



AUSTRALIAN AGRICULTURAL COMPANY LIMITED

Results presentation
Year ended 31 December 2011





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Financial results summary

Sales	\$384.4m	32.1% increase on FY10 prior comparable period Includes increases of 46.9% and 18.3% in live cattle and branded beef sales ¹ respectively
EBITDA	\$58.1m	40.7% increase on FY10 prior comparable period At the top end of the guidance range of \$50-60m including profit on sale of Meteor Downs of \$5.9m
NPAT	\$10.5m	Material increase of \$9.6m on FY10 prior comparable period NPAT
Net debt	\$344m	Marginal increase in net debt over the period driven by investments in herd and net capex, offset by \$65.5m capital raising and \$21.6m sales proceeds from Meteor Downs Gearing reduced to 33.9% ²
NTA	\$2.15 / share	Up \$0.03 from NTA pro forma for capital raising Property, plant and equipment accounts for \$1.94 of NTA

Notes:

- 1 Branded beef represents the portion of the wholesale beef division which excludes Chefs Partner
- 2 Gearing based on net debt / (net debt + book equity)



Summary financial performance

Summary of financial performance

\$m	1H11	2H11	FY11	FY10	Change
Revenue	168.3	216.0	384.4	290.9	32.1%
Gross margin	41.2	86.5	127.7	101.7	25.6%
EBITDA	7.5	50.7	58.1	41.3	40.7%
EBIT	0.2	45.6	45.7	28.4	60.9%
NPBT	(14.9)	29.4	14.6	1.8	nm
NPAT	(9.6)	20.1	10.5	0.9	nm
EPS (c)	(3.1)	6.7	3.6	0.3	nm

Key KPIs

	1H11	2H11	FY11	FY10	Change
<u>Live cattle</u>					
Revenue \$ / head	\$987	\$945	\$961	\$946	1.6%
Total kgs produced (m)	37.8	42.9	80.7	64.2	25.7%
Herd size (000 head)	641.3	24.3	665.6	577.1	15.3%
Brandings (000 head)	96.7	59.6	156.3	127.5	22.6%
<u>Wholesale beef</u>					
Revenue \$ / kg	\$8.20	\$7.74	\$7.94	\$7.74	2.6%
Total kgs produced (m)	7.4	9.6	17.0	14.8	15.2%

Non-recurring items

Meteor Downs

- Profit on sale \$5.9m

Chefs Partner

- Impairment cost \$(3.1)m
- Operating losses \$(2.3)m

\$(5.4)m

Live cattle ban

- Operating losses arising from cattle suspension \$(5-8)m



Financials by segment

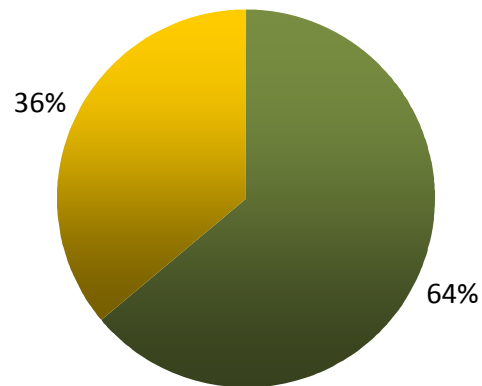
Live cattle

- Live cattle segment was impacted by delays in shipping caused by the suspension
- Cropping operations include cotton (2,429 ha harvested), wheat (2,950 ha harvested) and sorghum (2,920 ha harvested)

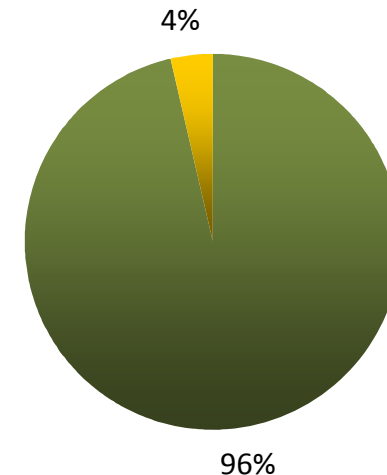
Wholesale beef

- Segment revenue up due to increased volumes
- Branded beef sales¹ rose 18.3%, margins fell due to effects of Japanese earthquake / tsunami and USA competition in Korea
- The spread between grassfed and grainfed cattle narrowed eroding margins

Revenue by segment



EBIT by segment



■ Live Cattle ■ Wholesale Beef

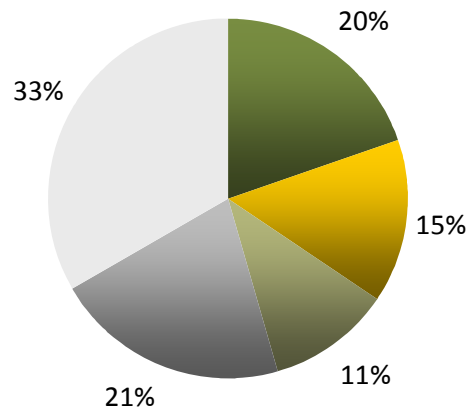
Notes:

1 Branded beef represents the portion of the wholesale beef division which excludes Chefs Partner

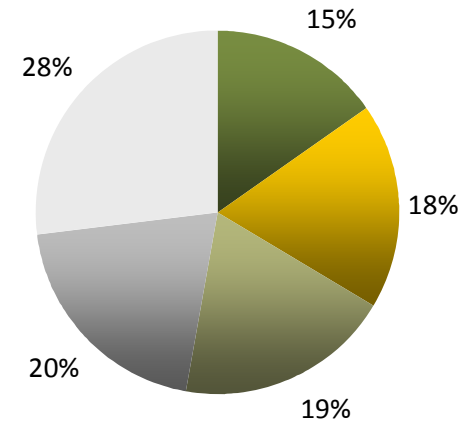


Cattle Trading

Cattle sales FY11



Cattle sales FY10



■ Grass finished
 ■ Short fed grain
 ■ Wagyu
 ■ Breeder and feeder
 ■ Live export

Cattle sales detail (head)

	Grass finished	Short fed grain	Wagyu	Breeder and feeder	Live export	Total sales	ASP (\$/head)
FY11	47,166	35,395	26,563	50,470	80,177	239,771	961
FY10	25,150	30,601	31,530	33,737	44,786	165,804	946



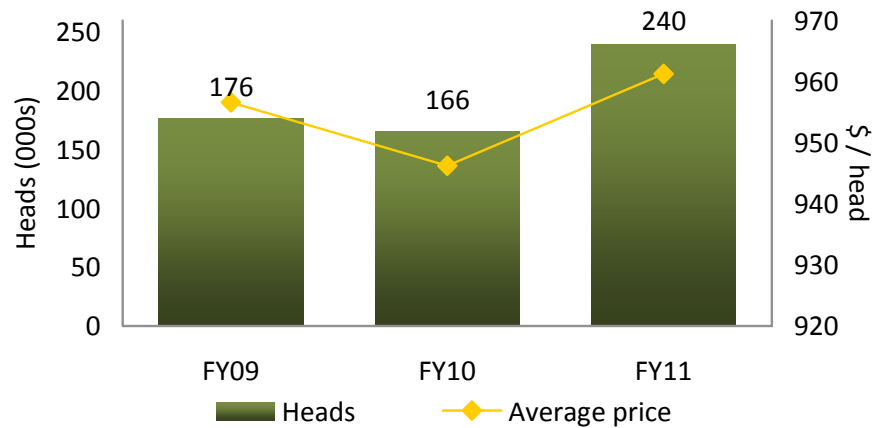
Key operational drivers of FY11 result

- Weather conditions and global supply constraints supportive of material increases in herd numbers and opportunistic purchases
- Average selling price of \$961 / head
- Average book value of cattle \$727 / head (includes unbranded calves)
- Average acquisition price of \$499 / head from Tipperary acquisition
 - FY11 average acquisition price of \$614 / head
- Increased calf brandings arising from improved pregnancy rates
 - 74% of joined females produced live calves

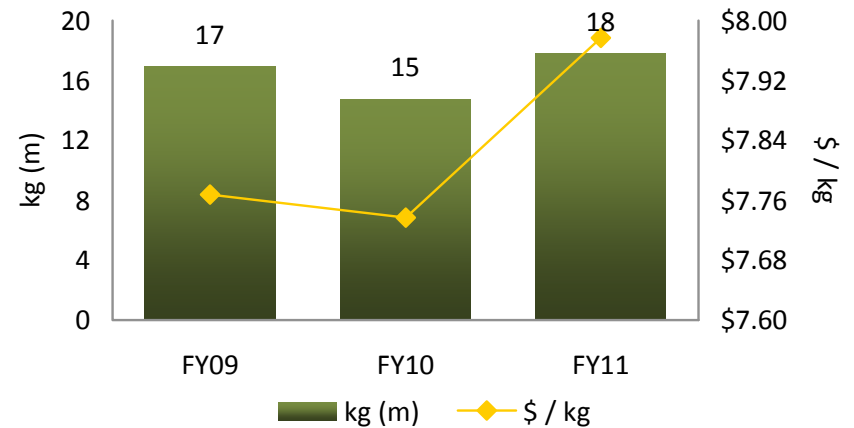


Key operational drivers of FY11 result

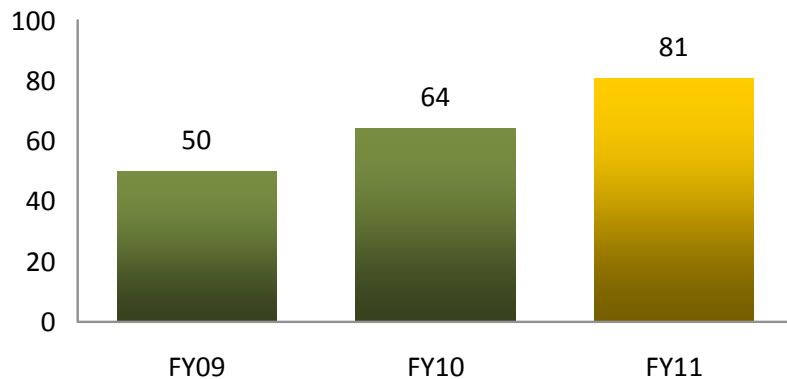
Cattle sold and average selling price



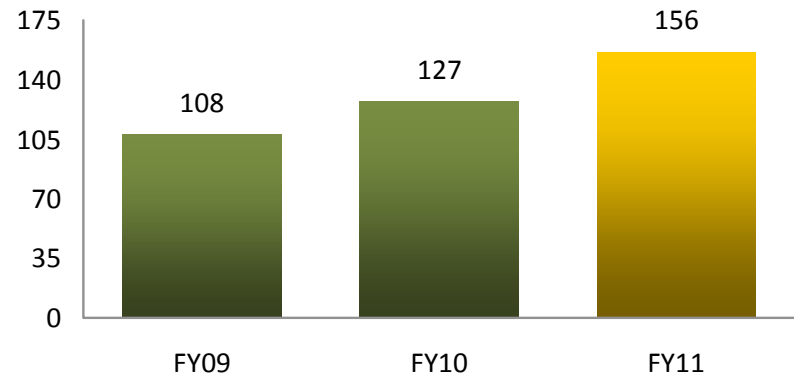
Beef sales and average price / kg



Kilograms produced (m)



Calf brandings (000s)





Positive dynamics

Pricing

- Current pricing environment very strong and expected to continue in light of
 - tightness of global cattle supply; and
 - strong Australian beef prices despite continued high AUD
 - AAco herd and practices aligned with global thematic

Pasture levels

- Excellent rainfall has led to high available water levels in soil and significant accessible pastures
 - current seasonal outlook positive for Australia
 - La Nina conditions continue
 - even without further rain, grassload would be there for at least 6 months

EYCI index (c/kg)



CME Live Cattle Futures (USc/lb)



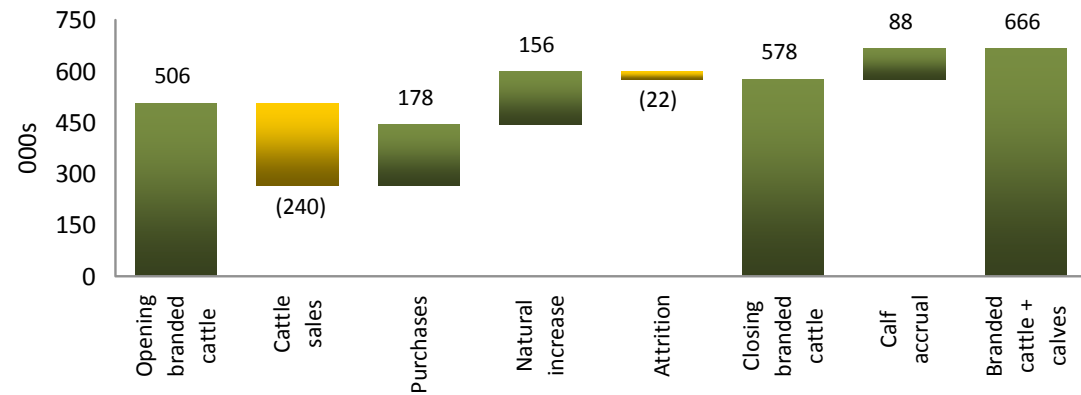


Herd movements

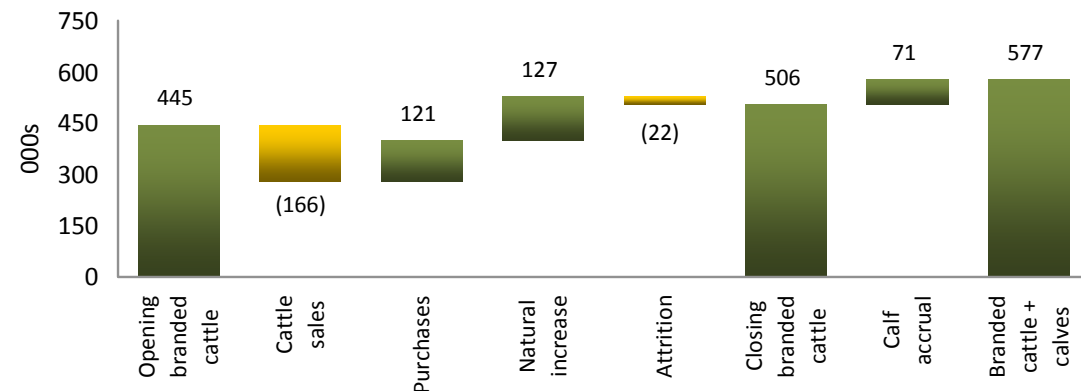
Detail on herd

- Herd growth of ~15% from FY10 herd size of 577,144 branded cattle plus calf accrual
- Composition of herd
 - 91% Composites / Bos Indicus
 - 9% Wagyu
- During 1H12 ACo is intending to sell ~120,000 head of cattle
 - ~120,000 calves are expected to be branded over the same period

FY11 herd movements



FY10 herd movements



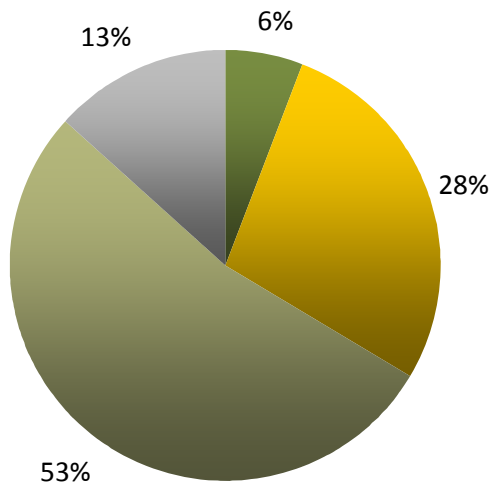
Note: Opening branded cattle is equal to closing branded cattle from prior year



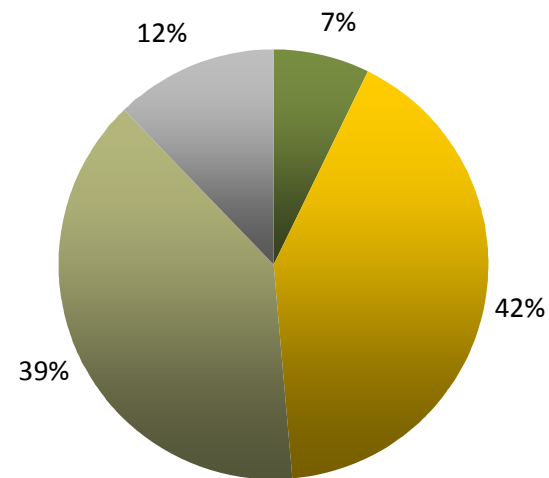
Herd profile

- Current herd size is 665,591 heads, at record levels
- Shift in breeder herd continuing
 - reducing age profile of breeding females in order to increase number of live calves per joining

Herd composition FY11



Herd composition FY10



■ Feedlot ■ Trading ■ Breeders/Bulls/Stud/Calves ■ Calf Accrual



Progress in strategic initiatives

	Progress made?	Description
Improved land utilisation		<ul style="list-style-type: none">• Sale of Meteor Downs above book value• Tipperary Agistment Agreement• Agistment agreements in Northern Territory and areas near South Galway Station in Queensland
Value added processing		<ul style="list-style-type: none">• Feasibility study complete on Northern Territory abattoir development• Expanded beef processing from one to three processing platforms in South East Queensland
Improved herd mix / quality		<ul style="list-style-type: none">• Breeding herd restructure shown improved branding rates• Genetics strengthened through improved bull & cow identification• 2011/12 joining increased heifer numbers to ensure genetic gain & improved herd balance
Cattle trading		<ul style="list-style-type: none">• Increase in grass finished cattle due to excellent seasonal conditions• Positioning of large numbers of export cattle close to Darwin over 2011/12 season to take advantage of high wet season prices.• AAco cattle strategically located prior to wet to maximise kilograms produced




Three year plan update

2010–2011 — Complete

- Rebuild herd 
- Achieve positive profit result 
- Capital raised to fund enlarged asset base / growth 
- Board expanded 

In progress

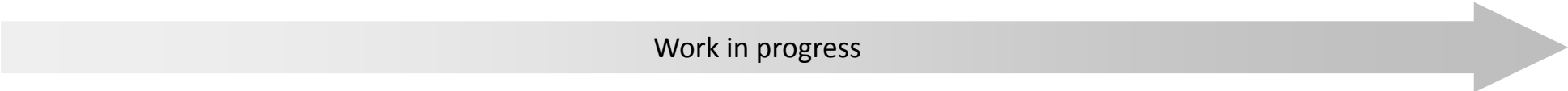
- Vertical integration (design and approvals for NT abattoir)
- Adjust land holdings (Tipperary, Meteor Downs) 
- Increase feedlotting

2012

- Construction of NT abattoir
- Further adjustment of land holdings
- Divestment of underperforming assets
- Continuation of vertical integration plans
- Development of next 3 year strategic plan

2013

- Achieve scale and relevance
- Reward shareholders
- Return to dividend assuming positive FY12 operating cash flow

Work in progress 



Abattoir update

Background

- Processing facility will have the capacity to process up to 1,000 cattle per day at full capacity
- Will produce export beef products, hides and rendered products for export to markets in the US, Europe and Asia

Benefits to Aaco

- Reduced distances, transport and freight costs for northern cattle producers no longer having to truck live cattle large distances to processing plants
- Estimated to produce savings of 6.5 million kilometres per annum

Status update

- Aaco continues to make good progress in its development plans
- A development application was lodged with the Northern Territory Government in September 2011 with approval expected by end of Q1 2012
 - on this basis construction currently expected to complete in ~Q1 2013
- Estimated cost of development including land of \$80-85 million
- Pending government approvals and government infrastructure funding being secured, the Board will be in a position to consider the appropriate capital structure and final project endorsement



Balance sheet

Balance sheet

- Existing bank facility of \$390m, with current headroom of ~\$53m¹
- Commitments received from four banks for a \$450m syndicated facility
 - negotiation complete and execution of binding documentation expected shortly

\$m	FY11	FY10
Cash and cash equivalents	23.4	17.0
Livestock	483.7	411.6
Property	585.5	580.8
Plant and equipment	23.0	18.1
Intangible assets and goodwill	0.0	4.4
Other assets	49.3	40.7
Total assets	1,164.9	1,072.7
Interest bearing liabilities ²	367.6	357.3
Other liabilities	125.3	122.7
Total liabilities	492.9	480.1
Net assets	672.0	592.6

Key balance sheet metrics

\$m	FY11	FY10
Gearing ³	33.9%	36.5%
Net tangible assets/share ⁴	2.15	2.23

Notes:

- 1 Adjusted for \$23.4m cash and cash equivalents held at bank
- 2 Interest bearing liabilities includes bank debt and finance leases (FY11: \$7.6m; FY10: \$2.6m)
- 3 Gearing based on net debt / (net debt + book equity)
- 4 Based on 312.9m undiluted shares on issue at the end of FY11 and 264.3m shares on issue at the end of FY10



NTA breakdown

NTA composition

- The carrying value of property, plant and equipment assets is \$1.94 / share
- The carrying value of herd assets is \$1.55 / share

	FY11	
	A\$m	A\$/share
Cash and cash equivalents	23.4	0.07
Livestock	483.7	1.55
<i>Trading herd</i>	168.4	0.54
<i>Breeding herd</i>	298.5	0.95
<i>Calf accrual</i>	16.8	0.05
Property, plant & equipment	608.5	1.94
Other assets	49.3	0.16
Total assets	1,164.9	3.72
Total liabilities	492.9	1.58
Net assets	672.0	2.15
Intangibles	0.0	0.00
Net tangible assets	672.0	2.15

Note:

1 FY11 based on 312.9m undiluted shares on issue. FY10 based on 264.3m shares on issue



Net debt movement

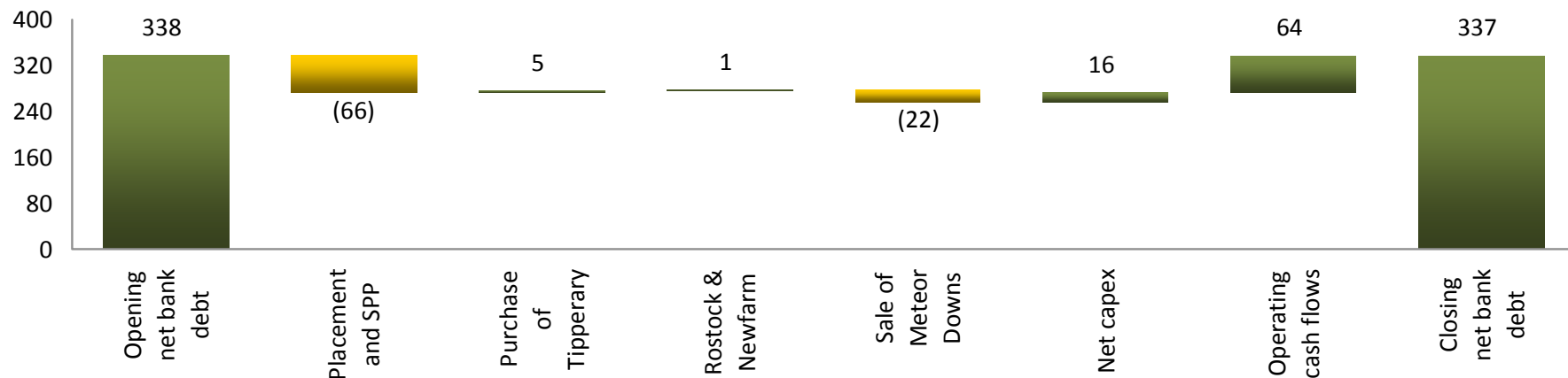
Key debt metrics

- Net debt (including finance leases) up \$4m to \$344m
- Gearing¹ of 33.9%

Cash movements

- Major cash flows in FY11 include
 - \$111.8m investment in herd, including Tipperary purchase of \$27.2m
 - \$22m proceeds received from sale of Meteor Downs

Net bank debt bridge (A\$m)²



Notes:

- 1 Gearing defined as net debt / (net debt + book equity)
- 2 Net bank debt is equal to net debt excluding finance leases of \$7.6m in FY11 and \$2.6m in FY10



Cash flow

Cash flow

Cash flow statement

\$m	FY11	FY10	Change
Net operating cash flow	(64.1)	(48.8)	(15.2)
Net capex	(15.6)	(4.0)	(11.5)
Rostock & Newfarm	(1.4)	0.0	(1.4)
Acquisition of Tipperary ¹	(5.0)	0.0	(5.0)
Sale of Meteor Downs	21.6	0.0	21.6
Net investing cash flow	(0.4)	(4.0)	3.6
Proceeds from share issues (after costs) ²	65.5	0.0	65.5
Net proceeds from borrowings	5.3	60.3	(55.1)
Net financing cash flows	70.8	60.3	10.4
Net change in cash	6.3	7.5	(1.1)

Notes:

- 1 Represents completion payment, remainder of consideration included under net capex
- 2 Proceeds from placement and share purchase plan

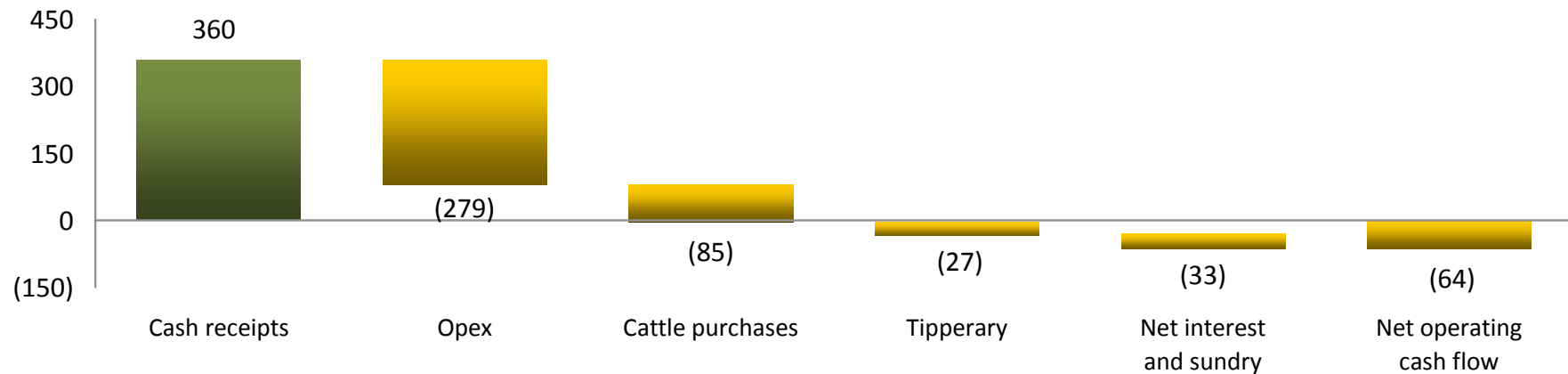


Operating cash flow

Cash flow outlook and dividend

- Currently expected that Aaco will generate an operating cash surplus during FY12
- Subject to cash surplus in FY12, Board will consider recommending return to distributions in 2013

Operating cash flow composition (A\$m)

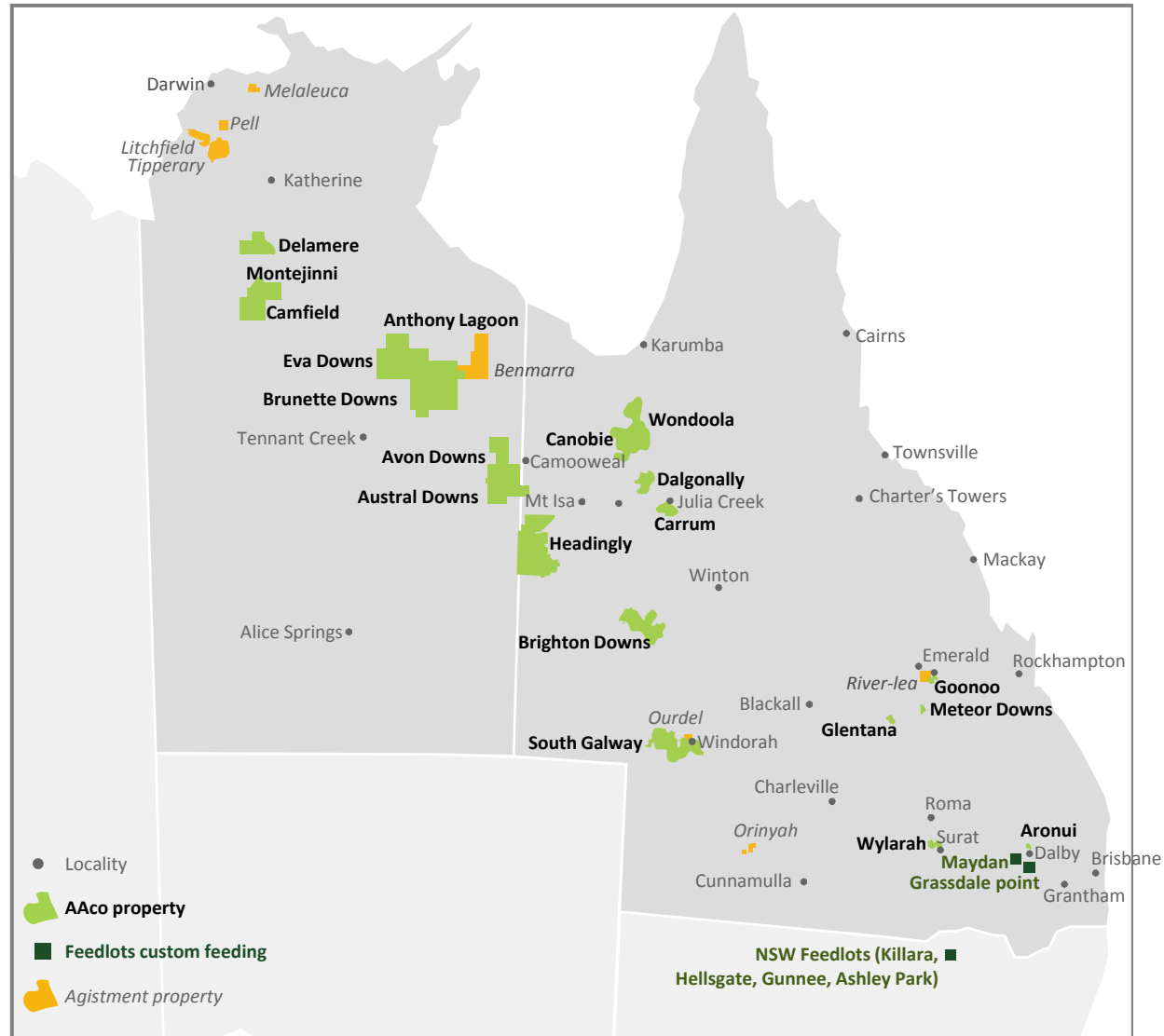




Appendix



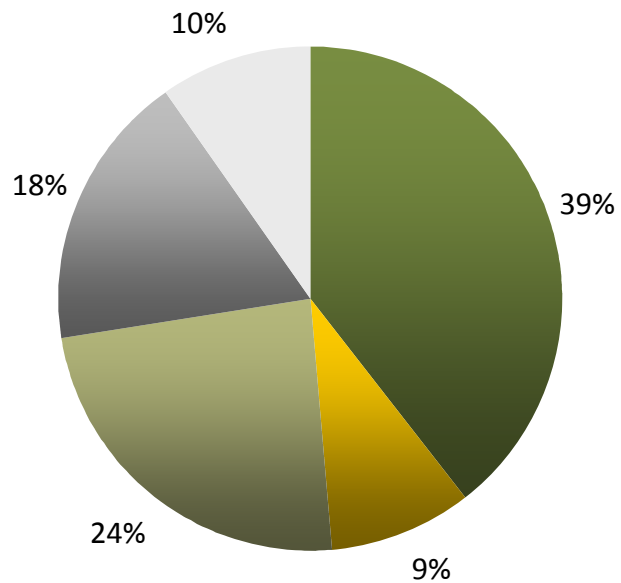
AACO stations profile





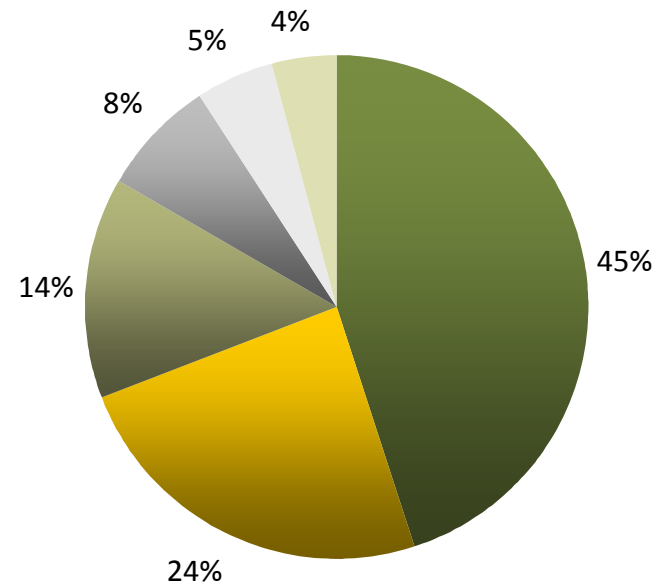
Cattle by breed and location

Cattle by breed



- Brahman composite
- Barkly composite
- Angus composite
- Wagyu
- Gulf composite

Cattle by location



- Barkly
- Gulf
- Darling Downs
- VRG
- Central Qld
- Channel Country