

8 February 2019

Company Announcements  
ASX

Via ASX Online

**CTI LOGISTICS LIMITED – TRADING UPDATE**

CTI Logistics Limited acquired the business operations and assets of Jayde Transport (“Jayde”) on 30 October 2017. The purchase price included a cash payment of \$6.5m, a deferred payment of \$1.0m on 30 April 2018 and contingent consideration of up to \$2.85m. At acquisition, the group provided for \$0.5m of contingent consideration which was capitalised as part of the acquisition cost. Earnings for Jayde exceeded expectations resulting in an additional consideration of \$2.35m. Current accounting standards require the amount of \$2.35m to be charged to the profit and loss for the six months ended 31 December 2018.

CTI Logistics Limited expects to report a profit before tax of approximately \$4.1m for the six months ended 31 December 2018, excluding the above additional contingent consideration. This compares to \$4.5m in the previous corresponding period after excluding profit on sale of non-core property of \$0.3m. EBITDA for the six months ended 31 December 2018, excluding these adjustments, is expected to be marginally above the prior corresponding period.

After allowing for the contribution from recent acquisitions, the results for the six months ended 31 December 2018 have been impacted by expansion costs relating to East coast operations in Melbourne, Sydney and Brisbane, the consolidation of our Western Australian regional freight operations, the costs associated with the transfer of warehouse operations from a leased to an owned premises, plus weaker than expected December trading.

Despite the significant effect of the \$2.35m additional consideration on the profit for the period, the directors intend to maintain the current dividend.



Owen Venter  
COMPANY SECRETARY