



# Financial Year 2019 Investor Presentation

June 2019

## Wingara Ag Limited - Overview



Wingara AG Ltd (WNR.ASX) owns and operates value-add, mid-stream assets specialising in the processing, storage and marketing of high-quality Australian agricultural produce for export markets through two business divisions; **JC Tanloden** and **AustCo Polar**

**Wingara's growth strategy is to build a sustainable platform for processing and marketing agricultural produce with a focus on products for the dairy and meat sectors.** We differentiate ourselves through a reputation for high-quality service for both our primary producer suppliers and Asian importer end-customers



Initial operational focus on Victoria

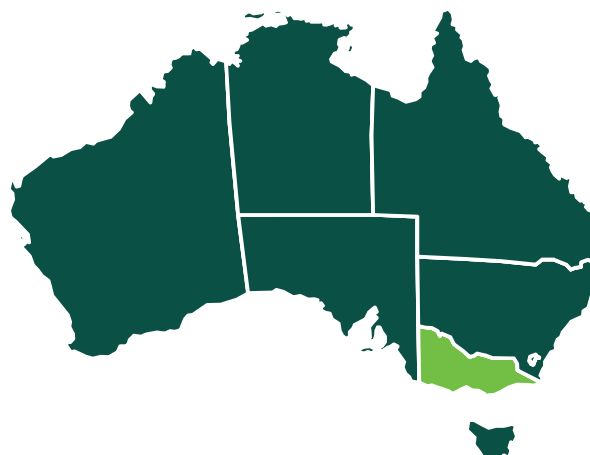


**Business Model:** Fodder processor and marketer for fodder products including oaten, wheaten, barley, canola hay and straw

**Assets:** Two sites; Epsom & Raywood VIC providing a combined 110,000t processing capability and 30,000t storage capacity

**Markets:** Selling to domestic and export markets including China, Taiwan, Japan and Korea

**FY19 Revenue \$16.8m, EBITDA \$2.7m (excl. corporate costs)**



**Business Model:** Value-add and logistic services for red meat export including blast freezing and cold storage

**Assets:** Laverton, VIC across 1 Hectare. Blast freezing throughput of 40,000 packs per week plus storage capacity of 10,000 standard size pallets

**Markets:** Export accredited to key destinations including China, Japan, Korea, EU, USA, Middle East (including Halal certification)

**FY19 Revenue \$12.36m, EBITDA \$3.36m (excl. corporate costs)**

## Wingara AG – Trading History



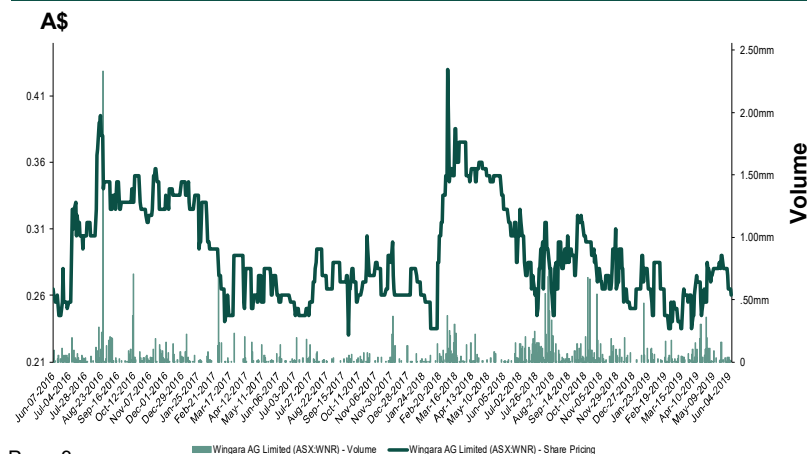
Wingara AG was listed on the ASX through the reverse takeover of Biron Apparel Ltd, raising \$4.8m to fund the expansion of the Company's production facilities at Epsom, VIC. Wingara raised an additional \$6.7m via a Placement in March 2018 to fund the acquisition of AustCo Polar

### Top Shareholders

Rank	Shareholder	Shares	% of SOI
1	NAOS Asset Management	25,496,663	24.3%
2	Richard Gazal	14,681,691	14.0%
3	Kellie Barker	10,097,727	9.6%
4	Gavin Xing	10,000,000	9.5%
5	Prime Value Asset Management	3,896,691	3.7%
6	Jane Superannuation Pty Ltd	2,857,143	2.7%
7	F & L Diamante Pty Ltd	2,056,187	2.0%
8	Eric Jiang	2,000,000	1.9%
9	Avzath Pty Ltd	1,780,249	1.7%
10	Ausnom Pty Ltd	1,655,937	1.6%

\*Computershare - at market close 5 June 2019

### Share Price Performance

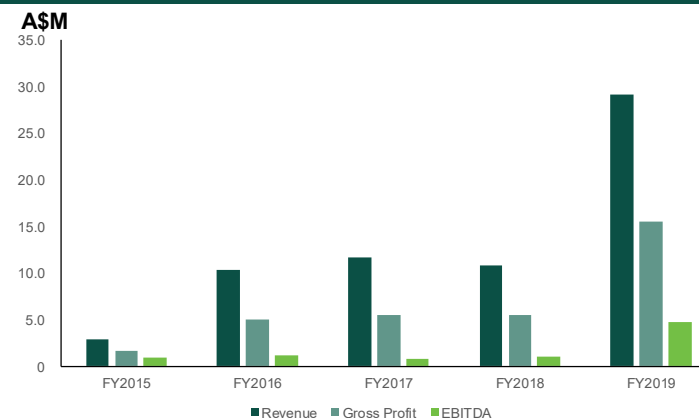


### Capital Structure Summary

Share price	A\$	0.240
Shares on issue	M	105.11
<b>Market Capitalisation</b>	<b>A\$m</b>	<b>25.23</b>
Cash & STI	A\$m	0.66
Debt	A\$m	27.24
Net Debt	A\$	26.58
<b>Enterprise Value</b>	<b>A\$m</b>	<b>52.46</b>
Unlisted options	m	3.00

\*As at market close 11 June 2019

### 5 Year Group Financial Performance



\*FY15 and FY16 30 June Year End. FY17 and FY19 reclassified to 31 March 2018 Year End consistent with current balance date



# Business Model

Wingara's business model is focussed on controlling the bottlenecks linking producers of agricultural product and key domestic & export markets. High barriers to entry with export accreditation



## Risk Management, Corporate Governance, Finance, Legal & Regulatory Oversight

### Suppliers



Farmer/ Primary Producer



Meat Processers & Abattoirs



#### Hay & Fodder Processing & Marketing

- Export accredited with limited competition
- Blending to customer specification
- Product processing and trading
- Fodder storage and supply chain management
- Sourcing and accumulation



#### Blast Freezing & Cold Storage

- Blast-freezing cut meat for longevity
- Cold storage
- Logistics and export management

### Customers

**Domestic** – farmers and other primary producers

**International** – trading houses (as well as direct end users) in China, Korea, Japan & Taiwan; demand cannot be met by current supply




**Domestic** – supermarkets, butchers, food service providers

**International** – trading houses in China, Korea, Japan & Taiwan

*\*AustCo's suppliers negotiate the purchase. Wingara does not take risk on sales of meat products*

# FY19 Financial Results Summary

## Record revenue & EBITDA as asset base continues to grow

	Revenue <sup>1</sup>	EBITDA <sup>2</sup>	Total assets
FY19 (Actual)	\$29.0m	\$4.8m	\$47.0m
	166% 	336% 	101% 
FY18 (Actual)	\$10.9m	\$1.1m	\$23.3m

### FY19 Operational Highlights:

- Completed the acquisition of AustCo Polar substantially diversifying our product, customer and supplier base into red meat products
- Undertook capital works program at AustCo with throughput capacity >100K tonnes pa and storage capacity of >10K pallets
- Completed Phase 1 developed of the Raywood facility, 20km north of Bendigo; achieved this within 12 months of purchase
- Raywood facility received export approval from China; one of only three processing facilities to receive a license in the past 3 years
- Continued assessment of energy efficiency programs with installation of 275kw of solar panels at our Epsom facility and planned solar generation installation at Raywood and AustCo Polar
- Refinancing of senior bank debt facility on improved commercial terms with Westpac

1. FY18A and FY19A are the 12 months to 31 March in each respective year

2. Excluding transaction costs



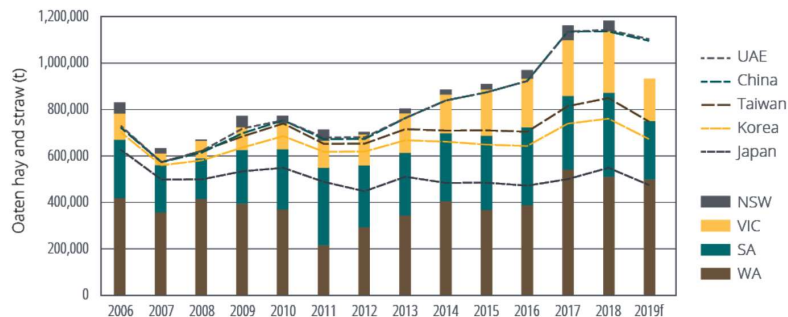
# Why Oaten Hay?

Australian oaten hay is a prime source of digestible fibre for dairy and beef cattle

## Oaten Hay Overview

- Oaten hay is the primary fodder product that Australian producers export
- High demand from the global market as a reliable, high quality fodder that meets stringent animal production requirements
- As lucerne (or alfalfa) is the most widely exported fodder commodity worldwide, exporting oaten hay provides a point of differentiation for Wingara
- Oaten hay improves milk production, particularly in cold and humid environments
- Demand from China has accelerated in the past 5 years and cannot be met. The market demand is 1.5 – 2.0m MT\*

## Oaten Hay Export Demand



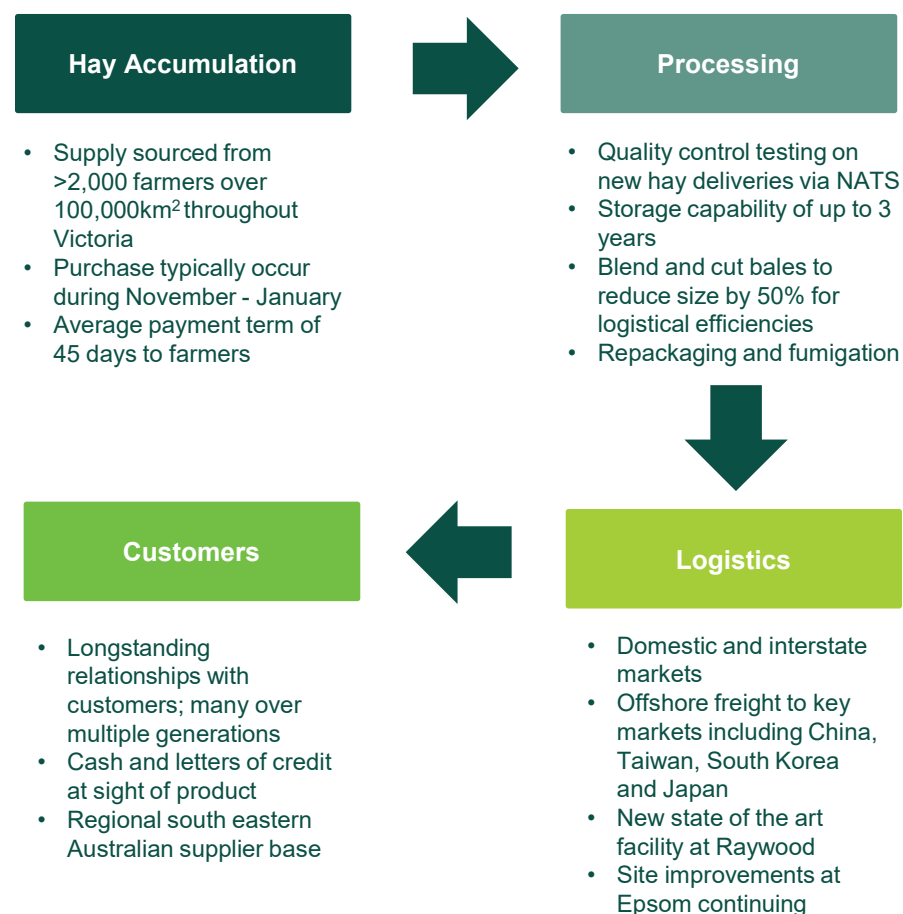
## Competitive Landscape

Company	Locations	Products
	<ul style="list-style-type: none"> <li>Epsom &amp; Raywood VIC</li> <li>Undeveloped site in Horsham, VIC</li> </ul>	<ul style="list-style-type: none"> <li>Oaten &amp; wheaten hay</li> <li>Barley</li> <li>Canola</li> </ul>
	<ul style="list-style-type: none"> <li>New Norcia, York &amp; Wagin WA</li> <li>Balaklava SA</li> <li>Goornong &amp; St Arnaud VIC</li> </ul>	<ul style="list-style-type: none"> <li>Hay &amp; straw</li> <li>stock feed pellets</li> </ul>
	<ul style="list-style-type: none"> <li>Northam, WA</li> </ul>	<ul style="list-style-type: none"> <li>Oaten &amp; wheaten hay</li> <li>Straw</li> </ul>
	<ul style="list-style-type: none"> <li>Balaklava, SA</li> <li>Brookton, WA</li> </ul>	<ul style="list-style-type: none"> <li>Oaten &amp; wheaten hay</li> <li>Straw</li> <li>Pack products</li> </ul>
	<ul style="list-style-type: none"> <li>Kapunda, SA</li> <li>Horsham, VIC</li> </ul>	<ul style="list-style-type: none"> <li>Oaten hay</li> <li>Straw</li> <li>Stock feed pellets</li> </ul>
	<ul style="list-style-type: none"> <li>Yerecoin, WA</li> <li>Bridgewater, VIC</li> </ul>	<ul style="list-style-type: none"> <li>Oaten &amp; wheaten hay</li> <li>Straw</li> <li>Bedding straw</li> </ul>

## Overview of JC Tanloden

Established in 1985, JC Tanloden has the largest fodder production capacity on the east coast of Australia. We purchase, process and transport our high quality produce to our domestic and global customers

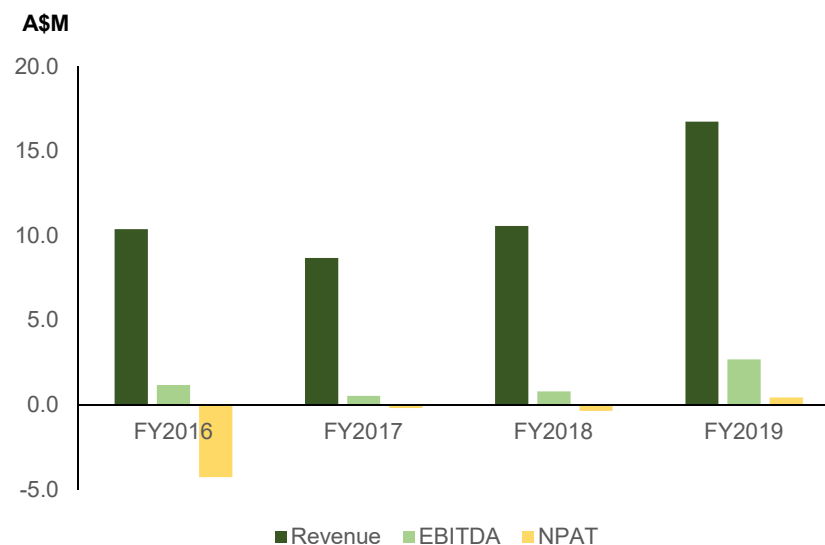
### Services



### Revenue Model

- Based on a tolling model
- Fees charged vary dependent on the grade of hay; usually consistent in terms of margin based on cost-plus structure
- Upside potential from trading of oaten hay, wheat, grain and other products in domestic market while its playing a service role to the growers.**

### Division Financial Performance FY16 – FY19



\*FY16 and FY17 30 June Year End. FY18 and FY19 31 March Year End

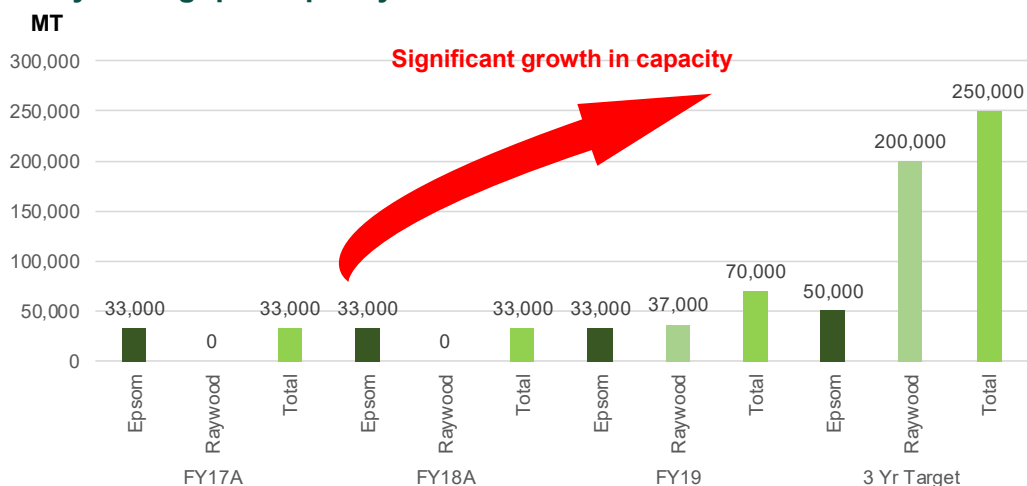


## Existing Assets & Capacity

Wingara has invested significantly into expanding the combined throughput capacity of Raywood, VIC to 150K MT per annum within four years with another site at Horsham, VIC, to bring capacity to 250K MT

- Raywood represents a milestone in Wingara's development as a multi-product, multi-region and multi-currency platform for Australian primary producers to expand their export potential
- Significant upside exists from the expansion of Epsom and development of Horsham as Wingara responds to increasing demand

### Hay throughput capacity



### Current locations and catchment area





## Division Overview – AustCo Polar



## Overview - Austco Polar Cold Storage

Established in 1987, Austco Polar Cold Storage owns and operates a cold storage facility which specialises in temperature controlled facilities, blast freezing, storage and distribution for domestic and international clients

### Services

#### Storage & Handling

- Receive containers and store frozen products (red meat, seafood, duck – no pork)
- Complete exporters documentation and product selection
- Load domestic and export containers with frozen product

#### Blast Freezing

- Blast freeze product; extends shelf life from 12 weeks to up to 3 years in chilled conditions
- Gets meat to -12°C
- Process capacity of 20K packs per week
- Key clients account for more than 30% of VIC meat production

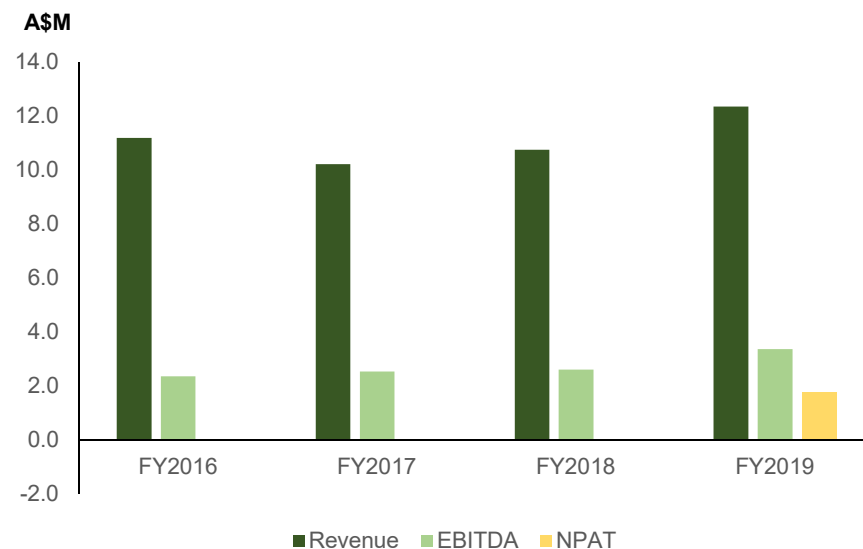
#### Tenancy

- Chillers and freezers occupied by various food suppliers on long term contracts
- Average tenure of clients of 5 years

### Revenue Model

- |  |   |   |
|--|---|---|
| <ul style="list-style-type: none"> <li>• Service oriented to cover fixed costs</li> <li>• Underpinned by export demand and blast freezing</li> </ul> | <ul style="list-style-type: none"> <li>• Tolling based on volume to key exporters</li> <li>• Cost plus arrangement</li> <li>• Seeing steady growth in demand</li> </ul> | <ul style="list-style-type: none"> <li>• Rent revenue charged monthly based on freezer space</li> <li>• Mitigates revenue profile and meets fixed cost in winter periods</li> </ul> |
| <ul style="list-style-type: none"> <li>• <b>FY19 Revenue: 25%</b></li> </ul>   | <ul style="list-style-type: none"> <li>• <b>FY19 Revenue: 50 - 55%</b></li> </ul>   | <ul style="list-style-type: none"> <li>• <b>FY19 Revenue: 15-20%</b></li> </ul>   |

### Financial Performance – FY16 – FY19



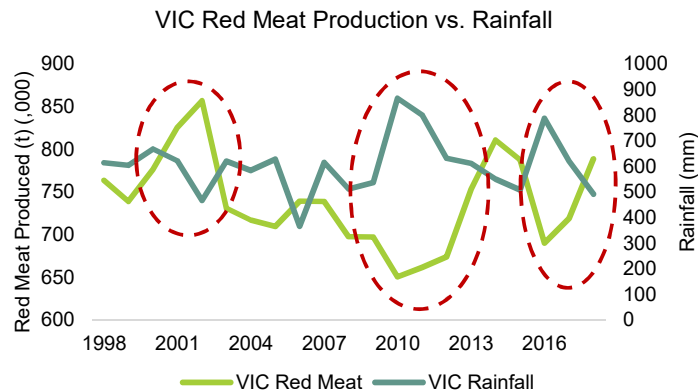
1. FY 16, FY17 & FY18 years all 30 June balance date
2. FY19 12 months to 31 March 2019

## Synergies between AustCo Polar & JC Tanloden

Austco is a strategic asset for Wingara on our journey to becoming a diversified provider of agricultural products:

- Existing export accreditation provides ability to export new products to existing key Asian export markets
- Provides access to new end customers and markets
- Further develop relationships with existing supplier network of JC Tanloden by being able to offer additional services beyond purchasing their hay produce
- Significant barriers to entry with replacement cost estimated at \$30m - 35m. New facilities must operate domestically for one year prior to applying for export accreditation into key Asian export markets. Currently there are 7 cold storage players in VIC which have received certification and accreditation from the Administration of the Peoples Republic of China
- Unique natural hedge against drought conditions in the JC Tanloden business highlighted on the graph below. Increased feed costs driven by drought conditions typically result in increased demand for Austco's services due to higher slaughter rates

### Austco is a natural hedge for our hay business



Data source: Australian Bureau of Statistics & Bureau of Meteorology

### Current location & catchment area





## FY2019 Results & Outlook

# FY19 Financial Results

## Profit & Loss

	FY2019 A\$M	FY2018 A\$M
<b>Revenue</b>		
Hay Sales	16.76	10.76
Cold Storage & Blast Freezing	12.36	-
<b>Total Revenue</b>	<b>29.12</b>	<b>10.76</b>
Cost of sales	(13.65)	(5.30)
<b>Gross Profit</b>	<b>15.47</b>	<b>5.47</b>
Other income	0.14	0.17
Administration expenses	(8.84)	(2.75)
Freight expenses	(1.69)	(1.60)
Occupancy expenses	(0.33)	(0.19)
<b>EBITDA</b>	<b>4.75</b>	<b>1.09</b>
Depreciation	(2.12)	(0.60)
Finance costs	(1.81)	(0.38)
Transaction expenses	(0.88)	(0.86)
Gain on bargain purchase	0.99	-
<b>NPBT</b>	<b>0.95</b>	<b>(0.75)</b>
Income tax	(0.46)	0.32
<b>NPAT</b>	<b>0.91</b>	<b>(0.43)</b>

### Commentary

- Transformational year in FY2019, with a significant acceleration in revenue, EBITDA and asset base with only part of the Raywood facility coming online
- Raywood was commissioned in Jan 2019 and Austco Polar has 11 months of operations included for FY2019
- AustCo Polar capital improvements works were completed in November 2018 and we anticipate seeing further revenue and EBITDA growth through FY2020
- Administration expenses including operating expenses increased as the JC Tanloden division expanded capacity
- Maintained freight expenses through FY2019 through route improvement and cost negotiation with key suppliers
- CAPEX program has continued throughout the past two years and Wingara is beginning to see the benefits of continued investment in processing and storage capacity

1. AustCo Polar purchased in April 2018. FY2019 reflects full year of AustCo Polar ownership

2. Excluding transaction costs

# FY19 Financial Results

## Cash Flow

	FY2019 A\$M	FY2018 A\$M
<b>Cash flows from operations</b>		
Receipts from customers	28.23	11.02
Payments to suppliers, employees	(26.26)	(10.64)
Interest received	0.02	0.05
Interest paid & finance costs	(1.81)	(0.38)
Income taxes received/ (paid)	-	(0.06)
<b>Net cash from operating</b>	<b>0.18</b>	<b>(0.00)</b>
<b>Cash flows from investing</b>		
Purchase of PPE	(25.34)	(5.43)
Payments for other non-current assets	-	(1.78)
Proceeds from termination of term deposit	-	0.08
Payments from business acquisition/ related deposits	(2.74)	(0.34)
<b>Net cash from investing</b>	<b>28.08</b>	<b>(7.46)</b>
<b>Cash flows from financing</b>		
Proceeds from issue of shares	0.05	6.74
Transaction costs for issue of shares	-	(0.45)
Proceeds from borrowings	40.39	7.62
Repayment of borrowings	(21.16)	(4.55)
<b>Net cash for financing</b>	<b>19.29</b>	<b>9.36</b>
<b>Net increase (decrease) in cash</b>	<b>(8.61)</b>	<b>1.89</b>
Cash & equivalents at the beginning of the financial year	8.70	6.81
<b>Cash and equivalents at the end of financial year</b>	<b>0.91</b>	<b>8.70</b>

## Balance Sheet

	FY2019 A\$M	FY2018 A\$M
<b>ASSETS</b>		
Cash & equivalents	0.66	8.70
Trade & other receivables	1.46	0.40
Inventories	5.36	1.22
Current tax receivables	-	0.12
Other current assets	0.12	0.37
<b>Total Current Assets</b>	<b>7.61</b>	<b>10.81</b>
Property, Plant & Equipment	37.65	8.28
Deferred tax assets	0.29	0.33
Intangible assets	1.82	1.82
Other non-current assets	0.03	2.12
<b>Total Non-Current Assets</b>	<b>39.79</b>	<b>12.55</b>
<b>TOTAL ASSETS</b>	<b>47.40</b>	<b>23.36</b>
<b>LIABILITIES</b>		
Trade & other payables	3.81	1.87
Borrowings	8.30	4.81
Employee benefit obligations	0.43	0.12
<b>Total Current Liabilities</b>	<b>12.54</b>	<b>6.79</b>
Borrowings	19.21	4.48
Employee benefit obligations	0.52	-
<b>Total Non-Current Liabilities</b>	<b>19.73</b>	<b>4.48</b>
<b>TOTAL ASSETS</b>	<b>32.26</b>	<b>11.27</b>
<b>NET ASSETS</b>	<b>15.14</b>	<b>12.09</b>
<b>EQUITY</b>		
Contributed equity	19.98	17.98
Other reserves	0.17	0.00
Accumulated losses	(5.00)	(5.91)
<b>TOTAL EQUITY</b>	<b>15.14</b>	<b>12.09</b>

# Wingara's Growth Strategy



Wingara is strongly positioned to capitalise from growing customer demand in the next 2–5 years





# FY2020 Outlook

We see continued strong growth in fodder markets with demand from key export customers growing along with leveraging facility expansion at AustCo

Division	Focus Areas	Commentary
	<ul style="list-style-type: none"> <li><b>Respond to strong demand conditions</b></li> <li><b>Raywood capacity expansion</b></li> <li><b>Energy efficiency</b></li> <li><b>Assess Horsham site as required</b></li> </ul>	<ul style="list-style-type: none"> <li>We are continuing to see strong product demand for oaten hay as drought conditions are experienced throughout much of eastern Australia</li> <li>We anticipate strong prices with Australian east-coast demand ~\$440 MT</li> <li>Demand from key export markets remains strong from dairy growth in Asian markets</li> <li>Storage capacity at Raywood remains a key bottleneck and Phase 2 and Phase 3 of Raywood will alleviate this with shed construction</li> <li>Installation of solar panels at Raywood and Epsom sites will lower operating costs</li> </ul>
	<ul style="list-style-type: none"> <li><b>Leverage capacity expansion</b></li> <li><b>Capital allocation</b></li> <li><b>Improve energy efficiency</b></li> <li><b>Assess site expansion</b></li> </ul>	<ul style="list-style-type: none"> <li>FY2020 will be first full year of ownership and operation following integration with Wingara business</li> <li>Already achieved revenue uplift at \$12.3m in FY2019 – up from historical operating revenue of \$10.0m - \$11.0m p.a.</li> <li>Will focus on leveraging improved capacity in both blast freezing and cold storage to respond to increased export market demand for meat products</li> <li>We will continuously assess the energy mix at AustCo to ensure cost and environmental efficiency</li> <li>Laverton site is located near key export gateway at the Port of Melbourne and subsequently we continue to assess highest and best use of excess land capacity</li> </ul>

# Appendix

# Key People

The board and senior management team have solidified a proven track record to date having successfully executed Wingara AG's strategic expansion and diversification plan to date

## Directors & Key Management

### Gavin Xing – Executive Chairman

- Over 17 years' experience in investment banking, infrastructure projects development, commodities and financing
- Previously held roles in sales, origination and structuring with the Global Marketing Division at Deutsche Bank AG Asia
- Significant experience and relationships with Asian trading customers

### Mark Hardgrave – Non-Executive Director

- Over 35 years' experience having held previous positions in corporate finance, funds management and various C-suite roles
- Currently Non-Executive Director of Nimble Finance Ltd and Director of Reclink Australia
- Former co-founder and joint Managing Director of M&A Partners

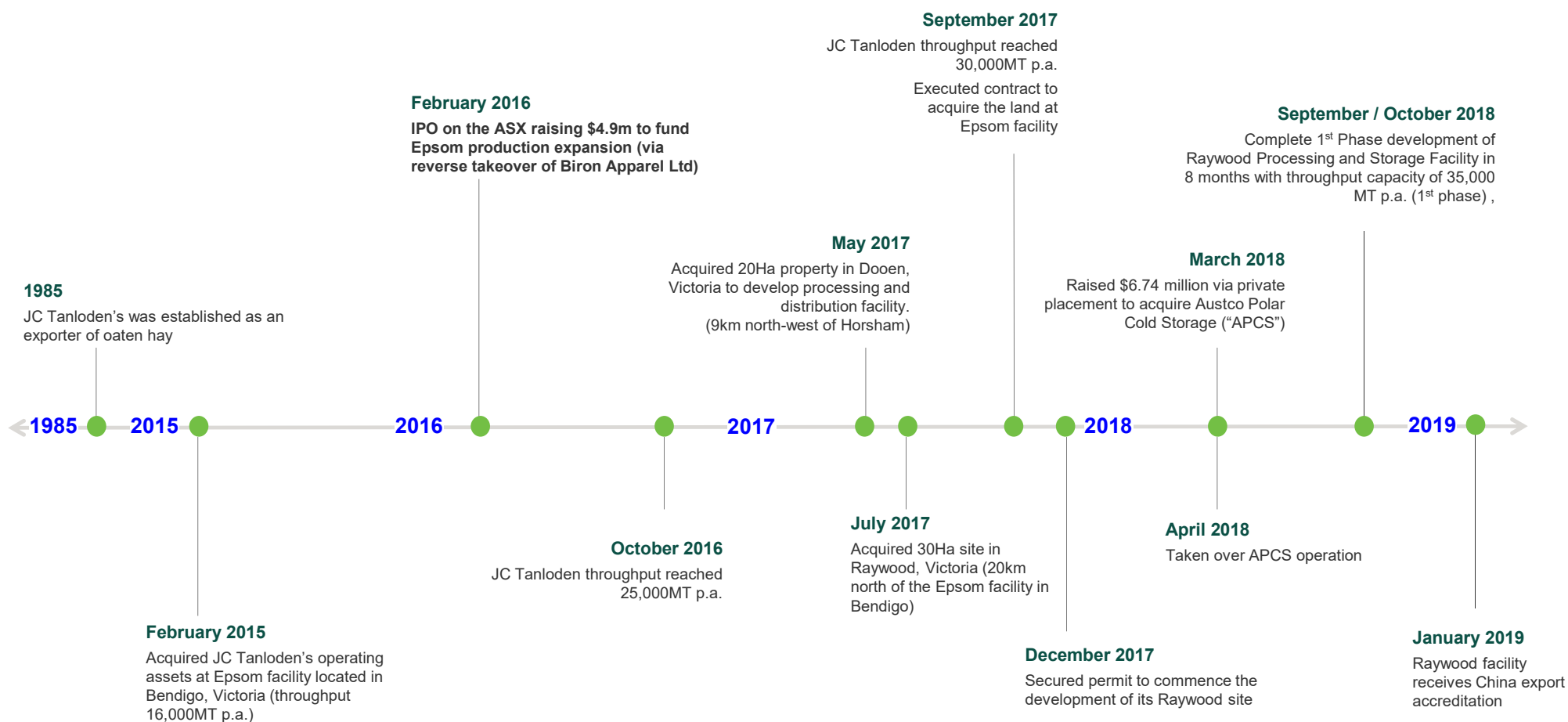
### Zane Banson – Executive Director & CFO

- Experienced corporate advisor who joined Wingara in 2015
- Previously worked at KPMG and has advised a wide range of emerging, growth-stage listed companies
- Chartered Accountant specialising in board advisory, corporate governance and accounting for small cap listed entities

### Roger Prezents – Director Investor Relations and Investment

- Over 20 years experience in funds management and financial markets.
- Previously worked at UBS in Institutional BDM and also at Morgan Stanley as Executive Director, Institutional BDM covering Domestic and Global Equities, Infrastructure, Emerging Markets and Credit.

# Wingara – A history of sustainable growth





Wingara is building out an integrated platform of mid-stream agricultural assets focussed on unlocking value in the global protein supply chain

## 1 Supplier First

- Maintain strong relationships with our grower base to access high quality agricultural produce at the farm gate
- **Supporting our primary producers is vital; we support through the agricultural cycle**
- Oaten hay is our initial contact with primary producers; provides opportunity to further leverage the grower relationship for other products

## 2 Unlock Asset Value

- We see significant unrealised value in mid-market agricultural assets
- We seek to apply our financial capabilities, market access, engineering and energy know-how along with our strong Asian customer relationships to unlock value in processing, marketing and trading assets over time
- **As we build out our asset base we will leverage further efficiencies through scale and cross-sell**

## 3 Export Focused

- Wingara maintains long-term relationships with key trading houses in China, Korea, Japan and Taiwan along with domestic demand
- **We are attuned to increasing demand global for a broad range of agricultural produce from our customer base and are able to quickly respond**
- Wingara will seek to actively broaden our product base through organic and inorganic opportunities to best serve international and domestic buyers

## 4 Risk Management & Governance

- We maintain strict risk management overlays for trading fodder produce, calling on significant experience in agricultural operations and soft commodity trading
- **We understand the regulatory environment for dealing with south-east Asian export markets and our facilities are export accredited with all relevant quarantine approvals**
- Maintain a long track record of safely and efficiently servicing key export markets is critical to exporting product into south-east Asian destinations

# Australian Hay Exports

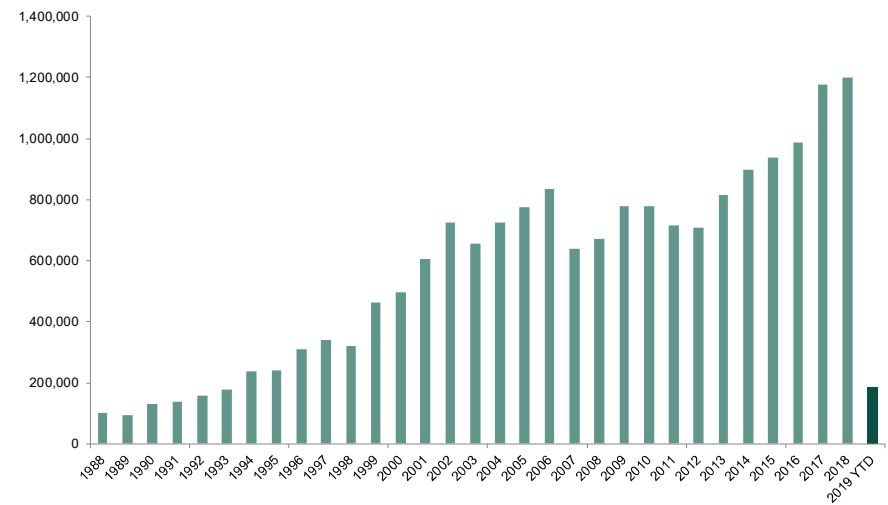
Rising demand for quality beef and milk among a growing Asian middle class is projected to boost the demand for quality Australian hay feed

- Exports as a share of overall hay production have increased materially over the last decade
- Stable hay quality and lack of contamination underpin the favourable reputation of Australian hay in export markets
- Oaten hay has been proven to increase milk production of dairy herds
- Under the Free Trade Agreement with China, only oaten hay from Australia is allowed to be imported
- Demand from China has accelerated in the past 5 years and cannot be met. The market demand is 1.5 – 2.0m MT\*

## Growth drivers from overseas markets



## Total Australian hay exports (1990–2019 YTD)



\*2019 YTD volume to 28 February 2019

Source: Australia Fodder Industry Association ('AFIA') – Export statistics

# Raywood Facility

Start of the art storage and processing facility that will provide the foundations for Wingara's next phase of high growth in Oaten hay and green product varieties.





# AustCo Polar Facility

Substantial blast freezing and cold storage facilities strategically located close to Port of Melbourne for easy access to export markets. Recent energy saving initiatives will drive further operational gains

