HALF YEAR 2018 RESULTS

Ruralco

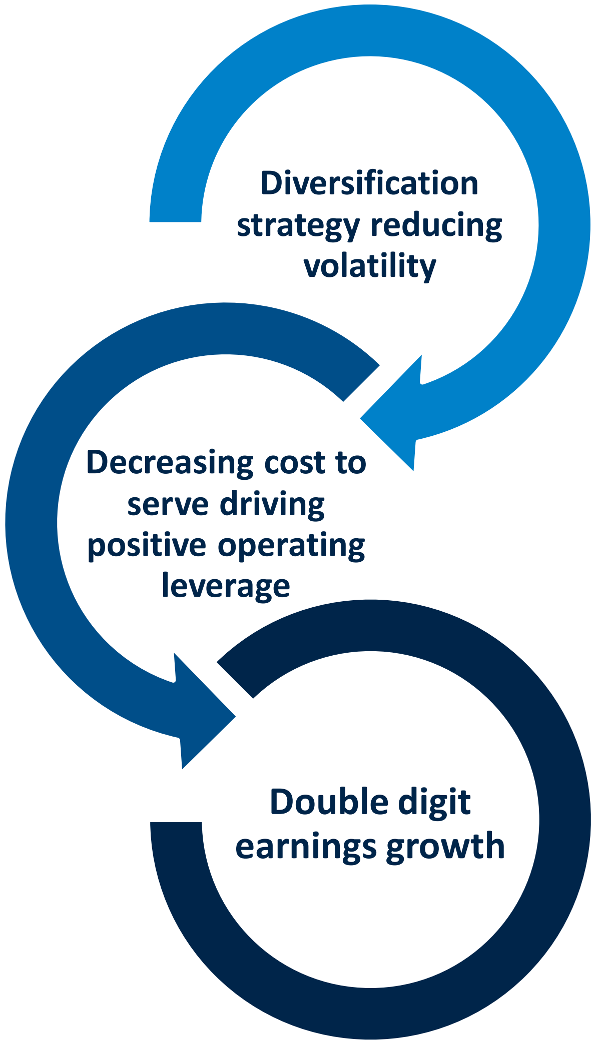
WE'RE HERE FOR AUSTRALIAN FARMERS™

CONTENTS

1H18 HIGHLIGHTS & STRATEGY UPDATE

HIGHLIGHTS 1H18

- Double digit underlying and reported earnings growth (uNPAT +21%, Reported NPAT +30%)
- Earnings growth in Rural Supplies and Water Services offsetting tough market conditions in Live Export (EBITDA loss of $0.8million) and the impact of an average 15% decline in cattle prices on livestock Agency gross profit
- Reduction in cost to serve with OPEX/GP% at 78.1% (down 1.8 ppts) and positive operating leverage of 1.6x
- $6.1million EBITDA contribution from acquisitions, on track to deliver targeted $13.6million for the full year
- Increased activity within the expanded Water Services footprint with 59% growth in uEBITDA and 2.1x operating leverage
- 52% improvement in operating cash flow compared to the pcp
- Continued expansion of private label strategy - in its third year, delivering consistent double digit growth off a minimal (greenfield) capital investment base
- Program Elevate 75% complete with financial benefits starting to be reflected in decreasing cost to serve
- Conversion of ACB JV investment into a 25% interest in its parent company (Ausure Pty Ltd), expanding scale and footprint exposure as well as earnings uplift



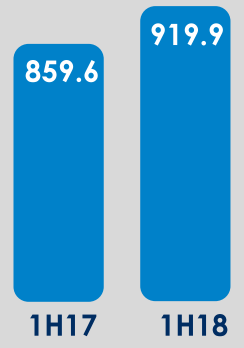
1H18 FINANCIAL HIGHLIGHTS

- ✓ 7% top line growth from increased sales of fertiliser, livestock related rural supplies and expanded water activities
- ✓ Positive operating leverage (1.6x) driven by further decrease in OPEX/GP% to 78.1%
- ✓ Double digit growth in underlying EBITDA (+11%) and NPAT (+21%)
- ✓ 7% growth in reported EPS and 9c fully franked interim dividend declared
- ✓ uROCE up 2.8 ppts to 17% with growth in earnings outweighing increase in average capital employed from growth in the size of the business
- ✓ uROE up 3 ppts to 10%

REVENUE

$919.9m

⇧ 7%

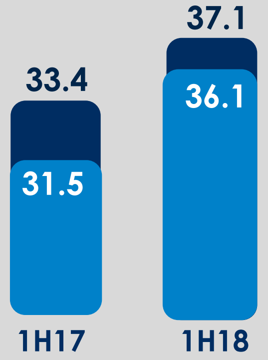


EBITDA

$37.1m

⇧ 11%

Excluding significant items

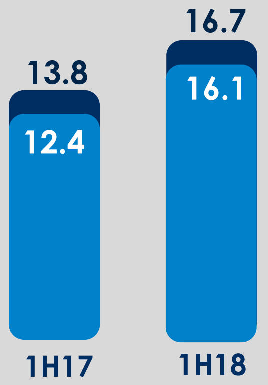


NPAT

$16.7m

⇧ 21%

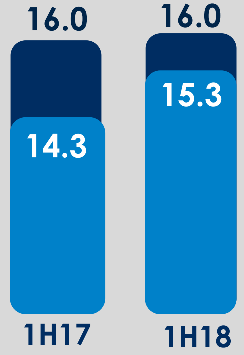
Excluding significant items



EPS

15.3 cents

⇧ 7%



RETURNS

9 cents

Fully franked interim dividend

17% uROCE

⇧ 2.8 ppts

10% uROE

⇧ 3.0 ppts

Reported   Underlying[1]

[1]: For reconciliation of underlying to reported earnings see page 24

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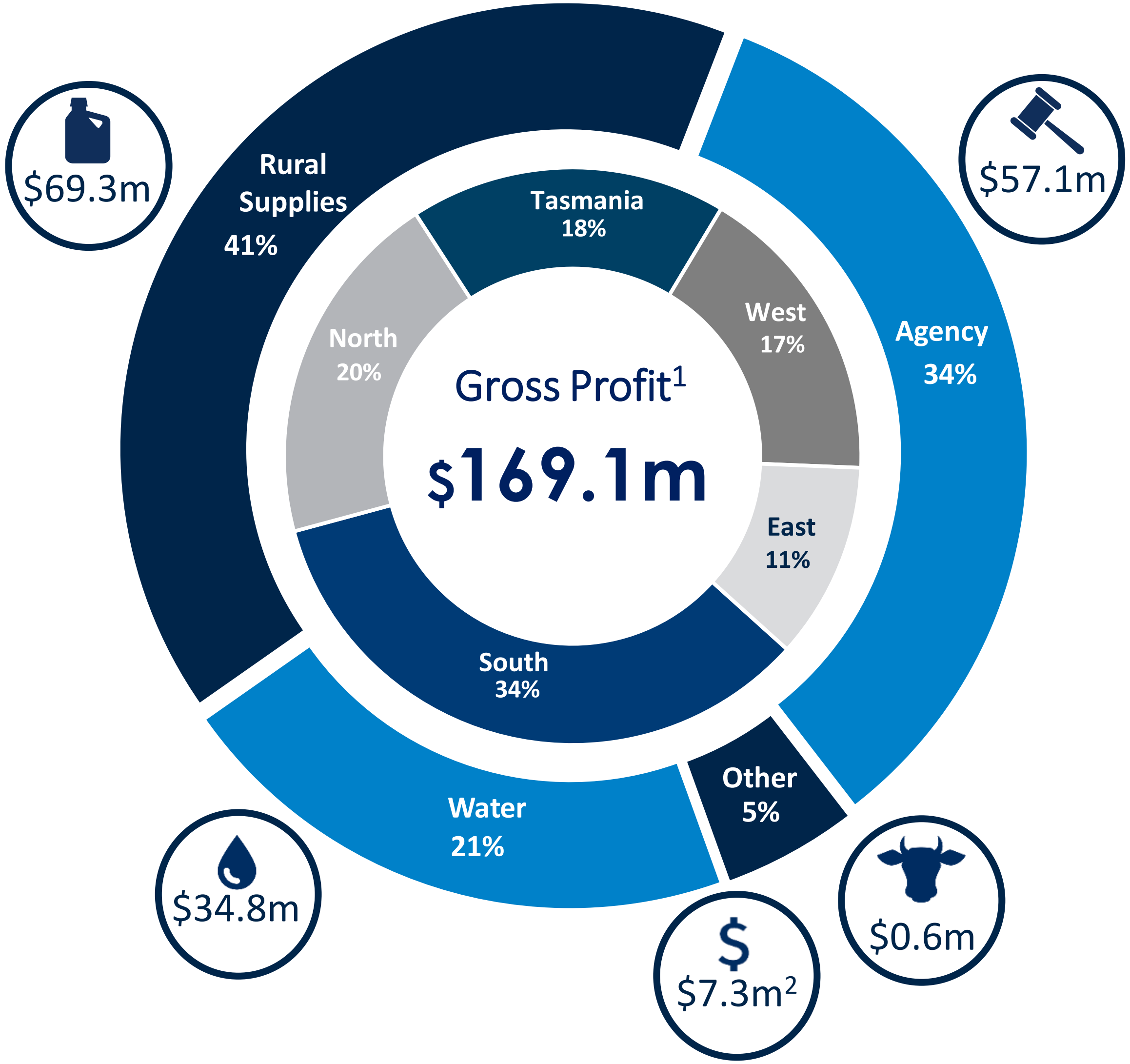
DIVERSIFICATION STRATEGY IN ACTION



N.B. See page 26 for Future Farming Strategy outline

- **Diversification strategy aimed at moderating earnings volatility from prevailing seasonal and market conditions**
- **Geographical diversification continues to benefit from targeted acquisitions to fill gaps in the network**
- **Activity diversification showing benefits of increased scale in the Water Services business – on target to reach 25% share of gross profit**
- **Expansion of finance & insurance and live export activities (“Other”) represents further growth opportunity**

[1]:See page 24 for definition of Underlying Gross Profit. N.B “Other” in the pcp included the gross profit earned from farm machinery sales, a non-core business divested in 1H17

[2]: Finance & insurance activity gross profit Includes the gross profit from the Financial Services segment (including share of profits from equity investments in Agfarm and Ausure) as well finance commission income and interest on debtors from Live Export and Rural Services’ segments

GOOD PROGRESS EXECUTING OUR FUTURE FARMING STRATEGY

N.B. See page 26 for Future Farming Strategy outline

	1H18 achievements	2H18 focus areas
Investment	• Acquired a 4 branch rural supplies business in southern NSW • Acquired 2 leading water businesses in Dubbo NSW and Lameroo in SA • Launched new agency joint venture in Emerald QLD	• Integrate newly acquired businesses and complete SAP integrations of remaining acquisitions • Establishment of greenfield water businesses in East Gippsland VIC and the Barossa Valley and water trading footprint in Northern NSW
Integration	• Increased private label sales (volume and range) with over 100 product registrations and private label sales as a % of total rural supplies sales growing by 4 ppts • Converted investment in ACB to a 25% interest in its parent company (Ausure Pty Ltd) expanding scale and footprint exposure as well as earnings uplift	• Drive integration of insurance investment within traditional network • Drive take up of expanded and exclusive financial products offer • Continued expansion of private label, off patent generic product sales
Innovation	• Completion of first SproutX Accelerator cohort • Undertook 'agricultural big data' project with initial pilot in Horsham area of VIC to determine commercial applications • Successful pilot of innovation 'Ideas Shed' platform to stimulate internal generation of ideas and build an innovative culture	• Selective investments in a number of promising early stage AgTech companies from those that have completed the first SproutX Accelerator • Finalise Meat & Livestock Australia partnership relating to UAV (Unmanned Aerial Vehicle) applications in livestock • Digitise livestock transaction processing
Scaleable Back Office	• Launched replacement RuralcoNet sales ordering platform for CRT members • Migrated Irrigation Tasmania onto Ruralco SAP platform • Supply Chain Transformation project commenced – optimisation of working capital; service levels; capacity for growth; and throughput	• Commence roll out of retail pricing 'cockpit', new POS system and an expanded B2C Customer payments portal to the network thereby bringing Program Elevate to a conclusion • Scope next round of system and process initiatives to further expand digital capabilities • Complete initial phase of Supply Chain Transformation project
People & Culture	• Further improvement in LTIFR, reducing 21% since September 2017 to 2.19 • Launch of Empowering Women program as part of Diversity strategy • Graduate program intake more than doubled • Increased staff participation in RHL share ownership	• Undertake 2018 Employee Engagement Survey • Launch of Indigenous Trainee Program • Deployment of new SAP (Success Factors) HR platform to drive improved performance management, learning and development outcomes

FINANCIAL PERFORMANCE

FINANCIAL MANAGEMENT - SCORECARD

STRATEGY EXECUTION + IMPROVED OPERATING LEVERAGE = NPAT & EPS GROWTH

Financial Discipline

OPEX /GP% (r6)
78.1%
Down 1.8 ppts

Operating leverage
+1.6x
above 1.5x target

Corporate CODB
+$2.0m
To $18.9m, 11.2% of underlying GP

Cash Flow Generation

Operating cash outflow
$18.1m
+$19.4m or 52% improvement on pcp

Avg working capital % of sales (r12)
7.8%
Up 0.1 ppts

7%
Growth in Reported EPS

Portfolio Management

uROCE
17.0%
Up 2.8 ppts

uROE
10.0%
Up 3 ppts

# of transactions
4 acquisitions
1 divestment
5 changes in NCI and/or equity investments

Balance Sheet Strength

Gearing (r12)
29%
Down 4 ppts

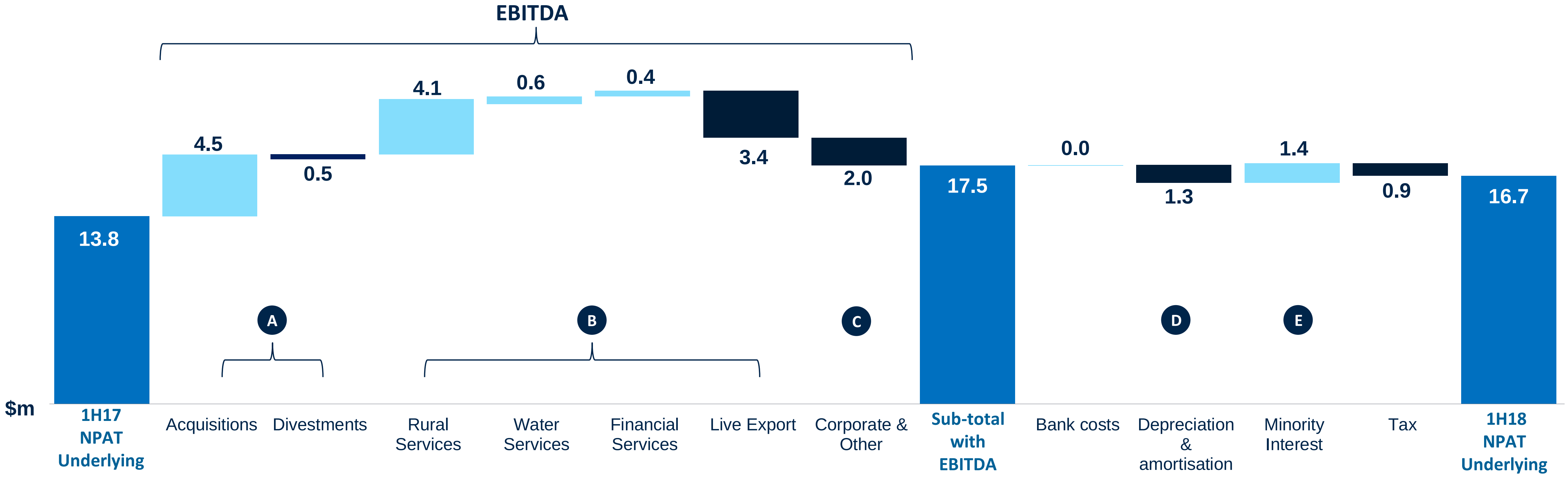
Leverage ratio (r12)
1.8x
Down 1.6 times

Total Shareholders funds
$299m
Up 3%

FINANCIAL OVERVIEW

31 MARCH	2018	2017	CHANGE	COMMENTARY
Sales revenue ($m)	**919 .9**	859.6	7%	Growth in fertiliser and livestock related (animal health & stock feed) rural supplies sales and 29% increase in water activity revenue
Underlying Gross profit ($m)	**169.1**	165.7	2%	Organic growth in rural supplies, 29% increase in water gross profit (acquisitions included) combined to offset impact of tough trading conditions in live export and an average 15% decline in cattle price
Underlying OPEX/GP % (r6)	**78.1%**	79.9%	(1.8ppts)	Impact of on-going cost out initiatives, Program Elevate system and process benefits, tight cost control and portfolio management activities
Underlying EBITDA ($m)	**37.1**	33.4	11%	Positive operating leverage, $4.5million higher contribution from acquisitions and strong OPEX/GP % improvement mitigating the impact of cattle price declines and loss making live export operations
Underlying NPAT ($m)	**16.7**	13.8	21%	3x leverage on sales growth with key drivers outlined on page 11
Significant items (net of tax & NCI)	**(0.7)**	(1.4)	(54%)	Lower costs from acquisitions/divestments and restructuring initiatives (see page 24)
Reported NPAT ($m)	**16.1**	12.4	30%	Strong growth compared to the pcp reflects benefits of acquisitions, cost control, positive operating leverage and lower significant items
Working capital ($m)	**177.6**	163.3	9%	Higher inventory from acquisitions and higher underlying inventory position in rural supplies stores following the dry end to the half as well as increased water related WIP due to higher water projects activity
Average Working Capital as % Sales	**7.8%**	7.7%	0.1 ppts	Impact of higher inventory on hand as above
Operating cash flow ($m)	**(18.1)**	(37.5)	(52%)	Significant improvement reflecting focus on working capital management and strong 1H18 operating results
Underlying ROCE (%) (r12)	**17.0%**	14.2%	2.8 ppts	Driven by strong EBITDA result offsetting the increase in average capital employed
Gearing (%) (r12)	**29%**	33%	(4ppts)	The pcp includes the impact of debt funded portfolio of acquisitions (pre equity raise)
Weighted average # of shares	**104.7m**	86.5m	21%	Impact of the 1H17 capital raise and shares issued under the DRP for the FY17 interim and final dividends
Reported EPS (cents)	**15.3**	14.3	7%	Lower significant items included in reported earnings in the current period
Underlying EPS (cents)	**16.0**	16.0	-	21% increase in underlying NPAT matched by 21% increase in weighted average number of shares. Stronger accretion from acquisitions anticipated in 2H18 (seasonal conditions permitting)
Interim dividend (cents)	**9.0**	9.0	-	In line with the pcp reflecting uEPS result
Underlying dividend payout ratio (%)	**56%**	56%	-	Within preferred payout ratio range

UNDERLYING NPAT DRIVERS



- **A** Total contribution from portfolio of acquisitions increased by $4.5million to a total of $6.1million in 1H18 (comprising $4.2million Water Services, $1.8million Rural Services and $0.1million Financial Services). Decrease of $0.5million from divestment of a rural supplies JV business as part of ongoing portfolio management activities
- **B** See page 12 for further information on results by division
- **C** Increased IT software licence and hosting costs (held centrally) following system investments in the current and prior year. Reciprocal benefits from Program Elevate starting to be reflected in improved OPEX/GP%
- **D** Increase in software amortisation expense from IT development capitalised in the pcp and acquisition related depreciation and amortisation
- **E** Impact of loss making live export operations in 1H18, divestment of a rural supplies JV business and decreased JV agency results reflecting decline in cattle prices

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RESULTS BY DIVISION

RURAL SERVICES
$47.1 million

- Growth in sales of fertiliser, animal health products, stock feed and fencing supplies
- 10% growth in livestock volumes sold & buoyant wool and sheep market held agency gross profit decline from decrease in cattle prices to 2%
- Improved cost base efficiency (down 4ppts to 64%) leading to positive operating leverage of 2.5x

WATER SERVICES
$9.7 million

- Geographical diversification extended in NSW and SA, water now comprises 21% of total gross profit
- Recovery in Northern VIC and growth in water broking offsetting tough selling conditions in WA & QLD during peak summer trading period
- Improved cost base efficiency (down 5 ppts to 72%) leading to positive operating leverage of 2.1x

uEBITDA

$37.1m

LIVE EXPORT
$(0.8 million)

- Loss is trading margin driven – domestic cattle price vs international price ceiling
- Diversification of markets to alleviate margin pressure - 48% of sales to Vietnam and two shipments to China offsetting slower Indonesian demand
- Ongoing focus on cattle welfare

FINANCIAL SERVICES
$0.03 million

- Sound base to grow profitability (loss making in the pcp)
- 73% growth in finance commission income with 15% growth in total loan book, 54% growth in Seasonal Finance loan book
- Growth in Agfarm Accelerate, pre-harvest farm input financing product

BALANCE SHEET

Abridged balance sheet As at	March 2018 $m	March 2017 $m	CHANGE $m	CHANGE %	COMMENTARY
Trade receivables (incl prepayments)	**449.0**	438.5	10.5	2%	Reflects growth in the size of the business. 4 day improvement in average DSO to 35 days
Inventory (incl livestock)	**178.8**	162.7	16.1	10%	The impact of recent acquisitions and dry conditions towards the end of the half has led to increased crop protection inventory on hand. Growth in water related WIP from increased water project activity
Trade payables (incl derivatives)	**(450.1)**	(437.9)	(12.2)	3%	Reflects the increase in receivables
Net working capital	**177.7**	**163.3**	**14.4**	**9%**	Reflects business growth and inventory timing with underlying working capital efficiency measure holding firm at 7.8%
Property, plant & equipment	**47.7**	43.2	4.5	10%	Includes $2.4million property revaluation gain (other side of which is recognised through asset revaluation reserve in equity)
Intangibles	**227.0**	202.6	24.4	12%	Capitalised software development spend, primarily Program Elevate related plus impact of acquired intangibles
Investments	**18.4**	17.2	1.2	7%	
Net tax items	**7.8**	12.9	(5.1)	(40%)	Higher current tax liability reflecting increased profitability
Other items (net)	**(41.7)**	(43.6)	1.9	(4%)	
Total capital employed	**436.9**	**395.6**	**41.3**	**10%**	uROCE has increased 2.8 ppts to 17% driven by strong EBITDA result offsetting the increase in average capital employed

7.8%
Avg working capital % of sales

17.0%
uROCE[1]

[1]: Average capital employed used in this calculation excludes the revaluation gain on owned property noted above

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CASH FLOW

Abridged cash flow Six months ended	March 2018 $m	March 2017 $m	CHANGE $m	CHANGE %	COMMENTARY
Reported EBITDA	**36.1**	31.5	4.6	15%	Strong contribution from operating earnings
Net change in working capital	**(47.5)**	(61.3)	13.8	(22%)	Lower investment in working capital relative to the pcp driven by increase in deferred (matched) payment terms and more timely collection of debtors
Net finance (costs)/income	**(0.4)**	0.1	(0.5)	(518%)	Lower interest earned on debtors (cleaner book) and movement of seasonal finance customers onto new off-balance sheet financing products
Tax paid	**(6.2)**	(7.9)	1.6	(20%)	Impact of higher tax instalment rate in the pcp
Operating cash flow	**(18.1)**	**(37.5)**	**19.4**	**52%**	Significant improvement reflecting lower relative working capital investment and improved operating result
Capital expenditure	**(10.8)**	(7.5)	(3.3)	44%	Higher Program Elevate spend reflecting project maturity and the pcp included $1.8m proceeds from disposal of property
Acquisitions & divestments	**(5.2)**	(58.7)	53.5	(91%)	Acquisition of Southern Ag Solutions and Team Irrigation (pcp included the portfolio acquisitions for which the equity raise was undertaken)
Change in non-controlling interests	**(1.0)**	(1.2)	0.2	(17%)	Purchase of additional shares in two northern JV's
Investing cash flow	**(17.0)**	**(67.4)**	**50.4**	**(75%)**	
Dividends paid	**(12.6)**	(7.1)	5.5	77%	Growth in returns to shareholders and non-controlling interests following strong FY17 earnings
Equity raise, net of raise costs	**-**	63.3	(63.3)	(100%)	The pcp included the proceeds from the equity raise used to fund the portfolio of acquisitions
Purchase of treasury shares	**(1.0)**	(0.7)	(0.3)	55%	Increased participation of employees in Ruralco share ownership for reward and retention
Net change in borrowings	**28.2**	65.2	(37.0)	(57%)	
Financing cash flows	**14.6**	**120.8**	**(106.2)**	**(88%)**	
Change in cash held	**(20.5)**	**15.9**	**(36.34**	**(229%)**	

52%
Improvement in operating cash flows

FUNDING

As at	March 2018 $m	March 2017 $m	CHANGE $m	CHANGE %	COMMENTARY
Net cash	**(7.2)**	21.3	(28.5)	(134%)	Includes $9.5million overdraft (timing)
Current debt	**-**	(2.4)	2.4	(100%)	The pcp including outstanding Seasonal Cattle Facility loans, repaid in full in the current period
Non current debt	**(140.0)**	(130.0)	(10.0)	8%	
Gross drawn debt	**(140.0)**	(132.4)	(7.6)	6%	Driven by increased size of working capital requirements (business growth) and investing activities (primarily acquisitions and Program Elevate)
Other loans	**1.6**	0.3	1.3	433%	
Finance lease liabilities	**(1.6)**	(1.4)	(0.2)	14%	
Total net debt	**(147.3)**	(112.2)	(35.1)	31%	
Average net debt (r12)	**(118.0)**	(111.3)	(6.7)	6%	Despite increased investment in inventory on hand driving increased average net debt, average gearing through the cycle has decreased 4.1 ppts to 29% and leverage has improved to 1.8x (1H17: 3.4x) reflecting the incremental earnings contributions of the acquisitions
Total shareholders' equity	**(299.1)**	(283.5)	(15.6)	6%	

29%
Gearing ratio
(r12)

1.8x
Leverage ratio
(r12)

DIVISIONAL PERFORMANCE

RURAL SERVICES

FUTURE FARMING STRATEGY

Fill remaining gaps in the retail network

Strategically invest along the value chain

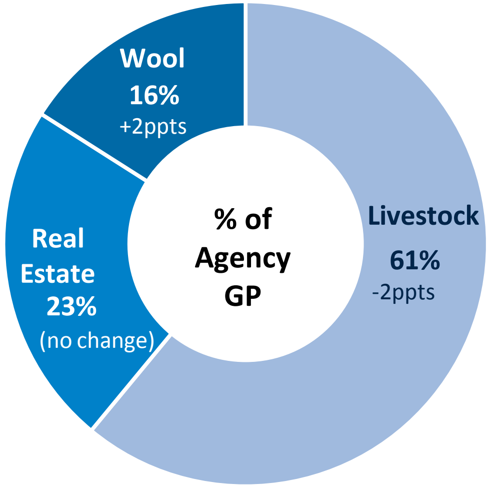
Continue to focus on portfolio management to drive organic growth

Grow high yielding agency business

Commercialise the ‘next Wave’ of AgTech

“Strong half driven by growth in rural supplies and improved cost to serve exceeding anticipated decline in agency”

Six months ended	March 2018 $m	March 2017 $m	CHANGE $m	CHANGE %
Revenue	695.7	666.4	29.3	4%
Underlying Gross Profit	132.0	132.8	(0.8)	(1%)
OPEX	(84.9)	(90.4)	5.5	(6%)
Underlying EBITDA	**47.1**	**42.4**	**4.7**	**11%**
OPEX to GP %	64%	68%	(4ppts)	
Operating leverage	2.5x			



Update on FY18 focus areas

- 7 new points of presence in rural supplies (acquisitions and greenfield), capability hires in livestock agency and divestment of rural supplies JV as part of portfolio management activities
- Increased private label sales (volume and range) with over 100 product registrations and private label sales as a % of total rural supplies sales growing by 4 ppts
- Grew livestock volumes sold through the network by 10%, weighted toward sheep
- Improved cost to serve by 4 ppts to 64%
- Move to commercialisation of AgTech opportunities with selective investment in a number of promising early stage AgTech companies

+10% livestock sold, primarily sheep in the South

+10% avg price per bale

+11% fertiliser sales in the South and Tasmania

+12% animal health products & stock feed

WATER SERVICES

FUTURE FARMING STRATEGY

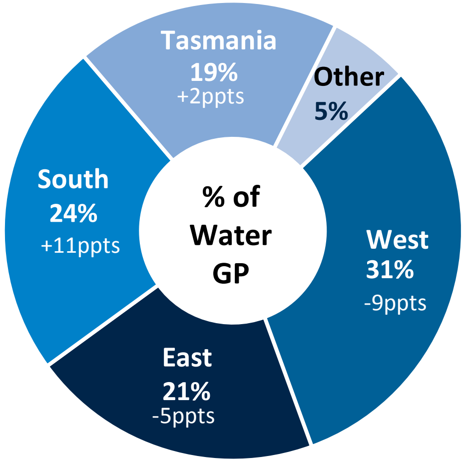
Build on market leading position in water, the most fundamental farming input

Leverage existing network and acquired IP to upskill and cross-sell products and services to extend projects capability into legacy retail store locations

Fill remaining gaps in Water Services network

"Geographical diversity of earnings base has balanced out tougher trading conditions in WA and above average rainfall in QLD during peak summer selling period"

Six months ended	March 2018 $m	March 2017 $m	CHANGE $m	CHANGE %
Revenue	128.2	99.7	28.5	29%
Underlying Gross Profit	34.8	27.0	7.8	29%
OPEX	(25.1)	(20.9)	(4.2)	20%
Underlying EBITDA	**9.7**	**6.1**	**3.6**	**59%**
OPEX to GP %	72%	77%	(5ppts)	
Operating leverage	2.1x			



Update on FY18 focus areas

- 2 new points of presence in water services business in Central West NSW and SA
- Migrated Irrigation Tasmania onto Ruralco SAP platform
- Continue to build water project capability within retail store locations, particularly on the East Coast
- # of trades processed on WaterExchange online platform grew 53%
- Now largest Valley® and Zimmatic® irrigation product distributors in Australia

Activities	**Broking** Brokering of water entitlement trades	**Projects** Design, Construction, Installation, Maintenance	**Retail** Sale of domestic and agricultural irrigation products & parts
Brands	national waterexchange	Ruralco Water; Irrigation Tasmania	Irrigation Centre; Total Eden
Markets	Murray Darling network	Key catchment areas and agricultural centres	National footprint of 47 stores & state distribution centres

LIVE EXPORT

FUTURE FARMING STRATEGY

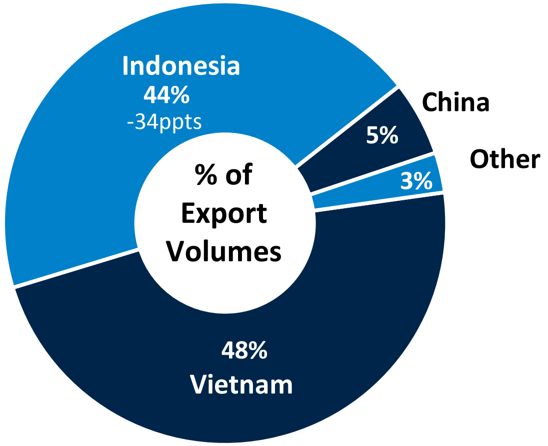
Maximise market share along the entire protein supply chain

Improve market diversification in Asia to complement Indonesia and Vietnam

Develop customer partnership structure to support market diversification

"Tough trading conditions in short haul cattle live export (emerging trend observed in 4Q17) reflected in decreased trading margins driving a $0.8million loss in the first half."

Six months ended	March 2018 $m	March 2017 $m	CHANGE $m	CHANGE %
Revenue	94.0	91.5	2.5	3%
Underlying Gross Profit	0.7	4.8	(4.1)	(85%)
OPEX	(1.5)	(2.2)	0.7	(32%)
Underlying EBITDA	**(0.8)**	**2.6**	**(3.4)**	**(131%)**
OPEX to GP %	214%	46%		



+ 2% cattle exported compared with market down approx. 9%

2 shipments to China in the half with more contracted for 2H18

Update on FY18 focus areas

- The market diversification strategy and the benefit of the customer partnership model driving increased market share reflecting growth in volumes
- Term shipping charter re-negotiated in May providing the opportunity to reset shipping structure and cost to reflect expected volumes
- Frontier operates under industry and government approved export protocols to safeguard the welfare of cattle. This includes Frontier deploying additional stockmen and an independent veterinarian on its shipments. Frontier is also leading an initiative to instigate enhanced independent oversight of live export traceability and compliance

FINANCIAL SERVICES

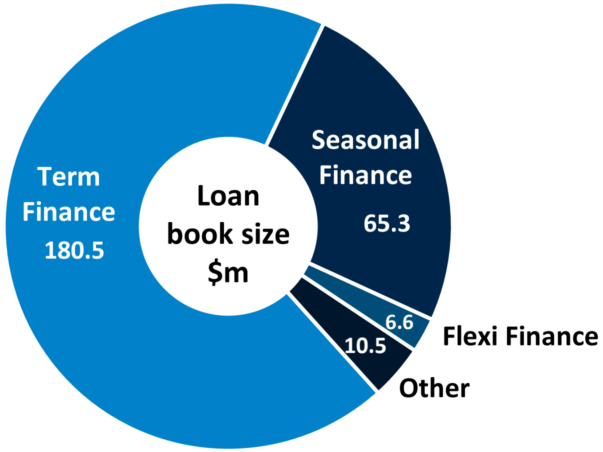
FUTURE FARMING STRATEGY

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

Develop unique products that compliment the network offering

"Sound base for continued growth in profitability as scale in finance and insurance broking activities is expanded with the division turning a small profit compared to a $0.9million loss in the pcp"

Six months ended	March 2018 $m	March 2017 $m	CHANGE $m	CHANGE %
Revenue	1.8	1.9	(0.1)	(5%)
Underlying Gross Profit[1]	1.6	1.5	0.1	7%
OPEX	(1.6)	(2.4)	0.8	(33%)
Underlying EBITDA	**0.03**	**(0.9)**	**0.9**	**103%**
OPEX to GP %	99%	160%		



Update on FY18 focus areas

- Converted equity stake in ACB into 25% stake in Ausure. Increasing insurance footprint across 47 complementary locations nationally
- The Ausure business has also acquired interests in insurance brokerages servicing the dairy regions of Gippsland VIC and Bombaderry NSW and the mixed farming region of Swan Hill
- Growth in the new Flexi Finance product continues with coverage extended to water equipment purchases

+54% growth in off-balance sheet Seasonal Finance loan book

+15% growth in total loan book now > $260 million

[1]: Excludes finance and insurance activity related gross profit incurred in other segments including interest on debtors and other commission income

OUTLOOK

OUTLOOK FOR H2

	Opportunities	Risks
GROUP	▶ Half on half split of uNPAT likely to be similar to the normalised average of the past few years (weighted more to H1 with H2 in the range of 42-46%) ▶ Maintain OPEX/GP% of 78% in the face of tough seasonal conditions ▶ Achieve $7-8million targeted earnings from portfolio of acquisitions	▶ Seasonal conditions, particularly current dry conditions in key geographies and the delayed Autumn break, will dictate gross profit performance
RURAL SERVICES	▶ Continue to expand private label products (volumes and range) ▶ Continued herd and flock rebuild activity is expected to support livestock related rural supplies sales ▶ Expand horticulturist capability in key horticulture markets	▶ Dry conditions are persisting and a delayed Autumn break is likely to put pressure on crop protection sales ▶ Anticipate further softening in cattle prices with some offset from increasing volumes if dry conditions persist ▶ Wool prices are expected to consolidate at current levels
WATER SERVICES	▶ OPEX/GP% improvement to closer to 70% ▶ Strong water project pipeline ▶ Greenfield sites to be established in east Gippsland VIC and the Barossa Valley to better service current clients in those markets and additional water trading footprint in northern NSW	▶ Margin & sales volume in the West expected to continue to be under pressure, with economic conditions impacting discretionary spend on projects ▶ Timing of season break and extent of rainfall will impact demand for water projects
LIVE EXPORT	▶ Continue to grow new markets with additional trades to China anticipated ▶ Cost benefit from re-negotiated term charter ▶ Trading margin improvement if purchase price of domestic cattle continues to decline	▶ The domestic cattle prices rebound, which could lead to sustained margin pressure ▶ Long-term structural change in Indonesian market ▶ Potential regulatory changes
FINANCIAL SERVICES	▶ Targeting $130million seasonal finance loan book and $15million Flexi Finance loan book drawn by year end ▶ Grow recently launched Flexi Finance water equipment financing product ▶ Change in Ausure investment structure driving improved JV scale and earnings plus further development of unique farming insurance products	▶ Tight insurance market ▶ Seasonal conditions impact on loan book draw downs

APPENDICES

NON IFRS INFORMATION RECONCILIATION

	Underlying 1H18 $m	Other adjs[1] $m	Significant items $m	Reported 1H18 $m	Underlying 1H17 $m	Other adjs[1] $m	Significant items $m	Reported 1H17 $m
Revenue	918.9	1.0	-	919.9	858.7	0.9	-	859.6
Cost of sales	(749.8)	-	-	(749.8)	(693.0)	-	-	(693.0)
Gross profit	**169.1**	1.0	**-**	**170.1**	**165.7**	0.9	**-**	**166.6**
OPEX	(132.0)	(1.2)	(0.9)	(134.2)	(132.4)	(0.9)	(1.6)	(134.9)
Share of profit from equity accounted investees	-	0.2	-	0.2	-	0.1	(0.2)	(0.1)
Earnings before interest, tax, depreciation and amortisation (EBITDA)	**37.1**	-	**(0.9)**	**36.1**	**33.4**	-	**(1.8)**	**31.5**
Depreciation and amortisation expense	(5.9)	-	-	(5.9)	(4.6)	-	-	(4.6)
Net finance costs	(3.0)	-	-	(3.0)	(3.0)	-	-	(3.0)
Profit before tax	**28.2**	**-**	**(0.9)**	**27.3**	**25.8**	**-**	**(1.8)**	**23.9**
Tax	(8.9)	-	0.3	(8.6)	(7.7)	-	0.3	(7.5)
Non-controlling interest	(2.6)	-	-	(2.6)	(4,213)	-	0.2	(4.1)
Net profit after tax attributable to shareholders (NPAT)	**16.7**	**-**	**(0.6)**	**16.1**	**13.8**	**-**	**(1.4)**	**12.4**

[1]: Underlying gross profit excludes sub-lease income (presented as an offset to OPEX) and includes the share of profit from equity accounted for investees as earnings from Finance & Insurance activity

1H18 significant items excluded from underlying earnings	$m	Commentary
Restructuring & cost out initiatives	0.2	Redundancy costs from Rural Services related cost out initiatives
Acquisitions & portfolio management activities	0.7	Acquisition related costs and loss on divestment of rural supplies JV
Total significant items (pre-tax)	0.9	

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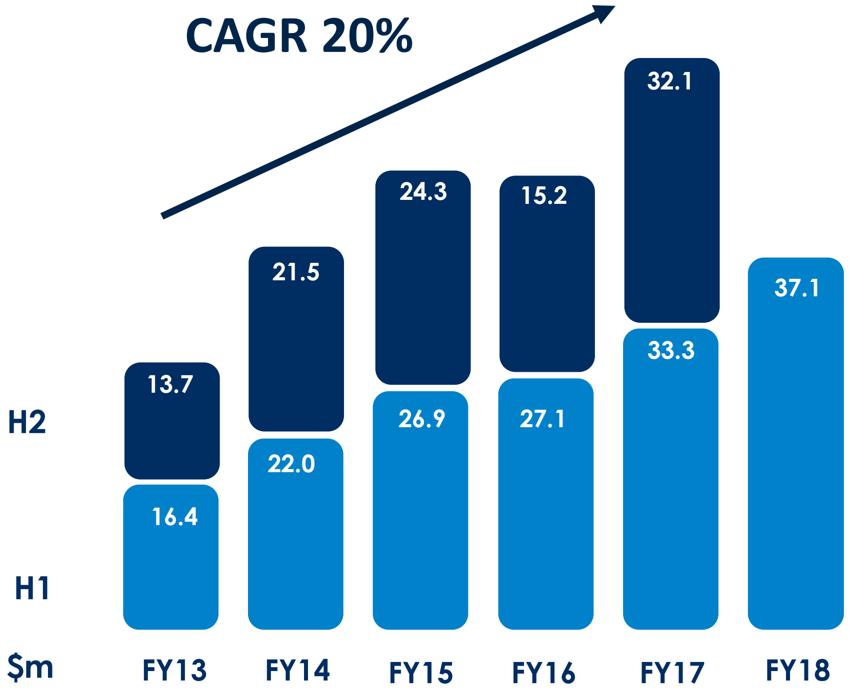
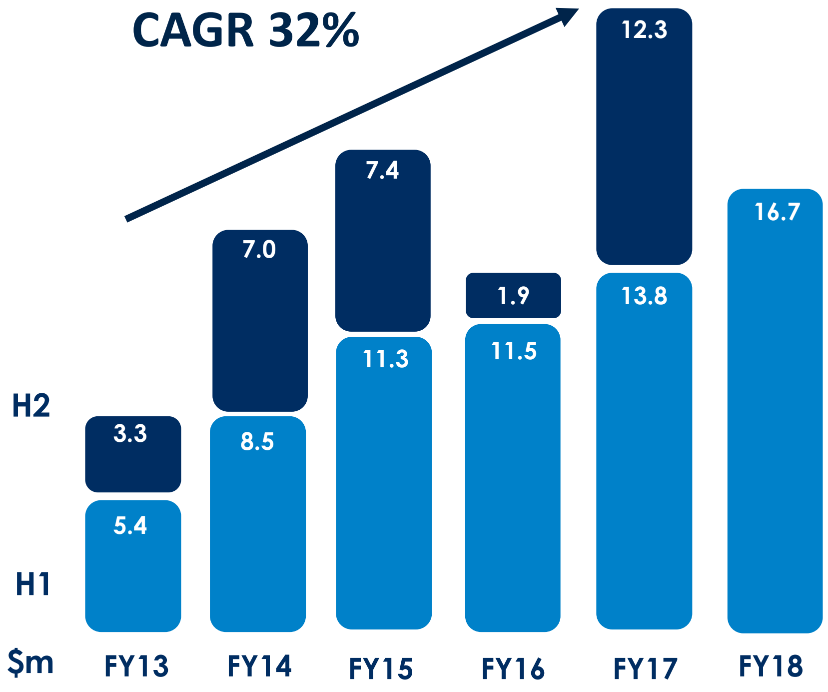
HISTORIC FINANCIAL RESULTS



uEBITDA



uNPAT

OUR STRATEGY AND REASONS TO INVEST IN RURALCO

- **Ruralco, a major Australian agribusiness, provides the best opportunity to benefit from Australia's agricultural prosperity, managing the seasonal risk of primary production with its focus on developing across geographies - offering exposure to a diverse portfolio of agricultural commodities**
- **We deliver a sustainable and attractive return on investment, realised over time through dividends and share price appreciation**
- **Our role in the success of Australian agriculture historically and in the future is from championing the preservation of local knowledge and identity through our different channels to market (owned or through our CRT wholesale business)**
- **We pursue innovative growth opportunities that enable us to support our customers in developing efficient and sustainable farming operations**
- **A key differentiator is our investment in water, the most fundamental farming input, where we have first mover advantage and an opportunity for further growth**

For further information visit us at **www.ruralco.com.au**

PROGRAM ELEVATE SCHEDULED TO COMPLETE IN 2H18

- Program Elevate (now 75% complete) commenced in FY17 and consists of 9 projects, 7 of which are now substantially complete with 2 (POS and Retail Pricing) due for implementation in 2H18
- The primary benefits from the program include:
  - **delivery of a digital platform (RuralcoNet)** to better interact with our customers to support growth;
  - **process and system automation** leading to improved cost to serve; and
  - **enhanced data quality** to support improved procurement decision making, cost price determination, retail pricing and margin protection
- The financial impact from these benefits is starting to be reflected in the reduced OPEX/GP% (78.1% in 1H18 with further improvement expected in FY19)
- Focus in 2H18 includes delivery of:
  - **Retail Pricing Cockpit** - This will enable better retail price management for business units providing ease of use with respect to price maintenance and better visibility and control for margin protection available through the new POS system below
  - **POS** – commence roll out of new point of sale system to wider business, extending current functionality at branch level and improving ease of access, leveraging the benefits of the Data projects earlier in the program
  - **Customer Portal** – allows customers to pay online. Initially available to CRT members, adjacent initiatives to expand to wider customer base (to allow for online payments and eventually online ordering)

"Deliver **digital transformation** based on a reliable **back office foundation** integrated with a **scalable e-commerce platform**"

DATA

Focus on improving quality of data as a foundation

- **Master Data**
- **Pricing**
- **Rebates**

PROCESS

Focus on improving process & automation as a foundation

- **SAP Roles**
- **Business Process**
- **AP Automation**

DIGITAL

Focus on delivering digital capability

- **RuralcoNet replacement**
- **POS**
- **Customer Portal**

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GLOSSARY: OUR DIVISIONS

Division	Description
RURAL SERVICES	Ruralco's Rural Services division comprises over 40 businesses located across the country that sell farm supplies (such as fertiliser, chemicals and general farm merchandise) and provide agency services to market the outputs of customers. Rural Services employs over 1,100 staff that hold expertise and key relationships in the fields of: • Agronomy – advice regarding crop selection, harvest, the application of inputs and the treatment of ailments • Livestock agency – buy/sell advice, herd selection and genetics for cattle and sheep • Wool brokerage – buy/sell advice, classing, genetics and logistics • Real Estate – buy/sell advice and property management Rural Services also includes the results of CRT, Australia's largest group of independent rural retailers. CRT wholesales to over 270 members and earns its income through the provision of buying power, access to national accounts, consolidated marketing and the provision of networking and business development events to members. There are nearly 190 independent CRT members and over 80 that are controlled by Ruralco
WATER SERVICES	With nearly 60 points of presence across Australia employing over 400 staff, Ruralco's Water Services division hold expertise and key relationships to: • sell domestic and agricultural irrigation products and parts, • design, construct, install and maintain on-farm water infrastructure, and • broker the buying/selling of water entitlements (temporary and permanent). 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. This includes the Murray Darling Basin and key catchment and agricultural centres around the country.
LIVE EXPORT	Frontier is a Ruralco partnership established in 2014 focused primarily on the short haul live export of feeder and slaughter cattle to South East Asia. It provides a fully integrated service, including sourcing and herd selection to coordination of shipping, logistics and related services.
FINANCIAL SERVICES	Ruralco's financial services offer to its Australian network of customers incorporates insurance broking, finance broking, and commodity advice and analysis via the Mecardo market analysis website. Ruralco's insurance offering in partnership with Ausure, supports our customers in managing the risks associated with their operations, increasing their confidence and supporting their demand for inputs from Ruralco. A national network of brokers, access to an extensive panel of lenders and a focus on off-balance sheet finance through Seasonal Finance products, supports our customers' ability to invest in and intensify their operations and manage the cash flow cycle between planting and harvesting. Ruralco's partnership with CHS Inc. in the Agfarm JV, provides grain financing solutions (such as Agfarm Accelerate, which turns future grain production into a line of credit) and commodity management and marketing services to our customers.

GLOSSARY: FINANCIAL REFERENCES

Term	Meaning
Average working capital	Average working capital for preceding 12 months
Average working capital as % of sales	Average working capital as a percentage of sales means the average working capital for 12 months divided by revenue for the year adjusted to remove the impact of recent acquisitions
Corporate CODB	Corporate cost of doing business, comprises the centralised costs of the Group's procurement and distribution warehouses and other support functions (including Transactional Finance; Payroll; IT Support; and other corporate functions)
CAGR	Compound annual growth rate
DIO	Days inventory outstanding
Dividend Policy	The Board has a preference to maintain a dividend payout ratio of between 40-60% of underlying earnings per share
Dividend payout ratio	Dividend per share/EPS
DRP	Dividend Reinvestment Plan, when shareholders elect to utilise the plan instead of receive cash dividends it increases the number of shares on issue
DSO	Days sales outstanding
EPS	Earnings per share = NPAT/ weighted average number of shares on issue. Can be underlying or reported meaning calculated using Underlying NPAT or Reported NPAT, see below
Gearing Policy	The Board has a target to maintain a gearing ratio of between 25-45% on a normalised business cycle basis
Gearing ratio	Gearing ratio means the net debt as a percentage of net debt plus shareholders' equity, can be spot (using balance sheet date net debt and equity) or average for preceding 12 months
Gross profit (GP)	Revenue less cost of goods sold
Leverage ratio	Leverage ratio means the net debt divided by reported EBITDA (i.e. including the impact of significant items). Can be spot (using net debt as at the balance sheet date) or average for preceding 12 months
LTI	Long term incentive scheme operated for Executives and employees. Under the scheme participants are granted Performance Rights to acquire one ordinary fully paid Ruralco Holdings Limited share, at no cost, that only vests if certain time based and performance based vesting conditions are met.
LTIFR	Lost Time Injury Frequency Rate
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
Net debt	Cash and cash equivalents + Loans and borrowings + certain related party receivables/payables
Significant items	The difference between reported and underlying profit measures. Includes costs/income not considered to form part of the Group's recurring results particularly those related to executing strategy such as acquisition related costs, material impairments and costs of restructuring operations as part of portfolio management activities

GLOSSARY: FINANCIAL REFERENCES

Term	Meaning
OPEX to GP %	Reported or underlying operating costs/Gross profit (rolling 6 months or rolling 12 months depending on reporting period)
Operating leverage	Operating leverage means the percentage of growth in EBITDA divided by the percentage of growth in revenue.
PCP	Prior corresponding period
Portfolio management transactions	Transactions completed in the reporting period to change Ruralco's % holding in a subsidiary, to acquire or dispose of a subsidiary or JV
Reported EBITDA	uEBITDA but including the impact of significant items
Reported EPS	Reported NPAT /Weighted average number of ordinary shares on issue for the period
Reported NPAT	Statutory net profit attributable to equity holders of the company
Total capital employed	Statutory net assets less net debt
ROE	ROE means the underlying or reported NPAT divided by the average shareholders' equity on a rolling 12-month basis
uEBITDA	"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 significant items (pre-tax)
uEPS	Underlying earnings per share = Underlying NPAT/Weighted average number of ordinary shares on issue for the period
Underlying Gross Profit	Revenue less cost of goods sold excluding sub-lease income (presented as an offset to OPEX) and the impact of revenue or cost of goods sold related significant items and includes the share of profit from equity accounted for investees as earnings from Finance & Insurance activity
uNPAT	Underlying NPAT means reported net profit after tax attributable to equity holders of the Company adjusted to remove the impact of significant items (post-tax and related non controlling interests (NCI))
uROCE	Underlying EBITDA / 12 month average total capital employed excluding the impact of property revaluations
Working capital	Trade and other receivables + Prepayments + Inventories + Biological assets + Trade and other payables + Derivative financial instruments less certain related party receivables/payables

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.

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WE'RE HERE FOR AUSTRALIAN FARMERS™