

## **ANNUAL GENERAL MEETING 2019 ORDER OF PROCEEDINGS**

Good morning ladies and gentlemen. It's now 10.00am, and there being a quorum present, I declare the 2019 AGM of Inghams Group Limited open.

Before we start may I ask members of the audience to please switch off their mobile phones.

On behalf of the Board, I would like to welcome all Inghams Group Limited shareholders, invited guests and other visitors to our Annual General Meeting.

My name is Peter Bush, the Chairman of Inghams Group Limited, and with me today furthest from my right we have our Company Secretary, David Matthews, Non-Executive Director Jackie McArthur, CEO Jim Leighton, Non-Executive Directors Linda Nicholls, Andrew Reeves, Helen Nash and Rob Gordon. And I would like to apologise for Ricky Lau for being unable to attend this meeting.

Briefly, the format for today's meeting will be my address, followed by the CEO and the formal part of the meeting where you will have the opportunity to ask questions. You will be able to find copies of the Chairman's address and CEO presentation on our Investor Relations website. They have also been released to market.

Moving now to my address:

### **CHAIRMAN'S ADDRESS**

Ladies and gentlemen, FY2019 was a year of change as we welcomed our new CEO Jim Leighton, following an extensive local and global search. Ingham's is a remarkable business that has undergone enormous change in the last few years. A family company for almost a century the business has transformed under private equity to a genuinely national enterprise. It's now almost three years since the IPO and the company continues to move on and build on the legacy of the Ingham family and the new base built by PE.

In this challenging and changing environment Jim brings over 40 years of experience in consumer businesses and has deep international expertise spanning the highly competitive North American poultry industry, as well as China, Mexico and Brazil. He is the ideal candidate as we embark on the next phase of Ingham's development. From what we have already seen we can look forward to Jim's contribution to building the Ingham legacy and the continued transformation of this business. Jim has rapidly amassed a remarkably experienced, talented and capable team around him that will be instrumental in building our new future. You can't help being impressed when you see and hear the depth of experience in this team!

I'd like to remind you all that we have announced a Strategy Day on October 22 – next Tuesday – where Jim and his team will provide some detail on our future plans. I have been asked why we aren't discussing this subject at today's meeting. Given today is largely a reflection of the 2019 financial year, we decided it would be better to create a separate event to ensure it receives the focus it deserves.

During the 2019 financial year, we made solid progress on our strategy and delivered an underlying \$103.2 million net profit after tax, a decline of 4.4% relative to financial year 2018. Poultry volume growth of 4.3% percent was driven by steady demand in Australia, supported by early signs of a return to growth in the New Zealand market. I'd like to make special mention of our new boss in New Zealand, Jonathan Gray. Jonathan has been in the role for about six months and has already identified and acted on many opportunities in that business, and with some additional help from the market we can expect continued recovery in New Zealand.

Growth across our key channels in Australia reflects the continued strong demand for Ingham's quality products supported by consumer preference for great value, healthy and versatile poultry products. These results were achieved despite the pressure and impact of drought on feed and selling prices.

Rising feed costs continued to present a challenge to our business in FY2019. Our market position and various contractual arrangements have delivered the intended outcomes by offsetting inflation in our cost base through a range of strategic initiatives and sustainable improvement.

Feed is our single biggest cost and its quite simple to understand that this business, and in fact this industry, can make profits more easily in times when wheat crops are good and much tougher when they are bad. The drought has proved challenging for Ingham's and indeed all agri businesses open to the vagaries of the weather. You will hear at the Strategy Day some of our plans to help diminish the effect of this cycle on our performance.

Moving to our dividend: In addition to the fully franked interim dividend of 9.0 cents per share, the Board is pleased to deliver a fully franked final dividend of 10.5 cents per share, bringing the total fully franked dividend for FY18 to 19.5 cents per share. This is at the top of the target range of 65-70% of NPAT. The company also commenced a share buy back in 2H FY2019, purchasing 3.5% of issued capital. The buyback is still available and will be reviewed by our newly appointed CFO. Furthermore, as the capital requirements to support our future strategy become more evident the Board will develop a capital management strategy appropriate for our future.

Jim will provide more detail in relation to the financial results and operational highlights in his presentation.

In June 2018 we announced a project to rationalise our further processing operations, including the closure of the Cleveland plant in Queensland. The strategy and execution of that project have regrettably faced unexpected challenges as substantial additional and unexpected customer demand placed unplanned pressure on operations, leading to inefficiencies and higher costs. This issue was misreported after our Results presentation in August and has led to some misunderstanding amongst some shareholders and analysts. The strategy has been reviewed and measures are in place to remediate, but it impacted our financial performance in 2019 and will continue to do so in the first half of FY2020.

The 2019 financial year saw the end of our transformation program, Project Accelerate. Our refreshed leadership team is applying a new and different focus on delivering efficiency and getting more out of our current assets and it's clear that the introduction of international poultry operations expertise shines a new light on this opportunity. The Board are confident that this vastly experienced team can deliver volume growth, through manufacturing efficiencies with a capital light strategy funded through ongoing operations.

Ingham's has long been a positive contributor to the many local communities in which we operate. We continue to support and partner with The Ingham Institute for Applied Medical Research, Conservation Volunteers Australia & New Zealand and the Clontarf Foundation. Ingham's staff also raised over \$80,000 to help fund cancer research and prevention programs, as part of the Tour de Cure cycling event. We look forward to continuing to support the great work of these organisations in the year ahead.

The management team and all our 8,000 staff across Australia and New Zealand are to be congratulated for their commitment to ensuring that the Company continues to establish a strong foundation for future growth and sustainable value creation. Your Board are confident we are well placed for continued improvement and growth.

I also want to acknowledge the valuable contribution of my Board colleagues and also note the appointment to the Board during the year of Mr Andrew Reeves and Mr Robert Gordon. You will have I'm sure seen the impressive resumes of Andrew and Rob and they have rounded out our board skills and experience and immediately made a difference to the effectiveness of the board. I would like to make special mention of Linda Nicholls who took over the Chair role during my hospitalisation with pneumonia. In fact, the entire board stepped up for which I am extremely grateful. I would also like to thank Mr Joel Thickins and Mr Mick McMahon, who resigned from the Board during FY 2019 for their contribution and service to the company.

I would now like to ask our CEO, Jim Leighton, to take you through more detail of our achievements and activities over the past financial year and the outlook for the 2019 financial year.

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