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## PĀMU FARMS OF NEW ZEALAND<sup>1</sup>

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

28<sup>th</sup> February 2021

<b>Reporting Period</b>	6 months to 31 December 2020
<b>Previous Reporting Period</b>	6 months to 31 December 2019

	6 months to 31 December 2020 <i>Amount (millions)</i>	6 months to 31 December 2019 <i>Amount (millions)</i>	Percentage change
<b>Revenue</b>	\$NZ 117	\$NZ 123	(5) %
<b>EBITDAR</b>	\$NZ 14	\$NZ 22	(36) %
<b>Net profit after tax</b>	\$NZ 8	\$NZ 68	(88) %
<b>Total comprehensive income</b>	\$NZ 16	\$NZ 70	(77) %

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<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

## 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 (“Pāmu”) made a net profit after tax (“NPAT”) of \$8 million for the half year ended 31 December 2020. This compares to NPAT of \$68 million for the half year ended 31 December 2019.</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 (\$17m), fair value gains on financial instruments (\$2m), depreciation &amp; amortisation expenses (\$13m) and net finance expenses (\$11m).</p> <p>EBITDAR for the half year was a gain of \$14 million compared to a gain of \$22 million in the half year to December 2019.</p> <p>The \$8 million reduction in EBITDAR reflects a decrease in farm operating revenue of \$5m which is predominantly due to lower market prices for the company’s red meat products. The lower revenue result is partially offset by lower Operating expenses (\$3m below the comparative period) due to tight cost control in response to the uncertain economic environment. Savings were made on casual wages, fuel costs, travel costs and professional services.</p> <p>A significant reason for the lower EBITDAR result is that the period to December 2019 included a “one-off” gain of \$6m realised from the sale of shares in the Westland Dairy Co-operative. Excluding this amount, the EBITDAR result to December 2020 is \$2m below the figure for the prior period.</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>Pāmu is currently forecasting a full year EBITDAR of between \$45m and \$50m compared to its original forecast of \$35m.</p> <p>The change to forecast is largely a result of higher than expected forecast milk payments partly offset by lower than expected forestry revenue.</p> <p>This forecast assumes that there will be no adverse weather conditions; no deterioration in the foreign currency; and that current market prices hold through the season.</p>

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