

**ADDRESS GIVEN BY THE CHAIRMAN,  
RICHARD (RICK) LEE  
BEng (Chemical)(Hons), MA (Econ) (Oxon), FAICD  
AT THE EIGHTY-SIXTH (86<sup>TH</sup>)  
ANNUAL GENERAL MEETING OF  
RURALCO HOLDINGS LIMITED  
FRIDAY 17 FEBRUARY 2017**

Good afternoon Ladies and Gentlemen. My name is Rick Lee and I am the Chairman of the Board of Ruralco Holdings Limited. It's my pleasure to welcome you to the 2016 Annual General Meeting; my first as Chairman, having joined the Board in September last year.

I would now like to introduce the directors whose detailed biographies are included in the Annual Report.

- Michael Millner
- Trudy Vonhoff
- Elizabeth Johnstone
- Travis Dillon

We also have some other members of the Ruralco leadership team with us today, including our Company Secretary, Ilona Alsters and our Chief Financial Officer, Adrian Gratwicke.

At the conclusion of the meeting, you will have the opportunity to speak to the Board, and other members of the Ruralco team over refreshments.

As required by the Corporations Act, our auditors, KPMG, represented by Mr Anthony Travers is also here today, and is available to take questions about the Audit and Auditor's Report later in the meeting.

### **Quorum**

I am advised by our Company Secretary, there is a quorum present and I declare the meeting open.

### **Notice of Meeting**

The Notice of Meeting was sent to all shareholders on 13 January 2017, and if there is no objection, I propose that the notice convening the meeting be taken as read.

### **Minutes of Previous Meeting**

The Minutes of the previous Annual General Meeting, held on 19 February 2016 were approved by the Board and signed by the Chairman in accordance with section 251A of the Corporations Act 2001.

The Minutes are tabled and copies are available for any member who wishes to see them.

### **Today's Proceedings**

The proceedings for today's meeting will commence with my Chairman's review.

Our Managing Director, Mr Travis Dillon, will then report on Ruralco's performance and plans, and our Chief Financial Officer, Mr Adrian Gratwicke will provide an update on Ruralco's recently announced Placement and Entitlement Offer.

We will then move to the items of business set out in the Notice of Meeting. There will then be time for questions prior to voting on each resolution.

Ladies and gentlemen, it is now my pleasure to deliver the Chairman's address.

### **Chairman's Address**

As I mentioned earlier, I joined the Board of Ruralco on 5 September 2016.

In coming to Ruralco, I have joined a strong Board and Executive Team who have navigated a challenging year in a highly professional, effective and collegiate manner.

In the 2016 financial year the Group restructured and rationalised parts of its business in line with a refreshed strategy developed across the business under the leadership of new CEO Travis Dillon. These programs for focusing business activity on strategic priorities, along with difficult trading conditions in some sectors, have contributed to a fall in profit from the previous year. However, they were necessary to ensure that Ruralco is "fit to grow".

We are confident that our restructuring, initiatives promoting engagement from our staff and with customers, consolidation of core businesses and innovation and strengthening of governance and risk management, have positioned the company well for this financial year. We can also celebrate some successes, including record sales in our core Rural Supplies and Agency businesses, impressive metrics on corporate "cultural" measures and a dramatic improvement in Safety.

The Board approved dividends totalling 10c per share for the financial year, down on the previous year but in accordance with the company's dividend policy. We have also continued to grow our core business through strategic acquisitions, including the TP Jones Acquisition that we will be considering in our meeting today.

In addition to inviting me to become Chairman, the Board has undergone some other changes since its last Annual General Meeting. Mr Ross Burney resigned in February 2016 and Mr Richard England, my predecessor, resigned on 5 September 2016. The Board thanks both Ross and Richard for their service to Ruralco and is particularly grateful to Richard for his leadership through the renewal process of the last 18 months of his time in office.

On a personal note, I thank him for his warm welcome and for ensuring a smooth handover.

We have had one more change to the Board since the end of the financial year. Mr John Tuskin resigned from the Board on 15 November 2016 to take up a senior management position in running our Tasmanian operations.

With a smaller board, we will look to lead growth and renewal in a measured way. In July 2016, the Board undertook a skills assessment using an external facilitator, which has provided a very clear checklist for the kinds of skills that we will be looking for in any future directors in order to complement the experience of the current Board.

During the 2016 financial year, Ruralco continued to strengthen its Executive Team including through the appointment of Peter Weaver as Executive General Manager of the combined water businesses and the appointment of our General Counsel and Company Secretary, Ilona Alsters. Ilona, and our newly appointed General Manager for Risk and Compliance, David Gunn, have worked closely with the Board to update and refresh our governance structures and strengthen our risk management framework.

In addition to strengthening the Executive Team, Ruralco continues to invest in its people. We have a goal to be an employer of choice in the rural industry and it is exciting for the Board to see progress towards this goal. Our investment in our people has included a number of diversity initiatives to attract and retain women. Our paid maternity leave policy is an industry first. As someone with experience in the resources sector where diversity remains a significant challenge, I have been impressed by Ruralco's approach and achievements in an industry focused on regional Australia.

We also see innovation across our business as a key success factor. We are well aware that, while traditional in its approach, the rural sector in Australia is "ideas rich" and has a track record of practical, pragmatic and effective development and adoption of new technology. Ruralco has strategies in place to identify, promote and adopt new technologies in partnership with our suppliers and customers.

### ***Outlook for the Current Year***

A brief word now about the outlook for the current year. A few weeks ago, we gave a market update to coincide with an investor day in Tasmania – an innovation that we plan to repeat. You will all be aware that seasonal conditions have generally been favourable over the past year, market conditions and prices for key outputs, with a few exceptions, are positive. And our customers are generally financially secure and confident. With this positive backdrop, Travis will provide a little more detail shortly on the trading outlook for fiscal 2017.

Beyond our own business and workforce, we continue to deliver on our motto that "we're here for Australian farmers". We particularly want to be with them at their point of greatest need, through our partnership with Lifeline. When I joined Ruralco, I was staggered to learn that suicide rates in the country and regional areas are three times higher than in the city. Our people are highly committed to partnering with Lifeline, both in raising funds to support Lifeline's services and in learning to spot the signs of crisis in customers, family and friends so as to encourage them to seek help early. We aspire to be a key part of the rural and regional support structure for stakeholders and customers in crisis.

At this year's Full Year Results management expanded on Ruralco's Future Farming Strategy. In the past couple of days we have witnessed another key step in execution of this strategy with the announcement of a portfolio of accretive acquisitions and an equity raising to fund these acquisitions. The Board and I have overseen a significant program of work undertaken by management to ensure the strategic fit of these acquisitions to Ruralco's core business and I am confident they will deliver value to shareholders into the future.

I now invite our Managing Director, Travis Dillon to give you all an update on our financial performance for the last financial year and some comments on what's in the pipeline for the current year. Following Mr Dillon's address, I will also invite our Chief Financial Officer, Adrian Gratwicke to provide you with an update on the Company's recently announced Placement and Entitlement Offer

## **Conclusion**

In conclusion, I would like to thank my Board colleagues for their valued contribution and express my sincere appreciation for the support of management and our dedicated staff, joint venture partners and members over this year. Your dedication, hard work, loyalty and support is appreciated.

I look forward to 2017 and the challenges it may bring, confident in the knowledge that we have a sound platform from which to pursue our strategic objectives while continuing to provide an exceptional level of services to rural and regional Australia.

Finally, I thank you, the Company's shareholders for your ongoing confidence, loyalty and support.