

Landcorp Farming Limited
Continuous Disclosure Statement

13 December 2019

Forecast Earnings before Interest, Tax, Depreciation and Revaluations – Financial Year Ending 30 June 2020

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 2020. It now expects full year EBITDAR of between \$73 million and \$78 million. This compares to the previous forecast of \$61 million.

The change to forecast EBITDAR reflects increased revenue due to higher milk, sheep and beef prices. The improved milk price principally reflects the revision in Fonterra's forecast milk payment to \$7.00 - \$7.60 per kg of milk solids, while beef and sheep prices are being driven by strong global demand for protein, particularly from China. Despite difficult wet spring conditions on the West Coast and in Southland, production volumes remain satisfactory and costs are being prudently managed.

Our farm teams have done a great job on lifting farm productivity through focused pasture and livestock management. Good progress is being made on key initiatives such as the transition of another dairy farm to organic production, the identification of additional A2 cows, greater efficiency in fertiliser use, and the planting of additional trees on less productive land.

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