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Wellard

Annual General Meeting

29 November 2016



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WELCOME

Agenda

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- 1 Welcome
- 2 Chairman's Address
- 3 Managing Director's Address
- 4 General Q&A
- 5 Formal Business



Board of Directors

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David Griffiths

Independent Chairman

- Independent Non-Executive Director and Chairman of Automotive Holdings Group Ltd
- Deputy Chairman of ThinkSmart Limited
- Extensive experience in equity capital markets, mergers and acquisitions, and corporate advisory

John Klepec

Independent NED

- Former Non-Executive Director Network Ten Limited
- Former Chief Development Officer for Hancock Prospecting – built its agriculture portfolio
- Previously with BHP Billiton Limited, Mayne Group Limited and with the BGC Group

Philip Clausius

Independent NED

- Founder and managing partner of Transport Capital Pte Ltd
- Director and CEO of Nordic Shipholding A/S; Non-Exec Director of BW Pacific
- Singapore Maritime Foundation Advisory Panel member

Mauro Balzarini

Managing Director / CEO

- CEO of Wellard business since May 2004
- Grown Wellard to be the largest marketer and exporter of live cattle in Australia
- Member of Trade & Investment Advisory Council

Greg Wheeler

NED

- Finance director of Wellard since 2011
- Previously Group Financial Controller for Austal Limited
- Previously with PwC & Westpac Bank

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CHAIRMAN'S ADDRESS

Highlights

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ON-THE-GROUND
PRESENCE IN
TEN
COUNTRIES



EXPANDED
OPERATIONS
INTO
SOUTH
AMERICA

PURCHASED OVER
1,000
CATTLE AND
900 SHEEP
PER DAY



FOCUS ON ANIMAL
WELFARE &
TRACEABILITY



LAUNCH OF M/V OCEAN
SHEARER INCREASED
CAPACITY BY 50%



LARGEST
CATTLE EXPORTER
IN AUSTRALIA

DEBUTED ON
ASX
DEC 10, 2015



GREW
MARKETS IN
TURKEY,
EGYPT &
ISRAEL

36
YEARS
OPERATING
IN AUSTRALIA

OVER 200
FULL TIME
STAFF
EMPLOYED



PRO FORMA NET
PROFIT AFTER TAX
\$14.8 MILLION

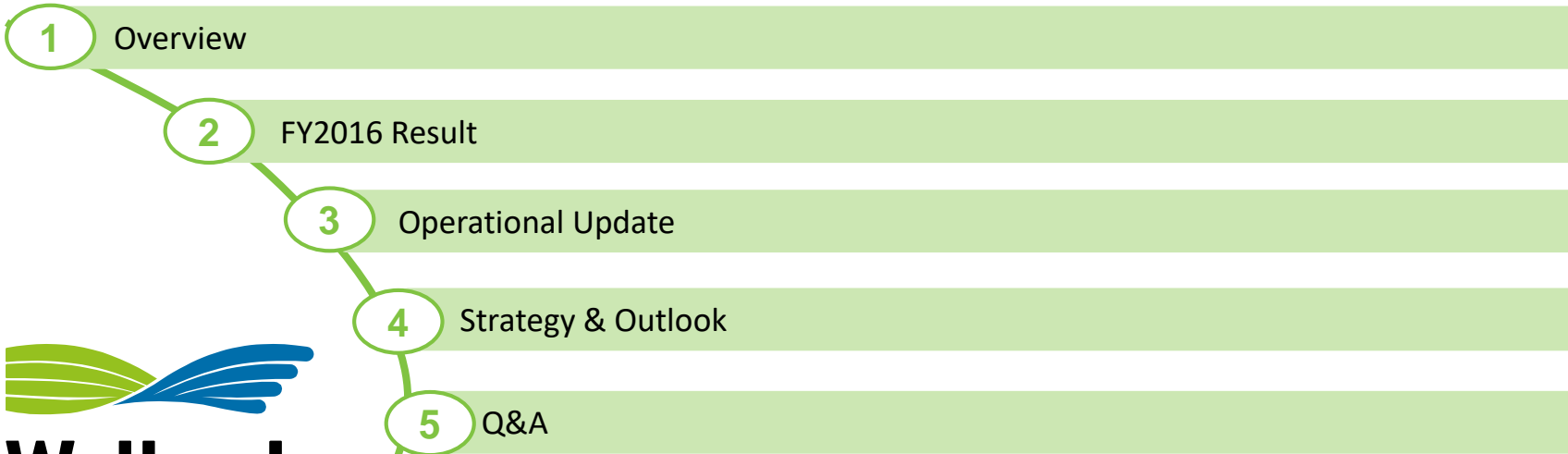
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MANAGING DIRECTOR'S REPORT

Managing Director's Address - Agenda

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Wellard Overview

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Livestock Marketing and Export

Processed Meat Marketing and Export

A\$535.9m revenue FY2016

A\$37.9m revenue FY2016

- Operations performing well
- 424,972 cattle shipped in 58 shipments
- Cattle prices trending downwards
- South American operations expanded and becoming more efficient
- Opportunistic approach to external chartering

- 361,087 sheep processed
- Greater returns from skins - processing heavier lambs & sheep
- Started packing by-products for pet food for export to EU
- Improved casing returns for lambs & sheep
- Further processing lambs to individual cuts for specific markets
- USA market access in March 2016

- 5** pre-export facilities
- 2** planned pre-export facilities
- 1** ruminant feed mill

- 5** livestock vessels
- 1** vessel under construction
- 1** backgrounding property



1 Processing facility in Western Australia

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02

FY2016 RESULT

Key Financials FY2016

Summary financial and operational performance:

Highlights (A\$m)	FY2016 (Statutory)	FY2016 (Pro Forma*)
Revenue	573.8	573.8
Gross Profit	88.9	88.9
EBITDA	3.7	38.7
NPAT	(23.3)	14.8
Total Cattle Shipped** (#)	424,972	424,972

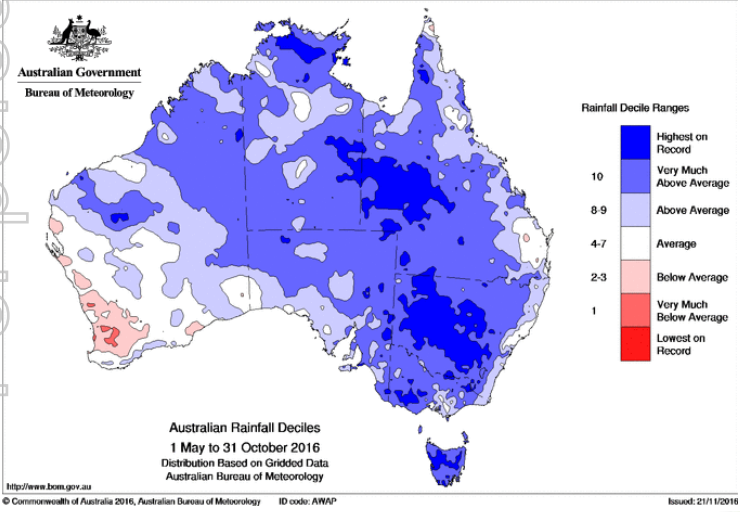
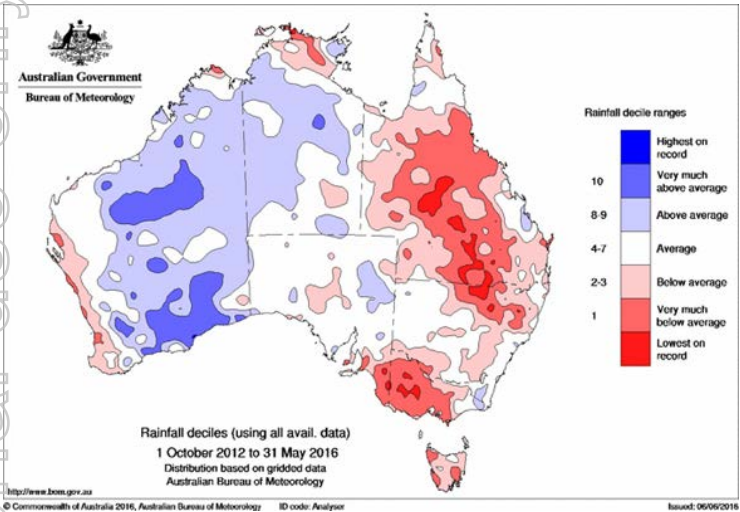
- Achieved pro-forma FY2016 NPAT* of \$14.8 million when most other cattle buyers (processors and live export) struggled to report a profit
- Very unusual weather pattern in North and Central Australia greatly reduced cattle availability and pushed prices to historical high
- Significant pasture growth enabled producers to retain cattle or increase herd. Producers moved from being cattle suppliers to become buying competitors
- Rapid shift to South America experienced growing pains and some operational issues – reducing efficiency
- Repair period and associated costs for the M/V Ocean Swagman and M/V Ocean Outback
- Delivery of M/V Ocean Shearer delayed and impacted number of voyages in the financial year

*Pro forma EBITDA is Earnings before interest, tax, depreciation and amortisation, and excludes all one-off IPO related costs totalling \$35.0m

**Figure includes cattle shipped by Wellard on behalf of third party customers

Australian Weather / Cattle Prices

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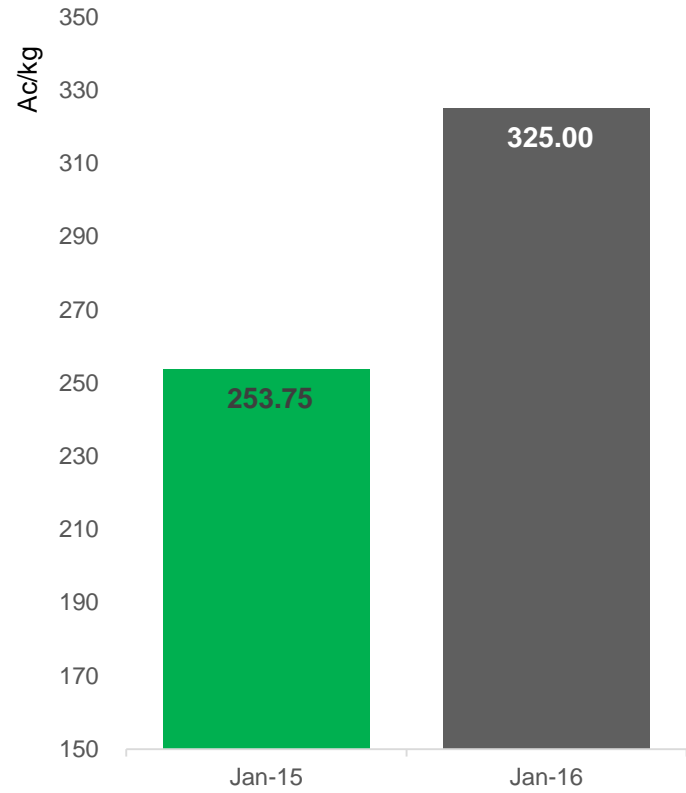


2012 to May 2016
Drought

May to October 2016
Heavy Rain

Price Break Out

Darwin Steers - Live Export Prices
Source: MLA



Recent Industry Conditions

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WA cattle boom: Kimberley live exports attract record prices on soaring Asian demand

By [Erin Parke](#)

Posted 2 Apr 2016, 6:48am

EYCI hits a new record high

13 January 2016

The EYCI hit a new record high on Wednesday, at 600c/kg cwt, buoyed by rain-induced producer confidence at many of the major selling. [Read more.](#)

EYCI cracks record, as southern saleyard prices surge

by Jon Condon, 29 April 2015

Cattle prices set for a new higher average with tight supply

ABC Rural | By Cassie Hough and Sarina Locke

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Posted 11 Oct 2016, 3:33pm

To study cattle prices is a lesson in supply and demand, with the tightest supplies in 20 years keeping prices at record highs.

Tight cattle supply forces Victorian processor to buy from Western Australia

WA Country Hour

[Print](#)
[Email](#)

Industry projections 2016 October Update



KEY POINTS

- Tightest cattle supplies in 20 years
- Up to 40% herd decline in parts of western Queensland
- Live cattle exports constrained by availability and prices
- Beef exports...

KEY 2 Slaugh

North Queensland Register • AUS • Nov 17 • 02:44 pm

Challenging year for livestock exports

THE live export trade is no stranger to heavy lifting, however the past year has been particularly challenging. LiveCorp chairman David... social licence constantly presents a backdrop to business. *Live export* statistics and *prices* compiled by LiveCorp, the trade's research and

Balance Sheet & Liquidity

Highlights (A\$m)	30 June 2016
Total Assets	478.6
Total Liabilities	289.8
Equity & Reserves	188.8
Drawn Debt Facilities	
Vessel related facilities*	186.0
Working capital facilities*	17.5
Total drawn debt	203.5
Undrawn debt facilities*	51.0
Cash on hand	31.9
Available liquidity	82.9
Net Debt/(Net Debt & Equity)	48%

*Includes USD denominated debt converted at EOM spot rate at 30 June 2016

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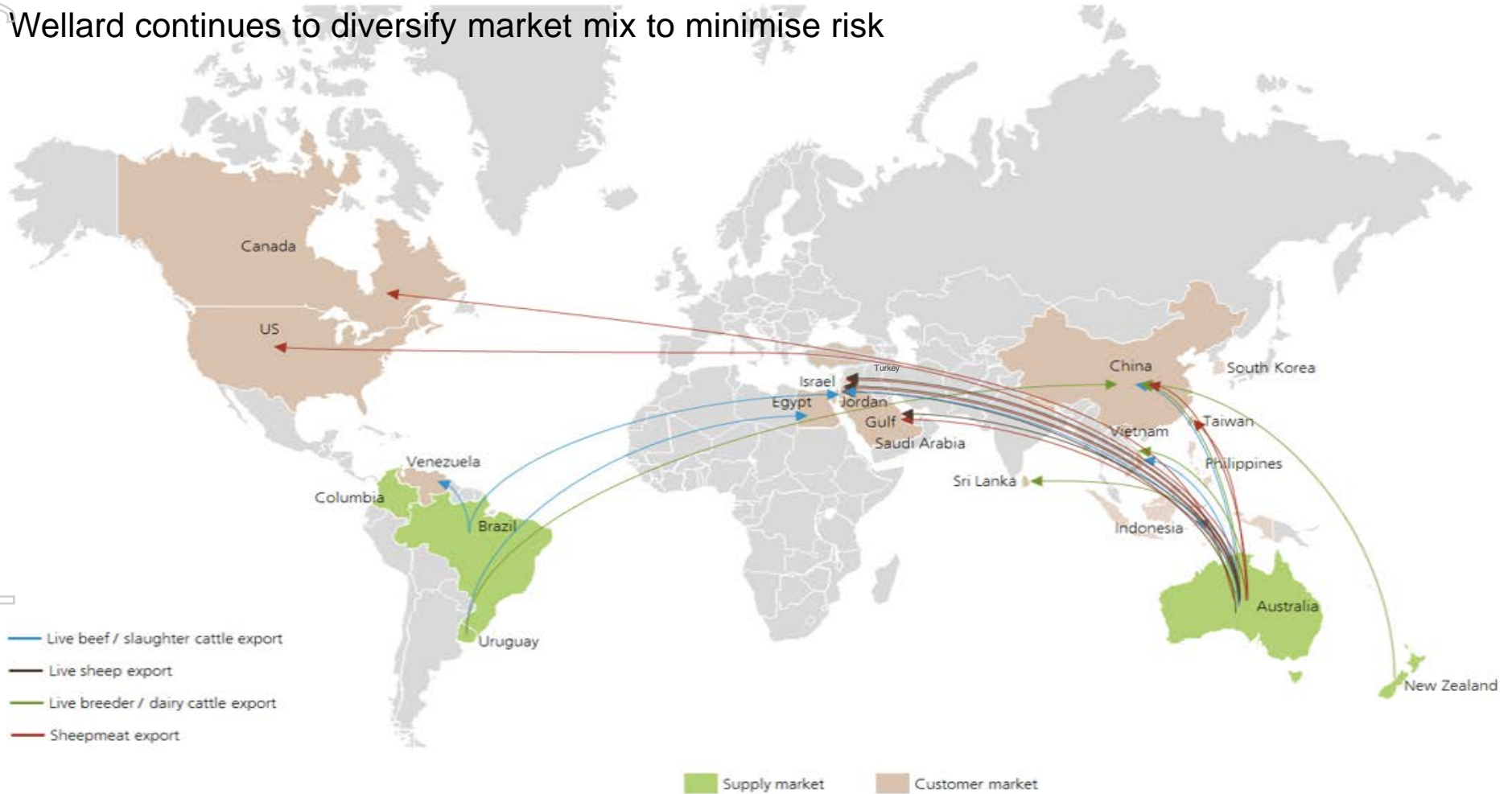


03

OPERATIONAL UPDATE

Major Markets & Trading Flows

Wellard continues to diversify market mix to minimise risk

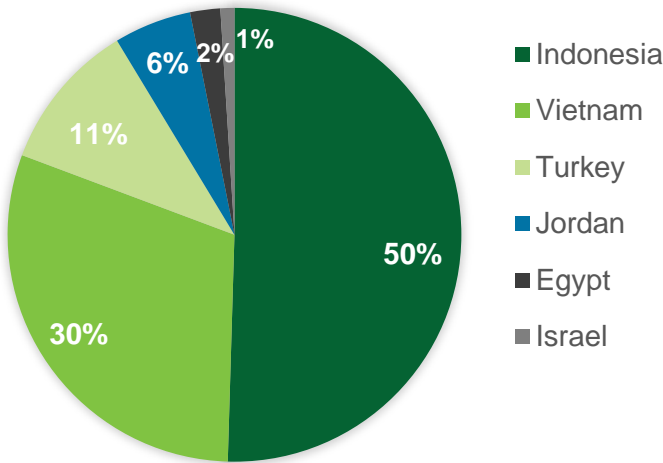


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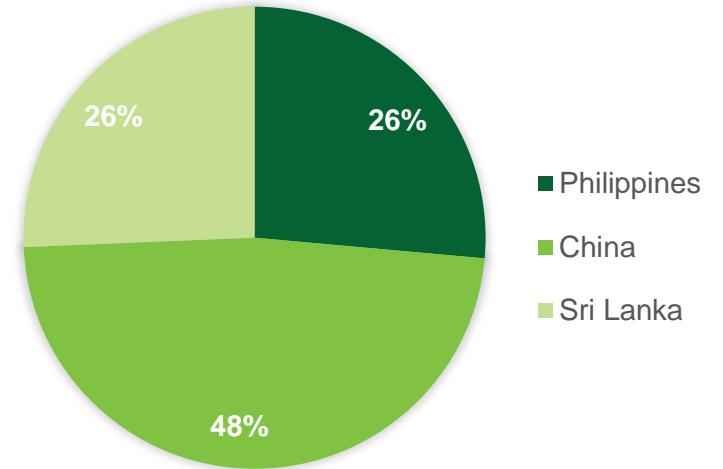
Major Markets – Diversification (FY2016)

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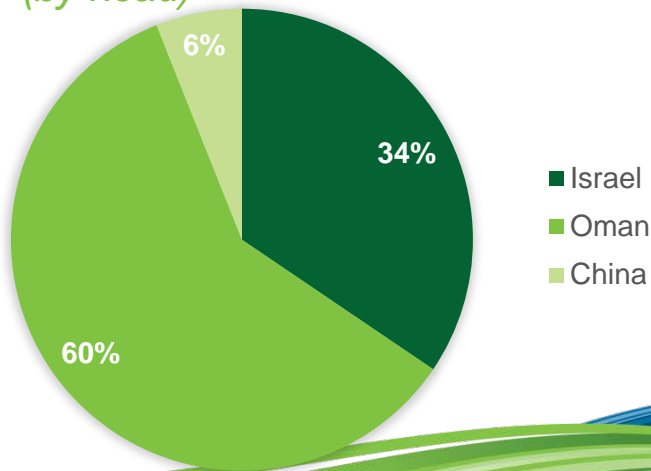
Slaughter & feeder cattle (by head)



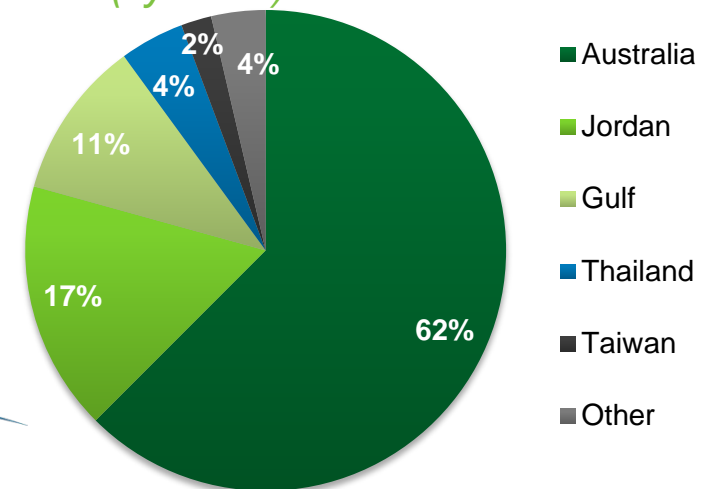
Breeder cattle (by head)



Sheep (by head)



Sheepmeat¹ (by value)



Note:
1. includes goatmeat, skins, offals and runners sales

Animal Welfare

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- Committed to the highest standards of animal welfare
- Compliant with all regulatory standards & continual investment in initiatives over-and-above the regulatory requirements
- State of the art, purpose built livestock carriers ensure that Wellard remains a market leader in quality livestock shipping
- Continue to deliver new generations of Wellard control & traceability software and support in Vietnam and Indonesia
- Industry leader - smartphone apps, scanners, slaughter equipment, auditing, training & education



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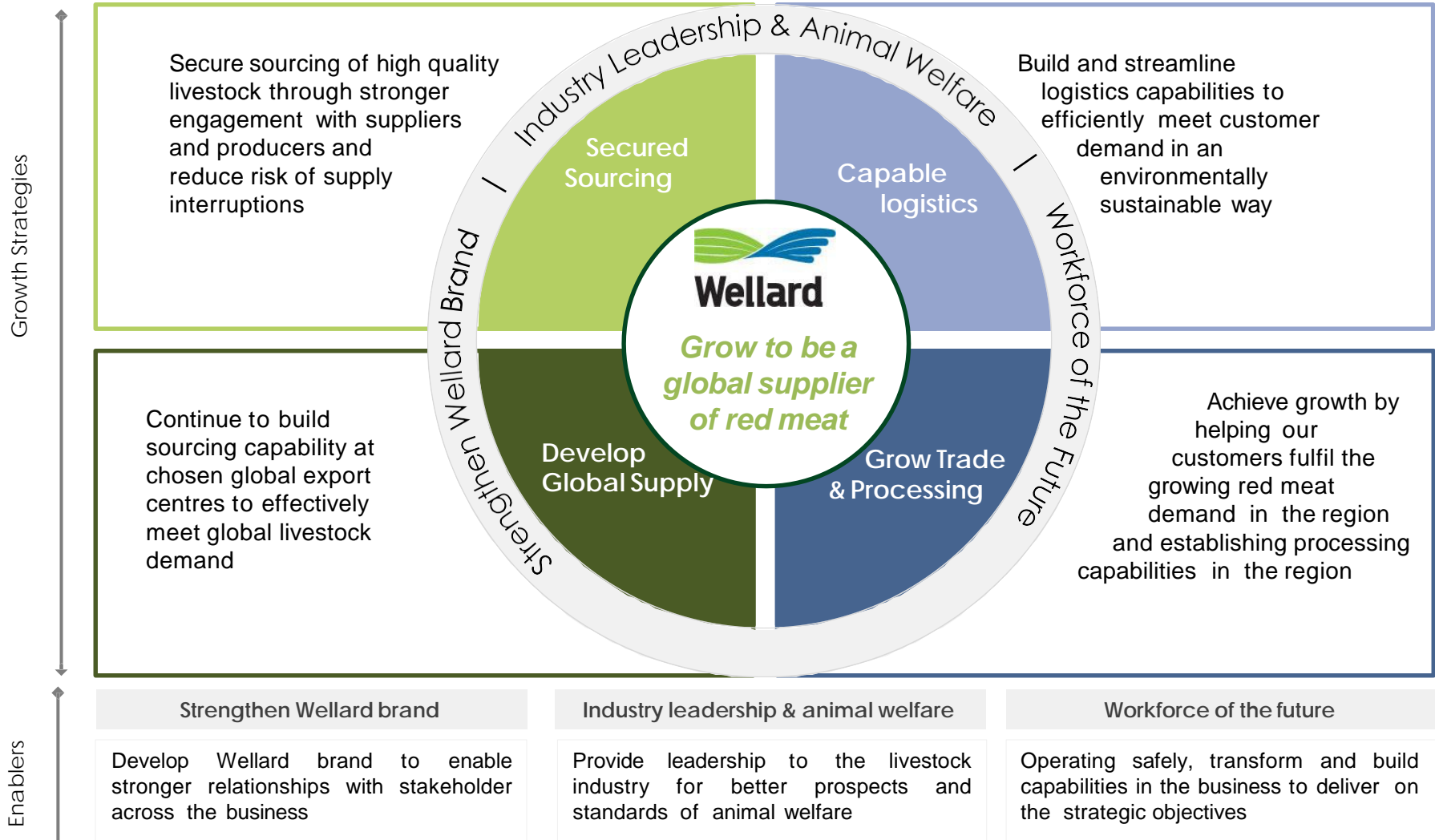


04

STRATEGY AND OUTLOOK

Wellard's Growth Strategy

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Delivering Against Strategy

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Capable Logistics

- Pre Export Quarantine (PEQ) depots in WA/NT/VIC and new depots for NT/VIC
- Depot strategy supports development of long term maritime trade for specific lines/specs of cattle for specific markets
- Specialised fleet continues to provide flexibility and improved animal welfare, weight and value
- M/V Ocean Kelpie rescheduled to match company needs and market conditions

Develop Global Supply

- Record year for cattle shipped from South America
- Supply chain maturing in Uruguay and Brazil
- Developing global expertise through staff deployments

Secured Sourcing

- Assessing future supply opportunities in Australia
- Deep understanding of alternative source markets
- Flexibility and options for sourcing stock

Grow Trade & Processing

- Add value by fattening cattle in Turkey
- BRM received certificate to supply USA in March 2016 and applications have been made for Malaysia and Europe
- Assisting Indonesian clients with breeding program as part of new importing regime in Indonesia

Operational Outlook

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Market

- Still challenging – Australian herd in rebuilding phase
- Cattle prices are starting to fall – EYCI back 80c/kg from its peak
- Greater numbers of cattle for sale expected at completion of wet season

Assets

- Vessel ownership continues to deliver value to the business
- Vessels always maintained to the highest standards and according to latest rules and regulations
- Progressing the insurance claim on M/V Ocean Outback and M/V Ocean Swagman

Financing

- Implementing cost control and efficiency measures
- Working collaboratively with the banks to resolve current and future covenant issues
- Finance providers supportive of the business

Opportunities

- Export of slaughter cattle to China expected to start and grow in 2017
- South American business established - will trade when it adds superior value to Australian business
- Increased value adding and market diversification for BRM sheepmeat

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05

QUESTIONS & ANSWERS

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THANK YOU

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