



23 November 2016

Elders to Acquire Further Equity in Elders Insurance

Elders (ASX:ELD) has entered into an agreement with QBE to acquire a further 10% of Elders Insurance (Underwriting Agency) Pty Limited (**EIUA**) from QBE, taking its total equity holding to 20% of the issued capital of EIUA. The agreement is subject to customary conditions precedent. Elders expects the acquisition to complete on 1 December 2016.

Elders has agreed to purchase the holding in EIUA for the same net profit after tax multiple that applied when Elders sold its shares in EIUA to QBE in 2014, and which applied to the acquisition by Elders of 10% of the equity in EIUA on 1 April this year. The purchase price, which is confidential, will be funded by Elders from available cash.

EIUA is the vehicle through which insurance product branded "Elders Insurance" (underwritten by QBE) is distributed to rural and regional Australia through a network of Elders Insurance franchisees. EIUA franchisees are present in more than 150 metro and rural locations across Australia.

Elders' chief executive officer, Mark Allison, said that this further investment in EIUA was once again consistent with both the objectives of Elders' Eight Point Plan and Elders' undertaking, at the time of the Company's September 2014 capital raising, to direct cash flow back into the business to grow earnings and return.

"We have identified our financial services businesses in the Eight Point Plan as an area of growth potential" Mr Allison said. "Accordingly, we have prioritised this acquisition, and the purchase of 30% of StockCo Holdings Pty Ltd we announced on 13 October 2016."

"This acquisition further aligns the EIUA and Elders' networks by delivering an even more meaningful share (20%) of EIUA's earnings to Elders" he said. "As a result, Elders now has the ability to deliver greater insurance earnings to its branches. This in turn will encourage greater levels of engagement and cross-sell between Elders and EIUA."



“We look forward to EIUA increasing its share of rural and regional insurance markets through the aligned efforts of its franchisees, Elders and QBE.”

Mr Allison noted that the investment in EIUA would, based on historical and expected dividend performance, be earnings accretive.

Further Comment:

Mark Allison
Chief Executive Officer
0439 030 905