

NZ Farming Systems Uruguay Outlook Improved By Rising Dairy Prices

NZ Farming Systems Uruguay advises that an increase in milk prices received by the company has improved its outlook for the current financial year.

The milk price received by the company in November was 27c per litre, up from 24c in October. Analyst consensus for the 2009/10 financial year is for an EBIT (earnings before interest and tax) loss of \$US10-15 million, based on a milk price of US 20c per litre. Due to the improving dairy prices, NZFSU now expects its EBIT loss at this early stage of development to be no more than \$US 10 million.

As noted in the company's recent investor newsletter, there is some potential for further upside in milk prices received by NZFSU, and the summer climate in Uruguay is currently more favourable than it was at the same stage of last year; however, these positive factors need to be balanced against the fact that the financial year is at an early stage.

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