

ASX Release



21 August 2020

ASX Market Announcements Office
Australian Securities Exchange
20 Bridge Street
Sydney NSW 2000

Inghams Group Limited (ASX: ING, Ingham's)
Full Year 2020 Financial Results Presentation

Attached is information authorised for release to the market by the Board of Inghams Group Limited

A handwritten signature in blue ink that reads "David Matthews". The signature is fluid and cursive.

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INGHAMS GROUP LIMITED

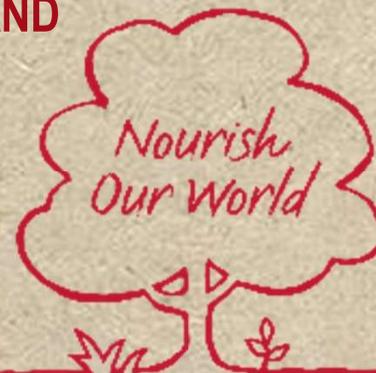
FULL YEAR 2020 FINANCIAL RESULTS PRESENTATION

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21 AUGUST 2020



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FIVE YEAR STRATEGY – BUILDING RESILIENCE





GROUP PERFORMANCE HIGHLIGHTS



GROUP HIGHLIGHTS



A resilient result despite interrupted momentum from COVID-19 challenges

- A resilient result consistent with our May Business Update reflecting uncertain trading conditions and challenges in our supply chain and operations
- Following a difficult Q1, positive operating momentum delivered through Q2 and Q3 was interrupted by a decline in poultry demand in Q4 which created industry over-supply in Australian and New Zealand
- Group core poultry volume growth of 3.3% despite 2H volumes falling below 1H due to COVID-19 disruptions. FY20 Australian growth of 4.3% was offset by a 2.0% fall in New Zealand volume which was largely attributable to Level 4 restrictions
- Measures implemented to ensure COVID-19 safe work practices whilst mitigating supply chain disruption
- Statutory EBITDA of \$387.8M. Underlying EBITDA pre AASB16 of \$179.7M includes COVID-19 impact
- Realised feed cost remained elevated in 2H due to tight domestic wheat supply and inflation of key imported ingredients
- Net debt increased \$50.9M to \$314.7M due to higher inventory mainly due to COVID-19 and significant capital projects
- Final dividend of 6.7 cps, FY20 dividend of 14 cps (fully franked) represents a payout ratio of 66% of Underlying NPAT pre AASB16



FY20 FINANCIAL HIGHLIGHTS

Improving business performance through 1H impacted by COVID-19 in 2H

	FY20	Variance To PCP		Var %	
Group Core Poultry Volume	428.7kt	13.8	▲	3.3	▪ Group core poultry volume increased year on year, but 2H below 1H due to Q4 COVID-19 impact
Statutory EBITDA	\$387.8M	145.6	▲	60.1	▪ Year on year decline in Underlying EBITDA and NPAT (pre AASB16) reflects significant financial impact of the previously disclosed FP issues in 1H, and the market and operational impacts of COVID-19 in 2H
Underlying EBITDA pre AASB16	\$179.7M	(28.9)	▼	(13.9)	▪ Underlying EBITDA pre AASB16 includes all volume, revenue, productivity and cost impacts of COVID-19 and is consistent with May Business Update
Statutory NPAT	\$40.1M	(86.1)	▼	(68.2)	▪ Underlying NPAT pre AASB16 includes increase in depreciation expense due to increased capital spend
Underlying NPAT pre AASB16	\$78.8M	(24.4)	▼	(23.6)	▪ Final dividend of 6.7 cps. FY20 dividend 14.0 cps – fully franked (66.0% of Underlying NPAT pre AASB16)
Full Year Dividend	14.0cps	(5.5)	▼	(28.2)	▪ Leverage 1.8x, net debt of \$314.7M
Leverage (underlying)	1.8x	(0.5)	▼	(38.5)	

The results reported in the Financial Statements for FY20 reflect the adoption of AASB16 under the modified retrospective approach, and consequently, the FY19 comparatives have not been restated to reflect AASB16.



IMPACTS OF COVID-19



MANAGING SUPPLY CHAIN, OPERATIONS AND CUSTOMERS



Proactive management of pandemic related challenges to our business

People safety and welfare

- Swiftly introduced additional COVID-19 safe measures to ensure safety, welfare and attendance to minimise operational disruption
- Collaboration with Governments, unions, industry associations and customers to set industry benchmark in safe work practices
- Strict security measures to limit access to our operations to only essential external visitors
- COVID-19 safe measures increased cost and complexity and had negative impact on productivity

Operations and sales planning

- Operations planning responsive to volatility in customer channel demand and product mix requirements
- Increased complexity, cost and productivity headwinds well managed to minimise additional negative financial impacts
- Scenario planning process managed biological assets and inventories to limit excess supply and inventory build
- Close collaboration with customers in all sales channels to accommodate changed business conditions

Progress on strategy

- No compromise on food safety and quality, animal welfare standards and customer service levels
- Launch of the 'Free Ranger' antibiotic-free, vegetarian fed, free-range poultry brand
- Progress on key transformation projects as part of our strategic plan, whilst managing evolving challenges of COVID-19
- Maintained strength of balance sheet, disciplined liquidity and working capital management

MANAGING SUPPLY CHAIN, OPERATIONS AND CUSTOMERS



Flexibility key to managing cost and productivity challenges

FEED

Increased risk to security of domestic wheat supply

- Lower AUD in Q3 tightened market and caused spike in pricing
- Management of supply prioritised with low visibility and certainty on domestic stocks
- Logistical challenges in sourcing key imported feed ingredients resulted in higher prices

FARMING

Long lead times to adjust field inventory

- 13 week lead times to adjust field inventory limits short term supply flexibility
- Additional security to limit non-essential visitors at all farms and hatcheries
- Managing logistics to ensure continuity of feed supply and transport of birds from hatcheries and farms

PRIMARY PROCESSING

Increased complexity, cost and productivity headwinds

- Labour intensive operations require redesign to implement COVID-19 safe work environment
- Measures to minimise absenteeism and ensure plant capacity uptime
- Rapid accommodation of material increase in tray pack demand

FURTHER PROCESSING

Managing significant demand reductions

- Food Service and QSR demand reduced somewhat offset by frozen retail demand
- Managing overhead recovery and cost impact from volume and mix shift
- Strategic decision to maintain operations and build inventory in further processed products

MANAGING SUPPLY CHAIN, OPERATIONS AND CUSTOMERS



Significant demand volatility across all channels

RETAIL

Retail channel remained open but initial volume surge not maintained

- Pantry stocking surge moderated and reduced week by week visibility as restrictions eased
- Significant switch to tray pack demand and frozen products
- Operational challenges limited availability of some value enhanced products
- Inventory build required increased promotional clearance activity

QSR

Demand reduced as in store dining restrictions imposed

- Realignment to drive-through and delivery mitigated more severe volume decline
- Food court activity significantly reduced
- Full 5 week closure in NZ
- Solid rebound in demand as restrictions relaxed

FOOD SERVICE

Significant volume decline as all out of home activity heavily restricted

- Restaurants, cafes, tourism, hotels, clubs, largely closed in early stages of lockdown
- Full closure in NZ for 5 weeks
- Proactive management with customers to minimise credit issues and continue supply where required
- Volumes below 2HFY19 levels

WHOLESALE

Volumes negatively impacted by slowing activity in out of home

- Volumes initially held but inevitable decline as customer demand impacted by out of home restrictions
- Butcher and roto shop volumes remained solid
- Pricing was not a lever to clear excess inventory as customer inventory levels already high

EXPORT

Some closure of well established export markets

- Upgraded poultry products (paws) volumes impacted due to temporarily closures required some downgrade into by products
- Increased inventory build as several well established markets closed
- New export markets tactically used to clear inventory, but lower pricing and margin achieved

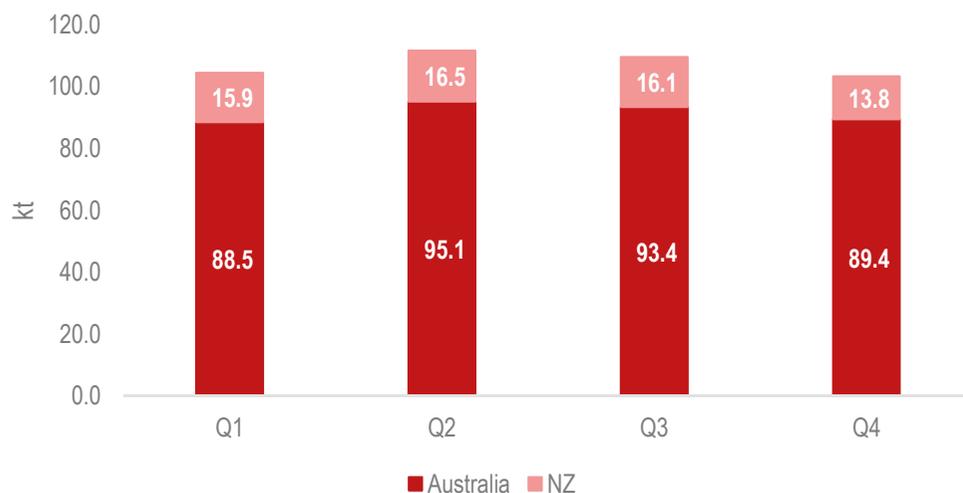
MANAGING SUPPLY CHAIN, OPERATIONS AND CUSTOMERS



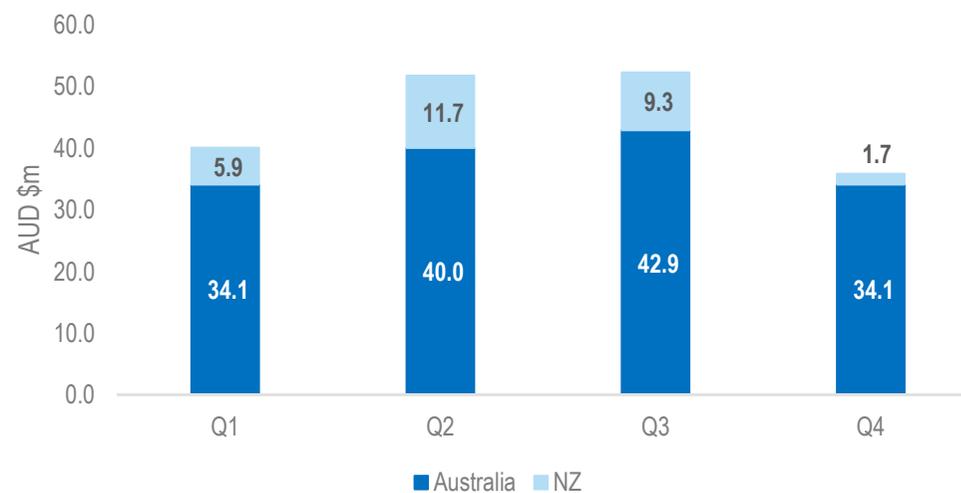
Improving financial performance interrupted by COVID-19 in Q4

- 1H performance negatively impacted by significant cost increases and supply constraints in further processing network. Volumes and operating performance improved in Q2 as positive momentum built
- 2H financial performance negatively impacted by lower Q4 core poultry demand which created industry over-supply. Revenue and margin impacted along with increased costs and productivity headwinds in operations and supply chain

Core Poultry Volume



Underlying EBITDA pre AASB16





FINANCIAL RESULTS





PROFIT & LOSS – STATUTORY

The transition to AASB16 had a major impact on the Statutory Results

\$ millions	Statutory FY20	Statutory FY19	Var	%	Impact of AASB 16
Revenue	2,555.3	2,489.8	65.5	2.6	-
EBITDA	387.8	242.2	145.6	60.1	229.6
Depreciation & Amortisation	(263.4)	(46.8)	(216.6)	(462.8)	(208.5)
EBIT	124.4	195.4	(71.0)	(36.3)	21.1
Net finance expense	(68.3)	(16.3)	(52.0)	(319.0)	(54.8)
Tax expense	(16.0)	(52.9)	36.9	69.7	10.0
NPAT	40.1	126.2	(86.1)	(68.2)	(23.7)

Impact of AASB16 Leases on Statutory Accounts:

- The transition to AASB16 Leases resulted in \$1.4B - \$1.5B in right-of-use assets and lease liabilities being added to the balance sheet at June 2020 and the reclassification of lease payments as financing in the cash flow during the year
- EBITDA increased \$229.6M to reflect the removal of the lease expenses offset by a depreciation increase of \$208.5M, an interest expense charge of \$54.8M and a tax offset of \$10.0M to reflect the deferred tax effect of AASB16. This resulted in a decrease in NPAT of \$23.7M
- The decrease to NPAT represents a timing difference over the lease life and has no bearing on the business' economic performance or ability to generate cash

The results reported in the Financial Statements for FY20 reflect the adoption of AASB16 under the modified retrospective approach, and consequently, the FY19 comparatives have not been restated to reflect AASB16.

PROFIT & LOSS – UNDERLYING PRE AASB16

\$ millions	FY20	FY19 ⁽¹⁾	Var	%
Core Poultry volumes (kt)	428.7	414.9	13.8	3.3
Total Poultry volumes (kt)	532.6	517.5	15.1	2.9
Feed volumes (kt)	406.0	419.8	(13.8)	(3.3)
Revenue	2,555.3	2,478.8	76.5	3.1
Underlying Gross Profit	460.4	480.2	(19.8)	(4.1)
<i>Gross Profit % Revenue</i>	<i>18.0%</i>	<i>19.4%</i>		
Underlying EBITDA pre AASB16	179.7	208.6	(28.9)	(13.9)
<i>EBITDA % Revenue</i>	<i>7.0%</i>	<i>8.4%</i>		
Depreciation	(54.9)	(46.8)	(8.1)	(17.3)
Underlying EBIT pre AASB16	124.8	161.8	(37.0)	(22.9)
Net finance expense	(13.6)	(15.7)	2.1	13.4
Tax expense	(32.4)	(42.9)	10.5	24.5
Underlying NPAT pre AASB16	78.8	103.2	(24.4)	(23.6)
<i>NPAT % Revenue</i>	<i>3.6%</i>	<i>4.1%</i>		

- Core poultry volume increase of 3.3% on FY19 despite volatile trading conditions in 2H. Moderation of 2H growth to 2.6% vs 1H of 4.1%. 2H volumes lower than 1H reflecting impact of COVID-19
- Byproduct volumes increased in 2H with greater yield recovery
- Feed volumes decline attributable to lower 2H volumes driven by reduced customer orders and a decrease in export sales
- Impact of full year decline in gross profit more pronounced in 1H due to higher costs from FP network issues
- 2H poultry profitability impacted by Q4 volume decline, cost and productivity headwinds, competitive pricing, promotional spend and clearance activity, significantly higher inventory provision and higher distribution expenses
- All COVID-19 impacts have been included in underlying operating results
- Depreciation increased due to cumulative impact of higher capital spend in recent years
- Effective tax rate 29%, consistent with prior period

To enable a more effective comparison of results versus PCP, FY20 results shown above have been adjusted to exclude the impact of the adoption of AASB16. A reconciliation of Statutory to Underlying profit pre AASB16 is outlined on page 14 and in the Appendix.

EBITDA & NPAT RECONCILIATION



\$ millions	FY20	FY19	Var	%
Statutory EBITDA	387.8	242.2	145.6	60.1
Impact AASB16	(229.6)	-		
(Profit) / Loss on sale of assets	(0.4)	(49.7)		
Impairment of assets	20.3	-		
Restructuring	1.6	18.3		
Mitavite trading	-	(2.2)		
Underlying EBITDA pre AASB16	179.7	208.6	(28.9)	(13.9)

\$ millions	FY20	FY19	Var	%
Statutory NPAT	40.1	126.2	(86.1)	(68.2)
Impact AASB16	23.7	-		
(Profit) / Loss on sale of assets	(0.3)	(34.9)		
Impairment of assets	14.2	-		
Restructuring	1.1	12.8		
Mitavite trading	-	(1.5)		
Finance exit costs	-	0.6		
Underlying NPAT pre AASB16	78.8	103.2	(24.4)	(23.6)

(Profit)/Loss on sale of assets

- FY20 relates to the disposal of some small surplus properties across Australia. FY19 profit relates to the sale of Mitavite, Cardiff and Mile End

Impairment of assets

- Cleveland (QLD) further processing site lease impaired \$10.7M as the site is no longer used
- Wacol (QLD) feed mill site carrying value impaired \$6.7M from 2018 purchase as part of self sufficiency strategy
- Muchea (WA) Feedmill site impaired \$0.8M upon termination of acquisition
- Pakenham (VIC) hatchery impaired \$2.1M in 1H FY20 to reflect demolition of buildings in preparation for new hatchery building

Restructuring

- FY20 restructuring relates to redundancy costs from management and structural changes in 1H

Refer Appendix for details of POSA, Impairments & Restructuring

BALANCE SHEET



\$ millions	Jun-20	Jun-19	Variance	Impact of AASB16
Inventories/Biologicals*	352.5	296.4	56.1	
Receivables*	205.2	216.9	(11.7)	
Payables	(406.4)	(371.3)	(35.1)	
Working Capital	151.3	142.0	9.3	
Provisions*	(120.6)	(116.1)	(4.5)	
Working Capital & Provisions	30.7	25.9	4.8	
PP&E	450.3	418.4	31.9	-
Right-of-use Assets	1,429.2	-	1,429.2	1,429.2
Other Assets	14.2	23.2	(9.0)	-
Lease Liability	(1,472.3)	-	(1,472.3)	(1,472.3)
Other Liabilities	(7.6)	(7.4)	0.9	-
Capital employed	444.5	460.1	(15.6)	(43.1)
Net Debt	(314.7)	(263.8)	(50.9)	-
Net Tax balances	(0.7)	(31.8)	31.1	10.0
Net Assets	129.1	164.5	(35.4)	(33.1)

AASB16 Leases

- **Land and Building:** Ingham's has a large leased property portfolio. Right-of-use assets ~ \$814.5M. Average term remaining on the portfolio is 12.4 years
- **Contract Growers:** \$601.7M are classified as a right-of-use assets due to the fixed and capital component of the fee structure; the variable component of the payments are not captured by this standard. Average remaining term of contract grower leases is 4.1 years
- **Equipment/Fleet:** \$13.0M in leases for equipment and vehicles are captured by the standard. The average remaining term of the equipment leases is 1.5 years

* Note: Provisions within Inventories and Trade Receivables have been reclassified to Provisions

CASH FLOW



\$ millions	Jun-20	Jun-19	Variance	AASB 16
Statutory EBITDA	387.8	242.2	145.6	229.6
Non-cash items	6.8	(45.6)	52.4	
EBITDA excluding non-cash items	394.6	196.6	198.0	229.6
Changes in working capital	(9.3)	18.6	(27.9)	
Changes in provisions	4.5	(5.3)	9.8	
Cash flows from operations	389.8	209.9	179.9	229.6
Capital expenditure/property purchases	(86.7)	(115.2)	28.5	
Proceeds from sale of assets	9.5	82.1	(72.6)	
Other payments receipts	0.2	8.0	(7.8)	
Net cashflow before financing & tax	312.8	184.8	128.0	229.6
Dividends Paid	(66.1)	(77.0)	10.9	
Drawdown / (Repayment) of borrowings	50.0	(20.0)	70.0	
Capital return	-	(124.5)	124.5	
Shares purchased/sale share	(3.4)	(36.4)	33.0	
Interest Paid	(14.1)	(16.8)	2.7	
Interest & Principal - AASB16 Leases	(232.5)	-	(232.5)	(232.5)
Cash flows from financing activities	(266.1)	(274.7)	8.6	(2.9)
Tax paid	(46.1)	(51.0)	4.9	
Net increase (decrease) net cash	(0.6)	(140.9)	141.5	
Net increase (decrease) net debt	(50.9)	(139.6)		
Cash Conversion Ratio (CCR)	98.8%	106.8%	(8.0)	
CCR pre AASB16 ⁽¹⁾	97.1%	106.8%	(9.7)	
CCR pre AASB16 & IPTP ⁽²⁾	81.2%	79.0%	2.2	

Cash Conversion Ratio

- Cash conversion pre AASB16 of 97.1% reflects strong cash collection despite inventory build that negatively impacted working capital
- Inventory procurement trade payable benefit in FY20 was \$26.3M (FY19 \$54.6M). 2H increased due to higher feed prices and greater coverage in a tight market. Underlying cash conversion adjusted for inventory procurement trade payable improved by 2.2%

AASB16 Leases

- The implementation of AASB16 resulted in an increase in operating cash flow of \$229.6M and a decrease in financing cash flow of \$232.5M

Capital Program

- Capital expenditure of \$86.7M includes \$39.6M spend on VIC and WA Hatcheries. Capital program currently on track with VIC operational in H2 FY21 and WA in H1 FY22 (subject to COVID-19 restrictions)
- Other major spend included: Somerville (VIC) chiller \$4.1M, Osborne Park (WA) chiller \$5.1M, TeAroha (NZ) de-boner \$3.1M, Tahmoor (NSW) chiller \$2.2M

(1) Cash conversion ratio pre AASB16 = [Cashflow from Operations – Lease impact] / [EBITDA excluding non cash items– Lease impact]

(2) Cash conversion ratio pre AASB16 = [Cashflow from Operations – Lease impact – Inventory Procurement Trade Payable (IPTP) Working Capital benefit] / [EBITDA excluding non cash items– Lease impact]

CAPITAL MANAGEMENT



\$ millions	Jun-20	Jun-19	Dec-19
Total Assets pre AASB16	1,143.0	1,081.6	1,073.6
Net Debt – Bank Facility	314.7	263.8	323.4
Net Debt / LTM Underlying EBITDA⁽¹⁾	1.8	1.3	1.7

\$ millions	Jun-20	Jun-19	Var
Working Capital	151.3	142.0	(9.3)
Inventory procurement trade payable*	121.0	94.7	26.3

* Included in working capital above

Cents per share	2H FY20	1H FY20	FY19
Dividend	6.7	7.3	19.5

Leverage / Net Debt

- Net Debt increased \$50.9M and Leverage increased to 1.8x due to investment in the new hatcheries \$39.6M and a \$9.3M increase in working capital driven by increase in inventory compared to Jun-19 due to COVID-19 which resulted higher frozen FP and meat inventories. Net Debt has reduced \$8.7M since Dec-19

Inventory procurement trade payable

- Included within working capital, Ingham's has an inventory procurement trade payable with a third party financial institution which is interest bearing. Trade bills of exchange are paid by the financial institution direct to the suppliers at face value and Ingham's settles the payable on extended terms. Suppliers are paid based on the due date of their billing cycle

Dividend

- A full year dividend of 14.0 cps (payout ratio of 66% Underlying NPAT pre AASB16)

(1) Leverage ratio of senior debt facility is calculated on underlying results excluding AASB16 Lease accounting entries

The FREE RANGER

FARM RAISED CHICKEN

Free Range

WHOLE CHICKEN

ANTIBIOTIC FREE	✓
NO ADDED HORMONES	✓
FREPA ACCREDITED	✓
VEGETARIAN FED	✓



From the
fields of
**SOUTHERN
VICTORIA**

INGHAM'S
Nourish Our World

SEGMENT PERFORMANCE



AUSTRALIA

2H volume shift to retail did not fully offset other channels, negative impact to revenue and margin

\$ millions	FY20	FY19 ⁽¹⁾	Var	%
Core Poultry volumes (kt)	366.4	351.3	15.1	4.3
Total Poultry volumes (kt)	457.0	440.8	16.2	3.7
Feed volumes (kt)	277.8	302.2	(24.4)	(8.1)
Revenue	2,170.1	2,109.4	60.7	2.9
Statutory EBITDA	327.8	213.1	114.7	53.8
<i>EBITDA % Revenue</i>	<i>15.6%</i>	<i>10.1%</i>	<i>5.5</i>	
Restructuring, Impairment & POSA	21.0	(31.9)	(52.9)	
Mitavite trading	-	(2.2)	(2.2)	
AASB16	(197.7)	-	(197.7)	
Underlying EBITDA pre AASB16	151.1	179.0	(27.8)	(15.5)
<i>Underlying EBITDA % Revenue</i>	<i>7.1%</i>	<i>8.5%</i>	<i>(1.5)</i>	
Underlying Gross Profit	384.9	406.2	(21.3)	(5.2)
<i>Underlying Gross Profit %</i>	<i>17.7%</i>	<i>19.3%</i>	<i>(1.7)</i>	

Highlights

- Core poultry volume increased year on year, 1H growth of 4.7% moderated to 3.9% in 2H. Q3 volumes +6.5%, Q4 +1.2%. 2H volumes below 1H as retail channel did not offset out-of-home
- Poultry revenue growth slowed in 2H as excess supply pressured pricing. 2H profitability lower than 1H as benefit of Q3 volume uplift was followed by Q4 sales decline with promotional and clearance activity to reduce inventory. Higher costs and reduced productivity related to COVID-19 safe measures
- 2H decline in external feed customers orders due to COVID-19
- 2H retail volumes benefited from Q3 pantry stocking, with subsequent normalisation and shorter visibility in Q4
- 2H QSR volume below 1H due to in-house dining closures
- 2H Food Service and Wholesale volumes below 1H due to closure of tourism, leisure and out-of-home dining venues

NEW ZEALAND



Level 4 restrictions caused material volume loss and margin impact

\$ millions	FY20	FY19	Var	%
Core Poultry volumes (kt)	62.3	63.6	(1.3)	(2.0)
Total Poultry volumes (kt)	75.6	76.7	(1.1)	(1.4)
Feed volumes (kt)	128.2	130.3	(2.1)	(1.6)
Revenue	385.2	380.4	4.8	1.3
Statutory EBITDA	60.0	29.1	30.9	109.6
<i>EBITDA % Revenue</i>	<i>15.9%</i>	<i>7.4%</i>	<i>8.5</i>	
Rest/POSA/Impairment	0.5	0.5	0.0	
AASB16	(31.9)	0.0	(31.9)	
Underlying EBITDA pre AASB16	28.6	29.6	(1.0)	(3.4)
<i>Underlying EBITDA % Revenue</i>	<i>7.4%</i>	<i>7.8%</i>	<i>(0.4)</i>	
Underlying Gross Profit	75.5	74.0	1.5	2.0
<i>Underlying Gross Profit %</i>	<i>19.6%</i>	<i>19.5%</i>	<i>0.1</i>	

Highlights

- Solid progress recorded through Q3, before the introduction of the 5 week national lockdown which closed all out-of-home sales channels in Q4
- Core poultry volumes down 2.0% year on year. 2H volume declined 4.8% on prior year and fell 7.4% on 1H. Retail gains did not offset other lost volumes during lockdown
- Poultry revenue and margin negatively impacted in 2H as lower demand in Q4 led to an oversupplied market
- COVID-19 restrictions resulted in higher costs and lower productivity. Underlying EBITDA was impacted by higher Q4 warehouse and distribution costs
- Retail volumes increased 2H over 1H, however QSR and Food Service volumes fell significantly below 1H

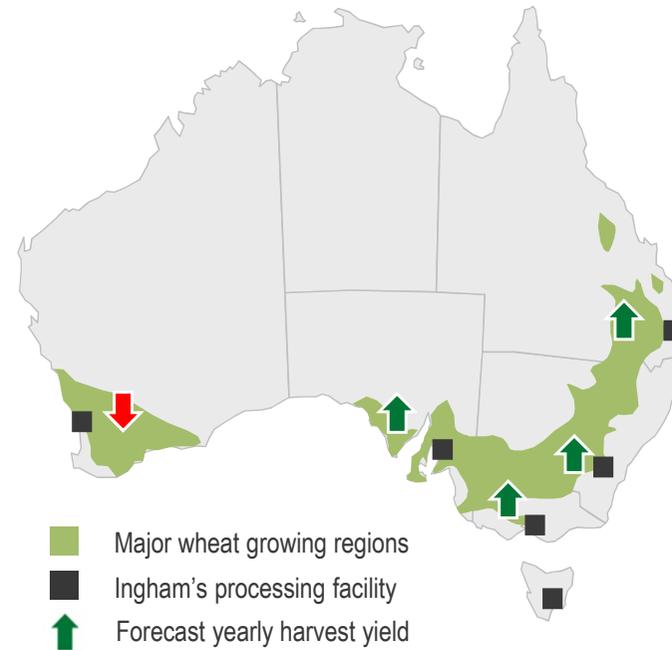
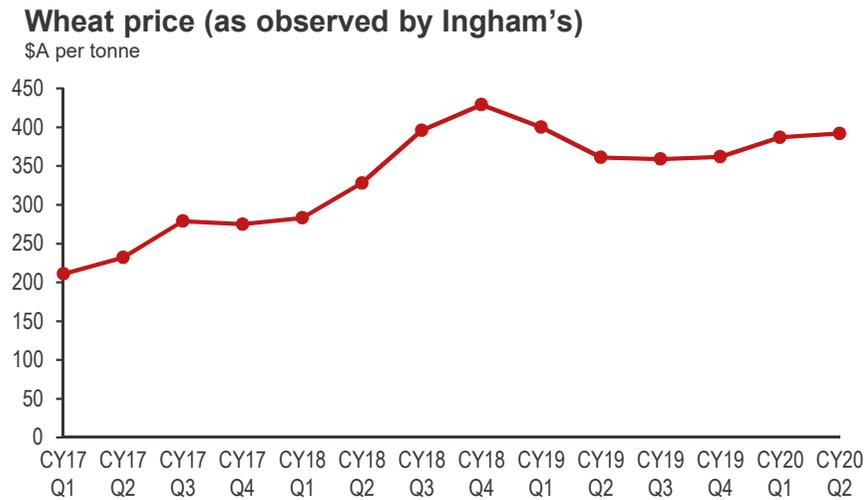


FEED MARKET UPDATE



FEED MARKET UPDATE

Tight wheat supply led to sustained higher prices during 2H FY20 for old crop volumes



- Domestic prices for old crop (Nov 19 harvest) firmed as local consumers competed with exporters for limited grain stocks. The temporary drop in AUD (Mar-May) made domestic wheat attractive to overseas buyers
- Limited visibility and tight stock of old crop created a supply risk for wheat delivery when new crop (Nov 20 harvest) is available for delivery into our feed mills in Dec 20. Risk mitigation required to secure additional volumes and to lengthen book cover
- Price and volume outlook for new crop remains favourable in east coast regions and anticipated delivery to our feed mills in Dec-20 fully flowing through our processed poultry in Q4 FY21



OUTLOOK



OUTLOOK



- Poultry continues to show resilience as a preferred protein, with consistency of supply and attractive pricing
- Conditions remain uncertain as government restrictions continue to impact consumption of poultry products in Australia and New Zealand
- Market supply may be impacted by COVID-19 restrictions resulting in reduced capacity or closures in poultry processing plants. Our diversified network ensures that we are well positioned to maintain supply as circumstances develop. Since year end we have completed a ten day closure of our Thomastown Further Processing Facility due to COVID-19. Our Victorian operations are currently managing with a reduced workforce as mandated by Victorian Government policy
- Ingham's remains focused on our cost base and productivity across our supply chain and maintaining industry leading food safety and quality, people safety and the highest standards of animal welfare
- Feed costs will remain elevated 1HFY21 with improved outlook fully flowing to cost of sales by Q4FY21

FIVE YEAR STRATEGY – BUILDING RESILIENCE





APPENDICES



FY20 UNDERLYING PRE AASB16 PERFORMANCE



\$ millions	Statutory FY20	Restructuring / Impairments LOSA / POSA	AASB16 Leases	Underlying Pre AASB16 FY20 ⁽¹⁾	Underlying FY19 ⁽²⁾	Var	%
Core Poultry volumes (kt)	428.7			428.7	414.9	13.8	3.3
Total Poultry volumes (kt)	532.6			532.6	517.5	15.1	2.9
Feed volumes (kt)	406.0			406.0	419.8	(13.8)	(3.3)
Revenue	2,555.3			2,555.3	2,478.8	45.9	3.1
Gross Profit	684.5		(224.1)	460.4	480.2	(19.8)	(4.1)
EBITDA	387.8	21.5	(229.6)	179.7	208.6	(17.9)	(13.9)
<i>EBITDA % of Revenue</i>	<i>15.2%</i>			<i>7.0%</i>	<i>8.4%</i>	<i>(1.4)</i>	<i>(16.7)</i>
Depreciation	(263.4)		208.5	(54.9)	(46.8)	(8.1)	(17.3)
EBIT	124.4	21.5	(27.5)	124.8	161.8	(37.0)	(22.9)
Net finance expense	(68.3)		54.8	(13.6)	(15.7)	2.1	13.4
Tax expense	(16.0)	(6.5)	(10.0)	(32.4)	(42.9)	10.4	24.2
NPAT	40.1	15.0	23.7	78.8	103.2	(24.4)	(23.6)

(1) To enable a more effective comparison of results versus PCP, FY20 results shown above have been adjusted to exclude the impact of the adoption of AASB16

(2) FY19 excludes impact of Restructuring, Impairment, POSA, 15 weeks of Mitavite trading results and finance exit costs

UNDERLYING RESULTS PRE AASB16 – HALF ON HALF



Underlying Results ⁽¹⁾	1H FY20	2H FY20	FY20	1H FY19 ⁽¹⁾	2H FY19 ⁽¹⁾	FY19 ⁽¹⁾	1H	2H	FY
Core Poultry volume (kt)	215.9	212.8	428.7	207.5	207.4	414.9	4.0%	2.6%	3.3%
By-Products volume (kt)	50.7	53.2	103.9	52.4	50.2	102.6	-3.2%	6.0%	1.3%
Total Poultry volume (kt)	266.6	266.0	532.6	259.9	257.6	517.5	2.6%	3.3%	2.9%
Feed volume (kt)	218.4	187.6	406.0	220.6	199.2	419.8	-1.0%	-5.8%	-3.3%
Core Poultry Revenue	1,160.7	1,123.8	2,284.5	1,105.3	1,100.9	2,206.2	5.0%	2.1%	3.5%
By-Products Revenue	23.7	23.9	47.6	25.7	24.8	50.5	-7.8%	-3.6%	-5.7%
Total Poultry Revenue	1,184.4	1,147.7	2,332.1	1,131.0	1,125.7	2,256.7	4.7%	2.0%	3.3%
Feed Revenue	119.1	104.1	223.2	114.2	107.9	222.1	4.3%	-3.5%	0.5%
Revenue	1,303.5	1,251.8	2,555.3	1,245.2	1,233.6	2,478.8	4.7%	1.5%	3.1%
Cost of sales	-1,069.5	-1,025.4	-2,094.9	-997.2	-1,001.4	-1,998.6	7.3%	2.4%	4.8%
Gross profit	234.0	226.4	460.4	248.0	232.2	480.2	-5.6%	-2.5%	-4.1%
<i>Gross profit %</i>	18.0%	18.1%	18.0%	19.9%	18.8%	19.4%	-1.9%	-0.7%	-1.4%
Distribution expense	-78.8	-78.6	-157.4	-76.6	-74.0	-150.6	2.9%	6.2%	4.5%
Sales & admin	-63.7	-59.9	-123.6	-61.8	-59.4	-121.2	3.1%	0.8%	2.0%
JV	0.2	0.1	0.3		0.2	0.2	0.0%	-50.0%	50.0%
EBITDA	91.7	88.0	179.7	109.6	99.0	208.6	-16.3%	-11.1%	-13.9%
<i>EBITDA %</i>	7.0%	7.0%	7.0%	8.8%	8.0%	8.4%	-1.8%	-1.0%	-1.4%
Depreciation	-25.5	-29.4	-54.9	-23.3	-23.5	-46.8	9.4%	25.1%	17.3%
Interest	-6.9	-6.7	-13.6	-8.0	-7.7	-15.7	-13.8%	-13.0%	-13.4%
Tax	-17.3	-15.1	-32.4	-22.9	-20.0	-42.9	-24.5%	-24.5%	-24.5%
NPAT	42.0	36.8	78.8	55.4	47.8	103.2	-24.2%	-23.0%	-23.6%
<i>NPAT %</i>	3.2%	2.9%	3.1%	4.4%	3.9%	4.2%	-1.2%	-1.3%	-1.1%

(1) FY19 excludes impact of Restructuring, Impairment, POSA, 15 weeks of Mitavite trading results and finance exit costs

ITEMS EXCLUDED FROM UNDERLYING RESULTS

\$ millions	FY20	FY19	Var	%
Excluded from Underlying EBITDA pre AASB16	251.1	(33.6)	284.7	(847.3)
Restructuring	1.6	18.3	(16.7)	(91.3)
Redundancy	1.4	4.4		
Farming exits	0.2	2.8		
FP network optimisation	-	8.4		
Network cross over costs	-	2.7		
Impairment	20.3		20.3	100.0
Pakenham	2.1			
Muchea	0.8			
Cleveland	10.7			
Wacol	6.7			
(Profit)/Loss on sale of asset	(0.4)	(49.7)	49.3	(99.2)
Mitavite		(51.1)		
Cardiff Feedmill		(2.5)		
Mile end Feedmill		0.5		
Maldon Hatchery		3.4		
Cardiff Storage	(1.1)			
Brisbane Farms	0.5			
Kurrajong Farms	0.2			
Mitavite Trading	-	(2.2)	2.2	(100.0)
AASB 16	229.6	-	229.6	100.0

Restructuring costs within EBITDA

- Redundancy costs relate to management and structural changes
- Farming exits relate to exits on contract growers
- Prior year FP Network optimisation costs relate to onerous lease provisions and other related costs at the Cleveland FP

AASB16 LEASE BALANCE SHEET IMPACT



\$ millions	Jun-20	AU	NZ
Land & Building	814.5	741.3	73.3
Growers	601.7	500.5	101.2
Equipment	13.0	10.1	2.9
Right-of-use Asset	1,429.2	1,251.9	177.4
Land & Building	(854.5)	(780.2)	(84.4)
Growers	(604.4)	(501.2)	(103.2)
Equipment	(13.4)	(10.4)	(3.0)
Lease Liability	(1,472.3)	(1,291.8)	(180.5)
Capital Employed	(43.1)	(39.9)	(3.2)
Tax	10.0	8.8	1.2
Net assets	(33.1)	(31.1)	(2.0)

Ave. Term (years)	Total	AU	NZ
Land & Building	12.4	13.0	8.0
Growers	4.1	4.0	4.6
Equipment & Fleet	1.5	1.5	2.1

MITAVITE TRADING RESULTS



\$ millions	FY20	FY19	Var	%
Weeks	-	15.0		
Feed volumes (kt)	-	12.7	(12.7)	100.0
Trading Results				
Revenue	-	11.8	(11.8)	100.0
EBITDA	-	2.2	(2.2)	100.0
NPAT	-	1.5	(1.5)	100.0
Profit on sale				
Other income	-	51.1	(51.1)	100.0
Tax on profit on sale	-	(15.1)	15.1	100.0
NPAT	-	36.0	(36.0)	100.0
Total NPAT	-	37.5	(37.5)	100.0

Trading period & results

- Due to the completion of sale of Mitavite to Adamantem Capital on 12 October 2018 there are 15 weeks of trading results included in the H1 FY19 Profit & Loss
- The trading results for Mitavite were excluded from 1H FY19 underlying performance and metrics

DEFINITIONS

Certain non-IFRS information is referred to in this presentation. Defined below is what is included in each non-IFRS measure used throughout this presentation.

- **EBITDA:** Earnings before Interest, Tax, Depreciation and Amortisation
- **EBIT:** Earnings before Interest and Tax
- **Gross Profit:** Revenue less cost of sales
- **Net Debt:** Debt less cash and cash equivalents
- **Underlying EBITDA:** EBITDA excluding any profit or loss on sale of assets, restructuring expenses, impairments and trading results for business sold as a going concern
- **Underlying EBITDA pre AASB16:** EBITDA excluding any profit or loss on sale of assets, restructuring expenses, impairments, trading results for business sold as a going concern and AASB16 leasing impacts
- **Underlying Gross Profit:** Revenue less cost of sales excluding AASB16 leasing impacts
- **Underlying NPAT:** Net Profit After Tax excluding any profit or loss on sale of assets, restructuring expenses, impairments and trading results for business sold as a going concern after being tax effected
- **Underlying NPAT pre AASB16:** Net Profit After Tax excluding any profit or loss on sale of assets, restructuring expenses, impairments, trading results for business sold as a going concern and AASB16 leasing impacts after being tax effected
- **Earnings Per Share (EPS):** NPAT divided by the weighted average shares outstanding
- **Total Poultry:** includes core chicken and turkey products in addition to by products and other sales
- **Core Poultry:** refers to chicken and turkey products for human consumption, excluding bi-products
- **Cash Conversion ratio:** Cash Flow from Operations divided by EBITDA excluding non cash items
- **Cash Conversion ratio pre AASB16:** Cash Flow from Operations less impact of AASB16 divided by EBITDA excluding non cash items less AASB16
- **Cash Conversion ratio pre AASB16 and IPTP:** Cash Flow from Operations less impact of AASB16 divided by EBITDA excluding non cash items less AASB16 and Inventory Procurement Trade Payable (IPTP) Working Capital benefit



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