



16 November 2015

2015 Full Year Financial Results Presentation

Attached is the presentation of the financial results for the 12 month period ended 30 September 2015.

Peter Hastings
Company Secretary

A woman wearing a wide-brimmed straw hat and a red sweater over a pink collared shirt is sitting at a desk. She is holding a pen and looking towards a man on the right. The man is wearing a dark cap and a dark jacket. The background is a bright, hazy sunset with bokeh light effects.

2015 Full Year Results Presentation

16 November 2015

Elders Live it.

Disclaimer and Important Information

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.



FY15 Year in Review

Positive environment, solid progress

- Statutory net profit after tax of **\$38.3m** up \$35.3m
- Underlying net profit after tax of **\$32.6m** up \$23.5m
- Underlying EBIT of **\$45.8m** up \$18.2m
- Operating cash outflow **\$5.3m** for the year
- Return on capital of **21.9%** up from 13.6% at September 2014
- Completed \$30m hybrid acquisition
- Winner of 2015 Large Company Turnaround of the Year Award by TMA
- Added into ASX 300 index in September 2015

FY15 Priorities

Delivered our promises to stakeholders

Safety Performance

- ✓ LTI frequency rate reduced from 3.5 to 3.4
- ✓ Held 14 lost time injuries
- ✓ Employee safety engagement increased by 34%
- ✓ Employee safety campaign 'Stand Up Speak Up' awarded 2015 Work Health and Safety Improvement Award by NSCA

**STAND UP.
SPEAK UP.**

Operational Performance

- ✓ \$32.6m underlying profit up \$23.5m
- ✓ ROC at 21.9%, up from 13.6% at 30 September 2014
- ✓ Implemented capital light retail program
- ✓ Margin management program for selected non-price sensitive retail products
- ✓ 200 clients returned in 'Welcome Back' campaign
- ✓ Cost savings including property, fleet and FBT
- ✓ \$30m hybrid acquisition

Key Relationships

- ✓ Improved levels of employee effectiveness and enablement
- ✓ Delivered 'Elders. Live It' national brand campaign
- ✓ Conducted client and non-client focus group research across Australia
- ✓ Engaged in regional sponsorship agreements in key focus regions
- ✓ Rationalised and refocused our relationships with key suppliers
- ✓ Strengthened commitment to animal welfare

Efficiency and Growth

- ✓ 45 branches on 90 day branch improvement program
- ✓ Launched online livestock platform
- ✓ Implemented Elders wholesale strategy
- ✓ Introduced livestock financing facility
- ✓ Developed branded meat product lines for international markets
- ✓ Developed active business development pipeline



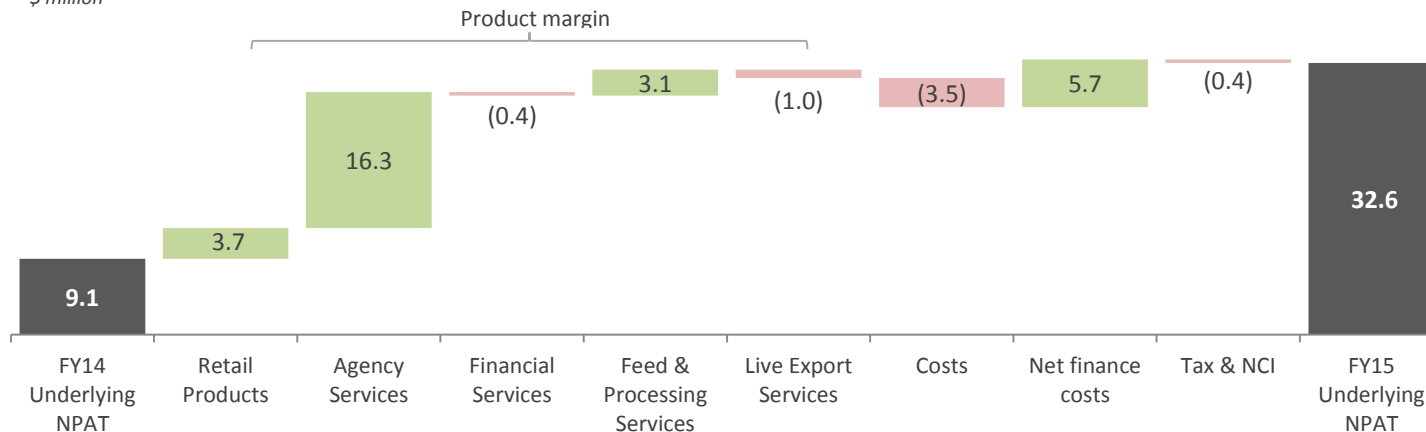
Full Year Financial Performance

\$ million	FY15	Change	FY14
Sales revenue	1,514.2	↑ 82.7	1,431.5
Underlying EBIT	45.8	↑ 18.2	27.6
Underlying finance cost	(10.0)	↓ 5.7	(15.7)
Underlying profit after tax	32.6	↑ 23.5	9.1
Reported profit after tax	38.3	↑ 35.3	3.0
Net debt	(136.2)	↓ 1.4	(137.6)
Operating cash flow	(5.3)	↓ 20.4	15.1
Average working capital	215.8	↓ 3.4	219.2
Return on capital (%)	21.9%	↑ 8.3%	13.6%
Underlying earnings per share (cents)	39.4	↑ 21.5	17.9

Performance by Product

Strong performance with livestock price tailwind

Underlying profit movement \$ million

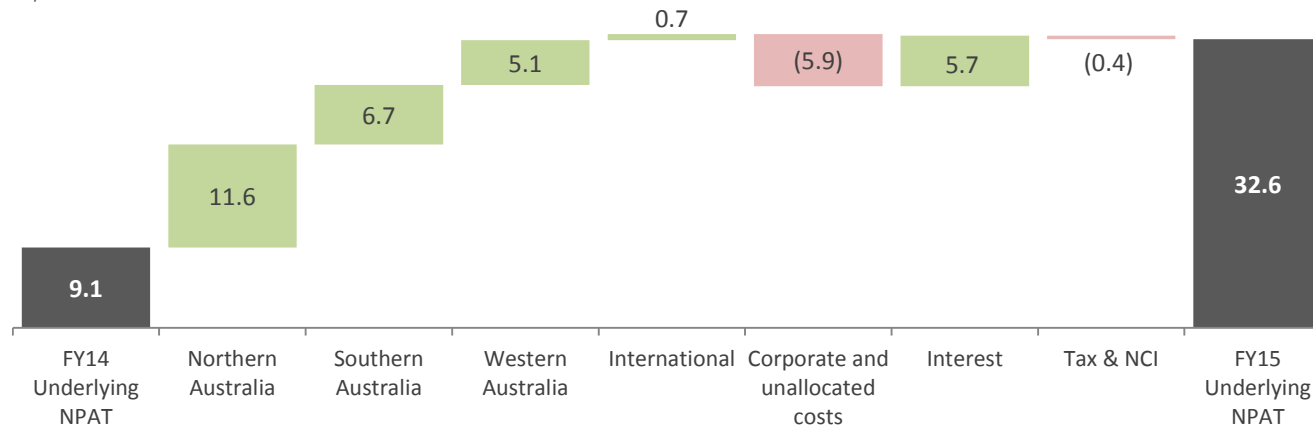


- Retail margin benefits through price book management and consolidation of supplier base
- Agency uplift with strong livestock prices and volumes
- Financial Services decline with subdued banking activity in northern and western Australia
- Feed and Processing margin improved through increased occupancy and efficiency at Killara and profitability of Elders China business post restructure
- Live Export saw softening conditions in China and Indonesia offset by strong demand from Vietnam
- Higher costs to improve workforce capability and rebuilding Elders brand
- Reduced finance costs with lower debt levels and savings from refinance

Performance by Geography

Improvement across all geographies

Underlying profit movement
\$ million

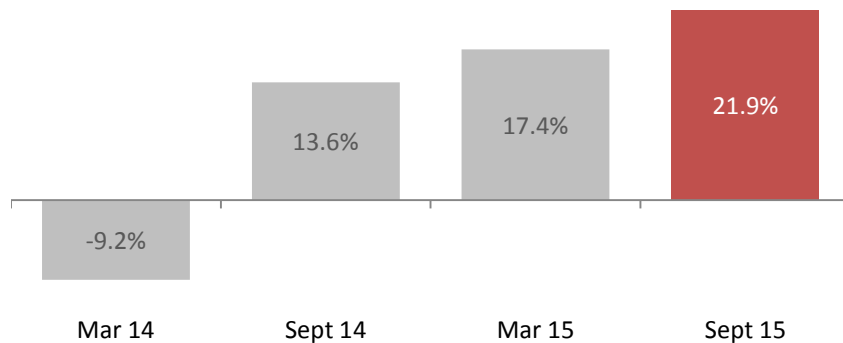


- Strong livestock performance underpinned improvement in Australian geographies
- Retail improvements in Western Australia resulting from active selling and promotional activities supported by good seasonal conditions
- Restructure benefits in Elders China driving improvement in International geography
- Increase in Corporate and other unallocated costs with reinvestment in IT, training, brand refresh, strategy and leadership roles as well as incentive programs to drive business growth

Capital Deployed

Disciplined ROC focussed capital growth

Return on Capital



Working Capital

\$ million	Sept-14	Sept-15	Change
Retail Products	123.1	146.2	+ 19%
Agency Services	26.5	27.3	+ 3%
Feed and Processing Services	25.3	39.0	+ 54%
Live Export Services	19.5	28.7	+ 47%
Other	(16.0)	(21.7)	+ 40%
Working capital (balance date)	178.4	219.5	+ 23%
Working capital (average)	219.2	215.8	- 2%

- ROC improvement drivers:

- Agency growth requiring minimal capital
- Stronger bias to short haul Live Export business with shorter working capital cycle
- Efficiency gains and profit improvement in Killara and China
- Capital allocation based on business case approval

- Working capital increase off low base at Sept 14:

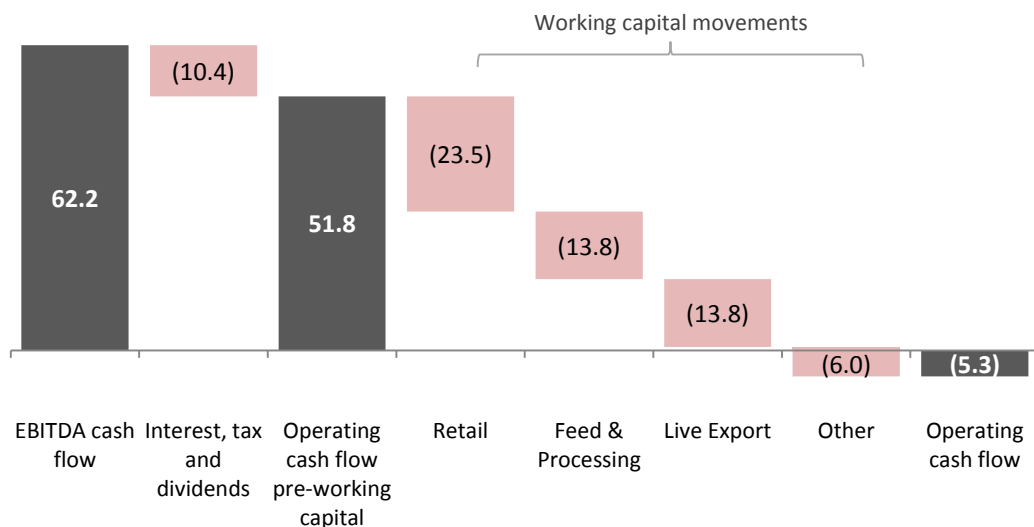
- Normalising Retail debtor and inventory levels
- Increased livestock debtors in Agency
- Higher cattle costs increasing capital usage in Killara, Indonesia and Live Export

Operating Cash Flow

Operating cash flow reflecting normalisation of working capital

FY15 operating cash flow

\$ million



- Strong generation of operating EBITDA cash flow provided opportunity for hybrid acquisition
- Efficient EBITDA cash conversion due to minimal tax payments
- Working capital cash flow usage normalising for low working capital levels at the end of FY14 with:
 - Higher Retail debtors and inventory since September 2014
 - Increased inventory in Feed and Processing and Live Export due to higher cattle prices

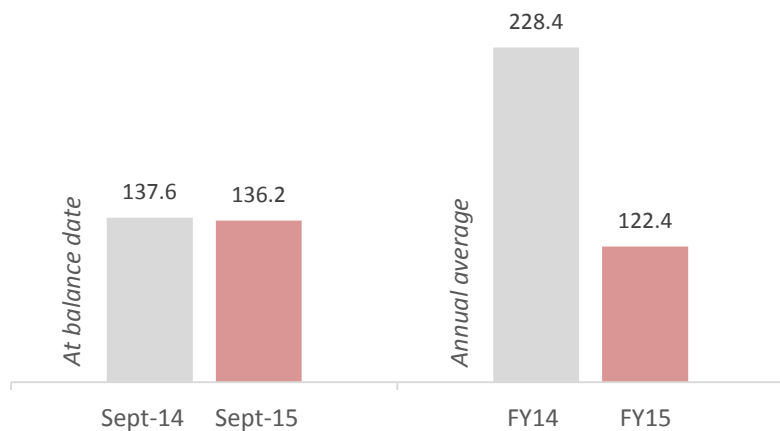
\$ million	Retail Products	Agency Services	Financial Services	Feed & Process	Live Export	Other	Total
EBITDA adjusted	31.8	39.0	9.9	9.3	10.0	(37.8)	62.2
Interest, tax and dividends						(10.4)	(10.4)
Working capital	(23.5)	(0.6)	0.1	(13.8)	(13.8)	(5.5)	(57.1)
Operating cash flow	8.3	38.4	10.0	(4.5)	(3.8)	(53.7)	(5.3)

Net Debt

Key debt ratios improved

Net debt

\$ million



Key ratios	Sept-14	Sept-15	Change
Leverage [<i>net debt to EBITDA</i>]	7.8	3.3	+ 4.5
Interest cover [<i>EBIT to net interest</i>]	0.6	3.4	+ 2.8
Gearing [<i>net debt to equity</i>]	241%	122%	+ 119%

- Improvement across all key debt ratios
- Refinance completed in August 2015 delivered restructure of facilities, extended tenor and pricing and covenant benefits
- \$30m hybrid acquisition funded through business cash generation



Capital Structure

Committed to simplifying capital structure

- Progress to date in line with plan
- \$30m hybrid acquisition successfully completed in August 2015 using earnings cash flow
- Ongoing review of optimal capital structure in relation to funding business growth and acquisitions
- Immediate priority to continue embedding Eight Point Plan into the business to enable sustainable growth to shareholder value

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Values, Performance & Brand

- “Elders. Live it.”
- “Stand Up. Speak Up”
- Performance culture
- Local community engagement

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Geographical Coverage & Distribution Channels

- Wholesale strategy
- livestock.com.au
- 45 branches on 90 day branch improvement program

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Retail Products

- Consignment stock
- Margin management
- Better supplier terms, limits and rebates

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Agency Services

- “Welcome Back” campaign
- New grain strategy
- Livestock financing facility
- Remuneration model

Eight Point Plan

Actions Delivered

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Financial Services

- Financial Planning restructure
- 100% Elders Home Loans

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Feed & Processing Services

- Asian meat brands
- Killara portfolio management
- China turnaround
- Indo expansion

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Live Export Services

- Market diversification
- New Zealand JV
- Animal welfare focus
- Livestock traceability system

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Cost, Capital & Efficiency

- Focus on cost savings
- Business plan process
- Refinance completed
- Hybrid acquisition

FY16 Priorities

Safety Performance

- Continued emphasis on safety
- Strengthen employee safety engagement program
- Target is to be LTI free

Operational Performance

- Implementation of Eight Point Plan initiatives
- FY16 Annual Operating Plan
- Growth in underlying EBIT
- Maintain ROC
- Drive cost and capital optimisation initiatives
- Comprehensive branch improvement program

Key Relationships

- Maintain high levels of employee effectiveness and enablement
- Conduct client and non-client focus group research across 10 locations Australia-wide
- Initiate customer satisfaction tracking study
- Conduct national TV brand campaign
- Engage in regional sponsorship agreements in key focus regions
- Rationalise and refocus our relationships with key suppliers
- High transparency levels, communication and engagement with key investors and potential investors

Efficiency and Growth

- Launch Elders Grain platform
- Launch Elders Online platform
- Implement Real Estate growth plans
- Implement growth strategies for livestock and wool businesses
- Implement banking and insurance growth plans
- Launch and grow branded meat business in China, Indonesia and Vietnam
- Actively seek acquisition and growth candidates with strong ROC

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Values, Performance & Brand

- Invest in leadership capabilities
 - Brand campaign
- Sponsorship activities
- Drive performance management

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Geographical Coverage & Distribution Channels

- Elders Online and wholesale strategy
 - Foreign corporate investment group
- Segment gap analysis

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Retail Products

- Home brand strategy
 - Agency product
- Vendor managed inventory
 - Agronomic CoE

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Agency Services

- Product specialists recruitment
 - Product development
 - Acquisition growth
- Livestock demand strategy

Eight Point Plan

FY16 Initiatives

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Financial Services

- Leadership refresh
- Joint venture arrangements
- Recruitment drive

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Feed & Processing Services

- Killara optimised
- China controlled growth
- Indonesia expansion
- Vietnam expansion

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Live Export Services

- Continue animal welfare focus
- Diversification of markets and customers
 - China feeder and slaughter market

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Cost, Capital & Efficiency

- Control underlying cost base
- Investment in sales and technical roles
- Growth funding



Outlook

Mixed operating conditions for the next year

- **Retail:** Prospect of a strong El Nino likely to bring drier spring and summer in eastern Australia
- **Agency:**
 - Livestock: Cattle and sheep prices to remain high driven by reducing global supply and strong international demand. Significant tightening of cattle supply over autumn expected
 - Real Estate: Positive activity with low interest rates and continuing local and foreign investments
 - Wool: Lower production to support wool prices in short term
- **Financial Services:** Leadership refresh with a view of growing banking and insurance products
- **Feed and Processing:**
 - Killara: Cattle on feed expected to remain high, reflecting dry conditions
 - Indonesia: Demand for beef is subdued due to market price increases. Performance dependent on volume of cattle import permits issued by the Indonesian government
 - China: Growth in Chinese food and hospitality industry fuelling demand in premium Australian beef
- **Live Export:**
 - Short haul: Stable demand from Indonesia and Vietnam
 - Long haul: Export volumes to rise for feeder and slaughter and breeder cattle demand from China. Slow recovery of dairy cattle export to China in first half of FY16.
- **Cost and Capital:** Investment in strategy and growth initiatives will increase cost and capital usage; albeit continued focus on base cost and improvement in productivity measures

Appendix to Full Year Results Presentation

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Elders Live it.

Business Model

Retail Products



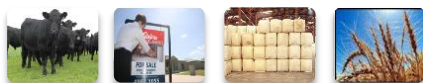
Farm Supplies

Fertiliser

\$926m retail sales

505k tonnes fertiliser

Agency Services



Livestock

Real Estate

Wool

Grain

9.4m head sheep

1.7m head cattle

\$1.4b real estate turnover

364k wool bales

0.4m grain tonnes

Financial Services



Banking

Insurance

\$2.7b loan book

\$1.4b deposit book

\$566m gross written premium

Principal positions are held by Rural Bank and Elders Insurance (QBE subsidiary) respectively

Feed & Processing Services



Killara Feedlot

Elders Indonesia

Elders China

Killara

50k head

Indonesia

17k head

China

\$13m sales

Live Export Services



Short haul livestock

Long haul livestock

119k head short haul

33k head long haul

Online Platforms

Elders Online

Auctions Plus (50%)

Livestock.com.au

Based on FY15 statistics

Elders Live it.

Business Segmentation

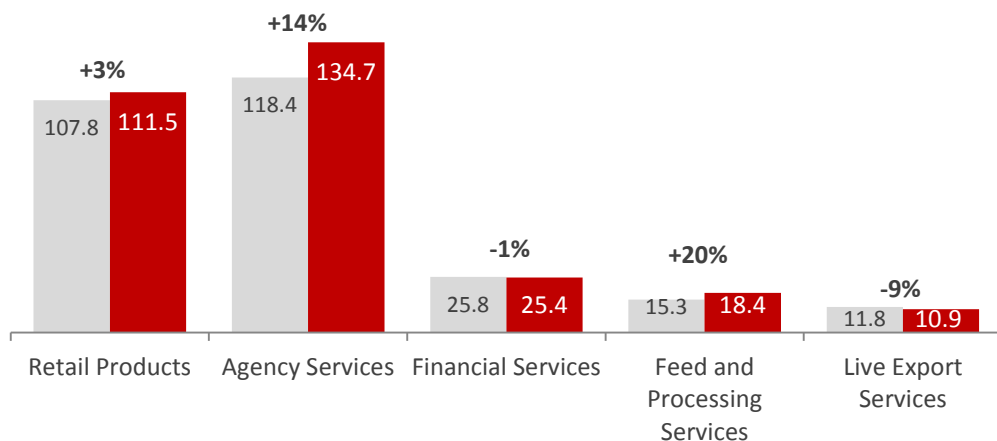
<i>\$ million</i>	Northern Australia	Southern Australia	Western Australia	International Geographies	FY15 Margin	Working Capital
Retail Products	Farm Supplies and Fertiliser				111.5	146
Agency Services	Livestock, Real Estate, Wool, and Grain				134.7	27
Financial Services	Banking, Insurance and Financial Planning				25.4	-
Feed & Processing Services	Killara Feedlot			Indonesia China	18.4	39
Live Export Services				Short Haul Long Haul	10.9	29
FY15 Margin	107.8	124.7	50.3	18.1	300.9	

Business Performance by Product

Margin by product

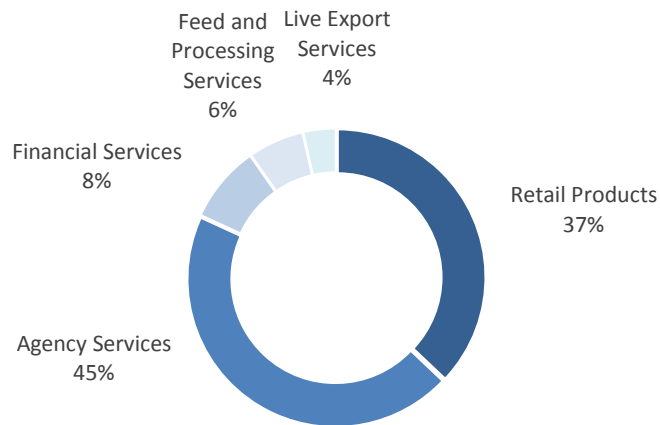
\$ million

■ FY14 ■ FY15



- **Retail:** Uplift in second half with positive conditions and gains from strategic initiatives
- **Agency:** Increase in livestock prices through reducing global supply and strong live export demand
- **Financial Services:** Subdued banking activity with restricted new lending activity in northern and western Australia
- **Feed and Processing:** Improved utilisation at Killara and refocused China business model
- **Live Export:** Diversification into Vietnam offset softening conditions in China and Indonesia

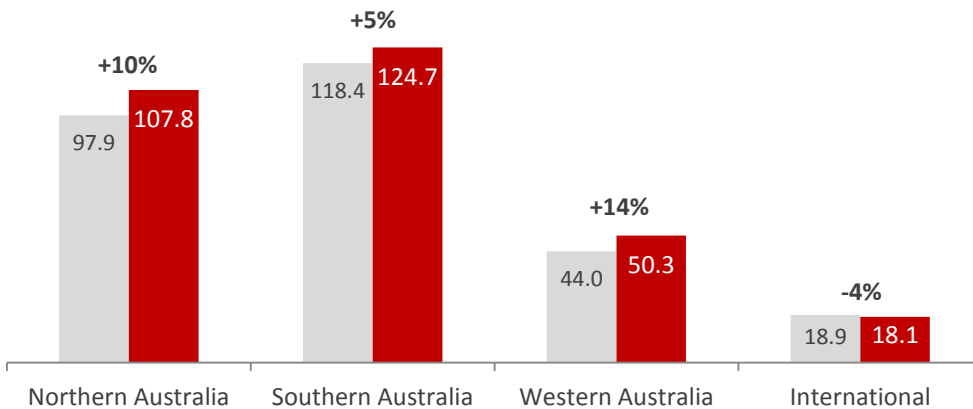
Margin generated by product



Business Performance by Geography

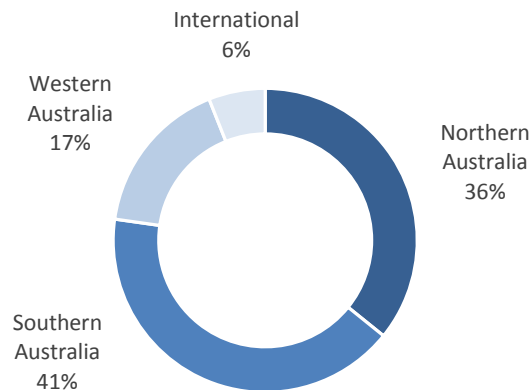
Margin by geography
\$ million

■ FY14 ■ FY15

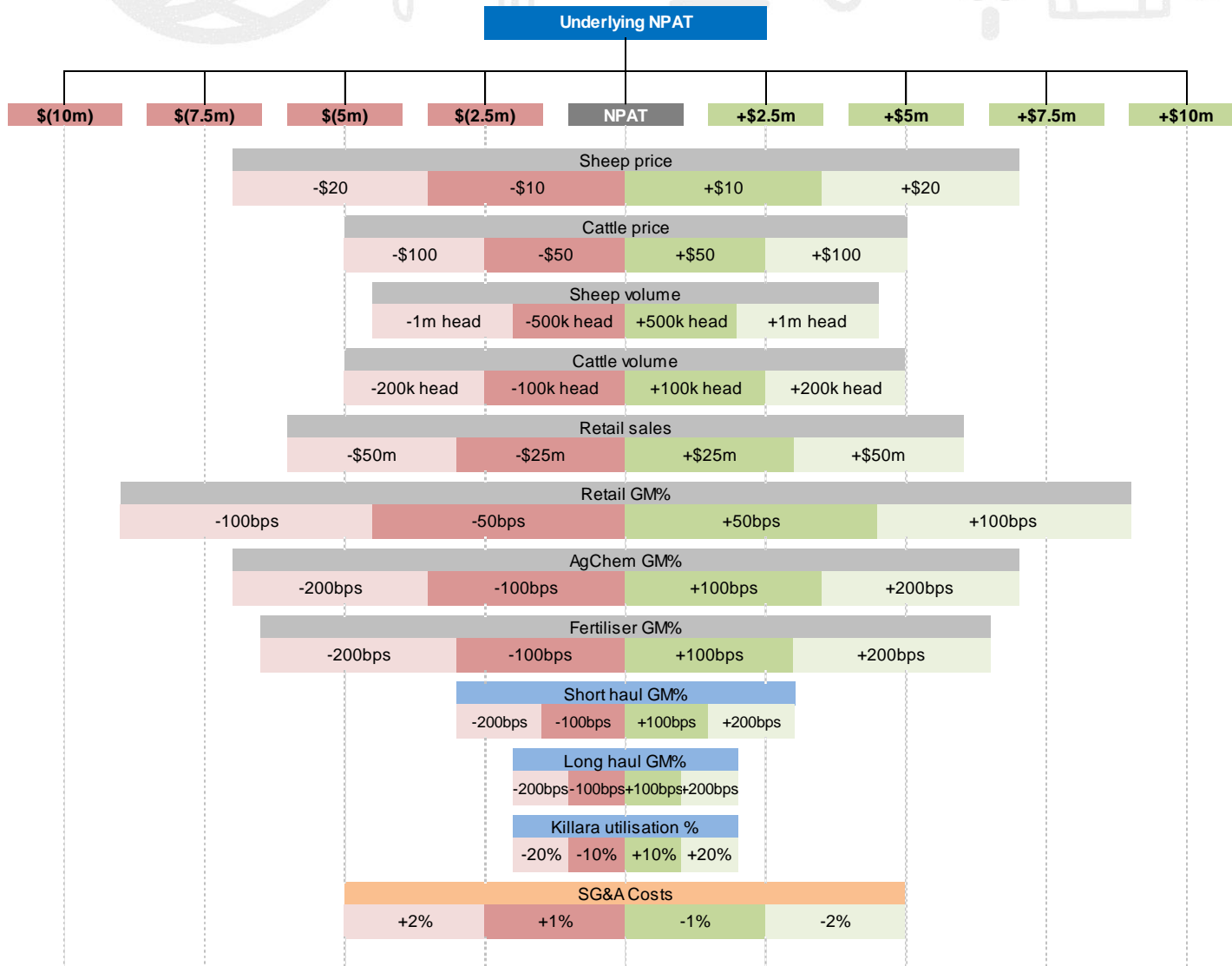


- **North:** Improvement in Livestock, Farm Supplies and Killara earnings
- **South:** Increase driven by strong livestock prices and volume
- **West:** Strong Livestock and Retail performance through increased fertiliser and chemical sales
- **International:** Profitability in China offset by Live Export decline

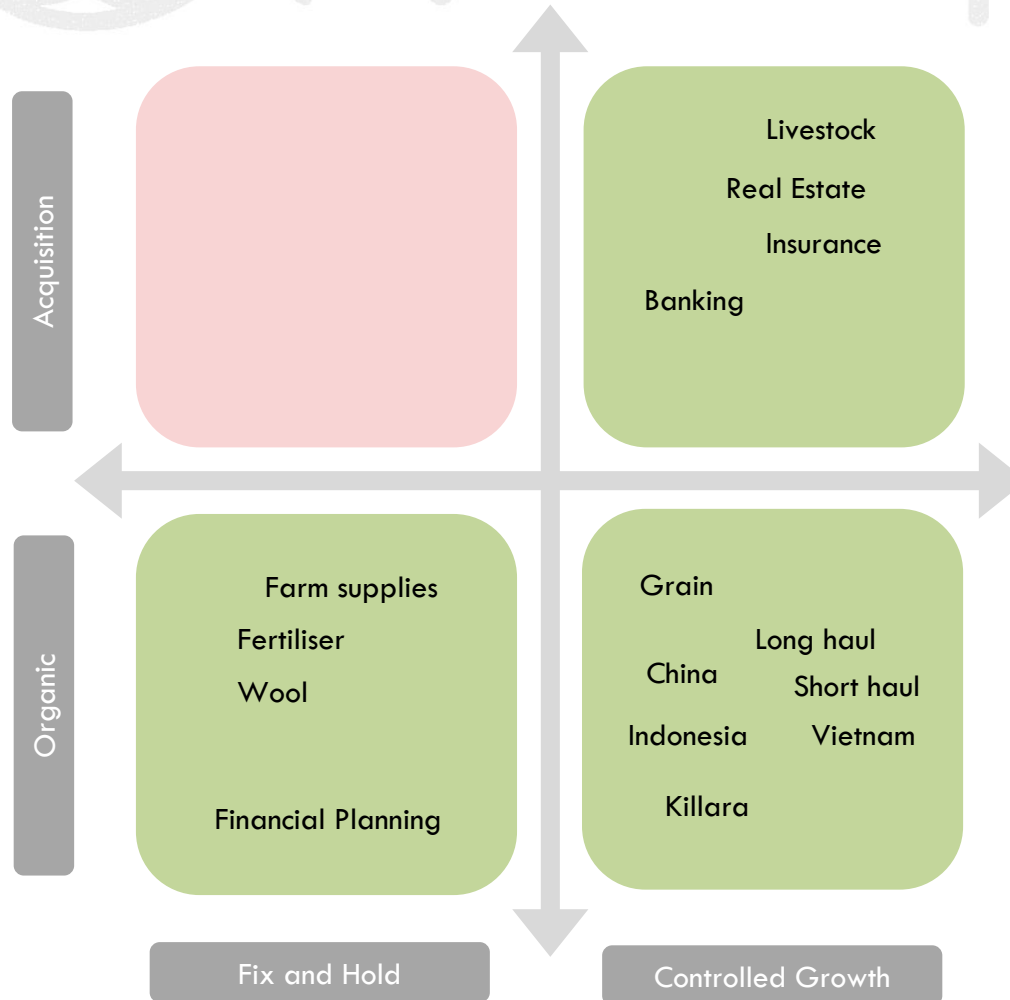
Margin generated by geography



Profit Sensitivity

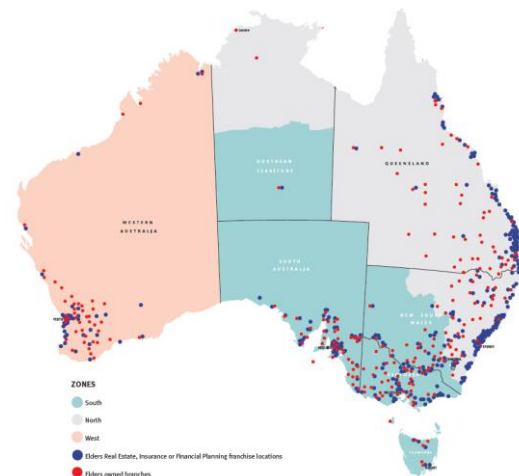
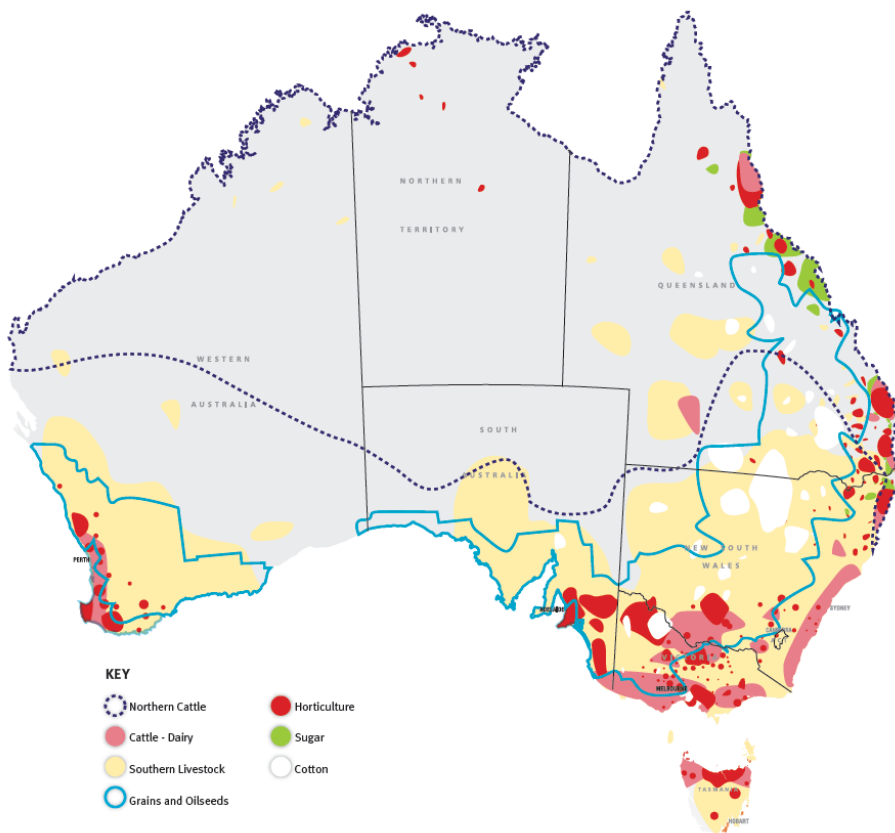


Growth Strategy by Product



Points of Presence

Elders' footprint in Australian agriculture



- Over 440 points of presence in Australia and overseas including full service branches, real estate and insurance franchises
- Key produce areas covered through our footprint
- Focus on improving reach into horticulture and sugar segments



Live it.