

Ruralco Investor Site Visit

January 2017

Ruralco

WE'RE HERE FOR AUSTRALIAN FARMERS™

A close-up photograph of a person wearing a dark blue zip-up jacket. The jacket has a logo on the left sleeve that reads 'Roberts' in a stylized font, with 'A. BRIDGEMAN' in smaller text below it. The person is holding a black pen in their right hand and is writing on a white document. Another document is held in their left hand, partially obscuring the view. The background is blurred, showing what appears to be an outdoor setting with white structures.

History of Operations and Financial Results

Operating History



1970

- Established as buying group



Ruralco

MERGER
2006

- Minimal safety focus: LTIFR > 20
- Geographic: 70%+ profit - Tasmania
- Sector: 80%+ sales - wholesale merchandise
- High gearing: >100% debt / equity (Roberts)
- Growth: Flat

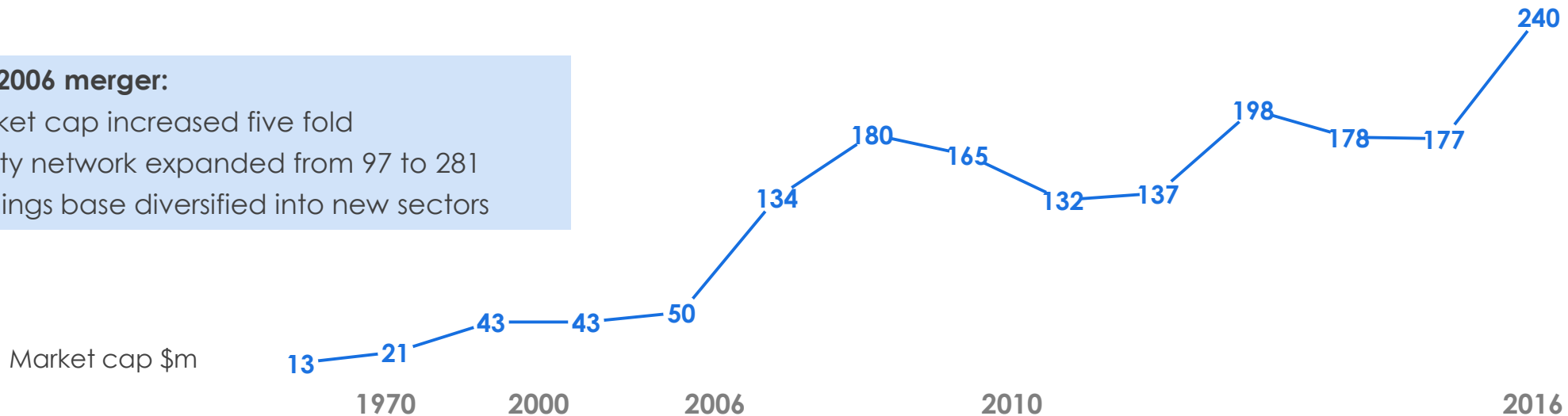


- Established 1865



Since 2006 merger:

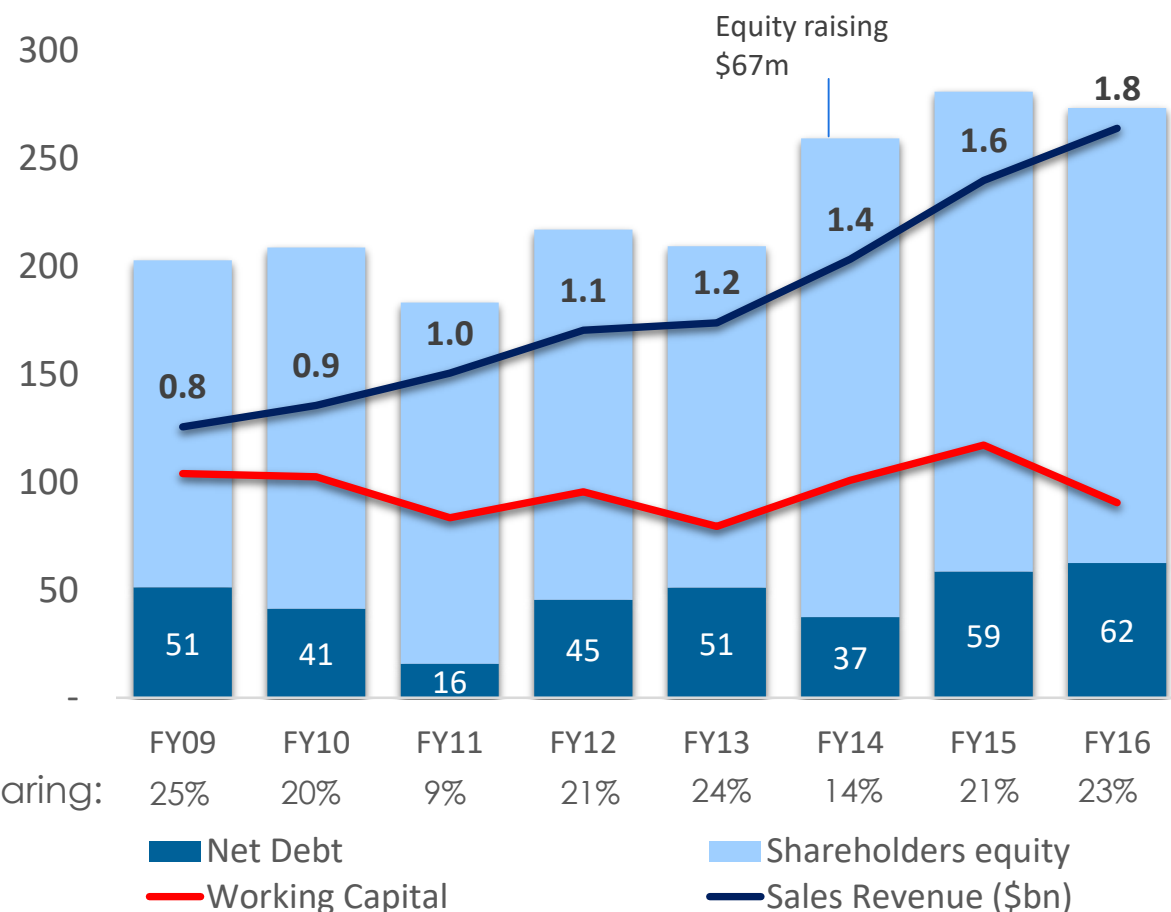
- ✓ Market cap increased five fold
- ✓ Equity network expanded from 97 to 281
- ✓ Earnings base diversified into new sectors



Continued disciplined balance sheet and capital management

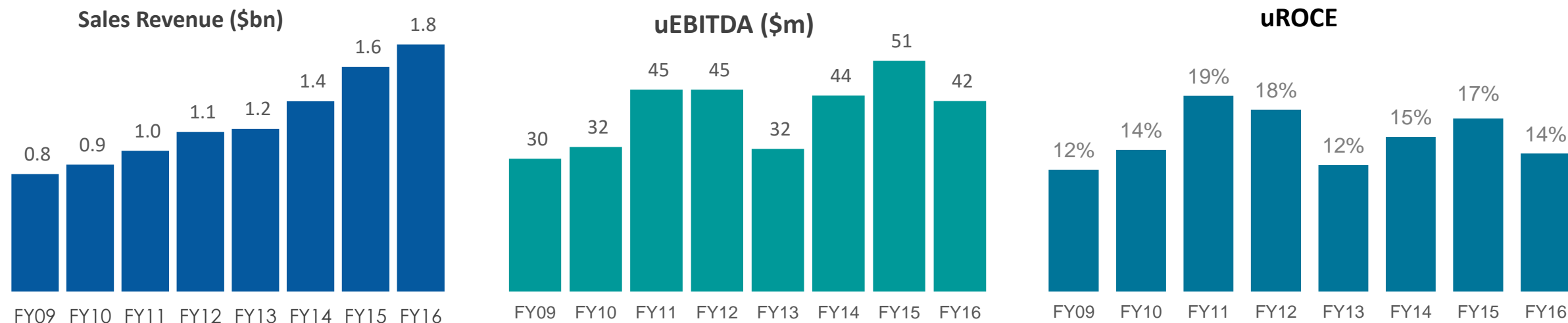
Net debt and working capital relative to sales growth

\$m



- ▶ Continued disciplined balance sheet management allows funding options for strategic investments and future business growth
- ▶ More than 100% growth in sales revenue over 7 years with working capital gearing managed at efficient levels while pursuing network expansion plans
- ▶ Average working capital 8% of annual sales at FY16

Delivering long term growth



Comments on annual results

FY11/12 impact of acquisitions BGA, Farmshop, CQ Ag, Agritech and Farmworks. Also includes a record Agfarm result above its normal levels

FY13 was an industry wide difficult year with below average rainfall and challenging conditions

FY16 lower second half EBITDA and NPAT from adverse live export margins and well above average rainfall impact on water sales. Extensive restructuring completed in second half FY16

CAGR 12% from FY09 to FY16

A photograph of two men standing in a tomato field. The man on the left, wearing a blue long-sleeved shirt, is holding two ripe, orange-red tomatoes in his hands and looking down at them. The man on the right, wearing a light-colored short-sleeved shirt and a wide-brimmed straw hat with an orange band, is looking towards the first man. The background is filled with rows of green tomato plants under a clear blue sky. A semi-transparent blue triangle is positioned in the upper right corner of the image.

Operating Snapshot

Ruralco Operating Snapshot



Rural Supplies

Supplies Sales	\$1.2bn
Fertiliser sales	600k+ tonnes



Water

Water traded	827k megalitres
Water solutions sales	\$106m
Water supplies sales	\$81m

Business Overview

2016 Business Units	47
Agronomists (14+ years avg exp)	~240
Staff (at Sep-16)	~2,000
Market Cap	~\$240m

Live Export

Cattle shipped	127k head
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Agency

Cattle marketed	1.4m head
Sheep marketed	4.7m head
Real estate properties sold	>\$1bn
Wool bales	179k



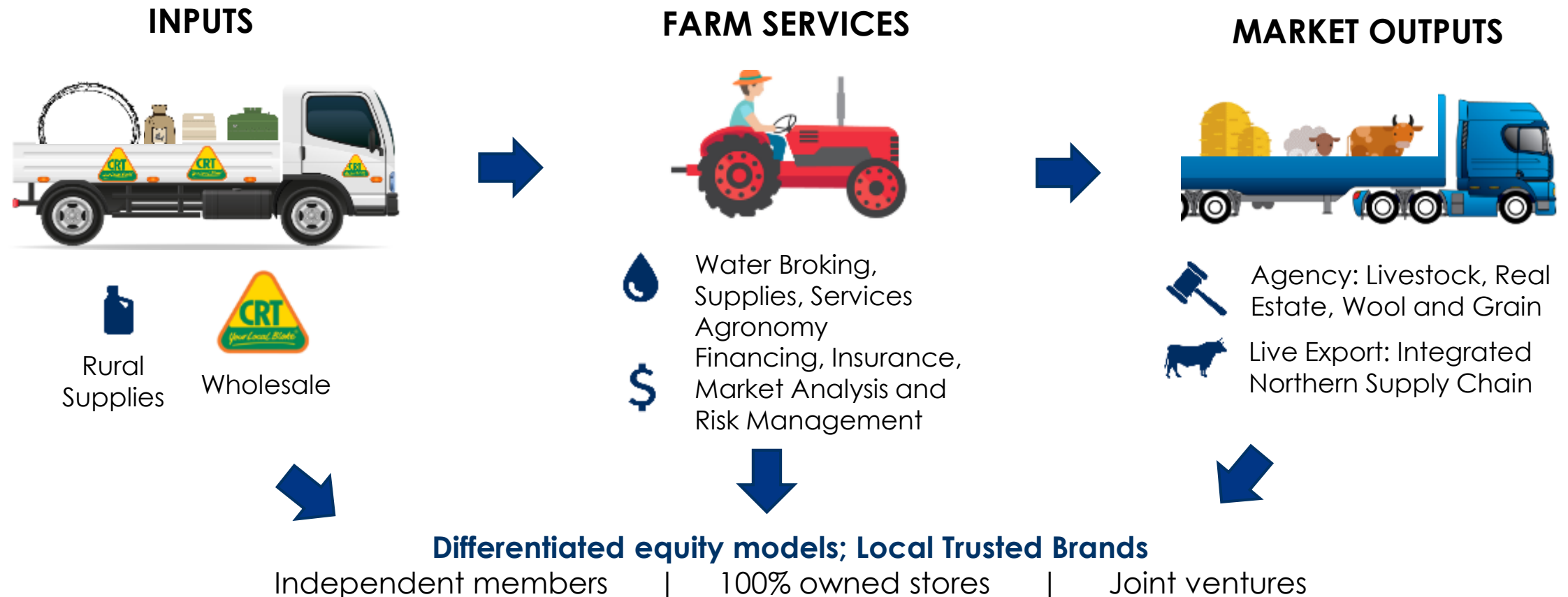
Financial Services

Gross Written Premium	\$24m
Finance broking book size	\$208m



Ruralco's business model – relationship driven

- ▶ Ruralco is the integrator between inputs and outputs that drive Australian agriculture. Differentiated as an agribusiness through our tailored approach to market
- ▶ Increasing capacity to provide stable returns through geographic diversity and activity penetration



Future Farming Strategy



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*

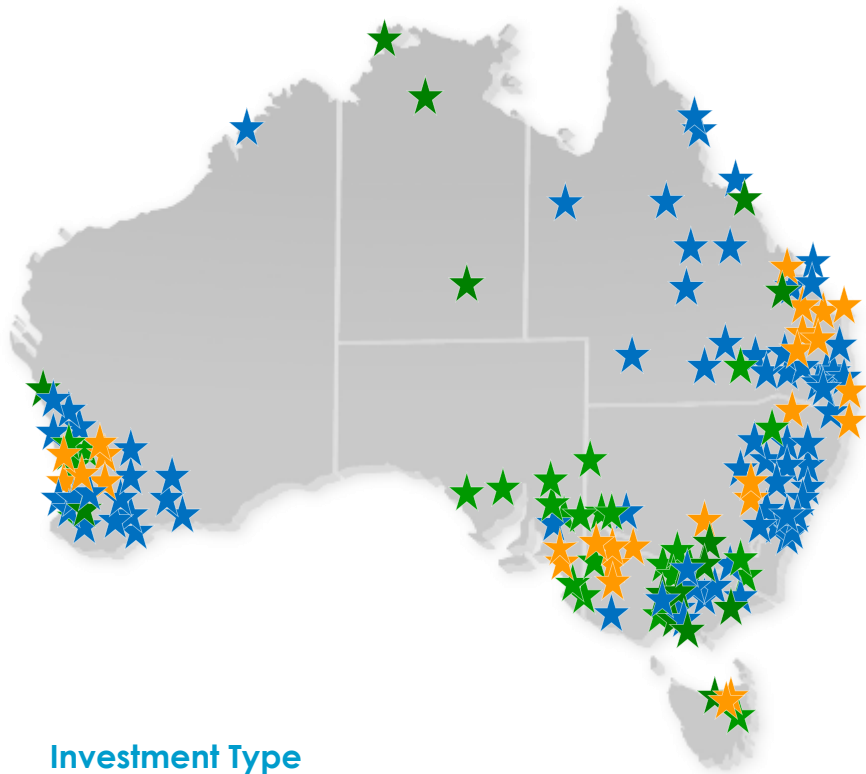
INTEGRATION

-  *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

Investment - Growing the equity platform



AG CONCEPTS
A RURALCO BUSINESS

AGRITech
A RURALCO BUSINESS

ARCHARDS
IRRIGATION
A RURALCO BUSINESS

BGA AGRI SERVICES
A RURALCO BUSINESS

BR&C
A RURALCO BUSINESS

DS DAIRY
LIVESTOCK SERVICES
A RURALCO PARTNER

GREAT NORTHERN
RURAL SERVICES
A RURALCO BUSINESS

The Farm Shop
A RURALCO BUSINESS

Frontier
International Agri
A RURALCO BUSINESS

MOORA
RURAL
A RURALCO BUSINESS

agfarm
Working hard for growers

AgriWest
A RURALCO PARTNER

Australian
Agricultural
Auctions
A RURALCO BUSINESS

B J UNDERWOOD PTY LTD
A RURALCO BUSINESS

CQ
AG SERVICES
A RURALCO PARTNER

Davidson Cameron & Co
A RURALCO BUSINESS

GDL
A RURALCO PARTNER

FARMWORKS
A RURALCO BUSINESS

MACKAY
RURAL
SUPPLIES
A RURALCO BUSINESS

National
Waterexchange

Northern Livestock
and Property
A RURALCO BUSINESS

CRT
PRIME RURAL SERVICES
A RURALCO BUSINESS

ProWater
Nationwide

Ruralco
FINANCE

Ruralco
PROPERTY

Saffin Kerr Bowen
Rodwells
A RURALCO BUSINESS

TP Jones & Co
Your locals in agriculture

TERRITORY
RURAL
A RURALCO BUSINESS

WMG
AGRISERVICES
A RURALCO PARTNER

NORTHERN
RURAL GROUP
A RURALCO BUSINESS

PLATINUM Ag Services
A RURALCO BUSINESS

QUEENSLAND
RURAL
A RURALCO BUSINESS

Ruralco
INSURANCE

Ruralco
WATER

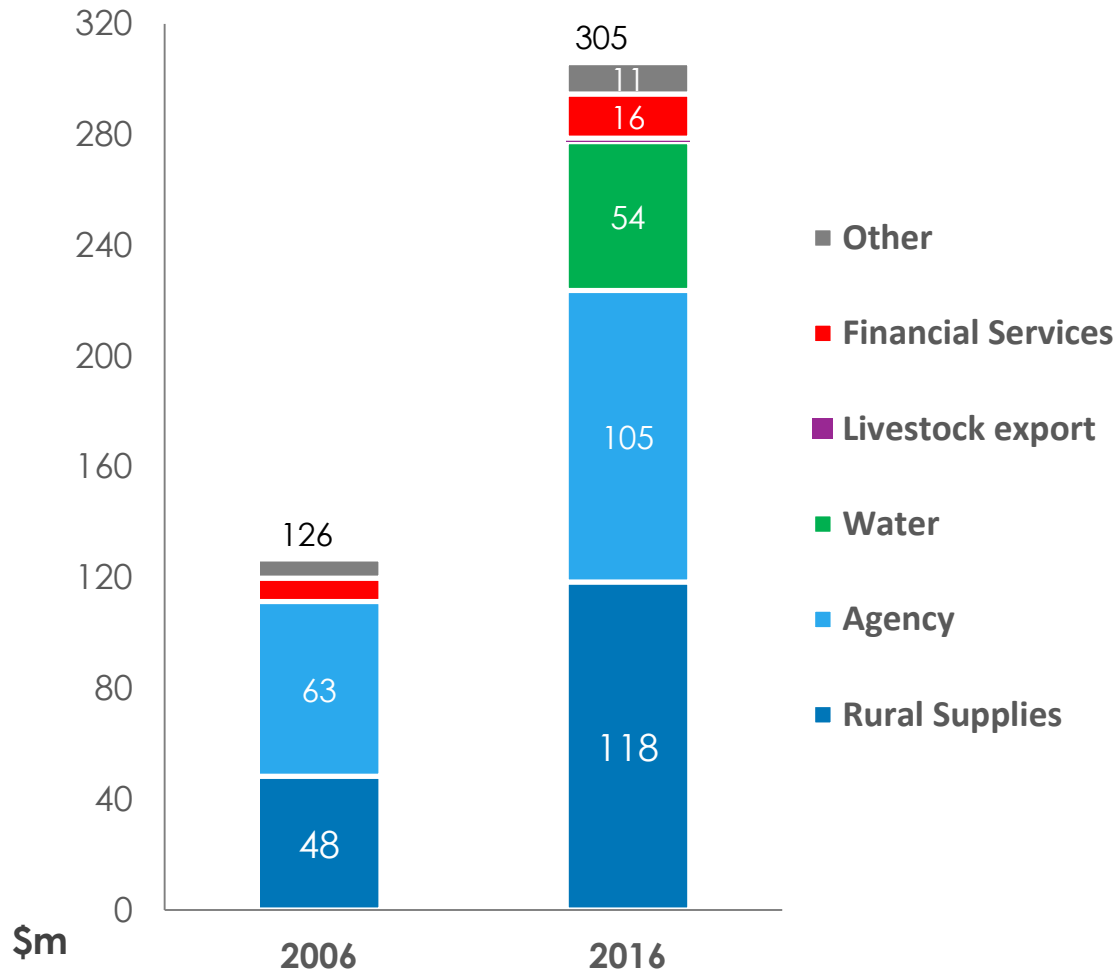
SAVAGE, BARKER & BACKHOUSE
SB B
A RURALCO BUSINESS

TERRITORY
RURAL
McPherson
A RURALCO BUSINESS

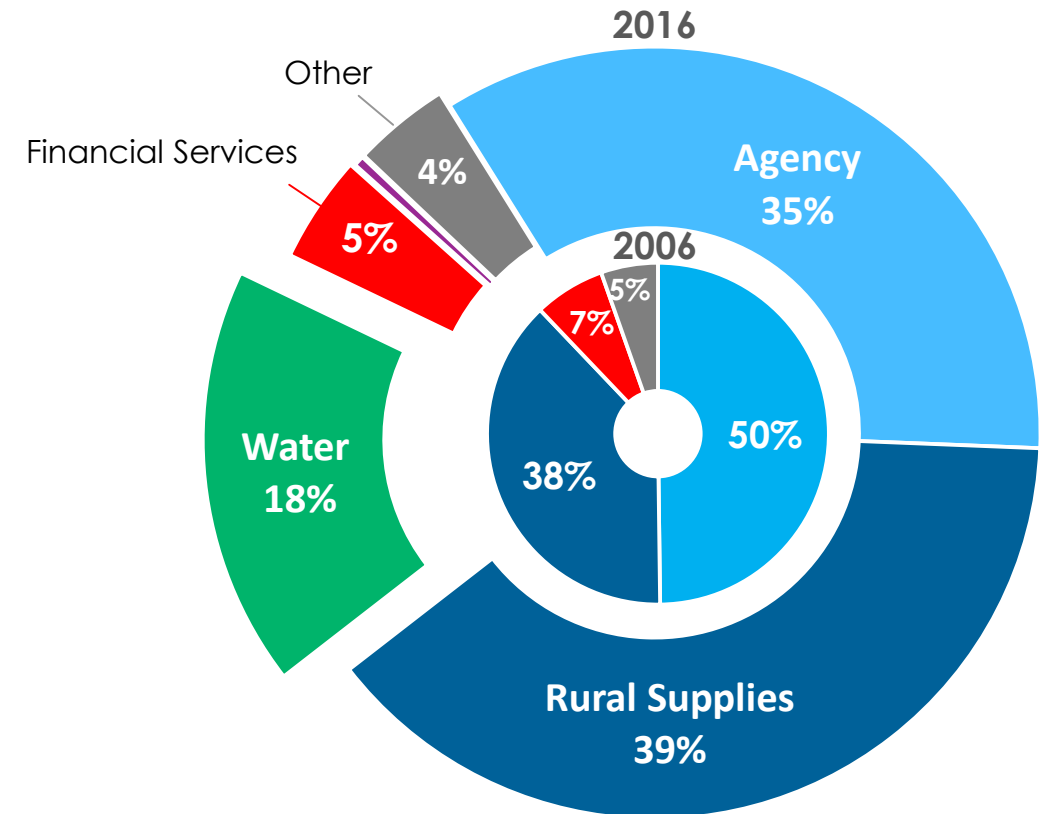
TOTAL EDEN
A RURALCO BUSINESS

Integration - Activity penetration from expanding footprint

Gross Profit by activity 2006 vs 2016

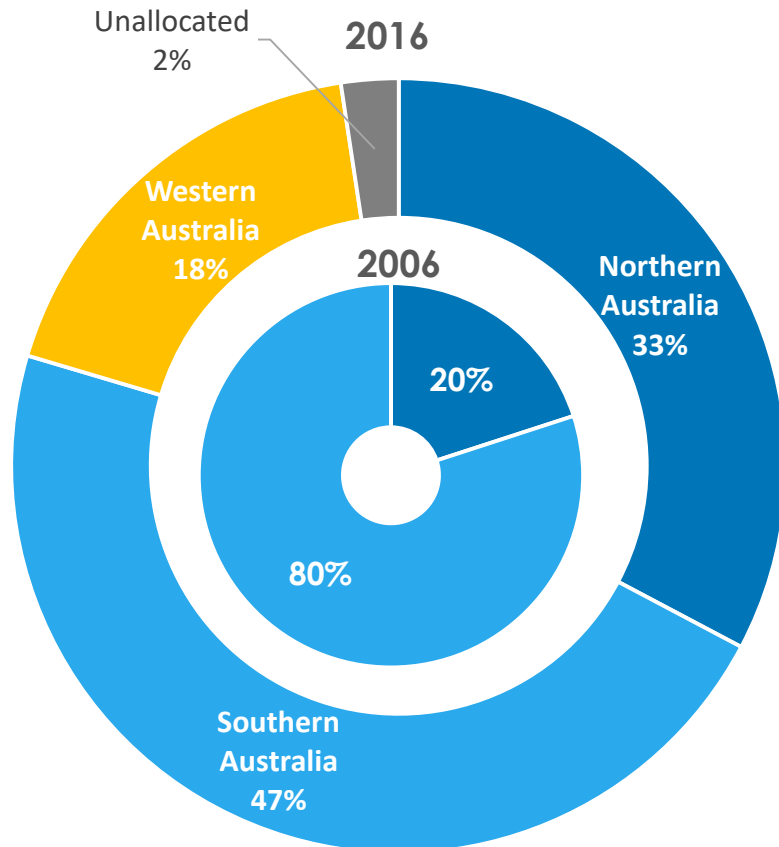


Business activity change (in gross profit) from 2006 vs 2016



Integration – Geographical diversity of footprint

Gross Profit contribution by geography 2006 vs 2016



- ▶ Ruralco's business is geographically diversified with no concentration in a particular state or catchment area to mitigate the impact of seasonal conditions
- ▶ At the time of the merger approximately 80% of gross profit earned by the business was generated in Tasmania
- ▶ Over the past 10 years the Group has diversified earnings (both through acquisitions and greenfields)
- ▶ Significant growth in the North, primarily QLD and NT (through the live export business) and into the West Australian markets

Key:
Northern = QLD +NT+NSW
Southern = VIC+TAS+SA
Unallocated = National BU/Cost centres that are not able to be allocated to specific states

Innovation – connecting our customers to the latest in AgTech



Private label products



- ▶ Partnership with Marubeni to bring new technology to market
- ▶ Expanding development into second largest rural supplies category, animal health, under the Covine brand in 2017
- ▶ Successfully launched AgChem private label product range, Relyon, focused initially on broadacre winter cropping



Launch of Program Elevate



- ▶ Digital transformation providing a scalable e-commerce platform for our customers
- ▶ A single view of the customer;
- ▶ Mobility services with digitalised Point of Sale (POS) and inventory management;
- ▶ Improved customer experience with upgraded customer portal



SproutX partnership

- ▶ Cornerstone investor in SproutX, Australia's leading AgTech accelerator program
- ▶ Joint initiative of the NFF and Findex Australia to foster innovation and commercialise the best new AgTech ventures in farming
- ▶ Ruralco provide path to market



Ag Industry Innovation

- ▶ Partnership with PrecisionHawk to offer drone and data packages to our customers
- ▶ Commencing development of new livestock agency app



- ▶ Appointed GM Innovation to drive our investment in Ag technology and innovation



Site Visit

Anatomy of a Ruralco branch



1

Iconic, local primary branding

2

Prominent display of CRT membership

3

Multiple activities present onsite, generating diverse earnings streams

4

Staff may be predominately out-bound and utilise the branch as a hub

CRT - Australia's largest independent rural retailing Group



Established in 1970

CRT generates revenue for Ruralco through a margin on the wholesale cost of goods.

Strong focus on crop protection and animal health product sales and supports an extensive general rural merchandise products portfolio

Membership profile is geographically diverse

~80 equity/corporate owned store members

~290 independent store members

CRT Supply both equity/corporate owned and independent stores

Water - the most fundamental farming input

- ▶ Ruralco's focus on water ensures it can support our farming customer in using water efficiently and reliably on farm, in doing this and supporting the farmers longevity, the Group's own future is assured.
- ▶ Agriculture uses more than 62% of Australian water consumption, irrigation uses 90% of agriculture volume*
- ▶ As focus on agricultural production continues to grow so will demand for innovative, high tech water infrastructure
- ▶ Federal government has committed more than \$2.5bn of funding for irrigation projects which, support agricultural production
- ▶ Strategically Ruralco invests in assets that reduce the cyclical impact of rainfall on earnings, capture a greater share of wallet in a high margin category and highlight a point of difference between Ruralco and its peers.



Services

- ▶ Design
- ▶ Construction
- ▶ Installation
- ▶ Maintenance



Broking

- ▶ Ruralco Water Brokers
- ▶ National Water Exchange – on line trading platform



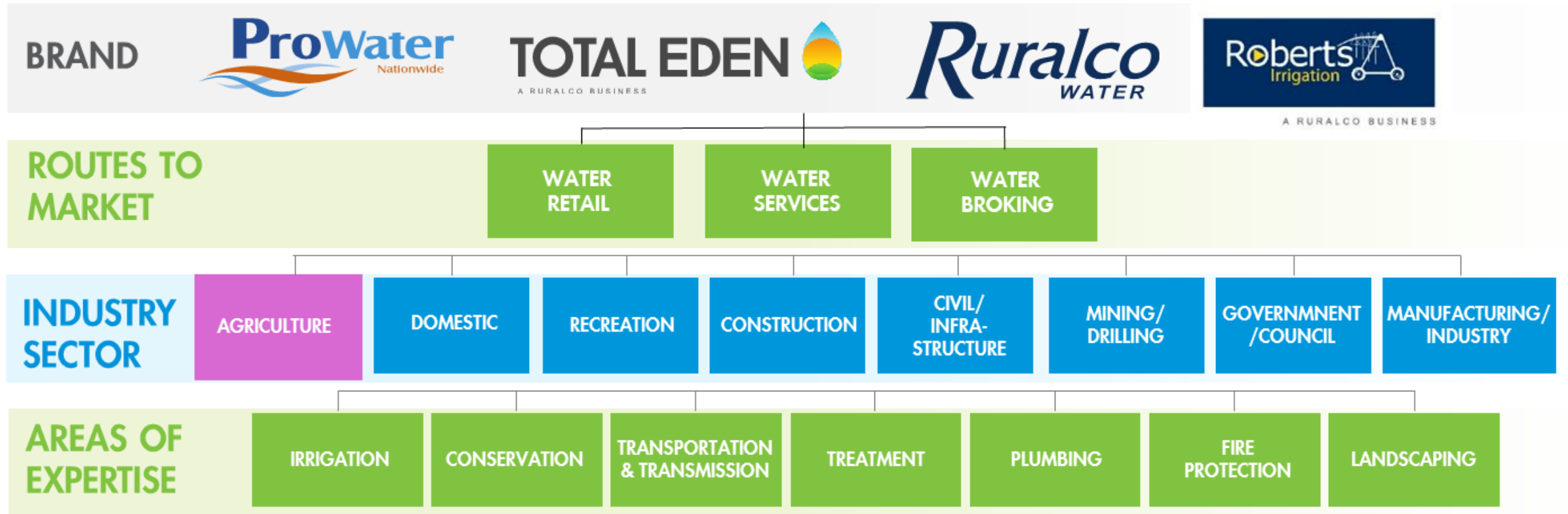
Retail

- ▶ Domestic and agricultural irrigation products and parts

* Source : ABS based on 14/15 year data



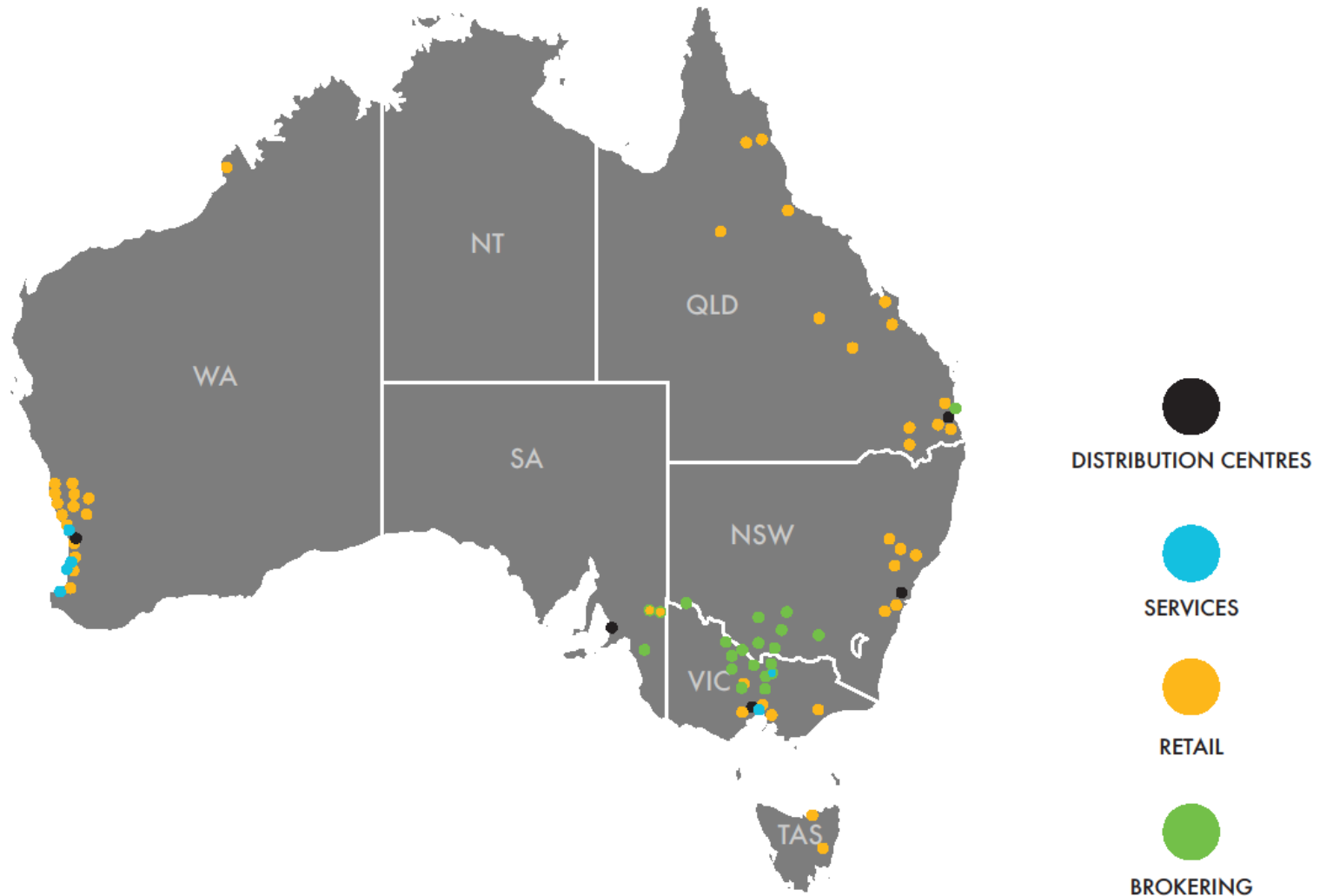
Water Business Overview



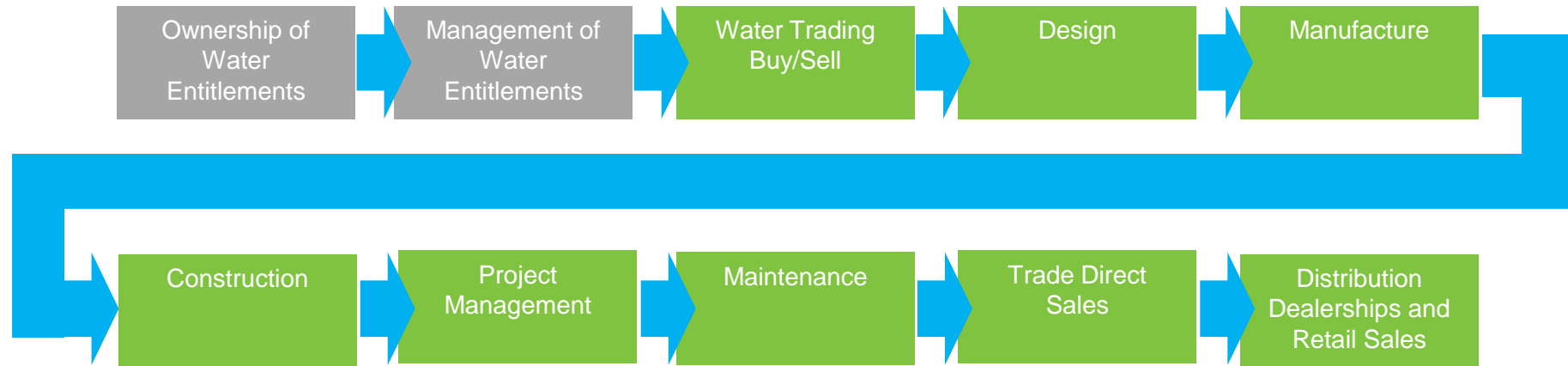
- ▶ Strong growth focus in the Agricultural business sector

National Water Footprint

- ▶ Total of 41 retail, 7 service and 20 brokering sites around Australia
- ▶ Site locations and targets focused on catchment areas and agricultural centres
- ▶ Brokering sites are positioned in key strategic locations along the Murray Darling Basin
- ▶ Distribution centres in all major capital cities



The Water Supply Chain



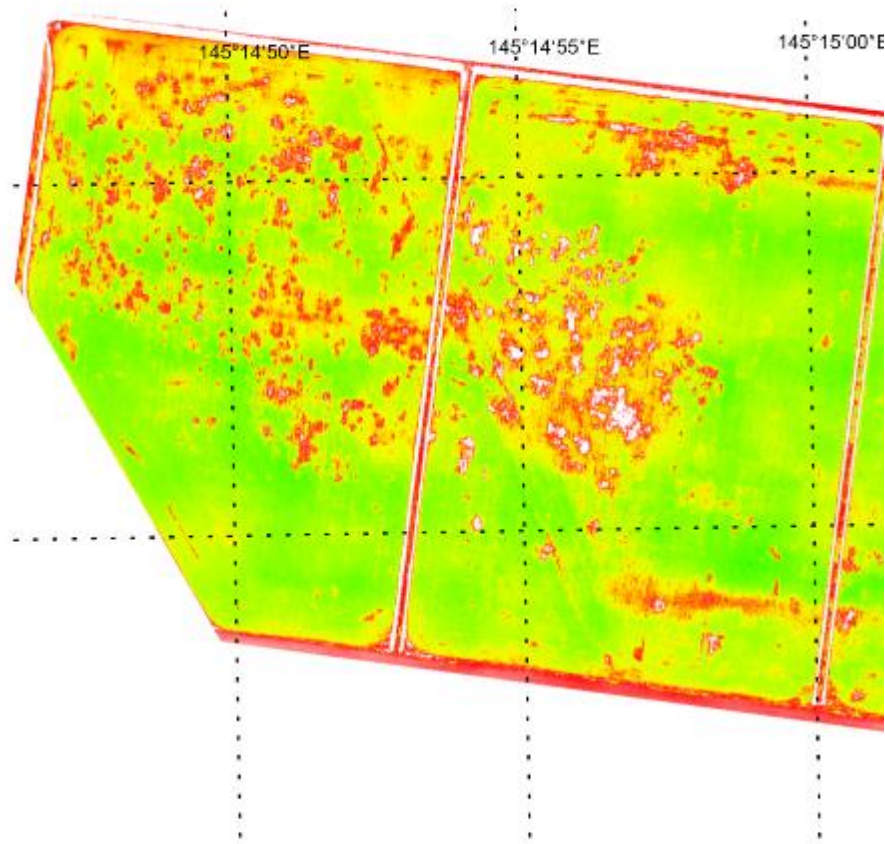
 Ruralco Participation in the water supply chain

- ▶ Ruralco is the only consolidator in the water services and retail sector
- ▶ Focused on implementing the latest in technology through out all areas of the water supply chain and across the water footprint
- ▶ Extensive access to data and information from the water supply chain

Client Engagement - PISA

- ▶ In 21 years PISA has grown from a 150ha farm to 1600ha
- ▶ The farm supports 7 full-time employees and produces the following crops:
 - ▶ cereals
 - ▶ canola
 - ▶ poppies
 - ▶ clover
 - ▶ peas
 - ▶ various fodder and small seed crops
 - ▶ strong livestock focus
 - ▶ over 30 centre pivot irrigators





- ▶ PrecisionHawk drones deliver market-leading data and analytics that provide deeper insights into the productivity of a farm
- ▶ Drones can estimate yields, optimise input use and improve variable rate applications through soil moisture and nutrient mapping, as well as the ability to decrease the reaction time of farmers to in-crop threats
- ▶ Datamapper software enables drones to analyse plant height, weed detection, plant counting, canopy cover, crop health indexes, volumetrics, certain types of disease detection



Powranna Saleyards

- ▶ The Saleyards are 100% owned by Roberts and were established in March 2014 with an estimated total investment of \$5.5M in both the yards and surrounding infrastructure
- ▶ Powranna has the ability to cater for an estimated 100,000 sheep and 30,000 cattle a year
- ▶ Soft flooring to ensure the welfare of the animals
- ▶ Able to hold just over 600 head of cattle fully under cover
- ▶ State of the art drafting and weighting facility
- ▶ There has been a big focus on work health and safety in the yard and best in industry



Wool – Tasmanian Merino

- ▶ Each year, approximately 40,000 wool bales are sold through Roberts Wool
- ▶ Much of the fleece is sold via the open cry auction ending up in Europe, Korea and Japan
- ▶ Historically the peaks and troughs in the price of wool has meant that growers face uncertainty in the price they are going to get, the “Tas Merino” brand aims to take out those peaks and troughs through eco-credentials and origin, ensuring value added downstream
- ▶ Export markets – particularly Japan, and increasingly in China, there is perceived value add in the knowledge the wool is Tasmanian Merino



Mecardo - Ruralco's expert market analysis business

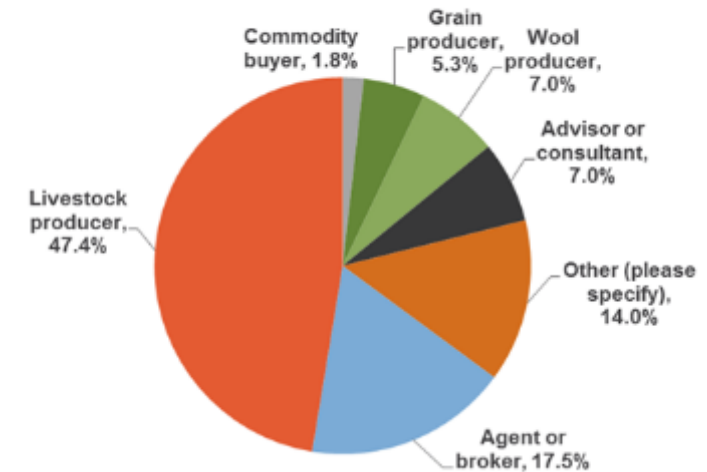
Mecardo's analysis supports informed decision making:

- ▶ Change in selling / procurement strategy of livestock / wool
- ▶ Use of price risk management tools e.g. forwards (grain, wool)
- ▶ When to increase stock numbers
- ▶ Future budget projections

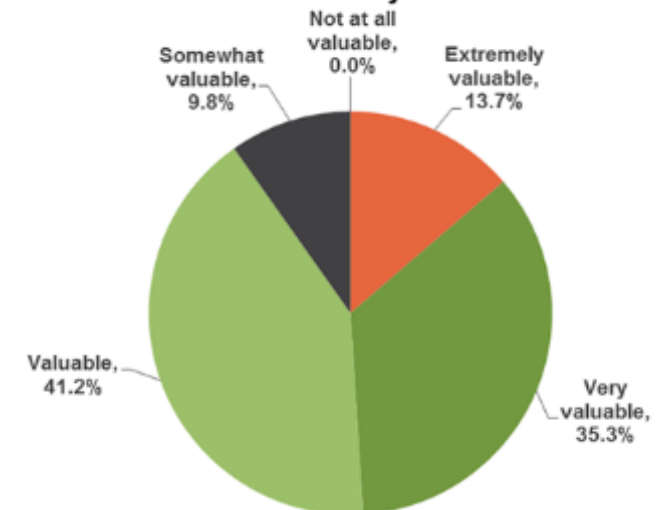
Value-add for Ruralco service providers:

- ▶ Using information with clients – point of discussion
- ▶ Confidence in knowledge of commodities
- ▶ Better analysis of purchase and sale options for clients

Which of the following best describes your business?

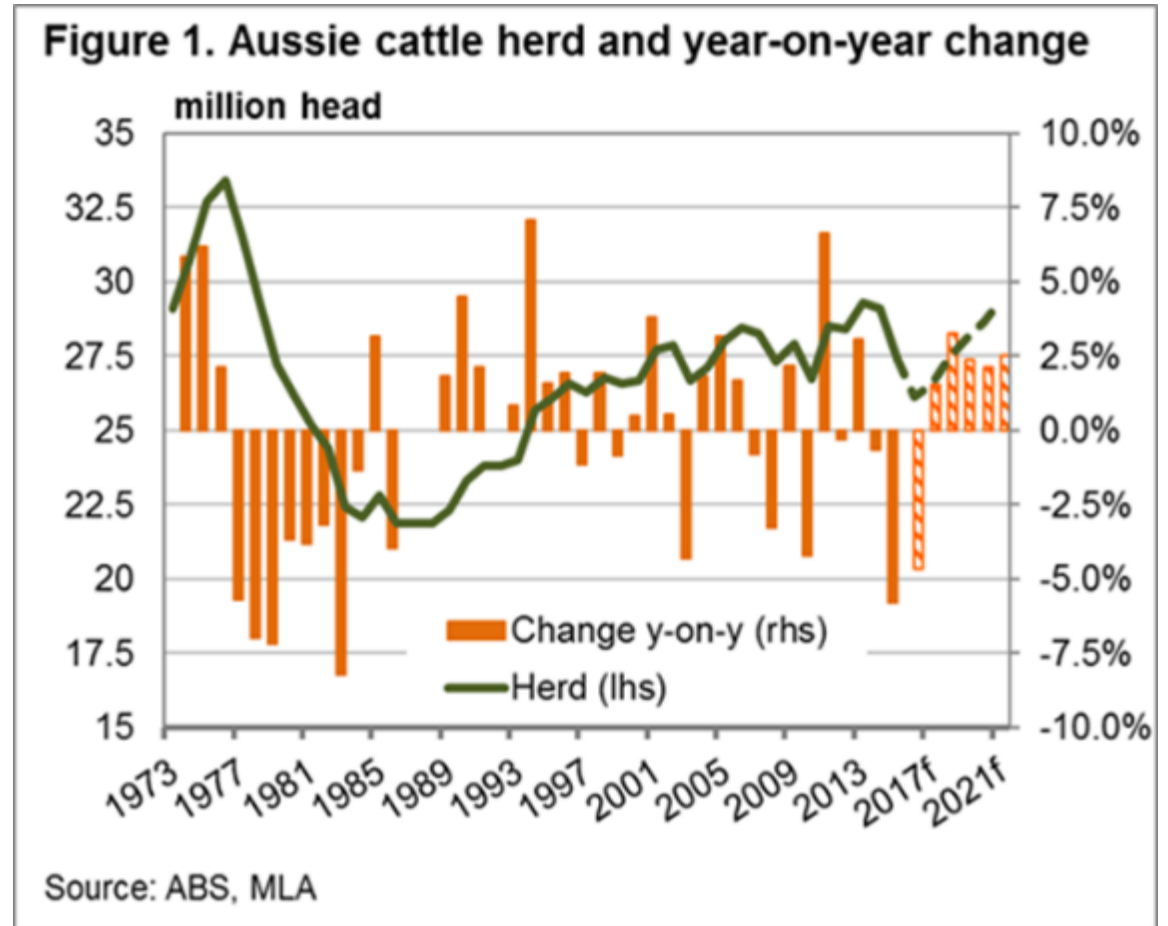


How valuable is Mecardo to your business?



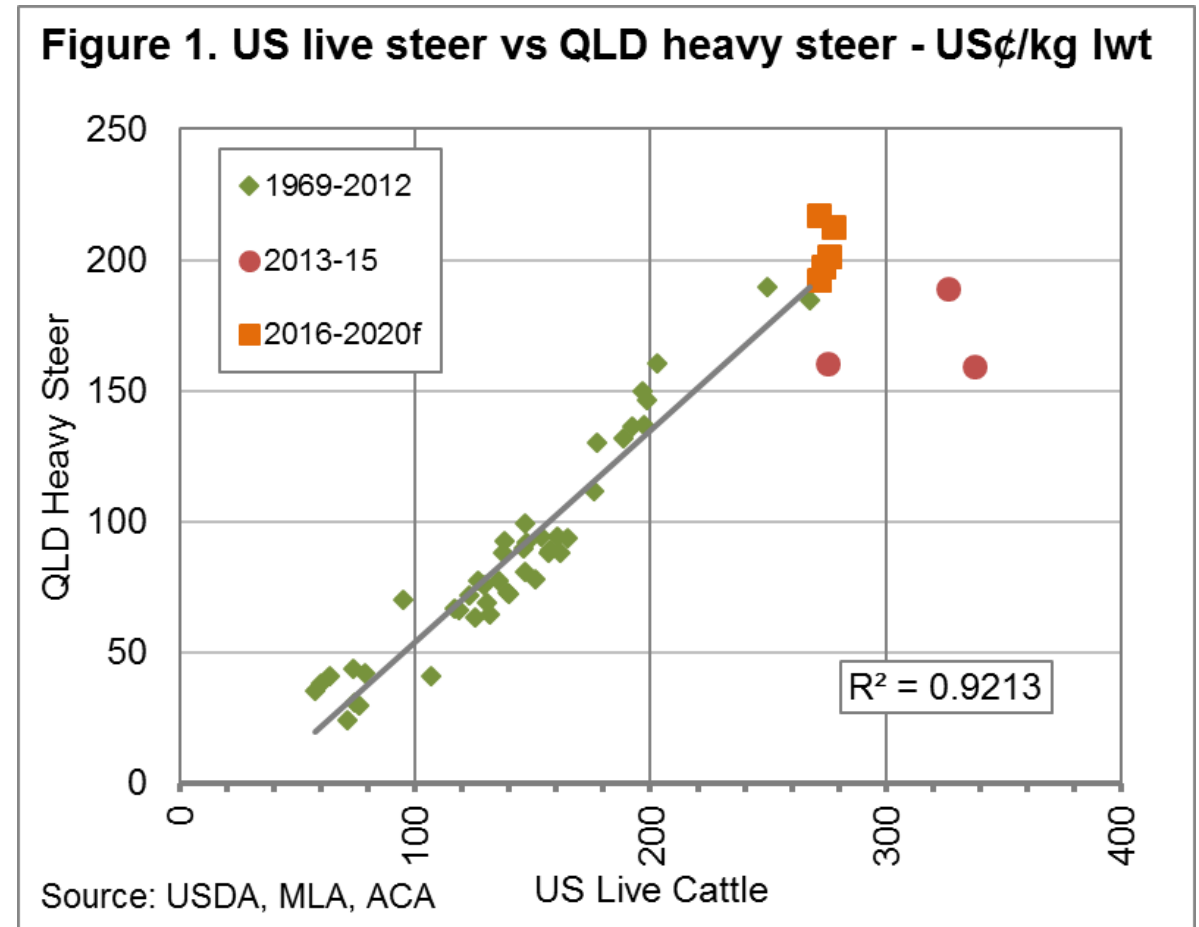
Post drought - Australian herd set to re-build

- ▶ Following drought, producers rebuild the herd
- ▶ Herd rebuild means lower sale/slaughter numbers, putting pressure on processors
- ▶ Slow turn-around expected given the extent of herd turn-off over the past 2 years
- ▶ Wet season dependant
- ▶ Worst of sales volume soon behind us

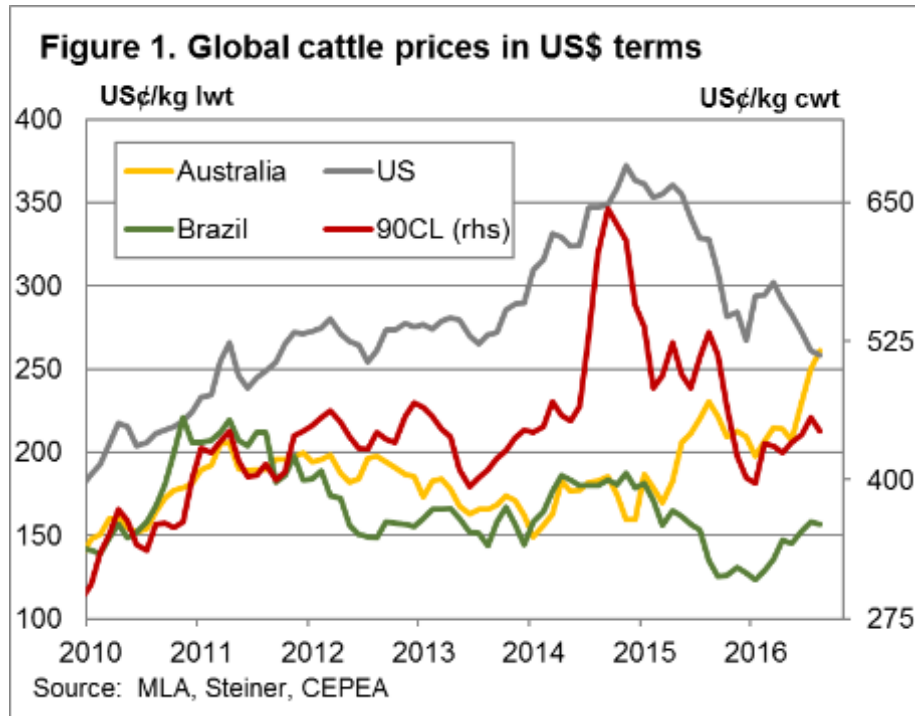


What happens in the US is important

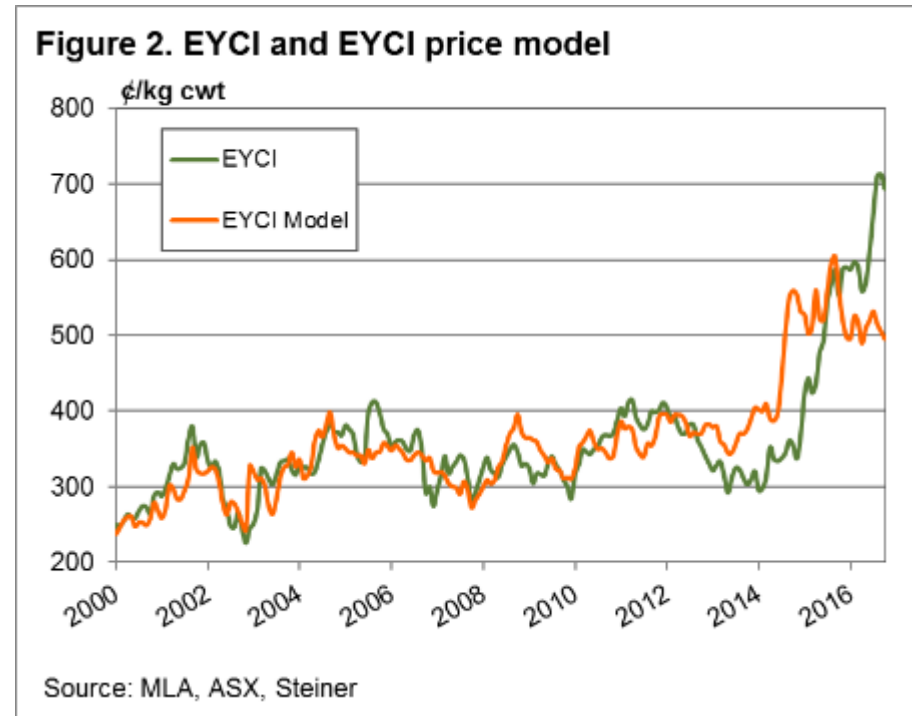
- ▶ US and Australian prices are correlated as we compete in similar export markets
- ▶ Except when we have supply shocks
- ▶ Maintaining agency earnings



International meat prices



- ▶ Markets are correlated
- ▶ Predictions can be made

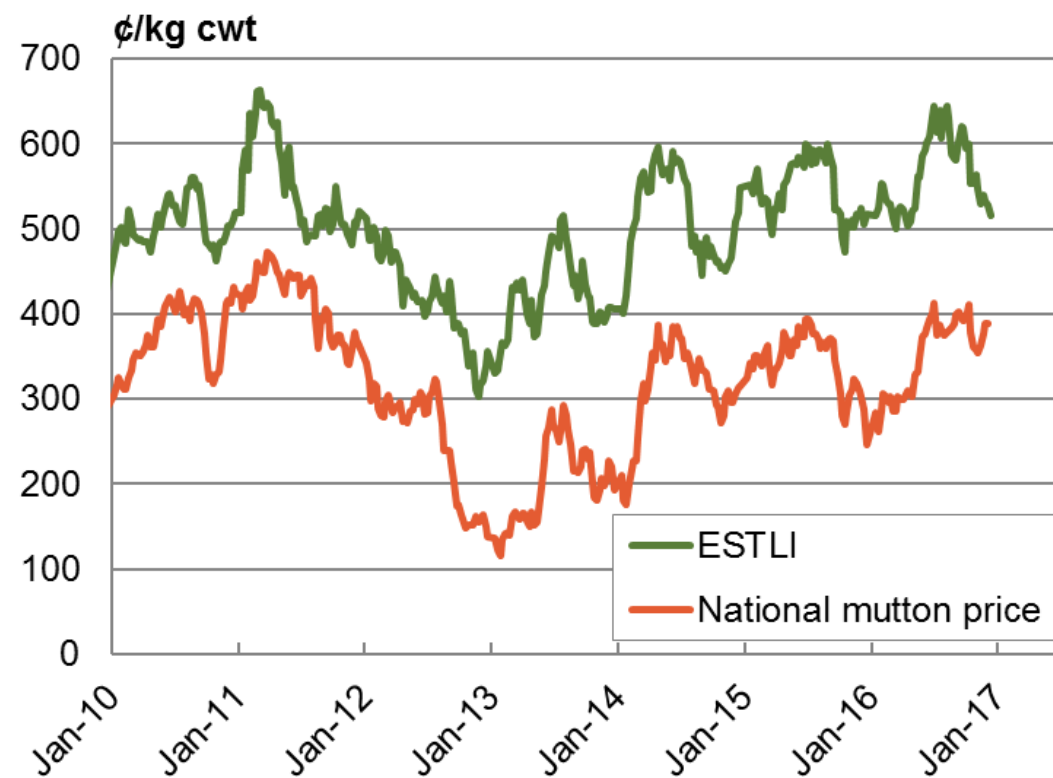


- ▶ Australian beef now over-valued
- ▶ Market driven by re-stockers
- ▶ Cattle market to retrace towards 500 cents?

Lamb & Sheep Market

- ▶ Incentive to rebuild flock due to favourable weather and increasing lamb prices (since 2013)
- ▶ Confidence high for sheep meat
- ▶ Price & Supply to continue positive sentiment

Figure 1. ESTLI & national mutton indicator

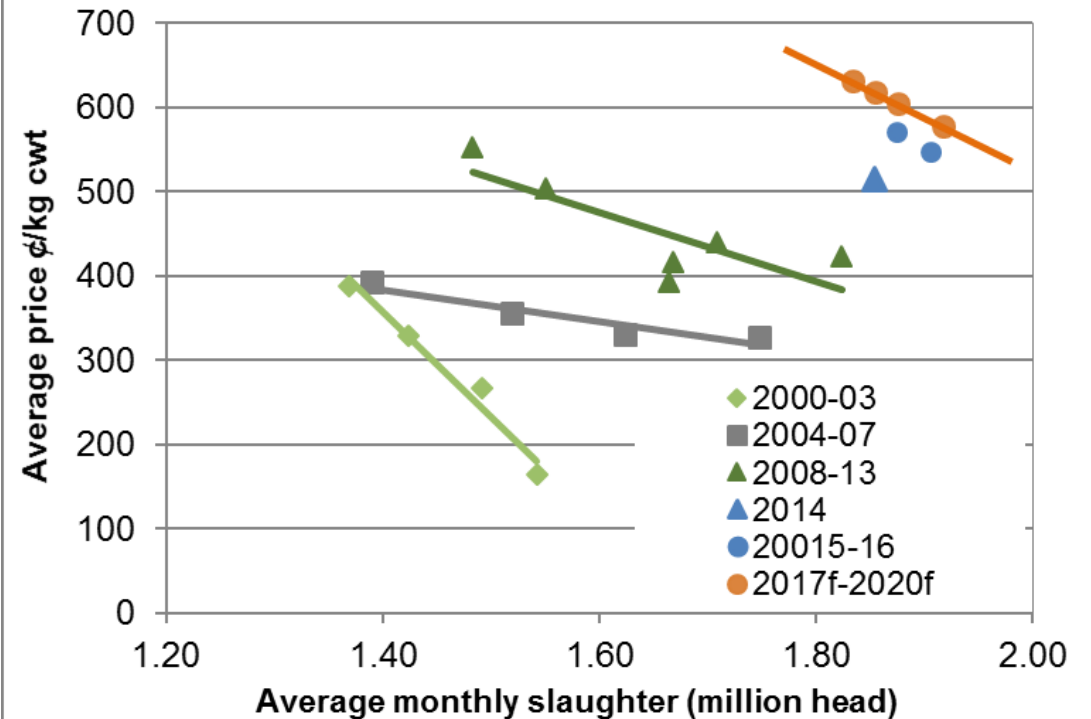


Source: MLA's NLRS

Key indicator of confidence

- ▶ Growth in lamb numbers as curves shift to the right as demand expands over time
- ▶ Optimistic outlook
- ▶ Is this the “darling” of ag for this decade?

Figure 2. Lamb slaughter and prospective prices

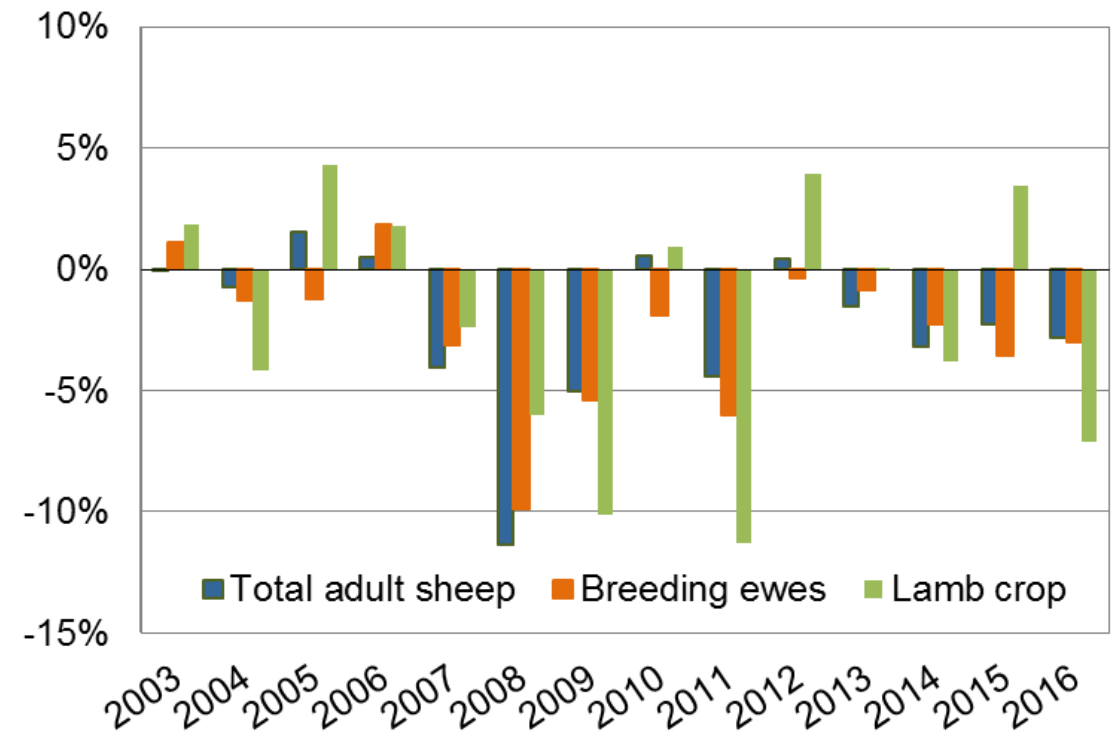


Source: ABS, MLA, ACU

New Zealand

- ▶ Australia & New Zealand are the only significant lamb exporters
- ▶ Falling sheep numbers in New Zealand will reduce supply
- ▶ Result in increased demand for Australian lamb?

Figure 3. Year-on-year change in numbers (NZ)

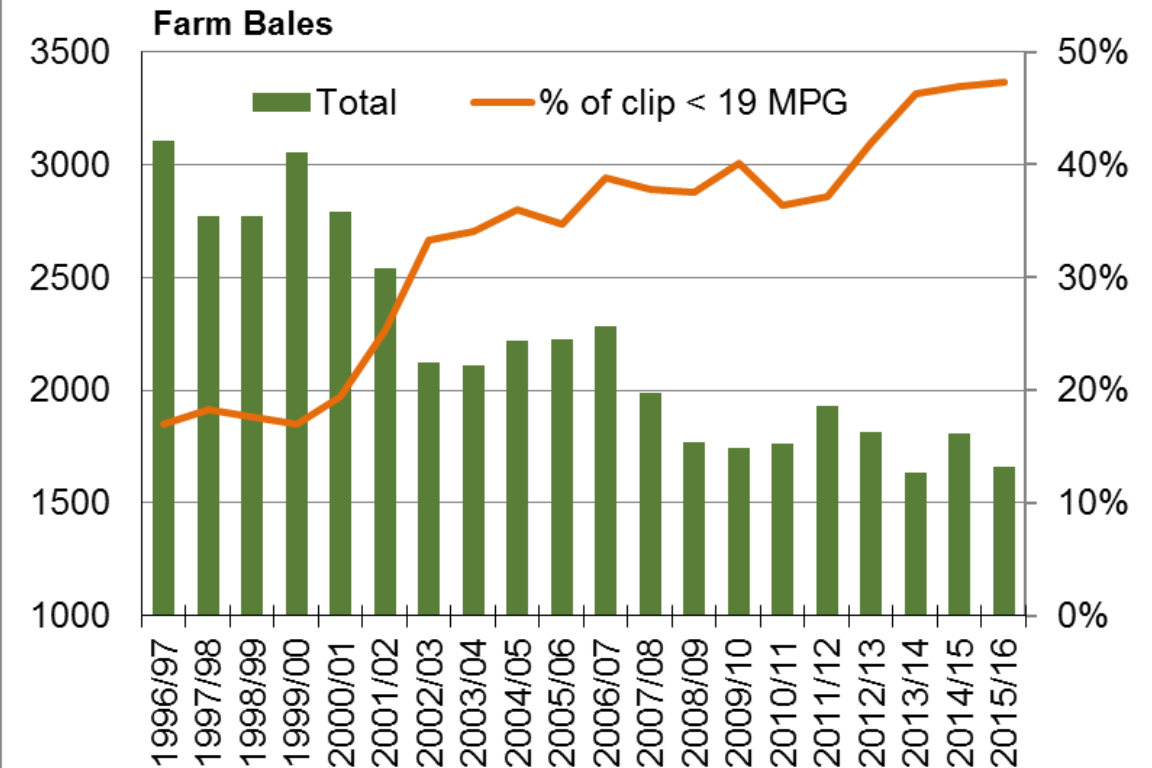


Source: Statistics NZ, Beef & Lamb NZ

Wool – Supply under pressure

- ▶ Wool has lost ground to crops
- ▶ Fine wool over-supplied
- ▶ Numbers stabilising
- ▶ Fine wool volume to fall
- ▶ Supply to consolidate

Figure 1. Wool Production - Farm Bales



Source: AWTA

Wool – Price recovered

Fig 1. Southern Micron Price Guides

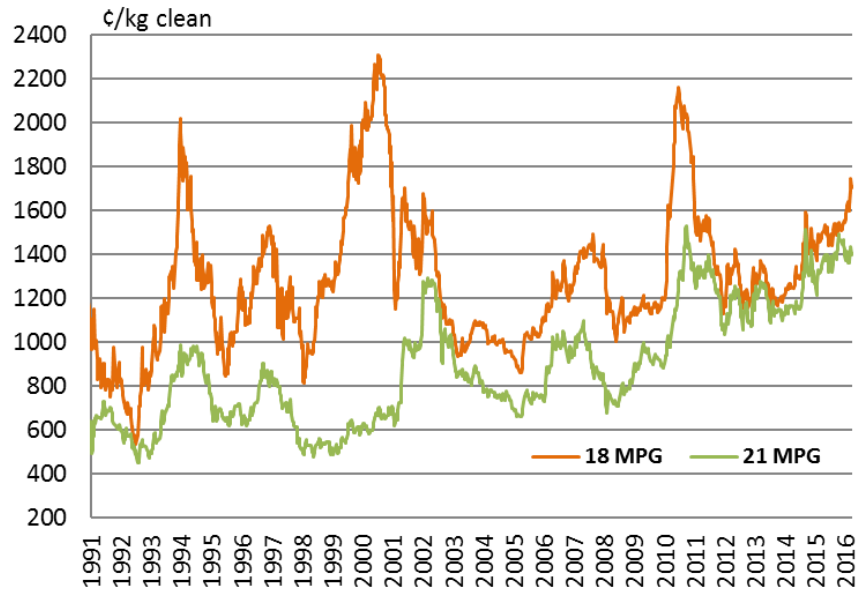
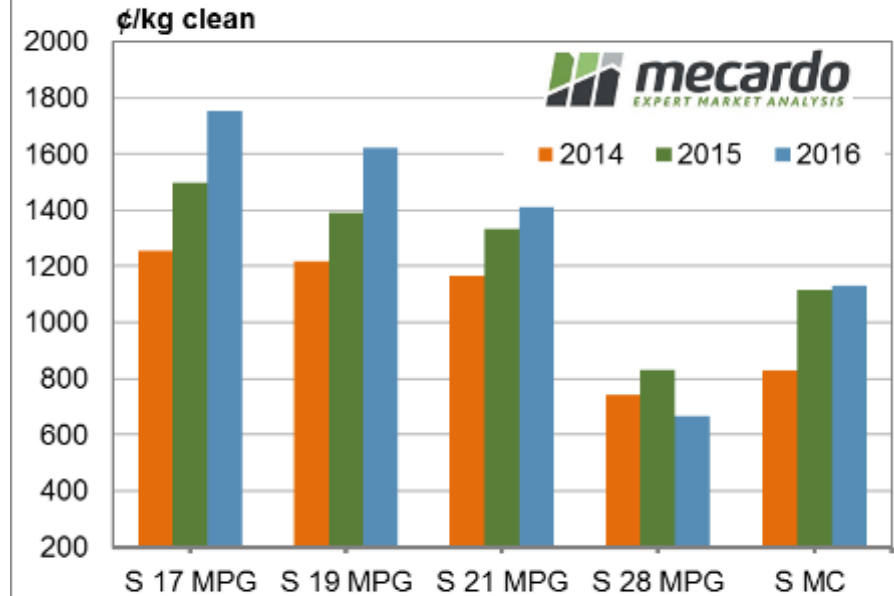


Figure 2. Wool Prices (2014 - 2016)



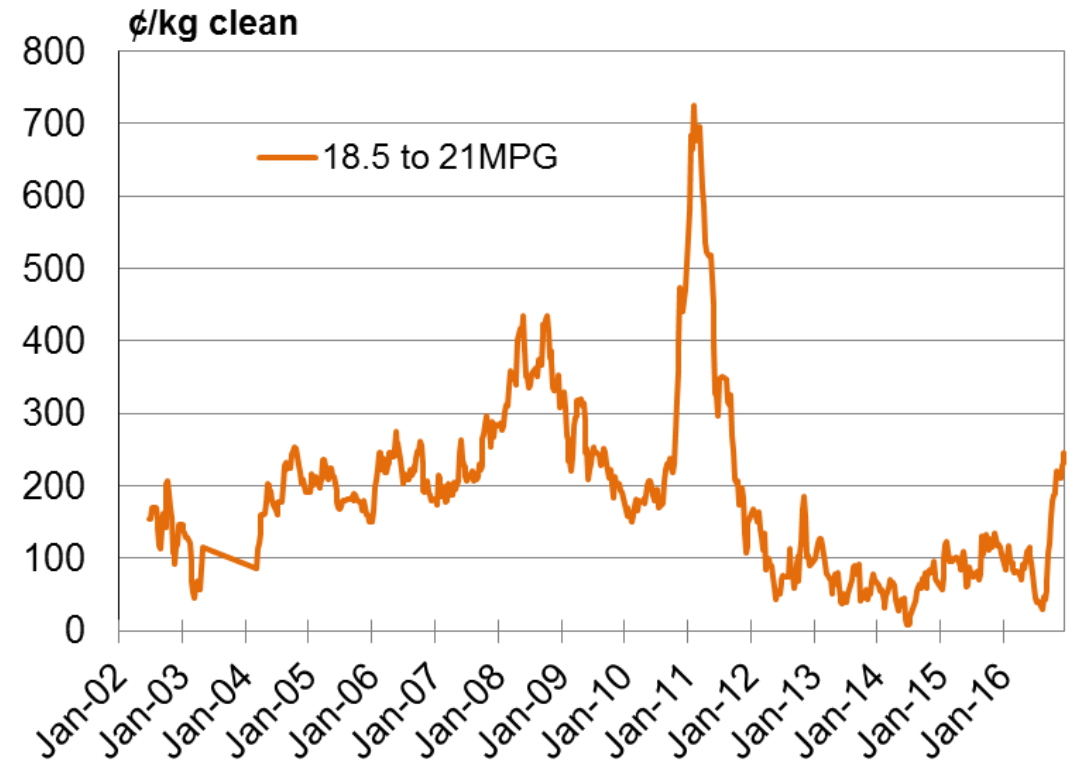
Source: AWEX

- ▶ Grower returns now very good
- ▶ Fine wool premiums returning
- ▶ Still a challenge to increase Merino numbers

Fine Wool Premiums

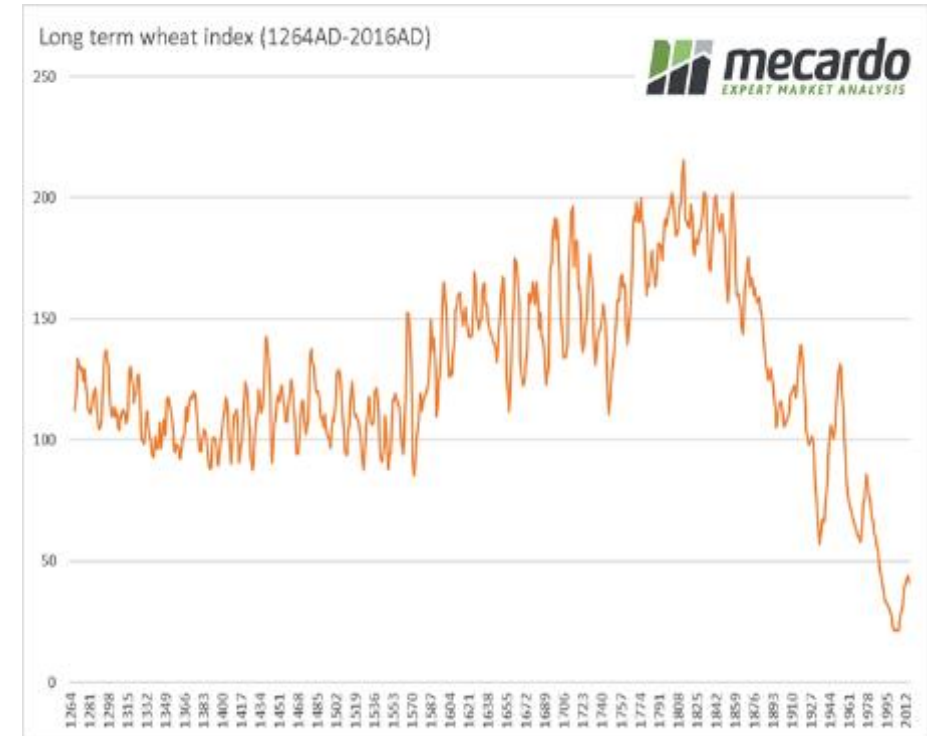
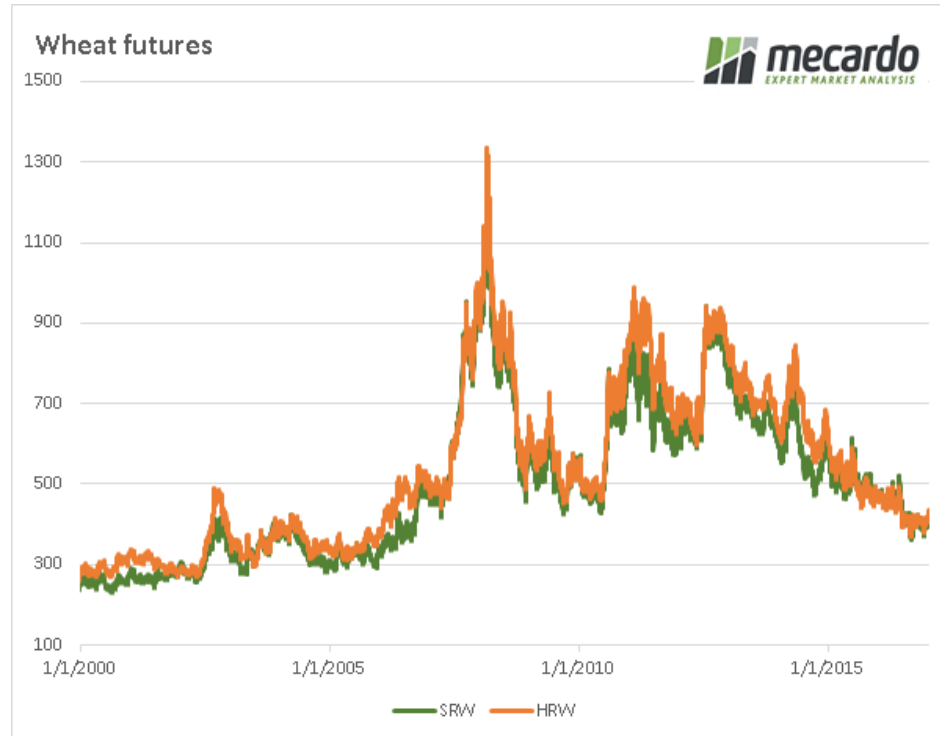
- ▶ As supply re-aligns post drought, fine wool premiums will continue to improve
- ▶ Can this encourage increased production?

Figure 2. Fine wool premiums



Source: AWEX

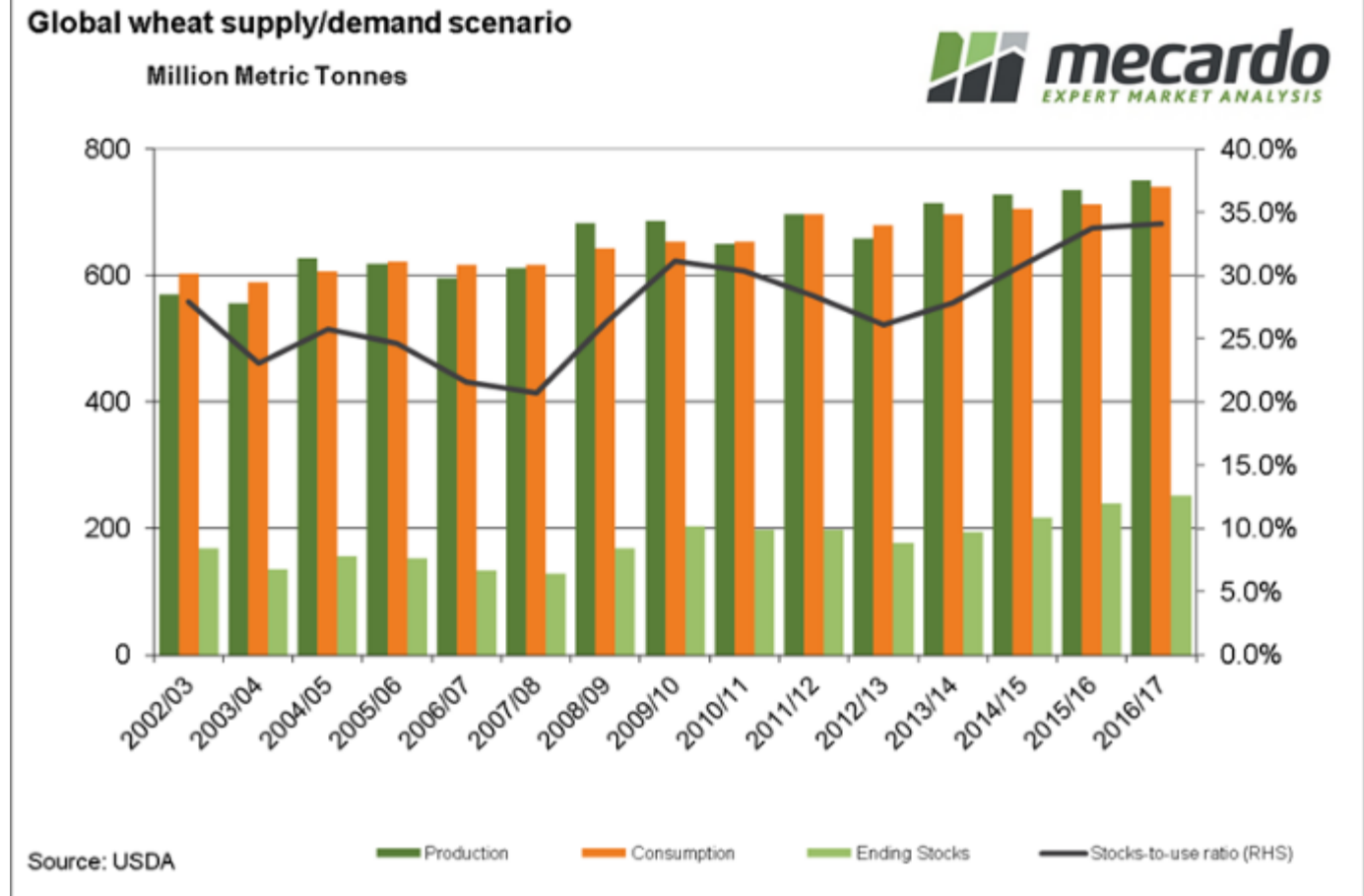
Grain



- ▶ Prices have eased in recent times, first population increase, then technology improvements - and have impacted prices long-term (1264 to current)
- ▶ Without new innovation (+ with pop. increase) will demand lift price?

Global Stocks

- ▶ Stocks to use at 35% is very comfortable
- ▶ Recent production globally has been “event free”
- ▶ This can change quickly
- ▶ Despite low price, no reduction in plant intentions



Horticulture and Viticulture in Tasmania

- ▶ Traditional horticulture for Tasmania include tree crops, vegetables, vines and poppies
- ▶ Currently experiencing significant expansion in berries, vines and cherries
- ▶ Investment from national and multinational businesses such as Costa, Simplot, Brown Brothers, Sumich has seen the industry grow
- ▶ Water surety through new state government irrigation schemes; as well as private investment support has led to on-farm irrigation expansion and the opportunity to grow high value crops
- ▶ Majority of sales are generated in the field by out-bound agronomists



Leadership Team



Travis Dillon

Managing Director and Chief Executive Officer

Travis joined Ruralco in 2007 and has held several senior leadership roles including General Manager – Mainland Operations and General Manager – Rural Retail. During his tenure, Travis has overseen all rural operations including livestock, wool, merchandise, live export and real estate. Travis has been involved with the agribusiness industry for over 20 years and has extensive experience in all activities across the group.



Adrian Gratwicke
Chief Financial Officer



Greg O'Neil
Exec General Manager CRT,
Rural Supplies, Group
Marketing & Communications



Matt Pedersen
Exec General
Manager
Rural Operations



Ian Perry
Exec General Manager
Financial Services



Elizabeth Hardaker
Exec General Manager
People & Culture



Peter Weaver
Exec General Manager
Water & Southern
Businesses



Ilona Alsters
General Counsel &
Company Secretary

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Summary Information

The information contained in this presentation is general information about Ruralco Holdings Limited and its subsidiaries ("Ruralco") and its activities as at 23 January 2017, and does not purport to be complete. This presentation should be read in conjunction with Ruralco's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange.

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Financial information

All dollar values are in Australian dollars (A\$) and financial data is presented within the twelve months ended 30 September 2016 unless otherwise stated.

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.

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.

Ruralco

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