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**LYNCH GROUP
HOLDINGS LIMITED**
(ASX:LGL)

22 NOVEMBER 2024

LYNCH
GROUP 

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Lynch Group Board of Directors



Patrick Elliott
Non-Executive Chair



Peter Arkell
Non-Executive Director
(based in Shanghai)



Peter Clare
Non-Executive Director



Elizabeth Hallett
Non-Executive Director



Hugh Toll
Chief Executive Officer and
Managing Director

Lynch Overview



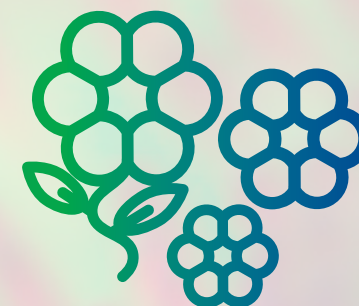
100+ years old

Largest distributor of floral products in Australia and largest grower of premium flowers in China



30 year dominant position

in fast growing Australian supermarket channel



International diversified supply chain

including owned farms and other tier 1 growers



20 year+

on the ground presence in China with established platform well placed to accelerate growth



Track record

of predictable and attractive ROIC on growth capex



Australia

Supply: National supply of floral and potted products to supermarket customers

Growth: Scope for significant further growth when compared to other international markets

Sourcing: Worldwide capability including owned and supplied. Consistent year-round supply of high-quality products

Complete category management: Sourcing, growing, biosecurity, range, merchandising

Growing: Own farms and supply from highest quality growers

Biosecurity: Close collaboration and deep experience with Australian biosecurity

Range: New and attractive products for self and gifting especially in bouquets and arrangement

Merchandising: Dedicated professional team of in store merchandisers with a focus on presentation and quality

Importer: Largest importer of floral product into Australia





China

20+ year history, located in Kunming region of Yunnan province in south west China with ideal growing conditions (favourable climate and infrastructure)

4 large farms, covering 84ha of high technology greenhouses growing roses, tulips, gerberas and amaryllis

Largest grower of premium product flowers in China in a market several times bigger than most western markets

Year round supply of high quality product range to Chinese consumers (retail, wholesale and B2C) at affordable prices

Poor trading conditions persisted with low levels of consumer confidence leading to weak pricing

Emerging market for discretionary spending – different to Australia where category is resilient across economic cycles

New large-scale competitive supply over the last three years but Group remains lowest cost producer of scale in China



FY24 Key drivers

Australian margin recovery continued

Economic conditions leading to subdued consumer confidence have impacted demand and pricing in China

Continuation of ESG initiatives

FY24 Revenue up 2% on FY23 on a like for like 52-week basis

- Australia underlying revenue growth of 3% with stable consumer demand for floral products set within the context of cautious consumer spending
- China revenue decline of 12% impacted by low domestic pricing

FY24 Group EBITDA \$39.6m down 7% on FY23

- Australia EBITDA \$31.0m at 9.4% margin, 50% improvement on FY23 with continuation of profit recovery initiatives across procurement, freight and labour
- China EBITDA \$8.6m at 10.1% margin, 61% down on FY23 with weaker domestic pricing impacting margin

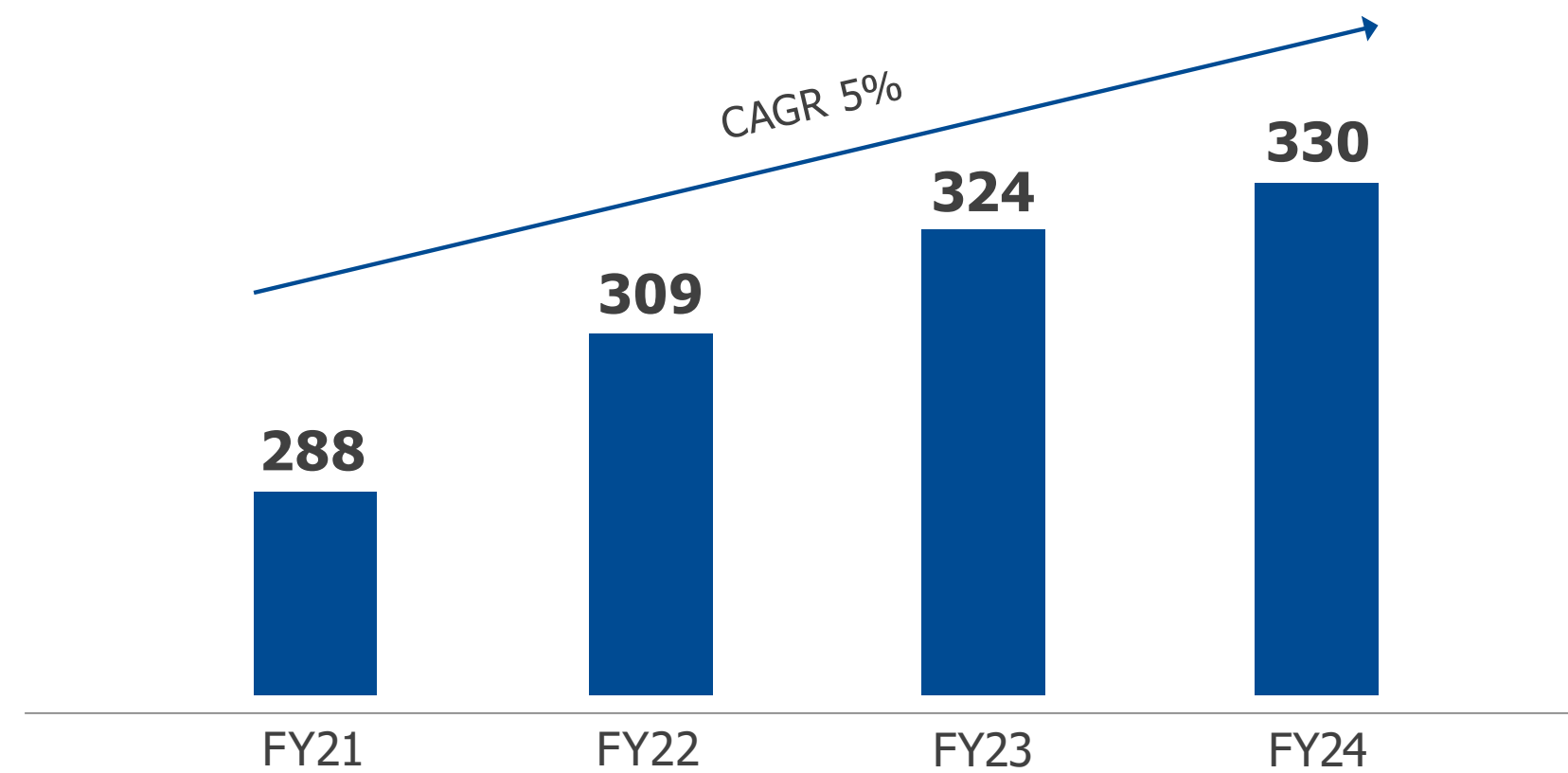
ESG initiatives:

- Environment: launch of floral, conservation-based partnerships in Australia and Kenya, emission reduction trials to utilise more sea freight, waste management initiatives
- Social: inaugural staff engagement survey, launch of internal people plan, continued focus on ethical sourcing procedures
- Governance: compliance with legislation and ASX principles, acknowledgement of incoming ASRS Sustainability standards



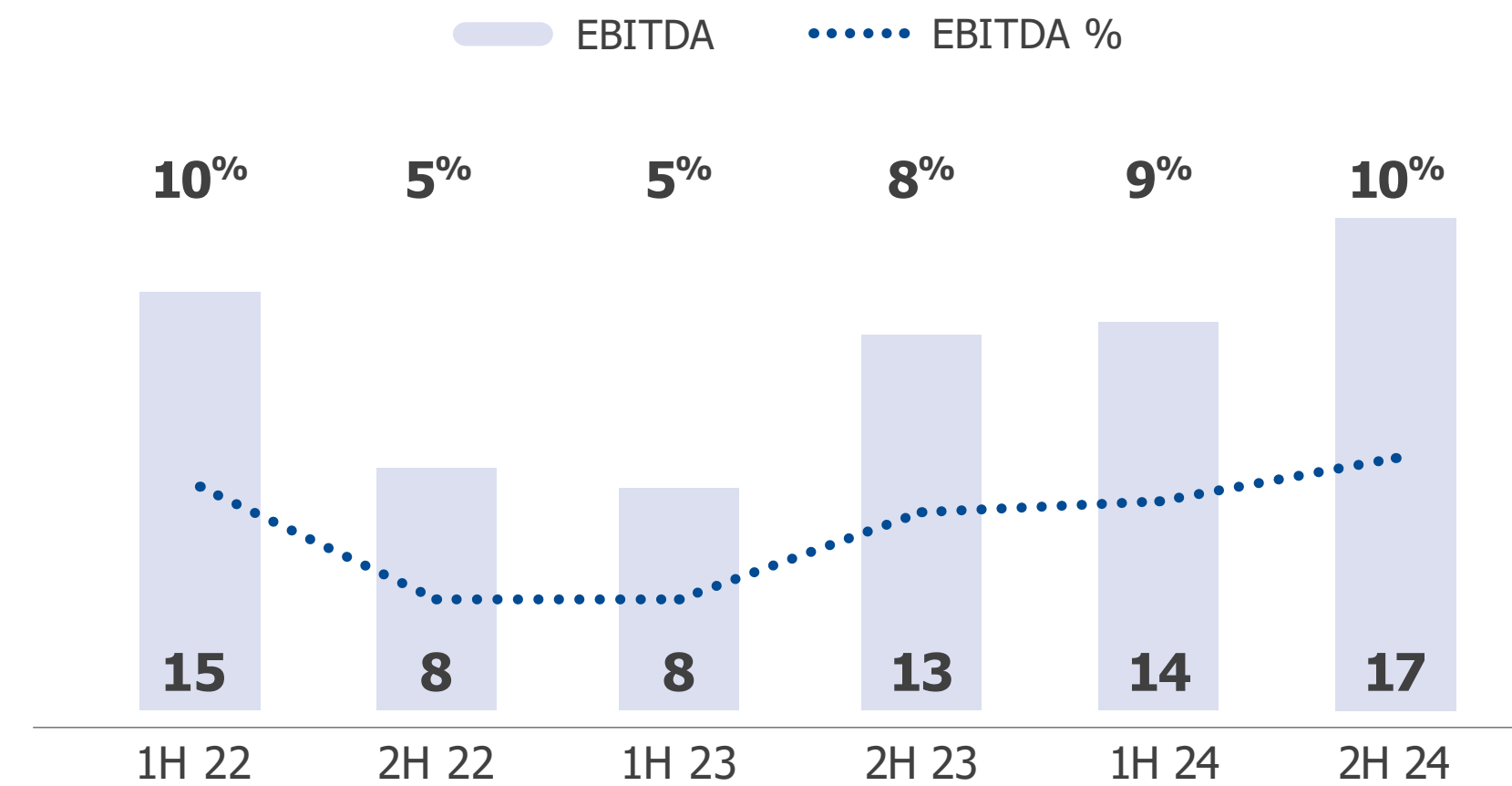
50% EBITDA IMPROVEMENT YEAR ON YEAR, WITH MARGIN RECOVERING TO 9.4%

Australia revenue (AUD \$m)



FY23 revenue includes 53 weeks. FY23 revenue excluding addition week is \$320m.

Australia EBITDA (AUD \$m)



Revenue underpinned by stable consumer demand for floral product within the context of cautious consumer spending

SOR store numbers increased to c. 26% of store network

50% EBITDA improvement from FY23 to FY24, EBITDA margin up to 9.4%

Moderating international freight rates from key African, South American, and Asian markets

Cost reductions on key inputs contributed towards strong margin recovery

Labour availability stable and returned to normal operating conditions



Australia FY24

Whilst the Group has been supplying the Australian supermarket channel for over 30 years, the supermarket floral category continues to have significant long term growth potential

Supermarket penetration of floral market continues to increase

Underlying revenue growth of 3.0% underpinned by stable consumer demand for floral product within the context of cautious consumer spending and generally challenging economic conditions. Wholesaler and florist demand remains subdued

Focus on cost reduction on key inputs (freight, floral buying, labour) delivered a strong recovery in margin across the year. Further productivity related projects underway prior to year end with a focus on production efficiency and domestic freight savings

Key customer events (Valentine's Day and Mother's Day) successfully delivered in full with sell through ahead of expectations

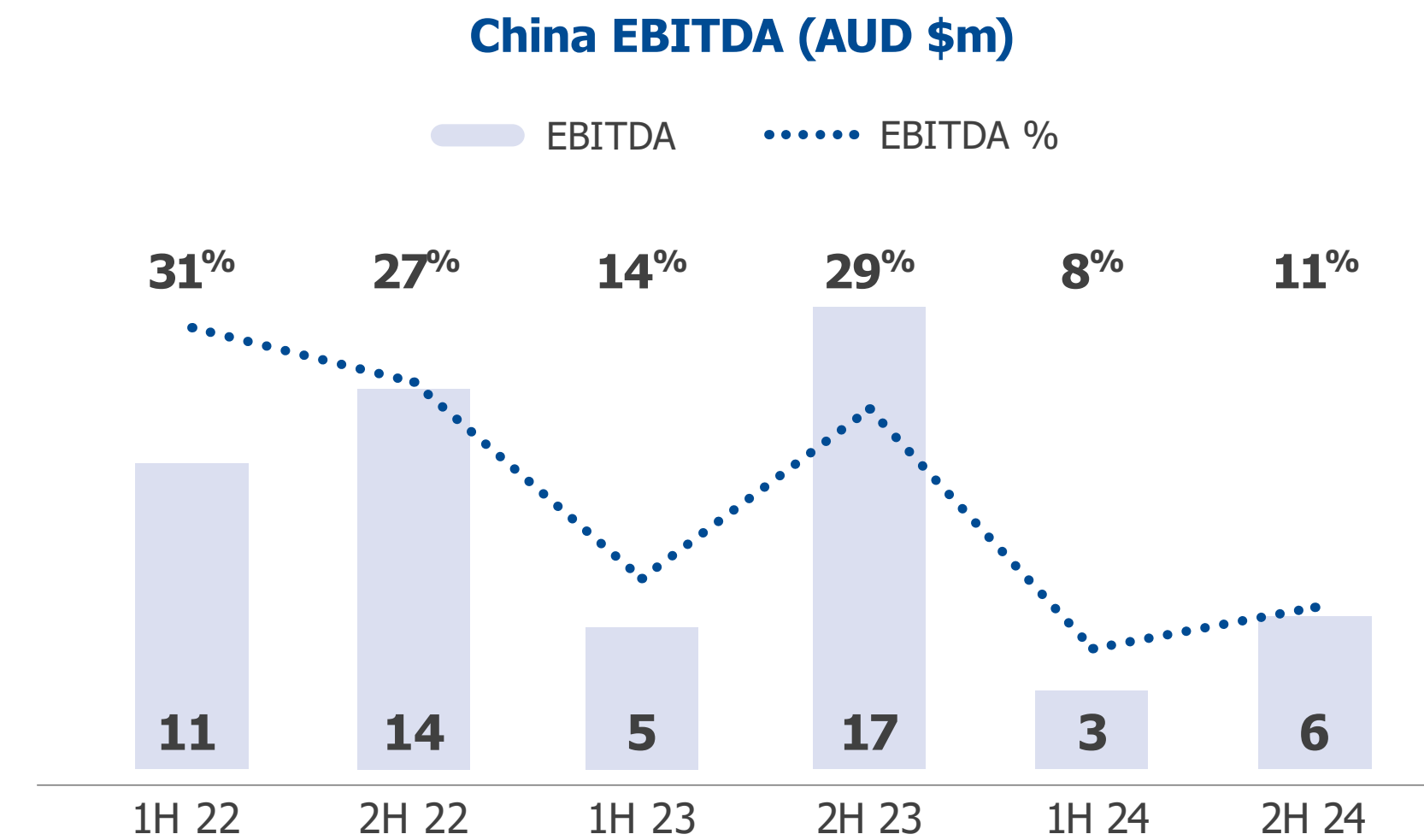
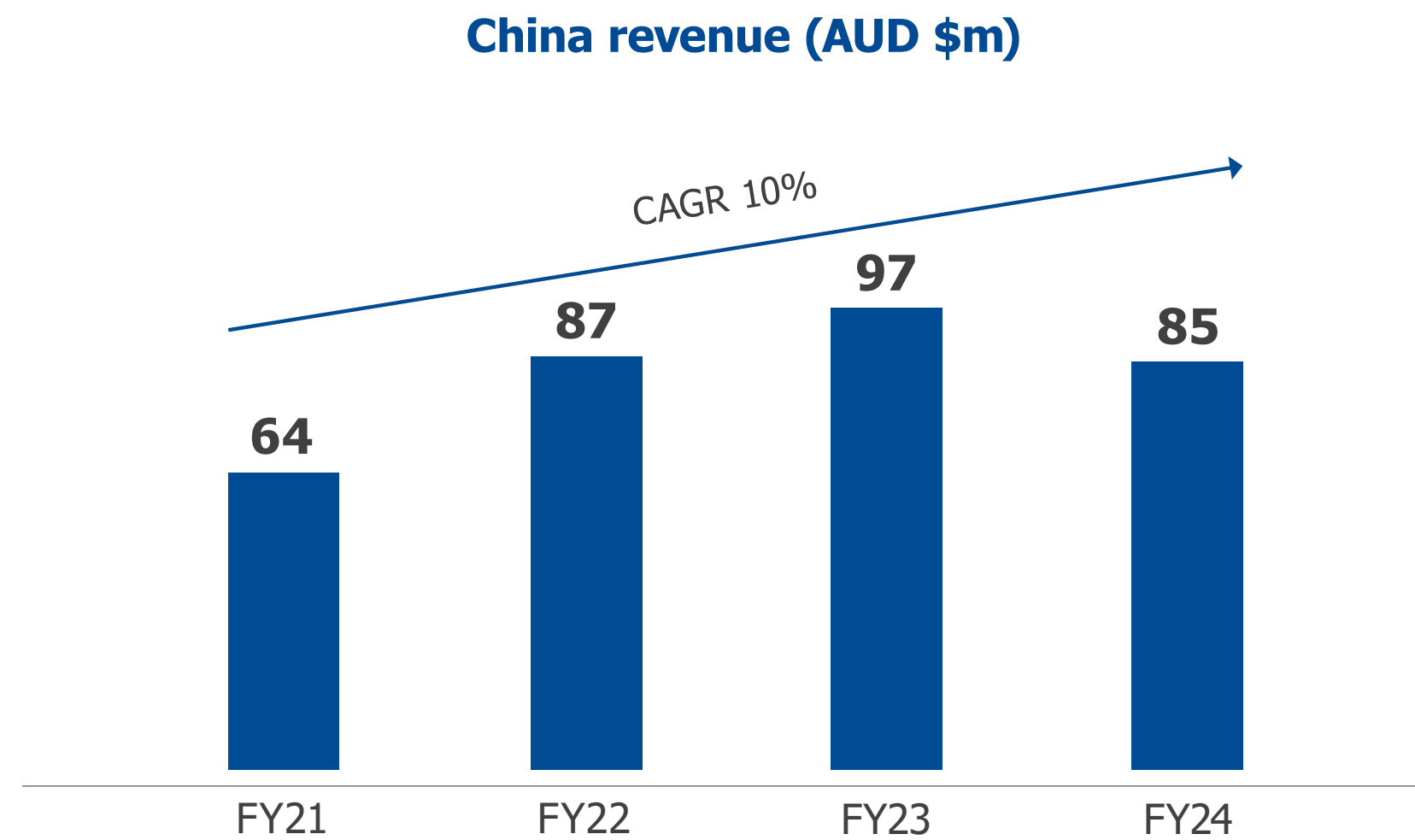
Moderating international freight rates from key African, South American, and Asian markets across first half, and remained stable across balance of year

Labour availability remained stable



DOMESTIC PRICING REMAINS IMPACTED BY LOW CONSUMER CONFIDENCE, OPERATIONAL EXECUTION WELL MANAGED

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Domestic rose pricing down 18% on FY23 (32% down on FY22)

Customer demand across 2H events – Valentine’s Day, International Women’s Day and Mother’s Day – in line with expectations

Key production costs including heating, fertilisers, packaging, freight and labour remain well controlled

Export revenue declines from reductions in international freight rates and lower volumes of procured products

Farm volume increase from maturation of greenhouse expansion, rate of increases slowing in line with reduced hectare development

Additional 2 ha added during the year to bring productive area to 84 ha



China FY24

Access to premium floral genetics, investment in growing infrastructure, and direct distribution provides year-round supply of a high quality product to Chinese retail and wholesale customers at competitive prices

Revenue declined 12% across the year impacted by low domestic pricing

Production volume growth moderated, aligned with active decision to limit greenhouse expansion works across FY24

Demand for floral products remained soft, with low levels of consumer confidence being influenced by current domestic economic headwinds. This was coupled with generally higher volumes of product available on market during the year

Domestic pricing for key rose products reduced c.18% during the year. Export pricing also reduced in line with freight reductions

Operational execution across growing, processing, sales and distribution remain well managed delivering volume lift with costs well controlled

Successful commissioning of second in-market production facility in Guangzhou, further developing customer channels in this large market

Strengthening downstream distribution capabilities from Kunming, Shanghai and now Guangzhou, and increasing production of value-added product lines remains a key strategic focus

FLOURISH

Continuation of FLOURISH, the Group's sustainability initiative which is becoming integral to the way the Group operates aligning with its core values

Second annual sustainability report released in October 2024

Setting of framework for material ESG pillars of **waste, carbon emissions, water, packaging, biodiversity, people and community**

Launch of floral, conservation-based partnerships with the **Botanic Gardens of Sydney in Australia and the Centre for Ecological Restoration in Kenya**

Primary research into emission reduction trials **to enhance sea freight capabilities**

Introduction of **waste management initiatives** encouraging high staff engagement and cultural impacts

Launch of internal People Plan with a focus on **diversity and inclusion, health, safety and well-being, development and succession, talent acquisition, engagement and retention, and management and compliance**

Future reporting and disclosures expected to **evolve to achieve ASRS S1 and ASRS S2 compliance by the relevant adoption date**



Australia

Ongoing stable floral demand trends with major supermarket customers, with revenue growth expected to be around 4% for the first half

Demand for lower priced supermarket floral products continues to be positive with new brands launched during the first half delivering positive sales momentum

Expecting stronger revenue growth across the second half, driven by planned volume increases for the key Valentines Day and Mother's Day events with major customers

Potted products continue to under perform relative to floral, reflecting a downward reset in consumer demand for these lines following the peak demand years across COVID

Australian EBITDA margin has remained in line with last year levels across the first half

SAP system upgrade is now well progressed with the project's first phase expected to complete within FY25 with costs in line with August guidance of c.\$1.5m





China

The Chinese Government has announced policies designed to support economic growth and improve consumer confidence

To date, consumer confidence and spending remains weak for discretionary items with no discernible change in conditions or sentiment during the half

China revenue expected to increase on first half of FY24 from additional tulip and export volumes, offset by declines in domestic ASP of around 5%

Seasonal pricing improvements are evident heading into the winter season with higher demand expected through the 2H major events commencing with Chinese New Year

Operational execution across growing, processing, sales and distribution in line with expectations with costs continuing to be well controlled



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1H FY25 outlook as at November 2024

The first half group financial outlook is for:

Group Revenue growth of around 5%

Underlying Group EBITDA in the range of \$16-17m (excluding the impact of SAP project costs), reflecting stable margins relative to 1H FY24 in Australia, and China margins below 1H FY24 impacted by domestic pricing

A further update on trading conditions is expected to be provided with the half year results in February



Formal Business

Item 1 – Financial statements and report

Item 2 – Resolution 1: Adoption of Remuneration Report

Item 3 – Resolution 2: Re-election of Patrick Elliott as a Director

Item 4 – Resolution 3: Issue of options to Chief Executive Officer and Managing Director Hugh Toll

Financial statements and reports

Financial Report for the year ended 30 June 2024

To receive and consider the Financial Report, Directors' Report and Auditor's Report for the Company for the year ended 30 June 2024, a copy of which has been made available to shareholders on the Lynch Group's website.

Resolution 1 – Adoption of Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

*"**THAT** pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Annual Report for the financial year ended 30 June 2024."*

Resolution 2 – Re-election of Director retiring by rotation Patrick Elliott

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

***“THAT** Patrick Elliott, having retired from his office as Director in accordance with clause 20.2 of the Constitution and ASX Listing Rule 14.5, and being eligible, having offered himself for election, be elected as a Director of the Company.”*

Resolution 3 – Issue of options to Chief Executive Officer and Managing Director Hugh Toll

To consider and, if thought fit, to pass the following resolution as an ordinary resolution of the Company:

*"**THAT** for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval be given for the grant of options to the Chief Executive Officer and Managing Director, Hugh Toll under the Company's long-term incentive scheme, in accordance with the terms of the Company's long-term incentive scheme and as described in the Explanatory Notes."*

Q&A AND THANK YOU

Thank you to all shareholders for your support.

