

ASX Release

3 July 2023

ASX Market Announcements
20 Bridge Street
SYDNEY NSW 2000

Lindsay expands rural merchandising footprint in Victoria and New South Wales through the Acquisition of WB Hunter

Key Highlights

- Lindsay Australia Limited (ASX:LAU) (“**Lindsay**”) has entered into a binding agreement to acquire 100% of leading rural merchandise company WB Hunter Pty Ltd (“**WB Hunter**” or the “**Acquisition**”) for an enterprise value of ~\$34.6 million, equivalent to ~6.0x FY24 EBIT pre-synergies
- Founded in 1947, WB Hunter is a market leading retailer that provides a comprehensive range of rural supplies, agricultural services, trade essentials and pet products with an eight-store footprint spanning Victoria (seven stores) and New South Wales (one store)
- Michael Moroney, Director and Chief Executive Officer of WB Hunter will continue with the business in his current role under a long-term agreement. As part of the Acquisition, Entities associated with Michael Moroney will receive \$7.2 million in Lindsay scrip escrowed for a period of 24 months post completion¹
- WB Hunter boasts a diversified sales mix of key agricultural supplies and supporting services to a broad base of over 10,000 commercial and retail customers
- The Acquisition expands Lindsay’s rural merchandising network through entry into key agricultural supply markets and offers a robust platform to pursue additional growth opportunities for the Lindsay Group
- The Acquisition is expected to deliver high single digit accretion pre-synergies in pro forma FY24 EPS
- Lindsay confirms FY23 underlying² EBITDA is forecast to finish towards the higher end of current market guidance between \$85 million and \$90 million

Transaction Overview

Lindsay today announces the 100% acquisition of WB Hunter, a market-leading rural merchandise company, providing a range of complementary products and services to an extensive customer base spanning Victoria and New South Wales for an enterprise value of ~\$34.6 million.

For Lindsay, the Acquisition is expected to be high single digit accretive pre-synergies in pro forma FY24 EPS, with the Acquisition representing an FY24 EBIT multiple (pre-synergies) of ~6.0x. Lindsay estimates that the Acquisition will deliver annualised EBIT synergies between \$0.5 million and \$1.0 million.

The consideration for the Acquisition will comprise of an upfront cash component, a scrip component of \$7.2 million³ and a deferred cash payment for the inventory assets of ~\$14.5 million, which will be paid in equal quarterly instalments over FY24 commencing on or around 30 September 2023.

All cash components will be funded through Lindsay’s existing cash holdings. Lindsay’s net leverage ratio⁴ is forecast to increase from ~1.0x to ~1.1x at 30 June 2024, well within Lindsay’s target leverage range whilst maintaining capacity to fund future acquisition opportunities, capital expenditure programs and shareholder distributions in line with historical dividend payout ranges.

Lindsay will continue to assess M&A opportunities with a strategic fit that are EPS accretive.

The Acquisition is subject to customary conditions⁵ for a transaction of this nature and is expected to complete in Q1 FY24.

¹ The escrow is subject to typical exceptions such as a takeover bid or scheme of arrangement.

² Underlying operations defined in this market update includes adjustments for significant items that are non-recurring, or items incurred outside the ordinary operations of the Group and excludes the impact of AASB 16 leases.

³ The scrip component comprises a total of 6,493,506 fully paid ordinary shares and will be issued to the sellers at \$1.11 per share, being the 5 day VWAP up to and including 30 June 2023.

⁴ Net Leverage Ratio = Net Debt/underlying EBITDA. Net debt excludes lease liabilities relating to AASB 16.

⁵ Change of control consents including leases, third party consents and release of securities in addition to no adverse business events occurring and no breach of representations and warranties by the Sellers.



WB Hunter Overview

Established in 1947 by WB “Bill” Hunter, WB Hunter is a leading rural merchandising operator. WB Hunter specialises in the provision of rural supplies (chemicals, nutrients, fencing and livestock products), agricultural services (agronomy and feed testing services), trade essentials (hardware, timber and trade supplies) and pet products. WB Hunter has established a strong operating presence throughout northern Victoria and southern New South Wales, with an eight-store footprint across these regions. WB Hunter has been 100% Australian owned and operated since its foundation and currently employs over 125 staff from local communities.

The key strategic and commercial rationale for the Acquisition include:

- Acquiring a market-leading supplier of rural merchandise and complementary products and services
- Established regional footprint complementary to Lindsay Rural’s store network
- Enhanced exposure to the rapidly growing Australian agribusiness segment and the introduction of new products and services to the Lindsay Rural network
- Provides a strategic entry point into the Victorian and New South Wales agricultural supply market and a platform for continued pursuit of growth opportunities for Lindsay
- Longstanding customer base with enduring relationships and loyalty evidenced through strong repeat buying behaviour

Acting Lindsay Chief Executive Officer Craig Baker commented, “We are delighted to welcome WB Hunter into the Lindsay network. WB Hunter has a longstanding and highly successful operating history, serving as an integral member of Australia’s rural supplies market. The Acquisition expands Lindsay’s presence in key growth markets of Victoria and New South Wales and provides a strong platform for pursuing further growth opportunities across these regions.

As part of the Acquisition, Michael Moroney will continue to oversee operations as Director and CEO of WB Hunter under a long-term agreement with Lindsay. Michael has built a business based on operational excellence, and we look forward to the WB Hunter team continuing their journey as part of Lindsay”.

Alignment to Lindsay Rural’s Growth Strategy

Lindsay Rural represents a key component of Lindsay’s end-to-end food supply chain solution, supplying more than 1,500 farmers with an extensive range of agricultural products including packaging, fertilisers, chemicals, nutrients and irrigation equipment across a network of 21 stores.

Following the completion of the Acquisition, Lindsay Rural will have a consolidated rural merchandising network across Australia’s east coast. Lindsay will utilise WB Hunter’s network to further expand into the Victorian and New South Wales agricultural supply markets. This broadened operating footprint offers a robust platform for Lindsay to pursue growth opportunities across all service lines.

Completion of the Acquisition directly contributes to the broader strategic direction of Lindsay and delivers against all key growth levers for Lindsay Rural. This geographic diversification provides additional downside risk protection against weather-related disruptions to agricultural production in various growing regions. Further, the introduction of new products and services into the Lindsay Rural network will enable the consolidation of profitable market share in Lindsay’s existing operating regions.



Release authorised by Lindsay Australia Limited Board of Directors

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Important notices

Future performance

This announcement contains certain forward looking statements and comments about future events, including about the plans, objectives and strategies of Lindsay's management, the industry and the markets in which Lindsay operates, Lindsay's expectations about the financial and operating performance of its businesses and the Acquisition. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements.

Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved. A number of important factors could cause Lindsay's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements and many of these factors are beyond Lindsay's control.

Forward looking statements are provided as a general guide only, and should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainty and other factors, many of which are outside the control of Lindsay. As such, undue reliance should not be placed on any forward looking statement. Past performance information given in this announcement is given for illustrative purposes only and is not necessarily a guide to future performance and no representation or warranty is made by any person as to the likelihood of achievement or reasonableness of any forward looking statements, forecast financial information or other forecast. Nothing contained in this announcement is to be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Lindsay.

The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire Lindsay shares and is not intended to be used or relied upon as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial position or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. Lindsay is not licensed to provide investment or financial product advice in respect of Lindsay shares.

Financial data

All dollar values are in Australian dollars unless stated otherwise. All Lindsay references starting with "FY" refer to the financial year for Lindsay, ending 30 June. This announcement includes unaudited financial information for WB Hunter that has been prepared by WB Hunter management. This announcement also includes pro forma financial information which has not been audited and is based on management estimates and not on financial statements prepared in accordance with applicable statutory requirements.

Certain financial data included in this announcement including EPS, EBIT and measures described as "pro forma", are "non-IFRS financial information" under Regulatory Guide 230 (Disclosing non-IFRS financial information)





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