



Monday, 15 November 2021

## 2021 Full Year Results Presentation

Attached is the Elders Limited (**ASX:ELD**) presentation of the financial results for the 12 month period ended 30 September 2021.

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**Further Information:**

Mark Allison, Chief Executive Officer, 0439 030 905

**Media Enquiries:**

Tom Russo, Executive General Manager, Real Estate, Brand and Communications, 0409 873 837

**Authorised by:**

Peter Hastings, Company Secretary

# FOR AUSTRALIAN AGRICULTURE



## Elders Limited FY21 Results Presentation

15 November 2021

Presented by  
**Mark Allison CEO**  
**Tania Foster 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

Business Update

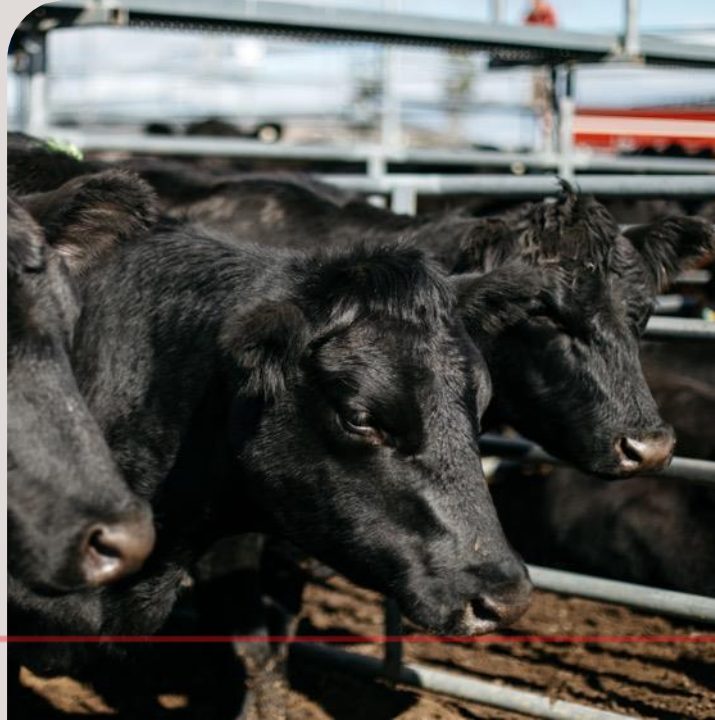
Financial Results

Business Performance

Growing our Business

Market Outlook

Questions







# FY21 Highlights



## PEOPLE

**0.7**  
LTIFR

**78%**  
employee  
engagement

**41%**  
female diversity<sup>1</sup>

**+256**  
FTE



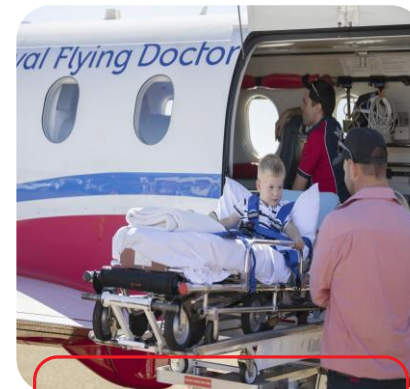
## CUSTOMERS

**#1**  
most trusted  
agribusiness brand

**53**  
net promoter  
score

**+23**  
additional locations

**For Australian  
Agriculture**  
campaign launch

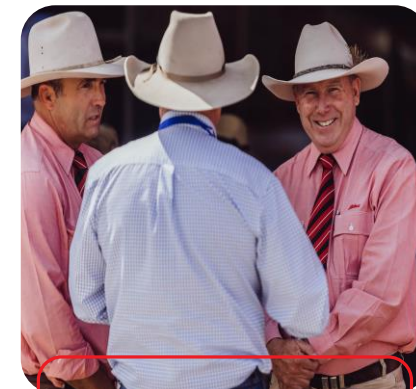


## COMMUNITY

**\$0.3m**  
to RFDS through  
renewed sponsorship

**\$2.1m**  
sponsorships and  
donations

**840**  
local community  
sports teams and  
events sponsored



## SHAREHOLDERS

**96.7 cents**  
underlying earnings  
per share

**42.0 cents**  
dividends  
per share

**43%**  
dividend  
payout ratio

<sup>1</sup>Excludes China, Indonesia and casuals

# FY21 Financial Summary



## SALES

**\$2.5b**

**+22%**

from \$2.1b



## GROSS MARGIN

**\$529.4m**

**+21%**

from \$437.5m



## EBIT

**\$166.5m**

**+38%**

from \$120.6m



## COSTS

**\$362.9m**

**+15%**

from \$316.9m



## COST TO EARN RATIO

*Costs / gross margin*

**69%**

from 72%



## RETURN ON CAPITAL

*EBIT / avg net operating assets*

**22.5%**

from 18.9%



## CASH CONVERSION

*Operating cash flow / NPAT*

**94%**

from 132%



## LEVERAGE RATIO

*Average net debt / EBITDA*

**1.4 times**

from 2.0 times



## GEARING RATIO

*Average net debt / closing equity*

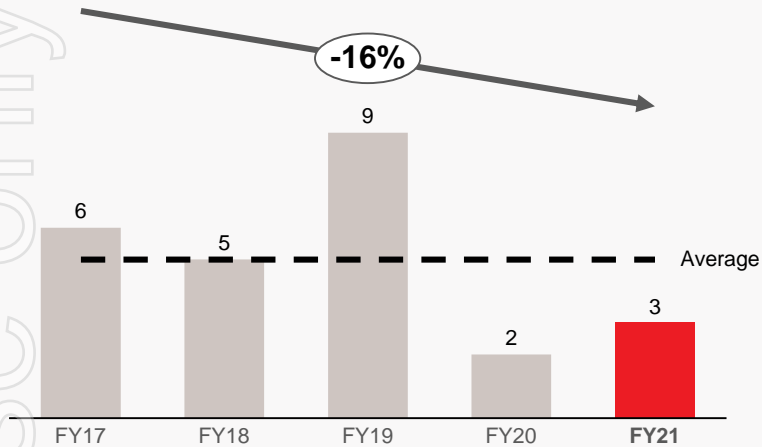
**38.6%**

from 47.2%

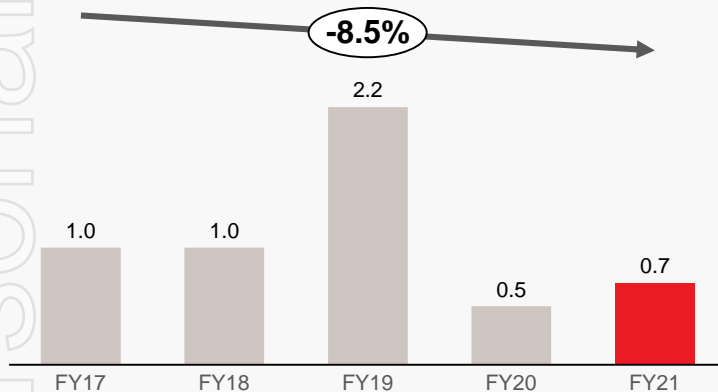


# Safety, Health & Well-Being

Lost time injury (LTI)



Lost time injury frequency rate (LTIFR)



3

lost time injuries  
in FY21



16%

reduction in lost time  
injuries over the last five  
years with LTIFR at 0.7  
for the year



3

critical risk teams  
established to reduce the  
risks of livestock handling,  
remote driving and  
manual handling



\$1.9m

invested in safety capital  
expenditure



**LEXIE HICKS**  
RURAL PRODUCTS SALES REP – BLACKALL, QLD

“Incorporating safety into our day-to-day activities is a real priority in my branch.

“We want to provide our customers with a safe environment when they visit us, and we want our workplace to be safe for staff as well.

“It’s an important part of working here at Elders.

“We are focusing on creating a safe space with clear directions, which allows the work to flow not only safely but efficiently.”



# Sustainability



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

- **Most trusted** agribusiness brand among regional Australians
- Launched **Elders Carbon Farming** advisory service
- **Over 40,000** agricultural chemical containers diverted from landfill

<sup>1</sup>2021 Korn Ferry Elders Employee Effectiveness Survey

<sup>2</sup>Scope 1: direct emissions from owned or controlled sources. Scope 2: indirect emissions from the generation of purchased electricity

<sup>3</sup>Targets based on Elders' financial year ending 30 September



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

- **\$2.1 million** in sponsorships and donations, supporting local communities, charities and industry
- **535** new hires
- Record scores achieved on employee **engagement** (78%) and **enablement** (79%)<sup>1</sup>



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

Targets set to reduce our Scope 1 and 2 greenhouse gas emissions<sup>2</sup>:

- **100%** renewable electricity in all Australian sites by 2025
- **50% reduction in Scope 1 and 2 emissions intensity** (tCO<sub>2</sub>e/\$m revenue) by 2030, against a baseline year of 2021 (subject to commercially viable technology being available to address feedlot cattle emissions)
- **Net zero** Scope 1 and 2 emissions by 2050<sup>3</sup>



**We operate ethically and to the highest standard**

- Publication of our **first Modern Slavery Statement**
- Progressed alignment of **climate-related disclosures** with the Taskforce on Climate-related Financial Disclosures (TCFD) Recommendations



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# Financial Results







# FY21 Financial Performance: Summary

*Strong performance across our key metrics*

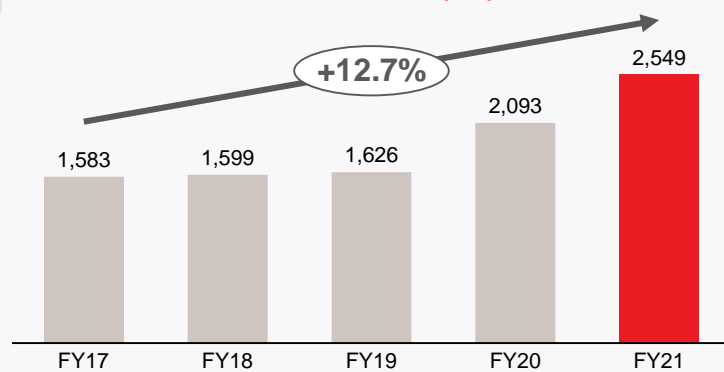
Key metrics (\$m)	FY21	FY20		Var	%
Sales revenue	<b>2,548.9</b>	2,092.6	↑	456.3	22%
Gross margin	<b>529.4</b>	437.5	↑	91.9	21%
Costs	<b>362.9</b>	316.9	↑	46.0	15%
Earnings before interest and tax	<b>166.5</b>	120.6	↑	45.9	38%
Underlying net profit after tax	<b>151.1</b>	107.7	↑	43.4	40%
Statutory net profit after tax	<b>149.8</b>	122.9	↑	26.9	22%
Return on capital (%) <sup>1</sup>	<b>22.5%</b>	18.9%	↑	3.6%	n/a
Net debt	<b>216.9</b>	237.5	↓	(20.6)	9%
Leverage ratio (times)	<b>1.4</b>	2.0	↓	(0.6)	(30%)
Operating cash flow	<b>142.2</b>	142.3	↓	(0.1)	(0%)
Underlying earnings per share (cents)	<b>96.7</b>	69.9	↑	26.8	38%
Dividend per share (cents)	<b>42.0</b>	22.0	↑	20.0	91%

<sup>1</sup>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)

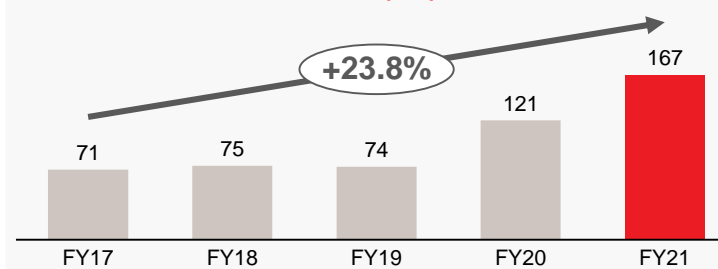
# FY21 Financial Performance: Summary

*Consistent growth over the last five years*

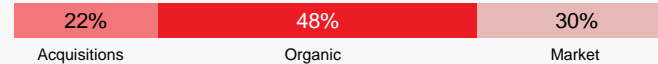
Sales Revenue (\$m)



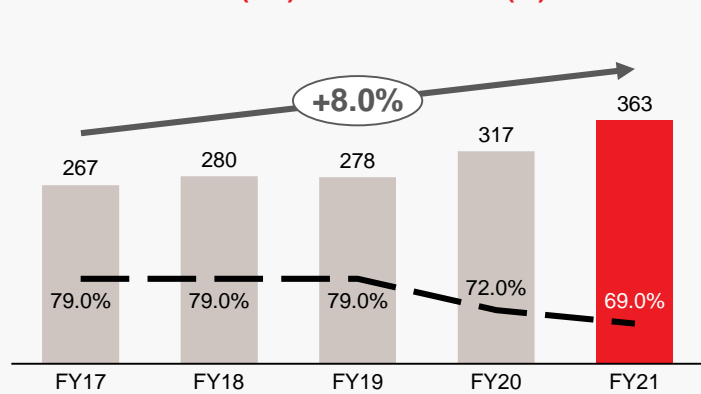
EBIT (\$m)



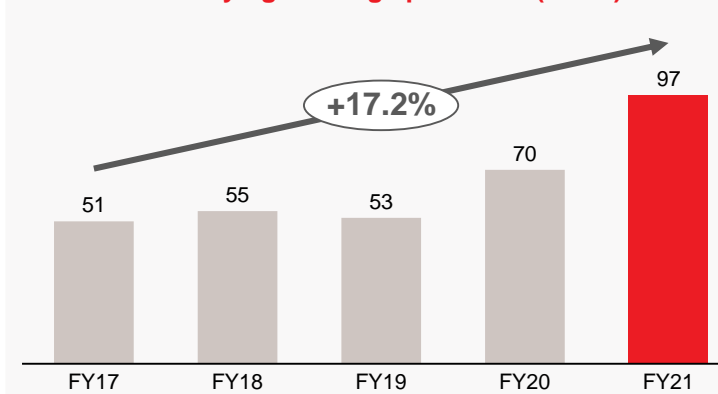
FY20 to FY21 gross margin uplift contribution



SG&A (\$m) vs Cost to Earn (%)



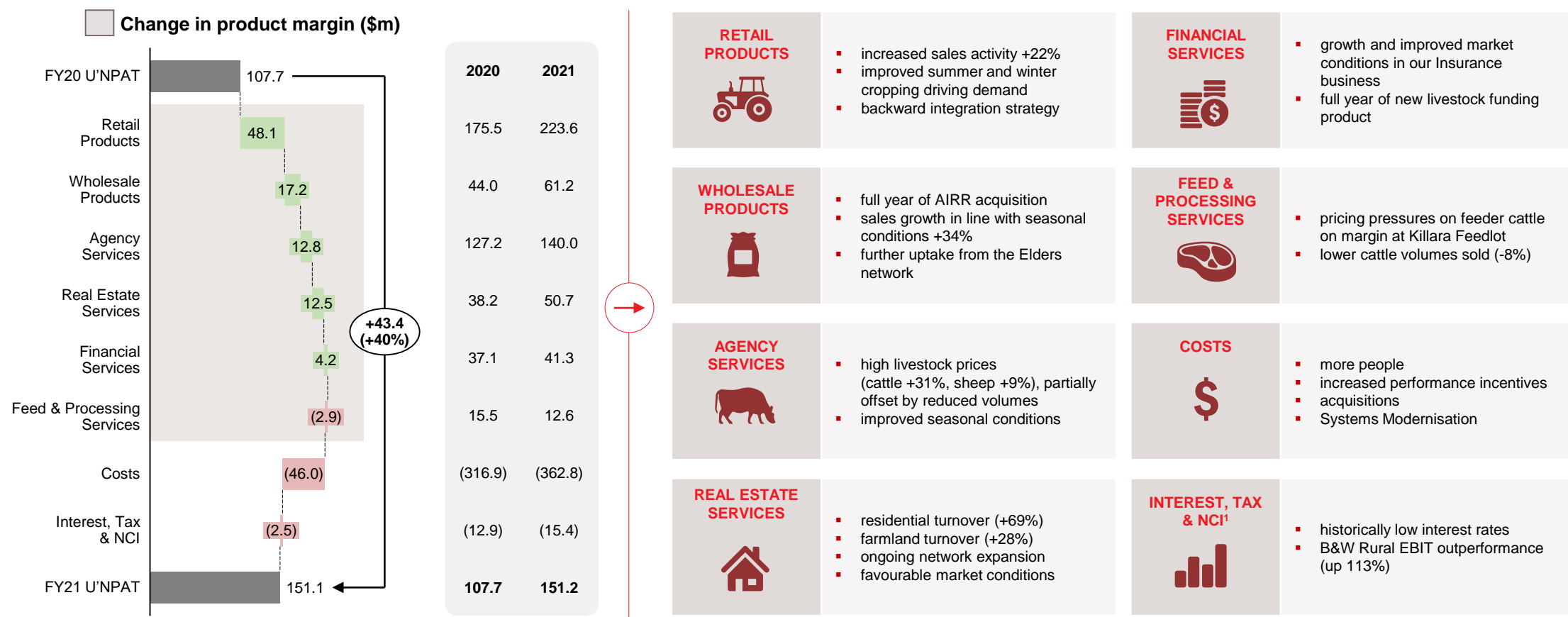
Underlying Earnings per Share (cents)





# FY21 Financial Performance: Product

*Favourable performance across all products, with the exception of Feed and Processing businesses*



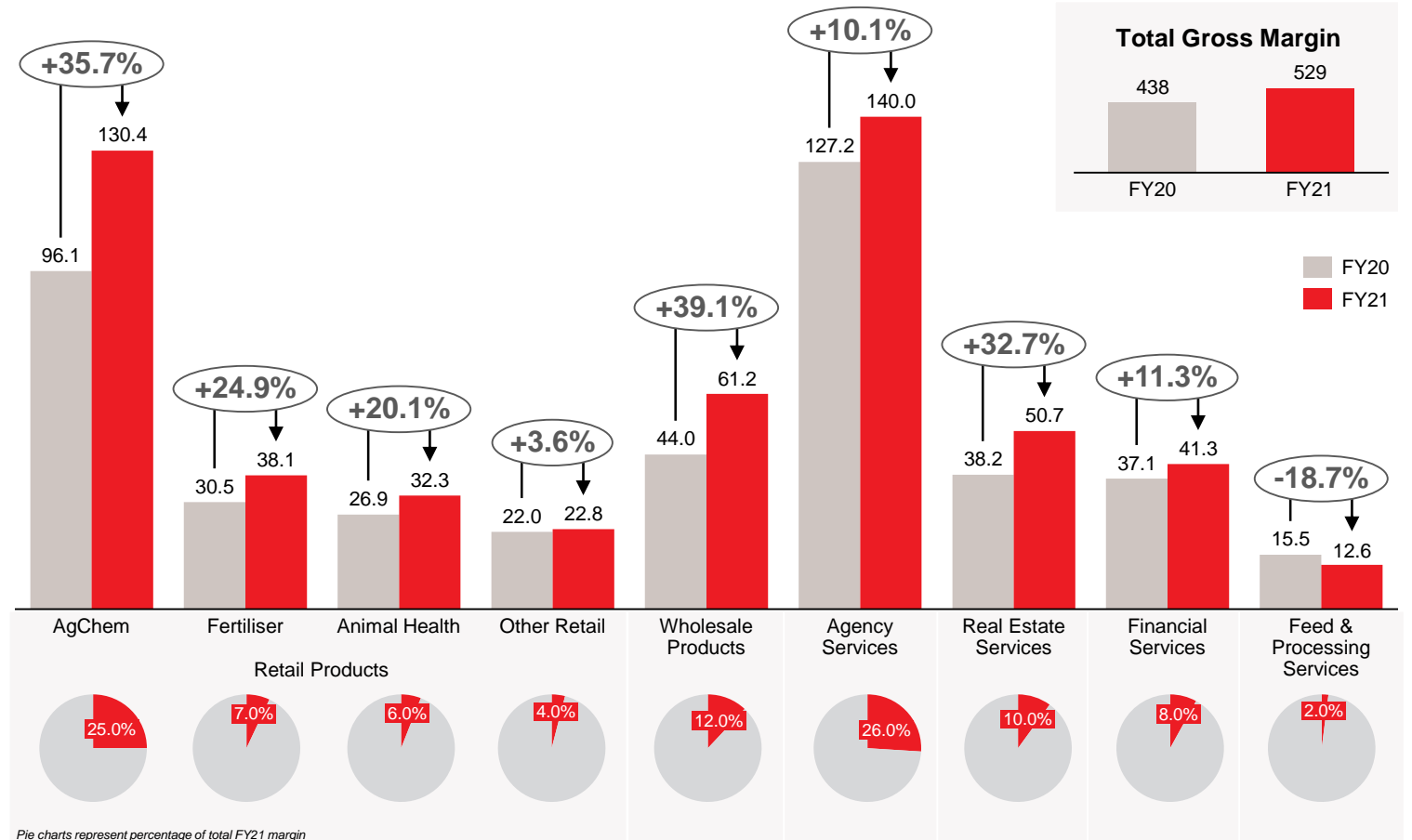
Underlying net profit after tax is calculated as total comprehensive income for the period (owners of the parent), add/subtract other comprehensive profit/(loss), add/subtract non-underlying items

<sup>1</sup>NCI – Non controlling interests



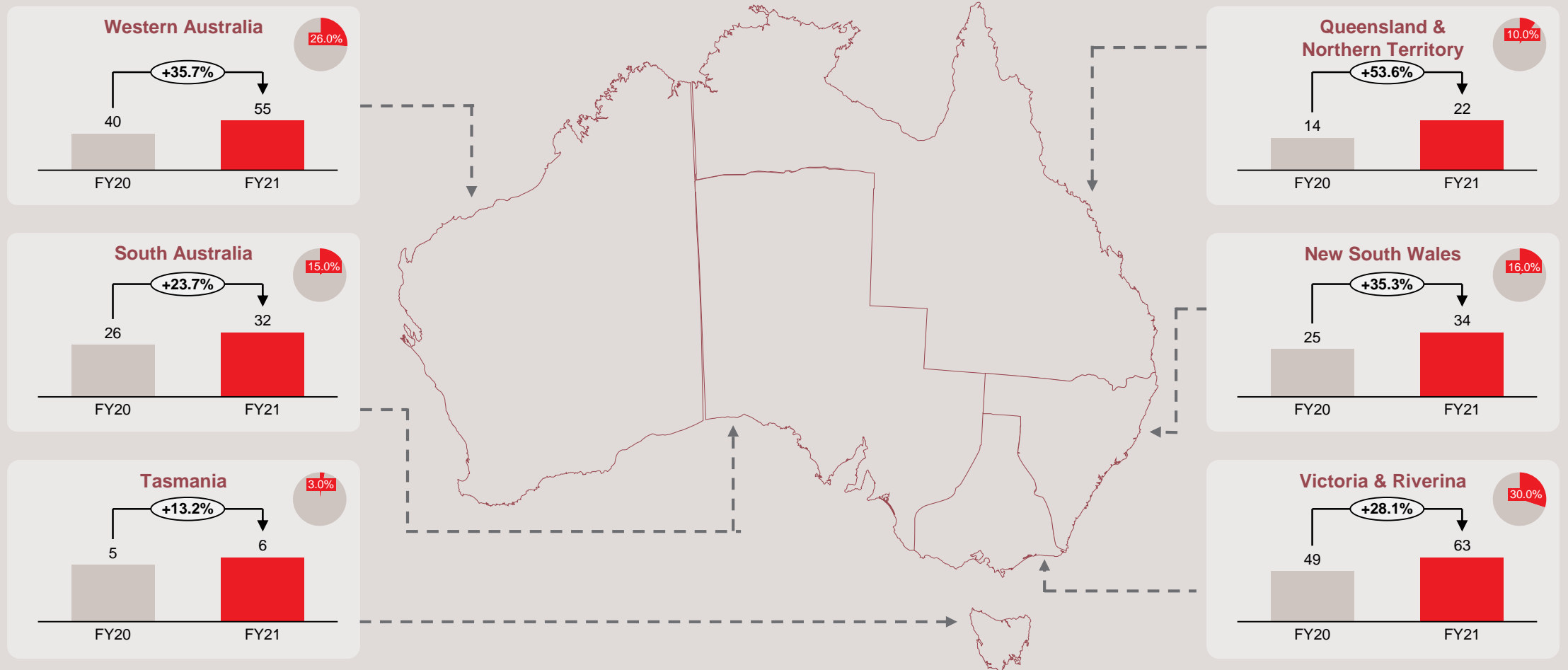
# FY21 Financial Performance: Gross Margin

*A diversified business model across product categories*



# FY21 Financial Performance: Geography

*Strong growth across all geographies, with dispersion of our EBIT reducing risk*

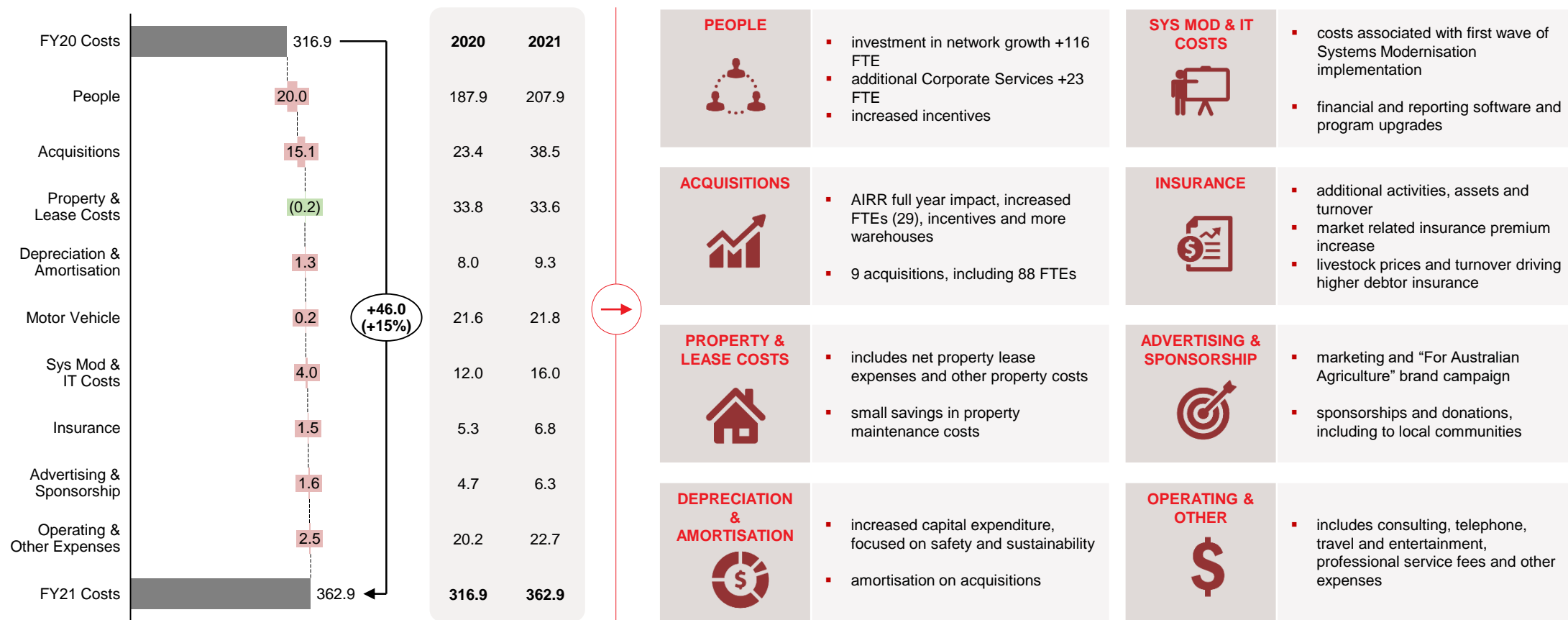


Excludes Corporate Overheads



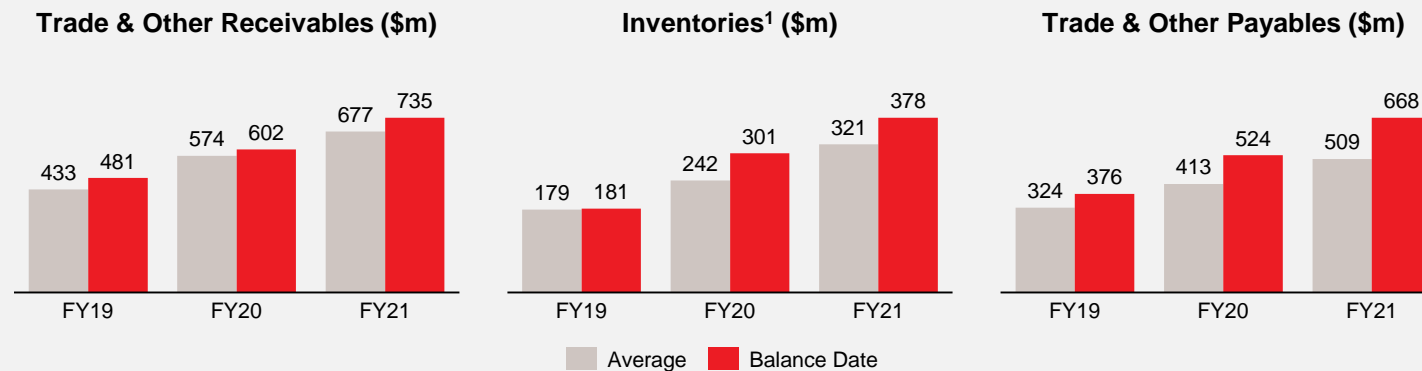
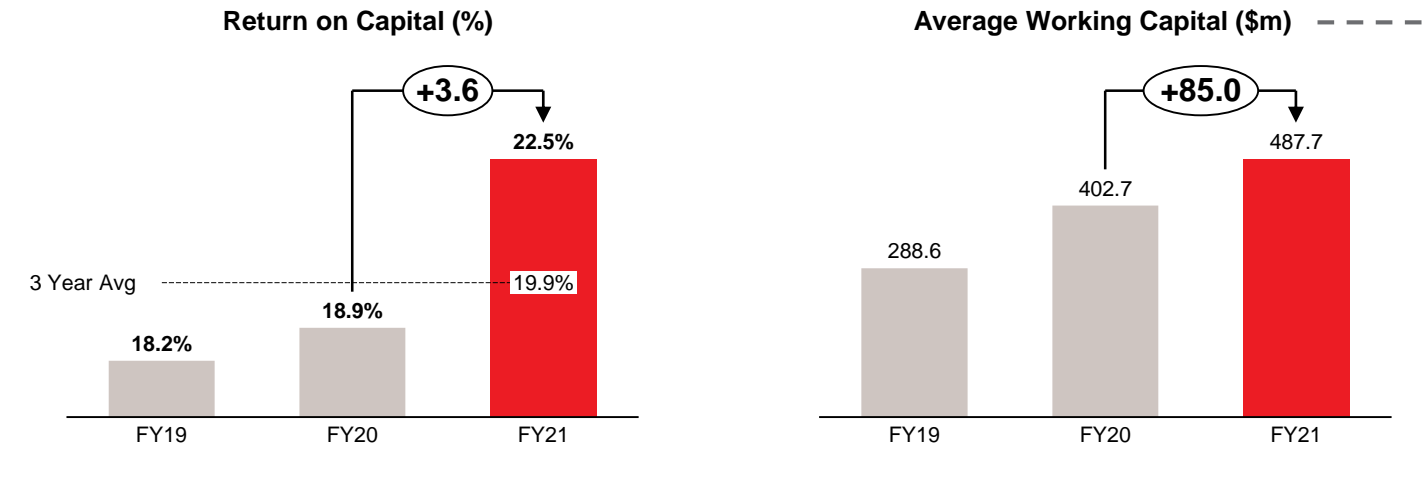
# FY21 Financial Performance: Costs

*Investment in people and strategic initiatives driving increased costs*



# FY21 Financial Performance: Capital

*Return on capital increasing*

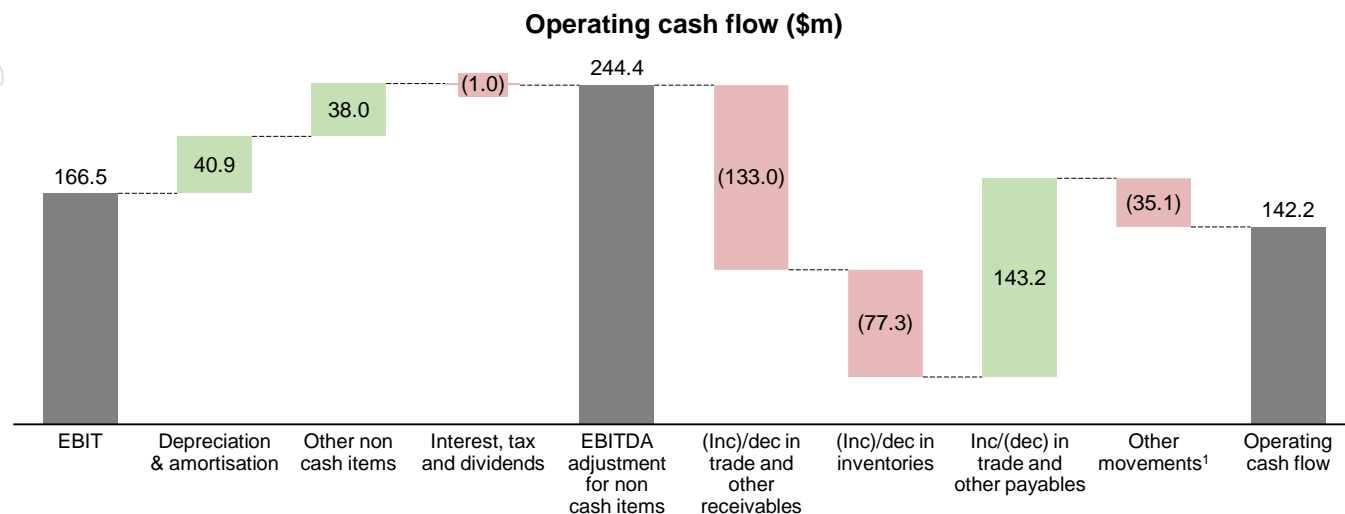


<sup>1</sup>Including Livestock

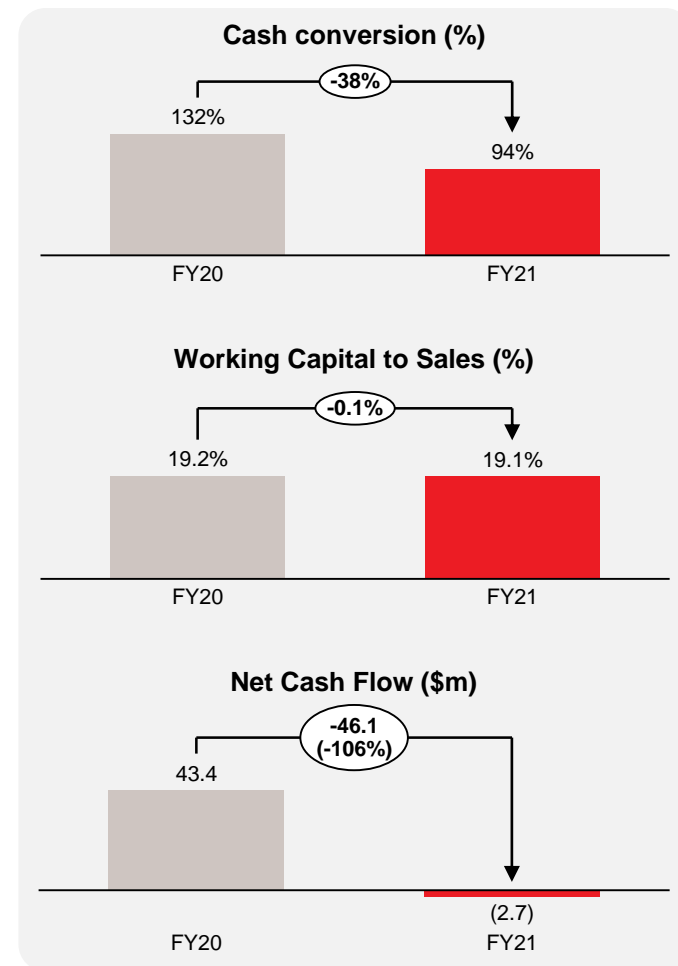


# FY21 Financial Performance: Cash Flow

Growth in debtors in line with sales activity; debtor days consistent



Key metrics (\$m)	FY21	FY20	Var
Underlying EBITDA adjustment for non cash items	244.4	187.7	56.7
Movements in assets and liabilities	(102.2)	(45.4)	(56.8)
<b>Cash from operating activities</b>	<b>142.2</b>	<b>142.3</b>	<b>(0.1)</b>
Investing cash flows	(35.5)	(123.1)	87.6
Financing cash flows	(109.3)	24.2	(133.5)
<b>Net cash flow</b>	<b>(2.7)</b>	<b>43.4</b>	<b>(46.1)</b>

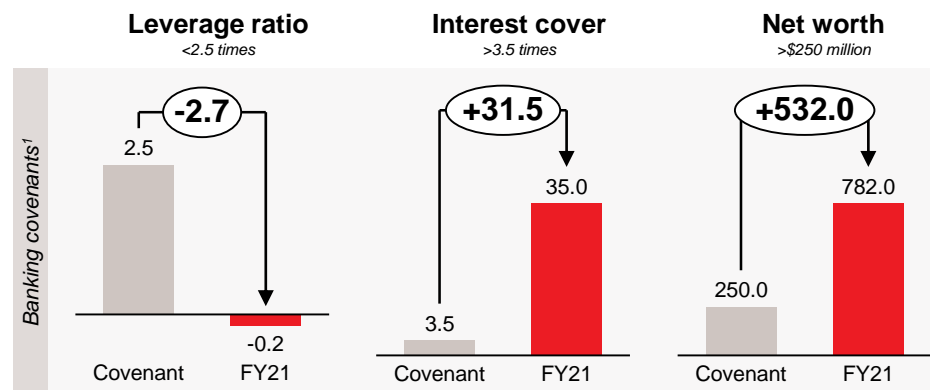
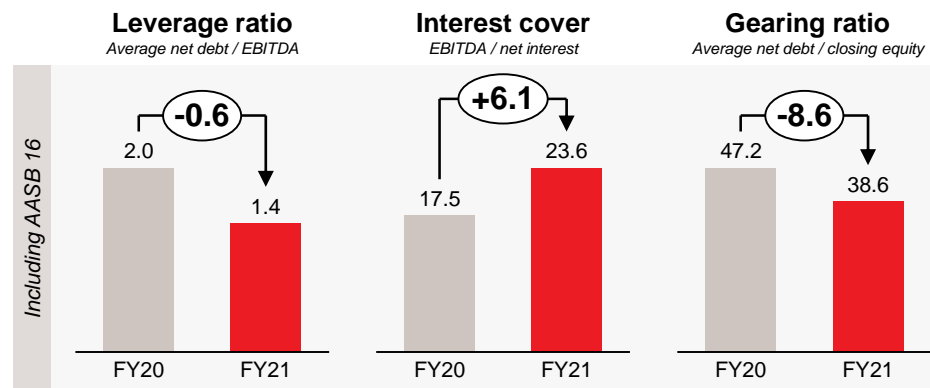
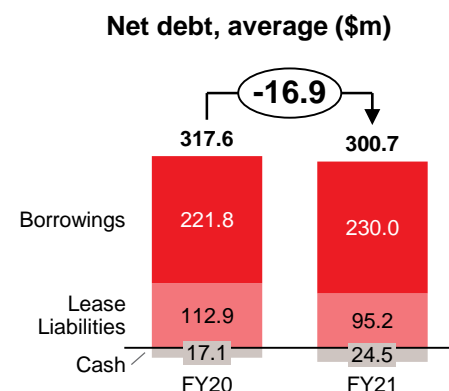
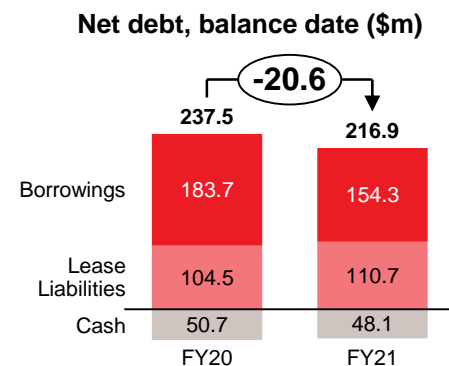


<sup>1</sup>Other movements includes other non cash movements in provisions, balances acquired and other non cash movements

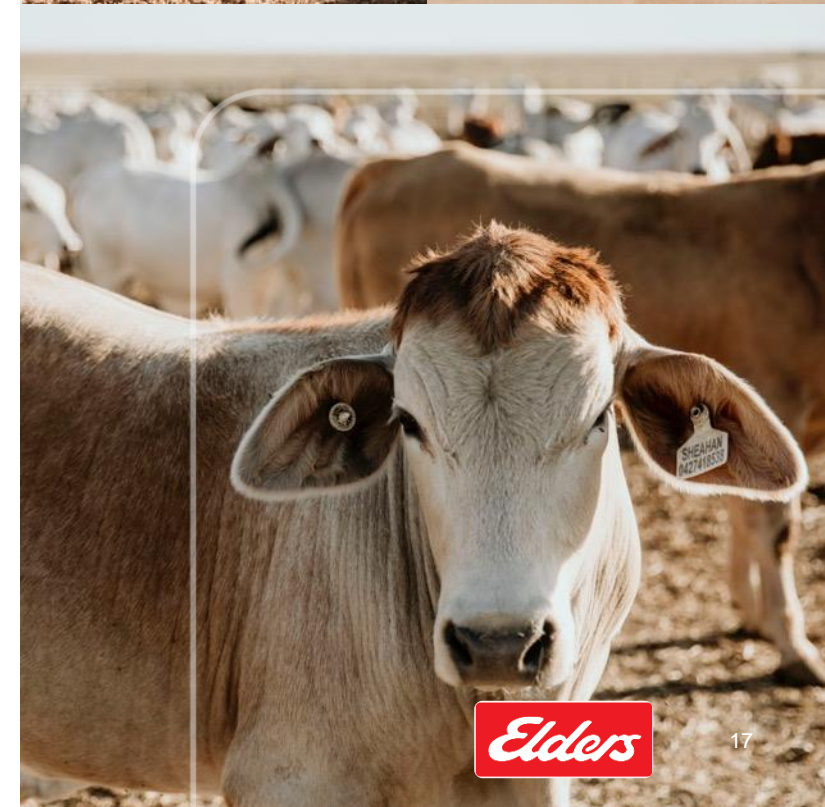


# FY21 Financial Performance: Net Debt

Debt reducing, improving leverage, interest cover and gearing ratios



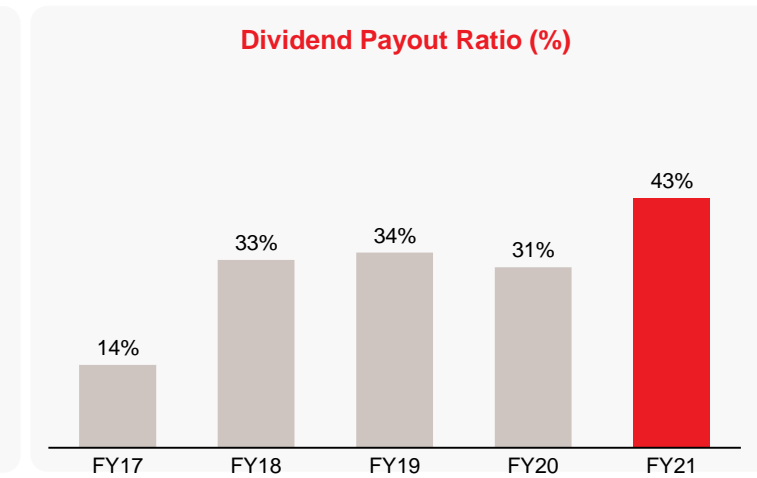
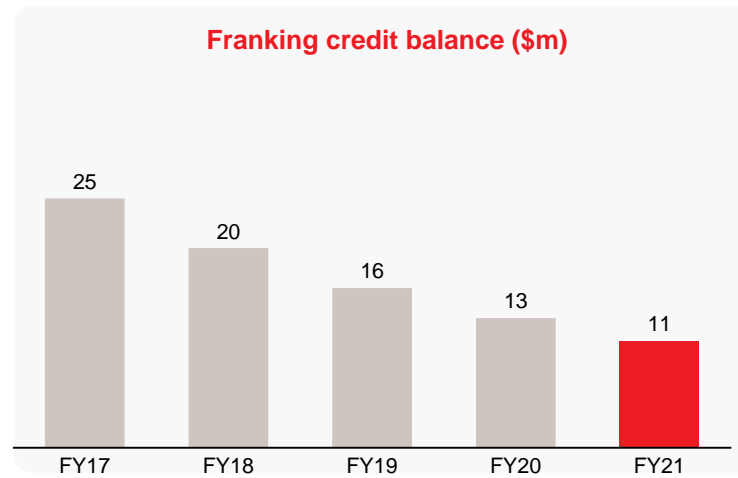
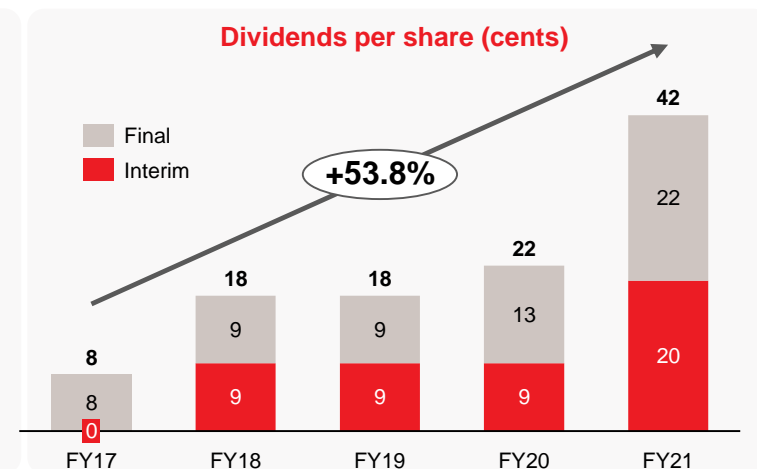
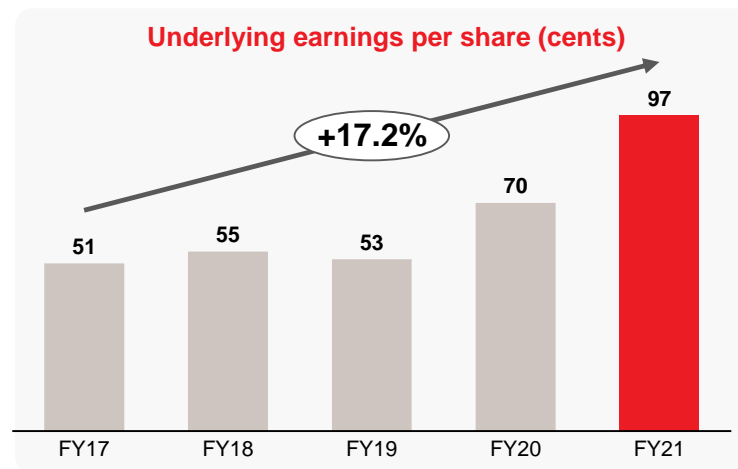
Undrawn facilities at 30 September 2021 was \$293 million out of total committed facilities of \$450 million and significant headroom in our banking covenants



<sup>1</sup>Calculated pursuant to definitions in group syndicated facilities, with AASB 16 Leases and debtor securitisation facility as material exclusions

# Dividend & Capital Management

*Earnings and dividends per share continue to grow*



Note: Prior year dividends were franked at 100%. FY21 dividends were partially franked at 20%.

# Tax Losses Expected to be Used by FY24

*Elders will report income tax expense from FY22 onwards*

## Tax losses

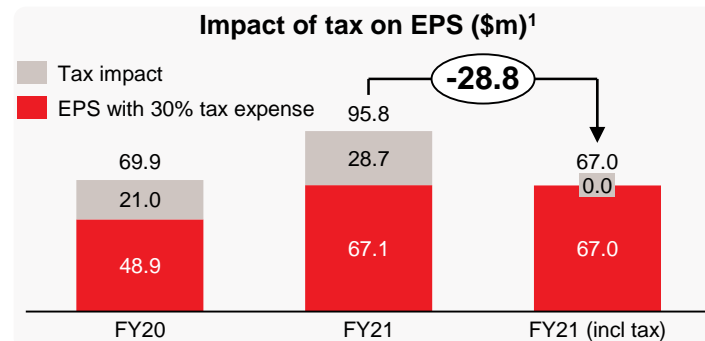
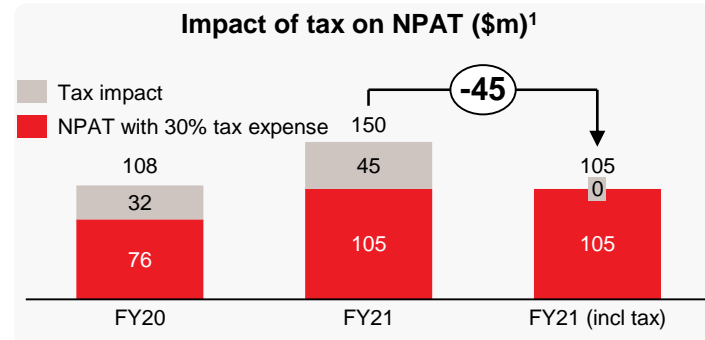
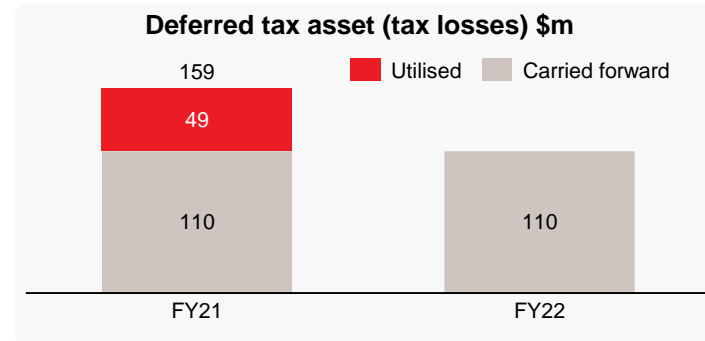
- Elders estimates it will utilise all tax losses recognised as a Deferred Tax Asset by FY24

## Change in reporting disclosure

- In FY21 (and prior years) the recognition of the tax benefit has been reported as a tax credit offsetting prima facie tax expense
- As a consequence the tax benefit has been treated as “non-underlying” profit to avoid artificially inflating underlying profit
- From FY22 onwards tax expense will be recognised in the profit and loss. This is consistent with the guidance provided by AASB 112. However, no tax is forecast to be paid until FY24
- Elders will cease the practice of reporting tax expense (benefit) as non-underlying earnings, tax expense will be reported as underlying earnings

## Impact on financial metrics

- The impact of these accounting changes is a reported reduction in statutory NPAT (\$45m) and EPS (28.8 cents per share) based on FY21 performance



<sup>1</sup>Assumes 30% tax expense on NPAT



Unclassified only

# Business Performance

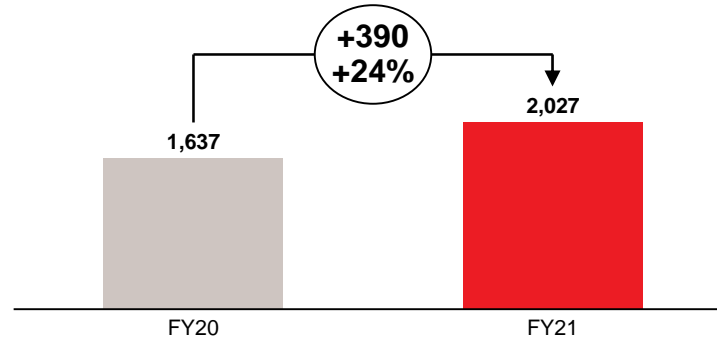




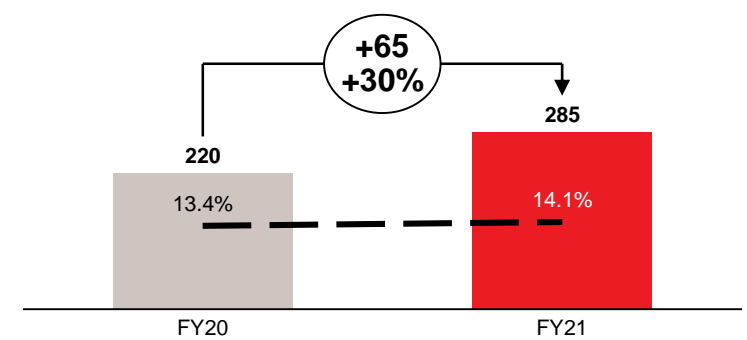
# Rural Products

Gross margin improving year on year via our backward integration strategy

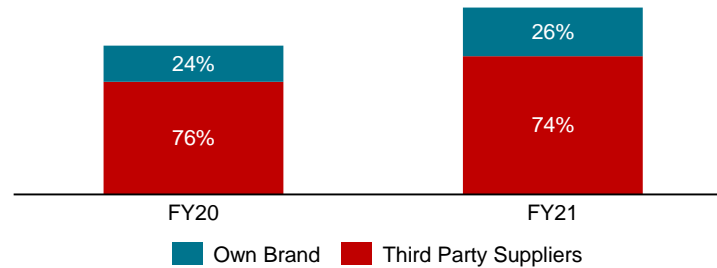
Sales Revenue (\$m)



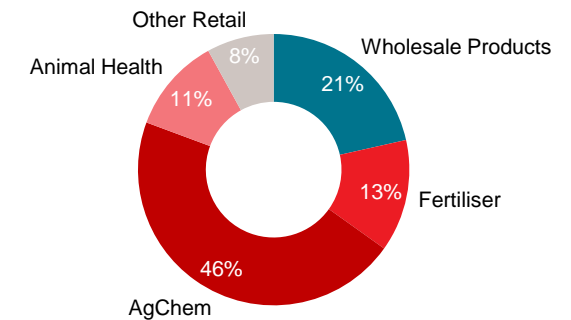
Gross margin (\$m) vs (%)



Elders own brand vs third party<sup>1</sup> (\$m)



FY21 gross margin by category (%)

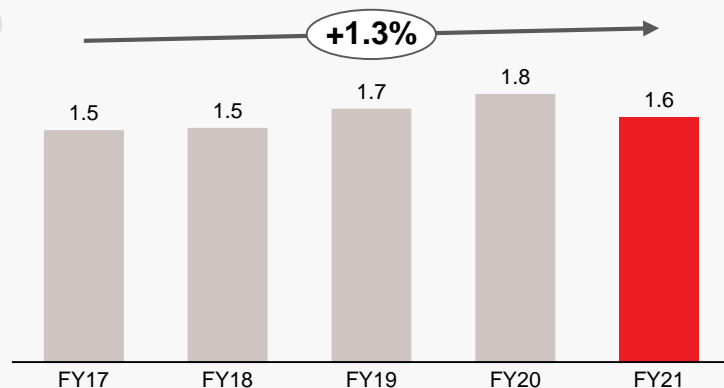


<sup>1</sup>Excludes product categories where Elders does not sell own brand products

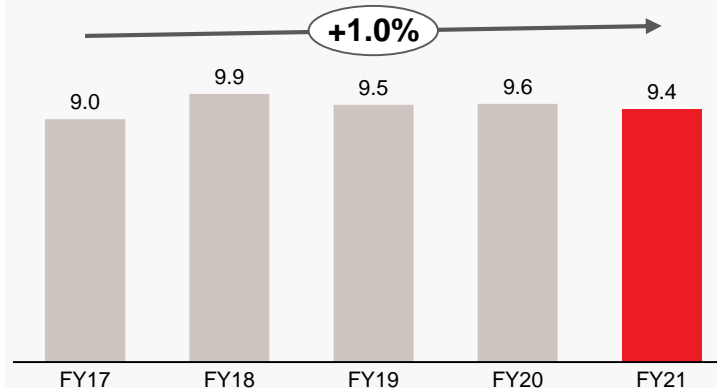
# Agency Services

*Cattle and sheep volumes down as a consequence of re-stocking*

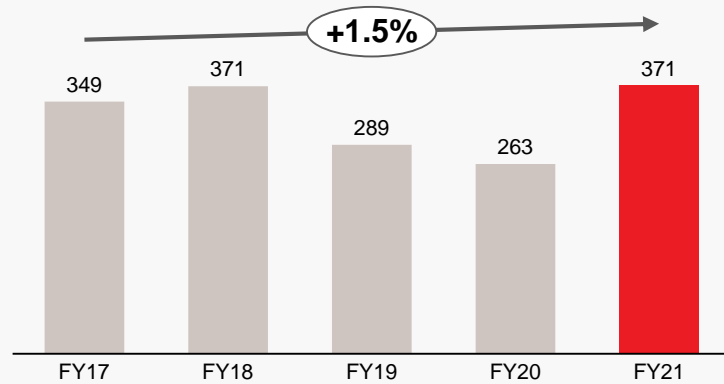
Cattle Volumes (million)



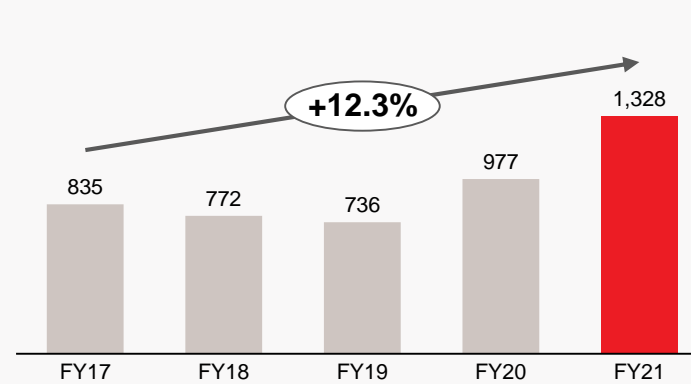
Sheep Volumes (million)



Wool Bales ('000)



AuctionsPlus Volumes (million)

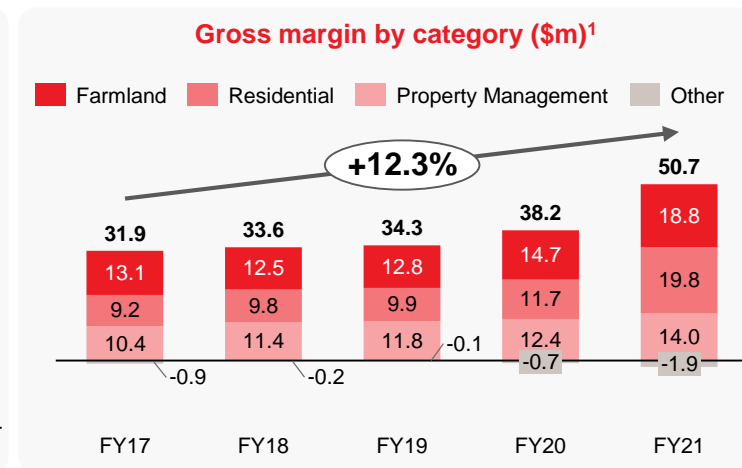
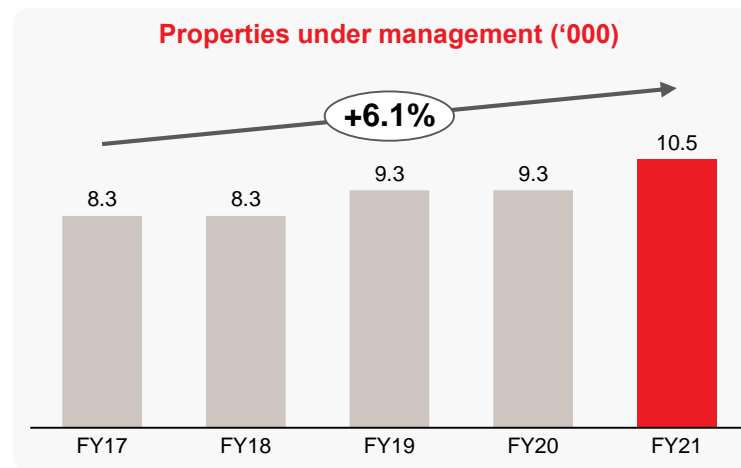
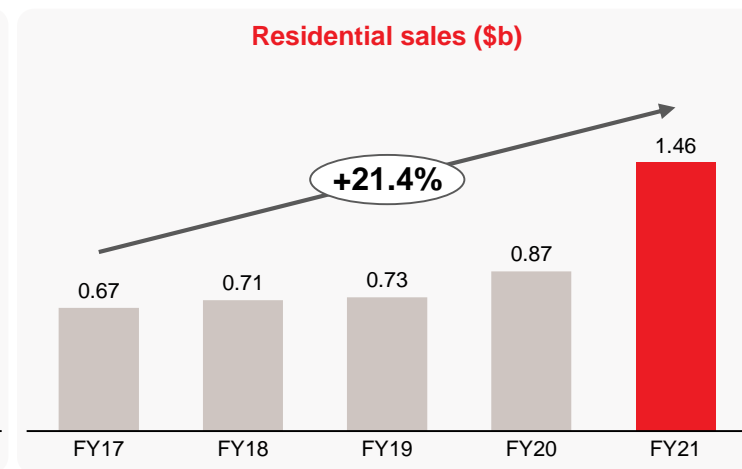
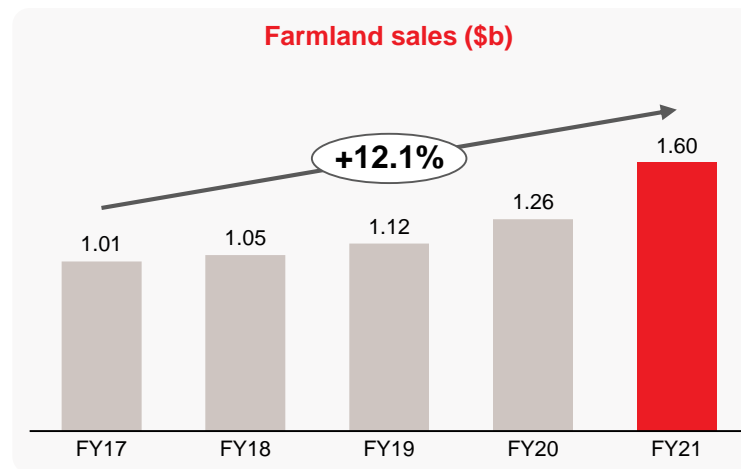






# Real Estate Services

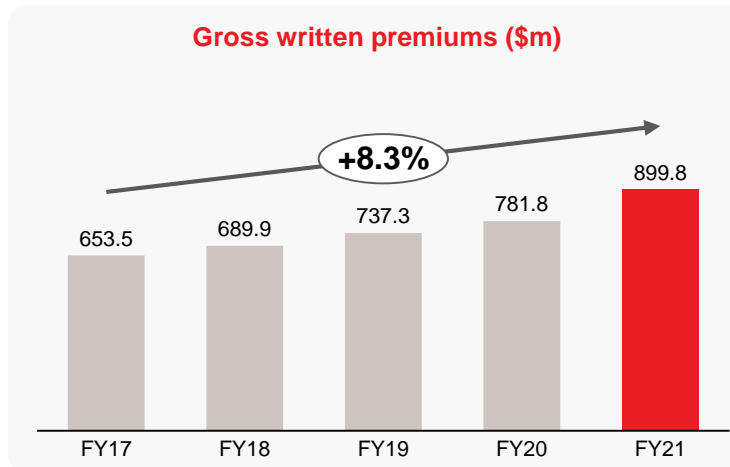
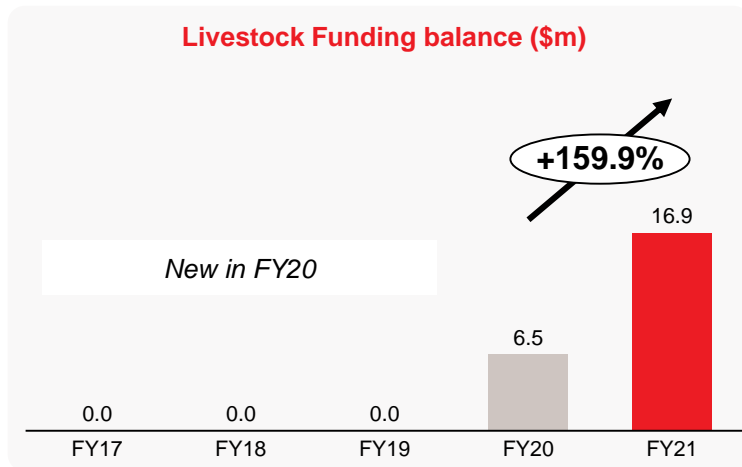
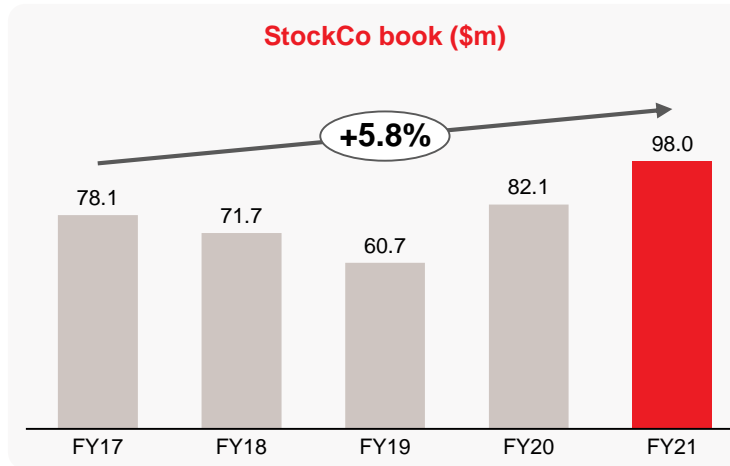
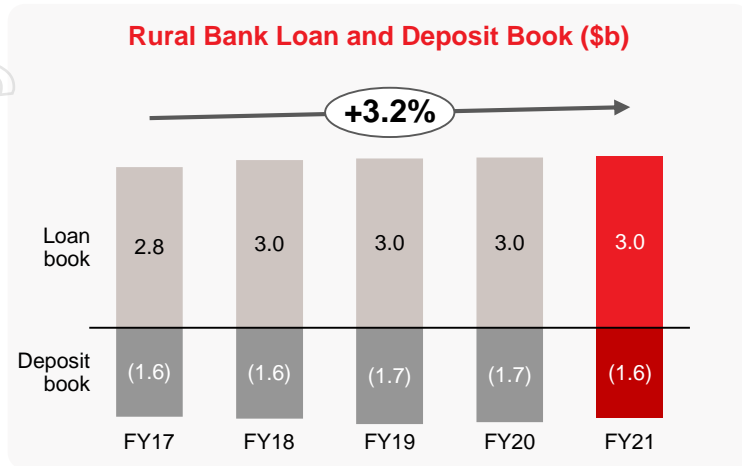
*Strong demand for farmland and residential property*



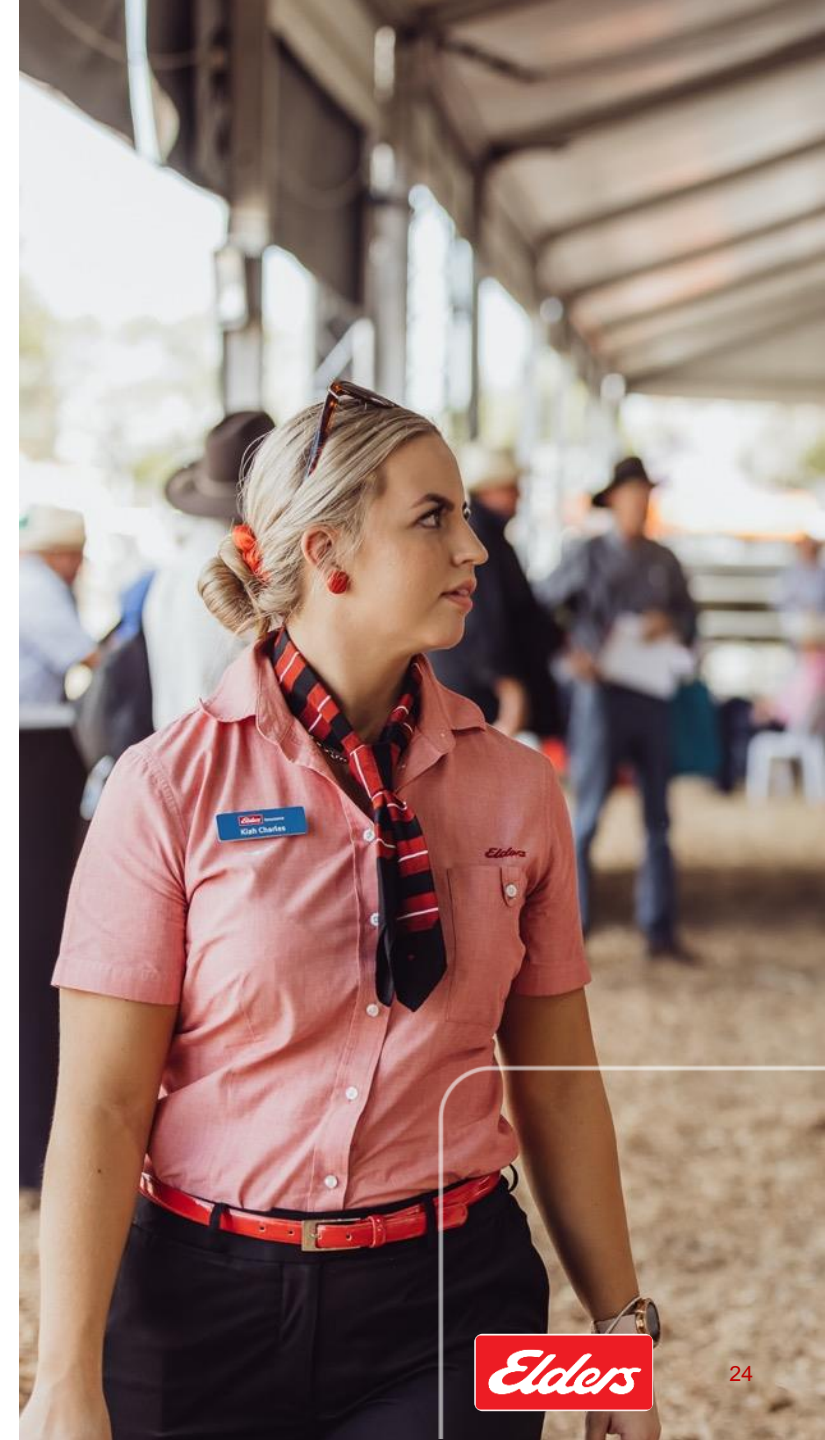
<sup>1</sup>Other includes: franchise revenue, water broking activities, Elders Home Loans and other earnings and direct costs

# Financial Services

Market conditions support growth in Insurance products



Principal positions are held by Rural Bank, StockCo and Elders Insurance Underwriting Agency



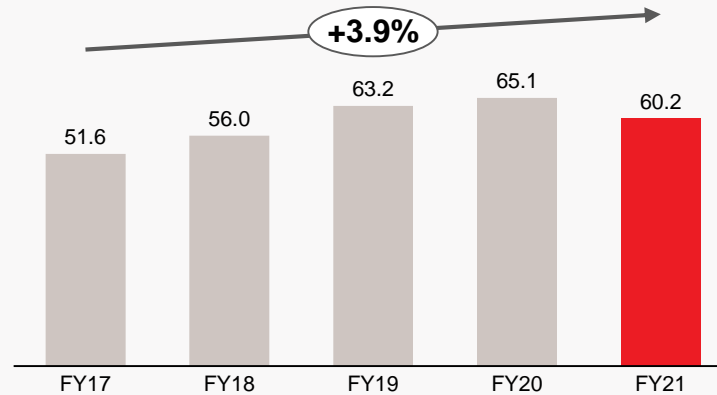




# Feed and Processing Services

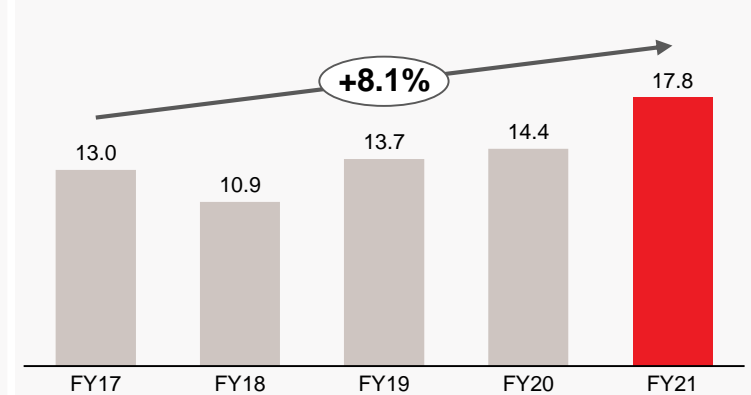
*Sustained higher cattle prices impacting number of cattle sold*

Killara Feedlot (cattle sold 000s)



- Sustained high cattle prices and seasonal conditions lowering the number of cattle sold at Killara Feedlot in FY21 compared to previous years
- Supply chain challenges have been partly mitigated by early procurement through Killara's backgrounding operations

Elders Fine Foods sales (\$m)



- Despite higher costs of inputs for beef products, Elders Fine Foods sales improving on prior year due to COVID-19 recoveries in the market
- Extended supply chain difficulties and on-going COVID-19 constraints in China have impacted the business



# Growing our Business



# 8 ELDERS EIGHT POINT PLAN



## OUR 2023 AMBITION

### Compelling shareholder returns

5-10% EBIT and EPS growth through the cycles at 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



FINANCIAL SERVICES



TECHNICAL SERVICES



FEED & PROCESSING

## OUR STRATEGIC PRIORITIES

**1** Win market share across all products, services and geographies through client focus, effective sales and marketing and strategic acquisitions

**2** Capture more gross margin in Rural Products through optimised pricing, backward integration and supply chain efficiency

**3** Strengthen and expand our service offerings, including Livestock and Wool Agency, Real Estate, Financial and Tech Services

**4** Optimise our feed and processing businesses in Killara Feedlot and Elders Fine Foods

**5** Develop a sustainability program that is authentic and industry leading

## OUR ENABLERS

**6** Systems Modernisation Program – invest in best of breed solutions to improve customer experience, drive process and administration efficiency and better accommodate change

**7** Attract, retain and develop the best people and provide a safe and inclusive working environment

**8** Maintain unflinching financial discipline and commitment to cost and capital efficiency

## OUR VALUES



INTEGRITY



CUSTOMER FOCUSED



ACCOUNTABILITY



TEAM WORK











INNOVATION

**8 POINT PLAN**  
2023





# Delivering on our Eight Point Plan (8PP)

1	<b>WIN MARKET SHARE</b> 	<ul style="list-style-type: none"> <li>nine acquisitions</li> <li>focus continues on recruitment of high quality personnel and building new client relationships</li> <li>increased our points of presence by 23 locations</li> </ul>	5	<b>DEVELOP A SUSTAINABILITY PROGRAM</b> 	<ul style="list-style-type: none"> <li>interim targets to 2025 and 2030, net zero emissions by 2050</li> <li>most trusted agri-business brand</li> <li>over 40,000 agricultural chemical containers collected</li> <li>\$2.1m in sponsorships and donations</li> <li>publication of our first Modern Slavery Statement</li> <li>progressed alignment of climate-related disclosures</li> </ul>
2	<b>CAPTURE MORE GROSS MARGIN IN RURAL PRODUCTS</b> 	<ul style="list-style-type: none"> <li>backward integration strategy via AIRR and Titan AG businesses</li> <li>preferred supplier ranging</li> <li>enhanced pricing and margin management</li> </ul>	6	<b>SYSTEMS MODERNISATION PROGRAM</b> 	<ul style="list-style-type: none"> <li>\$18.9m wave 1 capital and operating expenditure</li> <li>enhanced customer experience</li> <li>cyber security and cloud technologies</li> <li>mobile and digitally enabled employees</li> <li>operational efficiency</li> </ul>
3	<b>STRENGTHEN AND EXPAND OUR SERVICE OFFERINGS</b> 	<ul style="list-style-type: none"> <li>new product lines and brands</li> <li>growth in Financial Services offerings, including livestock funding product and Livestock in Transit delivery warranty</li> <li>Elders Carbon Farming launched</li> <li>investment in solutions to improve customer productivity and efficiency</li> </ul>	7	<b>PEOPLE AND SAFETY</b> 	<ul style="list-style-type: none"> <li>operating safely</li> <li>\$1.9m investment in safety capex</li> <li>256 net additional people to support growth</li> <li>highly engaged (78%) and enabled (79%) employees</li> <li>improving diversity</li> </ul>
4	<b>OPTIMISE OUR FEED AND PROCESSING BUSINESSES</b> 	<ul style="list-style-type: none"> <li>developments in technology, innovation and expansion at Killara Feedlot</li> <li>maintaining a target of 100% occupancy at Killara to drive efficiency and throughput</li> <li>on track to achieve key safety, environmental and sustainability targets at Killara</li> </ul>	8	<b>COST AND CAPITAL EFFICIENCY</b> 	<ul style="list-style-type: none"> <li>22.5% return on capital, up on 15% 8PP target</li> <li>69% cost to earn ratio, improved 3%</li> <li>1.4 leverage ratio, down 0.6 times</li> <li>23.6 interest cover, up 6.1 times</li> </ul>

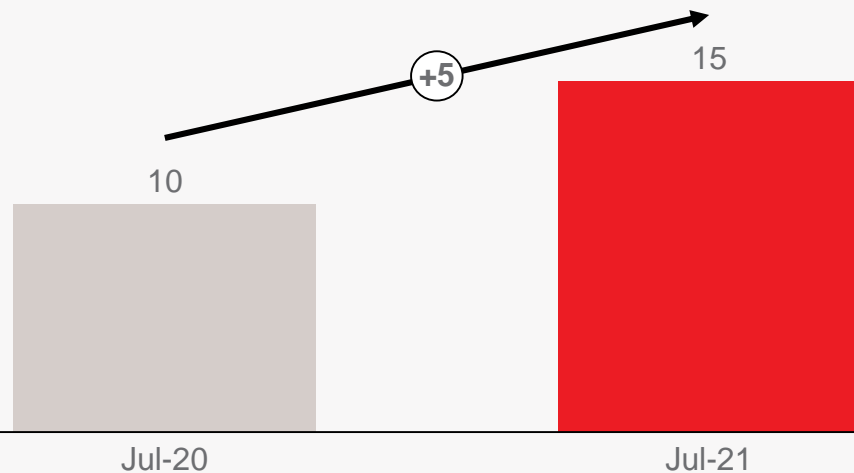


# Our Ambition

#1 most trusted agri brand and clients who promote us

Elders is the most trusted agribusiness brand in regional Australia

Agribusiness unprompted net trust scores, July 2021 vs. July 2020<sup>1,2</sup>



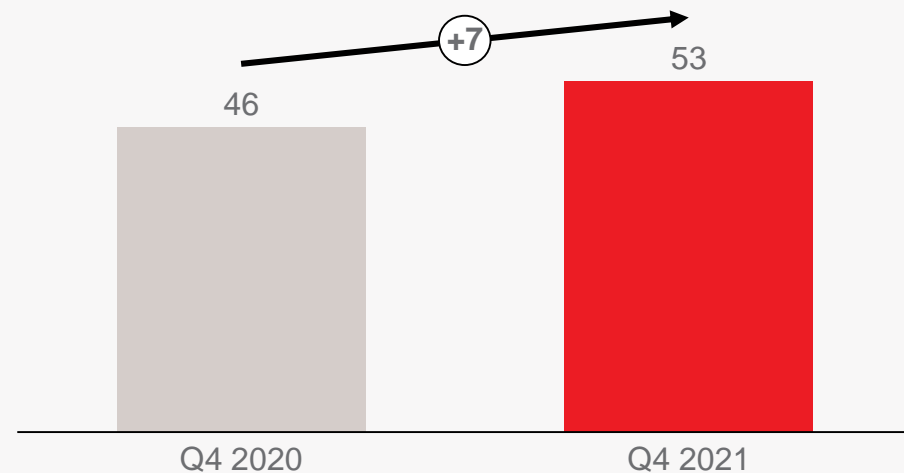
Key findings of our trust scores

Trust score ~3x> than next most trusted brand

Largest improvement vs. peers in 2021

Over half our client base are active promoters of our business

Net promoter score



Key drivers of our NPS – what our promoters are saying

Excellent service

Understand individual needs

Friendly staff

Product range and knowledge

Source: Roy Morgan Elders Brand Trust Research, July 2021 and July 2020; 2021; Internal NPS survey of clients who have transacted with Elders during relevant quarter

<sup>1</sup> Net trust calculated as % of survey respondents who trust brand less % of respondents who distrust brand

<sup>2</sup> Elders was most trusted brand in the unprompted & prompted trust categories; Unprompted lower than prompted, as it asks respondents to name brands they trust without a prompting list

## Brand

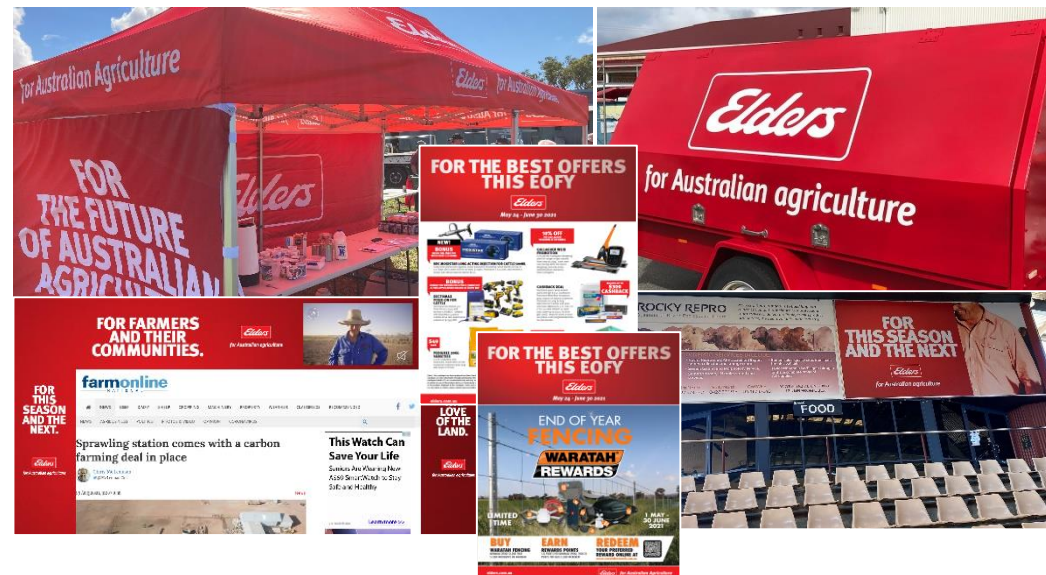
Our renewed investment in the brand supports our improved trust scores and growth, while our clients are becoming more engaged

## For Australian Agriculture

Launched new campaign anchored by four key pillars



Activated across physical field days, social and paid media including TV



## Digital Interactions

Increase across our websites & social media platforms



~700k

Users of  
Eldersrural.com.au  
in FY21

↑ +18% vs. last year



68.6k

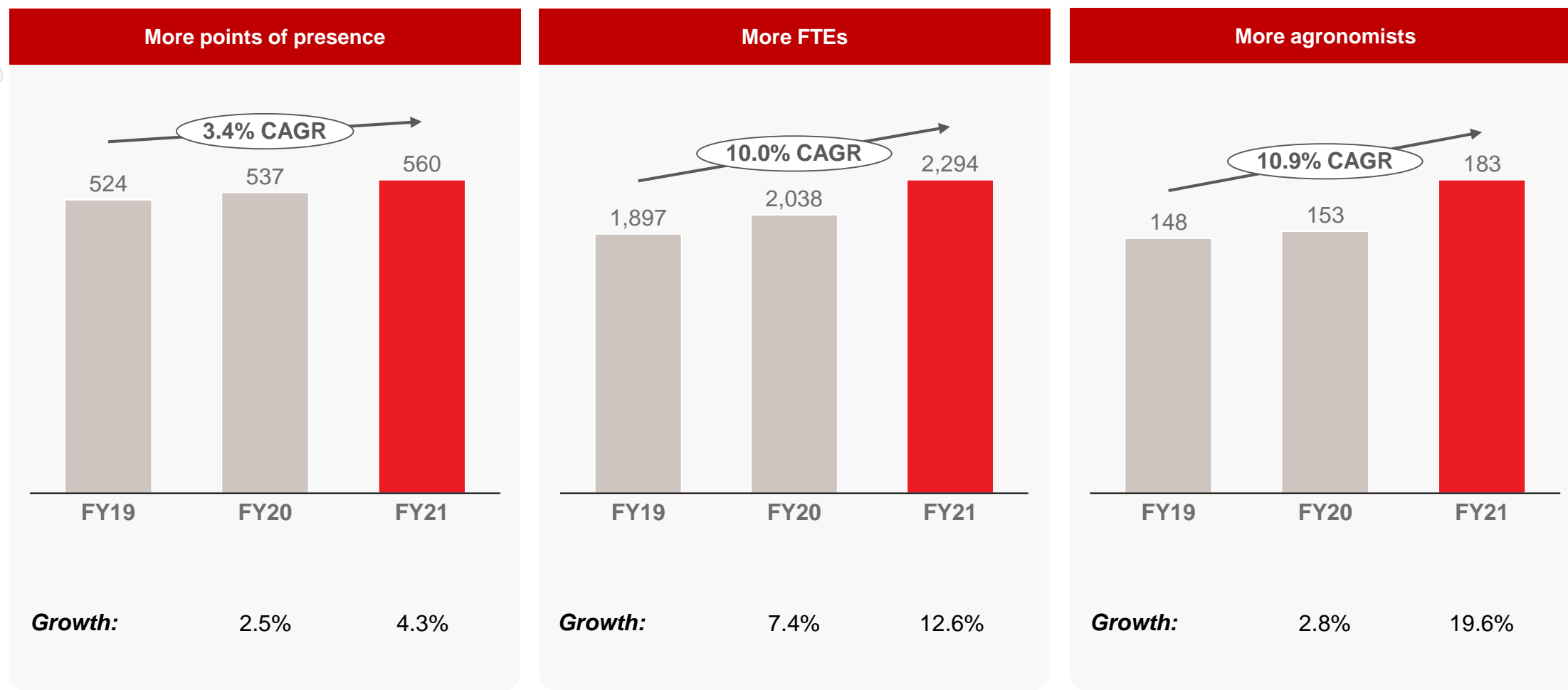
Followers across social media Platforms

↑ +13% vs. last year



# Strengthening our Service Offerings

*More branches, more people, more agronomists supporting our clients*



**Points of presence:** Includes Elders Owned Branches, branded operating facilities (e.g. saleyards, warehouses, depots) AIRR Owned Branches, Elders Owned Real Estate and Real Estate / Insurance franchises, wool handling centres, Feed & Processing Services locations, head offices (including states)

**FTE:** includes permanent and fixed-term employees and China and Indonesia; excludes casuals and contractors

**Agronomists:** includes Graduate Agronomists, Agronomists and Senior Agronomists



# Strengthening our Service Offerings

*Ongoing investment in innovative solutions to improve customer productivity and efficiency*



## Innovation

- Elders' new **Carbon Farming Program** launched in 2021
- **Launch of new products** and brands via Titan AG, Pastoral AG and Hunter River, and new Optifert speciality fertiliser product range
- Expansion of seed genetics business, **EPG Seeds**, formerly known as Elders Plant Genetics

## Digital

- Launch of the Struan and Kybybolite **Best Practice Demonstration Farm virtual tour**
- Demand and adoption of **AgTech**
- Growth in online livestock selling via **AuctionsPlus**
  - **37%** and **27%** growth in sheep and cattle sales
  - **48%** increase in user registrations and **78%** increase in website audience
  - range of new features including livestreaming, enhanced filters, search functionality and real-time estimates

## Research

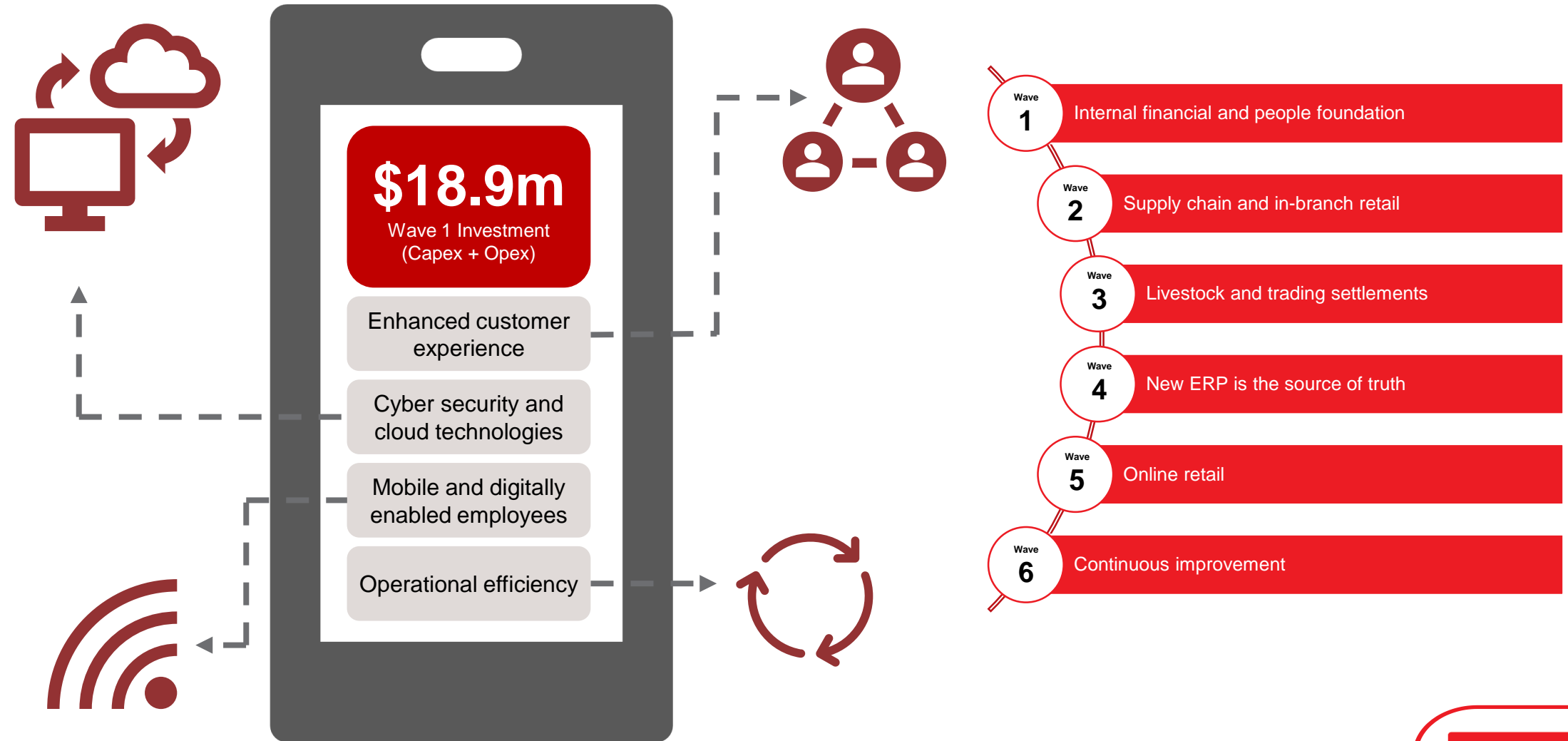
- Genomics
- Machine learning and crop management
- Meat and Livestock Australia Co-Innovation
- De-risking broadacre cropping options for Northern Queensland
- Deep ripping to improve lentil production in acid soils
- Faba bean nutrient omission trial

## Strategic Partnerships

- **Charles Sturt University** sponsored tertiary training
- **Australian Research Council (ARC)** Research Hub for **Smart Fertiliser**
- **University of Adelaide** on research and extension opportunities

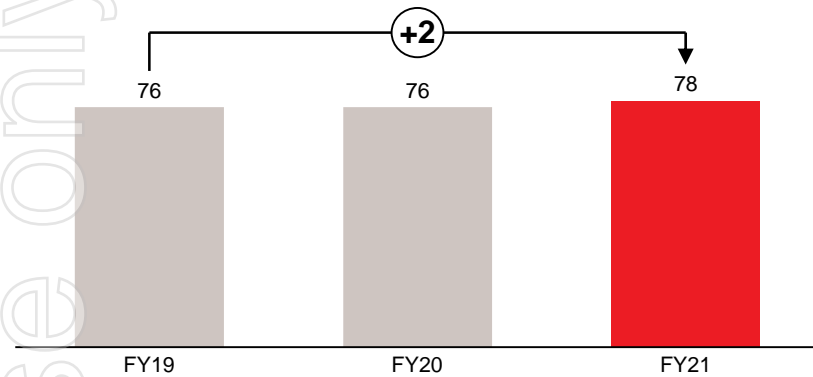
# Systems Modernisation Program

Embarking on a Systems Modernisation program aimed at delivering a more customer centric, cost efficient and enabled team

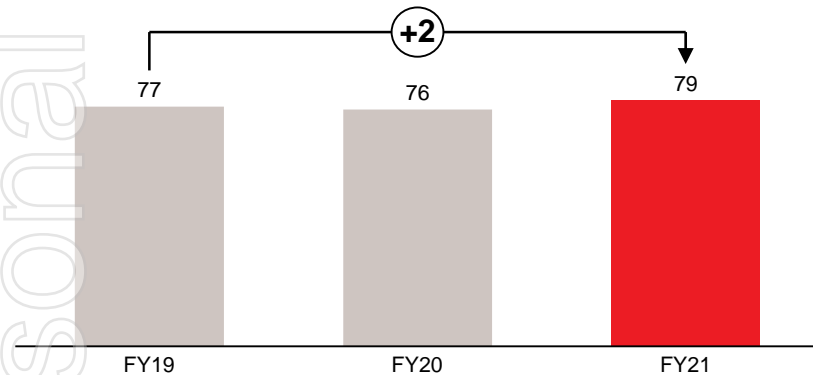


# A Highly Engaged & Diverse Workforce

Engagement<sup>1</sup> (%)



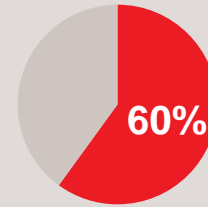
Enablement<sup>1</sup> (%)



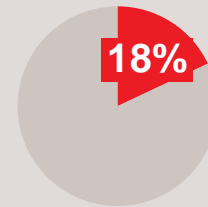
<sup>1</sup>2021 Korn Ferry Elders Employee Effectiveness Survey

<sup>2</sup>Excludes China, Indonesia and casuals

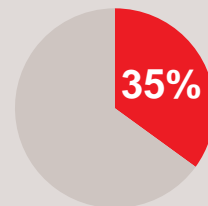
Female non-executive Directors



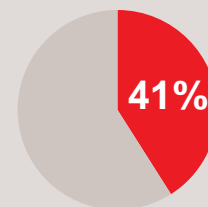
Women in management positions



Female team leaders



Female diversity<sup>2</sup>



**KAREL WALKER**  
Rural Products Sales Manager

Karel has **never forgotten** how tough it was when she took on her first merchandise sales job at Elders in Lake Grace back in 2005.

"Back then, I was a young mother from a farming background with experience in banking, so I saw Elders as a good career opportunity and quickly learned how important the company was to the local community.

"18 months later, I took on the very challenging role of branch manager, adding the livestock agency, insurance, real estate, banking in those days to the merchandise functions and a much bigger area to look after.

"I was also responsible for eight staff at Lake Grace and two more employees at a satellite branch at Newdegate.

**“ And despite all the change at Elders in those days, the training was excellent and I had a lot of opportunities to develop my career. ”**

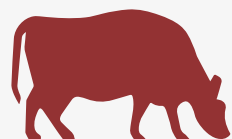


# Market Outlook



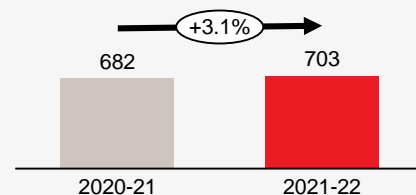
# ABARES September Outlook Update

Improved summer cropping expected in 2021-22 to support Rural Products margin growth; livestock prices remain high as rebuild continues

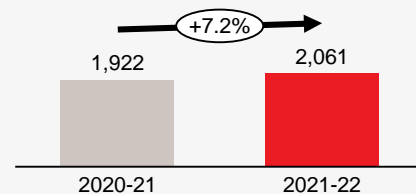


## Beef & Veal

Average saleyard prices (c/kg)



Production (kt)

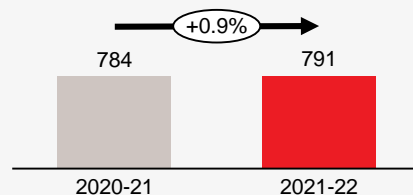


Favourable weather conditions expected to support continued herd rebuilding, with strong prices to put pressure on our Killara Feedlot business

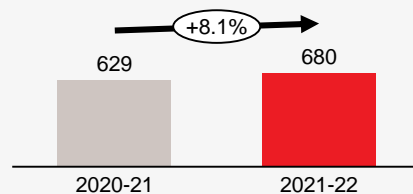


## Sheep

Average saleyard prices (c/kg)



Production (kt)

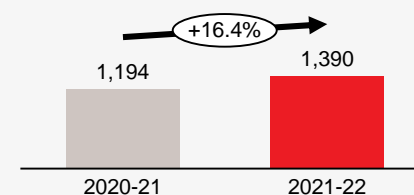


Flock rebuild in eastern states expected to continue, following high rainfall in sheep-producing regions

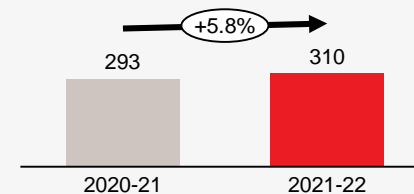


## Wool

Eastern Market Indicator (c/kg)



Sheep shorn for wool production (kt)

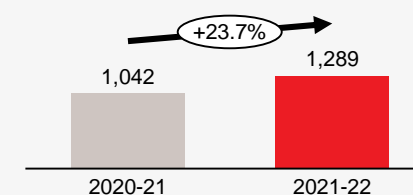


Favourable climatic conditions across Australia will promote sheep flock rebuilding as global economic recovery drives increased retail activity and demand for natural fibres

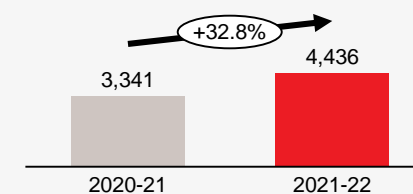


## Cropping

Area planted to summer crop ('000 ha)









Area planted to summer crop (kt)



Favourable spring outlook, high expected returns and availability of irrigation water support positive cropping outlook

# Market Outlook

*FY22 has started positively with livestock prices remaining elevated and favourable summer crop outlook*

 <p><b>RURAL PRODUCTS</b></p>	<ul style="list-style-type: none"> <li>positive summer crop outlook, with area planted forecast to rise 24% to 1.3 million hectares<sup>1</sup></li> <li>current 2021-22 winter crop expected to produce 54.8 million tonnes<sup>1</sup>, which supports continued optimism for the following winter crop season next year</li> <li>active management underway to mitigate global supply chain constraints</li> <li>completion of Sunfam acquisition to grow presence in the Bundaberg region, as well as expanding our operations around irrigation design and fabrication</li> </ul>	 <p><b>FINANCIAL SERVICES</b></p>	<ul style="list-style-type: none"> <li>second year of earnings and continued uptake of our livestock funding product forecasted to provide margin upsides</li> <li>continued growth in our Livestock in Transit product, promoted by further customer opt ins to the add-on product</li> <li>favourable market conditions to support demand for our Insurance and other Agri Finance offerings</li> </ul>
 <p><b>AGENCY SERVICES</b></p>	<ul style="list-style-type: none"> <li>prices for beef and lamb in 2021-22 are anticipated to remain high in the medium term (up year on year 3% to 703c/kg and 1% to 791c/kg respectively<sup>2</sup>) driven by limited supply and strong domestic re-stocker demand</li> <li>continued wool market recovery expected in 2021-22, with a 16% increase year on year in EMI to 1,390c/kg<sup>2</sup>, driven by increased demand in China and Europe, which is supported by favourable conditions for production</li> </ul>	 <p><b>FEED AND PROCESSING SERVICES</b></p>	<ul style="list-style-type: none"> <li>positive start and strong demand from customers with increases in margins for both domestic and export supply chains despite ongoing high feeder cattle prices</li> <li>backgrounding and irrigated farming operations are expected to support the Killara supply chain to ensure high utilisation and throughput at the feedlot</li> <li>investment in environmentally sustainable and growth initiatives to drive efficiencies at Killara</li> </ul>
 <p><b>REAL ESTATE SERVICES</b></p>	<ul style="list-style-type: none"> <li>high levels of demand for farmland is expected to continue, fuelled by favourable commodity price outlook, low interest rates and good seasonal conditions</li> <li>significant price appreciation in the residential property market across Australia and strong demand for rental properties anticipated to continue<sup>3</sup></li> </ul>	 <p><b>COSTS &amp; CAPITAL</b></p>	<ul style="list-style-type: none"> <li>costs are expected to increase in line with sales growth while maintaining a stable cost to earn ratio</li> <li>footprint and acquisition growth, continued investment in our Eight Point Plan and the first phases of our Systems Modernisation program</li> <li>continued low interest rate environment</li> </ul>

<sup>1</sup>Department of Agriculture, Water and the Environment, ABARES Australian Crop Report: September edition

<sup>2</sup>Department of Agriculture, Water and the Environment, ABARES Agricultural Outlook: September quarter 2021

<sup>3</sup>Core Logic Residential Real Estate Property Data: September 2021



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# Appendix





# FY21 Business Model

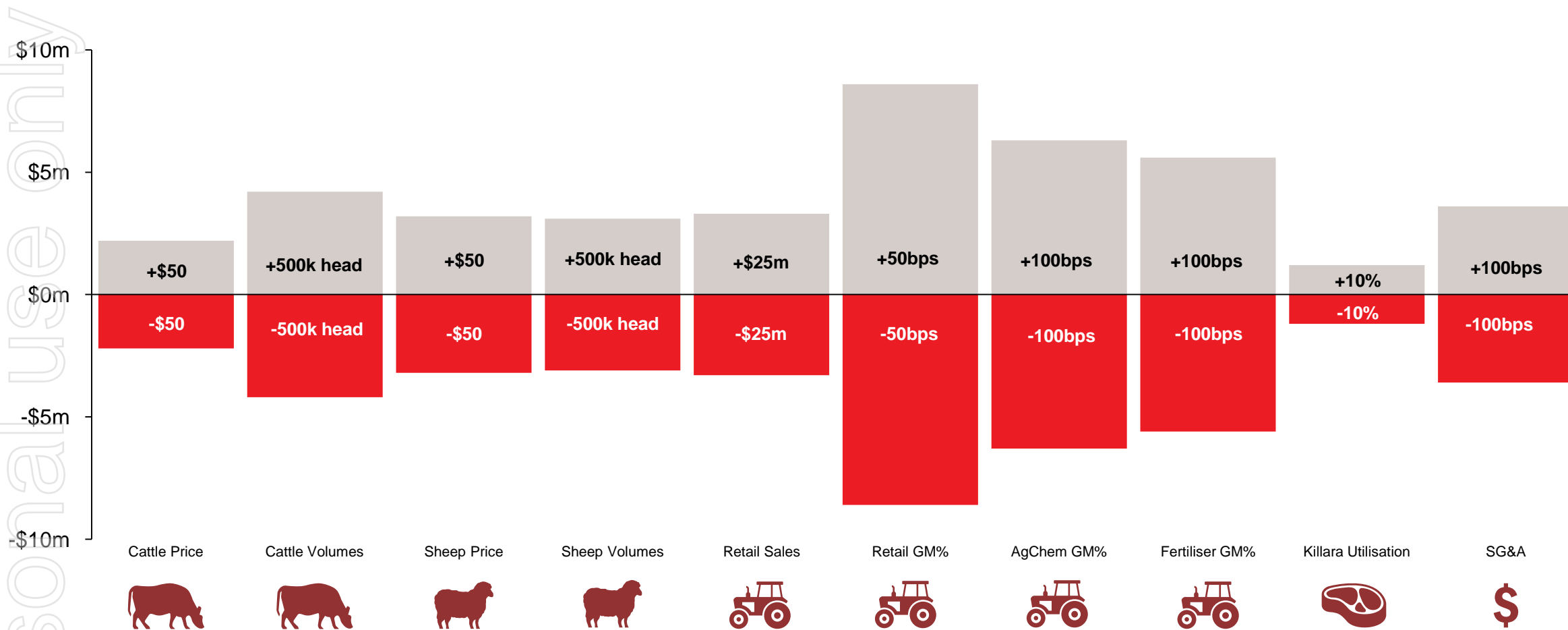
*Diversification by product, service, market segment and geography*

RURAL PRODUCTS		AGENCY SERVICES	REAL ESTATE SERVICES	FINANCIAL SERVICES	FEED & PROCESSING SERVICES	DIGITAL AND TECHNICAL SERVICES
RETAIL PRODUCTS	WHOLESALE PRODUCTS					
						
Rural Products	Rural Products	Livestock	Farmland	Agri Finance	Killara Feedlot	Fee for Service (170+ agronomists)
Fertiliser	Pet Supplies	Wool	Residential	StockCo (30%)	Elders Fine Foods	AuctionsPlus (50%)
		Grain	Property Management	Elders Insurance (20%)		Elders Weather
			Franchise	LIT & WIT Delivery Warranty		Clear Grain Exchange (30%)

Key metrics						
\$1.7b retail sales	\$0.3b wholesale sales	9.4m head sheep	\$1.6b farmland sales	\$3.0b loan book \$1.6b deposit book \$17m livestock funding \$98.0m StockCo book	60k Killara cattle head	AuctionsPlus 144k head cattle 1.2m head sheep
223 stores	372 member stores	1.6m head cattle	\$1.5b residential sales		\$18m China sales	7.6m Elders Weather users
424 APVMA registrations		371k wool bales	10.5k properties under management	\$0.9b GWP		CGX 0.2m tonnes
978 tonnes fertiliser				41% LIT penetration rate		
Gross margin						
\$223.6m	\$61.2m	\$140.0m	\$50.7m	\$41.3m	\$12.6m	Included in products
Working capital						
\$246.1m	\$83.8m	\$53.8m	\$4.1m	\$32.3m	\$59.7m	Other – (\$34.6m)

# Profit Sensitivity

*Movements in market factors are mostly mitigated by our diversified portfolio*




Based on FY21 statistics



# Strategic Opportunities

Significant growth opportunities to gain market share in new geographies, with our multiple product and service portfolio

	<b>Retail Products</b>	Focus on increasing market share and presence in high value areas, including Western Victoria, South Coast WA, Northern Queensland and Central NSW
	<b>Agency Services</b>	Growth in targeted locations through footprint expansion and personnel gains
	<b>Real Estate Services</b>	Expansion of owned sites and franchise locations in key regional centres across Australia
	<b>Financial Services</b>	Expand livestock in transit and finance products, alongside our general insurance partnership in all regions
	<b>Feed &amp; Processing Services</b>	Opportunities to expand offerings in central NSW region

