

# Webster Limited 2014 Annual General Meeting



Chief Executive Officer's Presentation  
11 November 2014



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## FY14 HIGHLIGHTS

- Total revenue increase of 6% to \$65.65m
- NPBT increase of 21% to \$11.98m
- EPS up 10% to 6.21 cents
- Full year dividends paid and declared up 40% to 3.5 cents (fully franked)
- Fifth consecutive year of earnings growth
- Successful commissioning of new \$12 million walnut value add factory
- Walnut nursery expansion
- New orchard establishment, Avondale West in the Riverina, NSW
- Upgrades to the onion packing operation including the installation of pre packing capability
- Direct onion supply commenced to a major Australian retailer



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## INCOME STATEMENT

| \$m unless stated | FY'14 | FY'13 | % change |
|-------------------|-------|-------|----------|
| Revenue           | 65.7  | 61.8  | 6%       |
| EBITDA            | 15.3  | 13.2  | 16%      |
| DA                | 3.1   | 3.1   | -        |
| EBIT              | 12.2  | 10.1  | 21%      |
| Interest          | 0.3   | 0.2   | -        |
| PBT               | 11.9  | 9.9   | 21%      |
| Tax               | 3.6   | 2.9   | -        |
| NPAT              | 8.3   | 7.0   | 14%      |
|                   |       |       |          |
| EPS (cents)       | 6.2   | 5.6   | 10%      |
| DPS (cents)       | 3.5   | 2.5   | 40%      |
| Franking (%)      | 100.0 | 100.0 | -        |

- Increase in revenue in line with maturing yield profile of walnut orchards
- PBT up by \$2m due to increased walnut earnings
- Underlying EPS up by 0.6 cents
- Increase in full year dividend of 1.0 cents. Final dividend payment of 2.0 cents fully franked on top of a 1.5 cent fully franked interim dividend



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## BALANCE SHEET

| \$m unless stated           | FY'14         | FY'13         |
|-----------------------------|---------------|---------------|
| Cash                        | 2.2           | 15.3          |
| Receivables                 | 22.1          | 14.7          |
| Inventories & Other         | 19.6          | 12.6          |
| <b>Total Current Assets</b> | <b>43.9</b>   | <b>42.6</b>   |
| PP&E                        | 50.8          | 40.9          |
| Biological Assets           | 31.6          | 27.7          |
| Other                       | 11.8          | 11.3          |
| <b>Total Non-Current</b>    | <b>94.2</b>   | <b>79.9</b>   |
| <b>Total Assets</b>         | <b>138.1</b>  | <b>122.5</b>  |
| Payables                    | 10.3          | 9.9           |
| Borrowings                  | 9.1           | 0.3           |
| Other                       | 3.0           | 3.9           |
| <b>Total Current</b>        | <b>22.4</b>   | <b>14.1</b>   |
| Borrowings                  | 0.5           | 0.7           |
| Other                       | 6.8           | 4.7           |
| <b>Total Non Current</b>    | <b>7.3</b>    | <b>5.4</b>    |
| <b>Total Liabilities</b>    | <b>29.7</b>   | <b>19.5</b>   |
| <b>NET ASSETS</b>           | <b>108.4</b>  | <b>103.0</b>  |
|                             |               |               |
| <b>Shares On Issue</b>      | <b>137.9m</b> | <b>134.1m</b> |
| <b>NTA per share</b>        | <b>\$.75</b>  | <b>\$0.73</b> |

- Strong balance sheet
- Reduction in cash balance due to capital spend
- Increase in receivables and inventory reflective of later than usual timing of walnut sales
- Increase in PP&E and Biological Assets due to major walnut value adding and processing facility capital project and new orchard establishment
- Low gearing - borrowings relate to seasonal facilities
- Well positioned for both organic and stepped growth



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## CASH FLOW

| \$m                                      | FY'14  | FY'13 |
|--|--------|-------|
| Receipts                                 | 49.6   | 59.3  |
| Payments                                 | (51.6) | (49)  |
| Operating Cash Flows                     | (2.0)  | 10.3  |
| Payment for PP&E                         | (18.8) | (9.5) |
| Proceeds from sale of assets             | 2.6    | 0.2   |
| Other                                    | 0.7    | 0.7   |
| Investing Cash Flows                     | (15.5) | (8.6) |
| Proceeds of borrowings                   | 8.9    | -     |
| Repayment of borrowings                  | 0.0    | (4.5) |
| Dividends paid                           | (4.1)  | (3.0) |
| Proceeds from issue of equity securities | -      | 20.3  |
| Other                                    | (0.3)  | (0.3) |
| Financing Cash Flows                     | 4.5    | 12.5  |
|  |        |       |
| Net Cash Movement                        | (13.0) | 14.2  |

### Operating cash flow

- Negative cash flow due to increase in receivables and inventory at balance date as a result of later than usual walnut sales as advantage was taken of the availability of kernel sales from the new value add facility
- 2014 inventory on hand converted to cash post 30 June

### Investing cash flow

- Investment in plant and equipment for processing facilities and new orchard establishment
- Sale of carrot plant and equipment

### Financing cash flow

- Increase in borrowings due to timing of walnuts inventory sales and customer receipts
- Increase in dividend paid of 0.5 cents
- 2014 inventory on hand converted to cash post 30 June



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## PEOPLE, WORKPLACE HEALTH AND SAFETY AND RISK

- Collaborative culture, shared KPIs
- Learning culture - developing, investing in our personnel
- Employee diversity
- Zero harm environment is our objective
- Safety culture driven throughout the entire organisation
- Company wide risk review completed during the year



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# WEBSTER LTD FY14 CAPITAL PROGRAM



Walnut Crackers



Leeton Site



Laser Sorting



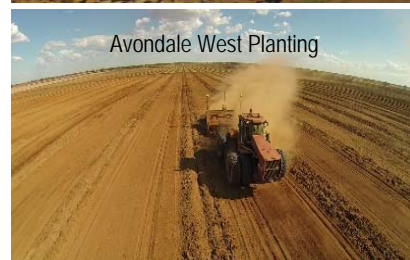
Silo Bulk Storage



Laser Sorting & Crackers



Avondale West Irrigation Install



Avondale West Planting



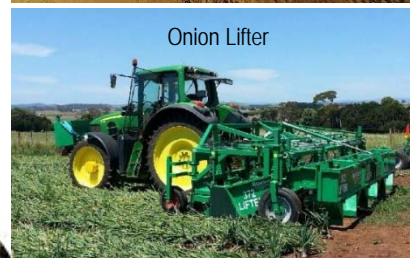
Avondale West Planting



Nursery



Onion Factory Equipment - Toppers



Onion Lifter



Onion Pre-Packing



Onion Sizing



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# WALNUTS AUSTRALIA

## SUMMARY OF OPERATION

- Largest vertically integrated walnut business in southern hemisphere
- Owns and/or manages 2,200 ha of orchards in NSW & Tasmania
- Produces approx. 95% of the Australian walnut crop
- Existing orchards, including the new Avondale West orchard predicted to produce ~16,000 tonnes (in-shell) at maturity in 2025
- Three revenue streams – owned orchards, managed investment scheme income, and management fees
- Southern Hemisphere counter seasonal marketing position – freshest walnuts for six months of the year.

## RECENT INITIATIVES

- Major infrastructure and improvement program with ~18m AUD invested
- Development of new, state of the art walnut cracking and processing facility
- Beginning of the establishments of a new 1,000 ha walnut orchard in the Riverina
- Increased nursery scale for future tree plantings

## 2014 SEASON

- Yields down on internal forecasts
- Strong market demand and pricing
- Entered the Australian domestic kernel market

## 2015 OUTLOOK

- Record Californian crop but low carry over stock position
- Pricing and demand satisfactory
- New export market opportunities with kernel
- Expand domestic sales footprint

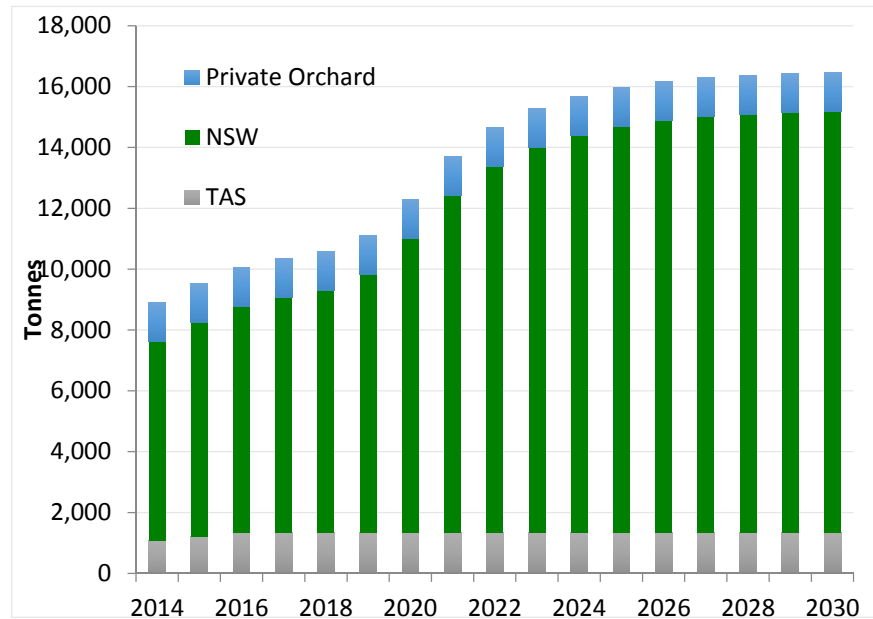


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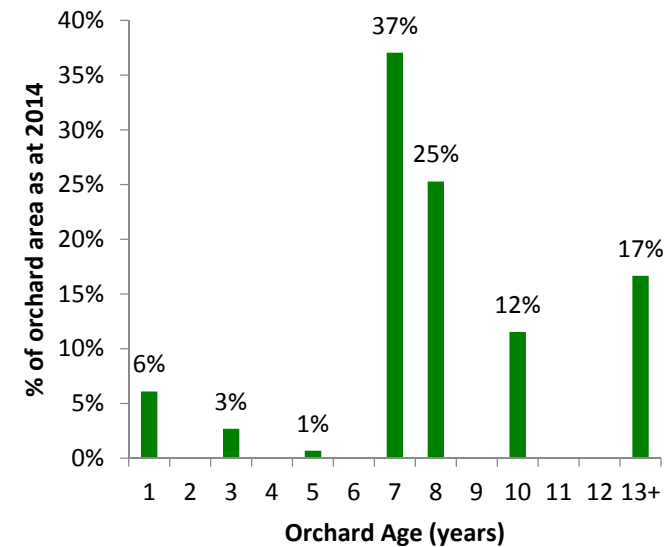
## WALNUT ORCHARD PROFILE

### Production – existing + planned orchards



- Expansion to increase production profile to ~16,000t by FY25

### Orchard maturity



- 47% of existing orchards are still to reach full maturity
- >95% of existing orchards to be fully mature by FY16



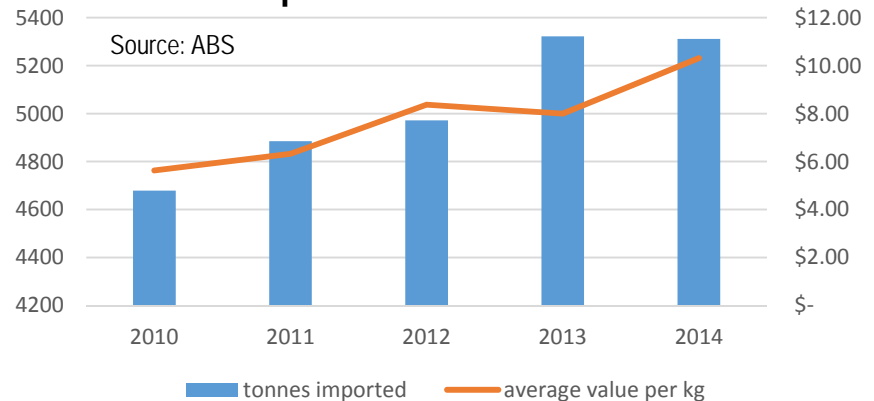
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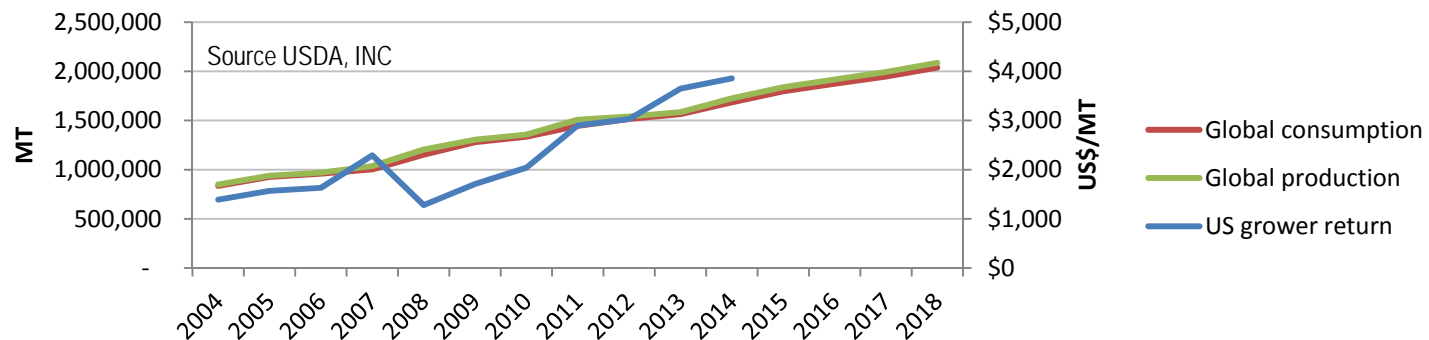
## KEY DRIVERS

- Health
- Counter seasonal production
- Import replacement
- Southern hemisphere has the freshest product for six months of the year
- Demand keeping up with supply

### Tonnes imported into Australia



### Global walnut production vs consumption



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## FIELD FRESH TASMANIA (FFT)

### SUMMARY OF OPERATION

- FFT produces around 20% of Australian crop
- Australia's largest exporter of brown and red onions
- Over 35 years of export experience in fresh food with an extensive global marketing network
- Combination of contract growers and leased land
- Grows around 40,000 tonnes of brown and 3,000 tonnes of red onions per annum
- Vertically integrated producer and marketer of onions
- Tasmania is best suited to produce firm, good quality onions suitable for export and long storage
- Operates a large onion operation in a relatively short marketing window which would be difficult to duplicate

### RECENT INITIATIVES

- Capital program
- Successful first season of direct supply to a major Australian retailer

### FY2014 SEASON

- Crop adversely affected with wetter and cooler than normal growing conditions resulting in yields being down
- Highest August rainfall in 30 years interrupting planting program
- Difficult season that resulted in onions not meeting internal financial targets however still positively contributing to the company's result

### 2015 OUTLOOK

- Budgeted area successfully sown with favourable planting conditions experienced
- Two major sales contracts in place representing ~30% of the forecast crop



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## FIELD FRESH TASMANIA (FFT)

### SALE OF OPERATION

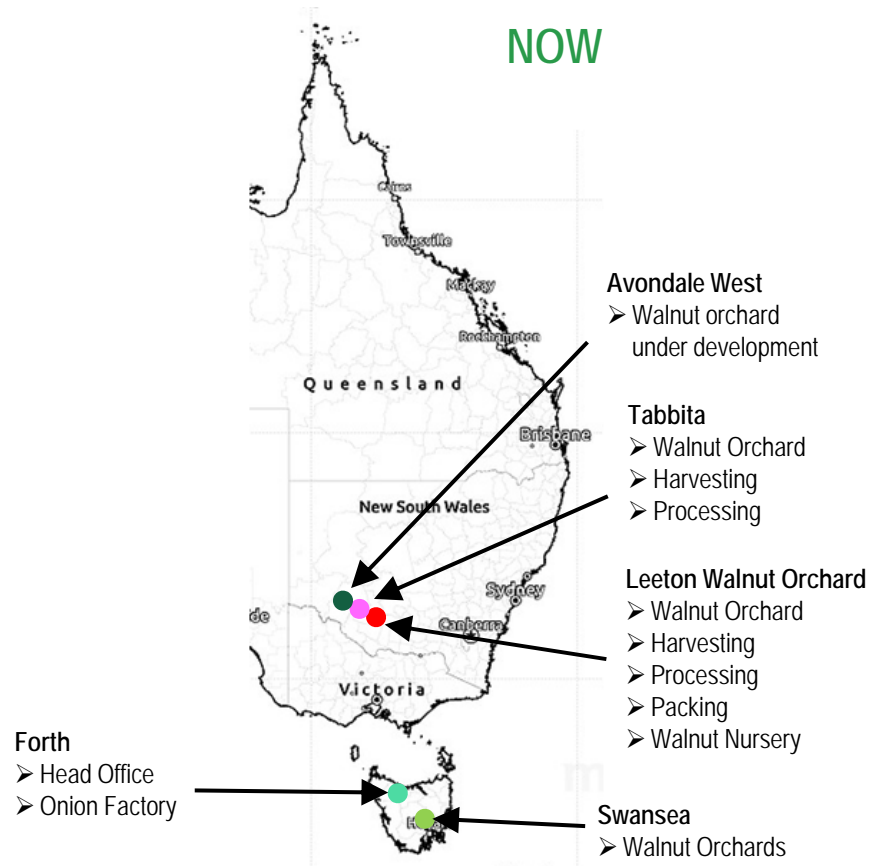
- Agreed terms and have signed a contract of sale with Dandaragan Farms Pty Ltd and North East Equity Pty Ltd, jointly trading as Sumich.
- The contracted consideration is \$10.15 million for the sale of the assets, plus the value of stock on settlement.
- The sale price is slightly in excess of book value.
- Sumich is one of Australia's largest carrot growers and marketers.
- Settlement on the 30<sup>th</sup> of June 2015



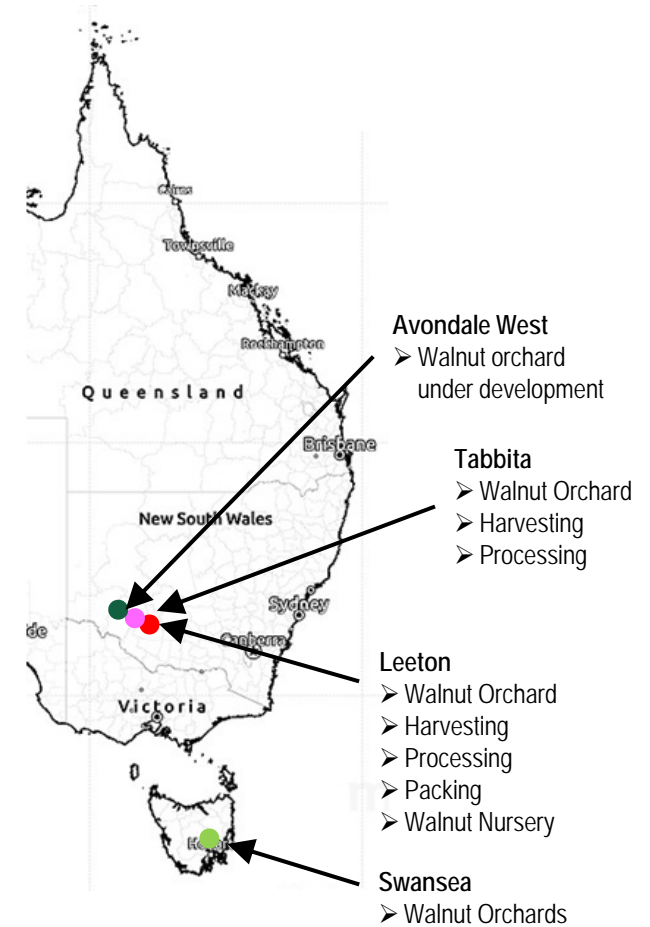
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# WEBSTER – THE FUTURE

## NOW



## FUTURE



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## DISCLAIMER

This presentation contains certain forward-looking and unaudited information. Such information is based on estimates and assumptions that whilst considered reasonable by the Company are subject to risks and uncertainties. Actual results and achievements could be significantly different from those expressed in or implied by this information.



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