



19 May 2022

ASX/Media Announcement

## Focused strategy execution drives strong performance

- Operating Profit: \$49.9m vs \$24.4m pcp
- Operating Cash Flow: \$24.2m vs \$18.4m pcp
- Statutory Net Profit After Tax: \$136.9m vs \$45.5m pcp
- Meat Sales Revenue: \$208.5m vs \$200.0m pcp
- Meat sales price per kilogram increased 21%
- Wagyu kilograms sold decreased 14% due to herd rebuild in progress
- Westholme and Darling Downs brands now represent 83% of meat sales
- Cost of production decreased 6% vs pcp due to tight operational controls and a focus on supply chain efficiencies
- NTA increase of 30% to \$2.27 per share driven by \$254.5m increase in value of pastoral property and improvements and \$198.8m increase in value of livestock
- Refinancing of debt facilities completed with increased capacity and flexibility

### FY22 Overview

The Australian Agricultural Company Limited (AACo)(ASX:AAC) released its FY22 results today, reporting improved operating profit and cash flow.

Improved margins contributed to a 105% increase in Operating Profit on the prior year, totalling \$49.9m. Operating Cash Flow was \$24.2m, a 32% rise on the prior year.

AACo's focus on brand helped produce a 21% increase in average meat sales price per kilogram. This offset a 14% reduction in the volume of meat sold as the company rebuilds its herd following the impacts of floods and droughts in prior years. Higher cattle sales margins also contributed to the favourable operating profit result.

Pastoral property and improvements valuations increased by \$254.5m, a 28% uplift on the prior year. The value of AACo's cattle herd increased by \$198.8m. Improvements in property and herd values contributed to Net Assets increasing to \$1.36b and resulted in Net Tangible Assets per share also growing 30% to \$2.27 per share.

Statutory Net Profit After Tax was \$136.9m, a \$91.4m improvement vs pcp, primarily driven by operating profit increasing to \$49.9m vs \$24.4m in the pcp, and unrealised mark-to-market gains on livestock of \$129.6m vs prior year gains of \$64.4m.

Managing Director and CEO Hugh Killen commented: "This result confirms that the company's commitment to investing in our brands and properties can produce positive financial results even in a turbulent global operating environment."

“The board and executive team would like to thank the AACo team for its commitment, flexibility and determination to produce this result.”

### **Growth in key markets**

Growth of AACo’s brands was evidenced in key markets including North America which saw 56% growth in branded meat sales revenue, with a 21% increase in volume and a 35% rise in average meat sales price per kilo in this region. Price and volume increases were driven by increased brand awareness, strategic allocation of product and the easing of COVID-19 restrictions.

Growth in South Korea also remains a focus for AACo. Improved in store brand experience helped Darling Downs retain a leading Wagyu market share in South Korea’s premium retail marketplace during the period.

Asia and Australia experienced reduced volumes due to the reallocation of high value cuts to other key markets. The average price per kilogram increased by 6% and 7% in each region respectively, and they remain strategically important.

The recovery of food service was also a catalyst for growth in Europe and the Middle East. Volume in this region grew 18% and meat sales price per kilo increased 23% as customers began to dine out again.

Mr Killen commented: “While the recovery of foodservice as COVID-19 restrictions ease has been an important enabler to our results, it has allowed us to realise the hard work implemented during the peak of the pandemic in improving our brand awareness and in market allocation.”

### **Sustainability focus**

In FY22 AACo released its sustainability framework which includes five major commitments. The framework which was launched in November 2021 is a first of its kind for the Australian beef industry.

Work has begun on each of the commitments that were made alongside the launch: landscape carbon, natural capital, methane emissions reduction, animal health and welfare certification and the Wylarah Institute. We look forward to providing a comprehensive framework and strategy update in July.

### **Current Operating Environment**

Global supply chains will continue to be impacted by increased geopolitical risk. This, along with rising inflationary pressures will impact the cost of key inputs across the beef supply chain.

AACo’s disciplined focus on costs as well as strategic customer management, product allocation and growing brand awareness will help to manage through this uncertainty.

The strong rebound in foodservice as part of a post-COVID recovery, continues in key target markets.

[ENDS]

### **Investor Briefing**

The Australian Agricultural Company Limited (ASX:AAC) will hold a teleconference and webcast briefing for investors and analysts detailing FY22 Results on **Thursday 19th May at 10:30 am AEST**.

#### **Conference details:**

Webcast link –

<https://services.choruscall.com/mediaframe/webcast.html?webcastid=dMwHIWQ3&securityString=0RegyBWn518kvJZgcjzfEUIIN>

**AACo Conference ID: 10021201**

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:	1 855 881 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.	