



J.P. Morgan's Annual 'A Day at the Farm'

26 July 2012





Who is AAco?

Australia's largest beef producer

Background

ASX listed company, with total assets of \$1,165 million (Dec-11)

Cattle

Largest cattle herd in Australia (660,000 head at Dec-11 valued at \$484 million)

Property

Owns and manages 19 cattle stations, 2 feedlots and 3 farms

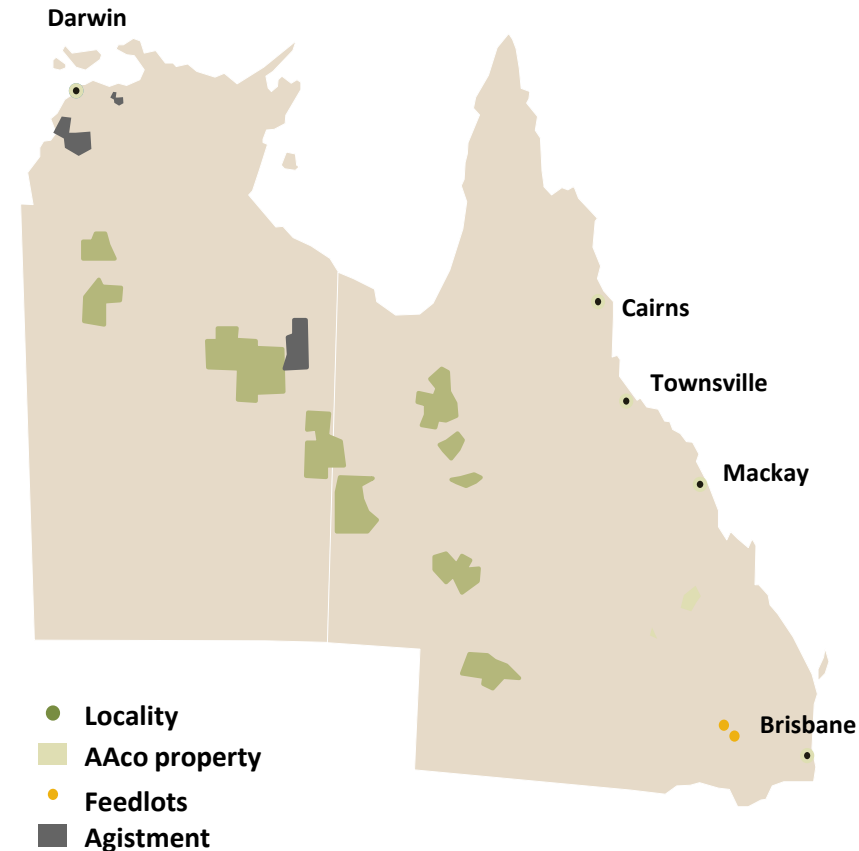
- 7.2 million ha of land across Queensland and the Northern Territory
- combined property value of \$585 million (Dec-11)

Beef products

Boxed beef sales to more than 20 countries globally (\$142 million revenue and 17.4 million kilograms in 2011)

- one of the world's largest Wagyu beef producer (c.56,000 head of Wagyu, valued at \$90 million at Dec-11)

AAco property portfolio





Who is AAco?

Underlying net tangible asset backing of \$2.15 / share with c.90% of assets comprising of livestock and property

NTA breakdown

Balance sheet (Dec-11)	A\$m	A\$ / share
Cash and equivalents	23.4	0.07
Livestock	483.7	1.55
Property, Plant & Equipment	608.5	1.94
Other assets	49.3	0.16
Total tangible assets	1,164.9	3.72
Interest bearing liabilities	367.6	1.17
Other liabilities	125.3	0.40
Net tangible assets	672.0	2.15



Australian Agriculture in the global context

Why the world requires Australia to be responsible and productive with its agricultural assets

- **Australia's importance to global trade and macro drivers for agriculture and implications of global demand for Australian agriculture**
- Impact of global supply shocks in agriculture
- AAco's role in the global context



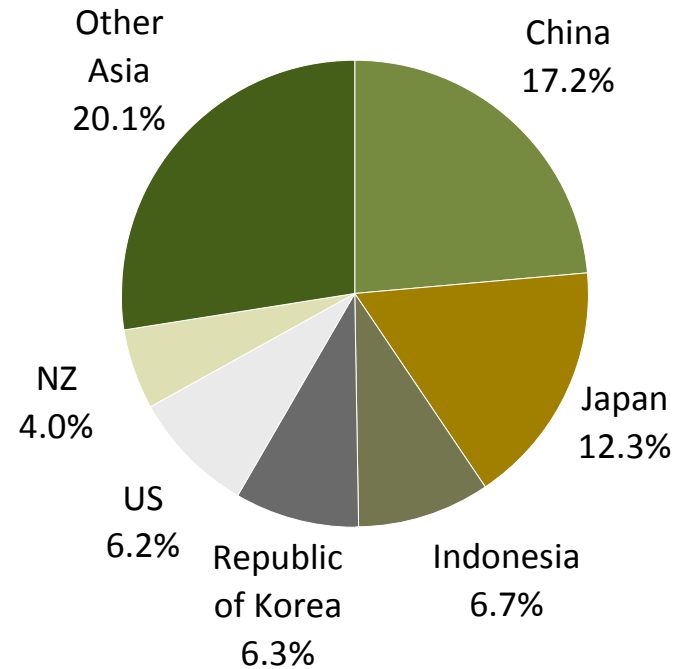
Australia's importance to global trade

Australia is one of the major global Agricultural producers with c.60% of total farm production exported, the majority of which goes to Asia

Major Australian agricultural products

Product	Global ranking by volume (#)	Export volume
Wheat	#2	20.5 mt
Beef	#2	1.4 mt
Cotton	#3	4.3 m (bales)
Sugar	#3	3.0 mt

Major Australian agriculture export markets



(2011, by value)

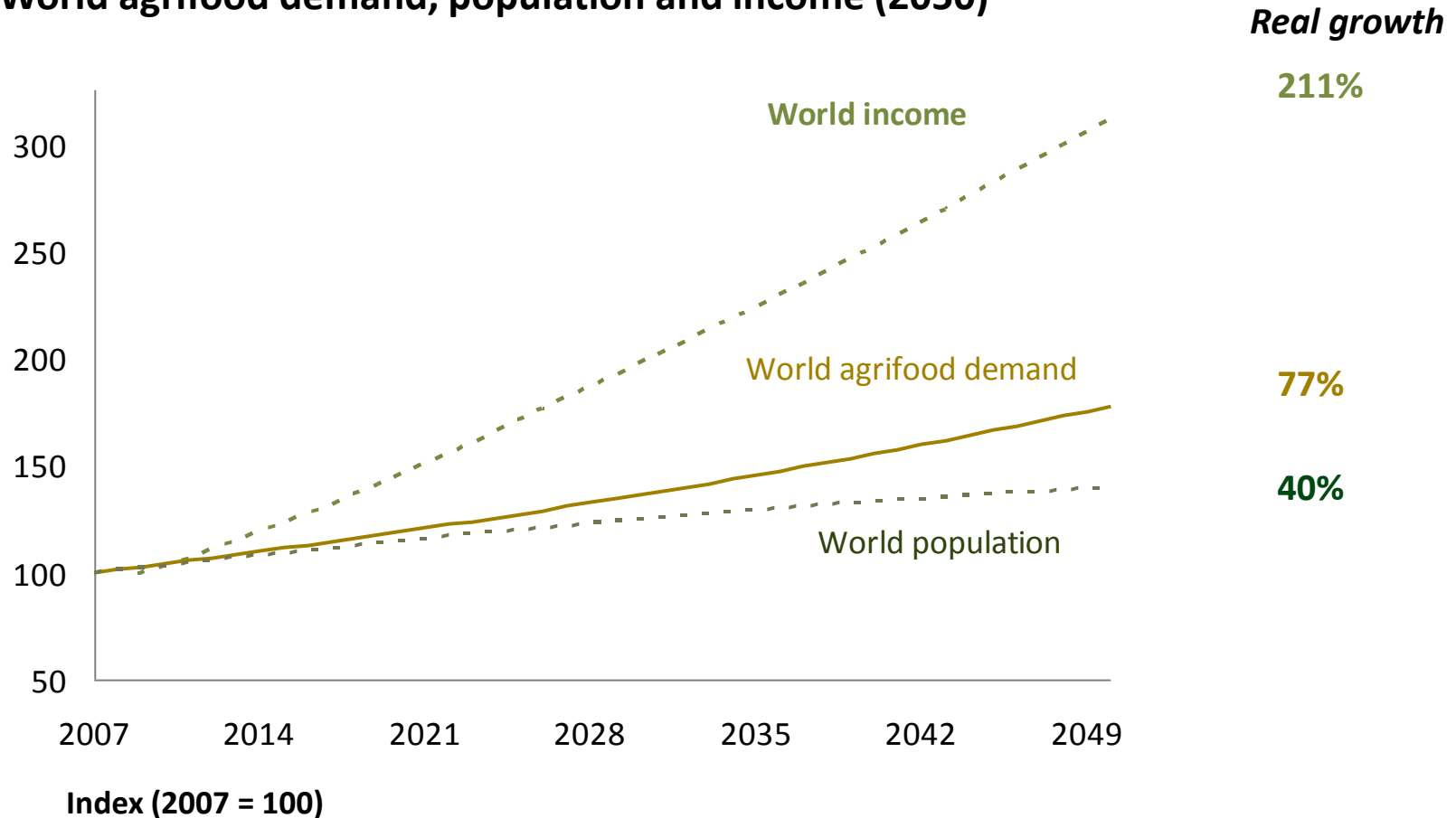
Source: ABARES



Global macro drivers for agriculture

Population and income growth in developing economies to drive food demand

World agrifood demand, population and income (2050)



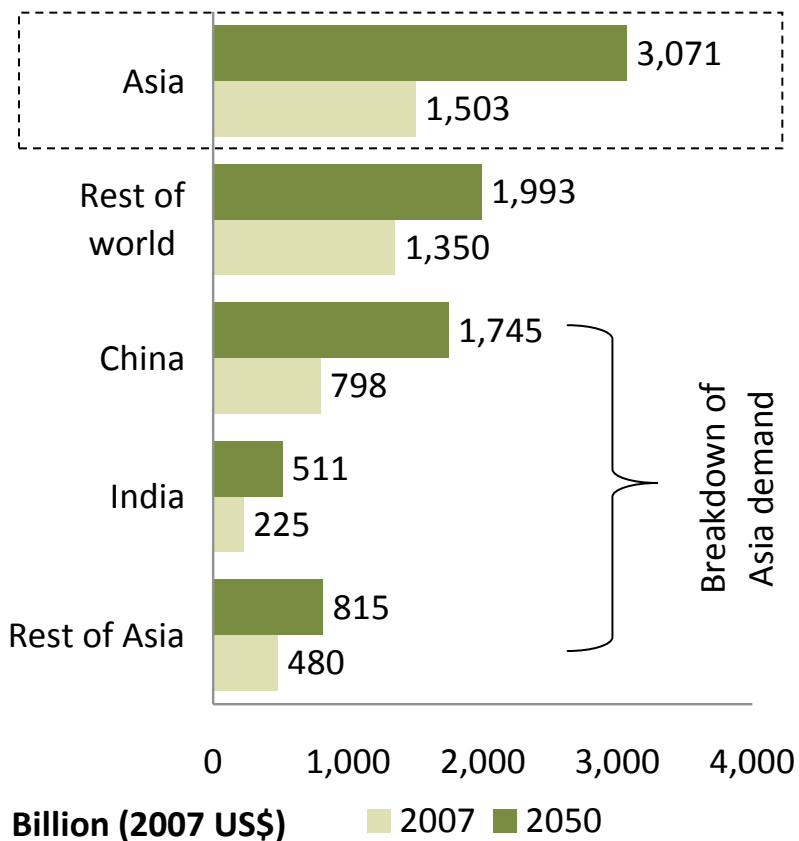
Source: United Nations (2011a), ABARES model output



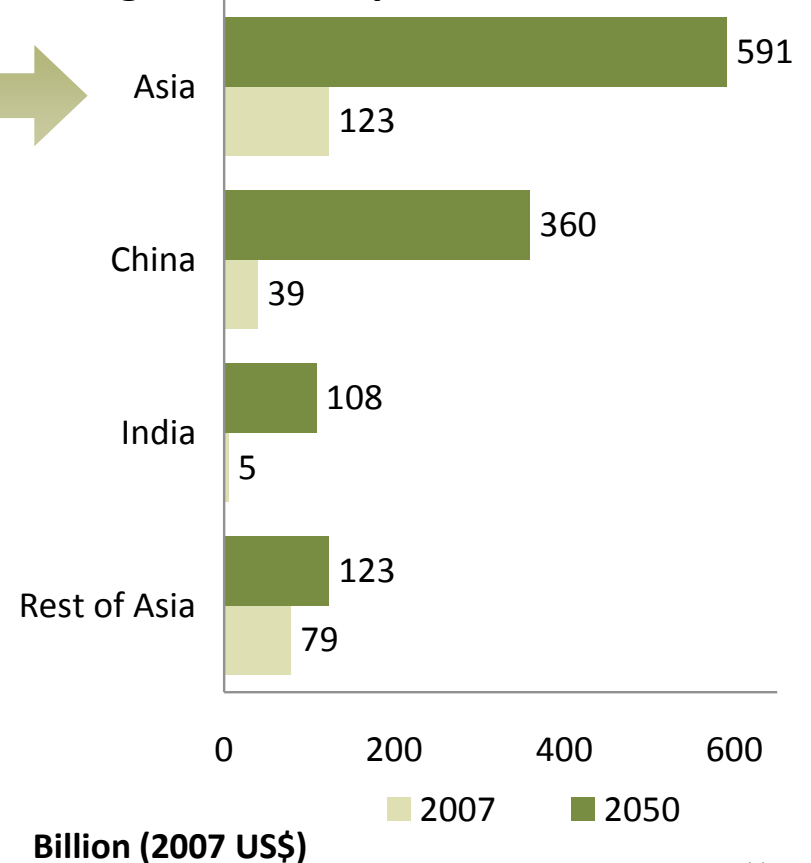
Global macro drivers for agriculture

Demand for food in Asia expected to double by 2050, with a multiplied impact on demand for imports in the region given widening food production deficits

World agrifood demand by region



Agriculture imports in Asia



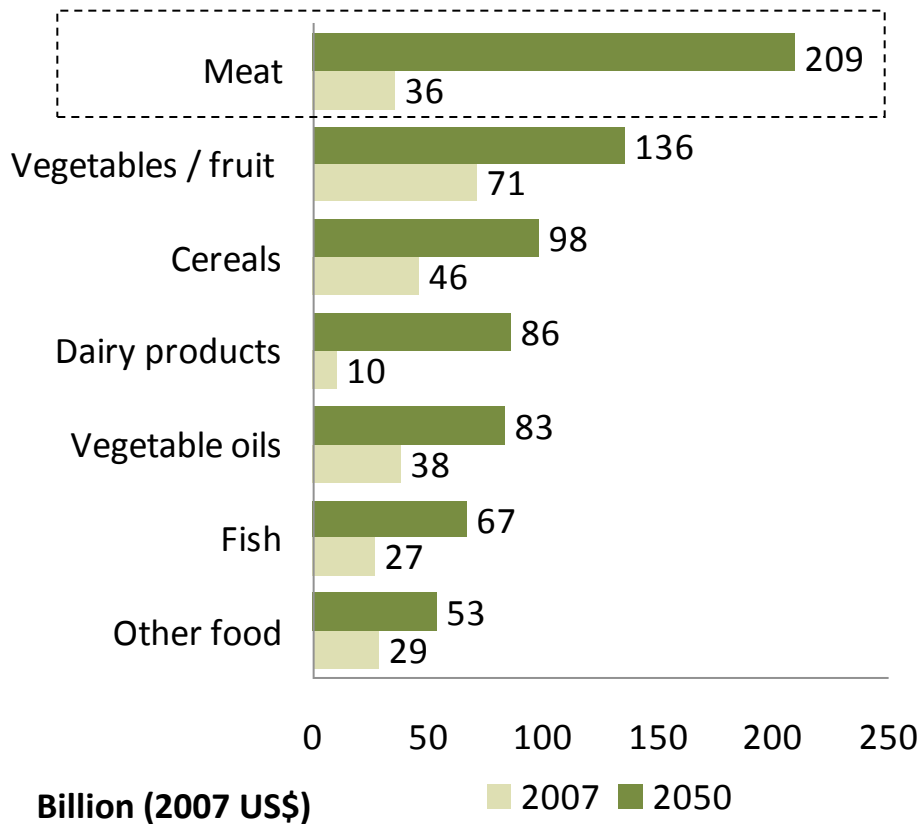
Source: ABARES model output



Global macro drivers for agriculture

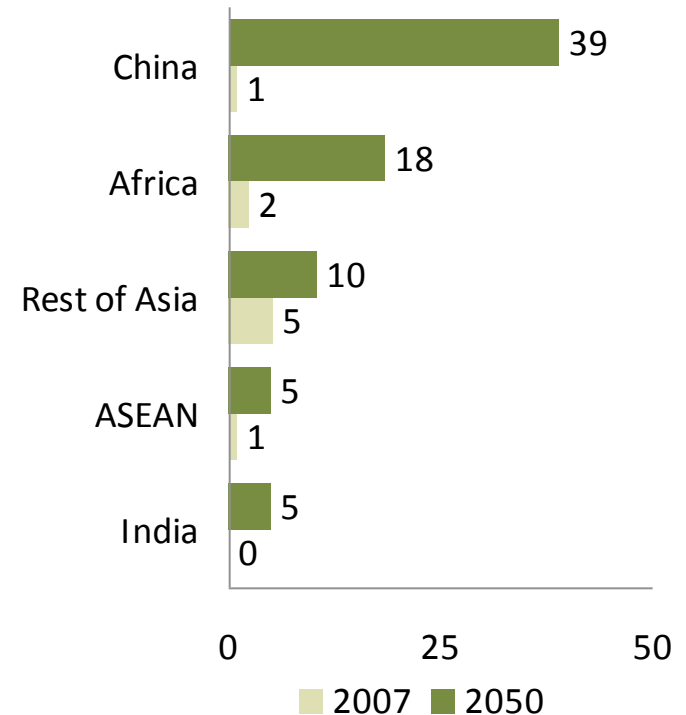
Global trade in meat (including beef) is forecast to grow substantially

World agrifood imports by commodity group



Beef global import demand

Beef import demand expected to be 3x higher by 2050



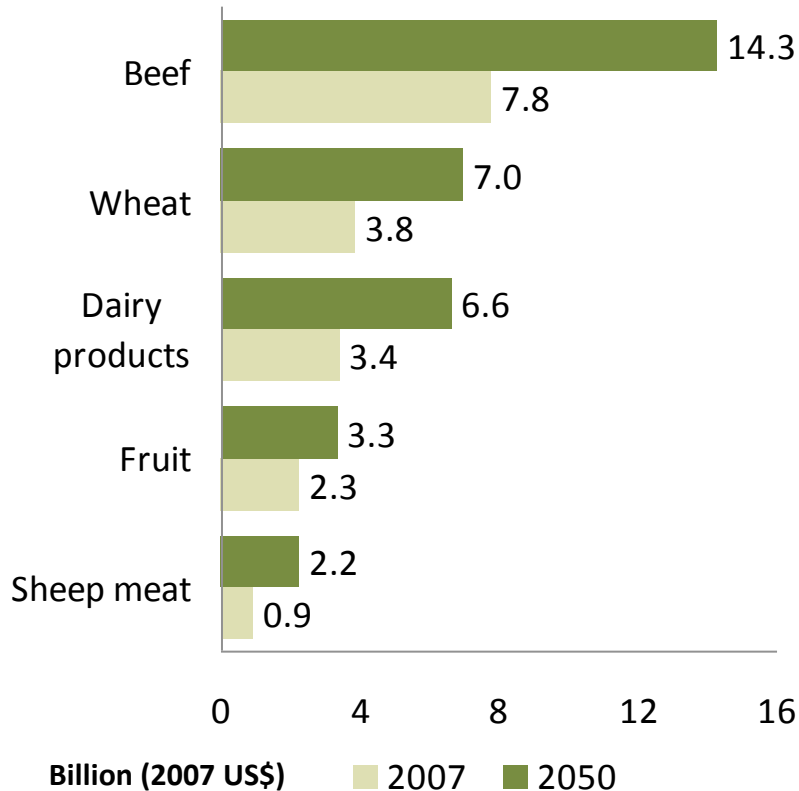
Source: ABARES model output



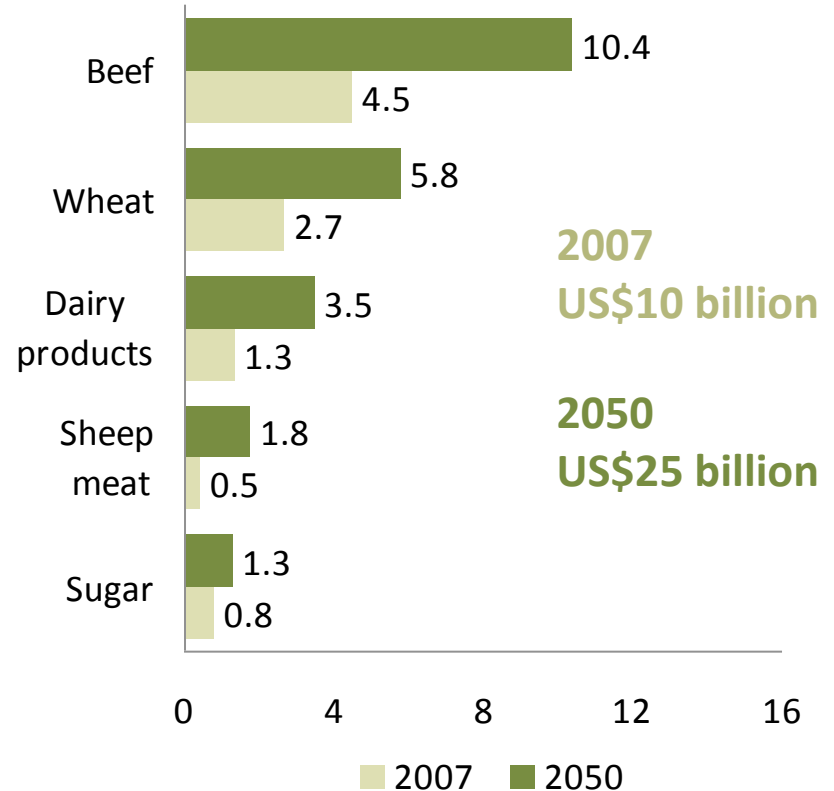
Implications for Australian Agriculture

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

Australian production



Australian exports



Source: ABARES model output



Australian Agriculture in the global context

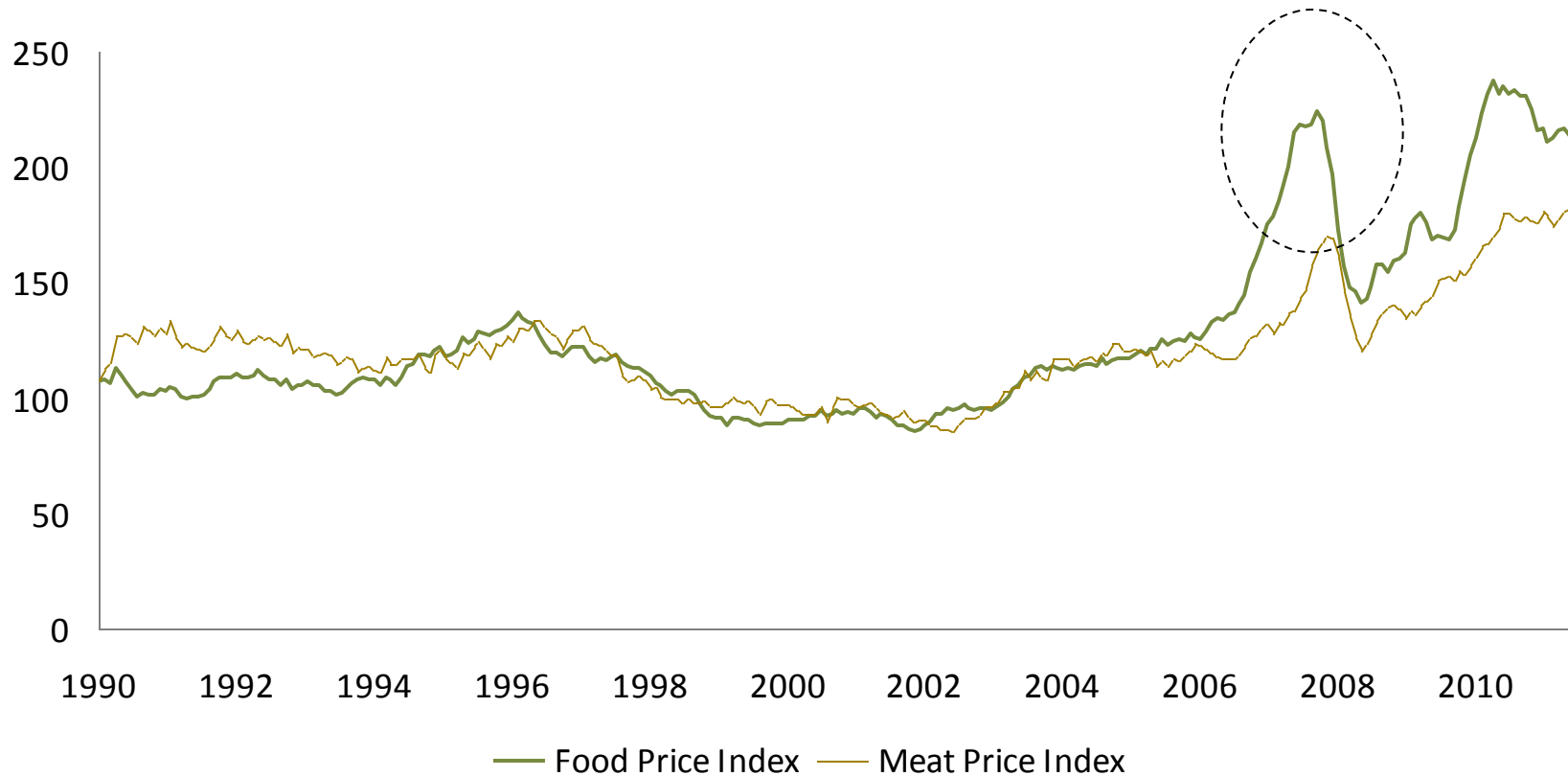
Why the world requires Australia to be responsible and productive with its agricultural assets

- Australia's importance to global trade and macro drivers for agriculture & implications of global demand for Australian agriculture
- **Impact of global supply shocks in agriculture**
- AAco's role in the global context



Impact of global supply shocks in agriculture

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

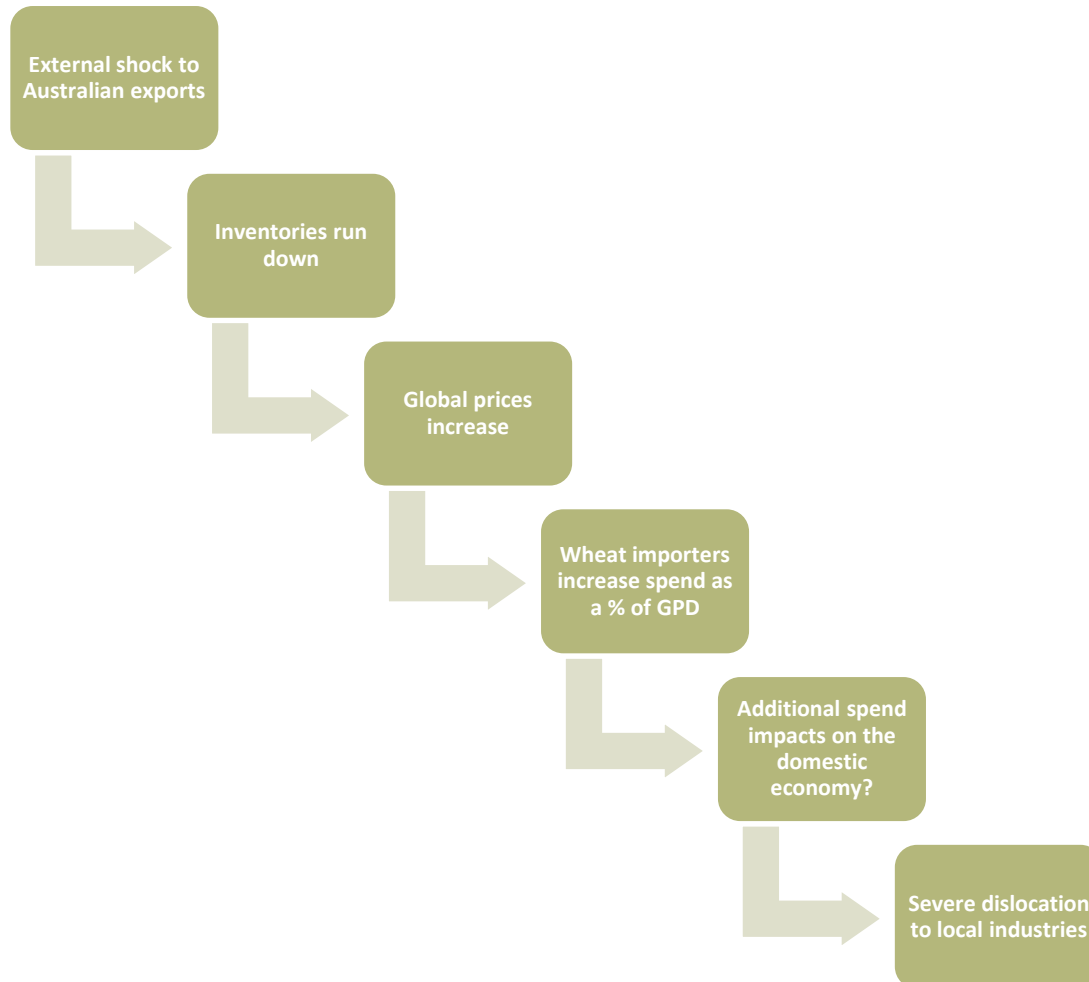


Source: FAO Food Price index



Impact of global supply shocks in agriculture

Potential global flow on effects of a significant supply shock event





Impact of global supply shocks in agriculture

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





Australian Agriculture in the global context

Why the world requires Australia to be responsible and productive with its agricultural assets

- Australia's importance to global trade and macro drivers for agriculture & implications of global demand for Australian agriculture
- Impact of global supply shocks in agriculture

- **AAco's role in the global context**



AAco's role in the global context

AAco is a low cost/high quality producer with close proximity to the world's highest growth markets in Asia

Low cost
production

- Predominantly grass fed primary production
- Significant investment in productivity improvements

High quality

- Superior beef quality in terms of size of cuts produced from an animal and the marbling of the beef
- Highly attractive in export markets (i.e. Wagyu)

Assurance of
clean, safe food

- Disease free, clean image
 - National Livestock Identification System

Proximity to Asia

- Significant freight advantage versus Brazil
- Fastest growing beef markets globally

Source: ABARES



AAco's role in the global context

Transforming itself into a globally focussed, vertically integrated producer

Progress on strategic initiatives over time

2011

- Adjust land holdings (Tipperary, Meteor Downs)
- Increase feedlotting
- Capital raised to fund growth
- Herd re-stocked to record levels

2012

- Vertical integration (proposed NT abattoir)
- Further adjustment of land holdings
- Divestment of underperforming assets

2013 & beyond

- Achieve scale and relevance
- Reward shareholders with dividends and capital growth
- Further diversification of operations

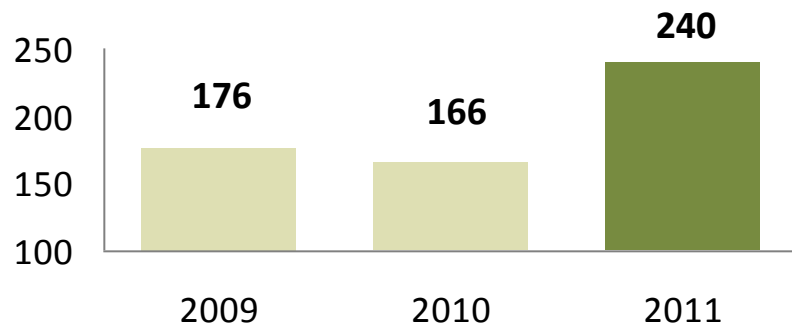
Work in progress



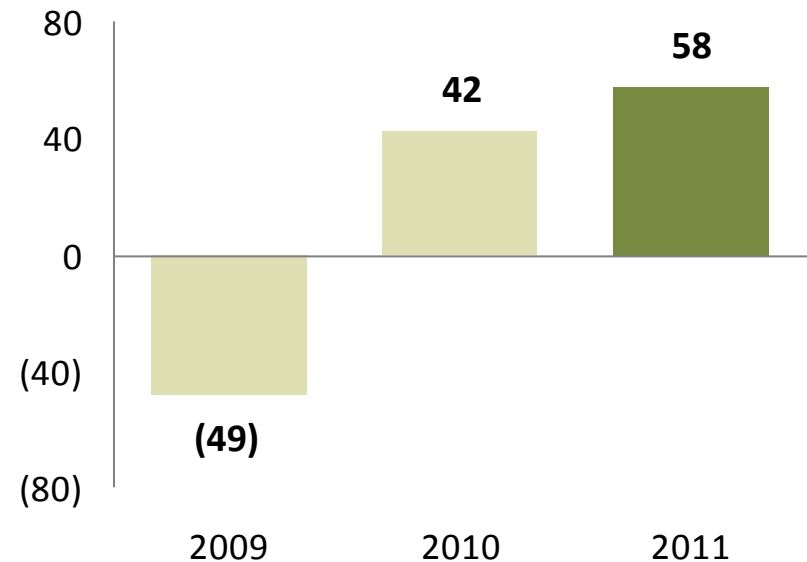
AAco's role in the global context

Translating to superior financial performance over the last two years

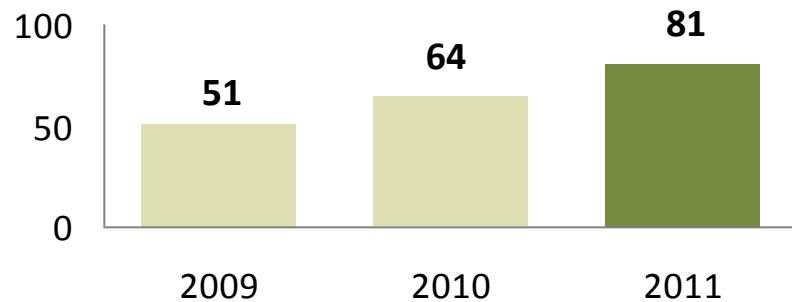
Cattle sold (000' head)



EBITDA (\$m)



Kgs produced (m)

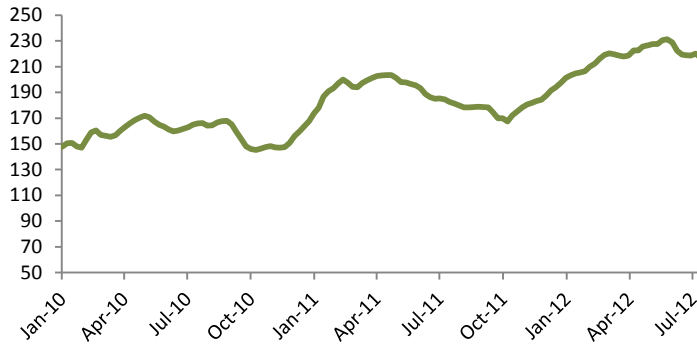




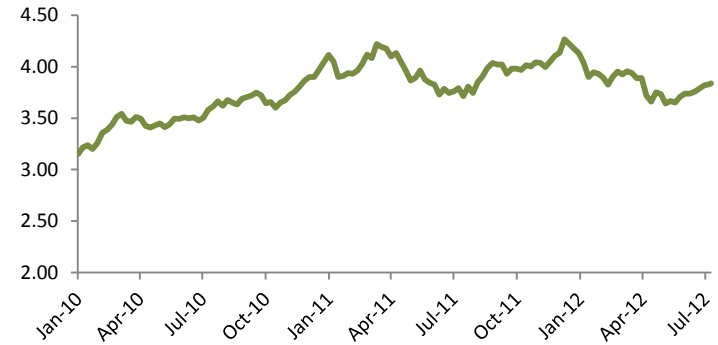
AAco's role in the global context

Beef prices have strengthened on the whole over the last 2 years

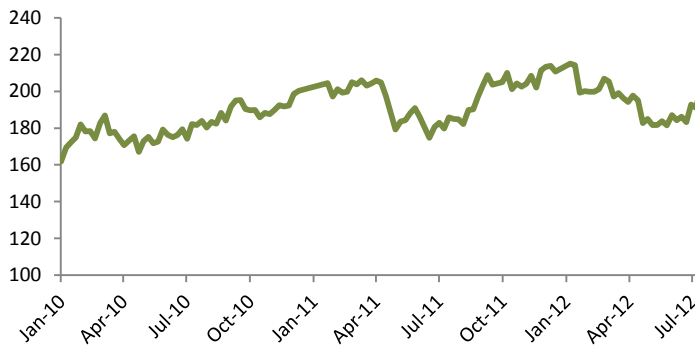
Domestic 90CL (US c / lb)



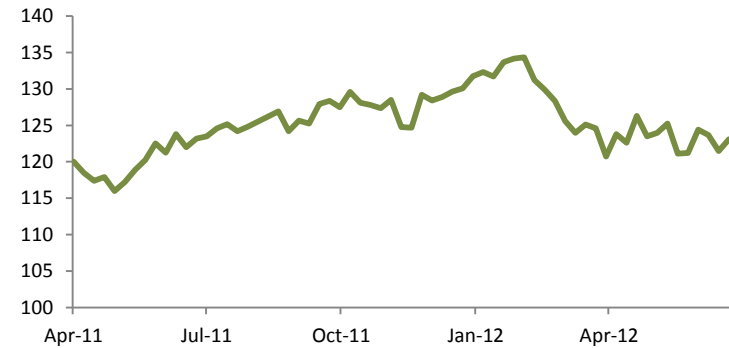
Eastern Young Cattle Indicator (AUD /kg carcass weight)



Queensland Cattle Market Index (AUD c/kg carcass weight)



CME Live cattle futures (US c / lb)



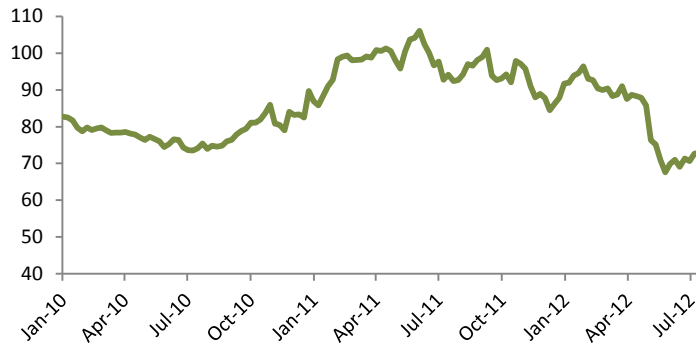
Source: Various



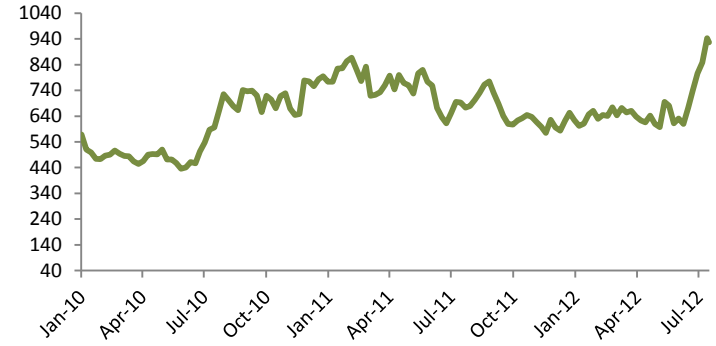
AAco's role in the global context

Other relevant price benchmarks for AAco

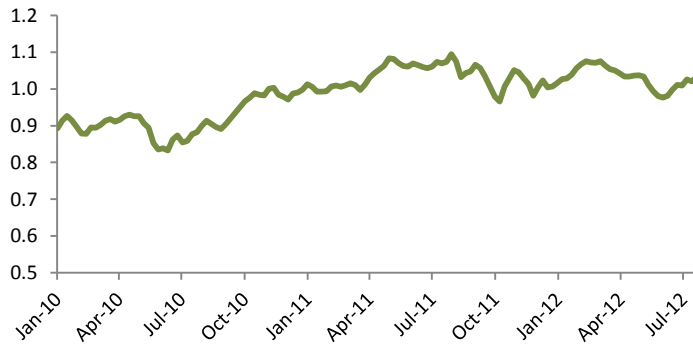
Cotton (US c / lb)



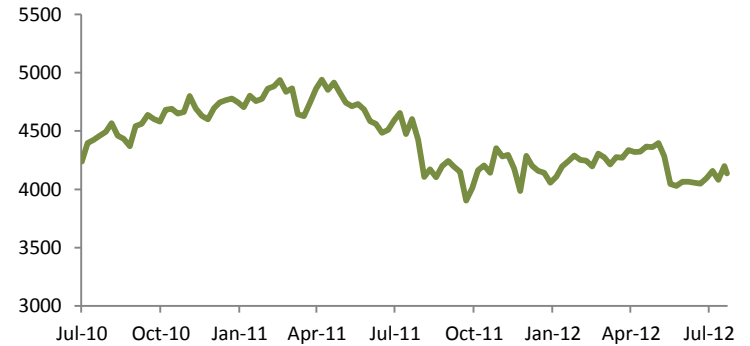
Wheat (US c / bushel)



AUD/USD



S&P ASX 200



Source: Bloomberg



Opportunity overview

Pursuing vertical integration via the Northern Australia Beef Limited's (NABL) proposed beef processing facility in Darwin. As at June 2012, settlement of land purchase completed.

Strategic beef processing asset supported by Australia's largest beef producer

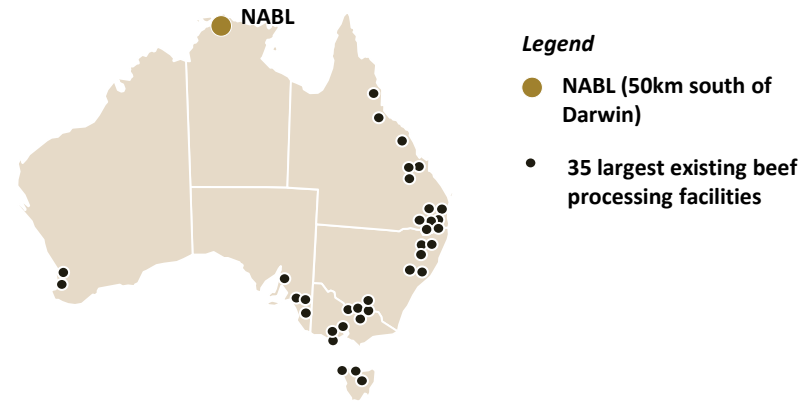
Exposure to global beef export markets with demand driven by compelling macro fundamentals

Sustainable competitive advantage with an integrated cattle supply chain

Compelling financial returns

Highly experienced and professional management team

Located in Darwin, Northern Territory, Australia



NABL processing facility



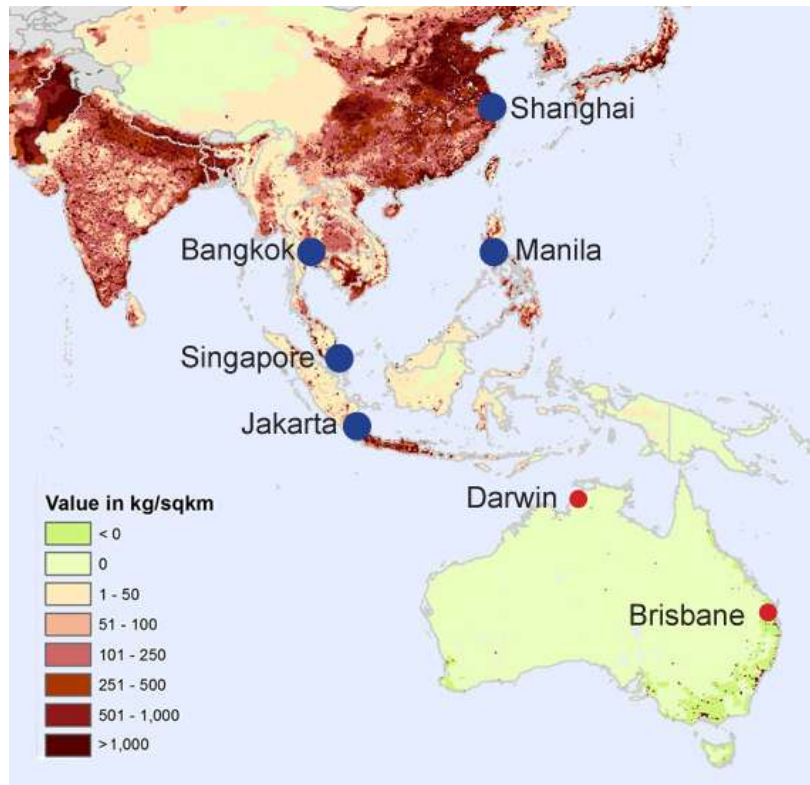


Proximity to key markets

Shipping from Darwin Port provides the processing facility with a material distance advantage to high beef demand growth areas in South East Asia, compared to East Coast processors utilising Brisbane Port.

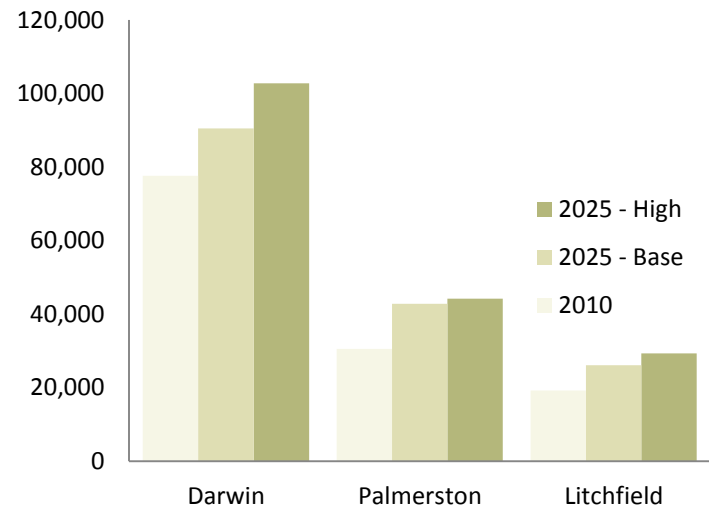
The domestic Darwin market is forecast to grow strongly in its own right.

Growth in Demand for Beef 2000 – 2030 expressed in kgs/sqkm



Source: Mapping Supply And Demand For Animal-source Foods To 2030
FAO – Sep. 2011

Greater Darwin Forecast Population Growth 2010 - 2025



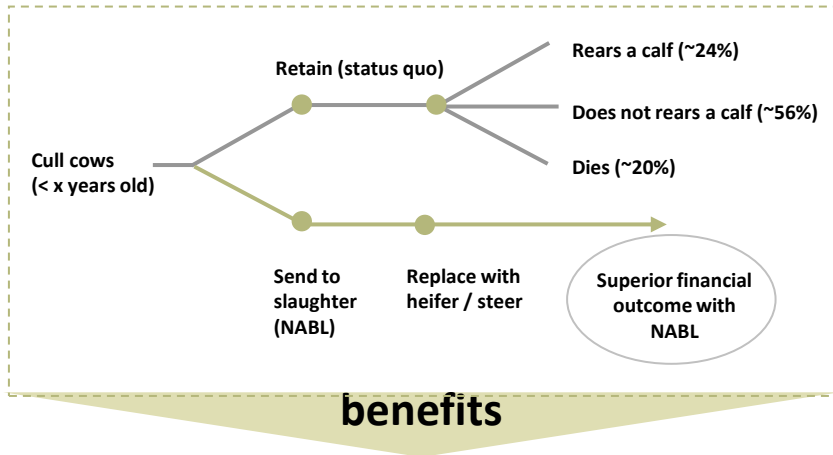
Source: Greater Darwin Plan 2012 Section 5: Future Growth



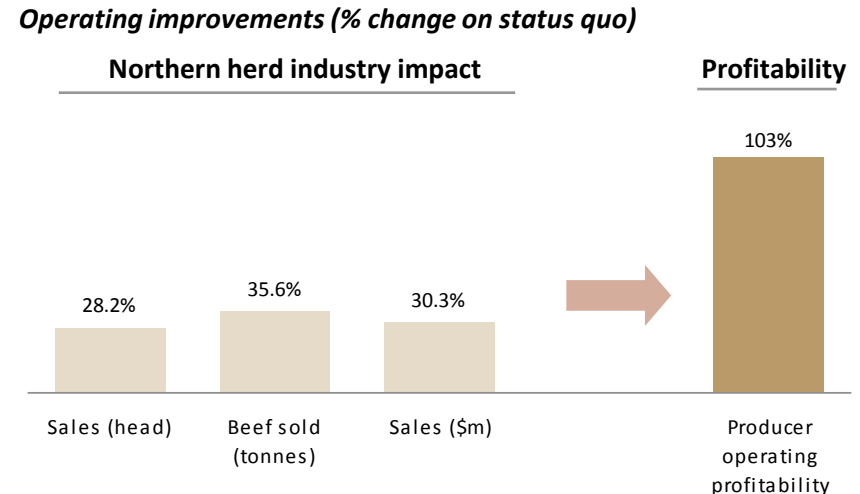
NABL's impact on the northern cattle industry

Current economics of slaughter leads Northern producers to retain cows despite likelihood of death / lack of productivity.

Cow selling decision tree (ACIL Tasman analysis)



ACIL modelling summary—impact of NABL on hypothetical 3k head producer



The NABL project will provide an attractive market option for these cull cows and bulls, improving the productivity and profitability of the industry.

Profitability

- Creates a viable marketing option for cull cows by eliminating transport / shrinkage costs
- Immediately increases sales value and turnover

Productivity

- Improves average herd profile over time leading to increased fertility and lower mortalities

Source: ACIL Tasman Report: "The economic impact of the proposed AAco abattoir"

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Key regions of supply for NABL

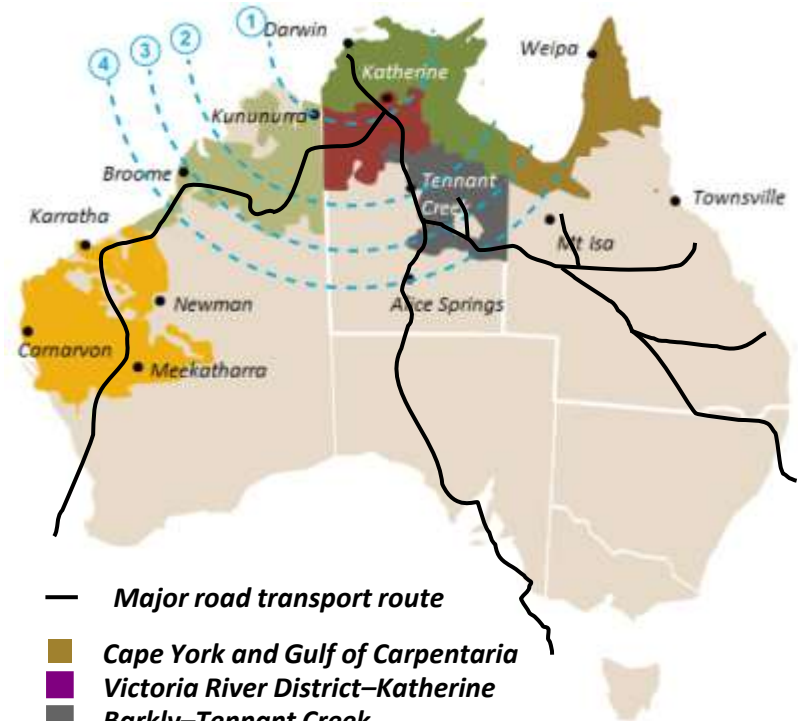
The NABL project will be the only material processing facility in northern Australia, a region that has a total herd of over 2 million head. Producers in NABL's target regions will incur lower transport costs and shrinkage rates to Darwin than East Coast facilities.

Summary of Northern cattle regions ('000)

Northern regions	2006-7	2007-8	2008-9	2009-10	2010-11	Avg. 5 year
Alice Springs	268	345	182	245	230	254
Barkly Tableland	564	537	566	445	702	563
Katherine	676	800	843	843	907	814
Top End	176	294	42	56	55	125
Total NT	1,684	1,976	1,633	1,589	1,894	1,755
Kimberley	635	472	458	646	570	556
Total	2,319	2,448	2,091	2,234	2,464	2,311

Total cattle turnoff per annum ('000)

Northern regions	2006-7	2007-8	2008-9	2009-10	2010-11	Avg. 5 year
Alice Springs	65	126	57	55	48	70
Barkly Tableland	135	499	292	171	341	288
Katherine	136	247	243	188	217	206
Top End	31	117	7	14	13	37
Total NT	368	989	600	427	620	601
Kimberley	153	145	160	198	162	164
Total	521	1,134	760	626	782	765



— Major road transport route

- Cape York and Gulf of Carpentaria
- Victoria River District-Katherine
- Barkly-Tennant Creek
- Pilbara-Gascoyne
- Top End-Roper-Gulf
- Kimberley

Arc	Distance (km) *	Rate/km**
①	201-400	\$ 1.76
②	401-800	\$ 1.67
③	801-1000	\$ 1.54
④	1001-1200	\$ 1.51
	1200 +	\$ 1.47

* Blue Arc lines display an indicative straight line distance from Darwin. **Transport costs based on RTA estimates. See slide 21 for more detail

Source: AgSurf Farm Survey Data



Environmental, regional and animal welfare benefits

Pursuing the NABL project will have numerous positive impacts across the Northern Territory community

Environmental and Animal Welfare

- Significant reduction in potential welfare impacts from transport, handling, loading, unloading and dipping requirements, with resultant reduction in welfare issues;
- Reduction in distances travelled on sealed roads by an estimated 2.3 million kilometres.
- Reduction in the carbon emissions generated from transport estimated to be around 5,700 tonnes per annum.

Regional and Community

- Creation of over 800 direct and indirect full time equivalent jobs;
- Indigenous job opportunities;
- Adds value to the social and financial infrastructure of local regional communities;
- Assistance in stabilizing the Northern Australia economy with meat processing not having the fluctuations experienced in the construction industry;
- Strengthening the Port of Darwin as a commercial hub.



AAco's role in the global context

AAco is utilising its superior genetics and breeding programs to maximise profitability, as well as deliver cattle to suit end markets

Barkly composite



Gulf composite



Wagyu program





AAco's role in the global context

Significant opportunity exists for AAco to increase contributions from cropping to improve returns across its portfolio

Cropping at Goonoo





AAco's role in the global context

AAco is a recognised leader in developing innovative management programs to improve the production of its asset base

Land use and water management



Energy management



Technology and innovation



Animal welfare



Youth engagement



Indigenous engagement





Indigenous engagement update

Proposed
Bunuba
partnership

Corella Creek
Program

ILC Real Jobs
Program

Future
employment

- Bunuba Cattle Company (BCC) Heads of Agreement announced in mid-July, proposing Company control over BCC's WA based herd operations, working with the original land owners for mutual benefit
- 30 year + employment and training partnership with the Corella Creek Aboriginal Community (Kukululua People), on Brunette Downs Station, Northern Territory
- 3 year commitment as host employer for the Indigenous Land Corporation's Real Jobs Program
- Indigenous employment program for proposed Meat Processing Facility





In summary

