



Monday, 12 November 2018

2018 full year financial results and highlights

- **Underlying net profit after tax of \$63.7m, up 9% (+ \$5.3m) from the pcp**
- **Underlying EBIT of \$74.6m, up 5% (+ \$3.6m) from pcp**
- **Underlying return on capital of 24.2%**
- **Statutory net profit after tax of \$71.6m**
- **Operating cash outflow of \$12.1m for the year**
- **Fully Franked final dividend of 9.0 cents per share declared**

Elders Limited (ASX:ELD) today released its results for the 12 months to 30 September 2018, continuing to deliver on its Eight Point Plan initiatives including improved underlying profit and above target return on capital. Elders also announced a fully franked final dividend of 9 cents per share.

Statutory net profit after tax of \$71.6 million compares with a \$116 million profit in the prior corresponding period (FY17 statutory profit included brand name impairment reversals of \$38.3 million). Underlying net profit has improved by \$5.3 million to \$63.7 million compared to the previous year.

Underlying earnings before interest and tax (EBIT) of \$74.6 million were driven by continued strong performance in the Retail business from acquisition growth, notwithstanding dry winter cropping conditions.

Operating cash outflow of \$12.1 million, compared to an inflow of \$81.5 million last year, reflected higher Retail debtors driven by strong sales late in the season and delay of receipts due to public holidays over the year end. Additionally, dry conditions meant that inventory levels increased in certain areas.

Average net debt rose by \$24 million to \$161 million at September 2018 in line with both business growth and increased investment activity during the year.

Elders' Chief Executive Officer and Managing Director, Mark Allison, said that in FY18 the Company continued its commitment to its strategic priorities and resolve to realise the objective of on-going, continuous growth as set out in the Eight Point Plan.

"Since 2014, the Eight Point Plan has provided clear, consistent direction. It identifies sustainable competitive advantages as a pure-play agribusiness, by product and geography, and anchors our future growth and development on these advantages."

"In FY18, overall the Retail business posted a \$14.5 million margin improvement, contributed by acquisition growth in horticulture and organic growth in Southern Australia. Agency was down \$3.4 million with declining cattle prices having an impact on margin, which was partially offset by solid wool performance and increased sheep trading volumes."



“Real Estate margin improved by \$1.7 million to \$33.6 million with the increase from footprint expansion offset by subdued activity in key residential markets.”

“Elders’ Financial Services earnings were boosted by acquisitions and organic growth in loan book balances, rising from \$35.1 million in FY17 to \$38.3 million this reporting period.”

“The Feed and Processing margin increased across all business units, with Killara feedlot continuing to perform due to high utilisation levels driving efficiencies in cattle performance.”

“Costs increased by \$13.8 million to \$280.4 million to drive Eight Point Plan initiatives, including acquisition and organic footprint growth.”

“The Agency footprint expanded with the acquisition of Kerr & Co Livestock in December 2017, and the Retail business completed the acquisition of TitanAg which extends Elders’ participation in the supply chain for quality agricultural chemicals,” Mr Allison said.

Based on the historical performance of TitanAg, Elders expects it will generate annualised additional EBIT of approximately \$7 million in FY19 and beyond.

Mr Allison said Elders continues to strive for an injury free workplace through risk based decision making, training and development, and a continued emphasis on employee and community safety, health and wellbeing.

“In 2018, our lost time injuries (LTIs) were five, down from six last year, however our target is zero.”

The Company’s return on capital continues to be above the 20% target, at 24.2% for the year with continued strong performance in Livestock and incremental improvement year on year in Retail.

“It is evident that our people wear the pink shirt with pride in each of the communities in which we operate and I thank each and every one of our employees for their dedication throughout FY18.”

“Looking ahead to 2020 and beyond, we will continue to demonstrate our strength in portfolio management, geographical segmenting, our core products, innovation, our commitment to Australian agribusiness and our clients.”

ENDS

Further information

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Media enquiries

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Conference call and presentation

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



Conference call

10.00am (AEST) Monday, 12 November 2018

Phone: 1800 908 299

Quote conference ID: 474209

Webcast slide presentation

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

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