

# Half Year Results

for the 6 months ended  
31 March 2002

**Andrew Lindberg**  
Managing Director



# Overview



- Highlights
- Financial Performance
- Current External Factors
- Strategy
- Outlook

# Highlights

(for the 6 months ended 31 March 2002)

# Highlights (for the 6 months ended 31-Mar-02)



- Net profit after tax of \$77.1m, up 47%
- Total operating revenue of \$1.56b, up 20%
- Earnings per share of 28.2 cents, up 30%
- Fully franked interim dividend of 14 cents per share
- Wheat crop exceeded expectations of 24.4 million tonnes
- Loan book peaked at \$2.1 billion
- Pool wheat price at high levels – Gross Pool Value greater than \$4.5 billion
- Strategic initiatives implemented

# Financial Performance

# Statement of Financial Performance



<b>\$million</b>	<b>For the 6 months ended</b>	<b>For the 6 months ended</b>	<b>Change %</b>
	<b>31-Mar-02</b>	<b>31-Mar-01</b>	
Revenue from ordinary activities	1,561.8	1,297.6	20
Cost of sales	(1,356.2)	(1,120.9)	21
Depreciation & amortisation	(5.6)	(3.4)	65
Borrowing costs	(42.3)	(48.7)	(13)
Other	(48.5)	(46.3)	5
<b>Operating profit before tax</b>	<b>109.2</b>	<b>78.3</b>	<b>40</b>
Income tax expense	(31.6)	(25.7)	23
<b>Operating profit after tax</b>	<b>77.6</b>	<b>52.6</b>	<b>48</b>
Outside entity interest	(0.5)	(0.2)	150
<b>Net profit</b>	<b>77.1</b>	<b>52.4</b>	<b>47</b>

# Cashflow



<b>\$million</b>	<b>For the 6 months ended 31-Mar-02</b>
Operating profit before tax	109.2
Tax paid	(44.7)
Depreciation & amortisation	5.6
Working capital changes	(406.9)
Capital expenditure	(26.9)
Dividends paid	(21.9)
Increase in loan book	(967.8)
Net new equity	(0.5)
<b>Increase in debt</b>	<b>(1,353.9)</b>

# Balance Sheet

<b>\$million</b>	<b>31-Mar-02</b>	<b>31-Mar-01</b>
<b>Assets</b>		
Cash	11.7	12.1
Receivables	2,988.4	2,295.4
Investments	17.8	11.0
Inventories	169.3	231.9
Property, plant & equipment	126.2	64.6
Other	112.0	109.1
	<b>3,425.4</b>	<b>2,724.1</b>
<b>Liabilities</b>		
Payables	230.4	216.0
Interest bearing liabilities	2,334.8	1,767.2
Provisions	48.9	42.7
Other	21.8	50.5
	<b>2,635.9</b>	<b>2,076.4</b>
<b>Net Assets</b>	<b>789.4</b>	<b>647.7</b>

# Business Operations

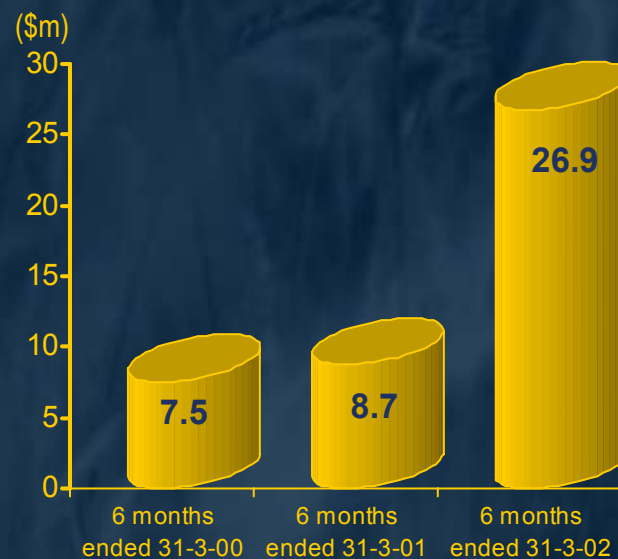
<b>\$million</b>	<b>For the 6 months ended 31-Mar-02</b>	<b>For the 6 months ended 31-Mar-01</b>	<b>Change %</b>
Pool Management Services	1.8	4.7	(62)
Grain Acquisition & Trading	52.5	35.6	48
Grain Technology	(0.9)	(0.9)	0
Supply Chain & Other Investments	22.5	6.2	263
Interest expense	(10.4)	(14.8)	(30)
Finance & Risk Management	50.7	55.9	(9)
Corporate	(7.0)	(8.4)	(17)
Operating profit before tax	109.2	78.3	40
Net profit after tax	77.1	52.4	47

# Business Operations

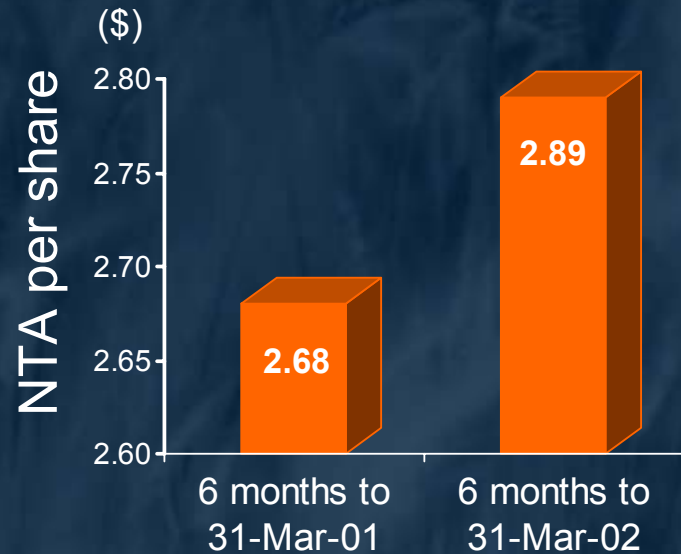
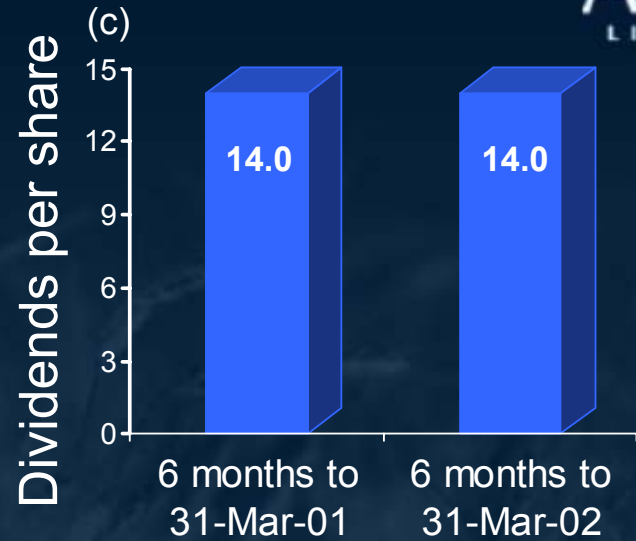
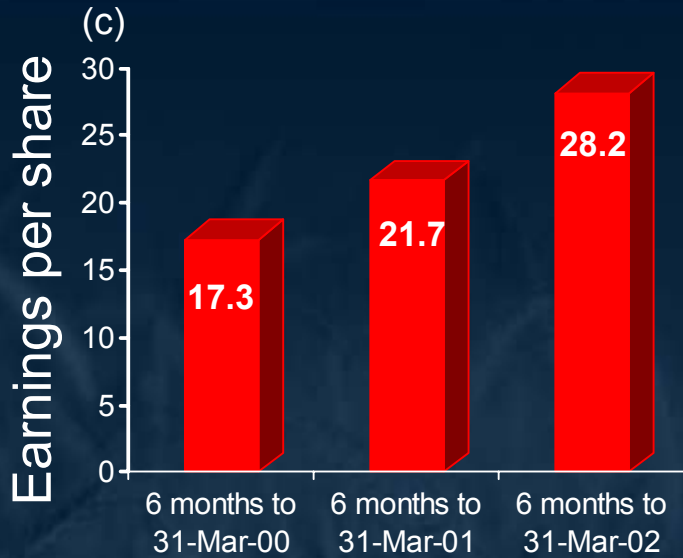


# Capital Expenditure

\$million	For the 6 months ended	For the 6 months ended
	31-Mar-02	31-Mar-01
Grain centres construction	8.6	0.5
System Development	13.1	6.7
Other Plant and Equipm't	5.2	1.5
<b>Total</b>	<b>26.9</b>	<b>8.7</b>
Depreciation	5.6	3.4



# Dividends and Earnings



# Current External Factors

# Current external issues



External factor	Impact on AWB
Australian plantings outlook for 2002-03	High
\$A appreciation	Medium
US Farm Bill	Low
International supply & demand for wheat	Medium

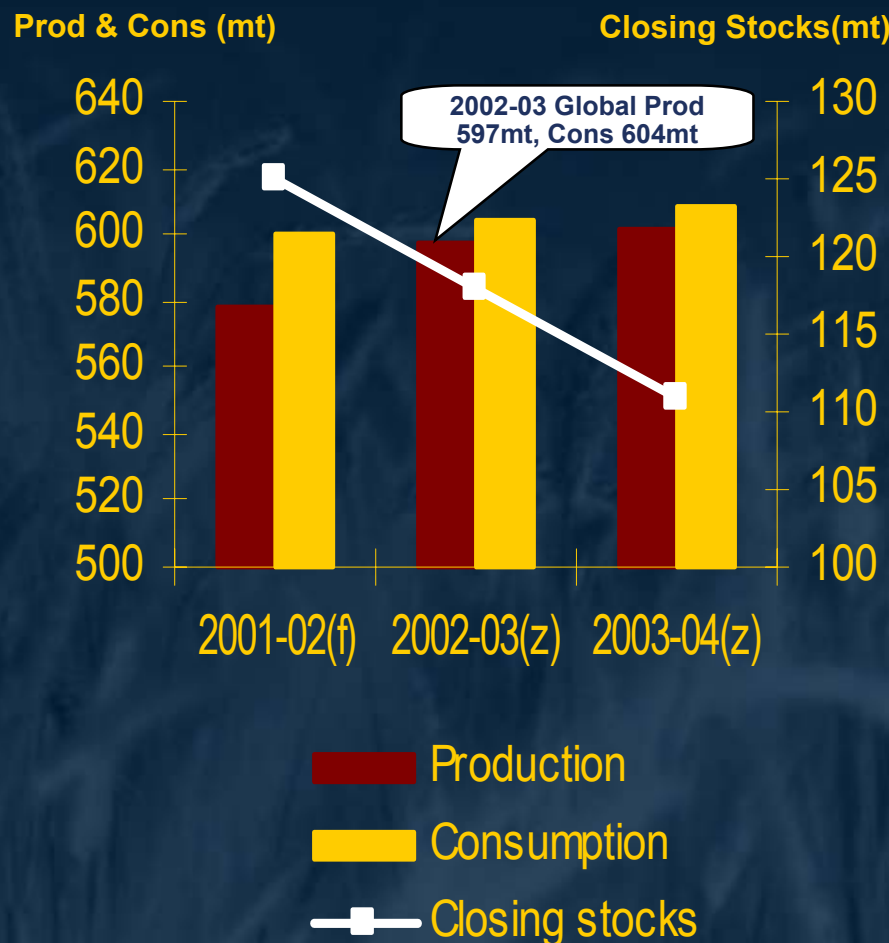
# US Farm Bill



- 10 year spending program of US\$170 billion – 70% increase on old Farm Bill
- New legislation, Farm Security and Rural Investment Act, has decided how to spend the first six years of this US\$170 billion – will apply to period FY2002–07
- New Act should have no direct impact on current plantings
- In the new Farm Bill there is no greater incentive for American growers to produce wheat over other crops – Food and Agricultural Policy Research Institute has predicted the new subsidies will only increase wheat plantings by 1% to 2010
- US control 26% of world trade (2001–02)

# International Supply & Demand

- 2002–03 world consumption expected to again exceed world production
- 2002–03 carryover stocks forecast to decline further
- Production in other major exporting countries forecast to increase (except the US)
- Production from minor exporting countries forecast to be slightly less than 2001–02



# Strategy

# Strategy ... on track



## Four growth drivers:

1. To strengthen core wheat business
2. To broaden the range and volume of grains under AWB management
3. To expand range of Finance and Risk Management products
4. To invest in processing and branded products

# Strengthen core wheat business



## Strategy

- Ensure Single Desk continues to be managed effectively
- Lead in the provision of high quality grains
- Reduce costs and improve grower services in the grain supply chain

## Competitive Advantage

- Australian wheat growers lead the world as highly efficient low cost producers
- Enviably quality reputation
- Increasing global market share and significant growth

# Broaden the range and volume of grains under AWB management

## Strategy

- AWB will supply other Australian grains and other origin grains to our international and domestic customers

## Competitive Advantage

- World leading expertise in wheat marketing
- Globally competitive system of marketing wheat and managing associated risk
- Expertise in commodity risk management
- Capability to access and deliver grains of any type and any origin to global customer base
- Global sales and distribution network

# Expand range of Finance and Risk Management products



## Strategy

- Continue to win the business of our existing growers by offering a comprehensive range of products
- Launch major new products (with greater flexibility)
- Diversify revenue streams
- Provide new products and services to end-use customers

## Competitive Advantage

- Relationship with grain growers and understanding of grower needs for innovative finance and risk management products
- Existing customer base for AWB products

# Invest in processing and branded products



## Strategy

- Secure demand and build margin through vertical integration in downstream operations

## Competitive Advantage

- Leveraging existing investments such as Five Star Flour Mill (Egypt)
- Access to high quality inputs for various end-use applications
- Understanding of key input quality requirements for selected end-use applications
- Ability to leverage the supply chain

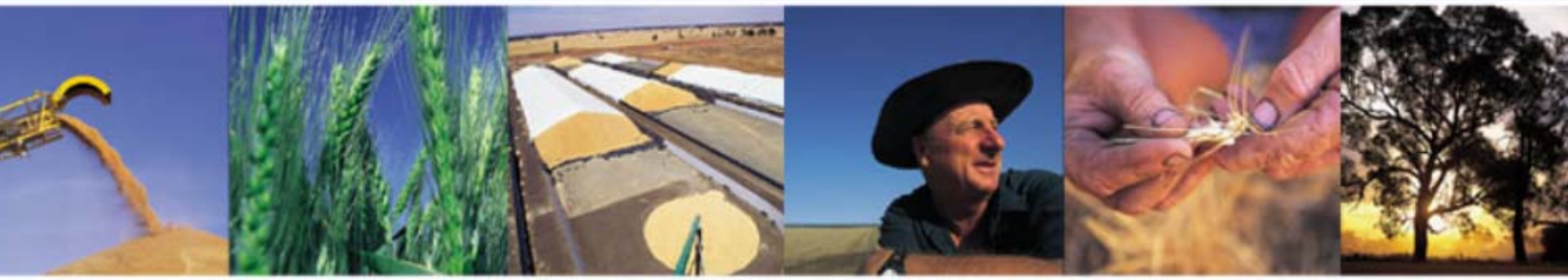
# Outlook

# Outlook



- Full year NPAT forecast between \$100 to \$110 million
- 2002–03 earnings predominantly dependent on current plantings of wheat and other grains, and tonnes received by AWB later in the year
- ABARE forecast an increase in wheat plantings from prior years (subject to reasonable planting conditions)
- International wheat prices and trading ranges over the next 12 months are expected to show similar trends to those of the past few seasons

# Questions



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