



## ASX / MEDIA ANNOUNCEMENT

### **LINDSAY AUSTRALIA NET PROFIT AFTER TAX GROWS OVER 7% in IH20** STRATEGIC INVESTMENT IN REFRIGERATED FREIGHT SUPPORTS THE STRONG RESULT

**BRISBANE, 21 February 2020:** 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 2019 delivering revenue of \$216.0 million and net profit after tax (NPAT) of \$5.8 million, representing a NPAT increase of 7.2% over the prior corresponding period (pcp).

#### RESULT HIGHLIGHTS

- Revenue grew 6.3% to \$216.0 million as strategic diversification mitigated softer road freight volumes in some regions.
  - Lindsay Transport revenue grew 7.1% driven by expansion into refrigerated rail containers along with growth from capital cities.
  - Lindsay Rural revenue grew 5.0% with the closure of some marginal branches in FY2019 enabling the division to focus on high growth regions.
- Continued investment in high demand locations, fleet and technology upgrades, with capital expenditure of \$16.8 million.
  - Over \$5.0 million invested in additional refrigerated rail capacity and associated equipment.
  - Construction at Sydney's distribution hub progressed, with completion expected in early March 2020. The purpose-built facility will feature increased cold storage capacity, workshop, bulk fuel facilities and driver accommodation.
- Balance sheet remains robust with the Group's leverage ratio<sup>1</sup> reducing to 2.75 times (1H19: 3.25 times).

#### RESULT SUMMARY

For the half year ended 31 December 2019, the group achieved net profit after tax of \$5.8 million, representing an increase of 7.2% on pcp.

Underlying<sup>2</sup> EBITDA increased \$1.7 million to \$23.3 million, an increase of 8% to pcp. On a reported basis, EBITDA increased 25.7% to \$27.2 million. The uplift in EBITDA benefited the Group's leverage ratio, which has reduced from 3.25 times in 1H19 to 2.75 times in 1H20. The Group's secured borrowings were on par with FY2019 and reduced by \$7.87 million from 1H19.

<sup>1</sup> Leverage ratio is calculated on a 12 month rolling basis and excludes the impact of Accounting Standard AASB 16 Leases which was adopted during the half.

<sup>2</sup> Excludes the impact of Accounting Standard AASB 16 Leases which was adopted during the half.

Transport freight revenue<sup>3</sup> for the half year grew \$10.1 million, an increase of 7.1% to pcp. Produce freight volumes were negatively impacted in some regions due to adverse weather and seasonality but these reductions were offset by growth across capital cities and additional revenue from expansion into refrigerated rail. The recent bushfires did not have a material impact on the division, however, additional costs were incurred due to the re-routing of some journeys. Transport made a divisional contribution in of \$17.0 million, an increase of 5.5% on pcp.

Rural revenue<sup>3</sup> for the half year grew by \$3.2 million or 5.0% on pcp. Having completed a strategic review in the prior financial year which resulted in the closure or consolidation of some marginal performing sites, the division is now better placed to focus on high growth horticulture regions that have a strategic fit with the Transport division.

Rural made a divisional contribution of \$3.2 million, an increase of \$1.2 million or 59% on pcp having benefited from operating cost reductions from branch rationalisation and consolidation.

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

*“We are pleased to announce a strong set of results for the 6 months to 31 December 2019, we have once again demonstrated our ability to mitigate weather and seasonality through the diversification of our product and location offering.”*

*“We have also seen the benefit of our Rural division’s strategic review which resulted in substantial profit growth for the division as overheads were reduced and resources were reallocated to drive revenue in the high growth regions and branches.”*

*“Our expansion into refrigerated rail continues to drive both revenue and bottom line contribution for the transport division while providing freight solution optionality to our customers. Recognised as one of the most environmentally friendly forms of passage, rail provides the additional benefit of a reduced carbon footprint, supporting our commitment to building a sustainable and responsible business model for our customers, our people and all stakeholders.”*

*“Recent rain in some of the Group’s key horticulture areas located in Queensland and New South Wales was well received. Although more rain is needed in some of these regions, we remain confident that our diversified model and strategic initiatives will deliver another year of growth for our shareholders. Subject to no unforeseen events we expect underlying EBITDA growth of around 10% for the full year.”*

**DIVIDEND**

The Lindsay Australia Board have declared an interim fully franked dividend of 1.0 cent per share (1H19: 1.0 cent per share). The dividend is to be paid on 9 April 2020.

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Enquiries  
Justin Green, CFO  
Lindsay Australia Limited  
Ph: (07) 3240 4900  
Email: [justin.green@lindsayaustralia.com.au](mailto:justin.green@lindsayaustralia.com.au)

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<sup>3</sup> Division revenue includes both external and inter-segment