



Wellard

ASX Announcement
20 February 2025

3 Pages (Total)

Sound Operating and Cash Generating Half

FOR HALF-YEAR ENDED 31 DECEMBER (US\$' 000)		2024	2023	Movement
Revenue	US\$'000	14,116	17,985	(21.5%) ↓
Gross Profit	US\$'000	5,599	1,591	251.9% ↑
Gross Profit Margin	%	39.7	8.8	351.1% ↑
Other income ¹	US\$'000	0	3,577	(100.0%) ↓
General and Administrative expenses	US\$'000	(1,391)	(1,997)	(30.3%) ↓
EBITDA ²	US\$'000	4,208	3,171	32.7% ↑
Operating Profit Margin	%	29.8	17.6	69.1% ↑
Other losses from other activities ³	US\$'000	(5,578)	(48)	11492.5% ↑
Net Profit/(loss) After Tax	US\$'000	(2,295)	554	(514.3%) ↓

AS AT		31 Dec 24	30 Jun 24	Movement
Negative Net Debt ⁴	US\$'000	(12,146)	(8,511)	42.7% ↑

*Note: All figures contained in this announcement are in United States Dollars (US\$) unless specified.

¹ Other income refers to the receipt of insurance claim on the M/V Ocean Swagman starboard engine repair in the prior financial year.

² EBITDA equals profit from continuing operations before income tax, depreciation and amortisation expenses, net finance costs, other gains/(losses) arising from other activities and impairment expenses.

³ Other losses from other activities in the current period include US\$5 million paid for obtaining the legal title for the M/V Ocean Drover in October 2024.

⁴ Net debt equals loans and borrowings less cash and cash equivalents. A negative net debt indicates that the cash and equivalents exceed the entire debt balance.

For the half-year ended 31 December 2024 Wellard Ltd (ASX: WLD) reports a net loss after tax of US\$2.3 million, primarily due to the US\$5.1 million one-off costs associated with the acquisition of full and unencumbered ownership of the M/V Ocean Drover from KPMG Singapore – the liquidators of Ruchira Ships Limited (In Liquidation) as announced on 23 September 2024 and 18 October 2024.

The US\$5.1 million expense was an enabler for the subsequent January 2025 sale of the M/V Ocean Drover for US\$50 million, the financial effect of which will be recorded in future financial results.

Excluding these extraordinary costs, Wellard would have achieved a net profit of US\$2.8 million, reflecting substantial operational improvements.

For personal use only

This improvement is evident in margin expansion, with Gross Profit Margin rising from 8.8% to 39.7% and Operating Profit Margin increasing from 17.6% to 29.8%.

Despite a 21.5% decline in revenue, driven by the reduction in fleet size following the sale of M/V Ocean Ute and redelivery of M/V Ocean Swagman, cost reductions more than offset this decline, resulting in a 252% increase in gross profit. Key cost reductions included:

- 48.8% decline in bunker expenses (US\$4.2 million vs US\$8.1 million in H1 FY24) due to lower average fuel prices and a smaller fleet.
- 42.1% drop in port costs to US\$0.7 million.
- 18.7% reduction in operating expenses (OPEX) to US\$3.6 million.
- Complete elimination of Time Charter costs (US\$2.5 million in H1 FY24 to nil in H1 FY25).

EBITDA from continuing operations grew by 32.7% to US\$4.2 million, resulting in an operating profit margin increase to 29.8%, a significant improvement from 17.6% in H1 FY24

CASH AND CAPITAL MANAGEMENT

As of 31 December 2024, Wellard maintains a strong financial position with US\$12.3 million in cash and a negative net debt position (cash available for the Group) of US\$12.1 million, up 42.7% from 30 June 2024.

The sale of M/V Ocean Ute for US\$12.0 million, announced on 1 July 2024 and completed on 3 September 2024, enabled Wellard to return AU\$0.02 per share to shareholders while ensuring sufficient liquidity for ongoing operations and strategic initiatives.

The binding contract for the sale of M/V Ocean Drover to Meteors Shipping SA for US\$50.0 million, signed and announced to the ASX on 14 January 2025, represents the divestment of Wellard's main undertaking marking a pivotal transformation for Wellard, requiring shareholder approval. The vessel is classified as "Assets Held for Sale" under AASB 5 at a carrying value of US\$17.5 million.

OPERATIONS REVIEW

Wellard maintained its exemplary safety record, achieving zero medically treated injuries and zero lost-time injuries, consistent with previous years. Livestock mortality incidents remained near zero, further reinforcing the company's high standards in animal welfare.

The M/V Ocean Ute successfully completed its remaining contracted charters to Vietnam before being delivered to its new owners in September 2024. Meanwhile, the M/V Ocean Drover continued its back-to-back charters for FY25, with four Brazil-to-Türkiye voyages completed in H1 FY25. The remaining charters will be completed before the vessel's scheduled delivery to its buyers in July 2025.

OUTLOOK

There is no change in the outlook provided by Wellard in August 2024. The market fundamentals in all four markets where Wellard has operated developed as expected and there is no change in any of these four markets that necessitates a change in our outlook.

Most importantly for shareholders, Wellard is operating just one vessel, which is fully contracted for the remainder of FY25 on the South America to Türkiye route.

At the conclusion of those charters, in July 2025, it will be delivered to its Buyers, provided the sale of the vessel is endorsed by shareholders at a General Meeting to be held in the interim period.

Wellard is progressing the transaction, and has achieved important milestones. The MoA for the sale of the Vessel¹ between the parties was agreed and signed on 4 February 2025, and both of the 5% deposits have been received from the Buyers and are being held in escrow.

The Company is finalising the Notice of Meeting to seek shareholder approvals for the proposed sale and the proposed capital return. This will be released after it has been reviewed by regulators.

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

For further information:

Investors

Executive Chairman, John Klepec
Phone: + 61 8 9432 2800

Media

FTI Consulting, Cameron Morse
Mobile: +61 (0) 433 886 871

¹ Referred to in Wellard's ASX announcement of 14 January 2025