



## **Financial Results HY19- Building leading organic nutritional dairy company.**

### **HY19 – Overview**

- **Revenue for period was \$363,000 a reduction due to the transition to Australian organic nutritional dairy products**
- **Loss down 66.8% to circa \$4.3 million compared to previous corresponding period (HY18) of \$13.08 million**
- **Net assets at December 2018 (HY19) was \$57.3 million compared to \$15 million for HY18**
- **Working Capital up 350% to circa \$45 million for HY19 compared to HY18**

**28 February 2019: Wattle Health Australia Limited (WHA:ASX)** is pleased to announce its results for the 6 months to December 31 2018 (HY19).

### **Expanding Product Portfolio and Distribution Channels**

WHA continues to grow its distribution channels both domestically and internationally with the highlight for the period being the successful importation of WHA's natural baby food range into the Indian market and the successful registration and importation of the same product into the lucrative Chinese market.

WHA during the quarter has signed 8 supply agreements for the supply of its natural baby food for the Chinese market, with specific packaging being developed to facilitate these orders.

WHA in November 2018 launched its organic nutritional dairy range using 100% organic milk from our partners in the Organic Dairy Farmers of Australia (ODFA). Uganic will be launched both domestically and internationally in April 2019 and will replace the current WHA's conventional nutritional dairy range.

WHA will maintain its current SAMR application utilising the conventional nutritional dairy range and on the completion of Australia's first dedicated nutritional dairy spray dryer will transition its application to the Uganic range.

WHA for the period recorded a decline in revenue compared to the previous corresponding period as a result of this proposed transition to a purely Australian organic nutritional dairy product range. WHA decided to cease production of its current nutritional dairy offering and wait for the release of Uganic. WHA is currently in the process of activating a substantial marketing programme to coincide with the launch of Uganic and are currently in discussions with retailers and distributors both domestically and internationally who have shown considerable interest in the Uganic range.

WHA anticipates on the launch of Uganic sales will significantly increase as the demand generally for organic products is experiencing exponential growth both in Australia and overseas markets.



## Corio Bay Dairy Group

Corio Bay Dairy Group (CBDG) a joint venture between Organic Dairy Farmers of Australia (ODFA), WHA and Niche Dairy (ND) to build Australia's first dedicated organic nutritional dairy spray dryer continued its construction work.

CBDG during the period secured the property, which neighbours the current ODFA site, to commence construction works. First work on the site commenced in September 2018 and continued throughout the period.

CBDG has signed all contracts with third party contractors to construct the spray dryer and the first payment to the manufacturer for the stainless steel that comprises the spray dryer has been made.

CBDG has identified savings in the project and at this point of time is well within budget and continues to look for additional efficiencies.



## **Blend and Pack**

WHA after the completion of the half year announced the proposed acquisition of Australia's largest independent (by volume) and CNCA accredited nutritional manufacturing plant, Blend and Pack (B&P).

B&P was the first facility to receive CNCA accreditation for the export of infant formula to the Chinese markets and today manufacturers for major domestic and international brands for both the Australian and overseas market.

B&P has a long history of profitable operations with revenue for FY18 circa \$20 million and EBITDA of circa \$3 million which is expected to increase significantly during the coming years.

The WHA proposed acquisition of B&P when finalised will see its valuable, vertical, integration strategy completed. The vertical integration plans are being achieved by WHA which only listed on the ASX a short time ago. As the company approaches its second anniversary as a listed company, it is in sight of being Australia's first vertically integrated organic nutritional dairy company.

The proposed acquisition of B&P will be funded via a debt facility and is subject to shareholders approval.



## Finance

Revenue for the period was circa \$363,000, with losses for the period reduced by 66.8% to \$4.3 million compared to HY18 of \$13.08 million.

Net Assets as at HY19 was \$57.3 million an increase of 282% compared to HY18 of \$15 million, with working capital increasing for the same period by 350%.

WHA during HY19 pre-purchased product from both B&P and CBDG of circa \$8.3 million that will derive benefits and cost savings moving forward.

George Karafotias

Company Secretary

Wattle Health Australia Limited

## **About WHA**

Wattle Health aspires to become a company globally recognised for offering superior quality, organic and sustainable products which promote health and wellness at all stages of life.

Wattle Health uses natural ingredients derived from Australia's pure water, clean air and organically fertile soils. We carefully prepare and pack in ways designed to preserve nutrients. Wherever possible, we source certified organic ingredients which are totally free of fertiliser or pesticide residues. Our pristine Australian provenance and quality-assured supply chain guarantees the highest possible standards of purity.

We support Australian farmers who embrace these soil management practices. We translate consumer demand for pure organic nutrition into a reward for maintaining soil biodiversity, to produce naturally superior products which can be enjoyed for generations to come. Ultimately, our aim is to make the sustainable Australian goodness of certified organic health and wellness products widely available to families across the globe.

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### **Corporate Affairs & International Investor Relations**

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