

20 May 2024

## 2024 Half-Year Results Investor Presentation

Attached is the Elders Limited (**ASX:ELD**) investor presentation in connection with the financial results for the 6-month period ended 31 March 2024.

Elders' Managing Director and Chief Executive Officer, Mark Allison, and Chief Financial Officer, Paul Rossiter, will deliver this presentation by webcast and simultaneous teleconference at 10.00 am (AEST) today.

As advised in the Company's announcement to the ASX on Tuesday 14 May 2024, you can register to view and listen to live commentary of the presentation. For details, refer to that announcement.

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**Authorised by:**

Elders Limited Board of Directors

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185

EST. 1839

*185 years of Elders*

1839

2024

# Half Year Results Presentation for FY24

20 May 2024

Presented by

**Mark Allison**

Managing Director and CEO

**Paul Rossiter**

CFO

# 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**

Executive Overview

**02**

Financial Results

**03**

Strategy and Outlook

**04**

Questions

**05**

Appendix



# Executive Overview

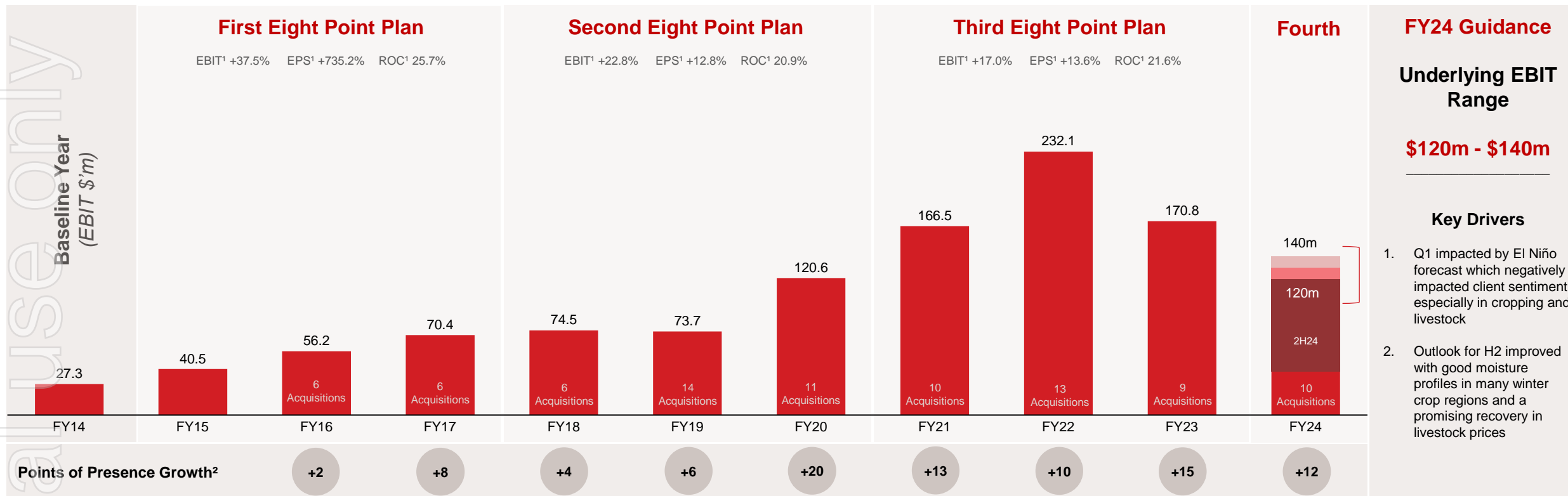
Presented by Mark Allison (Managing Director and CEO)



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# Earnings Resilience Through Seasonal Volatility

Guidance reflects first quarter weakness from below average seasonal conditions, balanced with an improved outlook for cropping and livestock



## FY24 Guidance

Underlying EBIT Range

**\$120m - \$140m**

### Key Drivers

1. Q1 impacted by El Niño forecast which negatively impacted client sentiment, especially in cropping and livestock
2. Outlook for H2 improved with good moisture profiles in many winter crop regions and a promising recovery in livestock prices

### Seasonal backdrop

2015 – 2017 El Niño

2017 – 2019 Drought

2019 – 2023 La Niña

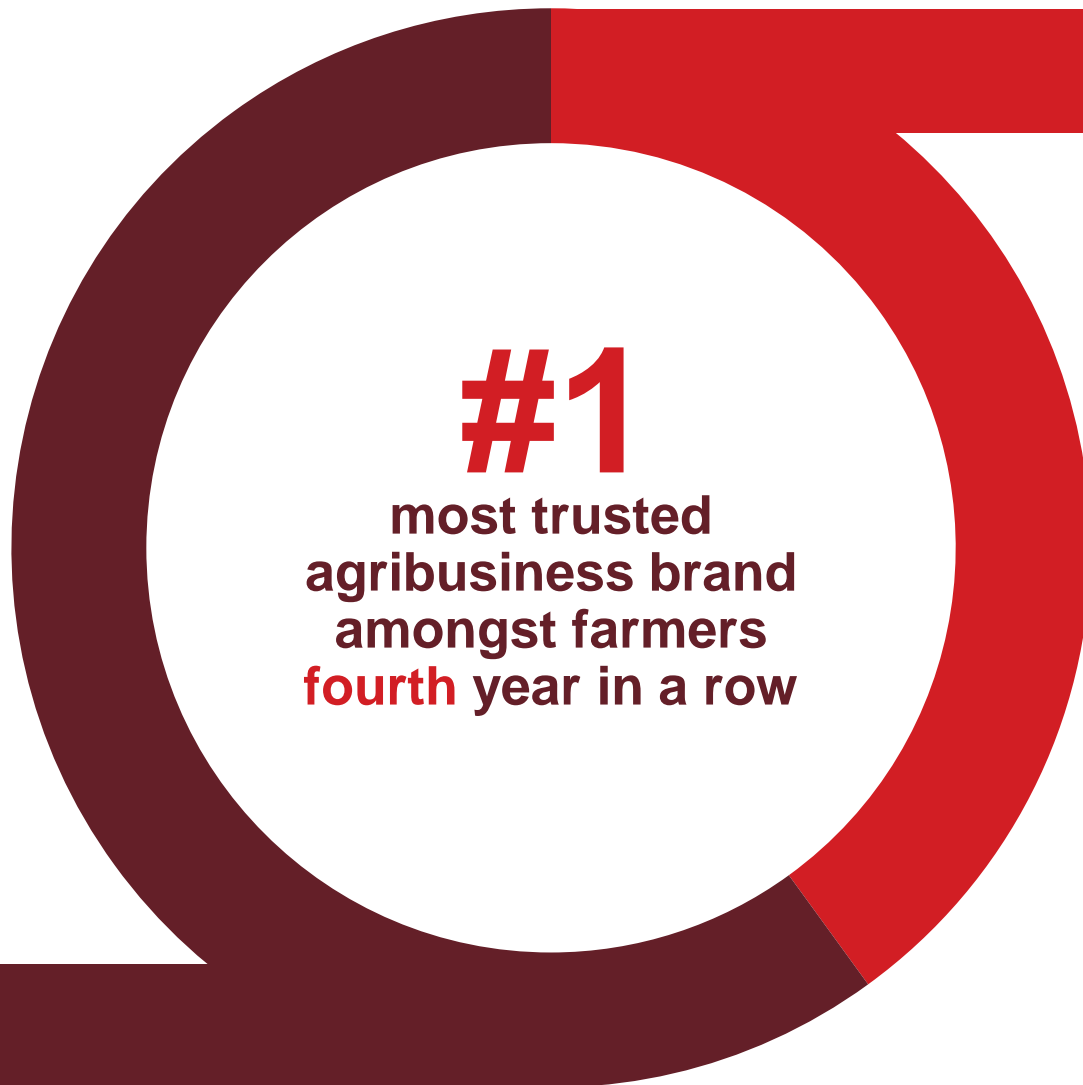
2023 - 2024 El Niño

2024 >>> Average

1. Average EBIT and EPS growth and average ROC over the Eight Point Plan period

2. Growth generated from acquisitions

# People and Customer Highlights



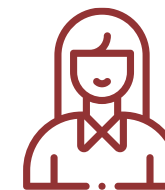
**1**  
lost time injury



**9.8**  
total recordable injury  
frequency rate



**47**  
net promoter score



**37%**  
women in the workforce



**21%**  
women in senior positions



**77%**  
employee engagement



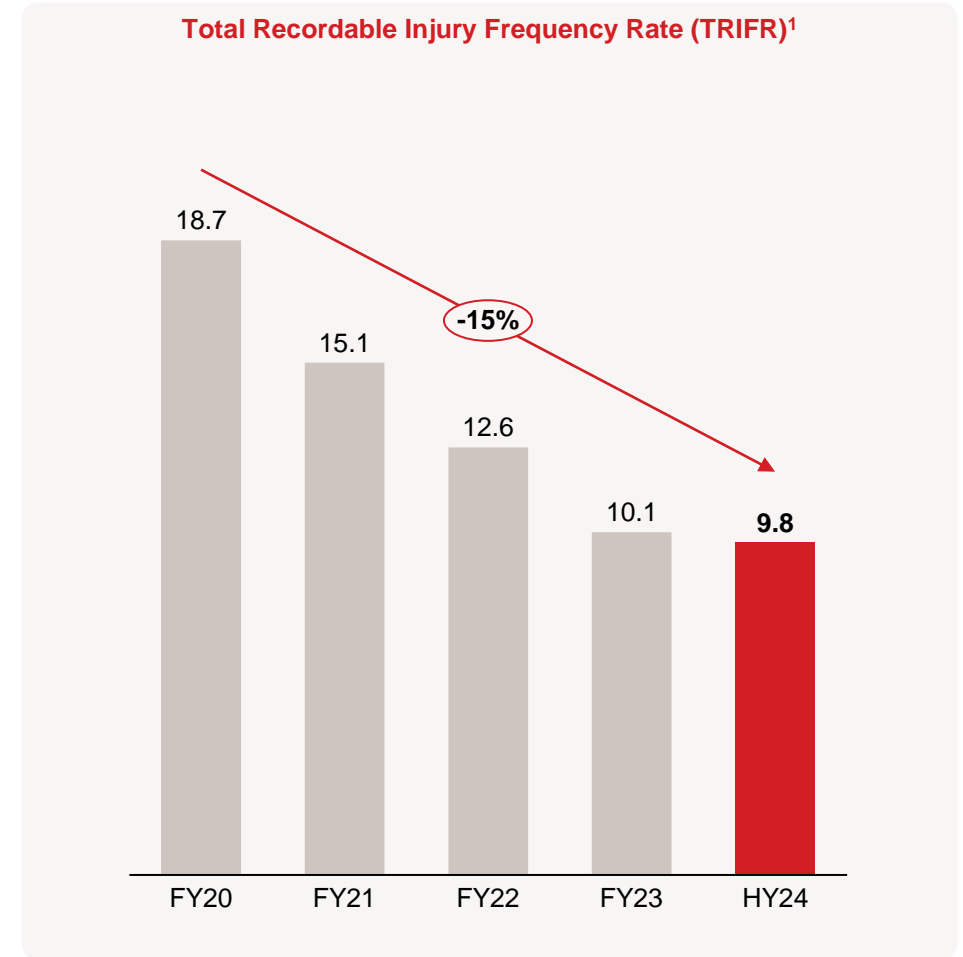
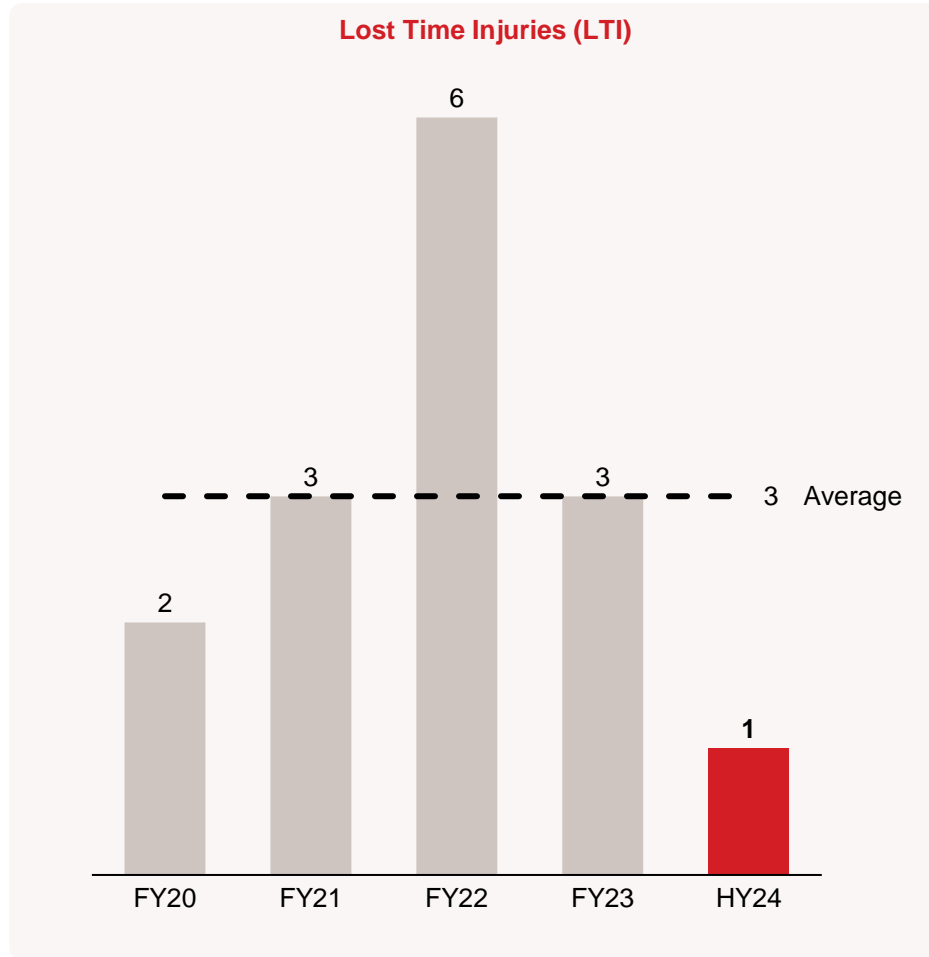
**13**  
additional points of presence





# Safety, Health and Well-being

Commitment to a safe working environment



1. All fatalities, LTIs and medical treatment injuries multiplied by 1,000,000 then divided by hours worked

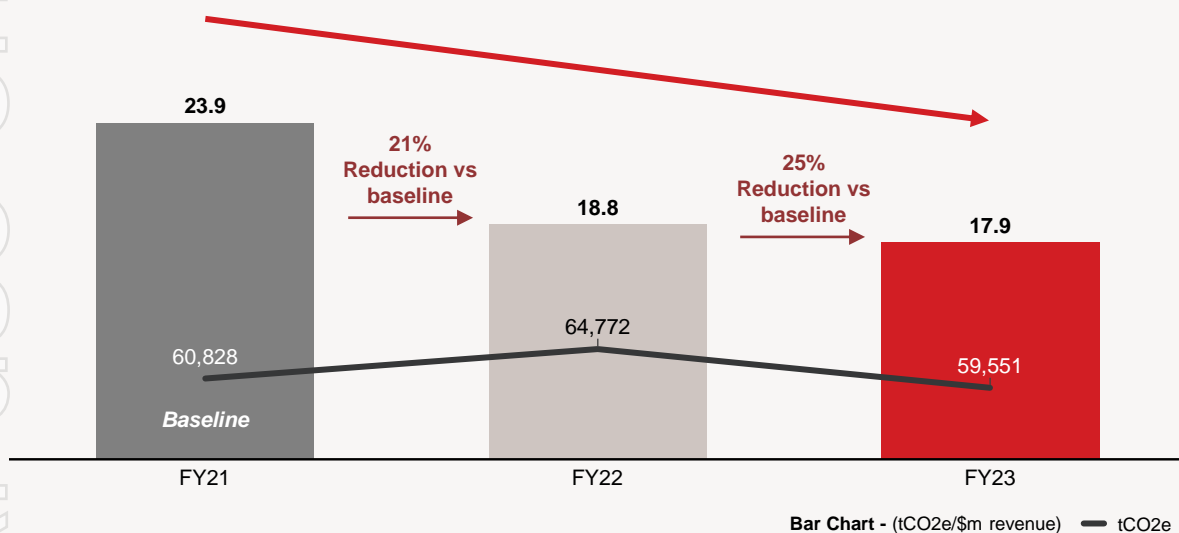


# Sustainability Performance

Meaningful progress towards Scope 1 and 2 emission targets

## CLIMATE TARGETS<sup>1</sup>

Targets set to reduce our Scope 1 and 2 greenhouse gas emissions:



### Targets

**100%** renewable electricity in all Australian sites by 2025<sup>3</sup>

**50% reduction in Scope 1 and 2 emissions intensity** (tCO2e/\$m revenue)

by 2030, against a baseline year, 2021 (subject to commercially viable technology being available to address feedlot cattle emissions)

**Net zero** Scope 1 and 2 emissions by 2050<sup>2</sup> (tCO2e)

## OUR PROGRESS

- Engaged centralised waste management services provider, driving waste reduction initiatives
- Implementation of an ethical sourcing platform, enhancing supplier risk screening
- Partnering with Big Bag Recovery to promote enhanced awareness of plastic bags recoverability through Elders collection points
- Targeted solar and LED lighting site upgrades to reduce emissions
- Solar array development at Killara Feedlot installed and near commissioning

- Scope 1: direct emissions from owned or controlled sources. Scope 2: indirect emissions from the generation of purchased electricity
- Targets based on Elders' financial year ending 30 September
- As with FY22 and FY23, target to be achieved in FY24 through on-site solar generation and purchase of LGCs

# First half impacted by below average seasonal conditions

First half impacted by poor client sentiment following El Niño declaration and below 10-year median livestock prices



## \$38.4m

### Underlying EBIT

**-54% YOY**

El Niño forecast negatively impacted H1



## 11.4%

### Return on Capital

R12 EBIT/ R12 avg net operating assets

**from 16.9%**

Below target benchmark due to Q1 EBIT impact



## 339%

### Cash Conversion

YTD Operating cash flow / YTD U'NPAT

**from -172%**

on track to exceed target for FY24



## 2.6x

### Leverage Ratio

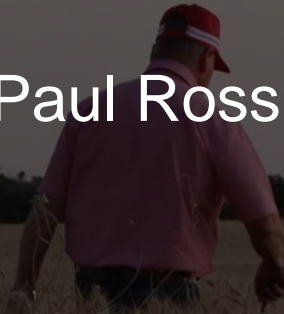
Balance date net debt / R12 EBITDA

**from 2.2x**

Unfavourable Q1 EBIT impact

# Financial Results

Presented by Paul Rossiter (CFO)



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1839</sup>



# Financial Performance Overview

Improved seasonal outlook supporting FY24 EBIT guidance of \$120m - \$140m



## FY24 Underlying EBIT Guidance

- Reaffirming underlying EBIT range of \$120m - \$140m
- Supported by return to average seasonal conditions
- Second half EBIT to achieve guidance within range established by FY21 to FY23



## Fourth Eight Point Plan

- Ten acquisitions in the first half of FY24 with ongoing pipeline
- Growing our footprint and diversifying our product portfolio
- Transform our business through enhanced systems and processes



## Operational Resilience

- Average seasonal outlook improving client sentiment
- April trading<sup>1</sup> ahead of prior corresponding period
- Continued focus on cost and capital discipline



## Financial Ratios

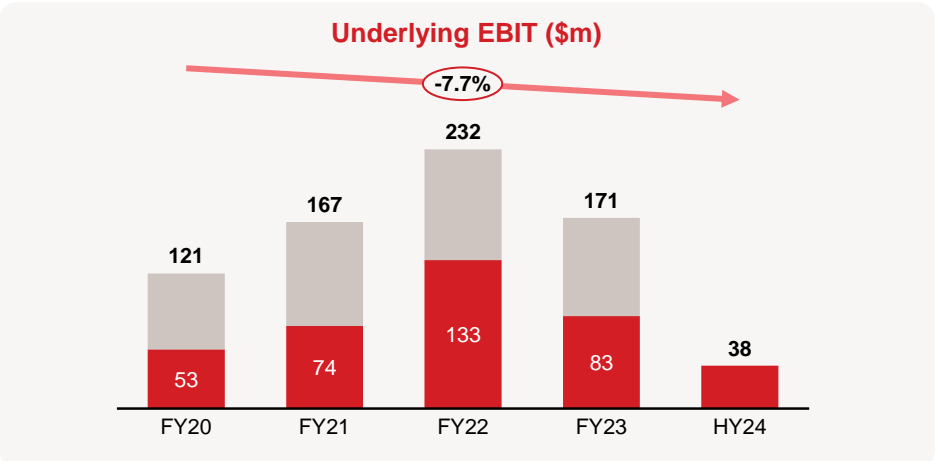
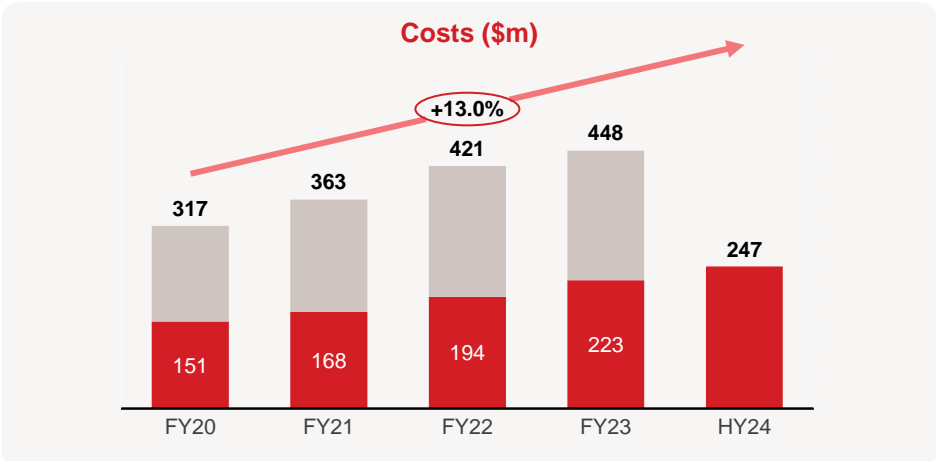
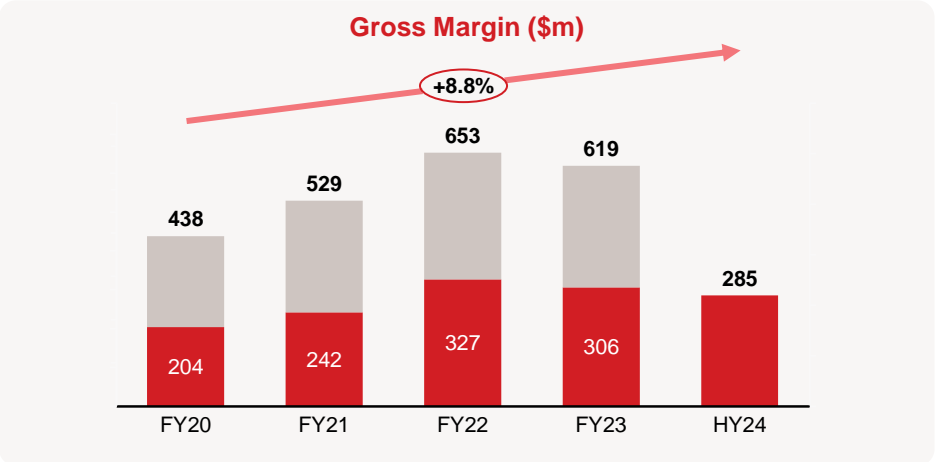
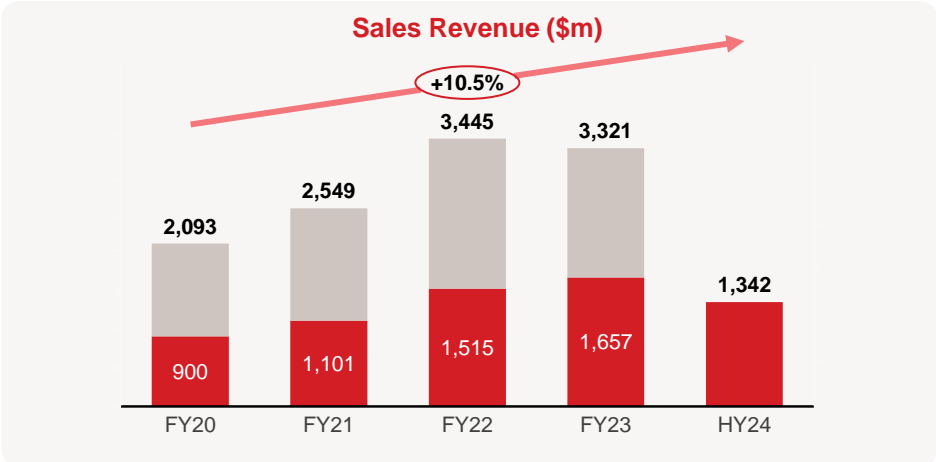
- Significant headroom maintained across banking covenants
- Leverage ratio expected to return within target range (1.5x – 2.0x) by FY25 H1
- ROC to improve in the second half towards target of > 15%
- Cash Conversion greater than 90% of underlying NPAT

1. Based on unaudited management accounts



# Five-Year Financial Performance

Resilient financial result despite below average seasonal conditions

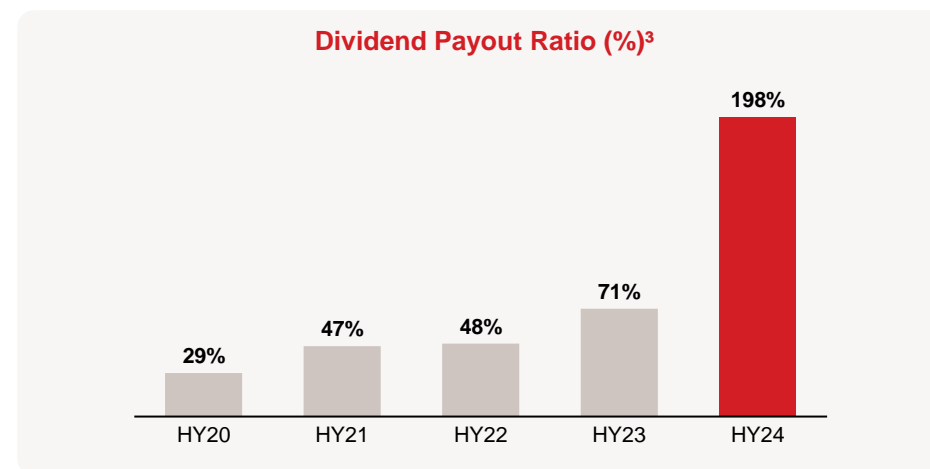
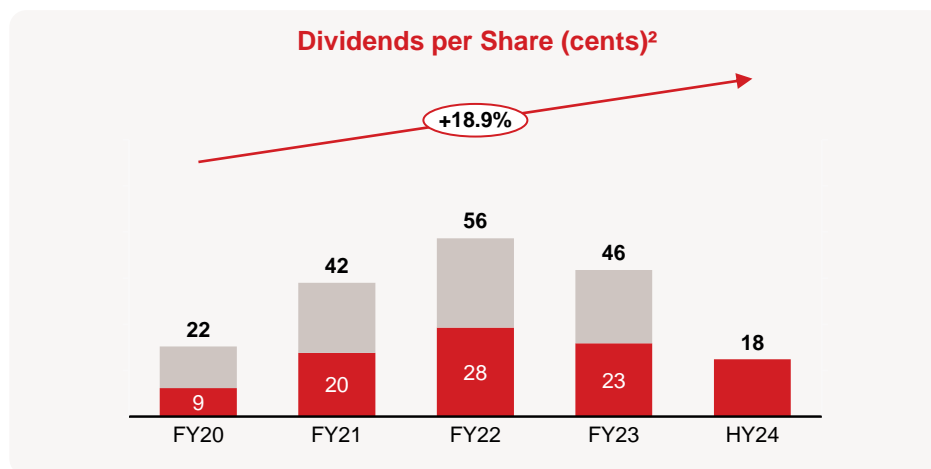
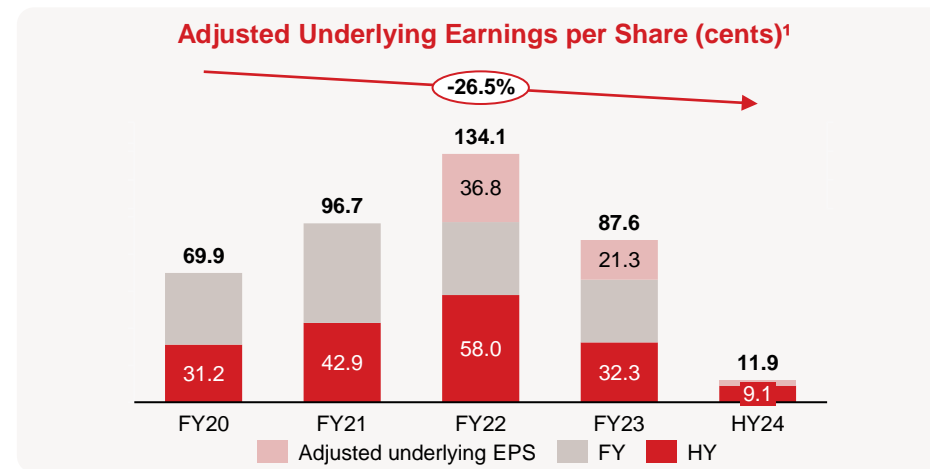
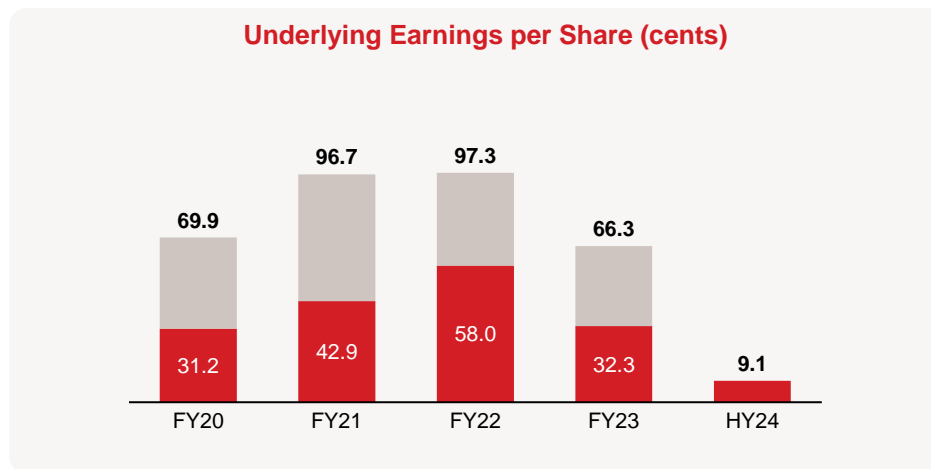


CAGR calculated on half year performance



# Five Year Shareholder Returns

Compelling shareholder value proposition through the agricultural cycles



- Adjusted for underlying tax expense recognised from 1 October 2021
- Franked Percentages, FY20 (100%), FY21 (20%), FY22-23 (30%), FY24 (50%).
- Dividend payout ratio expected to reduce when calculated using full-year NPAT

CAGR calculated on half year performance



# HY24 Financial Summary

Improved outlook for the second half following return to average seasonal conditions

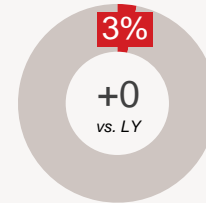
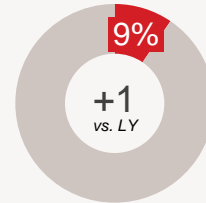
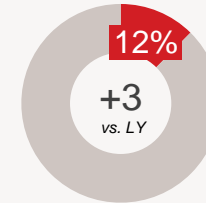
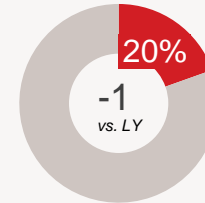
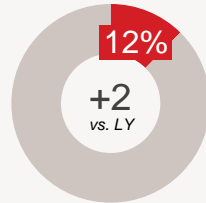
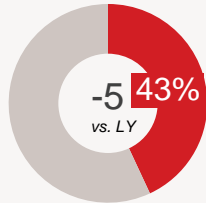
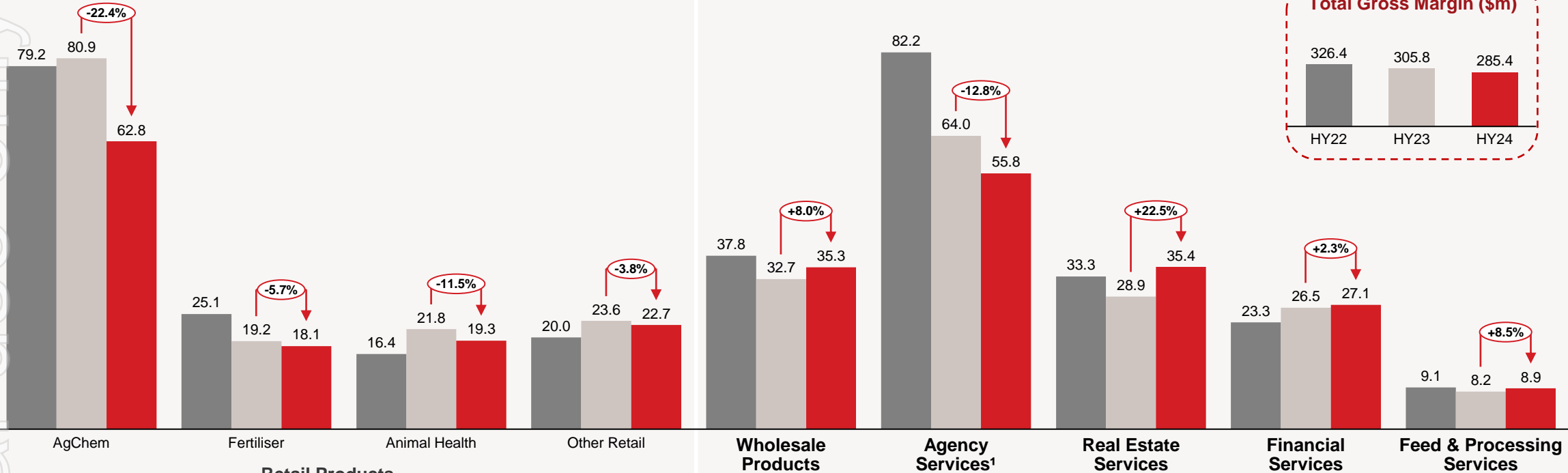
Key metrics (\$m)	HY24	HY23		Var	Var %
Sales revenue	1,341.8	1,657.3	↓	(315.5)	(19%)
Gross margin	285.4	305.8	↓	(20.4)	(7%)
Gross margin %	21.3%	18.5%	↑	2.8%	n/a
Costs	247.0	223.0	↑	24.0	11%
Underlying EBIT	38.4	82.8	↓	(44.4)	(54%)
Underlying net profit after tax	14.4	50.6	↓	(36.2)	(72%)
Return on capital (%) <sup>1</sup>	11.4%	16.9%	↓	(5.5%)	n/a
Net debt (excl. AASB 16) <sup>4</sup>	356.3	424.7	↓	(68.4)	(16%)
Leverage ratio (times) <sup>2</sup>	2.6	2.2	↑	0.4	18%
Operating cash flow	48.7	(86.9)	↑	135.6	156%
Cash Conversion (%)	339.3%	(171.8%)	↑	511%	n/a
Underlying earnings per share (cents)	9.1	32.3	↓	(23.2)	(72%)
Dividend per share (cents) <sup>3</sup>	18.0	23.0	↓	(5.0)	(22%)

1. Return on capital = Rolling 12 months Underlying EBIT / (working capital + investments + property, plant and equipment + right of use assets + intangibles (excluding Elders brand name) – DTL on acquisitions – lease liabilities – provisions)
2. Target leverage of 1.5 - 2.0 times excludes AASB 16
3. Franked at 50% up from 30% in the prior period
4. Balance Date Net Debt



# Gross Margin Diversification

Continued focus on product diversification through organic and acquisition growth

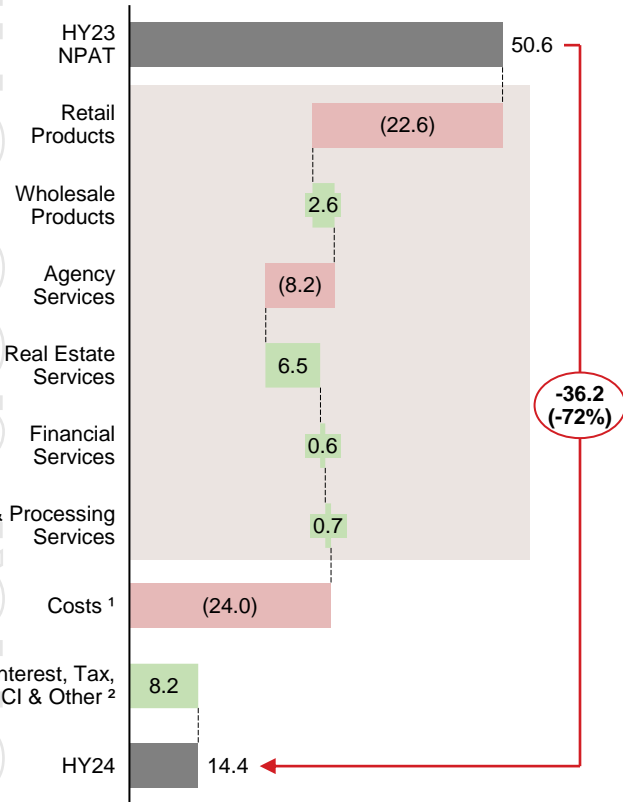


1. Agency split: Sheep – 34%; Cattle – 48%; Wool and Grain – 18%  
Pie charts represent percentage of total HY24 gross margin

# Product Performance

Cropping and livestock markets negatively impacted by subdued client sentiment

Change in product margin (\$m)



## Retail Products

- Sales impacted by cautious consumer sentiment
- Margin pressure driven by continued softening crop protection prices, partially offset by volume growth in fertiliser



## Agency Services

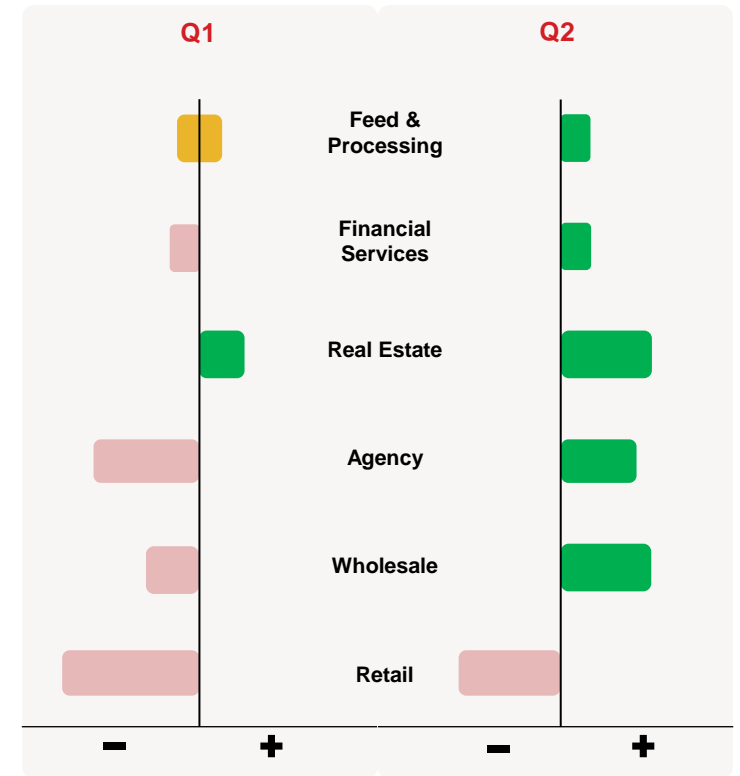
- Strong volume traded and improving prices unable to offset higher HY23 negative PCP price delta impact
- \$1.5m gross margin uplift from change in Elders Wool handling business launch



## Financial Services

- Improved insurance performance
- Growth of own balance sheet livestock lending
- Non-competes lifted following exit of Rural Bank partnership

Quarterly Performance<sup>3,4</sup>



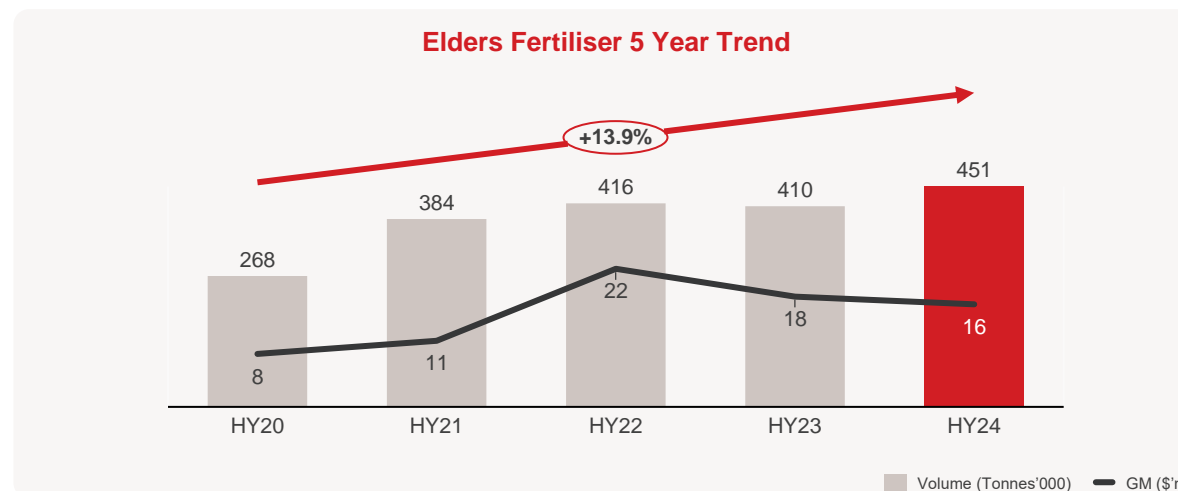
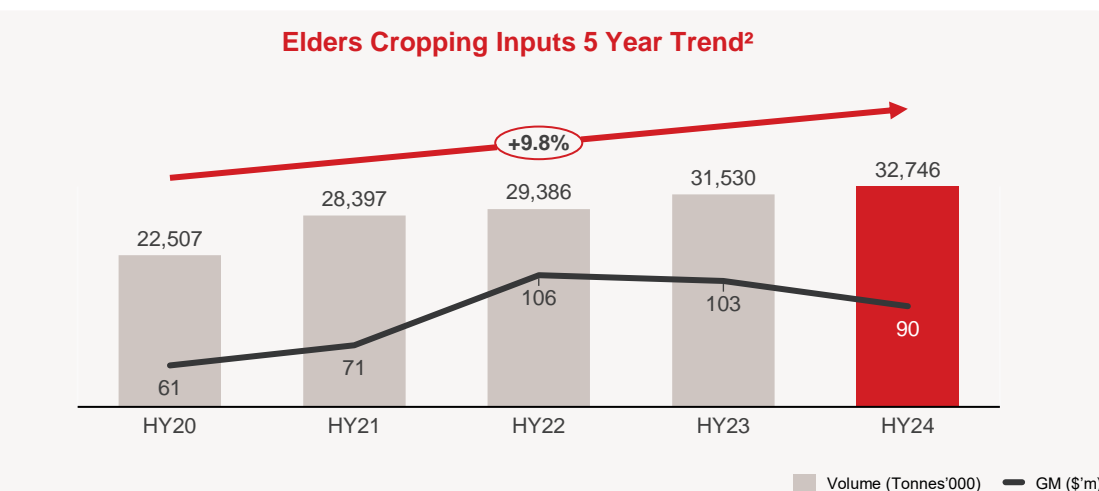
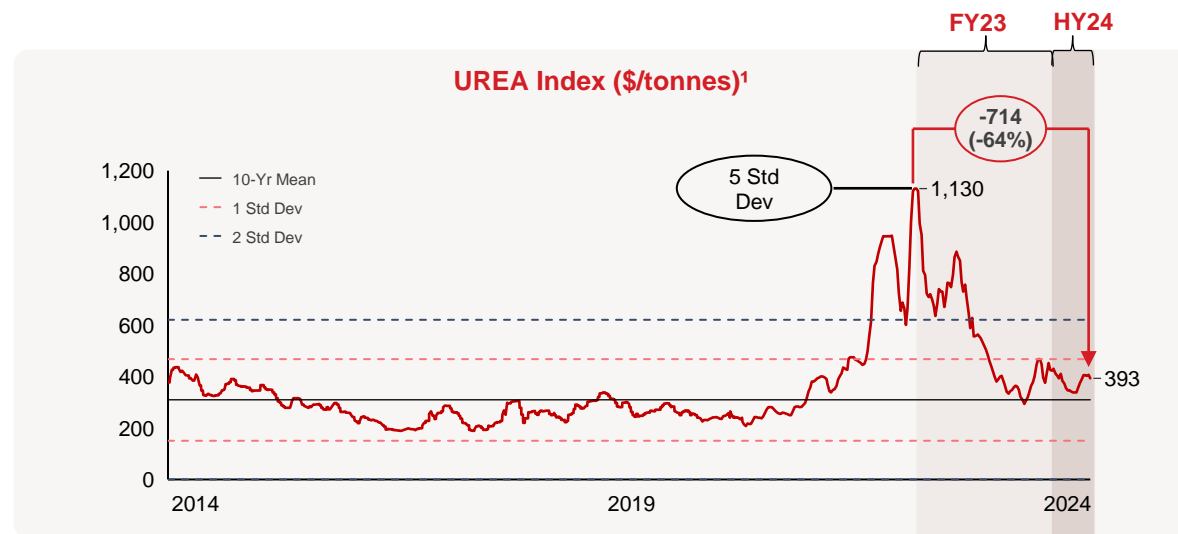
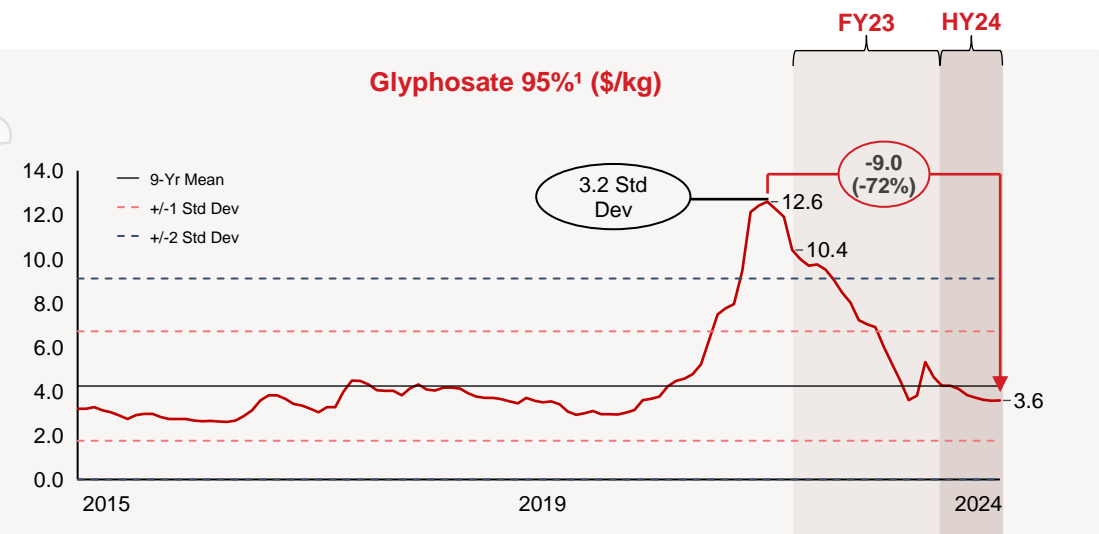
1. Cost drivers detailed on slide 22  
 2. NCI – Non controlling interests  
 3. The indicative relative performance of HY24 quarters compared to HY23 (based on management accounts and unaudited)  
 4. The historical 5-year average Q1 EBIT is \$37m (based on management accounts and unaudited)



# Industry Backdrop – Rural Products

Volume growth unable to fully offset negative sales impact from lower input prices compared to prior corresponding period

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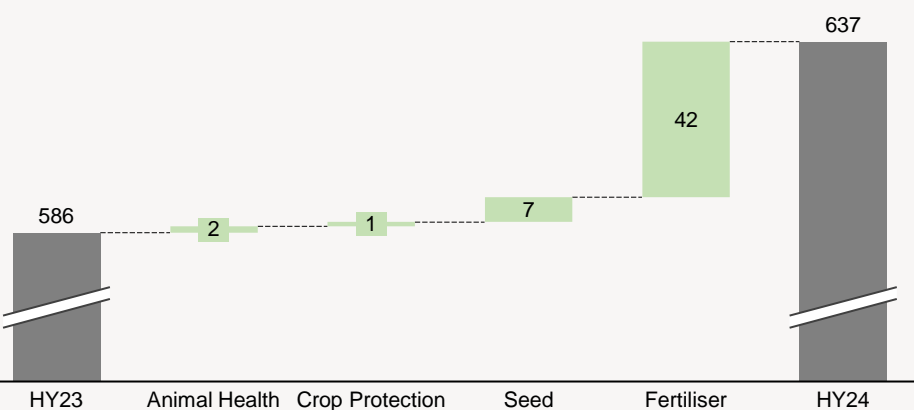


1. Source: Reproduced courtesy of Refinitive  
 2. Excludes the benefits of our backward integration

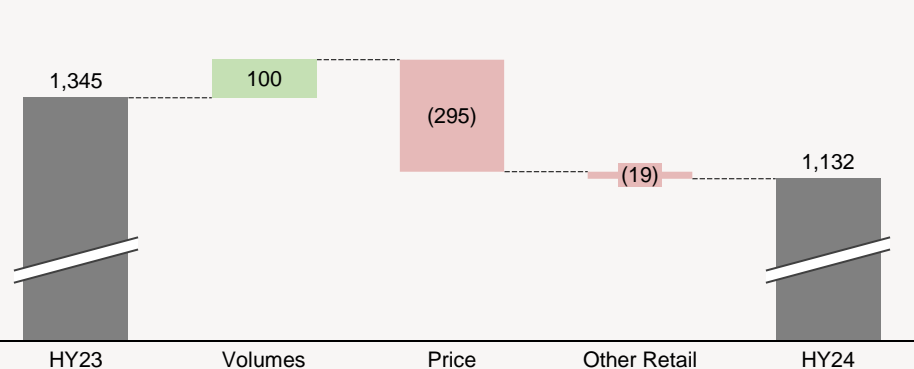
# Continued Volume Growth Across Key Products

Continued sales volume growth unable to offset lower crop protection prices against prior period

Volumes (Tonnes' 000)



Rural Product Sales (\$m)



## Animal Health

- Marginal volume growth impacted by weaker livestock prices and soft client sentiment in Q1
- Rebounding EYCI<sup>1</sup> FY24 Q2 saw improving client sentiment



## Crop Protection

- Volumes and client sentiment impacted by El Niño announcement
- Gross margin impacted by declining input prices and purchase of inventory for 3<sup>rd</sup> parties to meet demand



## Seed

- Strong own brand sorghum volumes, offset delayed canola and cotton plantings
- Volume growth offset margin pressure from declining prices and product mix



## Fertiliser

- Strong organic volume growth, up 10%, unable to offset lower global input prices compared to the prior period

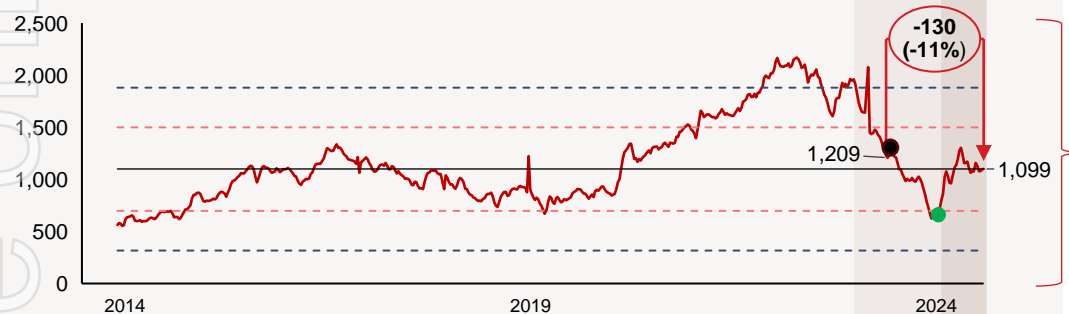
1. EYCI – Eastern Young Cattle Indicator

# Industry Backdrop – Livestock

Strong rebound in livestock markets improving second half outlook

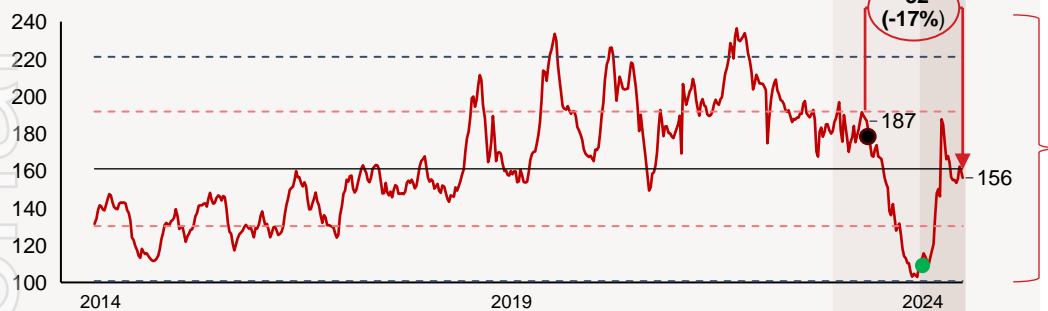
FY23 HY24

EYCI (\$/Head)



- FY24 Q2 experienced a positive revision (+61%) since September 2023, with the index recently trading in line with the 10-year mean
- The price revision was driven by:
  - Improved customer sentiment following rainfall events in Eastern and Southern Australia supporting pasture growth
  - Stable cattle volumes
  - Rainfall experienced in key regions supporting pasture growth
- Animal Health sales were impacted by declining cattle prices, most notably in Q1

Trade Lamb (\$/Head)



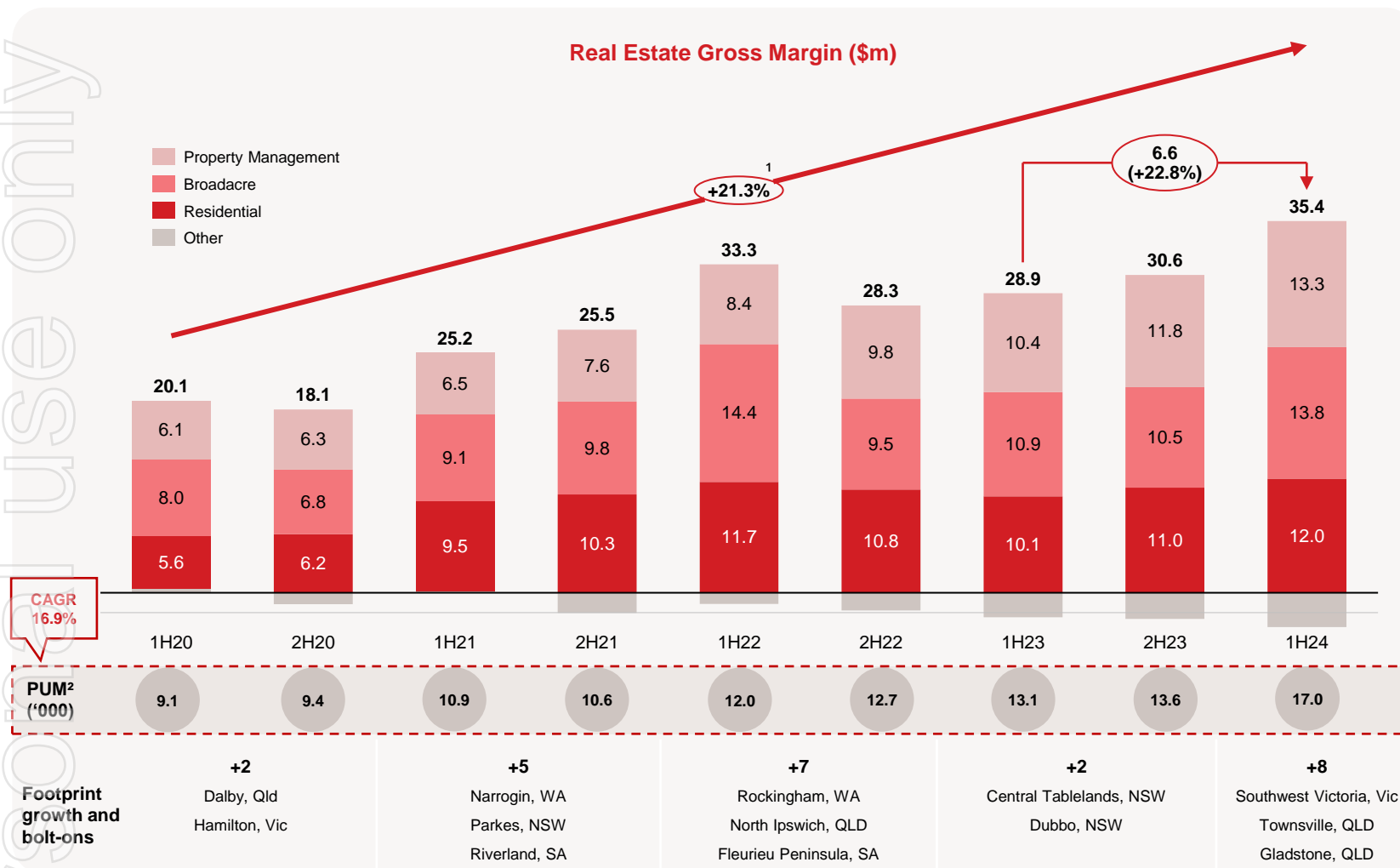
- Significant Trade Lamb price revision saw a 42% improvement since September 2023, and is currently trading marginally below the 10-year mean
- Price volatility was impacted by:
  - High stock turn-off leading into the forecasted El Niño seasonal conditions
  - Improvement in farmer sentiment since January 2024
  - Rainfall in key regions
- Prices remain below HY23 but volumes have remained strong supporting the HY24 performance

— 10-Yr Mean - - 1 Std Dev - - 2 Std Dev ● El Niño "Watch" issued ● El Niño "Event" issued

1. EYCI – Eastern States Young Cattle Indicator  
 Source: Reproduced courtesy of Meat and Livestock Australia Limited - [www.mla.com.au](http://www.mla.com.au)  
 2. <http://www.bom.gov.au/climate/enso/outlook/archive/20231219.archive.shtml>

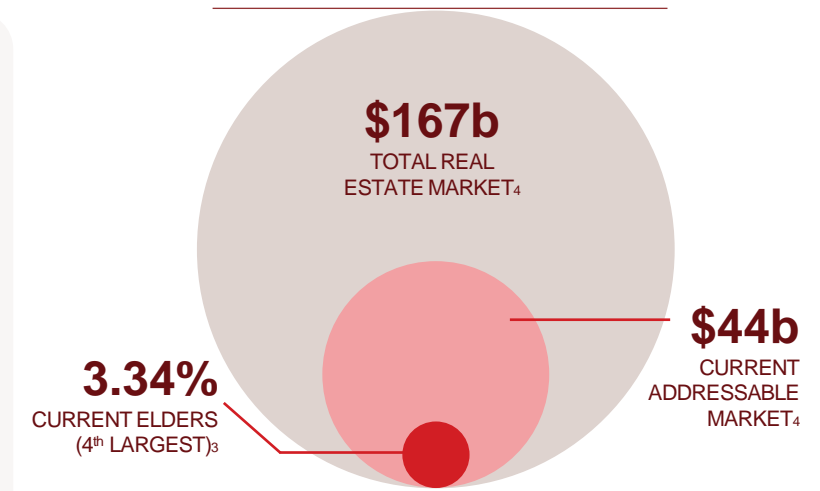
# Real Estate in Focus

Growing our Real Estate earnings, consistent with the geographic and product diversification strategy



CAGR 16.9%

### Elders Market Growth Opportunity



### Commentary

- Knight Frank Tasmania** acquired 1 May 2024
- 1,500 properties rent roll
  - 40 Sales agents and 4 valuation specialists
  - Expanding our geographic footprint (5 offices)
  - Growing our product expertise to include valuations and asset management services
- Existing portfolio**
- Acquisitive growth improving earnings resilience
  - Significant opportunity to diversify income and geographic footprint
  - Complimentary to Broadacre and Residential sales
  - HY24 includes 5-months of Charles Stewart earnings

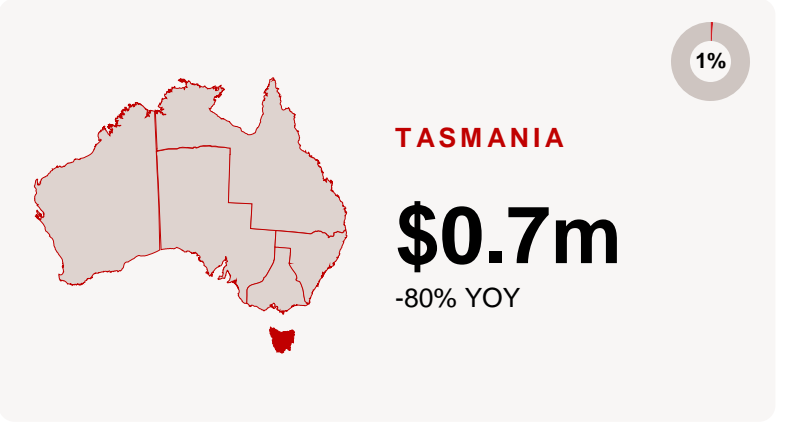
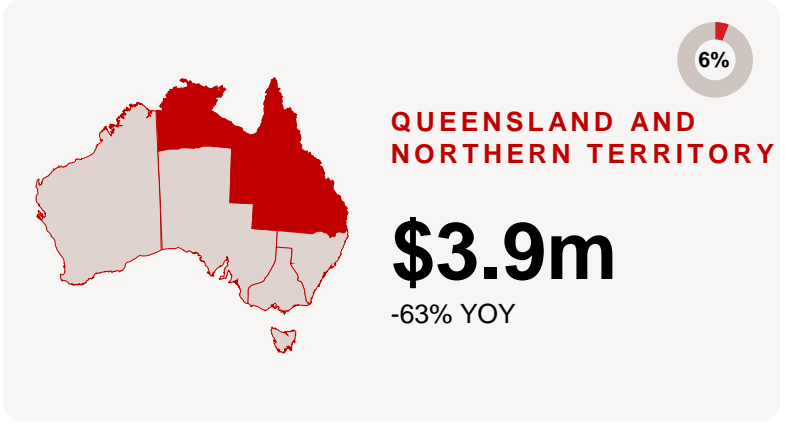
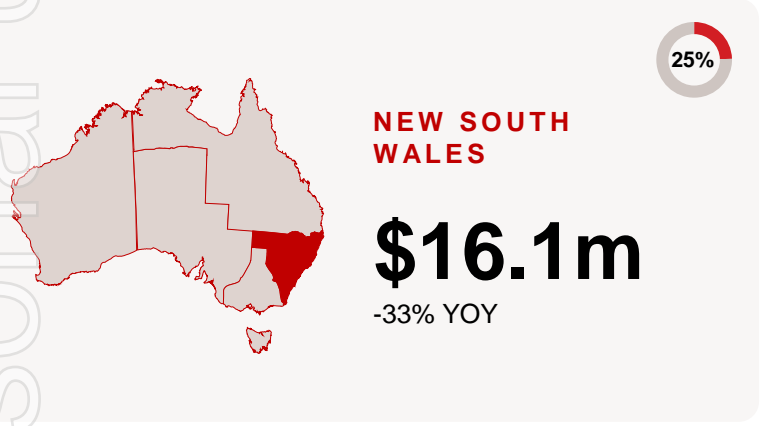
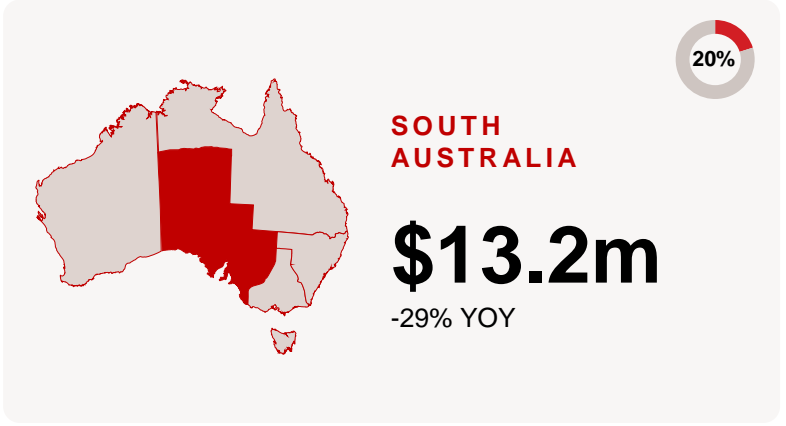
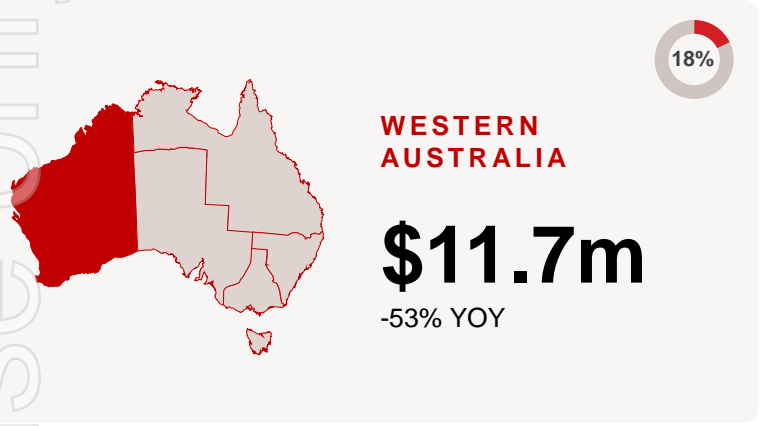
1. CAGR is calculated based on Half-Year Property Management Earn  
 2. Properties Under Management (PUM)  
 3. 4th largest relative to the current addressable market, 7th largest relative to total real estate market (Top competitor has only 13.8% market share of total market)  
 4. Source Core Logic



# Geographical Diversification

All states impacted by below average seasonal conditions in H1

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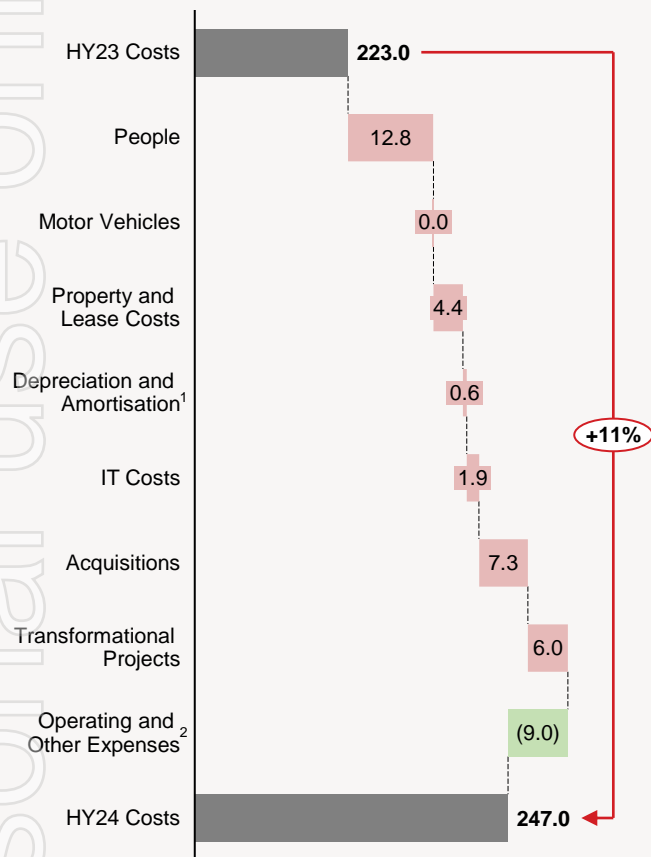


Excludes Wholesale Products and Corporate Overheads  
 Values refer to Underlying EBIT (\$m)

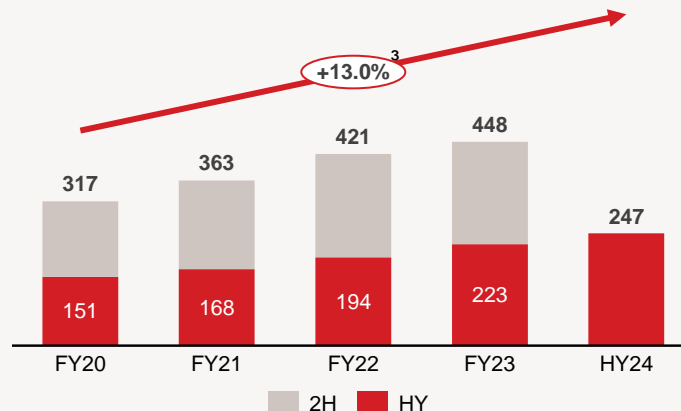
# Cost Drivers

Investment in future growth driving cost uplift

Costs (\$m)



Underlying Cost Base (\$m)



- Costs growth up 10.9% on HY23, driven by recent acquisitions, partially offset by cost initiatives
- Discretionary spend has been controlled through behavioural changes and focus on efficiency
- Ongoing commitment to controlled cost base in FY24, with cost initiatives to partially offset inflation
- Cost base elevated following the change in Elders Wool cost methodology from inclusion in gross margin to operational costs

HY24 vs HY23

**People:**

- 183 additional FTE, incl acquisitions (2 graduates, 131 network and business growth)
- Wage growth in line with CPI

**Motor Vehicles:**

- 50 additional motor vehicles (incl acquisitions)
- Increased lease costs impacted by higher interest rates
- Offset by lower maintenance costs and beneficial rebates

**Acquisitions:**

- 10 acquisitions in HY24
- 155 additional FTE
- 39 additional motor vehicles

**Transformational Projects:**

- Systems Modernisation +\$1.8m, including -2 FTE
- Elders Wool +\$4.0m, including +42 FTE

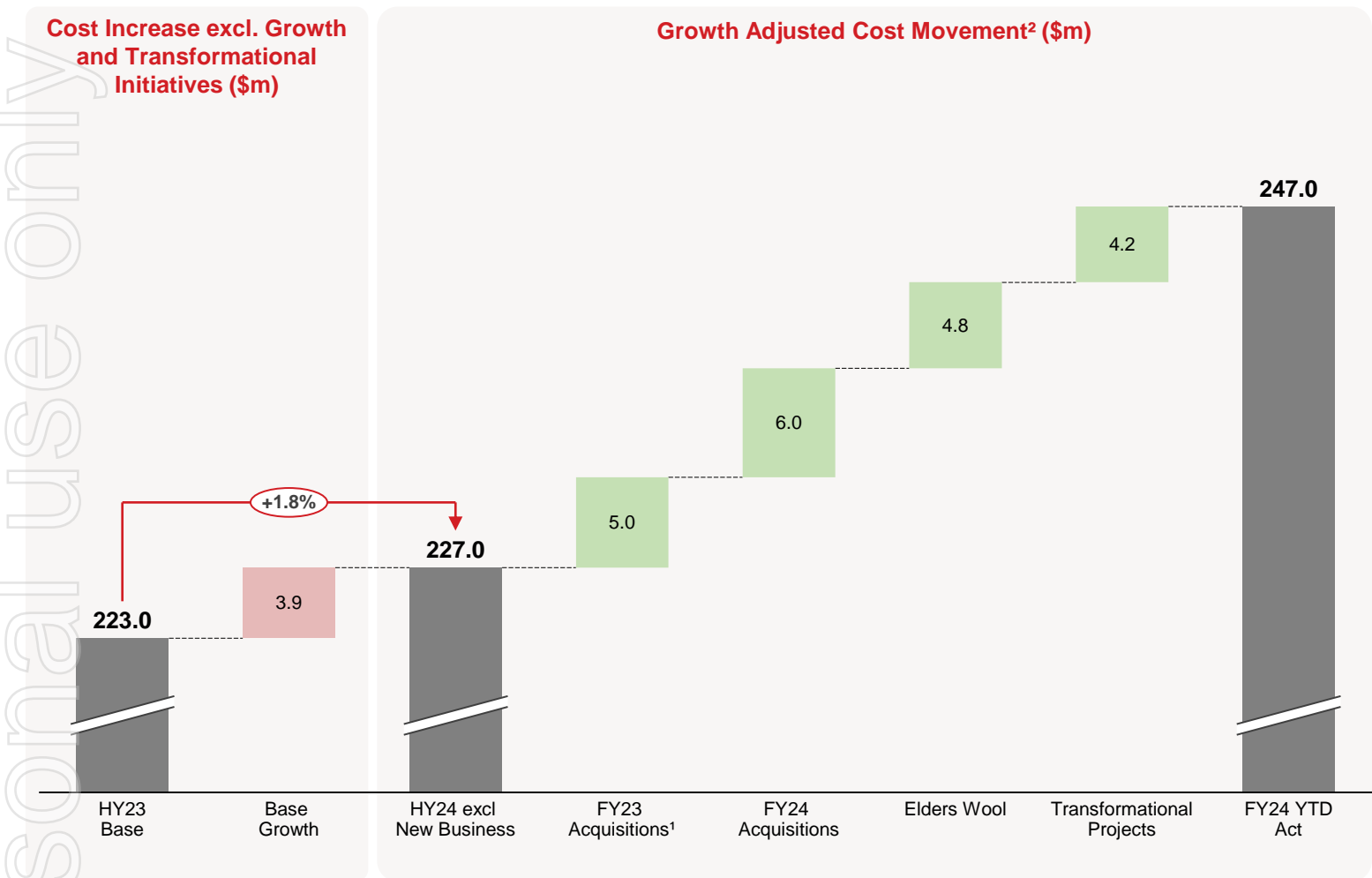
**Operating and Other Expenses**

- Continued focus on discretionary spend

1. Depreciation on property, plant and equipment only. Depreciation on ROU is included within Property and Lease Costs  
 2. Includes Consulting, Advertising, Insurance, Legal Costs etc.  
 3. CAGR calculated on the HY results

# Cost Growth Excluding New Business: Year to Date

FY24 cost target on track through disciplined cost management



### Commentary

**Base Target:**

- CPI increase to be partially funded through \$10m pro-rata cost saving initiatives

**FY24 YTD:**

- FY24 YTD is inclusive of acquisitive SG&A, CPI increase and recurring transformational growth expenditure
- 135 Additional FTE relating to FY24 acquisitions

**Acquisitions and Transformational Projects:**

- FY23: 9 Acquisitions**, the largest being Emms Mooney and Rockingham
- FY24 H1: 10 Acquisitions**, the largest being Eureka! and Charles Stewart
- Knight Frank Tasmania completed after balance date
- Transformational projects** including toll formulation facilities in WA and additional depreciation and amortisation costs pertaining to these projects

**Elders Wool**

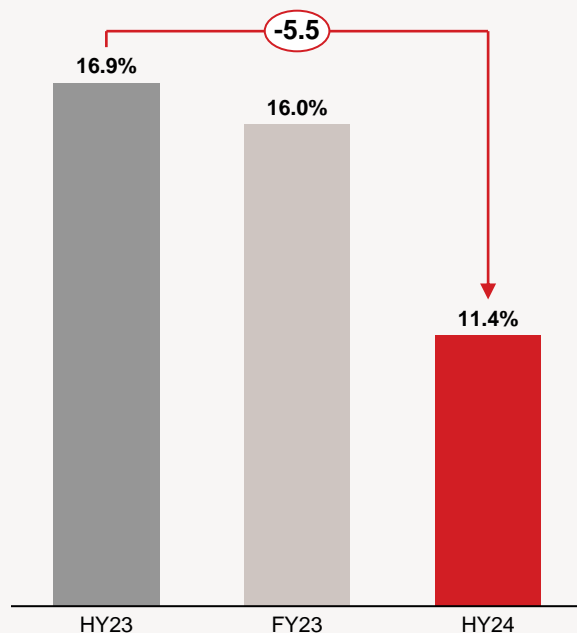
- Previously the operational costs were included in gross margin as part of the AWH fees. The in-house model has resulted in the comparative fees being recorded under costs with the benefit in gross margin.

1. FY23 acquisitions with less than 12 months earnings  
 2. Includes the rolling twelve month costs from acquisitions and transformational projects with less than 12 months of earnings and thus is not directly comparable to slide 22 which is a half-on-half comparison

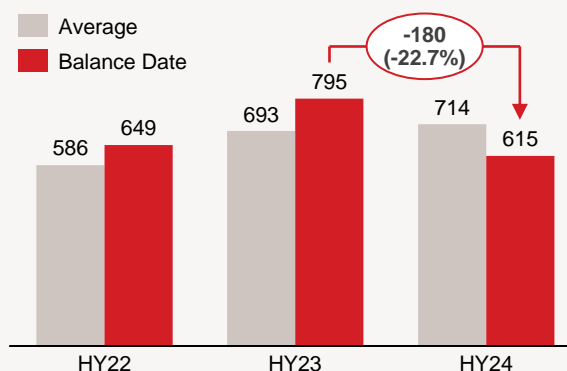
# Capital Allocation

Return on capital forecast to improve in second half following progress on working capital efficiency

Return on Capital (%)

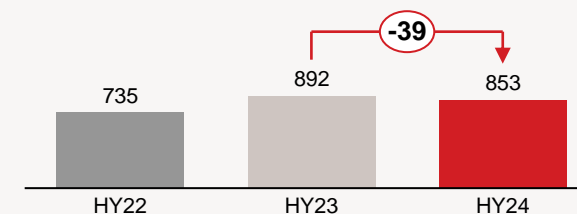


Working Capital at Balance Date (\$m)

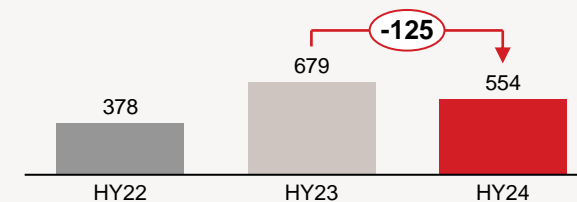


- HY24 average working capital elevated due to improved supply chains in 2H23, with levels declining throughout HY24
- Balance date working capital reflective of efficiency initiatives, declining input prices and normalising supply chains
- Average working capital expected to decline by FY24 due to focused working capital management

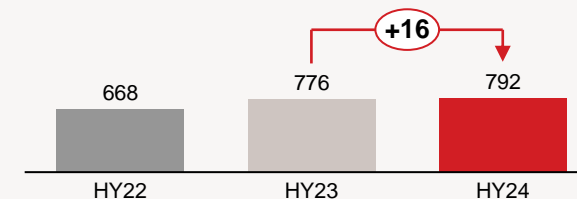
Trade and Other Receivables<sup>1</sup> (\$m)



Inventory<sup>2</sup> (\$m)



Trade and Other Payables<sup>3</sup> (\$m)



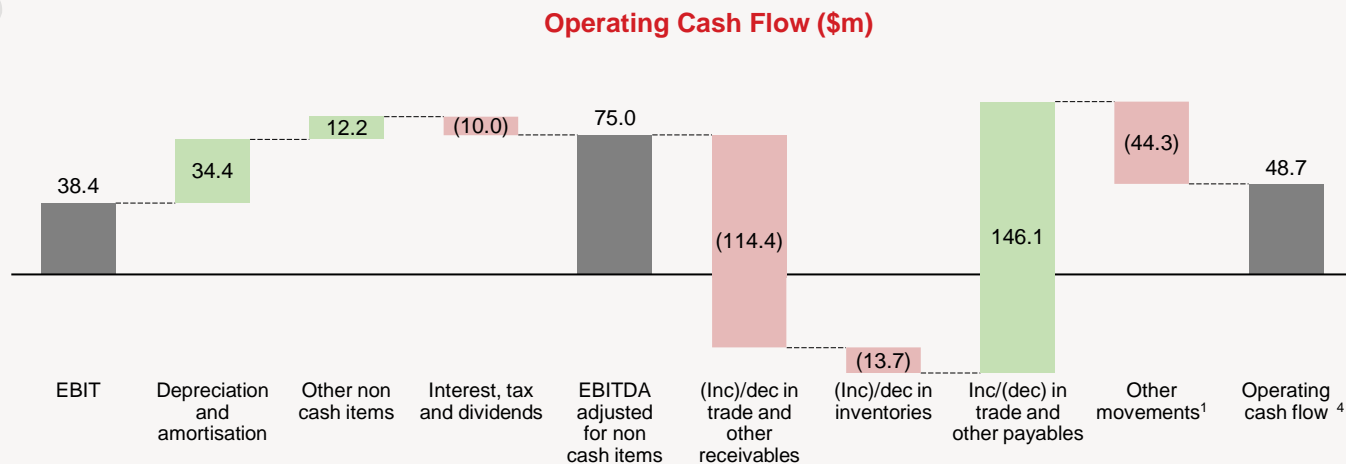
1. Balance Date  
2. Including Livestock at Balance Date

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# Cash Flow

Focus on capital efficiency evident in cash conversion

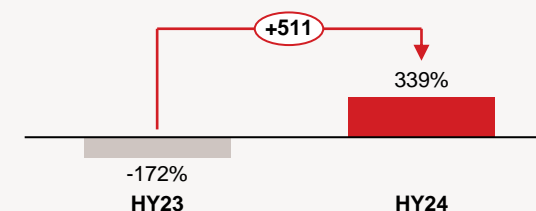


Key metrics (\$m)	HY24	HY23	Var
<b>Underlying EBITDA adjusted for non cash items</b>	<b>75.0</b>	<b>130.1</b>	<b>(42%)</b>
Movements in assets and liabilities	(26.3)	(217.0)	88%
<b>Cash from operating activities</b>	<b>48.7</b>	<b>(86.9)</b>	<b>156%</b>
Investing cash flows	(88.4)	(99.7)	11%
Financing cash flows	56.3	182.8	(69%)
<b>Net cash flow</b>	<b>16.6</b>	<b>(3.8)</b>	<b>537%</b>

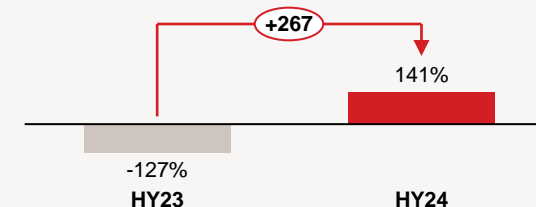
1. Other movements includes provisions and balances acquired via acquisitions  
 2. Cash conversion is calculated on a YTD basis, operating cash flow / U'NPAT  
 3. Working capital to sales is calculated on a rolling 12-month basis

4. Excludes the impact of AASB 16 cash lease expenses of \$28.5m  
 5. Operating cash flow includes the Rural Bank termination payment

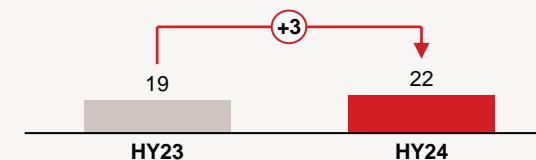
## Cash Conversion (%)<sup>2</sup>



## AASB 16 adjusted Cash Conversion (%)

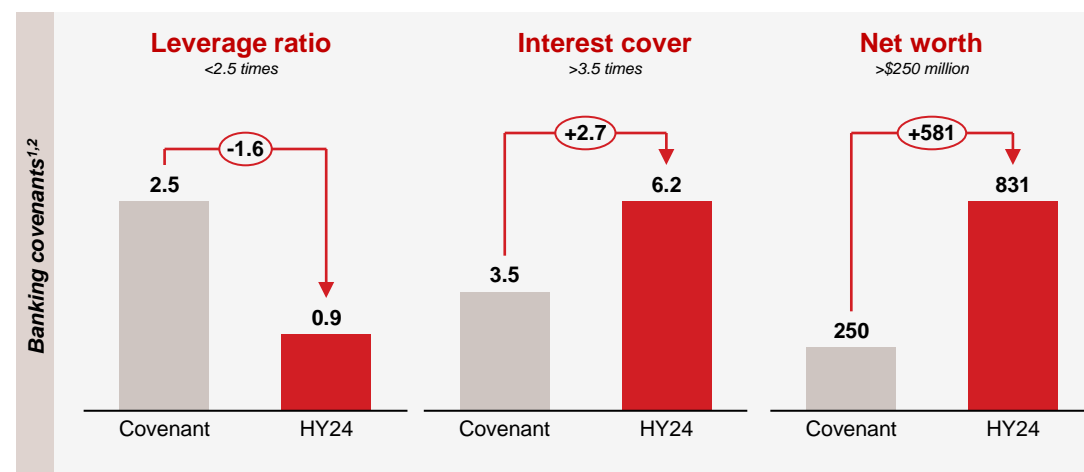
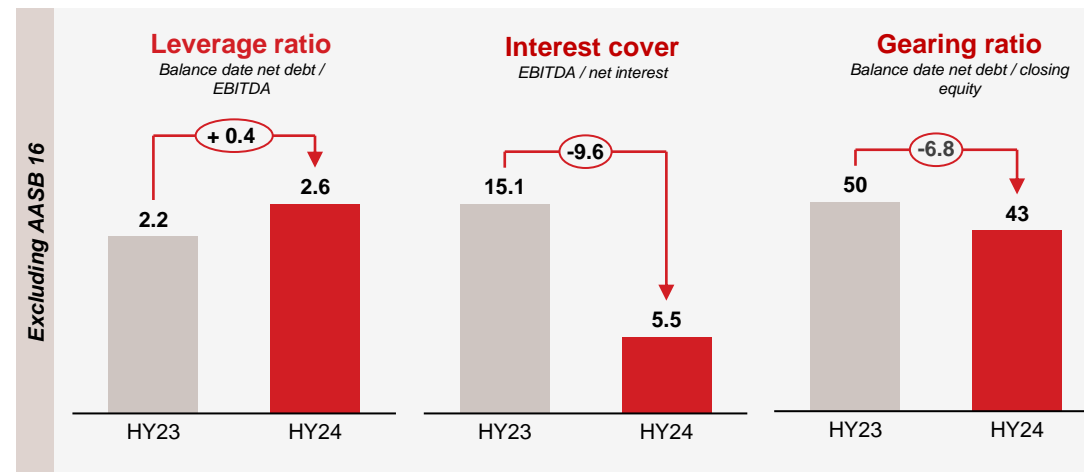
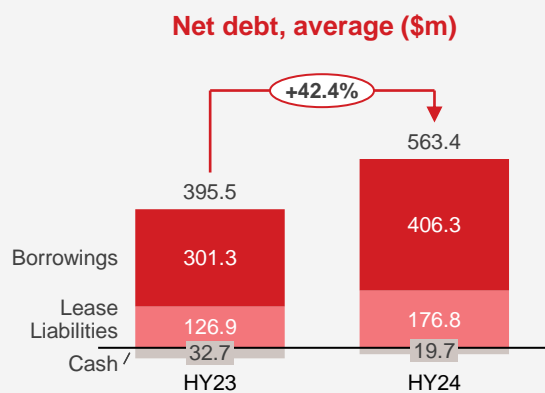
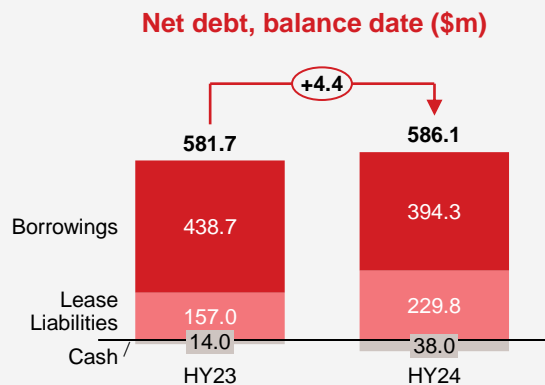


## Working Capital to Sales (%)<sup>3</sup>



# Net Debt and Financial Ratios

Accounting leverage expected to return to within target range of 1.5 – 2.0x by FY25 H1. Elders maintains significant headroom to all banking covenants.



1. Calculated pursuant to definitions in group syndicated facilities which are subject to change over time. The current covenant calculations exclude all accounting adjustments required by AASB 16 Leases and the leverage covenant excludes the debtor securitisation balance from net debt
2. Undrawn facilities at 31 March were \$152.7 million out of total available facilities of \$554 million and significant headroom in our banking covenants



# Strategy and Market Outlook

Presented by Mark Allison (Managing Director and CEO)



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# 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 – Transform

Gross margin growth and efficiency through product expansion



## ELDERS WOOL<sup>1</sup>

Enhanced client experience through state-of-the-art wool handling facility

### Business Model

- Modern, efficient, and scalable
- Economies of scale through volume and centralised business model
- AGVs<sup>2</sup> for enhanced efficiency and a 24hr operational model

### Enhanced Efficiency

- Commercial benefit gained from solar power, LED lighting and electronic AGVs<sup>2</sup>
- Optimises logistics, sales and storage through automated warehousing
- Centralised model insulated from cost pressures benefiting growers

### Financial Creation

- Provides opportunity to generate revenue from additional avenues
- Increased earn per bale and gross margin
- EBIT accretive by approximately \$4-\$5 million per annum

Over 52,000 bales received since November 2023

1. Projects are expected to deliver a ROC greater than 15% once operating at scale  
 2. AGV – Automated guided vehicle



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# Our Strategic Priorities – Transform

Gross margin growth and efficiency through platform modernisation

## SYSTEMS MODERNISATION<sup>1</sup>

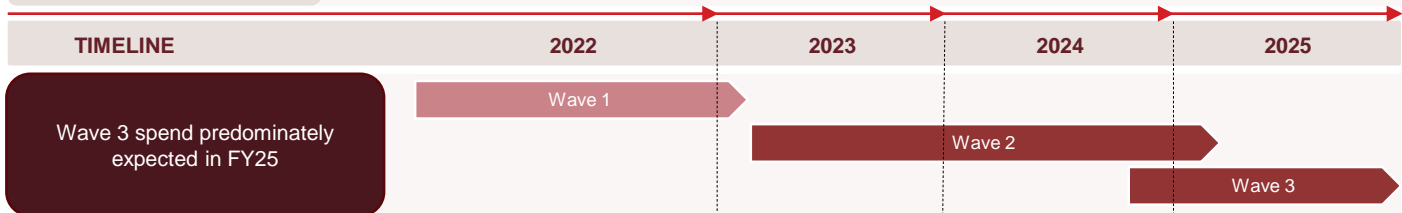


Modernising our platforms to deliver more efficient business processes

Wave 1 (Procurement)	Spend (\$'m)	Total Spend
	CAPEX	12.4
	OPEX - non underlying	6.3
	<b>Total</b>	<b>18.7</b>

Wave 2 (Retail)	FY23	FY24	Total Budget
	CAPEX	9.5	24 – 27
	OPEX - non underlying	0.9	16 – 18
	<b>Total</b>	<b>10.4</b>	<b>40 - 45</b>

Wave 3 (Livestock)	FY23	FY24	Total Budget
	CAPEX	-	7 – 9
	OPEX - non underlying	-	3 – 4
	<b>Total</b>	<b>-</b>	<b>10 – 13</b>



1. Does not include underlying OPEX which predominantly relates to ongoing license fees which are not wave specific

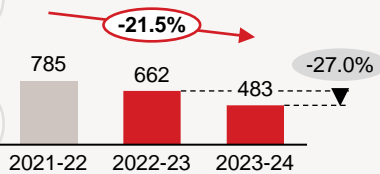
# ABARES March Market Outlook

Agricultural exports forecast to fall 14% to \$67 billion in 2023-24, as drier conditions drive a 20% decline in nominal gross value crop production and crop prices

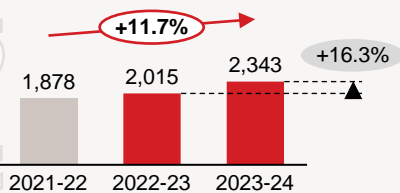


## Beef and Veal<sup>1</sup>

Average saleyard prices (c/kg)



Production (kt)

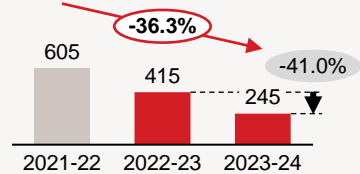


- Improving beef prices forecast for 2024-25 as high turn-off in 2023-24 is curtailed and stockyard supply growth moderates
- Beef production to rise 16.3% due to drier conditions, lower pasture availability and increased livestock turn-off rate
- Global beef prices are expected to fall on increased global supply, mainly from Australia and Brazil, offsetting USA and China demand

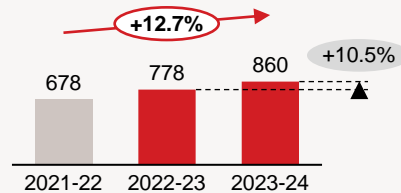


## Sheep<sup>1</sup>

Average saleyard prices (c/kg)



Production (kt)

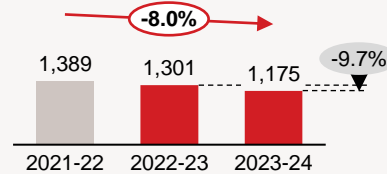


- Lamb and sheep price pressure is expected to abate with an increase of 34% for sheep and 16% for lambs, returning to 2022-23 nominal levels
- Lower global prices are expected owing to increased supply outweighing demand from China
- Live sheep volumes expected to remain elevated in 2023-24 reflecting increased turn-off rates

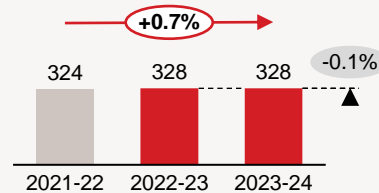


## Wool<sup>1</sup>

Eastern Market Indicator (c/kg)



Sheep shorn for wool production (kt)

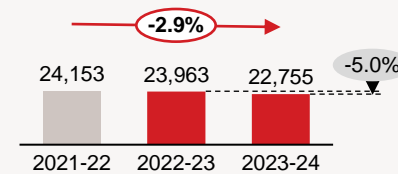


- Wool production is expected to increase driven by greater sheep shorn as margins improve on lower shearing costs
- The average wool cut per head is expected to decline to 4.58/kg heading into 2024 owing to drier conditions
- However, Sheep flock compositions are shifting towards meat breeds in the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

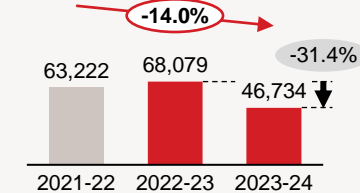


## Winter Cropping<sup>2</sup>

Area planted ('000 ha)



Crop production (kt)

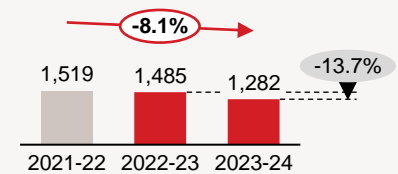


- Winter crop production is expected to fall below the 10-year average due to below average rainfall in key states
- Yields are forecast to be below average owing to drier conditions in key northern cropping regions
- Wheat and canola production set to fall 36% and 38% respectively, with barley production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

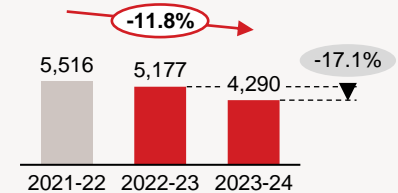


## Summer Cropping<sup>2</sup>

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: March edition  
 2. Department of Agriculture, Fisheries and Forestry, ABARES Australian Crop Report: March edition

# Market Outlook

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



## RURAL PRODUCTS

- Average seasonal outlook expected to see improving sentiment from growers and potential increase in crop plantings
- Margin relief with farm input costs for fertilisers and crop protection products expected to ease
- Further benefits from the backward integration strategy in the second half
- Continued Points of Presence expansion



## AGENCY SERVICES

- Cattle and sheep volumes are expected to remain strong underpinned by currently high herd and flock numbers
- Livestock prices are forecast to stabilise, in line with the improved seasonal outlook
- Wool earnings are expected to continue benefiting from improving earn-per-bale as throughput increases at the in-house wool handling facilities



## REAL ESTATE

- Margin relief for regional residential properties expected as interest rates continue to stabilise
- Broadacre turnover is expected to benefit from the recent uplift in livestock prices
- Earnings to benefit from recent acquisitions



## 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
- Home Loans and Commercial Finance Brokerage model relaunch to drive referrals activity from the Elders network



## FEED AND PROCESSING SERVICES

- High residency, strong export demand and increasing cattle prices are expected to provide margin relief across all feeding programs
- Continued uptake of grass-fed operations to provide margin uplift in the second half
- Further growth and demand for irrigated corn operations and Killara branded organic fertiliser



## COSTS AND CAPITAL

- Continued focus on cost and capital efficiency, building on the first half momentum
- Ongoing commitment to mitigate inflationary pressures through cost savings
- Ongoing investment in acquisition growth, as well as transformational initiatives in line with the Eight Point Plan strategy

1. Eastern States Young Cattle Indicator, National Livestock Reporting Service, ([MLA.com](http://MLA.com))

2. National Mutton Indicator, National Livestock Reporting Service, ([MLA.com](http://MLA.com))



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# Questions



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# Appendix

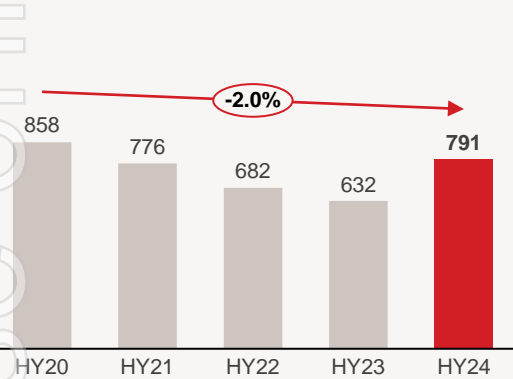


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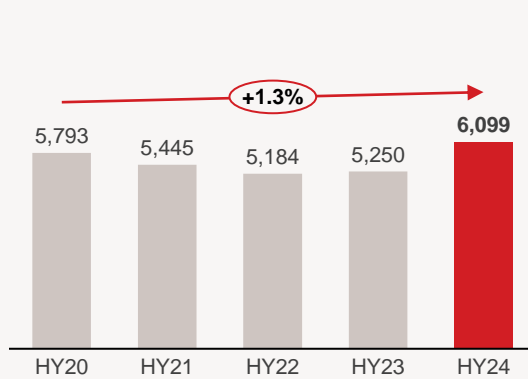
# Key Performance Indicator Trends

Elders diversified business model provides earnings resilience against market volatility

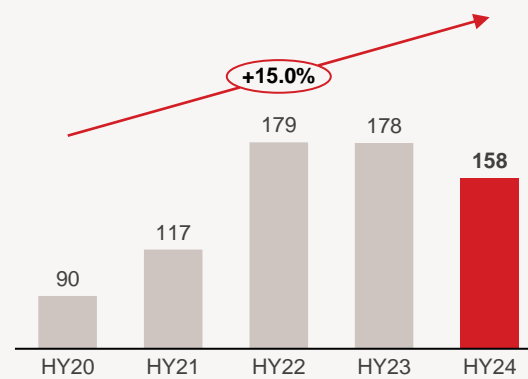
Agency Services: Cattle Volume ('000)



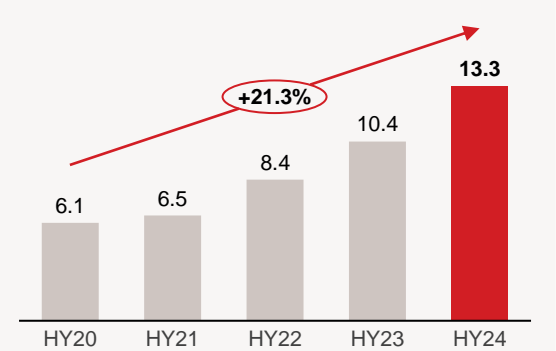
Agency Services: Sheep Volume ('000)



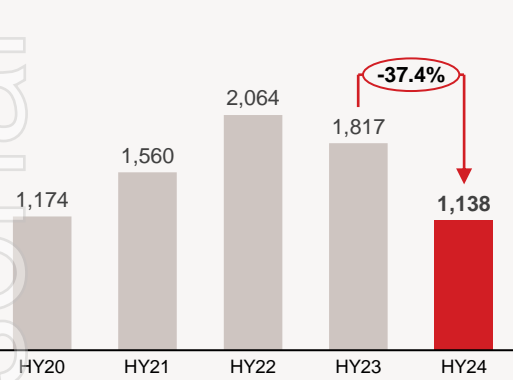
Rural Products: Gross Margin (\$m)



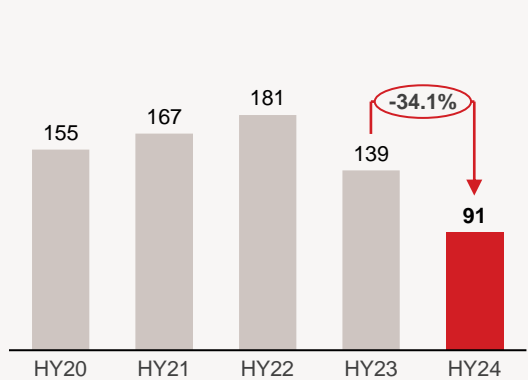
Real Estate Services: Property Management Earn (\$m)



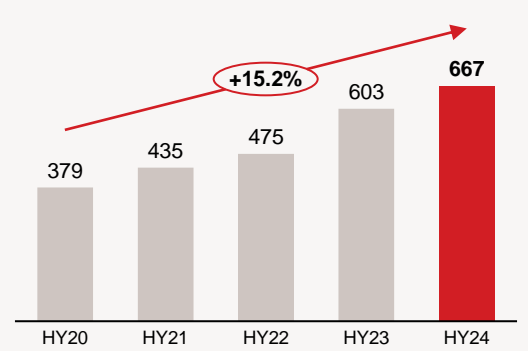
Agency Services: Cattle Price (\$)¹



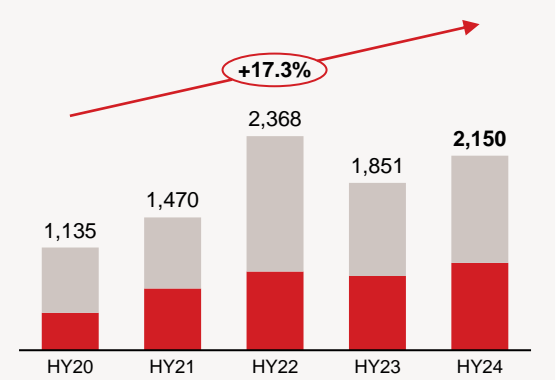
Agency Services: Sheep Price (\$)¹



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



Real Estate Services: Turnover (\$m)



■ Farmland ■ Residential

1. Cattle and sheep prices are internal averages, not externally verifiable, and reflect the volume weighted average price for the HY  
 2. Principal positions are held by Elders Insurance Underwriting Agency (Elders 20% equity investment)



# Business Model

Geographic and product diversification mitigate impact of individual market volatility

	 <b>Rural Products</b> <i>Retail Wholesale</i>		 <b>Agency Services</b>	 <b>Real Estate Services</b>	 <b>Financial Services</b>	 <b>Feed and Processing Services</b>	 <b>Digital and Technical Services</b>
<b>Product and service offerings</b>	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%)
<b>Key metrics</b>	\$2.4b retail sales	\$0.5b wholesale sales	9.8m head sheep	\$2.0b broadacre sales	\$3.1b loan book <sup>1</sup> \$1.4b deposit book <sup>1</sup> \$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	382 member stores	1.3m head Cattle	\$1.7b residential sales	\$1.2b insurance gross written premiums <sup>2</sup>		7.8m Elders Weather unique visitors
	>450 APVMA registrations		350k wool bales	13.6k properties under management	44% LIT penetration rate		0.8m CGX tonnes influenced
	1.1m tonnes fertiliser						
<b>Gross margin</b>	\$306.9m	\$71.1m	\$113.7m	\$59.5m	\$53.5m	\$13.7m	Included in products
<b>Working capital</b>	\$463.8m	\$116.1m	\$40.8m	\$1.3m	\$10.4m	\$54.5m	Other – (\$54.1m)

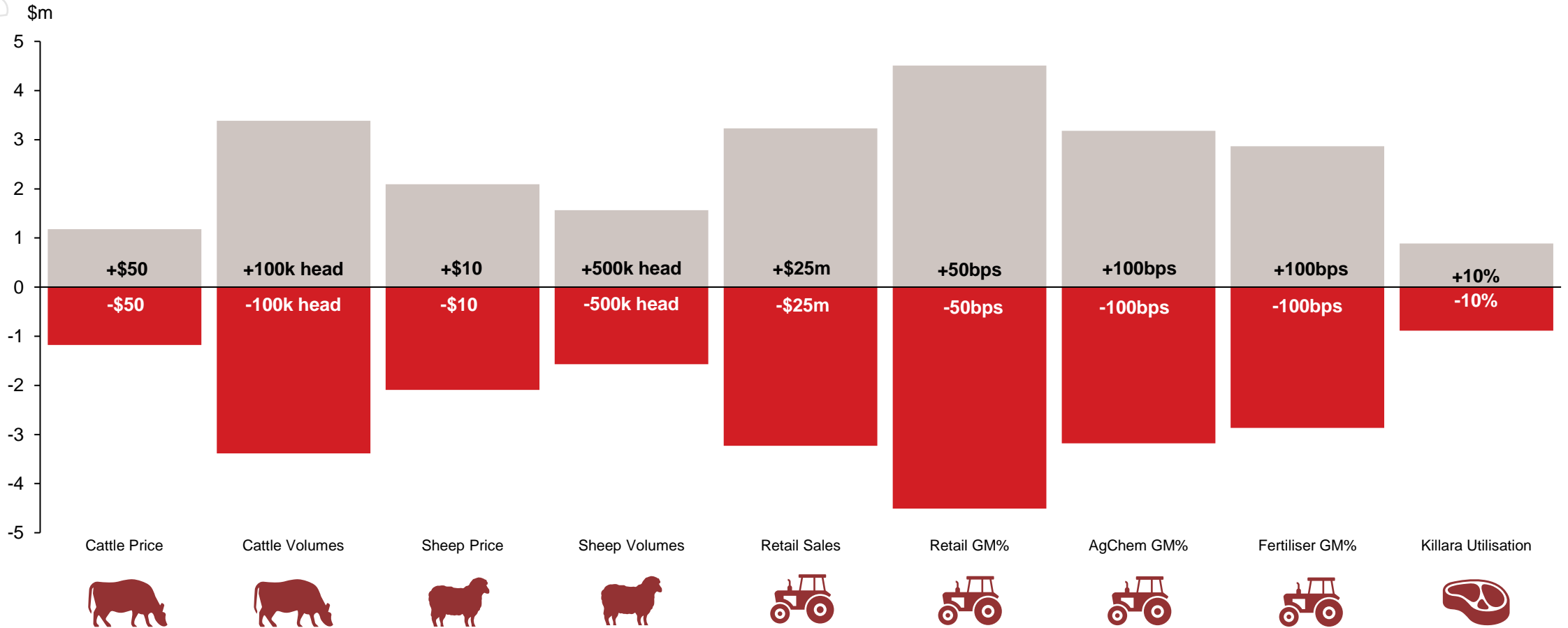
Statistics and financial information based on FY23 full year

1. Relates to Elders' relationship with Rural Bank, which ceased in December 2023
2. Relates to Elders Insurance gross written premiums

# Gross Margin Sensitivity

Geographic and product diversification mitigates the impact of individual market volatility

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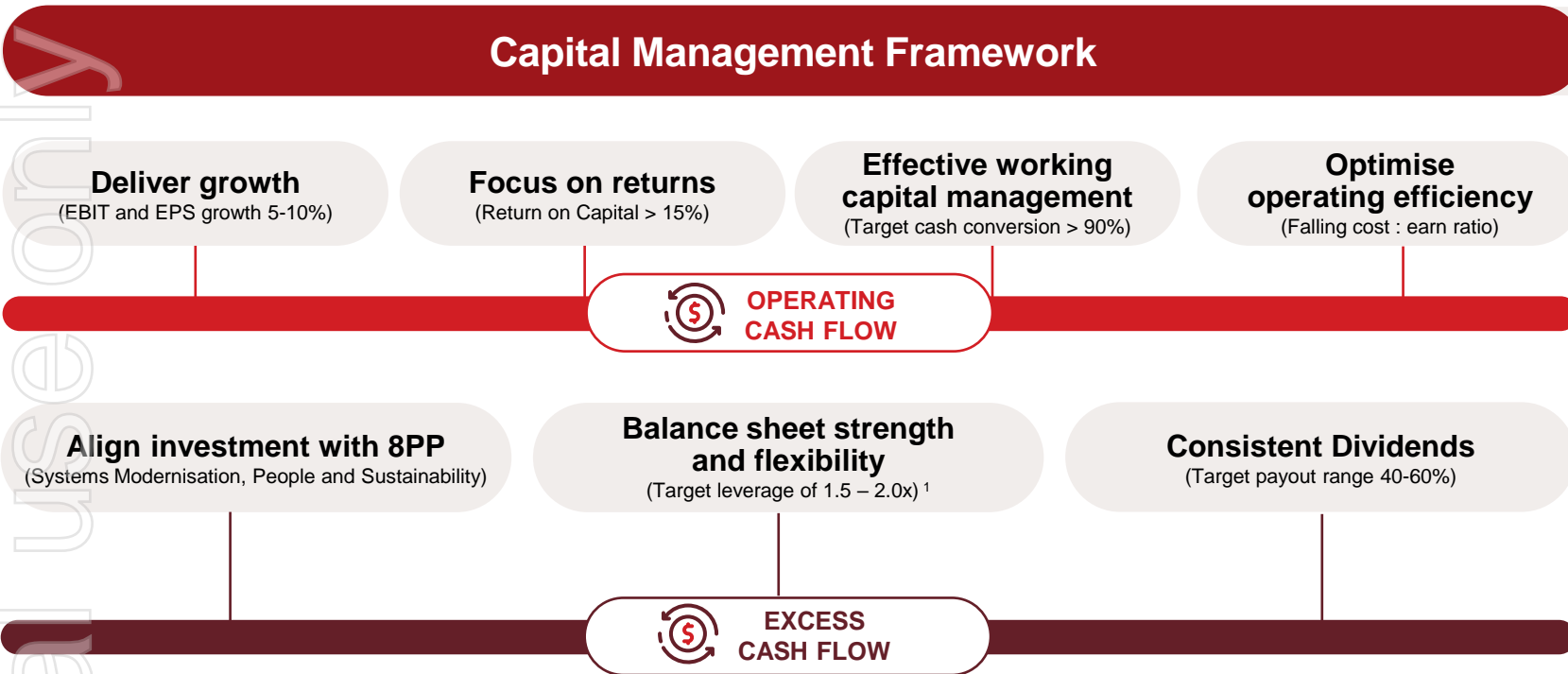




# Elders Capital Management Framework

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

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 focused 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

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