



Australian Agricultural Company Limited
ABN 15 010 892 270

AACO FY14 ANNUAL GENERAL MEETING PRESENTATION

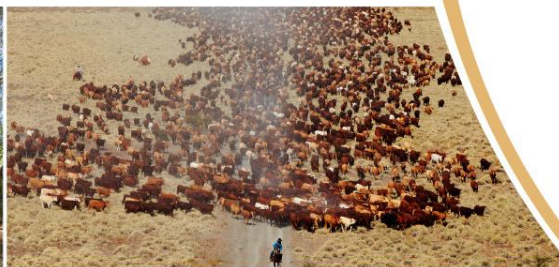
ASX Announcement No. 20/2014

17 July 2014

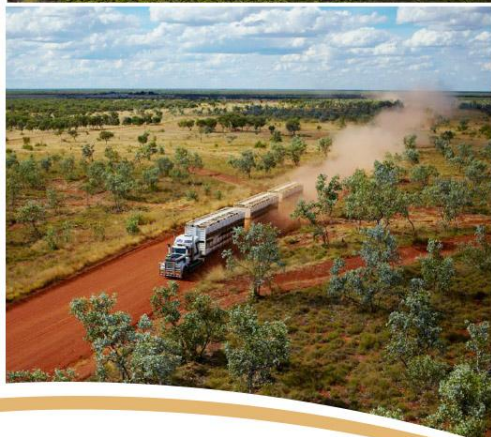
Attached is a presentation for the Annual General Meeting of the Australian Agricultural Company Limited ('AACo') to be held today.

Media enquiries:

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0400 841 088
andrew@butcherandco.com

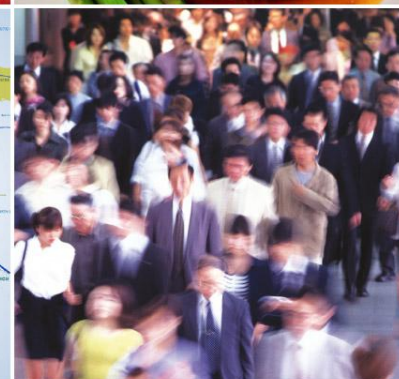


Australian Agricultural Company Limited



2014 Annual General Meeting

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You acknowledge and agree that you will rely on your own independent assessment of any information, statements or representations contained in this presentation and such reliance will be entirely at your own risk.

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Forward-looking statements

This presentation may contain forward-looking statements. All statements other than statements of historical facts included in this presentation are forward-looking statements. Forward-looking statements may include, without limitation, statements relating to AACo's financial position and performance, business strategy, plans and objectives of management for future operations. Forward-looking statements involve known and unknown risks, uncertainties and other factors (many of which are beyond AACo's control) and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. Some of the important factors that could cause AACo's actual results, performance or achievement to differ materially from those in any forward-looking statements include (among other things): levels of demand and market prices, climatic conditions, the impact of foreign exchange currency rates on market prices and operating costs, political uncertainty and general economic conditions in Australia and overseas, the ability to produce, process and transport goods and livestock profitably, the actions of competitors and activities by governmental authorities. No representation, guarantee, or warranty (express or implied) is given as to the accuracy, completeness, likelihood of achievement or reasonableness of any forecasts, projections or forward-looking statements contained in this presentation.

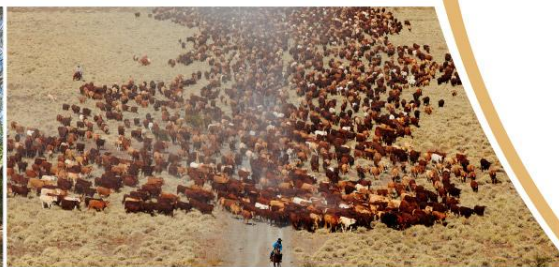
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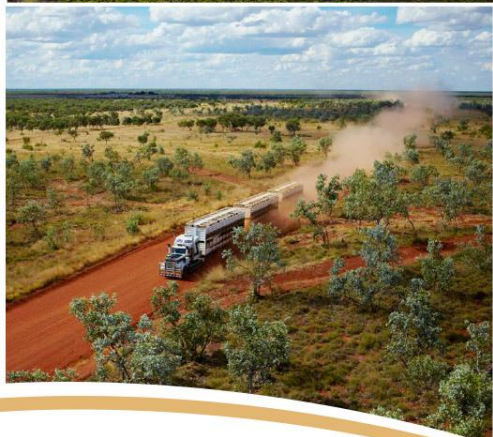
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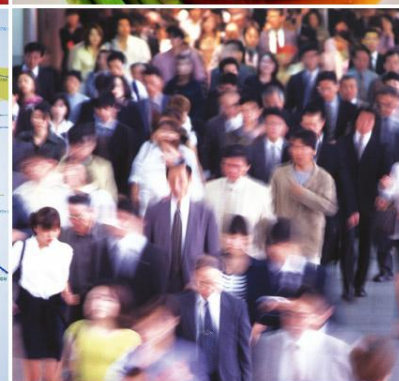




Australian Agricultural Company Limited



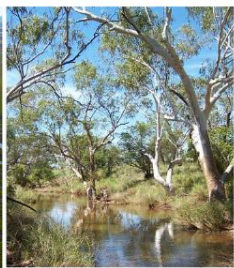
Donald McGauchie
Chairman



FY14 Business Overview

- ❖ **FY14 saw the business continue its transition from a pastoral-style business, to a vertically integrated beef business in line with the Group's strategy**
- ❖ Drought conditions for much of FY14 led to a difficult pastoral operating environment, resulting in a reduction in the branded herd to 467k at 31 March 2014
- ❖ Herd reduction took place in an environment of weak domestic cattle prices
- ❖ Global beef markets remained buoyant during the financial year, underpinned by increasing global demand
- ❖ Reduction of \$6.3 million in operating expenses compared to the prior corresponding period
- ❖ Strengthened balance sheet following a \$299 million capital raising completed in October 2013
- ❖ Improvement in net operating cash flows to \$18.5 million
- ❖ Focussed management team and Board, with Jason Strong being appointed as Managing Director in January 2014
- ❖ Invigorated corporate strategy now being executed

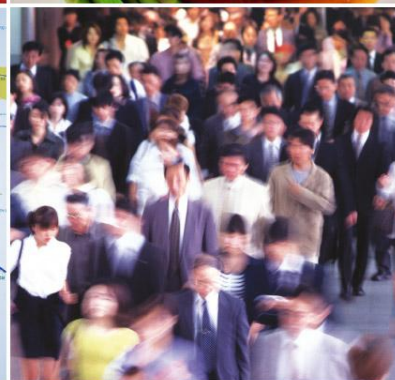




Australian Agricultural Company Limited



Jason Strong
Managing Director



AACo's historical position

AACo fundamentals

- Australia's largest cattle and beef producer –strategic asset base comprising a herd of approximately 541,000 head (30 Jun 14) and operates a property portfolio across ~6.5 million hectares of land
- High quality, traceable product with secure supply channels for offshore customers
- Close proximity to growing markets in Asia
- Australia's largest producer and marketer of Wagyu cattle and beef

Historical constraints

- Volatile domestic cattle markets affected by variable climatic conditions
- Majority of assets concentrated in capital intensive primary production, limiting return on assets
- Impact of government policy e.g. live export ban
- Concentrated ownership of beef processors on the east coast
- Logistics costs to east coast processors
- Lack of price hedging instruments unlike other commodities



Strategy Implementation

- ❖ Implementation of a vertically integrated strategy accelerated by the new Managing Director:
 - Focus on responding to demand signals from beef customers and maximising margins through branding
 - Transition away from a production-led business model
 - Participate in all key areas of the beef supply chain
 - Change how we report the business to focus on whole supply chain margins



The background image shows a person wearing a blue shirt and a hat, riding a horse and herding a large group of cattle in a grassy field. The sky is filled with dramatic, grey clouds. The text is overlaid on semi-transparent orange boxes.

Our Vision

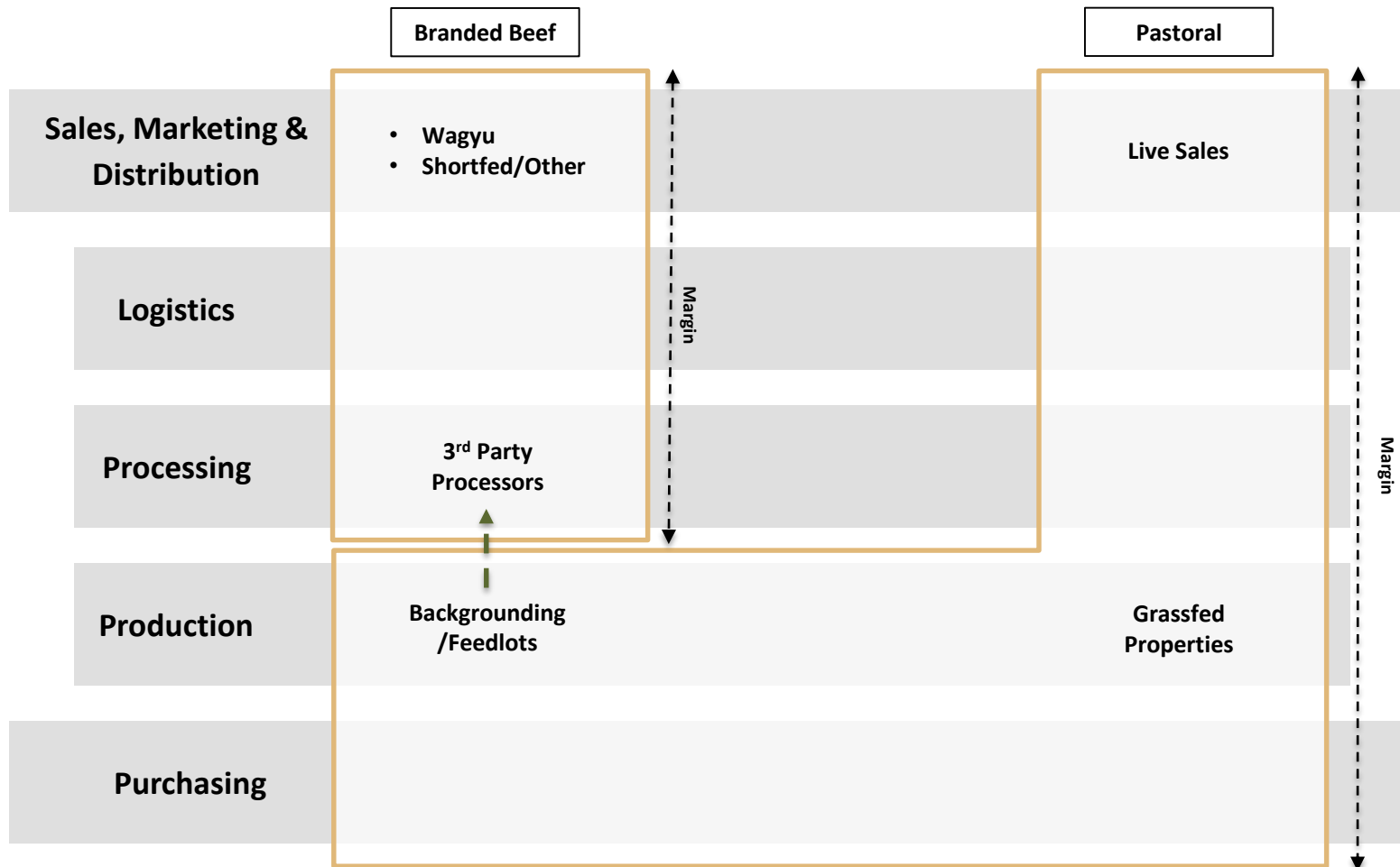
Be trusted globally as producers of the finest quality Australian beef

Our Strategic Goals

- Rapidly build an authentic AACo brand
- Align the business to enable strategy
- Secure processing capacity
- Develop cattle procurement capabilities and strategies
- Optimise production activities
- Exploit our know-how and genetics

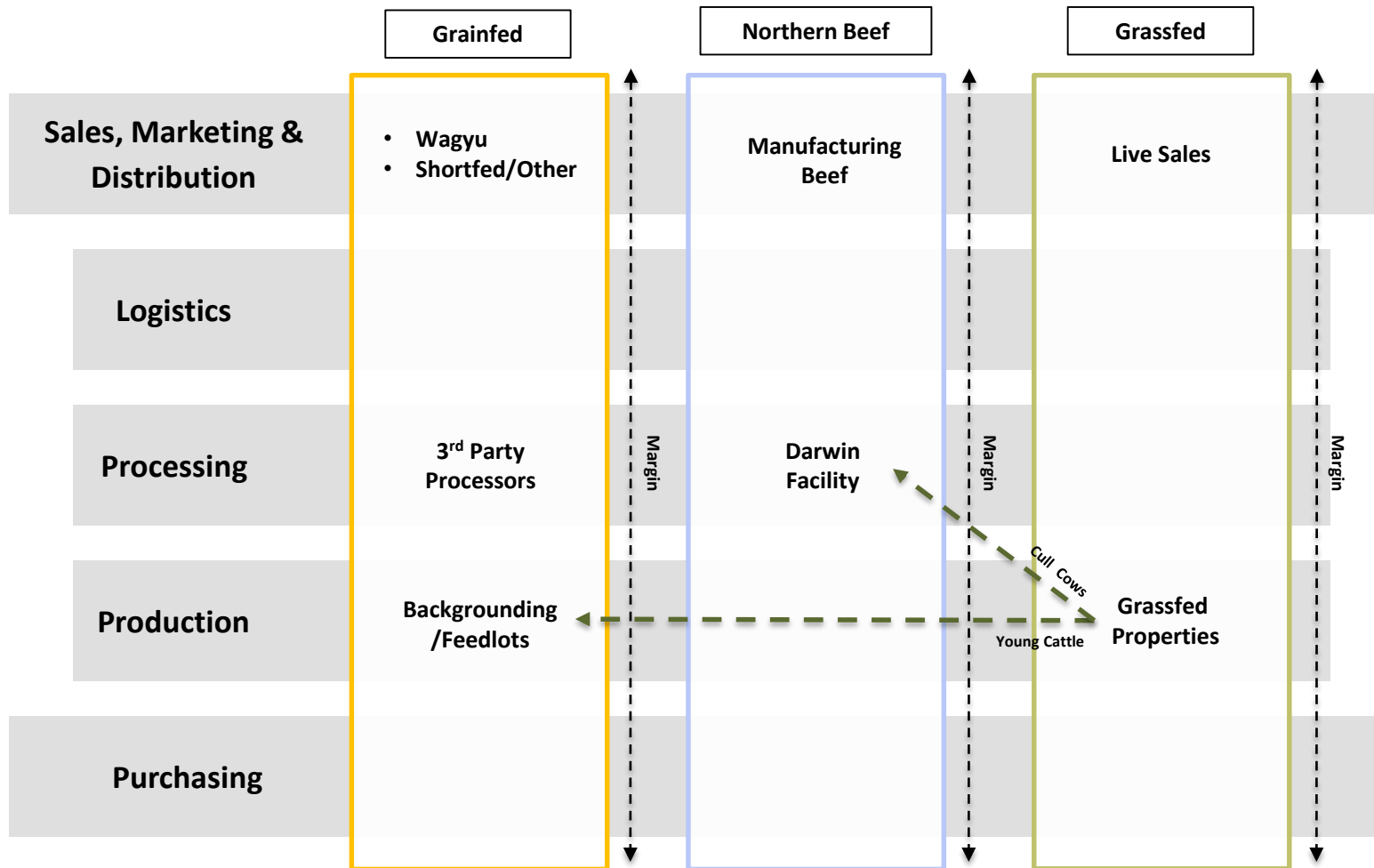
Previous Business Structure

With beef sales now accounting for >50% of total revenue, the existing business structure is no longer optimal



Improved Business Structure

The improved structure follows the key supply chains in the business and will allow for better management and reporting



AACo's Supply Chains



Grainfed



Northern Beef



Grassfed

Capital Employed	~\$200m	~\$100m	~\$800m
Main Product	Differentiated, branded beef	Quality manufacturing beef	Live cattle sales
Key Drivers	<ul style="list-style-type: none"> • Global beef prices • Grain prices • Marketing / Branding • Feedlot efficiency • Processing costs • FX 	<ul style="list-style-type: none"> • Global beef prices • Domestic cattle prices and security of supply • Operating efficiency • FX 	<ul style="list-style-type: none"> • Climatic conditions • Domestic cattle prices • Operating efficiency • Government policy • Market options

Q1 FY15 Operational Update – Grainfed

Boxed Beef Sales

AACo recorded its highest ever quarterly sales of boxed beef in the 3 months to 30 June 2014

	3 months to June 30 2014	3 months to June 30 2013
Wagyu sold (mil kg sw*)	2.6	2.1
Wagyu sold (\$/kg sw)	\$12.46	\$11.80
Shortfed/Other (mil kg sw)	2.9	1.7
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Feedlots and Backgrounding

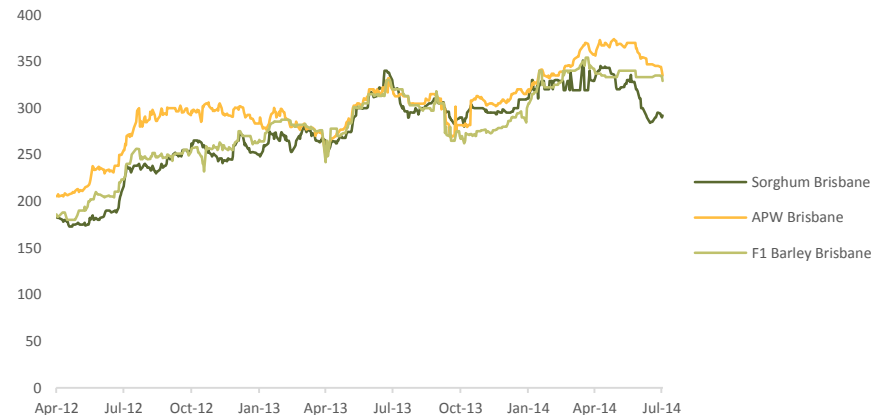
Good grass quality on northern stations has offered opportunities to retain cattle longer for additional weight gains, prior to transfer to feedlots. Compensatory purchases have been made by feedlots to maintain throughput

(mil kg lwt**)	3 months to June 30 2014	3 months to June 30 2013
KG produced	6.4	4.9
Cattle purchases	5.1	2.5

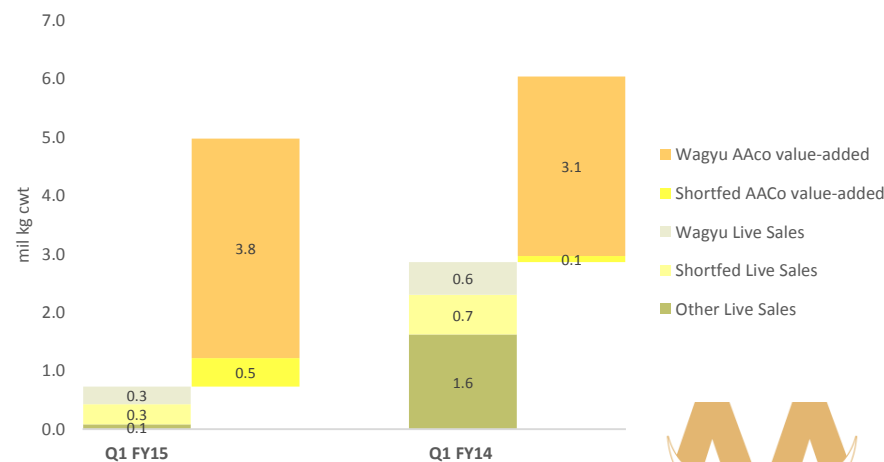
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* sw = shipped weight of beef
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Spot Grain Prices (Index)



Cattle exiting Feedlots/Backgrounding (kg cwt**)



Q1 FY15 Operational Update - Grainfed

AACo is reducing 'leakage' from its supply chains and is focussed on maximising the value-adding of its products



Q1 FY15 Operational Update – Northern Beef

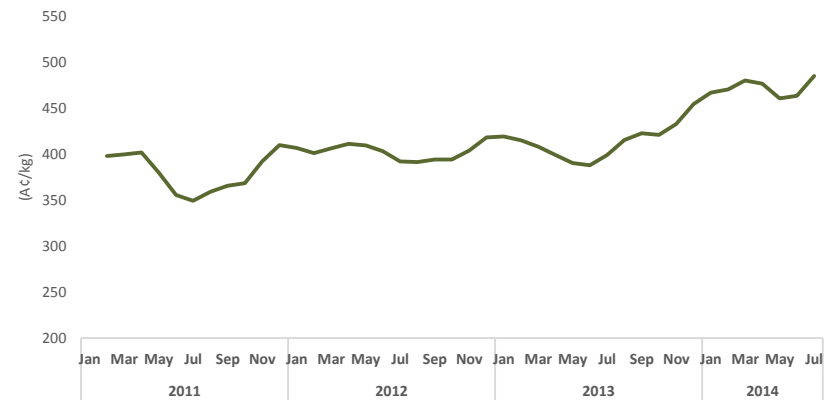
Darwin Facility Update

- ❖ Construction is progressing well and the development remains on schedule
- ❖ Commissioning is expected to take place in September 2014
- ❖ Employment and training of plant workers is beginning to ramp up in-line with the construction timeline
- ❖ Advanced discussions being held with customers for product produced by the facility
- ❖ Trimming prices (90CL) which will be a key off-take product from the plant continue to perform well

Aerial Photo of Darwin Facility - July 2014



Imported 90 CL Frozen



Q1 FY15 Operational Update - Grassfed

Live Export

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The release of new permits has seen prices ease in recent weeks, however AACo has forward contracted live export sales at good prices

Trading herd

Cattle expenses are tracking favourably due to improved grass quality and hence the reduced need for feed and agistment

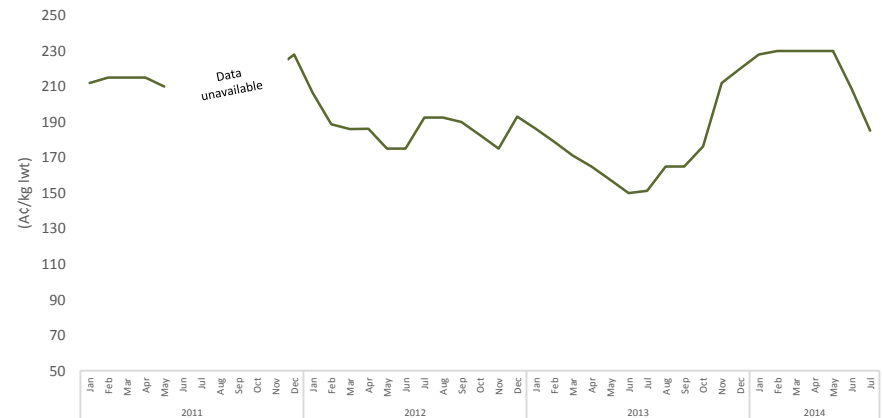
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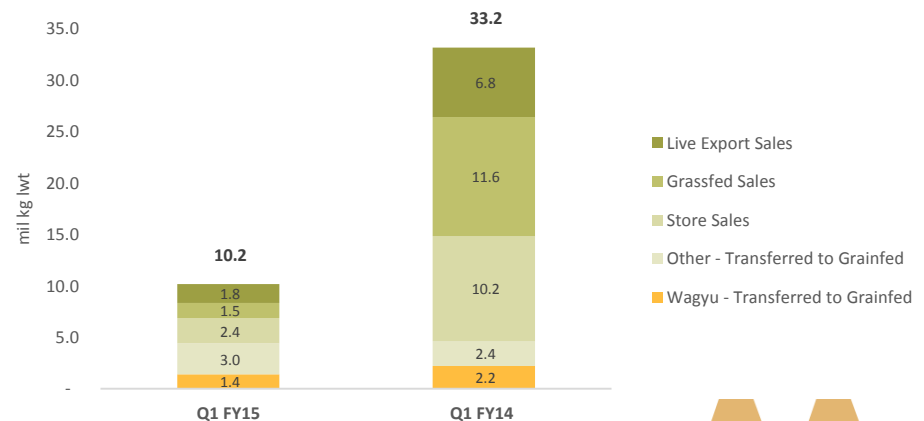
Breeding herd

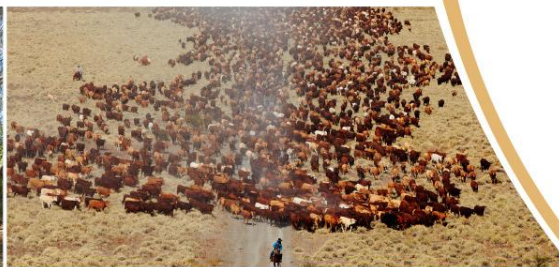
('000 head)	3 months to June 30 2014	3 months to June 30 2013
Closing Breeding Herd	285	310
Calves branded	73	89

Live Export Market (Indonesian Light Steer Prices)

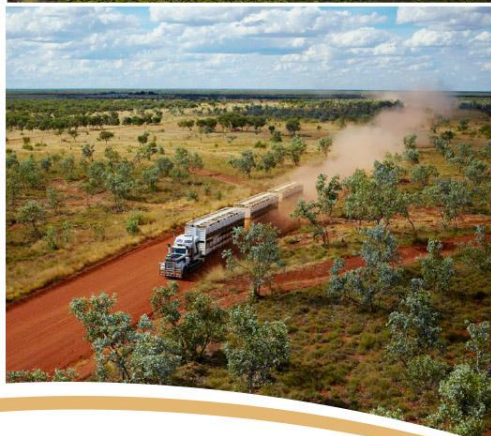


External Cattle Sales / Internal Transfers (kg lwt)



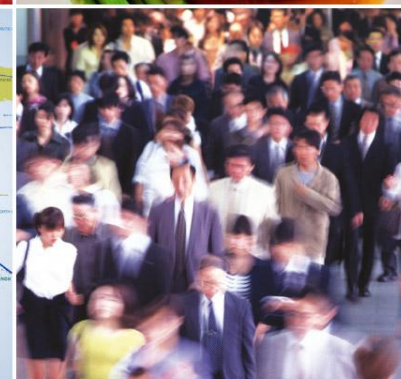


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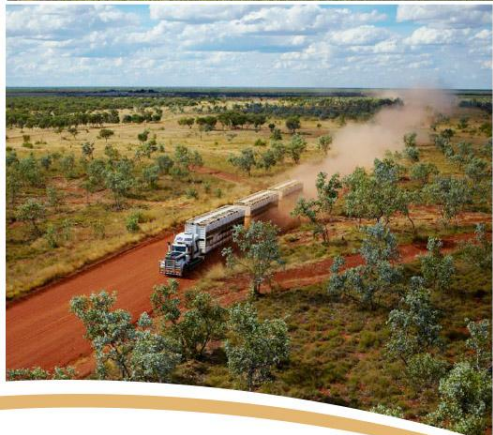
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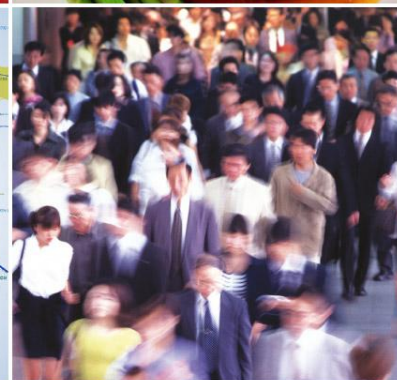




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Donald McGauchie
Chairman



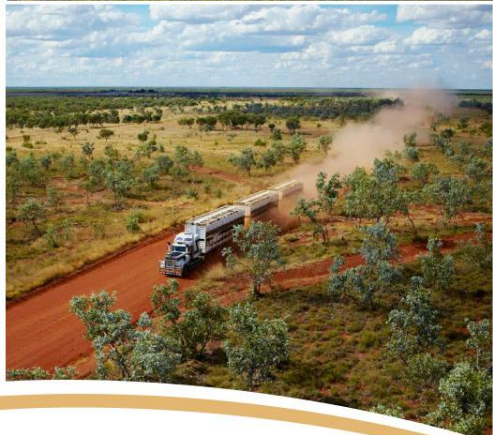
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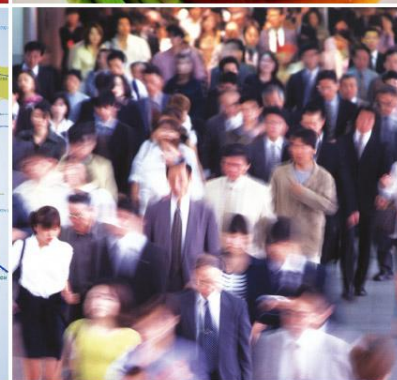




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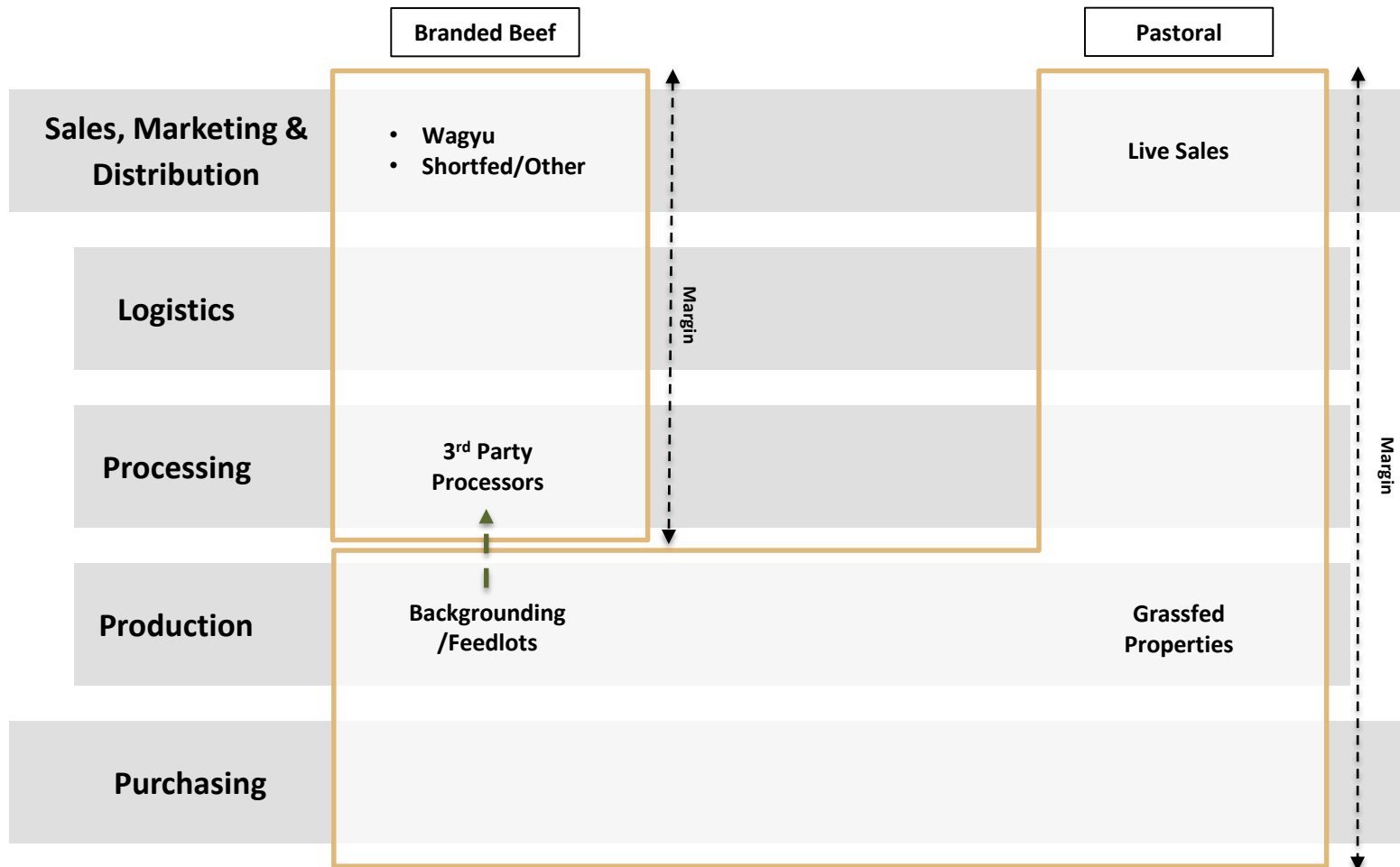
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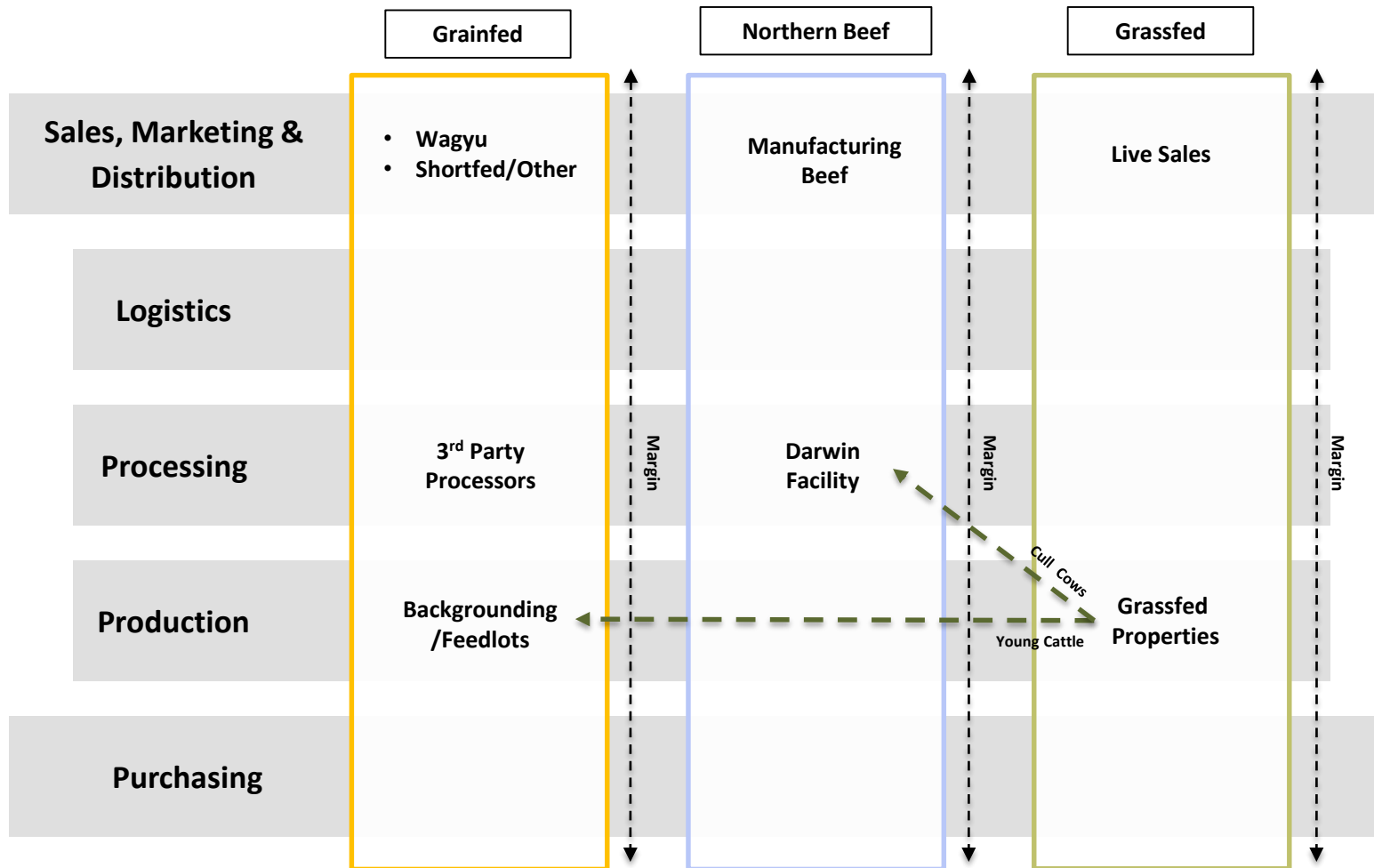
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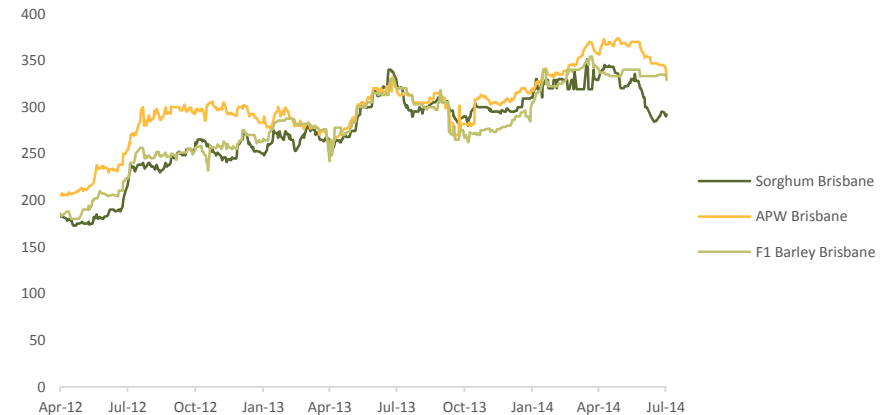
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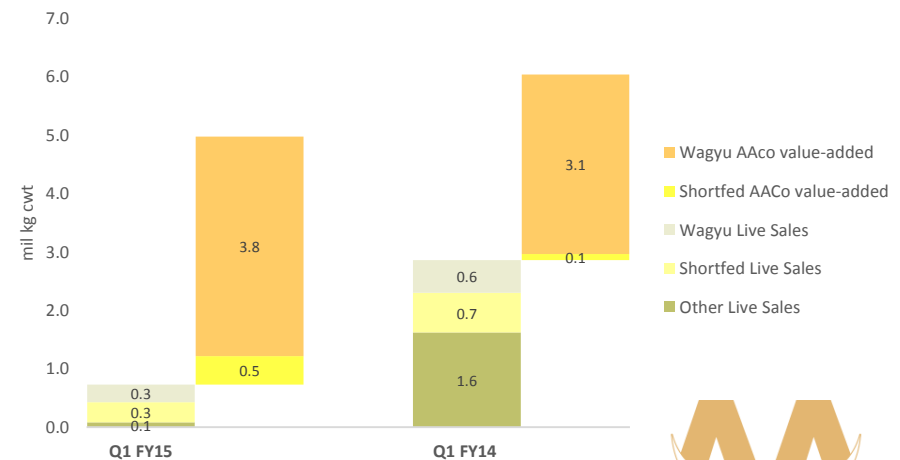
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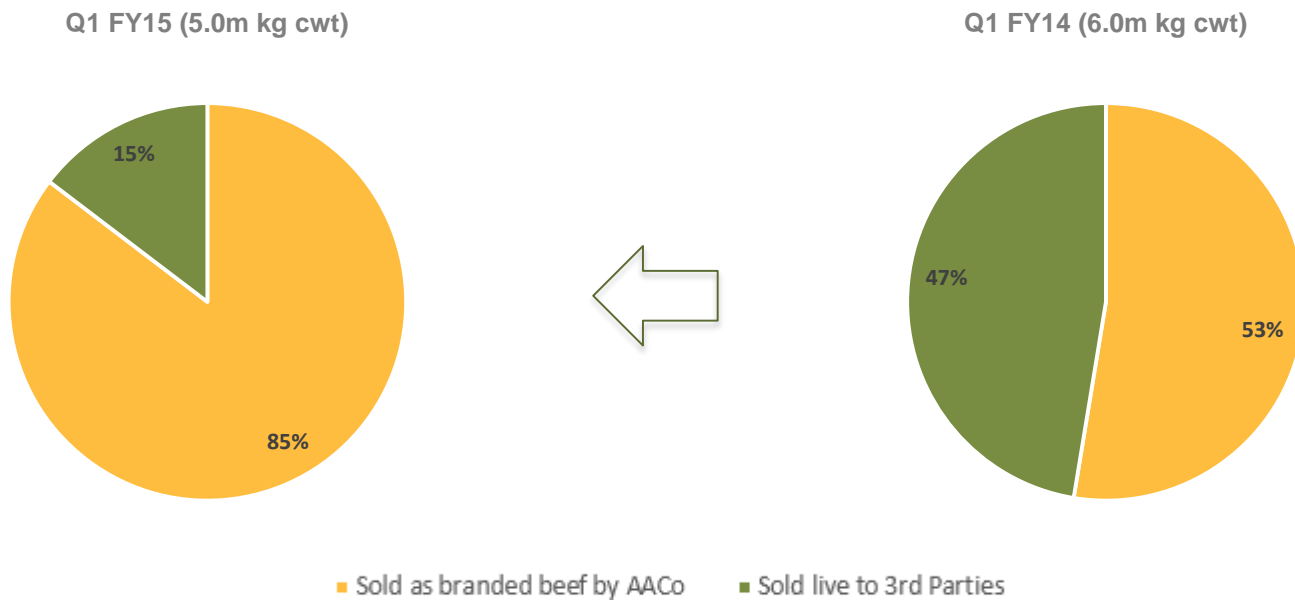


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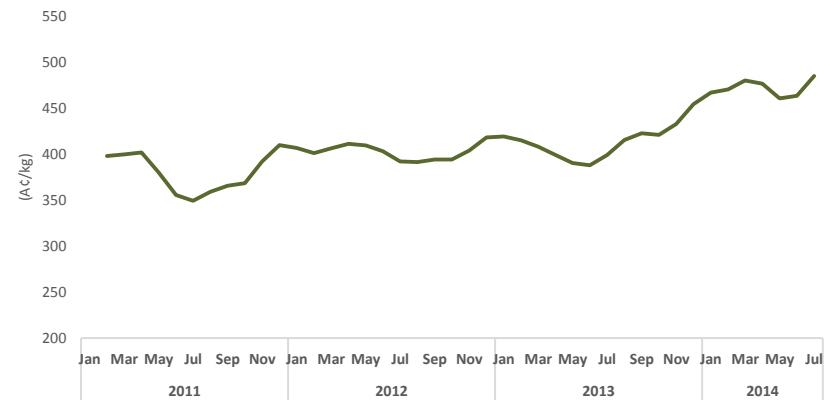
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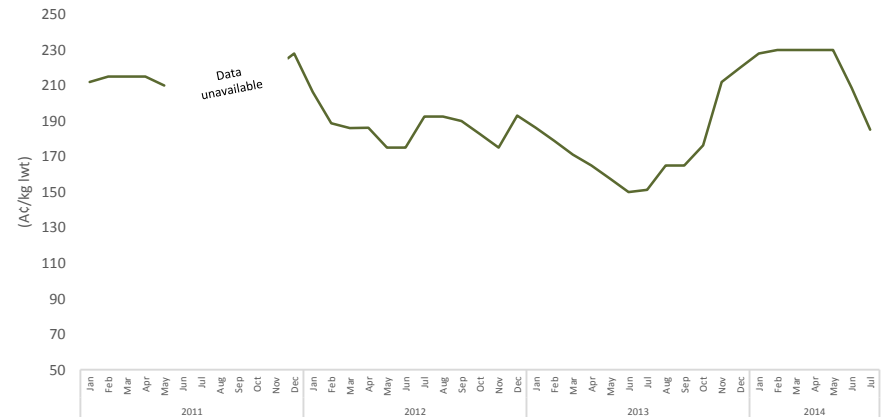
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