Ridley Corporation

2010
Agriculture
Cleantech
& Energy
Conference

14 September 2010

Presentation Index

Ridley Corporation

Ridley Corporation Limited (RIC) is:

- a processor of value-added agricultural products
- Australia's largest processor of stockfeed products (Ridley Agriproducts)
- Australia's largest producer and refiner of salt products (Cheetham Salt)

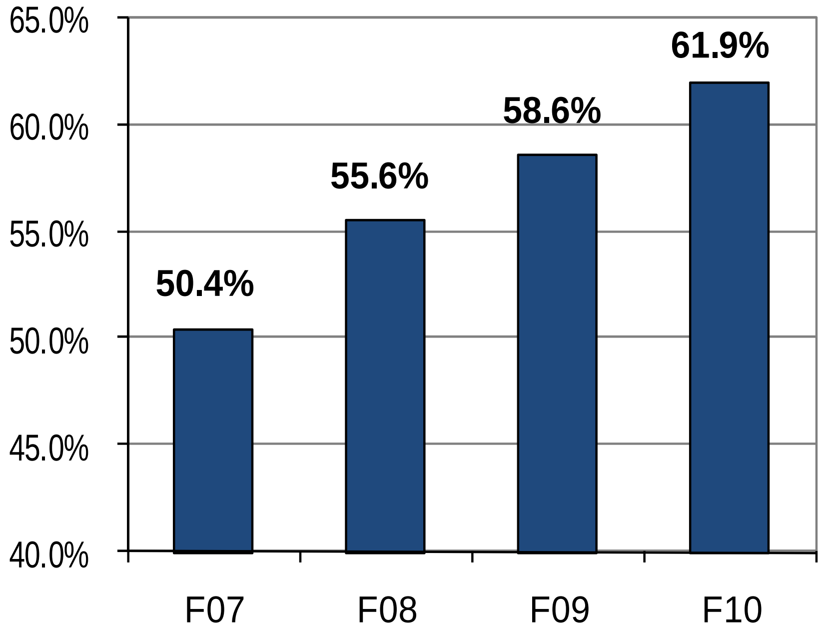
In addition, Ridley is pursuing the development of land surplus to its requirements

An Agribusiness like no other

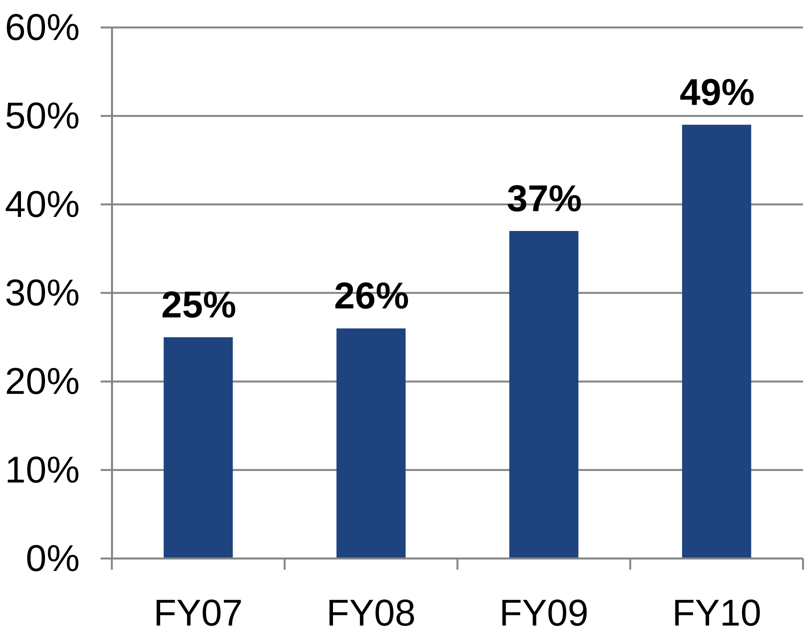
- Ridley's performance is most linked to salt and the intensive industries of poultry, aquafeeds, dairy and pork for which intensive feeding is critical to success
- Ridley's business is focussed on intensive industries that are less weather reliant and it has minimal exposure to volatile beef feed markets
- Performance not linked to the size of the grain crop and so earnings less volatile
- Performance not linked to grain prices (apart from impacts on working capital)
- Sales dollars are linked to grain prices but profitability is driven by volume and margin
- Ridley's business is supported by customer contracts (c.60%)
- Ridley converts a high proportion of its EBITDA to cash - particularly as compared to other Agricultural companies with which it is typically compared
- Any earnings based multiples approach to valuing Ridley will therefore undervalue it as compared its typical peer group unless cashflow is considered
- BUT…is exposed to the positive macro economic factors impacting Agribusinesses

Increases in contracted sales

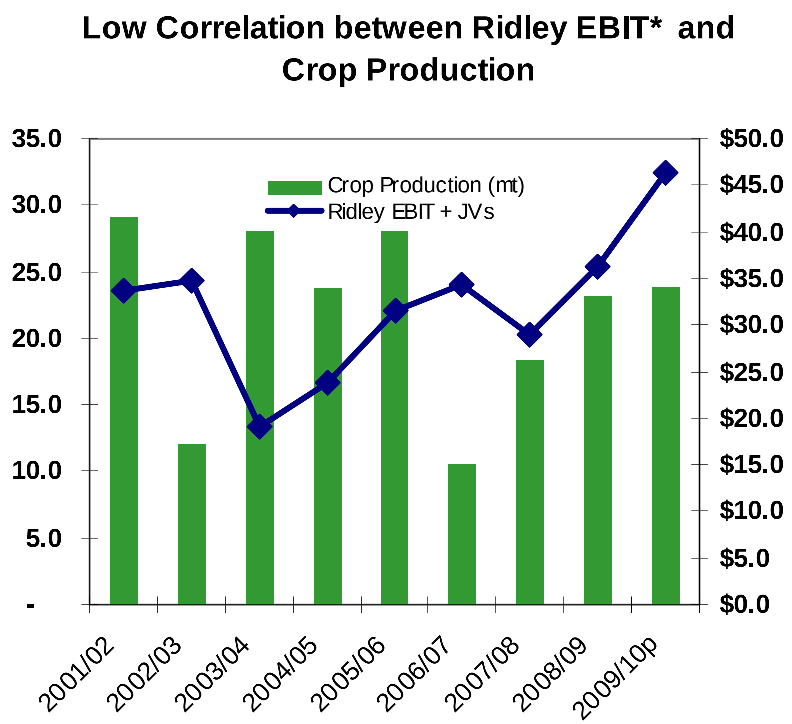
Agriproducts Contracted Volumes



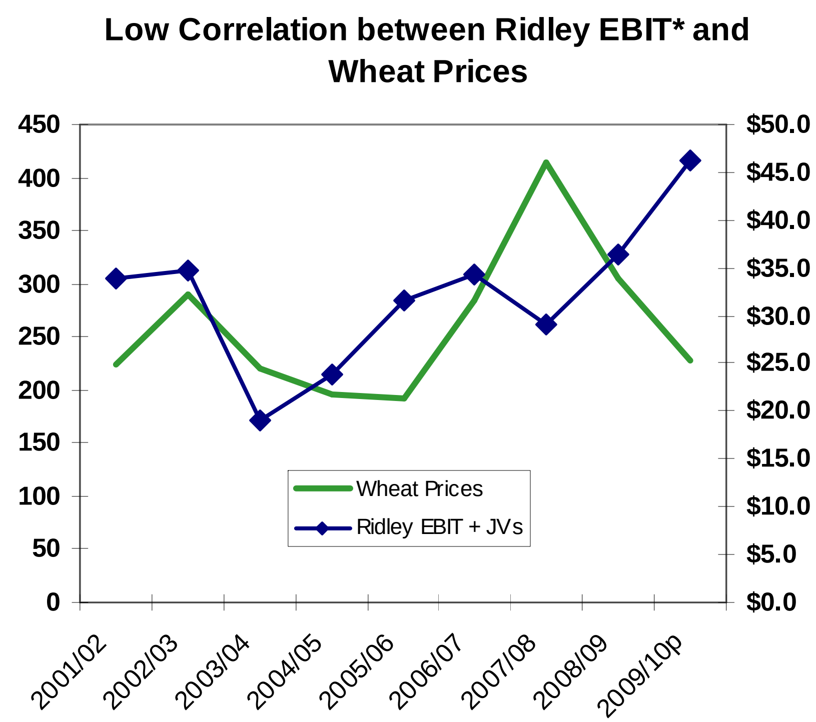
Cheetham Contracted Domestic Sales Values



Low Correlation to Crop Prodn and Prices



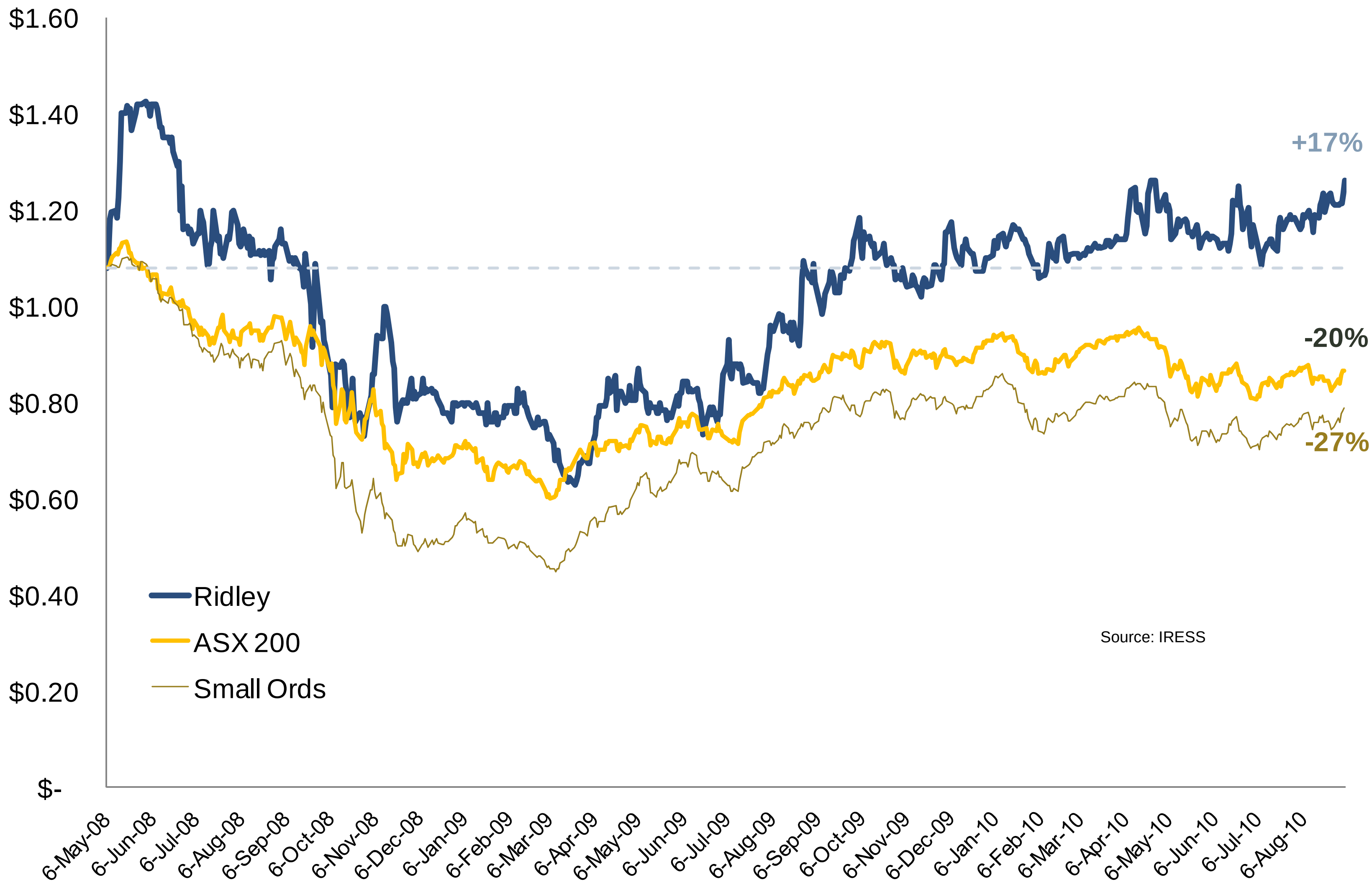
*Ridley EBIT includes Salt JV NPAT and normalises overheads at $7.5m pre 2008 to remove the impact of Ridley Inc



*Ridley EBIT includes Salt JV NPAT and normalises overheads at $7.5m pre 2008 to remove the impact of Ridley Inc

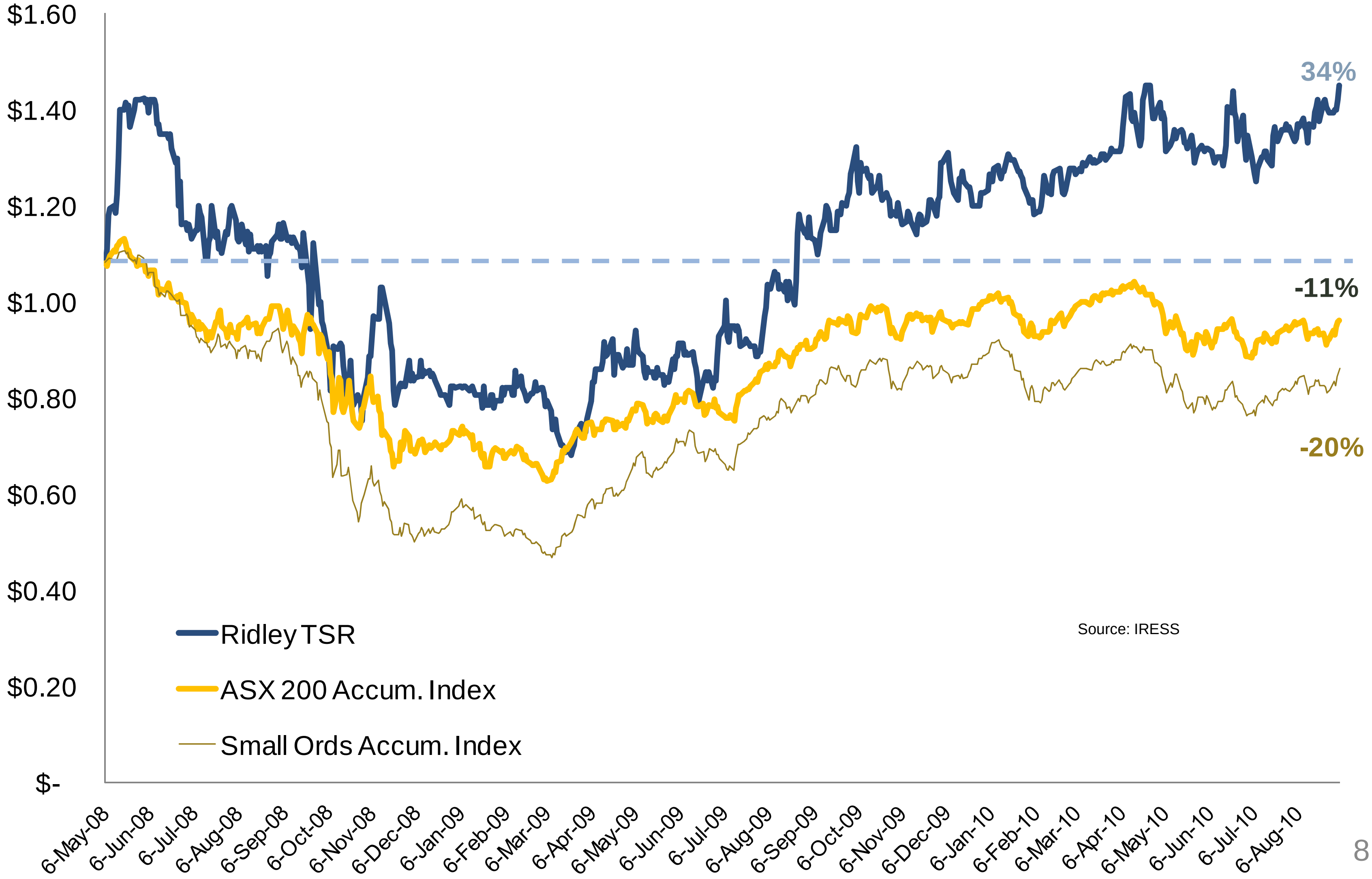
Share Price Performance

From 6 May 2008 (day prior to announcement of outcomes of strategic review)



Total Shareholder Return

From 6 May 2008 (day prior to announcement of outcomes of strategic review)



RIDLEY

Financial Highlights

Consolidated result	2009	2010
Sales Revenue	819.4	728.0
EBIT - AgriProducts	24.4	29.0
EBIT - Cheetham	12.9	16.8
Salt Joint Ventures	7.1	7.2
Corporate Costs	(6.8)	(6.8)
Result from Operations	**37.6**	**46.2**
Net Finance Expense	(12.4)	(8.1)
Tax Exp. excl sig. items	(4.9)	(9.0)
Net profit pre sig. items	**20.3**	**29.1**
Significant items	(7.4)	-
Net profit after sig. items	**12.9**	**29.1**

- **Group NPAT of $29.1m, up $8.8m or 43% on 2009 before significant items; up $16.2m or 125% after significant items**
- **Second successive record EBIT result for AgriProducts of $29.0m despite Dairy sector weakness**
- **Cheetham returns to historical level of earnings**
- **Highly reliable earnings and cash streams from joint ventures**
- **Corporate costs in line with budget**
- **Net interest down by $4.3m, or 35%, on lower borrowings**
- **Higher tax attributable to pre-tax earnings improvement**
- **No significant items for FY10**

Financial Highlights

	Includes Ridley Inc.		Sale	Post Ridley Inc.	
	FY06	**FY07**	**FY08**	**FY09 #**	FY10
ROE (%)	8.2%	6.7%	3.2%	4.7%	10.4%
EBITDA ($m)	81.5	74.4	48.3	41.3	**58.5**
EBIT ($m)	59.7	51.7	36.3	30.2	46.2
NPAT ($m)	27.7	22.7	10.4	12.9	29.1
Net Debt ($m)	171.5	171.8	199.2	69.1	72.0
Net Debt / EBITDA	2.1x	2.2x	3.9x	1.7x	1.2x
Op Cash flow * ($m)	39.5	37.4	16.4	53.0	39.4
EPS (cents)	10.0	7.9	3.5	4.3	9.5
Cash flow conversion (%)	48%	50%	34%	128%	**93%**
EPS growth (%)	-12%	-21%	-55%	20%	126%

ROE in double figures for first time

NPAT above c.FY06 levels

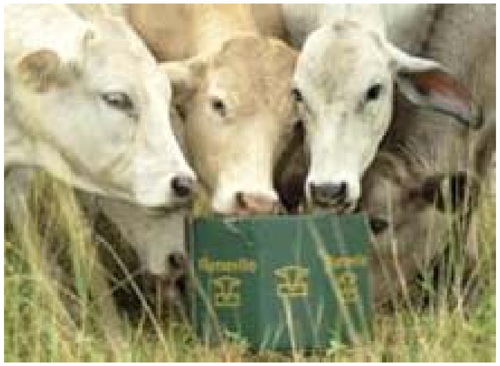
Strongest debt servicing capacity for years

Strong EPS growth

 # FY09 result excludes loss on sale of Ridley Inc. and any Ridley Inc. result
*** Operating cash flow is EBITDA plus JV dividends and working capital**

Business Transformation

Ridley Agriproducts



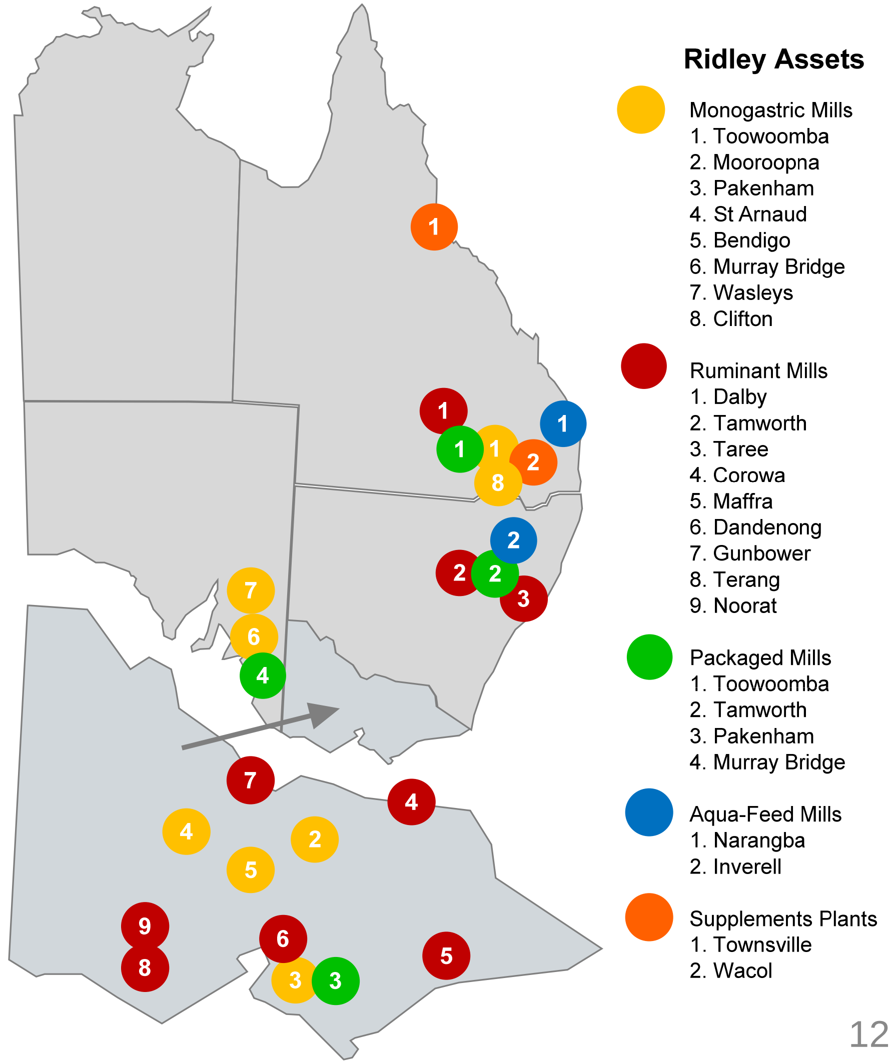
Agriproducts Overview

Market

- ~12mt of animal feed consumed annually in Australia
- ~6mt freely traded and the other 50% owned by integrators, feedlots etc
- Ridley has ~1.5mt (25%) of the freely traded market and ~12.5% of the total market
- Southern and Eastern Australia spread of assets meaning larger national customers can deal with one supplier

Ridley Brands

- Ridley
- Barastoc
- Ridley Aqua-Feed
- Rumevite
- Cobber



Positive outlook in major segments

Sector	2009 (kt)	2010 (kt)	Outlook
Poultry	**708**	**764**	↑
Aqua-feed	**37**	**47**	↑
Packaged	**106**	**90**	↑
Dairy	**282**	**215**	↑
Pig	**330**	**325**	↓
Supplements	**19**	**30**	—
Beef & Sheep	**34**	**35**	—
Other	**57**	**64**	—
Total Tonnes	**1,573**	**1,570**	

- **<u>Poultry</u>: growth from new long term customer contracts, market growth of chicken consumption and growth in niche turkey and duck sectors**
- **<u>Aqua-feed</u>: sales growth and market penetration continued over FY10. Aqua-feed now a market leader in all major fin fish and prawn species in Australia.**
- **<u>Packaged Products</u>: volumes down primarily due to the downturn in the dairy sector but earnings maintained through improved margin management**
- **<u>Dairy</u>: significant drop in volumes as farmers reacted to milk price reductions and sought to cut feed input costs**
- **<u>Pig</u>: producer profitability and stabilised pig numbers have seen unchanged volumes over the period. Loss of major customer to occur in F11.**
- **<u>Supplements</u>: significant volume increase through favourable seasonal conditions and improved customer engagement. High rainfall start to the season may limit growth options in F11.**
- **<u>Beef & Sheep</u>: volumes largely unchanged.**

Agriproducts Financial Summary

AgriProducts (A$m)	FY09	FY10
Sales ($)	**716.9**	**620.0**
EBIT	**24.4**	**29.0**
Depreciation	6.7	7.6
EBITDA	**31.1**	**36.6**
Net Working Capital Change	23.3	(2.5)
Operating Cashflow (1)	**54.4**	**34.1**
Maintenance Capex	(6.1)	(2.6)
Operating Cash flow (2)	**48.3**	**31.5**
Development Capex	-	(3.5)
ERP Capex	(3.8)	(5.5)
Asset Sales	-	0.5
Net Cash flow pre interest & tax	**44.5**	**23.0**
Op Cashflow (1) : EBITDA	175%	93%
Working Capital	30.0	32.5
Funds Employed	129.9	135.7
ROFE	18.8%	21.4%

- **Record EBIT result of $29.0m, business well positioned for further growth**
- **$5.5m (18%) improvement in EBITDA over 2009**
- **Net working capital movement**
  - **increase of $2.5m in FY10 to reflect inventory positions at year end;**
  - **large fall in FY09 reflecting fall in raw materials prices from 30/6/08 to 30/6/09.**
- **Higher than normal Capex - ERP $5.5 million**
- **Cash conversion high**
- **ROFE greater than 20%**

Competitive Advantages

- ✓ Southern and Eastern Australia spread of assets, meaning larger national customers can deal with one supplier
- ✓ Lower volatility through sector diversification
- ✓ Stable cash flows and strong conversion of EBITDA to cash
- ✓ Unique position in the Agri-sector with relatively low exposure to climatic conditions and crop size
- ✓ Business has moved away from volatile bulk beef feeds to more stable and less seasonal poultry, aquafeed and packaged markets with increasing contracted arrangements
- ✓ Wheat industry deregulation leading to an increased ability to source grain off-farm (now ~50%, up from ~38% 2 years ago) and growers spreading sales throughout the year, thereby reducing volatility

Favourable macro environment

- Different drivers to broader economy
- Limits to the availability of arable land and increased focus on intensive feeding
- 2050 world growth requirements:
  - 70% increase in food production required by growing population
  - Meat production to increase by 200mt to 470mt
  - Cereal production to increase by 1bt to 3.1bt
- World population growth & increased demand for protein
- Higher food quality standards
- Increasing food safety pressures

….all leading to increased pressure to achieve greater and safer animal productivity

Cheetham Salt

Cheetham Salt
Pure Australian

Premium Solar Salt

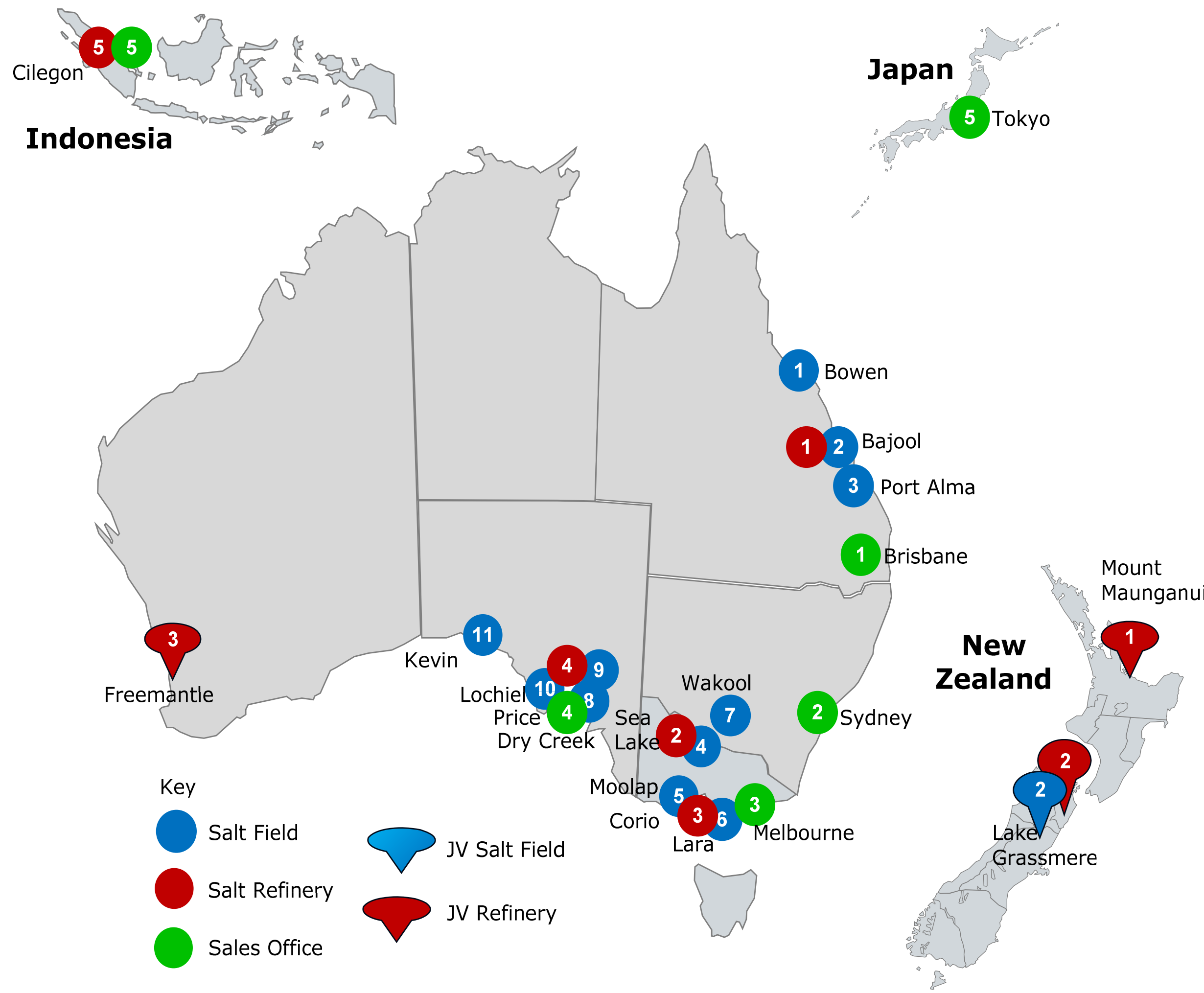
Cheetham Salt Overview

<u>Cheetham owns</u>:

- **11 solar salt fields with combined production capacity of ~1.4mt**
- **5 refineries (one in Indonesia) including a flake salt plant**
- **~70% domestic market share**

<u>Joint Venture interests</u>:

- **Salpak: JV with Cerebos in Australian retail salt (major brand Saxa)**
- **Western Salt Refinery: JV with WA Salt in a refinery business**
- **Dominion: JV with Cerebos in a solar salt field and 2 vacuum and solar salt refineries in NZ**
- **Cerebos-Skellerup: JV with Cerebos in NZ retail salt**



Segment Summary

Sector	FY09	FY10
Soda Ash	580.4	566.8
Chemical	143.4	164.6
Food	93.9	94.4
Pool	63.3	64.2
Hide	68.5	56.4
Stockfeed	39.4	41.2
Export	118.2	120.9
Indonesia	69.7	70.1
Other	24.9	93.2
Total Tonnes (kt)	**1,202**	**1,272**

- **Soda Ash volumes down slightly due to weaker demand from Penrice**
- **Chemical includes one additional chlor-alkali water treatment shipment**
- **Food population increase offset by some reduction in salt intake**
- **Pool volumes increased slightly due to consumer preference for salt over chlorine**
- **Hide volumes down due to lower slaughter numbers and strong competitive pressures**
- **Stockfeed slightly up on last year due to drier conditions in Queensland**
- **Export volumes to Japan have increased by 2.7kt**
- **Indonesia volumes stable**
- **Other impacted by one-off low margin recycling services for 2 customers**

Cheetham Financial Summary

Cheetham (A$m)	FY09	FY10
Sales ($)	**101.5**	**107.9**
EBIT (excl. JV NPAT)	**12.9**	**16.8**
Depreciation	4.7	4.6
EBITDA	**17.6**	**21.3**
Net Working Capital Change	(1.6)	0.2
Operating Cashflow (1)	**16.0**	**21.5**
Maintenance Capex	(1.4)	(3.3)
Operating Cashflow (2)	**14.6**	**18.2**
Development Capex	(7.1)	(7.3)
ERP Capex	(1.3)	-
Asset Sales	-	2.5
Net Cash flow pre JV's	**6.2**	**13.4**
Joint Venture Dividends	7.6	5.4
Net Cash flow pre interest & tax	13.8	18.8
Op Cashflow (1) % EBITDA	91%	100%
Working Capital	35.5	35.1
Funds Employed	231.4	237.8

- **EBIT result of $16.8m, up $3.9m or 30% on 2009**
- **Sales revenue growth of 6.3% in line with 5.8% volume increase**
- **No one-off crude salt losses or ERP implementation costs in 2010 (2009: $4.8m)**
- **Approximately $2m higher than normal cost structures associated with: (1) Delayed commissioning of Bajool; and (2) freight to transport significant volumes of salt from South Australia to Queensland to meet demand**
- **Share of JV after tax earnings up by 2.9%, but cash withheld to finance capital project**
- **High cash conversion**
- **Net cashflow higher despite high development capex**

Competitive Position

Competitive Advantages

- ✓ Irreplaceable salt field assets a barrier to entry
- ✓ Market share, price leader and sector diversification
- ✓ Majority of the business secured with long term contracts
- ✓ Ownership of large parcels of land with significant property development potential
- ✓ Distribution complexity
- ✓ Essential and low cost ingredient for most businesses

Macro Environment

- ✓ Underlying growth in line with GDP
- ✓ Cost pressures mirror those of the mining industries

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Growth Prospects

Projects leading to above GDP profit growth over the next 3 years:

- ✓ Recent consolidation of refineries
- ✓ Recent reopening of Port Alma salt field due to increased demand
- ✓ Recent upgrading of Bajool refinery to increase plant efficiency and improve product quality and range
- ✓ Recent upgrading of Indonesian salt refinery to increase product range, product quality and to meet increased demand from growing markets

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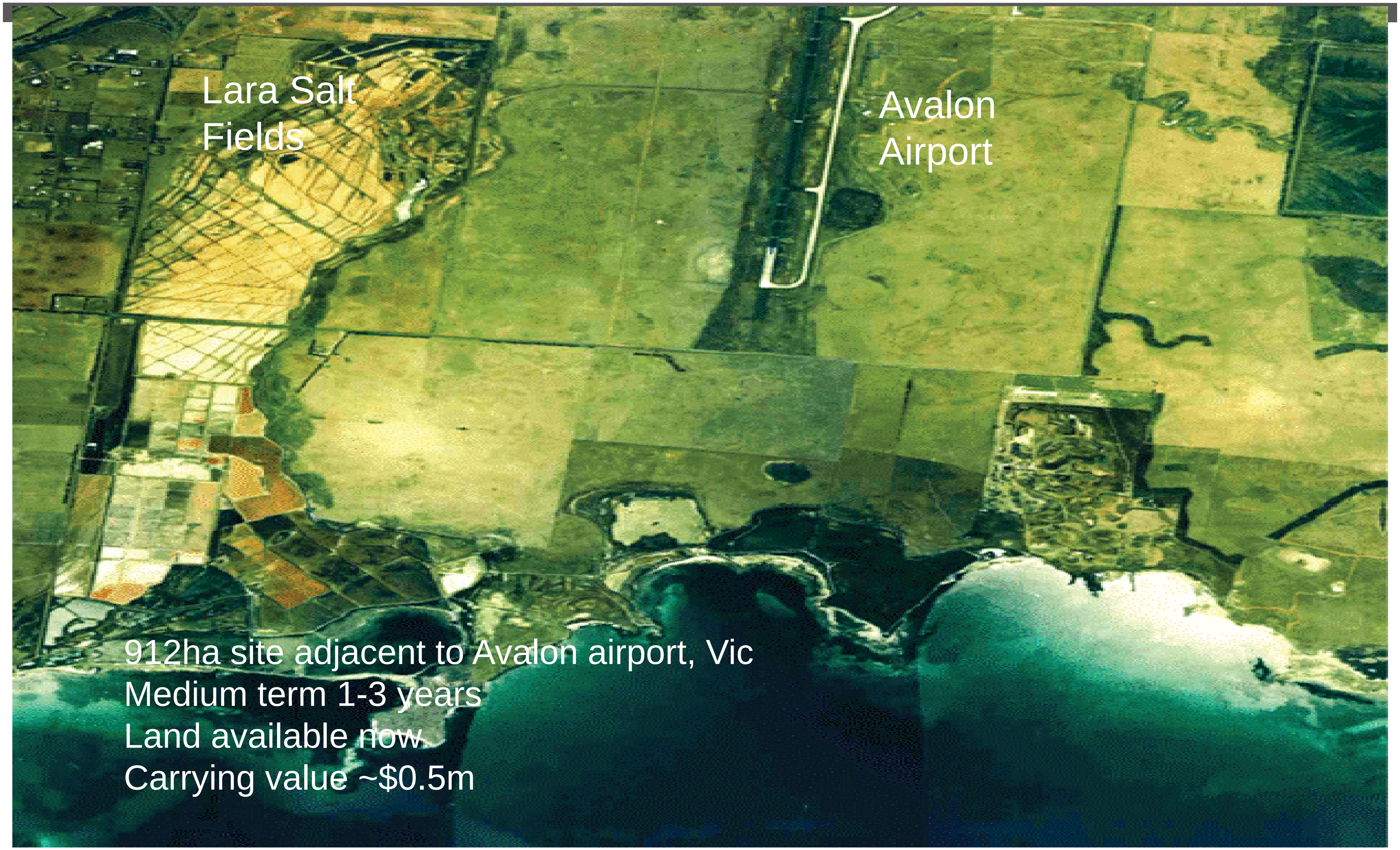
Property

- Strategy remains to unlock the potential value of land close to urban centres and surplus to operating requirements
- Some small initial sales but with potential larger scale sites the focus is on delivery of longer term revenue streams offering shareholders greater value in real terms
- Alternative use opportunities emerging and under evaluation for a number of sites
- Corio site sold for $2.5m and settled in August 2009
- Pakenham site subdivision completed in preparation for asset realisation
- Desktop planning and investigations underway for 912ha Lara site adjacent to Avalon airport, in the public forum as Melbourne’s second international airport

Lara


Lara Salt Fields
Avalon Airport
912ha site adjacent to Avalon airport, Vic
Medium term 1-3 years
Land available now
Carrying value ~$0.5m

Dry Creek Development Area

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Outlook

Outlook greater than GDP

- Salt demand typically grows with GDP however growth above this will come from:
  - Progressive benefits from Bajool refinery capital upgrades which will reduce freight and manufacturing costs in F11 and F12
  - Reopening of Port Alma field in 2009 will reduce salt costs in F11, F12 and F13
  - New Indonesian refinery delivered on time and on budget and will have its first full year of earnings in F11
- Ridley Agriproducts will deliver growth in F11 from:
  - Contracted step-ups in poultry contracts
  - Contracted step-ups in aquafeed contracts
  - A partial recovery of the $7m fall in earnings from dairy over F10
- FY2010 a base with low downside risk

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Why invest in Ridley

- Shareholder returns growing steadily with dividends to be progressively franked
- Less volatile than the overall market
- Less volatile than other agribusiness stocks
- Organic growth greater than GDP
- Low risk of earnings downsides
- Now in a position to look at opportunities for industry consolidation
- Lowly geared at 25%
- Strong conversion of operating result to cash
- Significant land value not reflected in current valuations

Conclusion

Ridley's business is a cash cow and an agribusiness like no other

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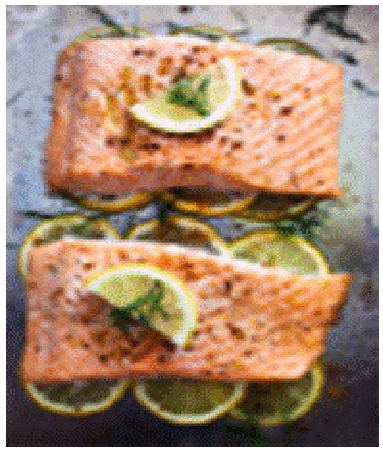
We feed the food that ends up on your plate



Premium Solar Salt

Questions

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Appendix
Consolidated Financials

Profit & Loss

Consolidated result	2009	2010
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Result from Operations	**37.6**	**46.2**
Net Finance Expense	(12.4)	(8.1)
Tax Exp. excl sig. items	(4.9)	(9.0)
Net profit pre sig. items	**20.3**	**29.1**
Significant items	(7.4)	-
Net profit after sig. items	**12.9**	**29.1**

- **Group NPAT of $29.1m slightly above midpoint of guidance of $28-$30m given at half year**
- **Second successive record result for AgriProducts**
- **Severe rain event plan successfully averted repetition of 2009 crude salt losses in Northern Queensland**
- **High 2009 interest cost prior to December 2008 $96m debt retirement; 2010 debt levels within a tightly controlled range affected by dividend timing.**
- **24% effective tax rate for FY10 well below 30% due to ongoing permanent differences from salt JV distributions, R&D tax concession and other perennial deductions**
- **No significant items**

Balance Sheet

Consolidated result	2009	2010
Total Current Assets	173.6	**179.6**
Total Current Liabilities	121.1	**117.1**
Net Current Assets	**52.5**	**62.5**
Property, plant & equipment	224.8	**225.2**
Investments	44.2	**50.3**
Intangibles	23.9	**29.2**
Total Non Current Assets	**295.0**	**304.7**
Borrowings	67.4	**77.1**
Deferred Tax Liabilities	2.3	**3.9**
Provisions	1.6	**1.0**
Total Non Current Liabilities	**71.3**	**82.0**
Net Assets	**276.2**	**285.2**

- **Increase in Current Assets reflecting cash on hand of $7.0m, $10.2m reduction in debtors offset by $11.3m of inventory build**
- **$17.1m of P,P&E additions offset by $3.2m of disposals, including sale of Corio property; $11.2m of depreciation**
- **Investments increased due to:**
  - **Dominion Salt joint venture retaining funds to finance profit-improving capital project; and**
  - **Investment for new Aqua-feed plant at Inverell**
- **Increase in intangibles due to capitalisation of costs associated with implementation of new ERP platform**
- **Level of borrowings consistent with last year (after allowing for $7.0m cash on hand) due to full cash dividend of $21.5m for the year and settlement of $7.9m of Canadian tax liability from operating cash flows**

Working Capital

Consolidated result	2009	2010
Cash	0.3	**7.0**
Trade Debtors	88.4	**77.7**
Other Debtors and prepayments	3.9	**4.4**
Inventory	79.2	**90.5**
Tax Receivable	1.8	**-**
Total Current Assets	**173.6**	**179.6**
Trade Creditors	97.1	**96.1**
Provisions	11.5	**10.5**
Tax Liabilities	7.2	**7.3**
Borrowings	2.0	**2.0**
Derivative Financial Instruments	3.3	**1.2**
Total Current Liabilities	**121.1**	**117.1**
Working Capital (excl. Cash, Tax, Borrowings, Derivatives)	**62.9**	**66.0**
Net Movement in Working Capital	**21.0**	**3.1**

- **Increased focus on credit limit management & timely debt collection**
- **Inventory increase of $11.3m reflects $9.0m of longer raw material positions compared to falling market at prior year end plus salt inventory build in Queensland**
- **Prior year tax receivable received in full in 2H FY10**
- **Current tax liabilities of A$7.3m is current year liability to ATO; prior year was owing to Canadian tax authorities re Ridley Inc., and was settled in August 2009**
- **Slight increase in working capital a conscious strategy decision on raw material pricing and salt inventory levels**

Capital Expenditure

Items	Agri $m	Salt $m	Total $m
Bajool Refinery	-	4.8	4.8
Indonesia Refinery	-	2.1	2.1
Other	3.5	0.4	3.9
ERP	5.5	-	5.5
Total Develop't Capex	**9.0**	**7.3**	**16.3**
Maintenance Capex	2.6	3.3	5.9
Inverell investment	1.2	-	1.2
Total Capex	**12.8**	**10.6**	**23.4**

- **$7.3m of development capital expenditures in Cheetham Salt, primarily to complete the refinery upgrade program**
- **$5.5m ERP implementation with first site achieved in the year**
- **Clifton mill upgraded to accommodate new Inghams and Darwalla Queensland volumes**
- **Maintenance Capex of $5.9m compares to depreciation of $12.3m**
- **Inverell investment of only $1.2m to effectively double Ridley Aqua-feed capacity**
- **Significant outlay of $23.4m from operating cash flow, 70% developmental in nature**

Cashflow

Consolidated result	2009	2010
Operating Cash flow before dividends received, interest and tax	**58.1**	**49.4**
Salt Joint Venture distributions	7.6	5.4
Net interest paid	(13.2)	(8.6)
Tax payments received / (made)	0.5	(6.8)
Operating Cash flow before Capex	**53.0**	**39.4**
Capex – PP&E, ERP & Inverell	(19.3)	(23.4)
Proceeds from sale of Corio	2.9	3.0
Dividends paid	(13.7)	(21.4)
On market purchase of equity under employee share scheme	(0.7)	(0.8)
Net Cashflow	**22.2**	**(3.2)**

- **Strong operating cash flow of $49.4m; 2009 inflated by working capital reduction from high opening debtor and inventory positions**
- **Salt joint venture distributions normally 100% of after tax profits but funds retained for Dominion Salt capital project**
- **Net tax paid for 2010 principally comprises payment of prior year Canadian tax liability of $7.9m offset by $1.8m ATO tax refund received in 2H**
- **Sales proceeds include $2.5m from sale of former Cheetham Salt head office at Corio vacated after centralisation to Melbourne**
- **Dividends paid wholly in cash in 2010; balance was paid by DRP in 2009**
- **Slight increase in net debt following 100% cash dividends, high development capex, and Canadian tax liability settlement**

Strong cashflow conversion

Agriproducts	2009	2010
EBITDA	**31.1**	**36.6**
Working Capital Change	23.3	(2.5)
Operating Cashflow	**54.4**	**34.1**
Cash Conversion %	**175%**	**93%**

Cheetham	2009	2010
EBITDA	**17.6**	**21.3**
JV NPAT	7.1	7.2
EBITDA plus JV NPAT	**24.7**	**28.5**
Working Capital Change	(1.6)	0.2
Operating Cashflow	**23.1**	**28.7**
Cash Conversion %	**94%**	**101%**

Consolidated	2009	2010
Agriproducts EBITDA	31.1	36.6
Cheetham EBITDA + JVs	24.7	28.5
Corporate Costs	(6.8)	(6.8)
EBITDA (incl JV NPAT)	**49.0**	**58.3**
Working Capital Change	9.1	(8.9)
Operating Cashflow before JV dividends received	**58.1**	**49.4**
JV Dividends Received	7.6	5.4
Operating Cashflow post JV dividends received	**65.7**	**54.8**
Cash Conversion %	**134%**	**94%**

RIDLEY

Financial Ratios

Consolidated result	2009	2010
Net Debt	69.1	72.0
Equity	276.2	285.1
Total Assets	468.6	484.3
Gearing (Net Debt / Equity)	25.0%	25.2%
EBITDA	41.3	58.5
Net Debt / EBITDA	1.7x	1.2x
EBIT / Net Interest	2.4x	5.7x
Operating cash flow / EBITDA	128%	93%
ROE	4.7%	10.4%
EPS*	4.3c	9.5c

* Before Ridley Inc. but after significant items in prior year

- Gearing stable at 25%
- Very strong debt servicing capacity
- ROE has improved significantly to exceed 10% for the first time
- EPS growth is significant, up 121% or 5.2 cents per share
- Persistent high conversion of earnings to cash
- Term loan facilities approved through until December 2011 but to be renegotiated by 31 December 2010