



Inghams Group Limited
2017 Annual General Meeting
CEO Presentation
31 OCTOBER 2017



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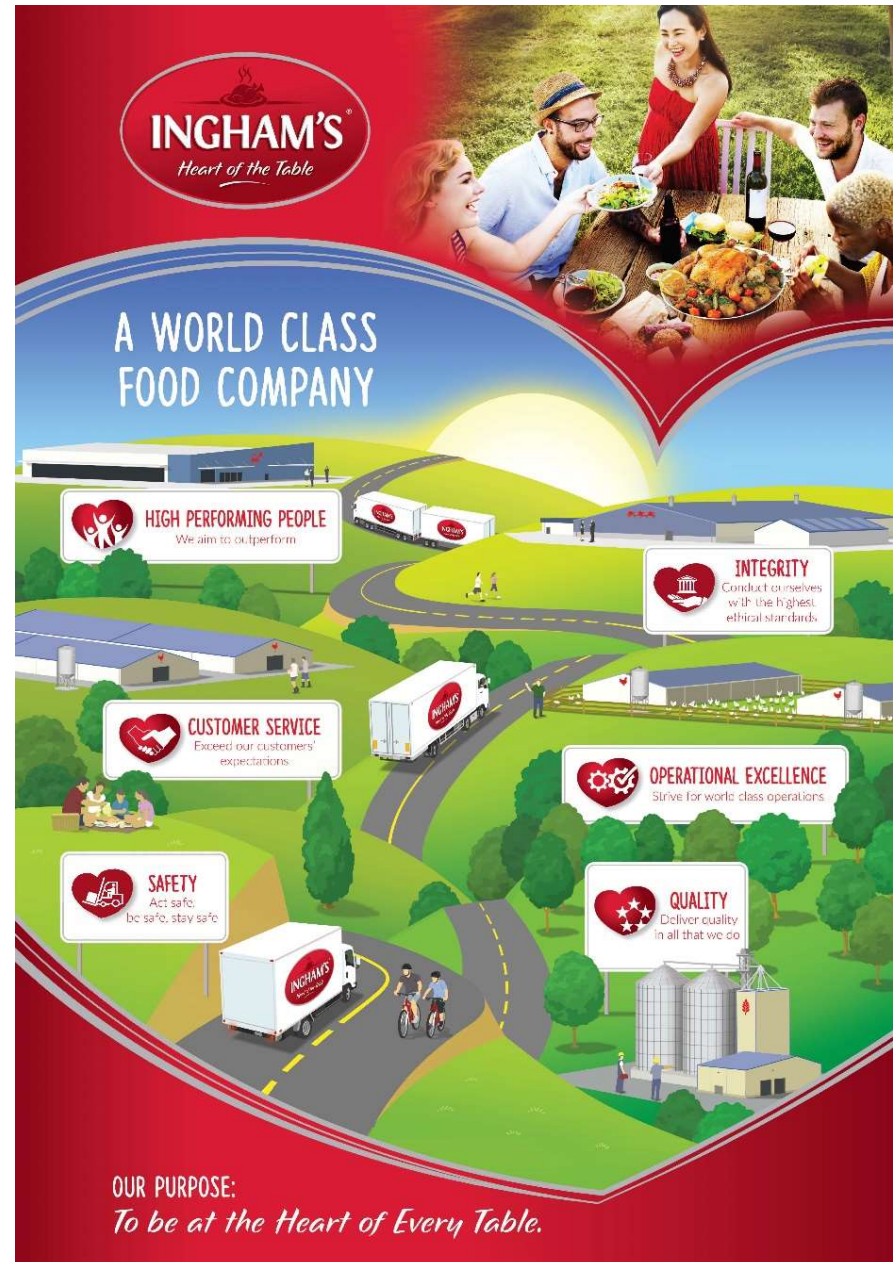
FY2017 Highlights

FY17 Highlights

- > Ingham's has a long and proud history in Australia and New Zealand
- > Delivering Ingham's quality products to customers
 - Retail, QSR, Foodservice and Wholesale channels
 - ingredients
 - third party feed sales
- > Improving operational performance across the integrated supply chain
- > Continuing to implement the Accelerate strategy
- > Investing in capacity and capability
- > IPO in November 2016
- > Delivered on financial forecasts
- > Positioning the business for future success

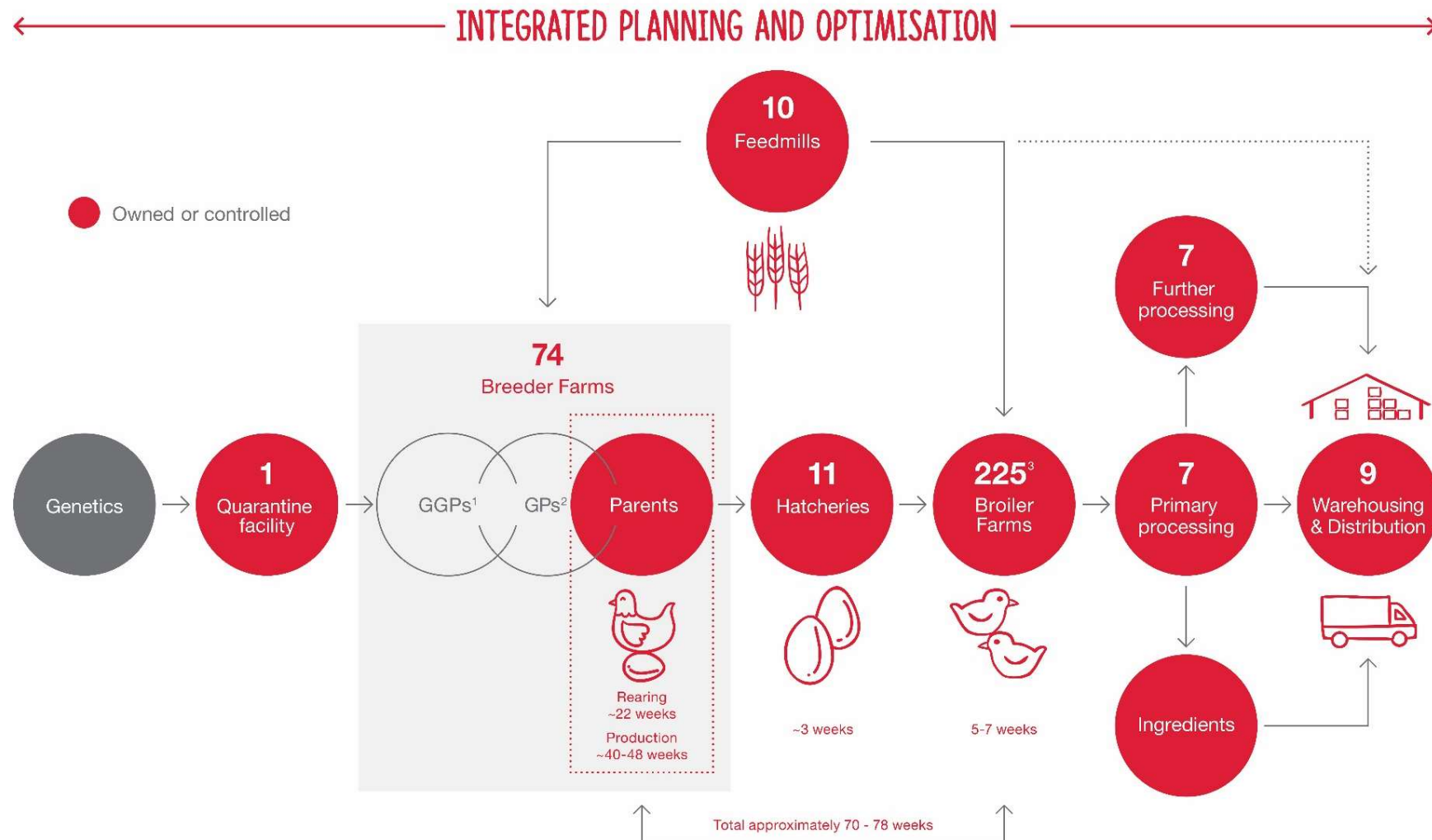


Ingham's – A World Class Food Company



Vertically integrated operations

Complex supply chain supported by integrated planning and optimisation



Note: Time-frames are indicative and relate to chicken.

1. Great Grand Parents.
2. Grand Parents.
3. Includes contract growers and company owned farms.

FY2017 Results – Group highlights

Volume growth and financial performance ahead of prospectus forecasts

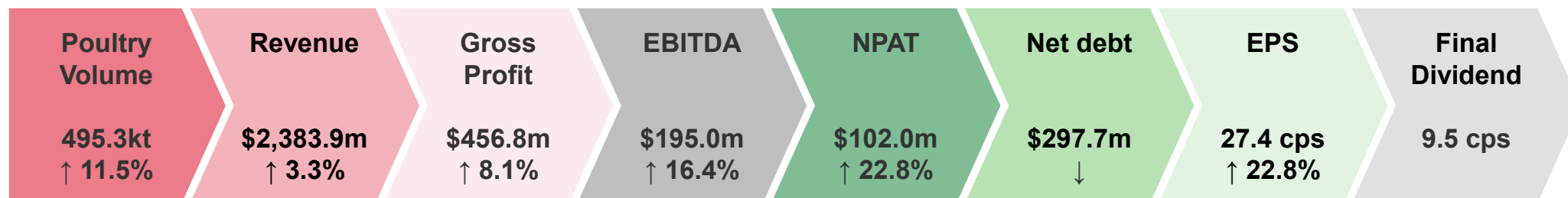
Highlights

- > Strong volume growth in Australia driven primarily through Retail and QSR channels
- > Chicken remains the competitive protein, supporting the drive by customers to deliver value
- > Improved New Zealand performance in the second half
- > Volume growth translated to profit despite the supply chain challenges of rapid growth
- > Strong cash flow generation reducing net debt

Strategy progress

- > Project Accelerate initiatives delivering as expected
 - first phase automation benefits flowing through in Primary Processing plants
 - good progress on labour efficiency, procurement and other initiatives
- > Continued progress in extending key customer contractual coverage
- > Further investment in capability – key people, IT and capital assets
- > Capital investment in capacity and efficiency on track
 - commissioned South Australia hatchery and breeder expansions
 - commenced construction of new SA feed mill and secured investor funding
 - new Queensland distribution centre to be operational in H2 FY18

Financial highlights – Pro forma FY17 vs FY16



Financial performance

- > Total Poultry volume growth of 11.5% (core chicken and turkey products 7.5%)
- > Pro forma Revenue growth of 3.3% (reflecting volume increase, feed deflation and mix change)
- > Pro forma EBITDA growth of 16.4% to \$195.0m
- > Pro forma NPAT growth of 22.8% to \$102.0m (and statutory NPAT of \$59.1M)
- > Profit on sale offset by restructuring costs
- > Pro forma Net Debt of \$297.7m (Pro forma Leverage ratio 1.5x)
- > Pro forma Earnings Per Share (EPS) of 27.4 cents (+22.8%)
- > Final dividend of 9.5 cents per share (70% of pro forma NPAT for the post IPO period)

FY17 Results – Pro forma Segment Information – Australia



\$ millions	Actual FY2017	Prospectus FY2017	Var.	%	Actual FY2016	Var.	%
Australia							
Poultry volumes (kt)	421.8	404.6	17.2	4.3%	371.9	49.9	13.4%
Feed volumes (kt)	442.0	452.3	(10.3)	(2.3)%	432.3	9.8	2.3%
Revenue	2,022.6	2,003.3	19.3	1.0%	1,955.2	67.4	3.4%
EBITDA	158.8	153.1	5.7	3.7%	132.2	26.6	20.1%
EBITDA %	7.9%	7.6%	0.3%		6.8%	1.1%	



✓ NO TOUCH ✓ NO MESS ✓ NO PREP
- JUST COOK IN THE BAG -
FOR A SUCCULENT TASTY CHICKEN

Summary: Australia

- > Poultry volume growth excluding ingredients of 8.8%
- > Profit improvement delivered despite challenges created by strong volume growth in the integrated supply chain
- > Operations more settled as we enter FY18, with improved farming performance, yields and operational efficiency, supported by Project Accelerate benefits

Retail

- > Chicken remains the competitive protein with continued growth in retail volumes
- > Now cycling customer investment in EDLP
- > Further extended supply contract coverage including a range of cost pass through mechanisms

QSR & Food Service

- > Continued growth in QSR market volumes
- > Increased competition in Further Processed segment

Wholesale & Export

- > Improved Wholesale pricing as market rebalances post EDLP launches in FY16 / FY17
- > Export volumes remain < 2%, primarily for clearance

FY17 Results – Pro forma Segment Information – New Zealand



\$ millions	Actual FY2017	Prospectus FY2017	Var.	%	Actual FY2016	Var.	%
New Zealand							
Poultry volumes (kt)	73.5	73.7	0.2	(0.3)%	72.3	1.2	1.7%
Feed volumes (kt)	123.2	125.3	(2.1)	(1.7)%	129.6	(6.4)	(4.9)%
Revenue	361.3	371.7	(10.4)	(2.8)%	353.5	7.8	2.2%
EBITDA	36.2	37.0	(0.8)	(2.2)%	35.3	0.9	2.5%
EBITDA %	10.0%	10.0%	0.0%		10.0%	0.0%	

Summary: New Zealand

- > Improved trading conditions and performance in H2
- > Poultry volume growth in 2H offset 1H weakness
- > Strong Free Range sales via Waitoa
- > Continued improvement in operational performance
- > Further Processed sales continue to grow on the back of regular promotional activity and NPD
- > Commenced targeted exports of Waitoa premium product to Hong Kong
- > Completed Ingham's brand refresh

Third party feed sales

- > Third party chicken feed sales in line with expectations
- > Dairy feed volumes improving on the back of milk price recovery

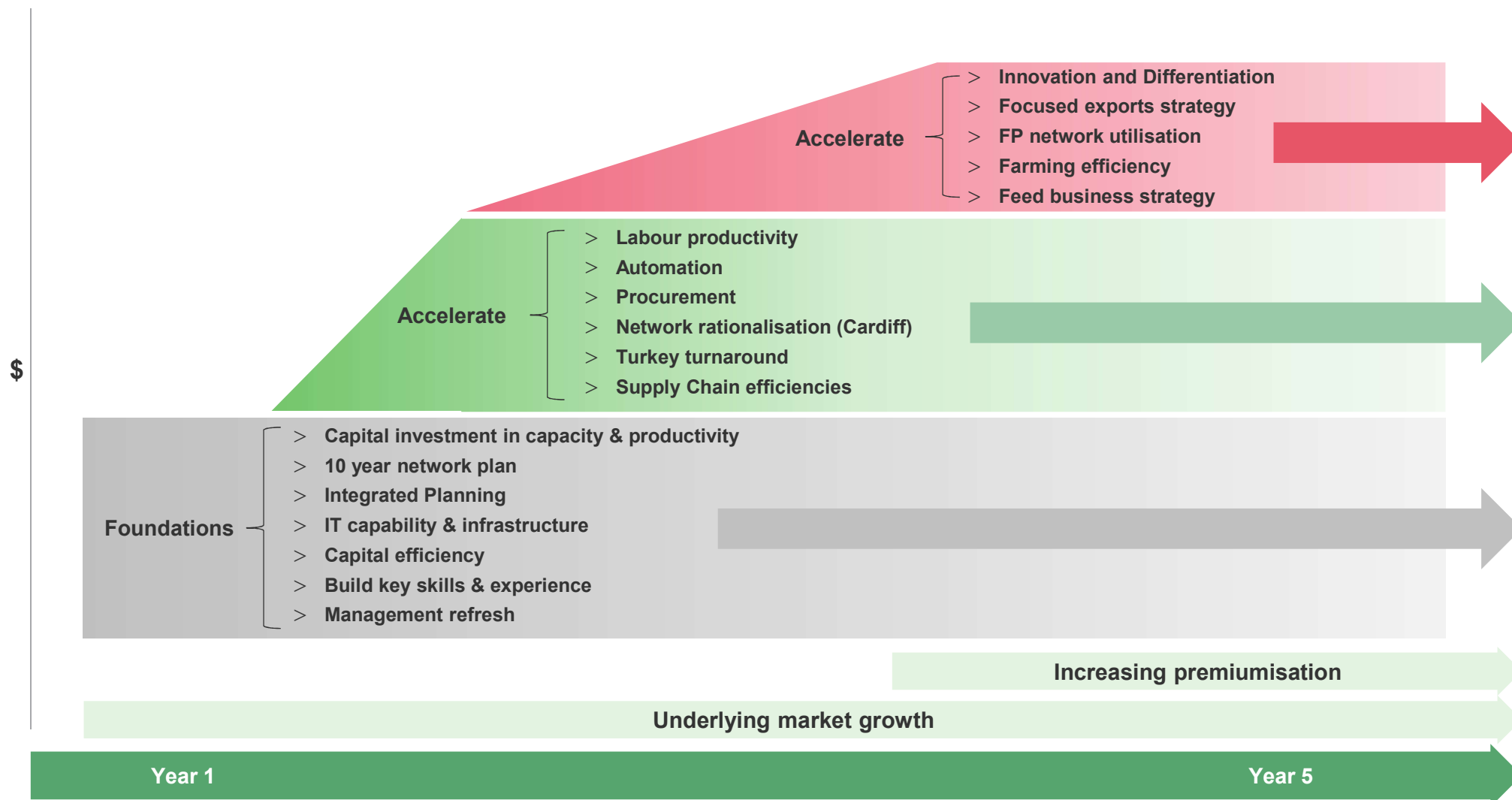


Note: All financial numbers are in AUD

Note: Total Poultry volumes includes core chicken and turkey products in addition to ingredients

Project Accelerate

Implementation of the multi year transformation project is well underway



The growth benefits from Project Accelerate are designed to allow Ingham's to remain competitive, mitigate inflation in costs and contribute to profit growth

Update on Western Australian expansion

- > In May 2017, Ingham's announced the planned expansion of its Western Australian operations over the next three years to meet local demand with locally grown Ingham's quality poultry products
- > This will require relocating from Ingham's existing facilities at Wanneroo
- > Following a competitive sale process, Ingham's has contracted to sell its Wanneroo site for \$54m with settlement due in December 2017
- > This is expected to deliver a profit on sale of ~\$11 million (after expenses) which is expected to offset business restructuring costs over the balance of the year, as we continue to implement our strategy
- > Ingham's is working on the development of a new state-of-the-art feedmill to be built at Muchea outside of Perth by 2020. A new hatchery will also be developed at a site yet to be finalised
- > Ingham's will lease the Wanneroo site until the commissioning of new facilities

Outlook – AGM October 2017

- > Outlook unchanged and strategy implementation remains on track
- > Growth in Australian poultry volumes running closer to historical average as we cycle EDLP initiatives
 - third party feed sales volume reduction due in part to the loss of a VIC customer as previously advised
- > Continuing to optimise and rebalance the supply chain following rapid volume growth in FY17
- > Improved New Zealand 2H performance has continued into FY18
 - the A\$ / NZ\$ exchange rate has shifted in recent weeks; Ingham's partially hedged for FY18
- > Accelerate benefits are expected to continue to underpin cost reduction and profit improvement
 - will help offset increases in electricity costs, supported by energy efficiency and recovery via market pricing
- > Feed price increases over recent months – continue with ~9 months forward cover which reduces volatility
 - market price increases flowing through; ~60% of Australian volume covered by feed price pass through mechanisms
- > Some further asset sales are expected as we continue to implement the Accelerate strategy
 - will support cash flow, further debt reduction and help offset any ongoing restructuring costs
- > Progressing a strategic review of the commercial stockfeed business (third party feed sales)



Appendix

Risks Summary (per Financial Statements)

Material business risks faced by the Group that may have a significant effect on the financial prospects of the Group include:

- > **Import restrictions:** Changes to import quarantine conditions in Australia and/or New Zealand that would allow additional forms of poultry to be imported could result in changes to the poultry market that would adversely impact Ingham's financial performance.
- > **Food safety and disease outbreak:** If products of Ingham's or a competitor became unsafe or were to be perceived as unsafe, reduced demand for Ingham's products or for poultry products as an industry could follow. Food safety costs can lead to significant costs being incurred for recalls or other operations to address such issues, in addition to compensation, penalties or liability claims which could be incurred. Outbreak of avian disease(s) occurring in Ingham's flock or in geographic areas in which Ingham's operates could lead to restriction on the use or transportation of affected poultry. Such disruption to supply, in addition to the other events identified here could have an adverse effect on Ingham's financial performance.
- > **Supply chain disruption:** Failure of a parent stock supplier, poor animal husbandry practices, poor feed quality or outbreak of disease could all cause a significant reduction in the volume or quality of Ingham's parent stock, limiting the Group's ability to supply sufficient volumes of product. Disruption to the supply chain such as time critical delays, failure or dispute with key suppliers or other events of disruption could have a material adverse impact on the Group's financial performance.
- > **Regulatory factors:** Ingham's requires a range of licences, permits and accreditations/certifications relating to food standards, animal welfare, workers compensation and the environment in order to continue operating successfully. Inability to secure or retain these regulatory approvals, or amendments or revoking of these approvals could have an adverse effect on Ingham's financial performance. Ongoing compliance with laws and regulations in the countries in which Ingham's operates, and ability to comply with changes to these laws and regulations are material to Ingham's business. Failure to do so would have a material adverse impact on Ingham's.
- > **Transformation projects:** Project Accelerate involves material capital investment and is expected to deliver cost savings and efficiencies to the business in future periods. Delays in the project or cost overruns, in addition to realised results differing from estimates, may negatively impact Ingham's financial performance compared to management's forecasts.
- > **Material increase in input costs:** There have been recent actual and forecast increases in a number of input costs such as utilities and commodities, ie grains and legumes. While Ingham's has a range of cost pass through arrangements in place with customers, especially in respect of feed prices, there may be instances where Ingham's is not able to pass through, or is delayed from passing through, increases in these costs to customers, resulting in the potential risk of margin erosion.