

## LANDCORP FARMING LIMITED

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

27 August 2020

<b>Reporting Period</b>	12 months to 30 June 2020
<b>Previous Reporting Period</b>	12 months to 30 June 2019

	12 months to 30 June 2020	12 months to 30 June 2019	Percentage change
	<i>Amount (millions)</i>	<i>Amount (millions)</i>	
<b>Revenue</b>	\$NZ 251	\$NZ 241	4%
<b>EBITDAR</b>	\$NZ 65	\$NZ 34	91%
<b>Net loss after tax</b>	\$NZ (24)	\$NZ (11)	(118%)
<b>Total comprehensive income</b>	\$NZ (79)	\$NZ (65)	(22%)

## Comments

<p><b>(i) a brief explanation of any of the above figures necessary to enable them to be understood</b></p>	<p>The increase in Revenue is largely due to a rise in the milk price and strong milk production despite challenging climatic conditions in the North Island.</p> <p>The increase in EBITDAR (“earnings before interest, tax, depreciation, amortisation and revaluations”) is a combination of increased milk revenue mentioned above, a gain on the sale of Westland Co-Operative shares (\$6m) and the impact of the new lease accounting standard NZ IFRS 16. Under this standard, \$15m of lease expenses are no longer reported as operating costs.</p> <p>The decrease in NPAT (“net profit after tax”) of \$23m also reflects the impact of the new accounting standard which has increased non-cash interest costs by \$11m and amortisation costs by \$12m. Other material factors in the NPAT decrease include a revaluation loss of \$32m (\$22m FY19) on biological assets such as livestock and forestry reflecting lower market prices. There is also an impairment loss of \$9m (\$3m gain FY19) on property, plant and equipment due to a decline in farm values.</p> <p>Lower Total Comprehensive Income reflects the decreased level of NPAT together with revaluation losses on land and buildings of \$61m (\$47m FY19). The decreases in values are indicative of the rural property market being challenged by a number of factors such as increasing environmental concerns, reduced liquidity as a result of tighter lending criteria and restrictions on purchases by overseas buyers. Offsetting these losses is a \$9m revaluation gain on carbon credits (\$2m FY19). The value of carbon credits (“NZU’s”) increased during the year from \$21m to \$33m.</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>N/A</p>

