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THE ART OF AUSTRALIAN BEEF

FY18 Interim Results Presentation

15 November 2017

Agenda

- Results Summary & Strategic Update
- Business Update
- Financial Overview
- Trading Conditions & Priorities
- Q&A

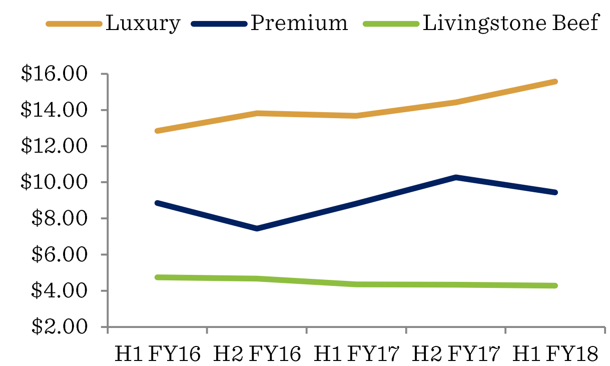
Results Summary and Strategic Update

Donald McGauchie

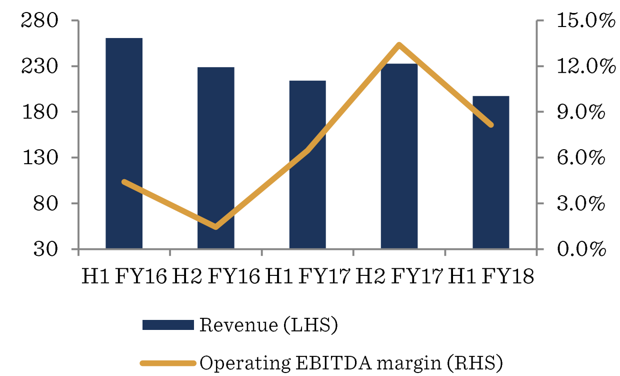
H1 FY18 Results Summary

- Operating EBITDA of $16.1 million up 16% versus the previous corresponding period (pcp) demonstrates progress made to consolidate and execute the strategy to become a branded business
- Stronger sale price / kg across Luxury/Prestige and Premium brands; Livingstone Beef pricing impacted by global market dynamics
- Revenue of $197.2 million down 7.9% vs pcp. Volumes reduced YoY, in part reflecting strategic decision to transition to internal supply chains
- Operating EBITDA margin of 8.2%, impacted by higher input costs in certain areas
- Statutory EBITDA loss of $36.5 million includes mark to market of livestock inventory valuation
- Debt refinanced on favourable terms with an increase in facility size ($500 million), extension in maturities (including a 5 year tranche) and more flexible terms

Pricing achieved by brand category ($/kg)



Revenue ($m) and Operating EBITDA margin (%)



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Strategy to Deliver Shareholder Value

Three pillars of focus

Branding & Marketing

- Brand investment
- Sales & Marketing sophistication
- Distributor partnership approach

Drive revenue growth and further margin improvement

Integrated Supply Chains

- Transitioning to internal supply chains
- Supply chain improvements and simplification

Deliver what our customers want and expect

Improve cost of production

Innovation & Technology

- Drive precision in quality production
- Improve the productive capacity of our assets

Enhance product quality and production efficiency

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H1 FY18 Progress

Achieved across all three pillars

Branding & Marketing

- ✓ Strategy being validated through success in targeted launch markets
  - Singapore launch one-year anniversary
  - Taiwan launch
- ✓ Evaluation of go-to-market strategy across all key markets

Integrated Supply Chains

- ✓ Increased reliance on internal supply chains
- ✓ Traded out of select external supply contracts
- ✓ Improved efficiency within Livingstone Beef

Innovation & Technology

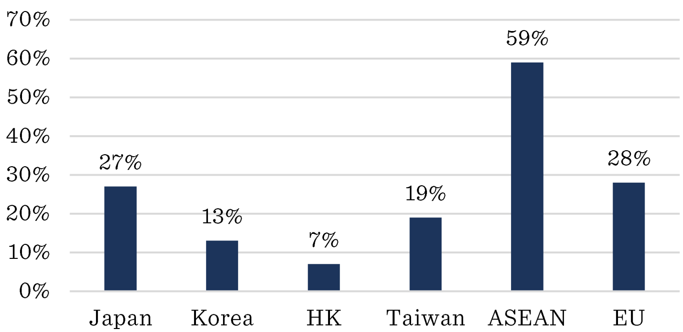
- ✓ Added sophisticated and low-cost capability in key areas
  - Data analytics TRABEYA
  - Engineering ATLAS LABS
  - IT infrastructure and management pyxle
- ✓ Evaluation of livestock inventory to align genetics with supply chains

AACo is developing capability to support the next phase of growth

The Macro Backdrop

Increased competition from US exports

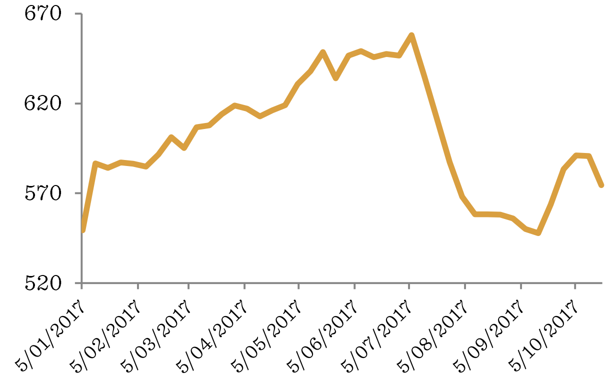
US Export Volumes % change (6 mos to Jun 17 vs pcp)



Source: USDA compiled by USMEF

Downward pressure on commodity beef prices

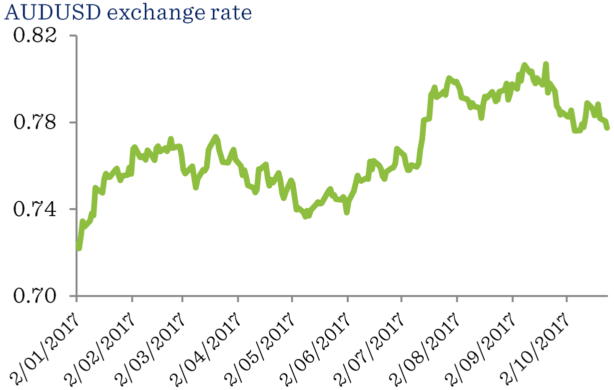
UB imported beef prices – Cow Meat 90 CL (CIF Ac per kg)



Source: Steiner Consulting Group

Stronger Australian dollar

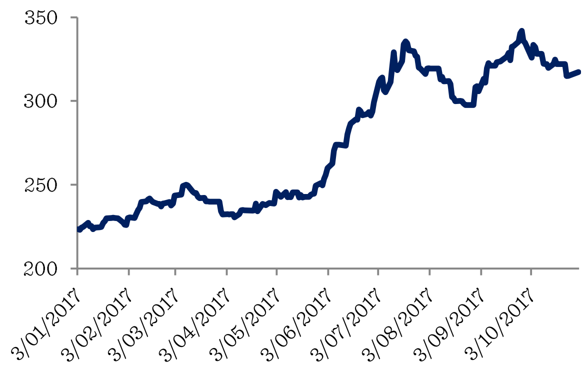
AUDUSD exchange rate



Source: Thomson Reuters

Upward pressure on feed prices

NZX Profarmer Australian APW1 Indicative Brisbane (A$/MT)



Source: Profarmer, Bloomberg

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Business Update

Hugh Killen & Dane FitzGibbon

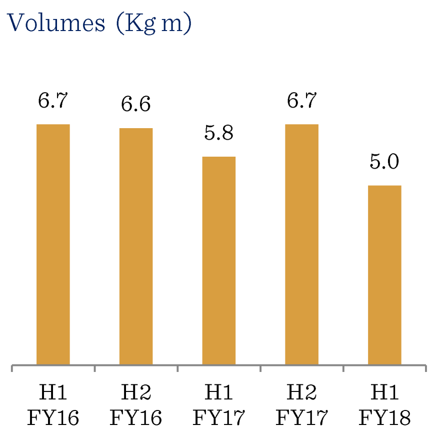
Business Overview

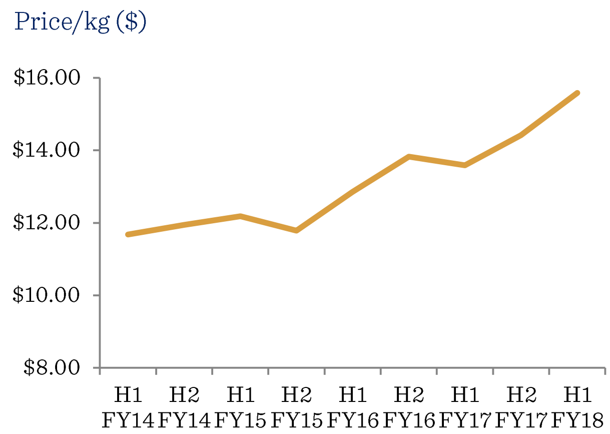
Brand portfolio is managed across three broad categories

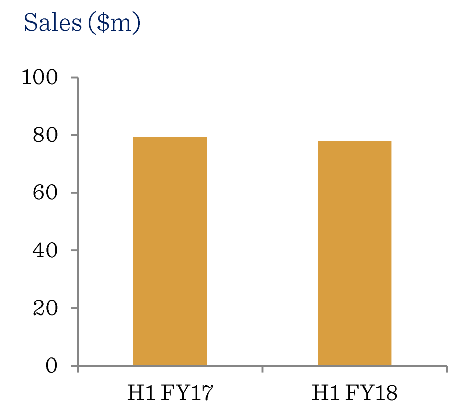
Brand category	% total meat revenue	Brands	Historic brands	Key drivers
Luxury/Prestige		WYLARAH Queensland Australia WESTHOLME Queensland Australia	Master Kobe Kobe Cuisine Darling Downs Wagyu	• Execution of brand and marketing strategy • Distributor partnership approach • Transitioning to internal sourcing • Cost of production optimisation
Premium		1824 Premium Beef	AACo	
Livingstone Beef		WELLTREE Australian Beef	AACo	• Cattle procurement • Cost of conversion efficiency • Sale price and product mix optimisation

Luxury/Prestige Brands

Price performance from differentiated product positioning





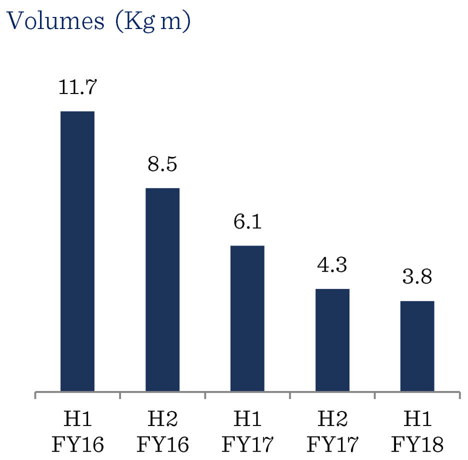


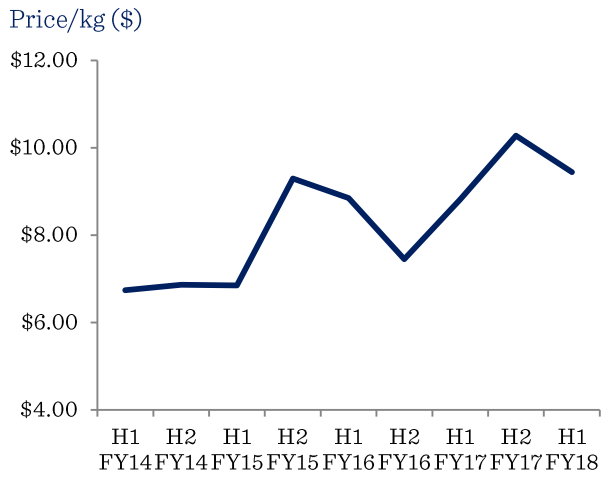
H1 FY18 Key Points

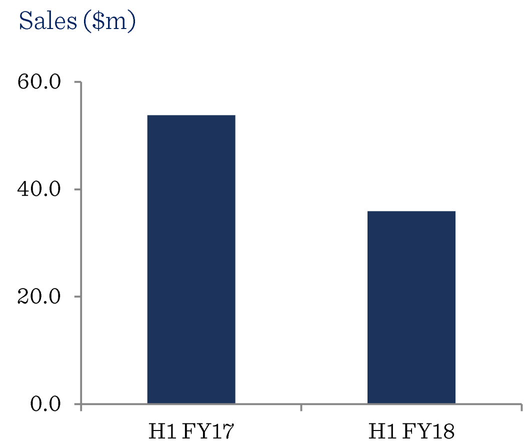
- Price/kg uplift (+15% vs pcp), despite some macro headwinds
- Price performance achieved through strategic customer engagement
  - Brand and marketing strategy
  - Partnership based approach
  - Sales sophistication
- Volumes down (-14% vs pcp) in line with strategic decision to reduce reliance on external supply

Premium Brands

Significant volume step down, in line with strategic intent







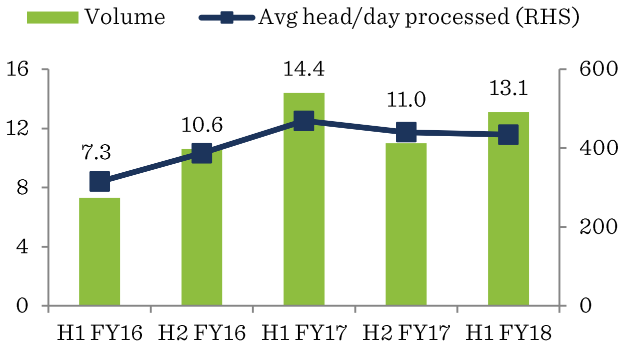
H1 FY18 Key Points

- Price/kg uplift (+7% vs pcp), despite some macro headwinds
- Greater exposure to US competitive product than Luxury/Prestige Brands
- Volumes down (-38% vs pcp) in line with strategic decision to reduce reliance on external supply

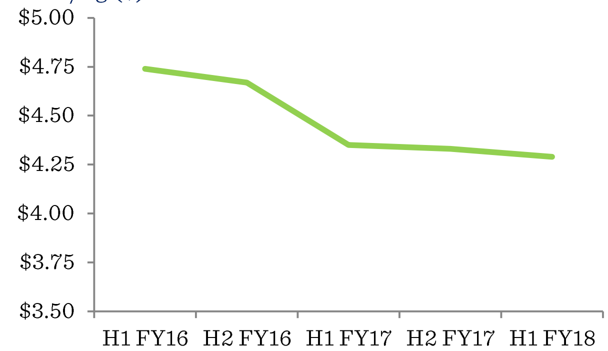
Livingstone Beef

Challenging trading conditions

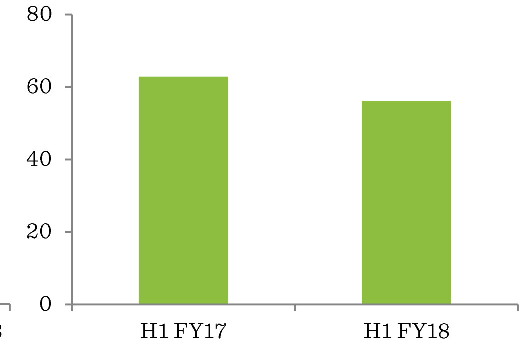
Volumes (Kg m)



Price/kg ($)



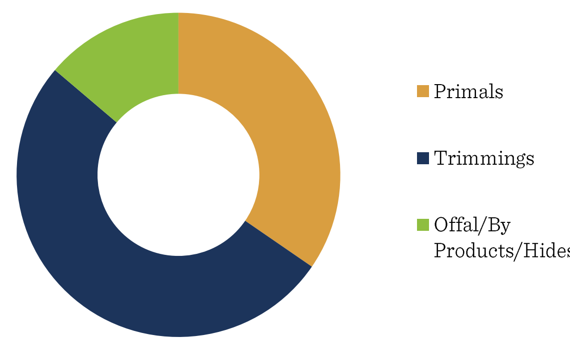
Sales ($m)



H1 FY18 Key Points

- Challenging trading environment due to several factors including:
  - higher cattle buy price
  - lower average sale price / kg vs pcp
- Dynamic management of volumes and primal/trim mix in the context of more challenging backdrop
- Significant margin compression resulting from difficult operating environment with H1 FY18 gross margin loss of $(10.3)million versus $(7.7)million in H1 FY17
- Focus on operational efficiencies with cost of conversion reduced by 2% vs pcp despite lower volumes. Ongoing focus on further initiatives

Sales revenue mix



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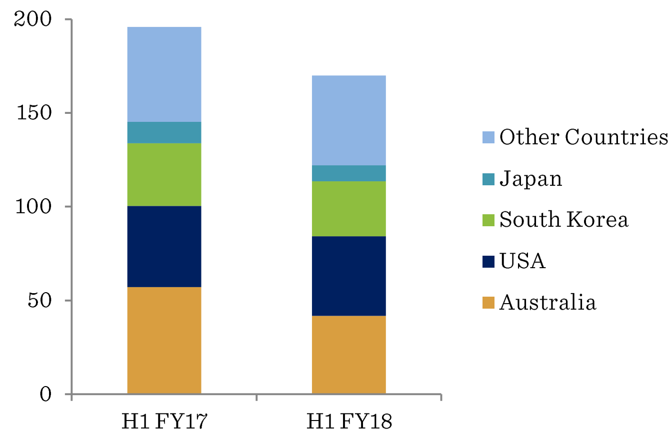
Branding & Marketing Progress

Strategy being validated in target markets

H1 FY18 Key Points

- Branding & Marketing strategy being validated through success in target launch markets
- Singapore one year anniversary event in October 2017
- Taiwan launch in June 2017
- Results demonstrate the opportunity for improved operational performance through:
  - Brand and Marketing strategy execution
  - Distributor partnership approach

Meat sales by geography ($m)



AACo's Brand Portfolio

WYLARAH	WESTHOLME	Brunette Downs	1824	WELLTREE
		To be released		*To be released*
World class Chef-led menus Fine restaurants	Fine & everyday Steakhouses & restaurants	Bistros and cafes	Modern steakhouse	Food service QSR
Precise Indulgent Masterful	Classic Primal Rustic	Spirited Worldly Wholesome	Rugged Wry Proud	Generous Laconic Sincere

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Branding & Marketing Transition

Opportunity to drive margin through a disciplined roll-out in higher value markets

New Brands		Historical Brands				
Wylarah	Westholme	Master Kobe	Kobe Cuisine	Darling Downs Wagyu	1824 Premium Beef	AACo
Singapore Taiwan	Singapore Taiwan	Australia Canada China Hong Kong Indonesia Thailand UAE USA	Australia China Hong Kong Japan Philippines Qatar Thailand UAE	Australia EU Hong Kong Japan South Korea Thailand UK USA	Australia EU Indonesia Japan Hong Kong Singapore South Korea Thailand UAE	Australia USA

Timing of further launches will be driven by:

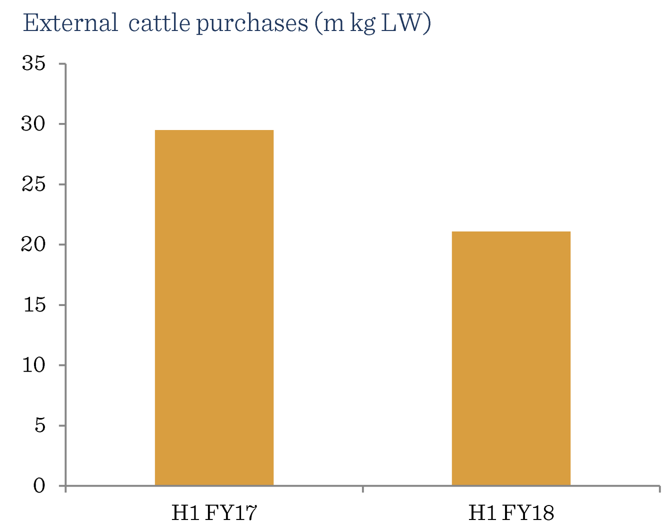
- Partner selection
- Joint business planning preparation
- Systems and processes to ensure execution against the brand promises
- Marketing planning and sophistication
- Market timing considerations

Supply Chains Optimisation

Improving our supply chains to ensure we deliver against our brand promises

H1 FY18 Key Points

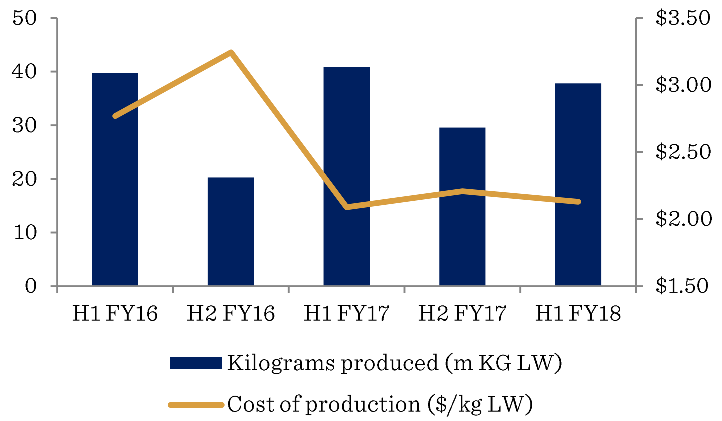
- Supply chains being transformed to deliver against customer expectations
  - Supporting distributor partnership approach and greater control through to the chef
- Transition to internal supply chains drives greater control, authenticity of the brands and margin performance
  - External purchases (m kg LW) decreased 29% vs pcp
  - Managing impact on cash through closing out select external supply contracts
  - Some ongoing contractual commitments
- Ongoing optimisation of livestock inventory
  - Evaluation of livestock inventory to align genetics with supply chains
- Livingstone Beef operational improvements
  - Waste water treatment plant commissioned and operating effectively
  - Plan to further improve operating efficiency



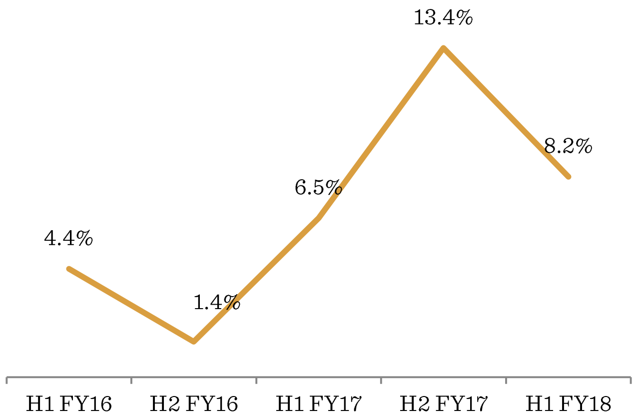
Group Costs

Impacted by higher input costs

Production and Cost of Production



Operating EBITDA Margin (%)



H1 FY18 Key Points

- Cost of production per kg (across breeding, backlotting and feedlot operations) increased approximately 2% (vs pcp) reflecting:
  - operational improvements offset by less favourable seasonal conditions
  - higher input prices (e.g. feed)
- Overall production costs fell 6% reflecting lower volumes
- H1 FY18 operating EBITDA margin of 8.2% reduced from 13.4% in H2 FY17 reflecting higher input costs

Financial Overview

Scott Prebble

Profit and Loss

$m	H1 FY18	H1 FY17	Change
Branded beef sales	169.9	195.9	(26.0)
Cattle sales	27.3	18.2	9.1
Total sales revenue	**197.2**	**214.1**	**(16.9)**
Processing & logistics costs	(41.5)	(43.4)	1.9
Total sourcing & production costs	(147.6)	(167.1)	19.5
Livestock attrition	(19.7)	(10.4)	(9.3)
Innovation & technology	(3.3)	(5.4)	2.1
Sales & marketing	(2.2)	(2.4)	0.2
Corporate	(9.6)	(6.4)	(3.2)
Cattle inventory movement at standard cost	40.1	41.4	(1.3)
Changes in finished goods inventory	0.9	(10.2)	11.1
Other	1.8	3.7	(1.9)
Operating EBITDA	**16.1**	**13.9**	**2.2**

FY18 H1 Performance

- Increased live cattle sales related to closing out external supply contracts
- Processing and logistics costs reduced in line with lower volumes
- Sourcing and production costs lower due to reducing dependence on 3rd party cattle producers and management of production costs
- Livestock attrition estimates increased as a result of greater rigour and discipline in stocktake reconciliation process

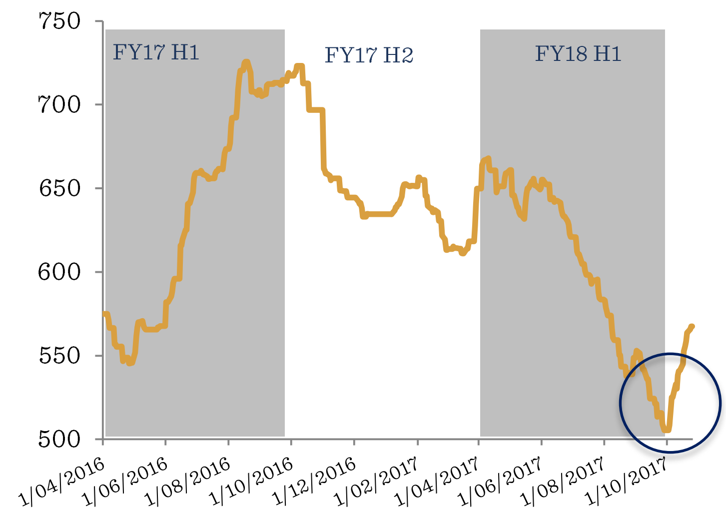
EBITDA Reconciliation

$m	H1 FY18	H1 FY17	Change
Operating EBITDA	**16.1**	**13.9**	**2.2**
Difference between the movement of inventory at standard cost versus market value	(52.6)	74.4	(127.0)
Statutory EBITDA	**(36.5)**	**88.3**	**(124.8)**

H1 FY18 Key Points

- Unrealised price-driven inventory valuation adjustments account for the difference between Operating and Statutory EBITDA
- Inventory revaluation occurred on the 30 September 2017 balance date, around the low point of the recent cattle pricing cycle
- As an indicator, the Eastern Young Cattle Indicator (EYCI) was $505 on 30 September 2017 compared with $650 at previous revaluation on 31 March 2017
- This difference between the movement of inventory at standard cost versus market value is recognised through the Statutory P&L and is entirely non-cash

Eastern Young Cattle Indicator (EYCI A$)



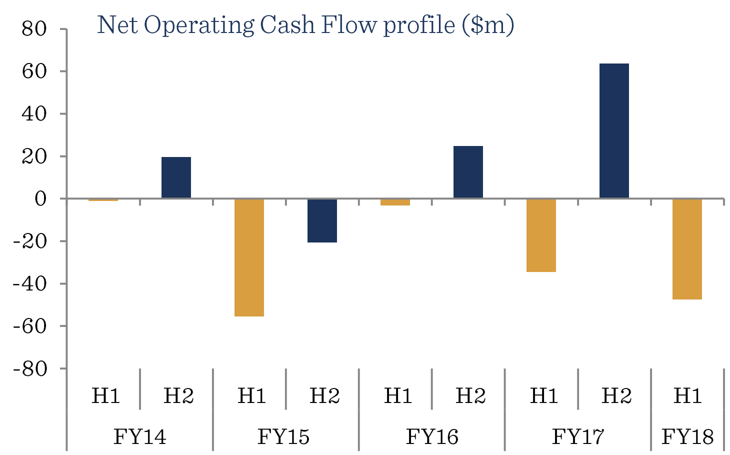
Thomson Reuters Datastream

Cash Flow

$m	H1 FY18	H1 FY17	Change
Operating EBITDA	16.1	13.9	2.2
Cattle inventory movement at standard cost	(40.1)	(41.4)	1.3
Change in working capital	(8.4)	1.8	(10.2)
Finance costs	(13.5)	(9.5)	(4.0)
Other	(1.6)	0.7	(2.3)
Net operating cash flow	**(47.5)**	**(34.5)**	**(13.0)**
Cash used in investing activities	(11.2)	(8.9)	(2.3)
Cash flows from financing activities	21.6	40.0	(18.4)
Net change in cash	**(37.1)**	**(3.3)**	**(33.8)**
Closing cash balance	**5.4**	**11.3**	**(5.9)**

H1 FY18 Key Points

- H1 FY18 net operating cash flows impacted by typical seasonality in the business model (see chart)
- Change in working capital primarily driven by an increase in receivables vs pcp
- Finance costs increased primarily due to one-off costs associated with the debt refinancing which will support a lower interest cost (%) going forward



Balance Sheet

	30 Sept 2017	31 Mar 2017	Change
Livestock $m	653.1	662.5	(9.4)
Property, Plant, Equipment $m	792.0	792.4	(0.4)
Net Debt $m	360.7	328.8	(31.9)
Gearing ratio (%)	26.4%	24.4%	(2.0ppt)
Net Tangible Assets ($/share)	$1.71	$1.82	($0.11)

H1 FY18 Key Points

- Balance sheet remains strong with significant liquidity
- Debt refinancing completed in September 2017 :
  - Increase in debt facility from $400 million to $500 million
  - Extension of maturities, with longest tranche out to September 2022
  - Reduction in cost of funds
  - More flexible facility terms

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Trading Conditions & Priorities

Donald McGauchie

Trading Conditions & Priorities

Current external challenges validate AACo's strategy to focus on building a branded business.
Challenges currently affecting the business include increased competitive dynamics in certain markets, a higher Australian dollar, higher input prices, including feed, and an elevated cattle price environment for Livingstone Beef.

AACo remains committed to execution across three pillars:

- Branding & Marketing
- Integrated Supply Chains
- Innovation & Technology

Key near term priorities include:

- Make key executive appointments and evolve the culture to support the next phase of growth
- Invest in increased sophistication of systems and processes
- Evaluate and optimise strategic distributor partnerships
- Take further actions to improve the performance of Livingstone Beef

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Q&A

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