19 May 2014

2014 first half financial results

- **Statutory loss of $10.2m, a significant improvement on F13 H1 loss of $303.2m**
- **Underlying profit after tax of $6.7m, up $30.4m from pcp**
- **Increased earnings contribution from all business streams**
- **Net debt further reduced to $236.6m, down 25% from $314.1m in F13 H1**
- **Term debt down $112.8m from pcp to $118.3m**

Elders Limited (ASX:ELD) has today released its half year results for the six months to 31 March 2014 announcing a solid turnaround in underlying profit driven by improved contributions across the business.

The statutory loss of $10.2 million after tax included a loss of $16.8 million from items unrelated to underlying performance; including operating results from forestry and the fair value adjustment of specific non-core assets now classified as held for sale.

Underlying profit exclusive of these items was $6.7 million, a turnaround of $30.4 million on the loss of $23.7 million in the prior corresponding period. Underlying EBIT was $12.4 million, up from the EBIT loss of $16.0 million in the 2013 first half. Sales revenue of $650.4 million from continuing operations was in line with the prior corresponding period.

Elders' Managing Director Mark Allison said that the company's first half results represent "an early milestone in the journey to becoming a value-generating investment for its shareholders".

"We've moved from incurring underlying losses to generating underlying profit and it is pleasing that every part of the business delivered improved results – in spite of variable seasonal conditions which included drought in much of north eastern Australia" he said.

"While we know that further improvement is required and we are focussed on delivering those improvements, these results are encouraging as they show the business is responding to management."

"Cost savings have been realised and margin improved, working capital levels have been reduced, cash flow is up and the progress made in debt reduction is benefitting the bottom line with a 41% drop in finance costs."

"In addition, it is significant and pleasing that safety performance has been strong and lost time injuries are down against the same time last year."

Mr Allison said that Elders' traditional Agency operations had made the greatest contribution to the lift in gross margin generated, with Live Export also providing strong growth. The lower costs brought by the business restructuring in FY13 had also played a key part in the improvement.

The exit from forestry is now largely completed with the termination of the last major lease commitments during the period. The residual lease liabilities now sit at approximately $1.6 million per annum. The company considers that existing provisions are sufficient to fully provide for the profit and loss impact of the leases and associated plantations being held to maturity.

The company completed further debt reduction with net debt at 31 March of $236.6 million (of which $123.6 million is self-liquidating debtor backed facilities). This compares to net debt of $255.2 million at the start of the period and $314.1 million twelve months earlier.

The movement in net debt from March last year had been driven by a 49% reduction in term debt to $118.3 million. Mr Allison said that the company's capital management plans included further sales of non-core assets and subsequent debt reduction over the course of 2014.

"On balance, seasonal and market conditions are encouraging. Recent rainfall has provided a good start to the winter cropping season. Currently, cattle prices are recovering, sheep prices are strong and feedlot and live export demand continues to be healthy. The second half outlook is positive, subject to seasonal conditions, and we expect ongoing improvement against last year's results" he said.

ENDS

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

Conference call	**Webcast slide presentation**
10.30am (CST) Monday, 19 May 2014	Register, view and listen to webcast
Phone: 1800 265 784	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.
Quote conference ID: 765587	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.