

9 May 2024

Elders Limited Investor Presentation

Attached is a presentation to be given today, 9 May 2024, by Elders' Managing Director and Chief Executive Officer, Mr Mark Allison, to the Macquarie Australia Conference.

Further Information:

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Peter Hastings, Company Secretary, 0419 222 489

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for Australian agriculture



Macquarie Australia Conference

9 May 2024

Presented by
Mark Allison
Managing Director and CEO

Disclaimer And Important Information

The material in this presentation has been prepared by Elders Limited and is general background about Elders' activities and performance at the date of this presentation. The information is in summary form, does not purport to be complete, and where derived from publicly available sources has not been independently verified. Information in this presentation is not advice or a recommendation to investors or potential investors in relation to holding, selling or buying Elders shares and does not take into account a reader's investment objectives, financial situation or needs.

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.

Agenda

01

Business Model

02

Financial Results

03

Strategy

04

Outlook

05

Questions

Business Model

Geographic and product diversification mitigate impact of individual market volatility

	 Rural Products Retail Wholesale		 Agency Services	 Real Estate Services	 Financial Services	 Feed and Processing Services	 Digital and Technical Services
Product and service offerings	Rural Products	Rural Products	Livestock	Broadacre	Agri Finance	Killara Feedlot	Fee for Service (256 agronomists)
	Fertiliser	Pet Supplies	Wool	Residential	Elders Insurance (20%)		AuctionsPlus (50%)
	Agcrest (33%)		Grain	Property Management	LiT Delivery Warranty and Livestock Funding Products		Elders Weather
				Franchise	Home and Commercial Finance		Clear Grain Exchange (30%)
Key metrics	\$2.4b retail sales	\$0.5b wholesale sales	9.8m head sheep	\$2.0b broadacre sales	\$3.1b loan book ¹ \$1.4b deposit book ¹ \$42.2m own balance sheet lending \$108.0m StockCo book	57k Killara Feedlot cattle head exited	AuctionsPlus 104k head cattle 841k head sheep
	242 stores	380 member stores	1.3m head Cattle	\$1.7b residential sales	\$1.2b insurance gross written premiums ²		7.8m Elders Weather unique visitors
	435 APVMA registrations		350k wool bales	13.6k properties under management	44% LIT penetration rate		0.8m CGX tonnes influenced
	1.1m tonnes fertiliser						
Gross margin	\$306.9m	\$71.1m	\$113.7m	\$59.5m	\$53.5m	\$13.7m	Included in products
Working capital	\$463.8m	\$116.1m	\$40.8m	\$1.3m	\$10.4m	\$54.5m	Other – (\$54.1m)

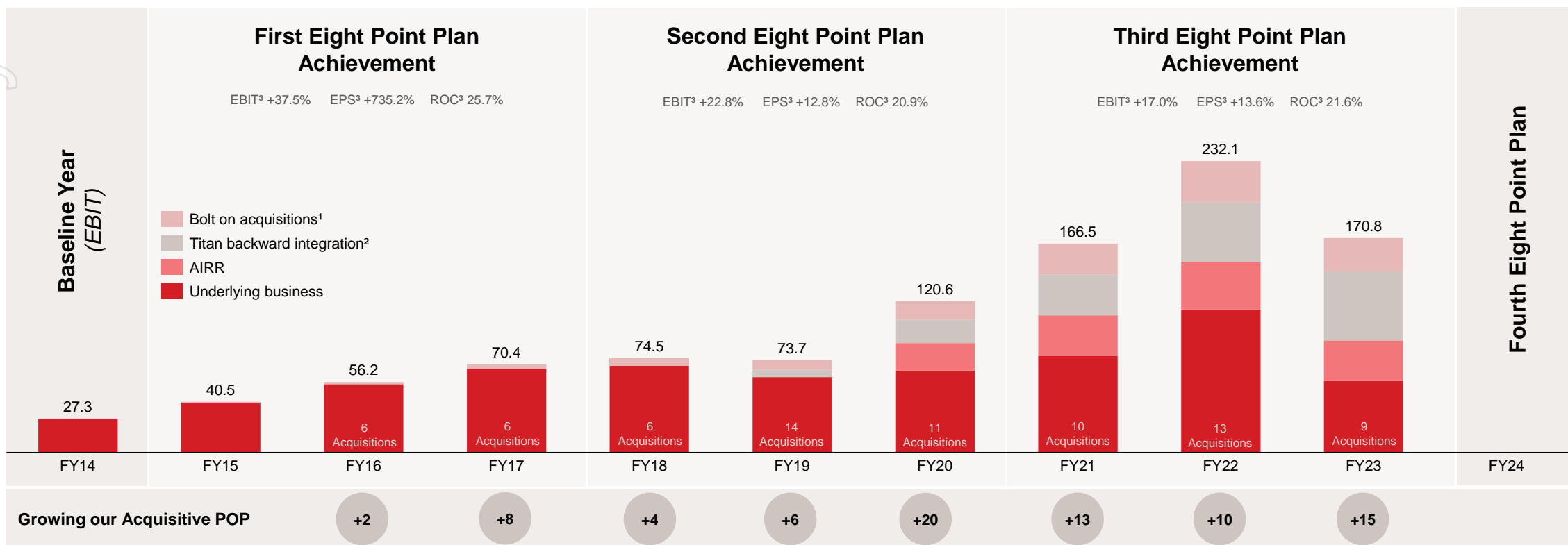
Statistics and financial information based on FY23 full year

¹ Relates to Elders' relationship with Rural Bank, which ceased in December 2023

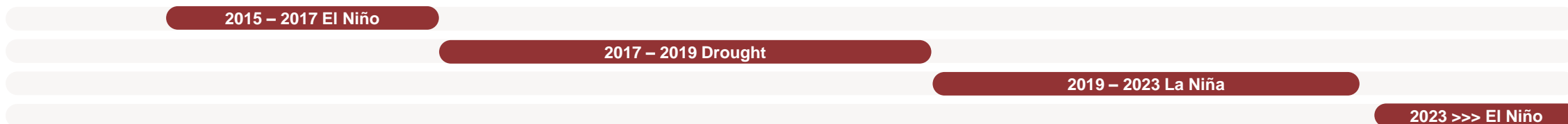
² Relates to Elders Insurance gross written premiums

Earnings Growth and Resilience

Second highest EBIT result in the last 10 years notwithstanding volatility across several key markets



Seasonal backdrop



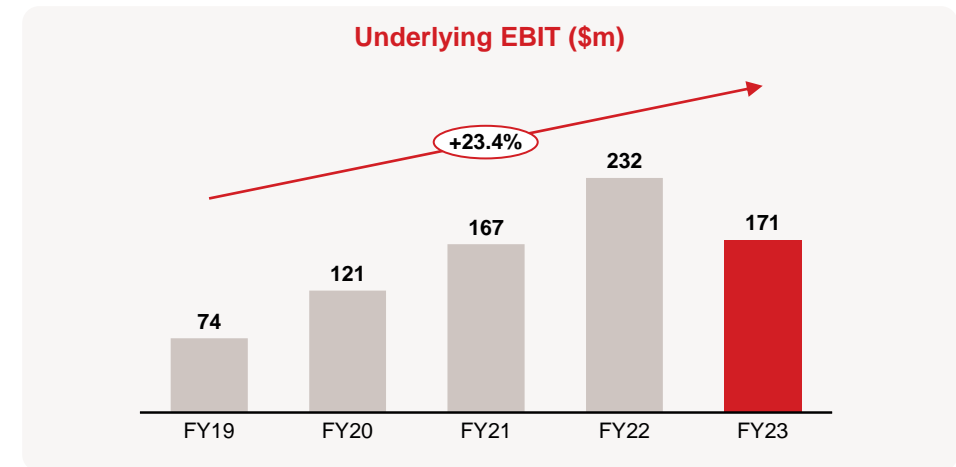
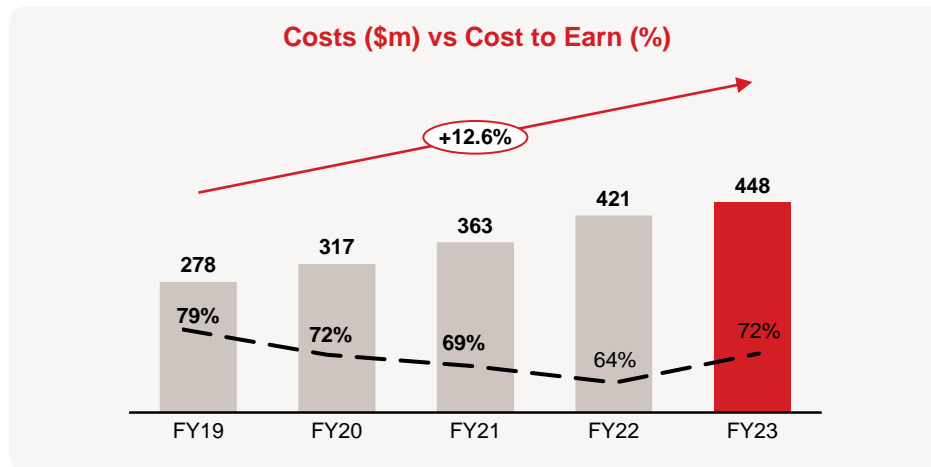
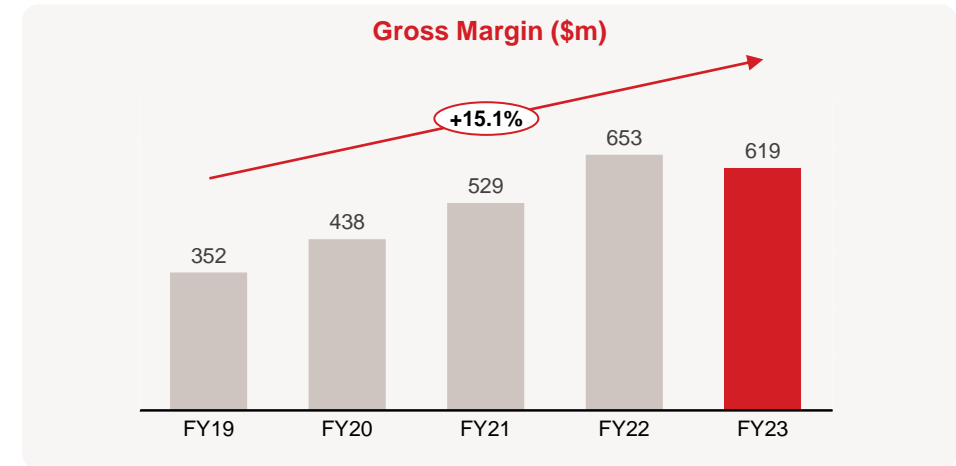
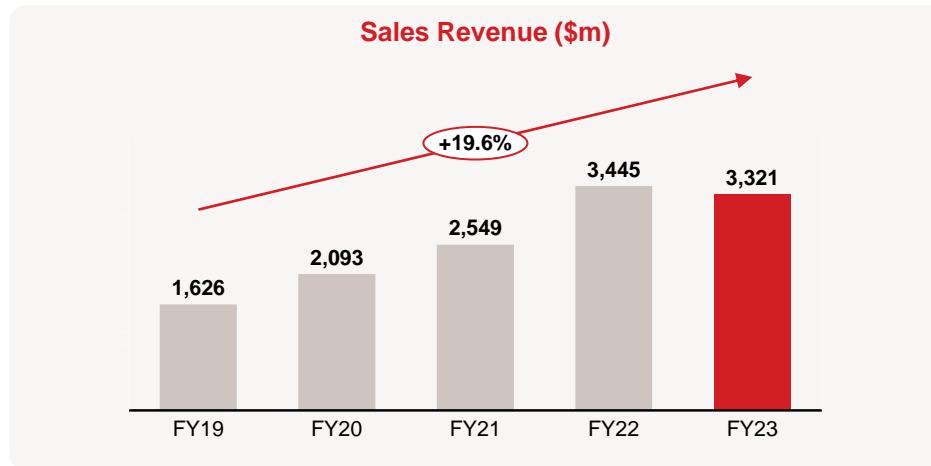
- Bolt on acquisitions do not include acquisition growth from investments with no points of presence (e.g. Livestock in Transit ("LiT") Delivery Warranty, StockCo, Elders Insurance etc.)
- Growth in the underlying business is understated to the extent that the percentage of sales of own brand products has increased. The uplift in earnings from increased maturity in this strategy, for example, is applied to Titan AG despite being influenced and driven by the underlying business
- Average EBIT and EPS growth and average ROC over the Eight Point Plan period

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Five Year Financial Performance

Strong track record of delivering 5-10% EBIT and EPS growth through the cycles

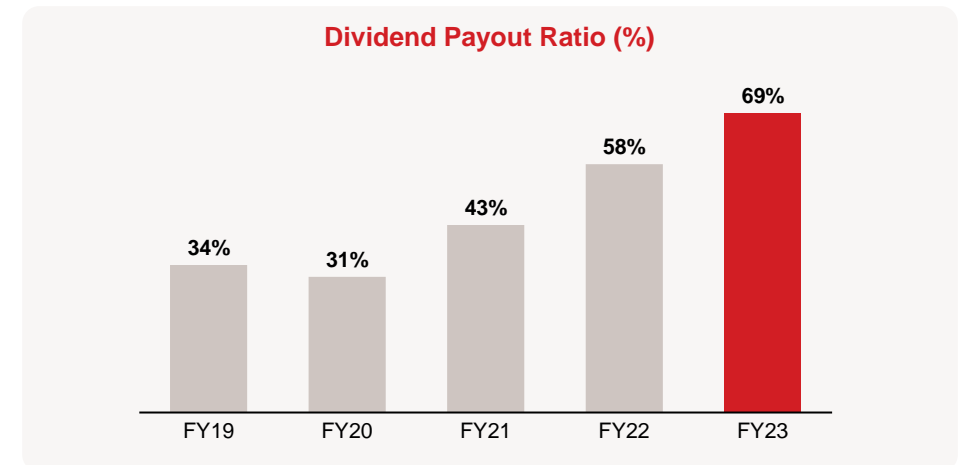
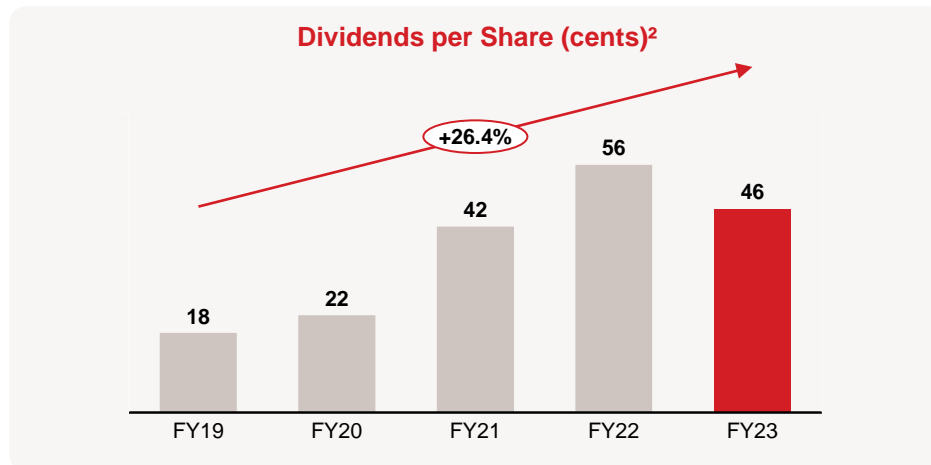
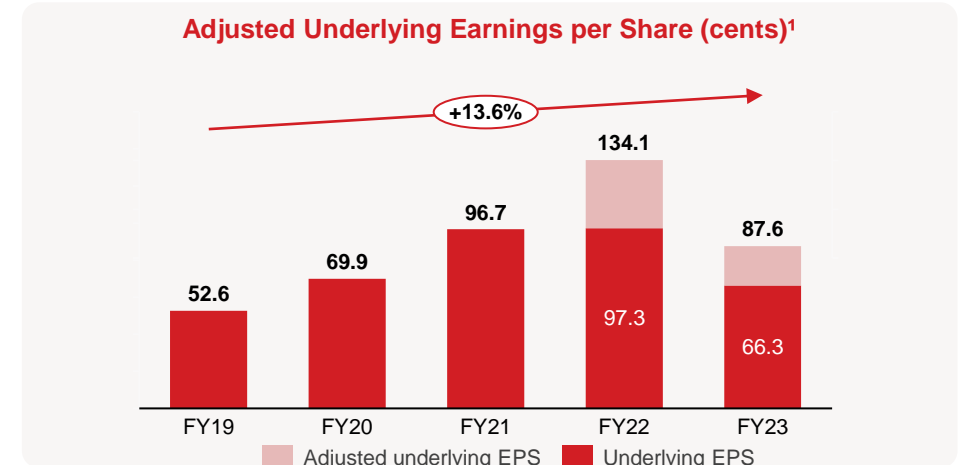
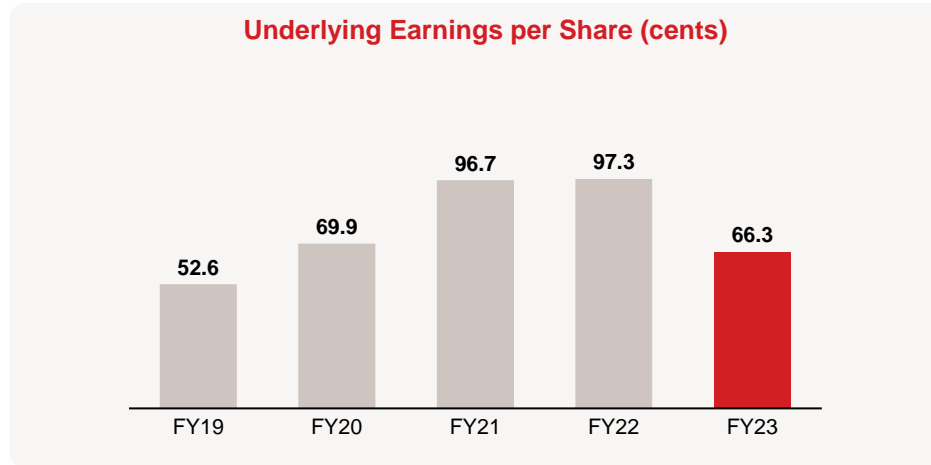


CAGR calculated on full year performance



Five Year Shareholder Returns

Compelling shareholder value proposition over time



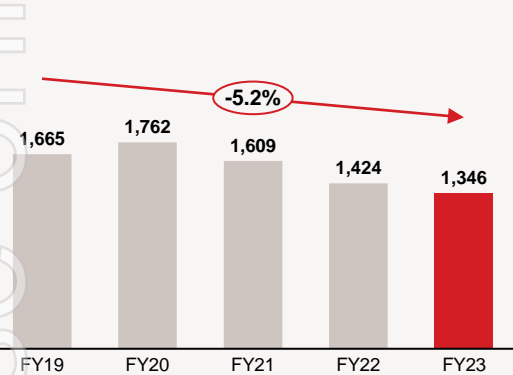
CAGR calculated on full year performance

- Adjusted for underlying tax expense recognised from 1 October 2021
- FY19 and FY20 dividends were fully franked, FY21 was partially franked at 20%, FY22 and FY23 dividends were partially franked at 30%

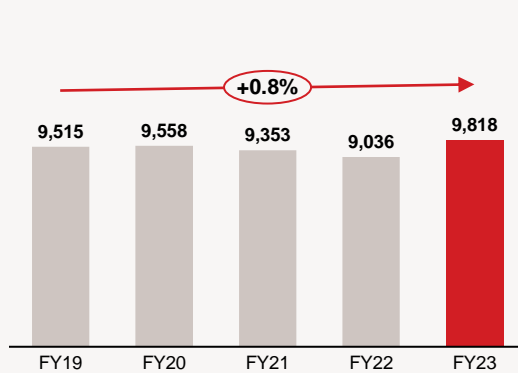
Key Performance Indicator Trends

Elders diversified business model provides earnings resilience against market volatility

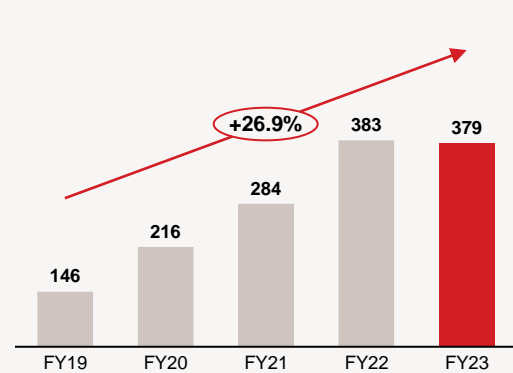
Agency Services: Cattle Volume ('000)



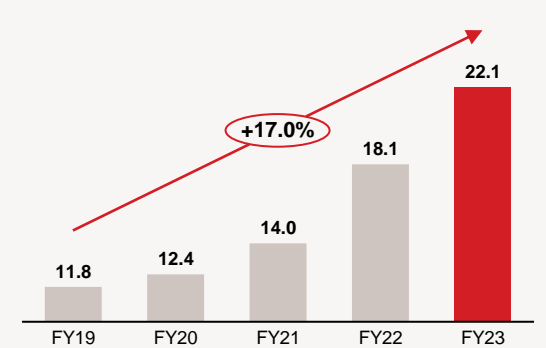
Agency Services: Sheep Volume ('000)



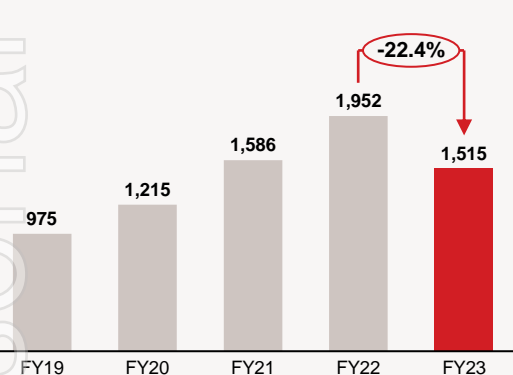
Rural Products: Gross Margin (\$m)



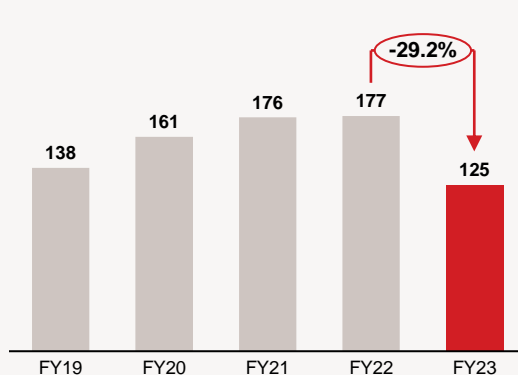
Real Estate Services: Property Management Gross Margin (\$000)



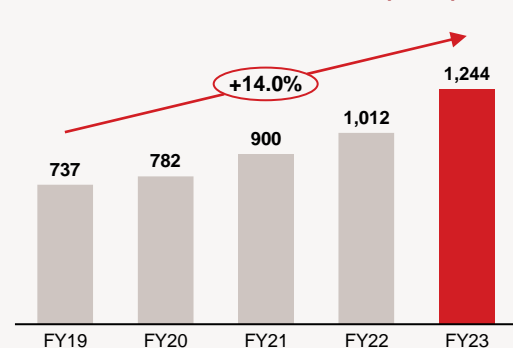
Agency Services: Cattle Price (\$)¹



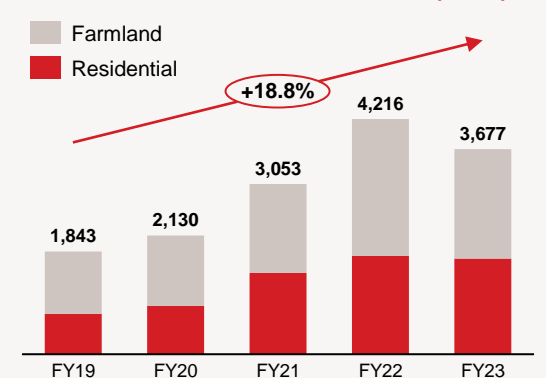
Agency Services: Sheep Price (\$)¹



Financial Services: Insurance Gross Written Premiums (\$000)²



Real Estate Services: Turnover (\$000)

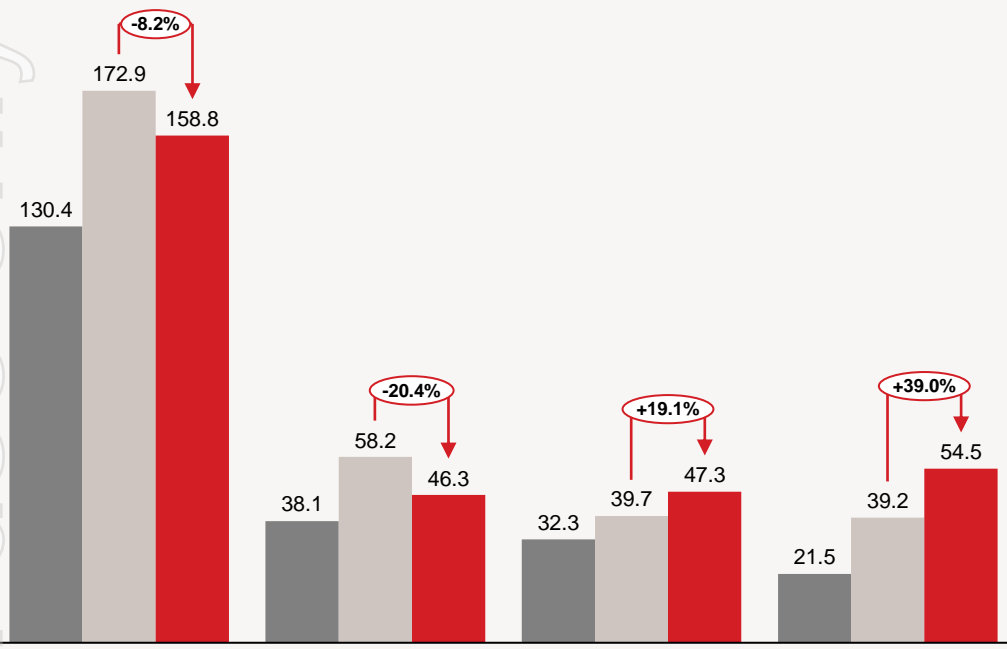


1. Cattle and sheep prices are internal averages, not externally verifiable
 2. Principal positions are held by Elders Insurance Underwriting Agency (Elders 20% equity investment)

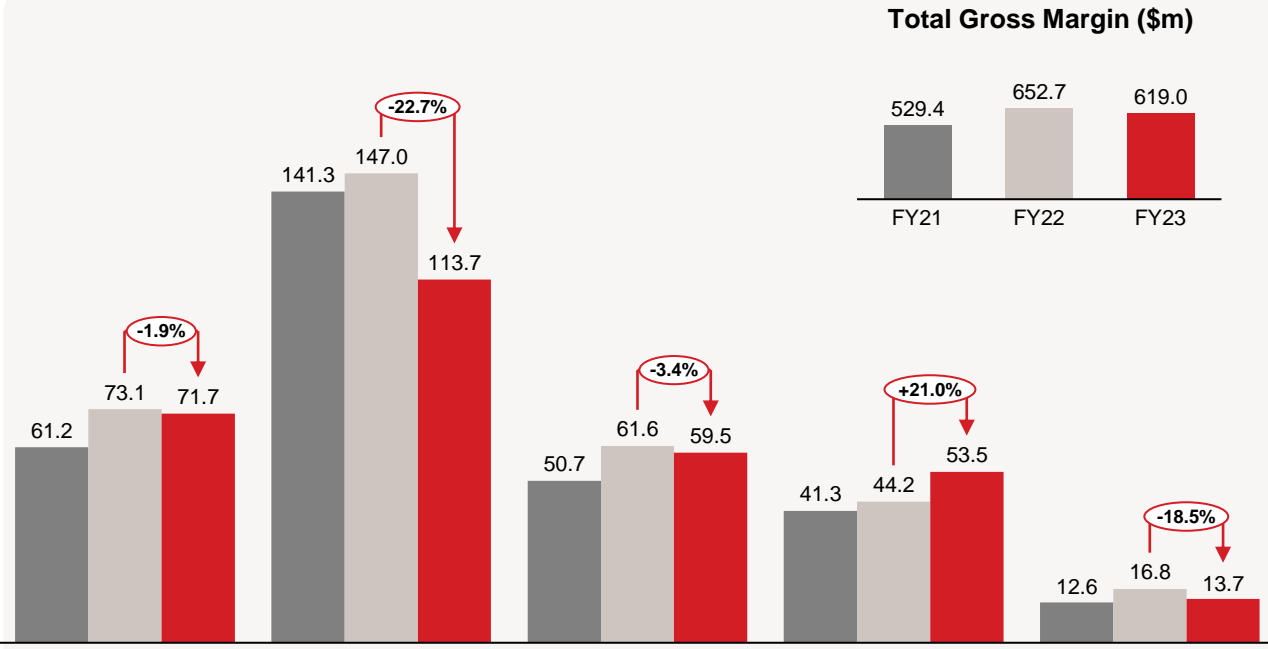
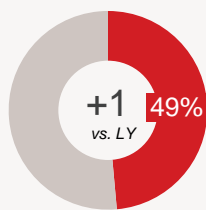
Gross Margin Diversification

Continued focus on product diversification through organic and acquisition growth

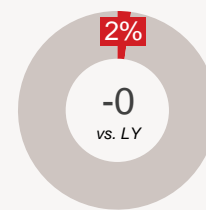
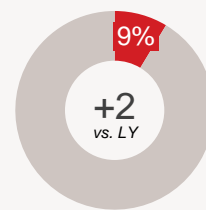
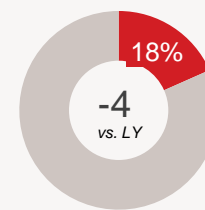
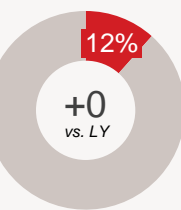
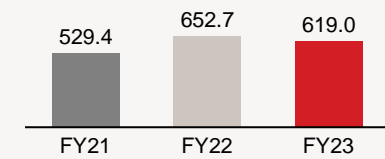
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Retail Products



Total Gross Margin (\$m)

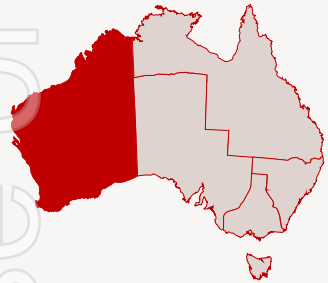


1. Agency split: Sheep – 37%; Cattle – 48%; Wool and Grain – 15%
Pie charts represent percentage of total FY23 gross margin

Geographical Diversification

Geographical diversification mitigates regional risk events

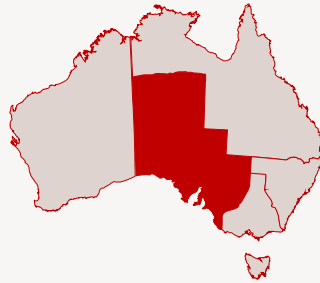
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WESTERN AUSTRALIA

\$50.5m

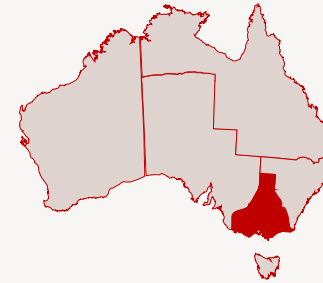
-21% YOY



SOUTH AUSTRALIA

\$36.4m

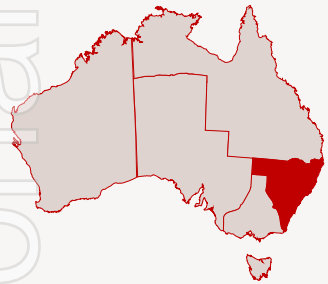
-17% YOY



VICTORIA AND RIVERINA

\$57.1m

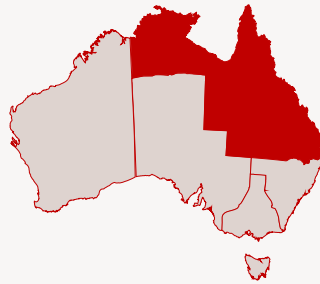
-31% YOY



NEW SOUTH WALES

\$44.6m

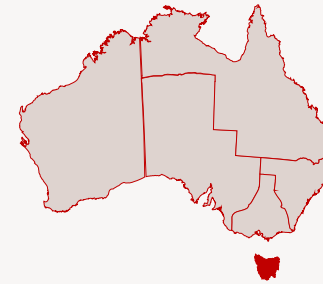
-15% YOY



QUEENSLAND AND NORTHERN TERRITORY

\$21.0m

-39% YOY



TASMANIA

\$5.0m

-28% YOY

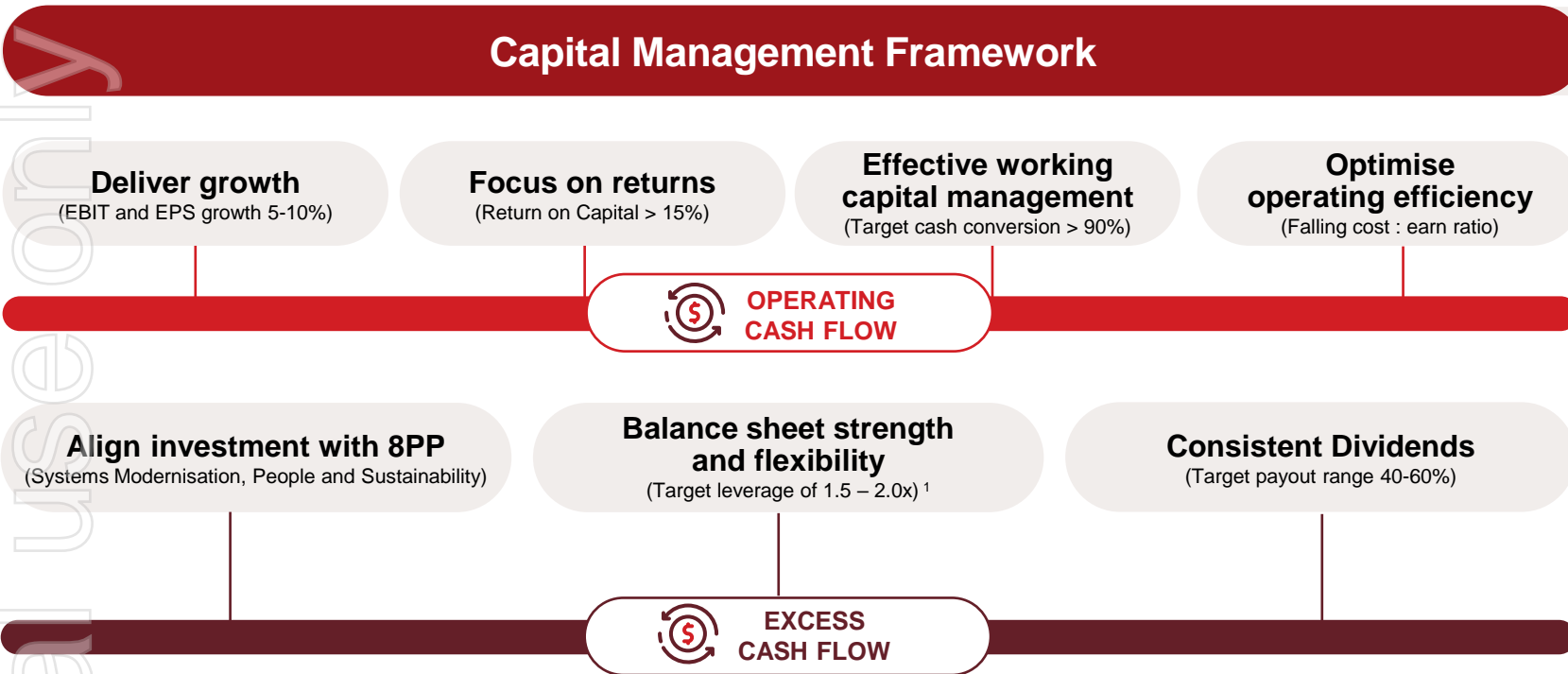


Excludes Wholesale Products and Corporate Overheads
Values refer to Underlying EBIT (\$m)

Elders Capital Management Framework

Elders Eight Point Plan aspires to deliver Total Shareholder Return (TSR) in the top quartile of ASX200 companies at investment grade risk

Capital Management Framework



Key Features of our capital management framework

Compelling Total Shareholder Return (TSR)

- Our Eight Point Plan (8PP) commits to deliver compelling returns to our shareholders with EBIT and EPS growth of 5-10% through the cycles at 15% ROC
- Reward our shareholders with consistent dividends in the range of 40-60%

Financial discipline

- We strive to maintain unflinching financial discipline by managing working capital effectively with a target cash conversion of 90% and striving to deliver a falling cost : earnings ratio each year

Investment aligned with our 8PP strategy

- Deliver Systems Modernisation Program to improve customer experience, people engagement and drive process and administration efficiency to better accommodate change
- Commitment to Sustainability targets
- Excess cash is invested in value creation to support EPS growth, only when Elders strict investment hurdles are met

Balance sheet strength and flexibility

- Achieve investment grade risk, delivering low cost of funding, while providing flexibility for value creation opportunities
- Capital Management options are considered when opportunities to deploy free cash flow, pursuant to Elders strict investment hurdles, are limited

Value Creation

Capital Management

Value Creation			Capital Management		
Acquisitions	Divestments	Investment in organic growth	Buy-backs	Additional dividends	Debt reduction
EPS accretive pre-synergies	To reallocate capital on a risk, return basis	Customer focussed with new expanded service offerings, winning market share and backward integration	Distribution of excess cash, assessed when appropriate	Higher payout ratio considered where capital required to fund EPS growth is low	As required to maintain balance sheet strength and flexibility

1. Excluding AASB 16 Leases

Eight Point Plan Evolution

Three generations of the Eight Point Plan strategy since FY14, delivering compelling shareholder value proposition

FY15 to FY17



Financial metrics¹:

EBIT +37.5%
 EPS +735.2%
 ROC 25.7%

Supported by:

20% Insurance acquisition
 Ace Ohlsson acquisition
 Clear Grain Exchange (CGX) 20% acquisition

FY18 to FY20



Financial metrics¹:

EBIT +22.8%
 EPS +12.8%
 ROC 20.9%

Supported by:

Backward integration strategy via Titan AG and AIRR acquisitions
 LIT Delivery Warranty
 Additional 10% CGX
 New Rural Bank distribution agreement

FY21 to FY23



Financial metrics¹:

EBIT +17%
 EPS +13.6%
 ROC 21.6%

Supported by:

Systems Modernisation
 Rural Products supply chain optimisation
 Wool supply chain optimisation
 YP Ag acquisition
 Sunfam acquisition
 Emms Mooney acquisition

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1. Financial metrics: EBIT and EPS reflects the average growth and ROC is the average over the Eight Point Plan periods



FY24-26 EIGHT POINT PLAN

OUR AMBITION

Compelling shareholder returns
5-10% EBIT and EPS growth through the cycles at minimum 15% ROC

Industry leading sustainability outcomes
across health and safety, community, environment and governance

Most trusted Agribusiness brand
in rural and regional Australia

OUR BUSINESS UNITS



RURAL PRODUCTS



AGENCY SERVICES



REAL ESTATE SERVICES



FINANCIAL SERVICES



TECHNICAL SERVICES



FEED AND PROCESSING

OUR STRATEGIC PRIORITIES

RUN
Optimise the existing business by:

- 1 Deepening customer relationships** to drive loyalty and growth
- 2 Investing in our people** to ensure we have the right people in the right places who are set up for success
- 3 Maintaining unflinching financial discipline** and commitment to cost and capital efficiency

TRANSFORM
Future-proof our business by:

- 4 Streamlining our supply chain** to fully optimise all parts of our integrated value chain
- 5 Modernising our systems** with leading technology solutions to enhance customer experience, drive efficiencies and support growth

INNOVATE & GROW
Expand and innovate our portfolio by:

- 6 Growing our portfolio** of products, services, geographic footprint and channels
- 7 Enhancing margins** through value chain expansion and integration
- 8 Innovating to create sustainable solutions** for our customers and communities

OUR VALUES



CUSTOMER FOCUSED



INNOVATION



TEAM WORK



INTEGRITY



ACCOUNTABILITY

Our Strategic Priorities: Run

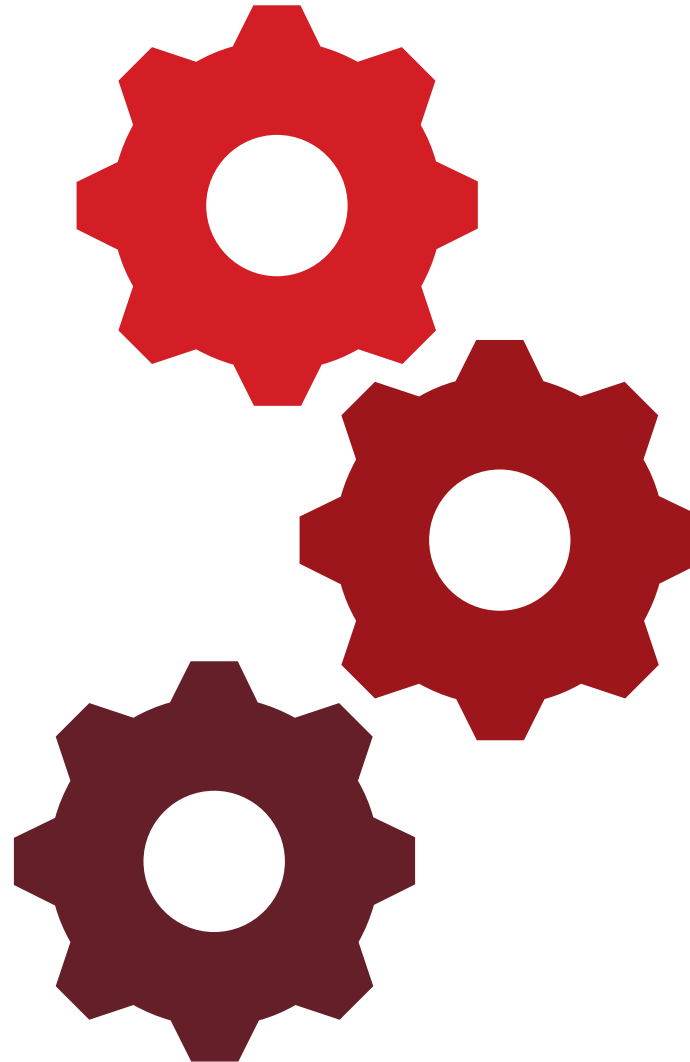
Optimising the existing business

Deepening customer relationships

- Increasing sources of insights on clients' needs and drivers of loyalty
- Continue to be the most trusted agribusiness brand amongst farmers
- Focus on capturing new customers, retaining repeat customers, and cross-selling our product and service offerings
- Giving back to the communities where we live and work

Financial discipline

- EBIT and EPS growth 5 to 10% through the cycles
- ROC greater than 15%
- Falling cost to earn ratio
- Cash conversion greater than 90%
- Leverage ratio between 1.5 to 2.0 times



Investing in our people

- By September 2025:
 - >25% women in senior positions
 - >40% women in senior executive positions
- Increase the overall diversity of Elders' workforce
- Maintain the feeling of belonging by allowing people to be themselves at work (Employee Engagement Survey)
- Investment in training of junior staff via trainee, graduate and academy programs
- Ongoing attraction, recruitment and retention of high performing staff

Our Strategic Priorities: Transform

Future-proofing our business



STREAMLINING OUR SUPPLY CHAIN



MODERNISING OUR SYSTEMS



Gross margin efficiency and reduced safety stock in Rural Products

Modernising our platforms to deliver more efficient business processes and an enhanced client experience

PLANNING

Reduce working capital and safety stock

SOURCING

Optimise gross margin predictability through timely and structured Rural Products input procurement

OPERATIONAL PLATFORMS

Improve transaction speed, optimise data analytics and enhance customer experience

\$50m average capital release in FY24

Streamlined vertically integrated supply chain

Wave 1 (Completed)

	FY22 \$m	FY23 \$m
CAPEX	4.4	8.0
OPEX - underlying	4.4	4.0
OPEX - non underlying	0.7	5.4
Total	9.5	17.4

Wave 2 (Ongoing)

	FY23 \$m	Budget \$m
CAPEX	2.3	24 - 27
OPEX – underlying	2.0	-
OPEX - non underlying	-	16 – 18
Total	4.3	40 – 45

>15% ROC from FY24¹

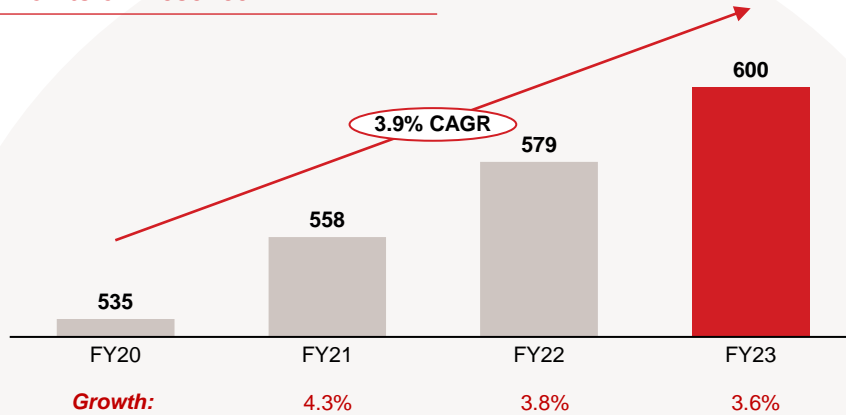
Future-proof the business

1. Systems Modernisation and wool supply chain expected to deliver a ROC greater than 15% incrementally from FY24 onwards
 2. Rural Products supply chain optimisation estimated to deliver EBIT of \$10-\$18m and capital release of \$50-\$80m across multiple years (source external consultant September 2022)

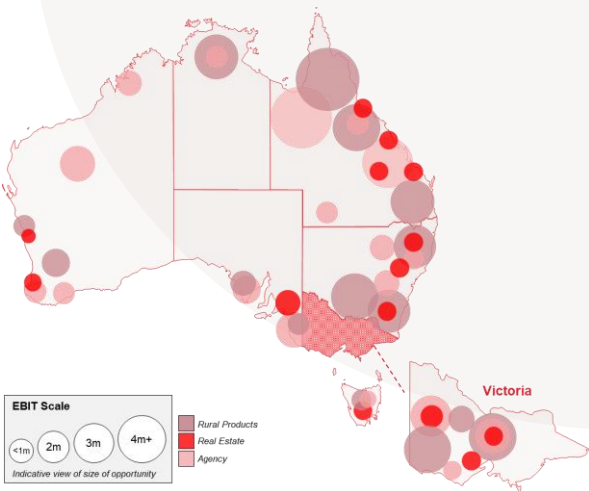
Our Strategic Priorities: Innovate & Grow

Expanding and innovating our portfolio

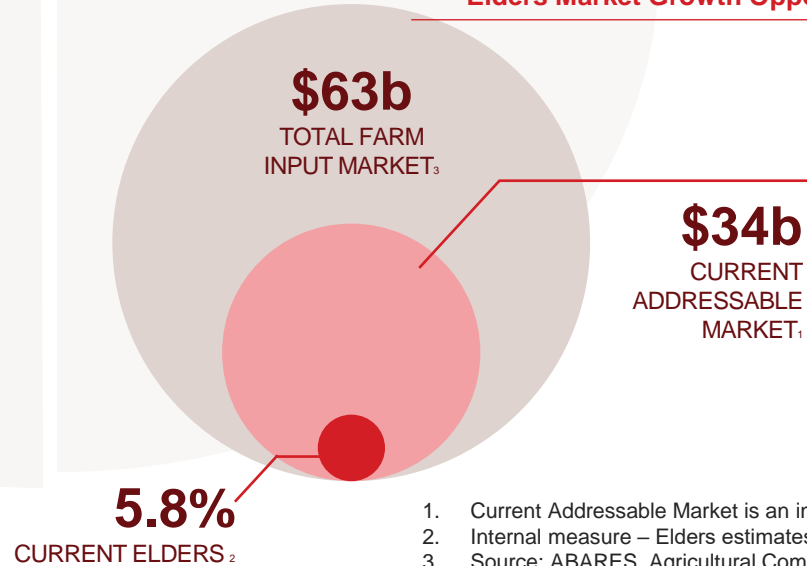
Elders' Points of Presence



Strategic Geographic Locations



Elders Market Growth Opportunity



- **Growing our portfolio** of products, services, geographic footprint and channels
 - 21 additional points of presence
- **Enhancing margins** through value chain expansion and integration
- **Significant room to grow** across all products and services

1. Current Addressable Market is an internally calculated amount based on product
 2. Internal measure – Elders estimates it has a 5.8% market share of the “Total Australian farm costs market” of \$63b
 3. Source: ABARES, Agricultural Commodities – Farm Costs and Returns Australia, June 2023

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Our Strategic Priorities: Innovate & Grow (cont.)

Innovating to create sustainable solutions for our customers and communities



OUR PRINCIPLES

OUR PRIORITIES



We provide our customers and clients with the goods and services they need

1 HEALTH AND SAFETY

Prioritise the safety and wellbeing of our people

5 ANIMAL WELFARE

Safeguard the wellbeing of animals in our care and collaborate with our industry to promote livestock welfare and responsible stewardship



We support our people and industries and communities in which we operate

2 SUSTAINABLE FARMING

Enable customers to achieve sustainability and productivity goals amid diverse and demanding conditions, leveraging innovation and technology

6 CORPORATE GOVERNANCE

Secure our standing as the most trusted agribusiness brand by upholding ethical operations



We do our part to look after the environment and animals in our care

3 EMPLOYEE ATTRACTION AND RETENTION

Invest in our people and cultivate diversity, inclusion and growth for collective empowerment and success

7 COMMUNITY IMPACT AND INVESTMENT

Support rural and regional Australia to positively impact our communities



We operate ethically and to the highest standard

4 CLIMATE CHANGE

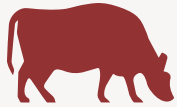
Reduce our carbon footprint and support our customers in climate adaptation and resilience

8 WASTE MANAGEMENT

Collaborate with industry to minimise waste for positive environmental outcomes.

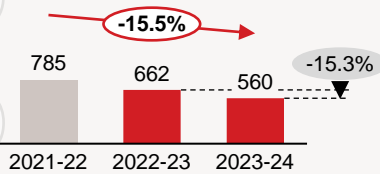
ABARES Market Outlook

Strong livestock volume outlook moderated by subdued prices and weaker crop outlook

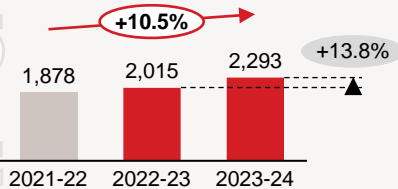


Beef and Veal¹

Average saleyard prices (c/kg)



Production (kt)

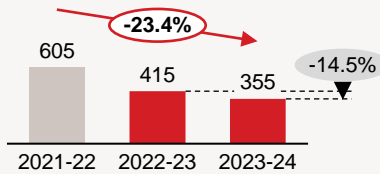


- Moderating beef prices due to increased supply (local and global), higher turn-off rates and lower restocking demand
- Beef production to rise 14% due to drier conditions, lower pasture availability and increased livestock turn-off rate
- Global beef prices are expected to fall due to increased global supply

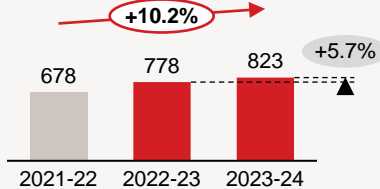


Sheep¹

Average saleyard prices (c/kg)



Production (kt)

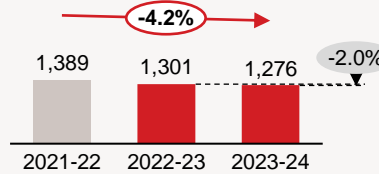


- Lamb and sheep prices are expected to remain suppressed by higher production as drier forecasted conditions incentivise stock turn-off
- Live sheep volumes are expected to weaken in 2023-24 due to subdued export prices following higher global supply

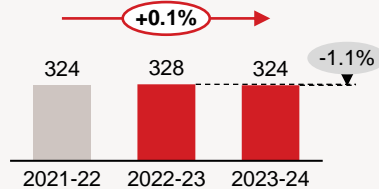


Wool¹

Eastern Market Indicator (c/kg)



Sheep shorn for wool production (kt)

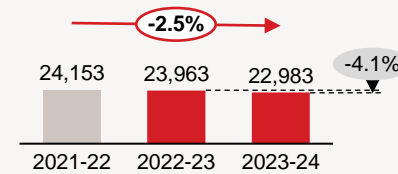


- Wool production is expected to increase driven by greater sheep shorn as margins improve on lower shearing costs
- The average wool cut per head is expected to decline to 4.58/kg heading into 2024 owing to drier conditions
- However, Sheep flock compositions are shifting towards meat breeds in the short term as farmers chase margins

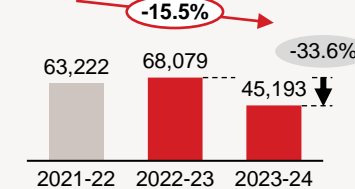


Winter Cropping²

Area planted ('000 ha)



Crop production (kt)

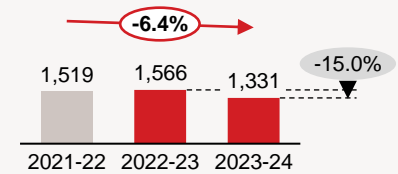


- Winter crop production is expected to fall below the 10-year average due to below average rainfall in key states
- Yields are forecast to be below average owing to drier conditions in key northern cropping regions
- Wheat and canola production set to fall 36% and 38% respectively, with barley production down 26%

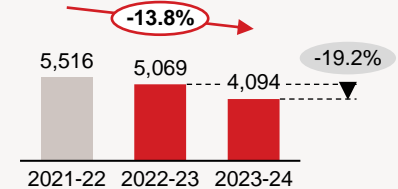


Summer Cropping²

Area planted ('000 ha)



Crop production (kt)



- Negative summer crop outlook as Queensland and northern New South Wales experienced below average rainfall
- Dryland crops may be impacted by lower soil moisture levels
- Total summer crop production remains above the long-term average, however there is a potential for El Niño conditions

1. Department of Agriculture, Fisheries and Forestry, ABARES Agricultural forecasts and outlook: September edition
 2. Department of Agriculture, Fisheries and Forestry, ABARES Australian Crop Report: September edition

Market Outlook

Favourable cropping outlook with expectations of reduced volatility from livestock and cropping input prices



RURAL PRODUCTS

- Dry and El Niño outlook expected to see more caution from growers and potential decrease in crop plantings
- Improving margin predictability as the volatile commodity price environment normalises
- Acquisition of Eureka! will enhance our toll formulation capabilities and income diversification
- Demand for summer crop inputs is expected to remain strong



AGENCY SERVICES¹

- Cattle and sheep volumes are expected to remain strong underpinned by currently high herd and flock numbers
- Livestock prices are expected to remain under pressure as a result of higher volumes
- Wool prices are expected to remain steady



REAL ESTATE

- Residential demand is expected to remain resilient
- Broadacre turnover is expected to soften due to livestock market headwinds
- Earnings to benefit from a full 12-months of earnings from Emms Mooney



FINANCIAL SERVICES

- Favourable market conditions support demand for Insurance and other Agri Finance offerings
- Continued uptake of livestock funding product forecast to provide margin upside



FEED AND PROCESSING SERVICES

- Margin improvement benefiting from lower cattle prices
- Supply chain supported by backgrounding operations
- Expansion in grass operations via additional land acquisition



COSTS AND CAPITAL

- Maintain unflinching financial discipline for cost and capital efficiency
- Cost savings expected to mitigate interest rate and inflationary pressures
- Continued investment spend on acquisition growth and on our transformational initiatives

1. Source: National Livestock Reporting Service, (MLA.com)

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