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ASX/Media Announcement

Webster reports half-year results to 31 March 2018

- **Reported net profit after tax of \$3.8 million**
- **Revenue and other income of \$47.9 million**
- **Timing of harvest and sale profile of products means earnings are heavily weighted towards 2nd half**
- **Acquisitions in first half create stronger and more diversified asset base:**
 - **Sandy Valley almond property, NSW**
 - **Greenfield development adjacent to Avondale walnut orchard**
 - **Additional 150 hectares adjoining Leeton walnut orchard**
 - **Organic dorper sheep property, Packsaddle, Western NSW**
- **Development program at Kooba and Hay cotton properties on time and on budget with increase in irrigable hectares and water storage capacity**
- **Market value of water entitlements estimated to be approximately \$360 million**

Webster Limited (ASX:WBA), one of Australia's leading agribusinesses, today reported its financial results for the 6-month period ended 31 March 2018.

This is the first half-year reporting period under Webster's changed financial year end (from 30 June to 30 September) to more appropriately align growing seasons with its financial reporting period. As a result, the prior corresponding period is for the six months ended 31 December 2016.

Webster reported a net profit after tax of \$3.8 million. Revenue and other income was \$47.9 million, reflecting improved yields and pricing in cotton, partially offset by lower yields in walnuts.

Due to the nature of the Company's operating activities and harvest and sale profile of its products, Webster's earnings are heavily weighted towards the second half of its financial year. For the first half, harvesting of the Company's cotton crops had only just commenced while the harvest of walnut orchards was approximately 40 per cent complete.

Chairman Chris Corrigan, said Webster continued to optimise its asset portfolio during the period, completing a number of key transactions which further strengthened and diversified its asset base across its core geographic holdings.

"We diversified our horticultural operations with the \$16.8 million acquisition of the Sandy Valley Almond orchard in NSW. The property has 934.7 hectares of developable planting area, including 100 hectares with three-year-old trees and 160 hectares with two-year-old trees planted. The development of a further 230 hectares is currently underway.

“We also acquired a 1,000-hectare greenfield development adjacent to our Avondale walnut orchard for \$4.8 million and an additional 150 hectares adjoining our Leeton walnut orchard for \$500,000. We are continuing to expand our horticultural operations with the nursery development programme at Leeton expected to provide more than 100,000 trees annually.

“Meanwhile, we acquired the 50,000-hectare Packsaddle property in far western NSW for \$7 million. This property has capacity to stock 5,500 organic breeding dorper ewes and is a strong complement to our existing organic dorper sheep businesses at Kalabity and Lake Tandou, reinforcing our position as a significant operator in organic lamb in Australia,” he said.

Webster continued to progress the capital expenditure and development program at its Kooba and Hay properties which is now around 70 per cent complete.

The Company has continued its development activity in the southern cotton properties and when completed in 2019 will have added an additional 8,100 irrigable hectares and 30,000 ML of water storage.

Webster’s financial position remains strong with \$250 million in committed credit facilities maturing out to 2022.

An independent valuation undertaken by CBRE, has the value of Webster’s water entitlement portfolio at \$360 million. The directors are of the view that this value is conservative due to the continual strengthening of the water market. This portfolio is currently carried in the accounts as an intangible asset at a value of \$222 million.

“The Company remains well positioned to grow its operations further, supported by our investment in water which continues to underpin our business,” said Mr Corrigan.

Revenue in the Horticulture business for the six months was \$10.8 million. The 2018 walnut harvest will total approximately 9,500 tonnes which is the second highest production recorded in the orchards’ history, second only to the 2017 crop.

Current yield is lower than expected due to a re-occurrence of a non-pollination event significantly affecting the later flowering variety.

Strengthening domestic sales for Webster’s Australian walnuts, together with a moderate improvement in international markets are expected to result in continued growth in demand and sales for in-shell and kernel products.

Revenue in the Agriculture business was \$9.5 million. The Company has 17,223 hectares of cotton which will be harvested this season compared to 10,551 hectares last year. The cotton lint price has been firm during the year which has been partially offset by the cotton seed price. Cotton Lint sales of approximately 80 per cent of the expected crop at an average price above A\$530 per bale have been achieved.

More favourable weather conditions compared to last year have assisted in improved yields of approximately one bale per hectare above budget expectations.

Given the weighting of sales and earnings to the second half of the financial year, the Company has continued its practice of previous years of not paying an ordinary dividend for the first half period.

The Board declared an unfranked dividend of 9 cents per share for the preference shares on issue with scheduled payment for 27 June 2018.

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