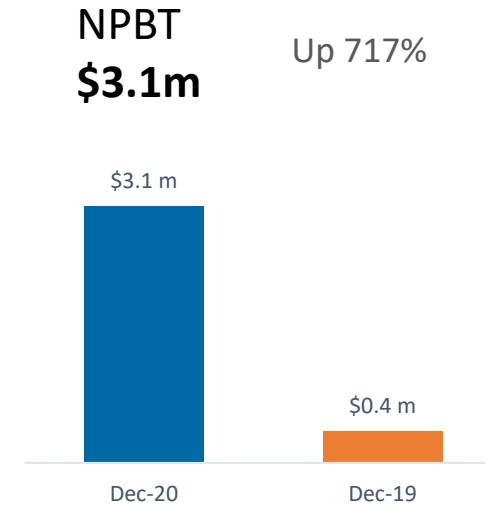
- The WA market has strengthened over the period
- Interstate freight margins have remained under pressure due to inefficiencies created from natural disasters and ongoing rail issues
- WA metro and regional freight margins have improved as a result of better quality of revenue and increased utilisation of equipment
- Parcel efficiencies remain under pressure in WA mainly as a result of increased volumes and significant driver shortages

4 December 2020 Financial Review

Logistics Segment



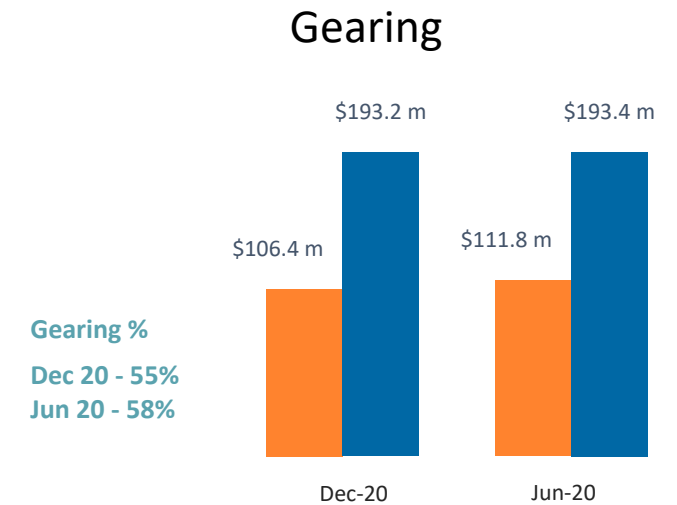
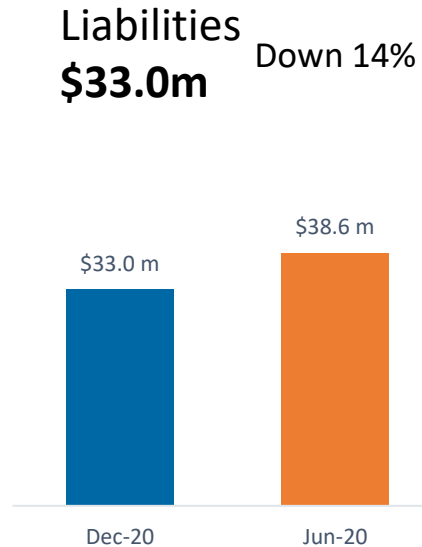
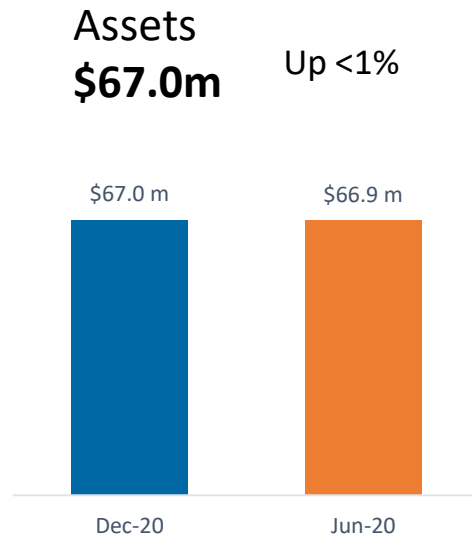
- Revenue for the segment for the December 20 half year is \$3.2m up on last year, spread across all sites nationally in part due to changes in customer supply chains as a result of COVID and new work
- Minerals and Energy activity decreased in line with expectations due to expected deferral of projects



- Flooring business operating leverage improved as a result of increased transport and warehouse utilisation in part due to COVID related activity
- Increased warehouse volume associated with changes to customer supply chains where local in-state storage was required due to COVID restrictions across state borders
- Growth in new markets including QLD and improved utilisation of existing WA facilities

4 December 2020 Financial Review

Property Segment



- No material movement in assets in the period
- CTI accounts for property at cost; at 31 December 2020 the property was valued at \$78.1m, amounting to \$11.1m of value not recognised on the Balance Sheet

- Reduction in liabilities due to the repayment of bank debt
- Backed by \$23.3m of land at Hazelmere WA site for future development
- Total bank borrowings excluding guarantees and lease liabilities is \$35.0m

- The gearing ratio after including AASB 16 lease liability has decreased to 55% following \$7.8m repayment of long-term debt in the period

■ Net debt - Total borrowings (including AASB 16 lease liabilities) less cash and cash equivalents
■ Total capital - Total equity plus net debt

4 December 2020 Financial Review

Consolidated Balance Sheet

	Dec 2020 (\$M)	June 2020 (\$M)	Commentary
Assets			
Cash and cash equivalents	6.3	7.6	➤ Strong cash generation during the period with focus on available cash to increase liquidity
Receivables and prepayments	30.9	29.9	➤ Debtors include trade and other receivables, prepayments and expected tax refunds
Inventories	0.2	0.2	
Current Assets	37.4	37.7	
Other	0.1	0.1	
Property, plant and equipment	88.4	90.0	➤ Movement includes \$2.8m of asset additions and net of disposals and depreciation for the period
Investment properties	2.2	2.2	➤ One remaining non-core investment property
Deferred tax assets	3.7	4.0	➤ Deferred tax asset including asset related to AASB 16
Right-of-use assets	46.2	43.2	➤ Right-of-use asset per AASB 16
Intangibles	31.9	32.8	➤ Goodwill, customer relationships, brand and trade names net of amortisation of intangible assets
Non-current assets	172.5	172.3	
Total assets	209.9	210.0	
Liabilities			
Trade and other payables	17.8	17.7	➤ Movement includes reduction in trade payable and accruals offset by increase in current tax
Loans and borrowings	2.0		➤ Short term portion of loans and borrowings
Lease liabilities	15.7	14.9	➤ Short term portion of lease liabilities per AASB 16 including hire purchase liabilities
Provisions	6.6	6.7	➤ Short term portion of leave provisions
Current liabilities	42.1	39.3	
Lease liabilities	45.4	44.1	➤ Long term portion of lease liabilities per AASB 16 including hire purchase liabilities
Loans and borrowings	33.0	42.8	➤ Repayment of \$7.8m of bank borrowings in the period net of \$2.0m classified as short term
Provisions and other liabilities	2.6	2.2	➤ Long term portion of leave provisions
Non-current liabilities	81.0	89.1	
Total liabilities	123.1	128.4	
Total net assets	86.8	81.6	➤ Increase in net assets as a result of the after tax profit for the period to 31 December 2020
Number of shares on issue	77.7	77.7	➤ No issue of shares during the half year to 31 December 2020
NTA per share at valuation (cps)	0.85	0.78	➤ \$11.1m of property value not recognised on the Balance Sheet

4 December 2020 Financial Review

Corporate Dashboard

Shareholders at 31 January 2021	Number of FPO	Percentage of Issued Capital (%)
1 David R Watson	25,335,776	32.60%
2 JP Morgan Nominees Australia Ltd	9,931,723	12.78%
3 Simon Dirk Kenworthy-Groen	3,906,399	5.03%
4 David A Mellor	3,712,564	4.78%
5 Parmelia Pty Ltd	3,488,551	4.49%
6 Bruce E Saxild	3,336,364	4.29%
7 CITI Corp Nominees Pty Ltd	2,550,426	3.28%
8 HSBC Custody Nominees Ltd	2,007,394	2.58%
9 Dixson Trust Pty Ltd	1,686,633	2.17%
10 NCH Pty Ltd	1,090,484	1.40%
Other	20,666,106	26.59%
Total	77,712,420	100.00%

Corporate Information

ASX Code	CLX
Shares on Issue	77.7M
Options on Issue	Nil
Share Price at 2 March 2021	\$0.83
Market Capitalisation	\$64.5M

CTI Logistics Limited – share price and trading volume



Source: asx.com.au

5 Customer Focused

CTI Logistics working with leading brands

STANLEY

FISHER & PAYKEL

SAMSUNG



syngenta®



koala

décor



ANACONDA

GODFREYS

Thingz

TOTAL TOOLS

MIGHTY HELPFUL
MITRE 10

BUNNINGS
warehouse

Target

coles

SPOTLIGHT
Savings Galore!

RED DOT

CAROMA



GOODYEAR

DUNLOP

KUMHO TYRE
Better, All-Ways

HANKOOK

Customer focus, operational efficiencies, property development

CTI Logistics: While first half trading was strong, we remain cautious on future trading conditions particularly in light of the COVID situation and progress of the economic recovery

WA Regional Freight: The business has been repositioned following a period of strengthening systems and processes, equipment renewal and network optimisation, which will allow CTI to continue to capitalise on improved volumes

Interstate Freight: Significant revenue growth has been achieved by focusing on growing new lanes and customer service, with the focus towards further improving freight profiles and margins following site relocations in WA and NSW

Cash Flow: Improved utilisation, receivables management and sustainable productivity measures have supported margins, providing for ongoing debt reduction in preparation for future investment

Warehousing: Continuing to take advantage of an enhanced system capability and national footprint to capitalise on a growing pipeline of opportunities expected to generate increased utilisation and margins

Flooring: Following improvement in transport utilisation and cost reductions, attention will be directed towards realising streamlined customer service and efficiencies from the recently installed operations system

Property Development: Planning and early preparation works are underway to expedite the development of company owned land at the strategically located Hazelmere WA site



CTI Wrapping Services



GMK Flooring Services

7 What we do

Transport

Couriers

- On demand express services
- Technical services (eftpos and computer swap-outs)
- Vehicles range from push-bikes in CBD to two tonne capacity

Taxi Trucks

- On demand express services
- Exclusive hourly hire services
- Vehicles range from two tonne capacity through to semi-trailers

Regional Freight

- Scheduled road services to South West and North West of WA
- Vehicles range from rigid to triple road trains

Fleet Management

- Provision of dedicated trucks and trailers on permanent hire

Parcels

- Same day and overnight distribution
- E-commerce “last mile” B2B and B2C
- One, two and three runs a day services

Interstate Freight

- Scheduled road and rail services to and from Perth, Adelaide, Melbourne, Sydney and Brisbane

Specialised Services

- Rail and wharf container handling
- Truck mounted cranes
- Tail lift vehicles
- Hot shot services



Upgraded Logistics Site
South Australia

7 What we do

Logistics

Warehousing

- 3PL, 4PL, supply chain and overflow warehousing
- Contracted distribution centre services
- Bulk product storage
- Consolidation services
- Cross Docking
- Temperature controlled and food grade (HACCAP)
- Specialised warehousing

CTI Projects

- Supply base warehousing and asset management
- Project labour services
- Plant and equipment hire
- Quarantine cleaning and fumigation
- Asset preservation shrink wrapping
- Minerals and energy projects

E-commerce Fulfilment

- Inventory storage and management
- Pick and pack
- Labelling, reworking and kitting
- Order shipments
- Reverse logistics management

Flooring Services (GMK)

- Specialised warehousing
- Carpet and vinyl cutting services
- Specialised Australia-wide distribution network

7 What we do

Other

Document Management

- Document and Sample Storage:
Secure storage, cataloguing and retrieval of documents, computer media and mineral samples
- Document Destruction:
Supervised destruction of documents/media and recycling within a closed loop service utilising CTI transport and warehousing facilities

Security

- Monitoring:
ASIAL A1 graded 24/7 control room monitoring of alarms, lone worker protection, medical alerts and CCTV video verification for CTI Security clients and third party security businesses
- Installation:
Installation and servicing of monitored alarms, CCTV and access control products for residential and commercial markets

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