



Wellard

Investor Presentation

February 2017



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References to "Wellard", or the "Company", are references to Wellard Limited ACN 607 708 190, or its subsidiaries.

Corporate and operations highlights

Corporate

- Important senior leadership appointments
 - John Klepec (Non Executive Director)
 - John Stevenson (Chief Financial Officer)
 - Michael Silbert (Company Secretary)
 - Brad Gosling (Chief Operating Officer)
- Maintained relationship with finance providers
 - Obtained waivers for banking covenant breaches and remedied undertakings
 - Renegotiating future debt covenants
 - Improving trade credit arrangements for livestock purchases

Operations

- Purchased and received regulatory approvals for development of two new Pre Export Quarantine facilities
 - Livingstone, NT
 - Condah, Victoria
- In house vessel management in Singapore
 - Cost reduction and increased coordination of our fleet will show from FY18 as the new technical team delivers efficiency
- Invested in business development activities in Middle East, Mediterranean and China to diversify our client base and absorb shipping capacity.
- Partnership with Sri Lankan Government for the supply of dairy cattle

Wellard Overview 1H2017

A

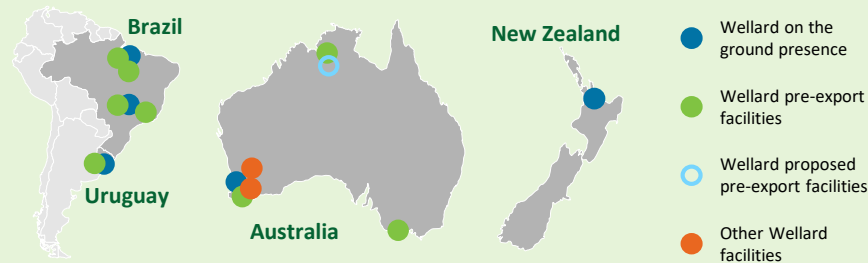
B

Livestock Marketing and Export

Processed Meat Marketing and Export

A\$264.0m revenue 1HFY2017

- The #1 exporter of cattle from Australia in 1HFY17 (22% market share)
- 205,953 head of cattle shipped in 26 shipments (2016: 201,786 head); 34,856 head of sheep shipped in 2 shipments (2016: Nil)
- Cattle prices trending downwards
- Diversification into South American markets continues
- Opportunistic approach to external chartering



<p>8 pre-export facilities</p> <p>1 planned pre-export facilities</p> <p>1 ruminant feed mill</p>	<p>5 purpose-built vessels</p> <p>1 vessel under construction</p>
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A\$17.9m revenue 1HFY2017

- Counter cyclical investment
- 147k head of sheep and 23k head of goat processed
- Increased throughput & efficiencies in 1HFY2017
- Improved returns from:
 - Heavier lamb and sheep combined with growth in goat demand
 - Value adding by further processing cuts for specific markets



1 Processing facility in Western Australia

Financial overview

Half year ended 31 December 2016	Reported	Variance to pcp ³
Revenue	\$281.9m	+2.3%
Net loss after tax	(\$17.9m)	+24.9%
Underlying EBITDA ¹	(\$1.3m)	-\$28.2m
Comparable costs ²	\$29.8m	-30.0%
Debt to total assets	49%	+6.5 pps
Cash & cash equivalents	\$15.0m	-53.0%
Loss per share (cps)	4.5	+38.4%
Net tangible asset per share (cps)	42.0	-8.7%

- Record increase in livestock purchase prices resulted in 67% drop in gross margins
- Despite difficult trading conditions revenue and market share levels maintained

¹ Underlying EBITDA excludes items which are non-recurring in nature, such as Initial Public Offering related costs, integration costs, restructuring costs and impairment

² Excludes non-recurring costs and costs related to the establishment & operation of Wellard Limited (incorporated December 2015) for which there are limited comparables

³ pcp for income statement items refers to 31 December 2015. pcp for balance sheet items refers to 30 June 2016.

Performance summary

Half year ended 31 December 2016 (\$m)	1H2017	pcp ⁴	var %
Revenue	281.9	275.5	2.3%
Gross profit	16.3	49.6	-67.1%
Comparable costs ³	29.8	42.4	-30.0%
Non-recurring costs	3.8	33.7	-88.7%
Other costs	3.3	0.3	na
Underlying EBITDA ¹	(1.3)	26.9	na
Net loss after tax	(17.9)	(23.9)	24.9%
Current assets	104.4	175.0	-40.3%
Underlying Current liabilities ²	88.6	116.4	-23.9%
Underlying Net Current assets ²	15.8	58.6	-73.0%
Net assets	172.7	188.8	-8.5%

¹ Underlying EBITDA excludes items which are non-recurring in nature, such as Initial Public Offering related costs, integration costs, restructuring costs and impairment

² Underlying current liabilities & underlying net current assets excludes non-current borrowings reclassified as current due to debt covenant breaches as at 31 December 2016

³ Excludes non-recurring costs and costs related to the establishment & operation of Wellard Limited (incorporated December 2015) for which there are limited comparables

⁴ pcp for income statement items refers to 31 December 2015. pcp for balance sheet items refers to 30 June 2016.

Australian live cattle prices up, volume down (Source MLA)

EYCI (\$A/kg) movement since June 2015:

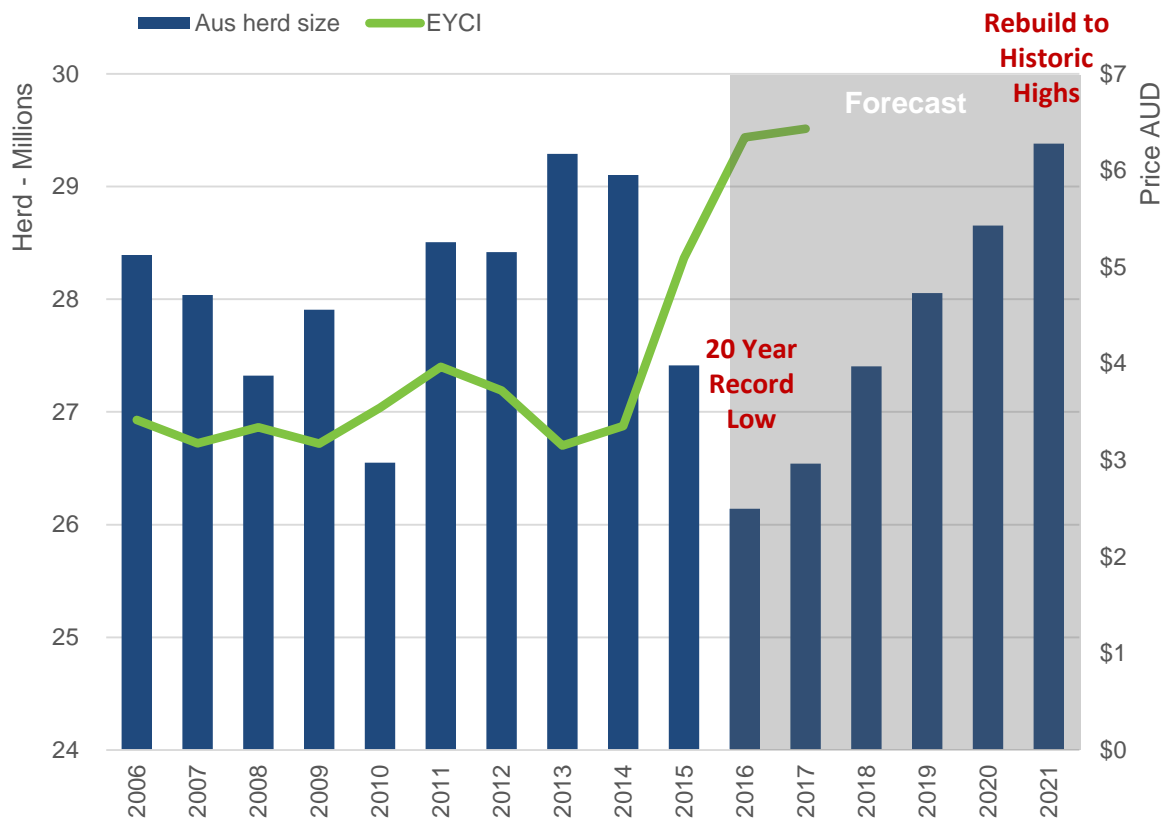
To June 2016	Up 44%
To Dec 2016	Up 70%

Wellard cattle purchase price vs 1H2015 (\$A /kg)

1H2016	Up 47%
1H2017	Up 76%

Wellard cattle purchase volumes (kg) vs 1H2015

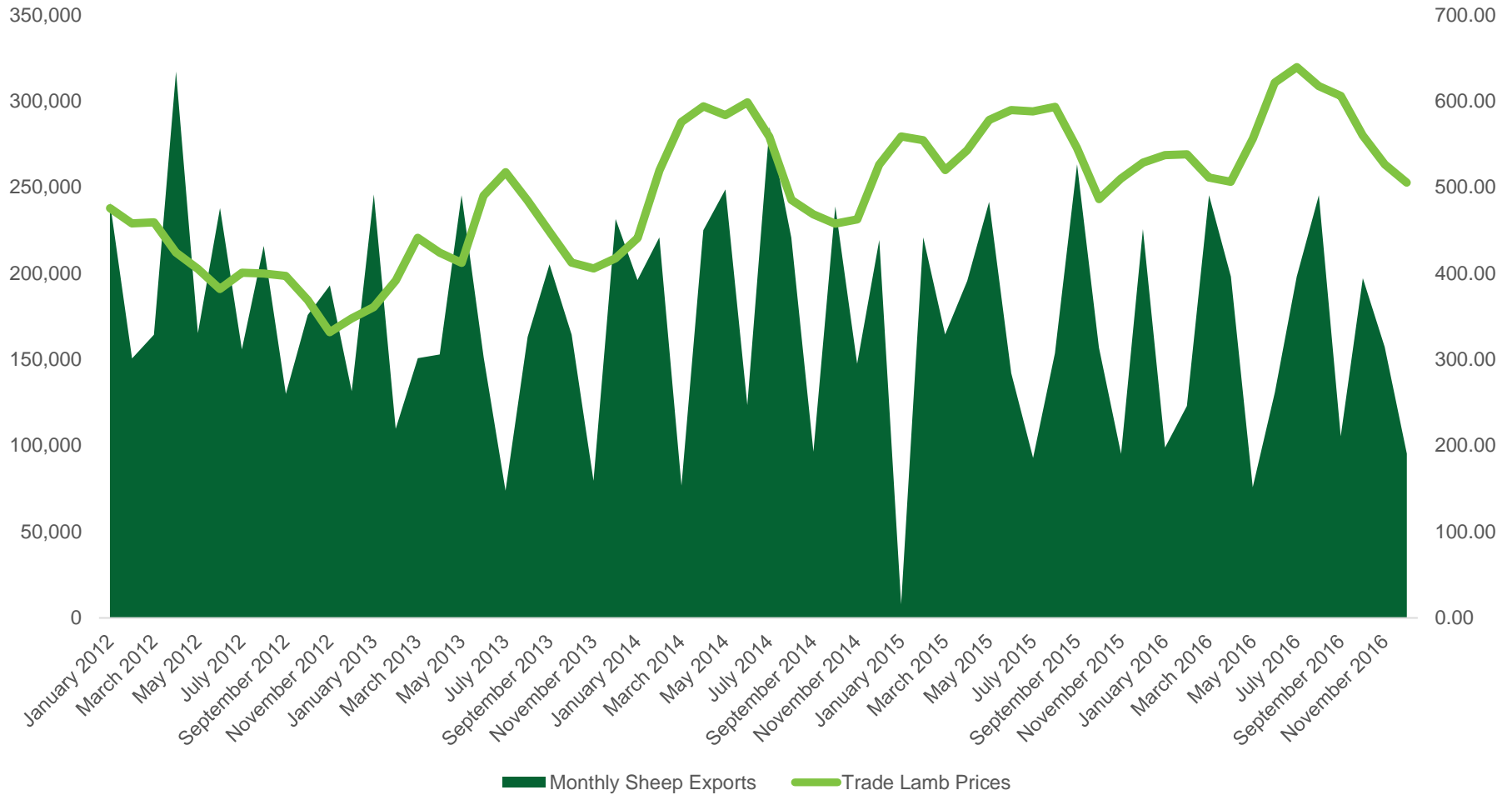
1H2016	Down 22%
1H2017	Down 42%



Source: MLA & ABARES
 EYCI: General benchmark of Australia cattle prices. The indicator is a seven day rolling average and includes vealer and yearling heifers and steers from saleyards in NSW, QLD and VIC. Quoted number is the EYCI annual average.

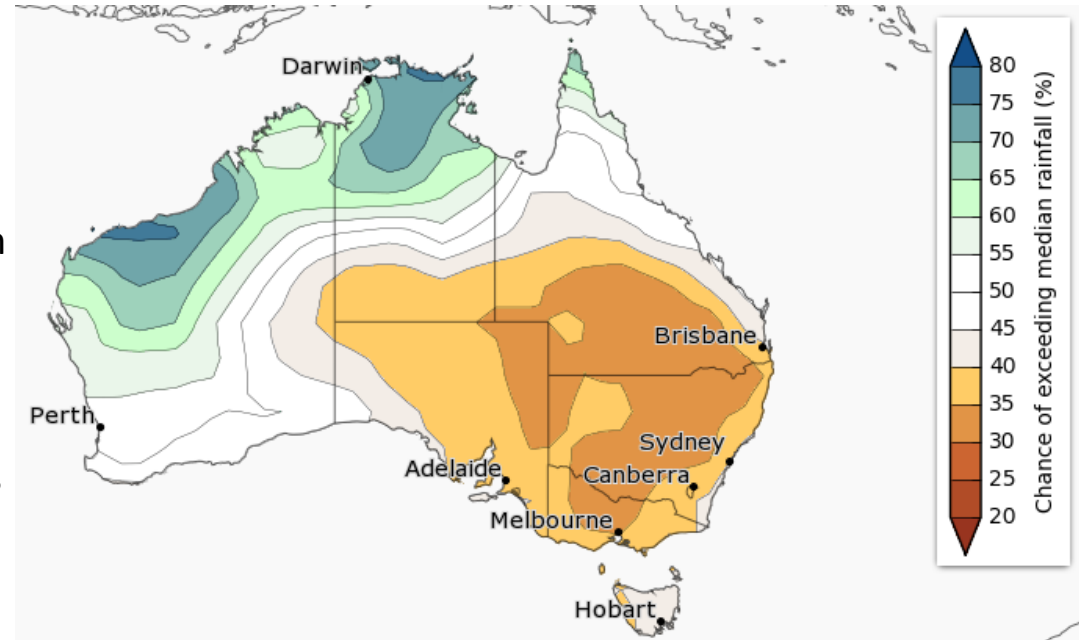
Australian live sheep export volumes & prices

(Source MLA)



Market dynamics – Once in a generation price movement

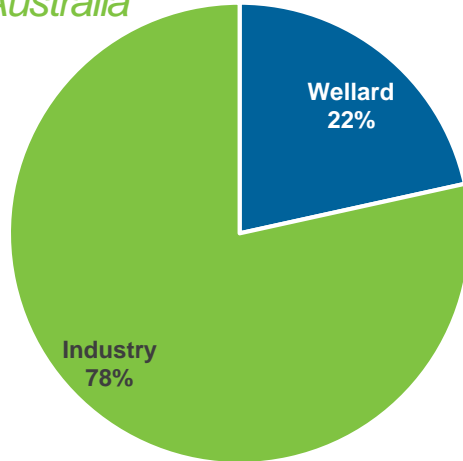
- Prices will rebalance as weather conditions allow for a herd rebuild
- Demand from traditional live export markets, although volatile, remains strong...at the right price
- Australian herd varies in quality and location providing a natural alignment to different markets
- Processing and boxed beef sectors also facing cost competitive challenges as well as increased competition from US supply
- China is emerging as a major new live export market



Weather Outlook – February to April

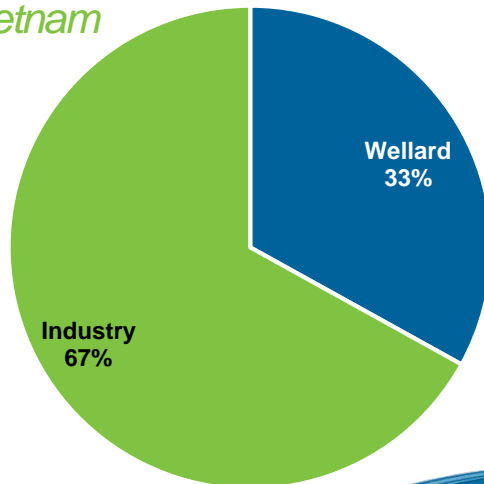
Market share leader in two largest markets

Live Cattle Exports: Australia

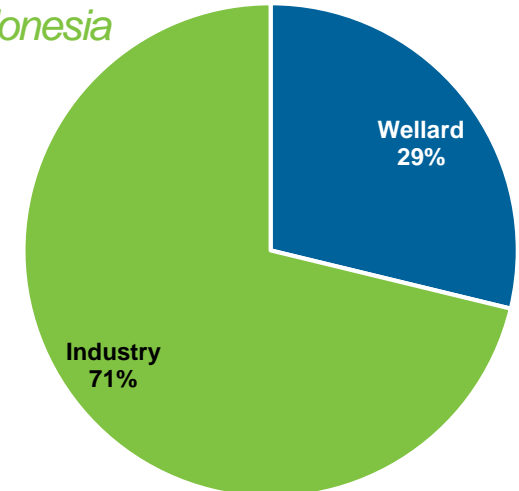


- Wellard continues to be Australia's largest exporter, purchasing 1 in every 4 cattle for live export
- Wellard is the market leader in Australia's two largest live cattle markets – Vietnam and Indonesia
- Positioned to capitalise on market growth

Live Cattle Exports: Vietnam



Live Cattle Exports: Indonesia



Fleet ownership provides competitive advantage

Wellard operates the largest and youngest AMSA-approved fleet

Wellard's Fleet



MV Ocean Drover
 • 75,000 sheep
 • 20,000 cattle



MV Ocean Swagman
 • 25,000 sheep
 • 8,000 cattle



MV Ocean Outback
 • 25,000 sheep
 • 8,000 cattle



MV Ocean Ute
 • 20,000 sheep
 • 5,000 cattle

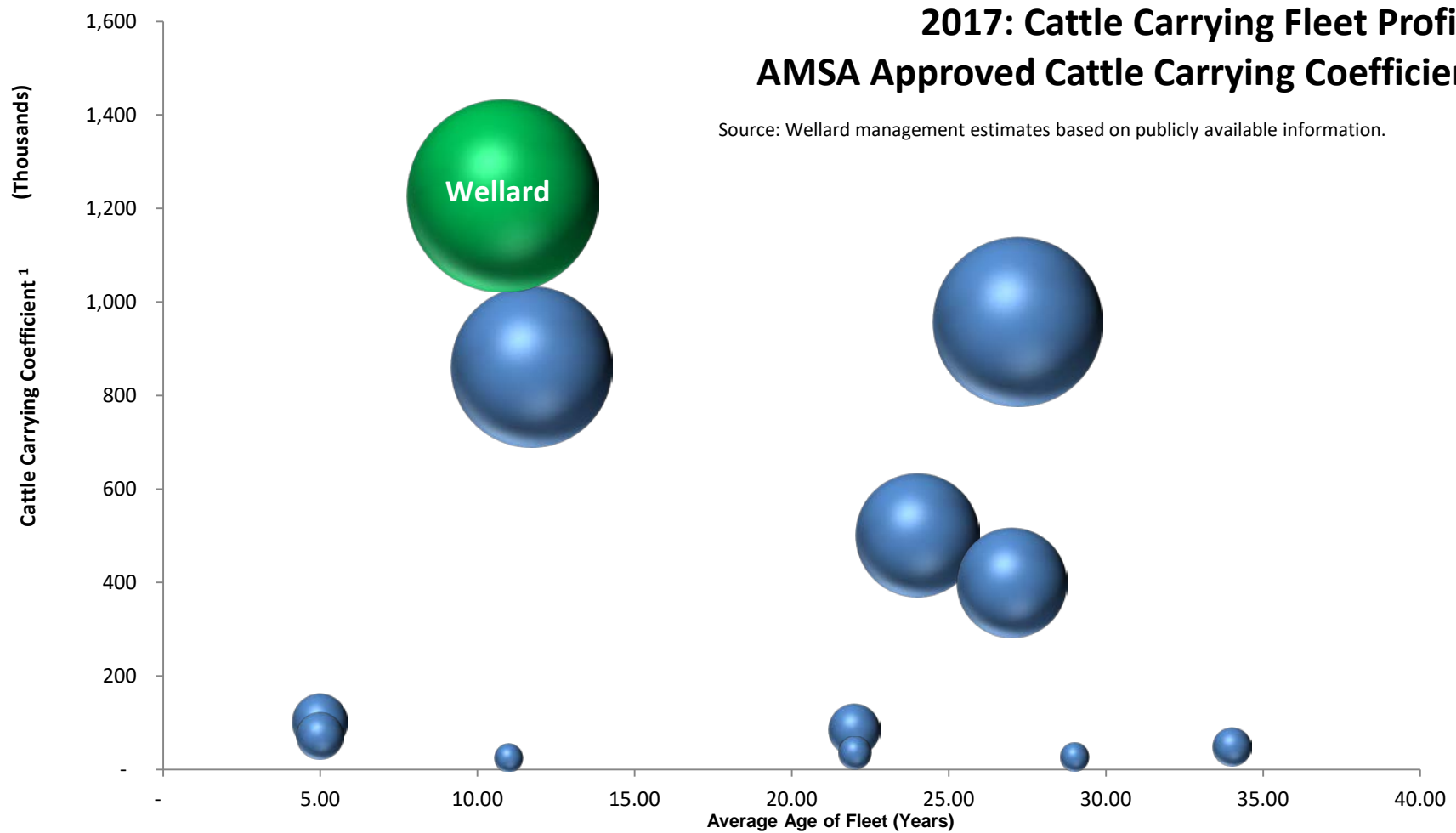


MV Ocean Shearer
 • 75,000 sheep
 • 20,000 cattle



- Typically purpose-built to Wellard's specifications
 - cargo size, fodder capacity, speed etc.
- Mix of medium and large scale vessels to efficiently service all key customer markets, provides flexibility when planning long or short haul voyages
- Ownership of shipping capacity is a key strategic advantage
 - control of animal welfare
 - certainty of meeting customer orders
 - flexibility over shipping schedules means Wellard can mix species / supply markets to achieve higher margins or can charter vessels to 3rd parties
- Kelpie designed with China in mind. Mid-size vessel with additional fodder storage to maximise rotation capacity
- Control of fleet combined with ownership of PEQ facilities ensures unrivalled integration of operations.

Leading Australian fleet – large and modern



¹ Cattle carrying coefficient – measure of vessel carrying capacity defined as vessel size (square metres) multiplied by vessel speed (knots)

Animal welfare

- Wellard is committed to the highest standards of animal welfare
- State of the art, purpose built livestock carriers deliver better welfare outcomes through improved water, feed and ventilation systems
- No reportable incidents on any Wellard voyages in the reporting period
- Compliant with all regulatory standards plus continued investment in initiatives over-and-above regulatory requirements
- Continue to deliver new standards of Wellard control & traceability software and support in Israel, Vietnam and Indonesia
- Launched “Connections”, a Livestock Traceability package developed with foreign partners to monitor and track livestock
- Aggregation of livestock in Wellard-owned Pre Export Quarantine facilities means we deliver healthier, heavier cattle to our clients



Markets

Indonesia

- Australian cattle prices and Indian Buffalo are expected to limit market size
- Wellard has long standing relationships with market leading clients
- Working with major clients to implement Indonesia's breeding program requirements

Vietnam

- Continues to be a price sensitive market
- Demand expected to increase in line with forecast price decline. Wellard to benefit from changed in-market dynamics

China

- See separate slides

Middle East / North Africa

- Establishing new clients in Turkey and Egypt for opportunistic shipments as well as in preparation for market recovery
- Streamlining cattle procurement and holding facilities in Uruguay and Brazil
- Working with customers in several MENA markets to add focus to Live Sheep trade.

Other

- First shipment under the Sri Lankan Dairy Cattle Supply Agreement to begin in Q4
- Continue to assess options to charter in and out vessels where the economics make sense

China impact – trading

Industry

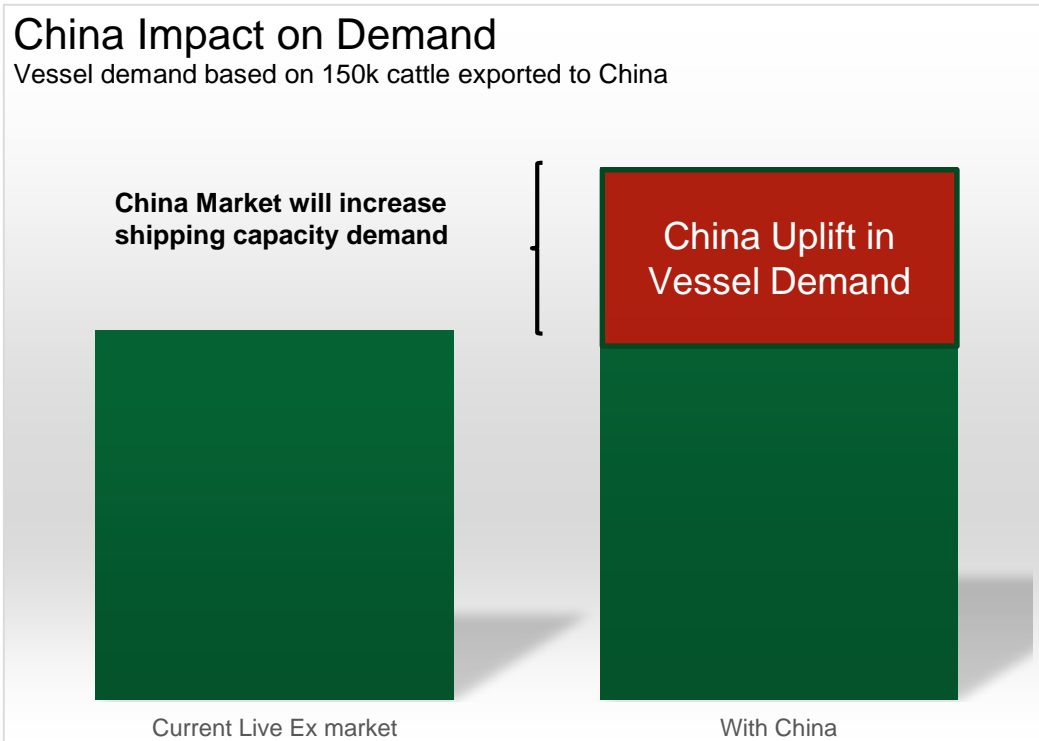
- First shipment of Australian slaughter cattle successfully shipped and discharged
- Numerous Chinese supply chains now ESCAS accredited and can receive Australian cattle
- Most Chinese live cattle importers waiting for Australian cattle prices to reach a level where it is economic to enter the market

Wellard

- Cattle purchasing program for first shipment has commenced
- Property purchased to develop into Pre Export Quarantine facility in Victoria
 - Located close to Portland live export port to reduce transit times and increase truck efficiency
 - Property will enable efficient induction and quarantine of beef and breeding cattle to meet China's stringent import protocol requirements
- First shipment still expected FY2017
 - Initial shipments will be approx. 2,500 head, before increasing to 4,000 then 6,000 head
 - Southern cattle targeted due to BTV-free status
- Wellard China project moving along
 - Will accelerate when trade economics favour increased cattle numbers and investment

China impact – shipping

"Now we're hoping that over about a decade we can take these numbers up ... we're the first nation to crack this market in slaughter cattle...If we can take that to about a million head, that's in rough terms between \$1 billion and \$2 billion." Barnaby Joyce



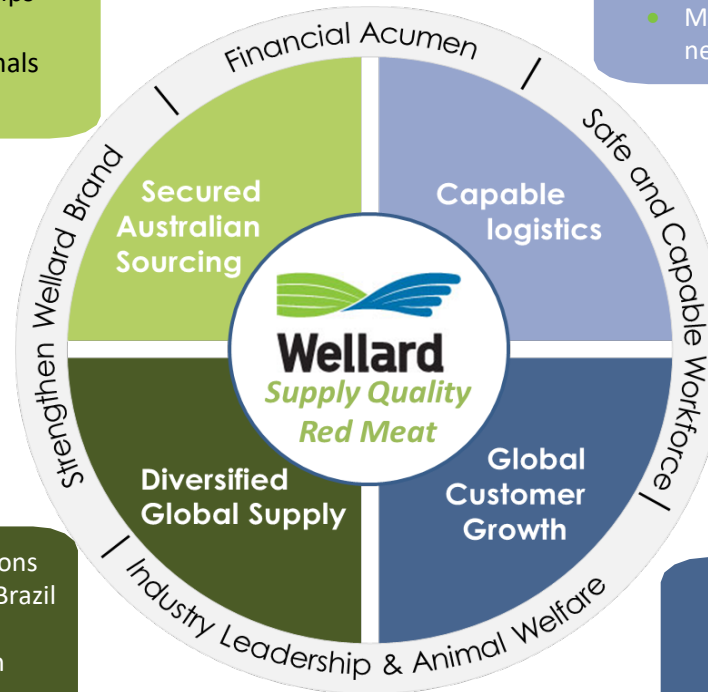
- With protocols requiring a short turn around for cattle entering the country (i.e. 14 days), smaller voyages will dominate initially
- Based on average expected weight of cattle, a conservative uptake in the China market will result in a significant increase in demand for vessel space
- As the China market matures and demand increases, this will place additional demand on AMSA approved vessel space, which Wellard can benefit from through direct cattle sales, or allocation of space on vessels for third party Australian exporters.

150,000 head = c. 1 voyage per week to China

Delivering against strategy

- Developing agent and producer partnerships
- New stock financing options
- Dedicated PEQ facilities to aggregate animals (WA, VIC, QLD, NT)

- Specialised fleet continues to provide flexibility and improved animal welfare, weight and value
- Developing global expertise through staff deployments
- M/V Ocean Kelpie rescheduled to match company needs and market conditions



- Consolidating South American operations
- PEQ and feedlot facilities in Uruguay, Brazil and Turkey
- Negotiating new export protocols with producing countries

- Assisting Indonesian clients with breeding programs
- Multiple clients in China to ensure diversification within market
- Working with Sri Lankan Government on cattle allocations for farmers

Outlook

- Cattle price normalisation as cattle supply returns to normal
- China market ramping up as more processing facilities get approved and utilising significant shipping capacity
- Improved competitive landscape with some operators exiting or reducing their exposure to the sector
- Benefits from cost rationalisation program
- Continued policy of external charter to maximise fleet utilisation
- Pursuing opportunities to improve working capital and strengthen the balance sheet
- Expected return to full year profitability from FY2018