

Ladies and Gentlemen, welcome to the first Annual General Meeting for Wellard Limited as a company listed on the Australian Securities Exchange.

Today my first address as Company chairman will provide an overview of Wellard's first year as a listed Company as well providing some information on the current and likely future trading environment.

Our CEO Mauro Balzarini then will provide more detailed comments on Wellard's operations in his CEO address, as well as the outlook and strategic plans for the 2017 financial year.

Wellard listed on the ASX on December 10, 2015. It is clearly evident to all shareholders, that the company has endured a challenging start to listed life.

Soon after listing we experienced a breakdown of one of our vessels, the M/V Ocean Outback, which was followed in turn by a similar issue with its sister vessel, the M/V Ocean Swagman. Both vessels were out of action for approximately nine weeks as their crankshafts were replaced. While we chartered other vessels to make up for that shipping capacity and meet our customers' needs, our business model provides the maximum returns when we own and operate vessels.

In the second half of the financial year Wellard was acutely impacted by the wettest 'dry season' in years.

The producers who were previously selling cattle to Wellard had received unseasonal rain and pasture growth and many were looking to restock, so that they were now competing against us for the limited cattle supplies that were on offer from other vendors. This led to the highest cattle prices since the Eastern Young Cattle Indicator was established in 1996. And our cattle buyers were reporting that they were struggling to source cattle no matter what price they offered.

When it became apparent to Wellard that these factors would cause Wellard to miss its prospectus forecast the Company advised the market, and advised it again when our forecast was lowered again when the supply and price situation worsened.

Repeated profit downgrades damage a Company's credibility and everyone is aware of the share price impact those downgrades have caused.

Wellard must now work hard to earn the trust and confidence of investors through operational excellence, solid and improving financial results and, at the right time, growth.

Despite the issues that confronted us, particularly the high cattle prices and customer resistance to those high prices, Wellard still recorded a pro forma net profit after tax of \$14.8 million.

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This was achieved because we reacted quickly and responsibly to the issues Wellard was facing.

Our diversified sourcing strategy was accelerated: Two vessels were relocated to begin operating out of South America and we developed or redeveloped markets in Turkey, Egypt and Israel. There were some initial teething problems as we quickly ramped up our operations, but they have been largely overcome. I note, however, that Australia will remain our primary supply market for the foreseeable future.

Our capital expenditure program was altered to suit the situation Wellard found itself in. Wellard slowed construction of Pre-Export Quarantine facilities in Darwin and Portland; the Wellao Joint Venture development in China was wound back - this decision was also influenced by expected supply conditions in Australia - and construction of the M/V Ocean Kelpie was rescheduled, with completion pushed out to the second quarter of FY2019.

Importantly, these changes were made so that Wellard's ability to implement these growth initiatives were preserved so they can be reinvigorated when market conditions support them.

Our operating expenditure is an area of focus with our new CEO John Stevenson in charge of implementing a rigorous 'costs out' program.

The tough trading environment has placed pressure on our current earnings and working capital.

In the Annual Report, Wellard referred to certain breaches of undertakings with the working capital facility and the likely breach of certain financial covenants measured at 30 September 2016. We are advanced in dealing with our bank to amend or waive these breaches however the continuation of subdued trading conditions will mean that Wellard is likely to breach certain financial covenants at the half year to 31 December 2016. We are in constructive dialogue with our banks and believe that we will be able work through any issues arising from the half year result.

The disappointing financial result has overshadowed some highlights for the year.

For example, Wellard remained Australia's largest cattle exporter. We exported 425,000 cattle globally in FY2016; and exported and processed more than 384,000 sheep and goats.

During the year Wellard launched the M/V Ocean Shearer, which just pipped the M/V Ocean Drover to become the world's largest specialist livestock carrier in the world.

It is a truly amazing vessel, and the technology it employs, mostly to optimise animal welfare and operating efficiency, is second to none.

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It was completed at the Cosco Shipyard in Dalian, China, and can transport 20,000 cattle or 75,000 sheep or combination of both on its nine decks. It is almost 200 metres long and can produce 800 tonnes of water each and every day to hydrate the livestock on board.

It is also now AMSA-approved to carry Australian livestock.

The larger ships, the M/V Ocean Drover and M/V Ocean Shearer, are our most profitable vessels, so Wellard looks forward to their contribution to Wellard's FY17 results.

I am pleased to say that Wellard, its Board and executive are absolutely committed to optimising animal welfare throughout our supply chain, and we have invested in personnel and technology to achieve these results.

This was demonstrated recently when Wellard again passed the very stringent animal welfare audits conducted in Vietnam. In some cases, we make our technology available to other exporters, so the whole industry standard is lifted.

However, we believe that we need to improve on our safety record with employees, in particular the injury rate the Company has posted in the past year. Dealing with livestock, particularly large animals who aren't used to humans, comes with a certain degree of risk. However, we aim to significantly improve our results in this area and the board is overseeing an overhaul of Wellard's OH&S policies and procedures to bring our injury rates down.

The trading conditions for Wellard continue to be challenging, and we expect this will be reflected in the half year result.

However, as Mauro will discuss in his presentation, there are some positive signs emerging that, if continued, will assist Wellard in the second half of the financial year.

Australian cattle prices have started to fall a little, and that has made purchasing somewhat easier and importers have been able to pay a little extra for cattle.

If sustained, the recent small decline in the Australian dollar relative to the US dollar will also aid the restoration of margins, particularly when the wet season finishes around March 2017.

With the passage of time cattle sale numbers, and steers in particular, can be expected to return to a more traditional supply model and therefore return to a more normalised and profitable market.

We are expecting that our China live export trade will commence in the second half of the current financial year. As we ramp this new market up it has the potential to absorb a significant amount of shipping capacity on longer voyages thus reducing supply and improving trading conditions.

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This increase in the Australian trade relative to the South America trade will also improve our working capital position.

Overall, we expect that the first half of FY2017 results will reflect the current tough trading conditions experienced in the later part of FY2016 before seeing some improvement in the second half of the financial year with more normal trading conditions becoming evident in FY2018.

In concluding, I would like to commend the Wellard board, management and staff. They have been extremely proactive and tireless in addressing the challenges that the Company has faced. They have devoted enormous hours to steer the company through difficult times and now stand ready to lead the company into better times ahead.

I would also like to welcome John Klepec to the board. John comes to the Board as an independent director with strong commercial skills and ASX experience. John's CV is set out in the Notice of Meeting. John's appointment ensures a majority of independent directors on the board, in line with ASX Corporate Governance guidelines. And as Wellard's financial position improves we anticipate that there will be an appointment of another independent director.

Finally, can I say that as a shareholder coming in on the float, I absolutely understand and share your disappointment on the share price performance since the IPO. It has been tough and costly experience but I firmly believe we will see an improvement in performance over time

Thank-you.

DAVID GRIFFITHS  
CHAIRMAN  
WELLARD LIMITED

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