



16 May 2016

2016 first half financial results

- **Statutory net profit after tax of \$24.6m, up 55% (up \$8.7m) from pcp**
- **Underlying profit after tax of \$19.4m, up 20% (up \$3.2m) from pcp**
- **Underlying EBIT of \$25.2m, up 15% (up \$3.3m) from pcp**
- **Return on capital of 22%, up from 18% at 1H FY15**
- **Positive operating cash inflow of \$13.9m at 1H FY16**
- **On track with FY16 priorities**

Elders Limited (ASX:ELD) has today released its half year results for the six months to 31 March 2016 again delivering an increased statutory and underlying profit, and solid progress on FY16 priorities.

Statutory net profit after tax of \$24.6 million compares with a \$15.9 million profit in the prior corresponding period. Underlying net profit has improved \$3.2 million on the prior corresponding period to \$19.4 million.

A \$25.2 million underlying earnings before interest and tax (EBIT) level was primarily driven by an uplift in retail earnings, strong livestock agency performance and increased commission earnings from broadacre real estate sales.

Elders' chief executive officer Mark Allison said that the half year results reflect a company-wide focus on continual improvement and achieving Eight Point Plan initiatives.

"Our focus has been to ensure we're always reviewing business operations and to ensure we're only investing in opportunities with sound return on capital, which diversify our revenue base," Mr Allison said.

"Our retail arm has outperformed its result for the prior corresponding period across all geographies, with a \$6.6 million improvement in underlying profit, driven by increased sales activity and recovery of cotton regions in northern Australia," he said.

Earnings from Elders' agency services business improved on the prior corresponding period with an increase of \$7.4 million.

"High cattle prices have driven both higher livestock earnings and also real estate sales demand for large cattle farming properties."

"Return on capital has improved 4% compared to the prior corresponding period, with improvements in retail offset by declines in feed and processing and live export."

"Both the long haul and short haul live export businesses have been adversely affected by high domestic cattle costs and increased competition, resulting in a full review and a realignment of the long-haul business' sales and procurement functions."



Turning to Elders' FY16 key priorities, Mr Allison said the Company is achieving improvements in safety performance, operational performance, key relationships and efficiency and growth.

"We are making particular progress in our safety performance with lost time injuries reduced from eight to two in the first half. However, as we strive for an injury free workplace, we are investing in a new safety reporting system and an ongoing employee engagement program," he said.

"We are driving operational performance through 90 day branch improvement plans, and ongoing business reviews, including our live export business."

"Elders continues to invest in key relationships and our local communities, engaging in regional sponsorships, including mental health projects, in key focus regions."

"We recognise that innovation is a core part of our future as a leading agribusiness, and as such we have partnered with SwarmFarm Technology to develop innovative technology solutions. In addition, we are currently developing an online community to provide Elders and our key stakeholders with ongoing, real-time market research."

"Elders continues to expand its offering to clients and stakeholders, with a new grain accumulation offering launched in the first quarter."

"We are pursuing strategic opportunities for growth across both domestic and international markets, with increased operations in Tasmania, China and Vietnam, recent acquisitions including agency and real estate businesses, and a 10% stake in Elders Insurance."

"Mixed operating conditions for the remainder of the financial year are anticipated, with encouraging market and seasonal conditions.

"Increased competition and higher supply costs in the live export short haul market will continue to put pressure on earnings, particularly in Vietnam and Indonesia. Opportunities in the China feeder slaughter market will become clearer over the next six months."

"Cattle and sheep prices are expected to remain strong, due to tight supply and high demand."

"Strong activity in rural real estate is expected to continue with interest rates remaining low."

"Incremental benefit from Eight Point Plan investments is expected to materialise throughout the second half."

ENDS

Further information

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Media enquiries

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Conference call and presentation

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

Conference call

10.00am (AEST) Monday, 16 May 2016

Phone: 1800 908 299

Quote conference ID: 418650

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.