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ASX Announcement

Investor Presentation – Lindsay Australia Financial Results 1H FY2021

Attached is Lindsay Australia's Investor Presentation for the half-year ended 31 December 2020.

Authorised for release by:

Release authorised by Kim Lindsay, CEO and Justin Green, CFO.

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THE LINDSAY END-TO-END SOLUTION

Lindsay Australia Ltd (ASX: LAU) is an integrated transport, logistics and rural supply company with a specific focus on servicing customers in the food processing, food services, fresh produce, agriculture and horticulture industries from its 40+ stores and depots.

LINDSAY RURAL – Working with Australian growers



Expert Advice



Horticulture & Agronomy



Seeds



Irrigation & Fertilisers



Packaging

LINDSAY TRANSPORT – Providing total transport solutions



Transport



Rail



Logistics



Cold storage



Distribution

LINDSAY FRESH LOGISTICS – Managing storage and delivery



Warehousing



Bio-security



Ripening



Delivery



Import & Export

Two core divisions of Rural and Transport (including Fresh Logistics), offering complementary products and services which cover key needs of customers throughout their production lifecycle.

The Lindsay end-to-end solution begins with offering expert agronomy advice and continues with a diverse range of products and services along the supply chain to help farmers grow, package, transport and distribute their produce throughout Australia and the world.

Lindsay's end-to-end solution is unique and offers customers a single point of contact.

OUR NATIONAL TRANSPORT NETWORK

LINDSAY RURAL

Adelaide
Brisbane Shop
Brisbane Warehouse
Bowen
Brandon
Bundaberg
Childers
Coffs Harbour
Emerald
Gatton
Innisfail
Invergordon
Mareeba
Mildura

Mundubbera
Murwillumbah
Nambour
Stanthorpe
Tully
Woolgoolga

LINDSAY TRANSPORT

Adelaide
Bowen
Brisbane
Bundaberg
Childers
Coffs Harbour
Emerald

Gatton
Innisfail
Mackay
Mareeba
Melbourne
Mildura
Mundubbera
Nambour
Perth
Stanthorpe
Sydney
Tully

LINDSAY FRESH

Brisbane Markets



CORPORATE SNAPSHOT

ASX Stock Code	LAU
H1 FY21 revenue	\$219m
H1 FY21 underlying EBITDA	\$26.2m
Cash balance as at 31 Dec 2020	\$18.0m
Total borrowings ¹ as at 31 Dec 2020	\$21.2m
H1 FY21 earnings per share	\$0.022
H1 FY21 dividends per share	\$0.012
Share price as at 28 Mar 2021	\$0.355
Shares on issue	299.5m
Unquoted options (nil ex price, 31 Oct 2024)	1.2m
Fully diluted shares	300.7m
Fully diluted market cap	\$107m

Notes:

¹ Borrowings excludes AASB 16 lease liabilities

12-month share price performance and volume



Board of Directors and Key Management

KMP	Role
Mr Richard Anderson	Non-Executive Chairman
Mr Michael K Lindsay	Managing Director and CEO
Mr Anthony Kelly	Non-Executive Director
Mr Robert Green	Non-Executive Director
Mr Broderick Jones	Group Counsel and Company Secretary
Mr Justin Green	CFO and Company Secretary
Mr Craig Baker	General Manager Rural

Top shareholders

Rank	Name	Units	%
1	Washington H Soul Pattinson and Co Ltd	55.5m	18.6%
2	Mizikovsky Group	49.5m	16.6%
3	BKI Investment Company Ltd	16.8m	5.6%
4	Milton Corporation Ltd	13.3m	4.5%
5	Mulawa Holdings Pty Ltd	11.5m	3.9%
Total Top 20		197.6m	66.0%

H1 FY21 KEY HIGHLIGHTS

Lindsay delivered record half-yearly operating revenue of \$219m, with growth in Transport's rail segment offsetting decreases in fuel levy recoveries and reductions in Fresh's import and export revenue.

Rural division increased revenue by 2.9%, reflecting sales growth across a diversified product mix and focus on key growing regions.

Underlying EBITDA grew 12.1% to \$26.1m, driven by positive contributions from all divisions following focused cost controls, improving operational efficiencies and continued growth in key markets.

Continued to diversify and improve our service offering, investing in road and rail and implementing technology improvements to extend our capabilities and enhance customer experience.

Declared an interim fully franked dividend of 1.2 cps (H1 FY20: 1.0 cps), representing a 20% payout increase.

\$17.95 million in cash and a rolling 12-month net leverage ratio of 2.38 (H1 FY20: 2.64) provide flexibility and capacity to fund the Company's growth objectives.

	1H 2021 \$'000	1H 2020 \$'000	% Change
Financial results			
Operating revenue	218,644	216,043	1.2%
Underlying EBITDA ¹	26,155	23,336	12.1%
Underlying Profit Before Tax ¹	10,408	8,750	18.9%
Underlying NPAT ¹	7,271	6,098	19.2%
Key metrics			
Net Debt ²	102,709	104,160	(1.4%)
Net Leverage Ratio (LTM) ³	2.38x	2.64x	(10.0%)
ROIC (LTM) ⁴	9.0%	8.5%	5.2%
Underlying EPS ¹	2.4 CPS	2.0 CPS	18.6%

Notes:

¹ Refer to Appendix 1 for reconciliation of underlying figures. Underlying figures exclude the impact of AASB 16 and significant items that are non-recurring or items incurred outside of ordinary operations.

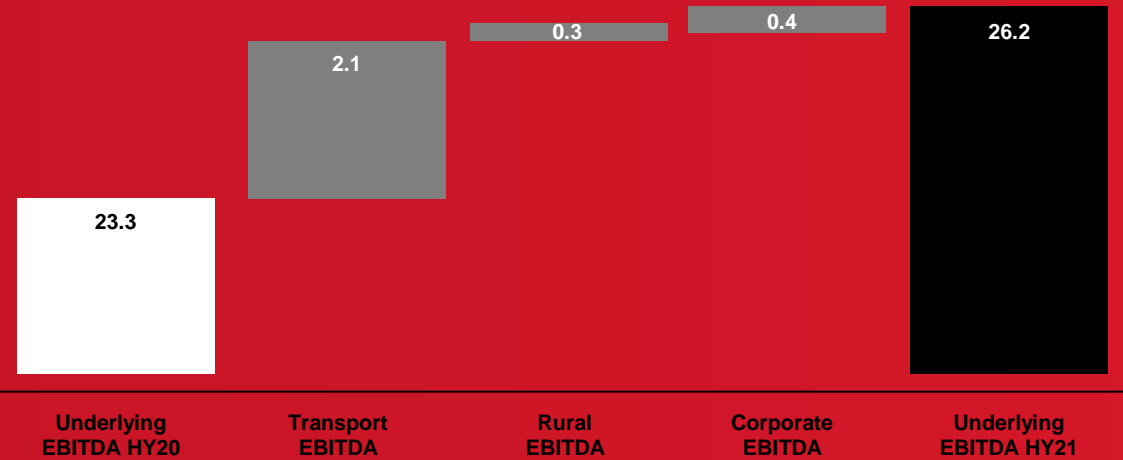
² Net debt excludes property lease liabilities recognised with the adoption of AASB 16.

³ Net Leverage ratio = Net Debt/Underlying EBITDA (LTM).

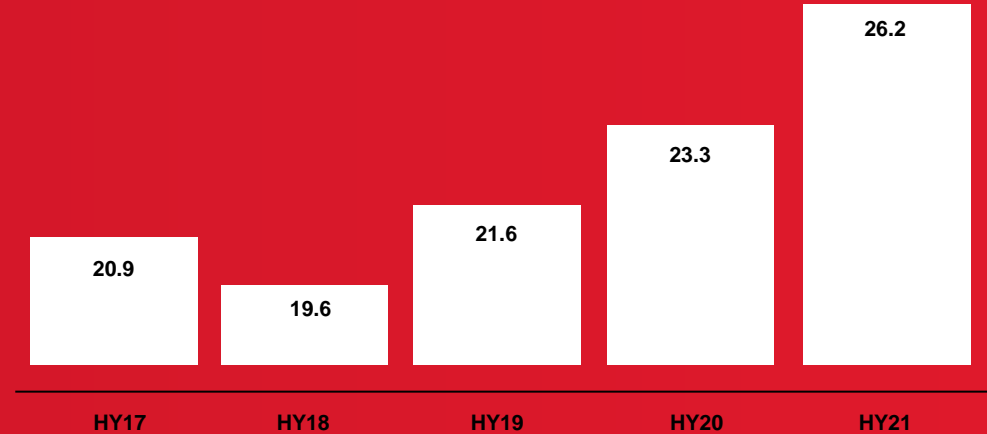
⁴ ROIC = Underlying EBIT (LTM)/Invested Capital. Invested Capital = Net debt + equity.

STRONG FINANCIAL PERFORMANCE

H1 FY21 Underlying EBITDA Bridge (\$'M)



H1 Group underlying EBITDA (\$'M), 5 Year View



Lindsay has delivered three consecutive years of strong consistent growth in H1 underlying EBITDA.

The H1 FY21 result was supported by underlying EBITDA and PBT improvements across all divisions, including Corporate.

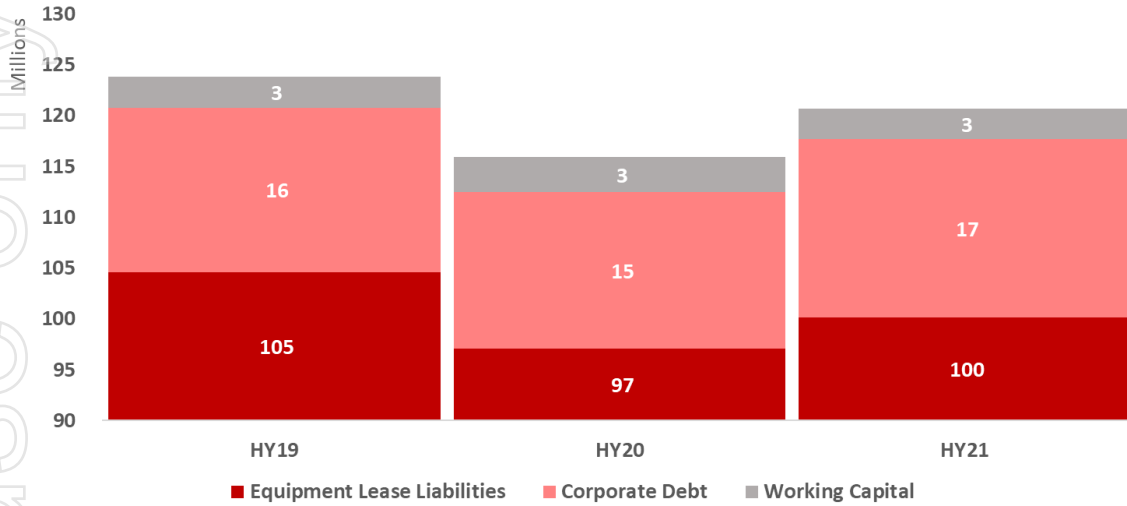
Corporate overheads EBITDA contribution improved 5.1% on the pcp following a reduction in headcount through restructuring and process improvements.

Lindsay improved both Net Leverage and ROIC from 2.64x to 2.38x and 8.5% to 9.0% respectively, supporting the Group's rail-focused investment rationale and low-cost expansion model in Rural.

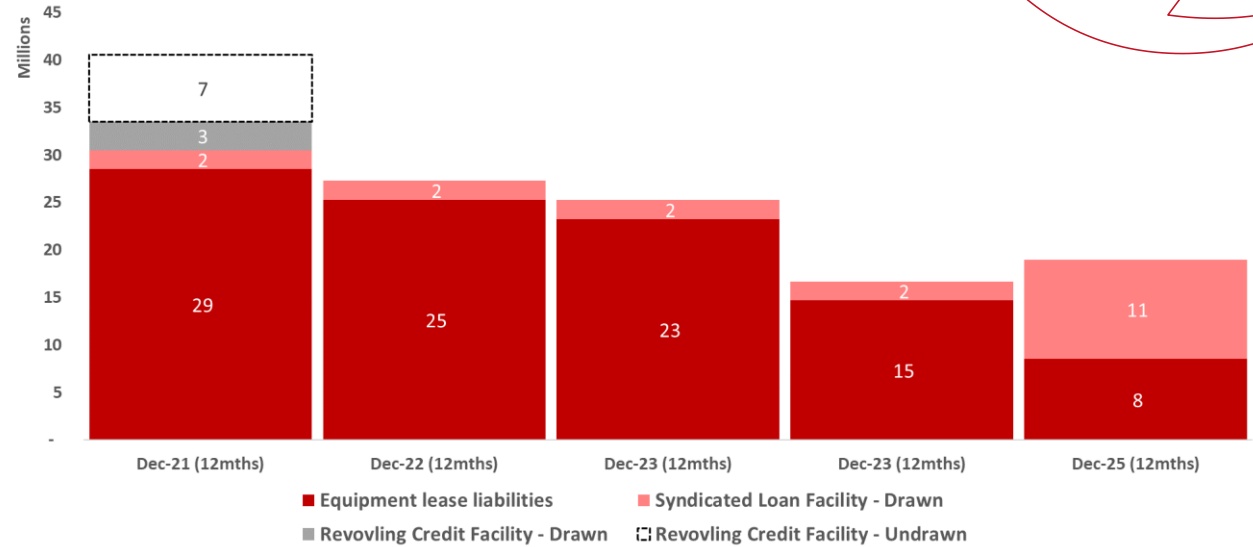
Lindsay remains focused on targeting growth through strategic investments that generate positive returns while strengthening the Group's balance sheet.

GROWTH-FOCUSED CAPEX

Group borrowings¹ (\$'M)



Debt maturity profile (\$'M)



H1 FY21 capital expenditure continued to focus on safety, rail, and fleet renewals.

Rail fleet continues to expand: purchased 45 containers during H1 FY21 (excluding hire containers), 65 more container purchases planned in H2; fleet size of 296 expected by end of FY21.

Remain on track to have 400 containers in the fleet by the end of FY22.

Continued fleet renewal program with Capex spend of around \$8m in H1 FY21.

Did not bring forward capital expenditure plans as a result of the Australian Government accelerated depreciation program, but will benefit from reduced tax payments during the program's tenure.

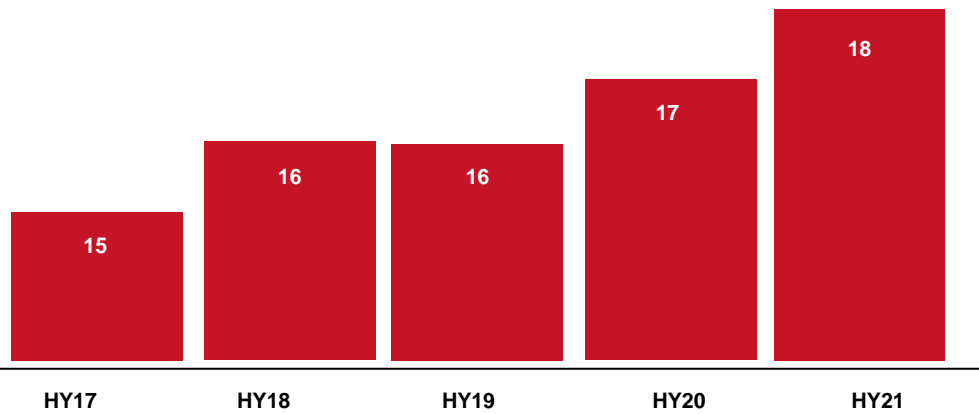
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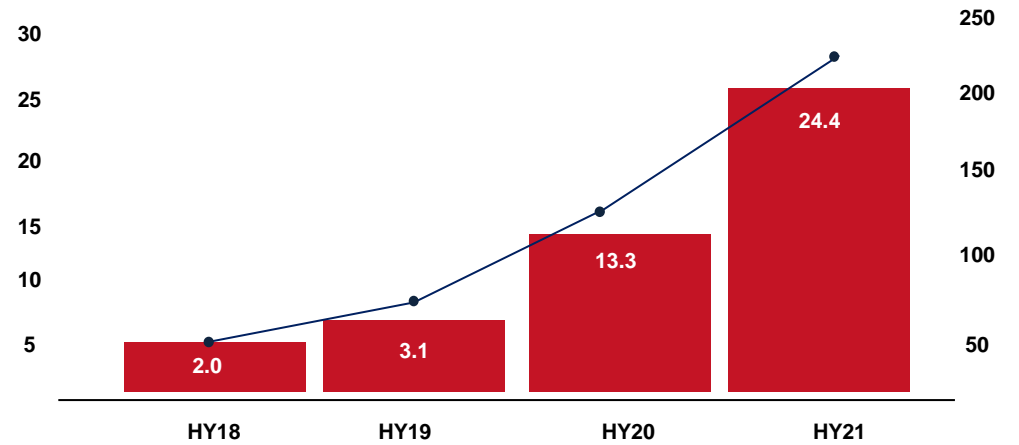
SEGMENT OVERVIEW

LINDSAY TRANSPORT

Transport underlying profit (\$'M)



Rail revenue (\$'M) vs container fleet size



Freight revenue of \$149.7m was on par with the pc of \$149.3m, with growth offset by a decrease in fuel levy recoveries and a drop in import and export revenues in the Fresh division.

Rail offset most of the fuel and Fresh losses, contributing \$24.4m in revenue, an increase of \$11.1m (+84%), generating over 16% of Transport's total revenue.

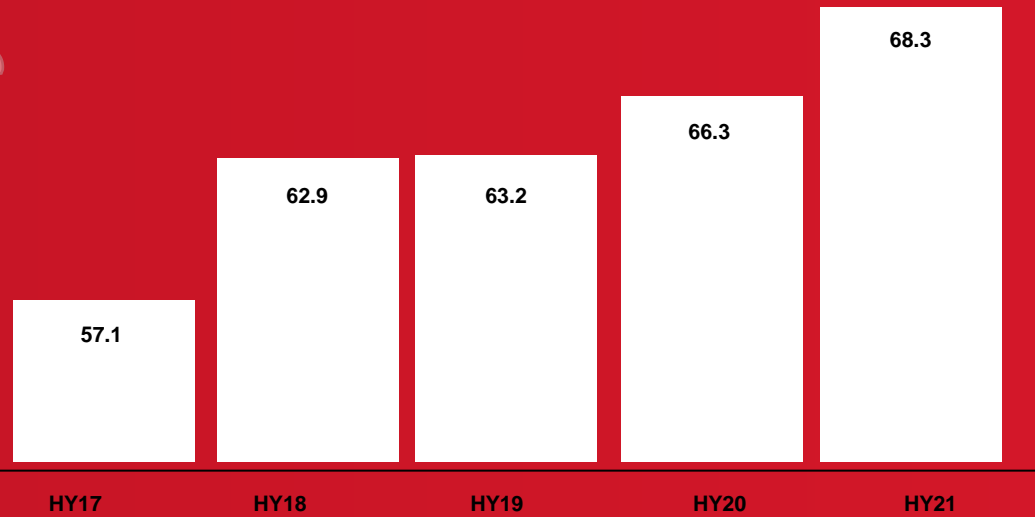
Rail expansion remains Lindsay's primary organic growth driver in Transport: a capital-efficient investment strategy which is highly complementary to the Group's extensive network of refrigerated facilities and road fleet.

Continued to diversify and expand revenue in key regions, achieving strong growth in North Queensland market.

Lindsay is committed to industry leadership in safety and compliance by continuing to invest in our fleet, technology and staff.

LINDSAY RURAL

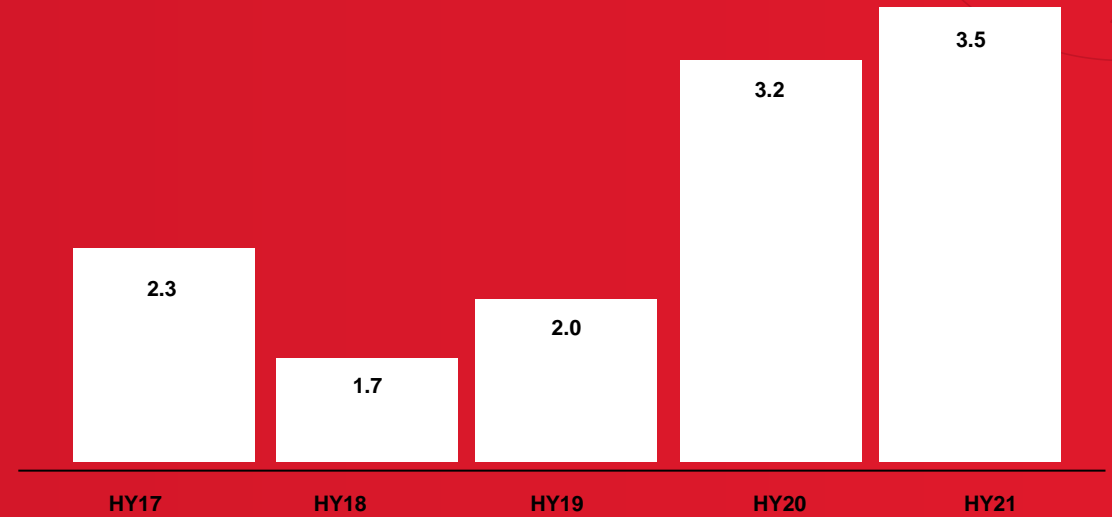
Rural external sales (\$'M)



Rural division generated sales of \$68.3m, up \$2.0m (2.9%) on the pcp, benefiting from growth across a diversified product mix and continued expansion in key growing regions.

The Rural division continued to build on the scalable platform that the Company developed in prior years, focusing on high-growth horticulture regions that offer attractive margins and strategic synergies with the Transport division.

Rural underlying profit (\$'M)



The Company is evaluating growth opportunities to leverage key areas and bring further support to the Transport division's network.

In March 2021, Rural opened a new branch in the major horticulture region of Woolgoolga, NSW. The branch has a strategic fit with Lindsay's Transport operations based in Coffs Harbour.

LINDSAY FRESH



Lindsay Fresh Logistics Import/Export revenues continued to be materially impacted by COVID-19, with external revenue down 38% on the pcp.



Air freight remained significantly impacted due to airport closures and restrictions while sea freight was impacted by industrial action, container shortages and COVID restrictions.



Due to decline in revenues, Fresh qualified for JobKeeper, receiving \$1.57m in Government wage subsidies during the period.



Fresh has begun to see slow improvements in operating conditions, particularly in sea freight, and expects the recovery to continue throughout H2 FY21.



Lindsay Fresh Logistics provides unloading, cross-docking, storage, ripening, fumigation and import / export services, located in the Brisbane Markets.

GROWTH STRATEGY



Lindsay remains committed to maintaining its role as an essential service provider and its key role in the nation's food supply chain.



In Rural:

Continue to diversify the Group's product mix and focus on high growth regions.



To maximise value for customers, staff and shareholders, Lindsay remains focused on diversifying the Group's range of products, services and geographical reach.



In Transport:

Continue to expand and diversify the Group's customer base and increase its refrigerated rail capacity.



Lindsay will continue to meet the Group's evolving customers' needs by investing in capacity, facilities, equipment, technology and cost efficiency initiatives.

OUTLOOK

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We remain confident that the Group's diversified model and strategic initiatives will deliver ongoing growth for Lindsay shareholders.



Subject to potential COVID-19 related impacts and unforeseen weather events, we anticipate the current level of underlying EBITDA growth of 12% to be maintained in H2 FY21.



Our strong financial and operating performance, coupled with a robust balance sheet, positions Lindsay well to return capital to shareholders via dividends, which we were pleased to increase by 20% in H1 FY21.



The strength of our diversified business model allows us to pay dividends to our shareholders while retaining the balance sheet flexibility to consider potential opportunities to accelerate Lindsay's growth.



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APPENDIX

RECONCILIATIONS

Underlying results

1H 2021 (\$'000)	EBITDA	EBIT	Profit Before Tax	NPAT
Statutory Result	31,710	13,744	9,323	6,511
Depreciation right of use properties	(4,797)	-	-	-
Finance costs right-of-use properties	(1,843)	(1,843)	-	-
AASB 16 profit impact	1,085	1,085	1,085	1,085
Notional tax at 30%	-	-	-	(326)
Underlying Result	26,155	12,986	10,408	7,271

1H 2020 (\$'000)	EBITDA	EBIT	Profit Before Tax	NPAT
Statutory Result	27,177	12,289	8,303	5,785
Depreciation right of use properties	(3,245)	-	-	-
Finance costs right-of-use properties	(1,043)	(1,043)	-	-
AASB 16 profit impact	447	447	447	447
Notional tax at 30%	-	-	-	(134)
Underlying Result	23,336	11,693	8,750	6,098

Key finance metrics

Net Borrowings (\$'000)	1H 2021	1H 2020
Reported borrowings	21,150	25,108
Lease liabilities	186,278	185,527
Property lease liabilities	(86,769)	(94,713)
Cash	(17,950)	(11,762)
Net Borrowings	102,709	104,160
Underlying EBITDA (LTM)	43,226	39,443
Net Leverage Ratio¹	2.38	2.64

ROIC (\$'000)	1H 2021	1H 2020
Net Borrowings	102,709	104,160
Equity	97,501	95,592
Invested Capital	200,210	199,752
Underlying EBIT (LTM)	17,989	17,065
ROIC²	9.0%	8.5%

EPS (\$'000)	1H 2021	1H 2020
Underlying NPAT	7,271	6,098
Weighted Average SOI	299,405	297,807
EPS³ (CPS)	2.4	2.0

Notes:

¹ Net Leverage Ratio = Net Borrowings/Underlying EBITDA

² ROIC = Underlying EBIT/Invested Capital

³ EPS = Underlying NPAT/Weighted Average Shares On Issues

LTM = Last Twelve Months