



**Australian Independent Rural Retailers**  
ABN 36 112 308 835  
**Head Office**  
74-76 Drummond Road, Shepparton VIC, 3630  
T (03) 5821 0922 F (03) 5821 0944  
E salesvic@airr.com.au  
www.airr.com.au

**AIRR**  
**SHAREHOLDER UPDATE**  
**MARCH 2019**

**Welcome to 2019**

A belated Happy New Year and we trust all are well.

**Positive First Half**

We are pleased to announce the group trading results for the half year ended 31 December 2018.

Despite the drought that has gripped much of Australian agribusiness, the business has essentially held sales revenue, however improved EBITDA and NPAT, delivering EPS (earnings per share post tax) for the half year of 0.52c (0.51c prior period).

Key metrics are:

	6 months December 2018	6 months December 2017	6 months December 2016	6 months December 2015
Sales	\$181.1m	\$182.4m	\$176.2m	\$160.6m
EBITDA	\$11.22m	\$11.02m	\$9.68m	\$7.86m
NPAT	\$7.53m	\$7.43m	\$6.28m	\$4.9m
EPS	\$0.52c	0.51c	0.43c	\$0.34c

The result is a credit to the AIRR Team and our members and customers.

Whilst the company experienced the expected decline in chemical volumes as a result of the drought, it has experienced an uptick in animal health and general merchandise revenues.

From a balance sheet perspective, as at 31 December 2018 total shareholder equity has grown to \$56m (\$51.8m as at 30 June) and the company remains appropriately positioned with the ability to fund continuing growth and forward strategies.

Combined debtor and inventory balances were down \$13.4m on the prior December as were trade and other payables down similarly, leaving approximately a consistent \$80m in surplus of debtors and inventory over supplier liabilities.

**Our member & product brands**



**making  
independence  
rewarding**

Net current ratio has strengthened from 1.5 at December 2017 to 2.3 as at December 2018.

The acquisition of The Hunter River Company Pty Ltd and Country Road Farm Supplies is reflected in the increase in intangible assets (\$10.8m increase) and corresponding increase in long-term borrowings (\$9.4m increase).

### **Dividend**

At its board meeting on 27 February the board resolved to continue its normal dividend policy of 50% payout ratio. Post tax earnings for the 6 months to 31 December 2018 were 52 cents per share and therefore the board resolved to declare a normal fully franked dividend of 26 cents per share to shareholders registered on 15 March 2019. The dividend will be paid on 29 March 2019.

### **Special Dividend**

Furthermore, given our positive working capital and cashflow the Board resolved to pay a special fully franked dividend of 10 cents per share to shareholders registered on 15 March 2019. The dividend will also be paid on 29 March 2019.

This also enables a release of franking credits to shareholders this financial year.

### **Apparent**

Following rationalisation of demand for all crop protection products, removal of products (the use of which was severely restricted by APVMA from 2017/2018) and the transfer of veterinary products to Independents Own (iO), we have reduced our portfolio of products to 149 registrations. We have a further 2 applications scheduled for approval this calendar year, with a further 18 new products under active consideration.

### **Independents Own (iO)**

Development of the product range has continued and market adoption has been excellent, as is evident with strong sales growth in that category.

### **Hunter River**

We have completed the integration of the business and are focussed on growing revenues off current registrations and increasing the number of registrations.

There is much more to come with this positive story in the times ahead.

### **Strategy**

As always, significant time is being spent thinking about and planning AIRR's next 5 years and where the priorities should be to further drive member benefits and shareholder rewards within a sustainable environment.

**Thanks**

On behalf of the board, I repeat my significant appreciation to the whole AIRR Team. Likewise thank you as shareholders for your continuing support.

I look forward to providing future updates.

A handwritten signature in black ink, appearing to read "Craig L Farrow". The signature is written in a cursive, flowing style with some loops and flourishes.

**Craig L Farrow**

Chairman