Thursday, 1 June 2017

Completion of key milestones

Elders Limited (ASX:ELD) today announces the completed divestment of its live export logistics business as well as the expected acquisition of horticultural business Ace Ohlsson.

Completed divestment of live export logistics business

As announced on 12 September 2016, following a full review of the company's live export business, Elders determined it would undertake a managed exit of its live export logistics operations, allowing Elders to focus on its strategic and operational strengths – including the marketing of livestock for producers, and accumulation of cattle for exporters.

Elders chief executive officer Mark Allison, said that following a thorough sale process, the divestment of the live export logistics business is now complete.

"We are very pleased to confirm that our live export logistics business has been sold to a partnership between Zhoushan Fanda Australian Cattle Industrial Co Ltd ("Fanda") and the current management of Elders' live export business North Australian Cattle Company ("NACC")," said Mr Allison.

"The investment in the business by current live export management and Fanda will ensure continuity, experience and an understanding of the long term relationships that NACC and Elders have built over the past 14 years," he said.

"This divestment will allow Elders to focus on its area of expertise, which in this case is to provide our producer clients with a range of marketing options for their livestock."

Fanda has been established by Australian and Chinese owners and is invested in the Sino-Australian Modern Industrial Park ("Zhoushan"). Zhoushan is a development by the Chinese Government as part of the China Australia Free Trade Agreement, and promotes investment for both countries.

Continuing NACC general manager Patrick Underwood said the live export business remains committed to providing high level service to its Australian and overseas customers, and operations will remain business as usual.

"Our focus is to continue our supply of quality livestock to our existing clients across South East Asia, and continue to support these key relationships we've built over many years," Mr Underwood said.

"Through a formal supply agreement with Elders, NACC's access to quality cattle through the Elders network will remain," he said.

“In addition to NACC’s existing markets and customers, the new partnership between NACC and Fanda means we now have an incredible opportunity to explore opportunities in China as this market develops.”

Expected completion of Ace Ohlsson acquisition

Elders confirms that it expects to complete the acquisition of horticultural service provider and inputs retailer, Ace Ohlsson today.

Ace Ohlsson provides services and inputs to primary producers of horticulture crops with five locations across New South Wales, including a central retail operation at the Sydney markets.

Elders chief executive officer Mark Allison said the acquisition supports Elders’ Eight Point Plan initiatives to expand Elders’ geographical footprint and its specialised horticultural offering.

“The Ace Ohlsson business will continue to build on Elders’ breadth of horticultural and technical specialists, and expand our market share in New South Wales,” Mr Allison said.

“As well established leaders in the horticulture industry, we believe the Ace Ohlsson business is a good strategic and cultural fit for Elders,” he said.

Ace Ohlsson general manager Charlie Horder said the business will continue to operate as usual, but will see benefits from the Elders network.

“Ace Ohlsson has been servicing horticultural growers in New South Wales for 80 years, and we believe with the support of Elders’ national network we will now be able to provide an even greater offering to our clients,” Mr Horder said.

“The focus of Ace Ohlsson has always been about providing our clients with the best service, and we’re excited to be able to do this alongside the Elders brand,” he said.

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