



announce@nzx.com

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ALLIED FARMERS REPORTS SOLID RESULT

The Directors of Allied Farmers Ltd (“Allied”) (ALF:NZX) are pleased to report an audited net profit before tax for the year to 30 June 2019 of \$2.22m (FY18 \$2.44m). This is slightly below FY18’s profit which included a significant one-off recovery from the Asset Management Services Division. Excluding the one-off items from the results, the FY19 trading profit was slightly ahead of FY18.

The Board would like to acknowledge the contribution of our staff in achieving this outcome.

The company ended the financial year in a strong position, and it is pleasing to note the improving financial performance of the company over the last five years. The company has experienced steady revenue growth, and significantly strengthened its balance sheet. While EBIT has fallen slightly in FY19, it has shown an upward trend over the five year period.

During the year, the Board was pleased to support management proposals to implement a range of staff benefits, including health and life/terminal illness insurances, driver alert technology and various health checks. Our staff are our most important resource, and make the Allied Farmers Group the stable and successful business that it is today. The Board is pleased to support our staff by facilitating their ongoing personal and professional development, knowing that this will enhance the development and growth of our people-based business.

A number of other important corporate initiatives have been implemented which have materially strengthened our business:

- An oversubscribed capital raising in February/March 2019 which has increased our cash reserves;
- A restructuring of the share register, which will reduce administrative costs, and has re-positioned the share price into a more normal range;
- Improved the Board with the appointment of new Directors who bring a range of relevant skills and experience to the company;
- Added management resource to support the growth expected in the business; and
- A review of strategy and vision (see below for further comment).

More specifically the company has confirmed its vision:

To be the major solution provider to agricultural producers, growing value for them and our investors.

The Board and management are currently refining a number of strategic priorities that fit within this vision. Our goal is to assist our farmer clients to meet the emerging challenges and leverage the opportunities that face New Zealand farmers daily. This includes changing market conditions, climate change, bio-security challenges, changing consumer tastes and preferences, changing animal welfare expectations, and expanding regulation. We see significant opportunities around effective deployment and use of new technologies and information resources.

The challenges that have been evident in the livestock business over the last 12 months are likely to remain in the near term. However, we expect continued growth in our livestock financing business, and initiatives in the digital area will provide further support to the core agency activity. The start of the financial year has been steady, and we are confident that the strength of our business model, our learnings and adjustments from recent years and the dedication of our staff position the business well.

Consistent with previous years, the Board will consider the payment of a dividend in respect of FY19 at the time of the 26 November 2019 Annual Meeting. It is proposed that any dividend declaration will be announced at that time, and is likely to be paid in late January, after the company passes its peak working capital requirements.

Mark Benseman
Chairperson