



Ridley AgriProducts

Ridley – *Building to Feed the Future*



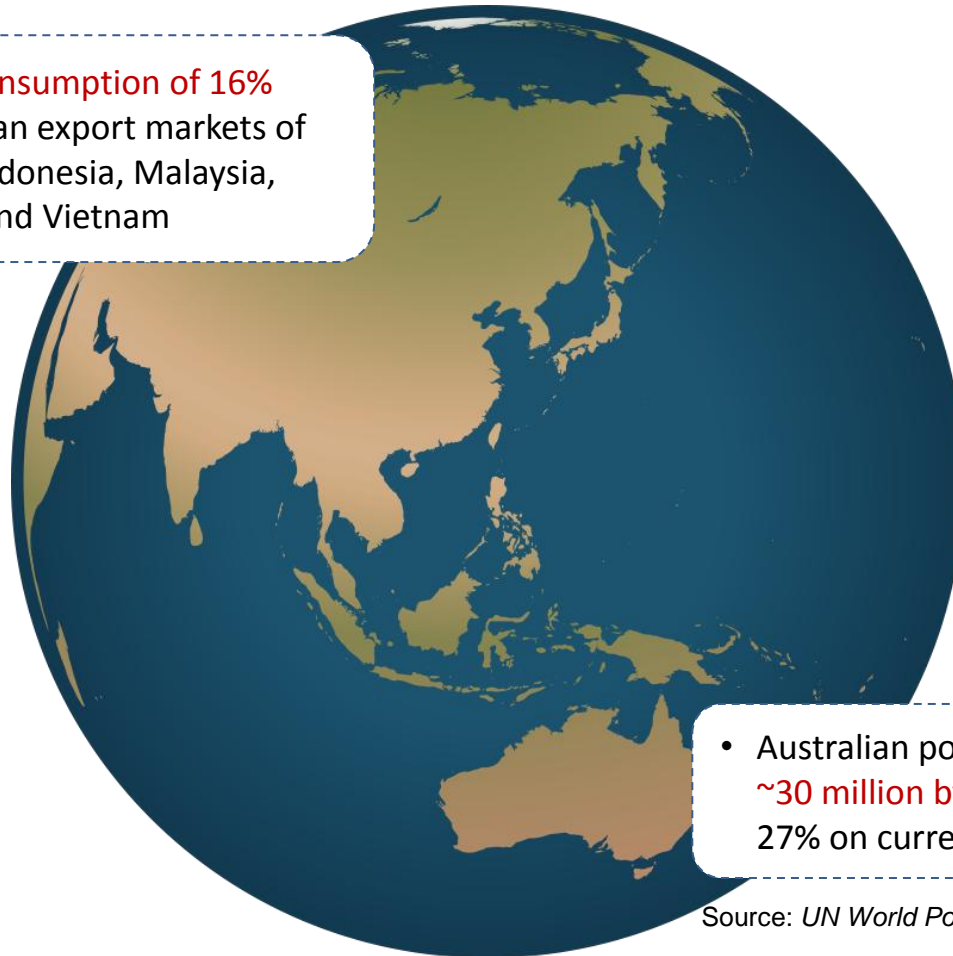
The Big Picture



The regional demand for livestock produce will grow substantially over the next generation

- An **increase in meat consumption of 16%** by 2022 across key Asian export markets of China, Japan, Korea, Indonesia, Malaysia, Philippines, Thailand and Vietnam

Source: *OECD FAO Agricultural Outlook 2013-22*



- Australian population could be **~30 million by 2030**, an increase of 27% on current 23.4 million

Source: *UN World Population Prospects, 2012 Revision*

In key Asian markets livestock production and consumption will continue to grow strongly...

Territory	Meat Consumption			Meat Production		
	2013	2022	% Growth	2013	2022	% Growth
China	81.3	94.3	16.0%	80.9	93.7	15.7%
Indonesia	3.3	4.2	26.3%	3.2	4.1	24.9%
Japan	5.6	5.5	(1.9%)	3.3	3.2	(1.9%)
Korea	3.2	3.6	9.7%	2.1	2.6	20.5%
Malaysia	2.0	2.6	27.9%	1.9	2.3	20.5%
Philippines	3.2	4.1	26.9%	3.0	3.7	24.9%
Thailand	1.9	2.1	11.1%	3.0	3.5	18.2%
Vietnam	<u>5.4</u>	<u>7.0</u>	27.9%	<u>4.1</u>	<u>5.1</u>	22.4%
Total:	106.1	123.3		101.6	118.1	
	+ 16.2 %			+ 16.3 %		

A lift in Australian livestock production will support local population growth & regional demand...

- Dairy
 - Beef
 - Animal meals and fats
 - High-performance raw materials
- ... all forecast to have strong export growth

In 2012-13, Australian farms produced*:-

- \$13.2 bn of livestock (for meat)
- \$6.9 bn of livestock products (wool, dairy etc)
- \$2.3 bn fish and other marine produce

*Source: ABARES Agricultural Commodity Statistics 2013

Export Demand

growth in future production will be driven by...

Domestic Demand

Population of ~30 million by 2030, with greater demand for:-

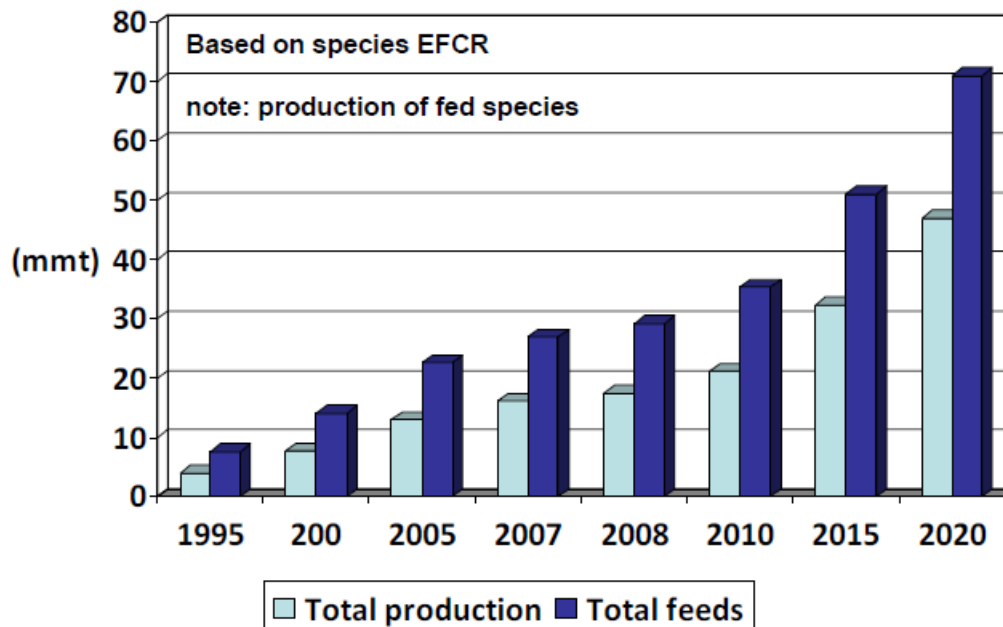
- Chicken – affordable source of protein, solid growth of 3% p.a.
- Eggs – 45% increase in eggs laid in 2013 vs 2003 (AECL)
- Fish – consumption up 25% by 2022 (OECD FAO)
- Dairy – population growth plus greater popularity of yoghurt & dairy dessert categories

... but forecast growth in livestock production can only occur with equivalent growth in the supporting stockfed industry

Focus on key growth sectors



Global Compound Aquafeed Forecast to 2020



Source: *FAO Fisheries & Aquaculture Technical Paper 564*

Some Facts & Figures

- **Asia** is home to ~90% of global aquaculture production
- Farmed fish expected to exceed wild catch by **2018**

Source: *FAO Fisheries & Aqua Department 2013*

- **Australia's** aquaculture industry, whilst comparatively small, has grown at a CAGR of ~11% over the last 20 years
- The two major growers are both investing in new farms and biomass to continue growth

Source: *Department of Agriculture, Australia's Seafood Trade, October 2013*

Constraint:

- declining wild catch also means less raw material for farmed fish feed



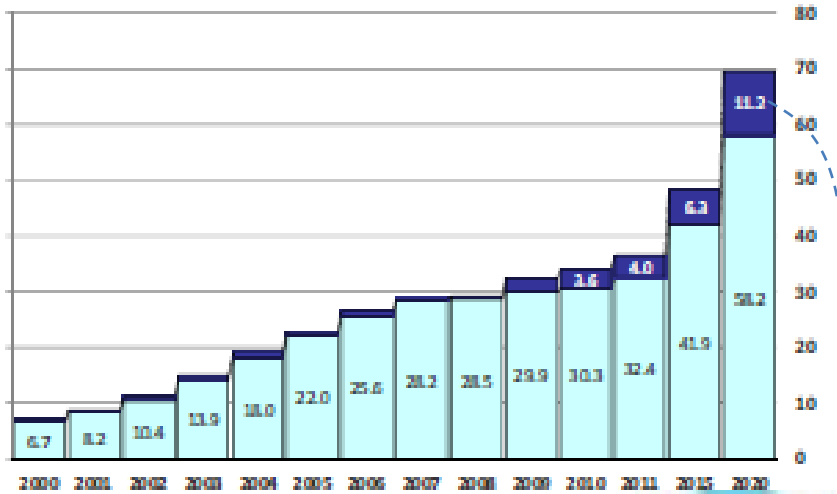
Solution:

- novel raw material inputs, including terrestrial animals

Dairy / opportunity to substantially lift Australian milk production

Significant regional demand for imported milk....

Fonterra's view of the size of the market in China

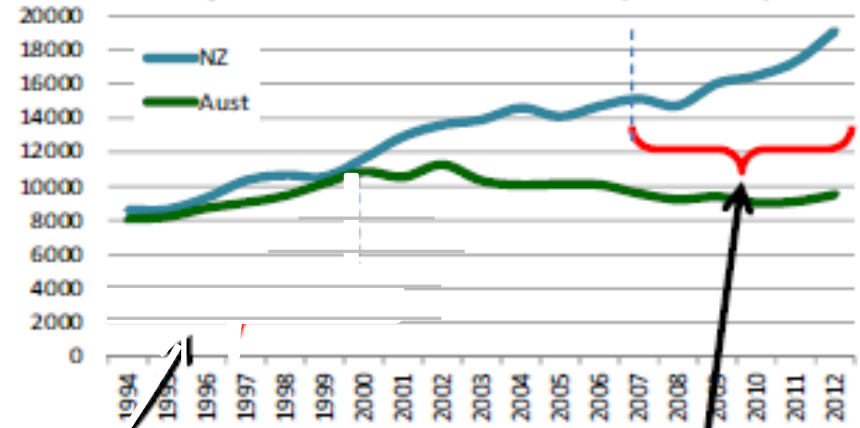


Source: Horizon 2020

represents imported volume (bn litres)

... and a latent milk production opportunity in Australia

Milk production 1995 to 2012 (bn litres)



Source: Horizon 2020

NZ grew 30% in last 5 years

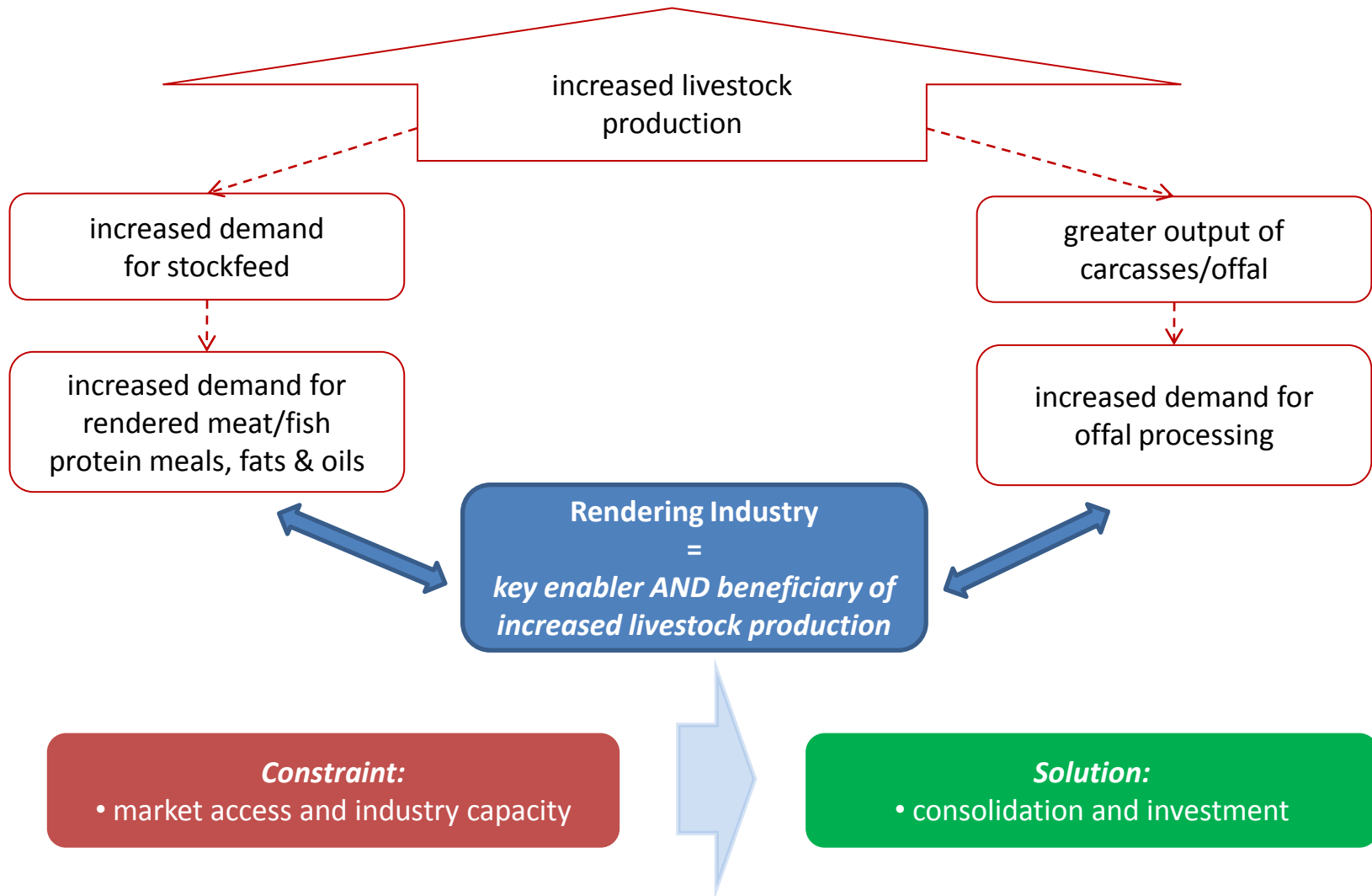
Constraint:

- land, water and farmer education/succession

Solution:

- supplementary feeding to boost output from existing farm herd & footprint

Rendering / key role to play in enabling increased livestock production



Opportunity for Ridley





What does this all mean for Ridley?

- Investment in the **right infrastructure** in the **right places** to satisfy the growing demand for feed
- Securing/owning the **key raw material streams** required for increased feed production
- Exploring **novel** raw materials and finished feed types to **boost animal yield** and create competitive advantage (both for Ridley and the farmer)
- Lobbying to preserve **market access**
- Maintaining highest **food security** standards

Ridley – ***Building to Feed the Future***



Ridley / Positioning and Markets by Species

Species	Ridley Position in Sector	Sector Growth Potential	Local or Global?*
Aqua	Strong (#2)	High	Salmon – Local Prawn – Global
Dairy	Strong (#1)	High	Global
Poultry - Broiler	Strong (#1)	Medium	Local
Poultry - Layer	Medium	High	Local
Rendering	Strong (#1)	High	Global
Packaged	Medium	Medium	Local
Pig	Medium	Medium	Local
Beef	Medium/High	Medium	Global
Supplements	Medium	Medium	Local

Ridley is well positioned in the key growth sectors

Attractive blend of local and global markets

* defined as the destination market for the majority of the associated end product



Ridley / Outlook and Strategy by Species

Species	Outlook and Strategy
Aqua	<ul style="list-style-type: none"> • Local / feed solutions to enable and support growth of AUS/NZ farmers (salmon, prawn and trout) • Global / develop innovative solutions (“slivers of excellence”) & disseminate through major Asian growing markets (e.g. <i>Novacq</i>)
Dairy	<ul style="list-style-type: none"> • Play a key role in helping lift Australian milk production to meet regional demand: <ul style="list-style-type: none"> • wider range of feed solutions • strategies to help farmers maximise farm profitability • Help create a ‘bigger pie’ for Australian dairy, and grow Ridley share of the pie
Poultry	<ul style="list-style-type: none"> • Invest in infrastructure to maintain leading position and support consistent industry growth (3%)
Rendering	<ul style="list-style-type: none"> • Be the major player in each state capital • Drive up the Value Chain into higher-margin products: (amino acids, specialty meals etc)
Packaged Beef & Sheep Supplements	<ul style="list-style-type: none"> • Logical (better-margin) complement to bulk business • Capitalise on seasonal demand • Capitalise on seasonal demand <div style="display: flex; align-items: center; margin-left: 20px;"> <div style="font-size: 3em; margin-right: 10px;">}</div> <ul style="list-style-type: none"> • Protect/grow share • Leverage fixed cost base of bulk mills • Maximise organic opportunities </div>