



18 May 2015

2015 Half-Year Results Investor Presentation

Attached is the investor presentation in connection with the financial results for the 6 month period ended 31 March 2015.

Elders CEO, Mark Allison, and CFO, Richard Davey, will deliver this presentation by webcast and simultaneous teleconference at 10.00am (AEDT) today.

As advised to the ASX on Friday 15 May 2015, you can register to view and listen to the live commentary of the presentation by clicking below:

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

If you wish to ask a question (or your computer does not have audio) you will need to dial in to a simultaneous teleconference call:

Phone: 1800 908 299

Quote conference ID: 766970

The presentation and audio will be archived and available via the Elders Limited website.

Peter Hastings
Company Secretary



2015 Half year results presentation

18 May 2015



Disclaimer and Important Information

Forward looking statements

This presentation is prepared for informational purposes only. It contains forward looking statements that are subject to risk factors associated with the agriculture industry many of which are beyond the control of Elders. Elders' future financial results will be highly dependent on the outlook and prospect of the Australian farm sector, and the values and volume growth in internationally traded livestock and fibre. Financial performance for the operations is heavily reliant on, but not limited to, the following factors: weather and rainfall conditions; commodity prices and international trade relations. Whilst every endeavour has been made to ensure the reasonableness of forward looking statements contained in this presentation, they do not constitute a representation and no reliance should be placed on those statements.

Non-IFRS information

This presentation refers to and discusses underlying profit to enable analysis of like-for-like performance between periods, excluding the impact of discontinued operations or events which are not related to ongoing operating performance. Underlying profit measures reported by the Company have been calculated in accordance with the FINSIA/AICD principles for the reporting of underlying profit. Underlying profit is non-IFRS financial information and has not been subject to review by the external auditors, but is derived from audited accounts by removing the impact of discontinued operations and items not considered to be related to ongoing operating performance.



FY15 Half Year **Overview**

Solid improvement across key performance targets

- Statutory net profit after tax of **\$15.9m** up \$26.1m
- Underlying net profit after tax of **\$16.2m** up \$11.2m
- Underlying EBIT of **\$21.9m** up \$8.4m
- Positive operating cash flow of **\$8.3m** generated at the half year
- Completed recapitalisation and refinance in October 2014
- Net debt reduced to **\$86.8m** from \$137.6m at September 2014
- Return on capital of **17%** up from 13% at September 2014
- On track with Eight Point Plan initiatives



Progress on FY15 Priorities

Key priorities on track

Safety Performance

- ✓ Continued emphasis on safety
- ✓ Delivering employee safety engagement plan
- ✓ 34% increase in team safety discussions since March 2014
- ✓ LTI frequency rate reduced from 5.0 to 4.0
- ✗ 8 LTIs, up from 6 LTIs at March 2014
- ✓ Target is to be LTI free

Operational Performance

- ✓ \$16.2m underlying profit up \$11.2m
- ✓ ROC at 17%, up from 13% at 30 September 2014
- ✓ Developing capital light business model for farm supplies and fertiliser
- ✓ Margin management program for selected non price sensitive retail products
- ✓ Implemented remuneration for agency employees that drives performance and growth
- ✓ Ongoing emphasis on cost control

Key Relationships

- ✓ Maintain high levels of employee effectiveness and enablement
- ✓ Conducted client and non-client focus group research across 10 locations Australia-wide
- ✓ Developed national TV brand campaign to be launched in May 2015
- ✓ Engaged in regional sponsorship agreements in key focus regions
- ✓ Rationalising and refocusing our relationships with key suppliers
- ✓ Ongoing briefings with key investors and potential investors

Efficiency and Growth

- ✓ Completed a comprehensive branch benchmarking program
- ✓ Launched online livestock sales platform and investigating expansion of online platforms
- ✓ Implementing growth strategies for agency businesses
- ✓ Exploring opportunities to expand and establish domestic and international red meat supply chains
- ✓ Actively considering opportunities for acquisition and growth with strong ROC



Half Year **Financial Performance**

\$ million	1H FY15	Change	1H FY14
Sales revenue	645.2	↑ 13.8	631.4
Underlying EBIT	21.9	↑ 8.4	13.5
Underlying finance cost	(4.9)	↓ 2.6	(7.5)
Underlying profit after tax	16.2	↑ 11.2	5.0
Reported profit / (loss) after tax	15.9	↑ 26.1	(10.2)
Net debt	(86.8)	↓ 149.8	(236.6)
Operating cash flow	8.3	↑ 19.8	(11.5)
Working capital	179.9	↓ 19.2	199.1
Return on capital	17%	↑ 26%	(9%)

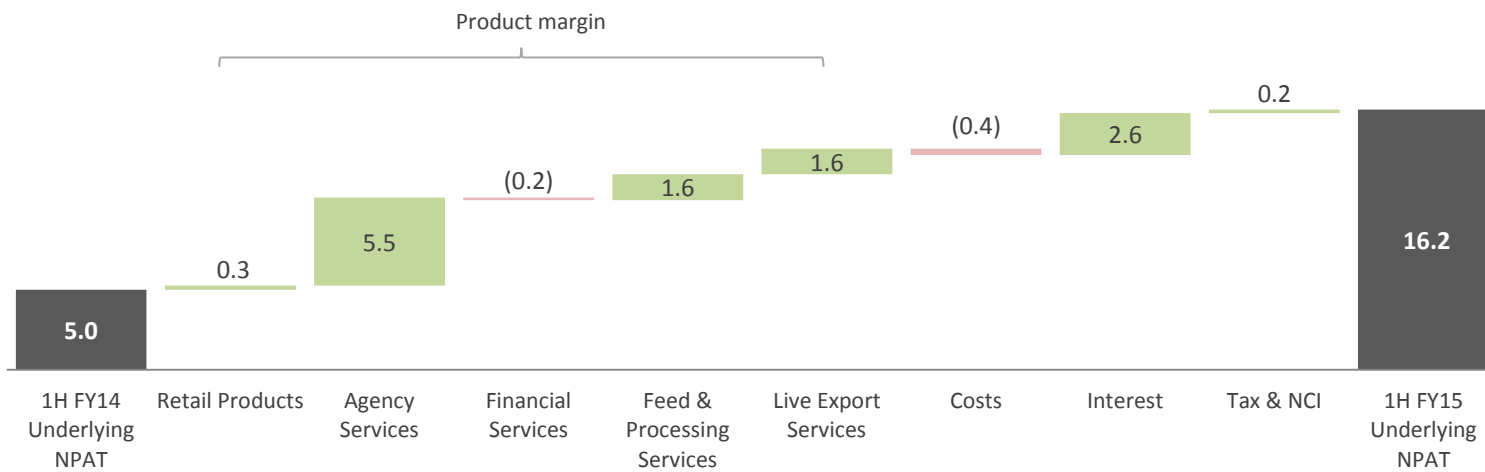


Performance by Product

Diversified product offering with strong Agency performance

Underlying profit movement

\$ million



- No recovery in summer crop conditions for Retail
- Agency uplift through strong livestock prices with strong live export demand
- Feed and Processing improvements through efficiencies in Killara and turnaround in China business
- Mixed Live Export trading conditions in the first half with risk mitigation from flexible shipping model redirecting inventory from China and Indonesia to Vietnam
- Reduced finance costs with lower debt levels

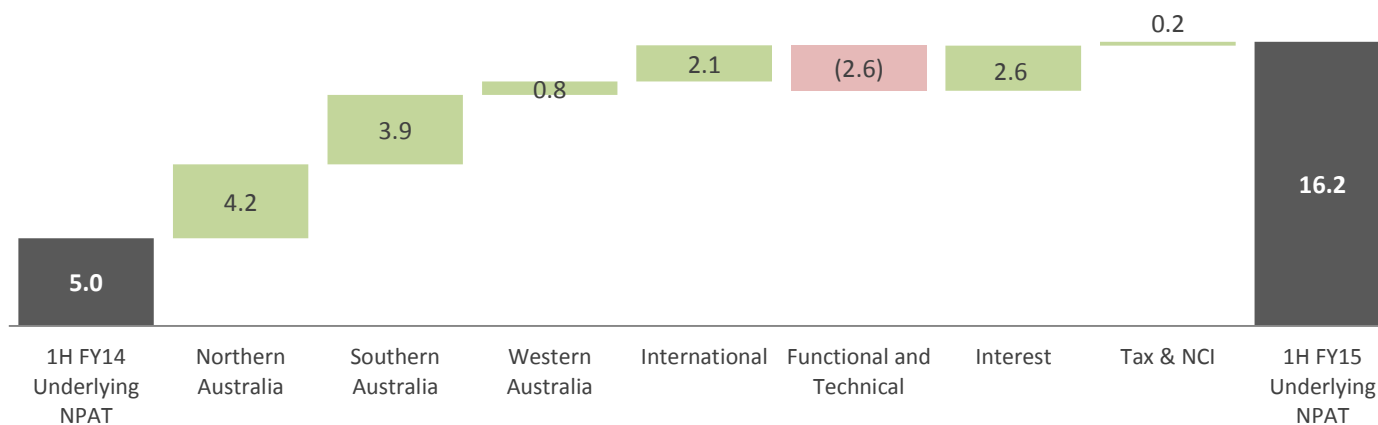


Performance by Geography

Uplift across all geographical areas

Underlying profit movement

\$ million



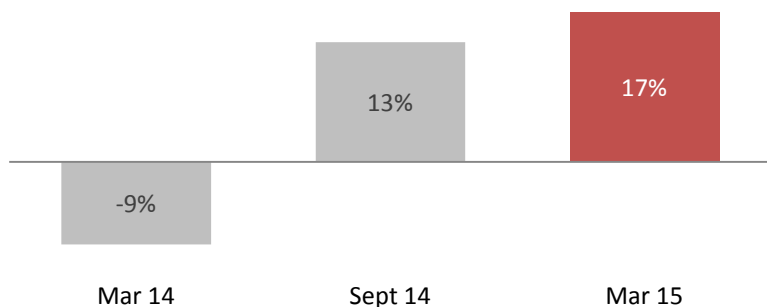
- All Australian geographies benefitted from strong livestock performance
- International earnings uplift through Live Export and Feed and Processing businesses
- Increase in cost base for functional and technical services to reinvest in the business in IT, strategy and leadership roles



Capital Deployed

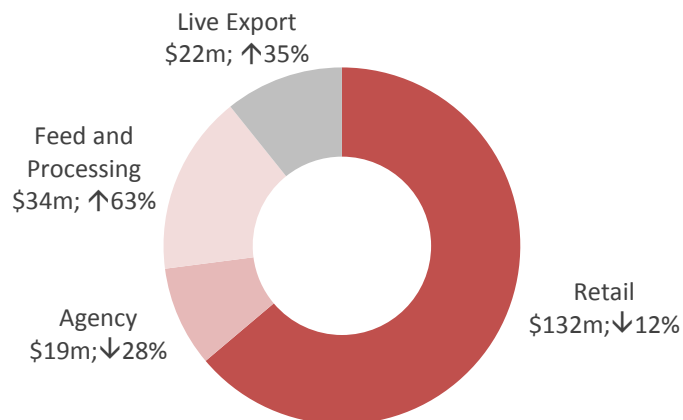
Significant improvement in return on capital

Return on Capital



- ROC improvement drivers:
 - Agency growth requiring minimal capital
 - Stronger bias to short haul Live Export business with shorter capital cycle
 - Capital allocation based on business case approval

March 2015 working capital (compared to March 2014)



- Retail returning to normalised supplier terms
- Higher cattle costs increasing working capital usage in Killara and Indonesia
- Increase in cattle inventory and cost for Live Export

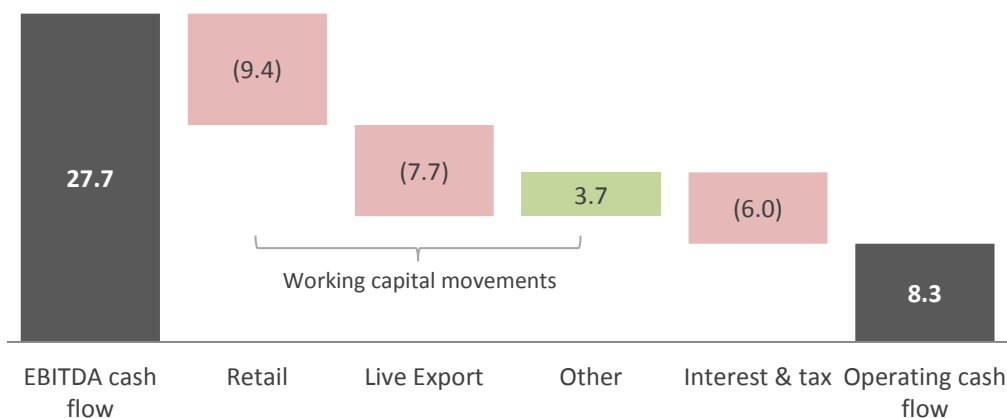


Cash Flow

Positive operating cash flow generated

1H FY15 operating cash flow

\$ million



\$ million	Retail Products	Agency Services	Financial Services	Feed & Process	Live Export	Other	Total
EBITDA adjusted	6.5	20.2	4.9	4.9	7.7	(16.5)	27.7
Working capital	(9.4)	7.8	3.4	(4.8)	(7.7)	(2.7)	(13.4)
Interest and tax	-	-	-	-	-	(6.0)	(6.0)
Operating cash flow	(2.9)	28.0	8.3	0.1	-	(25.2)	8.3

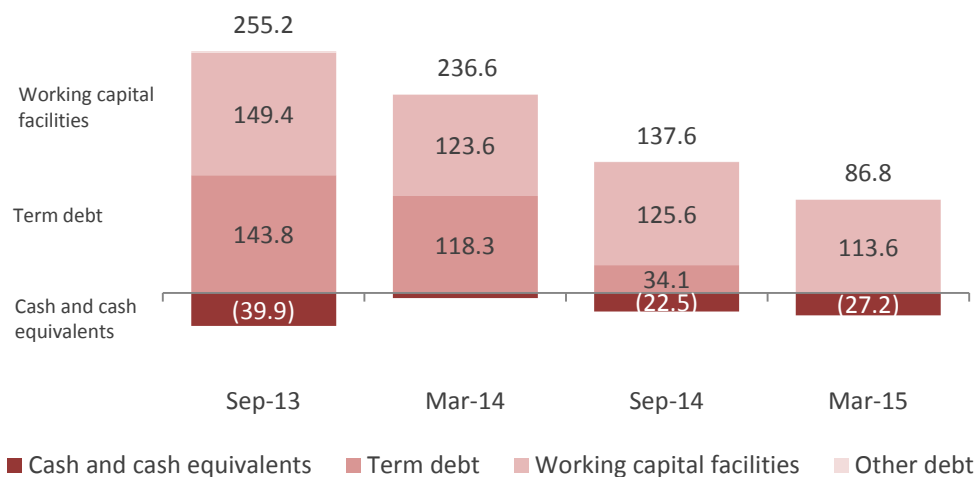
- Strong operating EBITDA cash flow generated during the period
- Working capital cash flow:
 - Higher Retail debtors since September 2014
 - Increased inventory in Live Export due to higher cattle prices
- Net interest paid \$6.7m lower than previous year with lower debt levels
- Efficient cash conversion with minimal tax payments



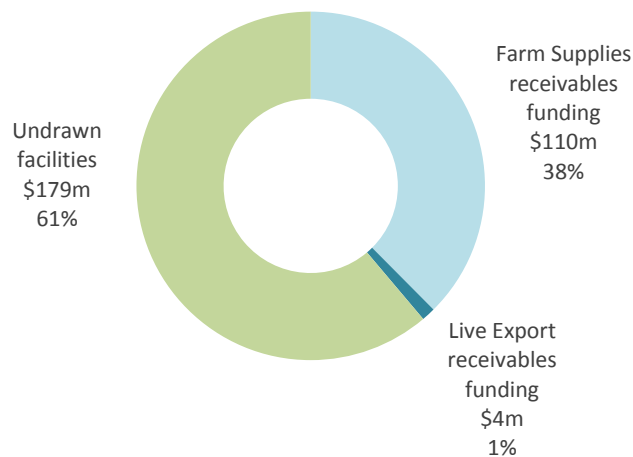
Net Debt

Normalised debt levels going forward

Net debt
\$ million



Facility balance at 31 March 2015
\$ million



- Net debt levels continue to decrease with completion of recapitalisation, controlled capital usage and solid operating EBIT performance
- Only trade receivables funding drawn at balance date
- Large headroom in undrawn working capital facilities available for business growth



Capital Structure

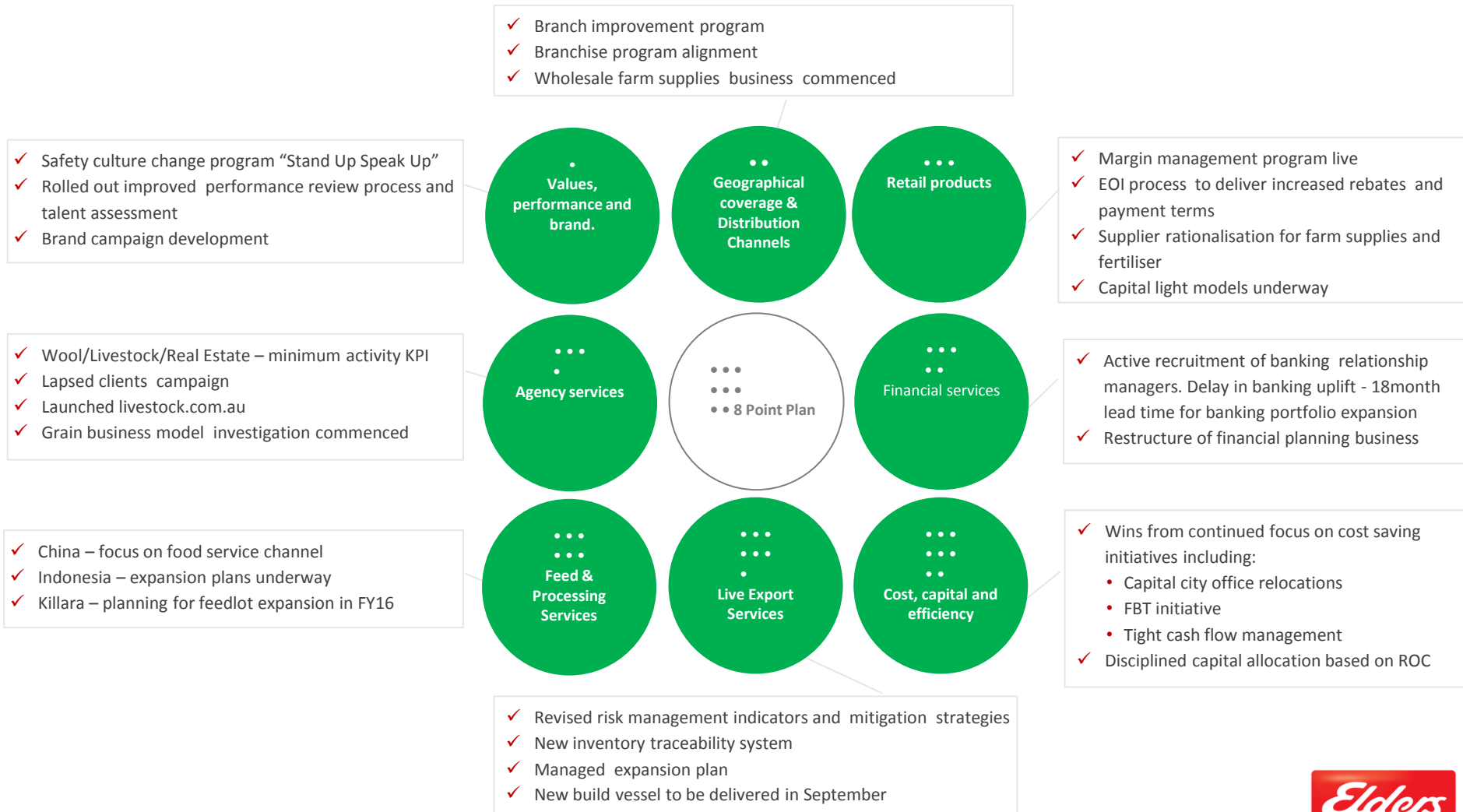
Stabilised capital structure

- The refinance and recapitalisation completed in October 2014 have created a pathway for financial stability for Elders
- Liquidity pressure is no longer a constraint on the operations of the business
- Immediate priority is to embed Eight Point Plan into the business to enable sustainable growth to shareholder value



Eight Point Plan **Progress**

Strong start to 3 year operating plan - initiatives on track



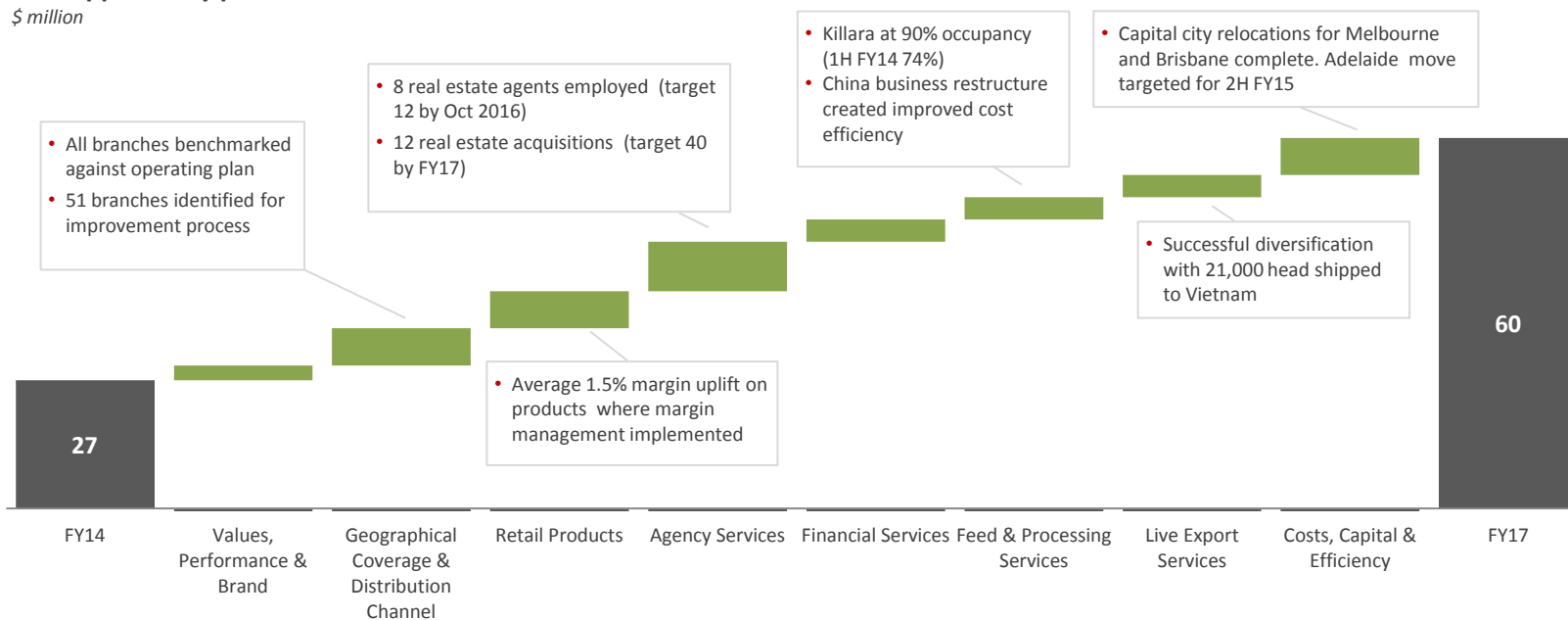


Eight Point Plan **Step by Step**

On track to deliver expected FY17 operating plan

EBIT opportunity pools

\$ million



The progress identified above represents execution of the initial steps to achieving the FY17 operating plan and is not the complete list of initiatives required to achieve the EBIT opportunity pools represented in the chart.

Information on this page should be read in conjunction with the disclaimer to future performance and key risk factors in the Capital Raising Presentation dated 15 September 2014 and disclaimer on page 1 of this presentation.





Outlook

Positive operating conditions for remainder of financial year

- **Retail:** Average rainfall conditions over the winter cropping season
- **Agency:**
 - Cattle and sheep prices are expected to remain strong supported by robust demand, tight supply and a low AUD. Supply is expected to tighten further if there is a significant rainfall event across northern NSW and western Queensland
 - Stable activity in rural real estate is expected with low interest rates encouraging transactions but caution remains in the north following dry conditions
- **Financial Services:** Focus on quality expansion of the loan and insurance books
- **Feed and Processing:** Continued strong demand for feedlot capacity and growing demand for beef in Indonesia and China
- **Live Export:** Stabilisation of Vietnamese short haul market; long haul demand expected to recover next year. Further market diversification will be targeted
- **Cost and Capital:** Investing in opportunities with sound return on capital to grow and diversify revenue base

Appendix to Half Year Results Presentation



Business segmentation

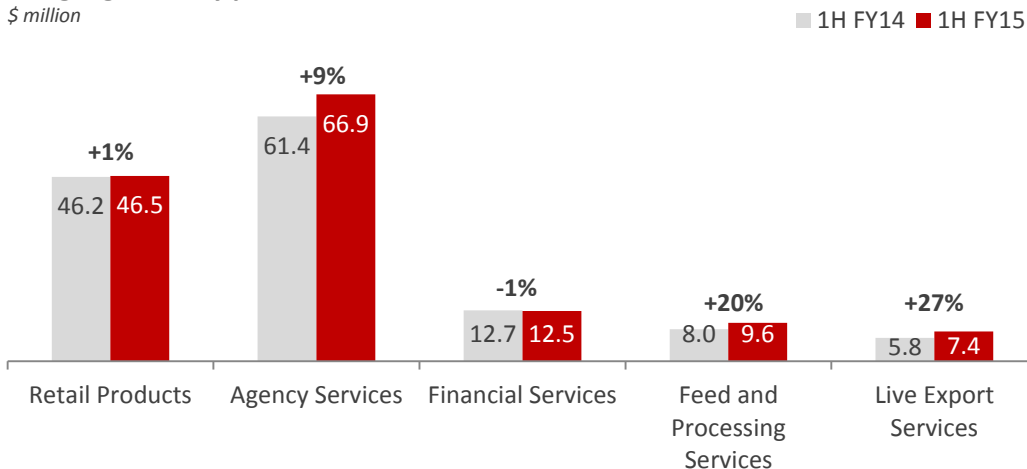
<i>\$ million</i>	Northern Australia	Southern Australia	Western Australia	International Geographies	1H FY15 Margin	Working Capital
Retail Products	Fertiliser and Farm Supplies				46.5	132
Agency Services	Livestock, Wool, Real Estate and Grain				66.9	19
Financial Services	Banking, Insurance and Financial Planning				12.5	-
Feed & Processing Services	Killara Feedlot			Indonesia China	9.6	34
Live Export Services				Short Haul Long Haul	7.4	22
1H FY15 Margin	48.9	61.8	21.2	11.1	142.9	



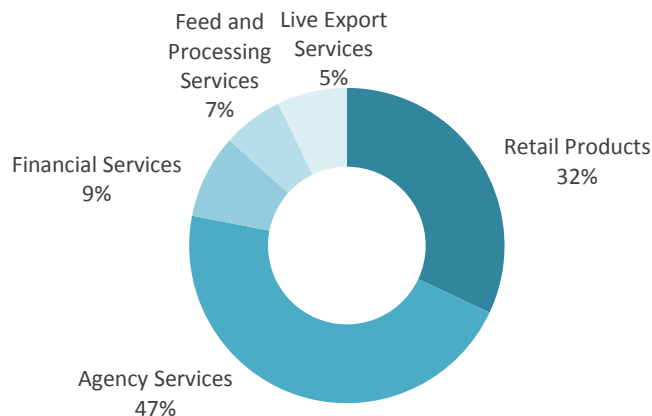
Business performance by product

Margin growth by product

\$ million



Margin generated by product



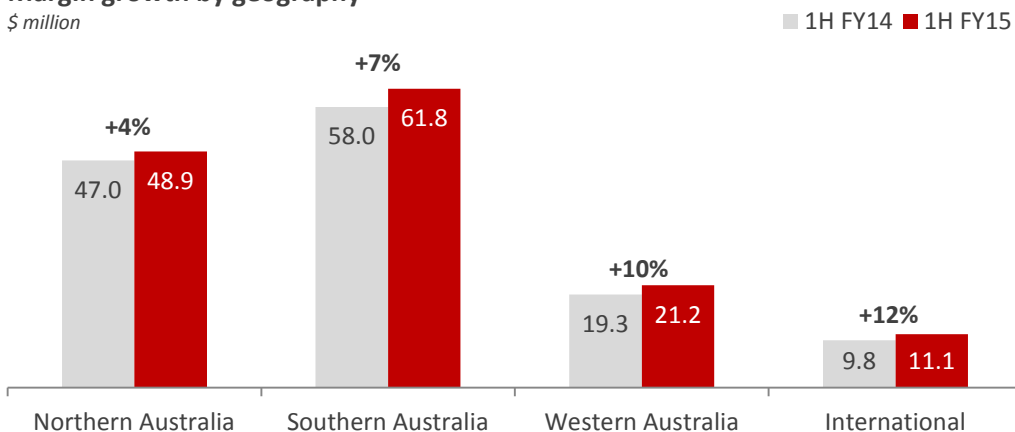
- Retail:** Dry conditions in Q1 offset by increased rainfall in Q2 driving winter cropping campaigns
- Agency:** Increase in livestock prices through strong live export demand
- Financial Services:** Steady revenues generated
- Feed and Processing:** Improved utilisation at Killara
- Live Export:** Diversification into Vietnam through flexible shipping model with halt in demand from China



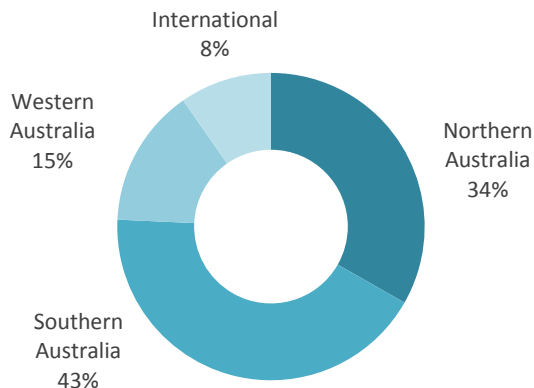
Business performance by geography

Margin growth by geography

\$ million



Margin generated by geography



- **North:** Improvement in livestock and Killara earnings with stable Retail performance
- **South:** Increase in Livestock and Retail margin with good seasonal conditions
- **West:** Strong Retail performance through increased fertiliser and chemical sales
- **International:** Growth in Live Export opportunities through new Vietnam market

