

ASX Announcement

19th November 2019

WINGARA AG - H1 FY20 Highlights

- Increase in revenue to \$15.01 million (up 4.3%) and NPAT to \$1.43 million (up 454%) on previous 6 months
- Grow Net Tangible Assets to 14.00 cents (up 10.4%) on previous 6 months
- Completed sale and lease back of core asset and lowered gearing ratios

Wingara AG Limited (“Wingara” or “the Company”) owns, develops and manages processing and logistic assets focusing on agriculture produce for export markets. The revenue generation is based on a ‘tolling approach’, capturing throughput from various accredited export facilities in the protein supply chain. Wingara is pleased to provide its Half Year report demonstrating a continued growth trajectory.

Financial Results

Over the past six months, Wingara continued to build its revenue base and financial strength.

	H2 FY18	H1 FY19	H2 FY19	H1 FY20
Revenue	\$4.46m	\$14.72m	\$14.40m	\$15.01m
EBITDA	\$0.87m	\$2.76m	\$2.00m	\$1.33m
NPAT	(\$0.22)m	\$1.31m	(\$0.40)m	\$1.43m
Net Assets	\$12.09m	\$15.53m	\$15.14m	\$16.53m
Net Debt (ex Lease)	\$2.37m	\$23.81m	\$31.41m	\$11.03m
Basic EPS	(0.55) cents	1.32 cents	0.88 cents	1.36 cents
NTA	10.62 cents	13.05 cents	12.68 cents	14.00 cents
Hay Volumes MT (JCT)	13,277	29,116	17,152	17,300
Blast Cartons (Austco)	-	782,479	1,033,885	901,344

Austco Polar Cold Storage (Austco)

- Unlocked capacity through capital expenditure programs to allow increased throughput from 50,000MT (1.9m cartons) to 60,000MT (2.3m cartons) of product to meet demand from new and existing clients; and
- Completed the sale of the Austco Polar Cold Storage property for \$21 million, leasing back the site for a minimum of 15 years, realising a net capital gain of \$4.23 million.
- One off restructuring cost for Austco

JC Tanloden – Hay Processing Operations (JCT)

- Capital constraints resulting in JCT needing to balance its available fodder inventory between domestic and international clients
- Significant investment in JCT staff training and development which is one off in nature and will benefit the business as we continue to scale operations

An overview of strategic progress is provided:

Austco Polar Property Sale and Leaseback

In July 2019, Wingara announced the sale of the Austco Polar Cold Storage property for \$21 million with lease back terms of 15 years and two further 10-year options. The transaction is in line with Wingara's overall business strategy allowing the Company to crystallise a net capital gain of \$4.23 million through improvement in Austco's financial performance over the past 15 months.

The transaction allows the Company to reduce its gearing ratio to approximately 30% and provide capital for internal and external investment opportunities.

Growth Strategy

To date, Wingara has made a series of strategic acquisitions – Epsom hay/ fodder processing and storage (10MT), Raywood hay/ fodder processing and storage (20MT), and most recently Austco Polar Cold Storage. The strategy has been the same for each:

- **Buy:** Acquire assets which are of compelling value and fit within our strategic plan
- **Improve:** Upgrade capacity and improve efficiencies to support top line and bottom line improvements
- **Accelerate:** Use Wingara's long term relationships, distribution and marketing channels in Asian markets to accelerate sales
- **Capitalise/crystallise:** Deliver EPS accretive results through strategic transactions

Wingara has proven itself with its capital and asset management skills – its ability to buy, improve, accelerate and crystallise value from relevant agricultural assets. Wingara will continue to replicate this model with the acquisition of relevant strategic assets. Wingara will favour opportunities that are capital efficient and with a clear pathway to growth.

Assets promote accelerated growth plan

In addition to organic growth, Wingara will continue to build its growth platform through strategic, diversified alternative investments into the agricultural sector.

- **‘Facilitator’ platform in place:** Over the past 3 years Wingara has developed and built a sustainable platform for processing and marketing agricultural products. Wingara differentiates itself through a reputation for high-quality service to both primary producers and to export customers in key Asian markets.
- **Value-add on agricultural products:** As a processor and distributor, Wingara is generally not exposed to the agricultural fluctuations experienced by upstream growers and farmers.
- **Unlocks value in Asia export markets:** Wingara has developed export channels to Japan, South Korea, China and Taiwan. This investment into the supply chain establishes Wingara as a pivotal enabler ensuring primary production products will reach end consumers efficiently and securely with providence.

Future

Wingara will continue to seek exposure to opportunities in the fodder and protein markets to ensure the Company is exposed to opportunities in the ‘protein supply chain’. This is driven by Asian demand for increased ‘food security’ and to satisfy the growing numbers of middle class consumers wanting Australian produce.

Board Changes

The Company welcomed experienced executive Jeral D'Souza to the Board as Independent Non-Executive Director.

Mr D'Souza has spent over 30 years in senior management roles with Cargill in the ASEAN region, a leading global producer and distributor of food and agricultural products with operations in over 70 countries/ regions. Mr D'Souza's expertise in Cargill spans across strategic agricultural asset investment, business and financial risk management, statutory reporting, business model transformation, and change management.

Mr D'Souza has also been a Director of Teys Australia (Cargill's and Teys family JV), and Chairman of Allied Mills (Cargill and GrainCorp's Australian JV). The two businesses were diverse and included meat export, flour milling, bakery products, and agriculture product marketing in Asia, Europe, USA and Australia.

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About Wingara Ag Limited:

Wingara AG Limited aims to be the leader in the sale of agricultural products to the domestic and international markets, particularly focusing on the export of hay products to Asia. By adhering to the highest standards of production we ensure a reliable source of hay to our clients, enabling them to meet their business demands confident in the quality of our product.

We are also dedicated to supporting local producers and our commitment to providing an equitable relationship with Australian farmers allows us to source the best product available. Wingara is committed to ensuring we uphold the highest standards of integrity throughout the organisation, ensuring that we create an environment in which individuals continue to strive to meet our goals.

Forward-Looking Statements:

Certain statements made in this release are forward-looking statements and are based on Wingara Ag's current expectations, estimates and projections. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "guidance" and similar expressions are intended to identify forward-looking statements. Although Wingara Ag believes the forward-looking statements are based on reasonable assumptions, they are subject to certain risks and uncertainties, some of which are beyond Wingara Ag's control, including those risks or uncertainties inherent in the process of both developing and commercialising technology. As a result, actual results could materially differ from those expressed or forecasted in the forward-looking statements. The forward-looking statements made in this release relate only to events as of the date on which the statements are made. Wingara Ag will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this release except as required by law or by any appropriate regulatory authority.