



# Media Release

Wednesday 19<sup>th</sup> November 2008

## **AWB delivers strong 2007/08 full year results**

The Chairman of AWB Limited, Peter Polson, today announced a Net Profit After Tax (NPAT) and significant items of \$64.3 million for the 12 months to 30<sup>th</sup> September 2008, up \$37.2 million or 137% on the previous corresponding period (pcp).

“This is a strong result particularly in light of commodity price volatility, variable weather conditions and regulatory change,” Mr Polson said.

“The full year result was pleasing in a challenging environment and structural reform of the company over the past 12 months ensures the company is well positioned for future growth.

“We have reformed the structure of the AWB Group with a new commercial governance structure, new Board and improved risk framework.

“We have also been successfully managing legacy issues with three US class actions being dismissed, although one of those dismissals is under appeal.”

Mr Polson said the Board has declared a fully franked interim dividend of five cents per share. This brings the full year dividend to nine cents per share fully franked.

The Dividend Reinvestment Plan (DRP) will continue to be offered with a 2.5% discount to those shareholders who choose to participate. The record date for participation is 28 November 2008. The DRP will remain fully underwritten.

The Board also resolved to clarify the Company’s dividend policy which is to pay out 40% - 65% of NPAT after significant items.

### **2008/09 Full Year Financial Summary**

- Revenue increased 47% to \$6.8 billion.
- EBITDA was up 32% to \$228.5 million (\$173.2 million in the pcp).
- Profit before Tax and before significant items increased 25% to \$117.3 million (\$94.2 million in the pcp).
- Earnings per share was 18.5 cents, up 137% on the pcp.
- Significant items post tax announced at the 1<sup>st</sup> half results included a provision for a possible liability arising from litigation brought by the Standard Chartered Bank (\$26.4 million), costs associated with legacy issues (\$4.6 million) and a one off benefit from the sale of Chicago Mercantile Exchange (CME) shares and a Kansas City Board of Trade (KCBT) membership totalling \$4.6 million. An additional \$4.8 million of costs associated with legacy issues were taken during the second half.

### **Overview of 2008 Financial Year**

- AWB Limited’s A and B class shareholders voted in favour of constitutional reform leading to the redemption of A class shares and normalisation of the shareholder structure. The overall governance structure of the company has been improved with a new constitution and an improved board structure. Constitutional reform gives the company more certainty to plan for the future, the interests of our stakeholders are better aligned and we can better move to take advantage of our competitive strengths.

- AWB Harvest Finance Limited and AWB Australia Limited were accredited by Wheat Exports Australia (WEA) to export bulk Australian wheat under the Wheat Export Marketing Act 2008.
- In March 2008, the Boyd (US Growers) Class Action was dismissed.
- In September 2008, the Mastafa and Ismail Class Action was dismissed.
- In October 2008, the Karim and others Class Action was dismissed. Subsequently an appeal against the dismissal has been lodged.

### **Operational Summary**

AWB Managing Director Gordon Davis said all three core divisions of the Group increased profits with Landmark Rural Services achieving a record result with a clearer strategy and the business focused on investing in growth.

“The Australian Commodities division performed strongly and there was a mixed result in the International Commodities business,” he said.

### **Highlights**

- Commodities Division EBITDA up 14% to \$100.9 million.
  - Australian Commodities Management rebounded strongly from a low 2007 result on the back of strong origination and sales of wheat, canola and pulses.
  - The International Commodity Management result was mixed with an improving 2H08 offsetting a weak 1H08.
- Landmark Rural Services delivered its best ever result during 2008 particularly in merchandise and fertiliser, benefiting from increased agricultural activity across the country.
- Landmark Financial Services sustained earnings in a year which was less impacted by drought but in a more challenging environment from increased funding costs.

Mr Davis said we are pleased with our performance under the new wheat marketing arrangements as our wheat pools have been well supported by Australian farmers and we have made significant inroads into executing our marketing strategy to get the best possible returns for pool participants.

“Our overall strategy remains to increase shareholder returns by continuing to rebuild and grow the business domestically and internationally,” he said.

### **Strategy review**

A new corporate strategy is being developed following wheat marketing deregulation and AWB governance reform. As part of a strategy review, AWB has identified the following strategic pillars that will guide future decision making:

1. A customer-centric agribusiness, operating in the input and output sides of the market;
2. Relationship and knowledge based expertise across the agribusiness value chain;
3. Access to or ownership of supply chain assets where it makes strategic and economic sense;
4. Targeted participation in a portfolio of geographies and outputs, where we can generate appropriate returns; and
5. Active management and control of risk and financial performance.

Mr Davis said these pillars will influence our future vision, business strategies and business model.

For further detail on AWB Limited’s Full Year Results visit AWB website – [www.awb.com.au](http://www.awb.com.au)

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