

# H1 FY25 Interim Results Presentation

November 2024



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# Acknowledgement of Country

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A wide-angle photograph of a herd of black cattle grazing in a lush green field. The sky is filled with soft, grey clouds, suggesting an overcast day. The cattle are scattered across the field, some facing the camera and others with their backs to it. The overall scene is peaceful and rural.

# CEO Message

# Performance Highlights

## Operating Profit

Increased sales volumes delivered a resilient operating profit performance in a challenging global market.

**\$20.2M**

(\$9.9M) vs pcp

## Operating Cashflow

Operating cash inflow achieved through increased sales volumes and cattle sales.

**\$4.3M**

+\$1.7M vs pcp

## Total Sales Revenue

Growth in meat sales resulting from the expansion of supply chain offsetting the impact of challenging market conditions. Live sales have normalised reflecting an optimised herd.

**\$195.5M**

+\$28.5M vs pcp

## Wagyu Meat Sales Price/kg

Tactical allocations across the supply chain mitigated brand and price impacts in key markets, however global macroeconomic challenges have resulted in a reduction in average sales price.

**\$17.46/kg**

(17%) vs pcp

## Statutory Net Profit after Tax

Unrealised mark-to-market adjustments of herd favourably impacted statutory performance, with a herd valuation adjustment of \$34M.

**\$23.6M**

+\$129.1M vs pcp

## Net Tangible Assets

Strong balance sheet maintained, with growth in herd values and secure access to capital.

**\$2.55/Share**

+2% vs FY24



# Commercial Overview





# Global Sales

## Wagyu Meat Sales<sup>1</sup>

14% ↑

Wagyu Meat Sales Value vs  
pcp

16% ↓

Price/Mix vs pcp

30% ↑

Volume vs pcp

**Strategic approach to product allocation to optimise price and support future growth in key high-paying regions**

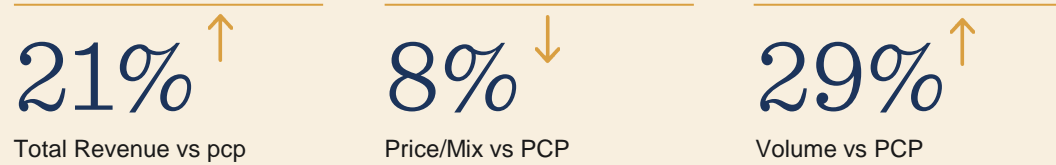
- Increasing volume supported overall performance, helping offset reduced Wagyu meat sales price/kg which was the result of global market conditions.
- Tactical approach leveraged global distribution network to manage volumes and protect price and position in key markets.
- Foodservice and retail sales expanded, including new Westholme brand positioning and new partnerships for the distribution of Darling Downs and 1824.
- Investments in brand and marketing strategy created new partnerships and expanded reach to new customers globally.

*Note 1: Wagyu Meat Sales excludes Trim*



# Westholme

Ongoing investment creating new opportunities



- Significant growth in brand volumes across the Westholme portfolio, now encompassing three programs: Pure, Cross and Forage.
- Limited price impact through strategic allocation to support brand.
- Launched new brand positioning in Australia, UK and Middle East with positive reception from target audience.
- Brand positioning reflects the nature-led focus of our value chain, recognising how environment contributes to flavour, creating a unique value proposition for AACo.
- Continued investment in Westholme increased product engagement through several exciting chef collaboration events and new product offerings.
- 200% growth in new user website visits, fuelled by in-market activations across strategic regions and growing interest in brand.



38%

# WESTHOLME

NATURE — LED  
AUSTRALIAN WAGYU

# Darling Downs

Increase in supply driven by expansion into new markets and improved engagement

25% ↑  
Total Revenue vs pcp

16% ↓  
Price/Mix vs pcp

41% ↑  
Volume vs pcp

- Growth in supply supported expanded distributions in Korea and entry of the brand into new markets.
- Marketing and incentive programs in Korea helped drive a +25% increase in sales vs pcp, offsetting some of the impacts from the oversupply of Hanwoo.
- Expanded digital engagement and growing online community, reaching +5 million consumers.
- Activated brand campaigns with our retail partners across Hong Kong, South Korea, Thailand and Australia.
- Speciality packs and in-market activations used to leverage key selling occasions and drive customer awareness.

Note 1: Wagyu Meat Sales revenue excludes Trim



# 1824

Promising results and expansion opportunities following launch

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## 12%

% of Total Wagyu Meat Sales

- Highly recognised brand that honours AACo's 200-year history, relaunched in Australia after period of strategic development.
- Focused on maximising revenue by capturing brand premium through new distribution channels outside of Westholme and Darling Downs.
- Available across both retail butchery channel and food service within iconic venues.
- New distributors onboarded in Singapore & Australia to provide dedicated support for the brand in market.
- Middle-East region season has commenced with promising results so far.
- Contributed to significant increase in volume of branded Wagyu sales in Australia.

*Note 1: Wagyu Meat Sales revenue excludes Trim*



# Sustainability Update

## Exciting developments in our Sustainability Program

- Rangelands Carbon by Satellite project now in final development stages, with more than 2,200 soil cores collected.
- On ground condition assessment of highest value conservation assets 90% complete, ahead of registration with Accounting for Nature.
- First soil carbon sequestration project confirmed and registration with the Clean Energy Regulator progressing.
- Precision satellite landscape analysis supporting decision making through uplift in internal capability and development of new technology.
- First Zero Net Emissions Ag CRC projects in development with a focus on practices for reducing emissions in Rangelands.
- Continued progress with trials in methane abatement.
- Program of upgrading active stock water bores from diesel pumps to solar nearing completion.





# Financial Performance



### Sales

Total Revenue

**\$195.5M**

+ 17% vs pcp

### Profit

Operating Profit

**\$20.2M**

(\$9.9M) vs pcp

### Cash Flow / Net Assets

Operating Cash Flow

**\$4.3M**

+\$1.7M vs pcp

Wagyu Meat  
Sales Price

**\$17.46/kg**

(17%) vs pcp

Statutory Net Profit after Tax

**\$23.6M**

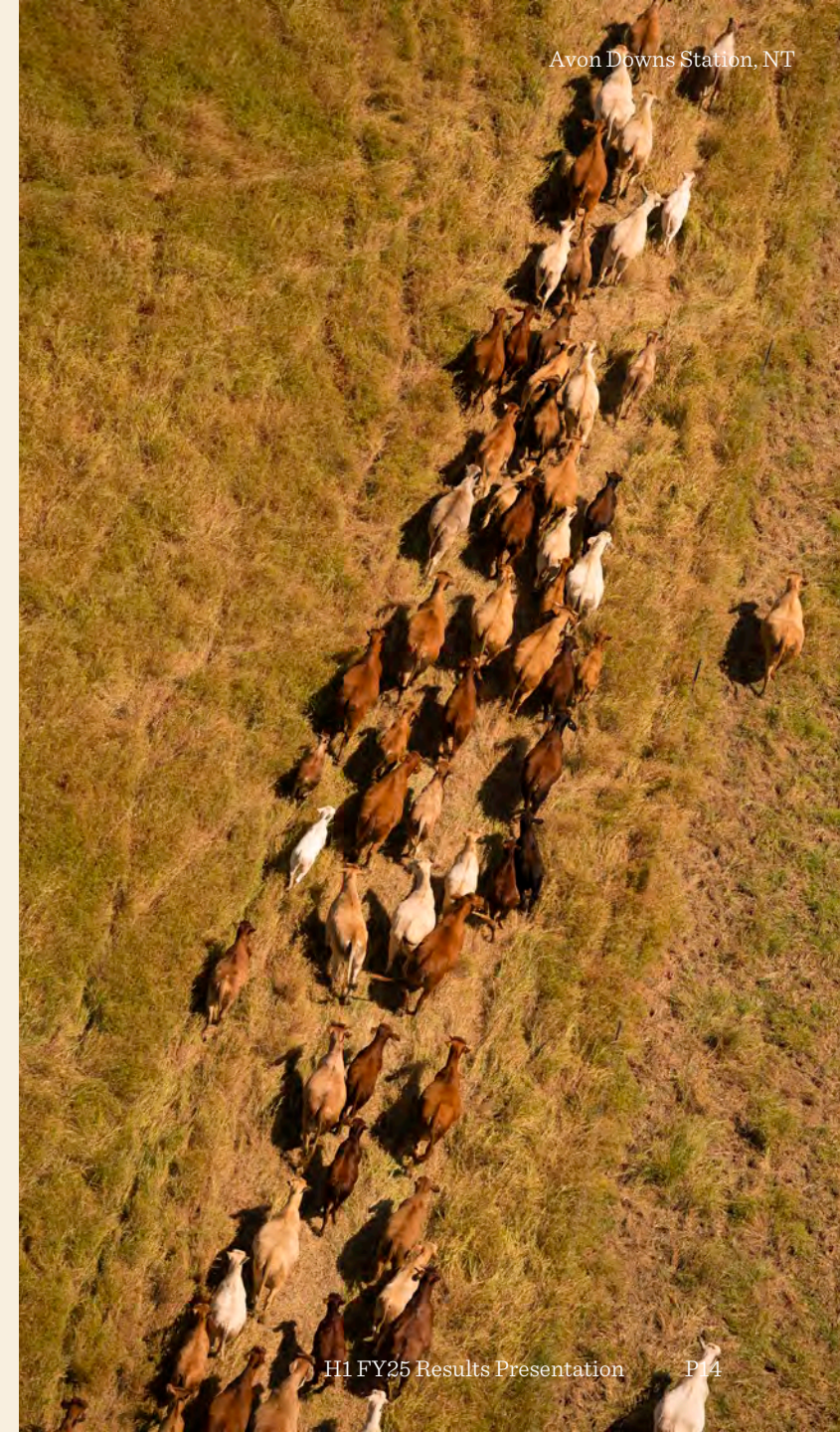
+\$129.1M vs pcp

Net Tangible  
Assets

**\$2.55/Share**

+2% vs pcp

# Key Financial Results



# Profit and Loss Summary

**Improved sales volumes and investment in brand supporting financial performance despite ongoing global market challenges.**

## Strength of integrated supply chain supported increased volumes whilst managing costs:

- Meat sales revenue improvement of \$16.1M achieved through higher sales volumes. Global economic factors continuing from recent periods have placed downward pressure on prices. Tactical allocation of volume across an established distribution network, has supported brand and minimised price impacts in key markets.
- Cattle sales revenue performance materially improved with higher volumes from optimising herd.
- Overheads controlled and aligned to revenue growth.

## Unrealised fair value adjustment to herd as Australian cattle prices rebound relative to pcp:

- Statutory EBITDA of \$64.5M vs (\$124.9M) in pcp
  - \$210.1M of the increase attributed to the unrealised mark-to-market value of the herd
- Net statutory profit/(loss) after tax of \$23.6M vs (\$105.5M) loss in pcp

## Operating Profit and Loss Summary (\$M)

	H1FY25	H1FY24	Var
Meat Sales Revenue	147.9	131.8	16.1
Cattle Sales Revenue	47.6	35.3	12.3
<b>Total Sales Revenue</b>	<b>195.5</b>	<b>167.1</b>	<b>28.4</b>
Cost of Goods Sold valued "at cost"	(146.2)	(109.3)	(36.9)
<b>Gross Margin</b>	<b>49.3</b>	<b>57.8</b>	<b>(8.5)</b>
<b>Operating Profit</b>	<b>20.2</b>	<b>30.1</b>	<b>(9.9)</b>

## Statutory Profit/(Loss) Reconciliation (\$M)

	H1FY25	H1FY24	Var
<b>Operating Profit</b>	<b>20.2</b>	<b>30.1</b>	<b>(9.9)</b>
Unrealised mark-to-market of herd	34.6	(175.5)	210.1
Cost vs Fair Value: Kg sold or produced	6.6	17.7	(11.1)
Other income / (expense)	3.1	2.8	(0.3)
<b>Statutory EBITDA (FV basis)</b>	<b>64.5</b>	<b>(124.9)</b>	<b>189.4</b>
<b>Net statutory profit/(loss) after tax</b>	<b>23.6</b>	<b>(105.5)</b>	<b>129.1</b>

# Cash Flow Summary

**Positive operating cash flow generation of \$4.3M vs \$2.6M pcp.**

## Net operating cash inflow result driven primarily by:

- Increased revenue from higher meat sales volumes and favourable cattle sales performance.
- Higher spending as a result of increases in commodity costs vs PCP, increases in volumes produced and a higher inflationary environment.

## Net investing cash outflows:

- Down during the period following completion of the Goonoo property expansion in FY24.

## Consolidated Statement of Cash Flows (\$M)

	H1FY25	H1FY24	Var
Receipts from Customers	209.7	173.0	36.7
Payments to Suppliers and Employees	(191.7)	(158.6)	(33.1)
Net Financing Costs	(13.7)	(11.8)	(1.9)
<b>Net Operating Cash Flow</b>	<b>4.3</b>	<b>2.6</b>	<b>1.7</b>
<b>Net Investing Cash Flow</b>	<b>(8.5)</b>	<b>(16.6)</b>	<b>8.1</b>
<b>Net Financing Cash Flow</b>	<b>1.4</b>	<b>16.1</b>	<b>(14.8)</b>
Net Increase / (Decrease) in Cash	(2.8)	2.1	(4.9)
Opening Cash Balance	9.0	4.0	5.0
<b>Closing Cash Balance</b>	<b>6.2</b>	<b>6.1</b>	<b>0.1</b>



# Balance Sheet Summary

**Continued strong financial position with net assets of \$1.55B and NTA of \$2.55/share.**

## Livestock value uplift, with favourable unrealised fair values

- \$34.6M unrealised herd fair value adjustment.

## NTA of \$2.55/share, up 1.6%

- Driven by unrealised fair value adjustment on livestock

## Continued substantial access to capital

- Low gearing ratio of 23.7% maintained
- \$600M total committed borrowing capacity
- \$179M unutilised
- Significant headroom under existing covenants

## Consolidated Statement of Financial Position (\$M)

	30 Sept 2024	31 Mar 2024
Livestock	645.3	611.3
PPE & Intangibles	1,651.0	1,646.9
Right-of-Use Assets	34.7	36.1
Other Assets	81.8	70.1
<b>Total Assets</b>	<b>2,412.8</b>	<b>2,364.4</b>
Interest-Bearing Liabilities	447.5	437.6
Lease Liabilities	38.7	40.8
Deferred Tax Liability	333.5	320.2
Other Liabilities	39.6	49.0
<b>Total Liabilities</b>	<b>859.3</b>	<b>847.6</b>
<b>Net Assets</b>	<b>1,553.5</b>	<b>1,516.8</b>
<i>Gearing ratio (post AASB 16)</i>	23.7%	23.7%
<i>Net Tangible Assets (\$/Share)</i>	\$2.55	\$2.51

# Operating Environment

AACo properties are well positioned into the next year with the cumulative benefits derived from recent seasons and continued progress on building a resilient supply chain, delivering improved productivity.

AACo's integrated supply chain underpins a continued focus on leveraging scale, driving quality and efficiencies in a volatile global environment.

Market expectations that global oversupply of beef should ease through FY26. Cattle prices are expected to remain consistent, with less volatility than recent years.

Continued investment in brand and commercial resources in key markets to support the growth in volume and secure emerging opportunities.

Continued transition of sustainability and nature-based initiatives into station operational practices. This includes registering AACo's first soil carbon sequestration project with the Clean Energy Regulator.



# Closing Remarks



# Questions

# Appendix



# Definitions

<b>Cost of Goods Sold (COGS) valued “at cost”</b>	Represents the actual production cost the Company incurred over the multi-year timeline required to produce the meat and cattle that were sold during the period. This is in contrast to Cost of Goods Sold as presented in the statutory financial statements which instead uses the fair value (less costs to sell) of the cattle sold live or used in the production of sold meat. As Fair Value is a market-based measurement and is not entity-specific, Management believe that profit measures using actual costs incurred to calculate COGS, more accurately reflect entity performance than profit measures which use Fair Value to determine COGS.
<b>Cost of Production</b>	Total production costs incurred during the period throughout the breeding, backgrounding and feedlot operations of the Company, divided by the number of total live weight kilograms of cattle produced during the period.
<b>Operating Profit</b>	The measure of Operating Profit is a key indicator which is used to monitor and manage the Company and represents an adjusted statutory EBITDA. Operating profit is a key measure of profitability for AACo which removes unrealised livestock mark-to-market fluctuations from the statutory profit result, and measures cost of goods sold using production costs rather than fair value.
<b>Operating Profit Margin</b>	Operating Profit Margin is determined as Operating Profit as a percentage of total sales revenue.
<b>Fair Value</b>	Fair value, as defined by AASB 13 Fair Value Measurement, is an accounting measurement which represents the amount that would be received to sell an asset in an orderly transaction.
<b>Fair Value changes in Livestock</b>	Fair Value changes in Livestock (less costs to sell) occur through changes in market pricing and quantity or composition changes in the herd due to growth, attrition, natural increase, beef transfers, purchases or sales. All changes to the livestock balance are recorded as fair-value gains or losses in the statutory statement of profit or loss in accordance with AASB 141 Biological Assets and AASB 13 Fair Value Measurement, and can represent both realised (in the case of quantity movements) and unrealised gains/losses (in the case of market price movements).
<b>Unrealised mark-to-market (MTM) of herd</b>	Represents only the market price component of fair value changes of livestock. This value is calculated by referencing the change in market pricing from the close of the previous period, to the close of the reported period. This price difference is then applied against the quantities represented in the closing herd. This solely represents the impacts of changes in market prices on the value of the closing herd and is therefore an unrealised gain or loss. Fair value changes driven by changes in the herd size and composition, are not included in this number.
<b>Cost vs Fair Value: Kgs sold or produced</b>	Represents the difference between meat and cattle COGS, as well as attrition measured at Fair Value vs actual cost to produce.
<b>Statutory EBITDA</b>	Statutory EBITDA is unaudited, non-IFRS financial information and represents earnings before interest, tax, depreciation and amortisation, and gain/loss on equity investments.
<b>Kg LW</b>	Kilograms Live Weight
<b>Kg CW</b>	Kilograms Carton Weight
<b>PCP</b>	Prior Comparative Period
<b>NTA</b>	Net Tangible Assets



*Thank You*