



Australian Agricultural Company Limited
ABN 15 010 892 270

AACo 2022 Annual General Meeting Address to Shareholders

28 July 2022

Manager
ASX Market Announcements
Australian Securities Exchange

Attached is the Chairman's and Acting Chief Executive Officer's Address to Shareholders for the 2022 Hybrid Annual General Meeting for Australian Agricultural Company Limited ('AACo') to be held 10.00am, Thursday 28 July 2022.

This announcement is authorised to be given to the ASX by the AACo Chairman.

Issued by:
Bruce Bennett
Company Secretary and General Counsel



Chairman's Address

AACo 2022 ANNUAL GENERAL MEETING

Welcome to the Australian Agricultural Company Limited 2022 Annual General Meeting.

I am very pleased to be joining you today from the Brisbane Convention Centre. It is the first time we are holding a hybrid meeting in person and virtually.

Thank you to everyone who has joined today's meeting both in person and online from around Australia and the world.

Faced with another year of challenges, our positive results in 2022 were shaped by resilience, discipline and ingenuity. AACo's strong financial results for 2022 include:

- Our fourth consecutive year of positive operating cash flow
- Continued improvement in operating profit margins
- And further strengthening of our balance sheet

Our ability to deliver a quality financial result and continue to make progress against our strategy has been excellent. It is testament to the strength of our team, partners and customers operating in what has again been a challenging operating environment.

This success is significant considering the challenging seasonal conditions we have experienced over multiple years. The achievements can be directly attributed to our strategy and progress made across the business and supply chain along with our commitment to invest in our brands and properties.

Our people have always been our greatest asset, but change is inevitable. I would like to thank our former CEO Hugh Killen for his significant contribution over the last five years and wish him well for his future endeavours. The Board will conduct an extensive search process that will include internal and external candidates in the domestic and international market

I also wish to thank David Harris for stepping in as Acting CEO. I am confident we are in a very safe pair of hands to deliver on strategy and continue to leverage what has been built over the last few years.

Chief Financial Officer Nigel Simonsz is leaving the business to pursue an opportunity closer to his home in Melbourne. I would like to thank Nigel for his solid contribution. A comprehensive search has commenced to appoint a new CFO.

Rather than paying a dividend for the FY22 year, we will be reinvesting back into the business and our assets to drive future growth. We have a strategy in place and we will be focusing on the five pillars within it.

We have capital to deploy in key areas for growth which includes development on our properties. In the Gulf of Carpentaria, we will focus on our irrigation project which aims at developing our water rights. A successful dryland trial has already taken place as part of this

project boding well for the future. We will continue to work on strengthening our relationship with stakeholders in this region.

There will be ongoing investment in our stations to increase carrying capacity by utilising land efficiently, effectively and sustainably. We operate a strategic balance of world class assets including around 6.4 million hectares of Australian land which underpins the value of our business.

The strength of these assets enables us to produce the highest quality beef at scale and this is key to supporting our branded beef strategy.

The value of our Pastoral Property and Improvements grew over the year, consistent with a long-term trend in our business. And these assets are now valued at \$1.2 billion, supporting our net assets value of over \$1.3 billion.

2022 marked a sustainability milestone for AACo. In November 2021 we launched our sustainability framework and will launch our third Sustainability Report next week. This is an important area for AACo and will remain an ongoing focus in FY23.

The future is ours to build and we have all the fundamentals in place.

Increased geopolitical risk will continue to impact global supply chains in FY23. This, along with rising inflationary pressures will impact the cost of key inputs across the beef supply chain. We believe we have the discipline, capability and resilience to manage these pressures.

We are proud of our teams across our head office and in markets around the world. And our station crew's dedication to their craft, care for the animals and land under their stewardship.

Board stability has been essential over the past two years with the ongoing impacts of Covid-19. Our Board continues to work as a cohesive team and I thank them for their support and hard work across 2022. Board diversity is high on the list for the future. We have set a measurable objective of achieving gender diversity on the Board of no less than 30% by the end of FY24. Over the next period, there will be a major focus on Board development.

Thank you for your time today, and for your support for the AACo team.

I now invite Dave Harris, Acting Chief Executive Officer to deliver his address.



ACTING CEO'S ADDRESS

AACo 2022 ANNUAL GENERAL MEETING

Thank you, Donald, and welcome to all of you here in Brisbane and those attending virtually. I am David Harris, Acting CEO of AACo, and it's an honour for me to be leading this 198-year-old company into the 2022 AGM.

Firstly, I would like to thank the team for facilitating today's event.

AACo plays an important part in Australian agriculture as the country's largest integrated cattle and beef producer.

It is a business that resonates with me, having grown up in the industry and having lived in rural communities in NSW and Queensland my whole life. I've worked in, built and run large integrated agricultural supply chains for more than 20 years. This has given me a deep knowledge of both their complexities and challenges as well as the genuine opportunity that these business models provide.

My journey with AACo began in 2016 and I've had the privilege of being Chief Operating Officer for the past three years.

I'm proud to be working alongside and leading a quality team of people that I have enormous respect for and have built a strong bond with. That bond has grown as I've managed multiple challenges alongside some extraordinary people:

- The 2019 Gulf floods – the greatest flood to hit the company since its inception in 1824
- Some of the worst droughts Australia has ever experienced
- And a global pandemic, which we've managed to navigate with minimal disruptions to our supply chain and customers.

It's also been a time of significant change and growth for the company during which I oversaw a rebuild of the operational side of the business, helping to fix the fundamentals of AACo.

Key to this has been the work we have done to streamline the business and become simpler and more efficient, to improve our internal processes of sales and operational planning to help drive our branded beef program, and putting the right team in place to deliver on our overall strategy.

As we move forward, I'll continue to grow a resilient business that investigates revenue streams through our approach to sustainability and alternate asset use, in addition to our branded beef program; that focuses on the cost of production and our continued drive for a simpler and more efficient business; and is centred on our people - I am passionate about behaviours and helping the AACo team strive to be its best.

Everything we do is about building on our three principal activities:

- The marketing and distribution of high-quality branded beef into global markets
- The breeding, growing, feedlotting and trading of our animals
- And ownership, operation and development of the amazing pastoral properties that we are fortunate to have stewardship over

At AACo, *we're evolving together to benefit future generations*. That's our purpose - It's why we exist. The land we nurture, the people we develop, the animals we care for and the exceptional product we create are the hallmarks of our success. We take great pride in that. It's what positions us internationally as the producers of the finest quality Australian Wagyu.

We've seen this commitment flow through into our FY22 results, which was one of our best financial performances ever. This is a direct result of delivering on our strategy.

Key highlights include:

- Improved operating margins, including an average Wagyu meat sales price per kilo increase of 21 per cent, which drove our operating profit of \$49.9M
- Our balance sheet is stronger, highlighted by a \$254.5M increase in our pastoral property and improvements value
- As well as a \$199m increase in the value of our herd, increasing total net assets to more than \$1.36B
- And leading to a significant increase in AACo's NTA per share to \$2.27.

Overall, our bottom-line statutory net profit after tax increased to \$136.9 million. This is our strongest net profit result since listing on the ASX.

A relentless focus on executing our strategy and maximising returns from every cut of meat we produce drove increased sales margins this year. We leveraged higher demand as food service started to return following the COVID-19 shutdowns. And targeted allocation of Westholme in the US, to optimise our sales and achieve solid price increases.

This success, along with higher cattle sales margins was the driving force behind our strong results.

Moving forward, our primary focus as a company and mine as Acting CEO remains on building our brands in market, one of AACo's strategic pillars. First and foremost, we are a branded food business, leveraging our exclusive Wagyu herd and pristine landscapes to produce the highest quality beef at scale. We want to deliver on the full potential of our brands and build on the progress that we have made over recent years. Our presence in the US will remain of particular focus.

We will also leverage our positive results and invest back into the business under our other strategic pillars:

- A simpler and more efficient AACo, through a disciplined focus on costs and operational efficiencies
- Developing our natural resources and assets, including exploring the potential for alternate asset use
- Making AACo a great place to work, which will focus on connecting our people to our purpose and enabling great leaders

- And executing on our sustainability framework and five major commitments, which marked a major milestone for AACo in FY22.

Our sustainability agenda will continue with the release of our third Sustainability Report next week. AACo has an ambition to be the sustainability leader in the Australian pastoral sector. This report further lays out our commitment to mitigating our climate impact and meeting the needs of a changing world.

We have begun work on each of the five major commitments launched in November 2021 with our sustainability framework, the first of its kind for the Australian beef industry. Landscape carbon, natural capital, methane emissions reduction, animal health and welfare certification and the Wylarah Institute.

We're encouraged by the response to our sustainability framework from industry and government and we'll continue to work hard to achieve our desired outcomes. This is a priority for AACo and another area in which we will continue to invest in FY23.

Looking to the future, there are some macro dynamics the business is monitoring which highlight our need to continue to build resilience and focus on our strategy.

We and industry are mindful of the potential risks and challenges of Lumpy Skin Disease and Foot and Mouth Disease. We are being proactive in our engagement with the government and our industry partners who are responsible for Australia's management of these issues, while also considering our own mitigation practices across our properties.

We also expect to see increased pressure on our costs of production and input prices. Global supply chains are continuing to experience difficulties and we're observing rising inflation and rising interest rates worldwide.

There are also positives though, including the strong rebound of foodservice which we anticipate will continue in our key markets. This will support the continued delivery of the full potential of our brands.

Our herd is now 382,000 animals – an increase of approximately 42,000 head of primarily high-quality wagyu cattle that will feed into our branded beef program. This positions us well to take advantage of a rise in global demand for quality beef through FY23 and beyond.

Finally, I'd like to thank the entire AACo team for their hard work across 2022 and our shareholders for continuing to support the Board and Executive as we execute against our strategy.

We're satisfied with the progress to date but there's more work to do and I look forward to leading the team into the next horizon of our strategy.

Thank you for joining us today.