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**CHAIRMAN'S ADDRESS**

Annual General Meeting

30 October 2015

During the year Lindsay Australia continued servicing the horticultural industry providing rural products to customers and moving their produce. Our simple business model of adding value to Growers throughout their production cycles remains in place. From nutrients to packaging to transport, Lindsay Australia continued to deliver reliable, quality products and services to its customers.

The economy has been had a tough twelve months with little to no growth. Looking forward the economic environment while still challenging is beginning to support our customers. We are seeing green shoots of growth. Coinciding with the end of the capital investment phase of the mining boom and falling terms of trade, Australia is becoming a little more competitive. Our customers are benefiting from the falling dollar, less competition for labour, lower fuel prices (which we pass straight onto our customers), and low interest rates. We are seeing our customers grow and invest for future capacity.

Lindsay Australia is also continuing to invest and grow to support its customers.

During the year we extended our services to the port with the opening of Lindsay Fresh Logistics in the Brisbane markets. Customers can now rely on Lindsay's to keep their produce cold and secure through the fumigation, sterilisation, and quarantine inspection process. The opening of the facility also provided greater efficiency to the overall transport division not only through its location, but by bringing in house unloading, cross docking, and local delivery services, that we previously outsourced.

We expanded our North Queensland regional footprint with the purchase of Haacks transport in Tully North Queensland. The business had turnover of \$5 million pa and is in a region where growers are expanding.

Land and building were purchased in Mildura and construction of a new facility in Adelaide is completed.

We also extended our reach into the North Queensland Burdekin region with the acquisition of the S&J Pennisi business. The Pennisi family provided packaging to many major customers in the region and they remain in the Lindsay Rural company. The purchase adds to the transport volumes and provides a base to expand other Rural product lines.

Lindsay continued to update and maintain a modern fleet. During the year 57 prime movers were purchased.

The company commenced the implementation of a new logistics IT system to support the planned growth and deliver scalable, efficient, growth.

Finally the group completed the planning stage to consolidate the various Brisbane operations into Postle Street at Acacia Ridge.

All these investments align with the Lindsay business model of adding value to Growers through their cycles, and supports the growth of our customers.

In June we raised capital to support this growth and investment phase.

People are at the heart of our business and are the reason for our success and the key to delivering future growth. Lindsay Australia started as a family business and continues with those same values as it grows.

Initiatives implemented during the year to improve safety and welfare of our people included:

- Providing the best equipment through continual fleet renewal
- More shuttle trips and set runs established to increase utilisation of vehicles and reduce the impact of fatigue on drivers.
- A new enterprise agreement covering our linehaul and pickup and delivery drivers was approved by employees in September 2015.
- Additional in-vehicle tracking, monitoring and communication technologies, providing significantly improved systems for fatigue management monitoring.

The financial year ended 30 June 2015 has continued to build on the improved performance delivered in the 2014 financial year. For the year ended 30 June 2015 the Group earned a net profit after tax of \$6.16 million compared with \$6.49 million in 2014. When comparing to the 2014 result, the 2014 result contained a one off fuel tax credit of \$568,000. Excluding the fuel tax credit from the comparison, profit after tax grew at 4% from \$5.9 million.

Basic earnings per share for the year was 2.4 cents per share compared with 2.8 cents per share last year.

Revenue for the year increased 1.1% to \$311.5 million compared with the previous year's revenue of \$314.9 million. This decrease is largely due to decreases in the fuel price which is passed onto customers.

Total dividends paid or provided for the year was 2.1 cents per share compared with 2.0 cents per share last year.

During the 2015 financial year the Transport Division maintained sales and underlying profitability. The industry continues to consolidate with many small providers leaving the industry. Pricing pressures from competitors is a constant feature of the trading environment. This requires constant focus on both margin and cost base.

Revenue for Transport including internal revenue was \$222 million compared with \$223 million last year. Segment profit before tax increased to \$20.1 million compared with \$18.7 million in 2014.

The Rural division had a tough year characterised by:

- increased competition
- higher sales of lower margin products
- change of strategic packaging supplier from Orora to Visy Board.
- sales growth in all major product categories excluding packaging up 17% on previous year, and

Rural earned a divisional contribution of \$3.7 million for the 2015 financial year compared with the previous year of \$5.1 million. The decrease in divisional contribution was due to change in the mix of goods sold. The product mix is expected to revert to higher margin products in the 2016 financial year.

The Rural division continues to provide excellent service to customers. Consistent with the provision of this service is increased agronomy services that we are providing to customers in specific areas.

Our investments in new growing regions should support strong sales growth in the coming year.

As mentioned we are beginning to see green shoots of growth in our customers. Produce and other freight volumes for the first three months of the 2016 financial year have been stronger than the corresponding periods last year. We are quietly optimistic for the outlook for produce volumes in the remainder 2016 financial year.

For the first three months this year Transport revenue including internal revenue is forecast to increase by approximately 8.3% on the same period last year. Rural sales for the first four months are forecast to increase approximately 6.8% on last year. Group profitability for the first three months is also improved on the previous twelve months period.

We would like to once again thank our dedicated staff for the successful year that we have had. No company can deliver the results we have achieved this year without the commitment and focus of our staff.

Finally I would like to thank my fellow Directors for their continuing efforts and dedication to Lindsay Australia Limited.

Thank you Ladies and Gentlemen