



**Wingara AG
Limited**

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Wingara – Acquisition Announcement

1 March 2018



Important Notice



About Wingara Ag Limited:

Wingara Ag Limited aims to be the leader in the sale of agricultural products to the domestic and international markets, particularly focusing on the export of hay products to Asia. By adhering to the highest standards of production we ensure a reliable source of hay to our clients, enabling them to meet their business demands confident in the quality of our product.

We are also dedicated to supporting local producers and our commitment to providing an equitable relationship with Australian farmers allows us to source the best product available. Wingara is committed to ensuring we uphold the highest standards of integrity throughout the organisation, ensuring that we create an environment in which individuals continue to strive to meet our goals.

Forward-Looking Statements:

Certain statements made in this release are forward-looking statements and are based on Wingara Ag's current expectations, estimates and projections. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward-looking statements. Although Wingara Ag believes the forward-looking statements are based on reasonable assumptions, they are subject to certain risks and uncertainties, some of which are beyond Wingara Ag's control, including those risks or uncertainties inherent in the process of both developing and commercialising technology. As a result, actual results could materially differ from those expressed or forecasted in the forward-looking statements. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Wingara Ag will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.

Introduction

Wingara enters its next phase of growth

Acquisition

- Wingara is pleased to announce that it has signed an agreement to acquire Austco Polar Cold Storage (“Austco”) for \$18.5 million
- Austco is a highly attractive strategic acquisition for Wingara:
 - ✓ Significantly enhances Wingara’s ability to export more products to the key Asian countries in which it operates
 - ✓ Access to new customers and markets
 - ✓ Strategically located
 - ✓ Stable earnings profile with upside potential
 - ✓ Favourable acquisition metrics (the operating business is being acquired an effective historical EBITDA multiple of 2.4 times)
- Wingara will acquire the operating business and the associated property, which is located in Laverton North
- Due diligence has been completed, including property valuation, technical report and accounting / financial review

Funding

- Wingara has secured a debt funding package for the acquisition as well as the development of Raywood
- Wingara will also be undertaking a share placement of \$6.8 million (issue price of \$0.35 per share) to existing and new sophisticated investors

New Board Appointment

- Wingara is also pleased to announce that Mark Hardgrave will be joining the Board as a Non-Executive Director immediately
- Mark brings over 35 years’ experience to the Board having held previous positions in corporate finance, funds management as well as various C-suite roles

Blast Freezing



Storage



Container Loading and Warehousing



Leasing



Wingara's strategy

Wingara's strategic aim is to further capitalise on its proven export capabilities and customer relationships in Asia to become a successful provider of diversified Australian agricultural products to both export and domestic markets with a balanced approach to market risk. Austco is the next step.

Strategically focused on the thematic of feeding Asia



01

Develop hay business



- Epsom up and running (17KT pa grown to 32KT pa over the last 2 years)
- Raywood and Horsham to come on line



- Assess strategic acquisition opportunities in other regions

02

Undertake strategic acquisitions



- Assess acquisition opportunities - other agricultural products providers



- Focus on opportunities which leverage Wingara's strong customer base, trading and logistics expertise

Hay is only the door opener for Wingara's access into the Asian markets. Wingara aims to selectively trade products based on demand/supply opportunities in our destination countries. (Products might include: wheat, oat, lentils, canola, cotton seeds, cattle, sheep, poultry, to name a few)

Austco will help in achieving this objective



Multi Products



Multi Currencies



Multi Regions



With a Focus on Quality

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Austco Polar Cold Storage

Austco Polar Cold Storage

Overview

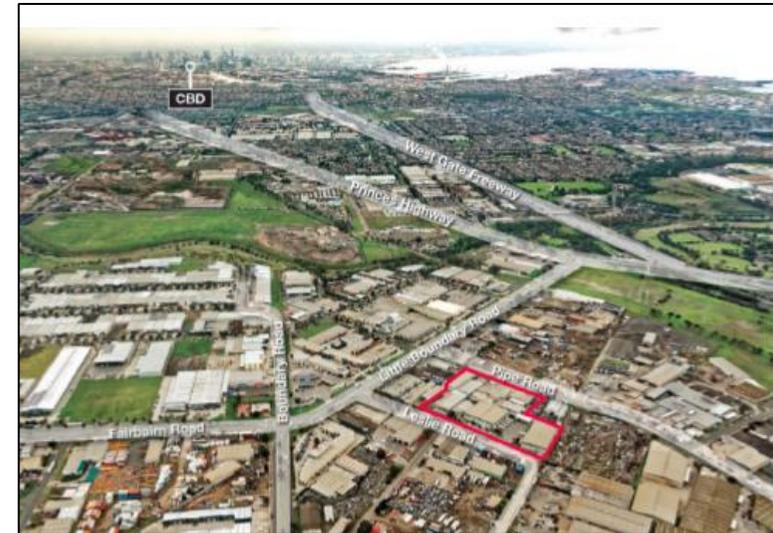
Business summary

- Austco Polar Cold Storage owns and operates a cold storage facility located in Laverton North, in Melbourne's west
- Established in 1987
- Specialises in temperature controlled facilities, blast freezing, storage and distribution for domestic and international clients
- Austco storage facilities are capable of both bulk and order picking, with a focus on feeding into distribution centres and container loading
- FY17 revenue and normalised EBITDA of \$10.2 million and \$2.6 million respectively
- Austco is viewed as a strategic asset for Wingara on its journey in becoming a provider of diversified agricultural products:
 - ✓ Access to suppliers
 - ✓ Export oriented with full export capabilities
 - ✓ Tangible facilities to control logistical bottlenecks and provide value added services
 - ✓ Multi products, multi region and multi currency

Transaction summary

- Wingara has completed due diligence and has signed transaction documents
- Purchase price of \$18.5 million
 - \$3.4 million operating business (2.4x EBITDA)
 - \$15.1 million property (8.0% yield)
- Expected settlement date in April 2018, subject to satisfactory completion of the Conditions Precedent

Property overview – aerial view



Austco Overview

Property

Property Summary

- Total site area of 30,315 sqm spread across 5 titles and is mostly level throughout
- The site features dual street frontages, as well as full drive through capabilities for loading/ unloading of produce
- There are extensive improvements across the site that account for approximately 57% site coverage, equating to 15,139 sqm
- These improvements predominantly consist of temperature controlled / cold storage space, blast freezer facilities, office space, food preparation areas, staff amenity areas and a retail meat facility
- It is strategically important for Wingara to own the property at this point in time:
 - Wingara does have the option to sell and leaseback the property if it desires
 - Wingara has tested this with various parties and interest has been validated



Property Site Plan



Austco Overview

Austco's operating business



Blast freezing

- Contains assorted sizes of blast freezers.
- Capacity for ~8,000 units per day of meat and poultry to be blast frozen.
- The blast freezers and refrigeration program is monitored 24 hours a day and it continues to have respectable uptime history.
- Austco has implemented a Glycol system on the site to increase efficiency in the freezing process.

Leasing

- Austco has various rooms available for lease with both managed and unmanaged services depending on tenant requirements and needs.
- The business has production rooms available for boning and cooking, as well as humidity controlled, chilled and frozen configurations.

Storage

- Austco has a maximum storage capacity in the vicinity of 14,000 pallets.
- The business bases its general business on 11,000 pallets and has 3,000 of pallet space in use by tenants.
- Rooms can be interchangeable between temperature configurations within a few days.
- 10,000 pallets of the site's storage capacity is in drive-in racking.
- The drive-in racking is ideal for bulk lines, with groupings of 20, 25 and 35 pallets per rack.

Truck and container loading and unloading

Containers

- Austco has the ability to load up to 15 containers per day.
- Austco averages 8-10 containers per day for its current client base, therefore strong upside capacity remains.

Trucks

- Austco has several areas for trucks to be loaded and unloaded, each catering to different needs and capabilities of transport companies, vehicles and client product.

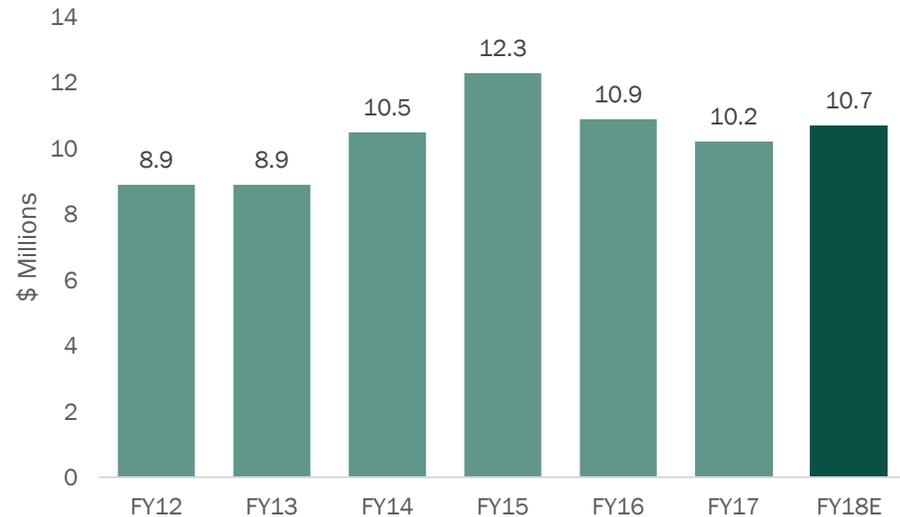
Financial Summary

Austco has recently achieved consistent revenue of \$10 - \$11 million per annum

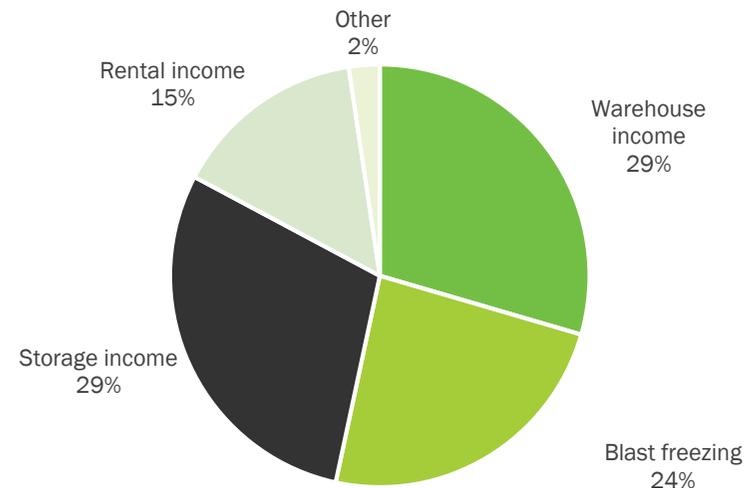
Overview

- Austco has consistently delivered revenue in excess of \$10 million over the last four years
- Earnings have remained consistent during the period as well
- There was a spike in revenue and earnings in FY15 which was noticed across the industry - due to the impact of drought in the meat industry, with a strong flow-on demand for slaughtering and then subsequently blast freezing and cold storage requirements
- Blast freezing and warehouse income constitute the majority of revenue (53% in FY17)
- The balance of revenue is primarily comprised of storage and rental income
- FY18 revenue is forecast to be \$10.7 million, an increase of approximately \$0.5 million on FY17 revenue

Austco Revenue



Revenue Segmentation (FY17)



Acquisition Funding

Wingara's funding package



Overview

- A total funding package of \$20.0 million is required for the acquisition of Austco
- Wingara has executed a facility agreement with ANZ to fund \$15 million of the acquisition which forms part of a broader funding package
- \$5.0 million of the \$6.8 million equity placement will fund the remaining portion
- Wingara has selected this funding package to ensure its balance sheet remains strong with flexibility to pursue additional acquisitions, as opportunities arise

| Sources | A\$m | Uses | A\$m |
|----------------------|-------------|--------------------------------|-------------|
| Senior debt | 15.0 | Acquisition enterprise value | 18.5 |
| Equity raising | 5.0 | Transaction costs ¹ | 1.2 |
| | | Working capital | 0.3 |
| Total funding | 20.0 | Total uses | 20.0 |

1. Includes stamp duty of ~\$0.85 million and transaction costs

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Share Placement



Share Placement Details

Key Share Placement Details

Structure

- Placement to new and existing institutional and sophisticated investors
- New shares will rank pari passu with existing ordinary shares

Placement Size

- \$6.8 million
- Up to a maximum of 19,386,645 million shares (25% of current issued capital)

Placement Price

- \$0.35 per new share

Indicative Timing

- Trading halt begins Wednesday, 28 February 2018
- Allocations confirmed Thursday, 1 March 2018
- Settlement Friday, 2 March 2018
- Allotment and trading of new shares Monday, 5 March 2018



Other Updates



Board Changes

- Wingara is delighted to announce the appointment of Mark Hardgrave to the Board, who will become a Non-Executive Director immediately
- Mark brings a diverse range of experience to the Board obtained over 35 years, in fields such as funds management, investment banking, corporate finance plus valuable skills obtained from CEO and CFO positions
- Mark's most recent position was as a Managing Director (and co-founder) of M&A Partners, a boutique corporate advisory group
- Prior to that, Mark was involved in funds management, equity capital markets and mergers & acquisition in various roles at firm such as Bennelong Group, Thorney Investment Group, Merrill Lynch and Taverners Group
- Mark currently holds Directorships at Traffic Technologies Limited (ASX-listed), Nimble Finance Limited and Reclink Australia Limited (Not-for-Profit)
- Current Non-Executive Director James Everist will be stepping down from his role

Raywood Development Site

- Council approval received in December 2017
- Development has commenced and a first storage has been erected, with capacity of 11,000Mt
 - Installation of key machinery is now 50% completed
 - Production shed on track to be completed by June 2018
- Commissioning remains on target with initial production to commence in time for the 2018 hay season
- Australian oaten exports are experiencing strong growth, driven by China which buys all qualities of oaten hay¹

Raywood Shed Progress – January 2018



Other Initiatives

- A key initiative of the Board is to increase the exposure of the business in financial investor markets and work with shareholders and advisors to increase trading volumes and liquidity for shareholders in the stock

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