



LEADING ANIMAL NUTRITION



FY23 1H RESULTS

Delivering the Growth Plan

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Richard Betts CFO

16 February 2023

FY23 1H FINANCIAL HIGHLIGHTS

Ongoing Earnings Growth

- 13% YoY EBITDA (underlying) growth from ongoing operations
- 20% YoY NPAT (underlying) growth*
- momentum underpinning both reporting sectors

Effective Cash Conversion

- reduction in strategic inventory (supply chain pressures easing)

Disciplined Capital Management

- deployed maintenance (\$6.7m) and growth (\$8.5m) capex in line with framework
- commenced on-market buy-back (\$2.9m @ \$1.92/s)
- 18% increase in interim dividend determined

EBITDA (underlying)

\$44.1m



+13% YoY growth

NPAT (underlying)

\$21.0m



+20% YoY growth

NPAT (reported)

\$21.0m



-7% YoY growth*

Operating Cash Flow

\$56.5m



pcp \$33.8m

ROFE (underlying)

12.3%



pcp 10.5%

Leverage

0.3X



pcp 0.2X

Dividend (100% franked)

4.0 cps



pcp 3.4 cps

* Reported NPAT in pcp included Significant Items of \$5.2m, primarily gains on the sale of assets.

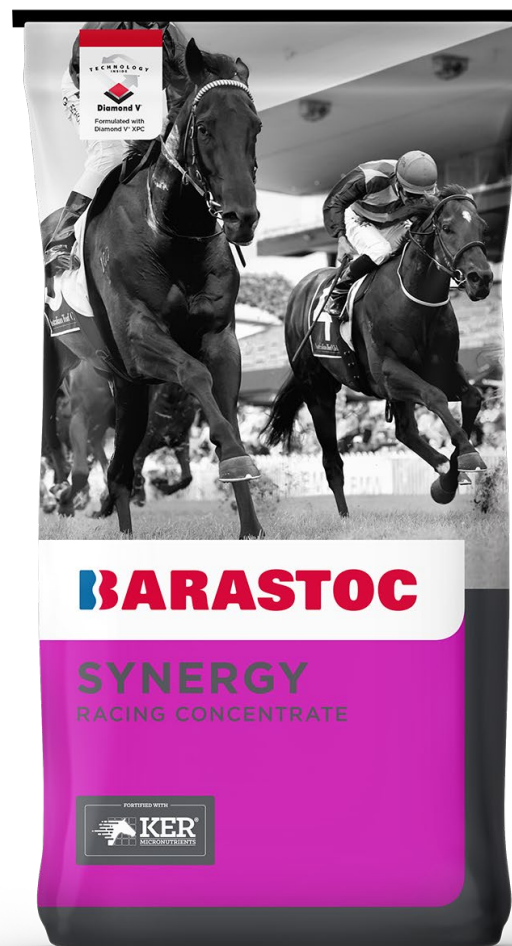
PACKAGED FEEDS & INGREDIENTS SEGMENT

	FY23 1H \$m	FY22 1H \$m	Variance%
EBITDA before significant items	33.0	27.1	22%
EBIT	28.0	21.8	28%
Segment Assets	271.2	252.0	8%
Segment Liabilities	(63.7)	(53.4)	21%
Segment Net Assets	207.5	198.6	5%
EBITDA ROFE	30.8%	25.4%	21%

- Improved returns from our Ingredient Recovery business due to:
 - access to premium markets with differentiated products.
 - higher tallow, oil and meals prices off-setting increased raw material and manufacturing costs.
- 5% growth (v. pcg) in Packaged Products sales as we gain market share in the rural farming sector and increase production for urban pet food customers.
- Shift in allocation of extrusion capacity to petfood resulted in a decline of Aquafeed sales.
- Yield improvement in NovaqPro™ production in Thailand off-set rising costs; increase in NovaqPro™ volumes sold to domestic customers in 1H (v. pcg).



PROPEL
WITH NovaqPRO™



BULK STOCKFEEDS SEGMENT

	FY23 1H (\$m)	FY22 1H (\$m)	Variance %
EBITDA before significant items	17.9	18.6	(4%)
EBIT	10.3	10.6	(3%)
Segment Assets	284.4	270.8	6%
Segment Liabilities	(175.7)	(145.1)	22%
Segment Net Assets	108.7	125.7	14%
EBITDA ROFE	31.0%	29.1%	6%

- Increased market share across all major species;
 - 2% monogastric volume increase due to modest poultry growth.
 - 9% ruminant volume increase driven by new dairy customers.
- Improved asset utilisation (increased volumes) off-set manufacturing cost pressures.
 - Wet conditions affected monogastric volumes and delayed the transition to the new grains crop which impacted margins in Q2.
 - Margins have improved since new season grains became plentiful.



A large circular graphic is centered on the page. It features a thick blue outer ring and a light green inner ring. Between these rings are numerous short, dark blue radial lines, resembling a clock face or a gauge. The center of the circle contains a photograph of an industrial facility, possibly a refinery or chemical plant, with various pipes, tanks, and a tall distillation column. A plume of white smoke or steam rises from the facility against a clear blue sky. The text "FINANCIAL RESULTS" is superimposed over the center of the circle in a large, white, bold, sans-serif font.

FINANCIAL RESULTS

PROFIT & LOSS SUMMARY

Consolidated Result (\$m)	FY23 1H	FY22 1H	Analysis of result
EBITDA – Packaged Feeds and Ingredients	33.0	27.1	See segment performance reporting – p3
EBITDA – Bulk Stockfeeds	17.9	18.6	See segment performance reporting – p4
EBITDA – Ongoing operations before significant items	50.8	45.7	Up \$5.1m, or 11.2% on pcp
Corporate Costs	(6.7)	(6.5)	Additional accruals for STI's and salary increases
Consolidated EBITDA before individually significant items	44.1	39.1	Up \$5.0m, or 12.8% on pcp
Individually significant items before income tax	-	7.4	Prior year included the gains from the sale of Westbury, Bendigo and Mooroopna mills
Consolidated EBITDA	44.1	46.5	Down \$2.4m, or 5.1% on pcp
Depreciation and amortisation	(12.6)	(13.2)	Reduced depreciation following the sale of Westbury in August 2021
Consolidated EBIT	31.5	33.3	Down \$1.8m, or 5.3% on pcp
Finance costs	(2.1)	(1.7)	Commensurate with slightly higher debt and higher interest rates
Income Tax (expense) / benefit	(8.5)	(9.0)	Tax effective rate of 28.9%, prior year included gains on the sale of three facilities
Net profit and total comprehensive income	21.0	22.6	

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BALANCE SHEET

Balance sheet (\$m)	Dec 22	June 22	Analysis of balances and movements
Cash & cash equivalents	39.3	27.1	Balance is a function of timing of receipts / payments and draw down / repayment of bank funding
Inventory	111.0	117.1	Decrease of inventory, held to manage the challenging supply chain in prior periods, this was partially offset by the impact of higher raw material input costs
Receivables	144.6	133.1	The increase in debtors largely related to the higher sales values reflecting the higher raw material costs
Total Current Assets	294.9	277.3	
Property, plant and equipment & intangibles	325.1	321.9	Movement for the period represents the additions, including de-bottlenecking projects, offset by depreciation / amortisation charge
Other Non-Current Receivables	4.8	8.2	Movement in the deferred tax asset which is a function of timing
Total Assets	624.8	607.4	
Current payables	218.3	202.2	Reflects the timing of creditor payments and increased commodity prices
Current lease liabilities	2.7	4.4	Based on timing of lease renewals
Current Other	15.3	27.0	Reduction in current tax liabilities
Non-current borrowings	65.0	50.0	Predominantly off-set by the increase in cash and cash equivalents – refer above
Other Non-current liabilities	7.6	7.7	In line with prior period
Total Liabilities	308.8	291.3	
Net Assets	316.0	316.0	

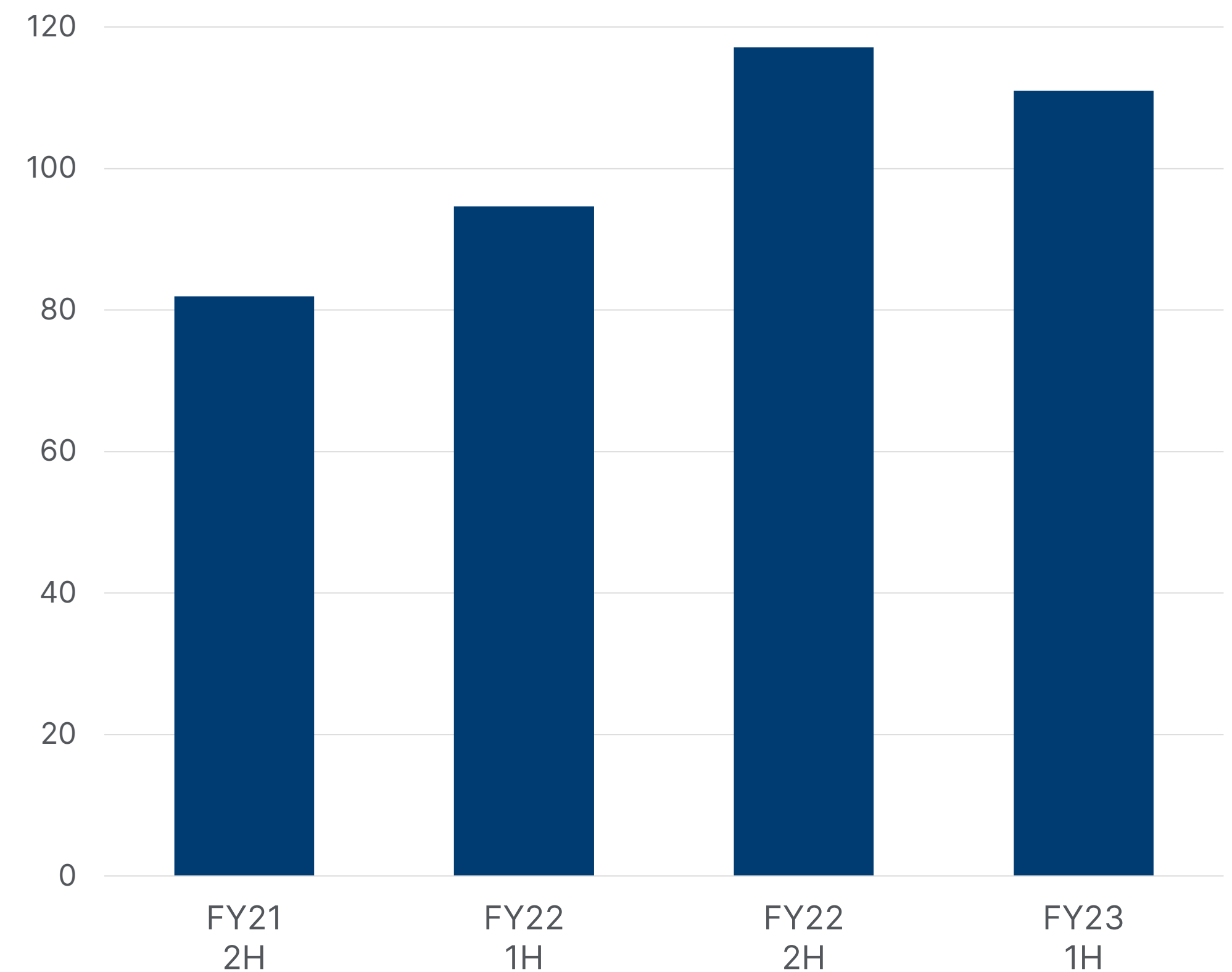
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WORKING CAPITAL

Working Capital (\$m)	Dec 22	June 22
Current receivables	144.6	133.1
Inventory	111.0	117.1
Less Accounts Payables	(218.3)	(202.2)
Working Capital	37.3	48.0

- Inventory values decreased as the business shortened its hold of strategic inventory. This decrease was partially offset by the higher cost of raw materials included in the inventory level.
- Debtors remain well controlled.

Prior strategic inventory build reduced in FY23 1H



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CASH MANAGEMENT

Consolidated Cash flow (\$m)	FY23 1H	FY22 1H	Analysis of movement
Consolidated EBIT	31.5	33.3	Consolidated EBIT after significant items
Depreciation and amortisation	12.6	13.2	Depreciation reduced following the sale of Westbury
Consolidated EBITDA	44.1	46.5	EBITDA in the prior year included significant items of \$7.4m
Movement in working capital	12.4	(12.7)	Working capital reduced following the sale of Westbury
Operating Cash flow	56.5	33.8	
Maintenance capex	(6.7)	(2.7)	Prioritised in line with the capital allocation model
Development capex	(8.5)	(3.4)	Includes both de-bottlenecking and Boost projects
Payment for Intangibles	(0.1)	(0.4)	
LTIP	(7.2)	-	Acquisition of shares for the employee LTIP
Net finance costs	(1.9)	(1.4)	Increased on the back of higher interest costs and slightly higher debt
Net tax payments	(17.1)	(6.9)	Increased tax payments aligned to increased profitability
Payment of lease liabilities	(2.5)	(3.8)	Relates to the timing of payments
Other net cash inflow / (outflow)	0.4	(0.5)	
Cash inflow / (outflow) for 1H (before non-operational items)	12.9	14.7	
Proceeds from sale of assets	-	57.4	Primarily relates to the sale of Westbury in August 2021
Share buyback	(2.9)	-	Relates to 1.5m shares bought back in the period
Dividends paid	(12.8)	(6.2)	In line with the increased payout ratio
Cash inflow / (outflow) for 1H	(2.8)	65.9	
Opening debt as at 1 July	(22.9)	(83.1)	
Closing net debt	(25.7)	(17.2)	

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PROJECT BOOST ON TRACK

Project Targets

(announced July 2021)



FY22-23 Targeted
Capital Expenditure

Annualised
earnings boost



<3 years Combined
payback period

18 MONTH SCORECARD

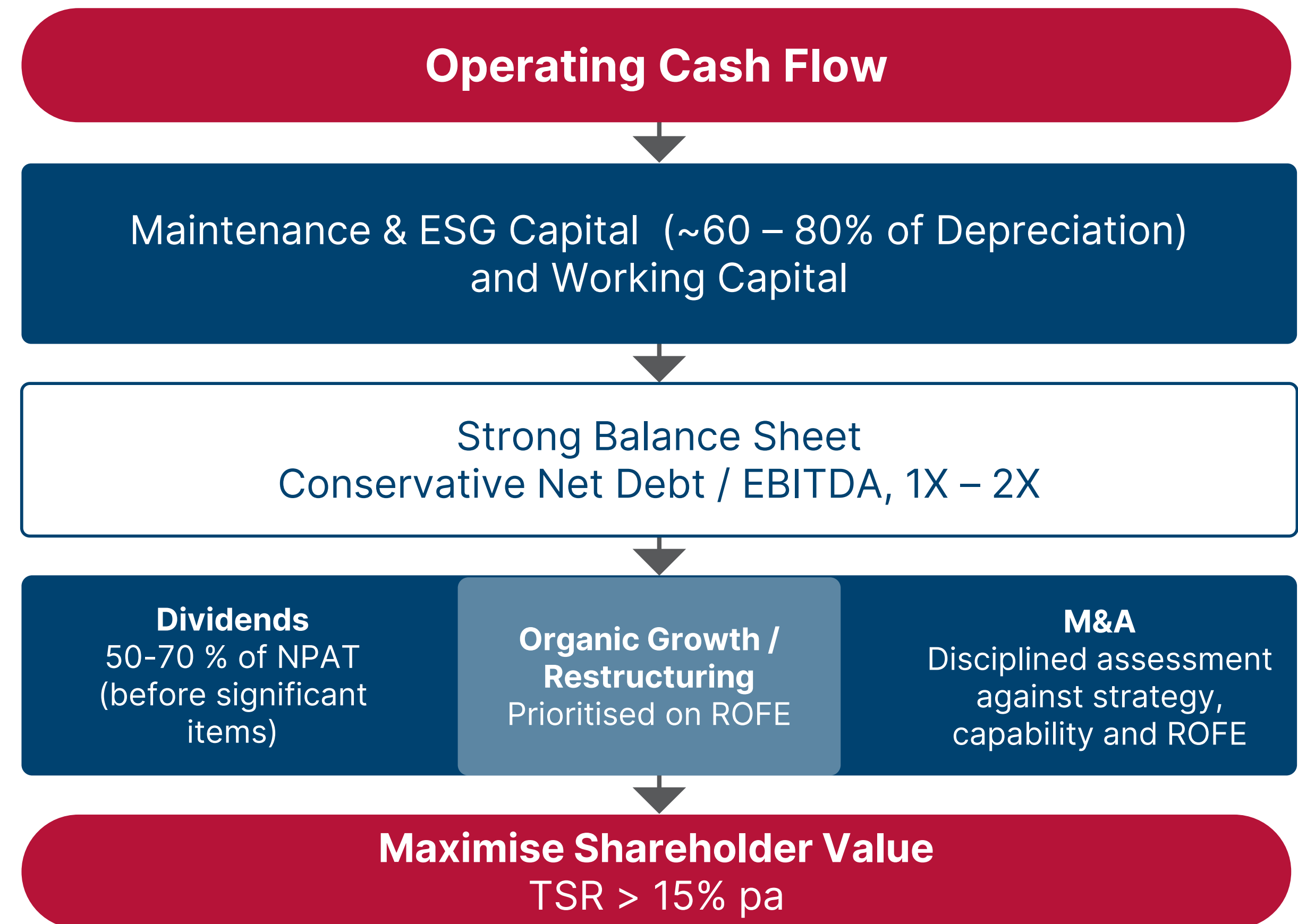
	New Capability	De- bottlenecking	Operational Efficiency	Total to Date
Projects approved (#)	4	10	16	30
Approved spend	\$3.8m	\$3.4m	\$6.9m	\$14.1m
Spend to date	\$1.3m	\$2.3m	\$4.6m	\$8.2m
Annualised earnings benefit of approved projects	\$1.1m	\$3.2m	\$4.4m	\$8.7m

- \$14.1m was committed by 31 Dec. 2022 with these projects expected to deliver an annualised benefit of \$8.7m.
- The Boost benefits are now incorporated in the FY23-FY25 Growth Plan

CAPITAL ALLOCATION FRAMEWORK

Delivered in 1H FY23:

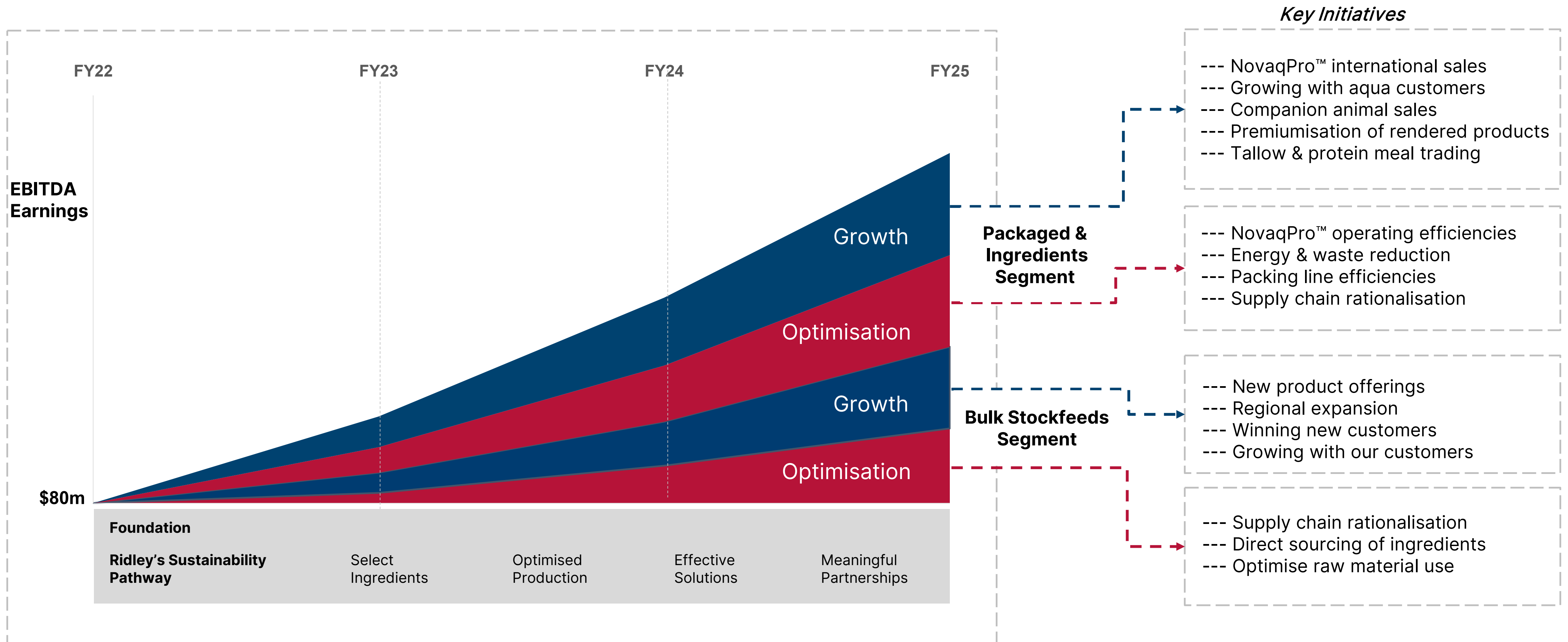
- Increase in operating result / effective cash conversion
- Maintenance / ESG capital at ~53% of depreciation
Inventory reduced as supply chain pressures alleviate
- Net Debt / EBITDA = 0.3X; buy-back initiated
(\$2.9m of shares acquired YTD)
- Interim Dividend determined at 4.0cps (61% of NPAT);
organic growth (including Boost Capex) of \$8.5m;
\$7.1m LTI shares purchased on market.
- Last twelve-month TSR (to 31 Dec. 2022) = 37%



Low debt level and strong outlook enable ongoing share buy-back and provide capacity for potential M&A opportunities

GROWTH PLAN

GROWTH PLAN FY23 – FY25



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



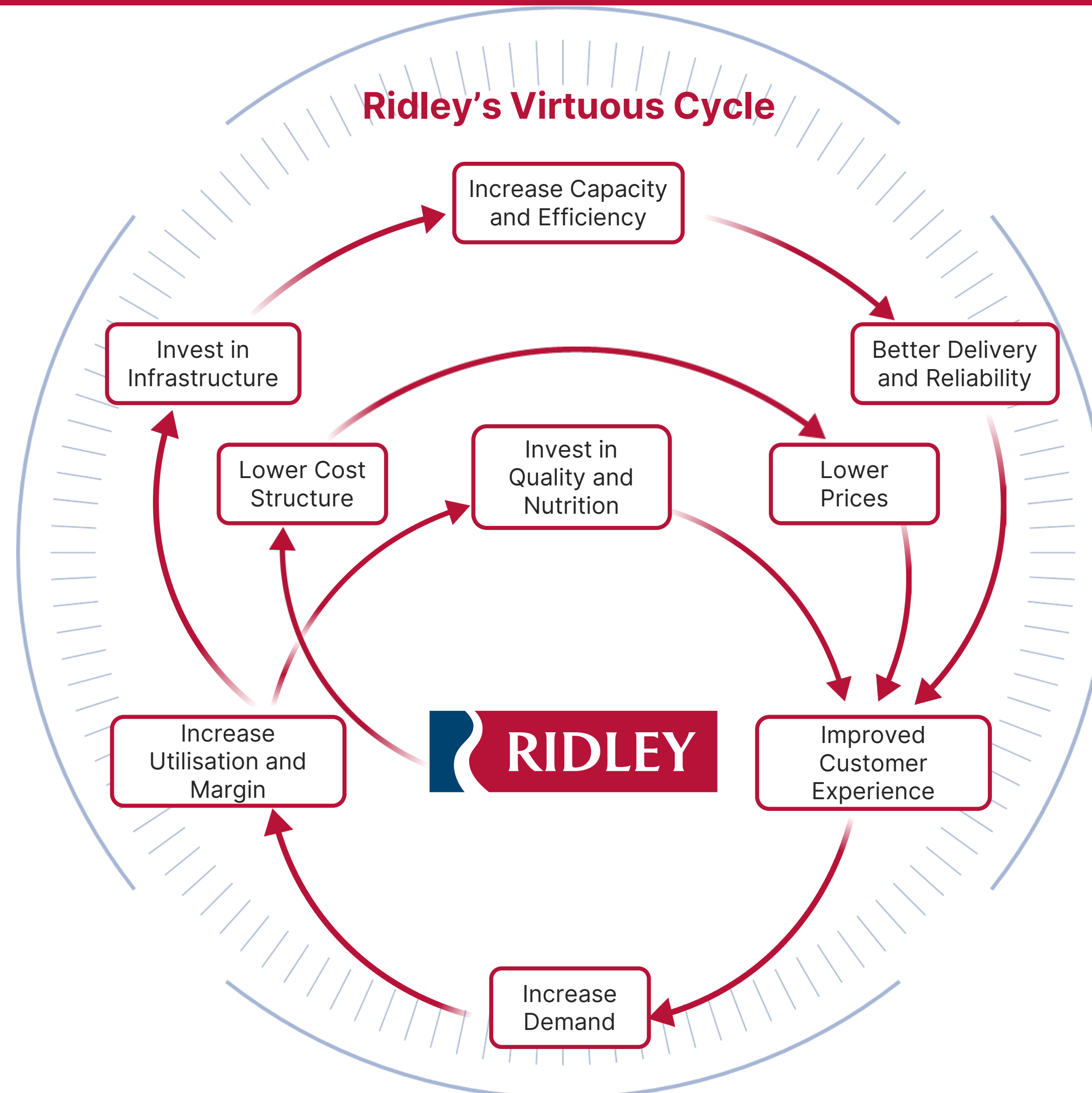
Key Initiatives

Growth

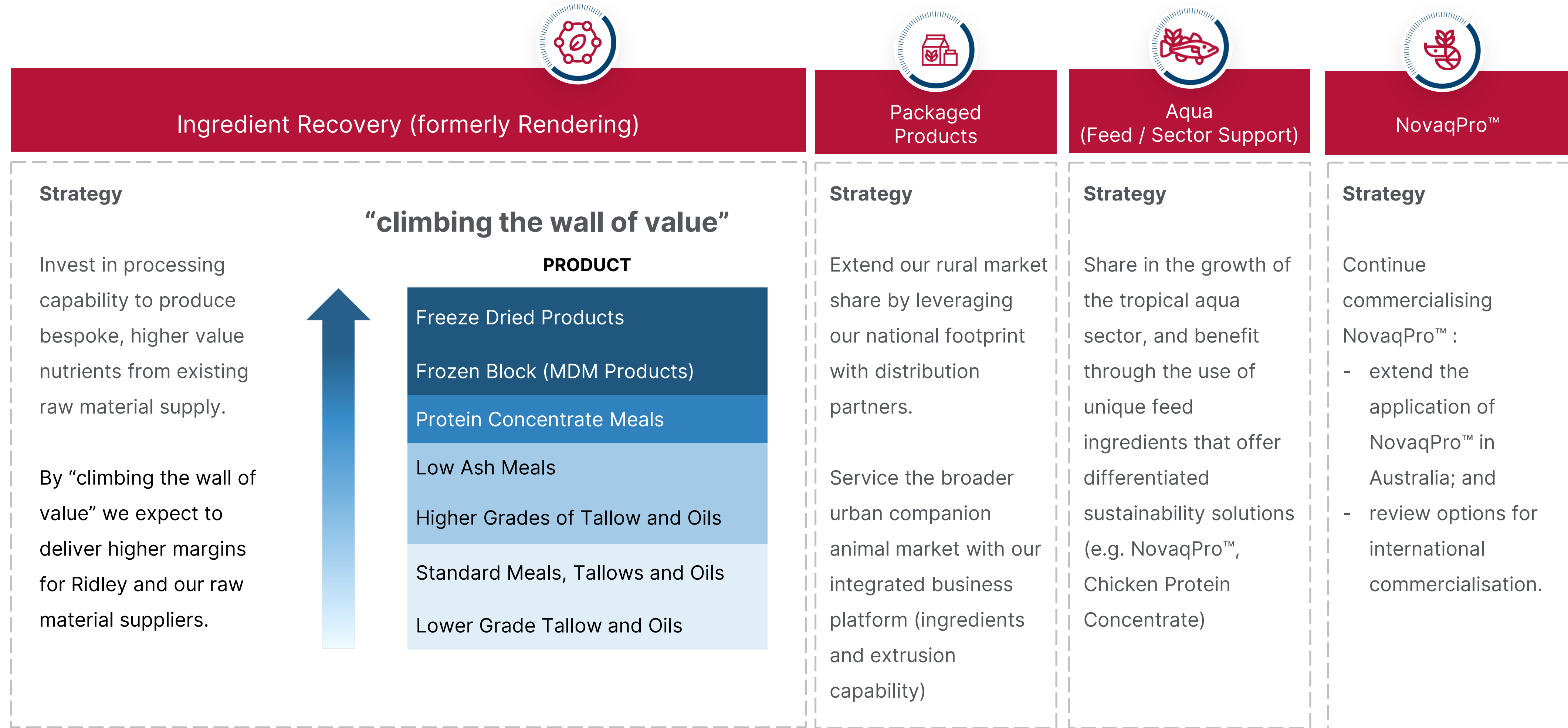
- increase mill utilisation
- de-bottleneck sites
- new product offerings
- potential acquisitions (subject to strategy, capability and ROFE)

Optimisation

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



FY23 – FY25 GROWTH PLAN: PACKAGED & INGREDIENTS



RESOURCING OUR FY23-FY25 GROWTH PLAN

To sharpen the focus on execution of our Growth Plan we are transitioning our organisational structure.

Key drivers for this change are to:

- service growth in our monogastric volumes with a dedicated focus;
- resource growth in our ruminant business;
- grow the Packaged and Aqua sales by optimising our extrusion capabilities;
- integrate our Narangba and Townsville operations; and
- provide capability for the future development of the company.

There is no additional overhead cost in this structure.



To resource our future growth we are:

1. Restructuring our Bulk Stockfeeds customer service model into a dedicated:

- Monogastric focus (5 feedmills); and
- Ruminant focus (8 feedmills)

This will increase our responsiveness to customers and drive growth opportunities.

2. Investing in additional capacity by de-bottlenecking:

- 3 monogastric feedmills (>10% capacity increase in FY23)
- 2 ruminant feedmills (>10% capacity increase in FY23)

This is underpinned by customer demand.

3. Expanding our reach with:

- Ridley Direct gaining traction outside of our traditional mill footprint.

This is accessing new customers for Ridley.



St Arnaud (Monogastric) Feedmill debottleneck project completed
October 2022



Terang (Ruminant) Feedmill debottleneck project completed
November 2022

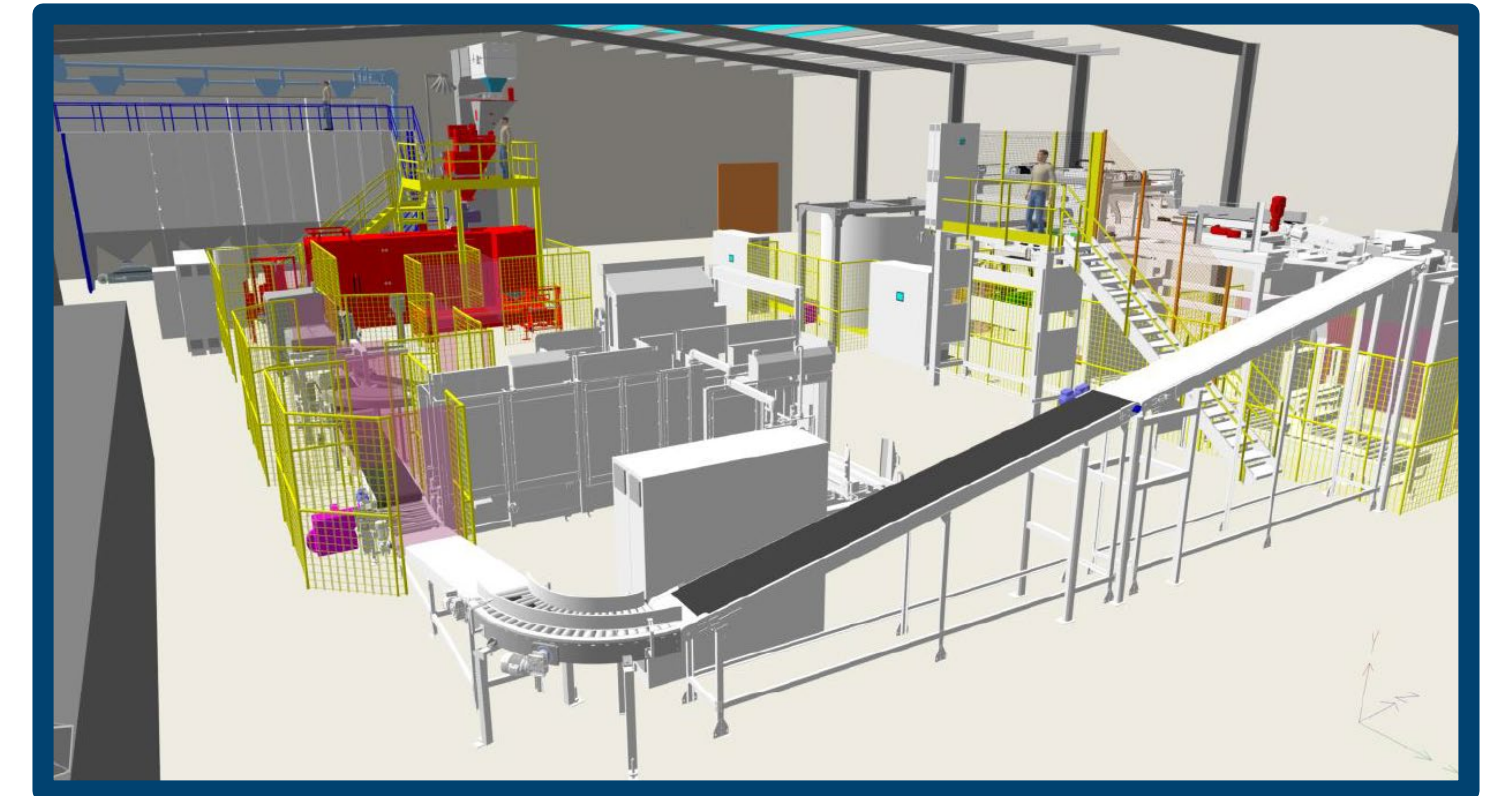
To resource our future Packaged and Aqua growth we are:

1. Integrating our Packaged Product, Aqua and Ruminant businesses to:

- align the packaged production facilities to the sales teams.
- maximise value from our existing extrusion capacity.
- deliver supply chain benefits.

2. Investing in additional capability:

- with a new packing line to be commissioned by the end of the year.



Narangba (extrusion) packing line project underway

To support the growth of Ingredient Recovery we are:

1. Expanding our tallow and protein meal trading by securing access to:

- tallow storage at locations suitable for export.
- additional meal storage with blending capability.

2. Investing in energy reduction projects in FY23:

- tallow tank insulation and piping upgrade at Laverton.
- boiler and batch cooker optimisation at Maroota.



Tank and piping insulation to reduce energy and improve tallow quality.

RIDLEY'S GROWTH PLATFORM

- Australian farm gate output is forecast to continue increasing.
- Ridley's position as market leader in the animal nutrition sector provides scale benefits and the capacity to employ specialists and adopt technology.
- Ridley's capability and products can deliver profitable solutions for our customers as sustainability expectations rise.
- Ridley's geographical spread, multi-species offering, customer mix and disciplined risk management provide earnings resilience through weather, disease and market cycles.
- With a well-defined Growth Plan, a strong balance sheet and a disciplined approach to capital allocation, Ridley is positioned to execute on growth opportunities that create shareholder value.

OUTLOOK

OUTLOOK

Second half earnings (EBITDA before significant items) are expected to improve on the previous corresponding period with the business well positioned to grow earnings through;


- the momentum in the underlying business segments,
- increased asset utilisation from de-bottlenecking solutions, and
- the ongoing delivery of the Growth Plan.

Cash generation is expected to support maintenance capital, investment for growth, dividends and the continuation of the share buy-back.

Whilst macro-economic conditions are challenging, the business is taking proactive steps to reduce the potential impact of inflationary pressures.

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HISTORICAL FINANCIAL INFORMATION

PROFIT & LOSS SUMMARY

Consolidated Result (\$m)	FY23 1H	FY22 1H	Analysis of Result	FY21 1H	FY20 1H	FY19 1H
EBITDA – Ongoing operations before significant items	50.8	45.7	Up \$5.1m, or 11.2% on pcp	37.6	33.3	30.6
Corporate Costs	(6.7)	(6.5)	Additional accruals for STI's and salary increases	(5.2)	(5.8)	(5.7)
Consolidated EBITDA before significant items	44.1	39.1	Up \$5.0m, or 12.8% on pcp	32.4	27.5	24.9
Significant items before tax	-	7.4	Prior year included the gains from the sale of Westbury, Bendigo and Mooroopna mills	(0.3)	(12.0)	6.4
Consolidated EBITDA	44.1	46.5	Down \$2.4m, or 5.1% on pcp	32.0	15.5	31.3
Depreciation and amortisation	(12.6)	(13.2)	Reduced depreciation following the sale of Westbury in August 2021	(15.1)	(12.9)	(9.1)
Consolidated EBIT	31.5	33.3	Down \$1.8m, or 5.3% on pcp	16.9	(2.6)	22.2
Net Finance costs	(2.1)	(1.7)	Commensurate with slightly higher debt and higher interest rates	(2.6)	(3.0)	(2.4)
Income Tax benefit / (expense)	(8.5)	(9.0)	Tax effective rate of 28.9%, prior year included gains on the sale of three facilities	(4.3)	0.8	(3.7)
Net (loss) / profit	21.0	22.6		10.1	(0.4)	16.1

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BALANCE SHEET - ASSETS

Balance Sheet (\$m)	Dec 22	June 22	Analysis of balances	Dec 21	June 21	June 20
Cash & cash equivalents	39.3	27.1	Balance is a function of timing of receipts / payments and draw down / repayment of bank funding.	27.8	39.9	45.8
Inventory	111.0	117.1	Decrease of inventory, held to manage the challenging supply chain in prior periods, this was partially offset by the impact of higher raw material input costs	94.7	81.9	104.5
Receivables & Other debtors and prepayments	144.6	133.1	The increase in debtors largely related to the higher sales values reflecting the higher raw material costs	114.6	113.6	111.7
Assets available for sale	-	-	June 21 related to the Westbury, Bendigo, Mooroopna and Murray Bridge sites	-	46.1	0.2
Total Current Assets	294.9	277.3		237.0	281.5	262.2
Property, plant and equipment	250.3	246.9	Movement for the period represents the additions, including the Terang mill de-bottlenecking project, offset by depreciation / amortisation charge	240.5	244.8	293.1
Intangibles	74.7	75.0	Movement for the period reflects amortisation charge	75.4	75.9	75.0
Non-current Receivables	-	-	Movement in the deferred tax asset which is a function of timing	-	1.4	1.7
Other non-current assets	4.8	8.2	Deferred tax asset	7.7	9.4	12.6
Total Assets	624.8	607.4		560.6	613.0	644.6

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BALANCE SHEET - LIABILITIES

Balance Sheet (\$m)	Dec 22	June 22	Analysis of balances	Dec 21	June 21	June 20
Current payables	218.3	202.2	Reflects timing of creditor payments within agreed trading terms and increased commodity prices	173.4	165.5	161.3
Current provisions	15.3	15.1	Includes current employee entitlements	17.4	17.3	21.1
Current tax liabilities	-	11.9	June 22 amount related to final tax payment due post year end. This final payment and subsequent monthly tax instalments are up to date at Dec 22	6.2	5.9	0.4
Current Lease liabilities	2.7	4.4	Current portion of lease liability payable within 12 months of balance date	4.2	4.3	4.1
Non-current borrowings	65.0	50.0	Increase in borrowings predominantly offset by increase in cash and cash equivalents	45.0	123.0	193.0
Non-current Payables, Lease liabilities & Provisions	7.6	7.8	Includes Non-current portion of Lease Liability	8.5	9.6	5.2
Total Liabilities	308.8	291.3		254.8	325.5	385.1
Net Assets / Equity	316.0	316.0		305.9	287.5	259.5

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

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CASH MANAGEMENT

Consolidated Cash flow (\$m)	FY23 1H	FY22 1H	Analysis of movement	FY21 1H	FY20 1H	FY19 1H
Consolidated EBIT	31.5	33.3	Consolidated EBIT after significant items	17.0	2.6	15.4
Depreciation and amortization	12.6	13.2	Depreciation reduced following the sale of Westbury	15.0	12.9	9.1
Consolidated EBITDA	44.1	46.5	EBITDA in the prior year included significant items of \$7.4M	32.0	15.5	24.5
Movement in working capital	12.4	(12.7)	Working capital reduced following the sale of the strategic inventory	2.1	1.8	(15.0)
Operating cash flow	56.5	33.8		34.1	17.3	9.5
Maintenance capex	(6.7)	(2.7)	Prioritised in line with the capital allocation model	(4.2)	(8.5)	(6.8)
Development capex	(8.5)	(3.4)	Includes both de-bottlenecking and Boost projects	(2.6)	(24.8)	(23.7)
Payment for Intangibles	(0.1)	(0.4)		(0.3)	(3.6)	(1.1)
LTIP	(7.2)	-	Acquisition of shares for the employee LTIP	-	-	-
Net finance costs	(1.9)	(1.4)	Increased on the back of higher interest costs and slightly higher debt	(2.5)	(2.8)	(2.7)
Net tax payments	(17.1)	(6.9)	Increased tax payments aligned to increased profitability	(2.5)	(2.8)	-
Payment of lease liabilities	(2.5)	(3.8)	Relates to the timing of payments	(2.5)	(2.4)	(3.8)
Other net cash inflows / (outflows)	0.4	(0.5)		(0.1)	4.7	(0.9)
Cash inflow/(outflow) for 1H (before non-operational items)	12.9	14.7		19.4	(22.9)	(29.5)
Proceeds from sale of assets	-	57.4	Primarily relates to the sale of Westbury in August 2021	2.0	-	1.5
Share Buyback	(2.9)	-	Relates to 1.4m shares bought back in the period	-	-	-
Dividends paid	(12.8)	(6.2)	In line with the increased payout ration	-	(8.4)	(8.4)
Cash inflow / outflow for 1H	(2.8)	65.9		21.4	(31.3)	(36.4)
Opening net debt as at 1 July	(22.9)	(83.1)		(147.2)	(101.4)	(52.8)
Closing net debt	(25.7)	(17.2)		(125.8)	(132.7)	(89.2)

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NET DEBT, GEARING & LEVERAGE

Major capital projects (\$m)	FY23 1H	FY22 1H	Analysis of movements	FY21 1H	FY20 1H	FY19 1H
Development capital expenditure	8.5	3.4	Includes both de-bottlenecking and Boost projects	2.6	24.8	23.7
Maintenance capital expenditure	6.7	2.7	Prioritised in line with the capital allocation model	4.2	8.5	6.8
Net debt and gearing (\$m)	Dec 22	June 22	Analysis of movements	June 21	June 20	June 19
Gross debt	65.0	50.0	Increase in borrowings predominantly offset by increase in cash and cash equivalents	123.0	193.0	118.9
Less: cash and cash equivalents	39.3	27.1		39.9	45.8	17.5
Reported net debt	25.7	22.9		83.1	147.2	101.4
Total equity	316.0	316.0	Total Equity per Consolidated Balance Sheet	287.5	259.5	277.5
Gearing: Net Debt: Closing Equity	8.1%	7.2%	Traditional Gearing Ratio	28.9%	56.7%	36.5%
Gearing per banking covenant	17.1%	13.7%	Gross Debt : [Gross debt plus Closing Equity]	30.0%	42.6%	30.0%
Leverage ratio ¹ (\$m)	Dec 22	June 22	Analysis of movements	June 21	June 20	June 19
Last 12 months EBITDA	85.2	80.1		69.1	59.5	54.2
Leverage ratio - actual	0.30x	0.29x		1.20x	2.63x	1.87x

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

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