



Why Australia must be responsible with Agriculture





Who is AAco?

Australia's largest producer of beef

More than 650,000 head of cattle

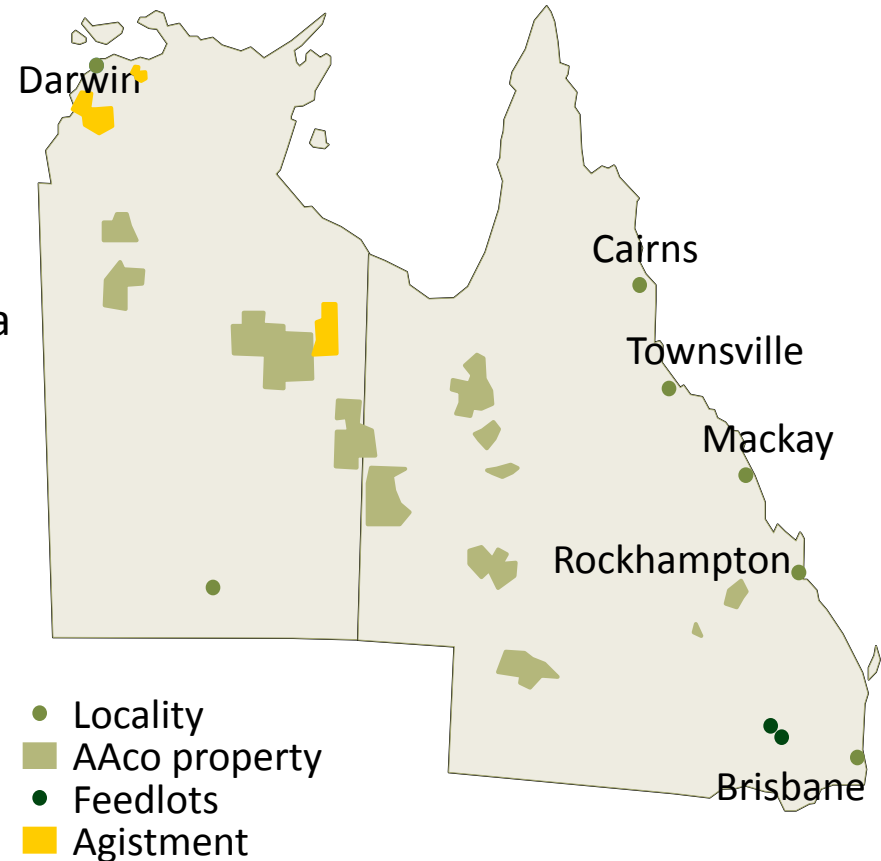
19 cattle stations, two feedlots and three farms

Owens and manages 7.2 million ha of land across Queensland and the Northern Territory

The world's largest Wagyu beef producer

Exports to more than 20 countries globally

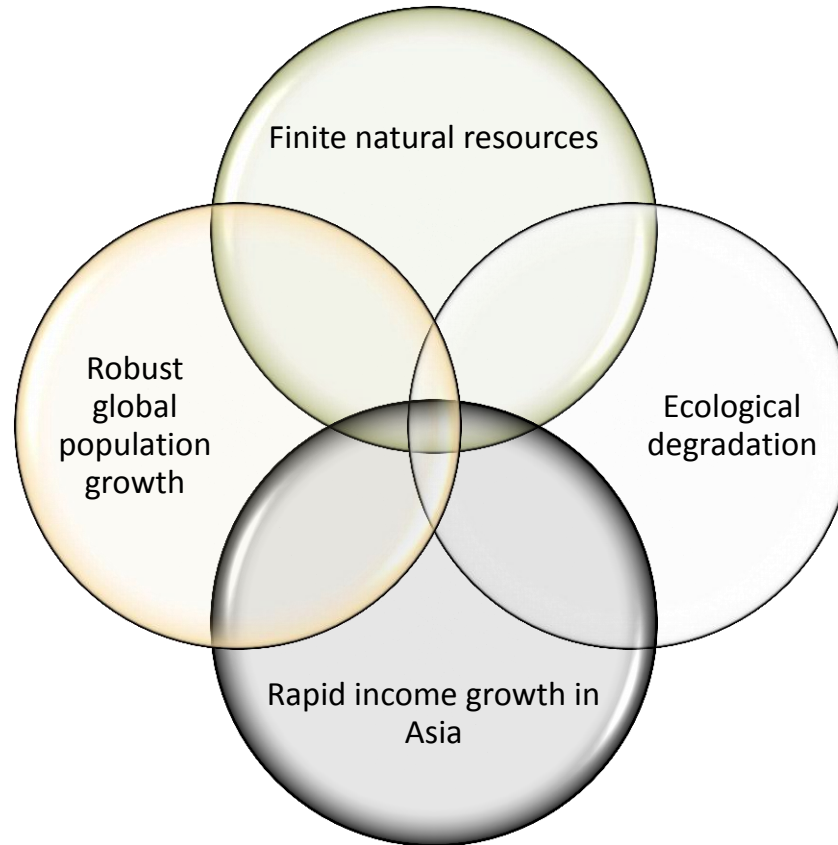
AAco portfolio





Global Megatrends

Australia sits at the junction of startling emerging global megatrends

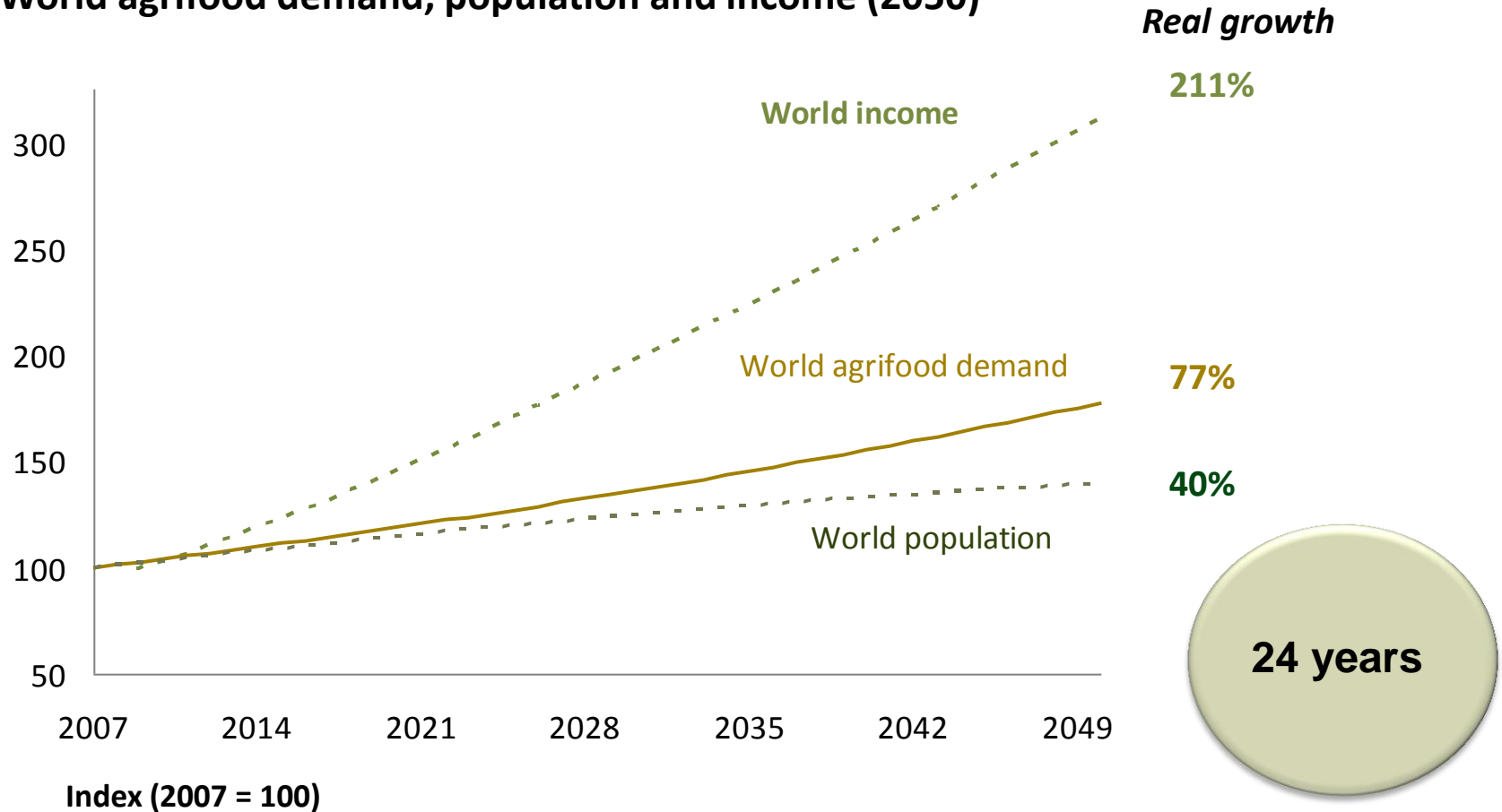




Global macro drivers for agriculture

Population and income growth in developing economies to drive food demand...

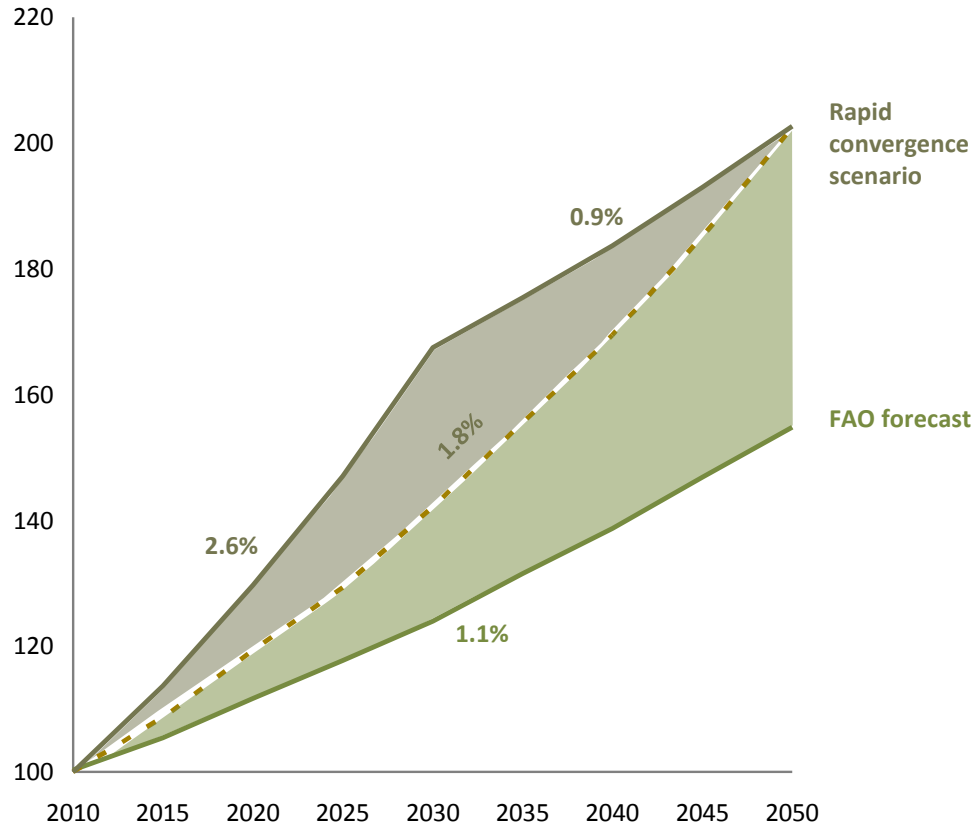
World agrifood demand, population and income (2050)





Global agricultural demand—potential range of scenarios

Index 2010 = 100¹



Source: FAO; PJP analysis

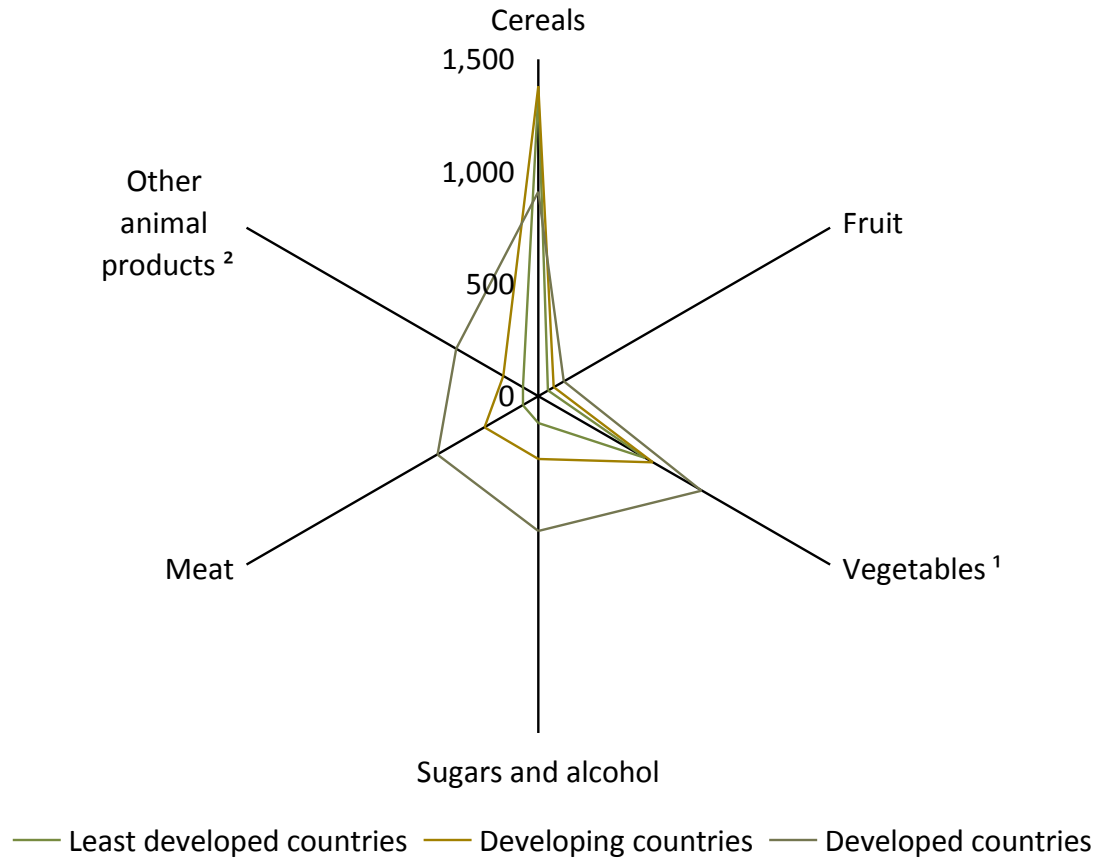
Note:

1 Compound annual growth rates shown are averages over the period



Sources of calorie consumption

Calorie intake by food type: Kcalories (Kcal) per person per day



Source: Food and Agriculture Organisation of the United Nations (FAO); International Monetary Fund (IMF)

Notes:

1 Includes pulses, spices, roots and oil crops

2 Includes milk, eggs, aquatic products and cheese and excludes meats



Sources of calorie consumption cont'd

Food and associated resource requirements

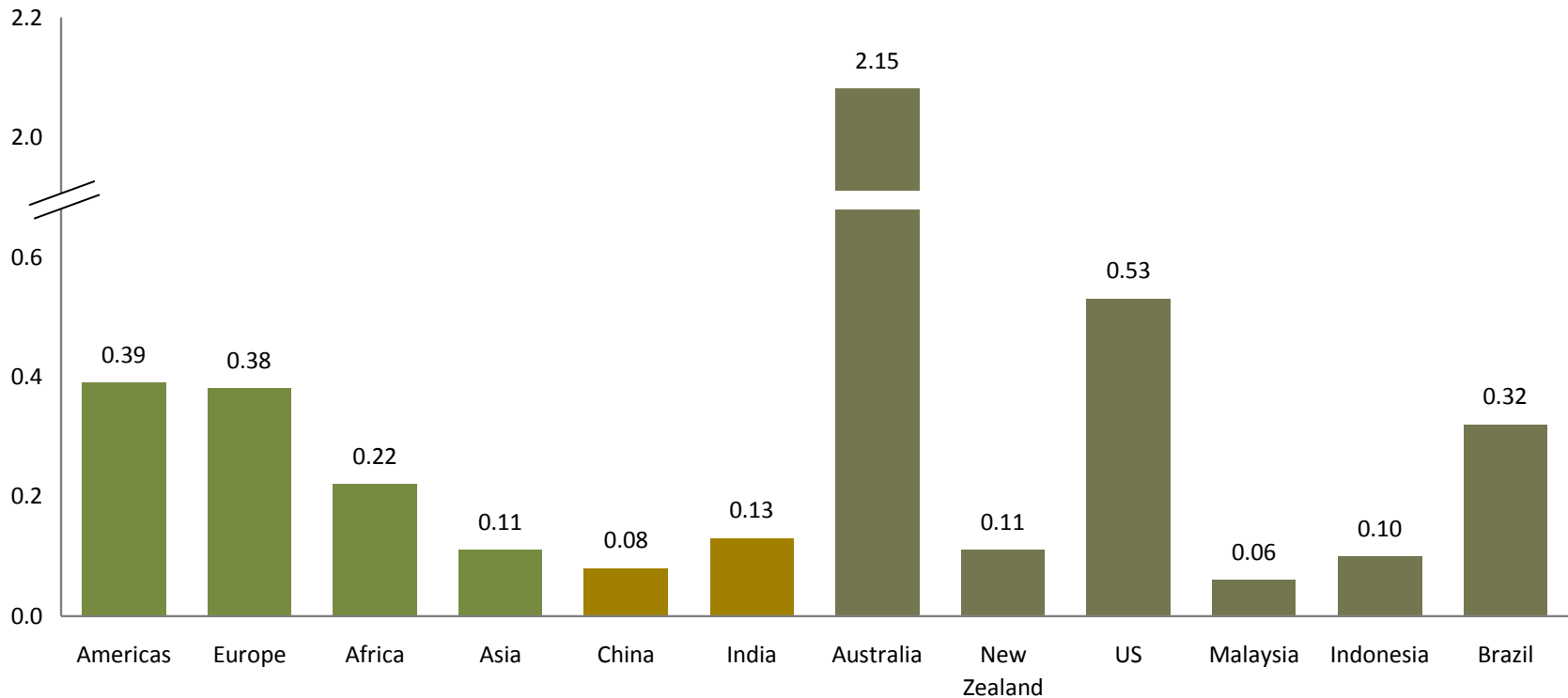
	Least developed countries	Developing countries	Developed countries	World
Population (billion)	0.8	4.8	1.0	6.6
Average calorie consumption (Kcal / day / capita)	2,150	2,770	3,450	2,800
Water requirements for agriculture (L / day / capita)	1,600	2,600	3,900	2,700
Water requirements per calorie consumed (L / Kcal)	0.74	0.94	1.13	0.96
Land requirements for agriculture (m ² / capita)	3.1	5.1	7.8	5.3

Source: FAO analysis



Land and water resources by region and country—2009

Arable land: Hectares per capita

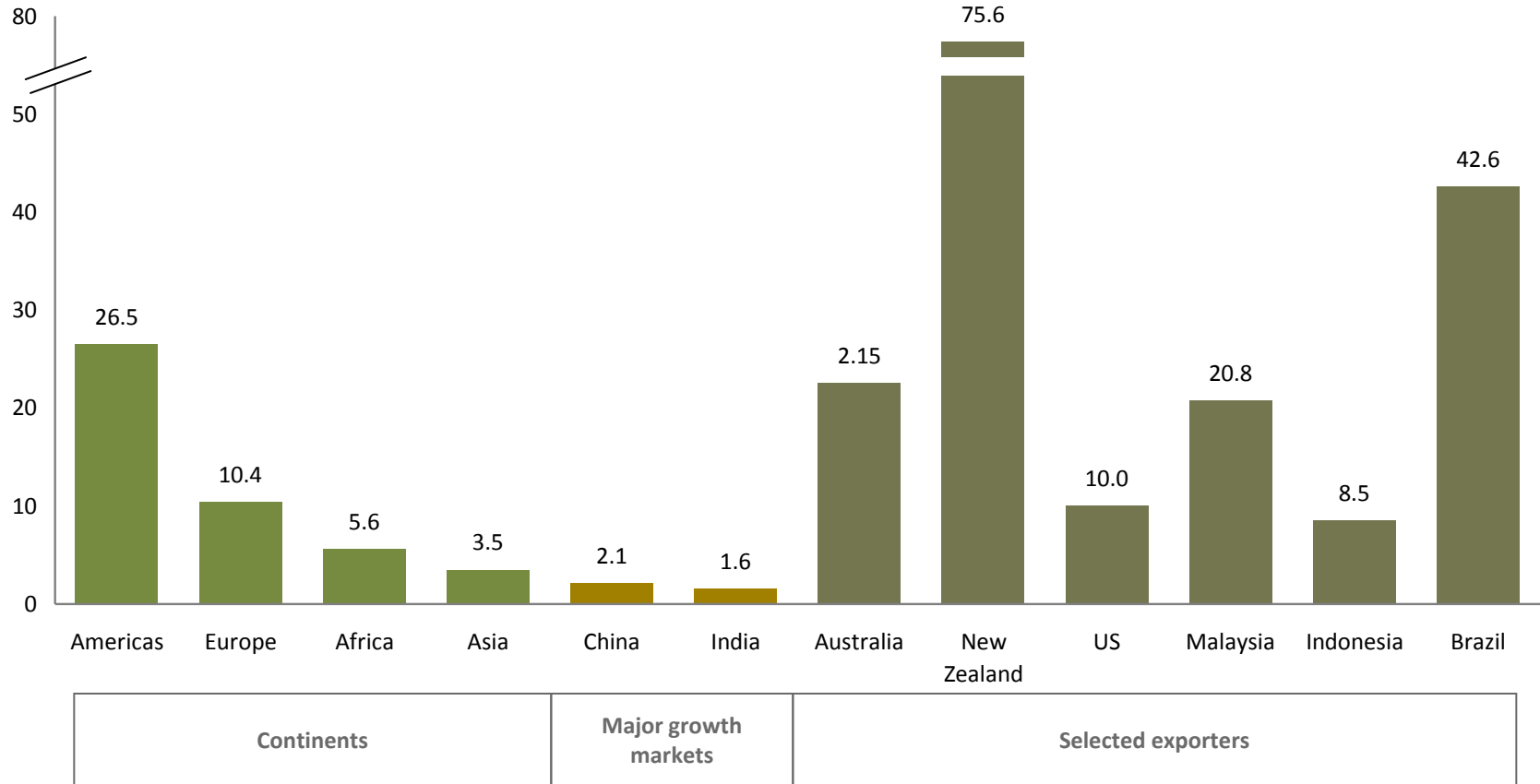


Source: PJP analysis



Land and water resources by region and country—2009 cont'd

Annual renewable water supply: million litres per capita



Source: FAO

Note:

1 Fresh water from surface and underground sources, including rainfall



China unsustainable land production loss





“ So what of rising incomes”

As income levels increase, demand for food increases in two ways:

First: per capita calorie consumption rises

Second: individual diets shift from being carbohydrate based to protein based, which is far more water and land intensive per calorie.

While lower income country diets are predominantly comprised of cereals, higher income country diets are more focused on fruit and vegetables, sugars, meat, dairy and other animal products such as eggs

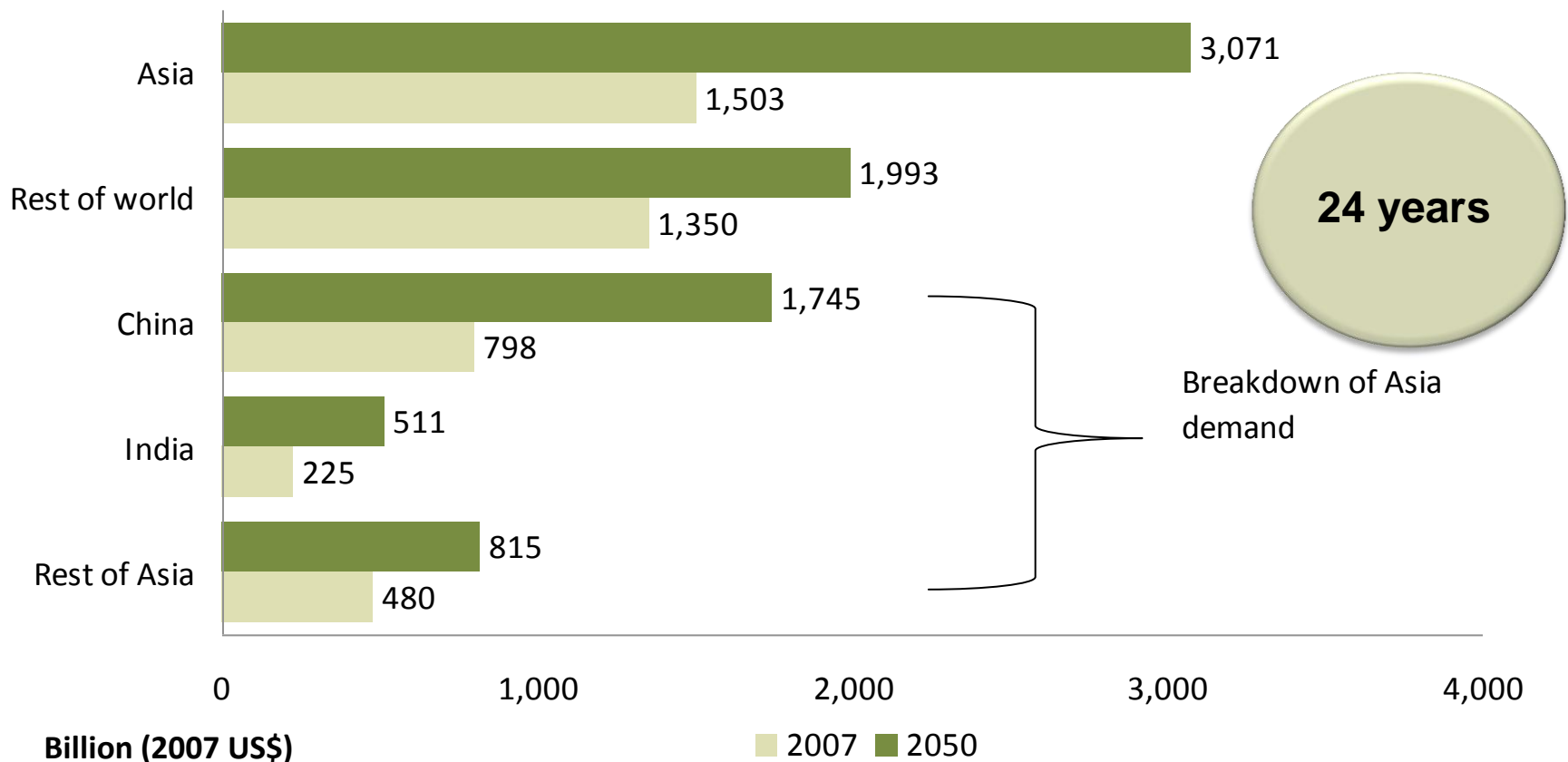
Moreover, developed economy diets require almost two and a half times the water (and almost three times the land) per person relative to the least developed countries, with developing countries somewhere in between.



Global macro drivers for agriculture

Demand for food in Asia expected to double by 2050—accounting for 70% of the global increase

World agrifood demand by region

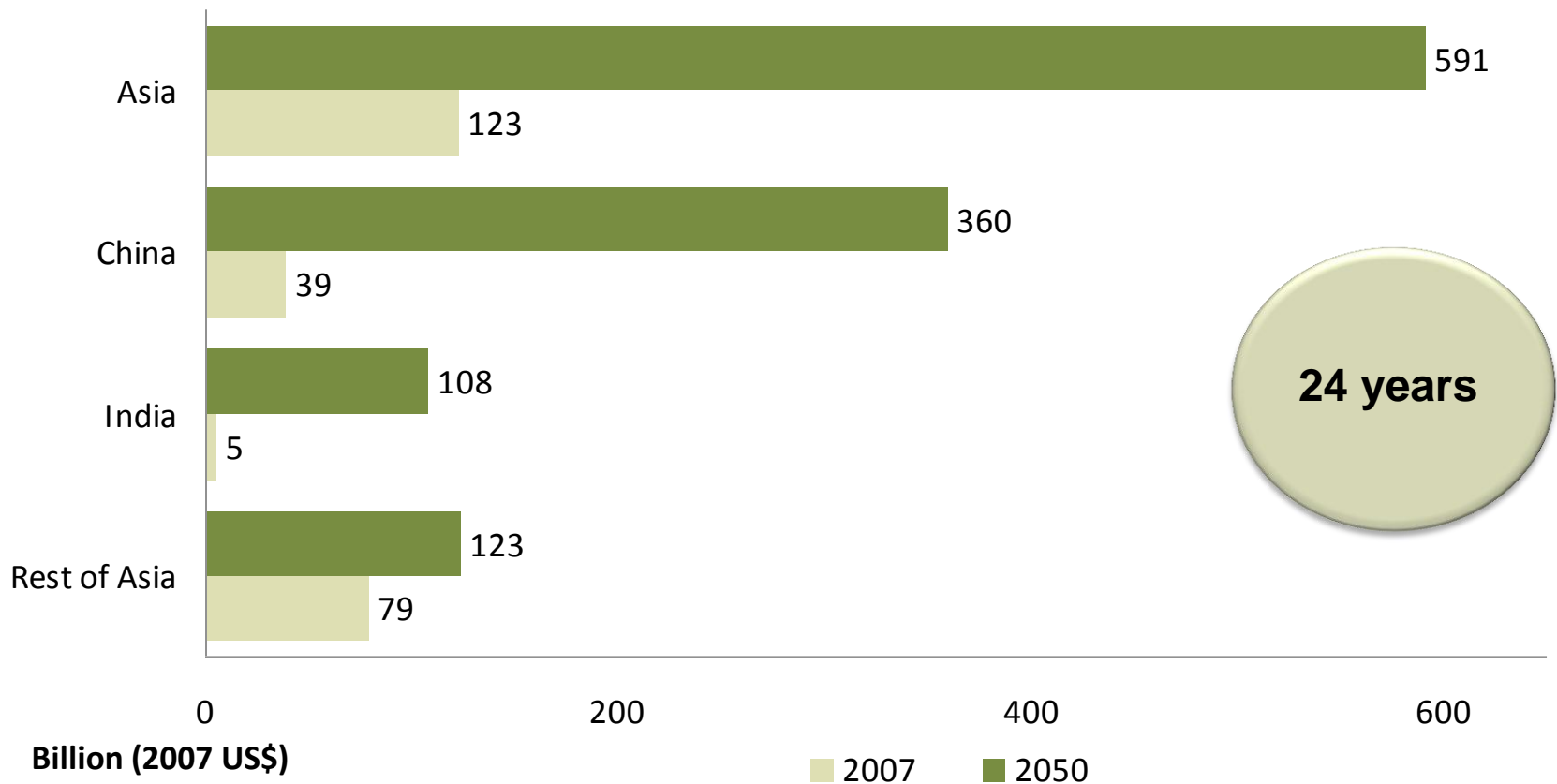




Global macro drivers for agriculture

Multiplied impact on demand for imports in Asia given widening regional food production deficits

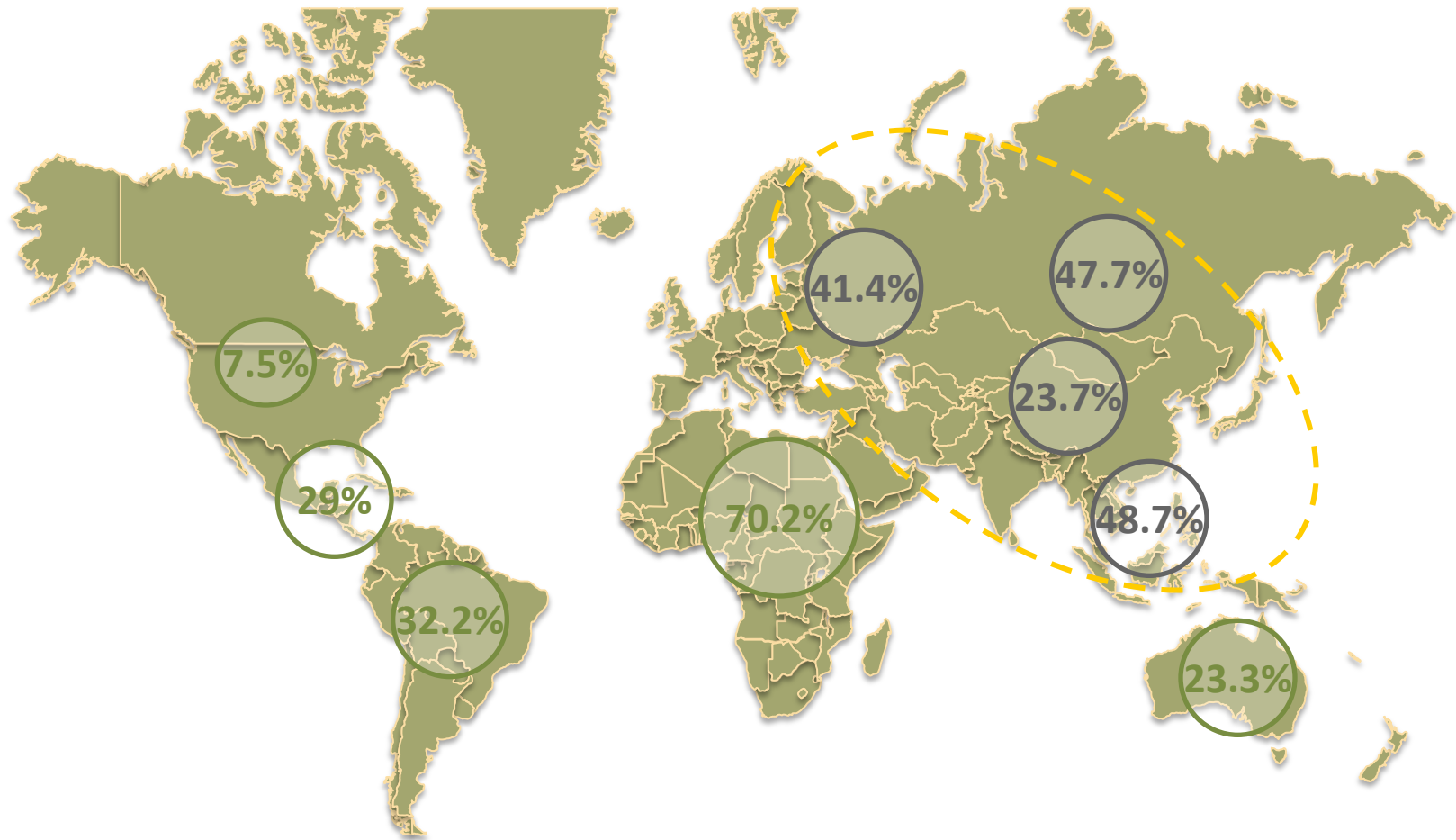
World agriculture imports in Asia





Global macro drivers for agriculture

Substantial increases in protein consumption over past 10 years ...

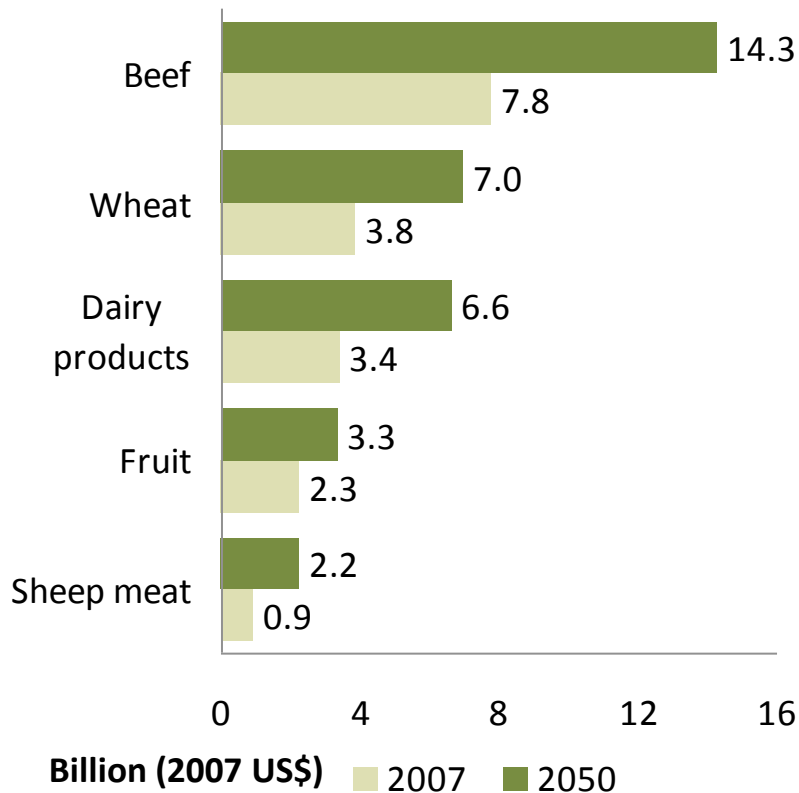




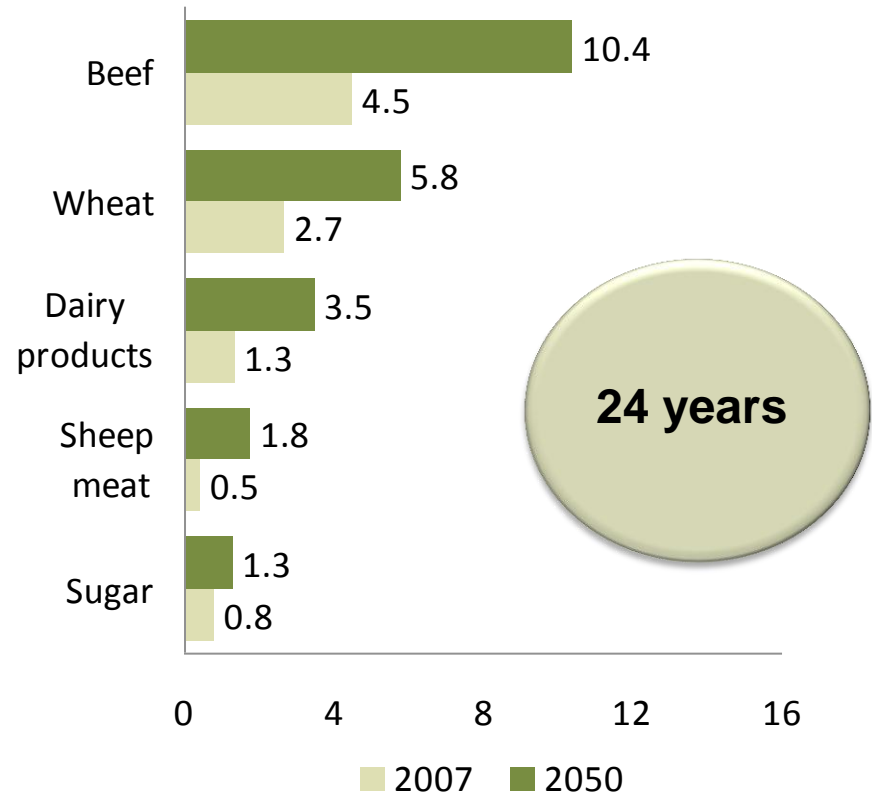
Implications for Australian Agriculture

Increased global demand will lead to a dramatic shift in production and exports of key Australian agricultural commodities ...

Australian production



Australian exports





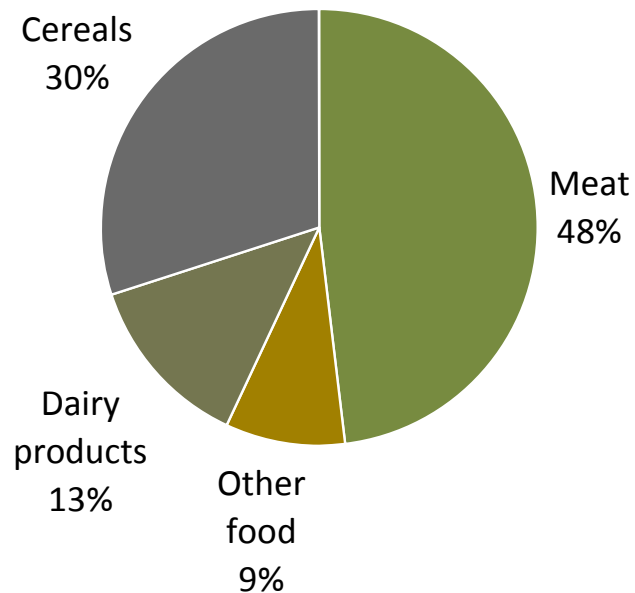
Implications for Australian Agriculture

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Composition of Australia's agricultural exports

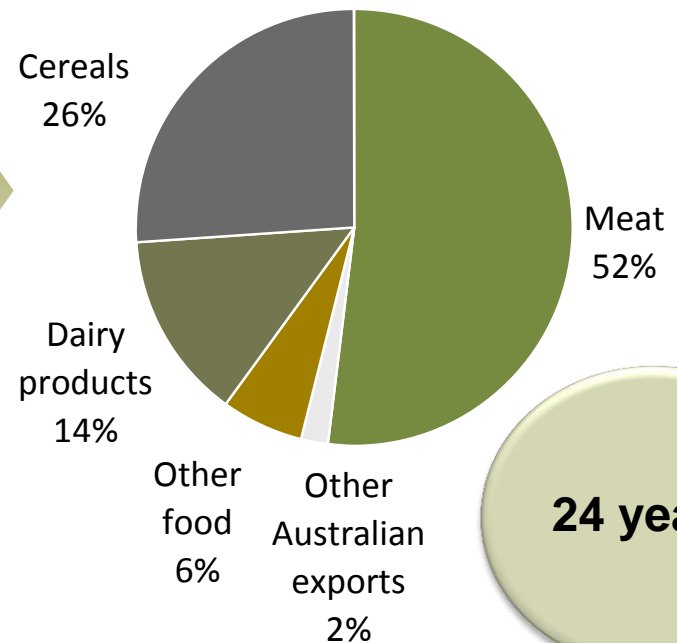
2007

US\$10 billion



2050

US\$25 billion (2.5x)



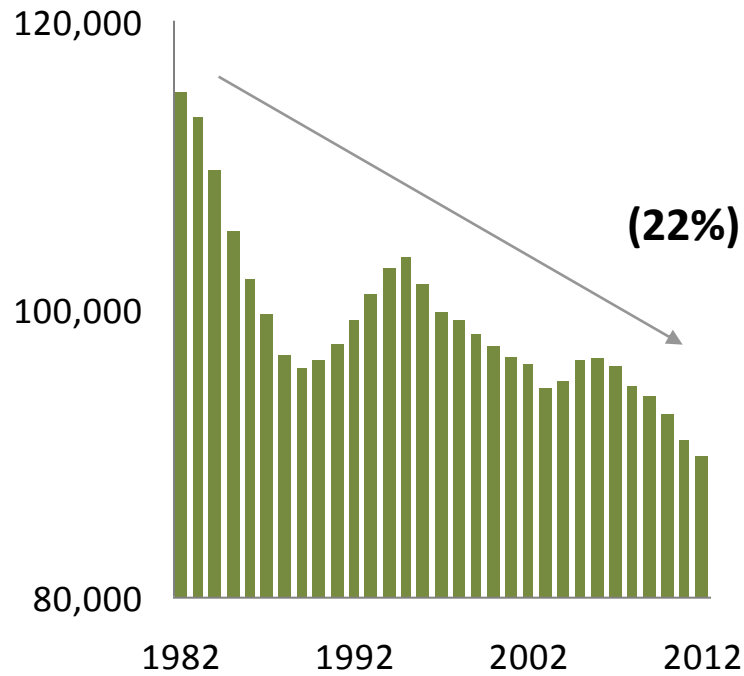
24 years



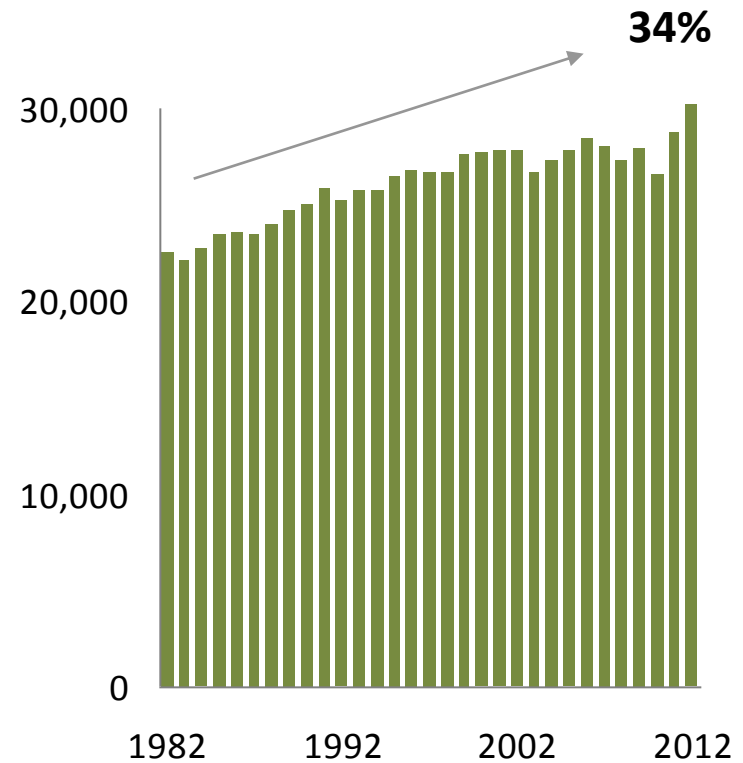
Global macro drivers for agriculture

Global cattle herd numbers decreasing, exacerbated in the US...

US cattle herd (000' head)



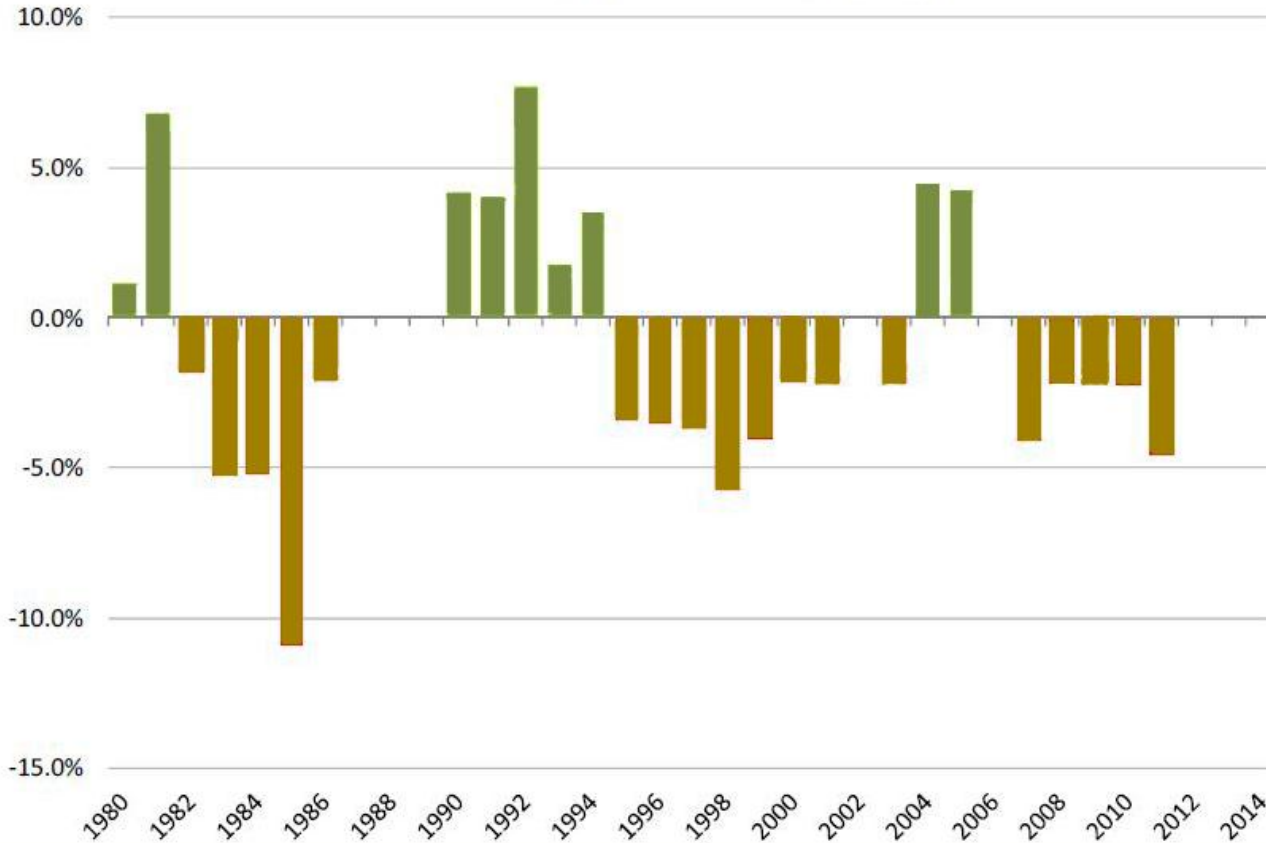
Australian cattle herd (000' head)





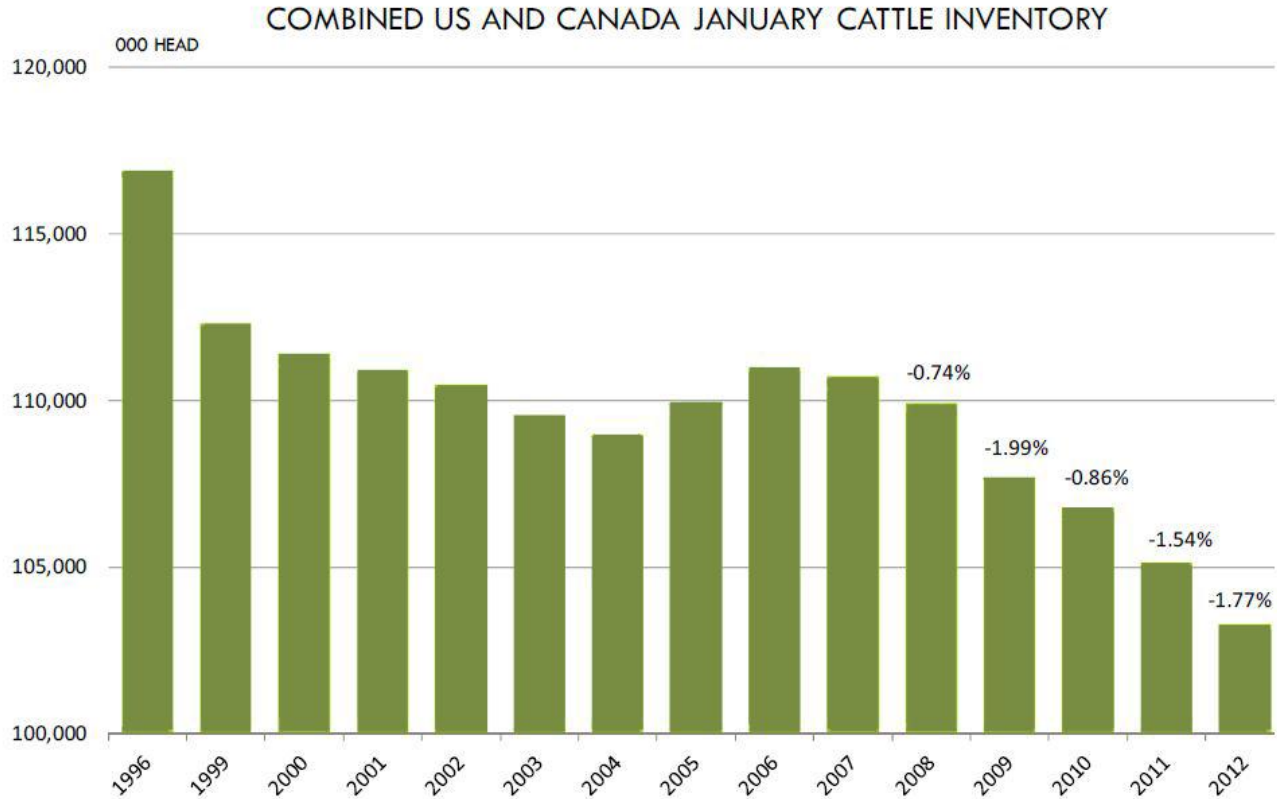
No Herd Rebuilding in 2012; Potential for Rebuilding in 2013 – But Feed Supplies Remain Key

HEIFERS HELD BACK FOR BEEF COW HERD REBUILDING
JULY 1 SURVEY, YEAR OVER YEAR % CHANGE, USDA





North American cattle supplies continue to decline

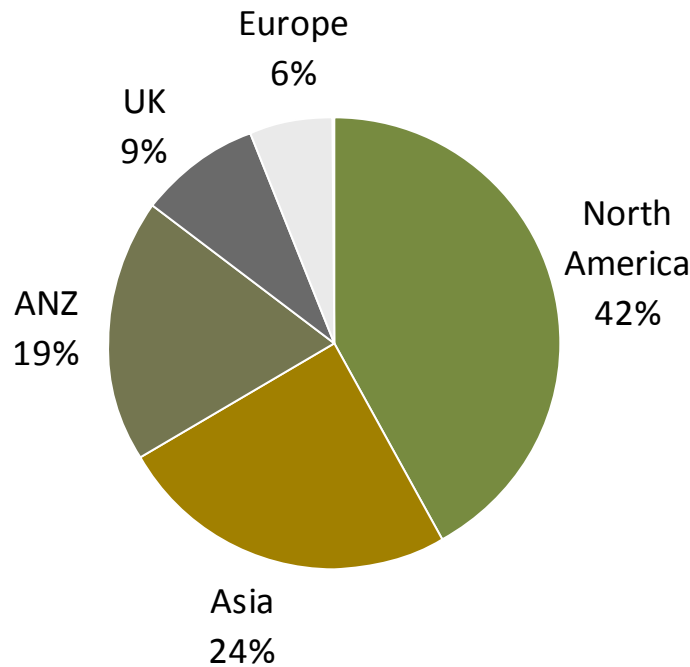




Foreign investment supporting Australian agriculture

Foreign investment assists Australian agricultural producers to access new and higher value markets....

AACo register breakdown by geography



AACo Share Price History 2008 to Present





Foreign investment supporting Australian agriculture

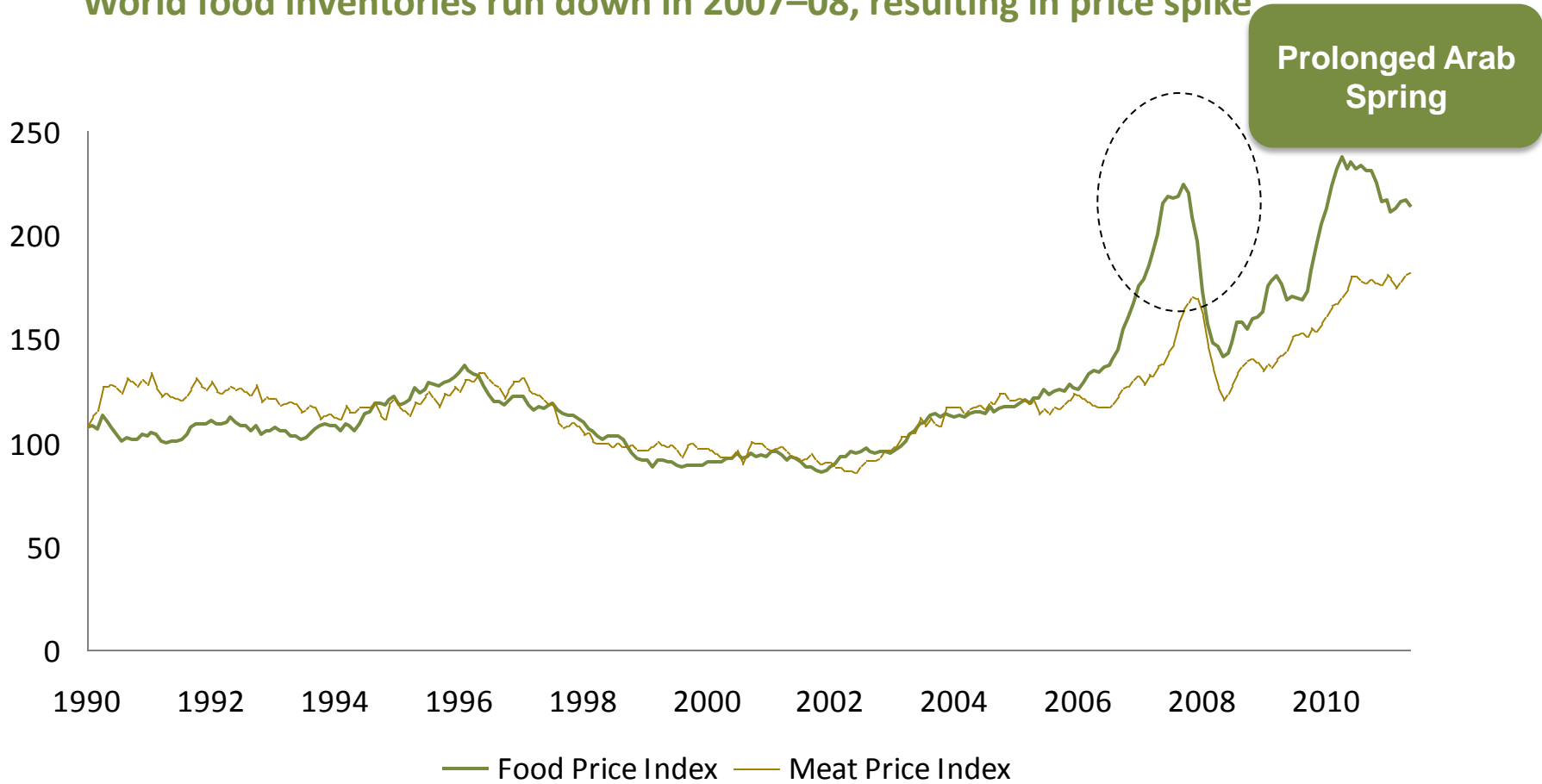
Select recent foreign investments in Australian agriculture assets

Foreign investor	Australian asset
Glencore	Viterra
Kirin	Nat. Foods / Dairy farmers
Viterra	ABB Grain
Olam	Timbercorp / QCH (cotton)
Sumitomo	Nufarm
JBS	Rockdale / AMH (meat)
Agrium / Cargill	AWB / Teys Bros (meat)
Wilmar	CSR Sugar
Nippon	NMRA (meat)
KIA - China	Ord River Stage 2 development \$700M
ADM	Take over of GrainCorp



Impact of global supply shocks in agriculture

World food inventories run down in 2007–08, resulting in price spike

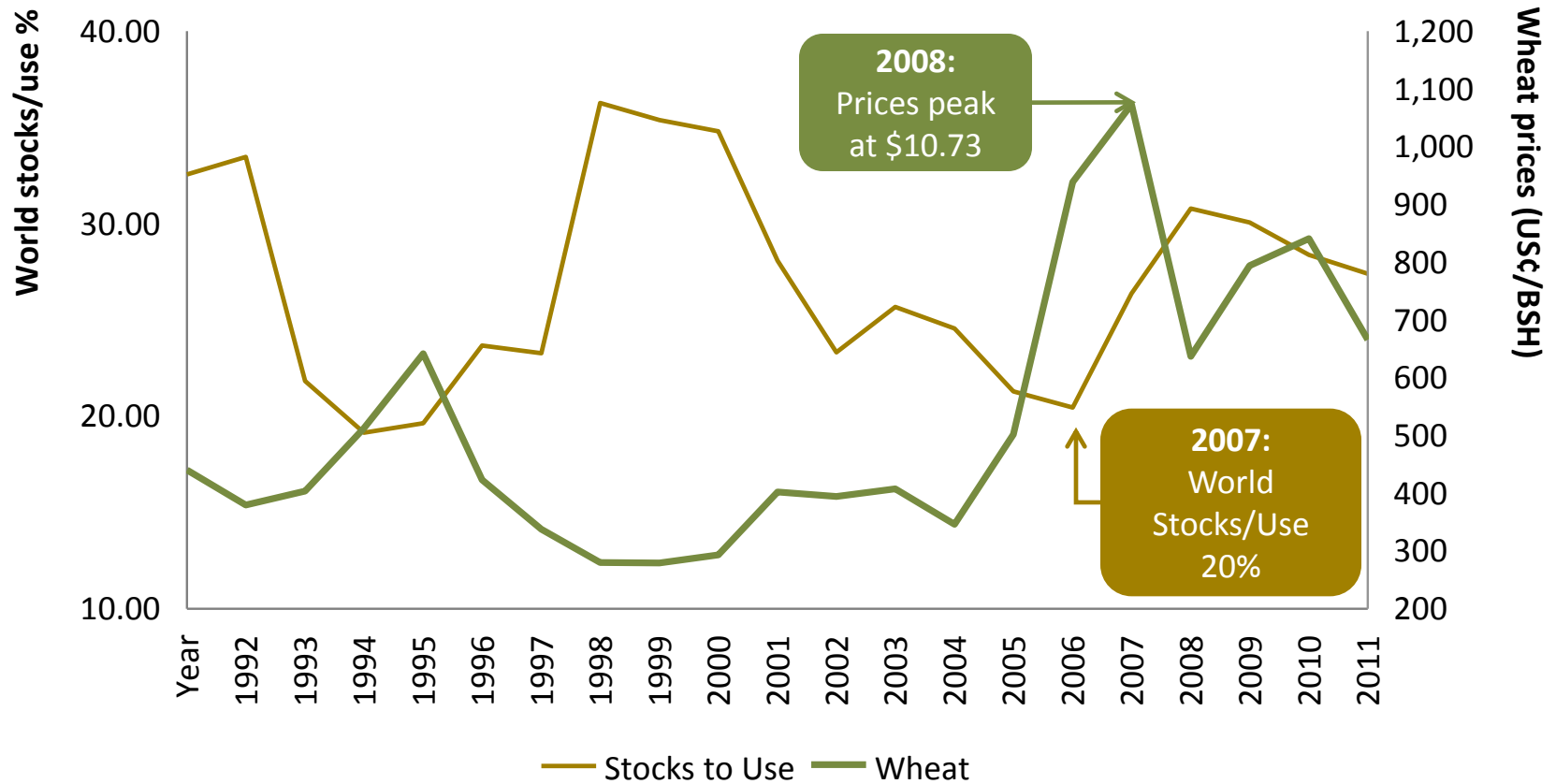




Impact of global supply shocks in agriculture

Case study: wheat example

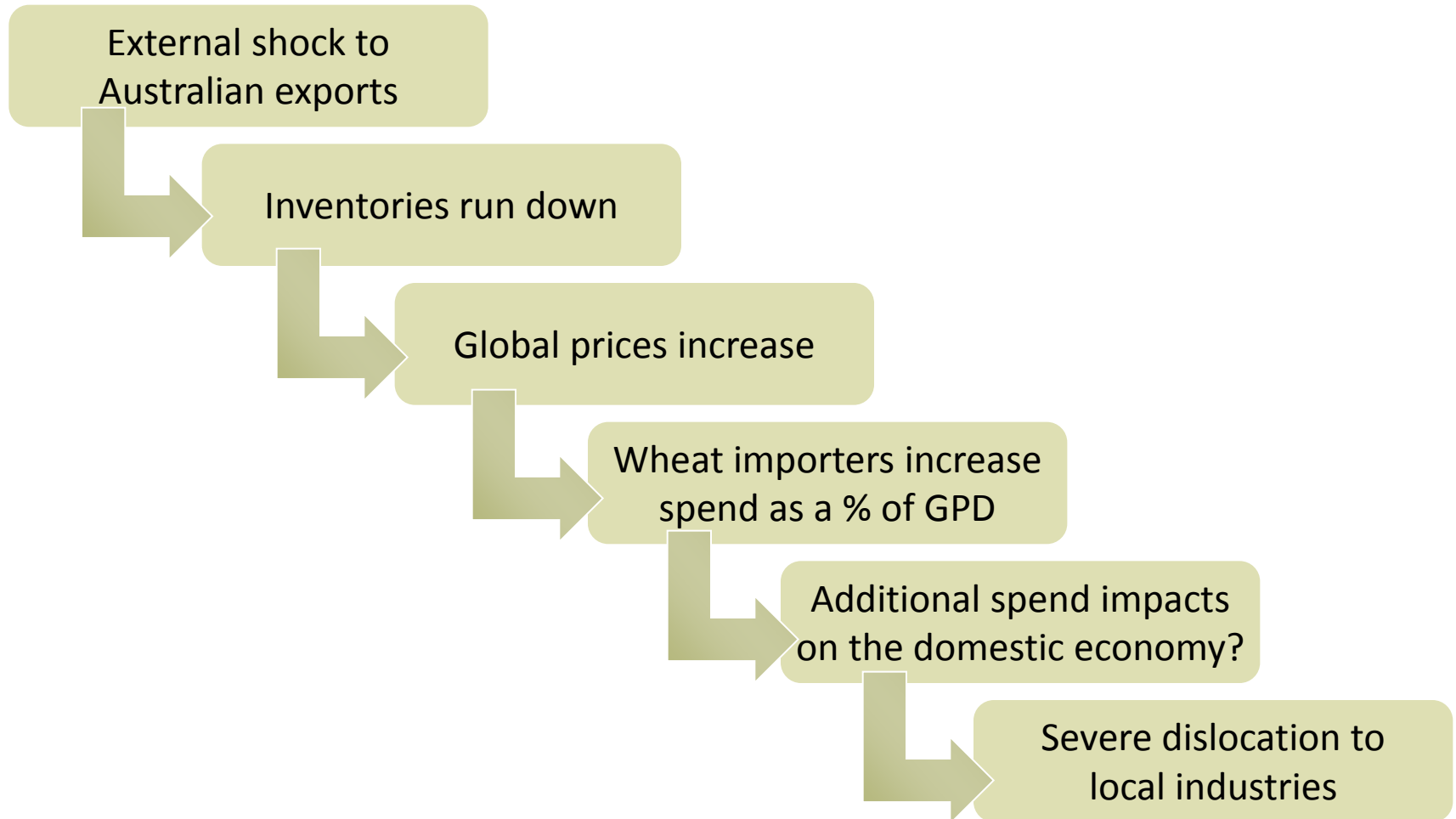
World wheat inventories vs. wheat prices (US/BH)





Impact of global supply shocks in agriculture

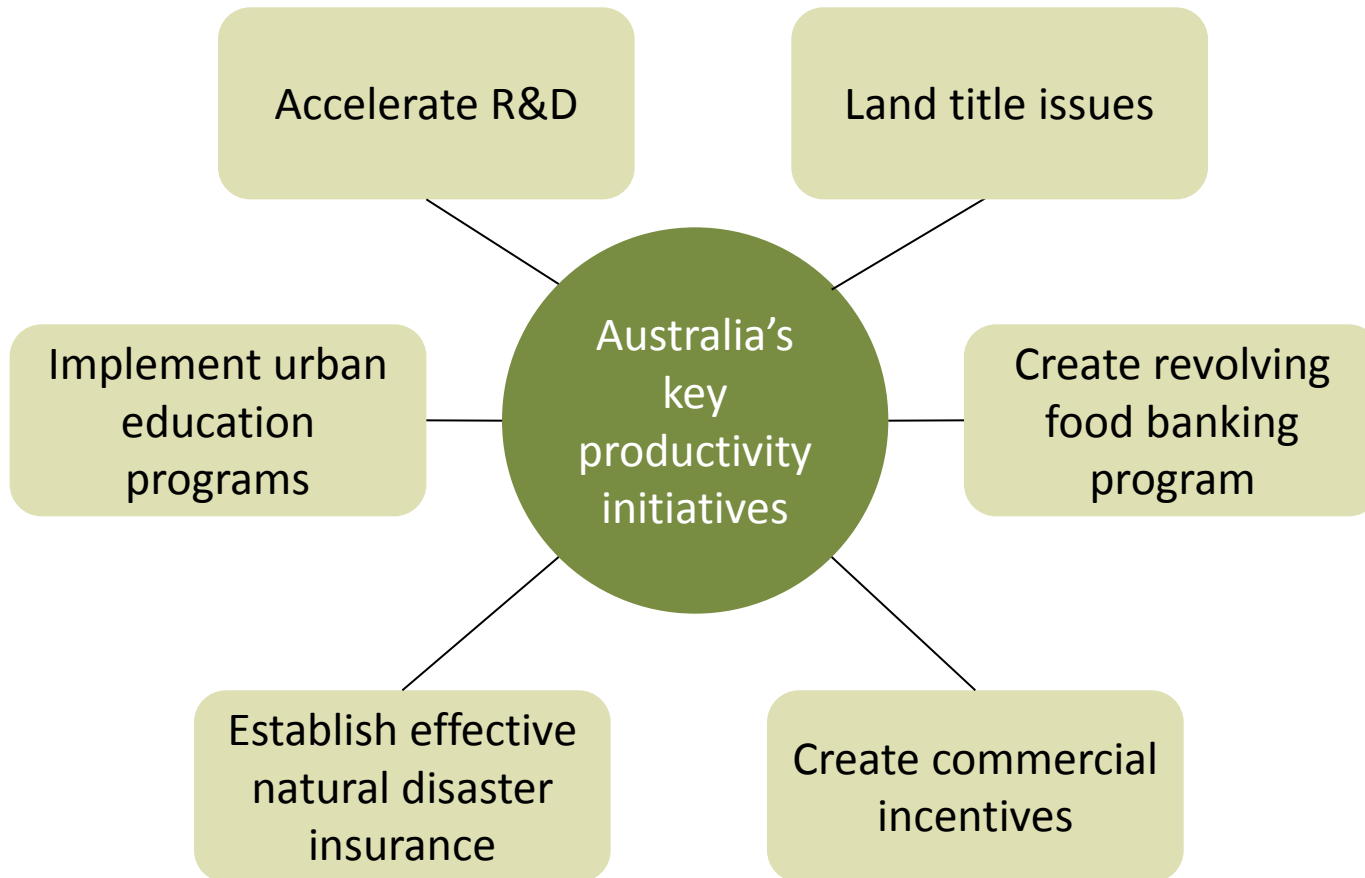
Potential global flow on effects of a significant supply shock event





Critical agricultural initiatives

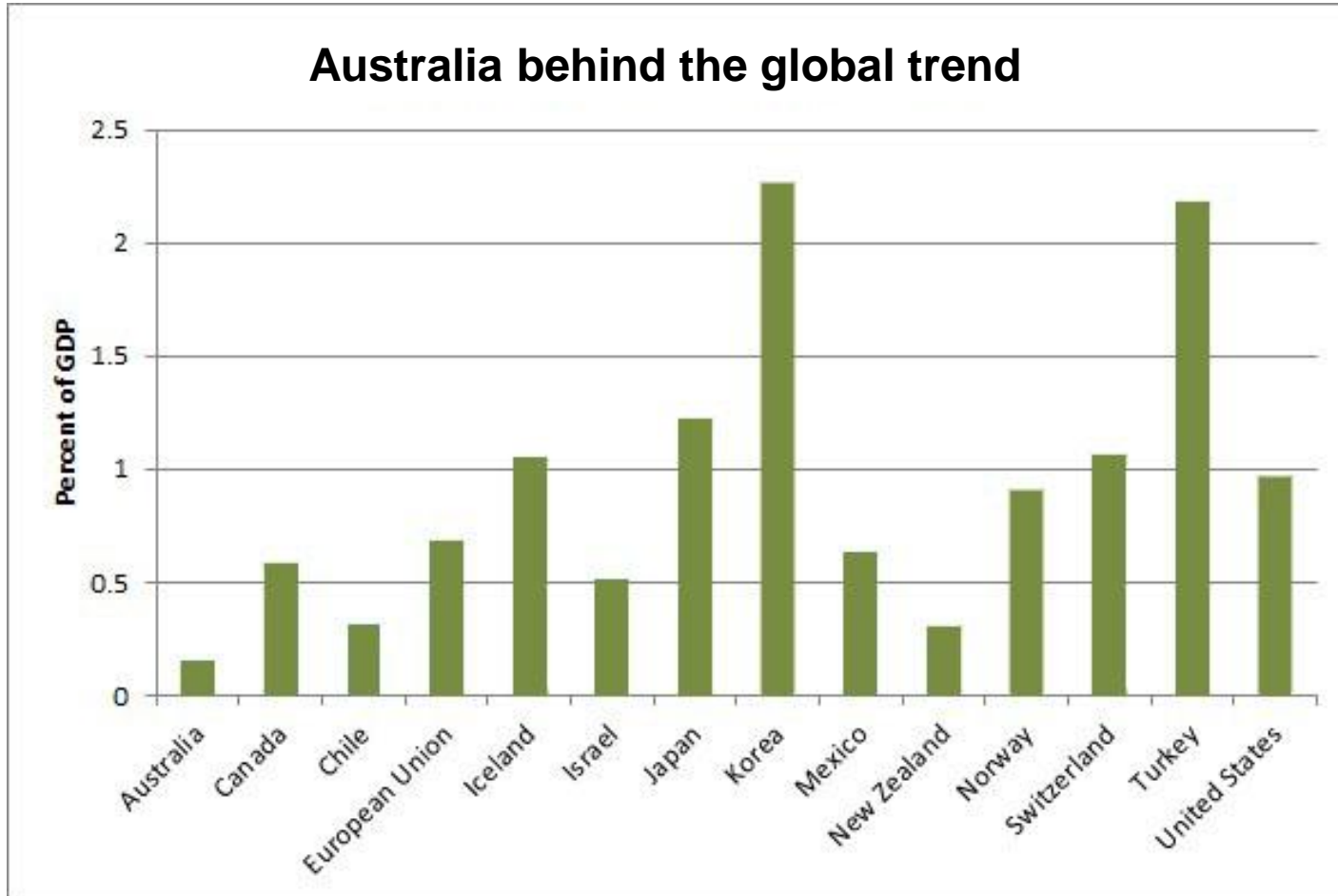
Critical initiatives required to access and improve Australia's productivity in agriculture ...





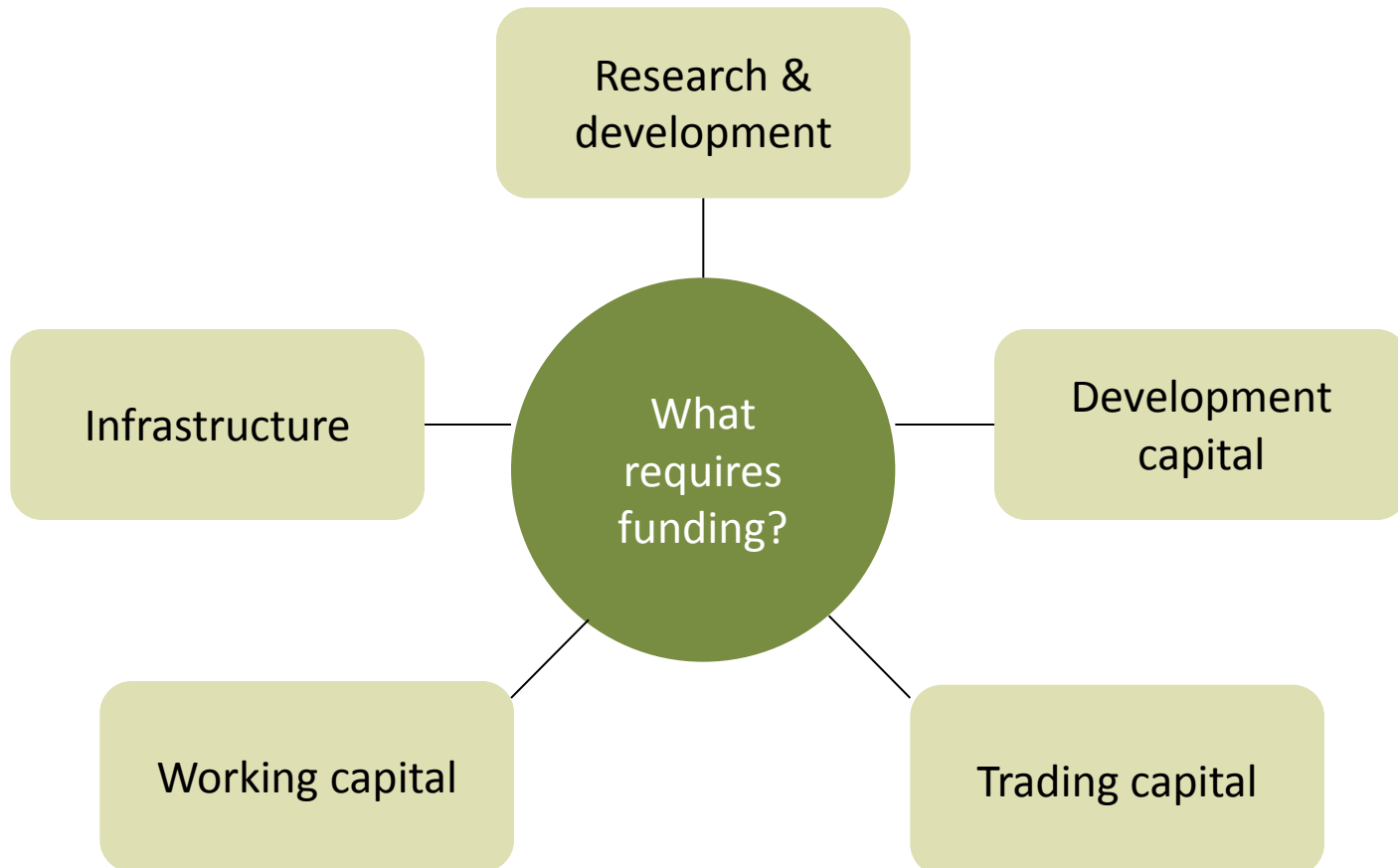
Total R&D support for agriculture

Australia behind the global trend



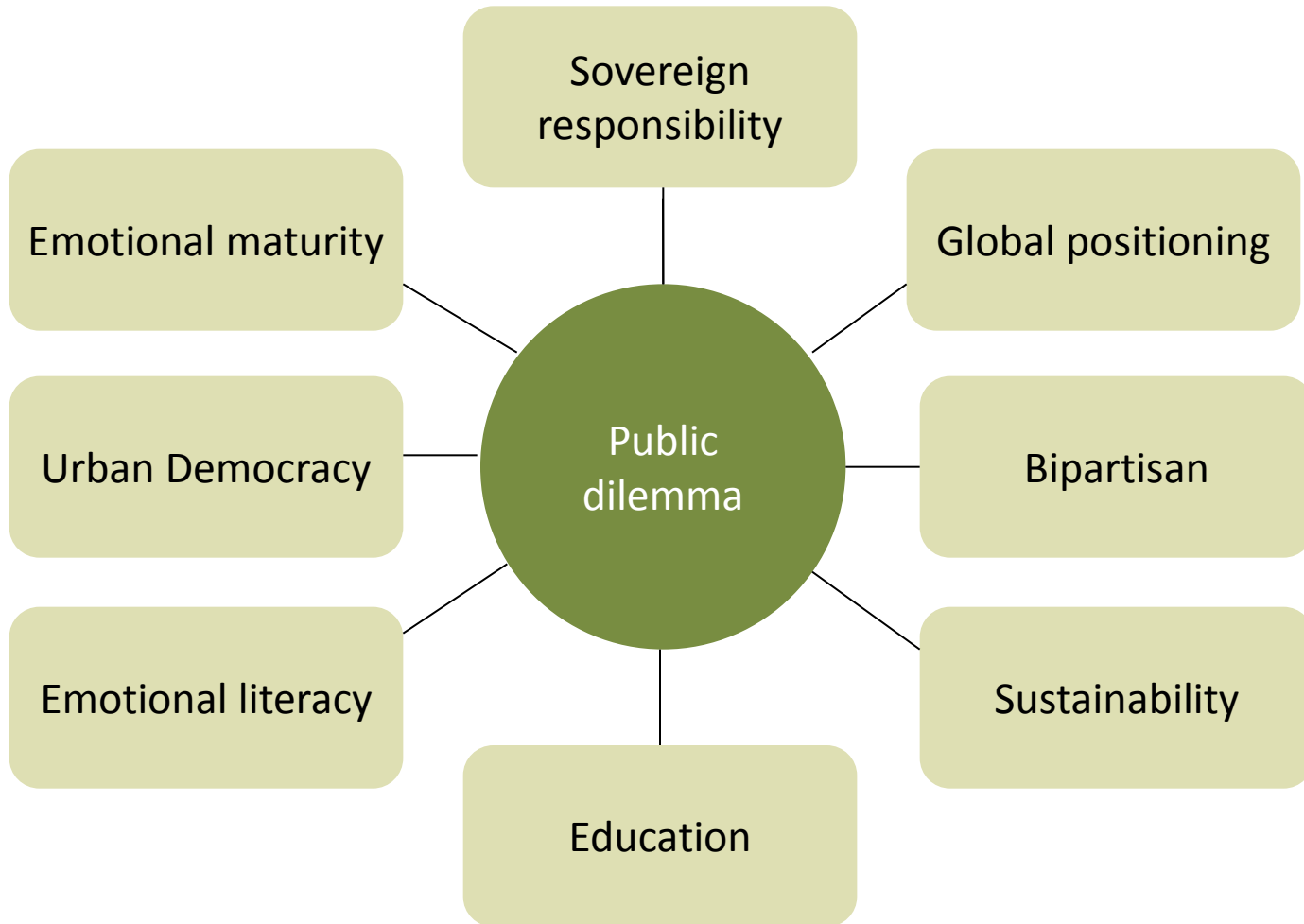


What requires funding





A nation building plan





The real and responsible opportunity





Key themes

Key themes:

Policy makers will play a critical role in reinvigorating Australian and New Zealand agriculture across all sectors

Investors who understand agriculture very well stand to create significant wealth from agricultural investments

Industry participants including farmers, agribusinesses and industry bodies all play important roles in driving change



Think smart, Act with compassion and Eat with a clear conscience
Thank you