



20 December 2011

2011 AGM - CEO's Presentation

Attached is a copy of the Chief Executive Officer's presentation to the 2011 Elders Limited Annual General Meeting being held in Adelaide today.

Peter Hastings
Company Secretary
(08) 8425 4964

Chief Executive's Presentation

Malcolm Jackman

Chief Executive



Elders operations

Elders is now focussed around two businesses



Network



- 230 Rural Services branches in Australia and New Zealand
- 96 Real Estate and Insurance stores
- 158 Real Estate Franchises
- Sales \$1,367m
- Turnover of \$6b approximately

Trading



- Feedlots, live export, wool trading, abattoir and China trading operations
- Major supplier of feeder cattle to Indonesia
- Largest global supplier to long haul breeder markets including China, Russia, Kazakhstan, Tatarstan, Pakistan, Middle East, Africa
- Sales \$470m

FUTURiS

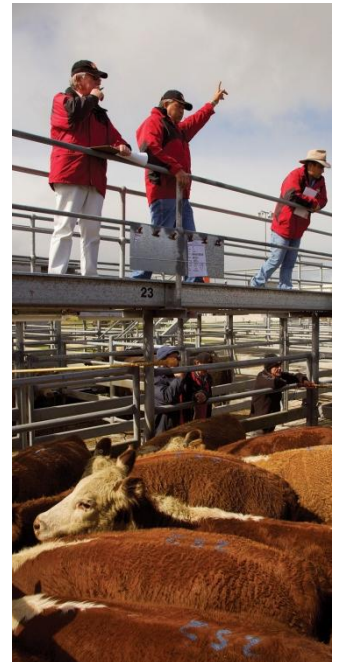
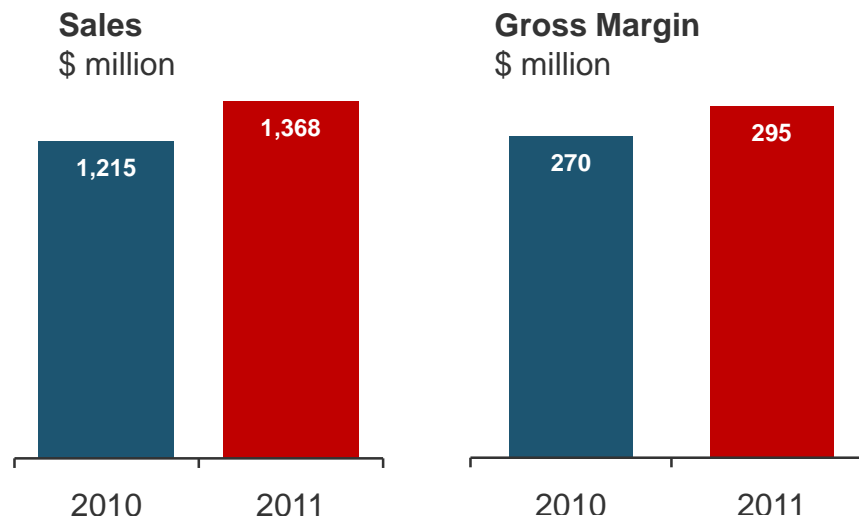


- Australia's largest auto components supplier
- Seats, interior systems and manufactured solutions
- Developing from an Australian-centric business to an integrated supply partner to Asia-Pacific OEM platforms
- Australia, China, Thailand and US
- Sales of \$315m

Network

Turnaround in sales and margin but further improvement required and targeted

- Improved performance in sales, margin generation and costs
- All areas recorded improvement except lifestyle/residential real estate
- Maintained market share
- Further improvement required, and targeted:
 - Sales; need to move from maintaining market share to growth
 - Margin; focus on GM % improvement
 - Capital employed; need to improve capital efficiency around inventory, receivables and payables

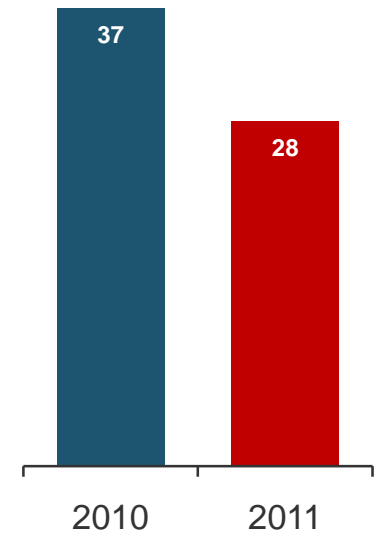


Trading

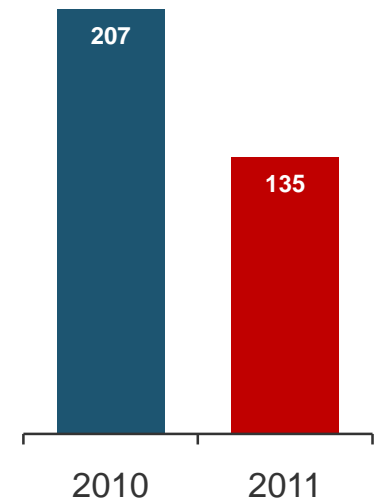
FY11 impacted by external events, FY12 looking positive for long haul live export

- External factors drove lower results in FY11:
 - live export impacted by market access and disruption
 - feedlots impacted by weather and high AUD/USD
- Live Export operations:
 - cattle only
 - Australia's leading exporter of dairy heifers to long haul markets
 - Indonesian feedlot and abattoir operated and managed to Australian standards
 - live export of cattle to Indonesia managed to ESCAS
- Positive outlook for FY12 due to combination of market share growth and strong demand in long haul live export market
 - FY12 order book virtually fully committed, and now negotiating FY13
 - 4 year MOU signed with major Chinese customer, plus new business from Russia, Kazakhstan, Pakistan and Qatar
 - Indonesia market uncertainty

Gross Margin
\$ million



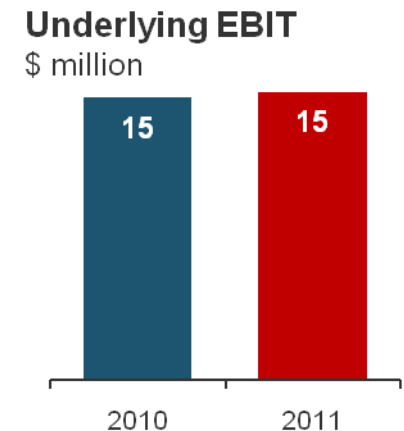
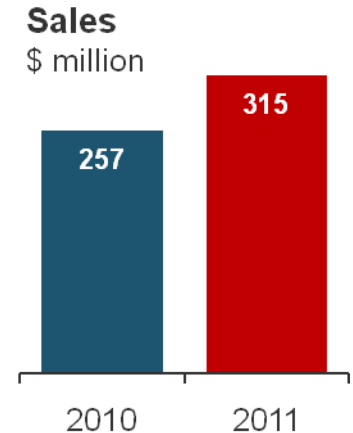
Live export
volume
'000 head



Futuris Automotive

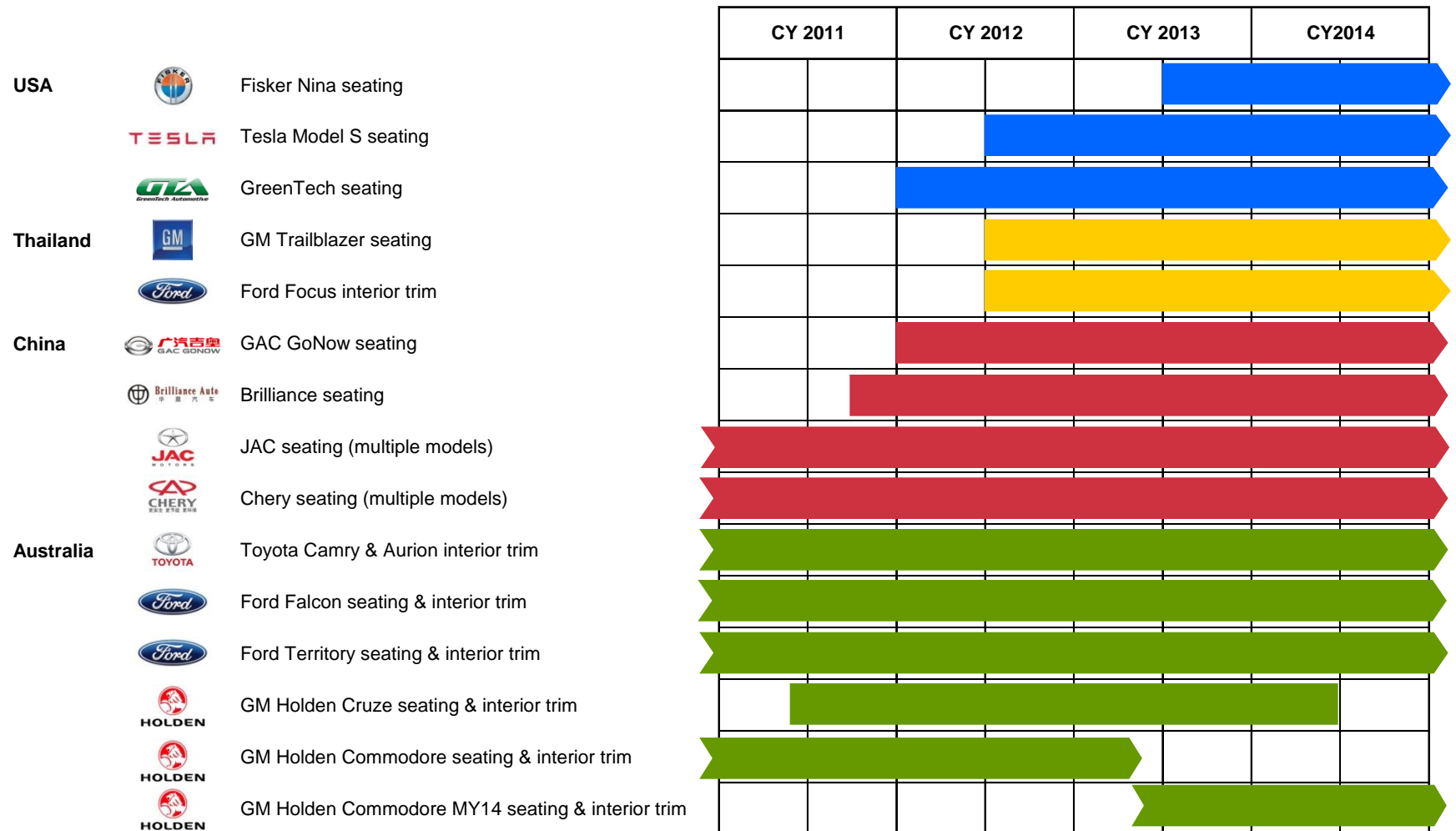
Australia's largest automotive components supplier with a growing Asia-Pacific footprint

- Steady but solid sales and financial performance in FY11 given industry and economic conditions
 - sales growth provided by joint ventures consolidated at September 2010
- Australia
 - commenced production for GM Holden Cruze sedan and hatchback
 - awarded MY14 GM Holden Commodore new supply contracts
- International
 - won new business for 2012 in China, Thailand and USA
 - opened new manufacturing facilities in Thailand and China
- Developing business outside automotive sector that leverages design and manufacturing capabilities
 - cleantech manufacturing such as MicroHeat water heater
 - communications and public transport infrastructure including tram interiors and rail seating



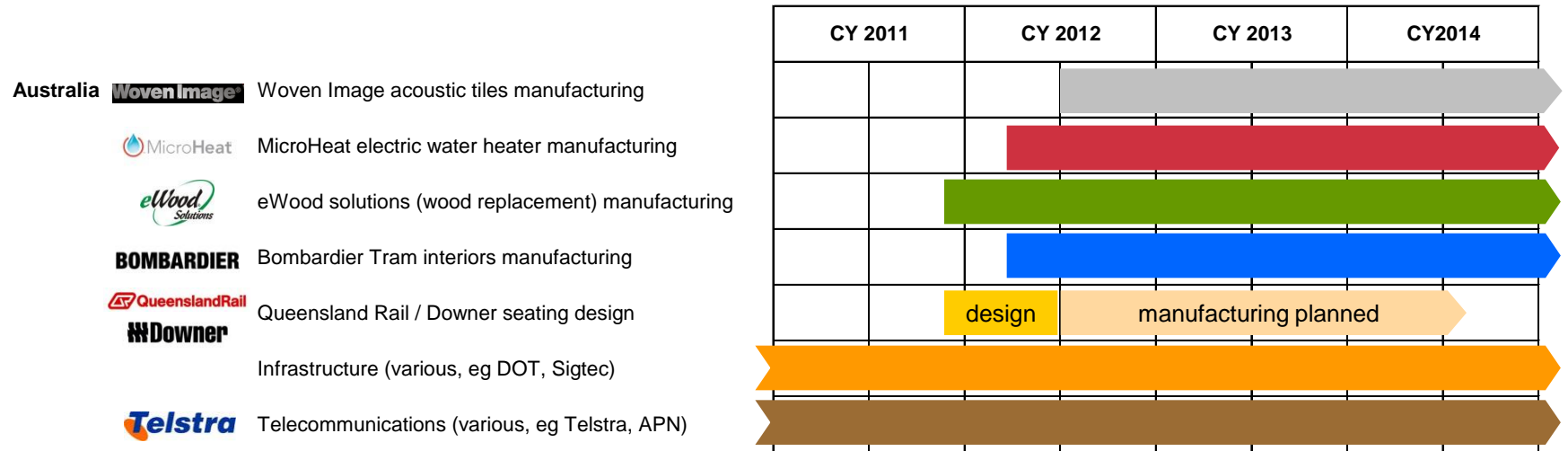
Futuris automotive contract outlook

New business won in FY10 and FY11 has diversified revenue base outside Australia and provided for significant ramp-up in sales from mid-FY12 onwards



Futuris non-automotive contract outlook

New business won in Australia through selective diversification strategy provides incremental revenue and growth opportunities from FY12 onwards



Business cornerstones

Generating improved returns for our clients and shareholders by being the best at understanding and serving client needs

High performance sales

Supply chain excellence

Procuring and moving the right product at the right time most efficiently

Developing and applying technology to improve outcomes while meeting cost and service standards

Cost- and service-effective technology

Superior capital management

Managing the Company's financial resources to advantage efficient operation and improve shareholder value

Building a High Performance Sales Organisation

FY11 saw an intensive effort to upgrade sales capability, focus and accountability that is delivering results

- Sales capability
 - ✓ 2,188 individual structured 2/3 day sessions delivered 6000 days of training
- Sales management and reporting systems (AIMS/WRAPS)
 - ✓ introduction of SalePlus+ weekly bottom-to top reporting and planning
- Branch management focus
 - ✓ Branchise program launched for FY12
- Incentivisation of sales force and branch staff
 - ✓ new remuneration and short term incentive program for FY12
- Management resources and support
 - ✓ appointment of specialist Zone Sales Performance Managers
 - ✓ appointment of Group General Manager Australian Network
- Network organisation and focus
 - ✓ refinement of network organisation into three zones: North, South and West and 15 regions

Generating improved returns for our clients and shareholders by being the best at understanding and serving client needs

High
performance
sales

Project Connect

Introducing a new enterprise system and standardised processes across the business to deliver leading practice for sales, capital management and supply chain capabilities

- Project Connect began in 2011 and is the first significant renewal of technology at Elders in 20 years
- Project Connect will implement a client focussed (single client view), simplified, industry-standard technology platform that is being externally supported by Accenture and HP
- 4 year, multi-release program designed to cater for change impact and solution complexity
- Release 1 is currently in progress and will deliver the foundational core of Finance/HR and Indirect Procurement. Release 1 will be deployed in H1 FY12 on-time, and on budget
- Release 2 covering broader Supply Chain, Sales and Marketing solutions will commence in H2 FY12

Developing and applying technology to improve outcomes while meeting cost and service standards

Cost- and service-effective technology

Supply Chain Excellence

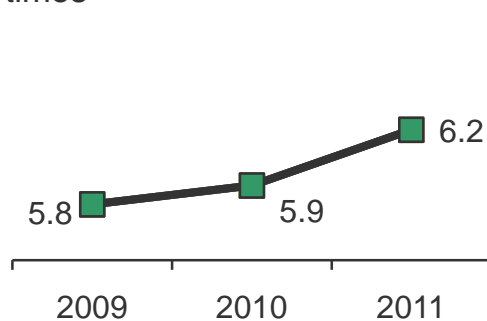
Continuing the 5 year transformation through end-to-end integration

- FY10 moved to Distribution Centre structure, company-wide procurement and introduction of new Sales and Operations Planning process
 - focused on developing business disciplines at the ‘back end’ of the business, supported by a collaborative forecasting process
- Focus in FY11 was on embedding new processes through constant measurement and improvement, and better integrating the supply chain with the front end of the business
 - Supply Chain and Sales & Marketing functions integrated to create an ‘end to end’ view from forecasting through to sales
 - ensuring product ranging and procurement delivers sales requirements in an efficient manner, to achieve the best customer reliability at a lower cost

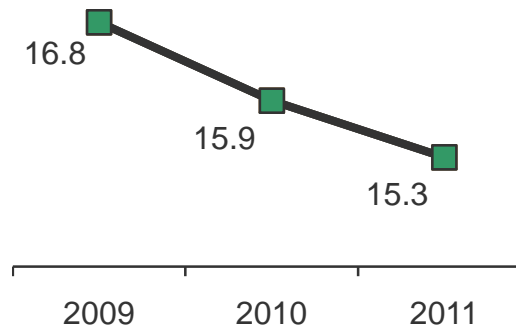
Procuring and moving the right product at the right time most efficiently

Supply chain excellence

Stock Turns
times



Inventory to sales %

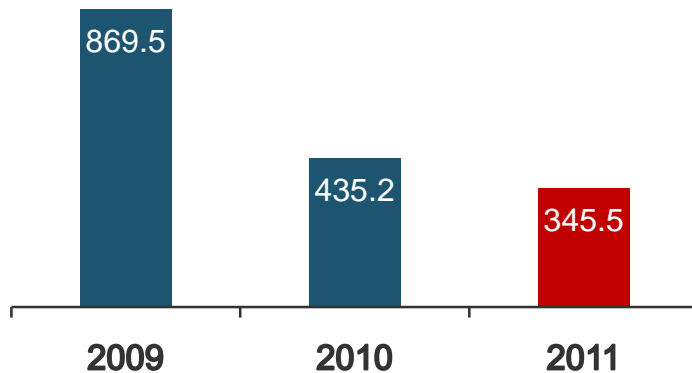


Superior Capital Management

Changing to a capital-light structure appropriate for a seasonal business

- FY11 achieved 21% reduction in net debt, although gearing up on lower shareholders' equity
- Secured new financing facility with increased cash lines and greater flexibility
 - new syndicate including ANZ, CBA, NAB, Rural Bank and RaboBank replaced old syndicate of 8 banks + 19 USPP noteholders
- Cessation or divestment of capital intensive/low return operations
- Capital efficiency initiatives including:
 - inventory, accounts payable, accounts receivable
 - application of forestry divestment proceeds to debt reduction
 - increased use of securitisation & seasonal facilities

Net debt
\$ million



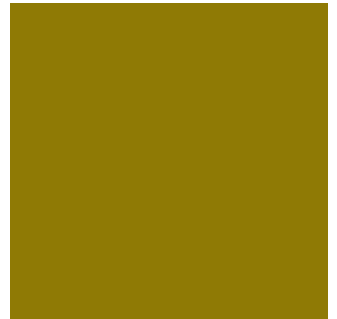
Managing the Company's financial resources to advantage efficient operation and improve shareholder value

Superior
capital
management

Forestry divestment strategy

Escalation of Staged Capital Release to total withdrawal from sector

- Announced Staged Capital Release program in May targeting selected assets. Escalated to staged total divestment at October
- Assets held for sale \$181m, and provisions made for onerous leases and other costs
- Asset sales initiated in May advanced through:
 - sale of Central Queensland properties close to completion for proceeds of \$39m
 - Northern Queensland property sales at an early stage, with sales to date of \$7m
 - negotiations with parties in respect of sandalwood estate
- Sales process on other assets initiated, including liaison with the responsible entities of the MIS Projects with a view for an orderly exit
- Due to complexity it is expected that completion will take most, if not all, of FY12
- Proceeds will be applied to further reduce corporate debt and working capital requirements



FY12 Priorities

Maintain positive underlying momentum to drive further progress on debt, sales and profit

- Successful execution of Forestry Divestment Program
- Achieve further reduction in debt and working capital requirements
- Maintain positive turnaround in Network operations with further gains in sales, GM% and operating efficiencies
- Return Trading Operations to traditional levels of profitability, particularly around live export
- Ongoing development of Futuris Automotive in Asia-Pacific and successful commencement of new contracts in Thailand, China, USA and South Africa
- Deliver improved financial outcome for shareholders

