



AUSTRALIAN AGRICULTURAL COMPANY LIMITED

Results Presentation
Half Year ended 30 June 2012





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Financial results summary

Sales

\$178.6m

10.5% increase compared to 1H11

EBITDA ¹

\$8.9m

40.5% increase compared to 1H11

NPAT

\$(4.1m)

53.3% improvement compared to 1H11

Net Debt ²

\$375.8m

Gearing at 36.1% ³

NTA

\$2.13

\$0.06 NTA increase compared to 1H11

Notes:

1 EBITDA is based on loss from continuing operations add back net finance costs add back depreciation , amortisation and impairment

2 Net debt is interest bearing liabilities less cash and cash equivalents

3 Gearing based on net debt / (net debt + book equity)



Summary financial performance

Summary of financial performance of continuing operations¹

\$m	1H12	1H11	Change
Sales	178,577	161,603	10.5%
Finished & Store Cattle gross margin ²	40,491	27,252	48.6%
Wholesale Beef gross margin ³	2,304	4,145	(44.4%)
Farming gross margin ⁴	4,496	4,490	0.1%
Gross operating margin	47,291	35,887	31.8%
EBITDA	8,916	6,348	40.5%
EBIT	4,420	2,392	84.8%
NPBT	(9,697)	(12,950)	25.1%
NPAT	(4,050)	(8,673)	53.3%

Key KPIs

	1H12	1H11	Change
<u>Finished & Store Cattle</u>			
Average Sale Price \$ / head	1,056	987	7.1%
Total kg's produced (mil)	42.0	37.8	11.1%
Herd size ('000 head)	680.1	641.3	6.1%
Brandings ('000 head)	89.2	96.7	(7.8%)
<u>Wholesale Beef</u>			
Revenue \$ / kg	8.47	8.07	5.0%
Total kg's sold (mil)	7.1	7.4	(5.3%)
<u>Farming</u>			
Cotton bales produced ('000)	21.8	11.9	82.4%

1. excludes Chefs Partner

2. Calculated as Cattle sales plus cattle growth and cattle fair value adjustments less deemed cost of cattle sold, cattle expenses, & feedlot expenses.

3. Calculated as Wholesale Beef sales less direct cost of sales

4. Calculated as Farming income less direct farming costs



Financials by segment

Finished & Store Cattle

Cattle sales were stronger than in 1H11 and were derived from 98,306 head at an average delivery price of \$1,056 per head. The increased cattle sales were supported by cattle growth of 42.0 million kg, an 10.9% increase over the same period in 2011.

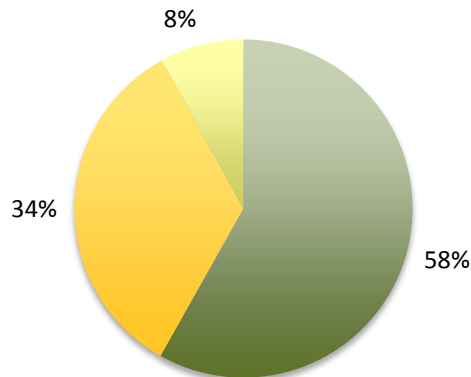
Wholesale Beef

Trading margins are expected to improve in the second half of 2012 due in part to the seasonal demand and in part due to the price structure of the forward purchases. Margins in this business continue to face the challenges of market tightening and the strong Australian dollar.

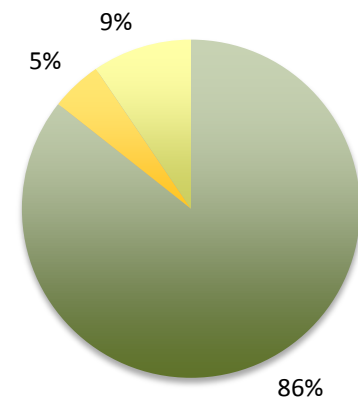
Farming

Farming margins were generated predominantly from cotton sales harvested in 2012 from 2,232ha yielding 9.8 bales per hectare. This gives rise to an estimated 21,793 bales for the 2012 harvest.

Revenue by segment



Gross Margin by segment

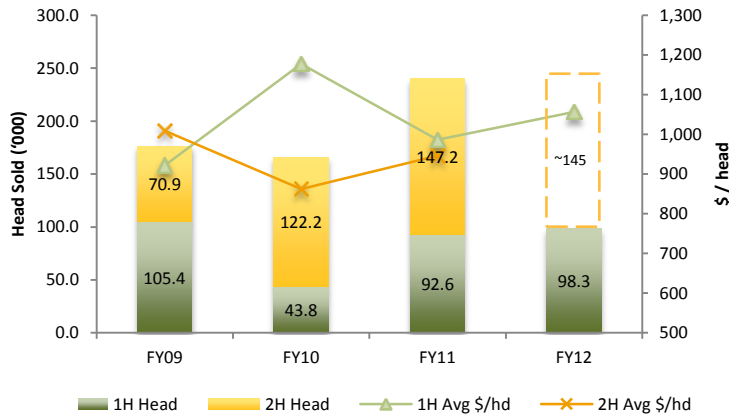


■ Finished & Store Cattle ■ Wholesale Beef ■ Farming

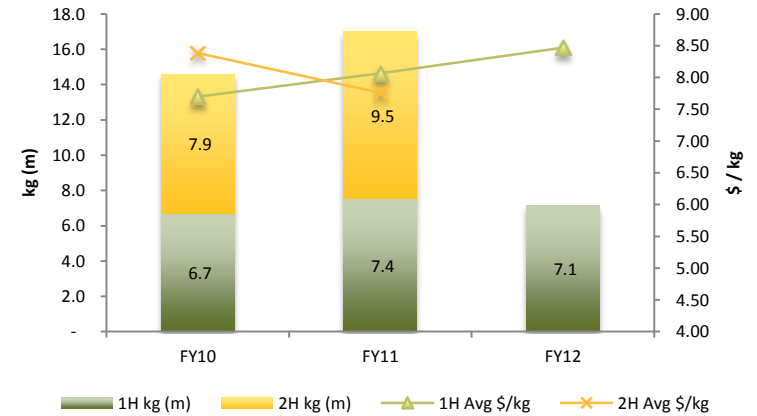


Key operational drivers of 1H12 result

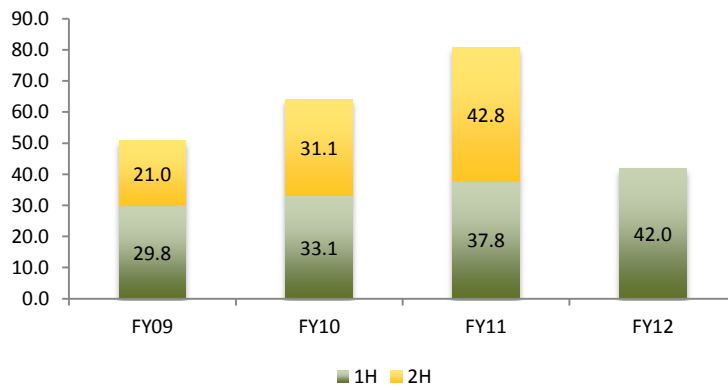
Cattle sold and average selling price¹



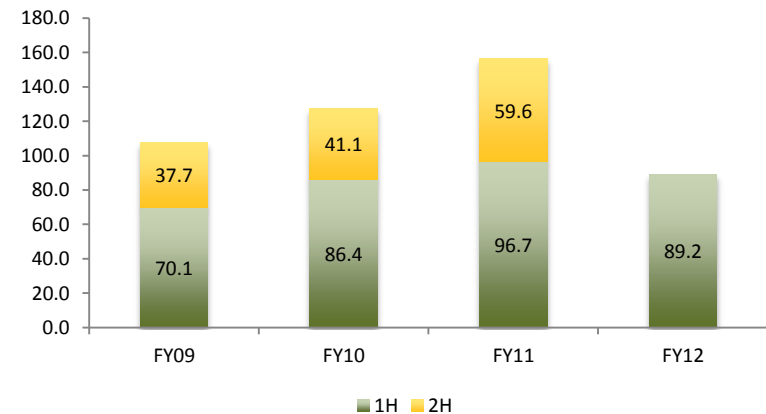
Beef kgs sold and average price / kg



Kilograms produced² (m)



Calf brandings (000s)



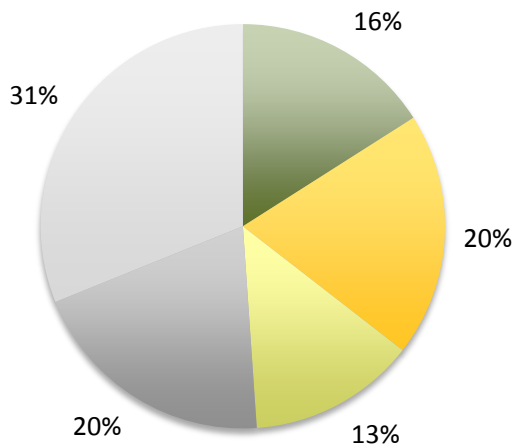
1. Includes internal sales to Wholesale Beef Group

2. Includes calf brandings

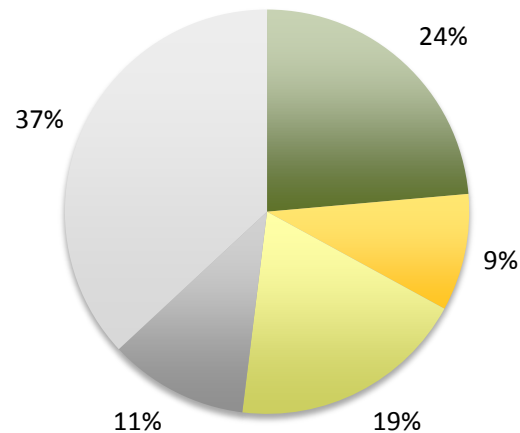


Cattle Trading

Cattle sales 1H11



Cattle sales 1H12



■ Grassfed Finished ■ Shortfed Grain ■ Wagyu ■ Breeder & Feeder ■ Live Export

Cattle sales detail (head)

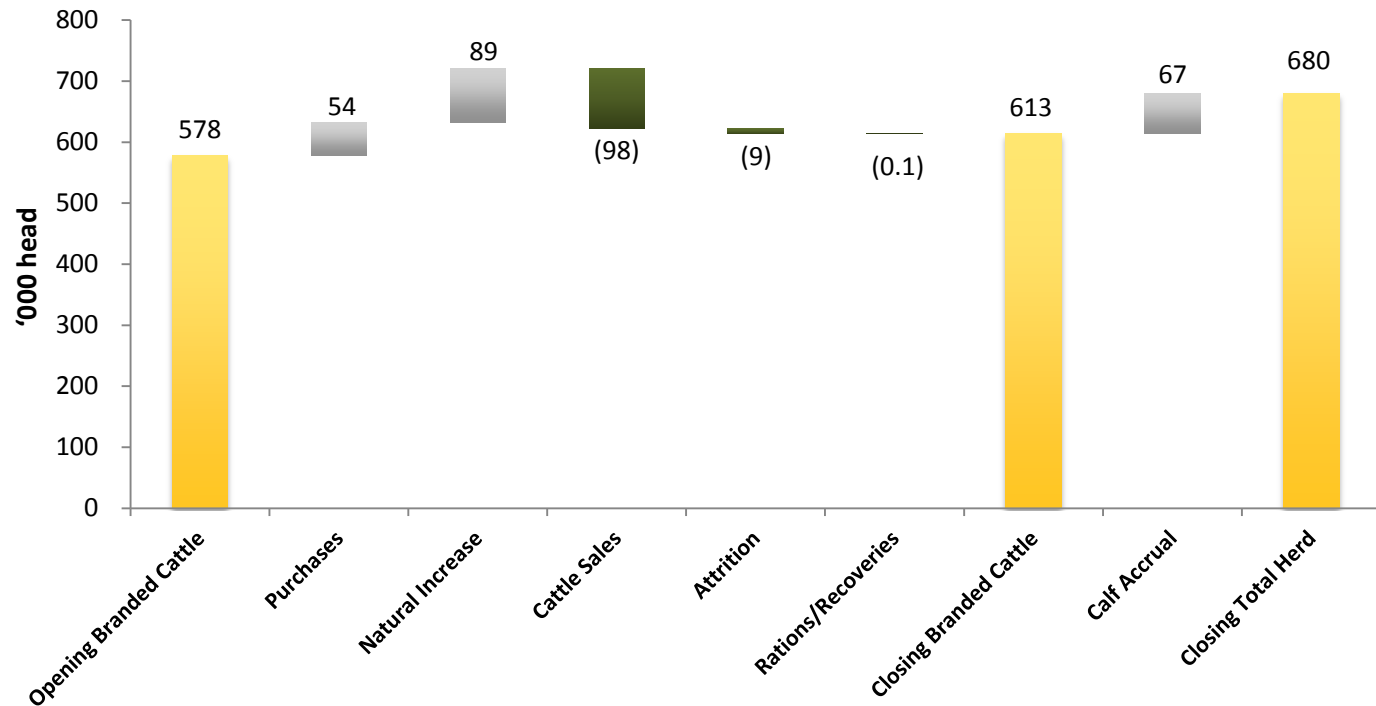
	Grass Finished	Shortfed Grain	Wagyu	Breeder and Feeder	Live Export	Total sales	Average Sale Price (\$/head)
1H12	23,196	9,210	18,668	10,958	36,274	98,306	\$1,056
1H11	14,805	18,070	12,407	18,503	28,792	92,577	\$987
Estimated FY12 ¹	43,500	17,500	35,000	56,000	92,000	244,000	

1. As per ASX announcement 30 May 2012



Herd movements

1H12 herd movements



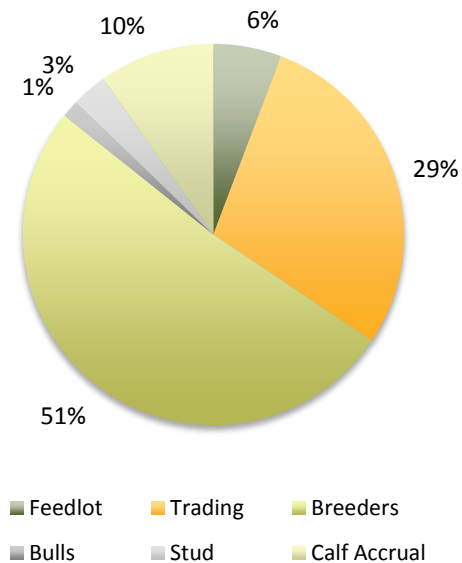
Note: Opening branded cattle is equal to closing branded cattle from prior year



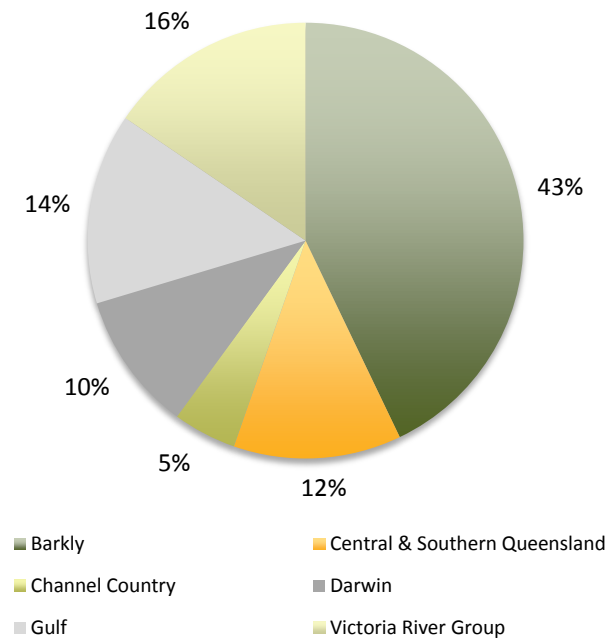
Herd profile

- Current herd size is 680,127 head
- Cattle herd well supported with favourable seasonal conditions across the AACo group

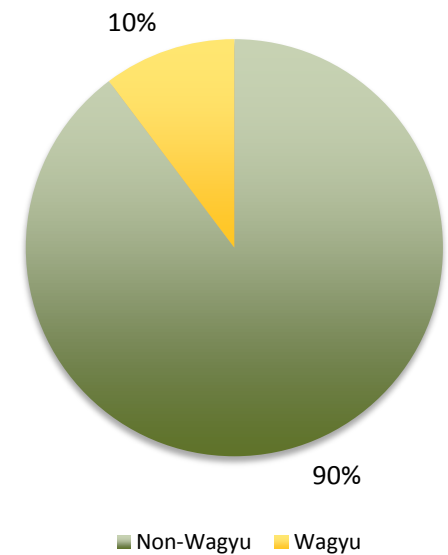
Herd composition 1H12



Herd by location 1H12



Herd by Wagyu/Non-Wagyu 1H12





Herd Profile

AACo is utilising its superior genetics and breeding programs to maximise profitability, as well as deliver cattle to suit end markets

Barkly composite



Brahman composite



Gulf composite



Wagyu program

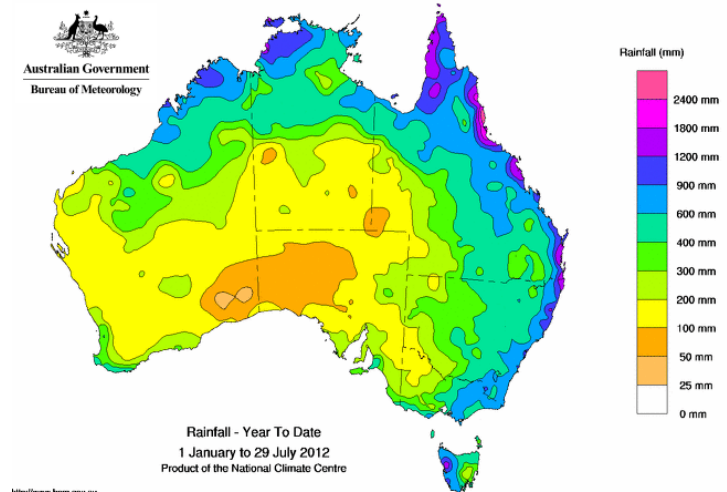




Operational Update

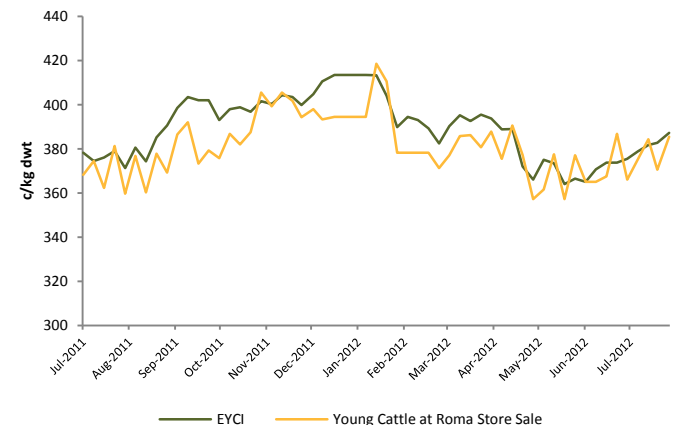
Weather

The first six months of 2012 has seen AACo benefit from rain received in late March and early April. These rains have ensured that AACo has more than sufficient pasture to deliver on management forecasts for 2012. The herds across all properties are in very good condition and the available pasture is expected to promote excellent weight gain. Excellent winter rains have been received across all of AACo's farming land providing a full profile of moisture for winter crops already planted and soon to be planted summer crops.



Pricing

AACo withheld grass finished sales in May and June where possible due to lower prices to gain additional weight and to take advantage of traditional Spring price increases.





Operational Update

Brandings

The branding program for 2012 is c.30,000 head behind program due primarily to the wet weather conditions. In July 2012 a further 25,262 brandings had been recorded and it is anticipated that the program will be closer to plan by the end of August 2012.

Live Export

- AACo live cattle have been exported to 7 countries in 1H12, reducing dependence on Indonesia.
- Strong demand for AACo genetics in Indonesia has meant AACo has retained solid price premiums when overall demand has contracted due to a reduction in import quota.
- Indonesian importers have targeted AACo genetics for their breeding projects.
- AACo has forward sold steers to Indonesian Exporters for \$2.00/kg live weight ex Darwin until end of November 2012.

Australian saleyard and live export cattle prices





Operational Update - Continued

Technology

- AACo continues to roll out the Individual Animal Recognition (IAR) systems that will allow unprecedented management control and selection pressure over the breeding and trading herds.
- IAR will provide AACo with improved data and better visibility on attrition, valuation and performance, on a herd and individual animal basis. These IAR systems will be linked to breeding and production technology to improve overall herd and financial outcomes going forward.

Indigenous Engagement

- Bunuba Cattle Company (BCC) Heads of Agreement.
- Expanding employment and training partnership with the Corella Creek Aboriginal Community (Kukululua People), on AACo Barkly Stations.
- 3 year commitment as host employer for the Indigenous Land Corporation's Real Jobs Program on an increasing number of AACo stations.
- Indigenous employment program for proposed Meat Processing Facility.



Strategy

Stabilise

- After several years of rebuilding, the herd size has stabilised and the company is now in a position to begin generating cash on a sustainable basis and achieve “through the cycle” returns.

Expansion

- Herd will be opportunistically expanded through “asset light” models which leverage AACo’s operational expertise.

Vertical Integration

- Being achieved through Northern Abattoir development.
- AACo will continue to assess other vertical integration opportunities as they arise.

Diversification

- Stronger focus on cropping activities to drive portfolio returns.
- Geographic diversification with new exposure to Western Australia.



Farming

Significant opportunity exists for AACo to increase contributions from cropping to improve returns across its portfolio

Cropping at Goonoo





Darwin Abattoir Update

Background

- Processing facility will have the capacity to process c.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

- Financial returns generated by the abattoir.
- Reduced transport costs and shrinkage for northern cattle producers no longer having to truck live cattle large distances to processing plants.
- Ability to slaughter and replace non-productive cows will lead to significant improvements to the productivity of the herd.
- The facility will underpin the Company's investment in land and livestock in Northern Australia.

Status update

- Exceptional Development Permit (EDP) granted subject to a number of conditions precedent.
- Conditions Precedent to EDP have now been met or are capable of being met.
- 600ha (of which approximately 14ha will be occupied by the abattoir) site 50km south of Darwin purchased in July for \$14.2m¹.
- The AACo Board has agreed to release an Information Memorandum to seek investment partners for the Darwin Meat Processing Facility. AACo will hold a controlling interest in the company developing the facility.

1. Including stamp duty and other costs



Balance sheet

Balance sheet

- Existing bank facilities of \$450m, with current headroom of ~\$84m¹ (sufficient to finance AACo's commitment to Darwin Abattoir)

\$m	1H12	1H11
Cash and cash equivalents	16.7	20.1
Livestock	492.9	453.7
Property, Plant and equipment	631.1	601.8
Inventories	31.4	25.8
Other assets	31.7	27.7
Total assets	1,203.8	1,129.1
Interest bearing liabilities ²	392.5	362.0
Other liabilities	144.8	122.4
Total liabilities	537.3	484.4
Net assets	666.4	644.7

Key balance sheet metrics

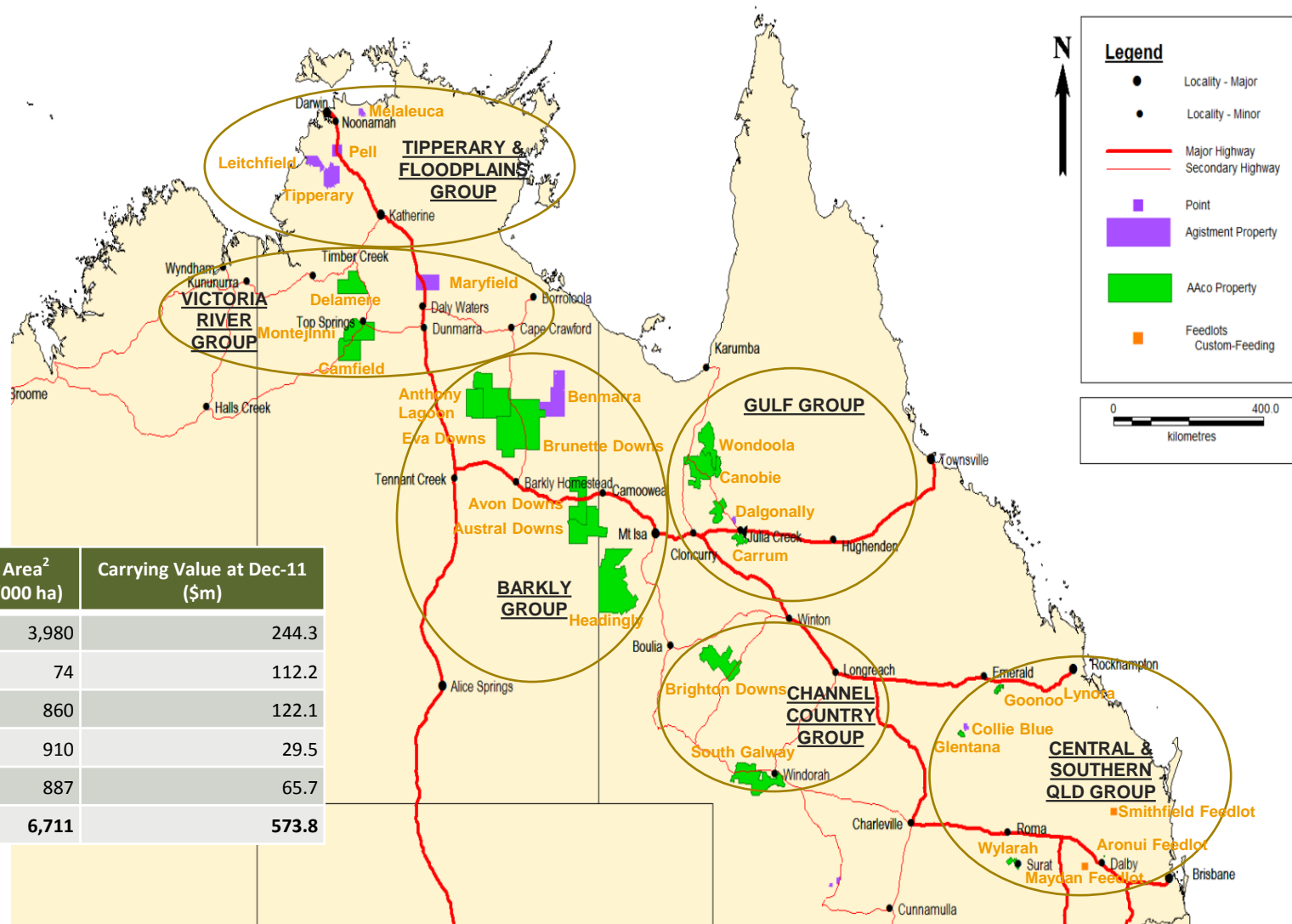
	1H12	1H11
Gearing ³	36.1%	33.9%
Net tangible assets/share ⁴	2.13	2.07

Notes:

- Adjusted for \$16.7m cash and cash equivalents held at bank
- Interest bearing liabilities includes bank debt and finance leases (1H12: \$9.5m; 1H11: \$2.2m)
- Gearing based on net debt / (net debt + book equity)
- Based on 312.9m undiluted shares on issue at the end of 1H12 and 312.0m shares on issue at the end of 1H11



AA Co Property Portfolio



Region	Area ² ('000 ha)	Carrying Value at Dec-11 (\$m)
Barkly	3,980	244.3
Central & Southern QLD	74	112.2
Gulf	860	122.1
Channel	910	29.5
Victoria River	887	65.7
Total	6,711	573.8

1. All properties in Tipperary & Floodplains Group are leased or agisted
2. Excludes agisted properties



NTA breakdown

NTA composition

- The carrying value of property, plant and equipment assets is \$2.02 / share
- The carrying value of herd assets is \$1.58 / share

	1H12	
	A\$m	A\$/share ¹
Cash and cash equivalents	16.7	0.05
Livestock	490.6	1.57
Trading herd	166.7	0.53
Breeding herd	306.9	0.98
Calf accrual	17.3	0.06
Property, plant & equipment	631.1	2.02
Inventories ²	33.7	0.11
Other assets	31.7	0.10
Total assets	1,203.8	3.85
Total liabilities	537.3	1.72
Net assets	666.4	2.13
Intangibles	0.0	0.00
Net tangible assets	666.4	2.13

Note:

1 1H12 based on 312.9m undiluted shares on issue

2 Includes \$2.3 million in horses



Cash flow

Cash flow

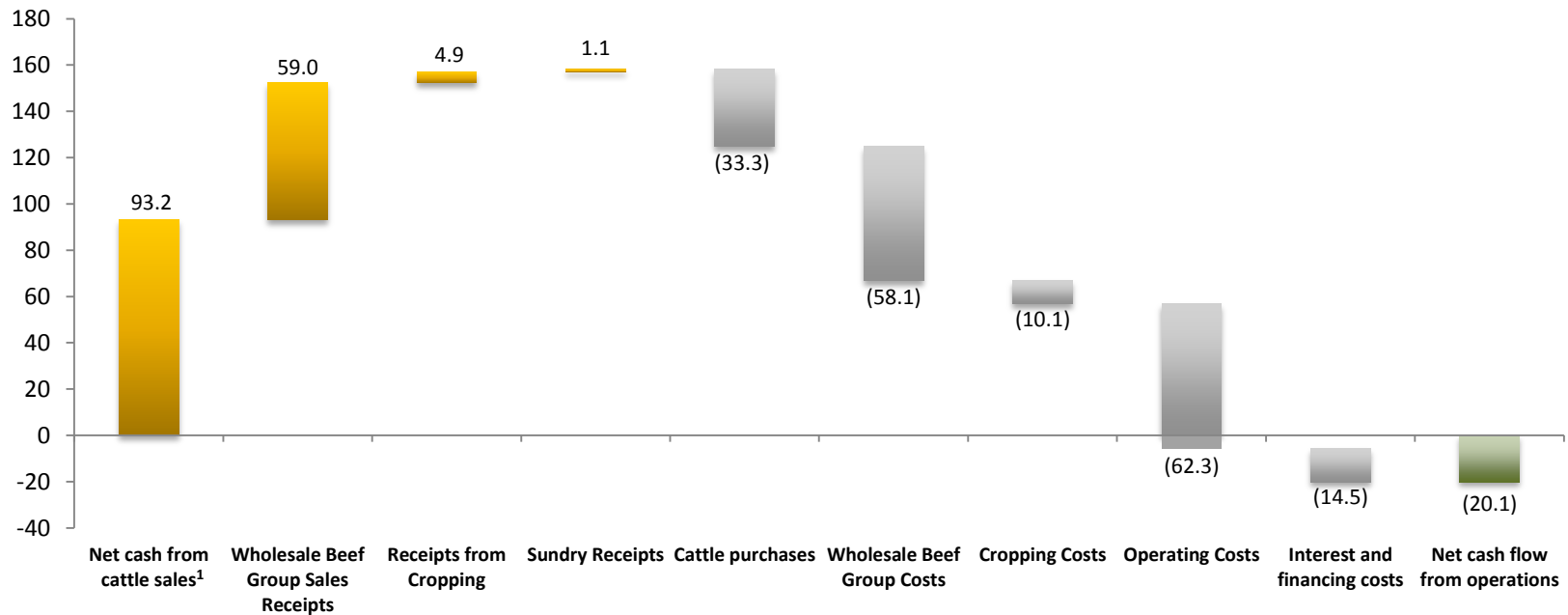
Cash flow statement

\$m	1H12	1H11	\$ Change
Net operating cash flow	(20.1)	(56.9)	36.8
Net capex	(9.8)	(2.7)	(7.1)
Proceeds from / (Payment for) PPE	1.0	(2.9)	3.9
Acquisition of Tipperary	-	(5.0)	5.0
Advance to associate entity (Darwin Abattoir)	(2.0)	-	(2.0)
Net investing cash flow	(10.8)	(10.6)	(0.2)
Proceeds from share issues (after costs)	1.3	65.5	(64.2)
Net proceeds from borrowings	23.0	5.0	18.0
Net financing cash flows	24.3	70.6	(46.3)
Net change in cash	(6.6)	3.1	(9.7)



Operating cash flow

Operating cash flow composition 1H12 (A\$m)



1. After selling and transfer costs



2nd Half 2012 Outlook

Sales

Cattle sales are expected to accelerate in the second half of the year. In July 2012, a further 25,346 head have been sold

Pricing

The US drought continues to put pressure on grain prices which is likely to put upward pressure on global meat prices

Cash flow outlook

Higher cattle turnoffs and turnoff weights in the second half of 2012 with lower cattle purchases than last calendar year will give rise to strong positive operating cashflows in the second half of 2012

The Company is committed to the reinstatement of dividends and has previously foreshadowed that on a return to positive operational cashflows the Directors will consider a return to dividends

Corn and Wheat Spot Prices

