



Media Release

31 March 2023

Silver Fern Farms Annual Results 2022: Positive performance allows for large-scale investment

Note: the following information covers the results for two separate companies; Silver Fern Farms Co-operative Limited, and its investment, Silver Fern Farms Limited. Silver Fern Farms Co-operative Limited and Shanghai Maling Aquarius Limited are the joint owners of Silver Fern Farms Limited.

Silver Fern Farms Co-operative and its investment, Silver Fern Farms Limited, have today released their Annual Results for the 2022 year.

Silver Fern Farms Co-operative Chair, Rob Hewett, says the positive result reflects the business's ongoing orientation towards the end consumer, and the Co-operative has been focused on ensuring that farmer suppliers share in the risk and reward of the Operating Company's market performance.

"The first half of 2022 saw record returns for our farmer suppliers. The Operating Company's ability to navigate risks in the market better than expected saw us proactively make over \$21 million of reward payments to suppliers over and above the record schedule pricing and other payments they received," says Mr Hewett.

"Silver Fern Farms has continued to grow new value streams for our farmers. Over \$10 million of livestock programme premiums were paid out to suppliers across the year – up almost 50 percent on the previous year. Shareholding suppliers are intentionally over-indexed both in terms of involvement in premium programmes and access to processing space," he says.

Hewett says the Co-operative Board is focussed on striking the right balance between immediate returns to shareholders and allowing for the necessary investment needed to create more enduring value.

"The accumulative dividend payments of 23.2 cents per share and patronage reward of 21.6 cents per share for 2022 are the highest yield in the company's history," says Hewett.

"While the later part of 2022 onwards has presented a stark change in market conditions which have impacted both farmer and company returns, the Board is confident about the near-term recovery of prices albeit we are not expecting these to be at the same record levels of last year.

"Our outlook is positive but must be underpinned and unlocked through further investment in the Operating Company over the next few years.

"The Co-operative Board has also opted to retain \$5 million for reserves. This will further strengthen the health of the Co-operative and gives us options around further investment for the benefit of shareholders," he says.

Silver Fern Farms Limited Chief Executive, Simon Limmer, says the year's performance has confirmed the company's market-led strategy is the right one, and has laid the foundation for the largest and most transformative investment programme in its 75-year history.

"Silver Fern Farms is committed to becoming a trusted nature-positive producer. Last year we entered one of New Zealand's largest sustainability-linked working capital facilities, and we are committed to putting tools in the hands of our farmers by taking a leading role in establishing the Government-Industry Joint Venture into agricultural emissions reductions," says Mr Limmer.

"We also saw tangible examples of the company's market-led strategy come to fruition, such as the successful launch of Net Carbon Zero beef in the United States.

"While the current scale of our Net Carbon Zero product is still relatively small compared to the overall size of the business, it represents a direction of travel of much more significance for us. It reflects a strong alignment against the needs of our increasingly discerning customers, and a celebration of the best of our pastoral-based farming system on the world stage," he says.

Limmer says the company's performance is allowing their largest ever investment programme, both across all its 14 processing sites and a broad range of projects that will modernise core business systems and ways of working.

"With \$96 million of capital investment in 2022, and even more planned in the next few years, we are doubling down on our commitment to meeting the needs of the end consumer by investing in our markets, infrastructure and organisational capability," says Mr Limmer.

"While we have a long and proud history, we also have some aging infrastructure with some of our processing sites dating back 140 years. We continue to invest heavily across all our sites, such as the \$11.2 million investment in an automated lamb processing system at our Finegand site last year and significant spend at our Belfast site.

"We're committing significant resource to the rebuild and integration of our core business processes and systems to optimise our decision-making and risk management. This will transform the way the business works, right from the consumer to the farm gate," he says.



Financial Results Summary

Silver Fern Farms Limited result for the 12-months to 31 December 2022:

- Revenue \$3,273.7m (FY2021: \$2,749.6m)
- Earnings before interest, tax, depreciation and amortisation (EBITDA) including share of associate earnings \$301.3m (FY2021: \$179.7m)
- Net profit before tax \$262.6m (FY2021: \$143.5m)
- Net profit after tax \$189.3m (FY2021: \$103.8m)
- Total Livestock Programme Premiums in 2022 \$10.3m (FY2021: \$6.9m).
- Increased investment in capital expenditure, up \$35.5m to \$96.0m.
- A 100% imputed dividend declared in relation to FY2022 \$76.9m (FY2021 \$46.7m) – this includes an interim dividend already paid of \$31.9m

Silver Fern Farms Co-operative result for the 12-months to 31 December 2022:

- Net profit after tax \$94.1m (FY2021: \$51.5m)
- Dividend to be received by April based on FY2022 \$38.45m (FY2021: \$23.4m)
- No debt. Cash and short-term deposits of \$34.6m
- Total Shareholder Equity of \$438.4m (FY2021 \$369.0m)
- Co-operative declares total dividend and patronage reward for shareholders of \$33.5m (FY2021 \$18.4m)
- A 100% imputed dividend of 23.2 cents per share payable to all ordinary and rebate shareholders – this includes a 10.1 cent per share interim dividend which has already been paid. Remaining dividend of 13.1 cents to be paid on 28 April.
- A 100% imputed patronage reward of 21.6 cents per share is payable on qualifying shares to supplying shareholders based on supply during 2022.
- Closing share price at 30 March 2023 - \$1.42

Silver Fern Farms Ltd is New Zealand's leading processor and marketer of beef, lamb, mutton, venison and associated products to more than 60 countries and regions.

The company operates 14 processing facilities throughout the country, employing more than 6,000 staff. Key markets in New Zealand, China, North America, the United Kingdom and Europe, Asia, and the Middle East are supported through a network of international offices.

