BELL POTTER

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Recommendation
Buy (unchanged)
Price
\$8.38
Target (12 months)
\$9.50 (previously \$8.35)

GICS Sector

Food Beverage and Tobacco

Expected Return	
Capital growth	13.4%
Dividend yield	4.1%
Total expected return	17.5%
Company Data & Ratios	
Enterprise value	\$1,860m
Market cap	\$1,319m
Issued capital	157.4m
Free float	100%
Avg. daily val. (52wk)	\$8.5m
12 month price range	\$5.45-10.30

Price Performance					
	(1m)	(3m)	(12m)		
Price (A\$)	7.72	6.11	10.09		
Absolute (%)	8.55	37.15	-16.95		
Rel market (%)	8.93	31.01	-18.15		

Absolute Price



BELL POTTER SECURITIES LIMITED ABN 25 006 390 772

AFSL 243480

SOURCE: IRESS

Elders Ltd (ELD)

Riding on the range

Livestock markets take the edge off

At a very high level we see conditions in general more favourable for ELD in the months following the FY23 result, with improved rainfall patterns in key cropping areas and stronger livestock pricing trends with continued YOY gains in volumes.

Livestock markets: Recent rainfall has seen a rapid acceleration in livestock prices, with the EYCI up >50%, heavy steer pricing up >40%, Mutton up >150% and trade lamb up >50% since ELD reported in Nov'23. In addition, both saleyard and slaughter volumes continue to demonstrate robust YOY gains in both cattle and ovine markets.

Summer cropping: Rainfall post the FY23 result has generally been supportive of an improved outlook over the summer crop acreage, with vastly improved soil moisture profiles in key cropping areas. We would expect the demand outlook for inputs into the summer crop would be stronger than it was at the time of the FY23 result.

SYSMOD costs: ELD's recent investor day highlighted more detail on the system modernisation program, upon which it expects to generate a >15% ROIC on its investment. In the near term we expect a higher level of ongoing cost incursion from FY24e and have adjusted our forecasts to reflect this.

We have adjusted our forecasts to incorporate a stronger outlook in livestock markets softened in part by higher assumed opex costs related to SYSMOD and slighter lower fertiliser prices. The net effect is NPAT changes of +9% in FY24e, -1% in FY25e and +2% in FY26e. Our target price is raised to \$9.50ps (prev. \$8.35ps) following these changes.

Investment view: Buy rating unchanged

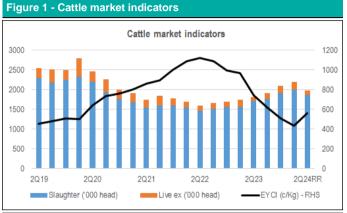
Our Buy rating is unchanged. Since reporting FY23 results in Nov'23 soil moisture profiles in key summer cropping regions have improved (with NOAA long range forecasts shifting to ENSO neutral by April-June) and livestock prices have firmed, with volumes generally continuing to demonstrate high single-to-double digit YOY gains in both cattle and sheep/lamb markets.

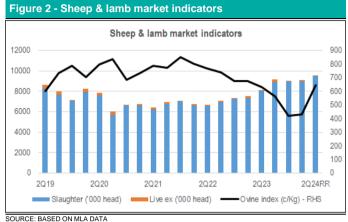
Year end September	2023	2024e	2025e	2026e
Sales (\$m)	3321.4	3261.2	3427.7	3596.1
EBITDA (\$m)	228.4	220.7	249.4	266.3
NPAT (underlying) (\$m)	103.7	90.5	110.9	123.6
NPAT (cash) (\$m)	149.1	124.0	110.9	123.6
EPS (adjusted) (cps)	65.9	57.3	70.0	78.1
EPS growth (%)	(31.9)	(13.0)	22.1	11.5
PER (x)	12.7	14.6	12.0	10.7
FCF Yield (%)	-0.2	5.3	6.3	6.7
EV/EBITDA (x)	8.1	8.4	7.5	7.0
Dividend (¢ps)	46.0	34.0	41.0	43.0
Franking (%)	30.0	30.0	30.0	30.0
Yield (%)	5.5	4.1	4.9	5.1
ROE (%)	12.0	10.2	11.9	12.5
SOURCE: BELL POTTER SECURITIES ESTIMATES				

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ELD variable earnings drivers

Livestock activity has been materially stronger in terms of volumes (both slaughter and yarding's) and prices following the FY23 result.





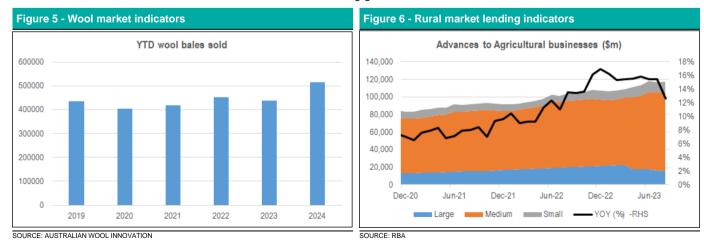
SOURCE: BASED ON MLA DATA

Livestock pricing indicators have bounced materially from the levels seen in Nov'23. Despite the bounce, the EYCI remains at a \sim 15% discount to US90CL import beef pricing.





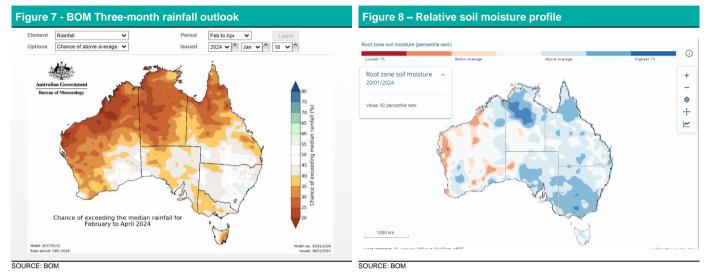
SOURCE: BASED ON MLA DATA



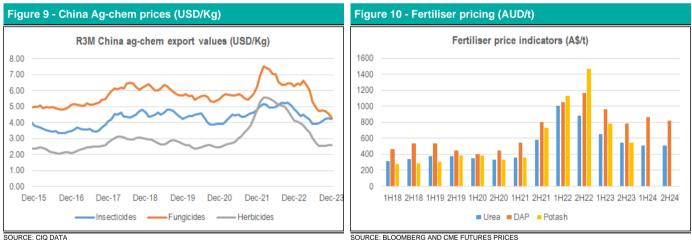
Industry wool volumes are up +17% YOY through 1H24TD, with average indicator pricing down -9% YOY. Rural lending grew +10% to Nov'23.

BÉLL POTTER

Soil moisture profiles have improved materially in recent weeks, the three-month rainfall outlook is broadly below average on the west coast and average to below average on the east coast. The BOM March-May outlook is in general average across the acreage. We note the most recent NOAA ENSO projections (11/01) are for ENSO neutral conditions by April-June and a >50% chance of La Nina thresholds being exceeded by June-August.



Active ingredient ag-chem prices look to have found a floor in herbicides and insecticides but cycle unfavourable YOY comparisons in 1H24. Average fertiliser prices remain a headwind in FY24e, although a more modest YOY decline is implied by forward rates than what we witnessed in FY23.



SOURCE: CIQ DATA

ELD Investment summary

COMPANY OVERVIEW

ELD is a leading supplier of fertiliser, agricultural chemicals and animal health products to rural and regional Australia, with strong agency positions in livestock, wool and real estate.

VALUATION

Our target price for ELD is \$9.50ps, which we derive using our ROIC based valuation model. Our target price is predicated on Underlying ROIC (ex-one off system upgrade costs) of 15.2% in FY24e lifting to 17.7% in FY25e and a WACC hurdle of 10.8%.

RISKS

Risks of an investment in ELD include but are not limited to:

Rainfall activity: A lack of rainfall activity during the winter and summer sowing windows can have a material effect on demand for fertilisers and crop protection products, which make up ~35% of group gross profit;

A deterioration in livestock markets: The livestock agency business makes up ~20% of group gross profit. Agency revenues are linked to the value of livestock traded (sheep and cattle) and live export volumes. Any deterioration in volumes and price simultaneously can impact livestock earnings;

A deterioration in wool volumes: ELD is leveraged into domestic wool production and any fall in volumes can impact returns in the agency wool business;

A deterioration in real estate volumes: ELD is leveraged into the value of real estate turnover in rural and regional Australia. Any deterioration in land sales values or volumes can impact earnings from the real estate agency business;

Changes in commodity prices: Outside of the direct impact on the livestock agency business, demand for ELD products is linked to farm profitability, with a weakening in commodity prices reducing demand for ELD's core products;

Access to funding: As a working capital facilitator, ELD require access to debt funding to fund seasonal requirements. Failure to gain access to debt funding may result in ELD requiring additional equity contributions;

Failure to make further acquisitions: Our forecasts assume ongoing investment in acquisitions. Failure to make acquisitions would likely impede ELD earnings growth projections in future years;

Should the impact of these factors be greater than anticipated, the stock may have difficulty achieving our forecasts.

Elders Ltd as at 23 January 2024

Recommendation	Buy
Price	\$8.38
Target (12 months)	\$9.50

Table 1 -	Financial	summary
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Table 1 - Fina			0004	0000	0000	0004	0005	0000	Dofing
Year end Sep	2019	2020	2021	2022	2023	2024e	2025e	2026e	Rating
Profit & Loss (A\$m)	4000.0	0000.0	0540.0	0445.0	2204.4	2004.0	2407.7	2500.4	Share price (\$ps)
Sales revenue	1626.0	2092.6	2548.9	3445.3	3321.4	3261.2	3427.7	3596.1	Target price (\$ps)
Change	-0.2%	28.7%	21.8%	35.2%	-3.6%	-1.8%	5.1%	4.9%	Shares on issue (m)
EBITDA	78.7	162.4	207.4	279.3	228.4	220.7	249.4	266.3	Market cap (\$m)
Deprec. & amort.	(5.1)	(41.8)	(40.9)	(47.2)	(57.6)	(63.1)	(64.6)	(65.1)	Enterprise Value (\$
EBIT	73.6	120.6	166.5	232.1	170.8	157.5	184.8	201.2	* Enterprise value re
nterest expense	(7.7)	(9.3)	(8.8)	(8.6)	(22.9)	(22.9)	(21.0)	(19.3)	
Pre-tax profit	65.9	111.3	157.7	223.5	147.9	134.7	163.8	181.9	Year end Sep
Tax expense	(0.5)	(1.3)	(2.6)	(64.2)	(39.1)	(40.4)	(49.1)	(54.6)	Valuation Ratios
tax rate	1%	1%	2%	29%	26%	30%	30%	30%	Underlying EPS EP
Minorities	(1.8)	(2.3)	(4.0)	(7.1)	(5.0)	(3.7)	(3.7)	(3.7)	Change (%)
Net Profit	63.6	107.7	151.1	152.2	103.7	90.5	110.9	123.6	Cash EPS
Abs. & extras.	5.3	15.3	(1.3)	10.7	(2.9)	(10.5)	(2.1)	-	Change (%)
Reported Profit	68.9	123.0	149.8	162.9	100.8	80.0	108.8	123.6	Adjusted PE (x)
Cash tax adjustment	-	-	-	61.0	45.4	33.5	-	-	EV/EBITDA (x)
Cash NPAT	63.6	107.7	151.1	213.2	149.1	124.0	110.9	123.6	EV/EBIT (x)
0									NTA (\$ps)
Cashflow (A\$m)	70 7	400.4	007.4	070.0	000.4	000 7	0/0.4	000.0	P/NTA (x)
EBITDA	78.7	162.4	207.4	279.3	228.4	220.7	249.4	266.3	Book Value (\$ps)
Net Interest Expense	(6.8)	(8.5)	(7.7)	(7.9)	(22.1)	(22.9)	(21.9)	(20.1)	Price/Book (x)
Tax Paid	(3.4)	(0.9)	(2.8)	(6.0)	(8.5)	(7.6)	(44.8)	(51.9)	DPS (¢)
Change in Wkg Capital	(50.2)	(16.3)	(79.0)	(176.6)	(1.3)	11.6	(15.1)	(13.7)	Payout (%)
Other	(7.1)	(26.1)	(5.0)	(11.0)	(71.8)	(14.2)	(5.8)	(3.7)	Yield (%)
Operating Cash Flow	11.2	110.5	112.9	77.8	124.7	187.6	161.8	176.8	P (P (
Capex	(3.7)	(8.9)	(8.2)	(20.7)	(47.8)	(55.0)	(20.0)	(20.0)	Performance Ratio
Div Paid (gross of DRP)	(21.6)	(27.4)	(48.5)	(78.2)	(79.8)	(63.2)	(58.7)	(68.1)	EBITDA/sales (%)
Free Cash Flow	(14.1)	74.2	56.2	(21.2)	(2.9)	69.4	83.1	88.7	EBIT/sales (%)
Acquisitions	(41.7)	(115.2)	(28.2)	(54.0)	(85.6)	(45.0)	(45.0)	(45.0)	OCF Realisation (%
Disposals	3.0	0.9	0.9	34.1	1.2	-	•	-	FCF Realisation (%
Share Issues (ind DRP)	132.5	-	-	-	-	-	-	-	ROE (%)
Other	(0.4)	1.4	(2.2)	(14.2)	(11.0)	-	-	-	ROIC (%)
(Inc.) /dec. in net debt	79.2	(38.7)	26.7	(55.2)	(98.3)	24.4	38.1	43.7	Asset turn (years)
									Capex/Depn (x)
Balance Sheet (A\$m)	7.0	F^ 7	10.1	47.0	01.5	01.5	01.5	01.5	Interest cover (x)
Cash & near cash	7.3	50.7	48.1	17.8	21.5	21.5	21.5	21.5	Net Debt/EBITDA ()
Receivables	481.1	601.8	791.0	819.5	738.2	724.8	761.8	799.2	Net debt/equity (%)
Inventories	181.4	300.7	321.7	557.9	540.8	531.0	540.9	549.5	
Other	0.4	-	-	-	-	-	-	-	Divisional EBIT ov
Current assets	670.3	953.2	1,160.8	1,395.2	1,300.4	1,277.2	1,324.2	1,370.2	Retail
Fixed assets	27.4	32.3	36.0	47.0	70.6	73.5	76.4	79.3	Agency
Right of use asset		100.8	105.7				400.0		• •
Intangibles				119.3	199.2	199.2	199.2	199.2	Financial Services
•	106.9	159.3	157.5	165.1	177.6	177.6	177.6	199.2 177.6	Financial Services Network GP
Other	212.2	159.3 409.3	157.5 442.8	165.1 412.8	177.6 525.9	177.6 548.5	177.6 588.4	199.2 177.6 628.3	Financial Services Network GP Wholesale GP
Other Non current assets	212.2 346.5	159.3 409.3 600.8	157.5 442.8 636.3	165.1 412.8 624.8	177.6 525.9 774.1	177.6 548.5 799.6	177.6 588.4 842.4	199.2 177.6 628.3 885.2	Financial Services Network GP Wholesale GP Feed & Processing
Other Non current assets Total assets	212.2 346.5 1,016.7	159.3 409.3 600.8 1,554.1	157.5 442.8 636.3 1,797.0	165.1 412.8 624.8 2,020.0	177.6 525.9 774.1 2,074.5	177.6 548.5 799.6 2,076.8	177.6 588.4 842.4 2,166.6	199.2 177.6 628.3 885.2 2,255.5	Financial Services Network GP Wholesale GP Feed & Processing Group GP
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Other Von current assets Total assets Credibrs Borrowings Lease liabilities Other Current liabilities Borrowings Lease liabilities Other	212.2 346.5 1,016.7 359.2 100.7 - 44.2 504.1 0.9 - 18.8 19.7	159.3 409.3 600.8 1,554.1 517.1 158.7 28.5 95.0 770.8 25.0 76.0 85.9 110.9	157.5 442.8 636.3 1,797.0 648.3 154.3 38.0 120.8 923.4 - 72.7	165.1 412.8 624.8 2,020.0 736.4 179.2 32.7 132.9 1,048.5 - 90.8	177.6 525.9 774.1 2,074.5 636.7 265.8 36.0 108.4 1,010.9 15.4 167.6	177.6 548.5 799.6 625.1 241.4 36.0 120.1 986.7 15.4 167.6	177.6 588.4 842.4 2,166.6 657.1 203.3 36.0 171.8 1,032.2 15.4 167.6	199.2 177.6 628.3 885.2 2,255.5 689.4 159.5 36.0 216.2 1,065.1 15.4 167.6	Financial Services Network GP Wholesale GP Feed & Processing Group GP Network overheads Wholesale overheads Group Overheads Group Overheads Group Overheads Group Overheads Group Overheads Group Overheads Group Overheads White Acreage (%)
Other Non current assets Total assets Credibrs Borrowings Lease liabilities Other Current liabilities Borrowings Lease liabilities Other Non current liabilities Total liabilities	212.2 346.5 1,016.7 359.2 100.7 - 44.2 504.1 0.9 - 18.8 19.7 523.8	159.3 409.3 600.8 1,554.1 517.1 158.7 28.5 95.0 770.8 25.0 76.0 85.9 110.9 881.7	157.5 442.8 636.3 1,797.0 648.3 154.3 38.0 120.8 923.4 - 72.7 95.1 95.1 1,018.4	165.1 412.8 624.8 2,020.0 736.4 179.2 32.7 132.9 1,048.5 - 90.8 110.8 110.8 1,159.3	177.6 525.9 774.1 2,074.5 636.7 265.8 36.0 108.4 1,010.9 15.4 167.6 181.4 196.8 1,207.7	177.6 548.5 799.6 625.1 241.4 36.0 120.1 986.7 15.4 167.6 181.4 196.8 1,183.5	177.6 588.4 2,166.6 657.1 203.3 36.0 171.8 1,032.2 15.4 167.6 181.4 196.8 1,229.0	199.2 177.6 628.3 885.2 2,255.5 689.4 159.5 36.0 216.2 1,065.1 15.4 167.6 181.4 196.8 1,261.9	Financial Services Network GP Wholesale GP Feed & Processing Group GP Network overheads Wholesale overheads Group Overheads Group Overheads Group Overheads Group Overheads Group Overheads Group Overheads Whiter Acreage (10 Summer Acreage (10)
Other Von current assets Total assets Credibrs Borrowings Lease liabilities Other Current liabilities Borrowings Lease liabilities Other Von current liabilities Total liabilities	212.2 346.5 1,016.7 359.2 100.7 - 44.2 504.1 0.9 - 18.8 19.7	159.3 409.3 600.8 1,554.1 517.1 158.7 28.5 95.0 770.8 25.0 76.0 85.9 110.9 881.7 672.3	157.5 442.8 636.3 1,797.0 648.3 154.3 38.0 120.8 923.4 - 72.7 95.1 95.1	165.1 412.8 624.8 2,020.0 736.4 179.2 32.7 132.9 1,048.5 - 90.8 110.8 110.8	177.6 525.9 774.1 2,074.5 636.7 265.8 36.0 108.4 1,010.9 15.4 167.6 181.4 196.8	177.6 548.5 799.6 625.1 241.4 36.0 120.1 986.7 15.4 167.6 181.4 196.8	177.6 588.4 2,166.6 657.1 203.3 36.0 171.8 1,032.2 15.4 167.6 181.4 196.8	199.2 177.6 628.3 885.2 2,255.5 689.4 159.5 36.0 216.2 1,065.1 15.4 167.6 181.4 196.8 1,261.9 993.6	Financial Services Network GP Wholesale GP Feed & Processing Group GP Network overheads Wholesale overheads Group Over
Diher Von current assets Total assets Credibrs Borrowings Lease liabilities Diher Current liabilities Diher Von current liabilities Total liabilities Vet assets	212.2 346.5 1,016.7 359.2 100.7 - 44.2 504.1 0.9 - 18.8 19.7 523.8	159.3 409.3 600.8 1,554.1 517.1 158.7 28.5 95.0 770.8 25.0 76.0 85.9 110.9 881.7	157.5 442.8 636.3 1,797.0 648.3 154.3 38.0 120.8 923.4 - 72.7 95.1 95.1 1,018.4	165.1 412.8 624.8 2,020.0 736.4 179.2 32.7 132.9 1,048.5 - 90.8 110.8 110.8 1,159.3	177.6 525.9 774.1 2,074.5 636.7 265.8 36.0 108.4 1,010.9 15.4 167.6 181.4 196.8 1,207.7	177.6 548.5 799.6 625.1 241.4 36.0 120.1 986.7 15.4 167.6 181.4 196.8 1,183.5	177.6 588.4 2,166.6 657.1 203.3 36.0 171.8 1,032.2 15.4 167.6 181.4 196.8 1,229.0	199.2 177.6 628.3 885.2 2,255.5 689.4 159.5 36.0 216.2 1,065.1 15.4 167.6 181.4 196.8 1,261.9	Financial Services Network GP Wholesale GP Feed & Processing Group GP Network overheads Wholesale overheads Group Overheads Group Overheads Group Overheads Group Overheads Cost to serve (%) Divisional Drivers Winter Acreage (100 Summer Acreage (100
Other Non current assets Total assets Creditors Borrowings Lease liabilities Other Current liabilities Non current liabilities Total liabilities Net assets Share capital	2122 346.5 1,016.7 359.2 100.7 - 44.2 504.1 0.9 - 18.8 19.7 523.8 492.9	159.3 409.3 600.8 1,554.1 517.1 158.7 28.5 95.0 770.8 25.0 76.0 85.9 110.9 881.7 672.3	157.5 442.8 636.3 1,797.0 648.3 154.3 38.0 120.8 923.4 72.7 95.1 95.1 1,018.4 778.6	165.1 412.8 624.8 2,020.0 736.4 179.2 32.7 132.9 1,048.5 - 90.8 110.8 110.8 1,159.3 860.7	177.6 525.9 774.1 2,074.5 636.7 265.8 36.0 108.4 1,010.9 15.4 167.6 181.4 196.8 1,207.7 866.8	177.6 548.5 799.6 625.1 241.4 36.0 120.1 986.7 15.4 167.6 181.4 196.8 1,183.5 893.4	177.6 588.4 842.4 657.1 203.3 36.0 171.8 1,032.2 15.4 167.6 181.4 196.8 1,229.0 937.7	199.2 177.6 628.3 885.2 2,255.5 689.4 159.5 36.0 216.2 1,065.1 15.4 167.6 181.4 196.8 1,261.9 993.6	Financial Services Network GP Wholesale GP Feed & Processing Group GP Network overheads Wholesale overheads Group Overheads Group Overheads Group Overheads EBIT Cost to serve (%) Divisional Drivers Winter Acreage (10 Summer Acreage (10 Rural Services brar
Dither Von current assets Total assets Creditors Borrowings .ease liabilities Dither Current liabilities Dither Von current liabilities Total liabilities Vet assets Share capital Hybrid Equity	2122 346.5 1,016.7 359.2 100.7 - 44.2 504.1 0.9 - 18.8 19.7 523.8 492.9	159.3 409.3 600.8 1,554.1 517.1 158.7 28.5 95.0 770.8 25.0 76.0 85.9 110.9 881.7 672.3	157.5 442.8 636.3 1,797.0 648.3 154.3 38.0 120.8 923.4 72.7 95.1 95.1 1,018.4 778.6	165.1 412.8 624.8 2,020.0 736.4 179.2 32.7 132.9 1,048.5 - 90.8 110.8 110.8 1,159.3 860.7	177.6 525.9 774.1 2,074.5 636.7 265.8 36.0 108.4 1,010.9 15.4 167.6 181.4 196.8 1,207.7 866.8	177.6 548.5 799.6 625.1 241.4 36.0 120.1 986.7 15.4 167.6 181.4 196.8 1,183.5 893.4	177.6 588.4 842.4 657.1 203.3 36.0 171.8 1,032.2 15.4 167.6 181.4 196.8 1,229.0 937.7	199.2 177.6 628.3 885.2 2,255.5 689.4 159.5 36.0 216.2 1,065.1 15.4 167.6 181.4 196.8 1,261.9 993.6	Financial Services Network GP Wholesale GP Feed & Processing Group GP Network overheads Wholesale overheads Corporate Overheads Group Overheads EBIT Cost b serve (%) Divisional Drivers Winter Acreage (*) Summer Acreage (*) Summer Acreage (*) Rural Services brar AIRR members (ex
Dither Von current assets Total assets Creditors Content assets Creditors Content liabilities Current liabilities Concurrent liabilities	212.2 346.5 1,016.7 359.2 100.7 - 44.2 504.1 0.9 - 18.8 19.7 523.8 492.9 1,562.4	159.3 409.3 600.8 1,554.1 517.1 158.7 28.5 95.0 770.8 25.0 76.0 85.9 110.9 881.7 672.3 1,645.6	157.5 442.8 636.3 1,797.0 648.3 154.3 38.0 120.8 923.4 72.7 95.1 95.1 1,018.4 778.6 1,651.0	165.1 412.8 624.8 2,020.0 736.4 179.2 32.7 132.9 1,048.5 - 90.8 110.8 110.8 110.8 110.8 1,159.3 860.7 1,646.6	177.6 525.9 774.1 636.7 265.8 36.0 108.4 1,010.9 15.4 167.6 181.4 196.8 1,207.7 866.8 1,643.4	177.6 548.5 799.6 625.1 241.4 36.0 120.1 986.7 15.4 167.6 181.4 196.8 1,183.5 893.4 1,643.4	177.6 588.4 842.4 2,166.6 657.1 203.3 36.0 171.8 1,032.2 15.4 167.6 181.4 196.8 1,229.0 937.7 1,643.4	199.2 177.6 628.3 885.2 2,255.5 689.4 159.5 36.0 2162.2 1,065.1 15.4 167.6 181.4 196.8 1,261.9 993.6 1,643.4	Financial Services Network GP Wholesale GP Feed & Processing Group GP Network overheads Wholesale overheads Corporate Overheads Corporate Overheads EBIT Cost b serve (%) Divisional Drivers Winter Acreage (*) Summer Acreage (*) Runal Services bran AIRR members (ex ELD Cattle turnover
Other Non current assets Total assets Creditors Borrowings Lease liabilities Other Current liabilities Dother Non current liabilities Total liabilities Share capital Hybrid Equity Reserves Retained earnings	212.2 346.5 1,016.7 359.2 100.7 - 44.2 504.1 0.9 - 1.8.8 19.7 523.8 492.9 1,562.4 - (27.2)	159.3 409.3 600.8 1,554.1 517.1 158.7 28.5 95.0 770.8 25.0 76.0 85.9 81.9 881.7 672.3 1,645.6 - (27.7)	157.5 442.8 636.3 1,797.0 648.3 154.3 38.0 120.8 923.4 - 72.7 95.1 95.1 1,018.4 778.6 1,651.0 - (26.9)	165.1 412.8 624.8 2,020.0 736.4 179.2 32.7 132.9 1,048.5 - 90.8 110.8 110.8 110.8 110.8 1,159.3 860.7 1,646.6 - (27.7)	177.6 525.9 774.1 2,074.5 636.7 265.8 36.0 108.4 1,010.9 15.4 164.1 15.4 164.1 181.4 196.8 1,207.7 866.8 1,643.4 - (37.4)	177.6 548.5 799.6 625.1 241.4 36.0 120.1 986.7 15.4 164. 181.6 181.6 1,183.5 893.4 1,643.4 - (37.4)	177.6 588.4 842.4 657.1 203.3 36.0 171.8 1,032.2 15.4 167.4 167.4 181.4 196.8 1,229.0 937.7 1,643.4 - (37.4)	199.2 177.6 628.3 885.2 2,255.5 689.4 159.5 36.0 216.2 1,065.1 15.4 165.6 181.4 196.8 1,261.9 993.6 1,643.4 - (37.4)	Financial Services Network GP Wholesale GP Feed & Processing Group GP Network overheads Wholesale overheads Corporate Overheads Corporate Overheads EBIT Cost b serve (%) Divisional Drivers Winter Acreage (100 Summer Acreage (100 Rural Services brar AIRR members (ex ELD Cattle turnover ELD Ovine turnover
Other Non current assets Total assets Creditors Borrowings Lease liabilities Other Current liabilities Other Non current liabilities Total liabilities Non current liabilities Share capital Hybrid Equity Reserves Retained earnings Dutside equity Interests	212.2 346.5 1,016.7 359.2 100.7 - 44.2 504.1 0.9 - 8 504.1 0.9 - 8 504.1 0.9 - 1.562.4 1.562.4 - (27.2) (1,043.5)	159.3 409.3 600.8 1,554.1 517.1 158.7 28.5 95.0 770.8 25.0 76.0 85.9 110.9 881.7 672.3 1,645.6 - (27.7) (946.9)	157.5 442.8 636.3 1,797.0 648.3 154.3 38.0 120.8 923.4 - 72.7 95.1 95.1 1,018.4 778.6 1,651.0 - (26.9) (848.7)	165.1 412.8 624.8 2,020.0 736.4 179.2 32.7 132.9 1,048.5 - 90.8 110.8 110.8 110.8 110.8 110.8 11,159.3 860.7 1,646.6 - (27.7) (764.1)	177.6 525.9 774.1 2,074.5 636.7 265.8 36.0 108.4 1,010.9 15.4 167.6 186.8 1,207.7 866.8 1,643.4 - (37.4) (743.6)	177.6 548.5 799.6 625.1 241.4 36.0 120.1 986.7 15.4 167.6 181.4 1643.4 - (37.4) (717.0)	177.6 588.4 842.4 2,166.6 657.1 203.3 36.0 171.8 1,032.2 15.4 167.6 1,032.2 15.4 167.6 1,229.0 937.7 1,643.4 - (37.4) (672.7)	199.2 177.6 628.3 885.2 2,255.5 689.4 159.5 36.0 216.2 1,065.1 15.4 166.5 1,261.9 993.6 1,643.4 - (37.4) (616.8)	Financial Services Network GP Wholesale GP Feed & Processing Group GP Network overheads Wholesale overheads Corporate Overheads Corporate Overheads EBIT Cost b serve (%) Divisional Drivers Winter Acreage (100 Summer Acreage (100 Rural Services brar AIRR members (ex ELD Cattle turnover ELD Ovine turnover
Other Non current assets Total assets Credibrs Borrowings Lease liabilities Other Current liabilities Borrowings	212.2 346.5 1,016.7 359.2 100.7 - 44.2 504.1 0.9 - 504.1 0.9 - 1.8.8 19.7 523.8 19.7 1.562.4 - (27.2) (1,043.5) 1.2	159.3 409.3 600.8 1,554.1 517.1 158.7 28.5 95.0 770.8 25.0 76.0 85.9 110.9 881.7 672.3 1,645.6 - (27.7) (946.9) 1.3	157.5 442.8 636.3 1,797.0 648.3 154.3 38.0 120.8 923.4 - 72.7 95.1 95.1 95.1 1,018.4 778.6 1,651.0 - (26.9) (848.7) 3.2	165.1 412.8 624.8 2,020.0 736.4 179.2 32.7 132.9 1,048.5 - 90.8 11	177.6 525.9 774.1 2,074.5 636.7 265.8 36.0 108.4 1,010.9 15.4 167.6 181.4 167.6 181.4 1,643.4 - (37.4) (743.6) 4.4	177.6 548.5 799.6 625.1 241.4 36.0 120.1 986.7 15.4 167.6 181.4 167.6 181.4 1,183.5 893.4 1,643.4 - (37.4) (717.0) 4.4	177.6 588.4 842.4 2,166.6 657.1 203.3 36.0 171.8 1,032.2 15.4 167.6 181.4 167.6 181.4 1,229.0 937.7 1,643.4 - (37.4) (672.7) 4.4	199.2 177.6 628.3 885.2 2,255.5 689.4 159.5 36.0 216.2 1,065.1 15.4 167.6 181.4 167.6 181.4 196.8 1,261.9 993.6 1,643.4 - (37.4) (616.8) 4.4	Financial Services Network GP Wholesale GP Feed & Processing Group GP Network overheads Wholesale overheads Edited & Processing Corporate Overheads Edited Corporate Overheads EBIT Cost b serve (%) Divisional Drivers Winter Acreage (100 Rural Services brar AIRR members (ex: ELD Cattle turnover ELD Cattle turnover ELD Livestock tur

Poting								Dung
Rating Share price (\$ps)								Buy \$8.38
Target price (\$ps)								\$9.50
Shares on issue (m)*								157.4
Market cap (\$m)								1318.8
Enterprise Value (\$m)								1860.0
* Enterprise value reflects inclusion	on of lease lia	ibilities, tax lo	osses and de	fered aquisit	ion costs.			
Year end Sep	2019	2020	2021	2022	2023	2024e	2025e	2026e
Valuation Ratios								
Underlying EPS EPS (¢ps)	51.8	69.8	95.7	96.7	65.9	57.3	70.0	78.1
Change (%)	-4.5%	34.7%	37.2%	1.0%	-31.9%	-13.0%	22.1%	11.5%
Cash EPS	51.8	69.8	95.7	135.4	94.7	78.5	70.0	78.1
Change (%)		34.7%	37.2%	41.4%	-30.0%	-17.1%	-10.8%	11.5%
Adjusted PE (x)	16.2	12.0	8.8	8.7	12.7	14.6	12.0	10.7
EV/EBITDA (x)	23.6 25.3	11.5 15.4	9.0 11.2	6.7 8.0	8.1 10.9	8.4 11.8	7.5 10.1	7.0 9.2
EV/EBIT (x) NTA (\$ps)	25.5 2.69	3.26	3.92	0.0 4.42	4.38	4.52	4.80	9.2 5.15
P/NTA (x)	3.11	2.57	2.14	1.90	1.91	1.85	1.75	1.63
Book Value (\$ps)	3.48	4.32	4.98	5.50	5.54	5.68	5.96	6.31
Price/Book (x)	2.41	1.94	1.68	1.52	1.51	1.48	1.41	1.33
DPS (¢)	18.0	22.0	42.0	56.0	46.0	34.0	41.0	43.0
Payout(%)	34.8%	31.5%	43.9%	57.9%	69.8%	59.3%	58.5%	55.1%
Yield (%)	2.1%	2.6%	5.0%	6.7%	5.5%	4.1%	4.9%	5.1%
Derfermence Defice								
Performance Ratios EBITDA/sales (%)	4.8%	7.8%	8.1%	8.1%	6.9%	6.8%	7.3%	7.4%
EBIT/sales (%)	4.5%	5.8%	6.5%	6.7%	5.1%	4.8%	5.4%	5.6%
OCF Realisation (%)	18%	103%	75%	51%	120%	207%	146%	143%
FCF Realisation (%)	12%	94%	69%	37%	74%	146%	128%	127%
ROE (%)	12.9%	16.0%	19.5%	17.8%	12.0%	10.2%	11.9%	12.5%
ROIC (%)	13.8%	17.3%	19.7%	24.3%	15.9%	14.0%	16.3%	17.6%
Asset turn (years)	15.35	3.89	5.07	5.91	3.96	3.50	3.86	4.09
Capex/Depn (x)	0.72	0.21	0.20	0.44	0.83	0.87	0.31	0.31
Interest cover (x)	9.56	12.93	19.02	27.08	7.46	6.88	8.80	10.43
Net Debt/EBITDA (x) Net debt/equity (%)	1.20 19%	0.82 20%	0.51 14%	0.58 19%	1.14 30%	1.07 26%	0.79 21%	0.58 15%
nordobioquily (70)	1070	2070	1470	1070	0070	2070	2170	1070
Divisional EBIT overview								
Retail	153.3	179.9	223.6	310.0	306.9	303.8	316.4	329.3
Agency	150.4	169.3	190.7	208.6	173.2	176.0	198.1	201.3
Financial Services Network GP	33.4 337.1	37.1 386.3	41.3 455.6	44.2 562.8	53.5 533.6	55.4 535.2	57.5 571.9	59.6 590.1
Wholesale GP	337.1	44.0	4 55.0 61.2	73.1	71.7	78.3	82.0	86.3
Feed & Processing GP	15.0	15.5	12.6	16.8	13.7	15.6	15.6	15.6
Group GP	352.1	445.8	529.4	652.7	619.0	629.0	669.6	691.9
Network overheads	(228.3)	(237.2)	(250.0)	(290.2)	(324.3)	(341.9)	(351.7)	(355.3)
Wholesale overheads		(22.0)	(29.8)	(35.8)	(39.6)	(40.8)	(42.4)	(44.2)
Feed & Processing overheads	(7.4)	(7.8)	(8.6)	(6.0)	(7.6)	(7.8)	(8.0)	(8.2)
Corporate Overheads	(42.8)	(58.2)	(74.5)	(88.5)	(76.7)	(80.9)	(82.7)	(83.0)
Group Overheads	(278.5)	(325.2)	(362.9)	(420.6)	(448.2)	(471.5)	(484.8)	(490.7)
EBIT Cost to serve (%)	73.6 79.1%	120.6 72.9%	166.5 68.5%	232.1 64.4%	170.8 72.4%	157.5 75.0%	184.8 72.4%	201.2 70.9%
Divisional Drivers	13.1/0	12.3/0	00.37	04.4 /0	12.470	13.070	12.4/0	10.576
Winter Acreage ('000Ha)	19,678	24,183	24,153	23,963	22,871	22,100	22,100	22,100
Summer Acreage ('000Ha)	1,130	413	1,091	1,527	1,485	1,173	1,230	1,230
Total acreage ('000Ha)	20,808	24,596	25,244	25,490	24,356	23,273	23,330	23,330
Rural Services branches	207	215	223	232	242	252	262	272
AIRR members (ex-Feeders)	240	270	272	274	276	278	283	288
ELD Cattle turnover (A\$m)	1,644	2,165	2,552	2,780	2,042	1,880	2,410	2,496
ELD Ovine turnover (A\$m)	1,313 2 057	1,539 3 704	1,646	1,599	1,227	1,473 2 252	1,557 3 067	1,525
ELD Livestock turnover (A\$ DAP (A\$/t)	2,957 492	3,704 424	4,198 673	4,379 1100	3,269 875	3,353 840	3,967 520	4,021 720
Urea (A\$/t)	378	341	473	945	600	500	550	500
Ag chem price (A\$/Kg)	7.76	7.12	6.92	8.31	7.27	7.00	7.10	7.20
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SOURCE: BELL POTTER SECURITIES ESTIMATES

Recommendation structure

Buy: Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

Hold: Expect total return between - 5% and 15% on a 12 month view

Sell: Expect <-5% total return on a 12 month view

Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.

Such investments may carry an exceptionally high level of capital risk and volatility of returns.

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Research Coverage & Policies

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