RYDER CAPITAL LIMITED

23 November 2021

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

2021 Annual General Meeting – Chairman's Address

Please find attached the Chairman's address for Ryder Capital Limited's Annual General Meeting held today.

Yours faithfully,

David Bottomley
Director and Company Secretary

2021 Annual General Meeting – Chairman's Address

On behalf of the Board, I would like to welcome all Ryder Capital Limited (Ryder or Company) shareholders and other visitors present and in person here today to our sixth 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.

I am pleased to report that FY21 was Ryder's most successful year since its establishment in September 2015. With six years now under our belt, comparative performance data for a patient long only strategy such as Ryder's becomes increasingly relevant and on this count, Ryder has generated a pre-tax net return (after all fees and expenses) since inception to 30 September 2021 of 16.31% p.a., outperforming the ASX Small Ordinaries Accumulation return of 13.16% p.a. and All Ordinaries Accumulation return of 11.06% over the equivalent period. When adjusted for risk, this outperformance is amplified as in its simplest form Ryder has taken substantially less risk, measured by volatility or standard deviation in achieving these excess returns, principally due to its consistently high weighting to cash which has averaged 20.1% since inception.

From a macro perspective, FY21 was by all accounts one for the record books with immensely supportive monetary settings, record government stimulus and a quicker than anticipated pathway to living with the pandemic providing an unprecedented environment for risk taking. Pleasingly, I can report that despite our conservative mindset and reluctance to participate in this euphoria Ryder still managed to outperform throughout this period, generating a year to 30 June gross portfolio return of 43.36% and a net undiluted pre-tax return of 33.72%. This was achieved despite an average cash holding of 12.94% along with our unlisted investment in Updater Inc. (Updater) representing an average portfolio exposure of 7.6% that received no revaluation benefit.

Gross assets continue to grow and as at 30 September were $140.0m, up from $107.8m at 30 September 2020. Whilst the Company continued to operate a share buyback, no shares were acquired during the year.

As with prior years, I would like to reinforce what our investment strategy and objectives are.

Our strategy is to build and manage a concentrated portfolio of stocks 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 and patience.

Our investment objective is to provide shareholders with a steady to increasing fully franked income stream together with consistent long-term capital growth above our absolute benchmark which is the RBA Cash Rate plus 4.25%. In this year's Annual Report, we provided detailed risk and return commentary together with additional statistical analysis around investment returns and associated risk measures with the objective of providing shareholders with a more complete insight into Ryder's performance.

Investment Performance

As at 30 September 2021, Ryder had just completed its sixth anniversary as a listed investment company and continues to meaningfully outperform its benchmark and that of comparative indices in the ASX Small Ordinaries Accumulation and All Ordinaries Accumulation across medium to longer term time frames (after all fees and expenses) as summarised below:

	1 Year (%)	3 Years (% per annum)	5 Years (% per annum)	Since Inception[3] (%)	Since Inception[3] (% per annum)
Gross Portfolio Performance	**22.67**	**19.38**	**22.09**	**217.22**	**21.11**
Pre-tax Undiluted NTA Return[1]	**17.38**	**14.82**	**17.10**	**148.61**	**16.31**
Pre-tax NTA Return[2]	**7.18**	**9.14**	**12.49**	**103.37**	**12.50**
Hurdle (RBA Cash Rate + 4.25%)	**4.36**	**4.90**	**5.24**	**37.16**	**5.38**
Excess Return Pre-tax Undiluted NTA Return[1] - (RBA Cash Rate + 4.25%)	**13.02**	**9.92**	**11.86**	**111.45**	**10.93**
Small Ords Accumulation Index	**31.46%**	**10.37%**	**10.84%**	**88.15%**	**11.06%**
All Ords Accumulation Index	**30.41%**	**9.43%**	**10.18%**	**110.63%**	**13.16%**

1. Adjusted for the dilution of the exercised 26.7m RYDO options and 17.4m RYDOA options. Calculation of pre-tax NTA is prior to the provision and payment of tax.
2. Fully diluted for all options exercised since inception.
3. Inception Date is 22 September 2015.

Dividends

With continued strong investment performance and increasingly large realised capital gains flowing through to the capital profits reserve, the Board declared a $0.04 fully franked final dividend bringing the full year FY21 dividend to $0.07 per share fully franked, an increase of 40% from FY20.

With approximately 45.7 cents per share of distributable profits as at 30 June or 36.1 cents fully diluted (excluding dividends paid and profits realised YTD), the Company is in a strong position to pay steady to increasing fully franked dividends over time.

Share Price and NTA Discount

The Company's share price increased from $1.325 to $1.77 in FY21 (up $0.445). Inclusive of the $0.06 cents in fully franked dividends paid during the year, total shareholder return was 38.1%, compared to the undiluted pre-tax return of 33.7%, resulting in a narrowing of the share price discount to undiluted NTA. With Ryder's NTA now meaningfully above the RYDOA option strike price of $1.50 we have seen 17.5m options exercised over the past year and the share price reflects the likelihood that the remaining ~9.1m RYDOA options will be exercised.

I believe this narrowing of the Company's discount to the fully diluted NTA will continue, supported by our consistent medium to longer term nominal and risk-adjusted investment performance, gross assets approaching $150m, increasing fully franked dividends supported by a large and growing distributable profits reserve and a cleaner capital structure post-expiration of the final series of Ryder secondary options next month.

Outlook

The Company's Portfolio is well positioned with exposure to a number of deep value situations complemented by several growth oriented investments that are capable of making material contributions to NTA going forward.

As reported in the October NTA commentary, Updater continues to make solid progress and pleasingly was successful as a member of the HomeSafe Alliance consortium in being awarded the USD6.2bn Global Household Goods Contract for Department of Defense personnel, US Coast Guard and other federal employees from US Transportation Command. Whilst Updater's specific involvement in the HomeSafe Alliance remains confidential we understand they will provide a critical component of the technology solution and derive significant long-term income from their technology solution, services, and contract involvement. This win, together with Updater's operational progress and recent pre-IPO convertible note capital raise provides the basis for Directors to review the investment carrying value prior to Updater's planned NASDAQ listing in 1H CY2022.

Our long held investment in BCI Minerals Limited recently reached the important milestone of a final investment decision to proceed with the Mardie Salt and Potash project. Ryder, together with Wroxby Pty Ltd (investment entity associated with the Stokes family) and AustralianSuper are supporting this important and final equity funding of the project. Whilst further patience will be required before the project generates its first cashflows, once up and running we expect to earn an attractive and regular income stream over the long term.

With our nominal cash exposure currently sitting at around $20m or approximately 14% before the final expiry of RYDOA options we expect our cash weighting will increase towards 20% in the near term, providing a solid foundation to enter what is likely to be a period of heightened market volatility.

Peter Constable
Chairman
23 November 2021