



17 November 2014

2014 full year financial results and highlights

- **Statutory net profit after tax of \$3.0m, up from \$(505.3)m in FY13**
- **Underlying net profit after tax of \$8.8m, up from \$(68.5)m in FY13**
- **Underlying EBIT profit of \$27.3m, up from \$(48.9)m in FY13**
- **Uplift across all product and geographic segments**
- **Divestment of non-core assets complete**
- **Net debt further reduced by 46% to \$137.6m**
- **\$57m equity raising completed**
- **New flexible banking facilities with support of three core financiers**
- **First clean audit report since 30 September 2011**
- **Eight Point Plan launched with structured implementation**

Elders Limited (ASX:ELD) has today released its full year results for the twelve months to 30 September 2014 announcing a significant turnaround in its financial performance, delivering both a statutory and underlying profit.

Statutory net profit after tax of \$3.0 million compares with a \$(505.3) million loss in the previous year. Underlying net profit has improved \$77.3 million on the prior corresponding period to \$8.8 million.

A \$76.2 million improvement at the underlying earnings before interest and tax (EBIT) level, to \$27.3 million, has been driven primarily by an increase in earnings from the agency and live export businesses and cost savings.

The Company's debt position has also improved with a 46% reduction in net debt. Term debt has, since year end, been eliminated following the receipt of proceeds from the equity raising completed in October.

Elders' Chief Executive Officer Mark Allison said 2014 had been a year of significant positive change which had seen the Company establish a strong platform to create value for all stakeholders in the future.

"Elders' improved results have been driven by an uplift in earnings from all product and geographic segments, and a 10% reduction in costs," Mr Allison said.

"The Agency Services business improved 13% on the previous year due to the recovery of livestock prices and volumes as a consequence of dry weather turnoff and increased supply to international markets.

"Live Export Services also improved due to strong demand from Asian markets. Taking into account the negative balance sheet adjustment of \$24.2 million recorded at 30 September 2013, live export still saw a net improvement of \$6.2 million for the year.

"Whilst the unseasonably dry weather conditions across most of Australia during the year contributed to lower demand for agricultural chemicals, the Retail Products segment still recorded a gross margin improvement of 2%.



"We've also realised \$28.5 million in cost savings from the initiatives undertaken at the end of the last financial year to refocus and simplify our business and reduced our debt by nearly half," Mr Allison said.

Mr Allison said an improved debt position, a reduction in working capital usage and improved cash flow all combine to allow the company to focus on directing future cash flows back into reinvigorating and strengthening the business.

"During the year we reduced our net debt to \$137.6 million primarily through divestment proceeds, and to \$92.6 million on a pro-forma basis, with zero term debt, following the receipt of proceeds of the equity raising in October," Mr Allison said

"Sound capital management has resulted in a 27% reduction in working capital on the previous year due to reduced retail debtors and inventory, and the divestment of non-core assets, but the business can expect to see higher working capital in FY15 if seasonal conditions improve.

"More than \$50 million in operating cash flow was generated before taking into account non-recurring restructuring and forestry exit payments.

"Also worth noting is that for the first time since 30 September 2011 our auditors have provided a clean audit report. This fact alone will see a return to more normalised terms with our suppliers," he said.

Looking to the future, Mr Allison said that 2014 had been about establishing a foundation to create value for stakeholders and that 2015 was about embedding the initiatives which create that value.

"Whilst our business will always be subject to the influence of seasonal and market conditions inherent in the agricultural sector, we need to manage the areas of the business that we can control," he said.

"Now that we have the right foundation, we can focus on the structured implementation of our Eight Point Plan and work towards achieving our target of \$60 million EBIT and 20% return on capital in 2017.

"The Eight Point Plan is our three year strategic plan and we've identified initiatives that will lead to steady and incremental growth in EBIT from all product and geographic segments.

"The Eight Point Plan initiatives are at various stages of due diligence and implementation but among them are a branch improvement program, a capital light and margin improvement program for our farm supplies business, a remuneration realignment program for our livestock and wool businesses, a managed growth plan for our feedlots and live export business and an ongoing focus on cost and efficiency," Mr Allison said.

ENDS

Further information

Mark Allison, Chief Executive Officer, 0439 030 905

Media enquiries

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Conference call and presentation

Details for the conference call and webcast slide presentation are as follows:

Conference call

10.00am (AEDT)
Monday, 17 November 2014

Phone: 1800 908 299

Quote conference ID: 999622

Webcast slide presentation

[Register, view and listen to webcast](#)

Or copy and paste this link in your browser

<http://www.media-server.com/m/go/Elders-Nov2014-FYR>

This webcast will stream the audio, so if you do not wish to ask a question, you do not have to call into the conference call.

Note: the slide presentation will not be available until the presentation is scheduled to begin but you can use this link to test your browser.