Inghams Group Limited

2022 INTERIM RESULTS PRESENTATION

18 FEBRUARY 2022

IMPORTANT NOTICE AND DISCLAIMER

The material in this presentation is general background information about the activities of Inghams Group Limited (Ingham's) and its subsidiaries (Ingham's Group), and is current at the date of this presentation, unless otherwise noted.

It is information given in summary form and does not purport to be complete. It should be read in conjunction with the Ingham's Group other periodic and continuous disclosure announcements lodged with the Australian Stock Exchange, which are available at www.asx.com.au. It is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice when deciding if an investment is appropriate.

This presentation includes non-IFRS information including EBITDA, Underlying and pre AASB 16 Leases, which Ingham's considers useful for users of this presentation to reflect the underlying performance of the business. Definitions are included in the Appendix defining the non-IFRS information used. Non-IFRS measures have not been subject to audit. This presentation may contain certain "forward-looking statements" and comments about future events, including Ingham's expectations about the performance of its businesses. Such forward–looking statements may include forecast financial information about Ingham's, statements about industry and market trends, statements about future regulatory developments and the progress of current developments and statements about Ingham's strategies and the likely outcomes of those strategies. Forward-looking statements can be identified by the use of forward-looking terminology, including, without limitation, the terms "believes", "estimates", "anticipates" "expects", "predicts", "outlook", "guidance", "plans", "intends", "should", "could", "may", "will", "would" and other similar expressions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Such forward-looking statements are not guarantees of future performance and are provided as a general guide only, should not be relied on as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Ingham's. Actual results, performance or achievements could be significantly different from those expressed in or implied by any forward-looking statements. There can be no assurance that actual outcomes will not differ materially from forward-looking statements.

This presentation has not been audited in accordance with Australian Auditing Standards.

Nothing contained in this presentation is, or should be relied upon as, a promise, representation, warranty or guarantee as to the past, present or the future performance of Ingham's. Ingham's does not undertake any obligation to update or review any forward-looking statements or any other information contained in this presentation. This presentation does not constitute, or form part of, an offer to sell or the solicitation of an offer to subscribe for or buy any securities and nor is it intended to be used for the purpose of or in connection with offers or invitations to sell or subscribe for or buy or otherwise deal in securities.

No representation of warranty, expressed or implied, is made as to the fairness, accuracy, completeness or correctness of the information, opinions and conclusions contained in this presentation. To the maximum extent permitted by law, none of Ingham's and its related bodies corporate, or their respective directors, employees or agents, nor any other person accepts liability for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it, including without limitation, any liability from fault or negligence.

PRESENTATION OF FINANCIAL INFORMATION

FINANCIAL INFORMATION IS PROVIDED ON A POST AASB 16 BASIS UNLESS OTHERWISE STATED

On 5 November 2020 Ingham's announced that it will report its underlying results inclusive of the new leases standard AASB 16.

The underlying results in this document include the impact of AASB 16 unless otherwise stated.

To support understanding of the impact of AASB 16 Ingham's has also provided additional information for HY22 in the Appendix to this presentation (or as stated elsewhere in this document).

Group Performance Highlights

ANDREW REEVES
CEO & MANAGING DIRECTOR

GROUP HIGHLIGHTS

SOLID RESULTS WHILST MANAGING COVID-19 CHALLENGES

- Results reflect the effective management of extended lockdowns and operational disruptions caused by COVID-19
- Headline financial results in-line with/ahead of prior corresponding period outcomes
- Good progress on strategic initiatives throughout the period, however progress significantly disrupted toward the end of the half due to COVID-19
- Benefits of strong volume growth offset by shift in channel mix and the Wholesale channel experiencing excess supply
- Feed costs overall remain elevated
- Ongoing challenges associated with COVID-19 expected to significantly impact 2H outcomes
- Business is capable of recovering and adapting relatively quickly
- Balance sheet well positioned with leverage at 1.3x, a significant reduction on the prior corresponding period (PCP)

1H22 FINANCIAL SUMMARY

STRONG VOLUME GROWTH OFFSET BY CHANNEL MIX SHIFT DUE TO EXTENDED LOCKDOWNS

- Key financial metrics broadly in-line or above PCP despite challenging operating conditions
  - Extended COVID-19 lockdowns in New South Wales, Victoria and Auckland impacted customer demand, channel mix and revenue
  - Lockdowns and public health guidelines created labour supply challenges – increasing labour costs, impacting manufacturing capacity
- Statutory EBITDA of $220.4 million, up 2.2% versus PCP
- Statutory NPAT +8.8% versus PCP (including the reversal of a $2.2M tax provision upon resolution of a historical tax matter)
- Fully franked dividend of 6.5 cps represents a payout ratio of 60.9% of Underlying NPAT, reflecting the solid 1H but also having regard to the financial results in the first 7 weeks of the 2H FY22 and continuing uncertainty in the short-term market outlook due to COVID-19
- Net debt of $264.6 million, up on Jun-21 due to seasonal working capital cycle and $62.9M lower than Dec-20
- Leverage at 1.3x, a slight increase from 1.2x at Jun-21 and 0.4x lower than Dec-20

	1H 22	1H 21	Variance	%
Group Core Poultry Volume (kt)	237.1	224.6	12.5	5.6
Statutory EBITDA ($M)	220.4	215.6	4.8	2.2
Statutory NPAT ($M)	38.4	35.3	3.1	8.8
Underlying[1] EBITDA ($M)	222.4	218.6	3.8	1.7
Underlying[1] NPAT ($M)	39.7	37.5	2.2	5.9
Underlying EBITDA pre-AASB 16 ($M)	99.7	100.7	(1.0)	(1.0)
Underlying NPAT pre-AASB 16 ($M)	48.1	46.5	1.6	3.4
Dividend (fully franked) (cps)	6.5	7.5	(1.0)	(13.3)

	Dec-21	Jun-21	Dec-20	Var to Dec-20
Leverage (underlying pre AASB16)	1.3x	1.2x	1.7x	0.4x
Net Debt ($M)	264.6	240.2	327.5	62.9

1. Refer to Definitions on page 27 for certain Non-IFRS information referred to in this presentation

MANAGING COVID-19 CHALLENGES

EXTENSIVE OPERATIONAL AND MARKET DISRUPTION DUE TO PROLONGED LOCKDOWNS AND WORKFORCE IMPACTS

- The first half was characterised by market and operational disruption due to extended COVID-19 lockdowns and isolation requirements
- 1H result underpinned by Ingham's considered response to changing conditions that enabled it to maintain operations and continuity of supply
- Our people continue to show great resilience and are responding quickly and effectively to the challenges we continue to face
  - Focused intensely on keeping our people safe and supporting health and well being
- The rapid spread of the Omicron variant across eastern Australian states since late December 2021 has impacted the Company more severely than previous COVID-19 variants and has caused significant business disruption across the supply chain, business operations (including farming and processing), logistics and sales performance early in 2H
  - As a result of this disruption, Underlying (unaudited) EBITDA and NPAT for the first 7 weeks of 2H FY22 are approximately $35 million and $24 million respectively lower than PCP
  - Extensive staff shortages across all major locations, have severely limited Inghams' ability to process in the formats and volumes required to meet customer demand in Retail and QSR. Early signs of Omicron are being seen in NZ operations
  - Volume and mix changes for the Australian business caused by temporary suspension of a number of Ingham's products, resulting in lost sales
  - Excess supply directed to Wholesale has resulted in significant oversupply in this channel, with pricing impacted accordingly, while wastage rates have also increased
  - Costs are elevated across the business driven by increases in labour, supply chain and transport costs
    - Higher labour costs through overtime/weekend loadings, COVID-19 incentive payment and sick leave costs
  - Modifications by government during Jan-22 to isolation rules for workers alleviated some workforce pressures, however staff shortages have persisted and are continuing through the third quarter of FY22
- It is not possible to estimate how long the Omicron impact will affect the business, however the Company has seen an improving trend in recent weeks. We are optimistic that the Company is capable of recovering and adapting quickly

OBSERVATIONS ACROSS OUR CHANNELS

CORE POULTRY VOLUMES INCREASED 5.6% AND AVERAGE SELLING PRICE DECLINED 2.7%

RETAIL

- 1H sales in Australia saw stronger growth in Q1, driven by elevated demand as a result of COVID-19 restrictions in NSW and VIC, with softer Q2 conditions as restrictions were eased. 1H volumes similar to prior period
- Tray pack growth remained strong offsetting softer BBQ chicken volume as a result of reduced foot traffic in the stores and growth in online sales driven by COVID-19 restrictions
- NZ experienced elevated Retail demand with different restriction levels across Q1 and Q2

QSR

- Volume levels similar to prior period as COVID-19 restrictions impacted demand across all customers with lower uplift from promotions and limited in-store dining options, particularly in Q1
- Demand improved in Q2, supported by the launch of new products
- NZ experienced softer demand due to a period at Alert Level 4 restrictions when restaurants were closed completely, followed by a period where they were able to operate as 'take away' only

FOOD SERVICE

- Marginal Australian volume growth driven by the increased takeaway offer and strong growth in regional centres and in Q2 with the return of domestic travel
- NZ growth in 1H driven by increased demand for home delivery kits

WHOLESALE

- Significant gains have been made in establishing new business relationships, supporting premium further processors and cementing partnerships to support future growth
- Wholesale sector experienced excess market supply in 1H22 across the market
- Influx of excess supply directed into the channel by producers resulting in significantly lower prices

EXPORT

- Australian volume grew strongly in 1H, cycling prior corresponding period's Export restrictions that had been imposed due to the Avian Influenza outbreak
- NZ recorded a decline in volume cycling prior year's surplus inventory reduction

Financial Results

GARY MALLETT

CHIEF FINANCIAL OFFICER

PROFIT & LOSS

SOLID 1H RESULTS WITH STRONG VOLUME GROWTH OFFSET BY REVENUE MIX AND LOWER NET SELLING PRICE

- **Volume**: Growth in core poultry volume of +5.6%
  - Australian volume growth +6.5% driven by Wholesale and Export with to the re-opening of export markets
  - New Zealand volume in line with PCP, with lower demand in Out-of-Home channels due to COVID-19 lockdowns, offset by higher Wholesale demand
- **Revenue**: Price growth in Australia was subdued as uncertain market conditions significantly impacted customer demand by channel resulting in an unfavourable revenue mix and net selling prices
- **Gross Profit %**: -0.3pp to 25.9% due to subdued pricing and channel mix with higher volumes
- Operational efficiency programs continue however there has been some disruption due to COVID-19
- **SGA**: Improved due to lower insurance costs
- **Significant items:** $0.9M decrease (see appendix)
- **Tax**: Effective tax rate of 24.9% is down 4.4pp due to the reversal of a $2.2M tax provision upon resolution of a historical tax matter

$M	1H 22	1H 21	Variance	%
Core Poultry volumes (kt)	*237.1*	*224.6*	*12.5*	5.6
Total Poultry volumes (kt)	*289.0*	*279.4*	*9.6*	3.4
External Feed volumes (kt)	*161.6*	*189.4*	*(27.8)*	*(14.7)*
Revenue	1,388.1	1,363.0	25.1	1.8
Gross Profit	359.7	356.8	2.9	0.8
Gross Profit % Revenue	*25.9*	*26.2*	*(0.3)*	*(1.1)*
EBITDA	**220.4**	**215.6**	**4.8**	**2.2**
EBITDA % Revenue	*15.9*	*15.8*	*0.1*	*0.6*
Depreciation & Amortisation	(136.1)	(132.4)	(3.7)	2.8
EBIT	**84.3**	**83.2**	**1.1**	**1.3**
Net finance expense	(33.2)	(33.3)	(0.1)	(0.3)
Tax expense	(12.7)	(14.6)	(1.9)	(13.0)
NPAT	**38.4**	**35.3**	**3.1**	**8.8**
Underlying EBITDA	**222.4**	218.6	3.8	1.7
Underlying NPAT	**39.7**	37.5	2.2	5.9
Underlying (pre AASB 16) EBITDA	**99.7**	100.7	(1.0)	(1.0)
Underlying (pre AASB 16) NPAT	**48.1**	46.5	1.6	3.4

BALANCE SHEET

BALANCE SHEET WELL POSITIONED TO MANAGE COVID-19 DISRUPTION

- **Inventories**: Increased $45.8M due to an increase in the value of feed materials on hand with higher volumes of grain procured directly from growers
- **Receivables**: Consistent with seasonal trend and PCP
- **Payables**: Trade payables increased on the prior period due to an increase in the inventory procurement trade payable facility following the purchase of additional feed direct from growers, offsets inventory increase noted above
- **Provisions**: Increased due to higher employee entitlements
- **Right-of-use Assets**: Decreased $27.5M due to amortisation offset by additions, CPI increases and lease extensions
- **Lease Liabilities**: Decreased $12.0M due to lease payments offset by additions, CPI increases and lease extensions
- **Net Debt**: Increased by $24.4M due to higher taxes paid in 1H FY22 and seasonal working capital

$M	Dec-21	Jun-21	Variance
Inventories/Biologicals[1]	374.3	328.5	45.8
Receivables[1]	268.8	224.7	44.1
Payables	(450.9)	(400.6)	(50.3)
Working Capital	**192.2**	**152.6**	**39.6**
Provisions	(134.4)	(131.7)	(2.7)
Working Capital & Provisions	**57.8**	**20.9**	**36.9**
PP&E	455.3	457.9	(2.6)
Right-of-use Assets	1,347.4	1,374.9	(27.5)
Other Assets	3.3	5.8	(2.5)
Lease Liabilities	(1,420.3)	(1,432.3)	12.0
Other Liabilities	(0.2)	(3.3)	3.1
Capital employed	**443.3**	**423.9**	**19.4**
Net Debt	(264.6)	(240.2)	(24.4)
Net Tax balances	(3.4)	(20.1)	16.7
Net Assets	**175.3**	**163.6**	**11.7**

1. Provisions within Inventories and Trade Receivables have been reclassed to 'Provisions'

CASHFLOW

CONSISTENT CASH GENERATION AND CAPITAL MANAGEMENT INITIATIVES

- **Cash conversion ratio** of 83.5%, reflective of 1H seasonal working capital cycle
- **Capital Investment**: $24.0M YTD spend includes $4.7M spend on hatcheries, $8.4M on Northern NSW Breeder Triangle and $3.7M Auckland Further Processing fully cooked line. COVID-19 lockdowns, border closures and international supply chain issues continued to cause disruptions and delays to projects
- **Proceeds from Sale of Assets**: $3.5M was received on the settlement of the property at Bungonia NSW and $0.3M from land in SA
- **Dividends Paid**: FY21 final dividend 9.0 cps
- **Tax paid**: Tax paid higher due to the FY21 installments being based off a lower base, earnings resulting in a terminal tax payment of $16.0M

$M	1H 22	1H 21	Variance
Statutory EBITDA	**220.4**	**215.6**	**4.8**
Non-cash items	3.1	0.8	2.3
EBITDA excluding non-cash items	**223.5**	**216.4**	**7.1**
Changes in operating working capital	(39.6)	(37.5)	(2.1)
Changes in operating provisions	2.7	3.0	(0.3)
Cash flow from operations	**186.6**	**181.9**	**4.7**
Capital expenditure	(24.0)	(31.5)	7.5
Proceeds from sale of assets	3.8	1.1	2.7
Other payments / receipts	0.2	0.2	0.0
Net cashflow before financing & tax	**166.6**	**151.7**	**14.9**
Dividends paid	(33.5)	(24.9)	(8.6)
Shares purchased / sale share	(0.5)	(0.5)	0.0
Interest paid / received	(7.3)	(7.0)	(0.3)
Interest & principal – AASB 16 Leases	(119.0)	(123.0)	4.0
Net cashflow before tax	**6.3**	**(3.7)**	**10.0**
Tax paid	(31.0)	(10.0)	(21.0)
Amortisation borrowings / forex	0.3	0.9	(0.6)
Net (increase) / decrease net debt	**(24.4)**	**(12.8)**	**(11.6)**
Cash Conversion Ratio	***83.5%***	***84.1%***	-0.6pp

CAPITAL MANAGEMENT OUTCOMES

CAPEX PROJECT DELAYS DUE TO COVID-19 IMPACTS; STRONG BALANCE SHEET POSITION

Cashflow from operations | Cashflow from strategic activities | Cashflow from interest and tax

Strong cash generation

Cashflow from operations of $186.6M, an increase of 2.6% on 1HFY21. Cash conversion ratio of 83.5% in line with prior year and reflective of 1H seasonal working capital cycle

Sustaining capital[1]
Annual spend range of approximately 75-90% of depreciation pre AASB 16

Expenditure spend of $7.2M (26.4% of depreciation), was below the target range due to ongoing COVID-19 lockdowns and delays in equipment being shipped

Maintaining a strong balance sheet
Target leverage[2] (underlying pre AASB 16) of 1.0x to 2.0x

Leverage 1.3 times

Reliable dividends to shareholders
Dividend payout ratio 60-80% of Underlying NPAT

Dividend of 6.5 cps, reflecting a payout ratio of 60.9% of Underlying NPAT

Investing in growth opportunities & major projects
Where aligned with strategy and expected to deliver returns in excess of specified hurdles

Growth and major project capex of $16.8M:
- $4.7M spent on final payments for new HatchTech hatcheries in VIC and WA
- $8.4M on Northern NSW breeder triangle
- $3.7M Auckland Further Processing fully cooked line

Additional returns to shareholders
Capital returns / special dividends / share buybacks

Maximise shareholder value
Over time the objective is to deliver a return on invested capital in excess of WACC

1. Sustaining capital includes maintenance, replacement, regulatory and stay-in-business capital
2. Leverage = Net Debt / LTM Underlying EBITDA pre AASB 16, Net Debt comprises of borrowing facilities less cash and cash equivalents

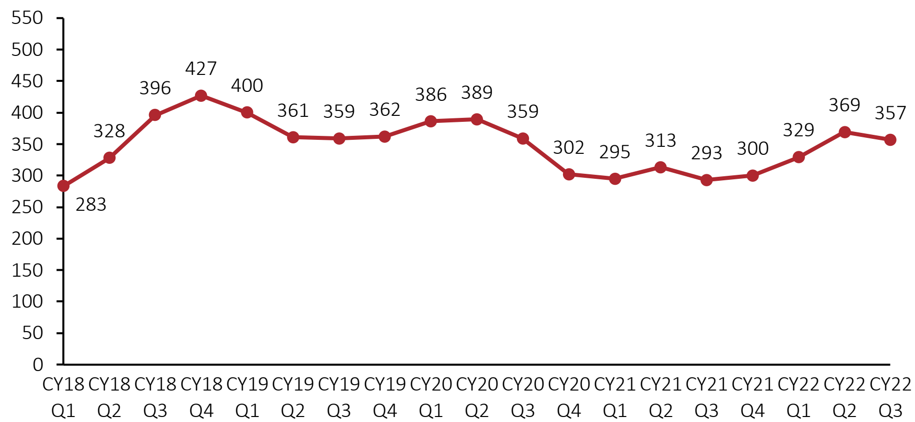
EXTERNAL FEED MARKET OBSERVATIONS

FEED COSTS HAVE INCREASED DUE TO VOLATILITY IN INTERNATIONAL MARKETS

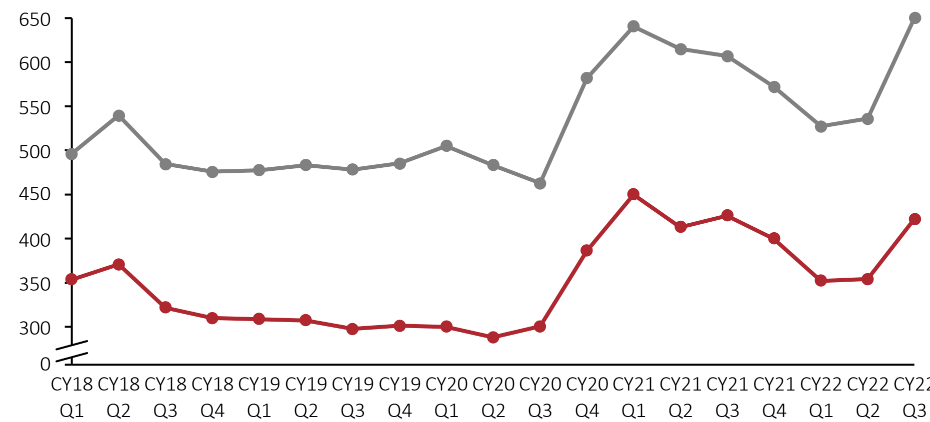
- Delivered feed cost contains cereal grains, protein meals, vitamins and minerals. Feed cost also includes transport and milling cost
- Grain imported into New Zealand operations is purchased from the international market

Spot wheat price[1] (as observed by Ingham's)

$A per metric tonne



Spot CME[2] Soymeal futures



- Wheat and Soy markets continue to be very volatile due to international market demand and pricing
  - Soy futures continue to rally on the back of weather conditions and higher shipping costs
- Wheat prices increased above Ingham's expectations due to northern hemisphere drought, an uplift in global demand and higher transport costs
- A strong Australian harvest in 4Q CY21 with yields exceeding expectations
  - Crop estimate currently over 35MT
  - Significant rainfall in Australia in late 2021 resulted in downgrades to wheat quality, leading to a shortage of high quality wheat

1. Spot prices shown above are for illustrative purposes only. Ingham's actual consumption prices will differ due to the purchase of delivered grain/soymeal as well as level of forward cover of between 3 – 9 months.
2. Chicago Mercantile Exchange

Segment Performance

ANDREW REEVES

CEO & MANAGING DIRECTOR

AUSTRALIA

BENEFITS OF STRONG VOLUME GROWTH OFFSET BY IMPACT OF UNCERTAIN Q2 MARKET CONDITIONS

- **Revenue:** Core poultry revenue growth of +2.2% due to weak pricing principally across the Wholesale channel, reflecting excess supply, while feed revenue declined -2.0% as customers transition supply away in preparation for closure of WA Feedmill
- **Core Poultry:** Volume growth of +6.5% (weighted to the Wholesale channel) delivered against a backdrop of COVID-19 lockdowns and challenging market conditions. Softer than expected demand in Q2 as lockdowns eased, contributing to softer prices
  - **Retail:** Volume growth flat as consumer demand for tray pack offset lower demand in ready-to-eat BBQ birds as COVID-19 reduced in-store traffic
  - **QSR / Food Service:** Demand in Out-of-Home channels impacted by lockdowns and store closures, flat on PCP
  - **Wholesale / Export:** Core poultry volume growth delivered from greater coverage of the Wholesale channel and the re-opening of Export markets. Price subdued with weak Q2 demand as restrictions eased resulted in an oversupplied Wholesale market
- **By Products & External Feed:** By products performance improved from strong domestic demand while external feed volume declined
- **Underlying Gross Profit pre AASB 16:** Good progress in realising operational efficiencies resulting in modest cost growth of +2.5%, offsetting lower average selling price

$M	1H 22	1H 21	Variance	%
Core Poultry volumes (kt)	**203.4**	**190.9**	**12.5**	**6.5**
Total Poultry volumes (kt)	254.9	239.3	15.6	6.5
Feed volumes (kt)	123.3	126.0	(2.7)	(2.1)
Revenue	1,182.6	1,160.0	22.6	1.9
Statutory EBITDA	**183.1**	**182.8**	**0.3**	**0.2**
EBITDA (% Rev)	15.5	15.8	(0.3)	(1.8)
Underlying EBITDA	**185.1**	**185.6**	**(0.5)**	**(0.3)**
Underlying EBITDA (% Rev)	15.7	16.0	(0.3)	(2.2)
Underlying – pre AASB 16				
Underlying EBITDA	**80.6**	**84.9**	**(4.3)**	**(5.1)**
Underlying EBITDA (% Rev)	6.8	7.3	(0.5)	(6.9)
Underlying Gross Profit	**203.2**	**204.2**	**(1.0)**	**(0.5)**
Underlying Gross Profit (% Rev)	17.2	17.6	(0.4)	(2.4)

NEW ZEALAND

MIX, PRICE INCREASES AND OPERATIONAL IMPROVEMENTS OFFSET IMPACT OF LOCKDOWNS ON VOLUME GROWTH

- Core poultry volumes were flat on the prior period (pcp) reflecting the fact that NZ went back into lockdowns, including a period at Alert Level 4 (AL4)
- Core poultry revenue up 3.6%, with price increases applied across all channels to help offset increasing feed costs and inflationary pressures related to supply chain disruption
  - Underlying EBITDA pre AASB 16 up by $3.3M, with the Intercompany royalty charge reduced by $3.2M versus PCP, with a neutral outcome for the Group
- External feed volume and revenue reduction reflect the sale of the Hamilton feed mill in March 2021
- Successful launch of Waitoa Net Carbon-Zero offering with increased ranging, demand and margins as a result of this leadership position
- **Retail**: growth in this channel due to Alert Level 4 (AL4) restrictions
- **QSR**: lower demand on PCP due to the period at AL4, with national closure for 2 weeks and Auckland closures for 4 weeks
- **Food Service & Wholesale**: growth driven by new business and increasing demand for meal kits

$M	1H 22	1H 21	Variance	%
Core Poultry volumes (kt)	**33.7**	**33.7**	**0.0**	**0.0**
Total Poultry volumes (kt)	41.0	40.1	0.9	2.2
Feed volumes (kt)	45.6	63.4	(17.8)	(28.1)
Revenue	205.5	203.0	2.5	1.2
Statutory EBITDA	**37.3**	**32.8**	**4.5**	**13.7**
EBITDA (% Rev)	*18.2*	*16.2*	*2.0*	*12.3*
Underlying EBITDA	**37.3**	**33.0**	**4.3**	**13.0**
Underlying EBITDA (% Rev)	*18.2*	*16.3*	*1.9*	*11.7*
Underlying – pre AASB 16				
Underlying EBITDA	**19.1**	**15.8**	**3.3**	**20.9**
Underlying EBITDA (% Rev)	*9.3*	*7.8*	*1.5*	*19.4*
Underlying Gross Profit	**45.8**	**47.3**	**(1.5)**	**(3.2)**
Underlying Gross Profit (% Rev)	*22.3*	*23.3*	*(1.0)*	*(4.3)*

ESG

ANDREW REEVES
CEO & MANAGING DIRECTOR

LEADERSHIP IN ESG

NEW ZEALAND'S ONLY INDEPENDENTLY CERTIFIED PRODUCER OF NET CARBON-ZERO CHICKEN

PREPARING FOR THE RECOVERY

PRODUCTION CAN RECOVER QUICKLY AS OPERATING ENVIRONMENT IMPROVES

- As operating conditions improve, in particular staffing and transport, the business is capable of recovering and adapting relatively quickly to meet customer and consumer demand, and with it, profitability
  - While customer demand has been affected, underlying demand is expected to recover quickly across key channels
  - It will take some time for the supply chain to return to normal operating levels
  - Wholesale over-supply is expected to persist in the near term as demand and supply dynamics balance
- Inghams remains intensely focused on keeping our people safe
  - Engaging with our workforce to effectively to promote confidence when returning to work and support health and well-being to drive increased attendance levels
- Some pandemic-related adjustments to operational practices will be retained for an extended period to ensure a safe work environment
- Adjustment to agricultural operations to bring farming stocks back into balance may take longer if current conditions persist
- Expect to bring inventory to the desired levels and mix systematically over the coming months

SUMMARY

TIMING OF RECOVERY UNCERTAIN AS EFFECTS FROM PANDEMIC-RELATED DISRUPTION CONTINUE

- Financial results in the first half were solid and reflected the effective management of prolonged COVID-19 lockdowns and restrictions in Australia and New Zealand
- More significant impact expected in 2H due to the severity of the disruption experienced through the Omicron wave with significant pandemic-driven disruption experienced across all channels in this period
- Easing of over-supply in Wholesale contingent upon normalisation and recovery in production capabilities to enable the efficient production of our full range of products
- New Zealand operated under elevated restrictions for most of 1H22, with Red Traffic Light conditions introduced early in January 2022 following recent detection of Omicron cases
- Feed cost pricing remaining firm. Combined with recent increases in soymeal pricing, we expect to see some increase in feed costs as we progress through the second half. We continue to hold between 3-9 months forward cover
- Business can recover quickly, with a recovery reliant on improved conditions across the broader supply chain
  - Difficult to predict when current conditions will ease and a recovery will commence
  - Engaging with our workforce to promote confidence when returning to work and support a recovery in production capability and capacity
  - Additional time may be required to rebalance farm production depending on duration of current disruption

Appendix

AASB 16 LEASE IMPACT

Balance Sheet:

- Land and Buildings: Ingham's has a large leased property portfolio. Average term remaining on the portfolio is 12.7 years
- Contract Growers: 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 3.1 years.

Profit & Loss:

- AASB 16 leases impact to EBITDA is $122.7M of rental expense "add backs" split between cost of sales $110.7M, distribution $9.8M and sales & admin $2.2M
- AASB 16 1H EBITDA increased $4.8M due to $4.3M in grower lease expansions & 1-year extensions, CPI rental increases $1.4M offset by a reduction in leased equipment ($0.9M)
- AASB 16 1H NPAT improved $0.6M due to $1.1M in grower lease expansions & 1-year extensions on lower interest rates offset by CPI rental increases ($0.5M)

Balance Sheet $M	1H 22	AU	NZ	1H 21
Land & Buildings	849.4	737.9	111.5	803.1
Growers	494.7	414.2	80.5	556.5
Equipment	3.3	2.0	1.3	9.2
Right-of-use Assets	**1,347.4**	**1,154.1**	**193.3**	**1,368.8**
Lease Liability	**(1,420.3)**	**(1,222.4)**	**(209.9)**	**(1,419.3)**
Capital Employed	**(72.9)**	**(68.3)**	**(16.6)**	**(50.5)**
Tax	20.8	22.0	(1.2)	13.8
Net assets	**(52.1)**	**(46.3)**	**(17.8)**	**(36.7)**

P&L Impact $M	1H 22	AU	NZ	1H 21
EBITDA	**122.7**	**104.5**	**18.2**	**117.9**
Depreciation	(108.8)	(93.0)	(15.8)	(104.7)
EBIT	**13.9**	**11.5**	**2.4**	**13.2**
Net finance expense	(25.7)	(22.4)	(3.3)	(26.0)
Tax expense	3.4	3.2	0.2	3.8
NPAT	**(8.4)**	**(7.7)**	**(0.7)**	**(9.0)**

Ave. Term (years)	1H 22	AU	NZ	1H 21
Land & Buildings	12.7	12.4	14.3	12.5
Growers	3.1	3.0	3.0	3.6
Equipment	0.8	0.5	1.2	1.0

PROFIT & LOSS RECONCILIATION

Profit & Loss $M	1H 22 Statutory	Excluded from underlying	1H 22 Underlying	AASB 16 Leases	1H 22 Underlying (Pre AASB 16) (Reported)	1H 21 Underlying (Pre AASB 16) (Reported)
Core Poultry volume (kt)	*237.1*		*237.1*		*237.1*	*224.6*
By-Products volume (kt)	*51.9*		*51.9*		*51.9*	*54.8*
Total Poultry volume (kt)	*289.0*		*289.0*		*289.0*	*279.4*
Feed Volume (kt)	*161.6*		*161.6*		*161.6*	*189.4*
Core Poultry Revenue	1,264.8		1,264.8		1,264.8	1,231.2
By-Products Revenue	26.0		26.0		26.0	25.0
Total Poultry Revenue	1,290.8		1,290.8		1,290.8	1,256.2
Feed Revenue	97.3		97.3		97.3	106.8
Revenue	**1,388.1**		**1,388.1**		**1,388.1**	**1,363.0**
Cost of sales	(1,028.4)		(1,028.4)	(110.7)	(1,139.1)	(1,111.5)
Gross profit	**359.7**		**359.7**	**(110.7)**	**249.0**	**251.5**
Gross profit %	*25.9%*		*25.9%*		*17.9%*	*18.5%*
Distribution expense	(75.4)		(75.4)	(9.8)	(85.2)	(83.0)
Sales & admin	(64.2)	**2.0**	(62.2)	(2.2)	(64.4)	(68.0)
JV	0.3		0.3		0.3	0.2
EBITDA	**220.4**	**2.0**	**222.4**	**(122.7)**	**99.7**	**100.7**
EBITDA %	*15.9%*		*15.9%*		*7.2%*	*7.4%*
Depreciation	(136.1)		(136.1)	108.8	(27.3)	(27.7)
Interest	(33.2)		(33.2)	25.7	(7.5)	(7.3)
PBT	**51.1**	**2.0**	**53.1**	**11.8**	**64.9**	**65.7**
Tax	(12.7)	(0.7)	(13.4)	(3.4)	(16.8)	(19.2)
NPAT	**38.4**	**1.3**	**39.7**	**8.4**	**48.1**	**46.5**

EBITDA & NPAT RECONCILIATION

Significant Items excluded from underlying results:

- (Profit)/Loss on sale of assets: relates to loss on sale of Bungonia property in NSW and residential land in SA
- Business Transformation Project: 1H FY22 costs incurred in consultation and design of future state ERP system and processes
- Restructuring: in the prior year relate to redundancy payments arising from structural changes 1H FY21

$M	1H 22	1H 21	Var	%
Statutory EBITDA	**220.4**	**215.6**	**4.8**	2.2
(Profit) / Loss on sale of assets	0.1		0.1	-
Restructuring		3.0	(3.0)	(100.0)
Business Transformation Project	1.9		1.9	-
Excluded from Underlying	**2.0**	**3.0**	**(1.0)**	**(33.3)**
Underlying EBITDA	**222.4**	**218.6**	**3.8**	**1.7**
AASB 16 adjustments	(122.7)	(117.9)	(4.8)	4.1
Underlying EBITDA pre AASB 16	**99.7**	**100.7**	**(1.0)**	**(1.0)**

$M	1H 22	1H 21	Var	%
Statutory NPAT	**38.4**	**35.3**	**3.1**	8.8
(Profit) / Loss on sale of assets	0.1		0.1	-
Restructuring	0.0	*2.2*	(2.2)	(100.0)
Business Transformation Project	1.2	*0.0*	1.2	-
Excluded from Underlying	**1.3**	**2.2**	**(0.9)**	**(40.9)**
Underlying NPAT	**39.7**	**37.5**	**2.2**	**5.9**
AASB 16 adjustments	8.4	9.0	(0.6)	(6.7)
Underlying NPAT pre AASB 16	**48.1**	**46.5**	**1.6**	**3.4**

SEGMENT RECONCILIATION

$M	Group 1H 22	Group 1H 21	Var	Australia 1H 22	Australia 1H 21	Var	NZ 1H 22	NZ 1H 21	Var
Statutory EBITDA	**220.4**	**215.6**	**4.8**	**183.1**	**182.8**	**0.3**	**37.3**	**32.8**	**4.5**
(Profit) / Loss on sale of assets	0.1	0.0	0.1	0.1	0.0	0.1	0.0	0.0	0.0
Impairment of assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Business Transformation/Restructuring	1.9	3.0	(1.1)	1.9	2.8	(0.9)	0.0	0.2	(0.2)
Underlying EBITDA	**222.4**	**218.6**	**3.8**	**185.1**	**185.6**	**(0.5)**	**37.3**	**33.0**	**4.3**
AASB 16 adjustments	(122.7)	(117.9)	(4.8)	(104.5)	(100.7)	(3.8)	(18.2)	(17.2)	(1.0)
Underlying EBITDA pre AASB 16	**99.7**	**100.7**	**(1.0)**	**80.6**	**84.9**	**(4.3)**	**19.1**	**15.8**	**3.3**

DEFINITIONS

CERTAIN NON-IFRS INFORMATION IS REFERRED TO IN THIS PRESENTATION AND ARE DEFINED BELOW

- EBITDA: Earnings before Interest, Tax, Depreciation and Amortisation
- EBIT: Earnings before Interest and Tax
- Gross Profit: Revenue less cost of sales
- Underlying Gross Profit pre AASB 16: Underlying Gross Profit excluding AASB 16 leasing impacts
- Underlying EBITDA: Underlying EBITDA excluding any profit or loss on sale of assets, restructuring expenses, impairments and trading results for business sold as a going concern, inclusive of AASB 16 Leases
- Underlying EBITDA pre AASB 16: Underlying EBITDA excluding AASB 16 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, inclusive of AASB 16 Leases
- Underlying NPAT pre AASB 16: Underlying NPAT excluding AASB 16 leasing impacts after being tax effected
- Earnings Per Share (EPS): NPAT divided by the weighted average shares outstanding during the period
- Net Debt: Debt less cash and cash equivalents
- LTM: Last twelve months
- PCP: Prior corresponding period
- Total Poultry: includes core chicken and turkey products and by products
- Core Poultry: refers to chicken and turkey products for human consumption, excluding by-products
- Cash Conversion ratio: Cash Flow from Operations divided by EBITDA excluding non-cash items
- Working Capital (Operating): Working capital adjusted for non-operating items including but not limited to interest accruals and proceeds from sale of assets
- ROIC: Return on Invested Capital
- WACC: Weighted Average Cost Of Capital