



Thursday, 17 December 2020

## 2020 AGM Chair's Address

Attached is a copy of the Chair's Address to the Elders Limited 2020 Annual General Meeting being held virtually today.

**Further Information:**

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The agricultural sector has withstood remarkable obstacles in a year full of volatility; from extreme weather and natural disasters to the COVID-19 pandemic. Yet throughout, agriculture has emerged more resilient and continued to perform strongly. As has Elders.

FY20 saw Elders close out our second Eight Point Plan, delivering consistent financial returns through the agricultural cycles and highlighting our advantage of being a pure play agribusiness.

This year's results highlight the resilience of our business, the benefits of our diversification across both geographies and products, and our acquisition strategy.

In FY20, we recorded an underlying after-tax profit of \$107.7 million which significantly exceeded the results of FY19 on both an absolute and an Earnings Per Share (EPS) basis.

We are particularly proud of these results given they were achieved despite ongoing drought and bushfires in the first half of the year and without any government assistance in the form of JobKeeper or other COVID-19 support measures.

Your Managing Director and Chief Executive Officer, Mark Allison, will go into more detail of our operational achievements in his address, however from your Board's perspective, the results demonstrate the resilience of the Elders' business model.

A key focus of your Board is to maximise returns to shareholders, and I'm pleased to report the Board has announced a final, fully-franked dividend of 13 cents per share, taking the full-year dividend to 22 cents.

Our number one priority at Elders is the safety of our people, and this has been even more vital in a year filled with health and safety challenges. Mark Allison will address this in more detail, but I must reiterate the Board's strong support for organisational safety initiatives such as the Elders' Safety 7 Plan, our new safety and risk reporting tools, and the way we have committed to ensuring our operations and workplaces remain COVID-safe.



Elders response to COVID-19 has been a “safety first” programme aimed at keeping our employees, customers, contractors and other stakeholders as protected from COVID-19 infection in the workplace as possible.

While COVID-19 has introduced significant uncertainty, both globally and domestically, its impacts on Elders in FY20 were limited to short term impacts. These included chemical supply chains, wool supply chains, and livestock supply chains. Other impacts include real estate transactions and cross border activities caused by regulation directed at limiting social mobility.

In aggregate, however, these impacts were not material to Elders’ financial performance and have meant, amongst other things, that we did not need to apply for JobKeeper assistance.

Given the uncertainty caused by COVID-19, Elders chose in May of this year to secure from its financiers an additional 2 year, \$50 million working capital facility, and an increased committed limit of its debtor securitisation programme with an additional 12-month extension. Elders has since chosen to terminate the COVID-19 facility as it is now surplus to requirements.

Moving to remuneration.

Last year we received a first strike against the Remuneration Report at the 2019 AGM. The feedback received from major shareholders and proxy advisors indicated this was largely due to our calculation and payment of one element of the FY17 Long-Term Incentive grant that vested in FY19, being the Earnings per Share measure.

Your Board spent significant time in 2020 reflecting on improvements to remuneration arrangements and outcomes so that shareholder concerns could be thoroughly addressed.

The Board completed a comprehensive review of executive remuneration practices with a focus on the remuneration strategy, frameworks, governance and decision-making



processes. As part of the review, the Board also consulted with shareholder advisory groups and major shareholders.

As a result, the Board has made several changes to our Executive remuneration framework for FY21 that are detailed in the FY20 Annual Report.

Last year, I committed Elders to matching the best governance and sustainability standards practised by top Australian listed businesses.

Our disclosure of matters relating to sustainability were not considered best practice. I am pleased we have taken initial steps to achieving this and have published our first Sustainability Report in this year's Annual Report.

The report provides transparent and accountable measures of Elders' actions and performance on material topics during the year and addresses a range of important topics from community impact and investment to climate change, health and safety, animal welfare and corporate governance.

The results show our commitment to farmers and communities, keeping people safe and investing in the industry's future.

I am proud to highlight, in FY20, we contributed over \$1.5 million in donations and sponsorships to local community groups, industry innovation, health and wellbeing and grassroots sporting teams and events. This is just the start and we need and intend to do more.

In 2019, we spoke of strengthening the depth and breadth of skills, knowledge and experience on our board. To that end, we welcomed Matthew Quinn as a Non-Executive Director in February.

You will have the opportunity to hear from both Diana Eilert and Matthew Quinn in Items 3 and 4 of today's meeting as we address their re-election and election, respectively.



The next period for Elders will be guided by our third Eight Point Plan which takes us through to 2023.

As with the previous two Eight Point Plans, the third outlines how we will achieve our ambition of delivering consistent and compelling shareholder returns through the agricultural cycles.

In this third plan we have also introduced two new stated ambitions – to be the most trusted agribusiness brand in rural and regional Australia, and to deliver authentic and industry leading sustainability outcomes.

The strategy will position us to achieve our goals. I have no doubt that the Elders team will again deliver admirably.

Finally, on behalf of the Board, thank you to our over 2,100 people who continue to go above and beyond for our clients and our company. You have adapted admirably to the COVID-19 situation, finding new ways of working and keeping each other safe. And in times of crisis you have been there for your clients and your communities. This was evident during the summer of bushfires, where Elders people fought fires, mended fences, fed livestock and provided a shoulder to lean on for so many.

I would also like to thank my fellow Directors for their support and input. And of course, thank you to our shareholders for your continued support.