



Media Release

Wednesday 18th November 2009

AWB 2009 Full Year Results

	FY08	FY09	Movement
Continuing Businesses EBITDA	\$229.8m	\$174.2m	(24)%
Continuing businesses Profit before tax and significant items	\$131.5m	\$93.0m	(29)%
Group Profit before tax	\$77.9m	\$(249.9)m	-
NPAT	\$60.3m	\$(250.8)m	-
Full Year Dividends	9.0 cents fully franked	-	-

AWB Limited today reported a net loss after tax and significant items of \$250.8 million for the full year to 30th September 2009 on revenue of \$6,686.7 million. This result takes into account the discontinuing businesses AWB Brasil and Hi-Fert, significant goodwill impairment for Landmark Financial Services, a write down in Hi-Fert, and other significant items in relation to restructuring and legal costs associated with legacy issues.

However, for continuing businesses – Landmark and Commodities Management– the company reported a profit before tax and significant items of \$93 million for the full year to 30th September, with a particularly strong performance by AWB Geneva.

AWB Managing Director Gordon Davis said that while the 2009 full year result was disappointing, the company is forecasting a full year 2010 profit before tax and significant items for its continuing businesses of \$95 million - \$115 million. This is before taking into consideration the benefit of the recent capital raising which should generate interest savings of \$20 million - \$25 million.

“In a year where the financial and climatic environment remained particularly challenging, the performance of AWB was mixed, affected by the availability and cost of credit, lower input margins, a rising Australian dollar, decreasing commodity prices, weak demand for fertiliser and adverse seasonal conditions on the east coast of Australia,” Mr Davis said.

“Looking forward we have set the platform for more sustainable growth by reducing our net corporate debt by over \$250 million and implementing a number of successful cost reduction initiatives. In addition, after the end of the financial year the proceeds of a capital raising further reduced debt, strengthened our balance sheet and significantly improved financial flexibility.

“We are clearly focused on growing our continuing businesses and developing a regional agribusiness with more sustainable growth characteristics for the benefit of shareholders,” Mr Davis said.

Continuing Businesses

Commodities

Mr Davis said Australian Commodity Management had a good result in the first year of deregulation of the wheat export market.

“The combined cash and pooling business acquired over 25% of the 2008/09 wheat production, benefiting from strong relationships with growers and customers,” Mr Davis said.

“The logistics result improved significantly due to increased volumes through GrainFlow sites, a full year of operations of the rail business and another good performance of the chartering business. The rail business has taken advantage of the shortage of rail capacity in eastern Australia, with 84 newly-constructed grain wagons starting operation. In addition, we recently announced we have commissioned construction of 90 additional grain wagons.

“AWB Geneva performed particularly strongly this year with good results in freight, grain and oilseed businesses all improving substantially on the prior year result.

“This business is well positioned to take advantage of increased demand for Ukraine grains via its Black Sea origination capability and during the year AWB Geneva made significant improvement in its risk management, corporate governance and business operations,” Mr Davis said.

Landmark

Landmark Rural Services (excluding Hi-Fert) performance was materially lower due to reduced prices for most agricultural products, lower margins in the crop chemical and fertiliser sector and dry conditions across the majority of south east Australia which impacted demand, particularly in the first half of the year.

“However, Landmark’s livestock business had a solid result with improved prices and volumes and the successful commencement of Landmark Global Exports (LGE). During the year LGE exported approximately 20,000 dairy cattle to Asia and over 9,000 beef cattle to Indonesia,” Mr Davis said.

“Landmark Financial Services result was lower due to an increase in the level of credit provisioning. However, the insurance business continues to achieve growth in market share through cross selling into the Landmark network,” Mr Davis said.

Discontinuing businesses

Management are well progressed with the wind-down of AWB Brazil and have negotiated a repayment profile for debt with banks, a sale process for key assets has commenced and the operational wind down is well underway.

Hi-Fert’s 2009 performance was impacted by lower demand for fertiliser due to delayed customer purchasing, reduced margins and an adjustment to the net realisable value of inventory. As previously indicated, AWB and its joint venture partner Elders, are undertaking a sale process for the Hi-Fert business.

Corporate Initiatives

Update on three corporate initiatives in relation to Commodities Management, Landmark Financial Services and Hi-Fert:

- the discussions with an international commodities company regarding the sale of AWB Geneva and the partnering of Australian Commodities Management are continuing;
- discussions regarding alternative funding models for the Landmark Financial Services business are well advanced; and
- negotiation for the sale of the Hi-Fert business is progressing constructively.

Outlook – FY10 guidance and strategy

Mr Davis said the company had made substantial progress on its four strategic objectives – simpler lower risk business, sustainable earnings profile, streamlined debt profile, and customer centric approach and was now well positioned to consider growth opportunities.

“Australian agriculture remains an attractive industry segment due to Australia’s close proximity to growth markets in Asia and we are well placed to take advantage of agribusiness opportunities going forward”, Mr Davis said.

For further detail on AWB Limited’s Full Year Results visit AWB website: www.awb.com.au.

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