



30 May 2023

Elders Limited Investor Presentation

Attached is a presentation to be given today, 30 May 2023, to the 21st Australasian AgFood Conference hosted by PAC Partners. The presentation will be given by Elders Limited's (**ASX:ELD**) Managing Director and Chief Executive Officer, Mr Mark Allison.

Further Information:

Mark Allison, Managing Director & Chief Executive Officer, 0439 030 905

Authorised by:

Peter Hastings, Company Secretary, 0419 222 489



Elders

PAC Partners - 21st Australasian AgFood Conference

30 May 2023

Presented by

Mark Allison

Managing Director and CEO

Agenda

Business Model

Sustainable Growth

Eight Point Plan







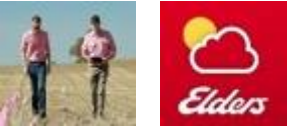
Sustainability

Questions



Business Model

Diversification by product, service, market segment and geography

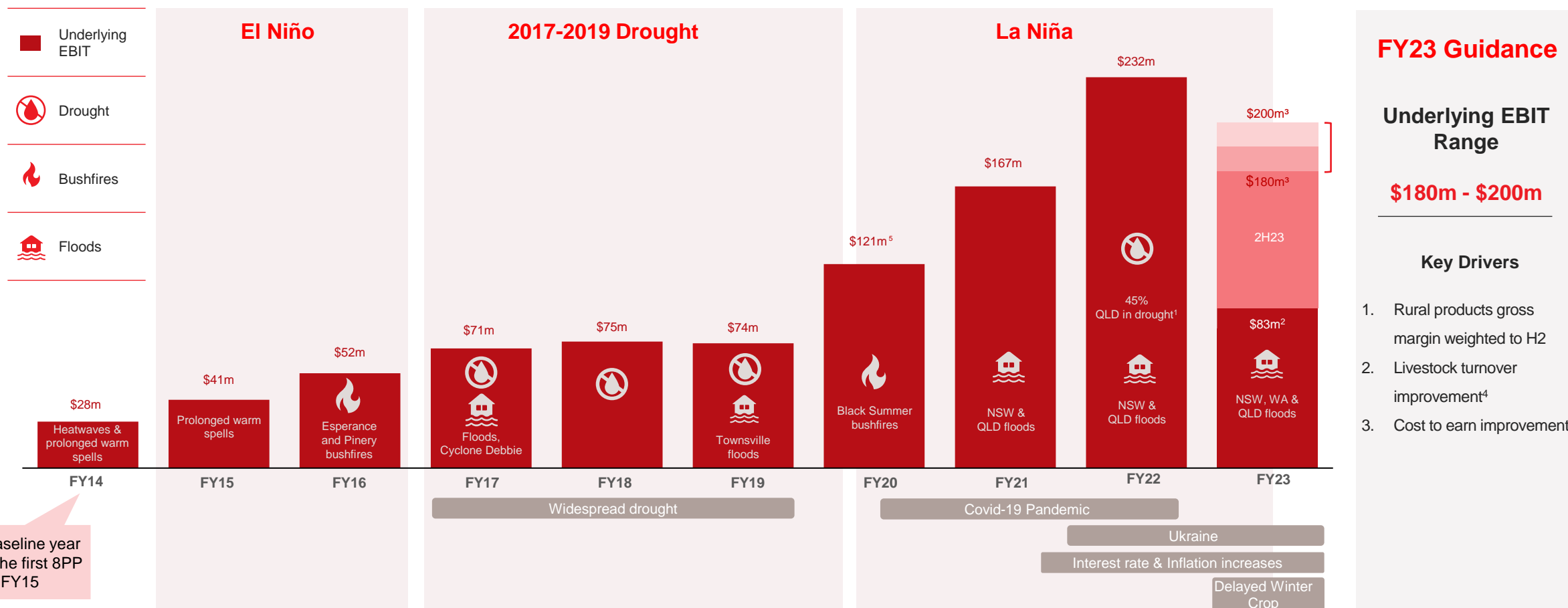
RURAL PRODUCTS		AGENCY SERVICES	REAL ESTATE SERVICES	FINANCIAL SERVICES	FEED & PROCESSING SERVICES	DIGITAL AND TECHNICAL SERVICES
RETAIL PRODUCTS	WHOLESALE PRODUCTS					
						
Rural Products	Rural Products	Livestock	Broadacre	Agri Finance	Killara Feedlot	Fee for Service (200 agronomists)
Fertiliser	Pet Supplies	Wool	Residential	Elders Insurance (20%)		AuctionsPlus (50%)
Agcrest (33%)		Grain	Property Management	LIT Delivery Warranty and Livestock Funding Products		Elders Weather
			Franchise			Clear Grain Exchange (30%)

Key metrics						
\$2.5b retail sales	\$0.4b wholesale sales	9.0m head sheep	\$2.5b broadacre sales	\$3.0b loan book \$1.5b deposit book \$29.9m livestock funding \$120.0m StockCo book	67k Killara Feedlot cattle head	AuctionsPlus 126k head cattle 1.2m head sheep
232 stores	372 member stores	1.4m head cattle	\$1.8b residential sales	\$1.0b GWP	\$12m China sales	9.6m Elders Weather users
435 APVMA registrations		360k wool bales	10.6k properties under management	41% LIT penetration rate		CGX 0.2m tonnes
1.0m tonnes fertiliser						
Gross margin						
\$310.0m	\$73.1m	\$147.0m	\$61.6m	\$44.2m	\$16.8m	Included in products
Working capital						
\$401.9m	\$99.9m	\$58.7m	\$0.4m	\$9.4m	\$83.4m	Other – (\$28.8m)

Statistics and financial information based on FY22 full year

Earnings Growth and Resilience Despite Seasonal Variability

Resilient earnings growth with geographical, product and service diversity insulating against severe weather events

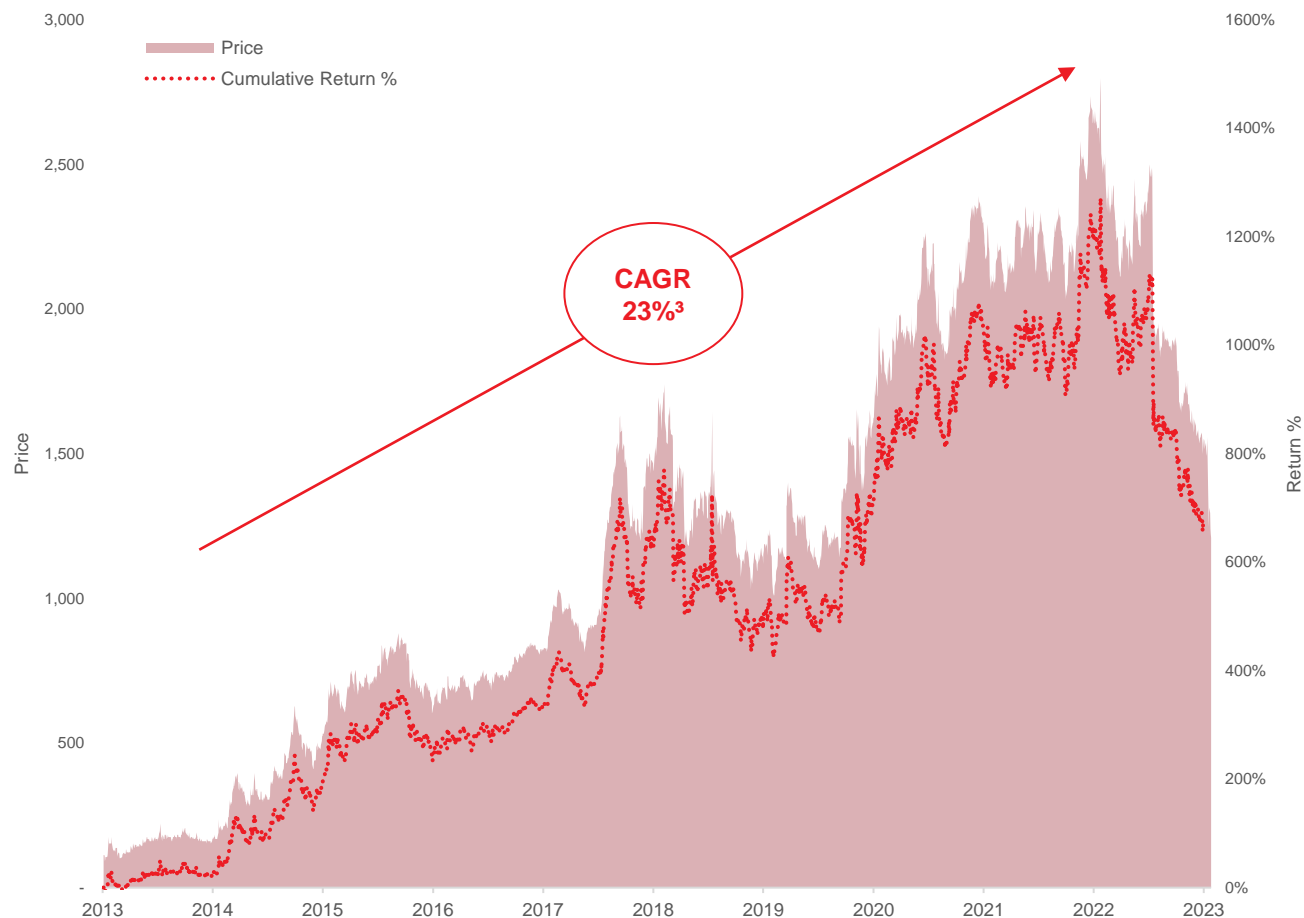


FY14 baseline year prior to the first 8PP in FY15

- As at 1 August 2022 [Drought Declarations | LongPaddock | Queensland Government](#)
- HY23 EBIT
- FY23 EBIT Guidance
- Supported by the USA import beef price improvement
- FY20 AIRR Acquisition

Elders Historical Performance

Strong historical EBIT and EPS growth



As of 26 May 2023

1. P/E – Rolling 12 months Adjusted Underlying EPS as of 31 March 2023 (\$6.56 / 119.8cps)
2. EV:EBITDA – Rolling 12 months EBITDA as of 31 March 2023 excluding the impact of AASB 16. (EV:1,351 / EBITDA: \$278.4)
3. 10-Year CAGR (24/05/2013 – 26/05/2023)

Australia's
most trusted
agribusiness brand



\$6.56

Market Price



\$1,026m

Market Cap



23.2%

10Year CAGR



5.5X

P/E¹



4.9x

EV:EBITDA²

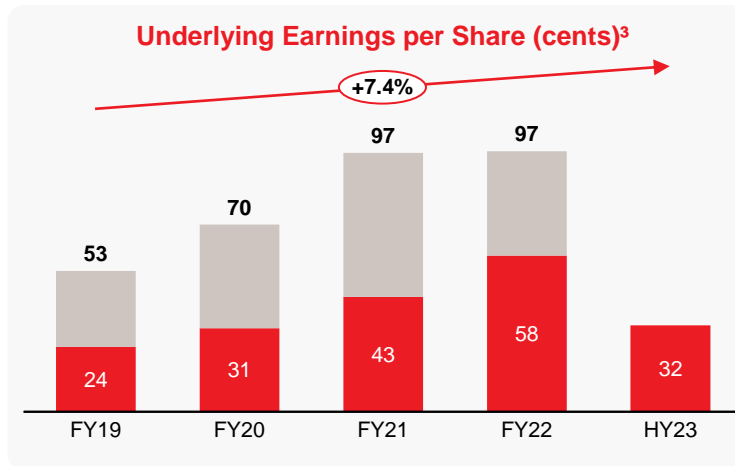
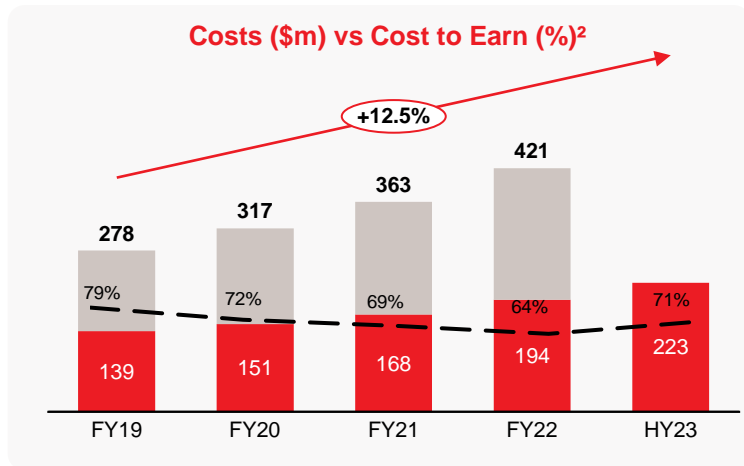
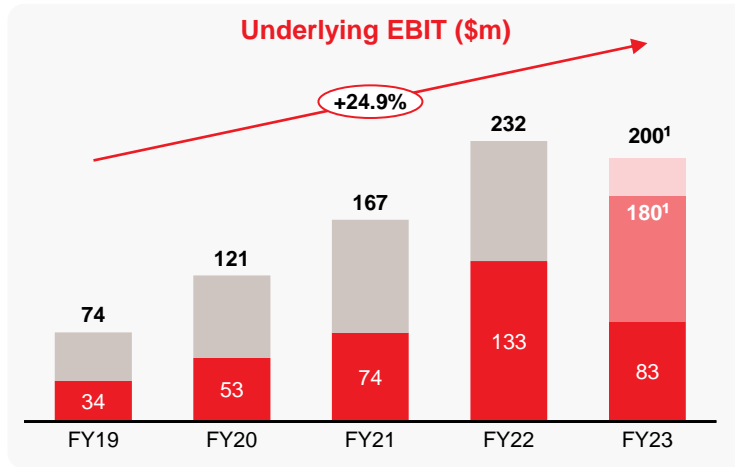
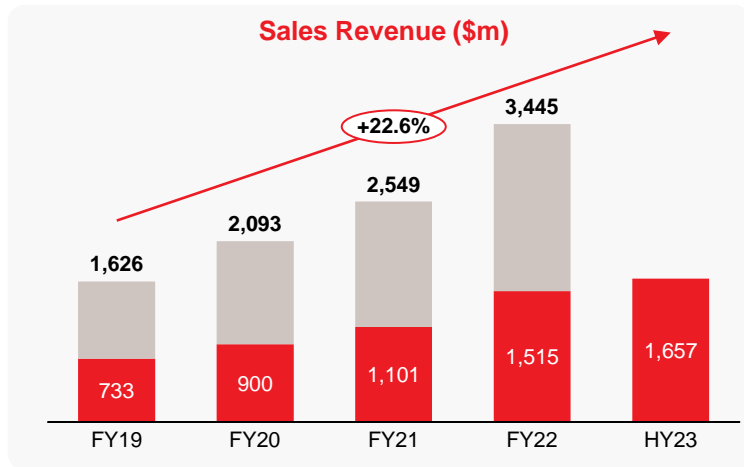
INVESTMENT HIGHLIGHTS

- Diversified agri business
- Attractive market opportunities and company outlook
- Supply chain consolidation
- SysMod benefits from FY24
- Long-term shareholder returns
- Resilient balance sheet

Elders

HY23 Financial Performance: Summary

FY23 EBIT guidance between \$180m - \$200m

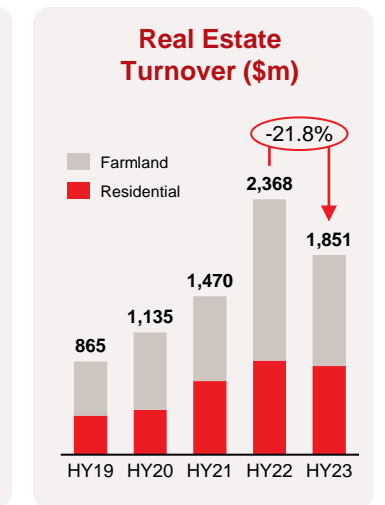
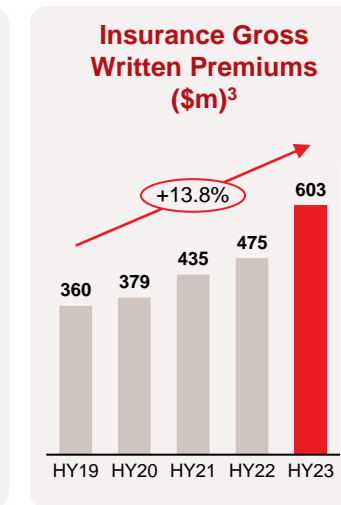
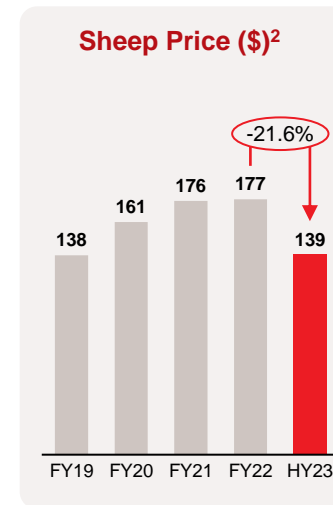
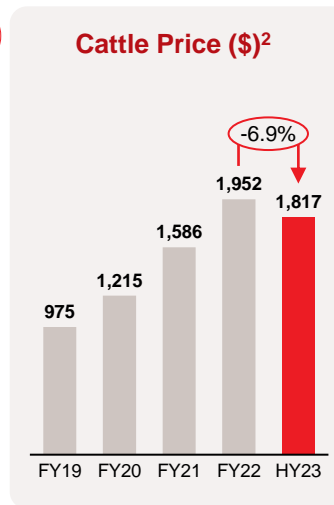
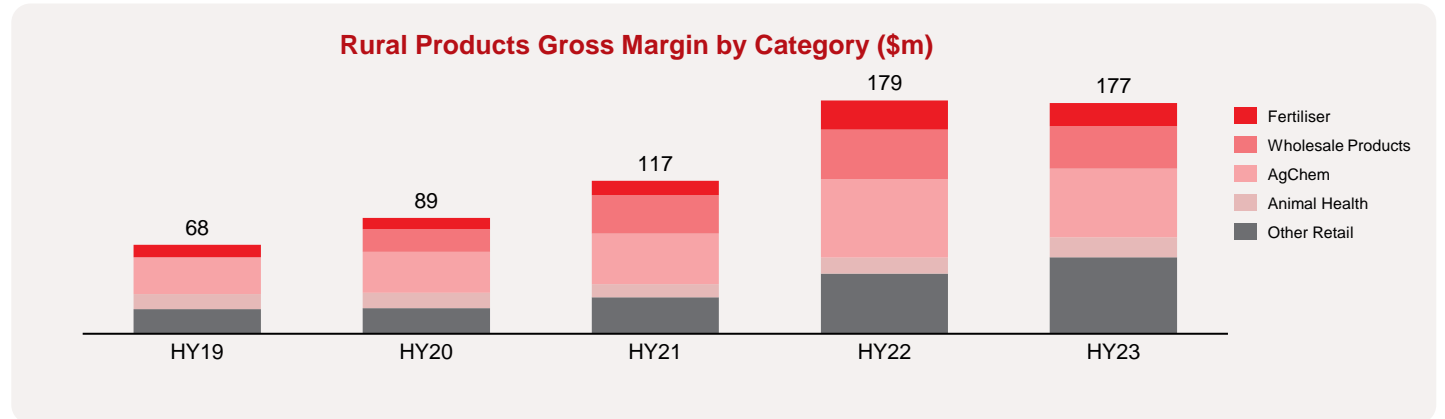
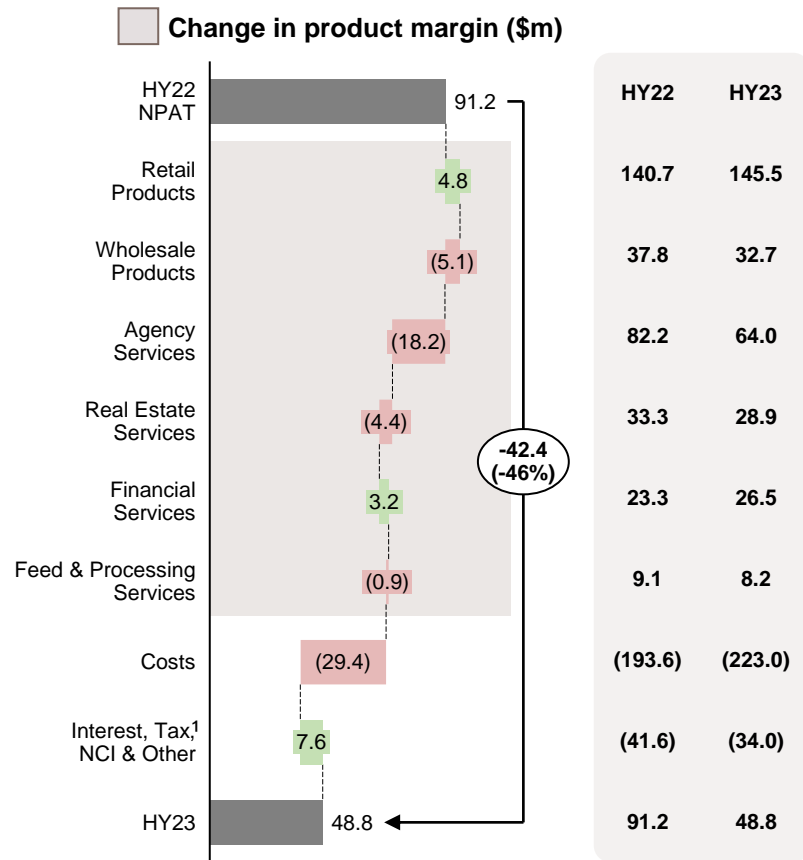


■ 2H ■ HY

1. FY23 guidance (Bottom: \$180m; Top: \$200m)
 2. Cost to earn is calculated on a rolling 12 months
 3. FY19 – FY21 did not include tax expense in underlying NPAT; Adjusted Underlying NPAT HY23: 76.3cps
 **CAGR calculated on HY performance

HY23 Product Performance

Mixed results across the product portfolio compared to strong market conditions in HY22

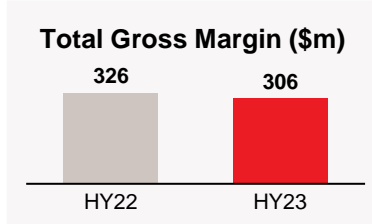
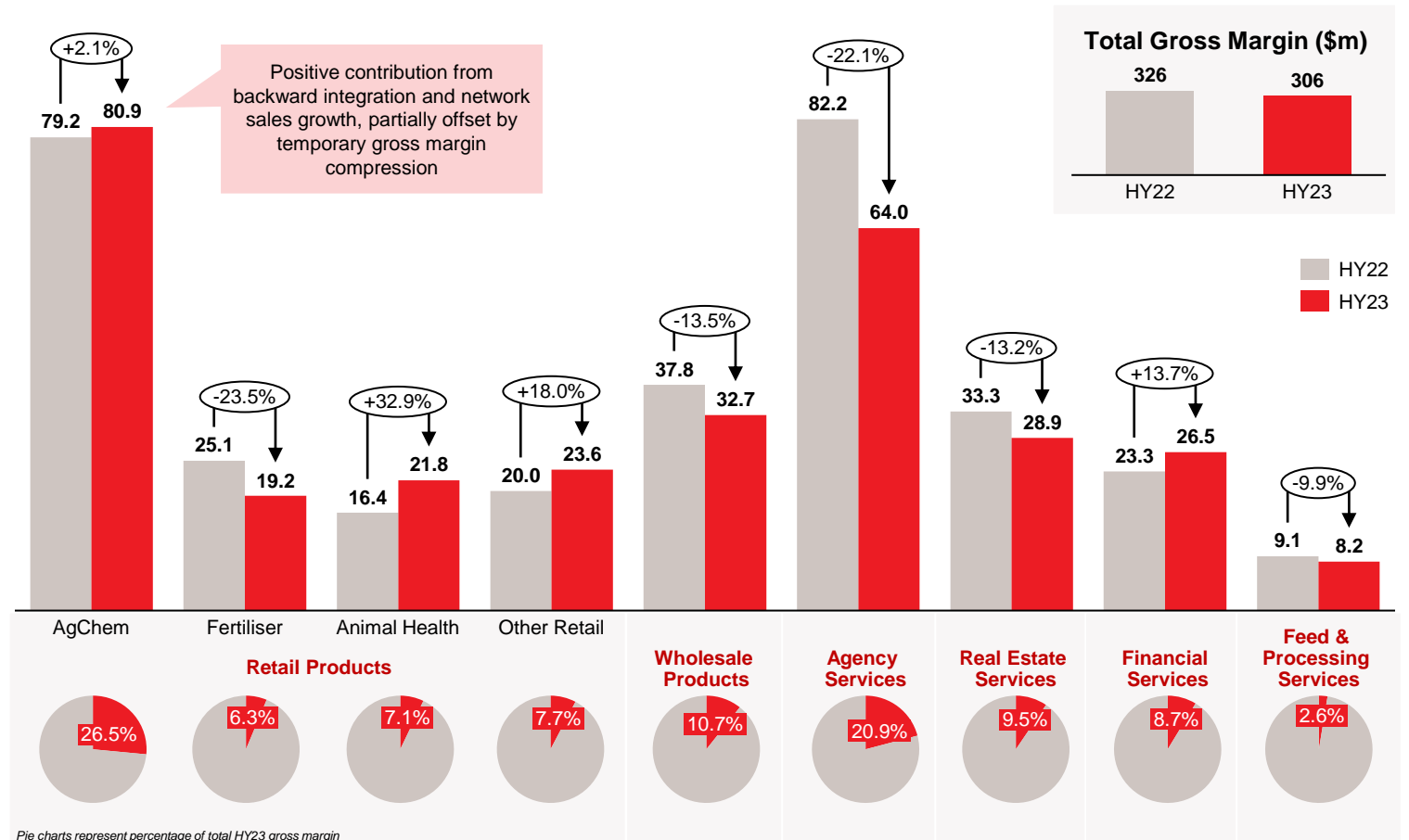


1. NCI – Non controlling interests; Other – includes \$1.7m non-recurring expense
 2. Cattle and Sheep prices are internal averages, not externally verifiable
 3. Principal positions are held by Elders Insurance Underwriting Agency (Elders 20% equity investment)



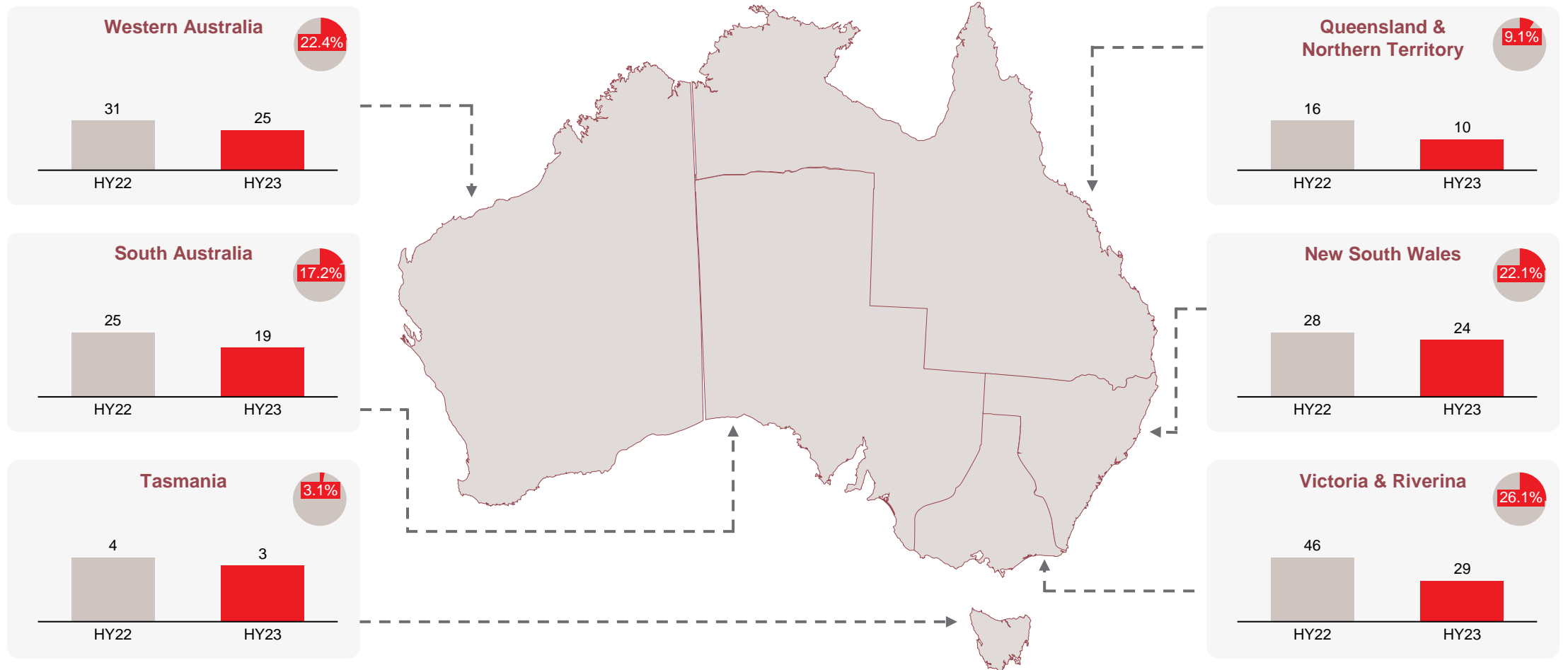
HY23 Gross Margin Diversification

A diversified business model provides earnings resilience



HY23 Geographical Diversification

Geographical diversification mitigates the impact of events like the East coast floods

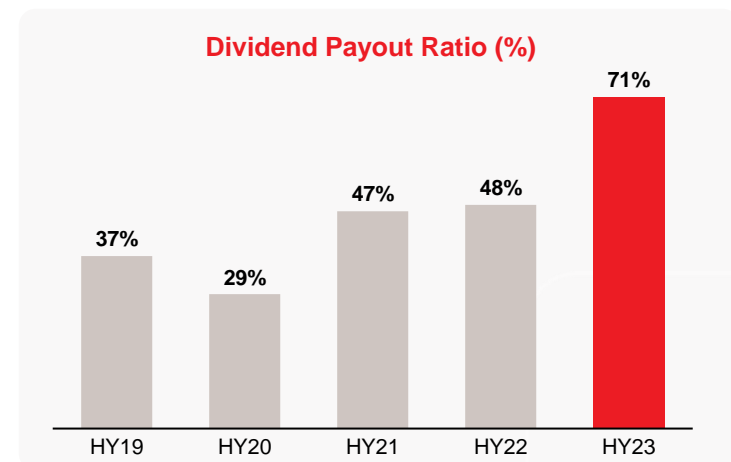
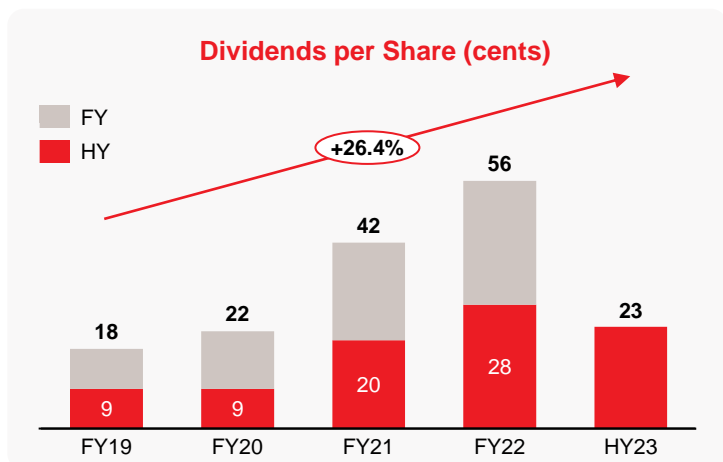
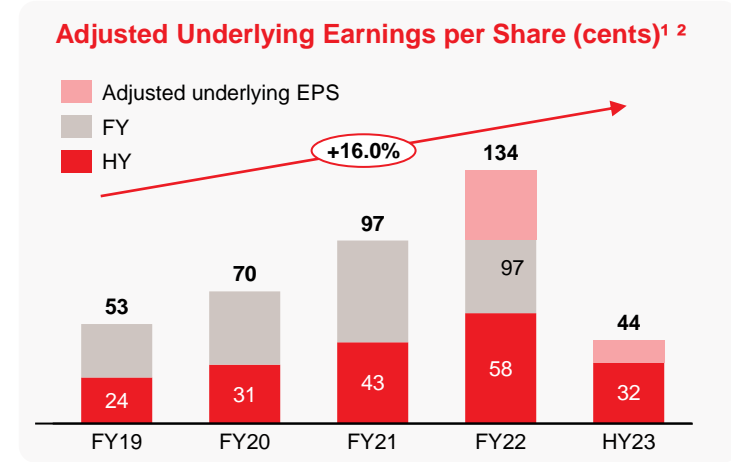
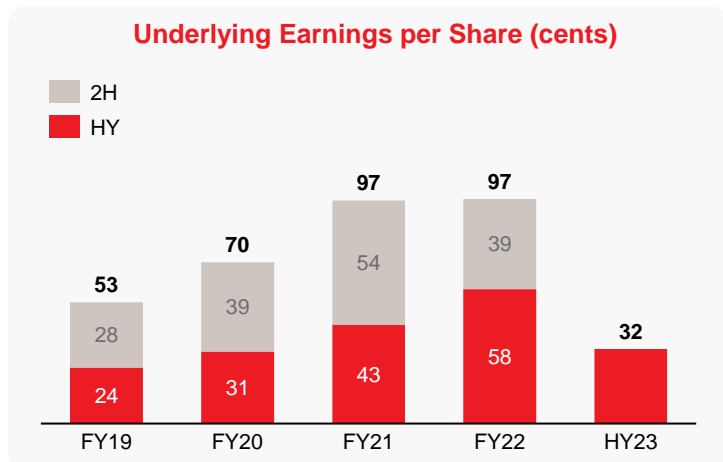


Excludes Wholesale Products, International and Corporate Overheads
Values refer to Underlying EBIT (\$m)



HY23 Dividend and Earnings Per Share

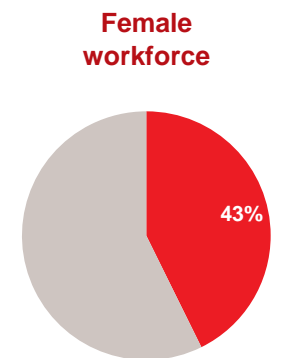
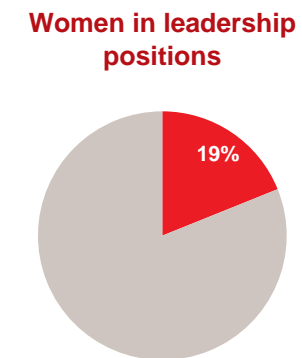
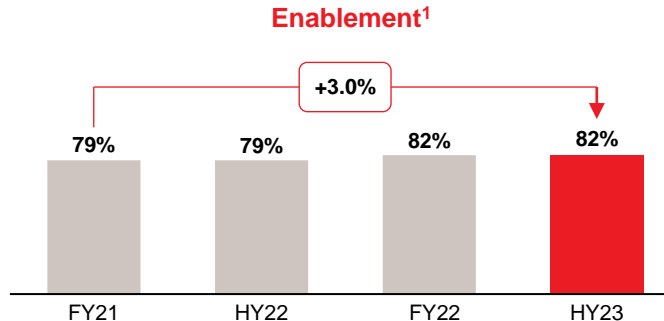
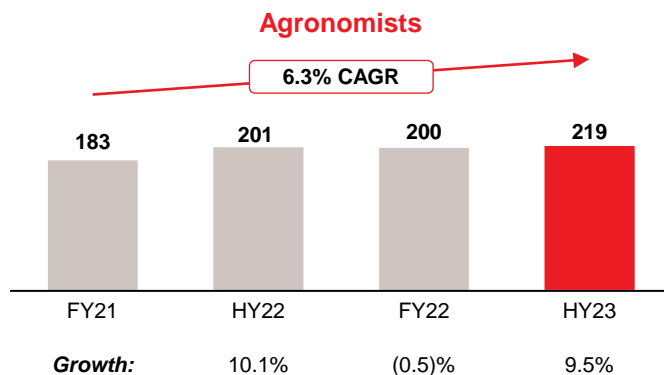
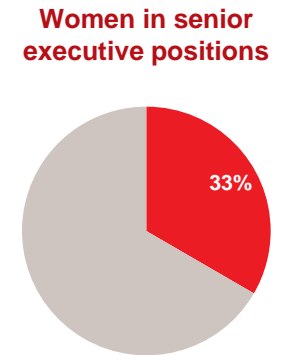
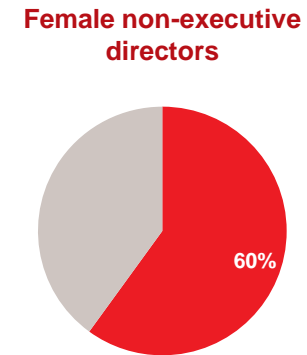
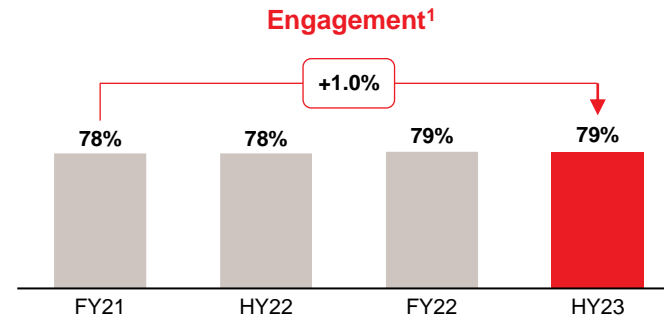
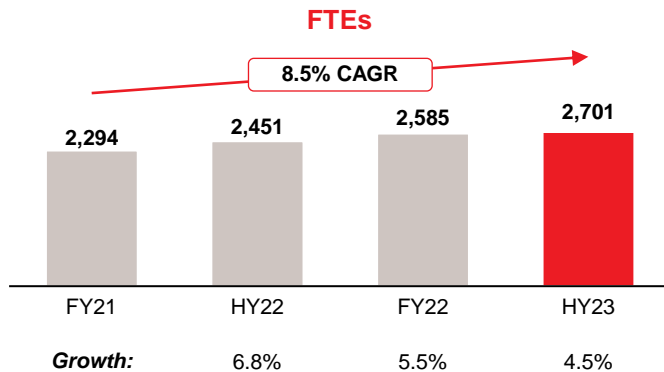
Growth drivers delivering compelling returns through the cycles



1. Adjusted for underlying tax expense recognized from 1 October 2021. HY23 Adjusted underlying earnings per share is 76 cents per share, up 31% on HY22.
 2. Adjusted Underlying EPS CAGR is based on H1 numbers
 FY19 and FY 20 dividends were fully franked, FY21 was partially franked at 20%, FY22 and HY23 dividends were partially franked at 30%
 CAGR calculated on HY performance

We Are Committed To Attracting & Retaining The Best People

More people, highly skilled, engaged and diverse



1. 2022 Korn Ferry Elders Employee Effectiveness Survey



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

1 Deepen customer relationships for mutually beneficial outcomes

2 Balanced growth of products, services, geographies and channels

3 Enhance margin through value chain efficiencies and integration

4 Lead sustainability and productivity to benefit our customers, communities, industry, people and shareholders

OUR ENABLERS


5 People – Invest in our teams to ensure we have the right people in the right places who are set up for success

6 Streamline supply chain to fully optimise all parts of our integrated value chain

7 Systems Modernisation – Invest in and deploy leading technology solutions that improve customer experience, drive efficiencies, and better accommodate change

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


OUR VALUES




CUSTOMER FOCUSED




INNOVATION



TEAM WORK



INTEGRITY



ACCOUNTABILITY

Sustainability



OUR PRINCIPLES

- We provide our customers and clients with the goods and services they need
- We support our people and the industries and communities in which we operate
- We do our part to look after the environment and animals in our care
- We operate ethically and to the highest standard

OUR PRIORITIES

- Increasing the amount of solar power we generate onsite
- Deeper understanding of our waste outputs and developing a strategy to reduce waste to landfill
- Further climate change scenario analysis and enhanced disclosure aligned with the TCFD Recommendations
- Continue to develop our approach to ethical sourcing

OUR PROGRESS

- Formed a dedicated Strategy, Sustainability and innovation function
- Solar farm development at Killara Feedlot near completion
- Solar installations completed on several branches
- Packaging waste policy launched and waste strategy development underway
- Independent on-site audits of suppliers to Titan AG continue

Growth Pillars

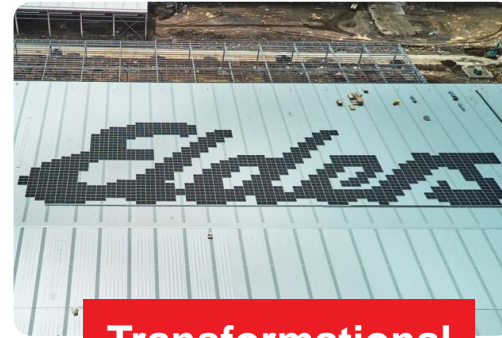
Multi-Faceted strategy to drive growth through the cycles to FY26



Geographic Expansion



Backward Integration



Transformational Projects



Transformational Investment

Market Share

- Strong pipeline of **bolt on acquisitions** to expand our geographic reach
- Considered pathway to explore **greenfield locations** where market share growth opportunities exists
- **Investment in client** and service offerings to attract member growth in our wholesale business

Gross Margin Capture

- Increasing share of the addressable market in both **crop protection** and **animal health** own brand products through brand awareness and client engagement
- Continued investment in our **new product pipeline** across the portfolio

Cost and Capital Efficiency

- Investment in systems modernisation will **unlock efficiencies** through enhanced analytics and technology
- Multi year supply chain optimisation project to deliver significant value through **improved planning, sourcing and reduction in safety stock**
- Expansion of service offering to include **wool handling**

New Channels to Market

- Recent strategic investment provides entry into **chemical formulation supply chains**
- Historical examples include **Titan AG** and **AIRR**

Investing Now for Future Growth

Transformational projects to drive benefits through FY26 and beyond from cost and capital efficiencies



Benefits

- **Investment in sourcing** capability will unlock significant value across our portfolio
 - **Streamlined processes** across our vertically integrated channels to market
 - **Gross margin benefits** through enhanced reporting and processes
-
- Wave 1 to be completed during FY23 with **successful implementation** of key financial and people foundations
 - Design workshops for **Wave 2** underway, to implement best practice business processes
 - **EBIT level benefits** anticipated to be recognised from FY24 onwards
-
- **EBIT benefits** through economies of scale via a partially automated handling facility
 - Provide a **modern, efficient and scalable** investment
 - **Greater control** over the quality, standard and compliance of Elders wool handling operations
 - **Differentiated service offering** to our existing and new client base through enhanced additional logistics and warehouse capability

Estimated Benefits to Flow



RURAL PRODUCTS SUPPLY CHAIN OPTIMISATION

Improved planning, sourcing and supply chain models with fit for purpose sales and operational platforms designed to deliver improved gross margin and a reduction in safety stock across Rural Products



SYSTEMS MODERNISATION

Generational investment in modernisation of our platforms to deliver more efficient business processes and an enhanced client experience



WOOL SUPPLY CHAIN OPTIMISATION

World first automated wool handling model will provide a modern, efficient and scalable investment

Notes:

Systems Modernisation and wool supply chain expected to deliver returns in excess of 15% ROC

Rural Products supply chain optimisation estimated to deliver EBIT of \$10-\$18m and capital release of \$5-\$8m (source external consultant September 2022)

A man and two women are walking through a field of dry grass. The man on the left is wearing a light-colored cowboy hat, a pink long-sleeved shirt, and blue jeans. The two women on the right are also wearing pink long-sleeved shirts and jeans, with one wearing a light-colored cowboy hat. They are all smiling and looking towards each other. In the background, there are rolling hills, a utility pole, and a wire fence with several black cows. A red rectangular box with the word "Elders" in white cursive font is overlaid on the left side of the image.

Elders