



# Logistics Limited

## FY24 RESULTS

28 August 2024



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# 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<sup>(1)</sup>

**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.

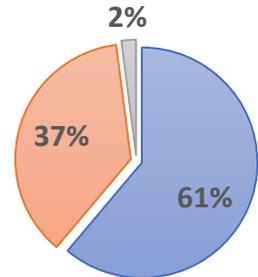
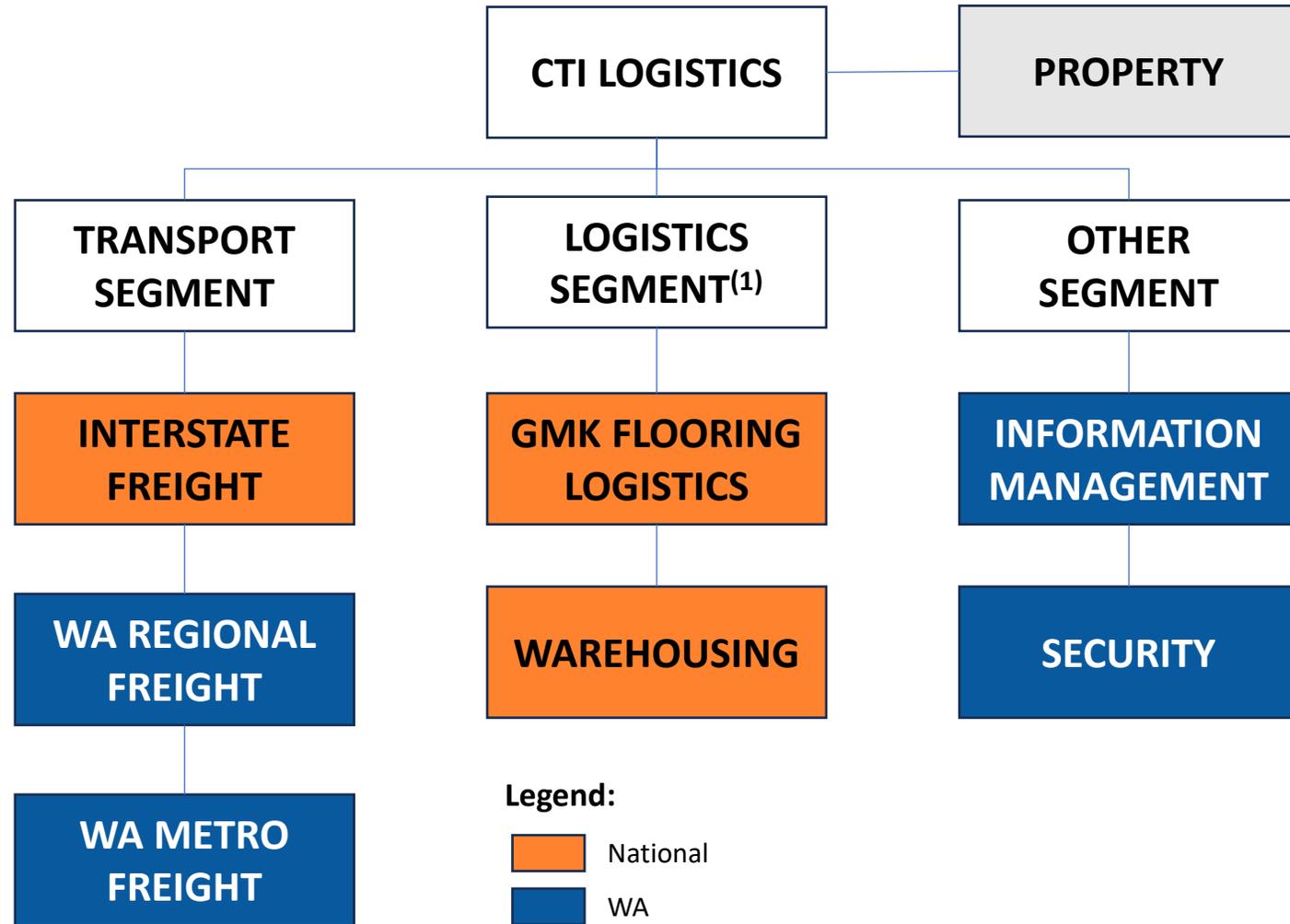
[Link: CTI Logistics 50 Year Video](#)

## Board of Directors

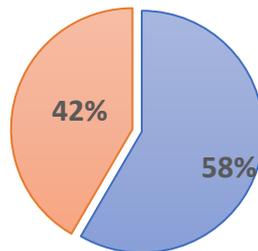
- David Watson (Chairman)
- David Mellor
- Bruce Saxild
- Owen Venter
- Matthew Watson
- William Moncrieff (Non-executive)
- Roger Port (Non-executive)

## 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

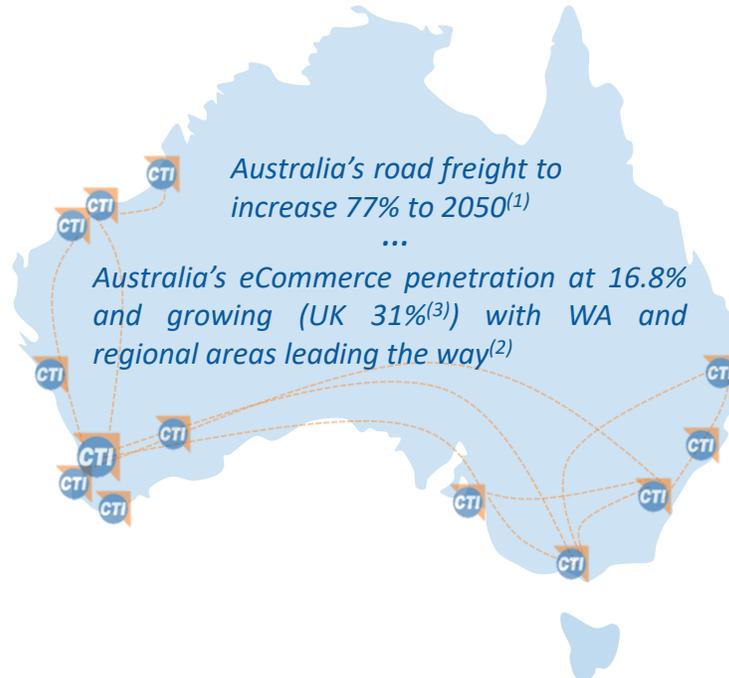
- ✓ Assessing a pipeline of opportunities against investment criteria, including national exposure
- ✓ Strong management team with integration experience and focussed on fundamentals

### 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

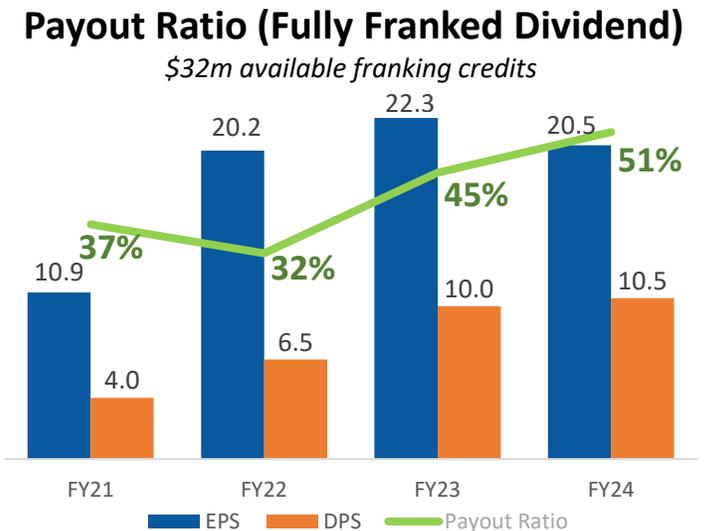
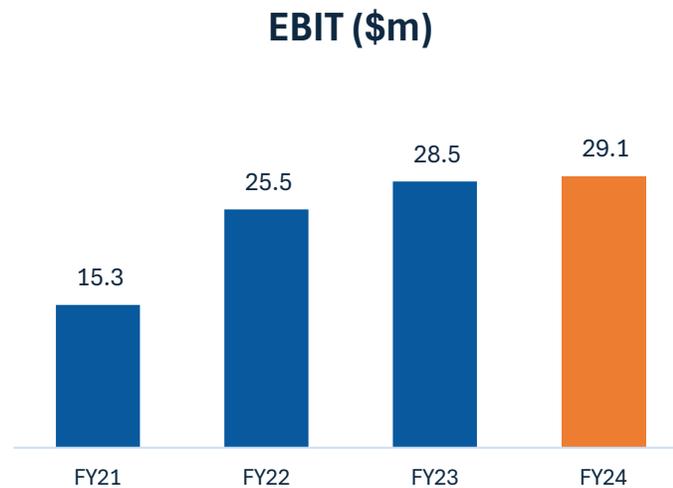
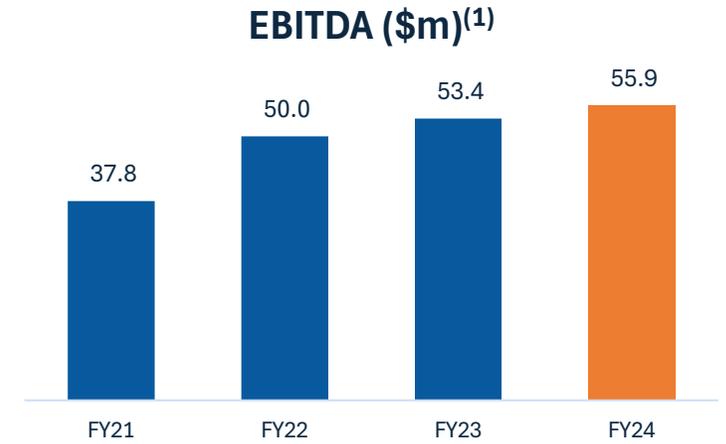
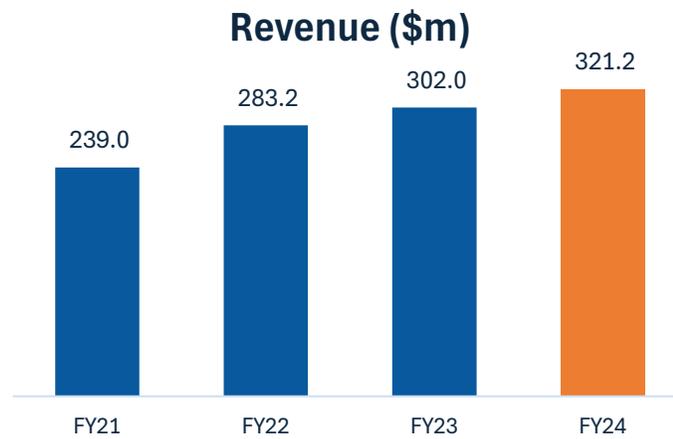
# GROUP PERFORMANCE



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 <sup>(1)</sup>	\$53.4	\$55.9	4.7%
EBITDA Margin	17.7%	17.4%	-0.3%
EBIT	\$28.5	\$29.1	2.1%
PBT <sup>(2)</sup>	\$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 <sup>(3)</sup>	15%	19%	4%
EPS	22.3cps	20.5cps	-8.0%
DPS <sup>(4)</sup>	10.0cps	10.5cps	5%
NTA	110cps	122cps	10.7%



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 <sup>(1)</sup>	FY23 <sup>(1)</sup>
Transport Revenue	196.1	184.7
<i>Transport Revenue growth %</i>	6.2%	
Transport EBITDA	25.5	24.4
<i>Transport EBITDA margin %</i>	13.0%	13.2%
Transport PBT	14.5	14.2
<i>Transport PBT margin %</i>	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

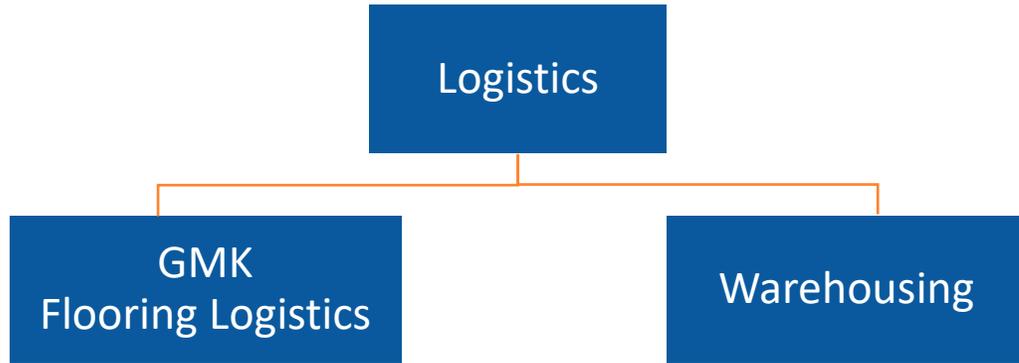
## WA Metro Freight

- 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 <sup>(1)</sup>	FY23 <sup>(1)</sup>
Logistics Revenue	118.2	110.8
<i>Logistics Revenue growth %</i>	6.7%	
Logistics EBITDA	25.2	22.8
<i>Logistics EBITDA margin %</i>	21.3%	20.6%
Logistics PBT	7.1	7.2
<i>Logistics PBT margin %</i>	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

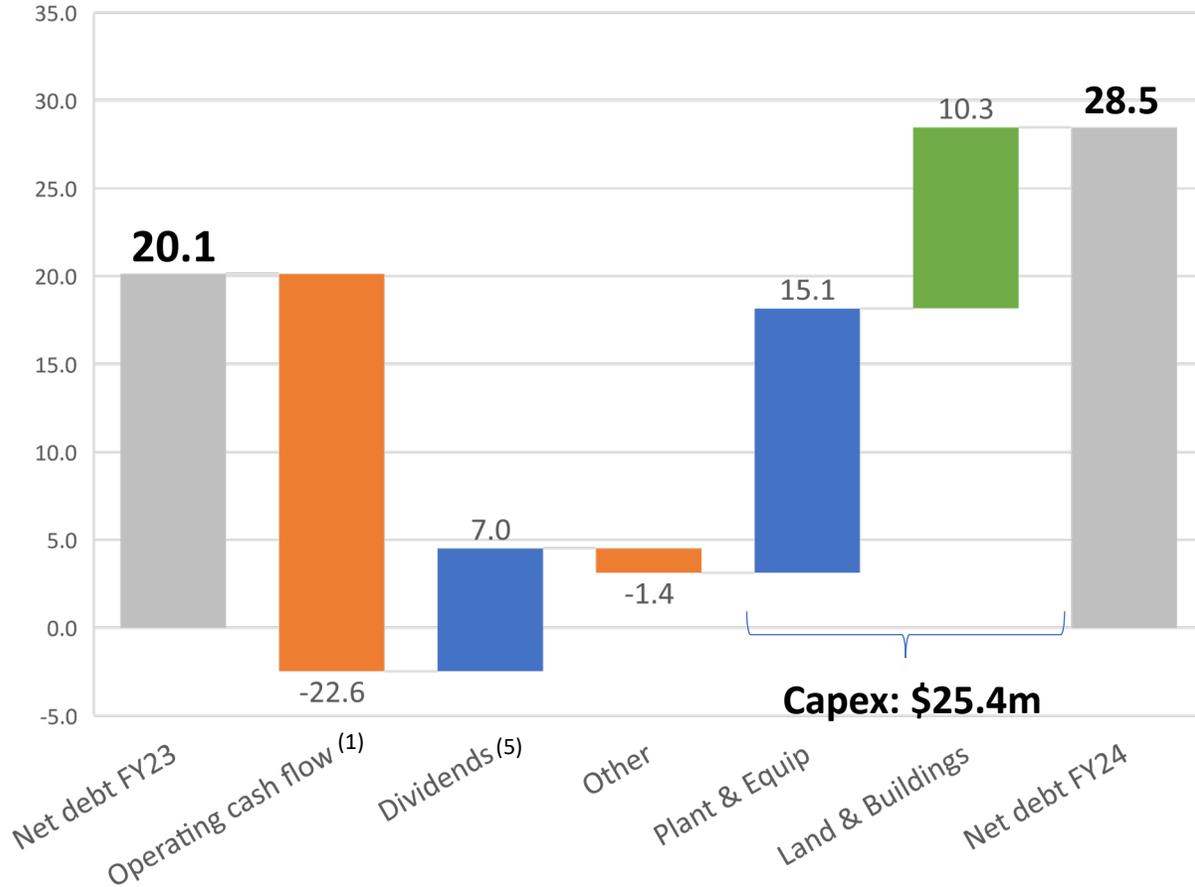
- Competition for premium space with high utilisation and increased handling
- Strong activity continued across minerals and energy customers
- Focus on quality revenue to offset rising wage, consumable and property costs
- Retail demand impacted by higher interest rates, partially mitigated by a diversified 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<sup>(1)</sup>)
  - **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<sup>(2)</sup>:** 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<sup>(3)</sup> plus \$10.4m Cash (total funds available is \$25.5m<sup>(4)</sup>)
  - **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

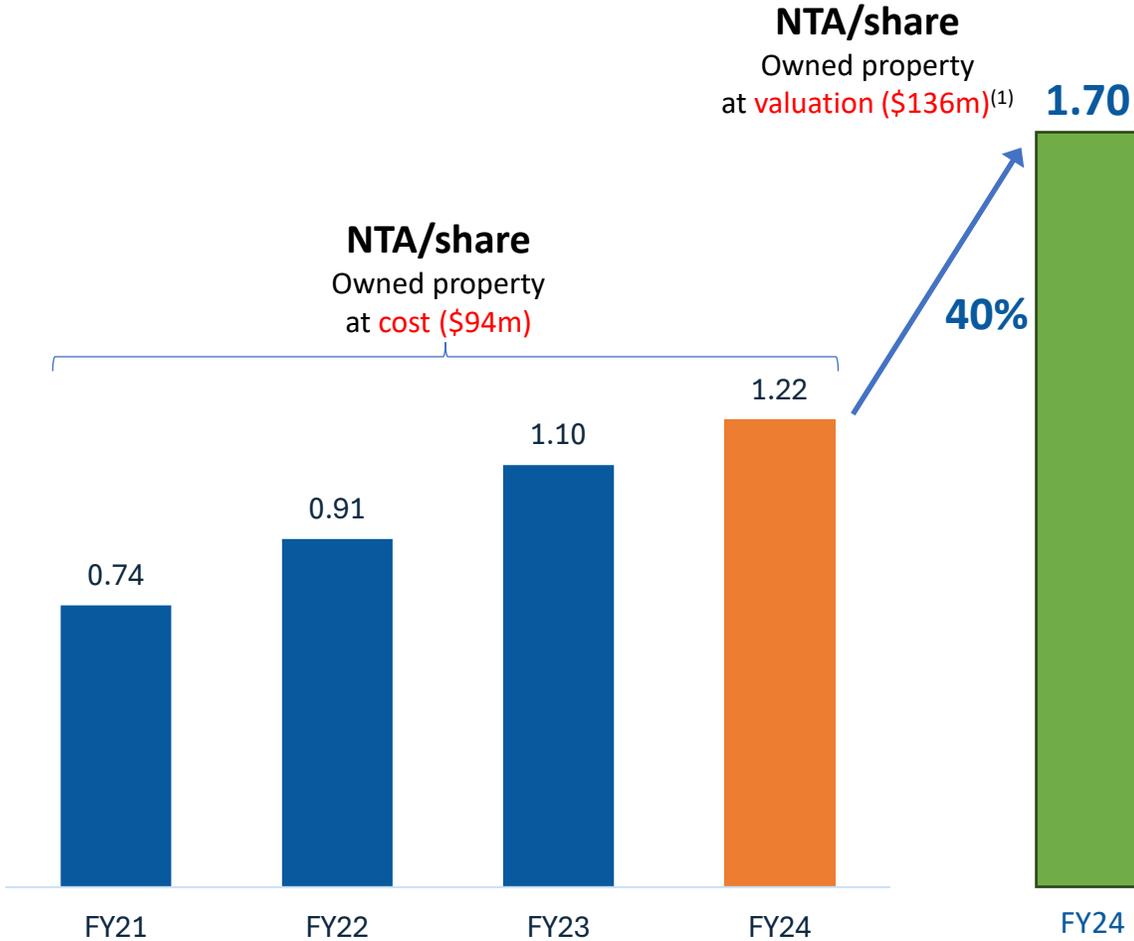
### Stage 3 - Development site (mid 2025)

- 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<sup>(1)</sup>, 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<sup>(1)(2)</sup>
- Debt underwritten by \$136m<sup>(2)</sup> 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

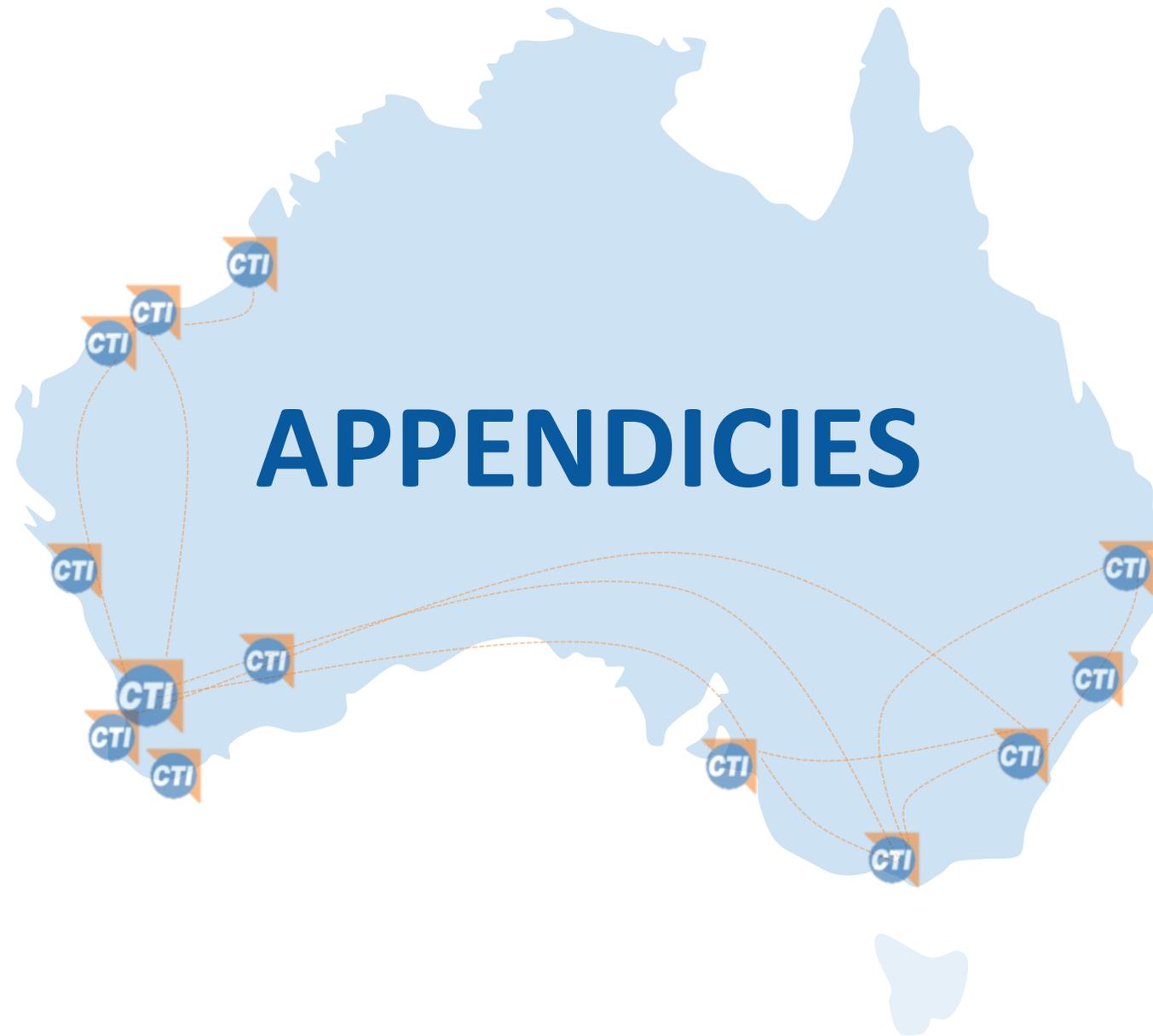
- After a period of property development and fleet upgrades, capital expenditure is expected to return to sustaining levels
- Capitalise on increasing supply base demand for mining and energy projects and recent investments in expanding capacity in four states
- Leverage technology (and data analytics) 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



## 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



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



# LOGISTICS SERVICES



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



# OTHER SERVICES



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

