



# RIDLEY PRESENTATION CREDIT SUISSE & FNZC F&B FOCUS DAY

CREATING VALUE IN VOLATILE MARKETS

6 April 2017



- ❑ Ridley Overview and Mission Statement
- ❑ Case studies of Value Creation in Volatile Markets
  - Packaged Products - Stable, growing earnings
  - Novacq™ - High growth global potential



## RIDLEY LOCATIONS AND SECTORS

Business Unit	Structure
Monogastric	Pellet, meals, concentrates and premixes for poultry and pigs
Ruminant	Pellets, meals, blends, concentrates and premixes for dairy cattle, beef cattle and sheep
Packaged Products	Bagged poultry, dairy, dog, horse and lifestyle animal feed
Aquafeeds	Extruded and steam pelleted products for all major fin-fish and prawns, and novel feed ingredients
Supplements	Block and loose lick supplements
Rendering	Rendered poultry, red meat and fish products for the pet food, stock feed and aquaculture sectors

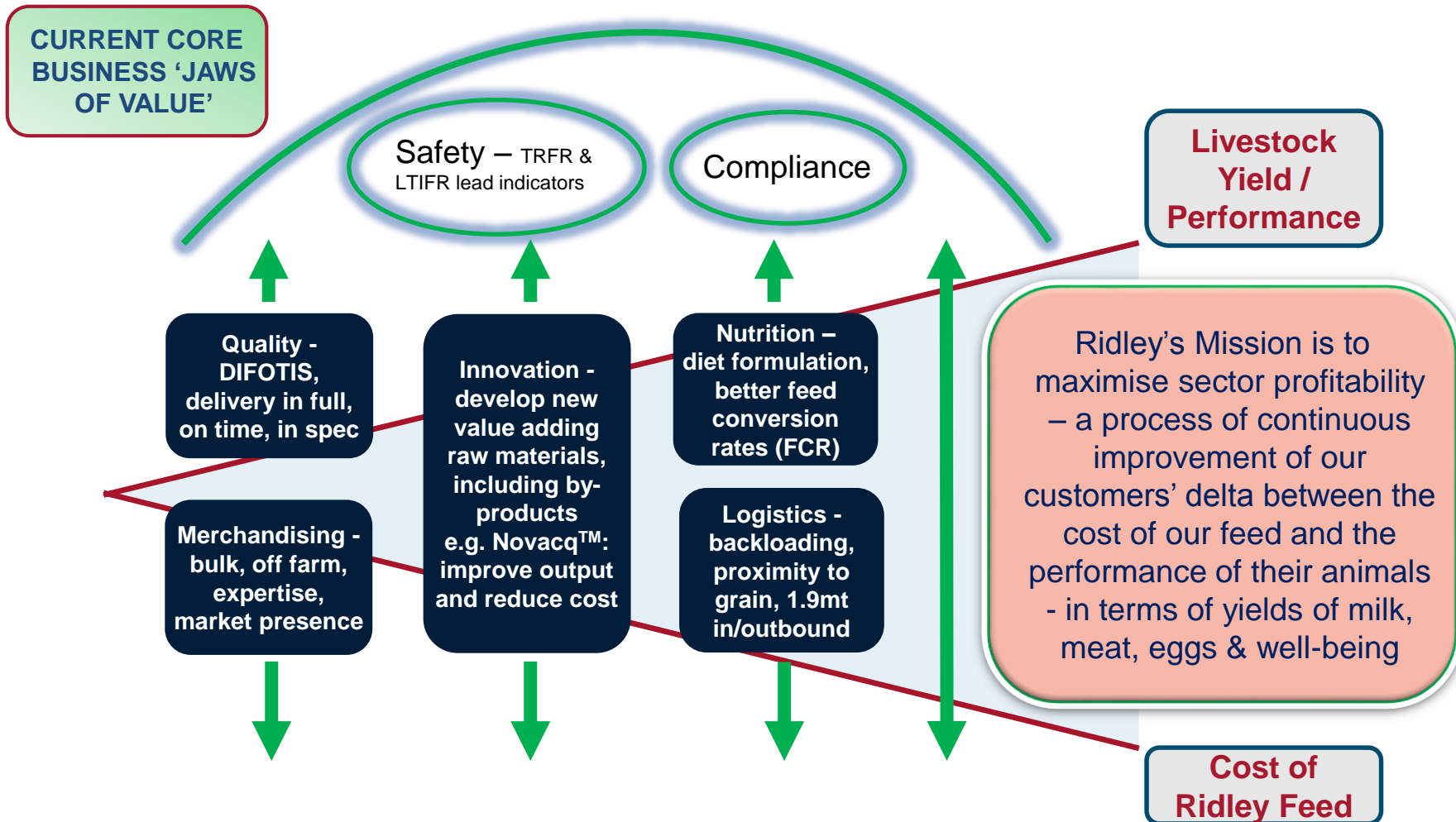


		Business Unit					
		Monogastric	Ruminant	Packaged	Aquafeeds	Supplements	Rendering
Ridley Assets	1	Toowoomba	1 Toowoomba	1 Toowoomba	1 Narangba	1 Townsville	1 Maroota
	2	Mooroopna	2 Tamworth	2 Tamworth	2 Yamba - Novacq production site		2 Laverton
	3	Pakenham	3 Pakenham	3 Pakenham			
	4	Murray Bridge	4 Maffra	4 Murray Bridge	3 Chanthabun - 49% interest		
	5	Bendigo	5 Gunbower		4 Westbury (intention to build)		
	6	St Arnaud	6 Terang				
	7	Wasleys	7 Taree				
	8	Clifton					
	9	Lara					

# CREATING VALUE IN VOLATILE MARKETS:



“Our Mission is to improve the **cost of feed to yield ratio** for our customers”



# **CASE STUDY 1**

## **PACKAGED PRODUCTS - STABLE, GROWING EARNINGS**

# PACKAGED PRODUCTS OVERVIEW

- ❑ Packaged Products Business Unit contribution has gone from a minor sector to one of Ridley's top 3 sectors.
- ❑ Encompasses Equine, Poultry, and Canine and includes key Ridley brands Barastoc, Cobber and Rumevite.
- ❑ Building brand equity across the range from a continuous and integrated program of activities.



Raise **AWARENESS** for the range

**TRANSITION** existing customer and lapsed users

**ACQUIRE** new customers at the puppy stage

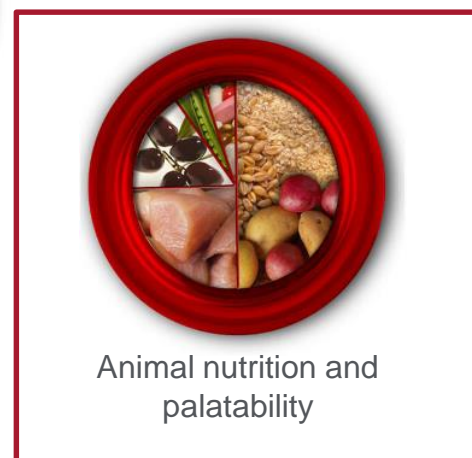
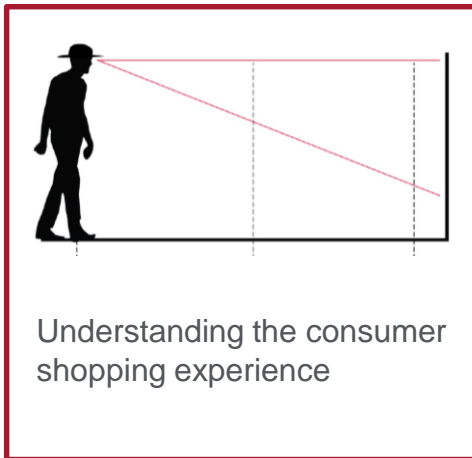
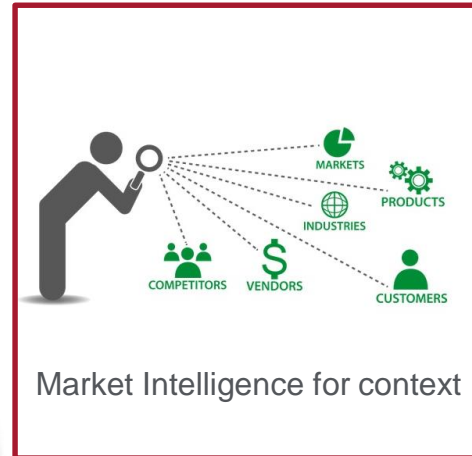
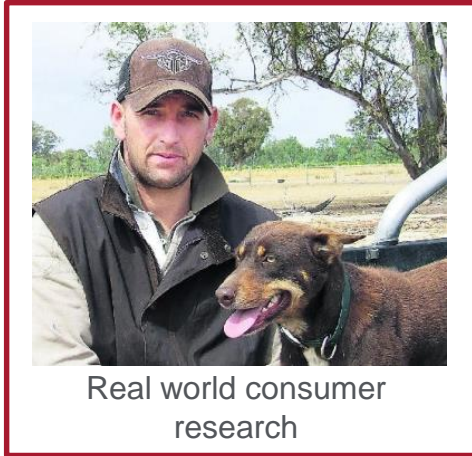
PR  
CAMPAIGN

FLAGSHIP  
STORES

SAMPLING  
PROGRAM

# UNDERSTANDING THE MARKET

Unlocking insights for a more powerful positioning and marketing mix...



# OUR NEW PACKAGING



## Applying market insights to our Packaging

Who is Cobber & what will this product do?

Iconography – providing more in depth detail

Meaty, bone shape for strong teeth.

Statement of sovereignty

Endorsed by Ridley



Tom & Jet. Kelpies – synonymous with Australia's outback. Strong, alert & focused.

Refreshed Cobber logo – strong references to species

Clear articulation of what the product is & what it will do for you

Iconography – conveying multiple points of information with one image



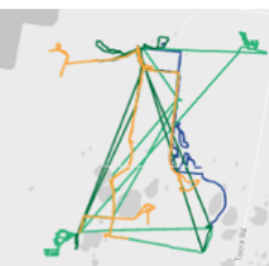



## Creating brand awareness and recruiting new users

- ❑ Cobber dog products our most profitable packaged product, with room for growth.
- ❑ New packaging and innovative marketing campaign to promote and position Cobber as the Australian rural dog brand.
- ❑ Created The Cobber Challenge to outline the value of Australian Working Dogs.
  - Tracked 8 of Australia's best working dogs using GPS trackers fitted to their collars for 3 weeks

### The competitors

### GPS tracker at work

**LARRY** VIC  
**KELPIE**  
 Location Woorndoo (Damien Clifford)  
 Age 3  
 Gender Male

With a heart the size of Phar Lap, Larry has a work ethic to boot. This all rounder is tough, dependable and adaptable to all situations. Larry showed his skill when he won the Dundonnell 'Snow Anderson Memorial Shield' this year, showing his all-round qualities.

DATE	SPEED	DISTANCE	DURATION	POINTS	
23/11/2016	12.58 km/h	36.5 km	2h 54m 5s	17968	<a href="#">View map</a>
22/11/2016	13.82 km/h	61.3 km	4h 26m 18s	22611	<a href="#">View map</a>
21/11/2016	15.17 km/h	50.5 km	3h 19m 37s	22216	<a href="#">View map</a>
20/11/2016	6.42 km/h	60.9 km	9h 29m 21s	18201	<a href="#">View map</a>

# THE COBBER CHALLENGE



## Significant insight and interest generated

- ❑ Print and online media coverage in significant rural media with an estimated value of \$250,000.
- ❑ Total sales and distribution up 5% with further activity to support growth over next 12 months.
- ❑ Significant flagship store estimate Cobber Working Dog sales up 40% as a direct result of new packaging.



# BARASTOC POULTRY MARKET DEVELOPMENT



Making our poultry packaging work harder in store.  
Out with the old...



In with the new...

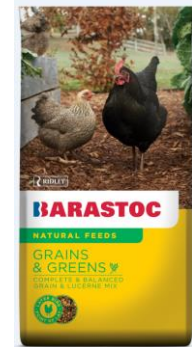


- Legal statements included
- Engaging photography
- Retention of the 'all important' Barastoc yellow
- Simple, clear and consistent information hierarchy
- Product image reproduced at 100% size

- Ridley corporate branding as endorsement
- Strong Barastoc branding to 'cut-through'
- Range colour panel
- Bird type & lifestage indicator



Point of Sale



Product Development



Consumer Promotions



Advertising

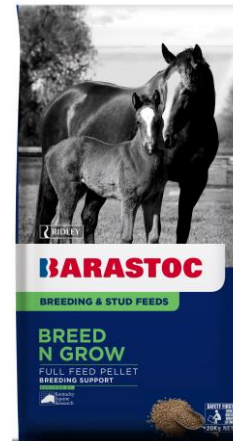
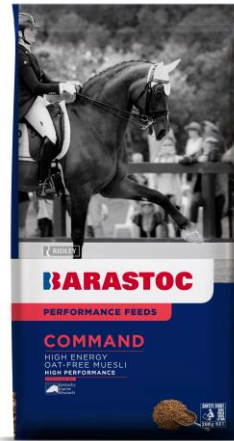
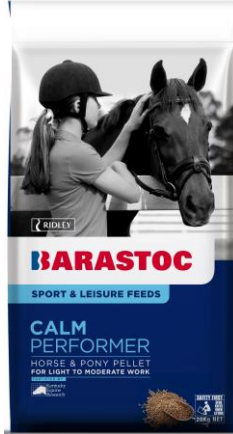
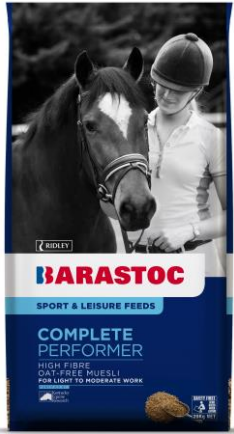


Online Applications

# BARASTOC EQUINE MARKET DEVELOPMENT



New look equine range...



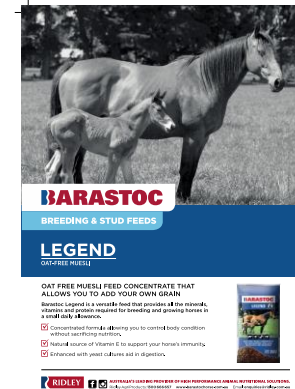
Sponsored Riders



Product Development



Point of Sale



Advertising



Campaigns

# CASE STUDY 2

# NOVACQ™ - HIGH GROWTH GLOBAL POTENTIAL

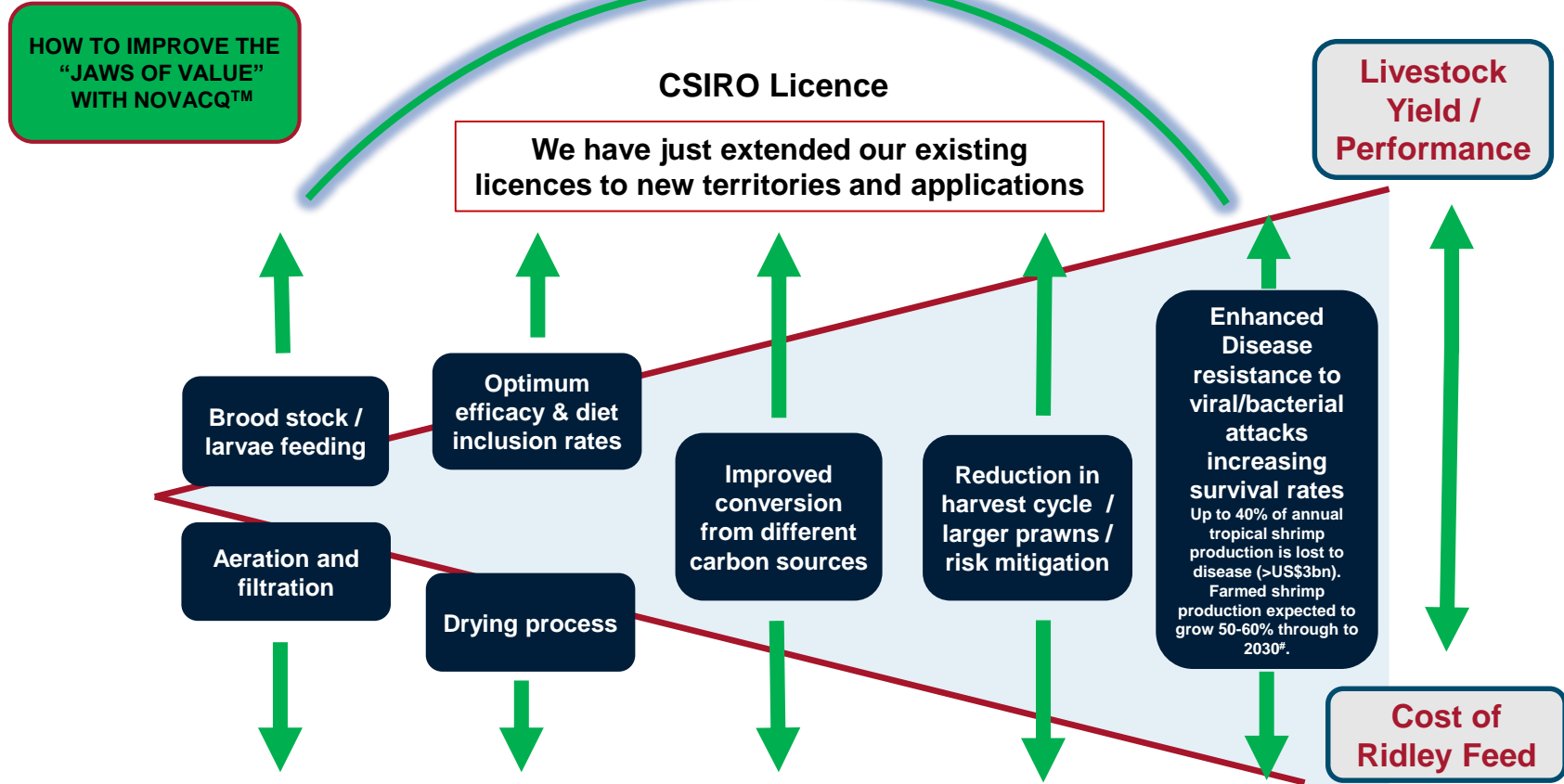
## What is Novacq™?

- ❑ Novacq™ is a patented CSIRO technology. It is a microbial biomass ingredient produced from the use of a carbon stream.

### [Launch informative video](#)

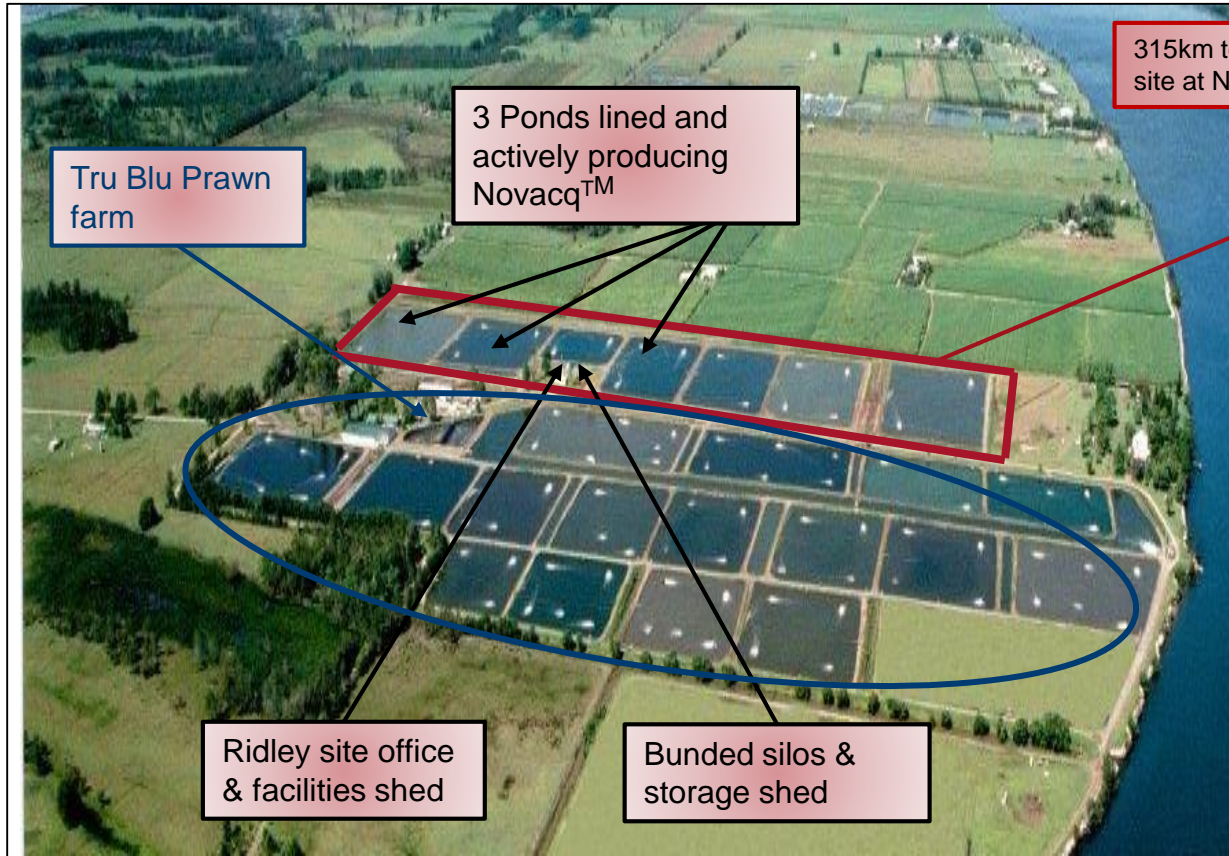


# RIDLEY NOVACQ™ – OUR COMPETITIVE ADVANTAGE



# World Bank (2013) Fish to 2030

# YAMBA NOVACQ™ R&D PRODUCTION SITE



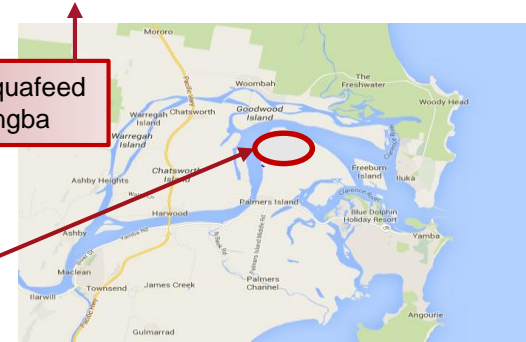
Tru Blu Prawn farm

3 Ponds lined and actively producing Novacq™

Ridley site office & facilities shed

Bunded silos & storage shed

315km to Aquafeed site at Narangba

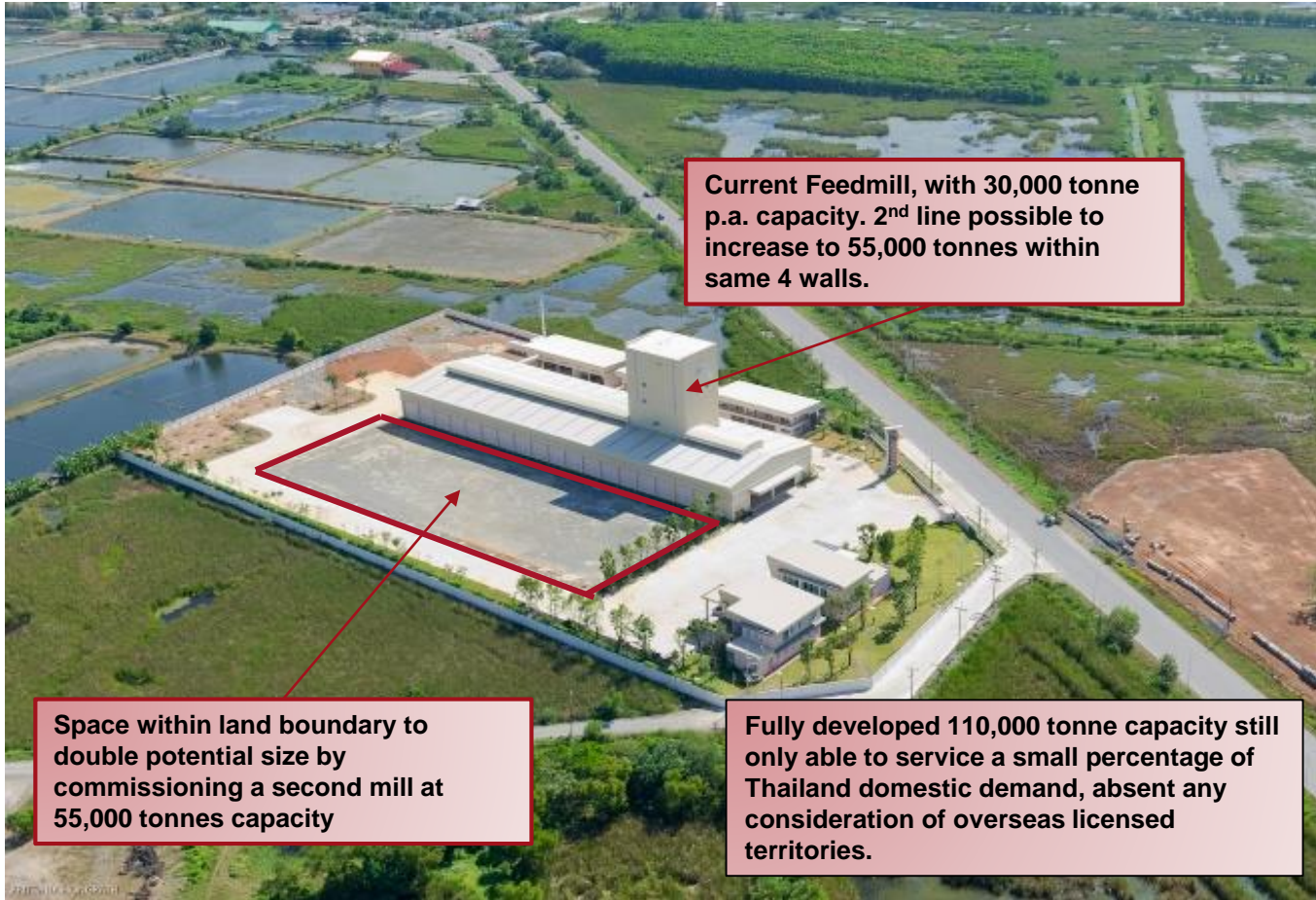


## Project milestones at Yamba:

- ❑ Ridley invested c.A\$2m in calendar 2016 at Yamba to develop Novacq™ production, including pond preparation and fit-out, infrastructure and execution of a 10 year lease on enough pond capacity to fully service 100% of Australia's current prawn demand and expected growth.
- ❑ Note our assessment of market size does not assume any increased demand from Seafarms Group Ltd, which is targeting to become the largest producer of shrimp in Australia (Project Sea Dragon).



# CHANTHABURI, THAILAND JOINT VENTURE



**Current Feedmill, with 30,000 tonne p.a. capacity. 2<sup>nd</sup> line possible to increase to 55,000 tonnes within same 4 walls.**

**Space within land boundary to double potential size by commissioning a second mill at 55,000 tonnes capacity**

**Fully developed 110,000 tonne capacity still only able to service a small percentage of Thailand domestic demand, absent any consideration of overseas licensed territories.**

- ❑ In addition to the existing feedmill, we have received approval to build two blending facilities with combined capacity of c.140,000 tonnes (t) output, equivalent to 467,000t of finished feed per annum at expected Novacq™ inclusion rates.
- ❑ The blending facilities will allow us to service multiple markets from a single site, securely, quickly and cost effectively, and to derive synergy with other micro ingredients.

## 3 Potential Value Streams

### ❑ Growth - Improved Feed Conversion Ratio

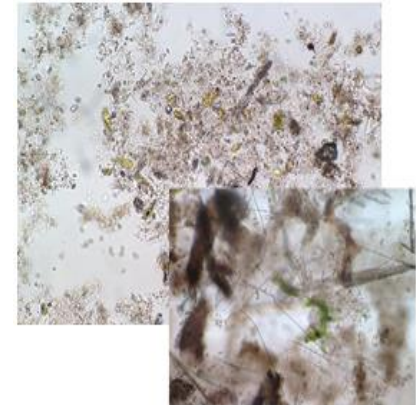
- Prawn feed product trials including the Novacq™ ingredient consistently demonstrating growth rate improvements in the vicinity of 40% or more and improvement in FCR of 20-30%.



### ❑ Health - Enhance resistance

- Trials are exhibiting improvements in animal well-being via enhanced resistance to the challenge of viral/bacterial attacks and thereby increasing survival rates.

Live under the microscope



### ❑ Nitrogen reduction - Reduced diet protein

- Trials suggest an overall diet protein reduction is achievable when Novacq™ is included, which leads to reduced nutrient levels in ponds and reduced effluent discharge.

# RECENT NOVACQ™ AUSTRALIAN TRIAL RESULTS



- ❑ On 3 April 2017, Ridley advised the market that in recent prawn trials at Mackay, a 37% improvement in prawn survival rates had been achieved with Novacq™ diets compared to the control ponds.

37% INCREASE IN SURVIVAL RATE \*

- ❑ The survival rate of the Novacq™-inclusive ponds was far greater than anticipated, such that the trial ponds reached maximum dissolved oxygen capacity after 90 days.
- ❑ With insufficient oxygen in the ponds due to the combination of stocking density and prawn growth, a destocking of the Novacq™-inclusive ponds was required.
- ❑ This early harvesting of the larger size prawns compromised the growth and nitrogen reduction data from a scientific trial perspective, preventing any statistically significant conclusions to be drawn from the trial other than in respect of survival.

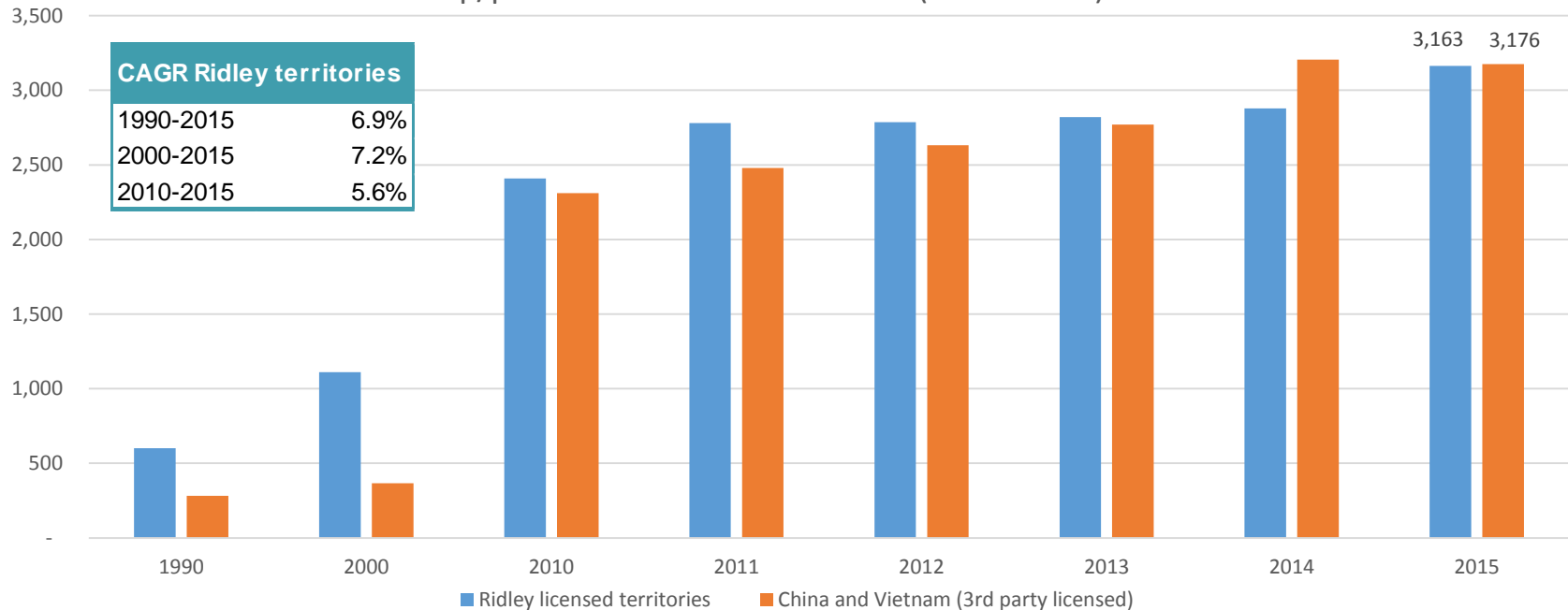
\* Survival results limited to this Australian trial only.

# GLOBAL ESTIMATED SHRIMP FEED DEMAND



By securing the licence from CSIRO for Rest of World, addressable market is in line with China and Vietnam market size, with Ecuador and India the largest outside of our original licensed territories. We can also sell into China and Vietnam while those licence holders cannot sell into our territories.

Shrimp/prawn estimated feed market ('000 tonnes) based on 1.3 FCR \*



\* FCR is Feed Conversion Ratio, namely the ratio that highlights how many kilos of feed an animal eats to put on a 1kg of weight of the prawn. The lower the FCR, the better the return to the prawn farmer. A conservative 1.3 FCR has been assumed in producing the above estimates of demand for feed, but in reality varies by country, feed quality and species of shrimp/prawn.

## Commercialising Australian science on a global stage.

- ❑ Initial licence agreement with CSIRO was specific to crustaceans
  - Covered production and distribution of Novacq™ in Australia, Thailand and Indonesia, with distribution rights in Malaysia and Philippines.
- ❑ As of 28 March 2017, Ridley executed the licence for production and distribution for all territories around the world, excluding China and Vietnam.
- ❑ The licence now extends to cover improvements to Novacq™ and application in all other non-human species
  - Reasonable likelihood that Novacq™ can have a positive application in other species, not only in the most likely application for fin fish, but also potentially for land-based animals.



### Continue to develop value proposition:

- ❑ Validate prawn performance in tank and commercial trials.
  
- ❑ CSIRO Strategic Research Alliance:
  - Initial 5 year research plan investigating potential Novacq™ applications, including across other species;
  - Ridley has option to extend for a further 5 years.
  
- ❑ Transport the technology and knowhow developed at Yamba to Thailand:
  - Grow and produce Novacq™ in Thailand;
  - Validate Thai Novacq™ in feed trials;
  - Commence sales at commercial volumes once above milestones successfully achieved.

## Thinking outside the box:

- ❑ Adding value and growth through both stable and new streams.
- ❑ New initiatives and key strategic partnerships.
- ❑ Access to markets on a global scale.



# CONTACT DETAILS

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