

28 February 2020

Dear Shareholder

The Company has released its results for the six months to 31 December 2019.

Profit before tax for the period was \$1,236,999 (2018 - \$1,751,699) including the impacts of adopting AASB 16 Leases which reduced profit before tax by \$268,831. The profit before tax excluding the adoption of AASB 16 was \$1,505,830, down 63% on the previous corresponding period (2018 - \$4,091,669 after excluding the contingent consideration relating to the Jayde Transport acquisition of \$2,340,000). The result from operating activities excluding depreciation and amortisation expense in the Statement of Profit and Loss and Other Comprehensive Income ("EBITDA") for the half year was \$6,943,482 (excluding the impacts of adopting AASB 16 of \$7,239,172), down 29% on the previous period. Revenue from operations was down 1.8%, to \$109,814,663.

As advised in the Trading Update released to the ASX on 23 December 2019, our half year results have continued to be impacted by the state of the economy, particularly in Western Australia, with reductions in activity and margin pressure across a wide range of customers. Interstate freight was further impacted by natural disasters on the East coast, resulting in lower volumes and higher associated costs to maintain service levels. The Company continues to focus on cost reduction and productivity initiatives to improve margins.

During the period the Company has invested in growing our interstate freight operations in Melbourne, Sydney and Brisbane, including the relocation of two transport depots in Perth and Melbourne, as well as investing in information technology at GMK (specialised flooring logistics) and the warehousing divisions to enhance our operating systems and performance.

Although current market conditions have been challenging, the Company continues to generate strong cash flow and is well positioned to take advantage of and benefit from any uplift in the economy. Cash flow has been directed to targeted business investment and debt reduction following recent acquisitions.

Given the above results for the six months, the directors have not declared an interim dividend.

Yours faithfully



David Watson  
EXECUTIVE CHAIRMAN

This announcement was authorised to be given to the ASX by the CTI Logistics Limited board.