

Webster Limited Half Year Results 2011 & Strategic Update

February 2011



Webster: A transformation for Cash Earnings growth with Conservative Balance Sheet

- **Non controlled portfolio investment in Tassal Group Ltd sold**
- **Strong position in Australian Walnut industry enhanced with acquisition of Gunns Walnut Assets**
- **Very strong growth from organic development of existing, young, walnut orchards**
- **Significant capex round completed with Gunns acquisition**
- **Export onion industry being underpinned by longer term contracts with major European supermarkets**
- **Significant debt reduction**



Presentation

- **First Half Overview**
- **Financial Performance, 1H 2011**
- **Operations: Where we are at, where we are going**
- **Outlook**



First Half Overview



First Half Overview

- Operational result (excluding Tassal Group Limited) up by \$577k from previous corresponding period
- Sale of Tassal Group Limited shares undertaken at 30 June 2010 book value and at a premium to market at time of sale agreement
- Purchase of walnut assets from Gunns Limited completed for \$23m making Webster the largest owner and manager of walnut orchards in the southern hemisphere
- Bank facilities renegotiated and debt reduced by \$27m at completion of Tassal Group Limited share sale in February 2011
- Loss for the period of \$1,603k but in line with management expectations as earnings and cash flow heavily weighted toward second half of the year due to seasonality of operations and contribution from associates down
- Contribution (Equity Accounted) from Tassal Group Limited down \$1,850k due to investment reclassified as held for sale and subsequently sold
- Unfranked interim dividend on Cumulative Preference shares of 4.5 cent declared



Financial Performance 1H 2011



Results

	Dec-10 (\$,000's)	Dec-09 (\$,000's)
EBIT		
Vegetables	(1,157)	(1,147)
Walnuts	(14)	(883)
Corporate	(446)	(261)
Operating EBIT	(1,617)	(2,291)
Contribution from Associate (Equity Accounted)	628	3,063
Finance Costs	(1,154)	(729)
NPBT	(2,143)	43
Income Tax Expense	540	(373)
Profit (loss) for the period	(1,603)	(330)



Financial Position

	Dec-10 (\$,000's)	Jun-10 (\$,000's)
Current Assets	67,227	16,727
Non Current Assets	62,001	90,784
Total Assets	129,228	107,511
Current Liabilities	66,804	12,587
Non Current Liabilities	2,337	35,125
Total Liabilities	69,141	47,712
Total Equity	60,087	59,799
Net Debt to Equity (Prior to financial effect from Sale of Tassal Shares)	48%	50%



Proforma Balance Sheet (post Tassal investment divestment)

	Feb-11 (\$,000's)	Dec-10 (\$,000's)
Current Assets	18,474	67,227
Non Current Assets	62,483	62,001
Total Assets	80,957	129,228
Current Liabilities	19,125	66,804
Non Current Liabilities	2,303	2,337
Total Liabilities	21,428	69,141
Total Equity	59,529	60,087
Net Debt to Equity	9%	48%



Cash Flow (pre Tassal investment divestment)

	Dec-10 (\$,000's)	Dec-09 (\$,000's)
Cash Flows from Operating Activities	(2,696)	(2,954)
Cash Flows from Investing Activities		
Proceeds from sale of investment	5,000	-
Dividends received	578	1,126
Payment for property, plant and equipment	(1,000)	(2,135)
Payment for business	(2,300)	-
Other	-	35
Total Investing Cash Flows	2,278	(974)
Cash Flows from Financing Activities		
Proceeds of borrowing	420	5,490
Other	(345)	(534)
Total Financing Cash Flows	75	4,956
Net Cash Movement	(343)	1,028



Operations

Where we are at, where we are going



Operations - Corporate

- As at 30 June 2010, Webster Limited held a 20.05% stake in Australia's largest salmon producer Tassal Group Limited at a book value of \$1.79 per share
- At the Webster Limited AGM on 20 October 2010, shareholders approved the board to deal in the Tassal Group Limited shares
- On 8 December 2010, Webster Limited announced it had sold its 19.8% holding in Tassal Group Limited to Pacific Andes Resources Limited for \$1.79 per share
- The transaction completed in two tranches, the first on 7 January 2011 and second 18 February 2011 after the purchaser received approval from the Foreign Investment and Review Board
- Funds received from the sale were applied to reduce debt (\$27M) and to purchase the walnuts assets from Gunns Limited (\$23M)
- As a result of the Tassal Group Limited share sale and the Gunns Limited walnut asset purchase, Webster Limited has renegotiated its facilities with its bankers
- Group debt to equity ratio reduced from 48% to 9% at the time of completion of the Tassal Group Limited share sale



Operations - Vegetables

Field Fresh Tasmania

- Vertically integrated producer and marketer of onions (brown and red)
- Australia's largest onion exporter
- Over 30 years export experience in fresh food with an extensive global marketing network
- Earnings and cash flow heavily weighted to the second half of the year due to seasonal nature of operations
- First half performance in line with expectations
- Challenging growing season
- Estimated volumes in line with forecast and up approximately 30% on prior year
- Domestic and export markets for onions currently experiencing strong demand
- Sales contracts in place for a significant percentage of forecast volume
- Foreign currency exchange rates are unfavourable, however hedging contracts and demand are expected to reduce impact



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Brown Onion Harvesting



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Onion Grading



Operations - Walnuts

Walnuts Australia

- Operating division of Webster Limited
- Vertically integrated from nursery root stock production to marketing walnuts
- Largest walnut orchard manager in the southern hemisphere
- Manages over 2,200 hectares of orchard for Walnuts Australia Pty Ltd and private orchard owners including undertaking:
 - Orchard maintenance
 - Harvesting and processing
 - Grading and packing
 - Sales and marketing
- First half performance in line with expectations with majority of earnings generated from management fees
- Majority of sales from 2011 season crop to be export
- Revenue expected to be affected by strong AUD but demand and slightly stronger pricing than previous year expected to compensate
- With acquisition of Gunns Limited orchards a very significant capex round completed
- Capital investment on harvesting, processing, grading and packing equipment to meet requirements of increased volumes – approx \$4m over three years



Operations - Walnuts

Walnuts Australia Pty Ltd

- Wholly owned subsidiary of Webster Limited
- Owns 540ha of walnuts orchard on the East Coast of Tasmania
- In January 2011 purchased 1350ha of walnut orchards in the Riverina area of NSW from Gunns Limited consisting of a further:
 - 950 ha company owned orchard, managed under 3 Managed Investment Schemes
 - 400 ha company owned and operated orchard
- Also purchased associated land, buildings, irrigation infrastructure and water rights from Gunns Limited
- Contracts management of orchards to 100% Webster division, Walnuts Australia
- Challenging year due to unseasonably wet weather, but no frosts or floods experienced
- Estimated volumes in line with forecast and up from prior season due to continuing maturity of orchards
- Total production when full maturity reached in all orchards expected to be approximately 10,000 tonnes in-shell walnuts
- Directors and management view the Gunns' walnut asset acquisition as transforming and most strategic for Webster Limited.



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Swansea Orchard Dec. 2010



Tabbita Orchard, Riverina Feb. 2011
Central processing facility



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**Leeton Orchard, Riverina
Feb. 2011**

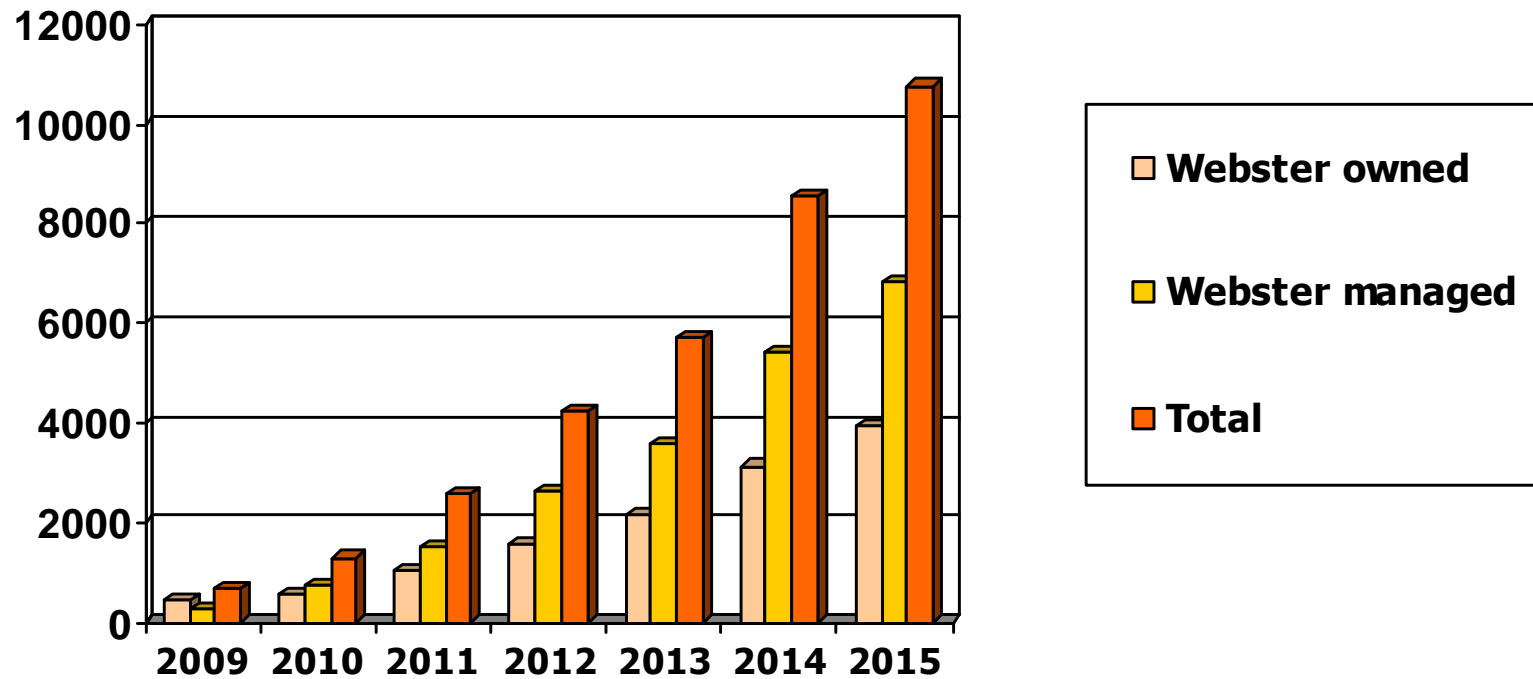


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Walnut production – The Growth Profile



Disclaimer: Above forecasts are internal management projections and, whilst subject to variance which may occur as a result of presently unknown/unforecast agricultural events, they are company estimates at this time and based on conservative yields being achieved in California for the same varieties and under similar growing conditions.



Outlook



Outlook

- Webster will be a walnut-lead business following acquisition of Gunns' walnut assets
- Purchase has consolidated Webster's position as a leading southern hemisphere producer of walnuts
- Production of walnuts is projected to increase from 1,350 tonnes in 2010 to 10,000 tonnes by 2015 with a corresponding increase in revenue
- Predicted weighted average price range for in-shell walnuts is \$3.50 to \$4.50/kg CIF
- Market outlook is promising with a counter-seasonal marketing opportunity for in-shell walnuts and an import replacement opportunity for walnut kernel
- World demand is increasing, especially in the Middle East, China and S.E. Asia
- Walnuts are known for their human health benefits being very high in poly unsaturated Omega 3 fatty acids, health benefits are driving demand
- Walnuts are not perishable - once dried down to about 8% moisture content, walnuts have a long shelf life stored under the right conditions
- Long nursery and orchard lead times, result in a high barrier to entry for potential competitors
- With capital in large part deployed, Webster looks forward to a strong period of increasing sales revenue and earnings growth.

