PĀMU
FARMS OF NEW ZEALAND

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LANDCORP FARMING LIMITED

Full-year results for announcement to the market

30 August 2019

Reporting Period	12 months to 30 June 2019
Previous Reporting Period	12 months to 30 June 2018

	12 months to 30 June 2019	12 months to 30 June 2018	Percentage change
	Amount (millions)	*Amount (millions)*	
Revenue	$NZ 241	$NZ 247	(2%)
EBITDAR	$NZ 34	$NZ 48	(29%)
Net profit after tax	$NZ (11)	$NZ 34	(133%)
Total comprehensive income	$NZ (65)	$NZ 30	(317%)

Comments

(i) a brief explanation of any of the above figures necessary to enable them to be understood	The decrease in Revenue of $6m (2%) predominantly reflects lower income from milk due to dry weather during late summer and autumn, a lower milk price and Fonterra dividend, as well as lower carbon credit allocations. EBITDAR ("earnings before interest, tax, depreciation, amortisation and revaluations") is $14m lower than last year (31%). This includes the $6m revenue shortfall together with an increase of $10m in expenses offset by $2m in other items. Farm working and maintenance expenses were 2% ahead of the previous year while personnel costs remain flat. However total expenses were up 5.1% to $206 million (2017/18: $196 million) due to a range of factors, including increases in fuel and electricity costs, network charges for our rural broadband initiative, rental increases and costs associated with Mycoplasma Bovis. The decrease in NPAT ("net profit after tax") by $45m includes the lower EBITDAR amount of $14m. In addition the company has seen a downward revaluation of its biological assets (livestock and forestry) of $22m (2018: upward revaluation of $25m). This year's revaluation reflects lower market prices for deer, beef and dairy animals compared with June 2018. This revaluation loss is offset to some extent by a reduced taxation charge ($14m) and other asset valuation gains $2m higher than the prior period. Total Comprehensive Income decreased by $95m reflects the decrease in NPAT ($45m) combined with downward revaluations in (i) land and buildings of $47m ($2018: nil) and (ii) a loss on the value of Fonterra shares of $12m ($2018: $3m). The land and buildings decrease has resulted from the triennial property revaluation exercise and reflects challenges in the rural property market due to increasing environmental concerns, the biosecurity threat of Mycoplasma bovis and reduced liquidity as a result of tighter lending criteria and restrictions on foreign buyers. The share revaluation decrease ($9m greater than the prior period) reflects a sharp fall in the price of Fonterra shares to $3.85 (2018: $5.44). Total Comprehensive Income also includes a $3m tax benefit recognised in equity (2018: $3m expense).