

# SHAREHOLDER UPDATE

AUGUST 2016

## RETURNING \$30 MILLION TO YOU

Our co-operative is distributing a total of \$30 million to farmers through our rebate. That amounts to 87 percent of our 2015/16 \$35 million gross trading result coming back to you.

That's an average of \$25 per tonne. Returns to shareholders vary with volumes and products purchased over the financial year, but if you are a shareholder buying 100 tonnes, your gross rebate is around \$2,500. We are not paying a dividend following a Board decision to acknowledge the loyalty of transacting shareholders through profit distributions.

In recognition of tight farm budgets we reduced our margins on fertilisers all year, so that every saving we made on purchasing or through currency gains translated into lower fertiliser pricing. Given mixed fortunes this year, we felt it important to provide our shareholders continued access to affordable nutrients. Current nutrient prices are the lowest they have been for many years.

Given tight farm budgets, we were unlikely to match our strong performance of previous years. However the main driver behind the rebate not being higher was a catalytic converter break down at our Kapuni ammonia urea plant near the start of the year, which led to lost profits and capital costs totalling \$13 million.

Despite a tough year, your co-operative is in sound shape, and our balance sheet remains very strong as a result of continued financial discipline.

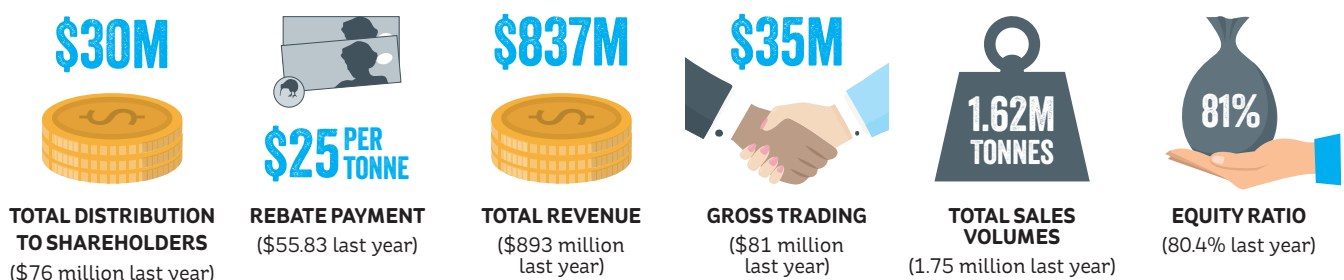
Like farmers, we have to maintain a long-term view because success is not defined by a single season. We've had a long history of success. We hit a bump-in-the-road this year and we expect to deliver more returns for

our shareholders again next year.

Farmers also want to see us bring them value beyond the rebate. Our team is making the best use of our knowledge of farming systems to help unlock farm potential and increase profits on farm in good years and the not-so-good. That includes continuing to build a strong portfolio of products best suited to local farming systems to lift production, and minimising nutrient losses through precision farming tools. This combination of competitive price, expert advice, smart products and precision technology ensures a sustainable co-op which can partner with our shareholders and customers over the long term.

**DAVID PEACOCKE**  
Chairman

### RESULTS AT A GLANCE



# FARM ENVIRONMENT TROPHY AWARDED TO HELENSVILLE COUPLE

**Auckland farmers Richard and Dianne Kidd are the National Winners of the 2016 Ballance Farm Environment Awards.**

---

Richard and Dianne own a 376 ha sheep, beef and forestry unit, Whenuanui Farm, on the edge of Auckland city. The Kidds were described as "environmental champions and great role models for drystock farming, achieving impressive stock and financial performance while working hand in hand with the environment".

Mixed-age ewes in Whenuanui's Coopworth flock lambed at 162 percent last year, with the hoggets achieving an impressive 129 percent. All lambs are sold prime to Countdown supermarkets under the "Kaipara Lamb" brand.

Judges said the winter stock policies, outstanding management of soils and extensive use of summer and winter cropping minimises the environmental impacts of the operation.

The Kidds were chosen from the eleven regional supreme winners of the 2016 Ballance Farm Environment Awards at New Zealand Farm Environment (NZFE) Trust's Sustainability Showcase – an event that celebrates agriculture's contribution to the New Zealand economy and highlights the efforts farmers are making to find better ways to manage their farming systems.

NZFE Trust chairman Simon Saunders said Richard and Dianne possess the outstanding communication and leadership skills necessary to spread the sustainability message to both a national and international audience.

## Sign up

Entries for the 2017 awards open from 1 August 2017. Talk to your local nutrient specialist or visit [www.nzfeatrust.org.nz](http://www.nzfeatrust.org.nz) to find out how you can enter.



---

## CALVING TIPS ON THE GO

**A series of six two minute videos from SealesWinslow is providing quick and relevant advice for calf rearers this season.**

---

The clips featuring SealesWinslow nutritionist and quality manager, Wendy Morgan, allow calf rearers to refresh their knowledge and access useful information while on the go. It's a great first step to setting up dairy cows for a long and productive life.

"It starts with having a good calving plan; ensuring calves get the right nutrition at the right time and

making best use of farm facilities to provide the best calf housing. Well grown heifers make much more successful milking cows, and growing them well starts from the day they are born," says Wendy.

Watch the videos on the SealesWinslow YouTube site  
<https://www.youtube.com/user/SealesWinslow>





# TAKE FIVE WITH MARK

**We ask CEO Mark Wynne what he sees as the big issues facing farming right now and what Ballance can do for the farmers facing them.**

## **1 What do you see as the main challenges facing farmers right now?**

Navigating the path to a sustainable profitable future is more challenging than ever before. What we have is communities demanding change faster than farming is changing and a lot of this pressure is coming from urban consumers. Agri-business' licence to operate is changing in response to this community pressure to farm within limits. A lot of the pressure is building around water – who should have access, how much should they get, who is responsible for the health of our rivers and waterways, what standards are acceptable?

## **2 How will this water pressure play out?**

Water policy will reshape current land usage. The first in first served water allocation legislation is unlikely to last another decade as weather events force a rethink. Water will eventually have a tradable price like all other limited resources, and those nutrients that enter our waterways will be paid for twice, once as an input to the land and again as a pollution tax.

## **3 How can we get a balance between sustainable farming and urban consumers' expectations around maintaining a clean, green image?**

We need to amplify the awareness of excellence in sustainable farming and accelerate the acceptance of the best practice across all farmers. We have standout examples there in the Ballance Farm Environment Awards and promotion of best practice needs to go beyond the farming media. It won't necessarily be easy – leading farmers in particular hate blowing their own trumpet – but the promotion of best practice is a role that we must all take very seriously.



## **4 Is there more we can do than tell better stories?**

Certainly and one thing is to demand adequate funding of science and research to support policy decisions around farming sustainability. Science needs to be at the heart of the discussion. As community demand for change accelerates, decisions have to be based on fact not emotion.

## **5 What can Ballance do to help?**

Stay one step ahead of farmers' needs and ensure we have the products, technology and advice which complement their individual farm management systems. All farmers farm differently, so our understanding of their management system is crucial. We need to adjust our business to our farmers' needs – not expect them to adjust to us.

# STAYING AHEAD WITH SUSTAINABILITY SERVICES

**We want to stay ahead of the challenges facing farmers. With environmental constraints likely to be one of the biggest issues on farm, we've formed a specialist Farm Sustainability Services team. The move builds on Ballance's nutrient budgeting services initiated in 2013 to support Canterbury farmers in meeting the compliance requirements of the Canterbury Regional Land and Water Plan.**

.....

Team leader Alastair Taylor says the new team will meet growing demand for analysis of year-end farm nutrient data for dairy companies and year-end nutrient budget



Farm  
Sustainability  
Services Team  
Leader Alastair  
Taylor

reports for irrigation schemes, regional councils, and resource consents.

"We also expect to work with proactive farmers to build up a database of their nutrient performance before nutrient limits are set in their regions. Having an on-farm database gives farmers and their primary industry groups like DairyNZ and Beef + Lamb New Zealand better information to work with when negotiating local limits."

Alastair says the team will call on patented technology developed by Ballance's own research and development, as well as many years of experience in providing nutrient advice, to offer a higher level of insight and support farmers with sustainable and profitable decision making.

You can contact the team on by email [farm.sustainability@ballance.co.nz](mailto:farm.sustainability@ballance.co.nz) or call Alastair on 021857 627.

---

## TEAMING UP WITH HILL LABS

**Ballance has teamed up with Hill Laboratories in an exclusive partnership giving Hills sole rights to the 40,000 soil and herbage tests we carry out for customer each year.**

.....

Ballance General Manager of Sales, Campbell Parker, says the partnership will use new technology to help Ballance reps and their farmer customers make better nutrient management decisions using robust data that's now at their fingertips.

"Hill Laboratories has recently developed a mobile app, currently in the testing phase, that will transform the soil sample collection process from paper to digital. The app will allow our nutrient specialists to request, via their mobile phone, soil tests from Hill Laboratories and submit all related details for testing," says Campbell.

"The partnership between our two companies essentially allows data to be shared digitally; saving us a whole lot of paperwork and giving us both faster access to current and historical information for the benefit of the farmer," he said.

"Using GPS coordinates our field team can enter soil sample information for each site on a farmer's property into the app, where they can easily access and compare it over time."

Hill Laboratories' general manager of commercial, Bart Challis, says that data-driven decision making is more important in farming than ever before, and the company developed the app to cater to farmers' increasing reliance on digital tools to manage their operation.

*Ballance General Manager Sales, Campbell Parker and Hill Laboratories General Manager Commercial Bart Challis*





## SEALESWINSLOW BECOMES FARMSOURCE PREFERRED SUPPLIER

Animal nutrition subsidiary SealesWinslow has grown market share and volume in a market which has declined on the back of low dairy prices. The business holds a leadership position in calf feed, and is now the preferred supplier of calf nutrition products to the national network of FarmSource retail stores. The new agreement formally came into effect from 1 July 2016, and covers supply of SealesWinslow-branded calf feed and the manufacturing of the Country Mile house brands range of products.

## BALLANCE AT HOME IN BULLER

We've reinforced our commitment to West Coast farmers with our new purpose-built consignment store now open to better service the growing farm nutrition needs of our wide customer base. The new store was designed to allow for storage of a wider range of products, bulk and bagged, including our core range of SustaiN, PhaSedN and Sulphurgain Pure, and makes use of the Westport port to bring in some product lines by ship.

## DOWN TO THE WIRE

Helicopter pilot, Dean Lithgow, is asking Ballance shareholders to get in behind his education campaign to cut the risks of aerial wire strike accidents on farms.

Since 2000, 28 helicopter accidents on farms have been caused by wire strike, eight of them fatal, and Dean has created a YouTube video <https://www.youtube.com/watch?v=ebTNmJmPrRw> to help raise awareness and bring the toll down.

The Civil Aviation Authority's advice is to remove all hazardous wires, or if that's not possible, to clearly mark them as hazards.

# ACTYVA S DELIVERS WHOLE-IN-ONE FOR ARABLE FARMERS

**At Ballance, one of our priorities is to shop the world for the best technologies and products – and bring them back to farmers here. A great example is a new compound fertiliser designed to give arable farmers the edge they need to maximise crop yields.**

Launched in July, YaraMila Actyva S has a unique formulation tailored to New Zealand soils that delivers a consistent balance of essential nutrients and trace elements within each granule.

Ballance's Horticulture and Arable Specialist, Russell Hamilton, describes each granule as an 'all-in-one' package that delivers the right nutrients to every plant in the crop.

"The true-compound formulation means Actyva S spreads further and with much greater nutrient consistency when compared to existing blended fertilisers. It gives farmers the control they need to maximise their crop yield, creating better results while cutting down on the time and resources required to spread fertiliser."

Unique in the New Zealand market, Actyva S saves time, won't clog in machines and consistently delivers both key nutrients and trace elements, which are crucial for overcoming soil deficiencies that limit crops from reaching maximum potential yield.



Horticulture and Arable Specialist Russell Hamilton

# SEEING IS BELIEVING

Primary Industries Minister Hon Nathan Guy took to the air to see first-hand one of Ballance Agri-Nutrient's Primary Growth Partnership success stories recently.

The topdressing flight was part of an update from our science extension team on three new tools developed to help farmers farm more profitably and sustainably.

The Minister got a bird's eye view of our variable rate fertiliser application developed for fixed-wing aerial topdressing. Spreadsmart™ is precision technology which combines GPS guidance and tracking systems with computerised farm mapping to automate the opening and closing of an aircraft's fertiliser hopper at the right time, in the right place.

Grant and Julie Wrigley's Featherston sheep and beef and dairy farm was used as a case study to show the practical tools that are available for farmers now to drive returns within the farm gate.

Ballance Science Strategy Manager Warwick Cato says farmers are very interested in the Spreadsmart™ technology which is fitted to our

Super Air topdressing aircraft in Wairarapa and the King Country.

"With healthy rivers and farming within limits top of mind, our new technology gives farmers a chance to jump ahead of the curve and get on top of compliance with automatic proof of placement maps."

**“We now have the technology to apply more than one rate of a fertiliser to more accurately better match the fertiliser rate with potential productivity, such as flat areas for finishing versus steep slopes.”**

With fertiliser one of the largest on-farm costs, precision applications also mean budgets go further, improving farm margins.

Also showcased to the Minister were N-Guru™, which more accurately predicts pasture responses to nitrogen and MitAgator™, a tool designed to identify and quantify the areas on farm which are at risk of losing nitrogen, phosphorus, sediment and bacteria.

Minister Hon Nathan Guy prepares for lift off



For shareholder information  
phone 0800 267 266

For customer information  
phone 0800 222 090

[www.ballance.co.nz](http://www.ballance.co.nz)

 **Ballance** agri-nutrients