



## ASX / MEDIA ANNOUNCEMENT

### LINDSAY AUSTRALIA ANNOUNCES HALF YEAR RESULTS ON TRACK TO DELIVER SOLID FY19 NET PROFIT GROWTH

**BRISBANE, 22 February 2019:** Integrated transport, logistics and rural supply company Lindsay Australia Limited (ASX: LAU) today announced financial results from its network of stores and depots for the 6 months ended 31 December 2018 delivering EBITDA growth of 10.0% and a net profit of \$5.4 million representing an increase of 7.7% over the prior corresponding period (pcp).

#### RESULT HIGHLIGHTS

- Group revenue grew 6.1% to \$203.3 million, largely supported by investment in new locations and equipment.
  - Lindsay Transport delivered solid segment revenue<sup>1</sup> growth of 8.6% driven by increased capacity and utilisation rates, price increases<sup>2</sup> and additional revenue from the recently launched Lindsay Connect<sup>3</sup>.
  - Lindsay Rural segment revenue remained flat despite the loss of revenue from recently closed lower margin branches.
- The Group's 2019 Capital Expenditure (CAPEX) program remains on track with \$16.9 million invested during the first half. A new distribution facility in Bowen was acquired in July and in November operations commenced in Perth. Both initiatives support the Group's strategy of diversifying both horticultural and customer mix to mitigate industry risk.

#### RESULT SUMMARY

During the first half of FY2019, the Group reported EBITDA growth of 10.0%. The significant investment in new plant and equipment saw an increase in depreciation and amortisation delivering profit before tax growth of 1% and net profit after tax of \$5.4 million, an increase of 7.7% over pcp. The effective tax rate for 1H19 was 30% (1H18: 34% which included one off non-deductibles).

Lindsay Transport reported a divisional profit before tax of \$16.1 million in 1H19, relatively flat against pcp. This result was achieved despite volatile fuel pricing and weaker produce volumes.

Lindsay Rural reported a divisional profit before tax of \$2.0 million in 1H19 representing growth of 18.8% over pcp. The division continues to refine its product, service and customer mix to optimise margin expansion.

For the half year, the Group generated operating cash flow of \$15.3 million, a \$21.0 million increase on pcp. The uplift in operating cash is attributable to both an increase in EBITDA and strict working capital management.

The Group remains focused on diversifying revenue, increasing utilisation rates, maintaining strict cost control and introducing operational and technology improvements to deliver value for customers and shareholders.

<sup>1</sup> Segment revenue includes both external and internal revenue unless otherwise stated

<sup>2</sup> Price increases include fuel levy recoveries and standard contract pricing and inflation increases.

<sup>3</sup> Lindsay Connect provides an end-to-end supply solution, distributing quality Australian produce to international customers.

**Lindsay Australia CEO, Kim Lindsay, commented on the results:**

*“We are pleased to announce a solid set of financial results for the first half of 2019 with EBITDA growth of 10%. This robust performance has been delivered despite a challenging trading environment for our transport division, once again highlighting our operational excellence and the resilience of our Group portfolio. The rural division delivered a strong performance, achieving a 18.8% increase in divisional profit.”*

*“During the first half we made good progress in delivering our strategy of a strengthened portfolio through diversification of products and locations with almost \$17 million invested in new developments as well as facility and equipment upgrades. These investments offer strong growth opportunities and enhance our presence in the rural and transport supply chains as we continue to diversify our revenue lines and look at opportunities to connect with our customers.”*

*“In November we opened a greenfield operations in Perth providing the national network desired by our existing eastern seaboard customers. The location is currently supported by 35 new refrigerated rail containers with an additional 15 coming on tap in the second half as we continue to expand our rail capabilities.”*

*“We also continue to invest in our people, technology and safety, delivering efficiencies to our customers and the safest possible work environment for our valued employees, the communities in which we operate and all stakeholders.”*

*“Looking ahead, we remain confident in delivering another year of growth for our shareholders. With our recent capacity additions, technology upgrades and strategic investments, we expect to deliver net profit growth in the region of 10-12% subject to no adverse weather and unforeseen events. The recent weather conditions in parts of Queensland are not expected to have a material impact on future earnings.”*

**DIVIDEND**

The Lindsay Australia Board have declared an interim fully franked dividend of 1.0 cent per share (1H18: 0.80 cents per share). The dividend is to be paid on 29 March 2019.

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