

Ruralco Investor Site Visit

July 2017

Ruralco

WE'RE HERE FOR AUSTRALIAN FARMERS™

Contents

	Pg.
Itinerary Overview	3.
Introduction to South Australia's Riverland Region	4.
Strategic Fit	5.
Total Eden Renmark	8.
Platinum Ag Services Renmark	9.
Introduction To Water Trading – Ruralco Water	14.
Client Engagement	16.
Ruralco Finance – A Step Change	19.
An Introduction To SproutX	20.
Ruralco Progress Since May	21.

Itinerary Overview

1. **Total Eden, Renmark – branch tour**
 - Andrew Sloan, Branch Manager
2. **CRT Platinum Ag Services, Renmark – branch tour, rural supplies and water trading presentations**
 - Stephen Flaherty, Branch Manager
 - Peter Weaver, Executive General Manager Total Eden
3. **Customer visit, CMV Farms – almond grove tour and visit to filter shed**
 - Peter Keynes, Agronomy and Commercial Manager, Total Eden
 - Jeremy Miatke, CMV Orchard Manager
4. **Customer visit, Aroona Farms – water projects presentation and pump house visit**
 - Peter Weaver and Andrew Sloan
 - Kelvin Tresize, Aroona Orchard Manager
5. **Presentation – Ruralco Finance**
 - Ian Perry, Executive General Manager Financial Services
6. **Presentation – Ag Concepts: Mecardo commodities update**
 - Matt Dagleish, Analyst, Ag Concepts
7. **Presentation – SproutX AgTech start-up hub**
 - Sam Trethewey, General Manager - SproutX & Agri Innovation, Findex
8. **Customer visit, Woolenook Fruits – agronomy talk and packing plant tour**
 - Stephen Flaherty
 - Ryan McLaren, Accounts Manager, Agronomy, Platinum Ag Services
 - Ben Hasslet, Owner Woolenook Fruits
9. **Twenty-Third Street Distillery, Renmark – wrap up**

Introduction To South Australia's Riverland Region



Today you will see the Ruralco strategy in action and gain insight into Ruralco's whole-of-business offering to customers in the Riverland. We will be visiting branches, and learning from our customers first-hand about the opportunities to sustainably grow our businesses together.

Platinum Ag Services is a well-known and trusted local brand, a typical Ruralco rural supplies store.

Ruralco has invested in rural supplies stores strategically placed throughout the region to service the high input needs of the intensive horticulture and broad acre production suited to the area's conditions.

In the Riverland, water is an actively traded commodity, a valued input that is used efficiently to grow crops economically to ensure farm gate returns. Ruralco Water Brokers facilitate this trade on Australia's largest independent water market trading platform waterexchange.com.au.

The value of water to the region means investment in water infrastructure makes sense, and Total Eden advise, design, install equipment and provide maintenance for the lifecycle of equipment through to upgrade.

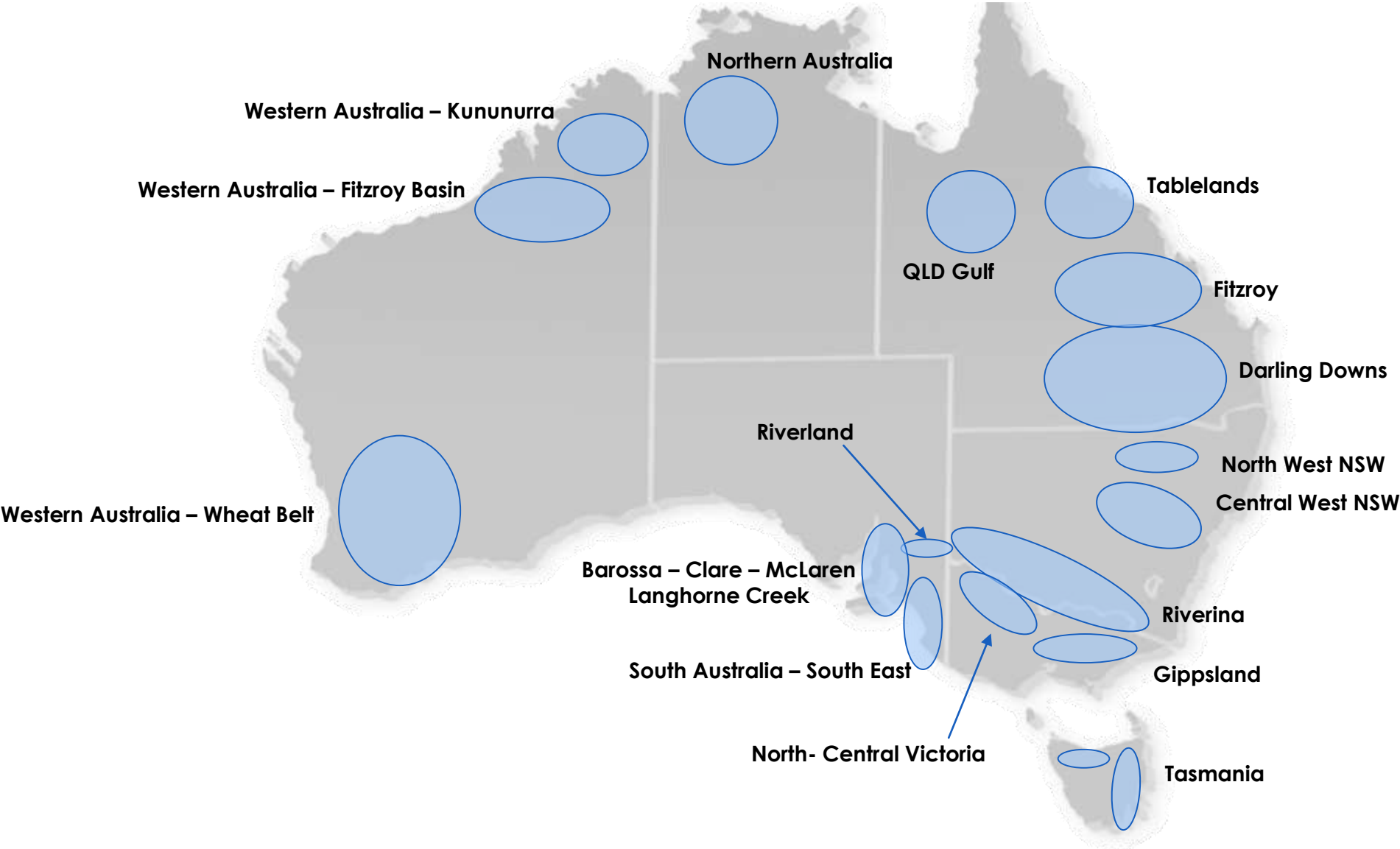
We are here today because the Riverland is a showcase for best-practice agriculture. Welcome to Renmark.

Strategic Fit

- ▶ The Riverland has sustainable comparative advantages for high value irrigated horticulture including ideal soil quality and climate, reliability of water supply, and best practice water supply systems
- ▶ Ruralco's ongoing focus is to invest in water businesses that operate in regions with significant upcoming or prolonged government or private investment in irrigation infrastructure and water schemes
- ▶ As the leading provider of water products, services and entitlements trading to the Australian agricultural sector, Ruralco is uniquely positioned to capture demand for design, installation and maintenance of on-farm water infrastructure



Ruralco's Target Irrigation Regions



National Water Infrastructure Development Funding (State Aggregate)

Northern Australia Water Resource Assessment

- Run by CSIRO across Fitzroy (WA), Darwin (NT) and Mitchell (QLD) (\$15 m)

Northern Territory

- Ord Stage 3 Feasibility (\$2.5m)
- Northern Territory Irrigation (\$1m)

Western Australia

- Ord Stage 3 Feasibility (\$2.5m)
- Western Trade Coast Managed Aquifer (\$0.7m)
- Myalup-Wellington Infrastructure (\$1m)
- Oakover Valley Irrigation (\$0.3m)
- Pilbara Irrigated Ag Study (\$1m)
- Ord River Siphon (\$0.2m)
- Peel Business Park Managed Aquifer Study (\$0.7m)

South Australia

- Northern Adelaide Irrigation Scheme (\$2.5m)
- Northern Reservoirs Feasibility (\$1.2m)

Victoria

- Coldstream Pipeline (\$0.3m)
- SE Melbourne Regional Water (\$0.1m)
- Moonambel Water Supply (\$0.2m)
- Mitiamo Reticulated Water Supply (\$0.8m)
- Southern Victoria Irrigation (\$0.7m)
- Dilwyn Aquifer (\$0.1m)
- Lindenow Valley Water (\$0.6m)
- MID2030 Phase 2 (\$0.7m)
- Ag & Job Growth in West Melbourne (\$0.5m)
- Vic Sunraysia Modernisation (\$1.7m)

Queensland

- Nullinga Dam (\$5m)
- Emu Swamp Dam (\$4m)
- North West Water Storage (\$1.8m)
- Lakeland Irrigation Area (\$0.8m)
- Gayndah Regional Irrigation (\$1.2m)
- Burkedin Falls Dam (\$0.4m)
- Burkedin Houghton Channel Upgrade (\$1.9m)
- Bundaberg Channel Upgrade (\$0.8m)
- Urannah Dam (\$3m)
- Lower Fitzroy Infrastructure (\$2m)
- South East QLD Effluent Treatment (\$0.7m)
- Southern Atherton Tablelands Irrigation (\$0.8m)
- Clermont Water Security (\$0.2m)
- Aquifer Recharge Study (\$0.1m)
- Hells Gate Dam (\$2.2m)

New South Wales

- Peel Water Infrastructure (\$0.9m)
- Cobar & Nyngan Water Supply (\$0.9m)
- Border Rivers Infrastructure (\$0.6m)
- Walcha Water Security (\$0.1m)

Tasmania

- Growing Future Pre Feasibility Study (\$1.8m)

\$3.5 million

\$6.4 million

\$3.7million

\$24.9 million

\$2.5 million

\$5.7million

\$1.8 million

Total Eden Renmark



- ▶ Total Eden Renmark is a greenfield site, combining two local businesses: Riverland Irrigation and River Rain, that were acquired by Ruralco this year
- ▶ Expertise gained from the acquisitions include:
 - specialist provider with a focus on utilising agronomy and moisture monitoring to deliver crop planning and irrigation design services
 - sophisticated pumping solutions and a diverse array of specialised equipment for irrigation
 - Significant IP
- ▶ Principals retained within the combined business
- ▶ These acquisitions represent a complimentary footprint to Ruralco's successful Platinum Ag Services rural supplies business

Platinum Ag Services Renmark



- ▶ Platinum Ag Services is a Ruralco joint venture and CRT member with 11 stores strategically located throughout South Australia and one store in Victoria
- ▶ A leading supplier of inputs to the horticulture and broad acre industries
- ▶ Renmark branch, established in 2010
 - 6 employees
 - predominately supplies inputs (fertilisers, crop chemicals, merchandise) for horticulture: wine grapes, citrus, almonds, stone fruit, potato and vegetable markets
 - Provides agronomy expertise and crop advice including the PrecisionHawk drone data and analytics
- ▶ Water Broking added to the business capability in 2014 following the acquisition of Ruralco Water

Local Markets - Almonds



- ▶ The Riverland produces 20% of Australia's almonds, the largest growth category in Australian horticulture
- ▶ 7,132 hectares planted in the Riverland, with approximately 1,051 hectares of new plantings in 2016
- ▶ Almonds cost approximately \$12,000 per hectare to produce requiring \$2,500 per hectare in fertiliser and chemical inputs
- ▶ Current pricing of almonds is \$9.17/kg - \$196 million in value to the economy
- ▶ Almonds need water annually, and their comparatively high value means farmers can make economic returns despite higher cyclical water prices – effective water management strategies are key

Local Markets - Citrus

- ▶ With 6,300 hectares in production, the Riverland is Australia's third largest growing region with 22% of Australia's citrus
- ▶ Cost to produce a hectare of oranges is around \$8,000
- ▶ Cost to produce a hectare of Mandarins is around \$10,000
- ▶ Varieties grown include: Navel 50% and Valencia oranges 40%, but also mandarins, lemons, other orange varieties, grapefruit, tangelo and limes
- ▶ There are two main markets for citrus: fresh fruit and processed fruit (mainly oranges for juice)
- ▶ Australia's largest fresh fruit export: 205,000 tonnes – mainly oranges, are sent to over 40 export destinations. The top five markets are Hong Kong, Japan, China, United Arab Emirates and Singapore



Local Markets - Wine Grapes



- ▶ The Riverland is responsible for 27% of Australia's wine production with approximately 20,000 hectares of vines
- ▶ The region produces 380,000 tonnes each year representing over half of South Australia's grape harvest
- ▶ Varietals include: Chardonnay, Shiraz, Cabernet Sauvignon and Merlot
- ▶ The average cost to produce is approximately \$4,000 per hectare
- ▶ The total estimated value of the Riverland crush is approximately \$130 million
- ▶ The Riverland boasts the largest winery in the Southern Hemisphere at Berri Estates, it is also home to other well-known brands: Banrock Station, Angove and Kingston Estates
- ▶ The region also produces late season (April/May) table grapes

Local Markets - Stone Fruit

- ▶ The Riverland produces 8% of Australia's stone fruit crop
- ▶ Cost to produce is around \$40,000 per hectare
- ▶ The biggest opportunity in stone fruit is the emerging Chinese market, nectarines are the first variety to be accepted into China with the remaining varieties soon to follow
- ▶ It is estimated it will take approximately 3 years to establish the Chinese market - which will equate to around \$23,000 per hectare in extra income with little or no extra cost to produce



Ruralco Water – Introduction To Water Trading



- ▶ Trading schemes in place in QLD, NSW & Vic, SA and Tas
- ▶ The National Water Exchange, which is the largest water trading platform in the country, is owned by Ruralco
- ▶ Ruralco Water brokers are based in major Australian irrigation centres
- ▶ Employs more than 20 brokers that buy and sell permanent and temporary water on behalf of clients



Government Policy And The Future: The Rationale For Water Trading



- ▶ More and more farmers are considering water as an input (like fertiliser and chemicals) and are using a mix of water products
- ▶ Water is a scarce resource and increasingly volatile in price - over the two years to 2016, the value of water entitlements held for consumptive use in the southern Murray Darling Basin doubled to \$11.5 billion
- ▶ In the future there will be more water markets and more and more investors are owning water entitlements
- ▶ Giving water a value creates incentive for efficiencies with higher prices driven by less supply and more demand
- ▶ Governments are committed to the extraction cap and trade model: The Murray Darling Basin Plan allocates a scarce resource to the highest and best use

Client Engagement – CMV Farms



- ▶ CMV (a private company) grow almonds, pistachios and wine grapes in SA and Vic
- ▶ Loxton is the newest of four additional farms in the CMV group
- ▶ Loxton has currently 450 hectares of almonds planted – increasing by 155 hectares next year
- ▶ Drip irrigated, with state of the art control and monitoring systems
- ▶ Pumping capacity of 990L/sec when the property is at maximum capacity
- ▶ Water is pumped from the Murray, through a 900mm x 3.5km pipeline
- ▶ CMV is a long term customer

Client Engagement – Aroona



- ▶ Aroona Farms is a large grower of almonds in SA and Vic
- ▶ Established plantings of 650 hectares
- ▶ New plantings of approximately 850 hectares over the next 2 – 3 years
- ▶ Sprinkler and drip irrigated with high tech control and monitoring systems
- ▶ Pumping capacity of 2,200L/sec
- ▶ Total Eden have been supplying irrigation systems and expertise to this farm for many years

Client Engagement - Woolenook Fruits



- ▶ The Woolenook Fruits business started in 1985
- ▶ The farm grows, packs and markets: citrus, almonds, wine grapes and stone fruit with plantings over 120 hectares
- ▶ Woolenook Fruits have been a client of Platinum Ag Services since 2010
- ▶ The Platinum Ag Services agronomist visits the Woolenook property on a weekly basis to discuss issues and make recommendations
- ▶ The next phase in working with Woolenook Fruits is to use the PrecisionHawk drone technology to increase input efficiency
- ▶ Ruralco Water also trade all of Woolenook's water requirements

Ruralco Finance – A Step Change

- ▶ The strategic aim for Financial Services – to become a meaningful contributor to Group EBITDA through an aggressive growth strategy that involves:
 - Partnering with strong financiers
 - developing market-leading products and
 - maximising the cross selling opportunities across the Group
- ▶ Working with Ausure, Ruralco Insurance has the opportunity to deliver insurance across our 500+ points of representation with improved products, terms and conditions
- ▶ Continue to grow the Ruralco Seasonal Finance product in partnership with Rabo
- ▶ Final stages of developing a complementary livestock financing product alternative
- ▶ Increasing the presence of the brand and availability of specialist support across the business to assist the growth our finance brokerage services
- ▶ The presence of a strong Financial Services division will deliver improved return on capital for the Group (capital light activity)

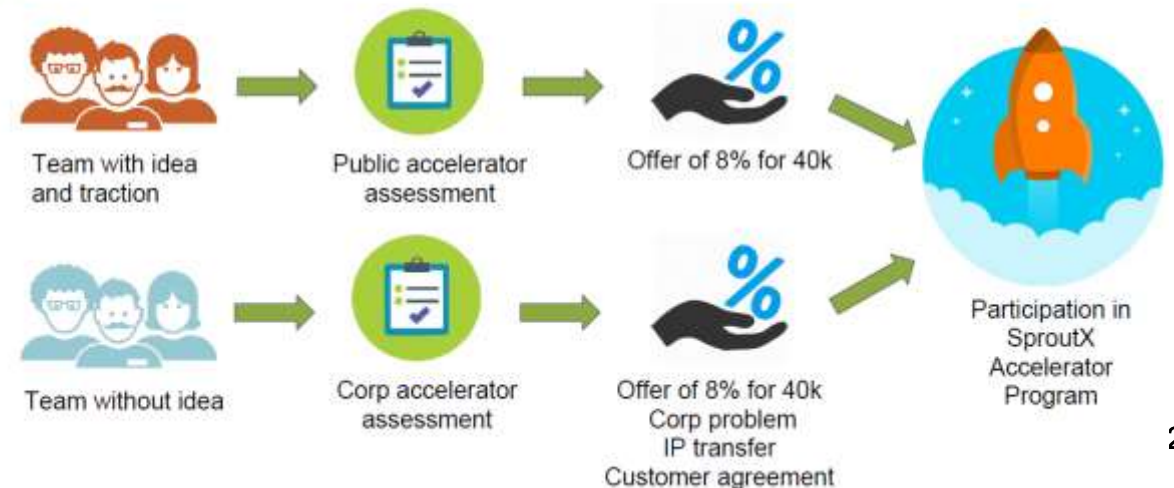


- ▶ SproutX is an AgTech hub designed to help develop the innovations that will transform agriculture
- ▶ As a partner, Ruralco has first-mover advantage in identifying, testing and investing in AgTech in the accelerator and has the opportunity to lead the market in bringing AgTech innovations to its customers
- ▶ SproutX is backed by corporates and institutions including Findex, the NFF, AgFunder, the Victorian Government and Artesian Ventures
- ▶ Supported by a \$1 million Victorian Government grant and +\$10 million fund being raised by Artesian Ventures
- ▶ Co-working space of 800sqm established in the Melbourne CBD as a national headquarters that houses the accelerator program
- ▶ There are now 11 start-ups that have progressed to funding stage (as of June 2017)



Our Accelerator Models

SproutX offers two accelerators models:



Ruralco Progress Since May

- ▶ Focus continues on integrating the recent acquisitions in Water and Rural Supplies and Management is pleased with the progress to date. The portfolio of recent acquisitions are performing in-line with expectations
- ▶ The Water business has seen improved operational performance since the first half, with a healthy pipeline of water projects
- ▶ Ongoing improvement in operational and working capital efficiency measures
- ▶ Program Elevate milestones on track with recent go live of new rebates system and master data governance system to improve controls and increase automation
- ▶ Despite a dry June, particularly in the broad acre cropping regions of WA and western SA, and forecast dry conditions out to September, sales of rural supplies inputs have held relatively firm and livestock and wool prices have remained high over the period to date.
- ▶ Consistent with the outlook provided in May, the Group remains on track to deliver 2H17 earnings similar to 1H17 assisted by the impact of full year cost-out benefits and overall business improvement initiatives

Disclaimer

Summary Information

The information contained in this presentation is general information about Ruralco Holdings Limited and its subsidiaries ("Ruralco") and its activities as at 19 July 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.

No recommendation, offer, invitation or advice

This presentation is not financial product or investment advice or a recommendation, offer or invitation by any person or to any person to sell or purchase Ruralco shares in any jurisdiction and has been prepared without taking into account the investment objectives, financial situation or particular needs of individual investors. Investors should make their own independent assessment of the information in this presentation and obtain their own independent advice from a qualified financial adviser having regard to their objectives, financial situation and needs before taking any action. Ruralco is not licensed to provide financial product advice in respect of Ruralco shares. Cooling off rights do not apply to the acquisition of Ruralco shares.

Exclusion of representations or warranties

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 any statements, estimates, opinions or other information in this presentation or the reasonableness of any assumptions on which they are 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.

To the maximum extent permitted by law, Ruralco and its related bodies corporate, directors, officers, employees, advisers and agents disclaim all liability and responsibility (including without limitation any liability arising from fault or negligence) for any direct or indirect loss or damage which may arise or be suffered through use or reliance on anything contained in, or omitted from, this presentation.

Past performance

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Financial information

All dollar values are in Australian dollars (A\$) and financial data is presented within the twelve months ended 30 September 2017 unless otherwise stated.

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