

2014 Annual Meeting

Napier War Memorial Conference Centre, Napier
Tuesday 21 October 2014 at 10:30am

Welcome – Mark Dewdney

Slide 2 – AGENDA

Welcome

Slide 3 – DIRECTORS INTRODUCTION

- Chairman, Alan Lai
- Deputy Chairman, Trevor Burt
- Kean Seng U
- Independent Director, Ronald Seah; and
- Patrick Tsang
- Independent Director, John Nichol, and
- Independent Director & Audit Committee Chairman, Bruce Irvine

Slide 4 – ON STAGE TODAY

- Chief Financial Officer - Rob Woodgate, and
- GM Strategy & Corporate Affairs - Julian Daly, who is also our Company Secretary.

Slide 5 – ALSO IN ATTENDANCE TODAY

Executive Management

- GM Regions - Grant Edwards
- GM Retail - Stephen Guerin
- GGM Seed & Grain - John McKenzie
- GM Livestock - Peter Moore and
- GM Wool - Cedric Bayly

together with a number from their respective teams.

- We also have a number of staff joining us from the regional management teams, including the Regional Manager for Bay of Plenty and East Coast, Tom Mowat.
- Our external Auditors KPMG are also in attendance.

Apologies

Slide 6 - FORMALITIES

- **Notice of Meeting**
- **Minutes**
- **Proxies**
- **Annual Report**

Alan Lai

Slide 7 – CHAIRMAN’S ADDRESS

It is my pleasure to speak to you one year on from my appointment as Chairman at the Annual Shareholders Meeting last year. It is very pleasing to be able to stand before you today and acknowledge the positive results over the past year and the strides that have been made by PGG Wrightson.

Much credit is due to the staff that have worked in the business and with our clients over the year. It is very positive to see that PGG Wrightson is on a steady path to re-claiming its position as a leading option for investors looking for broad based exposure to New Zealand agriculture and the commercialisation of agri-technologies to our growing international markets.

Slide 8 – Strongest result for several years

The year to 30 June 2014 was a significant one within PGG Wrightson’s more than 140 year history. It also marked my first year as Chairman and Mark Dewdney’s first year as CEO.

We continue to see significant improvements across all aspects of the company. The management team has been given a challenge to grow the business. Mark has an engaged and passionate group of people working with him. The Board is aligned to the strategy and believes that PGW can capitalise on its unique position in the agriculture sector in New Zealand and other markets in which it operates internationally.

At last year’s shareholders meeting we commented that as a company, our fortunes are closely tied to those of our customers and this is reflected in our overall results. In contrast to 2013, however, New Zealand agriculture has performed strongly over the last year. Also, the Australian and South American agriculture sectors have been solid. Our size, products and geographic reach, technical expertise, and dedicated staff allowed PGW to capitalise on that strength.

Operating earnings before interest, tax and depreciation (Operating EBITDA) for the year was \$58.7 million, compared with \$45.8 million for the year to June 2013. This is an increase of more than 28%.

The strong operating performance, balance sheet strength and future confidence gave the Board the confidence to increase dividends over the year. The final dividend of 3.5 cents per share made a total of 5.5 cents per share paid for the year.

A clear and aspirational strategy has been articulated for the business and approved by the Board and we look forward to seeing the implementation of this plan in the current financial year and

beyond. The Board is confident that the strategy has the business focussed on the right areas and believes that it achieves the right balance between operational execution, continuous improvement and growth.

Management has the full support of the Board, which has every faith that business is on the right path for bright future.

Finally, on behalf of the Board I would acknowledge the effort and commitment of our staff across the PGG Wrightson business. I now hand you back to our Chief Executive, Mark Dewdney.

Mark Dewdney – Chief Executive

Slide 9 – THE YEAR IN REVIEW

I'll now speak to the financial and operational performance of PGG Wrightson over the last financial year. I'd then like to talk you through the three key themes of our strategy, which will then bring us to the financial performance that you, as shareholders, can expect of PGW following which there will be the opportunity for you to ask questions.

Slide 10 – OPERATING EBITDA RECONCILIATION

Before we get started, please note that we use Operating EBITDA as a key measure of performance within the business. This is a non-GAAP financial accounting measure and I would refer you to our full accounts for details of how this relates to Net Profit measures.

Slide 11 – SNAPSHOT

This is PGW's strongest result in several years and I would like to acknowledge the commitment and contribution of our staff in what has been achieved.

We've achieved a lot over 2014. This rather busy slide summarises a number of those accomplishments. You can also find this in the annual report. These accomplishments are some of the reasons that we believe PGW is a stronger company today than it was at last year's shareholders meeting.

I'd like to touch on a couple of these items in particular:

- We've created PGG Wrightson Water through the acquisition of Water Dynamics and Aquaspec to our Irrigation and Pumping business. This gives the Water business a stronger footprint in the North Island and adds wholesale supply capability.
- We've reconfigured our South American operations to focus our resources on those activities that will provide the best returns and long term prospects, and
- We've added 13 new dairy positions to our Livestock team as part of our commitment to increase our offering to the dairy sector

In recent years PGG Wrightson has invested substantially in our people, our infrastructure and our products. This has built a strong foundation that is focussed on delivering quality products and services to our customers in order to build deep and trusted relationships with them.

We've put a lot of effort into the culture of the organisation; our staff engagement performance index is at an all-time high. Our store refurbishment program and frontline training programs have led to market share gains. Our investment in research and development continues to improve the performance of our product, generating productivity gains for our customers.

It gives me great pleasure to be able to stand before you today to say that this hard work is translating into increased financial returns for the shareholders.

Slide 12 – FINANCIAL RESULTS

The New Zealand agriculture sector experienced a favourable year in FY14 and this shows through in our individual business unit results. Across most of our businesses we've seen increases in profitability compared to last year. This has come through a combination of strong sector performance, winning market share, taking advantage of opportunities through acquisitions and strong margin and cost management.

Our Rural Supplies and Fruitfed businesses continued to trade strongly, with combined revenues up \$52 million or 12%. Operating EBITDA increased by \$2.3 million to \$25.5 million.

We have been working hard on developing our technical expertise, customer service and logistics systems and this is delivering positive results.

We achieved strong sales growth on the back of confidence in the dairy sector and we have achieved market share growth in key value added categories related to agronomy inputs, with AgChem and Fertiliser in particular seeing strong market share growth.

The Seed & Grain business reported Operating EBITDA of \$34.0 million, compared to last year's EBITDA of \$26.5 million. Increased Operating EBITDA was achieved in our New Zealand Seeds, Australian Seeds and International business units.

Favourable trading conditions in New Zealand Seeds resulted in greater volumes of proprietary grasses being sold. Across all of our proprietary grasses we sold 322 metric tons more than the year prior. Within our maize business we saw a 30% uplift in sales.

In Australia, higher volumes of proprietary products were sold along with greater volumes of retail boxed turf seed, following our investment in a new boxing plant. When we look at performance for the year in Australia, we achieved a \$2.4 million Operating EBITDA uplift.

Solid margin improvements in Uruguay allowed us to deliver a \$1 million improvement from the South American operations.

Livestock Operating EBITDA increased by \$1.2 million to \$13.4 million.

Overall, tallies for all stock sold across all of our channels was lower compared to last year (7.6 million versus 8.1 million in the prior year) with the largest decline in sheep tallies. Notwithstanding the reduced volume of stock sold, we saw higher prices with the average sheep unit price \$14 up on last year. The reduction in sheep numbers was a consequence of de-stocking from the prior year's drought along with the on-going change in land use towards dairy.

When we look at dairy volumes on the other hand we have had our second highest volume since 2005. This increase was market share driven and is the result of work to improve the quality and

capacity of our livestock rep force over the past few years. Cattle and dairy prices held up well throughout the twelve months and were up on last year's averages.

In our Live Export business we completed the Vietnam-based contract in the prior year and that largely explains \$16 million of the gap in revenues when drawing comparisons between periods. As we look into this year, we have changed our Live Export strategy and are now working with a specialist export joint venture partner to align our strengths in Livestock procurement with their shipping expertise. Our first shipment of cattle to China for many years was successfully delivered last month and further shipments are under negotiation.

Wool was our one significant business that contracted, though it is important to note that it was coming off a record year in FY13. Total bales declined reflecting the reduction in sheep numbers. This decline was however partially offset by strong growth in our export sales through Bloch & Behrens.

PGW Water operating EBITDA increased by \$1.6 million to \$6.6 million.

The Water business performed well in responding to the wind damage that a significant number of our clients experienced in Canterbury. We saw an uplift in revenues with the storm damage work largely completed by December, and almost a full year of trading of Water Dynamics/Aquaspec.

Real Estate Operating EBITDA more than doubled from \$1.3 million to \$3.3 million.

Dairy and dairy support land sales had a major impact on the overall performance of the business with Otago and Southland having had an exceptional year, with a number of large farm sales, and the sale of Solid Energy farm portfolio contributing to the success. The knowledge and experience of our sales force has continued to improve with a number of new agents joining us from competing agencies.

Slide 13– Almost every business improved

To put the year in perspective here are the year on year improvements of each of the larger business units of the group. As you can see from this slide almost every business unit has positively contributed to the \$13 million increase in group Operating EBITDA.

I'm pleased to announce that this almost across-the-board improvement has continued into the first quarter of the current FY15. Seed & Grain have had better start to the year, with strong demand for fodder beet contributing to this year on year improvement. Wool, Livestock and Water have all had a stronger first quarter this year than they did last year.

Slide 14 – Our Strategy

Over the last 12 months, the Executive team has led a significant project to develop and refine the Group strategy for PGG Wrightson. This involved undertaking macro analysis of the rural sector and the high level market drivers at play while also evaluating PGG Wrightson and each of its business units. Within PGG Wrightson, strategic planning takes place at both the Group level and at the level of our individual business units. Our individual business units have detailed plans and strategic objectives which map out how we see the markets in which we operate and how we intend to respond in order to capitalise on the opportunities we have identified.

As we worked through our strategic planning three key themes emerged: **Improving our business**, **Growing our business** and looking for **Game-changers** that will allow us to meet our changing customer needs and stay ahead of our competitors.

Our core strengths in sheep, beef, arable, horticulture, viticulture, livestock and wool trading and agronomy will remain at the heart of our strategy. On top of these we see several areas where we have the ability to grow our business further.

I'll now elaborate further on each of these strategic themes.

Slide 15 – Improve

We are an important business partner to our customers. Our customers depend on us to provide the products and services they need to run their businesses. In addition, customers rely on our experience and trust our expertise to help them achieve better results. As farming continues to become more complex and sophisticated, so too, the level of service we provide our customers must continue to develop and improve. Some of the key elements of this theme include the following:

- **One PGW** is about putting the customer first through acting seamlessly as One PGW across all our services. While each of our businesses service a different aspect of our customers' on-farm needs, putting the customer first means considering how we work together across our business to deliver better service and results for the customer. It relies on staff to look for opportunities to work together to deliver superior customer service and systems.
- **Delivering a great customer experience** is central to the strong future of PGW. We need to ensure that we do the basics well. We strive to have systems and processes that are accurate and efficient and demonstrate a customer-driven culture.
- **Mobility** is about using the best tools and technology to deliver service and advice to our customers. This requires our staff to be knowledgeable about the products and services they sell and how these fit into wider farm systems. Achieving this requires us to invest in the right people, providing them with the training they need and providing them with the tools and technology to support them in delivering this knowledge to customers. As an illustration of this you'll see more tablets in the field, giving our staff greater access to information at their fingertips.
- **Organisational efficiency** is about continuous productivity improvement and the elimination of waste and the reduction of costs where possible.

Technology and people underpin each of these examples and remain key areas of investment for the business as we seek to differentiate from our competitors through the quality of the product and service we provide.

Our staff are our greatest asset, and they are the reason we have had such a strong year. We are investing in our people programmes through the group, with a particular emphasis on ensuring that our teams have the most technical expertise in the market.

Slide 16 – Grow

All our businesses have opportunities to grow within their respective markets. For example, both our Seeds and Retail businesses are continuously scanning their environment to determine what changes to make to their product ranges. In all markets we believe we can increase our market share. In addition to these generalised opportunities, we have identified several areas that need specific focus and investment in order to realise their potential. These are our Grow opportunities and include:

Dairy – The importance of dairy to the NZ economy is widely accepted and we are seeing continued shifts in land usage toward dairy and dairy support. Our dairy strategy is evolving quickly and we see significant opportunity to grow our overall dairy presence.

While there is currently a lot of attention on the forecast milk price for this season, we believe that ultimately prices will rebound so that the average milk pay-out will be in the \$6 to \$7 range in the medium term.

Some parts of our business are underweight in their offering to dairy farmers and have not kept pace with the increasing importance of dairying. Accordingly, we are actively targeting an increased focus on addressing these gaps in our product and service offering and ensuring staff have the skills and training relevant to dairy.

We are actively recruiting dairy specialists as well as increasing the capability of existing staff through training opportunities.

Water – during the year we moved to further strengthen our footprint and offering in the Water sector with the acquisitions of Water Dynamics and Aquaspec. This now give us nationwide coverage in the irrigation market and wholesale distribution capability. Water is critical to the growth of New Zealand’s agricultural sector and a key area of focus in Government policy. The current market lacks a clear leader. We believe there is an opportunity for PGG Wrightson Water to take this position.

South America – PGG Wrightson entered South America in 1999 by acquiring a majority stake in a Uruguayan seed wholesaler. Over the last 15 years, we have seen the South American market grow and we expect this to continue and increase in momentum. While we already have significant market share in seed and have a presence in other categories (such as irrigation, real estate and livestock), ongoing investment is required to ensure that we maintain our leadership and to maximise the opportunity that ongoing South American growth presents. In Uruguay we are investing in new warehousing and distribution infrastructure and positioning the business for future growth. In Brazil, a market we entered in 2010, we have grown rapidly from a small base and expect that growth to continue.

China – New Zealand and China have enjoyed solid growth in trade over the last five years. Opportunities in wholesale and bulk importation from China of farm inputs and the development of PGG Wrightson’s own ‘house’ brands are important growth objectives that are being targeted.

On the export side, both Wool and Livestock have significant opportunities to grow their trade with China.

Slide 17 – Change

Looking out 5-10 years into the future it is probable that some of our current business activities will be transacted and managed very differently. High level initiatives and areas where “game-changer” opportunities will be actively pursued include the following:

Change capability is about ensuring our internal culture is ready to explore new and developing market opportunities and is able to execute on those initiatives.

E-commerce is about being ready to anticipate and move on alternative ways for customers to do business with us.

New partnerships and business models is about seeking alliances or acquisition opportunities to grow into adjacent markets and to enhance scale. An example is the recent strategic alliance entered into with ASX-listed Ruralco Holdings Limited to work co-operatively with its specialist livestock export subsidiary Frontier International Agri Pty for live dairy cattle exports to China. In this venture we are collaborating to bring our respective capabilities to execute on an opportunity that individually neither party would be able to undertake as efficiently.

Precision agriculture involves the measuring and managing of farm performance at an individual animal or sub-paddock level, using new tools and technologies to achieve this. New models will need to be developed in order to package, sell and support these technologies on-farm and we consider that PGG Wrightson will be uniquely positioned to deliver such technologies to its customers.

The key for PGW in all of these areas is to ensure that we deeply understand our customers and the market so that we can anticipate their needs and develop the capability to meet these needs.

The ownership of farms is also evolving with an increasing influence of corporate, foreign and Maori ownership.

We increasingly see farms become bigger and more complicated. With this comes changed requirements of owners and decision makers which creates opportunities for us to service our customers differently now, and into the future.

Technology continues to create new solutions and our opportunity is to utilize technology to improve our productivity and provide new solutions for our clients.

Slide 18 –OUTLOOK FOR 2014/15

Looking now to the year we are in. Everybody will be aware of the significant fall in the value of milk that is underway. When dairy farmers were setting their budgets for the 2014/15 season, forecasters were predicting another very good pay-out of around \$7.00 per kg of milk solids. Today, Fonterra’s forecast is 24% lower at \$5.30, with some commentators expecting this to fall further. This will undoubtedly slow our forecast revenue growth with dairy farmers over the course of the current financial year, particularly in autumn, and possibly into the following year.

The outlook for our core sheep, beef, arable, horticulture and viticulture markets on the other hand is positive. Confidence in these sectors remains high supported by solid prices, a lower NZ dollar, and, so far at least, generally benign weather. Growth within these sectors (plus growth in Australia

and South America) will continue to be a major focus for the company and should offset some of the weakness in the dairy sector.

The Board have reviewed our performance so far this season and the forecast operating environment. Spring and autumn are the two key periods for this business. So, while it remains too early to have high levels of certainty around how the year will play out, and noting the impact in dairy, I'm pleased to advise that based on a strong first quarter, current conditions and performance, we still believe we can increase our Operating EBITDA for the current year and better the \$58.7 million Operating EBITDA achieved in the year to 30 June 2014. We will be better placed to update this guidance at our half-year results announcement in February. By then, we will have a better idea how our dairy customers are reacting to lower prices and will have more clarity about livestock trading, the performance of the Australia Seeds business and South America over their key selling season.

Slide 19 – QUESTIONS & DISCUSSION

Ladies and Gentlemen, we will now take questions and discussion.

[Questions and Discussion on the Annual Report etc.]

Before moving to the formal business of the meeting I'd like to take this opportunity on behalf of management to thank the PGW staff and customers for a great year. I'd also like to acknowledge the contribution of our CFO, Rob Woodgate, who leaves us at the end of November. Rob has been central to reshaping the financial position and strategy of the business. With his input, we have a financially healthier and more dynamic business to grow from. Rob leaves us having secured a number of key achievements and also in the knowledge that he has been part of a significant turnaround in fortunes for PGW. We'd like to take this opportunity to wish him all the best in his future career.

Given one of the resolutions to be put to the meeting today relates to the Chairman standing for re-election to the Board it is appropriate that the Deputy Chairman, Trevor Burt, chair this part of the meeting.

Trevor Burt – Deputy Chair

Slide 20 – BUSINESS OF THE MEETING

My name is Trevor Burt and it is my honour to take us through the remaining agenda items, being the election of Directors and to authorise the Directors to fix the remuneration of the Auditors.

The formal business of the meeting comprises of four resolutions, which are outlined in the Notice of Meeting. Similar to recent years we have again offered shareholders the option to cast their votes on meeting business by post or online. This option provides shareholders with more flexibility and convenience where they cannot attend in person or by proxy but nevertheless wish to cast their votes on meeting business.

Given that votes can be cast by shareholders not attending the meeting it makes sense that all resolutions will be determined by way of a poll. After the business of the meeting those in attendance that have not yet cast their votes prior to the meeting will have the opportunity to do so.

The proposed resolutions will now be considered by the meeting, with all four resolutions to be determined by a poll that will be undertaken by our share registrar, Computershare. The company's Auditors, KPMG are here to act as scrutineers, if required. The resolutions and accompanying explanatory notes are set out in the notice of meeting.

The first three resolutions relate to the election of Directors. The notice of meeting records that John Nichol was appointed to the Board by the Directors since last year's annual meeting. As such, and in accordance with NZX listing rules, John retires and offers himself for election. Biographical notes for John are set out in the notice of meeting. These details are also set out on the following PowerPoint slide.

Slide 21 – John Nichol

John has been Managing Director of Optica Life Accessories Limited for the past 11 years. Prior to that he held a number of executive roles within the banking and finance sector and for 10 years was Managing Director of the investment company, Broadway Industries Limited.

He has been a director of a number of businesses within the primary sector including the New Zealand Dairy Board and The New Zealand Merino Company Limited. He has also been a director of a number of significant other New Zealand businesses including New Zealand Post Limited and State Insurance Limited.

John is an Independent Director.

I'll now like to give John the opportunity to say a few words in relation to his nomination for election.

[John Nichol to speak]

Slide 22 – Bruce Irvine

Bruce Irvine has been on the PGG Wrightson Board since 2009 and is Chairman of the Audit Committee.

Bruce was Managing Partner at Deloitte Christchurch from 1995 to 2007 before his retirement in May 2008. He now acts as an independent director on various boards including as Chair of Christchurch City Holdings Limited and Heartland Bank and subsidiaries; Director of House of Travel Holdings Limited, Godfrey Hirst NZ Limited and subsidiaries, Market Gardeners Limited and subsidiaries, Rakon Limited and subsidiaries, Scenic Hotels Limited and Skope Industries Limited.

Bruce is an Independent Director.

I'll now like to give Bruce the opportunity to say a few words in relation to his nomination for election.

[Bruce Irvine to speak]

Slide 23 – Alan Lai

Alan Lai has been on the Board of PGG Wrightson Limited since 2009 and was elected Chairman on 22 October 2013.

Alan has served as the Chairman of Agria Corporation's Board of Directors since June 2007. Alan is the sole Director of Brothers Capital Limited, which is Agria's largest shareholder. He is also the Chairman of the Board of Directors of the Hong Kong-listed China Pipe Group Limited.

Alan holds a Masters degree in Finance from The Chinese University of Hong Kong, a Bachelor's degree in Accounting from Monash University, Melbourne and is a certified public accountant in Australia. Alan is a Fellow of Monash University and also the member of Global Advisory Council of Faculty of Business and Economics, Monash University.

Mr Lai is an associated person of Agria (Singapore) Pte Ltd – our cornerstone shareholder.

I'll now give Alan the opportunity to say a few words in relation to his nomination for election.

[Alan Lai to speak]

Slide 24 – Resolution 4, Auditors' Remuneration

I note the automatic reappointment of KPMG as the company's Auditors under section 200 of the Companies Act 1993.

The proposed ordinary resolution is to authorise the Board of Directors of PGG Wrightson to set the Auditors' remuneration. As is usual with audit fees, due to the complexity and changing nature of the company's affairs, it is impractical to set the remuneration at the beginning of the year. Accordingly, the Board of Directors are seeking authority from the shareholders of the company to set the audit fees at the appropriate time.

Thank you.

I will now move each of the four motions separately as ordinary resolutions. A poll will be conducted in respect of all four resolutions at the conclusion of general business. For those that have not cast postal votes already please complete your ballot paper at the conclusion of general business and hand this in to the Computershare desk at the back of the room. The results of the poll will be displayed on the projector screen following the conclusion of the meeting and announced on NZX.

Slide 25 – GENERAL BUSINESS

Ladies and gentlemen, the meeting is now open for general business. Are there any further matters for discussion or questions?

Closing

That completes the business of the meeting. The documents from today's presentation are on the PGG Wrightson's website.

Slide 26 – THANK YOU

I thank you for your attendance. I would like to invite you to stay for light refreshments with the Board and executives who have joined us for the occasion.