



14 November 2024

ASX/Media Announcement

## Interim AACo results show resilience in challenging market environment

- Operating Profit: \$20.2m vs \$30.1m pcp, impacted by in-market price pressures and global dynamics that persisted from FY24
- Revenue: \$195.5m vs \$167.1m pcp, driven by increased volumes, with 9% greater kilograms produced through supply chain
- Operating Cash Flow: \$4.3m vs \$2.6m pcp
- Operating Profit Margin: 10.3%, down 7.8 percentage points vs pcp
- Statutory Net Profit After Tax: \$23.6m vs loss of \$105.5m pcp, and Statutory EBITDA of positive \$64.5m vs negative \$124.9m pcp, influenced by increasing cattle prices driving up the unrealised mark-to-market fair value adjustment of the herd
- NTA increase of 2% to \$2.55 per share

### FY25 First Half Overview

Australian Agricultural Company Limited (AACo)(ASX:AAC) has announced an operating profit of \$20.2m for the first half of FY25 and an increase in revenue vs pcp, to \$195.5m, driven by increased volumes. A \$1.7 million improvement in operating cash flow vs pcp to \$4.3m underscores the resilient result.

The challenging market conditions experienced in recent periods are continuing, with a sharp increase in beef supply in some regions and restrained consumer spending across the global economy.

Those factors impacted the overall Wagyu meat sales price per kilogram, which was down 17% vs pcp, and that was a major contributor to a lower operating profit margin, down 7.8 percentage points vs pcp, to 10.3% and the operating profit which was down on the prior period (\$30.1m).

However, through the company's strategic approach to product allocation and investment in its Wagyu brands and marketing activities, AACo was able to largely maintain its presence in key markets.

The result was strengthened by a 37% increase in kilograms sold, driven by increased supply from the Goonoo property expansion, further highlighting the benefits of building a resilient and flexible supply chain.

Alongside increased volumes, an improvement in cattle sales was a factor in the positive cash result. Cattle prices also boosted the unrealised mark-to-market value of our herd, with a rise of \$34m contributing to a statutory net profit after tax of \$23.6m and positive Statutory EBITDA of \$64.5m.

That led to an uplift in net tangible assets, to \$2.55 per share.

Managing Director and CEO David Harris said the results were reflective of the current challenging environment.

"Our strategy of recent years has been designed to build a better beef program at AACo, which includes improving both the resilience of our supply chain, as well as the performance of our brands in market," Mr Harris said.

"We are seeing some of the outcomes of that hard work in these results.

“Broad macro-economic dynamics don’t change overnight, so it’s no surprise that the market factors that influenced previous results continued into the first half of the year.

“However, we have positioned ourselves to respond accordingly, with a disciplined approach and a highly productive and efficient supply chain that has created multiple pathways to positive results.

“We saw the benefits this period as we were intentional about how we increased volume to offset those pressures.

“Conditions remain challenging, but we’re satisfied with how we are progressing this financial year.”

### **Key market activity**

AACo’s brands, Westholme, Darling Downs and 1824, performed well in target markets in the first half, with total branded sales increasing globally, despite the decrease in the overall Wagyu meat sales price per kilogram.

The outcome was a result of AACo’s strategic approach to product allocation, using its global distribution network in a tactical response to market dynamics. By diverting supply to specific markets, the company was able to optimise price and support future growth in key higher-paying regions.

First half highlights included:

- Relaunching Westholme with new branding that better reflects the nature-led focus of the value chain. Launch events on stations, around Australia and in AACo’s global markets provided new opportunities to engage chefs and increase brand awareness.
- Increased marketing activity with Darling Downs in Korea, which included targeted instore activations that helped drive a 25% increase in sales.
- Expanding the distribution of Darling Downs into new markets, including Australia.
- The relaunch of 1824, which contributed to an increase in branded meat sales. In its first complete reporting period, the brand has grown to represent 12% of all branded meat sales.

### **Innovating in sustainability**

AACo expanded its innovative approach to sustainability in the first half, including investigating new insetting business models, making progress with methane abatement trials and considering new partnership and investment opportunities that will boost sustainability activity and outcomes.

The third round of field samples for the Rangelands Carbon by Satellite project was completed. A total of more than 2,200 soil cores has now been collected and the project is in its final development stages.

AACo advanced its first soil carbon sequestration project and the process of registration with the Clean Energy Regulator is now underway.

### **Operating environment**

Industry analysts report that the global oversupply of meat should begin to ease through FY26, as different markets enter rebuild phases, and Westholme, Darling Downs and 1824 remain well positioned, should this eventuate.

Cattle moving through the value chain and into those branded programs are enjoying the cumulative benefits derived from recent positive seasons, while key production drivers in the supply chain are improving.

Mr Harris said: “These interim results show how the company’s strategy has given AACo a good platform for continued growth.

“The results are a credit to our team and hold us in good stead as we move into the second half.”

**[ENDS]**

## Investor Briefing

The Australian Agricultural Company Limited (ASX:AAC) will hold a teleconference and webcast briefing for investors and analysts detailing HY25 Results on **Friday 15 November at 9:30 am AEST**.

### Conference details:

Webcast link – <https://ccmediaframe.com/?id=WC8TQR9D>

### AACo Conference ID: 10042763

All Participants will be asked to provide the Conference ID when joining the Call.

### Participant Dial-in Numbers

Australia Toll Free:	1800 809 971	Australia Alt. Toll Free:	1800 558 698
Australia Local:	02 9007 3187	Hong Kong Toll Free:	800 966 806
New Zealand Toll Free:	0800 453 055	UK Toll Free:	0800 051 8245
New Zealand Alt.	09 929 1687	Singapore Toll Free:	800 101 2785
Canada/USA Toll Free:	855 881 1339	China	4001 200 659
Other international (metered)	+61 7 3145 4010	UAE	8000 3570 2705

Media Enquiries	Investor Enquiries
<b>Aaron Wakeley</b> Head of Government and Media Relations +61 438 144 127 <a href="mailto:awakeley@aacocom.au">awakeley@aacocom.au</a>	<b>Robyn Smith</b> Head of Finance Services +61 7 3368 4415 <a href="mailto:ir@aacocom.au">ir@aacocom.au</a>
For the purposes of ASX Listing Rule 15.5, AACo confirms that this announcement has been authorised for release to the market by the Board.	