



FY20 Results Presentation
20 May 2020

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Key Highlights*

Strong second half performance building on positive momentum from Interim H1 results

- Positive Operating profit and Operating cash flow delivered despite adverse seasonal conditions experienced during FY20
- Negligible impact on FY20 consolidated and regional results from COVID-19. Given the dynamic nature of the current environment, the impact on FY21 consolidated and regional results are uncertain and cannot be reasonably estimated at this time
- Record wagyu beef sales achieved; up +19.7% driven by positive price and volume growth
- Strong sales growth across all key regions: Asia +19%; North America +34%; Europe/Middle East +17%, Australia +16%
- Positive Statutory EBITDA result; +\$80.1M an increase of \$262.8M v pcp driven by favourable livestock valuation movements year-on-year and the positive operating profit result. Prior year included the impact of the gulf flood event
- Operational efficiencies being realised through supply chain simplification and solid programme of cost reduction / value realisation opportunities being progressed

* All comparisons to previous corresponding period



AACo's Response to COVID-19 & China's suspension of processing facilities

Unprecedented and uncertain times

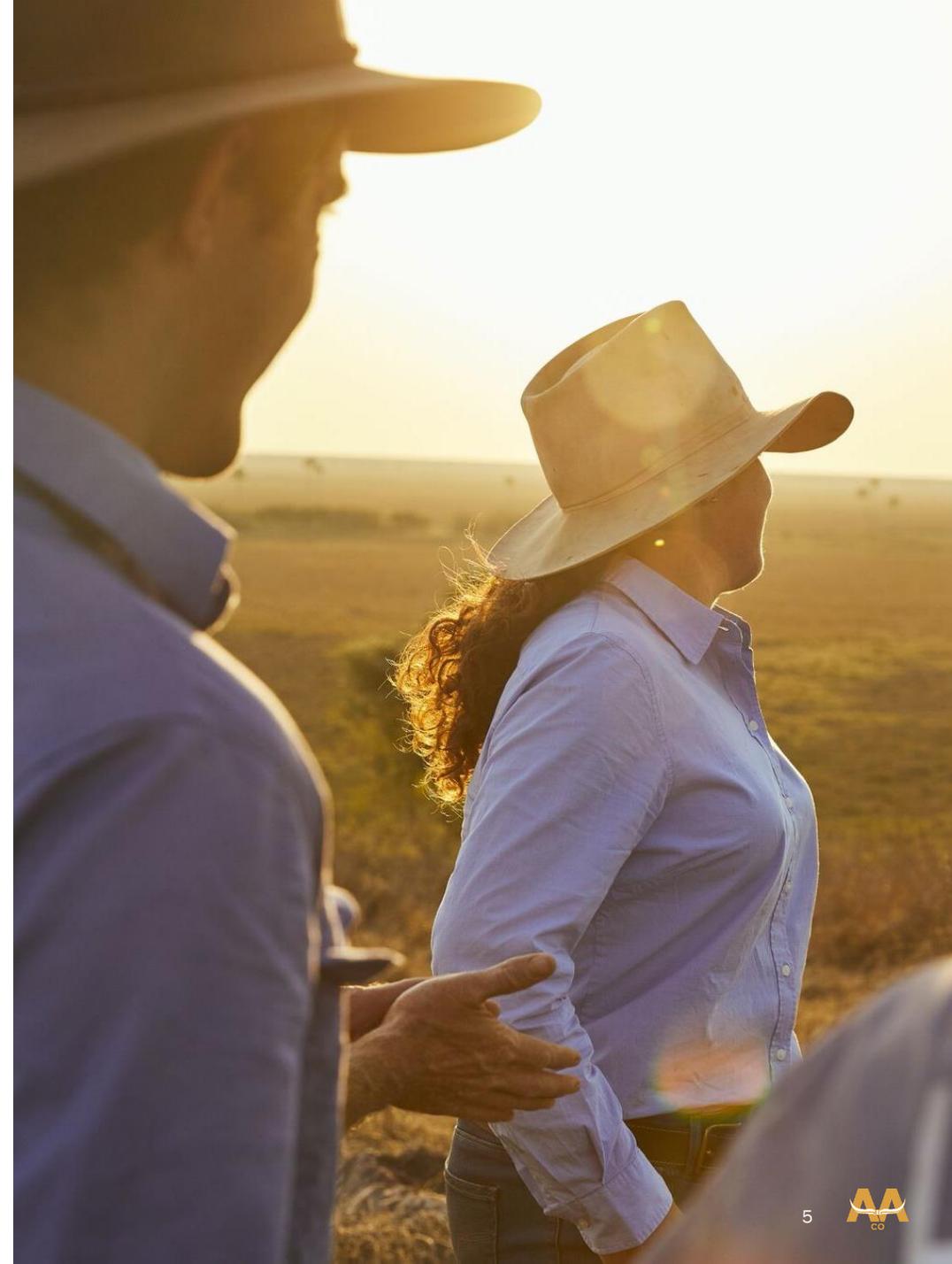
COVID-19 has had a negligible impact on AACo's FY20 financial results. FY21 impact remains uncertain. As announced to the ASX on 20 April, 2020, AACo acted early and decisively to protect our people and the remote communities in which we operate:

- Adopting social distancing across our global offices
- Halting all visits from non-station employees and suppliers
- Reducing movements between our 26 stations, farms and feedlots

Identifying opportunities to pivot into retail markets across the countries in which we operate

AACo is working with stakeholders including our beef processing partners to understand the potential implications from the recent temporary suspension of four Australian beef plants by Chinese authorities:

- China sales represented approximately 15 percent of total meat sales for AACo in FY20
- More than one third of the company's exports to China is produced at facilities which are not impacted by the temporary suspension
- AACo's diverse global footprint and customer base allows us to divert product to other markets if required, which reduces the overall impact on our operations albeit with a potential margin impact



Pivoting our strategy

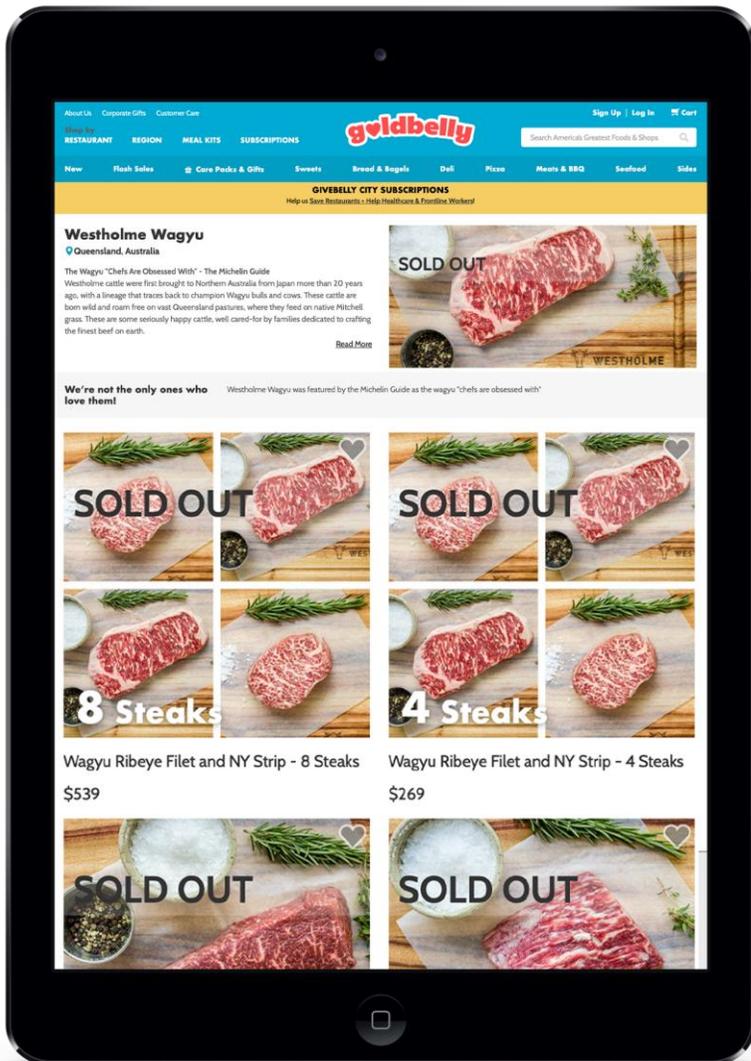
Reduction in food service channel has resulted in a further pivot towards our already significant retail channel



- Food Service remains an important sales channel for AACo. The strong growth and progress achieved in FY20 in the roll-out of our branded beef strategy with premium brand Westholme will be protected as we pivot further into retail in the current environment
- Retail represents approx. 40-50 percent of AACo's meat sales channel mix in FY20, where we are seeing increased demand
- Acceleration of AACo supplying product into retail sales channels into markets in which we already operate, South Korea, USA, Canada, Australia, China, Singapore, Hong Kong, Europe
- Working with our distributors and wholesalers to shift more branded and non-branded products into some of the world's largest supermarkets and direct to customers online
- Activations of our Darling Downs Wagyu and Non-Branded Wagyu brands in major supermarket chains, butchers and online

Emerging trends*

AACo is well positioned to respond to changing consumer behaviour



The demand for beef remains strong as consumer behaviour rapidly changes:

- Focus on safety, quality, provenance and nutritional benefits of beef consumption
- Promotions linking in safety, health and wellness themes are generally getting good traction
- Wholesalers and distributors shifting to consumer sales
- Customers ordering online, non-contact delivery & payments

Meat Market Trends:

- Restaurant sector innovating to combine retail and food service
- Shift to purchasing meat at modern retail outlets
- Higher demand for quality imported packaged meat
- Stricter hygiene regulations likely to favour integrated chains and premium imports
- African Swine Fever remains a critical issue for global protein markets to grapple with as it continues to spread .. the massive pork gap it has created in China will continue to bolster global protein markets over the next few years

*Source: MLA "COVID-19: Complex, widespread and still unfolding" 16 April 2020



*Progress
Against Strategy*

Progress in FY20



Execution of branded beef strategy

- Wagyu meat sales +19.7% vs pcp
- Westholme brand sales +155%; up to +11% of total meat sales
- Strongest ever Wagyu meat sales result (COVID-19 had negligible impact in FY20)



Margin through allocation and price

- Wagyu meat sales \$/Kg +8% vs pcp
- Increased strategic allocation to premium markets (USA and Europe)



Focus on priority regions

- Strong growth across all key regions
- Asia +19%
- Europe/Middle East +17%
- North America +34%
- Australia +16%



Key partnerships and customer relationships

- Renegotiation & implementation of joint business plans and distribution agreements with a number of key distributors
- Embedded commercial team members in key markets



Streamlined Business

- Operational efficiencies being realised through supply chain
- Solid programme of cost reduction/value realisation opportunities being progressed



A high performance culture

- Established world-class Executive Leadership & Operational teams
- Strengthened market-facing capability

AACo has a strong portfolio of global brands delivering into Foodservice, Retail and Wholesale channels



Distributed to the world's top fine dining restaurants
High marble-score product
Our full blood/pure bred brands

Contemporary 4-5 star restaurants
Premium butchers
Marble-score 4 to 9+

Distribution into leading supermarkets
Premium butchers
Food service: casual dining restaurants

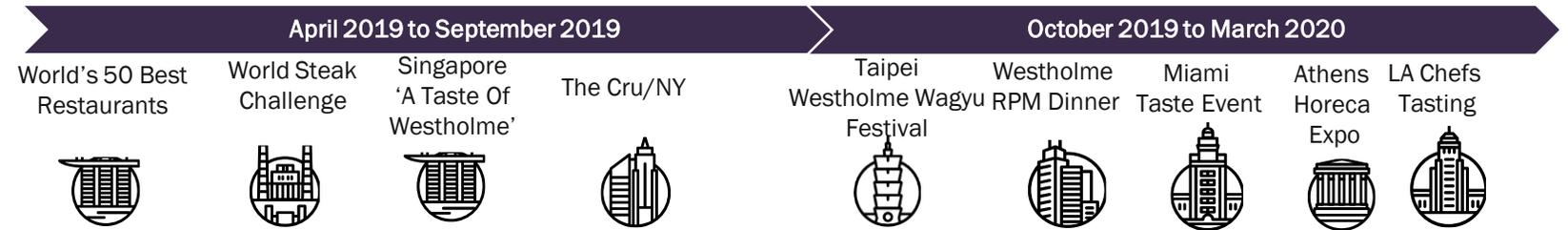
Trading brand sold into wholesale and retail channels, mass distribution



Strong progress made in FY20 in the rollout of Westholme brand across key locations



- Acceleration of launches in key cities
- Global Meat Sales volume: +101% vs pcp
- Global Meat Sales value: +155% vs pcp
- New partnerships forged across key regions
- Launched brand in USA
- Westholme brand listed on top restaurants throughout FY20



FY20 Activation

- Targeted chef engagement to drive Westholme brand connection
- Partnered with *The Cru* - New York; introduction to the New York fine dining scene
- 'A Taste of Westholme' Singapore trade promotion
- Westholme sponsorship of Michelin guide 2020
- 2 x Gold Medals - World Steak Challenge 2019
- Sponsor of the World's 50 best Restaurants awards in Singapore
- Taiwan Westholme Wagyu Festival promotion and awareness campaign

*Regional
Performance*





Asia

Strong progress made with brand deployment and continued growth in key Asian markets

Revenue Growth

- Approximately +19% vs pcp
- Approximately 66% of overall Wagyu meat sales

Commercial Highlights

- New distribution partnerships in Hong Kong, extension in Singapore
- AACo retail brands supplied to supermarket chains throughout Asia
- Strong retail sector growth in South Korea, China, Hong Kong, Taiwan, Thailand and Malaysia
- China saw strong demand for high-value loin cuts

Brand Highlights

- Launched Westholme in Hong Kong, Macau and Manila
- Targeted Taiwan activations – Westholme Asian BBQ festive period promotion from September to February
- Focused programme underway to further strengthen Darling Downs brand in South Korea through distributor-led promotions
- Regular retail brand and in-store product promotions



South Korea, China, Hong Kong & Taiwan

South Korea Revenue \$69M

- Largest per capita consumers of beef in Asia
- Strong customer relationships of more than 15 years
- Predominantly retail through biggest supermarket chain in South Korea
- Darling Downs Wagyu is a household brand

China Revenue \$34M

- World's largest imported beef market
- Significant protein deficiency in China due to impact of African Swine Fever on pork production
- Measured approach in developing China business
- Deepened partnerships and broadened customer base

Hong Kong Revenue \$10M

- Grocery retail sector is highly developed and competitive
- ~75% of chilled Australian beef sold in retail, food halls and gourmet specialist stores
- Attractive market for premium beef due to high disposable income

Taiwan Revenue \$7M

- High end market
- Beef consumption has risen, driven by young adult population with growing disposable incomes
- Western-style dining has grown in recent years using premium cuts
- Westholme brand launched in 2019



North America

Significant growth in strategic locations

Revenue Growth

- Approximately +34% vs pcp
- Approximately 7% of overall Wagyu meat sales

Commercial Highlights

- US based commercial team building distribution network
- Distribution partnership agreements executed in seven cities
- Predominantly high-end Food Service sector
- Embarked on retail opportunities in US and Canada

Brand Highlights

- Westholme launched in LA, Chicago, Miami and New York
- Westholme presence in Canada continues to grow
- Targeted chef engagement driving Westholme brand connection
- Brand Ambassador appointed to enhance brand affinity and product understanding for US distributors, customers and consumers



Europe/Middle East

Growth in the UK, Europe and Middle East through key distribution partnerships

Revenue Growth

- Approximately +17% vs pcp
- Approximately 12% of overall Wagyu meat sales

Commercial Highlights

- EU distribution partnership restructured to support Westholme strategy
- EU region sales manager embedded - focusing on 5 strategic countries - UK, France, Germany, Italy and Spain
- Executed new distribution agreement in the UK

Brand Highlights

- Westholme launched in London
- Hosted training sessions with UK chefs to develop brand awareness and customer loyalty



Australia

Westholme launched in key locations

Revenue Growth

- Approximately +16% vs pcp
- Approximately 15% of overall Wagyu meat sales

Commercial Highlights

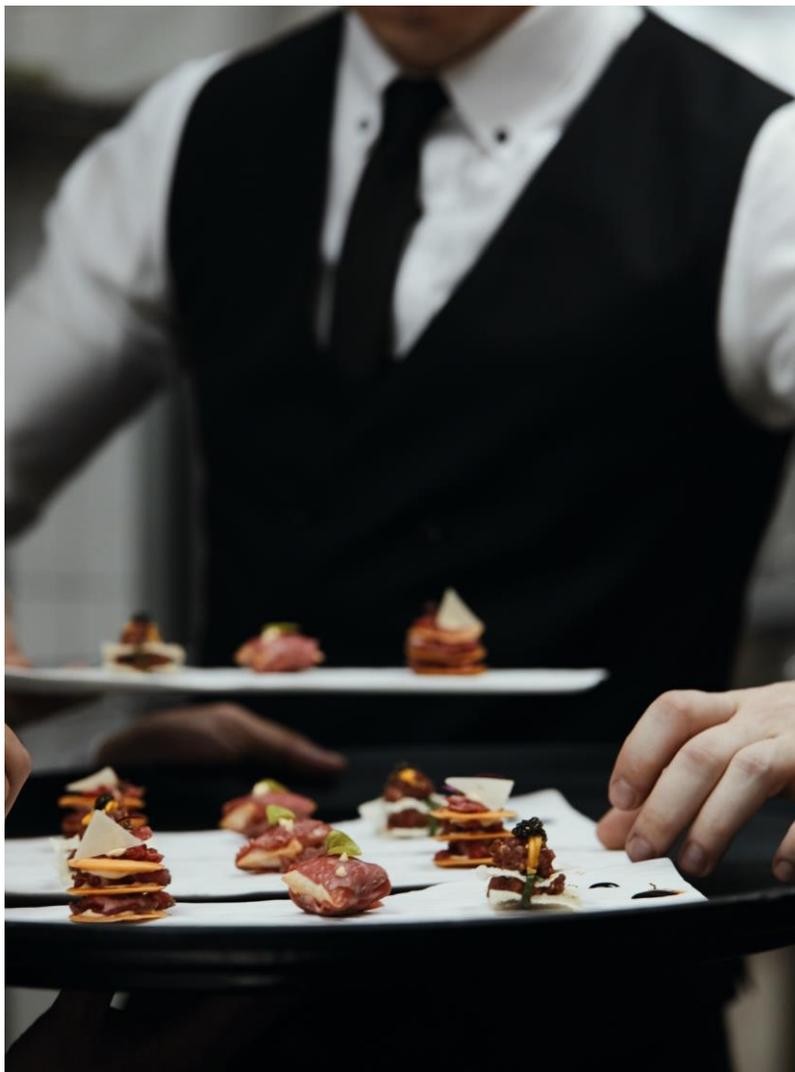
- Premium market shift proceeding to plan – growing branded sales programme and market presence
- Achieved higher pricing while reducing overall volumes to re-focus premium sales (strategic product reallocation to higher value markets)
- Key distribution partnerships revitalised

Brand Highlights

- Launched Westholme in Sydney, Melbourne and Brisbane via strong distribution partnerships



Financial Performance



- Strong second half and continued positive operating profit and cash flow again delivered in the face of adverse seasonal conditions
 - Operating profit (underlying) \$15.2M vs \$23.7M pcp
 - Second half FY20 delivered an additional \$9.1M operating cash flow and \$8.9M operating profit
 - c. \$42M FY20 elevated drought related costs
- Record year of Wagyu meat sales +19.7% vs pcp (FY20 Meat Sales are 100% Wagyu)
 - Wagyu Price/Mix/Exchange \$/Kg +8% vs pcp
 - Market growth seen across all key regions: Asia +19%, Europe/ME +17%, NA +34%, Australia +16%
- Strongest operating cash flow since FY17 and achieved positive cash flow in four out of the last five halves
 - \$20.1M operating cash flow for FY20 up from \$13.0M in pcp
 - PCP result includes one-off cash inflow benefits from Livingstone and 1824 supply chain wind down
- Net Assets increased by over 8% to c. \$913M, with continued growth seen in the value of world class assets
 - Pastoral properties valuation up \$63.6M, demonstrating the strength and quality of the portfolio
 - Livestock value increases further contributing \$49.6M
 - NTA of \$1.53 per share vs \$1.42 pcp, an increase of 7.7%
 - Gearing ratio 28.8% (pre-AASB 16) vs 30.0% pcp, comfortably in line with targeted 20-35%

Note 1: The measure of Operating Profit is a key indicator which is used to monitor and manage the Company. It eliminates the potential distraction caused by unrealised cattle valuation adjustments being recorded in the financial results, and is a better reflection of actual financial performance under the control of management. Hence the Company believes that external stakeholders benefit from this metric being reported. Operating Profit is unaudited, non-IFRS financial information. Operating Profit assumes movement in Livestock and inventory volume at cost of production, while Statutory EBITDA results include revaluations based on livestock market values.

Note 2: AASB 16 Leases replaces existing leases guidance and introduces a single on-balance sheet accounting model for lessees. The Company has adopted AASB 16 using a modified retrospective approach from 1 April 2019. Refer appendix for impact of AASB 16 on key metrics. Refer AACo Financial Report for the year ended 31 March 2020 for further detail on AASB 16.

Financial Performance: Profit & Loss Summary

\$m	FY 2020	FY 2019	Var \$
Meat sales	229.6	246.3	(16.7)
Cattle Sales	104.5	117.8	(13.3)
Total Sales	334.1	364.1	(30.0)
Operating Expenditure	(245.2)	(276.0)	30.8
Cattle Purchases	(22.3)	(28.9)	6.6
Operating Gross Profit	66.6	59.2	7.4
Change in Herd at Cost of Production	(11.5)	2.2	(13.7)
Meat Inventory Change	(5.6)	(4.5)	(1.1)
Adjusted Gross Profit	49.5	56.9	(7.4)
Corporate Expenses	(31.6)	(32.8)	1.2
Other incl. FX	(2.7)	(0.4)	(2.3)
Operating Profit (Underlying)	15.2	23.7	(8.5)
Exceptional Item (Gulf flood event)	-	(46.6)	46.6
Operating Profit² (EBITDA ex SGARA)	15.2	(22.9)	38.1
<i>Change in livestock value (SGARA) + Other</i>	64.9	(159.8)	224.7
Statutory EBITDA profit/(loss)	80.1	(182.7)	262.8

Positive Operating² Profit despite approximately \$42M of elevated drought related costs

- Operating profit² (underlying) \$15.2M vs \$23.7M
- PCP result reflects one-off revenues from structural reorganisation of Livingstone and 1824 supply chains and \$46.6M Gulf flood livestock write-offs and emergency expenses
- Execution of brand strategy delivering results
 - 19.7% growth in Wagyu meat sales vs pcp, with growth seen across all key markets and Wagyu Price/Mix/Exchange \$/Kg +8% vs pcp
- Cattle sales remain elevated in FY20 due to strategic destocking
 - Nearing completion and expected to return to lower normalised levels in FY21
- Focus on controllable costs and a simpler and more efficient operating environment driving performance
 - \$30.8M reduced operating expenditure
- **Statutory EBITDA profit of \$80.1M in FY20 vs (\$182.7M) loss in FY19.**
 - CY buoyed by \$102.4M reversal of PY \$94.3M unrealised losses seen from decline in the livestock market in the prior year
 - PY captured \$65.5M decline in lower value composite numbers from heightened sales resulting from Livingstone and 1824 decisions as well as \$45.6M in Gulf Flood write-offs

Note 1: Refer Appendix for impact of AASB 16 on key metrics. Refer AACo Financial Report for the financial year ended 31 March 2020 for further detail on AASB 16.

Note 2: The measure of Operating Profit is a key indicator which is used to monitor and manage the Company. It eliminates the potential distraction caused by unrealised cattle valuation adjustments being recorded in the financial results, and is a better reflection of actual financial performance under the control of management. Hence the Company believes that external stakeholders benefit from this metric being reported. Operating Profit is unaudited, non-IFRS financial information. Operating Profit assumes movement in Livestock and inventory volume at cost of production, while Statutory EBITDA results include revaluations based on livestock market values.

Financial Performance: Balance Sheet Summary

\$m	31 March 2020		31 March 2019
	Pre AASB 16 ¹ Adj	Post AASB 16 ¹ Adj	
Livestock	473.0	473.0	423.3
PPE & Intangibles	872.6	872.6	797.9
Right-of-Use Assets	-	28.2	-
Other Assets	61.8	61.8	65.4
Total Assets	1,407.4	1,435.6	1,286.6
Borrowings	379.8	379.8	361.6
Lease Liabilities	4.9	33.4	4.4
Deferred Tax Liability	64.5	64.5	30.7
Other Liabilities	44.5	44.5	46.2
Total Liabilities	493.7	522.2	442.9
Net Assets	913.7	913.4	843.7
<i>Gearing ratio</i>	28.8%	30.3%	30.0%
<i>Net Tangible Assets (\$/Share)</i>	\$1.53	\$1.53	\$1.42

- Balance sheet strengthened further with over 8% or \$69.7M improvement in Net Assets position
- World class pastoral properties contributed net increase of \$63.6M demonstrating the strength and quality of these assets
- Closing herd values increased \$49.6M vs pcp
 - Recovery of livestock market values has led to \$102.4M improvement in livestock assets held on balance sheet
 - \$57M Improvement in market value of Wagyu, nearly negating \$64M decline seen in FY19
 - \$47M Improvement in market value of non-wagyu animals more than offset c. \$30M in FY19 market value declines
 - Remaining \$55M in declines due to lower herd volumes, split between wagyu and Non-Wagyu herds as strategic de-stocking nears completion.
 - Majority of reduction in herd numbers has occurred in trading animals. Breeding herd remains strong.
 - Gulf flood losses and drought conditions have impacted branding during FY20 resulting in a decline in Wagyu headcount
- Successfully secured \$50 million of additional borrowing capacity ensuring AACo is well capitalised to respond to future adverse seasonal and economic conditions
- AACo maintains comfortable head room under existing bank covenants
- Gearing ratio pre AASB 16¹ of 28.8% in-line with targeted ratio of 20-35%. 30.0% gearing ratio in pcp
- AACo has adopted AASB 16 Leases using a modified retrospective approach from 1 April 2019
- ROCE 1.26% vs (1.73%) pcp

Note 1: AASB 16 Leases replaces existing leases guidance and introduces a single on-balance sheet accounting model for lessees. The Company has adopted AASB 16 using a modified retrospective approach from 1 April 2019. Refer appendix for impact of AASB 16 on key metrics. Refer AACo Financial Report for the year ended 31 March 2020 for further detail on AASB 16.

Note 2: Gearing ratio determined as net debt/(net debt+equity employed).

\$m	FY 2020	FY 2019	Var \$
Receipts from Customers	359.2	378.3	(19.1)
Payments to Suppliers and Employees	(324.3)	(352.7)	28.4
Net financing costs	(14.8)	(12.6)	(2.2)
Net Operating Cash Flow	20.1	13.0	7.1
Net Investing Cash Flow	(22.1)	(26.0)	3.9
Net Financing Cash Flow	12.5	9.4	3.1
Net Increase / (Decrease) in Cash	10.5	(3.6)	14.1
Opening Cash Balance	7.6	11.2	(3.6)
Closing Cash Balance	18.1	7.6	10.5

- Strongest operating cash flow since FY17 and achieved positive cash flow in four out of the last five halves
 - \$20.1M operating cash flow for FY20 up from \$13.0M in pcp
- This strong result was achieved despite significant drought related impacts and was driven by
 - Commercial strategy activation aligned to strategy
 - Disciplined focus on cost
 - Drive towards a simpler and more efficient AACo
- Prior year result includes one-off cash inflow benefits from Livingstone and 1824 supply chain wind down
- As outlined in our Letter to Shareholders released to the market on 20 April AACo is taking a number of steps to optimise cashflow and reduce operating expenses in the current COVID-19 climate and this remains as a continuing focus for the business.



Operating Environment

Sustainability

The Art of Australian beef production – managing our resources today in a way that will ensure they thrive into the future

Total control over the life cycle of our animals enables informed and effective decision making for the welfare of our animals, the lands on which we operate, our people and our product. Our *Sustainability Policy* informs our approach to sustainability and an internal framework enables ongoing improvement against a number of key metrics.

Custodians of the largest intact tropical savannah in the world - approximately

98%

of our lands have never been cleared

Investing in rural and regional Australia with

47

traineeships

8%

of energy needs provided by renewable sources



Three

indigenous community living areas on our NT properties, established relationships with local communities to empower growth and capacity

26,000^{ha}

of land under formal conservation agreements



Designated genetics and innovation team pursuing reduced GHG emissions and increased animal welfare outcomes

Mandatory pain relief policy for

100%

of potentially painful surgical livestock husbandry procedures



Specialist rangelands team which actively manage our lands – proactively mitigating damage, overgrazing, erosion and weeds whilst driving soil and pasture health



15%

bores converted to solar power

Exceeding best practice animal welfare standards

Sustainability

Managing our resources today in a way that will ensure they thrive into the future.

Enabling projects for our sustainability journey:

- Actively pursuing science-based measures for reducing enteric emissions
- Resetting our supply chain to reduce reliance on road transport enhancing animal welfare and reducing diesel reliance
- Increasing renewables in our energy mix
- Improving waste management processes
- Evaluating more sustainable packaging options
- Establishing an Animal Welfare Committee to drive best practice
- Replacing all windmills for improved safety outcomes
- Beef Cattle Herd Management project recognising the carbon reductions from improved genetics and management practices
- Engaging with industry experts to analyse practices and inform change





Outlook – Post-COVID*

Ongoing impact of COVID-19 with an uncertain outlook

AACo continues to monitor developments in the COVID-19 pandemic and the measures being implemented in the economy to control and slow the outbreak. Given the dynamic nature of these circumstances and the significant increase in economic uncertainty, the related impact of COVID-19 cannot be reasonably estimated at this stage.

During the GFC, US food service sales took 18 months to regain pre-Lehman level

Many stages that will underpin a recovery in food service sales:

- Lockdowns removed
- Venue capacity limits removed
- Consumers feel safe
- Restaurant numbers recover
- Consumer incomes recover

Australian Agriculture will largely weather this storm

<i>Negatives</i>	<i>Positives</i>
Falling consumer income	Low local stocks, better season
Contracting Food Service	Falling currency
Logistical Disruption	Competitor disruptions
	Swine fever, weak supply growth

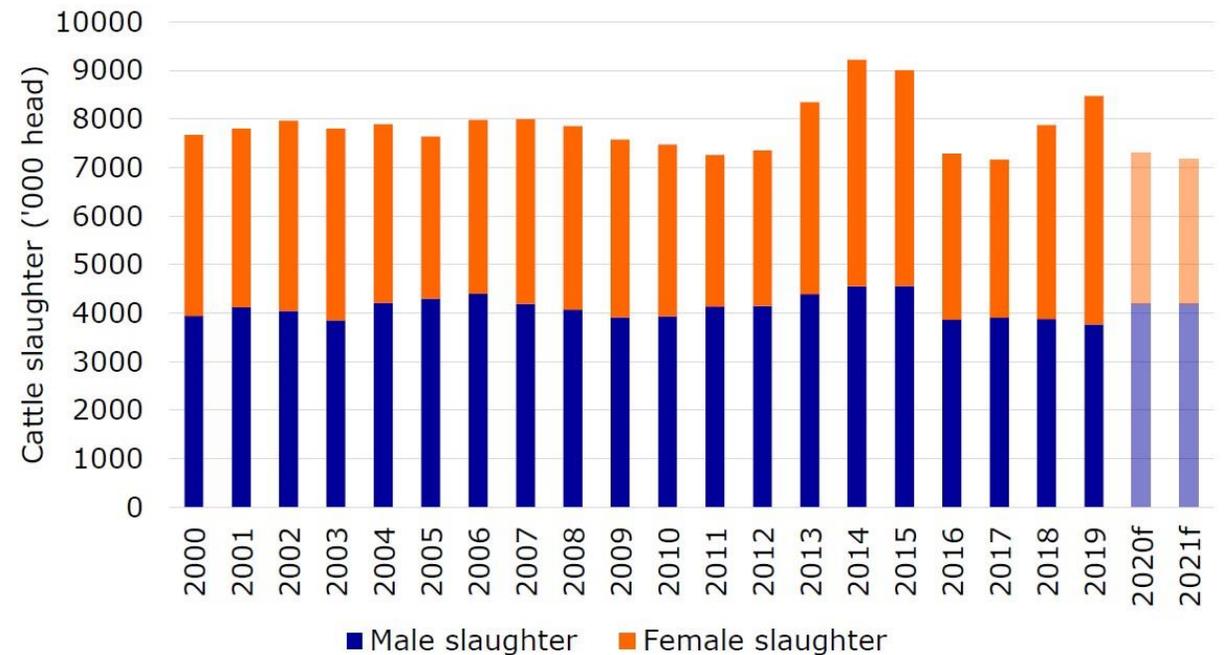
*Source Rabobank Research Australia and NZ, COVID-19 and Aus Ag 14 May 2020 “Weathering a brutal storm”



Outlook for Australian beef industry*

Ongoing impact of COVID-19 with an uncertain outlook

- Cattle Slaughter to drop 14%
- Rain and restocking leads to lowest slaughter numbers in 20 years
- Reduced production will lead to an 18% drop in exports in 2020 but COVID-19 will also change the export landscape



Data source: ABS and Rabobank

*Source Rabobank Research Australia and NZ, COVID-19 and Aus Ag 14 May 2020 "Weathering a brutal storm"



AACo presents a unique value

Our unrivalled ability to produce the highest quality beef at scale

Provenance - Our beef is grown in the Australian outback and fed on a healthy diet of natural grasses and grains.

Scale - The scale of our herd and properties allows us to adapt and evolve, to meet the needs of customers around the world.

Heritage - AACo Beef is a product of Australian history dating back to 1824. We are Australia's oldest continuously operating company.

Quality of assets - Our superior herd genetics and pristine native pastures span approximately 1% of Australia.

Brands - Our branded beef strategy positions us to capture the global appetite for high quality, premium Australian product.

People - AACo's people are dedicated to the sustainability of our land and the health and wellbeing of our livestock. They are led by a stable leadership team with diverse global experience and together, they are taking AACo's unique value proposition to the world.



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**THE ART OF
AUSTRALIAN BEEF**

Appendices

Financial Performance: Profit & loss summary Excluding Livingstone

\$m	FY 2020	FY 2019	Var \$
Meat sales	229.6	214.0	15.6
Cattle Sales	104.5	117.9	(13.4)
Total Sales	334.1	331.9	2.2
Operating Expenditure	(241.1)	(236.2)	(4.9)
Cattle Purchases	(22.3)	(24.6)	2.3
Operating Gross Profit	70.7	71.1	(0.4)
Change in Herd at Cost of Production (CoP)	(11.5)	4.7	(16.2)
Meat Inventory Change	(5.6)	(4.4)	(1.2)
Adjusted Gross Profit	53.6	71.4	(17.8)
Corporate Expenses	(29.9)	(31.4)	1.5
Other incl. FX	(2.7)	(0.4)	(2.3)
Underlying Operating Profit² (EBITDA ex SGARA)	21.0	39.6	(18.6)
Exceptional Items	-	(46.6)	46.6
Operating Profit/(Loss)	21.0	(7.0)	28.0
<i>Change in livestock value (SGARA) + Other</i>	<i>65.0</i>	<i>(168.4)</i>	<i>233.4</i>
Statutory EBITDA Profit/(Loss)	86.0	(175.4)	261.4

Note 1: Refer Appendix for impact of AASB 16 on key metrics. Refer ACo Financial Report for the -year ended 31 March 2020 for further detail on AASB 16.

Note 2: The measure of Operating Profit is a key indicator which is used to monitor and manage the Company. It eliminates the potential distraction caused by unrealised cattle valuation adjustments being recorded in the financial results, and is a better reflection of actual financial performance under the control of management. Hence the Company believes that external stakeholders benefit from this metric being reported. Operating Profit is unaudited, non-IFRS financial information. Operating Profit assumes movement in Livestock and inventory volume at cost of production, while Statutory EBITDA results include revaluations based on livestock market values.





AASB 16 Leases: *Impact on FY20 Key metrics*

\$m	Pre AASB16 ¹	Adjust	Post AASB16 ¹
Profit & Loss			
Operating Profit	9.7	5.5	15.2
Net Profit before tax	47.5	(0.4)	47.1
Balance Sheet			
Total Assets	1,407.3	28.2	1,435.5
Total Liabilities	550.6	(28.5)	522.1
Cash Flow			
Net Operating Cash Flow	14.6	5.5	20.1
Net Financing Cash Flow	18.0	(5.5)	12.5
Total Cash flows	10.5	-	10.5
Other			
ROCE (%)	0.81%	0.45%	1.26%
Gearing Ratio (%)	28.8%	1.5%	30.3%
Net tangible assets (\$/Share)	1.53	-	\$1.53

Note1: AASB 16 Leases replaces existing leases guidance and introduces a single on-balance sheet accounting model for lessees. The Company has adopted AASB 16 using a modified retrospective approach from 1 April 2019. Refer AACo Financial Report for year ended 31 March 2020 for further detail on AASB 16.



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Thank you