

Webster Limited reports net profit after tax of \$3.8 million

- **Statutory net profit after tax of \$4.1 million compared to net loss of \$96.8m in the prior corresponding period**
- **Underlying operating profit before tax of \$4.0 million compared to loss of \$8.8m in prior the corresponding period (before charging an impairment loss of \$96.4m)**
- **Continued consolidation and optimisation of land and water entitlements to strengthen asset portfolio:**
 - **sale of water entitlements delivers profit of \$5.4 million**
 - **sale of Kurrajong Hills and Lakeland Downs properties**
 - **acquisition of Kalabity Station in South Australia**
- **Market value of portfolio of water entitlements estimated to be approximately \$300 million**
- **Identified \$52 million, 5-year capital expenditure programs at Kooba and Hay aggregations to develop land and water storage capacity for irrigation**
- **Continuing to leverage diverse asset base to optimise productive capacity**

Webster Limited (ASX:WBA) today announced a statutory profit after tax of \$3.8 million for the half-year ended 31 December 2016.

The underlying profit from operations before tax was \$3.9 million compared to the previous corresponding period of a loss (before charging an impairment loss of \$96.4m) of \$8.8 million.

The primary driver of the improved result was increased profits from the company's agriculture division, including the sale of water entitlements.

Executive Chairman, Chris Corrigan, said the company continued to focus on consolidating its expanded business and optimising its resources.

"During the period, we divested two properties which did not fit our operational and strategic objectives, including Kurrajong Hills, a grazing property in NSW which was sold for \$4.6 million and settled in January 2017 and Lakeland Downs, a cotton property in QLD which sold for \$5.5 million will settle before September 2017. Both property transactions will complete post 31 December 2016".

"We have further optimised our extensive water entitlement portfolio to ensure it continues to meet the company's needs. This involved both acquisitions and disposals of entitlements," he said.

Webster realised a profit of \$5.4 million from the sale of 7,000 ML of water entitlements during the period. As at 31 December 2016, based on market intelligence, Directors estimate the market value of the water entitlement portfolio to be approximately \$300 million.

- Mr Corrigan said Webster has identified capital expenditure programs at the Kooba and Hay aggregations with a gross value of \$52 million to develop land and water storage capacity for irrigation.

"This five-year program, involving approximately 14,000 hectares of irrigated cropping land, will bring the total irrigated cropping land portfolio to approximately 40,000 hectares," he said.

In the Agriculture division, Webster has 12,000 hectares of cotton which will be harvested from April to June of 2017. Forward sales have been made of approximately 60% of the expected crop at an average price above A\$500 per bale.

Meanwhile, Webster will expand its Dorper sheep business with the proposed acquisition of Kalabity Station in South Australia, which has a western lands lease over 185,000 hectares of land and an organic stock of 13,500 breeding Dorper Ewes for \$12.5 million.

In the Horticulture business, the current walnut crop has not suffered the issues during pollination which occurred in the previous two years and a more normal crop of around 5 tonnes per hectare is expected this season. Walnut pricing is considerably lower than was experienced in 2014 and 2015 but is expected to be broadly in line with the 2016 pricing parameters.

Webster's sales and earnings are heavily weighted to the second half of the financial year due to the timing of harvesting and sales of its crops. Therefore, as in previous years, the company has continued its practice of not paying an interim ordinary dividend for the first half

Directors declared an unfranked dividend of 9 cents per share for the preference shares on issue with scheduled payment for 24 March 2017. Directors resolved that in future preference dividends will be paid once a year.