



FY21 Results Presentation
20 May 2021



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Operating Profit, Statutory EBIT and Statutory EBITDA are unaudited, non-IFRS financial information. These terms are further defined in the definition section of the presentation located in the appendix.

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Executive Summary

Consolidation of positive H1 results in challenging and uncertain COVID-19 environment.

Continued progress made in moving to a simpler and more efficient AACo:

- Operating profit \$24.4M (\$17.7M pre JobKeeper¹) vs \$15.2M pcp.
- Operating cash flow \$18.4M (\$11.7M pre JobKeeper¹) vs \$20.1M pcp.
- Statutory EBITDA profit of \$99.3M vs \$80.1M pcp.

Despite COVID-19's ongoing impact on global Foodservice markets, strength of our global distribution reach has helped deliver:

- Improvements in average meat sales price per kg of 8%.
- Westholme brand growth from 11% to 25% of total meat sales.
- Further rationalisation of brand portfolio - Westholme and Darling Downs now represent 74% of branded meat sales².

Further Strengthening of Balance Sheet:

- Net assets of over \$1B.
- NTA \$1.75 vs \$1.53 pcp.

Note 1: JobKeeper assistance totalled \$6.7M Operating profit and Operating cash flow.
Note 2: Branded meat sales represents total meat sales excluding trim.

Executive Summary

In line with the historic low levels seen in the Australian national cattle herd, AACo experienced lower calving in 2018-2020 due to prolonged drought and the Gulf flood event.

- The drought has not yet broken across our properties with parts of the portfolio still experiencing below average rainfall.
- Gulf properties are still recovering from flood with minimal pasture response - carrying lower head as a result.

These headwinds have started to impact our meat production in FY21 due to our average F1 Wagyu lifecycle length of 3.5 years from conception through to backgrounding, feedlots and processing.

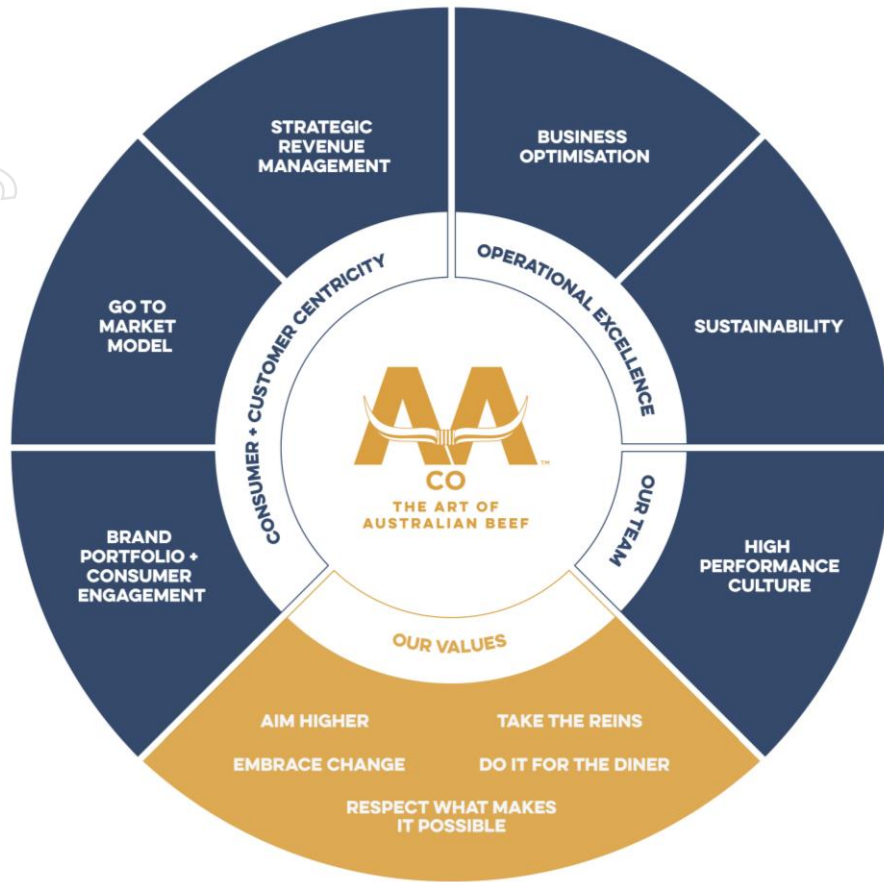
Total overall revenue reduction of \$68.6M or 21% vs pcp driven primarily by lower volumes.

FY21 meat sales volume 19% lower vs pcp, with reduced meat sales volume expected to be available over FY22 as a result of lower meat production.

Our herd is in rebuild phase with a 47% increase in number of calves vs pcp. During this rebuild period supplemental purchases of cattle will continue to be required.

AACo continues to monitor developments in the COVID-19 pandemic and the measures being implemented in the global economy to control and slow the outbreak. The impact on FY22 consolidated and regional results remains uncertain and cannot be reasonably estimated at this time.

Progress made in a challenging *Year*



Note 1: Branded meat sales represents total meat sales excluding trim.

Note 2: AACo's Beef Cattle Herd Management Carbon project ("BCHM") is a program of work targeted at carbon abatement and is registered under the Australian Government Clean Energy Regulator's BCHM carbon methodology. For every tonne of carbon equivalent abatement achieved under the project, one Australian Carbon Credit Unit (ACCU) is awarded by the Clean Energy Regulator.

Brand Portfolio and Consumer Engagement

- Further rationalised brand portfolio - Westholme and Darling Downs now represent 74% of AACo's branded meat sales¹.
- Chef partnership digital campaigns (USA, Australia).
- Category leadership – Westholme Flavour Wheel.

Go to Market Model

- Strength of our global supply network, partnerships and wide distribution footprint, enabled us to move into new retail channels given the significant impact on global Foodservice sectors by COVID-19.
- Focus on gourmet marketplaces to satisfy home chef needs which grew during COVID-19.

Strategic Revenue Management

- Optimisation of market mix to improve \$/kg contributed to improvements in average meat sales price per kg of 8%.

Business Optimisation

- Industry leadership and close management of our operations, combined with efficiency improvements and a disciplined focus on cost management across the supply chain have positively supported our results with ~\$76M savings in expenditure vs pcp.

Sustainability

- Introduced AACo's Beef Cattle Herd Management Carbon Project² which has commenced the journey of reducing our emissions intensity of beef cattle production.
- Second Sustainability Benchmarking Report to be released in July 2021.

High Performance Culture

- Continued to strengthen depth of talent and leadership capability in key functional roles across the business.
- Number of internal promotions within Operations team recognising bench strength.



Commercial *Overview*

Solid commercial performance despite challenges of Global Pandemic on Foodservice in FY21.

Focus on strategic market allocation and adapting our channel strategy to satisfy the rising growth of at home consumption and the home chef through gourmet marketplaces plus premium retail specialists.

Continued roll out of Branded Beef Strategy supported by targeted digital marketing campaigns and improved branding of our products on menu and in-store.

Wylarah is distributed to the world's top fine dining restaurants which were heavily impacted by COVID-19 and remains a key strategic priority as AACo's most exclusive brand.

Further rationalised brand portfolio - **Westholme and Darling Downs now represent 74% of branded meat sales¹.**

Average meat sales value per kg improved by 8% vs pcp.

- Westholme brand grew from 11% to 25% of total meat sales.
- Westholme and Darling Downs \$/kg annualised growth rate of 17%² since 2019 driving total AACo \$/kg annualised growth rate over same period of 8%².
- Westholme and Darling Downs now accounts for 80% of total Loins and Rumps sales volume.

Meat Sales Volume 19% lower vs pcp.

- Headwinds of drought and floods impacting on historical calving have translated into lower volume of meat available for sale in FY21, due to average F1 Wagyu lifecycle of ~ 3.5 years from conception through to backgrounding, feedlots and processing.

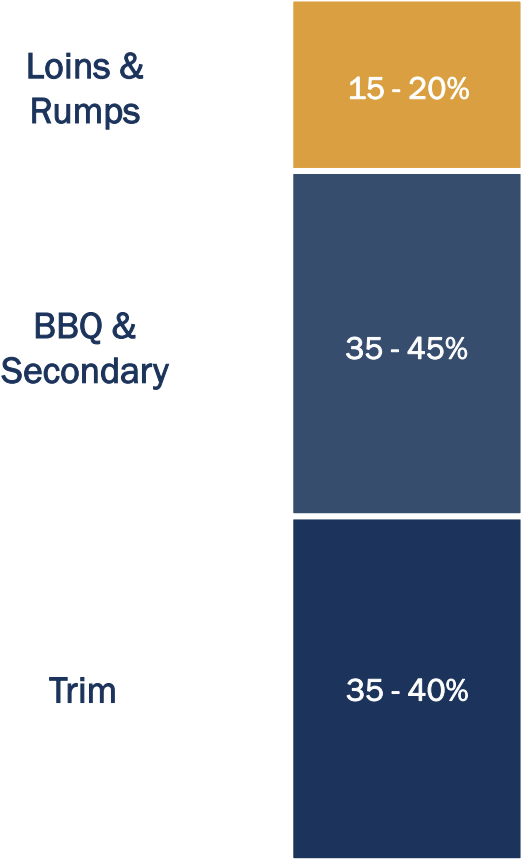
Note 1: Branded meat sales represents total meat sales excluding trim.

Note 2: Represents compounded annual growth rate per annum or CAGR.

Westholme and Darling Downs Meat Sales driving *\$/kg Growth*

Westholme and Darling Downs \$/kg annualised growth rate of +17%¹ since 2019 driving total AACo \$/kg annualised growth rate over same period of +8%¹.

Average proportion of total meat available for sale by cut category (% carton weight kilograms)



Loins and rump cuts represent approximately 15 - 20% of meat available for sale.

- Has been core focus of our Branded Beef Strategy to date.
- Since 2019 compounded annual \$/kg growth rate of 10%¹ driven by transition to Westholme and Darling Downs - 80% of category volume now branded to customer.

BBQ and Secondary cuts represent approximately 35 - 45% of meat available for sale.

- Since 2019 compounded annual \$/kg growth rate of 7%¹ driven by transition to Westholme and Darling Downs - 63% of these cut categories volume now branded to customer.
- BBQ cut category focused on driving brand through more Asian style cuisines with Darling Downs representing 59% of total volume.
- Lower brand transition in secondary cut category with around 55% of volume branded to customer, with opportunity to further support price growth through brand transition.

Progressing opportunities to further develop brand across cut categories and continue to get closer to the customer.

Note 1: Represents compounded annual growth rate per annum or CAGR.



WESTHOLME

— QUEENSLAND —
AUSTRALIA

Westholme brand grew from **11% to 25%** of total meat sales.

Westholme has more than tripled its following on Instagram, with majority of audience in USA.

- Launched first paid digital marketing campaigns in partnership with chefs from USA and Australia, to drive brand awareness.
- Supported chefs during the uncertainty of COVID-19 by partnering with them to create content and meal kits.

Strong partnership with Goldbelly in the USA as a key gourmet marketplace enabling the Westholme brand to be available to the home chef; this has included working with Goldbelly on driving content production to build brand equity, content for our landing page and leveraging reach of influencers.



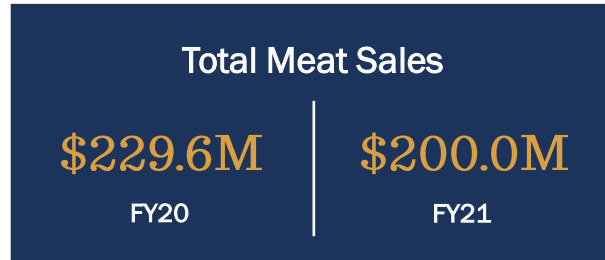
Darling Downs *Premiumisation*

Rolled out Darling Downs new packaging and in-store activation in all 141 emart stores in South Korea, resulting in higher consumer average selling price.

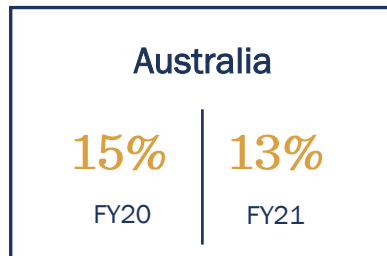
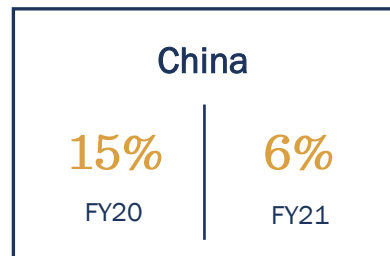
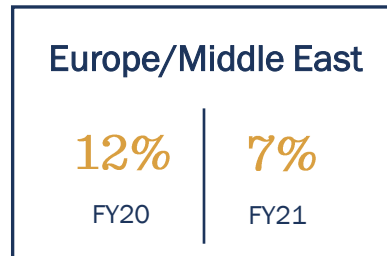
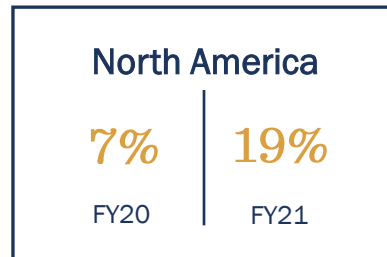
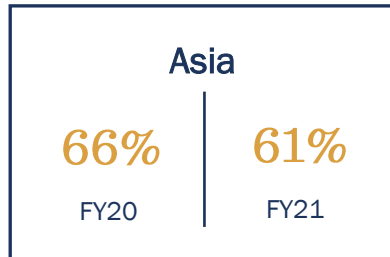
Implemented digital campaign in South Korea to continue to build on our consumer brand awareness (~14%).



Regional Performance *Meat Sales*



Regional/Market Proportion of Total Meat Sales



Focus on strategic market allocation and mix optimisation, to take advantage of changing consumer habits and “the rise of the at home chef”.

North America

Branded meat sales¹ \$/kg pricing 14% favourable to pcp:

- Successful shift to shopping channels for in-home dining in response to COVID-19.
- Strong partnership with key online gourmet marketplace.
- Focus on digital marketing campaigns to boost Westholme brand awareness.
- Assisting with profiling of restaurant meal kits by our customers.

Asia

Branded meat sales¹ \$/kg pricing 5% favourable to pcp:

- Strong relationships with distributors with retail exposure.
- Darling Downs brand refresh in South Korea increasing average selling price.

China Trade tensions combined with lower volume available for sale saw a shift in “commodity” based sales previously sold in China to North America.

Australia

Branded meat sales¹ \$/kg pricing 5% favourable to pcp:

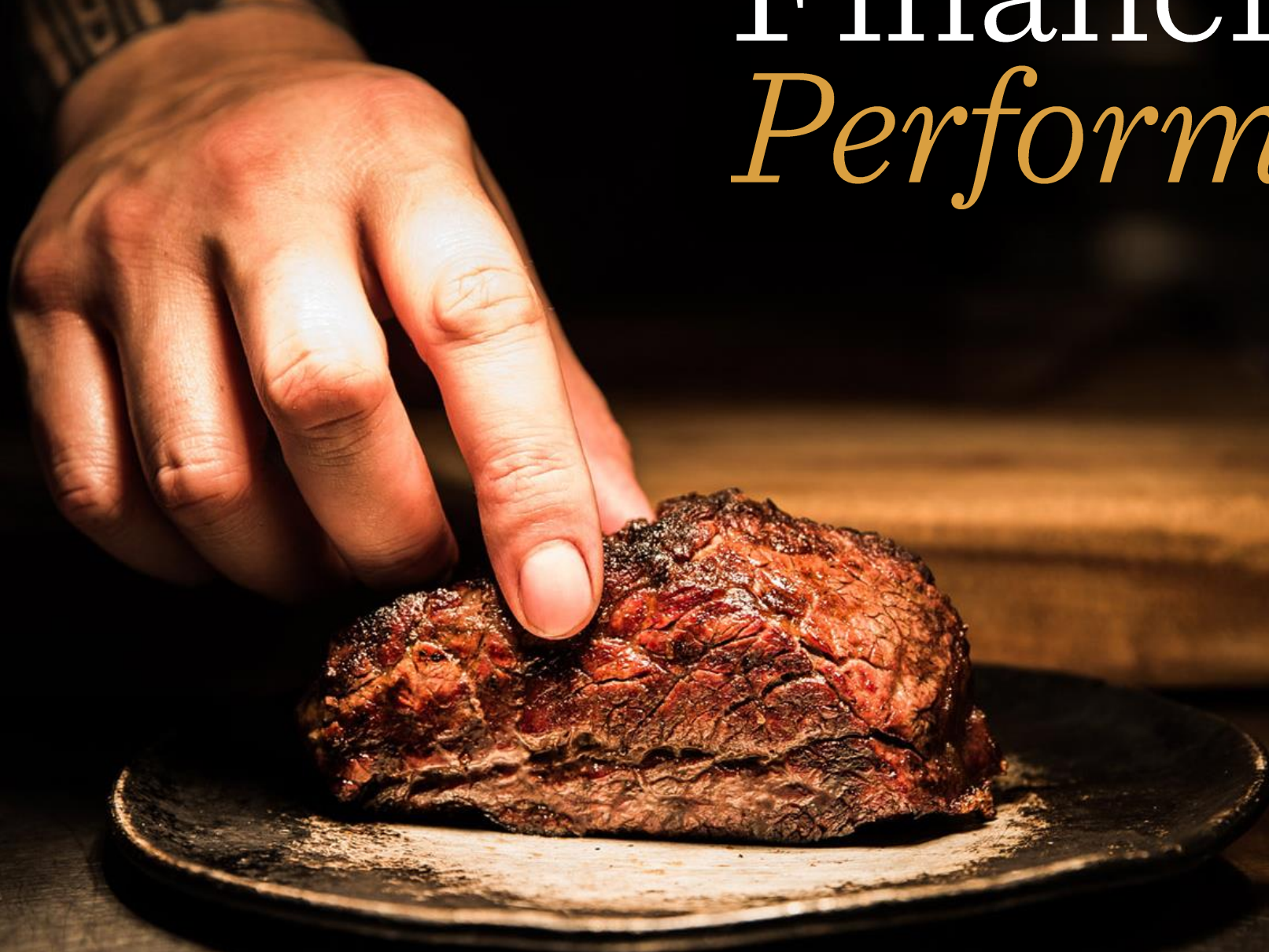
- Further optimised market allocation and mix.
- Lower volumes in market resulting in increased price for Beef.

Europe/Middle East

Branded meat sales¹ \$/kg pricing 2% unfavourable to pcp:

- COVID-19 restrictions adversely impacted high value Foodservice channel.

Financial *Performance*





Financial Performance:

Financial Highlights

- Consolidation of solid H1 FY21 performance in the face of lower supply volume and challenging global pandemic environment, delivering positive operating profit¹ and cash flow.
 - Operating profit \$24.4M (\$17.7M pre JobKeeper¹) vs \$15.2M pcp.
 - Operating cash flow \$18.4M (\$11.7M pre JobKeeper¹) vs \$20.1M pcp.
- Improved operating profit off the back of increased meat sales \$/kg , continued focus on cost management and unlocking value across the supply chain.
 - \$/kg of meat sales has increased by 8% vs pcp offset by 19% lower meat sales volume available for sale vs pcp.
 - Reduction in expenditure of ~\$76M vs pcp resulting from lower adverse seasonal costs ~\$29M, lower volumes resulting in reduced external backgrounding, external feedlot and processing costs ~\$24M and additional cost savings realised across the business.
- Strong balance sheet with net assets over \$1B.
 - NTA of \$1.75 per share vs \$1.53 pcp.
 - Gearing ratio 25.7% vs 28.8% pcp (pre-AASB 16), in line with targeted 20-35%.
 - ROCE 1.9% vs 1.3% pcp.
- Statutory EBITDA profit of \$99.3M in FY21 vs \$80.1M pcp.
- Statutory Profit after tax \$45.5M vs \$31.3M pcp.

Note 1: JobKeeper assistance totalled \$6.7M Operating profit and Operating cash flow.

Financial Performance: *Profit & Loss Summary*

| Consolidated Income Statement (\$M) | FY 2021 | FY 2020 | Var \$ |
|---|--------------|--------------|---------------|
| Meat Sales | 200.0 | 229.6 | (29.6) |
| Cattle Sales | 65.5 | 104.5 | (39.0) |
| Total Sales | 265.5 | 334.1 | (68.6) |
| Operating Expenditure | (178.1) | (245.2) | 67.1 |
| Cattle Purchases | (33.2) | (22.3) | (10.9) |
| Operating Gross Profit | 54.2 | 66.6 | (12.4) |
| Change in Herd at Cost of Production | (11.7) | (11.5) | (0.2) |
| Meat Inventory Change | (2.9) | (5.6) | 2.7 |
| Adjusted Gross Profit | 39.6 | 49.5 | (9.9) |
| Corporate Expenses | (22.5) | (31.6) | 9.1 |
| Other incl. FX | 7.3 | (2.7) | 10.0 |
| Operating Profit¹ (EBITDA ex SGARA) | 24.4 | 15.2 | 9.2 |
| Reverse: Mov't in inventory | 14.6 | 17.1 | (2.5) |
| Cattle FV Gain/(Loss) | 64.3 | 49.6 | 14.7 |
| Other Income/(Expense) | (4.0) | (1.9) | (2.1) |
| Statutory EBITDA profit/(loss) | 99.3 | 80.1 | 19.2 |
| Statutory EBIT profit/(loss) | 80.3 | 62.1 | 18.2 |
| Statutory profit after tax | 45.5 | 31.3 | 14.2 |

Statutory EBITDA profit of \$99.3M in FY21 vs \$80.1M pcp.

Positive operating profit of \$24.4M vs \$15.2M pcp.

Positive operating profit of \$17.7M pre JobKeeper¹.

- Total overall revenue reduction of \$68.6M or 21% vs pcp.
 - Total meat sales decrease of \$29.6M vs pcp.
 - 8% higher \$/kg as the business made progress in executing against its Branded Beef Strategy and focused on strategic market allocation.
 - 19% lower meat volume available for sale in FY21 off the back of low calving in historic periods due to prolonged drought and flood.
 - Cattle sales decrease from elevated levels in FY20 off the back of strategic destocking due to drought. Lower volumes sold in FY21 vs pcp offset by higher cattle price levels.
- Reduction in expenditure of ~\$76M v pcp resulting from lower adverse seasonal costs ~\$29M, lower volumes resulting in reduced external backgrounding, external feedlot and processing costs ~\$24M and additional cost savings realised across the business.
- Unrealised fair value gain of \$64.3M vs \$49.6M pcp.
 - Current year gain driven by record Australian cattle market prices, with \$91M increase in herd value due to market value movements, offset by lower overall kilograms produced as our herd enters a rebuild phase with a 47% increase in calves and sale of trading cattle to take advantage of high prices.
- Livingstone total net impact on operating profit was a loss of (\$2.6M) in FY21 vs a loss of (\$5.8M) FY20.

Note 1: JobKeeper assistance totalled \$6.7M operating profit and operating cash flow.

| Consolidated Statement of Cash Flows (\$M) | FY 2021 | FY 2020 | Var \$ |
|--|---------------|---------------|---------------|
| Receipts from Customers | 285.9 | 359.2 | (73.3) |
| Payments to Suppliers and Employees | (253.6) | (324.3) | 70.7 |
| Net Financing Costs | (13.9) | (14.8) | 0.9 |
| Net Operating Cash Flow | 18.4 | 20.1 | (1.7) |
| Net Investing Cash Flow | (6.3) | (22.1) | 15.8 |
| Net Financing Cash Flow | (21.3) | 12.5 | (33.8) |
| Net Increase / (Decrease) in Cash | (9.2) | 10.5 | (19.7) |
| Opening Cash Balance | 18.1 | 7.6 | 10.5 |
| Closing Cash Balance | 8.9 | 18.1 | (9.2) |

Positive operating cash flow of \$18.4M vs \$20.1M pcp.
Positive operating cash flow of \$11.7M pre JobKeeper¹.

- Delivered positive operating cash flow:
 - Revenue management with a focus on strategic market allocation and price optimisation.
 - Disciplined focus on managing cost and optimising value.
 - Continued progress towards a simpler and more efficient AACo.
- Net financing cash flow reduction of \$33.8M reflects cash management strategies to optimise finance costs payable. This does not impact on total available borrowing capacity.

Note 1: JobKeeper assistance totalled \$6.7M operating profit and operating cash flow.

| Consolidated Statement of Financial Position (\$M) | 31 March 2021 | 31 March 2020 |
|--|----------------|----------------|
| Livestock | 537.4 | 473.0 |
| PPE & Intangibles | 978.8 | 872.6 |
| Right-of-Use Assets | 21.6 | 28.2 |
| Other Assets | 47.8 | 61.8 |
| Total Assets | 1,585.6 | 1,435.6 |
| Interest Bearing Liabilities | 369.0 | 384.7 |
| Lease Liabilities | 22.2 | 28.5 |
| Deferred Tax Liability | 118.8 | 64.5 |
| Other Liabilities | 30.9 | 44.5 |
| Total Liabilities | 540.9 | 522.2 |
| Net Assets | 1,044.6 | 913.4 |
| <i>Gearing ratio post AASB 16¹</i> | 26.9% | 30.3% |
| <i>Gearing ratio pre AASB 16¹</i> | 25.7% | 28.8% |
| <i>Net Tangible Assets (\$/Share)</i> | \$1.75 | \$1.53 |

Strong balance sheet position with net assets over \$1B.

- AACo maintains comfortable head room under existing bank covenants.
- Approximately \$185M borrowing capacity available across Facility A & B.
- Gearing ratio pre AASB 16¹ of 25.7% in-line with targeted ratio of 20-35%.
- ROCE 1.9% vs 1.3% pcp.



Note 1: AASB 16 Leases replaces existing leases guidance and introduces a single on-balance sheet accounting model for lessees. Refer AACo Financial Report for the year ended 31 March 2021 for further detail on AASB 16.

Operating Environment

Embedding a culture of Sustainability in AACo

Introduced AACo's Beef Cattle Herd Management Carbon Project¹ which has commenced the journey of reducing our emissions intensity of beef cattle production.

Core activities identified under the BCHM to drive carbon abatement include:

- Improved animal conversion through genomic selection.
- Increasing grazing areas through improved water access points.
- Better pasture control through fencing infrastructure.
- Reduced cattle handling through improved yard infrastructure.

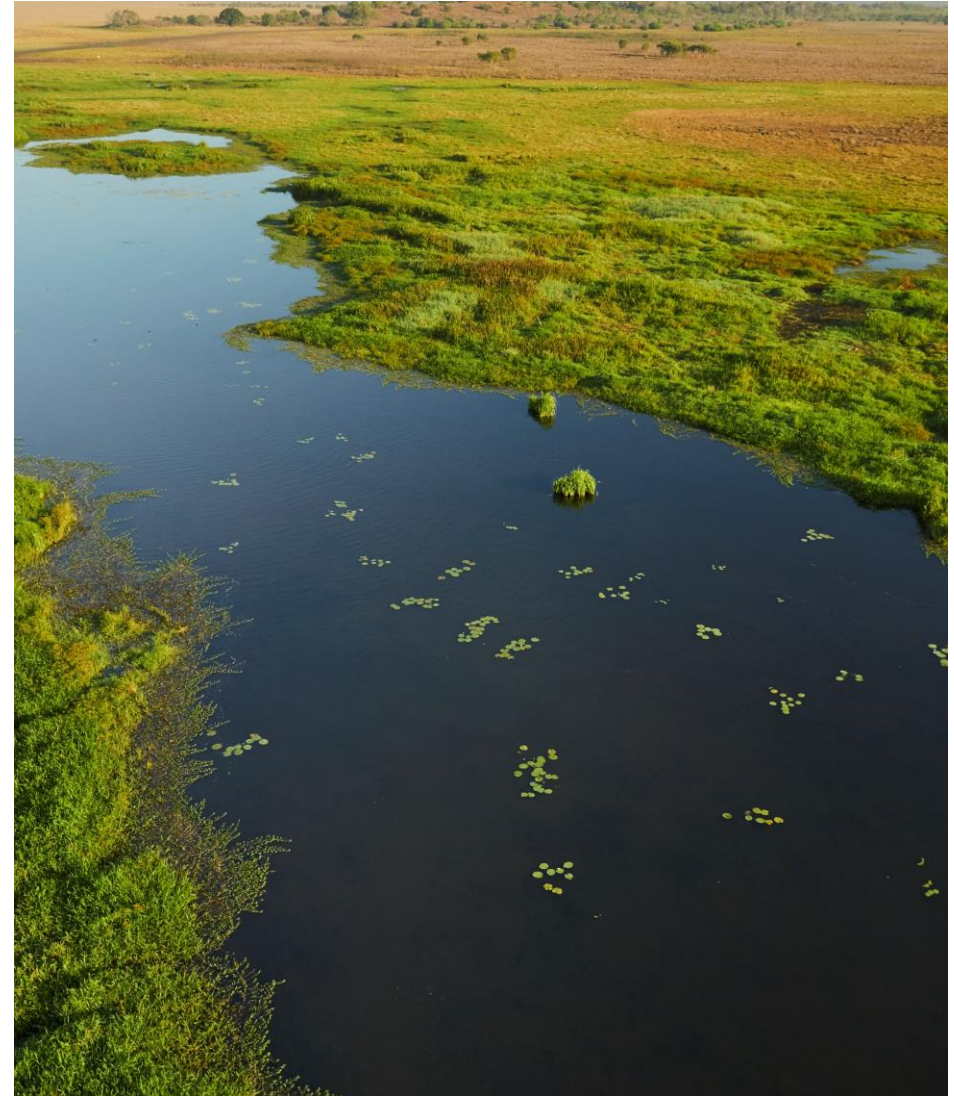
Focus on animal health and welfare.

- Established the AACo Animal Health and Welfare Committee.
- Continued progress in poll program.

More than doubled amount of solar bores this year, installing 103, taking total number to 191.

Further context to our progress in this area will be given as part of our second Sustainability Benchmarking Report, which will be released in July this year.

Note 1: AACo's Beef Cattle Herd Management Carbon project ("BCHM") is a program of work targeted at carbon abatement and is registered under the Australian Government Clean Energy Regulator's BCHM carbon methodology. For every tonne of carbon equivalent abatement achieved under the project, one Australian Carbon Credit Unit (ACCU) is awarded by the Clean Energy Regulator.



Changing Consumer Dynamics*

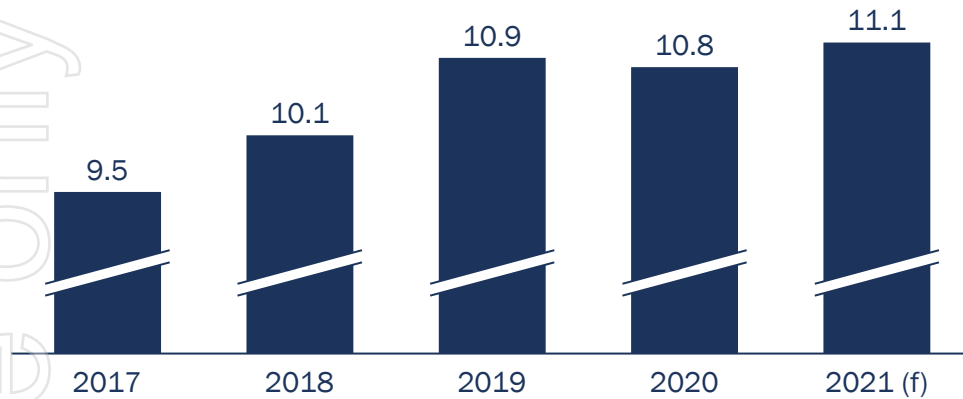
- Sustainable demand is being driven by long-term global trends – including a growing urban middle-class, growing consumer interest and awareness of provenance, sustainability, animal welfare and traceability.
- The COVID-19 landscape has seen the rise of the ‘home chef’ and new experiences being offered such as virtual cooking classes by well-known Chefs and restaurant quality meal kits for at home dinner events.
- Consumer demand is growing online through gourmet marketplaces with content and information such as virtual cooking classes and restaurant meal kits driving interest and consumer engagement.
- These consumer trends are likely to continue post the pandemic as consumers continue to seek them out.
- With the rollout of COVID-19 vaccines occurring in many countries throughout 2021, a widespread recovery in Foodservice demand is anticipated.

*Comments on this slide are attributed to the following sources: MLA Industry projections 2020 – Australian cattle – April 21 update, MLA Global beef industry and trade report, Bain The Great Reluctance June 2020, McKinsey USA Restaurants and Post COVID May 2020; McKinsey European Restaurants August 2020.

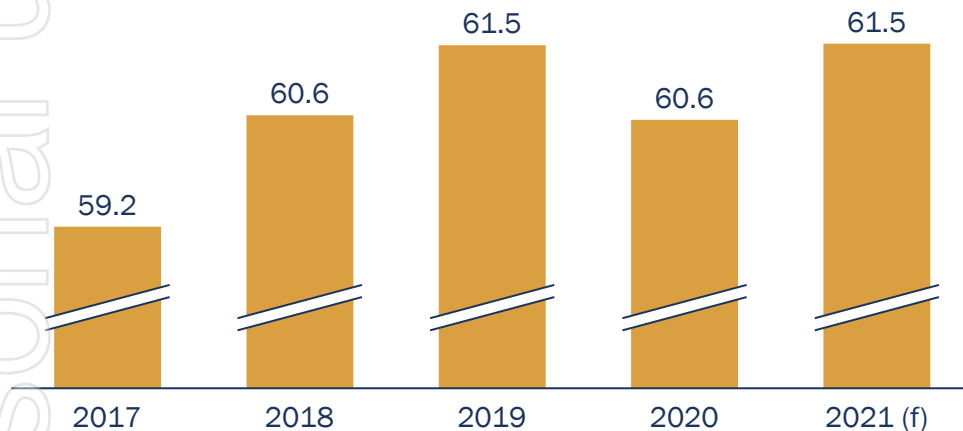


Global *Beef Market**

Global Beef Exports by Calendar year (million tons Carcass Weight Equivalent)



Global Beef Production by Calendar year (million tonnes Carcass Weight Equivalent)



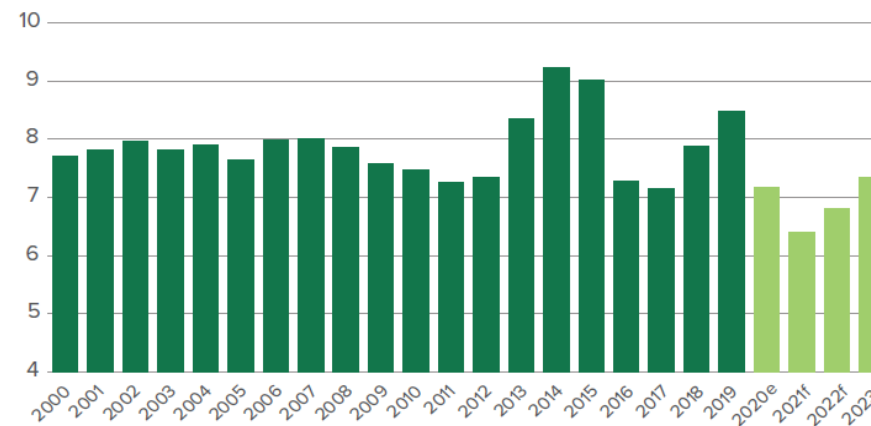
- Long-term outlook for global beef consumption largely positive, underpinned by growth in populations and household wealth in emerging markets, particularly throughout Asia.
- 2021 forecast global beef exports +2% to 11.1 million tons as Brazil, India, and U.S. exports will more than offset declines from Argentina, Australia and New Zealand.
- African Swine Fever (ASF) has had a significant impact on the global meat market, particularly in growing China's import demand across all proteins, including beef. Chinese pork production in 2021 will remain well below pre-ASF levels.
- US exports expected to climb 6% to 1.4 million tons in 2021, supported by increased shipments to East Asia, with lower competition from Australia.
- The US cattle herd follows a fairly consistent cyclical pattern, and with the peak now likely to be reached in 2021, a contraction is expected in the coming years, underpinned by reduced cow-calf profitability, increased female slaughter and an eventual smaller calf crop.
- In regard to the Australian market, reduced slaughter and production is expected to place further upwards pressure on Australian beef prices, possibly increasing the price differential between beef, chicken and pork. Supply should progressively improve as the herd rebuilds, eventually bringing some relief for record prices. Furthermore, there are still plenty of opportunities, particularly with regards to consumer demand for better quality, more nutritious, versatile and convenient food offerings.

Australian cattle industry *outlook**

Throughout 2021 and 2022 both slaughter and live exports are expected to be depressed.

- After dropping to its lowest number in 25 years in 2020, the national cattle herd is expected to grow by 5% in 2021, close to its size in 2019.
- The Eastern Young Cattle Indicator (EYCI) broke the 900¢/kg barrier for the first time in history in April, as Queensland producers looking to restock drove the market higher.
- As producers look to retain cattle and take advantage of improved seasonal conditions, cattle slaughter has been revised down to 6.4 million head, a fall of 11% on 2020 levels and is the lowest in 36 years.
- MLA's forecasts predict that Australian cattle slaughter will not exceed 7 million head until 2023, when it will reach 7.2 million head.
- The low slaughter numbers forecast for the next two years are also the result of the recent drought and the associated reduction of cattle that substantially decreased the available pool.

Australian Cattle Slaughter by Calendar Year (million head)



Source: ABS, MLA estimates

*Comments on this slide are attributed to the following sources: MLA Industry projections 2021 – Australian cattle – April update.

Closing *Remarks*

- Commendable team effort in managing through challenging and uncertain COVID-19 environment.

AACo experienced lower calving in 2018-2020 due to prolonged drought and the Gulf flood event in line with the Australian cattle herd.

- These headwinds have started to impact our meat production in FY21 due to our average F1 Wagyu lifecycle length of 3.5 years.
- Translated into 19% lower meat volume available for sale in FY21. Lower meat volume available for sale is expected to continue into FY22.
- Our herd is in rebuild phase.

Progress has been made during the year towards our Branded Beef Strategy despite significant impact on global Foodservice sectors.

Continued focus on cost management and unlocking value across the supply chain.

Our balance sheet is strong with net assets in excess of \$1B.

Consumer trends are changing and we are well placed and adapting to the rise of in home consumption.





Appendix

Definitions

| Term | Definition |
|---|---|
| Operating Profit | <i>The measure of Operating Profit is a key indicator which is used to monitor and manage the Company. It eliminates the potential distraction caused by unrealised cattle valuation adjustments being recorded in the financial results and is a better reflection of actual financial performance under the control of management. Hence the Company believes that external stakeholders benefit from this metric being reported. Operating Profit is unaudited, non-IFRS financial information. Operating Profit assumes movement in Livestock and inventory volume at cost of production, while Statutory EBITDA results include revaluations based on livestock market values.</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> |
| Statutory EBIT | <i>Statutory EBIT is unaudited, non-IFRS financial information and represents earnings before interest and tax.</i> |
| SGARA | <i>SGARA represents the difference between livestock measured at fair market value (as determined under AASB 141 “Agriculture”), and livestock measured at cost of production. This fair market value gain or loss is excluded from Operating Profit so that performance can be assessed on the cost of livestock, rather than their fair market value.</i> |
| Change in Herd at Cost of Production | <i>Movement in livestock balance valued at cost of production.</i> |
| Meat Inventory Change | <i>Movement in meat inventory balance valued at cost of production.</i> |
| Cost of Production | <i>Cost of production is a measure of the operating costs incurred to produce a kilogram of live weight of cattle throughout the breeding, backgrounding and feedlot operations of the Company during the period.</i> |
| ROCE | <i>ROCE is return on capital employed and is calculated as operating profit as a percentage of total opening capital employed.</i> |

ersonal use only



**THE ART OF
AUSTRALIAN BEEF**

Thank you