



MACQUARIE
ACN 002 574 923

Macquarie Private Wealth

Snapshot

Australian Agricultural Company Limited

Business Description

Australian Agricultural Company Limited (AAC) is the largest beef cattle producing company in Australia, servicing beef customers in domestic and global markets. As at 31 December 2009, the company owned approximately 507,000 cattle on 26 properties covering Queensland and the Northern Territory.

Strategy Analysis

Due to AAC's particular focus on land and cattle, they are well positioned to capitalise on the promising outlook for the agriculture sector. The company will be reducing debt as a result of the cash for cattle substitution and will continue the ongoing practice of trimming land in portfolios to maximize pathway efficiencies. There are interest hedge positions that extend for 3 years to cover exposures to rising interest rates. A significant opportunity will arise through the potential to leverage the company's massive land asset under control into a range of financial instruments. Initiatives are under way with industry research bodies to develop a tradable instrument to cover the scientific benefits regarding soil and carbon retention. AAC will continue to invest in schemes that have the potential to release significant value through current land holdings. An unlisted property fund is expected to raise significant funds and will be offered as an investment vehicle for investment in Northern Australian cattle properties. This will create an additional income source for management and support an expansion strategy. The Meat Division has the capacity to accommodate higher volumes, although in order to justify the current level of investment and commitment it will need to double its turnover in the next two years. Reaching that target may involve seeking out acquisitions or merging company activities. Australian Agricultural Company reported net loss of \$30.26m for the half-year ended 30 June 2009. Revenue from ordinary activities were \$73.63m, down 40.4% from the same period last year. Basic and Diluted EPS were (11.5) cents compared to (0.8) cents last year. The net operating cash outflow was \$36.12m compared to an inflow of \$5.91m in the pcp. No dividend was declared.

Segment Performance			Annual Shareholders' Return		
Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	1 year	14.0%
Wholesale Beef	66.8	0.0	4.5	3 year	-20.0%
Live Cattle	33.2	0.0	-127.2	5 year	-0.9%
Total	100.0	0.0	-122.7	10 year	0.0%
Results by Geography				Dividend Reinvestment Plan	Yes
Australia	100.0	100.0	100.0	Shareholder Discounts	No
Total	100.0				

28 July 2010

Recommendation

Recommendation: No recommendation
Relative to:

Investment Fundamentals

ASX code: AAC
Stock price: \$0.00
Market cap: \$0m

Y/E 31 Dec	1999a			
Reported e	\$m	0.0	0.0	0.0
Adjusted e	\$m	0.0	0.0	0.0
EPS adjusted	¢	0.0	0.0	0.0
EPS growth	%	0.0	0.0	0.0
PE	x			
PE relative	x			
DPS	¢	0.0	0.0	0.0
Yield	%			
Franking	%	0.0	0.0	0.0

Share Price

Share Price Chart data is not available

Source: ASX and Company accounts

Company contact details:

Australian Agricultural Company Limited
Level 1, 299 Coronation Dr
Milton QLD 4064
Tel: (07) 3368 4400
www.aaco.com.au

If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email mail@legalsuper.com.au

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