

**19th Australasian
AgFood Conference**

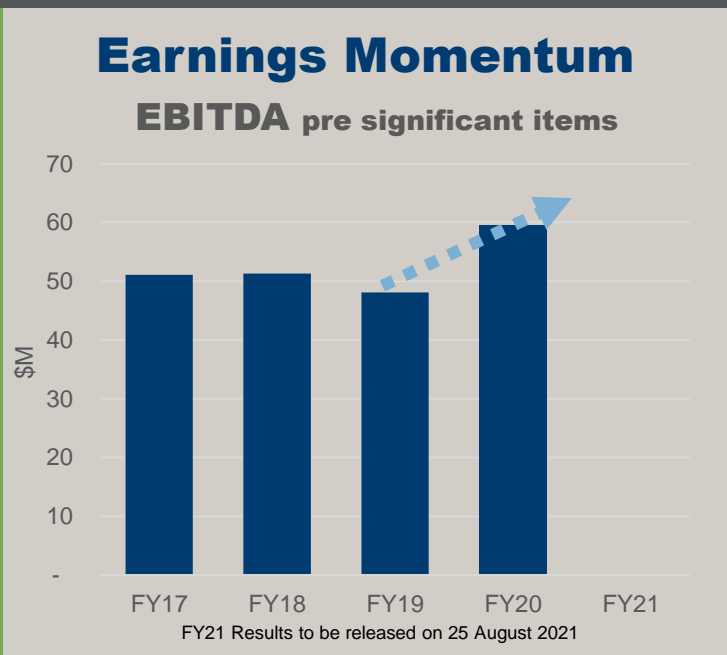
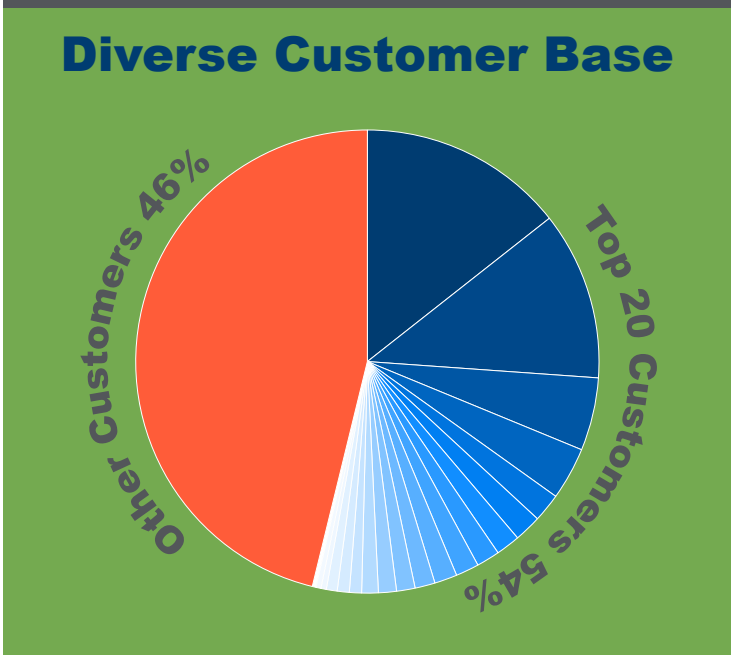
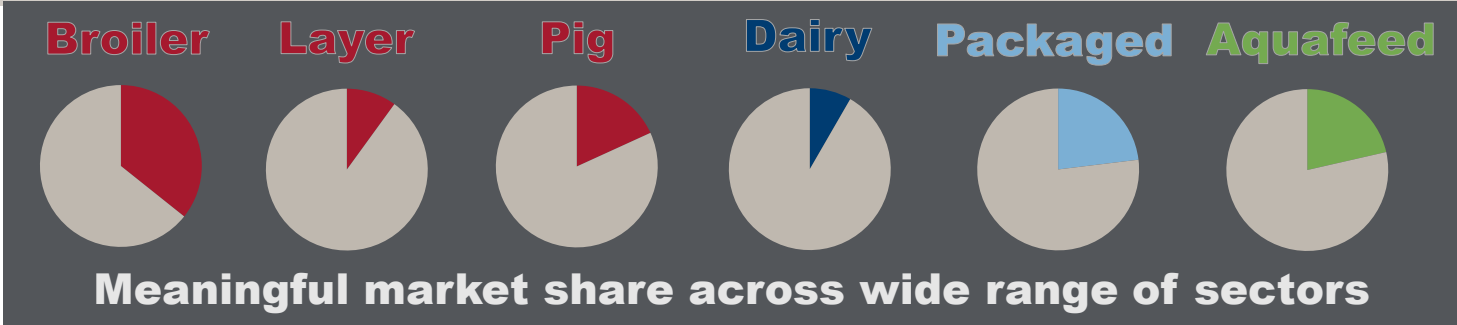
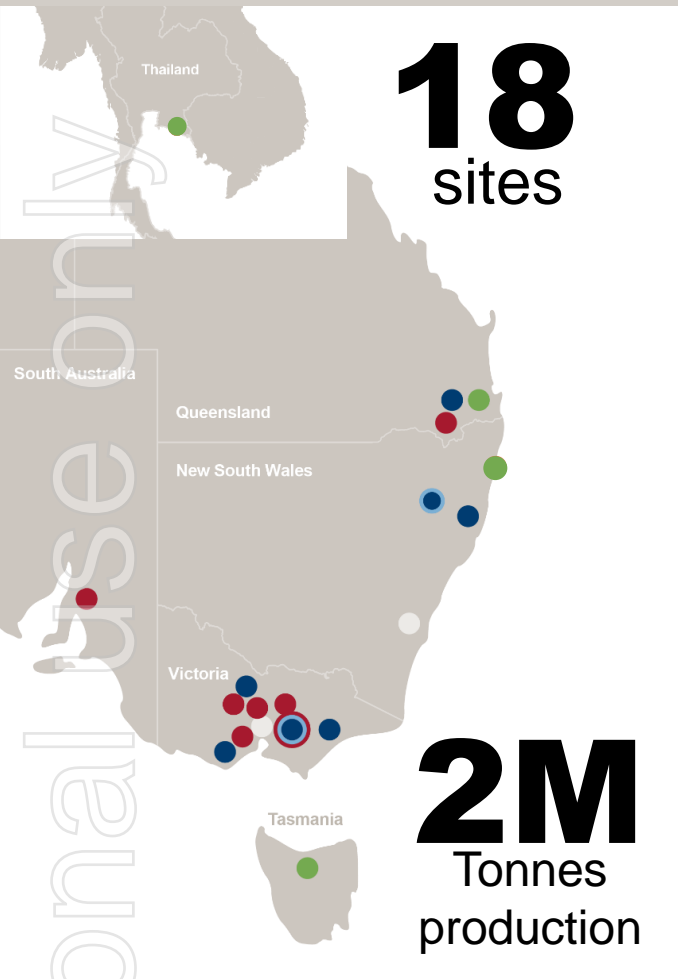
28 July 2021

**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

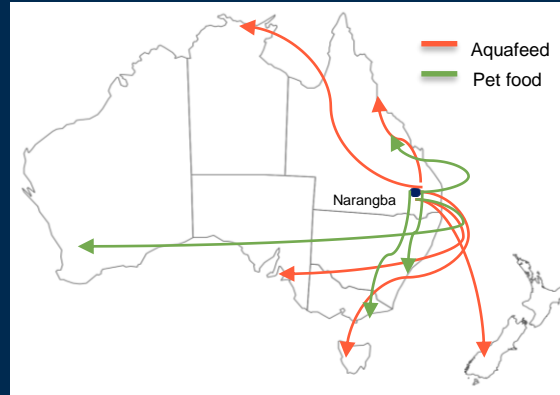
AQUAFEED RESET



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

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.

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

SUMMARY

Delivering a sustainable and scalable cash flow

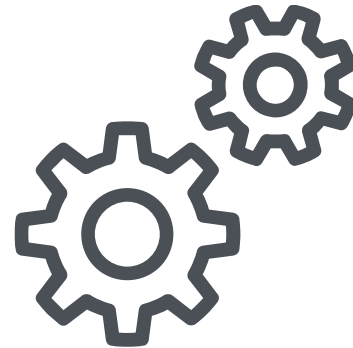


Ridley is well placed to grow earnings and cash through:

- 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.



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