



ASX RELEASE

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AACo transforms to a beef company

- ***AACo has transformed from a pastoral company to a beef company***
- ***Full year statutory net profit of \$9.6 million, an improvement of \$49.5 million on the previous year***
- ***Operating EBITDA for FY15 is (\$3.6) million***
- ***Boxed beef sales of \$267.6 million now comprise 77% of revenue***
- ***AACo's new Livingstone Beef processing facility is commercially operational***

Australian Agricultural Company Limited ("AACo"), Australia's leading integrated beef and cattle producer has increased its boxed beef revenue by 42% in the first full year of its strategy to transform from a pastoral company to a fully integrated branded beef producer and marketer.

The company today reported a statutory net profit after tax of \$9.6 million for the year ended 31 March 2015, a \$49.5 million improvement on the previous corresponding period.

AACo Managing Director Jason Strong said the result showed significant progress in transforming the company.

"We are implementing the strategy we announced in July last year," he said.

"Sales of boxed beef now account for 77% of revenue, up from 59% in the previous corresponding period.

"In the last six months, this included the first sales of boxed beef from our new Livingstone Beef processing facility at Darwin.

"These sales are into global markets where our traceable supply chains, sustainable practices and unique Australian heritage can command premium prices. Building our brands is the next stage of transforming and growing our business."

AACo has established customer-focused supply chains which drive production and improve margins.

The implementation of the strategy has resulted in:

- Cash flows from operations decreasing by \$94.3 million to \$(75.9) million as we made a significant investment in working capital
- Net tangible assets per share of \$1.43 as at 31 March 2015, compared to \$1.40 as at 31 March 2014
- Gearing ratio increasing to 32.7% as at 31 March 2015 compared to 23.3% as at 31 March 2014

Statutory EBITDA was a profit of \$44.9m in FY15 (\$19.9m loss in FY14), while Operating EBITDA was a loss of \$3.6m (\$0.2m profit in FY14). The major difference between the two measures is due to Operating EBITDA not including mark-to-market movements, while Statutory EBITDA recognised these unrealised gains.

Dividend

The board has not declared a dividend. The company is committed to the reinstatement of dividends and has previously foreshadowed that on a return to sustainable and significant positive operational cashflows the directors will review dividend policy and payments.

Group Financial Results

	12 months to 31 March 2015	12 months to 31 March 2014
Boxed beef sold (kg shipped weight)	26.2m	20.2m
Weight produced (kg liveweight)	75.8m	64.2m
Boxed beef sales	\$267.6m	\$188.2m
Cattle sales	\$70.5m	\$120.5m
Crop sales	\$8.6m	\$8.2m
Total Revenue	\$346.8m	\$316.8m
Operating expenses	\$(99.7m)	\$(82.9m)
Operating EBITDA ¹	\$(3.6m)	\$0.2m
Statutory EBITDA ²	\$44.9m	\$(19.9m)
Statutory EBIT ²	\$32.8m	\$(34.7m)
Net profit/(loss) after tax	\$9.6m	(\$39.9m)

Note:

1. Operating EBITDA uses a standard cost as a proxy for the cost of live cattle sales rather than market valuations, which are subject to volatility and can distort the underlying cost of production. The standard cost used is based on a 5-year average of production and cost data.
2. EBITDA represents net profit + tax expense + finance costs (EBIT) + depreciation, amortisation and impairment and are non-IFRS financial information which have not been reviewed by the company's auditors.

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