



# Macquarie Investor Conference

## 7 May 2020



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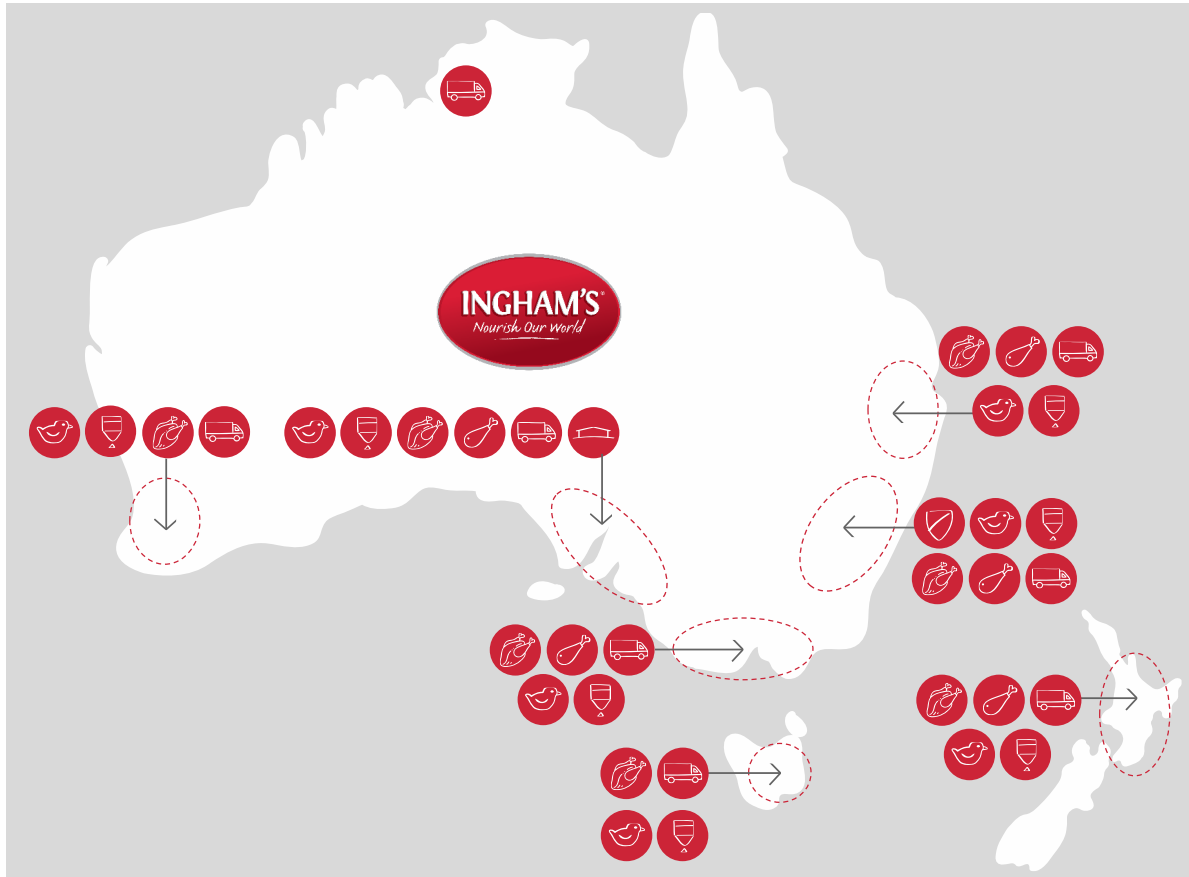
# THE JOURNEY TO UNLOCK INGHAM'S POTENTIAL



- Attractive sector – poultry is an affordable staple, with room for innovation and growth
- Strong foundations – proud history, market position, diversified network, biosecurity protected
- Clear strategy – supported by structure and capability
- Right team to deliver – world class experience and local knowledge
- Material efficiency and capacity upside – improve volume and yield at lower cost



# A WELL DIVERSIFIED NETWORK



- Manage biosecurity and operational risk
- Mitigate agricultural risk and feed price volatility
- Regional production complexes ensure local supply
- Fully service national and local customer requirements
- Optionality and flexibility for future growth

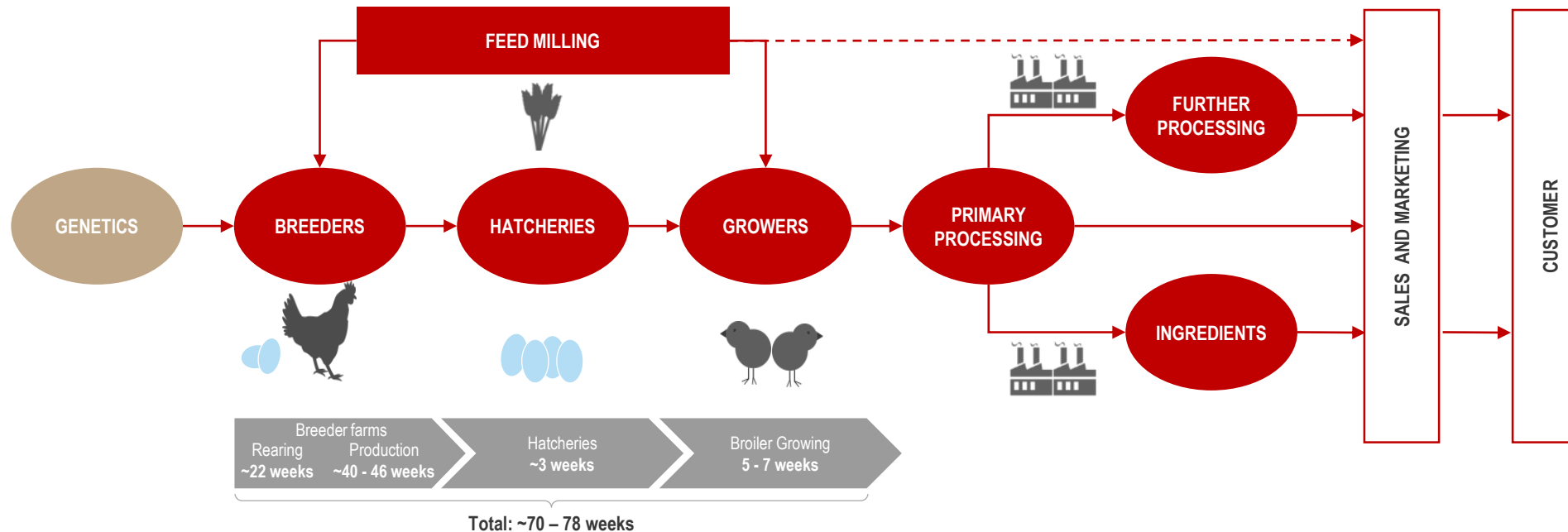
## Facilities/farms

Quarantine	Primary processing
Farms	Further processing
Hatcheries	Warehouse and distribution
Feedmills	Protein conversion plant



# OUR FULLY INTEGRATED OPERATING MODEL

- Value is created across a highly complex and inter-related supply chain
- Cost, capability and complexity creates barriers
- Balance and operational excellence are key to margin capture





# POULTRY SUPPLY TO LONG TERM CUSTOMERS



# OUR STRATEGIC FRAMEWORK TO BUILD AND GROW



## OUR OBJECTIVE

To deliver more consistent, predictable and reliable returns

## STRATEGIC PILLARS

OPTIMISE  
THE CORE

INNOVATE  
TO GROW

REINVEST  
IN THE NEW

## STRATEGIC ENABLERS

Consumer

Cost

Culture



# OUR PILLARS SHAPE OUR PRIORITIES AND GOALS

## OPTIMISE THE CORE

- Deliver asset efficiency with minimal capital spend
- Implement a 'continuous improvement' culture
- Reframe customer relationships
- Maximise the value of every bird

## INNOVATE TO GROW

- Manage our core new product development (NPD) and portfolio mix to maximise margin
- Build poultry and protein products / brands to deliver higher margins and offset cost base volatility

## INVEST IN THE NEW

- Be flexible, disciplined and well capitalised to take advantage of growth opportunities





# OUR ENABLERS



## CONSUMER

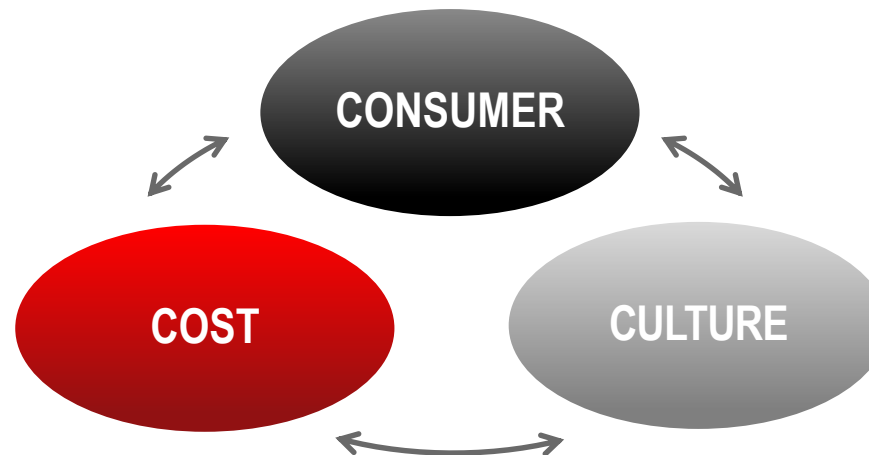
### Innovation and profitable growth

- Become a consumer-centric organisation
- Work with customers in new ways – align with and support their growth
- Invest in new value-added products and channels

## COST

### Efficiency and focus

- Grow efficiency in our network and operations
- Simplify the business
- Strengthen 'horizontal' alignment and decision making



## CULTURE

### Engagement and capability

- Engage people in our Purpose to Nourish our World
- Empower people to make a difference
- Build leadership skills and capability



# PROGRESS ON OUR STRATEGY CONTINUES

## A busy implementation schedule of our 5 year strategy

### Optimise the Core

- New operational leadership team applying Continuous Improvement framework across the business to improve processing operations
- Quantitative and qualitative review progressed for Overall Equipment Effectiveness, labour utilisation, productivity and other processing and farming metrics – positive results being delivered
- Realignment of sales and marketing teams to partner in growth with key customers and monetise new opportunities
- Capacity growth initiatives in VIC and WA – Somerville project delivered on time and on budget, Pakenham hatchery under construction, Osborne Park project delayed due to COVID-19 and WA hatchery construction project ongoing
- Measured approach to supply growth in line with customer plans and market conditions

### Innovate to Grow

- Marketing team has redesigned New Product Development process and has a strong pipeline of products and initiatives to grow the category in partnership with our customers  
– The FREE RANGER launched this week in NSW and VIC
- New research farm operational, supporting nutrition and feed teams to deliver strong results
- Hatchcare technology projects in VIC and WA raise the bar in performance and animal welfare
- Focus remains on core operations excellence - quality, welfare, safety, efficiency and profitability
- Well positioned to execute on adjacent protein categories

### Invest in the New

- Review of capital expenditure plan largely complete and network optimisation plan is underway to identify future opportunities to support our growth
- Maintain strong balance sheet and liquidity, balancing strength and liquidity with future growth projects and economic conditions

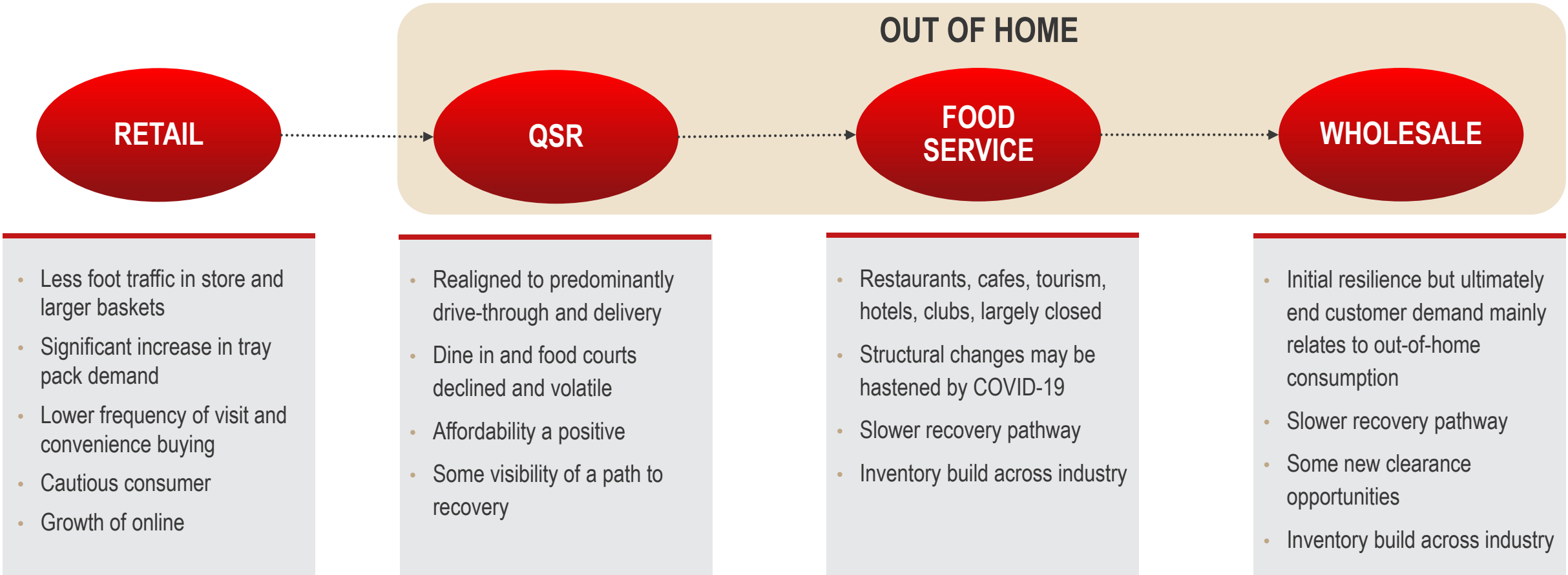


# COVID-19 HAS CREATED PROFOUND SHIFTS IN OUR POULTRY MARKETS

- February - “Business tracking to plan and we continue to monitor the impact of bushfires, weather and health events on our consumers and customers”
- May - “Whilst the Group has been on track for 2H FY20 to exceed 1H FY20 (underlying EBITDA pre the impact of AASB16), changes in volume and channel mix across our business today make it premature to draw any conclusions as to the trading results of our final 9 weeks of FY20”
- February – “New Zealand turnaround plan well on track despite the impact of IBDV ... and we anticipate that industry supply will rebalance”
- May – “Ingham’s NZ’s current financial results are ahead of last year, however the impact of Level 4 restrictions (now relaxed to Level 3) on the poultry market and our operations in NZ mean there is less certainty that Ingham’s NZ will deliver the planned higher FY20 results versus FY19”

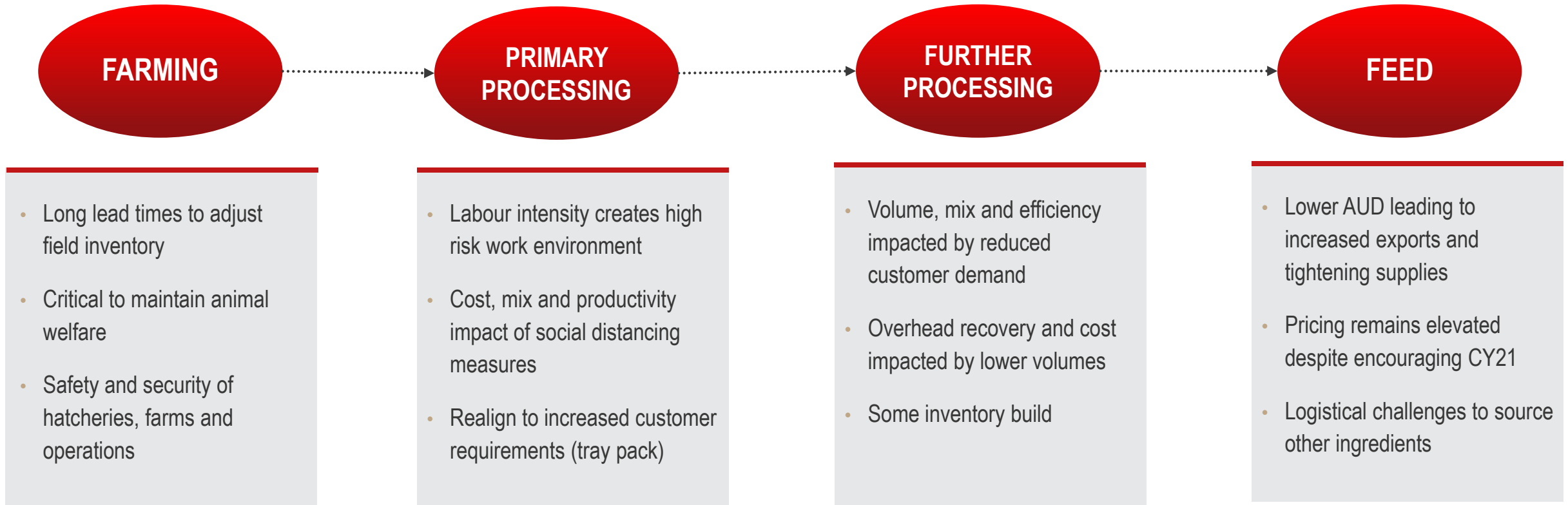


# CHANNEL UPDATE AND OBSERVATIONS



# OPERATIONAL CHALLENGES AND RESPONSES

We have enabled our people to work safely, and our business to keep operating





# OPERATIONAL CHALLENGES AND RESPONSES

We have enabled our people to work safely, and our business to keep operating



Safety measures:

- Protective barrier screens
- Physical distancing
- No external visitors allowed at sites
- Car pooling limitations



# FINANCIAL COMMENTARY

- Strong balance sheet and access to liquidity and funding
- Closely managing working capital and inventory
- Focus on debtors and cash collection and timely payment of all creditor obligations
- Working collaboratively with some customers who are having difficulties
- Additional cost and production variances due to realignment of operations and supply chain
- Cost measures implemented – annual leave, discretionary spend, hiring freeze
- Capital Expenditure – targeted reductions and deferrals, some caused by limit of access to facilities
- Hatcheries on track but inevitable delays in FY21 if international travel restrictions remain



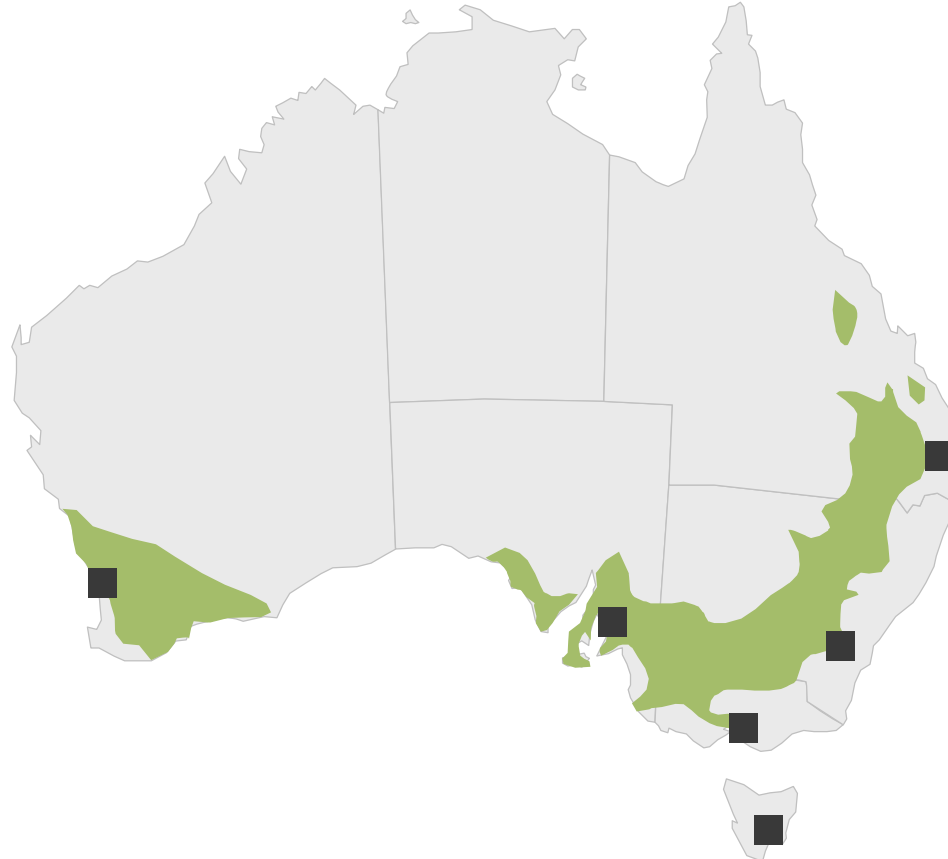
# FEED MARKET OBSERVATIONS

TOTAL	('m MT)
5 year average	23.1
'19/20E	14.6
'20/21F	26.0

WA	('m MT)	%
5 year average	8.9	39%
'19/20E	5.8	40%
'20/21F	9.7	37%

SA	('m MT)	%
5 year average	4.2	18%
'19/20E	3.1	22%
'20/21F	3.7	14%

- Major wheat growing regions
- Ingham's processing facility



QLD	('m MT)	%
5 year average	1.0	4%
'19/20E	0.4	3%
'20/21F	1.5	6%

NSW	('m MT)	%
5 year average	6.0	26%
'19/20E	1.8	12%
'20/21F	7.8	30%

VIC	('m MT)	%
5 year average	3.0	13%
'19/20E	3.5	24%
'20/21F	3.2	12%



# INGHAM'S IS MANAGING THE CHALLENGES

Our team has responded to implement rapid change and maintain a safe environment

## People and process

- People first culture – exceptional team engagement and low absenteeism as we implemented social distancing, managed car pooling and other logistical challenges
- Worked closely with governments, unions, industry associations and customers to lead best practice
- Safety and HR teams effectively managing COVID-19 issues in workforce
- Banned non-essential external visitors to operations (feedmills, farms, hatcheries, processing plants, distribution centres)
- All plants remain operational

## Disciplined and targeted response

- Flexible and collaborative planning process in response to rapid changes in channel volume and mix
- Made required adjustments to operations to manage social distancing requirements
- Realigned operations to maximise productivity and maintain continuity of supply with demand and mix changes
- Proactively planned for future scenarios across the supply chain to support our key customers
- Identified and executed on incremental market opportunities

## Stay the course

- No compromise on animal welfare, food safety and quality, and safety and welfare of our people
- Launched The FREE RANGER product on 5 May as planned in 250 East Coast stores
- Maintained progress of strategic projects and transformation (whilst addressing near term challenges)
- Maintained strength of balance sheet, disciplined management of liquidity, working capital and funding



# SUMMARY

- Unprecedented shifts in poultry markets have created significant uncertainty as rapid changes to mix and volumes across our business have occurred
- Our leadership team has shown their skill in managing the additional complexity and challenges across our supply chain and in working collaboratively with our customers to ensure we continue to deliver the highest quality poultry products to meet consumer's needs
- While we have had to manage significant challenges in volume, mix and additional cost and complexity, we are profitable and focused on cash generation
- Ingham's remains committed to delivering our 5 year strategy while managing the challenges of COVID-19 and we are planning for a range of scenarios so that we can nourish the world of our customers and consumers in the future

