RYDER CAPITAL LIMITED

19 October 2022

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

2022 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

2022 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 here today to our seventh 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.

FY22 marked our seventh year since being established in September 2015 and our most challenging year for investors and shareholders alike. While not alone, Ryder's performance was below expectations in what was and remains an extremely difficult investing environment.

Whilst FY22 will be recorded as a materially negative year for Ryder, much of the underperformance was on a mark to market basis. Our Portfolio Companies by and large have strong investment fundamentals including high quality management, steady cash flows and robust balance sheets which when combined with low valuations will support a recovery in share values over time. However, we must acknowledge there were some tactical errors made in holding too little cash and too high an exposure to a few growth companies, together with several stock selection errors where we underestimated downside risk. Despite these errors and underperformance in FY22, I expect most of our Portfolio companies will regain all, and in time more value than what has been lost. Together with new opportunities we are finding amongst the wreckage, Ryder is well positioned.

I am pleased to report that despite the recent volatility and negative investment returns, Ryder's since inception undiluted pre-tax return (after all fees and expenses) to 30 September 2022 of 10.81% p.a. continues to outperform both the ASX Small Ordinaries Accumulation return of 7.21% p.a. and All Ordinaries Accumulation return of 8.03% over the equivalent period. Long term returns are fundamental when measuring the success or otherwise of a patient, long only strategy such as Ryders'. FY22 has seen a narrowing of our longer-term outperformance so it goes without saying that short term returns do count in the long term. To this end, we are entirely focussed on improving our performance in what is expected to remain a volatile and uncertain investment environment.

Despite seeing instances of deep value beginning to emerge, we remain cautious as the emergence of inflation and its pervasive impact on lifting long term interest rates should not be underestimated. Democracy has returned to capital markets with investors no longer forced into owning ever more expensive equities, property and bonds. The search for growth and value is now totally conditional on observable and reliable cash flow and profitability – an environment that suits our fundamental value bias approach to investing. Loss-making technology shares have borne the brunt of this recalibration, with many declines likely to be long lasting or permanent. Small caps have also suffered as investors reprice risk and seek the perceived safety of liquidity and stable earnings in larger capitalised stocks as the economic outlook deteriorates. This is no easy investing environment, but one that we anticipate will in time prove to be rewarding for those that are able to stay the course and effectively sort the wheat from the chaff.

Financial Performance

During FY22 several long-term Portfolio investments were sold on valuation grounds realising net gains of $1.15m before the payment of $3.05m in dividends which is reflected in the Company's capital profits reserve decreasing 6% or $1.90m to $28.87m. The Company's profit reserve rose from $105,462 to $1.15m, net of a further $2.56m in dividend payments. When the profit reserve is added to the Company's capital reserve it takes total distributable profits to $30.02m equivalent to $0.353 per share on the Company's expanded capital base. This increase in total distributable profits is net of $5.61m in dividends paid during the period and excludes ($4.98m) of net unrealised losses in the Portfolio at 30 June 2022. Dividends paid during the year totalled $0.07 per share fully franked, steady on FY21 despite a 25.8% increase in the Company's issued capital to 85.05m shares. With $0.353 cents per share of available distributable profits at 30 June 2022 the Company is in a strong position to continue to pay steady to increasing fully franked dividends over time.

Over the course of FY22, the Company bought back 217,634 shares for an outlay of $269,492 for an average cost of $1.2383 per share. The Company will continue to buy back shares where it is accretive, balanced against the benefits of holding cash for generating growth in the Company's Net Tangible Assets (NTA). NTA per share decreased from 193.56 cents per share to 135.98 cents per share during the reporting period. Noting this decrease was after the payment of 7.0 cents per share in fully franked dividends, option dilution equivalent to 4.3 cents per share and the payment of realised tax equivalent to 4.1 cents per share.

Investment Performance

At 30 September 2022 Ryder completed its seventh anniversary as a listed investment company and continues to 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:

Ryder Capital Limited	1 Year (%)	3 Years (% per annum)	5 Years (% per annum)	Since Inception[3] (%)	Since Inception[3] (% per annum)
Gross Portfolio Performance	**-15.95**	**6.42**	**12.97**	**166.63**	**14.98**
Pre-tax Undiluted NTA Return[1]	**-17.27**	**3.13**	**8.82**	**105.67**	**10.81**
Pre-tax NTA Return[2]	**-20.05**	**-1.98**	**3.83**	**62.60**	**7.16**
Hurdle (RBA Cash Rate + 4.25%)	**4.84**	**4.65**	**5.06**	**43.80**	**5.30**
Excess Return Pre-tax Undiluted NTA Return[1] - (RBA Cash Rate + 4.25%)	**-22.11**	**-1.52**	**3.77**	**61.87**	**5.50**
Small Ords Accumulation Index	**-22.56**	**-0.80**	**4.07**	**63.11**	**7.21**
All Ords Accumulation Index	**-8.57**	**3.12**	**7.11**	**72.02**	**8.03**

1. Adjusted for the dilution of the exercised 26.7m RYDO options and 26.5m 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

Despite an uncertain investment outlook, Ryders' large realised capital profits reserve enabled the Board to declare a $0.04 fully franked final dividend bringing the FY22 full year dividend to $0.07 per share fully franked, steady on FY21 notwithstanding weaker unrealised profit performance and an enlarged capital base post the exercise of the Ryder Secondary Options.

Share Price and NTA Discount

The Company's share price decreased from $1.770 to $1.295 during the year. When taking into account $0.07 per share in fully franked dividends paid during the year, the FY22 share price return was (22.88%) compared to the undiluted pre-tax NTA return of (21.47%) reflecting a slight widening of the discount to fully diluted NTA from approximately 4.04% to 4.77% - noting this analysis excludes the tax benefits of franking credits received.

Outlook

We see the current market volatility and decline in asset prices continuing for so long as central bank terminal interest rates trend higher. We are mindful that company earnings face strengthening headwinds due to the impact of higher rates, tight labour markets, cost and input inflation, margin pressure and ultimately demand destruction as economic growth slows. Our economy faces an increasing risk of recession, or at least the material slow down “we had to have”.

Whilst opportunities are beginning to present more frequently, we continue to maintain increased risk thresholds for new investments. With a permanent capital base, cash and liquidity in our core Portfolio and a consistent bottom-up approach to investing we are confident in capitalising on opportunities as they present and delivering strong absolute returns for shareholders over the medium to longer term.

Our 30 June 2022 distributable profits reserve of 35.3 cents per share positions the Company well to pay steady to increasing fully franked dividends to shareholders over time.

At 30 September 2022 our cash and market hedge position sit at ~$12.9m or approximately 11.1% of the Portfolio providing the Company with a solid foundation as we progress through this period of heightened market volatility and uncertainty.

Peter Constable
Chairman
19 October 2022