



LINDSAY AUSTRALIA
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5th October 2021

ASX Announcenment

Investor Presentation – Lindsay Australia Financial Results FY2021

Attached is Lindsay Australia's Investor Presentation for the year ended 30 June 2021.

Authorised for release by:

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

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LINDSAY AUSTRALIA
INVESTOR PRESENTATION FY2021 (ASX: LAU)

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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

The core divisions of Rural and Transport (including Fresh Logistics), offer 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
- Atherton
- Ayr
- Brisbane Retail
- Brisbane Warehouse
- Bowen
- Brandon
- Bundaberg
- Childers
- Coffs Harbour
- Emerald
- Gatton
- Innisfail
- Invergordon
- Mareeba
- Mildura

- Mundubbera
- Murwillumbah
- Nambour
- Stanthorpe
- Tully
- Woolgoolga

LINDSAY TRANSPORT

- Adelaide
- Ayr
- 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]

FY21 revenue	\$435m
FY21 underlying ¹ EBITDA	\$45.3m
Cash balance as at 30 Jun 2021	\$27.6m
Total borrowings ² as at 30 Jun 2021	\$120.0m
FY21 underlying ¹ earnings per share	\$0.032
FY21 dividends per share	\$0.017
Share price as at 4 Oct 2021	\$0.37
Shares on issue	300.12m
Unlisted share options	1.2m
Fully diluted market cap	\$111m

12-month share price performance and volume



Board of Directors and Key Management

KMP	Role
Mr Ian Williams	Non-Executive Chairman
Mr Michael Lindsay	Managing Director and CEO
Mr Anthony Kelly	Non-Executive Director
Mr Robert Green	Non-Executive Director
Mr Matthew Stubbs	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 shareholders³

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	4.4%
5	Lindsay Brothers S/F	11.3m	3.8%
Total Top 20		193.5m	64.5%

Notes:

¹ Refer to Appendix 1 for reconciliation of underlying figures

² Excludes AASB 16 property lease liabilities

³ As of 30 June 2021

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OVERVIEW



FY21 KEY HIGHLIGHTS

Record operating revenue and underlying earnings following a strong result from the Rural segment and positive contribution from Transport's rail operations.

OPERATING REVENUE

\$435.2m

up 5.7%

UNDERLYING EBITDA¹

\$45.3m

up 12.1%

UNDERLYING PBT¹

\$13.8m

up 24.3%

NET DEBT²

\$92.4m

down 13.1%

NET LEVERAGE RATIO³

2.04x

down 22.5%

ROIC⁴

10.3%

up 22.0%

UNDERLYING EPS¹

3.2 cps

up 24.6%

FULL YEAR DIVIDEND

1.7cps

up 13.3%

Notes:

¹Refer 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.

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

³Net Leverage ratio = Net Debt/Underlying EBITDA

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



STRATEGIC HIGHLIGHTS & LOOKING FORWARD

STRATEGIC HIGHLIGHTS

RURAL

- Increased footprint with new branch opened in Woolgoolga, NSW
- Increased dedicated sales team
- New 5-year packaging supply agreement executed with Visy Board in 2H2021

TRANSPORT

- Rail operations bolstered with the addition of 110 new refrigerated containers
- Road fleet renewal with \$12.4m in capex
- Assess opportunities to diversify geographical reach and range of services

CORPORATE

- Diversified portfolio delivers growth despite disruptions from COVID-19
- Reduced corporate overheads post restructure in June 2021
- Improvements in all balance sheet key metrics

LOOKING FORWARD

RURAL

- Greenfield expansion to diversify geographical reach into new regions
- Continue to diversify products portfolio

TRANSPORT

- Additional 100 refrigerated rail containers included in FY2022 capex budget
- On target to have 400 rail containers in service by end of FY2022
- Assess opportunities to expand key facilities for growth
- Executed a new five-year rail haulage agreement with Pacific National underpinning the rail growth strategy in September 2021

CORPORATE

- Technology updates to support growth
- Maintain balance sheet flexibility to position the Group to take advantage of strategic opportunities as they arise to accelerate growth

COVID-19 UPDATE

- Lindsay Australia are committed to maintaining our role as an essential service provider. The Company operates key links in the nation's food supply chain and remains fully operational as an essential service provider in all States.
- The Group implemented stringent prevention practices and a significant number of initiatives in response to COVID-19, with a particular focus on the safety and wellbeing of our staff, customers, suppliers and all community stakeholders.

RURAL OUTLOOK

- Continue to experience supply restraints across a number of products manufactured overseas due to increased shipping timeframes.
 - Currently not having a material impact on the business with management having adopted earlier procurement practices, but has led to a rise in inventory
- Growers are experiencing a farm worker shortage.
 - Not expected to have a material impact on business due to Rural's customer profile and geographical reach.

TRANSPORT/FRESH OUTLOOK

- Continue to face on-going headwinds due to COVID-19 including border restrictions, continual testing requirements, lockdowns and operational delays due to COVID-19 events
- Facing rising cost pressures across the business due to supply chain issues, increasing compliance requirements and labour shortages
- Industry-wide challenges of driver shortages and aging workforce are likely to be exacerbated as mandatory vaccine requirements are implemented, supporting Lindsay's push to diversify into rail
- Equipment lead times have increased to 12-18 months due to global supply chain issues, leading to a spike in prices in second hand equipment markets; impact to container lead times has been minimal
- Transport's diversified network and service strategy combined with on-going investment in its sites and fleet places it in a strong position to mitigate these challenges into the future

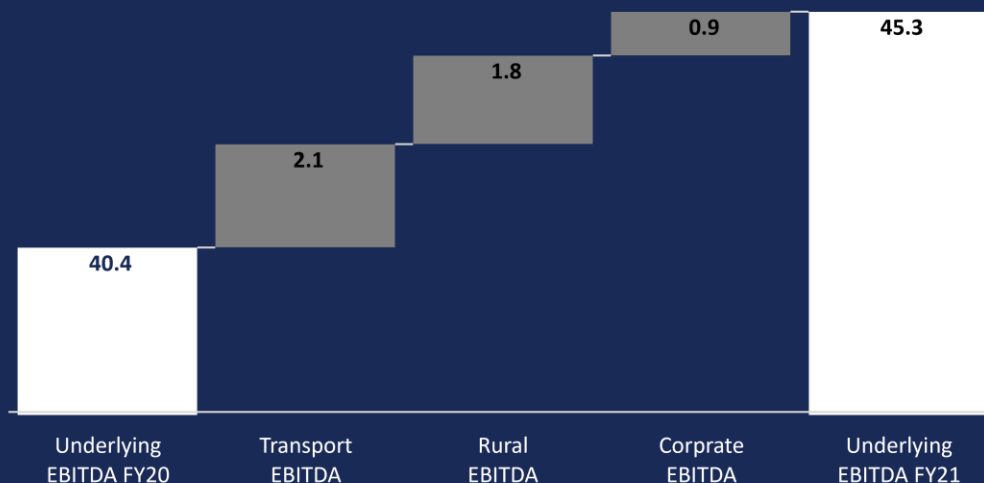
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FINANCIAL HIGHLIGHTS

STRONG FINANCIAL PERFORMANCE

FY21 Underlying EBITDA Bridge (\$'M)

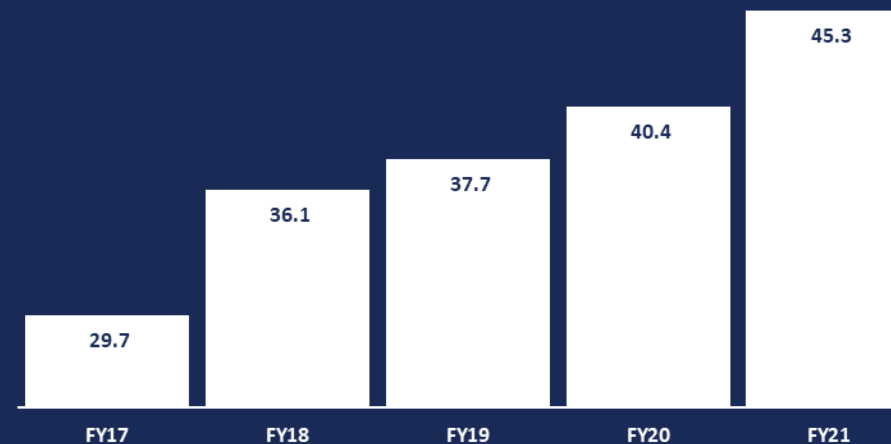


Fifth year of underlying EBITDA growth attributed to on-going service, product and geographical expansion

Rural delivers record result driven by investments in sales workforce and expansion into key growing regions

Rail growth lifts Transport division revenue to record \$297.3 million, with 110 new refrigerated rail containers added to capacity in FY21

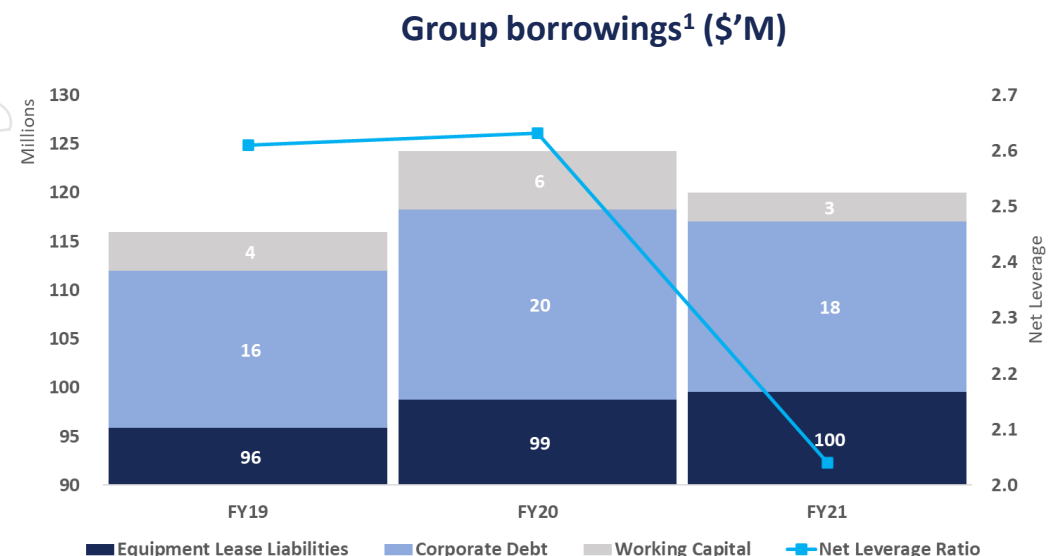
Group underlying EBITDA (\$'M), 5 Year View



Reduction in corporate and overhead spend as a response to COVID-19 and rising cost pressures helped generate an uplift in corporate segment

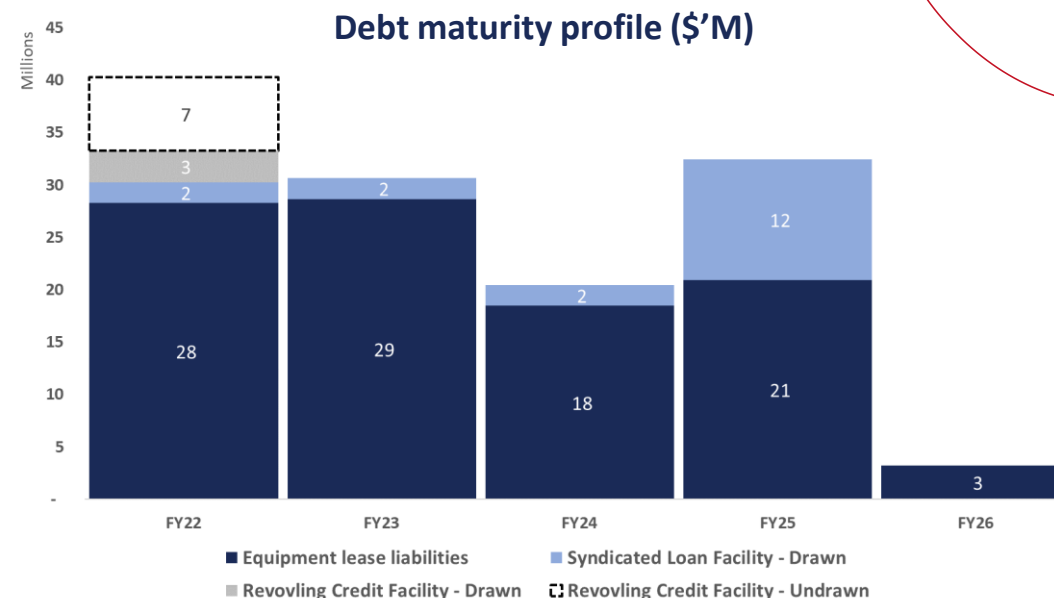
Strong year-end cash balance of \$27.6m driven by operating cash uplift. Decrease in net debt, down \$13.9m to \$92.4m, places the business in a strong position to capitalise on strategic opportunities as they arise

GROWTH-FOCUSED CAPEX



FY21 net capex of \$31m continued to focus on safety, rail, and fleet renewals. Controlled spend saw net leverage ratio decrease from 2.63x to 2.04x

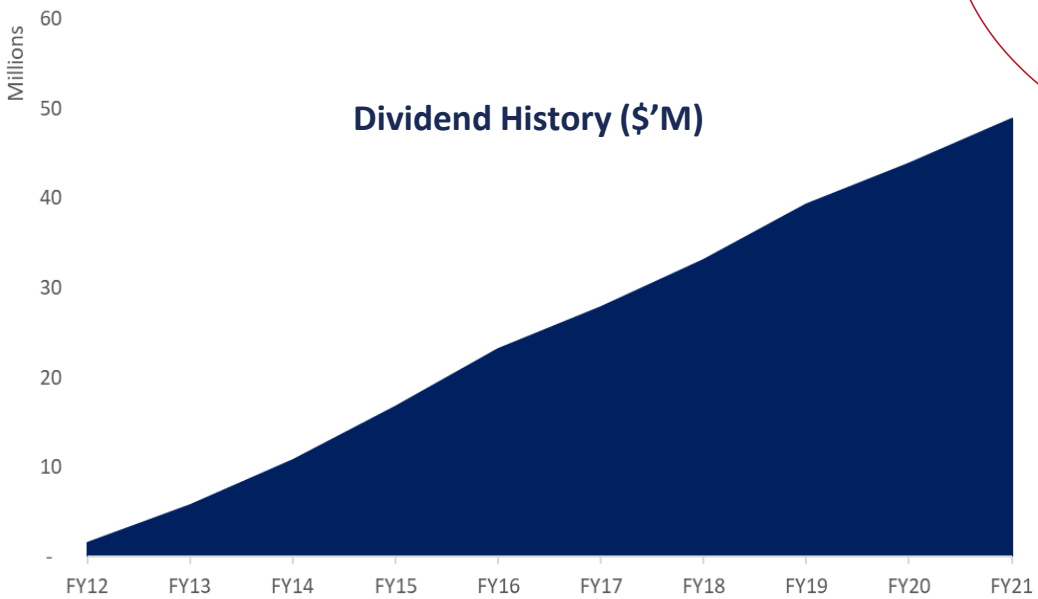
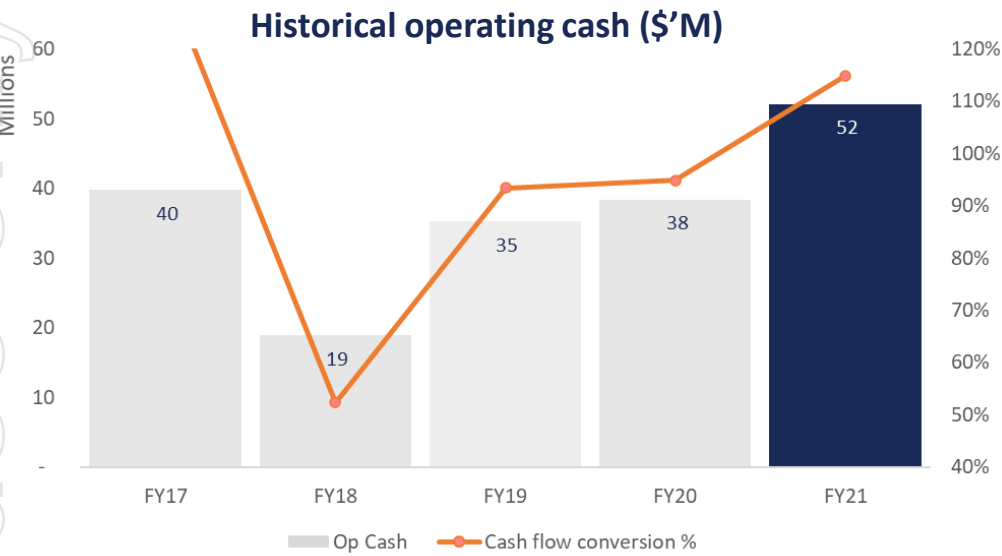
Forecast net capex spend of \$32m in FY22, reaching 400 rail container target, on-going maintenance spend for fleet renewal program and ERP system upgrade



Emphasis on growth through less-capital intensive spend, leveraging off capex in prior years to drive uplift in ROIC

Reviewing current property portfolio and future property development plans to ensure optimal strategy is in place to deliver shareholder value

POSITIVE CASH OUTLOOK



Record net operating cash flow of \$51.7m (+35%) driven by EBITDA growth and a net tax refund of \$2.1m due to the government’s temporary full-expensing incentive

FY21 cash flow conversion¹ of 115%, exceeding historical average of ~90%, supported by government tax incentives. Cash conversion expected to remain above historical trends while tax incentives continue

Solid free cash result of \$15.3m, compared to \$0.6m in FY20, allowing the Board to pay a full year dividend of 1.7cps (+13.3% from FY20)²

Continued strong history of generating shareholder returns through dividends, +\$48m in the last 10 years. Evaluating opportunities to utilise free cash to maximise value for shareholders

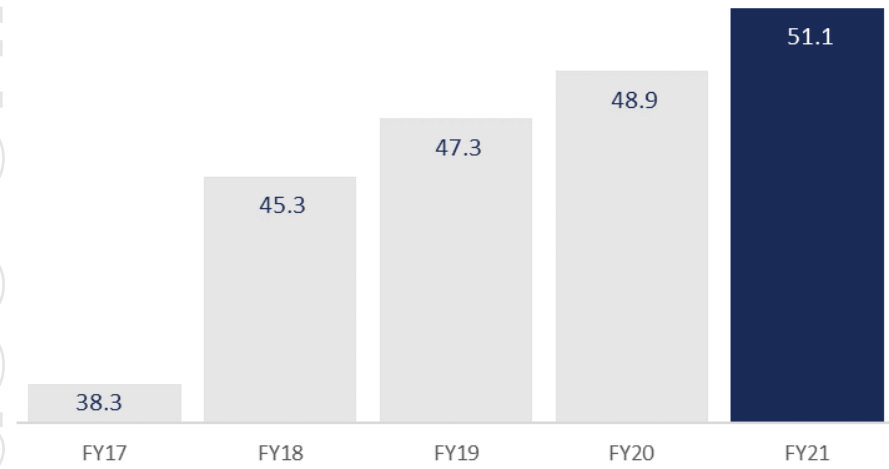
Notes:
¹ Cash flow conversion = operating cash flow/underlying EBITDA
² Lindsay no longer has sufficient franking credits to pay fully franked dividends due to carried forward tax losses arising from the temporary full-expensing incentive. Current forecasts predict the carried forward tax losses will be exhausted by 2024.

SEGMENT PERFORMANCE

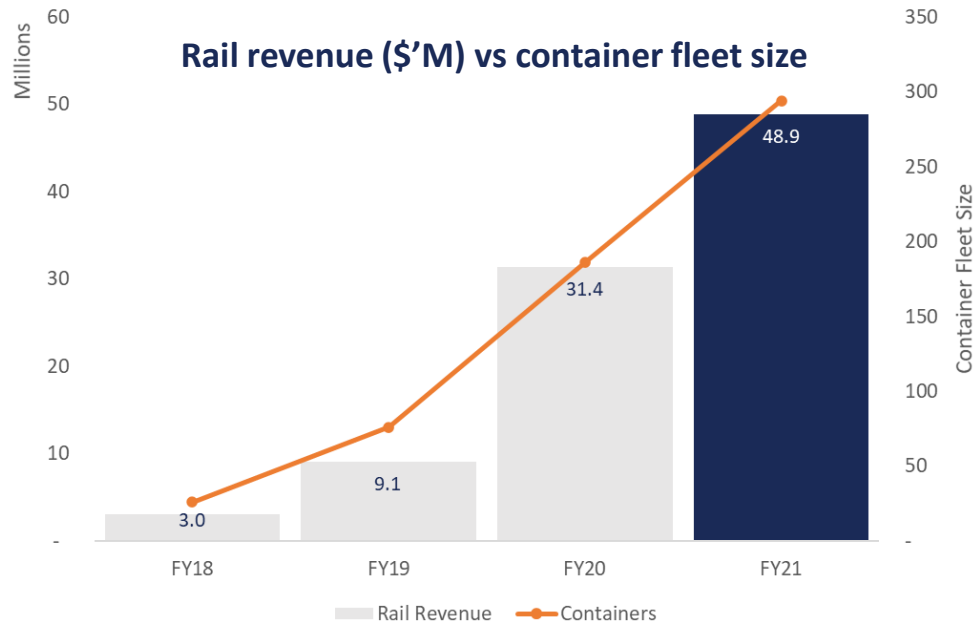


LINDSAY TRANSPORT

Transport underlying EBITDA (\$'M)



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



Committed to industry leadership in safety and compliance and continue to invest in fleet, technology and staff. Prime movers are fitted with seeing Eye Machine technology and continuous fleet renewal program gives access to latest safety features

Segment generated record revenue of \$297m (+5.3%), driven by growth in rail, which accounted for over 16% of revenues and offset reductions in fuel levy recoveries and Fresh's turnover

Transport delivered underlying EBITDA of \$51.1m (+4.4%) despite headwinds from rising cost pressures, supply issues, labour shortages, freight imbalances and utilisation impacts from abnormal consumer spending

Rail expansion remains 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

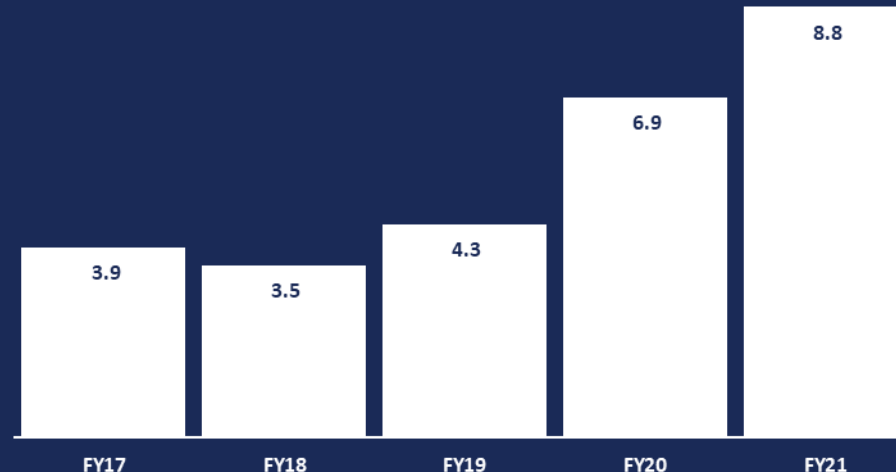
Diversification into Rail aligns with Lindsay's objective to deliver environmentally sustainable growth, with lower carbon emissions attributable to Rail which is estimated to be around 8x¹ more carbon efficient mode of transport compared to a b-double combination.

LINDSAY RURAL

Rural external sales (\$'M)



Rural underlying EBITDA (\$'M)



Delivered record revenue of \$137.9m (+7.2%) with growth across all key regions, leveraging expansion in sales workforce, with Northern New South Wales a particular beneficiary of the recent Woolgoolga acquisition

Generated record EBITDA of \$8.8m (+26.5%), benefiting from top-line growth, product diversification and strict cost management

Continue to focus on simple business model, increase sales presence in key regions and improve inventory and cost management

Looking to build on recent success and accelerate the division's growth into new horticulture regions

LINDSAY FRESH



External revenues finished 29.4% down for the year with the segment materially impacted by COVID-19. Positively there was some uplift in operating conditions towards the back end of the year.



Air freight remained significantly impacted due to availability of aircraft; sea freight was impacted by industrial action, container shortages and COVID-19 restrictions.



Due to decline in revenues, Fresh division qualified for JobKeeper, receiving \$2.06m in Government wage subsidies during FY21.



Conditions continue to improve slowly towards pre-COVID levels. Domestic produce volumes are forecast to be strong for FY22 and will offset some of the reduction still being experienced in the import/export segment.



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



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APPENDIX

RECONCILIATIONS

Underlying results

2021 (\$'000)	EBITDA	EBIT	Profit Before Tax	NPAT
Statutory Result	47,996	11,708	1,803	1,254
Depreciation right of use properties	(9,578)	-	-	-
Finance costs right-of-use properties	(3,609)	(3,609)	-	-
AASB 16 profit impact	1,848	1,848	1,848	1,848
Fuel tax credit provision relating to prior years	6,266	6,266	6,266	6,266
Interest on fuel tax credit assessment relating to prior years	-	-	1,546	1,546
Merger and acquisition costs	1,231	1,231	1,231	1,231
Provision for doubtful debt	1,140	1,140	1,140	1,140
Notional tax at 30% on underlying adjustments	-	-	-	(3,609)
Underlying Result	45,294	18,584	13,834	9,676

2020 (\$'000)	EBITDA	EBIT	Profit Before Tax	NPAT
Statutory Result	47,133	15,875	7,683	5,322
Depreciation right of use properties	(7,547)	-	-	-
Finance costs right-of-use properties	(2,627)	(2,627)	-	-
AASB 16 profit impact	1,358	1,358	1,358	1,358
Restructure costs	1,428	1,428	1,428	1,428
Merger and acquisition costs	211	211	211	211
Historical claim costs	451	451	451	451
Notional tax at 30% on underlying adjustments	-	-	-	(1,034)
Underlying Result	40,407	16,696	11,131	7,736

Key finance metrics

Net Borrowings (\$'000)	2021	2020
Reported borrowings	21,150	25,108
Lease liabilities	186,278	185,527
Property lease liabilities	(87,413)	(86,386)
Cash	(27,594)	(17,895)
Net Borrowings	92,421	106,354

Underlying EBITDA	45,294	40,407
Net Leverage Ratio¹	2.04	2.63

ROIC (\$'000)	2021	2020
Net Borrowings	92,421	106,354
Equity	88,877	92,363

Invested Capital	181,298	198,717
Underlying EBIT	18,584	16,696
ROIC²	10.3%	8.4%

EPS (\$'000)	2021	2020
Underlying NPAT	9,676	7,736
Weighted Average SOI	299,604	298,409
EPS³ (CPS)	3.2	2.6

Notes:

¹ Net Leverage Ratio = Net Borrowings/Underlying EBITDA

² ROIC = Underlying EBIT/Invested Capital

³ EPS = Underlying NPAT/Weighted Average Shares On Issues

Refer 2021 Annual Report for full details of underlying adjustments.