



ASX & MEDIA STATEMENT

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Wellard to sell M/V Ocean Ute for US\$12.0 million and return of net proceeds to shareholders

Wellard Limited ("Wellard") (ASX:WLD) has signed a binding contract to sell its oldest livestock vessel, the M/V Ocean Ute, for US\$12.0 million in cash (approx. A\$18.1 million).

The Wellard Board intends to return the majority of the net sales proceeds to shareholders and it is currently considering the available options of doing so.

The vessel will be purchased by Marshall Islands registered company, Bassem Dabbah Shipping Inc. Wellard expects completion of the sale to occur in September 2024.

Upon transaction completion and before any return of capital to shareholders, the sale of the M/V Ocean Ute will result in an estimated US\$11.8 million (approx. A\$17.8 million) increase in cash on hand, after fees and commissions.¹

The sale is subject to the parties performing the contract terms and signing and performing the agreed Norwegian Shipbrokers' Association's Memorandum of Agreement for Sale and Purchase of Ships (BIMCO Form Rev, 2012), which provides standard terms and conditions adopted internationally for sale of oceangoing ships.

Wellard Executive Chairman, John Klepec said:

"We are pleased to have achieved a sale price above the current net book value of the vessel."

"The M/V Ocean Ute has been a good vessel for Wellard, and helped us meet a price point in the market. But it is about to reach a tipping point with respect to market value, maintenance costs, future cash generation and profitability, so the sale is a good outcome for Wellard and its shareholders."

"The vessel achieved mixed utilisation in the second half of FY2024 when it was idle until late February and then fully booked for the remainder of the period. The Board therefore took the decision to crystallise its value now."

"We have booking notes in hand up until the vessel's planned last voyage for Wellard in September 2024, when the transaction is expected to complete."

Meanwhile, demand for the M/V Ocean Drover had been strong with the ship fully utilised for the calendar year to date, shuttling between South America and Turkey.

¹ The accounting outcomes contained in this release will be finalised in conjunction with the completion of the sale of the vessel and of the Company's 2024 financial statements in August 2024, however they are not expected to change materially from the estimates presented.

“Importantly, we now have charters for the M/V Ocean Drover committed right through until the end of the year, ensuring its utilisation rates will remain high,” he said.

Wellard is continuing to engage productively with KPMG (Singapore) as the liquidators of Ruchira Ships Limited, the registered owner of the M/V Ocean Drover, to seek a commercial resolution that will result in the return to Wellard of full, unencumbered legal title to the Drover.

“We expect to be able to update shareholders about the progress of these negotiations when the company releases its full year financials in late August. In the interim, the bareboat charter continues with excellent utilisation,” Mr Klepec said.

Capital return

The Wellard board is considering the options available to return the majority of the sale proceeds of the Ocean Ute to shareholders. When the decision has been made, a detailed announcement will be released.

Should the Board decide on a capital return to shareholders, it would require shareholder approval at Wellard’s 2024 annual general meeting and the receipt of tax advice.

This announcement has been authorised by the Board of Directors of Wellard Limited.

ENDS

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