



14 November 2016

## 2016 full year financial results and highlights

- **Statutory net profit after tax of \$51.6m up \$13.3m**
- **Underlying profit after tax of \$41.2m up \$13.2m**
- **Underlying EBIT of \$56.2m up \$15.7m**
- **Underlying return on capital of 28.4% up from 21.9% at September 2015**
- **Operating cash flow \$48.7m for the year**
- **Completed \$97m (after costs) equity capital raise and on-market acquisition of Hybrids**
- **On track with business priorities and Eight Point Plan initiatives**

Elders Limited (ASX:ELD) today released its full year results for the 12 months to 30 September 2016, delivering improved statutory and underlying profit, and progress with business initiatives.

Statutory net profit after tax of \$51.6 million compares with a \$38.3 million profit in the previous year. Underlying net profit has improved \$13.2 million on the prior corresponding period to \$41.2 million.

A \$15.7 million improvement at the underlying earnings before interest and tax (EBIT) level, to \$56.2 million, was largely due to improved sales activity in retail and strong livestock agency performance, supported by a broad based focus on growth and efficiencies, in line with the Eight Point Plan.

Elders' chief executive officer Mark Allison said the FY16 results reflected solid progress against the Company's long term strategy and focus.

"As we enter the third year of our Eight Point Plan, it is evident that the business and our key stakeholders are responding well to our strategic priorities, and that we are well structured to capitalise on seasonal conditions," Mr Allison said.

"In FY16, positive seasonal conditions lifted winter crop demand and sales activity, resulting in our Retail Product posting a \$15.1 million improvement in underlying profit," he said.

"High cattle prices have driven higher livestock earnings and also real estate sales demand for large cattle farming properties, contributing to a \$5.2 million underlying profit improvement for Agency Services, and a \$1.7 million underlying profit improvement in Real Estate Services."

"Our 10% acquisition in Elders Insurance (Underwriting Agency) Pty Ltd from QBE, as well as an increase in sales of the StockCo livestock finishing finance product contributed to a \$0.8 million underlying profit improvement for Financial Services."

"High Australian cattle prices adversely impacted margins within our Feed and Processing Services, and resulted in reduced occupancy at the Killara feedlot.

A strong operating cash flow of \$48.7 million reflected the improved supplier trading terms in the Retail business, as well as reduced inventory in the Live Export business.



As announced on 12 September 2016, Elders is undertaking a managed exit from its Live Export business. Operations of Long Haul export have ceased and a managed divestment process of the Short Haul business as a going concern is currently progressing with a number of parties. Live Export operating losses of \$8.9 million and expected restructuring and exit costs of \$6.0 million have been reported as non-underlying profit.

Elders' capital simplification strategy remains on track, successfully completing a \$97 million equity capital raise through which Elders' wholly owned subsidiary, Elders Finance Pty Ltd acquired 705,585 Elders Hybrid securities for a total of \$67 million. Elders Finance now owns 72% of all Elders Hybrids on issue.

Net debt was reduced by \$50.1 million, due to strong operating cash inflows and disciplined capital usage, along with unutilised cash held from the capital raise and hybrid acquisition.

Elders' underlying return on capital of 28.4% for the financial year saw a further improvement of 6.5% on FY15, which was primarily driven by improved EBIT generation, lower working capital balances in the Retail Product, and a clear, disciplined capital allocation process within the business.

Mr Allison said Elders continues to deliver against business priorities and its Eight Point Plan in 2016, most notably the Company's safety performance.

"Our continued focus on building a safe and healthy workplace has reduced our Lost Time Injuries (LTI) from 14 to 4 in the last 12 months, and the LTI Frequency Rate (LTIFR) from 3.4 to 1.0. We firmly believe that managers who take safety seriously show the discipline and focus required to run a business well in all respects."

"Our operational performance continues to improve through a clear and strategic decision making process."

"In the past 12 months we've made significant progress towards our client relationships, delivering a new online client community to gain ongoing and real-time market research and customer satisfaction insights."

"We've also made progress with our supplier relationships, forming a new agreement with CSBP in Western Australia for fertiliser supply, and securing supplier registrations for Elders home branded products."

"Now, more than ever, we are focussed on efficiency and growth, and ensuring Elders is positioned as Australia's leading agribusiness. As a result, we have expanded our presence in Tasmania, successfully integrated several acquisitions across real estate, agency, retail, and financial services and we have launched a new Elders Grain platform."

"The key drivers of our growth, our employees, continue to show improved engagement and enablement levels year on year, and our customers, in turn, are responding, with significant improvement in our customer satisfaction levels in 2016."

"As we progress into our final year of the Eight Point Plan, we are now in a position to reset our strategic intent and focus on our path to 2020 as a profitable agribusiness," Mr Allison said.

"Clear opportunities exist for us to grow our digital and technical services offering, adding further value and productivity for our stakeholders," he said.

ENDS

**Further information**

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**Conference call and presentation**

Details for the conference call and webcast slide presentation are as follows:

**Conference call**

Phone: 1800 908 299  
Quote conference ID: 938866

**Webcast slide presentation**

[Register, view and listen to webcast](#)

This webcast will stream the audio, so if you do not wish to ask a question, you do not have to call into the conference call. Note: the slide presentation will not be available until the presentation is scheduled to begin but you can use this link to test your browser.