



FARMS OF  
NEW ZEALAND

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## **Pāmu announces increased profit for half year**

Landcorp Farming Limited (known as Pāmu) has declared a net profit after tax of \$29 million for the half year ended 31 December 2018. This compares to \$21 million for the half year ended 31 December 2017.

Chief Executive Steven Carden said that the increased half year profit was a pleasing result, reflecting good weather conditions and good trade terms for the company's main products.

"On an EBITDAR (earnings before interest, tax, depreciation, amortisation and revaluations) basis, which we use as a key measure of performance, the half year represented a loss of \$3 million compared to a loss of \$6 million in the prior period. The loss is largely due to the seasonality of Pāmu's operations since the bulk of livestock revenue is earned in the second half of the year."

Mr Carden said the \$3 million improvement in EBITDAR reflects an increase in revenue of \$5 million offset by increased expenses of \$3 million and a lower loss from equity accounted investments of \$1 million.

"The uplift in revenue was principally due to an increase in milk revenue of \$4 million and small increases in livestock and forestry.

"Total operating expenses were up by \$3 million overall, which included costs relating to the massive *Rural Connect* broadband rollout across all farms, along with the impact of increased fuel costs and rent on the Wairakei Pastoral lease in the half year.

"I am particularly pleased that we have managed to keep costs associated with on farm work and maintenance flat despite price rises in fertiliser, and increased harvesting costs as farms took advantage of good pasture growing conditions. We also had higher calf rearing, animal health, and breeding costs in response to the threat posed by *Mycoplasma Bovis*. This is a tribute to our on farm teams, who work hard to farm in a cost effective manner."

Mr Carden said other items of note were a fair value gain on biological assets of \$51 million mainly due to firm lamb prices, which was partially offset by an increased tax expense of \$7 million following a review of the tax treatment of Pāmu's long lived buildings.

"For the 2018/19 Financial Year, we expect to report EBITDAR of between \$37 million and \$42 million. However, as always, commodity prices and weather conditions can fluctuate and this will impact our final result, as would any unexpected currency fluctuations," Mr Carden said.

**ENDS**

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Editor's note:

*Pāmu is the brand name for Landcorp, a Stated Owned Enterprise, and one of New Zealand's most innovative farmers and food businesses. It is also the name given to the quality products created by the company.*

*Pāmu is the Māori word 'to farm' and reflects the deep connection New Zealanders have with the land, born from respect, and a genuine desire to protect and enhance the environments in which the company works. It's a proud provenance that stands behind every product bearing the Pāmu name.*