



# RIDLEY

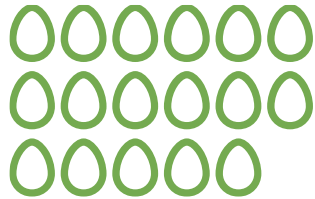
# Resilience & Comparative Advantages

Quinton Hildebrand, CEO.

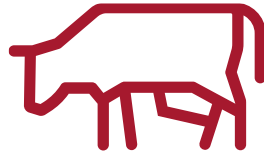
# RIDLEY IN THE MARKETPLACE

We are a part of the average Australian household

## EVERY DAY...



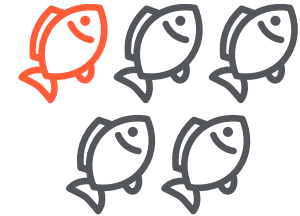
1.65 million  
eggs produced from  
layer chickens...



1 in every  
12 litres of milk...



1.8 million  
chicken dinners...

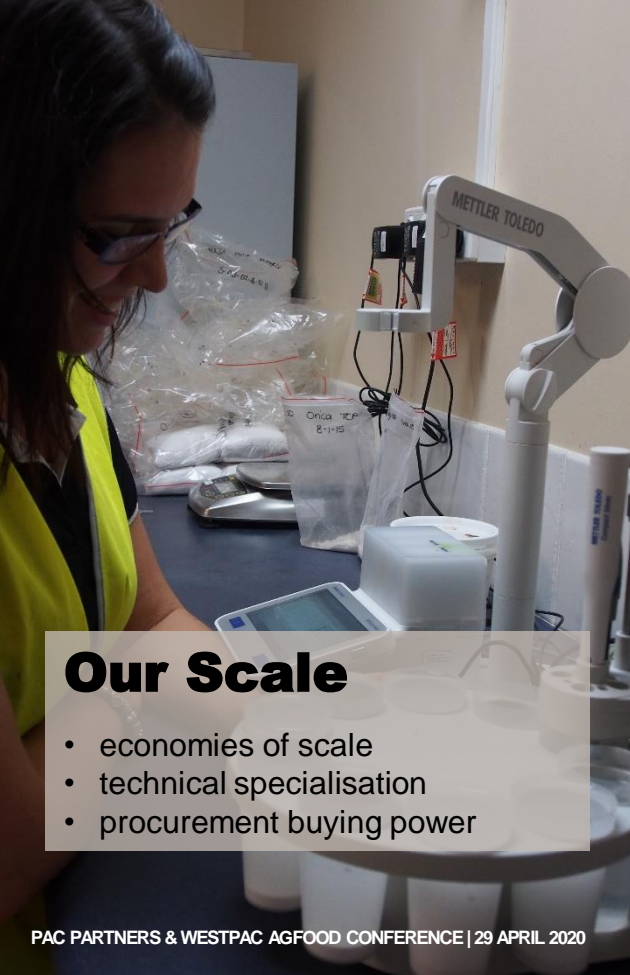


1 in 5 locally  
produced fin fish  
or prawns

**...ARE FED BY RIDLEY**



# WHAT SETS US APART



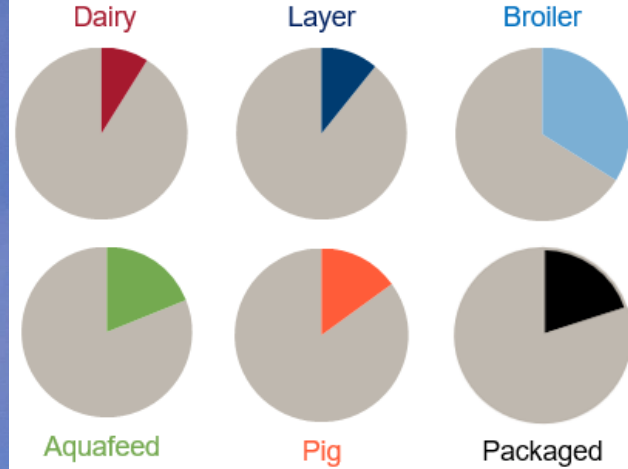
## Our Scale

- economies of scale
- technical specialisation
- procurement buying power



## Our Investment

- state of the art technologies
- large, energy efficient, increasingly-automated facilities



## Our Diversification

- by geography
- by species
- by customer
- by channel to end consumer

# DEMONSTRATED RESILIENCE

## COVID-19 Update

Ridley **responded early** by securing alternative supply chains and procuring additional raw materials

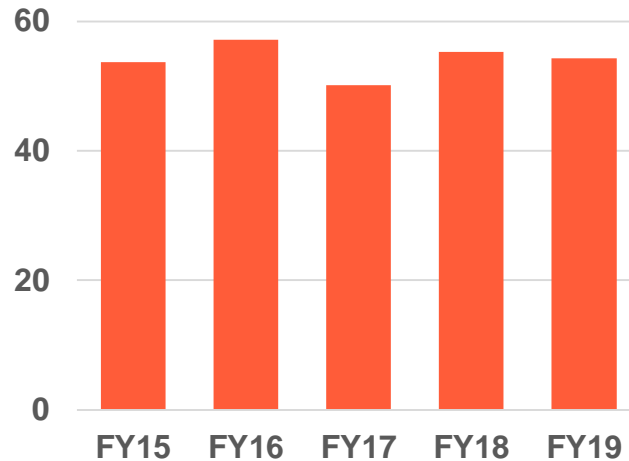
**Developed contingency** strategies for operational shifts, sanitation and back-up production

To date there has been **no direct business interruption** due to COVID-19

**Ongoing consumer requirement** for animal proteins

Some reductions in volumes by those more reliant on the Food Service channel

## Consistent earnings (EBITDA \$M from operations)



## Funding in Place

Extended banking facilities in November 2019 for 5 years

\$70M in headroom against \$230M of term + receivable funding facilities

Active capital management in place with Dividend Reinvestment Plan (DRP)

## Stable Ownership



top 5 shareholders control greater than

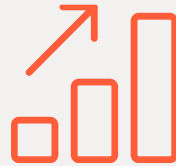
**50%**

# GROWTH STRATEGY



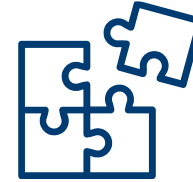
## Optimisation

There are significant opportunities within Ridley to simplify the business, install automation, leverage our raw material and consumable procurement, and to rationalise the supply chain.



## Sales growth

Our new structure provides a single point of accountability for both the customer servicing and operation of the supplying facility, which will make us more responsive to sale opportunities and well positioned to fill our existing underutilised capacity.

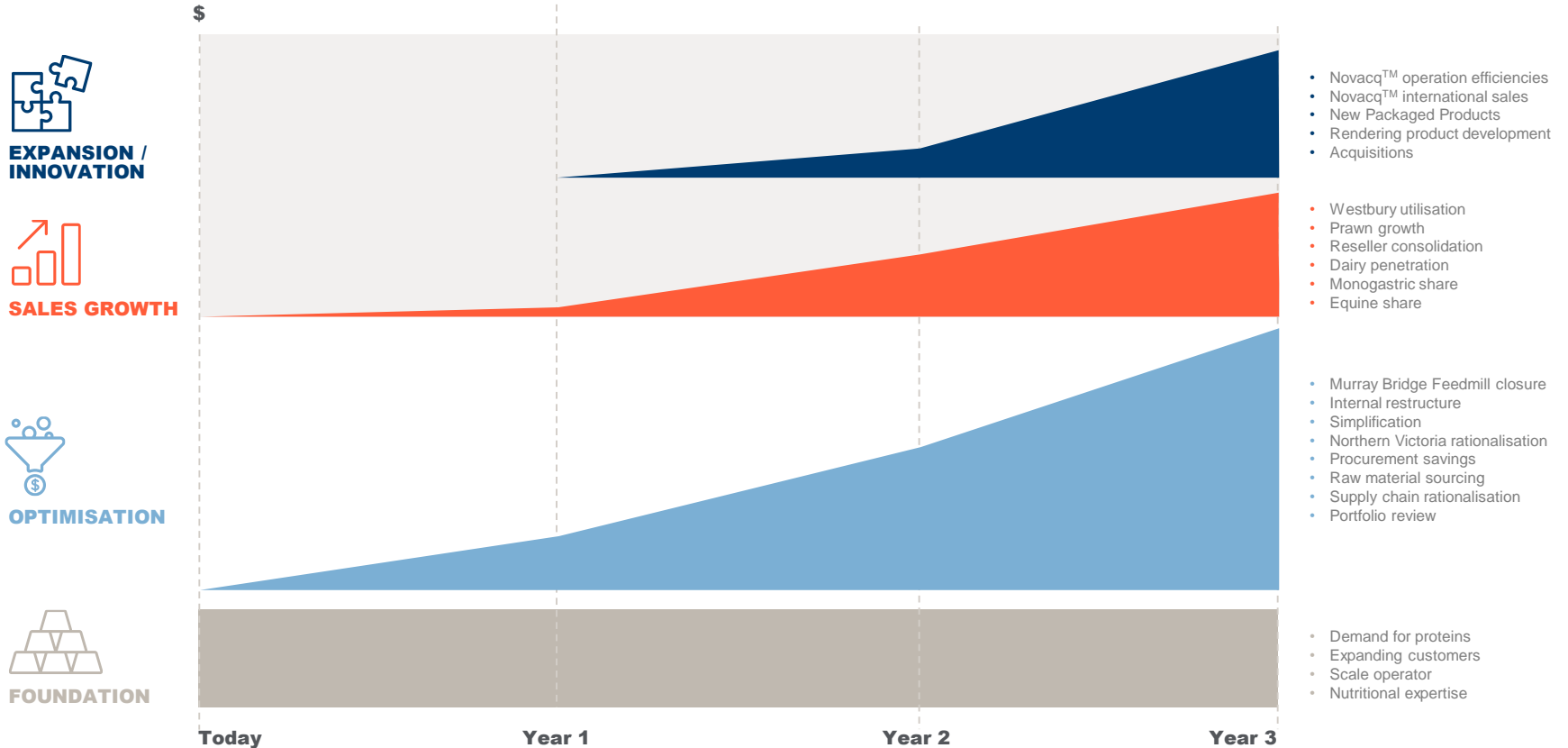


## Expansion / innovation

In time, our pipeline of innovation opportunities will be commercialised (of which Novacq™ is the most significant) and can be augmented by bolt-on acquisitions.

# GROWTH STRATEGY

A focus on improvements in our core business, while embedding innovation





# OUTLOOK

- Raw materials are secured and operational contingency arrangements are in place to mitigate the effects of a business interruption due to COVID-19
- Expect some reduced demand from those customers supplying through the Food Service channel whilst 'shut-down' restrictions prevail
- Wellsford Feedmill commissioning to complete in 2H FY20, enabling our Northern Victoria capacity rationalisation and marking the end of our major capital program
- The implementation of the Growth Strategy continues unabated and will deliver financial benefits in the year ahead, albeit with further once-off costs in 2H FY20



**OPTIMISATION**



**SALES GROWTH**



**EXPANSION /  
INNOVATION**

# Appendix. Supporting information.

# PROFIT AND LOSS SUMMARY

Consolidated Result - in (\$m)	1H FY20	1H FY19		1H FY18	1H FY17	1H FY16	FY19	2H FY19
EBITDA – Ongoing operations	30.7	30.6	Half year EBITDA result from Operations of \$30.7m, marginally up on corresponding prior year period, representing an improved second quarter performance after a soft first quarter.	31.8	30.0	35.2	54.3	23.7
Corporate Costs	(5.8)	(5.7)	Overall consistent with prior year and absorbing \$0.2m of former Property segment costs.	(4.8)	(4.8)	(4.7)	(11.3)	(5.6)
• Non-recurring revenues / (costs)	2.6	6.4	FY20 introduction of lease accounting standard (1H FY19: profit on sales of surplus property).	-	3.5	(6.3)	-	-
• Murray Bridge feedmill closure	(7.2)	-	Total cost of site closure and remediation (including \$4.4 non-cash write down of assets).	-	-	-	-	-
• Internal restructure	(2.9)	-	FY20 cost incurred to deliver annualised savings of c.\$5.0m.	-	-	-	-	-
• Settlement of legal claim	(1.9)	-	Legal claim settled after balance date with full amount payable by Ridley of \$1.9m in half year result.	-	-	-	-	-
Consolidated EBITDA	15.5	31.3		22.8	26.4	21.4	40.5	19.0
Depreciation and amortisation	(12.9)	(9.1)	First year of depreciation of new Westbury extrusion plant and \$2.5m first time amortisation of capitalised leases.	(9.0)	(7.1)	(7.5)	(18.9)	(9.8)
Consolidated EBIT	2.6	22.2		22.8	22.9	27.7	40.5	19.0
Property	-	-	Property included within Corporate Costs from 1 July 2019.	0.3	(0.5)	0.9	6.2	(0.2)
Net Finance costs	(3.0)	(2.4)	Consistent with higher levels of debt.	(2.3)	(2.6)	(2.7)	(5.0)	(2.6)
Income Tax Credit / (Expense)	0.8	(3.7)	P&L benefit for the period after allowing for tax instalment payments.	(3.5)	(4.4)	(4.6)	(6.8)	(3.1)
Net profit	0.4	16.1		12.5	14.1	10.3	23.6	7.5
Other comprehensive income			No movement in \$1.7m carrying value of Asset available for sale.				(0.4)	-
	0.4	15.7		12.5	14.1	10.3	23.2	7.5

# BALANCE SHEET

## Assets

Balance Sheet - in \$m	Dec 2019	Jun 2019	Analysis of movement	Dec 2018	Jun 2018	Jun 2017	Jun 2016
Cash & cash -equivalents	39.8	17.5	Closing balance is a function of timing of receipts/payments and draw down/repayment of bank funding.	17.1	23.4	16.5	28.5
Inventory	89.4	83.8	Reflects prawn feed stock build to service greater demand plus increased holdings of rendered meat meals.	80.9	76.7	83.7	87.7
Receivables	115.8	108.2	Debtor days maintained at 32 days sales outstanding.	117.6	104.0	116.2	112.3
Assets held and available for sale	1.9	0.2	Comprises sole residual Lara surplus landholding under purchase option agreement of \$0.2m plus interest in UK-listed specialist ingredients business of \$1.7m.	1.9	1.1	-	-
Other - tax asset	1.2	-	Tax refund receivable following finalisation of 2019 Income Tax Return and after payment of tax instalments.	2.2	3.0	0.4	-
<b>Total Current Assets</b>	<b>248.1</b>	<b>209.7</b>		<b>219.7</b>	<b>208.2</b>	<b>216.8</b>	<b>228.5</b>
Investment property	1.3	1.3	Residual balance of \$1.3m comprises land at Moolap.	1.3	1.3	3.2	3.1
P,P&E	290.8	259.3	Movement includes \$19.6m for completion of new Westbury extrusion plant plus construction of new feedmill at Wellsford.	225.0	202.6	182.8	160.2
Investments - equity accounted	0.3	0.7	Investment in Thai feedmill with movement reflecting Ridley's 49% share of period loss.	1.0	1.1	1.3	3.7
Available for sale	-	1.7	Reclassified to Current Assets held and available for sale.	-	2.3	1.3	-
Intangibles	88.3	85.7	Reflects the capitalisation of non-P,P&E activity at Yamba and Chanthaburi (\$3.5m) plus software additions (\$0.6m) offset by amortisation.	82.5	82.5	79.3	76.4
Non-current Receivables	11.8	11.7	Includes NPV of deferred sale proceeds for sales of Lara Lots A,B and C reported in June and July 2018.	12.6	8.6	0.8	5.5
Other non-current assets	4.1	3.7	Outworking of tax effect accounting tax entries.	4.6	3.6	5.1	7.4
<b>Total Assets</b>	<b>644.7</b>	<b>573.8</b>		<b>546.7</b>	<b>510.3</b>	<b>490.6</b>	<b>484.8</b>

# BALANCE SHEET

## Liabilities

Balance Sheet - in \$m	Dec 2019	Jun 2019		Dec 2018	Jun 2018	Jun 2017	Jun 2016
Current payables	172.1	158.8	Reflects timing of creditor payments within agreed trading terms.	155.9	155.9	148.6	145.9
Current provisions	17.1	16.0	Mostly comprises employee entitlements.	14.7	14.6	13.5	12.9
Current tax liabilities	-	2.0	Period end tax receivable.	-	-	-	8.3
Current Lease liabilities	4.5	-	Brought onto the balance sheet for the first time in accordance with the new AASB16 lease accounting standard requirements, allocated \$4.5m as current with a further \$7.2m as non-current.	-	-	-	-
Non-current borrowings	172.5	118.9	\$53.6m increase in gross draw downs since 30 June 2019 reflects completion of new Westbury extrusion plant plus construction of new feedmill at Wellsford.  Net debt of \$132.7m, calculated after offsetting cash & cash equivalents, increased by \$31.3m during the period.	106.3	76.2	68.1	69.4
Non-current Payables, Lease liabilities and Provisions	8.0	0.5	Comprises Lease liabilities (\$7.2m), deferred legal claim settlement (\$0.5m) plus employee entitlements (\$0.3m).	0.5	0.5	0.6	0.5
<b>Total Liabilities</b>	<b>374.2</b>	<b>296.2</b>		<b>277.4</b>	<b>247.2</b>	<b>230.8</b>	<b>237.0</b>
<b>Net Assets / Equity</b>	<b>270.5</b>	<b>277.5</b>	No changes in issued capital during the period while final dividend maintained at 2.75 cps was paid on 31 October 2019, franked to 100% and paid wholly in cash.	<b>269.3</b>	<b>263.1</b>	<b>259.8</b>	<b>247.8</b>

# CASH FLOW

Consolidated Cash flow - in \$m	1H FY20	1H FY19		1H FY18	1H FY17	1H FY16	FY19	2H FY19
Consolidated group EBITDA before non-recurring items	24.9	24.9	EBITDA from Operations less Corporate.	27.7	23.4	34.2	54.3	29.8
Less: non-recurring items	(9.4)	6.4	Aggregate EBITDA impact of non-recurring items described on slide 6.	-	3.5	(6.3)	-	-
Consolidated EBITDA	15.5	31.3	After non-recurring items.	27.7	26.9	27.9	54.3	29.8
Movement in working capital	1.8	(15.0)	\$1.8m reduction in working capital for the period.	(3.8)	(26.1)	(35.6)	(7.3)	7.7
Maintenance capex	(8.5)	(6.8)	Maintenance capex maintained within DA.	(8.3)	(7.3)	(5.5)	(13.3)	(6.5)
Profit on sale of properties	-	(6.8)	Cash receipts from the property sales reported below as asset sale proceeds.	-	-	-	-	-
Operating cash flow	8.8	2.7		15.6	(6.5)	(13.2)	33.7	31.0
Development capex	(24.8)	(23.7)	Development capex includes completion of the new Westbury extrusion plant and construction of new feedmill at Wellsford.	(7.1)	(14.6)	(3.7)	(60.0)	(36.3)
Payment for Intangibles	(3.6)	(1.1)	Comprises \$3.5m of Novacq™ capitalised project activity plus \$0.1m of software additions.	(2.1)	(1.0)	(0.5)	(5.5)	(4.4)
Dividends paid	(8.4)	(8.4)	Cash payment of dividend on 31 October 2019.	(8.4)	(7.6)	(6.1)	(11.7)	(3.3)
Proceeds from sale of assets	-	1.5	No asset sale proceeds received during the period.	6.7	5.7	9.9	5.0	3.5
Net finance costs	(2.8)	(2.7)	Reflective of bank refinance offset by higher debt levels.	(2.4)	(2.8)	(2.8)	(5.7)	(3.0)
Proceeds from share capital issue	-	-	No capital issued during the period.	-	-	-	3.1	3.1
Net tax payments	(2.8)	(3.8)	Reflection of timing of tax instalment payments.	(2.5)	(10.9)	(9.6)	(1.7)	2.1
Other net cash outflows	2.3	(0.9)	Includes loans to related parties and share-based payments.	(3.5)	(1.0)	(0.2)	(5.8)	(4.9)
Cash in/(out) flow for the period	(31.3)	(36.4)		(3.7)	(38.7)	(26.2)	(48.6)	(12.2)
Opening net debt as at 1 July	(101.4)	(52.8)		(51.5)	(41.0)	(32.7)	(52.8)	(52.8)
Closing net debt	(132.7)	(89.2)		(55.2)	(79.7)	(58.9)	(101.4)	(65.0)

. The Directors believe that the presentation of the unaudited non-IFRS financial information on this slide 24 is useful for users of the accounts as it reflects the significant cash flows of the business

## Contact details

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ASX: RIC

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