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May 2020

2019 FARM STATISTICAL SURVEY

We have pleasure in presenting our annual statistical survey for 2019. The survey summarises data and information entered in our farm statistics database during the 2019 financial year.

We have identified the top three performers in each farm type on an operating surplus per hectare basis and averaged their data to show where the top performers sit.

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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

DEFINITION OF FARM TYPE

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

2. ***Downlands Livestock***
   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***
   By definition all these properties are basically dead flat.

4. ***Hill & High Country Livestock***
   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 -***
   All properties factory supply.

AVERAGE RESULT FOR EACH FARM TYPE – NET PROFITS

Farm Type	Rank	2015 $	Rank	2016 $	Rank	2017 $	Rank	2018 $	Rank	2019 $
Intensive Crop	**1**	121,713	**1**	87,763	**3**	79,109	**3**	97,742	**5**	103,526
Downlands Livestock	**4**	65,388	**4**	3,687	**4**	28,967	**4**	66,421	**3**	139,806
Flatland Livestock	**3**	80,453	**3**	10,343	**5**	12,752	**5**	62,984	**4**	107,234
Hill & High Country	**2**	83,566	**2**	52,384	**2**	89,580	**2**	223,015	**1**	227,745
Dairy Factory Supply	**5**	-100,242	**5**	-621,475	**1**	93,364	**1**	338,662	**2**	175,166

Average Results for each Farm Type

1. This year the order of profitability changed with no one farm staying in the same position as last year.

2. Net profits increased across all farm types except Dairying. The increases were driven by the following factors:
    a) Increased gross profits due to higher lambing percentages and solid stock prices.
    b) Declining levels of Cash Farm Working Expenses.
    c) Debt servicing costs decreasing due to fixed loans expiring and farms able to refinance at record low interest rates.

3. The dairy sector saw a decrease in net profits on the back of:
    a) Smaller herd sizes.
    b) A 5% increase in Cash Farm Working Expenses as a % of Gross Income.

LAMBING PERCENTAGES

Lambing %	2014 %	2015 %	2016 %	2017 %	2018 %	2019 %
Intensive Crop	116.3	109.8	133.4	126.3	107.7	124.6
Downlands Livestock	122.4	126.7	125.9	135.5	133.0	142.9
Flatland Livestock	122.5	127.6	125.2	131.9	115.2	129.1
Hill & High Country	107.8	114.5	105.0	110.6	112.5	116.9

1. Lambing percentages have increased over all farm types which can be attributed to a favourable autumn in 2018 and a renewed focus on lamb production due to increased prices.

AVERAGE SALE VALUE OF LIVESTOCK & PRODUCE

1. The record prices we commented on in 2018 were exceeded in the 2019 year with the highlights being prime trading lambs reaching $152.67 and store lambs off the hill country averaging $109.36.

Average Sale Value Lambs	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $
Intensive Crop	110.32	115.56	101.18	97.43	147.89	152.67
Downlands Livestock	84.20	82.34	77.66	91.29	119.50	120.43
Flatland Livestock	93.31	94.47	91.16	95.75	119.87	129.20
Hill & High Country	77.73	74.68	67.75	80.18	98.91	109.36

2. The beef prices we have seen over the last two years flattened off in 2019. The averages shown are influenced by the time of killing and a more volatile market.

Average Sale Value Heifers	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $
Intensive Crop	962.21	1,110.32	774.21	1,009.00	1,183.00	980.50
Downlands Livestock	762.17	849.62	975.94	1,000.91	1,218.11	1,358.60
Flatland Livestock	918.99	822.35	841.32	1,129.00	1,279.67	997.70
Hill & High Country	872.31	1,075.07	977.91	1,246.78	1,314.40	1,277.00

Average Sale Value Steers	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $
Intensive Crop	1,299.07	1,266.09	1,240.35	1,486.50	1,315.60	1,114.00
Downlands Livestock	969.46	1,059.48	1,227.22	1,278.00	1,527.25	1,491.73
Flatland Livestock	831.21	617.18	-	1,112.00	1,137.75	1,105.30
Hill & High Country	1,012.90	1,177.92	1,040.78	1,342.50	1,451.45	1,394.40

AVERAGE SALE VALUE PER KILOGRAM OF MILK SOLIDS

1. This year we recorded an increase of .2c per kilogram of milk solids.

2. CFWE were higher due to the increased cost of supplementary feed. The cost of water from the new irrigation schemes, especially in the Central Plains catchment, saw an increase in irrigation costs.

3. Financial institutions are still pursuing principal repayments from the industry due to the higher level of indebtedness within the dairy sector.

2010 $	2011 $	2012 $	2013 $	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $
5.92	7.26	6.38	5.92	7.44	5.41	3.64	5.51	6.34	6.36

DEBT SERVICING

1. As per 2018 increases in gross income & decreasing interest rates have reduced the debt servicing percentage.

2. Debt per S.U. has increased, but this is a result of the decrease in stock carried rather than an increase in debt servicing costs or debt levels.

	2015	2016	2017	2018	2019
Intensive Crop	17%	15%	17%	18%	17%
Downlands Livestock	13%	14%	19%	13%	11%
Flatland Livestock	18%	24%	24%	20%	15%
Hill & High Country Livestock	14%	15%	15%	11%	11%
Dairy Factory Supply	25%	28%	23%	20%	20%
Interest & Rent per Stock Unit					
Downlands Livestock	17.98	19.56	23.00	16.12	18.31
Flatland Livestock	27.36	37.59	42.44	36.33	47.33
Hill & High Country Livestock	11.82	15.13	12.91	12.00	12.59

OPERATING SURPLUS

1. The operating surplus per hectare is a key result for comparison.

2. Over all sectors the operating surplus has increased for the third consecutive year.

Operating Surplus per Ha

Farm Type	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $
Intensive Crop	1,451.83	1,610.11	1,532.40	1,415.79	1,464.10	1,591.21
Downlands Livestock	358.24	298.88	242.93	327.29	414.71	573.62
Flatland Livestock	575.97	622.37	505.05	403.33	472.85	545.60
Hill & High Country	167.77	177.28	161.84	133.27	210.44	239.60
Dairy Factory Supply	3,468.56	1,633.35	255.91	2,516.63	3,236.88	3,942.65

TOTAL FARM CAPITAL

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

The drop in the Dairy Sector is a result of smaller Dairy farms now included in the statistic sample.

Farm Type	2013 $	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $
Intensive Crop	7,122,307	6,049,615	6,314,820	7,186,153	7,817,857	9,917,533	10,043,133
Downlands Livestock	6,836,875	6,952,117	7,085,000	7,287,833	7,213,824	7,043,289	6,956,000
Flatland Livestock	3,998,538	5,242,823	5,123,733	5,034,642	4,921,438	5,188,251	5,302,736
Hill & High Country	5,198,461	5,736,363	6,067,142	6,160,715	7,419,091	8,221,455	7,887,091
Dairy Factory Supply	13,698,888	14,722,000	15,551,000	14,625,000	17,207,750	19,271,429	15,226,000
Average	**7,371,014**	**7,740,584**	**8,028,339**	**8,058,869**	**8,915,992**	**9,928,391**	**9,082,992**

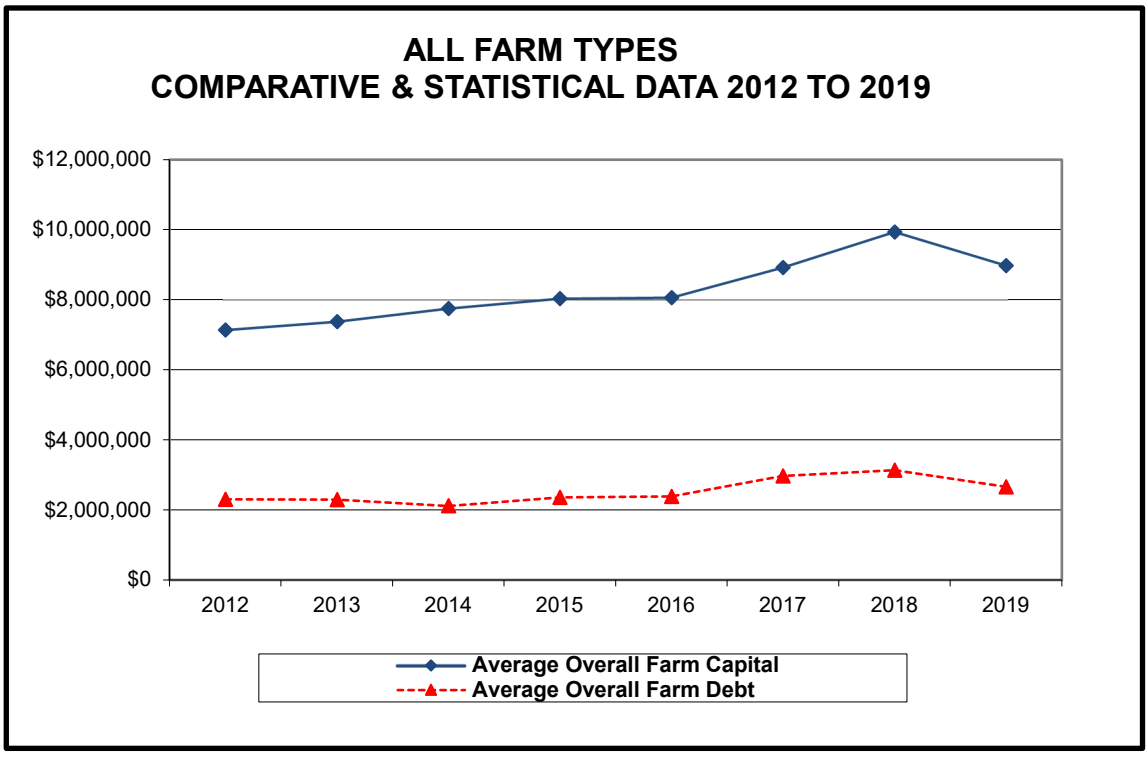
TOTAL DEBT

1. The average debt level across all farm types decreased by $845,399 to a level of $2,653,627. This is due to a decrease in the debt in the Dairy sector due to three smaller farms being introduced to the statistic sample.

2. Debt in other farm types increased with a substantial amount of this being of a seasonal nature rather than term debt.

3. With banks loosening the legislation with respect to capital requirements, we would expect to see debt increase with further land purchases and development projects. These could become more affordable due to decreasing asset values and low interest rates.

Total Debt - Both Term and Current

Farm Type	2013 $	2014 $	2015 $	2016 $	2017 $	2018 $	2019 $
Intensive Crop	1,656,268	661,909	1,229,841	1,463,856	1,728,943	2,119,399	2,434,041
Downlands Livestock	2,050,345	1,937,806	1,673,752	1,714,538	1,529,968	1,397,454	1,421,283
Flatland Livestock	850,053	861,070	786,739	867,695	824,068	832,658	810,503
Hill & High Country	834,061	949,949	820,103	701,734	657,097	662,751	736,740
Dairy Factory Supply	6,063,909	6,160,662	7,269,046	7,164,806	9,004,939	10,655,003	7,865,566
Average	**2,290,927**	**2,114,277**	**2,355,896**	**2,382,526**	**2,749,003**	**3,133,453**	**2,653,627**

COMPARISON AVERAGE OVERALL FARM DEBT TO AVERAGE OVERALL FARM CAPITAL