



**REDOX**

# FY24 RESULTS PRESENTATION

August 2024

REDOX LIMITED  
(RDX.ASX)



**Presenting today**



**Raimond Coneliano**  
Chief Executive Officer &  
Managing Director

29 years tenure



**Kim Yap**  
Chief Financial Officer

35 years tenure

## Agenda

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# FY24 Highlights

**Raimond Coneliano**  
Chief Executive Officer & Managing Director

## 2024 Highlights

**\$94.8m**

Underlying NPATFX  
11.4% growth vs PCP

**23.4%**

Gross Profit Margin  
2.6 pts above PCP

**12.2%**

Underlying EBITDAFX Margin  
0.8 pts above PCP

**\$115.9m**

Cash Flow from operations  
(Net Cash position \$177m)

**11.8%**

Proforma Basic Earnings Per  
Share Growth

**19.1%**

Underlying after tax Return On  
Invested Capital

**6.5cps**

Final Dividend  
Total 2024 Dividend 12.2cps

**30.8%**

Net Working Capital to sales  
fell by \$18 million



## FY24 performance highlights

- Final Dividend declared 6.5cps (12.2cps for FY24). Full year payout ratio of 73% of Statutory Net Profit
- NPATFX increased by \$9.7m (up 11.4%) to \$94.8m
- 23.4% Gross Profit Margin achieved due to positive product mix improvements, larger proportion of smaller transactions and diligent margin control
- Positive volume growth achieved in-line with historical average, despite challenging macro-economic environment
- Sales revenue eased by 9.6% due to global price deflation, destocking and weaker customer demand



# Key drivers of revenue in FY24



Redox  
control

Sales team expansion	North American Customer Wins	Portfolio growth	Share of Wallet Initiatives
4% Growth to 181 reps. Arizona & Ohio by end CY24	20% Increase in active customers in North America	+71 Growth in active Product Groups	+30,548 Increase in sales opportunities tracked by <b>REDEBITZ</b>



Market  
factors

Price normalisation post-COVID/Supply Chain Crunch	Temporary lull in demand in some segments due to overstocking in FY23	Evolving geopolitical events affecting trade flows & shipping	Ongoing weakness in general economy impacting customer demand
Global Unit Price Deflation	Destocking	Geo-political uncertainty	Macroeconomic challenges





# FY24 performance by segment



## FY24 volume growth

- Animal Health & Nutrition – supplemental feeding due to dry conditions supported volume gains particularly in 1H FY24
- Crop Production & Protection – strengthened as prices stabilised and conditions improved
- Water Care – sustained growth from upgraded technical support
- Plastics – benefited from the Element Raw Materials acquisition and the onboard of new suppliers and customers
- Mining & Explosives – strong growth in sales to the Uranium market
- Industrials – buoyant growth in Lubricants and Automotive subsectors
- Human Health & Nutrition - enjoyed a boost in Beverages especially in the US

## FY24 revenue growth impacted by

- Price deflation prevalent across all key product segments
- Destocking and export controls in Crop Production & Protection
- The closure of key client in the Alumina sector
- Subdued demand in Building (Industrial subsector)

Growth vs FY23

	Volume Growth	Revenue Growth
Animal Health & Nutrition	✓	—
Crop Production & Protection	✓	×
Human Health & Nutrition	✓	×
Household & Personal Care	✓	×
Water Care	✓	✓
Plastics, Rubber & Foam	✓	—
Industrial	×	×
Surface Coatings	✓	—
Mining & Explosives	—	×



# FY24 performance by region



**Asia Pacific** volumes grew strongly in 1H FY24 but the rate of growth slowed in 2H FY24 as customer demand reduced due to the tougher macro-economic environment

**North American** volumes grew strongly throughout FY24 with a 36% increase in the number of invoiced sales to customers, revenue grew incrementally despite unit price headwinds

Growth vs FY23

	Volume	Revenue
Asia Pacific Region	✓	✗
North America Region	✓✓	—

9.6%

Increase in number of customer invoices across the company



# Delivering on our M&A strategy



- Acquisitions add products, customers, suppliers, expertise and capabilities which will drive future growth in line with stated acquisition strategy
- Optigen Ingredients & Element Raw Materials transactions completed in FY24
- Oleum's portfolio now available to larger Redox clientele and sales team
- Redox continue to review several strategic acquisition targets in APAC and North America



**Optigen Ingredients**  
Human Health & Nutrition  
Australia

(Aug 2023)



**Element Raw Materials**  
Specialty Plastics  
New Zealand

(Dec 2023)



**Oleum**  
Surfactants & Specialty  
Chemical  
Australia

(July 2024)

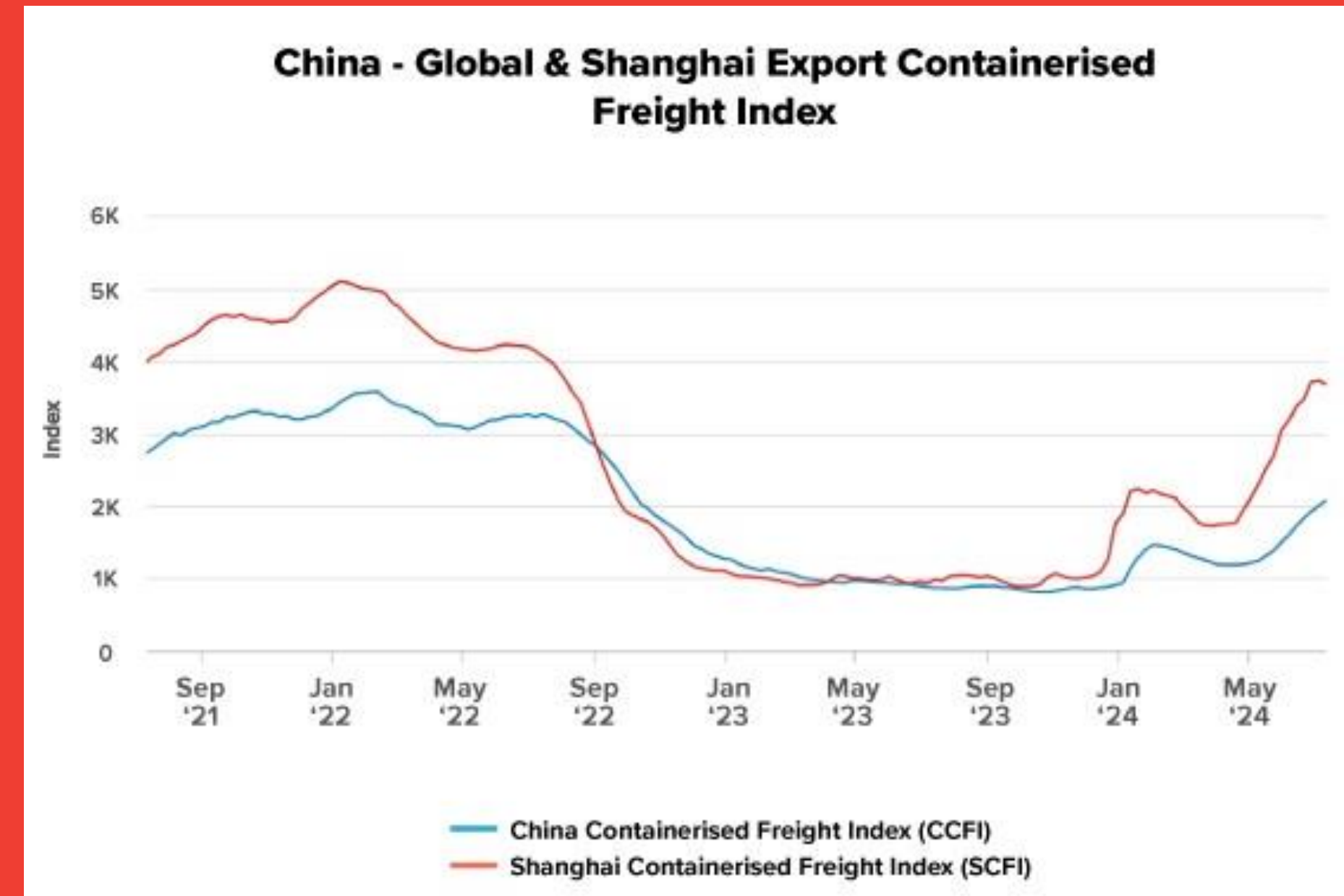
**Oleum  
completed  
July 2024**  
Integrated within  
a few weeks  
thanks to **Redebiz**  
CRM/ERP system



# Sea Freight Update



- As the vast majority of Redox' product is imported, sea freight and in particular containerised freight rates are a key driver of price for customers
- Containerised freight made up roughly 10% of selling prices during the COVID supply chain crunch
- Due primarily to COVID supply chain constraints, containerised freight prices rose between June 2020, peaked in January 2022 before stabilising in 2023
- In FY24, geopolitical events have resulted in longer ocean transits and capacity constraints leading to higher containerised freight costs
- Higher freight costs will flow into customer prices during FY25
- Redox will continue to provide value to clients during the current supply chain stresses

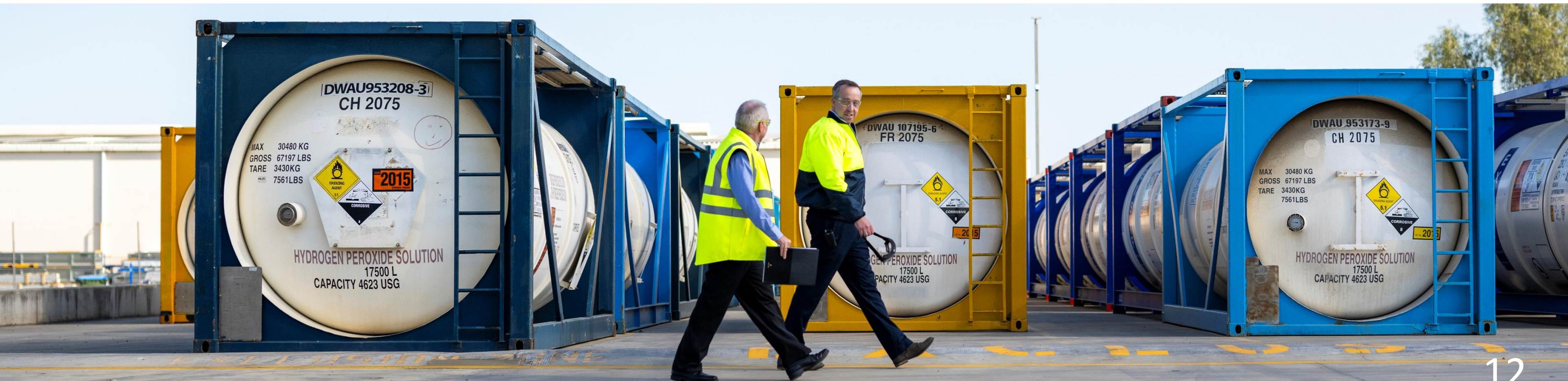




# FY24 Gross Profit



- Strong Gross Profit Margin of 23.4%, beating PCP by 2.6 percentage points
- Margins have been particularly resilient in Australia due to improvements in product portfolio mix, larger proportion of smaller more profitable transactions and diligent margin control
- Due to global price stabilisation and an increase in commodity sales gross margin moderated through the second half of FY24 albeit at levels above historical average





# FY24 Financials

Kim Yap  
Chief Financial Officer

# 1.5%

Increase in Gross Profit vs PCP due to disciplined margin management

# 12.2%

EBITDAFX margin, improvement of 0.8ppts vs PCP

# \$95m

Underlying NPATFX improved by 11.4% vs PCP due to higher GP margin and interest income

## Profit & Loss overview

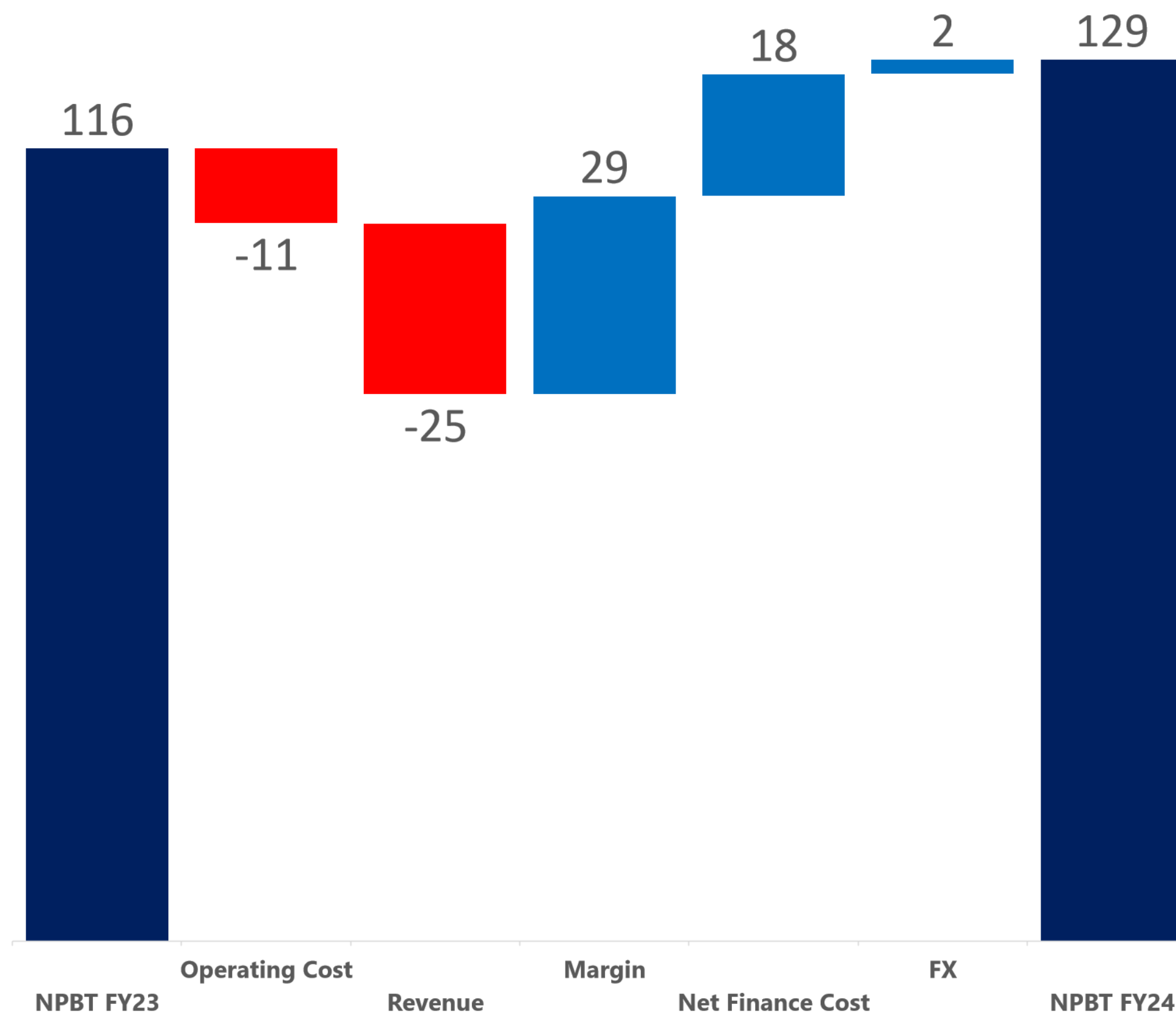
	FY24	FY23	Change
	\$m	\$m	%
Revenue	1,137	1,258	-9.6%
Gross profit	266	262	1.5%
Gross margin	23.4%	20.8%	2.6ppts
Underlying EBITDAFX <sup>1</sup>	139	143	-2.9%
Underlying EBITDAFX <sup>1</sup> margin	12.2%	11.4%	0.8ppts
Underlying NPATFX <sup>1</sup>	95	85	11.4%
Underlying NPATFX <sup>1</sup> margin	8.3%	6.8%	1.5ppts
Proforma basic Earnings Per Share (cents) <sup>3</sup>	17.20	15.38	11.8%
ROIC <sup>2</sup>	19.1%	21.6%	-2.5ppts

### Notes:

1. Underlying EBITDAFX and NPATFX excludes unrealised currency revaluations relating to non-cash mark-to-market adjustments on Redox's open forward exchange contracts at period end and the one off listing cost of \$5 million. The mark to market adjustments arise as Redox does not qualify for hedge accounting treatment under the terms of AASB 9 Financial Instruments and so is required to include the non-cash gain or loss on open foreign exchange positions at period end within its statutory result. Redox does not consider these amounts to form part of the Group's "underlying" earnings, and accordingly presents NPATFX metrics which exclude the impacts of these balances.
2. Return on Invested Capital ("ROIC") is defined as net operating profit after tax (NOPAT), divided by average invested capital (total equity plus net debt and lease liabilities).
3. Normalised for the number of shares at the Group's ASX listing on 3 July 2023



# Net Profit Before Tax bridge FY23 to FY24



Higher profit margin has more than offset the decline in sales during FY24



Improvement in net working capital and cash position provided a positive contribution to FY24

# 2.6%

Revenue improvement in North America driven by new customer conversion and strong volume growth

# -12.5%

Decrease in Cost Of Goods Sold due primarily to deflation in purchasing prices

# 2.6ppts

Uplift in Gross Margin vs PCP due to disciplined margin management

## Revenue and Gross Profit

	FY24	FY23	Change
	\$m	\$m	%
Revenue – Australia	965	1,063	-9.2%
Revenue – New Zealand	87	107	-18.7%
Revenue – North America	78	76	2.6%
Revenue – Other	8	11	-27.0%
Total revenue*	1,137	1,258	-9.6%
COGS	-871	-995	12.5%
Gross profit	266	262	1.5%
Gross margin	23.4%	20.8%	2.6ppts

Note

• Revenue impact of Element Raw Materials & Optigen Ingredients acquisitions in FY24 not material



\$116M

Cash from operations. \$120m invested in short term deposit

87.6%

Lower free cash flow conversion due to normalisation of Net Working Capital

30.8%

Net working capital as a percentage of revenue higher due to lower working capital requirements

Notes:

1. Free cash flow conversion is calculated as underlying cash from operations divided by underlying EBITDA (EBITDA minus one off ASX listing costs)

2. Net working capital as a percentage of sales is calculated as period end working capital (the sum of trade and other receivables, inventory, prepayments, other assets, trade and other payables, accruals, provision for income tax and other liabilities) divided by revenue.

## Cash flow

	FY24	FY23	Change
	\$m	\$m	\$m
Cash from operations	116	135	-19
Capex and acquisitions	-5	-3	-2
Net cash flow	111	132	-21
Free cash flow conversion <sup>1</sup>	87.6%	98.5%	
Net working capital (NWC) <sup>2</sup>	350	368	18
NWC as % of revenue	30.8%	29.3%	
Net cash/cash equivalent	177	35	142

# Dividend & Dividend Policy



## Final Dividend

Final Dividend for FY24 of 6.5 cents per share

Full Year Dividend payout of 12.5cps representing a full year payout ratio of 73% of NPAT within our dividend policy

Final dividend to be paid on the 20<sup>th</sup> of September 2024

Record date 28<sup>th</sup> of August 2024

## Dividend Policy

Dividend payout ratio is 60%-80% of NPAT



# STRATEGY & OUTLOOK

Raimond Coneliano  
CEO and Managing Director

# Leading distributor of chemicals, ingredients and raw materials



7,000+  
ACTIVE CUSTOMERS



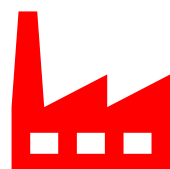
5,000+  
SKU'S

Primary focus organic growth complimented by acquisitions & geographic expansion

Extensive and growing customer, supplier and product base

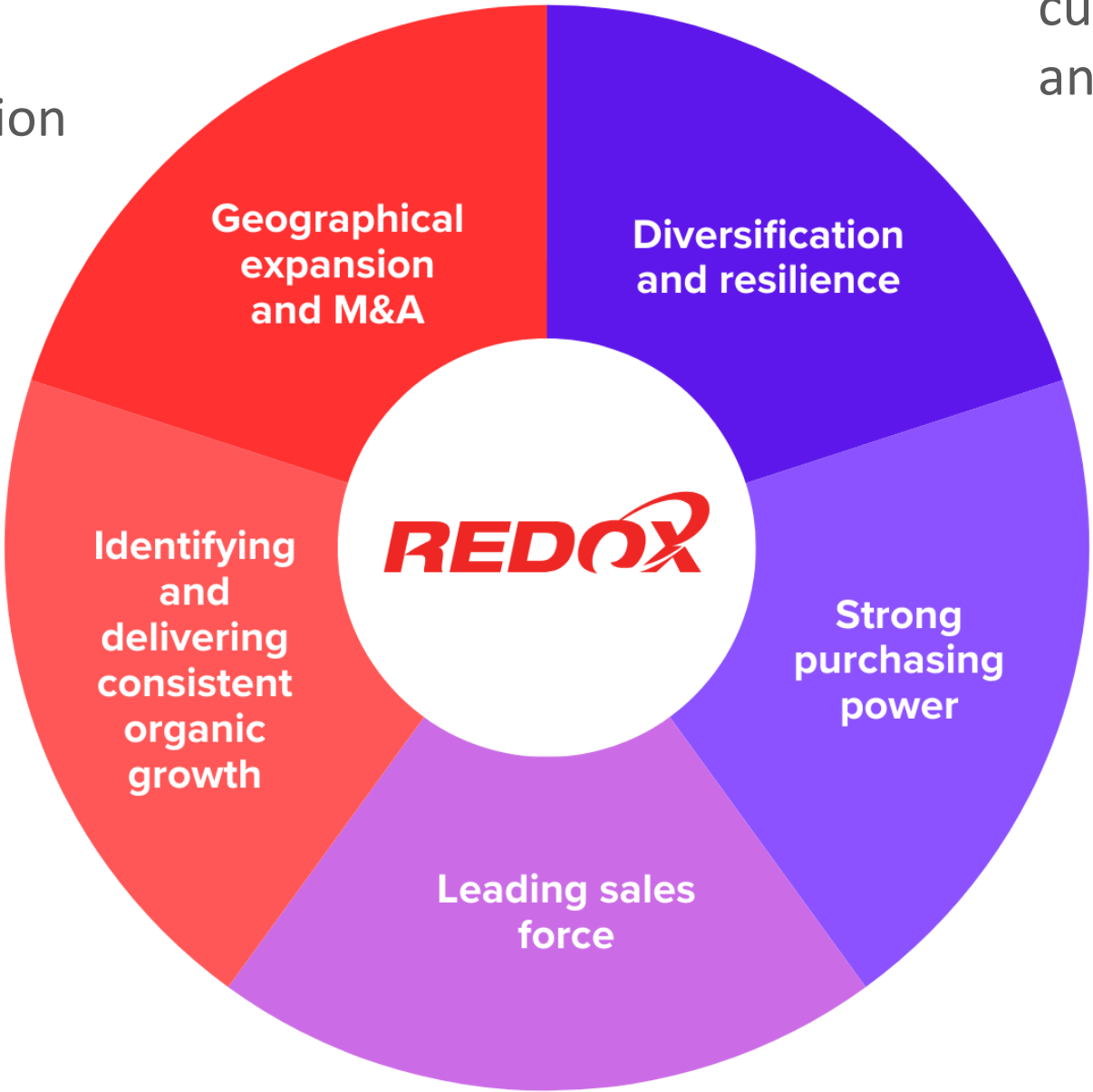


100+  
STOCK LOCATIONS



1,000+  
ACTIVE SUPPLIERS

30-year revenue CAGR of 10.84%



Largest supplier in Australia by revenue



400+  
STRONG TEAM\*



1,200+  
PRODUCT GROUPS

Trained the Redox way

\* Team includes 180+ salespeople across APAC & USA

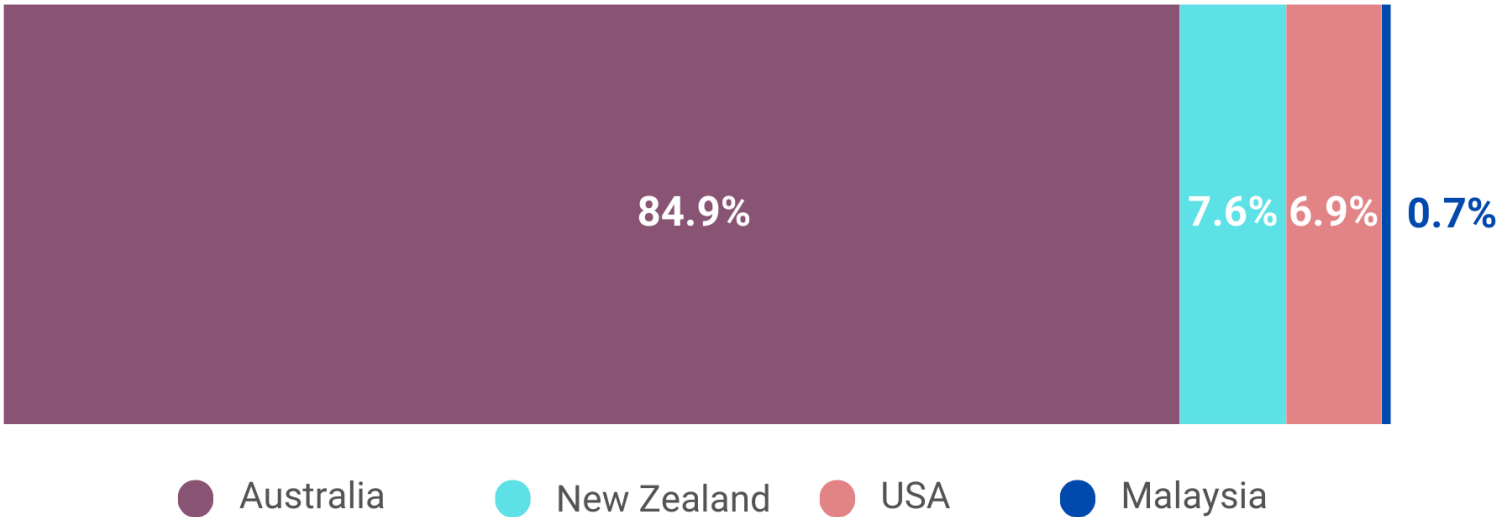


# Diverse client, industry, product and supplier base

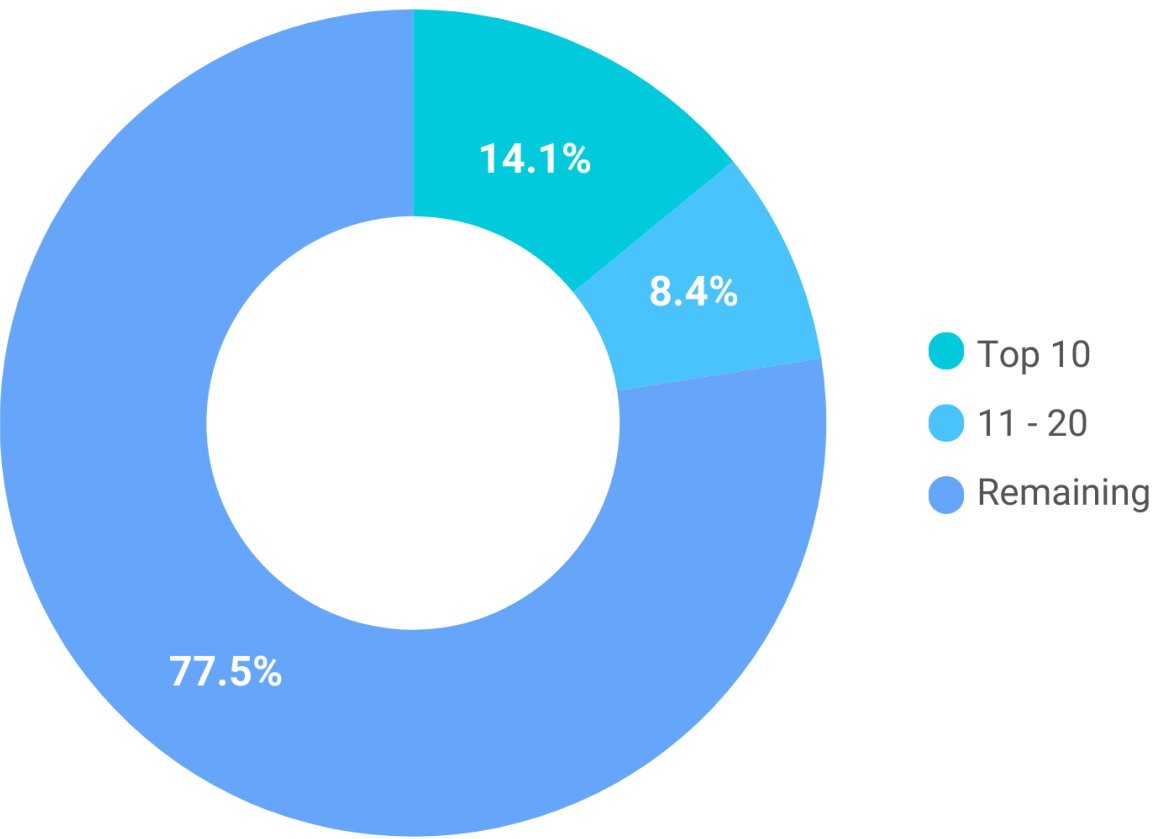


- Largest customer represents ~1.8% of FY24 sales
- Top 10 customers represent ~14.1% of FY24 sales
- Largest individual supplier accounted for ~3.1% of FY24 sales
- Broad geographical supply base that reduces supply risks
- Sourced products from 53 countries in FY24

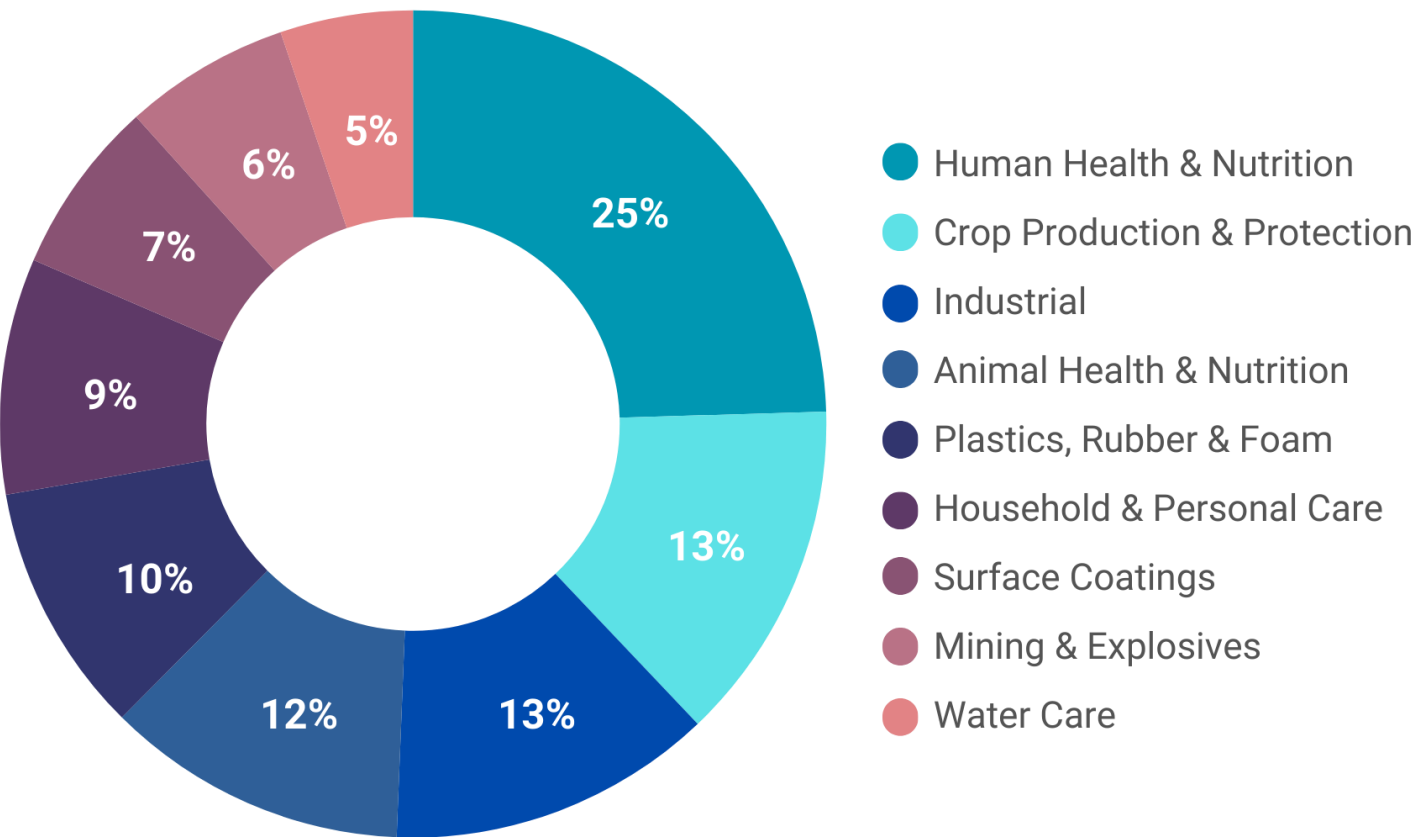
Sales by Country FY24



Sales by customer concentration FY24



Sales by industry sectors FY24





# Outlook

During FY25 Redox will continue to expand our geographic footprint in North America, bolster our product portfolio, increase our share of wallet and grow our client base

We remain focused on driving organic revenue growth and anticipate strong volume growth at or above historical average in FY25

We continue to review strategic M&A opportunities which will contribute to positive momentum

Due to uncertain geopolitical and macroeconomic conditions the company has chosen not to give specific guidance at this time, however the company believes that price deflation and destocking to be largely complete

Gross Profit Margins are expected to ease towards the longer-term average in the medium term as a result of expected expansion in the US and commodity sales volume increase

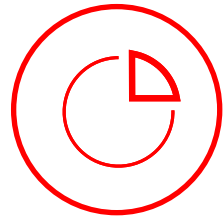
Redox's strategy and resilient business model has delivered consistent long-term growth and business expansion

The fundamentals of the business are strong and remains well placed to grow into the future





# Summary



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Leading position in APAC and growing North American presence

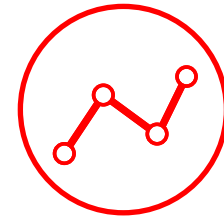
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Highly cash generative business

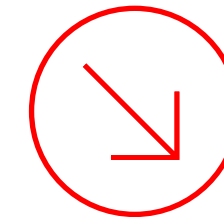
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Strong operating margins and ROIC

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Net working capital has unwound from previous highs

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Flexible balance sheet which will be used to fund future growth and a 60-80% dividend payout ratio

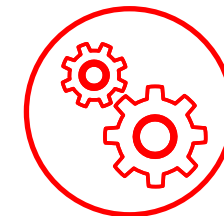
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Growing importance of chemical distributors within value chain

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Continue driving future growth both organically and through strategic acquisitions

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# Q&A

**Raimond Coneliano**

CEO and Managing Director

**Kim Yap**

Chief Financial Officer

# Supplementary information



# Corporate Social Responsibility



Redox aims to be a good corporate citizen embracing positive societal and industry engagement, responsible operation and practical initiatives



Silver Medal for Sustainability received from Ecovadis in 2023

Redox is committed to ethical sourcing, seeks to adhere to the highest ethical standards

# Profit & Loss FY24



	FY24	FY23	Change	FY24 Prospectus	Change
	\$m	\$m	\$m	\$m	\$m
<b>Revenue</b>	1,137.3	1,257.5	-120.2	1,328.2	-190.9
COGS	-871.4	-995.5	124.1	-1,052.8	181.4
<b>Gross profit</b>	265.9	262.0	3.9	275.5	-9.6
Operating expenses excluding depreciation	-127.0	-119.0	-8.0	-127.3	0.3
<b>Underlying EBITDAFX</b>	138.9	143.0	-4.1	148.2	-9.3
Depreciation and amortisation	-8.4	-7.8	-0.6	-7.7	-0.7
<b>Underlying EBITFX</b>	130.5	135.2	-4.7	140.5	-10.0
Net finance costs	4.9	-13.0	17.9	-1.3	6.2
<b>Underlying profit before tax</b>	135.4	122.2	13.2	139.2	-3.8
Effective tax	-40.7	-37.2	-3.5	-41.7	1.0
<b>Underlying NPATFX</b>	94.8	85.0	9.8	97.4	-2.6
Unrealised loss on foreign exchange contracts	-2.0	-4.1	2.1	0	-2.0
Listing cost	-4.5	-2.1	-2.4	-5.2	0.7
<b>Statutory NPAT</b>	90.2	80.7	9.5	94.0	-3.8



**Gross Profit increased by \$3.9m vs PCP due to improvement in margin**



**Underlying profit before tax improved by \$13.2m vs PCP due to outperformance in margin**

## Operating costs

**Increase in admin expenses due to salary inflation and growth in headcount offset by lower bonus payment**

**Increase in logistics costs due to sales volume growth, rate increases and CPI indexation**

	FY24	FY23	Change
	\$m	\$m	\$m
Administration expenses	62	61	-1
Distribution and storage expenses	51	49	-2
Other expenses	22	17	-5
<b>Total underlying operating expenses<sup>1</sup></b>	<b>135</b>	<b>127</b>	<b>-8</b>
One-off ASX listing costs	5	2	-3
Depreciation and Amortisation	8	8	0
<b>Total operating expenses (excluding D&amp;A)</b>	<b>140</b>	<b>129</b>	<b>-11</b>
Unrealised currency revaluations <sup>2</sup> (gain)/loss	2	4	2

Notes:

1. Underlying operating expenses are total operating expenses less one-off ASX listing costs.

2. Unrealised currency revaluations relate to non-cash mark-to-market adjustments on Redox's open forward exchange contracts at period end. These amounts arise as Redox does not qualify for hedge accounting treatment under the terms of AASB 9 Financial Instruments and so is required to include the non-cash gain or loss on open foreign exchange positions at period end within its statutory result. Redox does not consider these amounts to form part of the Group's "underlying" earnings.



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