

Wingara AG Limited - Overview

Wingara AG Ltd (WNR.ASX) owns and manages mid-stream assets within the protein supply chain based on a 'tolling model' concept capturing throughput from accredited export facilities. The company specialises in the processing and marketing of high-quality Australian agricultural products for the export markets through two business divisions: Fodder (JC Tanloden) and Meat Export Service (AustCo Polar)

Wingara's growth strategy is to unlock value in the Asian export markets. The company is building a supply chain platform to enable primary production products to reach its end consumers efficiently and securely, with provenance.



A History of Sustainable Growth



JC Tanloden
Hay processing



Austco Polar
Red meat processing

Feb 2015

Acquired JC Tanloden assets

- Epsom facility with 16,000MT throughput
- Track record as oaten hay exporter since 1985

Feb 2016

ASX Listing

- RTO of Biron Apparel Ltd
- Raised \$4.9m to fund Epsom production expansion

Aug - Oct 2016

Raised additional \$5m for expansion plans
Epsom increased to 25,000MT pa throughput

May 2017

Entered into option agreement to develop a processing plant near Horsham, Victoria.

Sep 2017

Epsom throughput expanded to 30,000MT pa

Jul 2017

Acquired 30Ha site at Raywood near Epsom facility

Sept / Oct 2018

Phase 1 development of Raywood complete

- Storage and processing
- 35,000 MT p.a. throughput

Jan 2019

China export accreditation for Raywood

Mar 2018

Raised \$6.74m to acquire Austco Polar Cold Storage ("APCS")

Feb 2019

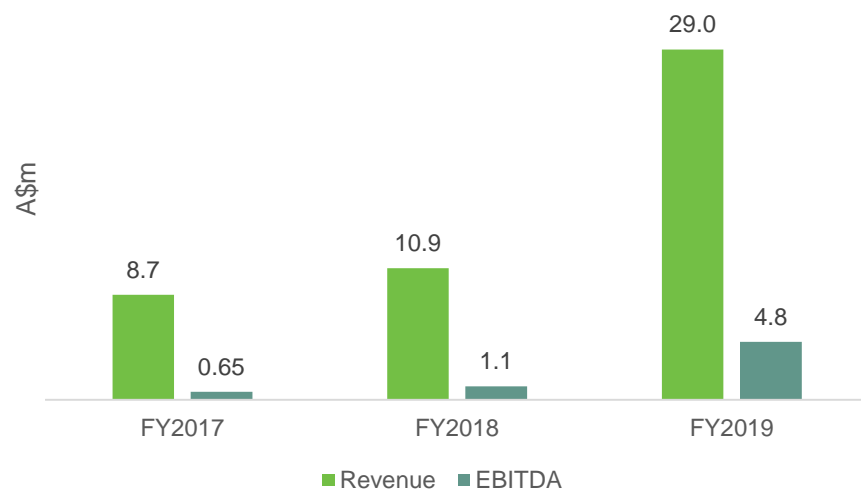
Completed efficiency program at APCS

Aug 2019

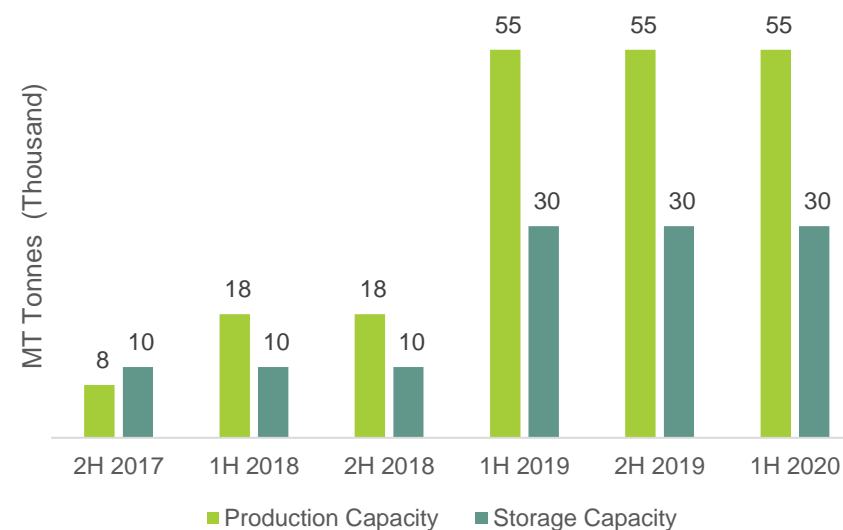
\$5m capital gain realised from \$21m property sale and leaseback of APCS facility

What We Have Achieved So Far

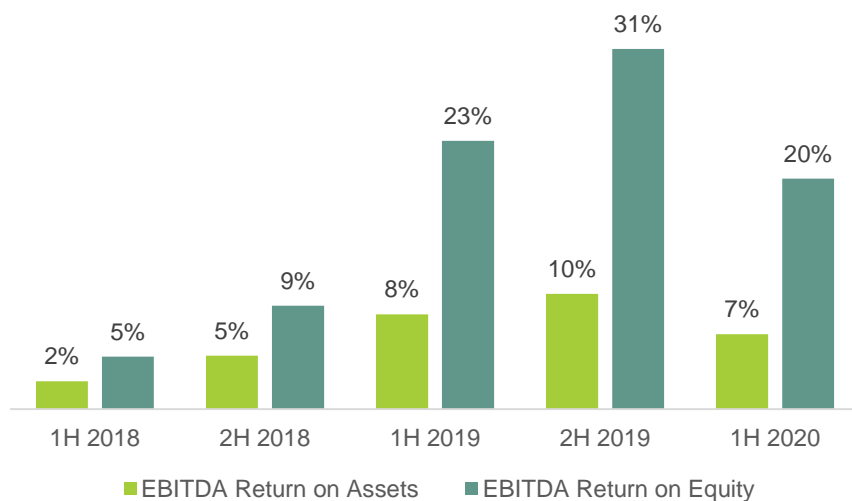
Revenue History



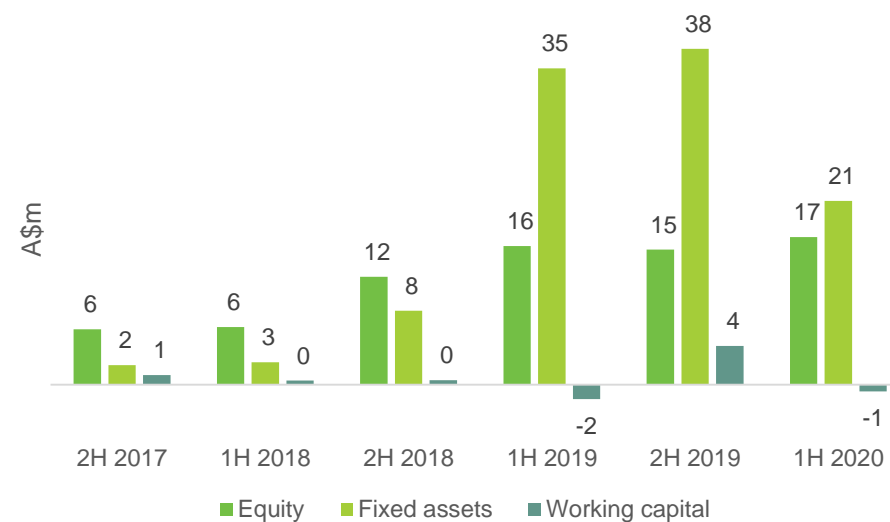
Growth in Hay Processing Capacity



Relative Returns



Use of Capital



1HFY20 Financial Results Summary

Wingara continued to build its revenue base and financial strength

	2H FY18 31 March 2018	1H FY19 30 Sept 2018	2H FY19 31 March 2019	1H FY20 30 Sept 2019
Revenue (million)	\$4.46	\$14.72	\$14.40	\$15.01
EBITDA (million)	\$0.87	\$2.76	\$2.00	\$1.33
NPAT (million)	(\$0.22)	\$1.31	(\$0.40)	\$1.43
Net Assets (million)	\$12.09	\$15.53	\$15.14	\$16.53
Net Debt, excluding lease (million)	\$0.58	\$20.09	\$26.85	\$6.64
Basic EPS	(0.55) cents	1.32 cents	0.88 cents	1.36 cents
NTA per share	10.62 cents	13.05 cents	12.68 cents	14.00 cents
Hay volumes MT (JC Tanloden)	13,277	29,116	17,152	17,300
Blast Cartons processed (Austco)	-	782,479	1,033,885	901,344

1H FY20 Operational Highlights

JC Tanloden

- A strong result in light of a challenging conditions driven by reduced supply in our catchment / purchasing areas in Victoria. Revenue was down 1% whilst processing volumes were down 40% when compared with 1H FY19.

Austco

- Austco managed to deliver a strong result in the first half which is seasonally weaker due to routine customer maintenance shutdowns.
- Revenue growth of 6% achieved to deliver record revenues of \$6.02m along with 15% growth in processing volumes.
- Completed the sale of the Austco Polar Cold Storage property for \$21 million, leasing back the site for a minimum of 15 years, realising a net capital gain of \$4.23 million.



Overview – JC Tanloden

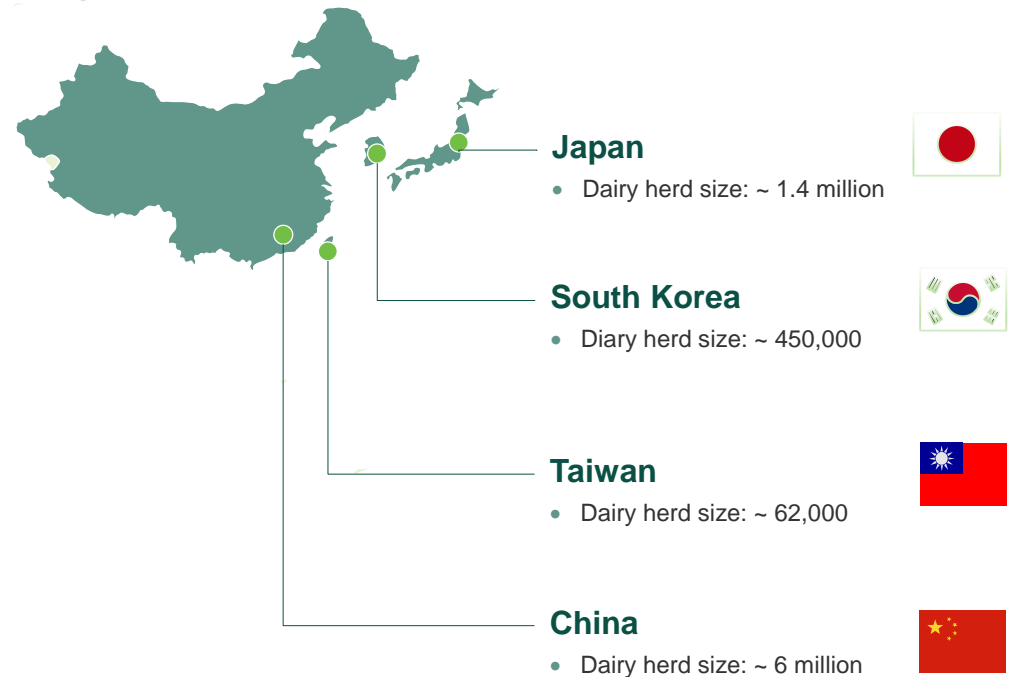
Established in 1985, JC Tanloden has the largest fodder production capacity on the east coast of Australia. We purchase, process and transport our high quality produce to our domestic and global customers.

Revenue is generated via a tolling model where fees charged are dependent on the grade of the hay. Typically consistent in terms of margin which is based on a cost-plus structure.

Services Provided

Hay Accumulation	Processing	Logistics
<ul style="list-style-type: none">• Supply sourced from more than 2,000 farmers over 100,000km² throughout Victoria• Purchase typically occur during November – January• Current storage capacity of 30,000MT	<ul style="list-style-type: none">• Quality control testing on new hay deliveries• Storage capability of up to 3 years• Blend and cut bales to reduce size by 50%• Repackaging and fumigation	<ul style="list-style-type: none">• Domestic and interstate markets• Offshore freight to key markets including China, Taiwan, South Korea and Japan

Wingara's major export destinations

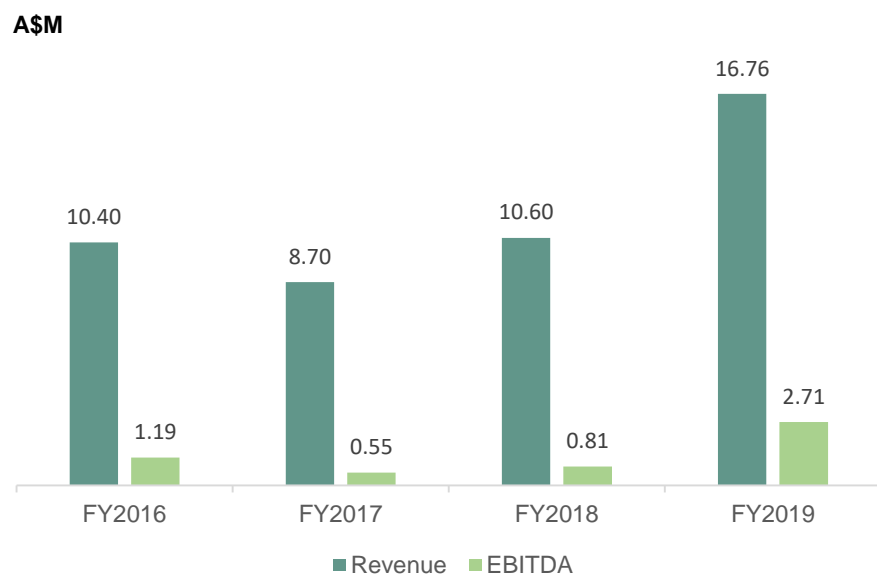


1HFY20 Results – JC Tanloden

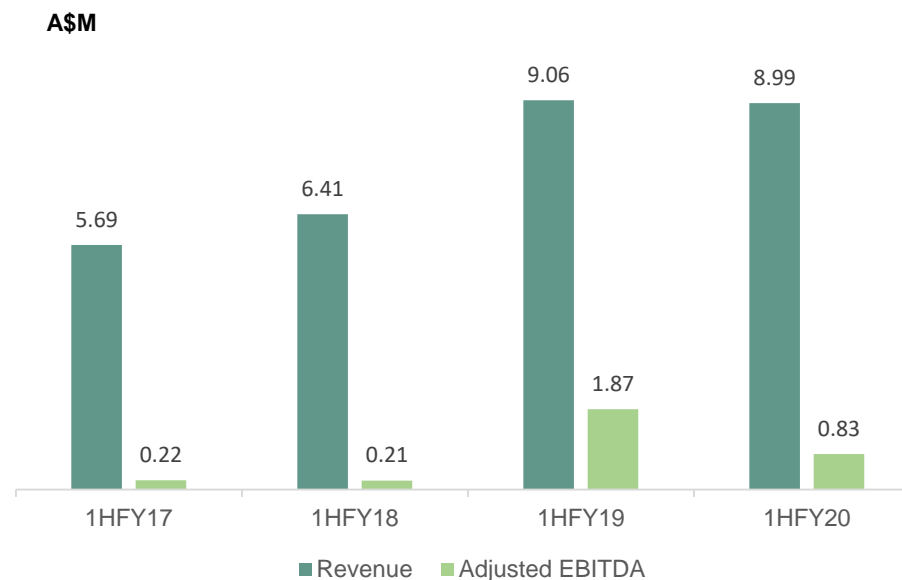
A strong result in light of a challenging conditions, processing volumes were down 40% (vs 1HFY19) driven by reduced supply of hay and capital constraints within the business. In spite of these challenges revenue was down 1% (vs 1HFY19)

- Capital constraints resulting in JCT needing to balance its available fodder inventory between domestic and international clients
- Significant investment in JCT staff training and development which is one off in nature and will benefit the business as we continue to scale operations
- Stronger working capital position as a result of sale and lease back to fund increased volumes looking forward

Division Financial Performance – Annual



Division Financial Performance – Half Year



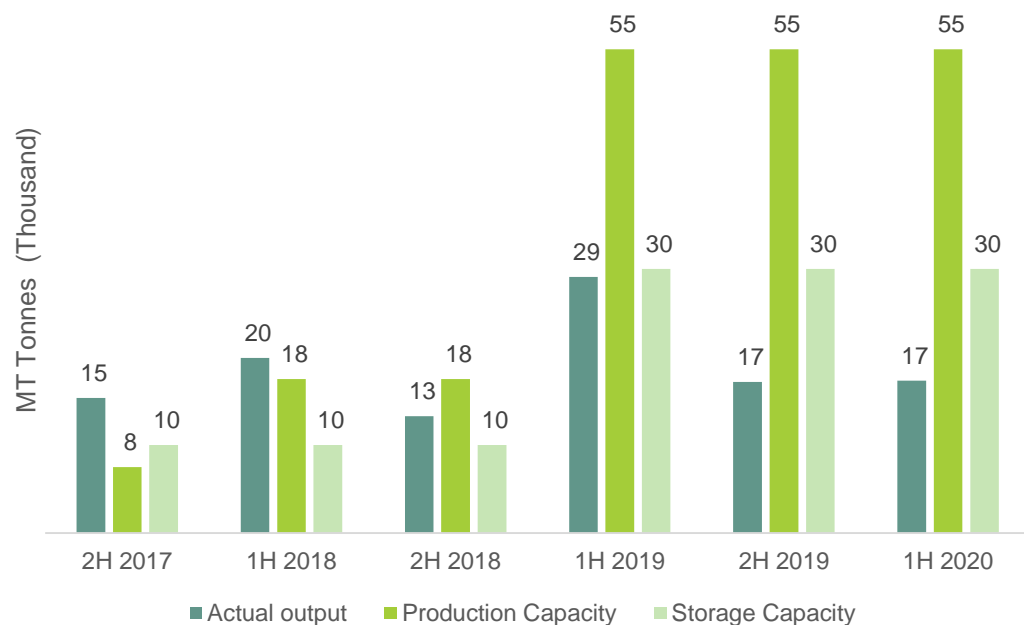
Existing Infrastructure and Capacity to Scale – JC Tanloden

We have two key operational assets in Raywood and Epsom which currently have respective processing capacity of 75,000MT and 35,000MT and combined storage capacity 30,000MT.

We have the ability to scale our processing and storage capacity with the use of third parties should we require it.

We have an ability to double the throughput volume in JC Tanloden with minimal processing infrastructure capex. Total processing capacity in place is currently 110,000MT compared with the 29,000MT processed in FY19.

JC Tanloden – Production and Capacity vs Output History



Raywood Facility - Victoria





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 Provided

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 40K packs per week
- Key clients account for over 30% of VIC meat production

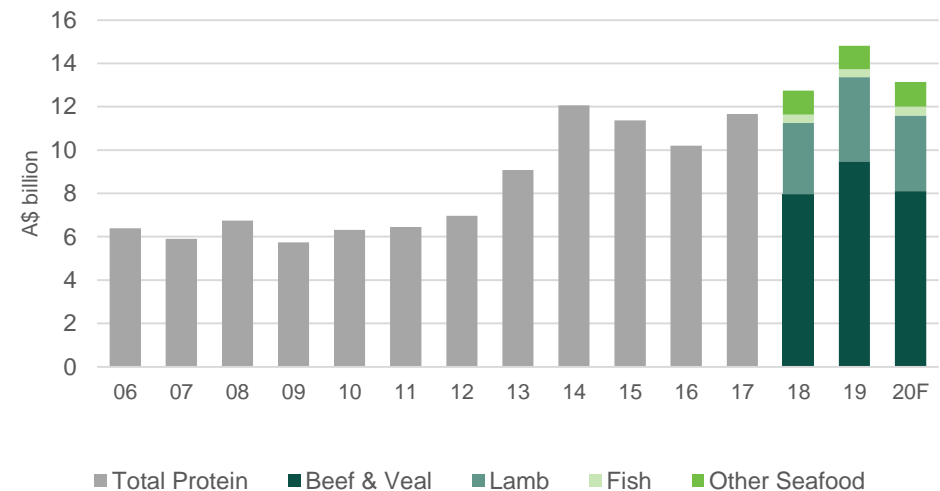
Tenancy

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

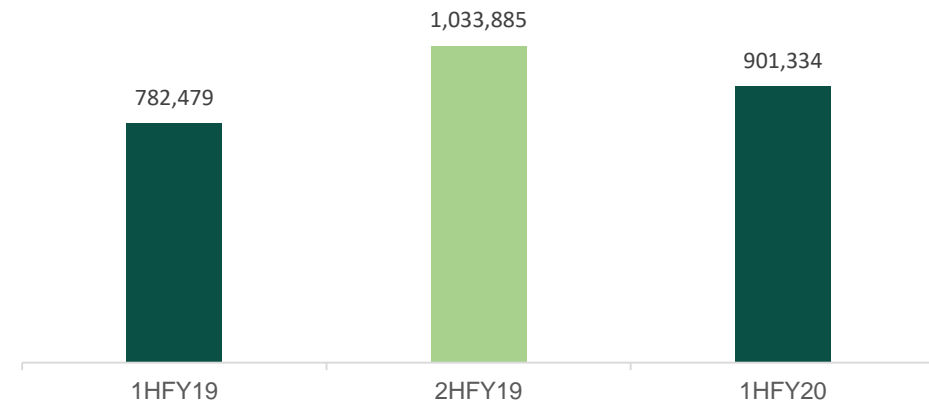
Revenue Model

- Service oriented to cover fixed costs
- Underpinned by export demand and blast freezing
- **FY19 Revenue: 25%**
- Tolling based on volume to key exporters
- Cost plus arrangement
- Seeing steady growth in demand
- **FY19 Revenue: 55%**
- Rent revenue charged monthly based on freezer space
- Mitigates revenue profile and meets fixed cost in winter periods
- **FY19 Revenue: 20%**

Australian Protein Exports



Austco Blast Freezing – Cartons Processed

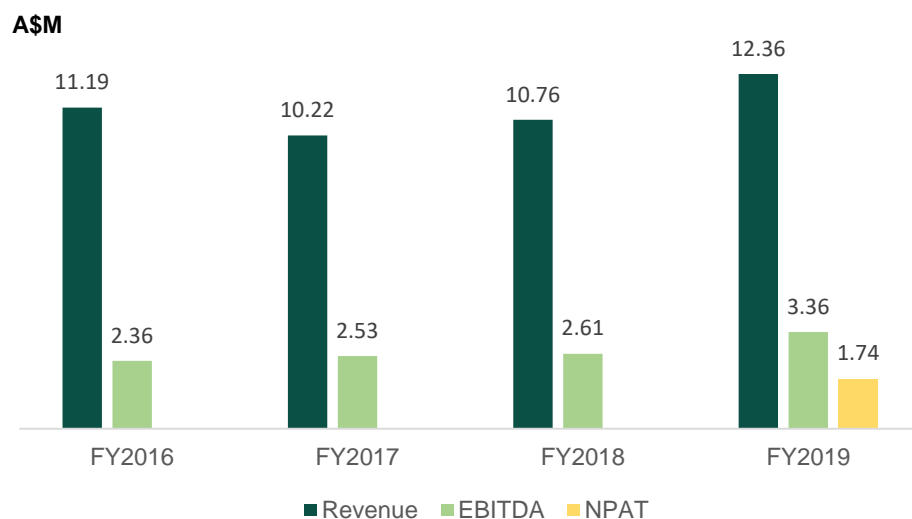


1HFY20 Results – Austco Polar Cold Storage

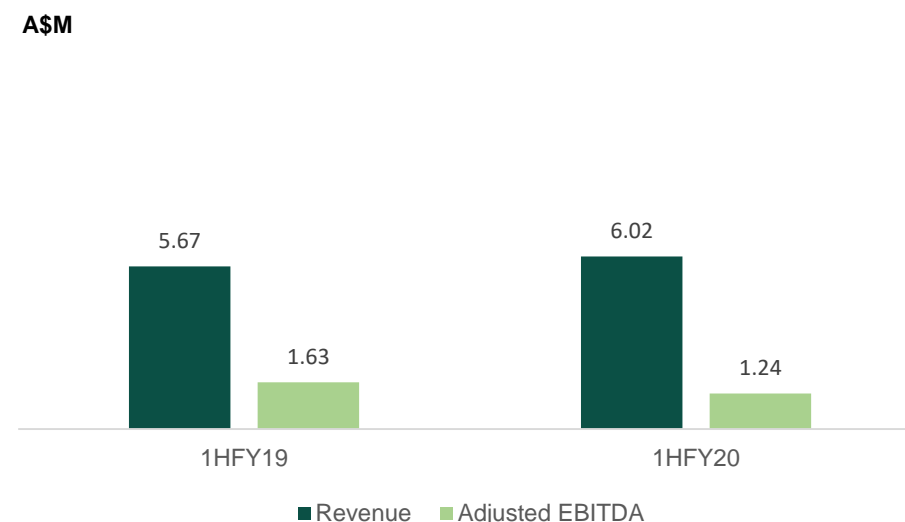
Since the acquisition we have been focused on improving the product mix and operating efficiency of the business, we expect these improvements to be evident in the divisions results moving forward. Highlights for the half include:

- Increased our throughput capacity from 50,000MT (1.9 million cartons) to 60,000MT (2.3m cartons) in the higher margin blast freezing service to meet demand from new and existing clients.
- Invested in the operating efficiency programs such as adjustments to room layouts and storage processes, additional shifts, implementation of inventory management programs, upgrading old machinery and solar installations have supported throughput growth and operating efficiency.
- First half is typically weaker due to customer planned maintenance shutdowns, strong demand saw revenue grow 6%
- Financial results were impacted by one off transaction costs

Division Financial Performance – Annual



Division Financial Performance – Half Year



1. FY 16, FY17 & FY18 years all 30 June balance date



2. FY19 12 months to 31 March 2019

Growth Strategy & Outlook



FY2020 Outlook

We see continued growth in fodder markets with demand from key export customers growing along with leveraging facility expansion at Austco in light of strong domestic demand.

Division	Strategic Focus Areas	Commentary
	<ul style="list-style-type: none"> Expansion of processing and storage capacity at Raywood Energy and operational efficiency Capital management Continue to build out customer base 	<ul style="list-style-type: none"> Expected harvest volumes to be stronger compared to last year. Demand from key export markets remains strong from dairy growth in Asian markets. Adding additional processing and storage capacity to be added at Raywood in Phase 2 & 3 expansion. Install solar at Raywood to drive operating efficiencies
	<ul style="list-style-type: none"> Realise benefits of recent capital upgrade/investments Capital management Improve energy efficiency with continued solar deployment Convert storage space to blast freezing 	<ul style="list-style-type: none"> FY2020 is first year of full ownership, expect to realise benefits of previous capital investments to increase capacity in higher margin blast freezing and cold storage. Drought conditions and international demand for red meat will continue to drive strong demand for Austco. Expect to spend between \$0.50 – 0.80 million (excludes solar) on converting storage space to higher margin blast freezing.

Wingara's Growth Strategy

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



Creating a Sustainable Agriculture Produce Platform

Wingara has developed its built a sustainable platform for processing and marketing agricultural products.



- Highly scaleable model that unlocks value in Asia export markets
- Ability to capitalise on opportunities in the 'protein supply chain' that meet Asian demand driven by the need for increased 'food security'

Value Creation via Strategic Acquisitions

We apply the same strategy and process to acquisitions to drive long-term shareholder value accretion.

	Austco Polar Cold Storage	JC Tanloden
Buy Acquire at attractive terms with upside	<ul style="list-style-type: none"> Raised \$6.7m to acquire Austco for \$18.5m in April 2018 paying \$3.4m for the operating business on historic 2.4x FY17 EBITDA multiple and \$15.1m for the property 	<ul style="list-style-type: none"> Acquired JC Tanloden including Epsom site for \$4.9m in 2015 paying ~4x historic EBITDA with property to be settled in 2021 for ~\$2.7m Acquired greenfield Raywood site for \$0.5m in 2017 Acquired option for greenfield Horsham site for \$2m
Improve Upgrade capacity and improve efficiencies	<ul style="list-style-type: none"> Invested \$3 million upgrading facility throughput by 20% to 60,000 MT up from 50,000MT Increasing capacity in higher margin blast freezing and reduced operating costs through efficiency reviews 	<ul style="list-style-type: none"> Built and upgraded processing and storage capabilities to 110,000MT & 30,000MT Upgraded plant designs, obtained export licenses and installed solar to drive operational efficiencies
Accelerate Increase sales through existing Asian client base	<ul style="list-style-type: none"> Revenue at record levels up 21% since acquisition (FY19) Added new customers since acquisition, one of which is now in the top 5 customers for the division. 	<ul style="list-style-type: none"> Asian markets account for majority of revenues of the group. Continue to build out customer base across Asia and diversify product offering to meet changing customer preferences.
Capitalise Deliver EBITDA accretion or capital returns	<ul style="list-style-type: none"> Sale and lease back completed in July 2019 for \$21m unlocking \$5m capital gain over 15 months Expect solid financial returns on recent investments which have / will increase capacity and efficiencies. 	<ul style="list-style-type: none"> Delivered \$16.7m revenue and adjusted EBITDA of \$2.7m achieved in FY19, expect this to continue to grow over time. Existing infrastructure in place will support doubling of FY19 throughput capacity.

Additional Information



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

1 Supplier Focus

- Primary producers are fundamental to our business, we build and maintain strong relationships with farmers throughout the agricultural cycle
- Oaten hay is our initial touch point with farmers where we can capitalise on our relationship to access additional agricultural products

2 Unlock Asset Value & Grow Our Platform

- Focus on acquiring undervalued mid-market agricultural assets and creating value through our finance, engineering, processing, marketing and trading capabilities
- As we build our platform we will reap the benefits of economies of scale and cross-sell

3 Export Focus

- We have long term relationships with key Asian trading houses and can adapt to changes in demand quickly
- Focus on actively broadening our product base to best serve international and domestic buyers through organic and inorganic opportunities

4 Risk Management & Governance

- We have a track record of safely and efficiently servicing export markets
- We have strict risk management overlays for soft commodity trading and understand what is required to obtain/maintain key export licenses for our facilities.

Board of Directors and Management Team

Wingara's directors bring with them a wealth of knowledge and experience from areas including corporate finance, funds management, business and financial risk management and agricultural asset investment

Gavin Xing (Managing Director and CEO)

Mr. Gavin Xing served as CEO of Vision Fame International Holding Ltd (1315:HK) during 2013-2014 prior to the establishment of Wingara AG Ltd with co-founder Kellie Barker. He has over 17 years of experience in investment banking and financing field with an infrastructure, natural resources and commodities background.

Jeral D'Souza (Non-Executive Director)

Mr Jeral D'Souza has spent over 30 years in senior regional management roles with Cargill. Mr D'Souza has also been a Director of Teys Australia (Cargill's and Teys family JV) and Chairman of Allied Mills (Cargill and GrainCorp's Australian JV). The two businesses were diverse and included meat export, flour milling, bakery products, and agriculture product marketing in Asia, Europe, the USA and Australia.

Zane Banson (Executive Director and CFO)

Mr. Zane Banson is an experienced Chartered Accountant specialising in Board Advisory, Corporate Governance and Financial Reporting for small and micro-cap listed companies. Mr. Banson comes with over 10 years of experience in CFO Advisory, Company Secretarial, and Financial Reporting from KPMG, Exxon Mobil and boutique advisory firms.

Mark Hardgrave (Non-Executive Director)

Mr Mark Hardgrave has over 35 years' experience having held previous positions in corporate finance, funds management and various C-suite roles. He is currently a non-Executive Director of ASX listed Traffic Technologies Limited, a non-Executive Director of Nimble Finance Limited and Director of Reclink Australia.

Senior Management Team

Senior Business Managers in Logistic, Marketing, Engineering, Finance, Project Management, have previously gained extensive operational experience in international and domestic organisations, including Cargill, Sumitomo Corporation, GrainCorp, Ford, Emerald, UBS, Morgan Stanley, KPMG, and ExxonMobil.

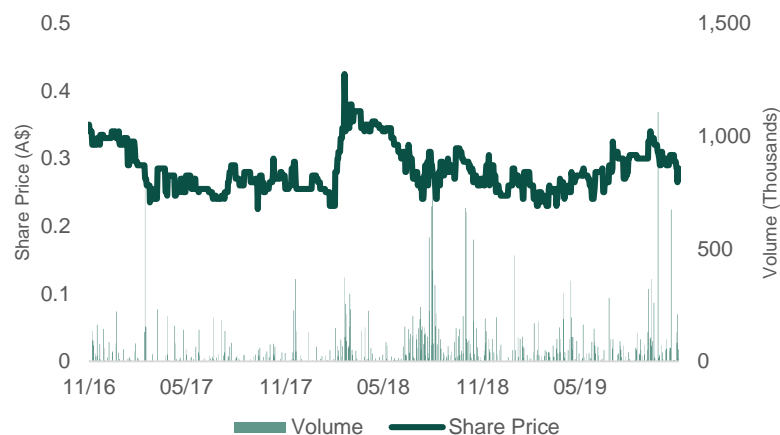
Capital Structure Overview

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 Limited	27,829,822	26.5%
2	Richard Gazal	14,404,019	13.7%
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	Eric Jiang	2,268,000	2.2%
8	F & L Diamante Pty Ltd	2,056,187	2.0%
9	Avzath Pty Ltd	1,780,249	1.7%
10	Ausnom Pty Ltd	1,655,937	1.6%

Share Price History



Source: Capital IQ (15 November 2019), ASX Announcements, Annual Report

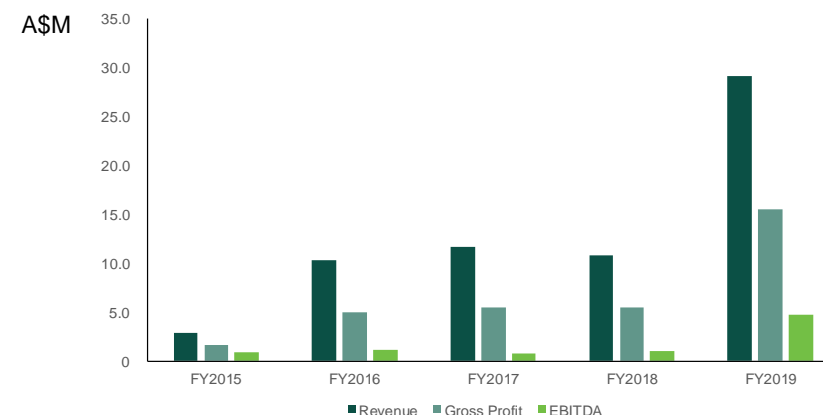
Capital Structure Summary

ASX Code	WNR
Share Price on 15/11/19	\$0.29
52-week share price range	\$0.23 - \$0.34
Market Capitalisation	\$30.0 million
Enterprise Value	\$56.1 million
Shares on Issue	105.1 million
Board & Management Shareholding	19.4%

*As at market close 15 November 2019

Net debt includes borrowings, lease liabilities net of cash as at 30 September 2019

5 Year Group Financial Performance



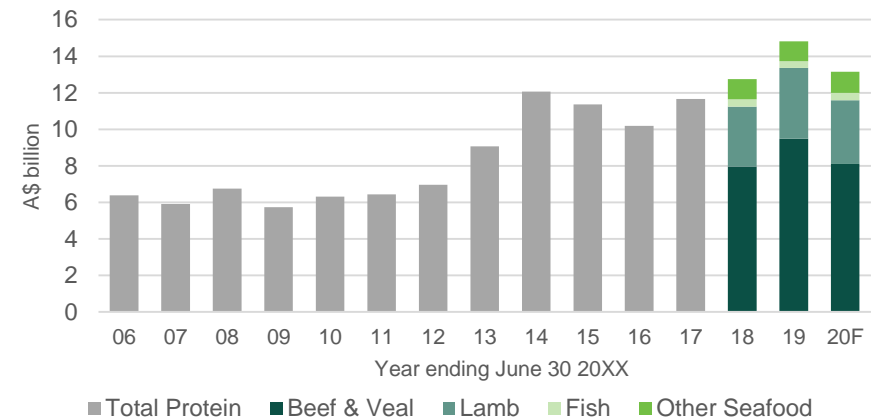
*FY15 and FY16 30 June Year End. FY17 and FY19 reclassified to 31 March 2018 Year End consistent with current balance date

Our Market

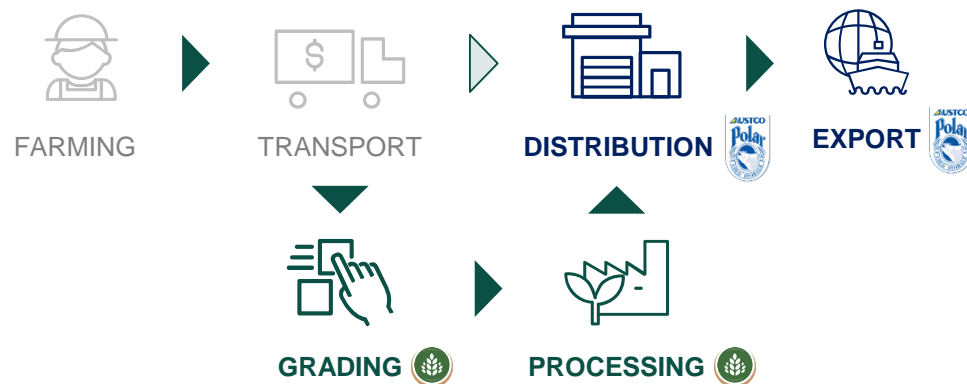
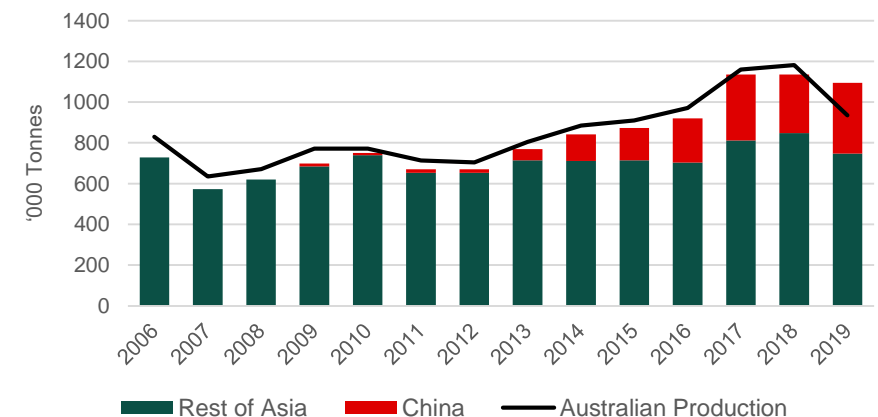
JC Tanloden and AustCo Polar form key parts of the Australian agriculture industry's supply chain and export capabilities for protein and fodder products – both which have grown significantly over the past 5 years

- **Export markets for proteins & fodder: \$13bn annually** (from \$9bn 5 years ago)
- **Oaten hay demand from China: 1.5 – 2.0m MT per annum** (accelerating in the past 5 years and cannot be met in Australia alone)
- **Australia brand strength have increased share of production for fodder:** Product traceability, quality and lack of contamination underpin the favourable reputation of Australian agricultural exports leading to major export expansion.
- **Oaten hay is a desirable export product:** Australian producers primarily export oaten hay, which improves milk production. Oaten hay has high demand worldwide as a reliable, high quality fodder that meets stringent animal production requirements.
- **Wingara advantage:** Under the Free Trade Agreement with China, only oaten hay from Australia is allowed to be imported

Australian Protein Exports



Oaten Hay Export Demand



Wingara Ag Limited – Company Profile

Wingara owns, develops and manages processing and logistics assets focusing on agriculture produce for export markets. We seek to control bottlenecks with high barriers to entry. We have two distinct business divisions in JC Tanloden & Austco Polar.

Suppliers

Our Operations

Customers

Farmer/ Primary Producer



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



International

- Trading houses and direct end users in China, Korea, Japan & Taiwan

Meat Processers & Abattoirs



Blast Freezing & Cold Storage

Value-add and logistic services for red meat exports:

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



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*

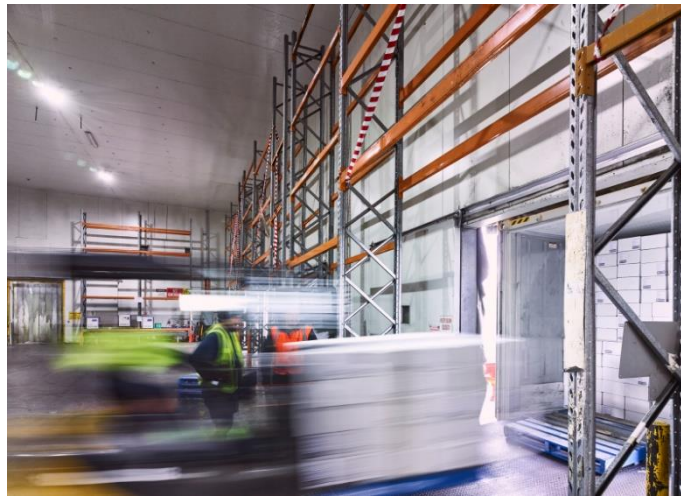
Raywood Facility

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.



Financial Results



Profit & Loss Statement

	1H 2020 A\$M	1H 2019 A\$M	Change %	FY19 A\$M
Revenue - Hay Sales	8.99	9.06	(1%)	16.76
Revenue - Cold Storage	6.02	5.67	+6%	12.36
Total Revenue	15.02	14.72	+2%	29.12
Cost of sales	(7.71)	(6.79)	+14%	(13.65)
Gross Profit	7.31	7.93	(8%)	15.47
Other income	0.06	0.9	(93%)	0.14
Administration expenses	(5.16)	(4.21)	+23%	(8.84)
Freight expenses	(0.85)	(0.91)	(7%)	(1.69)
Occupancy expenses	(0.05)	(0.14)	(64%)	(0.33)
EBITDA	1.33	2.76	(52%)	4.75
Depreciation	(1.94)	(0.90)	+116%	(2.12)
Finance costs	(0.89)	(0.69)	+29%	(1.81)
Transaction expenses	(1.13)	(0.68)	+66%	(0.88)
Gain on bargain purchase	4.24	-	-	0.99
NPBT	1.62	1.48	+9%	0.95
Income tax	(0.19)	(0.176)	+8%	(0.46)
NPAT	1.43	1.31	+9%	0.91
Basic EPS (cents)	1.36	1.32	+3%	0.89
Diluted EPS (cents)	1.32	1.29	+2%	0.87

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

Balance Sheet

	1H 2020 A\$M	1H 2019 A\$M	Change %	FY19 A\$M
Assets				
Cash & equivalents	2.69	4.45	(40%)	0.66
Trade & other receivables	1.49	1.03	+45%	1.46
Inventories	1.26	0.54	+133%	5.36
Deposits & other current assets	2.11	0.28	+654%	0.12
Total current assets	7.55	6.29	+20%	7.61
Property, Plant & Equipment	20.60	35.46	(42%)	37.65
Right-of-use assets	20.69	-	-	-
Deferred tax assets	0.10	0.16	(38%)	0.29
Intangible assets	1.81	1.81	0%	1.82
Other non-current assets	0.30	0.27	+11%	0.03
Total non-current assets	43.52	37.71	+15%	39.79
Total assets	51.07	44.01	+16%	47.40
Liabilities				
Trade & other payables	3.49	3.17	+10%	3.81
Borrowings	6.39	6.97	(8%)	8.30
Lease liabilities	0.59	-	-	-
Employee benefit obligations	0.46	0.34	+35%	0.43
Total current liabilities	10.94	10.48	+4%	12.54
Borrowings	2.93	17.52	(83%)	19.21
Lease liabilities	20.21	-	-	-
Employee benefit obligations	0.44	0.48	(8%)	0.52
Total non-current liabilities	23.59	17.99	+31%	19.73
Total liabilities	34.53	28.47	+21%	32.26
Net assets	16.53	15.53	+6%	15.14
Equity				
Contributed equity	19.98	19.98	0%	19.98
Other reserves	0.18	0.16	13%	0.17
Accumulated losses	(3.62)	(4.60)	(21%)	(5.00)
Total equity	16.53	15.53	6%	15.14

Cash Flow Statement

	1H 2020 A\$M	1H 2019 A\$M	Change %	FY19 A\$M
Cash flows from operations				
Receipts from customers	14.97	14.47	3%	28.23
Payments to suppliers, employees	(11.44)	(10.56)	8%	(26.26)
Interest received	0.00	0.01	(100%)	0.02
Interest paid & finance costs	(0.75)	(0.69)	9%	(1.81)
Income taxes received / (paid)	-	-		-
Net cash from operations	2.78	3.23	(14%)	0.18
Cash flow from investing				
Purchase of PPE	(1.51)	(15.27)	(90%)	(25.34)
Payments for other non-current assets	-	(6.67)	-	-
Proceeds from termination of term deposit	21.00	-	-	-
Payments from business acquisition / related deposits	-	(2.74)	-	(2.74)
Payment for bank guarantee	(1.86)	-	-	-
Net cash from investing	17.63	(24.68)	(171%)	(28.08)
Cash flows from financing				
Proceeds from issue of shares	-	0.05	-	0.05
Repayment of borrowings	(18.03)	(1.87)	+864%	(21.16)
Proceeds from borrowings	0.07	19.02	(100%)	(40.39)
Repayment of lease liabilities	(0.41)	-	-	-
Net cash from financing	(18.37)	17.20	(207%)	19.29
Net increase (decrease) in cash	2.03	4.25	(52%)	(8.61)
Opening cash & equivalents	0.07	8.70	(99%)	8.70
Closing cash & equivalents	2.69	4.45	(40%)	0.91