



Wellard

ASX ANNOUNCEMENT

27 APRIL 2022

TOTAL PAGES: 2

APPENDIX 4C

QUARTERLY ACTIVITY AND CASH FLOW REPORT TO 31 MARCH 2022

All figures are stated in United States Dollars and are unaudited.

Wellard Ltd ('Wellard' or 'Company', ASX:WLD) presents its Appendix 4C cash flow report for the quarter ended 31 March 2022.

FINANCE & CASH FLOW:

Wellard reported a positive cash flow of US\$14.5 million from operating activities in the reporting period.

At a vessel operations level, US\$11.4 million was received from customers, and vessel operating costs excluding staff, administration, and interest payments were US\$7.8 million.

In addition, Wellard received US\$12.0 million cash from an arbitration award (see ASX announcement 5 January 2022).

This resulted in the Company generating US\$14.5 million in net cash from operating activities in the quarter ended 31 March 2022.

All vessels were fully available during the quarter, but as noted in the Company's half-year interim financial results, the Company's vessels were underutilised due to a slowdown in charter demand. The Company used this time to undertake maintenance on M/V Ocean Swagman and M/V Ocean Ute, so that they are available when demand increases.

The soft charter demand resulted from both seasonal reductions in cattle supply due to the northern Australian wet season and historically high Australian cattle prices, which caused demand from Indonesia to constrict considerably and prompted Vietnam to purchase nearly all of its cattle from South American sources.

The Wellard fleet completed four voyages during the quarter, including three voyages from Australia; one to Southeast Asia and two to North Asia; and one voyage from New Zealand to North Asia.

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Cash outflow on investing activities was very small at US\$5 thousand, while financing activities which includes principally payment of debt, totalled US\$1.5 million in cash outflow.

At the completion of the quarter, Wellard possessed cash and cash equivalents of US\$17.4 million. Unused finance facilities of US\$2.2 million were available at the end of the quarter. Cash and cash equivalents held at 31 December 2021 was US\$4.4 million.

CORPORATE:

Corporate related parties' payments of US\$128K were paid during the period, all of which represent Director fees paid from the shareholder approved pool of fees.

COMMENTARY

"Wellard was extremely pleased that its pursuit of refund guarantees for a shipbuilding contract yielded full repayment of US\$12 million plus interest in the quarter," said Wellard Executive Chairman John Klepec.

"Receipt of those funds provides Wellard some financial headroom as live cattle exporters and ship charterers experience some of the toughest trading conditions on record.

"In recent weeks there has been an increase in demand for voyages from Darwin to Indonesia as cattle availability increases from producers in the region after a poor wet season. Our views of the Australian market for live export do however remain unchanged.

"The strongest demand is for our largest vessel, the M/V Ocean Drover, which is more suited to long haul voyages and provides economies of scale advantages for charterers. It remained fully utilised in the most recent quarter and is expected to continue to be chartered through to the end of Q1 FY2023 and beyond. Both the M/V Ocean Ute and M/V Ocean Swagman have now recommenced charters."

This ASX release was approved by the Wellard Board of Directors.

For further information:

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