



Australian Agricultural Company Limited

ABN 15 010 892 270

15 NOVEMBER 2017

AACo announces H1 FY18 Results

The Australian Agricultural Company (ASX:AAC) today announced Operating EBITDA (earnings before interest, tax, depreciation and amortisation) for the six months to September 30, 2017 (H1 FY18) of \$16.1 million up 16% versus the previous corresponding period (pcp). Statutory EBITDA loss of (\$36.5) million includes a mark to market of livestock inventory valuation. Total sales revenue of \$197.2 million was down 7.9% versus pcp, in part reflecting a strategic decision to transition to internal supply chains.

| A\$ millions except per share items 6 months to | 30 Sept 2017 | 30 Sept 2016 | Variance |
|--|-----------------|-----------------|----------|
| Meat sales | 169.9 | 195.9 | (26.0) |
| Cattle sales | 27.3 | 18.2 | 9.1 |
| Total sales | 197.2 | 214.1 | (16.9) |
| Administration costs | (14.2) | (12.9) | (1.3) |
| Operating EBITDA | 16.1 | 13.9 | 2.2 |
| Statutory EBITDA | (36.5) | 88.3 | (124.8) |
| Statutory EBIT | (45.5) | 78.5 | (124.0) |
| Net (loss)/profit after tax | (37.7) | 47.9 | (85.6) |
| Net cash outflow from operating activities | (47.5) | (34.5) | (13.0) |
| Diluted earnings per share (cents) | (6.46) | 8.21 | (14.67) |
| Net Tangible Assets per share (\$) | 1.71 | 1.75 | (0.04) |

AACo Chairman Mr Donald McGauchie said “AACo has come a long way from being a cattle company. We made a decision that to drive shareholder value we had to become a branded business. Tough - but highly considered- decisions were made as we have executed on the strategy. Today’s results demonstrate the progress that has been made and the work still being done. Most importantly the team is consolidating the strategy and ensuring excellence in its execution.”

During H1 FY18 AACo continued to execute against its strategy to deliver shareholder value across three pillars of focus: Branding & Marketing, Integrated Supply Chains and Innovation & Technology. Operational highlights include:

- Launch in Taiwan in June 2017
- Stronger average sale prices across Luxury/Prestige and Premium brands; Livingstone Beef pricing was impacted by global market dynamics
- Improved operating EBITDA margins from 6.5% in H1 FY17 to 8.2% in H1 FY18
- Debt refinanced with increase in facilities from \$400 million to \$500 million, the extension of maturities to September 2022 and lower cost of debt.

“While there are some external headwinds, we are pleased with the traction we are achieving. Our priorities now are completing our executive line-up, continuing the investment in our systems and processes and ensuring that we continue to improve performance across the business” Mr McGauchie said.

Trading Conditions and Priorities

Current external challenges validate AACo’s strategy to focus on building a branded business. Challenges currently affecting the business include increased competitive dynamics in certain markets, a higher Australian dollar, higher input prices, including feed, and an elevated cattle price environment for Livingstone Beef.

AACo remains committed to execution across three pillars:

- Branding & Marketing
- Integrated Supply Chains
- Innovation & Technology

Key near term priorities include:

- Make key executive appointments and evolve the culture to support the next phase of growth
- Invest in increased sophistication of systems and processes
- Evaluate and optimise strategic distributor partnerships
- Take further actions to improve the performance of Livingstone Beef

Investor Conference Call

AACo Chairman Donald McGauchie will host a conference call with members of the executive management team today at 10.30am AEDT (15th November 2017).

Analysts and investors who wish to participate in the teleconference should dial one of the numbers below and quote **conference ID 650032**. (Media are welcome to listen to the presentation but the limited question time is reserved for investors and analysts).

Dial in numbers

| | | | |
|---------------------------|---------------|------------------------|-----------------|
| Australia Toll Free: | 1800 908 299 | Australia Local: | +61 2 9007 8048 |
| Australia Alt. Toll Free: | 1800 455 963 | Australia Alt. Local: | +61 7 3145 4005 |
| Canada/USA Toll Free: | 1855 624 0077 | China Toll Free: | 1080 0140 1776 |
| Hong Kong Toll Free: | 800 968 273 | New Zealand Toll Free: | 0800 452 795 |
| Singapore Toll Free: | 800 101 2702 | Taiwan Toll Free: | 0080 112 7377 |
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