



**RIDLEY**

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CEO & Managing Director

**Westpac**

**AgFood Opportunities Fund**

## Australasian AgFood Virtual Conference

**25 November 2020**

**COVID-19**

**We will continue to manage and mitigate business interruption risks**

**RIDLEY**

COVID-19 RESILIENCE	SUPPLY CHAIN CONFIDENCE	EARNINGS GROWTH
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.	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.	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.



**WE ARE WORKING HARD TO KEEP AUSTRALIA'S FOOD CHAIN SAFE  
WE DISINFECT MORE THAN JUST OUR HANDS**

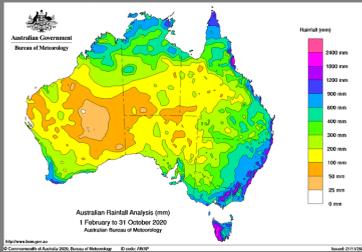
**COVID-19 Risk Management Remains A High Priority**

# CERTAINTY AND SUSTAINABILITY

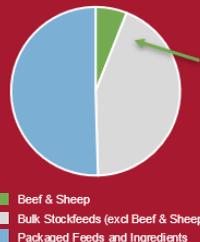
## Growth opportunities up and down the cycles



### WIDESPREAD RAINFALL IN 2020



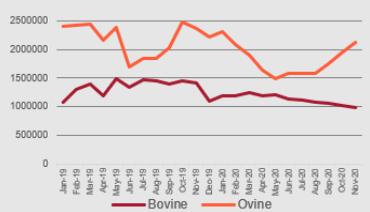
### FY20 EBITDA by Segment



Reduction in drought feeding relatively small contributor to Ridley



### REDUCTION IN BEEF & SHEEP PROCESSED THROUGH ABATTOIRS



Source: East Coast Bovine and Ovine Slaughter Numbers, MLA

### RENDERING PRODUCTION



Some reduction in raw material supply to rendering BU

### PRICE OF RENDERED MEALS PROVIDES SOME COMPENSATION



Source: The Jacobsen

# CERTAINTY AND SUSTAINABILITY

## Growth opportunities through the commodity cycles



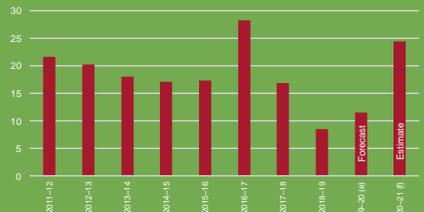
Our ability to pass through prices means we are largely neutral to commodity cycles



Source: Management data

### LARGE HARVEST UNDERWAY

East Coast Australia Total Winter Crop (mmt)



Source: Sep-2020 ABARES Australian Crop Report Data - Total Winter Crop Production in the Australian East Coast (being states of QLD, NSW, VIC) for all commodities



# GROWTH STRATEGY

A focus on improvements in core business, whilst growing sales



## 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.



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# GROWTH STRATEGY

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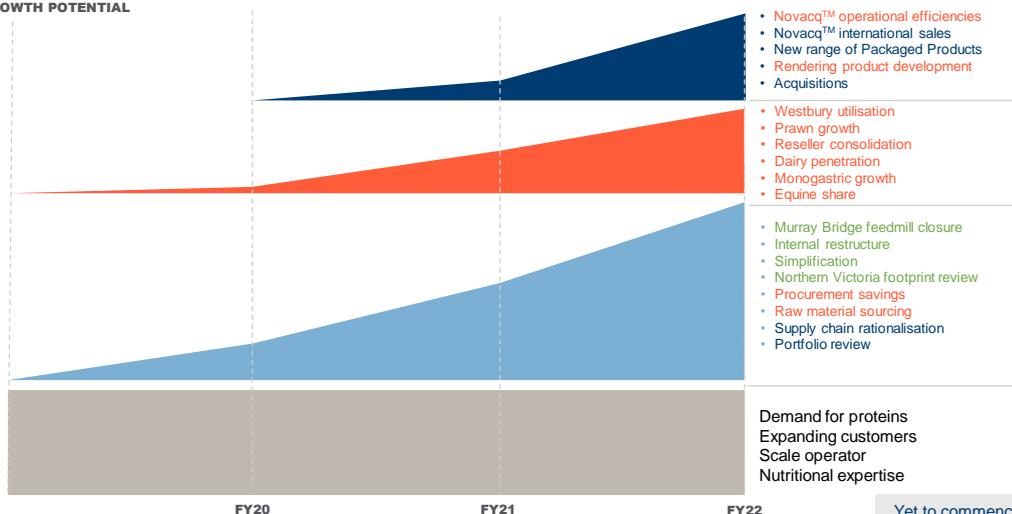
## EARNINGS GROWTH POTENTIAL

### EXPANSION / INNOVATION

### SALES GROWTH

### OPTIMISATION

### FOUNDATION



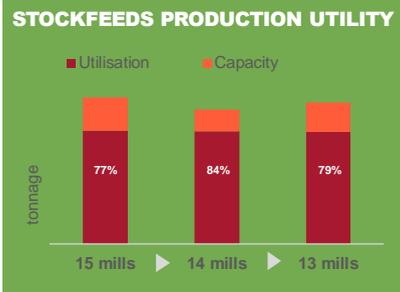
Yet to commence  
 Partially executed  
 Completed

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# SALES GROWTH – BULK STOCKFEED MILLS

## Capacity to grow with our customers

**FY20**  
**OPTIMISATION OF PRODUCTION FOOTPRINT**  
 Closure of 3 feedmills and opening of 1 large feedmill; realising cost savings whilst retaining capacity for growth

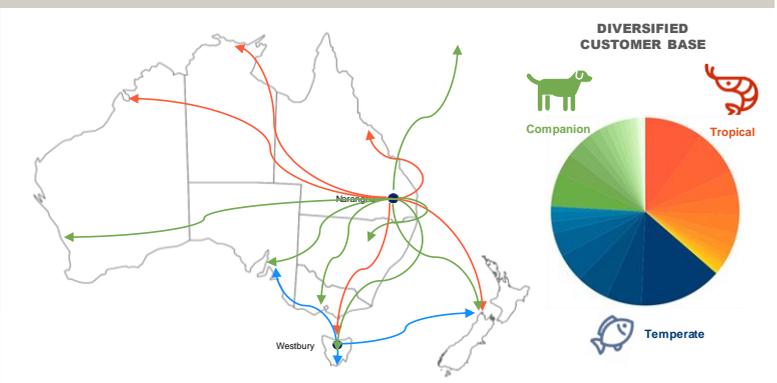
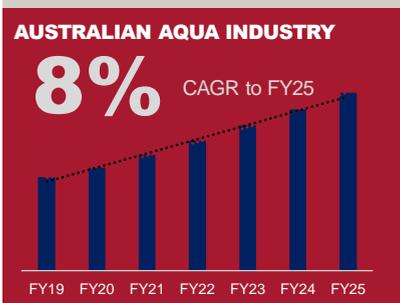


**Ridley has a competitive advantage to grow this business:**

- Invested in large-scale assets with new technology
- Nutritional experts for each species
- Procurement leverage through Group volumes
- Internal ingredient supply from Ridley Rendering
- Alliances with global nutrient suppliers
- Capacity for growth in ruminant and monogastric mills

# SALES GROWTH – EXTRUSION FACILITIES

## Well positioned to support industry growth



**Ridley has a competitive advantage to grow this business:**

- Only supplier with domestic contingency – two extruder facilities with capacity
- Supply chain suits tropical customers from Narangba and temperate customers from Westbury
- Established dog feed brands with growth prospects
- Procurement leverage through group volumes
- Internal ingredient supply from Ridley Rendering
- Inclusion of Novacq™ into prawn diets
- Technical expertise with experience in optimising performance in Australian conditions

## 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.



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