

MEDIA RELEASE

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PGG Wrightson moves to weekly velvet schedule

PGG Wrightson is rolling out direct sales options for velvet suppliers via contracts, private sales or tenders aimed at enhancing cash flow for deer farmers.

The new options follow the recent unwinding of PGG Wrightson's joint venture relationship with ProVelco Co-op and Tasman Velvet Processors.

George Gould, Managing Director of PGG Wrightson says the joint arrangement, which was entered into in 2009, had represented an attempt to consolidate three velvet selling entities into one farmer shared business.

"The initiative, while well intentioned, has not been successful and we are now moving to rebuild our velvet market share. At the same time we appreciate that there is still room to act collaboratively with other New Zealand sellers to uphold price stability and protect the 'New Zealand Inc' brand and we will continue to seek opportunities in this regard."

Tony Cochrane, PGG Wrightson national velvet manager says the company would offer suppliers a weekly schedule of sale dates with sales on a managed but free flowing way, versus the previous spread sales systems with instalments.

"This will act as a 'point in time' when velvet is graded and processed for payment, thereby improving supplier cash flow while making velvet more accessible to buyers."

Mr Cochrane says the 2011/12 season should pose little risk of price instability due to stable volumes in market, while supplied grades of Super A have increased heavily and new initiatives to cut shorter and maximise regrowth represented an option for suppliers.

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