

## ASX Announcement

31<sup>st</sup> October 2019

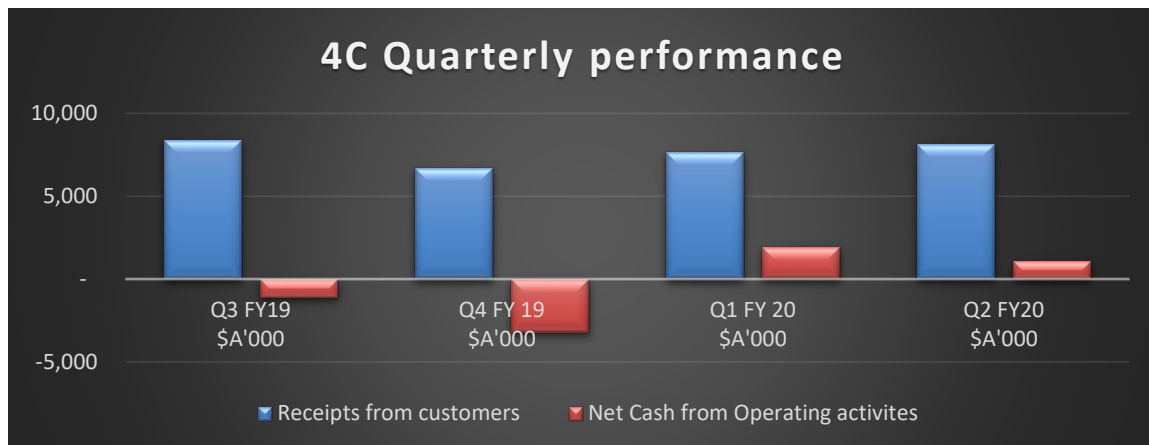
### WINGARA 4C COMMENTARY Q2, FY20 Highlights

- Financial performance was maximised with cash inflow of \$8.1m based on available inventory while continuing upgrade program at Austco Polar
- Over \$5 million capital gain from the Austco Polar sale and lease back
- Proven platform for value-adding to assets to become EBITDA accretive provides potential for new acquisition opportunities

## Results

Wingara AG Limited (“Wingara” or “the Company”) owns, develops and grows high-quality processing and logistic assets focusing on agriculture produce for export markets.

Wingara is pleased to provide its 4C report demonstrating a continued growth trajectory.



### Austco Polar Property Sale and Leaseback

In July 2019, Wingara announced the sale of the Austco Polar Cold Storage property for \$21 million with lease back terms of 15 years and two further 10-year options. The transaction does not impact the operation of Austco Polar, and the business unit will continue to implement its growth plan to deliver increased EBITDA to Wingara.

The transaction is in line with Wingara's overall business strategy allowing the Company to:

- Crystallise a capital gain of \$5.06m through improvement in Austco's financial performance over the past 15 months;
- Transforming its capital structure with core debt to equity at approximately 30%; and
- Continue to pursue investment opportunities in value added midstream assets that can deliver strong return in the agriculture sector with a focus in the protein supply chain.

### The Wingara Platform

Over the past 3 years Wingara has developed its growth strategy to build a sustainable platform for processing and marketing agricultural products. Wingara differentiates itself through a reputation for high-quality service to both our primary producers and to export customers in key Asian markets.



This has been possible through a series of strategic acquisitions – Epsom fodder processing facility, development of Raywood fodder processing facility, and most recently Austco Polar Cold Storage. The strategy has been the same for each:

- **Buy:** Acquire relevant assets on attractive terms with potential upside
- **Improve:** Upgrade capacity and improve efficiencies to support top line and bottom line improvements
- **Accelerate:** Use Wingara contacts, influence, distribution and marketing channels in Asia markets to accelerate sales
- **Capitalise/crystallise:** Deliver EBITDA accretive results and large capital returns from corporate transactions

An overview of how Wingara has delivered value from its assets to deliver overall EBITDA increases is outlined below:

	Buy	Improve	Accelerate	Capitalise / Crystallise
<b>Epsom (processing &amp; storage) with option at Horsham site</b>	<ul style="list-style-type: none"> <li>✓ Acquired JC Tanloden operations for \$4.9m in 2015</li> <li>✓ Took option on Horsham site with a long term view</li> </ul>	<ul style="list-style-type: none"> <li>✓ Upgraded design and improved efficiency while using it as a blueprint for Raywood development</li> <li>✓ Solar installation</li> </ul>	<ul style="list-style-type: none"> <li>✓ Increased sales to Asia export territories – Korea, Taiwan and China</li> </ul>	<ul style="list-style-type: none"> <li>✓ Increased production capacity from 16,000 MT to over 40,000 MT</li> </ul>
<b>Raywood (processing &amp; storage)</b>	<ul style="list-style-type: none"> <li>✓ Greenfield site acquired in 2017</li> </ul>	<ul style="list-style-type: none"> <li>✓ Stage 1 completed with storage of 20,000 MT and 70,000 MT throughput capacity</li> </ul>	<ul style="list-style-type: none"> <li>✓ China export approval</li> <li>✓ Stage 2 planned to add further storage and throughput capacity</li> </ul>	<ul style="list-style-type: none"> <li>✓ Continuous improvement will see the site as the largest fodder production site on the East Coast</li> </ul>
<b>Austco Polar (cold storage)</b>	<ul style="list-style-type: none"> <li>✓ Raised \$6.8m in equity to acquire for \$18.5m in 2018 (\$3.4m for business, \$15.1m for building)</li> </ul>	<ul style="list-style-type: none"> <li>✓ Upgraded to 50,000 MT throughput</li> <li>✓ Efficiency and capital improvement programs</li> </ul>	<ul style="list-style-type: none"> <li>✓ Commenced sales to Asia markets</li> <li>✓ Increase customer base and throughput</li> </ul>	<ul style="list-style-type: none"> <li>✓ Sale of building for \$21m, long term lease back. Crystallise \$5m for growth</li> </ul>

Most recently, the sale and leaseback of the Austco Polar property adds the option to realise hidden value in the owned properties and deploy the realised capital on assets with higher returns on equity. Wingara will remain alert to relevant opportunities with strategic fit to the Wingara platform.

#### Forward growth by utilising the Wingara Platform

Wingara has proven itself with its capital and asset management skills – its ability to buy, improve, accelerate and crystallise value from relevant agriculture produce assets. Wingara will continue to seek to replicate its models with the acquisition of relevant strategic assets. Wingara will favour opportunities that are capital efficient and with a clear pathway to growth.

Wingara has extensive reach through international markets and receives significant, high-quality deal flow of agriculture and food opportunities that have the potential to be EBITDA accretive. The Board believes in a blended approach to growth – both organically and through acquisition as an optimised strategy that maximises potential value to Wingara while minimising downside risk.

#### Contact:

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Director of Investor Relations and Investment  
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#### 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.

## Appendix 4C

### Quarterly report for entities subject to Listing Rule 4.7B

Introduced 31/03/00 Amended 30/09/01, 24/10/05, 17/12/10, 01/09/16

**Name of entity**

Wingara AG Ltd

**ABN**

58 009 087 469

**Quarter ended ("current quarter")**

30 September 2019

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>			
1.1 Receipts from customers		8,127	15,756
1.2 Payments for			
(a) research and development		-	-
(b) product manufacturing and operating costs		(2,337)	(4,170)
Hay purchases		(1,058)	(2,258)
(c) advertising and marketing		(49)	(54)
(d) leased assets		(451)	(603)
(e) staff costs		(2,626)	(4,584)
(f) administration and corporate costs		(193)	(401)
1.3 Dividends received (see note 3)		-	-
1.4 Interest received		-	-
1.5 Interest and other costs of finance paid		(320)	(669)
1.6 Income taxes paid		-	-
1.7 Government grants and tax incentives		-	-
1.8 Other (provide details if material)		-	3
<b>1.9 Net cash from / (used in) operating activities</b>		<b>1,093</b>	<b>3,020</b>
<b>2. Cash flows from investing activities</b>			
2.1 Payments to acquire:			
(a) property, plant and equipment		(347)	(772)
(b) businesses (see item 10)		-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.2	Proceeds from disposal of:		
	(a) property, plant and equipment	21,028	21,028
	(b) businesses (see item 10)	-	-
	(c) investments	-	-
	(d) intellectual property	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>20,681</b>	<b>20,256</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	(18,376)	(19,284)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	(95)	(95)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(18,471)</b>	<b>(19,379)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of quarter/year to date	1,247	664
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,093	3,020
4.3	Net cash from / (used in) investing activities (item 2.6 above)	20,681	20,256
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(18,471)	(19,379)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	6	(5)
4.6	<b>Cash and cash equivalents at end of quarter</b>	<b>4,556</b>	<b>4,556</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	4,556	1,247
5.2	Call deposits		
5.3	Bank overdrafts*		
5.4	Other (provide details)		
5.5	<b>Cash and cash equivalents at end of quarter</b> (*Amount excludes bank overdraft of \$222k which is shown as current liability)	<b>4,556</b>	<b>1,247</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
163
-

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**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000
-
-

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8. <b>Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	10,037	9,386
8.2 Credit standby arrangements	97.5	97.5
8.3 Other (please specify)	40	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Facility	Facility Limit (\$,000)	Drawdown (\$,000)	Interest Rate
Inventory Loan Facility	5,000	5,000	BBSY + 1.73
Asset finance facility	1,586	1,313	4.94%
Bank overdraft	600	222	6.99%
Standby Letter of Credit or Guarantee Facility	97.5	97.5	
Westpac Facility - Elect Performance Group	2,851	2,851	BBSY + 1.73
Corporate Card	40	-	
<b>Totals</b>	<b>10,174</b>	<b>9,484</b>	


9. <b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Research and development	
9.2 Product manufacturing and operating costs	(4,500)
9.3 Advertising and marketing	(50)
9.4 Leased assets	(500)
9.5 Staff costs	(2,500)
9.6 Administration and corporate costs	(500)
9.7 Other (provide details if material)	
<b>9.8 Total estimated cash outflows</b>	<b>(8,050)</b>

10. <b>Acquisitions and disposals of business entities (items 2.1(b) and 2.2(b) above)</b>	<b>Acquisitions</b>	<b>Disposals</b>
10.1 Name of entity		
10.2 Place of incorporation or registration		
10.3 Consideration for acquisition or disposal		
10.4 Total net assets		
10.5 Nature of business		



### Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:   
(Director)

Date: 31 October 2019.....

Print name: Zane Banson.....

### Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.