



# FY'11 Annual Results Presentation

30 August 2011

**WEBSTER**

# Key Messages

## FY'11

- Substantially restructured the business
  - Sold Tassal shareholding (for \$51.8m) as foreshadowed
  - Acquired Gunns walnut assets (for \$23.9m) and assumed role as RE
  - Exited carrot operations
  - Restructured balance sheet
- Operating business units returned to profitability
- Return to paying dividends

## FY'12

- Successfully completed \$10.4m (net) equity raising
- Strong Balance Sheet with year end gearing anticipated at around 10% and peak seasonal requirement of approximately 20%.
- Forward sales contract in A\$ for significant onion volume reducing business and FX risk
- Positioned for further growth



# FY'11 Profit & Loss

\$m unless stated	FY'10	FY'11	Change
Revenue	34.9	47.1	35%
EBITDA	4.4	6.0	
DA	2.0	2.4	20%
EBIT	2.4	3.6	
Interest	1.9	1.7	(11%)
PBT*	0.5	1.9	
Tax	0.1	(4.5)	
NPAT	0.4	6.4	
EPS (cents)	0.62	9.84	
DPS (cents)	0	1.0	
Franking (%)	n/a	100	

\* Tassal contribution FY10 \$5.7m, FY11 \$0.7m



## Group

- Revenue growth driven from higher onion and walnut volumes, acquisition of Gunns' walnut assets and taking over as RE for walnut grower investors.
- EBITDA - Strong turnaround in vegetable division with exit of loss-making carrot operations and higher onion volumes offset slightly by weaker earnings in weather effected walnut division (see divisional performance).
- Interest down reflecting a reduction in average borrowings however offset by increased interest rates from prior year.
- Tax benefit from group consolidation
- Underlying PBT (excludes Tassal) up by \$6.3m
- Reported EPS up by 9.22 cents
- Resumption of dividends with a 1 cent final fully franked

# Divisional Performance

## Field Fresh

- Gross onion tonnage up 31%.
- Adjusted for carrots in FY'10 revenue is up 30%.
- Turnaround in earnings reflects:
  - The restructuring of the business i.e. the exit from carrots,
  - Higher onion volume leveraging the existing fixed cost base,
  - Favorable FX hedging compared to market, but unfavorable compared to prior year, and
  - Favorable onion export market .

\$m unless stated	FY'10	FY'11	change
Gross Onion Tonnage (tonnes)	40,517	52,953	31%
Revenue	27.6	31.6	15%
EBITDA	(2.3)	4.9	
DA	0.8	0.8	4%
EBIT	(3.1)	4.1	
Assets	16.1	20.3	26%
Liabilities	4.1	3.6	(12%)
Net Assets	12	16.7	39%

## Walnuts

- Total gross tonnage up 49%, with strong growth from managed orchards.
- Prices stronger reflecting higher quality from Riverina than previous year.
- Earnings have been adversely affected by
  - Strong \$A
  - A flood event at Swansea significantly reducing yield
  - Low levels of walnut blight in both Tasmanian and Riverina orchards
  - Exceptionally wet conditions at harvest time in Tasmania

\$m unless stated	FY'10	FY'11	change
Gross Tonnage (tonnes)			
Owned	553	526	(5%)
Managed	810	1,504	86%
Total	1,363	2,030	49%
Revenue	9.9	16.3	65%
EBITDA	2.1	1.8	(14%)
DA	0.9	1.2	33%
EBIT	1.2	0.6	(50%)
Assets	31.0	61.8	99%
Liabilities	3.9	9.8	151%
Net Assets	27.1	52	92%



# Balance Sheet

\$m unless stated	FY'10	FY'11	Pro-forma
Cash	(2.5)	1.3	7.2
Receivables	10.2	21.2	21.2
Inventories & Other	5.0	5.8	5.8
<b>Total Current Assets</b>	<b>12.8</b>	<b>28.3</b>	<b>34.2</b>
PP&E	25.4	35.3	35.3
Biological Assets	10.9	21.3	21.3
Other	54.4	5.0	5.0
<b>Total Non-Current</b>	<b>90.8</b>	<b>61.6</b>	<b>61.6</b>
<b>Total Assets</b>	<b>103.6</b>	<b>89.9</b>	<b>95.8</b>
Payables	7.2	11.7	11.7
Borrowings	0.6	5.0	0.5
Other	0.9	5.1	5.1
<b>Total Current</b>	<b>8.7</b>	<b>21.8</b>	<b>17.3</b>
Borrowings	25.3	1.3	1.3
Other	9.8	0.1	0.1
<b>Total Non Current</b>	<b>35.1</b>	<b>1.4</b>	<b>1.4</b>
<b>Total Liabilities</b>	<b>43.8</b>	<b>23.2</b>	<b>18.7</b>
<b>NET ASSETS</b>	<b>59.8</b>	<b>66.7</b>	<b>77.1</b>
<b>Gearing</b>	<b>47%</b>	<b>10%</b>	<b>2%</b>
<b>Shares On Issue</b>	<b>64.6m</b>	<b>64.6m</b>	<b>93.3m</b>
<b>NTA per share</b>	<b>\$0.92</b>	<b>\$0.96</b>	<b>\$0.77</b>

## Assets

- Receivables increased due to fees charged to walnut grower investors
- PP&E and Biological Assets increased as result of Gunns acquisition
- "Other" in FY'10 includes Tassal investment at \$51.7m

## Liabilities

- One off increase in payables due to the proportion of management fees owed to Gunns following acquisition of walnut assets.
- Other – predominately CGT liability arising from sale of Tassal

## Key Indicators (on a pro forma basis)

- Net interest bearing debt eliminated
- NTA per share of \$0.77

Pro-Forma takes into account the rights issue in July 2011 that raised \$10.5m (net) through the issue of 28.7m shares



# Cash Flow

	FY'10	FY'11
Receipts	38.1	37.9
Payments	(40.0)	(40.5)
Operating Cash Flows	(1.9)	(2.6)
Proceeds from sale of investment	0.0	51.8
Dividends received (Tassal)	2.3	0.6
Payment for PP&E	(4.5)	(26.4)
Other	(1.1)	0.1
Investing Cash Flows	(3.3)	26.1
Proceeds of borrowing	3.4	0.7
Repayment of Borrowings	(0.3)	(19.8)
Other	(0.4)	(0.6)
Financing Cash Flows	2.6	(19.7)
Net Cash Movement	(2.6)	3.8

## Operating cash flow

- Is not reflective of revenue due to
  - timing difference between management fees charged to walnut grower investors (increase in trade debtors) and receipt
  - Walnut and onion sales completed but receipt outstanding

## Investing cash flow

- In FY'11, WBA sold its stake in Tassal for \$51.8m and bought the Gunns walnut assets for \$23.9m

## Financing cash flow

- Debt reduced by \$19.8m being predominately the difference between the sale of Tassal stake and the acquisition of Gunns walnut assets



# Future Outlook – FY'12 & Beyond

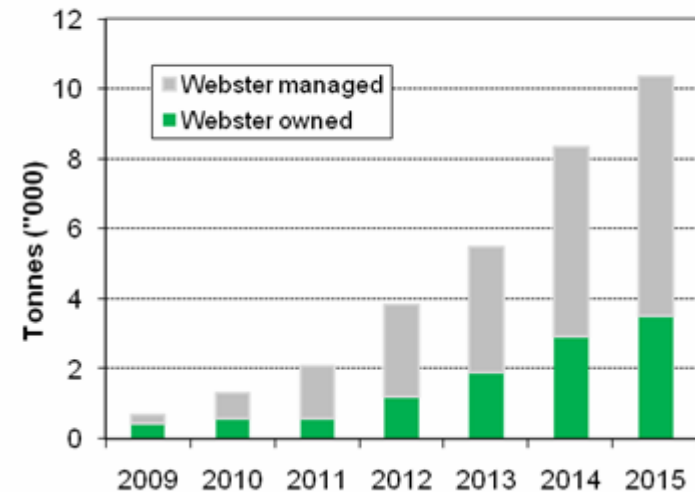
## Walnuts

- Webster is a walnut-led business with production expected to increase from 2,000+ tonnes in FY'11 to 10,000+ tonnes by FY'15
- Webster looks forward to a strong period of increasing sales revenue and earnings growth.
- Other initiatives for the year ahead include:
  - Further capex in the Riverina
  - Integration of Responsible Entity
  - Expansion of Riverina orchard area by 60 ha

## Onions

- Well developed onion business model
- Productivity gains from increased automation - \$1m capex for bagging and stacking
- Forward contract for FY'12 for almost 50% of forecast production in \$A is in place and will reduce business risk

Walnut Production Profile



*Disclaimer: Above forecasts are internal management projections and, whilst subject to variance which may occur as a result of presently unknown/ unexpected agricultural & other events, they are company estimates at this time.*





# Appendix

**WEBSTER**

# Webster Overview

Webster today is a land-based food production company with 2 main operating businesses:

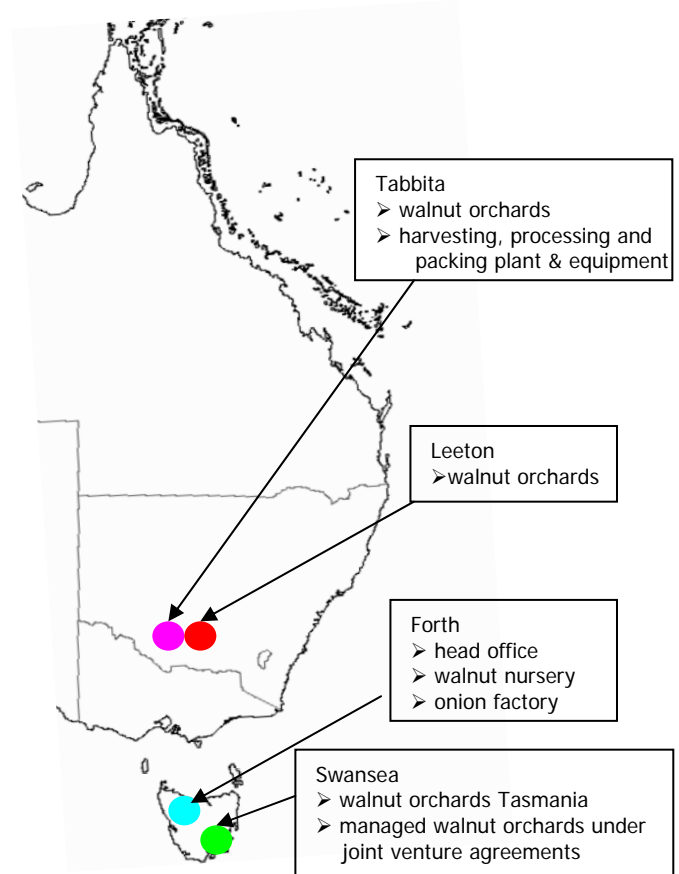
- Field Fresh Tasmania - Australia's largest exporter of brown & red onions.
- Walnuts Australia - Southern Hemisphere's largest orchard owner, manager and producer of walnuts.

Both businesses:

- Operate in areas that have significant competitive advantages.
- Have significant export focus.
- Produce counter-seasonal food to supply to northern hemisphere markets, thus providing the freshest produce for 6 months of the year.

Webster's strategy is to:

- Consolidate its current position.
- Reduce agricultural and exchange rate risk where possible.
- Examine value adding opportunities for existing businesses.
- Continue to seek opportunities to expand walnut business.
- Review additional opportunities that may arise.



# Webster Overview

## Key Data @ 31 July 2011, post equity raising

Shares on Issue	93.3m
Share Price	\$0.38
Market Cap	\$35m
Cash at Bank	\$8.9m
Interest Bearing Debt	\$1.7m

## Board & Senior Management

Rod Roberts ( <i>Non Executive Chairman</i> )
Leigh Titmus ( <i>Managing Director</i> )
Simon Stone ( <i>Non-Executive Director</i> )
Ernie Eves ( <i>Non-Executive Director</i> )
Susan Stegmann ( <i>CFO</i> )

WEBSTER FPO  
WBAAX



as at 24 August 2011

## Substantial Shareholders

David Cushing	13.2%
Peter Joy	12.9%
JM Financial Group	7.1%
Hunter Hall	5.8%
Rod Roberts	5.5%
Top 20	78.6%



**Strong growth outlook, growing cash flow, low gearing**