



Monday, 11 November 2019

2019 Full Year Financial Results and Highlights

Elders has delivered a strong financial result, meeting guidance for FY19 while continuing to invest in growth initiatives

- **Statutory net profit after tax of \$68.9m**
- **Underlying net profit after tax of \$63.6m, consistent with pcp**
- **Underlying EBIT of \$73.7, down 1% (- \$0.8m) from pcp**
- **Underlying return on capital of 18.2%**
- **Operating cash flow of \$11.2m for the year**
- **Fully franked final dividend of 9 cents per share declared**
- **Business development and improvement initiatives to drive solid growth in FY20**

Australian agribusiness Elders Limited (ASX:ELD) today released its results for the 12 months to September 2019, highlighting the resilience of the Company's business model in the face of difficult trading conditions for many of Elders' customers. Elders also announced a fully franked final dividend of 9 cents per share.

The result reaffirms that the Company's strategic Eight Point Plan is on track to deliver 5-10% earnings before interest and tax (EBIT) growth through the agricultural cycle to 2020.

Statutory profit after tax of \$68.9m compared to \$71.6m in the previous year. Underlying earnings before interest and tax (EBIT) was \$73.7m, marginally lower than the prior year's result of \$74.5m.

Underlying net profit after tax of \$63.6m was in line with the prior corresponding period, with earnings from recent acquisitions offsetting the impact of reduced summer cropping and lower wool volumes.

Return on capital (ROC) of 18.2% was below Elders' 20% target, although almost twice our weighted average cost of capital. Increased earnings came from acquisitions including Titan and Livestock in Transit (LIT) delivery warranty products offset by lower wool volumes and reduced summer cropping inputs.

The fully franked final dividend of 9 cents per share takes the full-year payout to 18 cents fully franked, in line with the previous year. Elders has an active dividend reinvestment plan (DRP) in which shareholders can elect to participate.

Elders' Chief Executive Officer and Managing Director, Mark Allison, said while customers in many parts of eastern Australia were facing tough conditions, the FY19 result highlighted the benefits of Elders' multifaceted diversification.



“Since 2014, the direction set by our two strategic Eight Point Plans has delivered sustainable and high-quality earnings growth through the full agricultural cycle.”

“Under the first Eight Point Plan we reshaped the cost and capital base of the business to ensure that we could deliver good results in bad seasons for our shareholders. During the second Eight Point Plan, we have been focussed on the management of our portfolio to ensure optimum diversification through product and service, business model, geography, and now with the AIRR acquisition through channel to market.”

“Our results in FY19 showed the benefits of pursuing acquisitions that meet our strict investment criteria. Both TitanAg and our Livestock in Transit products are generating increased earnings, helping offset lower margins in our retail business from reduced summer cropping, and the impact of lower wool volumes on our agency business.”

“A new Rural Bank distribution agreement will generate a stable income stream exceeding \$10m per annum during its term, while enhancing our ability to provide our customers with high-quality banking services.”

“Our specialist independent consulting arm, Thomas Elder Consulting continues to help us broaden our services, applying our skills and expertise in whole farm management across all areas of our clients’ operations.”

“We also continue to invest in innovation and technology, with key private and public collaborations helping ensure the benefits of research and development reach the farm gate.”

FY20 Outlook

Although the summer crop outlook remains difficult, average winter crop seasonal conditions will provide a solid platform for the business.

“In July this year, we announced the acquisition of Australian Independent Rural Retailers (AIRR) with completion scheduled for 13 November 2019.”

“AIRR is an excellent strategic fit, providing Elders with additional growth channels through entry into the wholesale rural services market and the produce and hobby farmer services market.”

“The AIRR acquisition has the potential to add 20-25% growth to Elders at the EBIT level on a full-year basis.”

“As we enter the final year of our second Eight Point Plan, we will continue to improve and restructure our business as we pursue excellence in the delivery of our core agribusiness services.”

“The opportunities presented by our investment in AIRR, together with the ongoing consolidation occurring in the rural services industry, position Elders well to grow earnings in FY20 and beyond, and deliver increased value to our shareholders.”

About Elders Limited: *Elders has been an integral part of Australia’s rural landscape since 1839, providing a full range of services to Australian primary producers. Elders employs more than 1,900 committed staff, who help meet the needs of customers in every State of Australia.*



About AIRR: Established in 2016, AIRR is a member-based buying and marketing group for independent rural merchandise and pet and produce stores. The business serves more than 1,500 customers via a network of 8 warehouses. AIRR has approximately 240 independent member stores and an additional 100 Tuckers Pet & Produce stores across Australia.

ENDS

Further information

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Conference call and presentation

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

Conference call

10.00am (AEDT) Monday, 11 November 2019

Phone: 1800 908 299

Quote conference ID: Elders Investor
Call/10002256

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.