



ASX Announcement

11 June 2020

UPDATE ON COVID-19 AND FY20 GUIDANCE

- All divisions of HRL open and trading since easing of NZ government restrictions
 - FY20 earnings guidance reinstated at \$5.5m-\$5.8m underlying EBITDA¹
 - The Company remains sufficiently funded to meet operational objectives and significantly within banking covenants
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HRL Holdings Limited (ASX:HRL) (“HRL” or “the Company”) provides the following update on the impact of COVID-19 on trading conditions.

Business Trading Update

The New Zealand Government introduced strict Alert Level 4 nationwide lockdowns in late March through to the end of April. A large portion of HRL New Zealand business was impacted with only the laboratories “essential services” food and water testing permitted to trade.

Following the reduction of the COVID-19 to Alert Level 3 in late April most New Zealand HRL staff were able return to work. Alert Level 3 continued to impose a range of restrictions on domestic travel and site access which impacted trading conditions.

All NZ operations recommenced in mid-May when restrictions were relaxed to Alert Level 2 and trading is improving although still below pre COVID-19 volumes.

Australian businesses continued to trade without interruption during April and May with extensive social distancing and sanitisation procedures put in place.

FY20 Guidance

HRL, like most Australian companies, remains cautious in providing any forward-looking financial statement in the current economic environment. Future mid-term activity levels remain difficult to accurately predict, however the Company provides the following update on current financial performance.

FY20 revenue is expected to be in the range of \$32.0m - \$32.7m (FY19 \$30.7m) with underlying EBITDA¹ of \$5.5m - \$5.8m (FY19 \$4.5m). The Company notes analyst consensus of underlying EBITDA¹ is \$4.8m.

Q420 trading conditions benefited from the group’s ability to operate “essential services” food testing (honey and dairy) combined with a strict cost control strategy executed across the business.

¹ EBITDA is stated on a pre-AASB 16 basis



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Operating cashflows over the half have been positive and the Company remains significantly within banking covenants.

Further updates will be provided with the full year result in late July.

This announcement has been approved by the Board

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