



15 May 2024

ASX/Media Announcement

Resilient FY24 result achieved in challenging year

- Operating Profit: \$50.5m vs \$67.4m pcp
- Total Revenue: \$336.1m vs \$313.4 pcp
- Operating Cash Flow: \$9.3m vs \$16.0m pcp
- Statutory Net Loss After Tax: \$94.6m vs profit of \$4.6m pcp, and negative statutory EBITDA \$87.9m vs positive \$49.1m pcp, due to softening cattle prices resulting in a downward unrealised mark-to-market fair value adjustment to the herd of \$149.4m
- Net assets of \$1.52b down 3%, with \$78.1m (5%) increase in pastoral property and improvements offset by the reduction in herd value

FY24 Overview

The Australian Agricultural Company Limited (AACo)(ASX:AAC) has announced a \$50.5 million operating profit, supported by 24% higher meat sales volume and the resilience of AACo's commercial brands in market, with the branded Wagyu Price per kilo performing well in challenging market conditions.

Sales revenue of \$336.1 million was up 7% vs pcp, further highlighting the value of our commercial brands and supply chain.

While a strong revenue outcome, diverse market dynamics including inflation and supply and demand pressures in most markets impacted overall performance, with the operating profit down 25% vs pcp.

Operating Cashflow of \$9.3m was also down vs pcp, as the company continued to align spending with its strategic priorities, in addition to supporting the production of more liveweight kilos. The herd grew further in FY24, up 5% to approximately 455,000 head of cattle, with growth in the Wagyu herd positioning the company for future market growth. Higher cost of debt impacted operating cashflow performance as well.

Cattle prices hit a four year low in FY24, leading to a downward unrealised mark-to-market fair value adjustment in the herd of \$149.4m. This resulted in a Statutory Net Loss After Tax of \$94.6m and a negative statutory EBITDA of \$87.9m, both down on pcp.

As previously indicated, AACo's statutory reporting requires the inclusion of the unrealised value of the herd at current market rates. However, the company's supply chain and strategic direction focuses on selling branded beef into global markets, which is why operating profit and cash flow are more appropriate measures of financial performance.

Net assets of \$1.52b were down 3% vs pcp, as the reduced herd value offset a \$78.1m increase in pastoral property and improvements. NTA was down 3% as a result, to \$2.51 per share.

Managing Director and CEO David Harris said: "This FY24 result once again demonstrates the value of our branded beef strategy."

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“Market conditions were challenging, but we are executing well on factors within our control, and our brands continue to command premium prices in market. Our ability to increase sales volumes whilst experiencing price resilience shows the strength of our supply chain and the value associated with our branded beef.”

Brand Delivery

Overall meat sales revenue increased 10%, and AACo was able to largely maintain or increase prices on branded beef in most of its target regions in FY24, a strong outcome in the current market environment.

An oversupply of beef in some markets continued to put pressure on prices, however, the company was able to maximise value from its global distribution network, whilst building on the ability to deliver the full potential from AACo’s brands in the future.

The strategic allocation of product to create price tension remained an underlining feature of the approach and further demonstrated the effectiveness of AACo’s strategy. The results of that approach were seen across AACo’s key markets this year.

New product trials, including Wagyu bacon, burgers and grassfed beef expanded the reach of the brands to new global customers, and were met with positive feedback.

There was also considerable brand development work undertaken with Westholme, to position it for further opportunities in FY25.

The return of 1824

AACo relaunched its Wagyu brand 1824 during the year, after a period of strategic development.

Managing Director and CEO Dave Harris was proud that the brand, which honours AACo’s history, was now available to customers again.

“It’s fitting that in our 200th year, we relaunch a brand that celebrates the year our story began and two centuries of perfecting our craft,” Mr Harris said.

“The brand will focus on maximising revenue through new distribution channels outside of our brands Westholme and Darling Downs. The FY24 results, as well as previous years, highlight the value of elevating a product selection and selling this under targeted brands.”

Sustainability Initiatives

AACo committed to a 10-year investment as a Tier-1 partner in the Zero-Net Emissions Ag Cooperative Research Centre (CRC) in the second half of FY24, to address the challenges around reducing emissions in agriculture.

AACo’s involvement in the CRC reinforces the company’s commitment to sustainability, building on the company’s growing program of work. This includes:

- Completing the second year of our Rangelands Carbon by Satellite project, including delivering the first phase of the product for testing
- Deepening the sophistication in emissions accounting, including scope 3
- Completing our world-first Asparagopsis trial, in addition to further trial work around reducing livestock emissions
- A further year of the Beef Cattle Herd Management program, designed to improve cattle efficiency.

Asset Development

Benefits of the Goonoo property expansion in Central Queensland began to be realised, with a 12% increase in intensive supply chain capacity.

The boost in supply to our global markets will help underpin the growth of our brands, enabling us to meet growing demand now and into the future.

The company continues to invest in business and asset optimisation to improve performance, and our program of converting diesel bores to solar is nearing completion, reducing costs and improving efficiency.

Operational Efficiency

AACo transitioned to a new processing partnership in FY24, to support overall scalability, provide further resilience on branding capabilities, realise savings and support new product innovation.

A strategic decision to adjust the profile of the herd to produce more Wagyu animals was behind a small increase in the cost of production. The change was made as part of the continued focus on brand to achieve higher sales prices in our target markets.

Employee Experience

The Company continues to deliver on its Employee Value Proposition (EVP), which was launched in FY24. The EVP highlights the extraordinary nature of working at AACo, with extraordinary, people, animals, land and products.

We have achieved this through developing our people and capabilities for the future through formal training and mentorship programs, as well as enhancing the employee experience at work throughout our integrated supply chain. There was a 6% lift in women in leadership across AACo, and the company reached equal gender representation among senior leaders.

David Harris said: "I'm passionate about investing in our people and continuing to grow a positive culture within our company.

"People have been at the core of the company for 200 years and I'm pleased to see progress this year that continues to keep them front and centre of all we do."

Operating Environment

Consecutive favourable seasons across AACo properties are contributing to strong pasture growth and improved productivity and will enable us to leverage opportunities as our cattle move through the supply chain.

FY25 will be the first full year realising the benefits of our investment in the intensive supply chain, with increased supply of branded beef through the Goonoo property expansion.

AACo will maintain its focus on driving productivity and quality across the supply chain, in an environment of moderating inflation.

During the period, AACo commenced a review of the company's strategic direction.

Mr Harris said: "While we remain focused on improving earnings from the sale of premium branded beef via our extensive global distribution network, the strategy development is considering alternative areas for value generation, through utilising our vast landholdings to unlock their value, and further sustainability initiatives.

"I look forward to sharing more about this in due course and building on the hard work of our employees this year."

"I appreciate the ongoing support of the Board and Executive and the efforts of our teams across the business to produce these results."

[ENDS]

Investor Briefing

The Australian Agricultural Company Limited (ASX:AAC) will hold a teleconference and webcast briefing for investors and analysts detailing FY24 Results on **Wednesday 15th May at 9:30 am AEST**.

Conference details:

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

AACo Conference ID: 10038456

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
Auckland	09 929 1687	Singapore Toll Free:	800 101 2785
Canada/USA Toll Free:	855 881 1339	China	4001 200 659
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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.	

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