



Date: 22 May 2019

ASX/Media Announcement

Webster reports half-year results to 31 March 2019

- **Reported net profit after tax of \$2.12 million**
- **Revenue and other income of \$69.1 million**
- **Expectation of a near breakeven position for the full year earnings**
- **Acquisitions and development programme continue to create a stronger asset base for future growth:**
 - Acquired 100% of the shares of Australian Rainforest Honey Pty Limited a bee apiary business located in NSW for \$5.2 million to cross-pollinate almond trees and for honey production
 - Acquired cropping rights to 422 hectares of walnut orchards for \$10 million
 - Development of 259 hectares for almond plantings at Sandy Valley
 - Development of 125 hectares for Walnut plantings at Leeton
 - Development of 181 hectares for walnut planting at Avondale West
 - Finalising development programme at Kooba and Hay – delivers increase in irrigable hectares and additional water storage capacity to allow for the efficient use of water resources.
- **Market value of water entitlements estimated to be approximately \$360 million vs carrying amount of \$175.9 million**

Webster Limited (ASX:WBA), one of Australia's leading agribusinesses, today reported its financial results for the 6-month period ended 31 March 2019.

Webster reported a net profit after tax of \$2.12 million compared to \$3.77 million for the prior corresponding period. Revenue and Other income achieved was \$69.1 million, reflecting increased revenue in Agriculture, partially offset by lower pricing in Walnuts driving reduced Horticulture revenue.

With the continuation of drought conditions affecting all areas of production and with lower than expected walnut production and pricing, the Company expects to record a near breakeven position for the full year to 30 September 2019.

For the first half FY19, harvesting of the Company's cotton crops had not yet commenced while the harvest of walnut orchards was approximately only 45% per cent complete.

Revenue and Other Income in the **Horticulture** business for the six months was \$19.7 million compared to \$23.6 million for the prior corresponding period.

Current walnut yields are in line with the prior season, but below expectations and Webster expects the 2019 walnut harvest will total approximately 9,700 tonnes compared to 9,508 tonnes in 2018. Current walnut pricing is approximately 17.7 per cent below the prior period, reflecting an excess supply in international markets.

Webster has focused on improving sales through domestic channels with around 60 per cent of sales coming from local customers. The majority of domestic sales are walnut kernel, enabling Webster to leverage the scale and efficiency of its state-of-the-art cracking facility at Leeton, NSW.

The Almond Orchards comprise of 100 hectares of 4-year-old trees, 160 hectares of 3-year-old trees and 205 hectares of 1-year-old trees. Accordingly, they have not reached maturity, however the yields achieved to date on the older plantings are ahead of company forecasts.

Following the sale of the Bengarang assets and decommissioning at Lake Tandou in 2018, Webster has planted 4,129 hectares of cotton which will be harvested this season compared to 17,162 hectares for the prior year. Cotton yields and performance are in line with expectations and forward sales of 100 per cent per cent of the expected 2019 crop at an average price above A\$555 per bale has been achieved.

As at 31 March 2019, Directors estimate the value of Webster's water entitlement portfolio to be approximately \$360 million. This portfolio is currently carried in the accounts as an intangible asset at a value of \$175.9 million.

The drought continues to impact the Company's livestock operations. In response, Webster remains focused on ensuring livestock levels are aligned to available feedstock and breeding operations are adjusted accordingly.

Cattle and dorper sheep levels have been de-stocked to align with carrying capacity at the Company's properties in the Riverina and Tandou/Kalabity/Packsaddle properties respectively.

Webster Chief Executive Officer, Maurice Felizzi, said while the ongoing drought had presented ongoing challenges for the Company, Webster continued to invest and optimise its asset portfolio to strengthen its asset base for future sustainable growth.

"We are managing through the current dry conditions while continuing to invest in our core operations to enable future growth in our horticultural and agricultural businesses which are now focused in the southern and western regions of NSW and Tasmania.

"Following our acquisition of the Sandy Valley almond orchard last year, we have now acquired an apiary business in NSW for \$5.2 million. The bee colonies from this acquisition will be used to cross-pollinate trees at our Sandy Valley orchard to produce almonds and for the production of honey for sales through domestic channels.

"The expansion of our Almond operations continues with an additional 259 hectares of planting expected to be completed by the end of the financial year.

"Meanwhile, we continue to expand our Walnut plantings with 125 hectares of additional planting at Leeton and 181 hectares at Avondale West.

"We have also acquired the cropping rights to 422 hectares of walnut orchards for \$10 million. The rights acquired for the walnut orchards are in respect of trees owned by Webster amongst other Webster owned Tabbita and Leeton orchards in the Riverina district and managed by AGW Funds Management Limited. The two schemes and AGW Funds Management Limited will be formally wound up. This will realise ongoing savings to Webster in the order of \$700,000 per annum and allow it to control all rights to the trees.

"Our capital expenditure and development program at the Kooba and Hay properties to date has resulted in those properties with a total of 19,961 irrigable hectares and 27,410 megalitres of water storage".

"We have continued our strategy to strengthen our asset base with permanent plantings across our core property holdings, which combined with our water allocation, ensures Webster remains in a strong competitive position to deliver sustainable returns over the medium to long term," Mr Felizzi said.

Webster's financial position remains strong with \$250 million in committed credit facilities maturing out to 2022 with \$147.1 million in undrawn facilities as at 31 March 2019.

The Company has continued its practice of previous years of not paying an ordinary dividend for the first half period. The Company expects to record a near breakeven position for the full year to September 30, 2019 and on this basis a final dividend is unlikely in 2019.



The Board declared an unfranked dividend of 9 cents per share for the preference shares on issue with scheduled payment for 25 June 2019.

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