



Monday 14 November 2022

## 2022 Full-Year Results Presentation

Attached is the Elders Limited (**ASX:ELD**) presentation of the financial results for the 12 month period ended 30 September 2022.

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# FOR AUSTRALIAN AGRICULTURE



## Elders Limited FY22 Full Year Results Presentation

14 November 2022

Presented by  
**Mark Allison**  
Managing Director and CEO

**Paul Rossiter**  
Group Treasurer and Acting CFO

# DISCLAIMER AND IMPORTANT INFORMATION

The material in this presentation has been prepared by Elders Limited and is general background about Elders' activities and performance at the date of this presentation. The information is in summary form, does not purport to be complete, and where derived from publicly available sources has not been independently verified. Information in this presentation is not advice or a recommendation to investors or potential investors in relation to holding, selling or buying Elders shares and does not take into account a reader's investment objectives, financial situation or needs.

## **Forward looking statements**

This presentation is prepared for informational purposes only. It contains forward looking statements that are subject to risk factors associated with the agriculture industry many of which are beyond the control of Elders. Elders' future financial results will be highly dependent on the outlook and prospect of the Australian farm sector, and the values and volume growth in internationally traded livestock and fibre. Financial performance for the operations is heavily reliant on, but not limited to, the following factors: weather and rainfall conditions; commodity prices and international trade relations. Whilst every endeavour has been made to ensure the reasonableness of forward looking statements contained in this presentation, they do not constitute a representation and no reliance should be placed on those statements.

## **Non-IFRS information**

This presentation refers to and discusses underlying profit to enable analysis of like-for-like performance between periods, excluding the impact of discontinued operations or events which are not related to ongoing operating performance. Underlying profit measures reported by the Company have been calculated in accordance with the FINSIA/AICD principles for the reporting of underlying profit. Underlying profit is non-IFRS financial information and has not been subject to review by the external auditors, but is derived from audited accounts by removing the impact of discontinued operations and items not considered to be related to ongoing operating performance.

# Agenda

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Business Update

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Financial Results

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Growing our Business

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Market Outlook

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Questions

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# FY22 Highlights



## PEOPLE

**12.6**  
TRIFR<sup>1</sup>

**79%**  
employee  
engagement

**42%**  
female workforce  
*based on Australia headcount*

**2,585**  
FTE



## CUSTOMERS

**#1**  
most trusted  
agribusiness brand

**49**  
net promoter  
score

**+21**  
additional locations



## COMMUNITY

**\$2.7m**  
donations and  
sponsorships

**1000+**  
local community  
sports teams and  
events sponsored

**Supporting  
health & well-being**  
RFDS  
Beyond Blue  
local emergency  
services



## SHAREHOLDERS

**97.3 cents**  
underlying earnings  
per share<sup>2</sup>

**56.0 cents**  
dividends  
per share

**58%**  
dividend  
payout ratio

<sup>1</sup>Total Recordable Injuries Frequency Rate: all fatalities, LTIs and medical treatment injuries multiplied by 1,000,000 then divided by hours worked

<sup>2</sup>FY22 underlying earnings per share (97.3 cents per share) is impacted by the recognition of tax expense in underlying income commencing 1 October 2021. To enable consistent comparison year on year, FY22 adjusted underlying earnings per share is 134.1 cents per share up 38.7% on FY21

# FY22 Financial Summary



## SALES

**\$3.4b**

**+35%**

from \$2.5b



## GROSS MARGIN

**\$652.7m**

**+23%**

from \$529.4m



## UNDERLYING EBIT

**\$232.1m**

**+39%**

from \$166.5m



## COSTS

**\$420.6m**

**+16%**

from \$362.9m



## COST TO EARN RATIO

*Costs / gross margin*

**64%**

from 69%



## RETURN ON CAPITAL

*R12 EBIT/ R12 avg net operating assets*

**26.2%**

from 22.5%



## CASH CONVERSION

*YTD Operating cash flow / YTD U'NPAT*

**75%**

from 94%



## LEVERAGE RATIO

*R12 Avg net debt / R12 EBITDA*

**1.2 times**

from 1.4 times



## GEARING RATIO

*R12 Avg net debt / Closing equity*

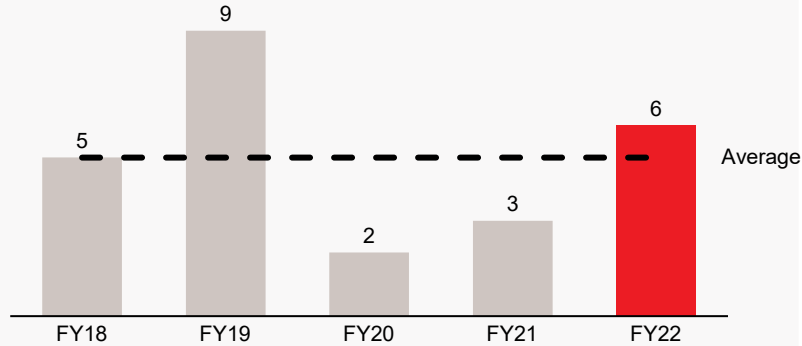
**38.1%**

from 38.6%

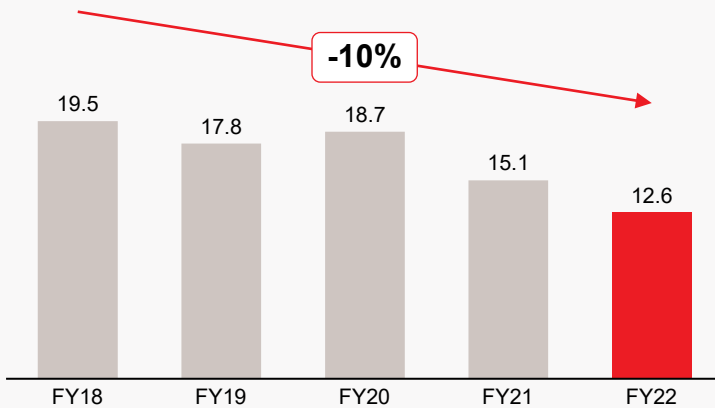


# Safety, Health & Well-Being

## Lost time injuries (LTI)



## Total recordable injuries frequency rate (TRIFR)<sup>1</sup>



<sup>1</sup>All fatalities, LTIs and medical treatment injuries multiplied by 1,000,000 then divided by hours worked



6

lost time injuries  
in FY22



10%

compound reduction in  
TRIFR since FY18



100%

branch risk radar<sup>2</sup>  
completed during  
Safety Week



\$3.3m

capital expenditure  
on safety in FY22

<sup>2</sup>Checklist of risks to ensure employees are operating in a safe working environment



**SAFETY**  
TOWARDS ZERO HARM →

This year, Elders announced the rollout of **Automated External Defibrillators (AED)** across its northern branches, in Queensland and Northern Territory with the aim of supporting safer communities and workplaces.

“Our state team identified a real need for this equipment in each branch. By making sure every branch in our northern network will have such an important piece of equipment on hand, we hope to provide a valuable resource during an emergency.”

“The hope is that we never have to use them, but we are pleased to announce this step.”

**Allen Smythe**  
SAFETY MANAGER QLD/NT

# Sustainability



## OUR PRINCIPLES

- we provide our customers and clients with the goods and services they need
- we support our people and the industries and communities in which we operate
- we do our part to look after the environment and animals in our care
- we operate ethically and to the highest standard

## CLIMATE TARGETS<sup>1</sup>

Target	2022	2021
100% renewable electricity in all Australian sites by 2025	<b>Target Achieved through use of LGCs<sup>2</sup></b>	
50% reduction in Scope 1 and 2 emissions intensity (tCO <sub>2</sub> e/\$m revenue) by 2030, against a baseline year of 2021 <sup>3</sup>	<b>18.80</b> (-21% on FY21)	<b>23.86</b> (Baseline)
<b>Net zero</b> Scope 1 and 2 emissions by 2050	<b>64,772</b>	<b>60,828</b>

## OUR ACHIEVEMENTS

- 100% renewable electricity in all Australian sites in 2022 achieved through procurement and retirement of LGCs<sup>2</sup>
- solar farm development at Killara Feedlot
- second Modern Slavery Statement published
- joined the Australian Packaging Covenant Organisation and committed to reducing packaging waste
- 41,000+ agricultural chemical containers collected for reuse or recycling

<sup>1</sup>Targets are based on Elders' financial year ending 30 September.

<sup>2</sup>Large-scale Generation Certificates

<sup>3</sup>Subject to commercially viable technology being available to address feedlot cattle emissions.

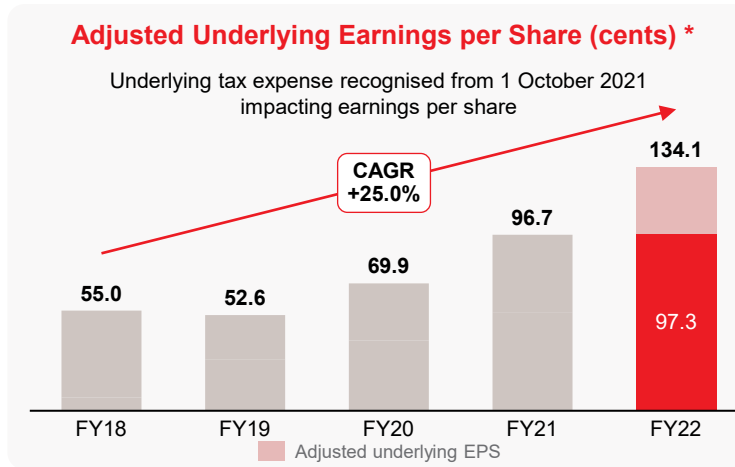
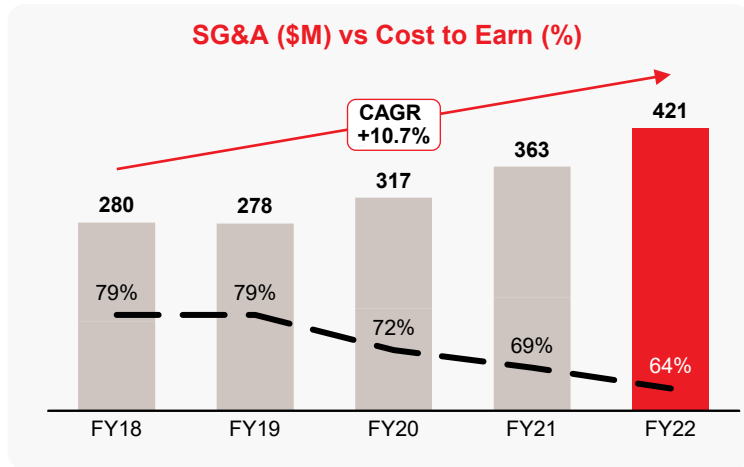
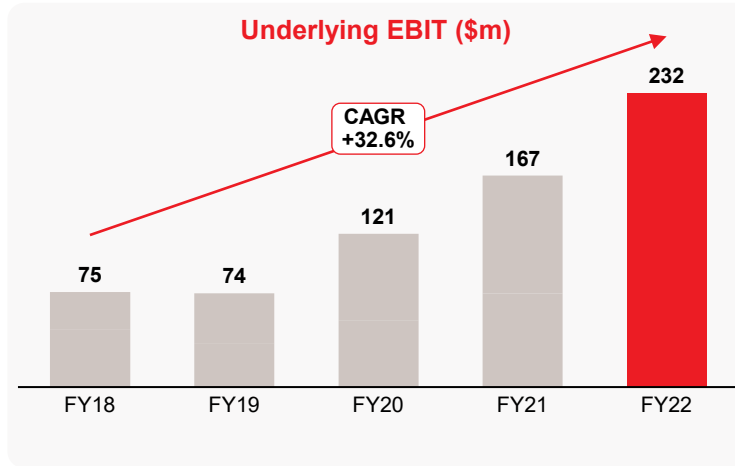
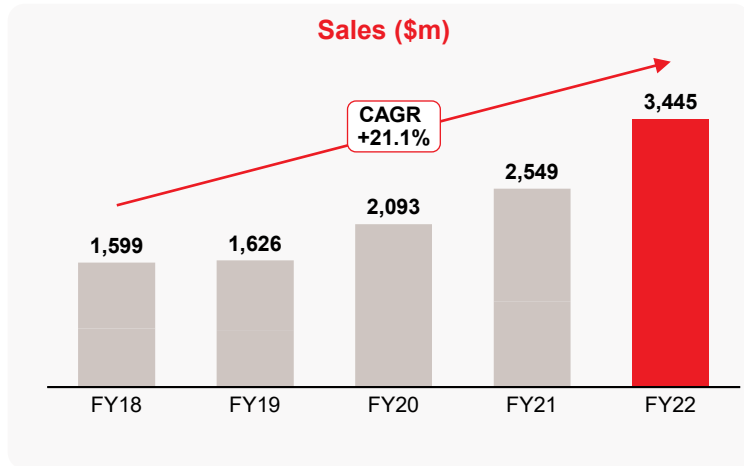




# Financial Results

# FY22 Financial Performance: Summary

*Diversification, customer focus and innovation driving improvement*



\*FY22 underlying earnings per share (97.3 cents per share) is impacted by the recognition of tax expense in underlying income commencing 1 October 2021. To enable consistent comparison year on year, FY22 adjusted underlying earnings per share is 134.1 cents per share up 38.7% on FY21



# FY22 Financial Performance: Summary

Continuing to deliver strong performance across key metrics

Key metrics (\$m)	FY22	FY21		Var	%
Sales revenue	3,445.3	2,548.9	↑	896.4	35%
Gross margin	652.7	529.4	↑	123.3	23%
Gross Margin %	18.9%	20.8%	↓	(1.9%)	n/a
Costs	420.6	362.9	↑	57.7	16%
Cost to earn %	64.4%	68.5%	↓	(4.1%)	n/a
Underlying earnings before interest and tax	232.1	166.5	↑	65.6	39%
Underlying net profit before tax	223.5	157.7	↑	65.8	42%
Underlying net profit after tax <sup>^</sup>	152.2	151.1	↑	1.1	1%
Return on capital (%) <sup>*</sup>	26.2%	22.5%	↑	3.7%	n/a
Net debt	284.9	216.9	↑	68.0	31%
Leverage ratio (times)	1.2	1.4	↓	(0.2)	(14%)
Operating cash flow	113.7	142.2	↓	(28.5)	(20%)
Cash conversion (%)	74.7%	94.1%	↓	(19.4%)	n/a
Underlying earnings per share (cents) <sup>^^</sup>	97.3	96.7	↑	0.6	1%
Dividend per share (cents)	56.0	42.0	↑	14.0	33%

<sup>^</sup> Underlying net profit after tax and non-controlling interests. Underlying tax expense recognised from 1 October 2021

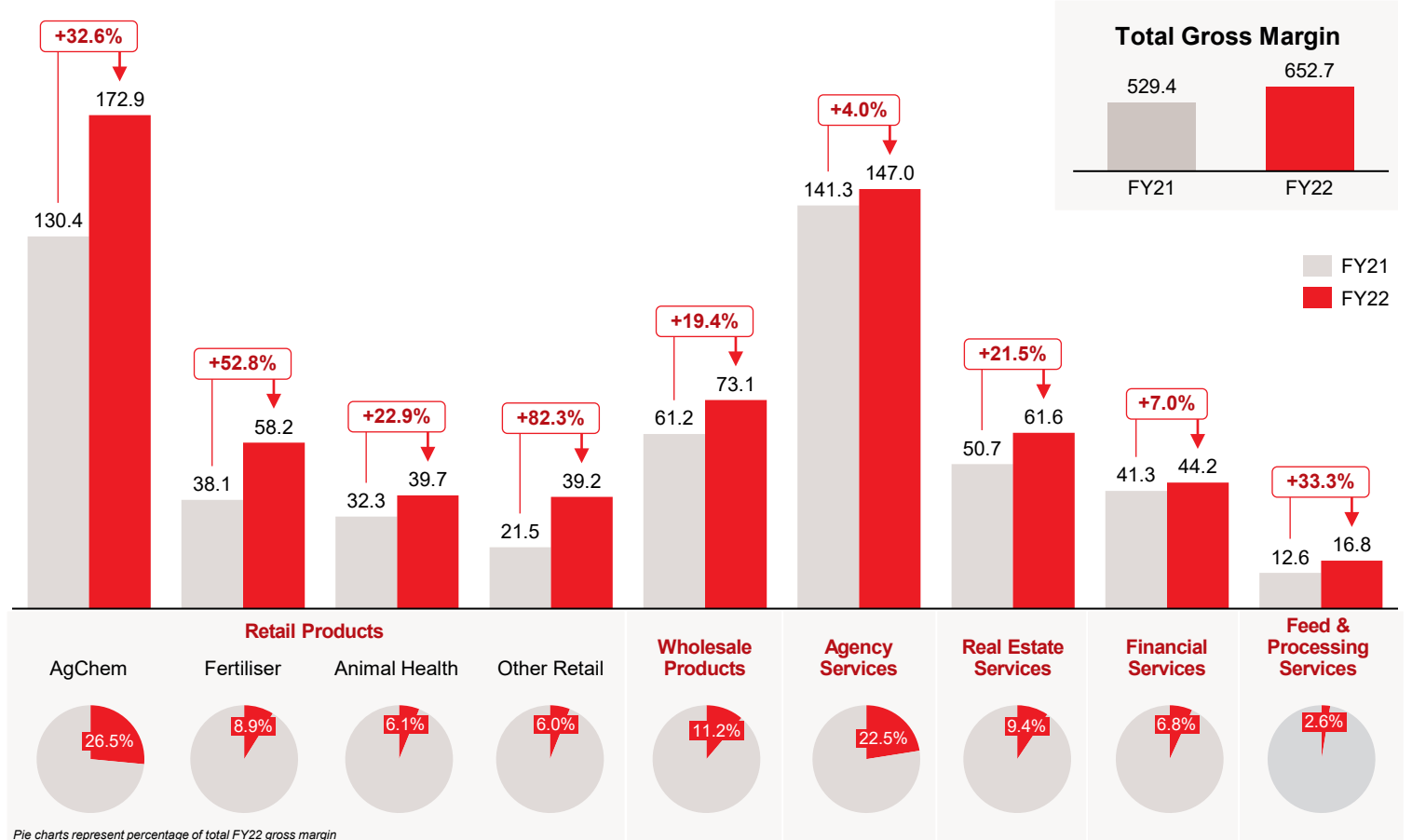
<sup>\*</sup>Return on capital = Rolling 12 months Underlying EBIT / (working capital + investments + property, plant and equipment + right of use assets + intangibles (excluding Elders brand name) – DTL on acquisitions – lease liabilities – provisions)

<sup>^^</sup> FY22 underlying earnings per share (97.3 cents per share) is impacted by the recognition of tax expense in underlying income commencing 1 October 2021. To enable consistent comparison year on year, FY22 adjusted underlying earnings per share is 134.1 cents per share up 38.7% on FY21



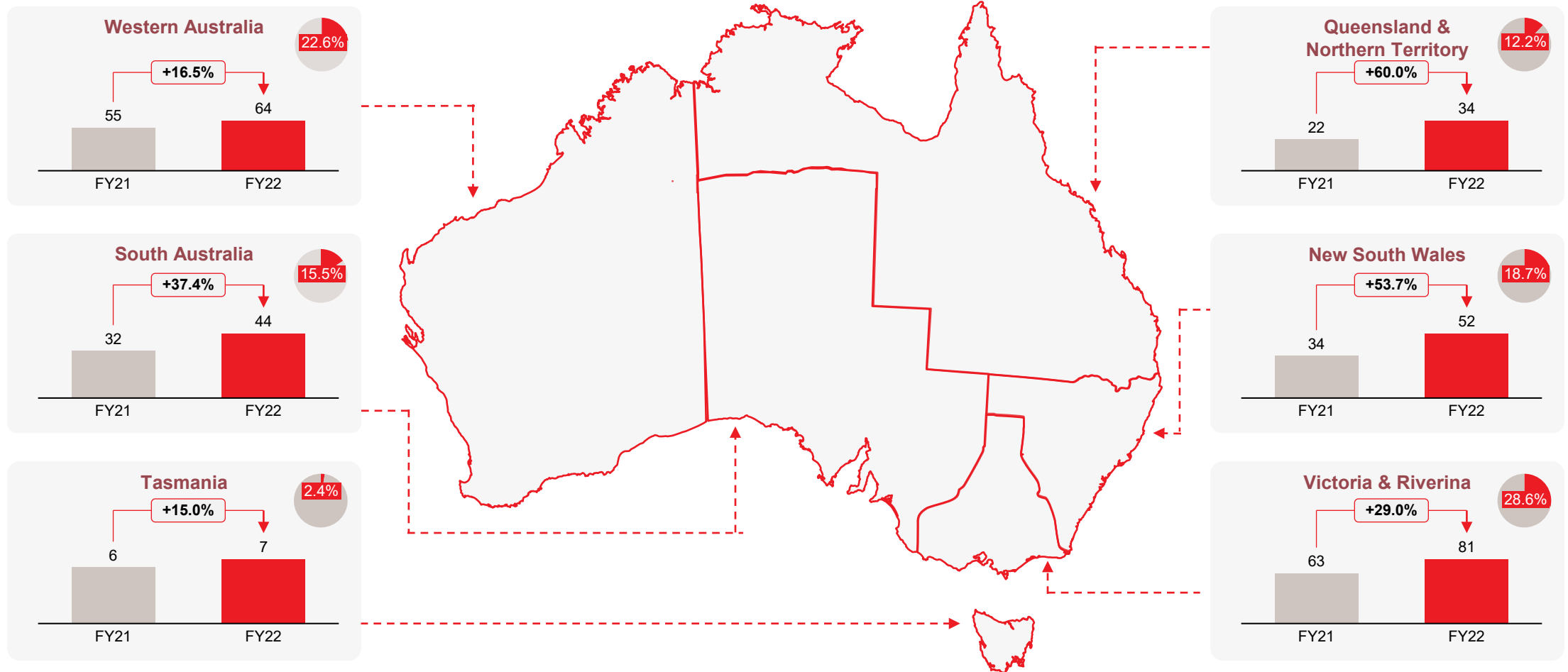
# FY22 Financial Performance: Gross Margin

Strategic diversification across product categories delivering a resilient earnings base



# FY22 Financial Performance: Geography

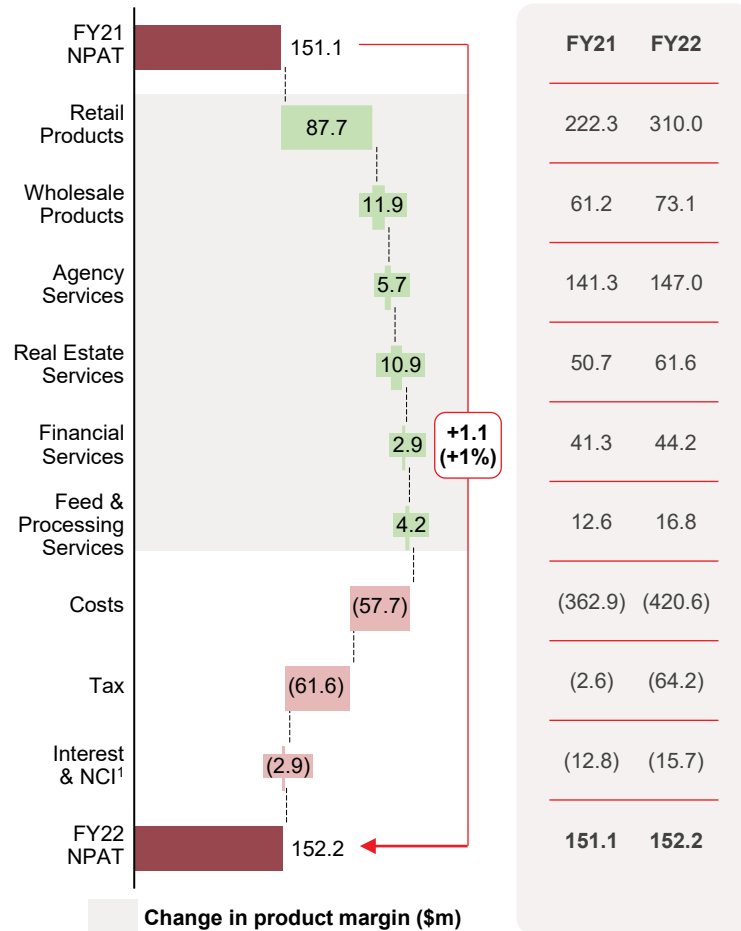
Strong growth across all geographies, with diversification of our EBIT reducing risk



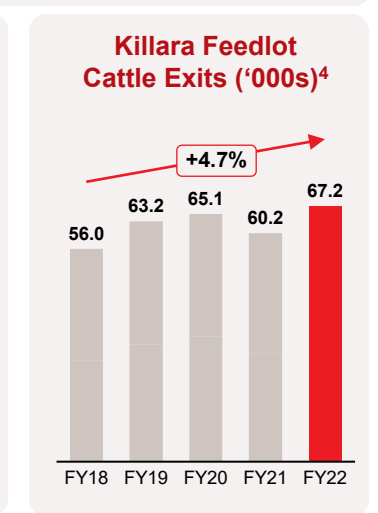
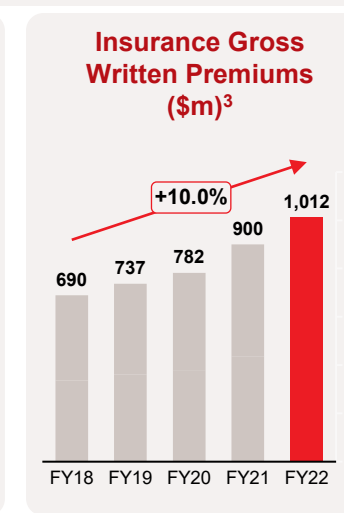
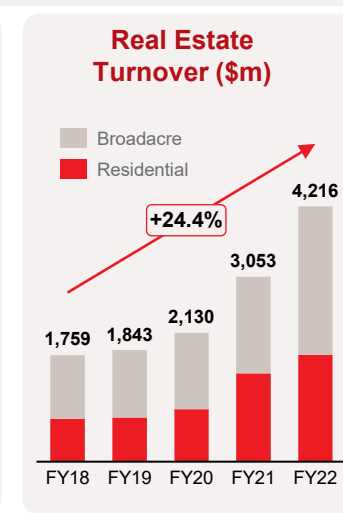
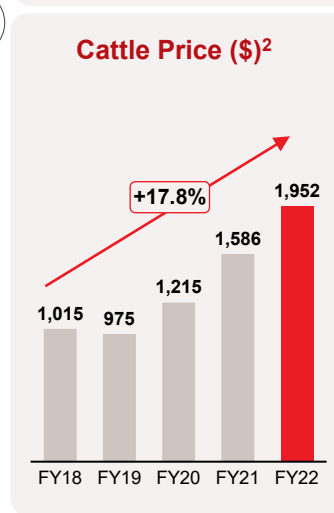
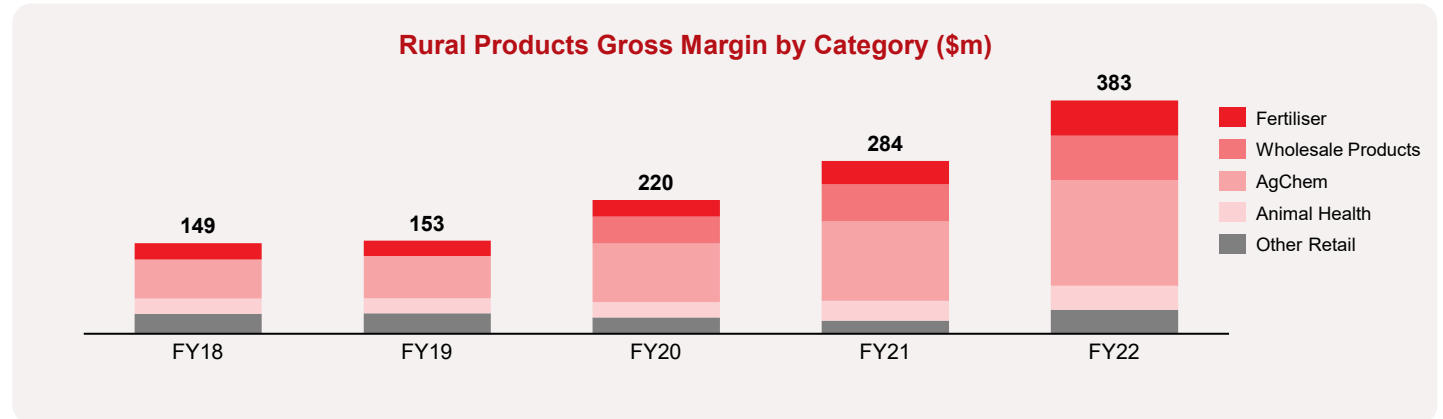
Excludes Wholesale Products, International and Corporate Overheads

# FY22 Financial Performance: Product

Diversity of earnings insulates against market variability, strategic initiatives driving margin improvement



	FY21	FY22
Retail Products	222.3	310.0
Wholesale Products	61.2	73.1
Agency Services	141.3	147.0
Real Estate Services	50.7	61.6
Financial Services	41.3	44.2
Feed & Processing Services	12.6	16.8
Costs	(362.9)	(420.6)
Tax	(2.6)	(64.2)
Interest & NCI <sup>1</sup>	(12.8)	(15.7)
FY21 NPAT	151.1	152.2



<sup>1</sup> NCI – Non controlling interests

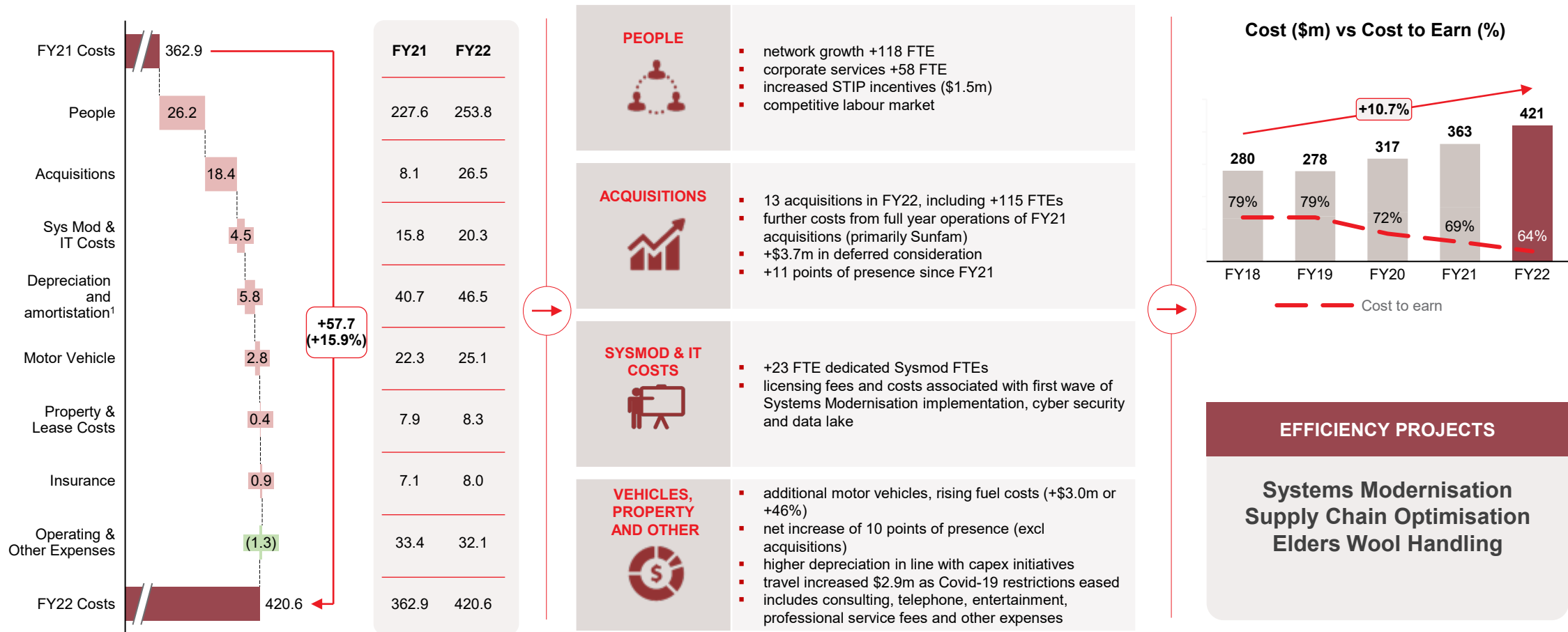
<sup>2</sup> Cattle prices are internal averages, not externally verifiable

<sup>3</sup> Principal positions are held by Rural Bank and Elders Insurance Underwriting Agency

<sup>4</sup> Cattle exits include both cattle principally owned by Killara Feedlot as well as third party owned custom-fed cattle

# FY22 Financial Performance: Costs

Strategic investment in key people and acquisitions driving increased costs, offset by revenue growth



**EFFICIENCY PROJECTS**

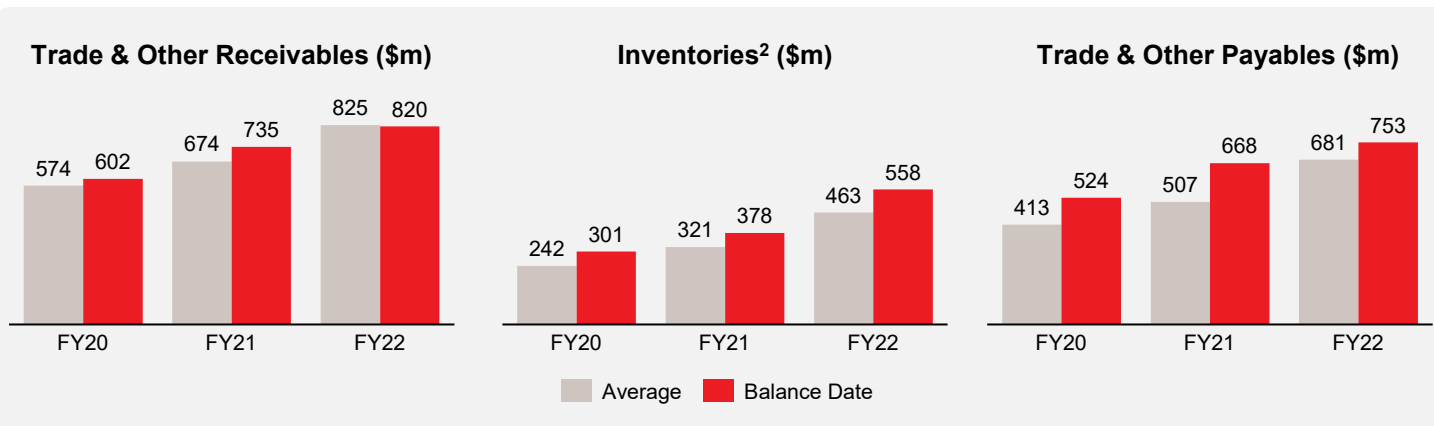
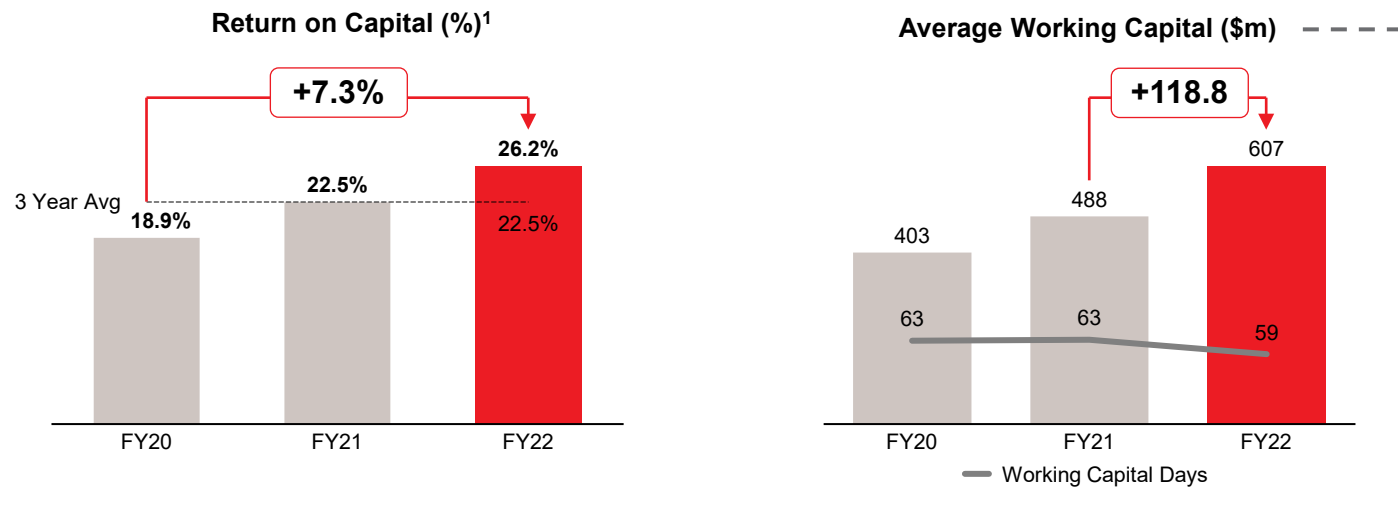
- Systems Modernisation
- Supply Chain Optimisation
- Elders Wool Handling

1. Includes depreciation on right of use asset properties and motor vehicles per AASB 16 leases



# FY22 Financial Performance: Capital

Return on capital increased, working capital days reduced despite an inflationary environment



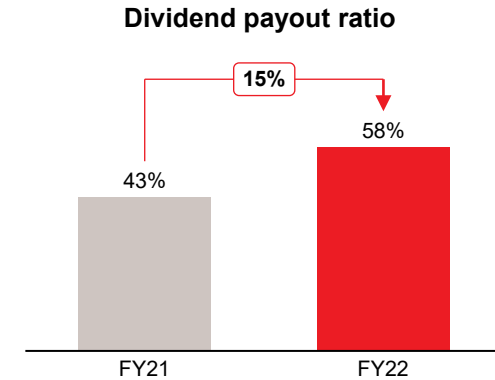
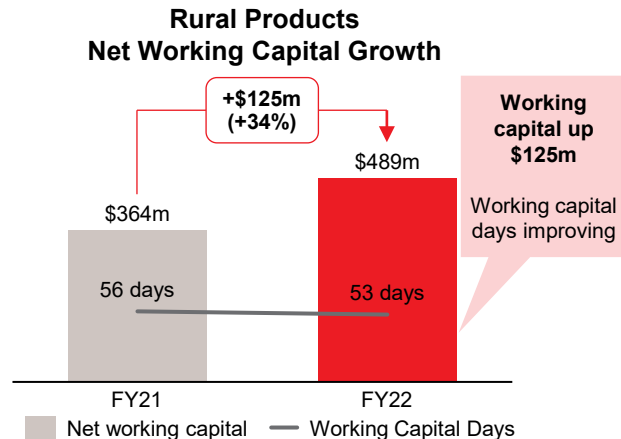
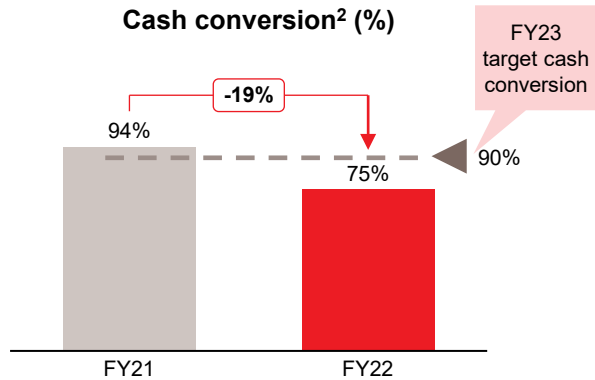
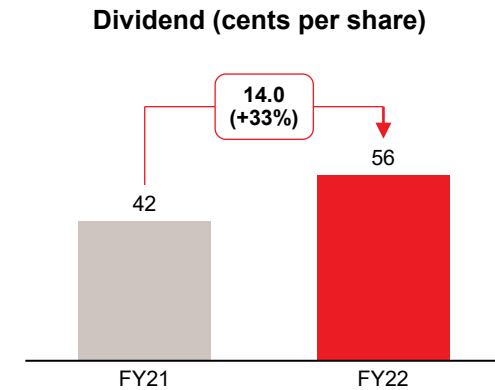
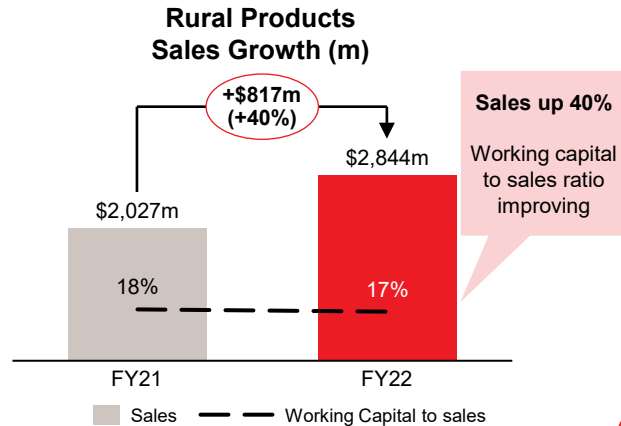
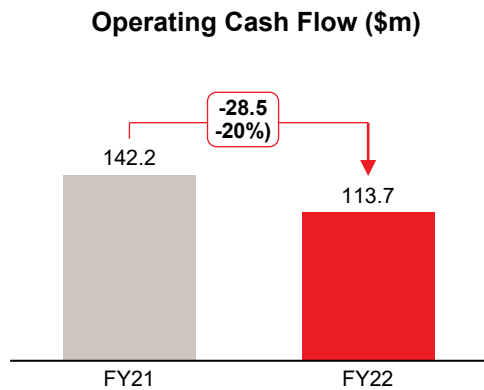
<sup>1</sup>Return on capital 3 year average is calculated on the 12 months to 30 September 2020, 30 September 2021 and 30 September 2022

<sup>2</sup>Including Livestock



# Cash Flow

Operating cash flow reduced due to investment in net working capital to fund 40% Rural Products sales growth

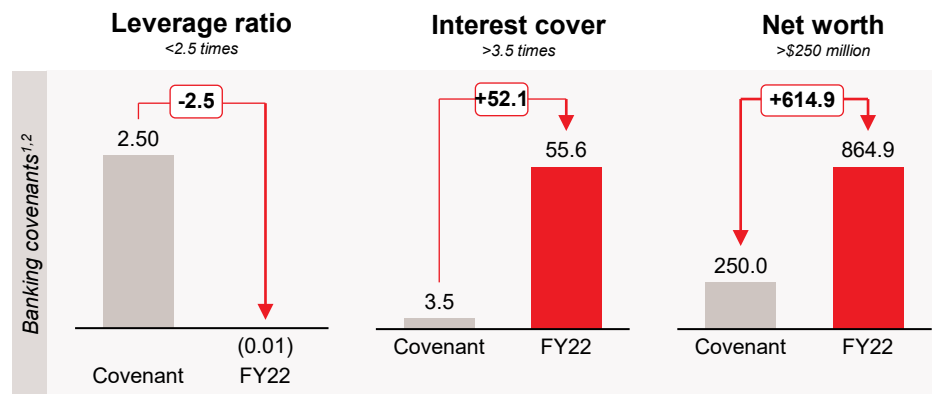
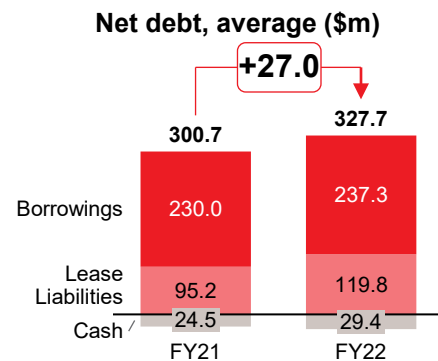
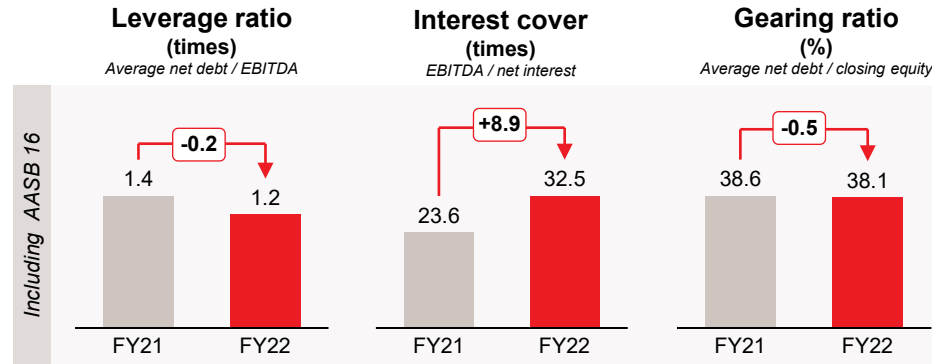
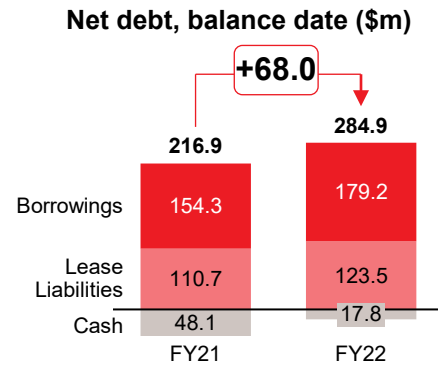


<sup>1</sup> Working capital days and working capital to sales are calculated on a rolling 12 month basis

<sup>2</sup> Cash conversion is operating cash flow / underlying profit after tax

# FY22 Financial Performance: Net Debt

Low leverage positions the business for future growth



<sup>1</sup>Calculated pursuant to definitions in group syndicated facilities which are subject to change over time. The current covenant calculations exclude all accounting adjustments required by AASB 16 Leases and the leverage covenant excludes the debtor securitisation balance from net debt

<sup>2</sup>Undrawn facilities at 30 September was \$290 million out of total available facilities of \$475 million and significant headroom in our banking covenants

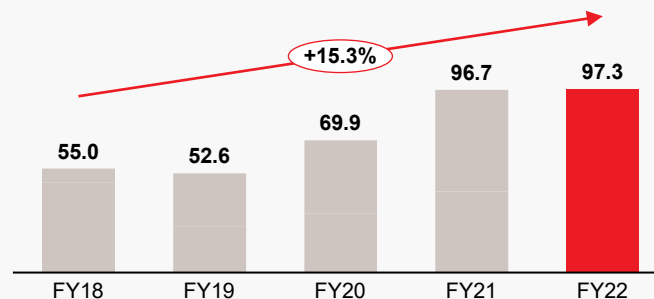


# FY22 Dividend and Earnings Per Share

*Earnings and dividends per share continue to grow*

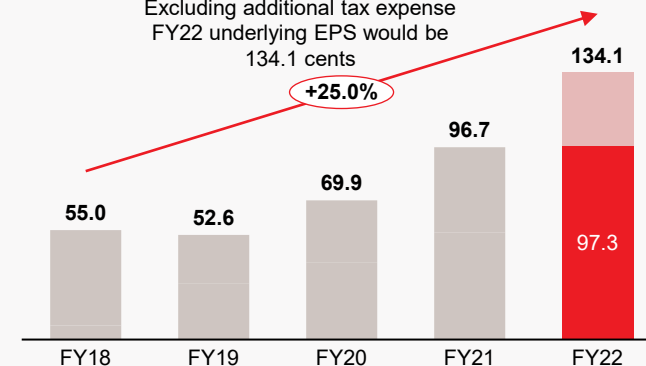
## Underlying Earnings per Share (cents)

Underlying tax expense recognised from 1 October 2021 impacting earnings per share

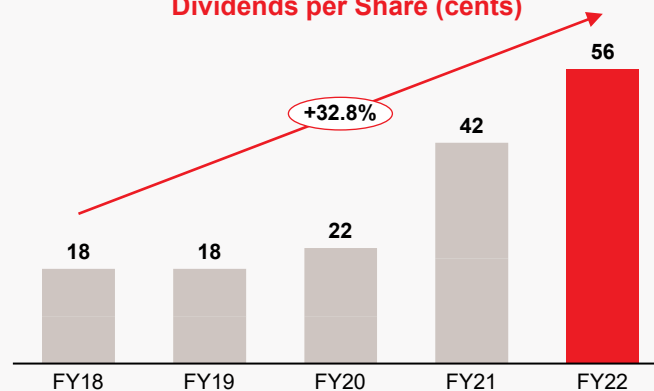


## Adjusted Underlying Earnings per Share (cents)

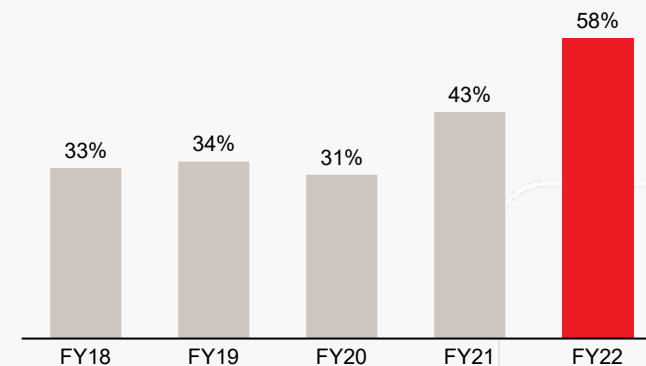
Excluding additional tax expense FY22 underlying EPS would be 134.1 cents



## Dividends per Share (cents)



## Dividend Payout Ratio (%)



Notes:

FY18-FY20 dividends were franked at 100%, FY21 dividends were partially franked at 20%, FY22 dividends were partially franked at 30%

FY22 underlying earnings per share (97.3 cents per share) is impacted by the recognition of tax expense in underlying income commencing 1 October 2021. To enable consistent comparison year on year, FY22 adjusted underlying earnings per share is 134.1 cents per share up 38.7% on FY21

# Tax Insights

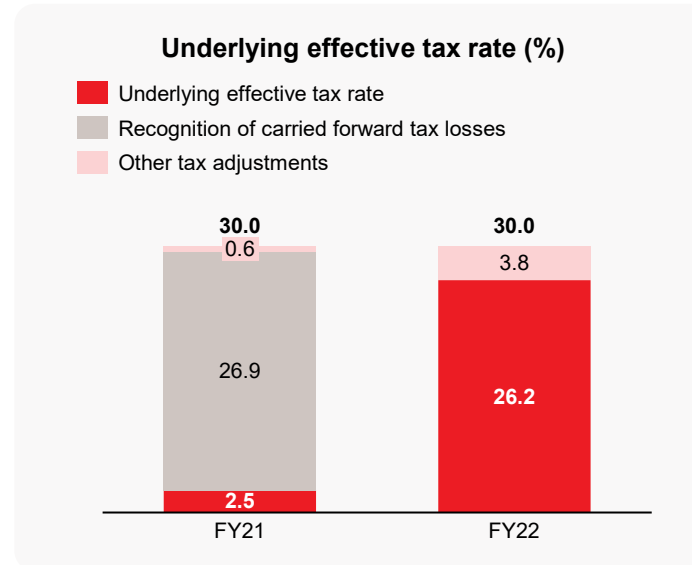
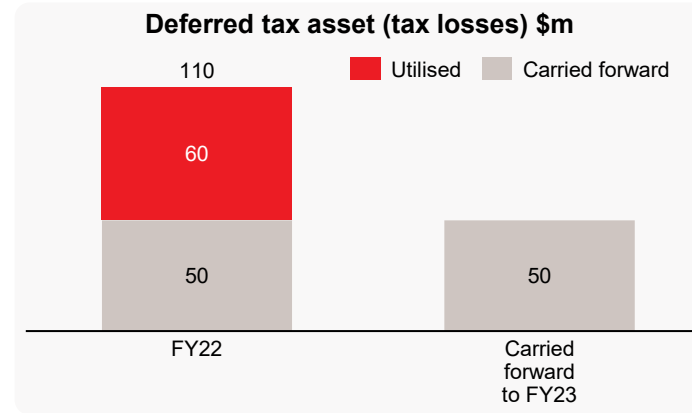
*Tax losses expected to be fully utilised by FY24*

## Tax losses

- Elders estimates it will most likely utilise all tax losses recognised as a Deferred Tax Asset by FY24

## Tax expense

- beginning in FY22, underlying tax expense is now being recognised against all underlying earnings
- the effective tax rate on the underlying earnings is 26.2% for FY22, compared to 2.5% in FY21 due to the full recognition of carried forward tax losses in FY21
- the non-underlying tax expense in FY22 is for costs related to the closure of the China operations















A photograph of a flock of sheep grazing in a field at sunset. The sheep are in the foreground and middle ground, looking towards the camera. The background shows a line of trees under a warm, orange sky. The overall scene is peaceful and rural.

# Growing our Business









# 8 ELDERS EIGHT POINT PLAN



<b>OUR 2023 AMBITION</b>	<b>Compelling shareholder returns</b> 5-10% EBIT and EPS growth through the cycles at 15% ROC	<b>Industry leading sustainability outcomes</b> across health and safety, community, environment and governance	<b>Most trusted Agribusiness brand</b> in rural and regional Australia					
<b>OUR BUSINESS UNITS</b>	 <b>RURAL PRODUCTS</b>	 <b>AGENCY SERVICES</b>	 <b>REAL ESTATE</b>	 <b>FINANCIAL SERVICES</b>	 <b>TECHNICAL SERVICES</b>	 <b>FEED &amp; PROCESSING</b>		
<b>OUR STRATEGIC PRIORITIES</b>	<b>1 Win market share</b> across all products, services and geographies through client focus, effective sales and marketing and strategic acquisitions		<b>2 Capture more gross margin in Rural Products</b> through optimised pricing, backward integration and supply chain efficiency		<b>3 Strengthen and expand our service offerings</b> , including Livestock and Wool Agency, Real Estate, Financial and Tech Services		<b>4 Optimise our feed &amp; processing businesses</b> in Killara Feedlot and Elders Fine Foods <sup>1</sup>	<b>5 Develop a sustainability program</b> that is authentic and industry leading
<b>OUR ENABLERS</b>	<b>6 Systems Modernisation Program</b> – invest in best of breed solutions to improve customer experience, drive process and administration efficiency and better accommodate change			<b>7 Attract, retain and develop the best people</b> and provide a <u>safe</u> and inclusive working environment		<b>8 Maintain unflinching financial discipline</b> and commitment to cost and capital efficiency		
<b>OUR VALUES</b>	 <b>INTEGRITY</b>	 <b>CUSTOMER FOCUSED</b>	 <b>ACCOUNTABILITY</b>	 <b>TEAM WORK</b>	 <b>INNOVATION</b>			

<sup>1</sup>Elders Fine Foods (China) business will be closed in FY23

# We are delivering on our Eight Point Plan commitment

<p>1</p> <p><b>WIN MARKET SHARE</b></p> 	<ul style="list-style-type: none"> <li>13 acquisitions</li> <li>focus continues on recruitment of the best talent and investment in training</li> <li>building new client relationships</li> <li>increased our points of presence by 21 locations</li> <li>new AIRR warehouse opened</li> </ul>	<p>5</p> <p><b>DEVELOP A SUSTAINABILITY PROGRAM</b></p> 	<ul style="list-style-type: none"> <li>100% renewable electricity achieved in all Australian sites<sup>1</sup></li> <li>interim targets to 2025 and 2030, net zero emissions by 2050<sup>2</sup></li> <li>solar and LED lighting site upgrades to improve energy efficiency</li> <li>\$2.7m in sponsorships and donations</li> <li>members of the Australian Packaging Covenant Organisation</li> <li>publication of our second Modern Slavery Statement</li> <li>progressed alignment of climate-related disclosures</li> </ul>
<p>2</p> <p><b>CAPTURE MORE GROSS MARGIN IN RURAL PRODUCTS</b></p> 	<ul style="list-style-type: none"> <li>expanding own brand portfolio to capture more margin</li> <li>launched 10 new Titan products, 11 new APVMA registrations</li> <li>leveraging our increased scale to negotiate stronger preferred supplier partnerships across the group</li> <li>maintained average margins in a challenging market with supply constraints and rising cost of inputs</li> </ul>	<p>6</p> <p><b>SYSTEMS MODERNISATION PROGRAM</b></p> 	<ul style="list-style-type: none"> <li>five software platforms selected</li> <li>two system integrators selected</li> <li>dedicated 25+ team assembled</li> <li>on time and on budget</li> </ul>
<p>3</p> <p><b>STRENGTHEN AND EXPAND OUR SERVICE OFFERINGS</b></p> 	<ul style="list-style-type: none"> <li>Elders Wool Handling announced</li> <li>new product lines and brands</li> <li>growth in Financial Services offerings, including livestock funding product and Livestock in Transit delivery warranty</li> <li>pipeline of APVMA registrations</li> </ul>	<p>7</p> <p><b>PEOPLE AND SAFETY</b></p> 	<ul style="list-style-type: none"> <li>TRIFR improving to 12.6, falling 2.4 since September 2021</li> <li>\$3.3m investment in safety capex</li> <li>291 additional FTE to support growth</li> <li>highly engaged (79%) and enabled (82%) employees</li> <li>42% of women in the workforce</li> <li>graduate program launched</li> </ul>
<p>4</p> <p><b>OPTIMISE OUR FEED &amp; PROCESSING BUSINESSES</b></p> 	<ul style="list-style-type: none"> <li>developing irrigation to better utilise the available water and maximise crop production for downstream use in feedlot operations</li> <li>strengthened our supply chain through expanded backgrounding operations and increased market share with key customers</li> <li>maintaining a target of 100% occupancy at Killara to drive efficiency and throughput</li> </ul>	<p>8</p> <p><b>COST AND CAPITAL EFFICIENCY</b></p> 	<ul style="list-style-type: none"> <li>26.2% return on capital, exceeding 15% hurdle</li> <li>64% cost to earn ratio, improved 5%</li> <li>1.2 leverage ratio, down 0.2 times</li> <li>32.5 interest cover, up 8.9 times</li> <li>supply chain optimisation</li> </ul>

1. Achieved through the procurement and retirement of LGCs

2. Scope 1 and 2 targets

# We Are Committed To Attracting & Retaining The Best People

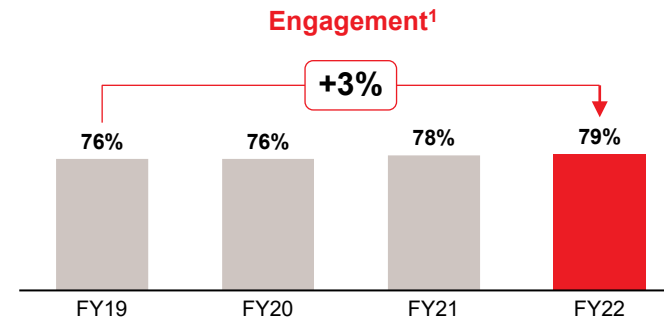
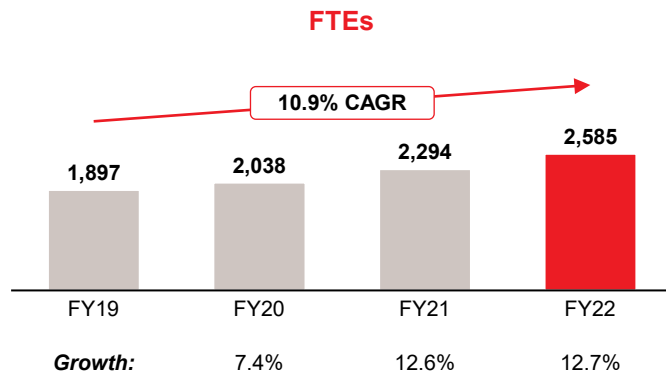
More people, highly skilled, engaged and diverse



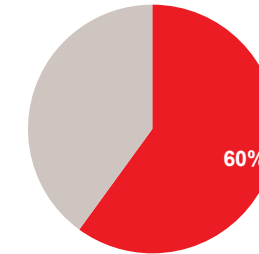
WE HAVE MORE PEOPLE...

...WHO ARE HIGHLY ENGAGED...

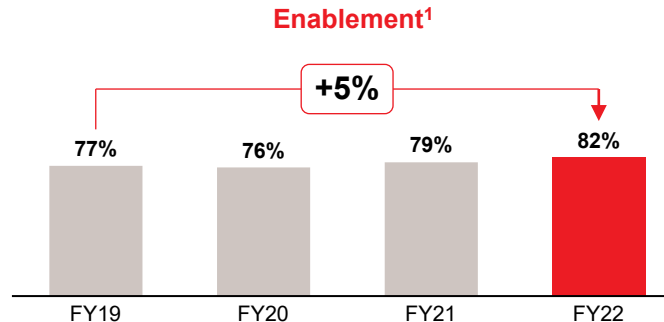
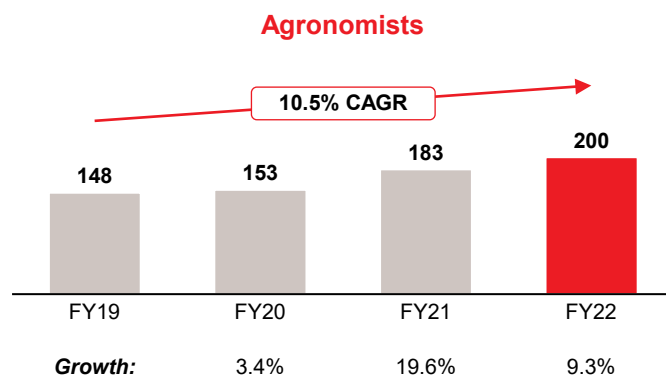
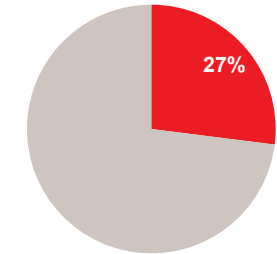
...AND DIVERSE



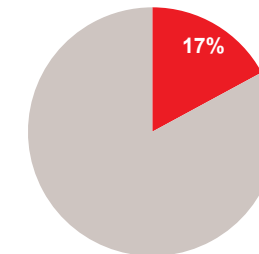
Female non-executive directors



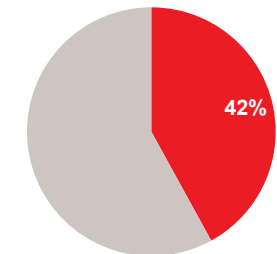
Women in senior executive positions



Women in leadership positions



Female workforce<sup>2</sup>



<sup>1</sup>2022 Korn Ferry Elders Employee Effectiveness Survey

<sup>2</sup>Excludes China, Indonesia and casuals



# Growth opportunities

*Ongoing investment in innovative solutions to improve customer productivity and efficiency*



## BRAND OPTIMISATION

- leverage one of Australia's most-recognised and trusted brands by pursuing adjacent opportunities as they arise



## BRANCH OPTIMISATION

- expansion
- relocation
- consolidation
- greenfield sites



## STRENGTHENING SERVICE OFFERING

- own brand portfolio expansion
- expanding backward integration strategy
- launch of new products
- Elders Wool Handling



## INNOVATION

- new EGM Strategy, Sustainability and Innovation
- sustainable and profitable outcomes through technological innovation for our business and our clients
- investment in supply chain optimisation through people and technology solutions

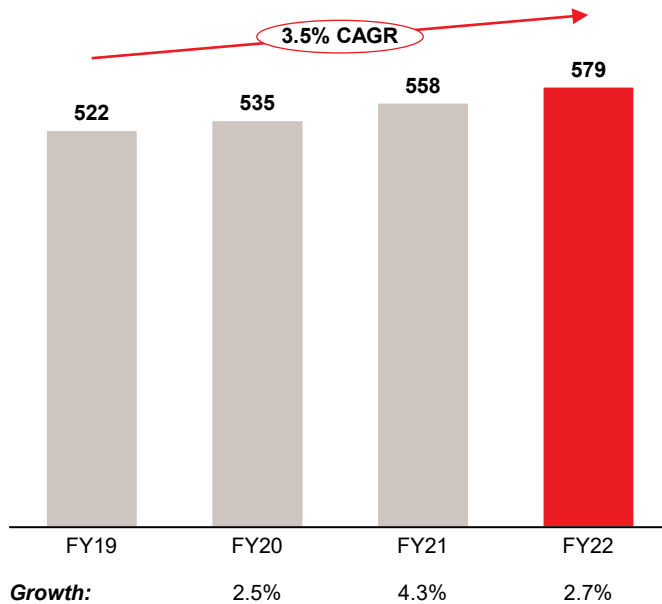
# There Are Still Plenty Of Opportunities to Grow

Points of presence increased by 21 locations

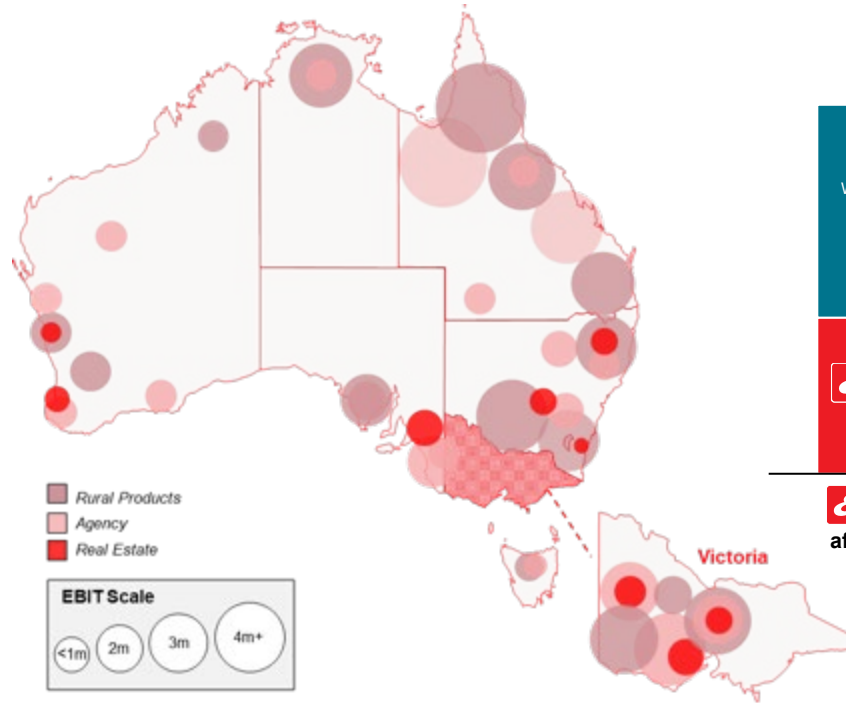
+21 NEW LOCATIONS SINCE SEPTEMBER 2021

GROWTH OPPORTUNITIES TO GAIN MARKET SHARE AND GROW MEMBER BASE IN NEW GEOGRAPHIES

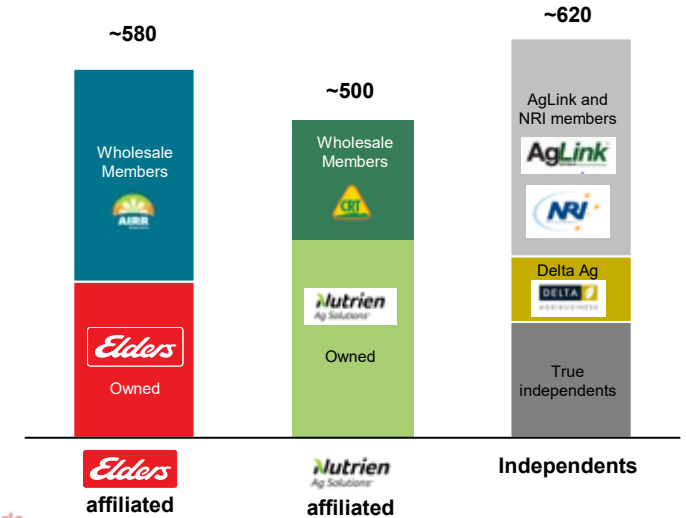
Elders' Points of Presence



Strategic Geographic Locations

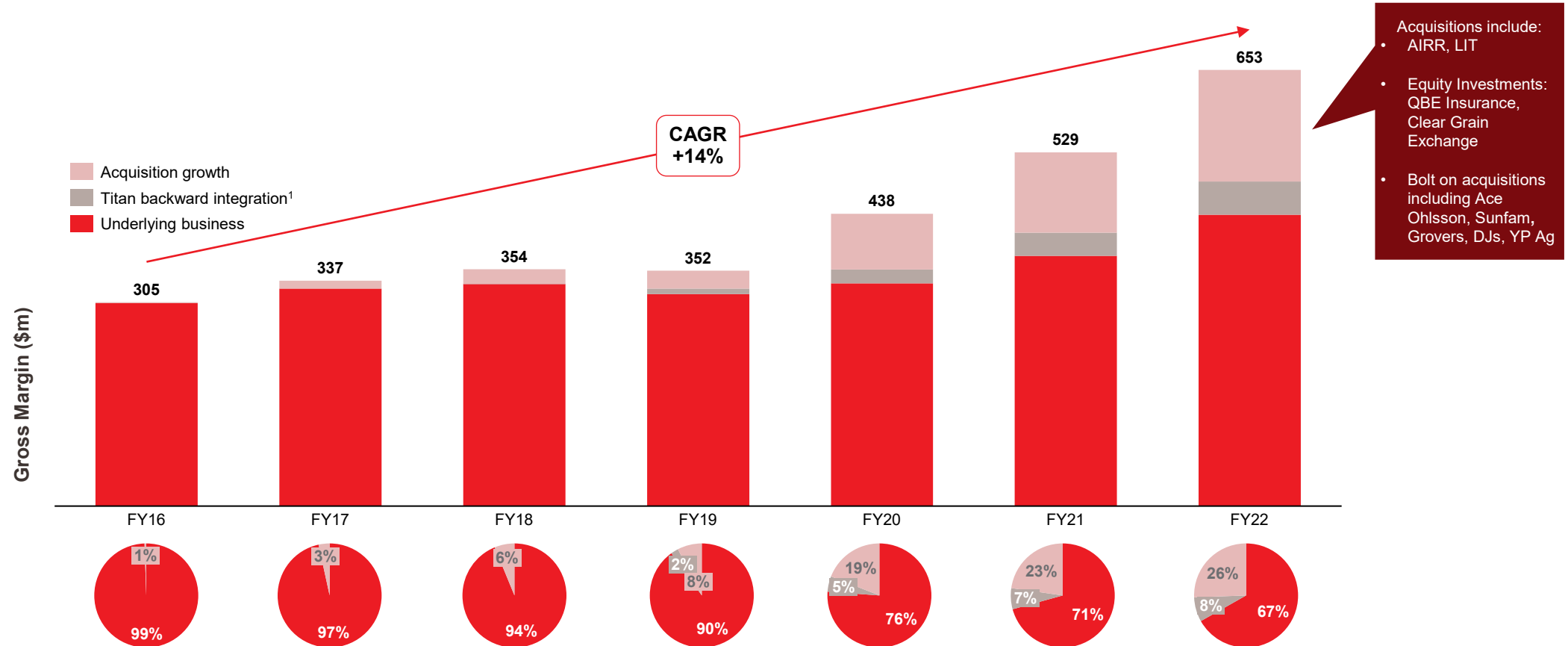


Rural Products competitive landscape (stores)



# Acquisitions a long term growth enabler

Growth from acquisitions compounding over time, as post completion synergies embed in business model



1. Excludes AIRR Apparent

# ELDERS WOOL HANDLING

## INVESTMENT IN INNOVATION

2023  
Launch

Building state of  
the art software  
and machinery

## SUSTAINABLE OPERATIONS

350kw  
Solar System

LED lighting

Use of  
electric handling  
equipment

## AUTOMATED WAREHOUSE

22  
Autonomous  
Guided Vehicles

35,000sqm  
Warehouse

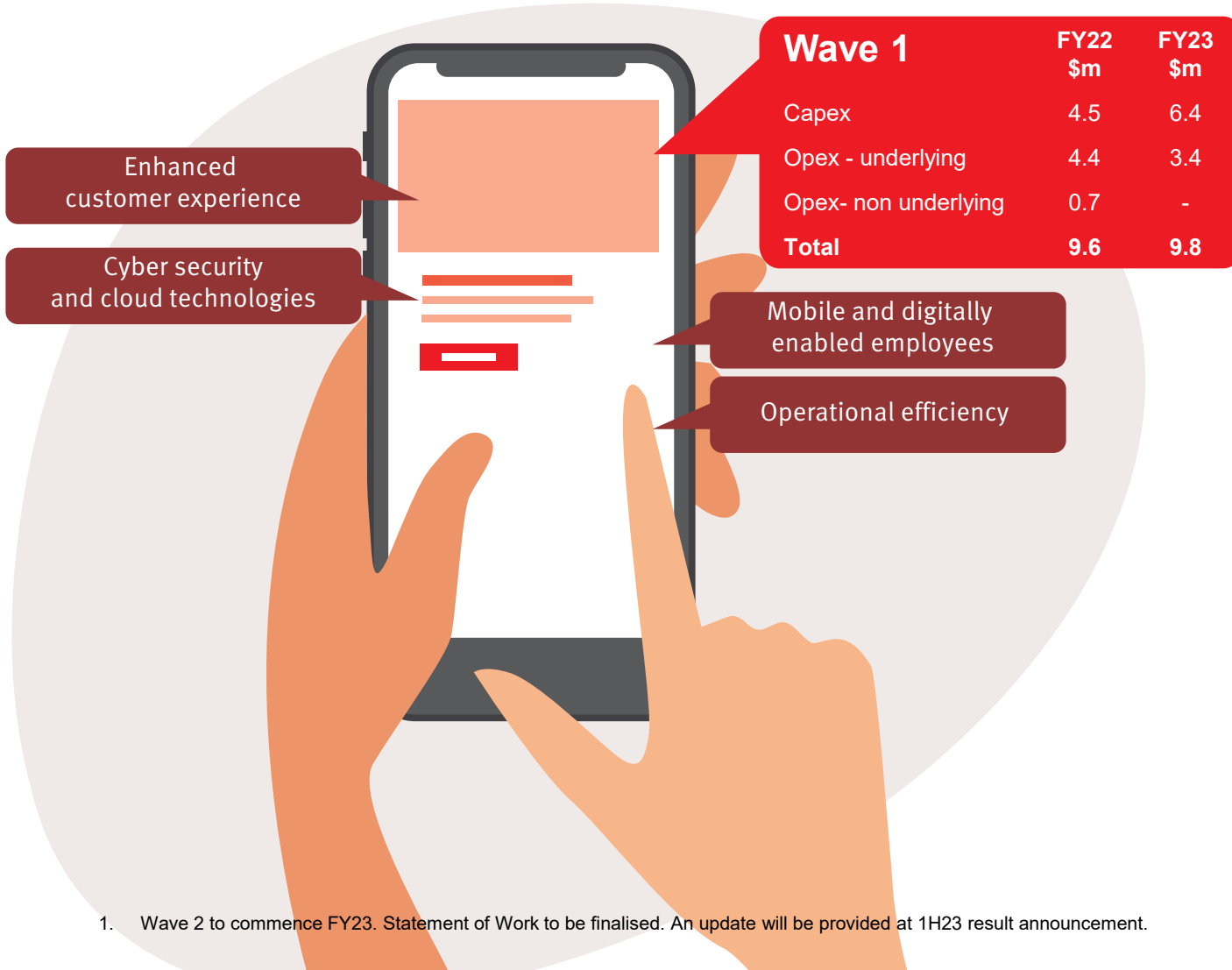
## EXCEPTIONAL CUSTOMER SERVICE

300,000+  
Bales per annum  
Processing Capability

3,000sqm  
Show Floor

# Systems Modernisation Program

Modernised systems to deliver a more customer centric, cost efficient and enabled team



- Wave 1 Internal financial and people foundation
- Wave 2 Supply chain and in-branch retail
- Wave 3 Livestock and trading settlements
- Wave 4 New ERP is the source of truth
- Wave 5 Online retail
- Wave 6 Continuous improvement

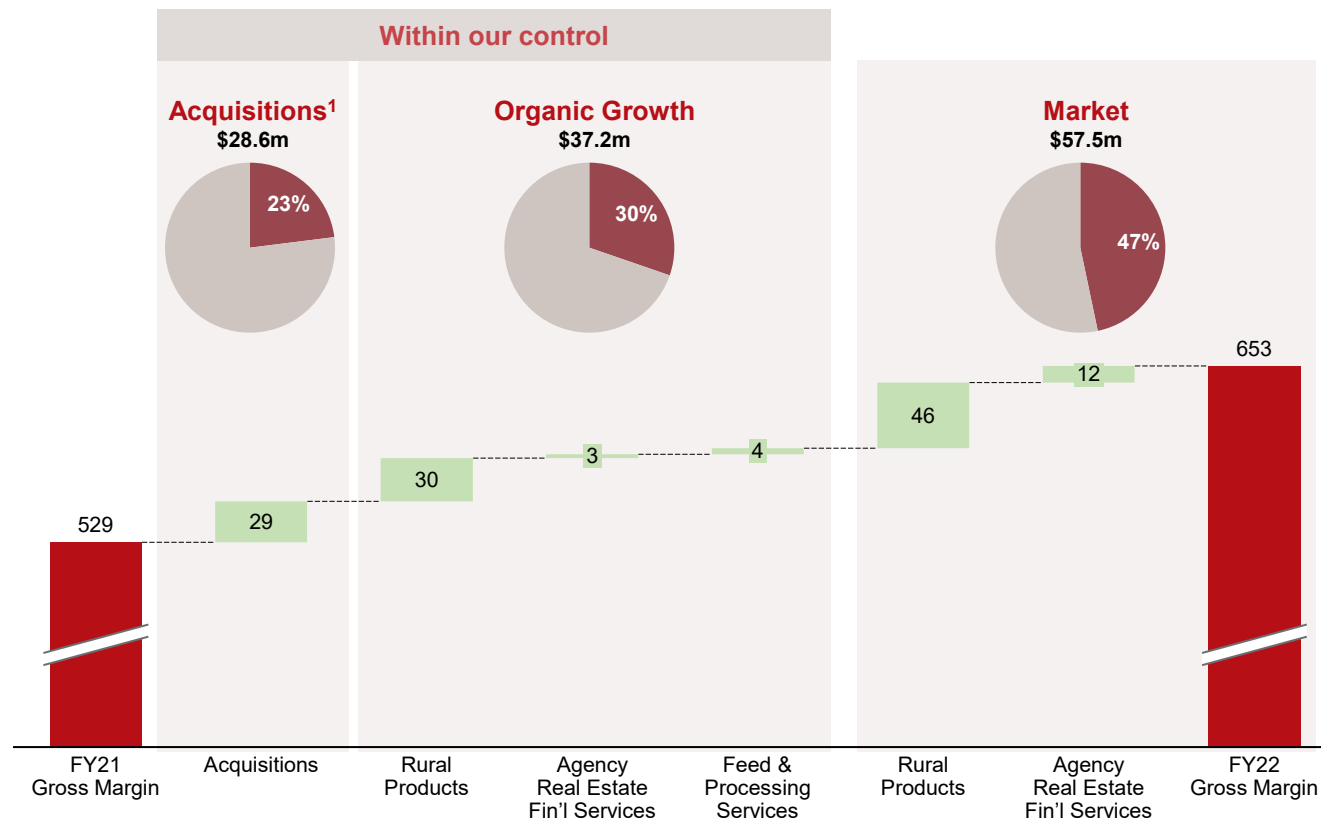
1. Wave 2 to commence FY23. Statement of Work to be finalised. An update will be provided at 1H23 result announcement.

# Market Outlook



# FY22 Financial Performance: Gross Margin Growth

Growing contribution from acquisitions, strong organic growth, favourable seasonal conditions



Allocations are based on assumptions, including internally assessed estimates of market share

Category	FY21	FY22
ACQUISITIONS	FY21	<ul style="list-style-type: none"> <li>FY21 includes YP Ag, Cudgegong, Narrogin, Forbes/Parkes Real Estate</li> </ul>
	FY22	<ul style="list-style-type: none"> <li>FY22 includes Sunfam<sup>2</sup>, Grovers, DJs, Esperance Rural Supplies, Rockingham and Ipswich Real Estate</li> </ul>
MARKET	RURAL PRODUCTS	<ul style="list-style-type: none"> <li>increased demand in line with above average season for winter crop</li> </ul>
	AGENCY REAL ESTATE	<ul style="list-style-type: none"> <li>increased prices (primarily cattle)</li> <li>increased broadacre and residential prices</li> </ul>
	FINANCIAL SERVICES	<ul style="list-style-type: none"> <li>primarily increases in insurance premiums</li> </ul>
ORGANIC	RURAL PRODUCTS	<ul style="list-style-type: none"> <li>backward integration of AIRR and Titan</li> <li>increased sales force and points of presence</li> </ul>
	AGENCY REAL ESTATE	<ul style="list-style-type: none"> <li>increased number of agents</li> <li>increased properties sold and under management</li> </ul>
	FINANCIAL SERVICES	<ul style="list-style-type: none"> <li>livestock funding and Livestock in Transit delivery warranty</li> </ul>
	FEED & PROCESSING	<ul style="list-style-type: none"> <li>increased backgrounding and operational efficiencies</li> </ul>

1. FY21 and FY22 acquisitions  
2. Acquired 30 September 2021

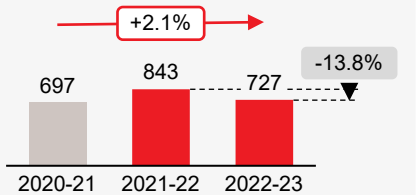
# ABARES September Market Outlook

ABARES summer crop outlook complicated by recent unseasonal rainfall

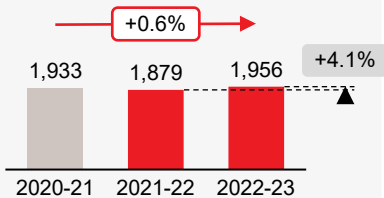


## Beef & Veal<sup>1</sup>

Average saleyard prices (c/kg)



Production (kt)

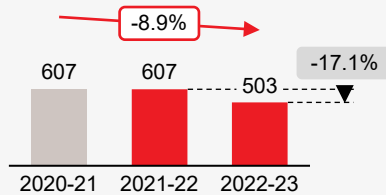


- Gross value of production to fall by 9% to \$14.6 billion in 2022-23
- Production to increase slightly due to cheaper cattle and greater processing capacity
- Global prices to fall slightly but remain strong due to supplies remaining relatively tight
- Uncertainty around the spread of FMD in Indonesia is expected to further lower demand from Indonesian lot feeders in 2022-23

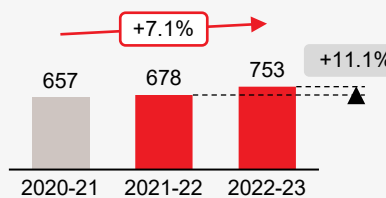


## Sheep<sup>1</sup>

Average saleyard prices (c/kg)



Production (kt)

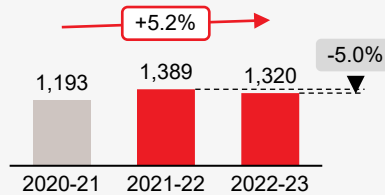


- Sheep saleyard prices forecast to fall but remain historically high
- Saleyard demand from processors to remain strong but farm purchases of restocking animals to fall
- Favourable seasonal conditions continuing to support producers' intentions for finishing lambs quickly

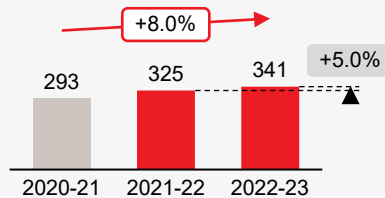


## Wool<sup>1</sup>

Eastern Market Indicator (c/kg)



Sheep shorn for wool production (kt)

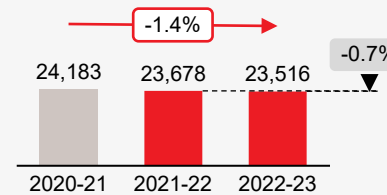


- The gross value of wool production is expected to remain unchanged at \$3.4 billion in 2022-23, with a significant decrease in Australian wool prices is forecast to be offset by increased production volumes
- Demand for wool is expected to dampen due to large increases in inflation and interest rates in major economies

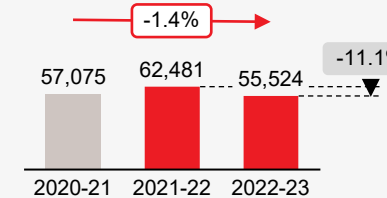


## Winter Cropping<sup>2</sup>

Area planted ('000 ha)



Crop production (kt)

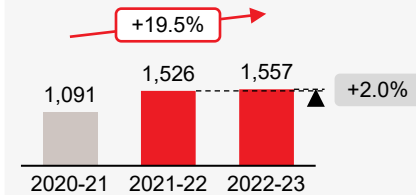


- Winter crop production in 2022-23 is forecast to reach fourth highest on record at 55.5 million tonnes, an upward revision of 9% on the June forecast
- Winter crop prospects in Australia are very favourable at the beginning of spring, with well above average yield potentials across all states

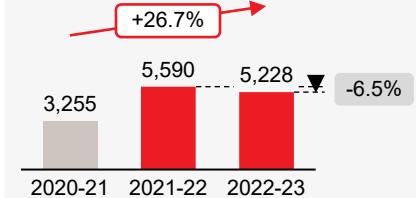


## Summer Cropping<sup>2</sup>

Area planted ('000 ha)



Crop production (kt)



- The area planted to summer crops in 2022-23 is forecast to increase by 2% to reach 1.6 million hectares
- Summer crop production is forecast to reach the fifth highest on record at 5.2 million tonnes, remaining 6% below the record production of last season

<sup>1</sup>Department of Agriculture, Fisheries and Forestry, ABARES Agricultural forecasts and outlook: September edition

<sup>2</sup>Department of Agriculture, Fisheries and Forestry, ABARES Australian Crop Report: September edition

Metrics measured for the 12 months ending 30 June



# Market Outlook

*Favourable cropping outlook for FY23 moderated following unseasonal spring rainfall*



## RURAL PRODUCTS

- winter crop outlook remains favourable
- wet weather and floods in October, may reduce summer crop production in some areas



## AGENCY SERVICES

- easing of restocking demand
- beef and sheep prices expected to fall, but remain elevated
- lower wool demand expected due to inflation and interest rate increases in major economies
- FMD and LSD remain a risk, however there are currently no impacts on operations



## REAL ESTATE

- demand for broadacre properties expected to remain high (favourable commodity price outlook and good seasonal conditions)
- residential demand expected to decrease (inflation and interest rates)



## FINANCIAL SERVICES

- favourable market conditions support demand for Insurance and other Agri Finance offerings
- continued uptake of livestock funding product forecast to provide margin upside
- LIT delivery warranty product expected to continue to grow in line with higher livestock turnover



## FEED & PROCESSING

- supply chain supported by backgrounding operations
- some headwinds expected in first half FY23 regarding higher cost of goods, in particular the premium branded beef programs

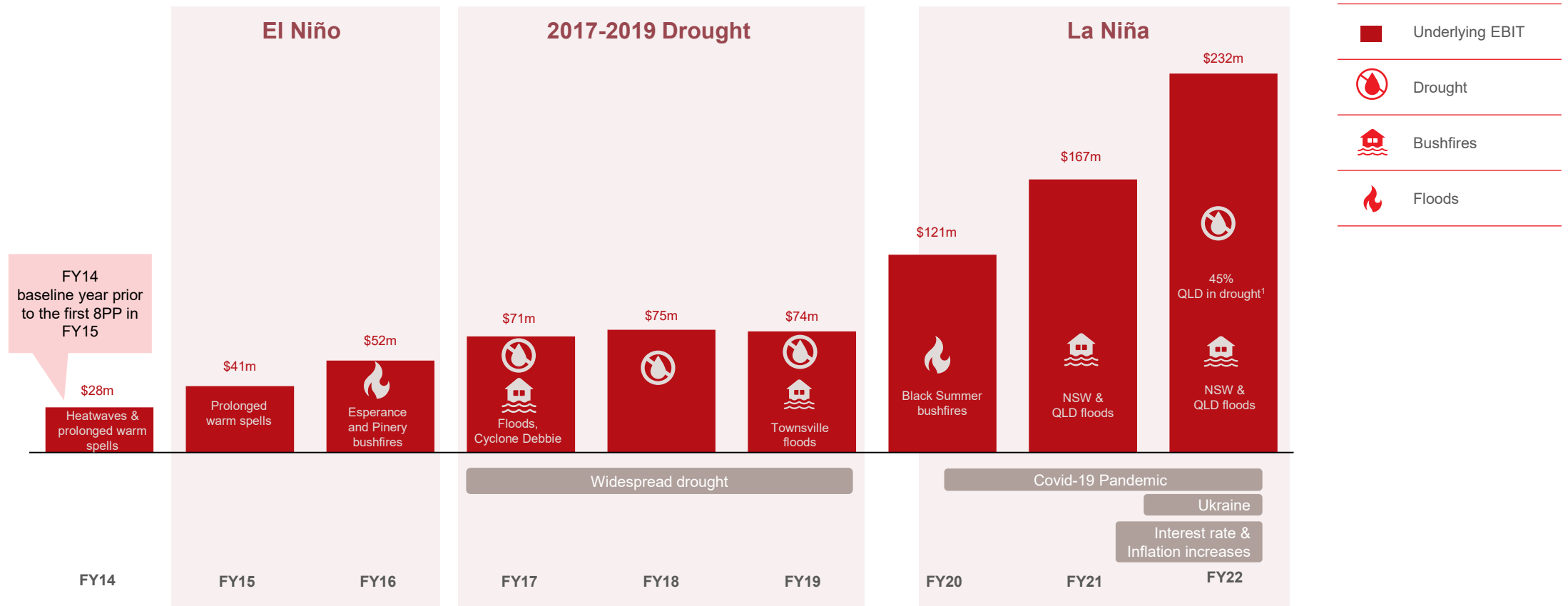


## COSTS AND CAPITAL

- focus on cost to earn
- interest rates and inflation pressure
- footprint and acquisition growth
- investment in Sustainability, Elders Wool Handling and the first phases of our System Modernisation will temporarily increase cost base prior to benefits being achieved

# Elders historical performance vs weather and world events

Resilient share price and earnings growth with geographical, product and service diversity insulating against severe weather events



1. As at 1 August 2022 Drought Declarations | LongPaddock | Queensland Government)







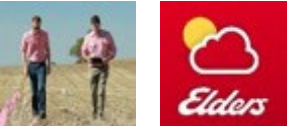
# Q&A's

# Appendix



# Business Model

*Diversification by product, service, market segment and geography*

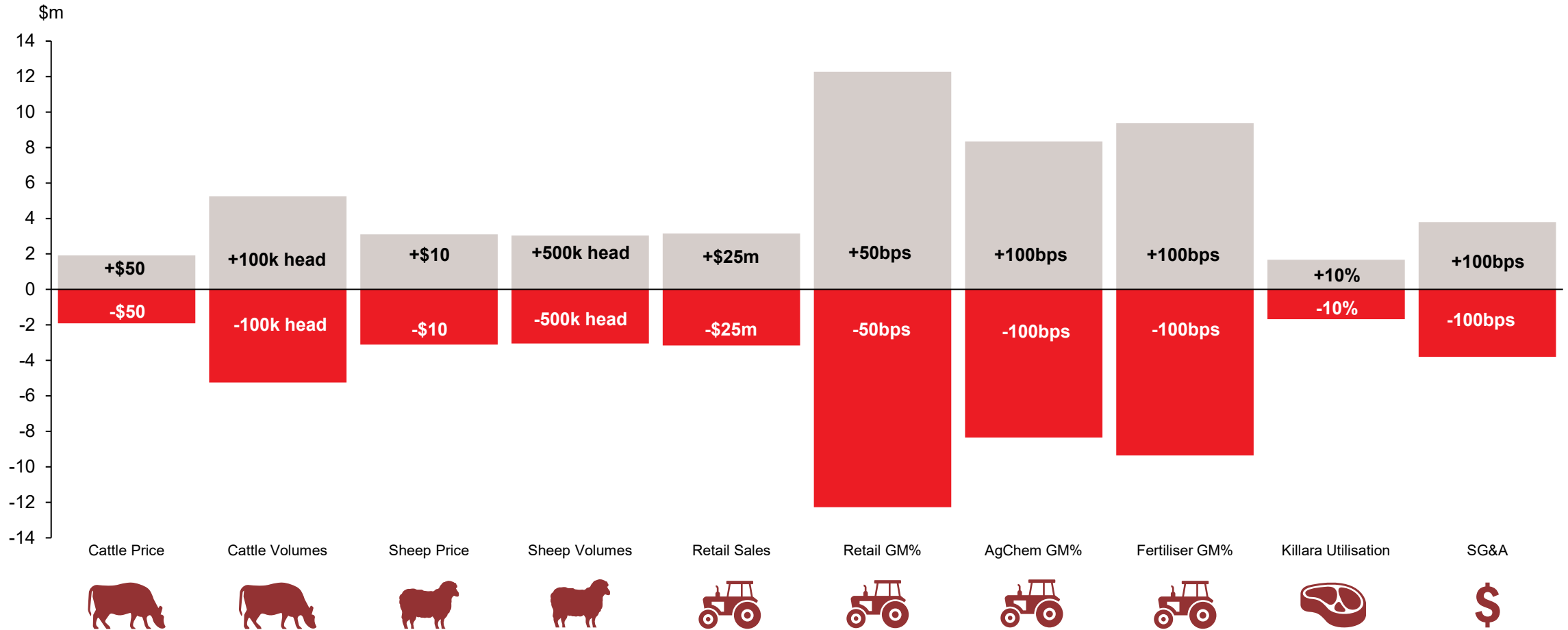
RURAL PRODUCTS		AGENCY SERVICES	REAL ESTATE SERVICES	FINANCIAL SERVICES	FEED & PROCESSING SERVICES	DIGITAL AND TECHNICAL SERVICES
RETAIL PRODUCTS	WHOLESALE PRODUCTS					
						
Rural Products	Rural Products	Livestock	Broadacre	Agri Finance	Killara Feedlot	Fee for Service (200 agronomists)
Fertiliser	Pet Supplies	Wool	Residential	Elders Insurance (20%)	Elders Fine Foods	AuctionsPlus (50%)
Agcrest (33%)		Grain	Property Management	LIT Delivery Warranty and Livestock Funding Products		Elders Weather
			Franchise			Clear Grain Exchange (30%)

Key metrics						
\$2.5b retail sales	\$0.4b wholesale sales	9.0m head sheep	\$2.5b broadacre sales	\$3.0b loan book \$1.5b deposit book \$29.9m livestock funding \$120.0m StockCo book	67k Killara Feedlot cattle head	AuctionsPlus 126k head cattle 1.2m head sheep
232 stores	372 member stores	1.4m head cattle	\$1.8b residential sales	\$1.0b GWP	\$12m China sales	9.6m Elders Weather users
435 APVMA registrations		360k wool bales	10.6k properties under management	41% LIT penetration rate		CGX 0.2m tonnes
1.0m tonnes fertiliser						
Gross margin						
\$310.0m	\$73.1m	\$147.0m	\$61.6m	\$44.2m	\$16.8m	Included in products
Working capital						
\$401.9m	\$99.9m	\$58.7m	\$0.4m	\$9.4m	\$83.4m	Other – (\$28.8m)

Elders Fine Foods China business will be closed in FY23

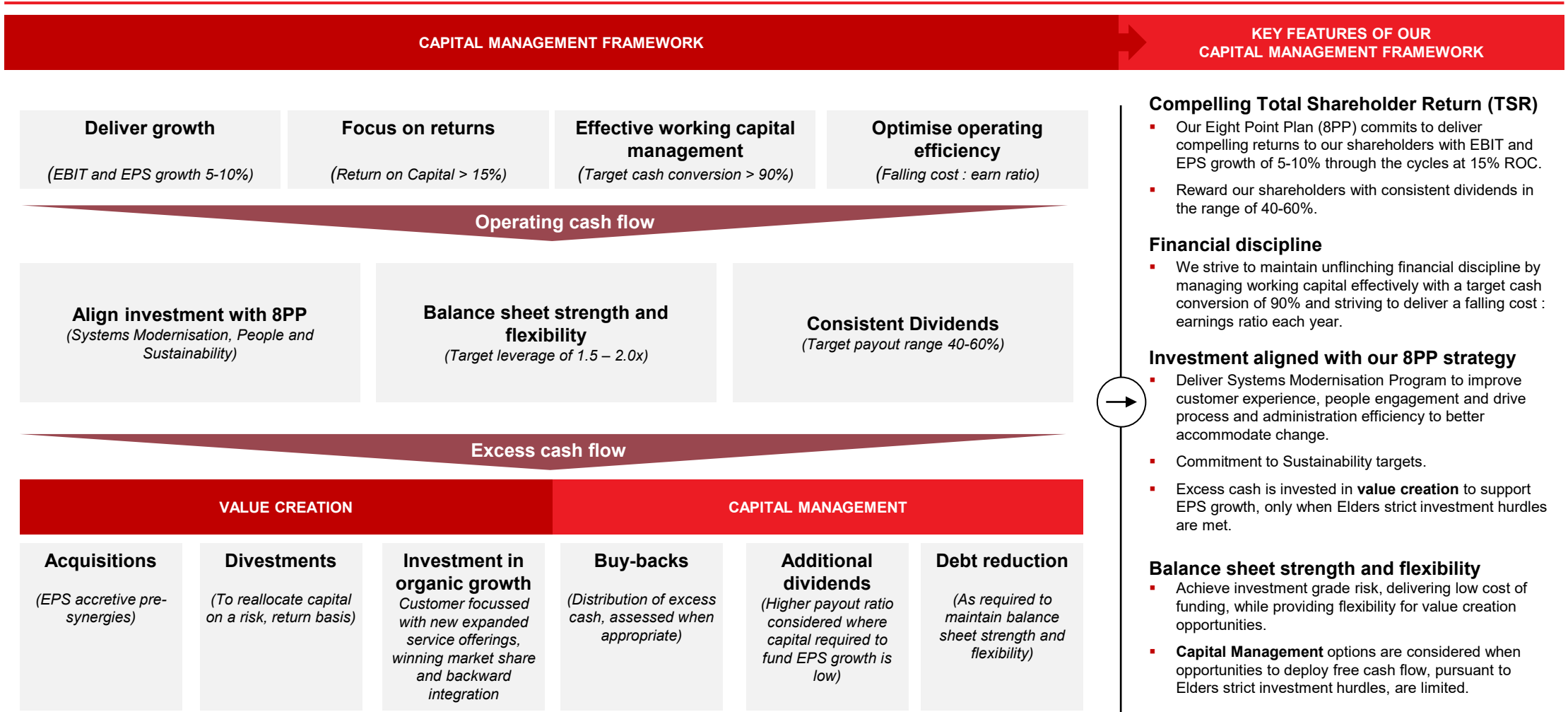
# Profit Sensitivity

Movements in market factors are mostly mitigated by our diversified portfolio



# Elders Capital Management Framework

Aligned with Elders Eight Point Plan to deliver Total Shareholder Return (TSR) in the top quartile of ASX200 companies at investment grade risk



## Compelling Total Shareholder Return (TSR)

- Our Eight Point Plan (8PP) commits to deliver compelling returns to our shareholders with EBIT and EPS growth of 5-10% through the cycles at 15% ROC.
- Reward our shareholders with consistent dividends in the range of 40-60%.

## Financial discipline

- We strive to maintain unflinching financial discipline by managing working capital effectively with a target cash conversion of 90% and striving to deliver a falling cost : earnings ratio each year.

## Investment aligned with our 8PP strategy

- Deliver Systems Modernisation Program to improve customer experience, people engagement and drive process and administration efficiency to better accommodate change.
- Commitment to Sustainability targets.
- Excess cash is invested in **value creation** to support EPS growth, only when Elders strict investment hurdles are met.

## Balance sheet strength and flexibility

- Achieve investment grade risk, delivering low cost of funding, while providing flexibility for value creation opportunities.
- Capital Management** options are considered when opportunities to deploy free cash flow, pursuant to Elders strict investment hurdles, are limited.



*Elders*

*Elders*