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Authorisation

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Elders Ltd (ELD)

Multiple earnings drivers at play

Recommendation
Buy (unchanged)

Price
\$7.48
Target (12 months)
\$9.45 (previously \$9.10)

Sector
Food Beverage and Tobacco
Expected Return

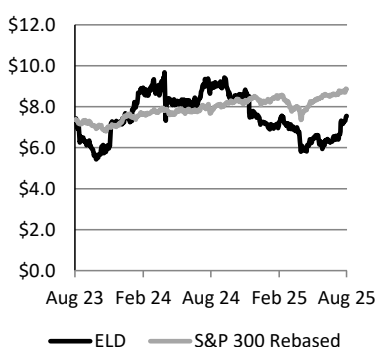
Capital growth	26.3%
Dividend yield	4.8%
Total expected return	31.1%

Company Data & Ratios

Enterprise value	\$2,089m
Market cap	\$1,430m
Issued capital	191.2m
Free float	100%
Avg. daily val. (52wk)	\$6.2m
12 month price range	\$5.73-9.45

Price Performance

	(1m)	(3m)	(12m)
Price (A\$)	6.50	6.23	8.64
Absolute (%)	15.08	20.06	-13.38
Rel market (%)	12.38	11.93	-28.71

Absolute Price


SOURCE: IRESS

Delta is not the only driver

Continued ACCC delays on the proposed Delta transaction is in our view masking improved pricing trends and seasonal outlooks in the base business. Key points below:

ACCC Delta delays: The ACCC has again delayed the Delta acquisition decision. A final decision was due 21/08. That timeline is now being altered to consider information provided by the parties, with no fixed time provided.

Livestock drivers: Since updating ELD in Jun'25, we have seen material gains in livestock prices, up: +15-27% in sheep and cattle markets. Spot livestock price indicators are now up +40% YOY in trade lamb, +93% YOY in mutton, +23% YOY in the EYCI and +22% YOY in the NYCI. The implied starting run rate for the value of livestock turn off is looking higher than we had previously assumed for FY26e.

Crop inputs: Since Jun'25, we have seen a material uplift in crop input values, with urea up +26%, DAP up +16% and Glyphosate tech up +10% in AUD terms. At the same time, recent rainfall has seen soil moisture profiles recover, three-month rainfall outlooks have improved and the BOM has indicated a likely earlier than normal northern wet season onset in QLD and NT.

While we see a reasonably high probability Delta proceeds, the timing of completion is creating volatility in FY26-27e forecasts and we remove its contribution until formal ACCC clearance is received. In conjunction with this move, we have updated FY26-27e seasonal drivers and DRP share issues. The net impact is modest EPS changes of -1% in FY25e and -3% in FY26e. Our target price is lifted to \$9.45ps (prev \$9.10ps).

Investment view: Buy rating unchanged

Our Buy rating is unchanged. We view the drawn-out Delta ACCC saga as masking the material improvement in the baseline drivers of the ELD business as we approach FY26e, those being: (1) a material acceleration in crop input and livestock pricing indicators; and (2) an improved 2H25-1H26 seasonal outlook. We forecast CAGR double digit EPS growth to FY27e on baseline drivers, with Delta having the scope to be ~10% accretive to FY26e EPS.

Earnings Forecast

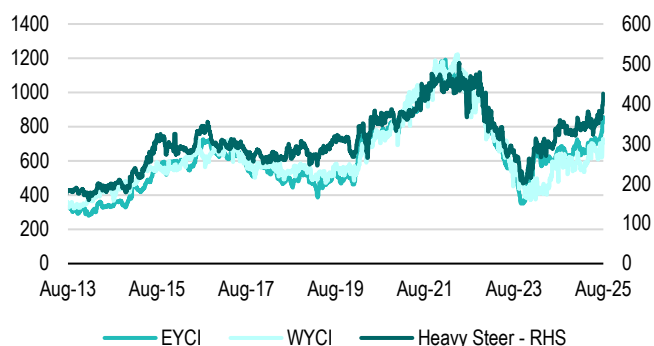
Year end September	2024	2025e	2026e	2027e
Sales (\$m)	3131.3	3287.2	3723.0	3959.1
EBITDA (\$m)	201.5	237.2	283.4	302.3
NPAT (underlying) (\$m)	64.0	90.7	122.0	133.7
NPAT (reported) (\$m)	45.1	71.4	122.0	133.7
EPS (adjusted) (cps)	40.4	48.6	63.5	69.6
EPS growth (%)	(38.7)	20.2	30.7	9.6
PER (x)	18.5	15.4	11.8	10.8
FCF Yield (%)	-4.8	-4.2	1.0	3.1
EV/EBITDA (x)	10.4	8.8	7.4	6.9
Dividend (¢ps)	36.0	36.0	43.0	43.0
Franking (%)	60.0	50.0	70.0	70.0
Yield (%)	4.8	4.8	5.7	5.7
ROE (%)	7.6	8.4	10.9	11.5

SOURCE: BELL POTTER SECURITIES ESTIMATES

Elders drivers

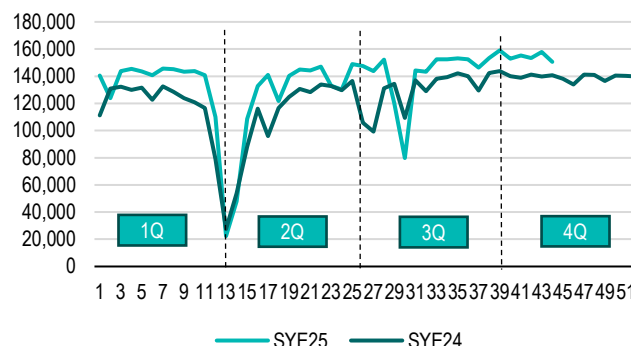
Cattle market indicators: Slaughter rates have demonstrated double-digit YOY gains through 4Q25TD (+10% YOY), as has pricing indicators (+13-17% YOY).

Figure 1 – Livestock indicator values (A¢/kg)



SOURCE: MLA DATA

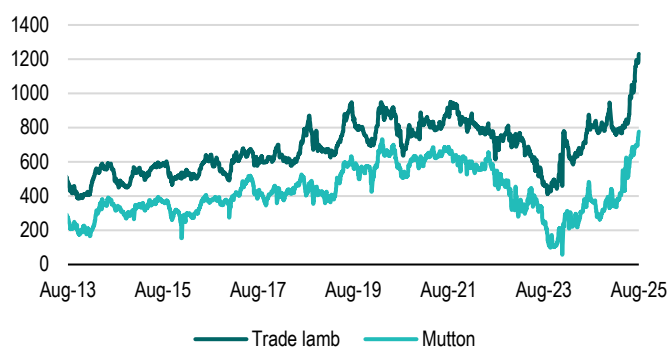
Figure 2 - YOY movements- Cattle slaughter (head)



SOURCE: MLA DATA

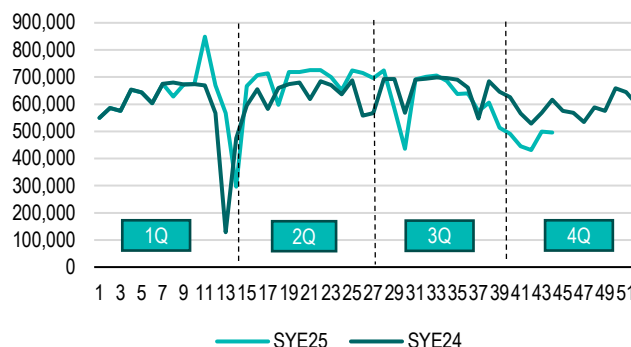
Sheep market indicators: Slaughter rates contracted through 4Q25TD (-18% YOY). However, pricing indicators are up +43% YOY in lamb and +91% YOY in mutton.

Figure 3 – Lamb and mutton indicator values (A¢/kg)



SOURCE: MLA DATA. 73%NTLI/27%MUTTON WHICH IS LT TREND

Figure 4 - YOY movements- Sheep & lamb slaughter (head)



SOURCE: MLA DATA

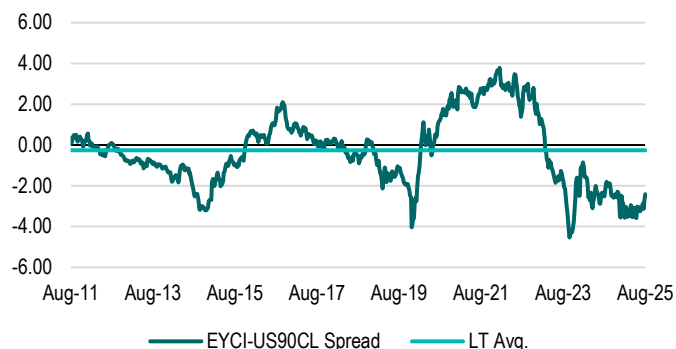
AUS-US meat pricing: EYCI discounts to US90CL remain at a historically high level, implying further upside to cattle prices as re-stockers enter the market.

Figure 5 – US meat price movements (A¢/kg)



SOURCE: MLA DATA

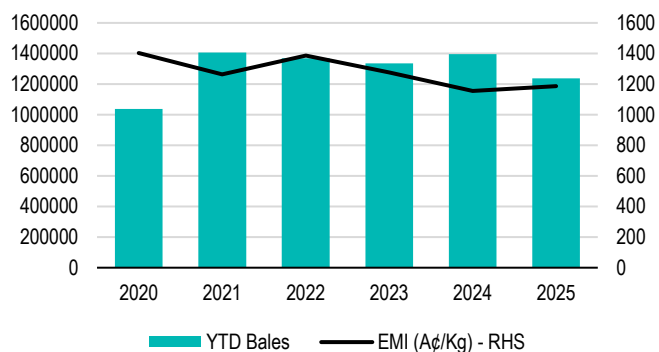
Figure 6 – EYCI-US90CL spread (A¢/kg)



SOURCE: MLA DATA

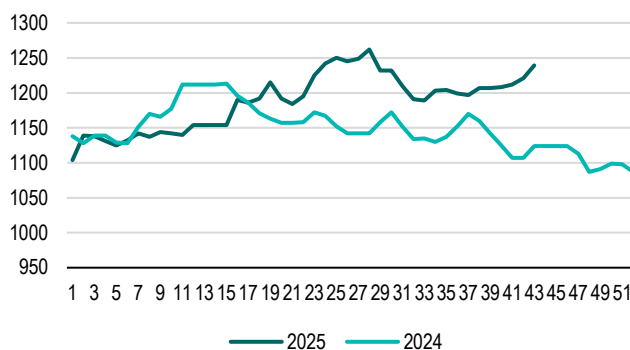
Wool products: Industry wool volumes cleared are down -11% YOY and the EMI is up on average +3% YOY. This is a pickup from Jun'25 levels.

Figure 7 - YOY movements – Wool volumes (bales)



SOURCE: AWI DATA

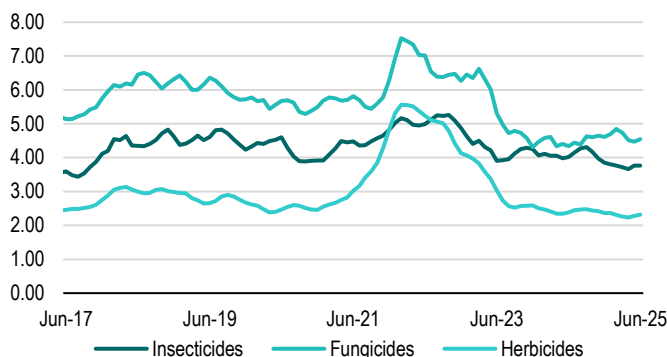
Figure 8 - YOY movements- EMI



SOURCE: AWI DATA

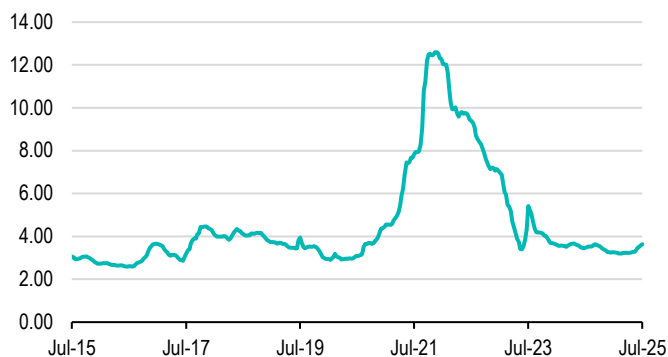
Ag-chem indicators: ag-chem pricing indicators are cycling fewer headwinds than FY24. On a R12M basis all regions are demonstrating YOY growth in volume (>15% in Nth Hem).

Figure 9 - China Ag-chem prices (USD/Kg)



SOURCE: CIQ

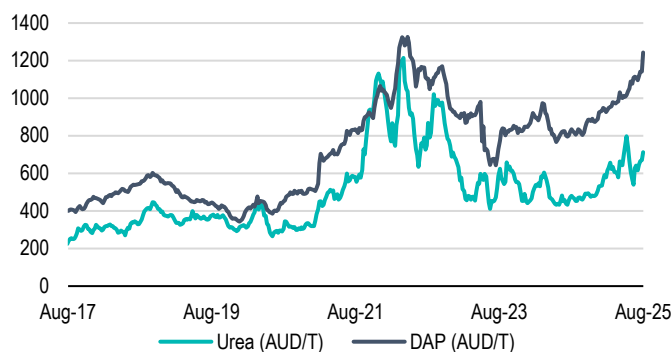
Figure 10 – Glyphosate tec (USD/t)



SOURCE: BLOOMBERG

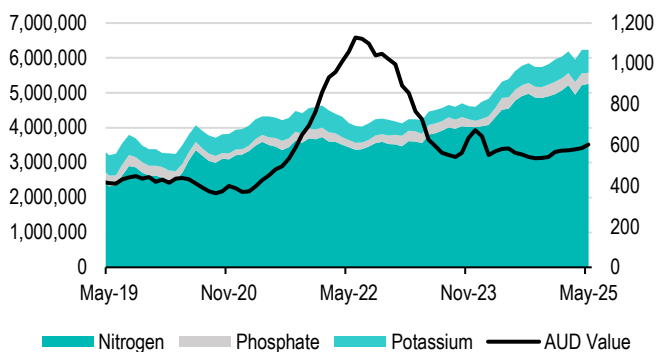
Fertiliser indicators: Global fertiliser values have been climbing (DAP & Urea up ~50% YOY). Landed values lag spot values and we see this as a positive FY26e lead.

Figure 11 – Fertiliser price indicators (A\$/t)



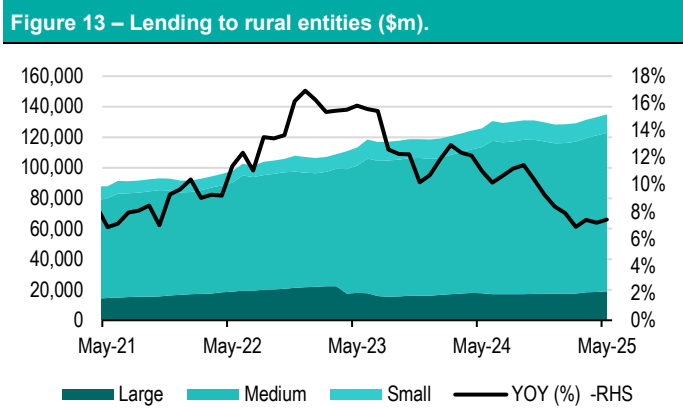
SOURCE: BLOOMBERG DATA

Figure 12 – Fertiliser imports vs. landed values (AUD/t)

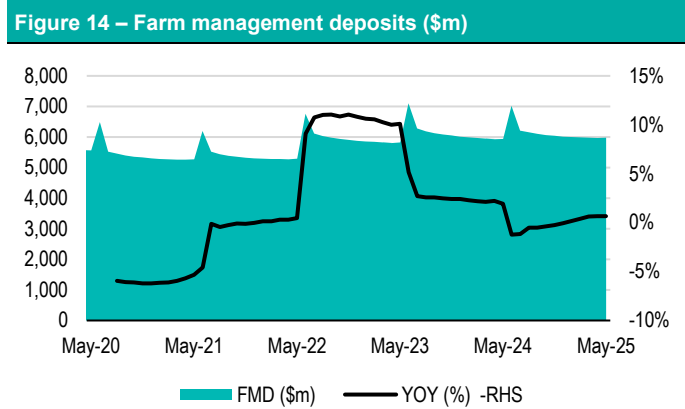


SOURCE: COMMTREDE DATA

Rural finance: Advances to agricultural entities was up +7% YOY and farm management deposits were up +1% YOY.

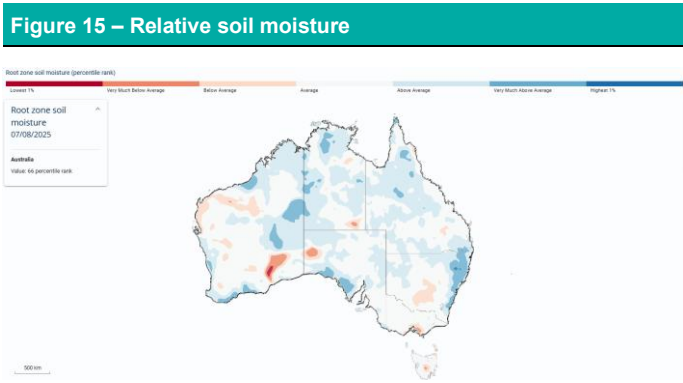


SOURCE: APRA

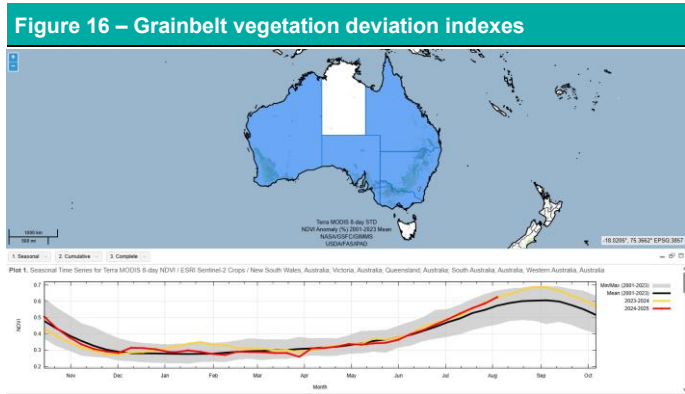


SOURCE: DAFF

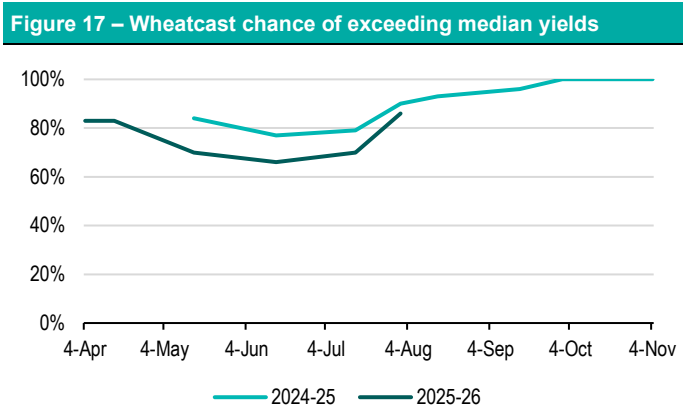
Seasonal outlook: Soil moisture profiles, three-month rainfall outlooks and 2025-26 winter wheat yield forecasts have all improved in recent weeks.



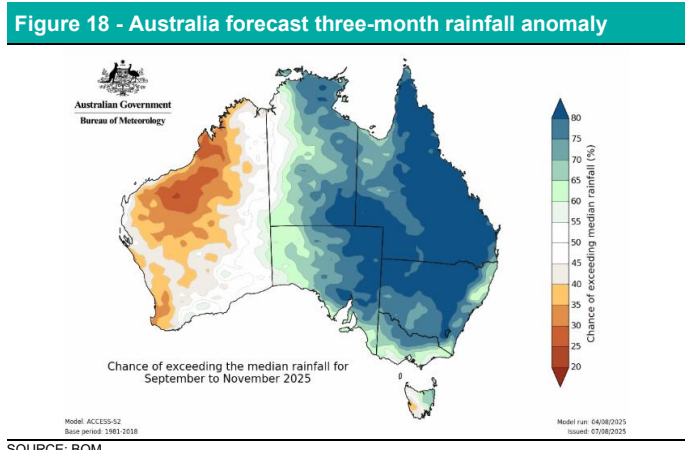
SOURCE: NASA GRIMMS MODEL



SOURCE: NASA GRIMMS MODEL



SOURCE: CSIRO GRACE MODEL



SOURCE: BOM

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 \$9.45ps target price is predicated on Underlying ROIC of 11.4% in FY25e and 13.9% in FY26e and a WACC hurdle of 9.5%. Our target price is exclusive of Delta which is no longer in our FY26-27e forecasts.

RISKS

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

Completion of Delta: Our forecasts assume completion of the Delta transaction with a 2H25e completion. If the transaction fails to complete or is delayed in completion then this is likely to have an impact on our near-term earnings forecasts;

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 which operates under a volume based commission model;

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 8 August 2025

Recommendation

Buy

Price

\$7.48

Target (12 months)

\$9.45

Table 1 - Financial summary

Year end Sep	2020	2021	2022	2023	2024	2025e	2026e	2027e	Rating	Buy							
Profit & Loss (\$m)									Share price (\$ps)	\$7.48							
Sales revenue	2092.6	2548.9	3445.3	3321.4	3131.3	3287.2	3723.0	3959.1	Target price (\$ps)	\$9.45							
... Change	28.7%	21.8%	35.2%	-3.6%	-5.7%	5.0%	13.3%	6.3%	Shares on issue (m)*	191.2							
EBITDA	162.4	207.4	279.3	228.4	201.5	237.2	283.4	302.3	Market cap (\$m)	1430.3							
Deprec. & amort.	(41.8)	(40.9)	(47.2)	(57.6)	(73.4)	(78.7)	(80.0)	(82.2)	Enterprise Value (\$m)	2089.4							
EBIT	120.6	166.5	232.1	170.8	128.0	158.5	203.4	220.1	* Enterprise value reflects inclusion of lease liabilities, tax losses and deferred acquisition costs.								
Interest expense	(9.3)	(8.8)	(8.6)	(22.9)	(34.6)	(30.5)	(26.9)	(26.8)	* All metrics are adjusted to reflect completion of Delta								
Pre-tax profit	111.3	157.7	223.5	147.9	93.4	128.0	176.5	193.3	Year end Sep	2020	2021	2022	2023	2024	2025e	2026e	2027e
Tax expense	(1.3)	(2.6)	(64.2)	(39.1)	(24.7)	(32.7)	(50.0)	(55.0)	Valuation Ratios								
... tax rate	1%	2%	29%	26%	26%	26%	28%	28%	Underlying EPS EPS (\$ps)	69.8	95.7	96.7	65.9	40.4	48.6	63.5	69.6
Minorities	(2.3)	(4.0)	(7.1)	(5.0)	(4.8)	(4.6)	(4.6)	(4.6)	Change (%)	34.7%	37.2%	1.0%	-31.9%	-38.7%	20.2%	30.7%	9.6%
Net Profit	107.7	151.1	152.2	103.7	64.0	90.7	122.0	133.7	Adjusted PE (x)	10.7	7.8	7.7	11.4	18.5	15.4	11.8	10.8
Abs. & extras.	15.3	(1.3)	10.7	(2.9)	(18.9)	(19.3)	-	-	EV/EBITDA (x)	12.9	10.1	7.5	9.1	10.4	8.8	7.4	6.9
Reported Profit	123.0	149.8	162.9	100.8	45.1	71.4	122.0	133.7	EV/EBIT (x)	17.3	12.5	9.0	12.2	16.3	13.2	10.3	9.5
Cashflow (\$m)									NTA (\$ps)	3.26	3.92	4.42	4.38	3.95	4.49	4.69	4.96
EBITDA	162.4	207.4	279.3	228.4	201.5	237.2	283.4	302.3	PINTA (x)	2.30	1.91	1.69	1.71	1.89	1.67	1.59	1.51
Net Interest Expense	(8.5)	(7.7)	(7.9)	(22.1)	(31.1)	(32.6)	(28.7)	(26.8)	Book Value (\$ps)	4.32	4.98	5.50	5.54	5.35	5.65	5.85	6.12
Tax Paid	(0.9)	(2.8)	(6.0)	(8.5)	(3.6)	(13.2)	(39.6)	(52.0)	Price/Book (x)	1.73	1.50	1.36	1.35	1.40	1.32	1.28	1.22
Change in Wkg Capital	(16.3)	(79.0)	(176.6)	(1.3)	(45.9)	(71.5)	(26.2)	9.5	DPS (\$)	22.0	42.0	56.0	46.0	36.0	36.0	43.0	43.0
Other	(26.1)	(5.0)	(11.0)	(71.8)	(89.3)	(65.0)	(63.3)	(64.6)	Payout (%)	31.5%	43.9%	57.9%	69.8%	89.1%	74.1%	67.7%	61.8%
Operating Cash Flow	110.5	112.9	77.8	124.7	31.6	55.0	125.5	168.5	Yield (%)	2.9%	5.6%	7.5%	6.1%	4.8%	4.8%	5.7%	5.7%
Capex	(8.9)	(8.2)	(20.7)	(47.8)	(47.4)	(50.0)	(40.0)	(40.0)	Performance Ratios								
Div Paid (gross of DRP)	(27.4)	(48.5)	(78.2)	(79.8)	(52.5)	(64.7)	(70.8)	(84.2)	EBITDA/sales (%)	7.8%	8.1%	8.1%	6.9%	6.4%	7.2%	7.6%	7.6%
Free Cash Flow	74.2	56.2	(21.2)	(2.9)	(68.2)	(59.7)	14.7	44.3	EBIT/sales (%)	5.8%	6.5%	6.7%	5.1%	4.1%	4.8%	5.5%	5.6%
Acquisitions	(115.2)	(28.2)	(54.0)	(85.6)	(105.9)	(57.0)	(45.0)	(45.0)	OCF Realisation (%)	103%	75%	51%	120%	49%	61%	103%	126%
Disposals	0.9	0.9	34.1	1.2	2.3	0.5	-	-	FCF Realisation (%)	94%	69%	37%	74%	-25%	5%	70%	96%
Share Issues (incl DRP)	-	-	-	-	-	238.9	-	-	ROE (%)	16.0%	19.5%	17.8%	12.0%	7.6%	8.4%	10.9%	11.5%
Other	1.4	(2.2)	(14.2)	(11.0)	(5.3)	-	-	-	ROI/C (%)	17.3%	19.7%	24.3%	15.9%	10.6%	11.8%	14.2%	14.8%
(Inc.)/dec. in net debt	(38.7)	26.7	(55.2)	(98.3)	(177.1)	122.7	(30.3)	(0.7)	Asset turn (years)	3.89	5.07	5.91	3.96	2.74	3.01	3.54	3.68
Balance Sheet (\$m)									Capex/Depn (x)	0.21	0.20	0.44	0.83	0.64	0.64	0.50	0.49
Cash & near cash	50.7	48.1	17.8	21.5	40.2	50.0	40.0	40.0	Interest cover (x)	12.93	19.02	27.08	7.46	3.70	5.19	7.57	8.20
Receivables	601.8	791.0	819.5	738.2	942.8	1,019.0	1,079.7	1,088.8	Net Deb/EBITDA (x)	0.82	0.51	0.58	1.14	2.17	1.32	1.22	1.14
Inventories	300.7	321.7	557.9	540.8	399.5	427.3	484.0	514.7	Leverage ratio (x)	1.46	1.05	1.02	2.03	3.43	2.39	2.11	1.98
Other	-	-	-	-	-	-	-	-	Net debt/equty (%)	20%	14%	19%	30%	52%	29%	31%	29%
Current assets	953.2	1,160.8	1,395.2	1,300.4	1,382.5	1,496.4	1,603.7	1,643.4	Divisional EBIT overview								
Fixed assets	32.3	36.0	47.0	70.6	93.2	93.2	96.8	100.3	Retail	179.9	223.6	310.0	306.9	284.5	290.5	322.4	344.9
Right of use asset	100.8	105.7	119.3	199.2	246.6	246.6	246.6	246.6	Agency	169.3	190.7	208.6	173.2	205.7	257.1	283.6	300.0
Intangibles	159.3	157.5	165.1	177.6	217.3	217.3	217.3	217.3	Financial Services	37.1	41.3	44.2	53.5	54.5	58.3	62.0	65.1
Other	409.3	442.8	412.8	525.9	633.5	634.3	674.7	714.2	Network GP	386.3	455.6	562.8	533.6	544.7	605.9	668.0	710.0
Non current assets	600.8	636.3	624.8	774.1	944.0	944.7	988.8	1,031.8	Wholesale GP	44.0	61.2	73.1	71.7	75.7	80.4	84.0	85.6
Total assets	1,554.1	1,797.0	2,020.0	2,074.5	2,326.5	2,441.1	2,592.4	2,675.2	Feed & Processing GP	15.5	12.6	16.8	13.7	17.2	21.0	21.0	21.0
Creditors	517.1	648.3	736.4	636.7	654.2	686.7	777.8	827.1	Group GP	445.8	529.4	652.7	619.0	637.6	707.3	773.1	816.6
Borrowings	158.7	154.3	179.2	265.8	295.0	164.1	184.4	185.1	Network overheads	(237.2)	(250.0)	(290.2)	(324.3)	(377.5)	(412.4)	(429.3)	(452.0)
Lease liabilities	28.5	38.0	32.7	36.0	52.7	52.7	52.7	52.7	Wholesale overheads	(22.0)	(28.8)	(35.8)	(39.6)	(46.1)	(45.4)	(47.2)	(49.1)
Other	95.0	120.8	132.9	108.4	127.5	88.0	88.2	69.4	Feed & Processing overheads	(7.8)	(8.6)	(6.0)	(7.6)	(7.8)	(8.0)	(8.2)	(8.4)
Current liabilities	770.8	923.4	1,048.5	1,010.9	1,076.7	938.8	1,050.3	1,081.7	Corporate Overheads	(58.2)	(74.5)	(88.6)	(76.7)	(78.1)	(83.0)	(84.9)	(87.0)
Borrowings	25.0	-	-	15.4	182.0	200.0	200.0	200.0	Group Overheads	(325.2)	(362.9)	(420.6)	(448.2)	(509.6)	(548.8)	(569.6)	(596.5)
Lease liabilities	76.0	72.7	90.8	167.6	201.0	201.0	201.0	201.0	EBIT	120.6	166.5	232.1	170.8	128.0	158.5	203.4	220.1
Other	85.9	95.1	110.8	181.4	222.6	222.6	222.6	222.6	Cost to serve (%)	72.9%	68.5%	64.4%	72.4%	79.9%	77.6%	73.7%	73.0%
Non current liabilities	110.9	95.1	110.8	196.8	404.6	422.6	422.6	422.6	Divisional Drivers								
Total liabilities	881.7	1,018.4	1,159.3	1,207.7	1,481.3	1,361.4	1,472.9	1,504.2	Winter Acreage ('000Ha)	24,183	24,153	24,011	22,892	24,066	23,000	23,000	23,000
Net assets	672.3	778.6	860.7	866.8	845.2	1,079.7	1,119.5	1,171.0	Summer Acreage ('000Ha)	413	1,091	1,527	1,485	1,301	1,305	1,200	1,200
Share capital	1,645.6	1,651.0	1,646.6	1,643.4	1,656.0	1,902.0	1,902.0	1,902.0	Total Acreage ('000Ha)	24,596	25,244	25,538	24,377	25,367	24,305	24,200	24,200
Hybrid Equity	-	-	-	-	-	-	-	-	Rural Services branches	215	223	232	242	260	260	270	280
Reserves	(27.7)	(26.9)	(27.7)	(37.4)	(53.4)	(53.4)	(53.4)	(53.4)	AIRR members (ex-Feeders)	372	372	372	382	348	353	358	363
Retained earnings	(946.9)	(848.7)	(764.1)	(743.6)	(761.8)	(773.3)	(733.5)	(682.0)	NYCI (A\$/kg livt)	350	494	604	397	306	358	450	550
Outside equity interests	1.3	3.2	5.9	4.4	4.5	4.5	4.5	4.5	Lamb/mutton VWAP (A\$/kg)	747	788	743	555	549	795	1,125	1,125
Sholders' funds	672.3	778.6	860.7	866.8	845.2	1,079.7	1,119.5	1,171.0	YOY chg Livestock turnover	25%	13%	4%	-25%	-2%	31%	19%	10%
Net Debt (Cash)	133.0	106.2	161.4	259.7	436.8	314.1	344.4	345.1	DAP (A\$/t)	424	673	1100	875	845	900	1100	1000
Leverage (net debt + lease liab)	237.5	216.9	284.9	463.3	690.5	567.8	598.1	598.8	Urea (A\$/t)	341	473	945	600	495	550	650	600
									Aq chem price (A\$/Kg)	7.12	6.92	8.31	7.27	6.24	6.43	6.75	6.92

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.

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