

LANDCORP FARMING LIMITED

Half-year results for announcement to the market

28th February 2020

Reporting Period	6 months to 31 December 2019
Previous Reporting Period	6 months to 31 December 2018

	6 months to 31 December 2019 <i>Amount (millions)</i>	6 months to 31 December 2018 <i>Amount (millions)</i>	Percentage change
Revenue	\$NZ 123	\$NZ 111	11%
EBITDAR	\$NZ 22	\$NZ (3)	N/A
Net profit after tax	\$NZ 68	\$NZ 29	134%
Total comprehensive income	\$NZ 70	\$NZ 29	141%

Comments

<p>(i) a brief explanation of any of the above figures necessary to enable them to be understood</p>	<p>Pāmu Farms of New Zealand¹ (“Pāmu”) made a net profit after tax (“NPAT”) of \$68 million for the half year ended 31 December 2019. This compares to NPAT of \$29 million for the half year ended 31 December 2018.</p> <p>Pāmu uses EBITDAR (earnings before interest, tax, depreciation, amortisation and revaluations) as a key performance measure. This measure excludes components of NPAT such as fair value gains on livestock (\$71m), fair value losses on financial instruments (\$2m), depreciation & amortisation expenses (\$13m) and net finance expenses (\$11m). EBITDAR for the half year was a gain of \$22 million compared to a loss of \$3 million in the half year to December 2018.</p> <p>The \$25 million improvement in EBITDAR reflects an increase in revenue of \$12 million, decreased expenses of \$7 million and a realised gain of \$6m from the sale of shares in the Westland Dairy Co-operative. The uplift in revenue was due to increases in both milk revenue (\$7m) and livestock (\$5m) largely driven by increases in market prices during the period. The decrease in expenses is primarily due to the impact of a new accounting standard for leases (NZ IFRS 16) which was adopted on July 1st 2019. Under this standard, operating lease costs (\$7m for the half year) are no longer reported within operating expenses, while additional depreciation (\$5m) and lease interest costs (\$6m) have been recognised.</p>
<p>(ii) in respect of each half-year period, commentary on the outlook for the remainder of the financial year, including whether the SOE considers it will achieve the financial performance targets in its SCI.</p>	<p>Pāmu is currently forecasting a full-year EBITDAR of between \$73m and \$78m compared to its original forecast of \$61 million.</p> <p>This forecast is now under review as Pāmu assesses the impact of the Covid-19 outbreak and also the drier than normal climatic conditions.</p>

¹ Pāmu Farms of New Zealand is the brand name for Landcorp Farming Limited, a State Owned Enterprise, one of New Zealand’s largest integrated farming businesses