

## LANDCORP FARMING LIMITED

### Half-year results for announcement to the market

28 February 2018

<b>Reporting Period</b>	6 months to 31 December 2017
<b>Previous Reporting Period</b>	6 months to 31 December 2016

	6 months to 31 December 2017 <i>Amount (millions)</i>	6 months to 31 December 2016 <i>Amount (millions)</i>	Percentage change
<b>Revenue</b>	\$NZ 106.4	\$NZ 109.5	(3%)
<b>EBITDAR</b>	\$NZ (6.0)	\$NZ 6.9	(187%)
<b>Net profit after tax</b>	\$NZ 21.9	\$NZ 37.9	(42%)
<b>Total comprehensive income</b>	\$NZ 23.5	\$NZ 41.0	(43%)

## Comments

<p><b>(i) a brief explanation of any of the above figures necessary to enable them to be understood</b></p>	<p>Pāmu Farms of New Zealand<sup>1</sup> (“Pāmu”) made a net profit after tax (“NPAT”) of \$21.9 million for the half year ended 31 December 2017. This compares to NPAT of \$37.9 million for the half year ended 31 December 2016.</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 (\$39.0m) and financial instruments (\$2.5m), depreciation &amp; amortisation expenses (\$7.8m) and net finance expenses (\$5.8m). EBITDAR for the half year was a loss of \$6.0 million compared to a profit of \$6.9 million in the half year to December 2016.</p> <p>A key driver of the EBITDAR loss is an increase in operating expenses of \$6.7 million compared to the prior period. This reflects the impact of a wet spring, followed by drought conditions that have resulted in an increase in on-farm costs, primarily related to consumption of stores on hand and the need to purchase additional feed for stock. The weather conditions also affected milk production resulting in an 8.5% decrease in milk revenue compared to the first six months of last year. A 9.4% rise in red meat revenue has ensured that Farm Operating revenue is only down by \$2.3m or 2.3% compared to the first half of last year, and this rise has helped offset the impact of lower dairy revenue and the climatically driven increase in farm costs.</p>
<p><b>(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.</b></p>	<p>Landcorp is currently forecasting a full-year EBITDAR of between \$33.0m and \$38.0m compared to Landcorp’s original forecast of \$38.0 million. The potential decrease is primarily due to the adverse climatic conditions referred to above.</p> <p>This forecast assumes there will be no further adverse weather conditions; no deterioration in the foreign currency; and that current market prices hold through the season.</p>

<sup>1</sup> 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