R J PRESTON LTD

Directors:

JAMES GORDON IAN COOKE
B Com, IEC Agr, CA

GRANT DAVID McCULLOCH
B Com (Hons), CA, MNZIPIM

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

July 2018

2017 FARM STATISTICAL SURVEY

We have pleasure in presenting our annual statistical survey for 2017. The survey summarises data and information entered into our farm statistics database during the 2017 financial year.

We have upgraded our statistics software to present most of the results using graphs. We hope this will make it easier to see the key trends over the last six years of data.

The reports for individual clients will show where they sit against the client average for their farm type. For the 2017 year we have identified the top three performers on an operating surplus per hectare basis, and averaged their data to show where the top performers sit.

Obviously everyone has different strengths and weaknesses on their own farms, but we would be more than happy to sit down with you to discuss and explain where you sit on the graph, along with ideas to hit the top performance figures.

JAMES COOKE
DIRECTOR

GRANT McCULLOCH
DIRECTOR

32B Sheffield Crescent
PO Box 39 065
Christchurch 8545 NZ

we care

Telephone: (03) 358 5686
Facsimile: (03) 358 7958
www.rjprestonltd.co.nz

GLOSSARY	
T.G.F.P.	Total Gross Farm Profit
C.F.W.E.	Cash Farm Working Expenses
F.S.V.	Fair Sale Value
T.F.C.	Total Farm Capital

AVERAGE RESULT FOR EACH FARM TYPE – NET PROFITS

Farm Type	Rank	2013 $	Rank	2014 $	Rank	2015 $	Rank	2016 $	Rank	2017 $
Intensive Crop	**1**	140,333	**2**	128,137	**1**	121,713	**1**	87,763	**3**	79,109
Downlands Livestock	**5**	1,256	**5**	52,224	**4**	65,388	**4**	3,687	**4**	28,967
Flatland Livestock	**2**	70,683	**3**	91,825	**3**	80,453	**3**	10,343	**5**	12,752
Hill & High Country	**3**	70,130	**4**	73,933	**2**	83,566	**2**	52,384	**2**	89,580
Dairy Factory Supply	**4**	18,310	**1**	490,146	**5**	-100,242	**5**	-621,475	**1**	93,364

Average Results for each Farm Type

1. Further reduction in profit for the crop sector due to poor prices for cereal crops, along with downturn in prices for the feed grown as dairy support.

2. Livestock farms improved on last year, although further improvement to go for the easier country. The increase on last year would be on the back of excellent prices for cattle, coupled with good lamb survival. The store producers look to be having their day in the sun which has carried on into the next financial year.

3. The dairy sector has returned to profitability after two years of net losses following the increase in milk price.

LAMBING PERCENTAGES

Lambing %	2012 %	2013 %	2014 %	2015 %	2016 %	2017 %
Intensive Crop	124.5	126.3	116.3	109.8	133.4	126.3
Downlands Livestock	134.5	122.6	122.4	126.7	125.9	135.5
Flatland Livestock	125.8	123.3	122.5	127.6	125.2	131.9
Hill & High Country	107.6	108.5	107.8	114.5	105.0	110.6

1. The livestock farmers have improved lambing percentage by 5% across the board.

AVERAGE SALE VALUE OF LIVESTOCK & PRODUCE

1. Lambs averaged $91-$97 on the easy country.

2. Store producers an average $80 per head, and are up $13 on the previous year.

Average Sale Value Lambs	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $
Intensive Crop	142.93	100.20	110.32	115.56	101.18	97.43
Downlands Livestock	108.56	72.50	84.20	82.34	77.66	91.29
Flatland Livestock	130.88	78.30	93.31	94.47	91.16	95.75
Hill & High Country	105.72	71.02	77.73	74.68	67.75	80.18

1. Further improvements in the beef schedule, the last few years have been good. We may see this drop off over the next year.

Average Sale Value Heifers	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $
Intensive Crop	804.04	998.44	962.21	1,110.32	774.21	1,009.00
Downlands Livestock	886.55	872.01	762.17	849.62	975.94	1,000.91
Flatland Livestock	877.66	916.29	918.99	822.35	841.32	1,129.00
Hill & High Country	844.48	819.58	872.31	1,075.07	977.91	1,246.78

Average Sale Value Steers	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $
Intensive Crop	1,122.10	1,189.03	1,299.07	1,266.09	1,240.35	1,486.50
Downlands Livestock	999.03	1,034.39	969.46	1,059.48	1,227.22	1,278.00
Flatland Livestock	-	798.80	831.21	617.18	-	1,112.00
Hill & High Country	997.51	971.26	1,012.90	1,177.92	1,040.78	1,342.50

Average Sale Value per Kilogram of Milk Solids

1. The increase of $1.87 per kg of milk solids on last year, has brought the average dairy client back into profitability.

2008 $	2009 $	2010 $	2011 $	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $
7.15	5.49	5.92	7.26	6.38	5.92	7.44	5.41	3.64	5.51

DEBT SERVICING

1. The debt servicing percentage is a factor of income, therefore a reduction in gross income for Crop and Downlands, results in a higher debt servicing percentage. The opposite goes for the dairy sector, where the increase in gross income has reduced the debt servicing percentage.

	2013	2014	2015	2016	2017
Intensive Crop	17%	16%	17%	15%	17%
Downlands Livestock	18%	15%	13%	14%	19%
Flatland Livestock	22%	18%	18%	24%	24%
Hill & High Country Livestock	15%	19%	14%	15%	15%
Dairy Factory Supply	22%	16%	25%	28%	23%
Interest & Rent per Stock Unit					
Downlands Livestock	20.07	20.39	17.98	19.56	23.00
Flatland Livestock	22.91	24.29	27.36	37.59	42.44
Hill & High Country Livestock	12.06	13.78	11.82	15.13	12.91

OPERATING SURPLUS

1. The operating surplus per ha is a key result for comparison.
2. Crop farmers operating surplus per hectare has reduced by $100/ha
3. Dairy operating surplus per ha of $2,516 compared to the previous year $255.
4. Compared to last year Flatland down $102/ha, Downlands up $85/ha, Hill and High country down $28/ha.

Operating Surplus per Ha

Farm Type	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $
Intensive Crop	1,472.47	1,503.46	1,451.83	1,610.11	1,532.40	1,415.79
Downlands Livestock	463.61	327.03	358.24	298.88	242.93	327.29
Flatland Livestock	514.64	445.35	575.97	622.37	505.05	403.33
Hill & High Country	196.26	135.75	167.77	177.28	161.84	133.27
Dairy Factory Supply	2,435.41	1,912.92	3,468.56	1,633.35	255.91	2,516.63

TOTAL FARM CAPITAL

For this statistic we calculate the estimated fair sale value of land, buildings, livestock, plant and dairy co-op shares.

The main increase we see across dairy farms on the better milk price driving an improvement in sentiment. However, we may see that figure consolidate with the changes to the overseas investment rules.

Farm Type	2011 $	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $
Intensive Crop	7,642,222	6,732,500	7,122,307	6,049,615	6,314,820	7,186,153	7,817,857
Downlands Livestock	6,923,687	7,285,266	6,836,875	6,952,117	7,085,000	7,287,833	7,213,824
Flatland Livestock	4,115,363	3,683,727	3,998,538	5,242,823	5,123,733	5,034,642	4,921,438
Hill & High Country	-	5,555,000	5,198,461	5,736,363	6,067,142	6,160,715	7,419,091
Hill Livestock	5,377,500	-	-	-	-	-	-
High Country	5,766,666	-	-	-	-	-	-
Dairy Factory Supply	10,243,363	12,404,545	13,698,888	14,722,000	15,551,000	14,625,000	17,207,750
Average	**6,678,134**	**7,132,208**	**7,371,014**	**7,740,584**	**8,028,339**	**8,058,869**	**8,915,992**

TOTAL DEBT

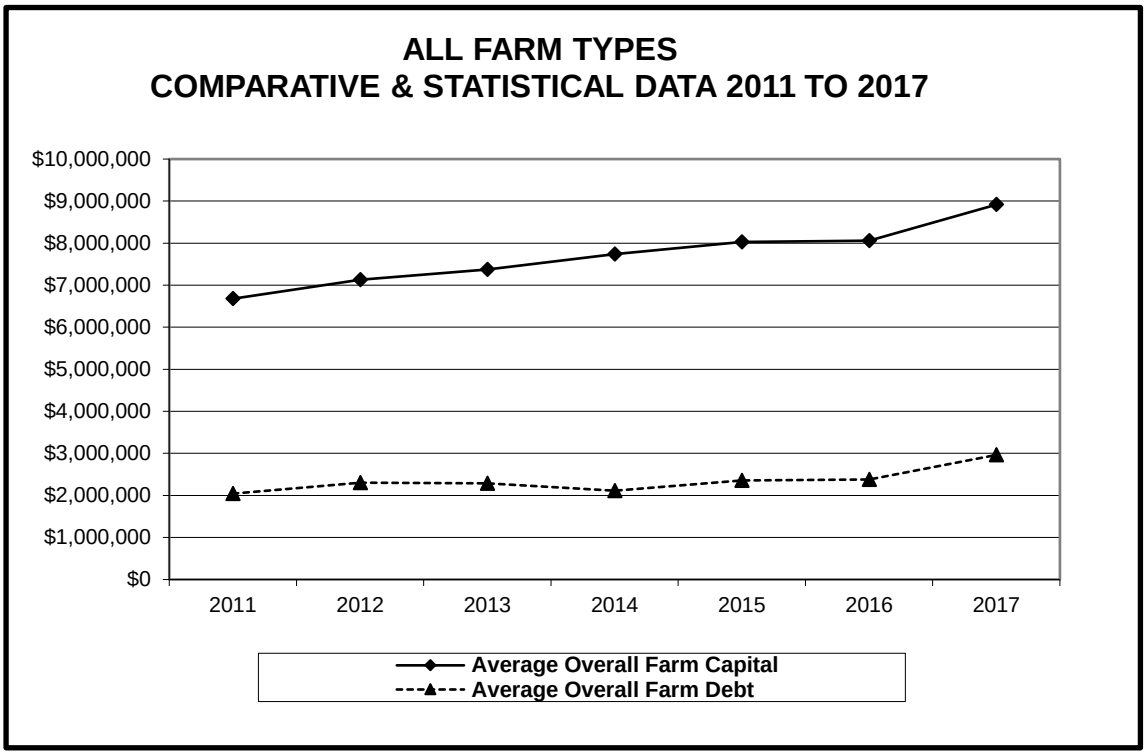
1. The average debt level across all farm types increased by $366,500. However, livestock farms have reduced debt from previous year, while the increase in debt is seen in the crop and dairy sector.

2. Across the client base that increase due to funding of farm losses, irrigation development and the addition of neighbouring land.

Total Debt - Both Term and Current

Farm Type	2011 $	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $
Intensive Crop	2,502,908	1,766,066	1,656,268	661,909	1,229,841	1,463,856	1,728,943
Downlands Livestock	1,847,791	2,158,458	2,050,345	1,937,806	1,673,752	1,714,538	1,529,968
Flatland Livestock	915,031	651,711	850,053	861,070	786,739	867,695	824,068
Hill & High Country	-	813,615	834,061	949,949	820,103	701,734	657,097
Hill Livestock	544,493	-	-	-	-	-	-
High Country	1,542,135	-	-	-	-	-	-
Dairy Factory Supply	4,904,935	6,124,755	6,063,909	6,160,662	7,269,046	7,164,806	9,004,939
Average	**2,042,882**	**2,302,921**	**2,290,927**	**2,114,277**	**2,355,896**	**2,382,526**	**2,749,003**

COMPARISON AVERAGE OVERALL FARM DEBT TO AVERAGE OVERALL FARM CAPITAL



DEFINITION OF FARM TYPE

1. ***Intensive Crop - INC***
   This group must have a minimum of 60% of total gross profits being generated from cropping.

2. ***Downlands Livestock - DOL***
   These properties are generally of easy contour, very little tussock and the majority of the property able to be cultivated by wheel tractors. Occasionally a four-wheel drive tractor or crawler may be required.

3. ***Flatland Livestock - FLL***
   By definition all these properties are basically dead flat.

4. ***Hill & High Country Livestock - HLL***
   These properties are obviously steeper by nature, and with small to moderate areas able to be cultivated by wheel tractor. These properties have portions of tussock and some native pasture.

5. ***Dairy Factory Supply - DAF***
   All properties factory supply.

6. ***Dairy Share Milking – DAS***
   All properties factory supply and sharemilking 50/50.

7. ***Dairy Variable Order – DVO***
   All properties factory supply with percentages ranging from 17 to 24%.