



ASX ANNOUNCEMENT

27 April 2021

TOTAL PAGES: 2

## APPENDIX 4C

### QUARTERLY ACTIVITY AND CASH FLOW REPORTS TO 31 MARCH 2021

*All figures are stated in United States Dollars and are unaudited.*

Wellard Ltd (ASX:WLD) ("Wellard") presents its first Quarterly Activity Report and Appendix 4C Cash Flow Report for the quarter ended 31 March 2021.

#### FINANCE & CASH FLOW:

Wellard generated US\$2.6 million in cash from operating activities in the reporting period. This was despite the M/V Ocean Drover being in scheduled drydock for five weeks during the quarter. Receipts from customers were US\$11.9 million, while operating costs were US\$8.0 million.

The positive result was achieved as cattle exporters chartered the M/V Ocean Ute and the M/V Ocean Swagman; and the M/V Ocean Drover when it was available for charter, providing strong utilisation rates for the quarter.

The Wellard fleet completed five medium- and long-haul voyages during the quarter. Wellard was not impacted by the disruption to shipping from the blockage of the Suez Canal in March 2021, however COVID-19 restrictions at ports and impacts on crew changes continue to create logistics challenges and increase costs to the business generally.

Cash outflow on investing activities remained modest at US\$0.9 million in the quarter, principally relating to drydock costs of our vessels. Cash outflow on financing activities of US\$0.7 million primarily related to the net drawdown of a trust receipt facility utilised for bunker fuel purchases and repayments of borrowing and lease liabilities.

At the completion of the quarter, Wellard had cash and cash equivalents of US\$6.1 million, an increase of 20 per cent on the US\$5.1 million held at 31 December 2020.

Most payments for the M/V Ocean Drover's five-week drydock have been or will be made in Q4 FY2021, which will impact the Company's cash position in Q4 FY2021.

## CORPORATE:

Corporate related parties' payments of US\$148K were paid during the period, of which US\$136K represent Director fees paid from the shareholder approved pool of fees; and US\$11K represents technical services rendered to the Wellard fleet by Transport Capital Pte Ltd, a transportation focused investment management and advisory firm, of which Mr Philip Clausius is the founder and Managing Partner.

## MARKET

Two international Government announcements were made recently that will impact Wellard's activities in the medium- to long-term, namely the agreement by the Governments of the Kingdom of Saudi Arabia and Australia on 7 April 2021 of a new pathway to resume the live sheep trade between the two countries, and the decision on 14 April 2021 by the New Zealand Government to ban the export of breeding livestock following a transition period of up to two years.

"The resolution of the live sheep trade from Australia to Saudi Arabia is a positive development but will take some time to take effect due to Australia's low and declining sheep population, high prices and requirement to meet specific animal health protocols and treatments" said Wellard's Executive Chairman, Mr John Klepec.

"If sheep exports do start to flow between the two countries, it will create additional demand for the few AMSA-approved large livestock carriers."

With respect to the New Zealand decision, Wellard's fleet has sailed to New Zealand to load livestock with increasing frequency due to the cattle supply/price-led slowing of the trade from Australia in the past 6 to 9 months. Wellard now has two years to plan for replacement activity following the decision by the NZ Government, made in the wake of the sinking of the Gulf Livestock 1 livestock vessel.

"The most likely routes to replace the New Zealand to China trade will be longer voyages transporting breeder cattle from South America to China, and a return to normal trading activity between Australia and South East Asia post the cattle herd rebuild in Australia," Mr Klepec said.

"Wellard disagrees with the decision by the New Zealand Government, as exporters utilising modern ships with good on-board management have proven they can successfully and safely transport cattle from New Zealand to China while providing good animal welfare outcomes."

*This ASX release was approved by the Wellard Board of Directors.*

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