

AUSTRALIAN AGRICULTURAL COMPANY LIMITED

Financial Results

for the half-year ended 30 September 2013

7 November 2013

Disclaimer

Important information

Summary information only

This presentation contains general information about the Australian Agricultural Company Limited and its consolidated entities ("AACo") and its activities current as at the date of this presentation. It is provided in summary and does not purport to be complete. **This presentation should be read in conjunction with the Appendix 4D and Half-Year Financial Report for the Half-Year ended 30 September 2013.**

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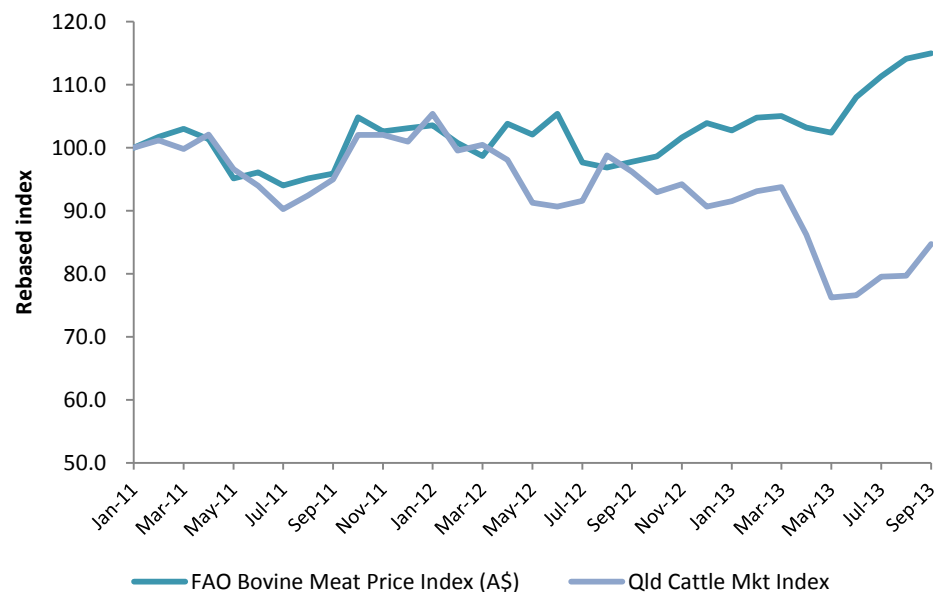
Business Overview

- > > AACo well positioned to execute on its strategic agenda with a significantly strengthened balance sheet following completion of the \$299 million Capital Raising in mid-October
- > Experienced AACo Board and management team focussed on driving Return on Capital Employed
- > Search process for a new CEO has attracted a field of high quality candidates – process is continuing and Board update will be provided as and when appropriate
- > Near-term internal focus on optimising trading outcomes, reducing costs as well as improving the quality of assets:
 - > increase in land productivity
 - > improved herd profile, fertility and genetics
- > AACo's strategic shift towards a less volatile, vertically integrated, customer-led model is progressing to plan:
 - > improved Branded Beef results
 - > development of the Darwin beef processing facility currently on schedule and on budget

Business Overview (cont'd)

- Improving global trading environment:
 - promising signals from new Federal Government on negotiation of Free Trade Agreements and re-opening of Indonesian live trade
 - burgeoning global beef demand thematic remains strong

Global beef price vs. domestic cattle prices



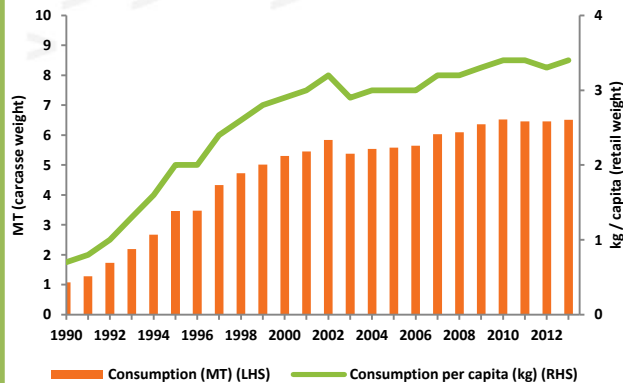
Source: FAO, NLRS

Business Overview (cont'd)

The success of AACo's strategy depends on securing a fraction of burgeoning global beef demand

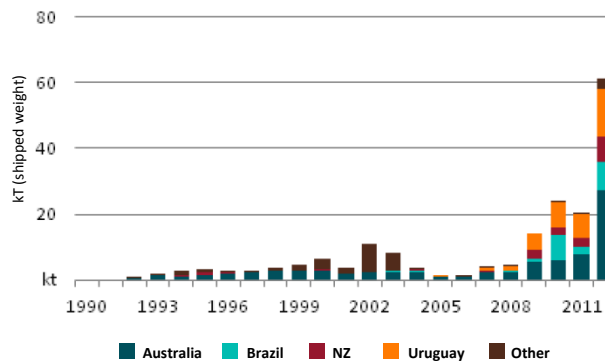
China

Beef Consumption



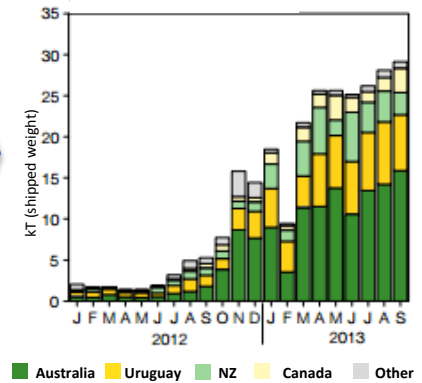
Source: OECD-FAO Agricultural Outlook 2013-2022

Beef Imports 1990 to 2012



Source: ABARES, Research Report 13.12, October 2013

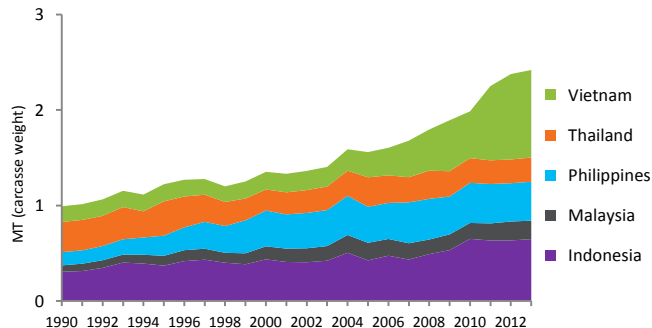
Beef Imports to Sep 2013



Source: Meat & Livestock Australia

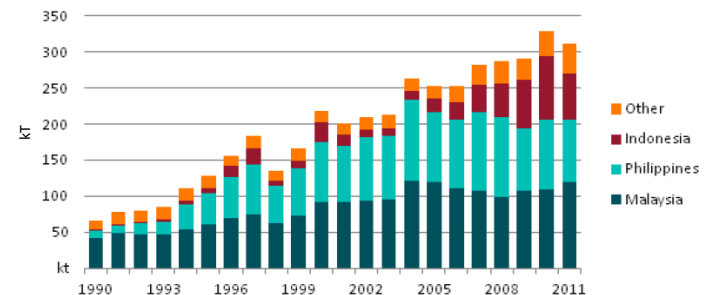
ASEAN

Beef Consumption



Source: OECD-FAO Agricultural Outlook 2013-2022

Beef Imports



Note: Boneless weight equivalent, excluding intra-regional trade

Source: ABARES, Research Report 13.12, October 2013

Results Overview

- > Half year results to 30 September 2013 adversely affected by continuing drought conditions and the ongoing negative effects of the 2011 temporary suspension of live exports
- > Adverse impact of slump in domestic cattle markets partially mitigated through a timely and well-executed sales program
- > Live export cattle sales remained challenging due to limited improvement in Indonesian import permit numbers and conditions
- > Branded Beef division margins showing significant improvements - key positive milestone consistent with the Group's strategy of moving closer to the customer and consumer
- > \$4.5 million Operating Cash Flow improvement compared to the prior corresponding period, despite a volatile environment with significant increased feed and transport costs

Summary financial results for 6 months to 30 September 2013

> Sales	\$177.7m	decrease of \$15.6m compared to the pcp ¹
> EBITDA ²	\$(28.8)m	decrease of \$21.5m compared to the pcp
> EBITDA (excl. Market Value Changes ³)	\$(34.3)m	decrease of \$35.7m compared to the pcp
> NPAT	\$(31.6)m	decrease of \$13.0m compared to the pcp
> Operating Cash Flow	\$(1.0)m	increase of \$4.5m compared to the pcp
> Gearing ⁴	31.5%	decrease of 6.5% compared to 30 September 2012
> Net tangible assets ⁵	\$1.58/share	decrease of \$0.49/share compared to 30 September 2012

Notes:

1. Prior corresponding period (pcp) – 6 months to 30 September 2012
2. EBITDA represents Net Profit After Tax (NPAT) + tax expense + finance costs + depreciation, amortisation and impairment
3. Refer to slide 10 for a reconciliation of non-IFRS disclosures
4. Assuming all of the capital raising proceeds had settled prior to 30 September 2013, the gearing of the Group would have been 19.4%
5. Assuming all of the capital raising proceeds had settled prior to 30 September 2013, the Group's NTA/share would have been \$1.44/share. Assuming no capital raising prior to 30 September 2013, the Group's NTA/share would have been \$1.77/share. NTA includes leased land assets

Summary financial performance

\$m	6 months to 30 Sep 2013	6 months to 30 Sep 2012	Change (\$m)
Sales	177.7	193.3	(15.6)
Cattle gross margin ¹	1.5	27.8	(26.3)
Branded Beef gross margin	7.2	1.7	5.5
Farming gross margin	2.7	4.9	(2.2)
Gross operating margin	11.4	34.4	(23.0)
EBITDA	(28.8)	(7.3)	(21.5)
EBITDA excl. Market Value Changes ²	(34.3)	1.4	(35.7)
NPBT	(46.1)	(25.6)	(20.5)
NPAT	(31.6)	(18.7)	(12.9)
Operating Cash Flow	(1.0)	(5.5)	4.5

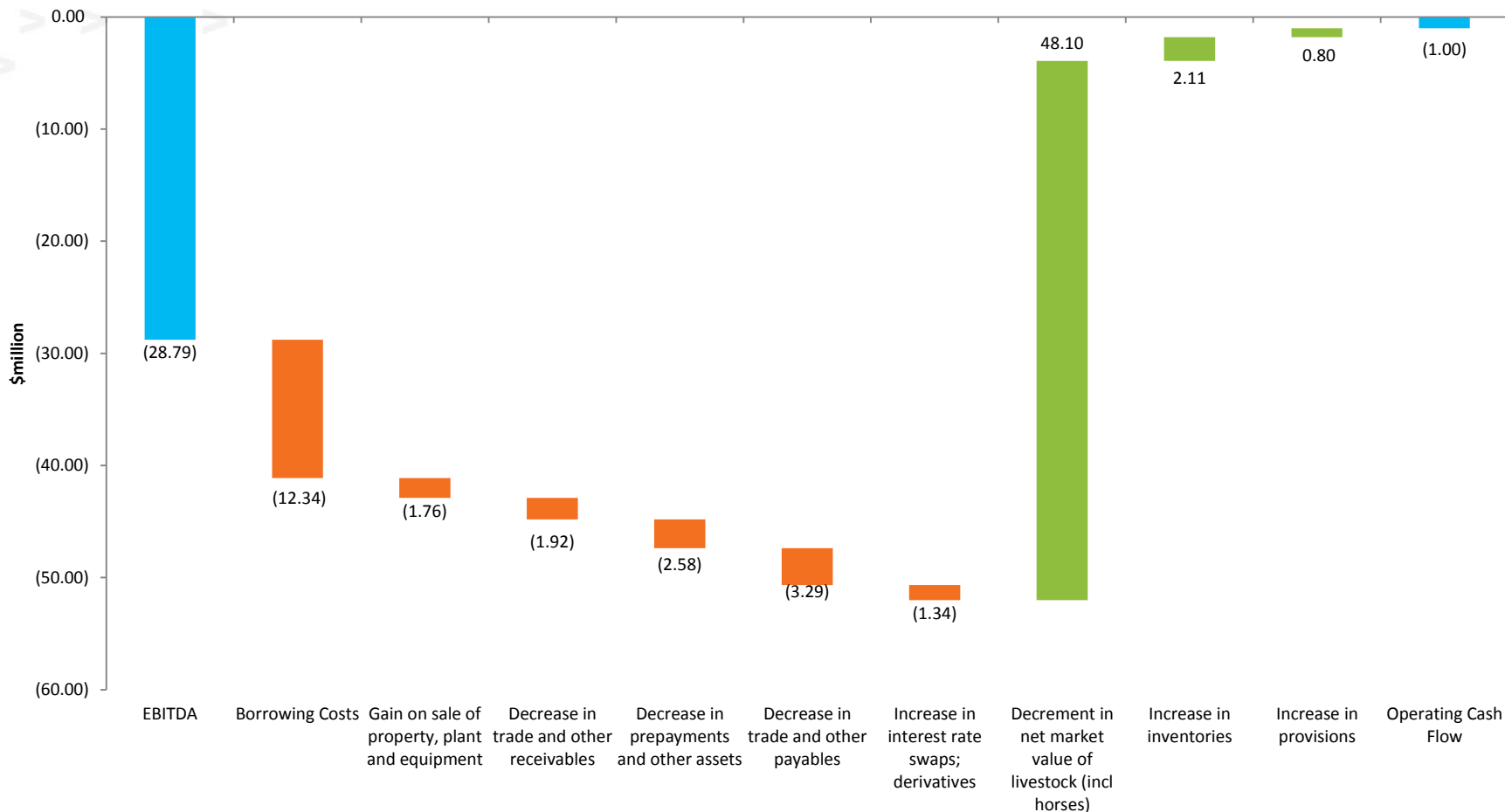
Key Performance Indicators	6 months to 30 Sep 2013	6 months to 30 Sep 2012	Change (%)
<u>Finished & Store cattle</u>			
Average Sale Price \$ / kg liveweight	1.77	2.01	(11.9%)
Total liveweight kg's sold (m)	71.2	67.6	5.3%
Total liveweight kg's produced ³ (m)	44.7	57.7	(22.5%)
Herd size (including calf accural) ('000 head)	551.6	646.0	(14.6%)
Brandings ('000 head)	134.7	146.3	(7.9%)
<u>Branded Beef</u>			
Revenue \$ / kg	\$9.33	\$8.01	16.5%
Total kg's sold (m)	9.0	9.5	(5.3%)
<u>Farming</u>			
Cotton harvested ('000 bales)	7.3	20.5	(64.5%)
Wheat harvested ('000 tonnes)	4.0	0.0	n.a.

Notes:

1. Gross margin represents cattle sales plus growth less fair value adjustments less cost of cattle sold less direct cattle expenses
2. Refer to slide 10 for a reconciliation of non-IFRS disclosures
3. Kg's produced is the inventory kg's produced on the stations including brandings

EBITDA to Operating Cash Flow Reconciliation

EBITDA has been significantly affected by a number of non-cash livestock valuation movements, while Operating Cash Flow is ahead of the pc



Statutory EBITDA to 'Cash' EBITDA Reconciliation

(\$ million)	6 months to 30 Sep 2013	6 months to 30 Sep 2012	Change
Statutory EBITDA ¹	(28,787)	(7,329)	(21,458)
Add back: non-cash Market Value Changes to Livestock ²	(5,562)	8,697	
EBITDA ex. Market Value Changes	(34,349)	1,368	(35,716)
Add Back: other non-cash Fair Value Adjustments to Livestock ³	53,658	9,420	
'Cash' EBITDA	19,309	10,788	8,522

Notes:

1. Earnings before interest, tax, depreciation and amortisation as per Director's Report
2. Market Value Changes arise due to non-cash mark-to-market adjustments to the AACo herd
3. Other non-cash Fair Value Adjustments consist of a combination of non-cash items including births, deaths and breeder-herd amortisation, cattle growth and inventory value of sales and purchases

AACo Branded Beef - Overview



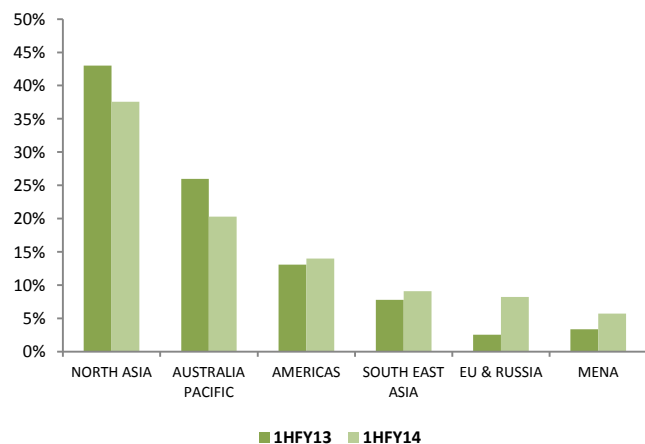
- > AACo sells high quality beef to more than 30 countries
- > AACo is focussed on investing in appropriate channel and brand marketing strategies to increase gross margins for its products
- > In October 2013 AACo was awarded two gold medals by the Australian Wagyu Association in the following categories:
 - > AACo's flagship Master Kobe brand in the Full-Blood Wagyu category
 - > Kobe Cuisine brand in the Crossbred Wagyu category
- > AACo was named the winner of the Premier of Queensland's Agribusiness Export Award for the second year in a row in October 2013



AACo Branded Beef - Results

- > Management initiatives around price optimisation, cost control, yield maximisation and working capital management have driven strong results in the Branded Beef division
- > These initiatives have positioned the Branded Beef division to take advantage of any improvements in, albeit volatile, currency conditions
- > Increased sales by \$7.7 million or 10% compared to the pcg
- > Increased average sales price per kg for both Wagyu (\$10.76 vs \$9.93) and non-Wagyu (\$6.35 vs \$6.24) compared to the pcg
- > Increased gross margin by \$5.5 million or 323% compared to the pcg

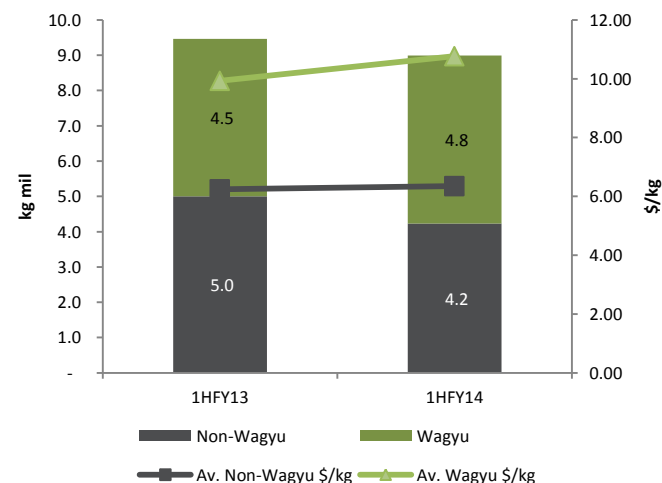
Beef \$ Sales by Region



Beef \$ Sales by Product (%)



Beef Sales by Volume (kg mil)



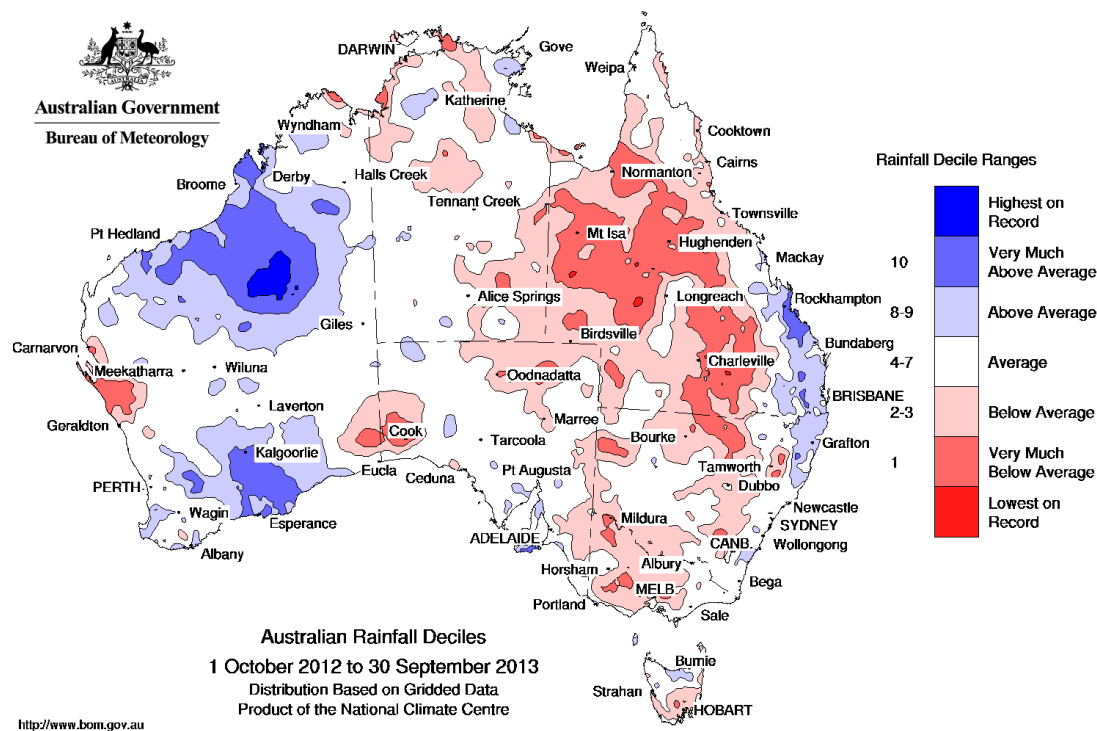
AACo Operations - Overview

- > Trading herd - both weight gained and total size of herd is down compared to the pcg due to the drier conditions
- > Breeding herd - dry conditions have resulted in an earlier weaning and sales program, however Core and Elite Breeding Cows have been retained
- > Breeding Cow and Heifer management has remained a priority to set up the breeding herd for success in future years
- > Significant property development program in progress to improve utilisation of AACo's existing grass resources and reduce agistment costs during the current drought

AACo Operations - Climate

Poor climatic conditions are currently the key driver of depressed domestic cattle market prices. Conditions on some properties are at 'lowest on record' levels

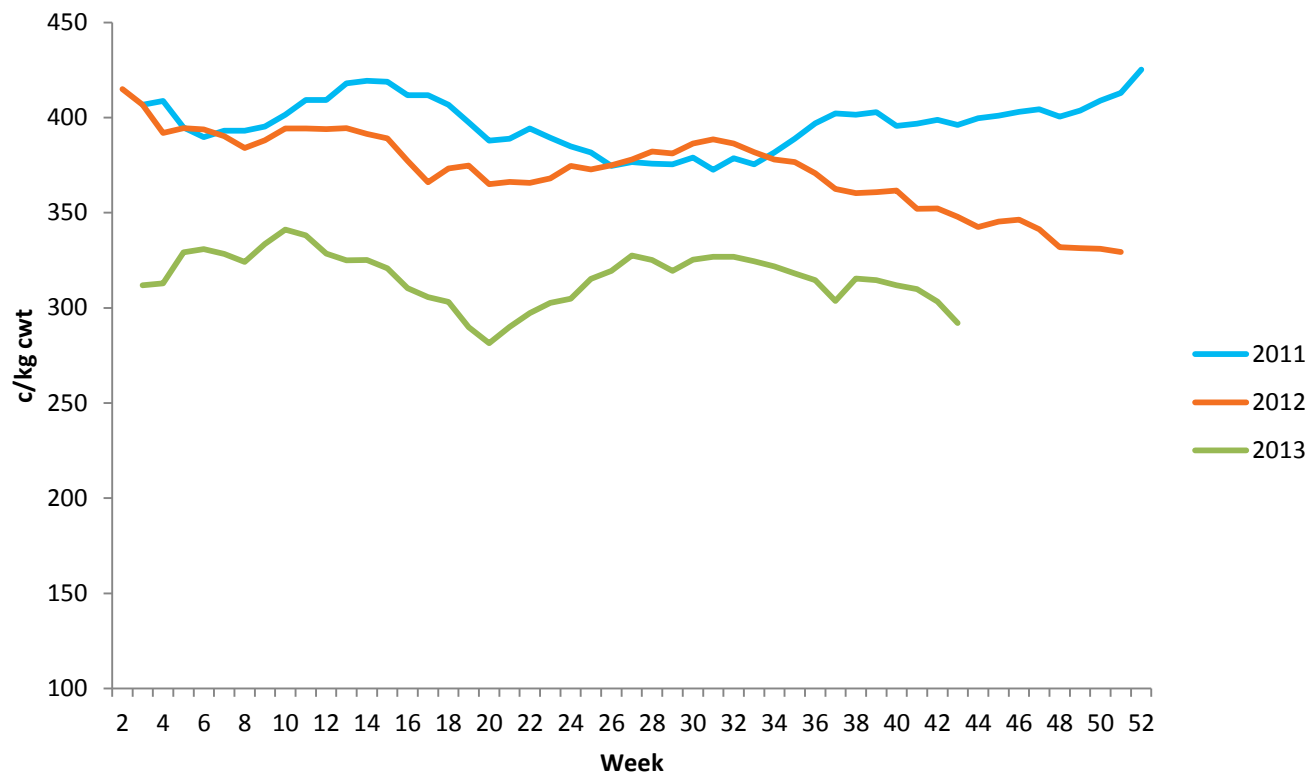
Australian Rainfall Deciles since 1 October 2012



AACo Operations - Markets

Domestic cattle prices continue to be depressed

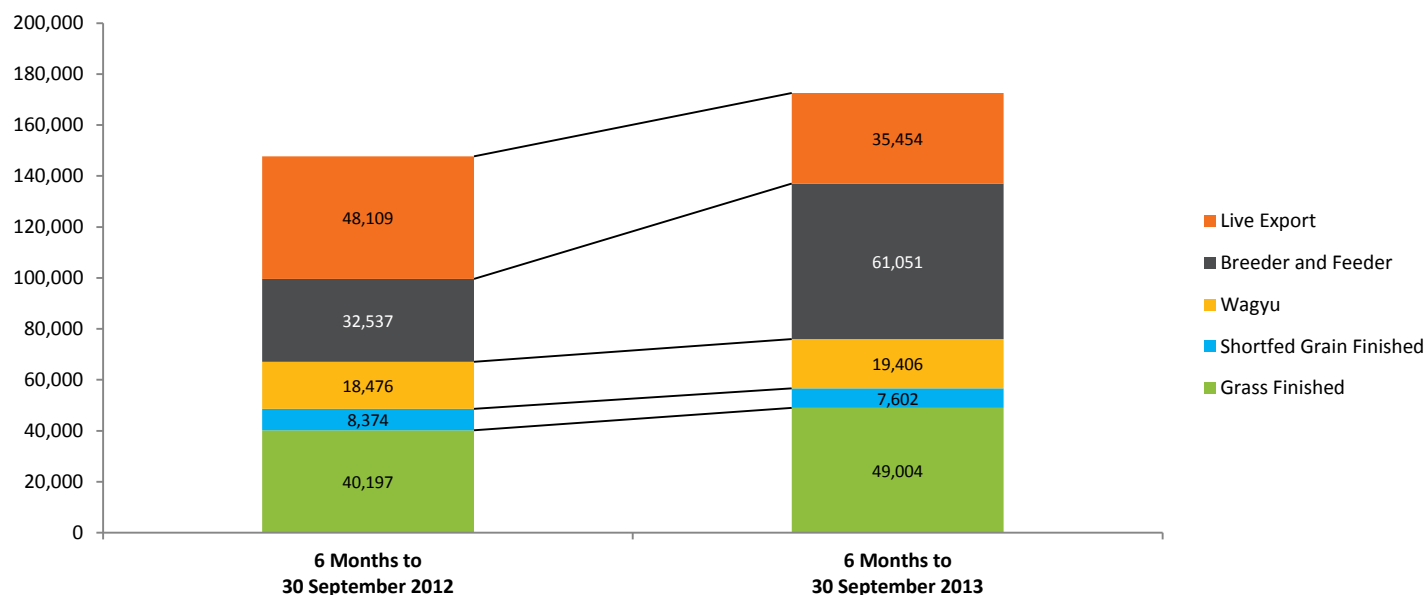
Eastern Young Cattle Indicator (EYCI)



AACo Operations - Cattle Sales

The 6 months to 30 September 2013 has seen a significant lift in Grass Finished as well as Breeder and Feeder cattle sales at substantially lower prices compared to the pcp due to the impact of drier conditions, combined with a reduction in Live Export sales

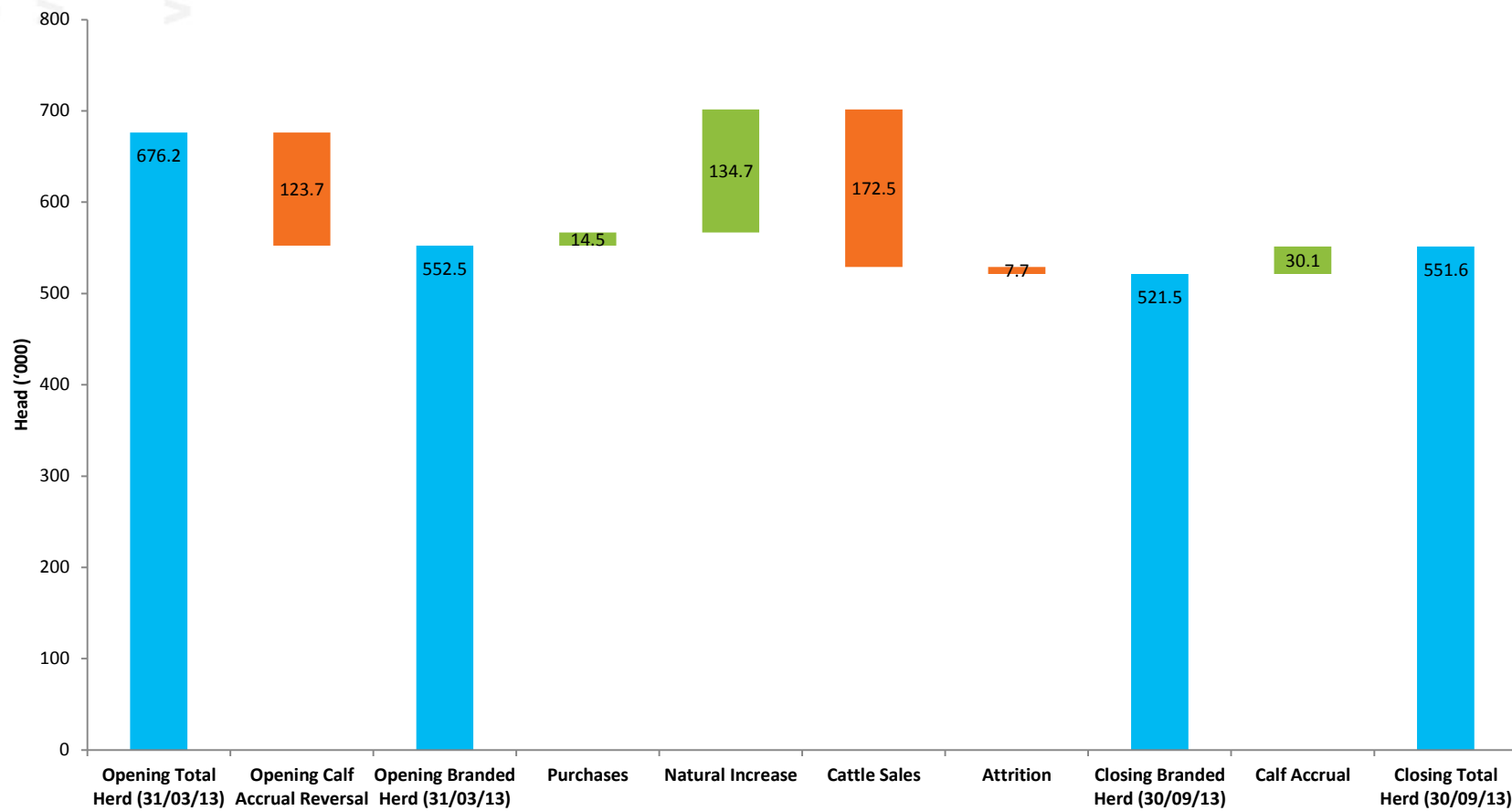
Cattle sales (head)



Cattle sales detail (head)

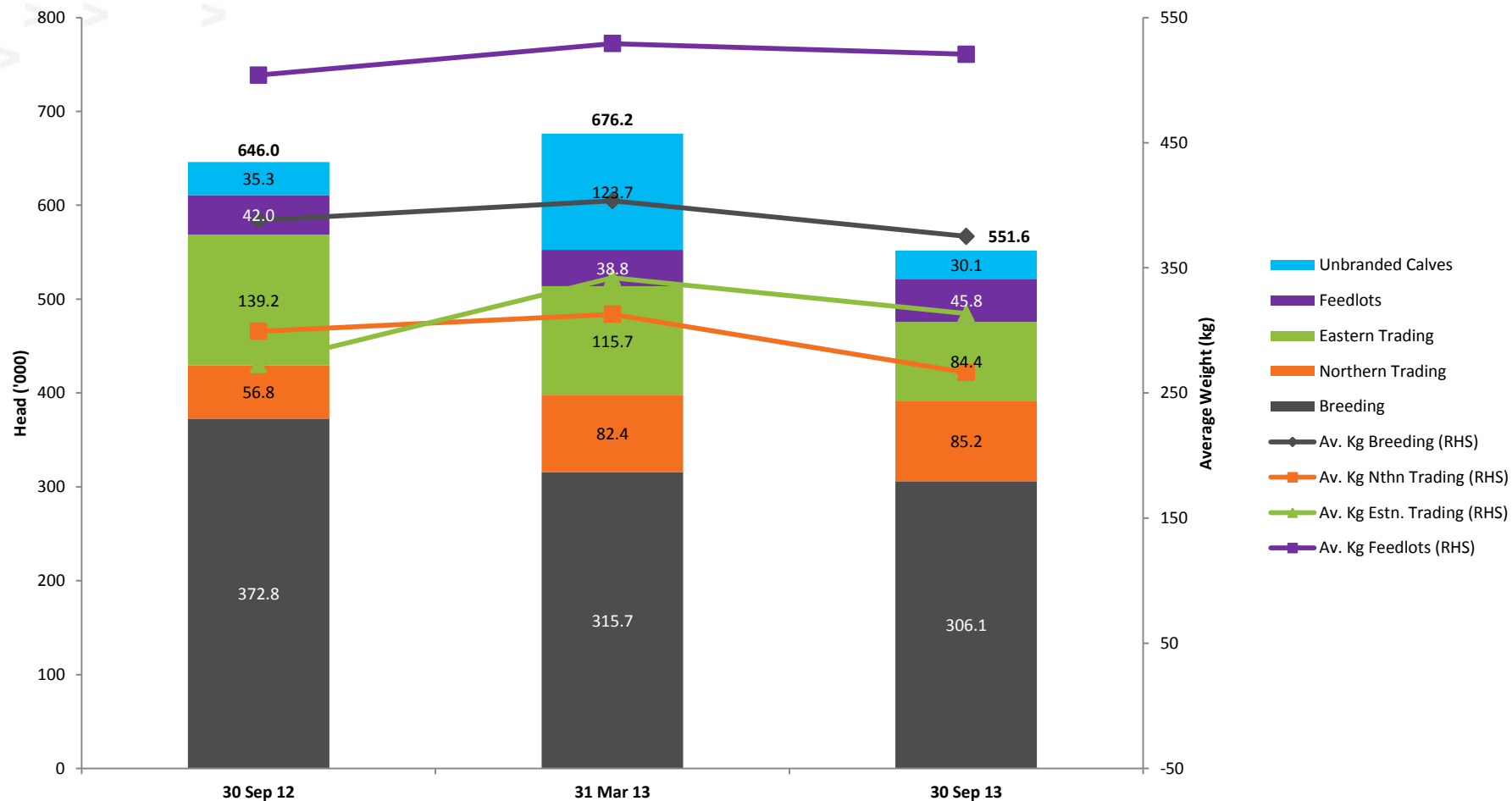
	Grass Finished	Shortfed Grain Finished		Wagyu		Breeder and Feeder	Live Export	Total sales	Av. Sale Price (\$/head)
		Internal	External	Internal	External				
6 Months to 30 September 2013	49,004	2,508	5,094	16,908	2,498	61,051	35,454	172,517	731
6 Months to 30 September 2012	40,197	2,052	6,322	15,214	3,262	32,537	48,109	147,693	919

AACo Operations - Herd Movements

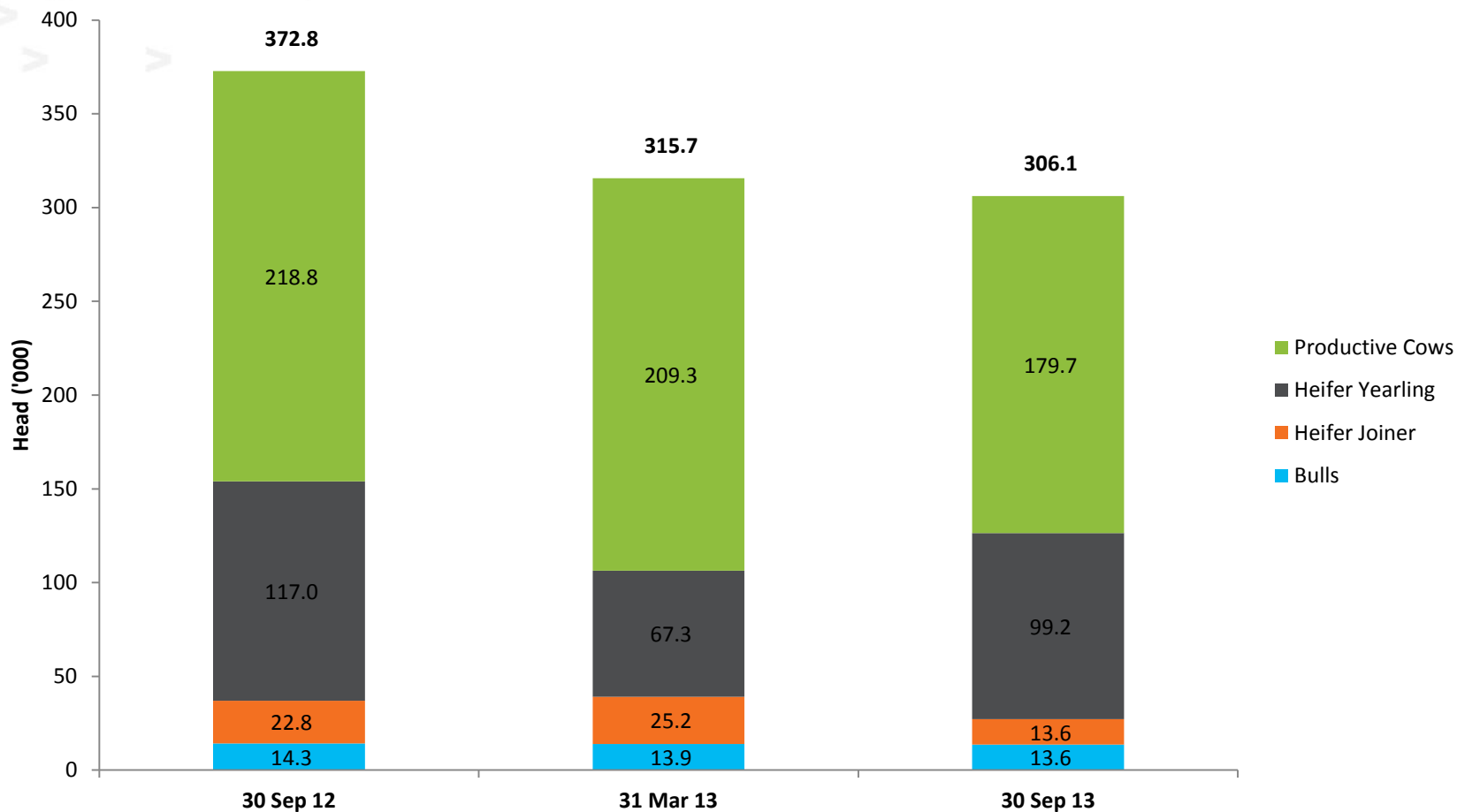


AACo Operations - Herd Composition

Total herd numbers and average animal weights have declined as the season has continued to deteriorate



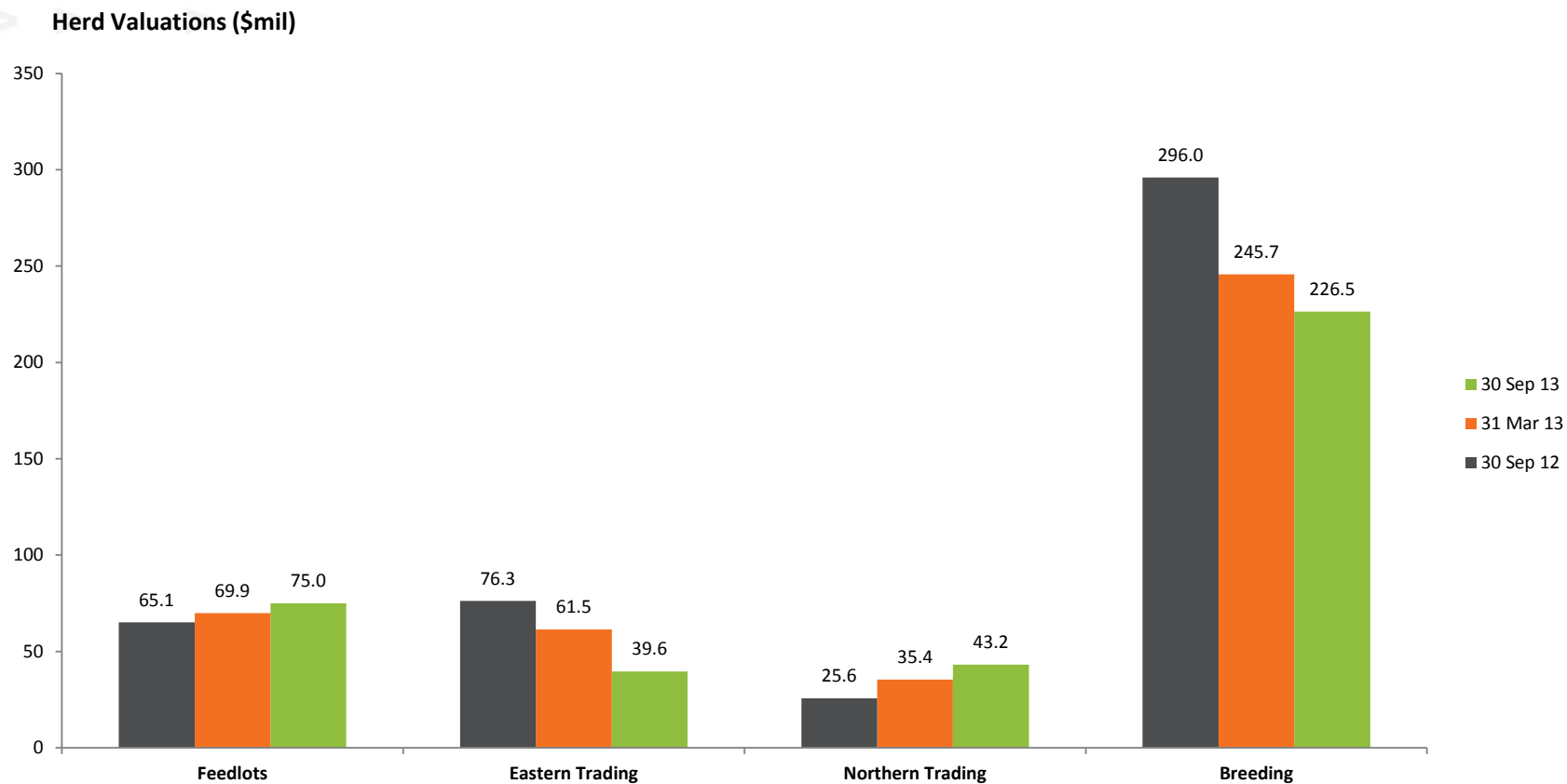
AACo Operations - Breeder Herd Composition



Notes:

1. Heifer Yearling is a heifer selected for breeding, but not yet joined to a bull
2. Heifer Joiner is a heifer selected for breeding and joined to a bull

AACo Operations - Herd Valuation Summary



AACo Processing - Darwin Beef Processing Facility

Development of the Darwin Beef Processing Facility currently on budget and expected to be operational in the second half of calendar year 2014

- > Key construction and equipment contracts executed
- > Building permit issued
- > Stage 1 civil works complete; Stage 2 construction underway
- > Site services (gas, power & water) and associated approvals on-track
- > Key management team being recruited
- > Cow processing trial underway to establish off-take relationships

Darwin Beef Processing Facility Construction Photos



Property Update

AACo continues to optimise its property portfolio to support its strategic agenda

> Property Divestment

- > In May this year the company sold part of the Goonoo aggregation in Queensland, totalling 19,404 hectares, for \$23 million and Brighton Downs, a 420,000 hectare station near Winton in Queensland for \$11.75 million
- > The sales reflect the company's strategy to sell non-core assets and deploy capital in northern Australia

> Property Investment

- > On 23 October 2013, the company announced the purchase¹ of the adjacent La Belle Downs and Welltree stations in the Northern Territory. The 99,400 hectare properties are 180km from Darwin and will be complementary to the Darwin Beef Processing Facility, helping ensure continuity of supply during both wet and dry seasons.

Notes:

1. The purchase remains subject to regulatory approvals

Significantly Strengthened Balance Sheet

The 30 September 2013 Balance Sheet shown below includes \$97.6m¹ received under the Institutional component of the Capital Raising announced on 12 September 2013. A further \$114.4m¹ and \$80.0m was received from the balance of the equity raising and convertible note respectively on 16 October 2013.

Assuming all of the capital raising proceeds had settled prior to 30 September 2013, the gearing of the Group would have been 19.4%.

\$million	At 30 Sep 2013	At 30 Sep 2012
Cash and cash equivalents	27,206	13,141
Livestock	388,971	469,713
Property, Plant and equipment	584,881	635,399
Inventories	28,622	24,888
Other assets	22,749	23,505
Total assets	1,052,429	1,166,646
Interest bearing liabilities ²	326,681	409,570
Other liabilities	73,296	110,299
Total liabilities	399,977	519,869
Net assets	652,452	646,777
Key balance sheet metrics	At 30 Sep 2013	At 30 Sep 2012
Gearing ³	31.5%	38.0%
Net tangible assets/share ⁴	1.58	2.07

Notes:

1. Net of transaction fees
2. Interest bearing liabilities includes bank debt and finance leases
3. Gearing based on net debt / (net debt + book equity). Assuming all of the capital raising proceeds had settled prior to 30 September 2013, the gearing of the Group would have been 19.4%
4. Based on 413.9m (30 Sep 2013) and 312.9m (30 Sep 2012) undiluted shares on issue. Assuming all of the capital raising proceeds had settled prior to 30 September 2013, the Group's NTA/share would have been \$1.44/share. Assuming no capital raising prior to 30 September 2013, the Group's NTA/share would have been \$1.77/share. NTA includes leased land assets

Summary

- > Financial results for 1H FY14 have been adversely impacted by continuing dry conditions and the ongoing negative effects of the 2011 temporary suspension of live exports
- > Branded Beef division margins showing significant improvements - key positive milestone consistent with the Group's strategy of moving closer to the customer and consumer
- > \$4.5 million Operating Cash Flow improvement compared to the prior corresponding period, despite a volatile environment with significant increased feed and transport costs
- > Completion of the \$299 million Capital Raising in mid-October has significantly strengthened AACo's balance sheet and provides it with the means to execute on its strategic agenda
- > Near-term internal focus on optimising trading outcomes, reducing costs as well as improving the quality of assets
- > AACo's strategic shift towards a less volatile, vertically integrated, customer-led model is progressing to plan
- > Experienced AACo Board and management team focussed on driving Return on Capital Employed