16 December 2016

2016 AGM Chairman's Address

Attached is a copy of the Chairman's Address to the 2016 Elders Limited Annual General Meeting being held today in Adelaide.

Peter Hastings
Company Secretary

Address by the Chairman, Mr Hutch Ranck

2016 Annual General Meeting of Elders Limited

INTRODUCTION

It gives me great pleasure to address you all here today, in what is my eighth year serving the Elders Board.

The past eight years at Elders has been a journey, and the past 12 months has been one of the highlights.

As outlined in our 2016 Annual Report, this year Elders continued to build on a significant financial turnaround, recording a $51.6 million statutory profit, an improvement of $13.3 million on the previous year.

Shortly, our Managing Director and Chief Executive Officer Mark Allison will summarise our operational results, our progress against our strategic Eight Point Plan and our plan towards 2020.

However, first there are a number of highlights from 2016, which I'd like to share with you today, including our balance sheet and the normalization of the capital structure.

Balance sheet and finance

For the second year in a row, with the help of our financiers (ANZ, NAB, and Rabobank), Elders held its term debt at zero, providing the business

with a platform to continue its focus on value generation for stakeholders.

Net debt was reduced by $50.1 million, due to strong operating cash inflows and disciplined capital usage, along with unutilised cash, held from our 2016 capital raise and hybrid acquisition.

In addition, I was pleased to see that our improved supplier trading terms in the Retail business, as well as reduced inventory in the Live Export business, provided us with a strong operating cash inflow of $48.7 million.

It is clear that the business is adapting to an ongoing, disciplined approach to use of capital, which is pleasing to see.

The Chief Executive Officer will outline additional steps we are taking in his address shortly.

Capital structure normalisation

Our capital simplification strategy remained on track over the past 12 months with a successful capital raise and a reset of our hybrid share register.

In July 2016, we completed a $97 million capital raise, through which Elders' wholly owned subsidiary, Elders Finance Pty Ltd acquired approximately 705,000 Elders Hybrid securities, for a total of $67 million.

This purchase represents another important step of normalisation of our capital and debt structures.

Following a three year hiatus, in September 2015, Elders was admitted into the S&P/ASX 300 index, and over the past 12 months we've continued our path towards the top 200.

We are well aware that until the business is in a position to be distributing dividends to you as our shareholders, we have not achieved success. With that said, our capital structure is no longer an impediment to this, and so it is our goal to start paying dividends in December 2017.

Turning now to our leadership at a board level……

I'm proud to be standing here with my fellow directors, all of whom have made significant contributions to the board during the year and continue to serve with dedication the best interests of the Company and its shareholders. They each possess complementary skills and experiences, which together aids in a balanced and efficient functioning of the board.

Today, Mr Ian Wilton stands for re-election as a director. Ian has served the board since April 2014. During this short term, Ian has added significant value to the Board through his extensive knowledge of the financial services and agricultural sectors to Elders. Ian will make a statement in support of his re-election when that resolution is put to the

meeting shortly. The Board unanimously supports Mr Wilton's re-election.

As reported in the remuneration report of the 2016 Annual Report, the current director fees remain well within the aggregate fee limit of $1.2 million, which was approved by the Board following the Company's 2013 Annual General Meeting.

Non-executive director fees are reviewed by the Board on an annual basis, taking into consideration the accountability and time commitment of each director. Once again the Board determined this year not to increase fees.

We again seek your approval as shareholders to the proposed Long Term Incentive for Mr Allison as set out in Item 6 of the Notice of Meeting, first approved by shareholders at the 2014 AGM. As you will be well aware, Elders has in place a 3 year strategic plan known as the Eight Point Plan for implementation until 30 September 2017. The approval granted at the 2014 AGM was for the period of this plan. The Board considers it necessary to align Mr Allison's remuneration and long-term incentive beyond the 3 year Eight Point Plan to continue the Company's growth ambitions and to fulfil our commitment to shareholders in resuming dividends from FY17 and paving a path to generating long term returns.

The strong performance momentum achieved to date is evidence that the incentive arrangements in place, and being proposed for Mr Allison are appropriately structured and tailored to ensure Mr Allison performs his duties in a way that benefits all shareholders.

I would like to take this opportunity to thank my fellow directors, and in particular our Managing Director for their valuable contribution and dedication to Elders' future.

In addition, the results achieved this year would not have been possible without the hard and disciplined work of the entire Elders team, so thank you to our team in pink, who live and breathe the Elders story each day.

And a sincere thank you to our clients, our customers and each of you as shareholders who continue to support Elders.

I am extremely humbled to have been your Chairman through what has been another incredible year of milestones for Elders and I look forward to taking Elders into 2017.

Today I would like to conclude my address a little differently.

As our CEO will outline in his address – our safety performance has seen significant progress this year – recording Elders' lowest number of Lost Time Injuries on record.

Over the past two years, we've implemented a safety campaign titled Stand Up Speak Up, which has driven significant improvements to our safety culture across the business.

Covering every topic from mental health, and sun smart behaviour, to working with livestock and chemicals – the campaign is driven by video stories from our people.

Today, I will leave you with one of these stories, so that you too can understand the impact this campaign is having amongst our people and the wider industry.

Thank you.