

FY2016 Results



Ruralco

WE'RE HERE FOR AUSTRALIAN FARMERS™



Agenda

- ▶ FY2016 Highlights
- ▶ Strategy Update
- ▶ Financial Overview
- ▶ Balance Sheet, Cash flow, Funding
- ▶ Review by Activity
- ▶ Outlook
- ▶ Definitions/Glossary

FY2016 Highlights



FY2016 Results Highlights

Full year result within guidance range; disciplined balance sheet management provides support for strategy execution

- ▶ Revenue up 10% to \$1.8bn (FY15: \$1.6bn)
- ▶ Strong performance in core traditional business with Rural Supplies gross profit up 16% to \$118m (FY15: \$102m) including 8% organic growth, and 3% growth in Agency gross profit to \$105m (FY15: \$102m)
- ▶ Comprehensive restructuring initiatives undertaken in the second half. These changes, alongside a focus on cost efficiencies and other portfolio management activities, are expected to deliver a platform that is primed for growth
- ▶ Underlying EBITDA of \$42.3m and the impact of recent restructuring activities (\$14m) are both within guidance range provided on 15 August 2016
- ▶ Working capital reduced by 24% to \$90.5m, despite portfolio growth, and improved working capital efficiency with average working capital as % of sales reduced to 7.9% (FY15: 8.8%)
- ▶ Final fully franked dividend of 2 cents per share for a total of 10 cents for the year (FY15: 16 cents). Dividend Reinvestment Plan (DRP) to operate with a 2.5% discount

Executing on strategy

- ▶ Execution of Investment strategy with disciplined, accretive acquisitions in Rural Supplies and Water in target markets with 19 new points of presence
- ▶ Successful launch of private label product portfolio and pursuit of targeted innovation partnerships delivering on Integration and Innovation strategies
- ▶ Step change insurance partnership with Ausure Consolidated Brokers (a Steadfast Group Limited company) announced to expand scale of insurance points of representation, improve pricing and products for the benefit of our customers and provide access to future growth opportunities
- ▶ Launch of Program Elevate, an IT enhancement program that will enable Ruralco's growth and innovation aspirations

Update on Restructuring Activities

Live Export

- ▶ Closure of southern business with restructuring costs of \$3.9m excluded from underlying FY16 earnings
- ▶ All live export operations now aligned under one, profitable northern business focused on a 'premium partner of choice' business model and quality sourcing arrangements that continues to strategically support the agency network

Water

- ▶ Restructure of water retail business undertaken with restructuring costs of \$4.5m excluded from underlying FY16 earnings
- ▶ Review included: closure of four long term underperforming branches; headcount reductions in middle management and from further centralisation of back office functions; review of product lines stocked; and site consolidations
- ▶ Focus is on tighter working capital management (including increased use of consignment stock with support of key suppliers) and building relationships to leverage the retail network to generate leads and further build water services capability

Progress to date on wider Group cost review

- ▶ Achievements in FY16 include :
 - Divestment of non-core farm machinery business and other underperforming branches
 - Bringing of warehouse management in-house and pending consolidation of Victorian warehouse footprint
 - Right sizing and increasing the flexibility of the Group's workforce to reflect differing market conditions, particularly in agency and projects-based water businesses
 - Leveraging technology to streamline business operations via Program Elevate (for further details see page 7)
- ▶ In order to support the Group's Integration and Investment strategies, cost efficiency is a focus. The Group has an OPEX % of gross profit target of 80% on a normalised basis over the next 2 to 3 years

FY2016 Non Recurring Significant Items

- Set out below is a summary of non-recurring items excluded from underlying results for the year, the total of which is within the guidance range provided to the market on 15 August 2016:

Underlying NPAT reconciliation:	\$m
Reported NPAT attributable to shareholders	\$4.3
Net non-recurring significant items	\$9.1
Underlying NPAT attributable to shareholders	\$13.4

Non-recurring items	\$m
Water restructuring cost	(\$4.5)
Live export restructuring cost	(\$3.9)
Divestment of non-core farm machinery business	(\$2.7)
Other redundancy and restructuring costs	(\$1.7)
Warehouse consolidation	(\$0.7)
Other	(\$0.5)
Total Non recurring items (pre tax)	(\$14.0)
Tax and minorities share of non-recurring items	\$4.9
Net impact on Reported Profit After Tax attributable to shareholders	(\$9.1)


Program Elevate – driving a scaleable back office and e-commerce platform for our customers

Scoping Stage Complete

- ▶ Key operational platform and e-commerce trading opportunities were identified that will drive significant long term commercial benefits for our key stakeholders
- ▶ Program that includes a set of projects with a total investment budget of approx. \$14m over the next 2 years
- ▶ Two thirds of this investment is expected to fall within FY17

Program Benefits

- ▶ Program Elevate will support Ruralco's Investment and Innovation strategies through digital transformation focused on providing a fit-for-purpose back office foundation integrated with a scaleable e-commerce platform for our customers
- ▶ Benefits include:
 - Greater ease and efficiency of doing business;
 - Informed decision making that is data driven;
 - A single view of the customer;
 - Mobility services with digitalised Point of Sale(POS) and inventory management;
 - Improved customer experience with upgraded customer portal; and
 - Rapid system scalability to future proof the business



Strategy Update

FUTURE FARMING STRATEGY

“We’re here for Australian farmers”

Strategy Execution + Improved operating leverage = NPAT & EPS growth

INVESTMENT

-  *Leading consolidator in water retail and services sectors*
-  *Fill remaining gaps in the retail network*
-  *Grow the high yielding agency business*

INNOVATION

-  *Commercialise the ‘next wave’ of AgTech*
-  *Be a leader in the future of farming*
-  *Invest in digital transformation*
-  *Empower our employees and customers with the latest in innovation*

INTEGRATION

-  *Bringing world class technology to the water industry*
-  *Step change in Financial Services*
-  *Strategic investments along the rural supplies value chain*
-  *Maximise market share along the entire protein supply chain*

SCALEABLE BACKOFFICE

PEOPLE & CULTURE

Integration & Innovation

Private label products

- ▶ Successfully launched AgChem private label product range, Relyon, with focus initially on broadacre winter cropping
- ▶ Allows the business to compete profitably in highly commoditised product lines
- ▶ Expanding development into second largest rural supplies category, animal health, under the Covine brand in 2017



Step change in insurance business

- ▶ Acquiring 50% of Ausure Consolidated Brokers (part of Steadfast Group Limited) to partner with one of Australia's largest networks of insurance brokers
- ▶ Significantly expands the scale of Ruralco's insurance points of representation in Australia
- ▶ Provides synergy benefits, opportunities for growth and benefits to our customers



Re-sized live export business & backgrounding

- ▶ Closure of loss making Southern live export business
- ▶ Cattle backgrounding and finishing operation commenced in Northern Australia to secure top quality supply for our customers and maximise value from protein supply chain
- ▶ Strong commitment to growing Northern live export business to continue to strategically support the Ruralco agency network

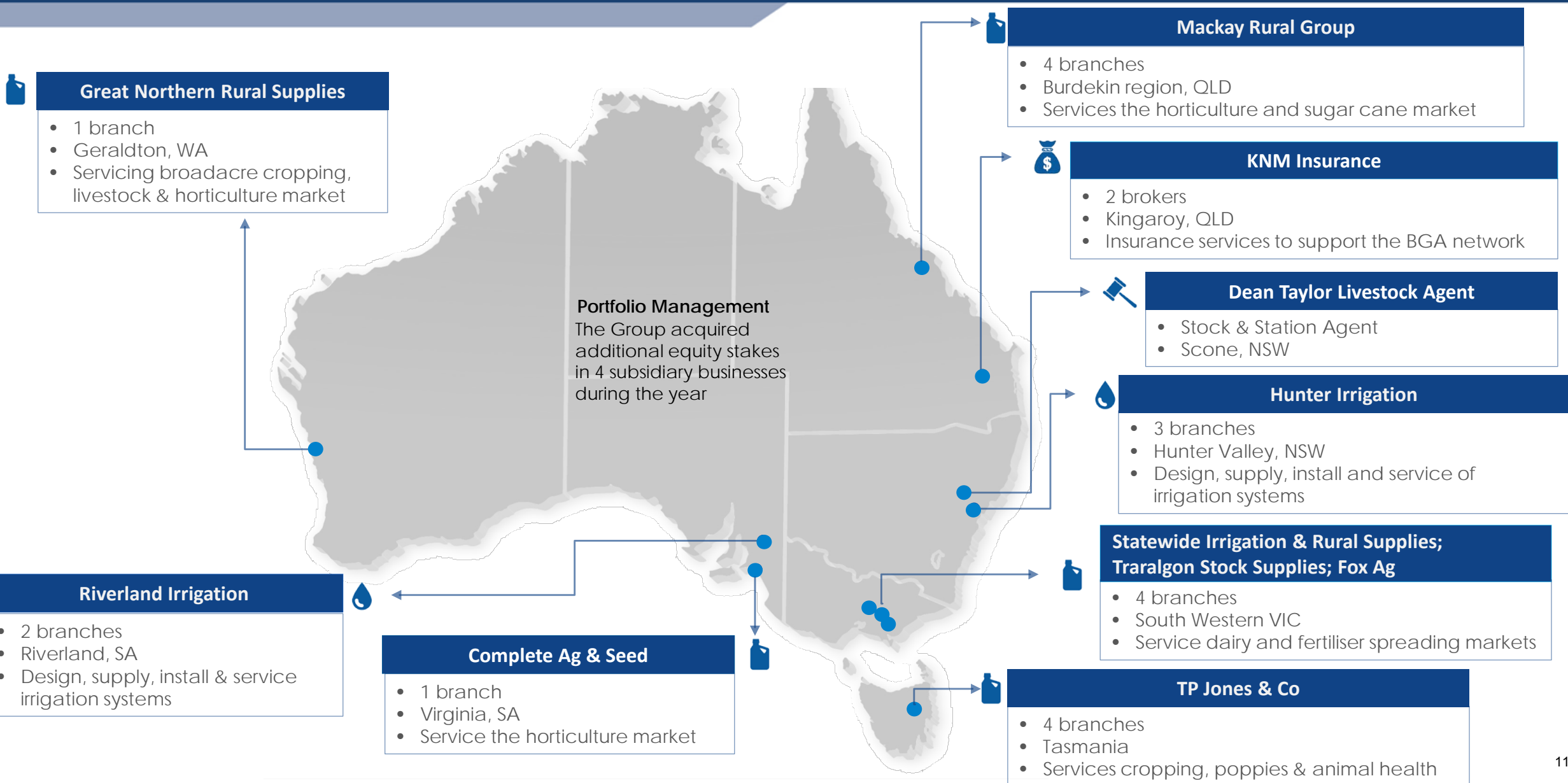


Ag Industry Innovation

- ▶ Appointment of General Manager of Innovation
- ▶ Cornerstone investor in SproutX, Australia's leading AgTech accelerator program, to provide first mover advantage as the path to market for Ag innovations
- ▶ Partnership with PrecisionHawk to offer drone and data packages to our customers
- ▶ Commencing development of new livestock agency app



Investment in Accretive Acquisitions & Portfolio Management



A photograph of two men standing in a field of green leafy plants. The man on the left is wearing a dark blue short-sleeved shirt, brown shorts, and a brown cap. The man on the right is wearing a light blue long-sleeved shirt, dark blue cargo pants, and a blue cap. He is holding a red pepper. In the background, there is a large red barn and a line of trees. A diagonal blue overlay covers the right side of the image.

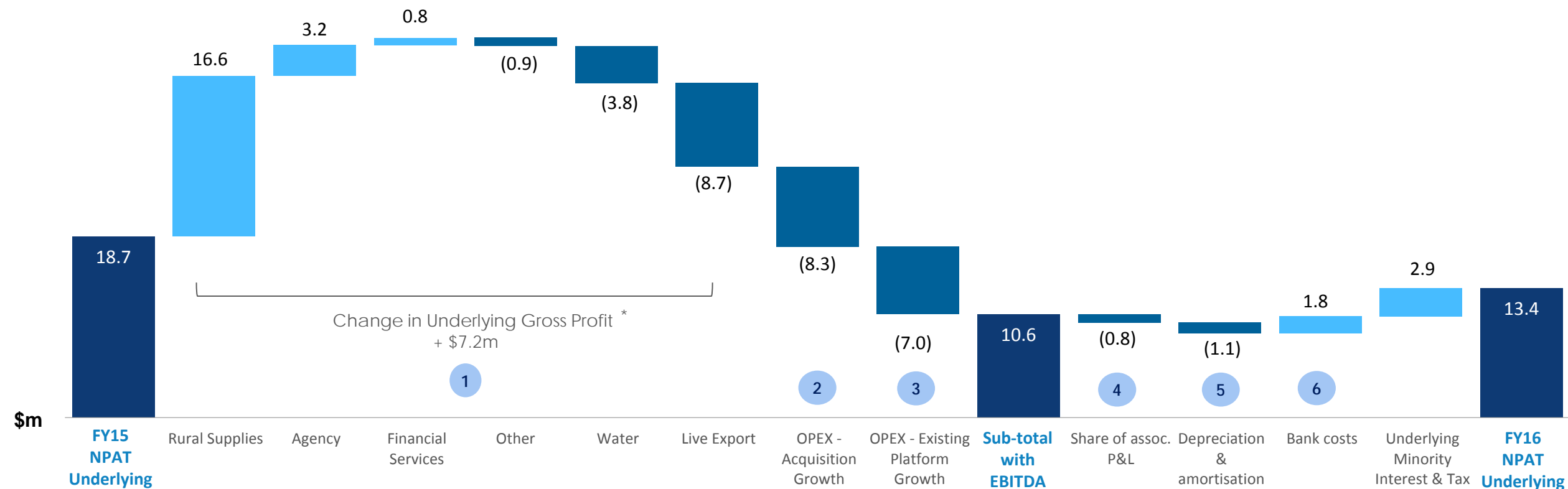
Financial Overview

Financial Overview

	Year ended 30 September			Commentary
	2016	2015	Change	
Sales revenue (\$bn)	1.8bn	1.6bn	10%	Growth in rural supplies and live export revenue (high live export price)
Underlying Gross profit (\$m)*	304.9	297.7	2%	Organic and acquired growth in rural supplies and margin improvement from private label product sales has been offset by margin pressure in live export and underperformance in water retail sales
Opex as % of GP	86.1%	83.1%	3ppts	Opex increase from portfolio growth compounded by negative impact on gross profit from underperformance in Water retail and Live Export
Underlying EBITDA (\$m)	42.3	51.2	(17%)	Within guidance range provided to the market on 15 August 2016
Underlying NPAT (\$m)	13.4	18.7	(28%)	Lower operating result mitigated by savings in financing costs and lower minority interest share of profit (live export driven)
Reported NPAT (\$m)	4.3	14.1	(70%)	Reflects impact of \$14m of non-recurring items - largely restructuring charges – and within guidance provided to the market on 15 August 2016
Working capital (\$m)	90.5	118.9	(24%)	Improved working capital control and usage (avg. working cap % of sales reduced to 7.9% (FY15: 8.8%))
Operating cash flow (\$m)	38.1	17.9	113%	Lower cash earnings is more than offset by improvement in working capital
Underlying ROCE r12 (%)	13.6%	17.0%	3.4 ppts	Lower operating result
Gearing (%)	22.8%	20.8%	2 ppts	Small increase and well within Group Gearing Policy with funding capacity to support ongoing growth strategy
Underlying EPS (cents)	17.0	23.9	(6.9 cents)	Reflects underperformance of Live Export (included in underlying results) and water retail business
Basic EPS (cents)	5.4	18.0	(12.6 cents)	As above including the impact of restructuring charges
Final dividend – fully franked (cents)	2.0	7.0	(5.0 cents)	Brings full year dividends to 10 cents per share (FY15: 16 cents)
Underlying dividend payout ratio (%)	59%	67%	(8 ppts)	This full year underlying payout ratio is within Board preferred target range

*Adjusted to include impact of sales commissions paid to employee agents in current year and pcg and excludes inventory related adjustments included as part of non-recurring significant items

Underlying NPAT Drivers



1 Refer next page

2 Higher cost base from acquisitions

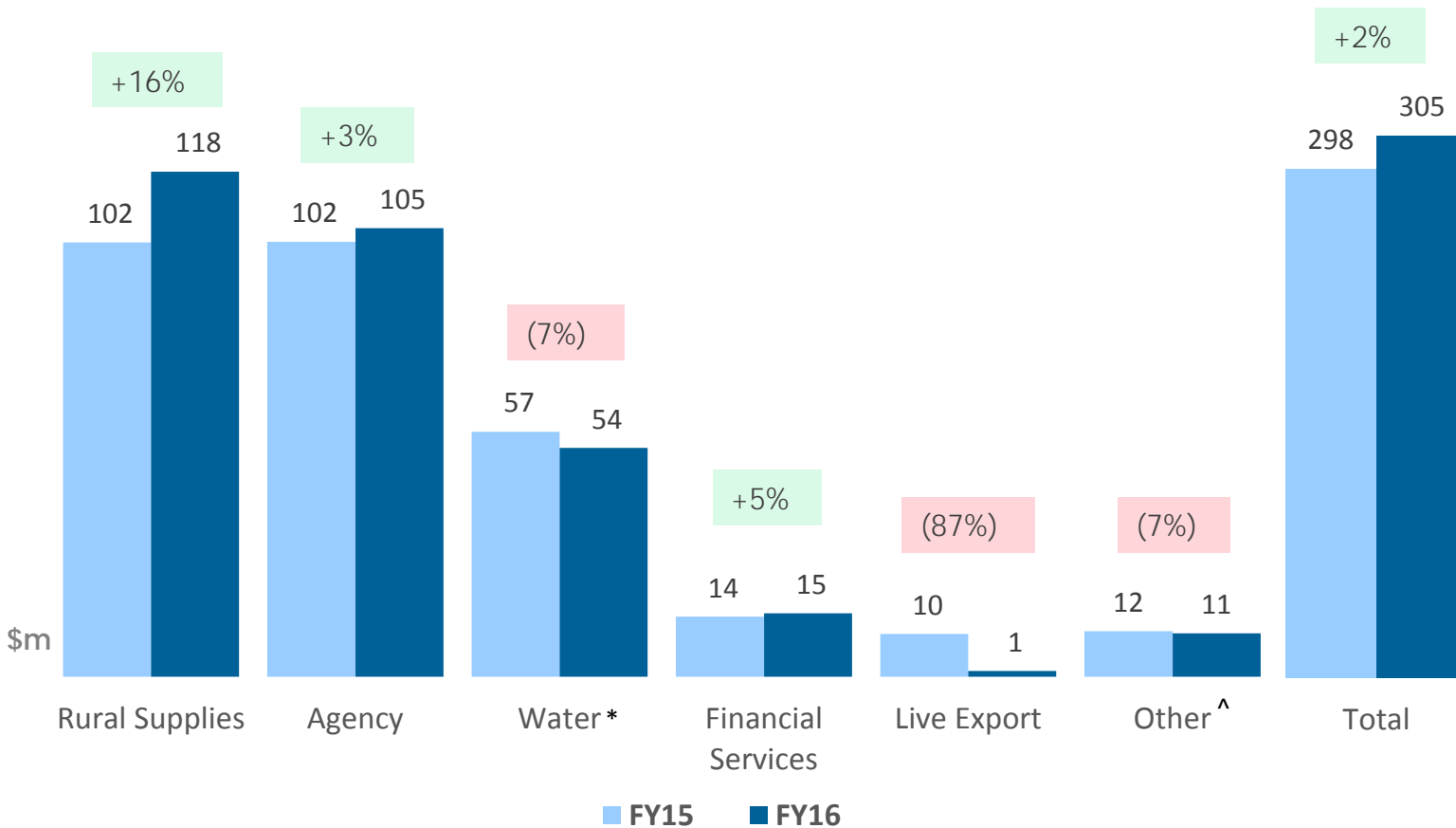
3 Full year impact of capability investment. Cost out initiatives are targeted to reduce OPEX as a % of GP to 80% on a normalised basis over the next 2-3 years

4 Lower Agfarm contribution with this business restructured during the year to improve operating results in FY17

5 Impact from capitalisation of completed Total Eden SAP implementation and acquisitions

6 Lower finance cost reflecting impact of more cost effective debtor securitisation program and increased funding efficiency

Gross Profit by Activity




- ▶ **Rural Supplies:** Organic growth from diverse retail footprint, margin improvement from launch of private label products range and network growth acquisitions
- ▶ **Agency:** Strong real estate volumes and improved cattle sales market share (relative to supply decline) combined with record high prices
- ▶ **Water:** Lower water retail sales from adverse seasonal conditions, particularly in the WA and QLD markets
- ▶ **Financial Services:** New Seasonal Finance product and growth in insurance book
- ▶ **Live Export:** Lower margins from excess shipping availability in the market and high Australian cattle prices that were unmatched to customer price expectations

N.B Reclass adjustments include:

- Salesperson commissions paid to employee agents/brokers previously reported in OPEX now in Gross Profit (FY15 \$9.7m impact ; FY16 \$11.3m impact) as considered a cost of sale in agency business
- Warehouse management costs previously reported in "Other" now included in "Rural Supplies" as a cost of sale

*Water includes water retail, water services and water broking

^ "Other" includes farm machinery gross profit , rental income and sundry income/expense

A photograph of a large herd of cows in a lush green field. The cows are of various colors, including black, white, and brown. They are gathered along a dirt path or fence line. In the background, there are rolling green hills and a range of mountains under a bright blue sky with scattered white clouds. A semi-transparent blue triangle is overlaid on the right side of the image, containing the text.

Balance Sheet Cash Flow Funding

Balance Sheet

- ▶ A strong balance sheet and disciplined focus on working capital management continues to underpin execution of the Group's strategy and control of gearing metrics within Board preferred targets

Abridged balance sheet	Balance as at 30 September				Commentary
	2016 \$m	2015 \$m	Change \$m	Change %	
Trade receivables	364.2	375.5	(11.3)	(3%)	Improved debtor collections
Inventories (incl livestock)	129.7	119.9	9.8	8%	Includes \$7m increase in livestock held to \$15.7m and impact of acquisitions. Existing platform inventory reduced by 8%
Trade payables	(403.4)	(376.5)	(26.9)	7%	Impact of timing (cut off and late inventory purchasing to take advantage of conditions in certain locations) and some terms improvement
Working capital	90.5	118.9	(28.4)	(24%)	
<i>r12 average working capital</i>	138.6	139.9	(1.3)	(1%)	Continued downward trend in gross working capital deployment despite impact of bolt-on acquisitions
<i>Avg. working capital as % of sales</i>	7.9%	8.8%		(0.9 ppts)	Continued improvement in working capital efficiency
Property, plant & equipment	40.9	39.9	1.0	3%	Small increase, primarily related to acquisitions. Maintenance capex spend offset by depreciation
Intangibles	147.3	134.2	13.1	10%	Impact of acquisitions, software purchases and capitalised IT development costs relating to SAP integrations
Investments - associates	8.8	8.9	(0.1)	(1%)	
Net tax items	11.8	0.4	11.4	n/a	Lower tax payable and increase in deferred tax assets recognised from restructuring provisions and Live Export carried forward tax losses
Other items (net)	(25.8)	(21.3)	(4.5)	21%	Increase primarily due to recognition of restructuring provisions
Total capital employed	273.5	281.0	(7.5)	(3%)	Impact of acquisitions offset by improvement in working capital and recognition of restructuring provisions
<i>ROCE (underlying)</i>	13.6%	17.0%		(3.4 ppts)	

Cash Flow

- Management's aim is to minimise cash on hand and use cash generated from operations to pay down borrowings, fund capital expenditure and ultimately return dividends to shareholders. Higher operating cash flows generated this year, with lower cash earnings mitigated by improved working capital

Abridged cash flow	Year ended 30 September				Commentary
	2016 \$m	2015 \$m	Change \$m	Change %	
Reported EBITDA	28.3	45.4	(17.1)	(38%)	Reflects impact of restructuring activities and underperformance in Live Export and Water
Net change in working capital	24.5	(18.4)	42.9	233%	Impact of acquisitions and new livestock backgrounding program offset by good working capital control
Net finance cost	(0.4)	(1.9)	1.6	(81%)	Savings in interest paid from efficient use of debtor securitisation facility
Tax paid	(14.3)	(7.0)	(7.2)	104%	Increase in tax paid reflects higher tax instalment rate paid for most of the year. Group effective tax rate is 29%,
Net operating cash flows	38.1	17.9	20.2	112%	Strong operating cash flow driven by working capital efficiency
Capital expenditure	(13.1)	(8.2)	(4.8)	59%	\$7.4m maintenance capex on PPE and software and \$5.7m of investment capex on IT projects (largely SAP implementation into Total Eden)
Acquisitions	(13.8)	(18.4)	4.6	(25%)	\$12.5m for bolt on acquisitions and \$1.3m for increased shareholdings in four subsidiaries, as noted on page 11
Purchase of Treasury shares	(2.1)	(0.4)	(1.8)	481%	Purchase of shares on market to satisfy LTI vesting of former MD and senior management
Divestments and other disposals	3.1	2.2	0.9	41%	Reflects ongoing portfolio management with disposal of a non core property and business
Investing cash flows	(25.9)	(24.8)	(1.1)	4%	
Dividends paid	(15.2)	(12.4)	(2.8)	22%	
Net change in borrowings	9.6	(8.8)	18.4	(210%)	Reflects debt drawn to fund acquisitions; gearing well within Group Gearing Policy range
Financing cash flows	(5.6)	(21.2)	15.6	(74%)	
Change in cash held	6.6	(28.1)	34.7	(124%)	Overdraft last year; small cash on hand balance in current year due to late USD denominated customer receipt

Funding

- Extended maturity and availability of funding provides capacity for future growth

	Balance as at 30 September				Commentary
	2016 \$m	2015 \$m	Change \$m	Change %	
Net cash	5.4	(1.2)	6.6		Cash on hand due to timing of USD denominated customer receipt at year end. Aim is to minimise cash on hand.
Current debt	-	(52.0)	52.0	(100%)	
Non-current debt	(65.0)	-	(65.0)	100%	Maturity of debtor securitisation facility extended thereby requiring non-current classification
Gross drawn debt	(65.0)	(52.0)	(13.0)	25%	Largely reflects funding of bolt-on acquisitions in the year
Other loans	(1.1)	(3.3)	2.2	(66%)	Net related party and shareholder loans
Finance lease liabilities	(1.7)	(1.9)	0.2	(13%)	
Total net debt	(62.4)	(58.4)	(4.0)	7%	
Total shareholders' equity	(211.1)	(222.5)	11.4	(5%)	
Gearing ratio	22.8%	20.8%		2 ppts	Gearing at low end of Board preferred range, capacity to support growth strategy
<i>Average net debt (12 months)</i>	<i>(90.8)</i>	<i>(102.8)</i>	<i>12.1</i>	<i>(12%)</i>	Reflects tighter working capital control and improved funding efficiency
<i>Leverage (Net debt/ EBITDA)</i>	<i>1.52x</i>	<i>1.15x</i>			Higher leverage reflects impact of lower EBITDA performance

Facility	Maturity	Available \$m	Utilised \$m	Commentary
Debtor securitisation facility	Oct-17	150.0	65.0	A rolling 13 month facility secured against eligible merchandise and livestock receivables
Multi Option Facility	Sep-17	60.0	-	Key terms renegotiated in the period with tenure increased to 18 months at a decreased cost

Review by Activity

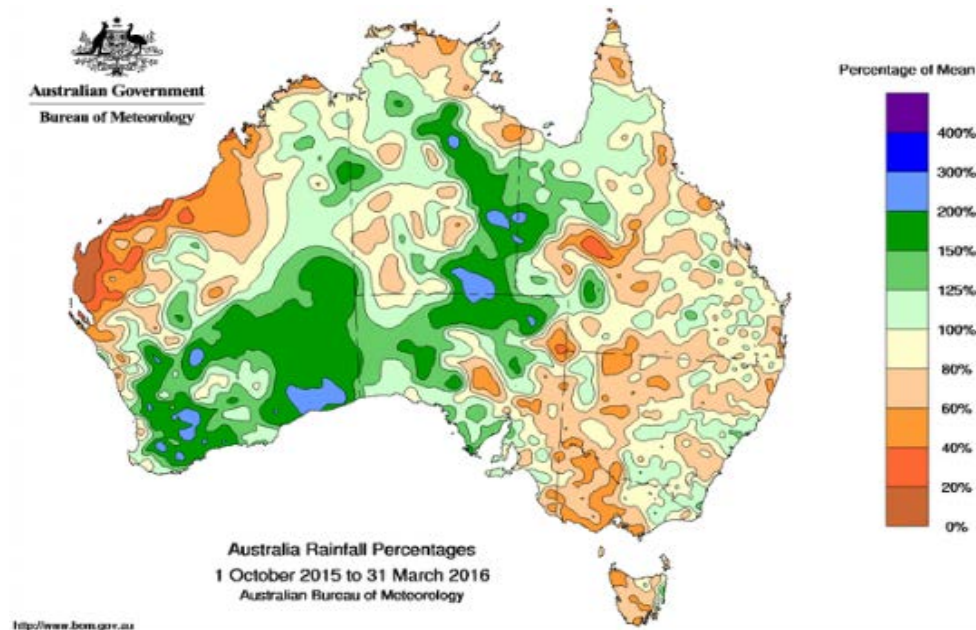


Seasonal Conditions

- ▶ To provide context to the full year results by activity, Australia experienced extremely dry conditions for much of the country in the first half with the delayed break in rains followed by prolonged, significantly above average (and in some regions record) rainfall in the second half

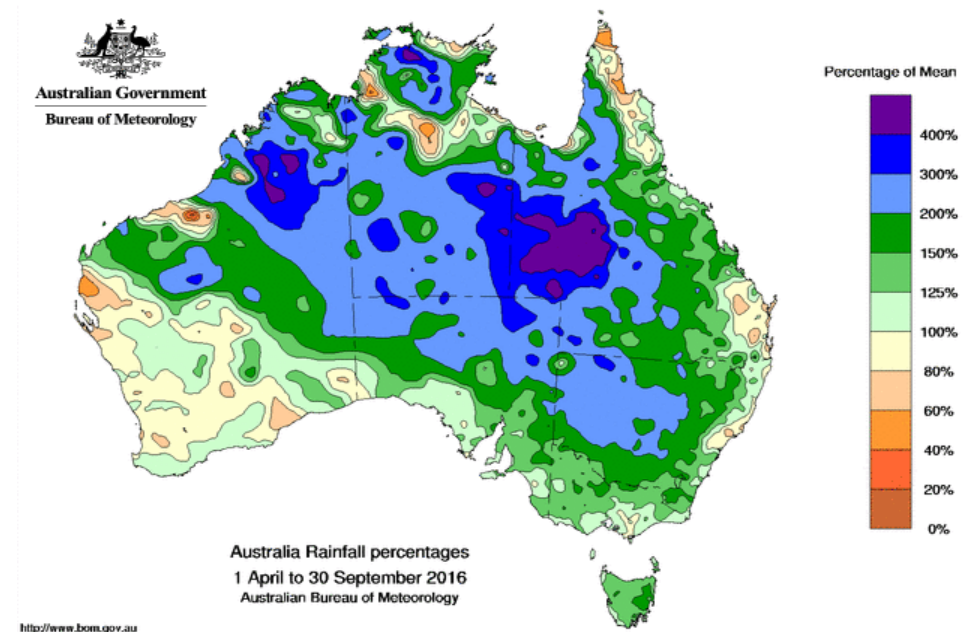
1H16: rainfall % of mean

Prolonged dry conditions in the south and east, with higher than average rainfall in southern WA



2H16: rainfall % of mean

Well above average rainfall and flooding affecting several key markets to Ruralco, particularly in VIC and TAS





Rural Supplies Highlights

- 📁 Fill remaining gaps in the retail network and strategically invest along the value chain while continuing to focus on portfolio management to drive organic growth
- ▶ Strong sales growth in existing businesses: crop protection chemicals growth in WA with favourable seasonal conditions over the majority of the growing season, and higher animal health products sales in the eastern states to support the restocker livestock market
- ▶ Disciplined execution of targeted, accretive investments in key markets to increase diversity of operations with 10 new points of presence
- ▶ Highly successful launch of Ruralco's private label AgChem range, Relyon
- ▶ Portfolio management activities to streamline brand presence in key markets (e.g. Primaries rebrand in WA), close long-term underperforming branches and increase Ruralco shareholding in four subsidiaries
- ▶ New CRT trading model successfully launched and embraced by members

Outlook

- ▶ The very wet start to spring has impacted post emergent chemical and fertiliser application but this traditionally sets up buoyant trading conditions into the summer cropping season
- ▶ Healthy pipeline of acquisitions to execute in FY17
- ▶ Development of private label animal health product range under the Covine brand name



Agency Highlights



Grow the high yielding agency business through acquisition and recruitment and increase market share from existing operations

Real estate

- ▶ Growth in number of properties sold and managed and higher average property values in key Ruralco markets
- ▶ Focus is on higher end of the rural real estate market, leveraging the network, investing in training our people and investment in corporate marketing

Livestock

- ▶ Record livestock prices combined with increased market share and impact of prior year acquisitions mitigated the overall decline in supply volumes following the high levels of turn off in the past two years

Wool

- ▶ Adverse seasonal conditions during the year in the Victorian and Tasmanian markets negatively impacted wool cut and quality

Outlook

- ▶ The continuing low rates of interest are expected to maintain high domestic and foreign demand for rural properties
- ▶ A modest livestock price correction off historic highs is expected in FY17 and tight supply conditions are expected to continue



Water Highlights



Build on market leading position in water, the most fundamental farming input

Water Retail

- ▶ Lower sales in the QLD and WA markets earlier in the year was compounded by the significantly wet spring, which has reduced demand for water retail products
- ▶ Restructuring activities undertaken in FY16

Water Services

- ▶ Recovery in the WA market and growth on the East Coast subdued by slow down in water related infrastructure spend in VIC
- ▶ Announced acquisitions of new businesses to expand water services capability on the East Coast

Water Broking

- ▶ Price and volumes increases in permanent and temporary water entitlements

Outlook

- ▶ Significant rainfall levels across the country over spring are likely to subdue growth in water retail products but the recent restructuring provides an appropriate cost base and focus to build this business
- ▶ Healthy pipeline of water acquisitions to execute in FY17
- ▶ Water catchments back to long-term averages and, although price has softened, its expected that irrigators will be more active



Live Export Highlights



Maximise market share along the entire protein supply chain

- ▶ Live export market faced significant headwinds during the year but despite this the Frontier business achieved the following:
 - Over 127,000 head shipped to Indonesia, Vietnam, China and Cambodia;
 - Pioneered Australia's first live export shipment of over 2,500 Braham steers to Cambodia in June, successfully opening this new market for future industry trade; and
 - Commenced program of cattle backgrounding and finishing in Northern Australia to secure top quality supply in tightening market conditions
- ▶ Restructuring activities undertaken with the closure of the southern business in August 2016

Outlook

- ▶ Live export activities continue to strategically support the Ruralco agency businesses, providing a steady pipeline of orders for livestock agents across the network
- ▶ Operations now aligned under one, profitable northern business focused on a 'premium partner of choice' business model and quality sourcing arrangements



Financial Services Highlights



Step change in financial services, supporting our customers and the network

- ▶ 5% organic growth in insurance book
- ▶ Growth in finance revenue from Rabo Seasonal Finance product launched at the end of last year
- ▶ Growing demand for meat futures products. AuctionsPlus starting to do forward cattle and lamb auctions as an additional vehicle for managing price volatility and Riemann Agriculture has launched cattle OTC forward and options contracts indexed against Meat and Livestock Australia's (MLA's) eastern young cattle index (EYCI)

Outlook

- ▶ Step change JV partnership announced with Steadfast Group Limited's Ausure Consolidated Brokers allows for an immediate increase in insurance points of representation, provides opportunities for growth and will benefit our customers
- ▶ Development opportunities in the pipeline to meet the growing need for capital in the sector driven by favorable climate conditions and high livestock prices

"This is the greatest organisation-wide improvement in employee understanding and support of 'Long Term Direction' and 'Senior Leadership' that I have seen in recent years"

- Sandene Chetwynd, Insync Surveys



People & Culture Highlights

Safety at every workplace and in every procedure

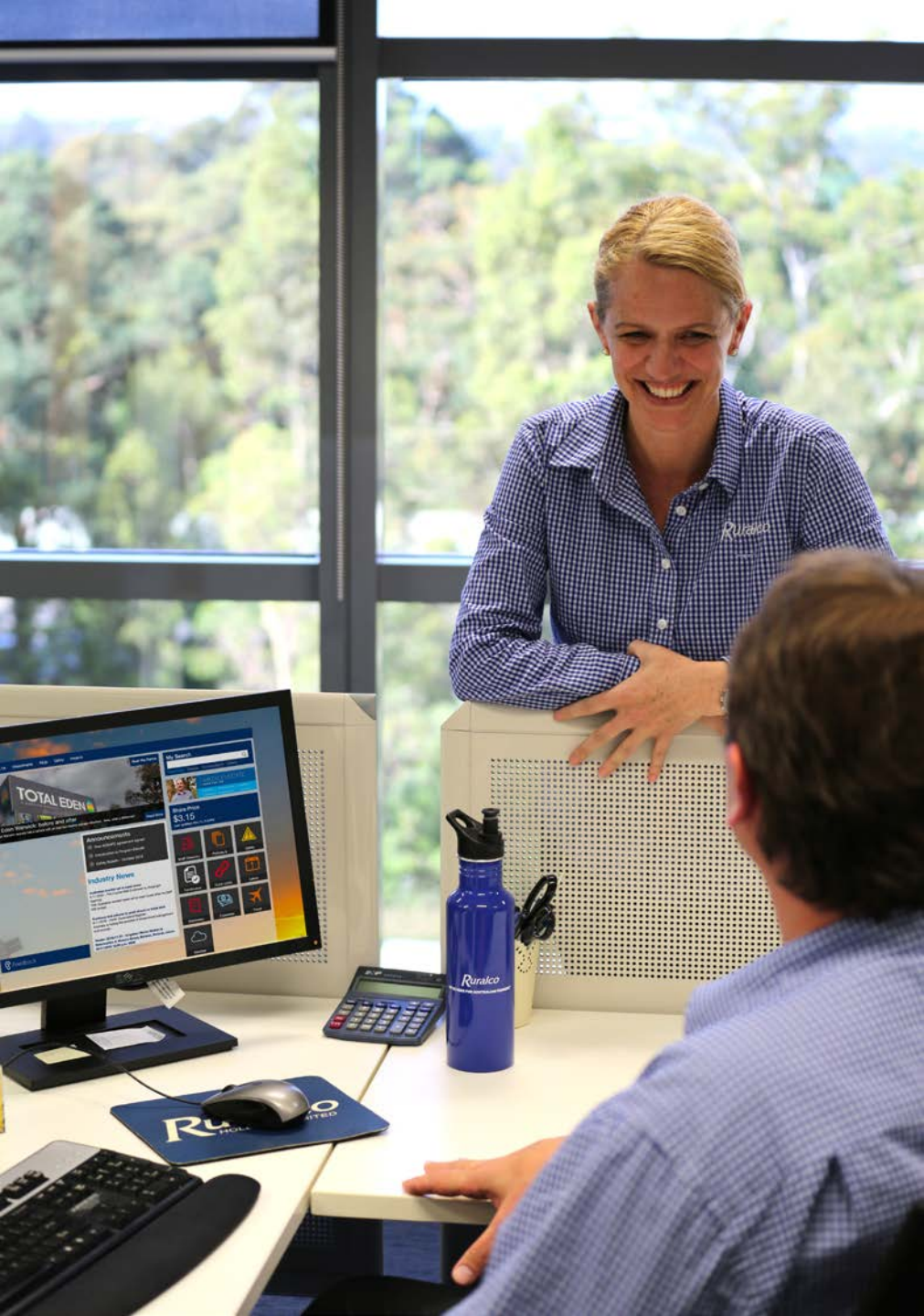
- ▶ 25% improvement in LTIFR from prior year (4.27 to 3.26).
- ▶ Established an online Safety Management System including online incident reporting and corrective action processes
- ▶ Safety training modules developed and enhanced for livestock handling and manual handling

Building a winning culture

- ▶ 2016 Ruralco Engagement survey showed 6% improvement in employee engagement from the prior year
- ▶ Established Lifeline partnership to further support our communities
- ▶ New recruitment and online performance management system to be rolled out across the Group

Retaining, attracting and developing the best team in the industry

- ▶ Paid maternity leave scheme implemented during the year
- ▶ Increased investment in training and our graduate program and national traineeship arrangements established
- ▶ Partnering with Macquarie University to support their "Women in MBA" program with the Group committing to the placement of senior female leaders into the program over the next 4 years



Scaleable Back Office

Scaleable, fit-for-purpose platform and trusted business partner

- ▶ Significant investment in people and capability now complete
- ▶ IT investment during they year included:
 - Total Eden migrated onto SAP
 - Roll out of barcode scanning system for improved inventory management
 - Enhanced Business Intelligence reporting rolled out to all businesses
 - Significantly enhanced IT governance model
 - Program Elevate scoping complete
 - New online performance management system rolled out
 - Development of internal SharePoint based intranet site "the hub"
 - Migration of whole business onto Microsoft Outlook
 - Investment in cyber security
 - Integration of acquisitions

Outlook

- ▶ Continued investment in IT capability through:
 - Program Elevate
 - Implementation of new payroll system
 - Further investment in mobility services such as scanners to improve customer sales experience
 - Integration of acquisitions



Outlook

Outlook

Focus for FY2017

-  Execution of **accretive acquisitions** driving growth in key markets and geographical areas in rural supplies
-  Targeting improved operational efficiency across the Group from the impact of restructuring activities undertaken in FY2016 to ensure **growth in shareholder returns**
-  Growth from **resized live export business** with access to quality supply through northern backgrounding program
-  Growth from restructured water business with **pipeline of acquisitions and water projects** to execute in FY2017
-  Merger of Ruralco Insurance assets into the **new insurance JV partnership** with Ausure Consolidated Brokers
-  First **innovation partnership** opportunity with PrecisionHawk, with drone and data packages to be rolled out across our retail network
-  Expanding Relyon product range and developing a private label animal health product range, Covine, to continue to benefit from **vertical integration** in highly commoditised product lines
-  Cross-market integration strategy in **agency services** to mitigate the anticipated year-on-year decline in livestock supply volumes
-  Ramp up of **Program Elevate** projects to continue to build on Ruralco's fit-for-purpose back office and e-commerce platforms

Seasonal conditions outlook

- ▶ The wet spring and the Bureau of Meteorology's forecast for above average rainfall for October to December across large parts of the country leads Management to be cautiously optimistic about first quarter operating conditions as such levels of rainfall can traditionally lead to buoyant trading conditions into the summer cropping season



Definitions/ Glossary

Ruralco's Key Business Activities

Business Activity	Meaning
Agency	The Agency activity within Ruralco covers all business activities that relate to the commercialisation of Australian livestock, wool and real estate including marketing, advice, and residential and export sales execution. The agency activity includes a number of respected brands that have significant market share within their geographic operating areas
Rural Supplies	Rural Supplies includes a number of iconic brands including CRT, Australia's largest group of independent rural retailers. Our rural supplies businesses cater to the diversity of Australia's primary industry sector and provide a comprehensive range of animal health and crop protection products, fertilisers and general rural merchandise products. Our access to Australia's leading agricultural supply companies ensures the products we offer meet the highest standards for quality, reliability and competitiveness. Our staff's expertise and their knowledge of local conditions and markets also gives our customers confidence that that they are dealing with a true local who has their interests at heart
Water	Ruralco's professional water network works hand-in-hand with water infrastructure operators, on-farm irrigators and water traders to deliver practical and workable solutions. Together, they can provide complete water solutions, from irrigation services and planning, through to water management systems and equipment supply and installation. This service is complemented by the largest network of water brokers in Australia who facilitate all types of water trading requirements. We continually strive to be a leader in providing environmentally sustainable solutions and partner with key suppliers to ensure our customers have access to the latest water technologies. Ruralco's focus on water is a clear differentiator from its competitors.
Live Export	Frontier International Agri is a Ruralco partnership in Live Export. Their mission is to be the supply partner of choice for leading beef, dairy and breeding cattle and sheep customers in selected world markets. Their focus is expert management through the entire supply chain — from on-farm in the country of origin through to on-farm and beyond in the destination country. Frontier aims to deliver an outstanding product to customers who demand high quality and performance, backed by outstanding service in nutrition, health and animal husbandry, and animal welfare
Financial Services	The Ruralco Financial Services team are specialists in Ag and commercial business finance lending and insurance with a thorough understanding of the needs of rural customers. Through our access to an extensive panel of lenders, our finance representatives will source and tailor a financial solution that best suits the customer's circumstances. Ruralco can help with home or term loans, line of credit, seasonal finance, overdraft, asset or vehicle and equipment finance and insurance.

Financial References

Term	Meaning
Gross profit (GP)	Statutory revenue less cost of goods sold including commissions paid to employee agents/brokers
Underlying EBITDA	“Underlying” measures of profitability provide more useful information. Underlying EBITDA means reported earnings before interest, tax, depreciation and amortisation including share of profits from equity accounted for investments adjusted to remove the impact of non-recurring significant items (pre-tax)
STI	Short term incentives (STI) include financial performance incentives such as bonuses and profit sharing arrangements payable to employees
Underlying NPAT	Underlying NPAT means reported net profit attributable to equity holders of the Company adjusted to remove the impact of significant items (post-tax and related non controlling interests (NCI))
Minority interest share of profit	Profit attributable to minority interest (non controlling interest) holders of shares in some Ruralco subsidiaries, primarily certain livestock related JV businesses
Reported NPAT	Statutory net profit attributable to equity holders of the company
Significant items	The difference between reported and underlying profit measures. Includes costs/income not considered to form part of the Group’s recurring results
Working capital	Trade and other receivables + Prepayments + Inventories + Biological assets + Trade and other payables + Derivative financial instruments
Underlying ROCE r12	Underlying return on capital = Underlying EBITDA (rolling 12 months)/12 month average total capital employed
Total capital employed	Statutory net assets less net debt
Net debt	Cash and cash equivalents + Loans and borrowings
Gearing %	Net debt / (Net debt + Total Shareholders equity)
Underlying EPS	Underlying earnings per share = Underlying NPAT/Weighted average number of ordinary shares on issue for the period
Basic EPS	Reported NPAT /Weighted average number of ordinary shares on issue for the period
Underlying dividend payout ratio	Dividend per share/Underlying EPS
PCP	Prior corresponding period
Dividend Policy	The Board has a preference to maintain a dividend payout ratio of between 40-60% of underlying earnings per share
Gearing Policy	The Board has a preference to maintain a gearing ratio of between 25-45% on a normalised business cycle basis
DSO	Days sales outstanding
DIO	Days inventory outstanding
r12 average working capital	Average working capital for preceding 12 months
Underlying ROE	Underlying NPAT/Average shareholders equity
LTIFR	Lost time injury frequency rate
DRP	Dividend Reinvestment Plan, when shareholders elect to utilise the plan instead of receive cash dividends it increases the number of shares on issue

Disclaimer

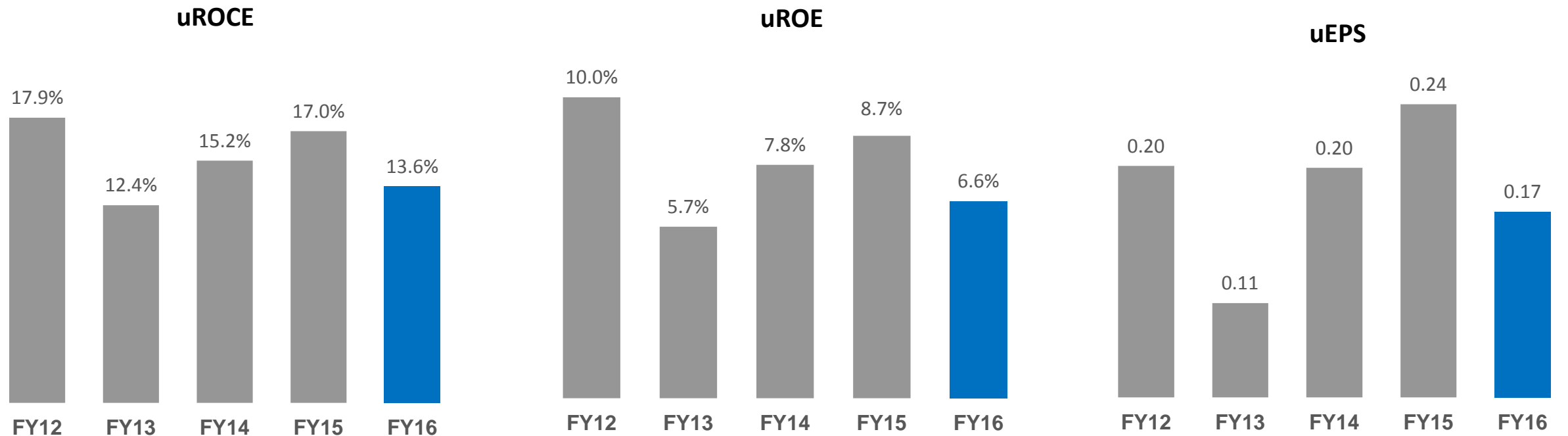
The information contained in this presentation is general information about Ruralco and its activities, and does not purport to be complete. It is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of individual investors. Before making an investment decision you should consider whether it is suitable for you in light of your own circumstances, and take appropriate advice.

This presentation may include information from third party sources that has not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information in this presentation or any assumptions on which it is based.

This presentation may contain forward-looking statements about Ruralco's future business and operations, financial standing and market conditions. Forward-looking statements are not guarantees of future performance and are based on assumptions which are subject to change, many of which are beyond the control of Ruralco. Actual results or performance may differ materially from those expressed in, or implied by, any forward-looking statements. Therefore, readers may not rely on any forward-looking statements.

The financial results of Ruralco are reported under the International Financial Reporting Standards (IFRS). Throughout this document non-IFRS financial indicators are included to assist with understanding the Group's performance. This document has not been reviewed or audited by the Group's external auditors.

Appendix : Return Measures



* FY12 to FY15 underlying EPS re-presented using the 79m of shares on issue at FY16 to provide more direct comparisons following the impact of capital raisings and operation of the DRP since FY14

An aerial photograph of a vast agricultural landscape, showing a patchwork of rectangular fields in various shades of brown, tan, and green, separated by thin lines of trees or fences. The perspective is from a high altitude, looking down on the terrain. The sky is a clear, pale blue.

Ruralco

WE'RE HERE FOR AUSTRALIAN FARMERS