

Thursday, 16 December 2021

## CEO's 2021 AGM Address

Attached is a copy of the Chief Executive Officers' address to the 2021 Elders Limited Annual General Meeting being held virtually today.

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**Authorised by:**

Peter Hastings, Company Secretary

Good morning and thank you for joining us online today for our FY21 annual general meeting.

I am pleased to be speaking to you following one of Elders' most successful years to date. One where we have delivered an exceptional full year financial result and, in partnership with our customers, continued to play a critical role in maintaining the consistent production and supply of quality Australian agricultural products during a period of disruption and volatility.

According to Roy Morgan brand trust research, Elders has maintained its strong position as the most trusted agribusiness brand in regional Australia. Whilst this is an outcome that we are extremely proud of, it is not a position we take for granted. In fact, we see it as one of our key responsibilities to our communities over the last 182 years.

In all of our activities across the business, from front line in our branches to head office, we work with our clients at the centre of our thinking, to deliver services and initiatives that help to reinforce their trust in us to manage and support their agricultural businesses.

In completing the first year of our third Eight Point Plan, we have had continued success with the achievement of excellent financial outcomes.

In FY21 we reported statutory profit after tax of \$149.8 million, up 22% from FY20. Underlying earnings before interest and tax was \$166.5 million and underlying earnings per share was 96.7 cents, an increase of 38%.

Financial performance improved across all geographic and product areas in FY21, with the exception of the Feed and Processing business which was challenged by higher feeder cattle prices.

This excellent performance reflects the methodical implementation of our Eight Point Plan, coupled with strong seasonal and market conditions.

We have created significant value through successfully executing and integrating strategic acquisitions, including a solid contribution from our AIRR wholesale business and numerous smaller high return bolt on acquisitions.

Our business improvement initiatives are generating excellent results also, including our ongoing rural products backward integration strategy and other margin increase initiatives.

We have not compromised our unflinching financial discipline in achieving growth, with our commitment to cost and capital efficiency reflected in underlying return on capital (ROC) of 22.5%. This was up 3.6% on FY20 and significantly exceeded the company's 15% minimum target set in the Eight Point Plan.

Safety remains central to everything that we do at Elders. We reported three lost time injuries in FY21 and continue to strive for a zero-injury workplace.

In the past year we invested \$1.9 million in safety capital expenditure throughout the Elders network. In addition to our safety action framework, we have implemented a safety monitoring platform which allows us to collect and analyse safety information across the business in real time, providing deep insights into our key risk areas.

As a result, we have established three critical risk teams to focus on livestock handling, driving and manual handling. These teams have been tasked to identify further steps we can take to mitigate those risks and keep our people safe.

Sustainability is another key focus of the business. Our dedicated sustainability team has provided us the opportunity to thoroughly assess and measure our progress to this point, and then to examine the opportunities we have to mitigate our impact across the agricultural supply chain and put in place measures that will position us with an industry-leading sustainability program.

I encourage you to read our FY21 Sustainability Report for more detail, but of note is our continued work aligning our climate-related disclosures with the Task Force on Climate-related Financial Disclosures (TCFD). We have recently announced the following targets, and are actively working to achieve them;

Target One - 100% renewable electricity in all Australian sites by 2025

Target Two -50% reduction in Scope 1 and 2 emissions intensity (tCO<sub>2</sub>e/\$m sales revenue) by 2030, against a baseline year of 2021 (subject to commercially viable technology being available to address feedlot cattle emissions and consideration of investment in carbon offsets), and

Target Three - Net Zero Scope 1 and 2 emissions by 2050.

Within the Elders' Eight Point Plan, our five strategic priorities of winning market share, capturing more gross margin, strengthening and expanding our service offerings, optimising our feed and processing businesses, and further developing our sustainability program, all remain on-track.

Our three enablers for the third Eight Point Plan include our systems modernisation program, developing the best people in a safe and inclusive environment, and maintaining our unflinching financial discipline.

Systems modernisation is well underway with the goal of further developing Elders as a customer -centric business with the digital infrastructure to enable better customer experiences and achieve significant operational efficiencies.

Our branch footprint has grown again in FY21 with the addition of several Rural Products and Real Estate businesses to the Elders network, as well as welcoming many talented individuals to our business across the country.

As we grow, it is imperative that we continue to invest in developing our existing team and maintaining our One Elders culture. We have numerous personal and professional development initiatives in the business ranging from our traineeships through to our senior leadership development program, known as the Thomas Elder Academy.

Notwithstanding ongoing COVID -19 restrictions, we have successfully maintained engagement with our people, as demonstrated by our high performance enablement and engagement scores.

This is a credit to the leadership group throughout the business and I thank them for their commitment to our people during these challenging times.

With two years left in our current Eight Point Plan, I am confident that we have the right infrastructure, people and resource prioritisation in place to deliver what we have set out to achieve.

We have made tremendous progress and will continue to work hard to improve and expand the business and deliver on our growth ambitions of 5% to 10% per annum through the cycles.

Our FY21 results show that we are on-track, and our pipeline projects give me assurance that our business is growing and strengthening in the right ways.

It is an exciting time to be in agriculture as our industry responds to the enormous increase in global demand for quality and safe Australian agricultural produce. I am pleased to be leading Elders throughout a period of such growth and prosperity. It is a privilege to work for you, our shareholders, and for Australian agriculture, its people, communities and industries.