

# RIDLEY 31 DEC 2012 HALF YEAR RESULTS PRESENTATION



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK



## Cheetham Salt



# STEPS TO UNLOCK SHAREHOLDER VALUE

RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

- ❑ Focus on optimising business and structure to deliver shareholder value
- ❑ Execution of transaction opportunity - outright sale of Cheetham Salt business, excluding Dry Creek operation
- ❑ Objective to unlock underlying asset value to be achieved at Completion scheduled for 28 February 2013
- ❑ Repositions Ridley for long term growth in the agribusiness sector with portfolio of surplus property assets
- ❑ Acquisition of leading Victorian rendering business to complement NSW operation and secure supply chain
- ❑ Ridley aims to become Australia's premier supplier of nutrients, ingredients and feed for the safe and sustainable production of food from livestock

# STABLE UNDERLYING RESULT



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

- ❑ **\$12.2 million net profit from operations for period before non-recurring transactions** - up \$0.3m on prior period (see following slide)
- ❑ **Robust operations** - diversification of business sectors provides risk mitigation to deliver stability of overall result despite significant fluctuations by sector
- ❑ **Ridley AgriProducts progress on strategic priorities:**
  - Acquisition of tuna meal importation business
  - Commissioning of new mill at Pakenham in December 2012
  - Capital upgrade to increase capacity commenced at NSW rendering site
  - Acquisition of BPL rendering business at Laverton, Victoria on 31 December 2012
- ❑ **Cheetham Salt:**
  - Reliable JV contribution
  - Indonesian result hampered by importation licence delay
  - Positive harvest result to average down the salt cost over the forthcoming periods

# FINANCIAL HIGHLIGHTS - ANALYSIS



RIDLEY

RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

Consolidated result - in \$m	1H FY13	1H FY12
EBIT - AgriProducts	15.5	14.9
EBIT – Cheetham (inc Dry Crk)	6.2	6.5
Salt Joint Ventures	3.6	3.5
Property costs	(0.6)	(0.4)
Corporate Costs	(4.3)	(3.6)
Operating result	20.4	20.9
Net Finance Expense	(4.0)	(4.8)
Tax Expense	(4.2)	(4.2)
Net profit from Operations	12.2	11.9
Transaction costs (slide 18)	(5.4)	-
Write off of goodwill	(5.0)	-
Dry Creek salt field	(14.7)	-
Tax on non-operating items	0.2	-
Net profit / (loss)	(12.7)	11.9

- ❑ Net profit from Operations of \$12.2m for period up from \$11.9m
- ❑ AgriProducts result of \$15.5m, up \$0.6m, whilst Cheetham Salt core business down \$0.3m to \$6.2m, largely due to Indonesia import licence delay
- ❑ JV and tax stable, with fall in interest expense largely due to successive reductions in interest rate
- ❑ Transaction costs associated with acquisitions (\$3.1m) and Cheetham Salt disposal (\$2.2m)
- ❑ Write off of \$5.0m Goodwill attributed to 2005 Dry Creek acquisition from Penrice
- ❑ Carrying value of Dry Creek salt field formerly supported by portfolio of supply contracts included as part of the sale transaction, giving rise to impairment

The Directors believe that the presentation of the unaudited non-IFRS financial cash flow on slides 4, 8, 13, 14, 24 & 25 is useful for the users of this document as it reflects the significant movements in operations and cash flows of the business.

# RIDLEY AGRIPRODUCTS RESULTS PRESENTATION



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK



# HIGHLIGHTS



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

- ❑ **Animal meals** - acquisition on 31 December 2012 of Victoria's leading rendering business
- ❑ **Animal meals** - acquisition of business to import tuna meal from Pacific Islands import business
- ❑ **EBIT result of \$15.5m** - up \$0.6m through positive contribution from Supplements and Aquafeeds offsetting disappointing dairy sector
- ❑ **Aqua-feeds** - lifting of dog food production restriction at Inverell Joint Venture facilitates internal restructure of Aquafeeds business
- ❑ **Dairy** - new mill at Pakenham commissioned in December 2012 will facilitate closure of Dandenong mill and provide improved cost structure to service the Gippsland dairy heartland
- ❑ **Dairy** – long term adverse impacts from high Australian dollar, increase in input costs and fall in milk price

# SECTOR ANALYSIS

RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

Sector	1H FY13 (kt)	1H FY12 (kt)	Outlook
Poultry	441	466	↑
Aqua-feed	22	24	▬
Packaged	46	43	▬
Dairy	134	137	▬
Pig	92	97	▬
Supplements	14	16	▬
Beef & Sheep	20	14	↑
Animal meals	22	24	↑
Other	20	24	▬
<b>Total Tonnes</b>	<b>811</b>	<b>845</b>	

- ❑ **Poultry:** loss of sales volume to competitor offset by improved margin through cycle of rising raw material; outlook remains positive based on projected bird numbers
- ❑ **Aqua-feed:** volume stabilised despite over capacity in the market following competitor's new Tasmanian plant
- ❑ **Packaged Products:** volumes maintained but margins suffered from rising raw materials and continued abundance of natural pasture
- ❑ **Dairy:** impacted by increase in raw materials and utilities price increases, falling milk prices, and loss of farmer confidence
- ❑ **Pig:** no significant movements forecast in pig volumes
- ❑ **Supplements:** return to traditional dry season did not occur in key markets; prior year restructure proving its worth
- ❑ **Beef & Sheep:** improvement in volumes but not envisaged as key growth sector for Ridley
- ❑ **Animal meals:** will be able to target new volumes in NSW once current capacity constraints are relieved through capital expansion to be completed in 2H FY13

# FINANCIAL SUMMARY



RIDLEY      AGRIPRODUCTS      CHEETHAM      PROPERTY      FINANCIALS      OUTLOOK

Agriproducts (\$m)	1H FY13	1H FY12
Sales (\$)	341.1	322.3
EBIT	15.5	14.9
Depreciation & Amortisation (DA)	4.3	4.3
EBITDA	19.8	19.2
Net Working Capital Change	4.3	(15.3)
Operating Cashflow	24.1	3.9
Maintenance Capex	(3.1)	(2.7)
Operating Cash flow	21.0	1.2
Development Capex	(5.9)	(1.4)
Asset Sales Proceeds	-	2.4
Net Cash flow pre interest, tax, M&A	15.1	2.2
Business acquisitions	(79.4)	(3.9)
Operating Cashflow : EBITDA	122%	20%
Working Capital	23.5	54.8
Funds Employed (pre \$77m BPL )	147.1	183.1
Annualised ROFE	21.1%	16.3%

- ❑ **EBIT & EBITDA** - consistent overall despite significant movements within sectors
- ❑ **Net working capital** - favourable \$4.3m movement reflects increased utilisation of trade payable facility, despite higher raw material prices.
- ❑ **Capex** - at \$3.1m, Maintenance remains within DA, whilst Development of \$5.9m includes \$4.5m for new Pakenham mill
- ❑ **Business acquisitions** - comprises outlay for rendering business at Laverton and tuna meal import business
- ❑ **Operating cashflow** - at 122% driven by favourable working capital movement
- ❑ **Funds Employed** - reduction reflects reversal of asset revaluation reserve and use of trade payables facility undrawn at 31 Dec 2011
- ❑ **Annualised ROFE** - surpassed 20% due to reduction in Funds Employed (EBIT / Funds employed)



## Macro Economic Environment

- ❑ Concentration of Ridley presence into key regional growth areas, with the new mill at Pakenham to service the Gippsland Dairy sector
- ❑ Restoration of confidence required in the Dairy sector to kick start benefits of high performance diets and supplementary feeding
- ❑ Influence of the extreme weather events around the turn of the year difficult to predict for the coming months – bushfires and floods
- ❑ Continued volatility of world markets following unpredictable overseas harvests, impacted by strong Australian dollar
- ❑ Packaged Products and Aquafeeds to remain highly competitive sectors domestically, with threat from overseas in prawn production and imported feed
- ❑ Poultry sector continued growth and pig sector stable

# CHEETHAM SALT RESULTS PRESENTATION



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK



- ❑ **EBIT result excluding JVs of \$6.2m** - domestic base business up \$0.3m offset by Japan (\$0.1m) and Indonesia (\$0.5m)
- ❑ **Indonesia** - down \$0.5m on last year due to delay in receipt of import licence and margin impact from sourcing of lower quality, local salt
- ❑ **Dry Creek** - earnings of \$1.9m up from \$1.8m last year
- ❑ **Joint Ventures** - continued solid performance with 100% repatriation of NPAT through cash dividends
- ❑ **Refineries** – improved recoveries at Bajool refinery with new palletiser and bagger head capital works completed
- ❑ **Salt costs** - positive harvest results recorded in the period are starting to average down the unusually high cost of salt on the bank caused by the prior year extreme weather events
- ❑ **Cost savings** - second successive reduction of overheads, down by \$0.3m (prior period was down \$0.5m)

# SECTOR ANALYSIS



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

Sector	1H FY13 (kt)	1H FY12 (kt)	Outlook
Soda Ash	261	261	
Chemical	78	76	
Food	47	48	
Pool	38	40	
Hide	26	28	
Stockfeed	19	18	
Export	108	81	
Indonesia	31	41	
Other	12	13	
<b>Total</b>	<b>620</b>	<b>606</b>	

- Soda Ash:** excluded from Cheetham Salt sale transaction and expected to cease at 30 June 2013
- Chemical:** slightly higher demand from key chlor-alkali customers
- Food:** continues to be stable with population growth offsetting anti-salt lobby
- Pool:** start of season delayed by dry weather conditions in eastern states
- Hide:** flat demand driven by slaughter rates
- Stockfeed:** drier conditions in Queensland resulting in recovery in late 2012
- Export:** additional bulk shipment sent to NZ compared to comparative period
- Indonesia:** lower volumes due to delays in securing bulk import permit for crude salt; long term outlook remains positive

# FINANCIAL SUMMARY



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

Cheetham (A\$m) - 1H FY13	Dec 12 Inc DC	Dec 12 Dry Creek	Dec 11
Sales (\$)	56.4	4.9	56.0
EBIT (excl. JV NPAT)	6.2	1.9	6.5
Depreciation & Amortisation (DA)	3.1	0.5	2.5
EBITDA	9.3	2.4	9.0
Net Working Capital Change	(5.6)	(1.6)	(0.5)
Operating Cash flow (1)	3.7	0.8	8.5
Maintenance Capex	(2.7)	-	(2.2)
Operating Cash flow (2)	1.0	0.8	6.3
Development Capex	(2.5)	-	(0.3)
Net Cash flow pre JV's	(1.5)	0.8	6.0
Joint Venture Dividends	3.5	-	2.4
Net Cash flow pre interest & tax	2.0	0.8	8.4
Op Cash flow (1) % EBITDA	40%	33%	94%
Working Capital	40.7	13.4	36.3
Funds Employed (exc JV's: \$50.3)	169.6	48.2	188.3
Annualised ROE (EBIT/Funds employed exc JV's)	7.3%	7.9%	6.9%

- ❑ **Operations pre JVs** - base business up \$0.3m but overall down by \$0.3m due to Japan (\$0.1m) and Indonesia (\$0.5m)
- ❑ **Capex** - Maintenance of \$2.7m within DA of \$3.1m, whilst Development capex includes Bajool refinery upgrade of palletisers and bagger heads
- ❑ **Working capital** - increase in working capital a combination of inventory and debtors
- ❑ **JV's** - NPAT stable at \$3.5m with full cash payout
- ❑ **Cash flow conversion** - at 40%, is adversely impacted by increase in working capital
- ❑ **ROE** - increase to 7.3% from prior period 6.9%. Dry Creek ROE improved following impairment of salt field)

# JOINT VENTURES

RIDLEY

AGRIPRODUCTS

CHEETHAM

FINANCIALS

OUTLOOK

Cheetham Joint Ventures (JVs) in A\$m	Dec 2012	Dec 2011
<b>EBITDA</b>	<b>5.8</b>	<b>5.5</b>
<b>Depreciation and amortisation</b>	<b>(0.6)</b>	<b>(0.4)</b>
<b>EBIT</b>	<b>5.2</b>	<b>5.1</b>
<b>Interest and Tax</b>	<b>(1.6)</b>	<b>(1.6)</b>
<b>NPAT equity accounted in Income Statement</b>	<b>3.6</b>	<b>3.5</b>
<b>Investment in JVs</b>	<b>50.3</b>	<b>50.2</b>
<b>Annualised ROFE - EBIT/Funds employed of JVs</b>	<b>20.7%</b>	<b>20.5%</b>
<b>Total Cheetham EBIT (inc JVs)</b>	<b>11.4</b>	<b>11.6</b>
<b>Total funds employed (inc JVs)</b>	<b>219.9</b>	<b>237.8</b>
<b>Annualised ROFE - EBIT/Funds employed of Cheetham (inc JVs)</b>	<b>10.4%</b>	<b>9.7%</b>

- ❑ **JVs disclosed in Income Statement as equity accounted NPAT of \$3.6m, 100% repatriated by way of dividends**
- ❑ **Income Statement conceals JV tax, interest and dep'n**
- ❑ **JV EBIT for half year of \$5.2m and EBITDA of \$5.8m, slightly up on prior period**
- ❑ **Interest, tax and DA of \$2.2m. (Dec 2011: \$2.0m)**
- ❑ **Strong annualised return on JV funds employed maintained above 20%**
- ❑ **10.4% ROFE for entire Cheetham Salt after JV gross up**

## Ridley Outlook for Cheetham Salt

- ❑ Actively working through all Conditions Precedent to achieve a 28 February 2013 Completion
- ❑ Retention of Dry Creek by Ridley necessitates active engagement with Penrice to achieve satisfactory position for Ridley with regard to expected early termination of the 2019 Supply Agreement. Impact on recovery of asset carrying values to be assessed in second half year
- ❑ Expected early termination unlocks the Dry Creek site for the redevelopment concept previously deemed feasible but deferred pending expiry of the Penrice Supply Agreement
- ❑ Cheetham Salt expected to remain within Ridley head office under transitional services arrangement which minimises separation cost impost for both parties

## ❑ **Lara and Moolap**

- Federal Environment Minister has confirmed the Project is a 'controlled action' requiring assessment under the Environment Protection Biodiversity Conservation Act 1999.
- State Planning Minister has determined that an Environmental Effects Statement (**EES**) is required for the project.
- Discussions with State Government are underway to establish a process for a Crown Land exchange or acquisition.
- EES and Rezoning process will commence upon receipt of positive outcome from Crown Land discussions

❑ **Dry Creek** - initial discussions with the South Australian Government and Urban Renewal Authority have commenced to explore development opportunities for the site as a result of recent Penrice announcements

❑ **Dandenong** - available for sale

❑ **Bowen** - available for sale, redevelopment or alternative uses are being concurrently explored



# FINANCIAL HIGHLIGHTS - STATUTORY



RIDLEY

RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

Consolidated result - in \$m	1H FY13	1H FY12
Operating profit before tax, finance, transaction & other expenses	12.5	12.6
Finance costs	(4.0)	(4.8)
Transaction costs	(3.2)	(0.1)
Other costs	(19.7)	-
Share of JV NPAT	-	-
Result from Continuing Operations before tax	(14.4)	7.7
Tax Expense	(2.5)	(1.6)
Net profit from continuing operations	(16.9)	6.1
After tax profit from discontinued operation	4.2	5.8
Net (loss) / profit	(12.7)	11.9

- ❑ Net profit from comparable operations of \$12.5m consistent with prior period \$12.6m
- ❑ Finance costs reflect lower interest rates for period
- ❑ Transaction costs for acquisition of rendering and tuna meal businesses, including \$2.4m stamp duty
- ❑ Other costs comprise write off of \$5.0 Dry Creek goodwill and \$14.8m impairment of Dry Creek salt field
- ❑ JV NPATs included within Discontinued operation result
- ❑ Tax expense reflects stable operating profit and non-deductibility of goodwill write off and impairments
- ❑ Discontinued operation after tax result comprises Cheetham Salt group<sup>17</sup> less Dry Creek operation

# TRANSACTION COSTS



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

Consolidated result - in \$'000 1H FY13

## Acquisition of rendering business:

Stamp duty 2,417

Legal, professional, banking & warranty insurance 729

Total acquisition costs for period 3,146

## Disposal of salt business:

Vendor due diligence, legal and professional 1,384

Internal transfers of assets 835

Total disposal costs for period 2,219

Total transaction costs 5,365

## Acquisition:

- ❑ Stamp duty paid in all relevant states of operation
- ❑ Insurance provides surety on vendor warranties
- ❑ Banking facility extension fee incurred to accommodate transaction

## Disposal:

- ❑ Final costs of vendor due diligence
- ❑ Bowen, Lara and Moolap asset transfers to Ridley ownership for future realisation
- ❑ Extensive negotiation process undertaken to conclude competitive sale process

Further costs to incur in 2H FY13 upon Completion.

# BALANCE SHEET - ASSETS



RIDLEY

RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

Balance Sheet - in \$m	Dec 2012	June 2012 #
Assets held for sale	158.1	4.0
Other Current Assets	164.4	172.8
Property, plant & equipment (P,P&E)	157.2	221.9
Investments	2.3	52.5
Intangibles	78.0	44.8
Non-current inventories	3.6	3.6
<b>Total Assets</b>	<b>563.6</b>	<b>499.6</b>

# For the prior period disclosure, each individual asset and liability was included within its relevant Balance Sheet category

- ❑ Increase in Assets held for sale reflects as a single line item, \$155.5m of total Cheetham Salt assets held for sale at Dec 2012
- ❑ Reduction in P,P&E reflects:
  - (i) the above reclassification
  - (ii) impairment of Dry Creek salt field
  - (iii) change in accounting policy to deemed cost for previously revalued land and buildings  
(comparative balances restated accordingly)
  - (iii) acquisition of rendering business P,P&E on 31 December 2012
- ❑ Investment in Cheetham JVs included in Current Assets held for sale at Dec 2012
- ❑ Intangibles reflects goodwill of \$39.5m on acquisition of rendering business
- ❑ Non-current inventories reflects investment in salt floors at Dry Creek retained by Ridley

# BALANCE SHEET - LIABILITIES



RIDLEY

RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

Balance Sheet - in \$m	Dec 2012	June 2012 #
Liabilities held for sale	11.5	-
Current Borrowings	80.0	40.7
Other current liabilities	110.9	106.3
Non-current borrowings	126.6	64.7
Deferred Tax (Asset) / Liabilities	(3.1)	7.5
Provisions	1.5	2.0
Total Liabilities	327.4	221.2
Net Assets	236.2	278.4

# For the prior period disclosure, each individual asset and liability was included within its relevant Balance Sheet category

- ❑ \$11.5m of Cheetham liabilities held for sale
- ❑ Current borrowings of \$80m reflects minimum bank facility repayment from Cheetham Salt sale transaction proceeds
- ❑ Increase in current liabilities reflects increased use of the 180 day trade payables facility
- ❑ Increase in non-current borrowings reflects draw down to fund acquisition of rendering business on 31 Dec 2012
- ❑ Increase in borrowings reflects timing of cash receipts, with closing cash balance reported of \$22.8m
- ❑ Movement in deferred tax position reflects change of accounting policy and impairments to write back assets to deemed cost, and reverse the deferred tax liability associated with the former revaluation

# WORKING CAPITAL



RIDLEY

AGRIPRODUCTS

CHEETHAM

FINANCIALS

OUTLOOK

Working Capital - in \$m	Dec 2012	June 2012
Cash	22.8	7.2
Trade Debtors	74.1	80.9
Other Debtors and prepayments	2.4	3.4
Inventory	65.0	79.7
Assets held for sale	158.1	4.0
Tax receivable	0.1	1.6
<b>Total Current Assets</b>	<b>322.5</b>	<b>176.8</b>
Trade Creditors	101.4	95.2
Provisions	9.2	10.0
Tax Liabilities	0.2	1.0
<b>Total Current Liabilities</b>	<b>110.8</b>	<b>106.2</b>
<b>Working Capital (excl. Cash, Tax, Borrowings, assets held for sale)</b>	<b>30.9</b>	<b>58.8</b>
<b>Movement in Working Capital</b>	<b>(27.9)</b>	<b>(14.8)</b>

- ❑ Increase in cash reflects timing of half year end receipts
- ❑ Decreases in trade debtors & inventory reflect exclusion of Cheetham Salt balances
- ❑ Assets held for sale include \$144m of Cheetham Salt net assets being sold
- ❑ Increase in trade creditors reflects additional use of trade creditors facility
- ❑ Most of the working capital reduction of \$27.9m relates to exclusion of Cheetham Salt balances reclassified as Assets held for sale

# CAPITAL EXPENDITURE



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

Items - in \$m	Agri	Salt	Total
Other	1.4	2.5	3.9
Pakenham Mill	4.5	-	4.5
<b>Total Devt Capex</b>	<b>5.9</b>	<b>2.5</b>	<b>8.4</b>
<b>Maintenance Capex</b>	<b>3.1</b>	<b>2.7</b>	<b>5.8</b>
<b>Dec 2012: Total Capex</b>	<b>9.0</b>	<b>5.2</b>	<b>14.2</b>
<b>Dec 2012: DA</b>	<b>4.3</b>	<b>3.1</b>	<b>7.7</b>
<b>Dec 2011: Total Capex</b>	<b>4.1</b>	<b>2.5</b>	<b>6.6</b>
<b>Dec 2011: DA</b>	<b>4.3</b>	<b>2.5</b>	<b>6.8</b>

- ❑ Other includes NSW rendering capacity increase and salt palletiser/bagger heads
- ❑ New Pakenham mill commissioned on schedule in Dec 2012
- ❑ Maintenance capex of \$5.8m compares to prior period \$4.9m
- ❑ Maintenance capex within DA in both periods

# SHAREHOLDERS' FUNDS



RIDLEY

RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

Items - in \$m	Total
Reported Equity at 30 June 2012	290.5
Accounting Policy Change	(12.2)
Restated Equity at 30 June 2012	278.3
Revaluation of Dry Creek Salt Fields	(0.9)
Revaluation of Cheetham Salt salt fields	(17.5)
Dividend paid	(11.5)
Net loss for period	(12.7)
FX and Share based payments	0.5
Equity at 31 December 2012	236.2

- ❑ **\$12.2m Change of Accounting Policy for Land and Buildings from fair value to cost , restating prior period balance sheet**
- ❑ **Aggregate \$18.4m revaluation of salt fields out of asset revaluation reserve**
- ❑ **2012 final dividend paid of 3.75 cents per share**
- ❑ **Net loss for period of \$12.7m after non-recurring items**
- ❑ **\$0.5m movement in other reserves for the period**

# CASH FLOW



Cash flow - in \$m	Dec 2012	Dec 2011	June 2012
<b>EBITDA (inc JV NPAT's)</b>	<b>28.1</b>	<b>27.7</b>	<b>50.1</b>
<b>Working capital movement</b>	<b>❖ (2.0)</b>	<b>(14.7)</b>	<b>14.8</b>
<b>Maintenance capex</b>	<b>(5.8)</b>	<b>(4.9)</b>	<b>(13.0)</b>
<b>Operating cash flow</b>	<b>20.3</b>	<b>8.1</b>	<b>51.9</b>
<b>Development capex</b>	<b>(8.4)</b>	<b>(1.7)</b>	<b>(10.6)</b>
<b>Dividends paid</b>	<b>(11.4)</b>	<b>(11.4)</b>	<b>(22.9)</b>
<b>Acquisition of businesses</b>	<b>(79.4)</b>	<b>(3.9)</b>	<b>(6.9)</b>
<b>Asset sale proceeds</b>	<b>-</b>	<b>2.4</b>	<b>7.9</b>
<b>Net finance expense</b>	<b>(4.1)</b>	<b>(4.5)</b>	<b>(8.9)</b>
<b>Net tax payments</b>	<b>(1.9)</b>	<b>(5.3)</b>	<b>(4.9)</b>
<b>Other net cash outflows</b>	<b>(0.7)</b>	<b>(1.6)</b>	<b>(1.7)</b>
<b>Cash flow for the period</b>	<b>(85.6)</b>	<b>(17.9)</b>	<b>3.9</b>
<b>Opening net debt</b>	<b>(98.2)</b>	<b>(102.1)</b>	<b>(102.1)</b>
<b>Closing net debt</b>	<b>(183.8)</b>	<b>(120.0)</b>	<b>(98.2)</b>

- ❑ **Consistent EBITDA result**
- ❖ **Working capital movement includes Cheetham Salt balances**
- ❑ **Final 2012 dividend paid at 3.75c per share, wholly in cash**
- ❑ **\$79.4m acquisition of rendering site at Laverton on 31 December 2012 and tuna meal import business**
- ❑ **Cheetham sale proceeds of \$150m expected in 2H. (FY12: CCD, Corowa and Wacol sales)**
- ❑ **Net finance cost reflects lower rates of interest**
- ❑ **Tax payments lower due to utilisation of prior year capital losses on sales of impaired assets**



# FINANCIAL RATIOS



RIDLEY

RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

Financial KPI's	Dec 2012	Dec 2011	June 2012
Net Debt - in \$m	183.8	120.0	98.2
Equity - in \$m	236.2	279.8	278.4
Gearing (Net Debt / Equity)	77.8%	42.9%	35.3%
EBIT* - in \$m	22.0	22.5	38.6
EBITDA* - in \$m	28.7	29.8	54.2
Net Debt / annualised EBITDA*	3.2x	2.0x	1.8x
EBIT* / Net Interest	5.5x	4.7x	4.2x
Operating cash flow in \$m #	20.3	8.1	51.9
Operating cash flow / EBITDA*	71%	27%	96%
Funds employed in \$m	417.1	402.4	383.3
ROE (Annualised EBIT/Funds employed)	10.5%	11.2%	10.1%
Earnings per share	4.0	3.9	6.3

- ❑ Net debt and Gearing temporarily increased by rendering acquisition on 31 Dec 2012. Will reduce by minimum \$80m of Cheetham Salt sale proceeds
  - ❑ Equity movements explained on Slide 23
  - ❑ Reduction in net interest expense has increased debt coverage to 5.5x from 4.7x
  - ❑ Movement in funds employed reflects net rendering assets acquired offset by the impairments and accounting policy change (Comparative figures adjusted accordingly)
- \* EBIT & EBITDA include Cheetham Salt JV contributions grossed up from reported NPAT & exclude transaction costs and impairments
- ❑ EPS on operating earnings of 4.0 cps, on statutory loss of \$12.7m, negative 4.1 cps

# Before interest, tax & dividends paid & net payments for/proceeds from acquisitions

# OUTLOOK - OPERATIONS



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

- ❑ Second half year - 2 months of Cheetham Salt results, 6 months of both Dry Creek and newly acquired rendering facility operations**
- ❑ New mill at Pakenham to facilitate implementation of Gippsland Dairy strategy**
- ❑ Integration of Laverton rendering facility**
- ❑ Continue with strategy to deliver innovation, cost savings, mill efficiencies and restructure to uplift stockfeed operational performance**

# OUTLOOK - STRUCTURE



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

- Completion of Cheetham Salt sale at end Feb 2013**
- Retire minimum \$80m of debt to restore sustainable gearing**
- Resolution of shareholder distribution**
- Take steps to protect Ridley position in light of recent announcements by Penrice to terminate salt requirements by 30 June 2013**
- Recently announced CEO succession plan**

# RIDLEY – THE FUTURE



RIDLEY

AGRIPRODUCTS

CHEETHAM

PROPERTY

FINANCIALS

OUTLOOK

- Focussed agribusiness**
- Australia's premier supplier of nutrients, ingredients and feed for the safe and sustainable production of food from livestock**
- Organic growth and consolidation opportunities**
- Risk mitigation through sector diversification**
- Strong cash generation capability**