



# Wellard

ASX Announcement  
17 December 2016

## Wellard operations update – China and Sri Lanka

### China

Wellard has received its first Exporter Supply Chain Assurance System (ESCAS) approval in China from the Australian Department of Agriculture and Water Resources (DAWR).

The ESCAS approval is a necessary step to start exporting slaughter cattle to China and was received for a supply chain in northern China. It is the first of several China ESCAS applications submitted by Wellard for assessment by DAWR.

“The DAWR ESCAS approval of the Chinese supply chain is an important step for Wellard to commence export of slaughter cattle from Australia to China,” said Wellard CEO Mauro Balzarini.

“Following an independent audit, the ESCAS approval demonstrates that our Chinese customer will meet the animal welfare, traceability and audit standards required to receive Australian livestock.

“China remains a promising market development for Wellard. We are in active commercial negotiations with a number of parties so that Australian beef farmers can capitalise on the opportunity created by the large Chinese consumer market and the live cattle access arrangements negotiated by the Chinese and Australian Governments.”

Wellard expects that it will commence exporting beef cattle to China in the first six months of 2017.

### Sri Lanka

Wellard has begun sourcing an initial 5000 Australian and New Zealand dairy heifers after a contract to supply 20,000 dairy cattle and technical management services was renewed by the Sri Lankan Government.

Following the completion of an incoming Government review of a program previously agreed between Wellard and Sri Lankan Sri Lankan Department of Economic Development, the Sri Lankan Ministry of Rural Economic Affairs has provided approval to Wellard to ship the first heifers next year.

The contract extends Wellard’s penetration in the dairy market in Sri Lanka, and follows two previous projects totalling 4,500 heifers which were landed in Sri Lanka between 2012 and 2015 and the results have exceeded expectations.

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The new heifers will be placed with local farmers to help build their incomes and to improve the domestic supply of fresh milk to Sri Lankan citizens, reducing the country's reliance on expensive, imported milk powder. The supply contract builds Sri Lanka's national dairy herd and technical capabilities, and includes the provision by Wellard of nutritional, herd management, animal welfare, veterinary and milk quality technical advice to farmers in Sri Lanka.

The program with is being principally financed by the Australian Government's Export Finance and Insurance Corporation (EFIC) with Rabobank.

"Wellard is proud to be part of this program with the Sri Lankan and Australian Governments. It will have a positive impact on many Sri Lankans and will particularly benefit rural communities with modern, intensive management practices, to help Sri Lanka reduce its reliance on imported powdered milk in favour of fresh milk self-sufficiency," Mr Balzarini said.

It is anticipated that 3000 of the 5000 high performance genetics heifer will be supplied by Australian dairy farmers, with New Zealand supplying the balance. The bulk will be sourced from South Australia, Victoria and New South Wales.

A timeline for the consignment of the remaining heifers will be agreed after successful delivery of the current shipment.

#### **For further information:**

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#### **Background – Wellard**

Wellard is Australia's largest cattle exporter and a vertically integrated agribusiness.

Wellard has supplied quality dairy and beef cattle and sheep and goats to the world for more than 30 years. Based in Fremantle, Western Australia, the company's operations spans the world and cover every aspect of the livestock export chain, including livestock selection and aggregation, pre export quarantine facilities, feed milling, and a modern fleet of specialized "floating farms livestock carriers".

Wellard's is also involved in meat trade and owns and operate a modern abattoir in Western Australia, Beaufort River Meats, which processes up to 2500 sheep and lambs a day, enabling Wellard to meet customer demand for both livestock and chilled meat.

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