

Landcorp Farming Limited
Continuous Disclosure Statement

6 May 2019

Forecast Earnings before Interest, Tax, Depreciation and Revaluations – Financial Year Ending 30 June 2019

Landcorp Farming Limited advises that it has updated its forecast Earnings Before Interest, Tax, Depreciation and Revaluations (EBITDAR) for the financial year ending 30 June 2019. It now expects full year EBITDAR of between \$27 million and \$32 million. This compares to the previous forecast range of between \$37 million and \$42 million.

The main factors affecting the revised forecast EBITDAR include:

- Extremely dry conditions significantly lowering milk production in the final months of the season particularly in the central North Island which represents approximately 40% of total milk production;
- A lower forecast milk price from Westland Milk Products and uncertainty over the level of Fonterra dividend;
- Lower than originally forecast dairy beef prices;
- A greater percentage of lower priced bulk sales of milk powder inventory lowering overall margins;
- Lower profitability for Focus Genetics Australia as a result of drought conditions.

The above issues are partially offset by reducing discretionary expenditure whilst ensuring the business is well positioned for the next season.

The forecast assumes there will be no further material adverse weather events; significant strengthening of the New Zealand dollar or other material changes to market prices.