17 December 2015

2015 AGM - CEO's Presentation

Attached is a copy of the Chief Executive Officer's presentation to the 2015 Elders Limited Annual General Meeting being held today in Adelaide.

Peter Hastings
Company Secretary

Chief Executive's Presentation, Mr Mark Allison

2015 Annual General Meeting of Elders Limited

INTRODUCTION

Good morning everyone, and thank you for your attendance today.

This time, last year, I stood before you and remarked on the story of Elders' survival.

This year, however, it is a different story. 2015 was a year of stabilisation, positive progress, and robust preparation for growth. Our turnaround is now all but complete.

2015 saw the business rise to the challenge of our new priorities, new expectations and a new level of performance. This resulted in another year of solid improvement for Elders.

Today I will address these priorities, and outline the progress that has been achieved across the business, particularly at an operating level.

I will also outline our priorities for this financial year. This will continue to be approached in a measured and methodical manner, and will drive focus and performance in order to meet our Eight Point Plan objectives.

For those who are closely following the turnaround and the progress of Elders – you should hear nothing new or surprising in my remarks today – ultimately, Elders is on track, and we're doing what we said we would do.

Slide: FY15 Priority: Safety Performance

KEY PRIORITY 1: SAFETY PERFORMANCE

As outlined in the Annual Report, the focus of the organisation during 2015 has been on four key priorities, with a critical focus on safety.

Over the past 12 months, as part of our safety strategy to drive continuous improvement and improve safety culture, we have implemented an innovative employee engagement campaign.

This has already contributed to a 34% increase in team safety discussions and an increase in safety initiatives.

In terms of safety performance, Elders recorded 14 lost time injuries this

year. Importantly this means we have held the significant improvement we made in FY14.

Whilst we did see improvements in our safety culture across the board, any injury is an injury too many. I am conscious that our systems, processes and educational efforts will need continuous development in order to achieve further improvements in all safety indicators in FY16. Our ultimate goal remains that none of our employees or contractors is injured.

Slide: FY15 Priorities: Operational Performance

KEY PRIORITY 2: OPERATIONAL PERFORMANCE

Our 2015 results which are discussed in the Annual Report, show a year of strong financial performance from Elders, recording a $38.8 million statutory profit, up from the $3.0 million profit in the previous year.

Our improved profit was largely due to Elders capitalising on strong livestock agency performance, uplift in retail earnings, increase in feed and processing efficiencies, and interest cost reductions.

Our retail arm saw a $3.7 million improvement on last year, due to improvement in winter crop demand and gains from Eight Point Plan

initiatives such as price book management and the consolidation of our supplier base.

The $16.3 million improvement in the agency services business was driven by an increase in livestock prices and an increase in cattle and wool volumes.

In addition, our ‘Welcome Back’ campaign - an initiative of our Eight Point Plan – saw 200 lapsed clients successfully return to Elders for their livestock or wool agency services.

Improved efficiency and occupancy in Killara Feedlot, along with a refocused business model for Elders China saw a further $3.1 million improvement in the feed and processing services business on last year’s results.

Net underlying finance costs reduced by $5.7 million on last year with average net debt reducing from $228.4 million last year to $122.4 million this year.

Strong results from our capital light streams, namely livestock agency and short haul live export, delivered a 21.9% return on capital, which is an improvement of 8.3% when compared to last year.

And finally, as our Chairman outlined, after a lengthy debt-reduction process, our remaining term debt of $34.1 million was extinguished.

Slide: FY15 Priorities: Key Relationships

KEY PRIORITY 3: KEY RELATIONSHIPS

It is a vital understanding at Elders that the business and our brand is built on relationships. This has been the case for 176 years. With that in mind, this year we prioritised the strengthening of these relationships as a key business deliverable.

Starting within the business, significant progress has been made in building a high performance culture.

In just 12 months, we have seen improved levels of employee effectiveness and enablement across the business, 97% participation rate in the 2015 performance review process, as well as the implementation of incentive plans that align shareholder expectations and employee performance with reward have also been achieved.

We pride ourselves on our continued investment in the training and development of our own people. In the 2015 year we saw more than 60 front line leaders graduating from our Leadership Development

Program, more than 20 trainees inducted into the Stock and Station Agency Traineeship Program, and a further 3 agronomy graduates accepted into a new Agronomy Graduate Program.

We know that our clients and the communities in which we operate are our fundamental reason for being. For that reason, our clients and local communities always come first.

This year we continued to conduct Australia-wide and international research with both clients and non-clients, which gave us insights and understandings to our customers' needs and perceptions.

From this research we delivered our 2015 brand campaign 'Elders. Live It' which focussed on our local presence, national network, and industry expertise.

In addition, we engaged in regional sponsorship agreements in key focus regions, ensuring we support and invest back into our local communities in which we operate across Australia.

In the farm supplies and fertiliser arms of the business we've developed and implemented a capital light/return on capital driven business model with the support of key suppliers.

We've rationalised and refocused our relationships with our supply partners to develop mutually beneficial business models.

And importantly, as we look for opportunities for growth and new markets, particularly in our livestock and live export businesses, we have been working closely with our customers to ensure appropriate standards are met.

In the past 12 months, Elders has made significant investments in animal welfare, including the appointment of a dedicated animal welfare and supply chain assurance manager, and the roll-out of automated traceability systems in Vietnam.

Slide: FY15 Priorities: Efficiency and Growth

KEY PRIORITY 4: EFFICIENCY and GROWTH

Turning to our fourth priority – efficiency and growth. For us to remain competitive, it is vital that we pursue organic and inorganic growth in a planned and methodical manner.

Over the past two years, our focus has been to ensure that our people implement the many efficiency and growth strategies within our Eight Point Plan.

A key priority of 2015 was to improve the performance of our workforce and lift productivity. As such, 45 of our branches undertook 90 day improvement plans, driving increased productivity and business growth.

Other key achievements include the launch of an online livestock auction platform, the introduction of our seasonal livestock financing facility, the launch of a new online grain system, the launch of our wholesale business and the identification of new live export markets, all providing our clients with increased market opportunity.

In September this year, Elders sent the first shipment of live slaughter cattle from Australia to China under the new health protocol established pursuant to the China Australia Free Trade Agreement. While our approach to capitalising on future opportunities in China will be measured and methodical, this was a key milestone for Elders and the wider Australian industry.

Alongside our Live Export trade, we have also developed our ‘Killara’, ‘Kooyong’, and ‘Marlee’ branded meat product lines for international markets and customers.

Our focus on growth also extends into the Real Estate and Financial Services arms of the business.

We have now appointed a General Manager of Real Estate, and a new Head of Franchise and we have renewed our leadership within the Financial services division with the appointment of a General Manager of Financial Services.

Since our financial results were released in November, we have also realigned teams within the business to create a newly-formed customer centric business area, focussed on insights, improvements and innovation. The appointment of a new General Manager of this area is currently underway.

I am confident that these structural changes will facilitate efficiencies and growth across the business, and will work towards delivering our Eight Point Plan.

EIGHT POINT PLAN

Slide: Eight Point Plan

In addition to the progress on our FY15 priorities I have just covered, significant progress has been made on our Eight Point Plan.

The Eight Point Plan is our blue print for becoming an efficient user of capital and a business that produces acceptable returns for all our stakeholders while servicing our customers' needs.

I am pleased that after two solid years of progress, we remain on track to deliver the financial commitment of the Eight Point Plan. Of course we will experience challenges from the weather and from our markets, but that is the business we are in and we believe we have the diversity of products and geographies and flexibility to manage those challenges.

It is evident from the ideas and initiatives that are being implemented, that we have an experienced team, and the right people within the business to take control of our own future.

2016 Priorities

As you have heard today, the business is responding well to its new priorities and the focus on performance.

As such, we are maintaining our four key priorities for the 2016 year, which are safety performance, operational performance, key relationships, and efficiency and growth.

These priorities have been filtered down to all employees through their individual performance plans within the business. This means everyone in the business shares the same key priorities and objectives.

Closing

In closing, 2015 was a significant year for Elders and our people. It was truly pleasing to see the hard work and loyalty of all our stakeholders come together in what was yet another year of solid progress.

I am extremely humbled to have been given the opportunity to lead Elders throughout our turnaround, and now into our next exciting phase of growth.

Whilst our employees are geographically spread across Australia, Indonesia, Vietnam, and China, it is clear in our results that we are ‘one Elders’ and we are all working towards the same goal.

As shareholders, you have continued to support us and for this we extend our gratitude. You can now be confident that Elders is back. We are doing what we said we would do, and we are focussed on servicing our customer needs and the future growth of our business.

I look forward to sharing another strong period of growth, success, and value generation with you again next year.

2015 Annual General Meeting

Thursday, 17 December

Adelaide Convention Centre

Elders Live it.

Chief Executive’s Presentation

Mark Allison

FY15 Priority: Safety Performance

- ✓ LTI frequency rate reduced from 3.5 to 3.4
- ✓ Held 14 lost time injuries
- ✓ Employee safety engagement increased by 34%
- ✓ Employee safety campaign 'Stand Up Speak Up' awarded 2015 Work Health and Safety Improvement Award by NSCA

STAND UP.
SPEAK UP.

Elders Live it.

FY15 Priorities: Operational Performance

- ✓ $32.6m underlying profit up $23.5m
- ✓ ROC at 21.9%, up from 13.6% at 30 September 2014
- ✓ Implemented capital light retail program
- ✓ Margin management program for selected non-price sensitive retail products
- ✓ 200 clients returned in ‘Welcome Back’ campaign
- ✓ Cost savings including property, fleet and FBT
- ✓ $30m hybrid acquisition

FY15 Priorities: Key Relationships

- ✓ Improved levels of employee effectiveness and enablement
- ✓ Delivered ‘Elders. Live It’ national brand campaign
- ✓ Conducted client and non-client focus group research across Australia
- ✓ Engaged in regional sponsorship agreements in key focus regions
- ✓ Rationalised and refocused our relationships with key suppliers
- ✓ Strengthened commitment to animal welfare

Elders Live it.

FY15 Priorities: Efficiency and Growth

- ✓45 branches on 90 day branch improvement program
- ✓Launched online livestock platform
- ✓Implemented Elders wholesale strategy
- ✓Introduced livestock financing facility
- ✓Developed branded meat product lines for international markets
- ✓Developed active business development pipeline

KILLARA KOOYONG MARLEE LAMB

Elders Live it.

Elders Live it.

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Elders Live it.