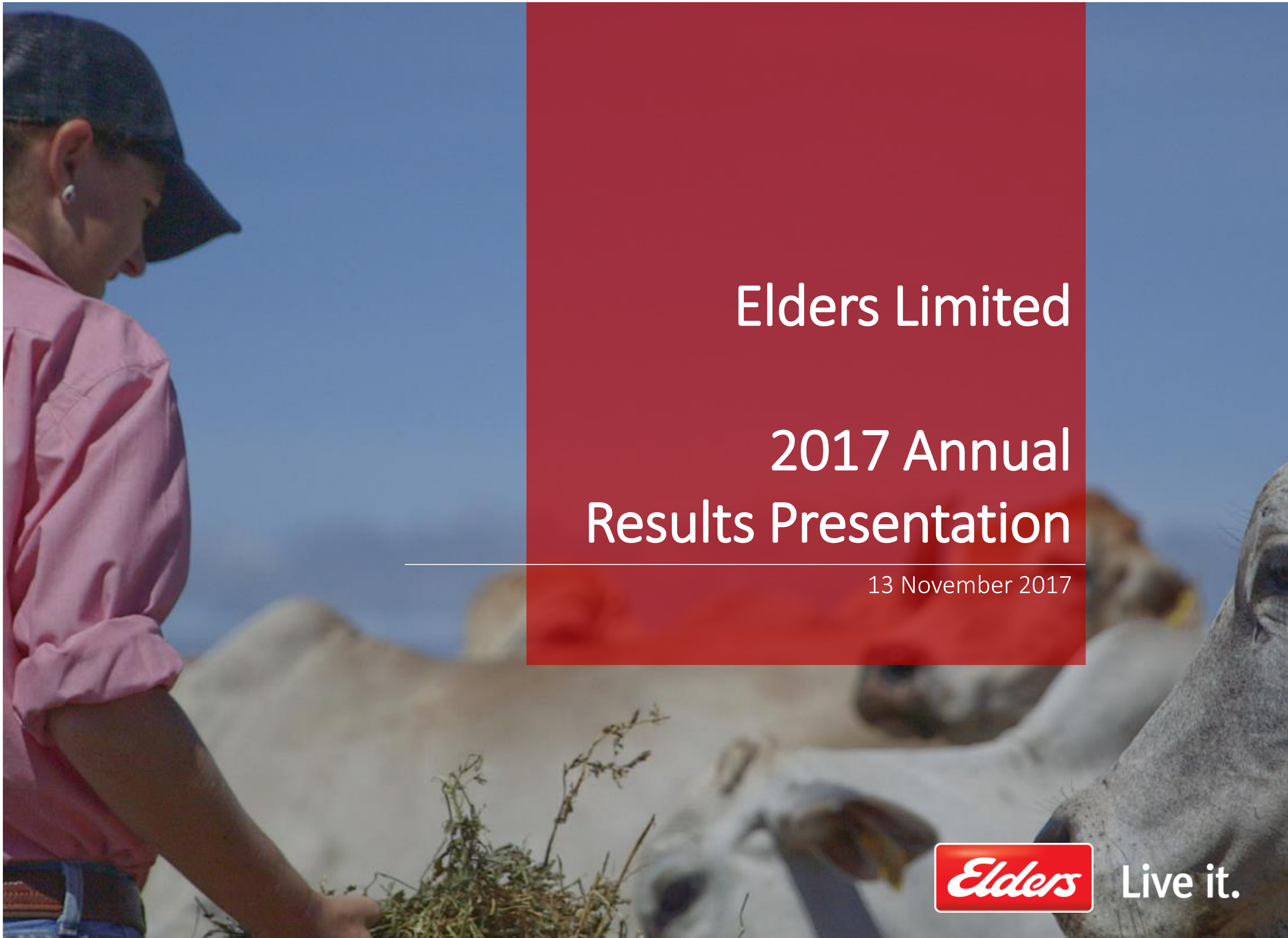
13 November 2017

2017 Full Year Financial Results Presentation

Attached is the presentation of the financial results for the 12 month period ended 30 September 2017.

Peter Hastings
Company Secretary



Elders Limited

2017 Annual Results Presentation

13 November 2017

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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 of which, many 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.

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FY17 Year in Review

Eight Point Plan objectives achieved

- Lost time injuries increase to 6 from 4, LTIFR increase to 1.5 from 1.0
- Underlying net profit after tax of $57.7m, up $16.5m
- Underlying EBITDA of $74.6m, up $14.7m
- Underlying EBIT of $70.4m, up $14.3m
- Operating cash inflow of $81.6m for the year, up $32.9m
- Underlying return on capital of 26.8%, down from 28.1%
- Underlying earnings per share 50.7 cents, up 4.9 cents
- Cancellation of all hybrids resulting in a simplified capital structure
- Final dividend declared at 7.5 cents per share and additional special dividend declared at 7.5 cents per share, both fully franked

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FY17 Priorities

Delivering our promises to stakeholders

Safety Performance

- Lost time injuries increased to 6 from 4, target is zero LTIs
- LTI frequency rate at 1.5
- 52% decrease in days lost for FY17
- Risk based decision making training developed and implemented
- Continued emphasis on employee and community safety health and wellbeing

Operational Performance

- $74.6m underlying EBITDA, up $14.7m on last year
- $70.4m underlying EBIT, up $14.3m on last year
- Underlying ROC at 26.8%, down from 28.1% at September 2016
- Leverage ratio improved to 1.8
- Interest cover ratio improved from 6.4 to 10.3
- Commenced half yearly dividends, with final fully franked dividend declared at 7.5c per share
- Additional special fully franked dividend declared at 7.5c per share

Key Relationships

- Strengthened relationships in aligned financial service providers
- Continued to work with retail key suppliers, including improved position in WA fertiliser market
- Expanded digital client offerings
- Formalised rural charitable partnerships through launch of "Elders Give It"
- Continued to engage with key agricultural research bodies

Efficiency and Growth

- Continued to drive branch efficiency improvement program
- Real Estate footprint expansion in Western Australia
- Strategic acquisition of Ace Ohlsson to enhance horticulture capability
- Drove organic growth through improving sales force performance and attracting high performers
- Further 10% acquisition of Elders Insurance and 30% of StockCo
- Structured review process of capital and cost initiatives
- Cancellation of all hybrids resulting in a simplified capital structure

Full Year Financial Performance

$ million	FY17	Change $m		Change %	FY16
Sales revenue	1,603.1	83.8	⬆	6%	1,519.3
Underlying EBITDA	74.6	14.7	⬆	25%	59.8
Underlying EBIT	70.4	14.3	⬆	25%	56.1
Underlying profit after tax	57.7	16.5	⬆	40%	41.2
Statutory profit after tax	116.0	64.4	⬆	125%	51.6
Net debt	95.3	9.2	⬆	11%	86.1
Operating cash flow	81.6	32.9	⬆	66%	48.7
Average working capital	223.1	6.8	⬆	3%	216.3
Underlying return on capital (%)	26.8%	1%	⬇	5%	28.1%
Underlying earnings per share (cents)	50.7	14.5	⬆	12%	45.4
Final dividend declared – fully franked (cents)	7.5	7.5	⬆	100%	-
Additional special dividend declared – fully franked (cents)	7.5	7.5	⬆	100%	-

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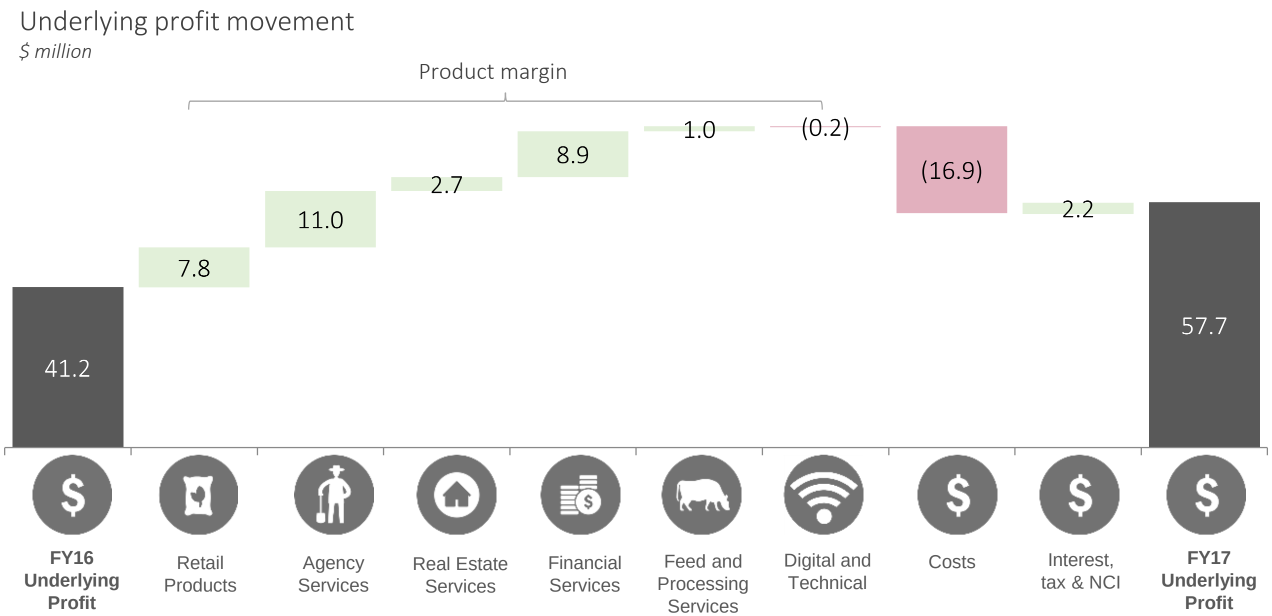
Performance by Product

Balanced growth across the portfolio



- Retail benefited from improved summer cropping conditions and geographical expansion
- Agency improved with strong cattle and sheep prices and benefit from footprint growth
- Real Estate earnings improved with increased farm land and residential property turnover
- Financial Services boosted by StockCo and Elders Insurance acquisitions
- Feed and Processing earnings improved with increased utilisation at Killara feedlot
- Higher costs to drive Eight Point Plan initiatives, including acquisitions and footprint growth, and increased variabilised incentives
- Interest expense savings resulting from lower discount expense related to provisions and improved working capital financing terms

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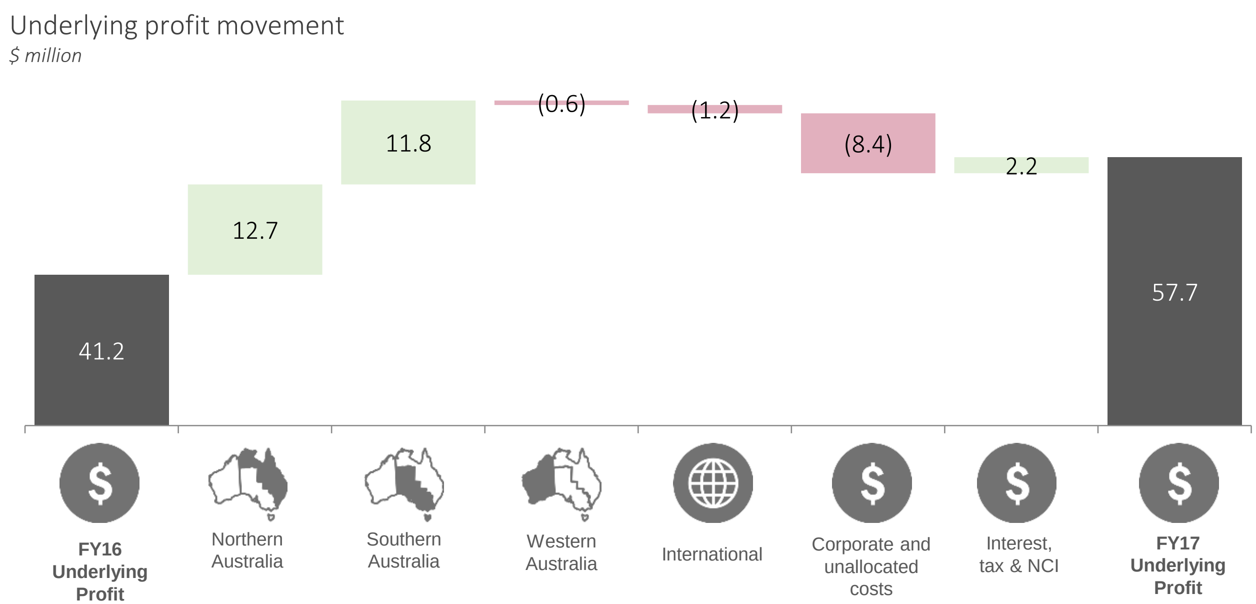
Performance by Geography

Improvement across Australian geography, headwinds for international



- Northern Australia benefitted from high cattle prices, improved summer retail performance, and upside from geographical expansion
- Southern Australia performance driven by retail improvements, along with livestock agency upside from high sheep prices and footprint expansion
- Western Australia impacted by a decline in retail earnings, offset by increased livestock and real estate agency earnings
- High input costs continue to adversely impact the International margins
- Higher corporate and unallocated costs from increased short term incentives resulting from improved profitability across the business
- Interest expense savings resulting from lower discount expense related to provisions and improved working capital financing terms

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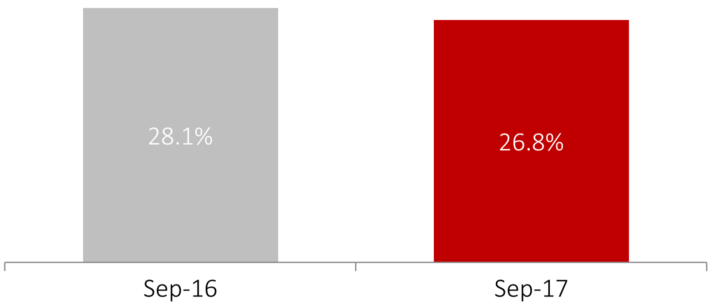
Capital Employed

Exceeded 20% return on capital target

- As expected, slight decline in return on capital:
  - Continued strong agency earnings, particularly livestock, which requires minimal working capital
  - Investment in aligned financial services providers which deliver a lower risk earnings profile
  - Stable retail earnings and capital mix

- Lower working capital balances resulting from:
  - Increased activity in Retail
  - Variability of livestock activity leading up to balance date
  - Investment in Financial Services through provision of shareholder funding to StockCo
  - Increase in utilisation at the Killara feedlot
  - Lower Live Export balances post exit

Underlying Return on Capital [1]



Working Capital

$ million	Sep-16	Sep-17		Change
Retail Products	131.3	136.8	↑	*4%*
Agency Services	40.3	19.4	↓	*52%*
Real Estate	1.1	1.6	↑	*45%*
Financial Services	(3.3)	11.4	↑	*n/m*
Feed & Processing Services	38.9	50.2	↑	*29%*
Live Export Services	17.1	-	↓	*100%*
Other	(33.7)	(39.0)	↓	*16%*
Working capital (balance date)	**191.6**	**180.5**	↓	*6%*
Working capital (average)	*216.3*	*223.1*	↑	*3%*

[1] Return on capital = Underlying EBIT / (working capital + investments + property, plant and equipment + intangibles (excluding brand name) – provisions (excluding forestry related))

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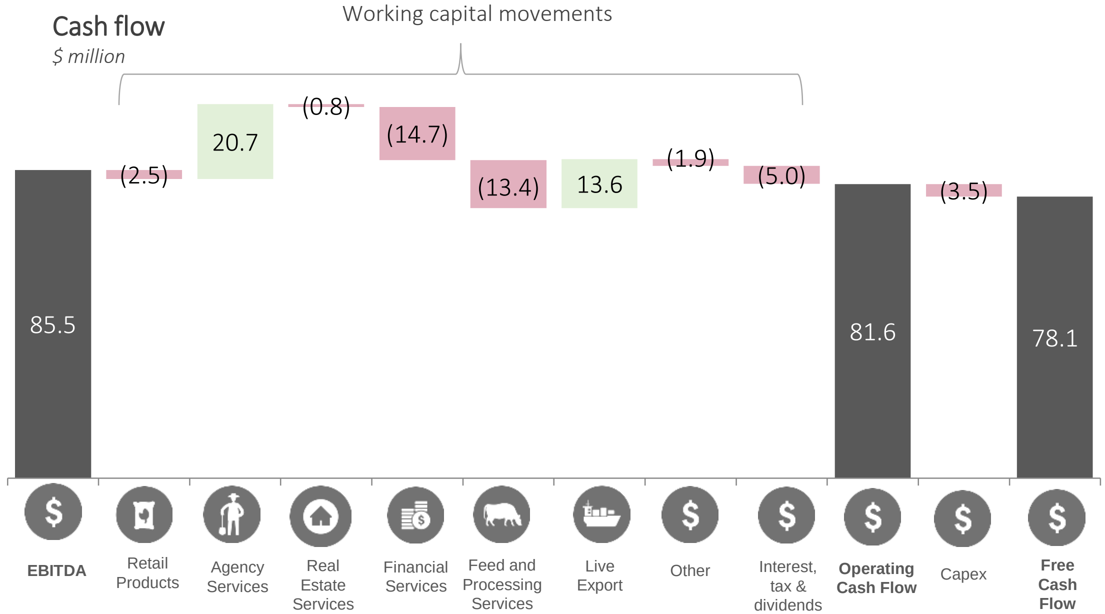
Operating Cash Flow

Strong profitability driving strong cash generation

- Strong EBITDA cash conversion
- Working capital movements reflect:
  - Variability of livestock activity leading up to balance date
  - Investment in Financial Services through provision of shareholder funding to StockCo
  - Increased utilisation in the Feed and Processing feedlots
  - Reduction in Live Export working capital balance due to reduced shipping activity prior to exit



$ million	Retail Products	Agency Services	Real Estate	Financial Services	Feed & Process	Live Export	Other	Total
EBITDA adjusted	49.3	37.2	13.2	10.4	6.4	0.8	(32.0)	**85.5**
Movements in assets and liabilities	(2.5)	20.7	(0.8)	(14.7)	(13.4)	13.6	(1.9)	**1.1**
Interest, tax and dividends							(5.0)	**(5.0)**
Operating cash flow	47.0	57.9	12.4	(4.3)	(7.0)	14.5	(38.9)	**81.6**

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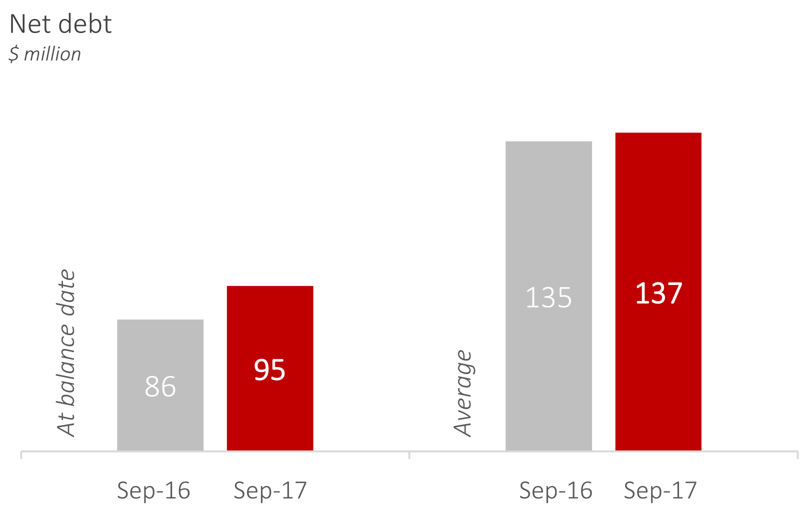
Net Debt

Improvement across all key ratios



- Increase in net debt at balance date reflects strong cash generation, offset by acquisition related cash outflows
- Average net debt steady over period
- Leverage, interest cover and gearing ratio improvement with increased profitability

Key Ratios	Sep-16	Sep-17		Change
Leverage (average net debt to EBITDA)	2.2	1.8	⬇	(0.4)
Interest cover (EBITDA to net interest)	6.4	10.3	⬆	3.9
Gearing (average net debt to closing equity)	72%	52%	⬇	20%

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Achievements FY14 to FY17

Excellent platform and processes established for further profitable growth

Organic

- ✓ Market share gained across retail, livestock and wool markets
- ✓ Branch benchmarking and improvement plan
- ✓ Implemented consignment stock and agency programs with key retail suppliers
- ✓ Improved retail supplier trading agreements – increased deferred terms and performance based target rebates
- ✓ Continued focus on retail margin improvement through price book management
- ✓ Recruited high performing retail and livestock staff in Tasmania and New South Wales regions
- ✓ Optimised Killara efficiency through two year capital improvement program

Acquisition

- ✓ Established internal business development function to evaluate opportunities to grow our business through acquisition
- ✓ Strategic acquisition of specialist horticultural operation to improve capability
- ✓ Agency footprint expansion into Southern New South Wales
- ✓ Investment in aligned financial service product providers (Insurance and Stockco)
- ✓ Real Estate expansion through strategic acquisition in Bunbury, Toowoomba, and Riverland regions
- ✓ Strong acquisition pipeline established

Cost

- ✓ Prioritised growth pipeline with appropriate support mechanisms in place to support implementation and success
- ✓ Continued efficiency gains through active cost management and improved processes and approaches
- ✓ Reallocation and reduction of unproductive costs
- ✓ Established mutually beneficial variable livestock and wool remuneration models
- ✓ Investment in the development of our leaders and people
- ✓ Exit and reallocation of cost and capital from underperforming Live Export shipping business

FY18 Outlook

Easing cattle prices expected, offset by footprint expansion and market share gains

Retail

- Dry winter conditions are likely to affect crop and pasture growth with crop production to normalise to historical averages.
- The full year benefit of acquisitions completed during the FY17 year will deliver further benefits during FY18.
- Retail will continue to pursue geographical and crop segment growth opportunities.

Agency

- Cattle prices are predicted to ease during FY18 due to livestock herd expansion and lower forecast beef export prices.
- Sheep prices expected to remain strong supported by exporter and restocker demand.
- Livestock volumes are expected to increase through continued footprint expansion and additional trading opportunities.
- Wool earnings growth in FY18 is expected with a strong pipeline of wool in store, strengthening wool prices and slow supply growth.

Real Estate Services

- Positive real estate activity driven by strong demand for large scale agricultural properties and continued low interest rates.
- Residential turnover and property management earnings will benefit from full year impact of acquisitions completed during the FY17 year, mostly in Western Australia.
- Water broking earnings will increase in line with the recent investment in employee capability.

Financial Services

- Continued momentum and growth is likely from the banking and livestock funding products.
- Insurance earnings look to increase from FY17 levels due to a full year of 20% ownership.

Feed & Processing

- Investment in infrastructure at Killara over the last two years will support sustained utilisation and efficiency levels as enjoyed in FY17.
- Higher commodity prices, in particular grain, are expected to impact profitability at Killara feedlot
- High input costs will continue to adversely impact the International operations.

Cost and Capital

- Continued focus in controlling base costs and improving productivity measures for the business.
- Investment in strategic and growth initiatives will increase cost and capital usage in FY18.

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Strategic Priorities to 2020

1 VALUES, PERFORMANCE & BRAND
To deliver our plans through a values, safety and performance based culture that optimises the iconic Elders brand and positioning

2 RETAIL PRODUCTS
To deliver profitable and capital light growth of our retail products portfolio with an enhanced customer benefit and experience

3 AGENCY SERVICES
To deliver profitable growth of the agency services portfolio through business improvement, recruitment and acquisition for our livestock and wool businesses and through focused growth of our grain business

4 REAL ESTATE SERVICES
To deliver profitable growth of the real estate services portfolio through driving business improvement, recruitment and acquisition for all real estate services

STRATEGIC INTENT:
To achieve sustainable growth in EBIT and 20% ROC by 2020, by providing value creating products and services both in Australia and internationally

5 FINANCIAL SERVICES
To deliver profitable growth of the financial services portfolio through business improvement, product development and upstream investment in our financial services businesses

6 DIGITAL & TECHNICAL SERVICES
To grow our digital and technical services, expand our knowledge of customer needs, deliver markets to customers, to enable our customers to increase productivity and leverage Elders digital capability to expand customer base and build brand

7 FEED & PROCESSING SERVICES
To deliver continuous improvement in EBIT and ROC for all businesses with active portfolio composition management

8 COST & CAPITAL EFFICIENCY & GROWTH
To deliver ongoing innovative efficiency gains through business improvement and drive sustainable growth through business development

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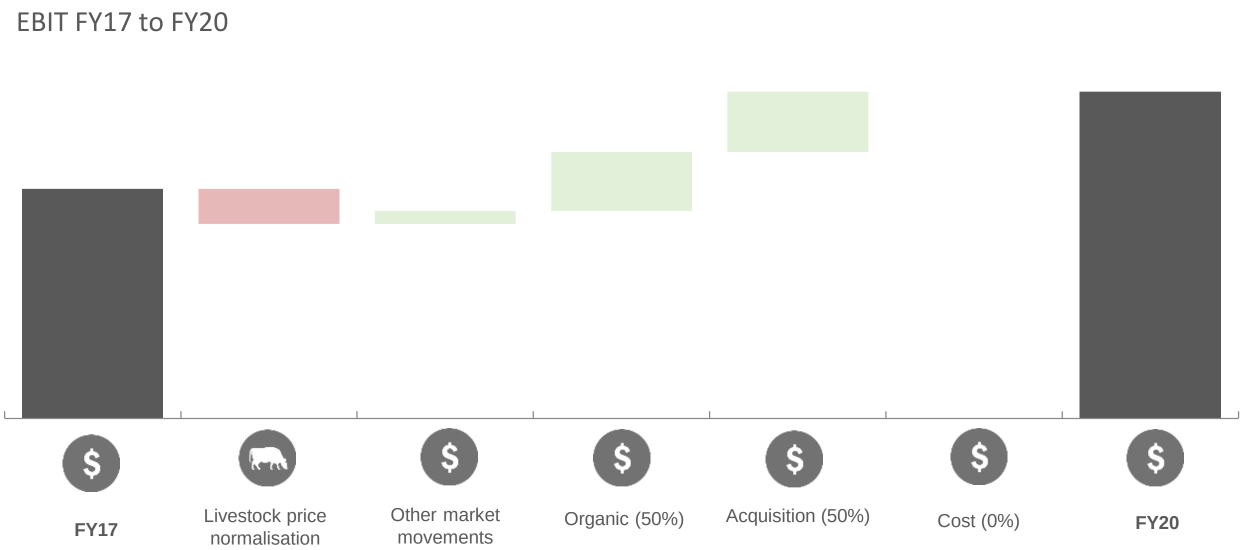
FY20 Goal

Targeting 5 – 10% p.a. quality growth through the cycles



- Livestock prices expected to ease post FY17
- Market share gains achieved in FY17 to offset livestock price movement
- EBIT improvement in the period to FY20 is anticipated to be derived from a mixture of organic and acquisition growth, underpinned by continued focus on controlling base costs to offset inflationary increases.

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Balanced growth plan to FY20

Organic 50%

- Drive continuous business improvement
- Capture growth opportunities across our product and services portfolio
- Explore opportunities to expand our offering and leverage the Elders brand into new markets to capture new clients and customers
- Continuously drive and resource values based leadership through the organisation
- Invest in the development of our leaders and people
- Build deeper understanding of our customers to deliver profitable value add products and services

Acquisition 50%

- Continue to evaluate strategically aligned opportunities to expand our business
- Identify innovative solutions to target geographical and strategic gaps
- Maintain a disciplined approach to ensure acquisitions meet required financial hurdles
- Reallocate capital from non-performing assets if financial and quality targets are not met

Maintain Cost

- Invest in resourcing to identify, integrate and support both organic and acquisition growth opportunities
- Derive efficiency gains through active cost management to offset inflationary increases
- Reallocate and reduce unproductive costs
- Develop and implement improved processes and approaches
- Maintain robust and conservative financial discipline

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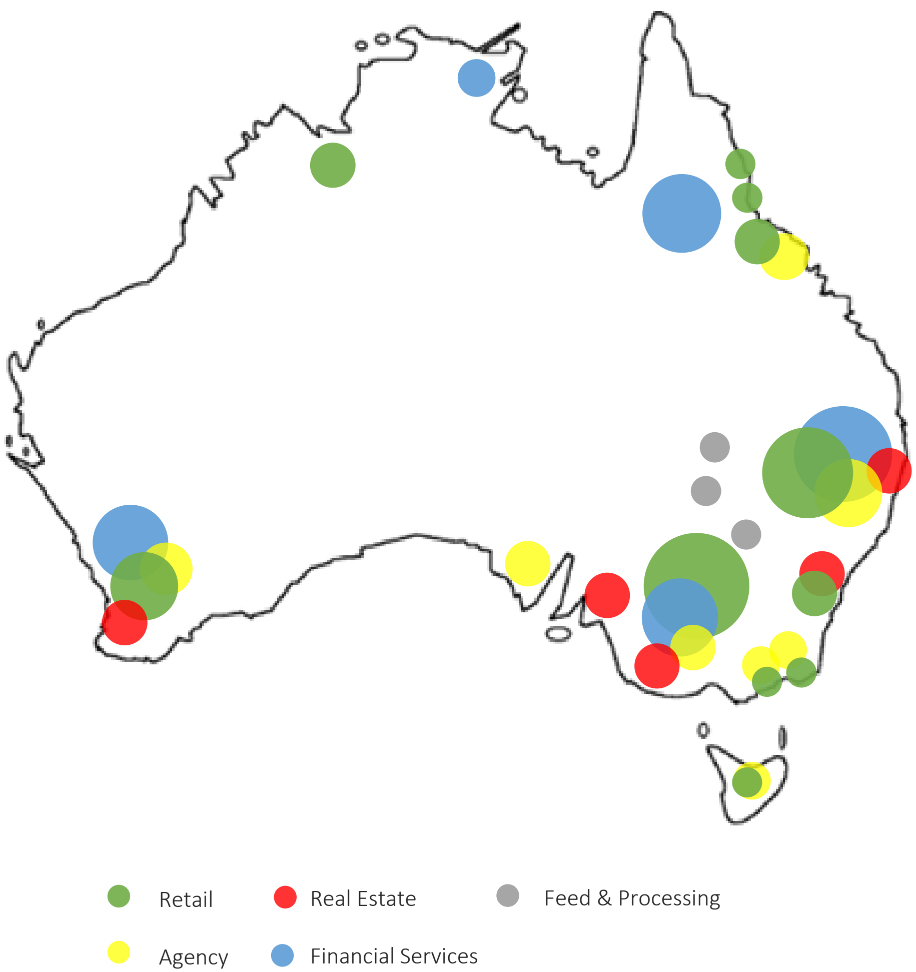
Strategic Gaps

Geared for the next wave of growth, including 20 new branches by 2020



Key gaps in product and service areas to be filled through organic growth and acquisition, with 20 new branches by 2020

Retail
- Increased market share in high value cropping areas
- Increased presence in horticulture, viticulture, and irrigated farming
- Fertiliser growth in WA through CSBP
- Increase fee for service agronomic advisory

Agency
- Increased focus on livestock production advice and dairy
- Targeted footprint and agent growth in livestock services
- Expand grain network accumulation

Real Estate
- Increase company owed presence in major regional centres

Financial Services
- Increase productivity and coverage of agri-finance staff
- Growth in insurance gross written premiums
- Growth in StockCo livestock product

Feed and Processing
- Controlled growth in feedlot throughput

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APPENDIX

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Business Model

Retail Products

- Farm Supplies
- Fertiliser

$1.1b retail sales	
718k tonnes fertiliser	

Agency Services

- Livestock
- Wool
- Grain

9.0m head sheep	
1.5m head cattle	
349k wool bales	
0.2m grain tonnes	

Real Estate Services

- Farmland
- Residential
- Property Management
- Franchise

$1b Farmland sales	
$670m Residential sales	
8,291 Properties under management	
130 franchisees	

Financial Services

- Agri Finance
- Insurance

$2.8b loan book *	
$1.6b deposit book *	
$78m StockCo book *	
$654m gross written premium *	

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

Digital & Technical Services

- Fee for Service
- Auctions Plus (50%)
- Elders Weather

Auctions Plus	731k head sheep 104k head cattle
Elders Weather	182.4m hits

Feed & Processing Services

- Killara Feedlot
- Elders Indonesia
- Elders China

Killara	52k head
Indonesia	18k head
China	$13.0m sales

Based on FY17 full year statistics

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Business Segmentation

$ million	Northern Australia	Southern Australia	Western Australia	Int'l Geographies	Digital & Technical	FY17 Margin	Average Working Capital
Retail Products	Farm Supplies and Fertiliser					**134.0**	**159.1**
Agency Services	Livestock, Wool, and Grain					**122.4**	**33.1**
Real Estate Services	Farmland, Residential, Property Management, Franchise					**31.9**	**1.6**
Financial Services	Agri Finance, Insurance and Financial Planning					**35.1**	**7.4**
Feed & Processing Services	Killara Feedlot			Indonesia China		**15.5**	**49.9**
Digital & Technical					Elders Weather	**0.6**	**-**
FY17 Margin	**131.1**	**145.9**	**58.3**	**3.5**	**0.6**	**339.5**	

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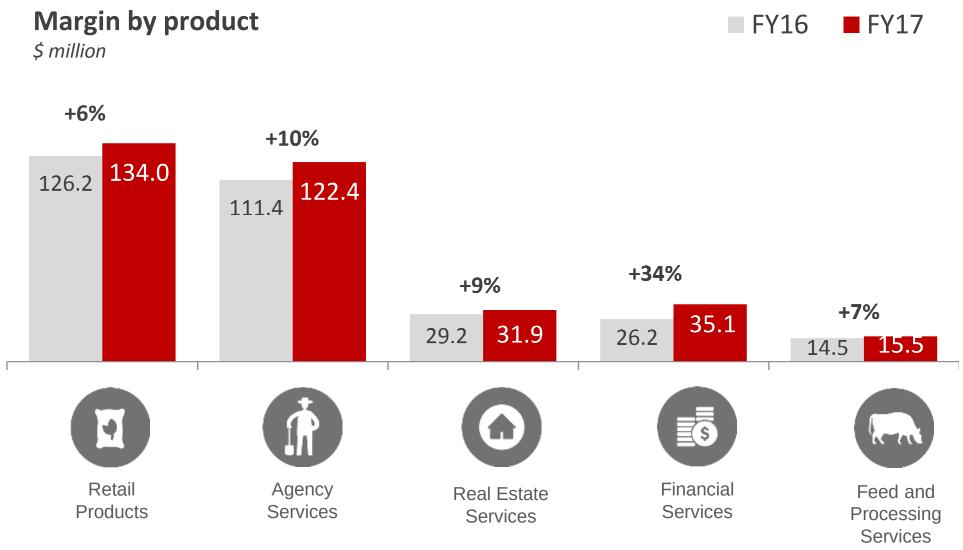
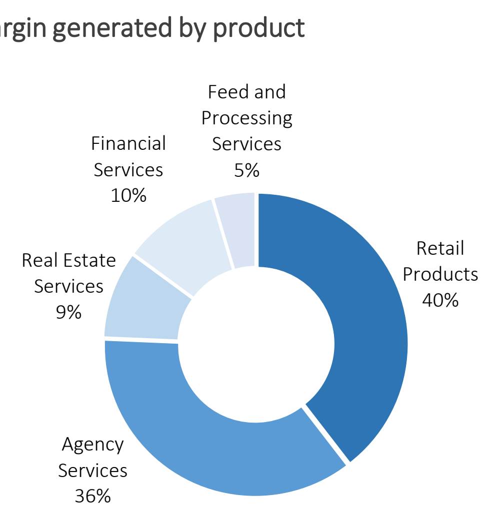
Business Performance by Product





- **Retail:** Benefited from improved summer cropping conditions and geographical expansion
- **Agency:** Continued strong livestock prices and benefit from footprint growth
- **Real Estate:** Earnings improved with high farm land and residential property turnover
- **Financial Services:** Margin boosted by StockCo and Elders Insurance acquisitions
- **Feed and Processing:** Earnings improved with increased utilisation at Killara feedlot

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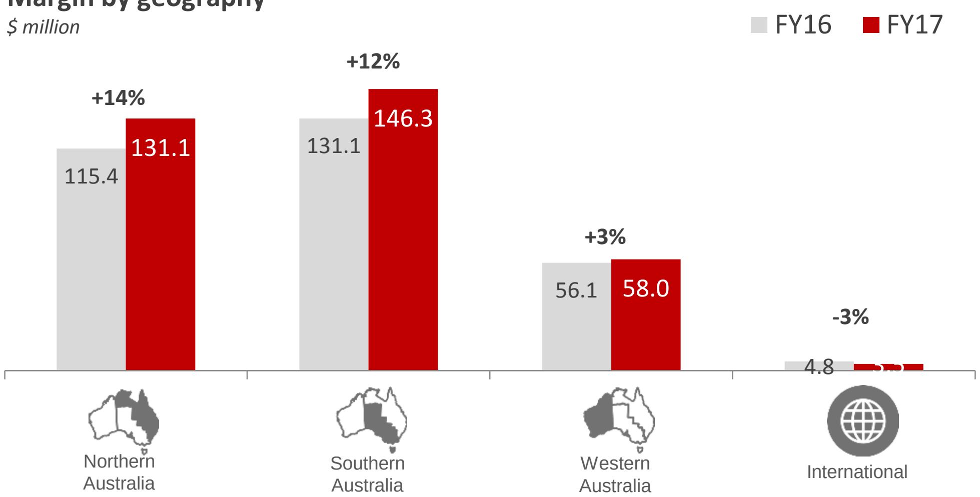
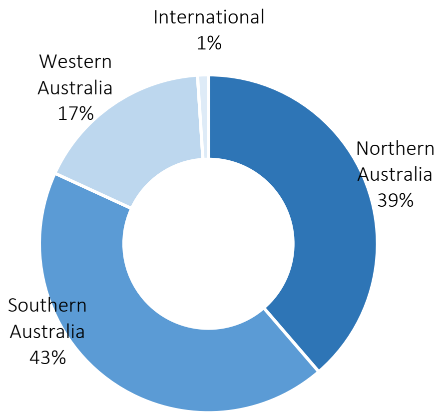
Business Performance by Geography

Margin by geography
$ million



Margin generated by geography



- **Northern Australia:** Benefitted from high cattle prices, improved summer retail performance, and upside from geographical expansion
- **Southern Australia:** Performance driven by retail improvements, along with livestock agency upside from both high cattle prices and footprint expansion
- **Western Australia:** Impacted by a decline in retail earnings, offset by increased livestock and real estate agency earn
- **International:** High input costs continue to adversely impact the International margins

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Profit Sensitivity

Underlying EBITDA

$(10m)	$(7.5m)	$(5m)	$(2.5m)	EBITDA	+$2.5m	+$5m	+$7.5m	+$10m

Driver				
Sheep price	-$20	-$10	+$10	+$20
Cattle price	-$100	-$50	+$50	+$100
Sheep volume	-1m head	-500k head	+500k head	+1m head
Cattle volume	-200k head	-100k head	+100k head	+200k head
Retail sales	-$50m	-$25m	+$25m	+$50m
Retail GM%	-100bps	-50bps	+50bps	+100bps
AgChem GM%	-200bps	-100bps	+100bps	+200bps
Fertiliser GM%	-200bps	-100bps	+100bps	+200bps
Killara utilisation %	-20%	-10%	+10%	+20%
SG&A Costs (excluding Depreciation and Amortisation)	-2%	-1%	+1%	+2%

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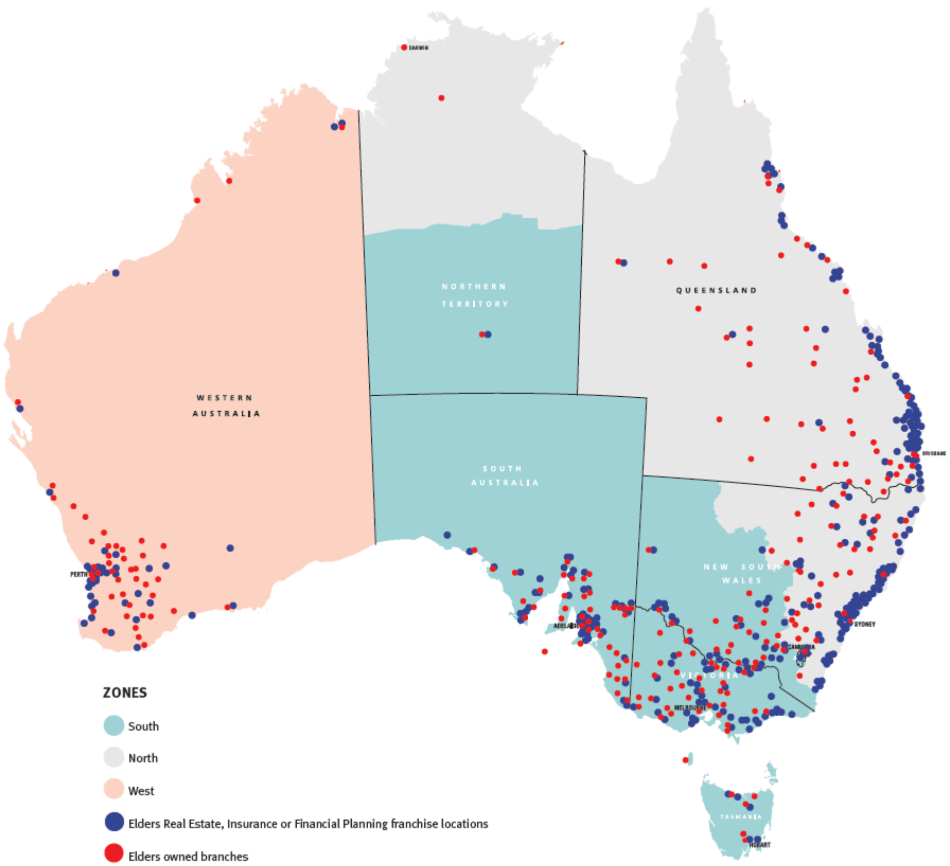
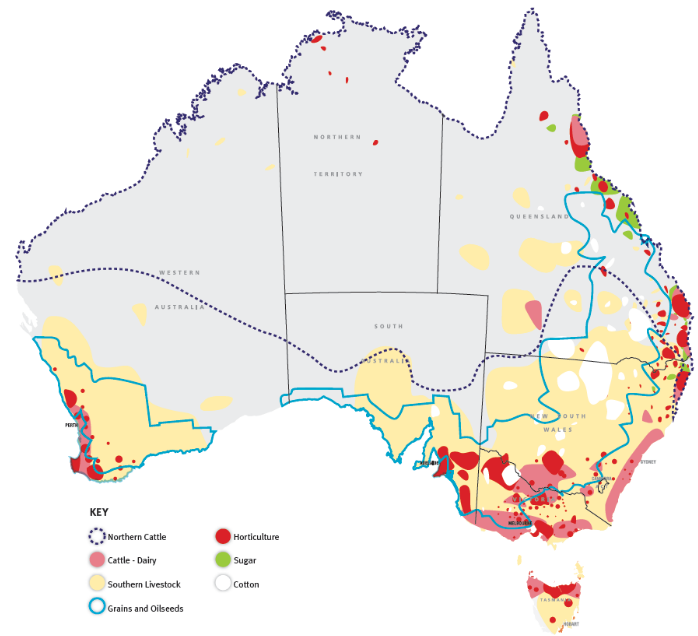
Points of Presence





- 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
- Targeted expansion of footprint through recruitment and acquisition

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MARKET FORCES

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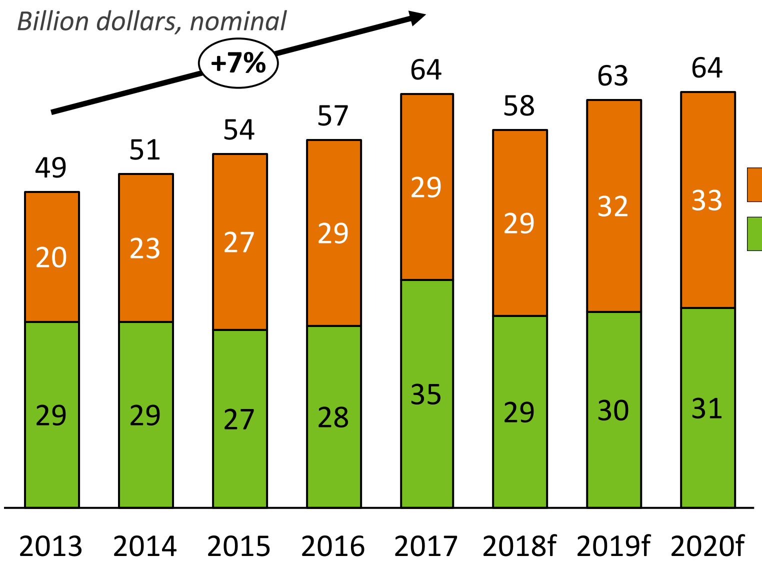
Outlook summary

- The value of Australia's agricultural sector increased by 12% to a high of $63.7 billion in 2016-17 with record winter crop production and relatively high prices for livestock and livestock products. This is expected to retreat to $58.2 billion (-9%) with lower winter crop production in 2017-18.
- Australia's farm exports are forecast to be $45.2 billion in 2017-18, a decrease of 8% on 2016-2017. The forecast decrease is predominantly driven by fall in crop volume of wheat, barley, canola and chickpeas with drier and warmer than average seasonal conditions.

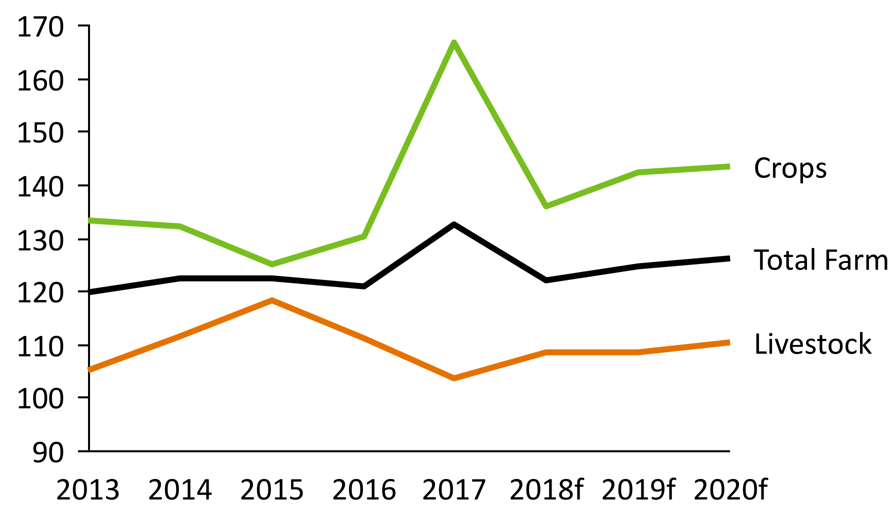
Gross value of Australian farm production

Billion dollars, nominal



Gross volume of Australian farm production

Index (reference year 1997-98 = 100)



Source: ABARES Agricultural Commodities Outlook, September 2017

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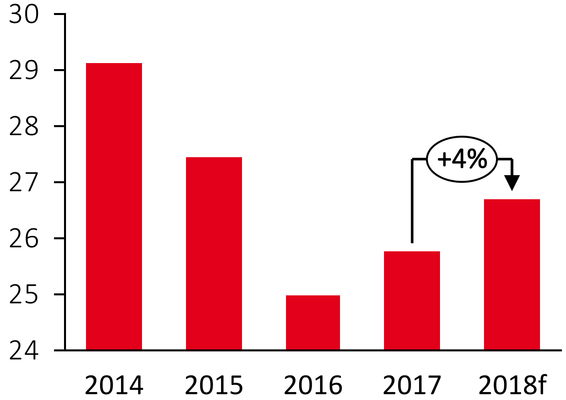
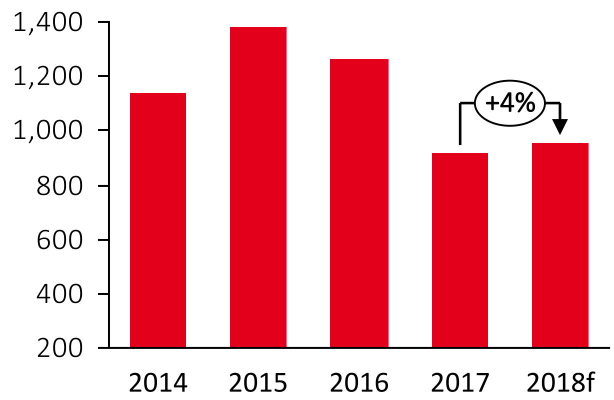
Cattle

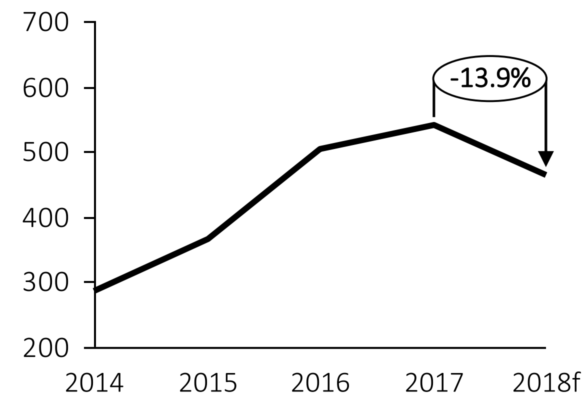
Cattle herd
Million heads



Live cattle exports
Thousand heads



Weighted average saleyard price
Ac/kg dressed weight



- The Australian cattle herd remains historically low at circa 26 million however is expected to increase by around 4% to 27 million by the end of 2018, the second consecutive year of herd expansion.
- Continued herd expansion will be reliant on favourable seasonal conditions, particularly across New South Wales and Queensland.
- Beef production is expected to increase by around 5% in 2018 due to increased turn off out of Queensland and higher carcass weights, with a record number of cattle on feed.

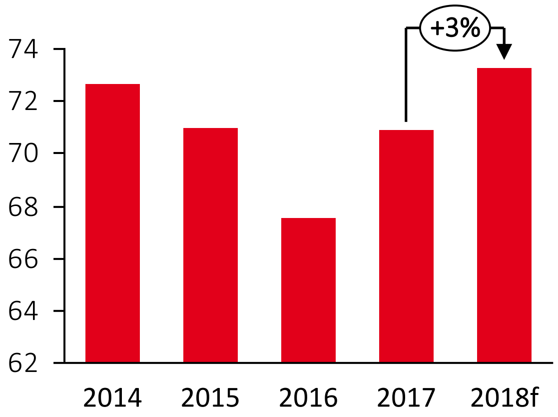
- The value of live cattle exports is expected to remain flat with the increase in volumes being offset by a reduction in price from last year's record average of $1,260 per head.
- Live cattle export volumes are expected to rise by around 4% in 2018 driven by stronger export demand from the major markets of Indonesia and Vietnam and the opening up of the China market.

- Cattle prices are expected to fall in 2018 driven largely by weaker export demand (principally Japan) and strong export competition from United States.
- Re-stocker demand is expected to continue which will maintain price levels to a point. Unfavourable seasonal conditions will see re-stocker demand wane.

Source: ABARES Agricultural Commodities Outlook, September 2017

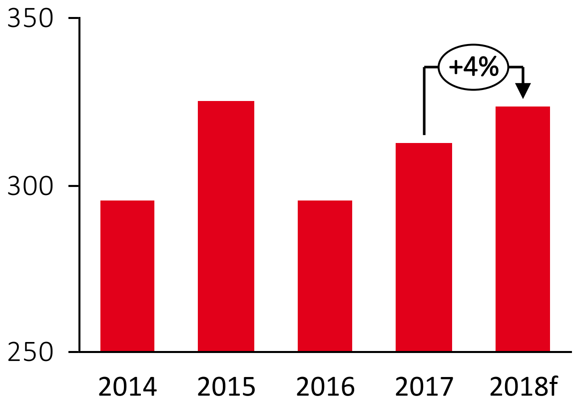
Sheep and wool

National sheep flock
Million heads



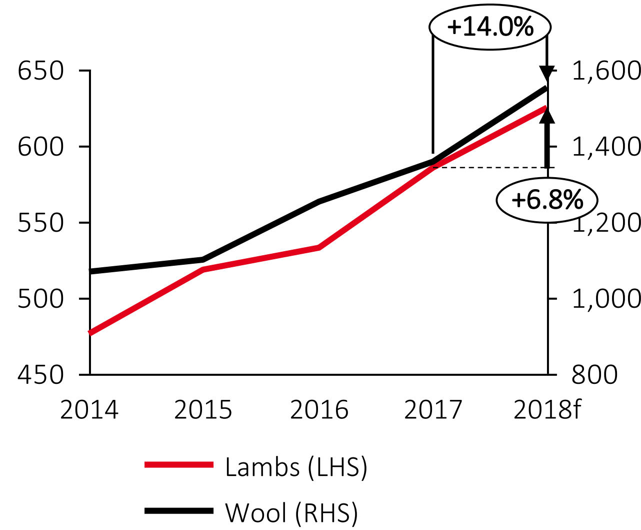
- Improved seasonal conditions across most of the sheep growing areas of Australia led to a national flock rebuild of around 5% in 2017.
- The national sheep flock is expected to increase by a further 3% in 2018 to around 73 million head. Unfavourable seasonal conditions will stifle any flock rebuild.

Shorn wool production
Thousand tonnes greasy



- Wool production is forecast to increase by around 4% on the previous year with lower cuts (due to poorer seasonal conditions) being offset by an increase in the number of sheep shorn.
- Over the medium term, growth in the number a sheep shorn is expected to grow with shorn wool production projected to reach 378kt greasy by 2019-20.

NTLI and EMI
Ac/kg cwt *Ac/kg clean*



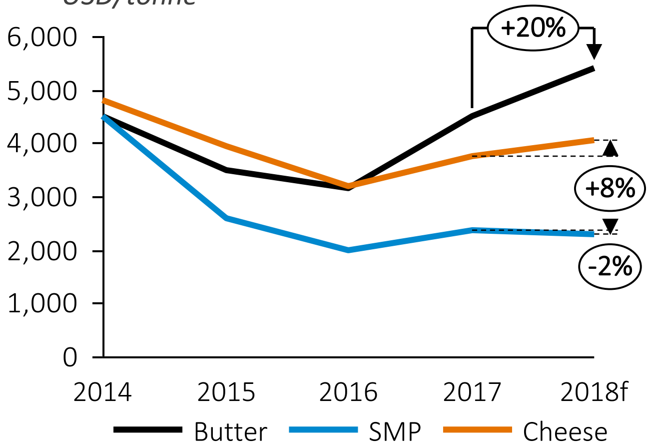
- Sheep and lamb prices are expected to remain strong in 2018 underpinned by firm lamb export demand and domestic re-stocker demand.
- After a strong 2016-17, the EMI is forecast to rise a further 10% in 2017-18, supported by moderate growth in export demand, particularly for fine apparel wool, largely driven by China.

Source: ABARES Agricultural Commodities Outlook, September 2017

Dairy

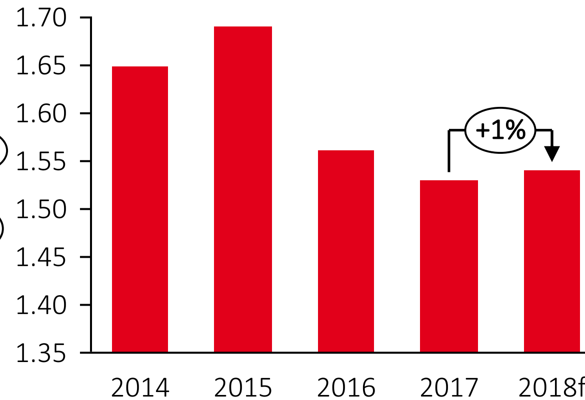
Global dairy prices

USD/tonne



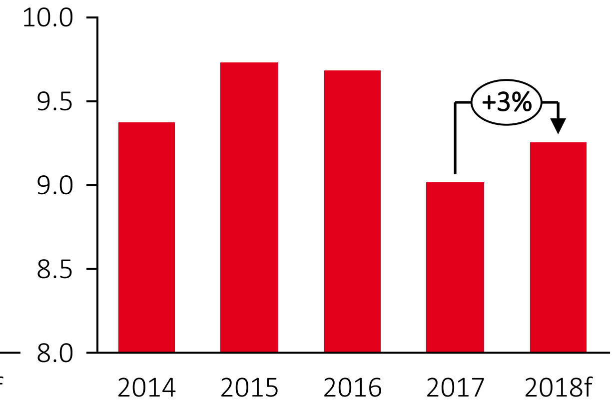
Australian dairy herd

Million heads



Australian milk production

Million litres



- Global prices for dairy commodities, apart from skim milk, are projected to rise in 2017-18 in response to higher global demand.
- Russian Federation embargo on dairy products from the European Union have been extended to the end of 2018, softening the increase in prices.

- Australian herd numbers are expected to increase in 2017-18 by 1%, reflecting an expected rise in farm-gate milk prices.
- Over the medium term, a recovery in the dairy herd is projected, along with an improvement in milk yields, reflecting the continued shift towards low-cost grain and concentrate feeds, particularly in Victoria and Tasmania.

- Milk production is forecast to recover, reflecting increased milk yields and some herd rebuilding.
- Input prices for water, fertiliser and fodder are expected to remain relatively low.

Source: ABARES Agricultural Commodities Outlook, September 2017

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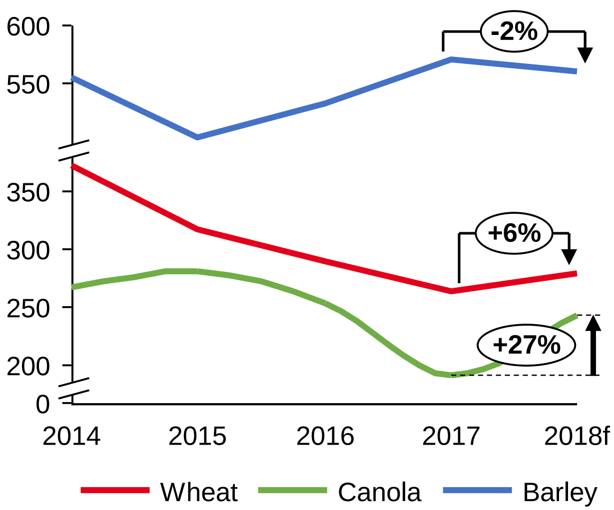
Grains, Oilseeds and Pulses

Prices

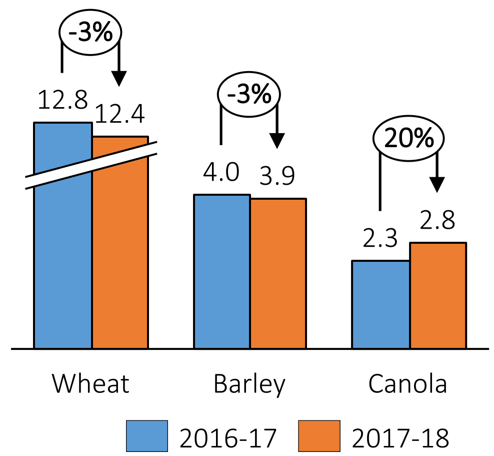
A$/tonne



- Global wheat indicator price is forecast to increase by 9% in 2017-18, driven by a forecast fall in world supplies of hard, high-quality wheat with declines in Australian, Canadian and US production.
- World coarse grain (barley and corn) prices are forecast to increase in 2017-18 but remain historically low, reflecting plentiful world grain stocks.
- World oilseed prices are forecast to fall in 2017-18 because of high carry-over stocks and forecast high production.

Planted Area

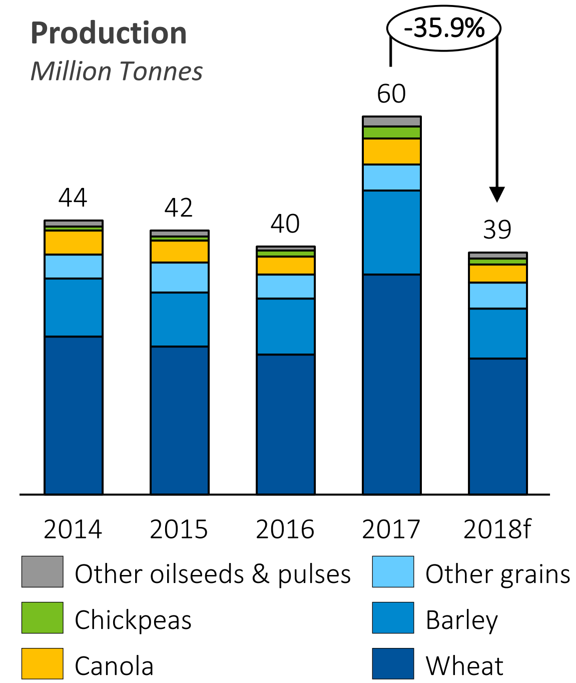
Thousand hectares



- Planted area for wheat and barley are expected to fall in 2017-18 with crops suffering severe moisture stress in most of Australia apart from Victoria.
- Conversely, the area planted for canola and chickpeas is expected to increase in 2017-18, due to favourable expected returns compared with wheat, oats and barley.

Production

Million Tonnes



- Production of wheat and barley is expected to decrease by c40% in 2017-18 following the predicted decline in plantings and shift towards pulses, and a return to average yields with dry conditions following the record highs achieved in 2016-17.
- Despite the predicted increase in plantings, canola production is expected to decrease 11% in 2017-18 due to lower yields.

Source: ABARES Agricultural Commodities Outlook, September 2017

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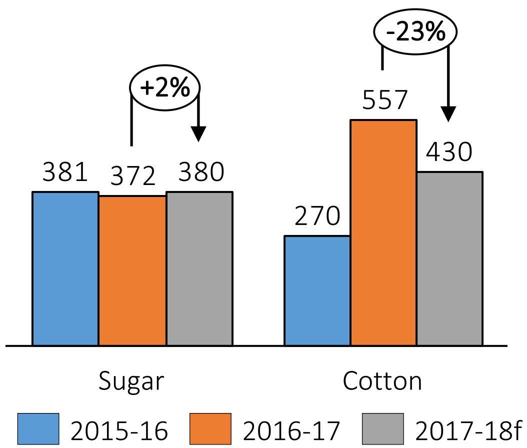
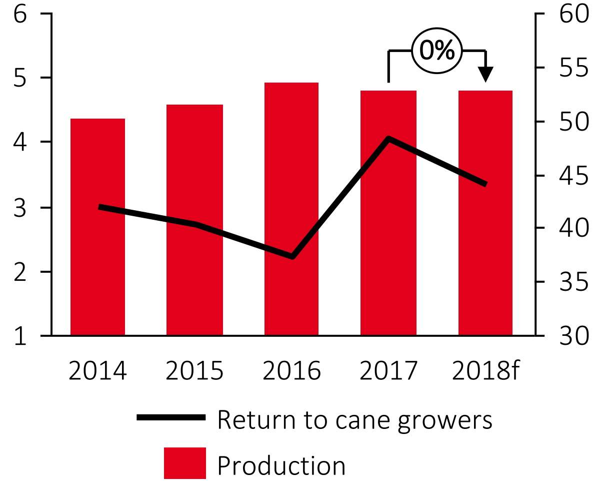
Sugar and cotton

Planted Area
Thousand hectares



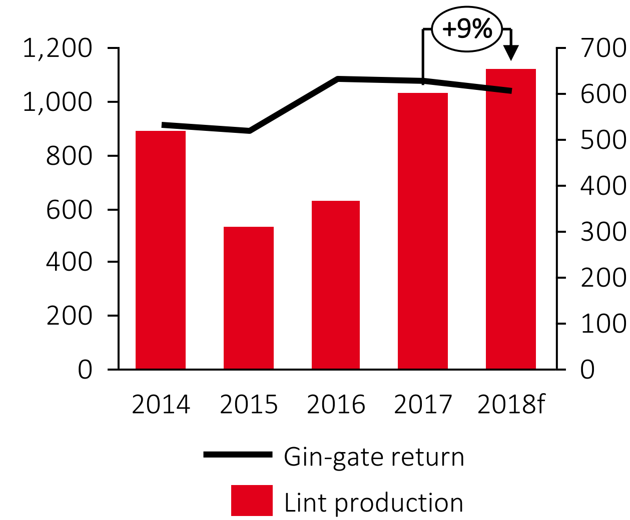
- The planted area for sugar in 2017-18 is expected to remain largely unchanged from 2016-17.
- The planted area to cotton is forecast to fall by 23%, mainly due to a 73% decline in dryland cotton plantings, in response to low levels of soil moisture. Irrigated cotton areas is forecast to rise by 7% as a result of an increase in the supply of irrigation water and favourable returns compared to alternative crops.

Sugar production & cane grower returns
Thousand tonnes *A$/tonne (Nominal)*



- Sugar production is projected to be unchanged from last year.
- Returns to cane growers are projected to decrease by 8% in 2017-18, largely reflecting the increased world supply.

Cotton production & gin-gate return
Thousand tonnes *A$/bale (Nominal)*



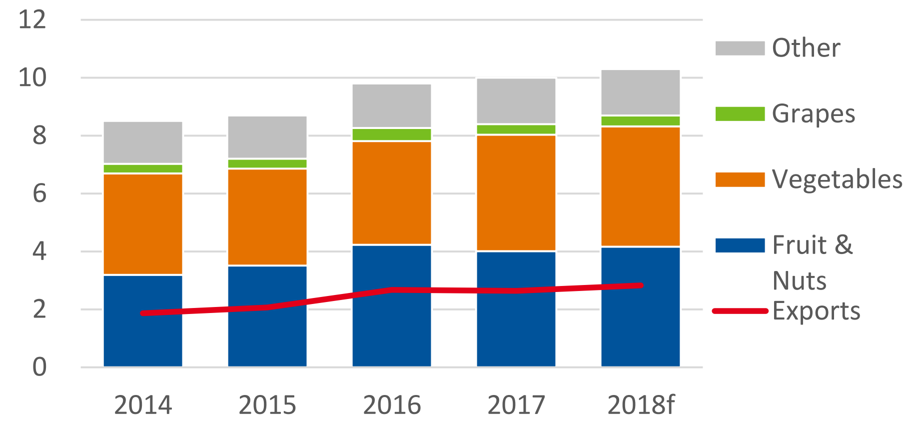
- Cotton production is forecast to rise by 2% in 2017-18 to 0.96mt, reflecting higher average yield offset by decline in planted area. Average yield is forecast to increase because of an expected rise in the share of area planted to irrigated cotton, which has higher yields than dryland cotton.
- Returns to cotton growers are projected to marginally decrease (-3%) from record highs to $605/bale in 2017-18, reflecting lower world cotton prices.

Source: ABARES Agricultural Commodities Outlook, September 2017

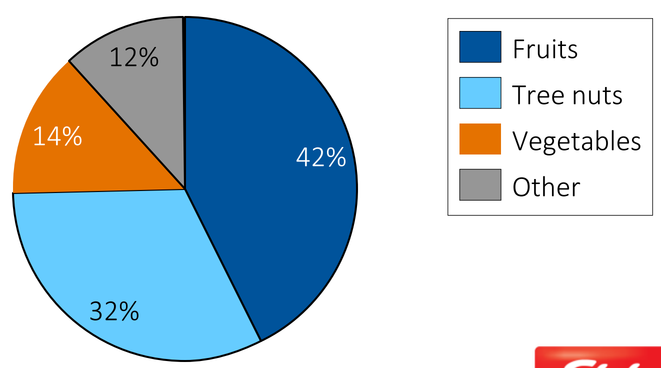
Horticulture

- The gross value of horticulture production is projected to increase from $10 billion in 2016-17 to $10.3 billion in 2017-18, underpinned by growing domestic demand for fresh produce and favourable export opportunities.
- Generally positive conditions for irrigated producers with close to full high security water allocated along the Murrumbidgee and Murray catchment areas. General security water allocation for Murrumbidgee is expected to be lower with drier conditions forecasted.
- China will continue to be the largest export market for Australia. Trade agreements with China, Japan and Korea reducing tariffs on several horticultural products has increased Australian competitiveness.
- Fruit exports are projected to rise over the medium term with improved export opportunities continuing to encourage production.
- Production from Australian tree nuts has grown strongly, and planted area expected to increase by 26% by 2021 compared to 2016 with strong returns expected compared to other crops.
- Vegetable production is expected to increase over the projection period, reflecting growth in onions, potatoes and tomatoes.

Gross Value of Horticulture Production
$ billion, 2016-17



Australia Horticulture Exports
By value, 2016-17



Source: ABARES Agricultural Commodities Outlook, September 2017

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