

ANNUAL GENERAL MEETING



2 February 2018



WE'RE HERE FOR AUSTRALIAN FARMERS™





Agenda

- Chairman's Address
- Managing Director & CEO Presentation
 - Highlights
 - Strategy Execution
 - FY17 Financial Overview
- Business of the Meeting

A photograph of three people in a grassy field. On the left, a man in a dark jacket looks at a plant. In the center, another man in a dark jacket holds the plant. On the right, a woman in a blue checkered shirt smiles and looks at the plant. A semi-transparent white box with a thin black border is overlaid on the center of the image, containing text.

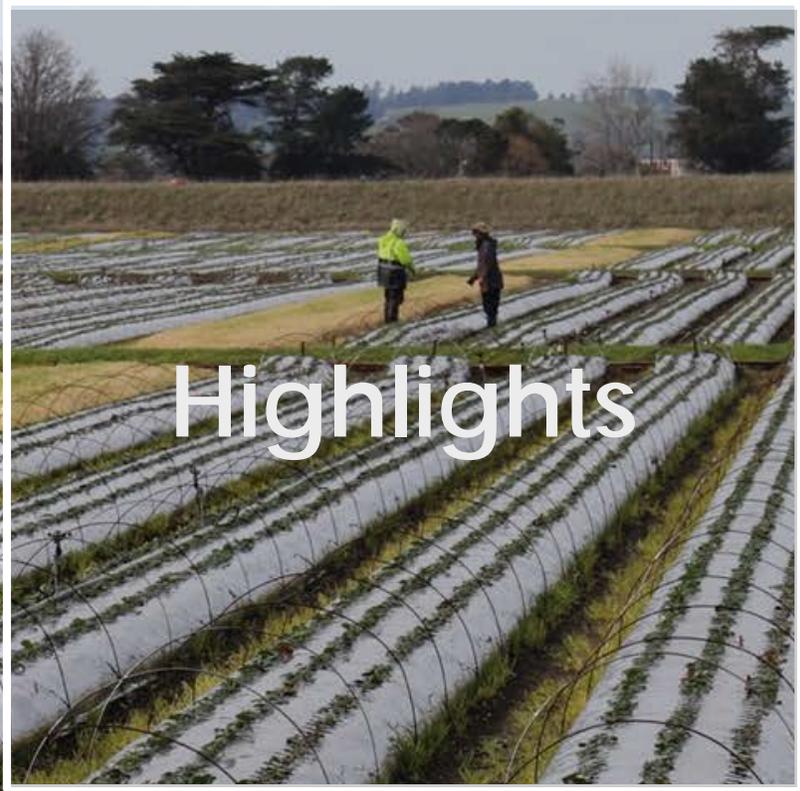
Meeting Opening
and Chairman's
Address

Rick Lee

A photograph of a person wearing a hat and dark clothing riding a brown horse through a field of sheep. The sheep are densely packed and appear to be moving across the grassy field. In the background, there are trees and a hazy horizon. A white-bordered box is overlaid on the center of the image, containing text.

Managing
Director & CEO
Presentation

Travis Dillon



Highlights

Record performance in core traditional business

- ✓ 42% organic growth in uEBITDA
- ✓ uEPS up 62% to 27.4 cents
- ✓ Improving returns with uROCE up 4ppts to 17.3% and uROE up 4ppts to 10.0%
- ✓ Significant improvement in operating leverage
- ✓ Portfolio management activities continued with disposal of non-core assets

Improved OPEX to GP%, down 5.4 ppts to 80.8%

uEBITDA up 58% to \$65.4m

**uNPAT up 95% to \$26.2m
Reported NPAT up 422%**

**uEPS up 62% to 27.4 cents
Reported EPS up 332%**

Full year dividends of 15 cents (fully franked)

Strategy execution via accretive acquisitions

- ✓ 24 new points of presence
- ✓ Culture of new and existing businesses aligned with all integrations well progressed
- ✓ Increased scale, geographical and operational diversity
- ✓ Prudent capital structure maintained via strongly supported \$65million equity raise
- ✓ Broadening of institutional share ownership

Acquisitions performing to expectations, generating \$6.6million EBITDA



Strategy Execution

FUTURE FARMING STRATEGY
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*Strategy Execution + Improved operating leverage
= NPAT & EPS growth*

INVESTMENT	INNOVATION	INTEGRATION
<ul style="list-style-type: none"> Leading consolidator in water retail and services sectors Fill remaining gaps in the retail network Grow the high yielding agency business 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> 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 BACK OFFICE
PEOPLE & CULTURE**

On track to deliver +\$13.6million incremental annualised EBITDA

Scaleable insurance offering
with establishment of Ausure JV

+14 new Water locations
Delivering scale & geographical diversity

+10 new Rural Services locations
Filling gaps in footprint in NSW, WA and TAS

Launch of Flexi Finance product
to complement seasonal finance

4 key innovation partnerships established
with CSIRO, MLA, PrecisionHawk & SproutX

Program Elevate on track
to deliver a platform for digital transformation, \$10.2million spend to date

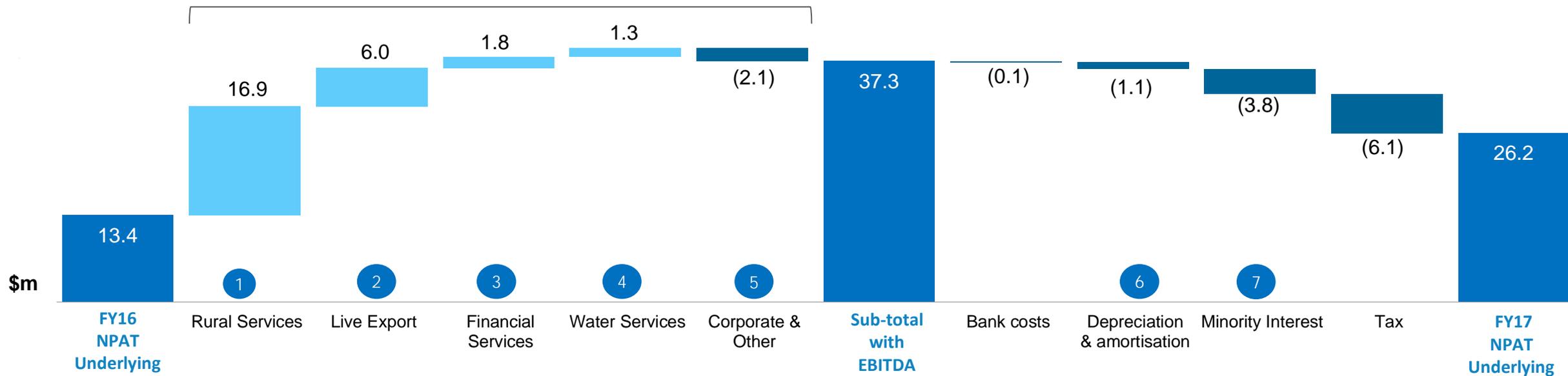
LTIFR: 2.8
our safest year yet, with over 35 training courses held to enhance safety & capability

A scenic rural landscape featuring a foreground of a brown plowed field and a green field. In the middle ground, there are several trees and a white building. The background shows rolling hills and a range of blue mountains under a clear sky. A white rectangular box is overlaid on the center of the image, containing the text "FY17 Financial Overview".

FY17 Financial Overview

Underlying NPAT Drivers

Underlying segment EBITDA¹ growth +\$23.9 million (+58%)



- 1 **Rural Services:** Significant rural supplies organic sales growth bolstered by above average livestock and wool prices and increased real estate volumes. Includes \$1.2million EBITDA attributed to new acquisitions
- 2 **Live Export:** Reflects benefits of prior year restructuring and successful backgrounding operation in H1
- 3 **Financial Services:** Increase in Seasonal Finance uptake, stronger result from Agfarm JV (+\$0.5million) and new Ausure JV (+ \$0.5million)
- 4 **Water Services:** Pleasing turnaround in restructured water retail business offset by tightened market conditions in specific geographies of the existing water infrastructure business (primarily WA). Includes \$4.8million EBITDA attributed to new acquisitions

- 5 **Corporate & Other:** Increased corporate cost of doing business (Corporate CODB) reflects higher STI cost given strong Group financial performance and \$0.7million centralised finance headcount cost previously included in Rural Services (net headcount decrease following centralisation)
- 6 **Depreciation & Amortisation:** Additional depreciation from acquisitions and amortisation of acquired intangibles. No material impact in FY17 of capitalised IT costs as larger projects have not yet gone live
- 7 **Minority Interest:** Increase reflects improved financial result from live export business and certain Rural Services JVs in particular

Strategy Execution + Improved Operating Leverage = NPAT and EPS growth

Financial Discipline

Relentless focus on cost control and efficiency initiatives to drive positive operating leverage

Measure	FY17	FY16
Underlying OPEX to GP %	80.8%	86.2%
Operating leverage	58.1	(4.0)
Corporate cost of doing business (Corporate CODB) ¹	\$37.3m	\$35.2m

Cash Flow Generation

Continuous pursuit of working capital efficiency and disciplined capex and investment decisions

Measure	FY17	FY16
Avg Working Capital % of Sales ²	7.8%	7.7%
Operating Cash Flow	\$14.2m	\$38.1m

Portfolio Management

Decisive action in restructuring operations, divesting non-core operations and increasing equity interest in subsidiaries

Measure	FY17	FY16
Underlying ROCE	17.3%	13.3%
# Portfolio Management transactions	6	5

Balance Sheet Strength

Disciplined capital management and funding flexibility to support strategic growth aspirations

Measure	FY17	FY16
Gearing % (spot)	23.6%	22.8%
Leverage (spot)	1.5x	2.3x



¹: Equivalent to the underlying EBITDA of the "Corporate & Other" segment

²: For the purpose of comparing working capital as % of sales, impact of portfolio of acquisitions are excluded from the calculation

- ▶ Good rainfall across most of the country since September has sustained strong sales of **rural supplies inputs** over the summer cropping season and recent rainfall, particularly in the south, will support ongoing activity
- ▶ As anticipated, **cattle prices** have returned to more historic levels with the EYCI averaging 565c/kg over the quarter. This is consistent with the 3 year average and is 15% lower than the same time last year. Volumes sold through the livestock agency business are in line with the same time last year
- ▶ The **Water Services** business has seen modest underlying growth in Q1 and the FY17 portfolio of water acquisitions are delivering additional earnings contributions in line with expectation, with strong projects activity in Tasmania and the Riverland region of South Australia in particular
- ▶ The broader **portfolio of acquisitions** completed in FY17 continue to perform in line with expectation. **Systems integration** for the largest Water acquisition, Irrigation Tasmania, is due to complete prior to 31 March
- ▶ **Expansion of the loan book** has continued in Financial Services with the Rabo Seasonal Finance book growing 17% in Q1. The Flexi Finance product continues to be rolled out across the business following its launch at the end of last year and the access to the new suite of financing products is also leading to growth in the asset financing book
- ▶ Challenging market conditions have persisted in **Live Export**. Lower demand, particularly out of Indonesia, continued relatively high farm-gate live export cattle prices and the high AUD\$ are all impacting trading margins. The business continues to actively develop new markets
- ▶ **Digital transformation via Program Elevate remains on track**. The enhanced CRT member online ordering system, RuralcoNet, has gone live in the quarter and work continues on a improved POS solution with commencement of a staged roll out of this final major pillar of the Program expected in March

A photograph of a group of men in blue shirts and ties at a meeting. One man in the foreground is smiling and clapping, while another man behind him has his hand raised. The scene is set in a room with a blue wall and a white desk. The text "Business of the Meeting" is overlaid on the image.

Business of the Meeting

Receipt of Annual Financial Report

To receive and consider the Annual Financial Report, the Directors' Report and Independent Auditor's Report for the Company and its controlled entities for the financial year ended 30 September 2017.

Resolution 1: Adoption of the Remuneration Report

To consider and, if thought fit, pass the following ordinary resolution:

"That the Remuneration Report for the year ended 30 September 2017 be adopted."

Proxies received In Favour	Proxies received Against	Open Votes	Abstain
47,653,122	5,364,111	1,429,852	81,180

Resolution 2: Grant of Performance Rights to the Chief Executive Officer

To consider and, if thought fit, pass the following ordinary resolution:

“That shareholder approval is given for the Company to grant up to 230,321 performance rights to Mr Dillon pursuant to the Company’s Long-Term Incentive Plan and on the terms set out in the Explanatory Statement accompanying this Notice.”

Proxies received In Favour	Proxies received Against	Open Votes	Abstain
49,159,877	4,103,239	1,210,384	126,984

Resolution 3: Grant of Share Rights to the Chief Executive Officer to Acquire Matched Shares

To consider and, if thought fit, pass the following ordinary resolution:

“That shareholder approval is given for the Company to grant up to 7,289 share rights, each to acquire 1 fully paid share in the Company, to Mr Dillon (or his nominee(s)) and the transfer of underlying shares in respect of those share rights, pursuant to the offer for Matched Shares and on the terms set out in the Explanatory Statement accompanying this Notice.”

Proxies received In Favour	Proxies received Against	Open Votes	Abstain
51,327,598	1,904,517	1,205,403	162,966

Resolution 4: Re-Election of Director – Elizabeth Johnstone

To consider and, if thought fit, pass the following ordinary resolution:

“That Elizabeth Johnstone, who retires by rotation in accordance with clause 20.2 of the Company’s Constitution, be re-elected as a Director of the Company.”

Proxies received In Favour	Proxies received Against	Open Votes	Abstain
48,104,471	4,970,155	1,429,852	96,006

Resolution 5: Re-Election of Director – Trudy Vonhoff

To consider and, if thought fit, pass the following ordinary resolution:

“That Trudy Vonhoff, who retires by rotation in accordance with clause 20.2 of the Company’s Constitution, be re-elected as a Director of the Company.”

Proxies received In Favour	Proxies received Against	Open Votes	Abstain
48,184,839	4,889,786	1,429,852	96,007

Resolution 6: Election of Director – Andrew Macpherson

To consider and, if thought fit, pass the following ordinary resolution:

“That Andrew Macpherson, who has been appointed to the Board since the last Annual General Meeting and offers himself for election, be elected as a Director of the Company.”

Proxies received In Favour	Proxies received Against	Open Votes	Abstain
48,177,054	4,869,234	1,431,466	122,730

Resolution 7: Ratification of the placement

To consider and, if thought fit, pass the following ordinary resolution:

“That, for the purpose of ASX Listing Rule 7.4, and for all other purposes, shareholders ratify the issue of 11,219,787 fully paid ordinary shares in the Company pursuant to the institutional placement announced by the Company on 15 February 2017, as detailed in the Explanatory Statement accompanying this Notice.”

Votes/Proxies received In Favour	Votes/Proxies received Against	Open Votes	Abstain
23,358,034	1,043,649	1,429,852	10,076,792

A photograph of two men wearing cowboy hats. The man on the left is wearing a light-colored cowboy hat with a decorative band and a blue and white checkered shirt. He is smiling and looking towards the right. The man on the right is wearing a darker cowboy hat and a dark shirt, and is seen from the back. The background is a soft, out-of-focus outdoor setting with warm lighting. A white-bordered box is overlaid on the image, containing text.

Conclusion of
formal business

Thank you
for your
attendance

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.

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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.



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