



1H FY20 RESULTS

The journey to long-term, sustainable growth



INTRODUCTION

The journey so far



Issues addressed:

- Overhead structure and its impact on cost competitiveness
- Underutilisation of Murray Bridge feedmill
- Longstanding Baiada legal claim



Progress announced:

- New organisational structure
- Appointment of Novacq™ CEO
- Completed acquisition of production facilities in Thailand
- Wellsford feedmill construction expected to complete in 2H FY20
- Review of Northern Victoria footprint



Performance:

Improvement in operational performance following November 2019 AGM update



INTRODUCTION

Financial journey in numbers

EBITDA

(from ongoing operations)

\$30.7m

following a strong performance in the second quarter

Lease Accounting

(AASB 16)

+\$2.6m

Closure of Murray Bridge

effected with annual cost saving of

\$1.5m

-\$7.2m

Non-cash of \$4.4m

Headcount reductions

with an annual cost saving of

\$5.0m

-\$2.9m

Baiada legal claim resolved

-\$1.9m

NPAT

\$0.4m

New Wellsford construction



Novacq™ Thailand investment

\$24.8m

development capex

Net Debt

\$132.7m

Dividend Reinvestment Plan (DRP)

to reduce debt

AGENDA

1 Financial Results

2 Business Update

3 Growth Strategy

4 Outlook

5 Appendix

Financial Results.

Solid operating performance.

1

PROFIT & LOSS SUMMARY

Consolidated Result - in (\$m)	1H FY20	1H FY19	
EBITDA – Ongoing operations	30.7	30.6	Half year EBITDA result from Operations of \$30.7m, marginally up on corresponding prior year period, representing an improved second quarter performance after a soft first quarter.
Corporate Costs	(5.8)	(5.7)	Overall consistent with prior year and absorbing \$0.2m of former Property segment costs.
• Non-recurring revenues	2.6	6.4	FY20 introduction of lease accounting standard (1H FY19: profit on sales of surplus property).
• Murray Bridge feedmill closure	(7.2)	-	Total cost of site closure and remediation (including \$4.4 non-cash write down of assets).
• Internal restructure	(2.9)	-	FY20 cost incurred to deliver annualised savings of c.\$5.0m.
• Settlement of legal claim	(1.9)	-	Legal claim settled after balance date with full amount payable by Ridley of \$1.9m accrued in half year result.
Consolidated EBITDA	15.5	31.3	
Depreciation and amortisation	(12.9)	(9.1)	First year of depreciation of new Westbury extrusion plant and \$2.5m first time amortisation of capitalised leases.
Consolidated EBIT	2.6	22.2	
Net Finance costs	(3.0)	(2.4)	Consistent with bank refinance offset by higher levels of debt.
Income Tax Credit / (Expense)	0.8	(3.7)	P&L benefit for the period after allowing for tax instalment payments.
Net profit	0.4	16.1	
Other comprehensive income	-	(0.4)	No movement in \$1.7m carrying value of Asset available for sale in current period.
Net profit after comprehensive income	0.4	15.7	

The Directors believe that the presentation of the unaudited non-IFRS financial information on this slide 6 is useful for users of the accounts as it reflects the underlying profits of the business.

BALANCE SHEET

Assets

Balance Sheet - in \$m	Dec 2019	Jun 2019	Analysis of movement
Cash & cash equivalents	39.8	17.5	Closing balance is a function of timing of receipts/payments and draw down/repayment of bank funding.
Inventory	89.4	83.8	Reflects prawn feed stock build to service greater demand plus increased holdings of rendered meat meals.
Receivables	115.8	108.2	Debtor days maintained at 32 days sales outstanding.
Assets held and available for sale	1.9	0.2	Comprises sole residual Lara surplus landholding under purchase option agreement of \$0.2m plus interest in UK-listed specialist ingredients business of \$1.7m.
Other - tax asset	1.2	-	Tax refund receivable following finalisation of 2019 Income Tax Return.
Total Current Assets	248.1	209.7	
Investment property	1.3	1.3	Residual balance of \$1.3m comprises former salt field land at Moolap.
Property, plant and equipment	290.8	259.3	Movement includes \$19.6m for completion of new Westbury extrusion plant plus construction of new feedmill at Wellsford.
Investments - equity accounted	0.3	0.7	Investment in Thai feedmill with movement reflecting Ridley's 49% share of period loss.
Available for sale	-	1.7	Reclassified to Current Assets held and available for sale.
Intangibles	88.3	85.7	Reflects the capitalisation of non-P,P&E activity at Yamba and Chanthaburi (\$3.5m) plus software additions (\$0.1m) offset by amortisation.
Non-current Receivables	11.8	11.7	Includes NPV of deferred sale proceeds for sales of Lara Lots A,B and C reported in June and July 2018.
Other non-current assets - deferred tax	4.1	3.7	Outworking of tax effect accounting tax entries.
Total Assets	644.7	573.8	

BALANCE SHEET

Liabilities

Balance Sheet - in \$m	Dec 2019	Jun 2019	
Current payables	172.1	158.8	Reflects timing of creditor payments within agreed trading terms.
Current provisions	17.1	16.0	Mostly comprises employee entitlements.
Current tax liabilities	-	2.0	Period end tax receivable asset.
Current Lease liabilities	4.5	-	Brought onto the balance sheet for the first time in accordance with the new AASB16 lease accounting standard requirements, allocated \$4.5m as current with a further \$7.2m as non-current.
Non-current borrowings	172.5	118.9	\$53.6m increase in gross draw downs since 30 June 2019 reflects completion of new Westbury extrusion plant plus construction of new feedmill at Wellsford. Net debt of \$132.7m, calculated after offsetting cash & cash equivalents, increased by \$31.3m during the six month period.
Non-current Payables, Lease liabilities and Provisions	8.0	0.5	Comprises Lease liabilities (\$7.2m), deferred legal claim settlement (\$0.5m) plus employee entitlements (\$0.3m).
Total Liabilities	374.2	296.2	
Net Assets / Equity	270.5	277.5	No changes in issued capital during the period while the final dividend maintained at 2.75 cps was paid on 31 October 2019, franked to 100% and paid wholly in cash.

CASH FLOW

Consolidated Cash flow - in \$m	1H FY20	1H FY19	
Consolidated group EBITDA before non-recurring items	24.9	24.9	EBITDA from Operations less Corporate.
Less: non-recurring items	(9.4)	6.4	Aggregate EBITDA impact of non-recurring items described on slide 6.
Consolidated EBITDA	15.5	31.3	After non-recurring items.
Movement in working capital	1.8	(15.0)	\$1.8m reduction in working capital for the period.
Maintenance capex	(8.5)	(6.8)	Maintenance capex maintained within DA.
Profit on sale of properties	-	(6.8)	Cash receipts from the property sales reported below as asset sale proceeds.
Operating cash flow	8.8	2.7	
Development capex	(24.8)	(23.7)	Development capex includes completion of the new Westbury extrusion plant and construction of new feedmill at Wellsford.
Payment for Intangibles	(3.6)	(1.1)	Comprises \$3.5m of Novacq™ capitalised project activity plus \$0.1m of software additions.
Dividends paid	(8.4)	(8.4)	Cash payment of dividend on 31 October 2019.
Proceeds from sale of assets	-	1.5	No asset sale proceeds received during the period.
Net finance cost	(2.8)	(2.7)	Reflective of bank refinance offset by higher debt levels.
Net tax payments	(2.8)	(3.8)	Reflection of timing of tax instalment payments.
Other net cash inflows / (outflows)	2.3	(0.9)	Includes loans to related parties and share-based payments.
Cash flow for the period	(31.3)	(36.4)	
Opening net debt as at 1 July	(101.4)	(52.8)	Net debt being gross debt less cash and cash equivalents.
Closing net debt	(132.7)	(89.2)	

The Directors believe that the presentation of the unaudited non-IFRS financial information on this slide 9 is useful for users of the accounts as it reflects the significant cash flows of the business.

Business update.

Emerging from change, focused on growth.

2

ISSUES ADDRESSED

Modernising our assets and moving ahead

Underutilisation of Murray Bridge feedmill

Reduction in costs without loss of sales

1H FY20 financial impact of

\$7.2m

Annualised net cost reduction

\$1.5m

Resolution of the Baiada legal claim

A positive outcome achieved

- Settlement reached, proceedings terminated.
- Costs fully recognised in 1H FY20 results.
- New terms to provide Ridley production efficiencies and changed fee structure.
- Agreement extended for a further two year period to November 2025.

PROGRESS ANNOUNCED

New organisational structure

Customer-centric operational efficiency

- Fewer layers of management, clearer lines of reporting and accountability.
- Delegated decision-making to increase responsiveness to customer needs.
- Leveraged raw material purchasing power for customer.
- Nutritional expertise applied to customer livestock performance.

Benefits for Ridley

- Reduction of 44 staff positions to realise c.\$5m in annualised savings.
- Volume growth as sales model linked to asset optimisation.

5x business units

	Stockfeed	Packaging & supplements	Rendering	Aqua	Novacq™
Finance & Corporate					
People, Safety & Quality					
Merchandising					
Nutrition & Technical					

4x group functions

PROGRESS ANNOUNCED

The commercialisation of Novacq™

- **CEO Sid Jain appointed to commercialise Novacq™.**
- **Secured control of Thailand operations for expansion – c.50 Ha of land and 100% control of feedmill.**
- Improvements in production yields at Yamba.
- All production has been sold to Australian customers or used in international trials.
- Investments being made in process improvement.
- Approval received to locate dewatering and drying in Thailand feedmill.
- Ongoing trials in India and Saudi Arabia.

Growth Strategy.

**A focus on improvements in
our core business, whilst
embedding innovation.**

GROWTH STRATEGY

Optimisation

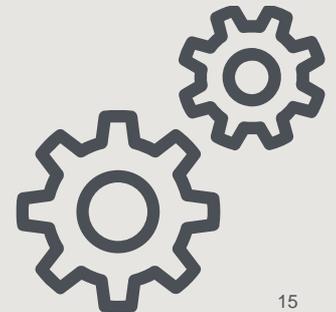
There are significant opportunities within Ridley to simplify the business, install automation, leverage our raw material and consumable procurement, and to rationalise the supply chain.

Sales growth

The new structure provides a single point of accountability for both the customer servicing and operation of the supplying facility, which will make us more responsive to sale opportunities and well positioned to fill our existing underutilised capacity.

Expansion / innovation

In time, our pipeline of innovation opportunities (of which Novacq™ is the most significant) should be commercialised and can be augmented by bolt-on acquisitions.



GROWTH STRATEGY

A focus on improvements in our core business, while embedding innovation

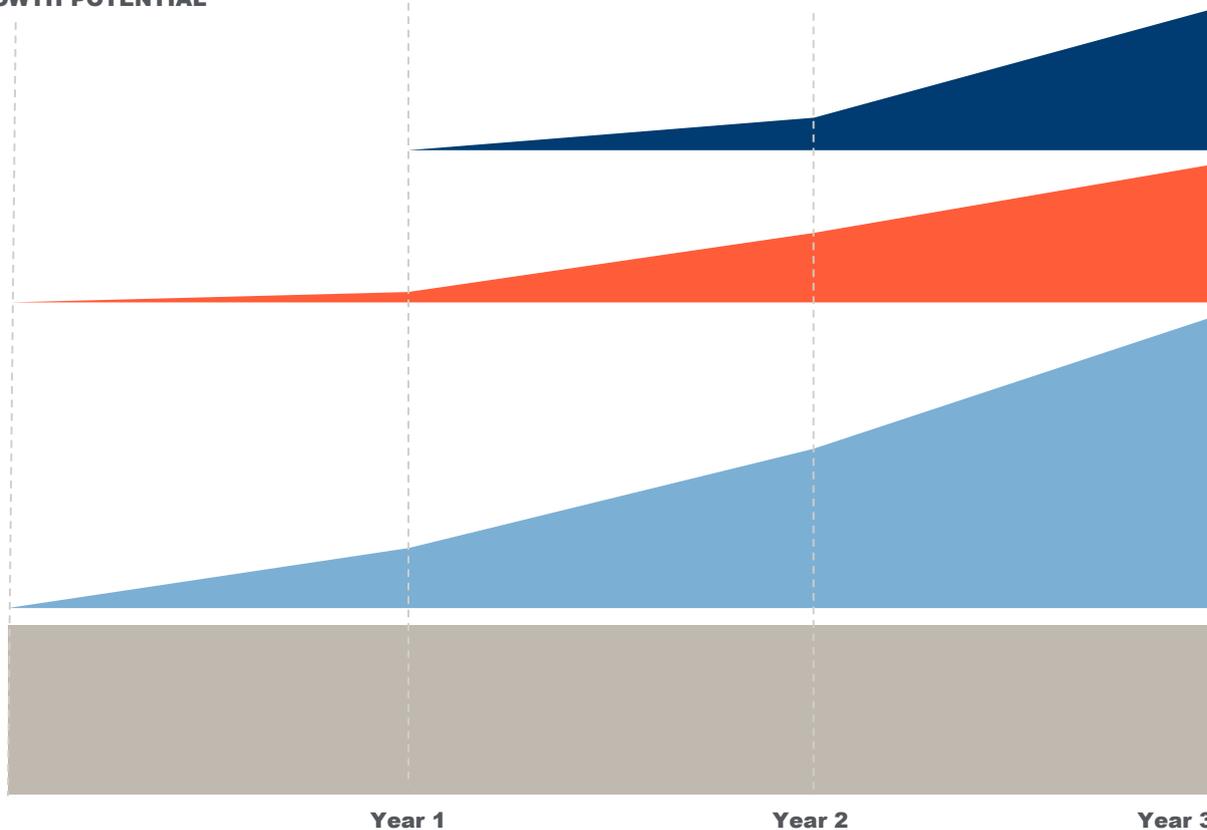
EARNINGS GROWTH POTENTIAL

EXPANSION / INNOVATION

SALES GROWTH

OPTIMISATION

FOUNDATION



- Novacq™ operational efficiencies
- Novacq™ international sales
- New range of Packaged Products
- Rendering product development
- Acquisitions

- Westbury utilisation
- Prawn growth
- Reseller consolidation
- Dairy penetration
- Monogastric growth
- Equine share

- Murray Bridge feedmill closure
- Internal restructure
- Simplification
- Northern Victoria footprint review
- Procurement savings
- Raw material sourcing
- Supply chain rationalisation
- Portfolio review

- Demand for proteins
- Expanding customers
- Scale operator
- Nutritional expertise

Outlook.

Strong and sustainable earnings growth.

THE PATH TO GROWTH

- The recent rain will have little impact on national grain supply, so prices are expected to remain firm.
- With a diversified customer base we are well placed to manage the anticipated shifts in demand.
- The Growth Strategy should begin to deliver in this 2H FY20 period.
- The commissioning of the Wellsford feedmill is on track for 2H FY20, and our debt will peak at that time.
- With the improvement in earnings and the Dividend Reinvestment Plan, we plan to progressively reduce debt.



IMPORTANT NOTICE AND DISCLAIMER

Disclaimer

The material in this presentation is general background information about the activities of Ridley Corporation Limited and its related entities (**Ridley**), current at the date of this presentation, unless otherwise stated.

It is information given in summary form and does not purport to be complete. It should be read in conjunction with Ridley's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange , which are available at www.asx.com.au. This presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor.

Forward looking statements in this presentation should not be relied upon as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Ridley.

Appendix.

Supporting information.

PROFIT AND LOSS SUMMARY

Consolidated Result - in (\$m)	1H FY20	1H FY19		1H FY18	1H FY17	1H FY16	FY19	2H FY19
EBITDA – Ongoing operations	30.7	30.6	Half year EBITDA result from Operations of \$30.7m, marginally up on corresponding prior year period, representing an improved second quarter performance after a soft first quarter.	31.8	30.0	35.2	54.3	23.7
Corporate Costs	(5.8)	(5.7)	Overall consistent with prior year and absorbing \$0.2m of former Property segment costs.	(4.8)	(4.8)	(4.7)	(11.3)	(5.6)
• Non-recurring revenues / (costs)	2.6	6.4	FY20 introduction of lease accounting standard (1H FY19: profit on sales of surplus property).	-	3.5	(6.3)	-	-
• Murray Bridge feedmill closure	(7.2)	-	Total cost of site closure and remediation (including \$4.4 non-cash write down of assets).	-	-	-	-	-
• Internal restructure	(2.9)	-	FY20 cost incurred to deliver annualised savings of c.\$5.0m.	-	-	-	-	-
• Settlement of legal claim	(1.9)	-	Legal claim settled after balance date with full amount payable by Ridley of \$1.9m in half year result.	-	-	-	-	-
Consolidated EBITDA	15.5	31.3		22.8	26.4	21.4	40.5	19.0
Depreciation and amortisation	(12.9)	(9.1)	First year of depreciation of new Westbury extrusion plant and \$2.5m first time amortisation of capitalised leases.	(9.0)	(7.1)	(7.5)	(18.9)	(9.8)
Consolidated EBIT	2.6	22.2		22.8	22.9	27.7	40.5	19.0
Property	-	-	Property included within Corporate Costs from 1 July 2019.	0.3	(0.5)	0.9	6.2	(0.2)
Net Finance costs	(3.0)	(2.4)	Consistent with higher levels of debt.	(2.3)	(2.6)	(2.7)	(5.0)	(2.6)
Income Tax Credit / (Expense)	0.8	(3.7)	P&L benefit for the period after allowing for tax instalment payments.	(3.5)	(4.4)	(4.6)	(6.8)	(3.1)
Net profit	0.4	16.1		12.5	14.1	10.3	23.6	7.5
Other comprehensive income	-	(0.4)	No movement in \$1.7m carrying value of Asset available for sale.	-	-	-	(0.4)	-
	0.4	15.7		12.5	14.1	10.3	23.2	7.5

The Directors believe that the presentation of the unaudited non-IFRS financial information on this slide 21 is useful for users of the accounts as it reflects the underlying profits of the business..

BALANCE SHEET

Assets

Balance Sheet - in \$m	Dec 2019	Jun 2019	Analysis of movement	Dec 2018	Jun 2018	Jun 2017	Jun 2016
Cash & cash -equivalents	39.8	17.5	Closing balance is a function of timing of receipts/payments and draw down/repayment of bank funding.	17.1	23.4	16.5	28.5
Inventory	89.4	83.8	Reflects prawn feed stock build to service greater demand plus increased holdings of rendered meat meals.	80.9	76.7	83.7	87.7
Receivables	115.8	108.2	Debtor days maintained at 32 days sales outstanding.	117.6	104.0	116.2	112.3
Assets held and available for sale	1.9	0.2	Comprises sole residual Lara surplus landholding under purchase option agreement of \$0.2m plus interest in UK-listed specialist ingredients business of \$1.7m.	1.9	1.1	-	-
Other - tax asset	1.2	-	Tax refund receivable following finalisation of 2019 Income Tax Return and after payment of tax instalments.	2.2	3.0	0.4	-
Total Current Assets	248.1	209.7		219.7	208.2	216.8	228.5
Investment property	1.3	1.3	Residual balance of \$1.3m comprises land at Moolap.	1.3	1.3	3.2	3.1
P,P&E	290.8	259.3	Movement includes \$19.6m for completion of new Westbury extrusion plant plus construction of new feedmill at Wellsford.	225.0	202.6	182.8	160.2
Investments - equity accounted	0.3	0.7	Investment in Thai feedmill with movement reflecting Ridley's 49% share of period loss.	1.0	1.1	1.3	3.7
Available for sale	-	1.7	Reclassified to Current Assets held and available for sale.	-	2.3	1.3	-
Intangibles	88.3	85.7	Reflects the capitalisation of non-P,P&E activity at Yamba and Chanthaburi (\$3.5m) plus software additions (\$0.6m) offset by amortisation.	82.5	82.5	79.3	76.4
Non-current Receivables	11.8	11.7	Includes NPV of deferred sale proceeds for sales of Lara Lots A,B and C reported in June and July 2018.	12.6	8.6	0.8	5.5
Other non-current assets	4.1	3.7	Outworking of tax effect accounting tax entries.	4.6	3.6	5.1	7.4
Total Assets	644.7	573.8		546.7	510.3	490.6	484.8

BALANCE SHEET

Liabilities

Balance Sheet - in \$m	Dec 2019	Jun 2019		Dec 2018	Jun 2018	Jun 2017	Jun 2016
Current payables	172.1	158.8	Reflects timing of creditor payments within agreed trading terms.	155.9	155.9	148.6	145.9
Current provisions	17.1	16.0	Mostly comprises employee entitlements.	14.7	14.6	13.5	12.9
Current tax liabilities	-	2.0	Period end tax receivable.	-	-	-	8.3
Current Lease liabilities	4.5	-	Brought onto the balance sheet for the first time in accordance with the new AASB16 lease accounting standard requirements, allocated \$4.5m as current with a further \$7.2m as non-current.	-	-	-	-
Non-current borrowings	172.5	118.9	\$53.6m increase in gross draw downs since 30 June 2019 reflects completion of new Westbury extrusion plant plus construction of new feedmill at Wellsford. Net debt of \$132.7m, calculated after offsetting cash & cash equivalents, increased by \$31.3m during the period.	106.3	76.2	68.1	69.4
Non-current Payables, Lease liabilities and Provisions	8.0	0.5	Comprises Lease liabilities (\$7.2m), deferred legal claim settlement (\$0.5m) plus employee entitlements (\$0.3m).	0.5	0.5	0.6	0.5
Total Liabilities	374.2	296.2		277.4	247.2	230.8	237.0
Net Assets / Equity	270.5	277.5	No changes in issued capital during the period while final dividend maintained at 2.75 cps was paid on 31 October 2019, franked to 100% and paid wholly in cash.	269.3	263.1	259.8	247.8

CASH FLOW

Consolidated Cash flow - in \$m	1H FY20	1H FY19		1H FY18	1H FY17	1H FY16	FY19	2H FY19
Consolidated group EBITDA before non-recurring items	24.9	24.9	EBITDA from Operations less Corporate.	27.7	23.4	34.2	54.3	29.8
Less: non-recurring items	(9.4)	6.4	Aggregate EBITDA impact of non-recurring items described on slide 6.	-	3.5	(6.3)	-	-
Consolidated EBITDA	15.5	31.3	After non-recurring items.	27.7	26.9	27.9	54.3	29.8
Movement in working capital	1.8	(15.0)	\$1.8m reduction in working capital for the period.	(3.8)	(26.1)	(35.6)	(7.3)	7.7
Maintenance capex	(8.5)	(6.8)	Maintenance capex maintained within DA.	(8.3)	(7.3)	(5.5)	(13.3)	(6.5)
Profit on sale of properties	-	(6.8)	Cash receipts from the property sales reported below as asset sale proceeds.	-	-	-	-	-
Operating cash flow	8.8	2.7		15.6	(6.5)	(13.2)	33.7	31.0
Development capex	(24.8)	(23.7)	Development capex includes completion of the new Westbury extrusion plant and construction of new feedmill at Wellsford.	(7.1)	(14.6)	(3.7)	(60.0)	(36.3)
Payment for Intangibles	(3.6)	(1.1)	Comprises \$3.5m of Novacq™ capitalised project activity plus \$0.1m of software additions.	(2.1)	(1.0)	(0.5)	(5.5)	(4.4)
Dividends paid	(8.4)	(8.4)	Cash payment of dividend on 31 October 2019.	(8.4)	(7.6)	(6.1)	(11.7)	(3.3)
Proceeds from sale of assets	-	1.5	No asset sale proceeds received during the period.	6.7	5.7	9.9	5.0	3.5
Net finance costs	(2.8)	(2.7)	Reflective of bank refinance offset by higher debt levels.	(2.4)	(2.8)	(2.8)	(5.7)	(3.0)
Proceeds from share capital issue	-	-	No capital issued during the period.	-	-	-	3.1	3.1
Net tax payments	(2.8)	(3.8)	Reflection of timing of tax instalment payments.	(2.5)	(10.9)	(9.6)	(1.7)	2.1
Other net cash outflows	2.3	(0.9)	Includes loans to related parties and share-based payments.	(3.5)	(1.0)	(0.2)	(5.8)	(4.9)
Cash in/(out) flow for the period	(31.3)	(36.4)		(3.7)	(38.7)	(26.2)	(48.6)	(12.2)
Opening net debt as at 1 July	(101.4)	(52.8)		(51.5)	(41.0)	(32.7)	(52.8)	(52.8)
Closing net debt	(132.7)	(89.2)		(55.2)	(79.7)	(58.9)	(101.4)	(65.0)

The Directors believe that the presentation of the unaudited non-IFRS financial information on this slide 24 is useful for users of the accounts as it reflects the significant cash flows of the business

Contact details

Quinton Hildebrand

Chief Executive Officer

E: Quinton.Hildebrand@ridley.com.au

P: +61 3 8624 6529



Ridley Corporation Limited

ABN 33 006 708 765

Level 4, 565 Bourke Street
Melbourne, VIC. 3000 Australia

ridley.com.au

ASX: RIC