

# 19<sup>th</sup> Australasian AgFood Conference

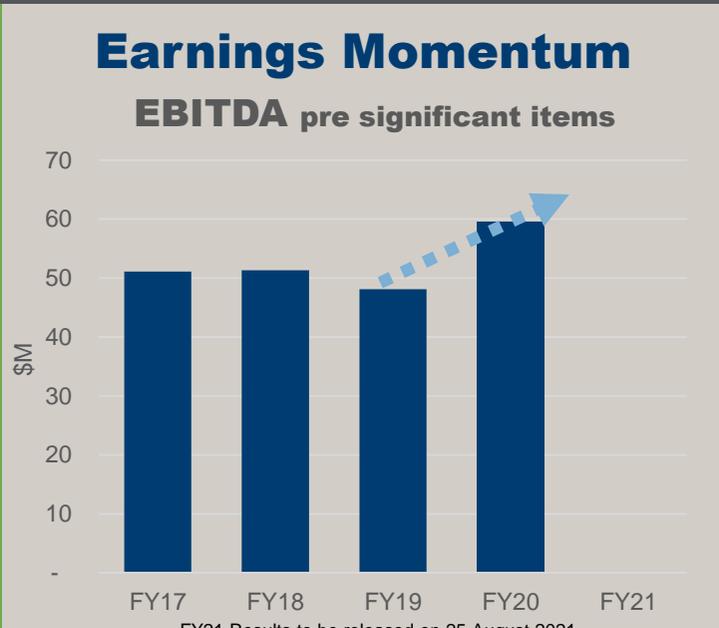
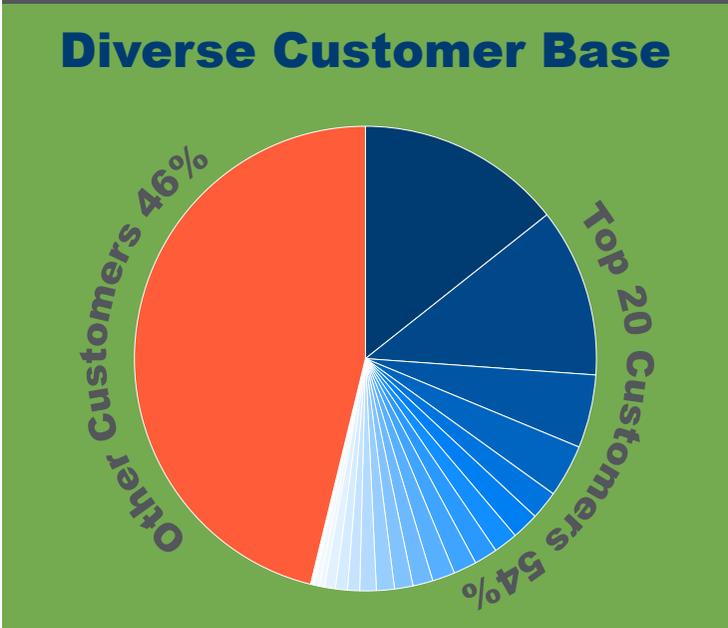
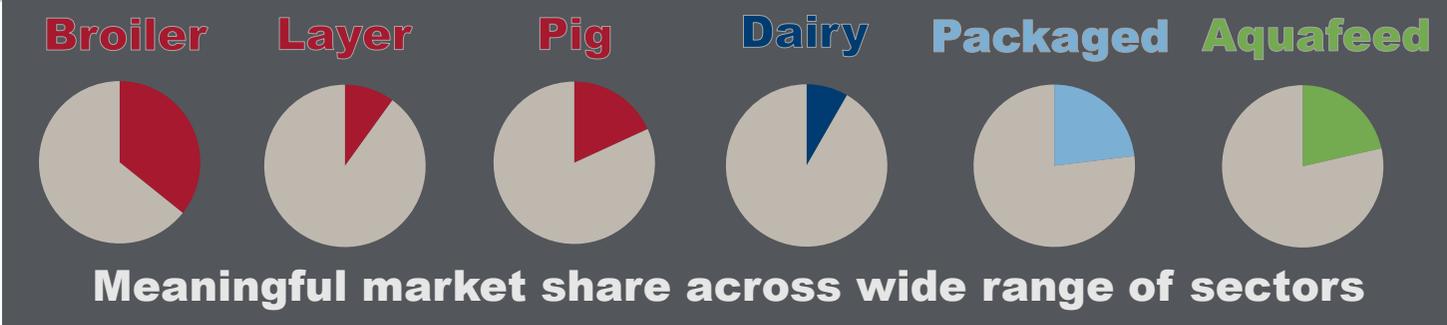
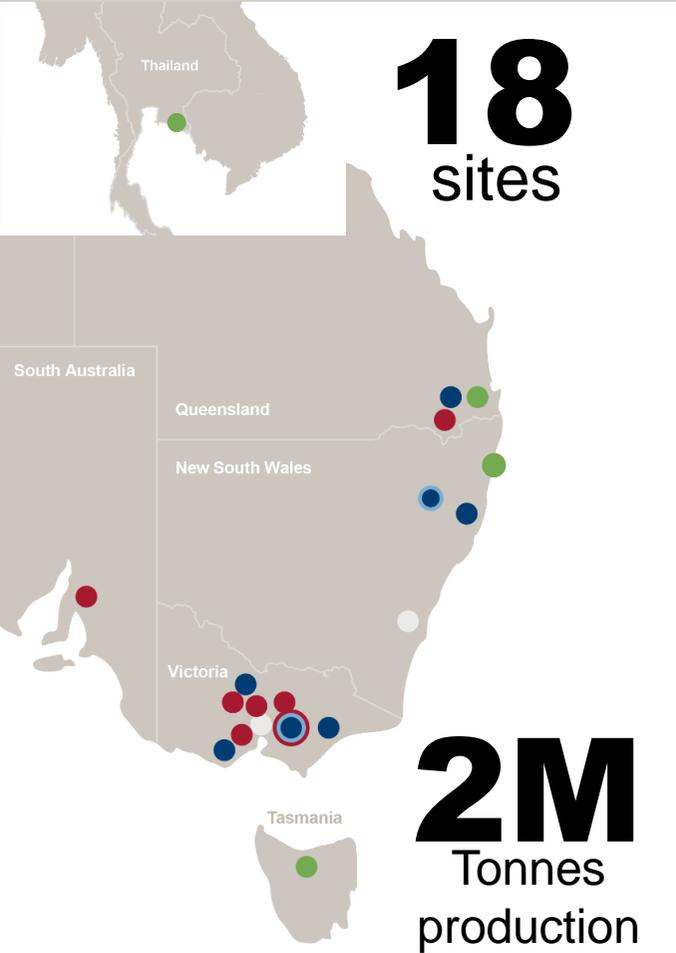
28 July 2021

# Sustainable & Scalable Cash Flow



Quinton Hildebrand  
MD & CEO

# Australia's Leading Provider of High Performance Animal Nutrition Solutions



# INTRODUCTION

## Sustainable & Scalable Cash Flow at Ridley



**Today's presentation will provide insight into Ridley's...**

1. plans to grow earnings and cash
2. emerging Capital Allocation Framework

**...which aim to provide a sustainable and scalable cash flow.**

# Growth in Earnings

**Ongoing Growth Strategy & Launch of Project Boost**

1

# GROWTH STRATEGY



Ongoing delivery of improvements in core business, whilst focused on sales growth

## 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

FY20

FY21

FY22

Yet to commence  
Partially executed  
Completed

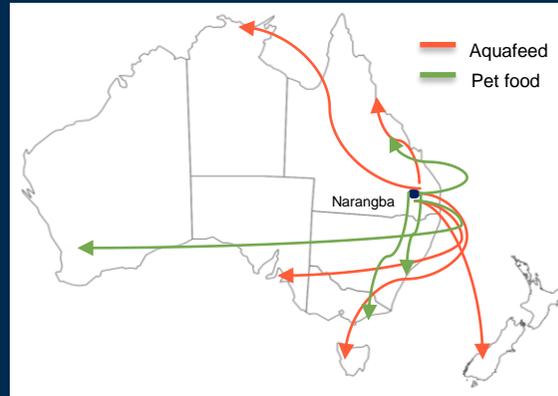
# AQUAFEED RESET



## Consolidation of aquafeed production into Narangba Facility to improve earnings

Narangba, QLD extrusion plant upgrade project (\$4.5M) :

- completed 19 July 2021
- justified on operating cost savings
- 20% capacity increase



Westbury, TAS extrusion plant sold for \$54.85M :

- plant was underutilised
- limited Tasmanian sales
- higher cost base to supply Aus mainland & NZ
- sale planned to complete next week

## Reset Operating Model

- retain all contracts / customers
- consolidate production into Narangba
- more competitive customer offering

## Financial Outcomes

### ONCE-OFF

Cash injection >\$50m  
>\$7M pre-tax profit on sale (after transaction costs)

### RECURRING

Lower operating costs and depreciation  
Improved profitability from FY22

# SUPPLY CHAIN RATIONALISATION



End to end review underway with savings expected to commence in FY22

## External Supply Chain Specialists Engaged to:

- improve scheduling and asset utilisation
- reduce freight / external storage costs
- reduce working capital
- maintain 97% DIFOT

## Benefits expected from 2H FY22

### Current Supply Chain metrics



55% of freight contracted direct by customers



>\$40M Ridley freight spend with 100+ carriers



>\$4M storage costs



Average plant utilisation ~85%



>\$80M in inventory

# PROJECT BOOST

A capital reinvestment program to drive profitable growth



## \$15M

FY22-23 additional capital expenditure

## \$9M

Estimated annualised earnings boost

## <3 years

Combined payback period, with earnings forecast to commence FY23

A natural extension to the Growth Strategy

15 small, low risk capital projects have been identified that will extend Ridley's product offering, de-bottleneck capacity and reduce cost:

### Investment in new capability in:

- Premium pet food ingredient capability
- Tallow storage to support demand
- Baling capability of blended ruminant feed

### De-bottlenecking operations to increase:

- Feedmill capacity to meet new sales opportunities
- Investment in additional raw material storage
- Export container packing

### Improving operational efficiency by:

- Installing equipment to enhance grain segregation
- Energy saving projects

# Emerging Capital Allocation Framework

**Driving Shareholder  
Value**

2

# CAPITAL ALLOCATION FRAMEWORK

Embedding greater discipline



**Operating Cashflow**

**Maintenance & ESG Capital  
and Working Capital**

**Strong Balance Sheet**

Conservative Net Debt / EBITDA

**Dividends**

% of NPAT  
(before significant items)

**Organic Growth /  
Restructuring**

Prioritised on ROFE

**M&A**

Disciplined assessment  
against strategy,  
capability and ROFE

**Maximise Shareholder Value**

Measured by TSR

Post the Westbury sale Ridley's Net Debt will be approximately \$30M (< 0.5x leverage ratio).

The Capital Allocation Framework aims to:

- prioritise maintenance and working capital requirements (\$12M in FY21);
- maintain a strong balance sheet;
- ensure disciplined use of capital; and
- deliver shareholder returns

The Board currently intends to announce the resumption of dividend payments with the full year results on 25 August 2021.

# SUMMARY

## Delivering a sustainable and scalable cash flow

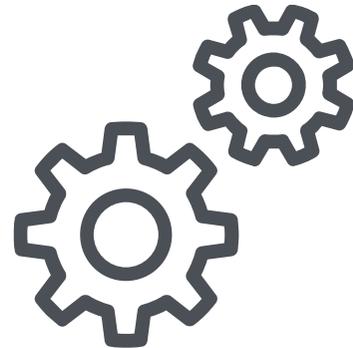


Ridley is well placed to grow earnings and cash through:

- continued momentum in the underlying business segments;
- the ongoing delivery of the Growth Strategy; and
- the expected returns of Project Boost.

The development of a Capital Allocation Framework is designed to:

- maintain a strong balance sheet; and
- support shareholder returns.



# 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.

The content 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](http://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 they involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Ridley.



**RIDLEY**