



2010 Half Year Results

AWB Limited

19 May 2010



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Overview

Gordon Davis, Chief Executive Officer

Financial & Operating Performance

Philip Gentry, Chief Financial Officer

Growth Strategy

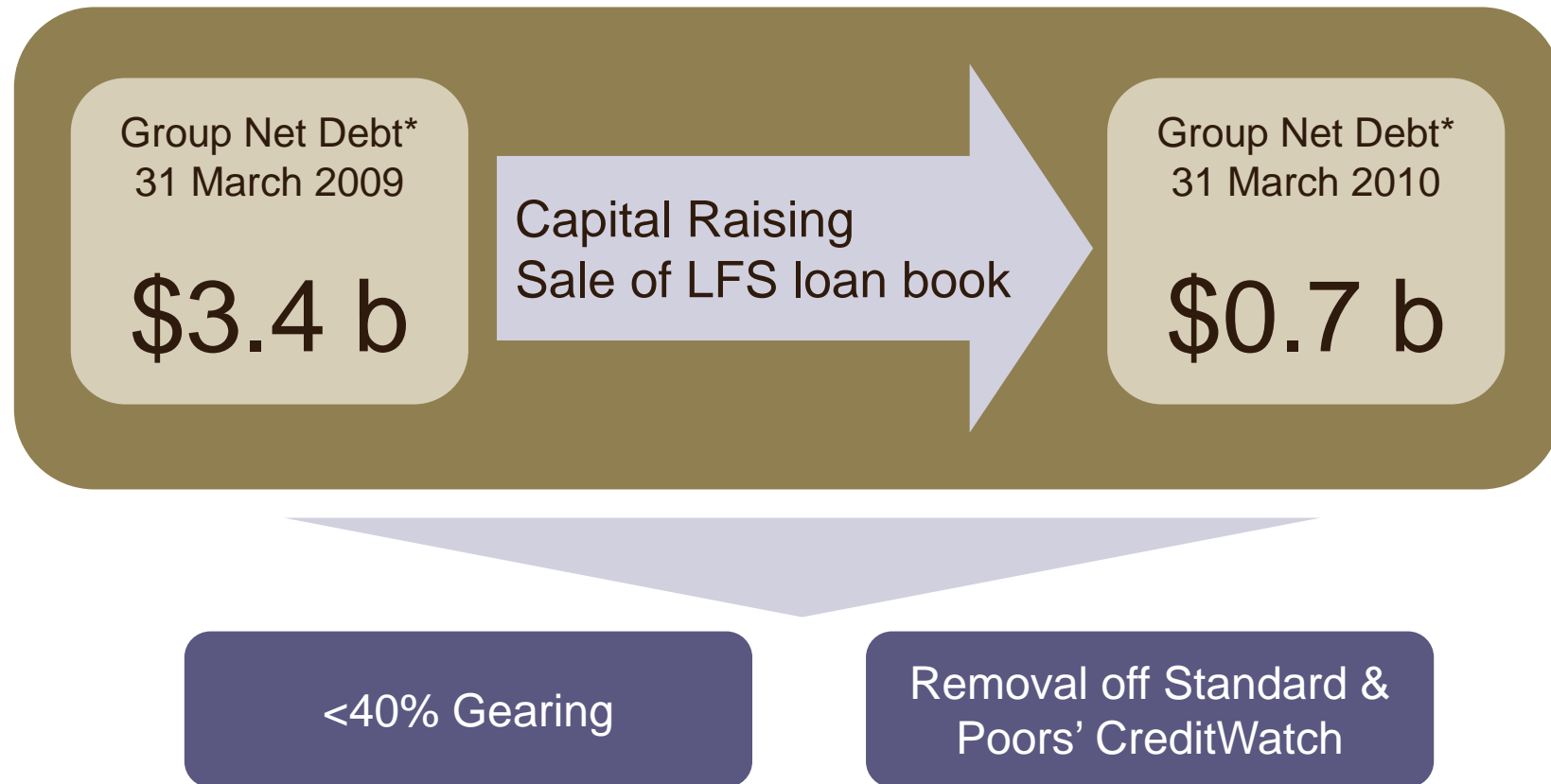
Gordon Davis, Chief Executive Officer

Reduced 1H, in line with guidance

	HY10 (\$m)	HY09 (\$m)	Movement (%)
Continuing businesses EBITDA	58.4	93.3	(37)
Continuing businesses profit before tax and significant items	32.8	56.1	(42)
Net profit after tax attributable to members of the parent	(64.8)	8.5	nm
Reported earnings per share	(8.4) cents	2.4 cents	nm

nm = not meaningful

Fundamental transformation of the balance sheet



* Includes Landmark Financial Services and Harvest Finance

Shaping our future agenda

Sustainable, profitable growth

- Regional agribusiness with scale

Strategic portfolio management

- Sale of LFS loan book
- Execution of non-binding MoU with Gavilon
- Winding down of AWB Brazil
- Review of Hi-Fert ownership structure

Enhancing operational performance

- Strengthening Australian grain market position
- Organic expansion within Landmark and Commodities
- Landmark SAP implementation and cost reduction

Solid foundation for growth

- Constitutional reform
- Significant progress on legal matters
- Solid balance sheet post capital raising

RAROC* framework for investment analysis



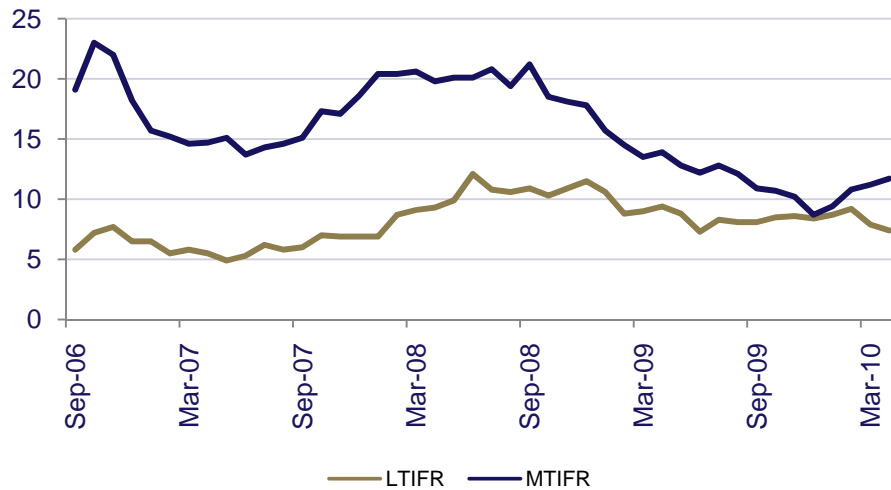
RAROC framework provides insight and strategic guidance across a range of value drivers:

- Diversification and more efficient deployment of capital
- Tangible capital and risk drivers incorporated into performance measures
- Targeted investment in processes/systems based on RAROC risk/return profile

* - RAROC = Risk Adjusted Return on Capital

Focus on improving operational risk

Injury frequency rate trends (per million hours worked)



LTIFR = Lost time injury frequency rate
 MTIFR = Medical time injury frequency rate

Rolling 12 month LTIFR

Actual at 31 Mar 10	7.9
Actual at 31 Mar 09	9.0

Livestock

- Active livestock safety management
- Policy implemented on prohibited activities
- Standard operating procedures around high risk activities

Vehicles

- Driver training 53% complete YTD
- Black box trial

Manual handling

- 250 forklifts acquired
- Group training program completed
- 250 trolleys ordered for Landmark
- Working with national suppliers to eliminate 40kg fertiliser bags



Financial & Operating Performance

Philip Gentry

Chief Financial Officer



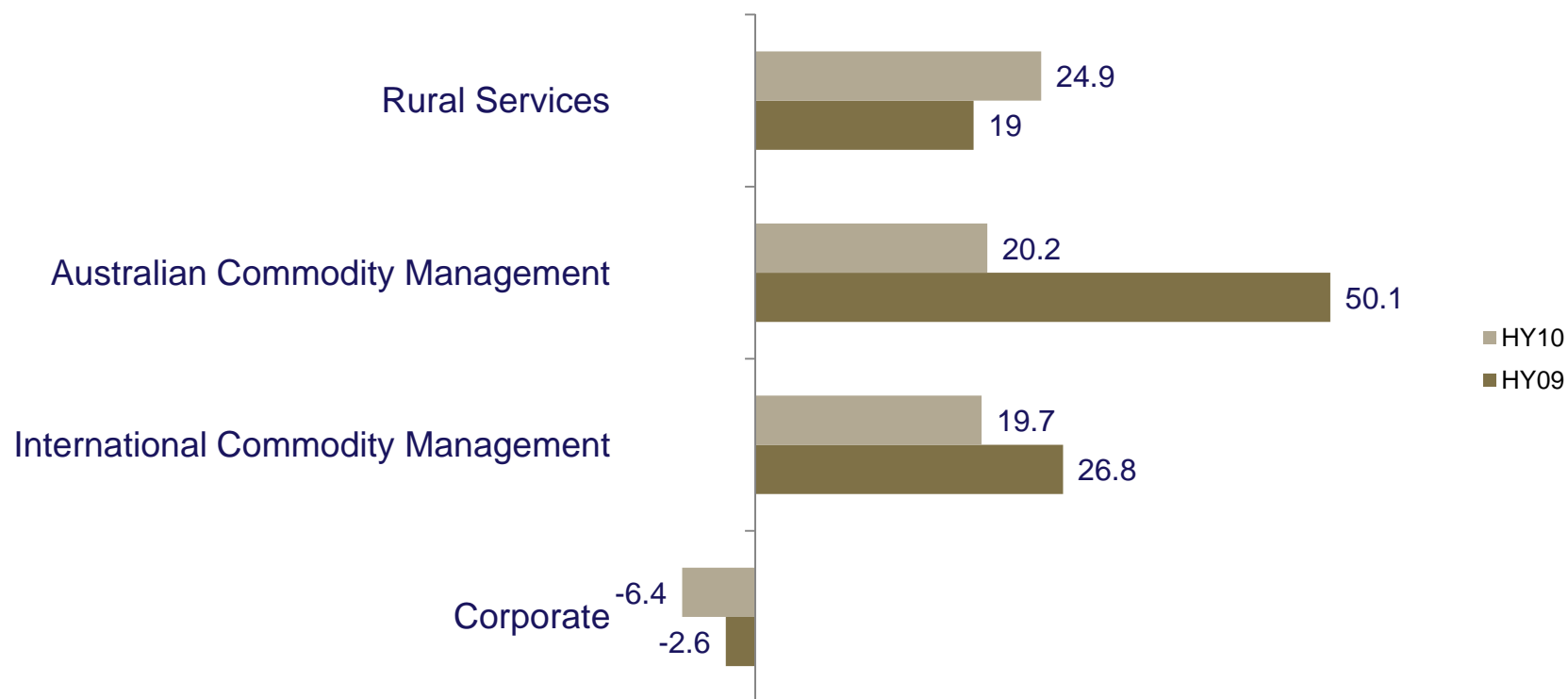
Continuing businesses PBT – reduced first half, in line with guidance

	HY10 (\$m)	HY09 (\$m)	Movement (%)
Continuing businesses:			
Revenue	2,991.6	3,202.7	(7)
EBITDA	58.4	93.3	(37)
Interest	(12.2)	(24.0)	(49)
Depreciation & amortisation	(13.4)	(13.2)	1
Continuing businesses profit before tax	32.8	56.1	(42)
Significant items before tax	(117.1)	(21.9)	nm
Discontinuing operations *	(5.5)	(23.8)	(77)
Group profit before tax	(89.8)	10.4	nm
Tax	26.2	(1.3)	nm
Minority interest	(1.2)	(0.6)	100
Net profit after tax and significant items attributable members of the parent	(64.8)	8.5	nm

* Discontinuing operations includes AWB Brasil, Landmark Financial Services (Loan & Deposit business) and Hi-Fert. Comparatives have been adjusted accordingly

Improving Rural Services more than offset by reduced Commodity Management

Continuing EBITDA by business segment (\$m)



Rural Services includes remaining financial services businesses including Insurance. Comparatives have been adjusted accordingly

Rural Services EBITDA improved through better category management & cost control

EBITDA (\$m)	HY10 (\$m)	HY09 (\$m)	Movement (%)
Landmark network **	20.2	16.2	25
Investments*	4.7	2.8	68
Rural Services	24.9	19.0	31

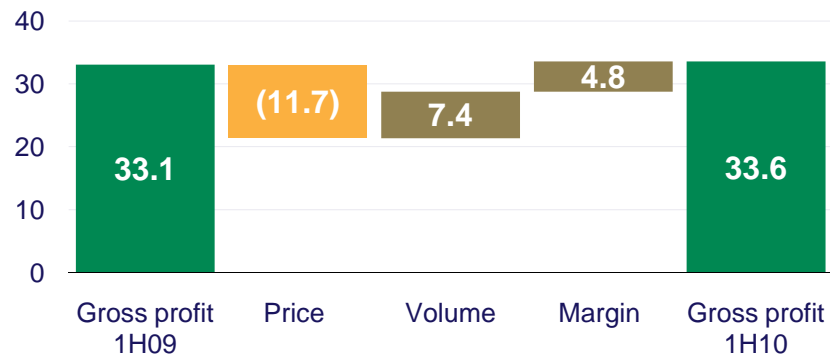
* Investments contribution is based on profit after tax

** Landmark network includes all remaining financial services businesses including Insurance. Hi-Fert is excluded from result. pcp adjusted accordingly

- Landmark network benefited from:
 - Improved weather conditions in south eastern Australia and market share gains in key categories increasing volumes
 - Gross margin expansion from enhanced category management
 - Cost reduction program
- “Flood” days impacted northern Australia result. Should provide solid base for 2H10.
- AWH business model improvements, led to improved returns
- RD1 benefited from rising dairy prices

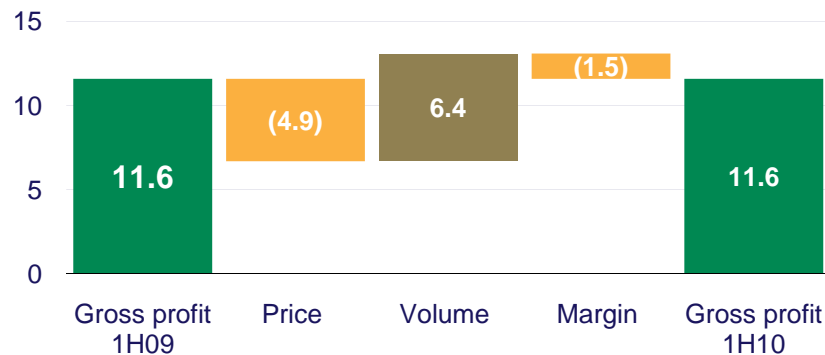
In spite of severe price reductions, Gross Profit maintained

Movement in Gross Profit – Crop chemicals (\$m)



- Improved category management increased crop chemical margins and an increase in volumes improved GP despite a 31% reduction in prices

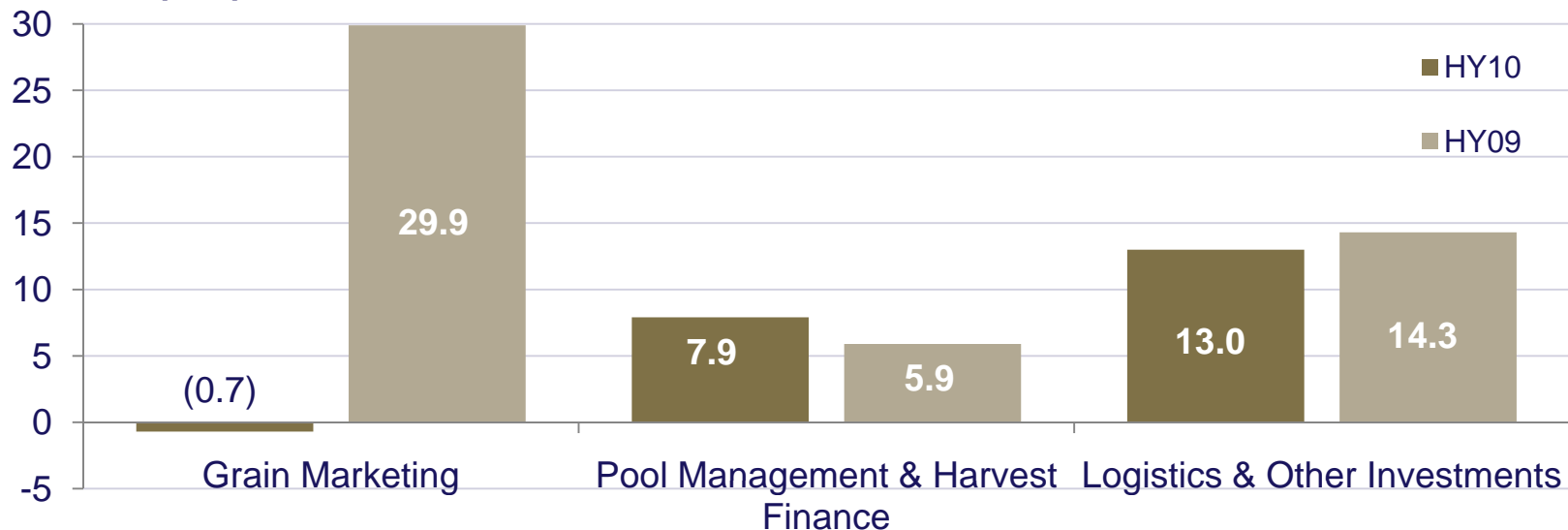
Movement in Gross Profit – Fertiliser (\$m)



- Increased market share in fertiliser, particularly on the west coast, offset 48% reduction in fertiliser prices. Margins slightly lower due to mix of west and east coast volumes, with west coast sales attracting a lower margin

ACM result impacted by lower margins in Grain Marketing

EBITDA (\$m)

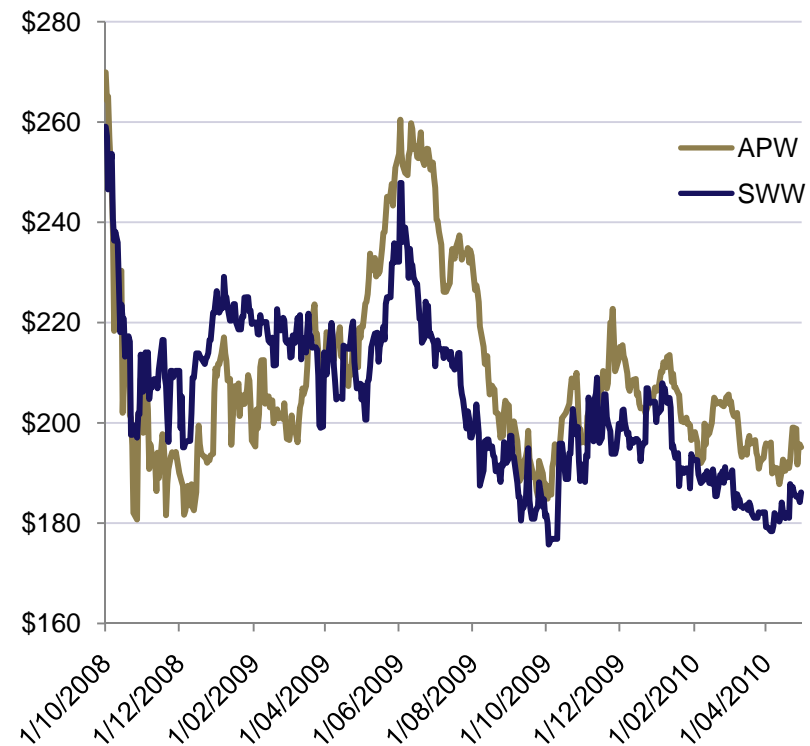


- Reduction in wheat tonnes acquired (2.3m tonnes vs 3.2m tonnes in pcp) and lower margins impacted Grain Marketing. Lower sorghum volumes (vs pcp) also reduced EBITDA
- Pool Management & Harvest Finance benefited from improved pricing structure. Pool receivables of 2.7m were in line with pcp.
- Grainflow and Melbourne Port Terminal benefited from improved harvest in south eastern Australia. Rail and chartering impacted by slower export programs

Grain Marketing, lower margins and export volumes

- Australian wheat more expensive than competing origins for much of 1H reducing size of total export program
- Aggressive competition for shipping slots led to inflated costs for execution creating margin pressure for industry
- Lack of sorghum crop (vs pcp) reduced coarse grain contribution
- Low global prices and limited price volatility has constrained activity in wheat book

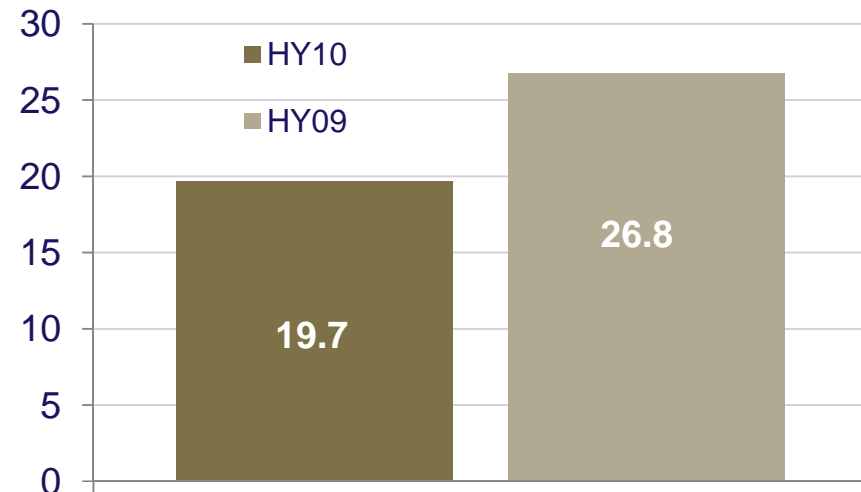
Australian wheat (APW) more expensive than US (SWW) (\$US/t)



AWB Geneva in line with expectations

- AWB Geneva's EBITDA lower than pcp, however in line with budget
- Continued benefit of diversified portfolio in Geneva, with freight and grain maintaining strong margin contribution whilst oilseeds margins were lower (vs pcp)
 - Increased volume of European wheat supplied into Middle East millers
- Black Sea grain business completed second harvest, growing significantly executing 560,000 tonnes in 1H10 (vs 135,000 tonnes in pcp).
- AWB India was active in pulse imports and distribution, operating under direction from AWB Australia

EBITDA – International Commodity Management (\$m)



Discontinuing businesses

Discontinuing businesses (pre tax)	HY10 (\$m)	HY09 (\$m)
Hi-Fert	-	(4.7)
Landmark Financial Services	1.6	5.8
AWB Brasil – operating result	-	(24.9)
AWB Brasil – winding down provision	(7.1)	-
Total discontinuing businesses (pre tax)	(5.5)	(23.8)
Total discontinuing businesses after tax	(5.8)	(16.7)

- As Hi-Fert classified as 'held for sale', no profit contribution recorded in 1H10 result.
- Increased interest costs impacted the Landmark Financial Services loan and deposit business 1H10 result. All remaining financial service offerings reported in Landmark Rural Services
- Wind down of AWB Brasil progressing as planned with all bank debt repaid. Following sale of Nova Agri in April 2010, main assets remaining on balance sheet are receivables which continue to be worked through. Additional wind down costs of \$1m to \$2m expected in 2H10

Significant items impacted by LFS sale and Watson class action

Significant items (pre tax)	HY10 (\$m)	HY09 (\$m)
Landmark Financial Services – loss on sale and restructuring costs	(65.4)	-
Provision for settlement of Watson class action	(39.5)	-
Costs associated with legacy issues	(6.5)	(8.0)
Unrealised mark to market on equity positions	-	(8.8)
Restructuring costs (including project costs)	(2.2)	(3.4)
Employee share plan loan fair value adjustment	(3.5)	(1.7)
Total adjustments to profit before tax and amortisation	(117.1)	(21.9)
Total adjustments to profit after tax	(83.5)	(15.6)

* Includes costs associated with the Oil-for-Food Inquiry and class actions

Fundamental transformation of balance sheet

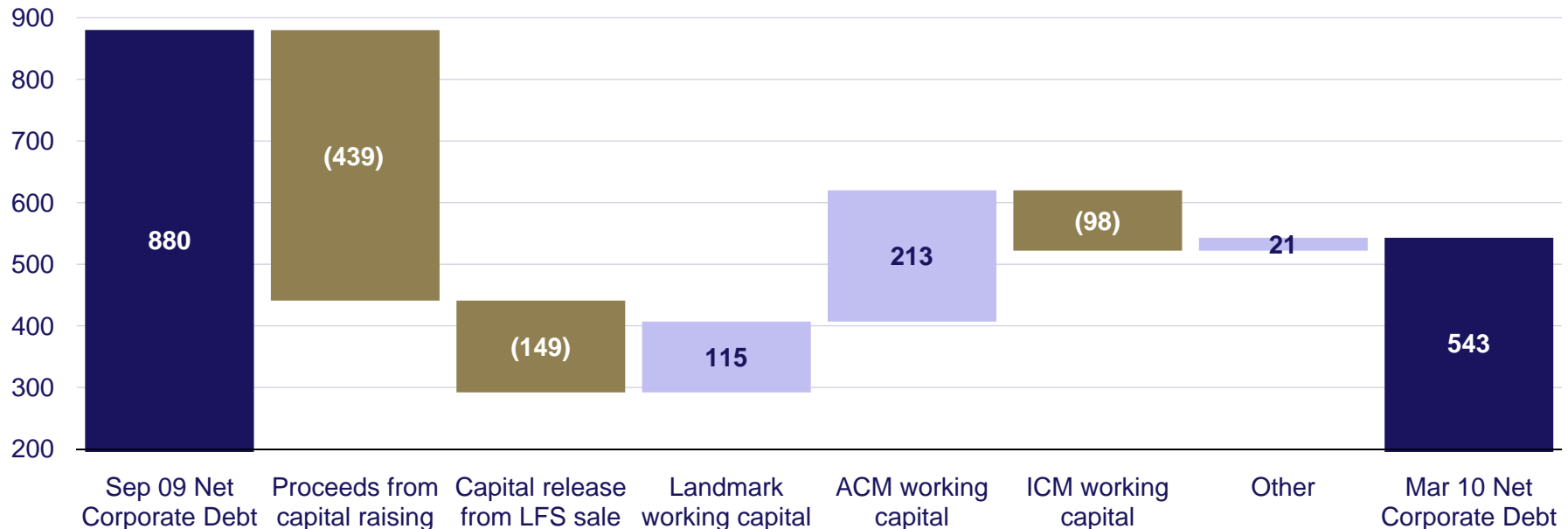
External net debt	31 Mar 10 (\$m)	31 Sep 09 (\$m)	31 Mar 09 (\$m)	Mvmt ** (\$m)	Mvmt (%)
Net corporate financing	543.5	880.3	981.1	(437.6)	(45)
Harvest Finance	183.3	135.5	232.5	(49.2)	(21)
Landmark Financial Services	-	2,101.2	2,139.1	(2,139.1)	(100)
Total *	726.8	3,117.0	3,352.7	(2,625.9)	(78)

*Excludes accrued interest

**Movement since 31 Mar 09

Reduction in net corporate debt offset to some extent by seasonal working capital increases

Movement in net corporate debt (\$m)



- Working capital increases in domestic businesses reflect uplift in seasonal activity for both Landmark (receivables) and ACM (inventory)
- Small amount of LFS capital release awaiting finalisation of transaction
- FY10 debt will be impacted by Watson settlement (\$39.5m), slower than usual sales profile for Grain Marketing and increased debtors in Landmark

Summary and outlook

- **Continuing businesses 1H10 result in line with guidance**
 - Rural Services improving despite slow 1Q10
 - ACM impacted by lower Grain Marketing margins
 - ICM lower than pcp, in line with budget
- **Transformation of balance sheet**
 - 78% reduction in Group debt
 - FY10 Net corporate debt will be impacted by Watson settlement, slower wheat sales profile in ACM and increased working capital in Landmark
- **Full Year PBT (pre significant items) for continuing businesses of \$85m - \$110m**
 - Improved 2H result expected in Rural Services with increased activity and operational improvements
 - ACM to have a stronger 2H with activity levels across Grain Marketing and Logistics to improve with increased export activity



Growth Strategy

Gordon Davis

Chief Executive Officer



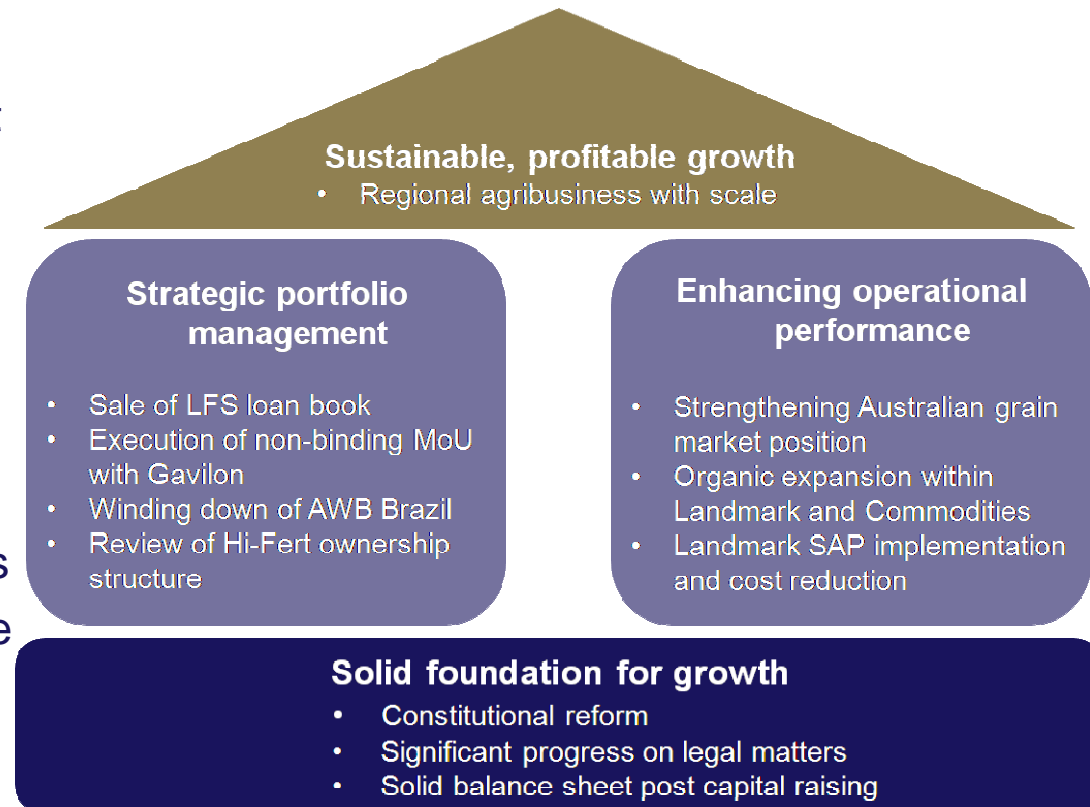
Strategic framework

1. Solid foundation for growth

- Operational improvement
- Proposed commodity transaction

2. Growth opportunities

- Strategies for future growth
 - Organic opportunities
 - Expansion across the agri value chain
- Strategic guidelines for acquisitions



Our approach to the business

From

Fixing the business

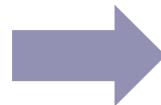
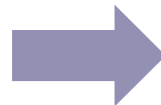
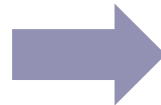
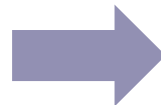
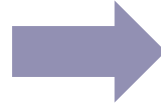
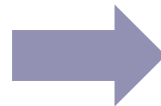
Dealing with legacy issues

Maintaining current businesses

Fighting on multiple fronts

Unclear strategic advantage

Focus on staff retention



To

Building the business

Owning the future

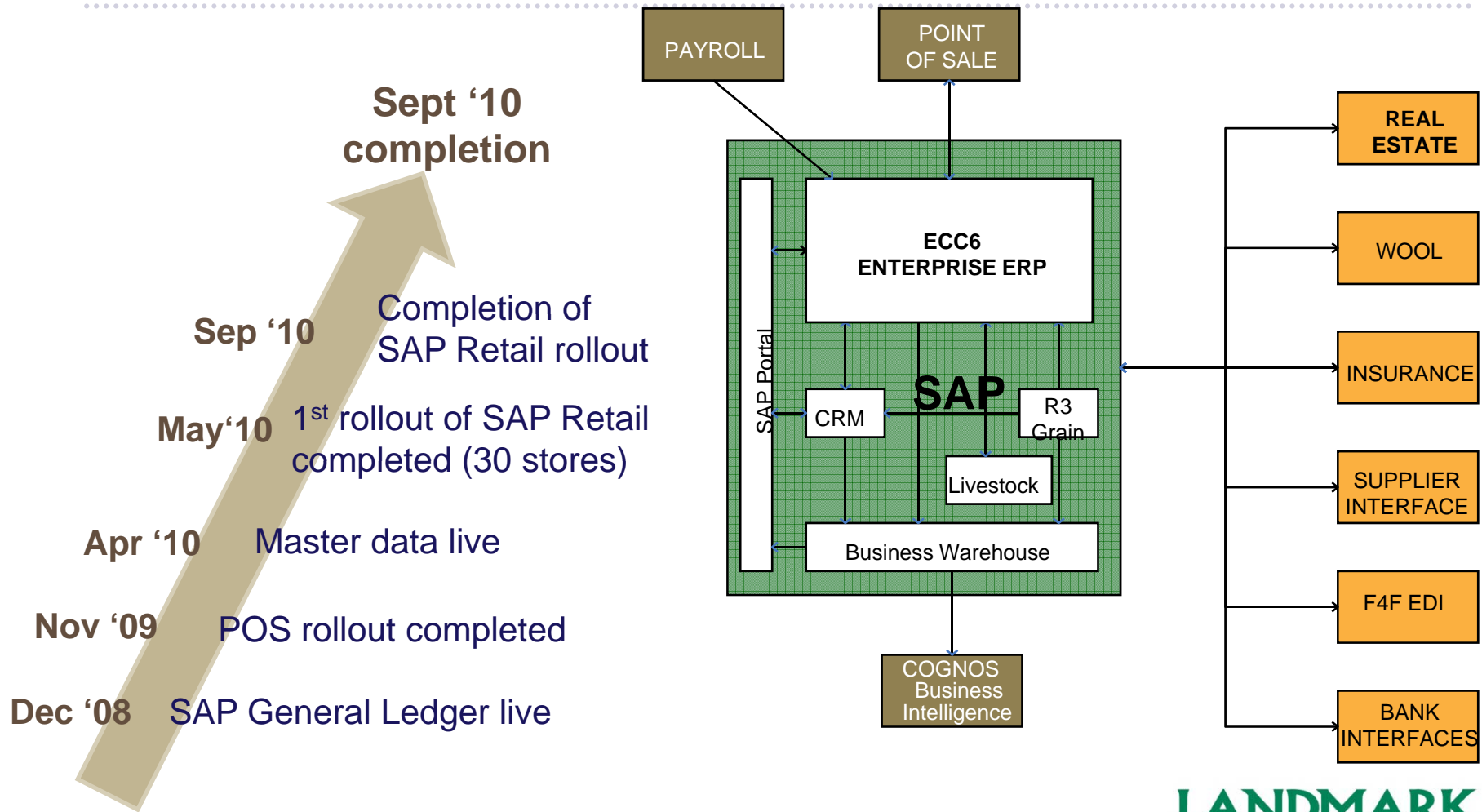
Driving outperformance across business

Deliberate, disciplined, rigorous, focused

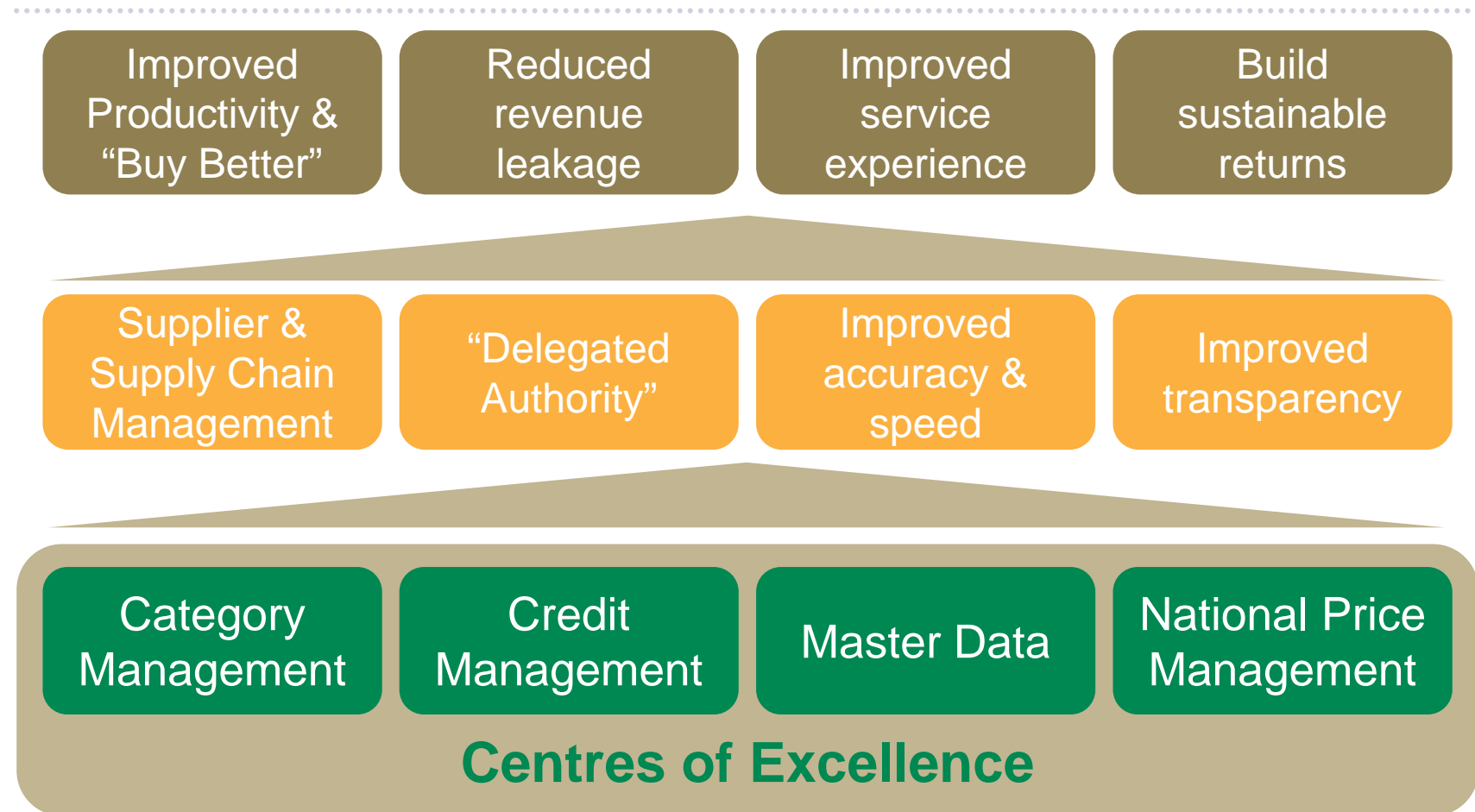
Clear, defensible advantage

Talent development

Landmark SAP implementation progressing well



Leveraging systems and people to enhance value



Commodities transaction with Gavilon on track

- Non-binding Memorandum of Understanding executed with Gavilon on 30 March 2010
 - Sale of AWB Geneva
 - 50:50 joint venture of Australian Commodities Management
 - Grain marketing
 - Pool Management & Harvest Finance
 - Logistics (excludes most Other Investments)
- Consideration will be formulated on the basis of book value plus a premium
- Would significantly further reduce net corporate debt
 - Release of funds employed in Geneva (utilised to repay debt)
 - Intention that ACM will be independently capitalised and equity accounted
- Due diligence and negotiation on transaction documentation currently proceeding
- Continue to target end of June 2010 completion



Growth opportunities



Our future

Agribusiness, building from an Australian base

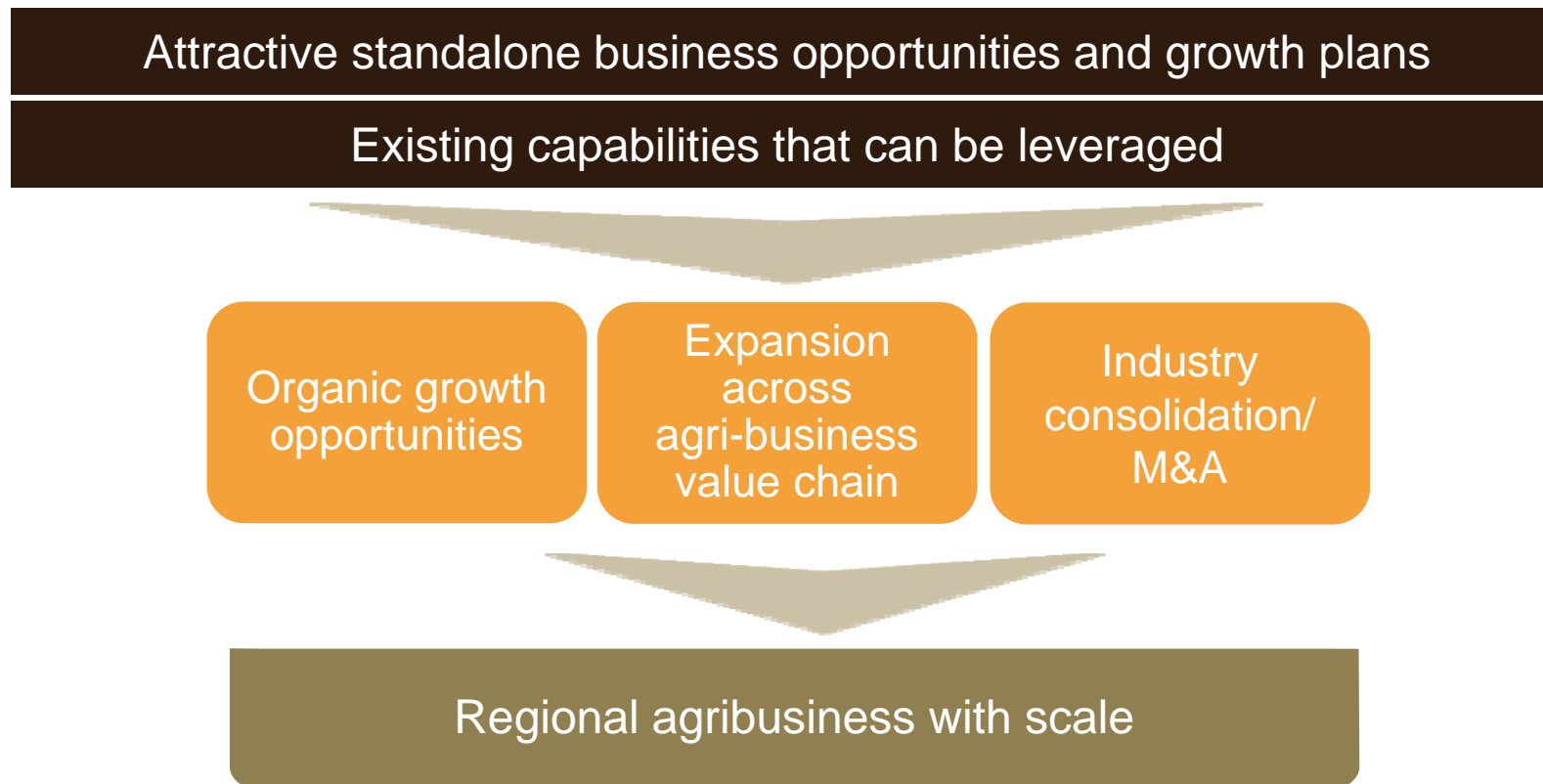
Accept risk that we understand, control and price (RAROC)

Regional agribusiness with scale

Target double-digit earnings growth through the cycle

Drive opportunities from existing core capabilities

Strategies for future growth



Developing track record of organic expansion

Landmark Global Exports

51% investment by Landmark
Largest exporter of dairy cattle from Australia
> 35,000 dairy cattle exported per annum



Regional Infrastructure Pty Ltd – managers of “safe saleyards”

50% investment by Landmark
RIPL managed saleyards have largest through put of cattle and sheep in Australia
Currently five approved sites across east coast of Australia

Black Sea

Sourcing of grain executed in Kiev (Ukraine); trading & risk management in Geneva
560,000 tonnes of wheat, barley, rapeseed and peas sourced via on-ground presence in HY10, increased from 135,000 tonnes in pcp. Significant growth projected



Rail freight

Addressing the freight shortage on the east coast of Australia
90 new wagons to be commissioned in 2H10
Increased capacity to 1.5 million tonnes per annum

Landmark investment in growth

ORGANIC GROWTH

GROW MARKET SHARE

- Successful loyalty program
- Multi-channel strategy
- Leadership in “category management”
- Enhanced account management



EXTEND THE RANGE

- Building China sourcing capability
- Developing new retail models
- Introduce new products



CATEGORY ADJACENCY

- Extending coverage
- Investing in building farm returns



Landmark Global Exports

NEW IP

- Developing IP
- Expanding seed capability
- First to market with new innovations



* Registered trademark owned by associate or service provider

Commodities investment in growth

ACM

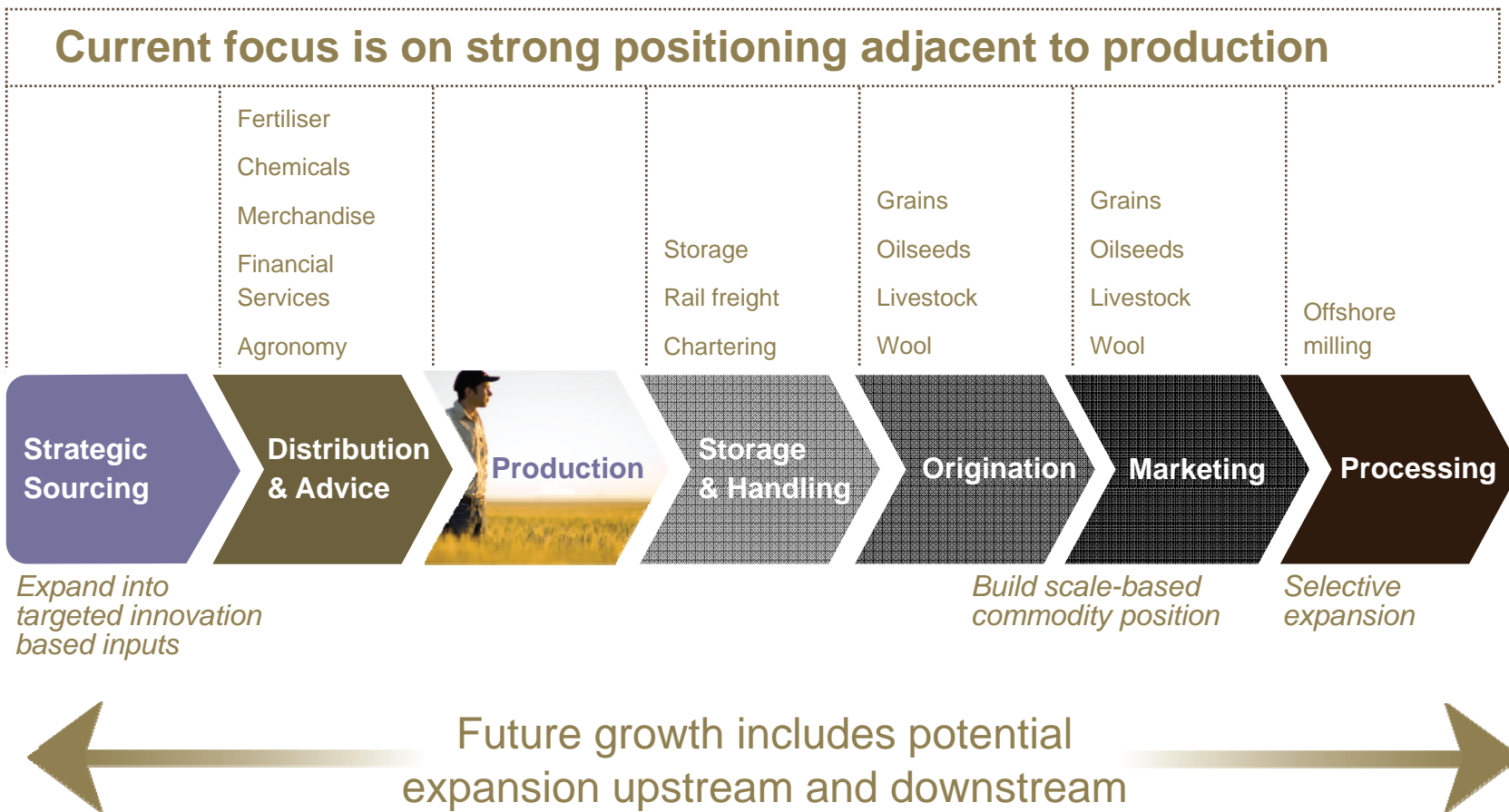
- Increase ex-farm offerings in transport, finance and warehousing
- Increase presence in oilseeds, pulse and barley markets across Asia and Middle East
- Increase utilisation of AWB's rail assets across Australia (SA & WA)
- Opportunities to extend pooling to other non-wheat grains
- Expansion in containers to grains from other origins

Geneva

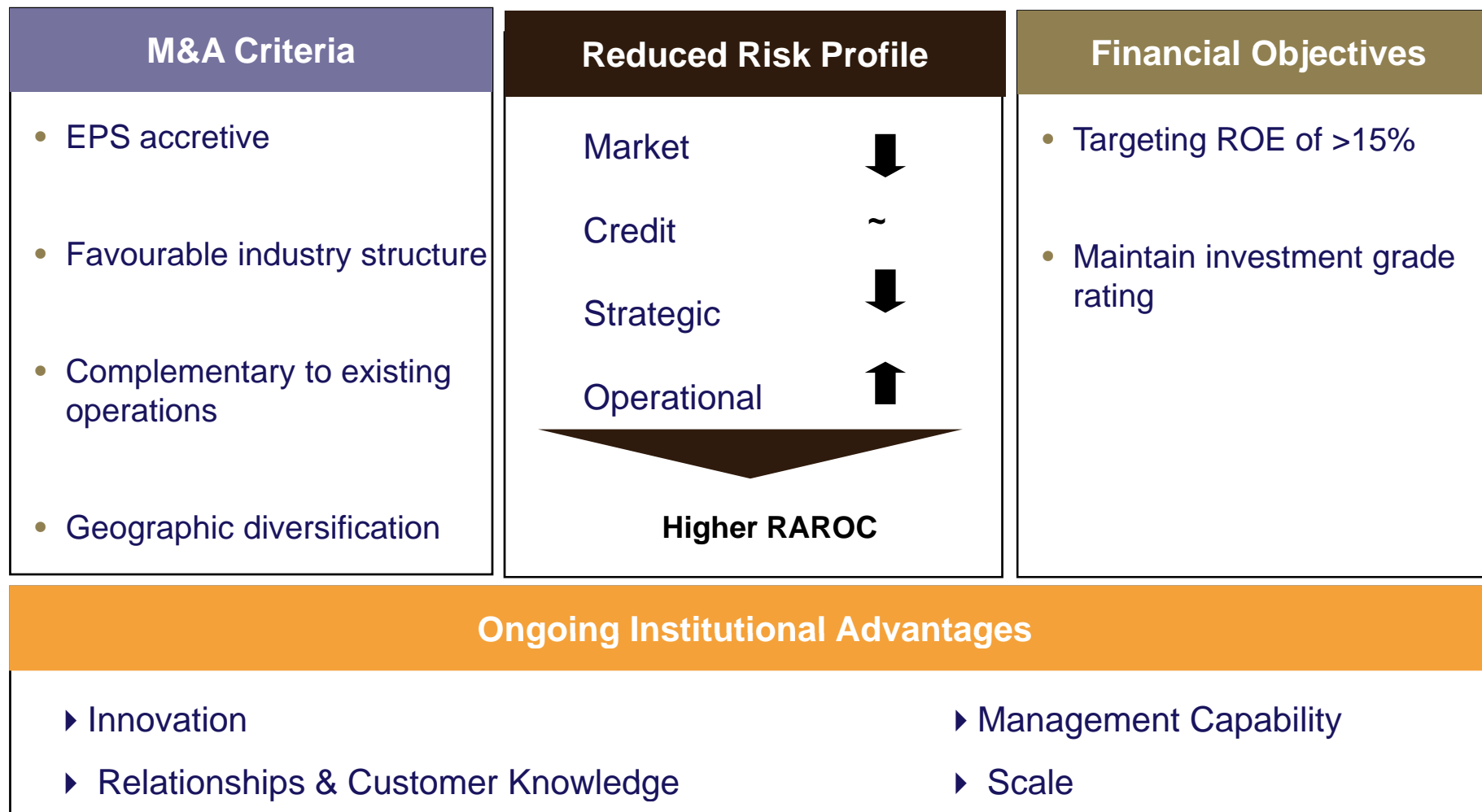
- Further expansion in Black Sea to diversify earnings and meet growing demand for grains from this region
- Increase number of vessels under management on long-term time charter basis given sustained demand for dry bulk vessels into Asia
- Improve the alignment of operations & strategies with Australian activities in wheat, barley and freight



Value chain expansion opportunities both upstream and downstream



Strategic criteria for assessing growth opportunities



Appendix



AWB group tax

	Profit before tax (\$m)	Tax (\$m)	Profit after tax (\$m)
Continuing businesses	32.8	(7.1)	25.7
Significant items	(117.1)	33.6	(83.5)
<i>Discontinuing operations:</i>			
Hi-Fert (PAT) contribution	-	-	-
Landmark Financial Services	1.6	(0.5)	1.1
AWB Brazil	(7.1)	0.2	(6.9)
Minority interest			(1.2)
AWB Group	(89.8)	26.2	(64.8)

- Continuing business effective tax rate of 22% driven by the relative proportion of the Group's earnings derived from overseas subsidiaries and the varying overseas taxation rates.

Group cash & borrowings

Facilities (in AUD \$m)	Drawn amount	Limits at 31 Mar 10	Maturity
AWB Australia inventory finance	80.0	80.0	Dec 10
AWB Australia inventory finance	75.0	75.0	Nov 10
AWB Australia inventory finance	45.0	45.0	Apr 10
Rural Trade Receivables Trust	250.0	250.0	Oct 10
Syndicated facility	0.0	150.0	Oct 11
Offshore facilities	275.8	613.2	Annual
<i>Cash on hand</i>	(182.3)	-	-
Net corporate debt	543.5		
Pool deposits	54.3	-	-
Harvest Finance Inventory financing	168.3	395.0	Nov 10 – Dec 10
<i>Cash on hand</i>	(39.3)	-	-
Net Harvest Finance debt	183.3		

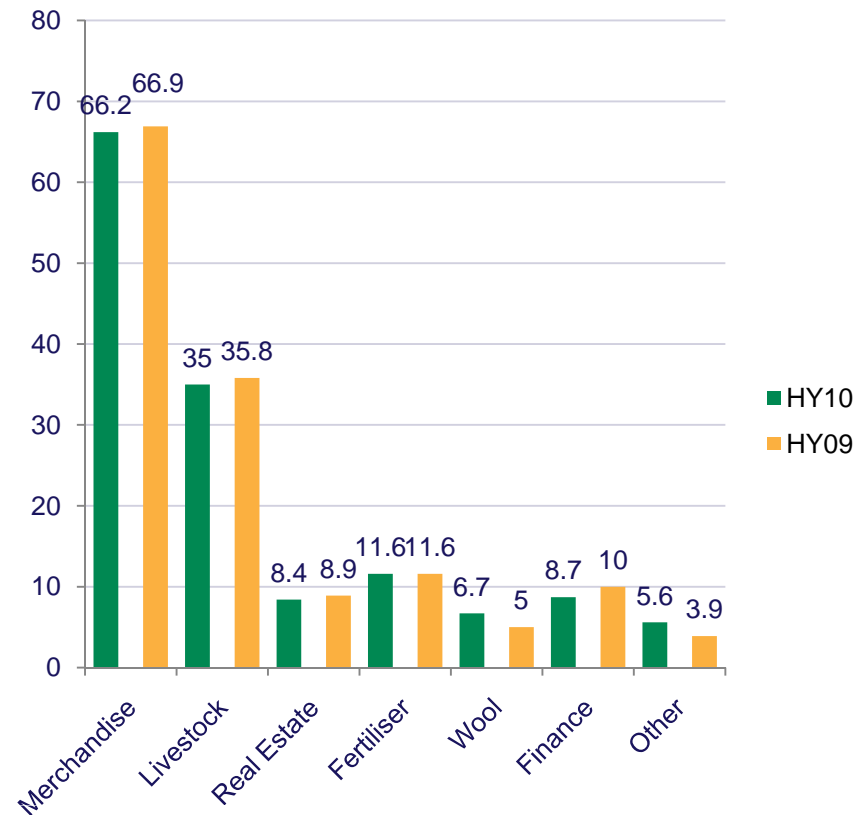
Total Borrowings	\$m
Corporate	725.8
Harvest Finance	222.6
Accrued interest	8.1
Total (per note 15 of Appendix 4D)	956.5

Total Cash	\$m
Corporate	182.3
Harvest Finance	39.3
Total (includes Discontinuing)	221.6

Improved volumes across most business segments

- Improvements in crop chemical volumes have been offset by reductions in price
- Livestock impacted by lower prices at beginning of year and lower volumes as farmers rebuild herd sizes, largely offset by LGE contribution
- Real Estate remains subdued across the country with price expectations not being met
- Despite rising fertiliser prices during the half, fertiliser gross profit remained flat reflecting the strategy of turning stock in shorter time periods
- Decreases in wool volumes offset by increases in prices which were driven by overseas demand
- Insurance has maintained gross profit, despite lower grain prices affecting crop insurance premiums. Other finance products

Gross profit by business segment (\$m)



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