

RYDER CAPITAL LIMITED

18 October 2018

Market Announcements Platform
Australia Securities Exchange
20 Bridge Street
SYDNEY NSW 2000

2018 Annual General Meeting – Chairmans' Address

Please find attached the Chairmans' address from the Company's Annual General Meeting held earlier today.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'D Bottomley', with a stylized flourish at the end.

David Bottomley
Director and Company Secretary

RYDER CAPITAL LIMITED

2018 Annual General Meeting – Chairmans’ Address

On behalf of the Board, I would like to welcome all Ryder Capital Limited (Ryder or Company) shareholders and other visitors present to our third Annual General Meeting. As we have a quorum, I now declare the Annual General Meeting open.

My name is Peter Constable and I am Chairman of Ryder. Our Board present here today consists of David Bottomley, Executive Director and Ray Kellerman, Non-Executive Director.

Ryder performed particularly well in its third year of operation since listing in September 2015. Performance in FY2018 when compared to prior years, benefitted from a more fully invested portfolio, continued good stock selection and a broadly supportive equity market environment.

I would like to take this opportunity to remind you of what our investment strategy and objectives are.

Our strategy is to build and manage a concentrated portfolio of between 10 and 20 securities with a bias towards micro and small caps. We focus on both value (including deep value and out of favour businesses) together with growth opportunities where we see a material discount to our assessment of intrinsic value. We take a long term view requiring conviction, patience and in some circumstances courage in our conviction.

Our investment objective is to provide shareholders with consistent long term capital growth above our benchmark which is the RBA Cash rate plus 4.25%.

Results for the year ended 30 June 2018

At 30 June 2018, approximately 82.4% of the Company’s \$66m of capital was deployed in equities and 17.6% held in cash and cash equivalents.

In previous years, I have discussed the Company’s performance as best measured by the movement in pre-tax Net Tangible Assets (NTA) per share. Whilst this remains the case in the long term, in the short term and during this reporting period, such a measure understates portfolio performance due to the dilutionary impact of the exercise below the Company’s NTA of 4.2m initial options at \$1.25. For the year to 30 June 2018, the Company’s reported NTA per share appreciated 29.8% from a pre-tax NTA of \$1.2136 to \$1.5653 inclusive of the 1 cent interim fully franked dividend paid in April 2018. Notional undiluted NTA increased to \$1.6202 inclusive of the 1 cent interim fully franked dividend, an increase of 32.7%.

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Recently we have begun reporting both the diluted and undiluted pre-tax returns for shareholders via the monthly ASX NTA release to facilitate a consistent review of performance over time periods that include periods affected by the dilutionary impact of the exercise of in-the-money options.

I am very pleased with the returns achieved in 2018 which were strong in both absolute and relative terms, improving on the 24.63% increase in pre-tax NTA achieved in FY2017. It is however important to note that we have been operating for just on 3 years and therefore performance during relatively short periods of review are not overly instructive in the context of our longer term strategy.

Investment Performance

Ryder's NTA performance is reported monthly. As at 30 September 2018, Ryder had just completed its third anniversary as a Listed Investment Company and continued to outperform its benchmark across 1 year, 3 year and since inception time frames, after all fees and expenses on both a diluted and undiluted basis as summarised below:

	3 Months (%)	6 Months (%)	1 Year (%)	3 Year (%)	ITD (%)	Since Inception ⁽²⁾ (% per annum)
Gross Portfolio Performance	1.17	9.66	28.64	23.22	86.44	22.89
Pre-tax undiluted NTA Return⁽³⁾	0.58	7.02	21.32	17.83	63.46	17.65
Pre-tax NTA Return⁽¹⁾	-1.61	2.57	16.07	16.12	56.42	15.95
Hurdle (RBA Cash Rate + 4.25% Return)	1.42	2.84	5.75	5.87	18.82	5.87
Excess Return	-3.03	-0.27	10.32	10.25	37.60	10.08
Pre-tax NTA Return ⁽¹⁾ - (RBA Cash Rate + 4.25%)						

1. Unaudited investment performance less all costs of operating Ryder Capital Ltd including investment management and performance fees including the dilutionary impact of options exercised to date but ignoring the dilutionary impact of unexercised outstanding RYDO options.

2. Inception To Date (ITD). Inception Date is 22 September 2015.

3. Pre-tax NTA return adjusted for exercised \$1.25 RYDO options.

Dividends

Recognising the Company's strong investment performance for FY2018, the Board declared a final 2 cent fully franked dividend, taking total FY2018 dividends to 3 cents per share fully franked. It is the Board's intention to pay regular and subject to investment performance, increasing dividends.

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The Company's share price appreciated from \$1.07 to \$1.25 for the twelve months to 30 June 2018, including the interim 1 cent fully franked dividend, a gain of 17.8%. This gain when measured against the appreciation in the fully diluted NTA of 17.3% reflected a relatively stable discount to the fully diluted NTA for the period.

I firmly believe that over time, the Company's discount to NTA will narrow based on consistent medium to longer term risk-adjusted outperformance of not only the Company's benchmarks, but also that of competing Managers and a more stable capital structure post the initial option expiry on 10 December 2018. To date, 14.2m initial options have been exercised of which your Board has exercised 3.4m, investing a further \$4.25m into the Company.

Outlook

The Company's portfolio is well structured and notwithstanding its concentration is diversified across industry including a large defensive exposure to gold via our investment in Aurelia Metals Ltd and a strong cash position.

We expect the largest delta to future performance will come from our investment exposure to Updater Inc. (UPD), now a private Delaware incorporated company. We continue to view UPD as highly prospective, anticipating substantive operational progress over the coming months and quarters supporting a materially higher valuation. The Ryder Board in consultation with its auditors will continue to value UPD at the last traded ASX value of \$0.995 per share. Once UPD completes its foreshadowed capital raising in Q4 2018 / Q1 2019 we will review the portfolio carrying value.

The Company entered FY2019 in a strong position with gross assets of \$70m as at 30 September 2018 and approximately 18.3% in cash and cash equivalents.

With global equity markets demonstrating increased risk aversion and accompanying price volatility, the Company is well positioned to take advantage of opportunities as they arise.

Peter Constable

Chairman

18 October 2018