



RIDLEY 2020 ANNUAL GENERAL MEETING

Melbourne, Australia, 23 November 2020

Ridley Corporation Limited (**Ridley**) (**ASX:RIC**) attaches the address to be presented by the Ridley Chief Executive Officer and Managing Director at today's Annual General Meeting, commencing at 11.00 a.m. and to be held as a virtual meeting through the Lumi online platform at <https://web.lumiagm.com/378264503>.

Authorised by:

A handwritten signature in black ink that reads "Alan M Boyd".

Alan M Boyd
CFO and Company Secretary

For further information please contact:

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ANNUAL GENERAL MEETING

23 NOVEMBER 2020

Managing Director’s Address

Good morning Shareholders

FY20 – Year in Review

FY20 – THE YEAR IN REVIEW
Business Reset Executed

SIGNIFICANT ITEMS		
1H Reset	2H Reset	Impairment Reset
Closure of Murray Bridge \$7.2m (\$4.4m non-cash)	Northern Victoria Rationalisation \$7.0m (\$5.8m non-cash)	Novacq™ \$21.6m (non-cash)
Restructure \$2.9m	Simplified Structure \$1.3m	Moolap Land Development \$1.3m (non-cash)
Legal Claim Resolved \$1.9m		
-\$12.0m	-\$8.3m	-\$22.9m

Having joined Ridley Corporation towards the end of August 2019, the Year Ended 30 June 2020 was my first at the company, and with the support of the Board and the collaboration of my colleagues in the business, we prioritised resetting the business for growth.

Our vision for Ridley is to grow its position as the largest animal feeds business in the country. When I began engaging with our customers to understand how we could grow the business, it became apparent that we needed to become more customer oriented and more proactive in creating value up and down the supply chain.

The organisational restructure announced in November was a fundamental step in getting the business aligned with the objectives of our customers and giving us the best opportunity to start to win business and increase the volumes produced through our underutilised capacity. The new structure also brings a clearer focus to the Merchandising function (which is responsible for the procurement of over A\$700m in raw materials each year) and the specialised capability of our Nutrition function – both of which we consider to be areas of competitive advantage for Ridley in the Australian market.

Having redefined the organisational structure, we then implemented a secondary round of simplification within the business units. Ultimately, during the course of the year, Ridley reduced its employee complement by 10%, on a like-for-like basis.

What has been incredibly pleasing is the way in which our employees have responded – not only adapting to delivering more with less and navigating through the challenges of COVID-19, but at the same time delivering the best safety performance on record, and increasing our underlying operational earnings over the period. I wish to commend all Ridley employees for the delivery of these results in a challenging year.

FY20 also saw the successful commissioning of the new “state-of-the-art” Wellsford Feedmill in Bendigo, on time and on budget. We also completed the acquisition of the Novacq production ponds in Thailand and the remaining 51% of the adjacent feedmill, thereby securing ownership of the production assets for the scaling up of future Novacq production.

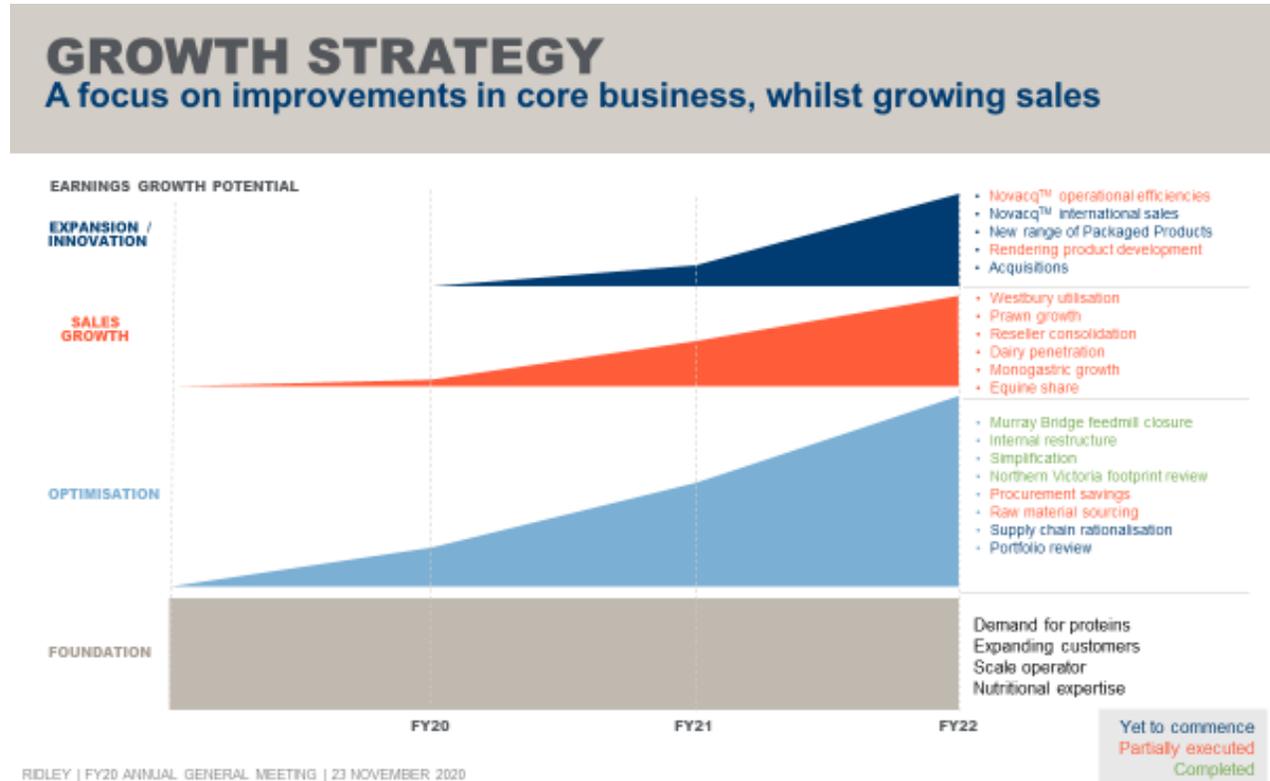
In addition to resetting the organisational structure and completing the major capital works, during the financial year we also addressed a number of outstanding issues which resulted in one-off significant items. These included:

- (i) the closure of the underutilised Murray Bridge feedmill;
- (ii) the closure of the Bendigo Feedmill and provision for the closure of the Mooroopna Feedmill as part of the consolidation into the new Wellsford Feedmill;
- (iii) the settlement of a long-standing legal claim; and
- (iv) the impairment of the carrying values of the Novacq business unit and the Moolap property.

In total, the significant items amounted to \$43.2m during the financial year, demonstrating a year of extensive restructuring. Having achieved and brought to account all this in FY20, I believe the business is substantially reset and ready to grow.

Strategy Execution

The commissioning of the Wellsford Feedmill completes Ridley's asset renewal program, comprising an investment of \$150 million in four new facilities over 8 years. The focus now is simple - grow the earnings of the business, generate cash and strengthen the balance sheet.



In February 2020, I presented shareholders with the three elements of our Growth strategy, and I am pleased to advise that this strategy has been gathering momentum. The early rewards from the implementation of the Optimisation improvements were evident in our financial results at 30 June 2020 and we have continued to build on this with the commencement of additional initiatives which will reduce our operating cost base further. The Sales Growth emphasis has seen us win business in the first quarter of the 2021 financial year, securing increased volumes in the poultry, pig, equine and aquaculture sectors over the same period last year. Concurrently, we are starting to see the early benefits from our Expansion/Innovation focus, with the sale of more customised rendered products for the domestic and export markets. We are also now confident of doubling our production of Novacq in FY21.

The Board and Management are highly focused on reducing the gearing of the business. As such, we are carefully managing our capital expenditure and are focused on reducing working capital. We expect that the combination of these initiatives and the expected growth in earnings, will allow us to steadily retire debt in FY21. We also acknowledge and appreciate that this objective is being accelerated through the suspension of dividends until we consider our gearing level to be more appropriate.

Trading Performance Update

TRADING PERFORMANCE UPDATE

Tracking ahead of FY20

COVID-19 RESILIENCE

There has been no COVID-19 related suspension of production runs. Our customers have adapted well to the new demand patterns and most appear to have now recovered to pre COVID-19 volumes.

EARNINGS GROWTH

Our operating earnings are tracking ahead of the same position last year, demonstrating both our resilience during COVID-19 and the benefits from the business reset that we have implemented over the past year.

Consolidated EBITDA

Year	Consolidated EBITDA (\$ Millions)
2016	60.72
2017	54.48
2018	41.03
2019	54.31
2020	16.20
2020*	59.42

* Forecast of industry significant items
\$ Below industry significant items

CASH MANAGEMENT

Having diversified and stress tested our supply chains, we are now confident to reduce inventory levels on all but a few imported ingredients and have been gradually releasing working capital.

We have contracted the sale of the surplus properties at Lara and Moolap and expect to report an aggregate pre-tax profit on these sales of approximately \$3.8 million in FY21.

By way of a trading performance update.

I am pleased to report that Ridley has been able to operate without any suspension of production runs since the start of COVID-19. Whilst a number of our customers were adversely impacted, particularly those heavily exposed to the Food Service sector, generally our customers have adapted well to the new demand patterns and most appear to have now recovered to pre COVID-19 volumes.

Our earnings performance is tracking ahead of the same position last year, demonstrating both our resilience during COVID-19 and the benefits from the business reset that we have implemented over the past year.

As a contingency against the potential disruptions to our supply chains from COVID-19, we went through the financial year end carrying increased levels of inventory. Having diversified and stress tested our supply chains, we are now confident to reduce inventory levels on all but a few imported ingredients and have been gradually releasing working capital.

We have also contracted the sale of the surplus properties at Lara and Moolap. Ridley expects to report an aggregate pre-tax profit on these sales of approximately \$3.8 million in FY21, with the settlement for Lara already concluded and for Moolap scheduled for later this financial year.

Outlook

OUTLOOK

Growth Strategy expected to deliver improved earnings

- The future impact of COVID-19 is uncertain and we will continue to manage and mitigate business interruption risks and impacts.
- The ongoing implementation of the Growth Strategy is expected to continue to deliver improved earnings in FY21.
- Year-to-date trading reflects that the early benefits of the Growth Strategy are more than offsetting the loss of sales from the cessation of drought feeding.
- A steady reduction of term debt is anticipated from the focus on cash management.



Moving to the outlook for the business.

It remains difficult to predict the degree to which COVID-19 will impact us in the future, both directly or through the effects on the Australian and global economy. In any event, we will continue to manage and mitigate business interruption risks and impacts.

The ongoing implementation of the Growth Strategy is expected to continue to deliver improved earnings in FY21. Year-to-date trading reflects the early benefits of the Growth Strategy are offsetting the loss of sales from the cessation of drought feeding.

And the operating cash generated by the business, together with a focus on decreasing working capital, is expected to result in a steady reduction of the term debt.

Closing Remarks



In closing, I would like to acknowledge and thank Gary Weiss, who retired in August, for the role he played as Chair and for his valuable contribution to Ridley over ten years.

I would like to thank the Board for their guidance and support over the past year of significant change for Ridley. Also to the Leadership Team and all employees who have responded well to the changes and delivered a strong operating result in FY20.

Finally, to Ridley shareholders - thank you for your support through this transition year and for your patience whilst we reset the business for growth.