

Monday 23 May 2022

2022 First Half Results and Highlights

Elders delivers 80% EBIT growth, a 36%¹ increase in underlying earnings per share and announces a 40% increase in interim dividend to 28 cents per share. Full year Underlying EBIT² guidance has been upgraded to 30% to 40% above the prior financial year.

Australian agribusiness Elders (**ASX:ELD**) today released its half year results for the six months to 31 March 2022.

Elders has outperformed the 2021 first half in all product areas and geographies. This has been led by Rural Products, with sales up \$312.9 million (47%), and Wholesale Product sales up \$46.7 million (27%). Growth across the Rural Products business has been driven by strong demand for fertiliser and crop protection products following favourable seasonal conditions across key cropping regions.

The company has delivered strong financial performance, with significant growth over the same period in 2021 across the following key metrics:

Key metrics	1H22	1H21	Growth	Growth (%)
Sales revenue (\$m)	1,514.8	1,100.5	414.3	38%
EBIT (\$m)	132.8	73.8	59.0	80%
NPAT (\$m)	91.2	68.2	23.0	34% ¹
Underlying earnings per share (cents)	58.3	42.9	15.4	36% ¹
Dividend per share (cents)	28	20	8	40%
	(30% franked)	(20% franked)		
Return on capital (%)	27.8%	20.1%	n/a	7.7%

HALF YEAR RESULTS

In 2021 Elders embarked on the first year of its third Eight Point Plan, targeting 5% to 10% growth in EBIT and EPS through the agricultural cycles whilst maintaining strong financial discipline to generate a compelling ROC of at least 15%.

Elders has significantly outperformed those targets in the first half of 2022 and Managing Director and Chief Executive Officer, Mark Allison, said "the results reflect the ongoing implementation of Elders' Eight Point Plan strategy where material value continues to be

¹ Elders has recognised all income tax losses in prior years, the current period results include a standard effective rate of taxation. NPAT growth of 34% and underlying earnings per share growth of 36% are therefore less than EBIT growth of 80%.

² Underlying EBIT is a non-IFRS measure representing earnings before interest and tax and before significant items

delivered through business improvement and growth initiatives, enabling the company to leverage excellent market conditions and deliver an outstanding result for shareholders.”

Elders’ backward integration strategy, through the TitanAg business, has also played a role in achieving the 2022 first half results, with a 1.2% margin improvement in Rural Products.

Other operational highlights include:

- Agency Services gross margin improvement to \$82.2 million, up 11% largely driven by high livestock prices more than offsetting reduced volume caused by favourable seasonal conditions.
- Real Estate Services contributing gross margin of \$33.3 million, up 38%, with significant growth in farmland agency (15% increase in transactions), residential agency (7% increase in transactions), and property management operations.
- Financial Services margin improvement of \$2.8 million, up 14% to \$23.3 million, driven by a 9% increase in gross written premiums in Elders Insurance and improved Livestock in Transit product penetration rates.
- Ongoing bolt on acquisitions continuing to fill strategic geographic gaps and grow earnings.

OUTLOOK

The company has refreshed its outlook to an expectation of full year Underlying EBIT in the range of 30% to 40% above full year 2021 Underlying EBIT.

Elders expects to benefit from a positive winter cropping outlook with sufficient soil moisture for improved production in the second half.

“The strong first half performance has continued in April and we now expect to deliver full year 2022 Underlying EBIT in the range of 30% to 40% above full year 2021 Underlying EBIT. This expectation replaces the guidance we gave to the market on 14 March 2022”, said Mr Allison.

“Lower cash flow in the first half reflects that we have built an inventory position to allow us to meet anticipated increases in winter cropping demand. Consistent with last financial year, we are targeting 90% cash conversion for the full year.

Cattle and sheep prices are expected to remain high, benefitting the Agency business and offsetting anticipated lower volumes resulting from feed availability and livestock restocking.

Current awaiting settlement volumes and buyer demand indicate that Real Estate Services will continue to outperform against the prior year.

The outlook is bright for the remainder of 2022 for Elders, its shareholders and its customers”, concluded Mr Allison.

Elders’ guidance for full year 2022 is subject to a range of variables including:

- the potential of supply chain disruptions as a result of COVID-19 and geopolitical events;
- unexpected and un-forecast changes to seasonal conditions and severe weather events; and
- unexpected and un-forecast changes in commodity prices.



INVESTOR BRIEFING

An investor briefing (webcast conference call) on these results will be held today at 10.00am AEDT. Participants can register for the conference by navigating [here](#).

Please note that registered participants will receive their dial in number upon registration.

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Authorised by:

The Board of Elders Limited