



Wellard

ANNUAL GENERAL MEETING
22 November 2019

Disclaimer and Additional Information



This presentation has been prepared by and concerns Wellard Limited (Wellard) and consists of these slides and any accompanying commentary. By reviewing / attending this presentation, you acknowledge the following statements / information in this disclaimer.

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This presentation contains forward looking statements that are subject to risk factors associated with all industry segments in which Wellard operates, including livestock selection, aggregation and transportation, pre-export quarantine facilities and feed milling. All statements other than the statements of historical facts included in this presentation, including, without limitation, those regarding Wellard's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to Wellard's products and services and forecasts) are forward looking statements. In addition to the categories of risk set out here, such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Wellard, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

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PAST PERFORMANCE

Past performance information given in this presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Nothing in this presentation should be interpreted to mean that future earnings per share of Wellard will necessarily match or exceed its historical published earnings per share.

All references to dollars, cents, or \$ in this presentation are to Australian currency, unless otherwise stated.

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

1. Welcome & Safety
2. Introductions
3. Executive Chairman's Address
 1. Focus & strategy
 2. Finance & operations
 3. Q&A
4. Formal AGM Business
5. Close

SAFETY:

In case of an emergency, follow the evacuation procedures and Quest staff instructions.

Muster at park opposite.

WELLARD BOARD

Mr. John Klepec

Mr. Philip Clausius

Mr. Kanda Lu

Mr. John Stevenson

AUDITORS

PwC – Mr. Douglas Craig

SHARE REGISTRY

Link Market Services

WELLARD STAFF & EXECUTIVES



Executive Chairman's Address



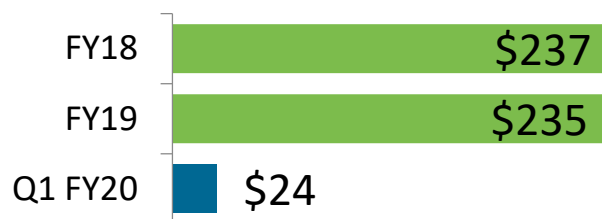
Finance & Operations

- 
- Profitable utilisation of our ships
 - We can utilise our ships by either:
 - Trading our own livestock, or
 - Chartering our ships to traders, or
 - A combination of both the above.
 - Transitioning from a combination of traded and third party traded cargo, into a focussed livestock logistics business where we no longer trade any cattle or sheep.
 - Debt repayment and cash generation.
 - Reducing our fixed cost base.
 - A sustainable Australian live export industry.

Transitioning to Livestock Logistics



Revenue (m)



Operating Expenses (m)



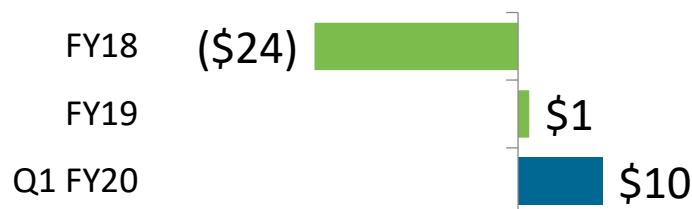
Source: Wellard Management Accounts

1. Ratio of size and time coefficient
2. FY18 and FY19 exclude results from assets and divisions sold during FY2019
3. Q1 FY20 results displayed are unaudited and based on Wellard management accounts. Q1 FY20 results are not indicative of full year outcomes.

EBITDA (m)



Operating Cashflow (m)

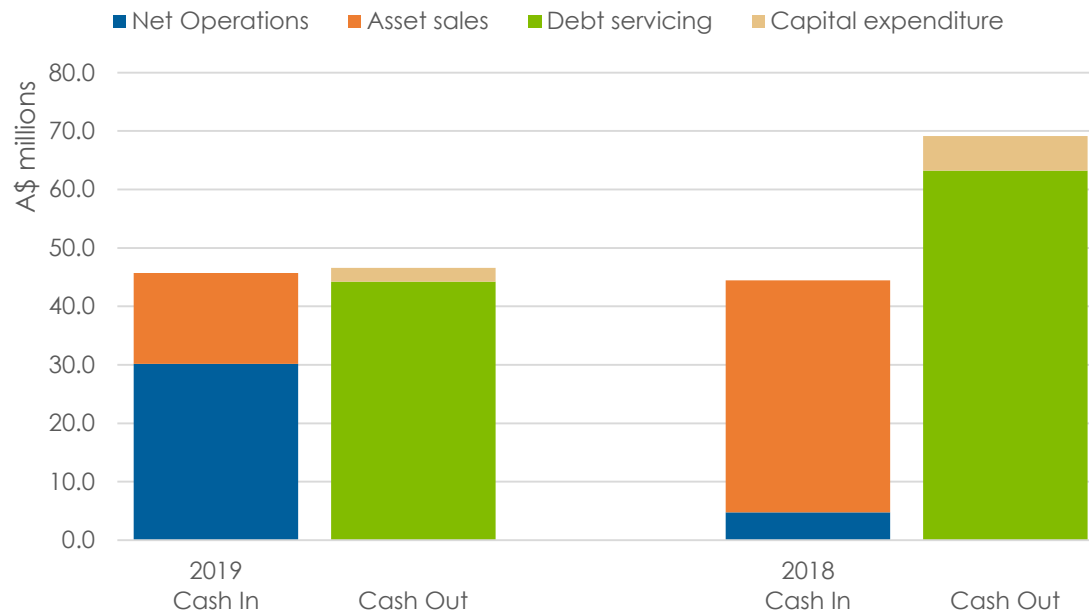


- Non-core businesses were consuming time and capital for inadequate returns.
- The risk and volatility of livestock trading is not suited to our current financial structure.
- The Group's assets are competitive in the livestock ship charter market. Gross volume (i.e. revenue and associated costs) will reduce but EBITDA margins are forecast to improve.
- Once working capital reserves are rebuilt will consider our trading exposure.

Debt Reduction and Cash Generation



Annual Cashflow



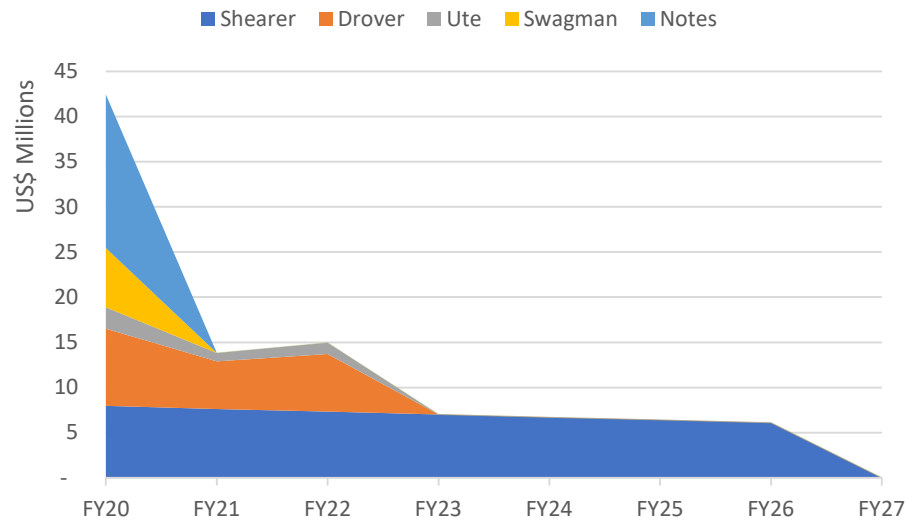
Source: Wellard Management Accounts

- ~\$45M worth of cash inflows in each of FY2019 and FY2018.
- ~75% of inflows in FY2019 generated from operations versus ~10% in FY2018.
- FY2019 EBITDA of \$12.0M converted into \$29.8M of free operating cashflow compared to last year's EBITDA of \$9.8M converting into \$7.7M of free operating cashflow.
- 100% or more of free cashflow used to service and retire debt.

Debt Servicing Profile is Changing

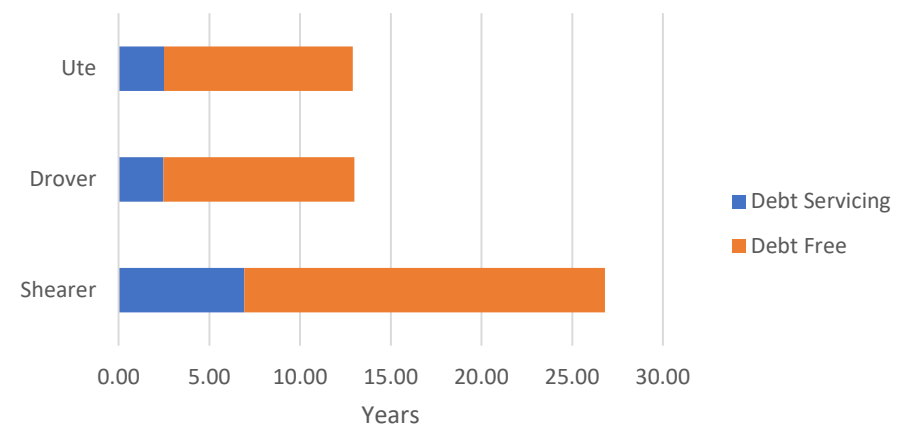


Forecast Debt Servicing



* Forecast debt servicing is based on current loan repayment schedules which may vary in future

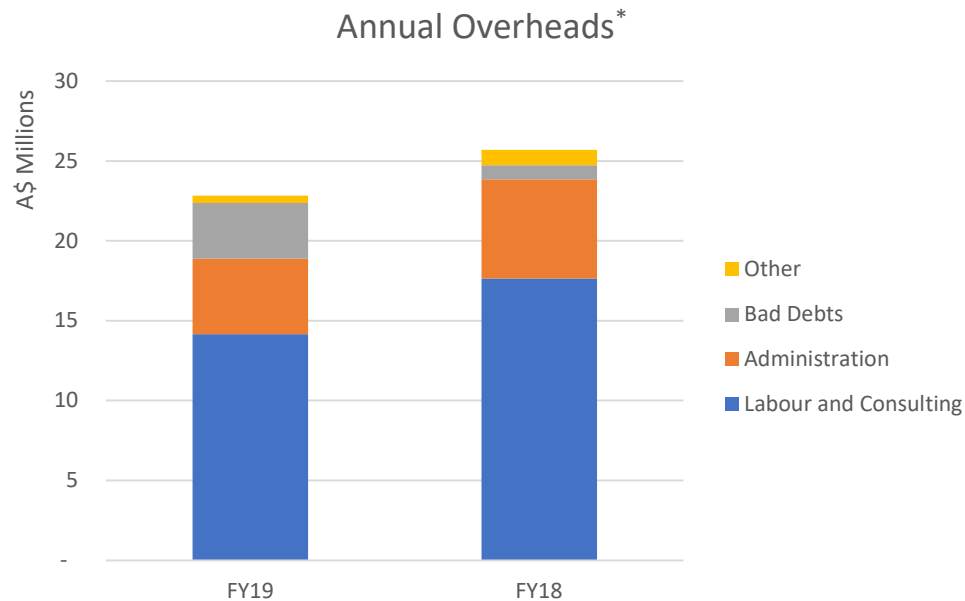
Vessels' Estimated Remaining Useful Life*



* Remaining useful life as from 1 July 2019 based on accounting policy plus likely extension of total life from 25 to 30 years for new build vessels

- MV Ocean Drover and MV Ocean Ute debt rescheduled (Aug19) extending maturity from FY2020 to FY2022.
- Funds from sale and leaseback of MV Ocean Swagman (Nov19) used to repay ship mortgage and majority of notes.
- Future debt servicing commitment and hence free cashflow changes materially over coming three years.

Reduction in Cost Base is Ongoing



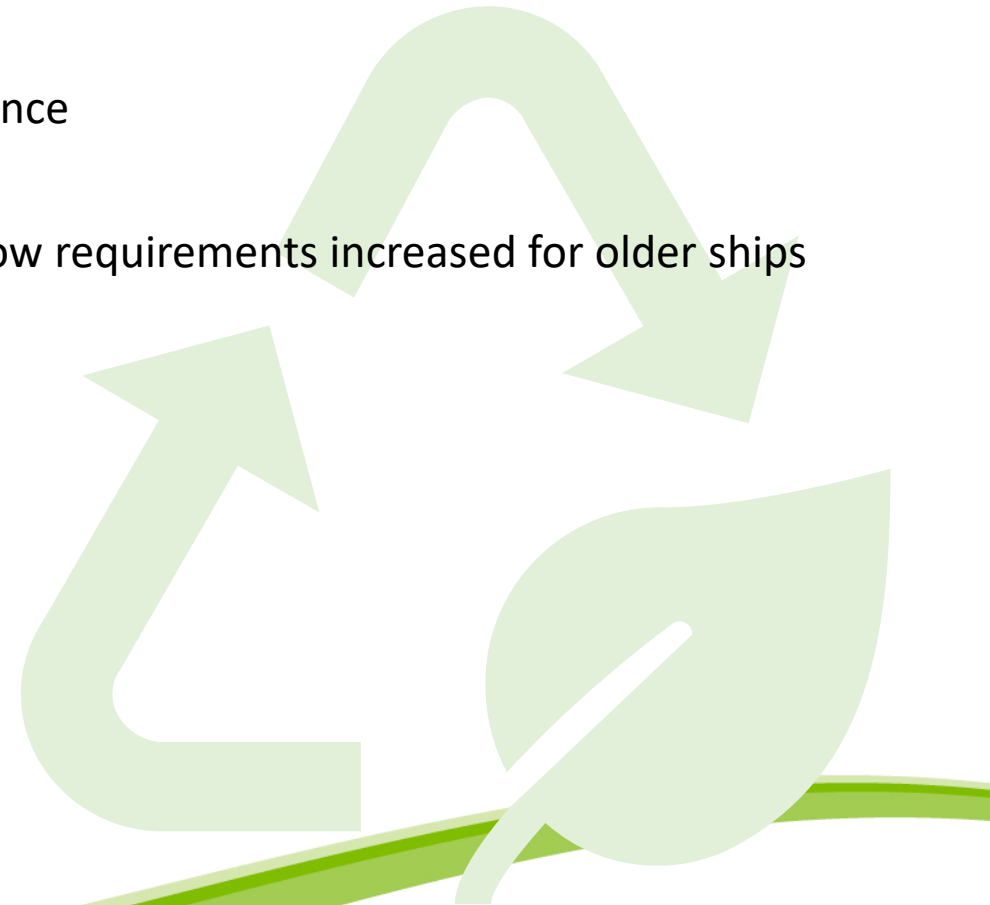
Source: Wellard Management Accounts

* Comprises administration and operating expenses and excludes other expenses considered non-recurring in nature as well as impairment expenses.

- The Group's like-for-like overheads base decreased by \$5.5M or 22% year-on-year, and stood at \$19.3M p.a. in FY2019 versus \$24.8M in FY2018 (FY2017: \$44.9M).
- Labour expenses recorded the single largest reduction in FY2019, decreasing by \$3.2M or 22% versus last year.
- Overheads are forecast to reduce further in FY20, post debt restructuring and relocation of Group finance function to Singapore.

Sustainable Australian Live Exports

- Live cattle and sheep - social licence remains front of mind.
- Multitude of regulatory changes, reviews and recommendations:
 - New, supportive Agriculture Minister
 - Pendulum swung too far - need to rebalance
- Shipping reforms - Jan 2020
 - Double deck ships banned, and pen airflow requirements increased for older ships so they are the same as newer ships
- Middle-East sheep trade
 - New HRSA Model
- Animal activism



Key Asset – Our Livestock Shipping Fleet



Ocean Shearer



20,000 cattle



Ocean Drover



20,000 cattle



Ocean Swagman



7,000 cattle



Ocean Ute



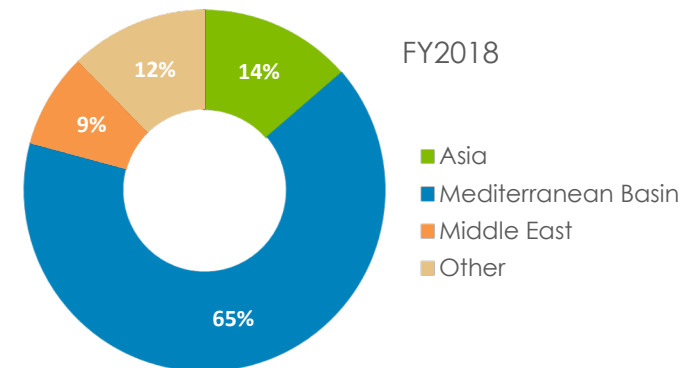
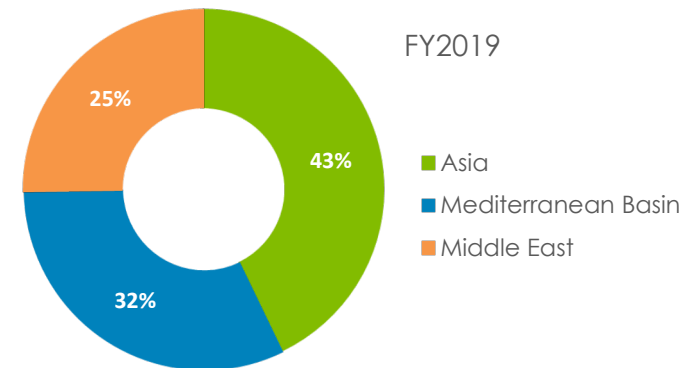
6,000 cattle

- One of the youngest and most technologically advanced fleets in the industry.
- All vessels are fully AMSA compliant and can operate across the globe.
- Superior ventilation, fresh water production and automatic feeding systems.
- Cargo area designed at higher standard to guarantee animal comfort.
- On-board stockmen and crew trained in low stress animal handling.

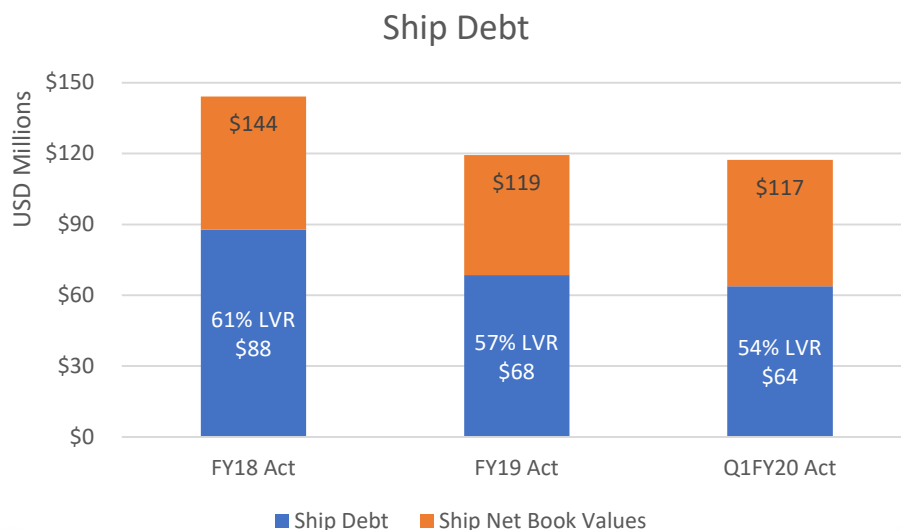
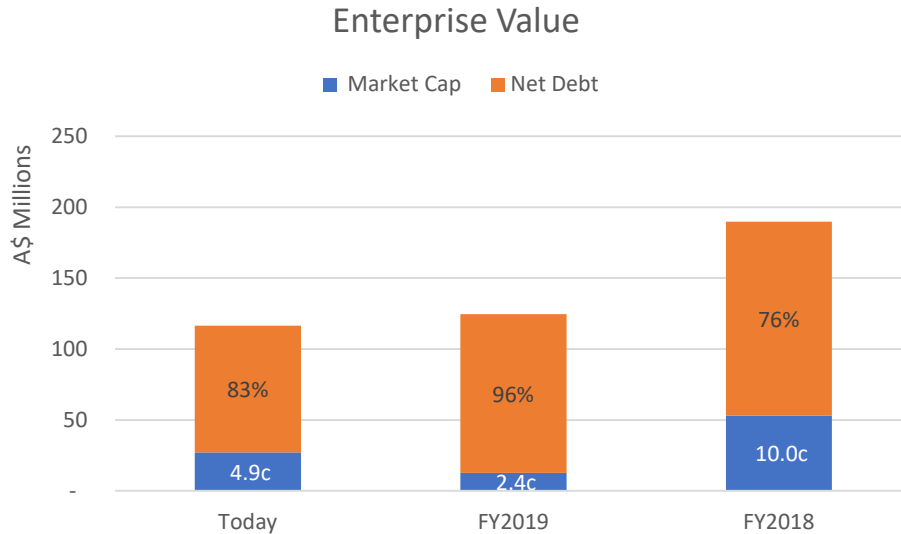
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- A decorative graphic on the left side of the slide consists of several concentric green circles and a vertical green line, resembling a target or a stylized 'G'.

Profitable Ship Utilisation

- Top line volatility is difficult to control given the impact of severe weather events and importing countries' changes in policies.
- In response, with traders operating on tight margins the industry generally operates at spot with a forward booking cycle of between 1 – 2 months.
- We counteract this by locating vessels in different geographical markets.
- Despite a balanced geographical dispersion in FY2019, volatility in earnings remained high given that all three regions were impacted by what could be considered abnormal events during the year.
- These events were predominantly regulatory (e.g. government import ban in Turkey and summer export sheep market closure in Australia, but also weather (e.g. major flooding in North Queensland).

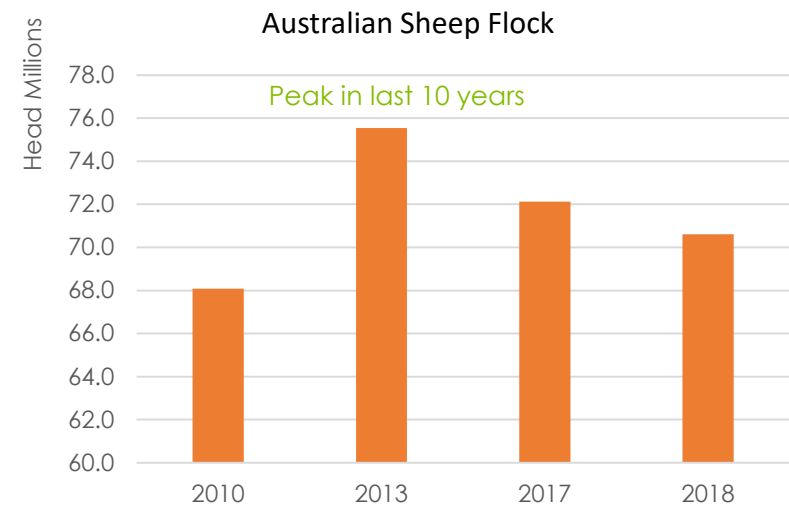
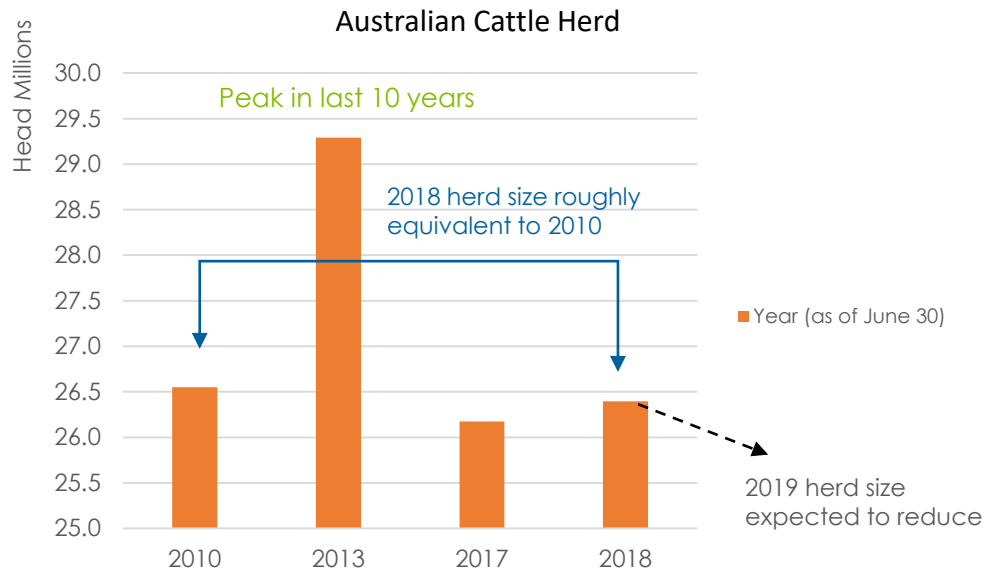


Debt Restructuring



- The Group's enterprise value is under \$120M today of which ~83% is comprised of net debt.
- The target is to reduce that ratio to 50% and below through a combination of debt retirement and increased equity value.
- FY2019 net asset value per share equals ~10.9 cents after ~\$50M worth of booked asset impairments since FY2017.
- All debt covenant breaches have been remedied or waived by financiers, except for Intesa Sanpaolo (Ocean Shearer).

Australian Cattle and Sheep Supply



Source for both charts: Meat & Livestock Australia

- Global protein demand remains strong, price however is the fundamental demand driver.
- Australian supply is unstable and declining which is keeping live prices generally high.
- Current Australian cattle and sheep pricing is near the upper limit with substitution with processed meat or alternative supply.

Flexibility – Fixed Commitments



- Reducing fixed commitments drives our break-even point lower and allows the organisation to become able to withstand market disruptions.
- Overheads have been cut in half from over \$50M in FY2017 and we expect to deliver further reductions in FY2020.
- Cost savings and efficiency gains have been driven by:
 - Sale of non-core assets and businesses
 - Reduction in number of executives
 - Transfer of finance and administration functions from Australia to Singapore
 - Withdrawal from trading as a principal whilst returns on capital are below target
- Debt restructuring has benefited cashflow and has established a platform for low debt servicing commitments within three years.

Questions & Answers



Formal Business – Wellard 2019 AGM



AGENDA ITEM 1:

Annual Report

RESOLUTION 1:

Remuneration Report

RESOLUTION 2:

Re-Election of Mr. Kanda Lu as
Director

RESOLUTION 3:

CONTINGENT ON RESOLUTION 1 BEING
PASSED BY LESS THAN 75%:

Spill Resolution

QUESTIONS

No questions have been received.

NOTICE OF MEETING

The Notice of Meeting has been distributed, and will be taken as read.

VOTING: POLL CALLED BY EXECUTIVE CHAIRMAN

Under Item 10.9 of Wellard Limited's constitution, the Chair of a general meeting may determine that a poll be taken on any resolution.

Accordingly, the Chairman has determined to call a poll on the resolution to be put to the meeting.

Link Market Services will provide instructions as to how the polling is to be conducted.

AGENDA ITEM 1:

To consider the Annual Report of the Company and its controlled entities for the year-ended 30 June 2019, which includes the Financial Report, the Directors' Report and the Auditor's Report.

DISCUSSION OR QUESTIONS

RESOLUTION 1: REMUNERATION REPORT

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That, pursuant to and in accordance with section 250R(2) of the Corporations Act and for all other purposes, approval is given by the Shareholders for the adoption of the Remuneration Report on the terms and conditions in the Explanatory Memorandum.”

VOTING PROHIBITION APPLIES

DISCUSSION OR QUESTIONS

PROXIES AND ONLINE VOTING RECEIVED
20 NOVEMBER 2019 (10.30AM)

RESOLUTION 1: REMUNERATION REPORT

IN FAVOUR	AGAINST	OPEN
264,553,574	3,442,239	512,957
98.53%	1.28%	0.19%

RESOLUTION 2: RE-ELECTION OF MR KANDA LU

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That, pursuant to and in accordance with article 11.7(a) of the Constitution and Listing Rule 14.4 and for all other purposes, Mr. Kanda Lu who retires by rotation and being eligible, offers himself for re-election, is re-elected as a Director on the terms and conditions in the Explanatory Memorandum.”

VOTING PROHIBITION APPLIES

DISCUSSION OR QUESTIONS

PROXIES AND ONLINE VOTING RECEIVED
20 NOVEMBER 2019 (10.30AM)

RESOLUTION 2: RE-ELECTION OF KANDA LU

IN FAVOUR	AGAINST	OPEN
264,893,037	83,026,166	501,727
76.03%	23.83%	0.14%

RESOLUTION 3: SPILL RESOLUTION

(ONLY IF RESOLUTION 1 WAS NOT PASSED BY MORE THAN 75%)

To consider and, if thought fit, to pass with or without amendment, as an ordinary resolution the following:

“That as required by Division 9 of Part 2G2 of the Corporations Act and for all other purposes:

- (a) an extraordinary general meeting of the Shareholders be held within 90 days of the date of this meeting (Spill Meeting);*
- (b) all of the Directors who held office when the Directors resolution to approve the Directors’ Report for the year ended 30 June 2019 was passed, excluding Mr John Klepec, who as Executive Chairman is carrying out the role of Managing Director, cease to hold office immediately before the end of the Spill Meeting;*
- (c) resolutions to appoint persons to offices that will be vacated immediately before the end of the Spill Meeting (Vacated Offices) be put to the vote on at the Spill Meeting; and*
- (d) the persons appointed to Vacated Offices at the Spill Meeting may include Directors who hold office as at the date of this Meeting.”*

VOTING PROHIBITION APPLIES

DISCUSSION OR QUESTIONS

(ONLY IF RESOLUTION 1 WAS NOT PASSED BY MORE THAN 75%)

PROXIES AND ONLINE VOTING RECEIVED
20 NOVEMBER 2019 (10.30AM)

RESOLUTION 3: SPILL RESOLUTION

IN FAVOUR	AGAINST	OPEN
2,558,914	264,395,215	1,324,957
0.95%	98.55%	0.49%

VOTE POLLING

Link Market Services representatives will conduct the poll and collect voting slips from the floor of the meeting

CLOSE OF POLL & MEETING

The meeting will be closed, and the results announced to ASX when the poll has been counted.

THANK YOU FOR ATTENDING

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