



WEBSTER
GROUP

DECEMBER 2014 PRESENTATION



COMPANY HIGHLIGHTS



Focused food and agribusiness company



Largest walnut producer in Australia – circa **90%** of country's production



Vertically integrated operations – nursery, orchards, cracking/processing (Majority of global players not vertically integrated)



Favourable demand/supply outlook



High levels of barriers to entry in walnut industry
– Access to seed, trees and long lead times to maturity



COMPANY HIGHLIGHTS



Strong international demand – Australian production is counter seasonal to Northern hemisphere



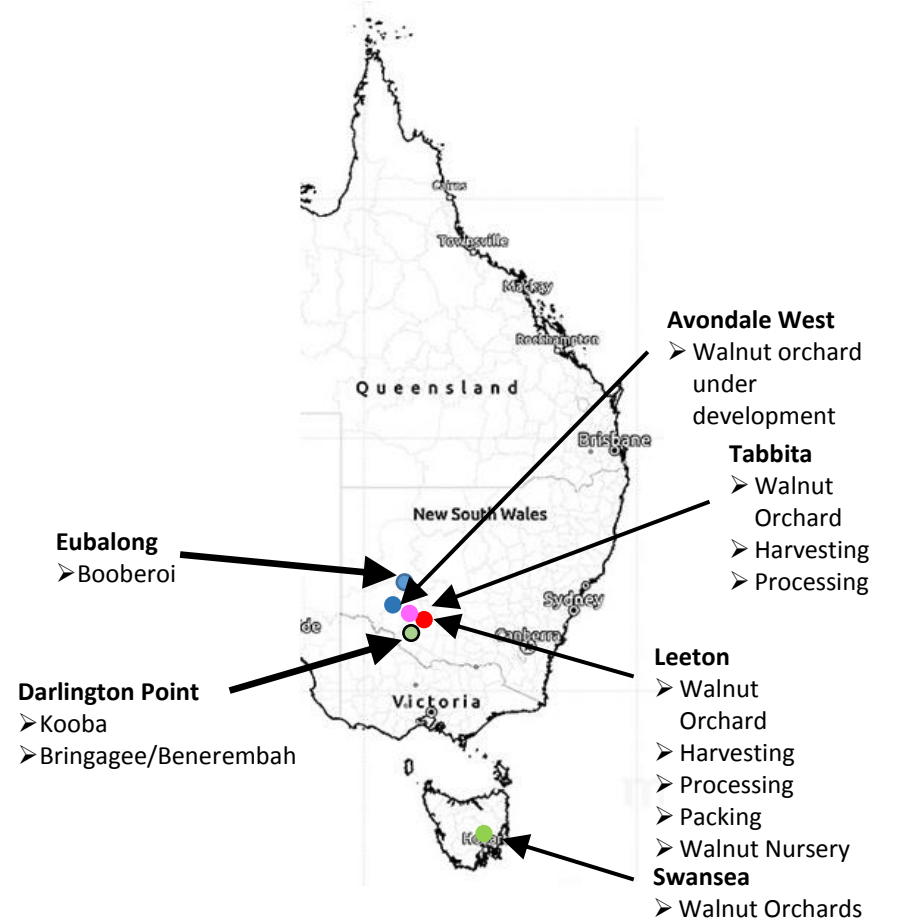
Efficient, low cost producer – five years of demonstrated earnings growth



Favourable currency tailwinds – walnut exports sold in USD



Attractive maturity profile and increasing yields



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CORPORATE SNAPSHOT

FINANCIAL INFORMATION¹

ASX Ticker	WBA
Share Price	\$1.23
Shares on issue	138M
Market Cap	\$155.2M

¹As at June 30

SUBSTANTIAL SHAREHOLDERS

Substantial shareholders	%
Christopher Darcy Corrigan & Belfort Investments Ltd	17.27
Mr Peter Joy	12.67
Verolot Limited	9.64
Bevan David Cushing as trustee of the KD Cushing Family Trust	8.28

SHARE PRICE GRAPH



BOARD OF DIRECTORS

Chief Executive Officer: **John Hosken**

Chief Financial Officer / Company Secretary: **Susan Stegmann**

Non-Executive Chairman: **Roderick Roberts**

Non-Executive Director: **David Cushing**

Non-Executive Director: **Christopher Corrigan**

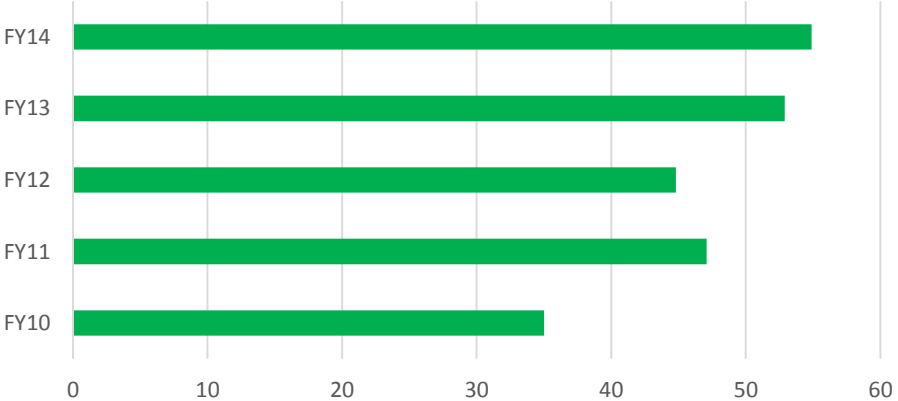
Non-Executive Director: **Christopher Langdon**

Incoming Non-Executive Director: **David Robinson**

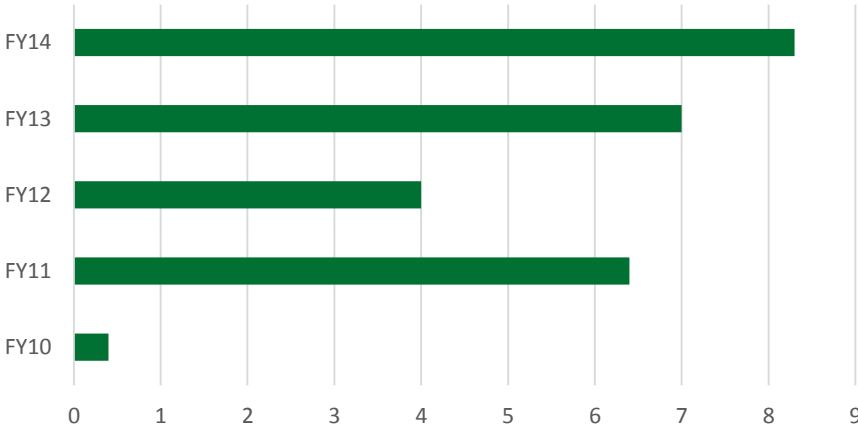
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Key Group Highlights

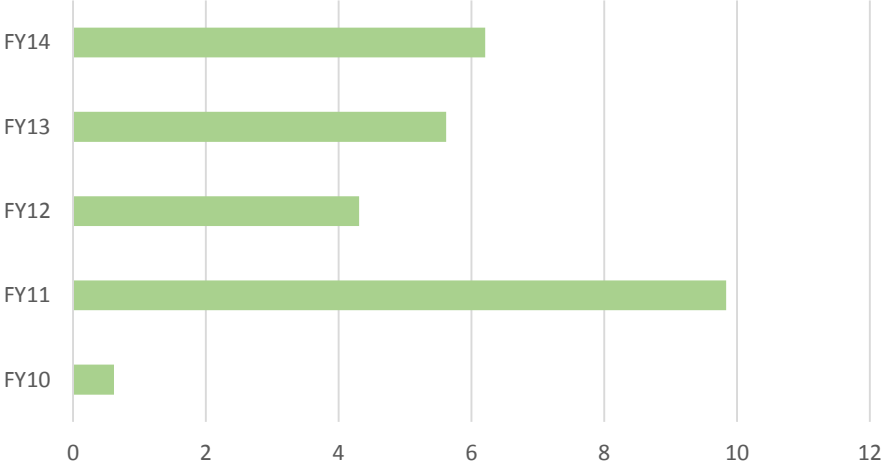
REVENUE FY'10-14 (\$m)



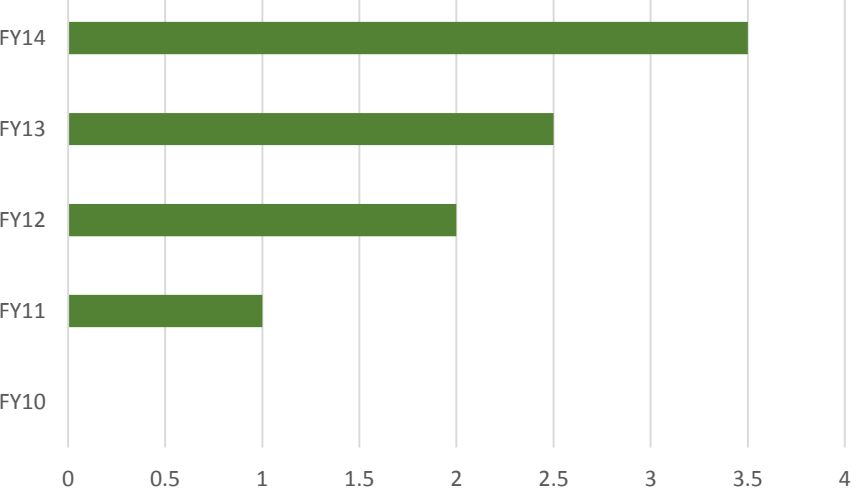
NET PROFIT FY'10-14 (\$m)



BASIC EPS FY'10-14 (Cents)

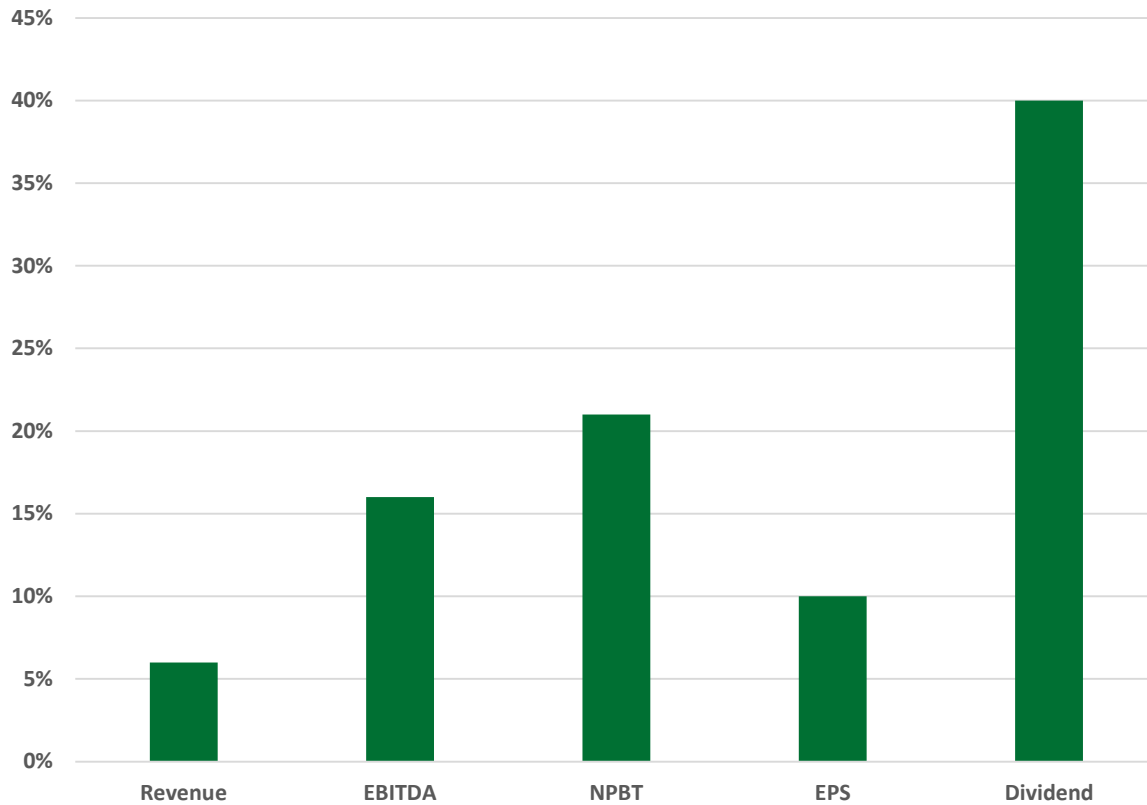


DIVIDEND PER SHARE FY'10-14 (Cents)



FY14 HIGHLIGHTS

FY13-FY14 YEAR ON YEAR GROWTH %



- Total revenue increase of **6%** to **\$65.65m**
- Net Profit Before Tax 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 processing facility
- Walnut nursery infrastructure & capability expanded and seed sourcing secured
- New orchard establishment, Avondale West in the Riverina, NSW

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REVIEW - 2014 SEASON

Walnuts



Yields down on internal forecasts but above last year



Strong market demand and pricing



Import replacement strategy in domestic market commenced including direct to major retail

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REVIEW - 2014 SEASON

Onions



Yields were down on budget



Direct onion supply commenced to a major Australian retailer



Positive contribution to the earnings result



Rebalanced sales mix between domestic and export

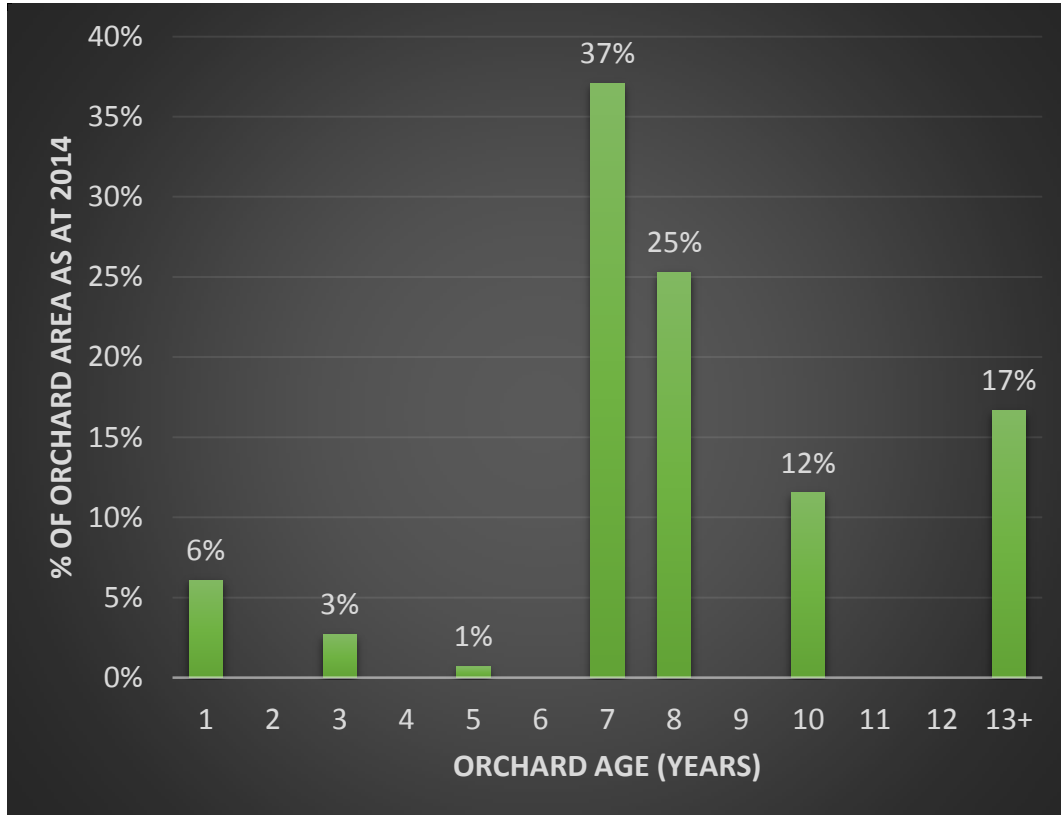


Upgrades to the onion packing operation including the installation of pre packing capability

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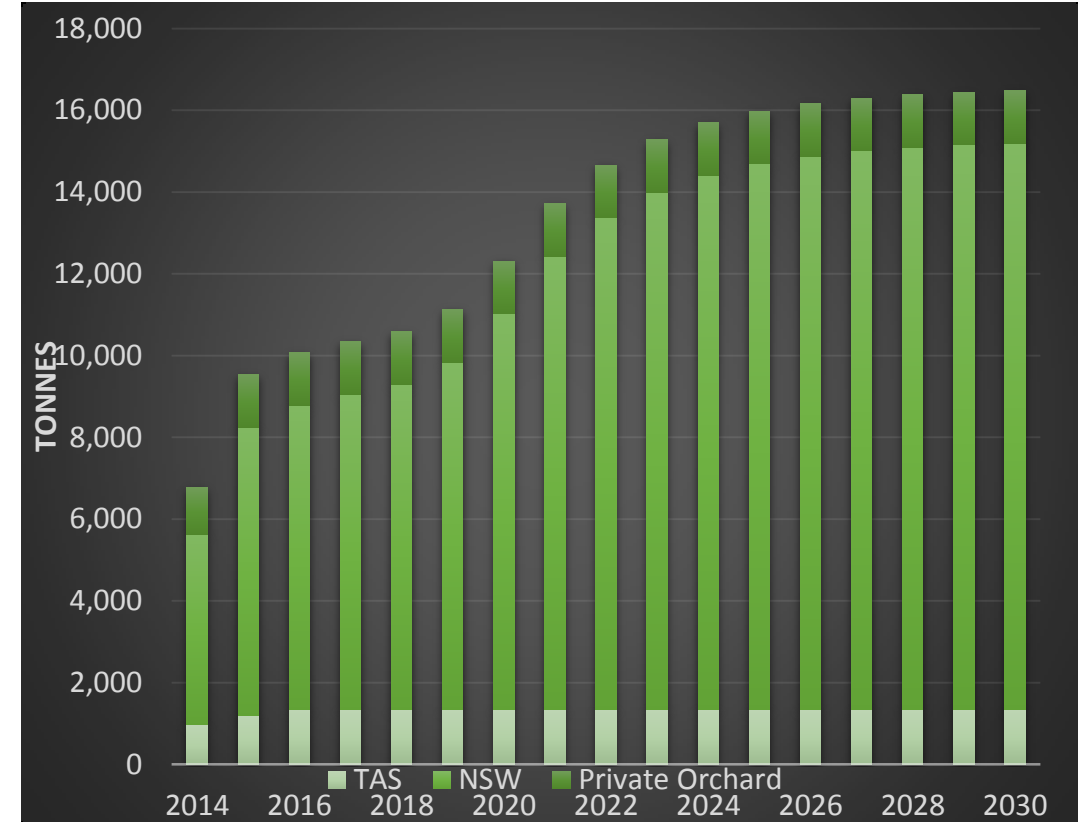
WALNUT ORCHARD PROFILE

ORCHARD MATURITY



- 47% of existing orchards are still to reach full maturity
- >95% of existing orchards to be fully mature by FY16
- Trees hit full production around Year 8 – maturity profile in the ‘sweet spot’

PRODUCTION – EXISTING + PLANNED ORCHARDS



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

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ACQUISITION DETAILS

AGRESERVES AUSTRALIA LIMITED (KOOBA AGGREGATION)



Kooba Homestead



Cotton Harvest

Acquisition Summary

Equity	~\$18m
Issue Price	\$1.03 share
Cash and Debt Facility	~\$98m
Total	\$116m

- ❖ Webster entered into agreement to acquire land & water assets from Ag Reserves Australia for a total of **\$116m**
- ❖ The properties consists of **~46,000ha with ~40,000ha** on the Murrumbidgee River at Darlington Point NSW
- ❖ Webster will enter into a **two year management agreement** with Australian Food and Fibre (AFF)
- ❖ **More than 50%** of acquisition costs comprises water entitlements
- ❖ Complementary to our existing permanent walnut growing operation and provides **land bank** for further orchard development.

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ACQUISITION DETAILS

Financials

- **91%** increase in Net Assets to **\$264m**
- Aggregating Webster's financial performance for the financial year ended 30 June 2014 and the financial performance for the AgReserve assets for the financial year ended 31 December 2013 and taking account of the sale of the onion operations, Webster's revenue would have increased from **\$65.6 m** to **\$85.4m** & annual profit (before tax and extraordinary items) from **\$11.9 million** to **\$15.5**
- Acquisition expected to be **EPS accretive** in its first full year

Location

- The two Darlington Point properties located 30-40min drive from major walnut orchards

Operational Synergies

- Acquired land bank provides Webster with further walnut growth
- Compliments increased capacity from new **\$12m value-adding** walnut cracking operation in Leeton
- Water use



Kooba Office



Maize in Tassel

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DIVESTMENT OF ONION BUSINESS

FIELD FRESH TASMANIA (FFT)

SALE OF OPERATION

- Agreed terms and signed a contract of sale with Dandaragan Farms Pty Ltd and North East Equity Pty Ltd, jointly trading as Sumich – 10th November 2014
- 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**
- Settlement on the 30th of June 2015

RATIONALE

- Volatile earnings history
- Allows for greater management focus on Riverina-based
- Low-margin

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2015 OUTLOOK



Record Californian crop but low carry over stock position



Californian walnut industry pricing remains at historical high levels



New export market opportunities for kernel with new FTAs coming on line



Expand domestic sales footprint



Settle in to annual row cropping operation



Develop three year project management plan of Kooba intensification



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LONG-TERM OUTLOOK



WALNUTS

- Continue to expand the walnut operation
- Intensify newly acquired annual row cropping operation
- Continue focus on water
- Maintain dominant position in walnuts
- Cement dominant position
- Ramp up plantings - land bank acquired with existing infrastructure in Riverina
- Scale up the business
- Market fundamentals are in company's favour

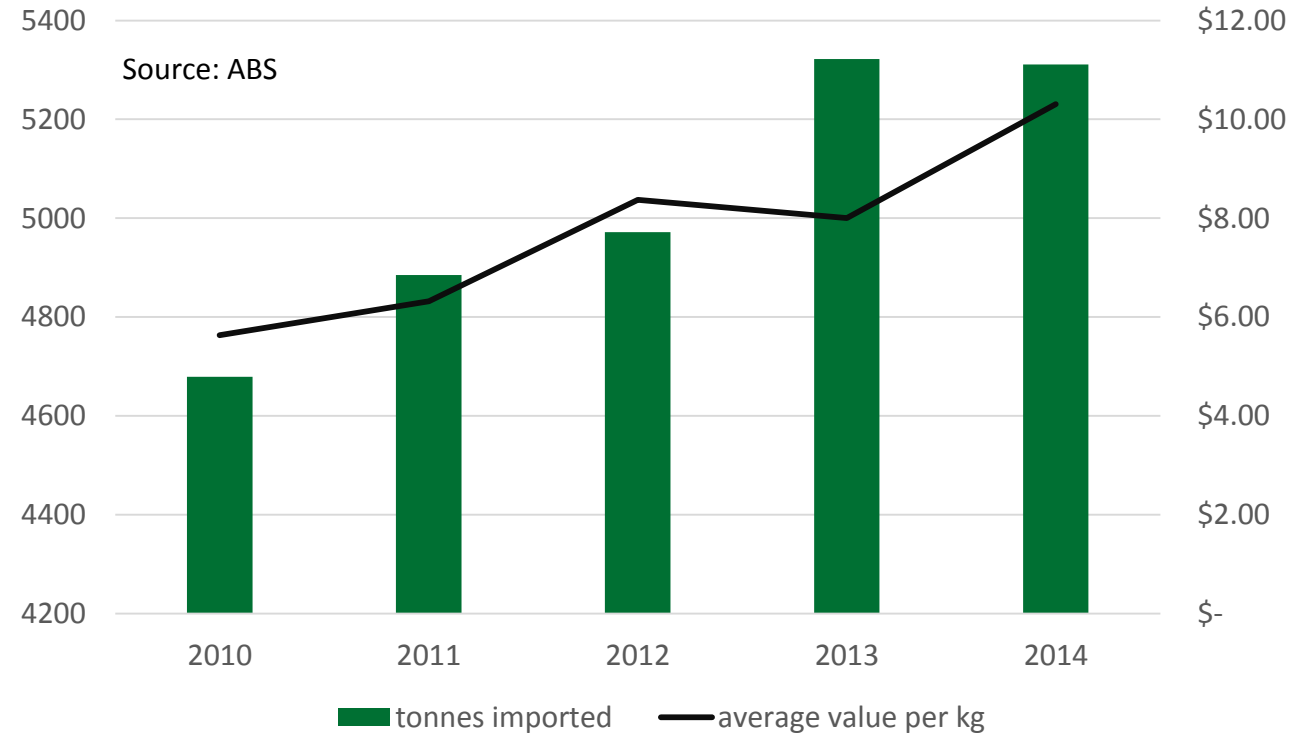
A close-up photograph of numerous walnut shells, showing their characteristic wrinkled, brownish-tan texture. The shells are piled together, filling the entire frame. A white horizontal band is superimposed over the center of the image, containing the word 'APPENDIX' in green, bold, sans-serif capital letters.

APPENDIX

WALNUT KEY DEMAND DRIVERS

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

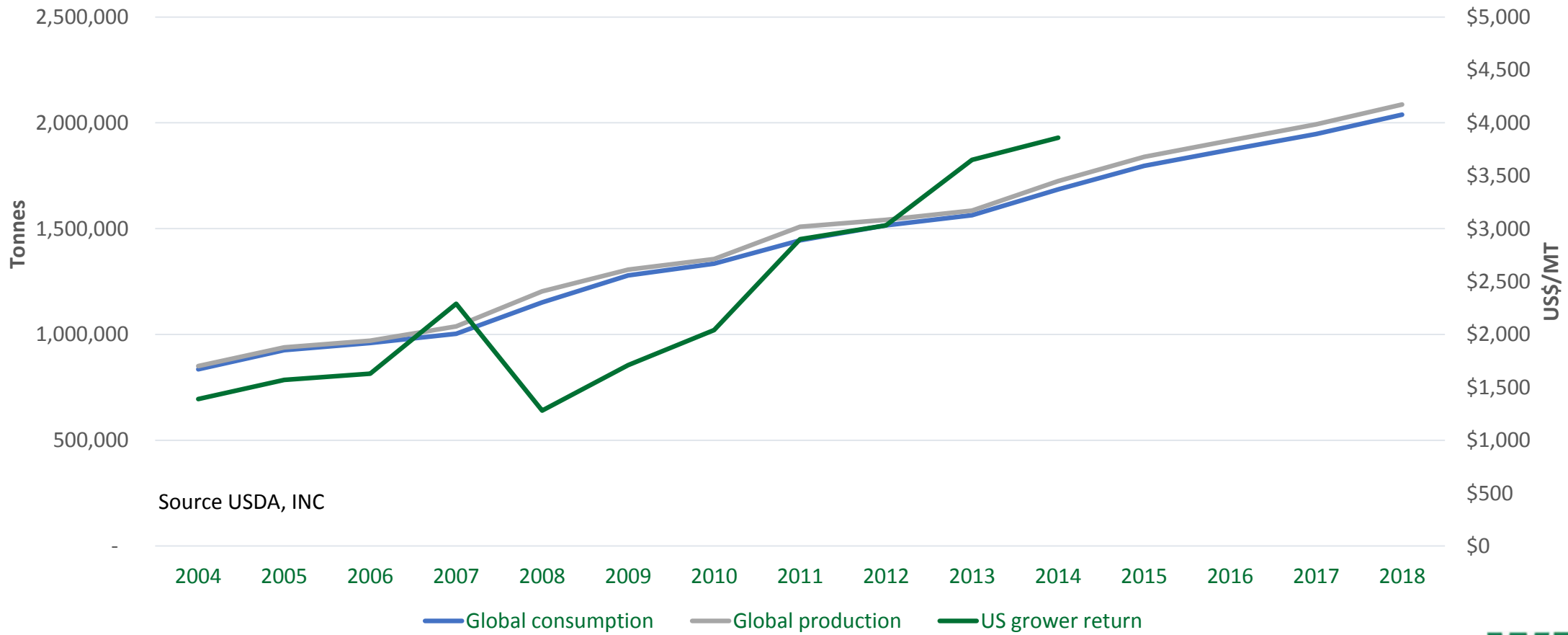
TONNES IMPORTED INTO AUSTRALIA



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KEY DEMAND DRIVERS

GLOBAL WALNUT PRODUCTION vs CONSUMPTION



Source USDA, INC

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WALNUTS AUSTRALIA

SUMMARY OF OPERATION

- **Largest vertically integrated** walnut business in southern hemisphere
- Owns and/or operates **2,200 ha** of orchards in NSW & Tasmania
- Produce approx. **90%** of the Australian walnut crop
- Existing orchards, incl. **Avondale West** orchard- estimated production: **~16,000t** (in-shell) at maturity in 2025
- **3 revenue streams:** Owned orchards, Managed investment income & Management fees
- Southern Hemisphere counter seasonal marketing position – freshest walnuts for six months of the year.



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WALNUTS AUSTRALIA

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



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FY14 - INCOME STATEMENT

	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	100	-

\$m unless stated

COMMENTARY

- ✓ 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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FY14 - BALANCE SHEET

	FY'14	FY'13
Cash	2.2	15.3
Receivables	22.1	14.7
Inventories & Other	19.6	12.6
Total Current Assets	43.9	42.6
PP&E	50.8	40.9
Biological Assets	31.6	27.7
Other	11.8	11.3
Total Non-Current Assets	94.2	79.9
Total Assets	138.1	122.5
Payables	10.3	9.9
Borrowings	9.1	0.3
Other	3.0	3.9
Total Non Current Liabilities	22.4	14.1
Borrowings	0.5	0.7
Other	6.8	4.7
Total Non Current Liabilities	7.3	5.4
Total Liabilities	29.7	19.5
Net Assets	108.4	103.0
Shares on Issue	137.9m	134.1m
NTA per Share	\$0.75	\$0.73

COMMENTARY

- ✓ **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 relating to seasonal facilities
- ✓ Well positioned for both **organic and stepped growth**

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FY-14 CASH FLOW STATEMENT

	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

COMMENTARY

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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WEBSTER GROUP

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