



ASX Announcement

TOTAL 3 PAGES

18 December 2018

Wellard continues to further deleverage its balance sheet following non-core asset sales

Highlights

- **Sale of non-core assets to generate approximately \$13 million worth of free cashflow (including working capital realisation)**
- **Agreement with Noteholders to redeem 3.5 million Convertible Notes (US\$3.5 million) early in return for a standstill on covenant breaches**

Wellard Limited (ASX:WLD) (**Wellard** or the **Company**) is continuing its turnaround plan.

The sale of non-core assets and the standstill and partial early redemption of convertible notes will deleverage Wellard's business sheet and reduce associated interest repayments¹.

Non-Core Asset Sales

The Wellard Feeds business, the 'La Bergerie' Pre-Export Quarantine business and the Beaufort River Meats business (**Businesses**) were identified by the Company at the beginning of this financial year as being non-core assets that did not fit the Company's new more streamlined strategy.

The Company previously announced the sale of its Beaufort River Meats business for an aggregate amount of \$8 million including working capital, subject to finalising the sale agreement (see Chairman's Address dated 23 November 2018 for further information). A binding agreement has now been executed for this sale.

Wellard has also entered into binding term sheets (which are subject to final documentation) for the sale of its Wellard Feeds business and its 'La Bergerie' Pre-Export Quarantine business for an aggregate amount of approximately \$5 million including working capital to a subsidiary of Ausvision Rural Services Pty Ltd.

The Company expects the sale of each Business to complete before 31 March 2019. Completion of each sale is subject to the receipt of certain consents, approvals and licence transfers.

...2/

¹ See details about the early redemption schedule, and standstill fees payable to certain convertible noteholders, on pages 2 and 3 of this announcement, under "Convertible Note Redemption and Standstill"

The transactions include provision for all staff to transition with the Businesses. These people have been fundamental to the ongoing success of these Businesses, and the Board thanks them for their service.

“Wellard recognises that these Businesses have been an important part of the Company’s history and identity. The sales represent a value opportunity, and are a demonstration of the Board’s commitment to focus strongly on the shipping and trading divisions of the Company in the future,” Mr Klepec said.

Convertible Note Redemption and Standstill

Wellard has reached agreement with its convertible noteholders (being Black Crane Capital Limited, Penta Asset Management Limited and TradeInvest Asset Management Company (BVI) Ltd) in respect of an early redemption of 3.5 million convertible notes, worth US\$3.5 million. The early redemption is part of a standstill agreement that has been reached in respect of certain identified breaches under the convertible notes. The standstill agreement is subject to satisfaction of certain conditions precedent, which the Company expects will be satisfied in the next few days.

Under the standstill agreement, the noteholders have agreed not to take any enforcement action in respect of certain identified covenant breaches under the convertible notes during the period beginning on the date of satisfaction of the condition precedent and ending 31 March 2019 (**Standstill Period**). Certain of these breaches will remain outstanding at the end of the Standstill Period, and the noteholders would be entitled to take enforcement action in respect of these breaches from the end of the Standstill Period.

The Company will continue to implement its streamlined business plan and evaluate options for further balance sheet de-leveraging throughout the Standstill Period.

The early redemption will occur progressively according to the below timeline.

Redemption Date	Convertible Notes Redeemed	Redemption Amount (USD)
On satisfaction of conditions precedent	2,000,000	2,000,000
15 January 2019	500,000	500,000
15 February 2019	500,000	500,000
15 March 2019	500,000	500,000

The Company will pay for the redemption of these notes out of available cash and the proceeds from the sale of the Businesses.

As part of the standstill, the Company has agreed to pay to Penta and TradeInvest an upfront standstill fee of US\$350,000 (in aggregate between them) paid on signing the standstill agreement, plus a fee that is ongoing during the Standstill Period calculated at 6% per annum on the outstanding convertible notes of Penta and TradeInvest during the Standstill Period.

...3/

The Company will lodge an Appendix 3B each time convertible notes are redeemed.

For further information:

Investors

Executive Chairman, John Klepec

Phone: + 61 8 9432 2800

Media

FTI Consulting, Cameron Morse

Phone: + 61 8 9321 8533

Mobile: + 61 (0) 433 886 871