



FARMS OF
NEW ZEALAND

Media Statement

05 March 2018

Pāmu Releases Half Year Result – good progress despite challenging conditions

Pāmu Farms of New Zealand (Landcorp) has released its half-year result to December 31 2017, which shows the impact of challenging climate conditions.

Chief Executive Steven Carden said the half-year profit after tax of \$21.9 million was pleasing given a tough spring and summer.

“A significant contributor to the net profit was a \$39 million gain in the value of our livestock. However the wet spring and then the drought meant we had an increase in on-farm costs, primarily related to the need to purchase additional feed for stock. These conditions had a flow on impact on milk production which saw a 8.5% decrease in milk revenue compared to the first six months of last year. An increase in revenue from red meat has been pleasing and helped offset less revenue from dairy and the climatically driven increase in farm costs,” Mr Carden said.

EBITDAR (earnings before interest, tax, depreciation, amortisation and revaluations) which excludes the \$39 million gain in the value of livestock, was a loss of \$6 million due mainly to the climatic conditions, compared to a profit of \$6.9 million in the half year to December 2016.

“We have seen significant advances in our overall strategy in the half year, including lifting our stake in Farm IQ as part of their capital raising, and the launch of the Pāmu Academy, which will provide a step change in health and safety training in the agriculture sector and beyond,” Mr Carden said.

“While the climatic conditions remained challenging in January, we are forecasting a full year EBITDAR of between \$33 million and \$38 million.”

Mr Carden says the current climatic and commodity price variation confirms Pāmu’s overall strategy of ensuring Pāmu is growing shareholder returns by adding value right along the food production chain.

“While farming remains at the core of what we do, we are also taking a cautious approach to finding high value niche markets for our high quality product, with credible, experienced partners.

“We are committed to only exporting under the Pāmu brand after thorough testing and where a suitable return on investment can be assured,” Mr Carden said.

ENDS



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Editor's Notes:

	6 months to 31 December 2017	6 months to 31 December 2016	Percentage change
	<i>Amount (millions)</i>	<i>Amount (millions)</i>	
Revenue	\$NZ 106.4	\$NZ 109.5	(3%)
EBITDAR	\$NZ (6.0)	\$NZ 6.9	(187%)
Net profit after tax	\$NZ 21.9	\$NZ 37.9	(42%)
Total comprehensive income	\$NZ 23.5	\$NZ 41.0	(43%)

Full Continuous Disclosure statement is here:

<http://www.treasury.govt.nz/statesector/commercial/soedisclosures>

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