

PGG Wrightson updates its first quarter performance and guidance

Chief Executive, Mark Dewdney announced today that PGG Wrightson Limited* (PGW) is forecasting that its full year Operating EBITDA to 30 June 2017 including earnings of associates** is expected to be in the \$62 to \$68 million range. At a net profit after tax level it is expected that performance will be broadly in line with the 2016 financial year.

“The first quarter of the financial year is the quietest time for us. We are currently tracking according to plan, but it is still very early days in the annual cycle for us.”

“While it remains early in the 2017 financial year, we have observed that the trading environment for agricultural inputs and services has become marginally more difficult in New Zealand. Additionally, we note the full effect of the flooding experienced earlier this year in South America still remains to be seen.

In spite of a relatively challenging market assessment for the year ahead we continue to have confidence in the way that the business is performing and consider that we remain well positioned to capitalise on opportunities that the market presents. While some sectors are facing lower commodity pricing and a more challenging environment other sectors such as the horticulture and beef markets continue to be optimistic about their prospects.”

“In red meat we are seeing weaker international market prices than last year, though for beef these lower prices are still above the five year average. The current store cattle market remains extremely strong, though we are not sure the current levels will hold through the year.

“Significantly lower volumes of wool are being traded due to the recent drop in international wool prices, and a reduction in Chinese demand. Demand for pivot irrigators from the dairy sector remains low at similar levels to last year. On the other side of the ledger, confidence in the horticulture and viticulture markets remains high and we see the diversification of our business as a real strength.”

“In 2014 we developed our PGW Group strategic plan. Our staff and broader stakeholders have responded positively to the strategic themes and initiatives outlined in that plan and we have made good progress in implementing the imperatives identified.”

“Over the last six months we have revisited that PGW Group strategic plan and undertaken a large piece of work to re-examine the macro-drivers and economic forces that are at play in the markets in which we operate and we have sought to anticipate where these developments will impact our business going forward. We have commented on the refresh of our strategic plan in our Annual Report and Shareholders Meeting and will update the market where appropriate as the remainder of the year unfolds.

PGW Chairman Alan Lai said “Management has the full support of the Board and has made very pleasing progress on delivering the strategy. The Board is confident that the PGW Group strategy is focussed on the right areas and achieves the right balance between operational execution, continuous improvement and growth. We have every confidence that business is on the right path for the future.”

For further information:

Mark Dewdney
Phone: 027 248 3151

*All references to PGG Wrightson Limited or the Group refer to the Company, its subsidiaries and interests in associates and jointly controlled entities.

****Disclosure Statement: Non-GAAP profit reporting measures:**

PGW's standard profit measure prepared under New Zealand GAAP is "Net profit after tax". PGW has used non-GAAP profit measures when discussing financial performance in this document. The directors and management believe that these measures provide useful information as they are used internally to evaluate performance of business units, to establish operational goals and to allocate resources. They also represent some of the performance measures required by PGW's debt providers. For a more comprehensive discussion on

the use of non-GAAP profit measures, please refer to the policy “Non-GAAP Accounting Information Policy” available on our website (www.pggwrightson.co.nz).

Non-GAAP profit measures are not prepared in accordance with NZ IFRS and are not uniformly defined, therefore the non-GAAP profit measures reported in this document may not be comparable with those that other companies report and should not be viewed in isolation or considered as a substitute for measures reported by PGW in accordance with NZ IFRS.

PGW’s definition of non-GAAP profit measures used in this document:

Operating EBITDA: Earnings before net interest and finance costs, income tax, depreciation, amortisation, the results from discontinued operations, fair value adjustments and non-operating items.

GAAP to non-GAAP reconciliation:

(\$m)	June 2016
Net Profit after Tax (GAAP)	39.6
Add (Profit) / loss from discontinued operations (net of income tax)	0.2
Add Income tax expense	8.8
Add Net interest and finance costs	10.5
Add Depreciation and amortisation expense	9.2
Add Fair value adjustments expense / (income)	0.2
Add Non-operating items expense / (income)	1.7
Operating EBITDA	70.2