



31 May 2013

2013 First Half Financial Results

- **Statutory loss of \$(303.2m) compared to F12 H1 profit \$47.1m**
- **Items excluded from underlying loss \$(280.4m)**
- **Underlying EBIT loss of \$(10.7m) compared to F12 H1 profit \$16.8m**
- **Underlying PBT loss of \$(19.7m) compared to F12 H1 profit \$7.2m**
- **Underlying NPAT loss of \$(22.8m) compared to F12 H1 profit \$4.5m**
- **F13 H1 results impacted by difficult market conditions and impairments**
- **Outlook for second half more favourable across all key businesses**
- **Sale and divestment processes continue to plan**
- **Disciplined cost and working capital management in place to mitigate impact of market conditions**

Elders Limited (ASX:ELD / Elders) announced difficult seasonal weather conditions and depressed livestock markets have driven an underlying NPAT loss of \$(22.8m) compared to the \$4.5m profit in F12 H1, and impairment charges based on accounting standards and recognising the advanced stage of the sales processes have driven a statutory loss of \$(303.2) million for the six months to 31 March 2013 (F13 H1) compared to the \$47.1 million statutory profit in F12 H1. Further details are available in the 'F13 H1 Financial Results Discussion and Analysis' released to the ASX today.

These market impacts have been proactively managed to the extent possible through disciplined cost management, primarily through the reduction of corporate costs and tight working capital management particularly in the Australian Network.

A return to normal seasonal conditions, combined with a stronger outlook for the International Trading operations and improved automotive production volumes should see an improved performance for the second half of this year, although the sales processes for Elders Rural Services (Rural Services) and Futuris Automotive (Automotive) are expected to be determined before the end of the second half.

Sales Processes

The sales processes for both Automotive and Rural Services are well advanced. In accordance with Accounting Standards, Automotive has been classified as an asset held for sale, with final due diligence underway. Final bids for Rural Services, which continues to be classified as in use in accordance with Accounting Standards, are expected shortly.

Divestment of Elders' Forestry assets also progressed during the period, with sales generating proceeds of \$23 million in F13 H1, with an additional \$29 million proceeds received during April and May 2013. Negotiations with key stakeholders are underway for the divestment of the remaining assets.

Significant one-off impairments have been recognised for the F13 H1 period. These include \$166.5 million impairments in Automotive, a \$52.0 million impairment of intangibles within Rural Services, and an additional \$52.0 million write-down of Elders' deferred tax assets.



Financial Results

Excluding all one-off items after tax which total \$(280.4) million, Elders recorded an underlying loss after tax of \$(22.8) million compared with a profit of \$4.5 million in F12 H1. Underlying EBIT was a loss of \$(10.7) million compared to a profit of \$16.8 million in F12 H1.

Underlying EBIT in Rural Services reduced from \$21.1 million in the previous corresponding period to (\$7.7) million due to the poor seasonal and market conditions and an FX mark to market loss of \$(2.9) million compared to a gain of \$5.2 million in F12 H1. Hot and dry conditions impacted the Australian Network business, primarily in farm supplies with sales down \$(46.1) million against F12 H1 and in livestock with sales down \$(14.4) million against F12 H1 due to significantly lower sheep and cattle prices.

While seasonal and market conditions affected the underlying profit, Rural Services achieved an improved operating cash flow of \$24.4 million from lower costs and reduced working capital. Additionally, improved contributions from the New Zealand and Indonesian businesses helped to mitigate the impacts of Australian market conditions.

Operational EBIT from Automotive was \$5.0 million compared to \$5.4 million in F12 H1. Sales were up three per cent against F12 H1, reflecting increased sales overseas offset by lower domestic vehicle build volumes. This is considered a strong result in light of the prevailing industry conditions.

Commentary

Commenting on the results, Elders Limited Managing Director, Malcolm Jackman, said: "The Rural Services business has faced, in common with many of our clients and competitors, sustained hot and dry seasonal conditions across Australia and New Zealand, resulting in reduced demand for farm inputs and depressed sheep and cattle prices."

"Additionally, International Trading operations were impacted by a reduction in Indonesian import quotas and re-setting of long haul shipments into the second half of F13 and the first half of F14, however recent signs of increased import volumes in Indonesia for the second half of this year is promising," Mr Jackman said.

"The Automotive result reflects the strength of our diversified, global manufacturing model, with increasing focus on China, Thailand and the United States."

"Subject to the timing of the outcome of the sale processes for Automotive and Rural Services, the outlook for the second half looks more favourable. This assumes a return to normal seasonal conditions, execution of a strong forward shipping schedule in the International Trading operations and improved production volumes flowing from the VF Commodore launch and overseas operations benefiting the Automotive business."

"Elders once again acknowledges the ongoing support of its financiers through the sales processes," Mr Jackman said.

Elders will advise the market of further progress with the sales of Futuris Automotive and Elders Rural Services as appropriate.



Further comment:

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