



Logistics Limited

FY24 RESULTS

28 August 2024



DISCLAIMER



Read this presentation with the financial statements: This presentation contains general and background information about CTI Logistics Limited (CTI, the Company), which is current as at the date of the presentation and should not be considered comprehensive or complete or to comprise all the information that an investor should consider when making an investment decision. It should be read in conjunction with the information provided to ASX, including the financial statements. CTI is not responsible for providing updated information and assumes no responsibility to do so, except as required by the Corporations Act.

No offer or investment advice: This presentation is not financial product advice, investment advice or a recommendation to acquire securities and has been prepared without considering the objectives, financial situation or needs of individuals. This presentation is not, and should not be considered as, an offer or an invitation to acquire securities in CTI or any other financial products and neither this document nor any of its contents will form the basis of any contract or commitment. This presentation is not a prospectus. Neither this presentation nor any of its contents may be reproduced or used without the prior written consent of CTI.

Forward looking statements: This presentation may contain forward looking statements and opinions. Any forward-looking statements, opinions or estimates provided in this presentation are based on assumptions and contingencies, which are subject to change without notice, as are statements about market and industry trends, which are based on interpretation of current market conditions. Any forward-looking statements, including projections, forecasts and estimates, are provided as a general guide only and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of CTI. Past performance is not necessarily a guide to future performance and no representation or warranty is made as to the likelihood of achievement or reasonableness of any forward-looking statement or other forecast.

Disclaimer: CTI and its related bodies corporate and each of their respective directors, agents, officers, employees and advisers expressly disclaim, to the maximum extent permitted by law, all liabilities (however caused, including negligence) in respect of, make no representations regarding, and take no responsibility for, any part of this presentation and make no representation or warranty as to the currency, accuracy, reliability or completeness of any information, statements, opinions, conclusions or representations contained in this presentation. This presentation does not constitute, and shall not be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of CTI.

FINANCIAL HIGHLIGHTS



Performance

Revenue growth

6.3%

\$321.2m

EBITDA growth

4.7%

\$55.9m

Capital Allocation

Dividend growth

5%

(10.5cps)

Capital
Investment

\$25.4m

Positioned to Execute

Low gearing⁽¹⁾

19%

Property value

\$136m

(\$1.70/share)

CORPORATE OVERVIEW

Building a diversified national transport and logistics company

About CTI Logistics (ASX:CLX)

CTI Logistics (CTI) is a growing and diversified company focussed on transport and logistics services across Australia and supported by significant owner-occupied property. CTI also provides information management and security services.

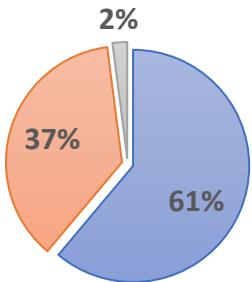
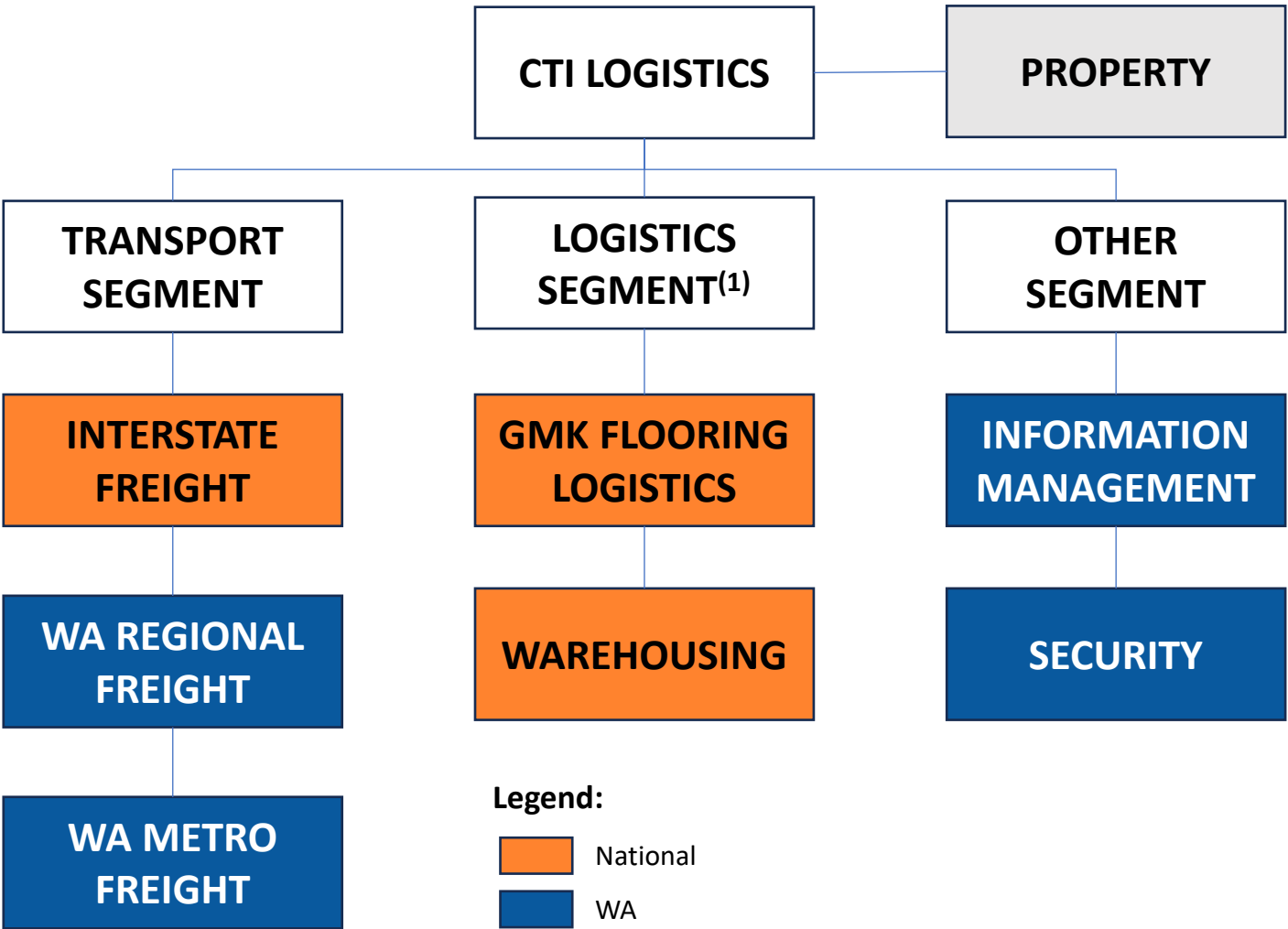
[Link: CTI Logistics 50 Year Video](#)

Board of Directors

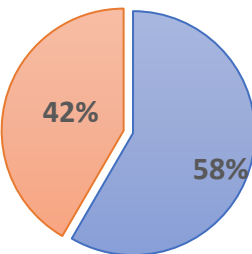
David Watson (Chairman)
David Mellor
Bruce Saxild
Owen Venter
Matthew Watson
William Moncrieff (Non-executive)
Roger Port (Non-executive)

Corporate Overview (28 August 2024)

Share price	\$1.84
Shares on issue	80m
Market capitalisation	\$147m
Net debt	\$29m
Enterprise value	\$176m
Dividend yield	5.7%
Top 20	75%
Board and management	40%



■ Transport Revenue
■ Logistics Revenue
■ Other Revenue



■ WA Revenue
■ East Coast Revenue

INVESTMENT CASE

Driving value through national scale, diversification and consistent returns



HISTORY OF EXECUTION

Consistent performance

- ✓ Strong 3-year Compound Annual Growth Rates (CAGR)
 - **Revenue 10%**
 - **EBITDA 14%**
 - **PBT 27%**

Capital allocation

- ✓ Earnings resilience from scale and diversification (geography, services and customers)
- ✓ Dividend payout ratio for FY24 is 51%, whilst investing in value accretive projects

Value creation

- ✓ Property development phase nearing completion
- ✓ Property valued at \$136m or \$1.70/share
- ✓ Selective capital recycling opportunities to facilitate growth and increase yield



FUTURE OPPORTUNITY

Consolidating freight industry

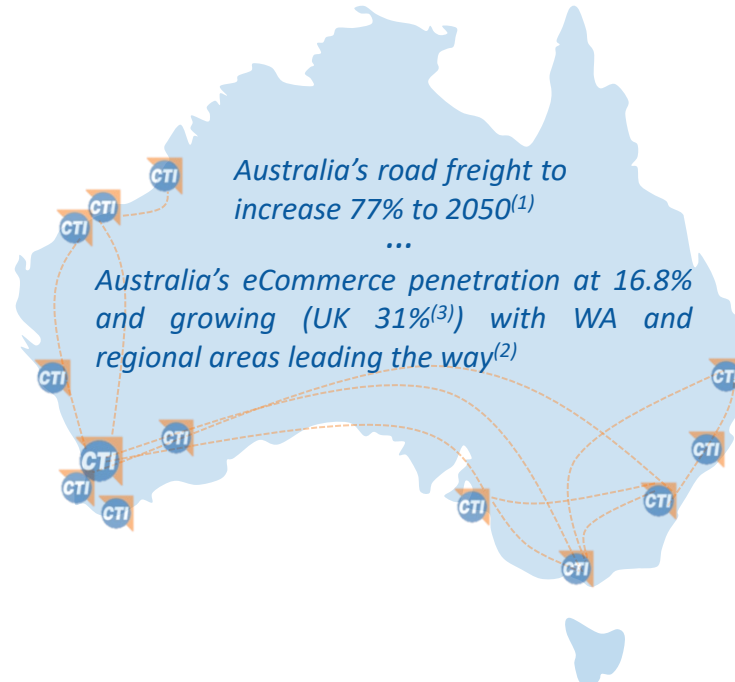
- ✓ Assessing a pipeline of opportunities against investment criteria, including national exposure
- ✓ Strong management team with integration experience and focussed on fundamentals

Positioned to execute

- ✓ Platform to grow following national capacity expansions and investment in property and fleet
- ✓ Consistent earnings profile and available credit
- ✓ Strong balance sheet with low gearing and debt underwritten by owned property

Systems investment

- ✓ Competitive advantage through data insights
- ✓ Significant ongoing investment in infrastructure
- ✓ Onboarding 'Business Analyst' skillset
- ✓ Customer supply chain visibility



Note 1: Source - Bureau of Infrastructure and Transport Research Economics

Note 2: Source - Australia Post

Note 3: Source - Statista

GROUP PERFORMANCE

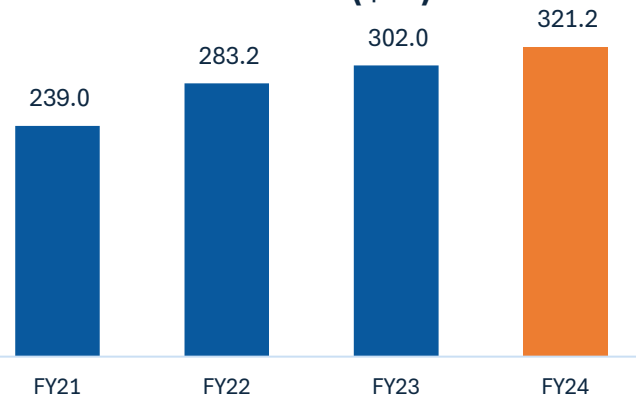


Strong revenue growth, targeted investments and increasing shareholder returns

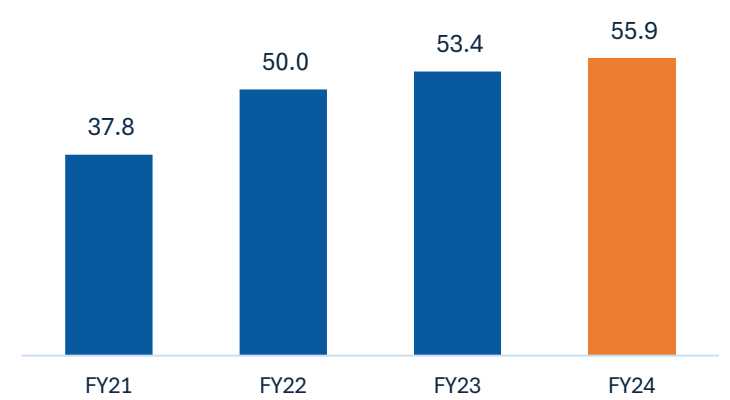
- **Revenue:** Strong growth across the year, both in transport and logistics segments
- **EBITDA:** Maintaining resilient EBITDA margins
- **PBT:** 2H24 marginally ahead of 1H24 and ~25% higher than 2H23, where FY24 included a one-off double rent and relocation cost for GMK of \$1.8m due to capacity expansions in QLD and VIC

Financial Performance			
\$m	FY23	FY24	Change
Revenue	\$302.0	\$321.2	6.3%
EBITDA ⁽¹⁾	\$53.4	\$55.9	4.7%
EBITDA Margin	17.7%	17.4%	-0.3%
EBIT	\$28.5	\$29.1	2.1%
PBT ⁽²⁾	\$24.7	\$23.2	-6.2%
Cash	\$10.3	\$10.4	1.1%
Debt (Borrowings)	\$30.4	\$38.9	28.0%
Capex	\$30.5	\$25.4	-16.8%
Gearing ⁽³⁾	15%	19%	4%
EPS	22.3cps	20.5cps	-8.0%
DPS ⁽⁴⁾	10.0cps	10.5cps	5%
NTA	110cps	122cps	10.7%

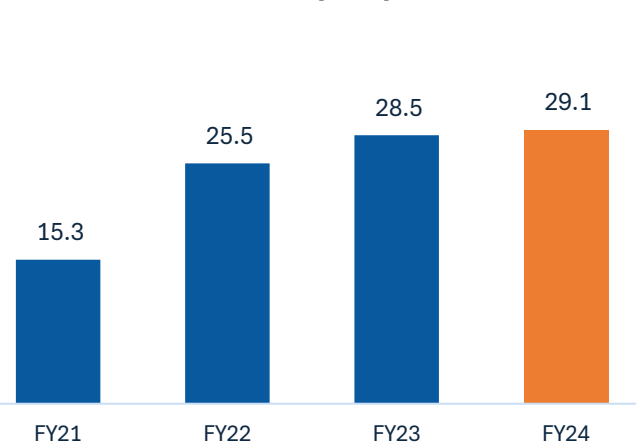
Revenue (\$m)



EBITDA (\$m)⁽¹⁾

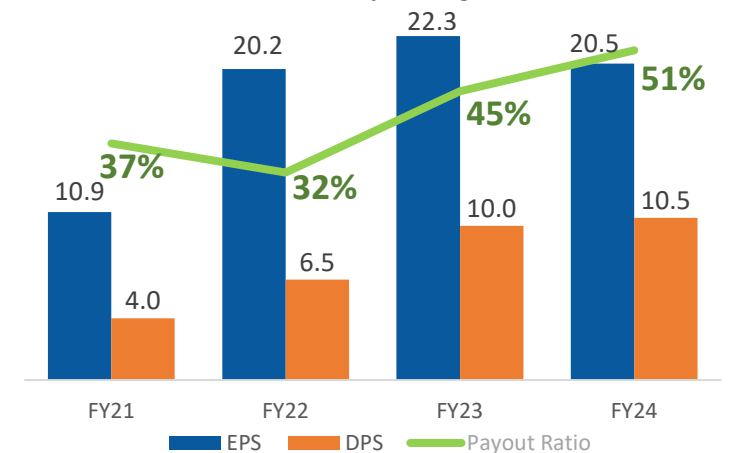


EBIT (\$m)



Payout Ratio (Fully Franked Dividend)

\$32m available franking credits



Note 1: EBITDA is the results from operating activities plus depreciation and amortisation

Note 2: FY24 vs FY23 PBT: Interest on leases increased by \$1.2m (new leases) and interest on debt increased by \$1m

Note 3: Calculated as Net Debt (Interest bearing Borrowings less Cash) divided by Total Capital (Equity plus Net Debt)

Note 4: includes interim dividend paid and final dividend declared following the financial year earnings

TRANSPORT SEGMENT PERFORMANCE



Customer diversity, network development and an upgraded fleet supports future earnings



Transport profit and loss (\$m)	FY24 ⁽¹⁾	FY23 ⁽¹⁾
Transport Revenue	196.1	184.7
Transport Revenue growth %	6.2%	
Transport EBITDA	25.5	24.4
Transport EBITDA margin %	13.0%	13.2%
Transport PBT	14.5	14.2
Transport PBT margin %	7.4%	7.7%

Transport Overview

- Customers are using multiple CTI services (integrated network)
- Significant investment in new vehicles reducing fleet age, translating into reduced maintenance, fuel and emissions

Interstate Freight

- Aside from a relatively minor rail disruption in March, normalisation of supply chains continued
- Margin supported by a strong focus on cost control and freight mix

WA Regional Freight

- Continued strong general freight volumes
- Network expansion driving volume growth and improved margins
- Increasing supply base revenue from mining and energy customers

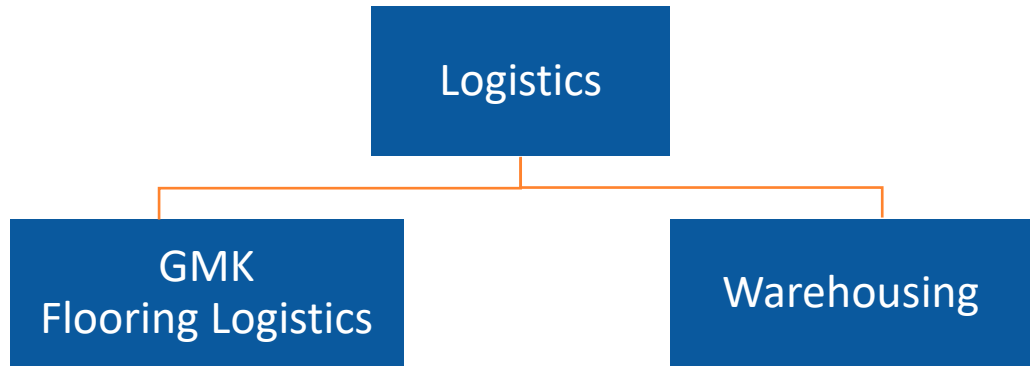
WA Metro Freight

- Reduced Courier and Taxi Truck volumes offset by higher job value
- Continued focus on revenue quality

LOGISTICS SEGMENT PERFORMANCE



Strong demand, loyal customer base and integrated supply chains driving capacity expansions



Logistics profit and loss (\$m)	FY24 ⁽¹⁾	FY23 ⁽¹⁾
Logistics Revenue	118.2	110.8
Logistics Revenue growth %	6.7%	
Logistics EBITDA	25.2	22.8
Logistics EBITDA margin %	21.3%	20.6%
Logistics PBT	7.1	7.2
Logistics PBT margin %	6.0%	6.5%

Logistics Overview

- Strong demand partly offset by rising property costs
- National capacity expansion on the East Coast will benefit future earnings

GMK Flooring Logistics

- Successful relocation to new sites in **Yatala QLD** and **Epping VIC**, resulting in increased capacity and operational efficiencies
- One-off double rent and relocation costs of \$1.8m in QLD and VIC
- **Gregory Hills NSW** site expansion expected to be completed by Sep 2024

Warehousing

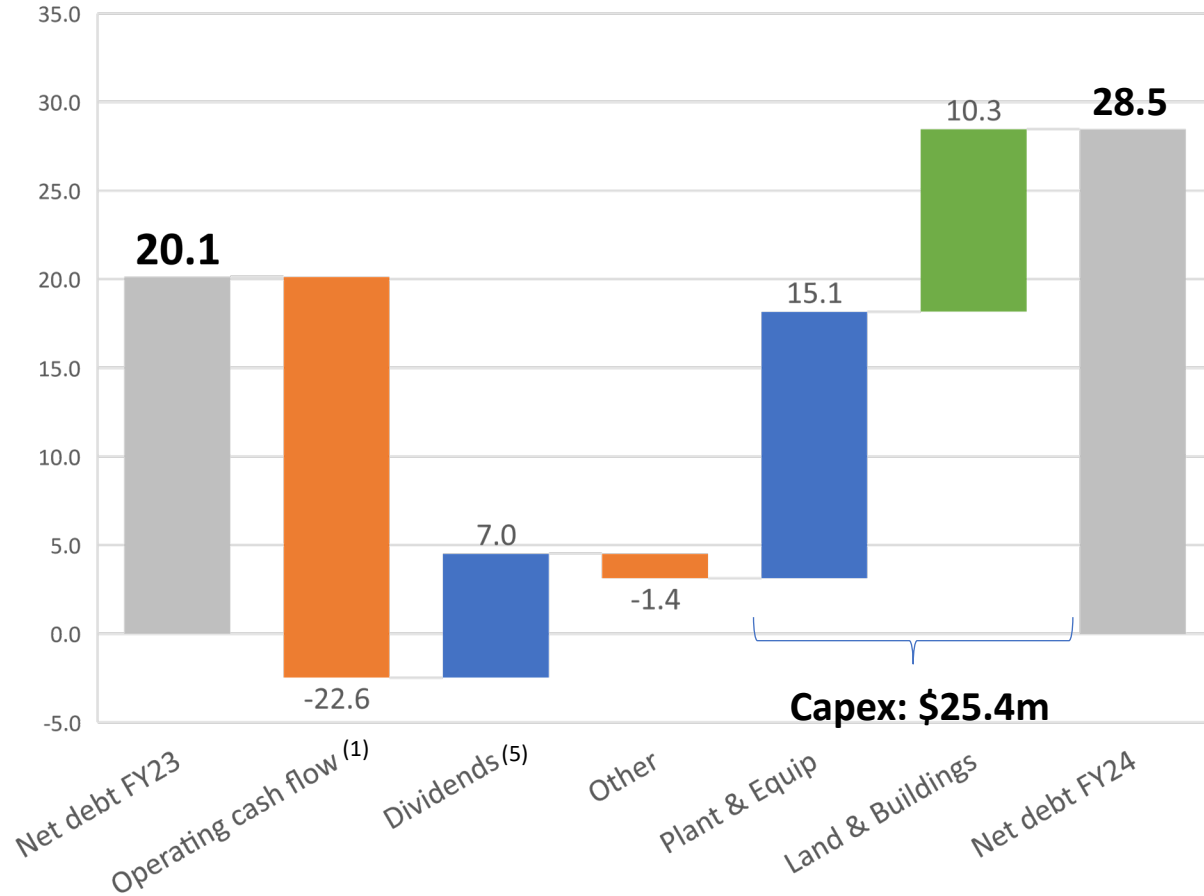
- Competition for premium space with high utilisation and increased handling
- Strong activity continued across minerals and energy customers
- Focus on quality revenue to offset rising wage, consumable and property costs
- Retail demand impacted by higher interest rates, partially mitigated by a diversified customer base and strong relationships

STRONG BALANCE SHEET



Capital investment majority funded by cash flow, maintaining low gearing and available credit facilities

FY24 Net Debt movement (\$m)



- **Strong cash generation and working capital management**
 - **Operating cash flow:** \$22.6m (net of lease repayments⁽¹⁾)
 - **Receivables:** Only 0.09% of revenue written-off
- **Balance Sheet positioned for growth**
 - **Bank Loans:** Up by \$8.5m to \$38.9m to complete Hazelmere WA Stage 2 and invest in new energy efficient vehicles
 - **Net Debt (Bank Loan – Cash):** Remains low at \$28.5m
 - **Net Debt / Total Capital⁽²⁾:** Marginally increased from 15% to 19%, supported by company owned property
 - **Hazelmere WA:** Remaining development majority funded by a separate \$13.4m facility (3-year term)
 - **Funding capacity:** Undrawn facility of \$15.1m⁽³⁾ plus \$10.4m Cash (total funds available is \$25.5m⁽⁴⁾)
 - **Net Assets:** Increased by 8% to \$121m

Note 1: Cash flow from operations (\$40.8m) less repayment of leases (\$18.2m)

Note 2: Calculated as Net Debt (including Interest bearing Borrowings less Cash) divided by Total Capital (Equity plus Net Debt)

Note 3: Includes \$5.1m increase to loan facilities as at August 2024

Note 4: Excludes \$13.4m financed by a separate facility for a 3-year term

Note 5: Dividends paid in the financial year

Warehousing Space

Owned 59,700
Leased 187,000
Total = 246,700 sqm

Hardstand Space

Owned 89,800
Leased 162,500
Total = 252,300 sqm

Building in progress

Owned 34,500 sqm



TOTAL Footprint

Owned & Leased

533,500 sqm

NEW LEASED SITES FOR GMK (NATIONAL FLOORING LOGISTICS)



Expanding capacity on the East Coast to accommodate growth

Yatala QLD completed Sep 2023:

- Strategically located between Brisbane and Gold Coast
- Exposure to population growth and Olympics in 2032
- Consolidated two GMK sites, additional capacity, lower \$/sqm rent
- 48,000 sqm site, 22,600 sqm building
- Increased building height increases \$/sqm yield
- 5 Star Green Star rating



Epping VIC completed April 2024:

- State-of-the-art facility in a strategic location north of Melbourne
- Operational efficiencies (linehaul between VIC and NSW)
- 47,300 sqm site, 27,400 sqm building
- Increased building height increases \$/sqm yield
- 5 Star Green Star rating

NSW: Increase to flooring products operations capacity in Gregory Hills NSW by 11,700 sqm on an adjoining site with operations expected to commence **Sep 2024**



STAGED PROPERTY DEVELOPMENT REALISING SIGNIFICANT VALUE



Owner-occupied Hazelmere WA site nearing final completion

PREMIUM LOCATION – QUALITY BUILD

Stage 1 - Initial site

- Site 55,570 sqm; Building 27,850 sqm
- Phased development (2012 and 2016)

Stage 2 - Recently completed site (Sep 23)

- Site 59,450 sqm; Building 25,200 sqm
- Consolidated two operating sites
- Removed third-party rent costs
- Facilitated growth in WA metro and regional transport
- Operational efficiencies

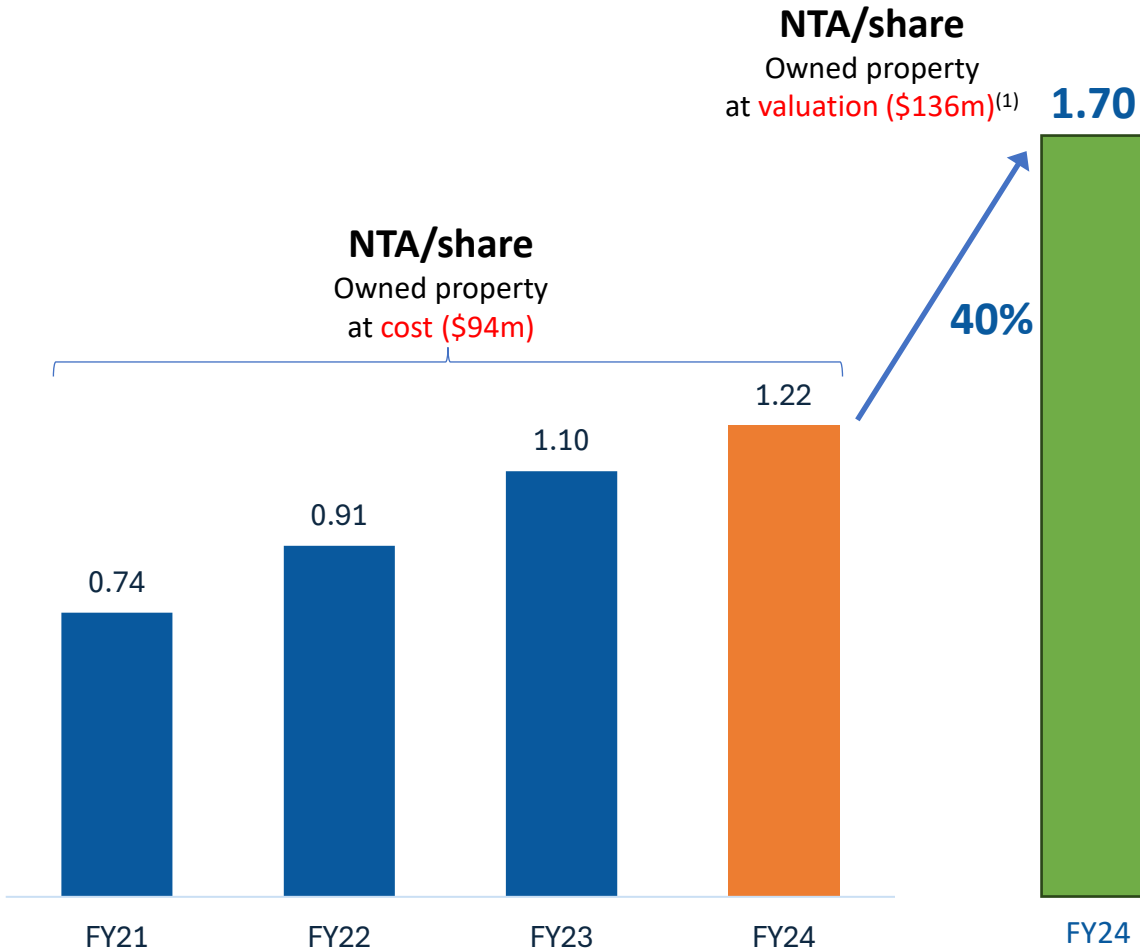
Stage 3 - Development site (mid 2025)

- Site 34,500 sqm; Building 10,000 sqm
- Accommodate growth



SIGNIFICANT UNRECOGNISED PROPERTY VALUE

Strong balance sheet provides a platform for the next phase of growth



Significant uplift in property value:

- Property assets recorded at cost on the balance sheet, totaling \$94m
- Independent bank valuations for all material owned properties were completed in FY24, resulting in a combined valuation of \$136m⁽¹⁾, which is \$42m (or 45%) above the reported carrying value as at 30 June 2024

➤ **Property value uplift supports an NTA of \$1.70/share and comfortably underpins the current share price**

PATHWAY TO GROWTH

Strategic property portfolio provides funding options

STRONG PROPERTY RETURNS

Property investments and inhouse development have generated significant returns through capital appreciation and operational efficiencies

- Property development in Hazelmere WA has monetised a strategic land investment
- Increased demand for developed industrial sites, particularly logistics
- Property assets support an NTA of \$1.70/share



INCREASED CREDIT & CAPITAL RECYCLING

Higher property valuations underwrite the balance sheet and provide opportunities to pursue organic and inorganic growth

- \$56.4m credit facility, \$25.5m available funding⁽¹⁾⁽²⁾
- Debt underwritten by \$136m⁽²⁾ property value, providing scope for increased credit
- Ongoing assessment of selective sale and leaseback for owner-occupied sites
 - Previously executed the sale and leaseback of a mature Bibra Lake WA site to fund a high-yielding acquisition



THE OPPORTUNITY

- Australia's population, regional development and the proportion of online spending continues to grow
- Continued consolidation within the transport and logistics industry as operators pursue growth and scale

Market Concentration



OUTLOOK



Well positioned to capture growth opportunities across Australia

OPERATIONS – Best practice

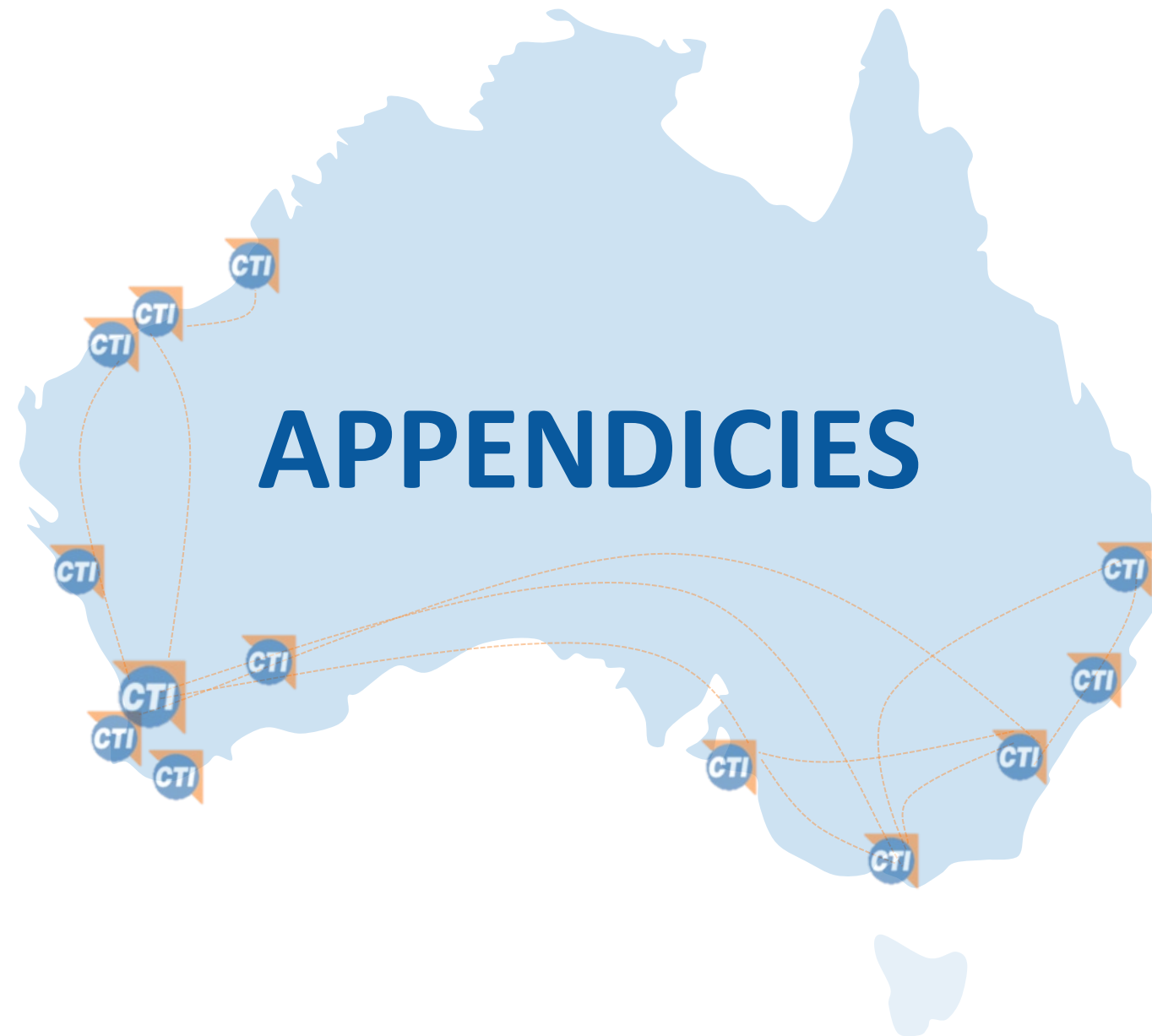
- After a period of property development and fleet upgrades, capital expenditure is expected to return to sustaining levels
- Capitalise on increasing supply base demand for mining and energy projects and recent investments in expanding capacity in four states
- Leverage technology (and data analytics) to generate trading insights and increase customer visibility across their supply chain
- Focus on culture through purpose, staff wellbeing, retention, recognition, training and development
- Continue efforts to decarbonise including solar, route optimisation, fleet renewal, building practices, waste management and alternative fuels
- Forecasting remains difficult, particularly given fuel price and inflation uncertainty, while labour cost increases are expected to moderate

PROPERTY – Value realisation

- Continue to review increasingly valuable property assets through the cycles to fund value accretive and higher yielding acquisitions
- Increased rental costs will be offset over time by efficiencies, higher yield footprints and available capacity (lower \$/sqm)
- National capacity expansions focussed on 5 Star Green Star facilities in strategic locations

GROWTH – Scale and diversification

- Well positioned to capture growth opportunities in a consolidating national freight market following strategic property and fleet investments
- Funding available through consistent earnings, property-backed debt and selective property recycling
- Pursue organic growth through asset optimisation, agility to capitalise on market disruptions and new project opportunities
- Assess earnings accretive and synergistic acquisitions that meet investment criteria
- Long term succession planning at board and operational levels



OWNED PROPERTY PORTFOLIO



OWNER-OCCUPIED SITES:

- **CTI Warehousing: 316 Bushmead Rd, Hazelmere WA**
 - Premium location and building, staged completion between 2012 - 2016
 - Site 55,570 sqm; Building 27,850 sqm
- **CTI Regional Freight: 31 Lakes Rd, Hazelmere WA**
 - Premium location and building, completed 2023
 - Site 59,450 sqm; Building 25,200 sqm
- **CTI Head Office: 1 Drummond Pl, West Perth WA**
 - Central location, large site, various development projects in the area
 - Site 6,430 sqm; Building 3,320 sqm
- **CTI Xpress: 50 Railway Pde, Welshpool WA**
 - Ideally located metro distribution hub
 - Site 12,000 sqm; Building 6,070 sqm
- **CTI Regional Freight: 1514 Lambert Rd, Karratha WA**
 - Key regional depot, servicing energy projects and general freight
 - Site 15,100 sqm; Building 140 sqm

OWNED DEVELOPMENT SITE:

- **17 Lakes Rd, Hazelmere, WA**
 - Located adjacent to Regional Freight site at 31 Lakes Rd, Hazelmere WA
 - Development commenced, completion mid 2025
 - Site 34,500 sqm; Building 10,000 sqm

OWNED INVESTMENT SITE:

- **Cleaver St, West Perth, WA**
 - Located directly opposite CTI Head Office
 - Site 1,013 sqm; Building 385 sqm

TRANSPORT SERVICES



Couriers	<ul style="list-style-type: none"> On-demand express metro and outer metro services
Parcels	<ul style="list-style-type: none"> Same day and overnight distribution, e-commerce “last mile”
Taxi Trucks	<ul style="list-style-type: none"> On demand express services and hourly hire services; vehicles include two tonne to semi-trailers
Fleet Management	<ul style="list-style-type: none"> Dedicated trucks and trailers services working exclusively for the customer
Regional Freight	<ul style="list-style-type: none"> Scheduled road services to South-West and North-West of WA; vehicles include rigids to triple road trains Supply base for mining and energy customers
Specialised Services	<ul style="list-style-type: none"> Rail and wharf container handling, truck mounted cranes, tail lift vehicles and hot shot services
Interstate Freight	<ul style="list-style-type: none"> Scheduled road and rail services to and from Perth, Adelaide, Melbourne, Sydney and Brisbane



LOGISTICS SERVICES



National Warehousing	<ul style="list-style-type: none"> ▪ Australia-wide 3PL, 4PL, supply chain ▪ Contracted distribution centre services ▪ Bulk product storage ▪ Consolidation services 	<ul style="list-style-type: none"> ▪ Cross docking ▪ Temperature controlled and food grade (HCCAP) storage
E-commerce Fulfilment	<ul style="list-style-type: none"> ▪ Rapid distribution ▪ Inventory management 	<ul style="list-style-type: none"> ▪ Pick and pack, labelling ▪ Reverse logistics management
CTI Projects	<ul style="list-style-type: none"> ▪ Supply base warehousing and asset management ▪ Project labour services ▪ Plant and equipment hire ▪ Minerals and energy projects 	<ul style="list-style-type: none"> ▪ Quarantine cleaning and fumigation ▪ Asset preservation shrink wrapping
National Flooring Logistics (GMK)	<ul style="list-style-type: none"> ▪ Largest independent flooring logistics service provider in Australia ▪ Australia-wide scheduled distribution network 	<ul style="list-style-type: none"> ▪ Carpet and vinyl cutting services ▪ Specialised equipment



OTHER SERVICES



Information Management	Document and Sample Storage <ul style="list-style-type: none">▪ Secure storage▪ Cataloguing and document retrieval▪ Computer media and mineral samples	Destruction <ul style="list-style-type: none">▪ On-site destruction of documents/media and recycling▪ Closed loop service utilising CTI transport and warehousing facilities
Security	<ul style="list-style-type: none">▪ Installation, maintenance and monitoring of residential and commercial security alarms▪ Lone worker and independent living solutions	<ul style="list-style-type: none">▪ Largest independent A1 grade monitoring station in WA▪ ASIAL A1 graded 24/7 control room to the new Australian Standard AS2201.2:2022

