ASX: RIC

FY24 1H RESULTS

GROWING THE BUSINESS

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Richard Betts - CFO

14 February 2024

FY24 1H FINANCIAL SUMMARY[1]

Earnings Growth

--- 8.8% YoY EBITDA growth from ongoing operations
--- Bulk Stockfeeds delivered volume and margin growth
--- Packaged Feeds & Ingredients delivered higher volumes, which partially offset weaker sales prices

Disciplined Capital Management

--- Inventory & Receivables well controlled
--- Cash conversion lower due to lower Payables
--- Balance sheet supports debt funding OMP acquisition

Delivering returns to Shareholders

--- Total Shareholder Return (TSR) of 43%
--- Increased dividends paid / determined (interim 4.40 cps fully franked)

1. The Directors believe that the presentation of the unaudited non-IFRS financial information on this slide is useful for users of the accounts as it reflects the underlying financial performance of the business.
2. Calculated as reported NPAT of $21.4 - adjusted for Finance Costs ($3.5m), Tax ($8.8m), Depreciation and Amortisation ($12.5m).
3. Calculated as EBITDA (reported) adjusted for Individually Significant Items ($1.7m).
4. Operating Cash Flow is EBITDA plus or minus the change in Working Capital.

EBITDA (reported)[2]
$46.3m
▲ +5.0% YoY growth

EBITDA (underlying)[3]
$48.0m
▲ +8.8% YoY growth

NPAT (reported)
$21.4m
▲ 2.6% YoY growth

NPAT (underlying)
$22.8m
▲ +9.1% YoY growth

OPERATING CASH FLOW[4]
$35.1m
▼ pcp $56.5m

ROFE (underlying)
11.6%
▼ pcp 12.3%

LEVERAGE
0.47x
▲ pcp 0.3x

DIVIDEND (100% franked)
4.40 cps
▲ pcp 4.0 cps

PACKAGED FEEDS & INGREDIENTS SEGMENT

	FY24 1H ($m)	FY23 1H ($m)	Variance
EBITDA before significant items	31.5	33.0	-5%
EBIT	27.0	28.0	-3%
Segment Assets	249.0	271.2	
Segment Liabilities	(54.6)	(63.7)	
Segment Net Assets	194.4	207.5	-4%
EBITDA ROFE	33.1%	30.8%	

As foreshadowed[1], the Packaged Feeds & Ingredients Segment returns decreased by $2.5m on pcp due to:

- lower **Ingredient Recovery** sales prices (particularly tallow prices off the H1 FY23 historical highs), partially offset by increased volumes; and
- underperformance in **Aquafeed** sales;

partly offset by:

- improved margins in **Packaged Products**; and
- lower **NovaqPro®** production costs.

[1] Trading Update provided at the AGM on 21 November 2023.

BULK STOCKFEEDS SEGMENT

	FY24 1H ($m)	FY23 1H ($m)	Variance
EBITDA before significant items	23.0	17.9	+29%
EBIT	14.9	10.3	+45%
Segment Assets	316.9	284.4	
Segment Liabilities	(167.1)	(175.7)	
Segment Net Assets	149.8	108.7	+33%
EBITDA ROFE	27.5%	31.0%	

The Bulk Stockfeeds Segment returns increased by $5.1m on pcp due to:

- market share growth in the dairy sector enabled by debottlenecking capacity projects;
- supplementary feeding of beef and sheep during dry conditions in Q1;
- improved procurement margins on pcp due to more favourable harvest conditions and acquiring more grains from regional distributors and farms.

FINANCIAL RESULTS

PROFIT & LOSS SUMMARY

Consolidated Result ($m)	FY24 1H	FY23 1H	Analysis of Results
EBITDA – Packaged Feeds and Ingredients	31.5	33.0	See segment performance reporting – p3
EBITDA – Bulk Stockfeeds	23.0	17.9	See segment performance reporting – p4
EBITDA – Ongoing operations before significant items	**54.5**	**50.8**	Up $3.7m, or 7.2% on prior year period on the back of earnings growth
Corporate Costs	(6.5)	(6.7)	Cost control and efficiency gains have resulted in a small reduction in costs despite the inflationary challenges
Consolidated EBITDA before individually significant items	**48.0**	**44.1**	Up $3.9m, or 8.8% on prior year period
Individually significant items ("ISI") before income tax	(1.7)	-	Includes the transaction costs incurred to date for the proposed acquisition of OMP and costs associated with land sales that were reported as ISI gains in prior periods
Consolidated EBITDA	**46.3**	**44.1**	Up $2.2m, or 5.0% on prior year period
Depreciation and amortisation	(12.5)	(12.6)	In line with the prior year
Consolidated EBIT	**33.8**	**31.5**	Up $2.3m, or 7.0% on prior year period
Finance costs	(3.8)	(2.1)	Increased primarily due to higher interest costs and slight increase associated with the higher debt
Income Tax (expense) / benefit	(8.8)	(8.5)	Tax rate was 29.3%, while the underlying tax rate was 28.6% (pcp 28.9%), a component of the transaction costs are not taxable in year
Net profit and total comprehensive income	**21.4**	**21.0**	**Underlying NPAT was up $1.8m or 9.1% ISI's totalled $1.4M (net of tax) compared with nil in the prior year**

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

BALANCE SHEET

Balance sheet ($m)	Dec 23	June 23	Analysis of balances and movements
Cash & cash equivalents	38.9	43.0	Cash is a function of timing of receipts / payments and draw down / repayment of bank funding
Inventory	102.4	107.0	Decrease in inventory relates primarily to the Ingredient Recovery segment Bulk stockfeeds is carrying additional grains, due to the earlier start to the new season - last year this delayed until late December / January
Receivables & Other debtors and prepayments	142.3	133.0	Receivables increased on the prior period, however DSO's decreased to 34.2 from 34.4
Total Current Assets	**283.7**	**283.1**	
Property, plant and equipment & intangibles	343.2	332.6	Movement for the period represents the additions, including the bulk stockfeeds debottlenecking projects and the new packing facility for the companion pet business
Other Non-Current Receivables	1.4	1.3	In line with the prior period
Total Assets	**628.3**	**617.0**	
Current payables	203.0	209.3	Whilst in line with June it has reduced significantly since Dec '22 as the business has delivered a cost advantage from acquiring more grains from regional distributors and farms on shorter payment terms
Current Other	16.8	14.9	Primarily relates to tax payable on the higher net profit before tax
Non-current borrowings	82.5	72.5	Slight increase related to the timing of the weekly payment cycle around half year and the lower payables for bulk stockfeeds associated with on farm grain purchases
Other Non-current liabilities	4.8	4.8	In line with the prior period
Total Liabilities	**307.1**	**301.6**	
Net Assets	**321.1**	**315.4**	

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CASH MANAGEMENT

Consolidated Cash flow ($m)	FY24 1H	FY23 1H	Analysis of movement
Consolidated EBITDA Before Significant Items	48.0	44.1	
Significant Items	(1.7)	-	
Consolidated EBITDA	46.3	44.1	The increased EBITDA after significant items, has provided a slight cash improvement
Movement in working capital	(11.2)	12.4	See working capital – p9
Operating Cash Flow	**35.1**	**56.5**	The operating cash conversion averaged over the two years was 96.2% p.a - with FY24 of 73.2% partially reflecting the reversal of the timing benefits in FY23.
Maintenance capex	(7.7)	(6.7)	Prioritised in line with the capital allocation model
Development capex	(9.9)	(8.5)	Includes de-bottlenecking and Boost projects
Payment for Intangibles	(1.3)	(0.1)	Includes acquisition of cloud based software updates
LTIP	(3.5)	(7.2)	Acquisition of shares for the employee LTIP, pcp included the acquisition of two years worth
Net finance costs	(3.2)	(1.9)	Increase due to higher interest costs and the slightly higher debt
Net tax payments	(7.3)	(17.1)	FY23 included a catch up payment from prior years, FY24 aligns with a normalised cash cost
Payment of lease liabilities	(2.4)	(2.5)	Relates to the timing of payments
Other net cash inflow / (outflow)	(0.6)	(0.4)	Includes the payment of R & D initiatives
Cash inflow / (outflow) for the year (before non-operational items)	**(0.8)**	**12.9**	
Share buyback	-	(2.9)	Relates to the on market buy back of 3.66m shares in the pcp
Dividends paid	(13.3)	(12.8)	Increase in dividend paid aligned with the capital allocation model
Cash inflow / (outflow) for the year	**(14.1)**	**(2.8)**	
Opening debt as at 1 July	(29.5)	(22.9)	
Closing net debt	**(43.6)**	**(25.7)**	

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WORKING CAPITAL

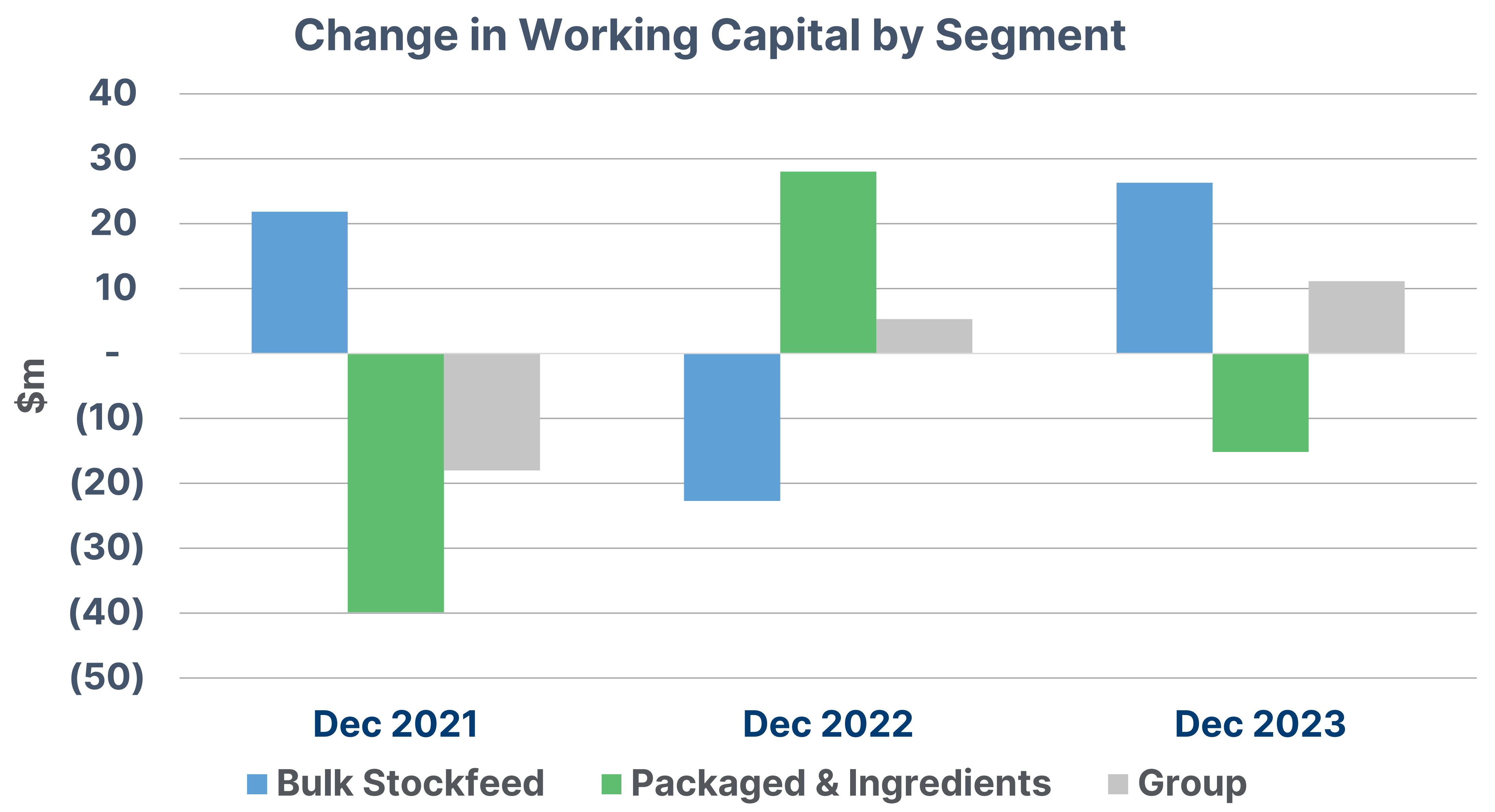
Group Working Capital increased by $11.2m at 31 Dec 2023

Bulk Stockfeeds increased working capital due to:

- increased sales volumes; and
- a procurement strategy to support higher margins that included more inventory accumulation during the harvest and acquiring more grains from regional distributors and farms on shorter terms.

Packaged Feeds & Ingredient decreased working capital due to:

- lower carrying values in tallow and meals; and
- reduced inventory levels.



Working Capital ($m)	Dec 23	June 23	Dec 22
Current receivables	142.3	133.0	144.6
Inventory	102.4	107.0	111.0
Less Accounts Payables	(196.0)	(205.2)	(218.3)
Working Capital	**48.8**	**34.8**	**37.3**

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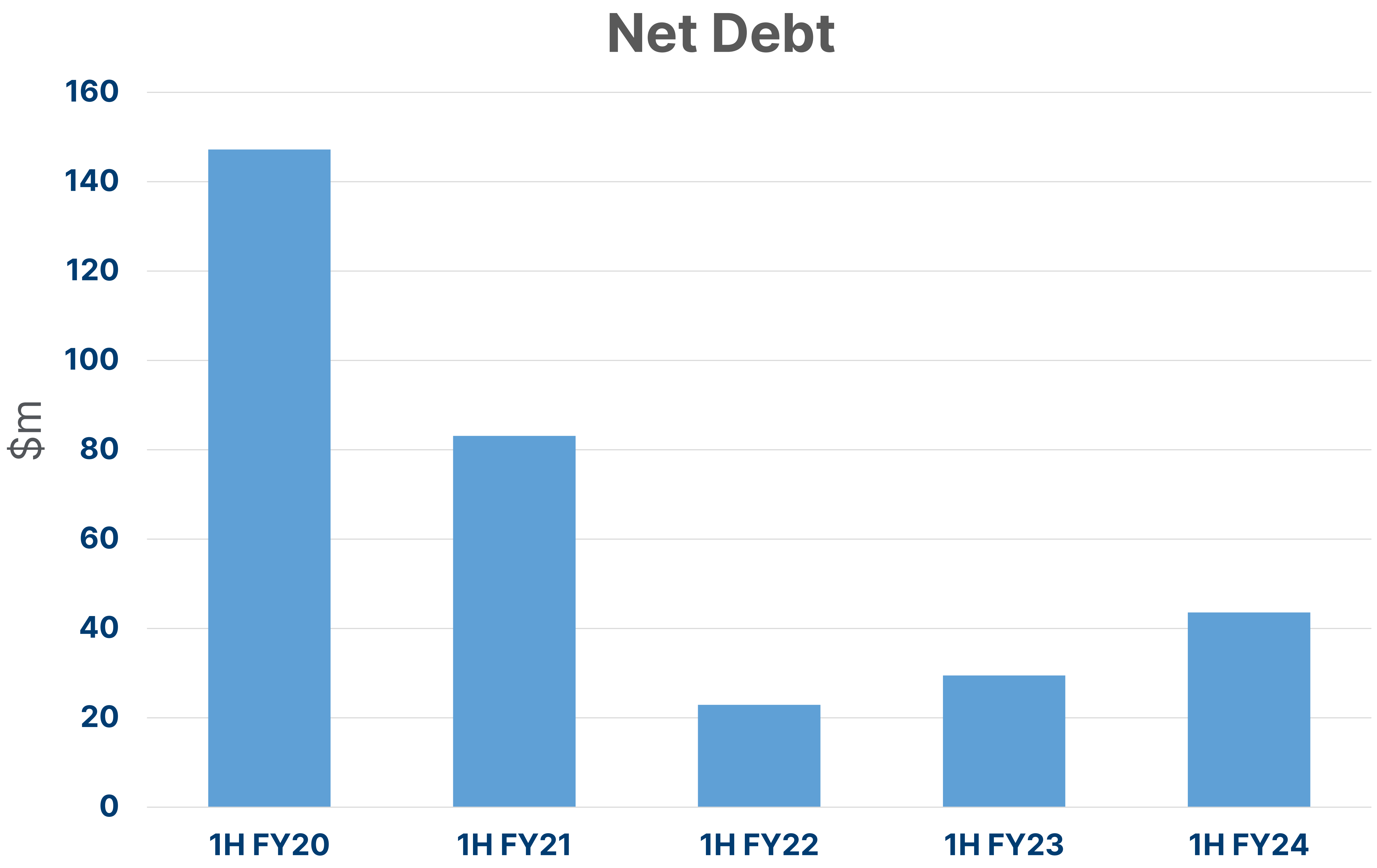
CAPITAL MANAGEMENT



Net Debt was $43.6m as at 31 Dec 2023, primarily due to the increase in working capital (see previous slide).

The net debt represents a:

- Gearing Ratio of 13.6%; and
- Leverage Ratio of 0.47x.

The Balance Sheet supports the intended debt funding of the OMP acquisition.

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

PROJECT BOOST COMPLETE

Project Targets
(announced July 2021)

$15m FY22-23 Targeted Capital Expenditure ✓

Annualised earnings boost $9m ✓

<3 years Combined payback period ✓

SCORECARD (31 DEC 2023)				
	New Capability	De-bottlenecking	Operational Efficiency	**Total to Date**
Projects approved (#)	4	10	18	**32**
Approved spend	$3.8m	$3.4m	$8.6m	**$15.8m**
Spend to date	$3.8m	$3.4m	$7.8m	**$15.0m**
Annualised earnings benefit	**$1.1m**	**$3.2m**	**$5.0m**	**$9.3m**

Project Boost has delivered the $9M earnings uplift and the efficiency culture to support business growth and partially off-set cost inflation.

CAPITAL ALLOCATION FRAMEWORK

Delivered in FY24 H1 :

- Increase in operating result - underlying EBITDA up 8.8%
- Maintenance & ESG capital ($7.7m) prioritised; used balance sheet for grain inventory and shorter terms to improve margins
- Net Debt / EBITDA - 0.47X, well below target range
- Interim dividend determined at 4.4cps (61% of NPAT)
- Capex ($9.9m) for organic growth.
- OMP acquisition aligned to strategy and ROFE
- TSR of 43% (FY23: 37%) above the long-term target

Operating Cash Flow

Maintenance & ESG Capital (~60 – 80% of Depreciation)
and Working Capital

Strong Balance Sheet
Conservative Net Debt / EBITDA, 1X – 2X

Dividends
50-70 % of NPAT
(before significant items)

Organic Growth / Restructuring
Prioritised on ROFE

M&A
Disciplined assessment against strategy, capability and ROFE

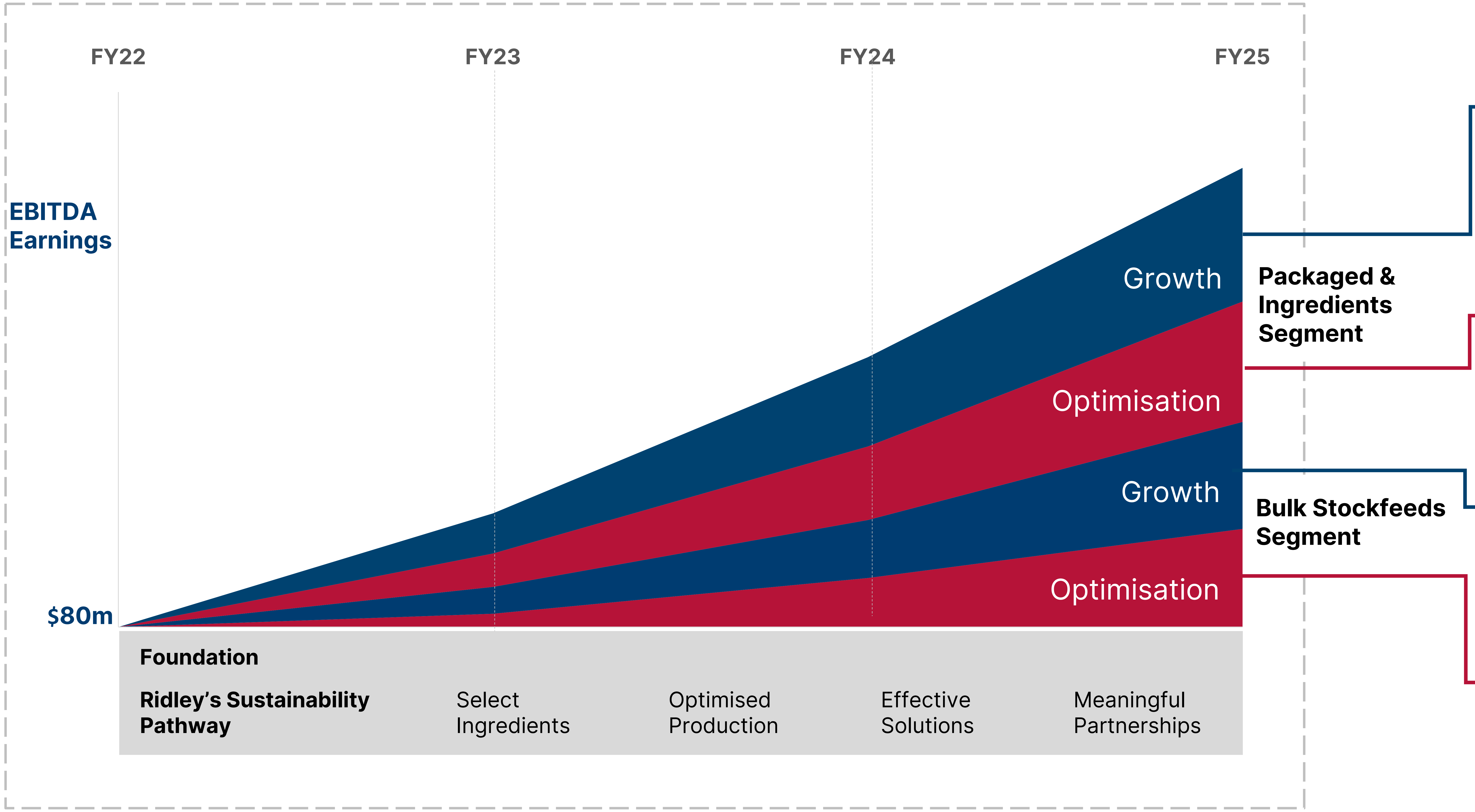
Maximise Shareholder Value
TSR > 15% pa

Balance sheet supports the cash/debt funding of progressive dividends, organic growth capex and the acquisition of OMP

Ridley expects to operate within the Capital Allocation Framework, however, there may be future circumstances where aspects of the framework are varied in the best interests of the Group.

GROWTH PLAN UPDATE

GROWTH PLAN FY23 – FY25



Key Initiatives

- NovaqPro™ international sales
- Growing with aqua customers
- Companion animal sales
- Premiumisation of rendered products
- Tallow & protein meal trading

- NovaqPro™ operating efficiencies
- Energy & waste reduction
- Packing line efficiencies
- Supply chain rationalisation

- New product offerings
- Regional expansion
- Winning new customers
- Growing with our customers

- Supply chain rationalisation
- Direct sourcing of ingredients
- Optimise raw material use

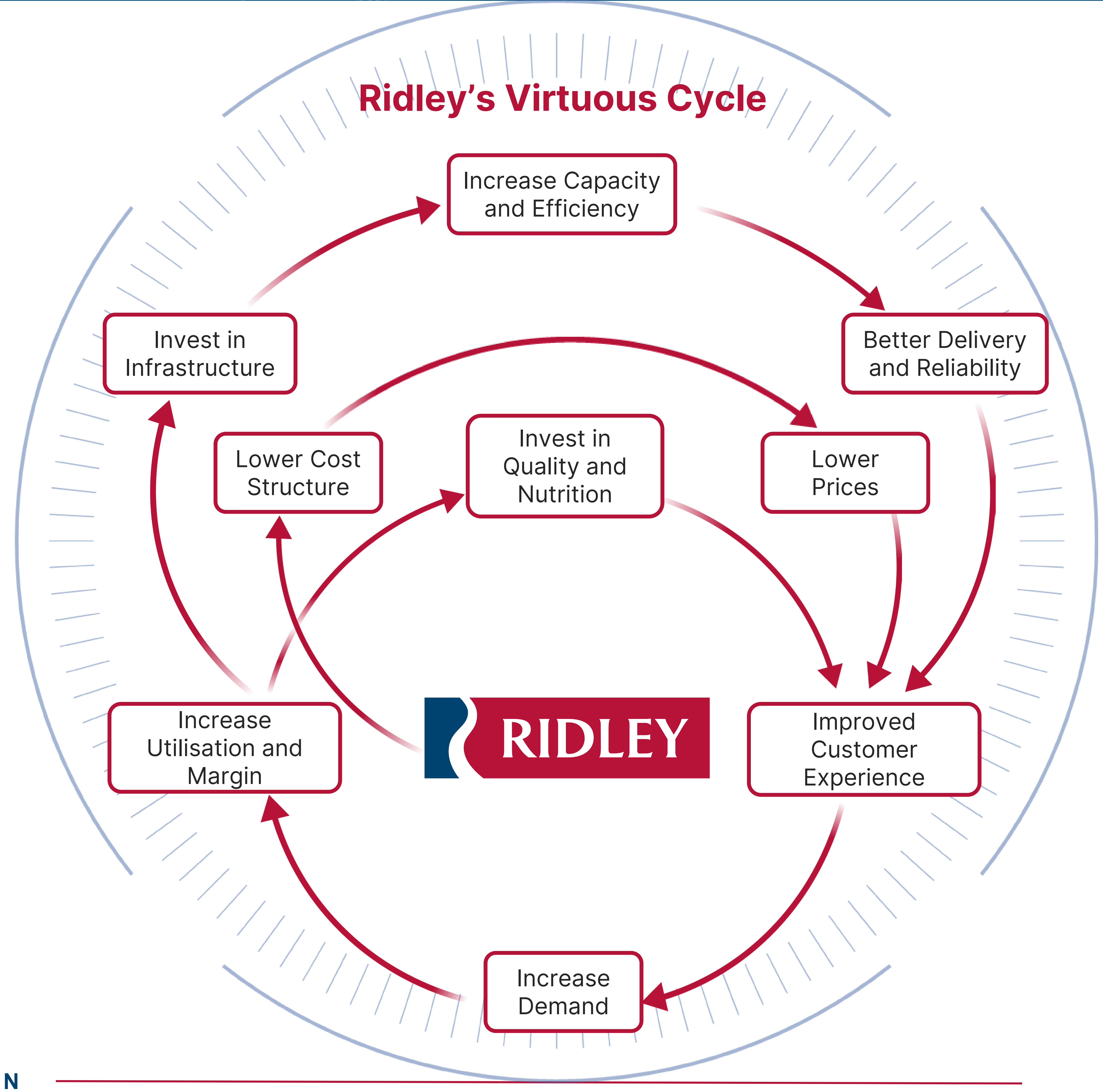
This diagram is for illustrative purposes only.

FY23 - FY25 GROWTH PLAN : BULK STOCKFEEDS

Bulk Stockfeed

Strategy

Leverage the flywheel effects of scale, extend our role in the supply chain and enhance our market leadership position



Key Initiatives

Growth

- increase mill utilisation
- de-bottleneck sites
- new product offerings
- potential acquisitions (subject to strategy, capability and ROFE)

Optimisation

- supply chain rationalisation
- direct sourcing
- technology to optimise raw material use

FY24 UPDATE : BULK STOCKFEEDS

Bulk Stockfeed

Strategy

Leverage the flywheel effects of scale, extend our role in the supply chain and enhance our market leadership position

UPDATE

- Two debottlenecking projects in FY24
  - Pakenham (Ruminant) Feedmill
  - - project completed November 2023
  - - dairy customers gained in Gippsland/Tasmania
  - Clifton (Monogastric) Feedmill
  - - on track for completion in June 2024
  - - underpinned by customer contract
- Further projects on the drawing board for FY25 with business cases being developed.
- Widespread rainfall in QLD and NSW has reduced the prospect of supplementary feeding in the short-term.
- Focus is on right-sizing shift structures to match demand and manage costs.

Clifton Feedmill expansion project, Queensland

+5%
Bulk Stockfeeds capacity increase in FY24

FY23 – FY25 GROWTH PLAN : PACKAGED FEED & INGREDIENTS

Ingredient Recovery (formerly Rendering)

Strategy

Invest in processing capability to produce bespoke, higher value nutrients from existing raw material supply.

By "climbing the wall of value" we expect to deliver higher margins for Ridley and our raw material suppliers.

"climbing the wall of value"

Product
Freeze Dried Products
Frozen Block (MDM Products)
Protein Concentrate Meals
Low Ash Meals
Higher Grades of Tallow and Oils
Standard Meals, Tallows and Oils
Lower Grade Tallow and Oils

Packaged Products

Strategy

Extend our rural market share by leveraging our national footprint with distribution partners.

Service the broader urban companion animal market with our integrated business platform (ingredients and extrusion capability)

Aqua (Feed / Sector Support)

Strategy

Share in the growth of the tropical aqua sector, and benefit through the use of unique feed ingredients that offer differentiated sustainability solutions (e.g. NovaqPro™, Chicken Protein Concentrate)

NovaqPro™

Strategy

Continue commercialising NovaqPro™ :

- extend the application of NovaqPro™ in Australia; and
- review options for international commercialisation.

FY24 UPDATE : PACKAGED PRODUCTS

Packaged Products

Strategy

Extend our rural market share by leveraging our national footprint with distribution partners.

Service the broader urban companion animal market with our integrated business platform (ingredients and extrusion capability)

UPDATE

- The new Narangba packing facility - completed in December 2023 – provides:
  - production efficiency and labour savings
  - access to new segments through smaller pack sizes
  - strengthened customer proposition (with ingredient supply, large scale extrusion manufacturing and flexible packing options)
- In 2H, the new Barastoc backyard poultry 10kg range will be launched, appealing to peri-urban users and casual breeders.

New packing facility, Narangba, Queensland

FY24 UPDATE : AQUA NUTRITION

Aqua
(Feed / Sector Support)

Strategy

Share in the growth of the tropical aqua sector, and benefit through the use of unique feed ingredients that offer differentiated sustainability solutions (e.g. NovaqPro®, Chicken Protein Concentrate)

NovaqPro®

Strategy

Continue commercialising NovaqPro®:

- extend the application of NovaqPro® in Australia; and
- review options for international commercialisation

UPDATE

- Restructure undertaken in response to underperformance in aquafeed sales
- Focus is on developing the NovaqPro® platform in the domestic market
- NovaqPro® export sales have commencement and product registrations for major international markets are in progress
- Expanded product range to include a NovaqPro® Feed Booster – supplement that complements existing feed supply – for all stages of the prawn lifecycle (Patent pending).

FY24 UPDATE : INGREDIENT RECOVERY

Ingredient Recovery (formerly Rendering)

Strategy

- Invest in processing capability to produce bespoke, higher value nutrients from existing raw material supply
- By "climbing the wall of value" we expect to deliver higher margins for Ridley and our raw material suppliers

"climbing the wall of value"

Product
Freeze Dried Products
Frozen Block (MDM Products)
Protein Concentrate Meals
Low Ash Meals
Higher Grades of Tallow and Oils
Standard Meals, Tallows and Oils
Lower Grade Tallow and Oils

UPDATE

Tallow and meal prices have fallen in recent months impacting returns:

- directly through Ridley's participation in the premiums
- due to the lag in the supplier sharing pass thru mechanism

This is likely to prevail in the short-term, however we remain positive on the fundamentals supporting these commodities.

The OMP transaction[1] is on track to complete on 28 March.

- The acquisition has been generally well received by customers and suppliers.
- Integration planning is underway with the planned structure focused on servicing customers and delivering operational efficiencies.

[1] See OMP Acquisition Information in the Appendix

OMP TRANSACTION OVERVIEW

TRANSACTION OVERVIEW	• Ridley has entered into a **agreement to acquire Oceania Meat Processors ("OMP") for NZ$57.0m (~A$52.8m[1])** • **Implied acquisition multiple of ~5.4x EBITDA** (LTM as at September 2023) • Acquisition to be **fully funded from debt facilities**
OMP OVERVIEW	• **OMP is a premium producer of mechanically deboned meat ("MDM") and other raw materials for global pet food customers** • OMP has processing facilities in Australia and New Zealand and an established North American supply chain
TIMING AND CONDITIONS	• Transaction is subject to the **satisfaction of key milestones and conditions**, and is expected to complete by 28 March 2024 • The transaction is not expected to require any formal regulatory approvals
FINANCIAL IMPACT	• The transaction is expected to be **EPS accretive in first year** post acquisition • Ridley pro-forma **core net debt / EBITDA expected to be 0.7x at March 2024,** below Ridley's target core debt range of 1.0–2.0x • **Transaction costs are expected to be ~$2m,** which will be reported as Individually Significant Items (YTD $1.41m)

[1] Assumes NZAUD exchange rate of 0.927 as at 15/12/23.

OUTLOOK

RIDLEY'S GROWTH PLATFORM

- With a well-defined Growth Plan, strong balance sheet and disciplined approach to capital management, Ridley is well positioned to execute on opportunities to create shareholder value.
- Ridley's position as market leader in the animal nutrition sector provides scale benefits and the capacity to employ specialists and adopt technology.
- As supply chains evolve to meet sustainability expectations, Ridley's capability and products can deliver profitable solutions for our customers.
- Ridley's geographical spread, multi-species offering, customer mix and disciplined risk management provide earnings resilience through weather, disease and market cycles.
- Protein for both human and petfood consumption, and feedstock for renewable fuels, are all forecast to increase, underpinning demand for Ridley's products.

OUTLOOK

Macro-economic conditions are likely to be challenging in the short-term, and the business is taking steps to reduce the adverse impact of inflationary pressures and changes in commodity cycles.

Ridley expects ongoing earnings growth in the second half from premiumisation in the Packaged Feeds and Ingredients segment, including a contribution from the planned acquisition of OMP, and leveraging the flywheel effects of scale in the Bulk Stockfeeds segment.

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HISTORICAL FINANCIAL INFORMATION

PROFIT & LOSS SUMMARY

Consolidated Result ($m)	FY24 1H	FY23 1H	Analysis of Result	FY22 1H	FY21 1H	FY20 1H
EBITDA – Ongoing operations before significant items	54.5	50.8	Up $3.7m, or 7.2% on prior year period on the back of earnings growth	45.7	37.6	33.3
Corporate Costs	(6.5)	(6.7)	Cost control and efficiency gains have resulted in a small reduction in costs despite the inflationary challenges	(6.5)	(5.2)	(5.8)
Consolidated EBITDA before significant items	48.0	44.1	Up $3.9m, or 8.8% on prior year period	39.1	32.4	27.5
Significant items before tax	(1.7)	-	Includes the transaction costs incurred to date for the proposed acquisition of OMP and costs associated with land sales that were reported as ISI gains in prior periods.	7.4	(0.3)	(12.0)
Consolidated EBITDA	46.3	44.1	Up $2.2m, or 5.0% on prior year period	46.5	32.0	15.5
Depreciation and amortisation	(12.5)	(12.6)	In line with the prior year	(13.2)	(15.1)	(12.9)
Consolidated EBIT	33.8	31.5	Up $2.3m, or 7.0% on prior year period	33.3	16.9	(2.6)
Net Finance costs	(3.8)	(2.1)	Increased primarily due to higher interest costs and slight increase associated with the higher debt	(1.7)	(2.6)	(3.0)
Income Tax benefit / (expense)	(8.8)	(8.5)	Tax effective rate of 29.3%	(9.0)	(4.3)	0.8
Net (loss) / profit	**21.4**	**21.0**	**Underlying NPAT was up $1.8 or 9.1%** **ISI's totaled $1.4M compared with nil in the prior year**	**22.6**	**10.1**	**(0.4)**

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BALANCE SHEET - ASSETS

Balance Sheet ($m)	Dec 23	June 23	Analysis of Result	Dec 22	June 22	June 21
Cash & cash equivalents	38.9	43.0	Cash is a function of timing of receipts / payments and draw down / repayment of bank funding	39.3	27.1	39.9
Inventory	102.4	107.0	Decrease in inventory relates primarily to the Ingredient Recovery Segment	111.0	117.1	81.9
Receivables & Other debtors and prepayments	142.3	133.0	Receivables increased on the prior period, however DSO's decreased to 34.2 from 34.4	144.6	133.1	113.6
Assets available for sale	-	-	June 21 related to the Westbury, Bendigo, Mooroopna and Murray Bridge sites	-	-	46.1
Total Current Assets	**283.7**	**283.1**		**294.9**	**277.3**	**281.5**
Property, plant and equipment	268.1	258.6	Movement for the period represents the additions, including the bulk stockfeeds debottlenecking projects and the new packing facility for the companion pet business.	250.3	246.9	244.8
Intangibles	75.1	74.0		74.7	75.0	75.9
Non-current Receivables	-	-		-	-	1.4
Other non-current assets	1.4	1.3		4.8	8.2	9.4
Total Assets	**628.3**	**617.0**		**624.8**	**607.4**	**613.0**

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BALANCE SHEET - LIABILITIES

Balance Sheet ($m)	Dec 23	June 23	Analysis of Result	Dec 22	June 22	June 21
Current payables	196.0	205.2	Whilst in line with June it has reduced significantly since Dec '22, as the business received a cost advantage from procuring grain direct from farmers on shorter payment terms	218.3	202.2	165.5
Current provisions	15.9	15.6	Includes current employee entitlements	15.3	15.1	17.3
Current tax liabilities	1.0	(0.7)		-	11.9	5.9
Current Lease liabilities	7.0	4.2	Current portion of lease liability payable within 12 months of balance date	2.7	4.4	4.3
Non-current borrowings	82.5	72.5	Slight increase related to the timing of the weekly payment cycle around half year and the lower payables for bulk stockfeeds associated with on farm grain purchases.	65.0	50.0	123.0
Non-current Payables, Lease liabilities & Provisions	4.8	4.8	Includes Non-current portion of Lease Liability	7.6	7.8	9.6
Total Liabilities	**307.1**	**301.6**		**308.8**	**291.3**	**325.5**
Net Assets / Equity	**321.1**	**315.4**		**316.0**	**316.0**	**287.5**

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CASH MANAGEMENT

Consolidated Cash flow ($m)	FY24 1H	FY23 1H	Analysis of Result	FY22 1H	FY21 1H	FY20 1H
Consolidated EBIT before Significant Items	35.4	31.5		25.9	17.3	14.6
Significant Items	(1.7)	-	Includes the transaction costs incurred to date for the proposed acquisition of OMP and costs associated with land sales that were reported as ISI gains in prior periods.	7.4	(0.3)	(12.0)
Consolidated EBIT	33.8	31.5	Consolidated EBIT after significant items	33.3	17.0	2.6
Depreciation and amortization	12.5	12.6		13.2	15.0	12.9
Consolidated EBITDA	46.3	44.1		46.5	32.0	15.5
Movement in working capital	(11.2)	12.4	Movement in working capital reflects the timing of payment and receipts	(12.7)	2.1	1.8
Operating cash flow	**35.1**	**56.5**		**33.8**	**34.1**	**17.3**
Maintenance capex	(7.7)	(6.7)	Prioritised in line with the capital allocation model	(2.7)	(4.2)	(8.5)
Development capex	(9.9)	(8.5)	Includes de-bottlenecking and Boost projects	(3.4)	(2.6)	(24.8)
Payment for Intangibles	(1.3)	(0.1)	Includes acquisition of cloud based software updates	(0.4)	(0.3)	(3.6)
LTIP	(3.5)	(7.2)	Acquisition of shares for the employee LTIP			
Net finance costs	(3.2)	(1.9)	Increase due to higher interest costs and the slightly higher debt	(1.4)	(2.5)	(2.8)
Net tax payments	(7.3)	(17.1)	FY23 included a catch up payment from prior years, FY24 aligns with a normalised cash cost	(6.9)	(2.5)	(2.8)
Payment of lease liabilities	(2.4)	(2.5)	Relates to the timing of payments	(3.8)	(2.5)	(2.4)
Other net cash inflows / (outflows)	(0.6)	0.4	Includes the payment of R & D initiatives	(0.5)	(0.1)	4.7
Cash inflow/(outflow) before non-operational items	**(0.8)**	**12.9**		**14.7**	**19.4**	**(22.9)**
Proceeds from sale of assets	-	-	FY22 primarily relates to the sale of Westbury in August 2021	57.4	2.0	-
Share Buyback	-	(2.9)	FY23 relates to the on market buy back of 3.66m shares	-	-	-
Dividends paid	(13.3)	(12.8)	Increase in payout ratio and declared dividends	(6.2)	-	(8.4)
Cash inflow / outflow	**(14.1)**	**(2.8)**		**65.9**	**21.4**	**(31.3)**
Opening net debt as at 1 July	(29.5)	(22.9)		(83.1)	(147.2)	(101.4)
Closing net debt	**(43.6)**	**(25.7)**		**(17.2)**	**(125.8)**	**(132.7)**

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

NET DEBT, GEARING & LEVERAGE

Major capital projects ($m)	FY24 1H	FY23 1H	Analysis of Result	FY22 1H	FY21 1H	FY20 1H
Development capital expenditure	9.9	8.5	Includes de-bottlenecking and Boost projects	3.4	2.6	24.8
Maintenance capital expenditure	7.7	6.7	Prioritised in line with the capital allocation model	2.7	4.2	8.5
Net debt and gearing ($m)	**Dec 23**	**June 23**	**Analysis of Result**	**June 22**	**June 21**	**June 20**
Gross debt	82.5	72.5	Slight increase related to the timing of the weekly payment cycle around half year and the lower payables for bulk stockfeeds associated with on farm grain purchases.	50.0	123.0	193.0
Less: cash and cash equivalents	38.9	43.0		27.1	39.9	45.8
Reported net debt	43.6	29.5		22.9	83.1	147.2
Total equity	321.1	315.4	Total Equity per Consolidated Balance Sheet	316.0	287.5	259.5
Gearing: Net Debt: Closing Equity	13.6%	9.3%	Traditional Gearing Ratio	7.2%	28.9%	56.7%
Gearing per banking covenant	20.4%	18.7%	Gross Debt : [Gross debt plus Closing Equity]	13.7%	30.0%	42.6%
Leverage ratio [1] ($m)	**Dec 23**	**June 23**	**Analysis of Result**	**June 22**	**June 21**	**June 20**
Last 12 months EBITDA	92.3	88.5		80.1	69.1	59.5
Leverage ratio - actual	0.47x	0.33x	The leverage ratio must be under 3.25X per the banking facility covenant	0.29x	1.20x	2.63x

[1] Calculated as Net debt / Last 12 months EBITDA per banking facility covenant calculations.

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

OMP ACQUISITION INFORMATION

Extract from ASX Disclosure

18 December 2023

RIDLEY

LEADING ANIMAL NUTRITION

Acquisition of Oceania Meat Processors

18 December 2023

Transaction Overview

Transaction overview	• Ridley has entered into a **agreement to acquire Oceania Meat Processors ("OMP") for NZ$57.0m (~A$52.8m[1])** • **Implied acquisition multiple of ~5.4x EBITDA** (LTM as at September 2023) • Acquisition to be **fully funded from debt facilities**
OMP overview	• **OMP is a premium producer of mechanically deboned meat ("MDM") and other raw materials for global pet food customers** • OMP has processing facilities in Australia and **New Zealand** and an established North American supply chain
Timing and conditions	• Transaction is subject to the **satisfaction of key milestones and conditions**, and is expected to complete by 28 March 2024 • The transaction is not expected to require any formal regulatory approvals
Financial impact	• The transaction is expected to be **EPS accretive in first year** post acquisition • Ridley pro-forma **core net debt / EBITDA expected to be 0.7x at March 2024,** below Ridley's target core debt range of 1.0–2.0x

Note: (1) Assumes NZDAUD exchange rate of 0.927 as at 15/12/23.

Alignment to Ridley's Strategy

FY23 – 25 Growth Plan
Ingredient Recovery

Strategy

- Invest in processing capability to produce bespoke, higher value nutrients from existing raw material supply
- By "climbing the wall of value" we expect to deliver higher margins for Ridley and our raw material suppliers

"Climbing the wall of value"

Product
Freeze Dried Products
Frozen Block (MDM Products)
Protein Concentrate Meals
Low Ash Meals
Higher Grades of Tallow and Oils
Standard Meals, Tallows and Oils
Lower Grade Tallow and Oils

Reflects OMP's core product offering

How Does this transaction align with strategy?

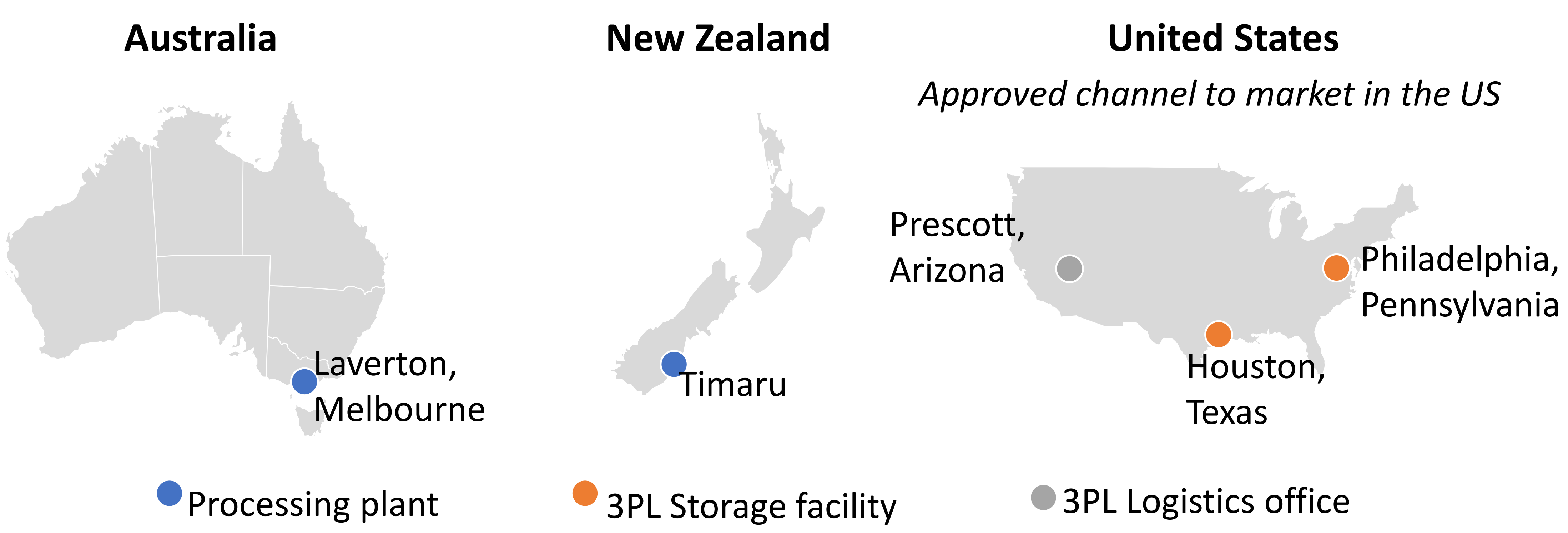
- ✓ Extends the scope of raw materials to be purchased from suppliers
- ✓ Provides capability to produce premium ingredients for customers
- ✓ Extends Ridley's product range to pet food customers – meals, tallows, oils and now Frozen Block (MDM Products)
- ✓ Acquisition of established business vs investing in a new market

Overview of OMP

Business Snapshot

- OMP is a premium producer of mechanically deboned meat frozen block product (“MDM Products”) and other raw materials for the global pet food industry
- The business has grown rapidly since formation in 2002, with expansion into Australia, establishment of a North American supply chain, and multi-species diversification including lamb, beef, venison, veal, salmon and kangaroo
- Raw material is sourced from high quality Australian and New Zealand suppliers with:
  - two-thirds processed in the Melbourne, Australia facility (adjacent to Ridley’s existing Ingredient Recovery facility in Laverton), and
  - one-third processed in the Timaru, New Zealand facility
- OMP’s USA footprint – Arizona logistics office and 3PL storage infrastructure in Houston & Philadelphia, allows for nationwide delivery to pet food customers within three days

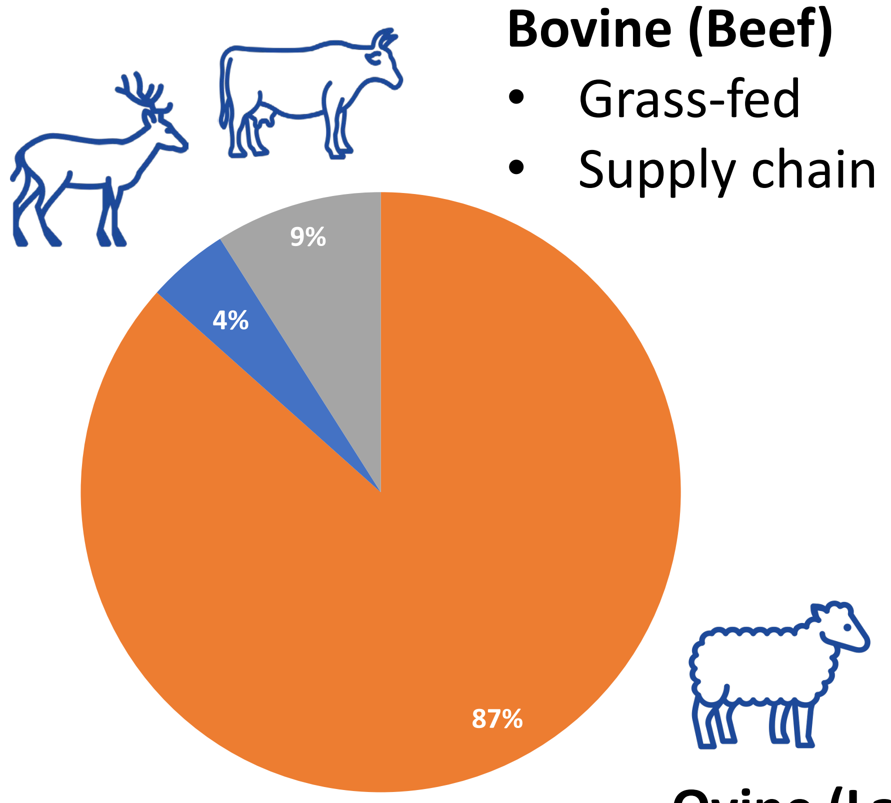
Location of Operating Facilities



Breakdown of Key Product Categories

Venison & Other
- Venison, salmon, kangaroo
- Third party toll processing
- Offal

Bovine (Beef)
- Grass-fed
- Supply chain verified



Ovine (Lamb)

Acquisition Rationale

1	OMP provides Ridley the **capability to “climb the wall of value”** producing frozen block MDM Products (aligned to strategy)
2	OMP is a **provider of premium Australian and New Zealand products focused on novel proteins**, which are highly sought after by the global pet food industry
3	OMP has **long-standing relationships with blue-chip pet food customers,** which can be further built-upon by Ridley with co-selling opportunities
4	The acquisition enables Ridley to **optimise raw materials from our supplying abattoirs**
5	The acquisition is **expected to be EPS accretive in the first year post acquisition**

RIDLEY

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