



# FY23 RESULTS

## CONTINUED EARNINGS GROWTH

Quinton Hildebrand - MD & CEO  
Richard Betts - CFO

17 August 2023

# FY23 FINANCIAL HIGHLIGHTS<sup>1</sup>

## Earnings Growth

- 10% YoY EBITDA growth from ongoing operations
- Both reporting sectors contributing

## Disciplined Capital Management

- Effective cash conversion
- Orderly inventory reduction
- Deployed maintenance (\$11m) and growth (\$23m) capex in line with framework
- Maintained a strong balance sheet

## Delivering returns to Shareholders

- Total Shareholder Return (TSR) of 16%
- Increased dividends paid / determined (interim 4.00 cps + final 4.25 cps fully franked)
- On-market share buy-back concluded (\$7m @\$ 1.92/share)

EBITDA (underlying)

**\$88.5m<sup>2</sup>**

▲ +10.5% YoY growth

NPAT (reported)

**\$41.8m**

▼ -1% YoY growth

NPAT (underlying)

**\$41.8m**

▲ +15.5% YoY growth

OPERATING CASH FLOW<sup>3</sup>

**\$105.3m**

▲ pcp \$72.2m

ROFE (underlying)

**12.2%**

▲ pcp 10.9%

LEVERAGE

**0.33X**

▲ pcp 0.29X

DIVIDEND (100% franked)

**8.25 cps**

▲ pcp 7.4 cps

<sup>1</sup> The Directors believe that the presentation of the unaudited non-IFRS financial information on this slide is useful for users of the accounts as it reflects the underlying financial performance of the business.

<sup>2</sup> Calculated as NPAT of \$41.8m adjusted for Finance Costs(\$5.1m), Depreciation and Amortisation(\$24.8m).

<sup>3</sup> Operating Cash Flow is EBITDA plus or minus the change in Working Capital.

# PACKAGED FEEDS & INGREDIENTS SEGMENT

	FY23 (\$m)	FY22 (\$m)	Variance
<b>EBITDA before significant items</b>	<b>65.8</b>	<b>58.0</b>	<b>+13%</b>
<b>EBIT</b>	<b>56.5</b>	<b>47.9</b>	<b>+18%</b>
<b>Segment Assets</b>	<b>250.6</b>	<b>269.8</b>	
<b>Segment Liabilities</b>	<b>(55.7)</b>	<b>(66.4)</b>	
<b>Segment Net Assets</b>	<b>195.0</b>	<b>203.4</b>	<b>-4%</b>
<b>EBITDA ROFE</b>	<b>34%</b>	<b>29%</b>	

- Improved returns from **Ingredient Recovery** due to:
  - continued differentiation of products for premium markets
  - higher tallow, oil and meals prices in H1
  - increased volumes in H2
- **Packaged Products** delivered a 6% volume growth whilst maintaining margins
- Underperforming **Aquafeed** sales resulted in more extrusion capacity being allocated to petfood production
- **NovaqPro**® delivered it's first profit due to lower production costs and increasing sales to domestic prawn customers



# BULK STOCKFEEDS SEGMENT

	FY23 (\$m)	FY22 (\$m)	Variance
<b>EBITDA before significant items</b>	<b>36.0</b>	<b>34.4</b>	<b>+5%</b>
<b>EBIT</b>	<b>20.6</b>	<b>18.7</b>	<b>+10%</b>
<b>Segment Assets</b>	<b>299.8</b>	<b>280.2</b>	
<b>Segment Liabilities</b>	<b>(171.3)</b>	<b>(161.5)</b>	
<b>Segment Net Assets</b>	<b>128.5</b>	<b>118.7</b>	<b>+8%</b>
<b>EBITDA ROFE</b>	<b>28%</b>	<b>29%</b>	

- Improved 2H performance after delayed harvest impacted 1H
- Growth plan continues to deliver value:
  - leveraging procurement and nutrition expertise
  - driving asset utilisation
  - sharing scale benefits and expertise with customers
  - resultant lift in sales volumes
    - +3% monogastric (v pcp), and
    - +11% ruminant (v pcp)
- Effective in passing through inflationary costs



# FINANCIAL RESULTS



# PROFIT & LOSS SUMMARY

Consolidated Result (\$m)	FY23	FY22	Analysis of Results
EBITDA – Packaged Feeds and Ingredients	65.8	58.0	See segment performance reporting – p3
EBITDA – Bulk Stockfeeds	36.0	34.4	See segment performance reporting – p4
<b>EBITDA – Ongoing operations before significant items</b>	<b>101.8</b>	<b>92.4</b>	Up \$9.5m, or 10.2% on prior year period on the back of earnings growth in both segments
Corporate Costs	(13.3)	(12.2)	Includes CEO retention bonus of \$1m, underlying costs well managed given the inflationary environment
<b>Consolidated EBITDA before individually significant items</b>	<b>88.5</b>	<b>80.1</b>	Up \$8.4m, or 10.5% on prior year period
Individually significant items (“ISI”) before income tax	-	8.9	Prior year included gains from sale of Westbury, Bendigo and Mooroopna mills and for SaaS accounting policy change
<b>Consolidated EBITDA</b>	<b>88.5</b>	<b>89.1</b>	Down \$0.6m, or 0.6% on prior year period
Depreciation and amortisation	(24.8)	(25.8)	Reduced depreciation as Maroota assets acquired 10 years ago through acquisition are now fully depreciated, the business continues to invest in line with the capital allocation model
<b>Consolidated EBIT</b>	<b>63.7</b>	<b>63.3</b>	Up \$0.4m, or 0.7% on prior year period
Finance costs	(5.1)	(2.8)	Increased due to higher interest costs and slightly higher debt
Income Tax (expense) / benefit	(16.8)	(18.0)	Tax effective rate of 28.7%
<b>Net profit and total comprehensive income</b>	<b>41.8</b>	<b>42.4</b>	<b>Underlying NPAT was up \$5.6m or 15.5% – prior year included a net gain of \$6.2m from ISI after income tax</b>

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

# BALANCE SHEET

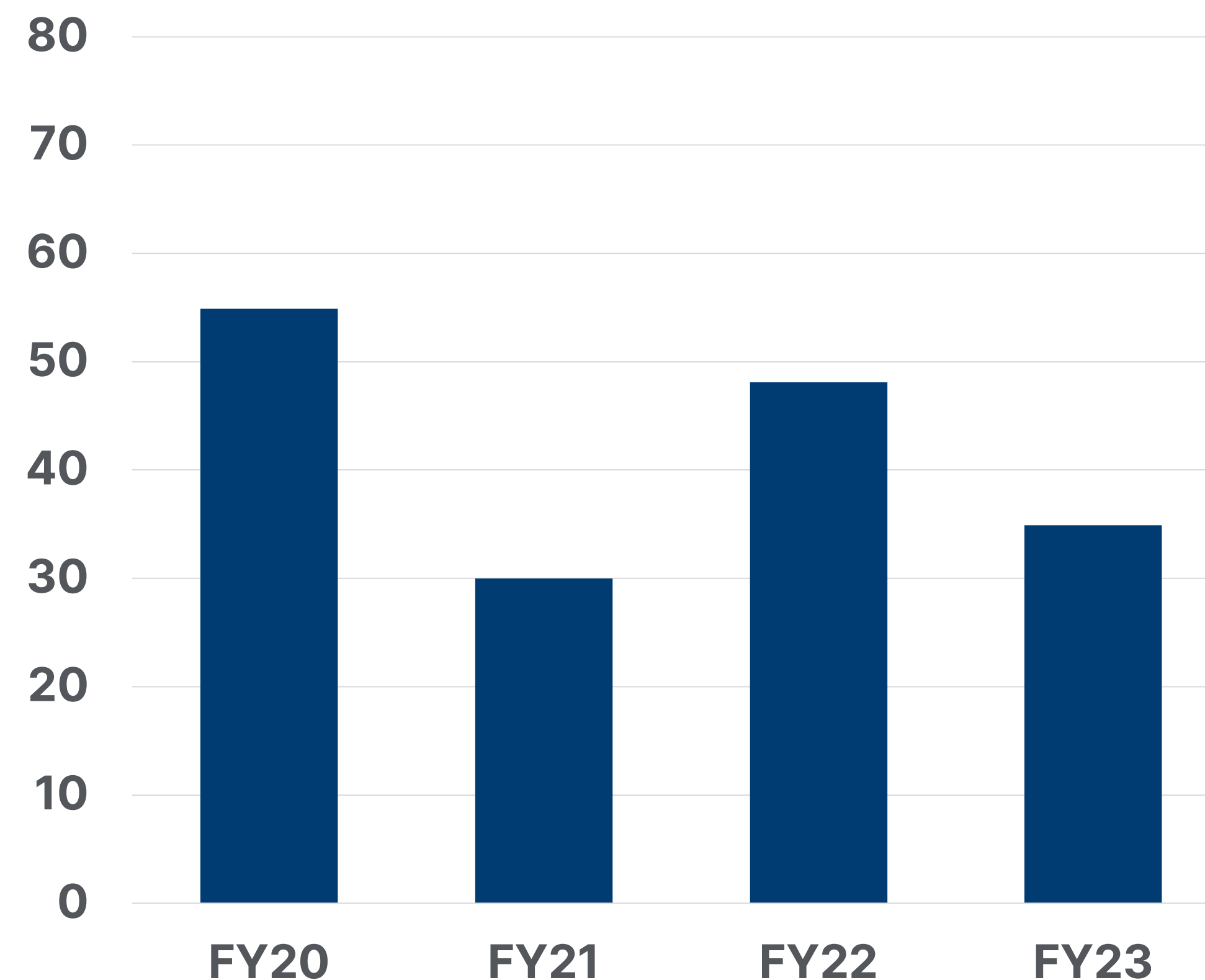
Balance sheet (\$m)	June 2023	June 2022	Analysis of balances and movements
Cash & cash equivalents	43.0	27.1	Balance is a function of timing of receipts / payments and draw down / repayment of bank funding
Inventory	107.0	117.1	Decrease in inventory with normalisation of supply chains
Receivables & Other debtors and prepayments	133.0	133.1	Receivables in line with prior year
<b>Total Current Assets</b>	<b>283.1</b>	<b>277.3</b>	
Property, plant and equipment & intangibles	332.6	321.9	Movement for the period represents the additions, including the de-bottlenecking projects, offset by depreciation / amortisation charge
Other Non-Current Receivables	1.3	8.2	FY23 consists of a deferred tax asset; FY22 included a large tax refund that was received during the period
<b>Total Assets</b>	<b>617.0</b>	<b>607.4</b>	
Current payables	209.3	206.6	Reflects the timing of creditor payments and increased commodity prices
Current Other	14.9	27.0	Reduction in current tax liabilities
Non-current borrowings	72.5	50.0	Predominantly off-set by the increase in cash and cash equivalents – refer above
Other Non-current liabilities	4.8	7.7	Reduction in non-current portion of lease liabilities
<b>Total Liabilities</b>	<b>301.6</b>	<b>291.3</b>	
<b>Net Assets</b>	<b>315.4</b>	<b>316.0</b>	

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# WORKING CAPITAL

Working Capital (\$m)	June 23	June 22
Current receivables	133.0	133.1
Inventory	107.0	117.1
Less Accounts Payables	(205.2)	(202.2)
<b>Working Capital</b>	<b>34.8</b>	<b>48.0</b>

## Working capital by year (\$'m)



- Working capital was reduced in the period
- Receivables balance remained in line with prior years and debtors days reduced by 0.2 days
- Inventory values decreased as the business shortened its hold of strategic inventory as supply chains normalised
- Accounts payable was slightly ahead of the prior year due to the higher raw material input costs

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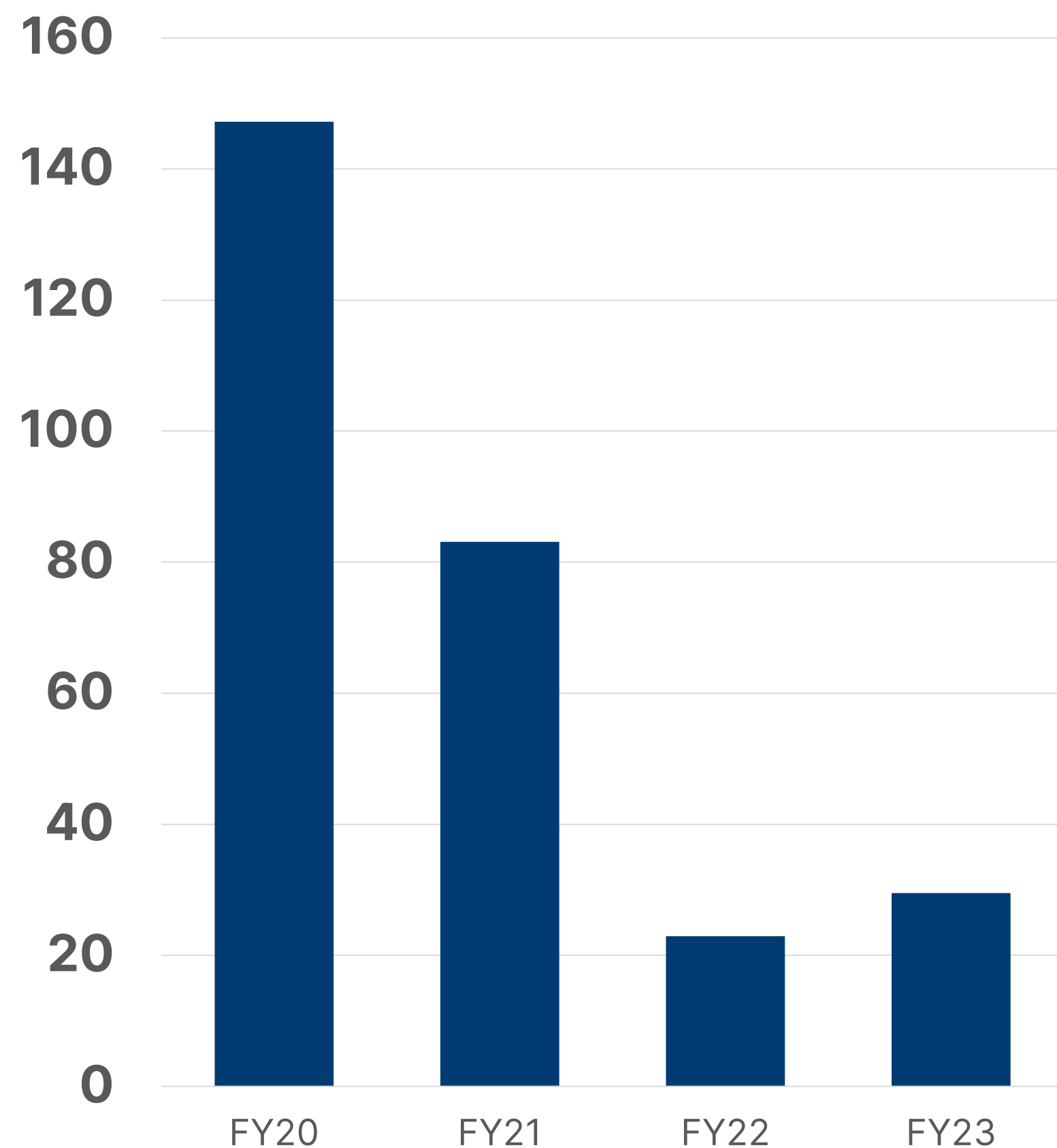
# CASH MANAGEMENT

Consolidated Cash flow (\$m)	FY23	FY22	Analysis of movement
Consolidated EBIT	63.7	63.3	Consolidated EBIT after significant items
Depreciation and amortisation	24.8	25.8	Reduced depreciation as Maroota assets acquired through acquisition 10 years ago now fully depreciated
Consolidated EBITDA	88.5	89.1	EBITDA in the prior year included significant items of \$8.9m
Movement in working capital	16.8	(16.9)	Working capital benefit due to reduction in strategic inventory (post COVID supply chains) and focused management of receivables and payables
<b>Operating Cash Flow</b>	<b>105.3</b>	<b>72.2</b>	The operating cash conversion was 119%
Maintenance capex	(11.3)	(12.9)	Prioritised in line with the capital allocation model
Development capex	(23.0)	(10.9)	Includes de-bottlenecking and Boost projects
LTIP	(13.3)	-	Acquisition of shares for the employee LTIP, includes the acquisition of both the prior year and current year allocations – will not be repeated
Net finance costs	(4.6)	(2.2)	Increased due to higher interest costs and slightly higher debt
Net tax payments	(21.9)	(10.7)	Increased tax payments includes final instalment for FY22 as well as FY23
Payment of lease liabilities	(5.0)	(5.3)	Relates to the timing of payments
Other net cash inflow / (outflow)	(0.5)	(0.4)	Includes the payment of R & D initiatives
<b>Cash inflow / (outflow) for the year (before non-operational items)</b>	<b>25.7</b>	<b>29.7</b>	
Proceeds from sale of assets	-	60.1	Prior year primarily relates to the sale of Westbury in August 2021
Share buyback	(7.0)	-	Relates to 3.66m shares bought back in the period
Dividends paid	(25.2)	(17.1)	Increase in payout ratio and declared dividends
<b>Cash inflow / (outflow) for the year</b>	<b>(6.6)</b>	<b>60.2</b>	
Opening debt as at 1 July	(22.9)	(83.1)	
<b>Closing net debt</b>	<b>(29.5)</b>	<b>(22.9)</b>	

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# CAPITAL MANAGEMENT

## Net Debt (\$'m)



The increased operating cash flow of \$105.3m (FY22: \$72.2m) supported the delivery of:

- \$23.0m of growth capital including de-bottlenecking and Boost projects to support the future profitability of the business
- \$7.0m to complete an on market buy-back of 3.66m shares
- \$13.3m to acquire LTI shares, representing both FY22 & FY23 (going forward these will be progressively acquired reducing the annual purchase by ~50%)
- \$25.2m of dividend payments (FY22 - \$17.1m)

As a result Net Debt increased slightly to \$29.5m (FY22: \$22.9m)

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# PROJECT BOOST WELL PROGRESSED

## Project Targets

(announced July 2021)



FY22-23 Targeted Capital Expenditure



Annualised earnings boost

<3 years

Combined payback period

## SCORECARD (30 JUNE 2023)

	New Capability	De-bottlenecking	Operational Efficiency	Total to Date
Projects approved (#)	4	10	18	32
Approved spend	\$3.8m	\$3.4m	\$8.6m	<b>\$15.8m</b>
Spend to date	\$3.7m	\$2.9m	\$5.4m	<b>\$12.0m</b>
<b>Annualised earnings benefit</b>	<b>\$1.1m</b>	<b>\$3.2m</b>	<b>\$5.0m</b>	<b>\$9.3m</b>

**In excess of 60% of Boost benefits have now been delivered through the P & L, with the remainder largely expected in FY24.**

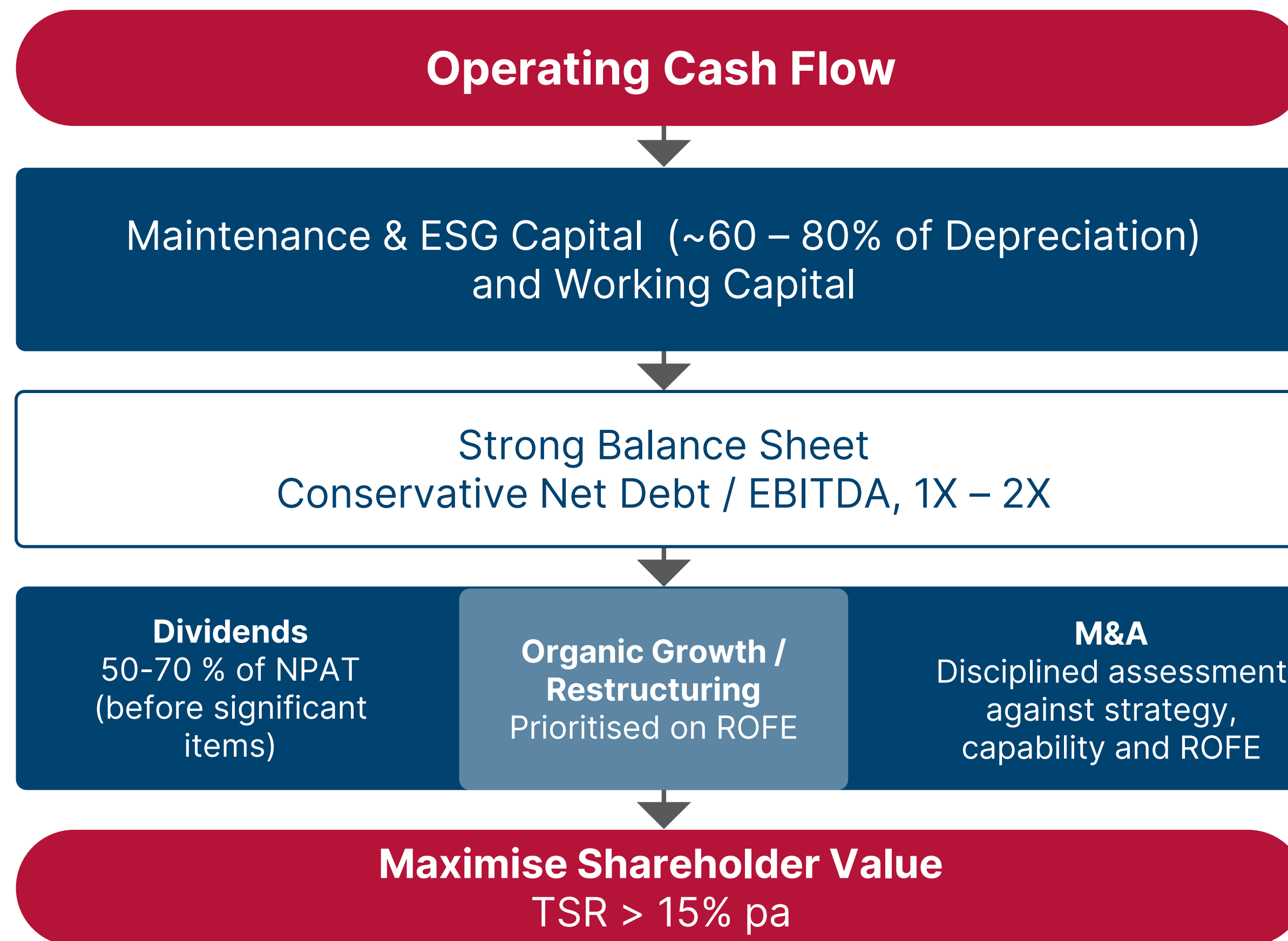


New capability: Baled Blends for the dairy sector

# CAPITAL ALLOCATION FRAMEWORK

## Delivered in FY23:

- Increase in operating result / very healthy cash conversion
- Maintenance / ESG capital was prioritised  
Inventory reduced as supply chain normalised
- Net Debt / EBITDA = 0.33X, including the funding of the committed capital management initiatives
- Final dividend determined at 4.25cps (62% of NPAT); capex for organic growth (including Boost) of \$23m; share buy-back of \$7m completed
- TSR of 16% above the long term target of 15% pa (FY22: 62%)

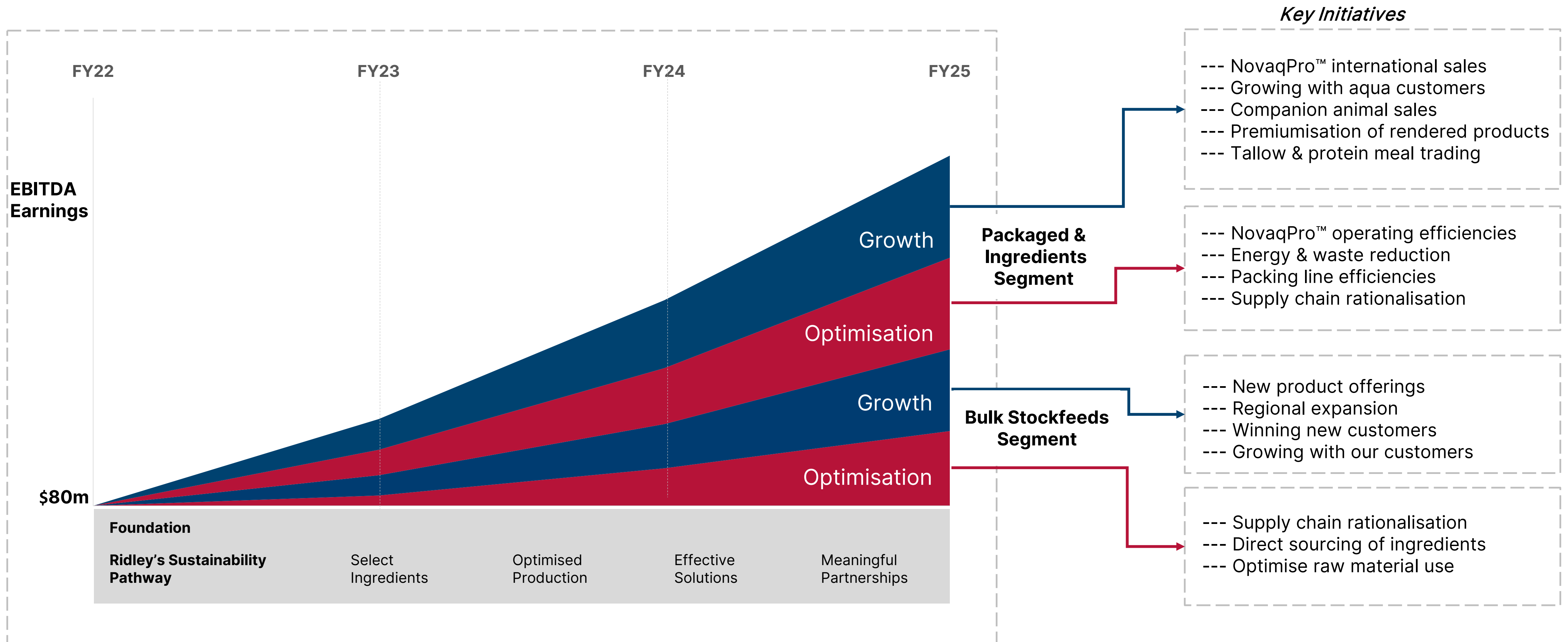


Low debt level and strong outlook enable future M&A opportunities and/or capital management



# GROWTH PLAN UPDATE

# GROWTH PLAN FY23 – FY25



This diagram is for illustrative purposes only.

# FY23 – FY25 GROWTH PLAN : PACKAGED & INGREDIENTS



## Ingredient Recovery (formerly Rendering)

### Strategy

- Invest in processing capability to produce bespoke, higher value nutrients from existing raw material supply
- By “climbing the wall of value” we expect to deliver higher margins for Ridley and our raw material suppliers

### “climbing the wall of value”

#### Product

Freeze Dried Products
Frozen Block (MDM Products)
Protein Concentrate Meals
Low Ash Meals
Higher Grades of Tallow and Oils
Standard Meals, Tallows and Oils
Lower Grade Tallow and Oils



### Ingredient Recovery Update

- Renewed key raw materials supply contracts onto multi-year agreements
- Collaboratively developing premiumised petfood and aqua products with customers
- Seeking to participate further up the export tallow supply chain to participate in renewable diesel demand
- Ongoing energy reduction initiatives to reduce the carbon intensity of our supply chain and lower costs

# FY23 – FY25 GROWTH PLAN: PACKAGED & INGREDIENTS



## Packaged Products

### Strategy

Extend our rural market share by leveraging our national footprint with distribution partners. Service the broader urban companion animal market with our integrated business platform (ingredients and extrusion capability)



## Aqua (Feed / Sector Support)

### Strategy

Share in the growth of the tropical aqua sector, and benefit through the use of unique feed ingredients that offer differentiated sustainability solutions (e.g. NovaqPro®, Chicken Protein Concentrate)



## NovaqPro®

### Strategy

Continue commercialising NovaqPro®:

- extend the application of NovaqPro® in Australia; and
- review options for international commercialisation

## Packaged Products Update

- Narangba packing line on schedule for December 2023 completion (also unlocks an additional 10% in extrusion capacity)
- Launched the Barastoc Furlong racing feed and Cobber Performance Dog premium feed in FY23



## Aquafeed Update

- Focus is on optimising returns from competitive offering into Northern Australia

## NovaqPro® Update

- Widespread adoption of the Propel prawn feed range in Australia and commencement of exports





# FY23 - FY25 GROWTH PLAN : BULK STOCKFEEDS



## Bulk Stockfeed

### Strategy

Leverage the flywheel effects of scale, extend our role in the supply chain and enhance our market leadership position



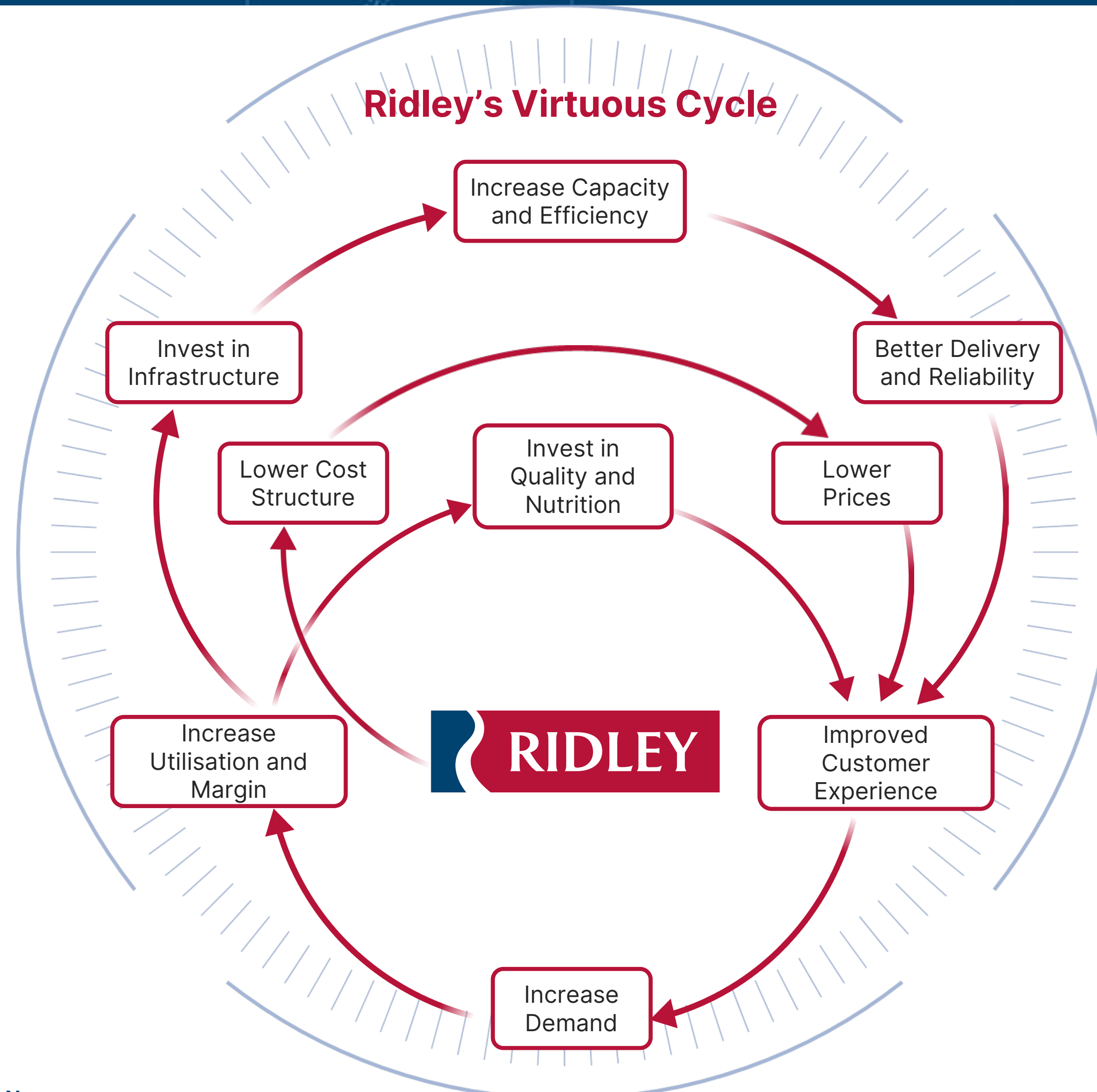
## Key Initiatives

### Growth

- increase mill utilisation
- de-bottleneck sites
- new product offerings
- potential acquisitions (subject to strategy, capability and ROFE)

### Optimisation

- supply chain rationalisation
- direct sourcing
- technology to optimise raw material use



# FY23

**4** de-bottleneck projects completed

**2** year sales growth runway



- St Arnaud (Monogastric) Feedmill project completed October 2022
- Terang (Ruminant) Feedmill project completed November 2022
- Wellsford (Monogastric) Feedmill project completed April 2023
- Wasleys (Monogastric) Feedmill project completed June 2023



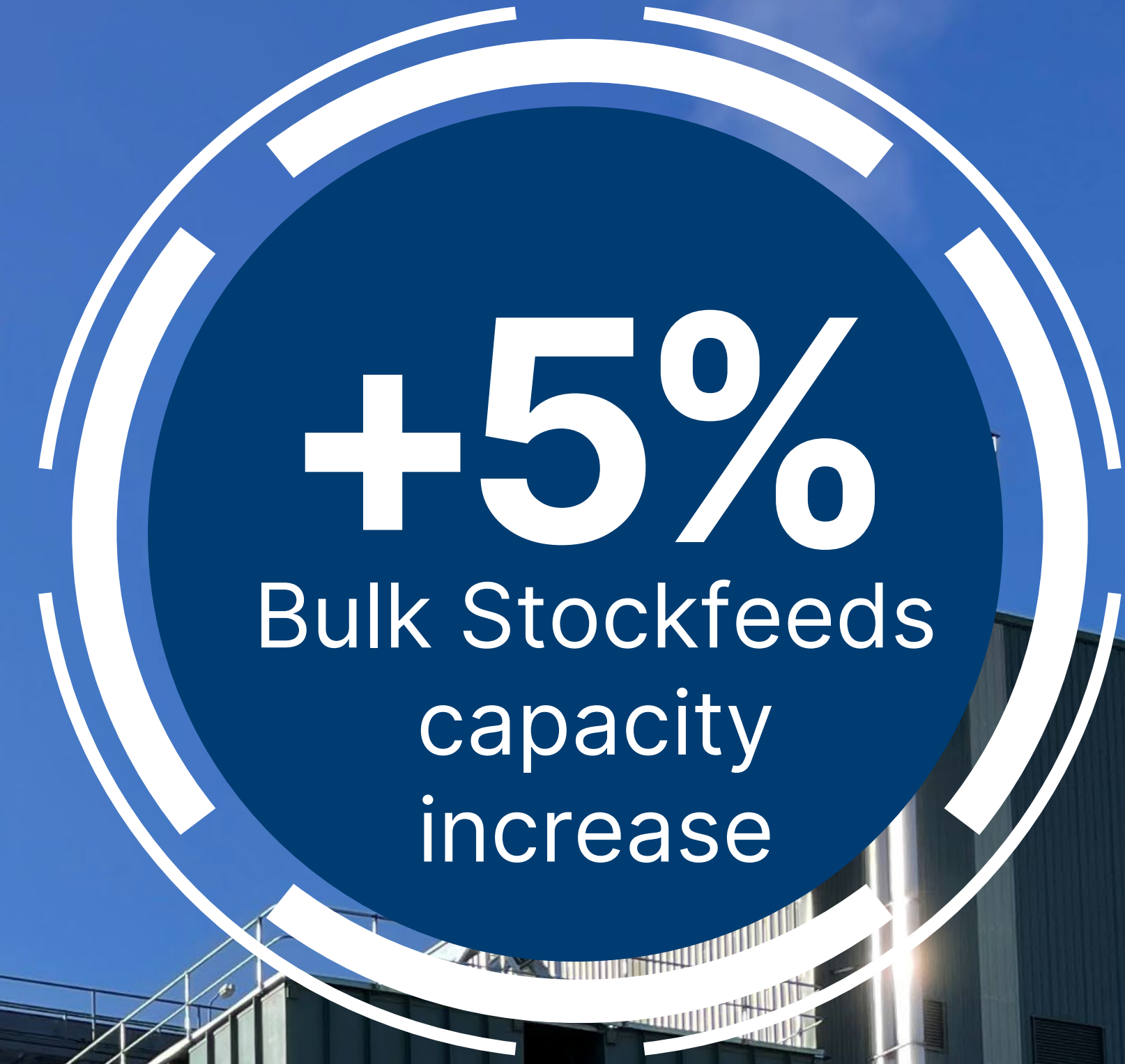
# FY24

## 2

### De-bottleneck projects underway

Pakenham (Ruminant) Feedmill project planned completion November 2023

Clifton (Monogastric) Feedmill expansion project planned completion June 2024



# SUSTAINABILITY



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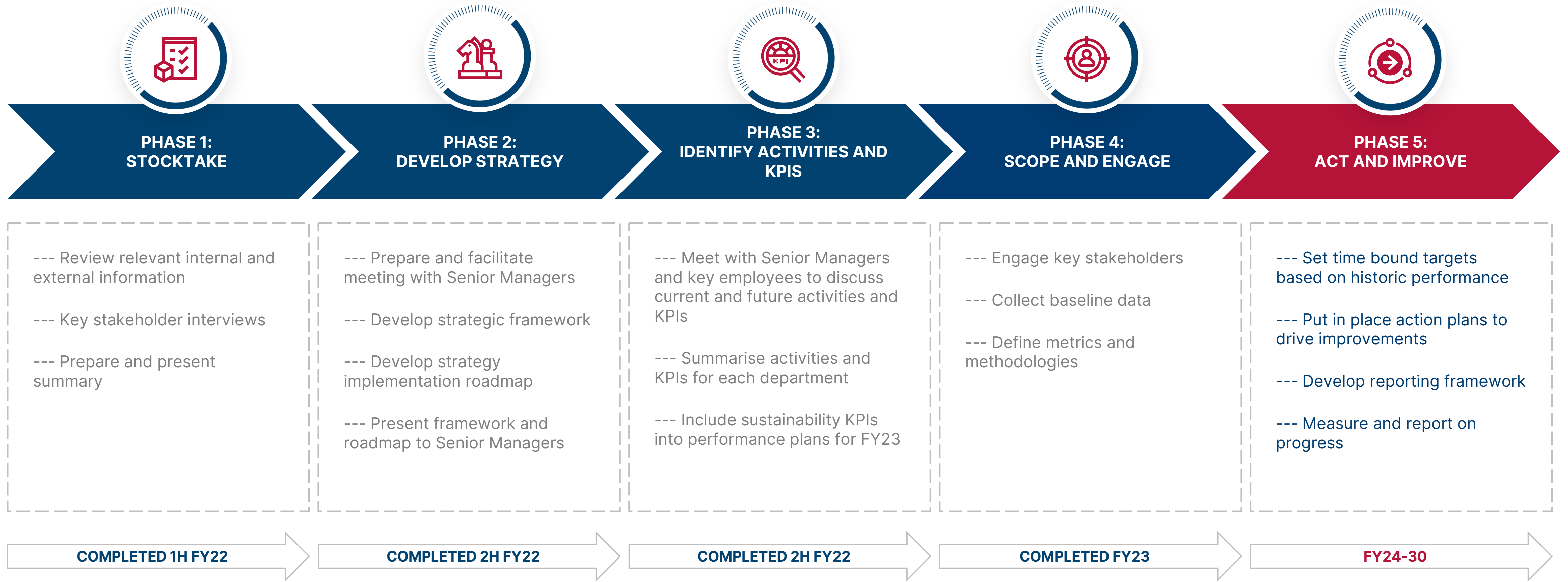
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# STRATEGY AND IMPLEMENTATION PROCESS

Below is a summary of the six phases of the strategy development process and the associated timeframe. The preliminary results from Phases 1-4 are presented on the following slides.



# RIDLEY SUSTAINABILITY PILLARS<sup>1</sup>

Working with our partners, we have identified four pillars to deliver real value in sustainable ways:



## SMARTER INGREDIENTS

Sourcing high-quality raw materials that are produced with respect to social and planetary boundaries

- Create and utilise high performance circular ingredients
- Source from well-managed production systems
- Support Australian growers



## OPTIMISED PRODUCTION

Optimising our manufacturing and supply chain processes to reduce our footprint

- Measure and reduce green house gas intensity of our operations
- Respect for our local environment through sustainable packaging
- Reduce waste to landfill



## EFFECTIVE SOLUTIONS

Developing nutritional solutions that enable farmers to produce more from less

- Measure and reduce the environmental footprint of our feeds
- Produce safe feeds that support animal health and welfare
- Help farmers to address climate challenges
- Reduce reliance on finite marine resources



## MEANINGFUL PARTNERSHIPS

Creating safe, healthy, and diverse workplaces that support local communities

- Support customers to meet their sustainability goals
- Ensure safe and healthy employees
- Create diverse workplaces
- Provide training and development opportunities
- Support local communities



Ridley's Sustainability Pathway aims to align with the United Nations Sustainable Development Goals. Refer to <https://www.un.org/sustainabledevelopment/>

Identify and mitigate climate risk

<sup>1</sup> Ridley has refined the scope of some activities under the Pillars during phase 3 and 4 of the Strategy and Implementation Process.

# RIDLEY SUSTAINABILITY FRAMEWORK

PILLARS	FOCUS OF COMMITMENTS BEING DEVELOPED
<b>SMARTER INGREDIENTS</b>	Support the reduction of deforestation and conversion free supply chains
<b>OPTIMISED PRODUCTION</b>	Reduce CO2-e per tonne of finished product from energy consumption
	Focus on sustainable packaging for outgoing products
	Reduce waste going to landfill
<b>EFFECTIVE SOLUTIONS</b>	Offer lower CO2 intensity animal feeds to customers
	Strengthen biosecurity in our operations
	Assist the industry reduce the GHG intensity of ruminants
	Develop more sustainable aquafeeds
<b>MEANINGFUL PARTNERSHIPS</b>	Upskilling our technical expertise in more sustainable offerings to assist customers
	Employee health and safety programs
	Improve our Diversity, Equity and Inclusion
	Implementation of employee training and development
	Building local community engagement
<b>OTHER</b>	Actively manage identified climate-related risks

For each of the Pillars we have identified measurable targets (14 in total) for which 2030 commitments are being developed.

Our commitments are designed to improve the sustainability of our supply chains and provide Ridley a competitive advantage.

Further detail will be provided in the FY23 Annual Report.

# OUTLOOK





# RIDLEY'S GROWTH PLATFORM

- With a well-defined Growth Plan, strong balance sheet and disciplined approach to capital management, Ridley is well positioned to execute on opportunities to create shareholder value.
- Ridley's position as market leader in the animal nutrition sector provides scale benefits and the capacity to employ specialists and adopt technology.
- As supply chains evolve to meet sustainability expectations, Ridley's capability and products can deliver profitable solutions for our customers.
- Ridley's geographical spread, multi-species offering, customer mix and disciplined risk management provide earnings resilience through weather, disease and market cycles.
- Protein for both human and petfood consumption, and feedstock for renewable fuels, are all forecast to increase, underpinning demand for Ridley's products.

# OUTLOOK

Ridley expects ongoing earnings growth for the year ahead by delivering:

- further premiumisation for the petfood sector in the Packaged & Ingredients segment; and
- volume increases in the Bulk Stockfeeds segment enabled by the de-bottlenecking projects.

Macro-economic conditions are expected to remain challenging, however the business continues to take steps to reduce the adverse impact of inflationary pressures and changes in commodity cycles.

Cash generated from operations, and a strong balance sheet, are expected to support the ongoing investment in the business, the payment of progressive dividends and the potential to pursue growth opportunities.

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# **HISTORICAL FINANCIAL INFORMATION**

# PROFIT & LOSS SUMMARY

Consolidated Result (\$m)	FY23	FY22	Analysis of Result	FY21	FY20	FY19
EBITDA – Ongoing operations before significant items	101.8	92.4	Up \$9.5m, or 10.2% on prior year period	79.0	69.4	59.4
Corporate Costs	(13.3)	(12.2)	Includes CEO retention bonus of \$1m, underlying costs well managed given the inflationary environment.	(9.9)	(9.9)	(11.3)
Consolidated EBITDA before significant items	88.5	80.1	Up \$8.4m, or 10.4% on prior year period	69.1	59.5	48.1
Significant items before tax	-	8.9	Prior year included gains from sale of Westbury, Bendigo and Mooroopna mills and for SaaS accounting policy change	-	(44.3)	6.2
Consolidated EBITDA	88.5	89.1	Down \$0.6m, or 0.6% on prior year period	69.1	15.2	54.3
Depreciation and amortisation	(24.8)	(25.8)	Reduced depreciation as Maroota assets acquired 10 years ago through acquisition are now fully depreciated	(29.6)	(26.2)	(18.9)
Consolidated EBIT	63.7	63.3	Up \$0.4m, or 0.7% on prior year period	39.5	(11.0)	35.4
Net Finance costs	(5.1)	(2.8)	Increased debt levels on prior year	(4.5)	(5.8)	(5.0)
Income Tax benefit / (expense)	(16.8)	(18.0)	Tax effective rate of 28.7%	(10.1)	6.0	(6.8)
<b>Net (loss) / profit</b>	<b>41.8</b>	<b>42.4</b>	Underlying NPAT was up \$5.6m (15.5%) – prior year included a net gain of \$6.2m from ISI after income tax	<b>24.9</b>	<b>(10.8)</b>	<b>23.6</b>
<b>Underlying Net (loss) / profit</b>	<b>41.8</b>	<b>36.8</b>	Balances exclude the net impact of significant items related to the restructure in FY20, gains / (losses) from asset sales and accounting for SaaS	<b>24.9</b>	<b>20.2</b>	<b>19.2</b>

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# BALANCE SHEET - ASSETS

Balance Sheet (\$m)	FY23	FY22	Analysis of Result	FY21	FY20	FY19
Cash & cash equivalents	43.0	27.1	Balance is a function of timing of receipts / payments and draw down / repayment of bank funding.	39.9	45.8	17.5
Inventory	107.0	117.1	Decrease of inventory, held to manage the challenging supply chain in prior periods	81.9	104.5	83.8
Receivables & Other debtors and prepayments	133.0	133.1	The increase in debtors largely related to the higher sales values reflecting the higher raw material costs	113.6	111.7	108.2
Assets available for sale	-	-	June 21 related to the Westbury, Bendigo, Mooroopna and Murray Bridge sites	46.1	0.2	0.2
<b>Total Current Assets</b>	<b>283.1</b>	<b>277.3</b>		<b>281.5</b>	<b>262.2</b>	<b>209.7</b>
Property, plant and equipment	258.6	246.9	Movement for the period represents the additions, including the Terang mill de-bottlenecking project, offset by depreciation / amortisation charge	244.8	293.1	259.3
Intangibles	74.0	75.0	Movement for the period reflects amortisation charge	75.9	75.0	85.7
Non-current Receivables	-	-		1.4	1.7	11.7
Other non-current assets	1.3	8.2	Deferred tax asset	9.4	12.6	7.4
<b>Total Assets</b>	<b>617.0</b>	<b>607.4</b>		<b>613.0</b>	<b>644.6</b>	<b>573.8</b>

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# BALANCE SHEET - LIABILITIES

Balance Sheet (\$m)	FY23	FY22	Analysis of Result	FY21	FY20	FY19
Current payables	205.2	202.2	Reflects timing of creditor payments within agreed trading terms and increased commodity prices	165.5	161.3	158.8
Current provisions	15.6	15.2	Includes current employee entitlements	17.3	21.1	16.0
Current tax liabilities	(0.7)	11.9	Tax refund forecast for the FY23 FY22 amount related to final tax payment due post year end	5.8	0.4	2.0
Current Lease liabilities	4.2	4.4	Current portion of lease liability payable within 12 months of balance date	4.3	4.1	-
Non-current borrowings	72.5	50.0	Increase in borrowings offset by increase in cash and cash equivalents	123.0	193.0	118.9
Non-current Payables, Lease liabilities & Provisions	4.8	7.7	Includes Non-current portion of Lease Liability	9.6	5.2	0.5
<b>Total Liabilities</b>	<b>301.6</b>	<b>291.3</b>		<b>325.5</b>	<b>385.1</b>	<b>296.2</b>
<b>Net Assets / Equity</b>	<b>315.4</b>	<b>316.0</b>		<b>287.5</b>	<b>259.5</b>	<b>277.5</b>

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

# CASH MANAGEMENT

Consolidated Cash flow (\$m)	FY23	FY22	Analysis of Result	FY21	FY20	FY19
Consolidated EBIT	63.7	63.3	Consolidated EBIT after significant items	39.5	(11.0)	35.4
Depreciation and amortization	24.8	25.8		29.6	26.2	18.9
Consolidated EBITDA	88.5	89.1	EBITDA in the prior year included significant items of \$8.9m	69.1	15.2	54.3
Movement in working capital	16.8	(16.9)	Working capital reduced following the sale of the strategic inventory	21.2	(7.5)	(7.3)
<b>Operating cash flow</b>	<b>105.3</b>	<b>72.2</b>		<b>90.3</b>	<b>7.7</b>	<b>47.0</b>
Maintenance capex	(11.3)	(12.9)	Prioritised in line with the capital allocation model	(7.9)	(12.2)	(13.3)
Development capex	(23.0)	(10.9)	Includes both de-bottlenecking and Boost projects	(10.4)	(42.9)	(60.0)
Payment for Intangibles	(0.5)	-		(2.4)	(4.5)	(5.5)
LTIP	(13.3)	-	Acquisition of shares for the employee LTIP	-	-	-
Net finance costs	(4.6)	(2.2)	Increased on the back of higher interest costs and slightly higher debt	(4.0)	(6.2)	(5.7)
Net tax payments	(21.9)	(10.7)	Increased tax payments includes final instalment for FY22 as well as FY23	(1.7)	(4.3)	(1.7)
Payment of lease liabilities	(5.0)	(5.3)	Relates to the timing of payments	(5.0)	(5.0)	-
Other net cash inflows / (outflows)	-	(0.4)	Includes the payment of R & D initiatives	(0.2)	24.4	(5.8)
<b>Cash inflow/(outflow) before non-operational items</b>	<b>25.7</b>	<b>29.7</b>		<b>58.7</b>	<b>(30.8)</b>	<b>(45.0)</b>
Proceeds from sale of assets	-	60.1	Prior year primarily relates to the sale of Westbury in August 2021	5.4	5.7	5.0
Share Buyback	(7.0)	-	Relates to 3.66m shares bought back in the period	-	2.4	-
Dividends paid	(25.2)	(17.1)	Increase in payout ratio and declared dividends	-	(10.9)	(8.6)
<b>Cash inflow / outflow</b>	<b>(6.6)</b>	<b>60.2</b>		<b>64.1</b>	<b>(33.6)</b>	<b>(48.6)</b>
Opening net debt as at 1 July	(22.9)	(83.1)		(147.2)	(101.4)	(52.8)
<b>Closing net debt</b>	<b>(29.5)</b>	<b>(22.9)</b>		<b>(83.1)</b>	<b>(147.2)</b>	<b>(101.4)</b>

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# NET DEBT, GEARING & LEVERAGE

Major capital projects (\$m)	FY23	FY22	Analysis of Result	FY21	FY20	FY19
Development capital expenditure	23.0	10.9	Includes both de-bottlenecking and Boost projects	10.4	42.9	60.0
Maintenance capital expenditure	11.3	12.9	Prioritised in line with the capital allocation model	7.9	12.2	13.3
Net debt and gearing (\$m)	FY23	FY22	Analysis of Result	FY21	FY20	FY19
Gross debt	72.5	50.0	Increase in borrowings predominantly offset by increase in cash and cash equivalents	123.0	193.0	118.9
Less: cash and cash equivalents	43.0	27.1		39.9	45.8	17.5
Reported net debt	29.5	22.9		83.1	147.2	101.4
Total equity	315.4	316.0	Total Equity per Consolidated Balance Sheet	287.5	259.5	277.5
Gearing: Net Debt: Closing Equity	9.3%	7.2%	Traditional Gearing Ratio	28.9%	56.7%	36.5%
Gearing per banking covenant	18.7%	13.7%	Gross Debt : [Gross debt plus Closing Equity]	30.0%	42.6%	30.0%
Leverage ratio <sup>1</sup> (\$m)	FY23	FY22	Analysis of Result	FY21	FY20	FY19
Last 12 months EBITDA	88.5	80.1		69.1	59.5 1	54.2
Leverage ratio - actual	0.33X	0.29X	The leverage ratio must be under 3.25X per the banking facility covenant	1.20X	2.63X	1.87X

<sup>1</sup> Calculated as Net debt / Last 12 months EBITDA per banking facility covenant calculations.

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**LEADING ANIMAL NUTRITION**