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| **Company:** | Australian Agricultural Company Limited |
| **Title:** | Australian Agricultural Company Limited 2021 Annual General Meeting |
| **Date:** | 29 July 2021 |
| **Time:** | 10:00 AM AEST |

**Start of Transcript**

Operator: Ladies and gentlemen, thank you for standing by. Welcome to the Australian Agricultural Company Limited 2021 Annual General Meeting. I would now like to hand the conference over to your first speaker today, Chairman Mr Donald McGauchie. Thank you. Please go ahead.

Donald McGauchie: Ladies and gentlemen, good morning. My name is Donald McGauchie. As your chairman, it gives me great pleasure to welcome you to AA Co’s 2021 annual general meeting. I want to begin by acknowledging the traditional custodians of the various lands on which we all meet today and pay my respects to their Elders past and present.

As it is now past 10 AM, and I have been advised that a quorum is present, I declare this annual general meeting of shareholders open. The notice of meeting, which was sent to shareholders on 25 June, will be taken as read. In light of the uncertainty around the COVID-19 pandemic, we have decided to hold this AGM virtually with no physical meeting.

The decision was made taking into consideration state border closures and restrictions on travel and large public gatherings, as well as the safety of our shareholders. Every effort has been made to ensure that this virtual meeting runs smoothly. We have published on our website and on the ASX the virtual meeting online guide, which explains how to attend and participate in the AGM virtually.

I am chairing this meeting via telephone from my farm in rural Victoria. If I encounter technical difficulties that prevent me from presiding as chair of the meeting, Hugh Killen, our CEO and managing director, will take over as chair of the meeting until I am able to reconnect.

The board has temporarily appointed Hugh as the deputy chairman of the Company for the sole purpose of allowing Hugh to preside as chair of this meeting if I encounter any technical difficulties that prevent me from presiding. Hugh’s appointment as deputy chairman of the Company will end at the conclusion of this meeting or any adjournment that may take place.

If we encounter technical difficulties that result in a number of members being unable to reasonably participate in this meeting, I will adjourn the meeting for 30 minutes, after which, the meeting will be reconvened. If the technical issues continue to result in a number of members being unable to reasonably participate in the meeting, we will adjourn the meeting to a time and place to be announced, and lodge an ASX release after the adjournment that sets out the details of the next step.

I would now like to introduce my fellow directors, Mr Hugh Killen, Mr Tom Keene, Dr Shehan Dissanayake, Miss Jessica Rudd, Mr Anthony Abraham, Mr Marc Blazer, Mr Neil Reisman. Mr Reisman is standing for re-election. Neil’s background and experience has been included in a notice of meeting. Mr Stuart Black. Mr Black is also standing for re-election. Mr Black’s background and experience has been included in a notice of meeting. I too am standing for re-election. My background and experience have been included in the notice of meeting.

I would also like to introduce Mr Bruce Bennett, our Company secretary and general counsel. Bruce will read out the shareholder questions received via the online platform during the meeting, and Mr Nigel Simonsz, our chief financial officer. We also have today Scott Guse, representing AA Co’s auditors KPMG. Mr Guse is available to answer questions relevant to the conduct of the audit and the preparation and content of the independent external auditor’s report. Franki Ganter of Allens, our legal advisor, and representatives of Link Market Services Limited, our share registrar.

Before moving to the formal part of the meeting, I will address some procedural matters, and then we will proceed with the business of the day, as set out in the notice meeting. Following my address as chairman, I will invite our managing director and CEO, Hugh Killen, to present an operational report that gives shareholders an update on AA Co’s performance.

I’ll offer shareholders the invitation to ask questions at the conclusion of these addresses. After Hugh’s presentation, the financial statements and reports will be discussed. We will then [view] each of the remaining items set out in the notice of meeting, being the renumeration report and the election of directors. There will be an opportunity for comments and questions in respect to each of these items of business.

I will now present my chairman’s address. Once again, welcome to Australian Agricultural Company’s 2021 annual meeting. Once again, we are meeting remotely, and thank you all for joining us from around the world. Thank you to our team for facilitating today’s meeting.

2021 has been an exceptionally challenging year. We have faced the unknowns of the global pandemic, rising geopolitical uncertainty, and its impact on important Australian trade relationships. Our industry was, and still is, grappling with the flow-on effects of multiple drought and flood years.

I am pleased to report that the Company has demonstrated great resilience in response to these challenges. AA Co’s results for the financial year 2021 conclude a positive operating cashflow, improved operating profit, and improved statutory EBITDA outcome versus the prior year.

These results reflect our team’s ability to adapt tactically to changing circumstances, as well as the flexibility of our branded beef strategy. In last year’s annual report, I wrote that AA Co saw COVID-19 presenting some opportunities despite being highly disruptive by its very nature.

We wanted to examine everything we did as a Company, and we committed to emerging stronger from the experience. As we continued to navigate this pandemic, I believe we are succeeding against the objectives. The clearest challenge we face in FY21 was interruption to our restaurant and food service market.

Fine dining restaurants are essential to our branded beef strategy. They connect AA Co to the highest value customers around the world. As a result, chefs are one of our most important end-user group. Partnering with great chefs helps fully realise the value of our beef. They, and their front of house teams, carry our brand and our story to the customer.

In the year just gone, chefs were severely constrained. This impacted AA Co’s sales through existing food service relationships. It impacted our ability to grow these relationships, and it slowed progress in the rollout of our branded beef strategy.

In response, the AA Co team has worked hard to develop our parallel retail sales channels. Importantly, we were able to build off of a good foundation. Our Darling Downs brand has a long history in South Korea. Prior to the global pandemic, we commenced a full Darling Downs brand refresh in this market.

Our Westholme brand has also begun to establish an important presence in key markets, including North America. COVID-19 accelerated our efforts to grow Westholme brand equity across retail channels. Today, we can report stronger brand awareness and sales performance in both regions.

This work was particularly important in the face of constrained meat production volumes in FY21. In recent years, our investment in these brands has driven strong price growth per kilo. We have focused on moving more of our beef through these brands. This has helped offset reduced meat volumes in FY21.

AA Co’s global supply networks and strong distributor partnerships supported these efforts. In FY21, our distributor partners helped us identify and capture new retail opportunities, and our ability to redirect beef to higher value markets helped meet this demand. This flexibility was important in responding to market constraint in east Asia, as well as food service impacts across all regions.

AA Co’s ability to capture these new opportunities was underpinned by several factors. Global demand for healthy, safe, and high quality beef remains strong. The world’s middle-class continue to demand our product, including a growing gourmet home-cooking market. We expect underlying demand to continue growing.

AA Co’s focus on our operations at home also supported our performance in FY21. We have been nimble across our supply chain, producing and delivering beef when and where required. We have maintained strong cost disciplines during this uncertainty.

Retail opportunities in FY21 were underpinned by ongoing investments in our brand equity. As I mentioned, AA CO brands have driven annual price per kilo growth in recent years. New market opportunities have benefited from the strength of these brands. Strategic investment in our brand equity remains an important focus of the business.

The value of AA Co’s underlying assets has also stood us in good stead over the year. At the end of FY21, our balance sheet is strong. We continued to invest in safety, wellbeing, and careers of all of our people. The value of our pastural land assets continues to improve over the long-term, and this has continued to underpin a stronger balance sheet.

The quality of our genetics and our herd continues to improve, despite challenging seasonal conditions. We have also driven progress against our sustainability commitment in FY21. As we approach our 200th year of operations, we are focused on preparing for the next 200 years. In FY21, we’ve pursued our goal of leaving the land in better condition than we’ve found it.

You can review our most recent sustainability update, which was released this morning, under the dedicated sustainability section on our website. The quality of our people underpins all of our assets. Our team was asked to operate under very difficult conditions in FY21. We asked them to be flexible and adaptable. We have asked them to take greater ownership by AACo’s high performance culture. And they have responded tremendously. I was pleased to see significant internal appointments and promotions in FY21.

We also said goodbye to our Chief Operating Officer, Anna Speer. Anna made a significant contribution to the development of AACo during her time with us and we thank her for this and wish her all the best in her future endeavours.

On behalf of the Board, I want to thank every member of the team for their commitment in FY21 and personally, I very much want to thank my fellow Board members for their vision and commitment over a challenging year. As I mentioned earlier, this year as it has gone, has thrown up unique challenges. AACo has demonstrated great resilience and adaptation. This has produced important financial outcomes in difficult conditions and these outcomes reflect the value of our branded beef strategy.

The challenges we faced in FY21 continue into the current year. Progress against COVID-19 varies around the world. Vaccine rollouts are progressing, but new variants are emerging and many places continue to suffer terribly. Recent events at home remind us how rapidly circumstances can change. Geopolitical uncertainty also remains a feature of the new financial year. Bilateral relationship opportunities have great potential. We welcome the recent free trade agreement between Australia and the UK. At the same time, trade constraints in East Asia remain serious for many Australian industries, including our own.

Seasonal conditions across AACo’s properties are mixed. This comes off the back of multiple years which has increased our calving rates over multiple years and this has impacted our mature animal numbers and meat production volumes in FY21. While calving rates have increased, we expect lower meat volumes will continue into the current year and supplementary cattle purchases will be required.

Through these challenges, AACo’s branded beef strategy remains a strong pathway to value for you, our fellow shareholders. We will continue to monitor and navigate uncertainty in the year ahead. We will redouble our efforts to progress our branded beef strategy and we will remain focused on delivering long-term value for shareholders.

Thank you for your time today and for your support for the AACo team. I will now hand over to Hugh.

Hugh Killen: Thank you, Donald. Welcome to this year’s Australian Agricultural Company Annual General Meeting. We’re disappointed we’re holding our AGM remotely again this year and this is a reminder of how volatile the Australian situation is at the moment. Thank you to the team for facilitating today’s event. We appreciate that this is not ideal and I want to personally thank all of you that have joined remotely.

I’m proud to report that AACo has delivered positive results in a very difficult year. We’ve been forced to navigate the effects of seasonal geopolitical challenges and of course the global pandemic has impacted every part of our business. Despite these challenges, we have delivered positive cash flow, improved profit and improved EBITDA outcomes. This reflects the value of our underlying branded beef strategy and it reflects the performance of our team.

For this reason, I want to start today by talking about the AACo team. They make everything we do possible and I’ve been so impressed with their resilience and commitment in the year just gone. In all, there were 448 members of the AACo team at the close of FY2021. We are one of the largest employers in the pastoral industry. Our team includes people working with us for short periods, right through to people who have built lifetime careers at AACo and we want to make sure that every one of them is safe and feels part of our AACo team.

In response to COVID-19, we acted quickly and effectively to protect our people, our communities and the welfare of their animals. We stood up our response team and we implemented COVID-19 management plan. As a result our people were able to keep working and we were able to stay connected through disruptions to movement and travel. Despite these disruptions, I’m pleased that our team reported an improved sense of engagement with AACo over the year.

It was particularly pleasing to recommence the orientation week for first-year staff. This event is important for our newest staff members to feel part of a team and it gives us a chance to reinforce our standards for safety, wellbeing and professionalism. We also focused on building the diversity of our team over the last year. In FY21 women represented over 39% of our overall workforce and 43% of all new appointments were female. In FY21 we launched the Women of AACo program. This program provides opportunity to connect and share knowledge and it is a blueprint for supporting diversity across the business.

We also launched our Company-wide wellbeing, health and safety strategy. Our goal is to support a more proactive approach to safety and wellbeing and we’ve launched three programs to support this strategy and drive our safety culture. Our 1AA brand defines what our culture means to all of us. Our Switch On program focuses on safety at work. And our leadership development program includes a strong safety and wellbeing focus. Progress has been good so far. Near-miss reporting increased 40% in FY21. Strong near-miss reporting indicates staff are taking time to identify and record risks. This helps us identify areas where we need to do better and we use these insights to make our workplace safer. As a result of this work, serious injuries have declined over the year. This is always the goal of our safety efforts and our results suggest we are moving in the right direction.

We have also focused heavily on professional development for our team. This year we launched our frontline leaders’ program and we have delivered a suite of on-station job specific and industry partnership training programs as well. These initiatives have enabled 31 appointments from within the business in the last year alone. We’re also very proud of our graduate program. This program gives young men and women the opportunity to build experience by rotating through all different parts of the business over a two-year period. We’ve given them the foundation to become the future leaders of our industry and we’re also supporting 75 active traineeships, with 34 completed in 2021.

We could not have navigated a year like 2021 without our team. I want each of you to understand how we value and support our team at AACo and I want to thank each of them today. The result of our team’s work in FY21 is our financial performance. In FY21, our operating profit was $24.4 million, up from $15.2 million in the previous year. Our statutory EBITDA result was $99.3 million, up from $80.1 million the previous year and we secured a positive operating cash flow result.

Now this is despite every one of our 16 food service markets being impacted by COVID-19 restrictions, ongoing geopolitical uncertainty impacting key market regions and the flow-on effects of adverse seasonal conditions over recent years. Through all of this, AACo improved our average meat sale price per kilo by 8% in FY21. We’ve continued to drive brand equity across our portfolio and we realise the benefits of these brands by increasing the proportion of meat sold through them. These results were supported by a stronger balance sheet position. AACo’s assets increased over $1 billion in value in FY21 and our net tangible assets per share increased to $1.75 from $1.53 in the previous year.

As I mentioned earlier, seasonal challenges in recent years significantly impacted AACo in FY21. In line with a decrease in Australia’s national herd, AACo has faced lower calving rates from 2018 through to 2020. This is a direct consequence of multiple drought years and the impact of the Gulf floods in 2019. While conditions have improved in some areas, drought continues to impact AACo and recovery in the Gulf is ongoing, with limited pasture response this past wet season. These headwinds have impacted our herd composition in recent years, with an average 3.5-year lifecycle for our F20 cattle, lower calving rates since 2018 have resulted in reducing mature animal numbers in FY21 and the consequences being lower meat volumes available for sale this year.

Our herd is rebuilding though. We saw a 47% increase in calving rates in FY21. However, this will take several years to flow through to meat production and we expect lower volumes moving to FY22. We will continue to monitor these ongoing challenges. In the face of these challenges, we remain focused on AACo’s branded beef strategy. This strategy remains the best pathway to long-term value for AACo shareholders and I want to run through the elements of this strategy for you now, beginning with our brand portfolio.

In FY21 we further rationalised our brand portfolio. 74% of AACo’s branded beef sales were through our Westholme and Darling Downs brands in FY21. This has been critical to our financial performance, as I will discuss shortly. These brands sit alongside Wylarah, our most exclusive brand, which is distributed to the world’s top fine dining restaurants. While this market has been heavily impacted by COVID-19, Wylarah remains a key strategic priority for AACo. We also continued to develop our model for taking these brands to market in FY21.

We’ve drawn extensively on our global supply network and strong partnerships around the world. This has helped us develop new retail channels in response to food service constraints, including the growing home chef market. Global supply and partnerships have also supported adjustments in our market mix around the world. At home, we’ve continued to focus on optimising our business operation and driving a simpler and more efficient AACo. This includes maintaining cost discipline across our supply chain and this produced around $76 million in savings in FY21 compared to the previous year.

Sustainability remains at the core of our business. I’m excited to say that we released our sustainability update this morning. This document gives you an update on the tangible progress we’ve made in this space and I’ll explore this in more detail at the end of the presentation. Finally, as I mentioned at the top of this presentation, our people and our culture drive our strategy of AACo. We’ve continued to strengthen the depth of talent and leadership across the business and our strong internal promotions in FY21 underscore the value of this work.

I want to focus now on AACo’s brands. As I mentioned above, our brand portfolio is critical to our financial performance. Together, the Westholme and Darling Downs price per kilo has improved on a compound annual basis by 17% each year since 2019. This has driven an annual 8% improvement in overall price per kilo over the same period. In FY21, these two brands accounted for 80% of our premium loins and rumps beef sales and overall, Westholme’s sales increased from 11% of total beef sales to 25% over the year.

These brands improved price per kilo because we invest in these brands. This includes targeted digital marketing campaigns to raise awareness, as well as improved branding in store and also on menus. This work was particularly evident in our results in North America and in Asia in FY21. In North America, the price per kilo of our branded meat sales increased 14% over the year. This was driven by continued investment in brand awareness, particularly Westholme. A really powerful focus on retail sales channels also drove this result. This included capturing new channels that emerged in response to COVID-19, such as growth in fine dining at home. The AACo team was able to secure strong partnership with a leading online gourmet e-marketplace to support this emerging opportunity and we invested in digital marketing for Westholme, including profiling new restaurant meal pitch in AACO’s chef customers.

In Asia, AACo drove a parallel investment and focus for our Darling Downs brand. In Korea, Darling Downs is already known through our e-market retail partnership. In FY21, we completed a major brand refresh and as a result, we achieved a 5% improvement in average price per kilo of meat sales for the region. At the same time, we’ve intentionally focused on redirecting quality products out of China and towards the lucrative markets in North America with success. China is traditionally a commodity-based sales destination. Geopolitical uncertainty has impacted this part of our production, but investment in our retail brand sales in South Korea and redirecting higher-value loin products to alternate markets has helped balance the impact of these constraints.

Now Australia is our spiritual home. We have focused heavily on adjusting our market mix at home to elevate our quality brand here. At the same time, we’ve focused on directing product where it will generate the best returns around the world and as a result, we’ve seen reduced sales volumes in Australia alongside of 5% improvement in price per kilo and also growing brand awareness over the year. Finally, Europe and the Middle East saw COVID-19 severely impact our priority food service market channels in FY21. The enormous impact of public health measures on restaurants significantly impacted AACo’s overall sales volumes and revenue and this has resulted in a decline in AACo’s price per kilo in the region over the year.

Our progress in FY21 was significantly dependent on continued improvement in our operations at home. A simpler, more efficient AACo has been a pillar of our branded beef strategy for some time. In recent years we’ve made important steps in efficiency and cost reduction across our supply chain and in FY21, we were able to consolidate these gains and secure an overall $76 million reduction in costs. At the same time, a simpler, more efficient AACo improves how we meet market demand around the world. In FY21, our operation supported rapid adjustment to changing market circumstances. This included transitioning product from food service to retail and it included supporting market mix optimisation to redirect beef from lower value to high value markets around the world.

One of the indicators of this progress is the ongoing improvement in the value of our underlying assets. Through drought and flood, we’ve been able to improve the genetic and phenotypic quality markers of our herd. The value of our pastoral assets has also improved consistently over the long term. At the end of FY21, our strong balance sheet position reflects this investment. Underpinning this investment is a commitment to leave the land better than we found it. As a nearly 200-year-old Company, sustainability is in our DNA. The release of our benchmarking report in 2020 represented our awareness that environmental and social pressures on agricultural and food systems present a challenge for our business and our world and that we’re committed to finding unique and high-impact solutions across our value chain to help address these challenges.

As I mentioned previously, we’ve now taken the next steps in our journey with the release of our sustainability update. In this document, we bring you an update on the tangible progress we’ve made and the initiatives we’ve brought online over the past year, with measurable outcomes. We’re also well down the path of rounding out our robust, sustainability strategic framework and also governance structure. In this framework and governance structure, we’re developing a core set of indicators to report against in coming years. This will allow us to forge a clear pathway into a sustainable future and we will be releasing this later this year.

Openness and transparency are fundamental to sustainable business practices and alignment to international reporting standards is the best way to achieve this. We aim to align our strategic framework and governance structure with principle of internationally accepted integrated reporting standards by 2022. This year AACo took our first steps into the carbon abatement space, with the registration of AACo’s beef cattle herd carbon management project. This is a recognised project under the Australian Clean Energy Regulator’s methodology to reduce carbon emission intensity in beef production and it will run for seven years.

Through this methodology, we can objectively measure the impact of our efforts. These include targeted investments in infrastructure and practices with the goal of limiting energy losses over the production cycle; improving animal handling to reduce animal stress; and increasing the weight-to-age ratio of our herd. In our first year, we’ve demonstrated important early progress We’ve increased water point density, we’ve improved fencing infrastructure and we’ve demonstrated carbon abatement of more than 97,000 tonnes of CO2 equivalent.

This work aligns more broadly with our commitment to sustainable animal health and welfare. In FY21 we launched the AACo animal health and welfare committee. The committee has initially focused on identifying gaps, standards and opportunities for improvement and we also continue to progress our poll program. We’re also continuing to reduce our reliance on fossil fuels. In FY21 we achieved a 26% conservation of bores to solar power. We continue to explore new tangible steps to drive sustainability and we are focused on positioning AACo for the next 200 years.

Now I’ve only touched on a few of the initiatives underway at AACo in the sustainability space today and I encourage you to read through our latest update to find out more. This can be found in the dedicated sustainability section on our website. AACo is excited about our sustainable future and our potential to drive position for our business, industry and community to deliver a better world for the future generations to come.

In conclusion, AACo will continue to face challenges in FY22. Including the global pandemic, ongoing geopolitical uncertainty, and continued effects of recent floods and drought effects. In particular the long-run impact of flood and drought in calving, mature animals and meat production will continue. Importantly, our herd is in a rebuilding stage with strong calving growth. Like the rest of the national industry, we will navigate the effects of this rebuild in FY22.

AACo's performance in FY21 teaches us two things. The AACo team is capable of adaptions to capture new opportunities when faced with great challenges. The pillars of our branded beef strategy are vital to the delivering value for you, our shareholders. FY21 forced us to adapt. The challenges and opportunities we faced have made us a stronger Company. We are supported by a strong balance sheet and strong underlying assets. Global demand continues to grow for quality beef backed by traceability and provenance. We understand the value of great brand, supported by a great team, and a simpler and more efficient business.

In FY22 we are focused on driving our branded beef strategy further. This work will continue to position us well, for good times and also for bad. This strategy remains the strongest pathway to value for every AACo investor in the future. Thank you all for your support in FY21, and also thank you for joining us today.

Donald McGauchie: Thank you Hugh. Before moving to the formal part of the meeting and questions, I will outline the procedural matters for this meeting. At the bottom of the web page, under the webcast and presentation,, there are three boxes which allow you to (1) get a voting card, (2) ask a question, (3) download the AGM Notice of Meeting, the 2020 Annual Report, and the Virtual Meeting Online Guide. The ask a question and get a voting card buttons are replicated at the top of the web page in gold.

If you did not submit your questions prior to the meeting, you can ask your questions during the meeting via the online platform by clicking the ask a question button. You can then select the items of business that your question relates to, write your question and click submit. I confirm that we can start submitting questions online platform now. You do not need to wait until we get to the relevant item of the business. We encourage you to start submitting questions now.

We ask you to please keep your questions or comments as concise as possible, using a maximum of 20 words as a guide. Note that not all questions are guaranteed to be answered during the meeting. But we will do our best to address as many as reasonably possible. If a question submitted during the meeting has already been answered in the material released to the ASX this week, we will not answer that question during the meeting. But will instead refer shareholders to the relevant ASX announcement.

After each item of business we will address questions submitted via the online platform during the meeting. Bruce will read these verbatim on your behalf. Thank you to those shareholders who took the time to pre-submit questions via our share registry network providers Link. We received several similar questions on the same subject, so we will consolidate questions into one where we answer them during the items of business. If you are having any difficulties submitting a question via the online platform, please refer the Virtual Meeting Online Guide, which will be accessed through the online platform.

I would now like to briefly summarise the voting procedures which will apply to this meeting. Each resolution will be conducted by a poll. As shareholders are aware, no formal vote is required on item 1 of the Agenda. A poll will be conducted on the remaining item 2 to item 5. To lodge your votes click on the get a voting card box at the top of the webpage, or below the side window.

You may submit your votes via the online platform at any time during the meeting, starting from now. Following discussion of all items shareholders will be given until the time that is five minutes after this meeting is closed to submit their votes via the online portal. After this time the polls for each relevant item of business will close. The number of proxy votes received on each resolution will be displayed in the slide window, in the slide view section of your web page browser, as we move through the resolutions.

If you experience any difficulties using the online platform the helpline number is displayed at the top of the page. You can also refer to the Virtual Meeting Online Guide, which is accessible via the online platform.

Your votes will be counted by personnel from our share registrar, Link Market Services, after the meeting closes. The results of each poll will be announced by the ASX as soon as possible after this meeting, and will be also displayed on our web page.

I will now outline the procedure for proxy votes. Shareholders have the opportunity to appoint a proxy prior to the meeting. If you have already sent your proxy forms, you do not need to vote again. Proxyholders by law, if you exercise your right to vote as a proxy, you must vote in accordance with any instructions given to you by the relevant shareholder. Subject to the restrictions set out in the voting exclusion statements in the Notice of Meeting, any undirected proxies on a given item may be voted by the proxyholder as they choose. Some votes for the motion, some against, and some abstaining if desired.

Any proxies that are not voted at the meeting will automatically default to me as Chair of the meeting. In respect of any directed proxies that default to me as Chairman, I am required to vote those proxies as directed. Subject to any application voting instructions, any open proxies that have been received by the Chairman of the meeting and the Directors will be voted in favour of each resolution.

I will now move to the formal items of business for this meeting. The first item of business in the Notice of Meeting is to consider the financial statements and reports. I now table the Director's Statutory Report, the Financial Report for the financial year ended 31 March 2021, and the Independent Audit Report on the financial report, being item 1 on your Notice of Meeting. These documents have been made available to shareholders. The financial statements and reports are placed on the Agenda for comment or questions only. There is no voting on this item of business.

Please note that Scott Guse from KPMG, who oversaw the conduct of the audit, is present. Any shareholders may direct questions to Mr Guse which are relevant to the conduct of the audit, preparation and content of the Independent Audit Report, the accounting policies adopted by AACo in relation to the preparation of the financial statements, and the independence of the auditors in relation to the conduct of the audit.

If you have any questions for the Board or external auditor please submit them now, if you haven't already done so. We will now start by submitting some of the pre-submitted questions which have not already been covered by the speeches. In the interests of brevity, where we have received several questions from shareholders which are similar, we will choose to answer one question which best represents the majority.

The first question relates to the payment of a dividend and the outcome. That question comes from [Ray and Shirley Beal] who ask, the company has not paid a dividend since 2008, notwithstanding a promise some years ago. When is it going to pay a dividend? Thank you Ray and Shirley for your question, and to other shareholders who also sent in similar questions in relation to dividends.

In answer to this question I will make the following points. As you are all aware, and as evidenced by the fact we are holding this AGM virtually, the impacts of COVID-19 are still very real and ongoing. AACo did record an operating profit of $24 million, and a net profit after tax of $45 million. However with the uncertain impacts of COVID-19 the Board has not declared a dividend for shareholders in 2021. We feel it is prudent under the circumstances to preserve cash, and use all available resources to invest in the Company. As a fellow shareholder I can empathise. However I can't predict when a dividend will be paid. That depends on the Company's performance in the future.

We will now address shareholder questions submitted during the meeting via the online portal. Bruce, do we have some questions?

Bruce Bennett: Chairman, I confirm that so far we have three questions submitted via the online portal. The first question is for AACo's auditor and is from [Robert Borlat] who asked, can you please explain the procedures used to ensure an account count of stock on the various property? Are physical counts of stock conducted? What procedures are in place to ensure that duffing is not being conducted on the Company's properties?

Donald McGauchie: Scott, I will ask, I think that is an appropriate question for you in the conduct of the audit. So I'll pass over to you.

Scott Guse: Thank you Chair, and thanks Robert for that question. Robert, I would refer you to page 79 of the Annual Report, which is where our Audit Report is contained. You'll see that in that area there we do focus on the existence, accuracy and valuation of the herd. Part of our procedures are actually to attend the sites throughout the year. This year we attended five sites. When we're on those sites, at the cattle stations, we actually do observe what controls, procedures and processes were in place around the annual muster.

An annual muster takes place over a number of weeks. I think it's fair to say that the actual processes the Company has employed has significantly enhanced over time, as you would expect. Every animal these days is branded, has an ear tag, and is actually computer chipped. The process that they go through for the annual muster is to actually run every single animal through a scanning device. So it actually counts every single animal on the property at that period in time.

We obviously look at the controls processes there. When those results come out of the IT system, which we actually do test as well, we do a major reconciliation with the Company to reconcile the opening movement of cattle, opening balance of cattle, through sales, through births, to the closing cattle. So look, there is very good controls and processes in place employed by AACo over the existence and accuracy of the livestock.

Look, anecdotally from my visit to the five properties, it's clear that the station managers and the station hands have a really good handle on what cattle are on their properties, where they're located on those properties as well. So I have a fairly good comfort that if there was any cattle duffing happening it would be pretty much put to bed straight away. So from the procedures we have done, I am not aware of any significant or material cattle duff occurring.

Thanks Chair.

Donald McGauchie: Thank you Scott. Bruce, there were a couple of other questions?

Bruce Bennett: Yes, Chairman. The next question is from [Robert Burrows] who asked, what is the future of the abattoir facilities outside of Katherine?

Donald McGauchie: Thank you Robert, I'll hand this one over to Hugh to answer.

Hugh Killen: Thank you Donald, and thank you Robert for the question. I'd say from the outset, I think it's important to note that we believe that there is strategy value in our Livingstone asset. We see it as a gateway asset. But I would say, in the current environment where we see slaughter levels to be at what will be 36-year lows, and actually recently reported, even as recent as the last couple of days, that processors are losing between $300 to $400 a head per animal. But it wouldn’t be the right environment to be restarting the plant at Livingstone. So that is one reason.

We also have significant shipping [stress] going on globally at the moment in relation to COVID-19. It would make a start-up of the plant imprudent under the current period. So we continue to assess that. We continue to assess market conditions. The plant is maintained in an environment that should we wish to restart it when the conditions are right and we can do so. And we've run the analysis on the conditions [recently]. Over to you Don.

Donald McGauchie: Thanks Hugh. Bruce, I think there was one more so far?

Bruce Bennett: Yes, Chairman. The next question is from [Eric Lowe] who asked, could you please explain if there is any correlation between AACo’s revenue and the East Coast Young Cattle Index?

Donald McGauchie: Again, I’ll pass that one over to Hugh.

Hugh Killen: Thanks for the question Eric. At a high level there’s actually little correlation between the EYCI and meat sales revenue for AACo. Obviously meat sales revenue is the largest item we have. So in FY21, it was $200 million. The EYCI does have some sort of proxy impact in terms of type of cattle sales.

Obviously the cattle market is very buoyant. It runs through on that side of the business. Now as we’ve talked about before, we do buy cattle periodically to supplement our own numbers and genetics. And the EYCI doesn’t actually correlate at all to the Wagyu market, which is actually driven by different fundamentals.

But again, obviously the EYCI is a proxy for the shortage in the Australian cattle herd overall. So whilst it’s not directly attributable, while we have a high EYCI and a high cattle price, AACo will get the benefit and also the cost of that as it flows through.

Donald McGauchie: I might add just to that Hugh too as well, obviously the cattle that go live export through Darwin there’s little relationship between the EYCI and that market.

Bruce, do we have any further questions?

Bruce Bennett: Chairman, I can confirm there are no further questions on this item.

Donald McGauchie: Thank you Bruce. We’ll now move to the remuneration report. The second item of business is a non-binding resolution to adopt the remuneration report. Please note that the vote on this resolution is advisory only and does not bind the directors of the Company. However, the Board and the Company will take into account any feedback that we receive in developing our future remuneration framework.

Voting exclusions prior to this resolution are set out in the Notice of Meeting. I now invite shareholders and proxyholders to submit any questions regarding the rem report. Bruce, do we have any questions on the remuneration report?

Bruce Bennett: Chairman, I confirm that we do not have any questions on this item.

Donald McGauchie: Thank you. Given there are no questions on this item, we can proceed to voting.

Bruce Bennett: Chairman, the proxy votes received in relation to this resolution are now shown on the presentation slides on your screen at home.

Donald McGauchie: Thank you Bruce. We will now move to the next item of business. The next item of business is election of director, Mr Donald McGauchie, myself. As this item concerns my own re-election to the AACo Board, it is appropriate that I should step down as Chair during the discussion of this item.

Therefore I believe that the other directors I call upon Hugh Killen to assume the Chair for this item of business, Hugh?

Hugh Killen: Thank you Donald. We now move to item 3, being the election of Mr Donald McGauchie as Director. The resolution to be considered under this item is an ordinary resolution. With the exception of Mr McGauchie who is abstaining from this resolution, the election of Mr McGauchie has the unanimous support of the AACo Board and I commend this motion to you.

I now invite shareholders and proxyholders to submit any questions regarding the re-election of Mr McGauchie. We will now address shareholder questions submitted during the meeting via the online portal. Bruce?

Bruce Bennett: Hugh, I confirm we did not get any questions on this item.

Hugh Killen: The proxy votes received in relation to this resolution are now shown on the presentation slides on your screen at home. I would like to remind shareholders who haven’t yet cast their votes on this resolution to do so now. A poll on this resolution will be conducted at the end of the meeting. Voting on all items is open.

We will now move onto the next item of business and I will pass the Chair back to you Donald.

Donald McGauchie: Thank you Hugh. The fourth item of business is the re-election of Mr Neil Reisman as Director. The resolution to be considered under this item is an ordinary resolution. With the exception of Mr Reisman, who is abstaining from this resolution, the election of Mr Reisman has the unanimous support of the AACo Board and I commend this motion to you.

I now invite shareholders and proxyholders to submit any questions regarding the re-election of Mr Reisman. We will now address shareholder questions submitted during the meeting via the online portal. Bruce, are there any questions?

Bruce Bennett: I confirm that we did not get any questions via the online portal in respect of this item. So the proxy votes received in relation to this resolution are now shown on the presentation slides on your screen at home.

Donald McGauchie: I’d like to remind shareholders who haven’t yet cast their votes on this resolution to do so now. A poll on this resolution will be conducted at the end of the meeting. Voting on all items is open. We will now move to the final item of business.

The fifth and final item of business is the re-election of Mr Stuart Black as Director. The resolution to be considered under this item is an ordinary resolution. With the exception of Mr Black, who is abstaining from this resolution, the election of Mr Black has the unanimous support of the AACo Board and I commend this motion to you.

I now invite shareholders and proxyholders to submit any questions regarding the re-election of Mr Black. We will now address shareholder questions submitted during the meeting via the online portal. Bruce, do we have any questions?

Bruce Bennett: Chairman, I confirm that we did not receive any questions on this item. So the proxy votes received in relation to this resolution are now shown on the presentation slides on your screen at home.

Donald McGauchie: I’d like to remind shareholders who haven’t yet cast their votes on this and all other resolutions to do so now. A poll on this resolution will be conducted at the end of the meeting.

We have now dealt with all of the items of business in the Notice of Meeting. I now ask you to ensure that your voting cards have been completed via the online portal for each resolution put to you today. Please remember to click on submit vote at the bottom of the resolutions to submit your vote.

If you require assistance to submit your vote please call the help online number displayed at the top of the page. With each of business as this meeting having been dealt with, I now declare that the polls in respect of each resolution will be closed at a time which is five minutes after this meeting is closed and formally ask Link Market Services Limited as returning officer to count the votes following the expiry of that period.

I propose to now bring today’s proceedings to an end. The results of this meeting will be released through the ASX as soon as possible and will be displayed on our website.

If you believe your questions at this AGM have not been adequately answered by us today please reach out to our Investor Relations team via email. This team will respond to you and load the appropriate questions and answers on our website.

On behalf of the Board and Management, thank you to everyone who has attended this AGM and to all those who have engaged with us by submitting questions in advance and during the meeting. Thank you all for embracing the virtual format of this AGM for a second year.

I certainly hope we don’t have to do this again next year. We hope you and your family stay safe and well. That concludes the official business of the meeting. Ladies and gentlemen, I now declare the AACo 2021 AGM closed.

**End of Transcript**