



H1 FY24 Interim Results Presentation

16 November 2023

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Acknowledgement of Country

We begin by acknowledging the Traditional Custodians of country throughout Australia and their connections to land, sea and community.

We pay our respect to their Elders past, present and emerging, and extend that respect to all First Nations Peoples.



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Performance Highlights

- Positive results achieved in the context of challenging market conditions, driven by our global meat sales performance, highlighting the consistent quality of our brands and strength of our commercial network relationships
 - *Operating Profit of \$30.1M vs pcp \$38.3M*
 - *Total Sales Revenue of \$167.1M, up \$3.4M vs pcp*
- Efficient kilograms produced, with costs managed in a higher inflationary environment
 - *Cost of Production down 5% vs pcp*
- Unrealised mark-to-market adjustments on herd impacted statutory performance, with cattle prices at four-year lows
 - *Statutory Net Loss After Tax of (\$105.5M) vs Profit of \$51.6M in pcp*
 - *Unrealised herd valuation loss (\$175.5M)*
- Positive Operating Cashflow generation achieved, with our strong Balance Sheet supporting our ability to invest in the future
 - *Operating Cash inflow of \$2.6M vs pcp \$3.4M*
 - *Net Assets of \$1.5B and Gearing Ratio of 23.8%*
- Progress against our strategic priorities, including Goonoo expansion, North Queensland farming trials and sustainability program

Progress on Strategic Priorities

Delivering full potential from our brands

+15% Wagyu Meat
Sales¹ Volumes

(5%) Wagyu Meat
Sales¹ \$/kg CW

Developing our natural resources & assets

+12% Goonoo capacity

6,000 ha
Successful dryland cropping trials

A simpler and more efficient AACo

(5%) Reduction in cost of production per kg

Executing on our sustainability framework

Developing our long-term nature positive strategy

Making AACo a great place to work

77% Overall Engagement Score from
Our AACo Survey

Note 1: Wagyu meat sales represents total meat sales excluding by-products

Sustainability Update

Building on our sustainability program

- Enhancing our emissions tracking and reporting processes
- Developing commercialisation pathways for economically and technically viable methane abatement products
- Reached the halfway milestone in our Rangelands Carbon by Satellite project
- Progressing development of our initial carbon sequestration projects
- Developing our Accounting for Nature framework, beginning to assess the condition of our highest value natural capital assets, which cover 1.5 million hectares of land



Regional Performance



North America

Branded Meat Sales¹
Price/Mix Performance

+1%

Building on our chef relationships and distributor partnerships

- Continued to build brand awareness, engaging with influential chefs and the culinary inspired, to leverage and build our Westholme brand community
- Supported our restaurant partners through event collaboration, fostering the connection to our brand with unique dining experiences
- Nurtured in-market support and distributor network through market visits, participation in trade-shows and education sessions
- Maintained volumes despite challenging market dynamics

Note 1: Branded meat sales represents total meat sales excluding trim and by-products.
Price/Mix Performance is the movement in average sales values versus pcp, due to price and mix.

Asia

Branded Meat Sales¹
Price/Mix Performance

+1%

*Growing volumes through strength of partnership network
and increasing consumer engagement*

- Celebrated our 20-year relationship with Korean retailer E-mart, with updated digital resources for brand promotion including our Darling Downs brand film, website relaunch and guided cooking series
- Engaged customers through in-market activities, including the first beef sampling pop-up booth event and an integrated marketing campaign to coincide with World Wagyu Day
- Expanded our retail channel reach, with Darling Downs branded displays amplified

*Note 1: Branded meat sales represents total meat sales excluding trim and by-products.
Price/Mix Performance is the movement in average sales values versus pcp, due to price and mix.*





Australia

Branded Meat Sales¹ (20%)
Price/Mix Performance

Building on brand presence and developing deeper relationships

- Hosted exclusive Westholme events and featured our branded product at influential gourmet showcases in Sydney, Melbourne and Brisbane
- Achieved menu placements at iconic venues, through developing deeper relationships with chefs who trial and love our product and brand
- Domestic supply dynamics and mix impacted price performance

*Note 1: Branded meat sales represents total meat sales excluding trim and by-products.
Price/Mix Performance is the movement in average sales values versus pcp, due to price and mix.*

Europe/Middle East

Branded Meat Sales¹
Price/Mix Performance **+12%**

Ongoing development of partnerships, with volumes strategically managed

- Continued strategic investment within region, supported by appointing dedicated local resources to drive improved commercial outcomes
- Established new partnerships with leading chefs and venues, with the region continuing to be a global leader in food culture
- Strategically managed volumes to achieve price tension under challenging market conditions

Note 1: Branded meat sales represents total meat sales excluding trim and by-products.
Price/Mix Performance is the movement in average sales values versus pcp, due to price and mix.



Financial Performance





Financial Results Overview

Sales

Total Revenue

\$167.1M

+ 2% vs H1FY23

Profit

Operating
Profit

\$30.1M

(\$8.2M) vs H1FY23

Cash Flow/Net Assets

Operating
Cash Flow

\$2.6M

(\$0.8M) vs H1FY23

Wagyu Meat
Sales Price

\$20.96/kg

(5%) vs H1FY23

(9%) constant currency basis

Operating
Profit Margin

18.0%

(5.4 ppt) vs H1FY23

Net Tangible
Assets

\$2.39/Share

(8%) vs EOFY23

Profit and Loss Summary

Navigated macroeconomic challenges in the global supply chain and cattle market

Resilience in sales performance during challenging macroeconomic conditions:

- Meat sales improved by \$9.5M, with 15% higher sales volumes and prices materially maintained
- Cattle sales are down in line with market conditions, with impact of depressed pricing partially offset by 20% higher volumes
- Overheads controlled and remain in line with pcg

Unrealised fair value adjustment to herd as Australian cattle prices significantly declined:

- Statutory EBITDA of (\$124.9M) vs \$92.3M in pcg
 - \$175.5M (77%) of decline attributed to the unrealised mark-to-market of the herd
- Net loss after tax of (\$105.5M) vs \$51.6M profit in pcg

Operating Profit and Loss Summary (\$M)

	H1FY24	H1FY23	Var
Meat Sales	131.8	122.3	9.5
Cattle Sales	35.3	41.4	(6.1)
Total Sales Revenue	167.1	163.7	3.4
Cost of Goods Sold valued "at cost"	(109.3)	(100.1)	(9.2)
Gross Margin	57.8	63.6	(5.8)
Operating Profit	30.1	38.3	(8.2)

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

	H1FY24	H1FY23	Var
Operating Profit	30.1	38.3	(8.2)
Unrealised mark-to-market of herd	(175.5)	(9.4)	(166.1)
Cost vs Fair Value: Kg sold or produced	17.7	61.3	(43.6)
Other income / (expense)	2.8	2.1	0.7
Statutory EBITDA (FV basis)	(124.9)	92.3	(217.2)
Net (Loss)/Profit after Tax	(105.5)	51.6	(157.1)

Cash Flow Summary

Positive operating cash flow generation driven by internal supply growth

Positive Net Operating Cash Flow achieved

- Higher receipts from branded beef sales, with volumes up 15%
- Continuation of our internal supply, with efficient growth in kilograms produced
- Costs controlled and maintained in higher inflationary environment

Investment in key strategic initiatives

Drawdowns required to finance strategic capex spending outside of normal business activities:

- Completion of the Goonoo Feedlot expansion, increasing feedlot capacity by 12%
- Continued conversion of solar bores under EcoWater program

Consolidated Statement of Cash Flows (\$M)

	H1FY24	H1FY23	Var
Receipts from Customers	173.0	170.4	2.6
Payments to Suppliers and Employees	(158.6)	(160.1)	1.5
Net Financing Costs	(11.8)	(6.9)	(4.9)
Net Operating Cash Flow	2.6	3.4	(0.8)
Net Investing Cash Flow	(16.6)	(4.3)	(12.3)
Net Financing Cash Flow	16.1	0.3	15.8
Net Increase / (Decrease) in Cash	2.1	(0.6)	2.7
Opening Cash Balance	4.0	9.3	(5.3)
Closing Cash Balance	6.1	8.7	(2.6)

Balance Sheet Summary

Strong asset base maintained, despite unrealised cattle valuation impact

Livestock herd levels maintained

- Herd head count maintained from EOFY23, with efficient kilograms produced
- (\$175.5M) unrealised herd fair value adjustment as a result of four-year low in cattle market

Substantial access to capital

- \$600M total committed borrowing capacity
- \$204M unutilised
- Significant headroom under existing covenants

Gearing ratio of 23.8%

- Strong Balance Sheet positions AACo well for the future

NTA of \$2.39/share, down 8%

- Driven by unrealised fair value adjustment on livestock

Consolidated Statement of Financial Position (\$M)

	30 Sep 2023	31 Mar 2023
Livestock	584.0	735.2
PPE & Intangibles	1,566.3	1,548.8
Right-of-Use Assets	39.9	37.3
Other Assets	74.6	57.9
Total Assets	2,264.8	2,379.2
Interest-Bearing Liabilities	416.8	390.8
Lease Liabilities	41.8	39.3
Deferred Tax Liability	300.8	343.7
Other Liabilities	52.4	43.3
Total Liabilities	811.8	817.1
Net Assets	1,453.0	1,562.1
<i>Gearing ratio (post AASB 16)</i>	23.8%	21.5%
<i>Net Tangible Assets (\$/Share)</i>	\$2.39	\$2.59



Operating Environment



Operating Outlook

Company remains well positioned to navigate challenging global conditions over the remainder of FY24

- Domestic production continues to impact dynamics in the Australian beef market
- Herd liquidations in the US and Korean market are ongoing, with oversupply of local beef challenging price
- Cost management, rationalisation of spend and measures to increase productivity continue to be a focus
- Risks associated with seasonal variability are continually monitored and managed
- Investment activities such as the Goonoo expansion, North Queensland farming trials and solar bore projects are on-track and provide a solid foundation to realise future benefits

Closing Remarks





Questions



Appendix

Definitions

Term	Definition
Cost of Goods Sold (COGS) valued “at cost”	<i>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.</i>
Cost of Production	<i>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.</i>
Operating Profit	<i>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.</i>
Operating Profit Margin	<i>Operating Profit Margin is determined as Operating Profit as a percentage of total sales revenue.</i>
Fair Value	<i>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.</i>
Fair Value changes in Livestock	<i>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).</i>
Unrealised mark-to-market (MTM) of herd	<i>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.</i>
Cost vs Fair Value: Kgs sold or produced	<i>Represents the difference between meat and cattle COGS, as well as attrition measured at Fair Value vs actual cost to produce.</i>
Statutory EBITDA	<i>Statutory EBITDA is unaudited, non-IFRS financial information and represents earnings before interest, tax, depreciation and amortisation, and gain/loss on equity investments.</i>
ROCE	<i>Return on Capital Employed determined as current period operating profit as a percentage of opening capital employed.</i>
Kg LW	<i>Kilograms Live Weight</i>
Kg CW	<i>Kilograms Carton Weight</i>
PCP	<i>Prior Comparative Period</i>
NTA	<i>Net Tangible Assets</i>



Thank You