



Australian Agricultural Company Limited
ABN 15 010 892 270

AACo 2024 Annual General Meeting Address to Shareholders

25 July 2024

Manager
ASX Market Announcements
Australian Securities Exchange

Attached is the Chairman's and MD/CEO's Address to Shareholders for the 2024 Annual General Meeting for Australian Agricultural Company Limited ('AACo') to be held 10.00am, Thursday 25 July 2024.

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

Issued by:
Emily Bird
Company Secretary and General Counsel



AACo 2024 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS

Welcome to the Australian Agricultural Company Limited 2024 Annual General Meeting.

I'm pleased to be with you today from the Royal International Convention Centre and to be joined in the room by our Australian-based Directors.

Our international Directors are joining us over the phone today.

Thank you to everyone attending in person and those listening online.

AACo's 200th anniversary in 2024 is a cause for celebration and reflection, as we consider how the company has evolved over two centuries from a largely sheep enterprise, established to develop and cultivate land in NSW, to Australia's largest beef and cattle producer, with one of the world's largest Wagyu herds.

One of the company's greatest successes over that time has been how it transitioned from a company with numerous individual properties to a fully integrated and modern supply chain.

The bulk of this shift came in recent times, in both a drive to become simpler and more efficient, as well as being part of a plan to create a more stable base for the company and set it up for the future.

With that transition substantially complete, the benefits are now flowing through. We saw that in FY24, with another positive year for AACo.

Shareholders should be proud of the operating results produced by our executive and management teams, as well as all employees here in Australia and globally.

The results once again demonstrated the resilience of your company. While the operating and statutory numbers were down on the previous year, they reflect challenging global conditions, which included increased supply of beef in some markets as well as higher inflation and a sharp fall in cattle prices.

Notwithstanding those dynamics, the results are still among the best that the company has produced, including:

- The second highest operating profit since this metric was introduced as a key measure of performance of the company;
- Total sales revenue that increased 7 percent to \$336 million; and
- Overall meat sales revenue that increased by 10 percent.

The negative statutory results were due to factors largely outside of our control, and a requirement to report the unrealised value of our herd at that point in time.



With cattle prices hitting four-year lows in the period, the value of the herd also decreased, leading to a statutory net loss after tax of \$94.6 million.

While we saw a \$78 million increase in our pastoral properties, the herd valuation decrease resulted in a small decrease in net assets to \$1.52 billion and led to a reduction in the NTA to \$2.51 per share.

Through the hard work of our commercial teams, AACo was able to largely maintain or increase prices on branded beef in most of its target regions in FY24.

Our markets and our customers recognise and are willing to pay premium prices for the high-quality Wagyu that we produce, and this was reflected in our results.

However, the global dynamics did have an impact outside of the restaurant-quality, centre-of-plate cuts, in products like trim, where prices can shift quickly when there's an oversupply in the broader market.

That's where we were able to see the success of the current strategy, as we allocated our product strategically in our markets to take advantage of, or to limit the impacts of, those global dynamics.

You heard CEO David Harris talk about a strategic review in the full year results presentation. Our aim is to use the success of the current strategy as a foundation. Then leverage our world class assets and our extensive skills base, combined with the rich heritage that has helped us become a global leader, to expand the opportunities that we have, while building on what we already do well.

We have progressed significantly over recent years, and the commercial results demonstrate the success of our integrated supply chain.

Now the Board and management are looking at where the company goes in the future.

From the original shorthorn cattle that we brought from England 200 years ago, we have constantly sought to invest in and improve our animals.

The new strategy will continue this effort, building a better beef program and improving on the quality genetics that we possess. Dedicated and targeted programs involving our best bulls and cows, accelerated through commercial scale intensive artificial reproductive technology, will help us breed and grow animals with traits that are more desirable for our customers.

We also possess pastoral assets and properties that are recognised as being amongst the highest quality in the world. I visited many of them through the period, across Queensland and into the Northern Territory, and I can report they are in excellent condition.

Our new strategy will leverage their size, scale and location to pursue new opportunities and new revenue streams.



Nature will lead our ambitions – a theme you will see through the new branding and marketing activities for Westholme. As an example, we are in the final stages of assessing our first carbon sequestration project to register with the regulator.

Along with our other properties, the review will also consider the best way to utilise the Livingstone facility. We have said for a number of years that we believe the asset has strategic value. We have continued to maintain the facility with the knowledge of those potential future prospects. We are open-minded about the opportunities that will achieve the best value for shareholders.

We will strategically invest in opportunities with key partners that can help us build on our market leading position and innovate for the future. We look forward to sharing more details of the strategy and opportunities that we are pursuing in the near future.

As I flagged at last year's AGM, AACo invested heavily in its supply chain in FY24, with a view to securing the future by creating a resilient company. The Goonoo property expansion, which will increase supply into our global markets, is an example of this, and demonstrates a conscious and intentional effort to invest in the company.

The other initiatives I've just spoken about as part of AACo's future strategic direction, require new and expanded investment and for this reason we will not be paying a dividend for FY24.

They also mark the start of a new horizon for the company, which we are confident will place your company in a better position to grow into the future and that will ultimately benefit all shareholders.

It's once again been an honour to lead the Board in FY24, and I acknowledge their work and guidance through the year's challenges.

We recently welcomed Josh Levy onto the Board. Josh replaced Shehan Dissanayake, who resigned during the period.

I want to thank Shehan for his service and dedication over many years, which included time as an Executive Director and Deputy Chairman.

Company Secretary and General Counsel, Bruce Bennett also moved on during FY24. Bruce sat with the Board in that position for almost two decades. We thank him for his service and wish him well in his future endeavours.

Emily Bird has replaced Bruce as Company Secretary and General Counsel.

The Board remains united and committed to the success of the company.



As I said at the beginning, our 200th year of operation is an appropriate time to reflect. It's also a time to celebrate and we are doing so modestly, as well as with the industry at Beef Australia recently in Rockhampton.

The focus has been on our employees, while honouring those who came before us. It is our employees who deserve the lion's share of the credit for the successes this year.

They work hard across the supply chain, and I commend them for their efforts.

Thank you also to all our shareholders. We acknowledge your support and trust that will continue as we look to the future.



AACo 2024 ANNUAL GENERAL MEETING MANAGING DIRECTOR AND CEO'S ADDRESS

It's an honour to be joining you here as the Managing Director and CEO of AACo.

Welcome to all of you here today in Brisbane and following online, and a big thank you to the team for organising today's Annual General Meeting.

As Donald shared with you, this calendar year marks 200 years of operation for your company.

From its beginnings in the Port Stephens area of New South Wales, the Australian Agricultural Company has, and continues to exist to benefit the land, its animals, and people.

These include our employees, communities, customers around the world, and in doing so, it is also working in the best interests of shareholders.

The same is true of financial year 2024, with another year of progress, even in the face of difficult global conditions that persisted through the year.

Conditions such as increased global meat supply and reduced live cattle prices did have some impact on our results for FY24, but pleasingly, perhaps more than ever, we also saw the positive impact of the branded beef strategy that we have been building and sharing with you for several years.

Through that strategy we were able to deliver a \$50.5 million operating profit in FY24.

It was AACo's second largest operating profit in recent times and the second consecutive year that the company posted a full year operating profit above \$50m.

The operating cash flow for the year was \$9.3 million while total revenue increased to \$336.1 million and our herd grew 5% in FY24 to circa 455,000 head.

Being able to achieve this outcome in the same year as one of the sharpest downturns in cattle prices in recent history, should give shareholders confidence in the direction and the management of the company.

The foundation of our strategy is a strong global network of distributor partners, with established and new relationships across our global markets supporting our strategic distribution of product.

We are able to leverage that network to place the right cuts of beef in the right markets at the right times, taking maximum advantage of the conditions as they exist at any point in time, or as was the case at times this year, limiting the impact of unfavourable conditions as they occur.



We consider markets individually as well as part of an interconnected network, with each market playing a role to realise short-term opportunities, whilst also positioning ourselves to maximise the full potential from our brands in the future.

By focusing on utilising our assets to sell high-quality Wagyu beef that is desired by chefs and consumers around the world, our approach is designed to even out some of the peaks and troughs that can exist in selling cattle.

Cattle prices hit 4-year lows in the period, which was the primary influence behind a weaker statutory performance.

The herd valuation adjusted down \$149.4 million, leading to a statutory net loss after tax of \$94.6 million.

We are required to revalue our entire herd based on the market values at each reporting period. This feeds directly into those statutory numbers, even though the increase or decrease in value is unrealised at that point in time.

So, whilst the reduction in cattle prices impacted our balance sheet and statutory performance in FY24, you can see that it had a more limited impact on our operating performance.

Of course, our branded beef program is one key initiative from our broader strategy.

Our enterprise level strategy and everything we do is about maximising the potential of our assets through three principal activities:

Firstly, the marketing and distribution of high-quality branded beef into global markets.

Secondly, the breeding, growing, feed lotting and trading of our animals.

And lastly - ownership, operation and development of the amazing pastoral properties that we are fortunate to have stewardship over today.

Let me take some time now to share the company's progress across these areas and the other initiatives we are pursuing.

Firstly, to the progress in our markets.

Significant brand development in FY24 will help unlock opportunities, while also helping lay the foundations for potential growth in our meat sales revenue, which increased 10% in FY24 when compared to the prior period.

I'm particularly proud to have relaunched the brand 1824 through the year, after a period of strategic development.

The brand honours AACo's history and two centuries of perfecting our craft, and will play an important role in the company's branded beef program.

As discussed earlier, elevating a product selection to be sold under targeted brands has proven to be a successful strategy for AACo over recent years.



We've achieved this success through the growth of Westholme and Darling Downs.

1824 will focus on maximising revenue through new distribution channels outside of those brands and allow us to reach even more customers globally.

There was also considerable brand development work undertaken with Westholme to position it for further opportunities in FY25.

By now some of you will have seen the relaunch of the Westholme brand, with events on our properties, in major Australian cities, and around the world.

It now better represents the connection that Westholme has to our land, and more clearly articulates what goes into producing the exceptional Wagyu that is sold under this brand around the world.

I'll share more with you in future updates, but I encourage you to visit the Westholme website and social media channels to learn more.

While that work is aimed at developing new and potentially improved prospects in the future, FY24 was a year of further progress as we were able to maximise value from our global distribution network.

Headwinds, which include the ongoing herd liquidation in the US, increased overall supply in Korea and heavy competition for the higher prices that exist in parts of the EU, meant that we had to manage supply and use our global distribution network to create price tension in different markets.

The result was that AACo was able to largely maintain or increase prices on its branded beef in most target regions in FY24, a strong outcome when considering those market factors.

Some of the year's key highlights include:

- Coveted menu placements in North America and achieving price growth across ultra-premium product offerings;
- Launching a premium tier within Darling Downs in Korea to help recapture market share, where there is heavy supply of the local Hanwoo domestic product;
- Expanding our presence through new opportunities in Indonesia and Thailand;
- Establishing new distribution partnerships in Australia as we reintroduce the 1824 brand; and
- Encouraging results in product innovation trials, including Wagyu bacon and burgers.

We also took a strategic approach to building capacity in our global commercial team, alongside additional investment in marketing activities, product activations and digital engagement.

Brand awareness has increased through these activities, positioning the company well as we continue to navigate the everchanging global landscape.



It's rarely going to be the case that every market is progressing at the same pace at the same time, every year.

With this in mind, our strategic approach to product allocation through our global distribution network becomes a genuine advantage.

Our ability to consistently produce high-quality beef, with a production system that allows us to do it at scale, also sets us apart.

When it comes to the second activity – the breeding, growing, feed lotting and trading of our animals. AACo invested heavily in infrastructure this year, including a \$36.5 million business investment program, which is \$16 million more than the prior period. By aligning the spending on initiatives with our strategic priorities, we have created opportunities that will ensure long term benefits and returns for AACo.

One of those opportunities is the Goonoo property expansion that was completed during the second half of the year. As well as increasing the value of the property, the expansion increased intensive supply chain capacity by 12% in the period and will enable us to boost supply into our global markets.

We have also adjusted the profile of our herd, producing more Wagyu animals to further leverage our branded beef sales opportunities.

Transitioning to a new processor in FY24 also better positions AACo to maximise the opportunities that the increased capacity and supply will bring.

These projects and the 5% growth in the herd that I mentioned earlier, demonstrate a conscious and intentional effort to invest in the company's future.

Now to sustainability, which is fundamental to that last key activity – the ownership, operation and development of our pastoral properties. Significantly, AACo's depth of understanding in this important area increased in FY24 and our approach to addressing our impact on climate followed.

As we've said before, AACo takes a broad view of sustainability. We seek opportunities to have a positive impact on nature across our cattle production system.

Our cattle operations span over 6.5 million hectares of land, and the focus is not just what we are doing, but also how we are doing it.

Through how we operate, we can be part of the solution to addressing nature related challenges which can lead to a positive impact on climate. We're excited about the direction and opportunities for the company in this important area.

Among the other notable progress in FY24, AACo signed up as a tier-1 partner in the Zero Net Emissions from Agriculture Cooperative Research Centre. As part of the bid team, AACo played a key role in the early development of the CRC, and we are looking forward to the program of work that follows its recent formal launch. It's Australia's largest ever CRC and AACo's 10-year investment reinforces our commitment to sustainability and the efforts to reduce our emissions.



In addition to the CRC, AACo also completed the first phase of the Rangelands Carbon by Satellite project. That includes delivery of a product for testing that we anticipate will eventually allow us to measure landscape carbon at scale.

Once completed, we hope the product will remove one of the key barriers both to entering soil carbon markets as well as unlocking new understandings about the potential for soil carbon sequestration at scale in northern Australia.

AACo conducted a unique analysis of the way carbon moves through our supply chain in FY24, which will inform our emissions accounting as well as opportunities to reduce emissions. And we progressed further work into methane-reducing feed additives, including trialling delivery methods and opportunities in grazing environments.

We also completed another year of the Beef Cattle Herd Management Program which is designed to improve and track cattle productivity.

Details about these initiatives and more can be found in AACo's 5th Sustainability Report that was recently released. I encourage you to head to our website for a read, to learn more about the investment and progress we are making across our sustainability program.

Our global operating environment includes more than just supply and demand dynamics. We closely monitor consumer trends, as well as the potential impact of trade and other mechanisms that could impact market access.

The EU's deforestation regulation is one example. The regulations were announced in FY24 and will come into effect in FY25. We are engaged in the conversations around their implementation in Australia and are preparing our own supply chain in readiness.

More broadly, global meat sales conditions remain uncertain in FY25. Analysts predict global oversupply of beef will ease in late FY25 which, if realised, should allow us to capitalise on branded beef sales opportunities as market conditions ease.

We should also be helped by reducing inflation, albeit with higher baseline input costs than the same time last year.

Our supply chain has benefited from consecutive favourable seasons across our northern breeder properties that are contributing to strong pasture growth and increased productivity.

Combined with a full year of benefit being realised from the Goonoo property expansion in FY25, we anticipate healthier cattle and increased supply of our premium Wagyu.

Our people serve as the foundation that underpins all that we do. I'm proud of our teams here in Australia and across the globe and the progress we have made in this area over the period. We want them to not just believe that AACo is a great place to work, but also to have that experience each day, and so it was pleasing to see an uplift in the employee engagement score in FY24.



Some of the progress can be attributed to the delivery of our employee value proposition, which highlights the extraordinary nature of working at AACo. We're also actively working to provide learning and growth opportunities for employees, including prioritising internal promotions where possible and appropriate.

Through our initiatives we've increased the number of women in leadership by 6%, including reaching equal gender representation among our senior leaders.

I'm humbled to lead this organisation in its 200th year.

The passion and drive of the people who work here brings me tremendous satisfaction.

Thanks again to the entire company, our employees around the world, the Executive Team and the Board for their dedication in FY24.

Thank you also to all shareholders for your continued support of our company.

The strong results we delivered during the period once again highlight the quality and enormous potential that exists in our people, animals, land and in the beef that we produce.

We will continue to take advantage of opportunities to unlock further potential through FY25 and beyond.

Thank you.