

27 March 2020

COVID-19

As a result of the Covid-19 outbreak, and the Government's announcement of an upgrade to a level 4 response, we are expecting to now experience a substantially reduced demand for our products resulting in a virtual shutdown of our business for at least the next four weeks.

We expect that a loss of four weeks trading from a virtual shutdown of our business would equate to a drop of around \$20 million of revenue and \$4.5 million of operating profit, which would represent almost half of our pre-tax profit for our last financial year. Additionally, we expect a reduction in business activity levels in future months but at this stage we cannot quantify what the impact on revenue may be.

The government has established a wage subsidy scheme. NZPM is in the process of claiming a wage subsidy of approximately \$3.5 million which covers a period of up to 12 weeks of lower business activity.

The projected reduction in profit from the initial closedown, net of government subsidy represents a drop of about 10% of our annual pre-tax profit compared to our last financial year. We do not expect this to impact on the level of dividend we pay on our redeemable preference shares, but it is likely to mean a lower dividend is declared on our ordinary shares in relation to our current financial year.

Investors should note that the Government's level 4 response to the Covid-19 outbreak may last longer than four weeks. This would likely result in the financial impact of the coronavirus on our business being greater than we are now projecting with no further government subsidy support.



John DeBernardo
Chairman