

# AUSTRALIAN AGRICULTURAL COMPANY

Financial Results Presentation for the Year ended 31 March 2016

25 May 2016



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# Agenda

1. Year in review – Jason Strong
2. Financial performance – Andrew Slatter
3. Q&A



# Year in review

## Strategy

- Strengthening supply chains
- Implementing a differentiated branding strategy
- Applying innovation and technology to the business

## Operations

- Total kilograms sold of beef & by-products up 96%
- Total kilograms sold of wagyu beef & by-products up 15%
- Safety – Lost Time Injury Frequency Rate (“LTIFR”) down 44%

## Financials

- Operating EBITDA of \$14.8m up \$18.4m
- Net operating cash inflow of \$21.8m up \$97.7m
- Statutory NPAT of \$67.8m up \$58.2m



# Strategy implementation is producing results

Business performance is improving:

- Selling more beef
- Increasing total revenue and margin by owning cattle through the supply chain
- Maintaining a stable breeding herd

	FY14	FY15	FY16
Total sales revenue (\$m)	309	338	489
Beef sales (% of total sales)	61%	79%	88%
Live internal transfers (mil kg)	13.0	18.4	38.5
Breeding cows ('000 hd)	162	162	161
Breeding cow average age (years)	6.3	6.7	6.4

# Strengthening supply chains

Increasing revenue and margin by:

- Sourcing more cattle internally
- Reducing number of external processing facilities
- Consolidating external backgrounding and feedlot operations
- Upgrading Pell Station logistics hub



# Implementing a differentiated branding strategy

- Completing brand evaluation and refinement in key markets
- Completing brand-based customer review
- Benefiting from higher pricing that reflects a premium brand
- Ongoing recognition of our premium products



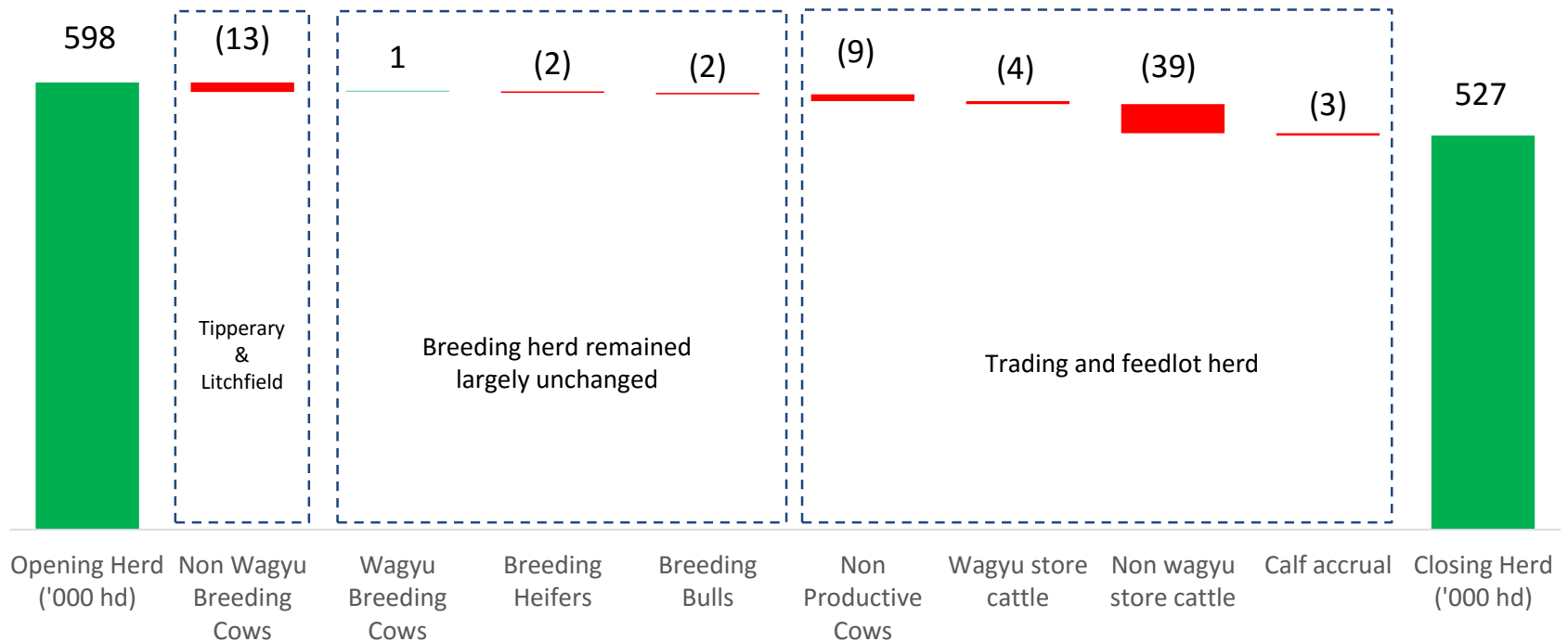
# Applying innovation and technology to the business

- Investing to improve the consistency and predictability of beef production
- Focusing on the sustainable productive capacity of assets by employing:
  - Data analytics
  - Pasture mapping
  - Grazing management and supplementation
  - Genetics



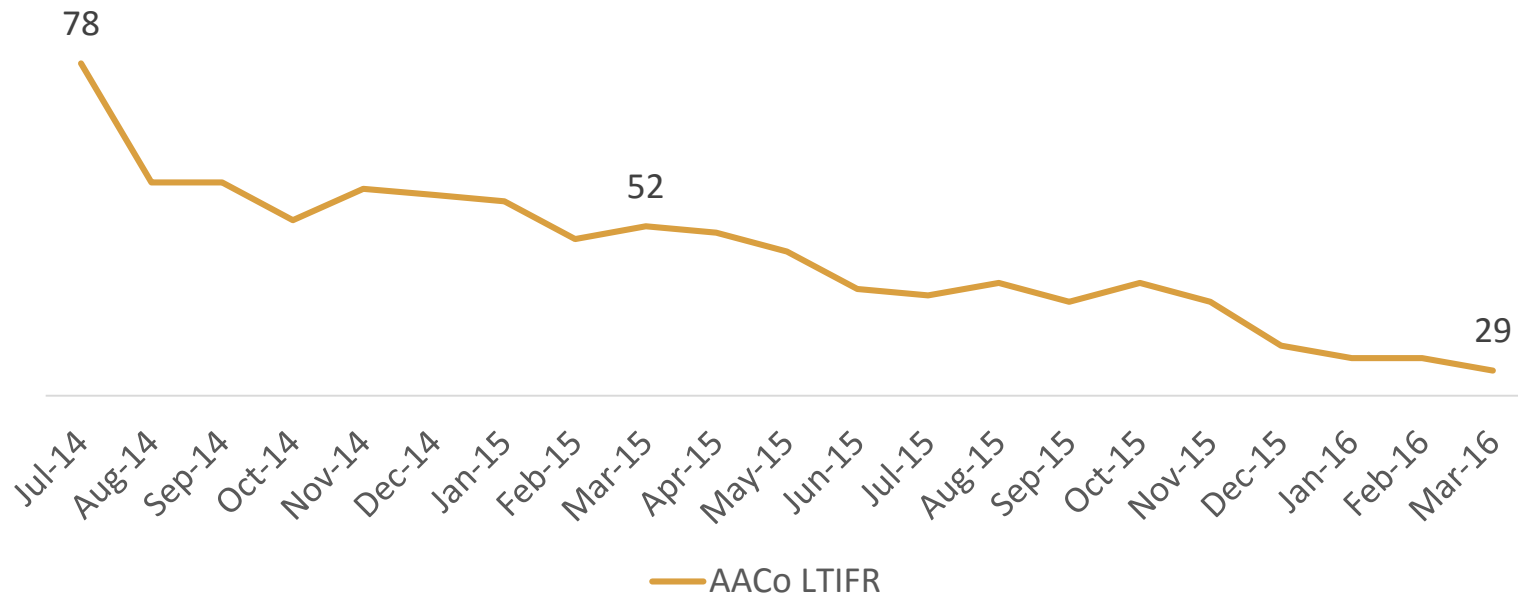
# Analytics drives herd management

- Reducing non-wagyu trading cattle
- Increasing quality and value of breeding herd



## Safety - LTIFR down 44%

- 22% reduction in first-year employee injuries
- Reduction in three critical risk areas; cattle (12%), horses (32%), motorbikes/quads (56%)



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## Significantly improved earnings

- Total kilograms sold of beef & by-products up 96%
- Higher live cattle sales prices offsetting lower volumes
- Internal supply of cattle replacing external purchases

\$m	FY16	FY15	Improvement
Total sales revenue	489.4	338.2	151.2
Operating EBITDA	14.8	(3.6)	18.4
Statutory EBITDA	132.2	44.9	87.3
Statutory NPAT	67.8	9.6	58.2



# Significant improvements in cash flow

- Operating cash flow increased by \$98m
- Investing activities decreased with Livingstone becoming operational in FY16

\$m	FY16	FY15	Improvement
Net operating cash flow	21.8	(75.9)	97.7
Cash used in investing activities	(19.4)	(66.3)	46.9
Cash flows from financing activities	0.0	85.3	85.3
<b>Net change in cash</b>	<b>2.4</b>	<b>(56.9)</b>	<b>59.3</b>

## Improvement in key balance sheet metrics

- \$98m increase in value of livestock
- \$73m increase in value of PPE
- Improvement in gearing ratio, NTA per share and days working capital

	FY16	FY15	Improvement
Livestock (\$m)	563.2	465.2	98.0
PPE (\$m)	741.8	668.4	73.4
Gearing ratio	29.0%	32.5%	3.5%
Net tangible assets (\$/share)	1.66	1.43	0.23
Days working capital (#)	196	241	45



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