Elders Limited

2018 Year End Results Presentation

12 November 2018

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 of which, many 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.

FY18 Year in Review

Strong performance for the year

- Lost time injuries decreased to 5 from 6, LTIFR down from 1.5 to 1.2
- Underlying net profit after tax of $63.7m, up $5.3m
- Underlying EBITDA of $79.0m, up $4.3m
- Underlying EBIT of $74.6m, up $3.6m
- Operating cash outflow of $12.1m for the year, down from a cash inflow of $81.6m
- Underlying return on capital of 24.2%, down from 28.6%
- Underlying earnings per share 55.2 cents, up 3.9 cents
- Fully franked interim dividend of 9 cents per share
- Fully franked final dividend of 9 cents per share declared

FY18 Priorities

Delivering our promises to stakeholders

Safety Performance

- Lost time injuries reduced to 5 from 6, target is zero LTIs
- LTI frequency rate at 1.2
- 40% decrease in days lost for the year
- Risk based decision making training developed, implemented and operational
- Continued emphasis on employee and community safety health and wellbeing

Operational Performance

- $79.0m underlying EBITDA, up $4.3m on last year
- $74.6m underlying EBIT, up $3.6m on last year
- Underlying ROC at 24.2%, down from 28.6% at September 2017
- Leverage ratio declined to 2.0 from 1.8 last year
- Interest cover ratio increased from 10.4 to 11.6

Key Relationships

- Continued to work with retail key suppliers, including improved position in WA fertiliser market
- Expanded digital client offerings
- Strengthened the "Elders Give It" program through the announcement of the RFDS partnership and further community involvement
- Continued to engage with key agricultural research bodies
- Formal engagement with all Rural Research Centres and government and university institutions to focus and enhance our agricultural research initiatives
- Achieving greater productivity for clients and the industry through the Thomas Elder Institute and tertiary alliances

Efficiency and Growth

- Continued to drive branch efficiency improvement program
- Acquisition of TitanAg to enhance retail capability and exposure to higher value crop segment
- Agency footprint expansion through acquisition of Kerr & Co
- Investment in Clear Grain Exchange (CGX) to broaden earnings base through a sustainable model
- Drive organic growth through improving sales force performance and attracting high performers
- Structured review process of capital and cost initiatives
- Divestment of Indonesian feedlot and abattoir operations

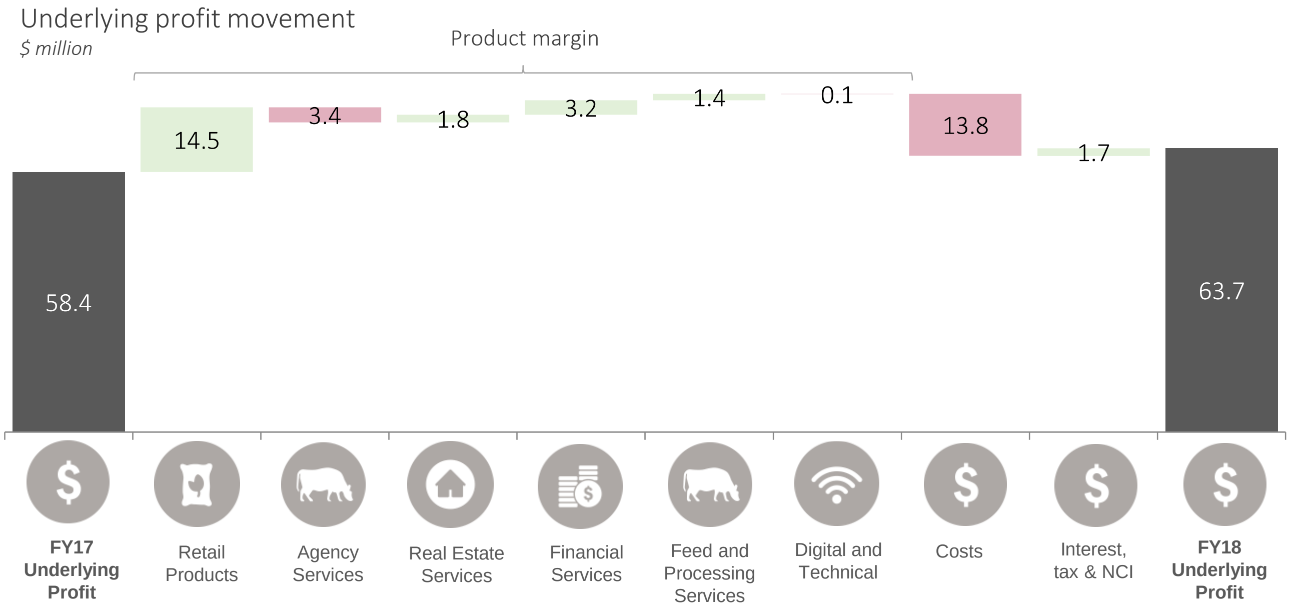
Year End Financial Performance

$ million	FY18	Change $m		Change %	FY17
Sales revenue	1,613.3	30.8	⬆	2%	1,582.5
Underlying EBITDA	79.0	4.3	⬆	6%	74.8
Underlying EBIT	74.6	3.6	⬆	5%	71.0
Underlying profit after tax	63.7	5.3	⬆	9%	58.4
Statutory profit after tax	71.6	44.4	⬇	38%	116.0
Net debt	173.4	78.1	⬆	82%	95.3
Operating cash flow	(12.1)	93.7	⬇	115%	81.6
Average total capital (year to date)[1]	317.8	45.5	⬆	17%	272.3
Underlying return on capital (%)	24.2%	4.4%	⬇	15%	28.6%
Underlying earnings per share (cents)	55.2	3.9 cents	⬆	8%	51.3

[1] *Excluding brand name*

Performance by Product

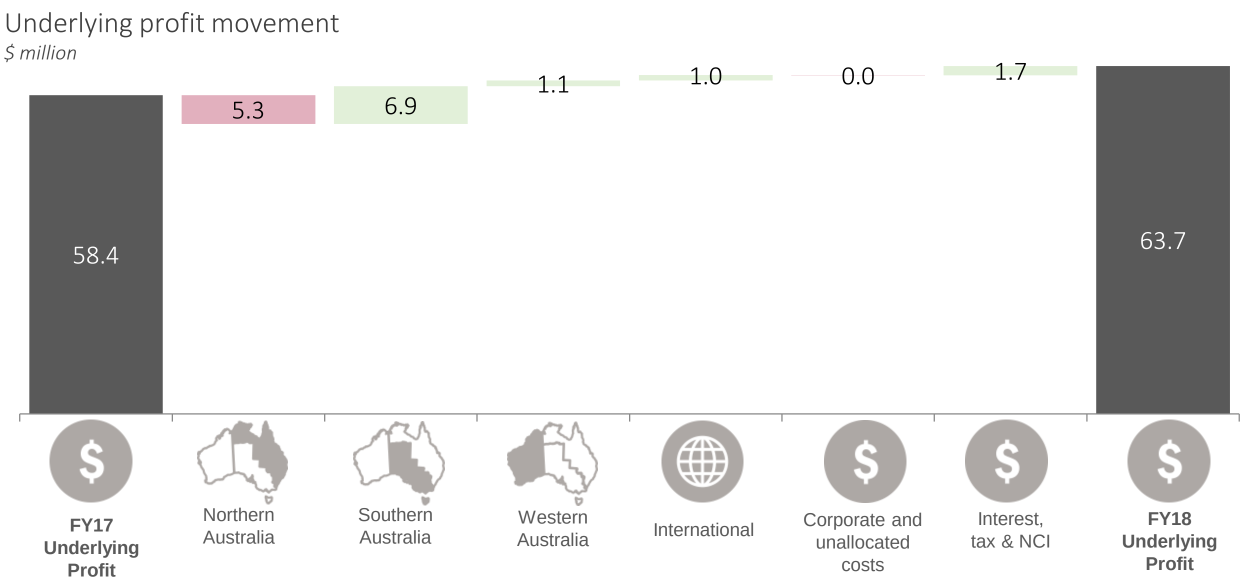
Continued strong performance in Retail despite dry conditions, offset by impact of 16% decline in cattle prices



- Retail improved on last year, despite a dry winter cropping season, from acquisition activity in horticulture and organic growth across Southern Australia
- Agency downside attributable to declining cattle prices, partially offset by solid wool performance and increased sheep volumes
- Real Estate increase from footprint expansion, offset by subdued activity in key residential markets
- Financial Services boosted by acquisitions and organic growth in loan book balances
- Feed and Processing Services upside across all the business units
- Costs increased to drive Eight Point Plan initiatives, including acquisitions and organic footprint growth

Performance by Geography

Geographic diversification with Southern Australia outperformance offsetting Northern Australia



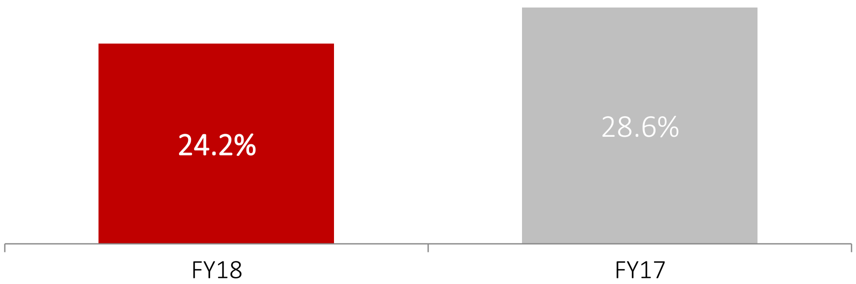
- Declining cattle prices adversely impacting Northern Australia, offset by acquisition growth in horticulture and continued growth in the Killara feedlot
- Southern Australia outperformed last year across most products particularly in Retail and Livestock where increased sheep volumes provided upside
- Western Australia improvement driven by strong performance in Retail, offset by easing Livestock earnings
- International benefitted from improved procurement and focus on cost control
- Corporate and unallocated costs remain consistent year on year

Capital Employed

Return on capital remains above 20% target

- Underlying return on capital for the year was 24.2%:
  - Retail continues to perform strongly with incremental improvement year on year
  - Livestock impacted by 16% decline in cattle prices
  - Continue to manage portfolio and expect incremental improvement in FY19 ROC from the TitanAg acquisition
- Average capital balances increased $45.5m YOY due to:
  - Higher Retail activity
  - Increased shareholder funding to StockCo
  - Acquisition of bolt on investments in FY18, including TitanAg and Kerr & Co

Underlying Return on Capital [1]



Average Capital

$ million	FY18	FY17	Change
Retail Products	175.3	159.1	16.1
Agency Services	33.8	33.1	0.7
Real Estate	1.2	1.6	(0.4)
Financial Services	13.1	7.4	5.7
Feed & Processing Services	48.0	49.9	(1.9)
Other	(34.4)	(28.0)	(6.4)
Working capital (average)	236.9	223.1	13.8
Other capital[2]	*80.9*	*49.2*	*31.7*
Total capital (average)[2]	317.8	272.3	45.5
Total capital (at balance date)[2]	*344.7*	*233.3*	*111.4*

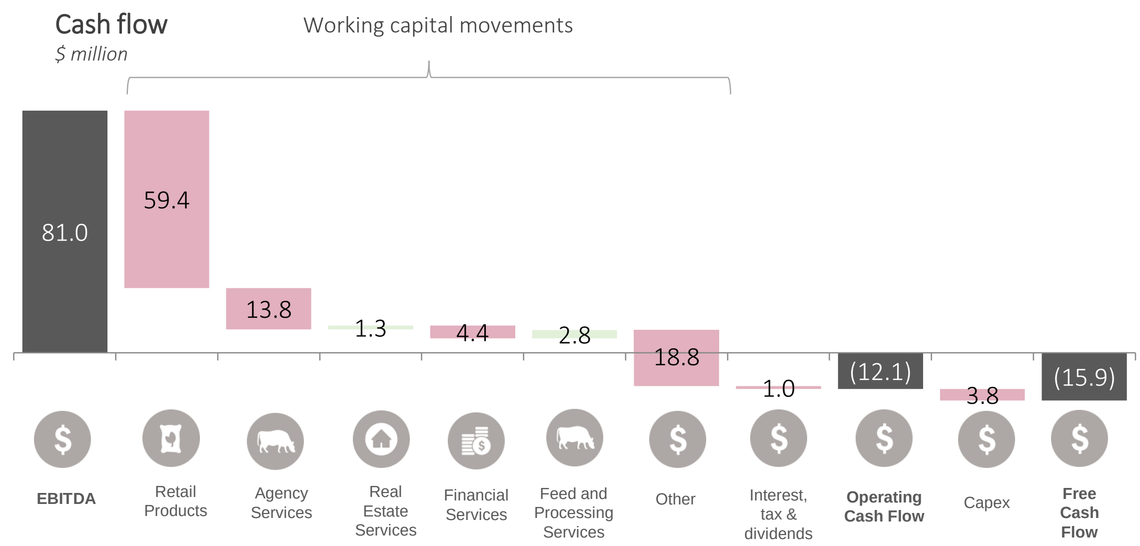
[1] Return on capital = Underlying EBIT / (working capital + investments + property, plant and equipment + intangibles (excluding brand name) – provisions (excluding forestry related)).
[2] Excludes brand name.

Operating Cash Flow

Strong profitability and increased Retail working capital

Operating cash outflow of $12.1 million reflected:

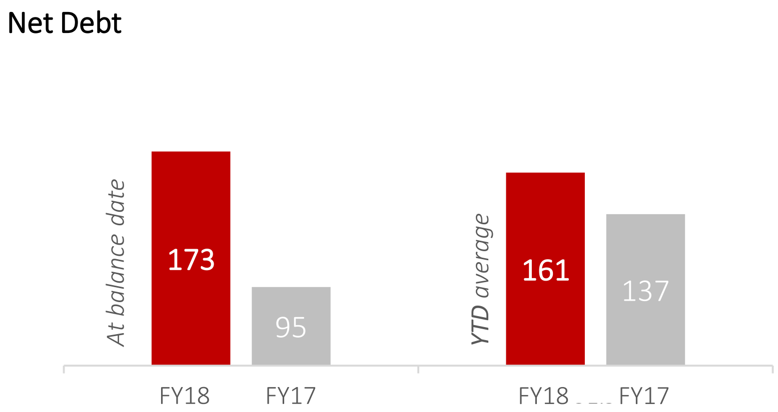
- Strong EBITDA
- Higher Retail debtors driven by strong sales late in the season and delay of receipts, while dry conditions have meant that inventory levels increased in certain areas
- Agency Services returned to normalised year end balances
- Other includes payment of provisions including leave and incentives



$ million	Retail Products	Agency Services	Real Estate	Financial Services	Feed & Process	Other	Total
EBITDA adjusted	54.8	27.9	13.5	14.3	5.0	(34.4)	**81.0**
Movements in assets and liabilities	(59.4)	(13.8)	1.3	(4.4)	2.8	(18.8)	**(92.2)**
Interest, tax and dividends						(1.0)	**(1.0)**
Operating cash flow	(4.6)	14.1	14.7	9.9	7.9	(54.1)	**(12.1)**

Net Debt

Increased investment and Retail activity driving higher balance



- Net debt at balance date was $173 million compared to $95 million at September 2017, with increased activity around year end and delayed debtor receipts of $30 million which were received in the first week of October
- Average net debt rose by $24 million to $161 million at September 2018 in line with both business growth, and increased investment activity during the year
- Leverage ratio increased on last year, however interest cover and gearing improved from September 2017

Key Ratios	FY18	FY17	Change
Leverage (average net debt to EBITDA)	2.0	1.8	0.2
Interest cover (EBITDA to net interest)	11.5	10.3	1.2
Gearing (average net debt to closing equity)	52.3%	53.3%	(1.0%)

FY19 Outlook

Average winter cropping season and balanced growth from acquisitions and organic activity

Retail Products

- A reduced summer cropping planting is anticipated in the first half of FY19 with continued dry conditions impacting demand for fertiliser and crop protection products
- Average winter cropping conditions will provide upside in the second half
- TitanAg acquisition benefit will increase earnings mainly in the second half
- Retail will continue to pursue geographical and crop segment growth opportunities

Agency Services

- Wool is anticipated to maintain growth with a solid pipeline of wool in store, decline in wool production and global demand to support high prices
- Cattle prices expected to ease further as production increases, with lamb prices to rise driven by strong export demand continuing
- Livestock volumes are expected to increase through continued footprint expansion and additional trading opportunities

Real Estate Services

- Supply of farmland property will continue to be subdued in line with livestock prices, however gains are expected from water broking activities
- Residential turnover and property management earnings will benefit from completed acquisitions

Financial Services

- Continued momentum and growth is likely from the banking and livestock funding products

Feed and Processing

- Killara feedlot earnings to be maintained despite high feed costs through continued high utilisation and improved efficiency

Costs and Capital

- Costs are expected to increase in line with footprint growth and continued Eight Point Plan investment
- Increased investment in both digital and technical area and information technology to continue into FY19

Strategic Priorities to 2020

1 VALUES, PERFORMANCE & BRAND
To deliver our plans through a values, safety and performance based culture that optimises the iconic Elders brand and positioning

2 RETAIL PRODUCTS
To deliver profitable and capital light growth of our retail products portfolio with an enhanced customer benefit and experience

3 AGENCY SERVICES
To deliver profitable growth of the agency services portfolio through business improvement, recruitment and acquisition for our livestock and wool businesses and through focused growth of our grain business

4 REAL ESTATE SERVICES
To deliver profitable growth of the real estate services portfolio through driving business improvement, recruitment and acquisition for all real estate services

STRATEGIC INTENT:
To achieve a sustainable EBIT and 20% ROC by 2020, by providing value creating products and services both in Australia and internationally

5 FINANCIAL SERVICES
To deliver profitable growth of the financial services portfolio through business improvement, product development and upstream investment in our financial services businesses

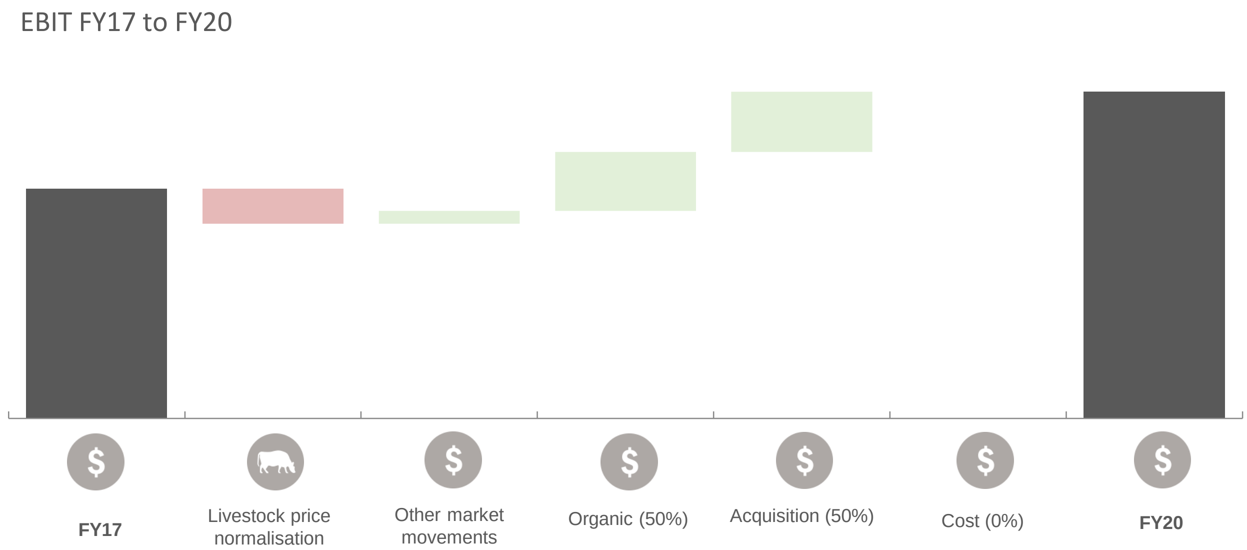
6 DIGITAL & TECHNICAL SERVICES
To grow our digital and technical services, expand our knowledge of customer needs, deliver markets to customers, to enable our customers to increase productivity and leverage Elders digital capability to expand customer base and build brand

7 FEED & PROCESSING SERVICES
To deliver continuous improvement in EBIT and ROC for all businesses with active portfolio composition management

8 COST & CAPITAL EFFICIENCY & GROWTH
To deliver ongoing innovative efficiency gains through business improvement and drive sustainable growth through business development

Eight Point Plan: 3 years to FY20 goal

To deliver 5 – 10% quality growth per annum through the cycles



- Livestock prices expected to ease post FY17
- Market share gains achieved in FY17 to offset livestock price movement
- EBIT improvement in the period to FY20 is anticipated to be derived from:
  - organic and acquisition growth, and
  - continued focus on controlling base costs to offset inflationary increases.

Balanced growth plan to FY20

Organic 50%

- Drive continuous business improvement
- Capture growth opportunities across our product and services portfolio
- Explore opportunities to expand our offering and leverage the Elders brand into new markets to capture new clients and customers
- Continuously drive and resource values based leadership through the organisation
- Invest in the development of our leaders and people
- Build deeper understanding of our customers to deliver profitable value add products and services

Acquisition 50%

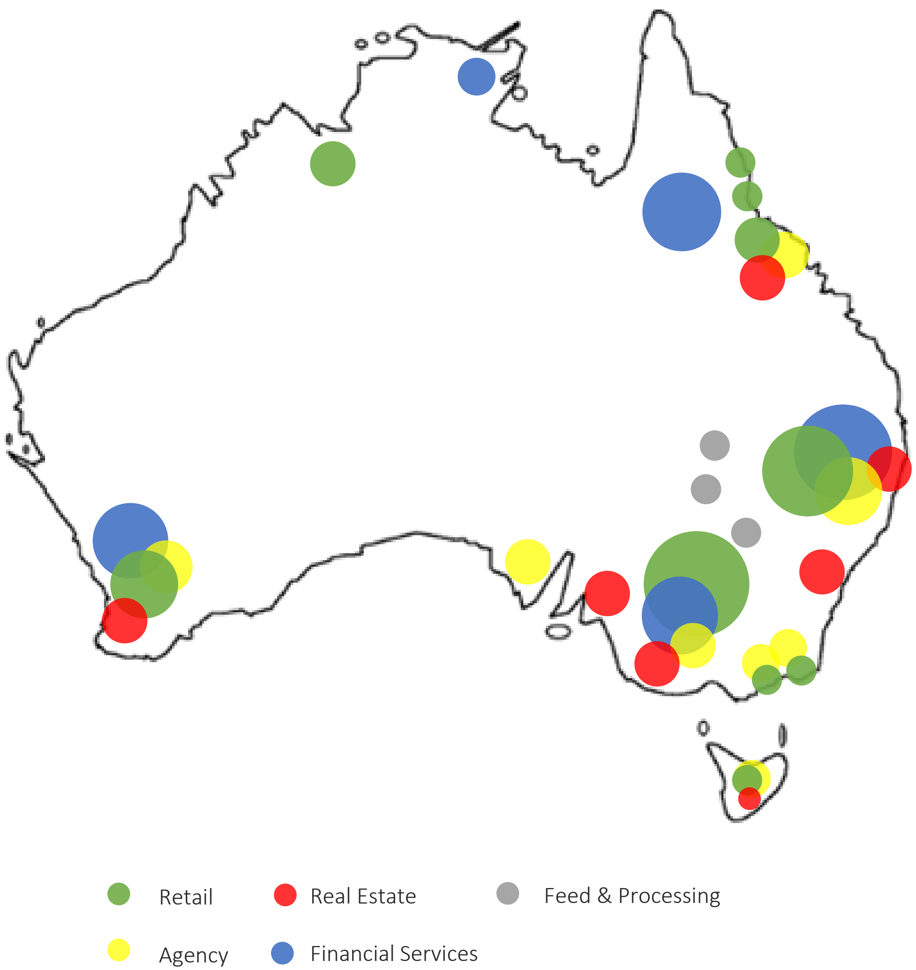
- Continue to evaluate strategically aligned opportunities to expand our business
- Only transactions which are EPS accretive will be considered
- Identify innovative solutions to target geographical and strategic gaps
- Maintain a disciplined approach to ensure acquisitions meet required financial hurdles
- Reallocate capital from non-performing assets if financial and quality targets are not met

Maintain Cost

- Invest in resourcing to identify, integrate and support both organic and acquisition growth opportunities
- Derive efficiency gains through active cost management to offset inflationary increases
- Reallocate and reduce unproductive costs
- Develop and implement improved processes and approaches
- Maintain robust and conservative financial discipline

Strategic Gaps

Stable platform geared for the next wave of growth, including 20 new branches by 2020



Key gaps in market, geographical, product and service areas to be filled through organic growth and acquisition, with 20 new branches by 2020

Retail

- Increased market share and presence in high value cropping areas, such as horticulture, viticulture, and irrigated farming
- Grow highly specialised agronomy services through Thomas Elder Consulting
- Product commercialisation through Thomas Elder Institute and tertiary alliances

Agency

- Increased focus on livestock production advice and dairy
- Targeted footprint and agent growth in livestock services
- Expand grain network accumulation

Real Estate

- Increase company owned presence in major regional centres and also expand franchise footprint

Financial Services

- Growth in insurance gross written premium and StockCo livestock product

Feed and Processing

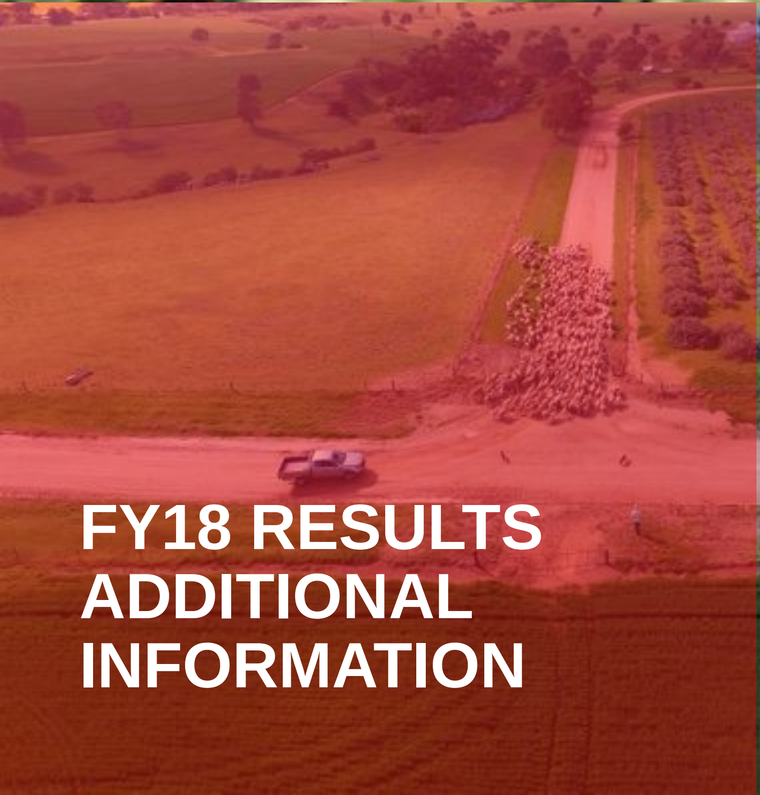
- Controlled growth in Killara feedlot throughput
- Investment in infrastructure to deliver efficiencies

APPENDIX

Appendix

- Appendix 1: FY18 Results Additional Information
- Appendix 2: Business Model
- Appendix 3: Market Forces





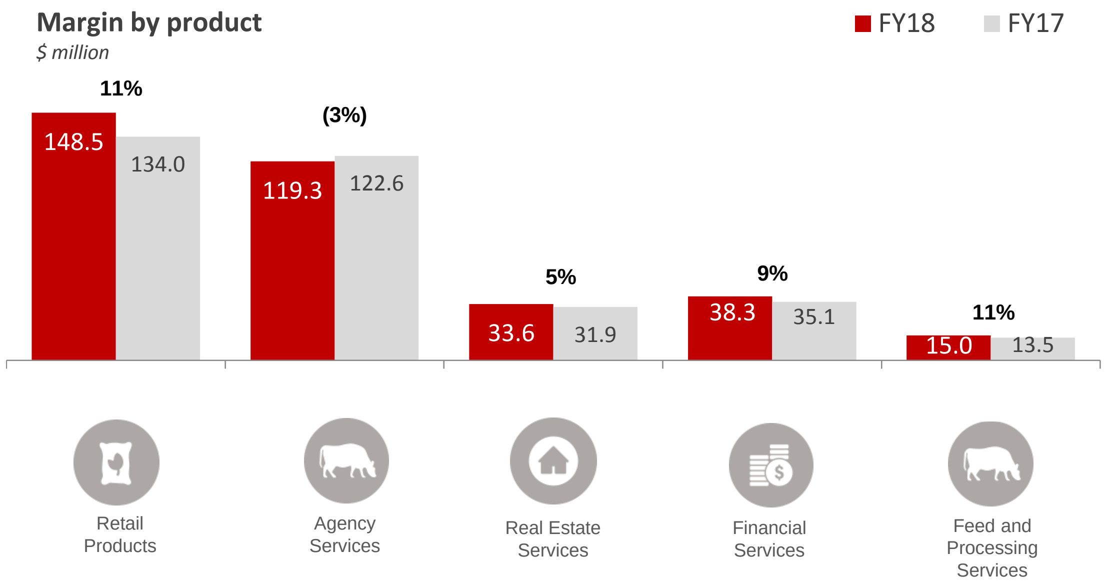
FY18 RESULTS ADDITIONAL INFORMATION


Business Segmentation

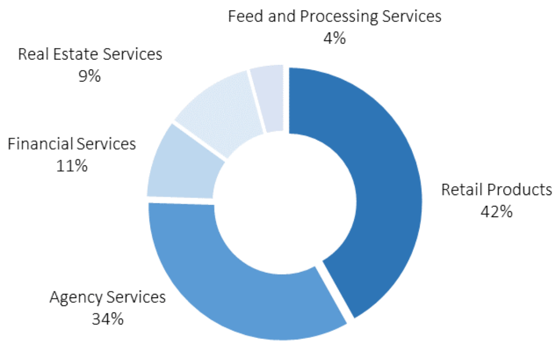
$ million	Northern Australia	Southern Australia	Western Australia	Int'l Geographies	Digital & Technical	FY18 Margin	Average Working Capital
Retail Products	Farm Supplies and Fertiliser					**148.5**	**175.3**
Agency Services	Livestock, Wool, and Grain					**119.3**	**33.8**
Real Estate Services	Farmland, Residential, Property Management, Franchise					**33.6**	**1.2**
Financial Services	Agri Finance, Insurance and Financial Planning					**38.3**	**13.1**
Feed & Processing Services	Killara Feedlot			Indonesia China		**15.0**	**48.0**
Digital & Technical					Elders Weather	**0.5**	**-**
FY18 Margin	**130.1**	**159.9**	**62.6**	**1.9**	**0.5**	**355.1**	

Business Performance by Product

Margin by product
$ million

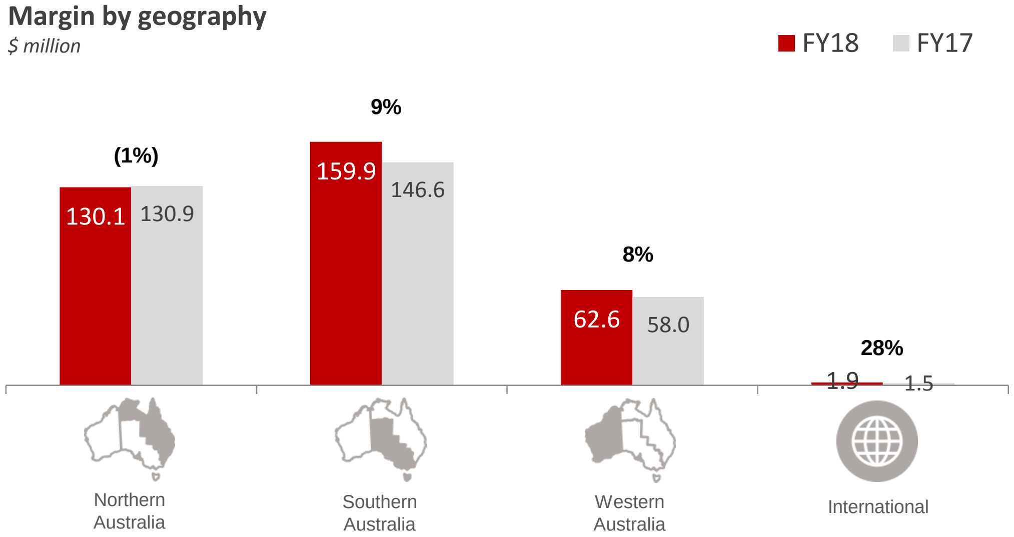


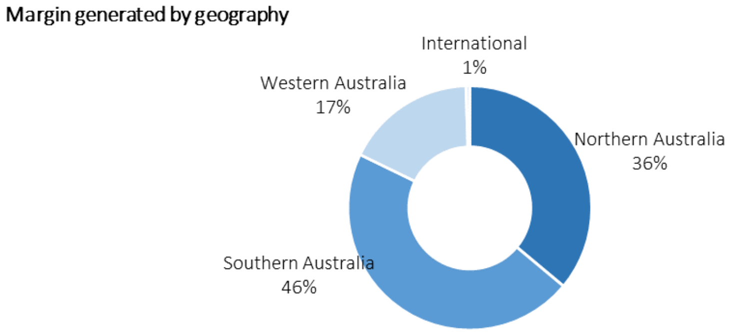
Margin generated by product



- **Retail:** Improved on last year, despite a dry winter cropping season, from acquisition activity in horticulture and organic growth across Southern Australia
- **Agency:** Downside attributable to declining cattle prices, partially offset by solid wool performance and increased sheep volumes
- **Real Estate:** Increase from footprint expansion, offset by subdued activity in key residential markets
- **Financial Services:** Boosted by acquisitions and organic growth in loan book balances
- **Feed and Processing:** Upside across all the business units

Business Performance by Geography





- **Northern Australia:** Unfavourable conditions impacting sales across most products, offset by acquisition growth in horticulture and continued growth in the Killara feedlot
- **Southern Australia:** Outperformed last year across most products particularly in Retail and Livestock where increased volumes and stable sheep prices provided upside
- **Western Australia:** Improvement driven by strong performance in Retail, offset by easing Livestock earnings
- **International:** Benefitted from improved procurement and focus on cost control

BUSINESS MODEL

Elders Limited

Australia’s largest listed rural services and products supplier, operating since 1839

- Australia’s largest listed full service rural services and products supplier
- Integral part of Australia’s agribusiness landscape since 1839
- >450 points of presence strategically located throughout agricultural production areas
- Market capitalisation A$821m [1]
- FY18 sales revenue A$1,613.3m
- FY18 underlying EBITDA A$79.0m
- FY18 underlying EBIT A$74.6m
- Target long term return on capital 20%

Mark Allison

Chief Executive Officer and Managing Director

- Chief Executive Officer and Managing Director of Elders since May 2014
- 36 years experience in the agribusiness sector

Experience includes:

- Executive Director – GrainGrowers Limited
- MD & CEO – FarmOz Pty Ltd (Adama Australia/NZ)
- MD & CEO – Wesfarmers Landmark Limited
- MD & CEO – Wesfarmers CSBP Limited
- MD & CEO – CropCare Australasia Pty Ltd
- GM – Incitec Fertilisers (Incitec Limited)
- Chair of APVMA, CropIlfe, Agsafe, Agribusiness Australia and Elders Ltd

Richard Davey

Chief Financial Officer

- Chief Financial Officer of Elders since January 2013
- 17 years experience at Elders
- Previously manager at PricewaterhouseCoopers

[1] *as at 30 September 2018*

Business Model

Retail products

- Farm supplies
- Fertiliser

$1.1bn retail sales	
716k tonnes fertiliser	

Agency services


- Livestock
- Wool
- Grain

9.9m head sheep
1.5m head cattle
371k wool bales
44k grain tonnes

Real estate services


- Farmland
- Residential
- Property management
- Franchise

$1bn farmland sales
$710m residential sales
8,287 properties under management
128 franchises

Financial services


- Agri-finance
- Insurance

$3.0bn loan book[1]
$1.6bn deposit book[1]
$71.7m StockCo book[1]
$689.9m gross written premium[1]

Digital and technical services

- Fee for service
- Auctions plus (50%)
- Elders Weather

Auctions Plus	694k head sheep
	78k head cattle
Elders weather	190m hits

Feed and processing services


- Killara Feedlot
- Elders Indonesia[2]
- Elders China

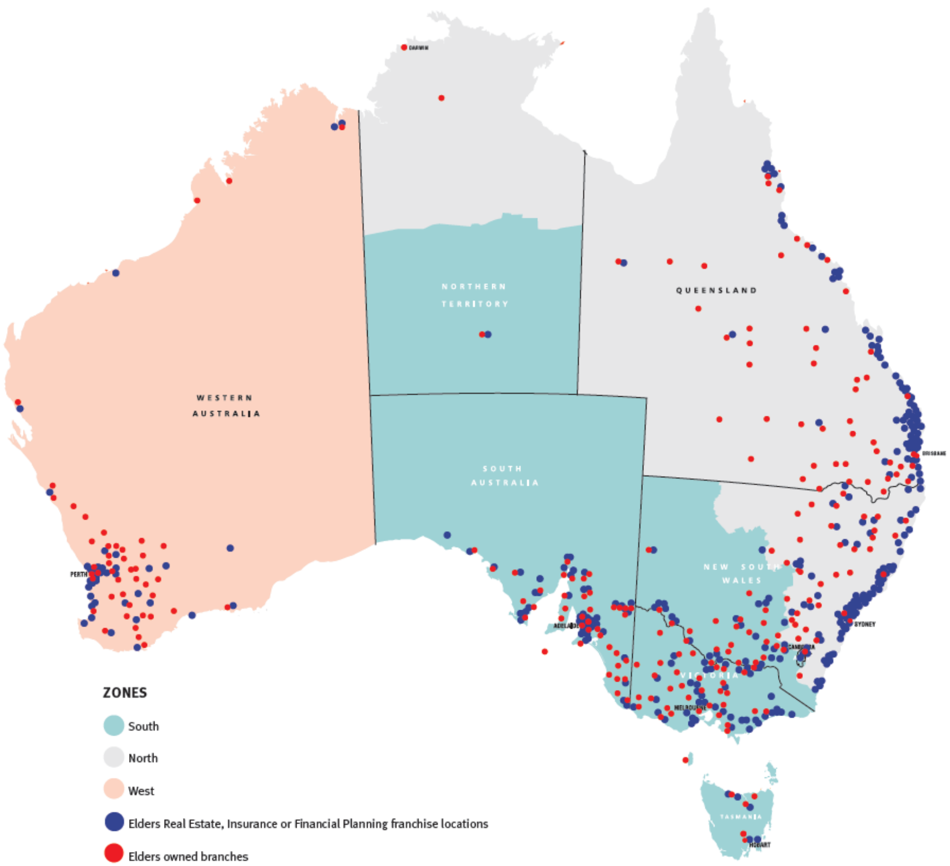
Killara	56k head
Indonesia[2]	$8.6m sales
China	$10.9m sales

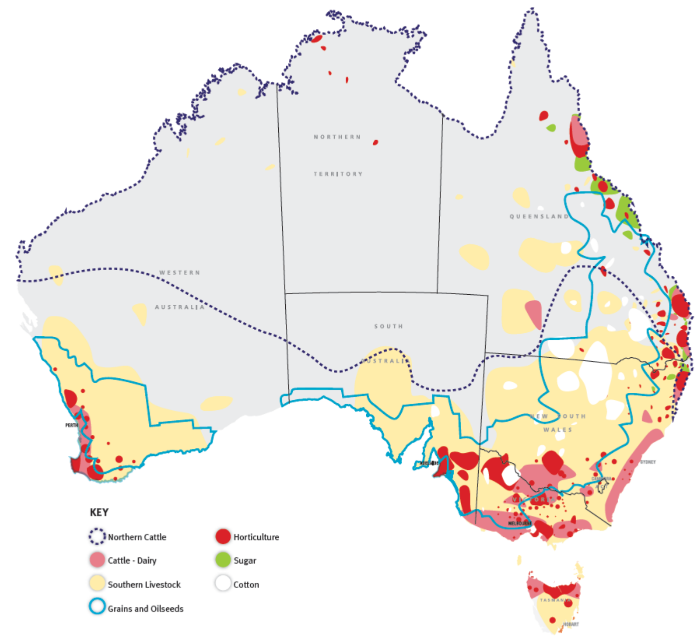
FY18 gross margin contribution

Retail products	Agency services	Real estate services	Financial services	Digital and technical services	Feed and processing services
42%	34%	9%	11%	n/a[3]	4%

[1] *Principal positions are held by Rural Bank, StockCo and Elders insurance (QBE subsidiary respectively).*
[2] *Announcement of Indonesian divestment in April 2018.*
[3] *Existing agronomic activity presented within Retail margin, and Auctions Plus in Agency margin.*

Points of Presence





- Over 450 points of presence in Australia and overseas including full service branches, real estate and insurance franchises
- Key produce areas covered through our footprint
- Targeted expansion of footprint through recruitment and acquisition

Business Division

Retail Services

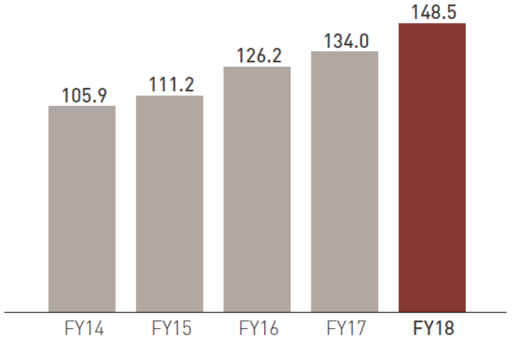
Business description

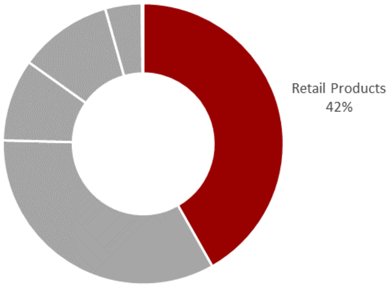
Elders is one of Australia's leading suppliers of rural farm inputs including seeds, fertilisers, agricultural chemicals, animal health products and general rural merchandise. We also provide professional production and cropping advice with over 148 agronomists nationwide.

Strategic focus

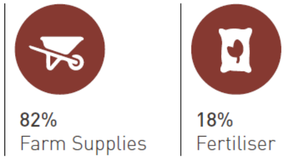
1. Capital light, return on capital driven business model
   - Improve product ranging within key animal health and agricultural chemicals categories.
   - Increased focus on specialised high value cropping market, including in selected geographical gaps.
   - Implementation of rebate deal software to develop and improve processes.
2. Product focus
   - Build on customer loyalty through increased provision of agronomy services.
3. People
   - Identify, select and recruit proven localised management to establish Elders' presence in selected geographical gap areas.

Retail Services margin ($m)

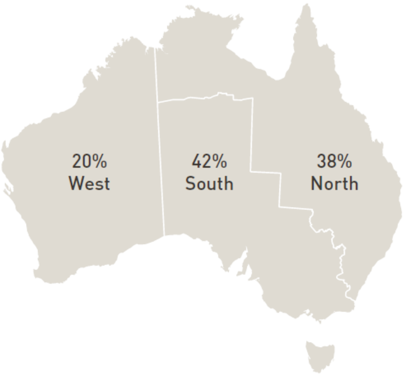




Margin by product



Margin split by geography



Business Division

Agency Services

Business description

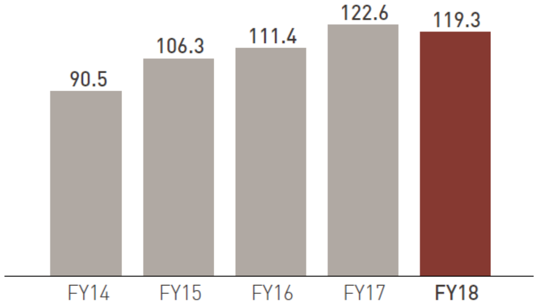
Elders provides a range of marketing options for livestock, wool, and grain.

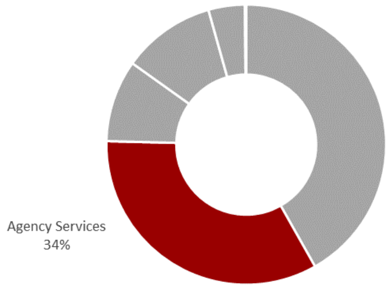
- **Livestock:** our livestock agents and employees operate across Australia conducting on-farm sales to third parties, regular physical and online public livestock auctions and direct sales to Elders-owned and third-party feedlots and livestock exporters.
- **Wool**: we are one of the largest wool agents for the sale of Australian greasy wool and operates a brokering service for wool growers. Our team of dedicated wool specialists assists clients with wool marketing, in-shed wool preparation, ram selection and sheep classing.
- **Grain**: Our grain marketing model provides pricing from multiple buyers and offers a cutting edge commodity origination platform, maximising choice for growers.

Strategic focus

1. Operating model
   - Continue Livestock, Wool and Grain product development to improve and expand offering.
   - Continue footprint expansion through targeted acquisitions.
2. People
   - Continued footprint expansion through recruitment of key operatives with aligned values and performance characteristics.

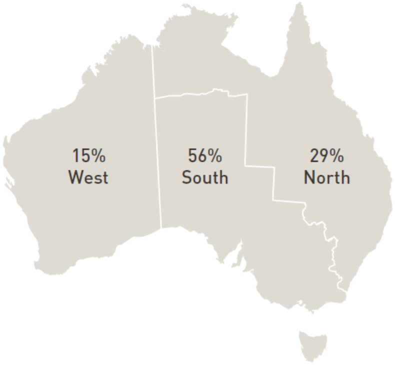
Agency Services margin ($m)





Margin by product

Margin split by geography



Business Division

Real Estate Services

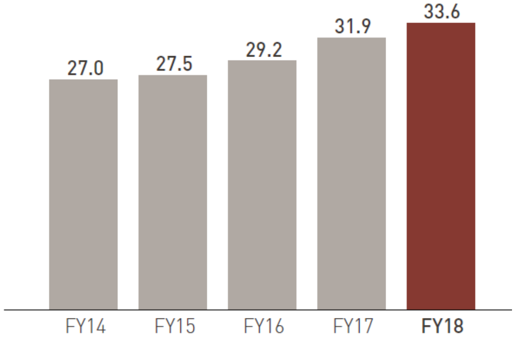
Business description

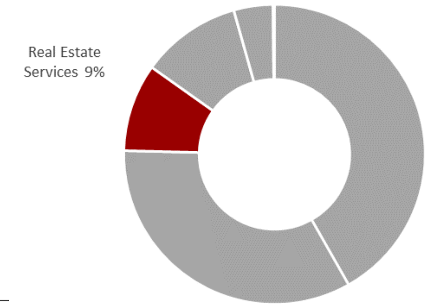
Elders' real estate services include company owned rural agency services primarily involved in the marketing of farms, stations and lifestyle estates. It also includes a network of residential real estate agencies providing agency and property management services in major population centres and regional areas through company owned and franchise offices. Other services include water and home loan broking.

Strategic focus

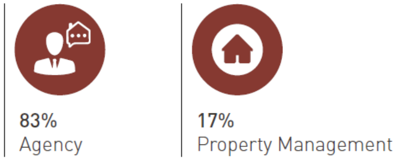
1. Operating model
   - Increase company owned presence in major regional centres
   - Ongoing focus on productivity and efficiency
2. People
   - Recruitment of high performing sales representatives in both the Broadacre and Residential agency business
   - Recruitment of home loan brokers
   - Increased productivity through improvement initiatives and training

Real Estate Services margin ($m)

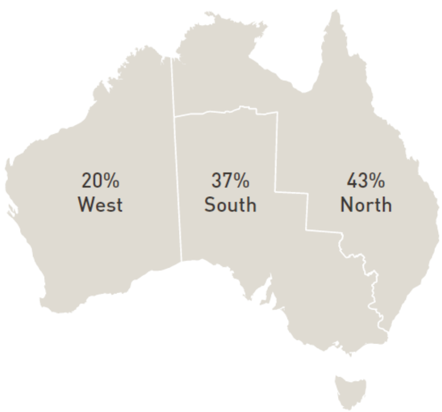




Margin by product



Margin split by geography



Business Division

Financial Services

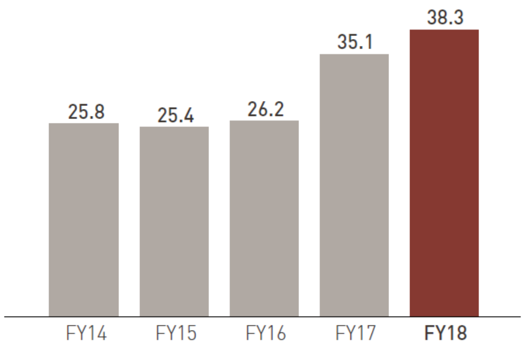
Business description

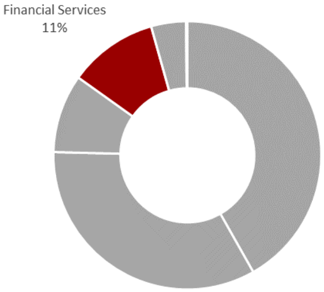
Elders distributes a wide range of banking, insurance and financial planning products through its Australian network. We work together with a number of third parties to enable us to deliver these products; Rural Bank and StockCo for banking and livestock funding products and Elders Insurance (a QBE subsidiary) for insurance. Collectively, these relationships enable us to offer a broad spectrum of products designed to assist our customers to grow their business.

Strategic focus

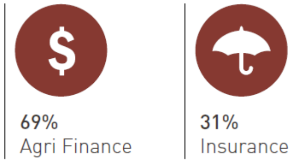
1. Deeper, more productive partnerships
   - Investment in aligned financial service products
   - Collaborate with StockCo to develop new product offerings.
   - Elders Insurance metro expansion
2. Increased market awareness and cross-sell within Elders
   - Elders Insurance national TV campaign.
   - Joint marketing and sales campaigns with all product partners.
3. Governance
   - Ensure financial services distribution arrangements are structured in a way that takes into account the interim and final recommendations of the Banking, Superannuation and Financial Services Royal Commission.

Financial Services margin ($m)

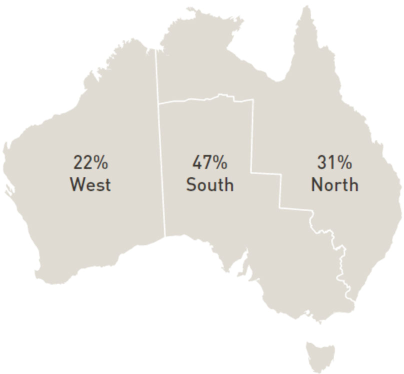




Margin by product



Margin split by geography



Business Division

Feed and Processing Services

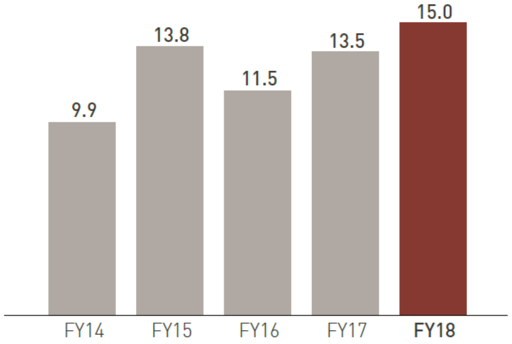
Business description

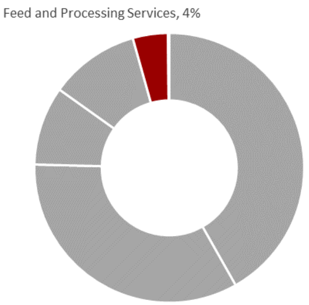
In Australia, Elders operates Killara Feedlot, a beef cattle feedlot near Tamworth in New South Wales.   Elders imports, processes and distributes premium Australian meat in China and Indonesia.

Strategic focus

1. Robust systems
    - Improve reporting and transparency allowing effective decision making.
2. Return on capital focus
    - Improve procurement strategies through backgrounding and use of external facilities for Killara.
    - Allocation of capital based on approved business case discipline.
3. Integrated red meat supply chain
    - Increase focus on higher margin markets.
    - Expansion of Killara branded product in Bali market.

Feed and Processing Services margin ($m)





Margin by product

87% Killara (Aus)

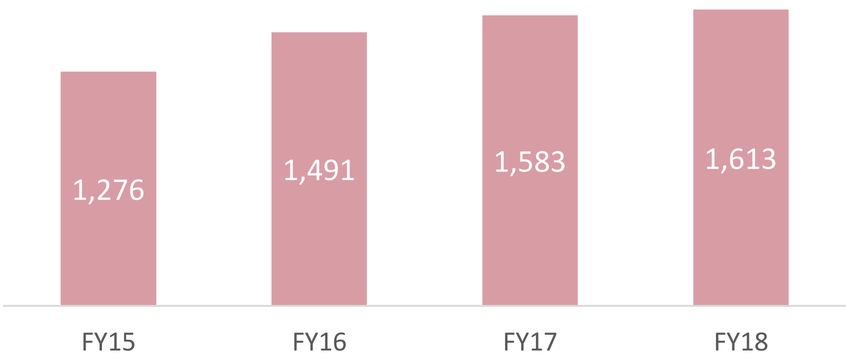
5% Indonesia

8% China

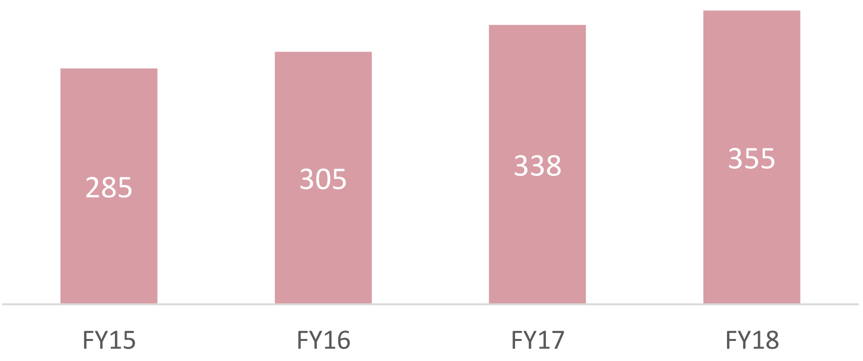
Margin split by geography

Strong group financials

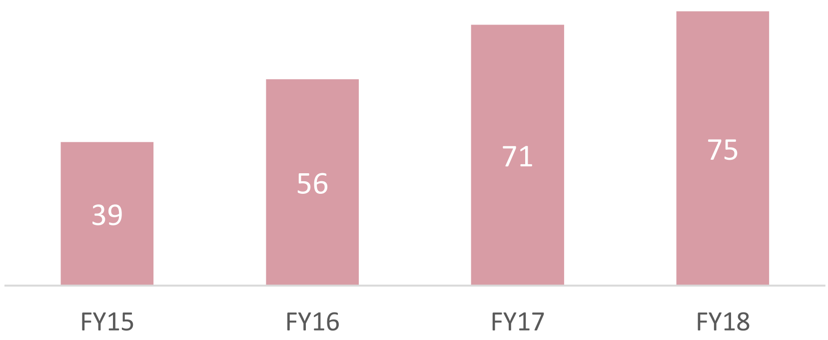
Sales ($m)



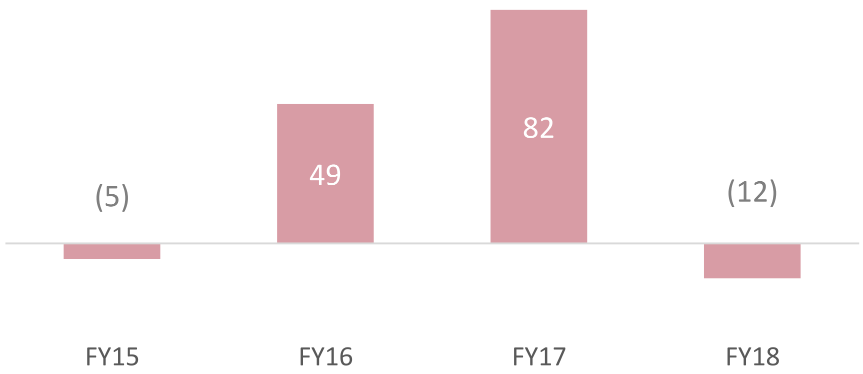
Gross margin ($m)



Underlying EBIT ($m)



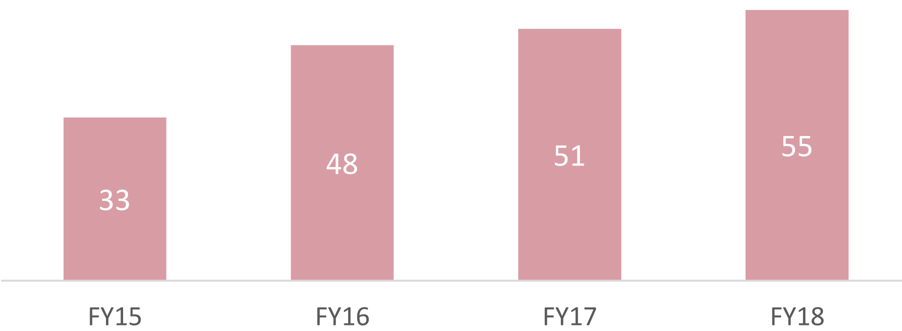
Operating cashflow ($m)



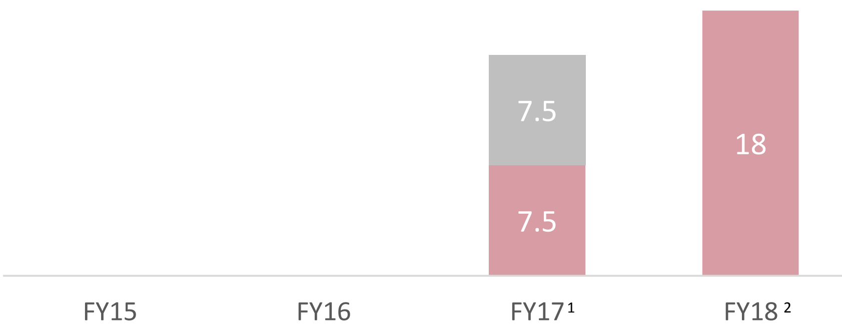
[1] *Includes equity accounted profits.*

Driving improved shareholder returns and sound capital management

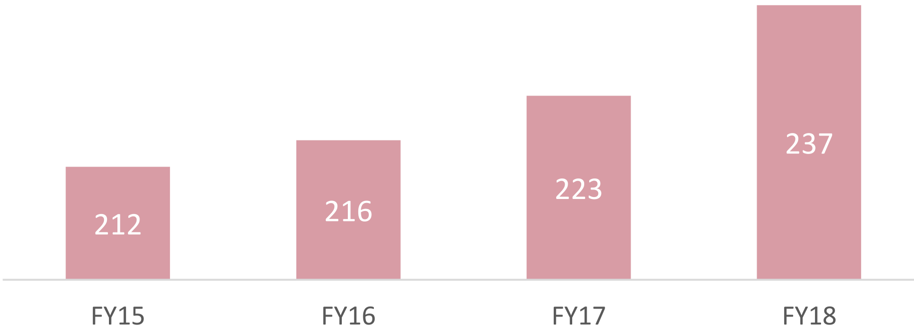
Underlying EPS (cps)



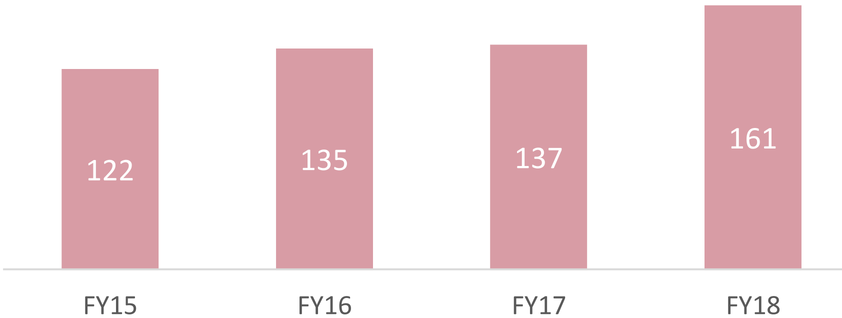
Dividends per share (cps)



Average working capital balance ($m)

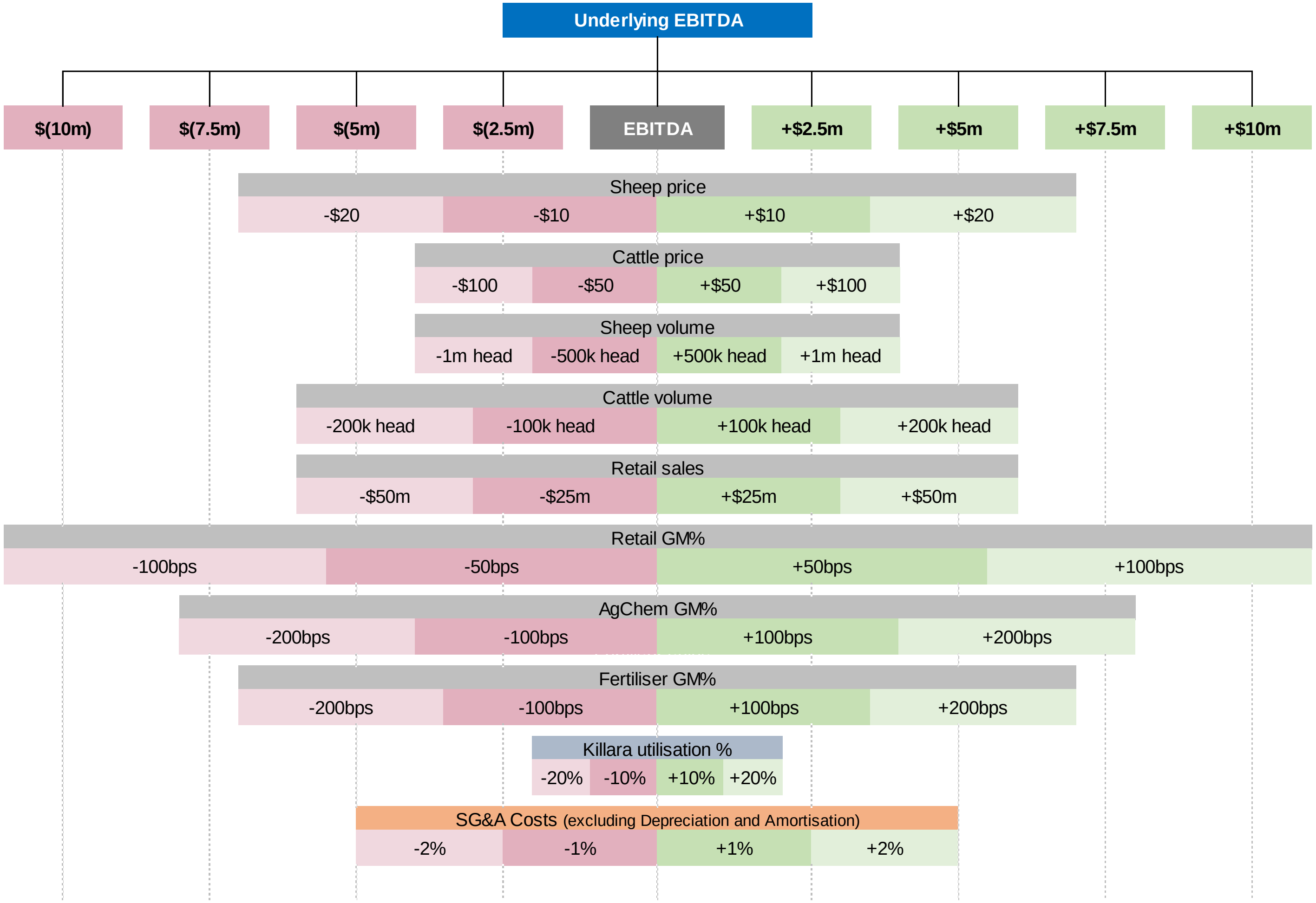


Average net debt balance ($m)



[1] *Comprises both fully franked final and special dividends.*
[2] *Comprises both fully franked interim and final dividends.*

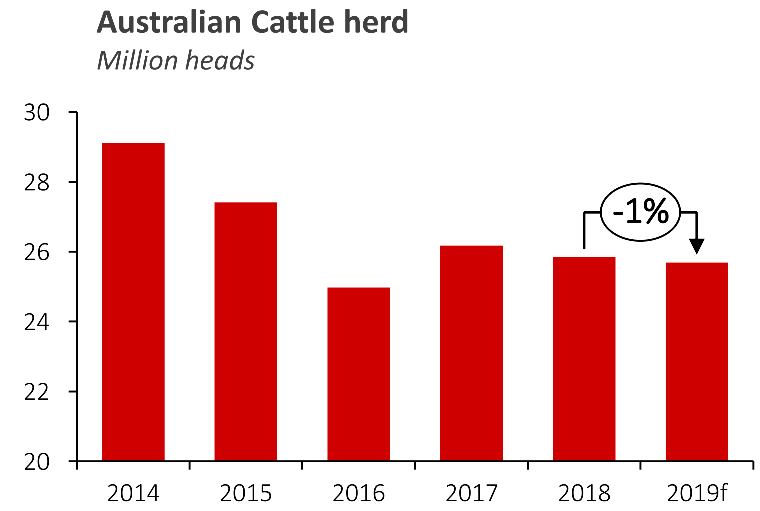
Profit Sensitivity

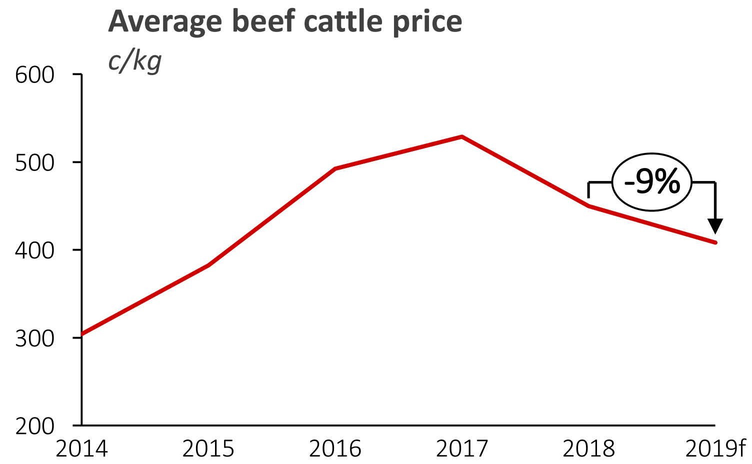


MARKET FORCES

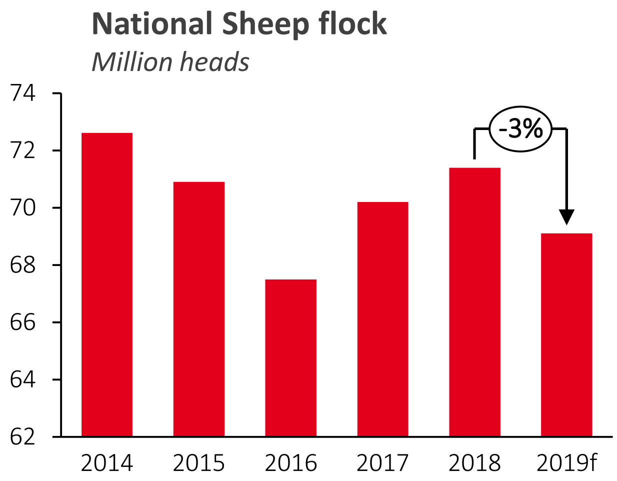
Cattle

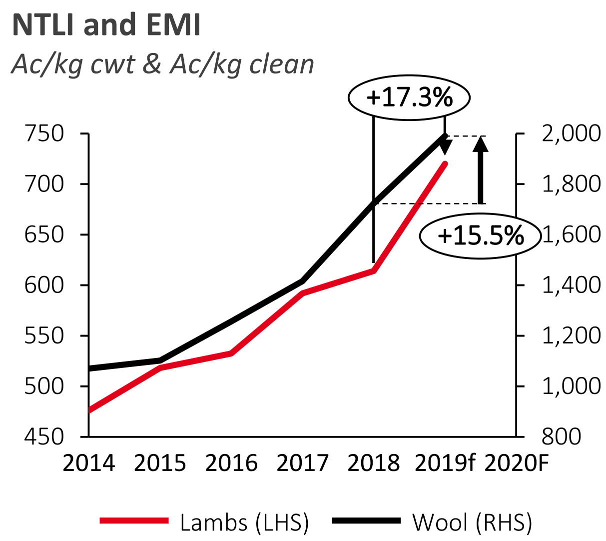
- The herd is in destocking phase due to drought conditions in Queensland and New South Wales, with a 1% decline in the cattle herd forecast for 2018-19.
- Total cattle slaughterings are forecast to increase 5% in 2018-19, however this will be offset with a reduction in average slaughter weights due to higher rates of female slaughter and lighter-weight cattle turned off.
- Cattle prices are set to fall by 9% in 2018-19 to 408 cents per kg, as competition in key beef export markets intensifies from competitors in the US and Brazil. Anticipated increases in local slaughter volumes will also put downward pressure on prices.
- Live exports of Australian feeder and slaughter cattle are forecast to increase by 5% to 925,000 heads, with demand from Indonesia and Vietnam expected to remain strong.





Sheep and Wool



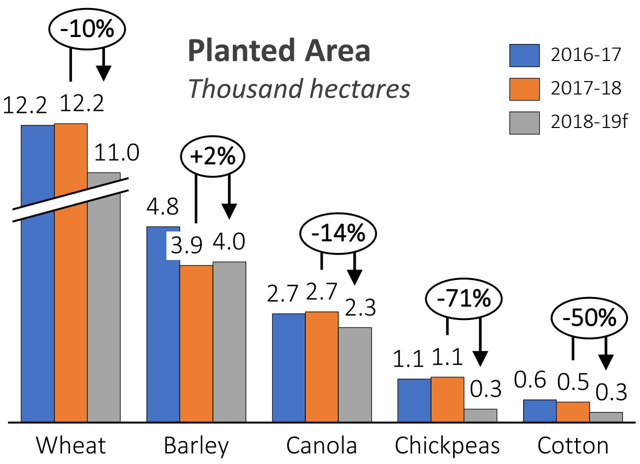


- The national flock is expected to decrease in 2018-19 to 69m. This is due to dry conditions, particularly in New South Wales, resulting in higher rates of lamb and sheep turn off, as producers look to avoid high feed costs.
- Sheep and lamb slaughtering's will increase by 17% and 2% respectively in 2018-19.
- Export demand for sheep meat will remain strong, particularly in China. Uncertainty remains around the future of live sheep exports.

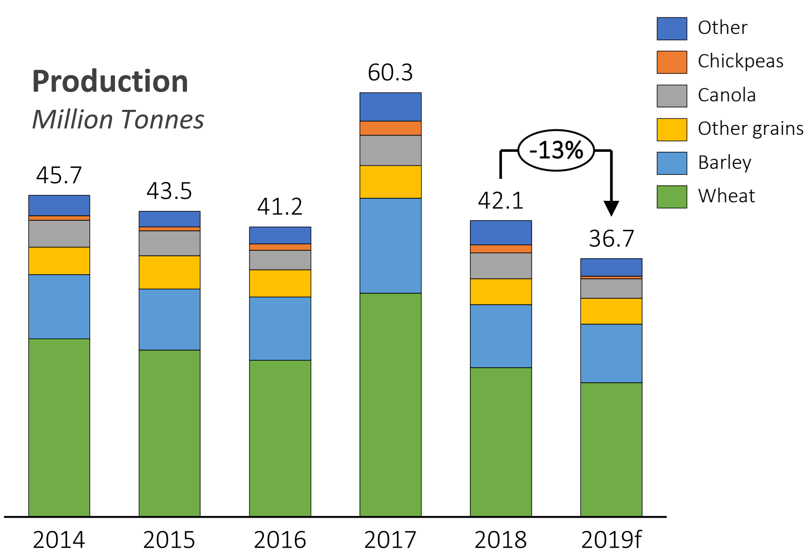
- Wool production is forecast to decrease, on the back of poor seasonal conditions in key wool producing regions. In 2018-19 shorn wool production is forecast to be 320,000 tonnes, a 6% decrease from 2017-18.

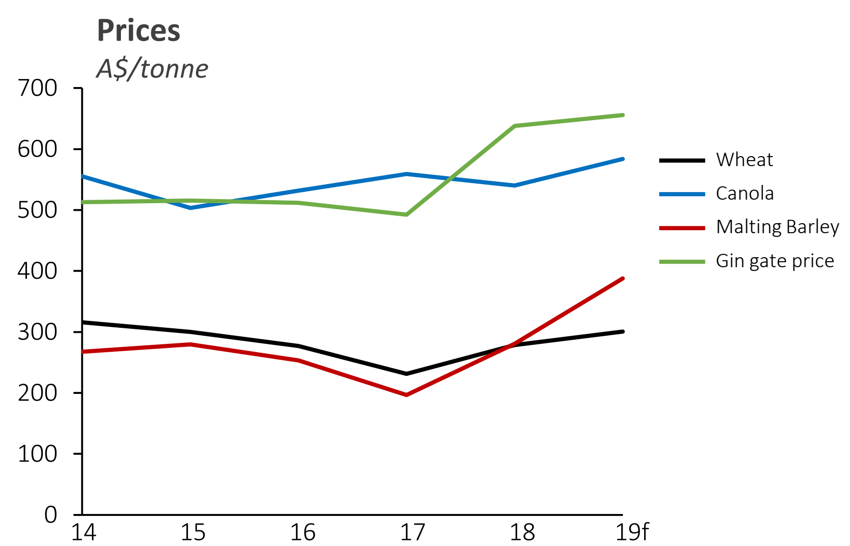
- Sheep and lamb prices are forecast to increase by a further 17% in 2018-19. This reflects strong competition at saleyards from processors, driven by strong demand in major export markets, particularly China.
- The EMI is forecast to increase by another 15.5% to $1,990 in 2018-19. This has been driven by global consumer demand for woollen apparel.

Cropping



- In 2018-19 the planted area for winter crops has decreased by 12%, in response to adverse seasonal conditions. Total production is also expected to fall by 12%.
- In 2018-19 the cotton planted area is expected to decrease by 50% with below average rainfall in 2018 reducing water availability for irrigated crops. This is partially offset with an expected 7% increase in sorghum plantings.
- Global grain prices are expected to lift in 2018-19, due to a decline in global supplies.
- In 2018-19, returns to Australian cotton growers at the gin-gate are forecast to increase marginally due to higher global demand and lower world production.



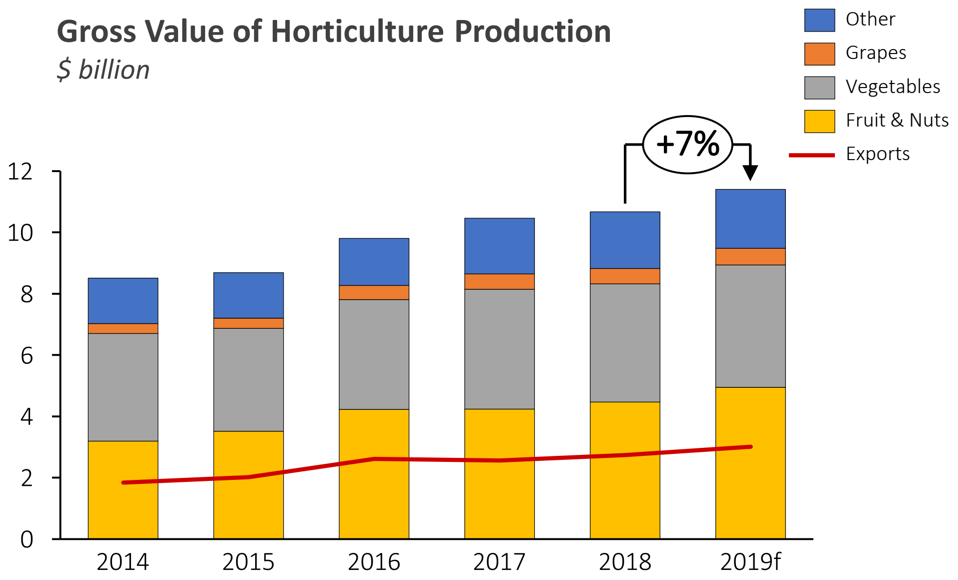


Horticulture

- The gross value of horticulture production is projected to increase to $11.4bn in 2018-19, underpinned by seasonal conditions and favourable domestic and export demands.
- The gross value of Australian fruit and nuts is expected to increase as a result of strong demand from Asia for fresh produce.
- Warm winter conditions have resulted in increased vegetable production. Even if dry conditions continue, summer plantings are expected to remain stable year on year, however irrigation costs will increase.
- Australian vegetable exports are expected to grow as a result of increased access to Asian markets, greater demand from Gulf countries and an expected favourable Australian dollar.

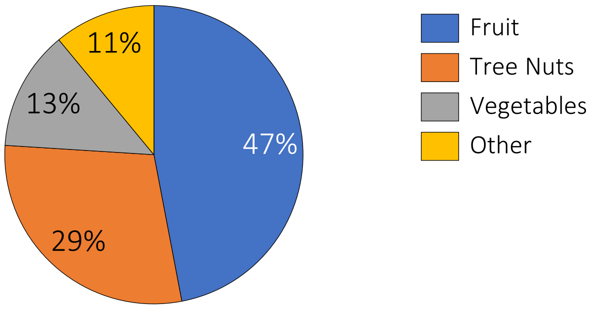
Gross Value of Horticulture Production

$ billion



Australia Horticulture Exports

By value, 2018-19f



Elders