

PGG Wrightson Limited

Results briefing

Year ended 30 June 2008

Programme

- Overview – Craig Norgate
- MD's Review – Tim Miles
- Financials – Mike Sang
- Outlook – Craig Norgate
- Questions

Overview

Craig Norgate
Chairman

Financial Results

	2008	2007	Change %
Reported NPAT	\$73.2m	\$40.6m	+80%
NOPAT*	\$39.2m	\$29.0	+35%
EPS	\$0.25	\$0.14	+79%
FY DPS	\$0.16	\$0.12	+45%

* Excludes performance fee, share appreciation, capital gains and other one-offs

Financial Results

- Strong performance improvement across all divisions has improved breadth of earnings
- Improved core earnings reflect:
 - Underperforming areas addressed
 - Strong focus on cost control
 - Focus on helping clients grow value
 - Strategic investment and growth
- Tribute to former CEO Barry Brook

A relentless focus on the interests of our clients

- Our mission is to work with our clients to help them become more productive and profitable
- Continuing investment in
 - People
 - New products
 - New businesses
 - New technologies
- A substantial and meaningful response to clients' call for action on wool and meat industry structures

Managing Director's Review

Tim Miles

Market Overview

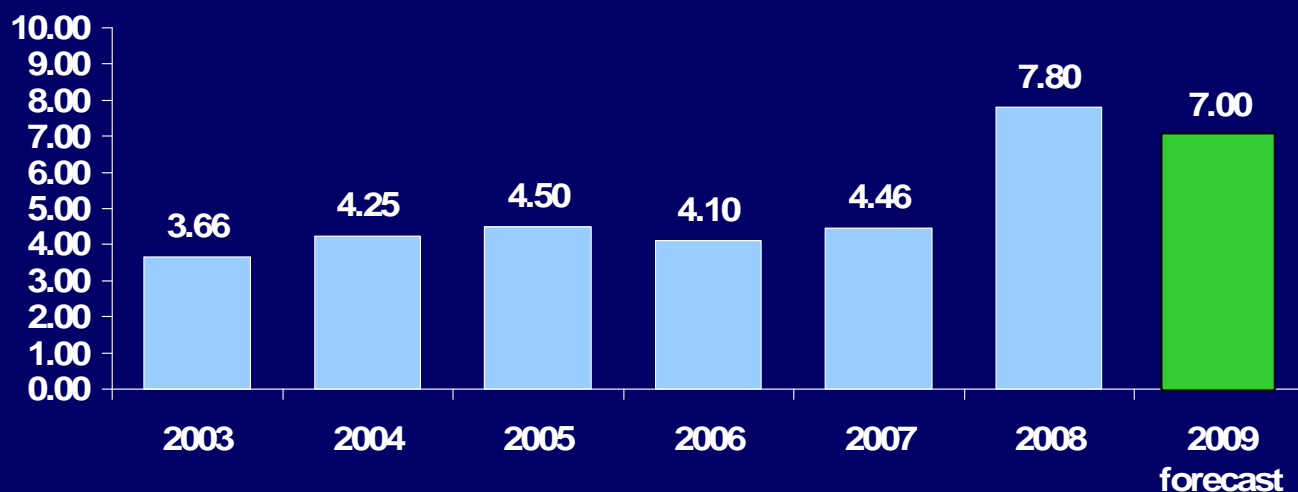
- Mixed operating conditions
 - Adverse NZD and interest rates for much of the year
 - Long periods of dry weather in NZ and Australia
 - Poor returns to sheep and beef producers
 - Dairy boom ongoing
 - Strong expansion in viticulture and vegetables
 - Increasing costs – eg. fertiliser and fuel
 - End of season improvement in outlook for meat

Farm Returns

12 months to 31 May

Dairying

\$s per kilo of milk solids



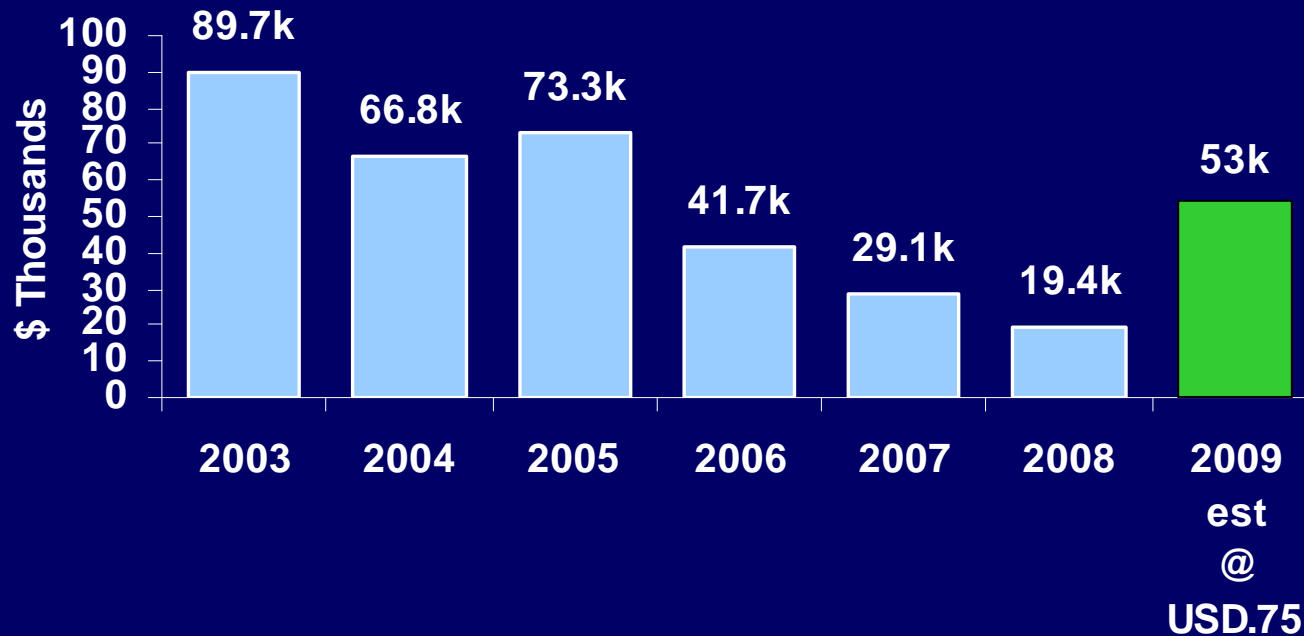
Source: Fonterra Milk Solids Payment

Farm Returns

12 months to 30 June

Sheep and Beef

Farm profit before tax



Source: Meat and Wool New Zealand Economic Service

Business Group Results

<i>Operating EBIT</i>	2008	2007	Change %
Rural Services	\$40.1m	\$26.7m	+50%
Technology services	\$35.5m	\$30.9m	+15%
Financial services	\$40.3m	\$17.6m	+129%
South America	\$2.5m	\$1.9m	+32%
Corporate	(\$16.8m)	(\$16.9m)	-
Total	\$101.6m	\$60.2m	+69%

Each business group has contributed to the improved result
Operational improvements being reflected in stronger earnings

Rural Services

\$millions	FY08	FY07	Δ%
Sales	818	716	+14%
EBIT	40.1	26.7	+50%
Margin	4.9%	3.7%	+1.2%

Rural Supplies ↑
Fruitfed Supplies ↑
Irrigation & Pumping ↑
Livestock →
Wool ↑

Rural Services

Rural Supplies

- Stronger position in a competitive market
- A significant improvement in earnings
- Some input costs reduced through purchasing programme
- Management changes have been positive – merger benefits now coming through

Fruitfed Supplies

- Performed strongly against vigorous competition
- Market share and margin maintained
- Benefits from expansion in viticulture and vegetables

Irrigation and pumping

- Exceeded expectations
- Upsurge in demand from dairy sector

Rural Services

Livestock

- Solid performance in difficult market conditions
- Sheep prices and tallies down
- Offset by higher dairy prices and tallies

Wool

- Performed well in the conditions and lifted earnings
- Prices down with the high NZ\$
- Lower demand – bale numbers down 21%
- Market share steady

Financial Services

\$millions	FY08	FY07	Δ%
Sales	135	85	+59%
EBIT	40.3	17.6	+129%
Margin	29.8%	20.7%	+9.1%

Finance 
Real Estate 
Insurance 
Funds Management 

Financial Services

PGG Wrightson Finance

- Maintained growth and improved performance
 - Total book grew 31% to \$532m
 - Retail deposits increased by \$34m – total now \$312m
- Targeted first mortgage on rural property
- Retail reinvestment rate exceeds 80%
- Key bank funding lines extended and expanded

Real Estate

- Growth largely driven by dairy
- Increased market share in core farm business from 28% to 30%
- Substantial increase in \$10m+ sales
- Total value of sales up 71% at \$2.6 billion

Financial Services

Insurance

- Continued growth through new products and broker network expansion

Funds Management

- Reflected rapid progress of NZS
 - 36,300 ha purchased
 - Conversion on track despite summer drought
- Performance fee \$17.8m based on total shareholder return of 43%
- Second capital raising in December 2007

Technology Services

\$millions	FY08	FY07	Δ%
Sales	299	210	+42%
EBIT	35.5	30.9	+15%
Margin	11.9%	14.7%	-2.8%

Seeds and Grain 

Animal Nutrition 

Training and Consultancy 

Technology Services

Seeds and Grain

- Australian reach expanded by purchase of Auswest
- Continuing sales growth despite the impact of lower rainfall in Australia
- Significant increase in sales of proprietary cereals
- Strong performances in grain trading and maize
- Growth in Sth American business
- Further development of research relationships – eg. new joint venture with Crop & Food Research

Technology Services

Animal Nutrition (Agri-feeds)

- Improved logistics
- Demand increase driven by
 - Higher milk prices
 - Supplementary feed for drought conditions
- 4Seasons purchase

Training and Consultancy

- FarmSafe programme highly successful
- Reduced demand for short course industry training

South America

\$millions	FY08	FY07	Δ%
Sales	56	18	+211%
EBIT	2.5	1.9	+33%
Margin	4.5%	10.4%	(5.9%)

South America

- Significant investment in infrastructure and resources to support growth and NZFSU
- Ongoing strong sales growth – including to NZFSU
- Further development towards a full service business with recent acquisitions
- Seeds expansion with Alfafares and AgarCross
- Exploring potential to expand into Brazil

Strategic focus

- Aligning around our clients
- Developing new capabilities through investment in people
- Focus on science and technology
- Industry leadership
- The partnership with Silver Fern Farms
- Further expansion in Financial Services

Aligning around our clients

- Structured research to develop the agenda for change
- Determination to act on client views and interests
 - Canvassing client views on the meat industry
 - Letter to clients led to action
- Investment in people and resources at District level
- New IT systems – eg. in ERP and CRM

Developing new capabilities through investment in people

- Reshaping the senior leadership team
 - capability to execute strategy and deliver to clients
 - ensure resourcing and focus on key priorities
- Executive appointments to build new skills and capabilities
- Management and leadership in the districts to deliver better outcomes for clients

Focus on science and technology

- Ongoing commitment to develop the farming products of the future
- Particular focus on new cultivars and animal nutrition
- International leader in forage innovations
- Novel endophytes for ryegrass and tall fescue
- R&D partnerships in NZ & Australia – with links to Uruguay, Chile, Argentina, USA, France & Netherlands
- Committed to support NZ Fast Forward fund

Industry leadership

- We want NZ agribusiness to succeed – not just compete
- That requires successful industry structures – some current structures are outdated and ineffective
- We are prepared to step up to the challenge of change – and to invest where needed to achieve it
- Our preference is to partner with farmers – pairing farmer expertise and capital with commercial skills and capital
- Creation of integrated supply chains is critical
 - clear links from the market to farmers
 - signals that can be acted on to generate superior returns
- We have invested in several initiatives – NZ Merino, Velconz, The Wool Company, Silver Fern Farms partnership proposal

The partnership with Silver Fern Farms – a true win/win arrangement

- We can succeed and have opportunities for growth only if our clients are succeeding
- Strongly positive feedback from farmers – vote scheduled for 8 September
- A financial boost of \$220m to accelerate the market strategy
- The creation of a truly integrated supply chain – with integration inside the farm gate
- Retains farmer control and co-operative structure
- Breaks the deadlock in industry consolidation

Further expansion in Financial Services

- Further development and growth in PGG Wrightson Finance
- Supporting the expansion of NZ Farming Systems Uruguay (NZS)
- Potential to replicate the NZS model elsewhere

Financials

Mike Sang

Chief Financial Officer

Financial Summary

	2008	2007
Reported NPAT	\$73.2m	\$40.6m
Operating cashflow	\$26.3m	\$41.1m
Total assets	\$1.45b	\$1.17b
Shareholders Equity	\$480m	\$436m
NPAT per share	25 cps	14 cps
Full year dividend	16 cps	12 cps

* Excludes performance fee, share appreciation, capital gains and other one offs

Financial Summary

\$million

	FY08	FY07	Δ%
Revenue	1,315	1,034	27%
Trading EBIT	83.8	60.2	38%
NZS Performance Fee	17.8	0	NA
Operating EBIT	101.6	60.2	+69%
NZS Unrealised Gain	18.8	0	NA
Other	1.3	11.6	-89%
Total EBIT	121.7	71.8	+69%
Net Interest	25.3	18.2	27%
Profit Before Tax	96.4	53.6	+80%
Profit After Tax	73.2	40.6	+79%

Financial Ratios

	FY08	FY07	Δ
Revenue	<u>\$1,315m</u>	<u>\$1,034m</u>	<u>27%</u>
Operating EBIT to revenue	7.7%	5.8%	+1.9%
Operating EBIT to interest	4.0	3.3	+0.7
Core Debt*	\$312m	\$230m	+\$82m
Operating EBITDA:Core debt	3.1	3.8	-0.8

* Excluding PGWF

Balance Sheet

\$million

	2008	2007	Δ
Total equity	<u>480</u>	<u>436</u>	<u>+44</u>
Finance Receivables	507	402	+105
Current assets	471	359	+112
Non-current assets	467	405	+62
Total assets	<u>1,445</u>	<u>1,167</u>	<u>+278</u>
Finance Liabilities	312	276	+36
Bank borrowings - PGW	312	230	+82
Bank borrowing - PGWF	140	75	+65
Other liabilities	201	159	+42
Total Liabilities	<u>965</u>	<u>740</u>	<u>+225</u>

Debt

\$million

	Facility	2008	2007
PGGW Finance Ltd*	180	140	75
Other PGW companies	<u>441</u>	<u>312</u>	<u>230</u>
Total bank debt	<u>621</u>	<u>452</u>	<u>305</u>
ASB (off balance sheet)	<u>100</u>		

Core Debt Drivers

\$million

	2008
	Impact on debt
Operating cashflow	(26)
Increase in PGWF equity	+15
Acquisitions and investments	+82
Capital expenditure	+17
Debt classified for sale	(16)
Other (sales, cash dividends etc)	+10
Net increase in debt	<u>+82</u>

Note () indicates a reduction in debt

PGWF Balance Sheet

\$million

	2008	2007	Δ
Finance Receivables	503	393	+110
Other Assets	3	2	+1
TOTAL ASSETS	<u>506</u>	<u>395</u>	<u>+111</u>
Finance Liabilities	312	276	+36
Bank debt	140	75	+65
Other Liabilities	1	5	-4
Equity	53	39	+14
TOTAL LIABILITIES & EQUITY	<u>506</u>	<u>395</u>	<u>+111</u>

Outlook

Craig Norgate
Chairman

Outlook

- Worldwide outlook for agriculture strongly positive
 - Structural shift in food prices
 - Dairy prices expected to remain firm
 - Lamb and beef prices improving
 - Decline in NZ dollar
 - Trend to dairy conversion likely to continue
- PGG / Wrightson merger has delivered
 - Company executing well
 - Beginning to provide industry leadership

Outlook

- Given continued improvement in underlying performance across all divisions...
- Outlook for current year substantially above market expectations
- NPAT expected in range from \$50m-\$55m
- Includes \$4.2m performance fee on NZS
 - share price for final quarter \$1.87
 - excluding any share price appreciation and one-offs

Questions