



Ridley Corporation

Acquisition of Victoria's leading rendering business

9 November 2012

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Acquisition Overview

The acquisition secures strategic feed inputs for Ridley and strengthens its position as a key link in cost efficient and sustainable protein production

Transaction Overview

- ❑ Agreement to acquire the business of BPL Melbourne Pty Ltd for \$77m
- ❑ Largest renderer in Victoria – c.240kt capacity across red meat and poultry
- ❑ Expands Ridley's capabilities to include rendering of red meat from mammalian products

Value Accretion

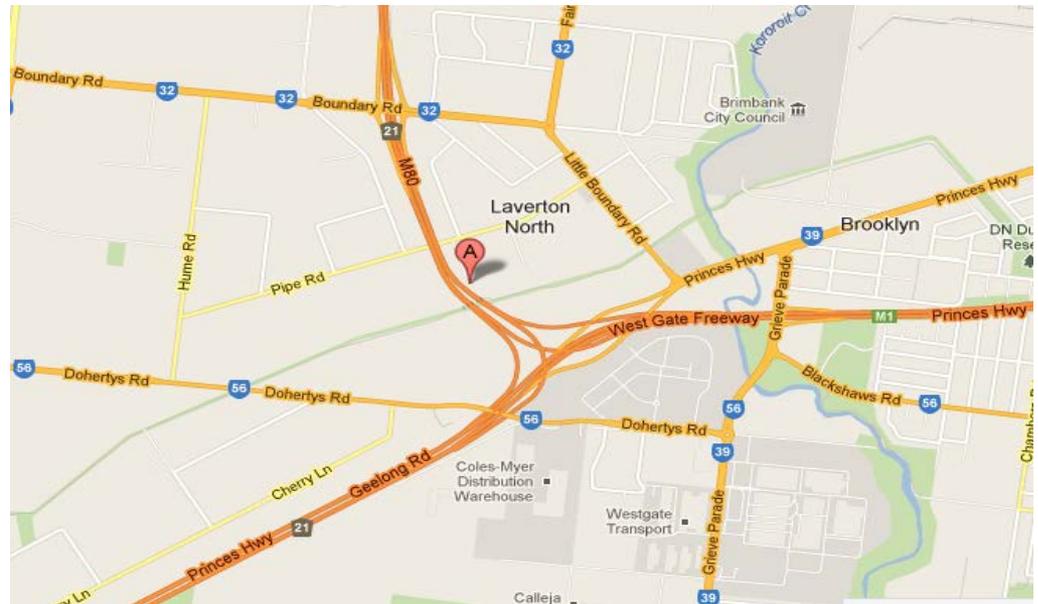
- ❑ BPL generates an annual turnover in excess of \$70 million
- ❑ Meets Ridley's acquisition financial hurdles and is expected to achieve low double digit EPS accretion in the first full year of ownership
- ❑ A fully committed financing facility has been agreed sufficient to fund all of the acquisition consideration

Timing

- ❑ Acquisition is subject to customary conditions and is targeted to close on 31 December 2012

The Business

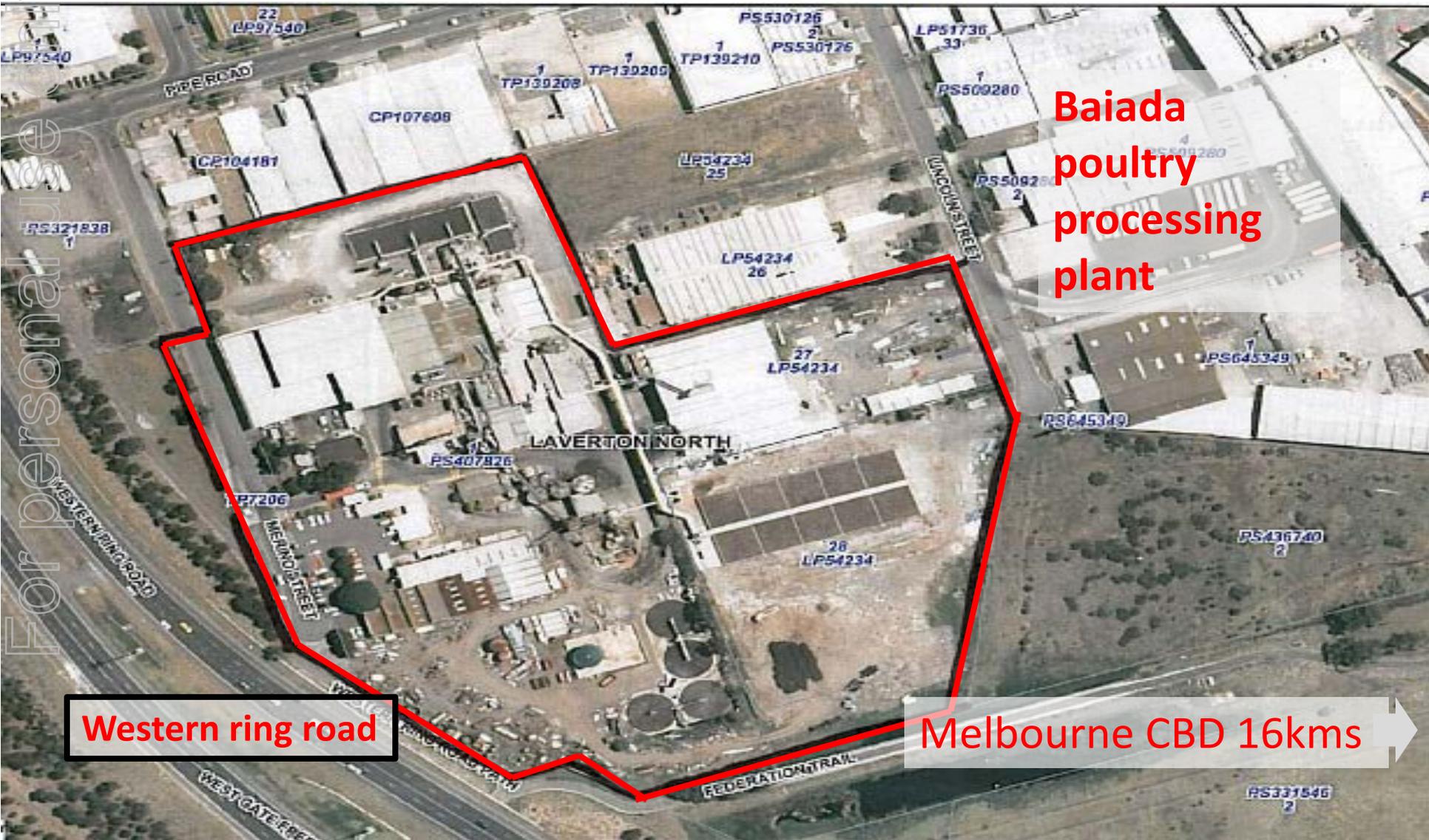
- ❑ BPL is the largest renderer in Victoria, processing 240kt (Camilleri 75kt) of both poultry and red meat offal through separate manufacturing lines.
- ❑ Situated on Melbourne's western ring road, it is ideally located to capture raw materials from the greater Melbourne meat and poultry industry as well as from Melbourne deboners and fish markets.
- ❑ The plant has been significantly improved under Baiada ownership during the last six years and has demonstrated earnings growth with strong conversion of earnings to cash.
- ❑ The business has strong relationships with its suppliers and customers and is also a large supplier to Ridley Agriproducts.



Aerial view of the 6.4ha Laverton site



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**Baiada
poultry
processing
plant**

Western ring road

Melbourne CBD 16kms →

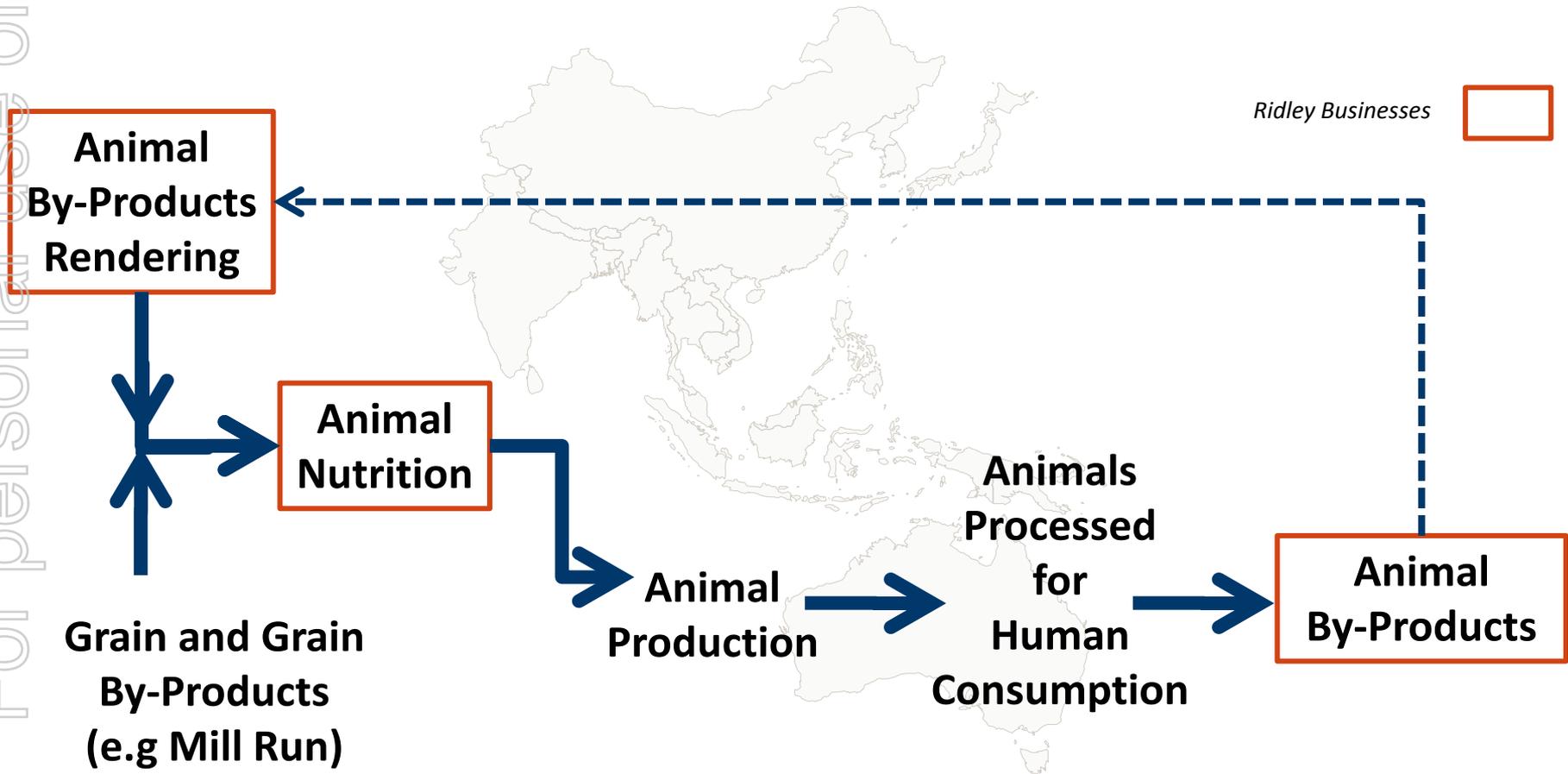
What is Rendering?

- ❑ Between one third and one half of all animals processed can not be used for human consumption
- ❑ The rendering process converts this low value material into various high value protein meals, fats & oils
- ❑ These outputs include meat and bone meal, poultry meal, feather meal, blood meal, fish meal and animal fats and oils
- ❑ The rendering process involves the combination of heat & pressure through a cooking process to produce the meal & oils.
- ❑ The finished material volumes are measured as a percentage yield gained from each metric tonne of wet offal processed e.g. 1 tonne of wet poultry offal provides approx 30% of saleable material
- ❑ The most important and valuable uses for these products are as feed ingredients for the livestock, petfood & aquafeed industries

Ridley is a key link in the sustainable production of food from livestock



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Compelling Strategic Rationale

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✓ Strong sector thematic, underpinned by growing food and protein demand

- ❑ Is a leading business in a necessary and growing sector
- ❑ Converts low value waste from red meat, poultry and fish production into high value protein meals
- ❑ Products produced are sold both domestically and into export markets and are in ever increasing demand globally, particularly throughout Asia

✓ Attractive asset characteristics and market position

- ❑ Leading competitive position as Victoria's largest renderer
- ❑ Developed rendering capability across poultry and mammalian products
- ❑ Established management team with a proven track record
- ❑ Modern equipment and technology following high levels of capital investment in recent years
- ❑ Complementary with the Camilleri business
- ❑ Opportunities and capacity to grow the business

Compelling Strategic Rationale



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✓ Compelling strategic fit with Ridley

- ❑ Further develops Ridley as one of Australia's premier providers of nutrients, ingredients and feed for the safe and sustainable production of food from livestock
- ❑ Continues our growth in the supply chain of strategic feed ingredients
- ❑ Close fit with Ridley's broader animal feed operations - Ridley is a key customer
- ❑ Expands rendering capability to mammalian products
- ❑ Existing customer synergies and close working relationships
- ❑ Provides a strong presence in the two prime markets of Victoria and NSW
- ❑ Strong conversion of earnings to cash, consistent with Ridley's business
- ❑ Plant in close proximity to key Ridley mills
- ❑ Enables Ridley to service both ends of the protein value chain as a supplier of animal nutrition products and as a processor of animal by-products
- ❑ Strengthens relationship with Baiada, a key customer for Ridley, through long term supply agreements