

Webster Limited

Annual General Meeting
Devonport Entertainment Centre
2nd November, 2011
Managing Director's Presentation



WEBSTER

Presentation Agenda

- Recent performance
- FY11 Profit and loss
- Divisional performance
- Balance sheet
- Cash flow
- Field Fresh Tasmania – onions
- Walnuts Australia – walnuts
- Future outlook



Recent performance

Over the last 12 months, Webster has

- Divested its Tassal shareholding (for \$51.8m) as foreshadowed
- Acquired Gunns walnut assets (for \$23m) and taken the role of Responsible Entity for grower investor projects
- Exited loss-making carrot operations and leased the carrot assets to a third party
- Reduced bank debt to a lease and seasonal finance requirement only
- Developed a strong Balance Sheet with year end gearing at around 10% and peak seasonal gearing of approximately 20%
- Successfully completed a \$10.5m (net) equity raising
- Returned operating business units to profitability
- Reduced business and FX risk by achieving forward sales contract in A\$ for significant onion volume
- Returned to paying dividends
- Positioned the Company for further growth



FY'11 Profit & Loss

\$m unless stated	FY'10	FY'11	Change
Revenue	34.9	47.1	26%
EBITDA	(1.3)	5.2	
DA	2.0	2.4	20%
EBIT	(3.3)	2.8	
Interest	1.9	1.7	(7%)
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 the exit of loss-making carrot operations and higher onion volumes offset slightly by weaker earnings in weather effected walnut division (see divisional performance)
- Interest costs were 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 FY10 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%
Equity	12	16.7	39%

Walnuts

- Total gross tonnage up 49%, with strong growth from Riverina orchards
- Prices stronger reflecting higher quality from Riverina than previous year.
- Earnings were adversely affected by
 - Strong \$A (export sales in USD)
 - 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	1.6	-24%
DA	0.9	1.0	15%
EBIT	1.2	0.6	-52%
Assets	31.0	62.2	101%
Liabilities	3.9	10.1	159%
Equity	27.1	52.1	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
Total Current Assets	12.8	28.3	34.2
PP&E	25.4	35.3	35.3
Biological Assets	10.9	21.3	21.3
Other	54.4	5.0	5.0
Total Non-Current	90.8	61.6	61.6
Total Assets	103.6	89.9	95.8
Payables	7.2	11.7	11.7
Borrowings	0.6	5.0	0.5
Other	0.9	5.1	5.1
Total Current	8.7	21.8	17.3
Borrowings	25.3	1.3	1.3
Other	9.8	0.1	0.1
Total Non Current	35.1	1.4	1.4
Total Liabilities	43.8	23.2	18.7
NET ASSETS	59.8	66.7	77.1
Gearing	47%	10%	2%
Shares On Issue	64.6m	64.6m	93.3m
NTA per share	\$0.92	\$0.96	\$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



Assets

- Receivables increased due to fees charged to walnut grower investors
- PP&E and Biological Assets increased as result of Gunns acquisition
- "Other" in FY10 includes Tassal investment at \$51.8m

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 shares

Key Indicators (on a pro-forma basis)

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

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 FY11, WBA sold its stake in Tassal for \$51.8m and bought the Gunns walnut assets for \$23m

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

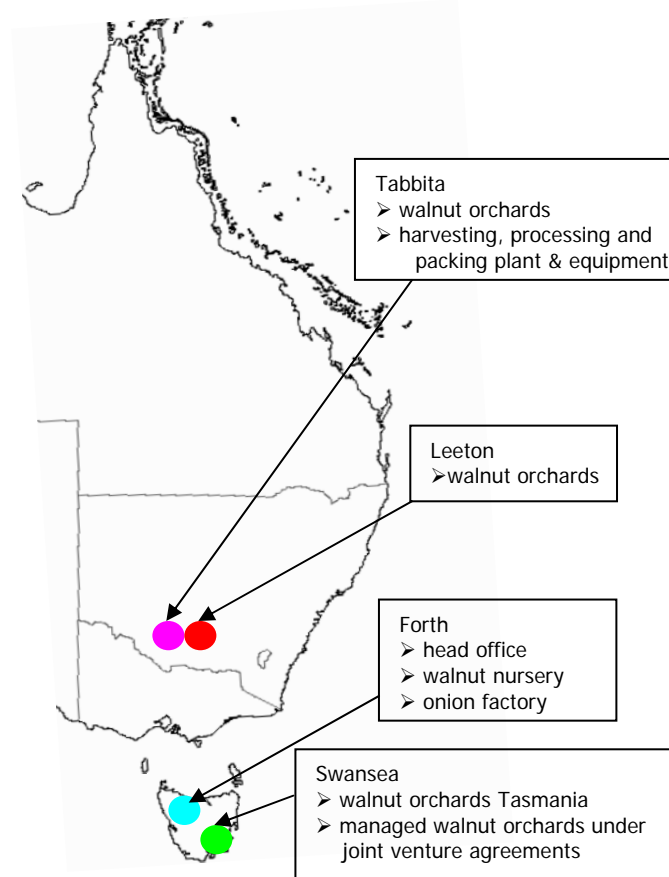


Webster Operations

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



and



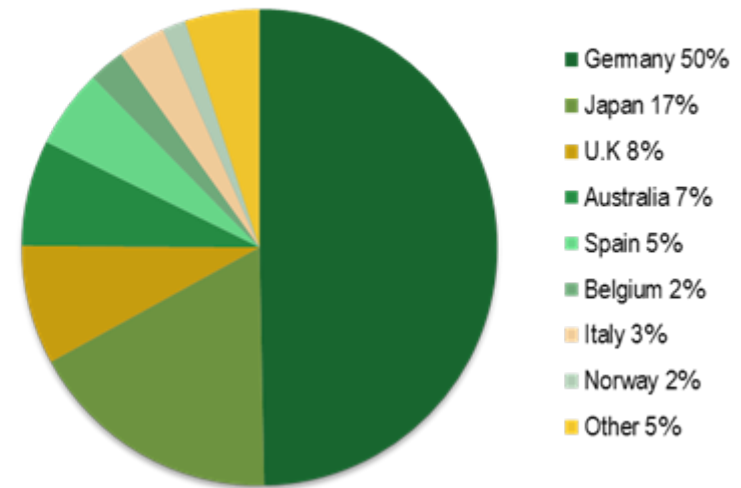


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Operations

- Australia's largest exporter of brown and red onions with over 90% of the annual crop exported
- Grows under contract approx 53,000 tonnes of brown and 3,000 tonnes of red onions with ~50 local farmers on over 800 hectares in reliable growing districts in northern Tasmania
- Vertically integrated producer and marketer of onions (brown and red)
 - Seed production (2 years worth of insurance)
 - Contracting production with growers (March)
 - Drilling of Brown onions (May-Aug) & Red onions (Jul-Aug)
 - Lifting (Dec-Feb)
 - Harvesting, Processing & Storage (Jan-Apr)
 - Grading & Packaging (Jan-Jun)
 - Export – Shipping of onions to Europe, Japan and Asia by mid May
- Over 35 years of export experience in fresh food with an extensive global marketing network

Onion Sales



Note: German % includes onion volumes destined for other countries also



FFT's Advantages

- Within Australia, only Tasmania has the climatic conditions conducive to the production of a firm, good quality onion suitable for long distance shipping
- FFT has refined its own line of Cream-gold onion seed over many years of selection
- FFT onions are marketed into northern hemisphere countries in their counter-season replacing local stored product at a premium price
- FFT has an enviable reputation in export markets for reliability, quality and customer service
- FFT runs a large onion export operation in a relatively short marketing window which would be difficult to duplicate



Business Model

- FFT contracts farmers in March each year for the following season and offers a guaranteed price or a market-linked contract for all Class 1 product
- FFT does not own the land or the crop but has rights to the crop
- FFT reduces its risk through forward contract sales prior to sowing for ~50% of forecast Class 1 production (this percentage increases during the growing season)
- All FFT contracted growers are certified to GlobalGap quality standards
- FFT customers have full on-line access to crop information
- FFT supplies growers with:
 - Seed grown by FFT
 - Drilling (via contractors)
 - Agronomy advice (paddock preparation, spray recommendations, irrigation advice etc.)
 - Lifting and harvesting (via contractors)
- FFT revenue is derived from volume of Class 1 onions x price
- FFT costs are the pre-agreed price with growers + fixed and variable costs of drilling & harvesting equipment, storage & processing facilities plus transport to markets
- In-house Forex policy is strictly observed with third party non-bank advisors



Onion harvesting





Onion Factory





walnuts
Australia



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Operations

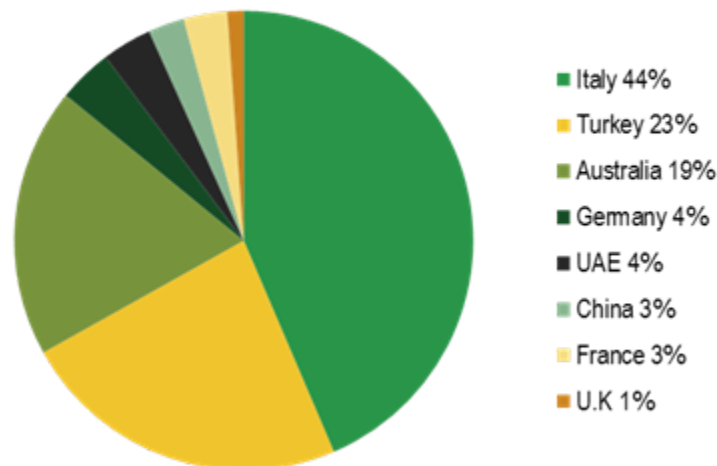
- WA is the southern hemisphere's largest walnut orchard owner, manager and producer of walnuts with over 2,200 ha of orchards owned and/or managed in Tasmania & NSW
- Fully vertically integrated operation including:
 - Walnut tree nursery
 - Orchard establishment
 - Orchard maintenance
 - Harvesting and processing
 - Grading and packing
 - Sales and marketing
- Majority of sales (81%) from 2011 season crop was exported
- Total production from existing orchards when they reach full maturity in FY15 is expected to be over 10,000 tonnes in-shell
- A subsidiary of WBA has an AFSL to act as a Responsible Entity for walnut grower investors
- Riverina yields/ha are meeting projections
- Timing of Gunns acquisition opportune, non-producing years completed with production imminent

Orchards (Ha)	TAS	NSW	Total
Owned	540*	411	951
Managed	80	250	330
Investor Growers		954	954
Total	620	1,615	2,235

*Includes 40 ha Leased

In Jan 2011 purchased 1,365ha of walnut orchards in NSW from Gunns for \$23m including associated land, buildings, irrigation infrastructure and water rights

Walnut Sales



WA's advantages

- Only 3% of the world's production is grown in the southern hemisphere and the largest markets are in the northern hemisphere.
- World demand is increasing steadily, and is being driven by:
 - Increasing disposable incomes in the Middle East, Turkey, China and S.E. Asian markets, and
 - The internationally recognised health benefits i.e. walnuts are very high in poly unsaturated Omega-3 fatty acids
- Over 20 years of research and physical development lies behind WA's operations
- A vertically integrated operation from grafted tree production to marketing walnuts
- Long lead times create a high barrier to entry for potential competitors
- Market outlook is promising with a counter-seasonal marketing opportunity compared to the world's main producers
- An import replacement opportunity exists for walnut kernel in Australia (9,000 tonnes in-shell equivalent)



Predicted Average Yield – Tonnes per ha	
Year 1-3	0
Year 4	0.5
Year 5	1.1
Year 6	1.7
Year 7	3.1
Year 8	5.6

- From planting, it takes a tree 8 years to reach maturity and has a useful life of 25-35 years

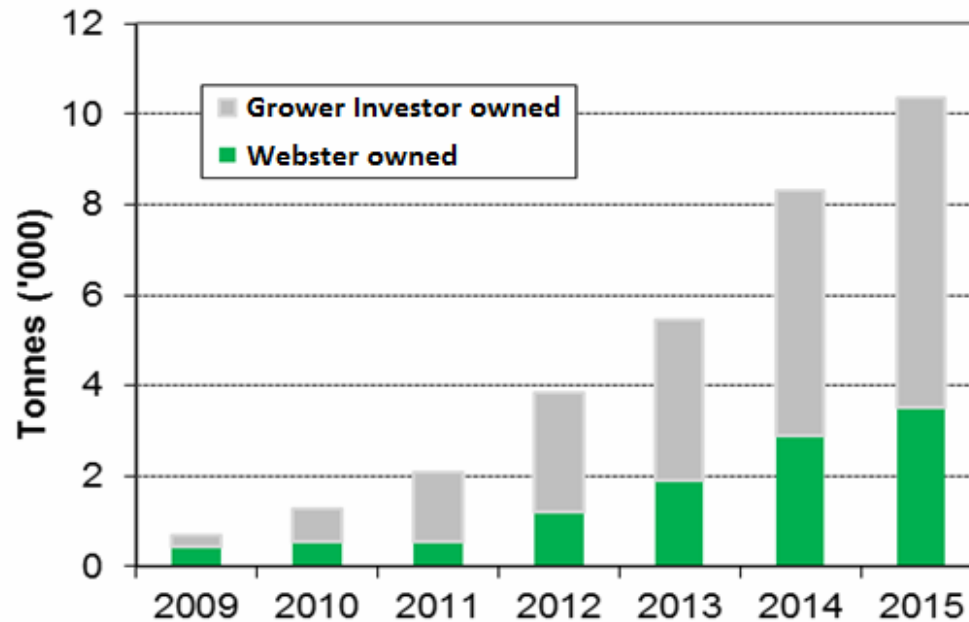
Business Model

- WA has 3 main orchard revenue/earnings models:
 1. Owned orchards – volume x price less production costs
 2. Managed orchards – cost plus in NSW and costs and proceeds shared equally in Tasmania
 3. Grower investor orchards – rental income from land, management income for orchard maintenance, harvesting and processing (based on volume and price) + additional processing and value add income if WA buys the crop and adds value before sale
- WA has a balanced portfolio of grower risk with 100% in the case of owned orchards and indirect exposure through yield and price in the case of managed and grower investor orchards where WA charges maintenance fees
- Webster assets include the owned and grower investor land and trees, plus plant, equipment (irrigation, harvesting, processing, grading and packing equipment, storage) and water
- CAPEX - as production expands there will be a requirement for additional hulling, drying and storage capacity and expanded in-shell walnut grading and packaging lines which can be funded from operating cash flow



In-shell walnut volume growth

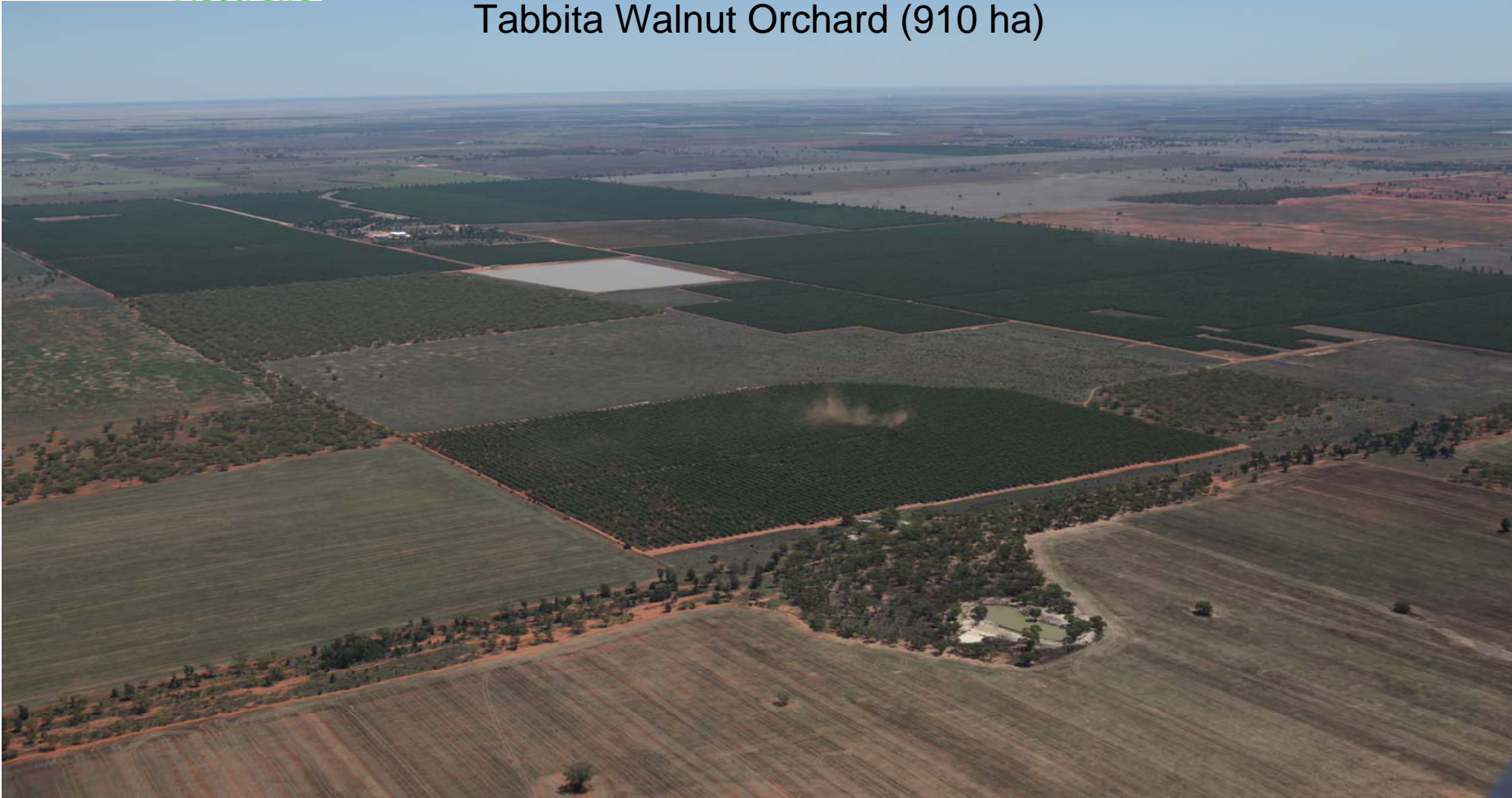
Walnut Production Profile



Note: All but 330 ha of the total 2,200 ha of orchard estate is owned by Webster. Walnut production is based on current hectares and assumes normal seasonal conditions.



Tabbita Walnut Orchard (910 ha)



Walnut harvesting



Walnut drying



Future Outlook – FY12 & Beyond

Onions

- Well developed onion business model
- Productivity and cost reduction gains from increased automation - \$1m capex for bagging and stacking (FY12)
- Forward contract for FY12 for almost 50% of forecast production in \$A is in place to help manage business risk

Walnuts

- Webster is now a walnut-led business with production expected to increase from 2,000 tonnes in FY11 to 10,000+ tonnes by FY15
- 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 (power supply and harvest equipment)
 - Expansion of Riverina orchard area by 60 ha



Webster's Strategy

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



2011 AGM BUSINESS

1. Financial Statements and Reports
2. Remuneration Report
3. Re-election of Director – Dr. S J L Stone
4. Election of Director – Mr. G Brindley
5. Other Business



Resolution 2

Remuneration Report

“That the remuneration report of the Company for the financial year ended 30 June 2011 be adopted.”



Item 2

Non-Binding Proxy Votes

Remuneration Report

For	24,932,720
Against	3,469,496
Open (Chairman)	12,236,854
Open	492,246
Total	41,131,316
Abstain	172,767



Resolution 3

Re- election of Director

- Dr S J L Stone

“That Dr S J L Stone, a Director retiring in accordance with Article 58 of the Constitution, and being eligible, is re-elected as a Director of the Company.”



Item 3

Proxy Votes

Election of Director – Dr S J L Stone

For	30,744,134
Against	2,008,605
Open (Chairman)	18,179,775
Open	428,791
Total	51,361,305
Abstain	1,153,554



Resolution 4

Election of Director

- Mr G Brindley

“That Mr G Brindley, a candidate proposed in accordance with Article 59 of the Constitution, and being eligible, is elected as a Director of the Company.”



Item 4

Proxy Votes

Election of Director – Mr G Brindley

For	3,909,474
Against	24,344,232
Open (Chairman)	18,120,938
Open	352,191
Total	46,726,835
Abstain	5,788,024

